

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed steady to slightly weak tone during the week owing to limited buying, losses in the international veg. oil market and crude oil prices. However, upcoming festivities in the last week of October limit the downside.

On the currency front, Indian rupee against USD closed (10 Oct. 2014) at 61.3, up 0.34 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 export demand, and weather over US & India's soybean growing belt.

We expect edible oil complex to trade sideways to slightly weak tone in expectation of new oilseeds arrivals may pressurize the market and bearish oil complex fundamentals. However, demand from wholesalers ahead of festivities may curb excessive losses.

Recommendation:

Weekly Call - Market participant are advised to go short in RSO below 583 levels for a target of 576.50 and 574.00 with a stop loss at 586.90 on closing basis and go short in CPO below 451.00 for a target of 444.00 and 442.00 with a stop loss at 455.20 on closing basis.

International Veg. Oil Market Summary

As per Intertek Testing Services, exports of Malaysia palm oil products during October 1-10 fell 18.9 per cent to 395,532 tons compared with 487,955 tons during September 1-10 due to weak overseas demand from the European Union and China.

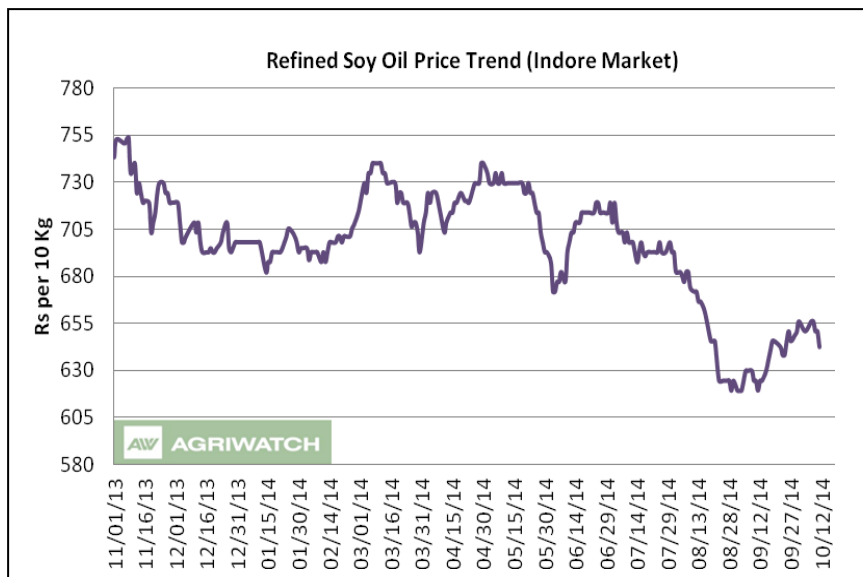
On the international front, record US soybean production forecast for 2014/15, soybean harvesting pressure and in expectation of higher soybean sowing in South American countries favors the bears. However, soy supplies are tight in US and renewed demand at lower quotes may curb the excessive losses in 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 losses during the week in review tracking losses in the international veg. oil market and easing demand ahead of new oilseed arrivals.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported around 0.301 lakh tons of crude soybean oil during 28 September-05 October 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 Oil World, imports of eight vegetable oils including soybean, palm, sunflower, cotton, rapeseed, peanuts, palm kernels and coconut oil seen at 12.2 million metric tons, up 4.3 percent from last year. on the production front, soybean crop estimate sets at 10.3 million tons and soybean oil output at 1.48 million tons in the 2014-15 season. Import tariff value on crude soybean oil lowered to USD 838 per tons for the first fifteen days of October.
- 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 weak tone.



International Front

- As per USDA September report, U.S. season-average soybean price is projected at \$9.00-\$11.00 per bushel v/s \$9.35-\$11.35 per bushel in August estimates, soybean meal prices are projected at \$330-\$370 per short ton v/s \$340-\$380 per short ton in August estimates and soybean oil prices are projected at 34-38 cents per pound v/s 35-39 cents per pound.
- 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.
- Informa has raised its soybean yield estimate to 48.5 bushels per acre from 46.5, and raised its production forecast to 4.017 billion bushels from 3.857 billion. The firm calculated harvested area for soybeans at 82.880 million acres. The projection compares to the U.S. Department of Agriculture's September forecasts for a soybean crop of 3.913 billion bushels with a yield of 46.6 bushels per acre.
- 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.

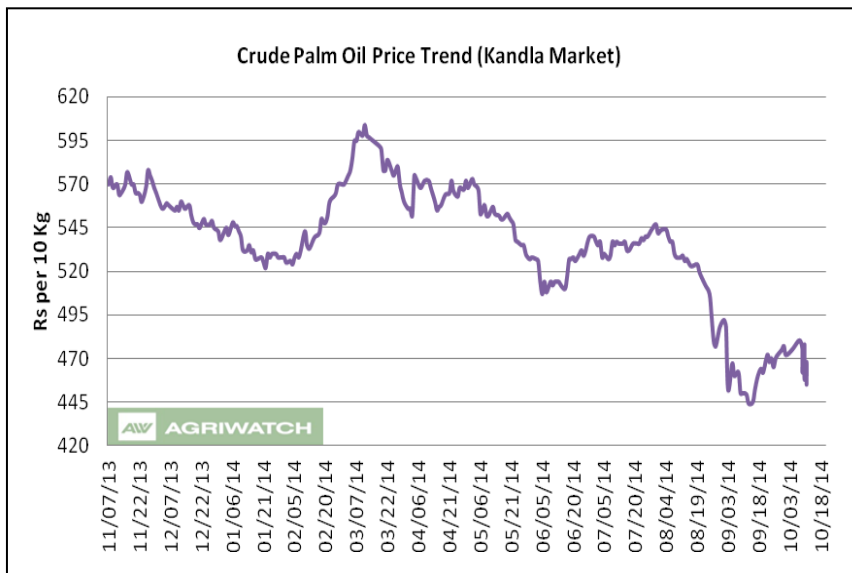
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 620-645 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla witnessed losses tracking bearish international palm oil market and losses at crude oil prices.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 1.207 lakh tons of crude palm oil and 0.232 lakh tons of RBD palmolein during 28 Sept.-05 Oct. 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.
- 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 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 slightly weak tone in the days ahead.



International Front

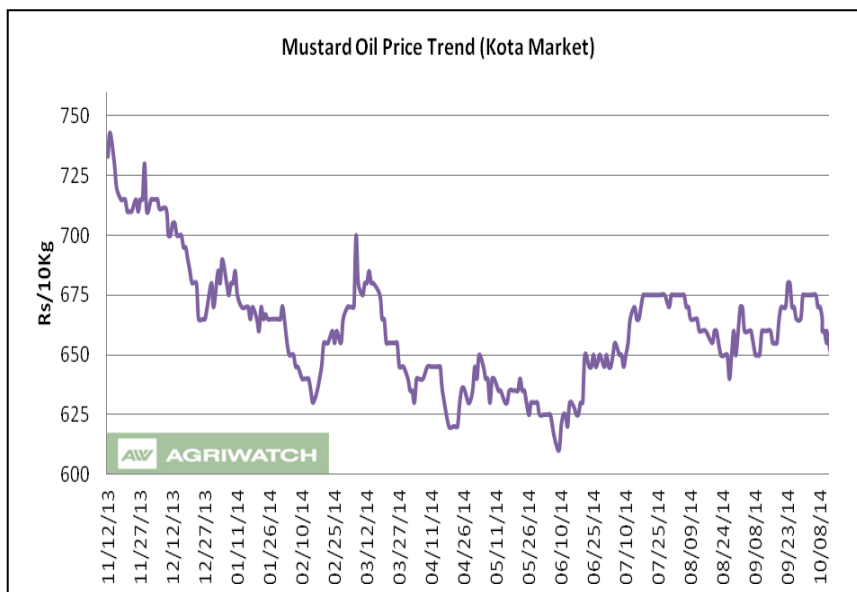
- Weekly review - CPO at BMD October ended lower on w-o-w basis due to bearish inventories data and losses in the crude oil prices. As per Intertek Testing Services, exports of Malaysia palm oil products during October 1-10 fell 18.9 per cent to 395,532 tons compared with 487,955 tons during September 1-10 due to weak overseas demand from the European Union and China.
- MPOB Report's Highlights - Malaysian palm oil inventories rose 1.8 percent to 2.08 million tons in September compared to the last month. Lower palm oil production and good exports figures ease the rising pace of inventories. On the production front, palm oil output fell by 6.6 percent to 1.89 million tons on m-o-m basis. Report was bearish for palm oil as market participants were expecting 2.02-2.05 MMT of palm oil inventories as of 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 caps to ringgit 2,000 per tons, if the Malaysian currency depreciates sharply - Dorab Mistry.
- 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 445-465 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady to weak tone at major cash market tracking dull demand and negative crush margins.
- Weakness in the international palm oil market, easing demand for edible oils from stockists in expectation of new oilseed supplies and higher mustard sowing expectation for 2014-15. However, losses were capped on diminishing mustard arrivals in the cash market, slow mustard seed selling by farmers and upcoming festivities in October. 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.
- On the international front, Strategie Grains has raised its estimate of European Union's rapeseed crop to 23.8 million tons from 23.2 million tons last month. We expect RM seed oil prices may trade range bound in the coming days.

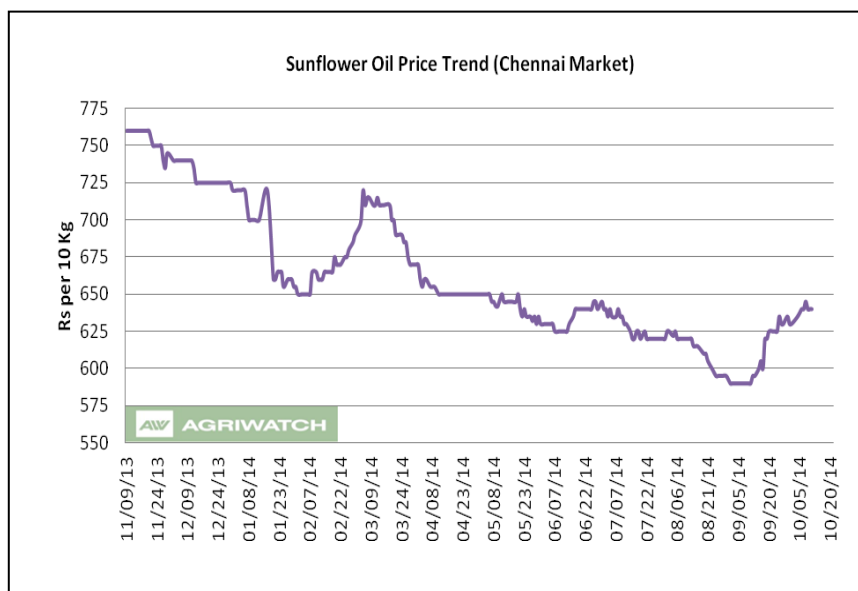


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 645-665 per 10 Kg.

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 better buying in spot market.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 0.66 lakh tons of crude sunflower oil during 28 September-05 October 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 890 per tons for



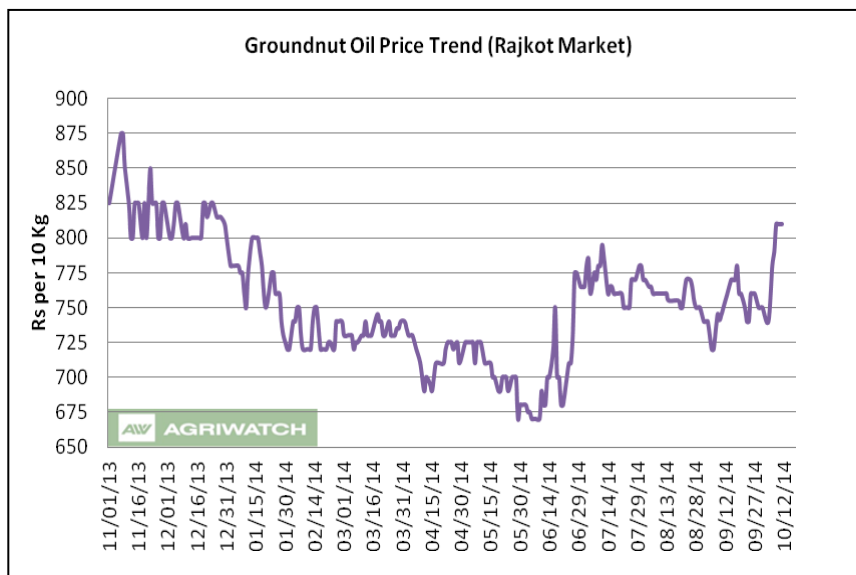
October delivery and Nov/Dec. delivery is quoted at US dollar 880 per tons. Moreover, crude sun oil at Kandla quoted at Rs 580 per 10 Kg and refined at Rs 640 per 10 Kg excluding taxes as on 08 Oct. 2014. Better buying enquiries witnessed for sunflower oil in the spot market due to upcoming festivities and recovery in the international sun oil market. 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.

- On the international front, as per Oil World, Russian sunflower seed yields averaged 1560 kg/hectare as of Oct. 1 v/s 1790 kg/ hectare last year. Farmers had collected crops about 3.4 million hectares. Moreover, Ukraine's average yield was 1780 kg/hectare as of Oct. 1, compared with yields of 2070 kg/hectares last year. Production front – USDA forecast Ukraine's sunflower seed output for 2014-15 at 10 million tons, down 13.79 percent from last year.
- We expect sunflower oil prices may trade range bound to slightly firm tone in the coming days.

Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 635-655 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:- **Domestic Front**

- Groundnut oil prices rose at its benchmark market (Rajkot) during the week tracking better buying against lower supplies..
- Sources revealed that lower availability of raw material for crushing and seasonal festive demand for groundnut lift up the prices and prices might remain firm for the coming days. Moreover, lower production figures compared to the last year support the market sentiments. New crop arrivals witnessed in the some markets with an inferior quality. However, arrivals are likely to pick up pace from mid October. 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.

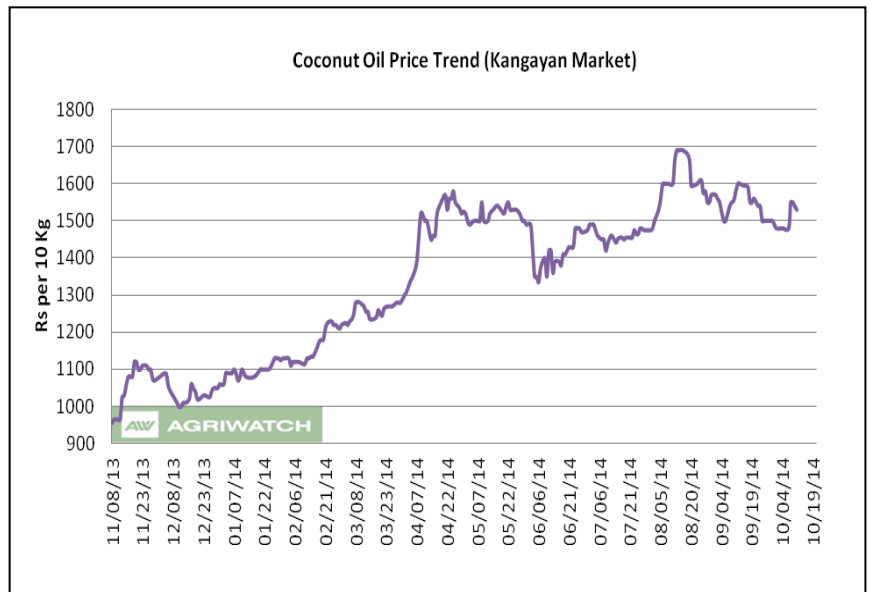
- As per Ministry of agriculture, area coverage as on 01 October 2014 during Kharif 2014 is lower by 13.7 percent to 37.21 lakh ha compared to corresponding period of Kharif 2013. State wise details - in Gujarat groundnut has been sown in 12.25 (16.60) lakh hectares, in AP sowing reached to 7.51 (8.96) 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.
- 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 790-835 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 1530 per 10 Kg, up 2.30 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.



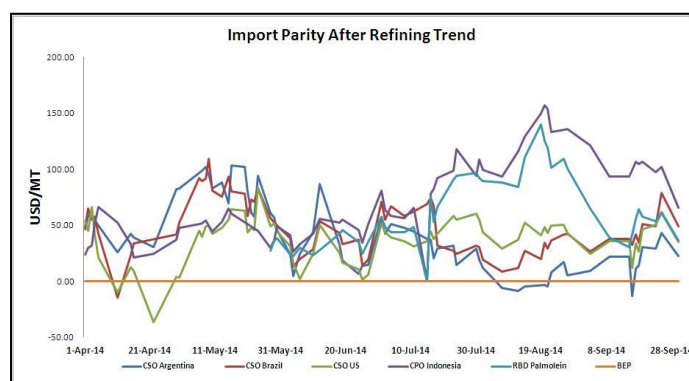
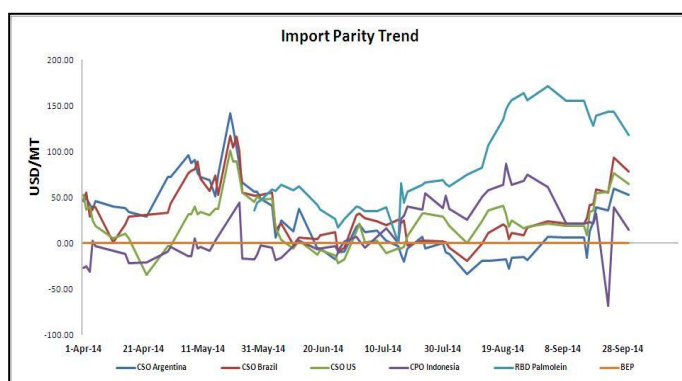
Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1480-1550 per 10 Kg.

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

Landed Cost Calculation as on 08/10/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	785	775	785	680	705
Freight (USD/MT)	80	72	70	35	35.0
C & F	865.0	847.0	855.0	715.0	740.0
Weight loss (0.25% of FOB)	1.96	1.94	1.96	1.70	1.76
Finance charges (0.4% on CNF)	3.46	3.39	3.42	2.86	2.96
Insurance (0.3% of C&F)	3	3	3	2	2
CIF (Indian Port - Kandla)	873	855	863	722	747
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	61.46	61.46	61.46	61.46	61.46
Landed cost without customs duty in INR per ton	53656	52540	53037	44356	45907
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	55747	54631	55128	46213	51455
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	58500	58500	58500	46800	59300
Total landed cost USD per ton	907	889	897	752	837
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	952	952	952	761	965
Parity INR/MT (Domestic - Landed)	2753	3869	3372	587	7845
Parity USD/MT (Domestic - Landed)	44.80	62.95	54.87	9.56	127.64

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	60846.56	59731.00	60227.66	52212.70	54255.13
Soy/Palm oil imported Price (Including tax)	63888.89	62717.55	63239.04	54823.33	56967.88
Loose price of Soy/Palm in Indore and Delhi market	65625.00	65625.00	65625.00	59325.00	59325.00
Parity after processing and Taxes (Rs per MT)	1736.11	2907.45	2385.96	4501.67	2357.12
Parity after processing and Taxes (USD per MT)	28.25	47.31	38.82	73.25	38.35
Source: Agriwatch					

Import Parity Trend



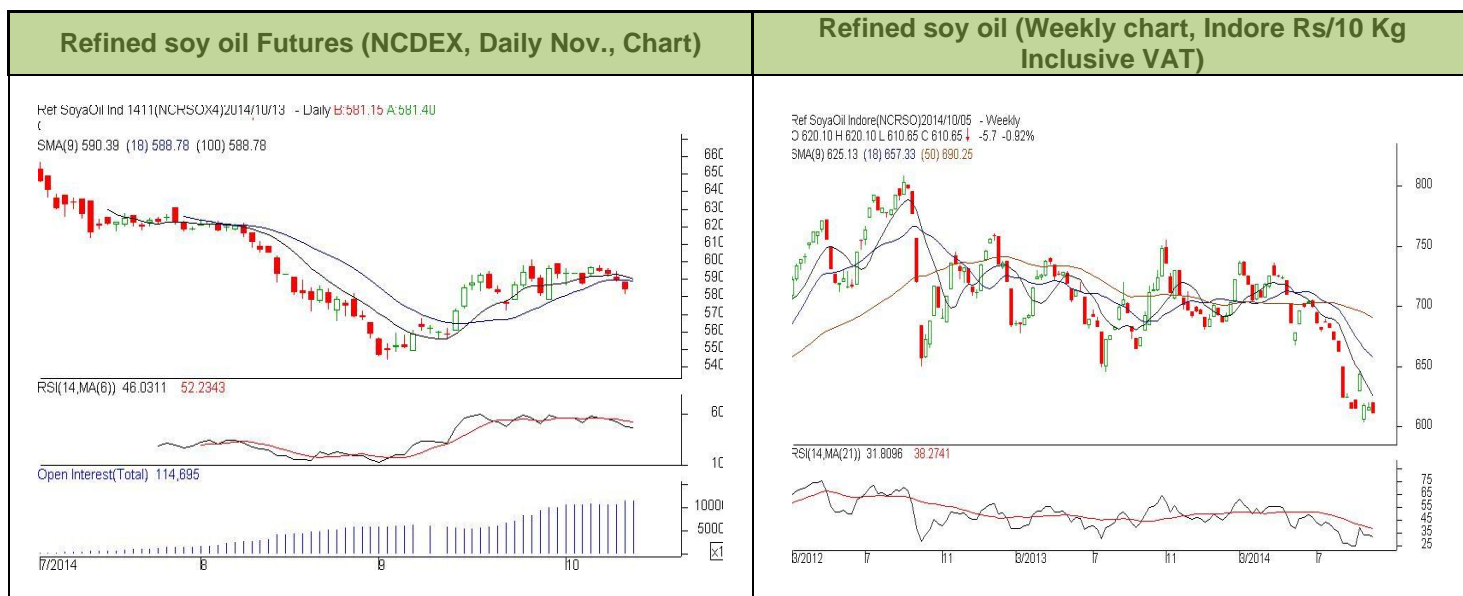
Import Parity After Refining in US dollar per tons (Monthly Average)

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

- ❖ Weekly chart of refined soy oil at NCDEX depicts losses. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close below 586.90 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 583.00-574.00 level in near to medium term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

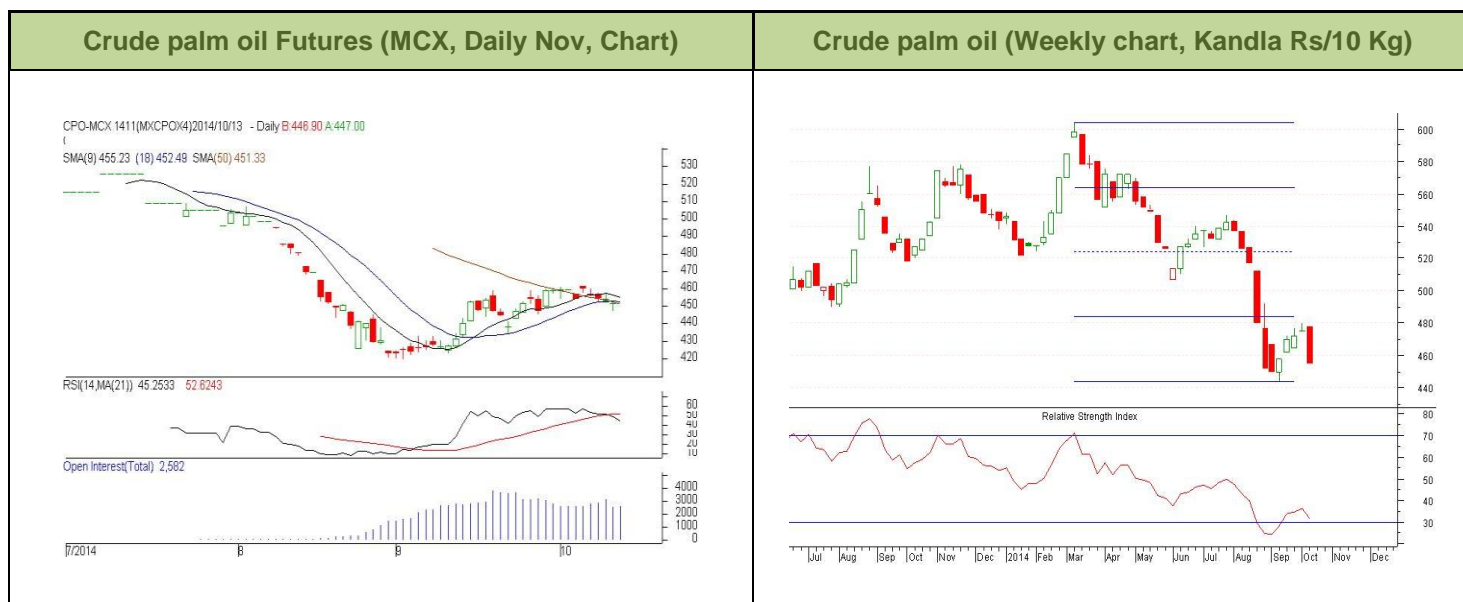
Strategy: Market participant are advised to go short in RSO below 583 levels for a target of 576.50 and 574.00 with a stop loss at 586.90 on closing basis.

RSO NCDEX (November)

Support and Resistance				
S2	S1	PCP	R1	R2
568.00	572.00	583.95	595.00	599.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 620-645 per 10 Kg.

Technical Analysis (Crude Palm oil)



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

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts consolidation in the prices. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close below 455.20 in weekly chart shall change the sentiments and might bring the prices to a bullish tone.
- ❖ Expected price band for next week is 451-442 level. RSI is in oversold region zone suggesting range bound movement in the coming week.

Strategy: Market participants are advised to go short in CPO below 451.00 for a target of 444.00 and 442.00 with a stop loss at 455.20 on closing basis.

CPO MCX (November)

Support and Resistance				
S2	S1	PCP	R1	R2
436.00	441.00	451.60	462.00	468.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 445-465 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		10-Oct-14	3-Oct-14	
Refined Soybean Oil	Kota	620	625	-5
	Rajkot	600	605	-5
	Delhi	660	665	-5
	Mumbai	620	622	-2
	Indore	620	625	-5
	Kandla/Mundra	605	615	-10
	Kolkata	590	590	Unch
	Indore (Soy Solvent Crude)	575	585	-10
	Mumbai (Soy Degum)	577	580	-3
	Kandla/Mundra (Soy Degum)	575	588	-13
	Akola	673	670	3
	Amrawati	672	669	3
	Jalna	679	683	-4
	Nagpur	675	673	2
	Alwar	NA	NA	-
	Solapur	687	686	1
	Bundi	620	627	-7
	Dhule	681	684	-3
Palm Oil	Rajkot	505	515	-10
	Hyderabad	513	537	-24
	Delhi	560	565	-5
	Kandla (Crude Palm Oil)	458	480	-22
	Kandla (RBD Palm oil)	500	500	Unch
	Mumbai RBD Pamolein	515	525	-10
	Kandla RBD Pamolein	505	520	-15
	Mangalore RBD Pamolein	520	522	-2
	Chennai RBD Pamolein	520	520	Unch
	Kakinada RBD Pamolein	510	517	-7
	KPT (krishna patnam)	502	512	-10
	Haldia	505	512	-7
	PFAD (Kandla)	425	420	5
	Refined Palm Stearin (Kandla)	425	420	5
Refined Sunflower Oil	Mumbai	640	630	10
	Mumbai(Expeller Oil)	580	575	5
	Kandla/Mundra (Crude)	575	575	Unch

	Erode (Expeller Oil)	670	675	-5
	Hyderabad (Ref)	646	637	9
	Chennai	640	630	10
	Latur (Expeller Oil)	642	640	2
	Chellakere (Expeller Oil)	585	575	10
Groundnut Oil	Rajkot	810	750	60
	Chennai	800	800	Unch
	Delhi	760	770	-10
	Hyderabad *	850	850	Unch
	Mumbai	840	800	40
	Gondal	800	740	60
	Jamnagar	800	750	50
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	690	694	-4
	Sri-GangaNagar(Exp Oil)	680	690	-10
	Alwar (Expeller Oil)	725	720	5
	Kota (Expeller Oil)	655	665	-10
	Jaipur (Expeller Oil)	691	697	-6
	New Delhi (Expeller Oil)	710	718	-8
	Hapur (Expeller Oil)	725	730	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	715	725	-10
	Kota (Kacchi Ghani Oil)	740	730	10
	Jaipur (Kacchi Ghani Oil)	725	738	-13
	Agra (Kacchi Ghani Oil)	750	745	5
	Bharatpur (Kacchi Ghani Oil)	745	740	5
	Neewai (Kacchi Ghani Oil)	702	720	-18
	Hapur (Kacchi Ghani Oil)	755	760	-5
Refined Cottonseed Oil	Mumbai	635	635	Unch
	Rajkot	633	628	5
	New Delhi	580	600	-20
	Hyderabad	600	600	Unch
Coconut Oil	Kangayan (Crude)	1540	1480	60
	Cochin	1510	1530	-20
	Trissur	1510	1470	40
Sesame Oil	New Delhi	850	835	15
	Mumbai	860	870	-10



Kardi	Mumbai	875	875	Unch
Rice Bran Oil (40%)	New Delhi		NA	-
Rice Bran Oil (4%)	Punjab	550	555	-5
Rice Bran Oil (4%)	Uttar Pradesh	550	555	-5
Malaysia Palmolein USD/MT	FOB	695	705	-10
	CNF India	730	745	-15
Indonesia CPO USD/MT	FOB	675	680	-5
	CNF India	710	720	-10
Ukraine Origin CSFO USD/MT Kandla	CIF	890	860	30
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	655	655	Unch
Argentina FOB (\$/MT)		9-Oct-14	1-Oct-14	Change
Crude Soybean Oil Ship		784	769	15
Refined Soy Oil (Bulk) Ship		811	795	16
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		764	749	15
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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