

Executive Summary

Domestic Veg. Oil Market Summary

Weak sentiments witnessed in edible oil basket during the week in review on limited buying and losses in the crude oil prices.

On the currency front, Indian rupee against USD closed at 62.97, up 0.91 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, and oilseed's harvesting pace over South American soybean growing belt.

We expect edible oil complex to trade sideways due to limited buying with an approaching summer season, fine supplies from South American countries and losses in mineral oil. However, diminishing oilseed supplies in domestic market and unseasonal rains over key RM seed producing regions may cap excessive losses.

Recommendation:

Weekly Call - Market participant are advised to go long in RSO above 584 levels for a target of 590 and 592 with a stop loss at 580.40 on closing basis and go long in CPO above 445 for a target of 453.50 and 455 with a stop loss at 440 on closing basis.

International Veg. Oil Market Summary

Exports of Malaysian palm oil products for February fell 10.4 percent to 993,376 tons from 1,109,188 tons shipped during January, cargo surveyor Societe Generale de Surveillance.

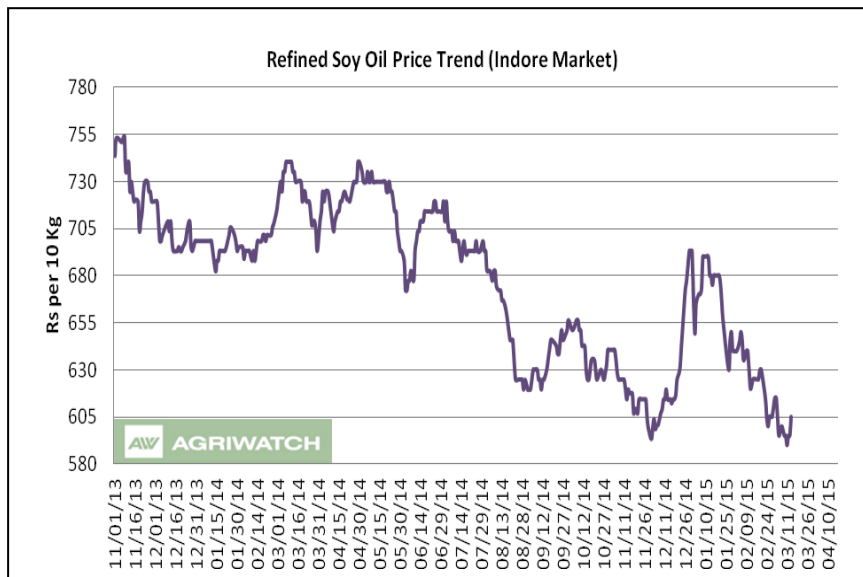
On the international front, lower quotes offering by South American countries and losses in crude oil prices may support the bears in the coming days. Moreover, fine soybean supply from Brazil after strike wanes and record soybean ending stocks projection keep the sentiments bearish.

Palm oil supplies hurt in South East Asian countries due to floods and in expectation of renewed demand from China may support the palm oil prices for short term. However, upcoming oilseed supplies from the South American countries and lower palm oil prices outlook for H2 may cap the bulls.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soybean oil featured steady to weak tone during the week in review in line with the international soy oil market and limited buying.
- CIF soybean oil ready delivery featured losses after Brazil's strike wanes, huge losses in crude oil prices and quoted at USD 746 (771) per tons (March delivery) v/s USD 715 (766) per tons (April delivery) at Indian ports as on 16 March. CIF soybean oil quoted lower compared to February and monthly average CIF soy oil (Argentinean basis) was USD 799 per tons. Values in bracket depict last week prices.
- New supplies from South American countries and weak meal demand may favor the bears in the coming days. However, diminishing oilseeds arrivals in major cash market, hailstorm over key RM seed producing regions and in expectation of renewed demand at lower quotes keep the prices range bound.
- Indian buyers imported 0.5721 lakh tons (down 15.7 percent m-o-m) of crude soybean oil majorly from Argentina during 02-08 March 2015 majorly from Argentina and Brazil - IBIS data (data analyzed by Agriwatch). SEA of India revealed that Indian buyers imported 6.82 lakh tons during Nov 14-Feb 15 v/s 3.39 lakh tons same period of the last year. 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).
- 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 range bound in the coming days.



International Front

- Brazil's government crop supply agency has trimmed its 2014/15 soybean production estimate to 93.3 million tonnes this week from 94.6 million tonnes in February slashing sown area and potential yield output.
- According to a survey by brokerage Allendale, US soybean planting seen at 86.05 million acres for this spring season v/s 83.7 million acres last year figures as planters may shift to soybean from corn.
- USDA' WASDE February Oilseeds Highlights - The U.S. season-average soybean price range for 2014/15 is projected at \$9.45 to \$10.95 per bushel; soybean meal and soybean oil prices are projected at \$350 to \$390 per short ton and 30 to 34 cents per pound, respectively. USDA lowers its US soybean ending stocks estimates for 2014-15 to 10.47 million tons, unchanged from last month estimates due to expectation of higher exports (48.7 mln t, unch from last month estimate) and higher crushing (48.8 mln t) in 2014-15.
- On the international front, lower quotes offering by South American countries and losses in crude oil prices may support the bears in the coming days. Moreover, fine soybean supply from Brazil after strike wanes and record soybean ending stocks projection keep the sentiments bearish.

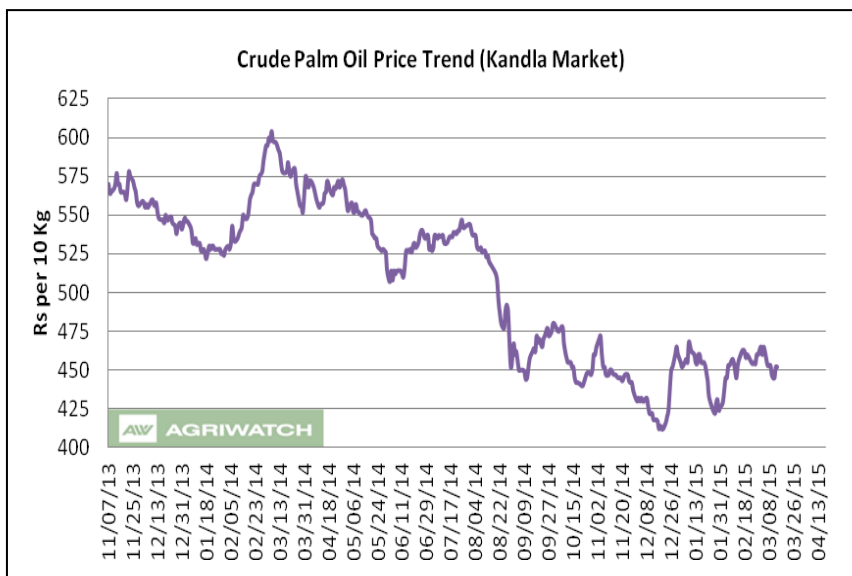
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 590-615 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 (analyzed by Agriwatch), Indian buyers imported 1.0615 lakh tons (down 39.3 percent m-o-m) of crude palm oil and 0.4437 lakh tons (up 11.5 percent m-o-m) of RBD palmolein from majorly Malaysia, Indonesia and Thailand during 02 -08 March 2015. SEA revealed that India imports CPO 24.95 (18.48) lakh tons and 2.51 (7.05) lakh tons of RBD palmolein during Nov. 14-Feb. 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.
- Palm oil quoted lower at Indian ports compared to the last week. CNF CPO at Indian port is quoted at USD 637.50 (655) per tons for March delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 657.50 (655) per tons for March delivery. CPO duty paid prices ready delivery quoted at Rs 448 per 10 Kg and April delivery is offered at Rs 450 per 10 Kg on 16 March 2015. Values in bracket depict last week quotes.
- As per Solvent Extractors' Association of India, India's palm oil imports fell to 509,948 tonnes in February from 658,670 tonnes in the previous month. Lower crude palm oil imports witnessed during the month owing to slightly costlier crude variant compared to refined one.
- New soybean supplies from South American countries and dull demand from top buyers support the bears. However, in expectation of lower palm oil ending stocks for February due to floods in Malaysia during January and lower stocks at Indian ports compared to Nov-Dec 2014 level may limit excessive losses.
- 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 February fell 10.4 percent to 993,376 tons from 1,109,188 tons shipped during January, cargo surveyor Societe Generale de Surveillance. Country wise export details – India imported 246,575 (162,900) tons, China 43,312 (209,800) tons and European Union 260,435 (185,706) tons. Values in brackets depict same period of the last month.
- South East Asian palm oil output and ending stocks report - As per Reuter's survey of seven planters, traders and analysts forecast palm oil stocks at a median 1.67 million tons at the end of February, down 5.4 percent from January and the weakest since June. Moreover, CPO production seen at 1.13 million tons, down 3 percent from last month due to floods in the key oil palm growing regions of Malaysia. Malaysian Palm Oil Board data due on March 10
- As per Oil World, Indonesia palm oil production seen at 32.9 million tons for 2014-15 v/s 30.5 million tons last year and Malaysian palm oil production seen at 19.8 million tons for 2014-15. Moreover, CPO (at Rotterdam) and RBD palmolein (FOB Malaysia) prices for 2015 seen at USD 770 /T and USD 750/T respectively.
- Policy development - Malaysia set its crude palm oil export tax for April at 4.5 percent v/s zero last month. 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.

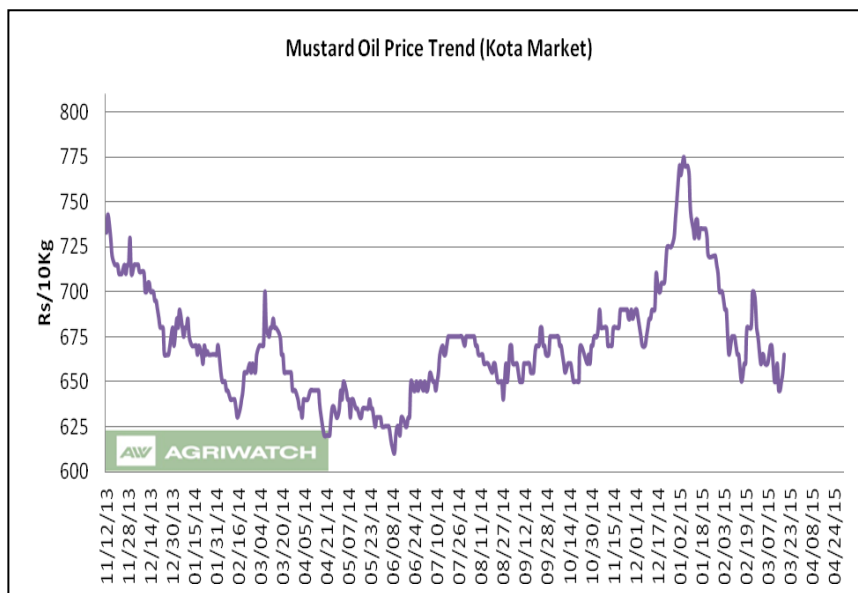
- Palm oil supplies hurt in South East Asian countries due to floods and in expectation of renewed demand from China may support the palm oil prices for short term. However, upcoming oilseed supplies from the South American countries and lower palm oil prices outlook for H2 may cap the bulls.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 444-454 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.
- Unseasonal rains and hailstorm during the last week over Kota and Bundi belt have caused damage to mustard seed crop. Most of the crop is in harvesting stage. Losses in crop yield and lower acreage in the current season may spur the bulls in the coming days.
- We have lowered our mustard oil production forecast for 2014-15 at 2.318 MMT with a crushing of 6.1 MMT of mustard seed v/s 2.736 MMT last year. Lower production mainly attributed to lower area under rapeseed and heavy rains in the first week of March - 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).
- On the planting front, Indian farmers have been sown 65.17 lakh hectares of mustard seed (2014-15 crop year) as on 26 Feb. 2015, which was 71.28 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.
- 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.
- USDA February report highlights - Global groundnut seed production is projected lower at 38.97 million tons for 2014-15 v/s 39.83 million tons last year and India's groundnut seed production is projected lower at 4.8 million tons for current year, down 15 percent y-o-y basis.
- We expect RM seed oil prices may trade range bound in the coming days.

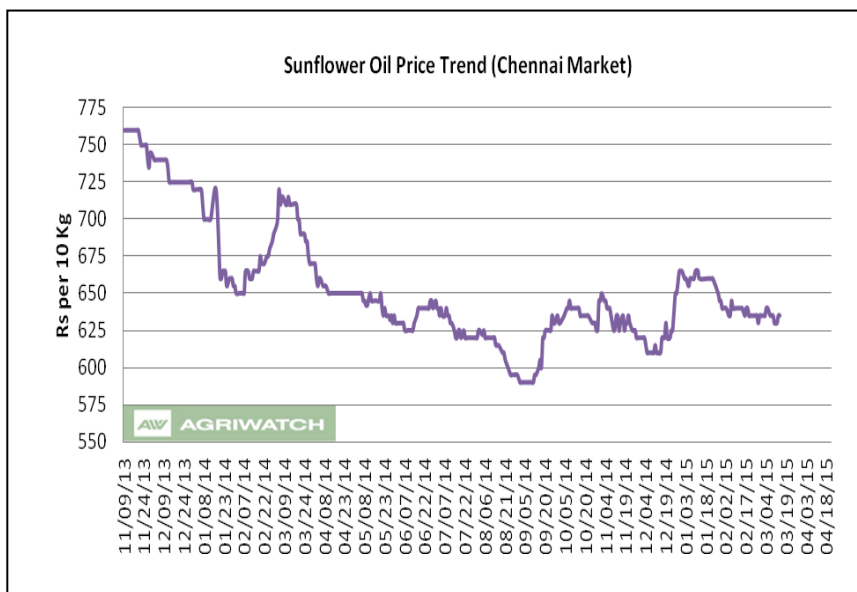


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 655-675 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

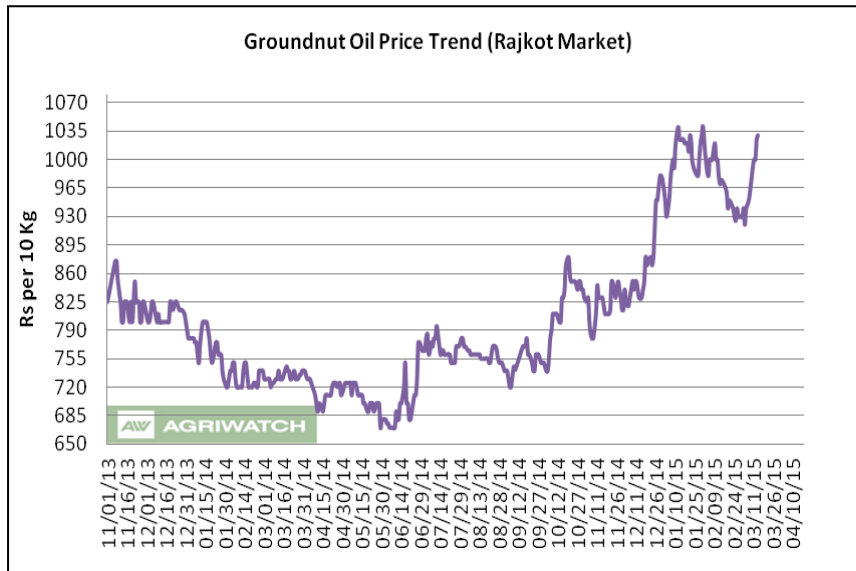
- Sunflower oil featured sideways trend during the week in review due to need-based demand. However, lower EU's sun seed production estimates for 2014/15 keep the sentiments slightly firm.
- As per IBIS (data analyzed by Agriwatch), Indian buyer imported 0.1577 lakh tons (down 41.7 percent m-o-m) of crude sunflower oil majorly from Ukraine and Argentina during 02-08 March 2015. As per SEA of India, Indian buyers imported 5.64 lakh tons of crude sunflower oil during Nov-Feb 2014-15 oil year majorly from Ukraine, up 34.2 percent from the corresponding period of the last year.
- On the domestic price front, sunflower oil CIF prices (Ukraine origin) quoted around USD 825 per tons for AMJ delivery, as on 16 March 2015 v/s USD 817 per tons February average. Prices are likely to stay in the range of USD 812-840 per tons in the near term. Currently, CIF sun oil at Indian port is offered at USD 110 per tons premium against CIF soybean oil.
- AW's India's sun oil 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.
- On the planting front, Indian farmers have been sown 3.09 lakh hectares of Rabi sunseed as on 26 Feb. 2015, which was 28.3 percent lag compared to the last year same period. State wise details - in Karnataka sunflower has been sown in 2.03 (2.58) lakh hectares, and in Maharashtra sowing reached to 0.19 (0.35) lakh hectares. Values in bracket were last year same period figures.
- Sunflower seed combined production in Ukraine and Russia seen at 18.9 million tons in 2014-15, down 3.2 million tons from last year record production. Moreover, ending stock of sun seed seen at 0.093 million tons for Russia and 0.5 million tons for Ukraine in 2014-15 - USDA.
- 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 630-648 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices trade with a gains at its benchmark market (Rajkot) during the week in review tracking renewed demand at lower quote. Moreover, shortage of raw material for crushing and lower crop estimates keeps the sentiments firm.
- Groundnut oil likely to witness gains tracking renewed buying at lower quotes and weak supplies projection for 2015 keep the market sentiments firm. Moreover, relaxation in compulsory registration rule for groundnut shelling units may prop up the prices in the coming days. Groundnut oil quoted at Rs 895 per 10 Kg at Hyderabad market.
- The Union Commerce ministry has abolished the compulsory registration rule for groundnut shelling units to export to countries outside the European Union. Earlier, exporters had to buy groundnut from shelling units registered with the APEDA, while shelling units had to get themselves registered through the IOPEPC. The decision may increase the groundnut seed export shipments and support the oil prices in the coming days.
- As per Ministry of agriculture, area coverage as on 26 Feb. 2015 during Rabi 2014-15 is lower by 13.05 percent to 7.26 lakh ha compared to corresponding period of rabi 2013-14. State wise details – in Telangana sowing reached to 1.32 (1.74) lakh hectares, in Karnataka sowing reached to 1.92 (2.16) lakh hectares and in Tamil Nadu sowing reached to 1.43 (1.72) lakh hectares. Values in bracket were last year same period figures.
- Groundnut oil prices are likely to trade with a steady to slightly firm tone in the coming days owing to good demand from wholesalers and lower crop projection for 2015.

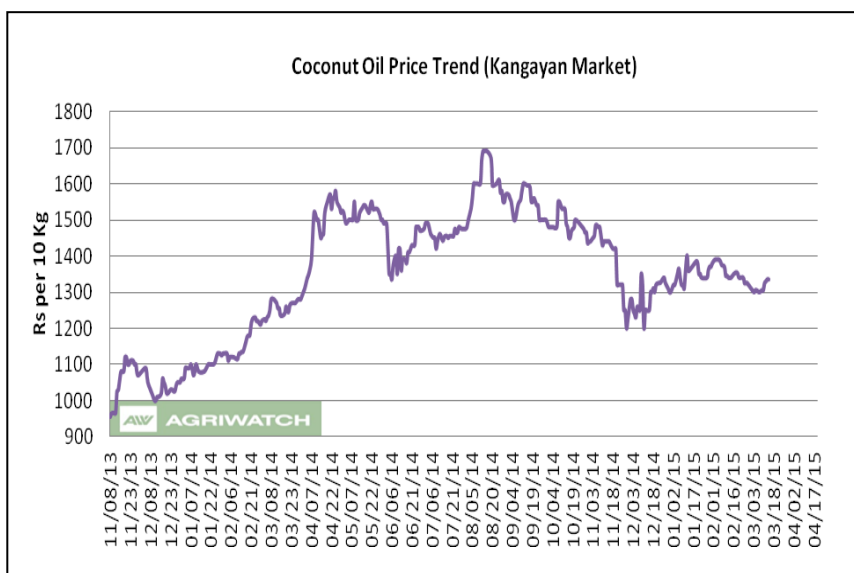


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 990-1055 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

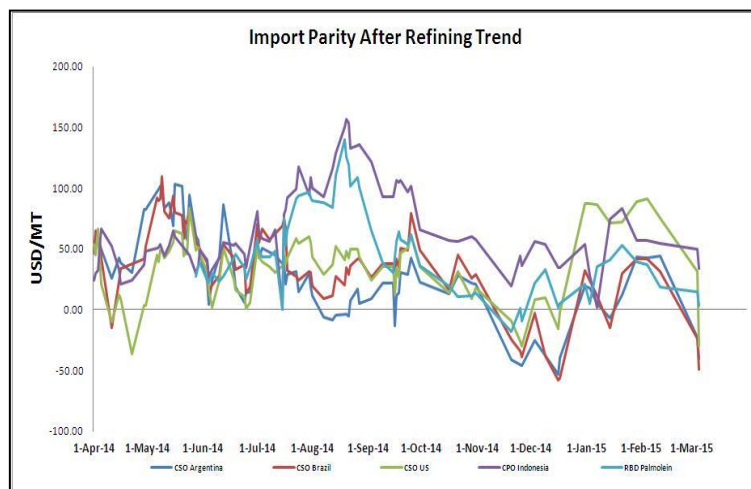
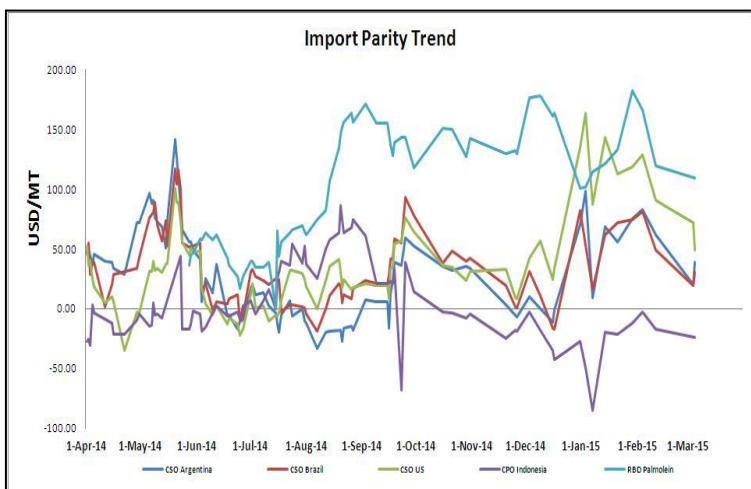
- Coconut oil featured steady to slightly firm tone at its benchmark market Kangeyam during the month owing to need based buying
- As per news sources, Marico imported 11,000 tons of coconut oil from Indonesia during the last 3 months for re-export the value added products to neighboring countries such as Bangladesh, West Asia and South-East Asia .
- According to the Cochin Oil Merchants Association, prices are likely to fall further from March when the season will be in full swing and availability of copra at all producing centers surges.



- 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 (withut VAT) prices in Erode may stay in the range of Rs 1300-1400 per 10 Kg.

Import Parity Trend



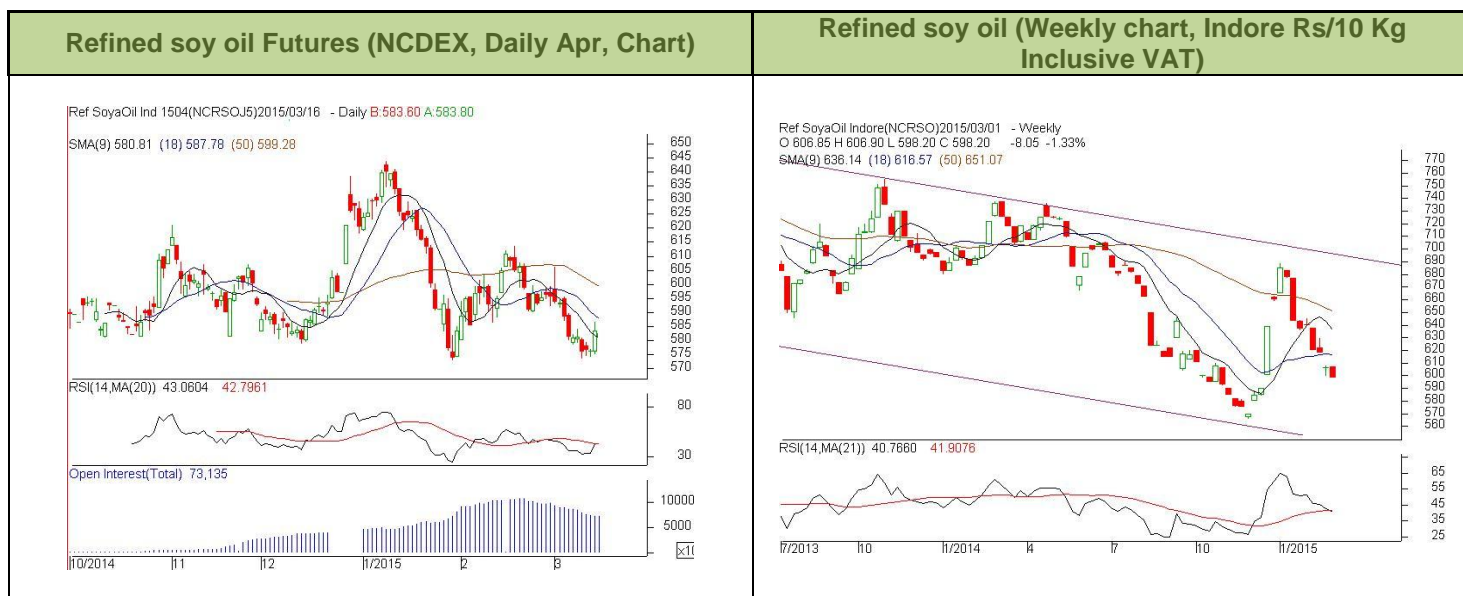
Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Jan., 2015	14.36	17.11	81.11	48.89	34.87
Feb., 2015	21.43	16.44	65.90	55.87	27.76

Outlook:-

Import parity for crude soy oil from Argentina and palm oil after refining is hovering in negative territory due to expensive imported oils. We expect CDSO/palm oil import parity to be in the negative side. New Rabi oilseed arrivals, harvesting pressure from South American countries and disparity in veg. oil may favor lower imports during first half of March.

Technical Analysis (Refined soy oil)



Outlook – Refined soybean oil witnessed sideways trend during the week in review and likely to trade with a steady to firm tone in the coming days.

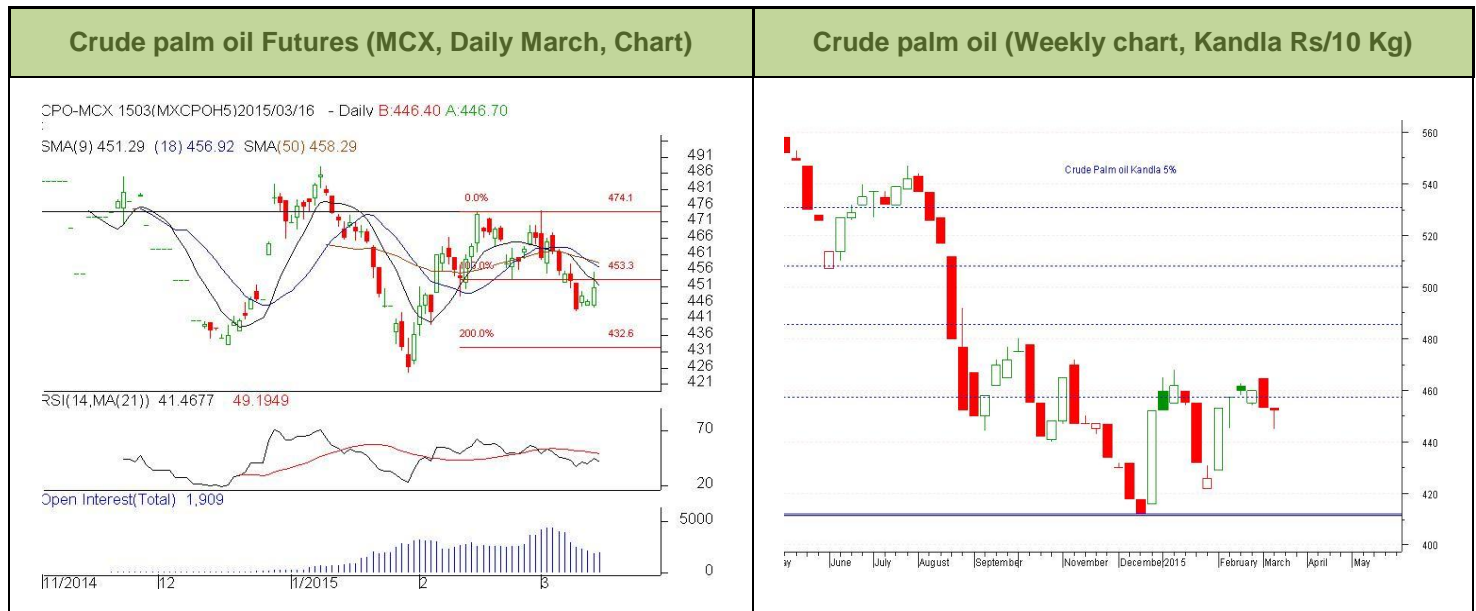
- ❖ Weekly chart of refined soy oil at NCDEX depicts consolidation during the week in review. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 580.40 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 584-592 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 584 levels for a target of 590 and 592 with a stop loss at 580.40 on closing basis.

RSO NCDEX (Apr.)

Support and Resistance				
S2	S1	PCP	R1	R2
569.00	573.00	583.50	595.00	599.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 590-615 per 10 Kg.

Technical Analysis (Crude Palm oil)


Outlook - Prices are showing sideways during the week. We expect CPO March contract may trade sideways 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 440 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 445-455 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 445 for a target of 453.50 and 455 with a stop loss at 440 on closing basis.

CPO MCX (March)

Support and Resistance				
S2	S1	PCP	R1	R2
435.00	439.00	450.80	462.00	465.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 444-455 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		13-Mar-15	5-Mar-15	
Refined Soybean Oil	Kota	610	610	Unch
	Rajkot	580	597	-17
	Delhi	645	655	-10
	Mumbai	575	600	-25
	Indore	595	595	Unch
	Kandla/Mundra	585	605	-20
	Kolkata	610	630	-20
	Indore (Soy Solvent Crude)	570	580	-10
	Mumbai (Soy Degum)	542	555	-13
	Kandla/Mundra (Soy Degum)	557	572	-15
	Akola	627	640	-13
	Amrawati	626	639	-13
	Jalna	642	652	-10
	Nagpur	630	645	-15
	Alwar	NR	NR	-
	Solapur	642	653	-11
	Bundi	615	615	Unch
	Dhule	642	653	-11
Palm Oil	Rajkot	495	510	-15
	Hyderabad	504	523	-19
	Delhi	555	565	-10
	Kandla (Crude Palm Oil)	452	462	-10
	Kandla (RBD Palm oil)	490	500	-10
	Mumbai RBD Pamolein	500	518	-18
	Kandla RBD Pamolein	500	520	-20
	Mangalore RBD Pamolein	500	525	-25
	Chennai RBD Pamolein	500	525	-25
	Kakinada RBD Pamolein	495	505	-10
	KPT (krishna patnam)	490	505	-15
	Haldia	505	518	-13
	PFAD (Kandla)	350	370	-20
	Refined Palm Stearin (Kandla)	360	390	-30
Refined Sunflower Oil	Mumbai	635	635	Unch
	Mumbai(Expeller Oil)	570	580	-10
	Kandla/Mundra (Crude)	580	580	Unch



	Erode (Expeller Oil)	660	670	-10
	Hyderabad (Ref)	627	637	-10
	Chennai	635	640	-5
	Latur (Expeller Oil)	600	615	-15
	Chellakere (Expeller Oil)	575	580	-5
Groundnut Oil	Rajkot	1025	940	85
	Chennai	880	870	10
	Delhi	830	800	30
	Hyderabad *	895	895	Unch
	Mumbai	960	940	20
	Gondal	1025	965	60
	Jamnagar	1025	960	65
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	665	660	5
	Sri-GangaNagar(Exp Oil)	670	710	-40
	Alwar (Expeller Oil)	720	Closed	-
	Kota (Expeller Oil)	655	650	5
	Jaipur (Expeller Oil)	675	683	-8
	New Delhi (Expeller Oil)	735	745	-10
	Hapur (Expeller Oil)	720	730	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	690	730	-40
	Kota (Kacchi Ghani Oil)	685	692	-7
	Jaipur (Kacchi Ghani Oil)	698	709	-11
	Agra (Kacchi Ghani Oil)	735	750	-15
	Bharatpur (Kacchi Ghani Oil)	730	745	-15
	Neewai (Kacchi Ghani Oil)	682	695	-13
	Hapur (Kacchi Ghani Oil)	750	770	-20
Refined Cottonseed Oil	Mumbai	576	580	-4
	Rajkot	550	525	25
	New Delhi	555	575	-20
	Hyderabad	570	570	Unch
Coconut Oil	Kangayan (Crude)	1335	1305	30
	Cochin	1330	1350	-20
	Trissur	1340	1300	40
Sesame Oil	New Delhi	740	750	-10
	Mumbai	840	840	Unch

Kardi	Mumbai	870	870	Unch
Rice Bran Oil (40%)	New Delhi	450	450	Unch
Rice Bran Oil (4%)	Punjab	480	480	Unch
Rice Bran Oil (4%)	Uttar Pradesh	480	480	Unch
Malaysia Palmolein USD/MT	FOB	638	673	-35
	CNF India	665	691	-26
Indonesia CPO USD/MT	FOB	620	660	-40
	CNF India	645	680	-35
RBD Palm oil (Malaysia Origin USD/MT)	FOB	630	668	-38
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	630	663	-33
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1160	1240	-80
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	605	625	-20
Ukraine Origin CSFO USD/MT Kandla	CIF	825	835	-10
Rapeseed Oil Rotterdam Euro/MT	FOB (Dec delivery)	705	674	31
Argentina FOB (\$/MT)		12-Mar-15	5-Mar-15	Change
Crude Soybean Oil Ship		674	687	-13
Refined Soy Oil (Bulk) Ship		697	711	-14
Sunflower Oil Ship		NA	790	-
Cottonseed Oil Ship		654	667	-13
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including VAT				

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