

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed steady to weak tone during the week owing to bearish Malaysian palm oil export figures and weakness in the crude oil prices.

On the currency front, Indian rupee against USD closed at 62.02, down 0.43 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, crude oil prices, Malaysian palm oil export demand, and weather over South American soybean growing belt.

We expect edible oil complex to trade sideways to weak tone due to limited buying in the falling trend, new oilseeds arrivals, and weakness in the international commodity market.

Recommendation:

Weekly Call - Market participant are advised to go short in RSO below 577 levels for a target of 565 and 562 with a stop loss at 584.20 on closing basis and go short in CPO below 439 for a target of 429 and 426.50 with a stop loss at 452.90 on closing basis.

International Veg. Oil Market Summary

Exports of Malaysian palm oil products for Nov. 1-25 fell 3.3 percent to 1,098,870 tonnes from 1,136,943 tonnes shipped during Oct. 1-25, cargo surveyor Societe Generale de Surveillance. Indian buyers imported 205,900 tons v/s 204,600 tons compared to same period of last year.

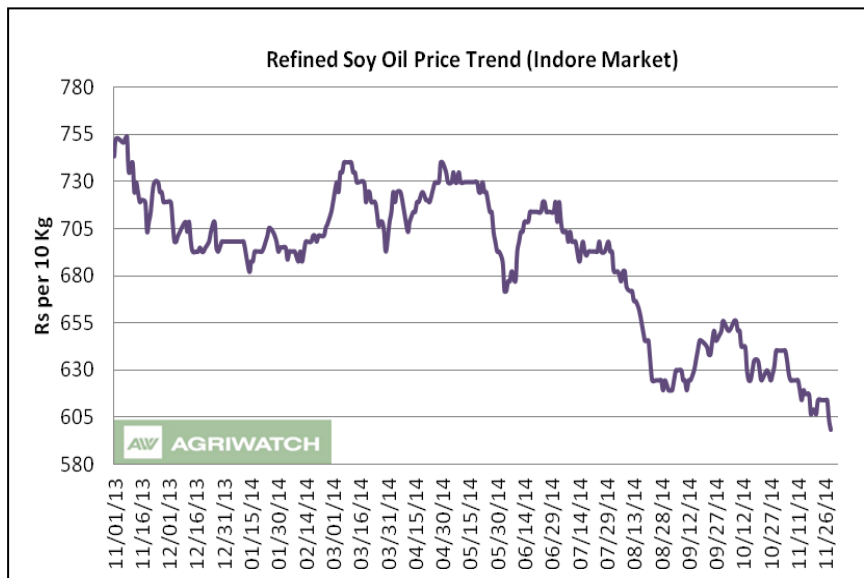
On the international front, record US soybean production forecast for 2014/15, soybean harvesting pressure and in expectation of higher soybean sowing in South American countries favors the bears. However, renewed demand at lower quotes may curb the excessive losses in soy complex.

Bearish cues from international soy oil market and weak crude oil prices after OPEC decision not to cut crude oil production may pressurize the prices in the near-medium term. However, palm oil exports tax exemption by South East Asian countries, and supplies likely to fall during the last month of year might caps the excessive losses.

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.
- As per IBIS data (data compiled by Agriwatch) Indian buyers imported 1.378 lakh tons during 27 Oct. - 23 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 -Solvent Extractors' Association (SEA).
- CIF soybean oil for ready delivery at Indian ports is quoted USD 825 per tons on 29 Nov. 2014. However, Jan/Feb delivery is offered at discount of USD 2 per tons and May/June delivery at USD 46 per tons. Next week, CIF soybean oil Argentina basis likely to trade in between USD 808-825 per tons
- Weakness in the crude oil prices likely to persist in the coming days due to OPEC decision not to cut crude oil production in the coming days, which may pressurize the oil complex. Soy oil closely tracks Brent crude oil as it is used as bio fuel. However, winter seasonal demand for oils and lower soybean arrivals in the cash market on y-o-y basis may caps 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 weak tone.



International Front

- As per Buenos Aires Grains Exchange, Argentine soybean planting reached to 44.8 percent of the expected sowing area as on 27 Nov. 2014. Soybean sowing pick up noticed during the last 5-7 days due to good weather over key soybean producing regions.
- US agricultural attaché forecasts Brazil's soybean production at 92 Million tons in 2015, down from the previous forecast of 94.0 million tons. Last year soybean production in Brazil was 86.7 million tons. Exports in 2015/16 (Feb/Jan) are projected at 47 million tons v/s 46.5 million tons previous year and ending stocks at 6.8 million tons v/s 2.8million tons last year.
- As per Oil World, major seven oilseeds production for 2014-15 is forecast at 509.5 million tons from 490.4 million tons last year due to higher production of soybean and mustard seed. Global soybean production is forecast at 309.1 million tons from 284.8 million tons last year.
- 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.
- 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.

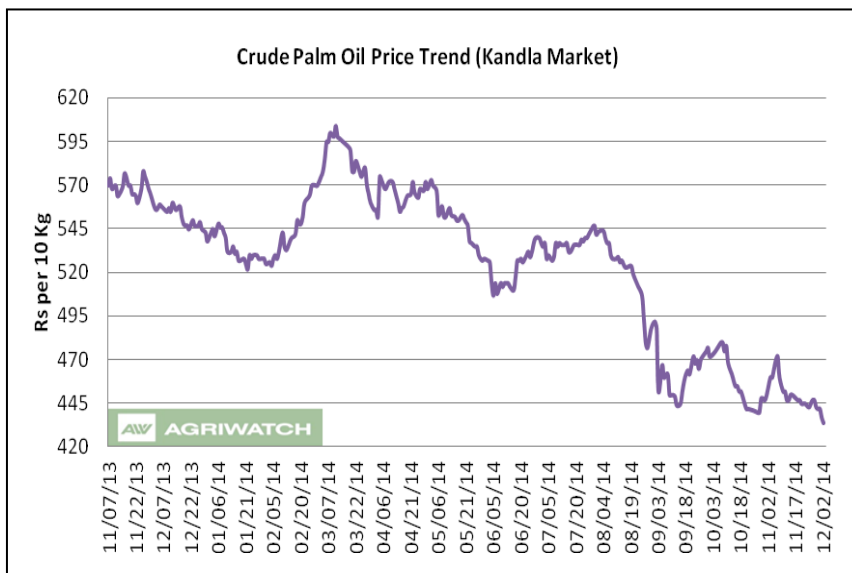
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 565-588 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 8.731 lakh tons of crude palm oil and 0.999 lakh tons of RBD palmolein from majorly from Malaysia, Indonesia and Thailand during 27 Oct.-23 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 \$30-35/tons v/s US \$15-20/tons (last week) margin in processing the imported CPO but on the imports of ready to use palmolein gets disparity of USD -8to -15/tons v/s US \$-15to -20/tons (last week) parity. Palm oil imports may soften in the coming days in expectation of losses in the edible oil complex and higher oilseeds supplies.
- CNF CPO at Indian port is quoted at USD 660 per tons for December delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 685 per tons for December delivery. High sea CPO prices quoted at Rs 434 per 10 Kg and superolein at Rs 510 + vat on 29 Nov. 2014.
- We expect palm oil likely to trade range bound to weak tone in the days ahead.



International Front

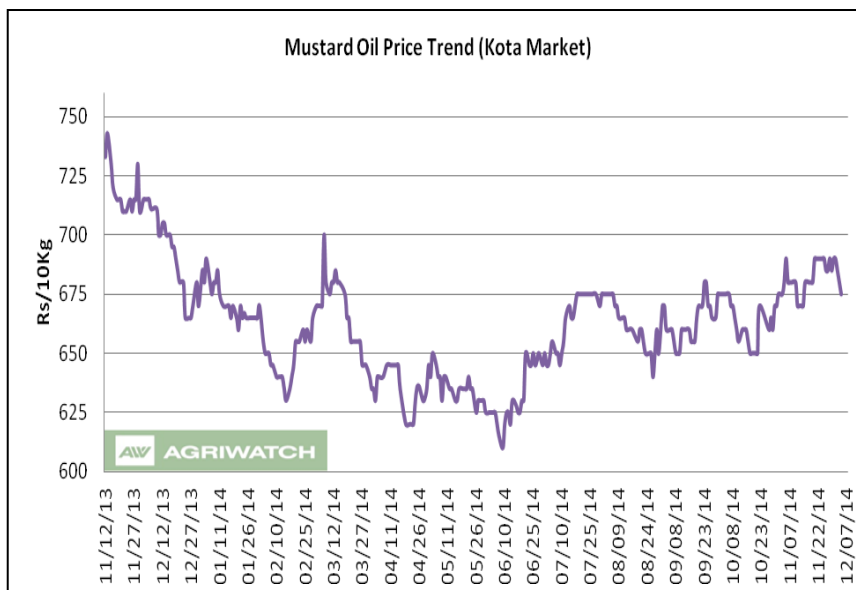
- Weekly review - Exports of Malaysian palm oil products for Nov. 1-25 fell 3.3 percent to 1,098,870 tonnes from 1,136,943 tonnes shipped during Oct. 1-25, cargo surveyor Societe Generale de Surveillance. Indian buyers imported 205,900 tons v/s 204,600 tons compared to same period of last year. The Malaysian Palm Oil Association, forecast palm oil output rose 2.4 percent between Nov. 1-20 compared to last month.
- As per James Fry, Malaysian crude palm oil may drop to 1,740 ringgits per tons next year, if Brent crude slides to \$60 a barrel as weak crude oil may dent the palm demand, which can be used as a biofuels. Moreover, Malaysian crude palm oil is expected to average 2,235 ringgit (\$661) per tons in 2015 if Brent is at \$80 a barrel and to drop to 1,985 ringgit if Brent is at \$70.
- Mistry kept his forecast that palm oil prices had bottomed out and would reach 2,500 ringgit by March, before climbing higher as inventories shrink to their lowest in June. However, the price gain will depend on Indonesia's biodiesel targets. On the production front, Indonesian palm output may rise to 31.5 million tonnes in 2015 from 30 million tonnes projected for this year, and jump another 2.5-3 million tonnes in 2016 as large areas of oil palm acreage mature
- Indonesia kept its export tax on crude palm oil at zero for December 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.
- Bearish cues from international soy oil market and weak crude oil prices after OPEC decision not to cut crude oil production may pressurize the prices in the near-medium term. However, palm oil exports tax exemption by South East Asian countries, and supplies likely to fall during the last month of year might caps the excessive losses.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 422-438 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured steady to weak tone at major cash market in line with the other edible oils.
- On the planting front, as per Rajasthan agriculture ministry, farmers have been sown 25.12 lakh hectares and 0.574 lakh hectares of mustard & taramira respectively as on 24 Nov 2014. Last year, Rajasthan's mustard seed acreage was 30.79 lakh ha. Government target area for mustard and taramira in Rajasthan is estimated at 32 lakh hectares for 2014-15. Till 24 Nov 2014, 86.7 percent and 19.1 percent of the mustard seed and taramira sowing target has been achieved respectively. Rajasthan account 40 percent of the total normal Rabi mustard acreage.



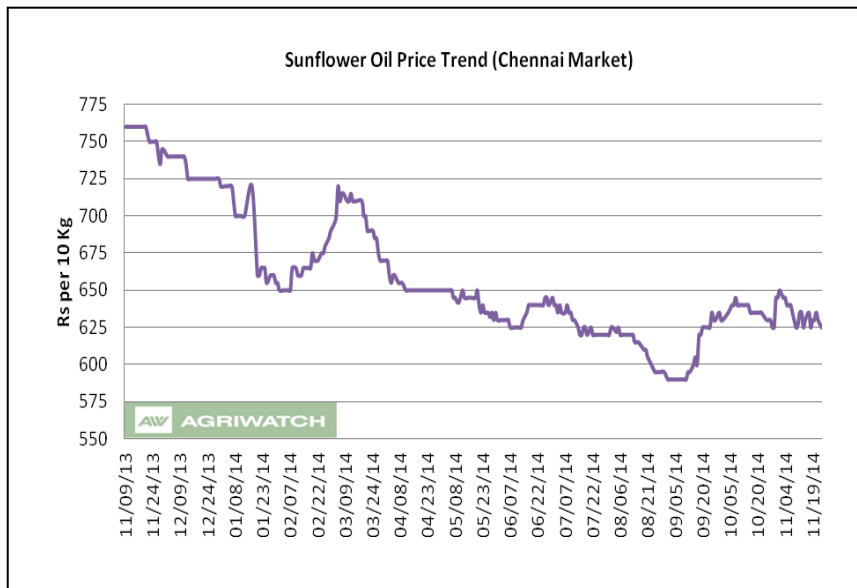
- On the supply side, USDA projected mustard seed production for 2014-15 at 75 lakh tons up two lakh tons from last year. As per Agriwatch estimates, we have left intact our mustard output estimates for 2013-14 to 77.4 lakh tons, up 5.4 lakh tons from the previous oil year. Mustard oil output estimate 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, IGC reduced EU's rapeseed planting estimate to 6.4 million hectares, down 400,000 hectares on y-o-y basis for the 2015 harvest. 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 663-675 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 2.049 lakh tons of crude sunflower oil majorly from Ukraine and Argentina during 27 Oct.-23 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 895 per tons for Dec delivery v/s bean oil USD 825 per tons for Dec delivery, as on 29 November 2014. Sunflower oil is offered at premium compared to rapeseed and soybean oil prices due to lower production estimates from European Union countries. However, losses in the crude oil prices and weak fundamentals for oilseeds limit the gains in the sunflower oil prices. Prices are likely to stay in the range of USD 875-910 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.

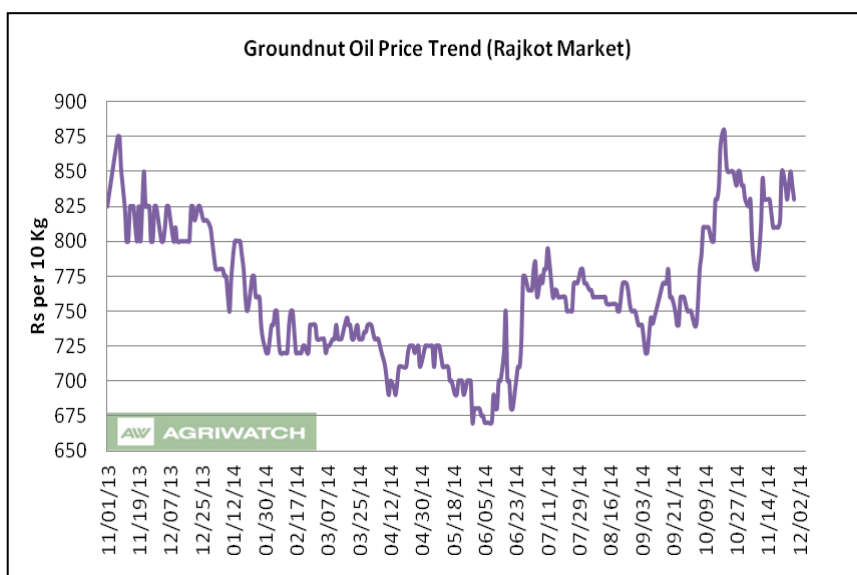


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 615-635 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices trade sideways at its benchmark market (Rajkot) during the week tracking better demand and lower crop estimates.
- As per SEA estimates, groundnut seed production in India will be around 3.30 million tons for 2014-15 v/s 4.71 million tons last year. India's groundnut oil availability for 2014-15 has been estimated at 2.4 lakh tons, down by 1.7 lakh tons (41.50 per cent) from last year's 4.10 lakh tons.
- As per Ministry of agriculture, area coverage as on 27 October 2014 during Rabi 2014 is lower by 0.36 lakh hectares to 2.02 lakh ha



compared to corresponding period of rabi 2013. State wise details - in Telangana sowing reached to 1.08 (1.55) lakh hectares, in Karnataka sowing reached to 0.54 (0.02) lakh hectares and in Tamil Nadu sowing reached to 0.18 (0.20) 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.

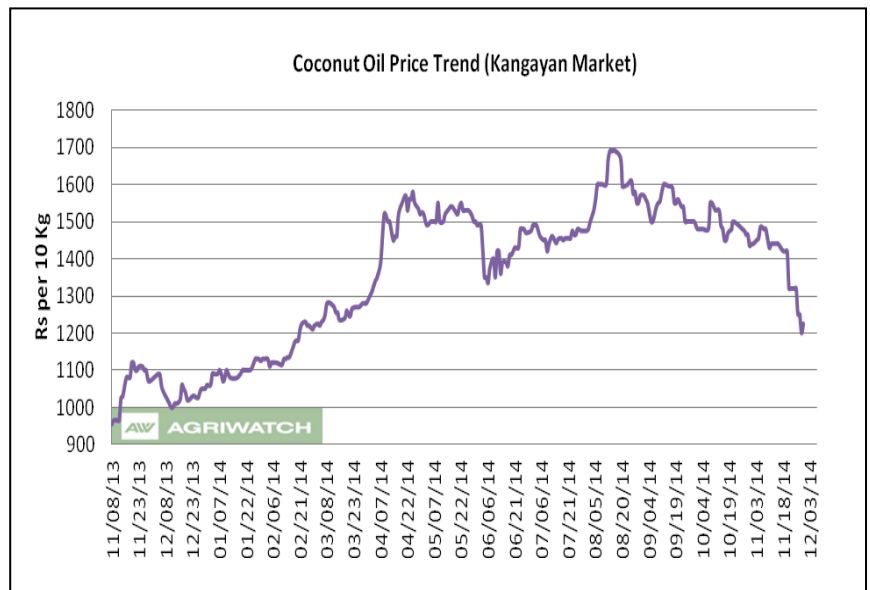
Price Outlook

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

Coconut Oil Fundamental Review and Analysis:-

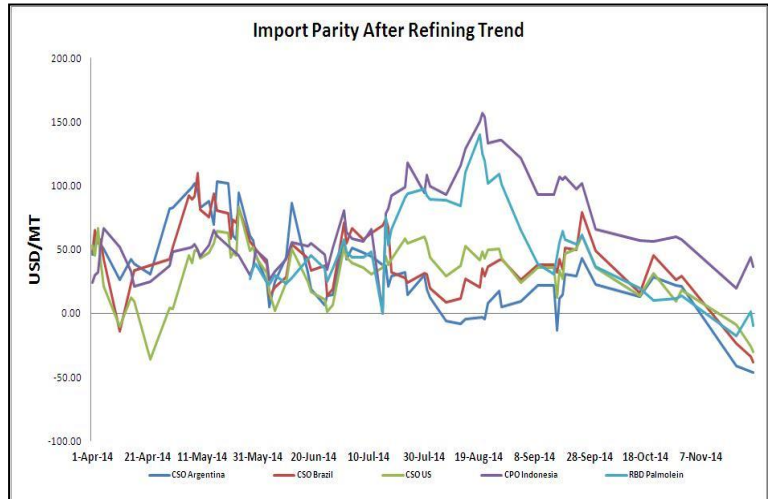
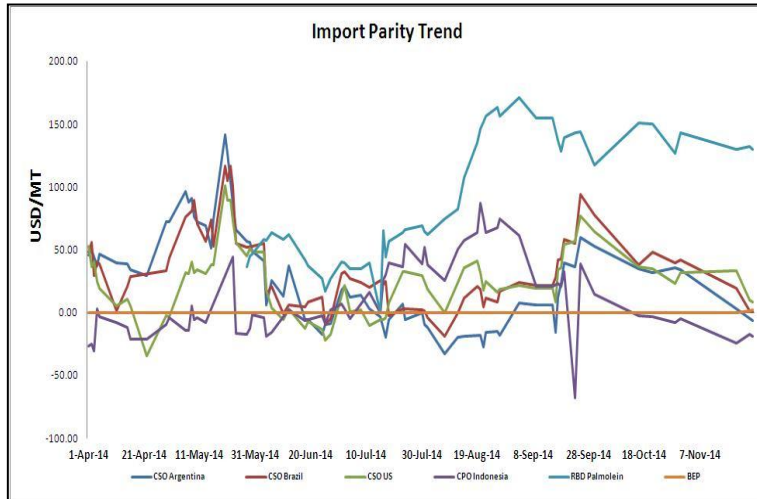
Domestic Front

- Coconut oil featured losses at its benchmark market Kangayan during the week.
- Weak trend in the crude oil prices, limited buying from corporate and demand shift to the cheaper edible oils like sunflower and palm oil add pressure to the coconut oil prices. Coconut oil is offered at Rs 1276 per 10 Kg at Kangayem market during the end of week and which was lower by 8.9 percent 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 1230-1300 per 10 Kg.

Import Parity Trend



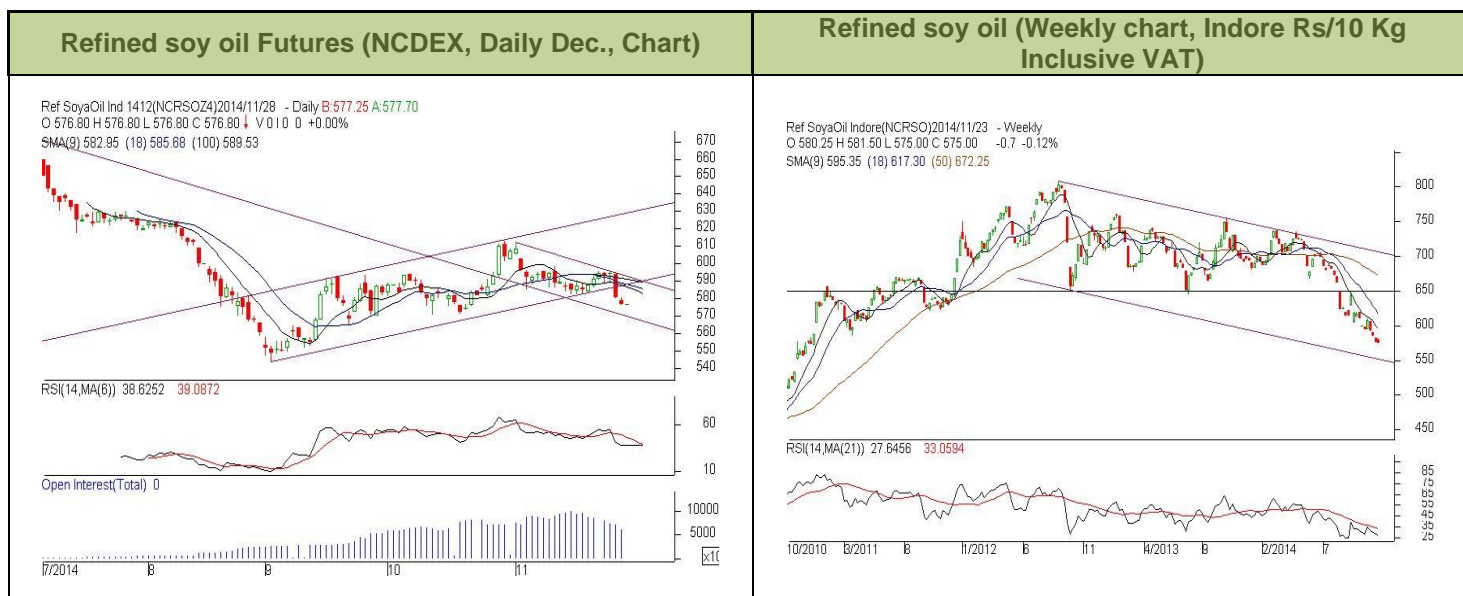
Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Oct., 2014	21.039	29.144	18.186	57.683	13.943
Nov., 2014	-43.50	-32.25	-21.65	33.33	-8.59

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 to weak trend during the week in review and likely to trade with a weak tone in the coming days.

- ❖ Weekly chart of refined soy oil at NCDEX depicts breakout during the end of week. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close above 584.20 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 562-577 level in near to medium term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

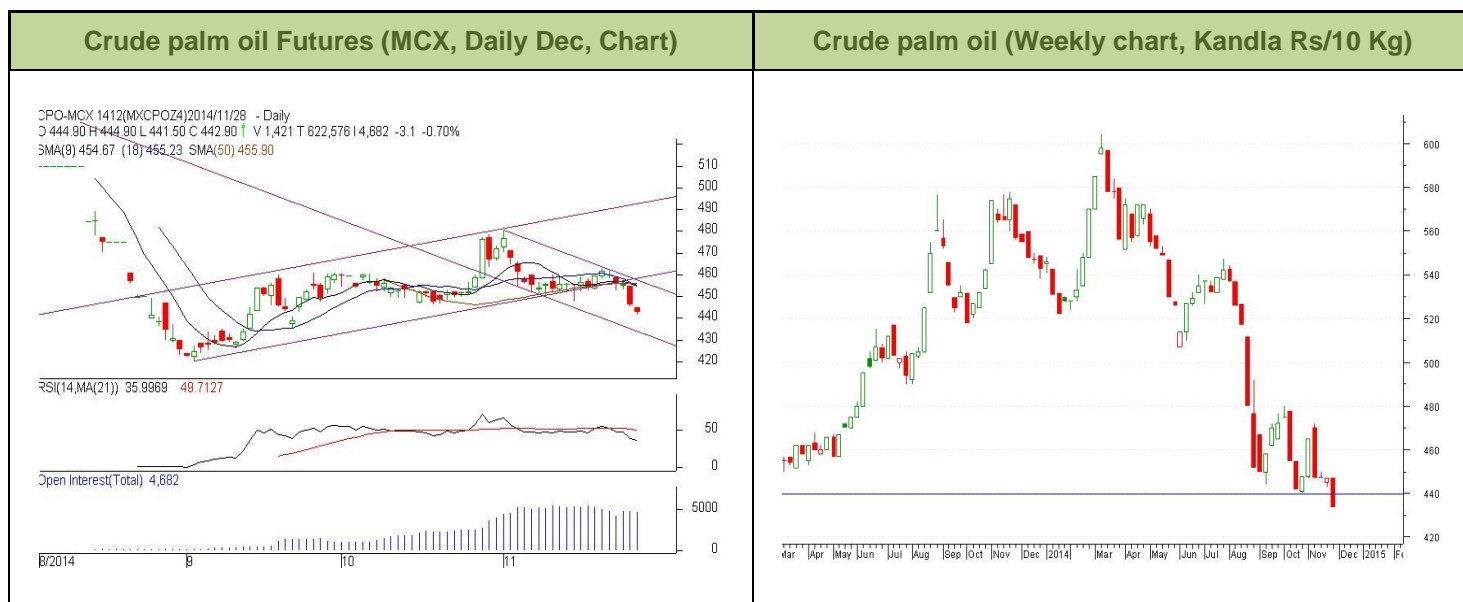
Strategy: Market participant are advised to go short in RSO below 577 levels for a target of 565 and 562 with a stop loss at 584.20 on closing basis.

RSO NCDEX (Dec.)

Support and Resistance				
S2	S1	PCP	R1	R2
554.00	560.00	577.70	584.50	589.50

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 565-588 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices are showing sideways to weak tone during the week. We expect CPO Dec. contract may trade sideways to weak note.

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts losses the prices. We expect prices may trade with a steady to weak note in the near term.
- ❖ Any close above 452.90 in weekly chart shall change the sentiments and might bring the prices to a bullish tone.
- ❖ Expected price band for next week is 426.50-439.00 level. RSI is in neutral region suggesting range bound movement in the coming week.

Strategy: Market participants are advised to go short in CPO below 439 for a target of 429 and 426.50 with a stop loss at 452.90 on closing basis.

CPO MCX (Dec.)

Support and Resistance				
S2	S1	PCP	R1	R2
420.00	425.00	439.20	450.00	456.50

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 422-438 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		28-Nov-14	21-Nov-14	
Refined Soybean Oil	Kota	570	585	-15
	Rajkot	580	575	5
	Delhi	620	640	-20
	Mumbai	600	600	Unch
	Indore	575	578	-3
	Kandla/Mundra	590	585	5
	Kolkata	580	580	Unch
	Indore (Soy Solvent Crude)	545	545	Unch
	Mumbai (Soy Degum)	553	547	6
	Kandla/Mundra (Soy Degum)	555	545	10
	Akola	606	610	-4
	Amrawati	608	609	-1
	Jalna	617	622	-5
	Nagpur	610	613	-3
	Alwar	NA	NA	-
	Solapur	617	620	-3
	Bundi	590	590	Unch
	Dhule	616	621	-5
Palm Oil	Rajkot	480	483	-3
	Hyderabad	504	499	5
	Delhi	530	530	Unch
	Kandla (Crude Palm Oil)	437	445	-8
	Kandla (RBD Palm oil)	465	475	-10
	Mumbai RBD Pamolein	490	505	-15
	Kandla RBD Pamolein	482	490	-8
	Mangalore RBD Pamolein	500	507	-7
	Chennai RBD Pamolein	500	507	-7
	Kakinada RBD Pamolein	485	485	Unch
	KPT (krishna patnam)	480	480	Unch
	Haldia	485	488	-3
	PFAD (Kandla)	370	395	-25
	Refined Palm Stearin (Kandla)	390	405	-15
Refined Sunflower Oil	Mumbai	650	650	Unch
	Mumbai(Expeller Oil)	575	570	5
	Kandla/Mundra (Crude)	565	565	Unch



	Erode (Expeller Oil)	645	650	-5
	Hyderabad (Ref)	641	641	Unch
	Chennai	620	635	-15
	Latur (Expeller Oil)	605	605	Unch
	Chellakere (Expeller Oil)	575	575	Unch
Groundnut Oil	Rajkot	840	815	25
	Chennai	750	780	-30
	Delhi	720	750	-30
	Hyderabad *	810	810	Unch
	Mumbai	840	830	10
	Gondal	825	830	-5
	Jamnagar	820	825	-5
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	700	700	Unch
	Sri-GangaNagar(Exp Oil)	717	712	5
	Alwar (Expeller Oil)	760	NA	-
	Kota (Expeller Oil)	680	685	-5
	Jaipur (Expeller Oil)	706	701	5
	New Delhi (Expeller Oil)	710	710	Unch
	Hapur (Expeller Oil)	735	735	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	745	740	5
	Kota (Kacchi Ghani Oil)	730	725	5
	Jaipur (Kacchi Ghani Oil)	742	732	10
	Agra (Kacchi Ghani Oil)	775	775	Unch
	Bharatpur (Kacchi Ghani Oil)	770	770	Unch
	Neewai (Kacchi Ghani Oil)	724	714	10
	Hapur (Kacchi Ghani Oil)	765	760	5
Refined Cottonseed Oil	Mumbai	572	570	2
	Rajkot	565	575	-10
	New Delhi	530	532	-2
	Hyderabad	575	575	Unch
Coconut Oil	Kangayan (Crude)	1200	1320	-120
	Cochin	1390	1420	-30
	Trissur	1300	1420	-120
Sesame Oil	New Delhi	780	780	Unch
	Mumbai	840	850	-10

Kardi	Mumbai	860	860	Unch
Rice Bran Oil (40%)	New Delhi	455	455	Unch
Rice Bran Oil (4%)	Punjab	455	485	-30
Rice Bran Oil (4%)	Uttar Pradesh	455	460	-5
Malaysia Palmolein USD/MT	FOB	673	690	-17
	CNF India	695	708	-13
Indonesia CPO USD/MT	FOB	640	660	-20
	CNF India	670	683	-13
Ukraine Origin CSFO USD/MT Kandla	CIF	895	900	-5
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	NA	660	-
Argentina FOB (\$/MT)		26-Nov-14	20-Nov-14	Change
Crude Soybean Oil Ship		790	773	17
Refined Soy Oil (Bulk) Ship		817	800	17
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		770	753	17
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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