

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed slight losses in the prices during the week in review tracking sideways trend in the international palm oil market and recovery in INR against USD.

On the currency front, Indian rupee against USD closed at 61.8, up 0.7 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 weak tone due to higher global soybean estimates for 2014-15 and strong India rupee against USD. However, seasonal demand for oils and weak oilseed arrivals in the cash market may cap the excessive losses.

Recommendation:

Weekly Call - Market participant are advised to go short in RSO below 656 levels for a target of 648 and 646 with a stop loss at 660.80 on closing basis and go short in CPO below 466 for a target of 459 and 456.50 with a stop loss at 470.20 on closing basis.

International Veg. Oil Market Summary

Malaysian palm oil products exports for Jan. 1-15 fell 11.8 percent to 545,410 tons from 618,134 tons shipped during Dec. 1-15 - cargo surveyor Societe Generale de Surveillance. India imported 69,700 tons of palm oil products (during 1-15 Jan. 2015) v/s 140,972 tons same period of last month from Malaysia.

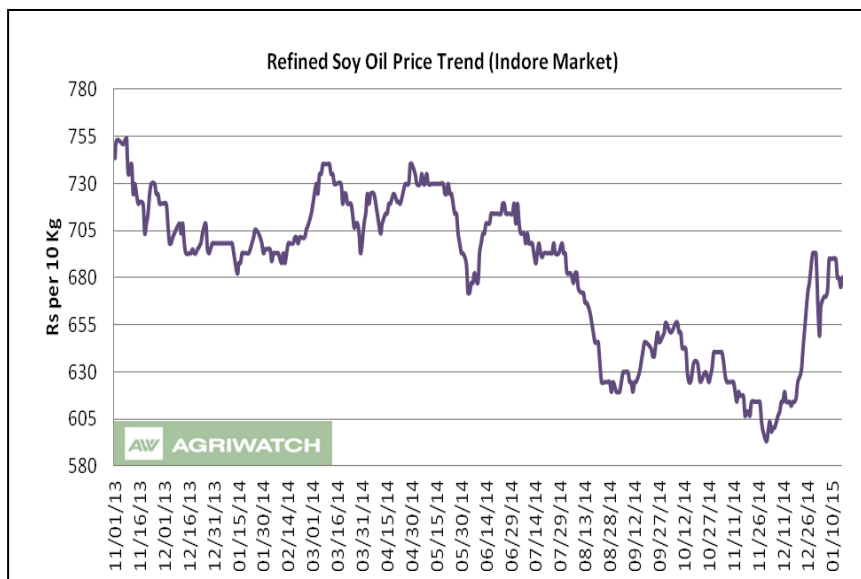
On the international front, record US soybean production forecast for 2014/15, and good crop prospects for South American soybean favors the bears. However, monsoon floods in South East Asian countries and renewed demand at lower quotes may curb the excessive losses in soy complex.

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 steady tone during the week in review tracking need based buying from wholesalers.
- As per IBIS data (data compiled by Agriwatch) Indian buyers imported 0.865 lakh tons during 9 Dec. 2014 – 11 Jan. 2015. 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 slight losses and quoted at USD 885 per tons as on 19 Jan. v/s USD 861 per tons (Feb. delivery) at Indian ports.



Base import price for crude soybean oil sets at ISD 894 per tons w.e.f from 15 January 2015.

- Production front – USDA cut India's soybean production estimates for 2014-15 on lower yields reflecting late planting and a short monsoon season. Moreover, historic revision also made by USDA for India's soybean production estimates. India's soybean production is estimated at 10.5 million tons during 2014-15 seasons, up one million tons from last year production. Soybean crushing is estimated at 8.5 million tons, up 2.4 percent from last year. 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. 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. We expect soy oil may trade with a steady to slightly weak 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 150.50 million tons for 2014-15, which is one percent higher from last month estimates and 6.96 percent higher from last year estimates. USDA raise its U.S. season-average farm price for soybeans is projected at \$9.45 to \$10.95 per bushel, up 20 cents at the midpoint based on prices reported to date. The soybean oil price is forecast at 31 to 35 cents per pound, down 1 cent at the midpoint. The soybean meal price projection is unchanged at \$340 to \$380 per short ton.
- 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.
- As per Rosario grains exchange, Argentina's 2014/15 soybean output is expected at 54.5 million tons, down from its previous forecast of 55 million tons due to a reduction in projected planting area. Argentine farmers are expected to plant 20.64 million hectares. (3 percent higher y-o-y basis).
- 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.

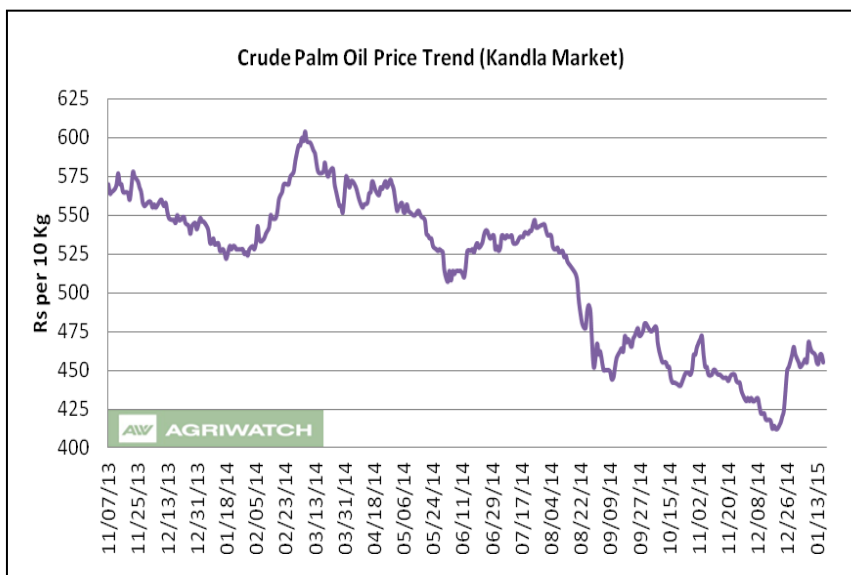
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 670-688 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 need based buying.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 3.892lakh tons of crude palm oil and 0.412 lakh tons of RBD palmolein from majorly from Malaysia, Indonesia and Thailand 29 Dec. 2014 – 11 Jan. 2015. SEA revealed that India imports CPO 1.49 (1.24) lakh tons and 1.00 (3.72) lakh tons of RBD palmolein during Nov-Dec. 2014. 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 \$705, RBD palm oil to US \$729, Crude and refined palmolein to 739, 742 (US dollar per metric tons) respectively. Tariff value is the base price at which the customs duty is determined to prevent under-invoicing.
- Losses in the crude mineral oils and lower buying from key buyers support the bears. However, floods in Malaysia hurts the palm oil supply prospects and market participants expect that palm oil production would be lower in Jan from seasonal average basis. Palm oil production in Malaysia was down 22.2 percent in Dec. on m-o-m and 18.07 percent lower from same period of the last year.
- CNF CPO at Indian port is quoted at USD 680 per tons for January delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 700 per tons for January delivery. High sea CPO prices quoted at Rs 455 per 10 Kg and delivery upto 15 Feb is offered at Rs 458 per 10 Kg on 19 Jan. 2014. CNF CPO at WCI likely to trade in between USD 670-692 per tons in the coming days.
- We expect palm oil likely to trade range bound in the days ahead.



International Front

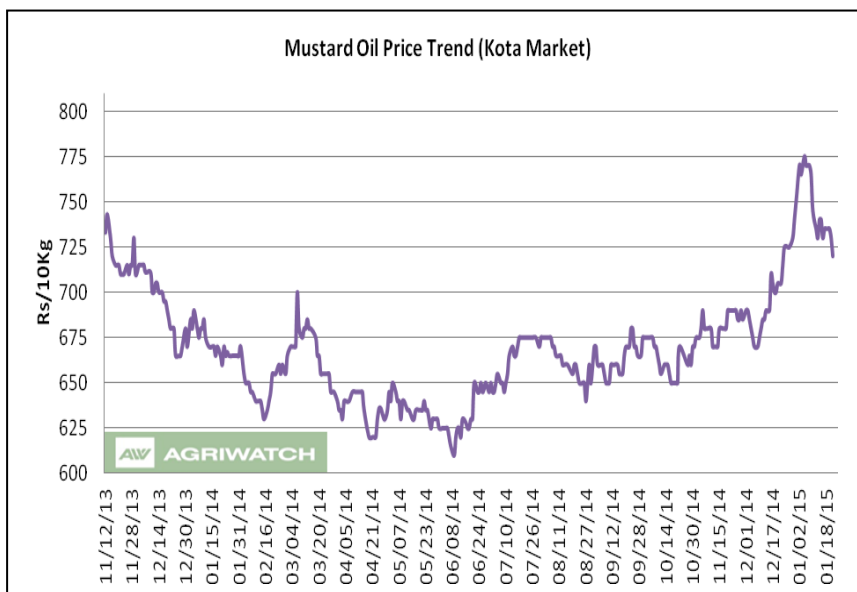
- Weekly review & Outlook – Malaysian palm oil featured slight losses on w-o-w basis in line with competing soy oil markets. However, weak ringgit against USD and concerns of lower palm oil production in Malaysia after monsoon floods kept prices range bound.
- Malaysian palm oil products exports for Jan. 1-15 fell 11.8 percent to 545,410 tons from 618,134 tons shipped during Dec. 1-15 - cargo surveyor Societe Generale de Surveillance. India imported 69,700 tons of palm oil products (during 1-15 Jan. 2015) v/s 140,972 tons same period of last month from Malaysia.
- Indonesia set its crude palm oil export tax for January at zero, unchanged from the previous month - Trade Ministry. Palm oil prices below threshold level of export duty imposition causing the export duty for CPO to remain at zero percent.
- 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.
- 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.
- Beneficial rains over key mustard growing regions during the first week of January and losses in soybean prices kept mustard seed and oil prices down. However, 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 64.99 lakh hectares of mustard seed (2014-15 crop year) as on 14 Jan. 2015, which was 70.43 lakh ha. compared to the last year same period. State wise details - in Rajasthan has been sown in 26.40 (30.50) lakh hectares, in MP sowing reached at 6.63 (8.14) 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.

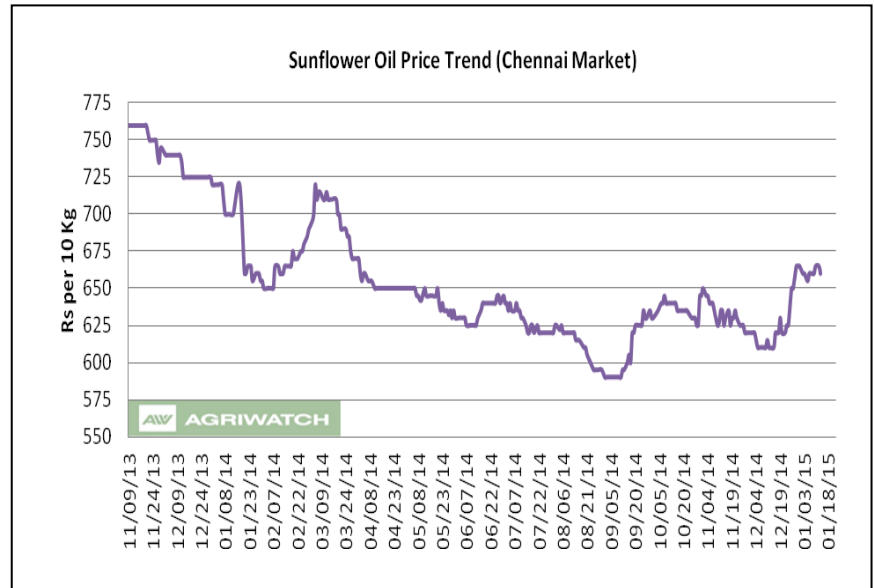


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 715-750 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured sideways trend during the week in review due to need-based demand. However, lower EU's sun seed production estimates for 2014/15 keep the sentiments slightly firm.
- As per IBIS (data compiled by Agriwatch), Indian buyer imported 1.092 lakh tons of crude sunflower oil majorly from Ukraine and Argentina during 29 Dec. 2014 – 11 Jan. 2015. 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 870 per tons for Jan delivery, as on 19 Jan 2014 v/s USD 855 per tons AMJ delivery. Last month average CIF sunflower oil at Kandla was USD 876 per tons. 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 planting front, Indian farmers have been sown 2.63 lakh hectares of Rabi sunseed as on 14 Jan. 2015, which was 32.7 percent lag compared to the last year same period. State wise details - in Karnataka sunflower has been sown in 1.83 (2.48) lakh hectares, and in Maharashtra sowing reached to 0.16 (0.35) lakh hectares. Values in bracket were last year same period figures.
- On the production front, as per USDA, global sunflower seed production is estimated at 39,951 thousand tons for 2014-15 v/s 42,906 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.

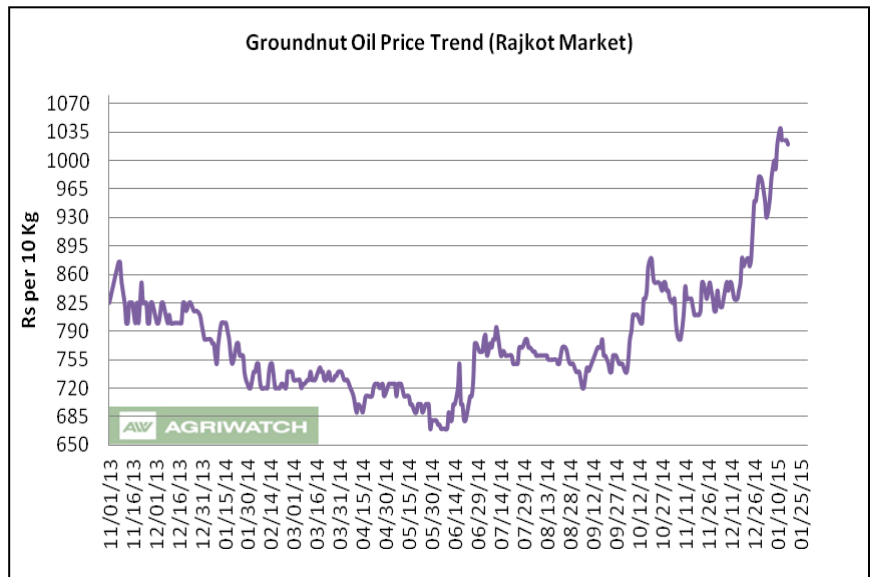


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 643-665 per 10 Kg.

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.
- per Ministry of agriculture, area coverage as on 14 Jan. 2015 during Rabi 2014-15 is lower by 1.39 lakh ha to 4.64 lakh ha compared to corresponding period of rabi 2013-14. State wise details – in Telangana sowing reached to 1.28 (1.66) lakh hectares, in Karnataka sowing reached to 0.58 (1.26) lakh hectares and in Tamil Nadu sowing reached to 1.06 (1.23) lakh hectares. Values in bracket were last year same period figures.
- Better export demand for groundnut seed, and lower groundnut crushing due to lower arrivals may favor the bulls in the near term. Moreover, higher table consumption in winters and export demand for groundnut seed likely to keep the sentiment firm.
- 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.
- Groundnut oil prices are likely to trade with a steady to firm tone in the coming days owing to good demand from wholesalers.



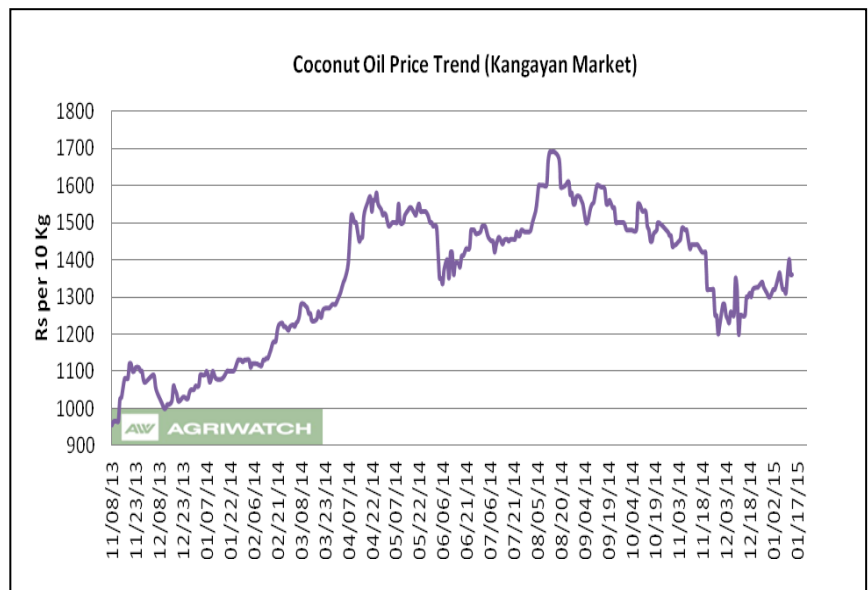
Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 1010-1040 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

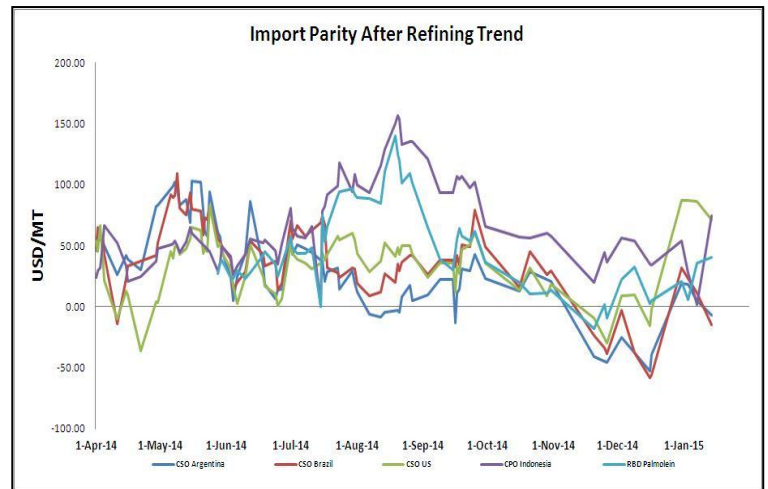
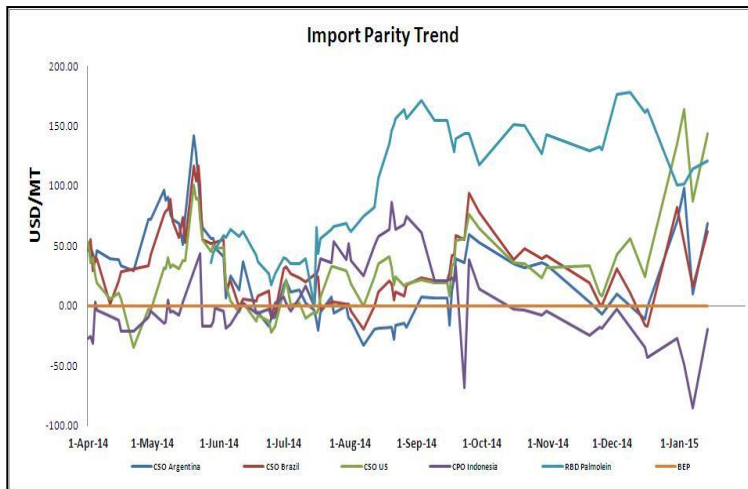
- Coconut oil featured steady tone at its benchmark market Kangeyam during the week owing to better buying at lower quotes and recovery in the competing edible oils.
- New copra season in Kerala in the coming weeks and need-based demand may cap the upside risk in the coconut oil, prices in the near-medium 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 1320-1425 per 10 Kg.

Import Parity Trend

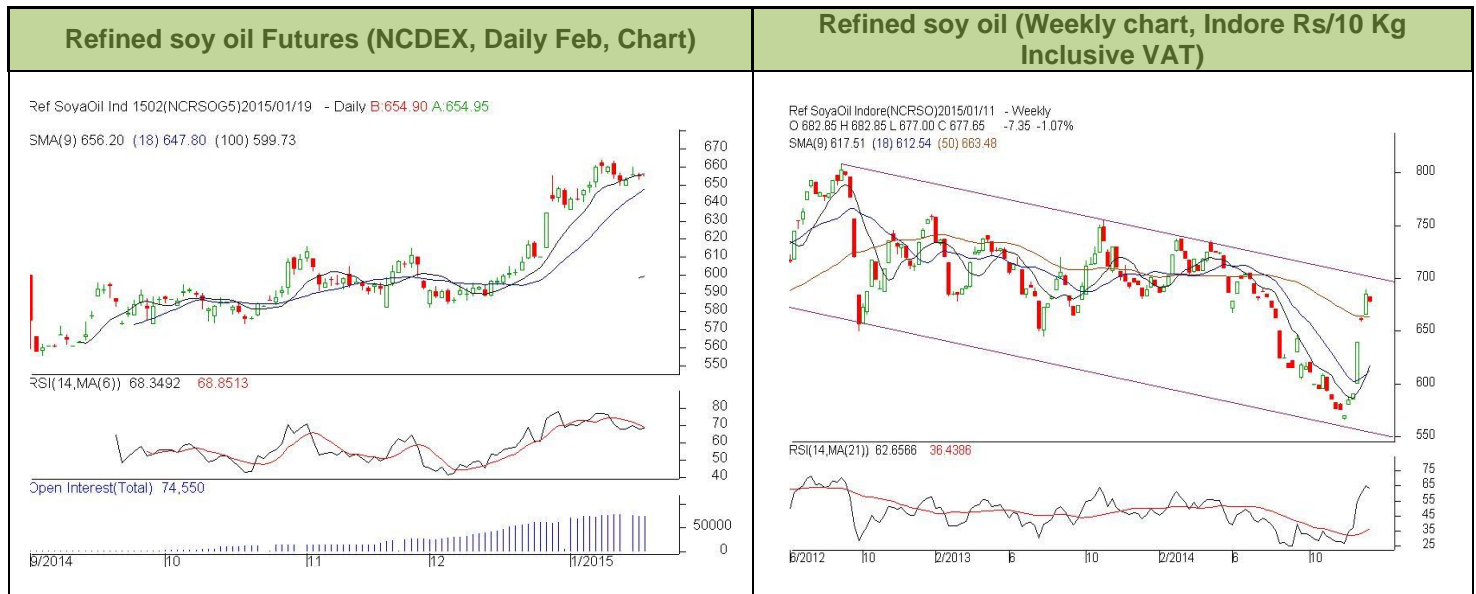


Import Parity After Refining in US dollar per tons (Monthly Average)

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

- ❖ Weekly chart of refined soy oil at NCDEX depicts sideways movement during the week in review. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close above 660.80 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 646-656 level in near to medium term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

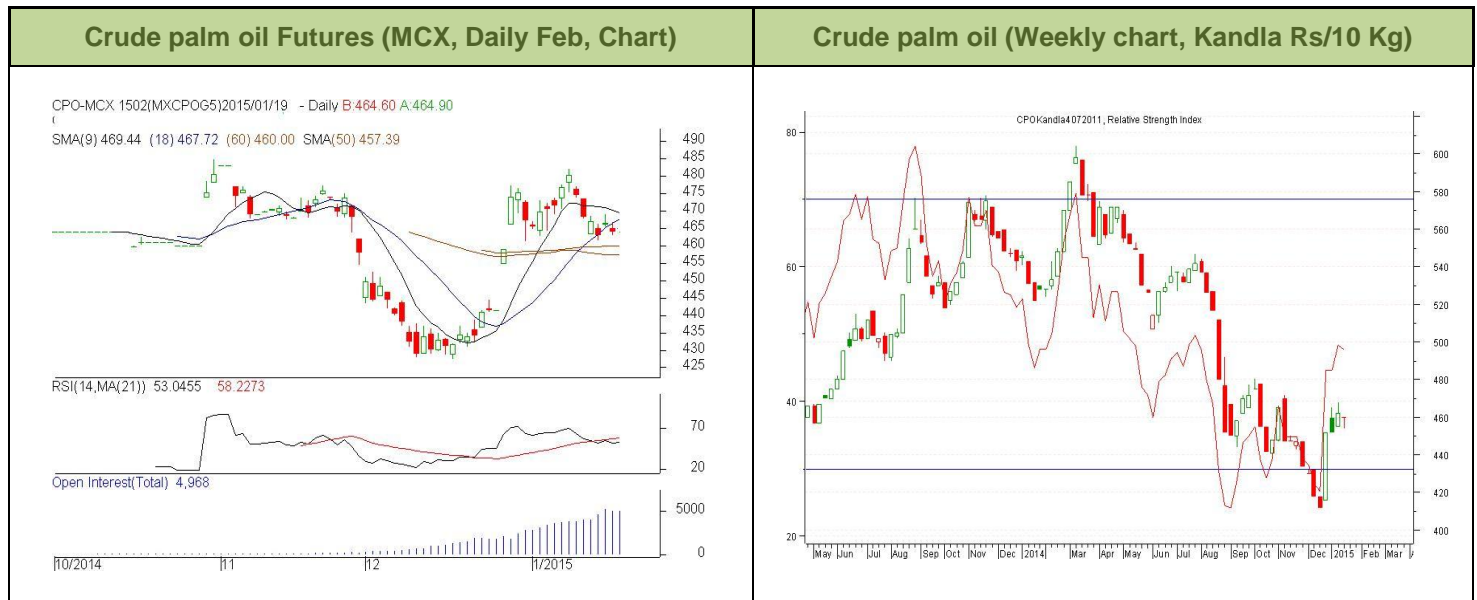
Strategy: Market participant are advised to go short in RSO below 656 levels for a target of 648 and 646 with a stop loss at 660.80 on closing basis.

RSO NCDEX (Feb.)

Support and Resistance				
S2	S1	PCP	R1	R2
637.00	642.00	654.40	667.00	672.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 670-688 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices are showing sideways tone during the week. We expect CPO Feb. contract may trade sideways to slightly weak 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 above 470.20 in weekly chart shall change the sentiments and might bring the prices to a bullish tone.
- ❖ Expected price band for next week is 456.50-466 level. RSI is in neutral region suggesting range bound to firm movement in the coming week.

Strategy: Market participants are advised to go short in CPO below 466 for a target of 459 and 456.50 with a stop loss at 470.20 on closing basis.

CPO MCX (Feb.)

Support and Resistance				
S2	S1	PCP	R1	R2
447.00	453.00	464.00	477.00	483.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 448-468 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		16-Jan-15	9-Jan-15	
Refined Soybean Oil	Kota	680	690	-10
	Rajkot	655	665	-10
	Delhi	710	710	Unch
	Mumbai	660	675	-15
	Indore	680	690	-10
	Kandla/Mundra	660	670	-10
	Kolkata	655	665	-10
	Indore (Soy Solvent Crude)	660	665	-5
	Mumbai (Soy Degum)	630	650	-20
	Kandla/Mundra (Soy Degum)	635	650	-15
	Akola	720	707	13
	Amrawati	719	706	13
	Jalna	730	717	13
	Nagpur	719	711	8
	Alwar	NR	NR	-
	Solapur	727	720	7
	Bundi	690	700	-10
	Dhule	728	718	10
Palm Oil	Rajkot	510	522	-12
	Hyderabad	523	542	-19
	Delhi	565	570	-5
	Kandla (Crude Palm Oil)	460	465	-5
	Kandla (RBD Palm oil)	500	515	-15
	Mumbai RBD Pamolein	520	532	-12
	Kandla RBD Pamolein	515	530	-15
	Mangalore RBD Pamolein	530	545	-15
	Chennai RBD Pamolein	530	545	-15
	Kakinada RBD Pamolein	525	540	-15
	KPT (krishna patnam)	515	530	-15
	Haldia	515	528	-13
	PFAD (Kandla)	380	380	Unch
	Refined Palm Stearin (Kandla)	400	400	Unch
Refined Sunflower Oil	Mumbai	685	690	-5
	Mumbai(Expeller Oil)	620	635	-15
	Kandla/Mundra (Crude)	620	630	-10



	Erode (Expeller Oil)	Closed	695	-
	Hyderabad (Ref)	689	689	Unch
	Chennai	Closed	660	-
	Latur (Expeller Oil)	670	685	-15
	Chellakere (Expeller Oil)	605	610	-5
Groundnut Oil	Rajkot	1025	990	35
	Chennai	Closed	800	-
	Delhi	750	800	-50
	Hyderabad *	870	870	Unch
	Mumbai	1040	1000	40
	Gondal	1030	990	40
	Jamnagar	1030	1000	30
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	755	765	-10
	Sri-GangaNagar(Exp Oil)	765	785	-20
	Alwar (Expeller Oil)	800	805	-5
	Kota (Expeller Oil)	730	740	-10
	Jaipur (Expeller Oil)	771	778	-7
	New Delhi (Expeller Oil)	785	790	-5
	Hapur (Expeller Oil)	790	800	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	795	815	-20
	Kota (Kacchi Ghani Oil)	795	810	-15
	Jaipur (Kacchi Ghani Oil)	810	816	-6
	Agra (Kacchi Ghani Oil)	815	835	-20
	Bharatpur (Kacchi Ghani Oil)	810	830	-20
	Neewai (Kacchi Ghani Oil)	794	797	-3
	Hapur (Kacchi Ghani Oil)	820	830	-10
Refined Cottonseed Oil	Mumbai	590	608	-18
	Rajkot	580	575	5
	New Delhi	595	565	30
	Hyderabad	615	620	-5
Coconut Oil	Kangayan (Crude)	Closed	1320	-
	Cochin	1370	1370	Unch
	Trissur	1400	1390	10
Sesame Oil	New Delhi	750	NR	-
	Mumbai	850	850	Unch

Kardi	Mumbai	860	860	Unch
Rice Bran Oil (40%)	New Delhi	455	NA	-
Rice Bran Oil (4%)	Punjab	470	460	10
Rice Bran Oil (4%)	Uttar Pradesh	470	460	10
Malaysia Palmolein USD/MT	FOB	678	683	-5
	CNF India	700	708	-8
Indonesia CPO USD/MT	FOB	665	665	Unch
	CNF India	680	683	-3
Ukraine Origin CSFO USD/MT Kandla	CIF	870	880	-10
Rapeseed Oil Rotterdam Euro/MT	FOB (Sept-Oct delivery)	677	677	Unch
Argentina FOB (\$/MT)		14-Jan-15	8-Jan-15	Change
Crude Soybean Oil Ship		805	825	-20
Refined Soy Oil (Bulk) Ship		833	853	-20
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		785	805	-20
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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