

Executive Summary

Domestic Veg. Oil Market Summary

Mixed sentiment witnessed in edible oil basket during the week on losses in the CBOT soybean oil and BMD CPO, Soybean oil was down. Sunflower oil was unchanged while Palm oil, Rapeseed Oil, Groundnut oil, Coconut oil ended higher.

On the currency front, Indian rupee against USD closed at 63.47, up 0.08 paisa as compared to the previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices.

We expect edible oil complex to trade sideways to weak tone due to expectation of slow demand and high port stocks and in pipelines. Moreover, fine supplies from South American countries and strong USD may underpin prices.

Recommendation:

Weekly Call - : Market participants are advised to go long in RSO above 570 levels for a target of 585 and 590 with a stop loss at 565 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 590-615 per 10 Kg in the near term. Market participants are advised to go long in CPO above 424 for a target of 440 and 444 with a stop loss at 416 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 420-445 per 10 Kg in the

International Veg. Oil Market Summary

According to SGS, Palm Oil exports by Malaysia from 1-15 July fell by 15.1 percent to 664,641 tons from 782,854 tons. Top buyers were China 158,697 tons (149,770 tons), European Union 110,755 tons (152,300 tons), India 95,800 tons (148,800 tons), United States 55,064 tons (21,650 tons) and Pakistan 23,400 tons (22,300 tons). Values in brackets are figures of same period last month.

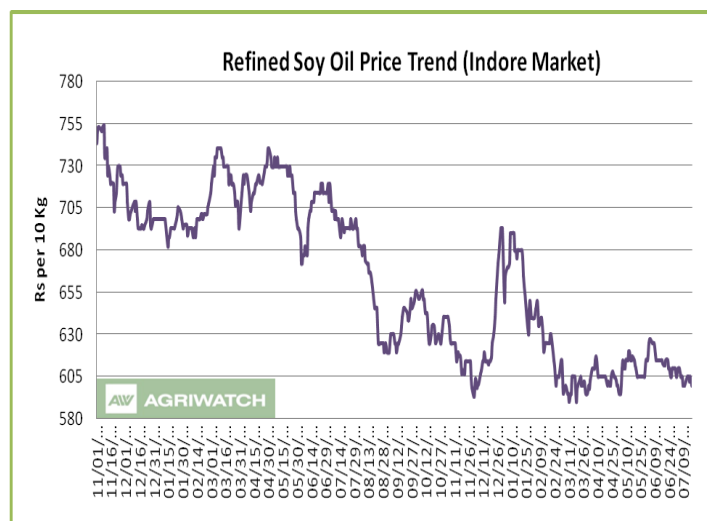
On the international front, bad weather in United States, good demand for soybean from major importers and gains in the international crude oil prices may support the soy complex in the coming days. However, new supplies from South American countries and stronger dollar on the back of expectation of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

Renewed demand at lower quotes from top importers, weak Ringgit, and supportive tax policies by South East Asian countries may support the CPO prices at lower levels. However, seasonally higher palm production, Palm oil export levy by Indonesia and South American soy crop may cushion palm oil prices in medium term.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

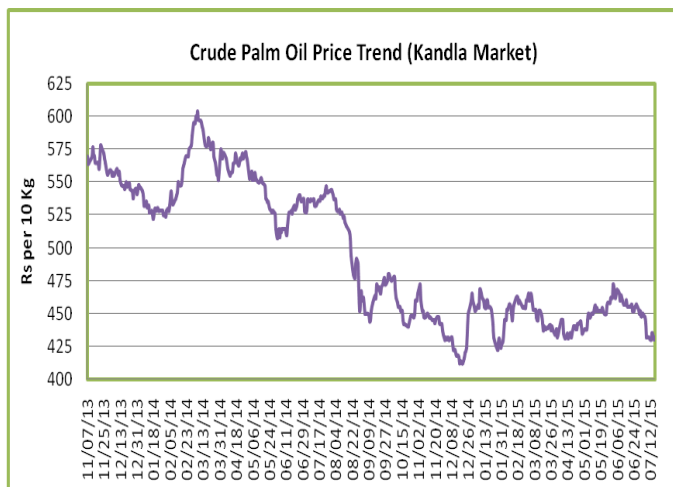
- Soybean oil featured range bound trend during the week in review due to slow demand and high supplies.
- Imports of Soybean oil into India has been raised by 250,000 tons to 2.50 million tons: USDA
- According to GOI latest estimates, sowing of oilseeds is reported higher than last year at 127.12 lakh hectares in current year from 47.65 lakh hectares in 2014-15.
- CACP has revised MSP of Soybean Yellow for Kharif crops from Rs 2560 to Rs 2600 an increase of Rs 40.
- Soybean oil import scenario – According to SEA India imported 154,090 tons of Soybean Oil in June v/s 99,682 tons, up 55 percent on y-o-y basis.
- According to IMD, monsoon rainfall in India until 17 July is 7 percent lower than long-term average. Central India has reported 16 percent below long period average, south peninsula is 14 percent below long period average, East & North East India is 4 percent below long period average and Northwest India 14 percent above long period average.
- Imported crude soybean oil CIF at west coast port is offered at USD 720 per ton for July-August delivery, September delivery is offered at USD 722 and October delivery is offered at USD 728 as on 17 July 2015, . Last month, CIF CDSO June average price was USD 773.88 per ton.
- We expect that soy oil to trade weak to range bound in the coming days.



Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla witnessed firm to range bound tone on strong buying at lower levels and good supply.
- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 600 (618) per ton for June delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 650 (648) per ton for July delivery. Values in bracket depict last week quotes. CPO duty paid prices ready lift quoted at Rs 430 per 10 Kg and August delivery duty paid offered at Rs 432 per 10 Kg on 17 July 2015.
- SEA reported imports of Palm oil amounting to 7,34,358 tons in June 2015 higher by 23 percent on y-o-y basis
- Market sentiments – Palm prices may slide in near term owing to slowing of exports from Malaysia and Indonesia despite widening of CIF Soybean oil premium versus crude palm oil, which is hovering at USD 128 per ton (USD 125 per ton last week).
- On the parity front, margins had weakened during the month of June due to lower prices of palm oil products and we expect margins to be on lower side in the coming days. Currently refiners get USD 50-55 /-ton v/s USD 75-80/tons (last month) margin in processing the imported CPO but on the imports of ready to use palmolein gets USD 25-30/tons v/s USD 55-60/tons (last month) parity. Positive import parity and lower supply of oilseeds domestically could increase palm oil imports in near term.
- We expect palm oil to trade weak to range bound tone in the days ahead.



International Front

- Malaysia's Palm oil ending stocks for June 2015 was at 2,151,287 tons (2,248,577 tons.), down 4.33 percent from May 2015. Production for June was at 1,763,928 tons (1,810,709 tons), down by 2.58 percent from May. Exports were higher by 5.19 percent at 1,697,256 tons (1,613,566 tons). Imports were higher by 2.36 percent at 103,496 tons (101,108 tons), according to industry regulator Malaysian Palm Oil Board (MPOB). Values in brackets are figures of May 2015.
- Weekly review & Outlook – Palm Oil exports by Malaysia from 1-15 July fell by 15.1 percent to 664,641 tons from 782,854 tons. Top buyers were China 158,697 tons (149,770 tons), European Union 110,755 tons (152,300 tons), India 95,800 tons (148,800 tons), United States 55,064 tons (21,650 tons) and Pakistan 23,400 tons (22,300 tons). Values in brackets are figures of same period last month: SGS
- Fall in exports of Palm oil to leading consuming destinations remains a concern, as period of high production is increasing concern of swelling stocks in second leading palm oil producing country. Both Malaysia and Indonesia has kept the export duty of Palm Oil zero. Higher exports in June were due to buying on Ramzan and before the implementation of biodiesel mandate in Indonesia. Despite expectation of slowdown of demand of importing countries, depreciation of Ringgit may hold palm oil market.
- Indonesia imposed \$50 levy on Palm Oil exports and \$30 for Palm oil products exports as part of new biodiesel regulation, effective from July 15, 2015.
- Indonesia kept export tariffs on Palm Oil at Zero for July 2015 with a threshold limit of \$750 per ton. Indonesia has kept its zero tariffs on exports of Palm to zero since September 2014 to drive exports on swelling stocks of Palm oil.
- Malaysia kept CPO export tax duty-free during the month of July 2015. The reference price is RM 2203.69(\$587.81) per ton. Price above RM 2250 incurs tax, which starts from 4.5 percent to max of 8.5 percent.

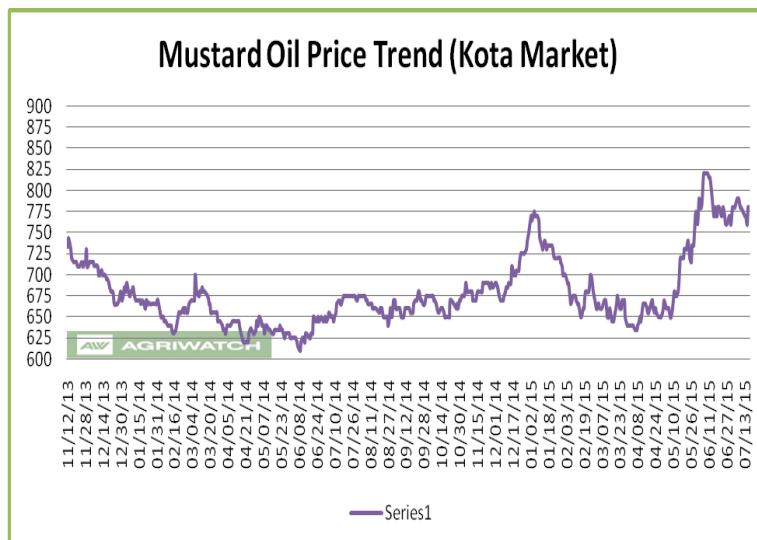
- Malaysia plans to increase its biodiesel mandate from 7 percent to 10 percent by October, 2015. This program will use approximately 1 million tons of Crude Palm Oil per year.
- Indonesia's exports of palm and palm kernel oils for May fell by 1 percent to 2.215 million tonnes: GAPKI
- Japan Meteorological Agency is still maintaining that El Nino is strengthening and its effect that could last until the winter may threaten key palm growing regions of South East Asia with the dry conditions.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 420-445 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil fared firm trend last week in review on higher demand and thin supply.
- According to International Grains Council (IGC), China has scrapped its domestic rapeseed support plan and liquidate domestic rapeseed oil stocks. China will sell 600,000 tons of Rapeseed oil in the current year, according to IGC. This policy will lead to lower domestic prices of rapeseed oil in China and in turn will cut imports. Canola crop is already suffering under drought in Canada. According to USDA, supplies are tight internationally on lower crop in EU and Canada.
- Lower rapeseed oil production in the current season will lead to shortage of Rapeseed Oil in the country and will lead to surge in Rapeseed Oil (Canola Oil) imports in year 2015/16. Currently, RM oil at Jaipur market, (expeller) is offered at Rs 830 per 10 Kg and at Kota market, around Rs 785 per 10 kg as on 17 July 2015.
- Joint agreement was signed between the export inspection council, ministry of commerce and industry of India and the general administration of quality supervision, inspection, and quarantine of China on health and safety regulations to import Indian rapeseed meal. Chinese imports of rapeseed meal estimated at 200,000 tons during 2015/16 (Oct/Sep), which is higher by 100% from a year ago. According to a USDA estimate, China's demand is projected at around 11.617 million tons for the year,
- 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.
- 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 20,450 tons of Rapeseed Oil (Canola) in June 2015 v/s 9,027 tons in May 2015, higher by 127 percent m-o-m: SEA
- 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 to trade range bound to firm tone in the coming days.

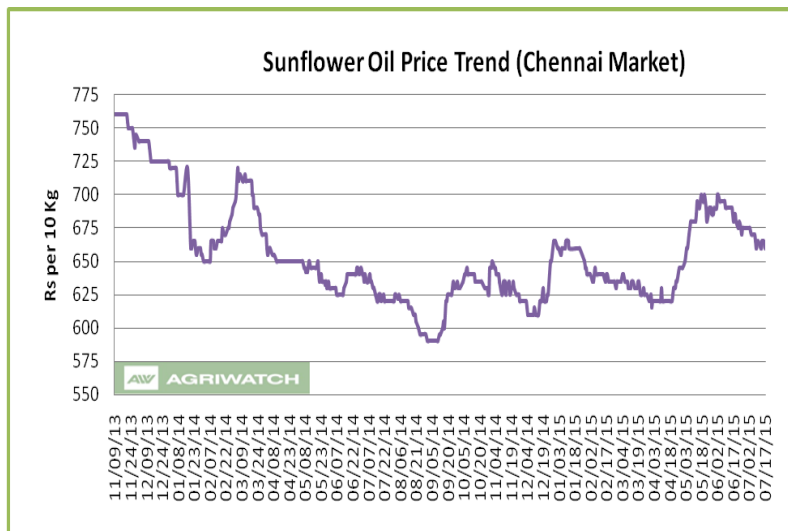


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 760-800 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices faced downward trend during the week in review tracking need-based demand against ample supplies.
- Kharif sowing of Sunflower seed has been reported lower at 0.43 lakh hectares till 9th July 2015 compared to 0.46 lakh hectares in the corresponding period last year.
- Sunflower oil import scenario – According to SEA India imported 1.051 lakh tons of crude sunflower oil during June versus 1.55 lakh tons in May 2015 down by 32 percent m-o-m.
- According to preliminary data of the association Ukroliyprom, Ukraine, the volume of sunflower production in 2014/15 is at 4.2 million tons and exports at 3.75 million tons down 205 thsd due to lowering of the yield.
- Ukraine exported 265 thsd tons of sunflower oil in May 2015, 19 percent lower compared to April 2015, and down 48 percent y-o-y basis. India imported 48 percent of the total while Iran and China were 13 percent and 5 percent each.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 895 per ton for August delivery, USD 890 for September delivery, USD 825 for October delivery and for November-December, delivery at USD 810 per ton per ton, as on 17 July 2015. Last month, CIF sun oil (Ukraine origin) monthly average was around USD 909.50 per ton.
- Prices are likely to stay in the range of USD 890-920 per ton in the near term. CIF Sunflower oil premium against crude soybean oil had narrowed from last week and is hovering at USD 163 per ton versus USD 144 in the corresponding period last month.
- Sunflower oil global production is seen at 15.127 million tons in 2014/15 compared to 15.960 million tons in 2013/14 down 5.2 percent y-o-y basis-USDA. India imported 15.50 lakh tons in 2014-15 compared to 15.28 lakh tons a gain of 1.4 percent y-o-y making India the largest importer of Sunflower Oil in the world: USDA.
- We expect sunflower oil prices to trade range bound to weak tone in the coming days.

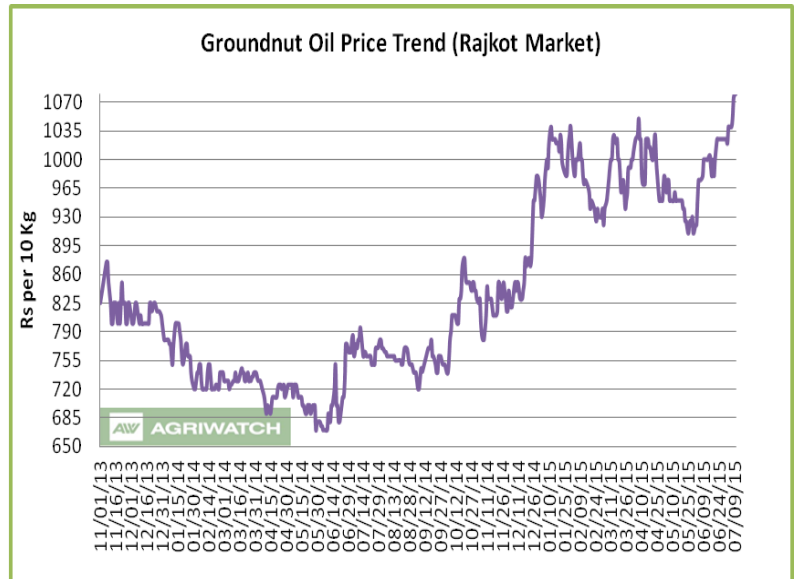


Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 640-680 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices traded firm in Rajkot on lower supply and limited demand from retailers at current quotes. Most of the mills have closed due to insufficient supply of Groundnut.
- According to Saurashtra Oil Mills Association (SOMA) the groundnut mills are not getting adequate supply as demand of oil is expected to rise. Small mills have closed because as they have no inventory facility.
- Due to limited supply to millers, the price is expected to soar as most of the mills have closed due to insufficient supply. Start of festival season from August will further aggravate the prices. Higher prices of groundnut oil have forced consumers to shift to cottonseed oil or palm oil.
- According to Department of Agriculture (GOI) sowing of Groundnut reported till July 9, 2015-16, has been reported at 21.65 lakh hectares in 2015-16 v/s 11.69 lakh hectares in 2014-15, rise of 85 percent y-o-y. Gujarat has sowed 11.47 lakh hectares in current kharif season compared to 5.04 lakh hectares in 2014-15, Andhra Pradesh sown area is 2.22 lakh hectares in current Kharif season compared to 1.11 lakh hectares in same period last year.
- CACP has hiked MSP on Groundnut-in-shell by Rs 30 to Rs 4030 for the Kharif season. Farmers are likely to sow more Groundnut crop due to higher prices for Groundnut seed in domestic market.
- As per IMD, monsoon rainfall in India until 17 July is 7 percent lower than long-term average. Central India has reported 16 percent below long period average, south peninsula is 14 percent below long period average, East & North East India is 4 percent below long period average and Northwest India 14 percent above long period average.
- 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.
- Groundnut oil prices are likely to trade with a range bound to firm bias in the coming days.

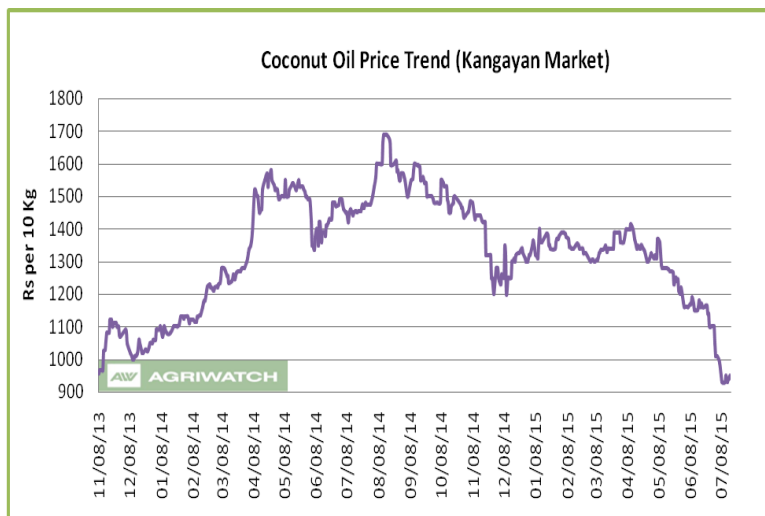


Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 1050-1150 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

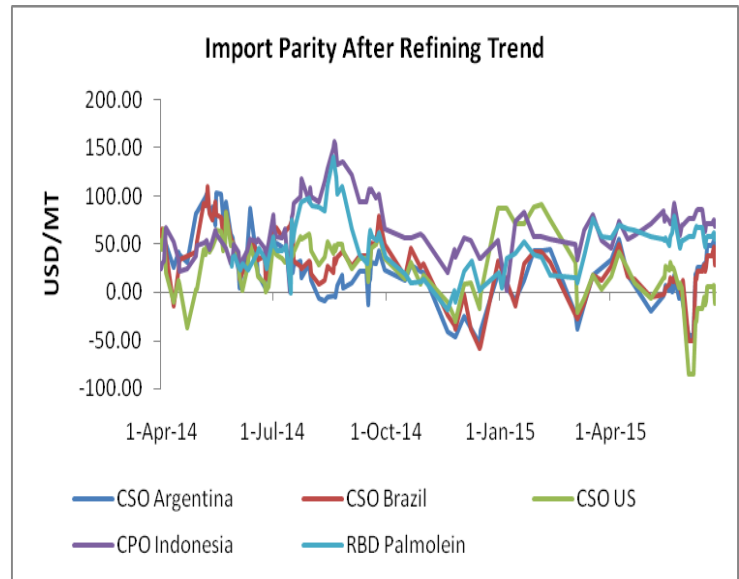
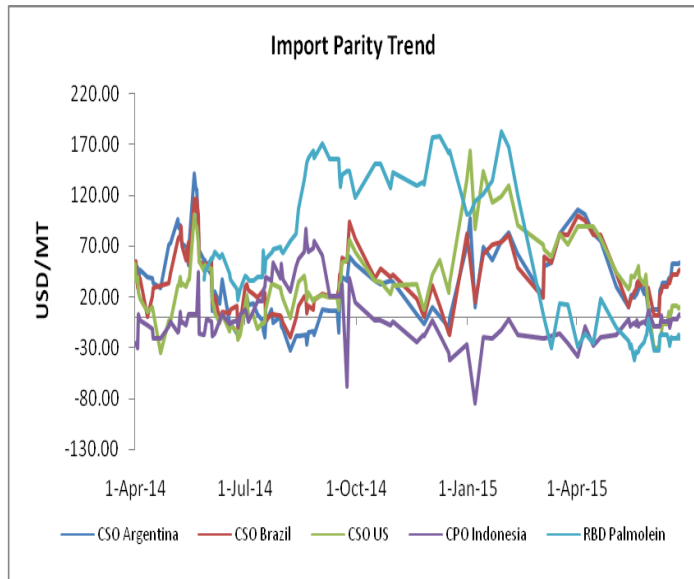
- Coconut oil featured upward trend during the week at its benchmark market in Kangeyam owing to limited supply amid weak demand in the cash market.
- Kerala government has asked Central government to reconsider the decision to import coconut oil in the country, as it will destroy the coconut sector in Kerala. Coconut growers are already facing heat due to steep fall in the domestic prices of coconut oil. This year coconut production will fall by 10 percent due to adverse conditions according to Kerala government. The government appeal comes in wake of central government decision to import 2,000 tons by tender from State Trading Corporation (STC).
- Cochin Oil Merchants Association (COMA) has said that companies are importing raw materials directly from Indonesia due to lower prices of coconut oil, which will further aggravate the problem. It has said that STC tender will be a blow to coconut sector in Kerala as the price is already running low. It has stated that if the present scenario continues the situation will be like 2013.
- Farmers, traders, and experts hold the view that low tariff rate in edible oil sector in India is the primary cause of higher imports that has resulted in falling prices.
- Coconut Development Board has asked farmers to avoid distressed selling at lower rates because the downtrend of prices is temporary in coconut products. Sluggish movement of products and end of harvesting season in Kerala is the main reason for fall in prices. The board has said that prices will recover once the festival season arrives and rebuffed the reason behind the fall in prices is due to higher production in Tamil Nadu. The board stated that the four primary producing states Kerala, Tamil Nadu, Karnataka and Andhra Pradesh have lower crop compared to last year. The board also said that exports have jumped when compared to May 2015.
- Traders and upcountry buyers are staying away from markets anticipating further fall in prices, as harvesting season ends.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 10,300 per quintal due to need based demand amid ample arrivals of copra, and quoting Rs 9500 per quintal in Erode market on July 10.
- Coconut oil prices may trade sideways to 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 900-1000 per 10 Kg.

Import Parity Trend

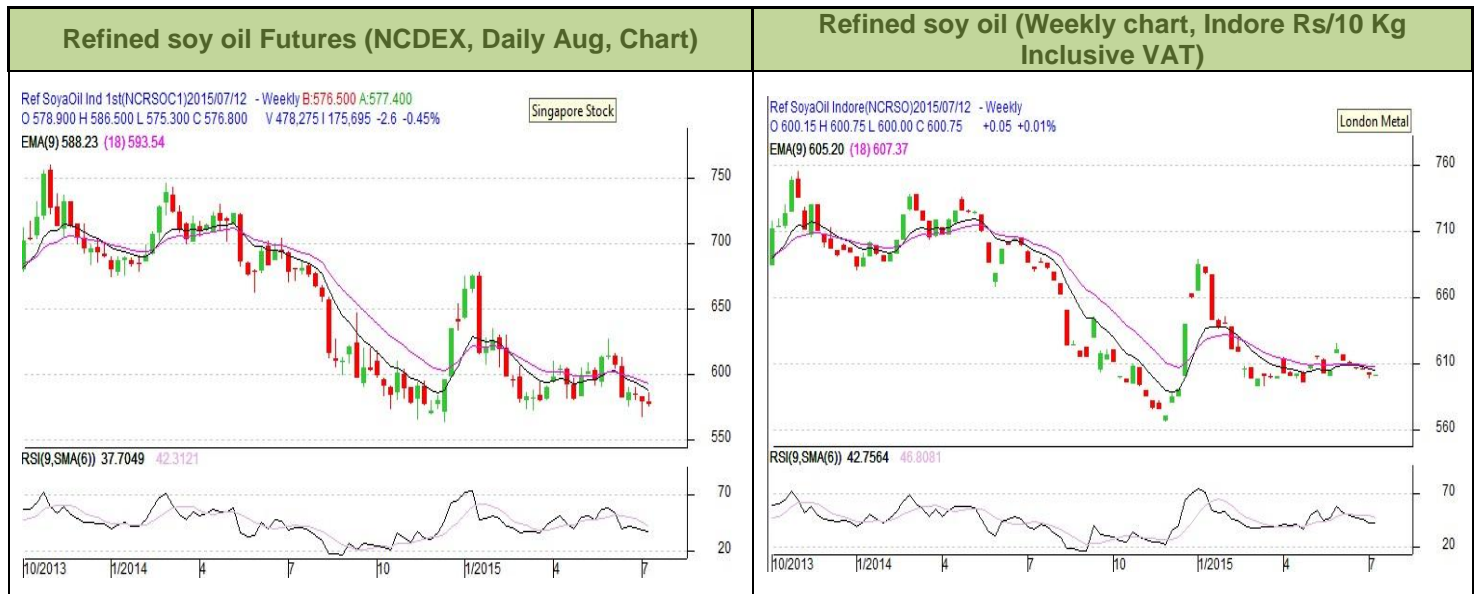
Import Parity After Refining in US dollar per tons (Monthly Average)



	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
May., 2015	-0.53	5.96	14.93	74.40	57.57
June, 2015	11.02	9.93	-28.28	75.36	58.24

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 is likely to trade with a weak to range tone in the coming days.

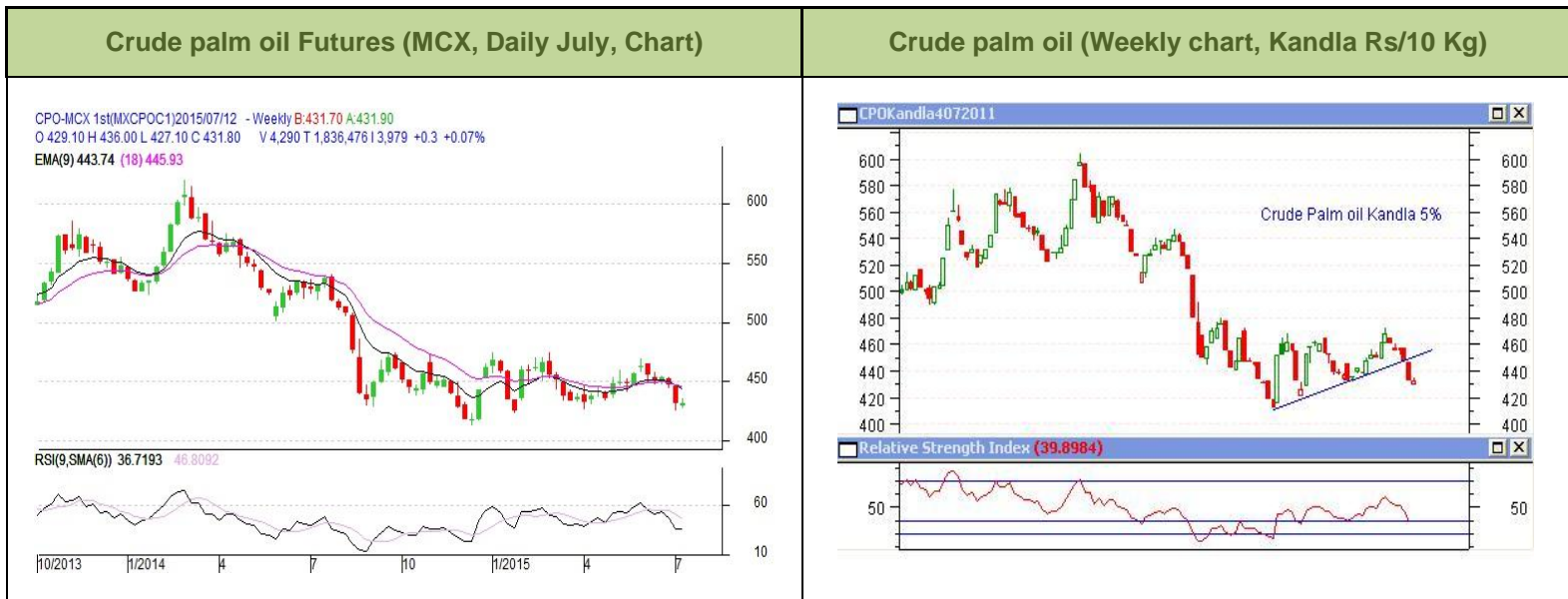
- ❖ Weekly chart of refined soy oil at NCDEX depicts losses during the week in review. We expect prices to trade with a weak to range bound in the near term.
- ❖ Any close below 569 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 565-590 level in near to medium term. RSI, Stochastic and MACD moving towards oversold zone indicating bearishness.

Strategy: Market participants are advised to go long in RSO above 570 levels for a target of 585 and 590 with a stop loss at 565 on closing basis.

RSO NCDEX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
559.00	565.00	576.8	590.00	599.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 590-615 per 10 Kg.

Technical Analysis (Crude Palm oil)


Outlook - Prices show weak tone during the week. We expect that CPO July contract may trade weak to sideways note.

- ❖ Candlestick weekly chart of crude palm oil at MCX depicts weakness in the prices. We expect prices to trade with a weak to sideways note in the near term.
- ❖ Any close above 441 in weekly chart shall change the sentiments and might bring the prices to a neutral tone.
- ❖ Expected price band for next week is 420-440 level. Stochastic is moving towards oversold zone. RSI is moving towards oversold zone suggesting range bound to weak movement in the coming week.

Strategy: Market participants are advised to go long in CPO above 424 for a target of 440 and 444 with a stop loss at 416 on closing basis.

CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
413.00	419.00	431.8	441.00	447.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 420-445 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		17-Jul-15	10-Jul-15	
Refined Soybean Oil	Kota	600	610	-10
	Rajkot	575	575	Unch
	Delhi	625	635	-10
	Mumbai	587	585	2
	Indore	600	600	Unch
	Kandla/Mundra	580	580	Unch
	Kolkata	587	585	2
	Indore (Soy Solvent Crude)	580	580	Unch
	Mumbai (Soy Degum)	546	550	-4
	Kandla/Mundra (Soy Degum)	545	550	-5
	Akola	638	640	-2
	Amrawati	638	640	-2
	Jalna	651	650	1
	Nagpur	643	641	2
	Alwar	NR	NR	-
	Solapur	655	651	4
	Bundi	610	610	Unch
	Dhule	653	649	4
Palm Oil	Rajkot	479	485	-6
	Hyderabad	499	499	Unch
	Delhi	535	535	Unch
	Kandla (Crude Palm Oil)	432	432	Unch
	Kandla (RBD Palm oil)	470	470	Unch
	Mumbai RBD Pamolein	498	494	4
	Kandla RBD Pamolein	485	485	Unch
	Mangalore RBD Pamolein	495	495	Unch
	Chennai RBD Pamolein	492	495	-3
	Kakinada RBD Pamolein	480	475	5
	KPT (krishna patnam)	475	472	3
	Haldia	488	492	-4
	PFAD (Kandla)	370	370	Unch
	Refined Palm Stearin (Kandla)	355	360	-5
Refined Sunflower Oil	Mumbai	695	700	-5
	Mumbai(Expeller Oil)	610	610	Unch
	Kandla/Mundra (Crude)	610	615	-5
	Erode (Expeller Oil)	680	685	-5

	Hyderabad (Ref)	679	675	4
	Chennai	660	665	-5
	Latur (Expeller Oil)	640	640	Unch
	Chellakere (Expeller Oil)	620	620	Unch
Groundnut Oil	Rajkot	1100	1080	20
	Chennai	980	970	10
	Delhi	960	950	10
	Hyderabad *	1020	1010	10
	Mumbai	1000	990	10
	Gondal	1100	1075	25
	Jamnagar	1100	1075	25
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	845	825	20
	Sri-GangaNagar(Exp Oil)	825	805	20
	Alwar (Expeller Oil)	NA	NA	-
	Kota (Expeller Oil)	785	780	5
	Jaipur (Expeller Oil)	830	830	Unch
	New Delhi (Expeller Oil)	820	820	Unch
	Hapur (Expeller Oil)	865	866	-1
	Sri-Ganga Nagar (Kacchi Ghani Oil)	895	875	20
	Kota (Kacchi Ghani Oil)	870	863	7
	Jaipur (Kacchi Ghani Oil)	889	890	-1
	Agra (Kacchi Ghani Oil)	925	930	-5
	Bharatpur (Kacchi Ghani Oil)	920	925	-5
	Neewai (Kacchi Ghani Oil)	870	863	7
	Hapur (Kacchi Ghani Oil)	885	890	-5
Refined Cottonseed Oil	Mumbai	615	615	Unch
	Rajkot	615	610	5
	New Delhi	600	590	10
	Hyderabad	585	590	-5
Coconut Oil	Kangayan (Crude)	950	940	10
	Cochin	1030	1125	-95
	Trissur	1030	1030	Unch
Sesame Oil	New Delhi	800	800	Unch
	Mumbai	790	810	-20
Kardi	Mumbai	860	860	Unch
Rice Bran Oil (40%)	New Delhi	445	440	5
Rice Bran Oil (4%)	Punjab	500	500	Unch



Rice Bran Oil (4%)	Uttar Pradesh	500	500	Unch
Malaysia Palmolein USD/MT	FOB	Closed	623	-
	CNF India	650	648	2
Indonesia CPO USD/MT	FOB	Closed	605	-
	CNF India	610	618	-8
RBD Palm oil (Malaysia Origin USD/MT)	FOB	Closed	618	-
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	Closed	535	-
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	Closed	930	-
Crude palm Kernel Oil India (USD/MT)	CNF India	890	880	10
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	Closed	525	-
Ukraine Origin CSFO USD/MT Kandla	CIF	890	900	-10
Rapeseed Oil Rotterdam Euro/MT	FOB	715	720	-5
Argentina FOB (\$/MT)		16-Jul-15	9-Jul-15	Change
Crude Soybean Oil Ship		650	NA	-
Refined Soy Oil (Bulk) Ship		672	NA	-
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		630	NA	-
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including VAT				

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