

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed steady to firm tone during the week owing to better buying, weak Indian rupee against US dollar and gains in the CBOT soy complex.

On the currency front, Indian rupee against USD closed at 61.35, down 0.32 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 in expectation of new oilseeds arrivals may pressurize the market. However, demand from wholesalers at lower quotes may curb excessive losses.

Recommendation:

Weekly Call - Market participant are advised to go long in RSO below 604 levels for a target of 612.50 and 614.50 with a stop loss at 598.90 on closing basis and go long in CPO above 462.50 for a target of 471.00 and 472.50 with a stop loss at 457.40 on closing basis.

International Veg. Oil Market Summary

Exports of Malaysian palm oil products for October fell 2.0 percent to 1,463,982 tonnes from 1,494,371 tonnes shipped during September - cargo surveyor Societe Generale de Surveillance.

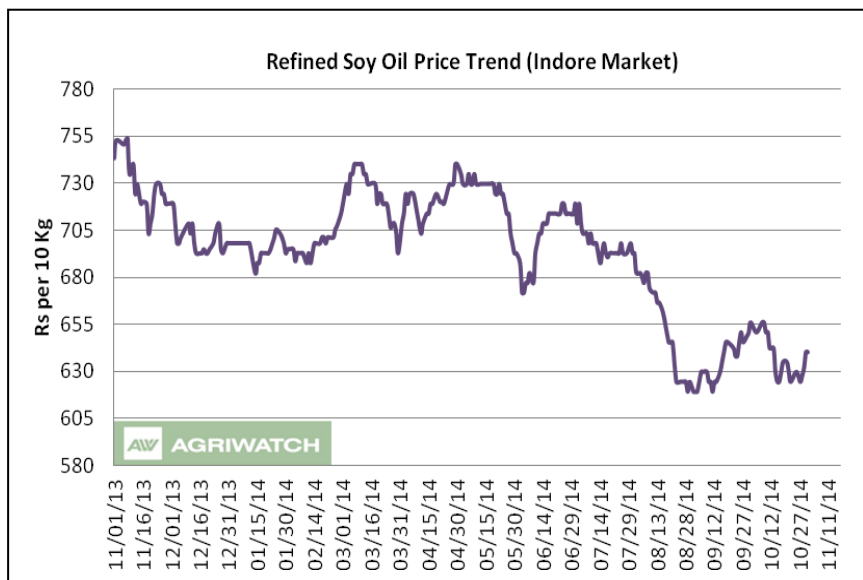
On the international front, record US soybean production forecast for 2014/15, soybean harvesting pressure and in expectation of higher soybean sowing in South American countries favors the bears. However, renewed demand at lower quotes may curb the excessive losses in soy complex.

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 US 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 bullish cues from international veg. oil market and recovery in the CBOT soybean complex.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported around 2.134 lakh tons of crude soybean oil during 29 September-26 October, majorly from Argentina and Brazil. However, crude degummed soybean oil imports reached to 17.32 lakh tons during Nov.-September 2014, up 74.24 percent from same period of the last year.
- Lower soybean arrivals noticed on y-o-y basis in October due to delay in soybean harvesting, which support the market sentiments. As per sources, soybean harvesting in Maharashtra and Rajasthan reached to 45 and 30 percent of the total estimated area for 2014/15 respectively. Soybean supplies are likely to pick up pace in the coming days which could curb the bulls in the coming days. on the parity front,
- 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.
- We expect soy oil may trade with a steady to slightly firm tone.



International Front

- Argentina is expected to seed 20.6 million hectares with soybeans in the 2014/15 season. The United States Department of Agriculture (USDA) forecasts a record high 2014/15 Argentine soybean crop of 55 million tonnes, up from 54 million tonnes in 2013/14.
- USDA reports that soybean harvesting reached at 70 percent as of 26 October 2014, down 5 percent from last year of the same period. USDA projected US soybean production output at 106.87 million tons, up 16.95 percent on y-o-y basis.
- US agricultural attaché forecasts Brazil to produce 94 million tons of soybeans in 2015, up 7.3 million tons from 2014. Soybean exports in 2015/16 are projected at 47.0 million tons v/s 46.5 million tons last year.
- 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.

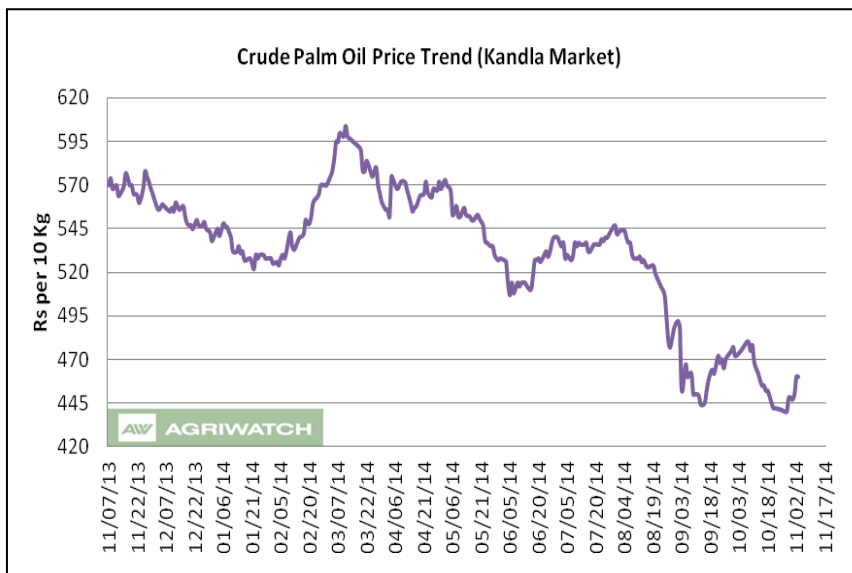
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 615-640 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 expectation of good demand in the coming days.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 7.66 lakh tons of crude palm oil and 1.64 lakh tons of RBD palmolein during 29 September-26 October. majorly from Malaysia and Indonesia. Meanwhile, SEA of India revealed that during the current oil year (Nov-Oct) 2013-14, Indian buyers imported 55.40 lakh tons of CPO and 14.33 lakh tons of RBD palmolein till September.
- CNF CPO at Indian port is quoted at USD 725 per tons for November delivery v/s USD 735 per tons for December delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 755 per tons and USD 765 per tons for November & December delivery respectively. High sea CPO prices quoted at Rs 460 per 10 Kg on 31 October.
- On the parity front, currently refiners get US \$50-60/tons v/s US \$100-120/tons (last month) margin in processing the imported CPO but on the imports of ready to use palmolein gets US \$10-20/tons v/s US \$30-50/tons (last month) parity. Palm oil imports may soften in November in expectation of higher oilseeds supplies in the coming days and adequate stock position.
- We expect palm oil likely to trade range bound to slightly firm tone in the days ahead.



International Front

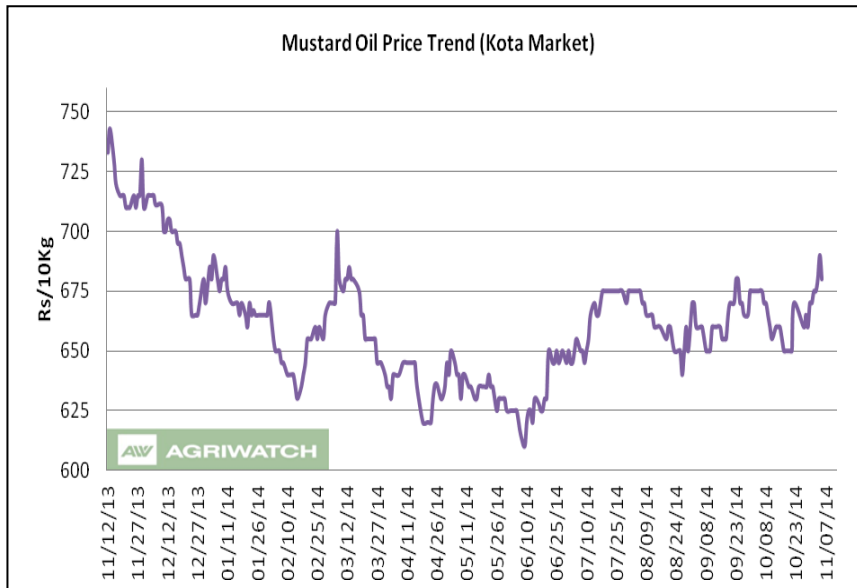
- Weekly review - Exports of Malaysian palm oil products for October fell 2.0 percent to 1,463,982 tonnes from 1,494,371 tonnes shipped during September - cargo surveyor Societe Generale de Surveillance. India imported 335,829 tons of palm oil products from Malaysia during October.
- As per Malaysian Palm Oil Board (MPOB), Malaysian palm oil stocks could drop 14 percent at end-2014 to 1.8 million tons from the 2.09 million tons hit at end-September. Moreover, ending stocks for 2015 projected at 1.7 million tons. On the production front, Malaysian palm oil production may rise to 20.5 million tons in 2015.
- Malaysia will lift its mandate for biodiesel to use 7 percent palm oil in stages from November onwards, up from 5 percent now. As per Malaysian commodity minister, implementation of B7 program from November will lead to saving of 667.6 million liters of diesel a year.
- As per Thomas Mielke, palm oil futures could rise to between 2,300 ringgit and 2,500 ringgit per tons in the first quarter of next year. However, if Brent crude oil price correct below USD 75 per barrels may lead to losses in the CPO prices too but unlikely to drop below 2,000 ringgit a tons.
- Indonesia kept 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. 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 US 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 440-465 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady to firm tone at major cash market in line with the other competing oils.
- Cabinet Committee on Economic Affairs has approved the MSP for Rabi Oilseeds Crops of 2014-15 season to be marketed in 2015-16 as follows: MSP of Rapeseed/Mustard is raised by Rs. 50/Qtl to Rs. 3100/Qtl from Rs. 3050/Qtl earlier and for Safflower too it is increased by Rs. 50/Qtl to Rs. 3050/Qtl from Rs. 3000/Qtl in 2013-14.
- On the planting front, Indian farmers have been sown 18.64 lakh hectares of mustard seed (2014-15 crop year) as on 30 Oct. 2014, which was 4.56



lakh ha. higher compared to the last year same period. State wise details - in Rajasthan has been sown in 9.07 (11.88) lakh hectares, in MP sowing reached at 3.80 (0.00) lakh hectares and in UP sowing reached to 4.91 (0.00) lakh hectares. Values in bracket were last year same period figures. Three states above together account 70 percent of the total normal Rabi mustard acreage.

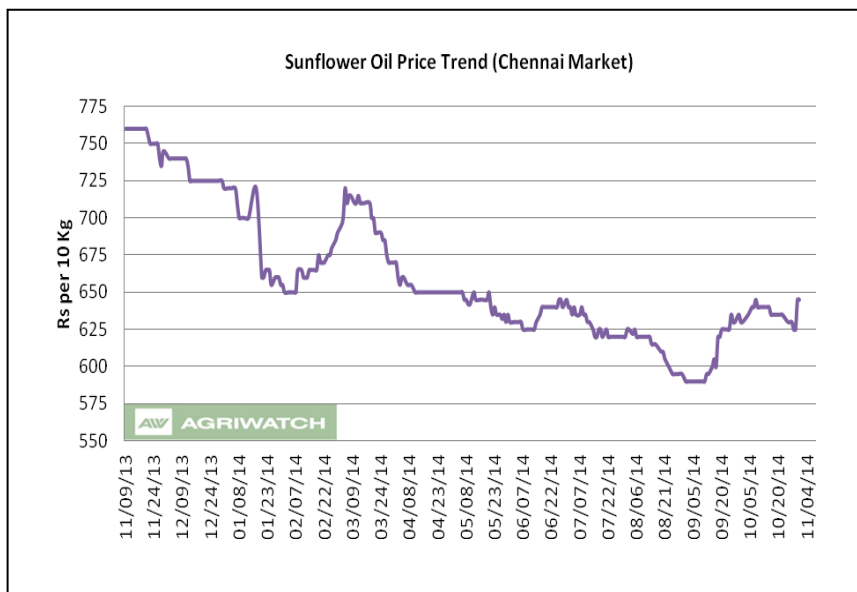
- On the supply side, USDA projected mustard seed production for 2014-15 at 75 lakh tons up two lakh tons from last year. As per Agriwatch estimates, we have left intact our mustard output estimates for 2013-14 to 77.4 lakh tons, up 5.4 lakh tons from the previous oil year. Mustard oil output estimate 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 670-690 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 sun oil market and lower EU's sun seed production forecast for 2014/15 support the sentiments.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 1.46 lakh tons of crude sunflower oil during 29 September-26 October majorly from Ukraine. As per SEA of India, Indian buyers imported 14.07 lakh tons of crude sunflower oil during Nov- September 2013-14 oil year majorly from Ukraine, up 64.94 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. CIF sunflower oil prices quoted around USD 915-920 per tons for Nov/Dec delivery v/s bean oil USD 858-860 per tons for Nov/Dec delivery, as on 31 October. Currently sunflower oil CIF prices are offered at premium of USD 52-58 per tons compared to the CIF Argentina's origin soy oil price and premium is likely to stay above USD 35 per tons in the near.
- According to APK-Inform Information, sunflower oil production in Ukraine will decrease to 4.3 million tons against 4.65 million tons in 2013/14 MY and the exports seen at 4 million tons for 2014/15 MY, against 4.19 million tons last year.
- 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.

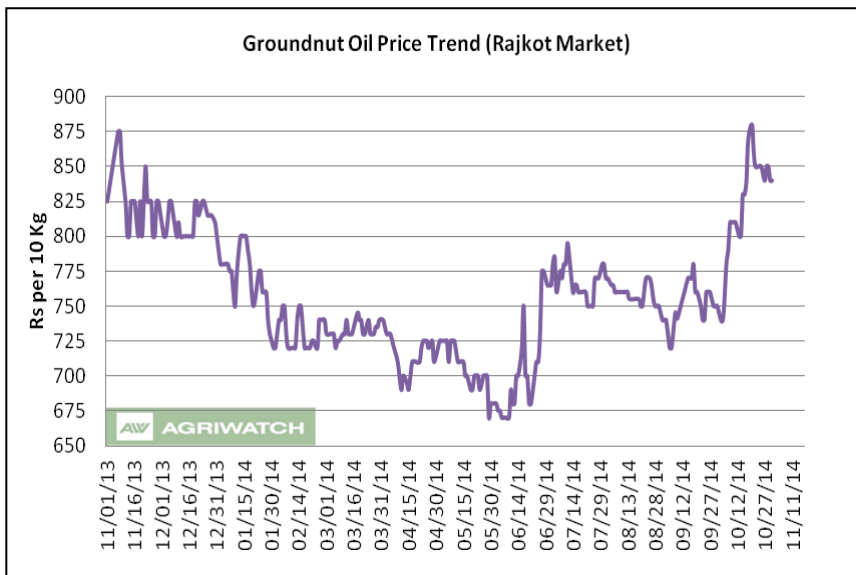


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 625-652 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices fell at its benchmark market (Rajkot) during the week tracking need based demand and prices consolidate on profit booking.
- On the export front, India has exported over 220,000 tons of groundnut seed between April-September 2014, up 38 per cent from last year's export at the same period. Overall groundnut exports in 2013-14 stood at 509,000 tons and in 2012-13, it was 535,000 tons. On the production front, India's groundnut production in 2013-14 was 6.48 million tons higher than the 4.33 million tons registered in 2012-13. - IOPEPC



- 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.
- 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 tone in the coming days owing to need based demand from wholesalers.

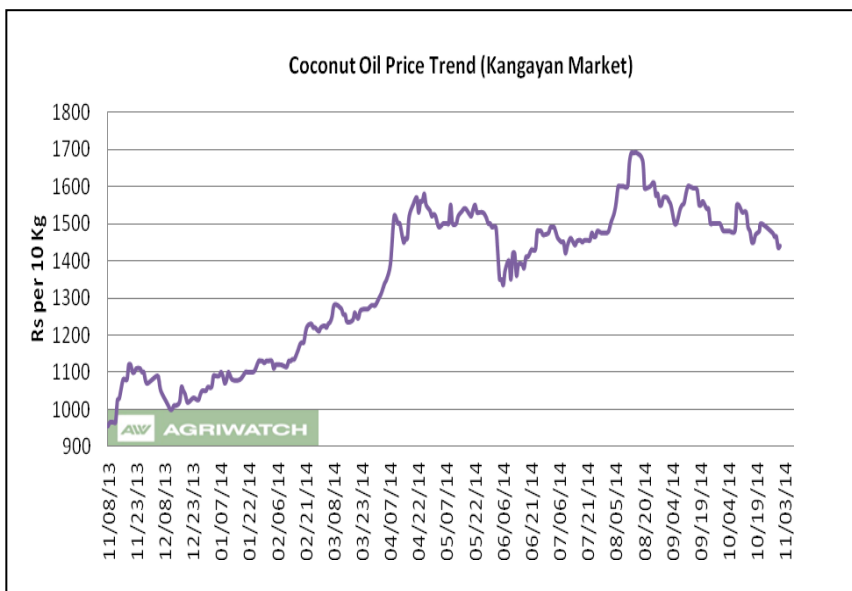
Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 810-855 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 1456 per 10 Kg, down 2.2 percent on w-o-w average basis.
- As per COMA, retail demand shift to ricebran and sunflower oil due to higher prices of coconut oil and nearly 40 percent usage of coconut oil drop in Southern India. Moreover, solvent extractors have started importing copra meal from South East Asian countries to meet the local demand. Coconut oil prices may trade lower in the near term due to weak demand.
- Overall fundamentals are strong but



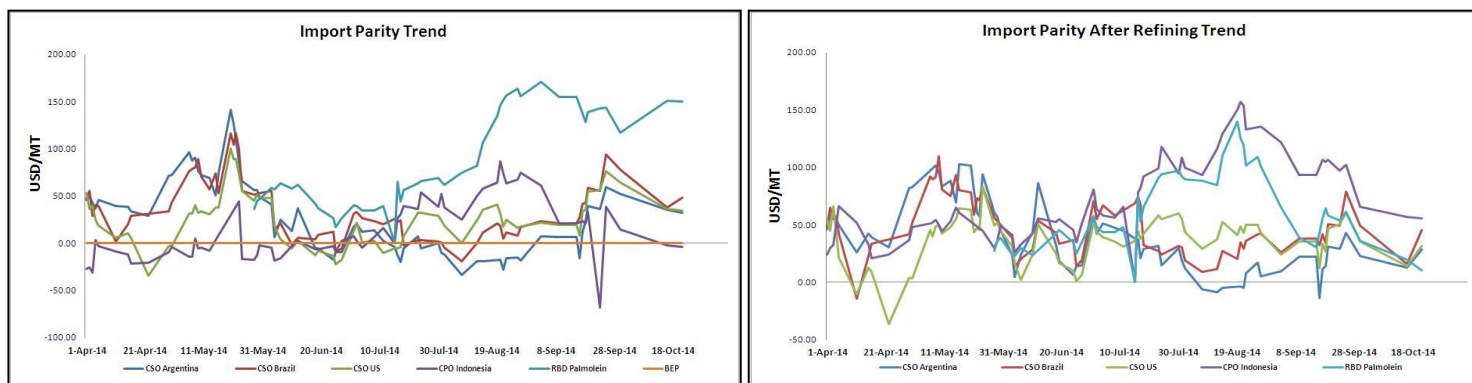
higher global oilseeds production estimates for 2014 may curb the upside risk in the coconut oil. We expect prices may trade range bound in the coming days.

Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1420-1490 per 10 Kg.

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

Landed Cost Calculation as on 29/10/2014	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	756	760	778	670	708
Freight (USD/MT)	80	72	70	35	35.0
C & F	836.0	832.0	848.0	705.0	743.0
Weight loss (0.25% of FOB)	1.89	1.90	1.95	1.68	1.77
Finance charges (0.4% on CNF)	3.34	3.33	3.39	2.82	2.97
Insurance (0.3% of C&F)	3	2	3	2	2
CIF (Indian Port - Kandla)	844	840	856	712	750
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	61.31	61.31	61.31	61.31	61.31
Landed cost without customs duty in INR per ton	51730	51483	52474	43629	45981
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	53821	53574	54565	45486	51529
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	56000	56000	56000	45000	59300
Total landed cost USD per ton	878	874	890	742	840
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	913	913	913	734	967
Parity INR/MT (Domestic - Landed)	2179	2426	1435	-486	7771
Parity USD/MT (Domestic - Landed)	35.55	39.56	23.41	-7.92	126.75
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	58920.73	58674.38	59664.97	51485.52	54328.76
Soy/Palm oil imported Price (Including tax)	61866.76	61608.10	62648.22	54059.80	57045.20
Loose price of Soy/Palm in Indore and Delhi market	63210.00	63210.00	63210.00	57750.00	57750.00
Parity after processing and Taxes (Rs per MT)	1343.24	1601.90	561.78	3690.20	704.80
Parity after processing and Taxes (USD per MT)	21.91	26.13	9.16	60.19	11.50
Source: Agriwatch					

Import Parity Trend



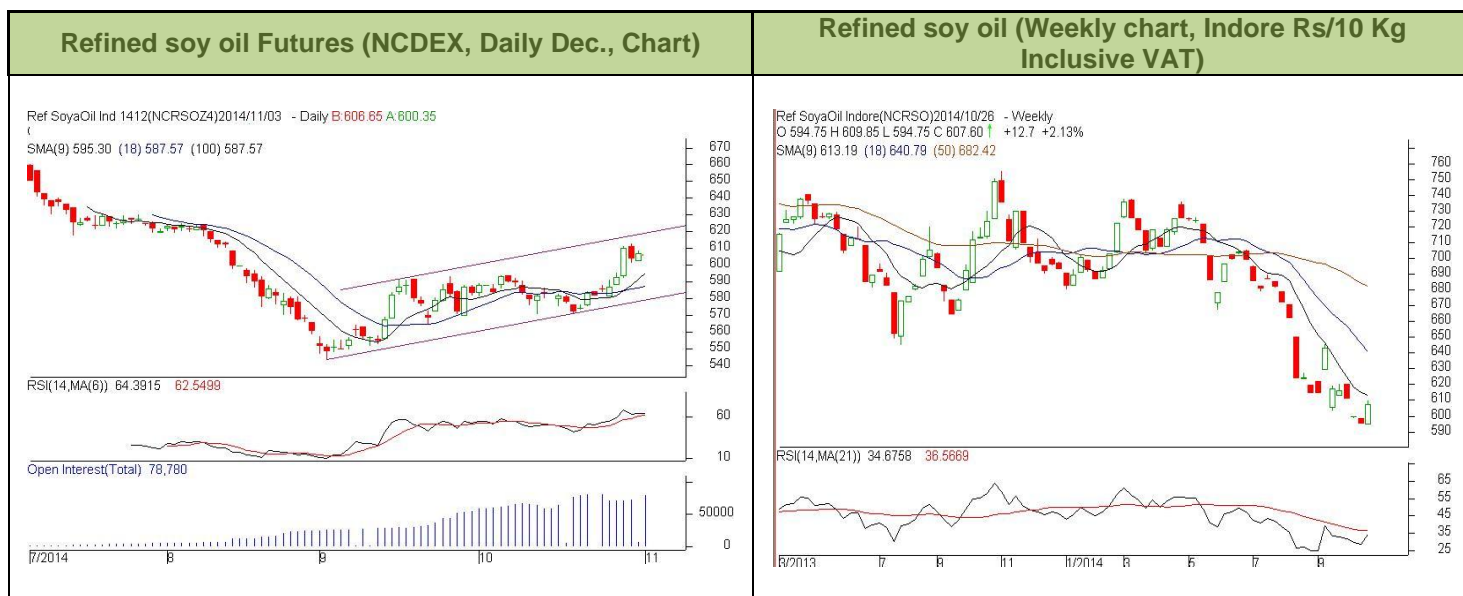
Import Parity After Refining in US dollar per tons (Monthly Average)

	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 firm note in the near term.
- ❖ Any close below 598.90 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 604-614.50 level in near to medium term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

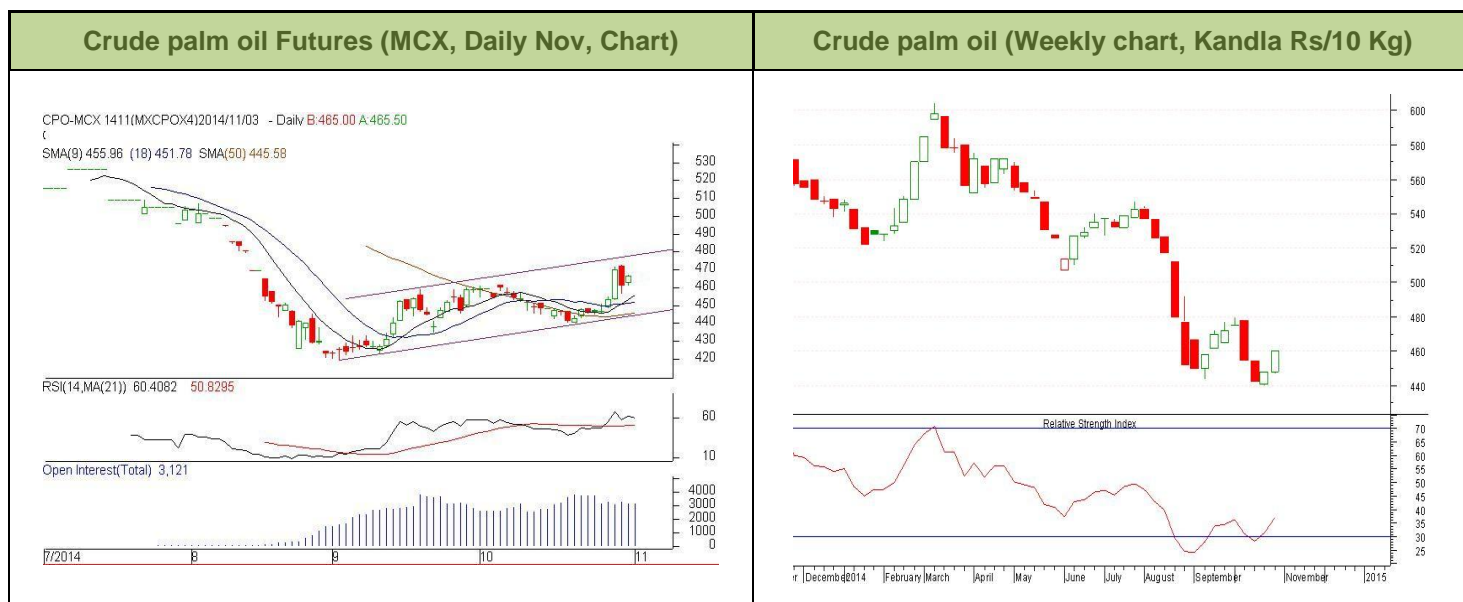
Strategy: Market participant are advised to go long in RSO below 604 levels for a target of 612.50 and 614.50 with a stop loss at 598.90 on closing basis.

RSO NCDEX (Dec.)

Support and Resistance				
S2	S1	PCP	R1	R2
593.00	597.00	607.05	618.00	622.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 615-640 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 gains in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 457.40 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 462.50-472.50 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 462.50 for a target of 471.00 and 472.50 with a stop loss at 457.40 on closing basis.

CPO MCX (November)

Support and Resistance				
S2	S1	PCP	R1	R2
453.00	457.00	466.50	475.50	479.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 440-465 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Oct-14	22-Oct-14	
Refined Soybean Oil	Kota	620	600	20
	Rajkot	600	575	25
	Delhi	655	635	20
	Mumbai	620	610	10
	Indore	610	595	15
	Kandla/Mundra	600	575	25
	Kolkata	590	580	10
	Indore (Soy Solvent Crude)	585	560	25
	Mumbai (Soy Degum)	575	550	25
	Kandla/Mundra (Soy Degum)	575	545	30
	Akola	659	649	10
	Amrawati	660	647	13
	Jalna	671	660	11
	Nagpur	662	652	10
	Alwar	NR	NR	-
	Solapur	671	660	11
	Bundi	630	600	30
	Dhule	670	659	11
Palm Oil	Rajkot	510	485	25
	Hyderabad	509	513	-4
	Delhi	555	535	20
	Kandla (Crude Palm Oil)	460	440	20
	Kandla (RBD Palm oil)	495	470	25
	Mumbai RBD Pamolein	520	505	15
	Kandla RBD Pamolein	512	490	22
	Mangalore RBD Pamolein	525	512	13
	Chennai RBD Pamolein	525	512	13
	Kakinada RBD Pamolein	515	490	25
	KPT (krishna patnam)	515	485	30
	Haldia	510	492	18
	PFAD (Kandla)	400	395	5
	Refined Palm Stearin (Kandla)	415	400	15
Refined Sunflower Oil	Mumbai	630	635	-5
	Mumbai(Expeller Oil)	575	555	20
	Kandla/Mundra (Crude)	570	555	15

	Erode (Expeller Oil)	655	660	-5
	Hyderabad (Ref)	646	641	5
	Chennai	645	635	10
	Latur (Expeller Oil)	640	631	9
	Chellakere (Expeller Oil)	585	575	10
Groundnut Oil	Rajkot	840	850	-10
	Chennai	820	780	40
	Delhi	790	740	50
	Hyderabad *	830	850	-20
	Mumbai	880	880	Unch
	Gondal	830	840	-10
	Jamnagar	835	850	-15
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	695	690	5
	Sri-GangaNagar(Exp Oil)	695	690	5
	Alwar (Expeller Oil)	735	730	5
	Kota (Expeller Oil)	680	670	10
	Jaipur (Expeller Oil)	703	692	11
	New Delhi (Expeller Oil)	720	725	-5
	Hapur (Expeller Oil)	725	730	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	725	720	5
	Kota (Kacchi Ghani Oil)	725	722	3
	Jaipur (Kacchi Ghani Oil)	735	728	7
	Agra (Kacchi Ghani Oil)	750	740	10
	Bharatpur (Kacchi Ghani Oil)	755	745	10
	Neewai (Kacchi Ghani Oil)	717	710	7
	Hapur (Kacchi Ghani Oil)	755	755	Unch
Refined Cottonseed Oil	Mumbai	630	627	3
	Rajkot	625	620	5
	New Delhi	610	597	13
	Hyderabad	605	610	-5
Coconut Oil	Kangayan (Crude)	1440	Closed	-
	Cochin	1460	1490	-30
	Trissur	1450	1457	-7
Sesame Oil	New Delhi	850	835	15
	Mumbai	870	860	10

Kardi	Mumbai	870	875	-5
Rice Bran Oil (40%)	New Delhi	NR	NA	-
Rice Bran Oil (4%)	Punjab	490	510	-20
Rice Bran Oil (4%)	Uttar Pradesh	490	510	-20
Malaysia Palmolein USD/MT	FOB	720	685	35
	CNF India	755	700	55
Indonesia CPO USD/MT	FOB	700	650	50
	CNF India	725	680	45
Ukraine Origin CSFO USD/MT Kandla	CIF	900	865	35
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	685	650	35
Argentina FOB (\$/MT)		30-Oct-14	23-Oct-14	Change
Crude Soybean Oil Ship		787	762	25
Refined Soy Oil (Bulk) Ship		814	789	25
Sunflower Oil Ship		NA	850	-
Cottonseed Oil Ship		767	742	25
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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