

## **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 61.77, down 0.41 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, MPOB data ( on 10 Dec., 2014) and weather over South American soybean growing belt.*

*We expect edible oil complex to trade sideways due to limited buying in the falling trend, new oilseeds arrivals, and weakness in the international commodity market. However, seasonal demand for oils may cap the excessive losses.*

### **Recommendation:**

*Weekly Call - Market participant are advised to go long in RSO above 580 levels for a target of 590 and 593 with a stop loss at 574.00 on closing basis and go long in CPO above 433.50 for a target of 442 and 445 with a stop loss at 428.40 on closing basis.*

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

*Exports of Malaysian palm oil products for Nov. fell 10 percent to 1.31 million tons from 1.46 million tons shipped during Oct., cargo surveyor Societe Generale de Surveillance.*

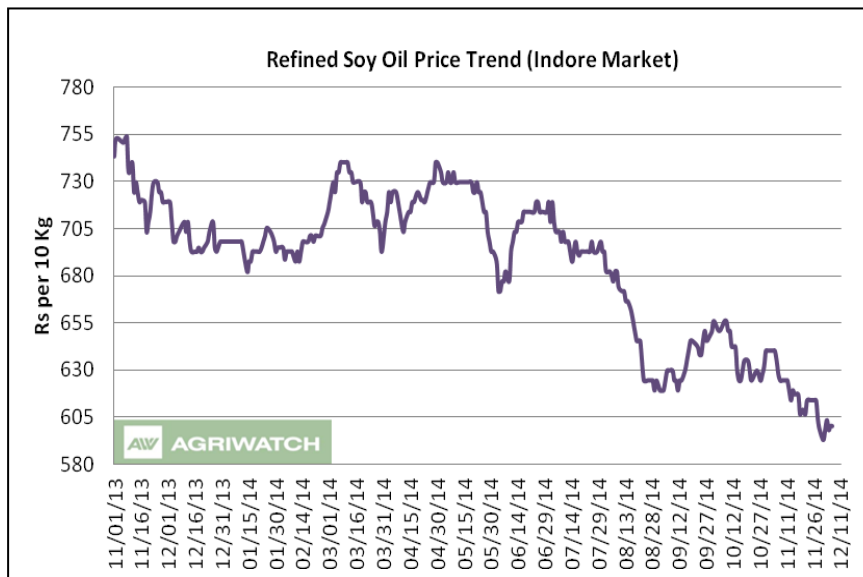
*On the international front, record US soybean production forecast for 2014/15, soybean harvesting pressure couple with good output figures from South American countries favors the bears. However, renewed demand at lower quotes may curb the excessive losses in soy complex.*

*Oilseed supplies from the globe are plenty and biofuel demand remains on the dull side tracking bearishness in the crude oil after OPEC decision not to cut crude oil production, which may pressurize the palm prices in the near-medium term. However, palm oil production seems to be lower from the November and exports tax exemption by South East Asian countries might cap 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 1.931 lakh tons during 27 Oct. – 30 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 848 per tons on 08 Dec. 2014. However, May/June delivery is offered at discount of USD 76 per tons. Next week, CIF soybean oil Argentina basis likely to trade in between USD 840-858 per tons.
- Winter seasonal demand for oils, lower quotes and lower soybean arrivals in the cash market may support the bulls for short term. However, choppiness in the crude oil prices may limit the excessive gains in the oil complex. Soy oil closely tracks Brent crude oil as it is used as bio fuel.
- 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

- According to an estimate by a Chinese chamber of commerce, China is likely to import 73.5 million tonnes in 2014/15 (Oct/Sept), a rise of 4.5 percent from the previous year. However, USDA forecast soybean imports by Chinese buyers at 74 million tons.
- As per Oil World, Brazil soy oil production forecast for 2015 to 7.9 MMT from the 7.4 MMT expected this year. In 2013, soy oil production in Brazil was 7.1 MMT. Brazilian ending stocks seen at 220,000 tons v/s 288,000 tons in 2013.
- 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 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.
- On the international front, record US soybean production forecast for 2014/15, soybean harvesting pressure couple with good output figures from South American countries favors the bears. However, renewed demand at lower quotes may curb the excessive losses in soy complex.

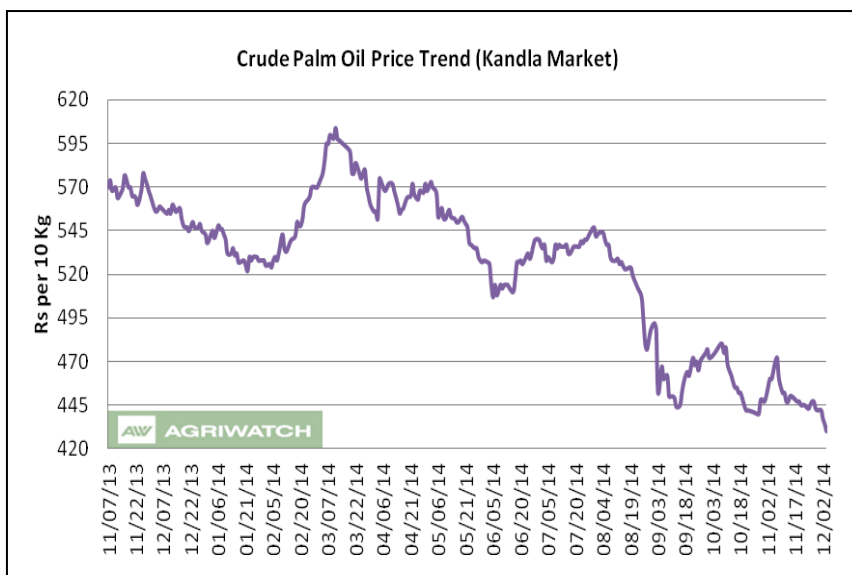
### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 560-580 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 10.694 lakh tons of crude palm oil and 1.478 lakh tons of RBD palmolein from majorly from Malaysia, Indonesia and Thailand during 27 Oct.-30 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.
- As per the latest government notification, Indian Government has revised the tariff value for crude palm oil to US \$ 710, RBD palm oil to US \$740, Crude and refined palmolein to 747, 750 (US dollar per metric tons) respectively.
- Higher crude palm oil imports witnessed during November tracking lower oilseed crushing and parity in imported CPO and disparity in the other edible oils. Currently refiners get US \$45-50/tons v/s US \$30-35/tons (last week) margin in processing the imported CPO but on the imports of ready to use palmolein gets lower parity of USD 20-30/tons v/s US \$-8 to -15/tons (last week) parity.
- 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 432 per 10 Kg and superolein at Rs 500 + vat on 08 Dec. 2014. We expect palm oil likely to trade range bound in the days ahead.



### International Front

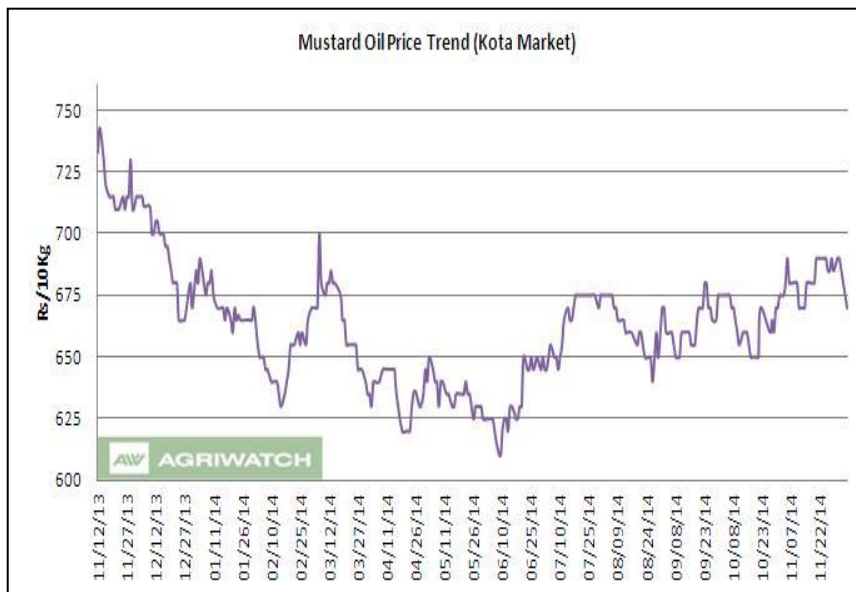
- Weekly review & Outlook - Exports of Malaysian palm oil products for Nov. fell 10 percent to 1.31 million tons from 1.46 million tons shipped during Oct., cargo surveyor Societe Generale de Surveillance.
- As per Reuters survey, median survey of six planters, traders and analysts pegged Malaysian palm stocks at 2.29 million tons, up 5.9 percent on m-o-m basis which is highest in 21 months as production did not ease as much as initially expected, and instead outstripped export demand. November crude palm oil production seen down to 1.8 million tons (-4.9 percent) from a month ago.
- 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.
- 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 – Dorab Mistry
- 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.
- Oilseed supplies from the globe are plenty and biofuel demand remains on the dull side tracking bearishness in the crude oil after OPEC decision not to cut crude oil production, which may pressurize the palm prices in the near-medium term. However, palm oil production seems to be lower from the November and exports tax exemption by South East Asian countries 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, Indian farmers have been sown 60.18 lakh hectares of mustard seed (2014-15 crop year) as on 03 Dec. 2014, which was 64.54 lakh ha. higher compared to the last year same period. State wise details - in Rajasthan has been sown in 25.84 (29.27) lakh hectares, in MP sowing reached at 6.40 (7.79) lakh hectares and in UP sowing reached to 11.31 (10.26) 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, sources revealed that India's mustard acreage for 2015-15 seen at 68-69 lakh hectares due to unfavorable weather condition and lower soil moisture. Last year, Indian farmers planted 71.30 lakh hectares of mustard.
- 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.

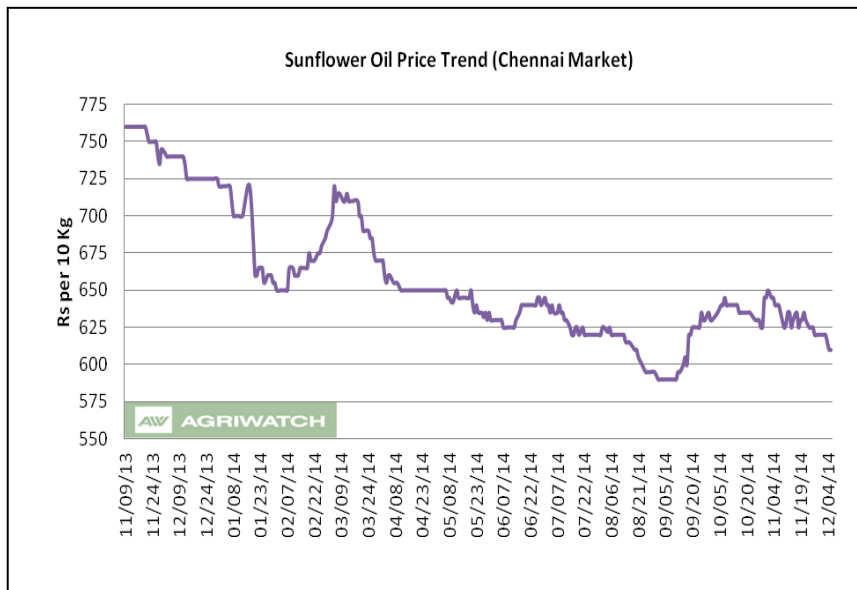


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 663-675 per 10 Kg.

### Sunflower oil Fundamental Review and Analysis:-

#### Domestic Front

- Sunflower oil featured sideways trend during the month of November due to losses in the edible oil complex. However, lower EU's sun seed production estimates for 2014/15 limit the excessive losses.
- As per IBIS (data compiled by Agriwatch), Indian buyer imported 3.091 lakh tons of crude sunflower oil majorly from Ukraine and Argentina during 27 Oct.-30 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 planting front, Indian farmers have been sown 1.97 lakh hectares of Rabi sunseed as on 03 Dec. 2014, which was 1.15 lakh ha. lag compared to the last year same period. State wise details - in Karnataka sunflower has been sown in 1.65 (2.39) lakh hectares, and in Maharashtra sowing reached to 0.11 (0.32) lakh hectares. Values in bracket were last year same period figures.
- On the domestic front, sunflower oil CIF prices (Ukraine origin) quoted around USD 880 per tons for Dec delivery v/s bean oil USD 848 per tons for Dec delivery, as on 08 December 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 868-888 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.

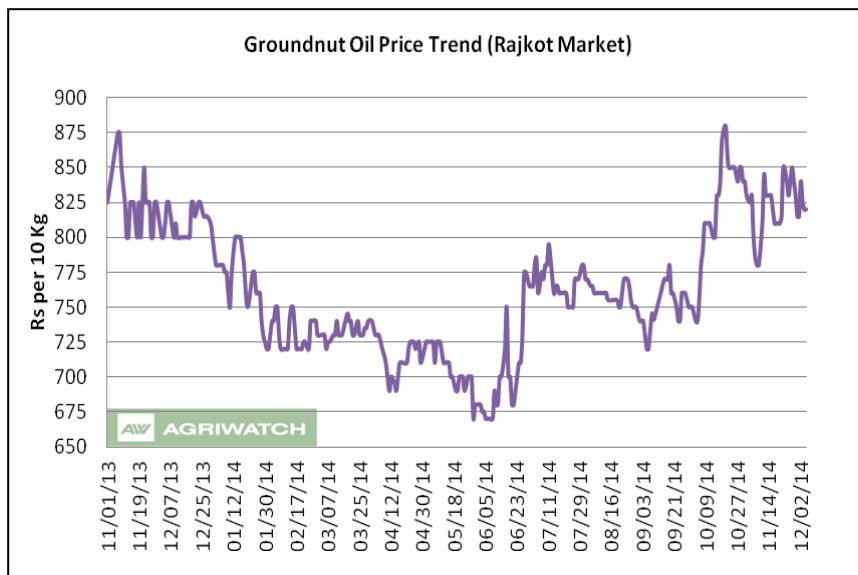


**Price Outlook:** Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 615-635 per 10 Kg.



### 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 Ministry of agriculture, area coverage as on 03 Dec. 2014 during Rabi 2014 is lower by 0.40 lakh hectares to 2.47 lakh ha compared to corresponding period of rabi 2013. State wise details - in Telangana sowing reached to 1.12 (1.56) lakh hectares, in Karnataka sowing reached to 0.54 (0.02) lakh hectares and in Tamil Nadu sowing reached to 0.32 (0.56) 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
- 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.
- Groundnut oil prices are likely to trade with a steady tone in the coming days owing to need based demand from wholesalers.

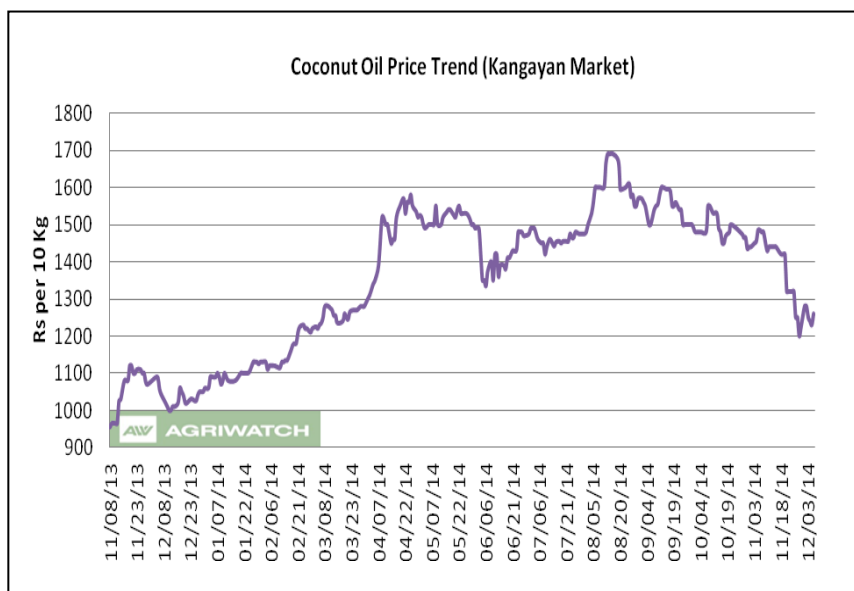


### Price Outlook

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

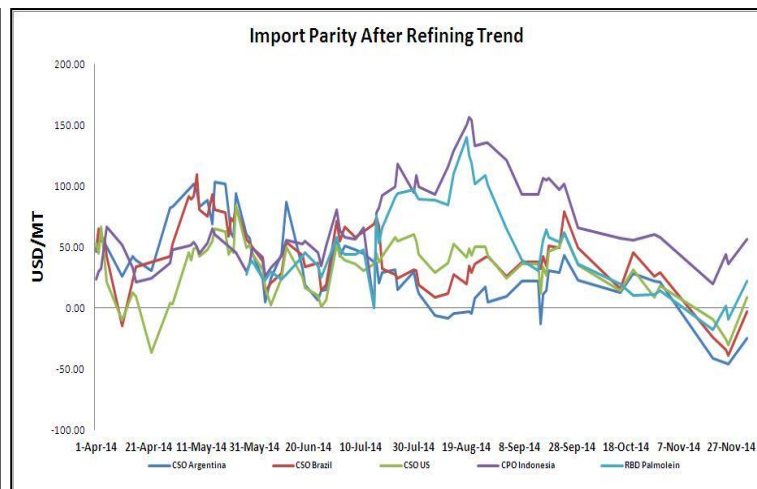
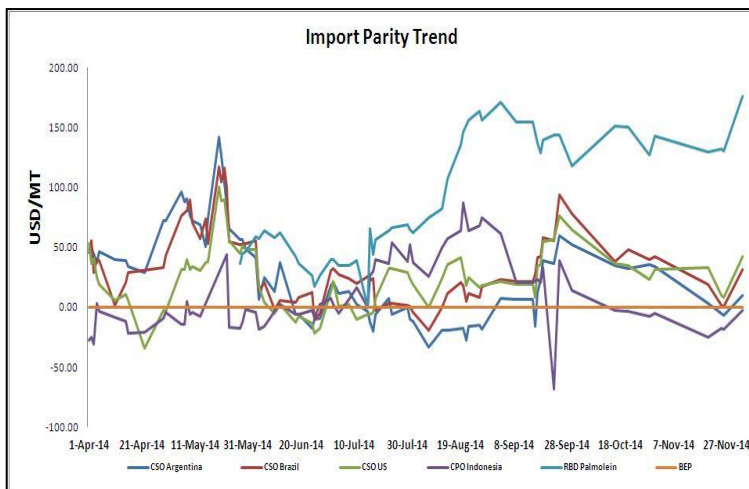
- Coconut oil featured weak tone at its benchmark market Kangeyam during the week owing to dull demand at higher quotes and demand shift to cheaper edible oils during October.
- Weak trend in the crude oil prices, limited buying from corporate and demand shift to the cheaper edible oils like sunflower and palm oil add pressure to the coconut oil prices.
- The government has increased the MSP for fair average quality of milling copra to Rs 5,550/Qtl for 2015 season, up Rs 300/Qtl over the previous year's MSP. Moreover, The MSP for Ball Copra for 2015 season has also been hiked by Rs.330 to Rs.5, 830 rupees per quintal.



- 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**



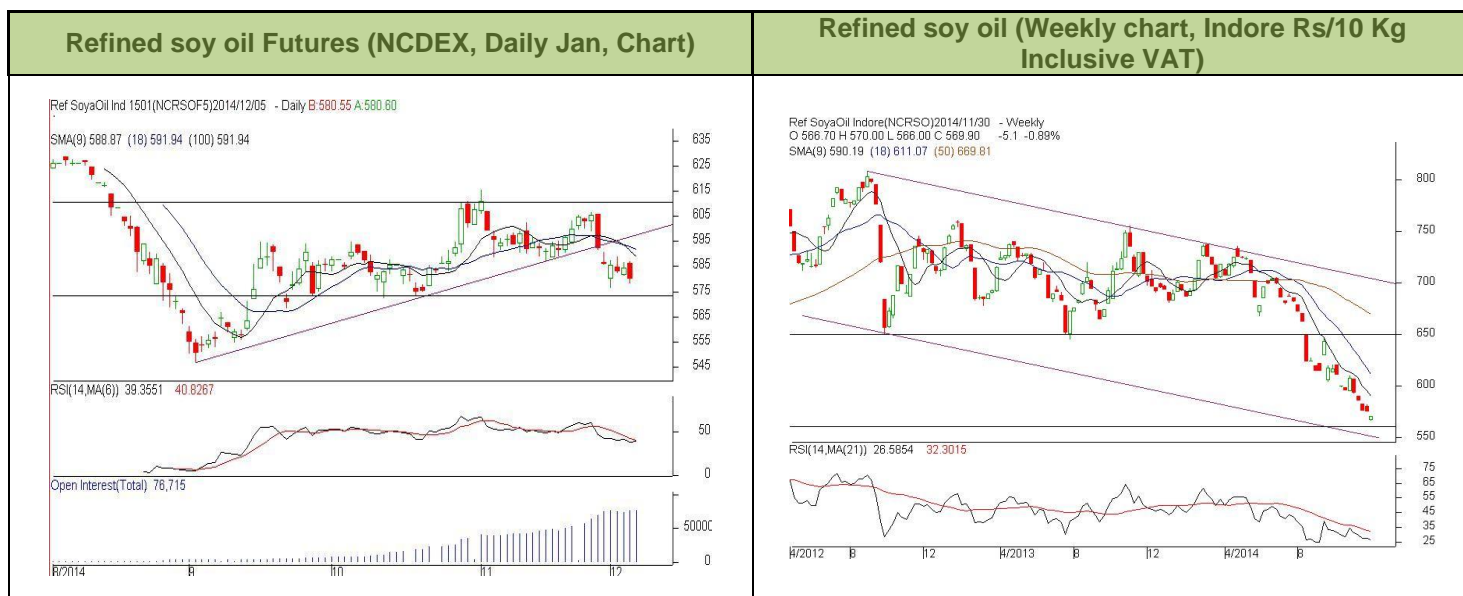
### **Import Parity After Refining in US dollar per tons (Monthly Average)**

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Oct., 2014</b>	21.039	29.144	18.186	57.683	13.943
<b>Nov., 2014</b>	-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 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 breakout during the end of week. However, prices may test lower side of channel in the coming days. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 580 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 580-593 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 580 levels for a target of 590 and 593 with a stop loss at 574.00 on closing basis.

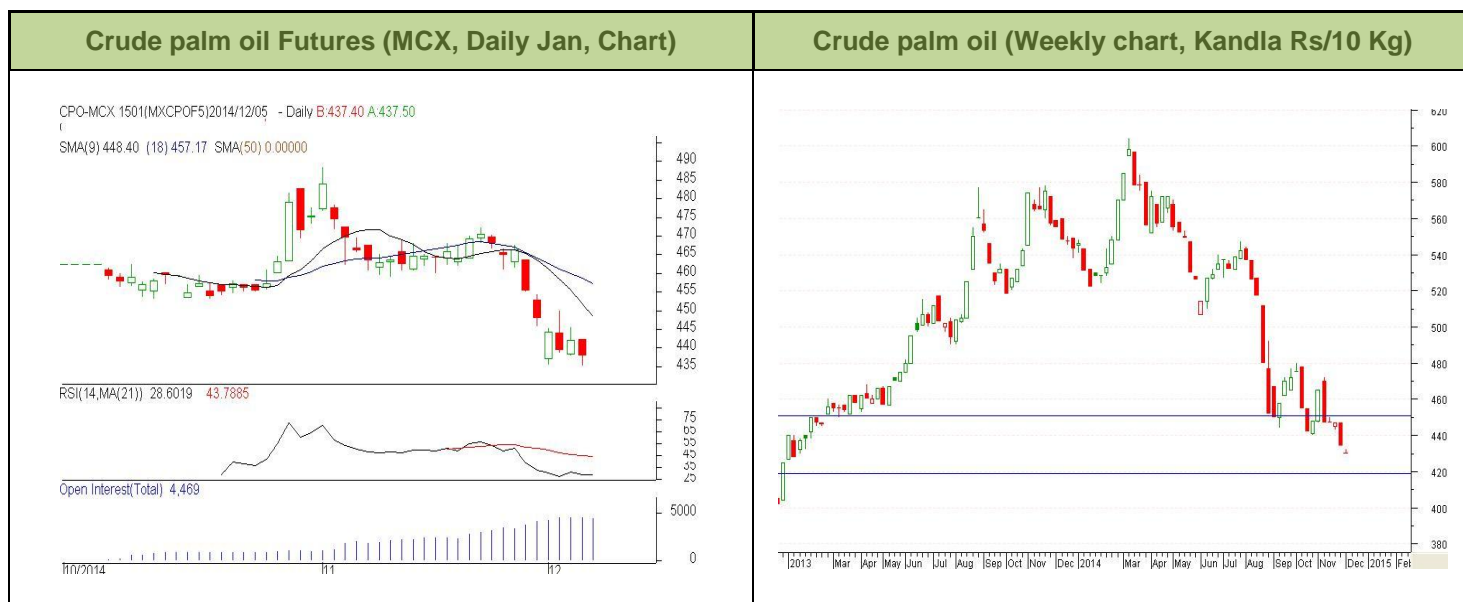
#### RSO NCDEX (Jan.)

Support and Resistance				
S2	S1	PCP	R1	R2
564.00	570.00	580.30	598.00	605.00

**Spot Market outlook:** Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 560-580 per 10 Kg.



### Technical Analysis (Crude Palm oil)



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

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts losses the prices. We expect prices may trade with a steady note in the near term.
- ❖ Any close below 428.40 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 433.50-445 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 433.50 for a target of 442 and 445 with a stop loss at 428.40 on closing basis.

#### CPO MCX (Jan.)

Support and Resistance				
S2	S1	PCP	R1	R2
419.00	424.00	433.90	449.00	454.00

**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
		5-Dec-14	28-Nov-14	
Refined Soybean Oil	Kota	577	570	7
	Rajkot	570	580	-10
	Delhi	615	620	-5
	Mumbai	585	600	-15
	Indore	572	575	-3
	Kandla/Mundra	572	590	-18
	Kolkata	578	580	-2
	Indore (Soy Solvent Crude)	540	545	-5
	Mumbai (Soy Degum)	545	553	-8
	Kandla/Mundra (Soy Degum)	545	555	-10
	Akola	607	606	1
	Amrawati	607	608	-1
	Jalna	611	617	-6
	Nagpur	609	610	-1
	Alwar	NR	NA	-
	Solapur	616	617	-1
	Bundi	580	590	-10
	Dhule	614	616	-2
Palm Oil	Rajkot	465	480	-15
	Hyderabad	489	504	-15
	Delhi	520	530	-10
	Kandla (Crude Palm Oil)	430	437	-7
	Kandla (RBD Palm oil)	462	465	-3
	Mumbai RBD Pamolein	485	490	-5
	Kandla RBD Pamolein	470	482	-12
	Mangalore RBD Pamolein	487	500	-13
	Chennai RBD Pamolein	487	500	-13
	Kakinada RBD Pamolein	472	485	-13
	KPT (krishna patnam)	470	480	-10
	Haldia	472	485	-13
	PFAD (Kandla)	365	370	-5
	Refined Palm Stearin (Kandla)	375	390	-15
Refined Sunflower Oil	Mumbai	645	650	-5
	Mumbai(Expeller Oil)	560	575	-15
	Kandla/Mundra (Crude)	555	565	-10

	Erode (Expeller Oil)	635	645	-10
	Hyderabad (Ref)	613	641	-28
	Chennai	610	620	-10
	Latur (Expeller Oil)	600	605	-5
	Chellakere (Expeller Oil)	565	575	-10
Groundnut Oil	Rajkot	820	840	-20
	Chennai	750	750	Unch
	Delhi	750	720	30
	Hyderabad *	785	810	-25
	Mumbai	840	840	Unch
	Gondal	850	825	25
	Jamnagar	860	820	40
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	695	700	-5
	Sri-GangaNagar(Exp Oil)	710	717	-7
	Alwar (Expeller Oil)	760	760	Unch
	Kota (Expeller Oil)	685	680	5
	Jaipur (Expeller Oil)	712	706	6
	New Delhi (Expeller Oil)	715	710	5
	Hapur (Expeller Oil)	730	735	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	750	745	5
	Kota (Kacchi Ghani Oil)	730	730	Unch
	Jaipur (Kacchi Ghani Oil)	750	742	8
	Agra (Kacchi Ghani Oil)	790	775	15
	Bharatpur (Kacchi Ghani Oil)	785	770	15
	Neewai (Kacchi Ghani Oil)	731	724	7
	Hapur (Kacchi Ghani Oil)	770	765	5
Refined Cottonseed Oil	Mumbai	560	572	-12
	Rajkot	555	565	-10
	New Delhi	540	530	10
	Hyderabad	555	575	-20
Coconut Oil	Kangayan (Crude)	1230	1200	30
	Cochin	1390	1390	Unch
	Trissur	1280	1300	-20
Sesame Oil	New Delhi	780	780	Unch
	Mumbai	835	840	-5



<b>Kardi</b>	Mumbai	860	860	<b>Unch</b>
<b>Rice Bran Oil (40%)</b>	New Delhi	450	455	<b>-5</b>
<b>Rice Bran Oil (4%)</b>	Punjab	455	455	<b>Unch</b>
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	455	455	<b>Unch</b>
<b>Malaysia Palmolein USD/MT</b>	FOB	653	673	<b>-20</b>
	CNF India	675	695	<b>-20</b>
<b>Indonesia CPO USD/MT</b>	FOB	635	640	<b>-5</b>
	CNF India	650	670	<b>-20</b>
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	875	895	<b>-20</b>
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB (Sept-Oct delivery)	NA	NA	<b>-</b>
<b>Argentina FOB (\$/MT)</b>		<b>4-Dec-14</b>	<b>26-Nov-14</b>	<b>Change</b>
Crude Soybean Oil Ship		758	790	<b>-32</b>
Refined Soy Oil (Bulk) Ship		784	817	<b>-33</b>
Sunflower Oil Ship		NA	NA	<b>-</b>
Cottonseed Oil Ship		738	770	<b>-32</b>
Refined Linseed Oil (Bulk) Ship		NA	NA	<b>-</b>
<b>* indicates including VAT</b>				

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