

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed recovery in the prices during the week in review tracking weakness in the Indian rupee against US dollar and diminishing oilseed arrivals. However, losses in the international commodity market cap the upside.

On the currency front, Indian rupee against USD closed at 63.29, down 1.61 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 firm tone due to seasonal demand for oils, recovery in the crude oil prices after Saudi's official seen higher demand for crude oils and weak Indian rupee against US dollar. However, higher global soybean estimates for 2014-15 may cap the excessive gains.

Recommendation:

Weekly Call - Market participant are advised to go long in RSO above 595 levels for a target of 608 and 610 with a stop loss at 587.20 on closing basis and go long in CPO above 426.50 for a target of 432 and 435 with a stop loss at 423.30 on closing basis

International Veg. Oil Market Summary

Malaysian palm oil products exports for Dec. 1-15 rose 2.1 percent to 618,134 tons from 605,624 tons shipped during Nov. 1-15 - cargo surveyor Societe Generale de Surveillance. Indian buyers imported 140,972 tons of palm oil products from Malaysia during fortnight of Dec. v/s 106,000 tons same period last month.

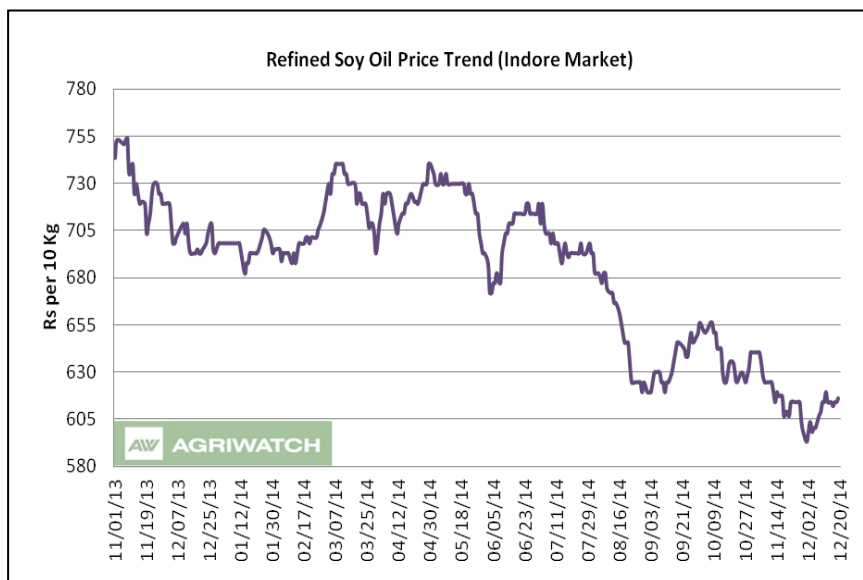
On the international front, record US soybean production forecast for 2014/15, soybean harvesting pressure couple with good output figures from South American countries favors the bears. However, renewed demand at lower quotes may curb the excessive losses in soy complex.

Oilseed supplies from the globe are plenty and biofuel demand remains on the dull side tracking bearishness in the crude oil, 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. Moreover, better buying could witness before last week of 2014.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured slight gains during the week in review tracking better buying from wholesalers at lower quotes. However, losses in the commodity market limit the gains.
- As per IBIS data (data compiled by Agriwatch) Indian buyers imported 0.534 lakh tons during 01-14 Dec. 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).
- As per COOIT, India's soybean production is estimated at 9.17 million tons during 2014-15 season, down 0.33 million tons from last year production. Moreover, marketable surplus for crushing is estimated at 7.67 million tons. CIF soybean oil for ready delivery at Indian ports is quoted USD 840 per tons on 22 Dec. 2014. However, May/June delivery is offered at discount of USD 87 per tons. Next week, CIF soybean oil Argentina basis likely to trade in between USD 830-855 per tons.
- 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. On the other hand we have lower our estimates for soy oil output for 2014/15 oil year to 16.32 lakh tons with a crushing of 96 lakh tons of soybean.
- Seasonal demand for oils and weak soybean supplies in the domestic market may support the bulls for short term. However, higher soybean oil imports during last month mainly from Brazil and Argentina and higher US soy oil ending stocks forecast may cap the excessive losses. We expect soy oil may trade with a steady to firm tone.



International Front

- USDA's WASDE Monthly Report Highlights - USDA lowers its US soybean ending stocks estimates for 2014-15 to 410 million bushels, down 40 million bushels from last month estimates due to expectation of higher residual use in 2014-15. On the production front, together (Brazil and Argentina) soybean production estimate stay intact to 149 million tons for 2014-15, which is 5.87 percent higher from last year estimates. USDA intact its US soybean avg. farm price in the range of USD 9-11 per bushels. While, US soybean oil avg. prices for 2014-15 is forecast at Cent 32-36 per lbs v/s Cent 34-38 per lbs previous month estimates.
- As per General Administration of Customs, China imported 6.03 million tons of soybeans in November, up 47.1 percent month on month basis due to seasonal demand and cheap soybean prices. Chinese soybean arrivals for the Jan-Nov., 2014 were 62.87 million tons, up 12.3 percent from the corresponding period of last year.
- 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.
- 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.

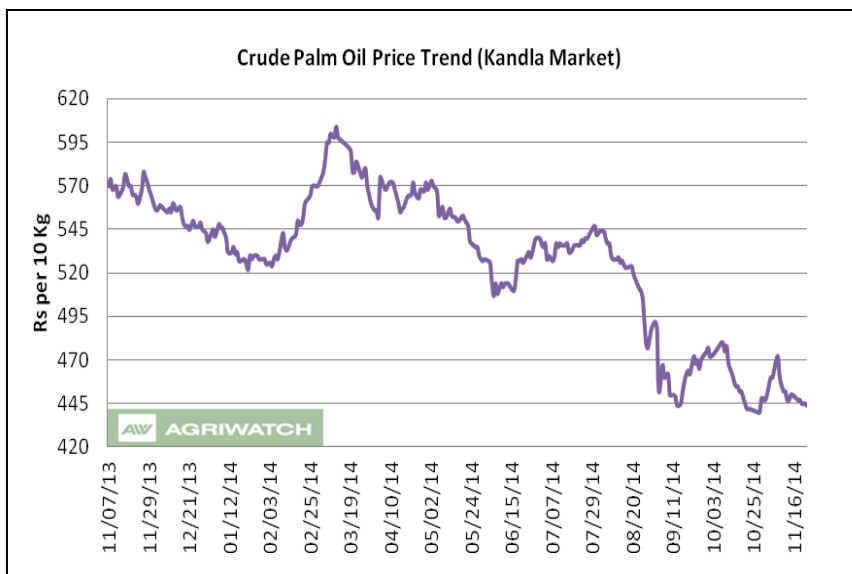
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 585-608 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla witnessed sideways trend in line with the international palm oil market and higher imports against limited buying the spot market.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 3.51 lakh tons of crude palm oil and 0.260 lakh tons of RBD palmolein from majorly from Malaysia, Indonesia and Thailand during 01-14 Dec. 2014. Edible oil imports in November were 7.12 (5.50) lakh tons of CPO and 0.55 (2.08) lakh tons of RBD palmolein. Values in bracket depicts last year same period import figures.
- As per the latest government notification, Indian Government has revised the tariff value for crude palm oil to US \$699, RBD palm oil to US \$723, Crude and refined palmolein to 731, 734 (US dollar per metric tons) respectively. Moreover, USD 849 per tons sets as a new base import price for crude soybean oil. Tariff value is the base price at which the customs duty is determined to prevent under-invoicing.
- CNF CPO at Indian port is quoted at USD 645 per tons for January delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 665 per tons for January delivery. High sea CPO prices quoted at Rs 415-416 per 10 Kg and superolein at Rs 500 + vat at Kandla on 22 Dec. 2014. CNF CPO at WCI likely to trade in between USD 640-660 per tons. In the coming days
- Currently refiners get US \$30-34/tons v/s US \$50-55/tons (last week) margin in processing the imported CPO but on the imports of ready to use palmolein gets lower parity of USD 4-8/tons v/s US \$30-35/tons (last week) parity. We expect palm oil likely to trade range bound to firm tone in the days ahead.



International Front

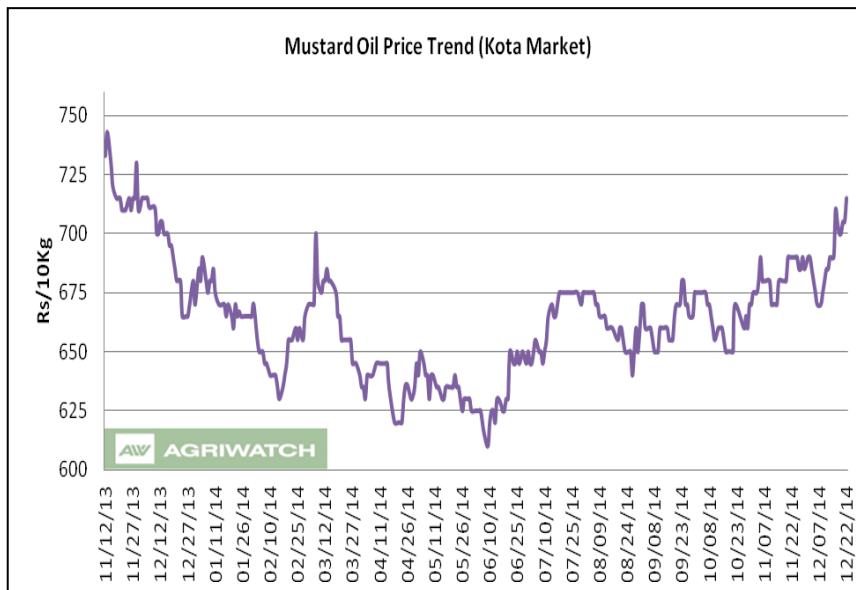
- Weekly review & Outlook - Malaysian palm oil products exports for Dec. 1-15 rose 2.1 percent to 618,134 tons from 605,624 tons shipped during Nov. 1-15 - cargo surveyor Societe Generale de Surveillance. Indian buyers imported 140,972 tons of palm oil products from Malaysia during fortnight of Dec. v/s 106,000 tons same period last month.
- Oil World forecasts world palm oil production to rise to 61.2 million tons for 2014/15 (Oct. /Sept.) v/s 59.4 million tons previous year. Indonesian palm oil production for 2014-15 forecast at 32.2 million tons and Malaysia's production is estimate at 19.8 million tons. On the consumption front, Indian domestic use is estimate at 8.5 million tons and in China at 6.2 million tons.
- Malaysia exempted the export taxes on crude palm oil from September until the end of January. Moreover, senior official of Malaysian government indicated that export tax on CPO likely to exempt until February, which may give respite to the palm oil prices.
- As pr CIMB, Malaysian palm oil ending stocks seen at 2.2 million tons, down 2 percent on m-o-m basis and production is likely to fell by 9 percent to 1.6 million tons from November. Malaysian palm oil stocks for November rose 5.2 percent to 2,278,369 tons v/s 2,166,525 tons at the end of October. Last year at the same time, stocks were 1,978,685 tons. On the production front, Malaysia's palm oil production during Jan-Nov, 2014 stood at 18.3 million tons, 4.57% higher from the last year of the corresponding year.
- Oilseed supplies from the globe are plenty and biofuel demand remains on the dull side tracking bearishness in the crude oil, 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. Moreover, better buying could witness before last week of 2014.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 415-435 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured gains at major cash market owing to weak production prospects in 2014-15 and diminishing mustard seed arrivals.
- On the planting front, Indian farmers have been sown 63.66 lakh hectares of mustard seed (2014-15 crop year) as on 18 Dec. 2014, which was 66.555 lakh ha. compared to the last year same period. State wise details - in Rajasthan has been sown in 26.41 (29.73) lakh hectares, in MP sowing reached at 6.46 (7.79) lakh hectares and in UP sowing reached to 11.36 (10.31) 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, we are expecting mustard oil production in 2014-15 at 26.22 lakh tons with a crushing of 69 lakh tons of mustard seed. Lower production mainly attributed to lower sowing and high temperature in the initial stage. Mustard oil output estimate pegged at 28.12 lakh tons for 2013-14 oil year - Agriwatch estimates. USDA projected mustard seed production for 2014-15 at 75 lakh tons up two lakh tons from last year.
- Sources revealed that India's mustard acreage for 2015-15 seen at 68-69 lakh hectares due to unfavorable weather condition in the initial stage and lower soil moisture. Last year, Indian farmers planted 71.30 lakh hectares of mustard all over India.
- 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 to firm tone in the coming days.

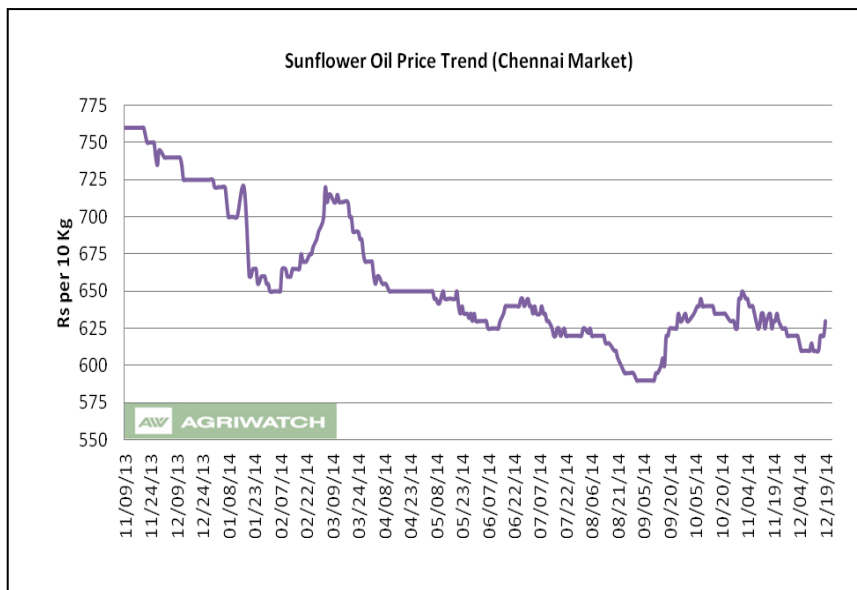


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 695-730 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured sideways to firm trend during the week in review due to recovery in the international crude oil prices and lower EU's sun seed production estimates for 2014/15.
- As per IBIS (data compiled by Agriwatch), Indian buyer imported 0.804 lakh tons of crude sunflower oil majorly from Ukraine and Argentina during 01-14 Dec. 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 2.32 lakh hectares of Rabi sunseed as on 18 Dec. 2014, which was 28.4 percent lag compared to the last year same period. State wise details - in Karnataka sunflower has been sown in 1.76 (2.45) lakh hectares, and in Maharashtra sowing reached to 0.14 (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 875 per tons for Dec delivery v/s USD 870 per tons for Jan. delivery, as on 22 December 2014. Lower production estimates from European Union countries keep the market premium compared to soy and rapeseed oil. Prices are likely to stay in the range of USD 865-885 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 to firm tone in the coming days.

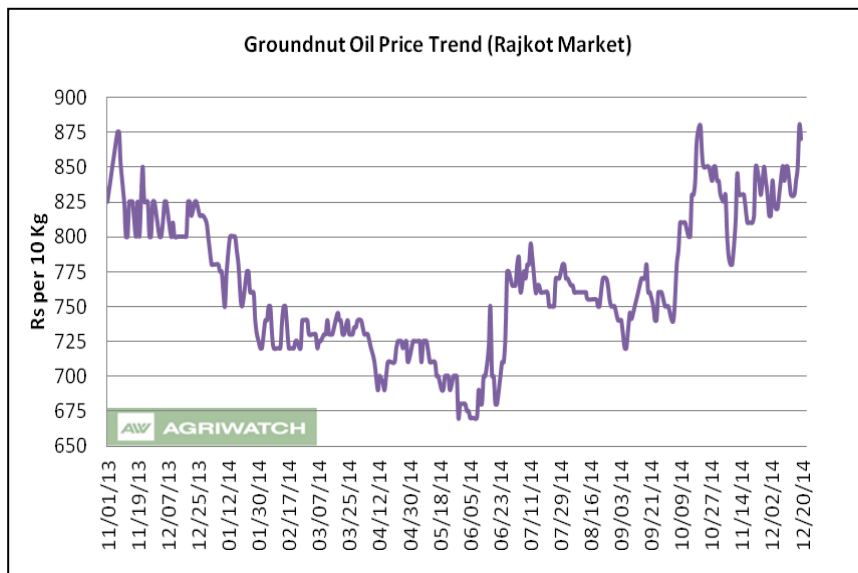


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 610-638 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices trade sideways to firm tone at its benchmark market (Rajkot) during the week tracking better demand and lower crop estimates.
- As per Ministry of agriculture, area coverage as on 18 Dec. 2014 during Rabi 2014 is lower by 0.394 percent to 3.17 lakh ha compared to corresponding period of rabi 2013. State wise details - in Telangana sowing reached to 1.16 (1.59) lakh hectares, in Karnataka sowing reached to 0.55 (0.03) lakh hectares and in Tamil Nadu sowing reached to 0.64 (0.67) lakh hectares. Values in bracket were last year same period figures.
- As per COOIT, India's groundnut production is estimated at 3.57 million tons during 2014-15 Kharif season, down 24.28 percent from last year production. Moreover, marketable surplus for crushing is estimated at 0.3 million tons, retained for sowing and export is estimated 0.5 million tons each. Moreover, direct consumption is estimated at 1.2 million tons.
- 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.



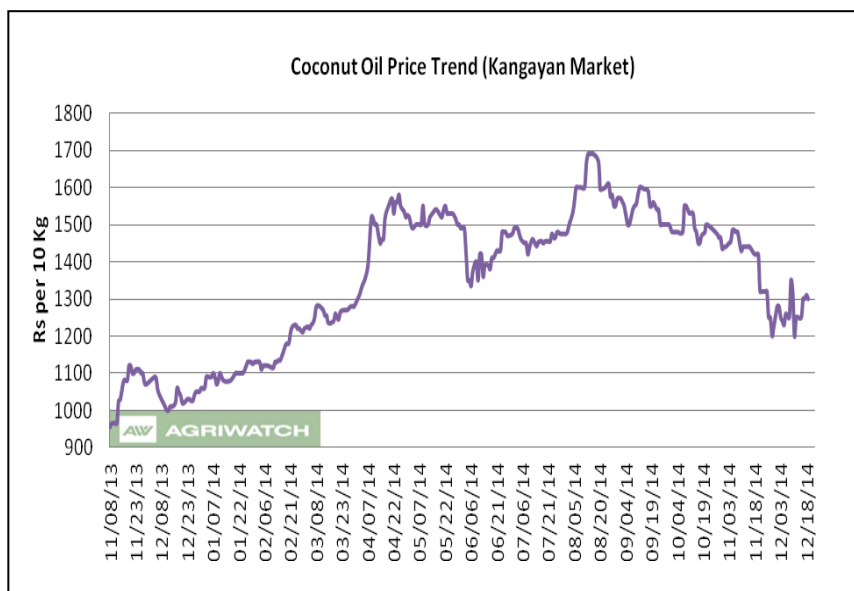
Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 860-890 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

- Coconut oil featured steady to 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.
- 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.
- Limited buying against adequate stocks, weak trend in the crude oil prices, and demand shift to the

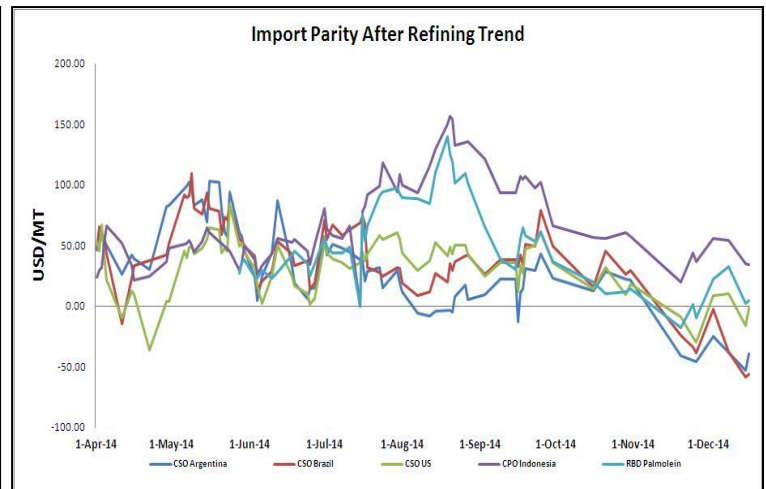
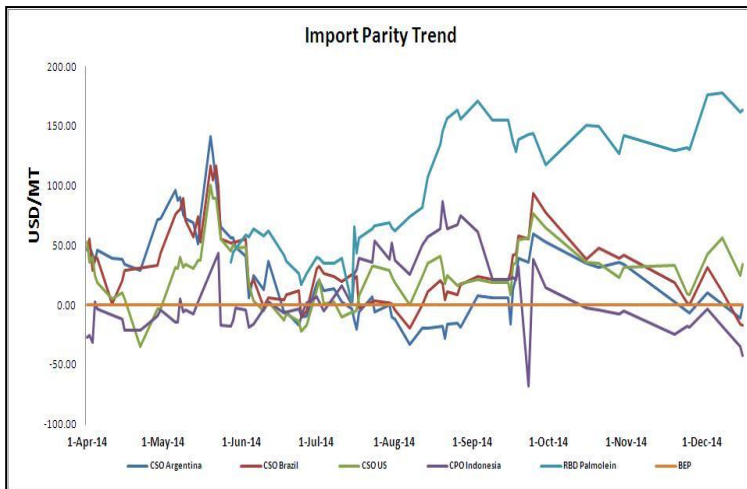


cheaper edible oils like sunflower and palm oil add pressure to the coconut oil prices.

- 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 1260-1360 per 10 Kg.

Import Parity Trend

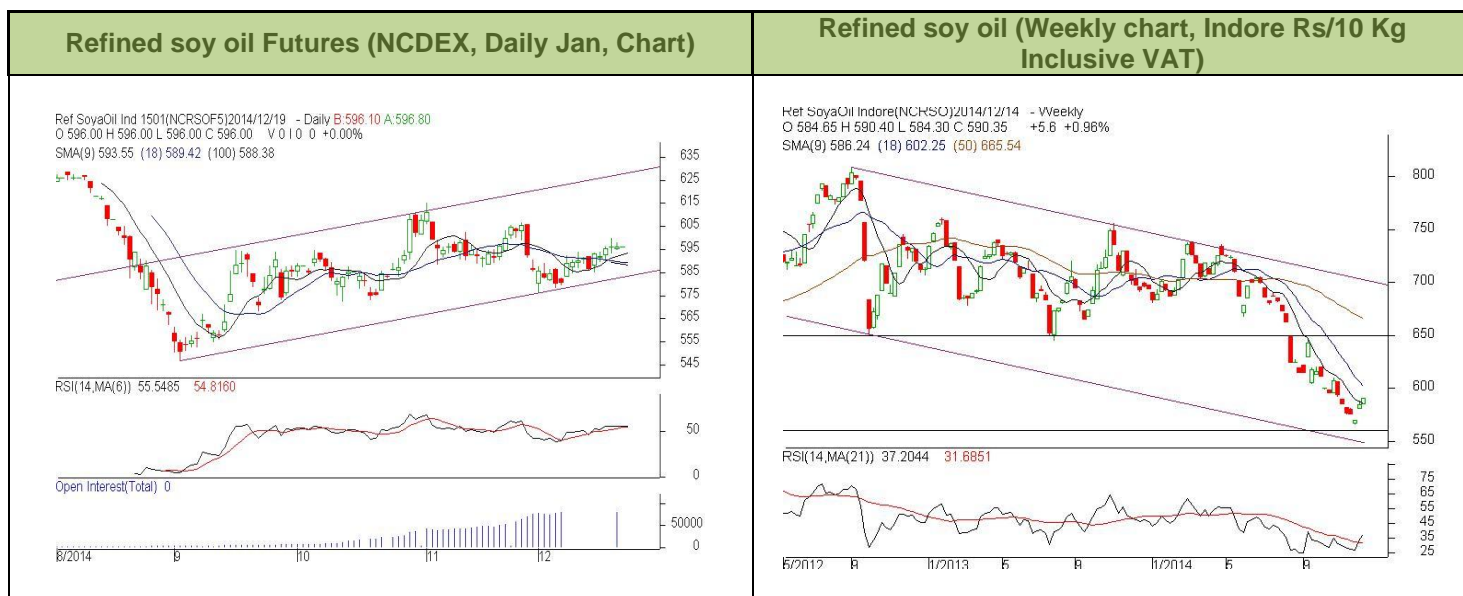


Import Parity After Refining in US dollar per tons (Monthly Average)

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

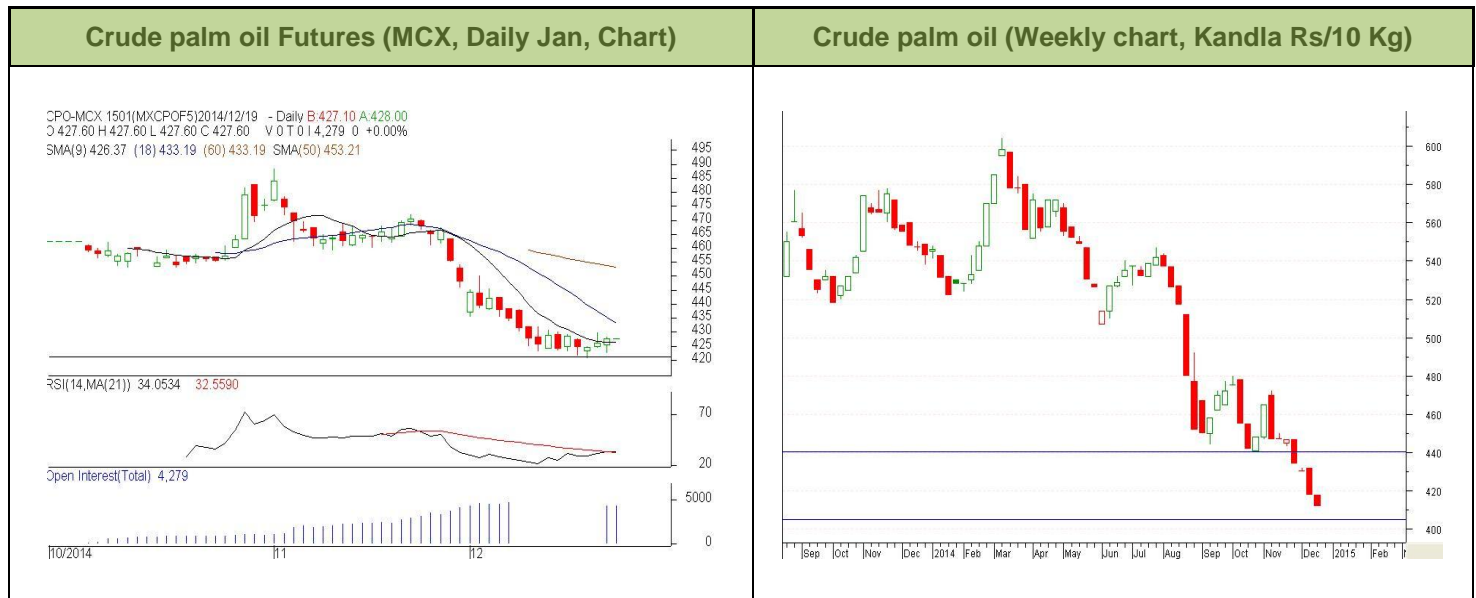
- ❖ Weekly chart of refined soy oil at NCDEX depicts range bound to firm movement during the week in review. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 587.20 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 595-610 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 595 levels for a target of 608 and 610 with a stop loss at 587.20 on closing basis.

RSO NCDEX (Jan.)

Support and Resistance				
S2	S1	PCP	R1	R2
577.50	582.00	596.00	615.00	621.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 585-608 per 10 Kg.

Technical Analysis (Crude Palm oil)


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

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts sideways trend the prices. We expect prices may trade with a steady note in the near term.
- ❖ Any close below 423.30 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 426.50-435 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 426.50 for a target of 432 and 435 with a stop loss at 423.30 on closing basis.

CPO MCX (Jan.)

Support and Resistance				
S2	S1	PCP	R1	R2
412.50	417.00	427.60	437.50	442.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 415-435 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		19-Dec-14	12-Dec-14	
Refined Soybean Oil	Kota	610	600	10
	Rajkot	584	575	9
	Delhi	640	630	10
	Mumbai	595	595	Unch
	Indore	587	590	-3
	Kandla/Mundra	590	585	5
	Kolkata	585	580	5
	Indore (Soy Solvent Crude)	562	567	-5
	Mumbai (Soy Degum)	560	557	3
	Kandla/Mundra (Soy Degum)	565	560	5
	Akola	NA	623	-
	Amrawati	NA	624	-
	Jalna	NA	621	-
	Nagpur	NA	618	-
	Alwar	NA	NR	-
	Solapur	NA	626	-
	Bundi	620	605	15
	Dhule	NA	624	-
Palm Oil	Rajkot	460	460	Unch
	Hyderabad	499	508	-9
	Delhi	520	520	Unch
	Kandla (Crude Palm Oil)	412	422	-10
	Kandla (RBD Palm oil)	450	455	-5
	Mumbai RBD Pamolein	482	480	2
	Kandla RBD Pamolein	465	465	Unch
	Mangalore RBD Pamolein	482	482	Unch
	Chennai RBD Pamolein	480	482	-2
	Kakinada RBD Pamolein	470	460	10
	KPT (krishna patnam)	465	462	3
	Haldia	465	462	3
	PFAD (Kandla)	360	360	Unch
	Refined Palm Stearin (Kandla)	375	365	10
Refined Sunflower Oil	Mumbai	638	635	3
	Mumbai(Expeller Oil)	570	565	5
	Kandla/Mundra (Crude)	560	555	5

	Erode (Expeller Oil)	650	630	20
	Hyderabad (Ref)	627	627	Unch
	Chennai	630	610	20
	Latur (Expeller Oil)	605	605	Unch
	Chellakere (Expeller Oil)	585	560	25
Groundnut Oil	Rajkot	870	840	30
	Chennai	740	750	-10
	Delhi	725	720	5
	Hyderabad *	800	795	5
	Mumbai	850	850	Unch
	Gondal	875	840	35
	Jamnagar	860	850	10
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	745	740	5
	Sri-GangaNagar(Exp Oil)	755	715	40
	Alwar (Expeller Oil)	-	780	-
	Kota (Expeller Oil)	725	700	25
	Jaipur (Expeller Oil)	754	731	23
	New Delhi (Expeller Oil)	795	765	30
	Hapur (Expeller Oil)	770	740	30
	Sri-Ganga Nagar (Kacchi Ghani Oil)	800	745	55
	Kota (Kacchi Ghani Oil)	740	740	Unch
	Jaipur (Kacchi Ghani Oil)	791	769	22
	Agra (Kacchi Ghani Oil)	815	805	10
	Bharatpur (Kacchi Ghani Oil)	810	800	10
	Neewai (Kacchi Ghani Oil)	775	750	25
	Hapur (Kacchi Ghani Oil)	785	770	15
Refined Cottonseed Oil	Mumbai	565	570	-5
	Rajkot	540	545	-5
	New Delhi	545	520	25
	Hyderabad	575	560	15
Coconut Oil	Kangayan (Crude)	1300	1250	50
	Cochin	1300	1300	Unch
	Trissur	1335	1305	30
Sesame Oil	New Delhi	740	720	20
	Mumbai	830	830	Unch



Kardi	Mumbai	860	860	Unch
Rice Bran Oil (40%)	New Delhi	NA	440	-
Rice Bran Oil (4%)	Punjab	455	455	Unch
Rice Bran Oil (4%)	Uttar Pradesh	455	455	Unch
Malaysia Palmolein USD/MT	FOB	643	655	-12
	CNF India	658	680	-22
Indonesia CPO USD/MT	FOB	615	630	-15
	CNF India	638	660	-22
Ukraine Origin CSFO USD/MT Kandla	CIF	870	880	-10
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	660	655	5
Argentina FOB (\$/MT)		18-Dec-14	10-Dec-14	Change
Crude Soybean Oil Ship		760	769	-9
Refined Soy Oil (Bulk) Ship		786	795	-9
Sunflower Oil Ship		850	NA	-
Cottonseed Oil Ship		740	749	-9
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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