

## **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. However, coconut oil quoted lower on w-o-w basis owing to lull demand.*

*On the currency front, Indian rupee against USD closed (26 Sept. 2014) at 61.14, down 0.53 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 578.00 levels for a target of 588.50 and 590.00 with a stop loss at 571.70 on closing basis and go long in CPO above 455 for a target of 464 and 467 with a stop loss at 449.60 on closing basis.*

### **International Veg. Oil Market Summary**

*Exports of Malaysian palm oil products for Sep. 1-25 rose 34.6 percent to 1,286,901 tonnes from 956,092 tonnes shipped during Aug. 1-25 - cargo surveyor Societe Generale de Surveillance.*

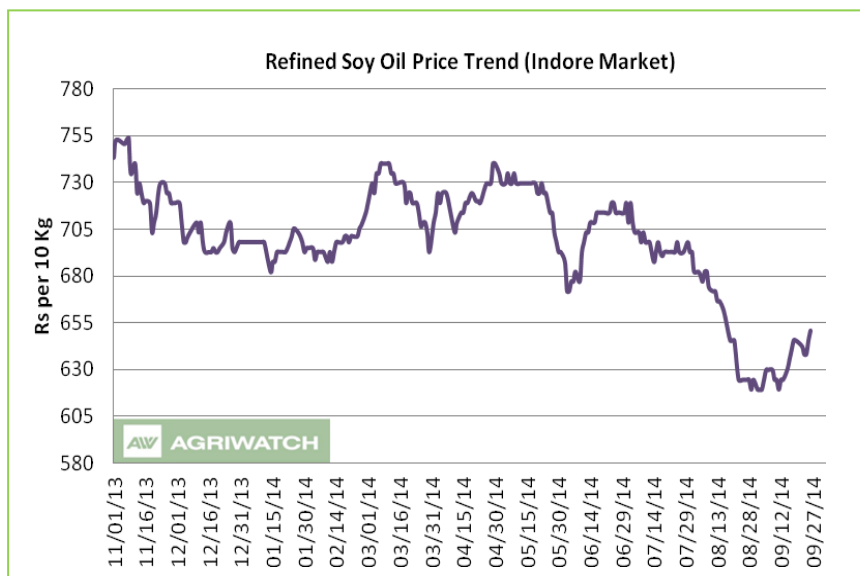
*On the international front, record US soybean production forecast for 2014/15 and in expectation of higher soybean sowing in South American countries favors the bears. However, soy supplies are tight in US and renewed demand at lower quotes may curb the excessive losses in soy complex.*

*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 IBIS data (compiled by Agriwatch), Indian buyers imported around 1.85 lakh tons of crude soybean oil during 01-21 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.
- Soybean production estimates, as per Ruchi Soya, India is likely to produce 9.3-10 million tons of soybean in 2014/15, higher than 2013-14 production estimates of 8.9 million tons. While, we have projected, India's soybean sowing area 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 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 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 of Maharashtra and MP.
- We expect soy oil may trade with a steady to slightly firm tone.



#### International Front

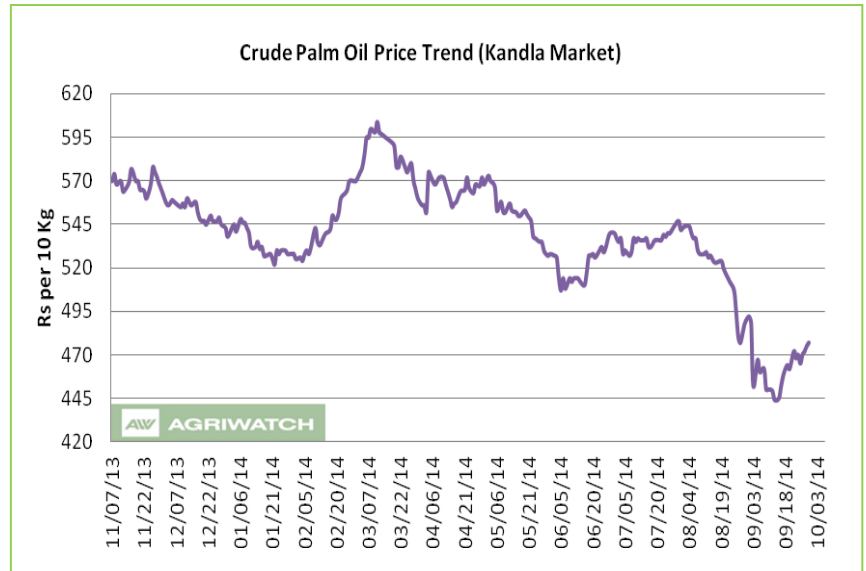
- As per Oil World, oilseed production may rise to 519.7 million tons, up 4.31 percent from 2013-1. The total oilseed production includes 310.80 million tons of soybeans, 68 million tons of rapeseed and 41.4 million tons of sunflower seed.
- As per Abiove, Brazil's soybean crop for 2014/15 is estimated at 91 million tons and exports forecast at 48 million tons. 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.
- 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 615-622 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.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 5.35 lakh tons of crude palm oil and 2.02 lakh tons of RBD palmolein during 01-21 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.
- Sources revealed that palm oil production in Malaysia is likely to be lower in September due to extreme heat over key oil palm producing estates in Malaysia and upcoming festivities in October may trigger demand from major consumer. However, excessive upward risk in the prices is limited due to higher imported edible oils stocks and new competing oil supplies from overseas market.
- CNF CPO October delivery is quoted around US dollar 710 per tons and RBD palmolein October delivery is offered at US dollar 735 per tons. Moreover, high sea price for crude palm oil at Kandla is quoted at Rs 475 per 10 Kg and 15 October delivery at Rs 472 per 10 Kg on 29 September.
- We expect palm oil likely to trade range bound to firm tone in the days ahead.

**International Front**

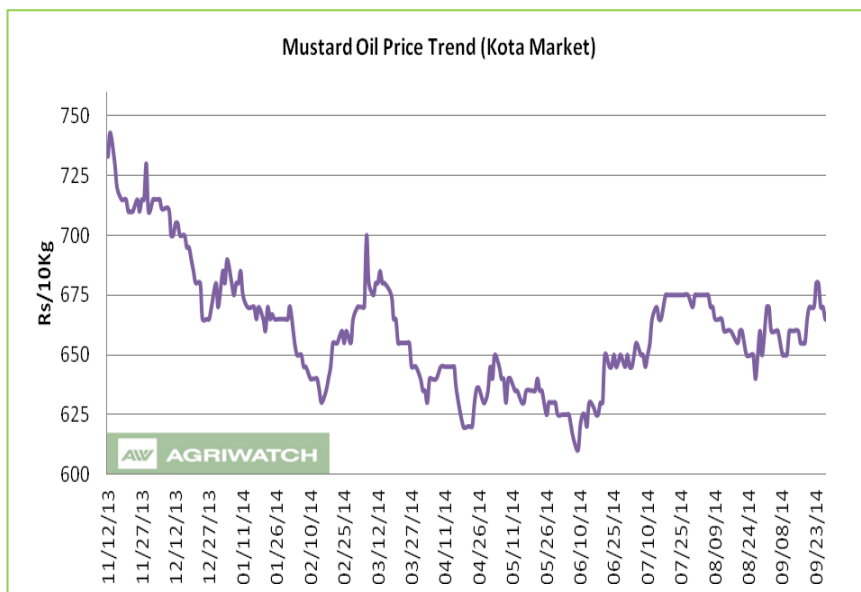
- Weekly review - CPO at BMD October ended slightly higher on w-o-w basis due to bullish export figures for 1-25 September. Exports of Malaysian palm oil products for Sep. 1-25 rose 34.6 percent to 1,286,901 tonnes from 956,092 tonnes shipped during Aug. 1-25 - cargo surveyor Societe Generale de Surveillance. India imported 425,890 tons during September 1-25. While, last month at the same period palm oil and its products imports from Malaysia were 327,936 tons.
- As per Indonesian industry ministry, Indonesia removed the export tax on palm oil for October in line with the policy of Malaysia to curb the palm oil inventories in Indonesia and to boost the exports. Earlier export duty on palm oil was 9 percent.
- 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.
- 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, 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 464-484 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 soybean oils and diminishing supplies.
- 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.
- According to the Central Water Commission (CWC), Water reservoirs were down 11 percentages to 86 percent of capacity in the week ended on 25 Sept. 2014 compared to the same period a year ago. Moreover, data was 13 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.
- We expect RM seed oil prices may trade range bound to firm tone in the coming days.

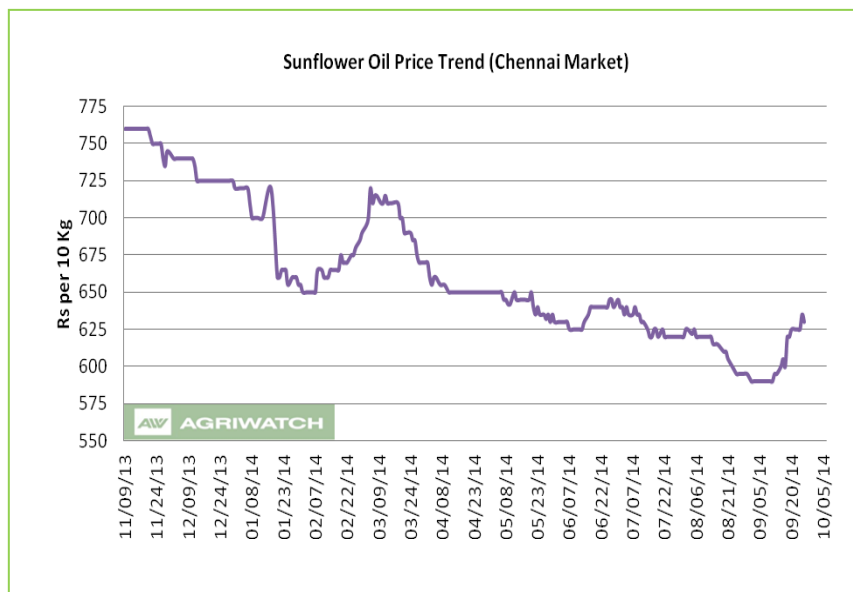


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 660-685 per 10 Kg.

## 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 and better buying in spot market.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 1.47 lakh tons of crude sunflower oil during 01-21 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.
- CIF sunflower oil at Indian ports is offered USD 835 per tons for Nov/Dec. delivery. Moreover, crude sun oil at Kandla quoted at Rs 570 per 10 Kg and refined at Rs 620 per 10 Kg excluding taxes on 29 Sept. 2014. 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



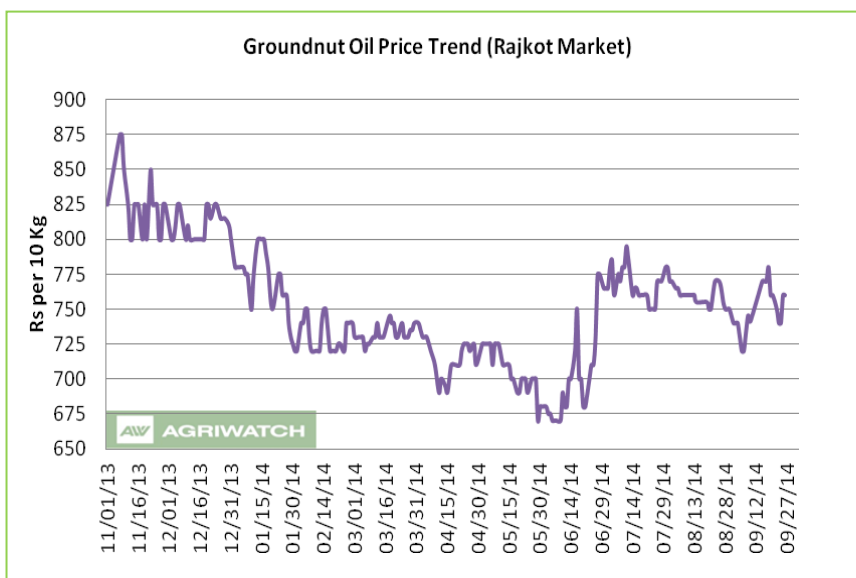
(1.95) lakh hectares, and in Maharashtra sowing reached to 0.38 (0.24) lakh hectares. Values in bracket were last year same period figures. Strategie Grains raised its estimate of the 2014 sunflower seed crop in the European Union by 400,000 tonnes to 8.6 million tonnes. Last year EU's sunflower seed 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 618-638 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 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.

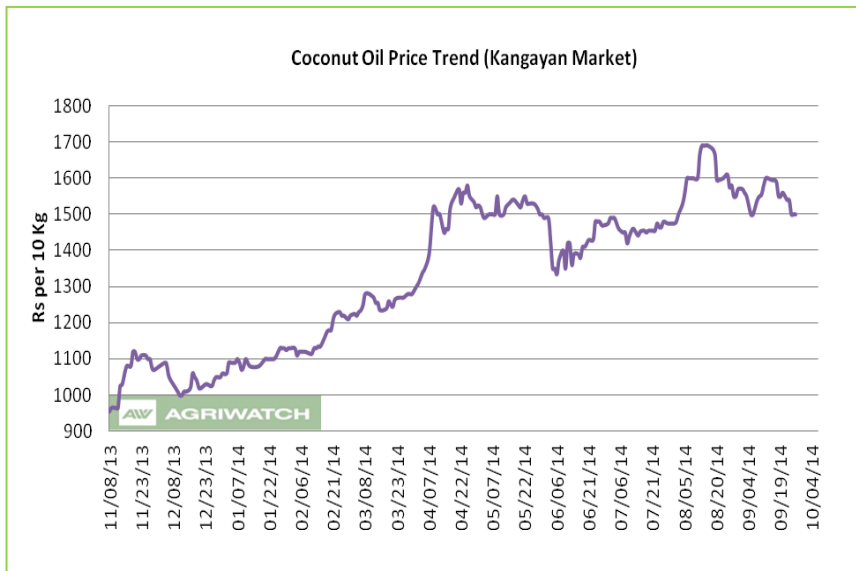
- Groundnut oil prices are likely to trade with a steady to slightly firm tone in the coming days owing to need based demand from wholesalers and upcoming festivities.

#### 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 losses at its benchmark market Kangayan during the week.
- Coconut oil at Kangayan market ended at Rs 1516 per 10 Kg, down 3.78 percent on w-o-w average basis. Coconut oil may trade range bound to weak tone in the coming days owing to limited demand after the festival season and availability of other edible oils. However, upcoming festivities in October may cap the excessive downside.
- Overall fundamentals are strong but the adequate availability of palm oil products in spot market and higher global oilseeds production estimates for 2014 may curb the upside risk in the coconut oil. We expect prices may trade range bound to slightly weak tone in the coming days.



**Price Outlook:** Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1470-1570 per 10 Kg.

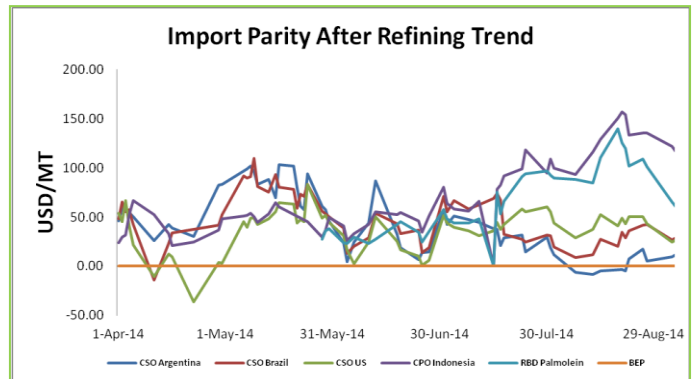
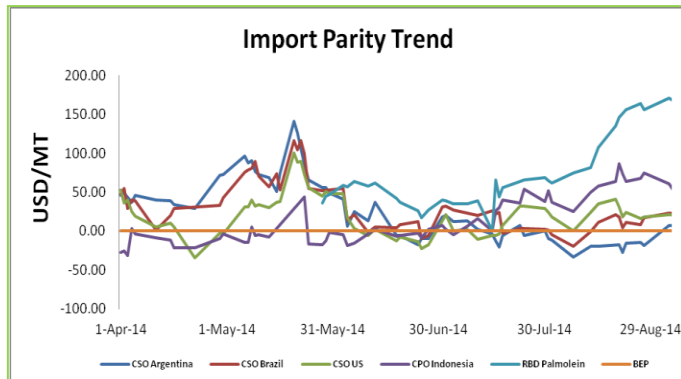
### Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 25/09/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	776	750	769	680	710
Freight (USD/MT)	80	72	70	35	35.0
C & F	856.0	822.0	839.0	715.0	745.0
Weight loss (0.25% of FOB)	1.94	1.88	1.92	1.70	1.78
Finance charges (0.4% on CNF)	3.42	3.29	3.36	2.86	2.98
Insurance (0.3% of C&F)	3	2	3	2	2
CIF (Indian Port - Kandla)	864	830	847	722	752
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	60.02	60.02	60.02	60.02	60.02
Landed cost without customs duty in INR per ton	51853	49794	50825	43317	45134
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	53944	51885	52916	45173	50682
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	57500	57500	57500	47500	59300
Total landed cost USD per ton	899	864	882	753	844
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	958	958	958	791	988



Parity INR/MT (Domestic - Landed)	3556	5615	4584	2327	8618
Parity USD/MT (Domestic - Landed)	59.25	93.55	76.38	38.76	143.58
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	59044.10	56985.24	58015.57	51173.44	53482.48
Soy/Palm oil imported Price (Including tax)	61996.31	59834.50	60916.35	53732.12	56156.60
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)	2578.69	4740.50	3658.65	6117.88	3693.40
Parity after processing and Taxes (USD per MT)	42.96	78.98	60.96	101.93	61.54
Source: Agriwatch					

### Import Parity Trend

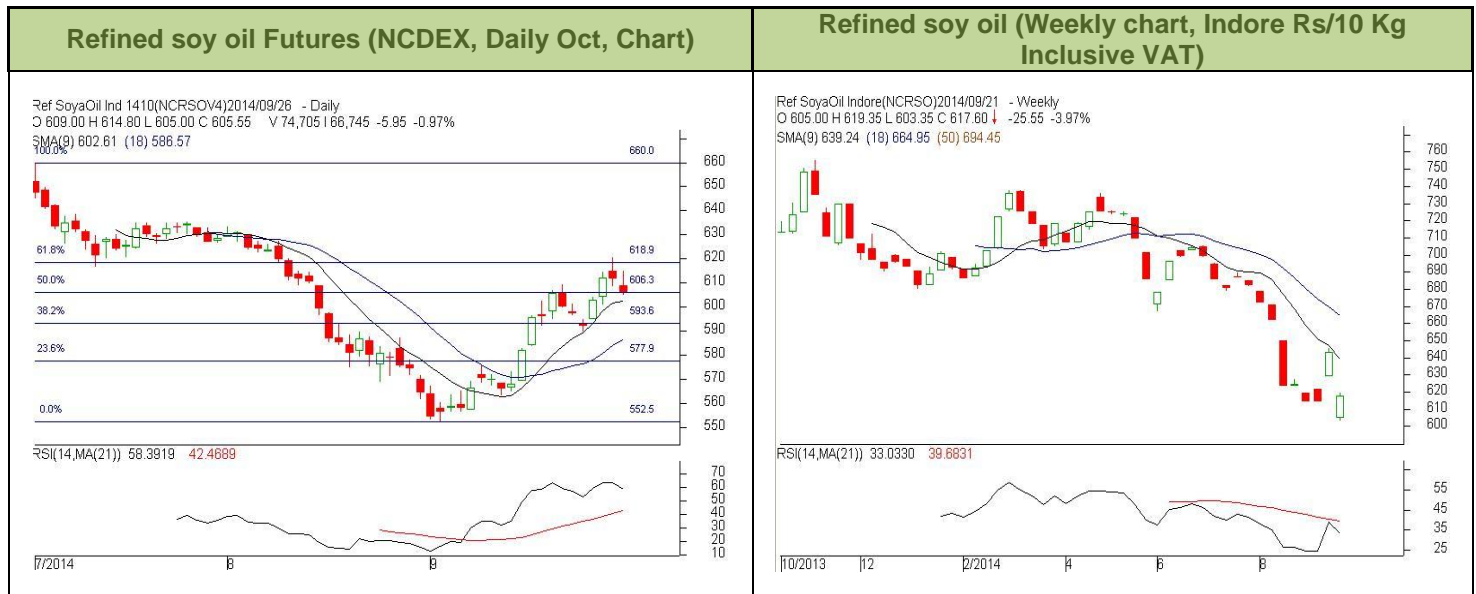


### Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
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)**


**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 571.70 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 578.00-590.00 level in near to medium term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

**Strategy:** Market participant are advised to go long in RSO above 578.00 levels for a target of 588.50 and 590.00 with a stop loss at 571.70 on closing basis.

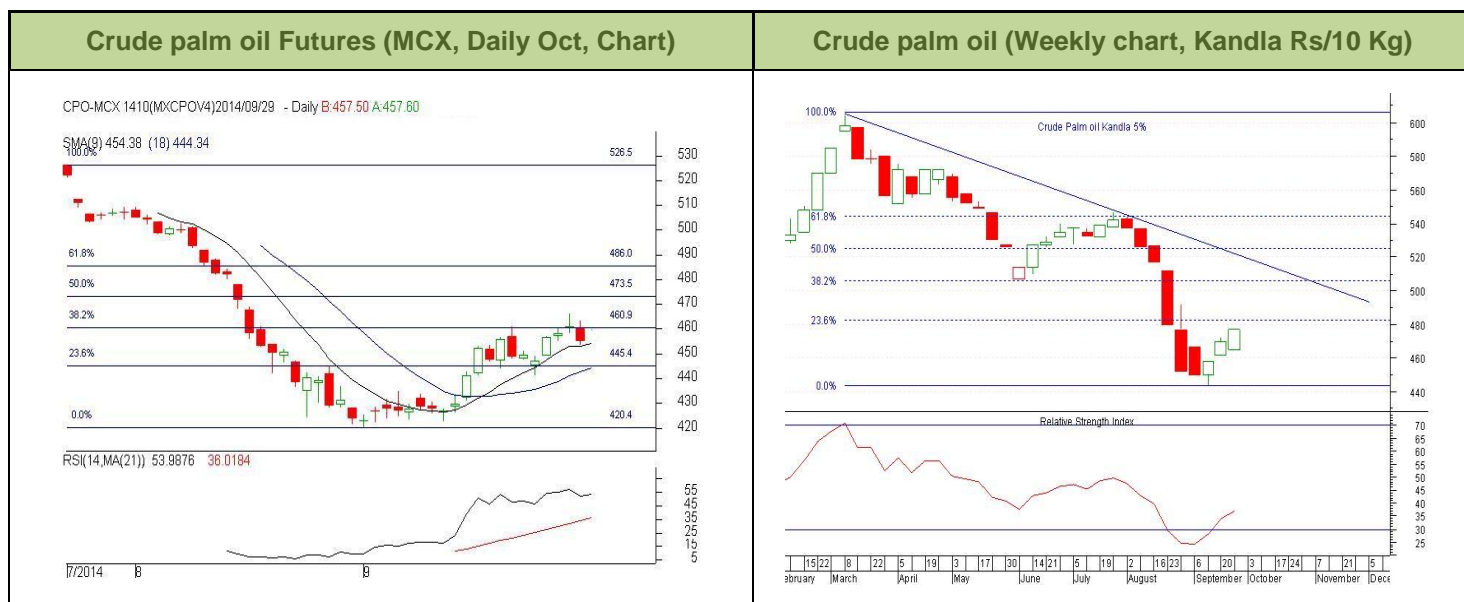
**RSO NCDEX (October)**

Support and Resistance				
S2	S1	PCP	R1	R2
560.00	568.00	581.65	601.50	608.00

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of Rs 615-628 per 10 Kg.



### Technical Analysis (Crude Palm oil)



**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 449.60 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 455.00-467.00 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 455 for a target of 464 and 467 with a stop loss at 449.60 on closing basis.

#### CPO MCX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
439.00	444.00	454.90	470.00	475.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 464-484 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		26-Sep-14	19-Sep-14	
Refined Soybean Oil	Kota	625	620	5
	Rajkot	605	600	5
	Delhi	665	660	5
	Mumbai	620	615	5
	Indore	620	615	5
	Kandla/Mundra	615	600	15
	Kolkata	590	600	-10
	Indore (Soy Solvent Crude)	575	575	Unch
	Mumbai (Soy Degum)	575	570	5
	Kandla/Mundra (Soy Degum)	580	570	10
	Akola	660	644	16
	Amrawati	660	643	17
	Jalna	675	656	19
	Nagpur	663	644	19
	Alwar	NA	625	-
	Solapur	676	654	22
	Bundi	630	625	5
	Dhule	673	655	18
Palm Oil	Rajkot	512	512	Unch
	Hyderabad	529	532	-3
	Delhi	570	570	Unch
	Kandla (Crude Palm Oil)	477	468	9
	Kandla (RBD Palm oil)	500	505	-5
	Mumbai RBD Pamolein	520	520	Unch
	Kandla RBD Pamolein	520	515	5
	Mangalore RBD Pamolein	512	518	-6
	Chennai RBD Pamolein	518	518	Unch
	Kakinada RBD Pamolein	515	503	12
	KPT (krishna patnam)	510	503	7
	Haldia	510	510	Unch
	PFAD (Kandla)	420	430	-10
	Refined Palm Stearin (Kandla)	420	430	-10
Refined Sunflower Oil	Mumbai	625	630	-5
	Mumbai(Expeller Oil)	570	575	-5
	Kandla/Mundra (Crude)	570	575	-5

	Erode (Expeller Oil)	670	650	20
	Hyderabad (Ref)	641	627	14
	Chennai	630	620	10
	Latur (Expeller Oil)	645	640	5
	Chellakere (Expeller Oil)	570	565	5
Groundnut Oil	Rajkot	760	760	Unch
	Chennai	800	810	-10
	Delhi	770	790	-20
	Hyderabad *	840	840	Unch
	Mumbai	800	785	15
	Gondal	750	750	Unch
	Jamnagar	750	750	Unch
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	696	704	-8
	Sri-GangaNagar(Exp Oil)	692	695	-3
	Alwar (Expeller Oil)	725	730	-5
	Kota (Expeller Oil)	675	670	5
	Jaipur (Expeller Oil)	699	712	-13
	New Delhi (Expeller Oil)	725	725	Unch
	Hapur (Expeller Oil)	735	745	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	730	730	Unch
	Kota (Kacchi Ghani Oil)	730	732	-2
	Jaipur (Kacchi Ghani Oil)	741	750	-9
	Agra (Kacchi Ghani Oil)	750	755	-5
	Bharatpur (Kacchi Ghani Oil)	745	750	-5
	Neewai (Kacchi Ghani Oil)	723	725	-2
	Hapur (Kacchi Ghani Oil)	765	765	Unch
Refined Cottonseed Oil	Mumbai	630	640	-10
	Rajkot	630	645	-15
	New Delhi	610	615	-5
	Hyderabad	585	585	Unch
Coconut Oil	Kangayan (Crude)	1500	1550	-50
	Cochin	1560	1640	-80
	Trissur	1490	1550	-60
Sesame Oil	New Delhi	835	835	Unch
	Mumbai	870	870	Unch



Kardi	Mumbai	875	875	Unch
Rice Bran Oil (40%)	New Delhi	485	480	5
Rice Bran Oil (4%)	Punjab	560	560	Unch
Rice Bran Oil (4%)	Uttar Pradesh	560	560	Unch
Malaysia Palmolein USD/MT	FOB	710	703	7
	CNF India	765	740	25
Indonesia CPO USD/MT	FOB	685	665	20
	CNF India	740	715	25
Ukraine Origin CSFO USD/MT Kandla	CIF	855	845	10
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	645	657	-12
<b>Argentina FOB (\$/MT)</b>		<b>24-Sep-14</b>	<b>18-Sep-14</b>	<b>Change</b>
Crude Soybean Oil Ship		778	785	-7
Refined Soy Oil (Bulk) Ship		805	812	-7
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		758	765	-7
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including VAT				

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