

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed steady to slightly weak tone during the week owing to bearish reports on Malaysian palm oil ending stocks and need based demand.

On the currency front, Indian rupee against USD closed at 61.71, down 0.16 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 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 short in RSO below 588 levels for a target of 582 and 580 with a stop loss at 591.60 on closing basis and go short in CPO below 457.50 for a target of 453.50 and 452.00 with a stop loss at 459.90 on closing basis.

International Veg. Oil Market Summary

Exports of Malaysian palm oil products for Nov. 1-15 fell 2.5 percent to 605,624 tonnes from 621,145 tonnes shipped during Oct. 1-15, cargo surveyor Societe Generale de Surveillance.

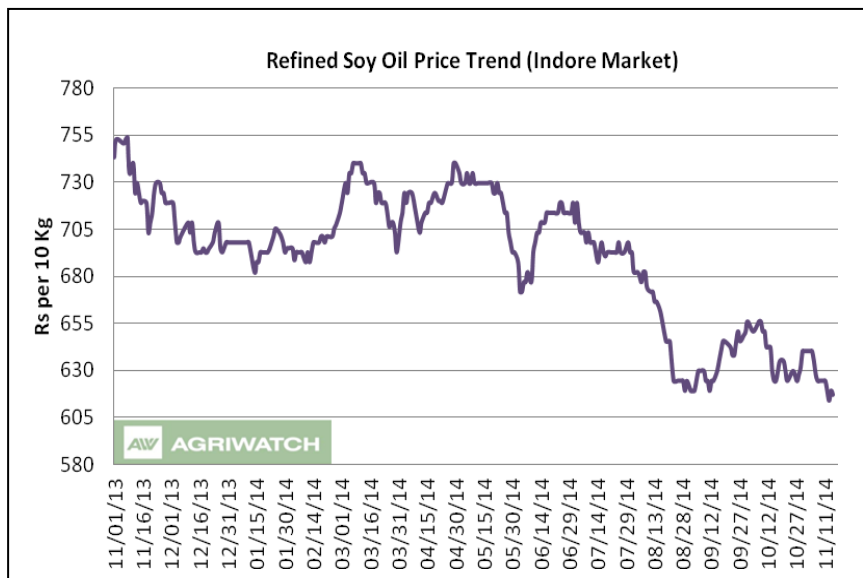
On the international front, record US soybean production forecast for 2014/15, soybean harvesting pressure and in expectation of higher soybean sowing in South American countries favors the bears. However, renewed demand at lower quotes may curb the excessive losses in soy complex.

Demand for palm oil may pick up in the coming days due to export tax exemption by South East Asian countries, and supplies likely to fall during the last month of year. 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 losses during the week in review tracking bearish cues from international veg. oil market and oilseed arrival pressure.
- CIF soybean oil for ready delivery at Indian ports is quoted USD 825 per tons on 18 Nov. 2014. However, Jan/Feb delivery is offered at discount of USD 4 per tons and May/June delivery at USD 39 per tons.
- India imported 11.62 million tonnes of edible oil during Sep-Oct 2013/14 compared to 10.68 million tonnes during the same period previous season, stated the Solvent Extractors' Association(SEA).
- India's 2013/14 soyoil imports stood at 1.95 Mn T against 1.09 Mn T in 2012/14 season. Palm oil purchases were slightly lower at 7.29 Mn T against 8.29 Mn T last season. Sunflower oil imports were recorded at 1.51 Mn T against 0.97 Mn T in 2012/13.
- Soybean arrivals pressure and bearish crude oil prices may support the bears in the coming days. The domestic soybean supplies are at peak and are in full swing, the average daily arrivals of Madhya Pradesh increased to 4.0 – 4.5 lakh bags, which were 3.5 – 4.0 lakh bags in previous week.
- 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 weak tone.



International Front

- China is expected to import around 4.47 million metric tons of soybean (tonnes) to ports in November, state the Ministry of Commerce in its latest report. Meanwhile, the ministry pegged the October soybean purchases at 3.32 million tonnes.
- Falling South American soybean shipments are raising the global dependence on the USA in Sept/Feb 2014/15. South American soybean exports are estimated to have fallen to 1.1-1.2 Mn T in October – Oil World.
- 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.
- 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.
- 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.

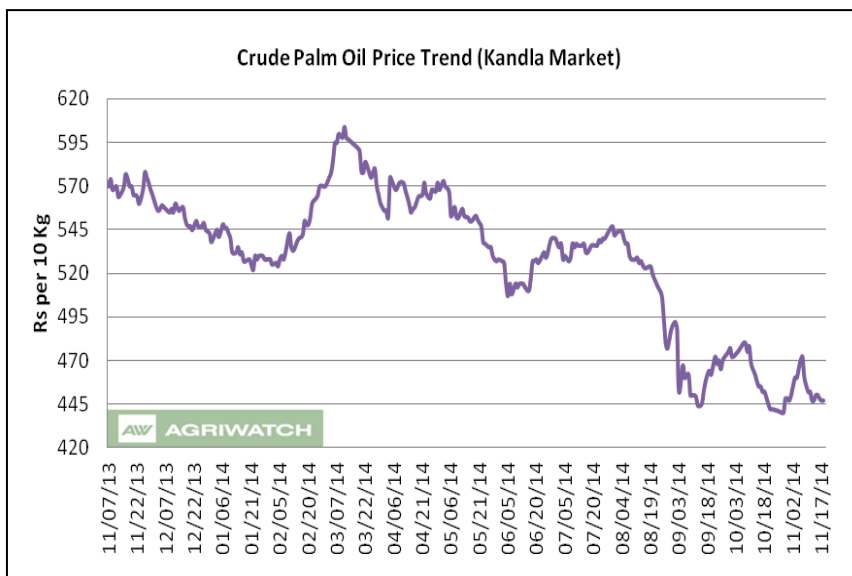
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 572-585 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla witnessed slight losses tracking bearish international palm oil market and limited buying the sport market.
- Current stock of edible oils as on 1st Nov., 2014 at various ports is estimated at 750,000 tons (CPO 410,000 tons, RBD Palmolein 100,000 tons, Degummed Soybean Oil 140,000 tons, Crude Sunflower Oil 80,000 tons and 20,000 tons of Rapeseed (Canola) Oil and about 1,110,000 tons in pipelines. Total stock, both at ports and in pipelines increased to 1,860,000 tons from 1,400,000 tons over the year – SEA of India.



- CNF CPO at Indian port is quoted at USD 685 per tons for November delivery v/s USD 695 per tons for December delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 715 per tons and USD 725 per tons for November & December delivery respectively. High sea CPO prices quoted at Rs 445 per 10 Kg on 18 Nov. 2014. SEA of India revealed that during the current oil year (Nov-Oct) 2013-14, Indian buyers imported 62.52 lakh tons of CPO and 15.76 lakh tons of RBD palmolein.
- We expect palm oil likely to trade range bound in the days ahead.

International Front

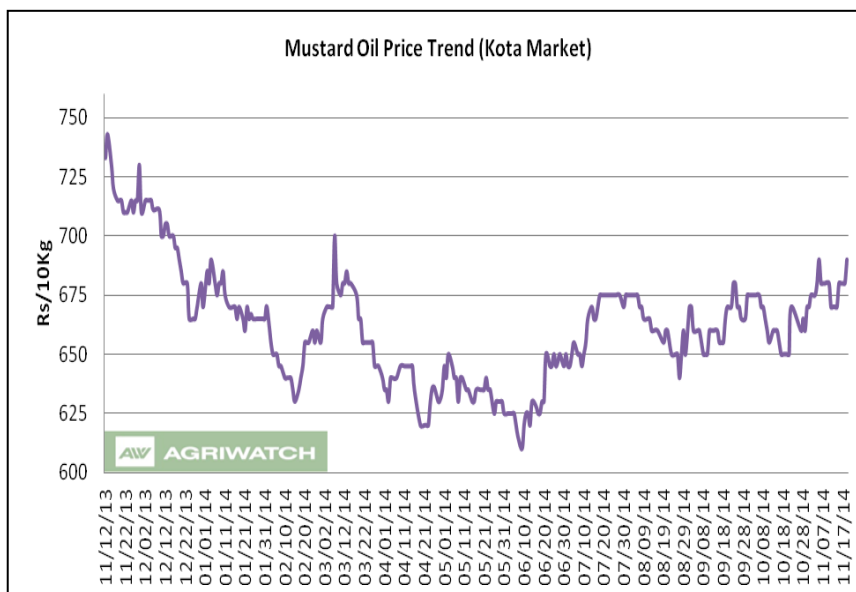
- Weekly review - Exports of Malaysian palm oil products for Nov. 1-15 fell 2.5 percent to 605,624 tonnes from 621,145 tonnes shipped during Oct. 1-15, cargo surveyor Societe Generale de Surveillance.
- Malaysia's palm oil inventories at the end of Oct. rose 3.7% to 2,166,453 tonnes against 2,090,001 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.
- 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.
- 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.
- Demand for palm oil may pick up in the coming days due to export tax exemption by South East Asian countries, and supplies likely to fall during the last month of year. 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 439-452 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 mustard seed and good demand.
- On the planting front, Indian farmers have been sown 48.87 lakh hectares of mustard seed (2014-15 crop year) as on 13 Nov. 2014, which was 1.86 lakh ha. higher compared to the last year same period. State wise details - in Rajasthan has been sown in 23.90 (26.67) lakh hectares, in MP sowing reached at 5.13 (6.24) lakh hectares and in UP sowing reached to 8.89 (8.08) 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.
- 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 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.

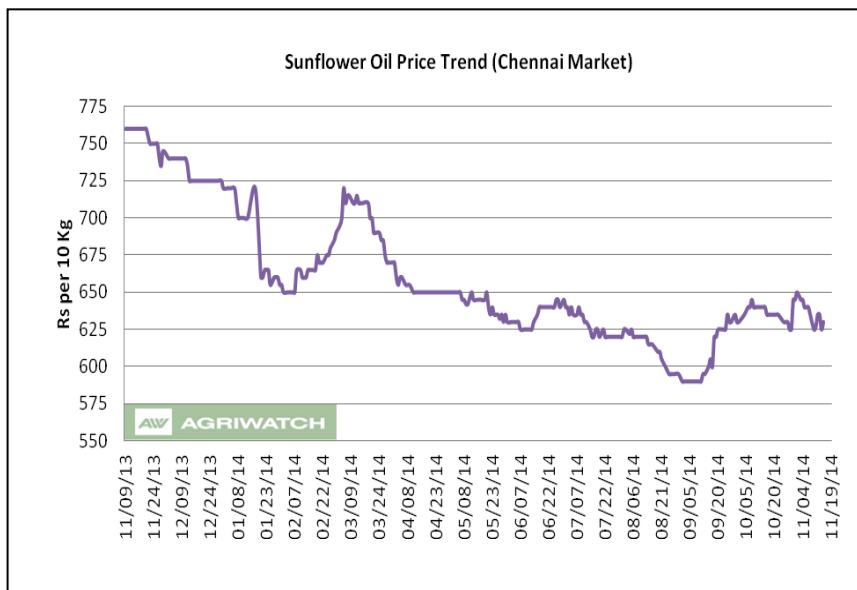


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 682-700 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

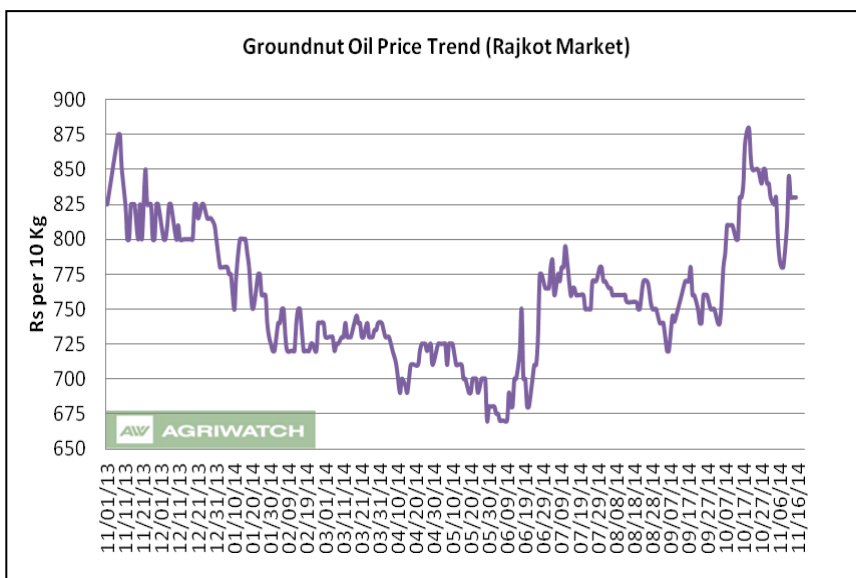
- Sunflower oil featured steady tone at its benchmark market Chennai during the week owing to need-based demand.
- As per SEA of India, Indian buyers imported 15.09 lakh tons of crude sunflower oil during 2013-14 oil year majorly from Ukraine, up 55.08 percent from the corresponding period of the last year.
- On the domestic front, sunflower oil CIF prices (Ukraine origin) recovered during the first half of November. CIF sunflower oil prices quoted around USD 905 per tons for Nov/Dec delivery v/s bean oil USD 825 per tons for Nov/Dec delivery, as on 17 November.
- 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.
- We expect sunflower oil prices may trade range bound in the coming days.



Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 615-635 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 demand and lower crop estimates.
- 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 13 October 2014 during rabi 2014 is lower by 0.08 lakh hectares to 1.71 lakh ha compared to corresponding period of rabi 2013. State wise details - in Telangana sowing reached to one (1.47) lakh hectares, in Karnataka sowing reached to 0.49 (0.02) lakh hectares and in Tamil Nadu sowing reached to 0.15 (0.10) lakh hectares. Values in bracket were last year same period figures.
- 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
- Groundnut oil prices are likely to trade with a steady tone in the coming days owing to need based demand from wholesalers.

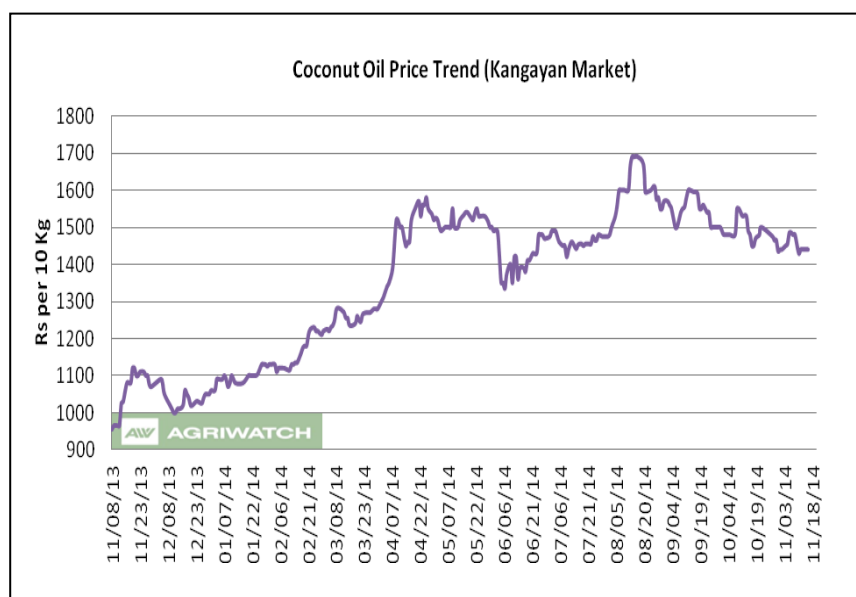


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 850-875 per 10 Kg.

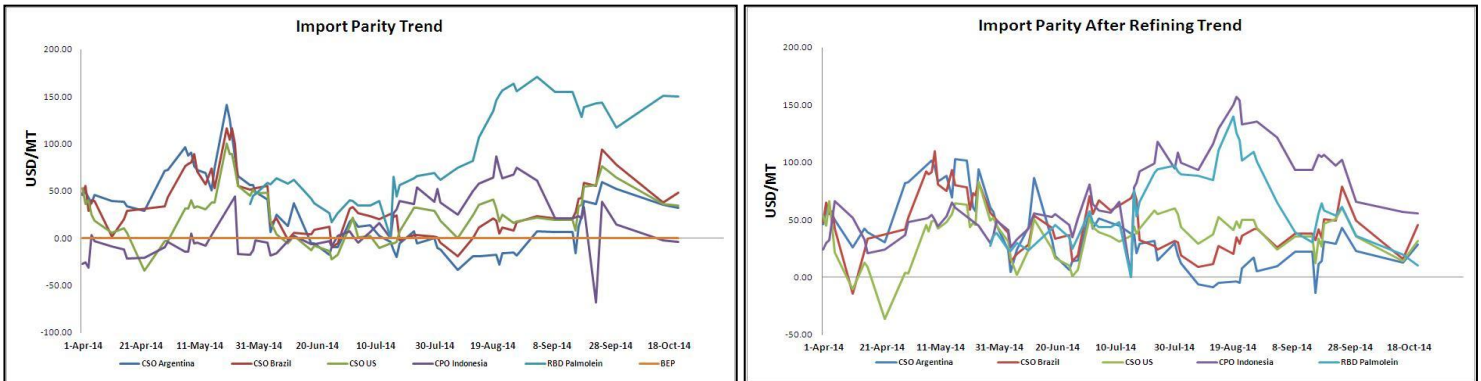
Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil featured losses at its benchmark market Kangayan during the week.
- 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 1400-1480 per 10 Kg.

Import Parity Trend



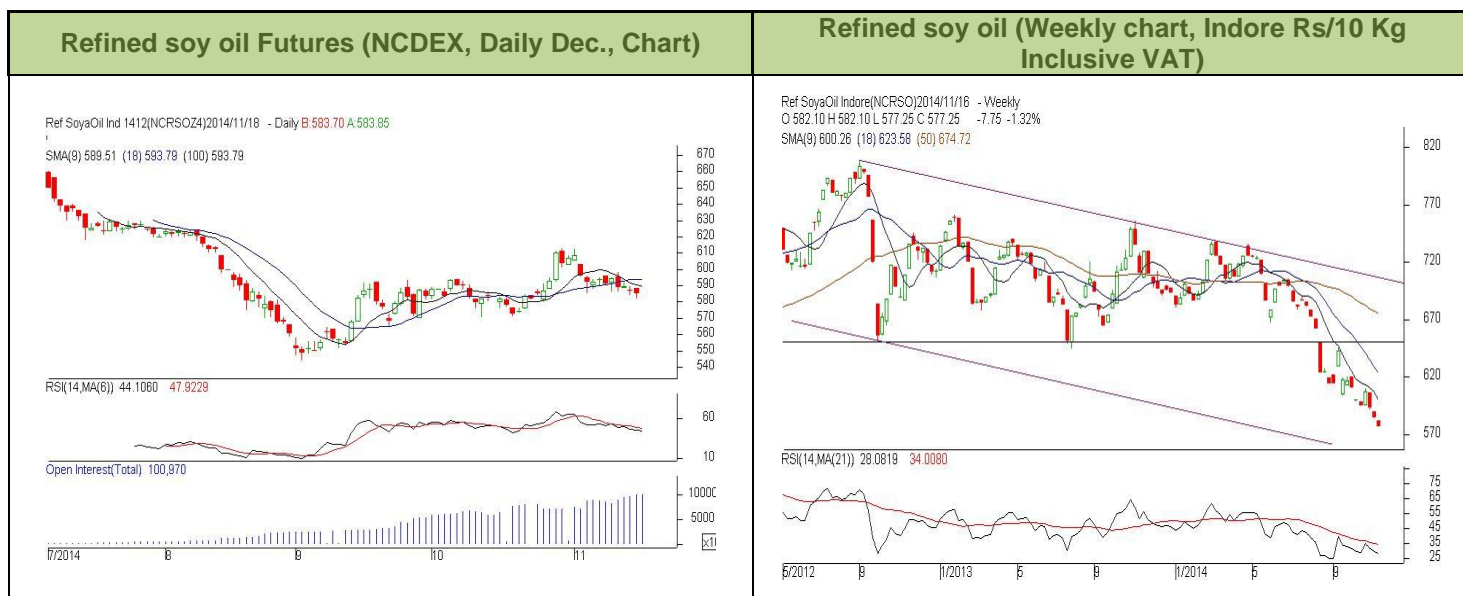
Import Parity After Refining in US dollar per tons (Monthly Average)

	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 slightly 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 above 591.60 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 580-588 level in near to medium term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

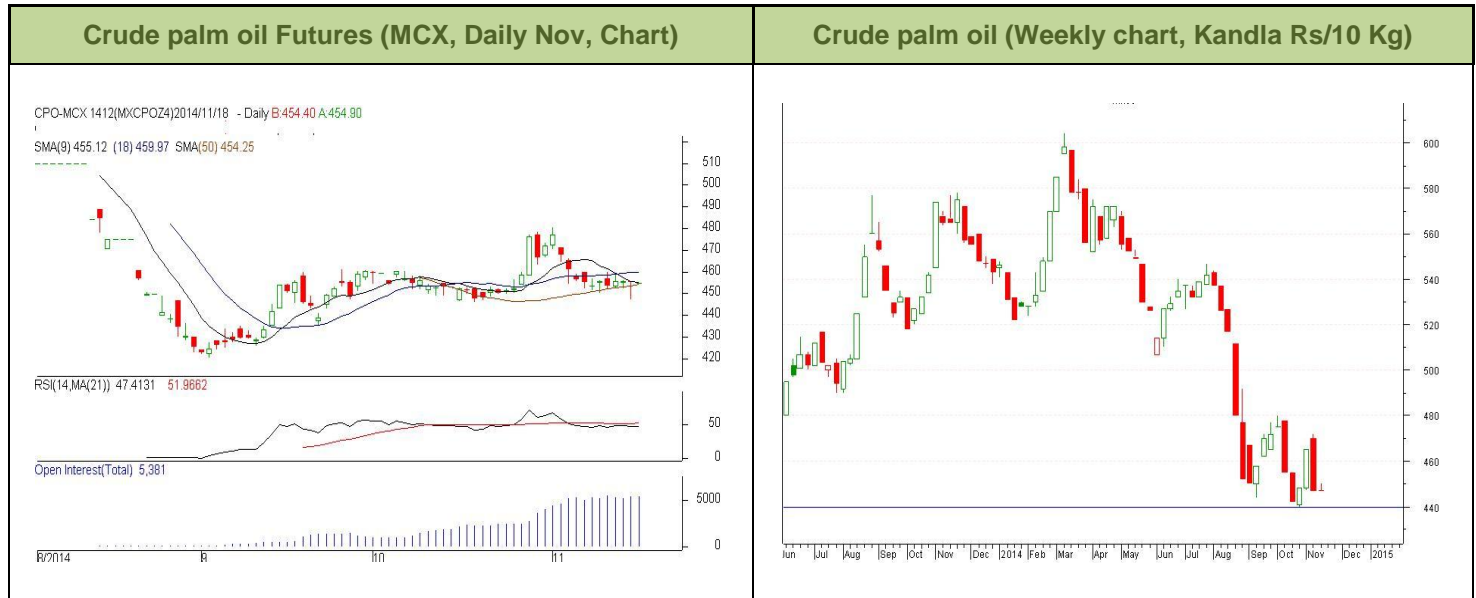
Strategy: Market participant are advised to go short in RSO below 588 levels for a target of 582 and 580 with a stop loss at 591.60 on closing basis.

RSO NCDEX (Dec.)

Support and Resistance				
S2	S1	PCP	R1	R2
563.00	569.00	582.50	597.50	602.00

Spot Market outlook: Refined soy oil Indore is likely to stay in the range of Rs 572-585 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 losses in the prices. We expect prices may trade with a steady note in the near term.
- ❖ Any close above 459.90 in weekly chart shall change the sentiments and might bring the prices to a bullish tone.
- ❖ Expected price band for next week is 452-457.50 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 457.50 for a target of 453.50 and 452.00 with a stop loss at 459.90 on closing basis.

CPO MCX (Dec.)

Support and Resistance				
S2	S1	PCP	R1	R2
440.00	445.00	455.60	464.00	468.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 439-450 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		14-Nov-14	7-Nov-14	
Refined Soybean Oil	Kota	595	605	-10
	Rajkot	580	595	-15
	Delhi	635	635	Unch
	Mumbai	605	615	-10
	Indore	590	595	-5
	Kandla/Mundra	585	595	-10
	Kolkata	580	582	-2
	Indore (Soy Solvent Crude)	560	565	-5
	Mumbai (Soy Degum)	548	555	-7
	Kandla/Mundra (Soy Degum)	547	555	-8
	Akola	627	638	-11
	Amrawati	625	639	-14
	Jalna	639	647	-8
	Nagpur	633	640	-7
	Alwar	NA	NA	-
	Solapur	643	650	-7
	Bundi	607	610	-3
	Dhule	640	648	-8
Palm Oil	Rajkot	490	500	-10
	Hyderabad	504	513	-9
	Delhi	550	550	Unch
	Kandla (Crude Palm Oil)	447	452	-5
	Kandla (RBD Palm oil)	475	490	-15
	Mumbai RBD Pamolein	510	514	-4
	Kandla RBD Pamolein	492	500	-8
	Mangalore RBD Pamolein	505	525	-20
	Chennai RBD Pamolein	508	525	-17
	Kakinada RBD Pamolein	488	512	-24
	KPT (krishna patnam)	485	510	-25
	Haldia	495	505	-10
	PFAD (Kandla)	400	400	Unch
	Refined Palm Stearin (Kandla)	400	410	-10
Refined Sunflower Oil	Mumbai	645	645	Unch
	Mumbai(Expeller Oil)	570	580	-10
	Kandla/Mundra (Crude)	570	575	-5

	Erode (Expeller Oil)	660	665	-5
	Hyderabad (Ref)	641	646	-5
	Chennai	625	640	-15
	Latur (Expeller Oil)	608	620	-12
	Chellakere (Expeller Oil)	585	590	-5
Groundnut Oil	Rajkot	830	780	50
	Chennai	760	800	-40
	Delhi	783	783	Unch
	Hyderabad *	840	845	-5
	Mumbai	850	850	Unch
	Gondal	830	775	55
	Jamnagar	820	775	45
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	705	699	6
	Sri-GangaNagar(Exp Oil)	710	700	10
	Alwar (Expeller Oil)	755	750	5
	Kota (Expeller Oil)	690	670	20
	Jaipur (Expeller Oil)	704	703	1
	New Delhi (Expeller Oil)	715	715	Unch
	Hapur (Expeller Oil)	730	730	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	740	730	10
	Kota (Kacchi Ghani Oil)	740	730	10
	Jaipur (Kacchi Ghani Oil)	735	735	Unch
	Agra (Kacchi Ghani Oil)	785	770	15
	Bharatpur (Kacchi Ghani Oil)	780	765	15
	Neewai (Kacchi Ghani Oil)	718	716	2
	Hapur (Kacchi Ghani Oil)	770	760	10
Refined Cottonseed Oil	Mumbai	585	610	-25
	Rajkot	585	597	-12
	New Delhi	560	590	-30
	Hyderabad	595	610	-15
Coconut Oil	Kangayan (Crude)	1440	1480	-40
	Cochin	1450	1470	-20
	Trissur	1455	1470	-15
Sesame Oil	New Delhi	810	810	Unch
	Mumbai	870	870	Unch



Kardi	Mumbai	870	870	Unch
Rice Bran Oil (40%)	New Delhi	NA	440	-
Rice Bran Oil (4%)	Punjab	485	485	Unch
Rice Bran Oil (4%)	Uttar Pradesh	485	485	Unch
Malaysia Palmolein USD/MT	FOB	693	700	-7
	CNF India	710	693	17
Indonesia CPO USD/MT	FOB	668	693	-25
	CNF India	685	700	-15
Ukraine Origin CSFO USD/MT Kandla	CIF	910	900	10
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	660	675	-15
Argentina FOB (\$/MT)		13-Nov-14	6-Nov-14	Change
Crude Soybean Oil Ship		758	762	-4
Refined Soy Oil (Bulk) Ship		784	789	-5
Sunflower Oil Ship		850	NA	-
Cottonseed Oil Ship		738	742	-4
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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