

## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

*Steady to weak sentiments witnessed in edible oil basket during the week in review on limited buying and losses in the crude oil prices. However, mustard oil quoted up on w-o-w basis.*

*On the currency front, Indian rupee against USD closed at 62.13, up 0.46 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 to firm tone due to better buying ahead of wedding season and gains in the international oil market. However, fine supplies from South American countries may cap excessive gains.*

### **Recommendation:**

*Weekly Call - Market participant are advised to go long in RSO above 572 levels for a target of 579 and 581 with a stop loss at 567.80 on closing basis and go long in CPO above 438 for a target of 444 and 446 with a stop loss at 434.40 on closing basis.*

### **International Veg. Oil Market Summary**

*Exports of Malaysian palm oil products for March rose 15 percent to 11,40,355 tons v/s 993,376 tons shipped during February - cargo surveyor Societe Generale de Surveillance. India & subcontinent imported 297,590 tons of palm oil products from Malaysia during March v/s 246,575 tons same period of the last month. Moreover, higher imports seen from Chinese buyers during March (138,870 tons v/s 43,312 last month).*

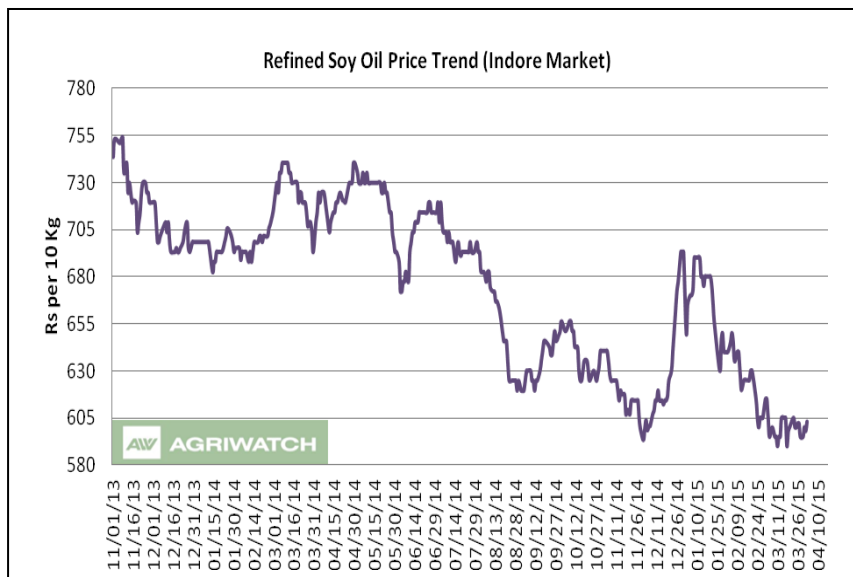
*On the international front, lower quotes offering by South American countries and losses in crude oil prices may support the bears. However, after the FED signaled a slower pace of interest rate hikes and lower than expected US soy stocks, may curb excessive losses in the near term.*

*Palm oil supplies hurt in South East Asian countries due to floods, supportive biodiesel policies by South East Asian countries and in expectation of renewed demand may support the palm oil prices for short term. However, oilseed supplies from the South American countries and lower palm oil prices outlook for H2, 2015 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.
- India imported 2.137 lakh tons during 02 - 29 March 2015 majorly from Argentina and Brazil, down 13.6 percent from last month same period - 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.
- Imported crude soybean oil CIF at west coast port is offered at USD 720 per tons for April delivery and May delivery is quoted at USD 716 per tons as on 04 April. Palm oil quoted lower on m-o-m basis due to fresh supplies from South American countries. Last month, CIF CDSO March average price was USD 763 per tons.
- Harvesting pressure from South American countries, adequate availability of soy oil in the cash market and weak meal demand may favor the bears. However, diminishing soybean arrivals, wedding seasonal demand for oils and lower domestic oilseed production in the current season will keep the soy oil prices range bound to slightly firm tone for short term. Base import price for crude soybean oil is set at USD 734 per tons, effective from April 01, 2015.
- We have intact our India's soybean production forecast for 2014-15 to 10.5 million tons from last estimate of 11.1 million tons. Moreover, domestic soy oil output for 2014/15 oil year pegged at 1.615 million tons with a crushing of 9.5 MMT of soybean. On the import front, India is likely to import 2.1 million tons of crude soybean oil in 2014-15 (AW proj.), up 7.6 percent from last year.
- We expect soy oil may trade range bound in the coming days.



#### International Front

- Soybean stocks in US were reported 36,297,960 tons as on March 1, 2015 (comprise of 16,579,710 tons on farms and 19,718,260 tons off farms) v/s 27,047,570 tons last year (comprise of 10,393,610 tons on farms and 16,653,950 tons off farms) compared to the same period of last year. The U.S.D.A. stocks numbers were below trade expectations.
- Argentine growers have harvested about 5 percent of this year's soy, with high yields in the central farm belt compensating for flood damage in northern region - Rosario grains exchange. Argentina's crop range from 56 to 60 million tons v/s 53.4 million tons last season. Mixed soybean yield reported from Brazil and soybean harvesting have been 77 percent completed.
- Informa Economics trimmed its forecast for soybeans to 87.485 million acres. USDA in February said it expected 2015 corn plantings of 89.0 million acres and soybean seeding at 83.5 million.
- USDA' WASDE 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. However, after the FED signaled a slower pace of interest rate hikes and lower than expected US soy stocks, may curb excessive losses in the near term.

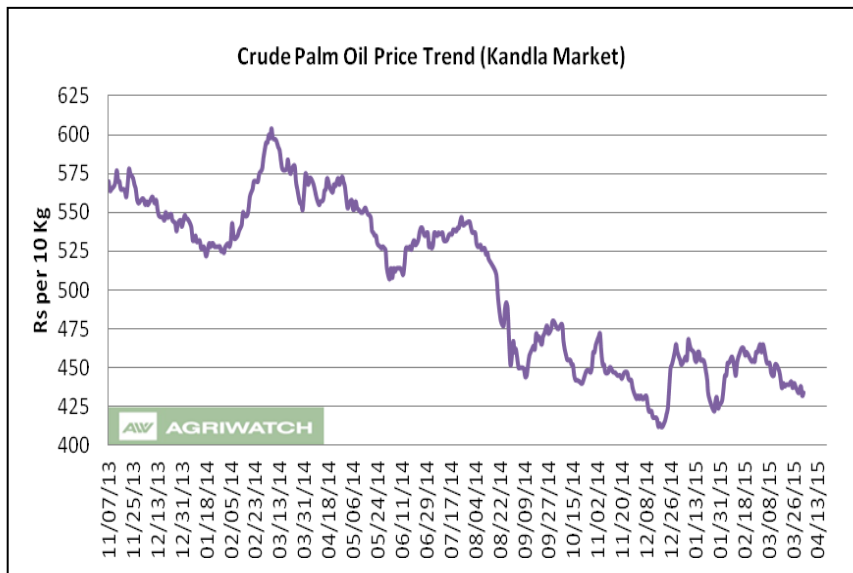
### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 600-620 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.
- Palm oil import scenario - Indian buyers imported 6.196 lakh tons of crude palm oil (down 2.32 percent m-o-m basis) and 1.134 lakh tons of RBD palmolein (down 21.7 percent m-o-m basis) from majorly Malaysia, Indonesia and Thailand during 02 -29 March 2015 - IBIS data (analyzed by Agriwatch). 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.
- Indian government has revise the tariff value for crude palm oil to US \$656/T, RBD palm oil to US \$ 665, crude and refined palmolein to 667, 670 (US dollar per metric tons) respectively. Tariff value is the base price at which the customs duty is determined to prevent under-invoicing.
- Palm oil quoted lower at Indian ports compared to the last month. CNF CPO (Indonesian origin) at Indian port is quoted at USD 635 per tons for April delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 640 per tons for April delivery. CPO duty paid prices ready delivery quoted at Rs 437 per 10 Kg and April delivery is offered at Rs 439 per 10 Kg on 3 April 2015.
- On the parity front, currently refiners get US \$45-50/tons v/s US \$55-60/tons (last month) margin in processing the imported CPO but on the imports of ready to use palmolein gets US \$45-50/tons v/s US \$30-35/tons (last month) parity. Higher palm oil imports may witness in the coming days due to lower oilseeds supplies and higher import parity.
- We expect palm oil likely to trade range bound in the days ahead.



#### International Front

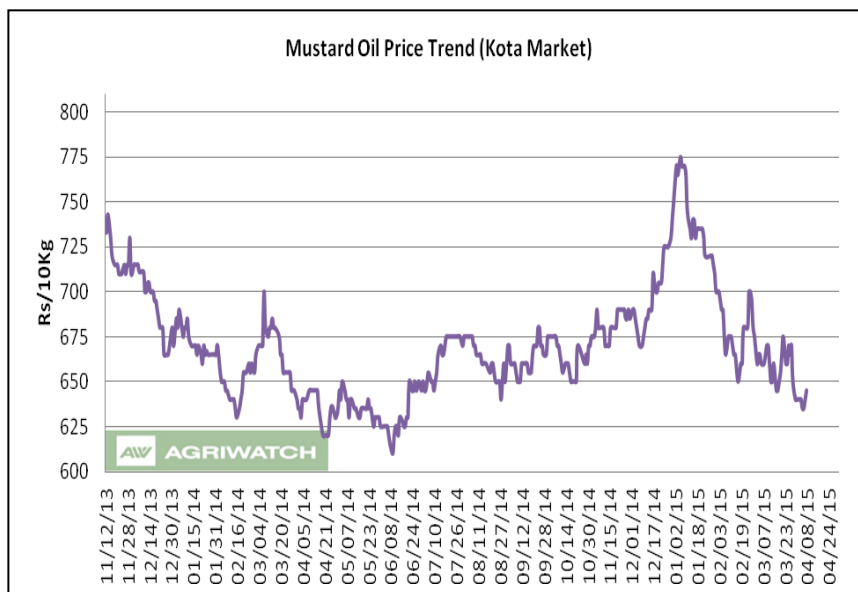
- Weekly review & Outlook – Exports of Malaysian palm oil products for March rose 15 percent to 11,40,355 tons v/s 993,376 tons shipped during February - cargo surveyor Societe Generale de Surveillance. India & subcontinent imported 297,590 tons of palm oil products from Malaysia during March v/s 246,575 tons same period of the last month. Moreover, higher imports seen from Chinese buyers during March (138,870 tons v/s 43,312 last month).
- South East Asian palm oil output and ending stocks report - Malaysia's palm oil stocks at the end of February fell 1.5 percent to 1,743,102 tonnes against a revised 1,770,142 tonnes at the end of January - Malaysian Palm Oil Board.
- Policy development - According to Indonesian trade ministry, Indonesia, largest palm oil producer in the world sets crude palm oil export tax at zero for April, unchanged from March. However, Malaysia set its crude palm oil export tax for April at 4.5 percent v/s zero last month.
- Palm oil supplies hurt in South East Asian countries due to floods, supportive biodiesel policies by South East Asian countries and in expectation of renewed demand may support the palm oil prices for short term. However, oilseed supplies from the South American countries and lower palm oil prices outlook for H2,2015 may caps the bulls.

**Price Outlook:** We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 432-445 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. Rising RM seed arrivals in the major cash market weigh on the market sentiments.
- Indian government raise the benefits on rapeseed meal exports to 5 percent from earlier 2 percent and this benefit are covered under “Merchandise Exports from India Scheme” (MEIS).
- As per sources, India will start mustard cake exports to China very soon. Both the countries are likely to sign the MoU in the days ahead. China ban mustard meal imports from India after January 2012 due to quality concern, if export window opens, gains could be witness in mustard complex.
- As per Solvent Extractors' Association of India, India's rapeseed output is expected to fall 12 percent to 5.74 million tons in 2014/15 from a year ago. Heavy rains and hailstorm over key RM seed producing regions and lower acreage in the current season led to lower mustard seed output.
- We have lower our India's mustard production forecast for 2014-15 to 5.9 million tons from last estimate of 6.3 million tons due to unseasonal rains which lead to lower yield , the yield is estimated to be 905 kg/ha v/s 1084 kg/ha (AW's March estimate). Moreover, domestic RM seed oil output for 2014/15 oil year pegged at 2.242 million tons v/s 2.318 MMT previous estimates. Lower production mainly attributed to lower area under rapeseed and heavy rains in March - Agriwatch estimates.
- On the import front, 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).
- We expect RM seed oil prices may trade range bound in the coming days.

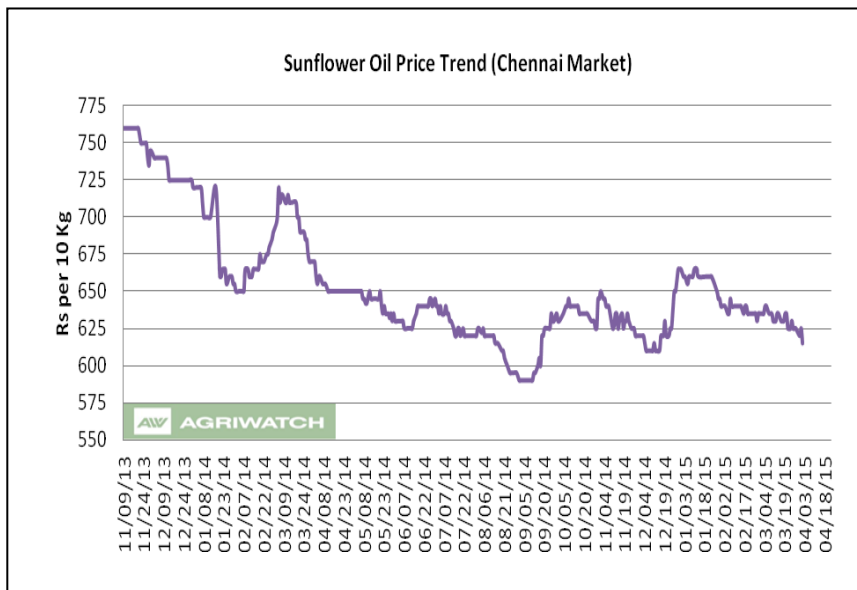


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 630-655 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

- Sunflower oil featured sideways to weak trend during the week in review due to need-based demand.
- Indian buyer imported 1.970 lakh tons of crude sunflower oil v/s 1.60 lakh tons during the same period of last month (up 23 percent on m-o-m basis) majorly from Ukraine and Argentina during 02-29 March 2015 - IBIS (data analyzed by Agriwatch). 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 830 per tons for AMJ delivery, as on 03 April 2015 v/s USD 824 per tons March average. Prices are likely to stay in the range of USD 825-847 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.
- On the import front, we are projecting India's crude sun oil import in the range of 1.46-1.48 million tons in 2014-15 oil year (AW proj.) down 1.5-2.2 percent from last year owing to higher prices of sun oil compared to soybean and rapeseed oil.
- According to Ministry of Agrarian Policy and Food of Ukraine, the planted areas of sunflower seed reached to 12 thsd hectares as of April 2 v/s 256 thsd hectares same period of the last year. As per APK Inform-Agency, planted areas under sunflower seed in Ukraine are forecasted at 4.38 million hectares for 2015. On the production front, In January-February of 2015 the crude sunflower oil production in Ukraine totaled 0.649 million tons, down 8% compared with the same period in 2014.
- 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.

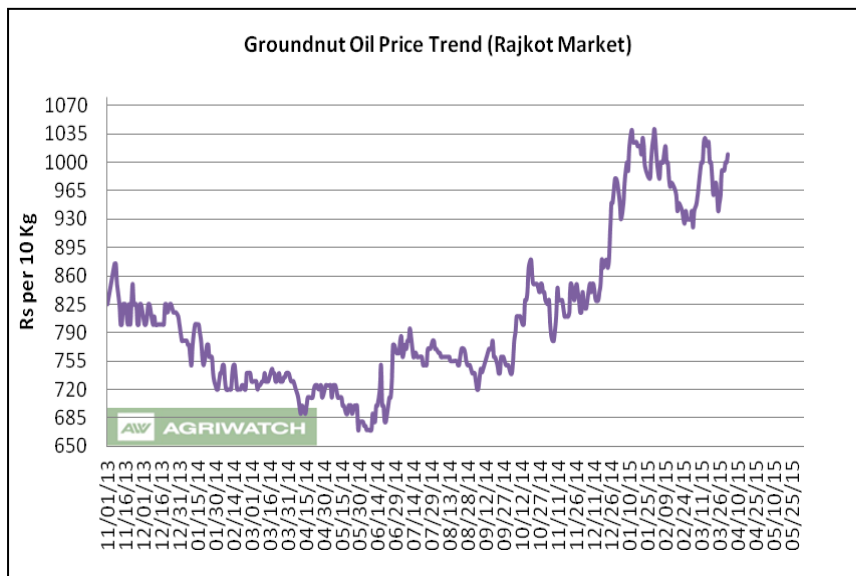


**Price Outlook:** Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 615-635 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:-

#### Domestic Front

- Groundnut oil prices featured gains at its benchmark market (Rajkot) during the week in review due to better buying.
- 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 G/N oil prices.
- Good demand from major importers, supportive government export policies and lower production estimates for the current season may support the groundnut oil prices in the coming days. However, cheaper availability of edible oils (cottonseed and palm oil) and talks of inferior export quality of seed may curb bulls.
- As per the latest report by Ministry of agriculture, area coverage as on 19 March 2015 during Rabi 2014-15 is lower by 0.27 lakh ha to 8.33 lakh ha compared to corresponding period of rabi 2013-14. State wise details – in Telangana sowing reached to 1.43 (1.74) lakh hectares, in Karnataka sowing reached to 2.01 (2.16) lakh hectares and in Tamil Nadu sowing reached to 1.53 (1.75) lakh hectares. Values in bracket were last year same period figures. The less area coverage under rabi oilseeds during current year compared to last year is due to late onset of monsoon during Kharif resulted in late sowing and harvesting of the Kharif crops, which hampered the timely commencement of sowing of rabi oilseeds and high temperature during sowing period hampered planting prospects.
- 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.
- 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.



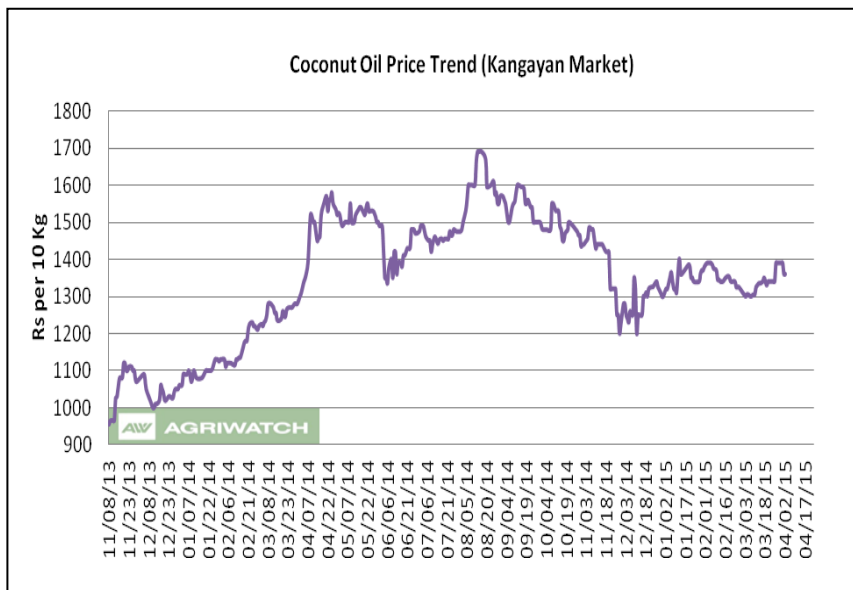
#### Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 1010-1080 per 10 Kg.



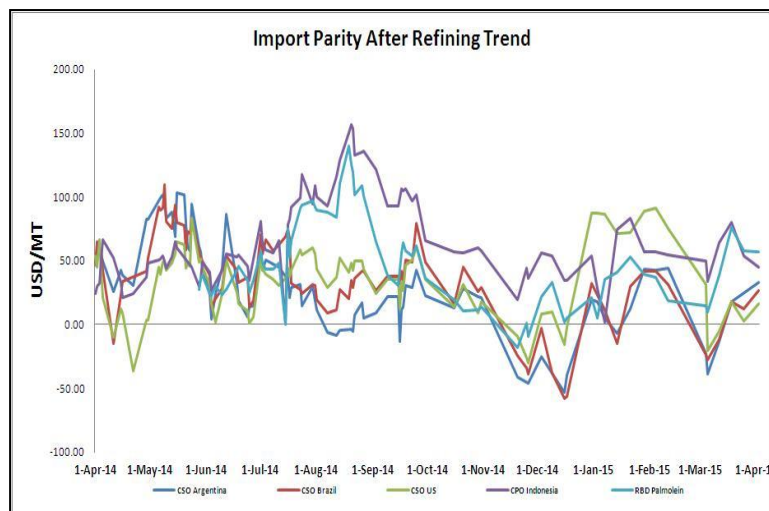
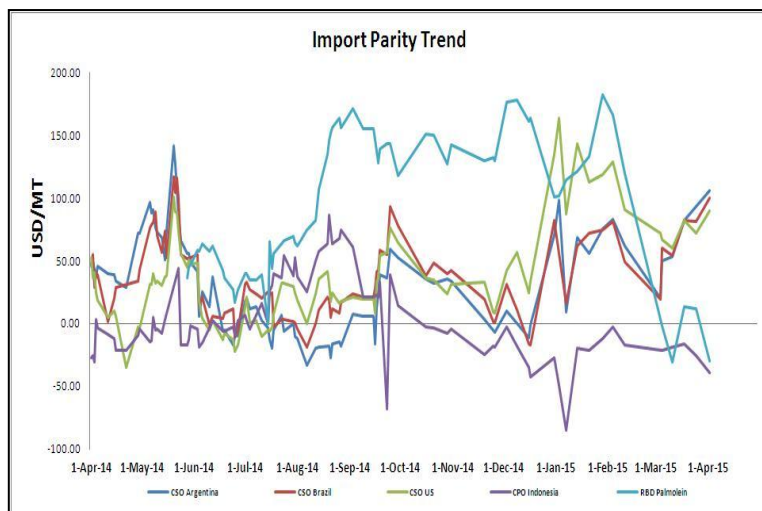
### Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil featured sideways trend at its benchmark market Kangeyam during the week owing to need based buying. However, cheaper availability of edible oils may cap the excessive gains.
- As per source, festival demand ahead of Vishu in Kerala next month supports the market sentiments and traders started stocking coconut oil in large quantities. Currently the coconut oil prices in Trissur is hovering near Rs 13800 per quintal and quoting Rs 13,600 per quintal in Erode market on April 1.
- In expectation of renewed demand ahead of festivities in Southern India may support the coconut oil prices in the near term. However, cheaper availability of edible oils like sunflower and palm oil may limit the upside risk in the prices.



**Price Outlook:** Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1370-1450 per 10 Kg.

### Import Parity Trend



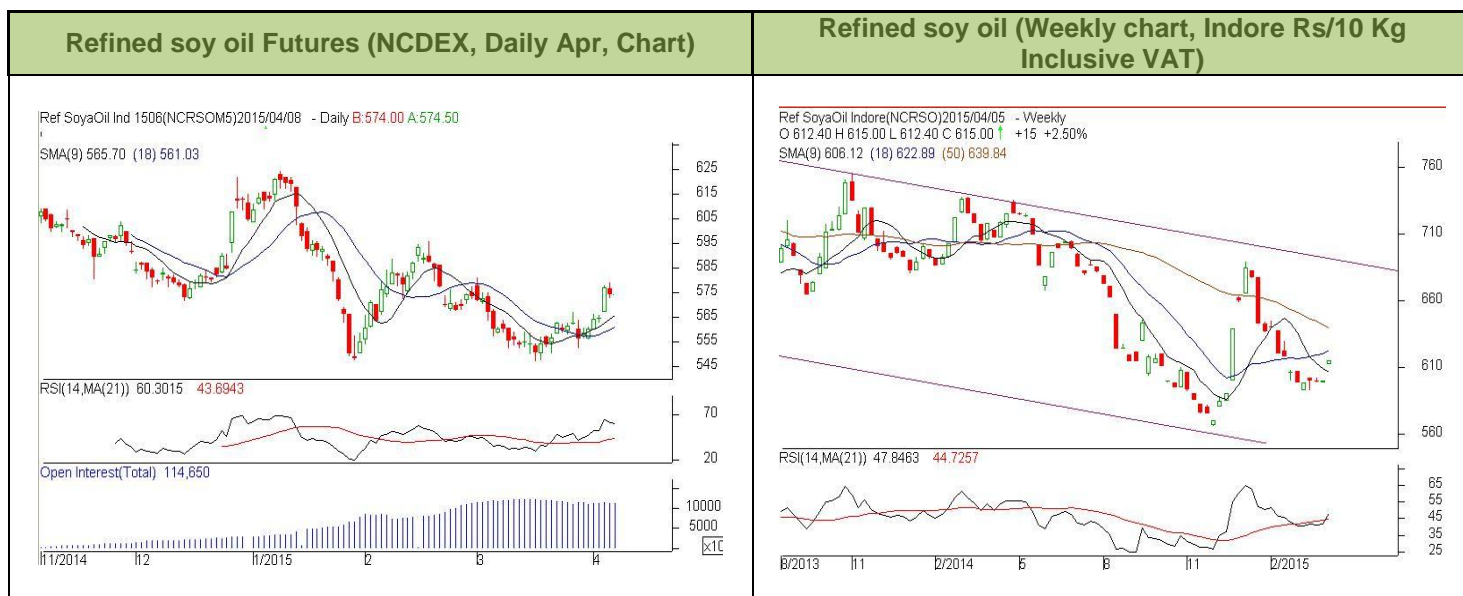
### Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Feb., 2015</b>	21.43	16.44	65.90	55.87	27.76
<b>Mar., 2015</b>	-14.09	-6.64	5.23	56.32	39.44

### 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 import parity to be in the negative side. However, parity in palm oil products may favor higher palm oil 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 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 567.80 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 572-581 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 572 levels for a target of 579 and 581 with a stop loss at 567.80 on closing basis.

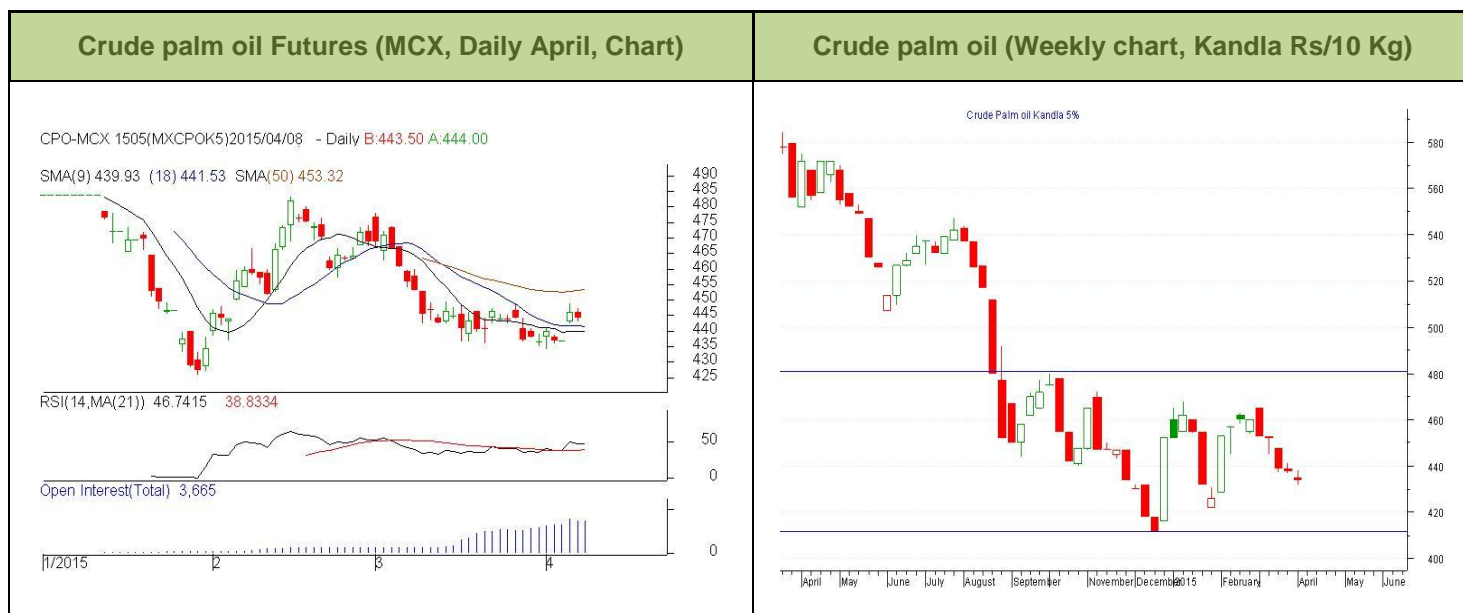
### RSO NCDEX (Apr.)

Support and Resistance				
S2	S1	PCP	R1	R2
564.00	567.00	574.00	584.00	588.00

**Spot Market outlook:** Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 600-620 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 434.40 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 438-446 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 438 for a target of 444 and 446 with a stop loss at 434.40 on closing basis.

#### CPO MCX (April)

Support and Resistance				
S2	S1	PCP	R1	R2
431.00	434.00	444.10	454.00	458.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 432-445 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		2-Apr-15	27-Mar-15	
Refined Soybean Oil	Kota	605	605	Unch
	Rajkot	583	583	Unch
	Delhi	635	645	-10
	Mumbai	575	575	Unch
	Indore	603	602	1
	Kandla/Mundra	580	580	Unch
	Kolkata	592	600	-8
	Indore (Soy Solvent Crude)	578	577	1
	Mumbai (Soy Degum)	542	540	2
	Kandla/Mundra (Soy Degum)	565	558	7
	Akola	619	616	3
	Amrawati	620	615	5
	Jalna	634	628	6
	Nagpur	625	621	4
	Alwar	NR	NR	-
	Solapur	634	629	5
	Bundi	610	610	Unch
	Dhule	632	630	2
Palm Oil	Rajkot	483	490	-7
	Hyderabad	494	499	-5
	Delhi	540	550	-10
	Kandla (Crude Palm Oil)	434	438	-4
	Kandla (RBD Palm oil)	460	480	-20
	Mumbai RBD Pamolein	490	495	-5
	Kandla RBD Pamolein	490	500	-10
	Mangalore RBD Pamolein	487	500	-13
	Chennai RBD Pamolein	478	500	-22
	Kakinada RBD Pamolein	475	485	-10
	KPT (krishna patnam)	475	485	-10
	Haldia	495	498	-3
	PFAD (Kandla)	350	360	-10
	Refined Palm Stearin (Kandla)	360	370	-10
Refined Sunflower Oil	Mumbai	640	640	Unch
	Mumbai(Expeller Oil)	575	575	Unch
	Kandla/Mundra (Crude)	580	580	Unch
	Erode (Expeller Oil)	640	650	-10
	Hyderabad (Ref)	618	618	Unch



	Chennai	620	625	-5
	Latur (Expeller Oil)	595	595	Unch
	Chellakere (Expeller Oil)	570	570	Unch
Groundnut Oil	Rajkot	1010	960	50
	Chennai	850	860	-10
	Delhi	840	880	-40
	Hyderabad *	910	910	Unch
	Mumbai	970	950	20
	Gondal	1010	990	20
	Jamnagar	1000	1000	Unch
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	665	660	5
	Sri-GangaNagar(Exp Oil)	655	655	Unch
	Alwar (Expeller Oil)	710	710	Unch
	Kota (Expeller Oil)	645	640	5
	Jaipur (Expeller Oil)	678	669	9
	New Delhi (Expeller Oil)	675	670	5
	Hapur (Expeller Oil)	725	710	15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	690	690	Unch
	Kota (Kacchi Ghani Oil)	685	685	Unch
	Jaipur (Kacchi Ghani Oil)	709	695	14
	Agra (Kacchi Ghani Oil)	745	720	25
	Bharatpur (Kacchi Ghani Oil)	740	715	25
	Neewai (Kacchi Ghani Oil)	697	710	-13
	Hapur (Kacchi Ghani Oil)	775	740	35
Refined Cottonseed Oil	Mumbai	575	570	5
	Rajkot	555	550	5
	New Delhi	545	540	5
	Hyderabad	550	575	-25
Coconut Oil	Kangayan (Crude)	1360	1390	-30
	Cochin	1340	1330	10
	Trissur	1380	1400	-20
Sesame Oil	New Delhi	740	740	Unch
	Mumbai	770	750	20
Kardi	Mumbai	870	870	Unch
Rice Bran Oil (40%)	New Delhi	440	450	-10
Rice Bran Oil (4%)	Punjab	480	480	Unch
Rice Bran Oil (4%)	Uttar Pradesh	480	480	Unch



<b>Malaysia Palmolein USD/MT</b>	FOB	610	615	<b>-5</b>
	CNF India	638	640	<b>-2</b>
<b>Indonesia CPO USD/MT</b>	FOB	633	615	<b>18</b>
	CNF India	633	635	<b>-2</b>
<b>RBD Palm oil (Malaysia Origin USD/MT)</b>	FOB	610	613	<b>-3</b>
<b>RBD Palm Stearin (Malaysia Origin USD/MT)</b>	FOB	610	613	<b>-3</b>
<b>RBD Palm Kernel Oil (Malaysia Origin USD/MT)</b>	FOB	1020	1060	<b>-40</b>
<b>Crude palm Kernel Oil India (USD/MT)</b>	CNF India	1020	1030	<b>-10</b>
<b>Palm Fatty Acid Distillate (Malaysia Origin USD/MT)</b>	FOB	585	590	<b>-5</b>
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	830	830	<b>Unch</b>
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB	695	682	<b>13</b>
<b>Argentina FOB (\$/MT)</b>		<b>1-Apr-15</b>	<b>26-Mar-15</b>	<b>Change</b>
Crude Soybean Oil Ship		645	652	<b>-7</b>
Refined Soy Oil (Bulk) Ship		667	674	<b>-7</b>
Sunflower Oil Ship		NA	NA	<b>-</b>
Cottonseed Oil Ship		615	632	<b>-17</b>
Refined Linseed Oil (Bulk) Ship		NA	NA	<b>-</b>
<b>* indicates including VAT</b>				

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