

# Weekly Indian Edible Oil Market Analysis and Price Outlook

Decision enabling cash market analysis & price outlook

For the week beginning Oct 01, 2013

Report Summary					
	Price drivers	Impact	Weightage %	Score (1-5)	
Fundamental Summary	Continuing concern of damage to bean	Marginally Bullish	20%	4	
	Short supply in coconut oil amid off season for Coconut oil	Marginally Bullish	10%	4	
	Retailer and stockiest demand of edible oil for upcoming festivities and tight supply	Marginally Bullish	20%	4	
	Late rainfall might boost Groundnut yield	Marginally Bearish	20%	2	
	Likely bean arrival pressure around Navratra	Marginally Bearish	30%	2	
				Indexed score	3.0
	<i>1. Bearish 2. Marginal Bearish 3. Consolidative 4. Marginal Bullish 5. Bullish</i>				
Technical Summary	<ul style="list-style-type: none"> <li>❖ Mustard oil prices are likely to stay on mixed note.</li> <li>❖ Groundnut oil prices are likely to stay on mixed note.</li> <li>❖ Sesame oil is likely to stay on sideways to weak note amid follow through selling pressure.</li> <li>❖ Coconut oil is likely to trade on mixed note.</li> </ul>				

## Fundamental Review and Analysis

- ✓ Indian edible oil and oilseed Complex traded on firm note in the wake of festive demand in physical market and lower arrivals due to heavy rainfall and quality issues in major bean area whereas groundnut yield might be boosted on late rainfall in Gujarat. On the other hand, likely increase in arrival in coming days might add bearish tone to the market.
- ✓ Meanwhile, excessive rainfall in harvesting season has raised quality concerns in bean though arrival in spot is high. Moreover, in spot market mostly arrivals containing high moisture content of 18-20% and thus tight supply of low moisture crop has supported price. However, in coming days arrivals will pick up due to higher demand in spot. Around Navratra arrival will pick up and arrival pressure might remain high till Diwali and the same will cap the upside gains.
- ✓ On rapeseed front, rapeseed edged on higher side on account of festival demand and off season. More or less rapeseed is following Indian soybean market and if damage in bean will be high it will help rapeseed prices in coming days.
- ✓ On the other hand, rapeseed ending stocks as on Sep'13 are higher at 24.33 lakh ton vis-à-vis 13.85 lakh ton last year. As such, stocks are high and thus crush might be higher on festive demand and to fill gap of edible oil tightness in market. Overall, likely damage to bean crop due to heavy rainfall and festive demand might keep rapeseed prices on firm note.
- ✓ Around coconut oil front, coconut oil prices jumped over short supply in Kerala and Tamil Nadu despite slow buying. Moreover, production is lower in major coconut growing areas of Tamil Nadu and Kerala due to lean season (Sept-Dec) and the same might keep market sentiments on a bullish note in near term. Going by this,

Rapeseed Balance sheet (Mar-Sep)		
Particulars	2012-13	2013-14
Crop size	57.40	68.00
Marketable Surplus	53.00	62.80
Carry-in from the old crop	0.60	3.50
Total MS	53.60	66.30
Arrivals (M-o-M cumulative basis)	41.30	44.62
Crush (M-o-M cumulative basis)	39.75	41.97
To be arrived	12.30	18.18
Stocks with crushers and stockiest (Ending June)	1.55	6.15
Total uncrushed seed available	13.85	24.33
All units in lakh ton		

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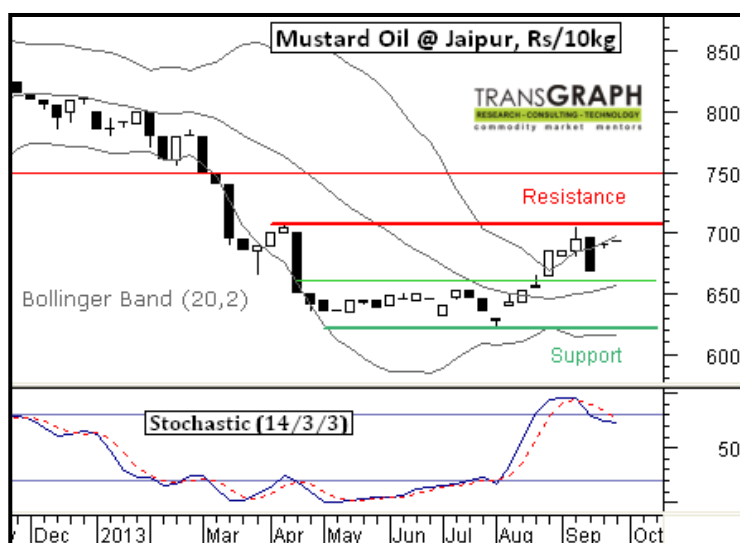
- Prices may remain on higher side till January'14 over short supply and lean season. Adding to that, Onam festival in Kerala is over now and household consumption demand has been slow but short supply
- ✓ In similar context, Kerala market is poised for further increase in prices as dealers are reluctant to stock more oil at higher prices. In Kerala refined palm oil is available at a price of Rs 75/Kg and a major chunk of household consumers might switch over to palm oil.
- ✓ Around groundnut corner, Groundnut oil prices firmed up further at the oils and oilseeds market on consistent demand from stockist and retailers on the backdrop of approaching festivities.
- ✓ However, in Gujarat, late rainfall has boosted groundnut yield as downpour would be good for groundnut as a dry spell for about two weeks prior to the rains was proving to be slightly stressful for the standing crop. Overall, quality of first picking may be affected, overall, it will help improve the yield and the same might impact groundnut oil prices.
- ✓ In nutshell, current tightness of edible oils in the spot markets is likely to underpin oil markets where as likely increased arrival of kharif oilseed crop in spot might pressurise market. At the same time, volatile rupee alongwith weather concern might play crucial role in deciding market direction.

**Taking a holistic view, look for Indian edible oils and oilseed prices to trade on a range bound note in the coming sessions.**

Mustard Oil Jaipur Spot market (INR/10kg)	<b>Last closing: INR 692 (+2.00) per 10kg as on Sep 30, 2013</b>					
Technical Summary	Prices remained broadly unchanged in compare to prior week, finding resistance below INR 705. Disparity in momentum oscillators exhibits mixed undertone for coming weeks.					
Price Outlook Summary	Prices upon holding below INR 705 may remain with mixed to sideways note in the range of INR 705 to INR 650, in the coming weeks. Prices on breaking above INR 705 can extend gains towards INR 750.					
Price Ranges	0 - 2 weeks		0 - 1 month		0 - 2 months	
	IL	SL	IL	SL	IL	SL
	660	705	660	750	750	700
IL=Initial level (Initial Expectation from the current closing)						
SL= Subsequent level (The subsequent forecast after reaching the initial level)						

**Chartist view on Mustard Oil Jaipur Spot market (INR/10kg)**

- ✓ Mustard Oil Jaipur Spot prices turned positive post making a new low of INR 623 in the beginning of Aug'13.
- ✓ From last couple of weeks prices are moving in a sideways finding resistance below INR 705. In the last week prices settled at INR 692 with marginal change of INR 2 compare to prior week.
- ✓ As depicted in attached chart, prices tested upper Bollinger Band (20, 2) and still hover near it. Going ahead, a price has support from its middle band near INR 650.



- ✓ On the weekly technical setup Stochastic (14/3/3) easing from overbought territory, while RSI (14) inching higher from equilibrium level.
- ✓ Disparity in momentum oscillators are exhibiting mixed undertone for coming weeks. Therefore, prices on holding below INR 705 may remain mixed, finding support above INR 650, ahead of turning higher again.
- ✓ On the upside prices has immediate resistance near INR 705 followed by INR 750-755.
- ✓ On the downside prices has support near INR 650-640 followed by INR 625.
- ✓ Note, prices on breaking above INR 705-710 can extend gains towards INR 750-755, and turned lower.

**Concisely, prices upon holding below INR 705 may remain with mixed to sideways in the range of INR 705 to INR 650, in the coming weeks. Prices on breaking above INR 705 can extend gains towards INR 750.**

Groundnut oil expeller, Rajkot (INR/10 Kg)	<b>Last closing: INR 857.65 (+29.10) per 10kg as on Sep 28, 2013</b>					
Technical Summary	Prices moving in a choppy way from last few weeks, while momentum oscillators are exhibiting mixed tone, with possibility of technical pullback, in days to come.					
Price Outlook Summary	Prices upon holding above INR 800 are likely to stay with mixed bias, in the range of INR 800 to INR 950, in the coming weeks.					
Price Ranges	0 - 2 weeks		0 - 1 month		0 - 2 months	
	IL	SL	IL	SL	IL	SL
	950	800	950	750	700	900

**Chartist view on Groundnut oil expeller, Rajkot (INR/10 Kg)**

- ✓ Groundnut Oil Rajkot Spot prices plummeting from the highs of INR 1330 posted in the month of Dec'12.
- ✓ From last couple of weeks prices were moving in a choppy way. In the week under review prices moved higher by INR 29, lastly settled at INR 857.65, still holding below its 13-week EMA, and below its trendline as depicted with brown color in attached chart.
- ✓ On the weekly technical setup Stochastic (14/3/3) gradually easing from oversold territory, while RSI (14) taking support and inching higher towards equilibrium level.
- ✓ Momentum oscillators are easing from oversold territory exhibiting possibility of technical rebound, but on the other front price action is reclus of breaking resistance levels.
- ✓ Therefore, prices may remain on mixed note in coming few sessions and eventually turn higher.
- ✓ On the downside prices has immediate support near INR 800 followed by INR 750.
- ✓ On the higher side prices has immediate resistance from swing low of INR 870 followed by INR 950.
- ✓ Note, prices on breaking below INR 800 will negate possibility of technical rebound and may extend weakness towards INR 750 or lower.

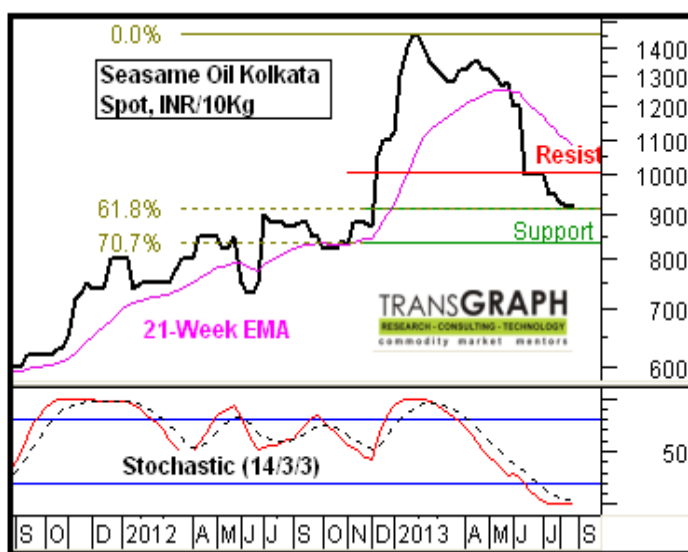


**Concisely, Prices upon holding above INR 800 are likely to stay with mixed bias, in the range of INR 800 to INR 950, in the coming weeks.**

Sesame oil Kolkata Spot (INR/10 Kg)	<b>Last closing – INR 920 (00) per 10kg as on Sep 10, 2013</b>					
Technical Summary	Prices drifting lower from last couple of weeks, after witnessing corrective rally in prior week, settled below its 9 & 20-week EMA, whilst momentum is exhibiting mixed to weak bias.					
Price Outlook Summary	Prices upon holding below INR 1100 are likely to trade on a sideways to weak towards INR 900 and lower in the coming 1-2 weeks.					
Price Ranges	0 - 2 weeks		0 – 1 month		0 – 2 months	
	IL	SL	IL	SL	IL	SL
	900	940	875	900	850	950

**Chartist view on Sesame oil Kolkata Spot (INR/10 Kg)**

- ✓ Sesame Oil Spot Kolkata prices remain flat in the previous couple of weeks after renewed its weakening spree in the earlier week, while holding below its 9-week EMA & 20-week EMA affirming weak bias.
- ✓ Prices, after witnessing corrective rally from the support above INR 1280, are renewing its weakness and are likely to extend further weakness towards 61.8 % retracement near INR 900 in the coming weeks. A close below the said level extension of further decline towards 70.7% retracement near INR 840 cannot be completely ruled out ahead of turning positive in the coming weeks.
- ✓ On the weekly technical setup Stochastic (14/3/3) is moving flat in deep oversold territory, while RSI (14) moved in oversold area, depicting underlying weakness in prices.
- ✓ On the downside prices has immediate support near INR 900, below which support comes only at INR 850 zone.
- ✓ On the upside prices has immediate resistance near INR 1000 followed by the level of INR 1050 could act as stiff resistance.



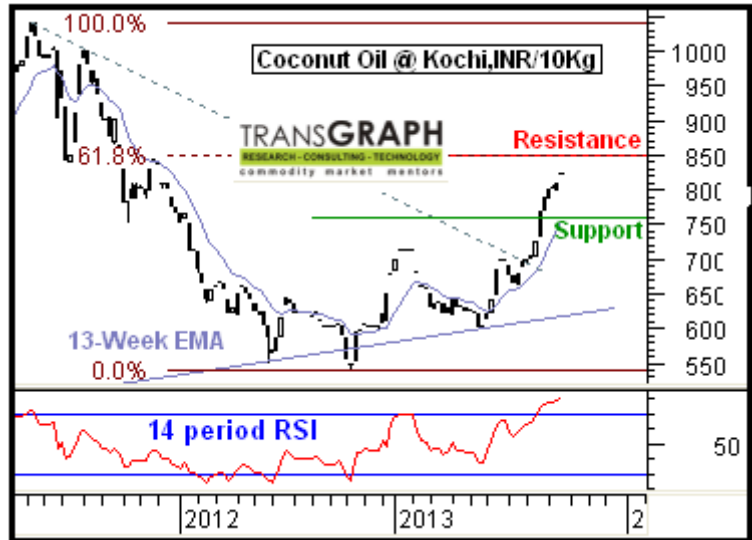
**Concisely, prices upon holding below INR 1050 are likely to trade on a sideways to weak towards INR 900 and lower in the coming 1-2 weeks time frame.**

Coconut oil (Loose), Kochi (INR/10Kg)	<b>Last closing – INR 820.00 (+20.00) per 10kg as on Sep 23, 2013</b>		
Technical Summary	Prices moving on a positive note from last couple of weeks. Whilst momentum oscillators hovering in deep overbought territory, which may invite technical pullback in prices.		
Price Outlook Summary	Prices upon holding above INR 710 are likely to stay with mixed bias finding resistance below INR 850 ahead of turning lower in the coming 2-3 weeks.		
Price Ranges	0 - 2 weeks		0 – 1 month
			0 – 2 months

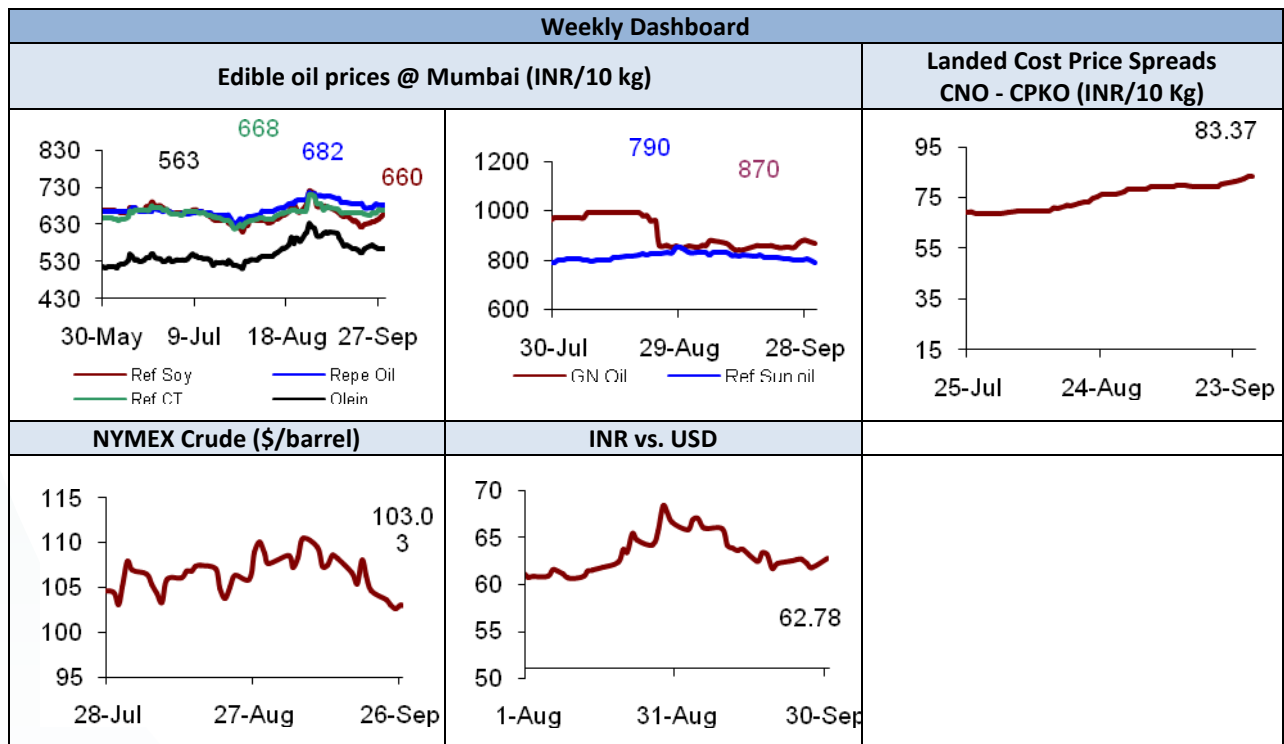
	IL	SL	IL	SL	IL	SL
	800	840	850	750	850	700

**Chartist view on Coconut oil (Loose), Kochi (INR/10Kg)**

- ✓ Coconut Oil Kochi prices traded on positive note in the week under review after taking a breather for one week while continuously rising from the support of INR 600. Prices are continued to hold above its 21-week SMA and 13-week EMA.
- ✓ In the week under review prices settled at INR 820 with a gain of INR 20 week on week basis.
- ✓ On the weekly technical setup Stochastic (14/3/3) continue to hover flat in deep overbought territory, while RSI (14) turning flat in overbought territory.
- ✓ Therefore, there is a high possibility that further push in prices may invite technical pullback in prices.
- ✓ On the downside prices has immediate support near INR 750 followed by INR 710.
- ✓ On the higher side above INR 820 prices has immediate resistance near INR 850 where 61.8% of the retracement of the earlier fall is pegged.



Concisely, prices upon holding above INR 750 are likely to stay with mixed bias finding resistance below INR 850 ahead of turning lower in the coming 2-3 weeks.



**Facts and Figures Digest**

Markets		Sep 30, 2013	Sep 23, 2013	Change	% Change
Rapeseed (INR/ton)	Rapeseed Alwar	35971	35218	753	2.138
	Rapeseed Jaipur	36497	36000	497	1.381
	Rapeseed Sriganaganagar	NA	NA	0.00	0.000
	Ref. Oil Jaipur	69200	69000	200	0.290
	Ref. Oil Mumbai	68200	67500	700	1.037
Groundnut* (INR/10 Kg)	Expeller oil, Rajkot	852.5	830	22.5	2.711
	Expeller oil, Mumbai	870	850	20	2.353
Sesame Oil (INR/10 Kg)	Kolkata	NA	NA	0.00	0.000
Coconut (INR/QtI)	Coconut oil Loose, Kochi	8600	8200	400	4.878
	Copra Kochi	NA	NA	0.00	0.000

NOTE:

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