

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed sideways trend during the week owing to consolidation in the international veg. oil market, revival of rains over key oilseeds producing regions and higher edible oil imports. Soy & palm oil witnessed slight losses. On the other hand, mustard and groundnut oil gains on better buying.

On the currency front, Indian rupee against USD closed (01 Aug 2014) at 61.17, down 1.79 percent as compared to the previous week. Factors to watch in the coming weeks will be on the movement of Indian rupee against US dollar, Malaysian palm oil exports, and weather over US soybean growing belt.

We expect edible oil complex to trade sideways tracking bearish cues from the international veg. oil market, need based demand and revival of rains over key oilseed producing regions but the depreciating Indian rupee against US dollar may curb the excessive downside.

Recommendation:

Weekly Call - Market participant are advised to go short in RSO below 678 levels for a target of 670 and 668 with a stop loss at 682.80 on closing basis and go short in CPO below 520.50 for a target of 515 and 514 with a stop loss at 523.80 on closing basis.

International Veg. Oil Market Summary

CBOT soy oil (August) is expected to stay in the range of 35.70 cents/lb to 36.50 cents/lb. CPO at BMD (August) is likely to trade in the range of 2300-2400 ringgit per tons.

Exports of Malaysian palm oil products in July fell 2.8 percent to 1,353,516 tons from 1,391,942 tons shipped in June - cargo surveyor Intertek Testing Services.

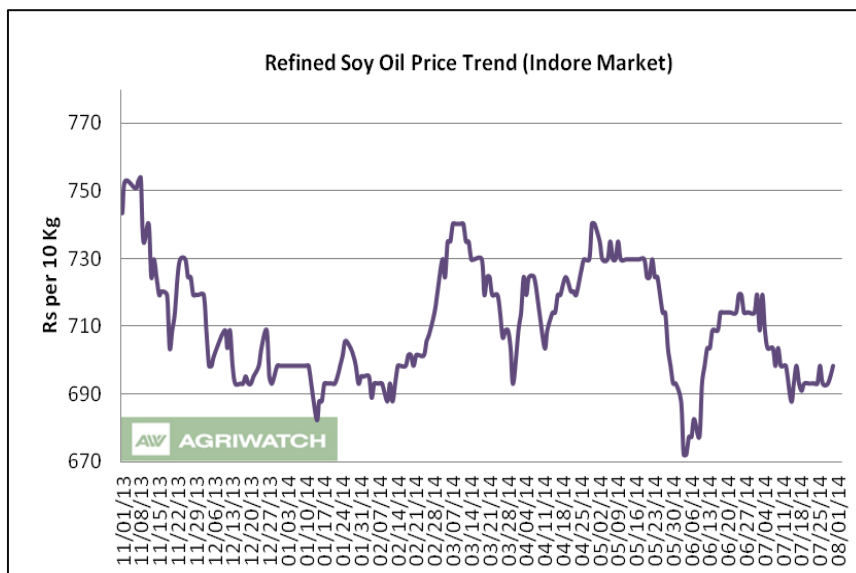
On the international front, improved weather over US soybean growing belt, and in expectation of record US soybean production forecast for 2014/15 favors the bears. However, soy supplies are tight in US and good demand from China may curb the excessive losses in soy complex.

Slightly bearish palm oil export figures and with an end of Ramadan buying may support the bears in the coming days. Moreover, new soy oil supplies from South American countries and in expectation of record soybean production in US add bearish sentiments to the market.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured steady tone during the week in review tracking need-based demand in the spot market.
- As per India Meteorological Department, India's July, rain deficit narrowed to 10% of the long-term average for the month, noting a recovery from the previous month. Moreover, kharif oilseed crop sowing picked up in tandem and rainfall in August is likely to be normal.
- On the planting front, soybean-sowing pick up during the second half of July thanks to rains over key soybean regions. Soybean planting has progressed to 77.77 lakh hectares, compared with 110.05 lakh hectares in the same period a year earlier. Rajasthan's Agriculture Ministry reported that farmers have planted 6.90 lakh hectares of soybean as on 31 July 2014 (66.3 per cent of the overall sowing area). However, the target soybean area for Kharif 2014 is pegged at 10.40 lakh hectares. The government has set target for oilseeds production at 33 million tons for 2014-15, up 0.59 million tons from previous year.
- As per Agriwatch estimates, soybean acreage is unlikely to expand to 12 million hectares in the coming season even if the rains normal in the days ahead. Soybean acreage for 2014-15 MY seen in between 10.6-11.2 million hectares. As per IBIS data (compiled by Agriwatch), Indian buyers imported around 2.28 lakh tons of crude soybean oil during 30-29 July majorly from Argentina and Brazil. However, crude degummed soybean oil imports reached to 1.26 lakh tons during 1-29 June 2014 majorly from Argentina (0.99 lakh tons), Paraguay (0.01 lakh tons) and Brazil (0.26 lakh tons). We expect soy oil may trade with a steady tone.



International Front

- The USDA reports that 76 percent of the soybean crop had started blooming v/s 60 percent previous week; and 72 percent 5-year-average in addition to this soybean condition was reported 71 percent good to excellent and 6 percent poor to very poor as on 27 July, 2014.
- As per Safras & Mercado, Brazil's soybean acreage seen up 4 percent in the 2014-2015 growing season from the 2013-2014 season to 31.2 million hectares (77.1 million acres) owing to good weather and rainfall during the last week support the soil moisture.
- According to Oil World, Argentina's soybean crush during the first six months of 2014 was 18.3 million tons, up from the 16.1 million tons crushed in the corresponding period of the last year.
- As per Safras e Mercado, Brazil's soybean crop was 82 percent sold as of July 11 below compared to the last year of 84 percent but in line with the five-year average of soy sales. Final soybean crop estimate for 2013-14 pegged at 86.6 million tons.
- On the international front, improved weather over US soybean growing belt, and in expectation of record US soybean production forecast for 2014/15 favors the bears. However, soy supplies are tight in US and good demand from China may curb the excessive losses in soy complex.

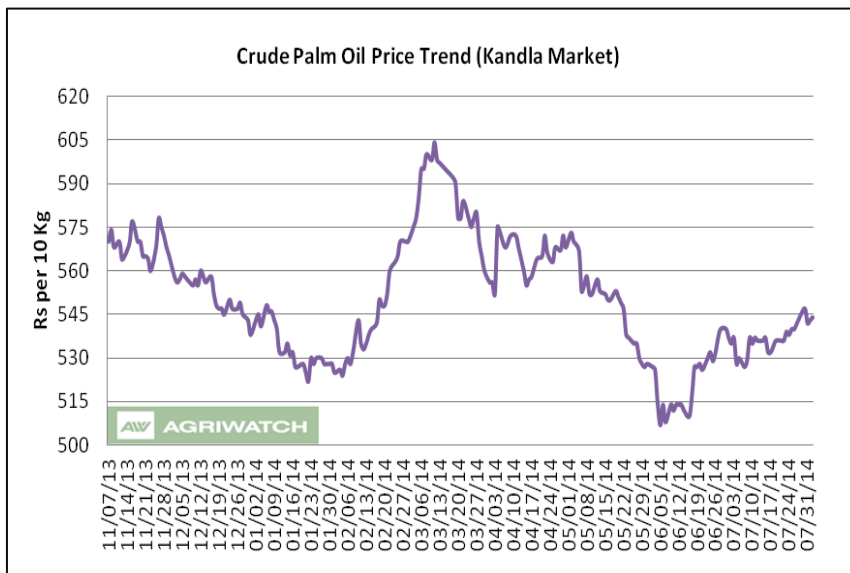
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 670-690 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- CPO Kandla 5% witnessed consolidation during the week in review
- Indian government revised import tariff value of crude palm oil to USD 836 per tons, RBD palmolein to USD 881 per tons, RBD palm oil to USD 874 per tons, other palm oil to USD 855 per tons and other palmolein to USD 833 per tons. While, import tariff value on crude soybean oil lowered to USD 927 per tons from USD 960 per tons. Tariff value is the base price at which the customs duty is determined to prevent under-invoicing.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 6.30 lakh tons of crude palm oil and 1.23 lakh tons of RBD palmolein during 30 June-29 July majorly from Malaysia and Indonesia. As per SEA of India, India buyers imported around 37.71 lakh tons of crude palm oil during Nov-June 2013-14 oil year. While, RBD palmolein imports stood at 10.79 lakh tons during the current oil year till June, down 30.11 percent from the corresponding period of last year.
- On the parity front, currently refiners get US \$100-115/tons margin in processing the imported CPO but on the imports of refined ready to use palmolein gets US \$90-95/tons parity. Higher parity witness in CPO during the last 1-2 weeks compared to the other edible oils. We expect higher CPO imports in the coming days. We expect palm oil likely to trade range bound in the days ahead.



International Front

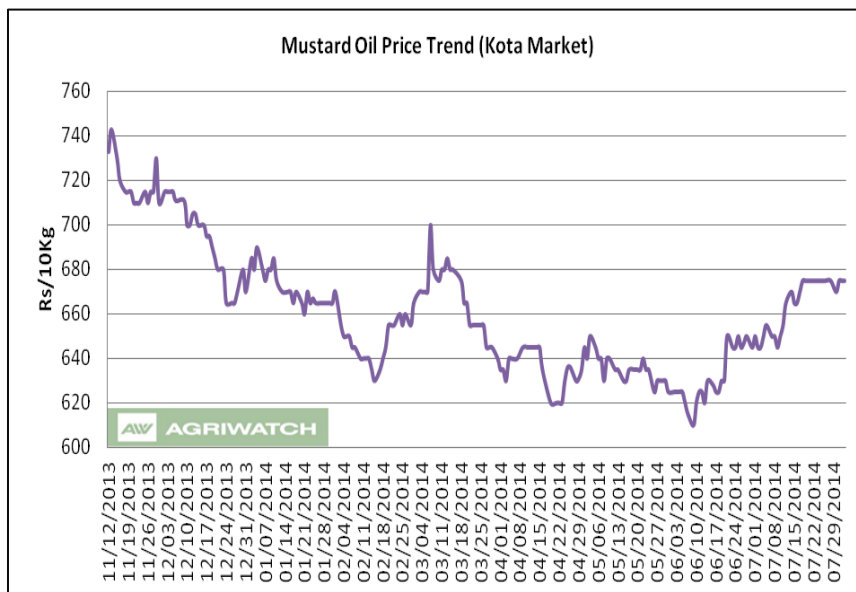
- Exports of Malaysian palm oil products in July fell 2.8 percent to 1,353,516 tons from 1,391,942 tons shipped in June - cargo surveyor Intertek Testing Services. Higher imports witnessed from EU's countries and India & Sub continent during July. Palm oil products buying by China slump 11.9 percent to 221,630 tons and India & sub continent imported 367,895, up 0.13 percent on m-o-m basis.
- As per Indonesian Palm Oil Association, CPO, and palm oil derivatives, exports will increase 12 percent to 11 million tons in the second half of 2014 from first half of this year. Moreover, Indonesia is likely to export 21.10 million tons of palm oil in 2014. As per Indonesian Trade Ministry, Indonesia's crude palm oil export tax for August 2014 is set at 10.5 percent, unchanged from July.
- MPOB Report's Highlights - Malaysian palm oil inventories eased by 4.2 percent to 1.656 million tons in June compared to the last month. Palm oil Inventories in June ease to 2.1 million tons by 4.5 percent from a month earlier and 13 percent lower compared to year ago same period - median of estimates from five plantation, industry executives and analysts compiled by Bloomberg.
- Slightly bearish palm oil export figures and with an end of Ramadan buying may support the bears in the coming days. Moreover, new soy oil supplies from South American countries and in expectation of record soybean production in US add bearish sentiments to the market.

Price Outlook: We expect CPO Kandla 5% (with VAT) to stay in the range of 525-550 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady to firm tone at major cash market tracking better buying from pickle manufactures and festival buying.
- Revival of rains over key oilseeds producing regions of central and western India support the soil moisture to allow sowing of crops and record global oilseeds production forecast in the current season favor the bears for short term. However, in expectation of better buying from pickle manufactures during rainy season, easing mustard seed supplies and slow selling from farmers may cap the excessive losses.
- On the supply side, we have intact our mustard output estimates for 2014 to 77.4 lakh tons, up 5.4 lakh tons from the previous oil year. While, mustard oil output estimates pegged at 28.12 lakh tons for 2013-14 oil year - Agriwatch estimates. Last year mustard oil production was 2.66 million tons.
- We expect RM seed oil prices may trade range bound in the coming days in anticipation of good demand pickle manufactures but the weak trend in the international veg. oil market may cap the excessive gains.

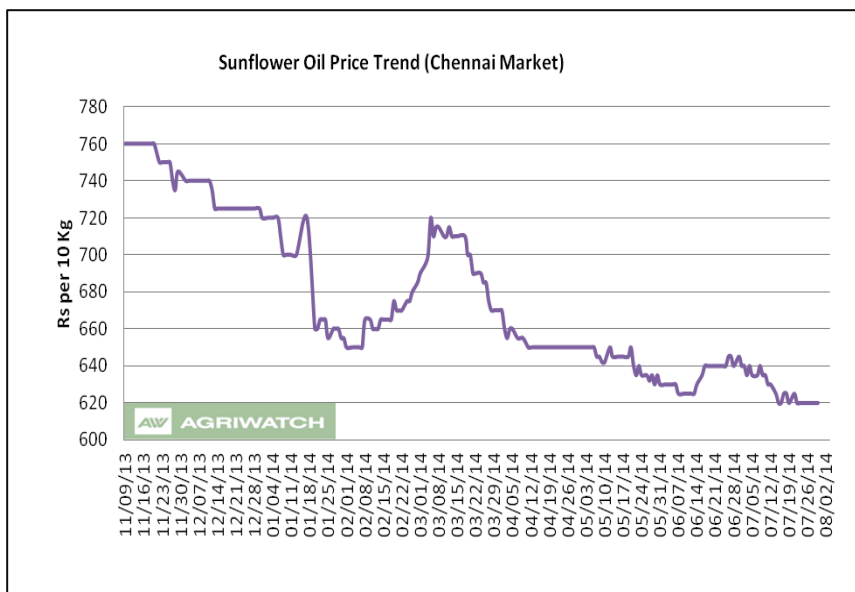


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 665-682 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

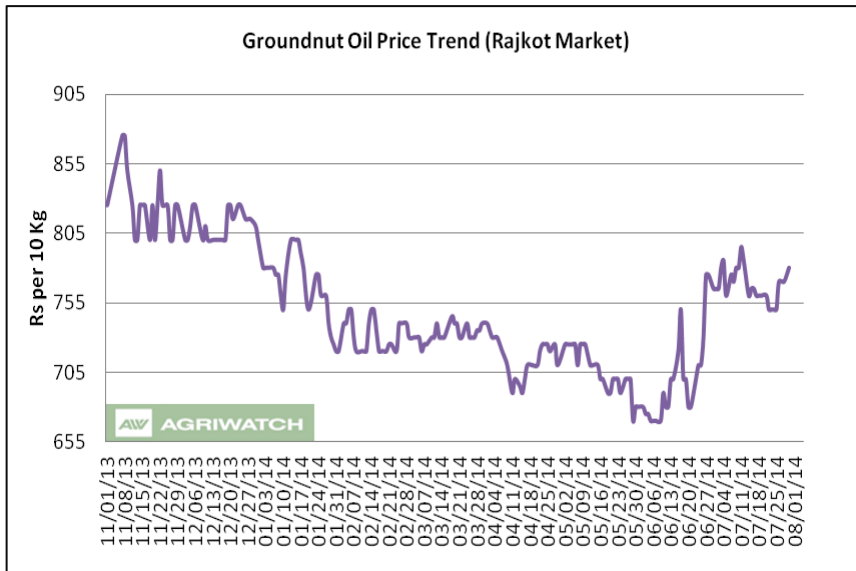
- Sunflower oil featured steady to tone at its benchmark market Chennai during the week owing to consolidation in the international sun oil market and need based demand in the cash market.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 2.30 lakh tons of crude sunflower oil during 1-29 July majorly from Ukraine. As per SEA of India, Indian buyers imported 10.32 lakh tons of crude sunflower oil during Nov-June 2013-14 oil year majorly from Ukraine, up 50.66 percent from the corresponding period of the last year.
- On the planting front, Indian farmers has been sown 0.92 lakh hectares as on 24 July 2014 which was 1.40 lag compared to the last year same period. We expect sunflower oil prices may trade range bound to slightly firm tone in the coming days.



Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 612-635 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices rose at its benchmark market (Rajkot) during the week.
- On the price performance front, groundnut oil prices featured gains at Rajkot market and quoted Rs 767 per 10 kg on w-o-w average basis; up 0.65 percent from last week owing to good demand from wholesalers. However, rains over key groundnut producing regions limit the gains.
- Gujarat agriculture department data showed that most of the parts of the state received good rainfall in the last week of July, which spur the sowing prospects; groundnut sowing had been completed on 11.2 lakh hectares by July 28 (77.81 per cent of the overall sowing area), against 15.9 lakh hectares a week earlier. Moreover, Rajasthan's Agriculture Ministry reported that farmers have planted 3.84 lakh hectares of groundnut as on 31 July 2014 (87.1 per cent of the overall sowing area). Gujarat and Rajasthan together account 55-60 percent of the total normal Kharif groundnut acreage.
- Groundnut oil prices are likely to trade with a steady tone in the coming days owing to need based demand from wholesalers.

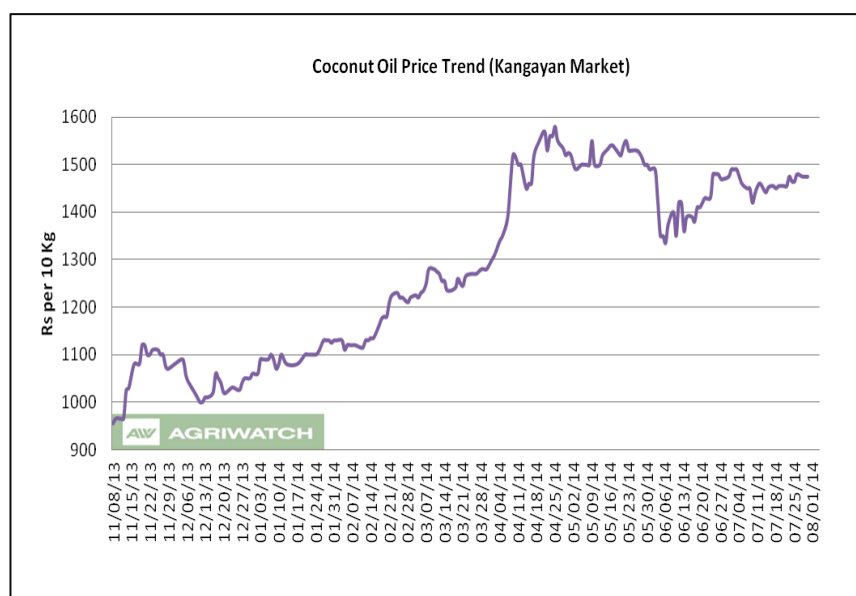


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 760-790 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil featured sideways trend at its benchmark market Kanganayan during the week.
- Coconut oil at Kanganayan market ended Rs 1475 per 10 Kg (weekly average basis), up 0.8 percent from last week. As per sources, good demand for coconut oil from wholesalers and shortfall of at least 40 percent in copra supplies may support the coconut oil in the near-medium term. Moreover, upcoming festivities add bullish sentiments to the market.
- Overall fundamentals are slightly strong but the losses in the palm oil products prices and higher global oilseeds production estimates for 2014 may curb the upside risk in the coconut oil.
- We expect prices may trade range bound due to new copra arrivals from Tamil Nadu and Kerala. While, good demand from wholesalers and upcoming festivities may limit downside.

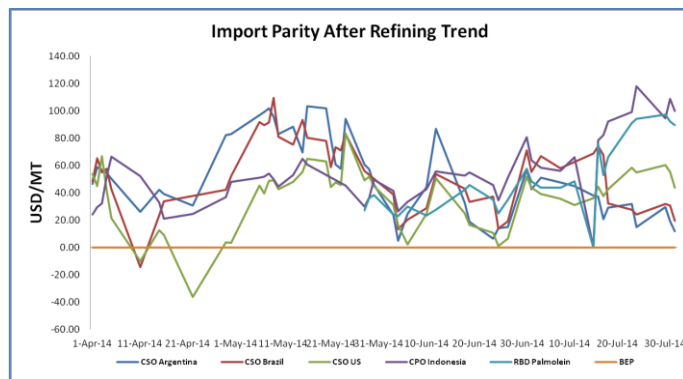
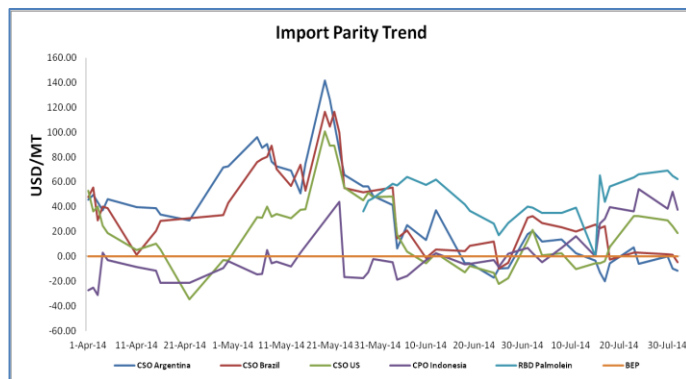


Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1475-1525 per 10 Kg.

Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 1/07/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	866	867	746	775	770
Freight (USD/MT)	80	72	70	35	35.0
C & F	946.0	939.0	816.0	810.0	805.0
Weight loss (0.25% of FOB)	2.17	2.17	1.87	1.94	1.93
Finance charges (0.4% on CNF)	3.78	3.76	3.26	3.24	3.22
Insurance (0.3% of C&F)	3	3	2	2	2
CIF (Indian Port - Kandla)	955	948	824	818	813
CVD	0	0	0	0	0
Duty USD per ton	23.92	23.92	23.92	21.57	89.86
CVD value USD per ton	0	0	0	0	0
Cess (2% on duty) USD per ton	0.478332	0.478332	0.478332	0.431376	1.79724
Exchange rate	60.85	60.85	60.85	60.85	60.85
Landed cost without customs duty in INR per ton	58099	57670	50115	49751	49444
Customs duty %	2.58%	2.58%	2.58%	2.58%	10.20%
Base import price	927	927	927	836	881
Fixed exchange rate by customs department	60.10	60.10	60.10	60.10	60.10
Duty component in INR per ton	1437.39	1437.39	1437.39	1296.28	5400.71
Clearing charges INR per ton	483	483	483	483	483
Brokerage INR per ton	190	190	190	190	190
Total landed cost INR per ton	60209	59780	52225	51721	55518
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	59500	59500	59500	54000	59300
Total landed cost USD per ton	989	982	858	850	912
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	978	978	978	887	975
Parity INR/MT (Domestic - Landed)	-709	-280	7275	2279	3782
Parity USD/MT (Domestic - Landed)	-11.65	-4.61	119.56	37.46	62.15
Source: Agriwatch					
Refining/ Processing Cost per MT	2600.00	2600.00	2600.00	3200.00
Freight to Inland location (Indore for soy and Delhi for Palm oil)	2500.00	2500.00	2500.00	2800.00	2800.00
Cost of Imported oil after refining/Processing	65309.18	64880.40	57325.05	57720.70	58317.98
Soy/Palm oil imported Price (Including tax)	68574.64	68124.42	60191.30	60606.74	61233.88
Loose price of Soy/Palm in Indore and Delhi market	69300.00	69300.00	69300.00	66675.00	66675.00
Parity after processing and Taxes (Rs per MT)	725.36	1175.58	9108.70	6068.26	5441.12
Parity after processing and Taxes (USD per MT)	11.92	19.32	149.69	99.72	89.42
Source: Agriwatch					

Import Parity Trend

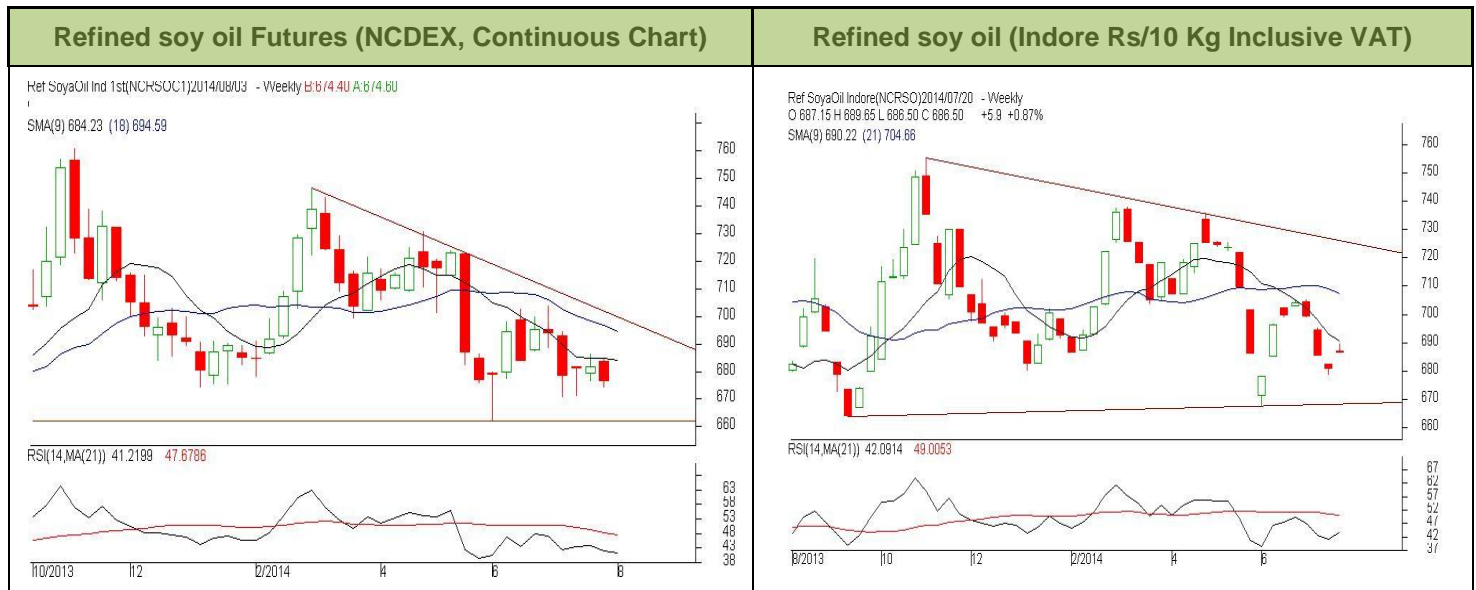


Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
June, 2014	26.94	30.06	18.39	43.80	31.04
July, 2014	33.91	49.26	45.32	84.40	69.22

Outlook:-

Import parity for crude soy oil from Argentina and palm oil after refining is hovering in positive territory due to cheaper availability of imported oils. We expect CDSO/palm oil import parity to be in the positive side. Higher import parity in crude palm oil may favor higher CPO imports in the coming days.

Technical Analysis (Refined soy oil Weekly Charts)


Outlook – Refined soybean oil witnessed consolidation during the week in review and likely to trade with a slightly weak tone in the coming days.

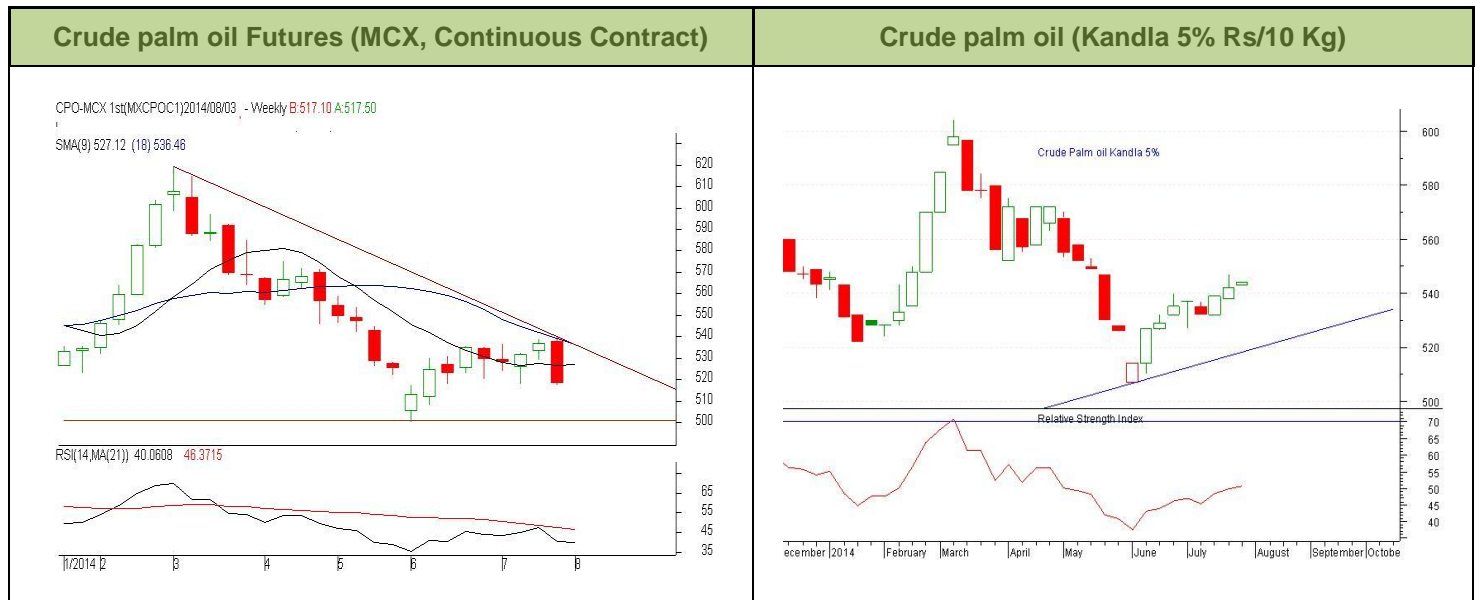
- ❖ Weekly chart of refined soy oil at NCDEX depicts sideways trend. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close above 682.80 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 678-668 level in near to medium term. RSI is near to neutral region and no evidence of divergence with the ref. soy oil prices noticed.

Strategy: Market participant are advised to go short in RSO below 678 levels for a target of 670 and 668 with a stop loss at 682.80 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
660.00	666.00	676.40	685.00	690.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 670-690 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook - Prices are showing sideways to weak tone during the week. We expect CPO August contract may trade sideways note.

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts consolidation in the prices. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close above 523.80 in weekly chart shall change the sentiments and might bring the prices to a bullish tone.
- ❖ Expected price band for next week is 520.50-513.00 level. RSI is moving towards neutral zone suggesting range bound movement in the coming week.

Strategy: Market participants are advised to go short in CPO below 520.50 for a target of 515 and 514 with a stop loss at 523.80 on closing basis.

CPO MCX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
509.00	512.00	518.20	523.50	527.50

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 525-550 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		1-Aug-14	25-Jul-14	
Refined Soybean Oil	Kota	640	650	-10
	Rajkot	620	620	Unch
	Delhi	685	685	Unch
	Mumbai	645	642	3
	Indore	660	665	-5
	Kandla/Mundra	625	630	-5
	Kolkata	618	620	-2
	Indore (Soy Solvent Crude)	615	620	-5
	Mumbai (Soy Degum)	600	605	-5
	Kandla/Mundra (Soy Degum)	595	597	-2
	Akola	688	685	3
	Amrawati	687	684	3
	Jalna	699	691	8
	Nagpur	693	687	6
	Alwar	680	690	-10
	Solapur	702	697	5
	Bundi	648	656	-8
	Dhule	697	694	3
Palm Oil	Rajkot	570	587	-17
	Hyderabad	570	550	20
	Delhi	635	635	Unch
	Kandla (Crude Palm Oil)	540	547	-7
	Kandla (RBD Palm oil)	565	575	-10
	Mumbai RBD Pamolein	575	570	5
	Kandla RBD Pamolein	580	590	-10
	Mangalore RBD Pamolein	562	570	-8
	Chennai RBD Pamolein	562	570	-8
	Kakinada RBD Pamolein	552	558	-6
	KPT (krishna patnam)	552	558	-6
	Haldia	552	557	-5
Refined Sunflower Oil	Mumbai	648	642	6
	Mumbai(Expeller Oil)	585	585	Unch
	Kandla/Mundra (Crude)	585	590	-5
	Erode (Expeller Oil)	645	645	Unch

	Hyderabad (Ref)	670	670	Unch
	Chennai	625	620	5
	Latur (Expeller Oil)	620	610	10
	Chellakere (Expeller Oil)	595	588	7
Groundnut Oil	Rajkot	770	750	20
	Chennai	750	750	Unch
	Delhi	740	740	Unch
	Hyderabad *	765	760	5
	Mumbai	795	795	Unch
	Gondal	760	780	-20
	Jamnagar	780	800	-20
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	694	695	-1
	Sri-GangaNagar(Exp Oil)	704	685	19
	Alwar (Expeller Oil)	716	700	16
	Kota (Expeller Oil)	670	675	-5
	Jaipur (Expeller Oil)	703	699	4
	New Delhi (Expeller Oil)	718	714	4
	Hapur (Expeller Oil)	730	730	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	720	715	5
	Kota (Kacchi Ghani Oil)	700	720	-20
	Jaipur (Kacchi Ghani Oil)	733	731	2
	Agra (Kacchi Ghani Oil)	765	755	10
	Bharatpur (Kacchi Ghani Oil)	760	750	10
	Neewai (Kacchi Ghani Oil)	716	714	2
	Hapur (Kacchi Ghani Oil)	750	750	Unch
Refined Cottonseed Oil	Mumbai	660	660	Unch
	Rajkot	650	655	-5
	New Delhi	642	640	2
	Hyderabad	630	630	Unch
Coconut Oil	Kangayan (Crude)	1480	1465	15
	Cochin	1510	1490	20
	Trissur	1600	1535	65
Sesame Oil	New Delhi	910	910	Unch
	Mumbai	930	930	Unch
Kardi	Mumbai	920	920	Unch



Rice Bran Oil (40%)	New Delhi	NA	NA	-
Rice Bran Oil (4%)	Punjab	560	560	Unch
Rice Bran Oil (4%)	Uttar Pradesh	560	560	Unch
Malaysia Palmolein USD/MT	FOB	770	780	-10
	CNF India	810	813	-3
Indonesia CPO USD/MT	FOB	775	775	Unch
	CNF India	815	818	-3
Ukraine Origin CSFO USD/MT Kandla	CIF	895	900	-5
Argentina FOB (\$/MT)		31-Jul-14	24-Jul-14	Change
Crude Soybean Oil Ship		859	863	-4
Refined Soy Oil (Bulk) Ship		889	893	-4
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		839	843	-4
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including VAT				

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