

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil basket witnessed steady tone in the prices during the week in review on need-based demand.

On the currency front, Indian rupee against USD closed at 62.22, down 0.05 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 figures, and oilseed's harvesting pace over South American soybean growing belt.

We expect edible oil complex to trade sideways to slightly weak tone due to higher global soybean estimates for 2014-15 and weak demand for palm oil from top buyers.

Recommendation:

Weekly Call - Market participant are advised to go short in RSO below 597 levels for a target of 590 and 588 with a stop loss at 601.20 on closing basis and go short in CPO below 465 for a target of 457.80 and 456 with a stop loss at 469.25 on closing basis.

International Veg. Oil Market Summary

Malaysian markets were inactive during the week in review due to Chinese new year. Exports of Malaysian palm oil products for Feb. 1-20 fell 3.6 percent to 677,172 tons from 702,581 tons during Jan. 1-20 - cargo surveyor Intertek Testing Services. India & subcontinent imported 176,375 tons during 1-20 Feb v/s 122,200 tons same period of the last week.

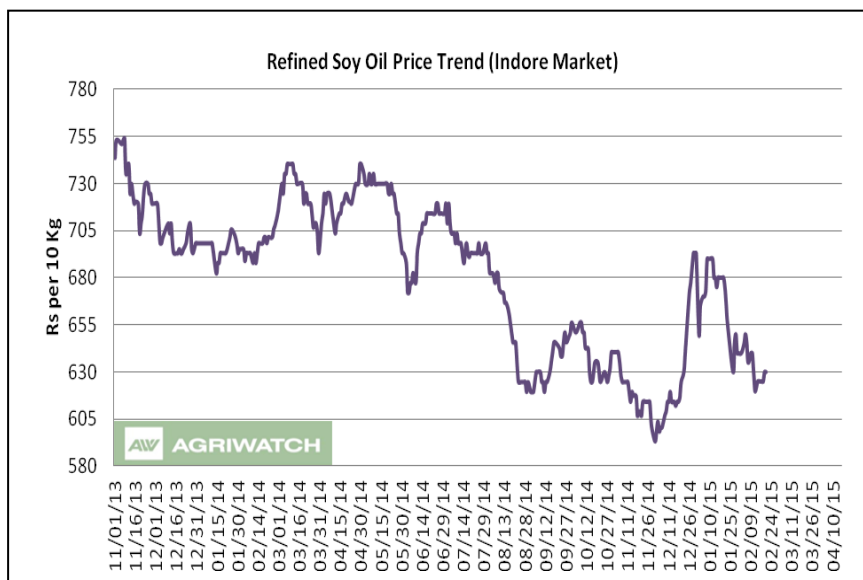
On the international front, talks of lower US Soybeans planted area for 2015-16 below trade assumptions and good local demand for soybean against slow selling in US keep the market range bound. However, commencement of soybean harvesting season in South American countries and record soybean ending stocks projection keep the lid on bulls.

Real buying was inactive in the markets during the week in review due to Chinese New Year. Palm oil supplies hurts in South East Asian countries due to floods and gains in the mineral oils may support the palm oil prices for short term. However, upcoming oilseed supplies from the South American countries limit the excessive gains.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured steady tone during the week in review in line with the international soy oil market and limited buying.
- Indian buyers imported 1.424 lakh tons during 02-15 February 2015 majorly from Argentina and Brazil, up 15.4 percent from last month same period - IBIS data (data compiled by Agriwatch). SEA of India revealed that Indian buyers imported 4.42 lakh tons during Nov 14-Jan 15 v/s 2.42 lakh tons same period of the last year.
- CIF soybean oil ready delivery featured slight gains and quoted at USD 778 (816) per tons v/s USD 737 (772) per tons (April delivery) at Indian ports as on 23 February. CIF soybean oil quoted lower compared to January and monthly average CIF soy oil (Argentinean basis) was USD 861 per tons. Base import price for crude soybean oil sets at USD 792 per tons w.e.f from 13 February 2015. Values in bracket depict last week quotes.
- On the production and import front, 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). 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. India's import projections, 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).
- We expect soy oil may trade with a steady tone to slightly weak tone on need-based demand.



International Front

- USDA pegged U.S. soybean acreage for 2015 at 83.5 million acres, which is lower by 200,000 acres from last 2014 due to lower prices of soybean and record production in the current season. The forecast lend support to the international soy benchmark CBOT for short-term.
- Conab has cut trimmed its Brazilian forecast for the 2014/15 soybean crop, which is under harvest, to 94.6 million tonnes from its earlier estimate of 95.9 million tonnes. This is due to the decline in yield potential due to dry weather. The Conab also estimated Brazil's likely soybean shipments to 47.8 million tonnes, which lower from 49.6 million tonnes in January'15.
- USDA' WASDE February Oilseeds Highlights - USDA increased Argentina's soybean production estimates to 56 million tons, up one million tons from last month estimates and lower Brazil's soybean production estimates to 94.50 million tons v/s 95.50 million tons last month estimates. USDA lowers its US soybean ending stocks estimates for 2014-15 to 10.48 million tons, down 1.8 million tons from last month estimates due to expectation of higher exports (48.7 mln t v/s 44.8 mln t last month estimates) and higher crushing (48.8 mln t v/s 47.1 mln t last month estimates) in 2014-15.
- On the international front, talks of lower US Soybeans planted area for 2015-16 below trade assumptions and good local demand for soybean against slow selling in US keep the market range bound to slightly higher. However, commencement of soybean harvesting season in South American countries and record soybean ending stocks projection keep the lid on bulls.

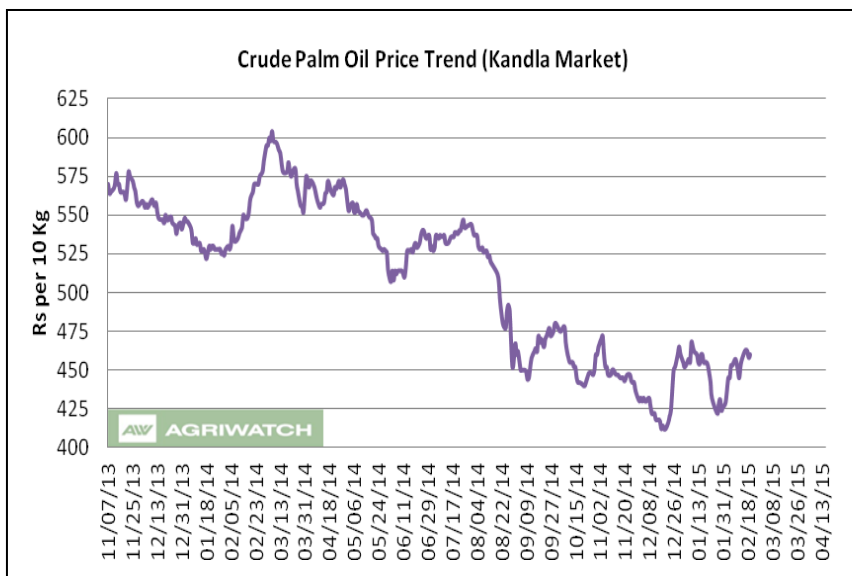
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 610-640 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 3.102 lakh tons of crude palm oil (down 38 percent m-o-m basis) and 0.689 lakh tons of RBD palmolein (up 25 percent m-o-m basis) from majorly Malaysia, Indonesia and Thailand during 02 – 15 February 2015. SEA revealed that India imports CPO 2.07 (1.57) lakh tons and 1.70 (5.80) lakh tons of RBD palmolein during Nov. 14-Jan. 15. Values in bracket depicts last year same period import figures. India's import projections, 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.
- Lower palm oil shipments noticed during the last 10-15 days as Malaysian markets were inactive due to "Chinese New Year". As per sources, weak trend in edible oils prices and with a rising temperature in March wholesalers reluctant to stocks huge edible oils inventories.
- Palm oil quoted lower at Indian ports compared to the last week. CNF CPO at Indian port is quoted at USD 675 (685) per tons for March delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 695 (705) per tons for March delivery. CPO duty paid prices ready delivery quoted at Rs 455 per 10 Kg and March delivery is offered at Rs 458 per 10 Kg on 23 Feb. 2015. Values in bracket depict last week quotes.
- We expect palm oil likely to trade range bound to slightly weak tone in the days ahead.



International Front

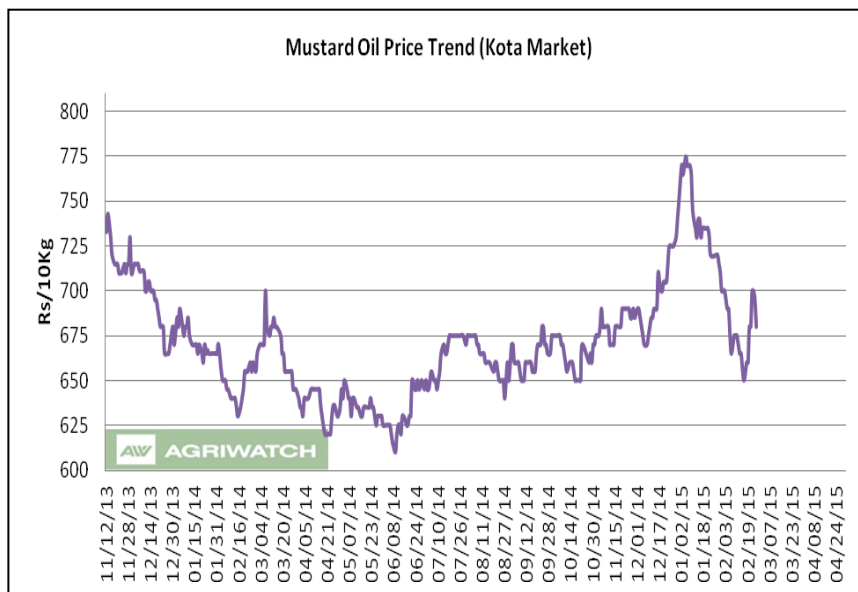
- Weekly review & Outlook – Malaysian market were inactive during the week in review due to Chinese new year. Exports of Malaysian palm oil products for Feb. 1-20 fell 3.6 percent to 677,172 tonnes from 702,581 tonnes during Jan. 1-20 - cargo surveyor Intertek Testing Services. India & subcontinent imported 176,375 tons during 1-20 Feb v/s 122,200 tons same period of the last week.
- South East Asian palm oil output and ending stocks report - as per Reuters survey, Indonesia crude palm oil production seen at 2.056 million tons in January v/s 2.165 million tons last month and exports also reported lower on m-o-m by 9.74 percent to 1.658 million tons. Indonesian CPO ending stocks seen at 2.413 million tons, slightly up by 3.73 percent. Malaysian palm oil end-stocks fell to their lowest in six months due to floods in the first week of January over key oil palm producing regions. Inventories in Malaysia fell 12.2 percent in January to 1.77 million tons against a revised 2.01 tons at the end of December and production plunged to 1.16 million tons (-15 pct m-o-m) - MPOB's Report.
- Policy development - Malaysia set its crude palm oil export tax for March at zero, unchanged from February. On the production front, combined crude palm oil output from Malaysia and Indonesia is expected to rise to 51.1 million tons in 2015 v/s 49.2 million tons last year – Malaysian government. Indonesia set its crude palm oil export tax for February at zero, unchanged from January – Indonesian Trade ministry.
- Real buying was inactive in the markets during the week in review due to Chinese New Year. Palm oil supplies hurts in South East Asian countries due to floods and gains in the mineral oils may support the palm oil prices for short term. However, upcoming oilseed supplies from the South American countries limit the excessive gains.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 449-465 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured consolidation tracking need based buying at lower quotes and lower crop prospects in the current season.
- India is set to harvest 7.36 million tonnes of rapeseed in the current crop year down from last year. Lower rapeseed production in the current season mainly attributed to the drop in India's mustard acreage (down 7 percent y-o-y) in the current season and dryness in the initial days of sowing - Farm Ministry.
- New mustard crop arrivals have started in Kota and Newai belt. However, new mustard crop yet to arrive in UP and Bihar. Oil content seen good and yield seem to be higher from last year due to good weather in February. Around 55-65k bags of new mustard crop in Rajasthan reported on daily basis, higher compared to last week of pace (25-30k bags). Arrivals are likely to pick up pace from March onwards.
- On the planting front, Indian farmers have been sown 65.17 lakh hectares of mustard seed (2014-15 crop year) as on 12 Feb. 2015, which was 71.26 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 (10.67) 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 have intact our mustard oil production forecast for 2014-15 at 2.546 MMT with a crushing of 6.7 MMT of mustard seed v/s 2.812 MMT last year. 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 Jan./Feb. support the yield prospects - Agriwatch estimates. India's import projections, 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).
- USDA report highlights - Global rapeseed production is projected at 71.94 million tons, up 1.10 percent on y-o-y basis tracking higher production in European Union. However, lower production figures witness from Canada and China. Global rapeseed exports during 2014-15 are likely to be 13.76 million tons v/s 15.10 million tons last year. Global ending stocks of rapeseed seen at 7.41 million tons (up 10.8 percent y-o-y basis)
- We expect RM seed oil prices may trade range bound in the coming days.

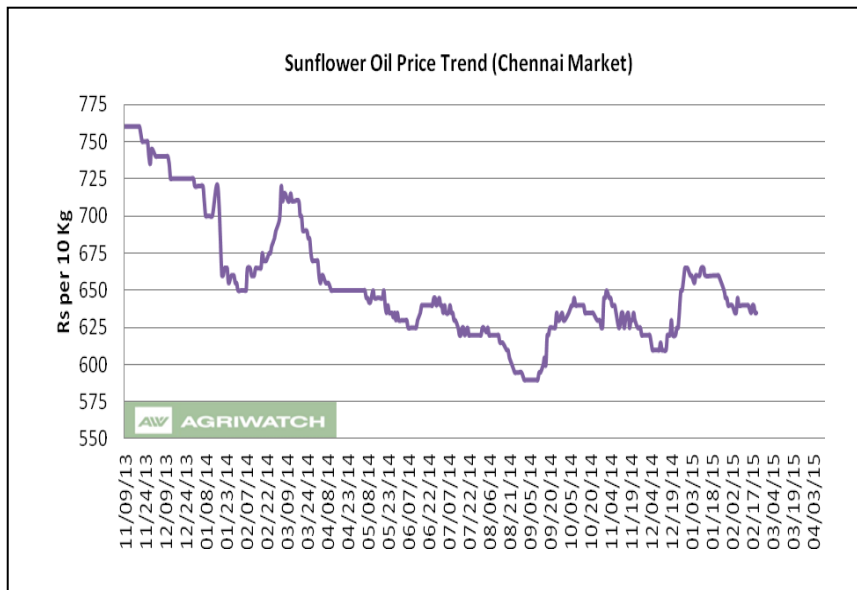


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 665-688 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

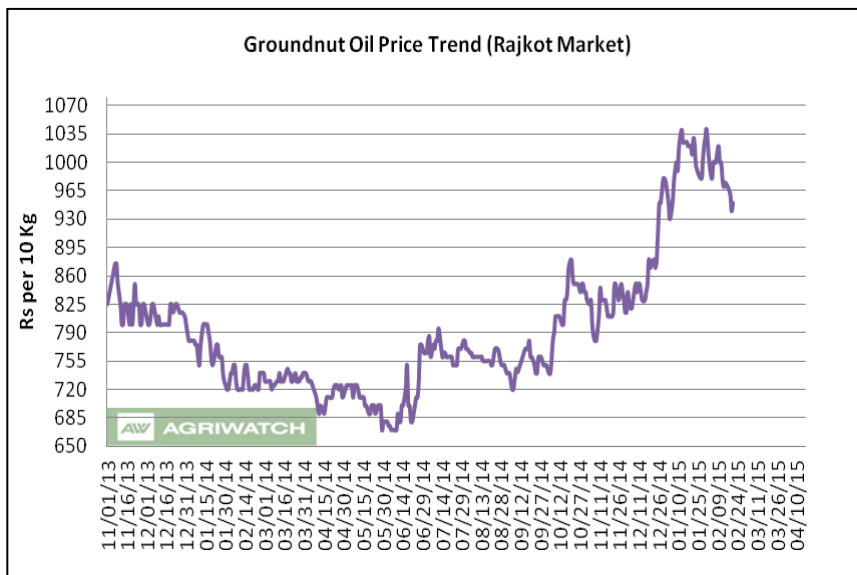
- Sunflower oil featured sideways trend during the week in review due to need-based demand. However, lower EU's sun seed production estimates for 2014/15 keep the sentiments slightly firm.
- As per IBIS (data compiled by Agriwatch), Indian buyer imported 0.602 lakh tons of crude sunflower oil (down 58 percent on m-o-m basis) majorly from Ukraine and Argentina during 02-15 Feb. 2015. As per SEA of India, Indian buyers imported 5.01 lakh tons of crude sunflower oil during Nov-Jan 2014-15 oil year majorly from Ukraine, up 38.3 percent from the corresponding period of the last year.
- On the planting front, Indian farmers have been sown 3.03 lakh hectares of Rabi sunseed as on 12 Feb. 2015, which was 28.19 percent lag compared to the last year same period. State wise details - in Karnataka sunflower has been sown in 2.02 (2.54) lakh hectares, and in Maharashtra sowing reached to 0.18 (0.35) lakh hectares. Values in bracket were last year same period figures.
- On the domestic price front, sunflower oil CIF prices (Ukraine origin) quoted around USD 820 per tons for Feb. /March delivery, as on 23 Feb 2015 v/s USD 825 per tons AMJ delivery. Prices are likely to stay in the range of USD 802-840 per tons in the near term. Prices featured range bound movement from last week.
- India's import projection - 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.
- Ukraine-Russia sun seed oil highlights - Ukraine's sunflower oil exports are estimated to drop 9 percent in the current season due to a fall in output and duty hike would pressurize the sun oil imports by India. Ukrainian sunflower oil exports in 2014/15 seen at 3.75 million tons, down from 4.12 million tons in 2013/14. In Russia, sunflower oil exports would fall by 13 percent to 1.45 million tons from last year - APK-Inform.
- 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 with a weak tone at its benchmark market (Rajkot) during the week in review tracking limited buying at higher quotes. However, shortage of raw material for crushing and lower crop estimates keeps the sentiments firm.
- As per trade sources, dull demand, cheaper availability of edible oils (cottonseed and palm oil) and talks of inferior export quality of seed may support the bears in the coming days. Groundnut oil prices may witness Rs 20-25 per 10 Kg losses at Rajkot market. However, diminishing oilseeds arrivals and lower G/N seed production in 2014-15 may cap excessive losses. Currently, G/N oil at Rajkot market is offered at Rs 970 per 10 kg.
- As per Ministry of agriculture, area coverage as on 12 Feb. 2015 during Rabi 2014-15 is lower by 14.8 percent to 6.74 lakh ha compared to corresponding period of rabi 2013-14. State wise details – in Telangana sowing reached to 1.32 (1.72) lakh hectares, in Karnataka sowing reached to 1.86 (1.91) lakh hectares and in Tamil Nadu sowing reached to 1.25 (1.65) lakh hectares. Values in bracket were last year same period figures.
- The directorate general of foreign trade (DGFT) has cut the minimum export price of edible oils in branded consumer packs of up to five kg to \$900 tons v/s \$1,100 a tons (previous), with immediate effect.
- Groundnut oil prices are likely to trade with a steady to slightly weak tone in the coming days owing to need based demand from wholesalers at higher quotes.

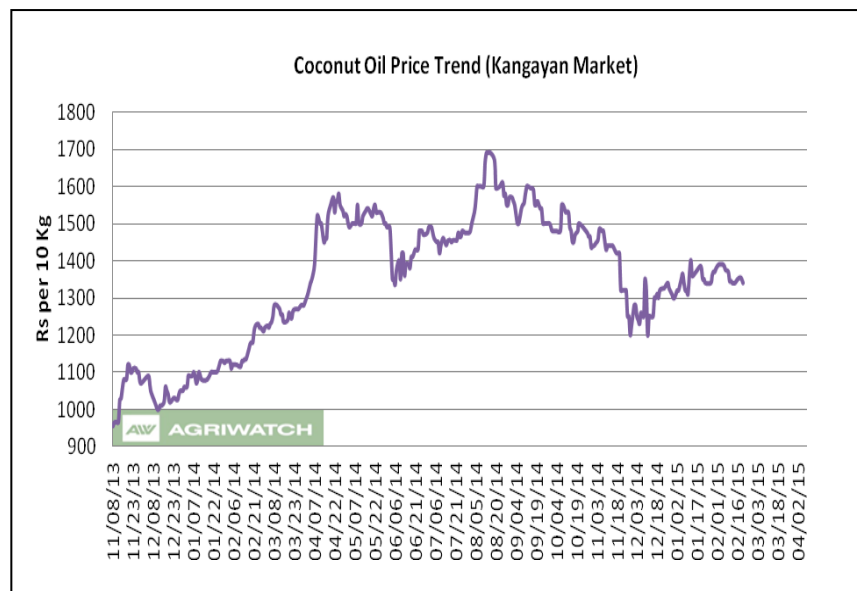


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 935-975 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

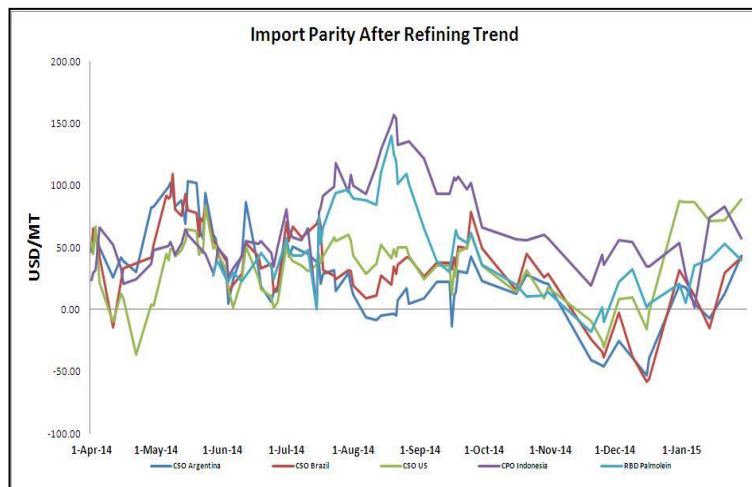
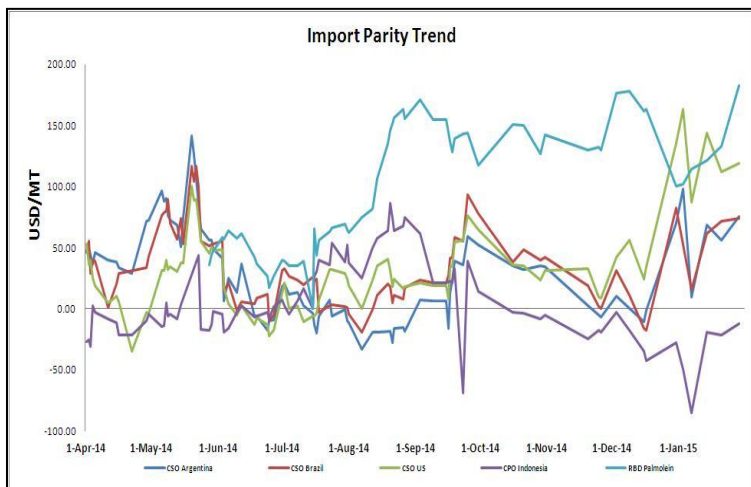
- Coconut oil featured steady to weak tone at its benchmark market Kangeyam during the week owing to limited buying, cheaper availability of edible oils (palm and sun oil) shifts the demand from coconut oil.
- Currently, coconut oil is offered at Rs 1340 per 10 Kg at Kangeyem market and Rs 1390 per 10 Kg at Cochin market. Copra arrivals from Tamil Nadu have started. However, Kerala and Karnataka copra season will begin from third week of February
- According to the Coconut Development Board, steady to firm trend likely to witness in the coconut oil prices tracking upcountry market for exports, domestic purposes and major use of raw nut for industries even in the peak season.



- 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. However, with the commencement of new season renewed demand could witness at lower quotes.

Price Outlook: Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1320-1420 per 10 Kg.

Import Parity Trend



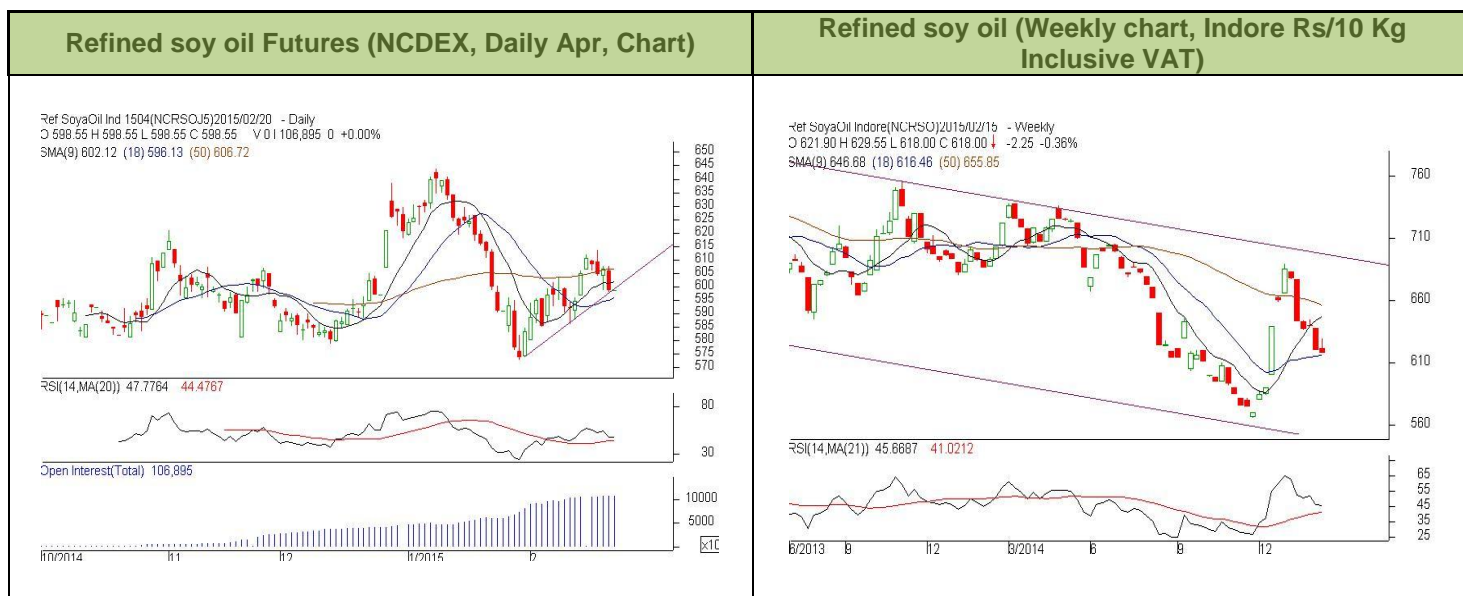
Import Parity After Refining in US dollar per tons (Monthly Average)

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

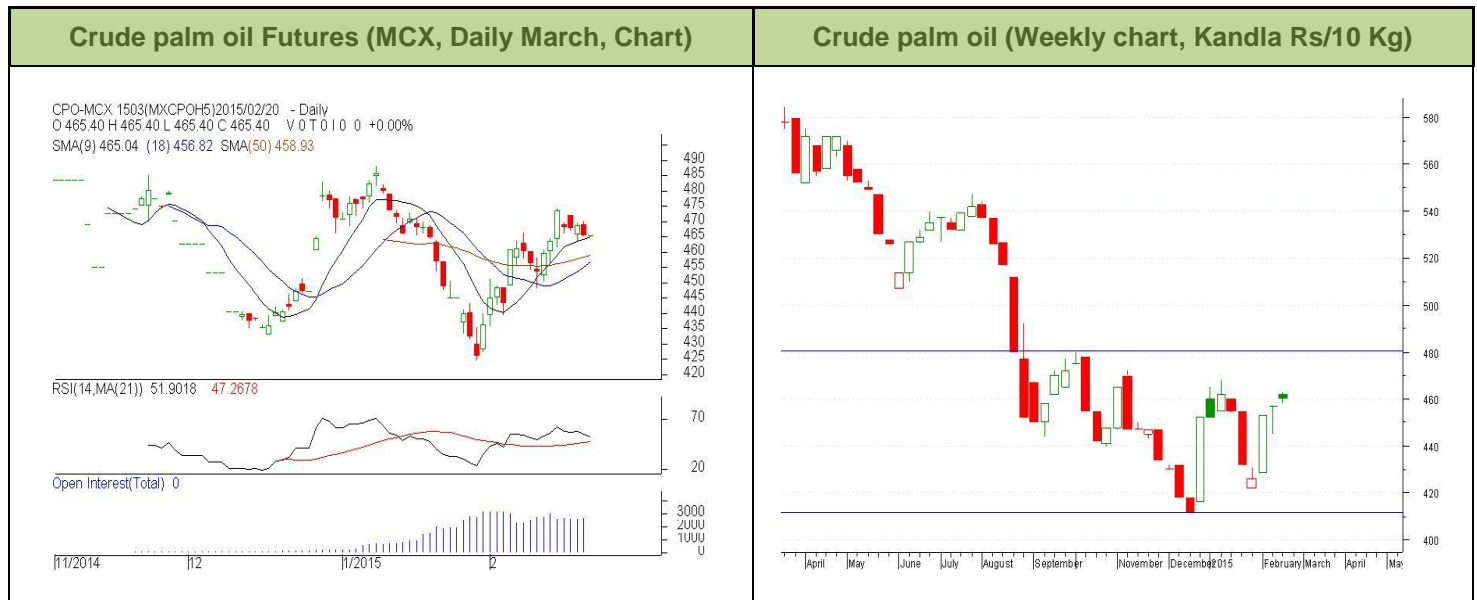
- ❖ Weekly chart of refined soy oil at NCDEX depicts consolidation during the week in review. We expect prices may trade with a steady to slightly weak note in the near term.
- ❖ Any close above 601.20 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 597-588 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 597 levels for a target of 590 and 588 with a stop loss at 601.20 on closing basis.

RSO NCDEX (Apr.)

Support and Resistance				
S2	S1	PCP	R1	R2
580	585	598.55	608.00	612.50

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 610-640 per 10 Kg.

Technical Analysis (Crude Palm oil)


Outlook - Prices are showing sideways to slightly firm tone during the week. We expect CPO March contract may trade sideways to weak 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 above 469.25 in weekly chart shall change the sentiments and might bring the prices to a bullish tone.
- ❖ Expected price band for next week is 456-465 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 465 for a target of 457.80 and 456 with a stop loss at 469.25 on closing basis.

CPO MCX (March)

Support and Resistance				
S2	S1	PCP	R1	R2
450.00	455.00	465.40	474.00	478.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 449-465 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		20-Feb-15	13-Feb-15	
Refined Soybean Oil	Kota	630	635	-5
	Rajkot	605	602	3
	Delhi	670	655	15
	Mumbai	618	612	6
	Indore	630	622	8
	Kandla/Mundra	615	605	10
	Kolkata	645	640	5
	Indore (Soy Solvent Crude)	615	595	20
	Mumbai (Soy Degum)	572	572	Unch
	Kandla/Mundra (Soy Degum)	575	575	Unch
	Akola	661	657	4
	Amrawati	661	658	3
	Jalna	670	667	3
	Nagpur	662	658	4
	Alwar	NR	NR	-
	Solapur	671	670	1
	Bundi	635	629	6
	Dhule	672	668	4
Palm Oil	Rajkot	510	500	10
	Hyderabad	532	523	9
	Delhi	565	550	15
	Kandla (Crude Palm Oil)	460	453	7
	Kandla (RBD Palm oil)	505	485	20
	Mumbai RBD Pamolein	520	510	10
	Kandla RBD Pamolein	515	505	10
	Mangalore RBD Pamolein	518	512	6
	Chennai RBD Pamolein	518	512	6
	Kakinada RBD Pamolein	505	490	15
	KPT (krishna patnam)	505	490	15
	Haldia	518	500	18
	PFAD (Kandla)	370	360	10
	Refined Palm Stearin (Kandla)	390	380	10
Refined Sunflower Oil	Mumbai	640	640	Unch
	Mumbai(Expeller Oil)	580	580	Unch
	Kandla/Mundra (Crude)	580	575	5



	Erode (Expeller Oil)	665	665	Unch
	Hyderabad (Ref)	637	656	-19
	Chennai	635	640	-5
	Latur (Expeller Oil)	630	625	5
	Chellakere (Expeller Oil)	580	575	5
Groundnut Oil	Rajkot	950	970	-20
	Chennai	840	850	-10
	Delhi	890	890	Unch
	Hyderabad *	900	870	30
	Mumbai	970	970	Unch
	Gondal	950	970	-20
	Jamnagar	950	980	-30
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	710	710	Unch
	Sri-GangaNagar(Exp Oil)	725	715	10
	Alwar (Expeller Oil)	740	720	20
	Kota (Expeller Oil)	680	680	Unch
	Jaipur (Expeller Oil)	718	714	4
	New Delhi (Expeller Oil)	765	730	35
	Hapur (Expeller Oil)	750	750	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	745	740	5
	Kota (Kacchi Ghani Oil)	744	730	14
	Jaipur (Kacchi Ghani Oil)	743	738	5
	Agra (Kacchi Ghani Oil)	765	755	10
	Bharatpur (Kacchi Ghani Oil)	760	750	10
	Neewai (Kacchi Ghani Oil)	740	730	10
	Hapur (Kacchi Ghani Oil)	780	785	-5
Refined Cottonseed Oil	Mumbai	592	582	10
	Rajkot	560	565	-5
	New Delhi	585	585	Unch
	Hyderabad	585	575	10
Coconut Oil	Kangayan (Crude)	1340	1340	Unch
	Cochin	1390	1390	Unch
	Trissur	1355	1395	-40
Sesame Oil	New Delhi	750	750	Unch
	Mumbai	840	840	Unch

Kardi	Mumbai	870	850	20
Rice Bran Oil (40%)	New Delhi	455	455	Unch
Rice Bran Oil (4%)	Punjab	475	470	5
Rice Bran Oil (4%)	Uttar Pradesh	480	460	20
Malaysia Palmolein USD/MT	FOB	Closed	662	-
	CNF India	698	690	8
Indonesia CPO USD/MT	FOB	Closed	643	-
	CNF India	678	670	8
RBD Palm oil (Malaysia Origin USD/MT)	FOB	Closed	658	-
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	Closed	660	-
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	Closed	1220	-
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	Closed	620	-
Ukraine Origin CSFO USD/MT Kandla	CIF	815	818	-3
Rapeseed Oil Rotterdam Euro/MT	FOB (Dec delivery)	653	653	Unch
Argentina FOB (\$/MT)		19-Feb-15	12-Feb-15	Change
Crude Soybean Oil Ship		735	722	13
Refined Soy Oil (Bulk) Ship		760	747	13
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		NA	702	-
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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