

## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

*Edible oil basket witnessed weak trend during the week owing to bearish cues from the international veg. oil market, adequate imported edible oil stocks, and revival of rains over key oilseeds producing regions. Soy & palm oil witnessed losses. On the other hand, coconut oil gains on weak supplies.*

*On the currency front, Indian rupee against USD closed (14 Aug 2014) at 60.76, up 0.60 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 to weak tone tracking bearish cues from the international veg. oil market, need based demand and revival of rains over key oilseed producing regions.*

### **Recommendation:**

*Weekly Call - Market participant are advised to go short in RSO below 655 levels for a target of 645 and 642 with a stop loss at 661 on closing basis and go short in CPO below 482 for a target of 474 and 471.50 with a stop loss at 486.80 on closing basis.*

### **International Veg. Oil Market Summary**

*CBOT soy oil (September) is expected to stay in the range of 31.90 cents/lb to 33.00 cents/lb. CPO at BMD (September) is likely to trade in the range of 2050-2160 ringgit per tons.*

*Exports of Malaysian palm oil products for Aug. 1-15 fell 15.9 percent to 549,784 tonnes from 653,675 tonnes shipped during Jul. 1-15 - cargo surveyor Societe Generale de Surveillance*

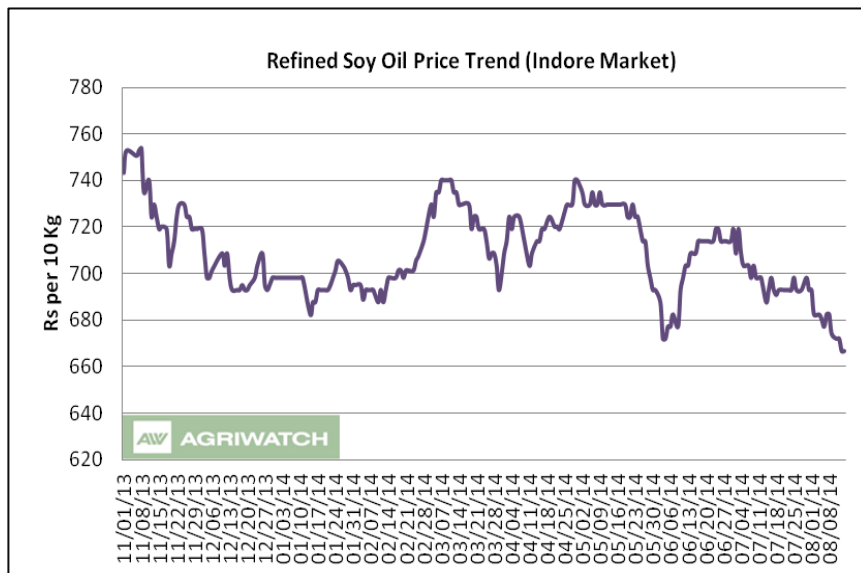
*On the international front, improved weather over US soybean growing belt, and in expectation of record US soybean production forecast for 2014/15 favors the bears. However, soy supplies are tight in US and good demand from China may curb the excessive losses in soy complex.*

*Slightly bearish monthly report on Malaysian palm oil statistics raised the concern of rising palm oil supplies in South East Asian countries and weak demand from overseas market 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 weak tone during the week in review tracking bearish cues from international soy oil market and in expectation of higher global soybean oil supplies.
- According to ministry of agriculture, Kharif soybean sowing area has progressed to 107.77 lakh hectares as on 14 August 2014, but is still 10.96% lower than the 121.04 lakh hectares sown by this time last year. Rains during the last 2-3 weeks support the sowing pace over key growing belts and the numbers are likely to improve in the days ahead. State wise details, in MP soybean has been sown in 56.59 lakh hectares, in Maharashtra sowing reached to 35.12 lakh hectares and in Rajasthan sowing reached to 8.16 lakh hectares.
- As per Ministry for Earth Sciences, monsoon will be 87 percent of a 50-year average in the June-September period, down 6 percent predicted earlier in June. The central region of India (soybean producing areas), will receive 89 percent of the average precipitation.
- On the price front, India is reported to have traded soybean oil for September shipment at a CIF price at USD 888 per tons and for October/ November shipments at USD 874 per tons as on 16 August 2014. CIF quote for soybean oil at Kandla has decreased to USD 915 per tons, down 1.71 percent on average basis during the fortnight of August compared to the month of July. As per the latest government notification, USD 935 per tons sets as a new base import price for crude soybean oil.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported around 1.11 lakh tons of crude soybean oil during 28 July-10 August majorly from Argentina and Brazil. However, crude degummed soybean oil imports reached to 9.15 lakh tons during November-June 2014, up 86.7 percent from corresponding period of last year. We expect soy oil may trade with a steady to weak tone.



### International Front

- Overall, US soybean crop is reported under good condition. Soybean blooming, as on Aug 10, is reported at 92% which is slightly above 5 year average of 91% and above 87% compared to the same period last year. The crop is 72% in pod formation stage which is above 5 year average of 65% and also higher as compared to 55% during the same period last year. Further, the crop is 70% in good to excellent condition, which is better than last year.
- As per Safras & Mercado, Brazilian soybean acreage for 2014-15 is projected at 31.21 million hectares, up 4.31 percent from last year figures and with production of 94.45 million tons in normal weather conditions. Last year, soybean area in Brazil was 29.92 million hectares with production of 86.62 million tons. The new soy crop planting starts from mid-September in Brazil.
- As per General Administration of Customs of China, China imported 7.47 million tons of soybeans in July, up 16.9 percent from 6.39 million tonnes in June showed. Imports of vegetable oils in July were 650,000 tons, up 22.6 percent from the previous month.
- 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.

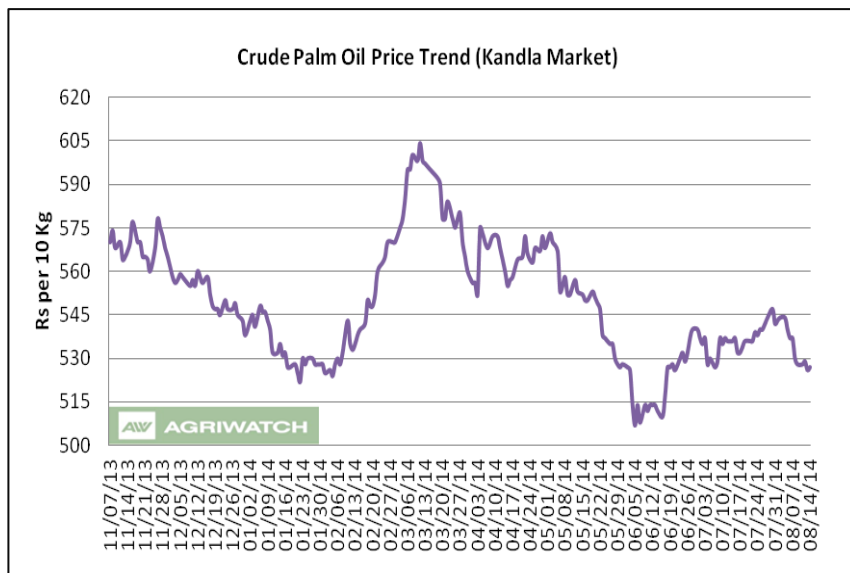
### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 650-680 per 10 Kg in the near term.

## Palm oil Fundamental Analysis and Outlook -:

### Domestic Front

- CPO Kandla 5% witnessed losses tracking bearish cues from the international palm oil market and lull buying in the cash market.
- On the import front, as per IBIS data (compiled by Agriwatch), Indian buyers imported 3.24 lakh tons of crude palm oil and 0.75 lakh tons of RBD palmolein during 28 July-10 August majorly from Malaysia and Indonesia. SEA of India reported that Indian buyers imported around 37.71 lakh tons of crude palm oil during Nov-June 2013-14 oil year and 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.
- As per the latest government notification, Indian Government has revised the tariff value for crude palm oil to US \$811, RBD palm oil to US \$842, Crude and refined palmolein to 851, 854 (US dollar per metric tons) respectively. Tariff value is the base price at which the customs duty is determined to prevent under-invoicing.
- Current stock of edible oils as on 1 August 2014 at various ports is estimated at 570,000 tons (CPO 250,000 tons, RBD Palmolein 50,000 tons, Degummed Soybean Oil 140,000 tons and Crude Sunflower Oil 130,000 tons) and about 1,020,000 tons in pipelines. Total stock, both at ports and in pipelines increased to 1,590,000 tons from 1,485,000 tons in previous months - SEA of India.
- On the parity front, refiners get US \$120-125/tons parity in processing imported CPO and ready to use palm get US \$105-110 per tons. Margin after processing the CPO had recovered during the week owing to cheaper availability from overseas market and likely to remain positive in the near term. We expect palm oil likely to trade range bound in the days ahead.



### International Front

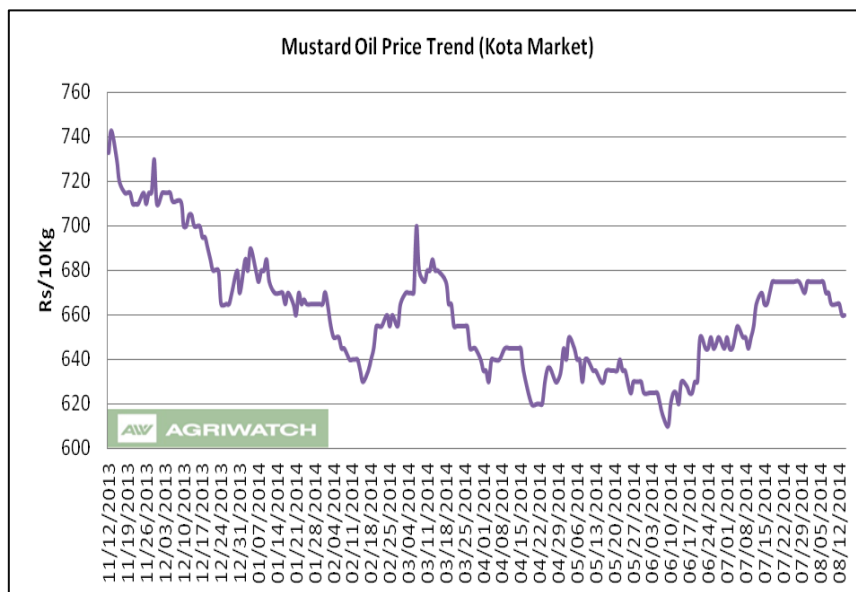
- As per Malaysian government circular, Malaysia lowered its crude palm oil export tax for September to 4.5 percent, down 0.5 percent from last month. Exports of Malaysian palm oil products for Aug. 1-15 fell 15.9 percent to 549,784 tonnes from 653,675 tonnes shipped during Jul. 1-15 - cargo surveyor Societe Generale de Surveillance
- MPOB Report's Highlights - Malaysian palm oil stocks rose 1.5 percent to 1,681,016 tonnes against a revised 1,656,700 tonnes at the end of June due to lower exports and higher palm oil production. Malaysia's palm oil production in July stood at 1.66 million tons, 6.4% higher from the previous month but on y-o-y basis about 0.59 percent lower palm oil production noted during June. On the export front, palm oil export fell by 2.70 percent to 1.44 million tons on m-o-m basis. Report was slightly bearish for palm oil as market participants were expecting 1.64 MMT of palm oil inventories as of June.
- Slightly bearish monthly report on Malaysian palm oil statistics raised the concern of rising palm oil supplies in South East Asian countries and weak demand from overseas market 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 513-530 per 10 Kg in the near term.

## Rapeseed oil Fundamental Review and Analysis:-

### Domestic Front

- Mustard oil featured steady to slightly weak tone at major cash market in line with the other edible oils and losses in the international veg. oil market. However, festivities and need based buying from pickle manufactures limit the downside.
- Weakness in the international veg. oil market, higher imported edible oil stocks and rains over key oilseeds producing regions support the sowing prospects and is likely to weigh on the mustard oil prices in the near – medium term. However, uneven and lower rains over western India may affect the mustard crop in the coming Rabi season.
- On the supply side, we have left 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 to weak tone in the coming days

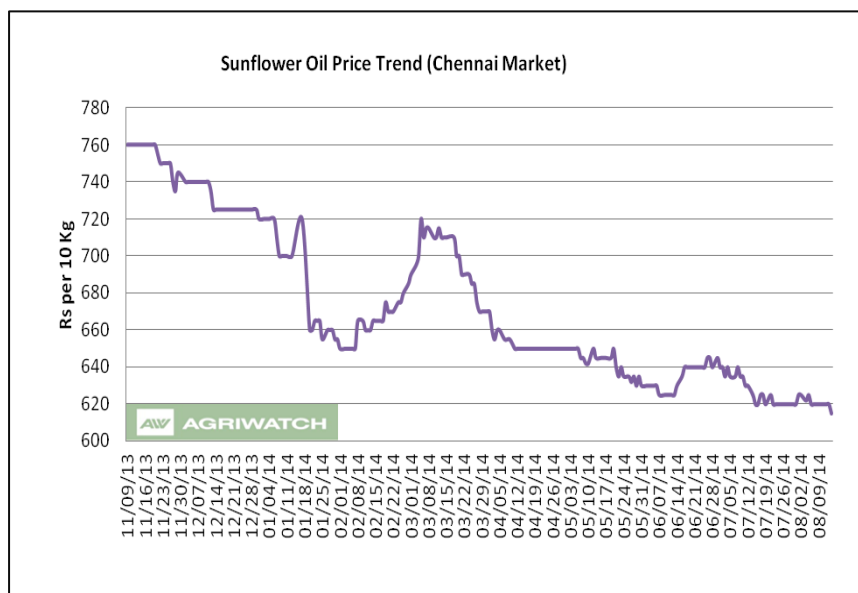


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 648-670 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

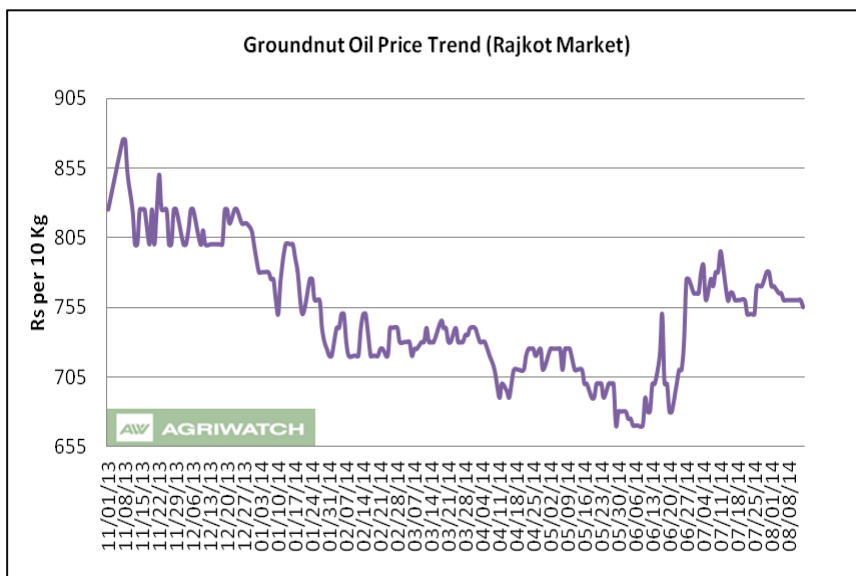
- Sunflower oil featured steady to tone at its benchmark market Chennai during the week owing to consolidation in the international sun oil market and need based demand in the cash market.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 0.66 lakh tons of crude sunflower oil during 28July-10August majorly from Ukraine. As per SEA of India, Indian buyers imported 11.35 lakh tons of crude sunflower oil during Nov- July 2013-14 oil year majorly from Ukraine, up 53.51 percent from the corresponding period of the last year.
- On the planting front, Indian farmers has been sown 1.47 lakh hectares as on 14 August 2014 which was 0.56 lakh hectares lag compared to the last year same period. State wise details - in Karnataka sunflower has been sown in 1.08 (1.70) lakh hectares, and in Maharashtra sowing reached to 0.19 (0.23) lakh hectares. Values in bracket were last year figures same period. We expect sunflower oil prices may trade range bound to slightly weak tone in the coming days.



**Price Outlook:** Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 610-630 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices fell at its benchmark market (Rajkot) during the week.
- According to ministry of agriculture, Indian farmers has been sown 33.99 lakh hectares of groundnut seed as on 14 August 2014 which was 16.01 percent lag compared to the last year same period. State wise details - in Gujarat groundnut has been sown in 12.10 lakh hectares, in Andhra Pradesh sowing reached to 6.61 lakh hectares and in Rajasthan sowing reached to 4.08 lakh hectares. Gujarat, AP, and Rajasthan together account 65-70 percent of the total normal Kharif groundnut acreage. As per sources, Groundnut area is likely to shift to castor seed in Gujarat due to deficient in rains and delayed onset of monsoon.
- On the price performance front, groundnut oil prices featured lower at Rajkot market and quoted Rs 758 per 10 kg on w-o-w average basis; down 0.52 percent from last week owing to weakness in the edible oil complex but lower planting and uneven rains limit the downside risk in the prices.
- Groundnut oil prices are likely to trade with a steady to weak tone in the coming days owing to need based demand from wholesalers and weak trend in oil complex.

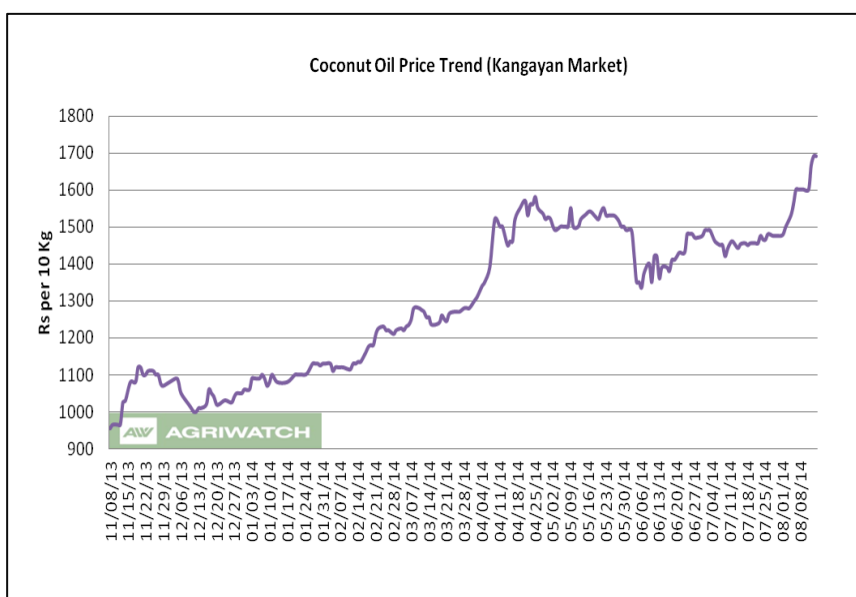


### Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 740-765 per 10 Kg.

### Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil featured significant gains at its benchmark market Kangayan during the week.
- Coconut oil at Kangayan market ended Rs 1649 per 10 Kg (weekly average basis), up 4.4 percent from last week. Better buying from corporate against lower supplies, crop damage due to dry weather in Southern India due to shortfall of at least 40 percent in copra supplies and upcoming festivities (Onam) may support the coconut oil further.
- Fundamentals are 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 to firm bias.



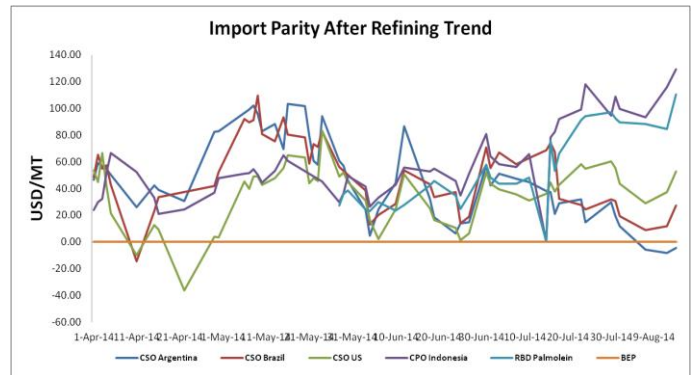
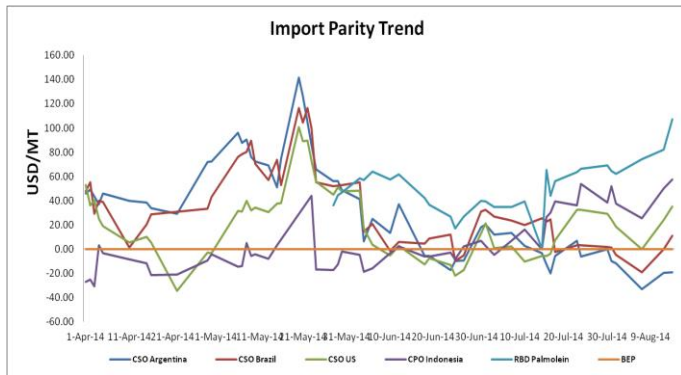
**Price Outlook:** Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1680-1750 per 10 Kg.



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

<b>Landed Cost Calculation as on 14/07/2014</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>	<b>RBD Palmolein</b>
FOB USD per ton	837	815	793	720	723
Freight (USD/MT)	80	72	70	35	35.0
C & F	917.0	887.0	863.0	755.0	758.0
Weight loss (0.25% of FOB)	2.09	2.04	1.98	1.80	1.81
Finance charges (0.4% on CNF)	3.67	3.55	3.45	3.02	3.03
Insurance (0.3% of C&F)	3	3	3	2	2
CIF (Indian Port - Kandla)	926	895	871	762	765
CVD	0	0	0	0	0
Duty USD per ton	24.12	24.12	24.12	20.92	87.11
CVD value USD per ton	0	0	0	0	0
Cess (2% on duty) USD per ton	0.48246	0.48246	0.48246	0.418476	1.74216
Exchange rate	61.05	61.05	61.05	61.05	61.05
Landed cost without customs duty in INR per ton	56502	54655	53176	46525	46710
Customs duty %	2.58%	2.58%	2.58%	2.58%	10.20%
Base import price	935	935	935	811	854
Fixed exchange rate by customs department	61.85	61.85	61.85	61.85	61.85
Duty component in INR per ton	1492.01	1492.01	1492.01	1294.14	5387.63
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	58667	56820	55341	48492	52771
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	57500	57500	57500	52000	59300
Total landed cost USD per ton	961	931	906	794	864
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	942	942	942	852	971
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-1167</b>	<b>680</b>	<b>2159</b>	<b>3508</b>	<b>6529</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-19.12</b>	<b>11.14</b>	<b>35.36</b>	<b>57.45</b>	<b>106.95</b>
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	63767.48	61919.81	60440.99	54492.43	55570.81
Soy/Palm oil imported Price (Including tax)	66955.86	65015.80	63463.04	57217.05	58349.35
Loose price of Soy/Palm in Indore and Delhi market	66675.00	66675.00	66675.00	65100.00	65100.00
<b>Parity after processing and Taxes (Rs per MT)</b>	<b>-280.86</b>	<b>1659.20</b>	<b>3211.96</b>	<b>7882.95</b>	<b>6750.65</b>
<b>Parity after processing and Taxes (USD per MT)</b>	<b>-4.60</b>	<b>27.18</b>	<b>52.61</b>	<b>129.12</b>	<b>110.58</b>
Source: Agriwatch					

### Import Parity Trend

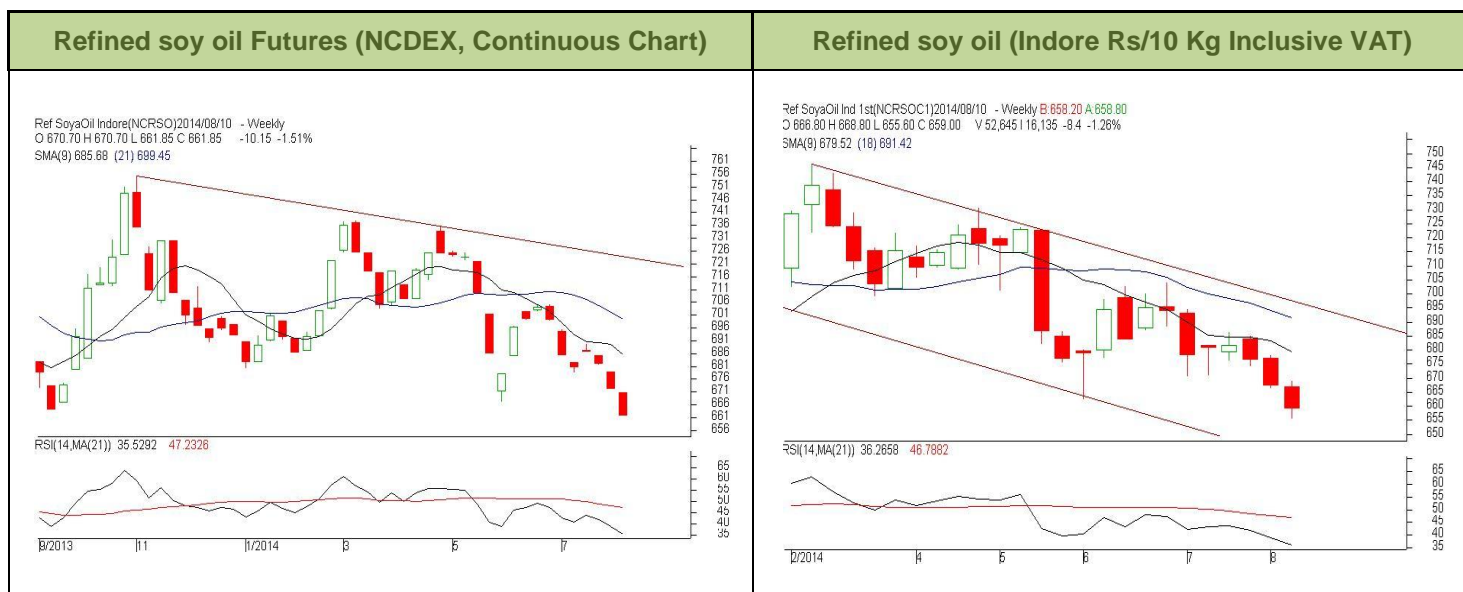


### Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>June, 2014</b>	26.94	30.06	18.39	43.80	31.04
<b>July, 2014</b>	33.91	49.26	45.32	84.40	69.22
<b>Aug., 2014</b>	-1.77	16.76	40.60	109.48	93.21

### Outlook:-

Import parity for 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 weak tone during the week in review and likely to trade with a steady to weak tone in the coming days.**

- ❖ Weekly chart of refined soy oil at NCDEX depicts weak trend. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close above 661 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 655-642 level in near to medium term. RSI is near to neutral region and no evidence of divergence with the ref. soy oil prices noticed.

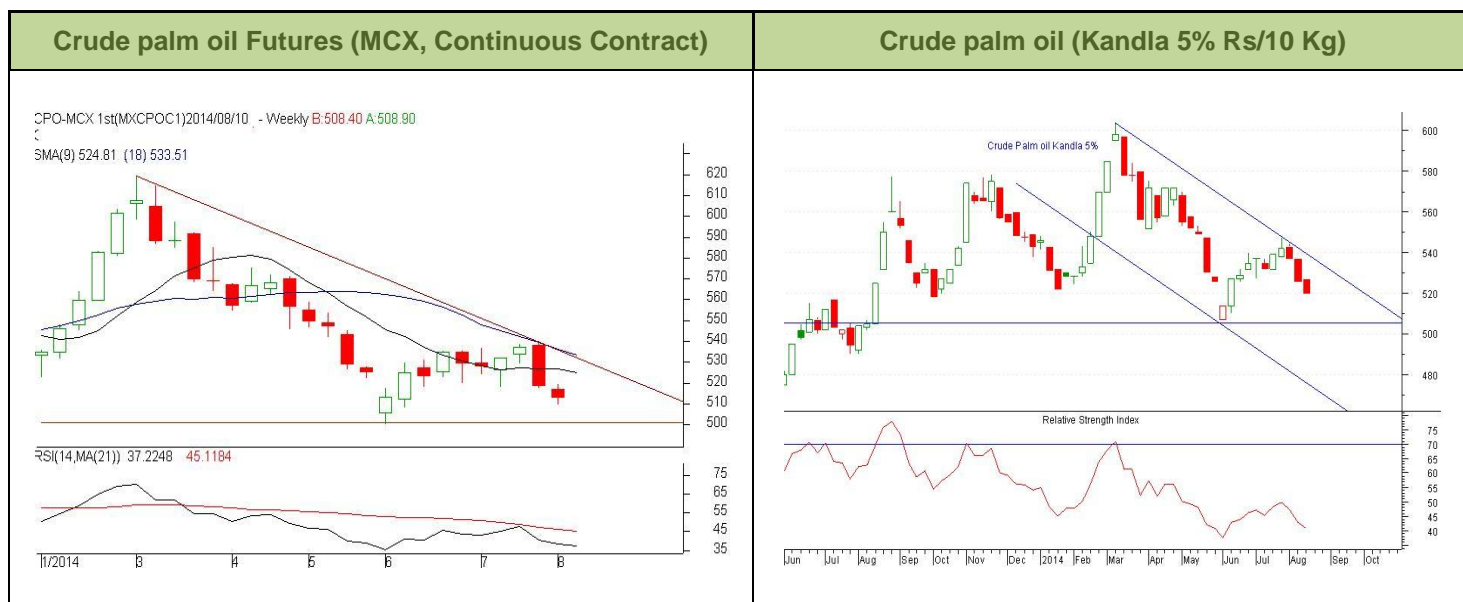
**Strategy:** Market participant are advised to go short in RSO below 655 levels for a target of 645 and 642 with a stop loss at 661 on closing basis.

**RSO NCDEX (September)**

Support and Resistance				
S2	S1	PCP	R1	R2
633	640	647.80	662	671

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of Rs 650-680 per 10 Kg.



**Technical Analysis (Crude Palm oil Weekly Charts)**


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

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts losses in the prices. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close above 486.80 in weekly chart shall change the sentiments and might bring the prices to a bullish tone.
- ❖ Expected price band for next week is 482-474 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 482 for a target of 474 and 471.50 with a stop loss at 486.80 on closing basis.

**CPO MCX (September)**

Support and Resistance				
S2	S1	PCP	R1	R2
463	470	479.40	493	506

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 513-530 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		14-Aug-14	8-Aug-14	
Refined Soybean Oil	Kota	620	630	-10
	Rajkot	600	610	-10
	Delhi	665	690	-25
	Mumbai	622	635	-13
	Indore	635	650	-15
	Kandla/Mundra	610	612	-2
	Kolkata	608	615	-7
	Indore (Soy Solvent Crude)	595	605	-10
	Mumbai (Soy Degum)	580	595	-15
	Kandla/Mundra (Soy Degum)	575	585	-10
	Akola	669	676	-7
	Amrawati	668	675	-7
	Jalna	675	684	-9
	Nagpur	670	677	-7
	Alwar	NA	NA	-
	Solapur	682	690	-8
	Bundi	632	636	-4
	Dhule	676	682	-6
Palm Oil	Rajkot	560	560	Unch
	Hyderabad	556	570	-14
	Delhi	620	630	-10
	Kandla (Crude Palm Oil) 5%	520	529	-9
	Kandla (RBD Palm oil)	545	548	-3
	Mumbai RBD Pamolein	542	562	-20
	Kandla RBD Pamolein	562	562	Unch
	Mangalore RBD Pamolein	552	562	-10
	Chennai RBD Pamolein	552	562	-10
	Kakinada RBD Pamolein	535	547	-12
	KPT (krishna patnam)	527	544	-17
	Haldia RBD Palmolein	537	547	-10
	PFAD (Kandla)	470	480	-10
	Refined Palm Stearin (Kandla)	470	480	-10
Refined Sunflower Oil	Mumbai	625	638	-13
	Mumbai(Expeller Oil)	565	580	-15
	Kandla/Mundra (Crude)	570	575	-5

	Erode (Expeller Oil)	640	645	-5
	Hyderabad (Ref	655	665	-10
	Chennai	615	620	-5
	Latur (Expeller Oil)	610	610	Unch
	Chellakere (Expeller Oil)	575	585	-10
Groundnut Oil	Rajkot	755	760	-5
	Chennai	780	760	20
	Delhi	785	775	10
	Hyderabad *	750	755	-5
	Mumbai	770	780	-10
	Gondal	760	750	10
	Jamnagar	750	760	-10
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	698	702	-4
	Sri-GangaNagar(Exp Oil)	688	682	6
	Alwar (Expeller Oil)	715	720	-5
	Kota (Expeller Oil)	650	660	-10
	Jaipur (Expeller Oil)	692	694	-2
	New Delhi (Expeller Oil)	708	715	-7
	Hapur (Expeller Oil)	710	725	-15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	710	720	-10
	Kota (Kacchi Ghani Oil)	715	710	5
	Jaipur (Kacchi Ghani Oil)	726	731	-5
	Agra (Kacchi Ghani Oil)	735	755	-20
	Bharatpur (Kacchi Ghani Oil)	730	760	-30
	Neewai (Kacchi Ghani Oil)	711	715	-4
	Hapur (Kacchi Ghani Oil)	725	740	-15
Refined Cottonseed Oil	Mumbai	645	655	-10
	Rajkot	639	645	-6
	New Delhi	625	635	-10
	Hyderabad	620	635	-15
Coconut Oil	Kangayan (Crude)	1690	1600	90
	Cochin	1660	1610	50
	Trissur	1690	1665	25
Sesame Oil	New Delhi	800	870	-70
	Mumbai	950	950	Unch



Kardi	Mumbai	920	920	Unch
Rice Bran Oil (40%)	New Delhi	450	NA	-
Rice Bran Oil (4%)	Punjab	560	560	Unch
Rice Bran Oil (4%)	Uttar Pradesh	560	560	Unch
Malaysia Palmolein USD/MT	FOB	723	758	-35
	CNF India	765	790	-25
Indonesia CPO USD/MT	FOB	720	750	-30
	CNF India	770	800	-30
Ukraine Origin CSFO USD/MT Kandla	CIF	850	870	-20
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	627	NA	-
Argentina FOB (\$/MT)		13-Aug-14	7-Aug-14	Change
Crude Soybean Oil Ship		832	853	-21
Refined Soy Oil (Bulk) Ship		861	882	-21
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		812	833	-21
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including VAT				

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