

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 63.83, down 0.50 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 soy supplies from South American countries.

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 participant are advised to go long in RSO above 599 levels for a target of 606 and 609 with a stop loss at 594.60 on closing basis and go long in CPO above 456 for a target of 462.50 and 464 with a stop loss at 452.10 on closing basis.

International Veg. Oil Market Summary

Exports of Malaysian palm oil products for May rose 44.7 percent to 1,553,281 tons from 1,073,482 tonnes shipped during April, cargo surveyor Intertek Testing Services. Top Malaysian palm oil buyer's import position in May - European Union 350,964 tons (168,882 tons), China 365,899 tons (266,510 tons), and India & subcontinent 415,238 tons (147,990 tons). Values in bracket depict last month import values in metric tons.

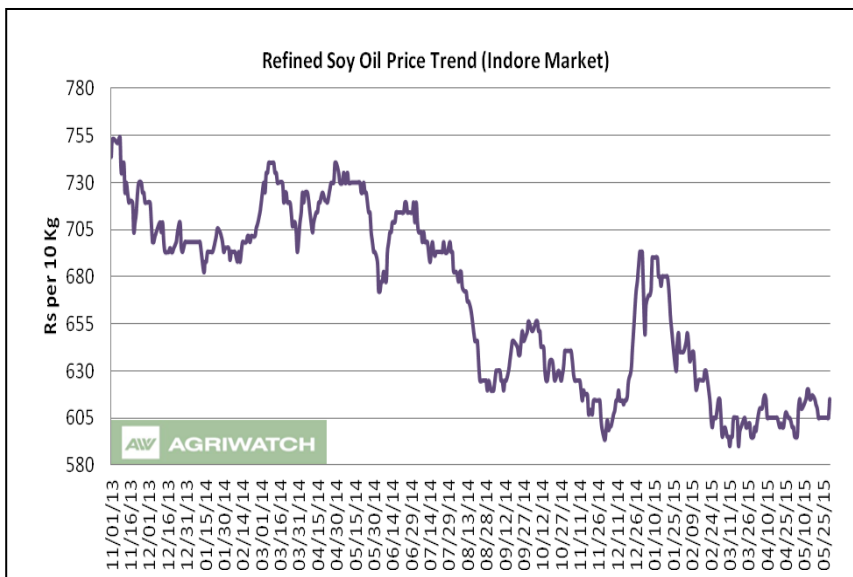
On the international front, good demand for soybean from major importers and gains in the international crude oil prices may support the soy complex in the coming days. However, new supplies from South American countries and FED signaled a hike in interest rate, which might cap the excessive gains.

Renewed demand at lower quotes from top importers and supportive biodiesel policies by South East Asian countries may support the CPO prices in the near term. However, seasonally higher palm production period and new South American soy crop may cushion palm oil prices in medium term.

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 1.60 lakh tons of crude degummed soybean oil during 03-24 May versus 1.58 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.
- Soybean sowing may be delayed by week or first week of July this season in Madhya Pradesh due to some delay in arrival of monsoon over key growing regions of Central India. Ideal sowing window is open in between 15-30 June for soybean crop. However, it can extend to second half of July.
- 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. 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.
- We expect soy oil may trade range bound to slightly firm tone in the coming days.



International Front

- US soybean planting is reported at 61% as on 24 May, 2015, which is ahead from 6% during the average. Ideal sowing window for soybean in US is from second week of May to first week of June. On a state wise level, the top soybean producers were ahead from the last year planting pace. Illinois was reported at 69% planted (57% on average), Indiana 59% planted (54%), Iowa 70% planted (71%) and Minnesota 88% planted (59%). Values in bracket depicts on average basis. Last year, collectively those states accounted for 42% of total US soybean production.
- 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 caps the excessive gains.

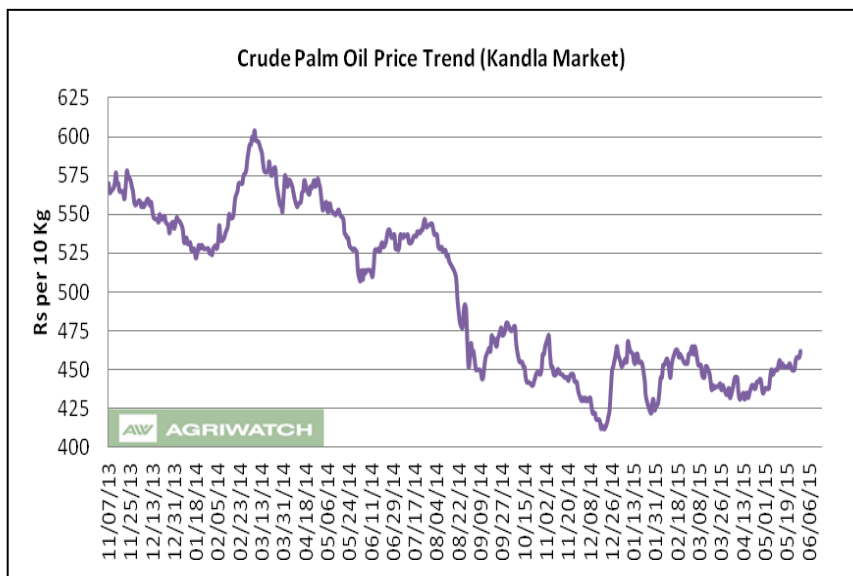
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 608-620 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 5.43 lakh tons of crude palm oil versus 6.21 lakh tons same period of last month and 2.62 lakh tons of RBD palmolein, up 39.27 percent on m-o-m basis during 04-24 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.



- India imported 1.11 million tons of vegetable oils in April, which was 1.06 million tons in March, according to market participants. The vegetable oils import rose during the period due to higher demand of palm oil. India imported 725, 088 tons of palm oil in April, around 6.3% higher when compared to the exports in previous month, said Solvent Extractors' Association of India (SEA).
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 657.50 (645) per tons for June delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 682.50 (665) per tons for June delivery. Values in bracket depicts last week quotes. CPO duty paid prices ready lift quoted at Rs 462 per 10 Kg and May delivery is offered at Rs 460 per 10 Kg on 01 June 2015.
- We expect palm oil likely to trade range bound to firm tone in the days ahead.

International Front

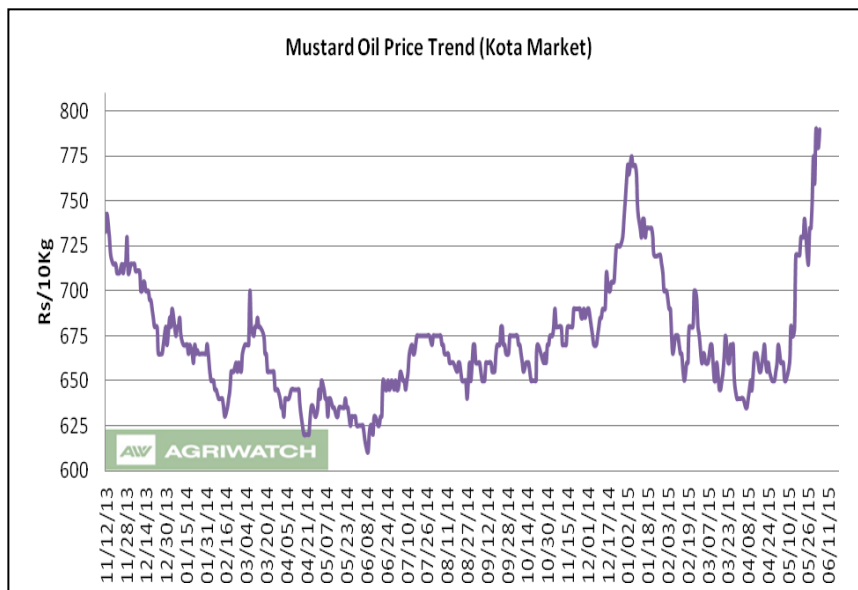
- Weekly review & Outlook – Exports of Malaysian palm oil products for May rose 44.7 percent to 1,553,281 tons from 1,073,482 tonnes shipped during April, cargo surveyor Intertek Testing Services. Top Malaysian palm oil buyer's import position in May - European Union 350,964 tons (168,882 tons), China 365,899 tons (266,510 tons), and India & subcontinent 415,238 tons (147,990 tons). Values in bracket depict last month import values in metric tons.
- As per Indonesian industry participants, palm oil prices may test USD 700 per tons in expectation of EL Nino. However, industry group expect that the impact wouldn't seen until early 2016. Japan Meteorological Agency confirmed that an intensifying El Nino had set in and may threaten key palm growing regions of South East Asian with the dry conditions.
- 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.
- Malaysia's palm oil stocks at the end of April rose 17.6 percent to 2,194,198 tonnes against a revised 1,865,927 tonnes at the end of March, industry regulator 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 June, unchanged from May.
- Renewed demand at lower quotes from top importers and supportive biodiesel policies by South East Asian countries may support the CPO prices in the near term. However, seasonally higher palm production period and new South American soy crop may cushion palm oil prices in medium term.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 455-468 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. Good demand for RM seed meal in the cash market and lower RM seed production in the current season support the market sentiments. Market participants are anticipating further gains in RM seed and oil prices in the coming days.
- China is likely to lift a ban on rapeseed meal sourced from India which was imposed three years back in 2011 on traces of malachite green, said China's quarantine authority. In a step forward, China and India has signed a sanitary protocol to ensure India's rapeseed meal matches the China's quality standards said China's quality watchdog, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ). Chinese imports of rapeseed meal are estimated at 150,000 tonnes during 2015/16 (June/May), which is lower by 25% from a year ago. China's demand is projected around 10.8 million tonnes for the year, according to a CNGOIC estimate published this week.
- 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.. Trade estimates for mustard seed output pegged at 52-54 lakh tons.
- 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.).
- 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 to firm tone in the coming days.

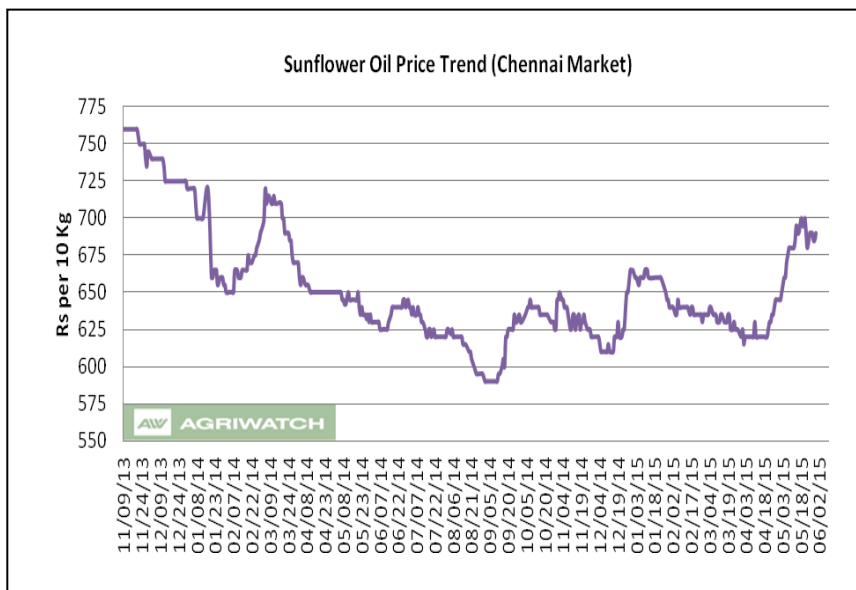


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 768-800 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

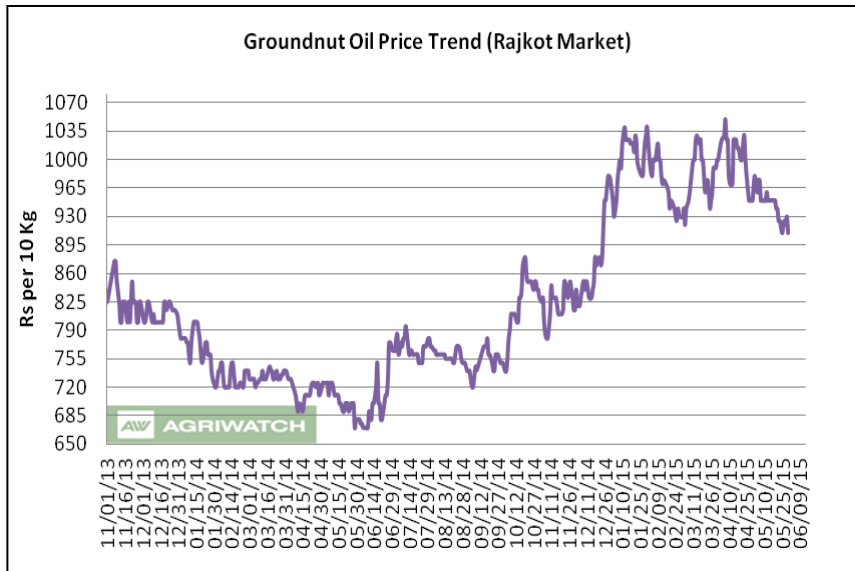
- Sunflower oil featured firm trend during the week in review due to good demand and weak Indian rupee against USD made imports costlier.
- Sunflower oil import scenario - India imported 1.35 lakh tons of crude sunflower oil during 04-24 May versus 1.93 lakh tons in last month same period majorly from 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 925 per tons for MJJ delivery and AS delivery is offered at USD 925 per tons, as on 01 June 2015. Last month, CIF sun oil (Ukraine origin) monthly average was around USD 909.50 per tons.
- Prices are likely to stay in the range of USD 915-950 per tons in the near term. CIF Sunflower oil premium against crude soybean oil had narrowed and hovering at USD 117 per tons versus USD 120-122 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 680-710 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices featured losses tracking limited buying at current quotes.
- As per Indian Oilseeds & Produce Export Promotion Council (IOPEPC), summer groundnut production seen at 91,966 tons v/s 193,258 tons last year. However, traders are expecting lower than 80,000 tons of production this season. On the export front, that India exported 646,114 tons of groundnuts from April 2014 to February 2015 while, shipments stood at 509,515 tons in 2013-14.
- Sources revealed that adequate G/N seed for crushing and cancelation of groundnut seed exports might dent 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.

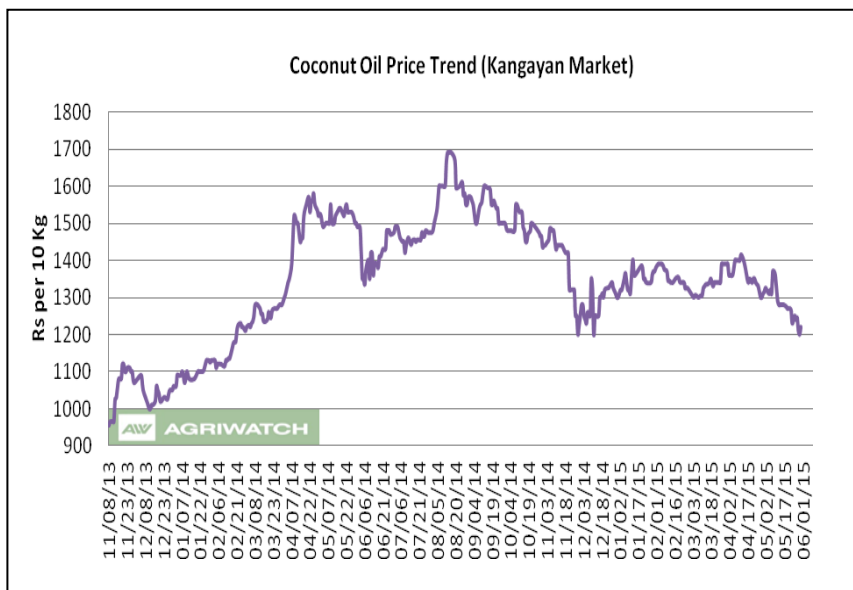


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 895-955 per 10 Kg.

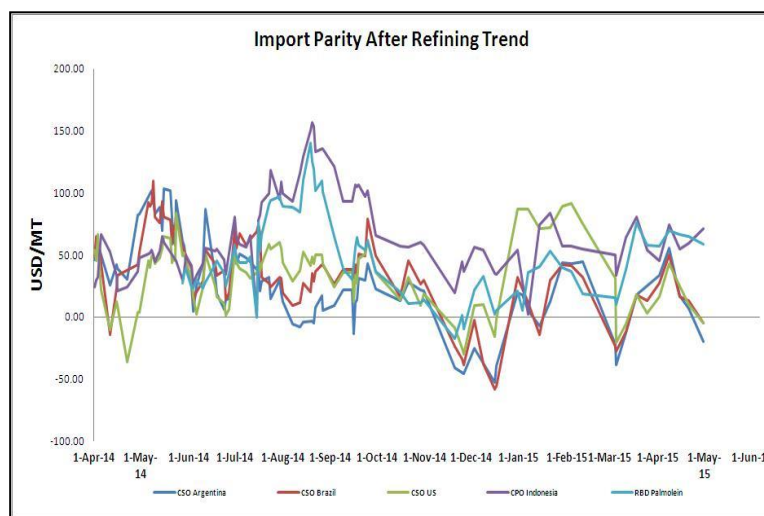
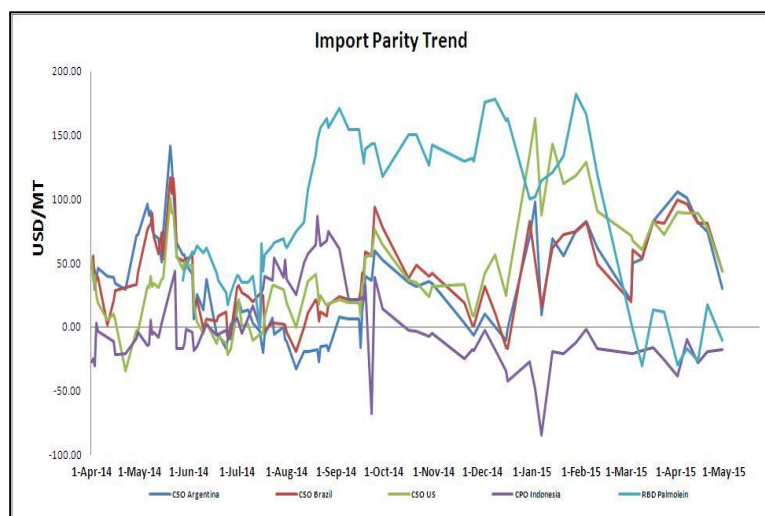
Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil featured sideways to weak tone at its benchmark market Kangeyam during the week owing to need based buying in the cash market and harvesting pressure.
- As per sources, copra harvesting in Southern India is in full swing, which may pressurize copra oil in the near term and demand from North India is need based. However, upcoming seasonal demand for Ramadan may cap excessive losses. On the price front, currently the coconut oil prices in Trissur is hovering near Rs 12,800 per quintal and quoting Rs 12,200 per quintal in Erode market on May 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 (withut VAT) prices in Erode may stay in the range of Rs 1325-1425 per 10 Kg.

Import Parity Trend



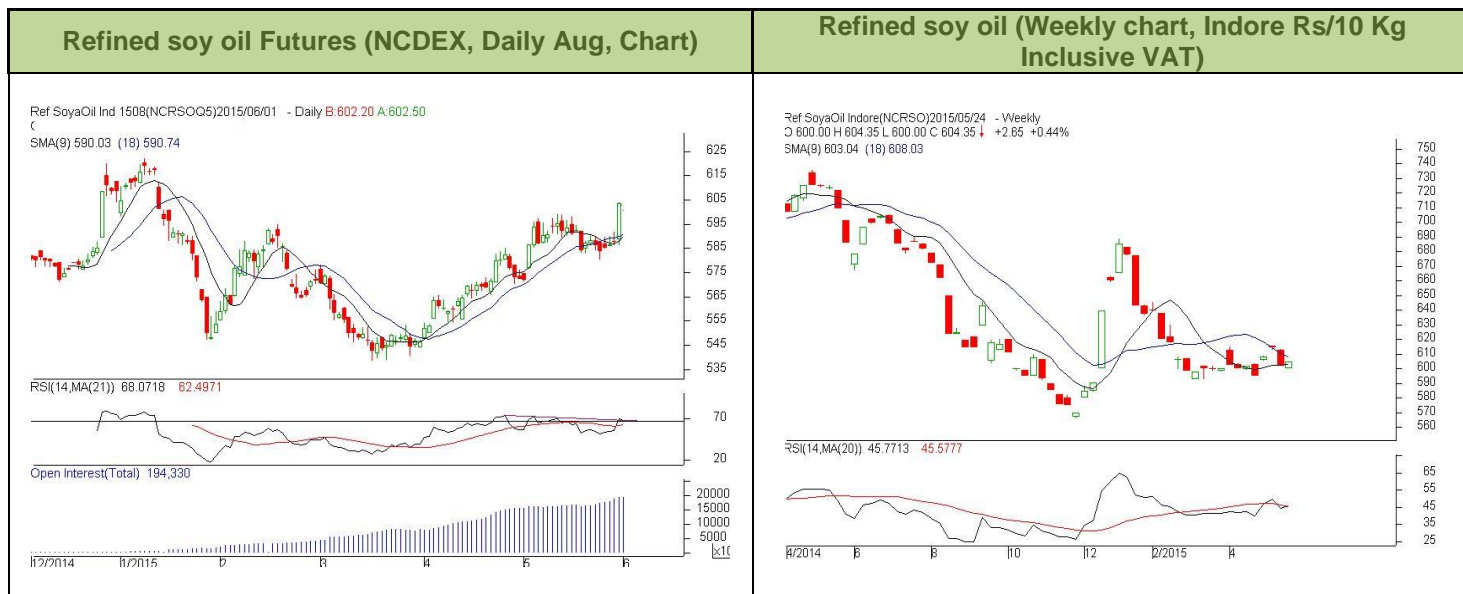
Import Parity After Refining in US dollar per tons (Monthly Average)

	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 firm tone in the coming days.

- ❖ Weekly chart of refined soy oil at NCDEX depicts gains during the week in review. We expect prices may trade with a steady to slightly firm note in the near term.
- ❖ Any close below 594.60 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 599-609 level in near to medium term. RSI is neutral region and no evidence of divergence with the ref. soy oil prices noticed.

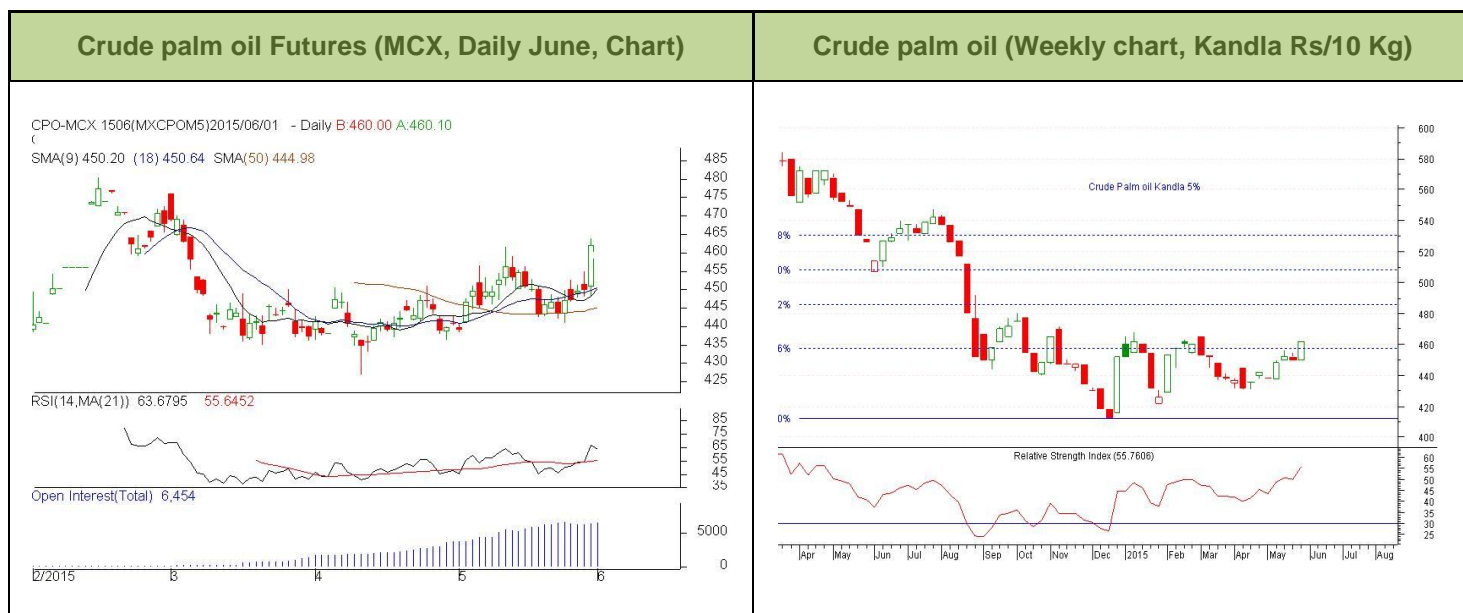
Strategy: Market participant are advised to go long in RSO above 599 levels for a target of 606 and 609 with a stop loss at 594.60 on closing basis.

RSO NCDEX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
591.00	595.00	603.55	612.50	615.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 608-620 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 above 456 for a target of 462.50 and 464 with a stop loss at 452.10 on closing basis.

CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
446.00	450.00	462.00	471.50	475.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 455-468 per 10 Kg.


Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		29-May-15	22-May-15	
Refined Soybean Oil	Kota	620	620	Unch
	Rajkot	585	585	Unch
	Delhi	650	650	Unch
	Mumbai	595	600	-5
	Indore	605	605	Unch
	Kandla/Mundra	595	595	Unch
	Kolkata	620	620	Unch
	Indore (Soy Solvent Crude)	585	590	-5
	Mumbai (Soy Degum)	558	560	-2
	Kandla/Mundra (Soy Degum)	570	570	Unch
	Akola	635	643	-8
	Amrawati	636	644	-8
	Jalna	642	651	-9
	Nagpur	639	645	-6
	Alwar	NA	NR	-
	Solapur	643	653	-10
	Bundi	622	618	4
	Dhule	645	653	-8
Palm Oil	Rajkot	505	500	5
	Hyderabad	504	513	-9
	Delhi	562	570	-8
	Kandla (Crude Palm Oil)	458	452	6
	Kandla (RBD Palm oil)	490	475	15
	Mumbai RBD Pamolein	512	498	14
	Kandla RBD Pamolein	512	500	12
	Mangalore RBD Pamolein	500	500	Unch
	Chennai RBD Pamolein	500	500	Unch
	Kakinada RBD Pamolein	488	488	Unch
	KPT (krishna patnam)	485	482	3
	Haldia	505	505	Unch
	PFAD (Kandla)	370	360	10
	Refined Palm Stearin (Kandla)	370	365	5
Refined Sunflower Oil	Mumbai	705	710	-5
	Mumbai(Expeller Oil)	640	635	5
	Kandla/Mundra (Crude)	640	640	Unch
	Erode (Expeller Oil)	715	730	-15
	Hyderabad (Ref)	675	689	-14



	Chennai	685	690	-5
	Latur (Expeller Oil)	635	645	-10
	Chellakere (Expeller Oil)	635	630	5
Groundnut Oil	Rajkot	930	925	5
	Chennai	960	960	Unch
	Delhi	940	940	Unch
	Hyderabad *	980	970	10
	Mumbai	930	940	-10
	Gondal	910	940	-30
	Jamnagar	925	940	-15
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	828	760	68
	Sri-GangaNagar(Exp Oil)	800	770	30
	Alwar (Expeller Oil)	NA	NA	-
	Kota (Expeller Oil)	780	735	45
	Jaipur (Expeller Oil)	816	786	30
	New Delhi (Expeller Oil)	805	815	-10
	Hapur (Expeller Oil)	850	825	25
	Sri-Ganga Nagar (Kacchi Ghani Oil)	865	825	40
	Kota (Kacchi Ghani Oil)	850	820	30
	Jaipur (Kacchi Ghani Oil)	858	845	13
	Agra (Kacchi Ghani Oil)	905	865	40
	Bharatpur (Kacchi Ghani Oil)	900	860	40
	Neewai (Kacchi Ghani Oil)	848	820	28
	Hapur (Kacchi Ghani Oil)	920	870	50
Refined Cottonseed Oil	Mumbai	600	610	-10
	Rajkot	605	605	Unch
	New Delhi	640	660	-20
	Hyderabad	585	590	-5
Coconut Oil	Kangayan (Crude)	1200	1265	-65
	Cochin	1320	1350	-30
	Trissur	1280	1310	-30
Sesame Oil	New Delhi	NA	800	-
	Mumbai	800	795	5
Kardi	Mumbai	870	870	Unch
Rice Bran Oil (40%)	New Delhi	420	420	Unch
Rice Bran Oil (4%)	Punjab	500	480	20
Rice Bran Oil (4%)	Uttar Pradesh	500	480	20

Malaysia Palmolein USD/MT	FOB	633	628	5
	CNF India	670	660	10
Indonesia CPO USD/MT	FOB	620	620	Unch
	CNF India	648	640	8
RBD Palm oil (Malaysia Origin USD/MT)	FOB	630	623	7
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	598	598	Unch
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	990	970	20
Crude palm Kernel Oil India (USD/MT)	CNF India	980	980	Unch
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	578	578	Unch
Ukraine Origin CSFO USD/MT Kandla	CIF	915	905	10
Rapeseed Oil Rotterdam Euro/MT	FOB	700	688	12
Argentina FOB (\$/MT)		28-May-15	21-May-15	Change
Crude Soybean Oil Ship		718	713	5
Refined Soy Oil (Bulk) Ship		743	738	5
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		698	693	5
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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