

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 and depreciating Indian rupee against US dollar. 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 (03 Oct. 2014) at 61.54, down 0.65 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 inventories, 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 580.00 levels for a target of 590.00 and 592.00 with a stop loss at 574.00 on closing basis and go long in CPO above 452 for a target of 460.00 and 462.00 with a stop loss at 447.20 on closing basis.

International Veg. Oil Market Summary

As per cargo surveyor Societe Generale de Surveillance, exports of Malaysian palm oil products for September rose 16.5 percent to 1,494,371 tons from 1,282,597 tons shipped during August. India imported 491,230 tons of palm oil & its derivatives from Malaysia during September.

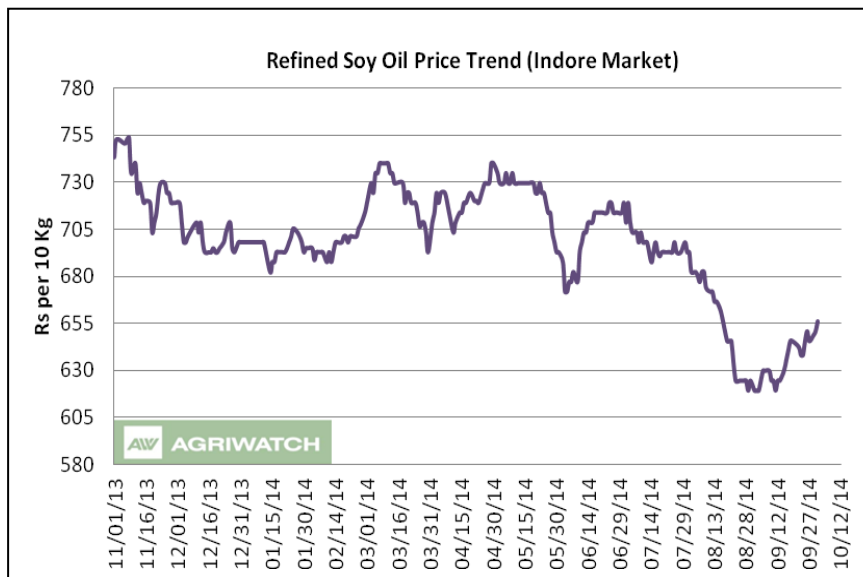
On the international front, record US soybean production forecast for 2014/15, soybean harvesting pressure and in expectation of higher soybean sowing in South American countries favors the bears. However, soy supplies are tight in US and renewed demand at lower quotes may curb the excessive losses in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

Demand for palm oil may pick up in the coming days due to export tax exemption by South East Asian countries, and warm weather in South East Asian countries hurts the crop prospects. However, 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 sources, soybean crop condition in Maharashtra and Madhya Pradesh is good and 11-12 percent moisture level new soybean crop arrivals is offer at Rs 3000 per quintal at spot markets of MP. While, with the higher moisture content is quoted around Rs 2700-2750 per quintal. Import tariff value on crude soybean oil lowered to USD 838 per tons for the first fifteen days of October.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported around 2.39 lakh tons of crude soybean oil during 01-28 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 93-100 lakh tons of soybean in 2014/15, higher than 2013-14 production estimates of 89 lakh 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.
- We expect soy oil may trade with a steady to slightly firm tone.



International Front

- Goldman Sachs lowered its 3-6-month price forecasts for Chicago Board of Trade soybeans to \$8 a bushel. Currently spot price trading at near \$9 bushels citing large US production prospects, and harvest pressure on values.
- As per USDA report, soybean harvesting has started in US and about 10% of crop been harvested as on week ended 28 September same as compared to the corresponding period of last year. However, harvesting pace was down by 7% compared to five year average. Soybean crop conditions - around 53% and 19% of soybean crop was rated as excellent and good respectively, while 22% of crop was in fair condition.
- 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, up 0.021 billion bushels from previous estimates.
- 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, soybean harvesting pressure 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.

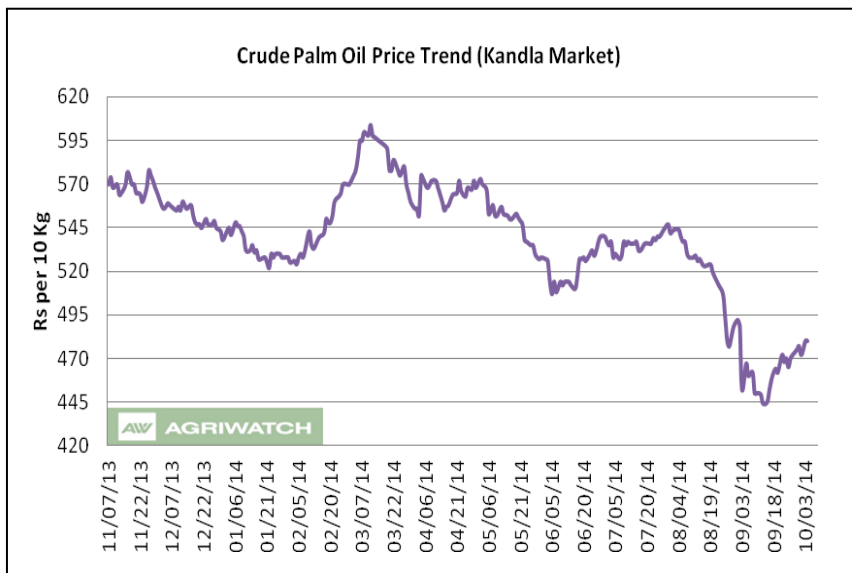
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 630-655 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.
- 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.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 6.95 lakh tons of crude palm oil and 2.45 lakh tons of RBD palmolein during 01-28 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.
- As per Dorab Mistry, India's edible oil imports are likely to rise by about 500,000 tons to 12.1 million tons in 2014/15 oil year starting from November. Indian government revised import tariff value of crude palm oil to USD 725 per tons, RBD palmolein to USD 765 per tons, RBD palm oil to USD 750 per tons, other palm oil to USD 738 per tons and other palmolein to USD 764 per tons.
- On the parity front, currently refiners get US \$65-80/tons margin in processing the imported CPO but on the imports of ready to use palmolein gets US \$35-45/tons parity. Parity in palm oil products during the last 1-2 weeks fell compared to the initial days of September. Palm oil imports may soften from mid October due to new oilseeds supplies likely to pick up pace from mid October. We expect palm oil likely to trade range bound to firm tone in the days ahead.



International Front

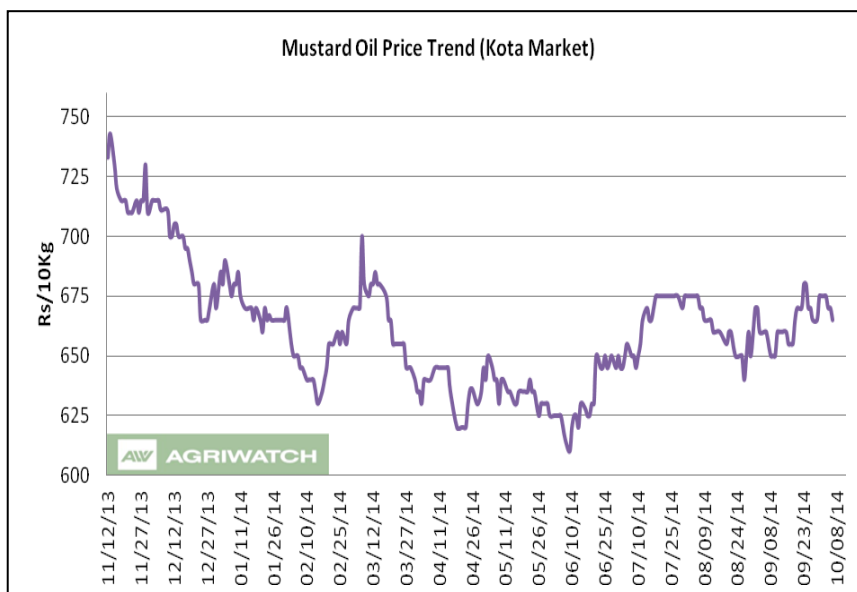
- Weekly review - CPO at BMD October ended slightly higher on w-o-w basis due to bullish export figures for 1-25 September. As per cargo surveyor Societe Generale de Surveillance, exports of Malaysian palm oil products for September rose 16.5 percent to 1,494,371 tons from 1,282,597 tons shipped during August. India imported 491,230 tons of palm oil & its derivatives from Malaysia during September.
- Palm oil prices are likely to fall by 13 percent to 1,900 ringgit per tons on higher output and sluggish demand, but losses might cap to ringgit 2,000 per tons, if the Malaysian currency depreciates sharply - Dorab Mistry. Moreover, Crude palm oil export prices in Indonesia, could rise as much as 10 percent to \$750 per tons in January-March 2015 owing to dry weather in the top two producing countries is expected to moderate production growth - Thomas Mielke
- Demand for palm oil may pick up in the coming days due to export tax exemption by South East Asian countries, and warm weather in South East Asian countries hurts the crop prospects. 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 468-492 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 tracking dull demand and negative crush margins.
- 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. However, in expectation of higher mustard seed acreage in 2014-15 oil year and disparity in RM seed crushing may curb excessive gains.
- 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.

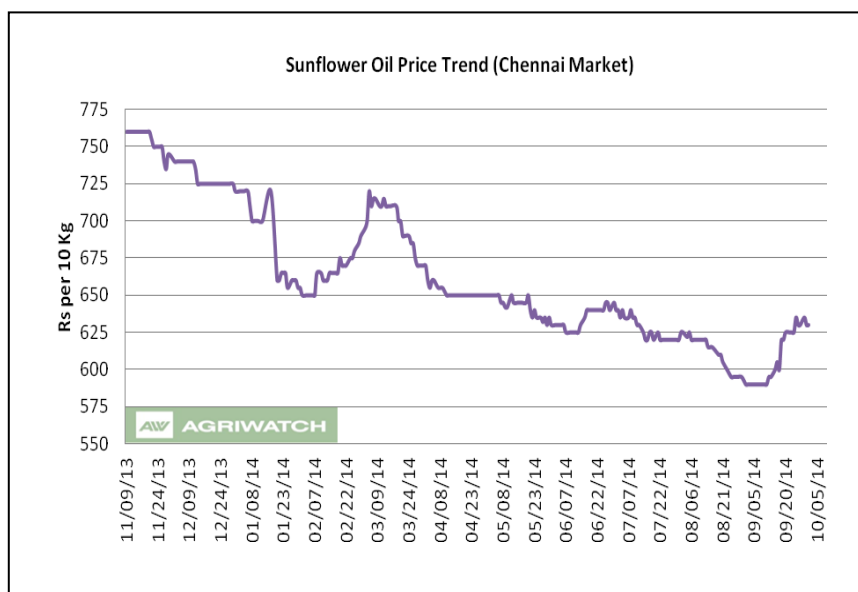


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 660-685 per 10 Kg.

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 1.95 lakh tons of crude sunflower oil during 01-28 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 850 per tons for Nov/Dec. delivery. Moreover, crude sun oil at Kandla quoted at Rs 570 per 10 Kg and refined at Rs 635 per 10 Kg excluding taxes as on 04 Oct. 2014. On the planting front, Indian farmers have been sown 2.05 lakh hectares as on 1 Oct. 2014, which was 0.37 lakh ha.



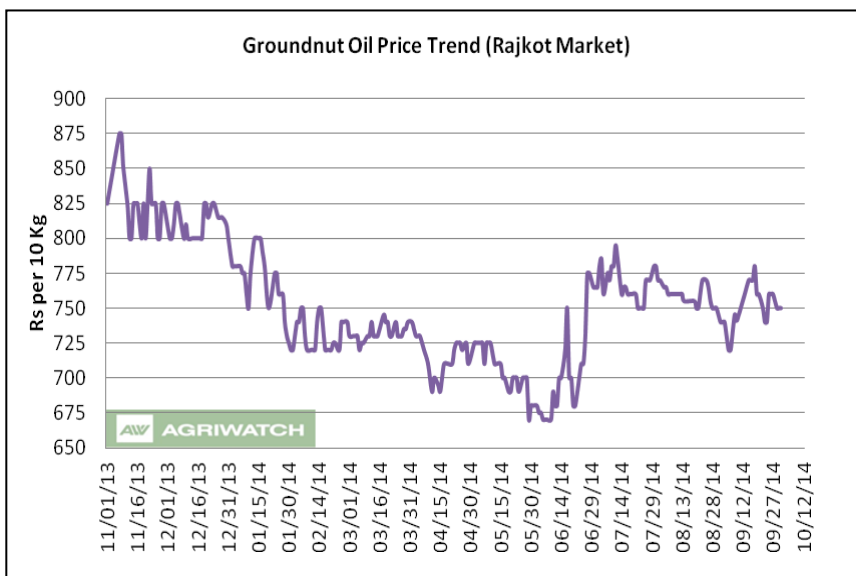
lag compared to the last year same period. State wise details - in Karnataka sunflower has been sown in 1.54 (2.00) lakh hectares, and in Maharashtra sowing reached to 0.27 (0.24) lakh hectares. Values in bracket were last year same period figures.

- 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. 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 Ministry of agriculture, area coverage as on 01 October 2014 during Kharif 2014 is lower by 13.7 percent to 37.21 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 7.51 (8.96) lakh hectares, in Karnataka sowing reached to 4.69 (4.94) 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.



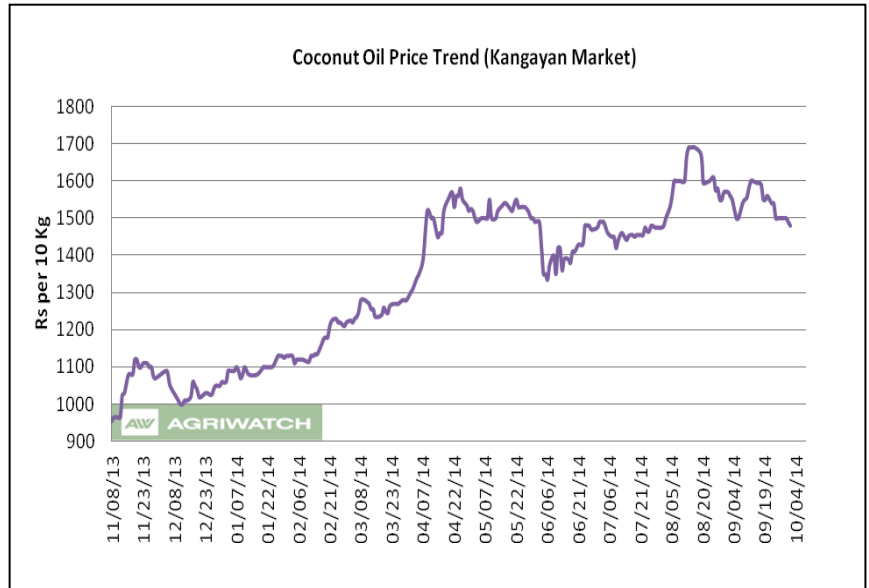
- As per first Advance Estimates for 2014-15 released by Department of Agriculture & Cooperation, decline in groundnut acreage in Gujarat and productivity, groundnut seed production is estimated at 5.02 million tons, down 2.79 million tons from last year. Sources revealed that new crop arrivals witnessed in the some markets. However, arrivals are likely to pick up pace from mid October.
- 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 740-765 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 1490 per 10 Kg, down 1.7 percent on w-o-w average basis. As per sources, demand for coconut oil is need based after the South Indian festivities in late September. Moreover, copra seasonal supplies likely to curb excessive gains in the near term.
- Overall fundamentals are strong but 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.



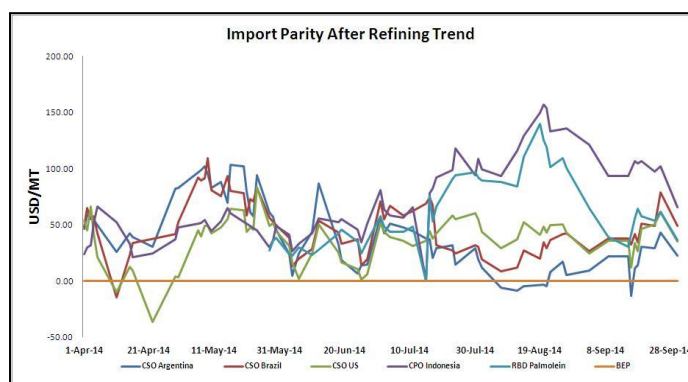
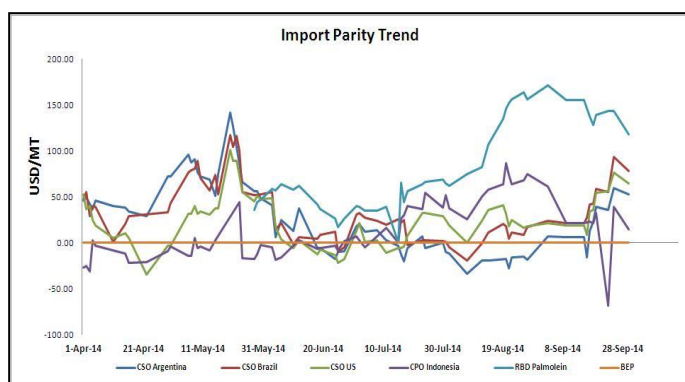
Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1440-1515 per 10 Kg.

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

Landed Cost Calculation as on 30/09/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per tons	780	763	778	693	713
Freight (USD/MT)	80	72	70	35	35.0
C & F	860.0	835.0	848.0	728.0	748.0
Weight loss (0.25% of FOB)	1.95	1.91	1.95	1.73	1.78
Finance charges (0.4% on CNF)	3.44	3.34	3.39	2.91	2.99
Insurance (0.3% of C&F)	3	3	3	2	2
CIF (Indian Port - Kandla)	868	843	856	735	755
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	61.61	61.61	61.61	61.61	61.61
Landed cost without customs duty in INR per ton	53476	51922	52731	45273	46517
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	55567	54013	54822	47129	52065
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	58800	58800	58800	48000	59300
Total landed cost USD per ton	902	877	890	765	845
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	954	954	954	779	963
Parity INR/MT (Domestic - Landed)	3233	4787	3978	871	7235
Parity USD/MT (Domestic - Landed)	52.48	77.70	64.57	14.13	117.44

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	60666.54	59112.89	59921.73	53129.49	54864.73
Soy/Palm oil imported Price (Including tax)	63699.86	62068.53	62917.82	55785.97	57607.97
Loose price of Soy/Palm in Indore and Delhi market	65100.00	65100.00	65100.00	59850.00	59850.00
Parity after processing and Taxes (Rs per MT)	1400.14	3031.47	2182.18	4064.03	2242.03
Parity after processing and Taxes (USD per MT)	22.73	49.20	35.42	65.96	36.39
Source: Agriwatch					

Import Parity Trend



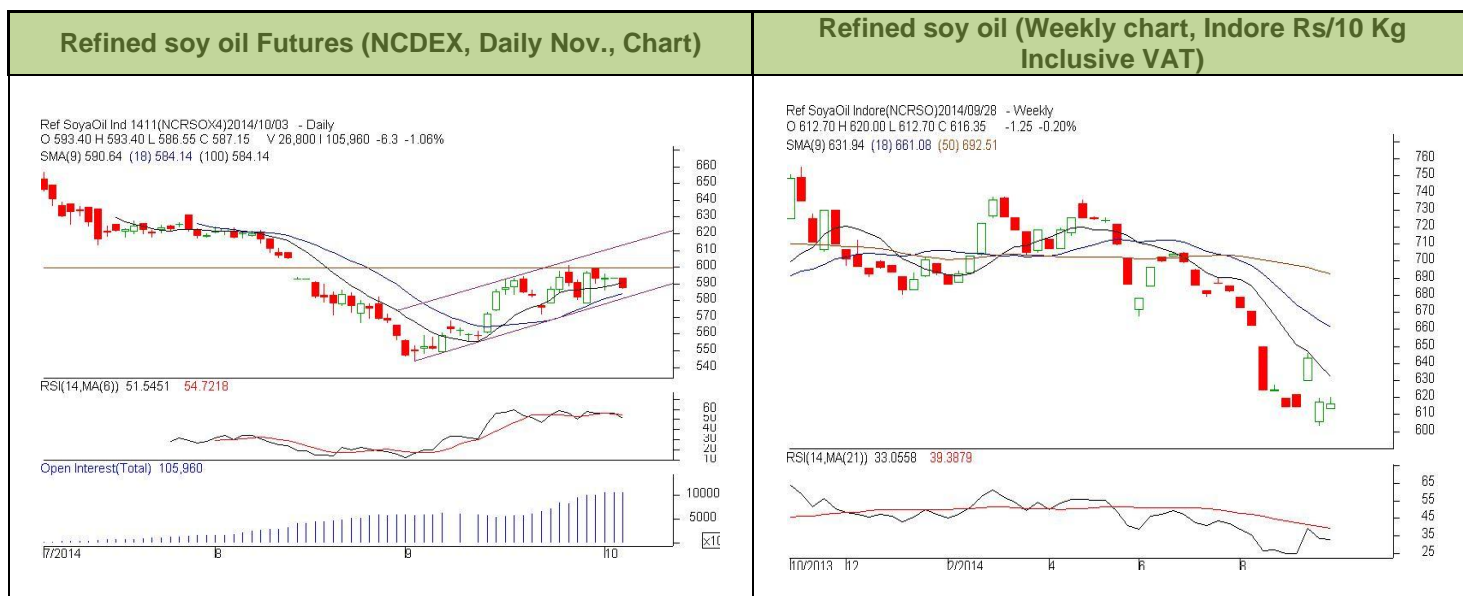
Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
August, 2014	1.65	27.11	43.85	130.26	106.94
Sept., 2014	19.14	43.92	36.18	99.03	51.59

Outlook:-

Import parity for crude soy oil from Argentina and 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. Parity in veg. oil may favor higher imports in the coming days. However, new with an advent of new oilseed crop arrivals may limit curb the import pace.

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 574.00 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 580.00-592.00 level in near to medium term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

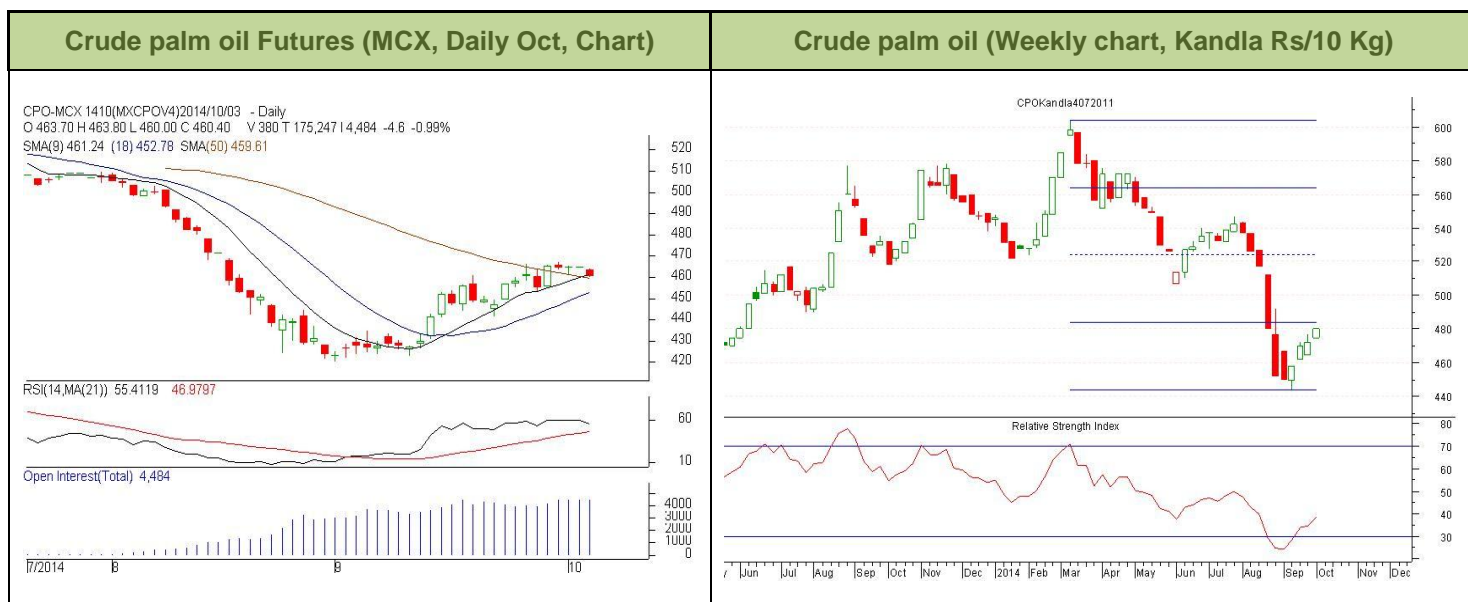
Strategy: Market participant are advised to go long in RSO above 580.00 levels for a target of 590.00 and 592.00 with a stop loss at 574.00 on closing basis.

RSO NCDEX (November)

Support and Resistance				
S2	S1	PCP	R1	R2
567.00	572.00	587.15	594.00	600.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 630-655 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 447.20 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 452.00-462.00 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 452 for a target of 460.00 and 462.00 with a stop loss at 447.20 on closing basis.

CPO MCX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
440.00	446.00	460.40	464.00	469.50

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 468-492 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		1-Oct-14	24-Sep-14	
Refined Soybean Oil	Kota	625	625	Unch
	Rajkot	605	605	Unch
	Delhi	665	665	Unch
	Mumbai	622	620	2
	Indore	625	620	5
	Kandla/Mundra	615	615	Unch
	Kolkata	590	590	Unch
	Indore (Soy Solvent Crude)	585	575	10
	Mumbai (Soy Degum)	580	575	5
	Kandla/Mundra (Soy Degum)	588	580	8
	Akola	670	660	10
	Amrawati	669	660	9
	Jalna	683	675	8
	Nagpur	673	663	10
	Alwar	NA	NA	-
	Solapur	686	676	10
	Bundi	627	630	-3
	Dhule	684	673	11
Palm Oil	Rajkot	515	512	3
	Hyderabad	537	529	8
	Delhi	565	570	-5
	Kandla (Crude Palm Oil)	480	477	3
	Kandla (RBD Palm oil)	500	500	Unch
	Mumbai RBD Pamolein	525	520	5
	Kandla RBD Pamolein	520	520	Unch
	Mangalore RBD Pamolein	522	512	10
	Chennai RBD Pamolein	520	518	2
	Kakinada RBD Pamolein	517	515	2
	KPT (krishna patnam)	512	510	2
	Haldia	512	510	2
	PFAD (Kandla)	420	420	Unch
	Refined Palm Stearin (Kandla)	420	420	Unch
Refined Sunflower Oil	Mumbai	630	625	5
	Mumbai(Expeller Oil)	575	570	5
	Kandla/Mundra (Crude)	575	570	5

	Erode (Expeller Oil)	675	670	5
	Hyderabad (Ref)	637	641	-4
	Chennai	630	630	Unch
	Latur (Expeller Oil)	640	645	-5
	Chellakere (Expeller Oil)	575	570	5
Groundnut Oil	Rajkot	750	760	-10
	Chennai	800	800	Unch
	Delhi	770	770	Unch
	Hyderabad *	850	840	10
	Mumbai	800	800	Unch
	Gondal	740	750	-10
	Jamnagar	750	750	Unch
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	694	696	-2
	Sri-GangaNagar(Exp Oil)	690	692	-2
	Alwar (Expeller Oil)	720	725	-5
	Kota (Expeller Oil)	665	675	-10
	Jaipur (Expeller Oil)	697	699	-2
	New Delhi (Expeller Oil)	718	725	-7
	Hapur (Expeller Oil)	730	735	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	725	730	-5
	Kota (Kacchi Ghani Oil)	730	730	Unch
	Jaipur (Kacchi Ghani Oil)	738	741	-3
	Agra (Kacchi Ghani Oil)	745	750	-5
	Bharatpur (Kacchi Ghani Oil)	740	745	-5
	Neewai (Kacchi Ghani Oil)	720	723	-3
	Hapur (Kacchi Ghani Oil)	760	765	-5
Refined Cottonseed Oil	Mumbai	635	630	5
	Rajkot	628	630	-2
	New Delhi	600	610	-10
	Hyderabad	600	585	15
Coconut Oil	Kangayan (Crude)	1480	1500	-20
	Cochin	1530	1560	-30
	Trissur	1470	1490	-20
Sesame Oil	New Delhi	835	835	Unch
	Mumbai	870	870	Unch



Kardi	Mumbai	875	875	Unch
Rice Bran Oil (40%)	New Delhi	NA	485	-
Rice Bran Oil (4%)	Punjab	555	560	-5
Rice Bran Oil (4%)	Uttar Pradesh	555	560	-5
Malaysia Palmolein USD/MT	FOB	705	710	-5
	CNF India	745	765	-20
Indonesia CPO USD/MT	FOB	680	685	-5
	CNF India	720	740	-20
Ukraine Origin CSFO USD/MT Kandla	CIF	860	855	5
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	655	645	10
Argentina FOB (\$/MT)		30-Sep-14	24-Sep-14	Change
Crude Soybean Oil Ship		769	778	-9
Refined Soy Oil (Bulk) Ship		795	805	-10
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		749	758	-9
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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