

## **Executive Summary**

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

*Steady sentiments witnessed in edible oil basket during the week in review on need based buying at higher quotes. However, coconut and groundnut oil quoted down on w-o-w basis.*

*On the currency front, Indian rupee against USD closed at 63.49, up 0.07 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 slightly weak tone due to fine supplies from South American countries and weak Chinese PMI data. However, need based buying ahead of wedding season and weak INR against USD may cap excessive losses.*

### **Recommendation:**

*Weekly Call - Market participant are advised to go short in RSO below 585 levels for a target of 576 and 573 with a stop loss at 590.40 on closing basis and go short in CPO below 436.50 for a target of 428.50 and 427.00 with a stop loss at 441.30 on closing basis.*

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

*Exports of Malaysian palm oil products for April fell 5.5 percent to 1,077,114 tons from 1,140,355 tons shipped during March - cargo surveyor Societe Generale de Surveillance. Top Malaysian palm oil buyer's import position in April - European Union 181,692 mt (139,938 mt), China 256,785 mt (138,870 mt), Pakistan 28,380 mt (41,300 mt), United States 138,290 mt (94,915 mt) and India 92,800 mt (297,590 mt). Values in bracket depict last month import values in metric tons.*

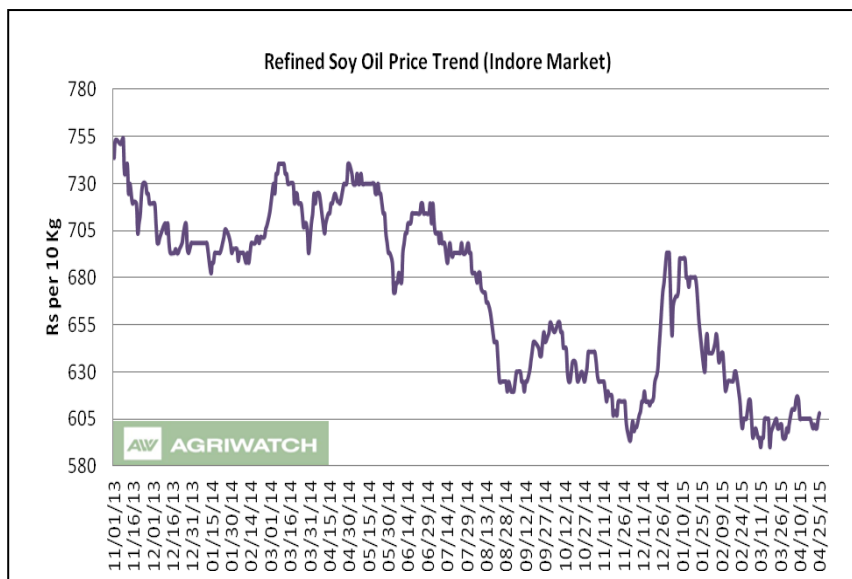
*On the international front, new supplies from South American countries and FED signaled a hike in interest rate, which might support the bears for the coming days. However, weather over US and demand from China may check downside risk in the prices.*

*Rising palm oil inventories in South East Asian countries and new oilseed supplies from South American countries favor the bears for the coming weeks. However, renewed demand at lower quotes and supportive biodiesel policies by South East Asian countries may cap the excessive losses.*

### Soy oil Fundamental Analysis and Outlook:-

#### Domestic Front

- Soybean oil featured steady to firm tone during the week in review tracking depreciating Indian rupee against USD led to expensive imports and better buying ahead of wedding season.
- Imported crude soybean oil CIF at west coast port is offered at USD 750 per tons for May delivery on 30 April. Last month, CIF CDSO March average price was USD 739.4 per tons. Soybean oil import scenario - As per IBIS (analyzed by Agriwatch), India imported 1.586 lakh tons of crude degummed soybean oil during 30 March – 26 April versus 2.13 lakh tons during last month same period. Lower margins after refining compared to palm oil products leads to lower shipments of cdso on m-o-m basis. During Nov 14-March 15, Indian buyers imported 8.73 lakh tons of cdso v/s 4.45 lakh tons same period of the last year.
- IMD's Operational long range Forecast for the 2015 Southwest monsoon rainfall is likely to be 93% of the Long Period Average (LPA) with a model error of  $\pm 5\%$ . The 5 climatological probability forecasts for the Seasonal (June to September) rainfall over the country as a whole as follows Deficient (16%), below (17%), Normal (33%), Above Normal (16%), & Excess (17%).
- On the international front, supply side remain supporting the bears and soybean yield reported fair to good over key growing areas for South American countries. Moreover, soy/corn ratio inched up by 8 percent during April which favors the higher US acreage under soybean in the coming season. On the flip side, ongoing wedding season and lean season for oilseeds in the domestic cash market will keep the soy oil prices range bound to slightly firm tone for short term.
- On the production front, we have intact our India's soybean production forecast for 2014-15 to 10.5 million tons and domestic soy oil output for 2014/15 oil year pegged at 1.615 million tons with a crushing of 9.5 MMT of soybean.
- We expect soy oil may trade range bound to slightly weak tone in the coming days.



#### International Front

- Soybean harvesting in Brazil is almost over and Argentina's farmers had brought 33 percent of the harvest as of second week of April, up 11 percent that had been collected by the same point last year – Government sources. Moreover, weather is dry and looks good for harvesting.
- Lower soybean prices slowed the offloading by Brazilian farmers. About 53 percent of soybean crop for 2014-15 had sold by farmers, with a production seen at 93.8 million tons v/s 63 percent last year and 64 percent 5 year average, said Agrural.
- USDA' WASDE Oilseeds Highlights - Projected prices for soybeans and soybean oil are reduced this month. The range for the season-average soybean price is lowered 10 cents at the midpoint to \$9.60 to \$10.60 per bushel based on marketing to date and lower expected prices for the second half of the marketing year. Soybean oil prices are projected at 30 to 33 cents per pound, down 0.5 cents at the midpoint. Soybean meal prices are projected at \$355 to \$385 per short ton, unchanged at the midpoint.
- On the international front, new supplies from South American countries and FED signaled a hike in interest rate, which might support the bears for the coming days. However, weather over US and demand from China may check downside risk in the prices.

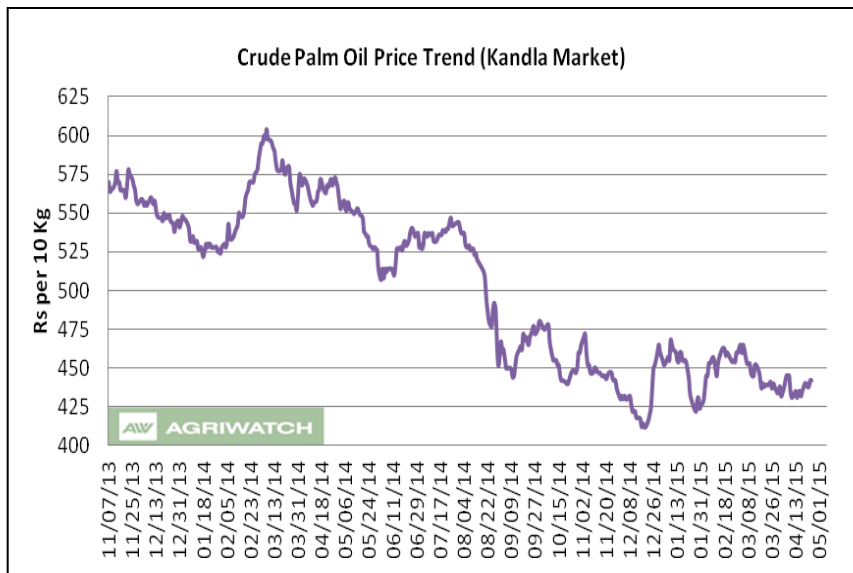
### Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 590-608 per 10 Kg in the near term.

### Palm oil Fundamental Analysis and Outlook -:

#### Domestic Front

- Crude palm oil at Kandla witnessed sideways to firm tone in line with the international palm oil market and need based buying.
- Palm oil import scenario - As per IBIS (analyzed by Agriwatch), India buyers imported 6.216 lakh tons of crude palm oil, up 0.32 percent on m-o-m basis and 1.881 lakh tons of RBD palmolein, up 65.8 percent on m-o-m basis during 30 March – 26 April. SEA revealed that India imports CPO 31.09 (22.7) lakh tons and 3.02 (8.17) lakh tons of RBD palmolein during Nov. 14-March. 15. Values in bracket depicts last year same period import figures.



- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 620 (632.50) per tons for May delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 637.50 (640) per tons for May delivery. CPO duty paid prices ready lift quoted at Rs 436 per 10 Kg and May delivery is offered at Rs 438 per 10 Kg on 30 April 2015.
- On the parity front, margins had widened during the month of April tracking cheaper availability of palm oil products and we expect margins to be on higher side in the coming days. Currently refiners get US \$60-70/tons v/s US \$45-50/tons (last month) margin in processing the imported CPO but on the imports of ready to use palmolein gets US \$60-65/tons v/s US \$45-50/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 April fell 5.5 percent to 1,077,114 tons from 1,140,355 tons shipped during March - cargo surveyor Societe Generale de Surveillance. Top Malaysian palm oil buyer's import position in April - European Union 181,692 mt (139,938 mt), China 256,785 mt (138,870 mt), Pakistan 28,380 mt (41,300 mt), United States 138,290 mt (94,915 mt) and India 92,800 mt (297,590 mt). Values in bracket depict last month import values in metric tons.
- Malaysian crude palm oil prices seen lower in the second half of 2015 to an average of ringgit 1,770 (\$487) per tons, if biodiesel demand stay weak. Moreover, palm oil prices will average 2,260 ringgit a ton s in the first half of 2015. On the inventories front, Malaysia palm oi stocks to drop below 1.6 million tons in Q2.
- As per Malaysian Palm Oil Association, palm oil production in Malaysia may rose by 17 percent for April 1-20 compared with the same period a month ago.
- Indonesia's exports of palm and palm kernel oils for Jan-March 2015 stood at 5.63 million tons, up 14.1 percent from same period of the last year - Indonesian Palm Oil Association. On the production front, trade ideas expect palm oil output to reach 32.5 million tonnes in 2015, with about 21.5-22 million tons exported.
- As per MPOB's data, Malaysian palm oil end-stocks rose on m-o-m due to higher production of palm oil in March. Inventories in Malaysia rose 7.02 percent in March to 1.865 million tons against 1.743 tons month ago and production of palm oil during March was 1.494 million tons v/s 1.121 million tons last month.
- Policy development - Malaysia, the world's second-largest palm grower, will slash its crude palm oil export tax to zero for the month of May against 4.5 percent in April – Malaysian government circular. 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.

- Rising palm oil inventories in South East Asian countries and new oilseed supplies from South American countries favor the bears for the coming weeks. However, renewed demand at lower quotes and supportive biodiesel policies by South East Asian countries may cap the excessive losses.

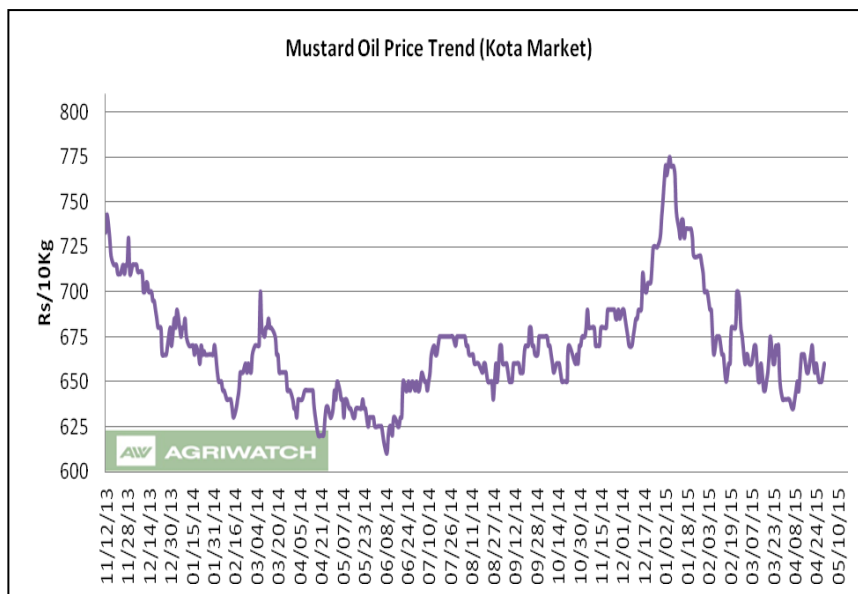
➤

**Price Outlook:** We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 428-438 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 over key RM producing regions and restricted supply from farmers & stockists, despite of peak seasonal arrival period support the market sentiments. Moreover, trade ideas anticipating further gains in RM seed and oil prices in the coming days.
- As per sources, around 2.57 million hectares of mustard seed crop had damaged due to unseasonal rains and hailstorm over key RM seed producing regions (Rajasthan-1.5 million ha., Haryana – 0.12 million ha., and UP – 0.95 million ha.). As per sources, more than 78-84 percent of the India's RM seed had been harvested as of first week of April.
- 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.

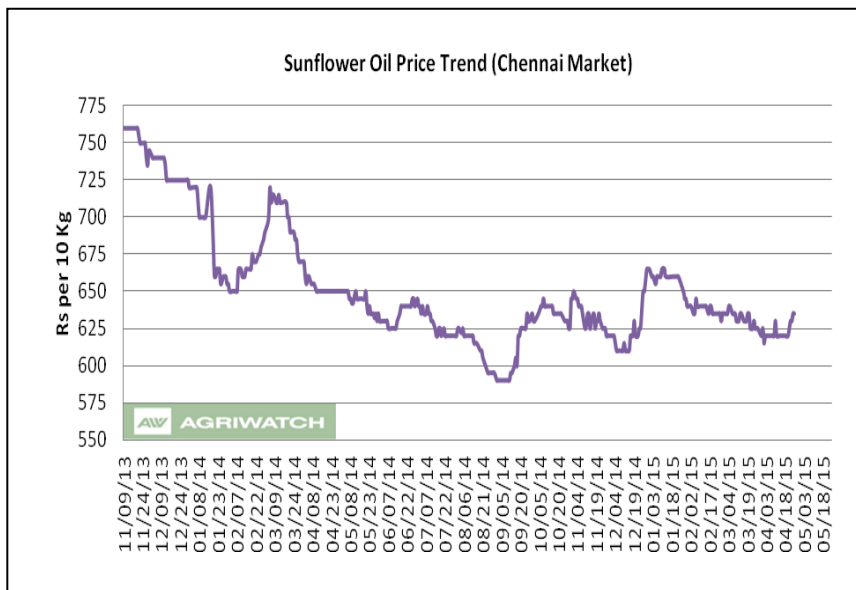


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 650-675 per 10 Kg.

### Sunflower oil Fundamental Review and Analysis:-

#### Domestic Front

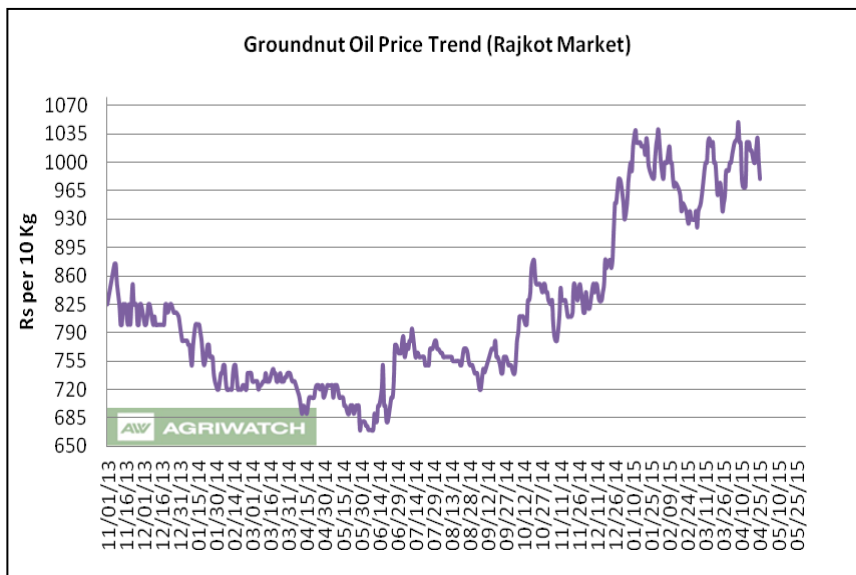
- Sunflower oil featured sideways to firm trend during the week in review due to good demand and weak Indian rupee against USD made imports costlier.
- Sunflower oil import scenario - India imported 1.194 lakh tons of crude sunflower oil during 30 March – 19 April versus 1.347 lakh tons in last month same period majorly from Ukraine. As per SEA of India, Indian buyers imported 7.26 lakh tons of crude sunflower oil during Nov-March 2014-15 oil year majorly from Ukraine, up 40.15 percent from the corresponding period of the last year.
- CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 875 per tons for MJ delivery and JAS delivery is offered at USD 880 per tons, as on 30 April 2015 v/s USD 824 per tons March average. Last month, CIF sun oil (Ukraine origin) monthly average was around USD 847.8 per tons.
- Prices are likely to stay in the range of USD 865-895 per tons in the near term. CIF Sunflower oil premium against crude soybean oil widen and hovering at USD 125 per tons versus USD 75 last month. Higher sun oil shipments likely to witness in the coming days from Ukraine.
- Sunflower seed combined production in Ukraine and Russia seen at 19.12 million tons in 2014-15, down 2.8 million tons from last year record production - 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 630-655 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices featured consolidation on need based buying. Moreover, cancellation of G/N seed exports caps the gains.
- Cancellation of groundnut seed exports and geopolitical crisis in Middle East affect the export demand. Recently, exporters have stopped shipments to Yemen due to uncertainty and Vietnam has suspended Indian groundnut imports temporarily, citing the infestation of serratus pest (Carydon Serratus Oliver). The Plant Protection Department of Vietnam has been asked to closely supervise peanuts consignments and apply strict plant quarantine measures for all the imported groundnut consignments from India during the period before the decision takes effect (w.e.f. 7th April, 2015).
- As per sources, cotton area in Saurashtra Gujarat may shift to Groundnut and Guar in the coming Kharif season (2015-16) due to lower prices of cotton compared to groundnut & Guar. However, lower rainfall prediction over India in the coming monsoon season may check the crop shifting.
- USDA G/N seed April report highlight - global groundnut seed production is projected lower at 38.93 million tons for 2014-15 v/s 39.78 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.
- 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 8.66 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.
- Groundnut oil prices are likely to trade with a steady tone in the coming days.



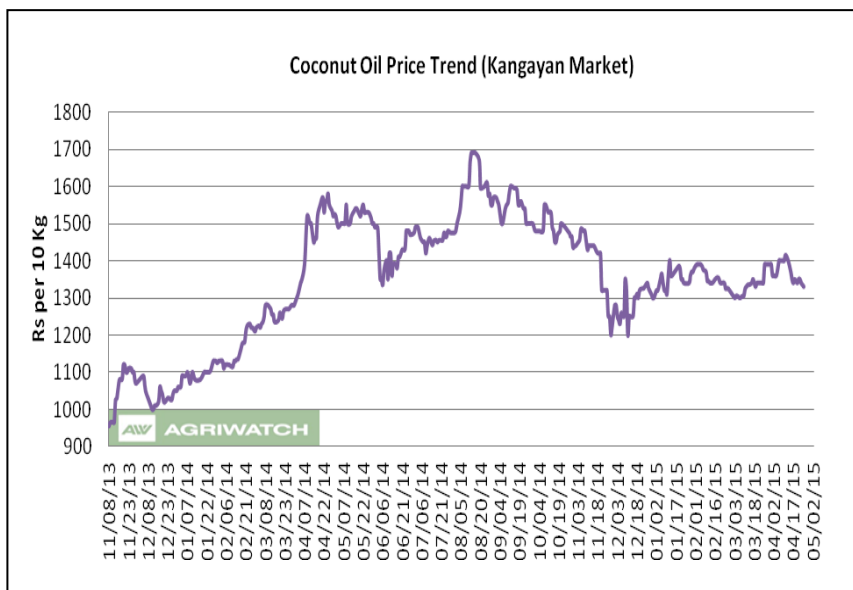
### Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 950-1000 per 10 Kg.



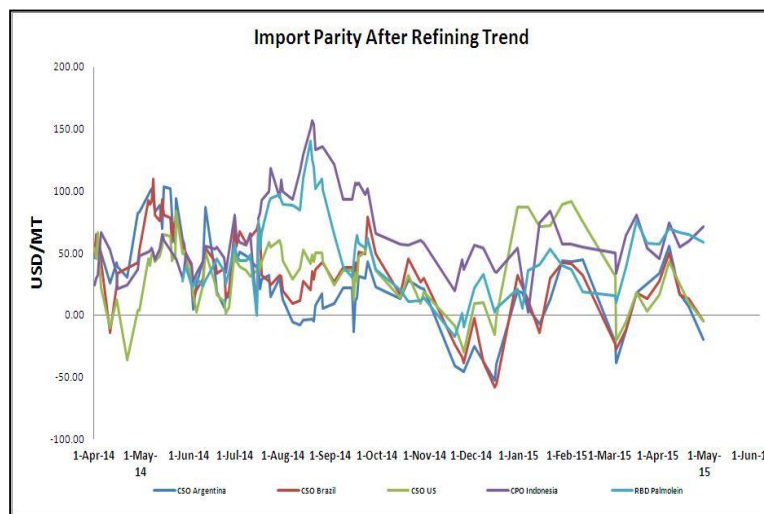
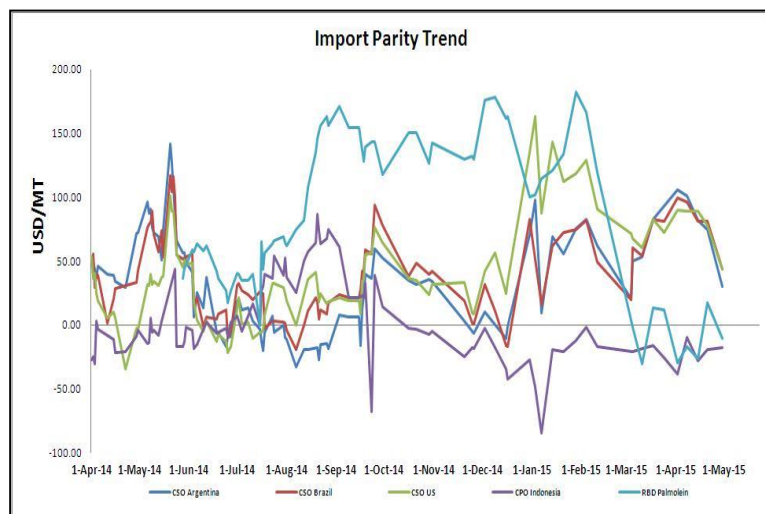
### Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil featured sideways to weak tone at its benchmark market Kangeyam during the week owing to need based buying and cheaper availability of edible oils.
- KLF Nirmal is entering the market with “Cocodaily” (which has 20 percent coconut oil and 80 per cent sunflower oil). KLF Nirmal is looking at Karnataka, Tamil Nadu and the Gulf markets for promoting the product. On the price front, currently the coconut oil prices in Trissur is hovering near Rs 13,600 per quintal and quoting Rs 13,150 per quintal in Erode market on April 30.
- Coconut oil prices may trade sideways to slightly weak tone tracking cheaper availability of edible oils like sunflower and palm oil and need based demand.



**Price Outlook:** Coconut oil (without VAT) prices in Erode may stay in the range of Rs 1285-1325 per 10 Kg.

### Import Parity Trend



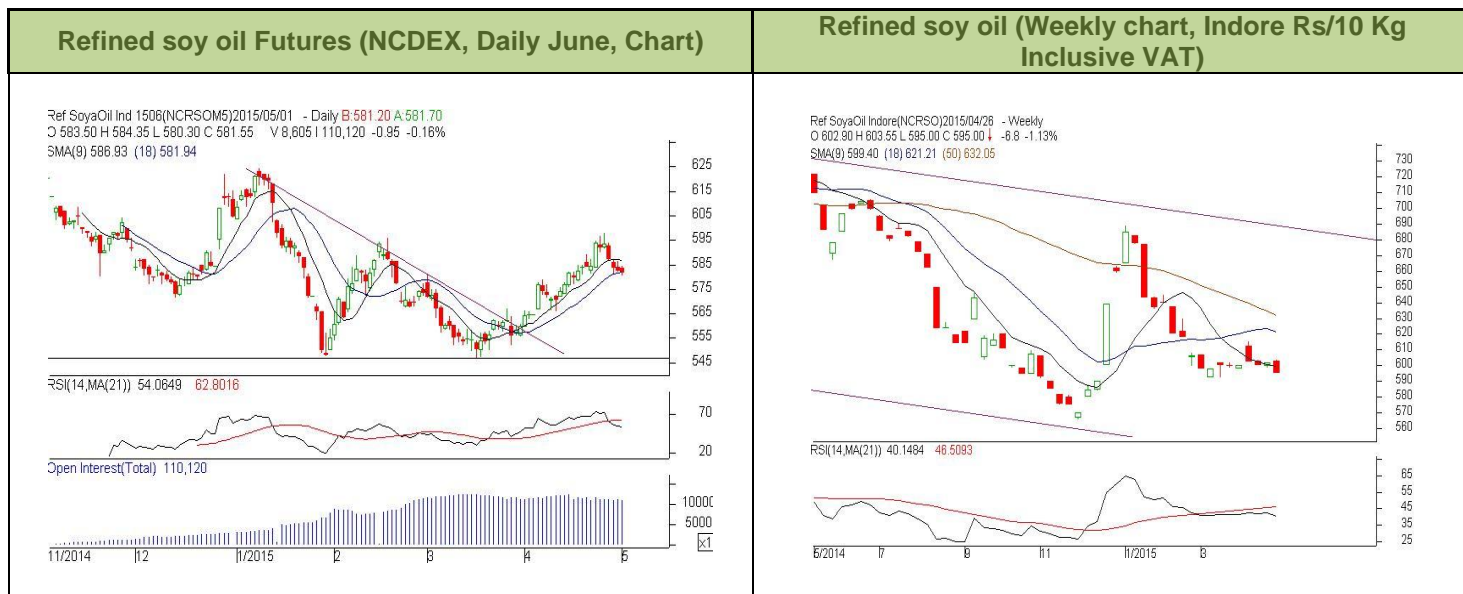
### Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Mar., 2015</b>	-14.09	-6.64	5.23	56.32	39.44
<b>Apr., 2015</b>	18.55	20.22	17.67	60.78	63.16

### 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 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 note in the near term.
- ❖ Any close above 590.40 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 591-602 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 585 levels for a target of 576 and 573 with a stop loss at 590.40 on closing basis.

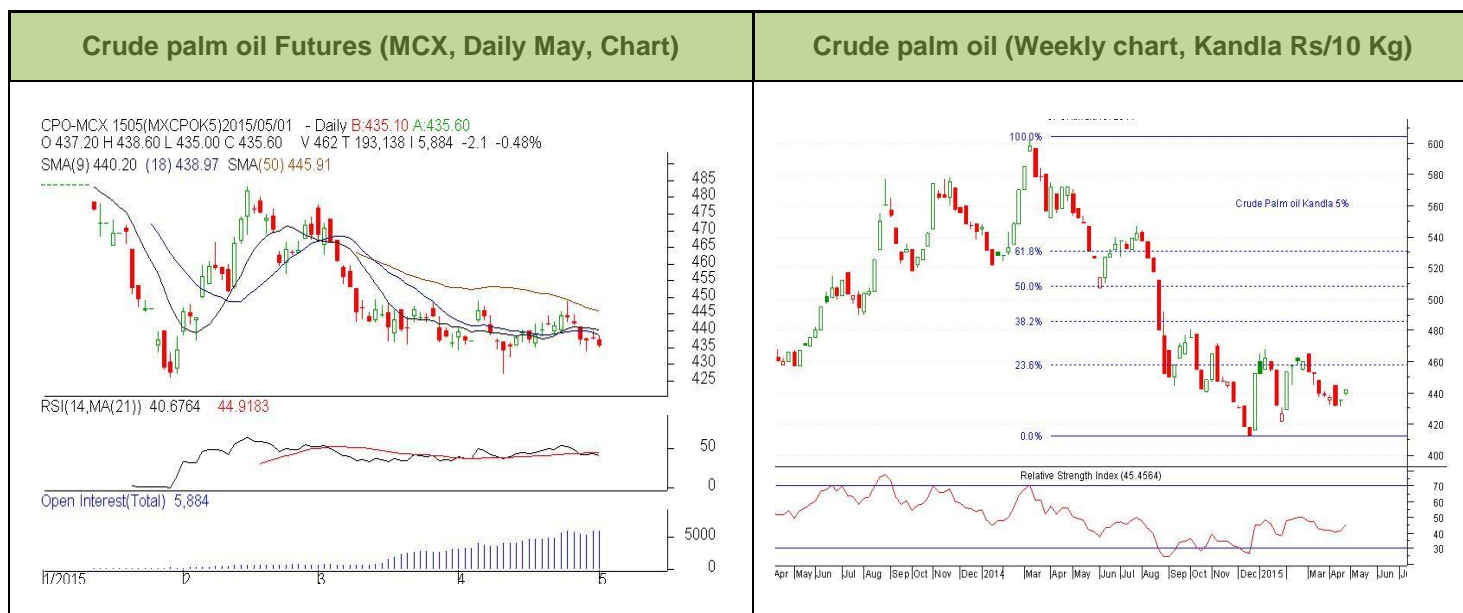
### RSO NCDEX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
576.00	581.00	591.85	604.00	608.00

**Spot Market outlook:** Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 600-615 per 10 Kg.



### Technical Analysis (Crude Palm oil)



**Outlook -** Prices are showing sideways to weak tone during the week. We expect CPO May contract may trade sideways to slightly 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 weak note in the near term.
- ❖ Any close above 441.30 in weekly chart shall change the sentiments and might bring the prices to a bullish tone.
- ❖ Expected price band for next week is 427-436.50 level. RSI is in neutral region suggesting range bound to slightly weak movement in the coming week.

**Strategy:** Market participants are advised to go short in CPO below 436.50 for a target of 428.50 and 427.00 with a stop loss at 441.30 on closing basis.

#### CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
421.00	425.00	435.10	445.00	449.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 438-453 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		1-May-15	24-Apr-15	
Refined Soybean Oil	Kota	600	613	-13
	Rajkot	580	585	-5
	Delhi	640	650	-10
	Mumbai	590	590	Unch
	Indore	600	605	-5
	Kandla/Mundra	580	590	-10
	Kolkata	595	605	-10
	Indore (Soy Solvent Crude)	580	590	-10
	Mumbai (Soy Degum)	545	550	-5
	Kandla/Mundra (Soy Degum)	550	555	-5
	Akola	629	625	4
	Amrawati	629	625	4
	Jalna	637	637	Unch
	Nagpur	627	628	-1
	Alwar	NR	NR	-
	Solapur	638	635	3
	Bundi	604	615	-11
	Dhule	640	635	5
Palm Oil	Rajkot	485	489	-4
	Hyderabad	513	504	9
	Delhi	545	550	-5
	Kandla (Crude Palm Oil)	438	442	-4
	Kandla (RBD Palm oil)	460	470	-10
	Mumbai RBD Pamolein	487	500	-13
	Kandla RBD Pamolein	485	495	-10
	Mangalore RBD Pamolein	490	505	-15
	Chennai RBD Pamolein	490	505	-15
	Kakinada RBD Pamolein	480	485	-5
	KPT (krishna patnam)	472	480	-8
	Haldia	492	502	-10
	PFAD (Kandla)	370	380	-10
	Refined Palm Stearin (Kandla)	380	385	-5
Refined Sunflower Oil	Mumbai	675	660	15
	Mumbai(Expeller Oil)	615	600	15
	Kandla/Mundra (Crude)	620	600	20
	Erode (Expeller Oil)	670	655	15
	Hyderabad (Ref)	646	627	19



	Chennai	645	635	10
	Latur (Expeller Oil)	610	615	-5
	Chellakere (Expeller Oil)	610	585	25
Groundnut Oil	Rajkot	970	1000	-30
	Chennai	930	930	Unch
	Delhi	NR	NR	-
	Hyderabad *	975	1000	-25
	Mumbai	950	960	-10
	Gondal	950	950	Unch
	Jamnagar	950	960	-10
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	710	688	22
	Sri-GangaNagar(Exp Oil)	665	660	5
	Alwar (Expeller Oil)	NA	740	-
	Kota (Expeller Oil)	650	655	-5
	Jaipur (Expeller Oil)	702	694	8
	New Delhi (Expeller Oil)	670	690	-20
	Hapur (Expeller Oil)	770	760	10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	745	725	20
	Kota (Kacchi Ghani Oil)	730	722	8
	Jaipur (Kacchi Ghani Oil)	743	741	2
	Agra (Kacchi Ghani Oil)	780	770	10
	Bharatpur (Kacchi Ghani Oil)	780	765	15
	Neewai (Kacchi Ghani Oil)	732	725	7
	Hapur (Kacchi Ghani Oil)	781	790	-9
Refined Cottonseed Oil	Mumbai	602	600	2
	Rajkot	590	585	5
	New Delhi	610	570	40
	Hyderabad	600	570	30
Coconut Oil	Kangayan (Crude)	1325	1335	-10
	Cochin	1350	1340	10
	Trissur	1365	1385	-20
Sesame Oil	New Delhi	NR	NR	-
	Mumbai	785	785	Unch
Kardi	Mumbai	870	870	Unch
Rice Bran Oil (40%)	New Delhi	NR	NR	-
Rice Bran Oil (4%)	Punjab	480	480	Unch
Rice Bran Oil (4%)	Uttar Pradesh	480	480	Unch

Malaysia Palmolein USD/MT	FOB	620	630	<b>-10</b>
	CNF India	640	650	<b>-10</b>
Indonesia CPO USD/MT	FOB	608	615	<b>-7</b>
	CNF India	625	640	<b>-15</b>
RBD Palm oil (Malaysia Origin USD/MT)	FOB	615	628	<b>-13</b>
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	605	618	<b>-13</b>
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1040	1040	<b>Unch</b>
Crude palm Kernel Oil India (USD/MT)	CNF India	1000	1020	<b>-20</b>
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	580	590	<b>-10</b>
Ukraine Origin CSFO USD/MT Kandla	CIF	875	865	<b>10</b>
Rapeseed Oil Rotterdam Euro/MT	FOB	685	694	<b>-9</b>
<b>Argentina FOB (\$/MT)</b>		<b>30-Apr-15</b>	<b>23-Apr-15</b>	<b>Change</b>
Crude Soybean Oil Ship		679	682	<b>-3</b>
Refined Soy Oil (Bulk) Ship		703	706	<b>-3</b>
Sunflower Oil Ship		790	NA	-
Cottonseed Oil Ship		659	662	<b>-3</b>
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<b>* indicates including VAT</b>				

\*\*\*\*\*

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>

© 2015 Indian Agribusiness Systems Pvt Ltd.