

Executive Summary

Domestic Veg. Oil Market Summary

The major edible oils including refined soybean, palm, sunflower and groundnut oils fell tracking weakness in global oils and fats market and improved edible oil imports by India in recent months.

However, Rapeseed-mustard oil posted gains on improved festive buying during the period under review. Besides, cottonseed oil, sesame, kardi and rice bran oils featured steady to firm tone.

On the currency front, Indian rupee against USD closed (29 Aug 2014) at 60.49, up 0.02 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 and India's soybean growing belt.

Edible oil complex is likely to be under pressure on weak global cues and higher edible oil imports by India in recent months.

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 33.5 cents/lb to 31.0 cents/lb. CPO at BMD (September) is likely to trade in the range of 1920 - 2050 ringgit per tons.

Cargo surveyor Intertek Testing Services reported that the shipments of Malaysian palm oil from August 1-25 fell 15.3 per cent compared to the same period in July.

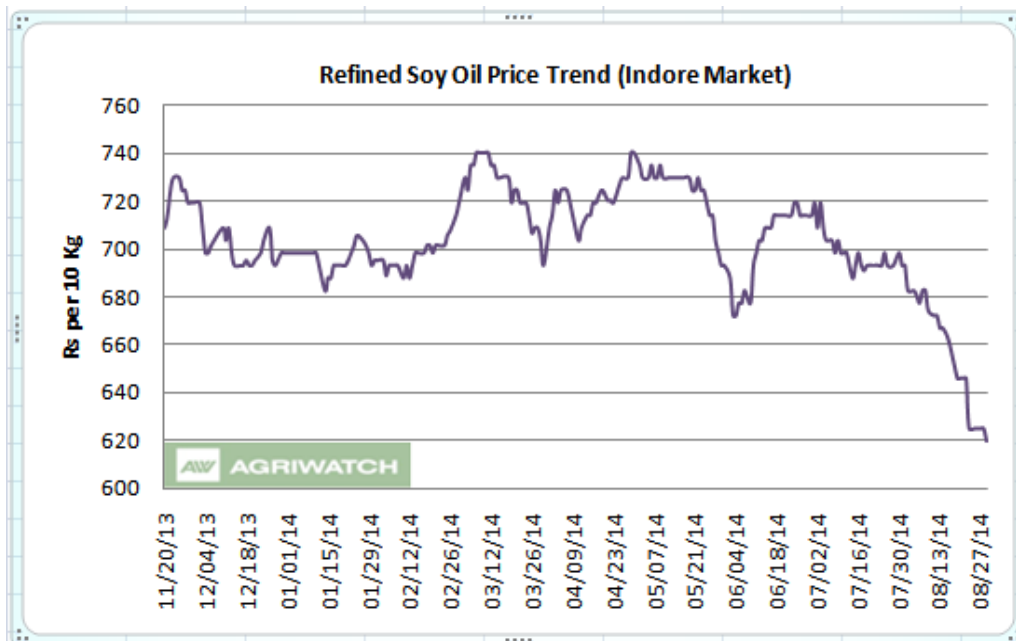
On the international front, favourable weather for US soybean in the mid-west has lead to the boost in yield this season with estimates of record US soybean production forecast for 2014/15 favors the bears. However, old crop soy supplies are tight in US and good demand from China is likely to limit the losses in soy complex.

Again 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 extended losses tracking weakness in 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.



- Overall, US soybean crop is reported under good condition. Soybeans under setting pods, as on Aug 24, is reported at 90% which is slightly above the 5 year average of 89% and up from 82% compared to the same period last year. Further, the crop is 70% in good to excellent condition, which is better than last year (58%). The weather in the US mid-west is reported to be favourable for the standing crop, which is a bearish factor.
- According to ministry of agriculture, Kharif soybean sowing area has progressed to 109.09 lakh hectares as on 21 August 2014, but is still 10.1 percent lower than the 121.31 lakh hectares sown by this time last year.
- On the price front, India has reportedly bought 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

- EU-28 imports of the 4 major vegetable oils improved by 10% in April/June 2014 – Oil World.
- 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.
- 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.

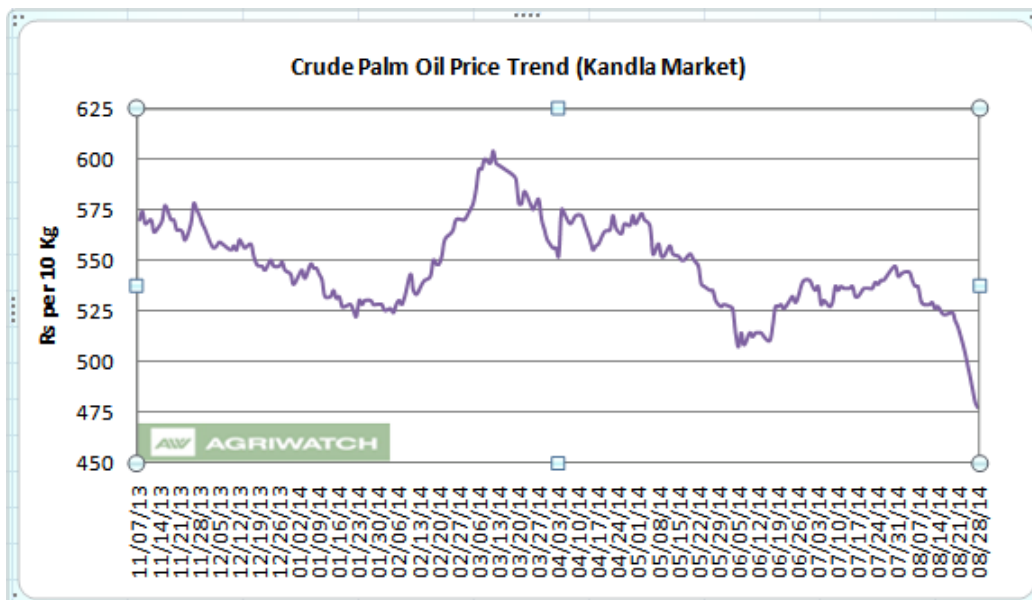
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 585-605 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla was quoted near previous week's level despite the oil was weak in various key cash markets. This is primarily due to better import opportunity.
- 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 to stay under pressure in couple of weeks ahead.



International Front

- Cargo surveyor Intertek Testing Services reported that the shipments of Malaysian palm oil from August 1-25 fell 15.3 per cent compared to the same period in July.
- In the previous week, futures dropped as much as 2.5 percent to 1,989 ringgit on the Bursa Malaysia Derivatives, the lowest level since March 2009, and closed at 2,000 ringgit in Kuala Lumpur. Prices are down 25 percent this year, heading for the third annual decline in four years.
- The palm oil production in Malaysia is estimated to reach a record 19.7 million tons to 19.9 million tons. Further, Indonesia's output is likely an all-time high of 30.5 million tons or more this year. Production is estimated by Dorab Mistry, Director at Godrej International Ltd. Both the countries account for 86% of world total supplies
- 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.

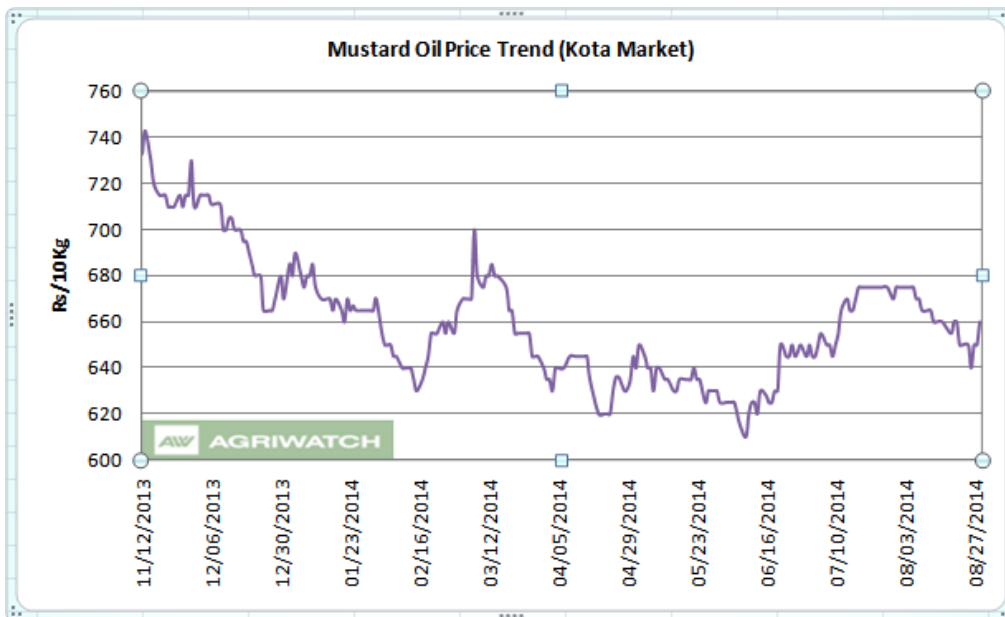
- Again bearish monthly report on Malaysian palm oil statistics raised the concern of rising palm oil supplies in South East Asian countries and weak demand from overseas market may support the bears in the coming days. Moreover, new soy oil supplies from South American countries and in expectation of 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 posted gains on fresh festive buying during the period under review in key cash markets.
- 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.
- Germany's winter rapeseed output is estimated at 5.8 million tonnes in 2014, up from 5.7 million tonnes in 2013, German farmer's association, DBV said.
- Oil World has estimated the Canadian canola crop at 14.7 Mn T in 2014 which is considerably below the record 17.96 Mn T last year.
- EU-28 rapeseed outturn has turned out higher than expected there is an upward revision to 23.5 Mn T. EU rapeseed exports are also improving
- 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.

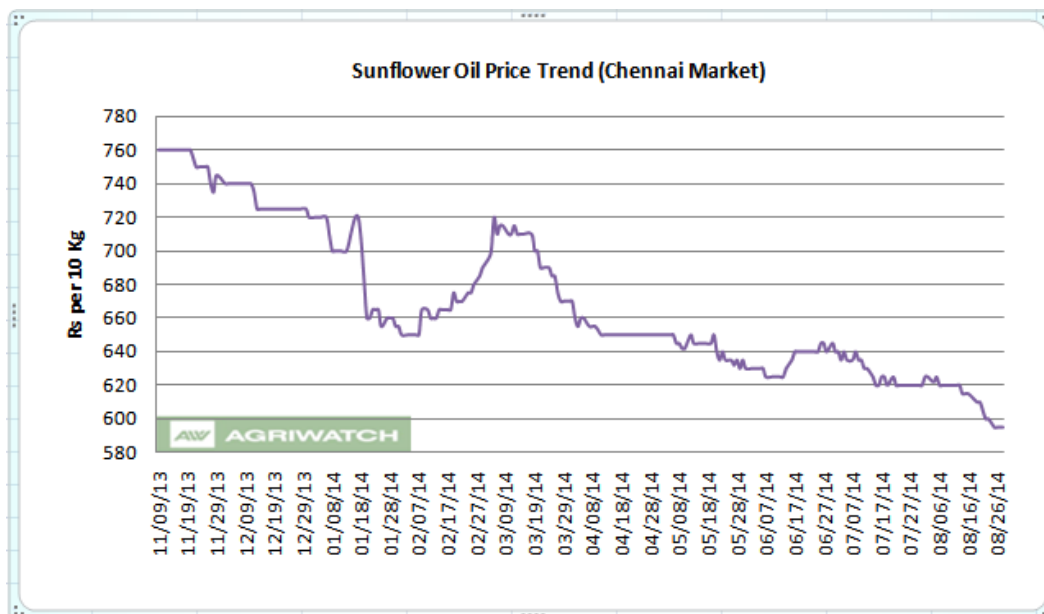


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 670-690 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil extended losses at its benchmark market Chennai during the week tracking 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

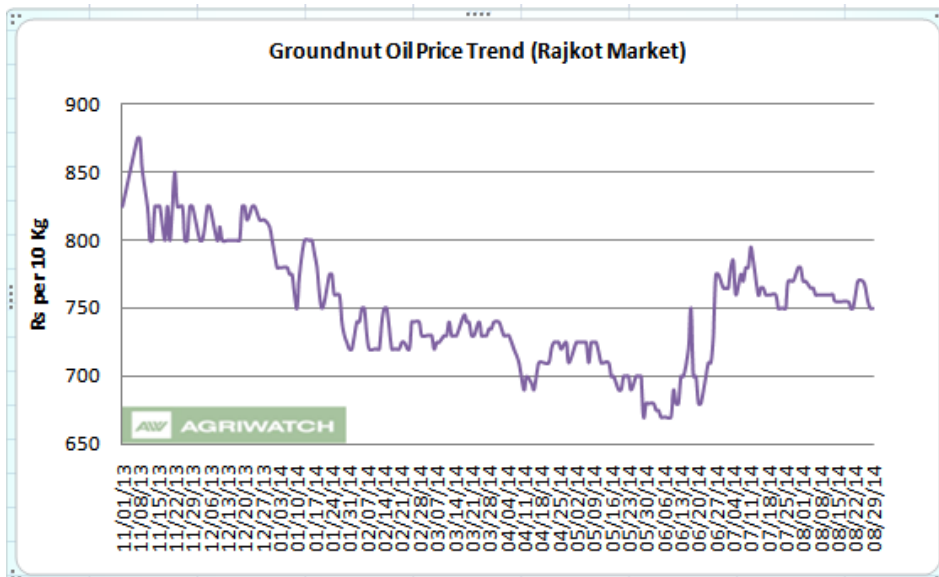


crude sunflower oil during 28July-17August majorly from Ukraine. As per sources, weak demand noticed from wholesalers and prices are likely to stay lower in the coming days. On the planting front, Indian farmers has been sown 1.47 lakh hectares as on 14 August 2014 which was 0.56 lakh hectares lag compared 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 590-605 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-
Domestic Front

- Groundnut oil further declined at benchmark market (Rajkot) during the week.
- According to ministry of agriculture, Indian farmers has sown 35.11 lakh hectares of groundnut seed as on 21 August 2014 which was 14 percent lower compared to the same period last year.
- On the price performance front, groundnut oil prices featured lower at Rajkot market and quoted Rs 750 per 10 kg on w-o-w average basis; down Rs10 last week.
- 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.

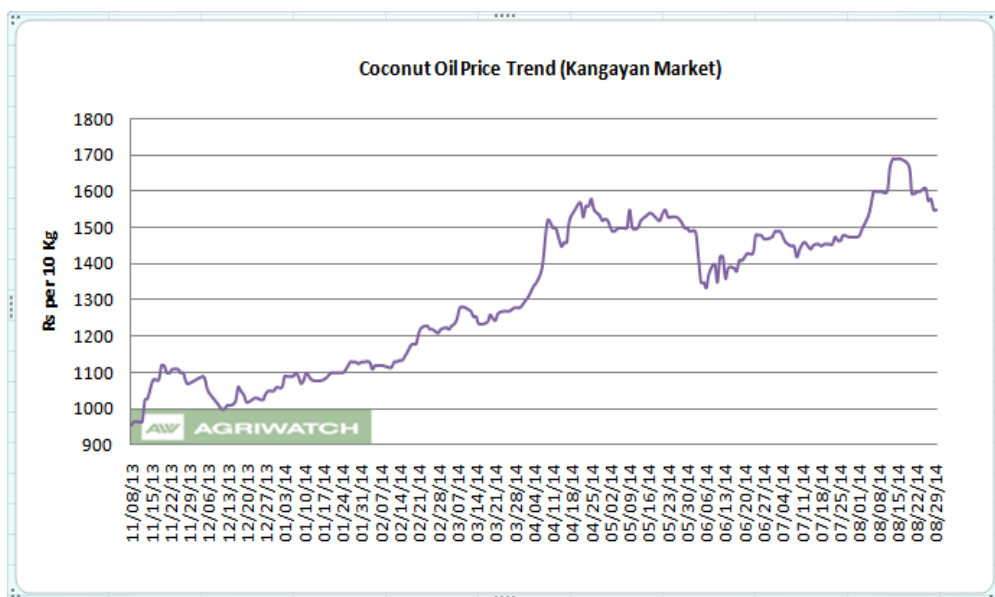


Price Outlook

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

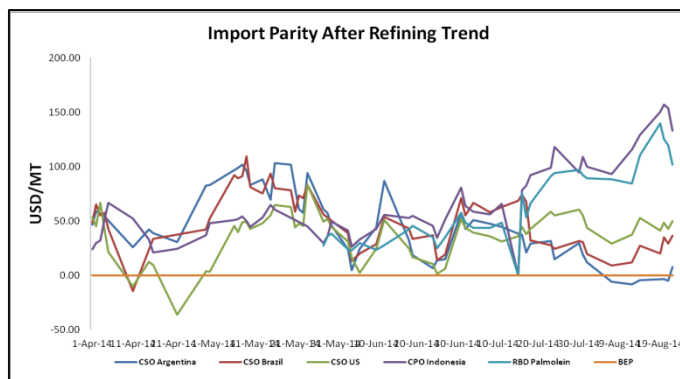
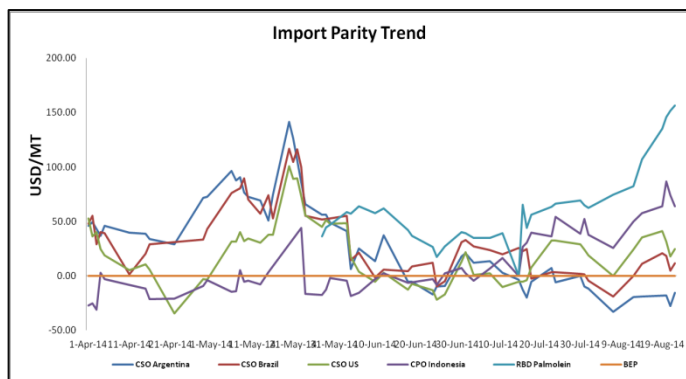
- Coconut oil featured gains at its benchmark market Kangayan during the week. Prices are already strong with recent gains but the market couldn't sustain at higher levels.
- Coconut oil at Kangayan market fell by Rs. 50 to Rs1550/10 kg compared to Rs 1600/10 kg on sluggish buying during the week. However, 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 1540-1600 per 10 Kg.

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

Landed Cost Calculation	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	786	775	770	648	678
Freight (USD/MT)	80	72	70	35	35.0
C & F	866.0	847.0	840.0	683.0	713.0
Weight loss (0.25% of FOB)	1.97	1.94	1.93	1.62	1.70
Finance charges (0.4% on CNF)	3.46	3.39	3.36	2.73	2.85
Insurance (0.3% of C&F)	3	3	3	2	2
CIF (Indian Port - Kandla)	874	855	848	689	720
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	60.47	60.47	60.47	60.47	60.47
Landed cost without customs duty in INR per ton	52852	51694	51267	41688	43519
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	55017	53859	53432	43655	49580
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	55000	55000	55000	48800	59300
Total landed cost USD per ton	910	891	884	722	820
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	910	910	910	807	981
Parity INR/MT (Domestic - Landed)	-17	1141	1568	5145	9720
Parity USD/MT (Domestic - Landed)	-0.29	18.87	25.93	85.08	160.74
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	60117.42	58958.78	58531.78	49655.22	52380.04
Soy/Palm oil imported Price (Including tax)	63123.29	61906.72	61458.36	52137.98	54999.04
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)	1451.71	2668.28	3116.64	9287.02	6425.96
Parity after processing and Taxes (USD per MT)	24.01	44.13	51.54	153.58	106.27
Source: Agriwatch					



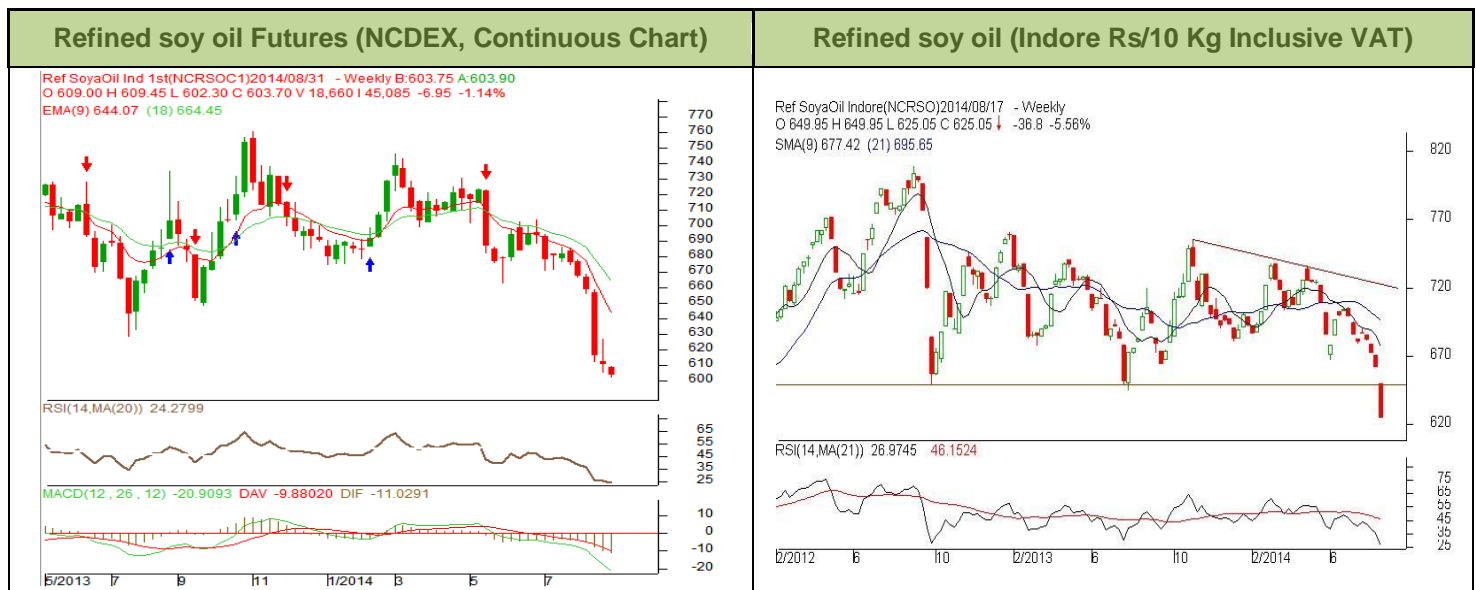
Import Parity Trend

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 featured continued downtrend during the week in review and it is expected fall further on weak global factors in the coming days.

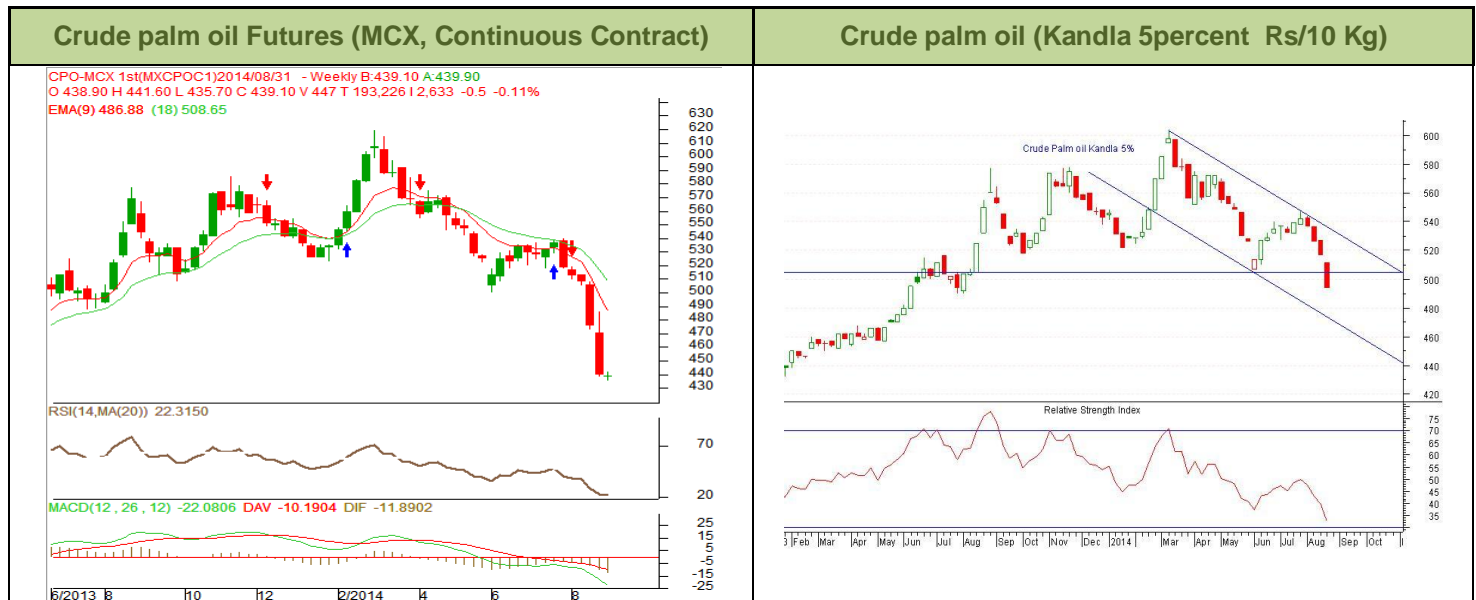
- ❖ Weekly chart of refined soy oil at NCDEX reveals continued fall in the prices. We expect prices to ease further in the near term.
- ❖ Expected price band for next week is 612-600 level in near term. RSI and stochastic are easing in neutral zone while MACD is easing in negative territory.

Strategy: Market participants are advised to go for SELL below 615 levels for a target of 600 and 595 with a stop loss at 624 on closing basis.

RSO NCDEX (September)

Support and Resistance				
S2	S1	PCP	R1	R2
557	579	610.65	628	648.45

Spot Market outlook: Refined soy oil Indore is likely to fall and prices are likely to be in the range of Rs 612-595 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook - Prices witnessed sharp fall during the week. We expect CPO September contract to fall further on bearish outlook.

- ❖ Candlestick weekly chart of crude palm oil at MCX indicate sharp fall in the prices. We expect prices to ease further.
- ❖ Expected price band for next week is 425--440 level. RSI is moving towards neutral zone suggesting range bound movement in the coming week.

Strategy: Market participants are advised to go for SELL in CPO below 441 for a target of 430.0 and 425 with a stop loss at 448.00 on closing basis.

CPO MCX (September)

Support and Resistance				
S2	S1	PCP	R1	R2
393	410.3	439.6	464.4	485.9

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 425-440 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		28-Aug-14	22-Aug-14	
Refined Soybean Oil	Kota	600	610	-10
	Rajkot	570	575	-5
	Delhi	635	638	-3
	Mumbai	595	610	-15
	Indore	595	615	-20
	Kandla/Mundra	580	585	-5
	Kolkata	590	597	-7
	Indore (Soy Solvent Crude)	550	570	-20
	Mumbai (Soy Degum)	552	557	-5
	Kandla/Mundra (Soy Degum)	550	550	Unch
	Akola	637	650	-13
	Amrawati	637	650	-13
	Jalna	643	645	-2
	Nagpur	635	655	-20
	Alwar	625	616	9
	Solapur	643	630	13
	Bundi	605	610	-5
	Dhule	645	650	-5
Palm Oil	Rajkot	500	518	-18
	Hyderabad	555	532	23
	Delhi	580	585	-5
	Kandla (Crude Palm Oil)	488	487	1
	Kandla (RBD Palm oil)	495	520	-25
	Mumbai RBD Pamolein	500	525	-25
	Kandla RBD Pamolein	510	535	-25
	Mangalore RBD Pamolein	505	522	-17
	Chennai RBD Pamolein	505	522	-17
	Kakinada RBD Pamolein	495	510	-15
	KPT (krishna patnam)	485	502	-17
	Haldia	495	510	-15
	PFAD (Kandla)	420	440	-20
	Refined Palm Stearin (Kandla)	425	440	-15

Refined Sunflower Oil	Mumbai	605	610	-5
	Mumbai(Expeller Oil)	535	550	-15
	Kandla/Mundra (Crude)	540	555	-15
	Erode (Expeller Oil)	620	630	-10
	Hyderabad (Ref)	635	645	-10
	Chennai	595	600	-5
	Latur (Expeller Oil)	625	630	-5
	Chellakere (Expeller Oil)	540	555	-15
Groundnut Oil	Rajkot	750	760	-10
	Chennai	800	800	Unch
	Delhi	730	720	10
	Hyderabad *	850	790	60
	Mumbai	765	770	-5
	Gondal	740	760	-20
	Jamnagar	750	755	-5
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	680	684	-4
	Sri-GangaNagar(Exp Oil)	685	678	7
	Alwar (Expeller Oil)	725	720	5
	Kota (Expeller Oil)	660	650	10
	Jaipur (Expeller Oil)	687	685	2
	New Delhi (Expeller Oil)	720	712	8
	Hapur (Expeller Oil)	730	710	20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	725	708	17
	Kota (Kacchi Ghani Oil)	720	720	Unch
	Jaipur (Kacchi Ghani Oil)	725	723	2
	Agra (Kacchi Ghani Oil)	750	745	5
	Bharatpur (Kacchi Ghani Oil)	745	740	5
	Neewai (Kacchi Ghani Oil)	710	702	8
	Hapur (Kacchi Ghani Oil)	750	735	15
Refined Cottonseed Oil	Mumbai	625	630	-5
	Rajkot	620	615	5
	New Delhi	600	595	5

	Hyderabad	595	600	-5
Coconut Oil	Kangayan (Crude)	1550	1600	-50
	Cochin	1670	1670	Unch
	Trissur	1620	1650	-30
Sesame Oil	New Delhi	800	790	10
	Mumbai	950	950	Unch
Kardi	Mumbai	920	920	Unch
Rice Bran Oil (40%)	New Delhi	495	485	10
Rice Bran Oil (4%)	Punjab	560	560	Unch
Rice Bran Oil (4%)	Uttar Pradesh	560	560	Unch
Malaysia Palmolein USD/MT	FOB	678	683	-5
	CNF India	695	715	-20
Indonesia CPO USD/MT	FOB	648	668	-20
	CNF India	695	715	-20
Ukraine Origin CSFO USD/MT Kandla	CIF	820	830	-10
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	640	635	5
Argentina FOB (\$/MT)		28-Aug-14	21-Aug-14	Change
Crude Soybean Oil Ship		825	811	14
Refined Soy Oil (Bulk) Ship		825	839	-14
Sunflower Oil Ship		910	NA	-
Cottonseed Oil Ship		777	791	-14
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including VAT				

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