

## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

*Mixed sentiments featured in the various edible oils due to varied sentiments in various centers during the week under review.*

*US soybean harvest coupled with India's, rise in Malaysian palm oil stocks in conjunction with fall in the crude mineral oil to US \$ 77.63 remained bearish for edible oil and fats market.*

*We expect edible oil complex to feature steady to weak tone on supply pressure but fresh buying will limit the losses.*

### **Recommendation:**

*Weekly Call - Market participant are advised to go long in RSO Above 590 levels for a target of 600 and 610 with a stop loss at 584 on closing basis.*

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

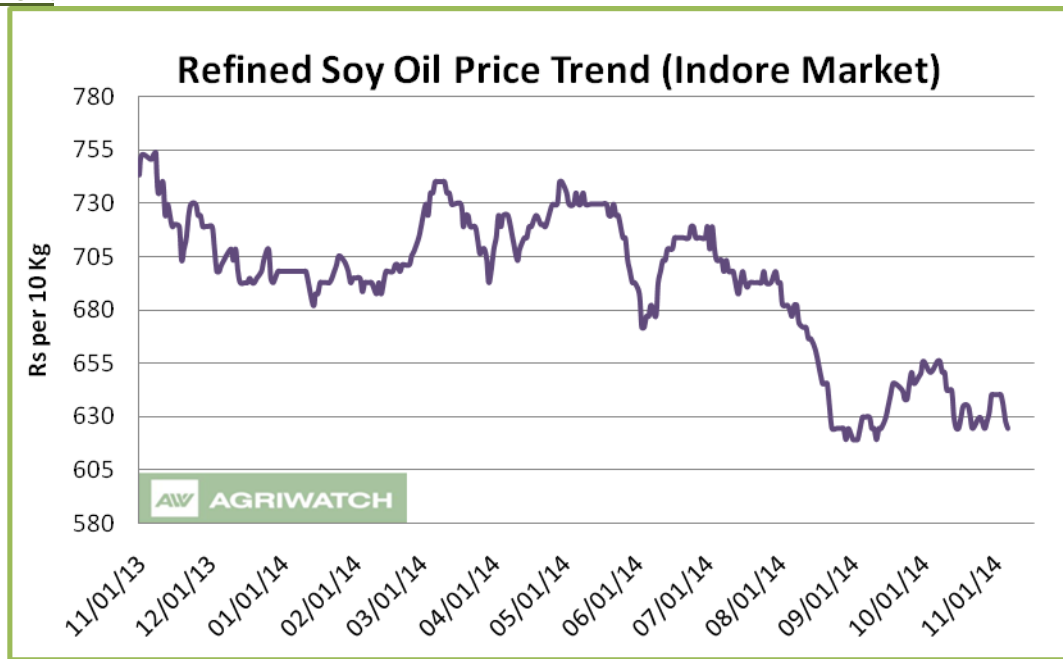
*Malaysia's palm oil inventories at the end of Oct. rose 3.7% to 2,166,453 tonnes against 2,090,001 tonnes at the end of September, figures released by Malaysian Palm Oil Board. Exports of Malaysian palm oil products in the month of Oct. declined 1.4 % to 1.61 million tonnes, the MPOB said. Crude palm oil production declined 0.2% to 1.89 million tonnes.*

*Higher, palm oil inventories couples with record US soybean production estimate for 2014/15 and falling crude oil will remain bearish factor for oils and fats market.*

*However, expected rise in seasonal edible oil demand will limit any major fall in the oils.*

### Soy oil Fundamental Analysis and Outlook:-

#### Domestic Front



- Soybean oil fell pressured by weak benchmark, CBOT soyoil during the week in review.
- Improved seasonal soybean crushing and eventually rise in the soy oil supplies remained pressurising factor.
- Fall in Malaysian palm oil exports and subsequently rise in it's inventories remained bearish for soy oil.
- 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 likely 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

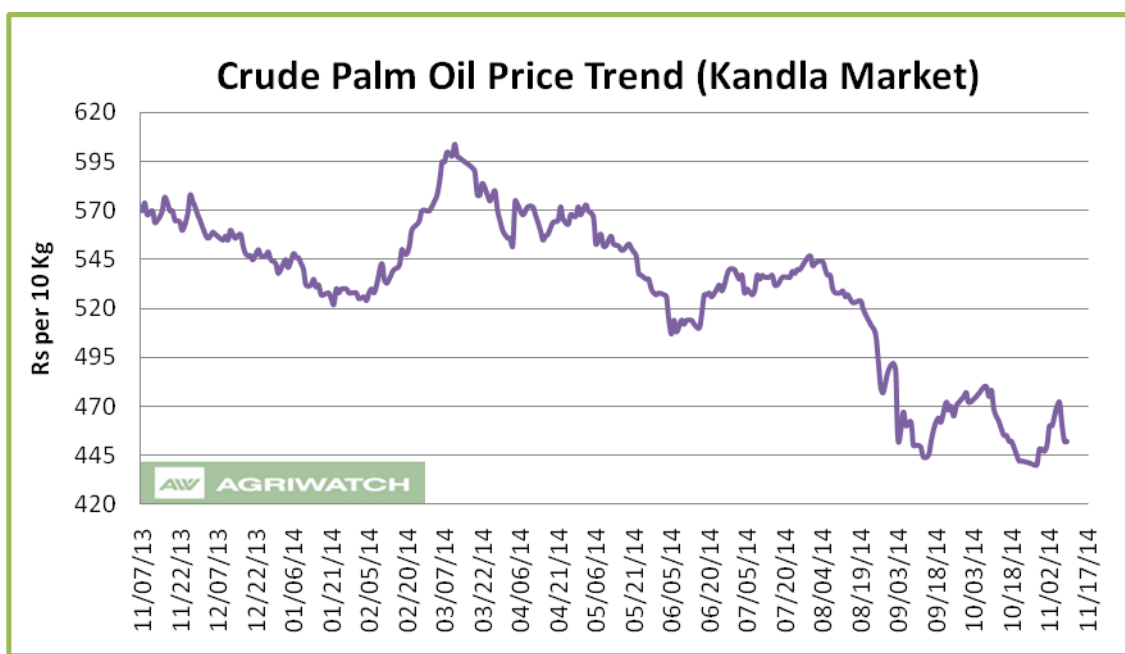
- On the international front, record US soybean production forecast for 2014/15, soybean harvesting pressure and in expectation of higher soybean sowing in South American countries favors the bears. However, renewed demand at lower quotes may curb the excessive losses in soy complex.

#### 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 losses in tandem with soy oil during the week under review.
- 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.

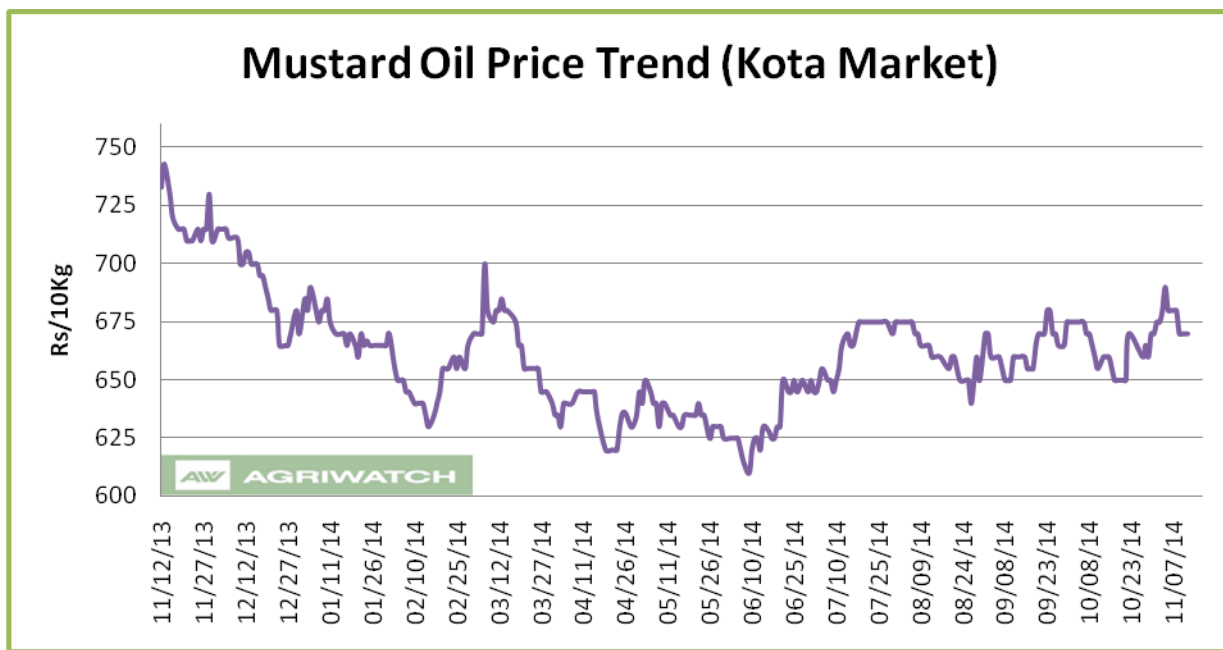
### International Front

- Malaysia's palm oil inventories at the end of Oct. rose 3.7% to 2,166,453 tonnes against 2,090,001 tonnes at the end of September, figures released by Malaysian Palm Oil Board. Exports of Malaysian palm oil products in the month of Oct. declined 1.4 % to 1.61 million tonnes, the MPOB said. Crude palm oil production declined 0.2% to 1.89 million tonnes.
- Indonesian palm oil shipments exceeded Oil World's estimates at 1.70 Mn T in August, 0.24 Mn T which is above a year ago.
- As per Oil World, the global supplies of palm oil is expected to rise by only 2.2 Mn T in Oct/Sept 2014/15, which is down from an average annual growth of 3.9 Mn T in the past 3 seasons.
- 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.

**Price Outlook:** We expect CPO Kandla 5 percent (with VAT) to stay in the range of 450 - 460 per 10 Kg in the near term.

### Rapeseed oil Fundamental Review and Analysis:-

#### Domestic Front

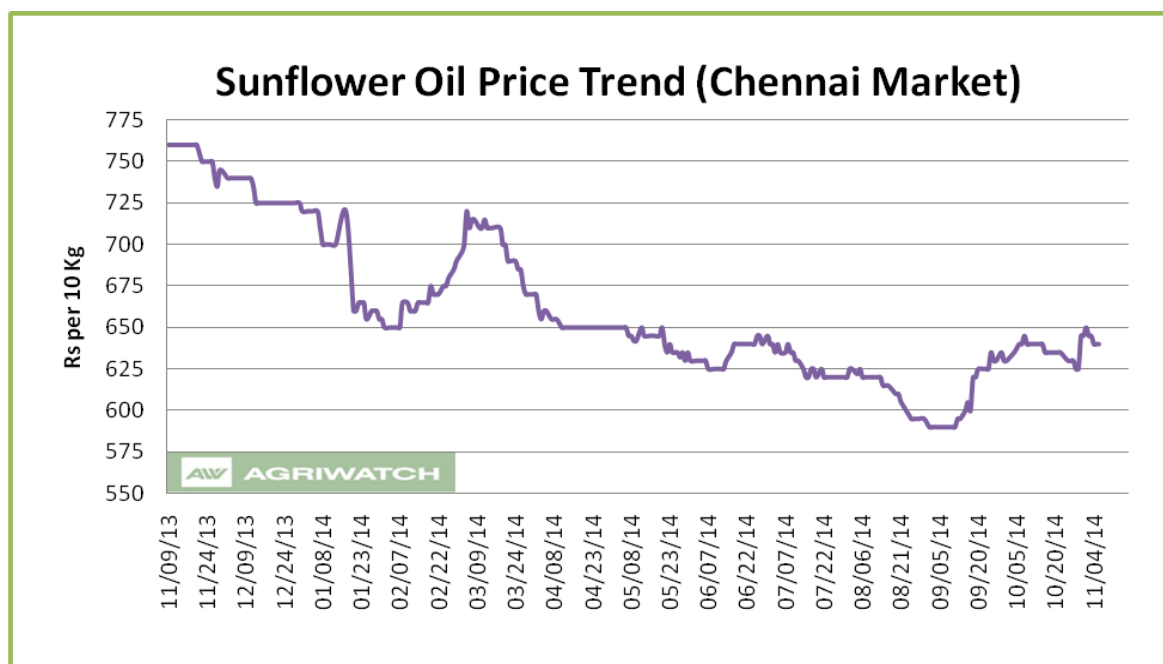


- Mustard oil mostly featured steady to firm tone at key cash markets on buying interest in anticipation of rise in seasonal demand in near-term.
- Cabinet Committee on Economic Affairs has approved the MSP for Rabi Oilseeds Crops of 2014-15 season to be marketed in 2015-16 as follows: MSP of Rapeseed/Mustard 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:-**

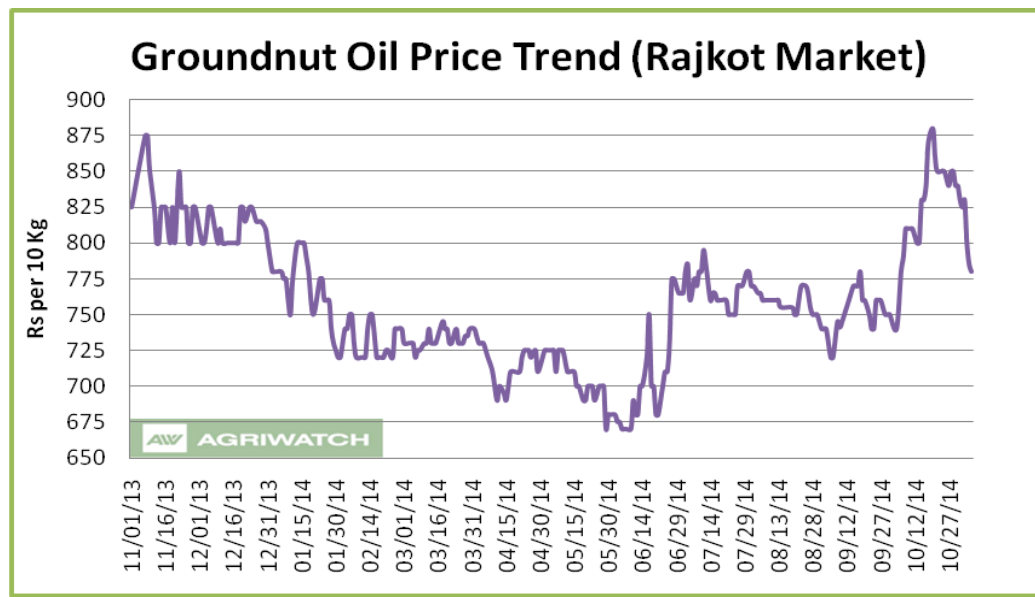
#### **Domestic Front**



- Sunflower oil witnessed gains on buying support followed by better demand in retail 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**



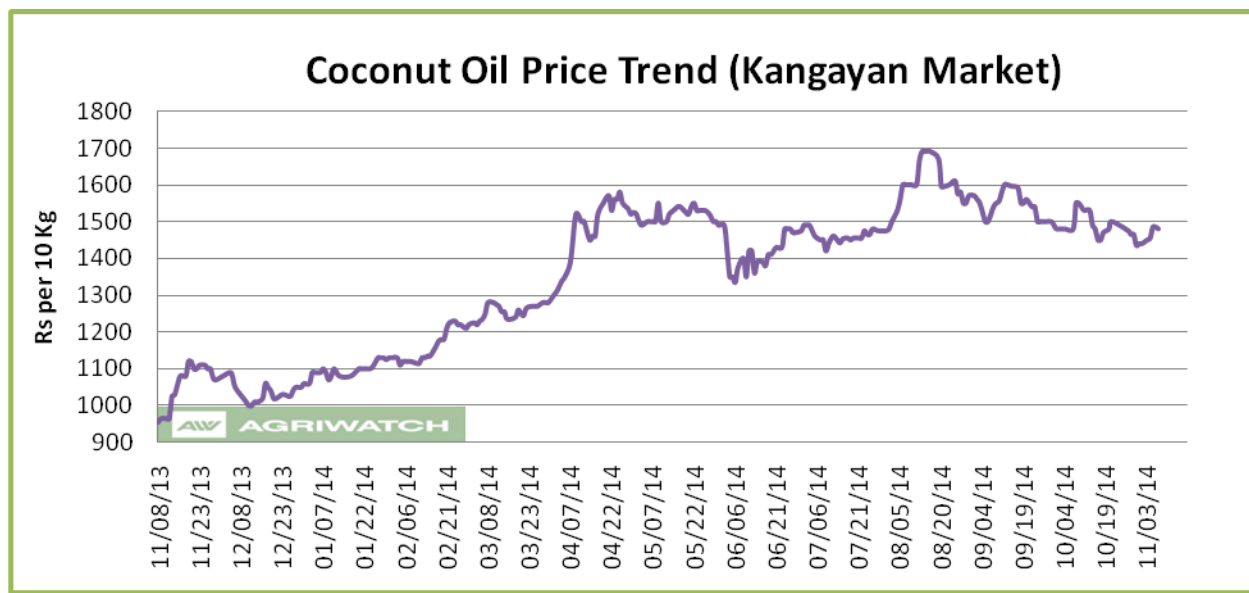
- Groundnut oil prices extended losses in benchmark (Rajkot) during the week. Sluggish buying in the oil kept the market under pressure.
- On the export front, India has exported over 220,000 tons of groundnut seed between April-September 2014, up 38 per cent from last year's export at the same period. 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 780 - 775 per 10 Kg.



**Coconut Oil Fundamental Review and Analysis:-**  
**Domestic Front**



- Coconut oil featured gains in benchmark market Kangayan during the week.
- Coconut oil at Kangayan market ended at Rs 1480 per 10 Kg, up 2.7 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.

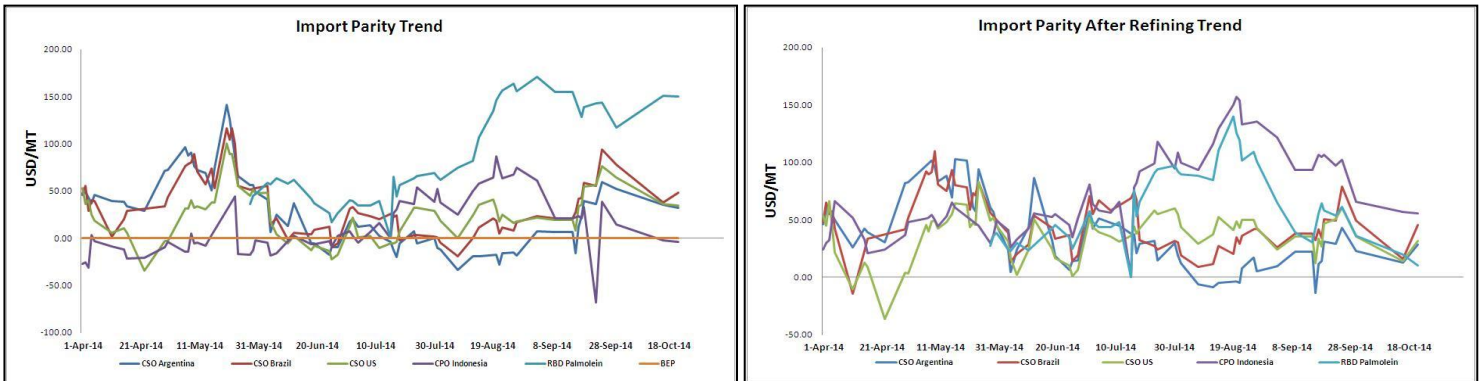
**Price Outlook:** Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1480 - 1490 per 10 Kg.

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

Landed Cost Calculation	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	757	757	747	680	690
Freight (USD/MT)	80	72	70	35	35.0
C & F	837.0	829.0	817.0	715.0	725.0
Weight loss (0.25% of FOB)	1.89	1.89	1.87	1.70	1.73
Finance charges (0.4% on CNF)	3.35	3.32	3.27	2.86	2.90
Insurance (0.3% of C&F)	3	2	2	2	2
CIF (Indian Port - Kandla)	845	837	825	722	732
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	61.41	61.41	61.41	61.41	61.41
Landed cost without customs duty in INR per ton	51876	51381	50638	44320	44940
Customs duty %	2.58%	2.58%	2.58%	2.58%	10.20%



Base import price	890	890	890	743	774
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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	53967	53472	52729	46177	50488
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla 5%	55500	55500	55500	44700	59300
Total landed cost USD per ton	879	871	859	752	822
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	904	904	904	728	966
<b>Parity INR/MT (Domestic - Landed)</b>	<b>1533</b>	<b>2028</b>	<b>2771</b>	<b>-1477</b>	<b>8812</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>24.96</b>	<b>33.02</b>	<b>45.13</b>	<b>-24.05</b>	<b>143.50</b>
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	59067.09	58572.37	57828.76	52176.61	53287.88
Soy/Palm oil imported Price (Including tax)	62020.45	61500.99	60720.20	54785.45	55952.27
Loose price of Soy/Palm in Indore and Delhi market	62475.00	62475.00	62475.00	57750.00	57750.00
<b>Parity after processing and Taxes (Rs per MT)</b>	<b>454.55</b>	<b>974.01</b>	<b>1754.80</b>	<b>2964.55</b>	<b>1797.73</b>
<b>Parity after processing and Taxes (USD per MT)</b>	<b>7.40</b>	<b>15.86</b>	<b>28.58</b>	<b>48.27</b>	<b>29.27</b>
Source: Agriwatch					

### Import Parity Trend

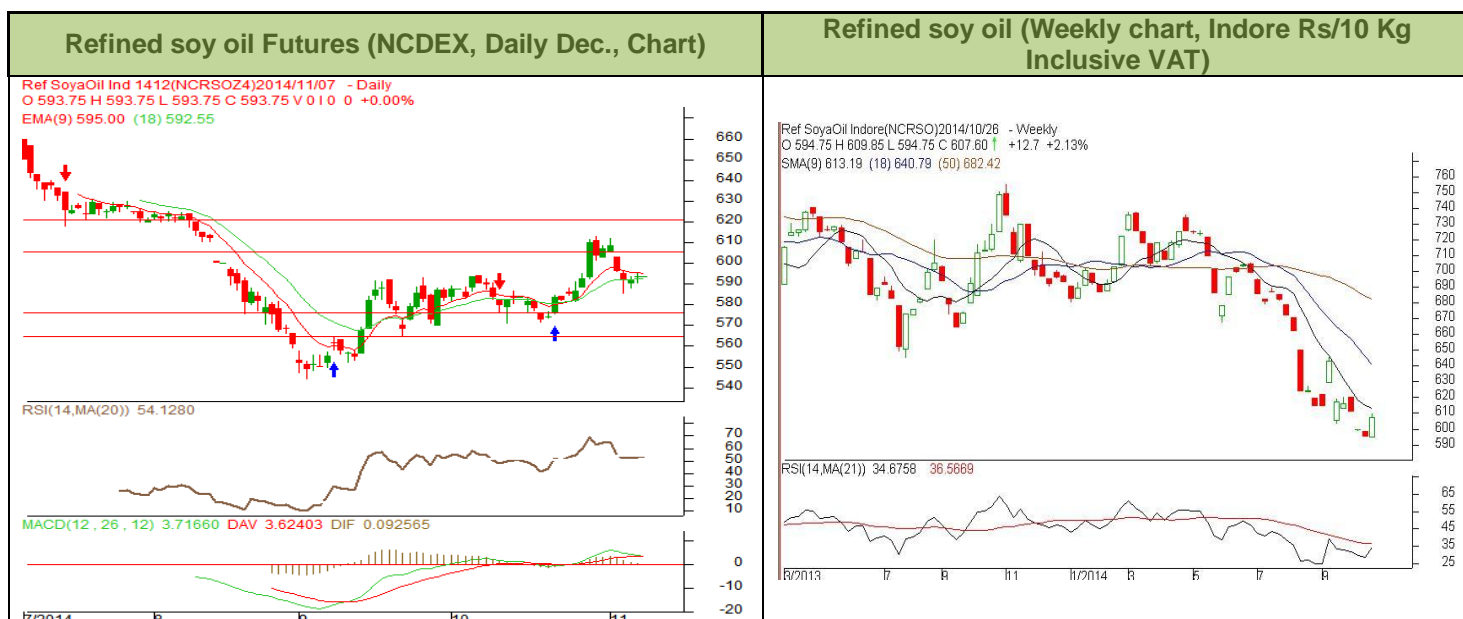
### Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>August, 2014</b>	1.65	27.11	43.85	130.26	106.94
<b>Sept., 2014</b>	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 some losses during the week in review and likely to improve in coming days.**

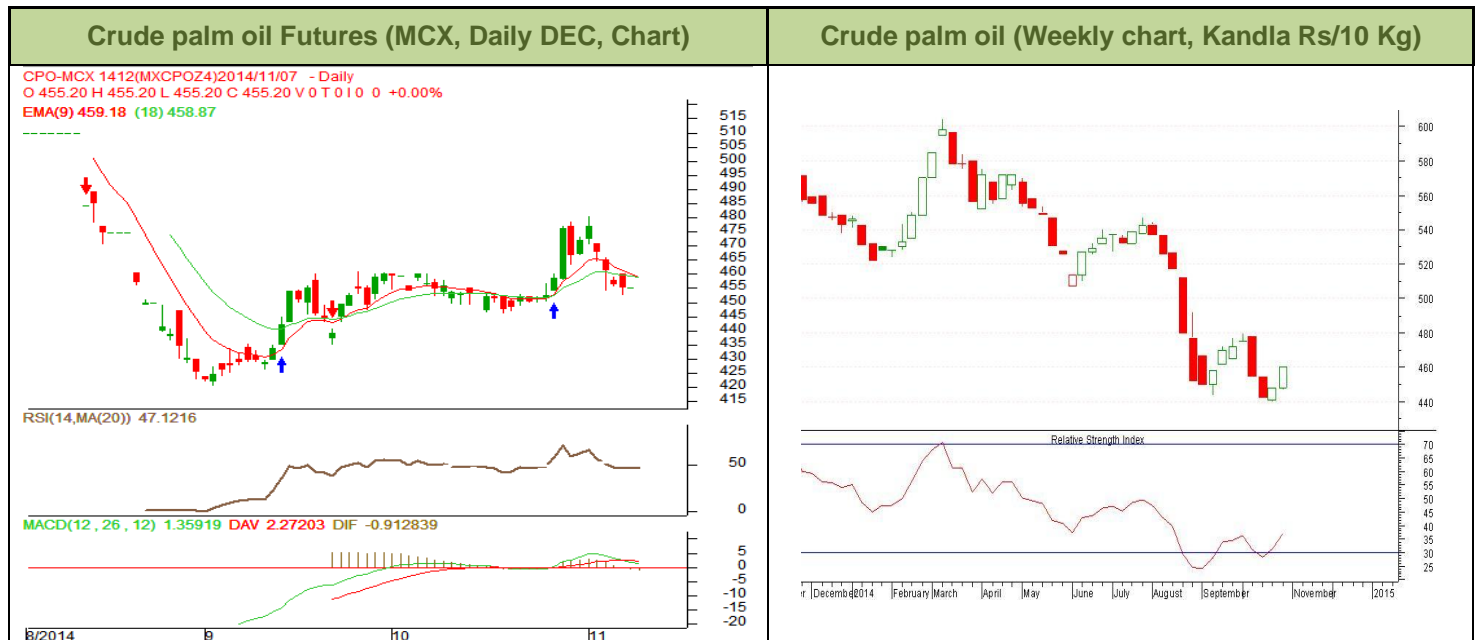
- ❖ Weekly chart of refined soy oil at NCDEX reveals losses. We expect prices to improve in the near term.
- ❖ Any close below 612 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 605-615 level in near term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

**Strategy:** Market participant are advised to go long in RSO Above 590 levels for a target of 600 and 610 with a stop loss at 584 on closing basis.

### RSO NCDEX (Dec.)

Support and Resistance				
S2	S1	PCP	R1	R2
564	576	593.75	621	636

**Spot Market outlook:** Refined soy oil Indore is likely to stay in the range of Rs 600 – 610 per 10 Kg.

**Technical Analysis (Crude Palm oil)**


**Outlook - Prices are skid on profit booking during the week. We expect CPO Dec. contract to feature gains during the week.**

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts fall in the prices. We expect prices to gain in the near term.
- ❖ Any close below 465 in weekly chart shall boost the gains.
- ❖ Expected price band for the week is 460 – 470 level.

**Strategy:** Market participants are advised to go long in CPO above 453 for a target of 460 and 465 with a stop loss at 448.8 on closing basis.

**CPO MCX (December)**

Support and Resistance				
S2	S1	PCP	R1	R2
420	435	455.2	495	500

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 450 – 460 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		7-Nov-14	31-Oct-14	
Refined Soybean Oil	Kota	605	620	-15
	Rajkot	595	600	-5
	Delhi	635	655	-20
	Mumbai	615	620	-5
	Indore	595	610	-15
	Kandla/Mundra	595	600	-5
	Kolkata	582	590	-8
	Indore (Soy Solvent Crude)	565	585	-20
	Mumbai (Soy Degum)	555	575	-20
	Kandla/Mundra (Soy Degum)	555	575	-20
	Akola	638	659	-21
	Amrawati	639	660	-21
	Jalna	647	671	-24
	Nagpur	640	662	-22
	Alwar	NA	NR	-
	Solapur	650	671	-21
	Bundi	610	630	-20
	Dhule	648	670	-22
Palm Oil	Rajkot	500	510	-10
	Hyderabad	513	509	4
	Delhi	550	555	-5
	Kandla (Crude Palm Oil)	452	460	-8
	Kandla (RBD Palm oil)	490	495	-5
	Mumbai RBD Pamolein	514	520	-6
	Kandla RBD Pamolein	500	512	-12
	Mangalore RBD Pamolein	525	525	Unch
	Chennai RBD Pamolein	525	525	Unch
	Kakinada RBD Pamolein	512	515	-3
	KPT (krishna patnam)	510	515	-5
	Haldia	505	510	-5
	PFAD (Kandla)	400	400	Unch
	Refined Palm Stearin (Kandla)	410	415	-5
Refined Sunflower Oil	Mumbai	645	630	15
	Mumbai(Expeller Oil)	580	575	5

	Kandla/Mundra (Crude)	575	570	5
	Erode (Expeller Oil)	665	655	10
	Hyderabad (Ref)	646	646	Unch
	Chennai	640	645	-5
	Latur (Expeller Oil)	620	640	-20
	Chellakere (Expeller Oil)	590	585	5
Groundnut Oil	Rajkot	780	840	-60
	Chennai	800	820	-20
	Delhi	783	790	-7
	Hyderabad *	845	830	15
	Mumbai	850	880	-30
	Gondal	775	830	-55
	Jamnagar	775	835	-60
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	699	695	4
	Sri-GangaNagar(Exp Oil)	700	695	5
	Alwar (Expeller Oil)	750	735	15
	Kota (Expeller Oil)	670	680	-10
	Jaipur (Expeller Oil)	703	703	Unch
	New Delhi (Expeller Oil)	715	720	-5
	Hapur (Expeller Oil)	730	725	5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	730	725	5
	Kota (Kacchi Ghani Oil)	730	725	5
	Jaipur (Kacchi Ghani Oil)	735	735	Unch
	Agra (Kacchi Ghani Oil)	770	750	20
	Bharatpur (Kacchi Ghani Oil)	765	755	10
	Neewai (Kacchi Ghani Oil)	716	717	-1
	Hapur (Kacchi Ghani Oil)	760	755	5
Refined Cottonseed Oil	Mumbai	610	630	-20
	Rajkot	597	625	-28
	New Delhi	590	610	-20
	Hyderabad	610	605	5
Coconut Oil	Kangayan (Crude)	1480	1440	40
	Cochin	1470	1460	10
	Trissur	1470	1450	20
Sesame Oil	New Delhi	810	850	-40

	Mumbai	870	870	Unch
<b>Kardi</b>	Mumbai	870	870	Unch
<b>Rice Bran Oil (40%)</b>	New Delhi	440	NR	-
<b>Rice Bran Oil (4%)</b>	Punjab	485	490	-5
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	485	490	-5
<b>Malaysia Palmolein USD/MT</b>	FOB	700	720	-20
	CNF India	693	755	-62
<b>Indonesia CPO USD/MT</b>	FOB	693	700	-7
	CNF India	700	725	-25
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	900	900	Unch
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB (Sept-Oct delivery)	675	685	-10
<b>Argentina FOB (\$/MT)</b>		<b>6-Nov-14</b>	<b>30-Oct-14</b>	<b>Change</b>
Crude Soybean Oil Ship		762	787	-25
Refined Soy Oil (Bulk) Ship		789	814	-25
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		742	767	-25
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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