

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. Soy & palm oil witnessed losses. Moreover, coconut oil ended in red and posted 2.32 percent losses at Kangeyem on w-o-w basis.

On the currency front, Indian rupee against USD closed (5 Sept. 2014) at 60.38, up 0.17 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, and need based demand against higher imports.

Recommendation:

Weekly Call - Market participant are advised to go long in RSO above 568 levels for a target of 580 and 585 with a stop loss at 560.80 on closing basis and go long in CPO above 428 for a target of 437.50 and 439.50 with a stop loss at 422.30 on closing basis.

International Veg. Oil Market Summary

CBOT soy oil (September) is expected to stay in the range of 32.00 cents/lb to 33.40 cents/lb. CPO at BMD (September) is likely to trade in the range of 2000-2100 ringgit per tons.

Exports of Malaysian palm oil products for August fell 5.0 percent to 1,282,597 tons from July - cargo surveyor Societe Generale de Surveillance. Export figures improved from steeper losses earlier compared to the fortnight data as an improved demand from India offset weaker imports by China and Europe.

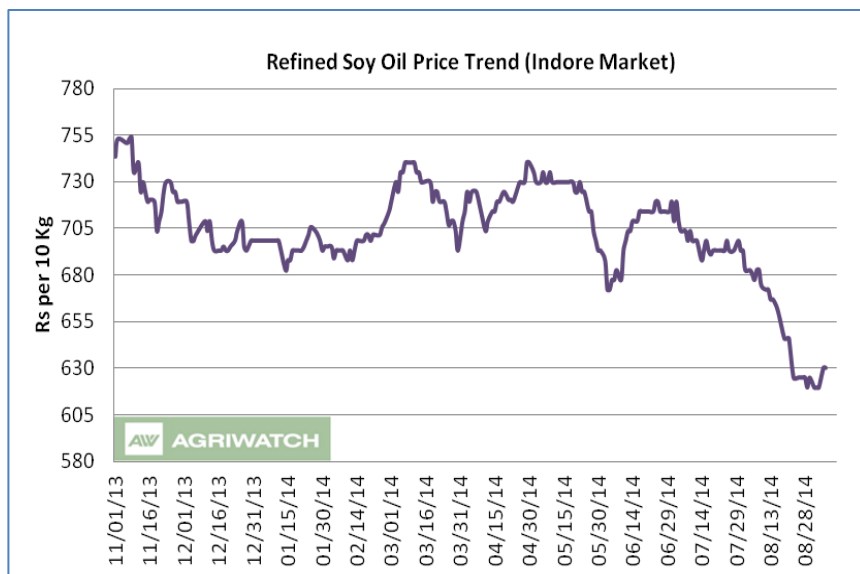
On the international front, record US soybean production forecast for 2014/15 and in expectation of higher soybean sowing in South American countries favors the bears. However, soy supplies are tight in US and talk of potential yield reductions due to some fungal disease over some areas of US may curb the excessive losses in soy complex.

Slightly bearish palm oil export figures, weakness in the crude oil prices and narrowing spread between palm & soft oils 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 Agriwatch estimates, India's soybean sowing area is seen at 111 lakh hectares and average yield to soybean in India would be around 1005 kg/Hectare. Considering the above factors soybean production for 2014-15 is projected at 111 lakh tons which are slightly higher than last year production estimates of 110 lakh tons. Soy oil output for 2014/15 oil year seen at 16.98 lakh tons.



- As per sources, new soybean crop arrived in the some parts of Maharashtra with a higher moisture level. However, new crop arrivals in the major growing belts likely to pick up after mid September. Demand for soy oil was dull against adequate stock position. As per the latest government notification, USD 890per tons sets as a new base import price for crude soybean oil.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported around 2.88 lakh tons of crude soybean oil during 28 July-31 August majorly from Argentina and Brazil. However, crude degummed soybean oil imports reached to 12.2 lakh tons during Nov.-July 2014, up 68.41 percent from same period of the last year.
- On the planting front, soybean sowing pick up during the first half of August. Soybean planting has progressed to 110.3 lakh hectares as on 29 Aug. 2014, compared with 121.81 lakh hectares in the same period a year earlier. State wise details - soybean sowing in MP stood at 56.97 (66.6) lakh hectares, in Maharashtra sowing reached to 36.70 (39.11) lakh hectares and in Rajasthan sowing stood at 8.21(10.59) lakh ha. Values in bracket were last year same period figures. We expect soy oil may trade with a steady tone.

International Front

- Soybean conditions were reported as 72% of the crop in good or excellent condition, 18% increase y-o-y basis, 22% was reported in fair condition and 6% was reported as poor or very poor as on August 31, 2014. Soybeans setting pods were reported at 95%, a 5% increase from the five-year average. The USDA reported soybeans dropping leaves for the first time this week. 5% of the U.S. soybean crop was reported at the leaf dropping stage, 2% behind the five-year average.
- 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, record US soybean production forecast for 2014/15 and in expectation of higher soybean sowing in South American countries favors the bears. However, soy supplies are tight in US and talk of potential yield reductions due to some fungal disease over some areas of US may curb the excessive losses in soy complex.

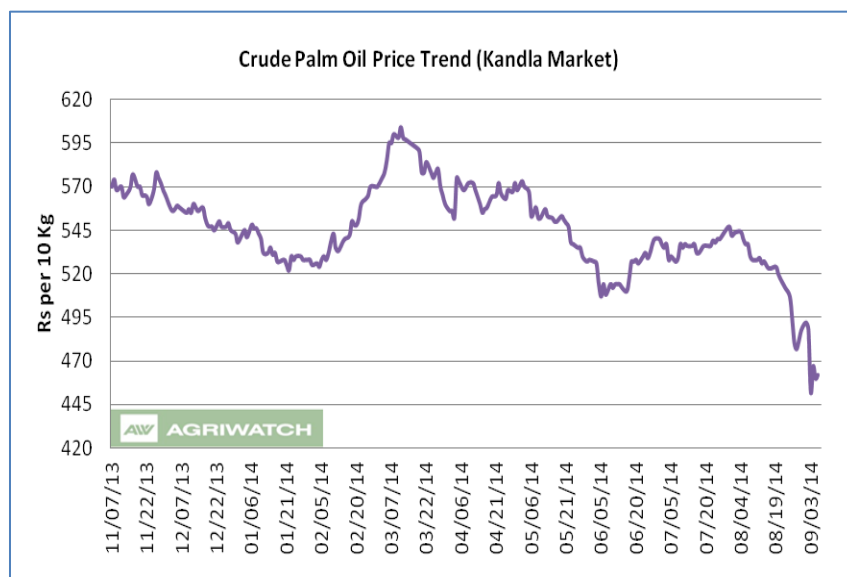
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 595-622 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.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 8.31 lakh tons of crude palm oil and 2.38 lakh tons of RBD palmolein during 28 July-31 August majorly from Malaysia and Indonesia. Countries wise imports details from 28 July-31 August – CPO imports from Indonesia were 4.74 lakh tons, 3.35 lakh tons from Malaysia and 0.22 lakh tons from Thailand & Philippines. Moreover, RBD palmolein imports from Indonesia were 2.20 lakh tons and 0.18 lakh tons from Malaysia. During the current oil year (Nov-Oct) 2013-14, Indian buyers imported 42.98 lakh tons of CPO and 12 lakh tons of RBD palmolein till July.
- As per sources, demand may emerge in the coming weeks as India will celebrate the festivals of Dussehra and Diwali in October. However, excessive upward risk in the prices is limited due to higher imported edible oils stocks and new supplies from overseas market. Indian government revised import tariff value of crude palm oil to USD 743 per tons, RBD palmolein to USD 774 per tons, RBD palm oil to USD 752 per tons, other palm oil to USD 748 per tons and other palmolein to USD 743 per tons. While, import tariff value on crude soybean oil lowered to USD 890 per tons.
- On the parity front, currently refiners get US \$120-135/tons margin in processing the imported CPO but on the imports of ready to use palmolein gets US \$80-100/tons parity. Higher parity witness in palm oil products during the last 1-2 weeks compared to the other edible oils. Upcoming festivities in October may support higher palm oil imports in the coming days. We expect palm oil likely to trade range bound in the days ahead.



International Front

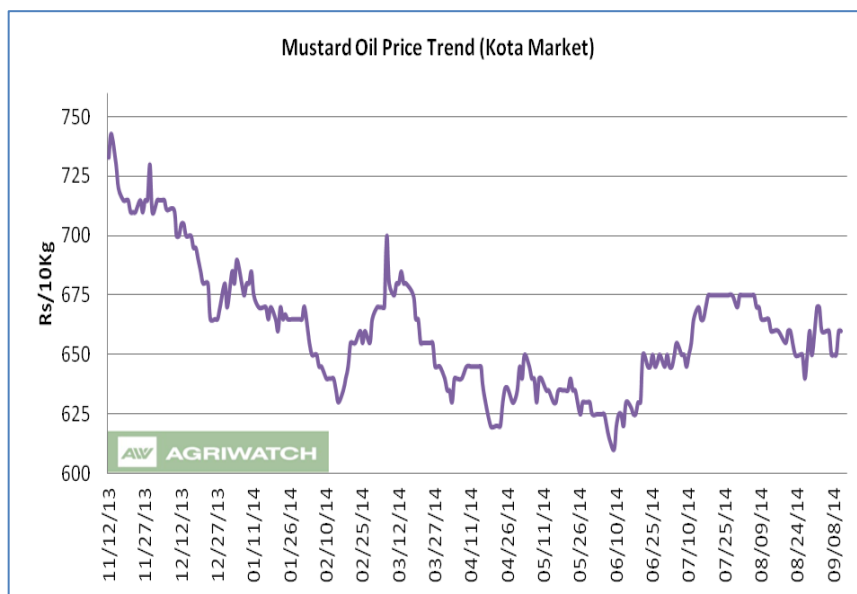
- Weekly review - Exports of Malaysian palm oil products for August fell 5.0 percent to 1,282,597 tons from July - cargo surveyor Societe Generale de Surveillance. Export figures improved from steeper losses earlier compared to the fortnight data as an improved demand from India offset weaker imports by China and Europe. India imported 410,936 tons of palm oil products from Malaysia, up 20.9 percent during August.
- Fitch Ratings forecast crude palm oil prices to range from US\$700-800 per tons in the next 12-18 months; slightly up from the August 2014 price range of US\$650-750 per tons due to geopolitically tension in Iraq and 70% probability of an El Nino weather pattern in H2, 2014.
- Inventories - As per Reuters survey, Malaysian August palm oil stocks seen at 1.96 million tons, up 16.4 pct from last month due to higher palm oil production in August. We expect that Malaysian palm oil inventories may test 2 million tons in the few months. Rising palm oil supplies and upcoming soybean crop may weigh on the palm oil prices in the near term.
- Slightly bearish palm oil export figures, weakness in the crude oil prices and narrowing spread between palm & soft oils 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 422-445 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. However, need based buying from wholesalers and diminishing supplies limit the losses.
- As per sources, about 60 percent of the mustard seed has been crushed in the current season. Moreover, on the demand side, inactive buying witnessed from wholesalers and stockists. However, easing mustard seed supplies, upcoming festivities and slow selling from farmers may caps the excessive losses.
- 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. Mustard oil output estimate 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 due to weak trend in the international veg. oil market but the upcoming festivities in October may caps the excessive losses.

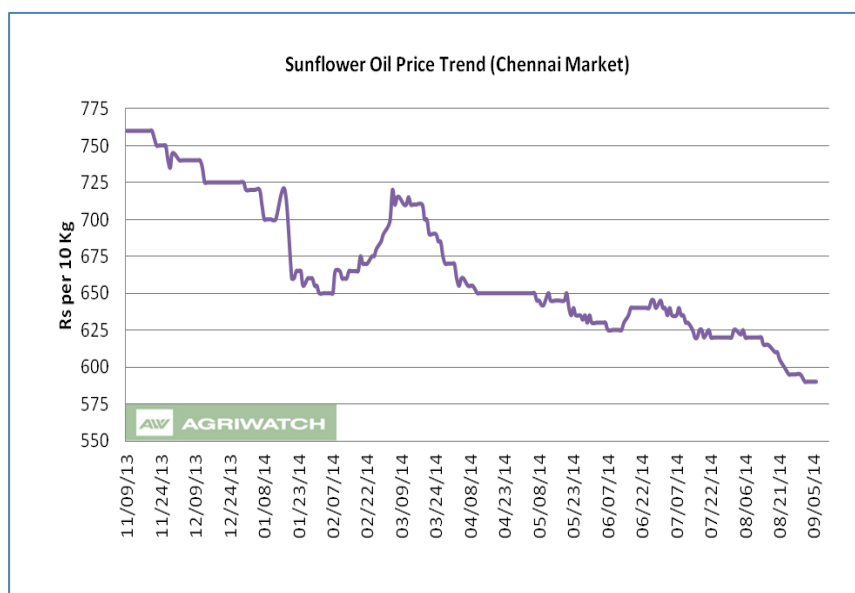


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 648-670 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured steady to 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 1.968 lakh tons of crude sunflower oil during 28 July-31 August 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 53.17 percent from the corresponding period of the last year.
- On the planting front, Indian farmers has been sown 1.67 lakh hectares as on 29 Aug. 2014 which was 0.48 lag compared to the last year same period. State wise details - in Karnataka sunflower has been sown in 1.25 (1.81) lakh hectares, and in Maharashtra sowing reached to 0.20 (0.24) lakh hectares. Values in bracket were last year same period figures. As per oil world, sunflower seed combined production in Ukraine and Russia seen at 20.7 million tons in 2014, down 0.35 million tons from last year record production. Moreover, rains



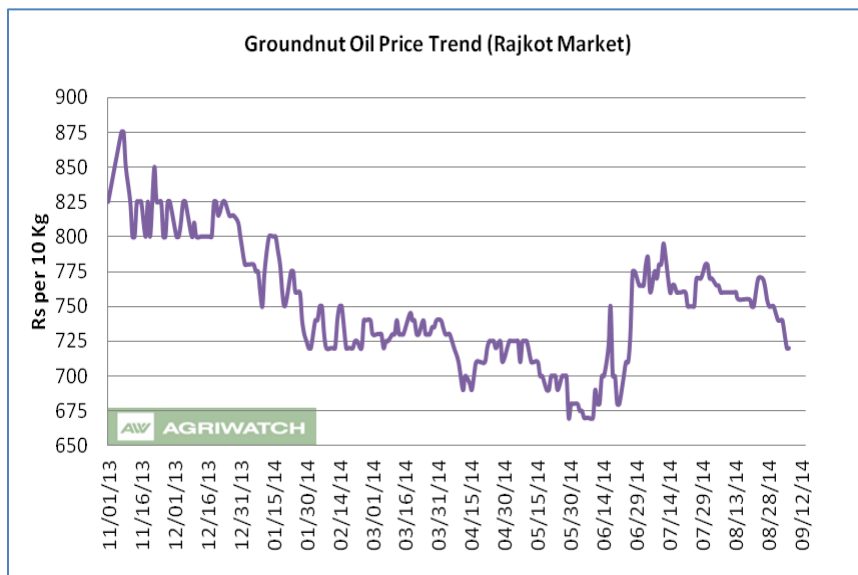
during July and mid August support the crop prospects. We expect sunflower oil prices may trade range bound in the coming days.

Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 578-595 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices fell at its benchmark market (Rajkot) during the week.
- As per IOPEPC, India has exported about 1.79 lakh tons of groundnut seed during April-July 2014, up 0.60 lakh tons from last year of the corresponding period. However, groundnut seed exports reduced marginally in 2013-14 and stood at 511,662 tons v/s 535,635 tons in 2012-13.
- As per Ministry of agriculture, area coverage as on 29 August 2014 during Kharif 2014 is lower by 5.83 lakh ha to 35.62 lakh ha compared to corresponding period of Kharif 2013. State wise details - in Gujarat groundnut has been sown in 12.24 (16.50) lakh hectares, in AP sowing reached to 7.02 (8.34) lakh hectares, in Karnataka sowing reached to 4.35 (4.67) lakh hectares and in Rajasthan sowing reached to 4.10 (4.18) lakh hectares. Values in bracket were last year same period figures. Four states above together account 75 percent of the total normal Kharif groundnut acreage.
- 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.



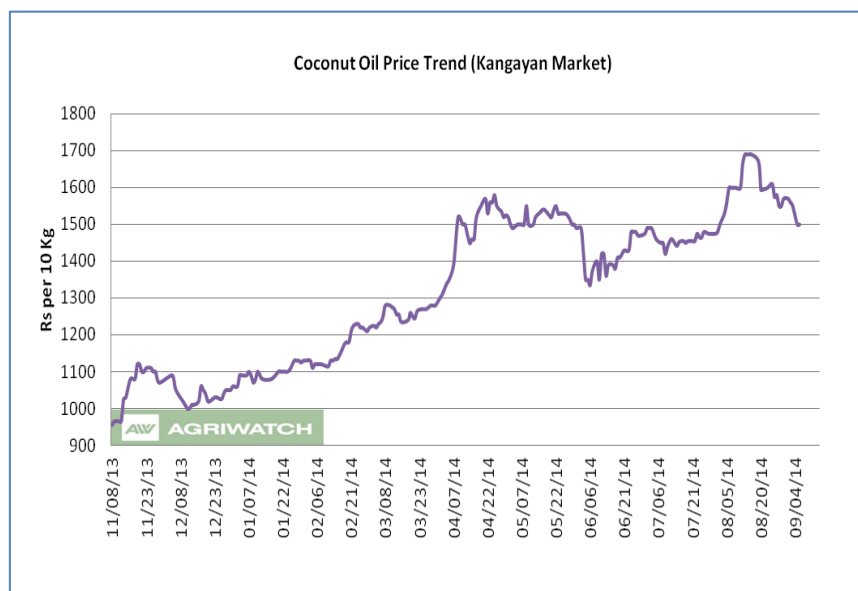
Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 700-745 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

- Coconut oil featured losses at its benchmark market Kangayan during the week.
- Coconut oil at Kangayan market ended at Rs 1536 per 10 Kg, down 2.3 percent on w-o-w average basis. As per sources, higher prices of coconut oil may shift the demand to cheaper palm oil & its derivatives in the coming days. However, upcoming festivities may curb excessive losses.
- Overall 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 in the coming days.

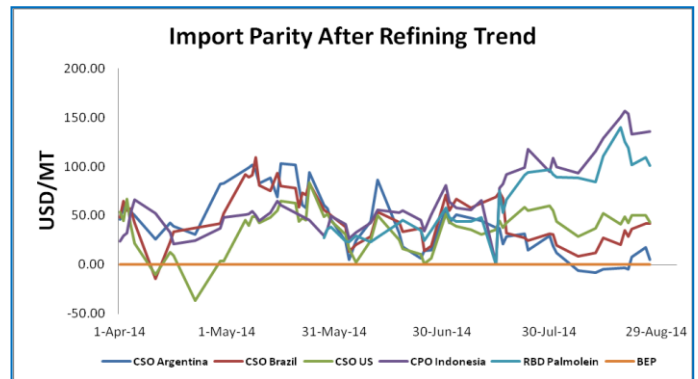
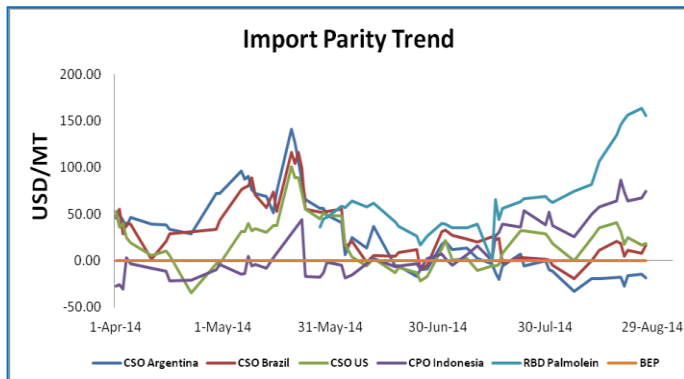


Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1470-1560 per 10 Kg.

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

Landed Cost Calculation as on 05/09/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	756	753	755	640	693
Freight (USD/MT)	80	72	70	35	35.0
C & F	836.0	825.0	825.0	675.0	728.0
Weight loss (0.25% of FOB)	1.89	1.88	1.89	1.60	1.73
Finance charges (0.4% on CNF)	3.34	3.30	3.30	2.70	2.91
Insurance (0.3% of C&F)	3	2	2	2	2
CIF (Indian Port - Kandla)	844	833	833	681	735
CVD	0	0	0	0	0
Duty USD per ton	22.96	22.96	22.96	19.17	78.95
CVD value USD per ton	0	0	0	0	0
Cess (2% on duty) USD per ton	0.45924	0.45924	0.45924	0.383388	1.57896
Exchange rate	60.43	60.43	60.43	60.43	60.43
Landed cost without customs duty in INR per ton	50987	50317	50318	41172	44406
Customs duty %	2.58%	2.58%	2.58%	2.58%	10.20%
Base import price	890	890	890	743	774
Fixed exchange rate by customs department	61.85	61.85	61.85	61.85	61.85
Duty component in INR per ton	1420.20	1420.20	1420.20	1185.63	4882.93
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	53081	52411	52411	43031	49962
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	53500	53500	53500	45000	59300
Total landed cost USD per ton	878	867	867	712	827
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	885	885	885	745	981
Parity INR/MT (Domestic - Landed)	419	1089	1089	1969	9338
Parity USD/MT (Domestic - Landed)	6.94	18.03	18.02	32.58	154.53
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	58180.53	57510.69	57510.99	49031.10	52761.62
Soy/Palm oil imported Price (Including tax)	61089.56	60386.23	60386.54	51482.65	55399.70
Loose price of Soy/Palm in Indore and Delhi market	63000.00	63000.00	63000.00	58275.00	58275.00
Parity after processing and Taxes (Rs per MT)	1910.44	2613.77	2613.46	6792.35	2875.30
Parity after processing and Taxes (USD per MT)	31.61	43.25	43.25	112.40	47.58
Source: Agriwatch					

Import Parity Trend



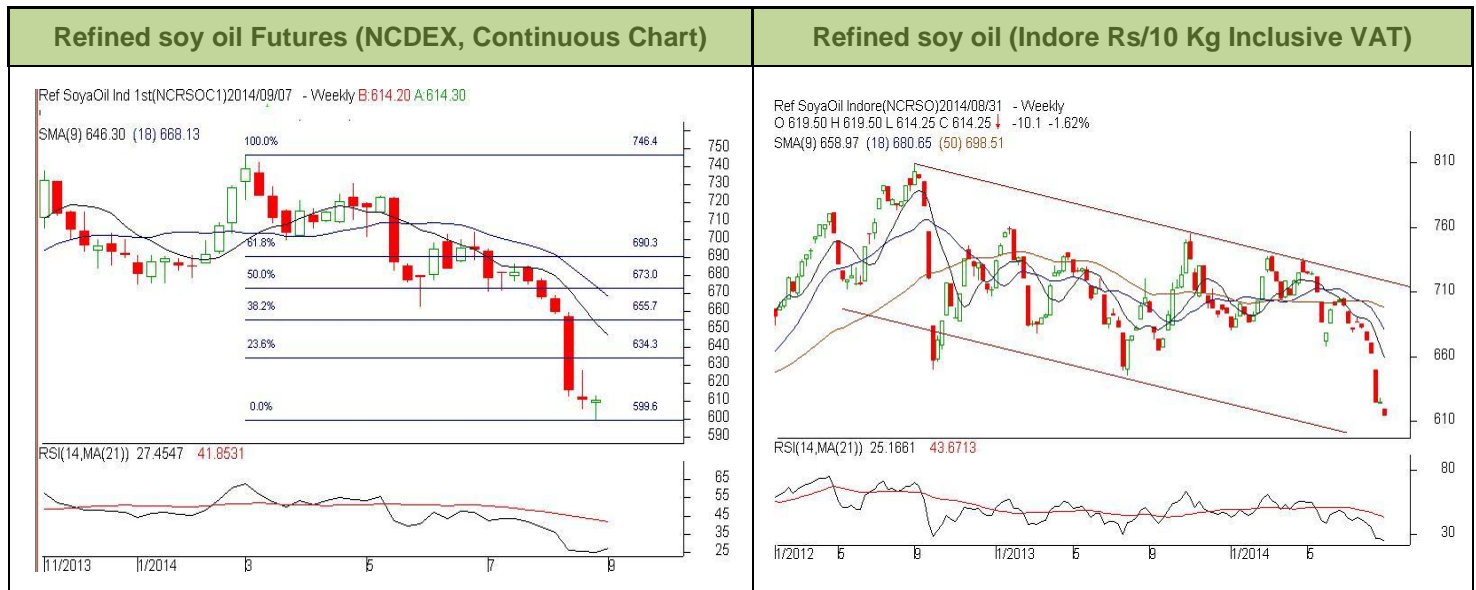
Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
July, 2014	33.91	49.26	45.32	84.40	69.22
August, 2014	1.65	27.11	43.85	130.26	106.94

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 consolidation during the week in review and likely to trade with a steady tone in the coming days.

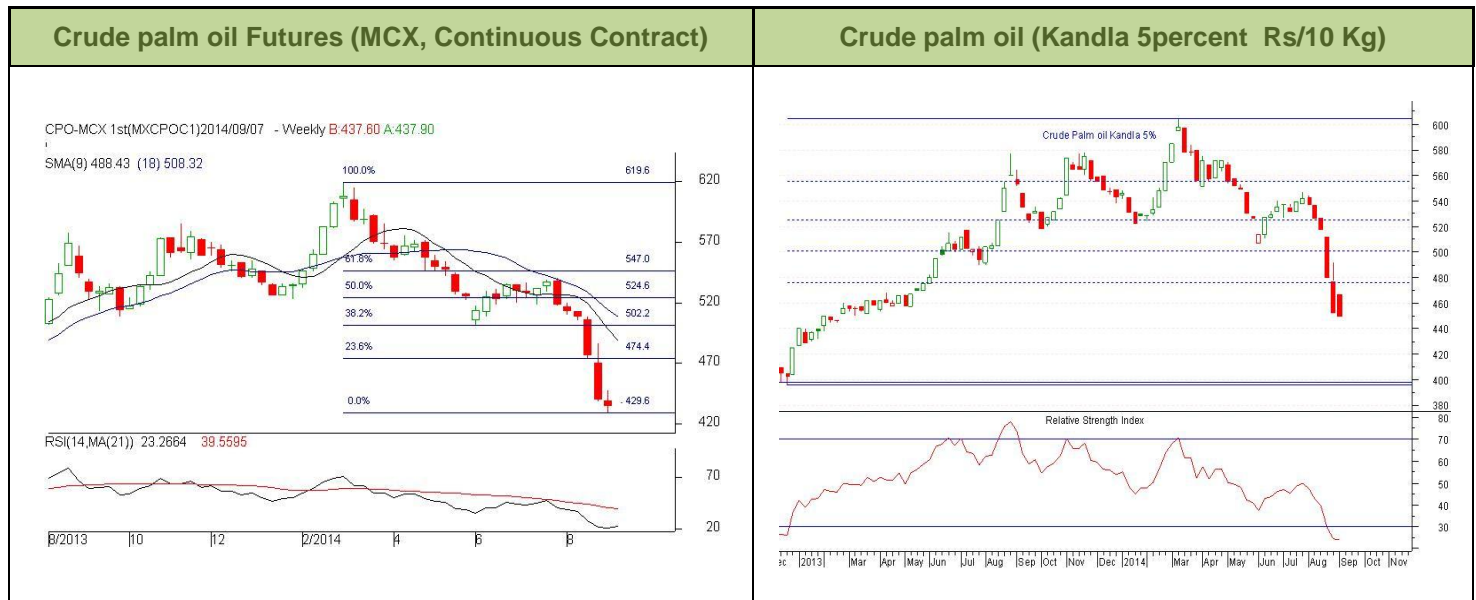
- ❖ Weekly chart of refined soy oil at NCDEX depicts consolidation. We expect prices may trade with a steady to slightly firm note in the near term. Market may gains on bargain buying.
- ❖ Any close below 560.80 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 568-585 level in near to medium term. RSI is oversold region and no evidence of divergence with the ref. soy oil prices noticed.

Strategy: Market participant are advised to go long in RSO above 568 levels for a target of 580 and 585 with a stop loss at 560.80 on closing basis.

RSO NCDEX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
549.00	554.00	568.50	587.00	595.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 595-622 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


Outlook - Prices are showing sideways to weak tone during the week. We expect CPO October 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 below 422.30 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 428-439.50 level. RSI is in oversold region zone suggesting range bound movement in the coming week.

Strategy: Market participants are advised to go long in CPO above 428 for a target of 437.50 and 439.50 with a stop loss at 422.30 on closing basis.

CPO MCX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
403.00	410.00	427.90	441.00	447.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 420-445 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		5-Sep-14	28-Aug-14	
Refined Soybean Oil	Kota	590	600	-10
	Rajkot	555	570	-15
	Delhi	625	635	-10
	Mumbai	590	595	-5
	Indore	600	595	5
	Kandla/Mundra	570	580	-10
	Kolkata	578	590	-12
	Indore (Soy Solvent Crude)	545	550	-5
	Mumbai (Soy Degum)	540	552	-12
	Kandla/Mundra (Soy Degum)	535	550	-15
	Akola	624	637	-13
	Amrawati	625	637	-12
	Jalna	633	643	-10
	Nagpur	625	635	-10
	Alwar	590	625	-35
	Solapur	635	643	-8
	Bundi	595	605	-10
	Dhule	633	645	-12
Palm Oil	Rajkot	480	500	-20
	Hyderabad	490	555	-65
	Delhi	555	580	-25
	Kandla (Crude Palm Oil)	450	488	-38
	Kandla (RBD Palm oil)	480	495	-15
	Mumbai RBD Pamolein	495	500	-5
	Kandla RBD Pamolein	495	510	-15
	Mangalore RBD Pamolein	492	505	-13
	Chennai RBD Pamolein	492	505	-13
	Kakinada RBD Pamolein	482	495	-13
	KPT (krishna patnam)	475	485	-10
	Haldia	490	495	-5
	PFAD (Kandla)	420	420	Unch
	Refined Palm Stearin (Kandla)	420	425	-5
Refined Sunflower Oil	Mumbai	605	605	Unch
	Mumbai(Expeller Oil)	538	535	3
	Kandla/Mundra (Crude)	538	540	-2

	Erode (Expeller Oil)	620	620	Unch
	Hyderabad (Ref)	640	635	5
	Chennai	590	595	-5
	Latur (Expeller Oil)	613	625	-12
	Chellakere (Expeller Oil)	540	540	Unch
Groundnut Oil	Rajkot	720	750	-30
	Chennai	800	800	Unch
	Delhi	720	730	-10
	Hyderabad *	850	850	Unch
	Mumbai	785	765	20
	Gondal	710	740	-30
	Jamnagar	720	750	-30
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	675	680	-5
	Sri-GangaNagar(Exp Oil)	680	685	-5
	Alwar (Expeller Oil)	715	725	-10
	Kota (Expeller Oil)	660	660	Unch
	Jaipur (Expeller Oil)	692	687	5
	New Delhi (Expeller Oil)	715	720	-5
	Hapur (Expeller Oil)	725	730	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	712	725	-13
	Kota (Kacchi Ghani Oil)	720	720	Unch
	Jaipur (Kacchi Ghani Oil)	729	725	4
	Agra (Kacchi Ghani Oil)	735	750	-15
	Bharatpur (Kacchi Ghani Oil)	730	745	-15
	Neewai (Kacchi Ghani Oil)	714	710	4
	Hapur (Kacchi Ghani Oil)	745	750	-5
Refined Cottonseed Oil	Mumbai	625	625	Unch
	Rajkot	615	620	-5
	New Delhi	605	600	5
	Hyderabad	580	595	-15
Coconut Oil	Kangayan (Crude)	1500	1550	-50
	Cochin	1630	1670	-40
	Trissur	1600	1620	-20
Sesame Oil	New Delhi	810	800	10
	Mumbai	920	950	-30

Kardi	Mumbai	910	920	-10
Rice Bran Oil (40%)	New Delhi	450	495	-45
Rice Bran Oil (4%)	Punjab	560	560	Unch
Rice Bran Oil (4%)	Uttar Pradesh	560	560	Unch
Malaysia Palmolein USD/MT	FOB	693	678	15
	CNF India	700	695	5
Indonesia CPO USD/MT	FOB	640	648	-8
	CNF India	690	695	-5
Ukraine Origin CSFO USD/MT Kandla	CIF	845	820	25
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	636	640	-4
Argentina FOB (\$/MT)		4-Sep-14	29-Aug-14	Change
Crude Soybean Oil Ship		760	780	-20
Refined Soy Oil (Bulk) Ship		787	807	-20
Sunflower Oil Ship		NA	900	-
Cottonseed Oil Ship		740	760	-20
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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