

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed losses in the prices during the week in review in line with the international palm oil market.

On the currency front, Indian rupee against USD closed at 61.86, down 0.67 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 and export outlook, and weather over South American soybean growing belt.

We expect edible oil complex to trade sideways to slightly firm tone in expectation of renewed demand from wholesalers. However, higher global soybean estimates for 2014-15 and weak demand for palm oil from top buyers may cap excessive gains.

Recommendation:

Weekly Call - Market participant are advised to go long in RSO above 585 levels for a target of 595 and 597.50 with a stop loss at 579 on closing basis and go long in CPO above 435 for a target of 447 and 450 with a stop loss at 427.5 on closing basis.

International Veg. Oil Market Summary

Exports of Malaysian palm oil products for January fell 14.6 percent to 1,109,188 tonnes from 1,298,461 tonnes shipped during December - cargo surveyor Societe Generale de Surveillance. India imported 162,900 tons during January v/s 359,767 tons last month.

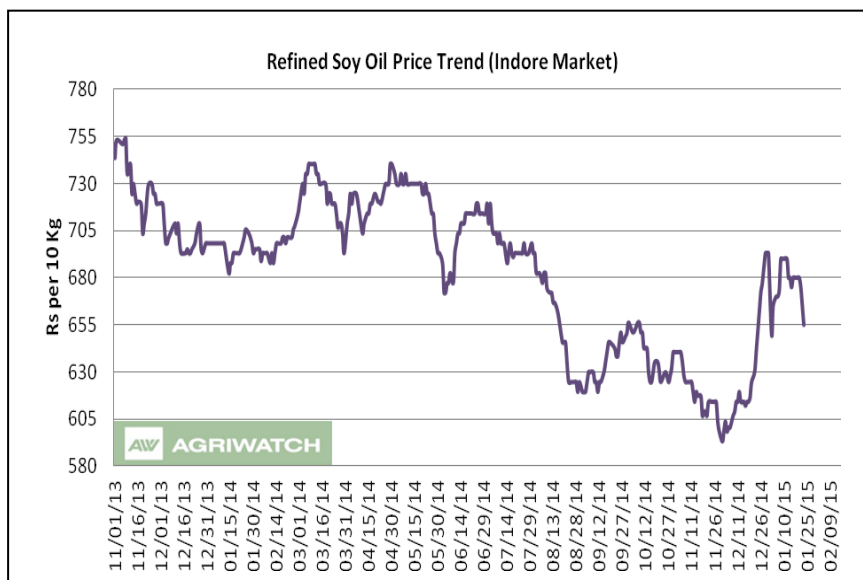
On the international front, record US soybean production forecast for 2014/15, and good crop prospects for South American soybean and talks of cancellation of US soybean from China favors the bears. However, monsoon floods in South East Asian countries and renewed demand at lower quotes may curb the 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 production fundamental seems to be unfavorable due to monsoon floods over key palm growing regions, which could limit the excessive losses.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured steady to weak tone during the week in review tracking need based buying from wholesalers and losses in CBOT soy oil.
- As per IBIS data (data compiled by Agriwatch) Indian buyers imported 1.528 lakh tons during 29 Dec. 2014 – 25 Jan. 2015. On the import front, India is likely to import 2.1 million tons of crude soybean oil in 2014-15 (AW proj.) v/s 1.95 million tons last year (SEA of India figures).
- CIF soybean oil ready delivery featured losses and quoted at USD 809 per tons v/s USD 774 per tons (Feb. delivery) at Indian ports as on 3 February. Base import price for crude soybean oil sets at USD 864 per tons w.e.f from 15 January 2015.
- We have lowered India's soybean production forecast for 2014-15 to 10.5 MMT from last estimate of 11.1MMT due to lower than preliminary potential yield output estimates, the yield is estimated to be 946 kg/ha v/s 1006 kg/ha (AW's Aug-Sept estimate) due to weather stress, lower than needed rains initially and prolonged dry weather. Last year soybean production estimate was 11 MMT. Subsequently, we have also lowered our estimates for domestic soy oil output for 2014/15 oil year to 1.615 MMT with a crushing of 9.5 MMT of soybean.
- We expect soy oil may trade with a steady tone on need-based demand.



International Front

- Brazilian agricultural consultancy Safras & Mercado cut its forecasts for soy harvests in the 2014-15 growing season to 95.02 million tons. Last year, Brazil soybean output was 86.6 million tons. The new crop, which has begun early harvesting, will pick up speed in the coming months and peak in March and April.
- US soybean export inspections are still strong despite of cancellation of US soybean sales to China. USDA reports that total US soybean exports are reported at 37.466 MMT, up nearly 19 percent y-o-y basis during 01 Sept. 2014- 29 Jan. 2015.
- USDA's announcement marked the third cancellation of soybean sales to China in January due to a seasonal shift to South America countries from US. USDA announced soybean sales cancellation to China details as follow - On 27 Jan. about 120,000 tons, 20 Jan. about 174,000 tons and on 16 Jan. 285,000 tons. Soybean harvest is getting started in some parts of Brazil. Mixed result for soy yield witness from farms.
- 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. Soybean meal price projection is unchanged at \$340 to \$380 per short ton.
- 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 and talks of cancellation of US soybean from China 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.

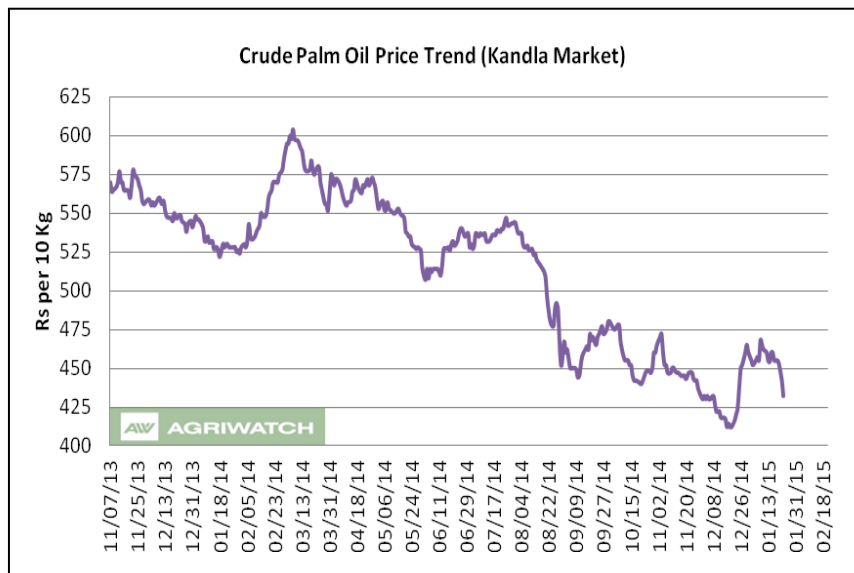
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 630-655 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla witnessed sideways to weak trend in line with the international palm oil market and need based buying.
- As per IBIS data (compiled by Agriwatch), Indian buyers imported 6.713 lakh tons of crude palm oil and 0.794 lakh tons of RBD palmolein from majorly from Malaysia, Indonesia and Thailand during 29 Dec. 2014 – 25 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. On the import front, India is likely to import 6.5 and 1.65 million tons of crude palm oil and RBD palmolein in 2014-15 (AW proj.) respectively. Last year, India imported 6.25 and 1.65 million tons of crude palm oil and RBD palmolein in 2013-14 (SEA of India figures) respectively.
- Losses in the international palm oil market and dull demand from top buyers support the bears. However, floods in Malaysia during the first half of January hurts the palm oil supply prospects and market participants expect that palm oil production would be lower in Jan from seasonal average basis, which may limit excessive losses. In Malaysia, palm oil production 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 637.50 per tons for January delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 657.50 per tons for January delivery. CPO duty paid prices ready delivery quoted at Rs 435 per 10 Kg and March delivery is offered at Rs 445 per 10 Kg on 3 Feb. 2015.
- As per the latest government notification, Indian Government has revised the tariff value for crude palm oil to US \$681 (705)/T, RBD palm oil to US \$ 707 (729), Crude and refined palmolein to 739 (724), 742(727) (US dollar per metric tons) respectively. Tariff value is the base price at which the customs duty is determined to prevent under-invoicing. Values in bracket depict the last fortnight figures.
- We expect palm oil likely to trade range bound in the days ahead.



International Front

- Weekly review & Outlook – Exports of Malaysian palm oil products for January fell 14.6 percent to 1,109,188 tonnes from 1,298,461 tonnes shipped during December - cargo surveyor Societe Generale de Surveillance. India imported 162,900 tons of palm oil products from Malaysia during January v/s 359,767 tons last month. Moreover, lower demand witnessed from EU's countries and China. China and EU's countries imported 209,800 tons and 185,706 tons of palm oil respectively during January from Malaysia.

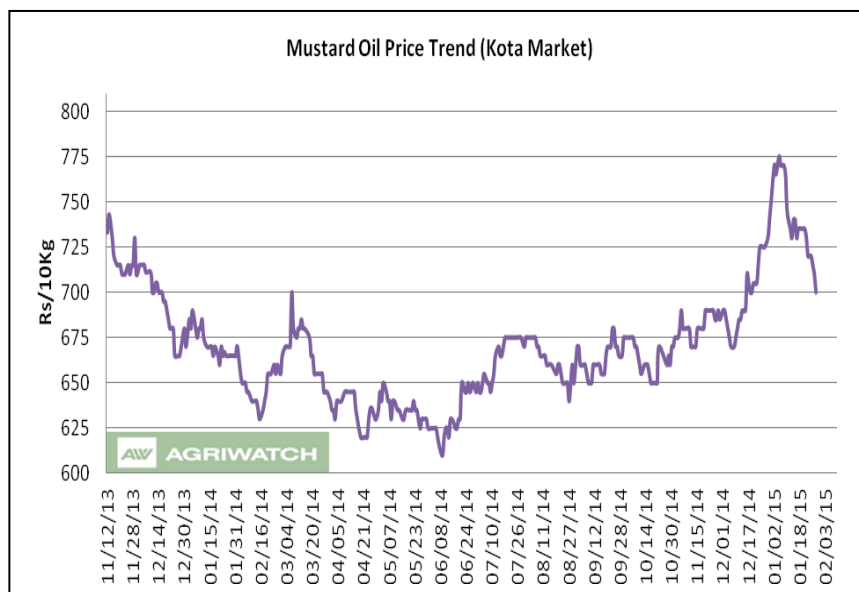
- Palm oil futures may trade between 1,820 ringgit (\$504) and 2,750 ringgit in 2015, against earlier estimates of 2,300-2,500 ringgit due to weak global demand prospects. On the production front, Malaysia is expected to produce 20.09 million tons of palm oil in 2015, lower than his earlier prediction of 20.5 million tonnes in October. Last year, Malaysia produced 19.67 million tons of crude palm oil.
- Indonesia set its crude palm oil export tax for February at zero, unchanged from January – Indonesian Trade ministry. 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.
- 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 production fundamental seems to be unfavorable due to monsoon floods over key palm growing regions, which could limit the excessive losses.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 425-445 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.
- On the supply side, we are expecting mustard oil production in 2014-15 at 2.546 MMT with a crushing of 6.7 MMT of mustard seed. Lower production mainly attributed to lower area under rapeseed and high temperature in the initial stage. However, beneficial rains over key RM seed producing region during first week of Jan. support the yield prospects. Mustard oil output is projected at 2.812 MMT 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 import front, India is likely to import 0.22 million tons of crude rapeseed oil in 2014-15 (AW proj.) v/s 0.199 million tons last year (SEA of India figures).
- As per trade sources, new RM seed crop in Kota belt has arrives with high moisture level (12-15 percent) and is offered at Rs 3200-3300 per quintal. Moreover, new crop arrivals from Rajasthan likely to pick up from the third week of February, if the weather is conducive.
- On the planting front, Indian farmers have been sown 65.14 lakh hectares of mustard seed (2014-15 crop year) as on 23 Jan. 2015, which was 70.53 lakh ha. compared to the same period of last year. State wise details - in Rajasthan has been sown in 26.41 (30.50) lakh hectares, in MP sowing reached at 6.63 (8.14) lakh hectares and in UP sowing reached to 11.42 (10.46) 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.
- We expect RM seed oil prices may trade range bound to slightly weak tone in the coming days.

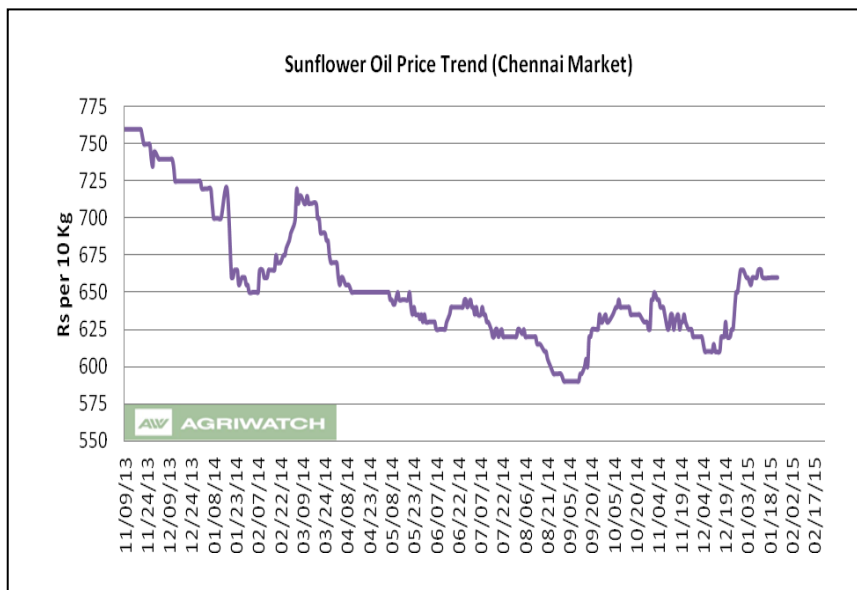


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 685-718 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

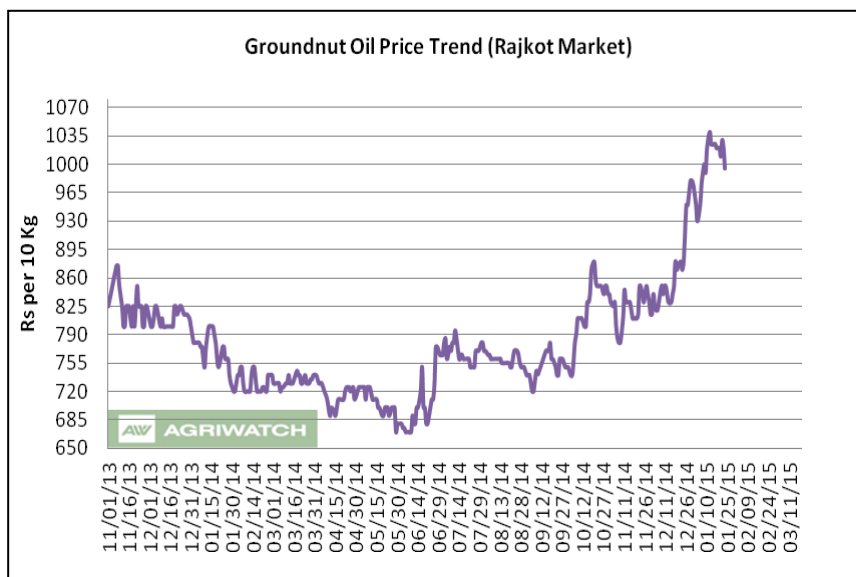
- Sunflower oil featured sideways trend during the week in review due to need-based demand. However, lower EU's sun seed production estimates for 2014/15 keep the sentiments slightly firm.
- As per IBIS (data compiled by Agriwatch), Indian buyer imported 2.064 lakh tons of crude sunflower oil majorly from Ukraine and Argentina during 29 Dec. 2014 – 25 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.
- India is likely to import 1.46-1.48 million tons of crude sunflower oil in 2014-15 oil year (AW proj.) v/s 1.50 million tons last year (SEA of India figures). Lower global sunseed production estimates from European Union countries may keep the market premium compared to soy and rapeseed oil in the current season.
- On the domestic front, sunflower oil CIF prices (Ukraine origin) quoted around USD 805 per tons for Feb. /March delivery, as on 03 Feb 2015 v/s USD 800 per tons AMJ delivery. CIF average sunflower oil at Kandla in Jan. was USD 862 per tons. Prices are likely to stay in the range of USD 790-820 per tons in the near term. CIF sun oil is offered at premium of USD 31 per tons against CIF soybean oil (Argentine basis) at Indian port.
- On the planting front, Indian farmers have been sown 2.74 lakh hectares of Rabi sunseed as on 23 Jan. 2015, which was 31.6 percent lag compared to the last year same period. State wise details - in Karnataka sunflower has been sown in 1.88 (2.48) lakh hectares, and in Maharashtra sowing reached to 0.18 (0.36) lakh hectares. Values in bracket were last year same period figures.
- On the production front, global sunflower seed production is estimated at 39.95 million tons for 2014-15 v/s 42.90 million tons last year. In 2014-15, Ukraine's and Russian sun seed production is estimated 10 and 9 million tons respectively. However, last year combined (Ukraine and Russia) sunflower production was 22.15 million 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.
- As per Ministry of agriculture, area coverage as on 23 Jan. 2015 during Rabi 2014-15 is lower by 15.5 percent to 5.18 lakh ha compared to corresponding period of rabi 2013-14. State wise details – in Telangana sowing reached to 1.30 (1.67) lakh hectares, in Karnataka sowing reached to 0.76 (1.26) lakh hectares and in Tamil Nadu sowing reached to 1.16 (1.21) 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.
- 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 tone in the coming days owing to need based demand from wholesalers at higher quotes.

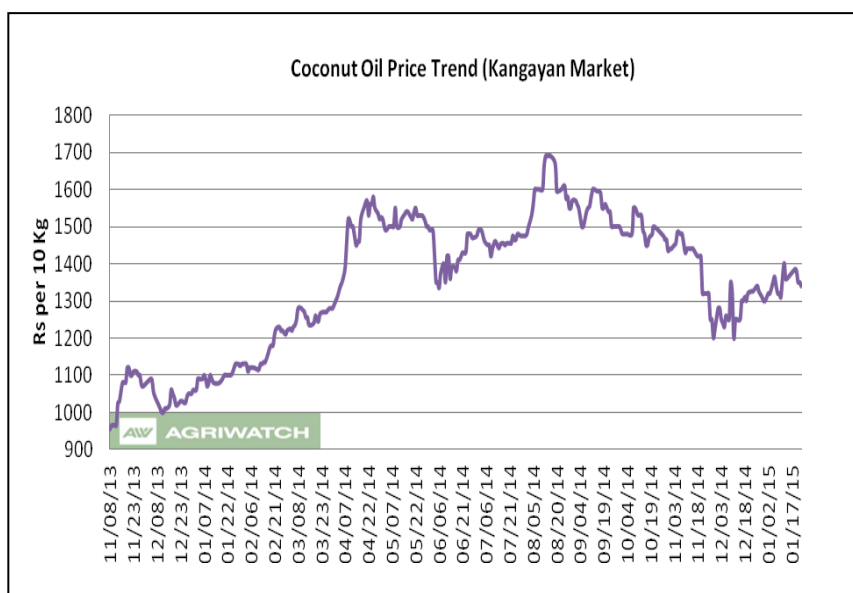


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 980-1025 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.
- Commencement of new copra season, need based demand at higher quotes and correction in the palm kernel and sunflower oil prices may support the bears in the coming weeks. Currently coconut oil is offered at Rs 1370 per 10 Kg and Rs 1385 per 10 Kg at Cochin & Trissur respectively.
- Policy development - 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.

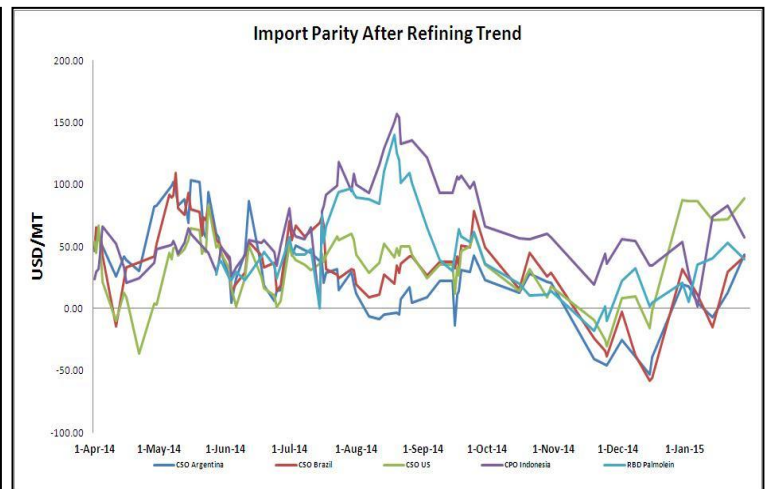
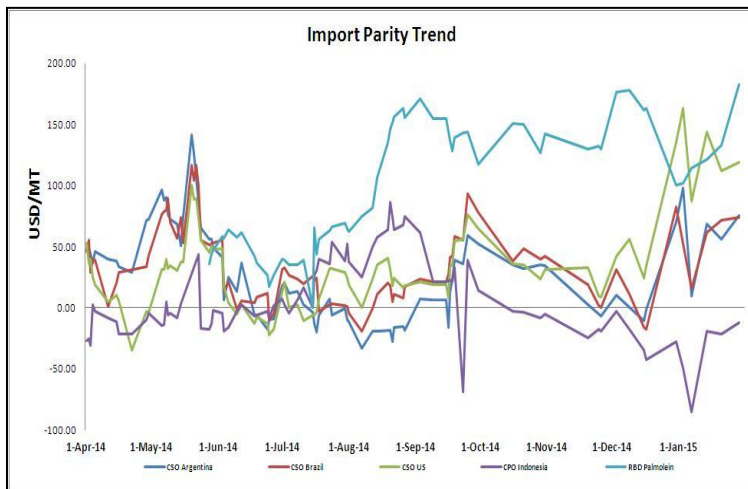


Moreover, The MSP for Ball Copra for 2015 season has also been hiked by Rs.330 to Rs.5, 830 rupees per quintal.

- 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



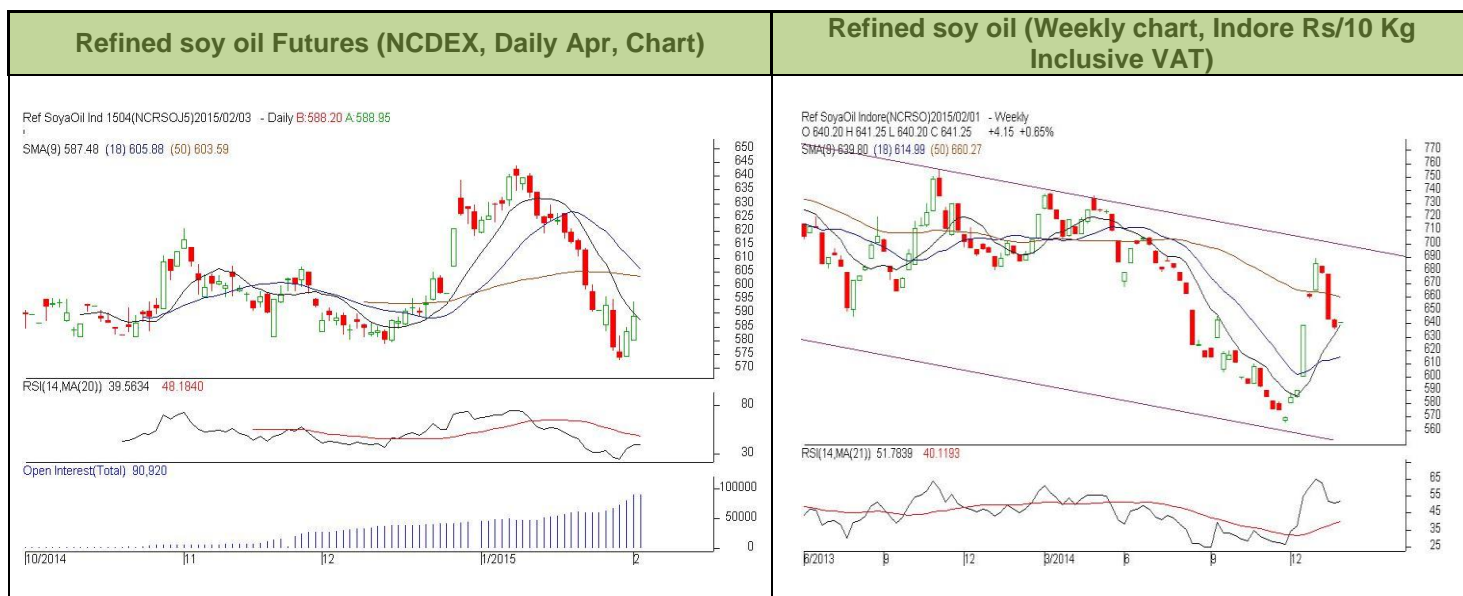
Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Dec., 2014	-24.51	-24.64	17.55	46.72	16.52
Jan., 2015	14.36	17.11	81.11	48.89	34.87

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 on y-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 firm tone in the coming days.

- ❖ Weekly chart of refined soy oil at NCDEX depicts consolidation during the week in review. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 579 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 585-597.50 level in near to medium term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

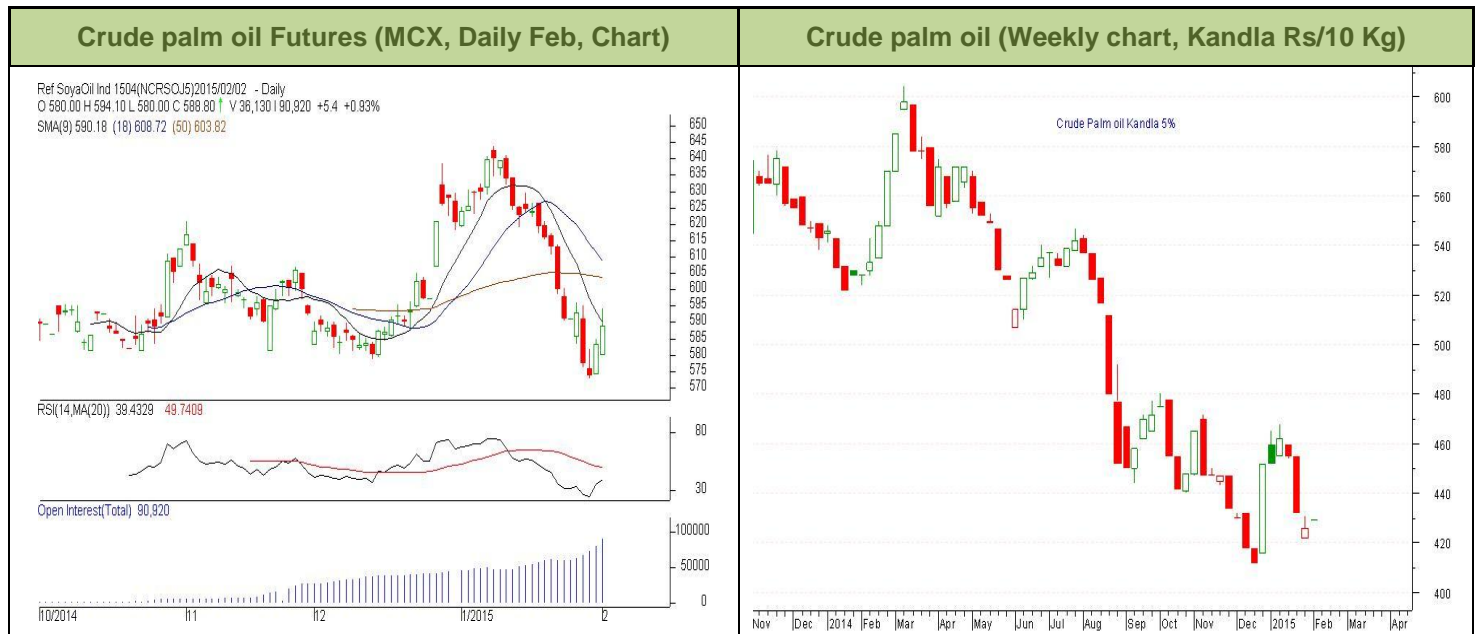
Strategy: Market participant are advised to go long in RSO above 585 levels for a target of 595 and 597.50 with a stop loss at 579 on closing basis.

RSO NCDEX (Apr.)

Support and Resistance				
S2	S1	PCP	R1	R2
569.00	574.50	588.80	599.00	602.50

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 630-655 per 10 Kg.

Technical Analysis (Crude Palm oil)



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

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts consolidation in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 427.5 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 435-447 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 435 for a target of 447 and 450 with a stop loss at 427.5 on closing basis.

CPO MCX (Feb.)

Support and Resistance				
S2	S1	PCP	R1	R2
420.00	425.00	443.00	455.50	462.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 425-445 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		30-Jan-15	23-Jan-15	
Refined Soybean Oil	Kota	635	650	-15
	Rajkot	605	625	-20
	Delhi	665	680	-15
	Mumbai	620	635	-15
	Indore	640	655	-15
	Kandla/Mundra	615	635	-20
	Kolkata	630	640	-10
	Indore (Soy Solvent Crude)	620	625	-5
	Mumbai (Soy Degum)	570	600	-30
	Kandla/Mundra (Soy Degum)	575	600	-25
	Akola	667	685	-18
	Amrawati	667	684	-17
	Jalna	676	701	-25
	Nagpur	668	689	-21
	Alwar	NR	NR	-
	Solapur	675	701	-26
	Bundi	642	655	-13
	Dhule	676	697	-21
Palm Oil	Rajkot	470	480	-10
	Hyderabad	489	504	-15
	Delhi	525	550	-25
	Kandla (Crude Palm Oil)	424	432	-8
	Kandla (RBD Palm oil)	460	480	-20
	Mumbai RBD Pamolein	480	495	-15
	Kandla RBD Pamolein	475	490	-15
	Mangalore RBD Pamolein	490	510	-20
	Chennai RBD Pamolein	490	510	-20
	Kakinada RBD Pamolein	472	495	-23
	KPT (krishna patnam)	470	490	-20
	Haldia	477	490	-13
	PFAD (Kandla)	350	360	-10
	Refined Palm Stearin (Kandla)	380	380	Unch
Refined Sunflower Oil	Mumbai	650	660	-10
	Mumbai(Expeller Oil)	580	600	-20
	Kandla/Mundra (Crude)	575	600	-25



	Erode (Expeller Oil)	680	690	-10
	Hyderabad (Ref)	660	665	-5
	Chennai	640	660	-20
	Latur (Expeller Oil)	635	645	-10
	Chellakere (Expeller Oil)	580	600	-20
Groundnut Oil	Rajkot	1030	995	35
	Chennai	800	820	-20
	Delhi	920	880	40
	Hyderabad *	870	885	-15
	Mumbai	980	1000	-20
	Gondal	1020	1000	20
	Jamnagar	1020	1000	20
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	712	740	-28
	Sri-GangaNagar(Exp Oil)	725	745	-20
	Alwar (Expeller Oil)	Closed	780	-
	Kota (Expeller Oil)	675	700	-25
	Jaipur (Expeller Oil)	731	754	-23
	New Delhi (Expeller Oil)	742	762	-20
	Hapur (Expeller Oil)	750	770	-20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	750	770	-20
	Kota (Kacchi Ghani Oil)	760	770	-10
	Jaipur (Kacchi Ghani Oil)	761	785	-24
	Agra (Kacchi Ghani Oil)	785	805	-20
	Bharatpur (Kacchi Ghani Oil)	780	800	-20
	Neewai (Kacchi Ghani Oil)	750	765	-15
	Hapur (Kacchi Ghani Oil)	780	800	-20
Refined Cottonseed Oil	Mumbai	570	585	-15
	Rajkot	555	555	Unch
	New Delhi	580	580	Unch
	Hyderabad	570	595	-25
Coconut Oil	Kangayan (Crude)	1370	1340	30
	Cochin	1370	1370	Unch
	Trissur	1390	1380	10
Sesame Oil	New Delhi	850	850	Unch
	Mumbai	840	835	5

Kardi	Mumbai	860	860	Unch
Rice Bran Oil (40%)	New Delhi	NA	450	-
Rice Bran Oil (4%)	Punjab	470	470	Unch
Rice Bran Oil (4%)	Uttar Pradesh	460	470	-10
Malaysia Palmolein USD/MT	FOB	608	650	-42
	CNF India	635	668	-33
Indonesia CPO USD/MT	FOB	590	630	-40
	CNF India	615	648	-33
RBD Palm oil (Malaysia Origin USD/MT)	FOB	605	645	-40
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	620	655	-35
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1070	1130	-60
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	585	585	Unch
Ukraine Origin CSFO USD/MT Kandla	CIF	800	865	-65
Rapeseed Oil Rotterdam Euro/MT	FOB (Dec delivery)	NA	667	-
Argentina FOB (\$/MT)		29-Jan-15	22-Jan-15	Change
Crude Soybean Oil Ship		700	768	-68
Refined Soy Oil (Bulk) Ship		724	794	-70
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		680	748	-68
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including VAT				

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