

## **Executive Summary**

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

*Edible oil basket witnessed steady to slightly weak tone during the week owing to bearish Malaysian palm oil export figures and need based demand.*

*On the currency front, Indian rupee against USD closed at 61.76, down 0.08 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 to slightly firm tone due to weak Indian rupee against US dollar and inter seasonal demand for oils. However, new oilseeds arrivals may cap the excessive gains.*

### **Recommendation:**

*Weekly Call - Market participants are advised to go long in RSO above 588 levels for a target of 594.50 and 596 with a stop loss at 584.10 on closing basis and go long in CPO above 456.50 for a target of 462.50 and 464.50 with a stop loss at 452.90 on closing basis.*

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

*Exports of Malaysian palm oil products for November 1 - 20 fell 6.4 percent to 837,659 tonnes from 894,697 tonnes shipped during October 1 - 20, cargo surveyor Intertek Testing Services.*

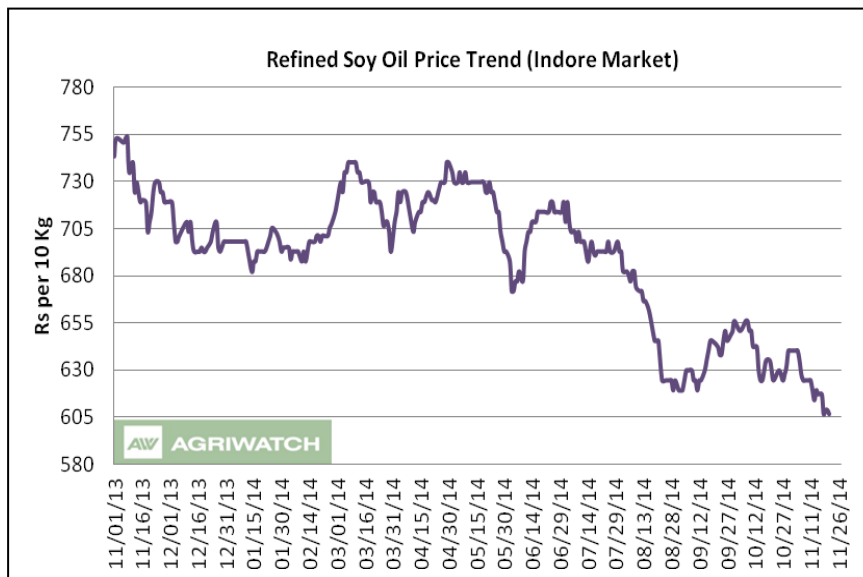
*On the international front, record US soybean production forecast for 2014/15, soybean harvesting pressure and in expectation of higher soybean sowing in South American countries favors the bears. However, renewed demand at lower quotes may curb the excessive losses in soy complex.*

*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 record global soybean production 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 841 per tons on 22 Nov. 2014. However, Jan/Feb delivery is offered at discount of USD 9 per tons and May/June delivery at USD 50 per tons. Last week, CIF soybean oil Argentina basis was quoted at USD 825-830 per tons
- As per IBIS data (data compiled by Agriwatch) Indian buyers imported 1.284 lakh tons during 27 Oct. - 16 Nov. 2014. 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).
- Weakness in the Indian rupee against US dollar, winter seasonal demand for oils and lower soybean arrivals in the cash market on y-o-y basis support the market sentiments. Moreover, good demand for soy meal from overseas market may uplift the soy oil prices in the near term. On the other hand, record global soybean production estimates for 2014-15 may caps the excessive gains.
- Production front - 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

- As per Argentina's agriculture ministry, Argentina soybean planting for 2014-15 seen at 20.1 million hectares v/s 20.3 million hectares last year China is expected to import around 4.47 million metric tons of soybean 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.
- 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.

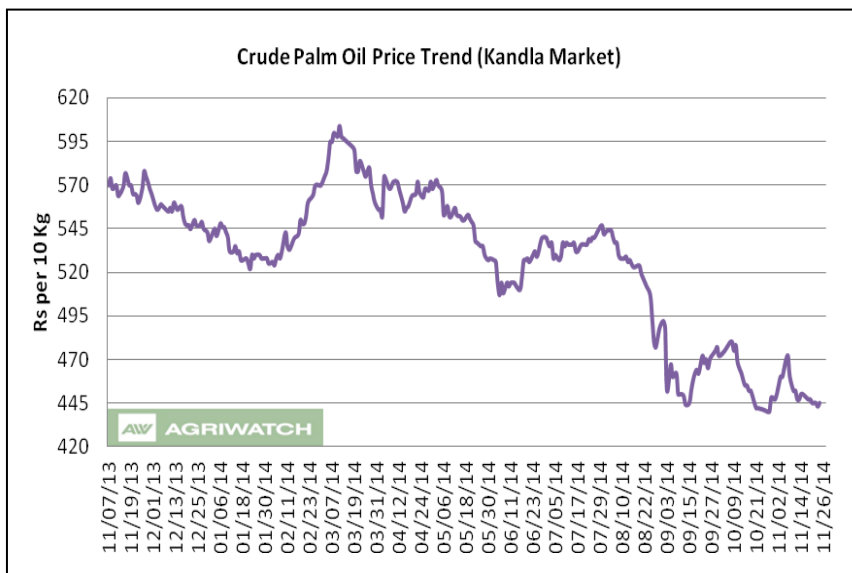
### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of 597-622 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.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 6.898 lakh tons of crude palm oil and 0.769 lakh tons of RBD palmolein from majorly from Malaysia, Indonesia and Thailand during 27 Oct.-16 Nov. 2014. SEA of India revealed that during the 2013-14 oil year (Nov-Oct), Indian buyers imported 62.52 lakh tons of CPO and 15.76 lakh tons of RBD palmolein.
- On the parity front, currently refiners get US \$15-20/tons v/s US \$50-60/tons (last month) margin in processing the imported CPO but on the imports of ready to use palmolein gets disparity of USD -15to -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 disparity in imports.
- 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 710 per tons and USD 715 per tons for November & December delivery respectively. High sea CPO prices quoted at Rs 447 per 10 Kg on 22 Nov. 2014.
- We expect palm oil likely to trade range bound in the days ahead.



### International Front

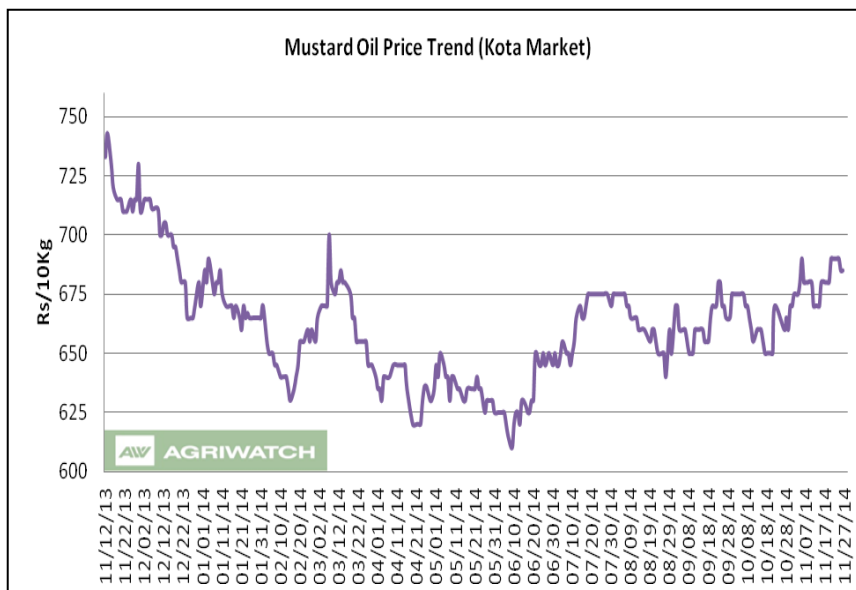
- Weekly review - Exports of Malaysian palm oil products for November 1 - 20 fell 6.4 percent to 837,659 tonnes from 894,697 tonnes shipped during October 1 - 20, cargo surveyor Intertek Testing Services. Indian & subcontinent buyers imported 143,650 tons v/s 188,100 tons compared to same period of last year.
- 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'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.
- 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 record global soybean production may curb the excessive gains.

**Price Outlook:** We expect CPO Kandla 5 percent (with VAT) to stay in the range of 437-453 per 10 Kg in the near term.

### Rapeseed oil Fundamental Review and Analysis:-

#### Domestic Front

- Mustard oil featured steady tone at major cash market in line with the mustard seed and good demand.
- On the planting front, as per Rajasthan agriculture ministry, farmers have been sown 24.24 lakh hectares and 0.767 lakh hectares of taramira on 17 Nov 2014. Government targets area for Rabi mustard and taramira for Rajasthan is 29 lakh hectares and 3 lakh hectares of taramira for 2014-15 Rabi sowing. Rajasthan account 40 percent of the total normal Rabi mustard acreage.
- Diminishing mustard seed stocks, delay in mustard seed planting due to warm weather over western



Rajasthan and winter seasonal demand support the market sentiments. Mustard seed planting almost done in Jaipur and Ganganagar belt. 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.

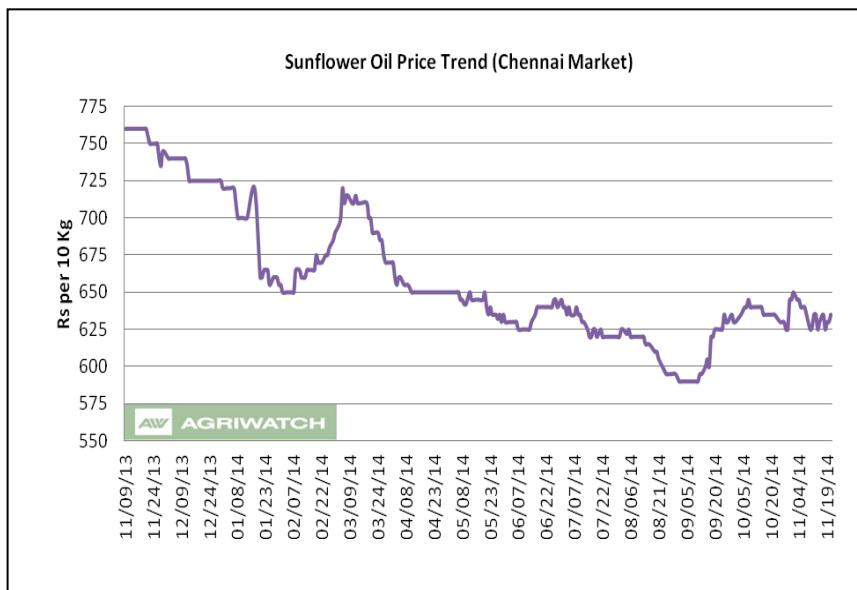
- On the international front, Strategie Grains has raised its estimate of European Union's rapeseed crop to 23.8 million tons from 23.2 million tons last month. We expect RM seed oil prices may trade range bound in the coming days.

**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 678-695 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 IBIS (data compiled by Agriwatch), Indian buyer imported 1.337 lakh tons of crude sunflower oil majorly from Ukraine and Argentina during 27 Oct.-16 Nov. 2014. 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) quoted around USD 905 per tons for Dec delivery v/s bean oil USD 841 per tons for Nov/Dec delivery, as on 22 November 2014. Prices move in between USD 900-915 per tons from the past 15 days and prices are likely to stay in the range of USD 890-922 per tons in the near term.
- On the international front, 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.

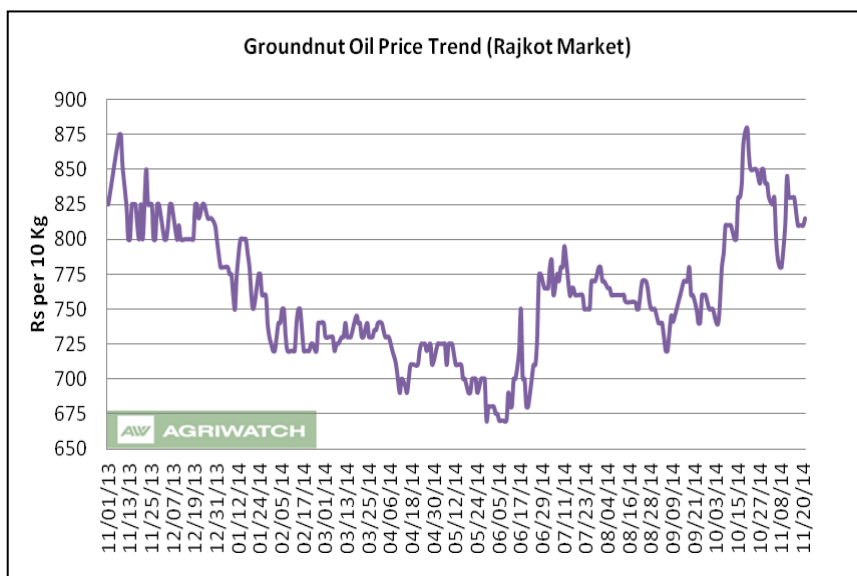


**Price Outlook:** Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 615-635 per 10 Kg.

## 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.
- 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

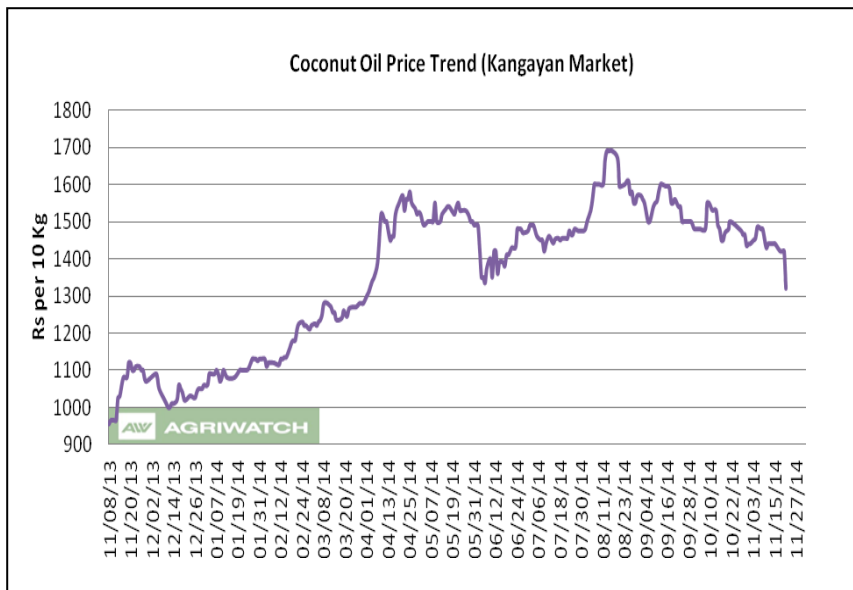
- Groundnut oil prices are likely to trade with a steady to slightly firm tone in the coming days owing to need based demand from wholesalers.

### Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 800-850 per 10 Kg.

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

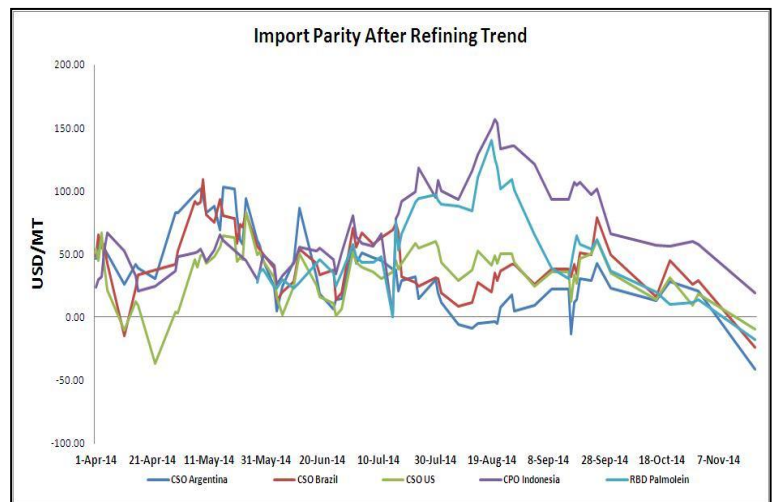
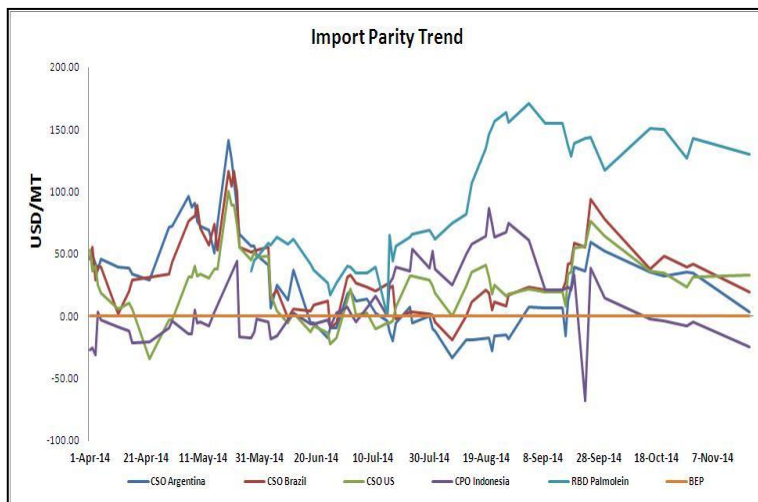
- Coconut oil featured losses at its benchmark market Kangayan during the week.
- Limited buying from corporate and bearish edible oil complex shifts the demand to cheaper edible oils like sunflower. Coconut oil is offered at Rs 1320 per 10 Kg at Kangayem market during the end of week and which was lower by Rs 120-130 per 10 Kg from last week quotes. Prices are likely to remain under pressure in the near term.
- 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.



Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1290-1370 per 10 Kg.



### Import Parity Trend



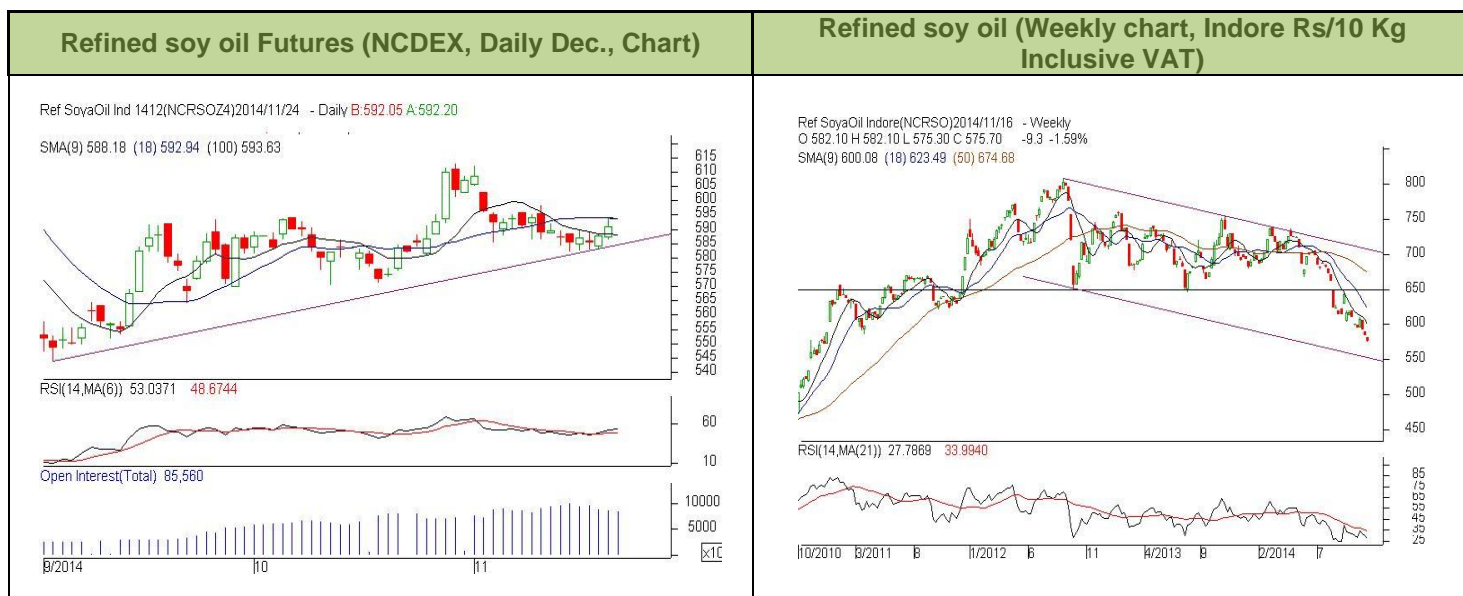
### Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Sept., 2014</b>	19.14	43.92	36.18	99.03	51.59
<b>Oct., 2014</b>	21.039	29.144	18.186	57.683	13.943

### Outlook:-

Import parity for crude soy oil from Argentina and palm oil after refining is hovering in negative territory due to expensive imported oils. We expect CDSO/palm oil import parity to be in the negative side. Disparity in veg. oil may favor lower imports in the coming days. Moreover, 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 sideways trend during the week in review and likely to trade with a steady to slightly firm tone in the coming days.**

- ❖ Weekly chart of refined soy oil at NCDEX depicts recovery during the end of week. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 584.10 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 588-596 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 above 588 levels for a target of 594.50 and 596 with a stop loss at 584.10 on closing basis.

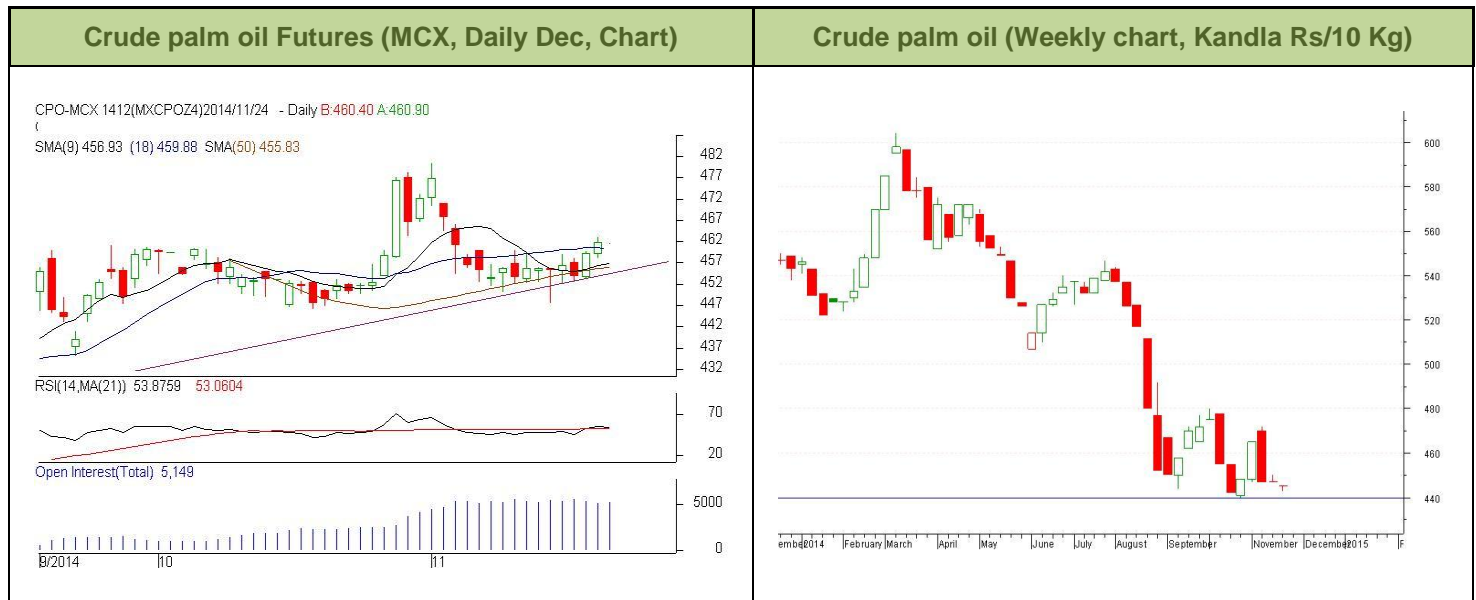
#### RSO NCDEX (Dec.)

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 (with VAT) is likely to stay in the range of Rs 597-622 per 10 Kg.



### Technical Analysis (Crude Palm oil)



**Outlook - Prices are showing sideways to slightly firm tone during the week. We expect CPO Dec. 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 note in the near term.
- ❖ Any close below 452.90 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 456.50-464.50 level. RSI is in neutral region suggesting range bound movement in the coming week.

**Strategy:** Market participants are advised to go long in CPO above 456.50 for a target of 462.50 and 464.50 with a stop loss at 452.90 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 437-453 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		21-Nov-14	14-Nov-14	
Refined Soybean Oil	Kota	585	595	-10
	Rajkot	575	580	-5
	Delhi	640	635	5
	Mumbai	600	605	-5
	Indore	578	590	-12
	Kandla/Mundra	585	585	Unch
	Kolkata	580	580	Unch
	Indore (Soy Solvent Crude)	545	560	-15
	Mumbai (Soy Degum)	547	548	-1
	Kandla/Mundra (Soy Degum)	545	547	-2
	Akola	610	627	-17
	Amrawati	609	625	-16
	Jalna	622	639	-17
	Nagpur	613	633	-20
	Alwar	NA	NA	-
	Solapur	620	643	-23
	Bundi	590	607	-17
	Dhule	621	640	-19
Palm Oil	Rajkot	483	490	-7
	Hyderabad	499	504	-5
	Delhi	530	550	-20
	Kandla (Crude Palm Oil)	445	447	-2
	Kandla (RBD Palm oil)	475	475	Unch
	Mumbai RBD Pamolein	505	510	-5
	Kandla RBD Pamolein	490	492	-2
	Mangalore RBD Pamolein	507	505	2
	Chennai RBD Pamolein	507	508	-1
	Kakinada RBD Pamolein	485	488	-3
	KPT (krishna patnam)	480	485	-5
	Haldia	488	495	-7
	PFAD (Kandla)	395	400	-5
	Refined Palm Stearin (Kandla)	405	400	5
Refined Sunflower Oil	Mumbai	650	645	5
	Mumbai(Expeller Oil)	570	570	Unch
	Kandla/Mundra (Crude)	565	570	-5

	Erode (Expeller Oil)	650	660	<b>-10</b>
	Hyderabad (Ref)	641	641	<b>Unch</b>
	Chennai	635	625	<b>10</b>
	Latur (Expeller Oil)	605	608	<b>-3</b>
	Chellakere (Expeller Oil)	575	585	<b>-10</b>
<b>Groundnut Oil</b>	Rajkot	815	830	<b>-15</b>
	Chennai	780	760	<b>20</b>
	Delhi	750	783	<b>-33</b>
	Hyderabad *	810	840	<b>-30</b>
	Mumbai	830	850	<b>-20</b>
	Gondal	830	830	<b>Unch</b>
	Jamnagar	825	820	<b>5</b>
<b>Rapeseed Oil/Mustard Oil</b>	Mumbai (Expeller Oil)	700	705	<b>-5</b>
	Sri-GangaNagar(Exp Oil)	712	710	<b>2</b>
	Alwar (Expeller Oil)	NA	755	<b>-</b>
	Kota (Expeller Oil)	685	690	<b>-5</b>
	Jaipur (Expeller Oil)	701	704	<b>-3</b>
	New Delhi (Expeller Oil)	710	715	<b>-5</b>
	Hapur (Expeller Oil)	735	730	<b>5</b>
	Sri-Ganga Nagar (Kacchi Ghani Oil)	740	740	<b>Unch</b>
	Kota (Kacchi Ghani Oil)	725	740	<b>-15</b>
	Jaipur (Kacchi Ghani Oil)	732	735	<b>-3</b>
	Agra (Kacchi Ghani Oil)	775	785	<b>-10</b>
	Bharatpur (Kacchi Ghani Oil)	770	780	<b>-10</b>
	Neewai (Kacchi Ghani Oil)	714	718	<b>-4</b>
	Hapur (Kacchi Ghani Oil)	760	770	<b>-10</b>
<b>Refined Cottonseed Oil</b>	Mumbai	570	585	<b>-15</b>
	Rajkot	575	585	<b>-10</b>
	New Delhi	532	560	<b>-28</b>
	Hyderabad	575	595	<b>-20</b>
<b>Coconut Oil</b>	Kangayan (Crude)	1320	1440	<b>-120</b>
	Cochin	1420	1450	<b>-30</b>
	Trissur	1420	1455	<b>-35</b>
<b>Sesame Oil</b>	New Delhi	780	810	<b>-30</b>
	Mumbai	850	870	<b>-20</b>



<b>Kardi</b>	Mumbai	860	870	<b>-10</b>
<b>Rice Bran Oil (40%)</b>	New Delhi	455	NA	<b>-</b>
<b>Rice Bran Oil (4%)</b>	Punjab	485	485	<b>Unch</b>
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	460	485	<b>-25</b>
<b>Malaysia Palmolein USD/MT</b>	FOB	690	693	<b>-3</b>
	CNF India	708	710	<b>-2</b>
<b>Indonesia CPO USD/MT</b>	FOB	660	668	<b>-8</b>
	CNF India	683	685	<b>-2</b>
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	900	910	<b>-10</b>
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB (Sept-Oct delivery)	660	660	<b>Unch</b>
<b>Argentina FOB (\$/MT)</b>		<b>20-Nov-14</b>	<b>13-Nov-14</b>	<b>Change</b>
Crude Soybean Oil Ship		773	758	<b>15</b>
Refined Soy Oil (Bulk) Ship		800	784	<b>16</b>
Sunflower Oil Ship		NA	850	<b>-</b>
Cottonseed Oil Ship		753	738	<b>15</b>
Refined Linseed Oil (Bulk) Ship		NA	NA	<b>-</b>
<i>* indicates including VAT</i>				

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