

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed steady to slightly firm tone during the week owing to renewed demand, gains in the international veg. oil market. However, adequate imported edible oil stocks, and near record US soybean production forecast limit the gains. Soy, coconut, & palm oil witnessed gains.

On the currency front, Indian rupee against USD closed (12 Sept. 2014) at 60.65, down 0.43 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 firm tone in expectation of renewed demand from wholesalers and depreciating Indian rupee against US dollar. Meanwhile, bearish international veg. oil fundamentals may curb excessive gains.

Recommendation:

Weekly Call - Market participant are advised to go long in RSO above 582 levels for a target of 589 and 591.50 with a stop loss at 577.80 on closing basis and go long in CPO above 441 for a target of 449 and 451 with a stop loss at 436.20 on closing basis.

International Veg. Oil Market Summary

Exports of Malaysian palm oil products for Sep. 1-10 rose 36.1 percent to 484,330 tons from 355,874 tons shipped during Aug. 1-10 - cargo surveyor Societe Generale de Surveillance.

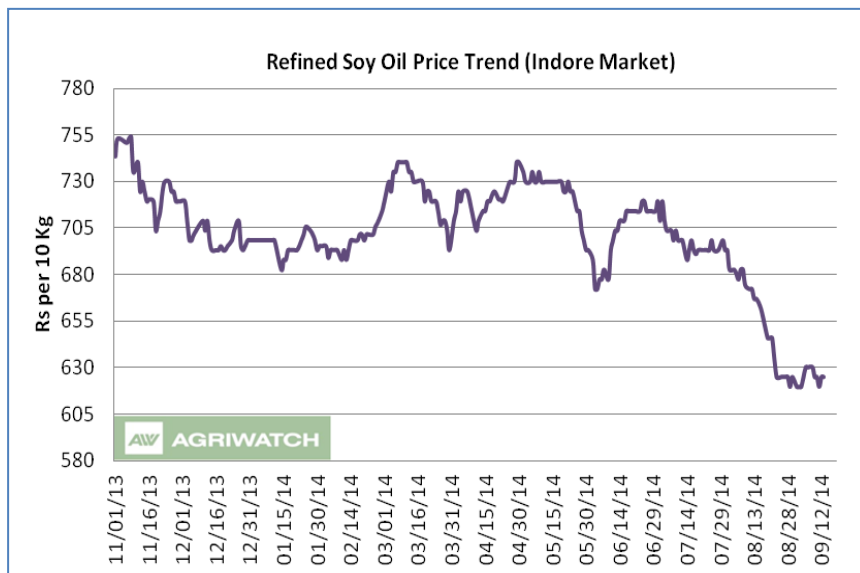
On the international front, record US soybean production forecast for 2014/15 and in expectation of higher soybean sowing in South American countries favors the bears. However, soy supplies are tight in US and talk of potential yield reductions due to some fungal disease over some areas of US may curb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

Demand for palm oil may pick up in the coming days due to export tax exemption by Malaysian government and bullish palm oil export figures. However, weakness in the crude oil prices and new soy oil supplies from South American countries and in expectation of record soybean production in US may curb the excessive gains.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured consolidation during the week in review tracking gains in the international veg. oil market.
- On the planting front, soybean planting has revised to 109.64 lakh hectares as on 5 Sept. 2014, compared with 121.72 lakh hectares in the same period a year earlier. State wise details - soybean sowing in MP stood at 55.46 (63.66) lakh hectares, in Maharashtra sowing reached to 37.48 (39.00) lakh hectares and in Rajasthan sowing stood at 8.21(10.59) lakh ha. Values in bracket were last year same period figures.
- 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.
- According to IMD, Cumulative rainfall as on September 07 this year stood 11% below the Long Period Average (LPA). The actual rainfall recorded for the country as whole is 675.3 mm against the 761.7 mm of normal rainfall.
- New soybean crop arrived in Sangli with a 15-18 percent of moisture. However, new crop arrivals in the major growing belts likely to pick up after September. Demand for soy oil was dull during the week. However, renewed buying could witness as India would celebrate Dushera and Diwali in October.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported around 0.86 lakh tons of crude soybean oil during 01-07 September 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.
- We expect soy oil may trade with a steady to slightly firm tone.



International Front

- US soybean crop is reported under good condition. Soybeans crop as on Sep 07, dropping leaves is reported at 12% slightly lower from 5 year average at 17% and slightly up from 10% during the same period last year. Further, the crop is 72% in good to excellent condition, which is better than last year (52%).
- China imported 6.03 million tons of soybeans in August, down 19.3 percent from 7.47 million tons in July - General Administration of Customs of China.
- Brazil is likely to produce 95.1 million tons of soybeans in 2014-15, up 1 million tons from previous estimates. Moreover, Argentina soybean crop output for 2014-15 seen at 56.6 million tons. Soybean planting in Brazil is likely to commence from late September.
- 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.

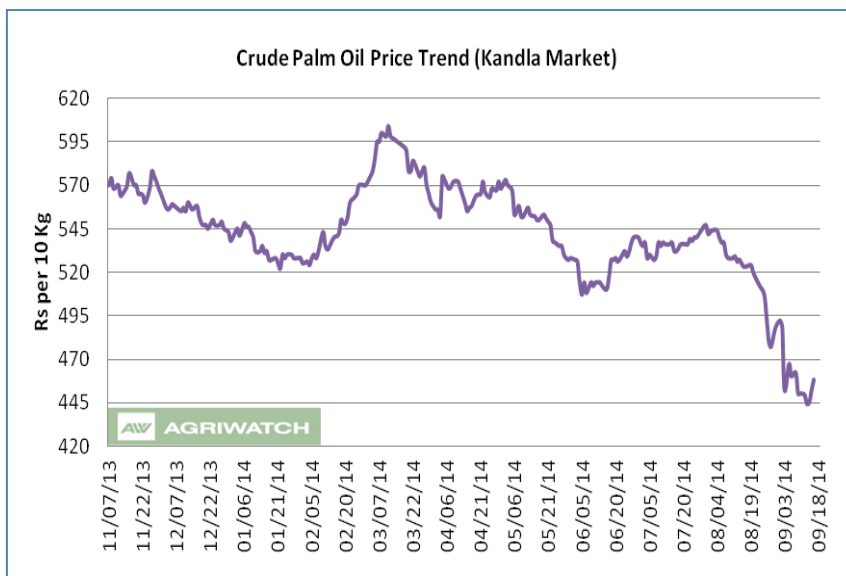
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 600-625 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla witnessed slight gains tracking bullish international palm oil market and renewed demand in the spot market.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 1.88 lakh tons of crude palm oil and 0.58 lakh tons of RBD palmolein during 01-07 September majorly from Malaysia and Indonesia. Meanwhile, SEA of India revealed that 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.
- 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.
- On the parity front, currently refiners get US \$90-100/tons margin in processing the imported CPO but on the imports of ready to use palmolein gets US \$30-50/tons parity. Upcoming festivities in October may support higher palm oil imports in the coming days. We expect palm oil likely to trade range bound to firm tone in the days ahead.



International Front

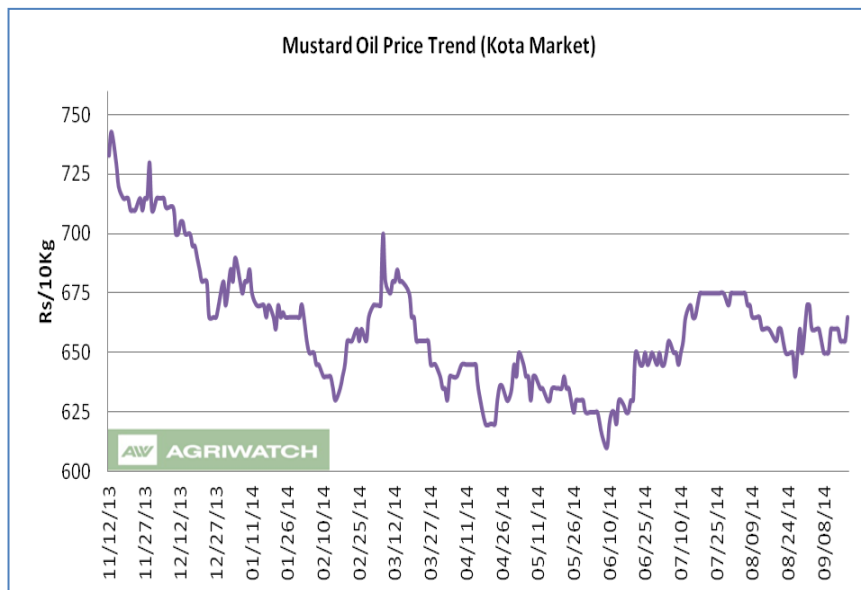
- Weekly review - CPO at BMD October ended slightly higher on w-o-w basis due to bullish export figures for 1-10 September. Exports of Malaysian palm oil products for Sep. 1-10 rose 36.1 percent to 484,330 tons from 355,874 tons shipped during Aug. 1-10 - cargo surveyor Societe Generale de Surveillance. India imported 130,725 tons of palm oil products from Malaysia, up 3341 tons compared to same period of last year.
- MPOB Report's Highlights - Malaysian palm oil inventories rose 22 percent to 2.05 million tons in August compared to the last month highest since March 2013 due to lower demand for palm oil and higher palm oil production. On the production front, palm oil output rose by 22 percent to 2.03 million tons on m-o-m basis. Report was bearish for palm oil as market participants were expecting 1.95-1.98 MMT of palm oil inventories as of 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.
- Demand for palm oil may pick up in the coming days due to export tax exemption by Malaysian government and bullish palm oil export figures. However, weakness in the crude oil prices and new soy oil supplies from South American countries and in expectation of record soybean, production in US may curb the excessive gains.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of 455-475 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady to slightly firm tone at major cash market in line with the other edible oils and diminishing supplies.
- As per government data, Water reservoirs were down 6 percentages to 77 percent of capacity in the week ended on 11 Sept. 2014 compared to the same period a year ago. However, data was 5 percentages higher than the 10-year average due to late revival of rains in August. Water level in reservoirs provides water to winter crops such as wheat and rapeseed.
- As per sources, about 60 percent of the mustard seed has been crushed in the current season. 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 cap the excessive losses.

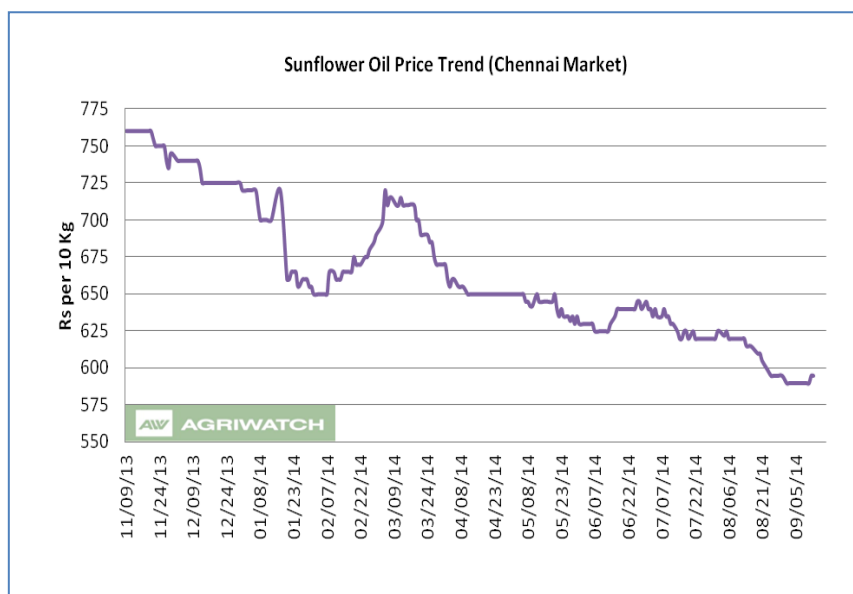


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 650-675 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured steady to slightly firm tone at its benchmark market Chennai during the week owing to gains in the international sunflower oil market.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 0.58 lakh tons of crude sunflower oil during 01-07 September 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 have been sown 1.81 lakh hectares as on 05 Sept. 2014, which was 0.50 lakh ha. lag compared to the last year same period. State wise details - in Karnataka sunflower has been sown in 2.02 (1.95) lakh hectares, and in Maharashtra sowing reached to 0.38 (0.24) lakh hectares. Values in bracket were last year same period figures. Strategic Grains raised its estimate of the 2014 sunflower seed crop in the European Union by 400,000 tonnes



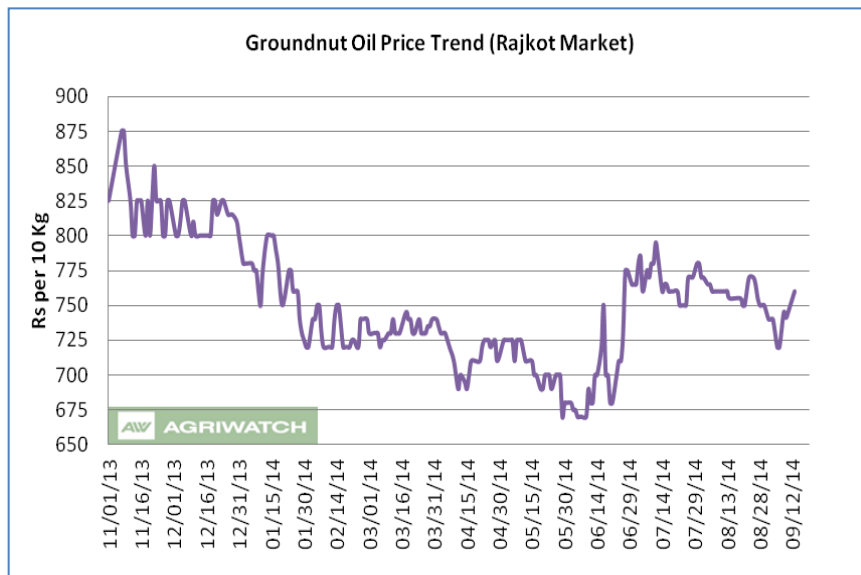
to 8.6 million tonnes. Last year EU's sunflower seed production was 8.9 million tons. Moreover, analyst also raised the EU's rapeseed production estimates by 10 percent to 23.2 million tons. We expect sunflower oil prices may trade range bound in the coming days.

Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 580-610 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices rose at its benchmark market (Rajkot) during the week.
- As per Ministry of agriculture, area coverage as on 05 September 2014 during Kharif 2014 is lower by 6.50 lakh ha to 38.53 lakh ha compared to corresponding period of Kharif 2013. State wise details - in Gujarat groundnut has been sown in 15.19 (16.50) lakh hectares, in AP sowing reached to 9.87 (8.96) lakh hectares, in Karnataka sowing reached to 5.05 (4.83) lakh hectares and in Rajasthan sowing reached to 3.72 (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.
- As per sources, better buying from wholesalers and lower crop expectation in the current season may support the groundnut oil prices in the near term. However, new crop arrivals likely to commence from October in Gujarat. 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.
- Groundnut oil prices are likely to trade with a steady to slightly firm tone in the coming days owing to need based demand from wholesalers and upcoming festivities.



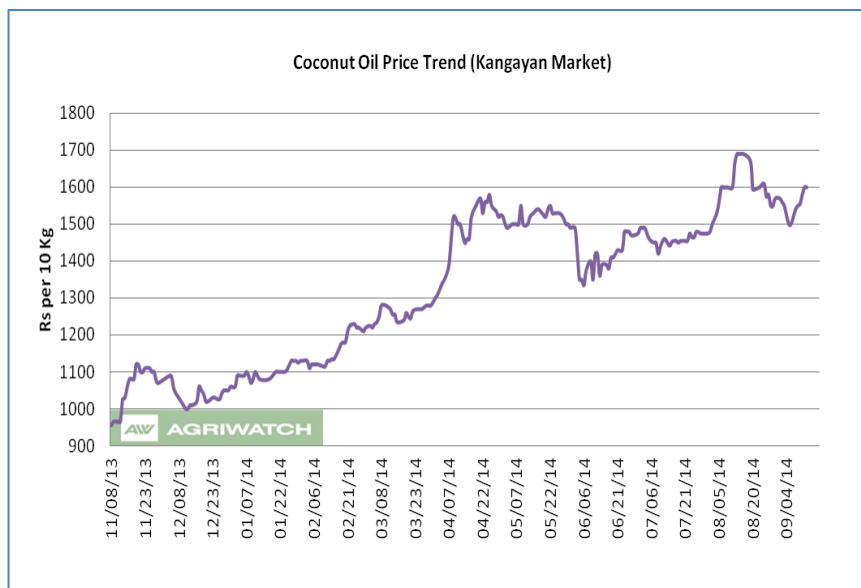
Price Outlook

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 gains at its benchmark market Kangayan during the week.
- Coconut oil at Kangayan market ended at Rs 1565 per 10 Kg, down 1.96 percent on w-o-w average basis. As per sources, coconut oil may trade higher in the coming days in expectation of good demand ahead of festivities in October. While, higher prices of coconut oil may shift the demand to cheaper palm oil & its derivatives may curb excessive gains.



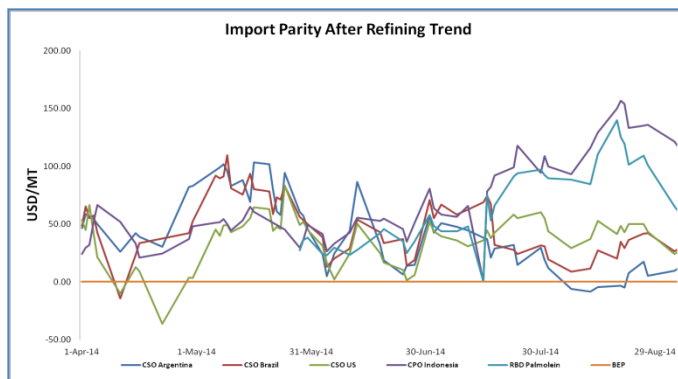
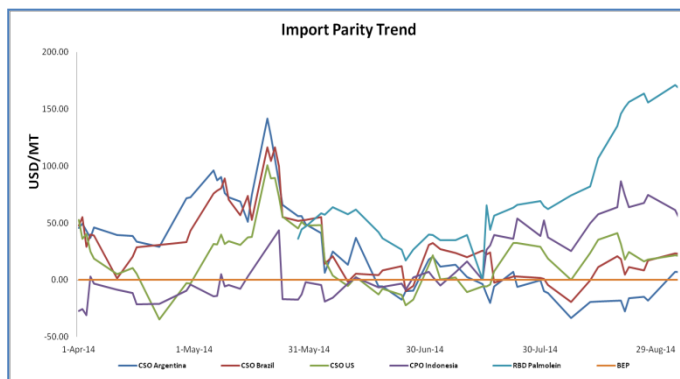
- Overall fundamentals are strong but the losses in the palm oil products prices and higher global oilseeds production estimates for 2014 may curb the upside risk in the coconut oil. We expect prices may trade range bound in the coming days.

Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1560-1650 per 10 Kg.

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

Landed Cost Calculation as on 15/09/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	757	750	754	650	693
Freight (USD/MT)	80	72	70	35	35.0
C & F	837.0	822.0	824.0	685.0	728.0
Weight loss (0.25% of FOB)	1.89	1.88	1.89	1.63	1.73
Finance charges (0.4% on CNF)	3.35	3.29	3.30	2.74	2.91
Insurance (0.3% of C&F)	3	2	2	2	2
CIF (Indian Port - Kandla)	845	830	832	691	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	60.42	60.42	60.42	60.42	60.42
Landed cost without customs duty in INR per ton	51040	50126	50248	41776	44398
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	53133	52219	52342	43634	49954
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	53500	53500	53500	44900	59300
Total landed cost USD per ton	879	864	866	722	827
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	885	885	885	743	981
Parity INR/MT (Domestic - Landed)	367	1281	1158	1266	9346
Parity USD/MT (Domestic - Landed)	6.07	21.20	19.17	20.95	154.68
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	58233.09	57319.38	57441.67	49634.22	52754.27
Soy/Palm oil imported Price (Including tax)	61144.74	60185.35	60313.76	52115.93	55391.99
Loose price of Soy/Palm in Indore and Delhi market	62475.00	62475.00	62475.00	57750.00	57225.00
Parity after processing and Taxes (Rs per MT)	1330.26	2289.65	2161.24	5634.07	1833.01
Parity after processing and Taxes (USD per MT)	22.02	37.90	35.77	93.25	30.34
Source: Agriwatch					

Import Parity Trend



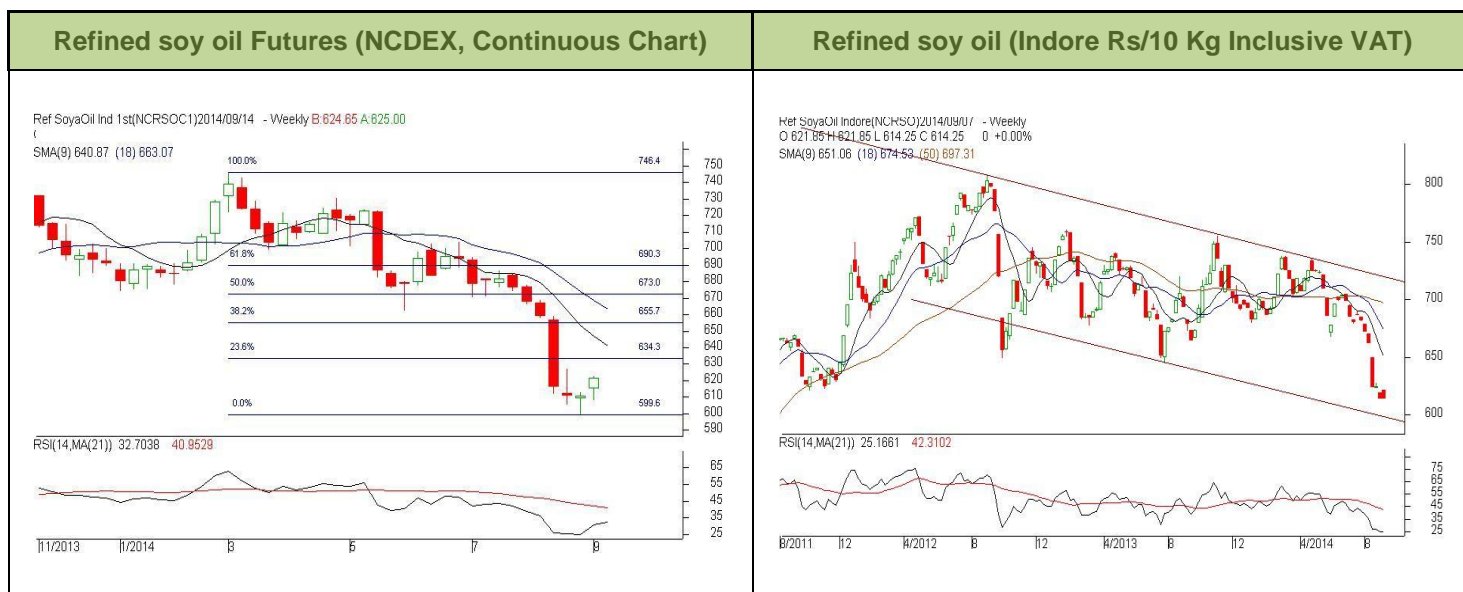
Import Parity After Refining in US dollar per tons (Monthly Average)

	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 to firm tone in the coming days.

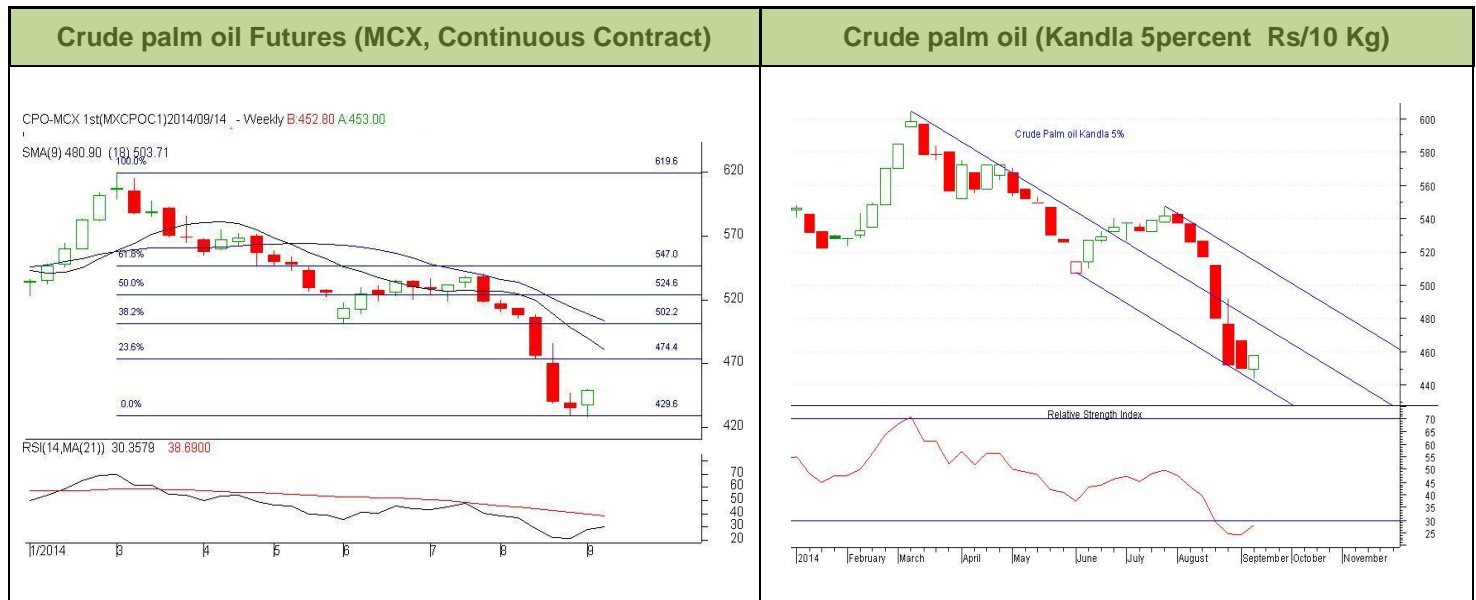
- ❖ Weekly chart of refined soy oil at NCDEX depicts consolidation. We expect prices may trade with a steady to slightly firm note in the near term. Market may gains on bargain buying.
- ❖ Any close below 577.80 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 582.00-591.50 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 582 levels for a target of 589 and 591.50 with a stop loss at 577.80 on closing basis.

RSO NCDEX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
566.50	570.00	582.15	594.50	598.50

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 600-625 per 10 Kg.

Technical Analysis (Crude Palm oil Weekly Charts)


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

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts gains in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 436.20 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 441-451 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 441 for a target of 449 and 451 with a stop loss at 436.20 on closing basis.

CPO MCX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
425.50	429.50	441.20	452.50	455.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 455-475 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		12-Sep-14	5-Sep-14	
Refined Soybean Oil	Kota	590	590	Unch
	Rajkot	565	555	10
	Delhi	610	625	-15
	Mumbai	587	590	-3
	Indore	595	600	-5
	Kandla/Mundra	565	570	-5
	Kolkata	565	578	-13
	Indore (Soy Solvent Crude)	540	545	-5
	Mumbai (Soy Degum)	538	540	-2
	Kandla/Mundra (Soy Degum)	537	535	2
	Akola	623	624	-1
	Amrawati	624	625	-1
	Jalna	633	633	Unch
	Nagpur	625	625	Unch
	Alwar	-	590	-
	Solapur	635	635	Unch
	Bundi	593	595	-2
	Dhule	633	633	Unch
Palm Oil	Rajkot	485	480	5
	Hyderabad	522	490	32
	Delhi	550	555	-5
	Kandla (Crude Palm Oil)	452	450	2
	Kandla (RBD Palm oil)	480	480	Unch
	Mumbai RBD Pamolein	492	495	-3
	Kandla RBD Pamolein	493	495	-2
	Mangalore RBD Pamolein	495	492	3
	Chennai RBD Pamolein	495	492	3
	Kakinada RBD Pamolein	482	482	Unch
	KPT (krishna patnam)	472	475	-3
	Haldia	475	490	-15
	PFAD (Kandla)	415	420	-5
	Refined Palm Stearin (Kandla)	415	420	-5
Refined Sunflower Oil	Mumbai	605	605	Unch
	Mumbai(Expeller Oil)	540	538	2
	Kandla/Mundra (Crude)	540	538	2

	Erode (Expeller Oil)	625	620	5
	Hyderabad (Ref)	613	640	-27
	Chennai	595	590	5
	Latur (Expeller Oil)	605	613	-8
	Chellakere (Expeller Oil)	550	540	10
Groundnut Oil	Rajkot	755	720	35
	Chennai	800	800	Unch
	Delhi	715	720	-5
	Hyderabad *	830	850	-20
	Mumbai	780	785	-5
	Gondal	745	710	35
	Jamnagar	730	720	10
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	690	675	15
	Sri-GangaNagar(Exp Oil)	680	680	Unch
	Alwar (Expeller Oil)	715	715	Unch
	Kota (Expeller Oil)	655	660	-5
	Jaipur (Expeller Oil)	694	692	2
	New Delhi (Expeller Oil)	710	715	-5
	Hapur (Expeller Oil)	730	725	5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	710	712	-2
	Kota (Kacchi Ghani Oil)	715	720	-5
	Jaipur (Kacchi Ghani Oil)	731	729	2
	Agra (Kacchi Ghani Oil)	735	735	Unch
	Bharatpur (Kacchi Ghani Oil)	730	730	Unch
	Neewai (Kacchi Ghani Oil)	715	714	1
	Hapur (Kacchi Ghani Oil)	760	745	15
Refined Cottonseed Oil	Mumbai	628	625	3
	Rajkot	620	615	5
	New Delhi	607	605	2
	Hyderabad	556	580	-24
Coconut Oil	Kangayan (Crude)	1600	1500	100
	Cochin	1610	1630	-20
	Trissur	1600	1600	Unch
Sesame Oil	New Delhi	830	810	20
	Mumbai	880	920	-40



Kardi	Mumbai	875	910	-35
Rice Bran Oil (40%)	New Delhi	NA	450	-
Rice Bran Oil (4%)	Punjab	560	560	Unch
Rice Bran Oil (4%)	Uttar Pradesh	560	560	Unch
Malaysia Palmolein USD/MT	FOB	700	693	7
	CNF India	725	700	25
Indonesia CPO USD/MT	FOB	660	640	20
	CNF India	695	690	5
Ukraine Origin CSFO USD/MT Kandla	CIF	840	845	-5
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	649	636	13
Argentina FOB (\$/MT)		11-Sep-14	4-Sep-14	Change
Crude Soybean Oil Ship		745	760	-15
Refined Soy Oil (Bulk) Ship		780	787	-7
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		734	740	-6
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including VAT				

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