

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 near record US soybean production forecast for 2014-15. Soy & palm oil witnessed losses. On the other hand, coconut oil gains on weak supplies and good demand.

On the currency front, Indian rupee against USD closed (22 Aug 2014) at 60.47, up 0.33 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 & India's 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 against higher imports and depreciating Indian rupee against US dollar.

Recommendation:

Weekly Call - Market participant are advised to go short in RSO below 625 levels for a target of 614 and 610 with a stop loss at 631.60 on closing basis and go short in CPO below 461 for a target of 452 and 448.00 with a stop loss at 466.40 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 33.20 cents/lb. CPO at BMD (September) is likely to trade in the range of 1990-2100 ringgit per tons.

Malaysian palm oil products exports during August 1-20 fell 5.39 percent to 822,026 tons from the 868,843 tons shipped during July 1-20 - cargo surveyor Intertek Testing Services

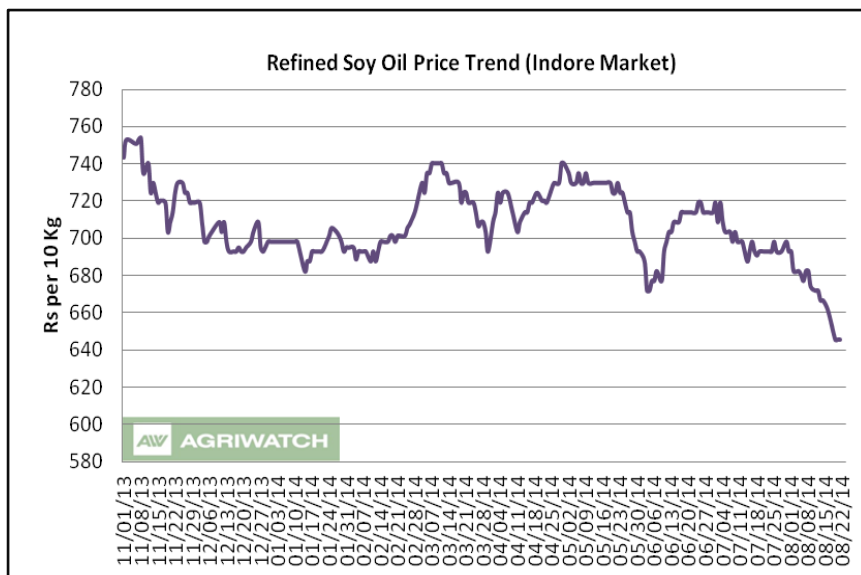
On the international front, improved weather over US soybean growing belt and in expectation of record US soybean production forecast for 2014/15 favors the bears. However, soy supplies are tight in US and good demand from China may curb the excessive losses in soy complex.

Slightly bearish 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.
- As per IBIS (compiled by Agriwatch), India imported around 3.15 lakh tons of soft oils of which comprises of crude sunflower oil majorly from Ukraine to 1.21 lakh tons and 1.93 lakh tons of crude degummed soybean oil during 28 July-17 August 2014. 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.
- As per sources, soybean is in the initial growth stage and need intermittent rains over growing belt. However, lower rains and dry weather during the last week may stress out the crop. Continuous dry spell in the coming weeks may affect the crop prospects.
- 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 percent lower than the 121.04 lakh hectares sown by this time last year. 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.
- On the price front, India is reported to have traded soybean oil for September shipment at a CIF price at USD 875 per tons and for October/ November shipments at USD 863 per tons as on 22 August 2014. CIF quote for soybean oil at Kandla has decreased to USD 813 per tons, down 3.6 percent on average basis during the week in review and likely to trade lower in the near term. As per the latest government notification, USD 935 per tons sets as a new base import price for crude soybean oil. We expect soy oil may trade with a steady to weak tone.



International Front

- 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.
- US soybean crop is reported under good condition. Soybean blooming, as on Aug 18, is reported at 95 percent, which is at par with the 5-year average but slightly above 91 percent compared to the same period last year. The crop is 83 percent in pod formation, which is above 5-year average of 79 percent and above 70 percent during the same period last year. Further, the crop is 71 percent in good to excellent condition, which is better than last year.
- 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.

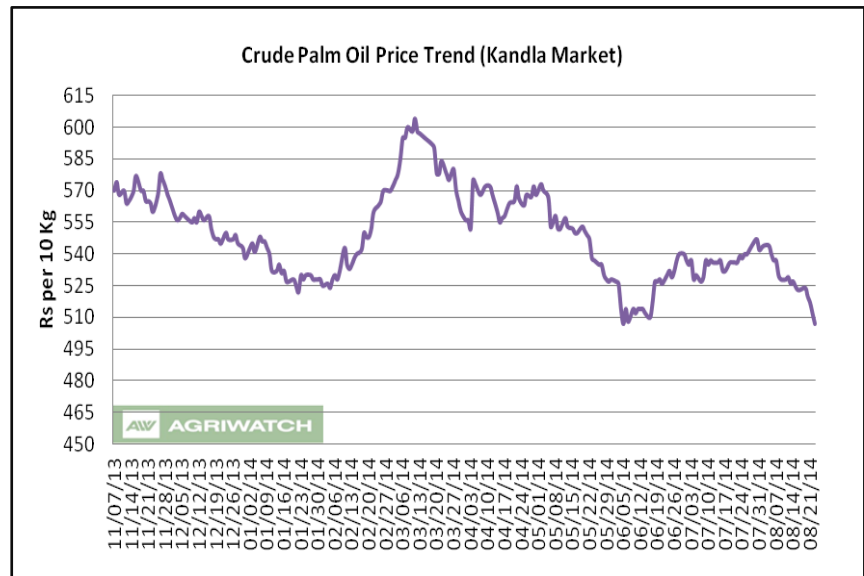
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 615-635 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla 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 5.40 lakh tons of crude palm oil and 0.99 lakh tons of RBD palmolein majorly from Indonesia and Malaysia during 28 July-17 August 2014. 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.
- On the parity front, margin after processing the imported CPO has surged to US\$ 145-150 per tons from US\$ 125-130 per tons last week owing to cheaper availability of palm oil from Malaysia/Indonesia. Moreover, refiners get US \$128-135/tons parity in ready to use palmolein. Better margins and lower oilseeds arrivals may favor the higher palm oil shipments in the near term.
- We expect palm oil likely to trade range bound in the days ahead.



International Front

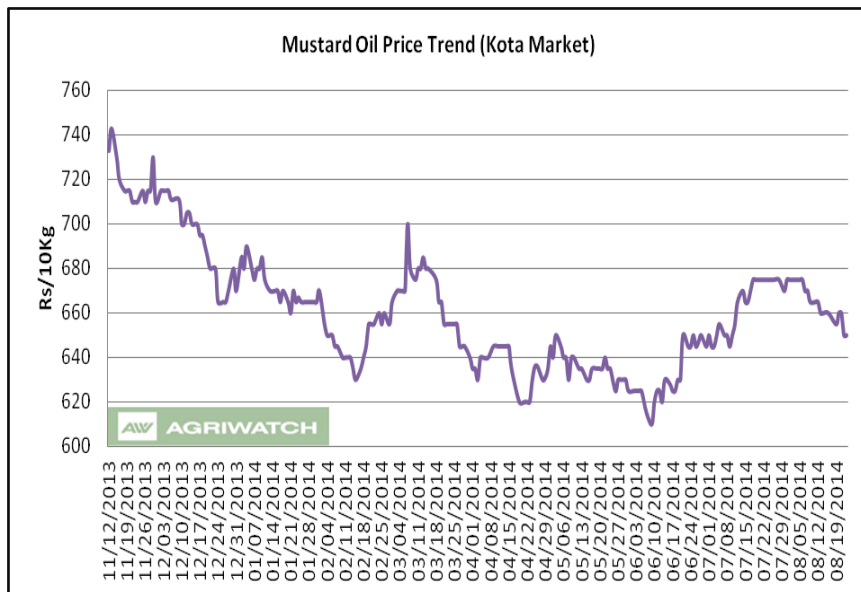
- Weekly review - palm oil futures at Bursa Malaysia Derivative exchange ended lower mainly attributed to the expectation of near record soybean production in US, losses in the crude oil prices and weak demand for palm oil products. On the import front, Malaysian palm oil products exports during August 1-20 fell 5.39 percent to 822,026 tons from the 868,843 tons shipped during July 1-20 - cargo surveyor Intertek Testing Services. India & subcontinent imported 325,399 tons during the first twenty days of August, up 66.2 percent from last month same period. However, lower imports reported from China and European countries. 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.
- Inventories - 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. While, Bloomberg planters survey showed that palm oil stockpiles probably fell 3.8 percent to 2.02 million tons from 2.14 million tons in June. Report was slightly bearish for palm oil as market participants were expecting lower palm oil inventories from the current level.
- 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 percent (with VAT) to stay in the range of 475-495 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, need based buying from pickle manufactures limit the downside risk in the prices.
- As per sources, bearish cues from the international palm oil market and higher imported edible oil stocks at ports likely to weigh on the mustard oil prices in the near –medium term.
- Government of India target mustard seed output for 2014-15 sets at 85.96 lakh tons, up 7.98 percent from last year. 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.

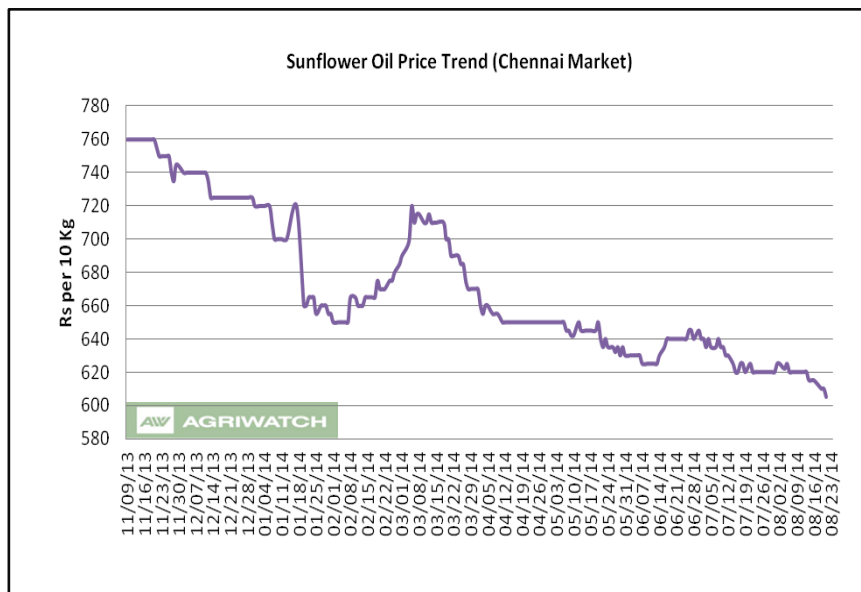


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 640-660 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured steady to weak tone at its benchmark market Chennai during the week owing to weakness in the international sun oil market and need based demand against higher imports in the cash market.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 1.21 lakh tons of crude sunflower oil during 28July-17August majorly from Ukraine. As per sources, weak demand noticed from wholesalers and prices are likely to stay lower in the coming days. 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. At the international front, Argentinean farmers had been planted 7.3 percent of the estimated sunflower area compared to 8.5 percent on the same period of last year. Sunflower seed production forecast in Argentina for 2014/15 pegged at 1.4 million tons - Buenos Aires Grains Exchange. We expect sunflower oil prices may trade range bound to slightly weak tone in the coming days.

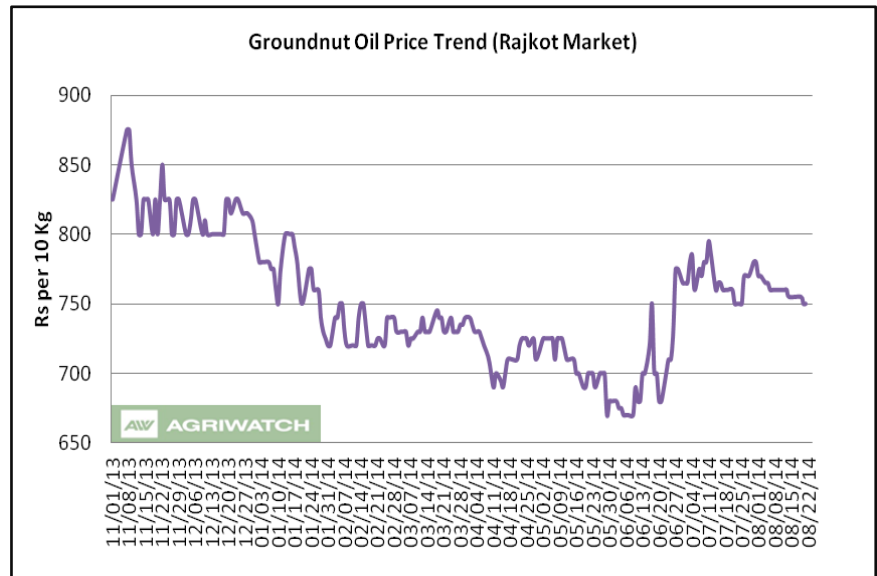


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 596-620 per 10 Kg.

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 752 per 10 kg on w-o-w average basis; down 0.79 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.



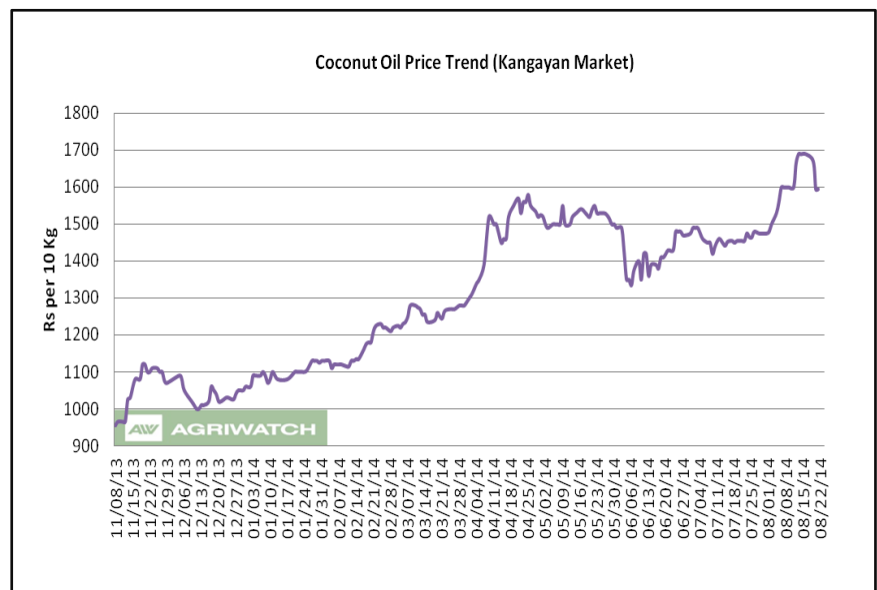
Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 738-762 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

- Coconut oil featured gains at its benchmark market Kangayan during the week. However, market couldn't sustain at higher levels.
- Coconut oil at Kangayan market touches all time high at Rs 1690 per 10 Kg level during the 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. However, losses in the palm kernel oil and higher prices of coconut oil may weigh on the demand for coconut oil products in the near term. We expect prices may trade range bound to firm bias.

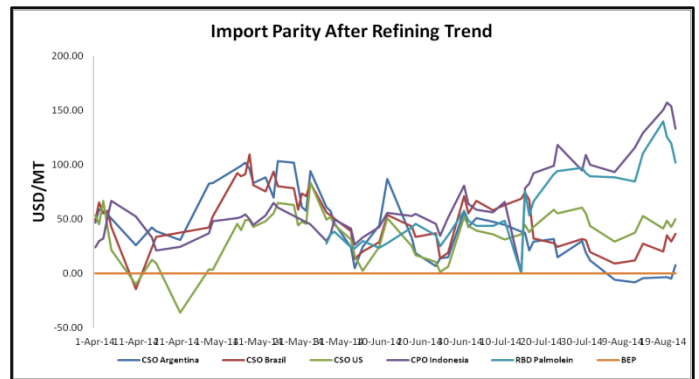
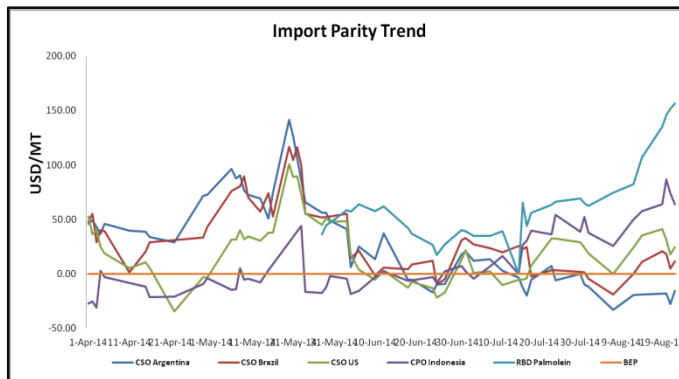


Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1580-1670 per 10 Kg.

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

Landed Cost Calculation as on 22/07/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	802	783	772	668	683
Freight (USD/MT)	80	72	70	35	35.0
C & F	882.0	855.0	842.0	703.0	718.0
Weight loss (0.25% of FOB)	2.01	1.96	1.93	1.67	1.71
Finance charges (0.4% on CNF)	3.53	3.42	3.37	2.81	2.87
Insurance (0.3% of C&F)	3	3	3	2	2
CIF (Indian Port - Kandla)	890	863	850	710	725
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	60.43	60.43	60.43	60.43	60.43
Landed cost without customs duty in INR per ton	53794	52148	51355	42881	43796
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	55959	54313	53520	44848	49856
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	55000	55000	55000	48700	59300
Total landed cost USD per ton	926	899	886	742	825
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	910	910	910	806	981
Parity INR/MT (Domestic - Landed)	-959	687	1480	3852	9444
Parity USD/MT (Domestic - Landed)	-15.86	11.37	24.49	63.75	156.28
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	61058.52	59412.62	58619.87	50847.72	52656.28
Soy/Palm oil imported Price (Including tax)	64111.45	62383.25	61550.87	53390.11	55289.09
Loose price of Soy/Palm in Indore and Delhi market	64575.00	64575.00	64575.00	61425.00	61425.00
Parity after processing and Taxes (Rs per MT)	463.55	2191.75	3024.13	8034.89	6135.91
Parity after processing and Taxes (USD per MT)	7.67	36.27	50.04	132.96	101.54
Source: Agriwatch					

Import Parity Trend

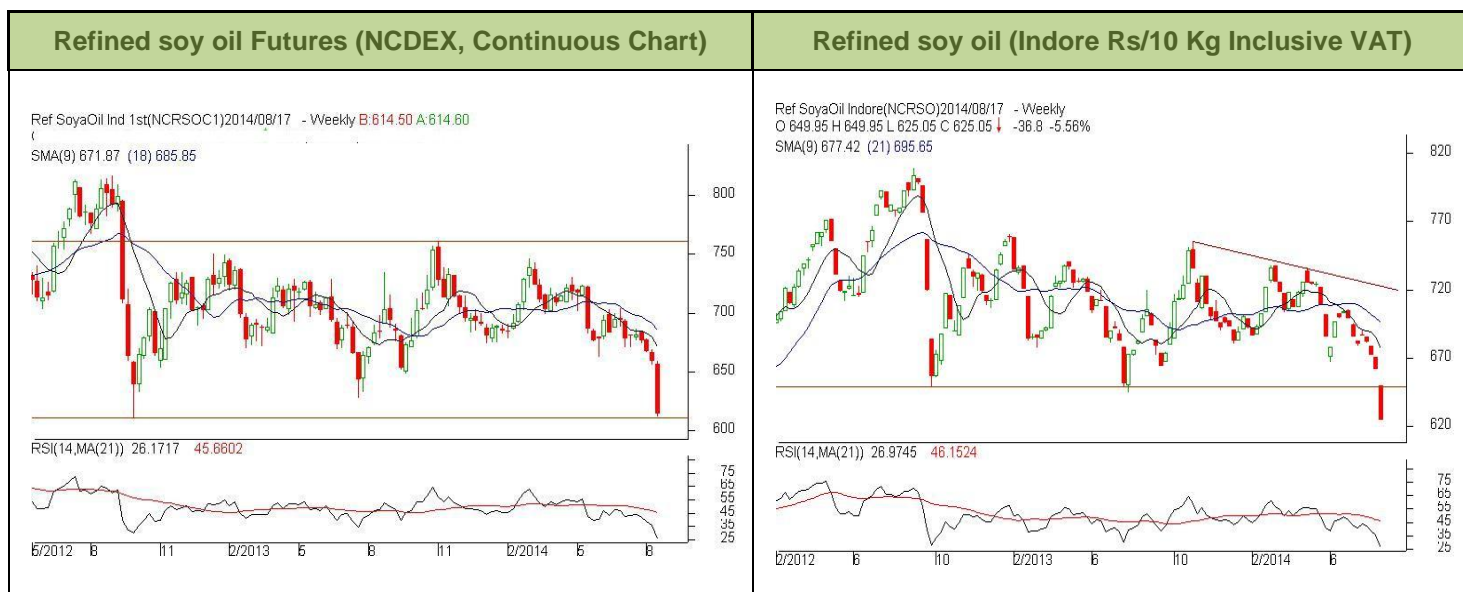


Import Parity After Refining in US dollar per tons (Monthly Average)

	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 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.

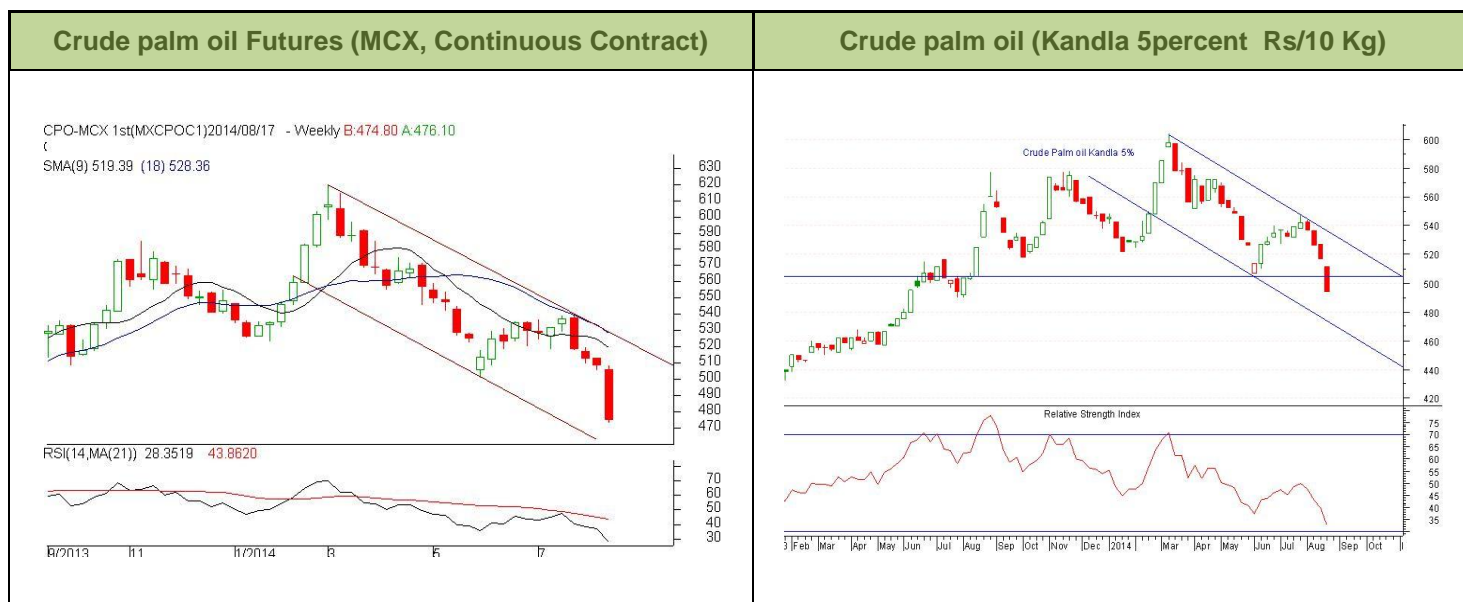
- ❖ Weekly chart of refined soy oil at NCDEX depicts weak trend. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close above 631.60 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 610-625 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 625 levels for a target of 614 and 610 with a stop loss at 631.60 on closing basis.

RSO NCDEX (September)

Support and Resistance				
S2	S1	PCP	R1	R2
598.00	608.00	625.00	637.00	650.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 615-635 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 448-461 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 461 for a target of 452 and 448.00 with a stop loss at 466.40 on closing basis.

CPO MCX (September)

Support and Resistance				
S2	S1	PCP	R1	R2
437.00	444.00	461.20	474.00	481.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 475-495 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		22-Aug-14	14-Aug-14	
Refined Soybean Oil	Kota	610	620	-10
	Rajkot	575	600	-25
	Delhi	638	665	-27
	Mumbai	610	622	-12
	Indore	615	635	-20
	Kandla/Mundra	585	610	-25
	Kolkata	597	608	-11
	Indore (Soy Solvent Crude)	570	595	-25
	Mumbai (Soy Degum)	557	580	-23
	Kandla/Mundra (Soy Degum)	550	575	-25
	Akola	650	669	-19
	Amrawati	649	668	-19
	Jalna	-	675	-
	Nagpur	-	670	-
	Alwar	-	NA	-
	Solapur	-	682	-
	Bundi	610	632	-22
	Dhule	-	676	-
Palm Oil	Rajkot	518	560	-42
	Hyderabad	532	556	-24
	Delhi	585	620	-35
	Kandla (Crude Palm Oil) 5%	487	520	-33
	Kandla (RBD Palm oil)	520	545	-25
	Mumbai RBD Pamolein	525	542	-17
	Kandla RBD Pamolein	535	562	-27
	Mangalore RBD Pamolein	522	552	-30
	Chennai RBD Pamolein	522	552	-30
	Kakinada RBD Pamolein	510	535	-25
	KPT (krishna patnam)	502	527	-25
	Haldia RBD Palmolein	510	537	-27
	PFAD (Kandla)	440	470	-30
	Refined Palm Stearin (Kandla)	440	470	-30
Refined Sunflower Oil	Mumbai	610	625	-15
	Mumbai(Expeller Oil)	550	565	-15
	Kandla/Mundra (Crude)	555	570	-15

	Erode (Expeller Oil)	630	640	-10
	Hyderabad (Ref	645	655	-10
	Chennai	600	615	-15
	Latur (Expeller Oil)	630	610	20
	Chellakere (Expeller Oil)	555	575	-20
Groundnut Oil	Rajkot	760	755	5
	Chennai	800	780	20
	Delhi	720	785	-65
	Hyderabad *	770	750	20
	Mumbai	770	770	Unch
	Gondal	760	760	Unch
	Jamnagar	755	750	5
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	684	698	-14
	Sri-GangaNagar(Exp Oil)	678	688	-10
	Alwar (Expeller Oil)	720	715	5
	Kota (Expeller Oil)	650	650	Unch
	Jaipur (Expeller Oil)	685	692	-7
	New Delhi (Expeller Oil)	712	708	4
	Hapur (Expeller Oil)	710	710	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	708	710	-2
	Kota (Kacchi Ghani Oil)	720	715	5
	Jaipur (Kacchi Ghani Oil)	723	726	-3
	Agra (Kacchi Ghani Oil)	745	735	10
	Bharatpur (Kacchi Ghani Oil)	740	730	10
	Neewai (Kacchi Ghani Oil)	702	711	-9
	Hapur (Kacchi Ghani Oil)	735	725	10
Refined Cottonseed Oil	Mumbai	630	645	-15
	Rajkot	615	639	-24
	New Delhi	595	625	-30
	Hyderabad	600	620	-20
Coconut Oil	Kangayan (Crude)	1600	1690	-90
	Cochin	1670	1660	10
	Trissur	1650	1690	-40
Sesame Oil	New Delhi	790	800	-10
	Mumbai	950	950	Unch

Kardi	Mumbai	920	920	Unch
Rice Bran Oil (40%)	New Delhi	485	450	35
Rice Bran Oil (4%)	Punjab	560	560	Unch
Rice Bran Oil (4%)	Uttar Pradesh	560	560	Unch
Malaysia Palmolein USD/MT	FOB	683	723	-40.5
	CNF India	715	765	-50
Indonesia CPO USD/MT	FOB	668	720	-52.5
	CNF India	715	770	-55
Ukraine Origin CSFO USD/MT Kandla	CIF	830	850	-20
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	635	627	8
Argentina FOB (\$/MT)		20-Aug-14	14-Aug-14	Change
Crude Soybean Oil Ship		811	832	-21
Refined Soy Oil (Bulk) Ship		839	861	-22
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		791	812	-21
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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