

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed gains in the prices during the week in review tracking gains in the international palm oil market and diminishing oilseed arrivals. However, recovery in INR against USD limits the upside.

On the currency front, Indian rupee against USD closed at 62.3, up 1.55 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 production outlook, 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, and weak oilseed arrivals in the cash market. 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 660 levels for a target of 672 and 675 with a stop loss at 652.80 on closing basis and go long in CPO above 465 for a target of 473 and 475.5 with a stop loss at 460.20 on closing basis.

International Veg. Oil Market Summary

Malaysian palm oil products exports for December fell 0.9 percent to 1,298,461 tons from 1,310,509 tons shipped during November - cargo surveyor Societe Generale de Surveillance. Higher imports noticed by India and EU countries. India imported 359,767 tons of palm oil products (during Dec. 2014) v/s 270,900 tons last month from Malaysia.

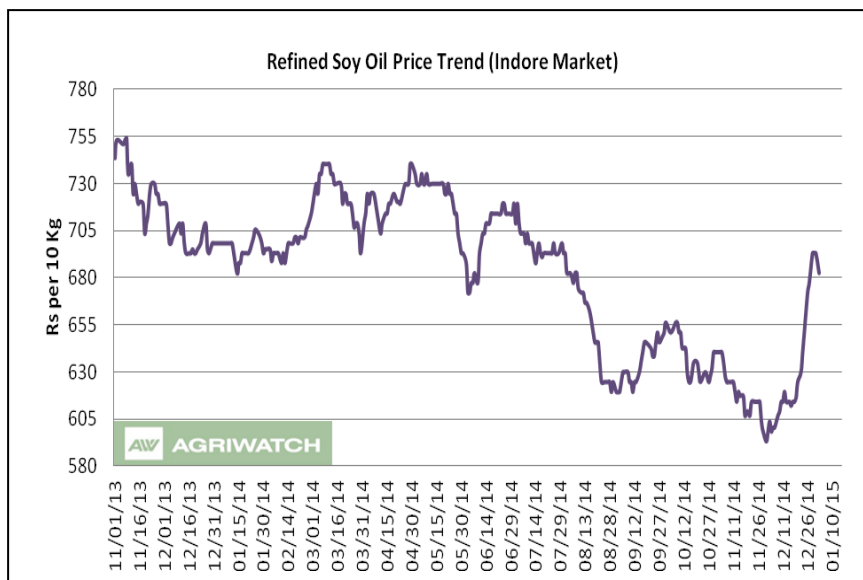
On the international front, record US soybean production forecast for 2014/15, and good crop prospects for South American soybean favors the bears. However, monsoon floods in South East Asian countries and renewed demand at lower quotes may curb the excessive losses in soy complex.

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 medium term. However, near term fundamental seems to be favorable for palm oil prices due to monsoon floods over key palm growing regions.

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 bullish cues from international veg. oil market.
- As per IBIS data (data compiled by Agriwatch) Indian buyers imported 0.705 lakh tons during 01-28 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 featured gains and quoted at USD 889 per tons as on 12 Jan. v/s USD 842 per tons (December average). CIF soybean oil for Feb./March delivery at Indian ports is quoted USD 879 per tons and USD 852 per tons as on 12 Jan. 2015 respectively.
- Lower soybean crushing and seasonal wedding demand for oils, and weak soybean supplies in the domestic market may support the bulls for short term. However, good soybean prospects in Brazil and weak demand for meals may cap the excessive gains.
- 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 lowered 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. We expect soy oil may trade with a steady to firm tone.



International Front

- Commerzbank forecast soybean price to \$9.75 a bushel for Q1 2015 and prices likely to stay remain stagnant to \$9.50 a bushel for the next quarters in 2015. Prices reported as quarter average, front Chicago futures contract.
- Argentine soybean planting has reached around 90.6% of the 20.6 million hectares (3 percent higher y-o-y basis) expected to be sown this season - Buenos Aires Grains Exchange.
- 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 - USDA.
- 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, and good crop prospects for South American soybean favors the bears. However, monsoon floods in South East Asian countries and renewed demand at lower quotes may curb the excessive losses in soy complex.

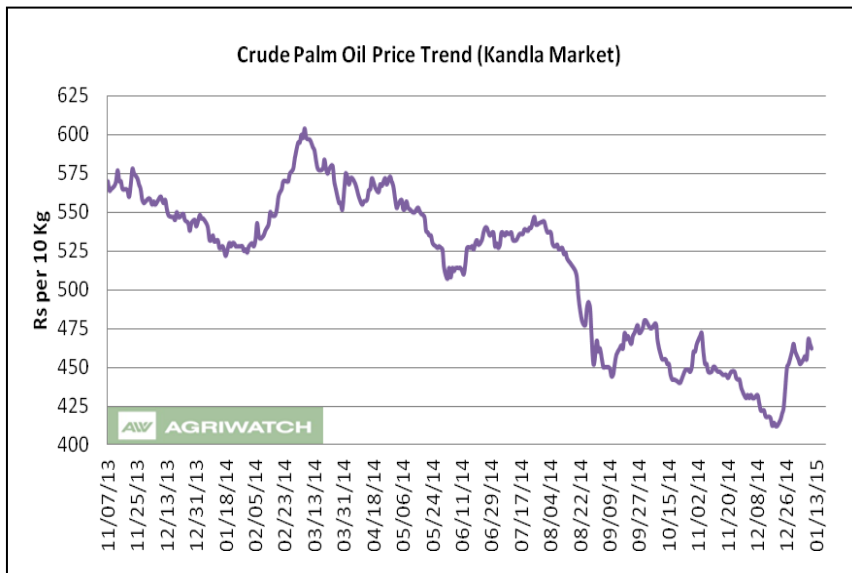
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 680-700 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla witnessed recovery in line with the international palm oil market and better buying.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 7.409 lakh tons of crude palm oil and 0.6446 lakh tons of RBD palmolein from majorly from Malaysia, Indonesia and Thailand during 01-28 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.
- Monsoon floods in Malaysia hut the palm oil supply prospects and need based demand from top buyers may support the palm oil prices in the near term. However, losses in crude mineral oil and favorable weather over key soybean producing regions of South American countries could limit the excessive gains. Palm oil production in Malaysia was down 22.2 percent on m-o-m and 18.07 percent lower from same period of the last year due to floods and production is likely to remain on lower side in January.
- CNF CPO at Indian port is quoted at USD 685 per tons for January delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 710 per tons for January delivery. High sea CPO prices quoted at Rs 460 per 10 Kg and delivery upto 15 Feb is offered at Rs 464 per 10 Kg on 12 Jan. 2014. CNF CPO at WCI likely to trade in between USD 675-695 per tons in the coming days.
- We expect palm oil likely to trade range bound to firm tone in the days ahead.



International Front

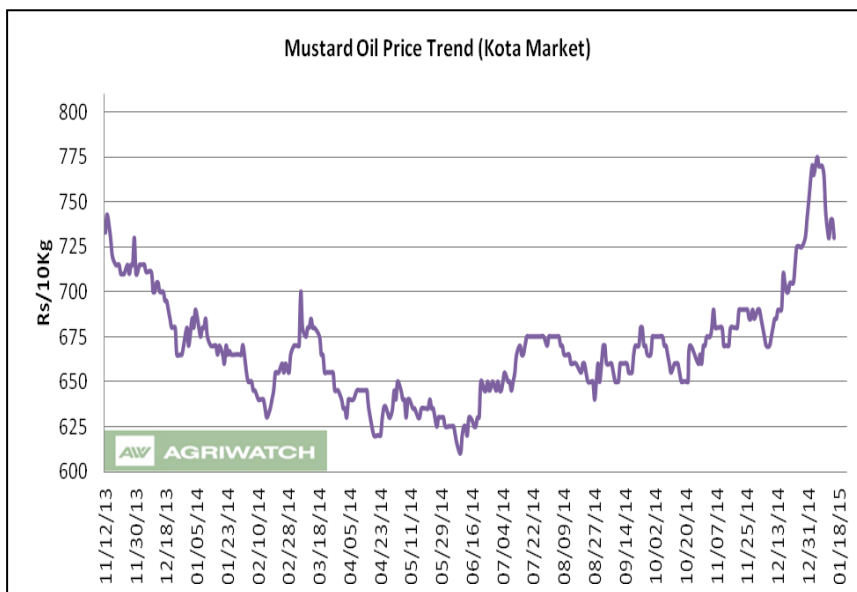
- Weekly review & Outlook - Malaysian palm oil products exports for December fell 0.9 percent to 1,298,461 tons from 1,310,509 tons shipped during November - cargo surveyor Societe Generale de Surveillance. Higher imports noticed by India and EU countries. India imported 359,767 tons of palm oil products (during Dec. 2014) v/s 270,900 tons last month from Malaysia.
- The Malaysian Meteorological Department raised its weather warning to an "orange stage" from a "yellow stage." Supply concern and weak local currency keep the sentiments firm
- Malaysia's palm oil stocks at the end of December fell 11.6 percent to 2,013,326 tonnes against a revised 2,276,177 tonnes at the end of November - Malaysian Palm Oil Board. Last year at the same time, stocks were 1,987,111 tons. On the production front, Malaysia's palm oil production during 2014 stood at 19.6 million tons, 2.08% higher from the last year.
- As per Malaysian government official, palm oil production may fall to around 15 to 30 percent in December due to monsoon floods against usual rate of 10 pct for this season. Moreover, Malaysian Palm Oil Association forecast crude palm oil production in Malaysia fell 21 percent in the Dec. 1-20 period compared with a month earlier.
- 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 medium term. However, near term fundamental seems to be favorable for palm oil prices due to monsoon floods over key palm growing regions.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 465-482 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured correction at major cash market owing to beneficial rains over key RM seed producing regions of Rajasthan. However, weak production prospects in 2014-15, and diminishing mustard seed arrivals limit the excessive losses.
- Sources revealed that prices likely to remain firm till the new crop arrives in the market. New mustard seed crop likely to arrive in the second half of February. Market participants expect mustard seed output seen at 67-68.50 lakh tons for 2014-15 oil year. 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 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.
- 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.

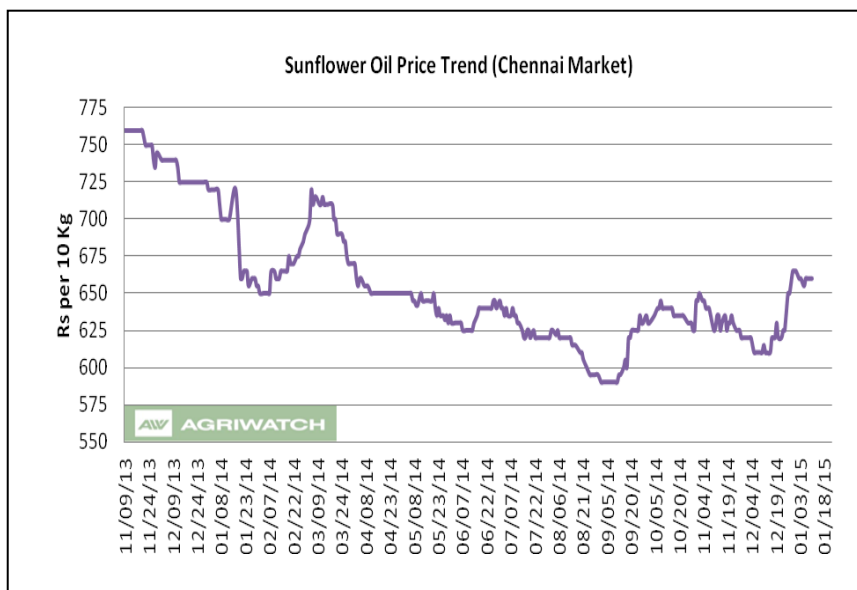


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 720-755 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

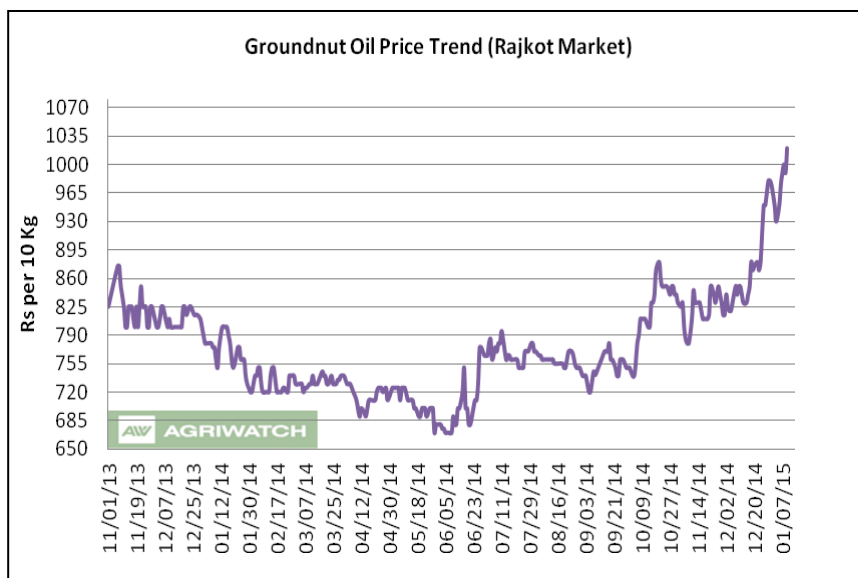
- Sunflower oil featured sideways to firm trend during the week in review due to recovery in the international oil prices, duty hike by Indian government on crude as well as on refined oils and lower EU's sun seed production estimates for 2014/15.
- As per IBIS (data compiled by Agriwatch), Indian buyer imported 1.511 lakh tons of crude sunflower oil majorly from Ukraine and Argentina during 01-28 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 domestic front, sunflower oil CIF prices (Ukraine origin) quoted around USD 880 per tons for JFM delivery, as on 12 Jan 2014 v/s USD 870 per tons AMJ delivery. 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 875-895 per tons in the near term.
- 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.
- As per USDA, global sunflower seed production is estimated at 39,913 thousand tons for 2014-15 v/s 42,874 thousand tons last year. In 2014-15, Ukraine's and Russian sun seed production is estimated 10,000 and 9,000 thousand tons respectively. However, last year combined (Ukraine and Russia) sunflower production was 22,154 thousand tons.
- 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 643-665 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.
- Persistent buying from wholesalers and lower groundnut crushing may favor the bulls in the near term. Moreover, higher table consumption in winters and export demand for groundnut seed add fuel to the prices.
- Agriculture ministry plans to lift ban on exports of edible oils and pulses to help protect farmer's interest. Export of edible oil in bulk has not been allowed since 2008. It is permitted in small packs of up to 5 kg with minimum export of price of \$1,100 per tons.
- COOIT estimates – 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 good demand from wholesalers.

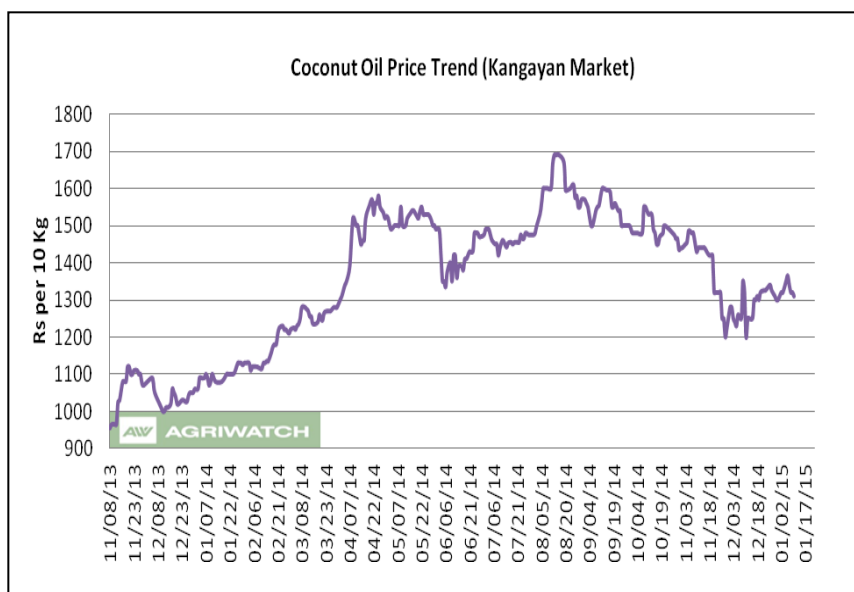


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 1000-1035 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

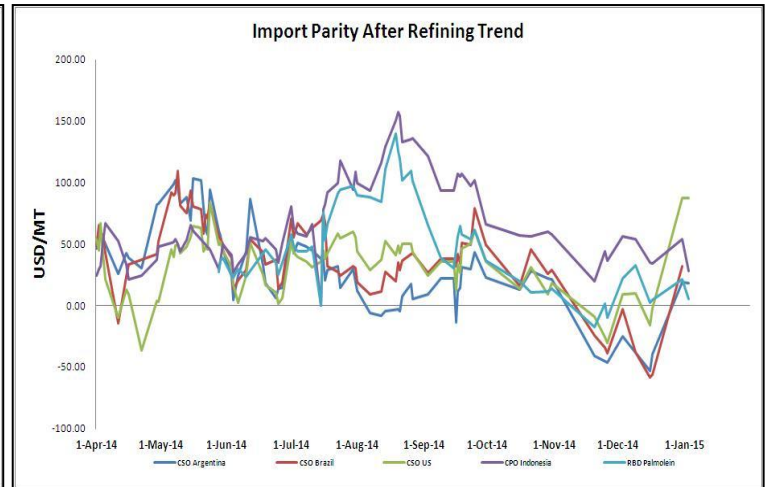
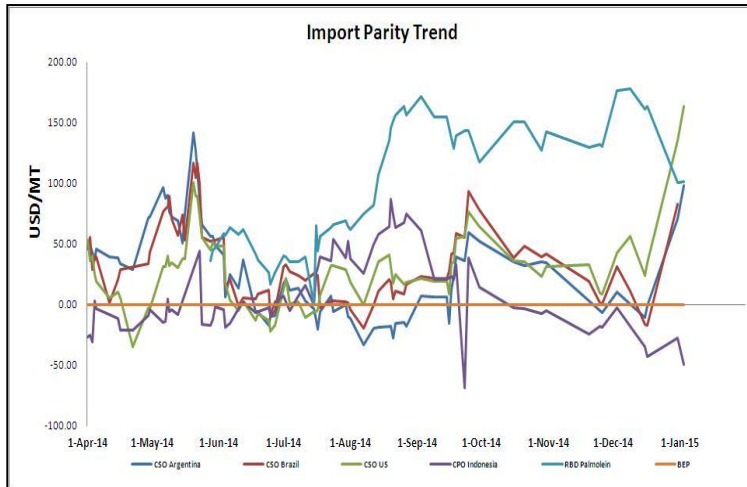
- Coconut oil featured steady tone at its benchmark market Kangeyam during the week owing to better buying at lower quotes and recovery in the competing edible oils.
- Good export demand for copra and better buying from wholesalers support the market sentiments. However, new copra season in Kerala in the coming weeks, which might cap the upside risk in the coconut oil, prices in the near-medium term.
- As per COMA, coconut oil prices moves up wholesalers to meet the seasonal 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

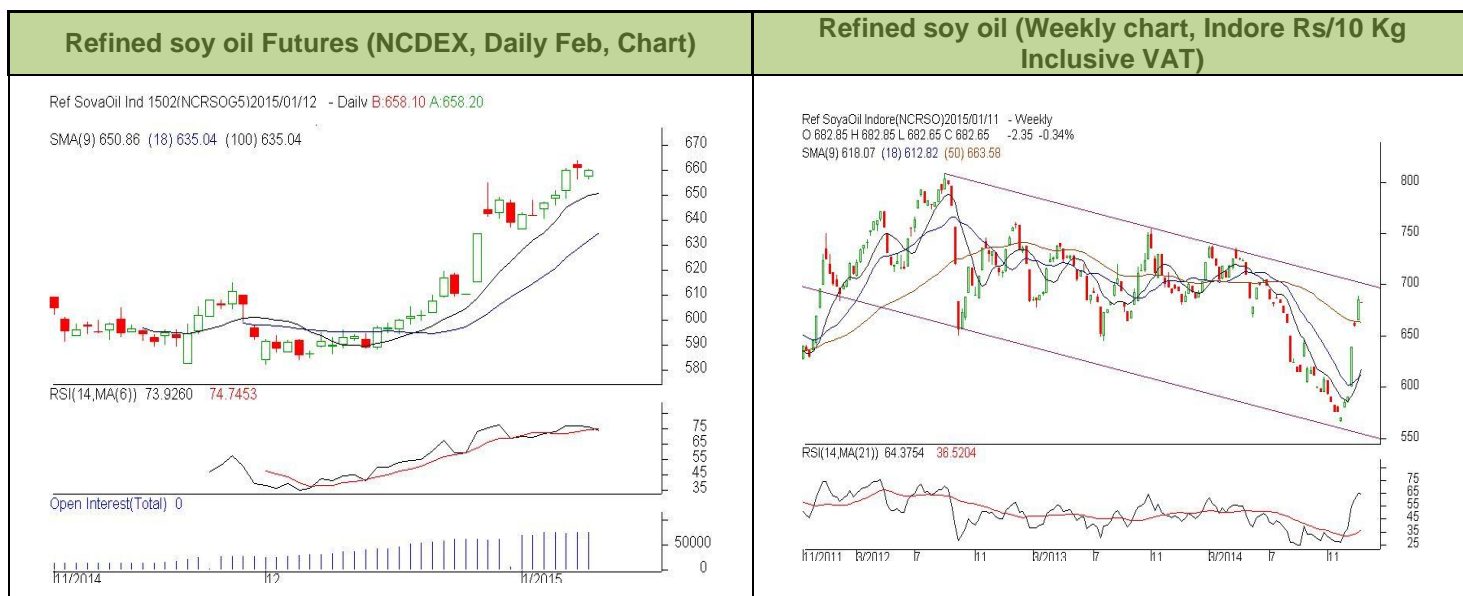
Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Nov., 2014	-43.50	-32.25	-21.65	33.33	-8.59
Dec., 2014	-24.51	-24.64	17.55	46.72	16.52

Outlook:-

Import parity for crude soy oil from Argentina and palm oil after refining is hovering in positive territory due to cheaper imported oils. We expect CDSO/palm oil import parity to be in the positive side. Lower oilseed arrivals ony-o-y basis and slight parity in veg. oil may favor higher imports in the coming days.

Technical Analysis (Refined soy oil)



Outlook – Refined soybean oil witnessed firm 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 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 652.80 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 675-660 level in near to medium term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

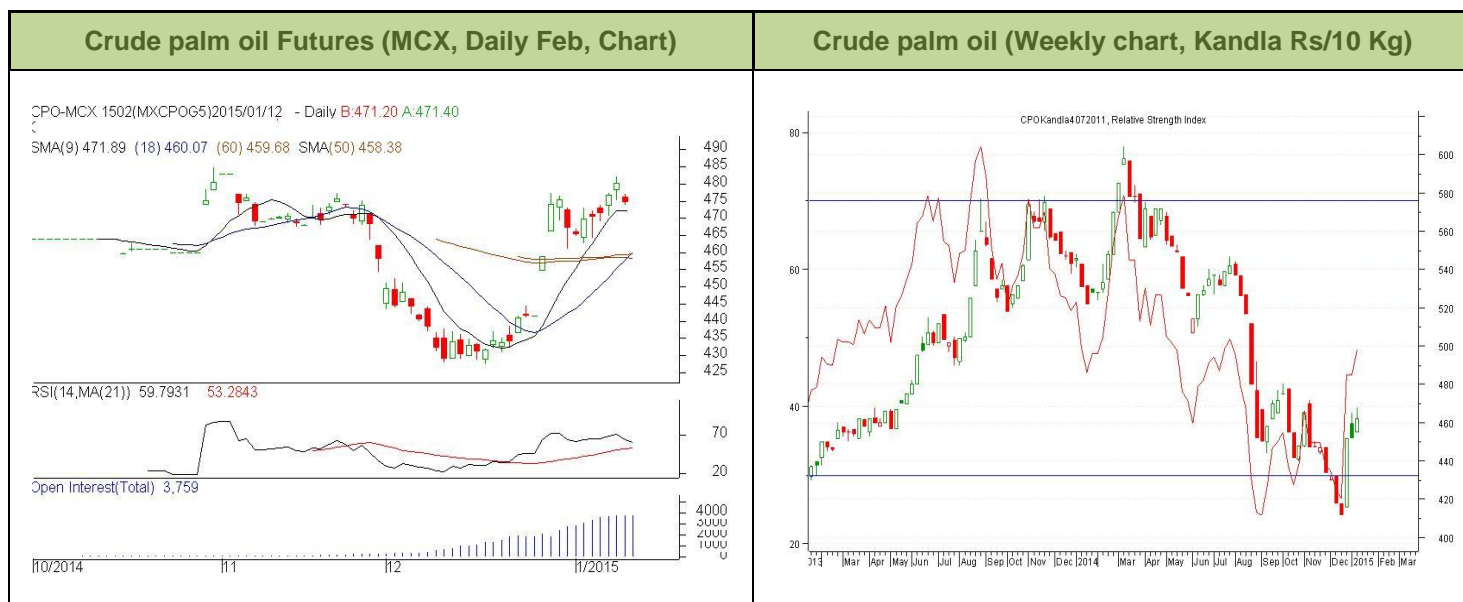
Strategy: Market participant are advised to go long in RSO above 660 levels for a target of 672 and 675 with a stop loss at 652.80 on closing basis.

RSO NCDEX (Feb.)

Support and Resistance				
S2	S1	PCP	R1	R2
643.50	647.00	660.00	678.00	684.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 680-700 per 10 Kg.

Technical Analysis (Crude Palm oil)



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

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts gains in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 460.20 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 465-475.50 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 465 for a target of 473 and 475.5 with a stop loss at 460.20 on closing basis.

CPO MCX (Feb.)

Support and Resistance				
S2	S1	PCP	R1	R2
450.00	455.00	471.10	485.00	490.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 465-482 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		9-Jan-15	2-Jan-15	
Refined Soybean Oil	Kota	690	670	20
	Rajkot	665	648	17
	Delhi	710	705	5
	Mumbai	675	650	25
	Indore	690	650	40
	Kandla/Mundra	670	650	20
	Kolkata	665	645	20
	Indore (Soy Solvent Crude)	665	635	30
	Mumbai (Soy Degum)	650	605	45
	Kandla/Mundra (Soy Degum)	650	620	30
	Akola	707	688	19
	Amrawati	706	685	21
	Jalna	717	698	19
	Nagpur	711	689	22
	Alwar	NR	NR	-
	Solapur	720	696	24
	Bundi	700	670	30
	Dhule	718	697	21
Palm Oil	Rajkot	522	528	-6
	Hyderabad	542	532	10
	Delhi	570	560	10
	Kandla (Crude Palm Oil)	465	455	10
	Kandla (RBD Palm oil)	515	495	20
	Mumbai RBD Pamolein	532	528	4
	Kandla RBD Pamolein	530	515	15
	Mangalore RBD Pamolein	545	528	17
	Chennai RBD Pamolein	545	528	17
	Kakinada RBD Pamolein	540	520	20
	KPT (krishna patnam)	530	510	20
	Haldia	528	515	13
	PFAD (Kandla)	380	370	10
	Refined Palm Stearin (Kandla)	400	380	20
Refined Sunflower Oil	Mumbai	690	685	5
	Mumbai(Expeller Oil)	635	620	15



	Kandla/Mundra (Crude)	630	620	10
	Erode (Expeller Oil)	695	695	Unch
	Hyderabad (Ref)	689	665	24
	Chennai	660	660	Unch
	Latur (Expeller Oil)	685	670	15
	Chellakere (Expeller Oil)	610	600	10
Groundnut Oil	Rajkot	990	950	40
	Chennai	800	800	Unch
	Delhi	800	830	-30
	Hyderabad *	870	860	10
	Mumbai	1000	960	40
	Gondal	990	970	20
	Jamnagar	1000	950	50
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	765	790	-25
	Sri-GangaNagar(Exp Oil)	785	790	-5
	Alwar (Expeller Oil)	805	815	-10
	Kota (Expeller Oil)	740	770	-30
	Jaipur (Expeller Oil)	778	788	-10
	New Delhi (Expeller Oil)	790	805	-15
	Hapur (Expeller Oil)	800	800	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	815	815	Unch
	Kota (Kacchi Ghani Oil)	810	805	5
	Jaipur (Kacchi Ghani Oil)	816	829	-13
	Agra (Kacchi Ghani Oil)	835	845	-10
	Bharatpur (Kacchi Ghani Oil)	830	840	-10
	Neewai (Kacchi Ghani Oil)	797	810	-13
	Hapur (Kacchi Ghani Oil)	830	830	Unch
Refined Cottonseed Oil	Mumbai	608	585	23
	Rajkot	575	570	5
	New Delhi	565	570	-5
	Hyderabad	620	600	20
Coconut Oil	Kangayan (Crude)	1320	1320	Unch
	Cochin	1370	1320	50
	Trissur	1390	1360	30
Sesame Oil	New Delhi	NR	770	-



	Mumbai	850	850	Unch
Kardi	Mumbai	860	860	Unch
Rice Bran Oil (40%)	New Delhi	NA	450	-
Rice Bran Oil (4%)	Punjab	460	460	Unch
Rice Bran Oil (4%)	Uttar Pradesh	460	460	Unch
Malaysia Palmolein USD/MT	FOB	683	665	18
	CNF India	708	698	10
Indonesia CPO USD/MT	FOB	665	650	15
	CNF India	683	673	10
Ukraine Origin CSFO USD/MT Kandla	CIF	880	870	10
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	677	660	17
Argentina FOB (\$/MT)		8-Jan-15	1-Jan-15	Change
Crude Soybean Oil Ship		825	NA	-
Refined Soy Oil (Bulk) Ship		853	NA	-
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		805	NA	-
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>

© 2015 Indian Agribusiness Systems Pvt Ltd.