

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 CBOT soybean oil and weak Indian rupee against USD. However, coconut oil ended lower on harvesting pressure.

On the currency front, Indian rupee against USD closed at 63.75, up 0.13 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 festive 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 458 for a target of 464.50 and 466 with a stop loss at 454.10 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.

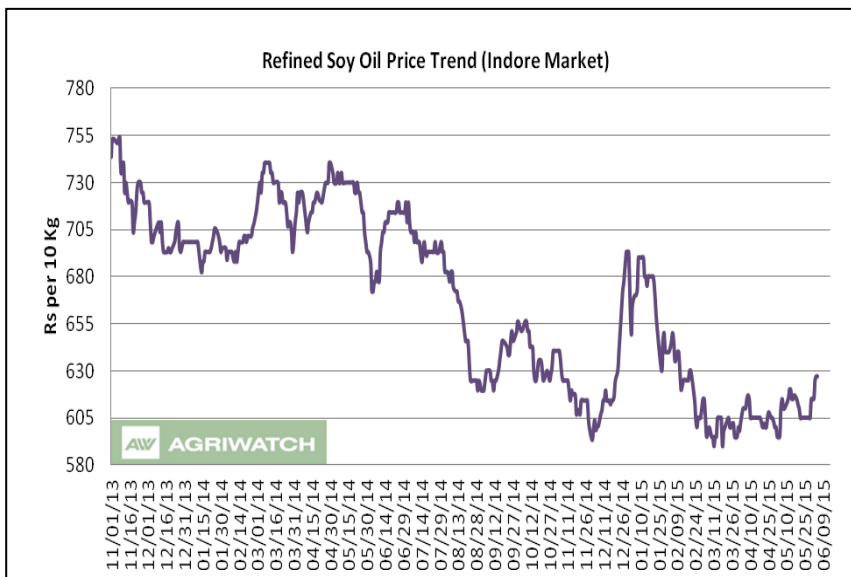
On the international front, good demand for soybean from major importers and gains in the international crude oil prices may support the soy complex in the coming days. However, new supplies from South American countries and FED signaled a hike in interest rate, which might cap the excessive gains.

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 festive 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.
- Indian Meteorological Department (IMD) has slashed its rainfall forecast to 88 percent, down 5 percent from previous forecast, i.e. from 'below normal' to 'deficient'. Moreover, Northwest region of India will receive 85 percent of the average rainfall. Market participants cited reasons behind poor monsoon this year is the onset of El Nino pattern in the current year.
- Soybean sowing may be delay 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.
- Imported crude soybean oil CIF at west coast port is offered at USD 799 per tons for June delivery as on 04 June and JAS delivery is quoted around USD 795 per tons. Last month, CIF CDSO March average price was USD 783.15 per tons.
- We expect soy oil may trade range bound to slightly firm tone in the coming days.



International Front

- US soybean planting is reported at 71%, by 31 May, which is slightly above 5 year average of 70% but lower from 75% during the same period last year. Soybean emergence is reported at 49% slightly higher than 5 year average of 45% and above 46% during the same period last year. On a state wise level, the top soybean producers were ahead from the last year planting pace. Illinois was reported at 82% planted (73%), Indiana 80% planted (70%), Iowa 78% planted (73%) and Minnesota 94% planted (75%). 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.

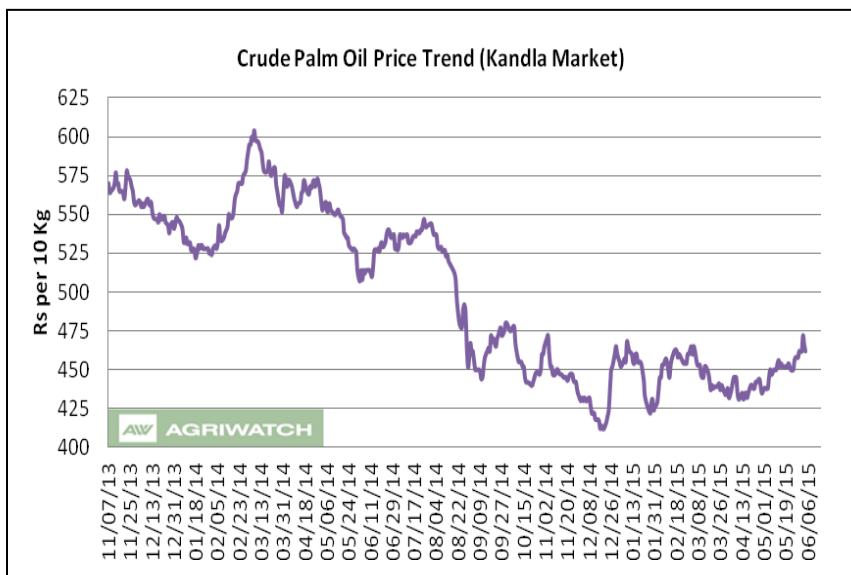
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 595-620 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 compared to the 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.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 662.50 (657.50) per tons for June delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 680 (682.50) per tons for June delivery. Values in bracket depict 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 04 June 2015.
- Weak Indian rupee against USD, better palm oil exports from Malaysia and in expectation of good demand for competing soy oil in US (as a feedstock) may underpin palm oil prices in the near term. On the currency front, Indian rupee against USD depreciated by 0.63 percent and ended at 63.83.
- On the parity front, margins had widened during the month of May tracking cheaper availability of palm oil products and we expect margins to be on higher side in the coming days. Currently refiners get US \$65-75/tons v/s US \$60-70/tons (last month) margin in processing the imported CPO but on the imports of ready to use palmolein gets US \$50-55/tons v/s US \$60-65/tons (last month) parity. Higher palm oil imports may witness in the coming days due to lower oilseeds supplies and positive import parity.
- 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 be 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 in the first half of 2015. On the inventories front, Malaysia palm oil 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.

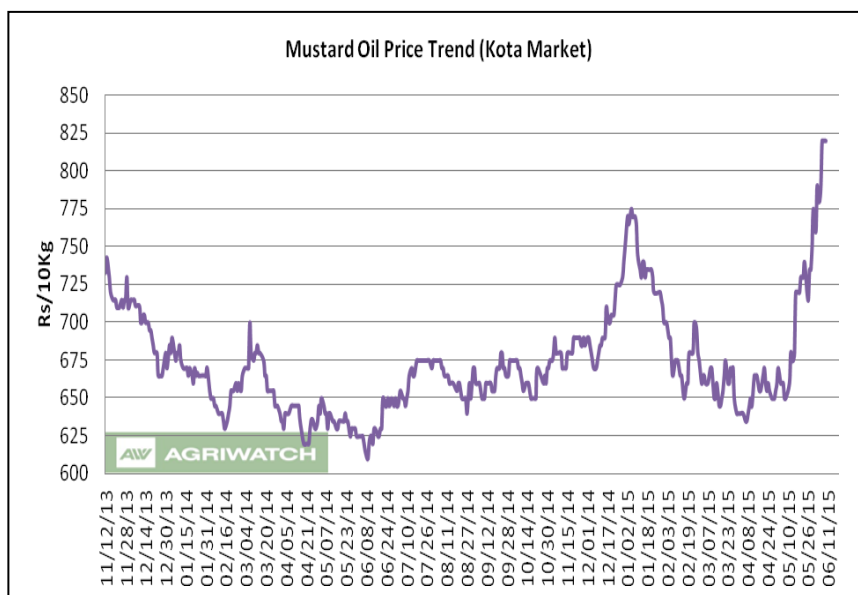
- Renewed demand at lower quotes from top importers and supportive biodiesel policies by South East Asian countries may support the CPO prices in the near term. However, seasonally higher palm production period and new South American soy crop may cushion palm oil prices in medium term.

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 at spot market. Moreover, good demand for RM seed meal in the cash market give underlying support to the market sentiment.
- Lower rapeseed production in the current season and in expectation of RM seed meal exports resumes to China in the coming days may underpin rapeseed oil prices. Currently, RM oil at Jaipur market (expeller) is offered at Rs 845 per 10 Kg and at Kota market is quoted around Rs 820 per 10 kg as on 4 June 2015.
- 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.

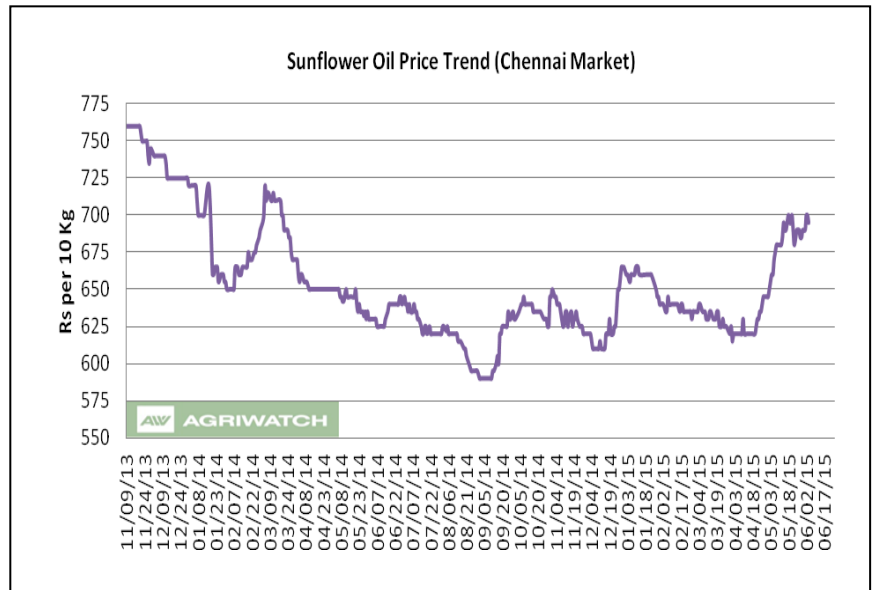


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 800-850 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices featured consolidation during the week in review tracking need-based demand against adequate supplies.
- 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 937 per tons for JJA delivery and September delivery is offered at USD 930 per tons, as on 04 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 925-950 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.

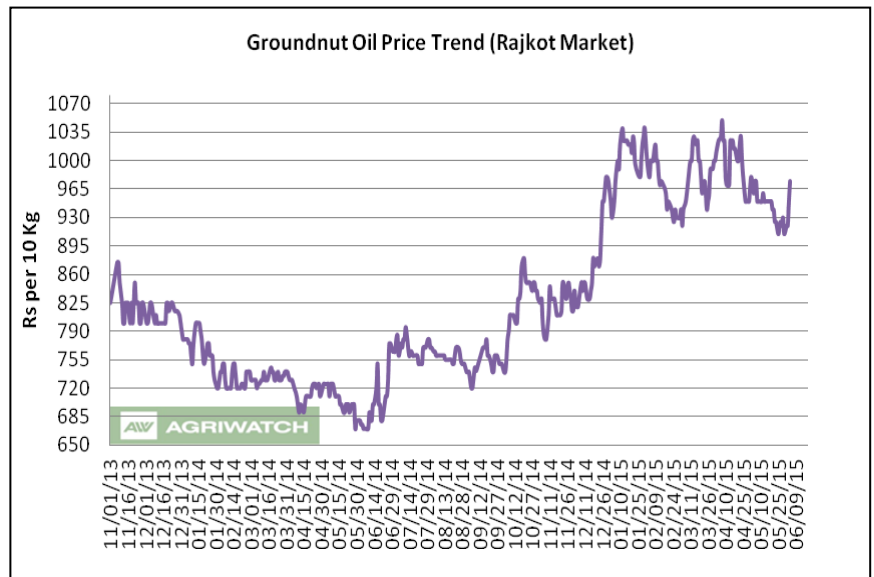


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 680-710 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

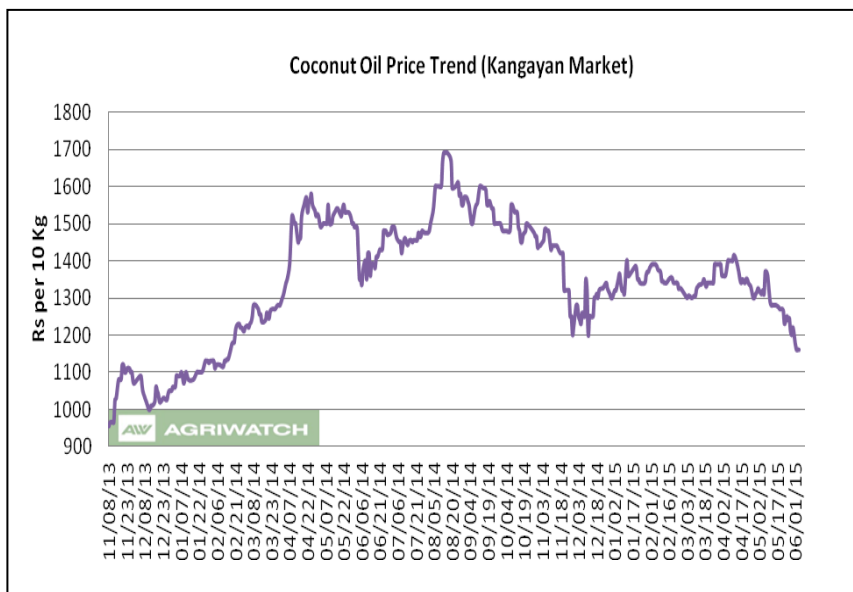
- Groundnut oil prices featured losses tracking limited buying at current quotes. However, lower rains forecast caps excessive losses.
- As per sources, forecast of lower rains in the current season may affect groundnut seed production in 2015-16 Kharif season and may check the crop shifting to groundnut seed in Western India. As per IMD, monsoon rainfall forecast is 90 percent over Central India, 92 percent over South Peninsula and 90 percent over northeast and the worst forecast is set at 85 percent for North Western India.
- 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.
- 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.



Coconut Oil Fundamental Review and Analysis:-

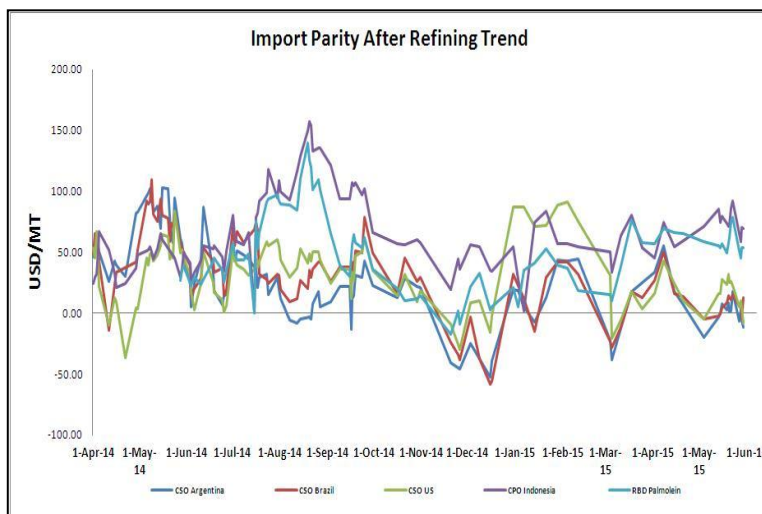
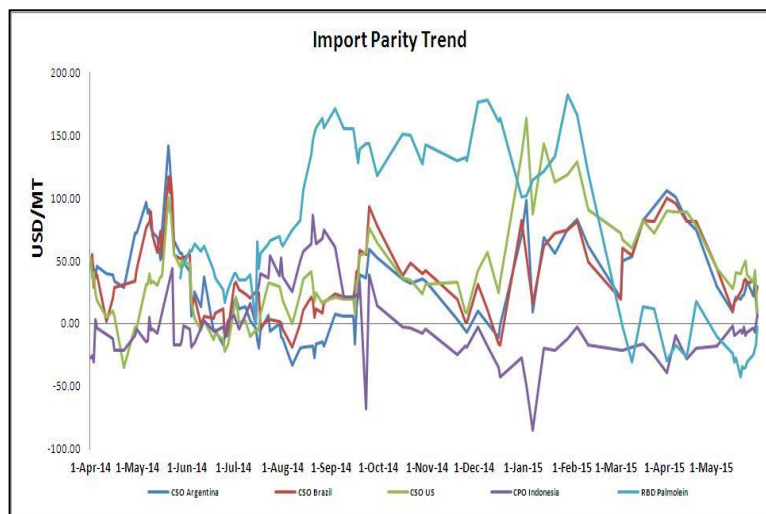
Domestic Front

- 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 12,300 per quintal and quoting Rs 11,600 per quintal in Erode market on June 04.
- 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 1100-1200 per 10 Kg.

Import Parity Trend



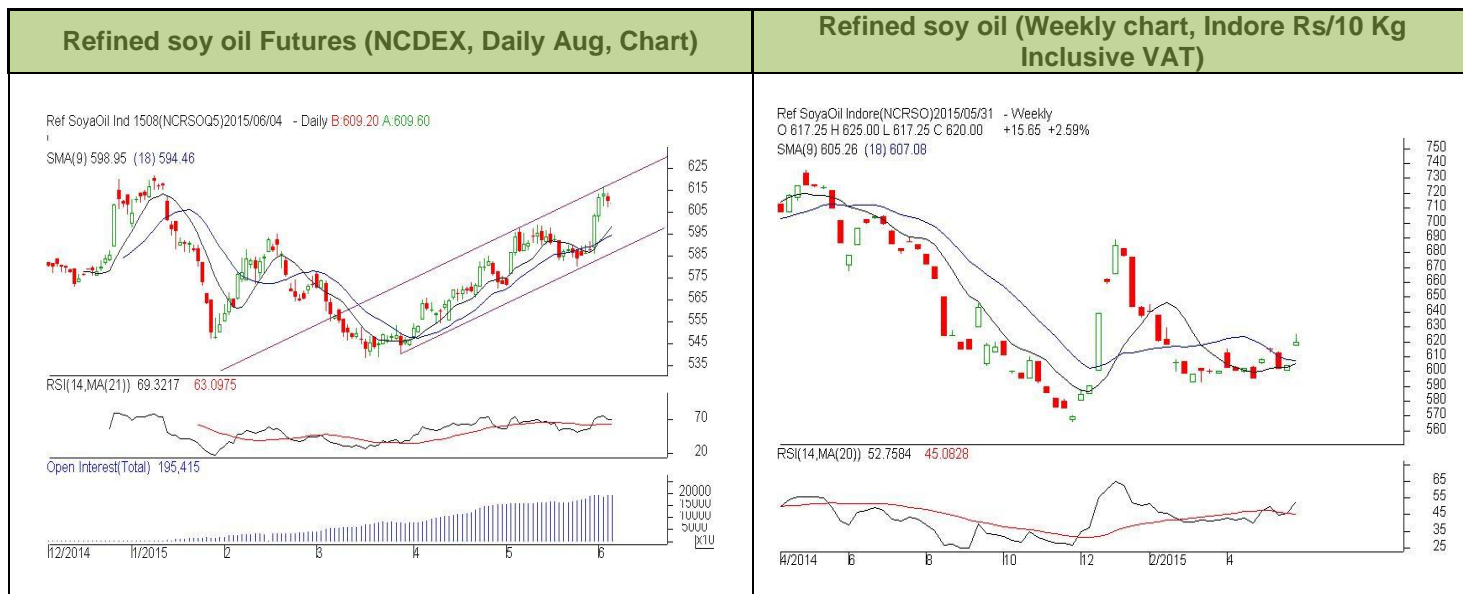
Import Parity After Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Apr., 2015	18.55	20.22	17.67	60.78	63.16
May., 2015	-0.53	5.96	14.93	74.40	57.57

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.

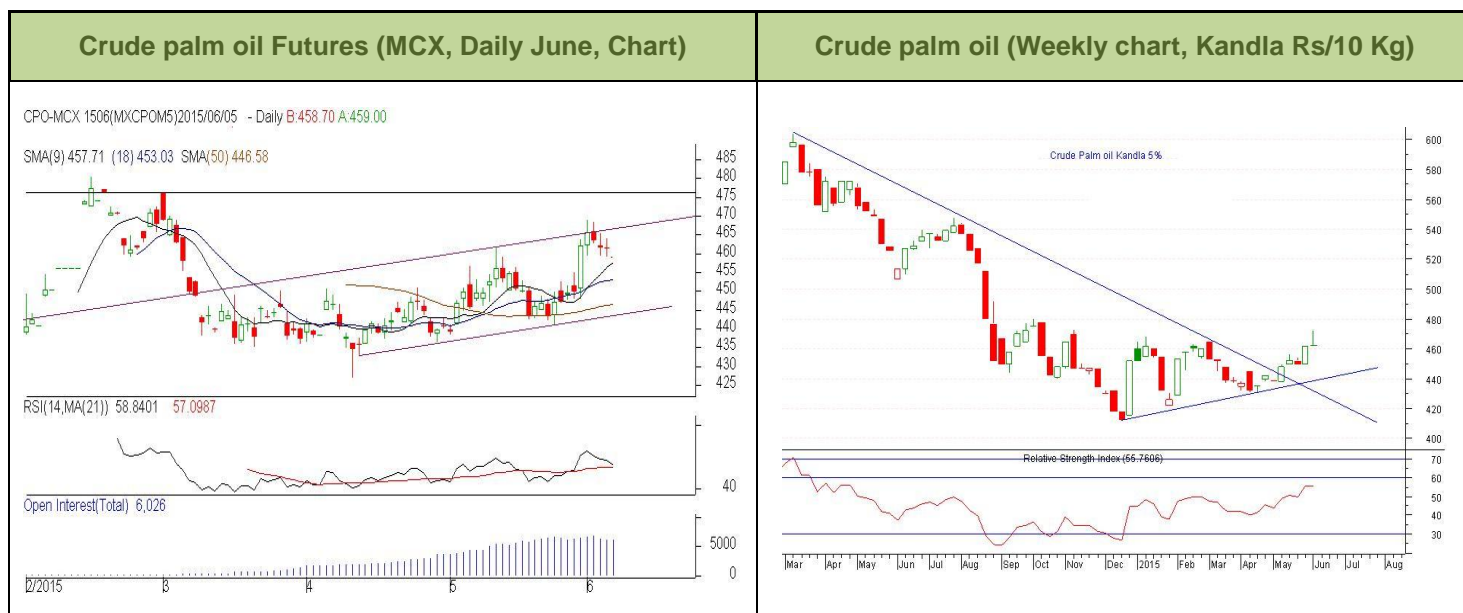
Strategy: Market participant are advised to go long in RSO above 599 levels for a target of 606 and 609 with a stop loss at 594.60 on closing basis.

RSO NCDEX (Aug)

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 595-620 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 454.10 in weekly chart shall change the sentiments and might bring the prices to a bearish tone.
- ❖ Expected price band for next week is 458-466 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 458 for a target of 464.50 and 466 with a stop loss at 454.10 on closing basis.

CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
449.00	452.00	463.90	474.00	478.00

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
		4-Jun-15	29-May-15	
Refined Soybean Oil	Kota	630	620	10
	Rajkot	605	585	20
	Delhi	665	650	15
	Mumbai	612	595	17
	Indore	627	605	22
	Kandla/Mundra	610	595	15
	Kolkata	630	620	10
	Indore (Soy Solvent Crude)	605	585	20
	Mumbai (Soy Degum)	565	558	7
	Kandla/Mundra (Soy Degum)	576	570	6
	Akola	651	635	16
	Amrawati	649	636	13
	Jalna	656	642	14
	Nagpur	649	639	10
	Alwar	NA	NA	-
	Solapur	657	643	14
	Bundi	640	622	18
	Dhule	655	645	10
Palm Oil	Rajkot	522	505	17
	Hyderabad	521	504	17
	Delhi	575	562	13
	Kandla (Crude Palm Oil)	462	458	4
	Kandla (RBD Palm oil)	490	490	Unch
	Mumbai RBD Pamolein	521	512	9
	Kandla RBD Pamolein	522	512	10
	Mangalore RBD Pamolein	515	500	15
	Chennai RBD Pamolein	512	500	12
	Kakinada RBD Pamolein	500	488	12
	KPT (krishna patnam)	495	485	10
	Haldia	520	505	15
	PFAD (Kandla)	365	370	-5
	Refined Palm Stearin (Kandla)	365	370	-5
Refined Sunflower Oil	Mumbai	715	705	10
	Mumbai(Expeller Oil)	650	640	10
	Kandla/Mundra (Crude)	655	640	15
	Erode (Expeller Oil)	725	715	10
	Hyderabad (Ref)	694	675	19



	Chennai	695	685	10
	Latur (Expeller Oil)	660	635	25
	Chellakere (Expeller Oil)	635	635	Unch
Groundnut Oil	Rajkot	975	930	45
	Chennai	980	960	20
	Delhi	940	940	Unch
	Hyderabad *	990	980	10
	Mumbai	950	930	20
	Gondal	975	910	65
	Jamnagar	975	925	50
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	857	828	29
	Sri-GangaNagar(Exp Oil)	825	800	25
	Alwar (Expeller Oil)	NA	NA	-
	Kota (Expeller Oil)	820	780	40
	Jaipur (Expeller Oil)	845	816	29
	New Delhi (Expeller Oil)	815	805	10
	Hapur (Expeller Oil)	880	850	30
	Sri-Ganga Nagar (Kacchi Ghani Oil)	895	865	30
	Kota (Kacchi Ghani Oil)	875	850	25
	Jaipur (Kacchi Ghani Oil)	890	858	32
	Agra (Kacchi Ghani Oil)	925	905	20
	Bharatpur (Kacchi Ghani Oil)	930	900	30
	Neewai (Kacchi Ghani Oil)	875	848	27
	Hapur (Kacchi Ghani Oil)	930	920	10
Refined Cottonseed Oil	Mumbai	620	600	20
	Rajkot	620	605	15
	New Delhi	612	640	-28
	Hyderabad	620	585	35
Coconut Oil	Kangayan (Crude)	1160	1200	-40
	Cochin	1270	1320	-50
	Trissur	1230	1280	-50
Sesame Oil	New Delhi	800	800	Unch
	Mumbai	800	800	Unch
Kardi	Mumbai	870	870	Unch
Rice Bran Oil (40%)	New Delhi	NA	420	-
Rice Bran Oil (4%)	Punjab	500	500	Unch
Rice Bran Oil (4%)	Uttar Pradesh	500	500	Unch

Malaysia Palmolein USD/MT	FOB	645	633	12
	CNF India	680	670	10
Indonesia CPO USD/MT	FOB	630	620	10
	CNF India	663	648	15
RBD Palm oil (Malaysia Origin USD/MT)	FOB	643	630	13
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	598	598	Unch
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	980	990	-10
Crude palm Kernel Oil India (USD/MT)	CNF India	990	980	10
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	580	578	2
Ukraine Origin CSFO USD/MT Kandla	CIF	937	915	22
Rapeseed Oil Rotterdam Euro/MT	FOB	720	700	20
Argentina FOB (\$/MT)		3-Jun-15	28-May-15	Change
Crude Soybean Oil Ship		764	718	46
Refined Soy Oil (Bulk) Ship		790	743	47
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		744	698	46
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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