

Executive Summary

Domestic Veg. Oil Market Summary

Steady to firm sentiments witnessed in edible oil basket during the week in review tracking gains in the crude oil prices and weak Indian rupee against USD.

On the currency front, Indian rupee against USD closed at 63.94, down 0.71 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 firm tone due to need based buying ahead of wedding season and weak INR against USD. However, fine supplies from South American countries may cap excessive losses.

Recommendation:

Weekly Call - Market participants are advised to go long in RSO above 594 levels for a target of 604 and 607 with a stop loss at 588 on closing basis and go long in CPO below 446 for a target of 453 and 455 with a stop loss at 441.80 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.

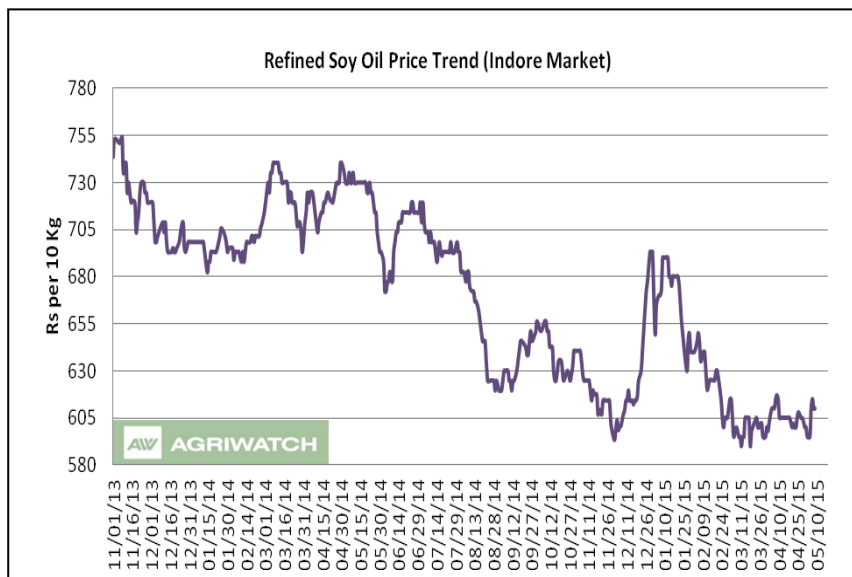
On the international front, good demand for soybean from major importers and gains in the international crude oil prices may support the soy complex in the coming days. However, new supplies from South American countries and FED signaled a hike in interest rate, which might cap the excessive gains.

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.
- Soybean oil import scenario - As per IBIS (analyzed by Agriwatch), India imported 2.01 lakh tons of crude degummed soybean oil during 30 March – 03 May versus 2.14 lakh tons during last month same period. 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. Lower margins after refining compared to palm and sun oil products leads to lower shipments of cdso on m-o-m basis.
- On the international front, lean season in US and gains in the crude oil prices may support the soybean complex with a high volatility. Supply side remain supporting the bears and soybean yield reported fair to good over key growing areas for South American countries. Good demand from wholesalers due to ongoing wedding season and diminishing oilseeds arrivals in the domestic cash market will keep the soy oil prices range bound to slightly firm tone for short term.
- SOPA has slashed its soybean production estimate for 2014-15 to 10 million tons, down 0.4 million tons from previous estimate owing to yield losses. Moreover, SOPA urge to the central government to stop soybean trade on exchanges due to speculation in the lean season.
- 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

- US soybean planting is reported at 13% as on 03 May, 2015 which is ahead from 5% during the same period last year. Last week, farmer had planted 2 % of the total soybean acreage estimated for 2015-16. Farmers who have finished corn planting move towards the soybean due to above normal temperature and sowing is likely to pick up pace in the coming days. Ideal sowing window for soybean in US is from second week of May to first week of June.
- China, imported 5.31 million tonnes of soybeans in April, up 18.3 percent from 4.49 million tonnes in March, figures from the General Administration of Customs of China showed. Imports of vegetable oils in April were 520,000 tonnes, up 44.4 percent from the previous month.
- Soybean harvesting in Brazil is almost over and Argentina's farmers had brought 50-55 percent of the harvest as of last week. 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, good demand for soybean from major importers and gains in the international crude oil prices may support the soy complex in the coming days. However, new supplies from South American countries and FED signaled a hike in interest rate, which might cap the excessive gains.

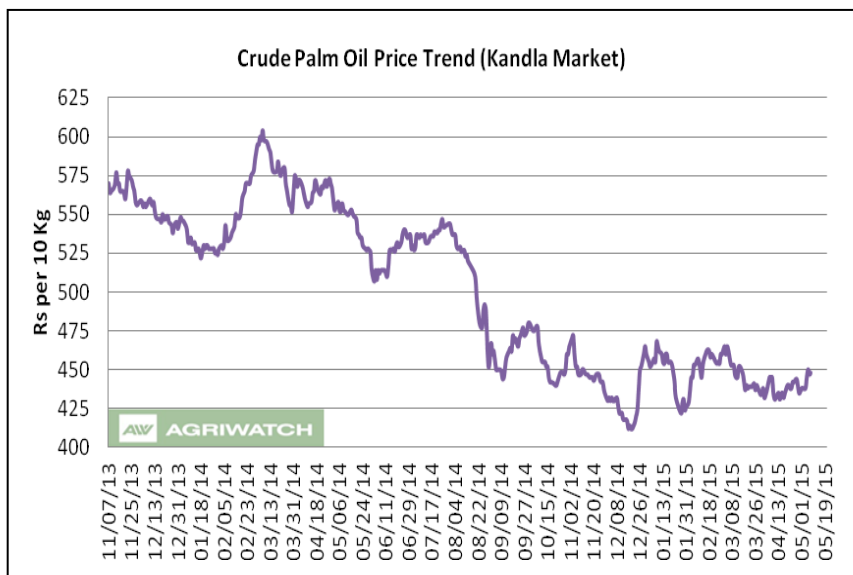
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 595-615 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 7.86 lakh tons of crude palm oil, up 27 percent on m-o-m basis and 2.68 lakh tons of RBD palmolein, up 136 percent on m-o-m basis during 30 March – 03 May. 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 642.50 (632) per tons for May delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 647.50 (637) per tons for May delivery. CPO duty paid prices ready lift quoted at Rs 450 per 10 Kg and May delivery is offered at Rs 452 per 10 Kg on 09 May 2015.
- On the parity front, margins had widened 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.
- As per Chief Economic Minister, new Indonesian regulation requiring exporters to pay a levy of \$50 per tons of crude palm oil and \$30 for processed palm oil product shipments will take effect by the third week of May at the latest, if biodiesel demand pick up.
- As per Reuter's poll, palm oil stocks in Malaysia, likely rose to a five-month high at the end of April due to rising CPO output and outpaced export demand. Malaysia's palm inventories may rose 14.3 percent from March to 2.13 million tons in April.
- 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.

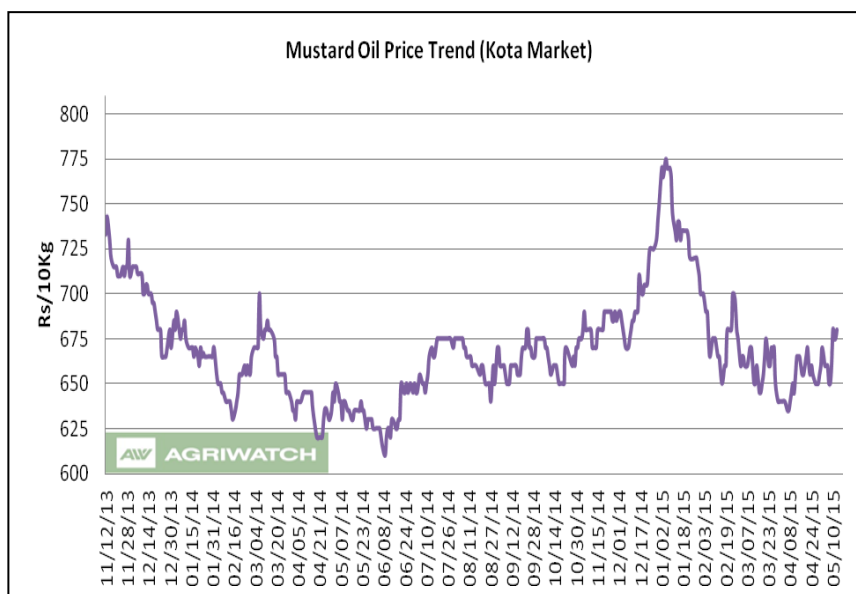
- As per MPOB's data, Malaysian palm oil end-stocks rose on m-o-m due to higher production of palm oil in March. Inventories in Malaysia rose 7.02 percent in March to 1.865 million tons against 1.743 tons month ago and production of palm oil during March was 1.494 million tons v/s 1.121 million tons 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 430-465 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured gains in line with the other edible oils and renewed buying at lower quotes.
- 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.).
- Firmness in the crude oil prices and lower domestic mustard crop adds fuel to the market sentiments. Moreover, trade estimates for mustard seed output pegged at 52-54 lakh tons. Market participants are anticipating further gains in RM seed and oil prices in the coming days.
- 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.

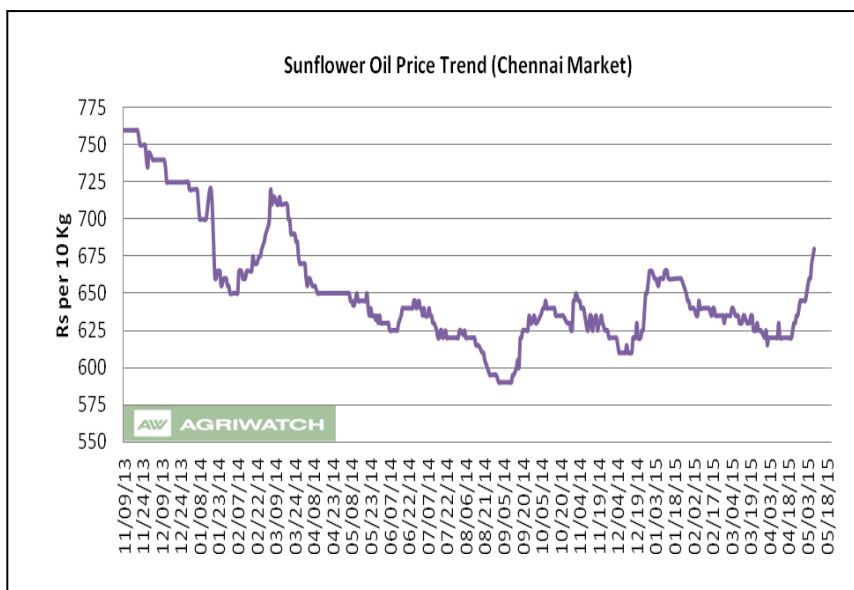


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 660-685 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured 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 2.62 lakh tons of crude sunflower oil during 30 March – 03 May versus 1.97 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 910 per tons for MJJ delivery and AS delivery is offered at USD 915 per tons, as on 09 May 2015. Last month, CIF sun oil (Ukraine origin) monthly average was around USD 875-880 per tons.
- Prices are likely to stay in the range of USD 900-925 per tons in the near term. CIF Sunflower oil premium against crude soybean oil widen and hovering at USD 121 per tons versus USD 80-85 last month. 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.

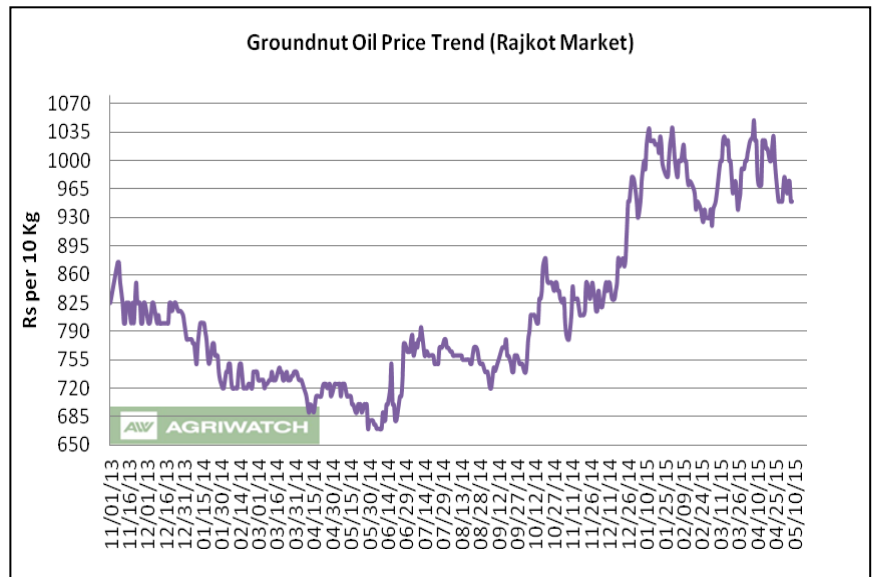


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 650-700 per 10 Kg.

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.
- Sources revealed that adequate G/N seed for crushing and cancelation of groundnut seed exports and geopolitical crisis in Middle East affect the export demand. Moreover, talks of 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. May pressurize groundnut oil in the near term. However, lower rainfall prediction over key groundnut seed producing regions 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.

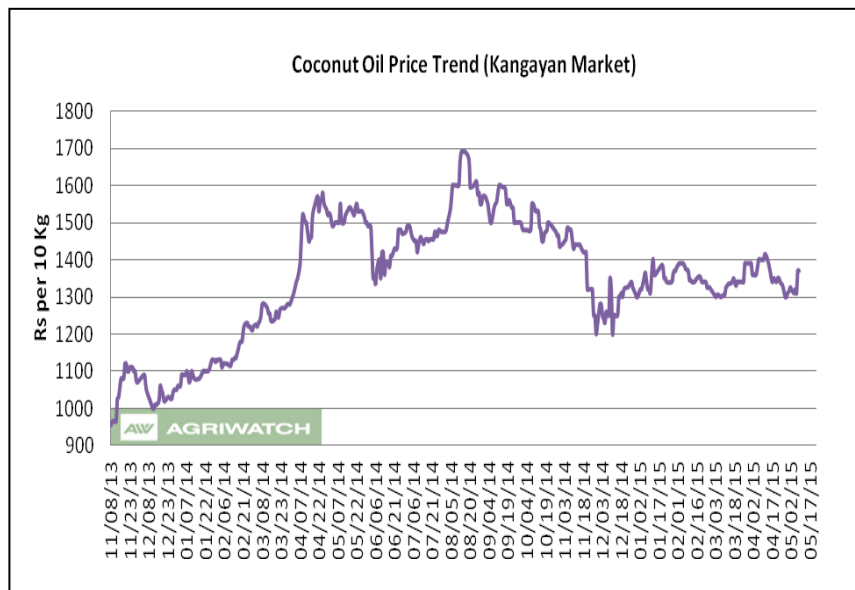


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 935-1000 per 10 Kg.

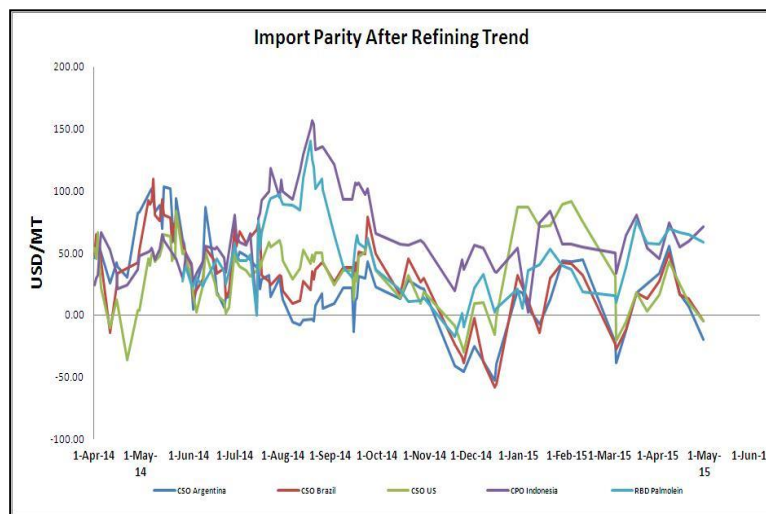
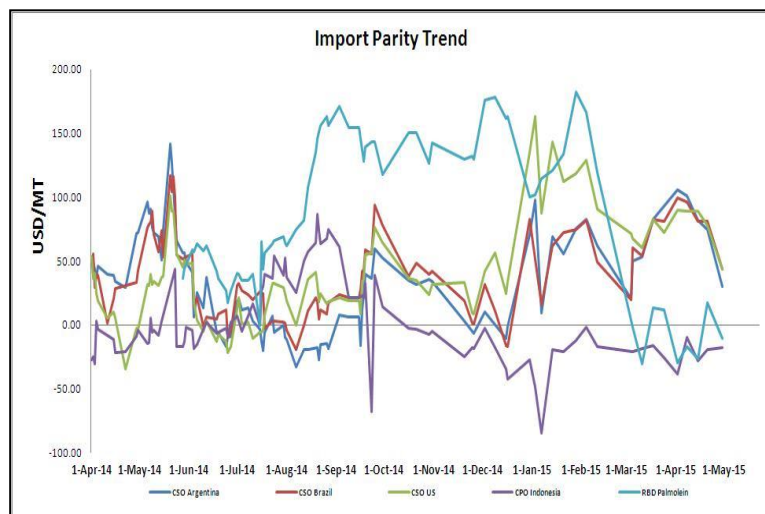
Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil featured sideways to firm tone at its benchmark market Kangeyam during the week owing to gains in the crude oil prices. However, need based buying noticed in the cash market.
- 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 13,500 per quintal and quoting Rs 13,700 per quintal in Erode market on May 08.
- 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 (withut VAT) prices in Erode may stay in the range of Rs 1325-1425 per 10 Kg.

Import Parity Trend



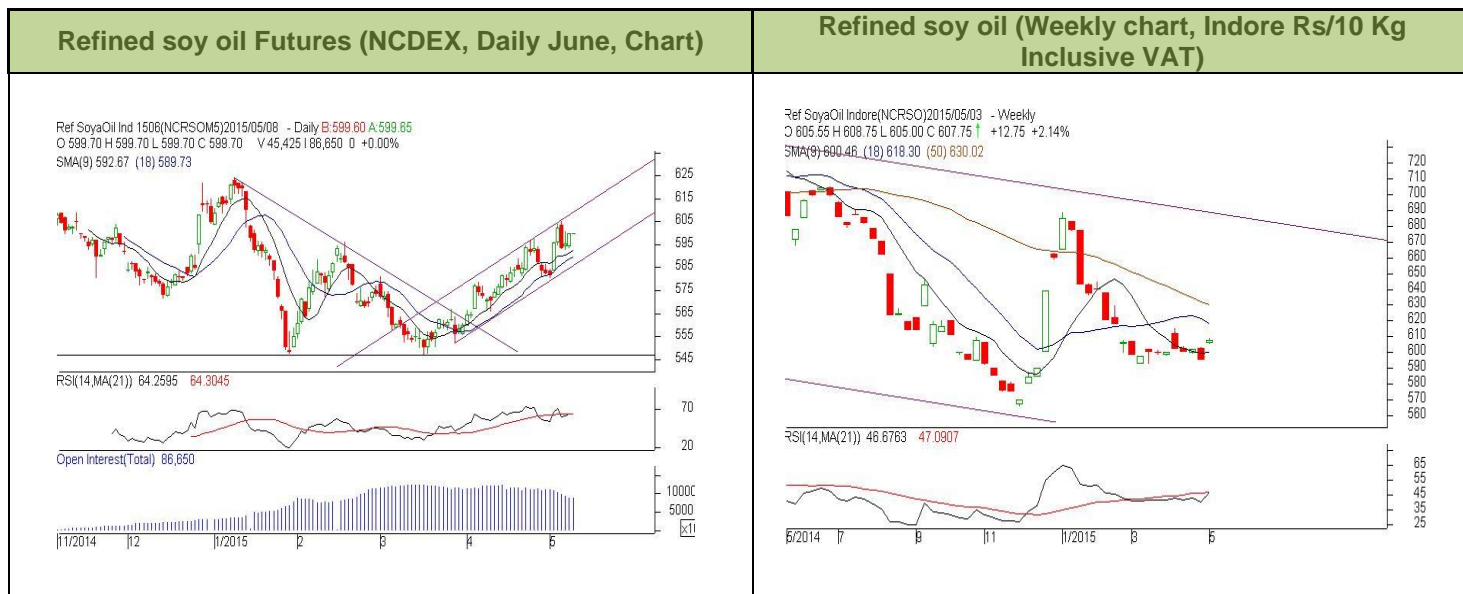
Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Mar., 2015	-14.09	-6.64	5.23	56.32	39.44
Apr., 2015	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 below 588 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 594-607 level in near to medium term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

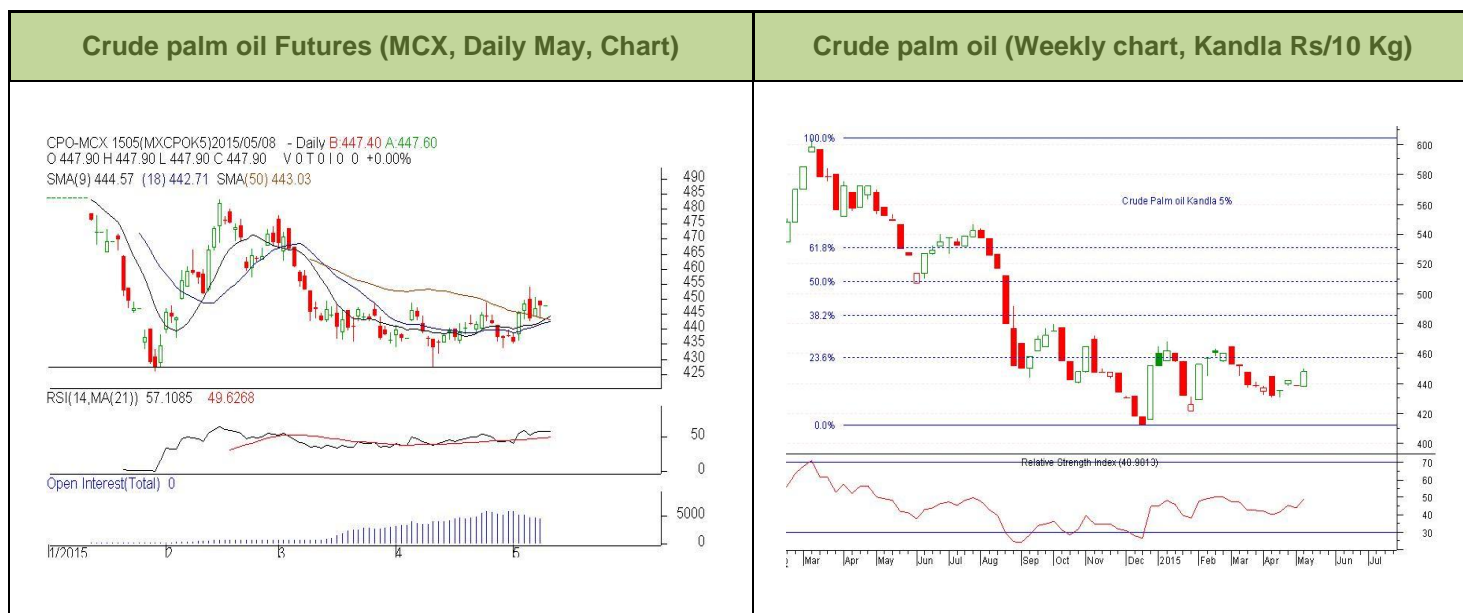
Strategy: Market participant are advised to go long in RSO above 594 levels for a target of 604 and 607 with a stop loss at 588 on closing basis.

RSO NCDEX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
585.00	589.00	599.00	608.00	612.00

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 firm tone during the week. We expect CPO May contract may trade sideways to slightly firm note.

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts consolidation in the prices. We expect prices may trade with a steady to firm note in the near term.
- ❖ Any close below 441.80 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 446-455 level. RSI is in neutral region suggesting range bound to slightly weak movement in the coming week.

Strategy: Market participants are advised to go long in CPO below 446 for a target of 453 and 455 with a stop loss at 441.80 on closing basis.

CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
432.00	437.00	447.90	458.00	462.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 445-460 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		8-May-15	1-May-15	
Refined Soybean Oil	Kota	615	600	15
	Rajkot	585	580	5
	Delhi	660	640	20
	Mumbai	600	590	10
	Indore	610	600	10
	Kandla/Mundra	600	580	20
	Kolkata	605	595	10
	Indore (Soy Solvent Crude)	590	580	10
	Mumbai (Soy Degum)	555	545	10
	Kandla/Mundra (Soy Degum)	565	550	15
	Akola	639	629	10
	Amrawati	638	629	9
	Jalna	649	637	12
	Nagpur	641	627	14
	Alwar	NR	NR	-
	Solapur	650	638	12
	Bundi	610	604	6
	Dhule	648	640	8
Palm Oil	Rajkot	495	485	10
	Hyderabad	513	513	Unch
	Delhi	555	545	10
	Kandla (Crude Palm Oil)	448	438	10
	Kandla (RBD Palm oil)	475	460	15
	Mumbai RBD Pamolein	505	487	18
	Kandla RBD Pamolein	500	485	15
	Mangalore RBD Pamolein	498	490	8
	Chennai RBD Pamolein	498	490	8
	Kakinada RBD Pamolein	492	480	12
	KPT (krishna patnam)	482	472	10
	Haldia	505	492	13
	PFAD (Kandla)	380	370	10
	Refined Palm Stearin (Kandla)	390	380	10
Refined Sunflower Oil	Mumbai	700	675	25
	Mumbai(Expeller Oil)	635	615	20
	Kandla/Mundra (Crude)	635	620	15
	Erode (Expeller Oil)	695	670	25
	Hyderabad (Ref)	670	646	24



	Chennai	680	645	35
	Latur (Expeller Oil)	630	610	20
	Chellakere (Expeller Oil)	630	610	20
Groundnut Oil	Rajkot	950	970	-20
	Chennai	940	930	10
	Delhi	NR	NR	-
	Hyderabad *	975	975	Unch
	Mumbai	950	950	Unch
	Gondal	950	950	Unch
	Jamnagar	950	950	Unch
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	730	710	20
	Sri-GangaNagar(Exp Oil)	695	665	30
	Alwar (Expeller Oil)	NA	NA	-
	Kota (Expeller Oil)	680	650	30
	Jaipur (Expeller Oil)	740	702	38
	New Delhi (Expeller Oil)	710	670	40
	Hapur (Expeller Oil)	780	770	10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	770	745	25
	Kota (Kacchi Ghani Oil)	765	730	35
	Jaipur (Kacchi Ghani Oil)	782	743	39
	Agra (Kacchi Ghani Oil)	810	780	30
	Bharatpur (Kacchi Ghani Oil)	805	780	25
	Neewai (Kacchi Ghani Oil)	768	732	36
	Hapur (Kacchi Ghani Oil)	820	781	39
Refined Cottonseed Oil	Mumbai	615	602	13
	Rajkot	615	590	25
	New Delhi	610	610	Unch
	Hyderabad	590	600	-10
Coconut Oil	Kangayan (Crude)	1370	1325	45
	Cochin	1350	1350	Unch
	Trissur	1350	1365	-15
Sesame Oil	New Delhi	780	NR	-
	Mumbai	785	785	Unch
Kardi	Mumbai	870	870	Unch
Rice Bran Oil (40%)	New Delhi	445	NR	-
Rice Bran Oil (4%)	Punjab	480	480	Unch
Rice Bran Oil (4%)	Uttar Pradesh	480	480	Unch

Malaysia Palmolein USD/MT	FOB	625	620	5
	CNF India	653	640	13
Indonesia CPO USD/MT	FOB	610	608	2
	CNF India	635	625	10
RBD Palm oil (Malaysia Origin USD/MT)	FOB	623	615	8
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	603	605	-2
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1050	1040	10
Crude palm Kernel Oil India (USD/MT)	CNF India	NR	1000	-
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	590	580	10
Ukraine Origin CSFO USD/MT Kandla	CIF	915	875	40
Rapeseed Oil Rotterdam Euro/MT	FOB	680	685	-5
Argentina FOB (\$/MT)		7-May-15	30-Apr-15	Change
Crude Soybean Oil Ship		702	679	23
Refined Soy Oil (Bulk) Ship		727	703	24
Sunflower Oil Ship		NA	790	-
Cottonseed Oil Ship		682	659	23
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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.