

## **Executive Summary**

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

*Edible oil basket witnessed significant gains in the prices during the week in review tracking weakness in the Indian rupee against US dollar and diminishing oilseed arrivals. However, weak soybean fundamentals may cap the upside.*

*On the currency front, Indian rupee against USD closed at 63.56, down 0.42 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, duty hike by Indian government 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 634 levels for a target of 647 and 652 with a stop loss at 626.20 on closing basis and go long in CPO above 453.00 for a target of 475 and 480 with a stop loss at 439.80 on closing basis.*

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

*Malaysian palm oil products exports for Dec. 1-25 fell 1.4 percent to 1,083,151 tons from 1,098,870 tons shipped during Nov. 1-25 - cargo surveyor Societe Generale de Surveillance. Indian buyers imported 259,362 tons of palm oil products from Malaysia during 1-25 of Dec. v/s 205,900 tons same period last month.*

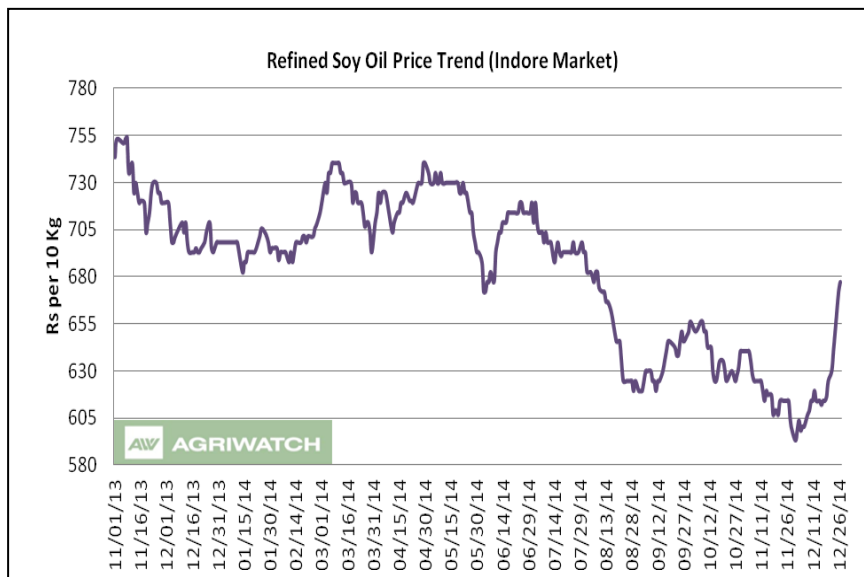
*On the international front, record US soybean production forecast for 2014/15, soybean harvesting pressure couple with good output figures from South American countries favors the bears. However, renewed demand at lower quotes may curb the excessive losses in soy complex.*

*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 gains during the week in review tracking better buying from wholesalers at lower quotes and duty hike by Indian government on edible oils import.
- As per IBIS data (data compiled by Agriwatch) Indian buyers imported 0.675 lakh tons during 01-21 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).
- CIF soybean oil for ready delivery at Indian ports is quoted USD 870 per tons on 29 Dec. 2014. However, May/June delivery is offered at discount of USD 93 per tons. Next week, CIF soybean oil Argentina basis likely to trade in between USD 860-885per tons.
- Production front - 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. We have projected, India's 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

- Argentine soybean planting has reached around 70% of the 20.6 million hectares expected to be sown this season, the exchange said in a report. Brazil's 2014/15 soybean crop is a most complete.
- Brazil's Agriculture Ministry's crop supply agency Conab has estimated its 2014/15 soybean production at record 95.8 million tonnes, higher than the USDA. It also said Brazil is expected to export a record 49.6 million tonnes of the soybean, which is sharply higher from the 45.6 million tonnes estimated to be exported during the current season.
- 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 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.

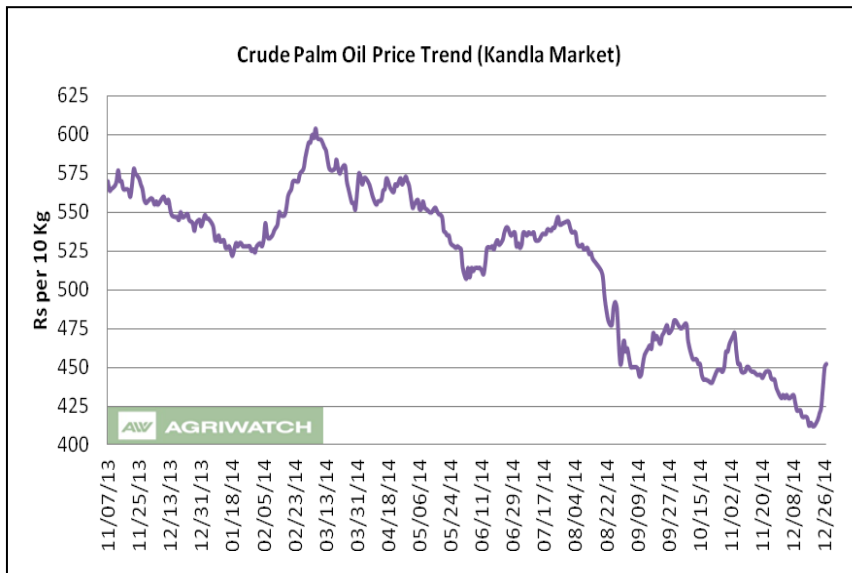
### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 638-667 per 10 Kg in the near term.

### Palm oil Fundamental Analysis and Outlook -:

#### Domestic Front

- Crude palm oil at Kandla witnessed firm trend in line with the international palm oil market and better buying.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 5.951 lakh tons of crude palm oil and 0.481 lakh tons of RBD palmolein from majorly from Malaysia, Indonesia and Thailand during 01-21 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.
- In a major development, Finance Ministry, Govt. of India, has increased the import duty on crude by 5% to 7.5% and 15% on refined oils from 10% respectively. The move will boost the soybean prices and protect the farmers and solvent extractors/crushing industry. This will make edible oil imports dearer for India, which would lend support to the domestic oilseeds in the near-term.
- CNF CPO at Indian port is quoted at USD 682.5 per tons for January delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 707 per tons for January delivery. High sea CPO prices quoted at Rs 460 per 10 Kg and superolein at Rs 540 + vat at Kandla on 29 Dec. 2014. CNF CPO at WCI likely to trade in between USD 665-690 per tons in the coming days. We expect palm oil likely to trade range bound to firm tone in the days ahead.



#### International Front

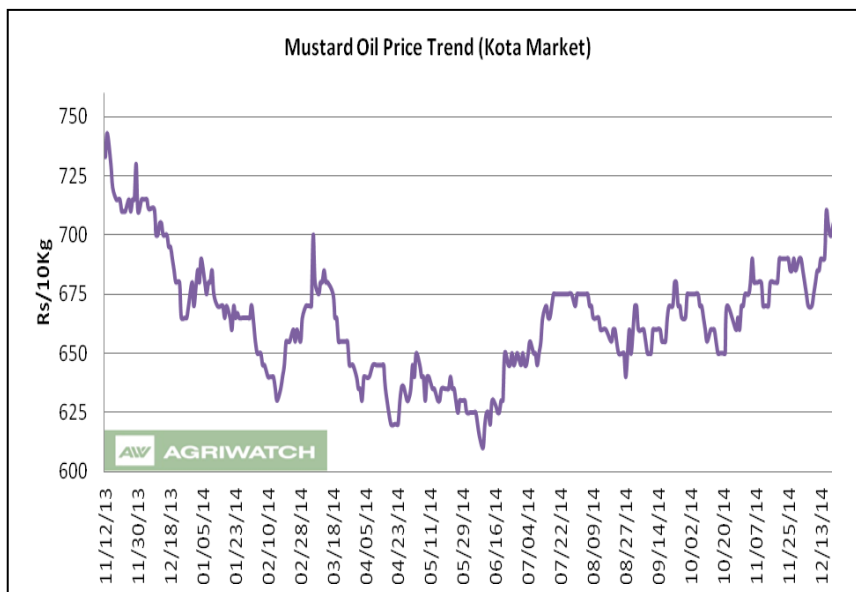
- Weekly review & Outlook - Malaysian palm oil products exports for Dec. 1-25 fell 1.4 percent to 1,083,151 tons from 1,098,870 tons shipped during Nov. 1-25 - cargo surveyor Societe Generale de Surveillance. Indian buyers imported 259,362 tons of palm oil products from Malaysia during 1-25 of Dec. v/s 205,900 tons same period last month.
- 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 443-468 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, diminishing mustard seed arrivals and duty hike by Indian government on refined as well as on crude oil by 5 percent..
- On the planting front, Indian farmers have been sown 63.79 lakh hectares of mustard seed (2014-15 crop year) as on 24 Dec. 2014, which was 67 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 (7.87) lakh hectares and in UP sowing reached to 11.42 (10.37) 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.
- Sources revealed that India's mustard output for 2015-15 seen at 67-69.50 lakh tons due to unfavorable weather condition in the initial stage and lower mustard seed acreage. Last year, Indian farmers planted 71.30 lakh hectares of mustard all over India and output was estimated at 78 lakh tons.
- 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.
- 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.

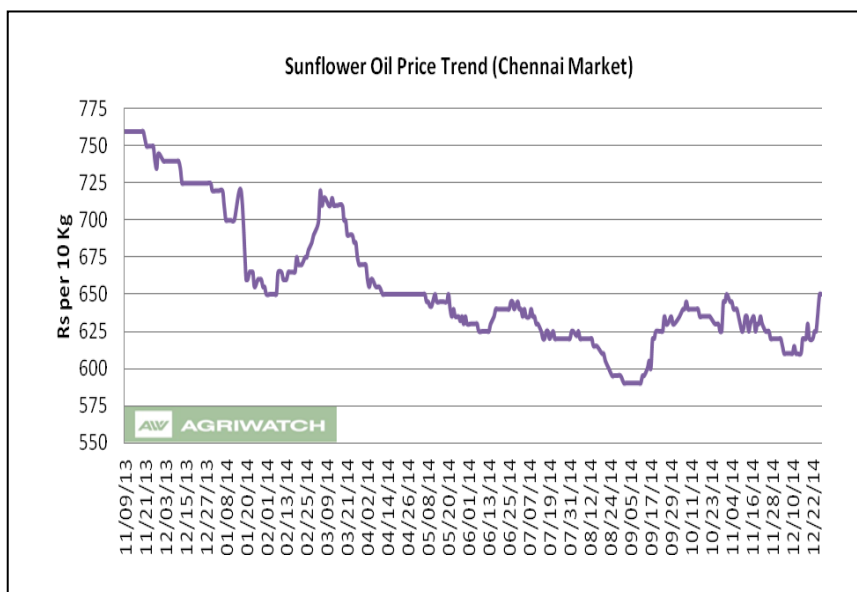


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 710-735 per 10 Kg.

## 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, duty hike by Indian government on crude as well as on refined oils and lower EU's sun seed production estimates for 2014/15.
- As per IBIS (data compiled by Agriwatch), Indian buyer imported 1.206 lakh tons of crude sunflower oil majorly from Ukraine and Argentina during 01-21 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 2.35 lakh hectares of Rabi sunseed as on 24 Dec. 2014, which was 28.3 percent lag compared to the last year same period. State wise details - in Karnataka sunflower has been sown in 1.76 (2.41) 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 880 per tons for Jan delivery, as on 22 December 2014v/s USD 865-870 per tons last week. 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 870-895 per tons in the near term.
- We expect sunflower oil prices may trade range bound to firm tone in the coming days.

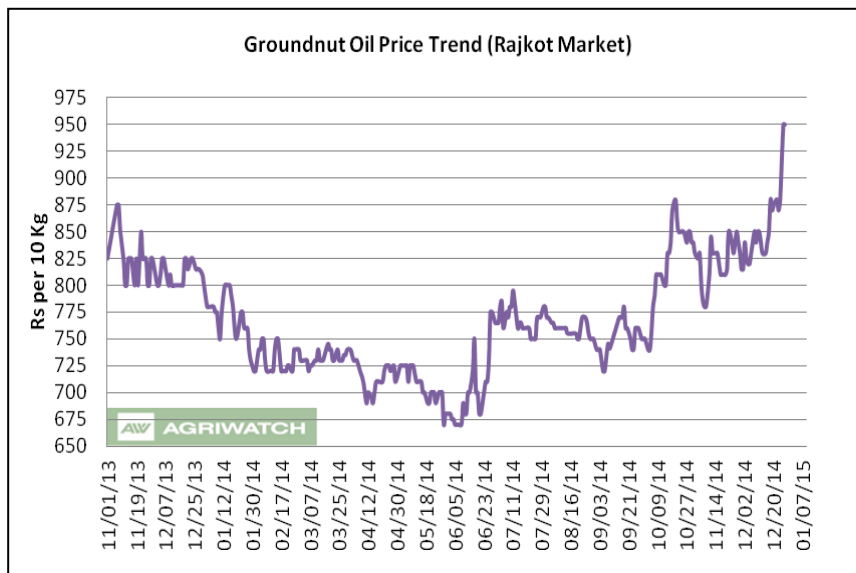


**Price Outlook:** Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 638-662 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:-

#### Domestic Front

- Groundnut oil prices trade firm tone at its benchmark market (Rajkot) during the week tracking better demand against shortage of raw material for crushing and lower crop estimates.
- As per sources, groundnut oil likely to gains further owing to better buying from wholesalers against lower availability of raw material for crushing. Moreover, higher table consumption and export demand for groundnut seed add fuel to the prices. Groundnut oil gains 6.0 percent on w-o-w basis at Rajkot market. On the production front, 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.
- As per Ministry of agriculture, area coverage as on 24 Dec. 2014 during Rabi 2014 is lower by 0.18 lakh ha to 3.30 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 0.69 (0.67) lakh hectares. Values in bracket were last year same period figures.
- Groundnut oil prices are likely to trade with a steady to firm tone in the coming days owing to need based demand from wholesalers.



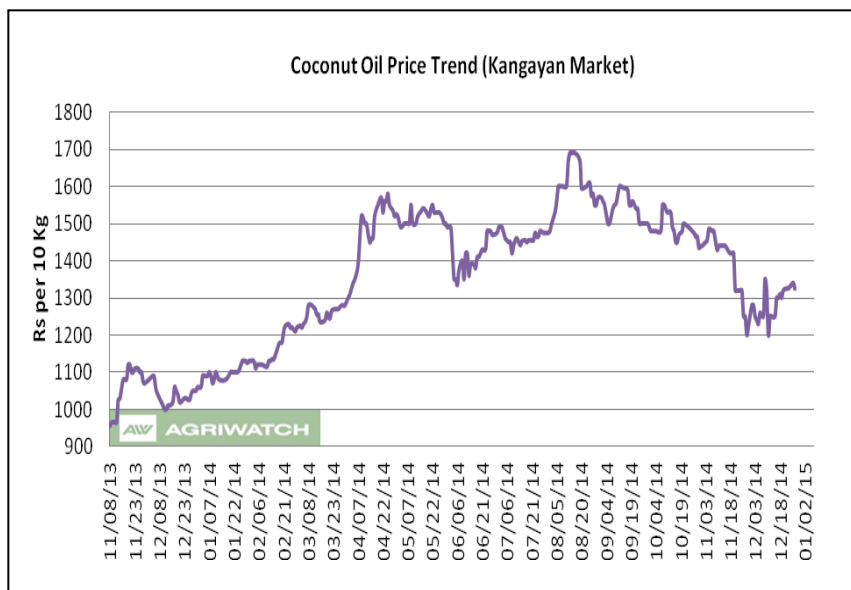
#### Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 900-1010 per 10 Kg.

### Coconut Oil Fundamental Review and Analysis:-

#### Domestic Front

- Coconut oil featured steady to slightly firm tone at its benchmark market Kangeyam during the week owing to better buying at lower quotes and recovery in the competing edible oils.
- As per COMA, coconut oil prices moves up during the last week of December due to better buying by corporate and wholesalers to meet the festive demand. Moreover, prices are likely to move down in the near term tracking new arrivals. 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





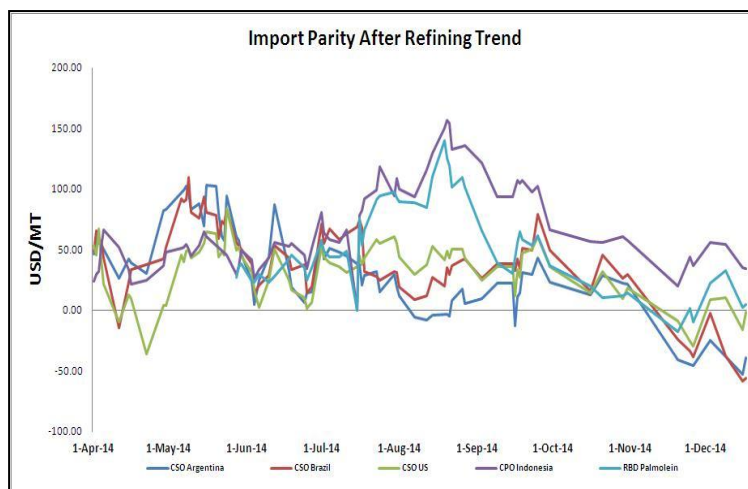
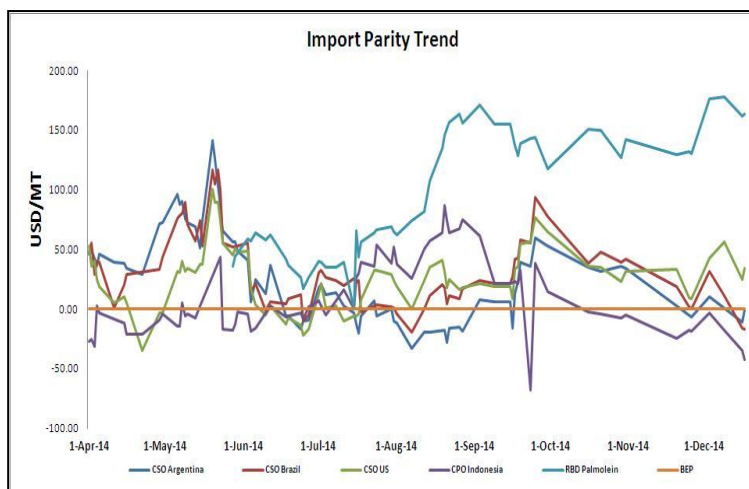
2015 season has also been hiked by Rs.330 to Rs.5, 830 rupees per quintal.

- Adequate stocks, weak trend in the crude oil prices, and demand shift to the cheaper edible oils like sunflower and palm oil may pressure the coconut oil prices in the near term.

**Price Outlook:** Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1280-1380 per 10 Kg.

### Import Parity Trend

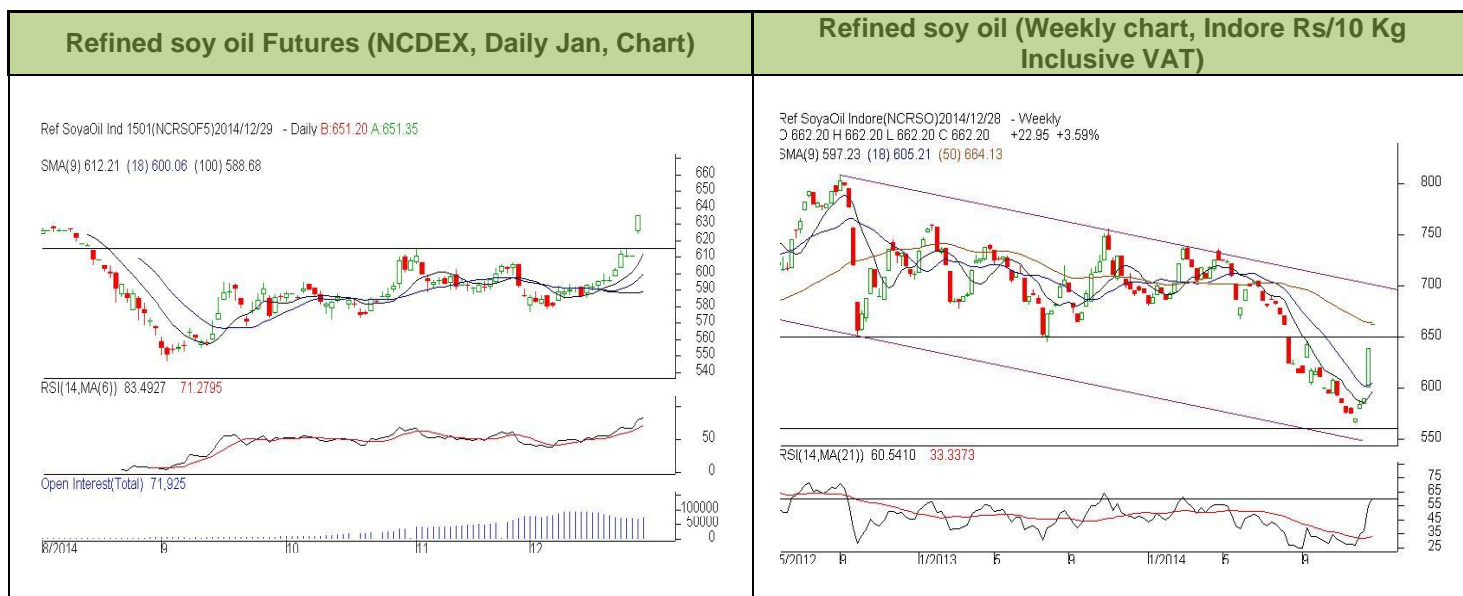
#### Import Parity After Refining in US dollar per tons (Monthly Average)



	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 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 626.20 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 634-652 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 634 levels for a target of 647 and 652 with a stop loss at 626.20 on closing basis.

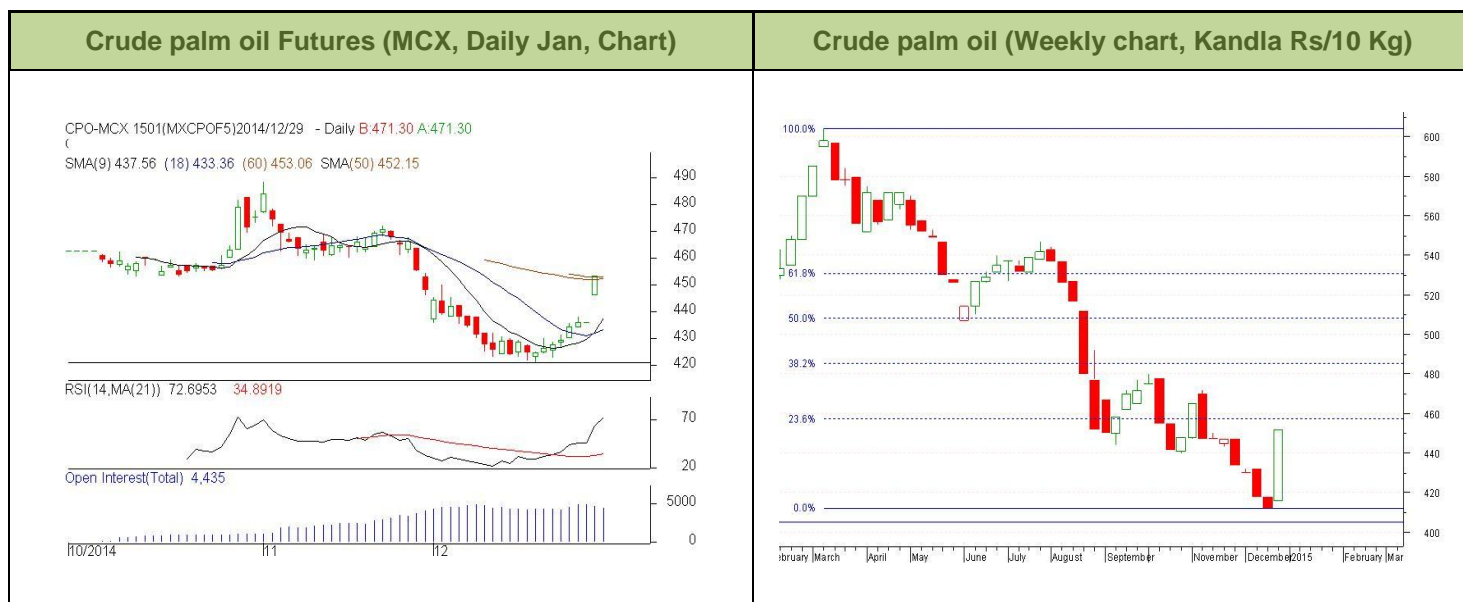
**RSO NCDEX (Jan.)**

Support and Resistance				
S2	S1	PCP	R1	R2
607.00	614.00	635.30	665.00	673.50

**Spot Market outlook:** Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 638-667 per 10 Kg.



### Technical Analysis (Crude Palm oil)



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

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts recovery in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 439.80 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 453-480 level. RSI is in neutral region suggesting range bound to firm movement in the coming week.

**Strategy:** Market participants are advised to go long in CPO above 453.00 for a target of 475 and 480 with a stop loss at 439.80 on closing basis.

#### CPO MCX (Jan.)

Support and Resistance				
S2	S1	PCP	R1	R2
427.00	439.00	453.20	482.00	488.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 443-468 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		26-Dec-14	19-Dec-14	
Refined Soybean Oil	Kota	655	610	45
	Rajkot	625	584	41
	Delhi	690	640	50
	Mumbai	640	595	45
	Indore	640	587	53
	Kandla/Mundra	635	590	45
	Kolkata	635	585	50
	Indore (Soy Solvent Crude)	625	562	63
	Mumbai (Soy Degum)	600	560	40
	Kandla/Mundra (Soy Degum)	605	565	40
	Akola	671	NA	-
	Amrawati	669	NA	-
	Jalna	683	NA	-
	Nagpur	673	NA	-
	Alwar	NA	NA	-
	Solapur	683	NA	-
	Bundi	660	620	40
	Dhule	681	NA	-
Palm Oil	Rajkot	500	460	40
	Hyderabad	478	499	-21
	Delhi	550	520	30
	Kandla (Crude Palm Oil)	450	412	38
	Kandla (RBD Palm oil)	490	450	40
	Mumbai RBD Pamolein	520	482	38
	Kandla RBD Pamolein	502	465	37
	Mangalore RBD Pamolein	510	482	28
	Chennai RBD Pamolein	510	480	30
	Kakinada RBD Pamolein	505	470	35
	KPT (krishna patnam)	500	465	35
	Haldia	505	465	40
	PFAD (Kandla)	360	360	Unch
	Refined Palm Stearin (Kandla)	380	375	5
Refined Sunflower Oil	Mumbai	665	638	27
	Mumbai(Expeller Oil)	610	570	40
	Kandla/Mundra (Crude)	600	560	40



	Erode (Expeller Oil)	NA	650	-
	Hyderabad (Ref)	618	627	-9
	Chennai	650	630	20
	Latur (Expeller Oil)	670	605	65
	Chellakere (Expeller Oil)	605	585	20
Groundnut Oil	Rajkot	950	870	80
	Chennai	780	740	40
	Delhi	750	725	25
	Hyderabad *	840	800	40
	Mumbai	885	850	35
	Gondal	950	875	75
	Jamnagar	925	860	65
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	780	745	35
	Sri-GangaNagar(Exp Oil)	780	755	25
	Alwar (Expeller Oil)	862	-	-
	Kota (Expeller Oil)	770	725	45
	Jaipur (Expeller Oil)	781	754	27
	New Delhi (Expeller Oil)	815	795	20
	Hapur (Expeller Oil)	788	770	18
	Sri-Ganga Nagar (Kacchi Ghani Oil)	825	800	25
	Kota (Kacchi Ghani Oil)	810	740	70
	Jaipur (Kacchi Ghani Oil)	821	791	30
	Agra (Kacchi Ghani Oil)	835	815	20
	Bharatpur (Kacchi Ghani Oil)	830	810	20
	Neewai (Kacchi Ghani Oil)	808	775	33
	Hapur (Kacchi Ghani Oil)	785	785	Unch
Refined Cottonseed Oil	Mumbai	590	565	25
	Rajkot	550	540	10
	New Delhi	573	545	28
	Hyderabad	580	575	5
Coconut Oil	Kangayan (Crude)	1340	1300	40
	Cochin	1300	1300	Unch
	Trissur	1350	1335	15
Sesame Oil	New Delhi	750	740	10
	Mumbai	830	830	Unch

<b>Kardi</b>	Mumbai	860	860	<b>Unch</b>
<b>Rice Bran Oil (40%)</b>	New Delhi	440	NA	-
<b>Rice Bran Oil (4%)</b>	Punjab	460	455	<b>5</b>
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	460	455	<b>5</b>
<b>Malaysia Palmolein USD/MT</b>	FOB	655	643	<b>12</b>
	CNF India	685	658	<b>27</b>
<b>Indonesia CPO USD/MT</b>	FOB	640	615	<b>25</b>
	CNF India	660	638	<b>22</b>
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	875	870	<b>5</b>
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB (Sept-Oct delivery)	NA	660	-
<b>Argentina FOB (\$/MT)</b>		<b>25-Dec-14</b>	<b>18-Dec-14</b>	<b>Change</b>
Crude Soybean Oil Ship		NA	760	-
Refined Soy Oil (Bulk) Ship		NA	786	-
Sunflower Oil Ship		NA	850	-
Cottonseed Oil Ship		NA	740	-
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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