

TRANS**GRAPH**

Monthly Edible Oil Report

Dec 15, 2014

Bearish

- Huge % change in global soybean stocks.
- Higher Y-o-Y soybean stocks at US.
- Anticipated higher crush at the Argentina front.
- Fading weather hiccups across the South America.
- Sluggish Chinese economy likely to dampen soybean import.
- Weakness across crude oil front.

Technical View: Preferred-

CME Soybean Jan 2015 Prices are likely to extend further gains towards 1100 cents and 1150 cents ahead of witnessing correction .

Bullish

- Robust booking of Soy complex across US.
- Upward revision in US soybean export .
- Decline in US soybean ending stock on M-o-M basis.
- Higher premium of Argentina & Brazil soy oil w.r.t. CME Soy oil.

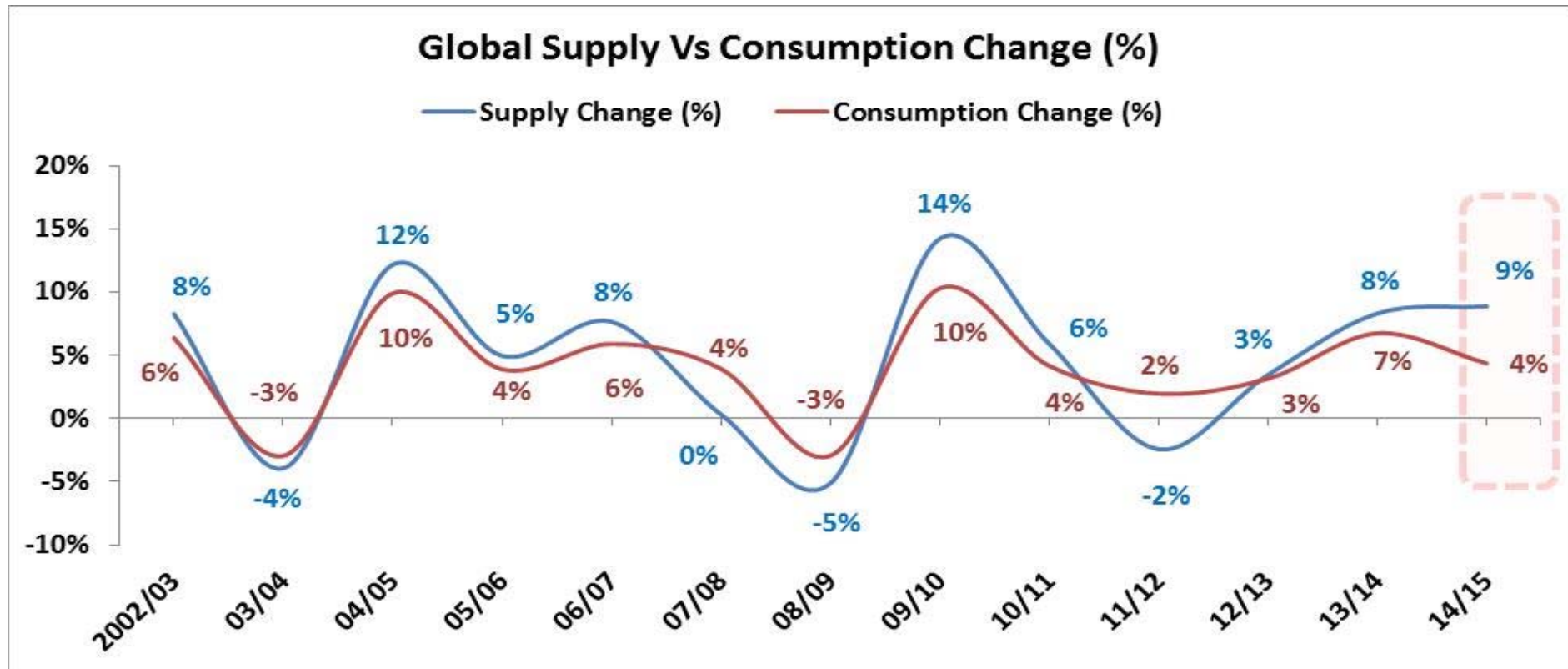
Technical View: Alternate-

CME Soybean prices close below 975 cents shall negate expected bullish momentum and trade on mixed note.

1 – 2 months

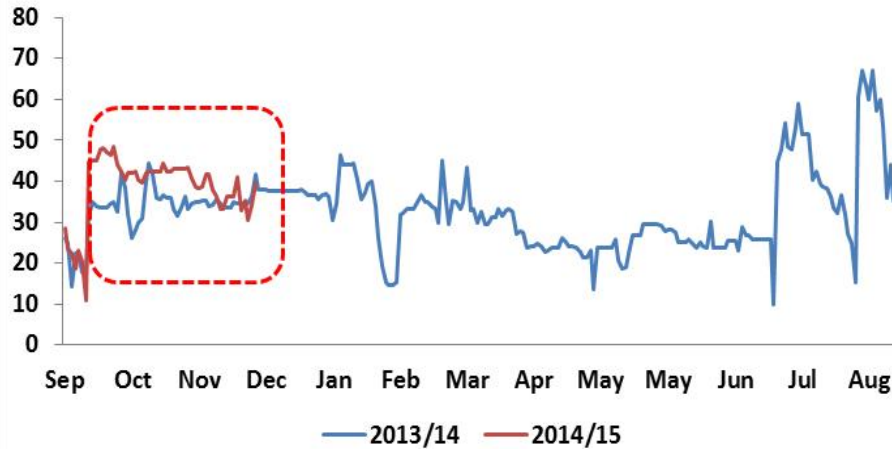
- ❖ **Prices are likely to extend further gains towards 1100 cents and 1150 cents ahead of witnessing correction in the coming 1-2 months.**

Widening Global Supplies Vs Consumption

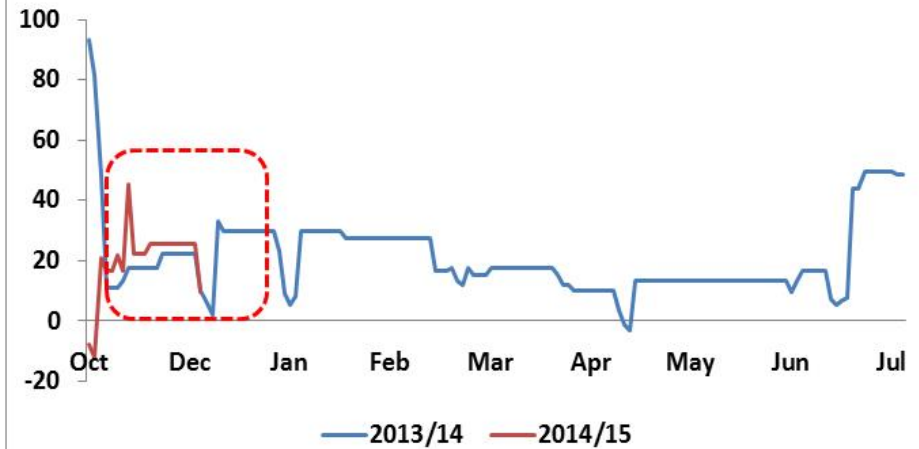


- For 2014/15, Y-o-Y global supplies of the soybean remain on the higher side than consumption.
- Meanwhile, in the current year gap remain highest in last 13 year due to huge jump in production against the consumption.
- Widening of the gap is likely to keep the overall price at bearish note going forward.

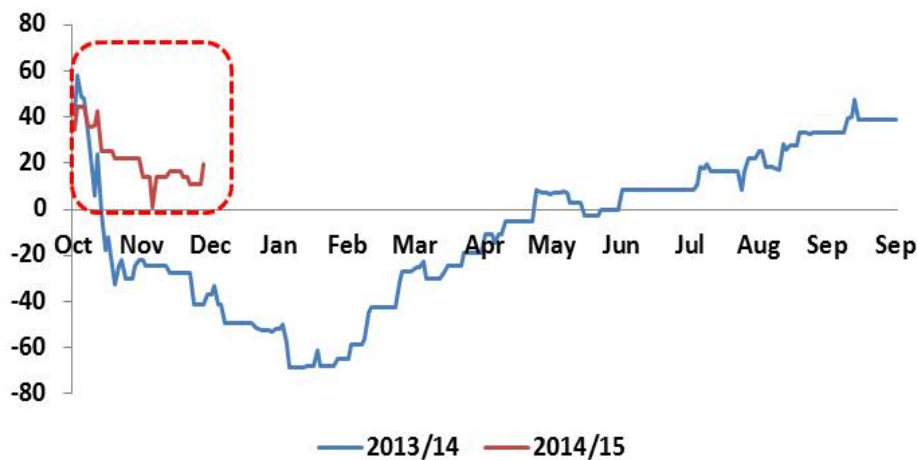
Soybean Basis:- US Gulf Vs CME (\$/ton)



Soymeal Basis:- US Kansas Vs CME (\$/ton)

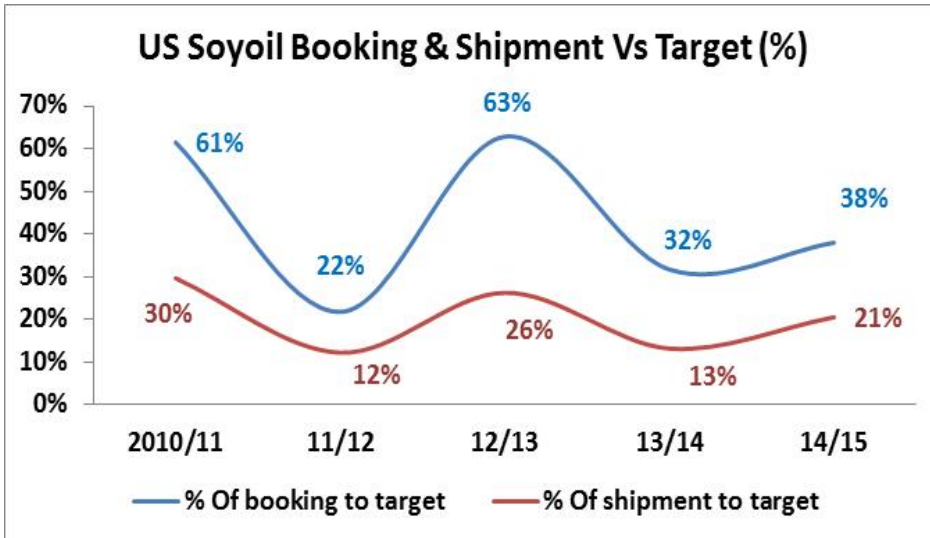
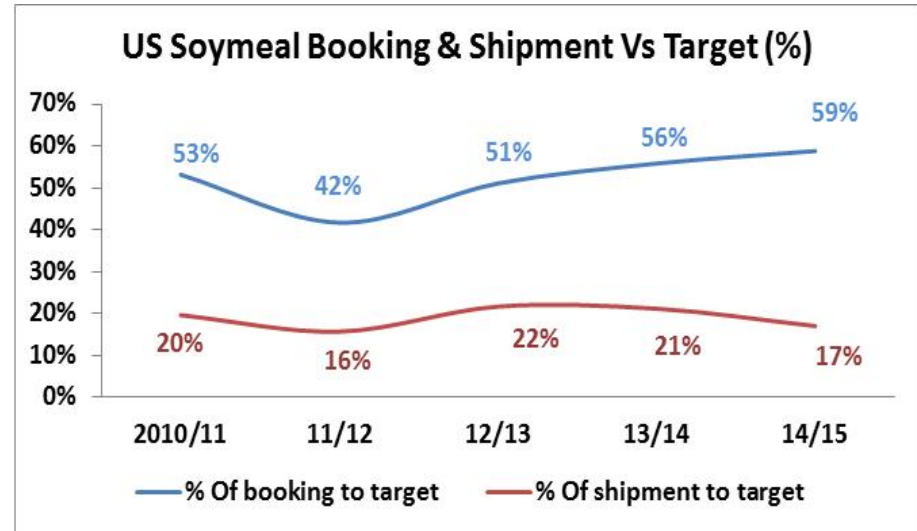
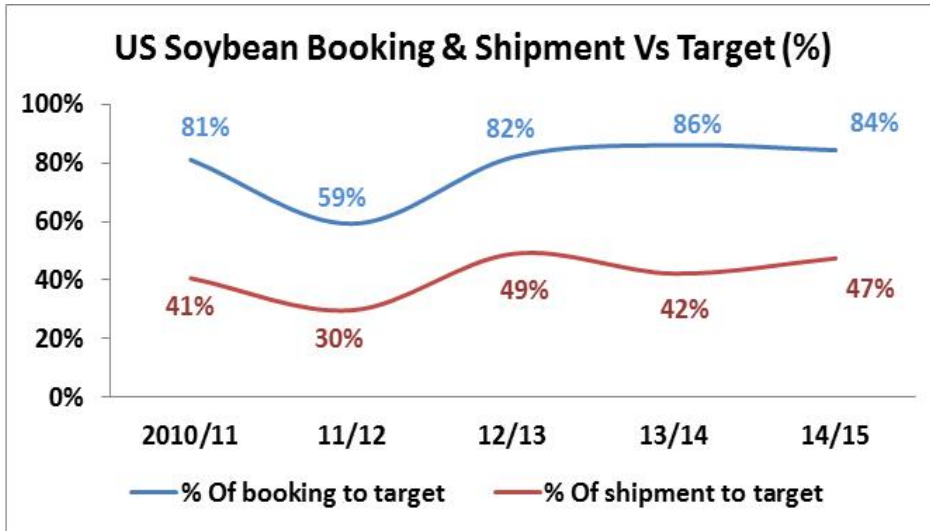


Soyoil Basis:- Illinois Vs CME (\$/ton)



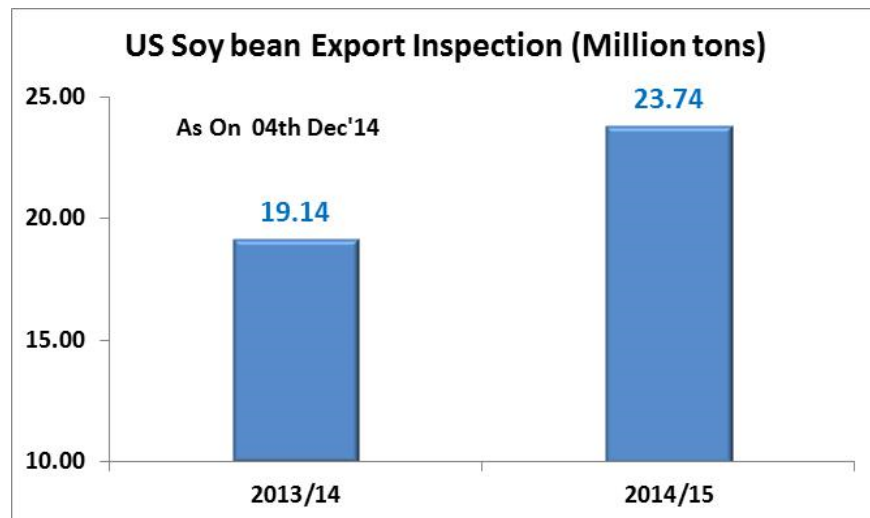
- Harvest delay and robust demand has kept the overall basis for soybean and soymeal to slight higher on Y-o-Y basis.
- Soy oil basis remain higher due to lower crush during the month of Oct & Nov. But as the crush is increasing anticipation is higher that basis will fall gradually.
- Meanwhile, huge pressure from the south America too is likely to weigh the overall sentiment.

US Soy Complex Booking & Shipment Vs Target



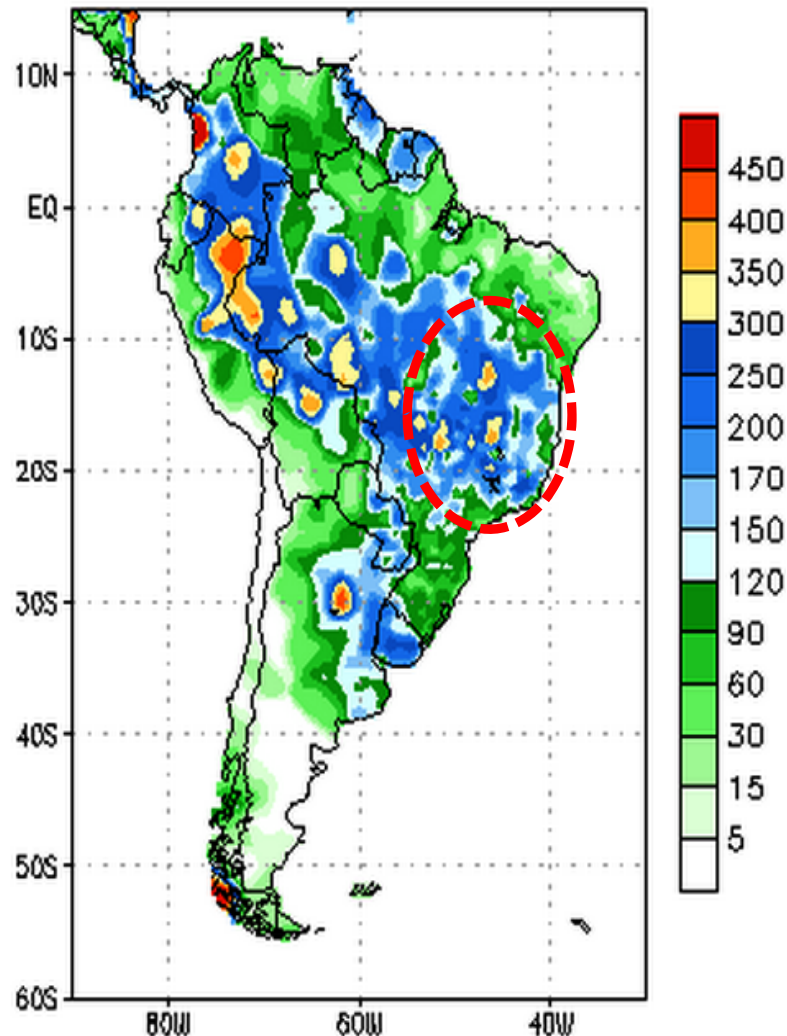
- Soy complex booking continue to remain higher on Y-o-Y basis, thus, supporting the prices at immediate front.
- Higher shipment across soybean is hinting towards the robust demand, while soymeal shipment continue to remain slow due to lower crush in the previous month.
- However, higher production prospect across the SA, is likely to slowdown the soybean booking across the US.

USA Soybean Sales & Export (04th Dec)						
Parameter	Booking		Reported Exports		Pending Sales	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Soybean	40.38	38.56	22.73	18.92	17.65	19.64
China	25.19	24.52	16.33	13.69	8.86	10.83
Other countries	10.82	8.84	6.40	5.23	4.42	3.61
Unknown	4.37	5.20			4.37	5.20
Soymeal	6.83	5.85	1.98	2.22	4.85	3.63
Soy Oil	0.36	0.27	0.20	0.11	0.16	0.16



- Delayed harvesting and logistic issue across the Brazil has kept the dependency of other nation higher towards the US.
- Lower crush during the previous month is keeping the actual export of soymeal at tenterhooks, however, anticipation of higher crush in the month of Nov & Dec might improve the shipment pace going forward.
- Further, Y-o-Y higher export inspection is keeping the overall price sentiment at firm note in short to medium term.

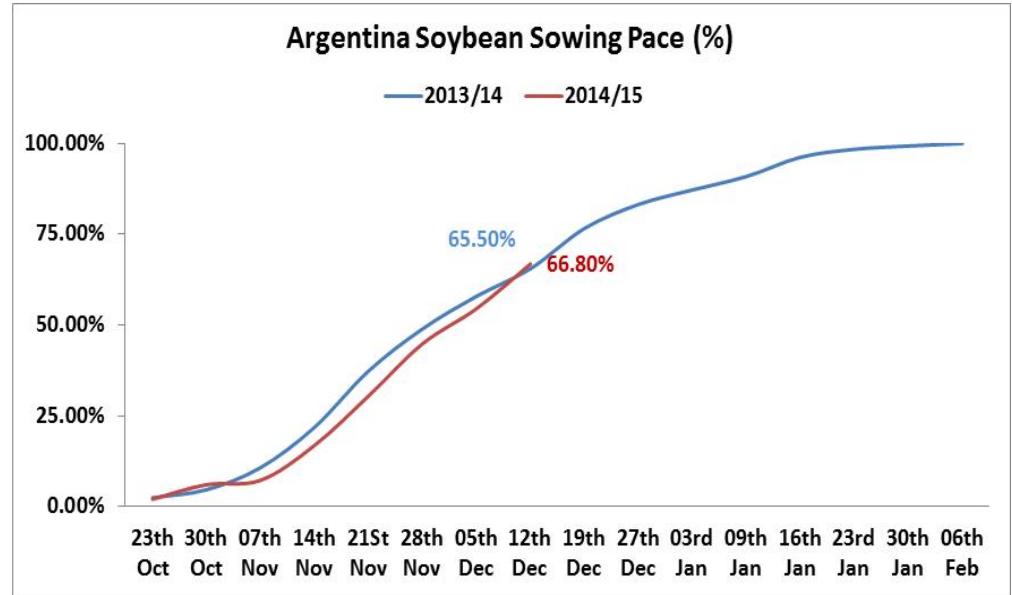
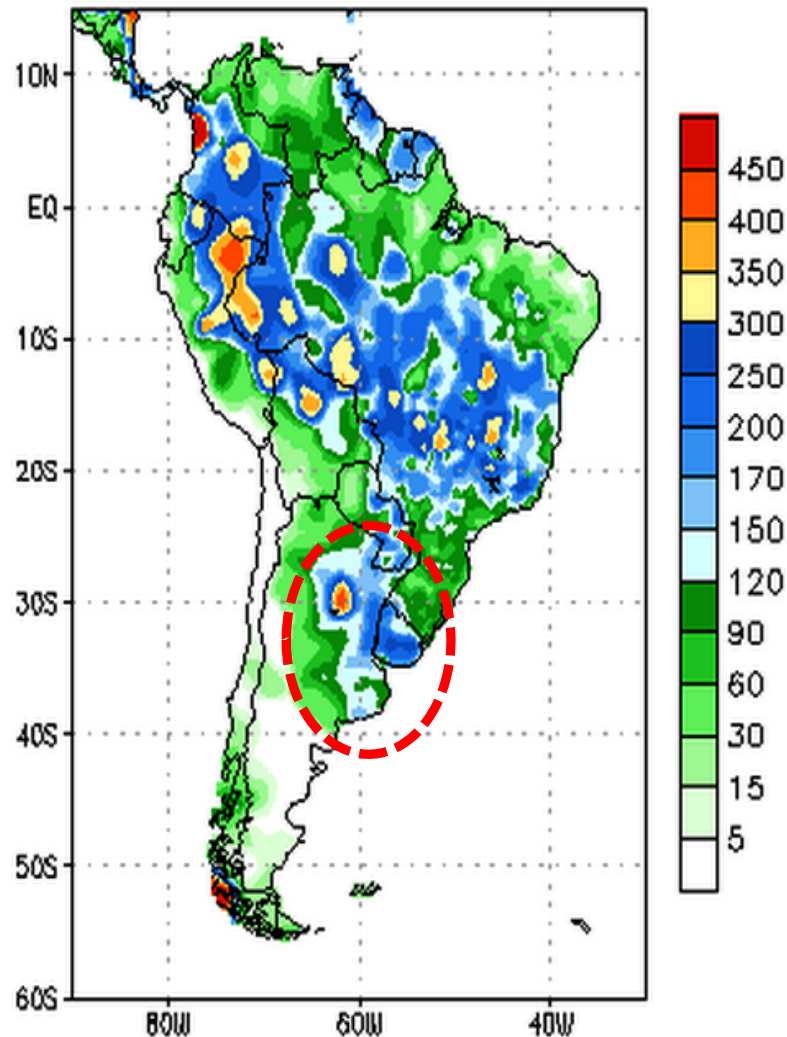
Accumulated Prop (mm) 11NOV2014–10DEC2014



Brazilian Soybean Planting Pace (As on 09 th Dec)		
Major Soy Belts	2014/15	2013/14
Mato Grosso	100%	100%
Parana	100%	100%
Rio Grande do Sul	80%	85%
Mato Grosso do Sul	85%	90%
Others	90%	95%
Nationwide	92%	94%

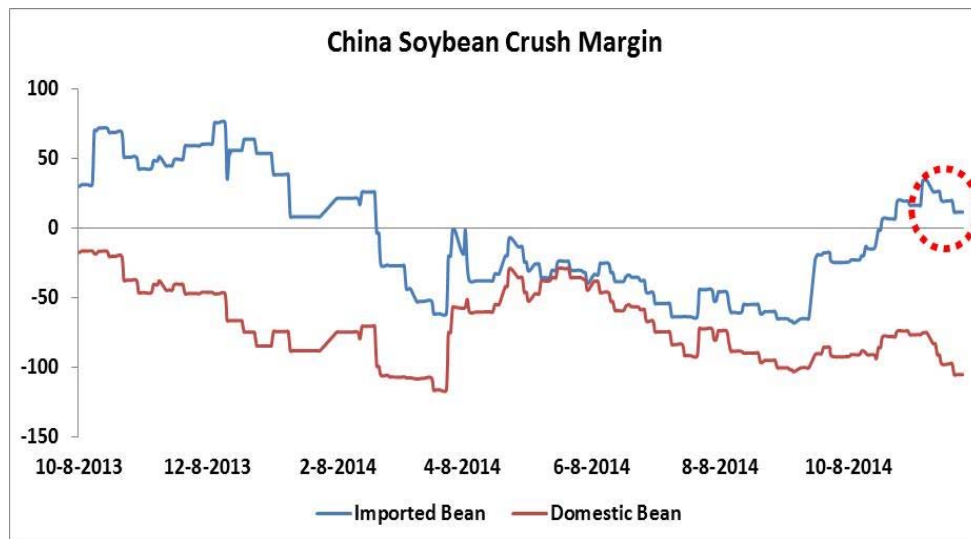
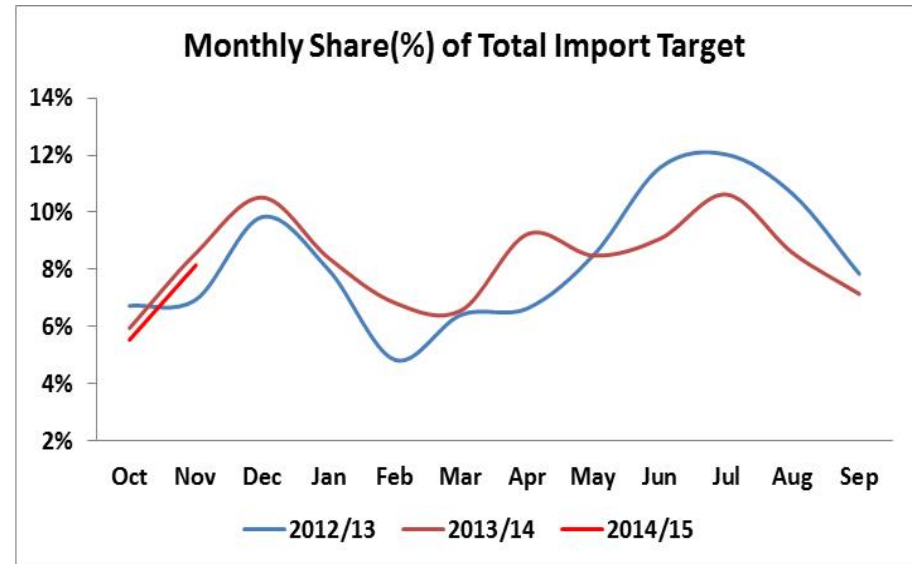
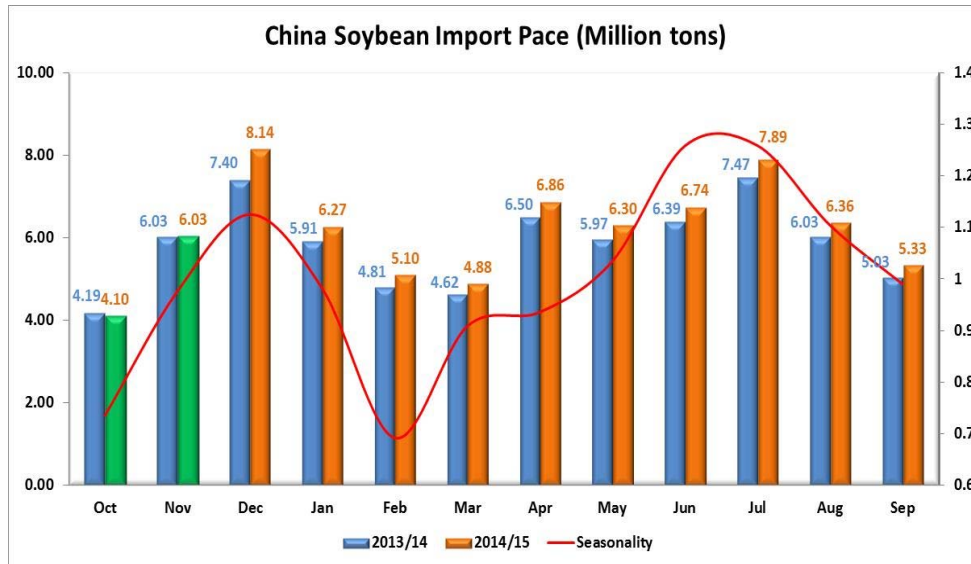
- Soybean sowing across the Brazil is at the verge of completion and is likely in line to the last year as well as average pace.
- Meanwhile, better crop condition in the wake of favorable weather condition is keeping the hope alive for huge production prospect on Y-o-Y.
- Meanwhile, CONAB has drastically increased the Brazilian production to more than 95 million tons which seems to be on the higher side as dryness during the early sown crop might result in some yield loss and overall production might fall in the range of 92-93 million tons.

Accumulated Prcp (mm) 11NOV2014–10DEC2014

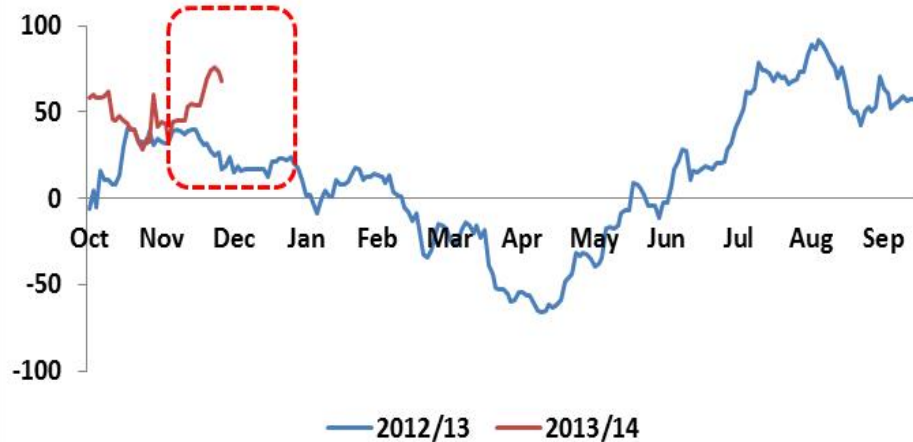


- Delay in soybean sowing has surpassed across the Argentina and currently it is on the higher side in % as well as in absolute terms.
- Meanwhile, as the sun seed acreage has witnessed decline across the Argentina, anticipation is higher that loss in sun seed acreage might be gain to soybean.
- Meanwhile, for 2014/15 soybean acreage is likely to be higher by around 1.23% on Y-o-Y basis.

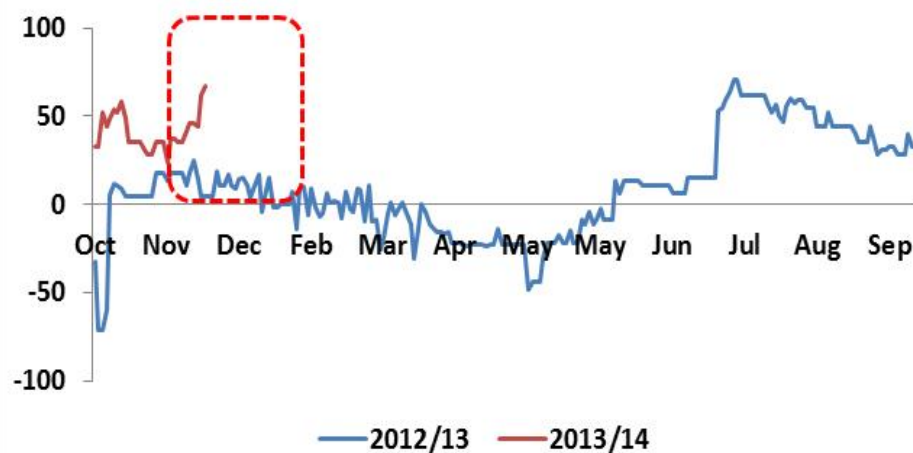
Chinese Crush Margin & Soybean Import



- Sluggish economy across the China is keeping the import of soybean at tenterhook & anticipation is higher that it might not reach the overall import target of 74 million tons.
- Meanwhile, the monthly share of the soybean import to the actual is also getting slow down on Y-o-Y basis due to lower import.
- Further, the crush margin of imported soybean has also come down hinting lower demand of soymeal.

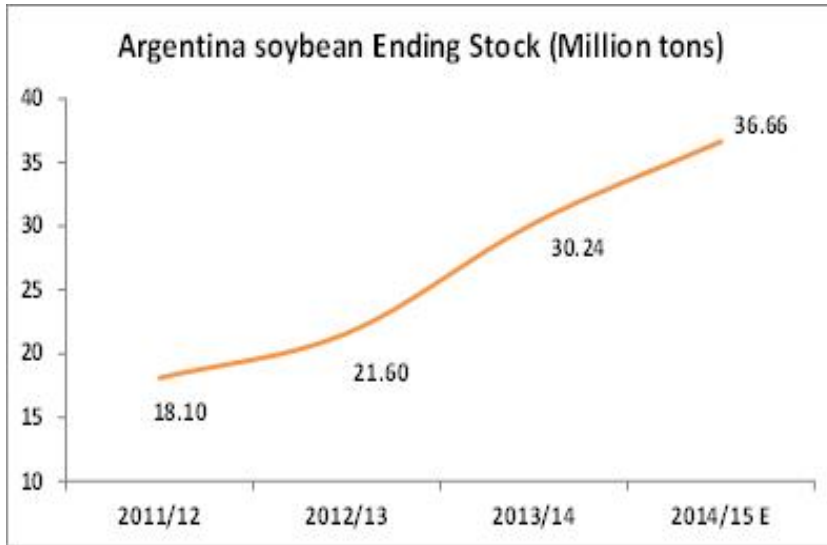
Argentina Soy Oil Basis Vs CME Soy oil (\$/ton)

- Argentina soy oil premium remain higher on Y-o-Y in the wake of restrained selling by the farmers leading to lower crush.
- However, recent stoppage of bank loan entitlement to the farmers might push them for sales, thus, might keep a check on aggressive premium build up.

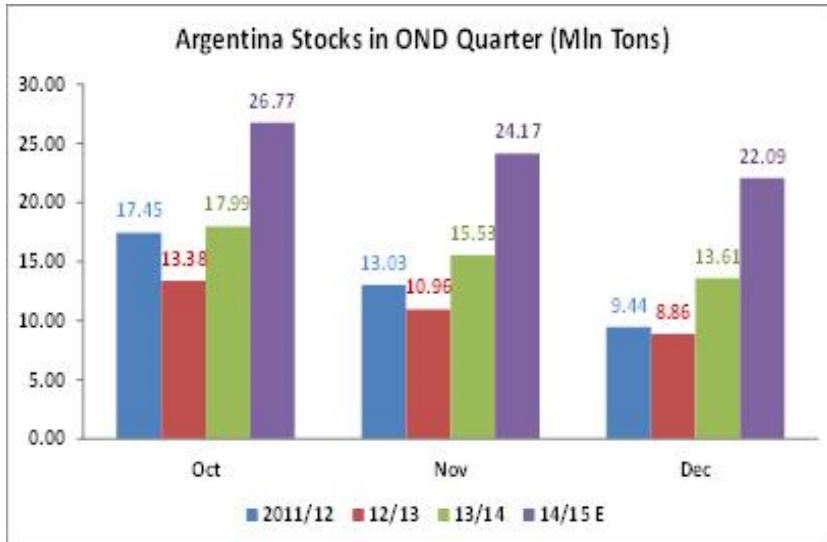
Brazil Soy oil Basis Vs CME Soy oil (\$/ton)

- Brazilian soy oil premium is mainly due to lower stock availability coupled with anticipation of delay in harvest.
- Meanwhile, anticipation of higher usage of soy oil under bio fuel too kept the over all premium higher on Y-o-Y basis.
- However, upcoming harvesting in a month might bring down the prevailing premium.

Impact of reduction of Bank Loan Entitlement across Argentina



Years	Production	Crush	Export	Crush % of Production	Export % of Production
2011/12	40.10	36.15	8.72	90%	22%
12/13	48.50	33.61	7.74	69%	16%
13/14	55.50	36.14	7.92	65%	14%
14/15 E	55.00	37.28	8.10	68%	15%



- Decline in quantity of soybean crush as well as export to the percentage of total production, hinting towards the restrained soybean selling by the farmers.
- Earlier the crush continue to remain a major portion of the production but currently it has declined drastically i.e from 90% in 11/12 to current year anticipation of 68% only whereas, the export too has witnessed a decline from 22% in 11/12 to around 15% in the current ongoing marketing year.
- As the sowing window is underway across Argentina, stoppage of bank loan entitlement will push them for sales, leading to anticipation of higher crush & export in coming months.

USA, Brazil & Argentina Combinedly Simulation

Months	Ending stock			Crush			Export		
	2013/14	2014/15	% Change	2013/14	2014/15	% Change	2013/14	2014/15	% Change
Oct E	80.26	94.20	17%	10.47	10.67	2%	9.88	10.16	3%
Nov E	81.28	104.21	28%	9.75	10.09	3%	9.77	9.88	1%
Dec E	65.42	88.00	35%	8.95	9.27	4%	7.03	7.10	1%

- Rise in stock on Y-o-Y basis in the OND quarter remain on the higher side as compared to the various consumption parameter of crush and export.
- Average swelling of the stock in OND quarter remains at around 27% whereas average crush and export remained at 3% and 2% respectively.
- Hence, such a huge stock availability from the major nation is likely to keep the overall sentiment at bearish note in medium to long term.

Global Soybean Balance Sheet

Global Soybean Balance Sheet (Million tons)				
Parameter	USDA 13/14 E	TG 13/14 Estimate	USDA 14/15 P	TG 14/15 Projection
Area Harvested (Million Ha)	113.34	113.34	118.06	118.06
Beginning Stocks	56.28	56.30	66.58	65.85
Production	285.30	283.90	312.81	309.01
MY Imports	110.44	110.44	112.77	112.32
Total Supply	452.03	450.64	492.16	487.18
MY Exports	112.83	112.90	116.22	118.19
Crush	239.83	239.09	251.87	249.31
Food & Feed Dom. Cons.	32.79	32.79	34.20	34.20
Total Dom. Cons.	272.61	271.89	286.07	283.51
Ending Stocks	66.58	65.85	89.87	85.48
S/C Ratio	24.42%	24.22%	31.42%	30.15%
Week to Consumption	12.70	12.59	16.34	15.68

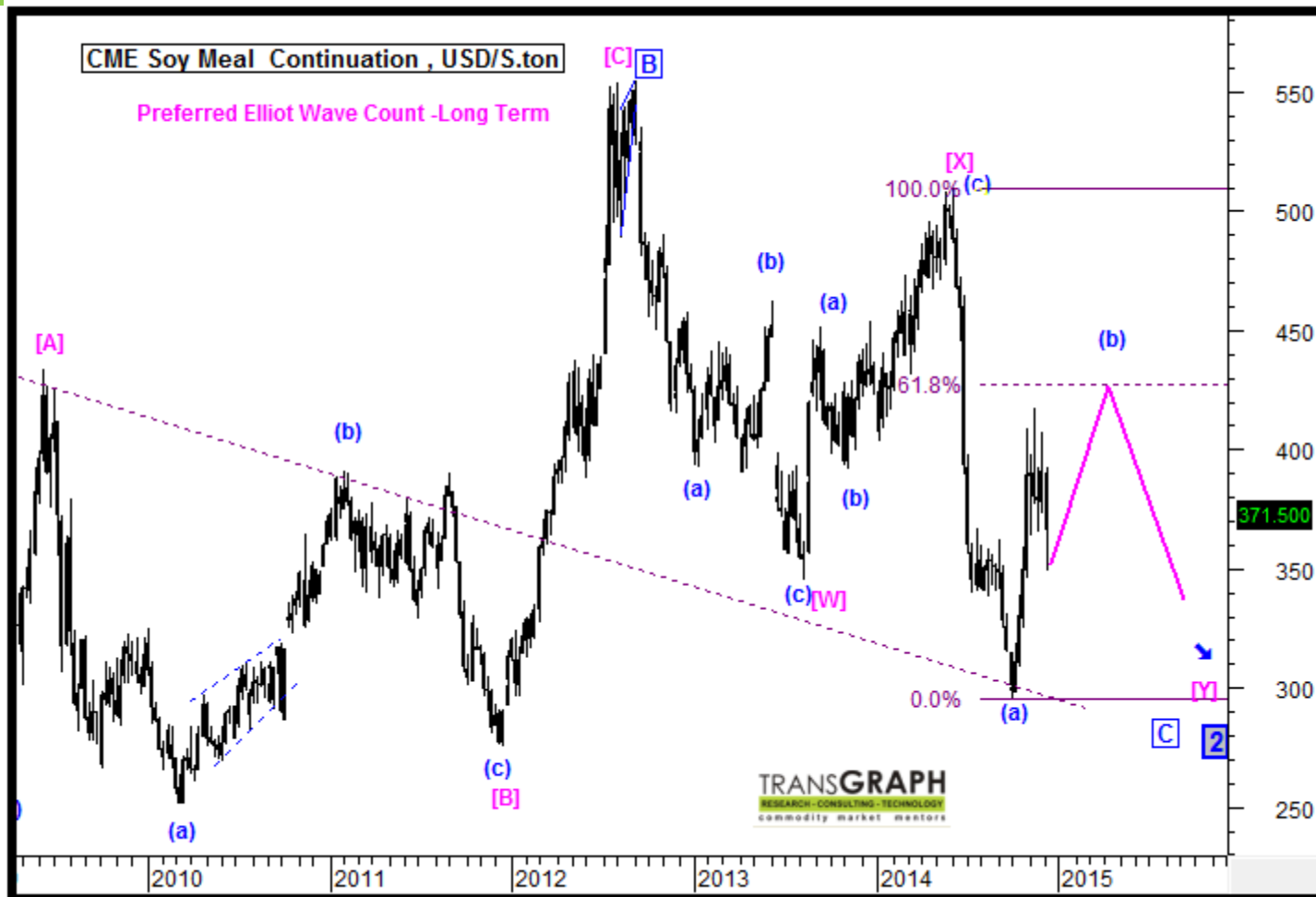
Source:- USDA & TG Research

- Ending stock of 14/15 is likely to grow by around 19.62 million tons due to higher production across the US & Brazil, where the production is likely to jump from 89.5 to 107.78 and 86.5 to 93 million tons respectively. However, weather condition across the Brazil remain critical in reaching such a huge production jump.

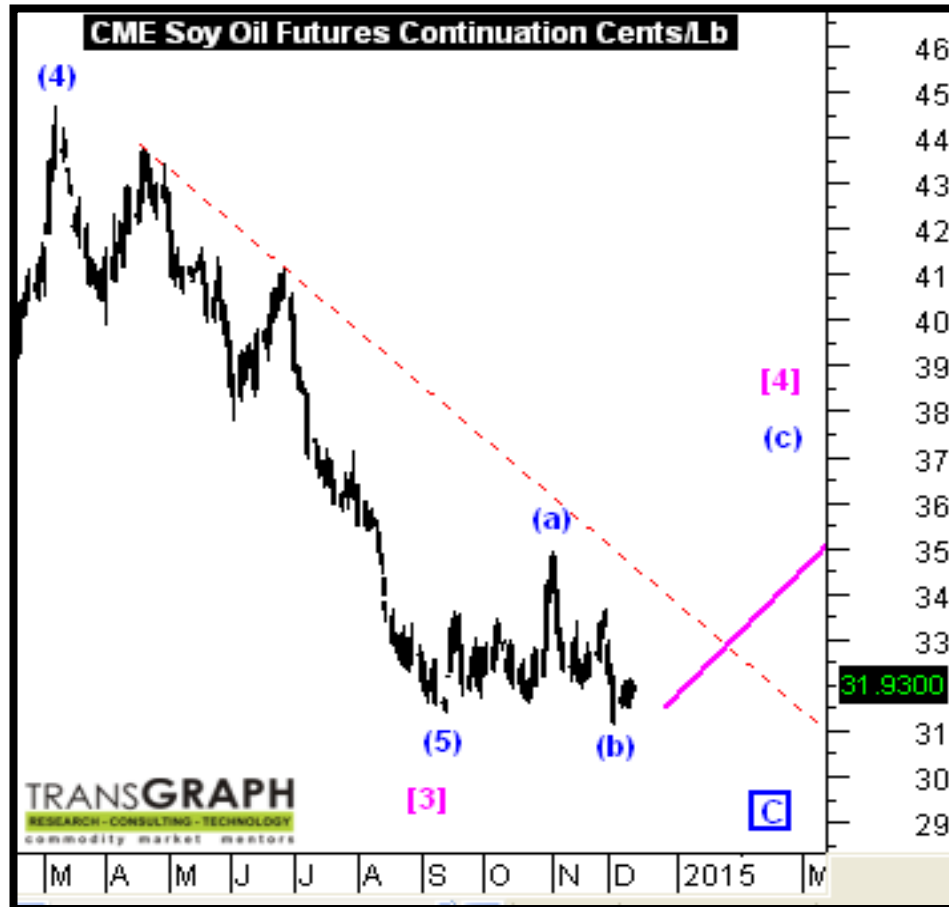
Technical Analysis & Price Outlook



CME Soybean prices CMP of 1042.25 cents (Jan'15 Contract) , post making a low of 904.00 cents and finding support at channel line in the first week of Oct 2014 turned bullish and trading higher in the last few weeks and gradually witnessing uptrend. Prices are likely to find support above 975 cents on any minor pullback and trade on sideways to positive note towards 1150-1200 in the coming 3-5 months.



CME Soy-meal futures prices (CMP at USD 371.50 (Jan-15 Futures) post finding support at USD 295 .10 in the first week of October 2014 rallied sharply continuously and tested high of USD 408.50 and currently witnessing correction. Prices are likely to find support near USD 360-350 and turn bullish towards USD 430- 450 in the coming 3-4 months.



Price Structure : Price is seen consolidating against the cyclical bearish grip. Hence, present rise in the price is considered corrective, signifying overlapping and laggard up side move.

Price Outlook: CME Soy Oil, Dec'2014 price is likely to stay above 31.00 cents and trade sideways to positive towards 34.00/36.00 cents in the coming 1-2 months.

Turnaround Level: Price trading below 31.00 would negate the upside potential and then lower price towards 30.00/28.00 is possible in the said time frame.

TRANS**GRAPH**

Palm complex

Bearish

- Erasing competitiveness in Energy segment
- Huge S.American Soy Crop
- Palm compelled to remain at a higher discount with other oils

Technical view- Preferred

Market is expected to hold support around MYR 2100 and move higher towards MYR 2350/2400 in the coming couple of months.

Bullish

- Commencement of off-season in South East Asia
- Lower end stock anticipation for Dec'14
- Volatile MYR

Technical view-Alternate:

Price sustaining below MYR 2100 shall negate the subsequent rise and then lower price towards 2000 is possible in the coming 1-2 months.

1-2 months

- ❖ BMD CPO price is likely to trade sideways to positive towards MYR 2350/2400 with support in place around MYR 2100 in the coming 1-2 months.

in mn MT	2012/13	2013/14	2014/15
Production	160.59	169.56	176.44
Imports	64.6	64.88	68
Exports	68.5	68.78	71.08
Domestic Consumption	157	165.35	172.95
Endng stocks	17.04	17.35	17.76
S/C Ratio	10.85%	10.49%	10.27%

- Though global veg oil continue to grow on Y-o-Y basis, but growth in production is outpaced by growth in consumption
- Even though ending stocks are increasing on Y-o-Y basis, S/C ratio is likely to remain stable in the range of 10.2-10.5%

Ending Stock Of Various Global Veg Oils

Split of Global Veg oil (Million tons)						
Commodity	USDA Est. in Nov'14 report	USDA Est. in Dec'14 report	Change	USDA Est. in Nov'14 report	USDA Est. in Dec'14 report	Change
	2013/2014	2013/2014		2014/15	2014/15	
Coconut Oil	0.36	0.36	0.00%	0.27	0.27	0.00%
Cotton Seed Oil	0.21	0.21	0.00%	0.20	0.20	0.00%
Olive Oil	0.17	0.17	0.00%	0.19	0.19	0.00%
Palm Oil	7.72	7.19	-6.84%	8.42	7.80	-7.40%
Palm Kernel Oil	0.82	0.82	0.00%	0.79	0.79	0.00%
Peanut Oil	0.06	0.06	0.00%	0.06	0.06	0.00%
Rapeseed Oil	3.62	3.55	-1.93%	3.63	3.69	1.46%
Soybean Oil	3.00	3.05	1.73%	3.10	3.21	3.65%
Sunflower Oil	1.93	1.93	0.00%	1.55	1.55	0.00%
Total	17.89	17.35	-3.05%	18.22	17.76	-2.51%

- Palm Oil ending stocks are revised downwards by USDA on the back of lower production in 2013-14

Global Veg Oils S & D Vs Price Change

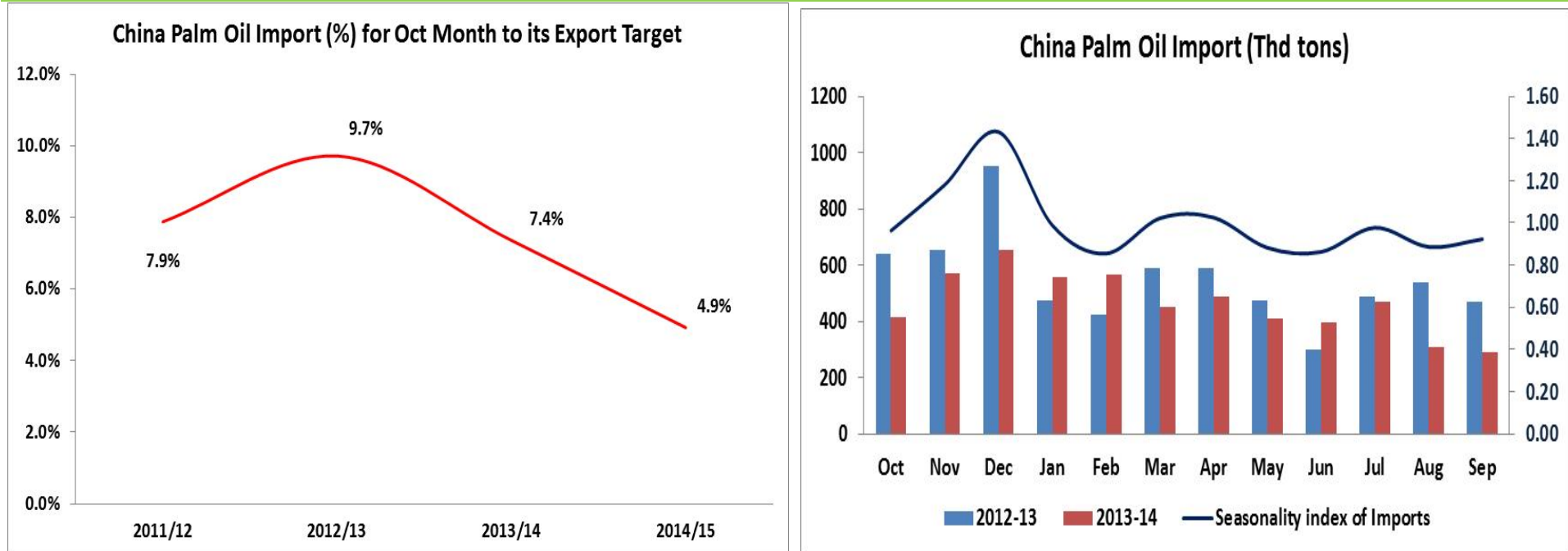
Global major veg oil supplies, Demand & Prices												
	Soy Oil			Palm Oil			Rape Oil			Sun Oil		
in mn MT	Supply	Demand	Price (\$/MT)	Supply	Demand	Price (\$/MT)	Supply	Demand	Price (\$/MT)	Supply	Demand	Price (\$/MT)
2012/13	46.78	42.38	1097	63.26	54.49	835	26.61	23.69	1128	15.6	13.3	1183
2013/14	48.19	45.11	946	66.25	56.52	861	29.01	25.33	995	17.37	14.88	926
2014/15 F	50.09	46.53		69.98	60.55		30.39	26.56		17.22	15.26	
% change in 2013/14	3%	6%	-14%	5%	4%	3%	9%	7%	-12%	11%	12%	-22%
% change in 2014/15	4%	3%		6%	7%		5%	5%		-1%	3%	

- Sun oil supplies are tight for 2014-15
- Palm supply and demand numbers are balanced for 2014-15
- Soy oil supplies are higher and can pressurize palm oil markets rather than other markets

CPO spreads with other Veg Oils (Rotterdam prices)			
in USD/MT	Soy Oil - CPO	Rape Oil - CPO	Sun Oil - CPO
2009-10	112	117	148
2010-11	158	217	257
2011-12	189	203	197
2012-13	262	293	348
2013-14	85	134	65
2014-15 (till Dec 10)	112	131	278

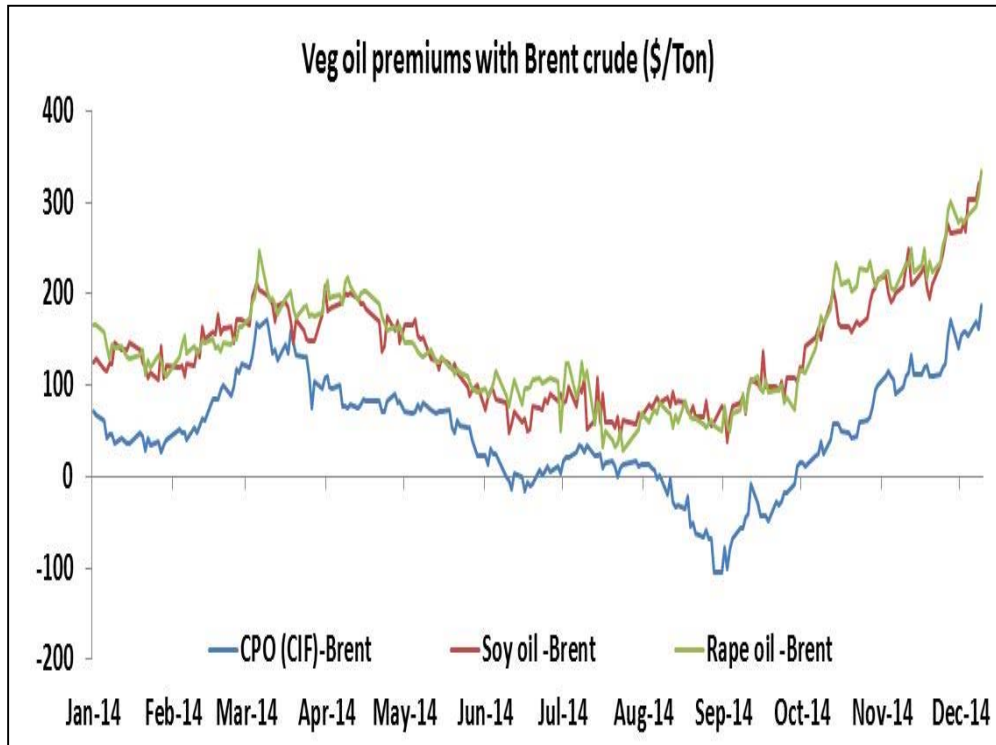
- At the current spreads, which are back to normal, palm is expected to take back its share in the export markets which it had lost to sun oil .

Declining trend of China Palm Oil Import



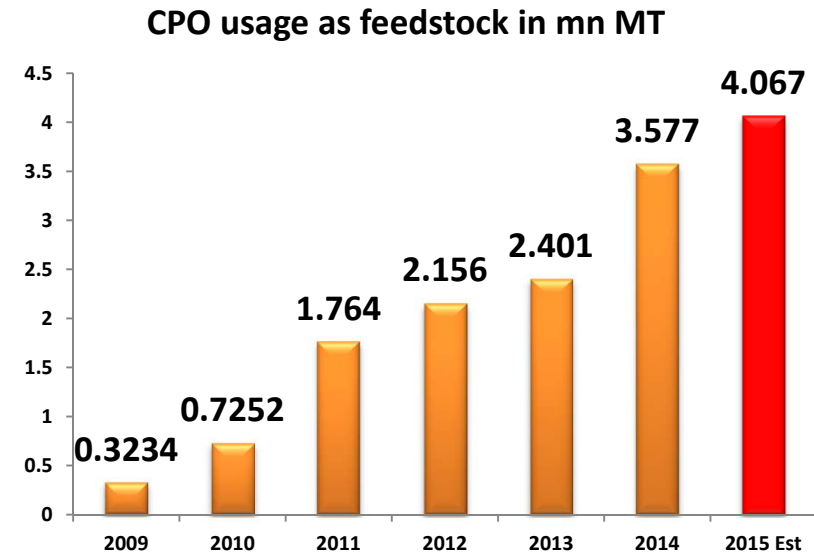
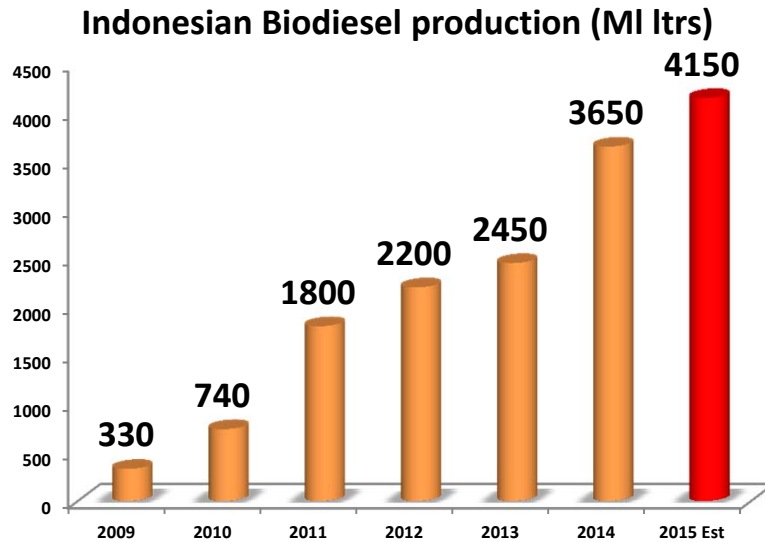
- China import share for the month of Oct remains the lowest in total palm oil consumption in last 4 year hinting towards the lower demand.
- Lower import of palm oil across China is mainly due to sluggish economy growth coupled with huge import of soybean.
- Meanwhile, though seasonality is hinting towards the improvement in palm oil import in the coming months, however, higher import of bean is likely to limit the palm oil import on M-o-M basis.

Different Veg oil Premiums with Brent



- Recent decline in Brent oil prices has widened the CPO- Brent spread and remain much higher as compared to last monthly average as well as Yearly average.
- At the current junction, the CPO prices are higher by around \$138 as compared to the yearly average of \$50.
- Hence, anticipation is higher that in order to correct the spread, palm oil prices are likely to fall going forward, tracking weakness across Brent.
- However, the most closely watch factor in the coming months will be production decline and export pace for reaching any absolute correction.

USD/MT	Recent day	Last month avg	last 3 month moving avg	Last 1 year Moving average	Last 3 year moving average	Last 5-year moving average
CPO-Brent	178	118	62	50	78	162
Soy oil - Brent	330	220	171	145	251	320
Rape oil - Brent	330	236	186	145	266	344



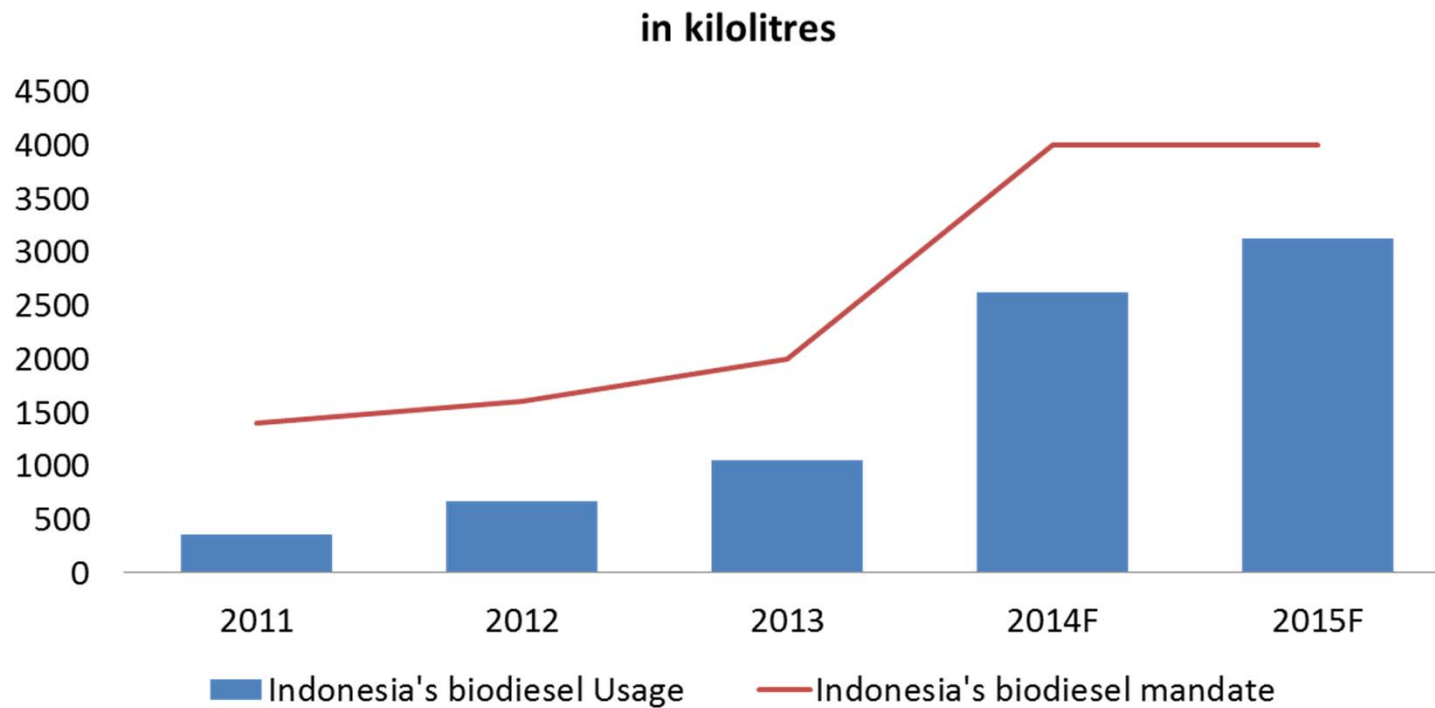
- Ambitious biodiesel blending targets set by Indonesian Govt will require higher biodiesel production and in turn higher CPO usage

Initial Biodiesel Mandate						
	Oct-Dec-08	Jan-09	Jan-10	Jan-15	Jan-20	Jan-15
Transportation (PSO)	1%	1%	3%	5%	10%	20%
Transportation (Non PSO)	0%	1%	3%	7%	10%	20%
Industry	3%	3%	5%	10%	15%	20%
Electricity	0%	0%	1%	10%	15%	20%

New Biodiesel Mandate					
	Dec-13	Jan-14	Jan-15	Jan-20	Jan-25
Transportation (PSO)	10%	10%	10%	20%	25%
Transportation (Non PSO)	3%	10%	10%	20%	25%
Industry	5%	10%	10%	20%	25%
Electricity	8%	20%	25%	30%	30%

in Mn kilolitre	2014	Biodiesel Mandate (New)	Potential Biodiesel usage
Transportation	16	10%	1.6
Power Plant	8.9	20%	1.8
Industrial Sector	5.6	10%	0.6
Commercial Sector	0.8	10%	0.1
Total	31.3		4.0

- As per the current diesel usage in Indonesia, nearly 4 mn MT of CPO is required to implement the mandates.



- Indonesia was never successful in implementing the mandates in the past. Hence doubts over existing mandate implementation

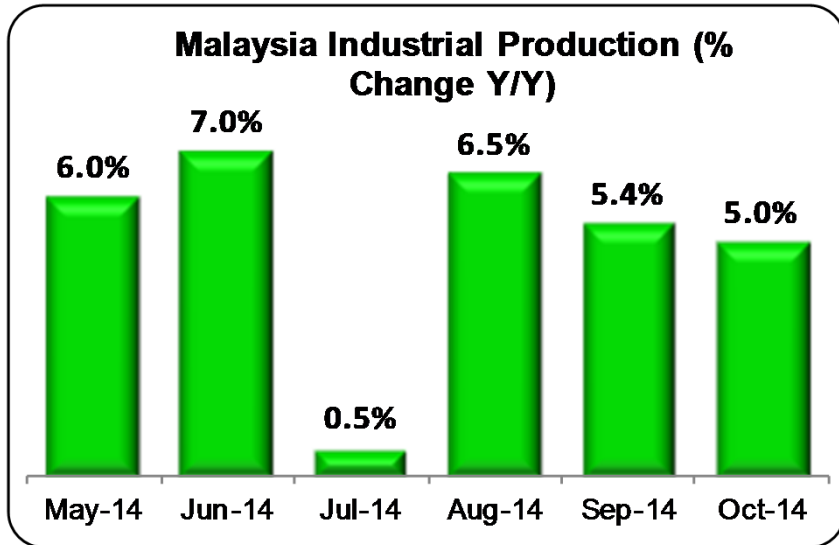
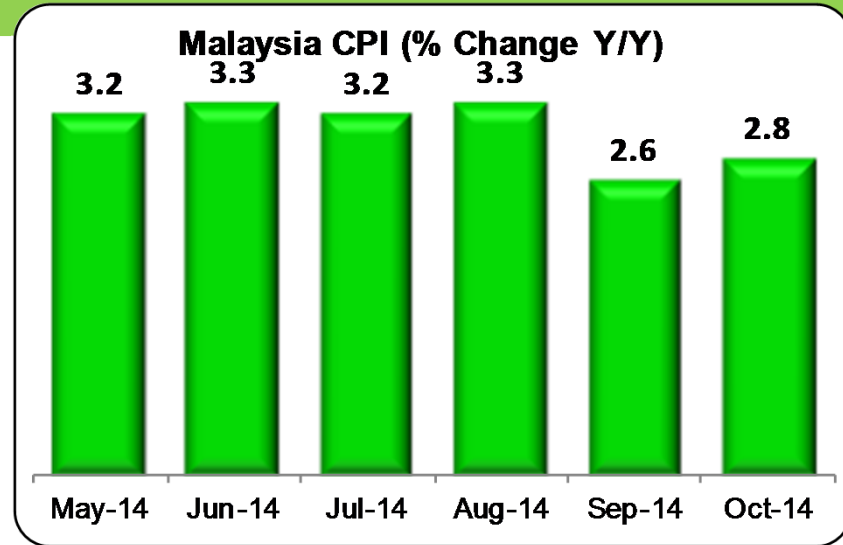
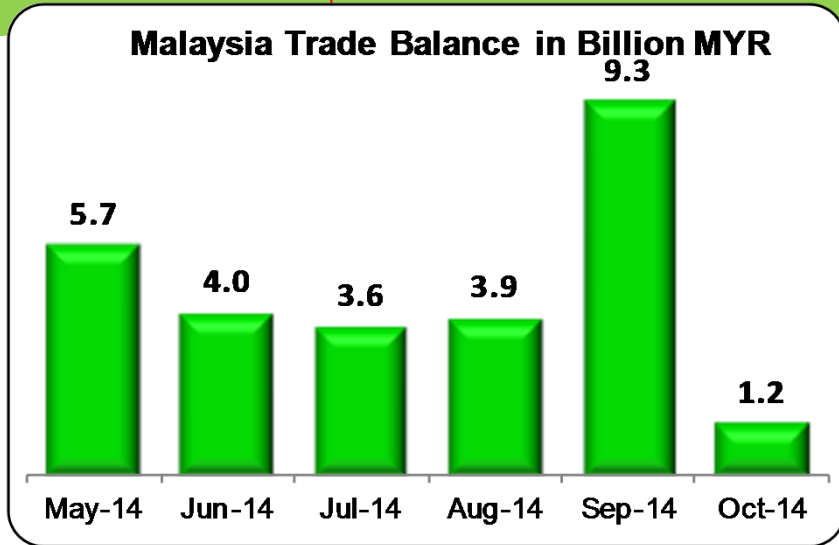
Indonesia Biodiesel Balance Sheet							
Particulars (MI Litres)	2009	2010	2011	2012	2013	2014	2015 Est
Opening stock	15	81	38	40	55	101	126
Biodiesel production	330	740	1800	2200	2450	3650	4150
Total supply	345	821	1838	2240	2505	3751	4276
Exports	204	563	1440	1515	1356	1000	1000
Domestic consumption	60	220	358	670	1048	2625	3130
Total demand	264	783	1798	2185	2404	3625	4130
Ending stocks	81	38	40	55	101	126	146
CPO Used (MI tons)	0.32	0.73	1.76	2.16	2.40	3.58	4.07
Source: USDA, TG estimates							

- Higher consumption is possible only if Govt intends to implement mandates seriously

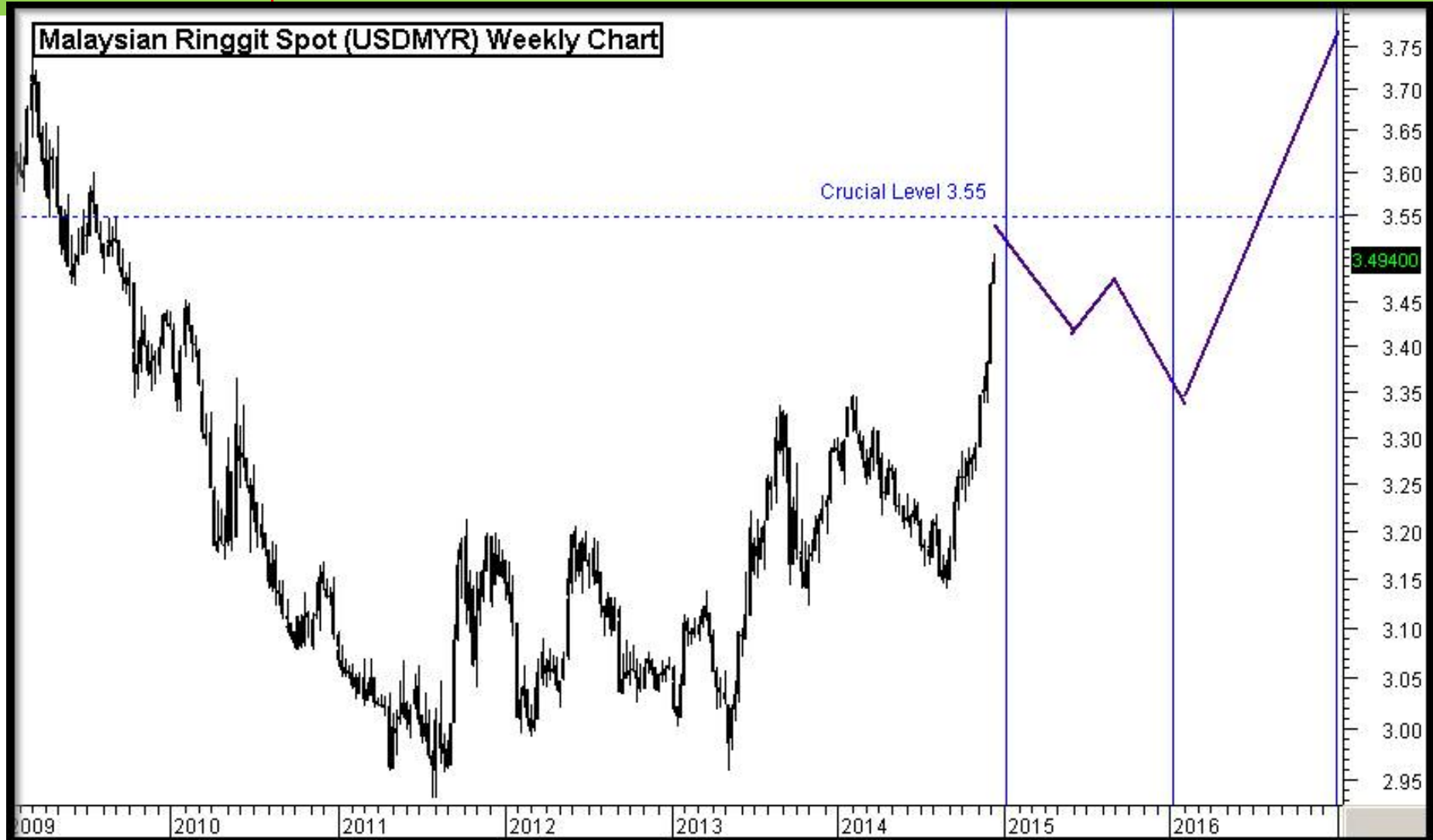
Attribute	2012/2013	2013/2014	2014/15E
Beginning Stocks	4.00	3.02	3.02
Production	28.00	30.39	32.09
Imports	0.04	0.04	0.00
Total Supply	32.04	33.45	35.11
Exports	21.20	21.40	22.80
Industrial Dom. Cons.	2.74	3.51	4.00
Food Use Dom. Cons.	4.85	5.27	5.40
Feed Waste Dom. Cons.	0.24	0.26	0.32
Total Dom. Cons.	7.82	9.04	9.72
Ending Stocks	3.02	3.02	2.59
All Units in Million ton			

- Zero export duty at Indonesia has helped to push more palm oil into the markets as a result of which exports are increased while domestic consumption will be higher provided Indonesian Govt supports the biodiesel mandates

Weakness in the MYR heightened



- ❖ Falling oil prices threatened shrinking petroleum revenue resulting in the worst performance of the Ringgit among EM currencies.
- ❖ Higher fiscal deficit (3.5% in 2014) and concerns over slowing current account weighed on MYR.
- ❖ Going ahead, low subsidies and GST remaining supportive for 6% GDP growth.



Malaysia :- Rainfall & % Share of Production											
States	Production Share (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Johor (4)	16%	47%	19%	108%	133%	134%	91%	98%	155%	91%	82%
Pahang (3)	15%	112%	9%	25%	63%	99%	102%	73%	118%	71%	121%
Perak (4)	10%	114%	20%	62%	87%	150%	71%	43%	137%	134%	110%
Selangor (3)	3%	102%	22%	59%	140%	149%	33%	43%	181%	138%	154%
N Sembilan (2)	3%	64%	0.40%	90%	111%	140%	22%	73%	135%	141%	107%
Other States (3)	7%	66%	4%	33%	88%	141%	127%	95%	108%	117%	87%
Peninsula	54%	87%	14%	67%	108%	138%	78%	70%	140%	115%	111%
Sabah (4)	30%	145%	99%	89%	57%	108%	68%	118%	116%	95%	124%
Sarawak	16%										
Total Malaysia	100%	101%	32%	69%	103%	133%	76%	80%	135%	112%	113%

- Ample rainfall in the recent month is likely to have an early ripening of the FFB, however, prevailed dry spell during the month of Jan/Mar across the Peninsular, Sabah & Sarawak region of Malaysia coupled with another spell of dryness during the month of Jun/July is likely weigh the on overall palm yield in the OND quarter.
- Meanwhile, production seasonality also indicate a drop in overall palm oil production in the OND quarter.

MI tons	O/S	Prod	Imports	Total supply	Exports	Dom con	Total con	End stock
May-14	1.77	1.66	0.05	3.47	1.40	0.23	1.63	1.84
Jun-14	1.84	1.57	0.01	3.42	1.48	0.28	1.76	1.66
Jul-14	1.66	1.67	0.01	3.34	1.44	0.21	1.65	1.68
Aug-14	1.68	2.03	0.02	3.73	1.44	0.24	1.68	2.05
Sep-14	2.05	1.90	0.04	3.99	1.63	0.27	1.90	2.09
Oct-14	2.09	1.89	0.08	4.07	1.61	0.29	1.90	2.17
Nov-14	2.17	1.75	0.10	4.02	1.51	0.22	1.74	2.27
Dec-14	2.27	1.49	0.10	3.87	1.50	0.21	1.71	2.16

- Tracking the seasonality and dry ness during Jan to Mar, Dec-14 production will be down by 15% and exports might remain flat. Hence, end stocks might decline to 2.16 ml tons against 2.27 ml tons of the previous month.

Attributes	2012/2013	2013/2014	2014/15
Beginning Stocks	2.49	1.79	2.09
Production	19.32	20.16	20.60
Imports	0.65	0.28	0.50
Total Supply	22.46	22.23	23.19
Exports	18.45	17.33	18.00
Industrial Dom. Cons.	0.00	0.00	0.00
Food Use Dom. Cons.	0.00	0.00	0.00
Feed Waste Dom. Cons.	0.00	0.00	0.00
Total Dom. Cons.	2.21	2.80	3.10
Ending Stocks	1.79	2.09	2.09
All Units in Million ton			

- 2014/15 end stocks will be same as that of 2013/14 as the total demand increment equals total supply increment.

Attribute	2013-14 USDA projection	2013-14 TG estimates	2014-15 USDA projection	2014-15 TG estimates
Beginning Stocks	7.19	8.66	7.19	8.74
Production	59.06	59.45	62.79	61.73
Imports	40.49	40.10	43.23	42.43
Supply	106.74	108.21	113.21	112.91
Exports	43.03	42.45	44.87	45.07
Consumption	56.52	57.01	60.55	59.63
Total consumption	99.55	99.47	105.42	104.70
Ending Stocks	7.19	8.74	7.80	8.21
S/C ratio	12.7%	15.3%	12.9%	13.8%

- Production from Indonesia and Malaysia will show an increment of 6% and 2%. Consumption will be lower than USDA anticipations as doubts still remained at Indonesian front regarding Biodiesel blending.

Technical Analysis & Price Outlook



Price Structure : Medium term uptrend is evident on the daily chart. Hence, MYR 2500/2550 is possible upon holding support around MYR 2100.

Price Outlook: Price is likely to hold support around MYR 2100 and trade sideways to positive towards MYR 2350/2400 in the coming 2-3 months.

Turnaround Level: Price sustaining below MYR 2100 would negate the upside potential and then lower price towards 2000 is possible.

CPKO 1Month Forward, USD/MT



Price Structure : Long term trend in the price is negative. However, price is seen getting support around USD 850.

Price Outlook: Initial weakness is likely to find support around USD 900 and then positive to sideways market is expected towards USD 1050/1150 in the coming 1-2 months.

Turnaround Level: Price trading below USD 830 would negate the upside potential and then lower price towards USD 750 is possible in the said time frame.



Price Structure : Price is seen establishing positive swing on weekly chart after posting low at USD 1055. Hence, rise in the price is likely to extend towards USD 1400.

Price Outlook: Coconut Oil CIF Rotterdam Oil, price is likely to stay above USD 1000 and trade sideways to positive towards USD 1300/1400 in the coming 1-2 months.

Turnaround Level: Price sustaining below 1000 negate the upside potential and then lower price towards 900/800 is possible in the said time frame.

TRANS**GRAPH**

Indian Edible Oil outlook

Bearish

- Y-o-Y lower soymeal export demand.
- Higher premiums of Indian soy meal to US meal to limit forward booking
- Weakness at international soy front

Technical View: Preferred-

NCDEX Soy Oil Jan'15 price is likely to find resistance around INR 595/605 and turn negative again towards INR 580/570 in the coming 1-2 months.

Bullish

- Y-o-Y lower soybean production.
- Lower soybean arrivals on Y-o-Y .
- Likely lower Rabi rapeseed acreage.
- Lower stocks of Rapeseed amidst higher crush.
- Rumors over increase in import tax over edible oils.

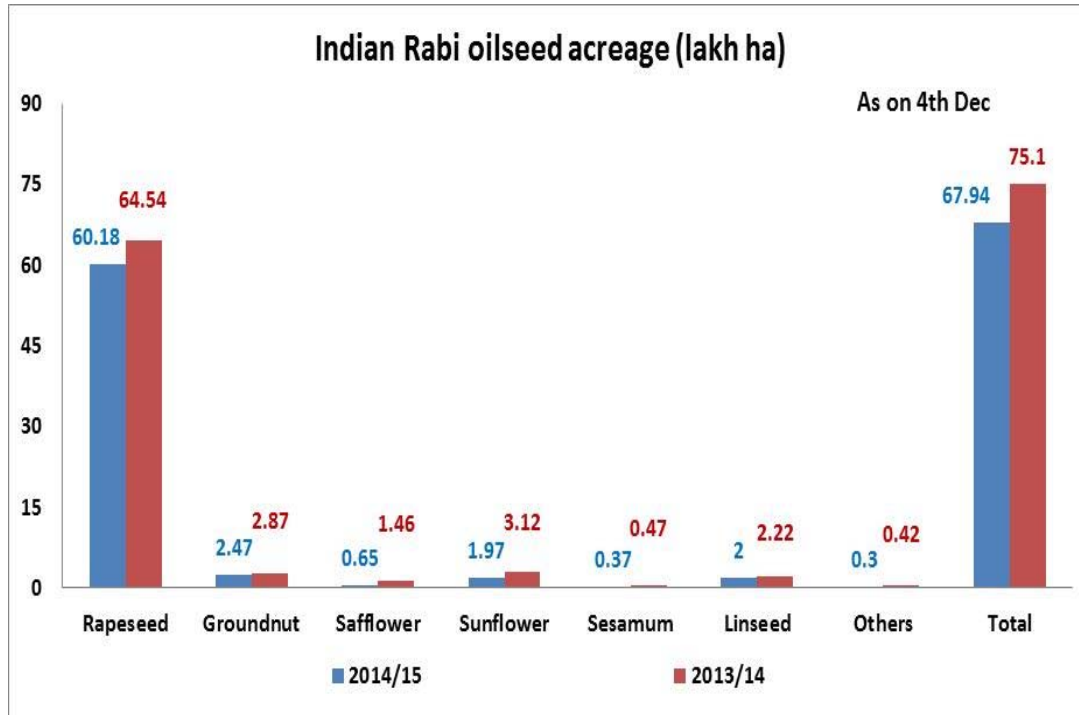
Technical View: Alternate

Price sustaining above INR 605 shall negate subsequent weakness and then INR 620 is possible in the coming 1-2 months

1 – 2 months

- ❖ NCDEX Soy Oil Jan'15 price is likely to find resistance around INR 600/605 and turn negative again towards INR 580/575 in the coming 1-2 months.

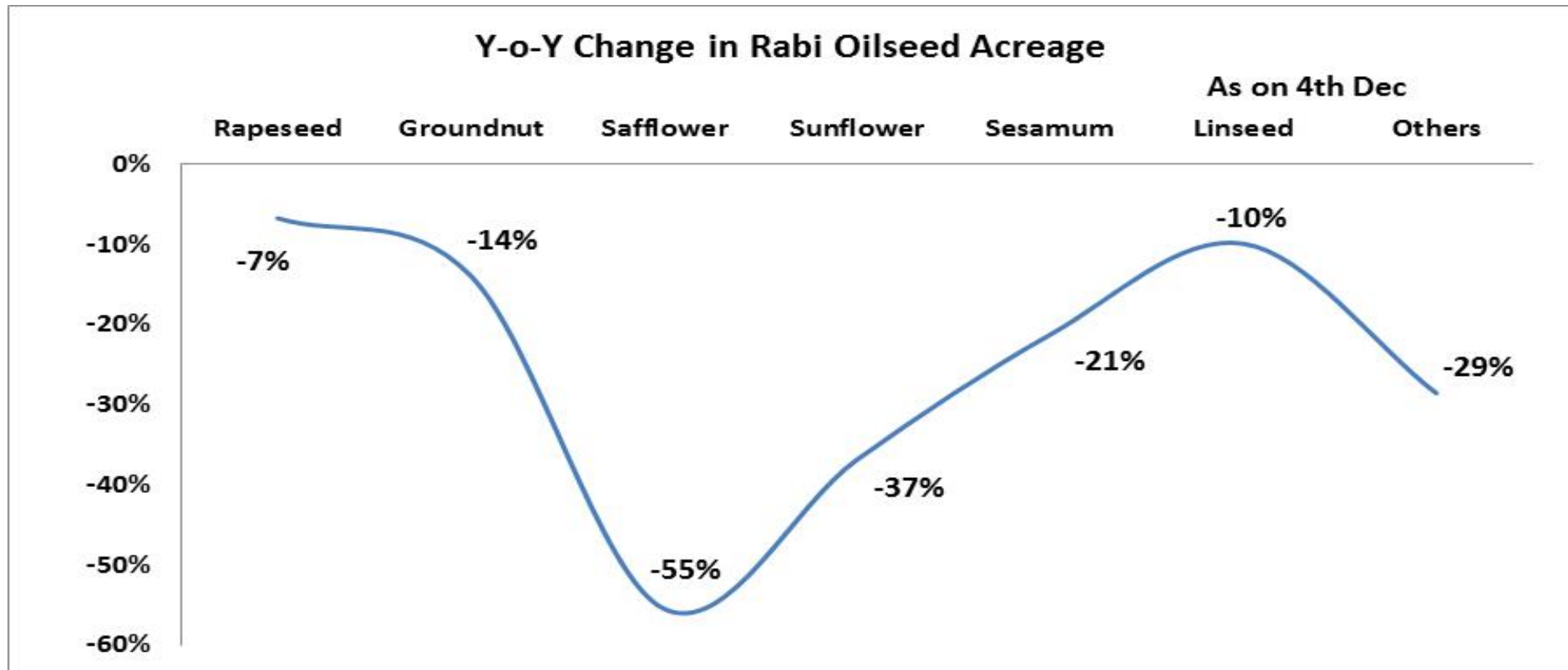
Indian Rabi oilseed acreage



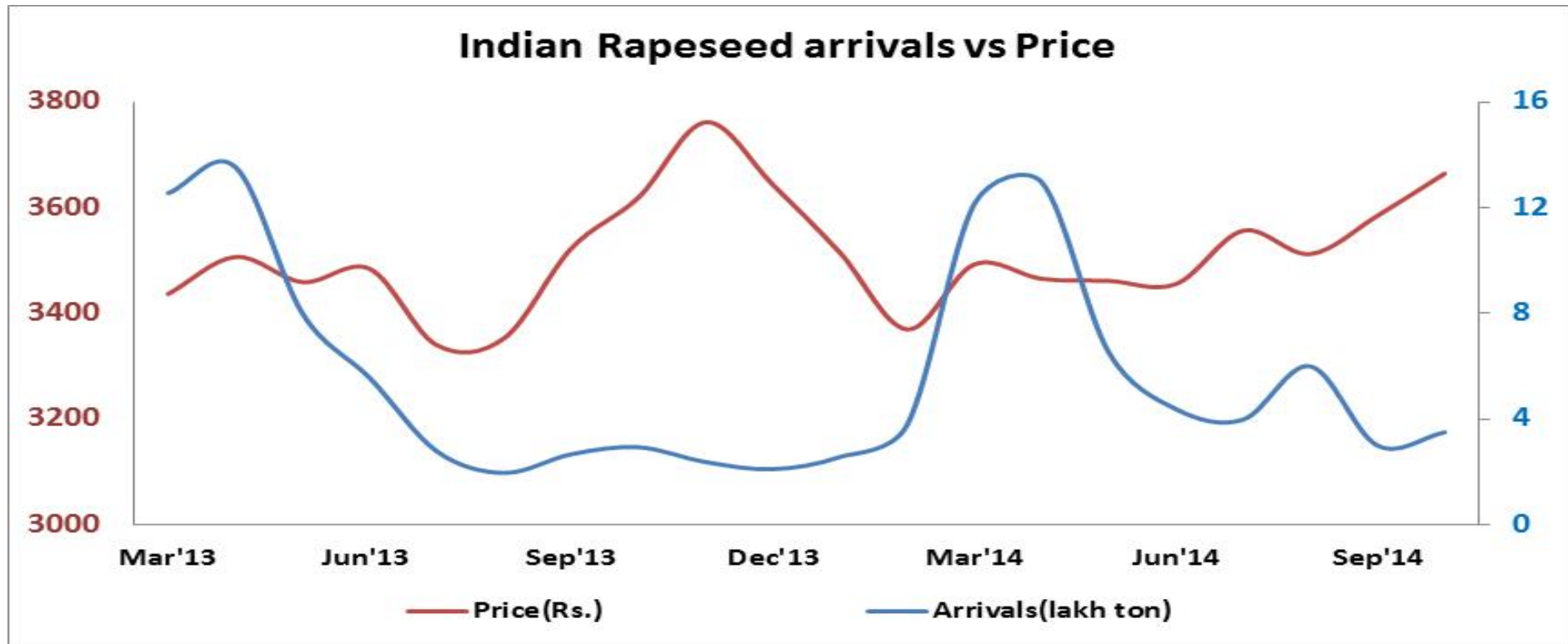
Rapeseed acreage as on 4th Decmber,2014		
State	2014-15	2013-14
Rajasthan	25.84	29.27
U.P	11.31	10.26
M.P	6.4	7.79
Others	16.63	17.22
Total	60.18	64.54
Units: Area in lakh ha		

- Indian Rabi oilseed sowing acreage is declined by around 10% Y-o-Y basis due to delayed sowing in the current year.
- Meanwhile, rapeseed sowing is lower by around 7% Y-o-Y basis which might cause lower production.

Declining Rabi Oil Seed Acreage (Y-o-Y)



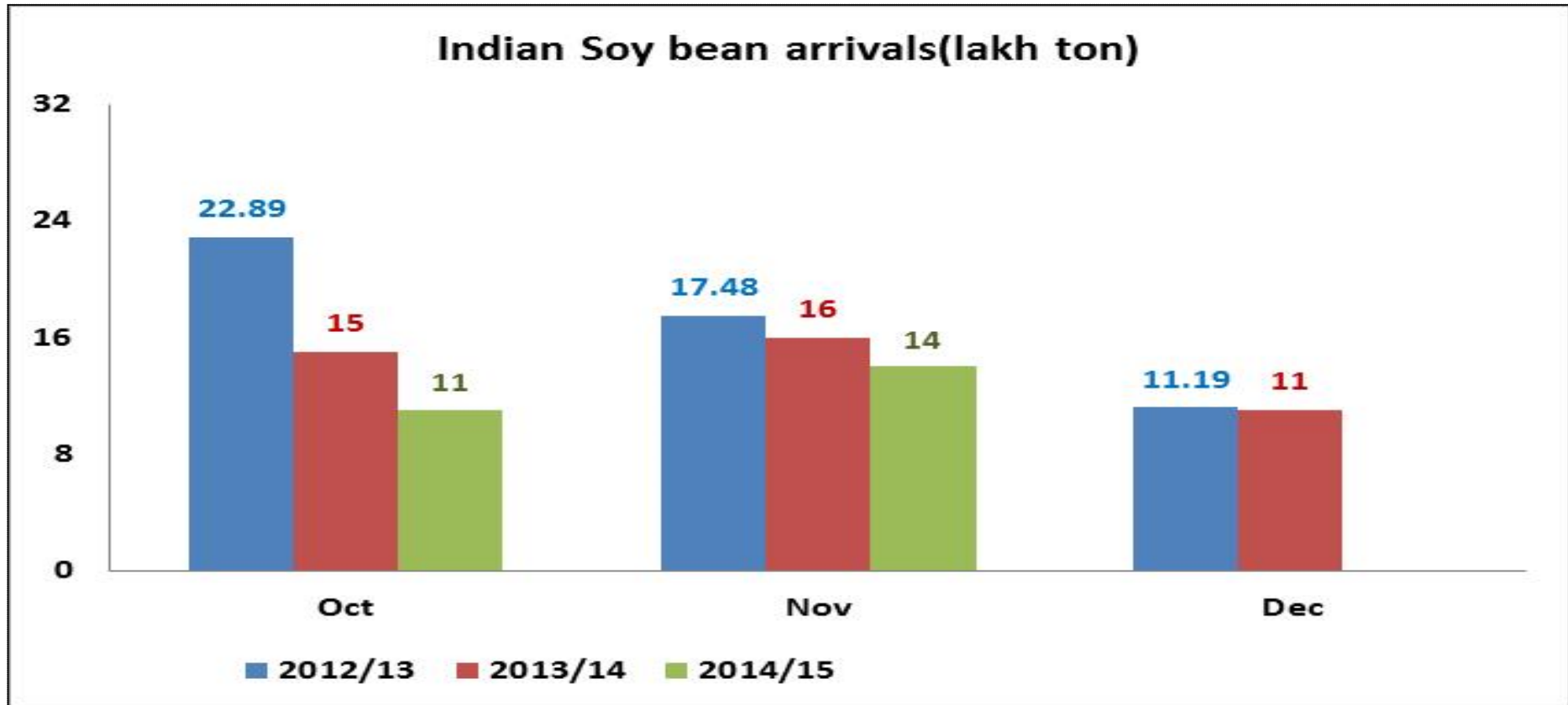
- Currently, Indian Rabi oilseed acreage remains lower due to decline in major winter oilseed crop (Rapeseed) as well as other oilseeds too.
- Thus , the overall rabi acreage remains on lower side compared to previous year due to less soil moisture.



- Arrival of the rapeseed has a direct impact over the prices. Meanwhile, in the current season due to strong demand of rape meal coupled with prevailing tightness at the stock, prices of the rapeseed are likely to remain firm.
- Further, anticipation of further decline in upcoming crop due to lower acreage might further support the prices.

Acerage in million ha							
	MP	Maharashtra	Rajasthan	Chattisgarh	TG+AP	Karnataka	Others
2012/13	5.81	3.21	0.98	0.16	0.19	0.2	0.06
2013/14	6.38	3.9	1.06	0.16	0.28	0.25	0.18
2014/15	5.55	3.84	0.82	0.15	0.27	0.29	0.14
Yield in Kg/ha							
2012/13	1030	1010	950	900	1100	650	860
2013/14	670	800	810	900	1100	620	750
2014/15	830	650	800	920	860	900	780
Production in lakh tons							
2012/13	59.843	32.421	9.31	1.44	2.09	1.3	0.516
2013/14	42.746	31.2	8.586	1.44	3.08	1.55	1.35
2014/15	46.065	24.96	6.56	1.38	2.322	2.61	1.092

- Production for 2014-15 is estimated at 85 lakh MT, lower by 5 lakh MT on the back of lower yields in Maharashtra and Madhya Pradesh.



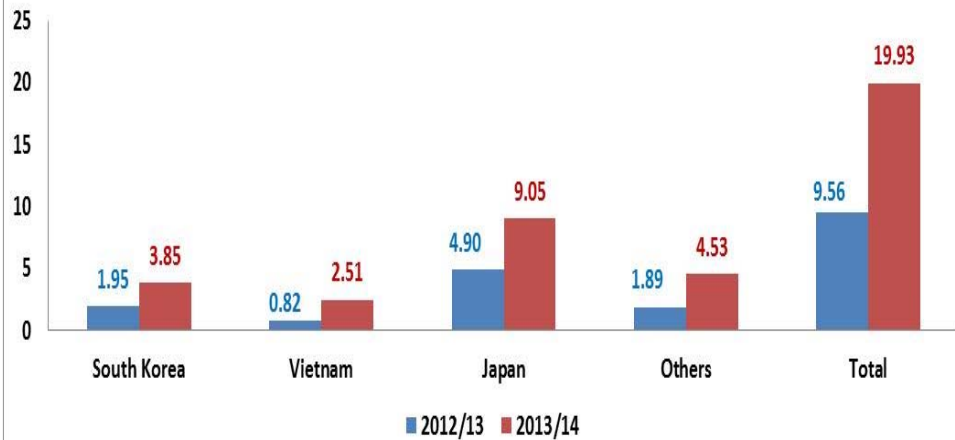
- Soybean arrivals during this season were sharply lower owing to late harvesting and restrained selling by farmers

Indian Soymeal Premium With Argentina			Indian Soymeal Premium With USA			
	2012/13	2013/14	2014/15	2012/13	2013/14	2014/15
Oct	41	35	34	98	72	51
Nov	-25	25	56	91	75	32
Dec	7	23		33	41	
Jan	35	23		53	51	
Feb	89	71		60	43	
Mar	139	95		100	77	
Apr	110	110		144	76	
May	111	125		113	99	
Jun	55	131		98	107	
Jul	28	-4		4	112	
Aug	-18	27		13	-59	
Sep	0	14		-40	-132	

- Lower demand of the Indian soymeal is keeping the overall premium of Indian soymeal lower as compared to last year. However, anticipation is higher that lower premium might increase the soymeal export in the coming months.

Chinese and Indian Meal Exports

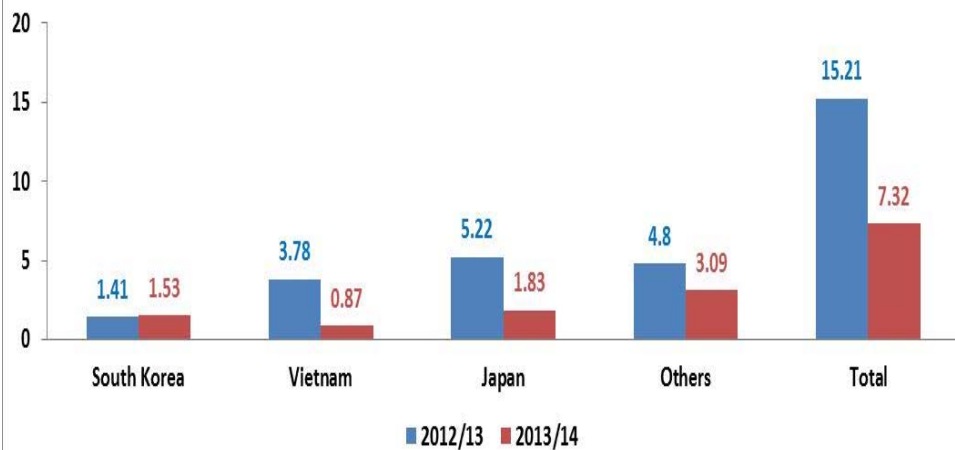
China Soymeal Export to South East Asia (Lakh tons) (Oct-Sep)



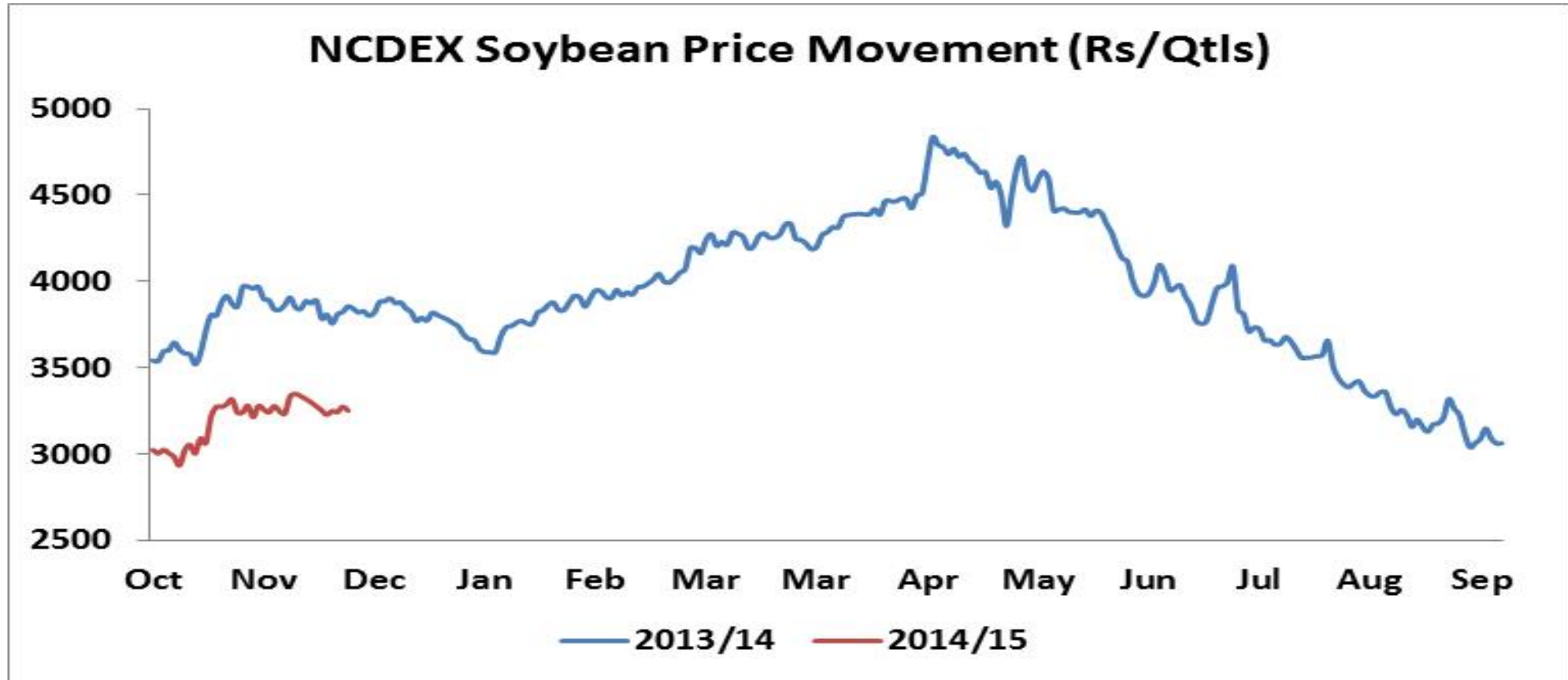
Chinese Soymeal Export for the month of Oct'14 (Tons)

South East Countries	2013/14	2014/15	Absolute Change
South Korea	404	1416.00	1012.00
Thailand	0	16.00	16.00
Philippines	0	0.00	0.00
Vietnam	18	1186.00	1168.00
Japan	20258	24790.00	4532.00
Indonesia	0	0.00	0.00
Malaysia	20	0.00	-20.00
Taiwan	0	0.00	0.00
Myanmar	0	0.00	0.00
Others	17520	16591.00	-929.00
Total	38220.00	43999.00	5779.00

Indian Soymeal Export to South East Asia (Lakh tons) (Oct-Sep)



- Higher import of soybean in the last year has made China an aggressive soymeal exporter.
- The Chinese soymeal export has increased by around 108% whereas Indian soymeal export has declined by around 52%
- In majority of the South East nation Chinese has taken the Indian soymeal share.
- In 2014/15 also China started exporting Y-o-Y higher quantity of soymeal to SE Asian countries.



- Irrespective of the lower crop for 14/15 on Y-o-Y basis, Indian Soybean Prices continue to remain under pressure in the wake of lower demand of the soymeal coupled with prevailing weakness at the international front.
- However, anticipation of lower Rabi oil seed acreage is likely to provide some support to the prices in medium term.

Soybean Balance sheet- till Nov'14 Forecast			
Indian soybean Balance sheet	2013-14 E	2014-15F	Abs Change
Crop size	90.00	85.00	-5.00
Marketable Surplus (inclusive of old crop)	82.00	77.00	-5.00
Estimated old crop stocks with crushers/stockiest	5.00	7.20	2.20
Arrivals	31.00	25.00	-6.00
Crush	20.00	12.00	-8.00
To be arrived	56.00	59.20	3.20
Stocks with crushers and stockiest	11.00	13.00	2.00
Total uncrushed seed available	67.00	72.20	5.20
Source: Industry and TG research; All Units in lakh tons			

- In spite of lower production, bean stocks are higher because of poor demand for meal.
- Lower crush at the domestic front due to lower export demand of soymeal is keeping the overall bean prices at bearish note.

Cumulative Indian Meal Balance Sheet (till Nov'14)			
Parameter	Oct-Nov 13/14	Oct-Nov 14/15	Absolute Change
Beg Stock for Season	2.49	0.50	-1.99
Crush	20.00	12.00	-8.00
Meal Production	16.20	9.72	-6.48
Supply	18.69	10.22	-8.47
Export	6.85	1.54	-5.31
Dom	4.50	5.00	0.50
PNB	2.00	1.00	-1.00
Total Demand	13.35	7.54	-5.81
Monthly closing stock	5.34	2.68	-2.66
Units:- Lakh tons			

- Lower crush across the domestic front is keeping the overall stock at lower end on Y-o-Y. However, any further demand coming to India might increase the prevailing stocks in coming months.

Rapeseed Balance sheet (Mar-Nov Estimate)			
Particulars	2013-14	2014-15	Abs change
Crop size	68.00	66.00	-2.00
Marketable Surplus	62.80	60.50	-2.30
Carry-in from the old crop	1.60	4.40	2.80
Total MS	64.40	64.90	0.50
Arrivals (M-o-M cumulative basis)	52.33	55.20	2.87
Crush (M-o-M cumulative basis)	51.50	54.70	3.20
To be arrived	10.47	9.70	-0.77
Stocks with crushers and stockiest (Ending Sep)	0.83	0.50	-0.33
Total uncrushed seed available	11.30	10.20	-1.10
All units in lakh ton			

- Rapeseed stocks are lower than last year due to higher crush & good demand for Rape meal
- Meanwhile, anticipation of likely lower rapeseed crop for 14/15 also providing support to the prices at immediate front.

Technical Analysis & Price Outlook

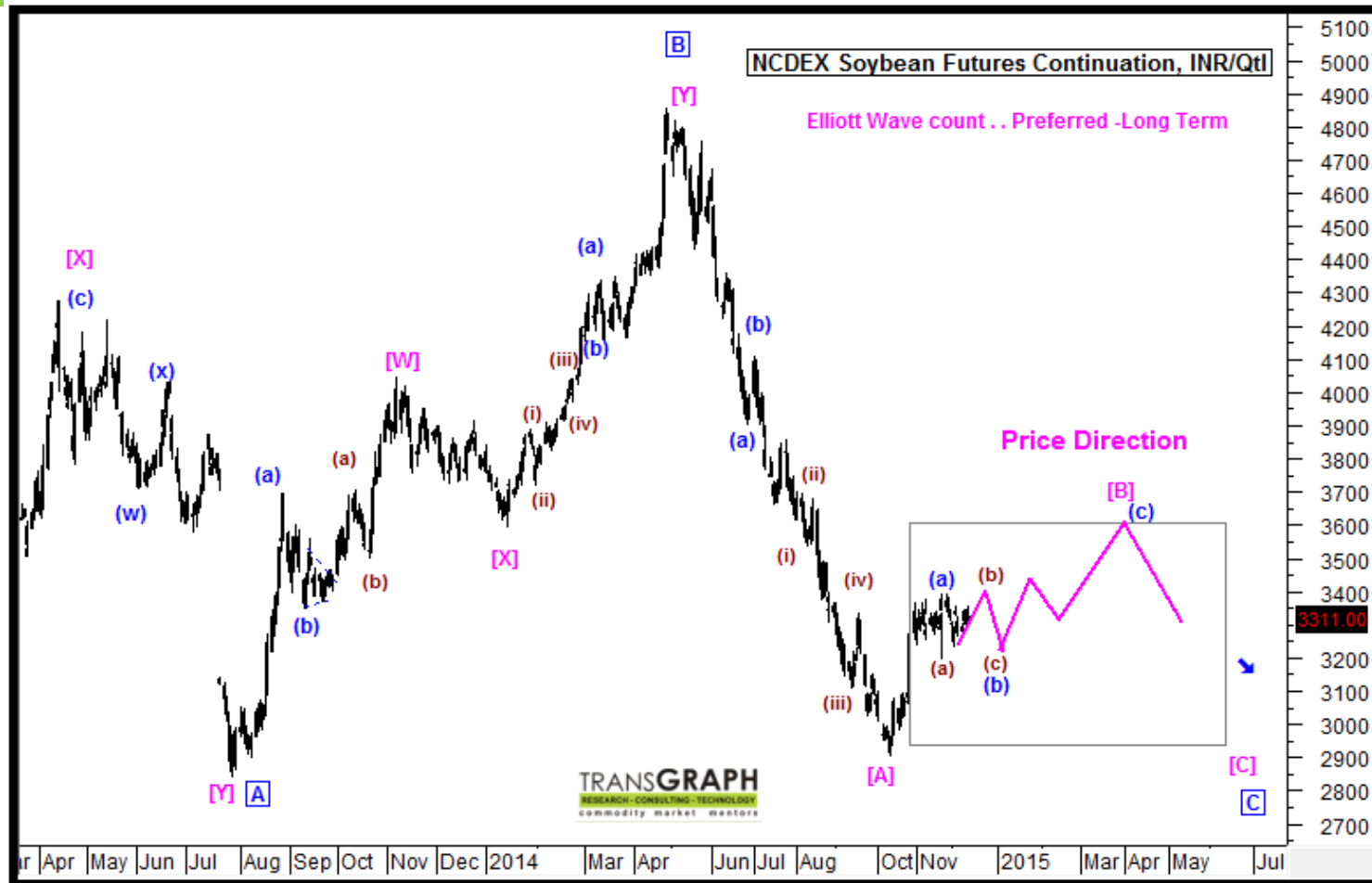


Price Structure : Broader structure of the market is weak. However, price is seen moving higher in the short term. Resistance is expected in the range of INR 595-600.

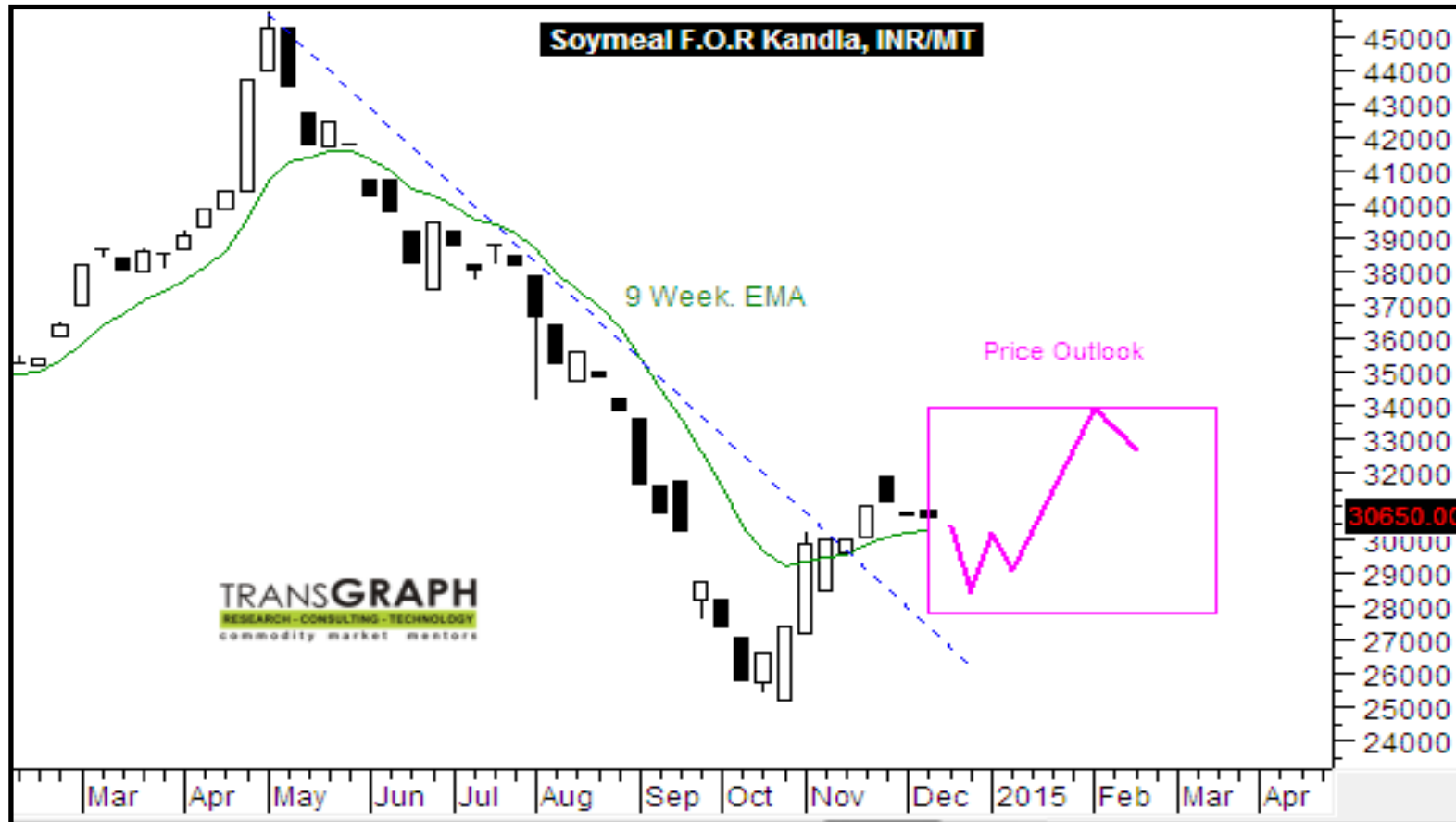
Price Outlook: Positive momentum in the price is likely to find resistance in the range of INR 595-605 and then negative bias is expected towards INR 580-575 in the coming 1-2 months.

Turnaround Level: Price sustaining above INR 605 would negate the subsequent downside move and then INR 620 is possible in the said time frame.

NCDEX Soybean futures, INR/Qtl



NCDEX Soybean Future prices (CMP – 3311) post making Seasonal Bottom at INR 2901 in the second week of October 2014 rallied sharply and made high of INR 3392 in the last week of Nov 2014. since then prices are trading in tight range in the last five weeks and likely to prolong further consolidation within INR 3200 to 3390 ahead of turning higher towards INR 3600 in the coming 3-4 months.



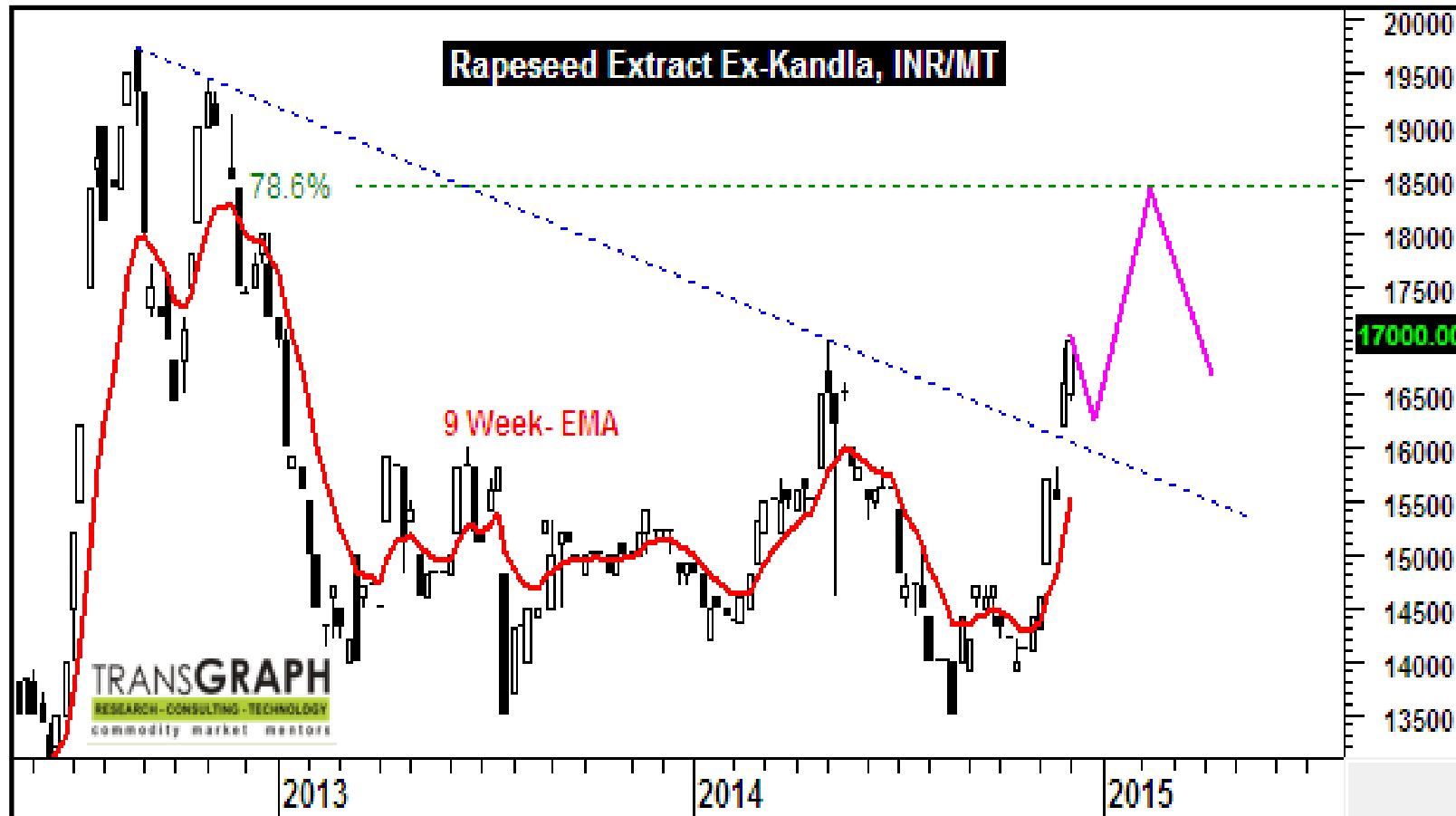
Soymeal FOR Kandla (CMP-30650) price falling spree started in May'14 came to halt by the end of Oct'14 by placing a bottom at INR 25,200. Currently prices are consolidating above 9 Pd-EMA after a breakout from falling trend line (blue dotted line). Momentum oscillator RSI (14) is still holding under equilibrium while prices gave breakout signifying a probable throw back towards breakout. Going ahead, prices are likely to breach above falling trend line and trade higher towards next resistance around 34000 which happens to be 38.2% retracement in the coming 3-4 months. Also note that prices have immediate support around 29000-28500.



Mustard Oil Jaipur Spot prices (CMP-INR 711), breached above consolidating, and started to higher since Nov'14. On the technical setup momentum oscillator 14-period RSI is hovering above equilibrium region while prices are holding above short term moving average signifying that positive sentiment is still intact. Going ahead, prices are likely to trade higher towards INR 730-740, in the coming 1-2 months. However, any throw back would get support at INR 690.



NCDEX Rapeseed Future prices (CMP-INR 4058) closed above 2013 high of INR 3958 and started to trade higher. Note that currently prices are holding above short term moving averages, while momentum oscillators like MACD (26,12) gave a positive crossover and RSI (14) is hovering in overbought region signifying that positive momentum will continue. Going ahead prices are likely to trade higher towards 4200-4300 ahead of turning lower in the coming 2-3 months.



Rapeseed Extract Ex-Kandla Spot prices (CMP-INR 17000), were in a rebound after taking support at 13,500 levels and breached above falling trendline resistance (blue dotted line). Prices are holding above short term moving average (9 Pd- EMA) while momentum oscillator like RSI (14) has just entered overbought region signifying that underlying sentiment is still positive while any throw back is just a minor correction. Going ahead, prices are likely to hold above 15,500 and trade higher towards 18,500 in coming 1-2 months time frame.



Price Structure : Price is seen moving lower in line with predominant downtrend. On the downside price is likely to hold support around INR 415 and then recovery is expected towards INR 440/450.

Price Outlook: Price is likely to find support around INR 415 and trade higher towards INR 440/450 in the coming 1-2 months.

Turnaround Level: Price sustaining below INR 415 would negate the upside potential and then weakness could extend towards INR 410/400 in the said time frame.

Markets	Last Closing (Nov 12, 2014)	Price Direction & Range
NCDEX Soy Oil Futures, INR/10Kg, Jan'15.	591	Price is likely to find resistance around INR 600/605 and turn negative again towards INR 580/575 in the coming 1-2 months.
NCDEX Soybean Futures, INR/Qtl	3320	Prices are likely to extend the existing consolidation within INR 3250-3400 and trade on sideways to positive towards INR 3600 in the coming 3-4 months.
Soy meal FOR Kandla, INR/MT	30,650	Likely to find support around 29,000 and trade sideways to higher towards INR 34000 in the coming 3-4 months.
Refined Mustard Oil Jaipur, INR/10Kg	711	Likely trade on mixed to positive note towards INR 740 in the coming 1-2 months.
NCDEX Rapeseed Futures, INR/Qtl	4046	Likely to trade sideways to positive note towards INR 4200-4300 ahead of turning lower in the coming 1-2 months.
Rapeseed Extract Ex-Kandla Spot, INR/MT	14900	Likely to trade on mixed to bullish note towards INR 15800-16000, in the coming months.
MCX CPO Futures, INR/10Kg, Dec'14	424	Price is likely to hold support around INR 415 and trade higher towards INR 440/450, in the coming 1-2 months.

Thanking you for your attention.



+91-40-30685000
(4 lines)



services@transgraph.com
mktg@transgraph.com



www.transgraph.com



TransGraph Consulting Private Limited

6-3-655 / 2 / 1, A.P. Civil Supplies Bhavan Lane, Somajiguda,
Hyderabad - 500 082, India.

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Registered Office: 6-3-655/2/1, AP Civil Supplies Bhavan Lane, Somajiguda, Hyderabad – 500082 INDIA

Phone: [+91-40-30685000](tel:+91-40-30685000) - 04 | E-mail: services@transgraph.com | Internet: www.transgraph.com