

Executive Summary

Domestic Veg. Oil Market Summary

Weak sentiment witnessed in edible oil basket during the week tracking losses in the CBOT soybean oil and BMD CPO. However, groundnut oil and coconut oil ended higher.

On the currency front, Indian rupee against USD closed at 64.05, up 0.30 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 Malaysian Palm Oil exports along with producing countries exports tax policy.

We expect edible oil complex to trade sideways to slightly weak tone due to expectation of slow demand at and strengthening INR against USD. Moreover, fine supplies from South American countries and strong USD may cap gains.

Recommendation:

Weekly Call - Market participants are advised to go long in RSO above 585 level for a target of 595 and 600 with a stop loss at 580 on closing basis and go long in CPO above 445 for a target of 455 and 466 with a stop loss at 440 on closing basis.

International Veg. Oil Market Summary

Exports of Malaysia Palm Oil products from 1-10 June exports rose by 1.9 percent to 473,307 tonnes from 464,520 tonnes according to SGS. China was the leading buyer with 122,285 tonnes (85,010 tonnes) followed by India at 103,030 tonnes (75,300 tonnes). European bought 88,030 tonnes (86,400 tonnes) while Pakistan bought 16,500 tonnes (22,300 tonnes). US bought 14,800 tonnes (21,650 tonnes). The values in brackets are figures of corresponding period last month.

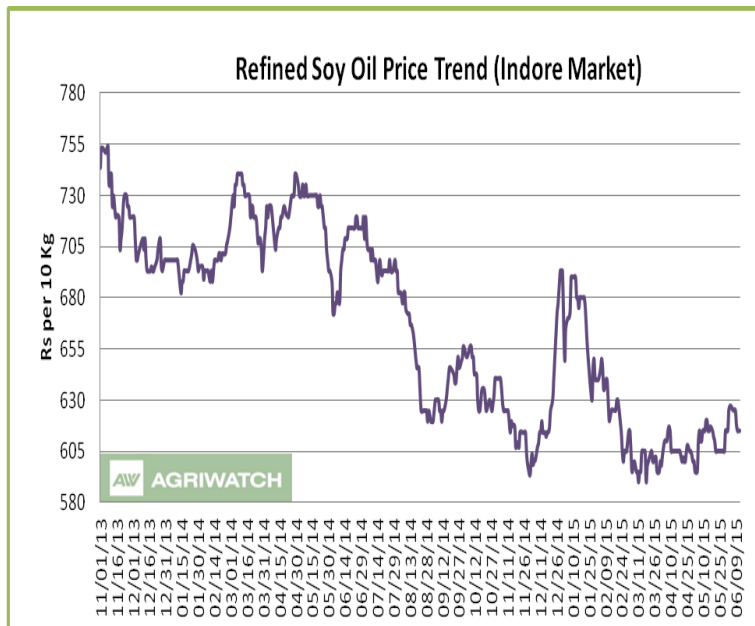
On the international front, good demand for soybean from major importers and gains in the international crude oil prices may support the soy complex in the coming days. However, new supplies from South American countries and stronger dollar on the back of expectation of FED interest rate hike might cap the gains.

Renewed demand at lower quotes from top importers and supportive tax policies by South East Asian countries may support the CePO prices at lower levels. 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 losses during the week in review due to bearish USDA report on India which increased imports from India coupled with higher ending stocks. Weakness in other Palm Oil due to higher ending stocks in Malaysia carried over to lower soybean prices.
- Soybean oil import scenario – According to SEA India imported 289,266 tons of Soybean Oil in May v/s 174,209 tons, up 66 percent on y-o-y basis. From November-May India imported 1.350 million tons v/s 8.15 lakh tons, up 65 percent y-o-y basis.
- 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.
- As per sources, 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.
- Imported crude soybean oil CIF at west coast port is offered at USD 763 per tons for JJ delivery and USD 764 as on 12 June and AS delivery is quoted around USD 764 per tons. Last month, CIF CDSO May 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 79% as on 7 June, 2015, which is behind 2% 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 88% planted (83% on average), Indiana 89% planted (82%), Iowa 88% planted (89%) and Minnesota 97% planted (86%). 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 is left unchanged while soybean oil has been increased this month. The 2015/16 season-average price for soybeans is projected at \$8.25 to \$9.75 per bushel, unchanged from last month. Soybean oil prices are projected at 30.5 to 33.5 cents per pound, up 1 cent at the midpoint.
- NOPA is expected to report higher record US soybean crush of 147.299 million bushels in May due to strong demand of Soy-meal.
- On the international front, good demand for soybean from major importers and higher crush in US and gains in the international crude oil prices may support the soy complex in the coming days. However, higher supplies from South American countries especially Argentina and expectation of FED hiking interest rates coupled with strengthening dollar, might cap the excessive gains.

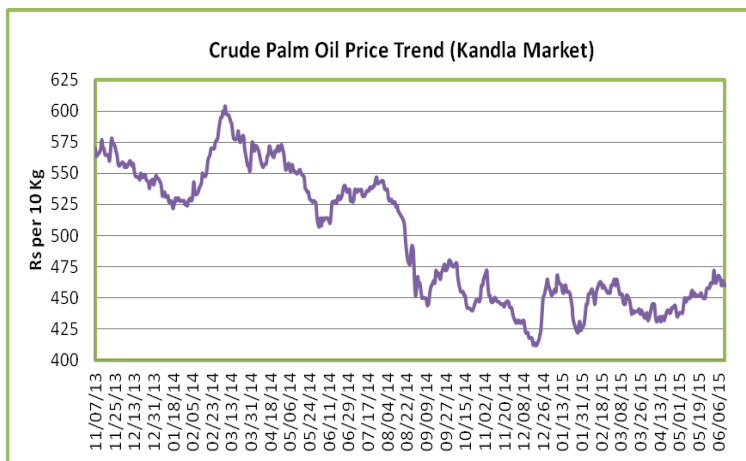
Price Outlook:

We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 590-620 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook :-

Domestic Front

- Crude palm oil at Kandla witnessed downward tone in line with the international palm oil market and need based buying.
- On the trade front, CNF CPO (Indonesian origin) at Indian port, is quoted at USD 685 (665) per tons for June delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, is offered at USD 668 (685) per tons for June delivery. Values in bracket depict last week quotes. CPO duty paid prices ready lift quoted at Rs 460 per 10 Kg and July delivery duty paid is offered at Rs 458 per 10 Kg on 12 June 2015.
- Market sentiments - weaker palm oil exports from Malaysia and in expectation of good demand for competing soy oil in US (as a feedstock) and narrowing of CIF Soybean oil premium against crude palm oil which is hovering at USD 122 per ton versus may underpin palm oil prices in the near term.
- 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 \$80-85/ton v/s US \$70-75/tons (last month) margin in processing the imported CPO but on the imports of ready to use palmolein gets US \$65-70/tons v/s US \$60-65/tons (last month) parity. Higher palm oil imports may be witnessed in the coming days due to lower oilseeds supplies and positive import parity.
- We expect palm oil to trade range bound to firm tone in the days ahead.



International Front

- Weekly review & Outlook – According to MPOB Palm Oil production for Malaysia rose by 6.92 percent from 1,693,424 tonnes to 1,810,692 tonnes while exports rose by 37.32 percent from 1,175,248 tonnes to 1,613,566 tonnes. Ending stocks ended higher by 2.51 percent from 2,189,479 tonnes to 2,244,524 tonnes. Imports were also higher by 113.67 percent from 34,277 tonnes to 73,241 tonnes. Palm Oil exports of Malaysia from June 1-10 rose 37.4%.
- Exports of Malaysia Palm Oil products from 1-10 June exports rose by 1.9 percent to 473,307 tonnes from 464,520 tonnes according to SGS. China was the leading buyer with 122,285 tonnes (85,010 tonnes) followed by India at 103,030 tonnes (75,300 tonnes). European bought 88,030 tonnes (86,400 tonnes) while Pakistan bought 16,500 tonnes (22,300 tonnes). US bought 14,800 tonnes (21,650 tonnes). The values in brackets are figures of corresponding period last month.
- Malaysia plans to increase its biodiesel mandate from 7 percent to 10 percent by October, 2015. This program will use approximately 1 million tons of Crude Palm Oil per year.
- Indonesia imposed \$50 levy on Palm Oil exports as part of new biodiesel regulation effective from June 15, 2015.
- Japan Meteorological Agency has warned that El Nino is strengthening and its effect could last until the winter may threaten key palm growing regions of South East Asian with the dry conditions. Australian forecasters noted extensive warming of sea surface not seen since 1997, which wrecked havoc in agricultural harvests across globe.

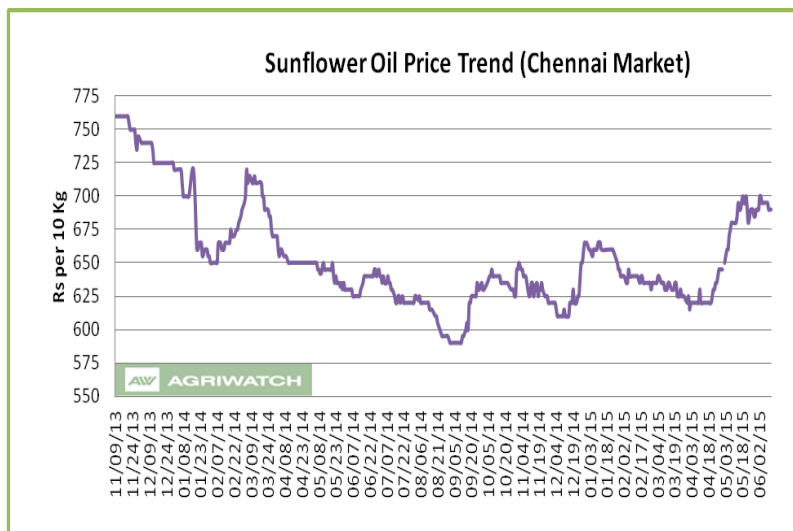
- Malaysian crude palm oil prices seen lower in the second half of 2015 to an average of ringgit 1,770 (\$487) per tons, if biodiesel demand stay weak. Moreover, palm oil prices will average 2,260 ringgit a tons in the first half of 2015. On the inventories front, Malaysia palm oil stocks to drop below 1.6 million tons in Q2.
- 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 higher 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 445-465 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil featured losses in line with the other edible oils and weak buying at spot market.
- Lower rapeseed oil production in the current season will lead to shortage of Rapeseed Oil in the country and will lead to higher Rapeseed Oil (Canola Oil) imports to surge in year 2015/16. Currently, RM oil at Jaipur market, (expeller) is offered at Rs 828 per 10 Kg and at Kota market, is quoted around Rs 770 per 10 kg as on 12 June 2015.
- Removal of imports of rapeseed meal sourced from India will support prices in 2015/16. 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 lowered 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 been 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.).
- India imported 14,787 tons of Rapeseed Oil (Canola) in May v/s 9,027 tons in June. Import of Rapeseed Oil (Canola) from November 2014-May 2015 was 201,427 tons compared to 79,158 tons corresponding period last year (SEA of India figures).
- USDA Rapeseed Oil (Canola) update- India is expected to import 3.5 lakh tons of Rapeseed Oil (Canola) in 2015/16 compared 2.5 lakh tons y-o-y basis.
- We expect RM seed oil prices may trade range bound to firm tone in the coming days.

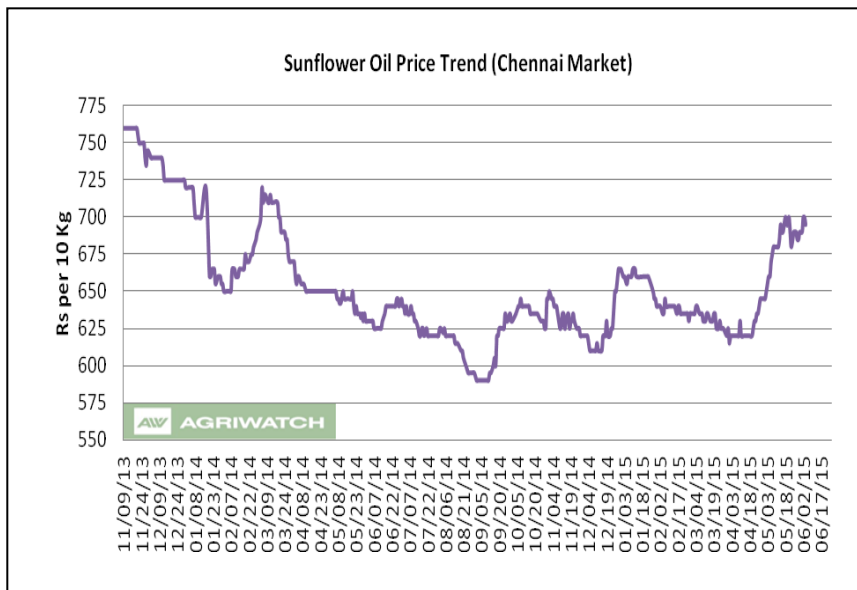


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 750-800 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices fared weakly during the week in review tracking need-based demand against adequate supplies.
- Sunflower oil import scenario – According to SEA India imported 1.79 lakh tons of crude sunflower oil during May versus 1.53 lakh tons in last month same period majorly from Ukraine. Also from November- May India imported 8.67 lakh tons compared to 1.031 million tonnes down 20.3 percent from the corresponding period of the last year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 915 per tons for JAS delivery and OND delivery is offered at USD 845 per tons, as on 12 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 900-935 per ton in the near term. CIF Sunflower oil premium against crude soybean oil had narrowed and is hovering at USD 152 per ton versus USD 130 in the corresponding period last month.
- Sunflower oil global production is seen at 15.102 million tons in 2014/15 compared to 15.964 million tons in 2013/14 down 5.7 percent y-o-y basis-USDA
- We expect sunflower oil prices may trade range bound to bullish in the coming days.

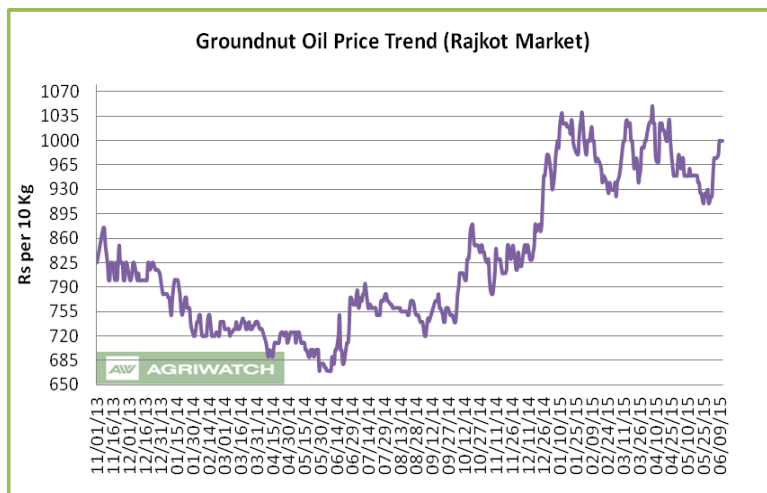


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 690-730 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices gained in Rajkot on steady stockists buying at current quotes and lower arrivals from producing regions. Lower rains forecast could add to the prices.
- As per sources, occurrence of scattered rains in producing regions may affect prices. Farmers in the producing regions are unlikely to shift to cotton in the current season.
- 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 is 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, India exported 646,114 tons of groundnuts from April 2014 to February 2015 while, shipments stood at 509,515 tons in 2013-14.
- According to USDA India is projected to produce 5.4 million tons of Groundnut seed in 2015/16, higher than last year's production of 4.8 million tons, up by 12.5 percent y-o-y basis. Domestic consumption of Groundnut Oil will increase from 1.135 million tonnes in 2014/15 to 1.215 million tons in 2015/16 up by 12.5 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 are figures pertaining to last year same period.
- Groundnut oil prices are likely to trade with a steady tone in the coming days.



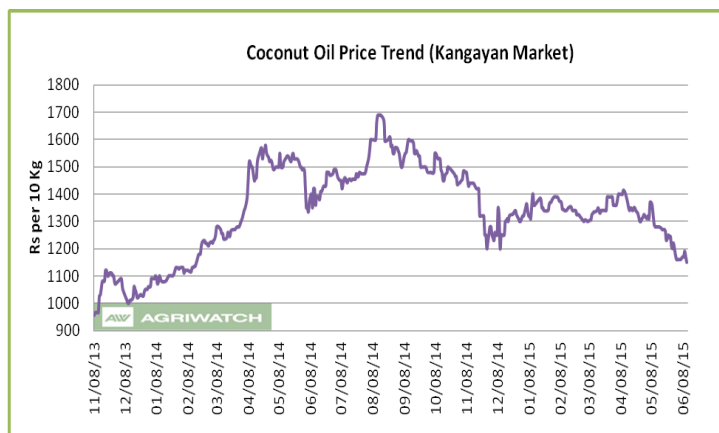
Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 980-1150 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

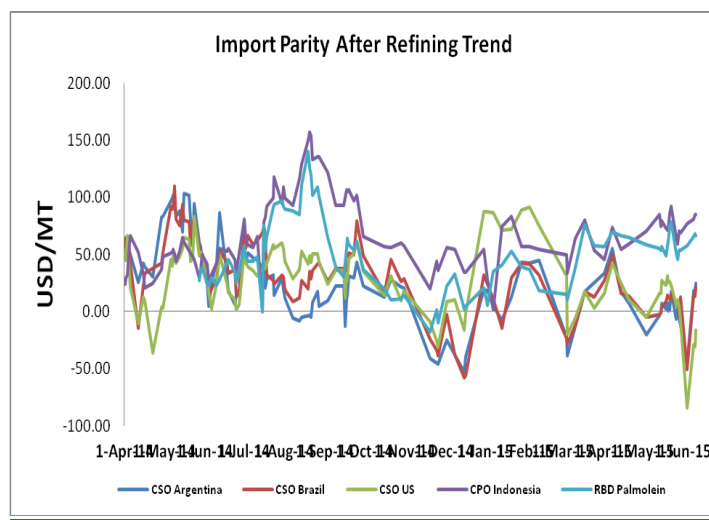
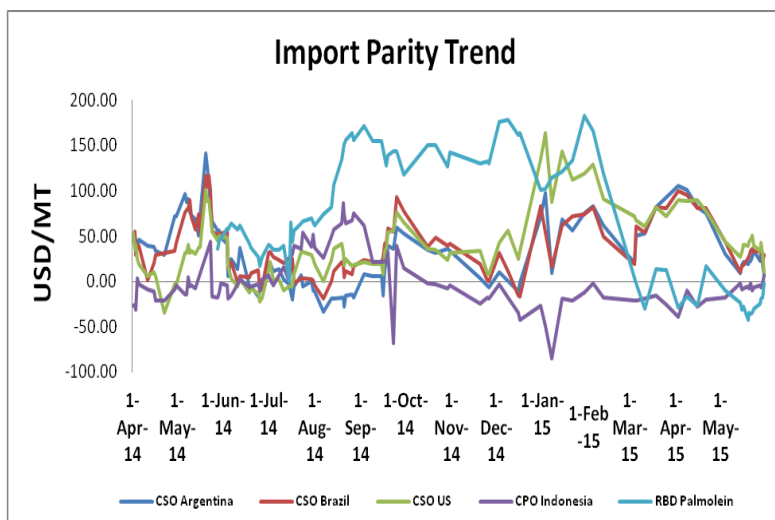
- Coconut oil featured mixed trend at its benchmark market Kangeyam during the week owing to need based buying in the cash market and harvesting pressure.
- Traders and upcountry buyers are staying away from markets anticipating further fall in prices. Onset of Monsoons in Kerala will not slow arrivals, as there are alternative ways to dry copra.
- Low demand for coconut oil is primarily due to onset of sowing in North India during June-July. However, upcoming seasonal demand for Ramzan may cap excessive losses in near term.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 12,150 per quintal and quoting Rs 11,500 per quintal in Erode market on June 12.
- 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)

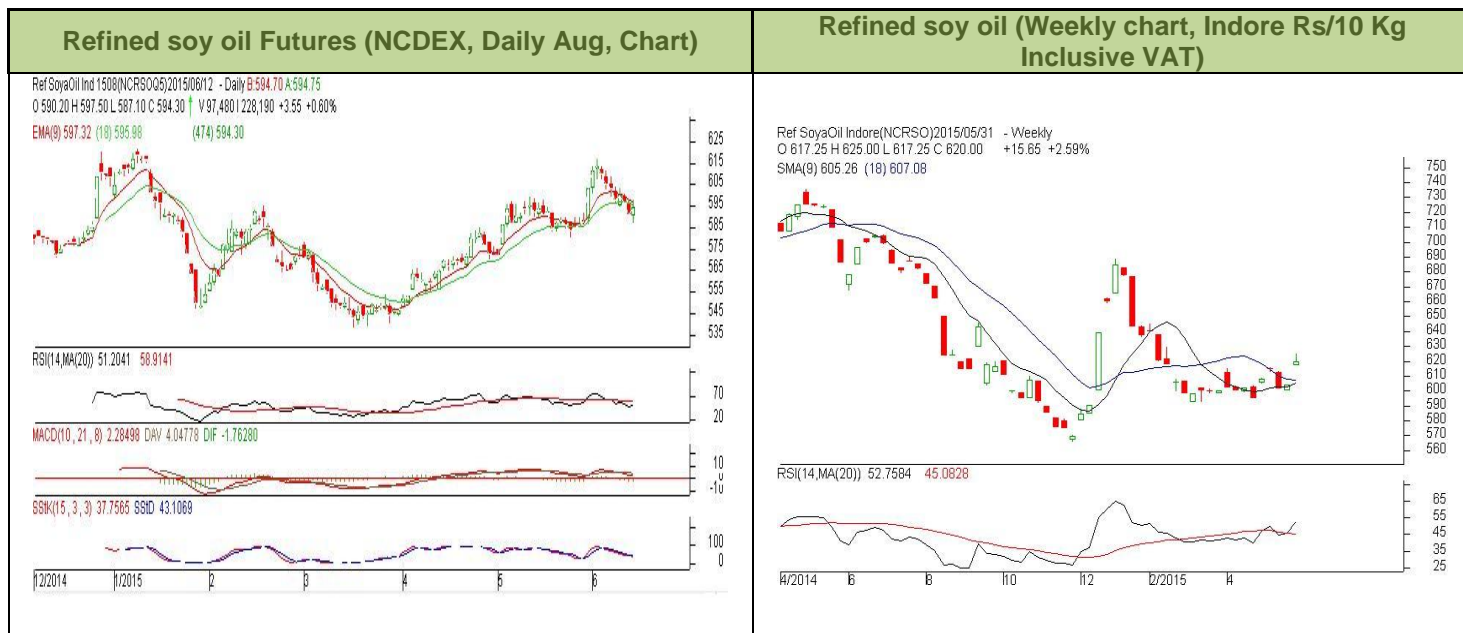


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Apr., 2015	18.55	20.22	17.67	60.78	63.16
May., 2015	-0.53	5.96	14.93	74.40	57.57

Outlook:-

Import parity for crude soy oil from Argentina and palm oil after refining is hovering in positive territory due to low prices of imported oils. We expect CDSO import parity to continue in positive 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 downward trend during the week in review and likely to trade with a range bound to firm tone in the coming days.

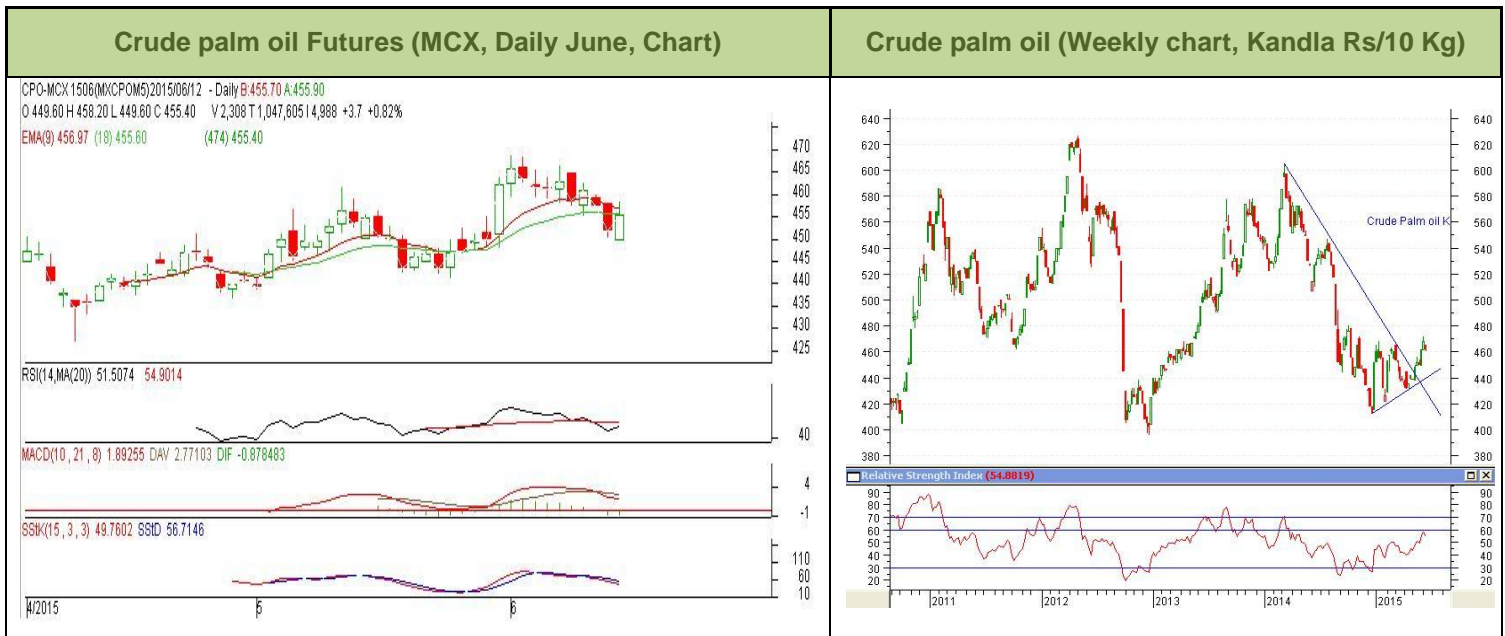
- ❖ Weekly chart of refined soy oil at NCDEX depicts losses during the week in review. We expect that prices may trade with a weak to range bound in the near term.
- ❖ Any close below 580 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 585-595 level in near to medium term. RSI is in neutral zone and is going down and it may rebound after reaching further into oversold zone

Strategy: Market participants are advised to go long in RSO around 585 levels for a target of 595 and 598 with a stop loss at 580 on closing basis.

RSO NCDEX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
580.00	585.00	594.3	602	608.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 590-620 per 10 Kg.

Technical Analysis (Crude Palm oil)


Outlook - Prices are showing sideways to firm tone during the week. We expect that 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 445 for a target of 455 and 460 with a stop loss at 440 on closing basis.

CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
438.00	443.00	455.4	465	468

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 445-465 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		12-Jun-15	11-Jun-15	
Refined Soybean Oil	Kota	615	620	-5
	Rajkot	590	595	-5
	Delhi	655	655	Unch
	Mumbai	600	595	5
	Indore	615	615	Unch
	Kandla/Mundra	600	600	Unch
	Kolkata	615	620	-5
	Indore (Soy Solvent Crude)	590	590	Unch
	Mumbai (Soy Degum)	550	555	-5
	Kandla/Mundra (Soy Degum)	570	572	-2
	Akola	635	640	-5
	Amrawati	634	639	-5
	Jalna	640	644	-4
	Nagpur	635	638	-3
	Alwar	NR	NR	-
	Solapur	645	648	-3
	Bundi	615	622	-7
	Dhule	640	643	-3
Palm Oil	Rajkot	513	515	-2
	Hyderabad	513	513	Unch
	Delhi	575	575	Unch
	Kandla (Crude Palm Oil)	460	462	-2
	Kandla (RBD Palm oil)	495	495	Unch
	Mumbai RBD Pamolein	512	515	-3
	Kandla RBD Pamolein	515	520	-5
	Mangalore RBD Pamolein	505	510	-5
	Chennai RBD Pamolein	505	510	-5
	Kakinada RBD Pamolein	490	495	-5
	KPT (krishna patnam)	490	495	-5
	Haldia	510	515	-5
	PFAD (Kandla)	375	380	-5
	Refined Palm Stearin (Kandla)	365	375	-10
Refined Sunflower Oil	Mumbai	705	705	Unch
	Mumbai(Expeller Oil)	635	640	-5
	Kandla/Mundra (Crude)	645	650	-5
	Erode (Expeller Oil)	720	720	Unch

	Hyderabad (Ref)	684	689	-5
	Chennai	690	690	Unch
	Latur (Expeller Oil)	660	660	Unch
	Chellakere (Expeller Oil)	630	625	5
Groundnut Oil	Rajkot	1000	1000	Unch
	Chennai	970	970	Unch
	Delhi	925	925	Unch
	Hyderabad *	990	990	Unch
	Mumbai	960	960	Unch
	Gondal	1000	1000	Unch
	Jamnagar	1000	1000	Unch
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	850	850	Unch
	Sri-GangaNagar(Exp Oil)	785	790	-5
	Alwar (Expeller Oil)	NA	NA	-
	Kota (Expeller Oil)	770	780	-10
	Jaipur (Expeller Oil)	828	830	-2
	New Delhi (Expeller Oil)	805	805	Unch
	Hapur (Expeller Oil)	880	880	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	860	865	-5
	Kota (Kacchi Ghani Oil)	855	855	Unch
	Jaipur (Kacchi Ghani Oil)	873	873	Unch
	Agra (Kacchi Ghani Oil)	915	915	Unch
	Bharatpur (Kacchi Ghani Oil)	910	910	Unch
	Neewai (Kacchi Ghani Oil)	858	858	Unch
	Hapur (Kacchi Ghani Oil)	930	930	Unch
Refined Cottonseed Oil	Mumbai	610	610	Unch
	Rajkot	618	620	-2
	New Delhi	605	605	Unch
	Hyderabad	585	590	-5
Coconut Oil	Kangayan (Crude)	1150	1170	-20
	Cochin	1220	1220	Unch
	Trissur	1215	1215	Unch
Sesame Oil	New Delhi	790	800	-10
	Mumbai	800	800	Unch
Kardi	Mumbai	870	870	Unch
Rice Bran Oil (40%)	New Delhi	430	430	Unch
Rice Bran Oil (4%)	Punjab	500	500	Unch

Rice Bran Oil (4%)	Uttar Pradesh	500	500	Unch
Malaysia Palmolein USD/MT	FOB	635	638	-3
	CNF India	668	675	-7
Indonesia CPO USD/MT	FOB	623	625	-2
	CNF India	648	655	-7
RBD Palm oil (Malaysia Origin USD/MT)	FOB	630	633	-3
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	575	578	-3
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	960	950	10
Crude palm Kernel Oil India (USD/MT)	CNF India	NR	970	-
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	570	573	-3
Ukraine Origin CSFO USD/MT Kandla	CIF	915	920	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	705	712	-7
Argentina FOB (\$/MT)		11-Jun-15	10-Jun-15	Change
Crude Soybean Oil Ship		700	718	-18
Refined Soy Oil (Bulk) Ship		724	743	-19
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		680	698	-18
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including VAT				

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