

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed steady tone during the week owing to need based buying, and gains in the crude oil prices. However, strong Indian rupee against USD limits the upside.

On the currency front, Indian rupee against USD closed at 61.16, up 0.44 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 & South American 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 at lower quotes may curb excessive losses.

Recommendation:

Weekly Call - Market participant are advised to go long in RSO below 581 levels for a target of 588 and 590 with a stop loss at 576.80 on closing basis go long in CPO above 445 for a target of 452 and 454.50 with a stop loss at 440.80 on closing basis.

International Veg. Oil Market Summary

Societe Generale de Surveillance (SGS) reported that Malaysia's palm oil exports during October 1 to 20 decreased 11.4 per cent to 884,628 compared with 998,689 during September 1 to 20.

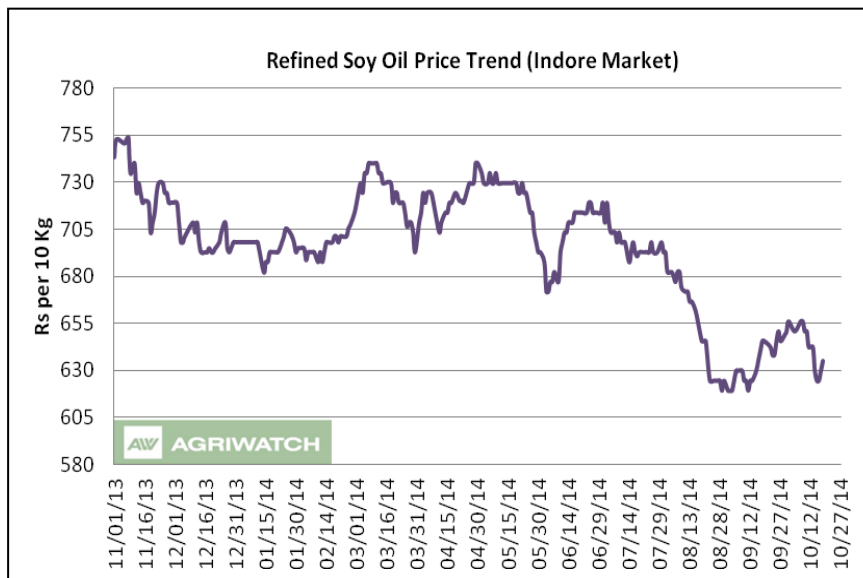
On the international front, record US soybean production forecast for 2014/15, soybean harvesting pressure and in expectation of higher soybean sowing in South American countries favors the bears. However, renewed demand at lower quotes may curb the excessive losses in soy complex.

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 1.78 lakh tons of crude soybean oil during 28 September-19 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.
- Production front - USDA projected India's soybean production at 110 lakh tons and 16.1 lakh tons of soybean oil for 2014-15 MY. However, 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. India's vegetable oils imports during September 2014 are reported at 1,047,620 tons, up 21 percent on Y-o-Y basis consisting of 1,018,767 tons of edible oils and 28,853 tons on non-edible oils. During the current oil year, import of vegetable oils during Nov. '13 to Sept. '14 is reported at 10,572,994 tons, compared to 9,656,300 tons. up by 9.5%. Base import price crude soybean oil is sets at USD 852 per tons
- We expect soy oil may trade with a steady to slightly firm tone.



International Front

- Brazilian soybean planting reached to 10 percent of the total estimated acreage for 2014-15, up 3 points from previous week. However, dry spells over key soybean producing regions of Brazil curb the planting pace. Last year same period farmers had planted 19 percent and 5 years average planting pace was 20 percent. USDA forecast soybean production in Brazil for 2014/15 at 94 million tons, up 7.3 million tons from last year - Agrural.
- As per Rosario grain exchange, Argentina's farmer may sow 20.6-20.9 million hectares of soybean in the 2014-15 seasons, up from 20.2 million hectares last year. Sowing prospects looks better owing to favorable weather over key soybean growing regions of Argentina.
- China, purchased 5.03 million tons of soybeans in September, down 16.6 percent lower from previous month in expectations of poor processing margins - General Administration of Customs of China
- 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 compared 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, renewed demand at lower quotes may curb the excessive losses in soy complex.

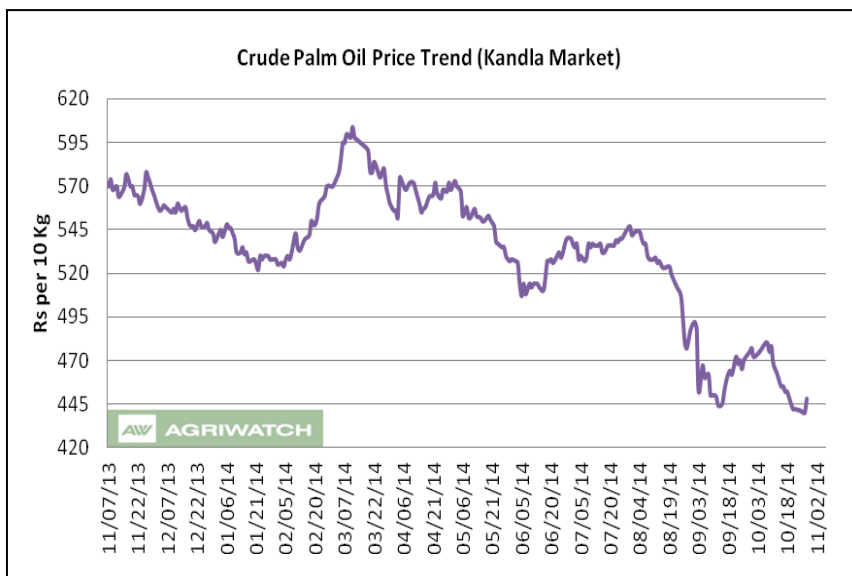
Price Outlook:

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 5.55 lakh tons of crude palm oil and 1.17 lakh tons of RBD palmolein during 29 Sept.-19 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.
- On the parity front, currently refiners get US \$50-55/tons margin in processing the imported CPO but on the imports of ready to use palmolein gets US \$15-20/tons parity. Parity in palm oil products during the last 1-2 weeks fell compared early October. Palm oil imports may soften from mid October due to new oilseeds supplies likely to pick up pace in the days ahead.
- We expect palm oil likely to trade range bound to slightly firm tone in the days ahead.



International Front

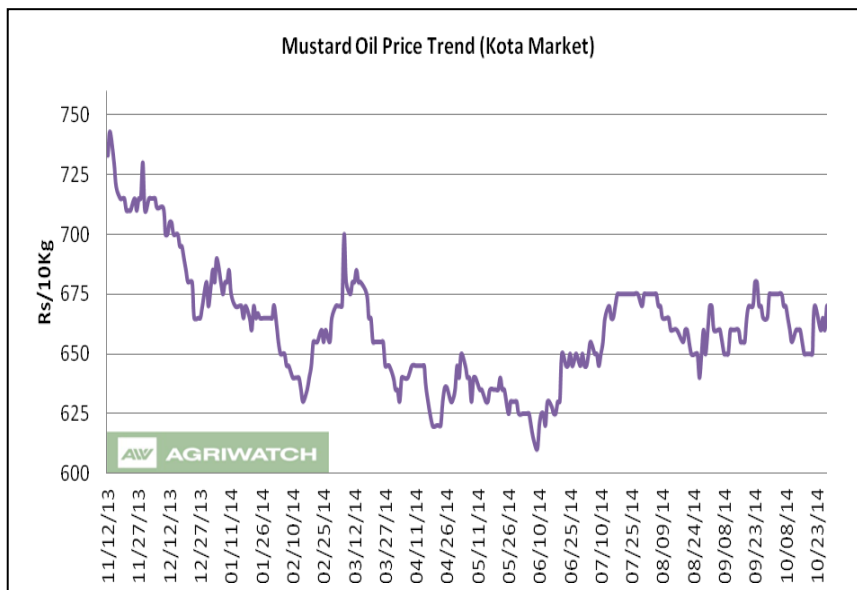
- Weekly review - Societe Generale de Surveillance (SGS) reported that Malaysia's palm oil exports during October 1 to 20 decreased 11.4 per cent to 884,628 compared with 998,689 during September 1 to 20.
- As per IPOA, Indonesia is likely to keep its export tax on crude palm oil at zero for November to give the market a boost and curb inventories. Meanwhile, Malaysia exempted the export taxes on crude palm oil from September until the end of December.
- 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.
- 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 435-455 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady tone at major cash market tracking dull demand and new oilseed pressure.
- Ministry of Agriculture pegged 112 lakh tons of Rabi oilseed production target for 2014-15 season. While, last year Rabi oilseeds output was 105 lakh tons.
- 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 and slow mustard seed selling by farmers. 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.
- 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.

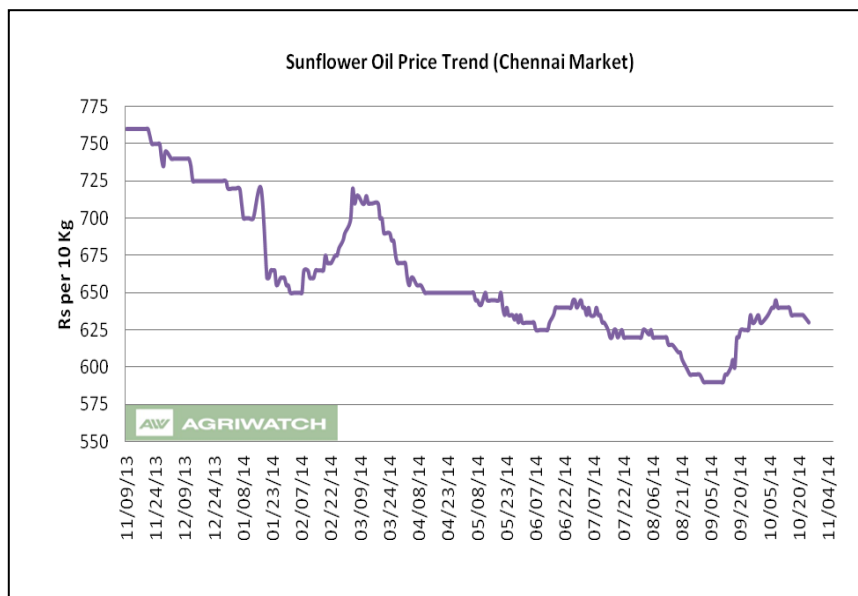


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 655-678 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured steady to slightly weak tone at its benchmark market Chennai during the week owing to losses in the edible oil complex.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 1.24 lakh tons of crude sunflower oil during 29 September-19 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.
- On the domestic front, sunflower oil CIF prices (Ukraine origin) eased during the second half of October. Prices quoted around USD 860-870 per tons, down USD 20-25 per tons compared to the first fifteen days of October. Currently sunflower oil CIF prices is offered at premium of USD 50-55 per tons compared to the CIF Argentina's origin soy oil price for Nov. delivery. As per Oil World, global sunflower seed production is estimated at 40.6 million tons v/s with 42.6 million tons in 2013-14. Combining sunflower seed production in former Soviet Union countries is seen at 20.5



million tons v/s 22.4 million tons last year. Moreover, Ukraine's sun seed output is forecast at 10 million tons, down one million tons and the Russian sun seed output may slip to 9.2 million tons, down 0.8 million tons as compared to the last year.

- 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.
- We expect sunflower oil prices may trade range bound to slightly firm tone in the coming days.

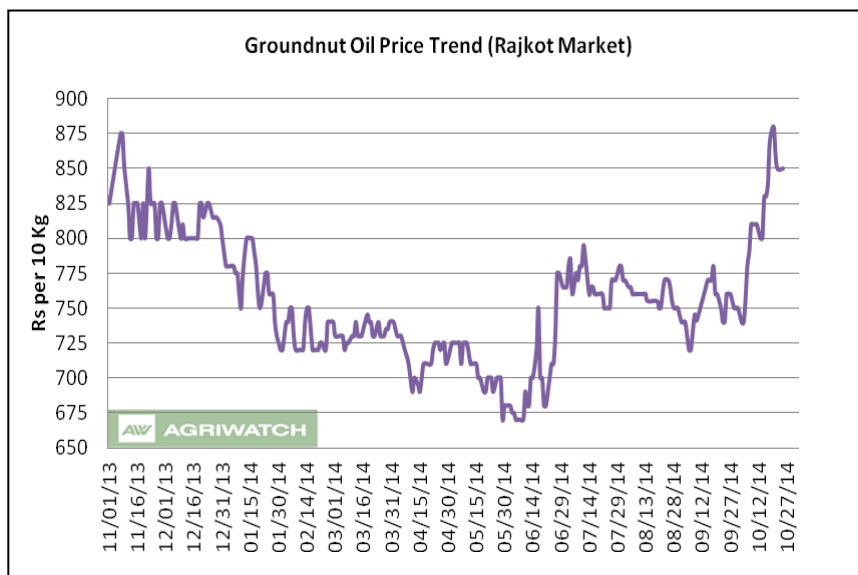
Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 618-635 per 10 Kg.

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. However, prices consolidate on profit booking.
- Lower availability of raw material for crushing, better buying from stockists and seasonal festive demand for groundnut may lift the prices further. New crop arrivals witnessed in the some markets with an inferior quality. However, arrivals are likely to pick up pace after Diwali.
- According to latest estimates released by Solvent Extractors Association of India, Gujarat's kharif groundnut output for 2014-15 forecast at 14.35 lakh tons due to erratic rainfall and lower acreage under groundnut. Lower availability of raw material for crushing, better buying from stockists and seasonal festive demand for groundnut may lift the prices further for short term.
- 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

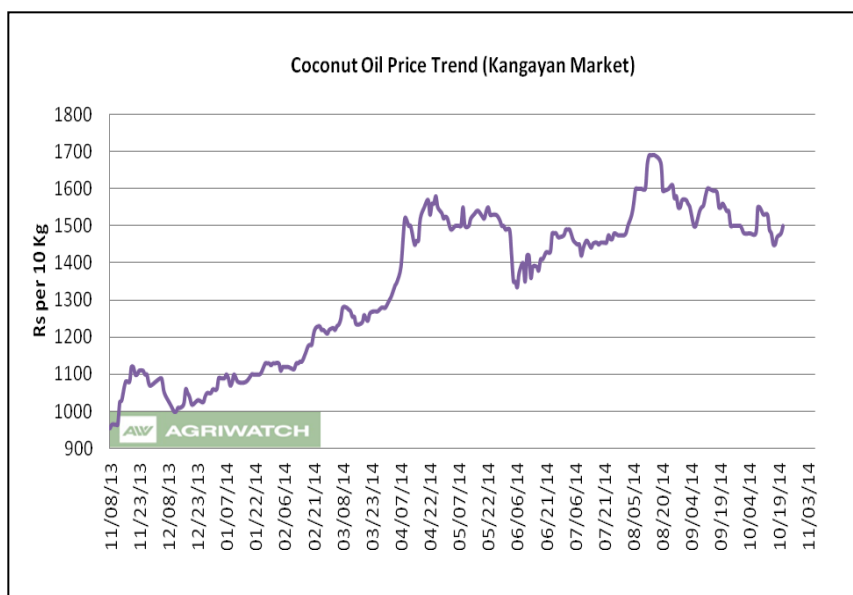
Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 825-875 per 10 Kg.



Coconut Oil Fundamental Review and Analysis:-

Domestic Front

- Coconut oil featured slight gains at its benchmark market Kangayan during the week.
- Coconut oil at Kangayan market ended at Rs 1490 per 10 Kg, down 0.81 percent on w-o-w average basis. Need based demand during the festivities support the market sentiments for short term. However, Losses in the competing oil prices copra season supplies likely to curb excessive gains.
- As per COMA, solvent extractors have started importing copra meal from South East Asian countries to meet the local demand. 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.



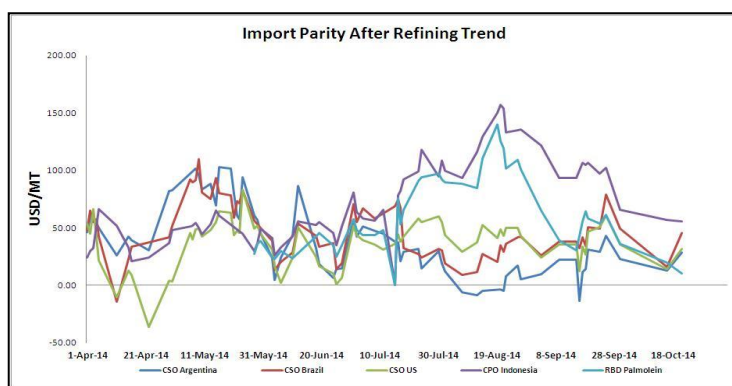
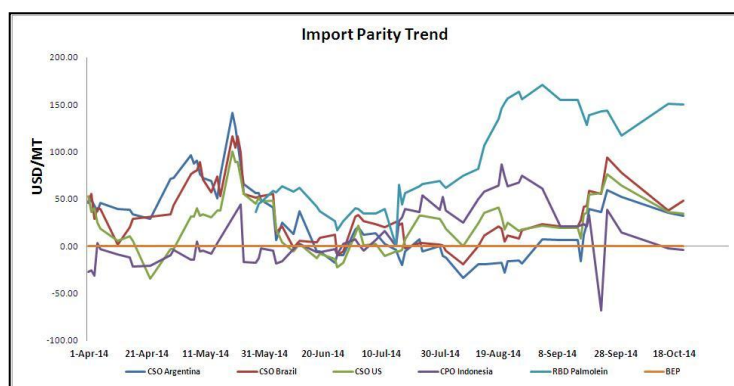
Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1450-1525 per 10 Kg.

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

Landed Cost Calculation as on 21/10/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	747	739	754	650	685
Freight (USD/MT)	80	72	70	35	35.0
C & F	827.0	811.0	824.0	685.0	720.0
Weight loss (0.25% of FOB)	1.87	1.85	1.89	1.63	1.71
Finance charges (0.4% on CNF)	3.31	3.24	3.30	2.74	2.88
Insurance (0.3% of C&F)	2	2	2	2	2
CIF (Indian Port - Kandla)	835	819	832	691	727
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	61.29	61.29	61.29	61.29	61.29
Landed cost without customs duty in INR per ton	51156	50167	50972	42377	44543
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	53247	52258	53063	44234	50091
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	55200	55200	55200	44000	59300
Total landed cost USD per ton	869	853	866	722	817
Domestic Market price USD/tons Soy Degum Kandla/	901	901	901	718	968

CPO Kandla 5%					
Parity INR/MT (Domestic - Landed)	1953	2942	2137	-234	9209
Parity USD/MT (Domestic - Landed)	31.86	48.00	34.87	-3.82	150.26
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	58347.00	57358.27	58162.92	50233.84	52890.70
Soy/Palm oil imported Price (Including tax)	61264.35	60226.18	61071.06	52745.53	55535.23
Loose price of Soy/Palm in Indore and Delhi market	63000.00	63000.00	63000.00	56175.00	56175.00
Parity after processing and Taxes (Rs per MT)	1735.65	2773.82	1928.94	3429.47	639.77
Parity after processing and Taxes (USD per MT)	28.32	45.26	31.47	55.95	10.44
Source: Agriwatch					

Import Parity Trend

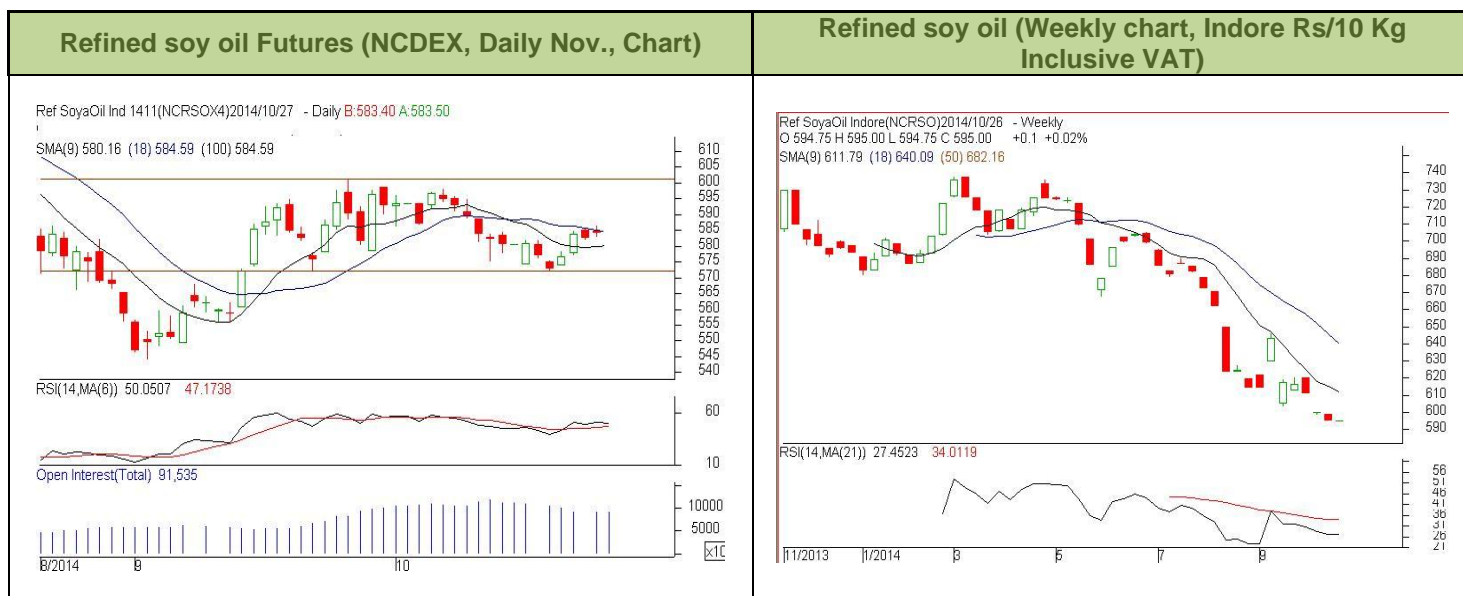


Import Parity After Refining in US dollar per tons (Monthly Average)

	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 slight gains. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 576.80 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 581-590 level in near to medium term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

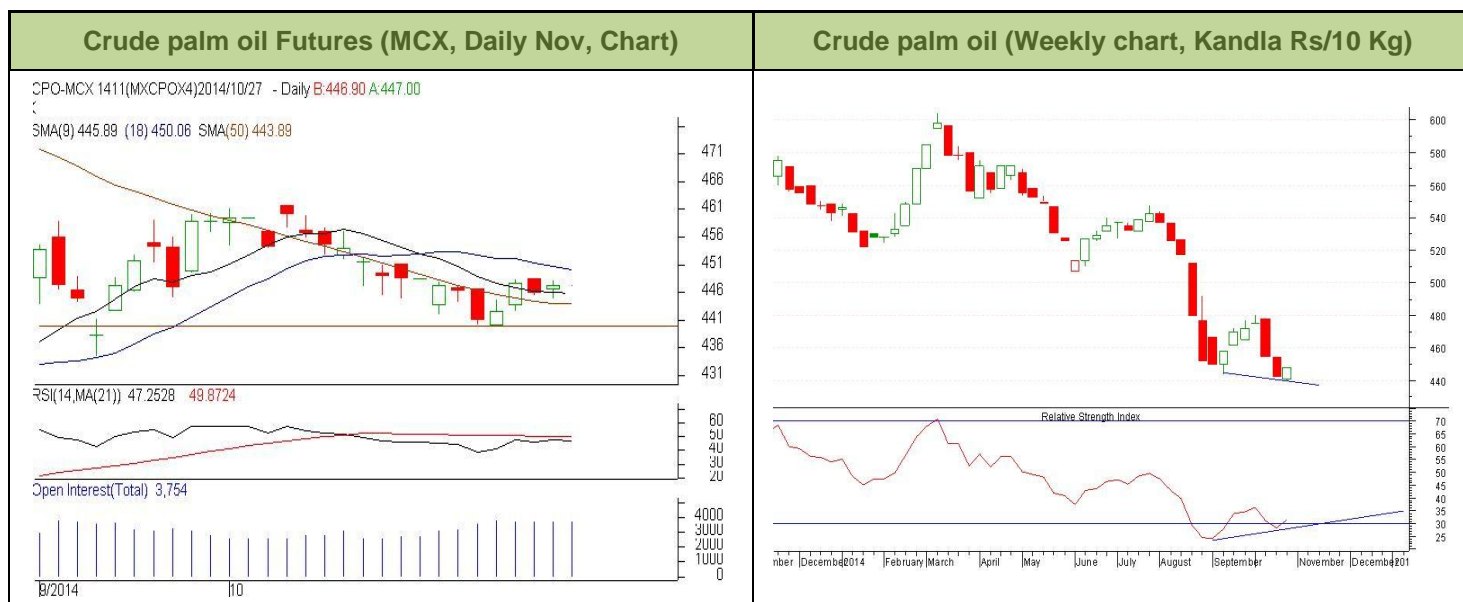
Strategy: Market participant are advised to go long in RSO below 581 levels for a target of 588 and 590 with a stop loss at 576.80 on closing basis.

RSO NCDEX (November)

Support and Resistance				
S2	S1	PCP	R1	R2
569.00	573.00	584.05	595.00	601.00

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 slightly firm tone during the week. We expect CPO Nov. contract may trade sideways to slightly firm note.

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts consolidation in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 440.80 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 445-454.50 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 445 for a target of 452 and 454.50 with a stop loss at 440.80 on closing basis.

CPO MCX (November)

Support and Resistance				
S2	S1	PCP	R1	R2
434.00	438.00	447.20	457.00	461.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 435-455 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		22-Oct-14	17-Oct-14	
Refined Soybean Oil	Kota	600	605	-5
	Rajkot	575	577	-2
	Delhi	635	650	-15
	Mumbai	610	610	Unch
	Indore	595	600	-5
	Kandla/Mundra	575	590	-15
	Kolkata	580	585	-5
	Indore (Soy Solvent Crude)	560	560	Unch
	Mumbai (Soy Degum)	550	558	-8
	Kandla/Mundra (Soy Degum)	545	555	-10
	Akola	649	637	12
	Amrawati	647	636	11
	Jalna	660	650	10
	Nagpur	652	640	12
	Alwar	NR	615	-
	Solapur	660	648	12
	Bundi	600	600	Unch
	Dhule	659	645	14
Palm Oil	Rajkot	485	488	-3
	Hyderabad	513	508	5
	Delhi	535	550	-15
	Kandla (Crude Palm Oil)	440	442	-2
	Kandla (RBD Palm oil)	470	470	Unch
	Mumbai RBD Pamolein	505	505	Unch
	Kandla RBD Pamolein	490	490	Unch
	Mangalore RBD Pamolein	512	510	2
	Chennai RBD Pamolein	512	510	2
	Kakinada RBD Pamolein	490	490	Unch
	KPT (krishna patnam)	485	485	Unch
	Haldia	492	495	-3
	PFAD (Kandla)	395	400	-5
	Refined Palm Stearin (Kandla)	400	400	Unch
Refined Sunflower Oil	Mumbai	635	635	Unch
	Mumbai(Expeller Oil)	555	560	-5

	Kandla/Mundra (Crude)	555	560	-5
	Erode (Expeller Oil)	660	665	-5
	Hyderabad (Ref)	641	646	-5
	Chennai	635	635	Unch
	Latur (Expeller Oil)	631	635	-4
	Chellakere (Expeller Oil)	575	570	5
Groundnut Oil	Rajkot	850	840	10
	Chennai	780	780	Unch
	Delhi	740	750	-10
	Hyderabad *	850	850	Unch
	Mumbai	880	860	20
	Gondal	840	820	20
	Jamnagar	850	850	Unch
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	690	685	5
	Sri-GangaNagar(Exp Oil)	690	685	5
	Alwar (Expeller Oil)	730	725	5
	Kota (Expeller Oil)	670	660	10
	Jaipur (Expeller Oil)	692	688	4
	New Delhi (Expeller Oil)	725	722	3
	Hapur (Expeller Oil)	730	725	5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	720	710	10
	Kota (Kacchi Ghani Oil)	722	725	-3
	Jaipur (Kacchi Ghani Oil)	728	727	1
	Agra (Kacchi Ghani Oil)	740	747	-7
	Bharatpur (Kacchi Ghani Oil)	745	742	3
	Neewai (Kacchi Ghani Oil)	710	710	Unch
	Hapur (Kacchi Ghani Oil)	755	750	5
Refined Cottonseed Oil	Mumbai	627	630	-3
	Rajkot	620	630	-10
	New Delhi	597	612	-15
	Hyderabad	610	610	Unch
Coconut Oil	Kangayan (Crude)	Closed	1450	-
	Cochin	1490	1490	Unch
	Trissur	1457	1465	-8
Sesame Oil	New Delhi	835	850	-15

	Mumbai	860	860	Unch
Kardi	Mumbai	875	875	Unch
Rice Bran Oil (40%)	New Delhi	NA	455	-
Rice Bran Oil (4%)	Punjab	510	540	-30
Rice Bran Oil (4%)	Uttar Pradesh	510	540	-30
Malaysia Palmolein USD/MT	FOB	685	673	12
	CNF India	700	700	Unch
Indonesia CPO USD/MT	FOB	650	650	Unch
	CNF India	680	680	Unch
Ukraine Origin CSFO USD/MT Kandla	CIF	865	865	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	650	650	Unch
Argentina FOB (\$/MT)		23-Oct-14	16-Oct-14	Change
Crude Soybean Oil Ship		762	764	-2
Refined Soy Oil (Bulk) Ship		789	790	-1
Sunflower Oil Ship		850	NA	-
Cottonseed Oil Ship		742	744	-2
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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