

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.

On the currency front, Indian rupee against USD closed (12 Sept. 2014) at 60.80, down 0.28 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 slightly 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 592 levels for a target of 604 and 606.50 with a stop loss at 584.4 on closing basis and go long in CPO above 446 for a target of 454 and 456.50 with a stop loss at 441.20 on closing basis.

International Veg. Oil Market Summary

Exports of Malaysian palm oil products for September 1-20 rose 21.2 percent to 996,065 tonnes from 822,026 tonnes shipped during August 1-20 - cargo surveyor Intertek Testing Services.

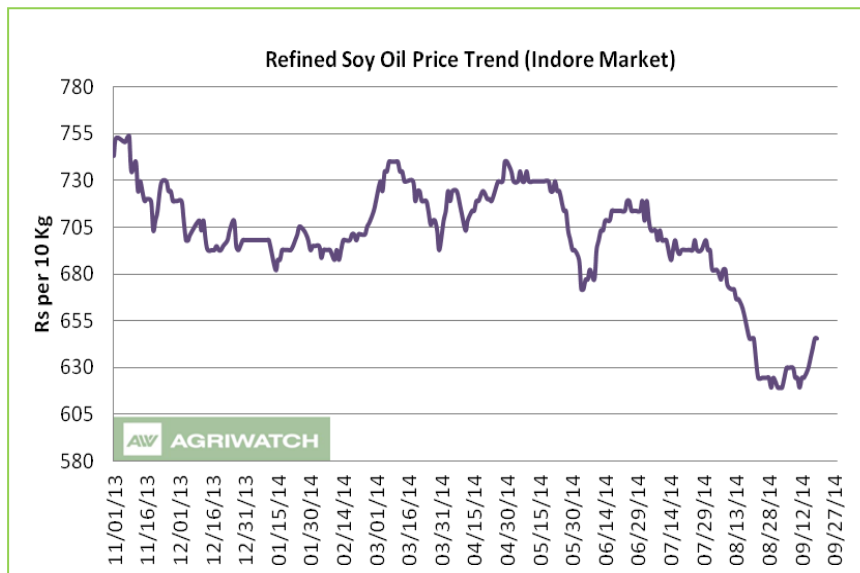
On the international front, record US soybean production forecast for 2014/15 and in expectation of higher soybean sowing in South American countries favors the bears. However, soy supplies are tight in US and renewed demand at lower quotes may curb the excessive losses in soy complex.

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 gains during the week in review tracking gains in the international veg. oil market and renewed demand at lower quotes.
- As per first advance estimates for 2014-15 released by Department of Agriculture & Cooperation, total production of kharif Oilseeds is expected to decline to 19.66 million tons, down 2.75 million tons from 2013-14 Kharif season. Moreover, due to erratic rainfall over key producing regions, soybean production may fall to 11.82 v/s 12 million tons marginally lower than the last year levels.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported around 1.17 lakh tons of crude soybean oil during 01-14 September majorly from Argentina and Brazil. However, crude degummed soybean oil imports reached to 15.7 lakh tons during Nov.-August 2014, up 89.15 percent from same period of the last year.
- As per sources, soybean crop condition in Maharashtra is good and is in the filling stage, initial crop arrivals noticed with high moisture in the some pockets. Moreover, new crop in Madhya Pradesh is likely to harvest in the coming 15-20 days.
- On the planting front, soybean planting has revised to 110.14 lakh hectares as on 11 Sept. 2014, compared with 122.20 lakh hectares in the same period a year earlier. State wise details - soybean sowing in MP stood at 55.46 (63.80) lakh hectares, in Maharashtra sowing reached to 37.93 (39.05) 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.
- We expect soy oil may trade with a steady to slightly firm tone.



International Front

- Lanworth raises the US soybean yield to 47 bushels per acres from 46.7 bushels per acres and soybean production for 2014 seen at 3.873 billion bushels (near 105 million tons), up 0.021 billion bushels from previous estimates.
- US soybean crop is reported under good condition. Soybeans crop as on Sep 14, dropping leaves is reported at 24% slightly lower from 5 year average at 32% and at par with the the same period last year. Further, the crop is 72% in good to excellent condition, which is better than last year (50%)
- 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 renewed demand at lower quotes may curb the excessive losses in soy complex.

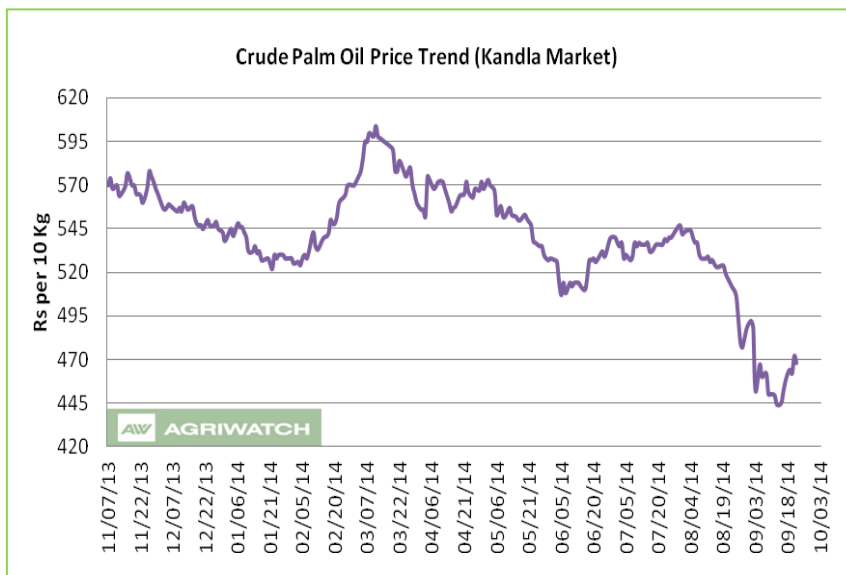
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 622-645 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla witnessed gains tracking bullish international palm oil market and renewed demand in the spot market.
- About 10 vessels with 169,000 tons of edible oils (containing 138,000 tons of palm oil and 31,000 tons of soybean & canola oil) have been stranded at Kandla from Sept 3 due to port repairs and last month record edible oils imports. There is a backlog of about 15-16 days in discharging a vessel as this is the peak season for edible imports. Situation could worsen with an expected arrival of around 92,000 tons in the coming days and prices may move up by US dollar 10-15 per tons. (Source – Reuters)
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 3.75 lakh tons of crude palm oil and 1.47 lakh tons of RBD palmolein during 01-14 September majorly from Malaysia and Indonesia. Meanwhile, SEA of India revealed that during the current oil year (Nov-Oct) 2013-14, Indian buyers imported 49.38 lakh tons of CPO and 13.50 lakh tons of RBD palmolein till August.
- 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.
- Currently CPO CNF for ready delivery at Indian port is offered at US dollar 707.50 per tons and October delivery is quoted at US dollar 697.50 per tons. Moreover, RBD palmolein is offered at US dollar 737.50 per tons and October delivery at US dollar 727.50 per tons. We expect palm oil likely to trade range bound to firm tone in the days ahead.



International Front

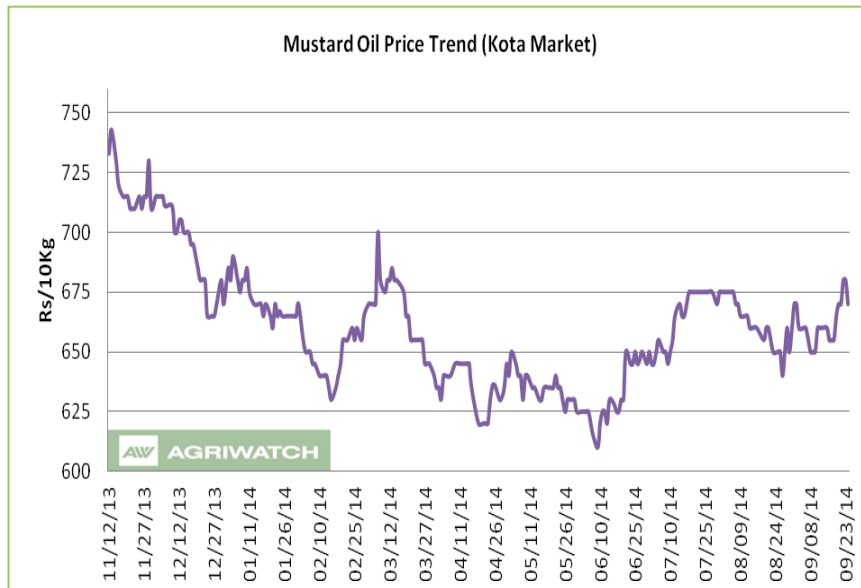
- Weekly review - CPO at BMD October ended slightly higher on w-o-w basis due to bullish export figures for 1-20 September. Exports of Malaysian palm oil products for September 1-20 rose 21.2 percent to 996,065 tonnes from 822,026 tonnes shipped during August 1-20 - cargo surveyor Intertek Testing Services. India and subcontinent imported 351,550 tons of palm oil products from Malaysia, up 26,151 tons compared to same period of last month.
- Palm oil inventories - 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. As per Bloomberg survey, median of estimates from four planters and one refiner, palm oil inventories jumped 24 percent to 2.5 million tons from July.
- As per Dorab Mistry, Palm oil prices should ease towards MYR 1,900 per tons (\$594/T) over the next few weeks in order to stay competitive and recapture market share from competing veg. oils. However, prices are unlikely to dip below MYR 1900 per tons. Moreover, Argentina soy oil prices at port were seen between \$730-750 tons from October to December.
- 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 453-480 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.
- According to the Central Water Commission (CWC), Water reservoirs were down 5 percentages to 79 percent of capacity in the week ended on 18 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.
- Diminishing mustard arrivals in the cash market, slow mustard seed selling by farmers and upcoming festivities in October likely to give underlying support to the mustard oil prices in the near-medium term. 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 to firm tone in the coming days.

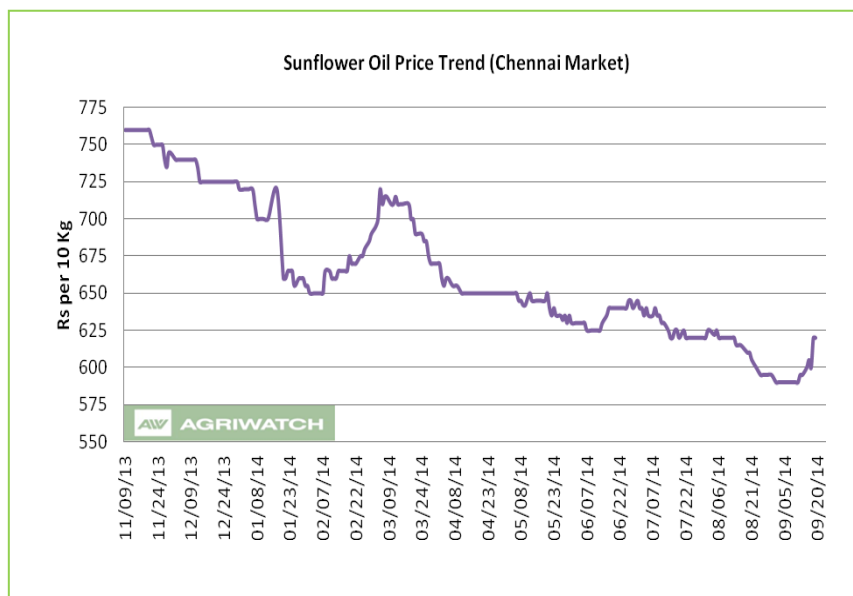


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 660-685 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured steady to 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 1.47 lakh tons of crude sunflower oil during 01-14 September majorly from Ukraine. As per SEA of India, Indian buyers imported 12.75 lakh tons of crude sunflower oil during Nov- August 2013-14 oil year majorly from Ukraine, up 57.96 percent from the corresponding period of the last year.
- On the planting front, Indian farmers have been sown 1.81 lakh hectares as on 11 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. Strategie 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



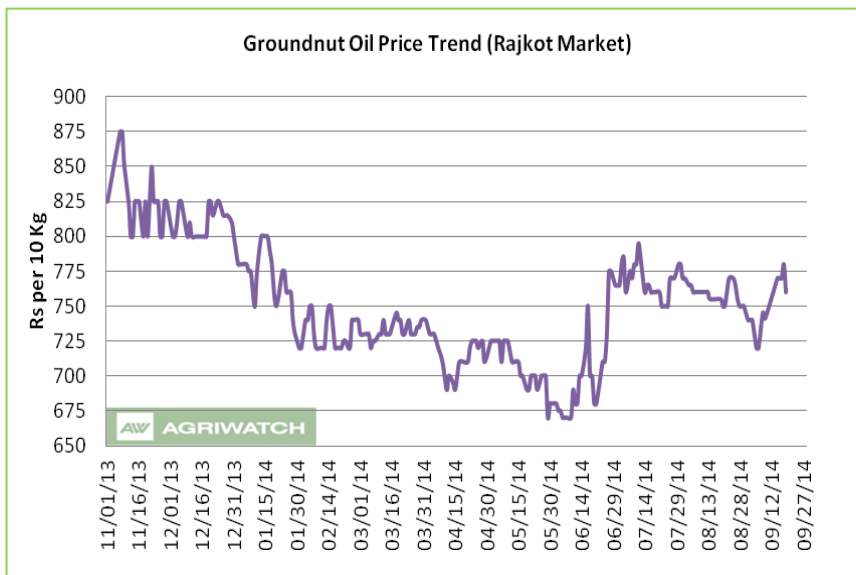
raised the EU's rapeseed production estimates by 10 percent to 23.2 million tons. We expect sunflower oil prices may trade range bound in the coming days.

Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 615-635 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 first Advance Estimates for 2014-15 released by Department of Agriculture & Cooperation, decline in groundnut acreage in Gujarat and productivity, groundnut seed production is estimated at 5.02 million tons, down 2.79 million tons from last year.
- As per sources, groundnut seed prices likely to stay sideways to firm tone in the coming days owing to lower crop expectation in the current season and erratic rains in the western region of India. New crop arrivals likely to commence from October in Gujarat.
- As per Ministry of agriculture, area coverage as on 11 September 2014 during Kharif 2014 is lower by 6.17 lakh ha to 36.41 lakh ha compared to corresponding period of Kharif 2013. State wise details - in Gujarat groundnut has been sown in 12.25 (16.60) lakh hectares, in AP sowing reached to 7.48 (8.96) lakh hectares, in Karnataka sowing reached to 4.49 (4.83) lakh hectares and in Rajasthan sowing reached to 4.12 (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 slightly firm tone in the coming days owing to need based demand from wholesalers and upcoming festivities.



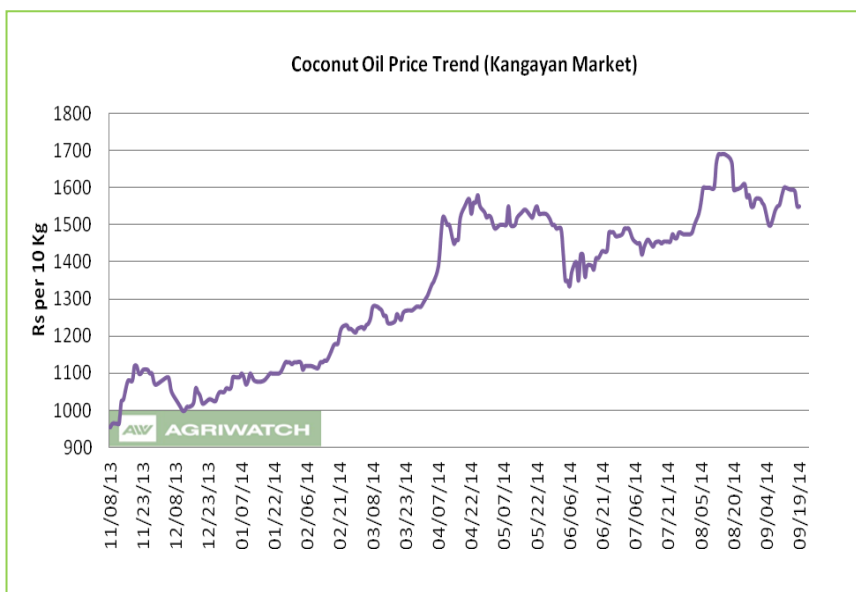
Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 745-780 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 1576 per 10 Kg, up 0.78 percent on w-o-w average basis. Coconut oil may trade range bound in the coming days owing to need-based demand. However, upcoming festivities in October may support the demand prospects, which could limit the excessive downside.
- Overall fundamentals are strong but the losses in the palm oil products



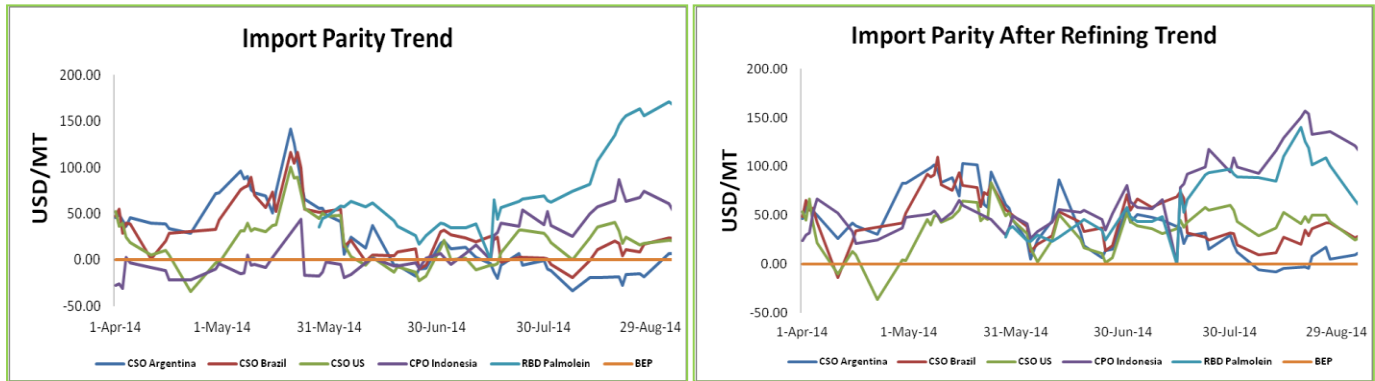
prices and higher global oilseeds production estimates for 2014 may curb the upside risk in the coconut oil. We expect prices may trade range bound in the coming days.

Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1510-1595 per 10 Kg.

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

Landed Cost Calculation as on 19/09/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	776	765	771	665	703
Freight (USD/MT)	80	72	70	35	35.0
C & F	856.0	837.0	841.0	700.0	738.0
Weight loss (0.25% of FOB)	1.94	1.91	1.93	1.66	1.76
Finance charges (0.4% on CNF)	3.42	3.35	3.36	2.80	2.95
Insurance (0.3% of C&F)	3	3	3	2	2
CIF (Indian Port - Kandla)	864	845	849	707	745
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	60.8	60.8	60.8	60.8	60.8
Landed cost without customs duty in INR per ton	52527	51362	51608	42959	45291
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	61.75	61.75	61.75	61.75	61.75
Duty component in INR per ton	1417.90	1417.90	1417.90	1183.71	4875.04
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	54618	53453	53699	44816	50839
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	57000	57000	57000	46800	59300
Total landed cost USD per ton	898	879	883	737	836
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	938	938	938	770	975
Parity INR/MT (Domestic - Landed)	2382	3547	3301	1984	8461
Parity USD/MT (Domestic - Landed)	39.18	58.34	54.30	32.64	139.15
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	59717.97	58553.01	58798.83	50815.71	53639.39
Soy/Palm oil imported Price (Including tax)	62703.87	61480.66	61738.77	53356.50	56321.36
Loose price of Soy/Palm in Indore and Delhi market	64575.00	64575.00	64575.00	59850.00	59850.00
Parity after processing and Taxes (Rs per MT)	1871.13	3094.34	2836.23	6493.50	3528.64
Parity after processing and Taxes (USD per MT)	30.78	50.89	46.65	106.80	58.04
Source: Agriwatch					

Import Parity Trend

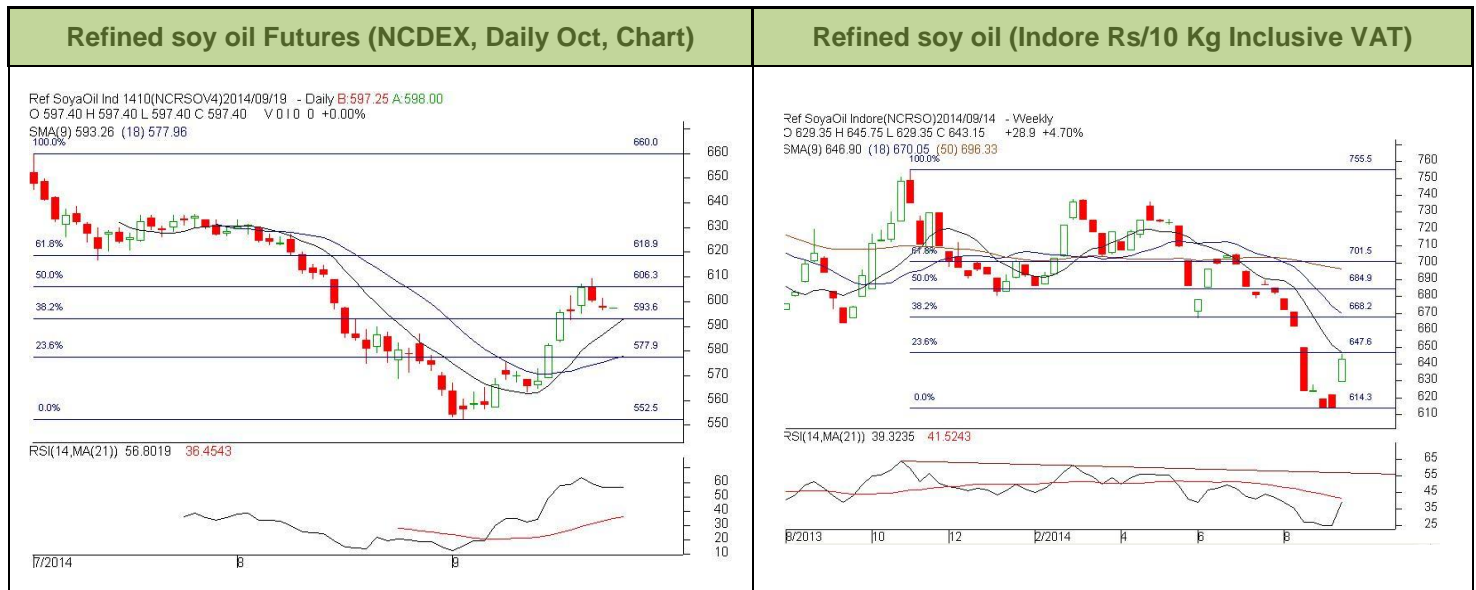


Import Parity After Refining in US dollar per tons (Monthly Average)

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

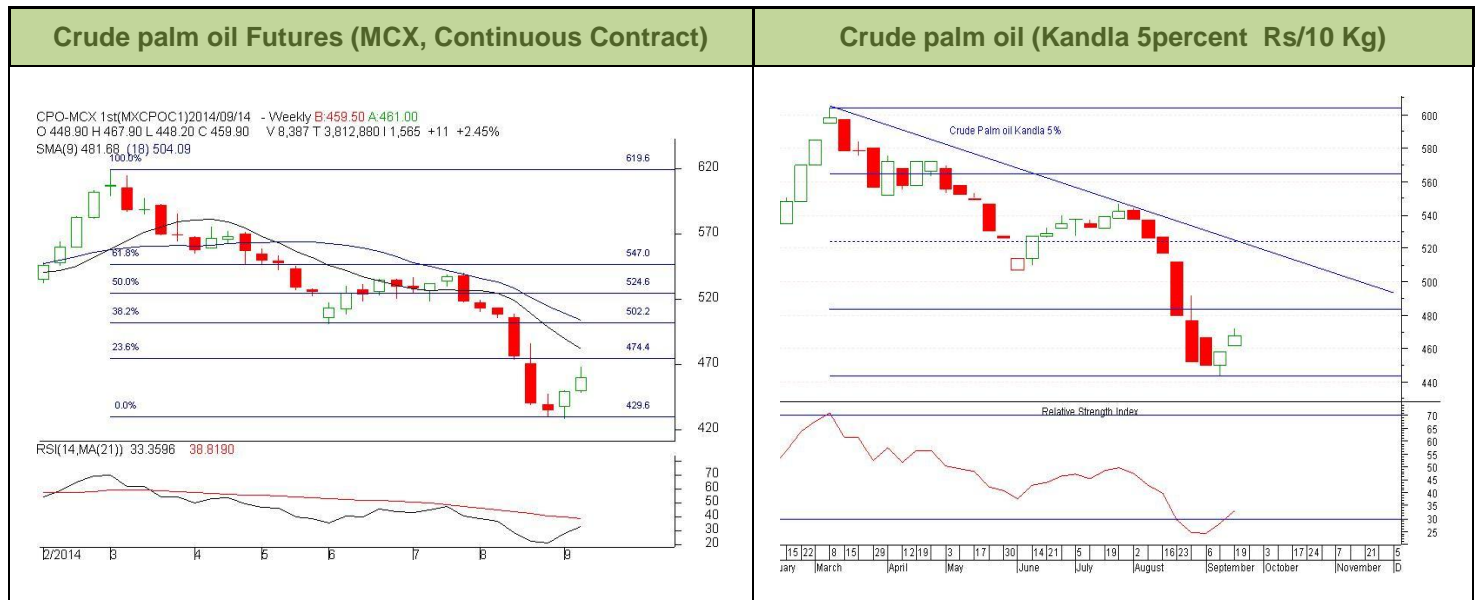
- ❖ Weekly chart of refined soy oil at NCDEX depicts gains. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 584.4 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 592-606.50 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 592 levels for a target of 604 and 606.50 with a stop loss at 584.4 on closing basis.

RSO NCDEX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
574.00	578.00	597.40	609.00	613.50

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 622-645 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 441.20 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 446-456.50 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 446 for a target of 454 and 456.50 with a stop loss at 441.20 on closing basis.

CPO MCX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
435.00	439.00	449.40	460.00	465.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 453-480 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		19-Sep-14	12-Sep-14	
Refined Soybean Oil	Kota	620	590	30
	Rajkot	600	565	35
	Delhi	660	610	50
	Mumbai	615	587	28
	Indore	615	595	20
	Kandla/Mundra	600	565	35
	Kolkata	600	565	35
	Indore (Soy Solvent Crude)	575	540	35
	Mumbai (Soy Degum)	570	538	32
	Kandla/Mundra (Soy Degum)	570	537	33
	Akola	644	623	21
	Amrawati	643	624	19
	Jalna	656	633	23
	Nagpur	644	625	19
	Alwar	625	595	30
	Solapur	654	635	19
	Bundi	625	593	32
	Dhule	655	633	22
Palm Oil	Rajkot	512	490	22
	Hyderabad	532	522	10
	Delhi	570	550	20
	Kandla (Crude Palm Oil)	468	452	16
	Kandla (RBD Palm oil)	505	480	25
	Mumbai RBD Pamolein	520	492	28
	Kandla RBD Pamolein	515	493	22
	Mangalore RBD Pamolein	518	495	23
	Chennai RBD Pamolein	518	495	23
	Kakinada RBD Pamolein	503	482	21
	KPT (krishna patnam)	503	472	31
	Haldia	510	475	35
	PFAD (Kandla)	430	415	15
	Refined Palm Stearin (Kandla)	430	415	15
Refined Sunflower Oil	Mumbai	630	605	25
	Mumbai(Expeller Oil)	575	540	35
	Kandla/Mundra (Crude)	575	540	35

	Erode (Expeller Oil)	650	625	25
	Hyderabad (Ref)	627	613	14
	Chennai	620	595	25
	Latur (Expeller Oil)	640	605	35
	Chellakere (Expeller Oil)	565	550	15
Groundnut Oil	Rajkot	760	755	5
	Chennai	810	800	10
	Delhi	790	715	75
	Hyderabad *	840	830	10
	Mumbai	785	780	5
	Gondal	750	745	5
	Jamnagar	750	730	20
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	704	690	14
	Sri-GangaNagar(Exp Oil)	695	680	15
	Alwar (Expeller Oil)	730	715	15
	Kota (Expeller Oil)	670	655	15
	Jaipur (Expeller Oil)	712	694	18
	New Delhi (Expeller Oil)	725	710	15
	Hapur (Expeller Oil)	745	730	15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	730	710	20
	Kota (Kacchi Ghani Oil)	732	715	17
	Jaipur (Kacchi Ghani Oil)	750	731	19
	Agra (Kacchi Ghani Oil)	755	735	20
	Bharatpur (Kacchi Ghani Oil)	750	730	20
	Neewai (Kacchi Ghani Oil)	725	715	10
	Hapur (Kacchi Ghani Oil)	765	760	5
Refined Cottonseed Oil	Mumbai	640	628	12
	Rajkot	645	620	25
	New Delhi	615	607	8
	Hyderabad	585	556	29
Coconut Oil	Kangayan (Crude)	1550	1600	-50
	Cochin	1640	1610	30
	Trissur	1550	1600	-50
Sesame Oil	New Delhi	835	830	5
	Mumbai	870	880	-10



Kardi	Mumbai	875	875	Unch
Rice Bran Oil (40%)	New Delhi	480	485	-5
Rice Bran Oil (4%)	Punjab	560	560	Unch
Rice Bran Oil (4%)	Uttar Pradesh	560	560	Unch
Malaysia Palmolein USD/MT	FOB	703	700	3
	CNF India	740	725	15
Indonesia CPO USD/MT	FOB	665	660	5
	CNF India	715	695	20
Ukraine Origin CSFO USD/MT Kandla	CIF	845	840	5
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	657	649	8
Argentina FOB (\$/MT)		18-Sep-14	11-Sep-14	Change
Crude Soybean Oil Ship		785	754	31
Refined Soy Oil (Bulk) Ship		812	780	32
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		765	734	31
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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