



Veg. Oil Monthly Research Report

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Outlook and Review:

Domestic Front

Edible oil basket featured weak tone during the month under review. Soy oil, palm oil, rapeseed oil, sunflower oil and coconut oil ended in red during the month while groundnut oil witnessed gains on m-o-m basis.

Groundnut oil (Rajkot) was the best performer among the edible oil complex tracking good demand in the cash market. However, rapeseed oil was the worst performer ending in red owing to stock limit imposed in Rajasthan and weak demand.

We expect soybean and palm, to trade with a sideways to firm tone due to strong fundamentals, higher demand. However, supplies from US and better sowing of soybean in South America, weak crude oil prices and strong dollar may curb gains.

Recommendation:

Market participants are advised to go long in RSO above 625 for a target of 645 and 650 with a stop loss at 615 on closing basis and Market participants are advised to go long in CPO above 405 for a target of 435 and 440 with a stop loss at 395 on closing basis.

Market Participants can buy refined soy oil in the cash markets at 600-610 for the target of 650-660 levels (Indore including taxes), if needed. Market Participants can buy CPO Kandla 5% in the cash markets at 390-400 for the target of 430-440 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (January) is expected to stay in the range of 30 cents/lb to 35 cents/lb. CPO at BMD (January) is likely to stay in the range of 2200-2600 ringgits per ton. Focus during the coming days will be on the Ringgit, Indian rupee against US dollar, Chinese demand, crude oil price movement, US dollar, palm oil demand prospects & ending stocks, EL Nino in Southeast Asia, US soybean crush and crop sowing situation of soybean in South America.

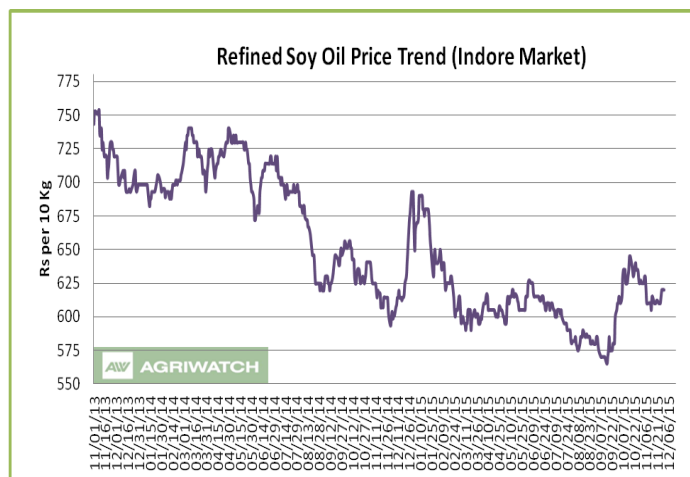
Malaysia's palm oil exports fell by 10.2 percent in November to 1,351,478 tons from 1,504,737 tons in October 2015. Top buyers were European Union at 317,844 tons (267,625 tons), India at 287,590 tons (421,472 tons), China at 164,010 tons (159,700 tons), United States at 82,505 tons (136,134 tons) and Pakistan at 27,000 tons (24,650 tons). Values in brackets are figures of October 2015: (SGS)

On the international front, EPA biodiesel regulations in US, US soybean oil crush and Chinese demand is bullish for soy complex while Argentina soybean complex reforms by new government, favorable soybean sowing in South America, weak crude oil prices, and strong dollar on FED hike of interest rate in December is bearish for the soy complex in the coming days.

El-Nino, weak Ringgit, supportive biodiesel policies in Indonesia, Chinese and favorable tax policies by South East Asian countries may support the CPO prices in the near term. However, high palm oil stocks in Malaysia, low Indian demand, weak crude oil prices and fresh supplies of soybean is bearish for palm oil prices in medium term.

Soy oil: Domestic Market Fundamentals

- Refined soybean oil prices featured downtrend during the month in review on weak demand after Diwali.
- Monthly review & Outlook—Soy oil prices decreased in month of November on lower demand after Diwali. Refining margins are negative and soy oil premium over palm oil is very high Rs 232 (Rs 221 last month) per 10 Kg which will lower imports in January delivery (November booking of cargoes). Soy oil delivery takes approximately 70 days for the complete cycle of booking to deliver. Imports are already very high and the high seas prices of CDSO are in disparity. Imports will be higher in November on shipment booked in September (November delivery) when parity in high seas was positive and soy oil premium over palm was lower and refining margins were higher and low supply of domestic soy oil due to lower crop soybean on bad monsoon. Demand of soy oil will improve in December in winter when soy meal demand increases improving soybean crush margins. Prices of soybean oil are expected to improve.
- Soybean oil import scenario - According to SEA India imported 405,186 tons of soybean oil in October 2015 v/s 218,599 tons in October 2014, up 85.35 percent y-o-y. In the oil year November 2014 to October 2015, India imported 2,985,944 tons v/s 1,951,891 tons imported in the corresponding period of last oil year and is higher by 52.97 percent y-o-y: SEA
- USDA update- USDA in its November demand and supply estimate increased 2015/16 soybean oil imports of India by 3.00 LT to 31.5 LT. Domestic consumption for 2015/16 has been increased by 0.45 LT at 44.5 LT from 40.49 LT in 2014/15 higher by 9.9 percent y-o-y.
- Imported crude soybean oil CIF at West coast port is offered at USD 774 (741) per ton for November-December delivery. January delivery is offered at USD 761 (741) per ton and February delivery is offered at USD 762 (732) as on 04 December, 2015, CIF CDSO October average price was USD 742.25 (USD 667.44) per ton. Values in brackets are figure of 30 October, 2015
- On the parity front, margins had weakened during the month but we expect margins to stay low in the coming days. Currently refiners get USD -5-10 /-ton (November average) v/s USD 35-40/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to firm tone in the coming days.



International Market Fundamentals

- Monthly review & Outlook – Argentina election victory of Mauricio Macri's will affect the dynamics of soybean complex as he has promised to cut export duty on soybean by 5% and reduce duty on soy oil and soy meal. He will allow import of soybean from Brazil, Paraguay and Uruguay to improve crushing capacity of processors.
 USDA in its November demand and supply report increased ending stock of soybean oil in US due to higher crush and record crop of soybean. However, NOPA has reported lower crush from last two month and lower stocks of soy oil with processors. Crush will not improve until margins are low. Environmental Protection Agency (EPA) has mandated higher biodiesel blending soy oil which has improved prices of soy oil.
 Brazil crop conditions are below expectations on erratic rains in soybean producing regions and are below 5-year average. Argentina is expected to sow soybean in area. China demand is firm and it is going to improve on winter and import demand of Chinese soy meal. Margins are higher in China and with onset of winter. Chinese demand will improve on stocking of soy oil ahead of Chinese New Year. Prices of soybean and soy oil will improve given the fundamental scenario.
- In the USDA November report, US soy oil production was raised on record soybean crush to 21,850 (21,735) million pounds, opening stocks was increased to 1820 (1620) million pounds, domestic disappearance fell to

19,250 (19,550) million pounds. Biodiesel use remained unchanged at 5,200 million pounds, Food, Feed & other Industrial use fell to 14,050 (14,350) million pounds, leaving ending stocks higher at 2,295 (2,030) million pounds. Average price range was unchanged at 27.50 - 30.50 cents/lbs.

- According to The National Oilseed Processors Association (NOPA), soyoil stocks are higher at 1.408 billion lbs at the end October compared to 1.355 billion lbs in September, lower than analyst estimates. Last year stocks were 966 million lbs in the corresponding period. Lower stocks were result of lower crush by NOPA members. This is the second consecutive month of lower than expected crush.
- According to Argentina grains chamber CIARA-CEC, Argentina will cut export taxes on soy oil when the new government headed by Mauricio Macri's takes office on December 10, 2015. Soy oil is taxed at 32% on exports and will apply on soy meal also. Marci has already announced tax cut on soybean from 35% to 30% and will allow soybean imports from Paraguay, Uruguay and Brazil. This measure will improve the crushing plants crushing capacity. Presently soybean plants run at 70% capacity over the year.
- The sales of Brazil's 2015/16 soybean crop are reported up at 44% by second half of November compared to 41% in October. But the forwards sales are well above 26% a year ago followed by strong dollar which boosted the forward bookings. Brazil's soybean crop is 81% planted below last year's 85% and the 5-year average of 89%. A large area needs to be replanted due to the irregular rains in the key growing areas of Brazil at the time of planting.
- U.S. biodiesel production fell to 107 million gallons in September from 123 million gallons in August 2015. Soybean oil was the largest feedstock, with 390 million lbs in September which is 49 percent of total production, lower by 19 percent. In August soy oil production as feedstock for biodiesel production was 464 million lbs: U.S. Energy Information Administration (EIA).
- The sales of Brazil's 2015/16 soybean crop are reported up at 44% by second half of November compared to 41% in October. But the forwards sales were well above 26% a year ago followed by strong dollar which boosted the forward bookings. 81% of Brazil's soybean crop is planted which is lesser than last year's 85% and the 5-year average of 89%. A large area needs to be replanted due to the irregular rains in the key growing areas of Brazil at the time of planting.
- USDA' WASDE Oilseeds Highlights - : The U.S. season average soybean price range is projected at \$8.15 to \$9.65 per bushel, down 25 cents on both ends of the range. Soybean meal prices are projected at \$300 to \$340 per short ton, down \$10.00 on both ends. Soybean oil prices are projected at 27.5 to 30.5 cents per pound, unchanged from last month. Global soybean production is projected at 321.0 million tons, up 0.5 million, with the larger U.S. crop only partly offset by reductions for India, South Africa, and Uruguay. The India soybean crop is reduced by 1.5 million tons to 9.5 million on lower projected yields. Inconsistent rainfall during the growing season and late-season heat results in below-average yields for the third consecutive year: USDA

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 580-660 per 10 Kg.

Balance Sheet- Soy Oil, India

Fig. in lakh tons

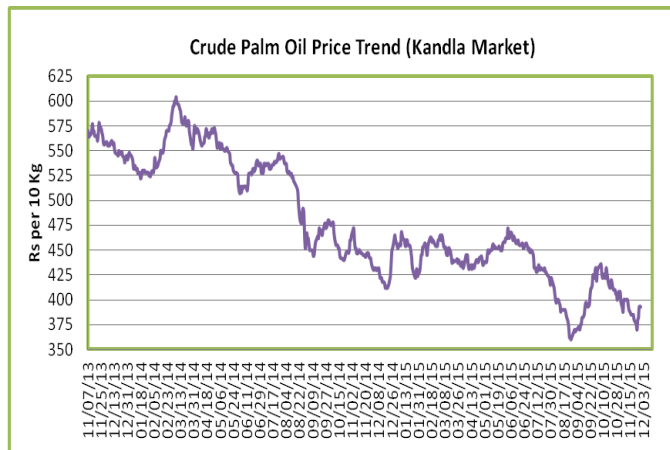
	2011-12	2012-13	2013-14	2014-15	2015-2016-F
Opening Stock	2.26	2.18	1.68	2.84	3.79
Production	21.55	22.64	18.00	17.28	16.20
Imports	10.79	10.91	18.90	28.50	32.50
Total Supply	34.60	35.72	38.58	48.62	52.49
Consumption	32.42	34.04	35.74	44.83	48.40
Exports	0.00	0.00	0.00	0.00	0.00
Ending Stock	2.18	1.68	2.84	3.79	4.09

- Prices of soybean oil in 2015-16 are expected to be lower on higher carryout in oil year 2014-15 on higher imports.
- Soy oil production is expected to be lower in oil year 2015-16 on lower soybean crush due to lower soybean crop in 2014-15.
- Carryout stocks of oil year 2014-15 is 3.79 lakh tons on higher soybean oil imports.
- Carryout of 2015-16 is higher than 2014-15 due to higher imports.

Palm oil:

Domestic Market Fundamentals

- CPO prices at Kandla featured weak tone due to high imports, slowdown of demand after Diwali and high stocks in ports and in pipelines which has created oversupply in domestic markets. Imported oils are facing disparity at high seas.
- Monthly review & Outlook – Palm prices have fallen sharply in last 3-4 months, on higher supply of palm oil in domestic market. High seas palm oil disparity is very high due to oversupply in domestic market. Demand will be lower in December on winter. Condition of oversupply will increase on higher imports in November. Soy oil premium over palm oil is very high Rs 232 (Rs 221 last month) per 10 Kg and refining margins are high, stimulating imports in November. Slowdown of demand after Diwali and winter season will increase oversupply in domestic market. Prices will not find support in low demand and higher supply in December. However, international fundamentals of palm oil will affect domestic prices.
- Palm oil import scenario –India imported palm oil amounting to 1,115,682 tons in October 2015 v/s 865,513 tons in October 2014 higher by 28.9 percent on y-o-y basis. In the oil year November 2014 to October 2015, India imported 9,536,904 tons v/s 7,957,960 tons in corresponding period of last oil year, higher by 19.84 percent y-o-y: SEA
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 535 (510 per ton) per ton for November delivery. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 560 (545 per ton) per ton for December delivery. Values in bracket depict last month quotes. CPO duty paid prices ready lift quoted at Rs 400 (Rs 404) per 10 Kg and December delivery is offered at Rs 403 (Rs 404) per 10 Kg on 05 December, 2015. On the currency front, Indian rupee appreciated against USD by 142.5 paise and ended at 66.68.
- Palm oil imports will rise near term owing to widening of CIF soybean oil premium versus crude palm oil, which is hovering at USD 239 per ton (USD 231 per ton last month). High stocks at the port and in pipelines with pent-up demand at lower prices and positive import parity could push palm oil imports up into India and may underpin prices.
- On the parity front, margins had strengthened during the month of October on lower price of palm oil and we expect margins to be steady in the coming days. Currently refiners get USD 85-90/ton v/s USD 35-40/ton (last month) margin in processing the imported CPO but on the imports of ready to use palmolein gets USD 25-30/ton (USD -5-10 last month) parity. Higher palm oil imports may be witnessed in the coming days due to high import parity.
- We expect palm oil to trade sideways to firm tone in the days ahead.



International Market Fundamentals

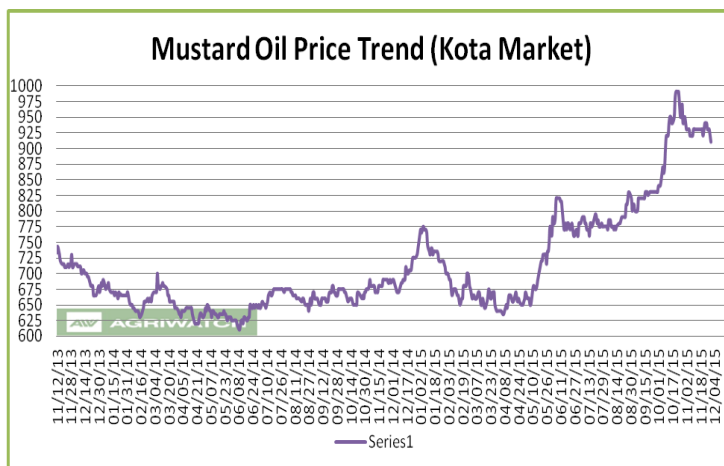
- Monthly review & Outlook – Palm oil prices will find support on decrease of production of Malaysia November onwards on El Nino. National Oceanic and Atmospheric Administration (NOAA) has said that El Nino conditions have worsened and it has reached the level not seen since 1997. This will increase drought conditions in Indonesia and reduce production of palm oil. Ringgit volatility has kept palm oil prices in a range. However, expectation of fall of crude oil will negatively affect Ringgit as Malaysia is net exporter of crude oil which in turn will improve palm oil exports. India will Import less and China will import higher to replenish stocks and stocking ahead of Chinese New Year. Exports are still expected to be weak on seasonal slowdown from European Union and India on winter.
Indonesia has embarked on ambitious biodiesel mandate to increase blending of palm oil to produce biodiesel. Blending of bio content will rise from present 15% to 20% thereby increasing production of biodiesel by approximately five times from present production. If biodiesel mandate is implemented properly Indonesia will be able to decrease stocks of palm oil and redirect higher amount of palm oil into biodiesel lifting prices of palm oil in international markets.
Prices of palm oil will stay firm on the above fundamentals.
- Malaysian Palm Oil Board (MPOB): Malaysia's stocks of palm oil rose to 28.34 lakh tons in October compared to 26.41 lakh tons in September, rise of 7.29 percent m-o-m. Production of palm oil rose to 20.37 (19.59) lakh tons, higher by 4 percent m-o-m. Exports rose to 17.12 (16.80) lakh tons, higher by 1.87 percent m-o-m. Imports fell to 0.73 (0.76) lakh tons, lower by 4.1 percent m-o-m. Values in brackets are figures of September 2015.
- Palm oil exports fell by 10.2 percent in November to 1,351,478 tons from 1,504,737 tons in October 2015. Top buyers were European Union at 317,844 tons (267,625 tons), India at 287,590 tons (421,472 tons), China at 164,010 tons (159,700 tons), United States at 82,505 tons (136,134 tons) and Pakistan at 27,000 tons (24,650 tons). Values in brackets are figures of October 2015.: Societe Generale de Surveillance (SGS)
- Indonesia's palm and palm kernel oil exports rose in October by 12 percent at 2.61 MMT from 2.34 MMT in September. Top buyers were India at 679,380 (611,020) tons, China at 378,970 (278,990) tons, European Union at 324,990 (373,560) tons, Pakistan at 129,960 (280,900) tons, Bangladesh at 99,960 (154,100) tons and Middle East at 172,410 (141,970) tons. Values in brackets are figures of September 2015: Indonesia Palm Oil Association.
- Policy development- Malaysia kept its palm oil export duty for December at zero, unchanged from November. Tax is calculated at reference price of 2177.93 Ringgit (USD 497.02) per ton. Price above 2,250 ringgit per ton taxable starting from 4.5 percent to a maximum 8.5 percent.
Indonesia kept export duty on Crude Palm Oil (CPO) to zero for December 2015, unchanged from November.
- According to Indonesian Bio-fuel Producers Association, Indonesia's 2016 biodiesel consumption will rise to 7.9 million kilolitres from 1-1-1.2 kilolitres in 2015. Indonesia is pushing for higher biodiesel usage to create more demand of palm oil and reduce its oil import bill. The decision was taken to meet international obligation for cutting greenhouse emissions ahead of U.N climate change summit in Paris. Indonesia has increased bio content of palm oil from 10 percent to 15 percent this year and to 20 percent in 2016 and 30 percent by 2020. Indonesia is trying to cut emissions to meet its greenhouse gas cut obligations at a time when haze due to forest fires have hurt its international reputation. Indonesia is the fifth largest emitter of greenhouse gas in world.
- Malaysia and Indonesia have set up Council of Palm Oil Producing Countries (CPOPC), like the OPEC. It has two members Malaysia and Indonesia, which produce 85 percent of global palm oil. The primary goal of the CPOPC is to prevent glut in supply, price stability and maintain optimum pricing for palm oil. Both the members have contributed USD 5 million into this council. According to an Indonesian minister, USD 5.00 million is just seed capital and this money will be used in research and development in the downstream industry. The primary goal of the council is to benefit five lakh Malaysian and 4 million Indonesian households involved in the industry. The council will work to uplift smallholders and try to improve palm oil image, price stabilization, increase cooperation between top producers, coordinate production and rationalize stocks. Its goal is also to implement bio-diesel mandates and re-planting schemes.

- According to Indonesia Palm Oil Agency, CPO exports could fall by 2-2.25 million tons in 2016 from estimated 24-25 million tons in 2015. Exports are expected to decline due to Indonesia's biodiesel policy which is expected to increase consumption as production is expected to be stagnant or decline. CPO prices could be in the range of USD 550-600 per ton in first quarter of 2016, according to the agency.
- According to FELDA, palm oil production in Malaysia could fall by 1-3 percent if El Nino hurts yields. Palm oil could trade between 2300-2400 Ringgits/ton if in first quarter of 2016 if El Nino does not affect global production. The agency cited this on current rain patterns and production could rise in last quarter of this year if this weather pattern continues and could increase stocks of palm oil, affecting prices.
- According to Indonesia Palm Oil Association, Indonesia's 2016 palm oil production is estimated at 32.5-32.7 MMT v/s 32 MMT in 2015, up by 0.5-0.7 MMT next year. The rise in production is due to maturing plants planted 4-5 years ago offset by El Nino. Indonesia is expected to export 23-24 MMT in 2016 v/s 25.7 MMT in 2015 on biodiesel demand. Current Indonesia's palm oils stocks are at 3-3.5 MMT. Worst of El Nino is over and key palm producing regions of Sumatra and Kalimantan has experienced rains, according to the board.
- Indonesia's palm oil output in 2016 will be at 33 MMT, 5.00 lakh tons less than previously estimated at 33.5 MMT due to El Nino. Current year output forecast is at 31.5 MMT. El Nino conditions in Indonesia will strengthen until December. Palm trees planted until 2010/11 will increase production in 2016. El Nino weather pattern will affect palm oil output next year also: Indonesian Palm Oil Board.
- Weather - Japan Meteorological Agency has maintained that El Nino effect will peak in December and its effect that-could last until the summer. World Meteorological Organization (WMO) has said that current year El Nino is strongest in history.

Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 380-460 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured downtrend during the month of November on lower demand after festivals and stock limit imposed by Rajasthan government demand and tight supplies.
- Rapeseed oil prices are on uptrend in this year when rapeseed crop was damaged in the country resulting in lower rapeseed oil production. Rapeseed meal exports have reduced to one third compared to last year on lower crush and negative crush margins. Mills are highly unprofitable. Stock limit imposed by Rajasthan government has brought down prices of rapeseed oil. These steps will back fire as crushers will be unable to crush rapeseed due to further erosion of margins on lower rapeseed oil. This price fall is temporary and rapeseed oil prices will improve in coming future. Peak season of rapeseed oil demand is ahead in Eastern India and will induce higher prices.
- Rapeseed oil market is priced out of international markets like canola oil. This has resulted in sharp rise in imports of rapeseed (canola) oil. Lower availability of rapeseed in this period resulted in higher prices of rapeseed oil. Other competing oils like palm and soy oil prices have fallen in this period.
- According to Rajasthan Government Food and Civil Supplies Department, stock limit has been applied on rapeseed oil on Wholesaler- 100 quintal, Retailer- 10 quintal; Existing Millers can stock 15 days (maximum) on any one year of past 3 years of production and New Millers: Maximum of 30 days of rapeseed oil can be stocked of installed capacity of mill.
- Rabi rapeseed sowing is slow this year at 49.32 lakh hectares as on 26 November 2015 compared to 58.21 lakh hectares in the corresponding period last year. Lower sowing is due to high temperatures during October and November and low soil moisture. Stock limit imposed by Rajasthan government will adversely affect sowing of rapeseed in Rajasthan.
- India imported 16,024 tons of rapeseed (Canola) oil in October 2015 v/s 44,607 tons in October 2014, lower by 64 percent y-o-y. From oil year November 2014-October 2015 India imported 355,824 tons v/s 199,891 tons in oil year 2013-14, higher by 78 percent y-o-y: SEA
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 938 (1,003) per 10 Kg and at Kota market is quoted around Rs 900 (930) per 10 kg as on 30 November, 2015. Values in brackets are figures of last month.
- CIF Canola oil premium over soybean oil has moved in negative territory and is hovering at USD -5 (USD 24 last month) as on 30 November, 2015. Negative premium of canola oil over soybean oil will increase imports of canola oil. Low supply of mustard seed in domestic market is the reason of high import of canola oil in oil year 2014-15.
- USDA Rapeseed Oil (Canola oil) update- India is expected to import 2.00 lakh tons of Rapeseed Oil (Canola oil) in 2015/16 compared 2.799 lakh tons in 2014/15 down by 40 percent y-o-y basis. Imports are lower due to tighter international supplies
- We expect RM seed oil prices to trade sideways to weak tone in the coming days.



Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 750-1000 per 10 Kg.

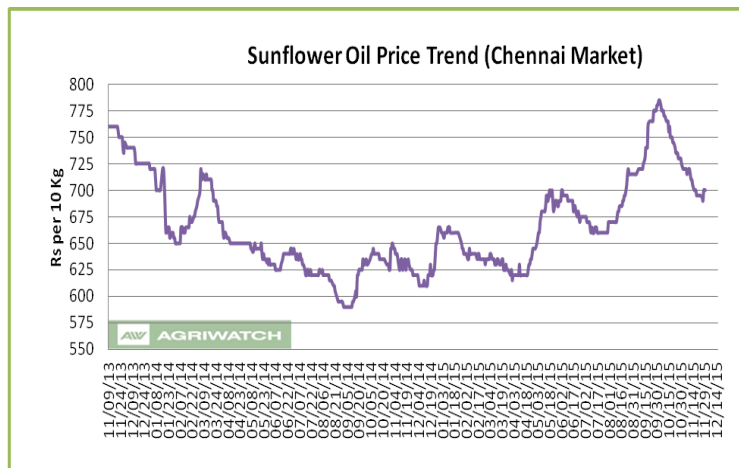
Balance Sheet- Rapeseed Oil, India
Fig. in lakh tons

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16-F
Opening Stock	1.67	1.79	1.49	1.69	1.78	1.25
Production	23.80	22.05	24.33	26.04	19.60	21.70
Imports	0.11	0.91	0.13	2.00	3.70	4.50
Total Supply	25.58	24.75	25.95	29.73	25.08	27.45
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	23.79	23.27	24.26	27.94	23.83	25.97
Ending Stocks	1.79	1.49	1.69	1.78	1.25	1.48

- Prices of rapeseed oil in 2015-16 are expected to be steady on lower carryout in oil year 2014-15.
- Rapeseed oil production is expected to be higher in oil year 2015-16 on higher rapeseed crop.
- Higher oil production in 2015-16 is due to higher marketable surplus of rapeseed resulting in higher crush.
- Carryout stocks of oil year 2014-15 is 1.25 lakh tons on lower groundnut oil production.
- Carryout of 2015-16 is higher than 2014-15 due to higher production and import of rapeseed oil.

Sunflower oil: Domestic Market Fundamentals

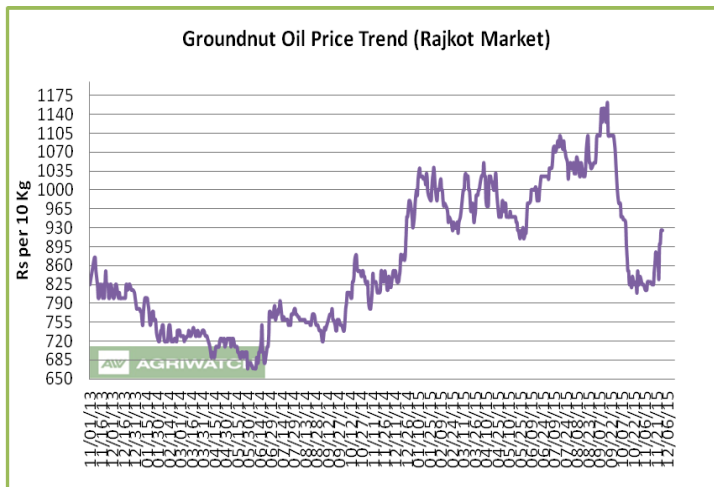
- Sunflower oil featured downtrend during the month and ended lower in November due to weak demand on higher levels.
- Sunflower prices shot up sharply this year due to which price sensitive consumers shifted from sunflower oil to cheaper oils. Other cheaper oils like cottonseed oil and rice bran oil are available at lower rates and will bring down prices of sunflower oil. Refiners and stockists have adequate stocks and will restock at lower prices. Importers are not booking cargoes from Ukraine as the sunflower oil supply is higher due to larger crop of sunflower. Ukraine is selling cautiously in international markets, so Indian buyers are not booking cargoes. However, Ukraine has reiterated that if Turkey-Russia dispute escalates then Ukraine will supply sunflower oil to Turkey making markets tighter for sunflower oil. International sunflower prices are not falling due to this. Market participants expect sunflower premium over soy oil to decrease around USD 100 (USD 130 last week) for further purchase. Prices have not bottomed and are expected to fall further to improve demand.
- Sunflower oil import scenario – According to SEA, India imported 1.13 lakh tons of crude sunflower oil during October 2015 versus 1.01 lakh tons in October 2014, up by 11.9 percent y-o-y. Imports during oil year November 2014-October 2015 were reported at 15.43 lakh tons compared to 15.09 lakh tons during the 2013-14 last oil year, higher by 2.25 percent y-o-y.
- Sunflower sowing is completed in 2.11 lakh hectares in Rabi 2015-16 as on 19 November 2015 v/s 1.83 lakh hectares in the corresponding period last year. Karnataka reported higher sowing in late monsoon rains.
- Ukraine's expected sunflower seed production is likely to increase by 6% to 12 million tonnes, said UkrAgroConsult. This will increase sunflower oil supplies like 2013.
- Production of crude sunflower oil in Ukraine between January-September 2015, reported at 2.387 MMT, down 22.5 percent compared to corresponding period in 2014. In September, production of crude sunflower oil was at 296 thsd, up 390 percent from August 2015 and up 0.9 percent compared to September 2014, according to State Statistical Service of Ukraine.
- COOIT estimated kharif production of sunflower for MY 2015-16 at 0.8 lakh tons v/s 1.30 lakh tons kharif 2014-15. Kharif sunflower oil availability is reported at 0.28 lakh tons for MY 2015-16 v/s 0.46 lakh tons in kharif 2014-15.
- Sunflower oil global production is seen at 15.132 MMT in 2015/16 compared to 15.078 MMT in 2014/15 percent -USDA. India imports are projected at 15.50 lakh tons of Sunflower oil in 2015/16 down from 16.00 lakh tons 2014/15. India is the largest importer of sunflower oil in the world: USDA.
- CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 890 (USD 880) per ton for December delivery, January delivery is offered at USD 870 (USD 855) per ton, as on 30 November, 2015. Last month, CIF sun oil (Ukraine origin) monthly average was around USD 881.04 per ton.
- Prices are likely to stay in the range of USD 800-950 per ton in the near term. CIF Sunflower oil premium against crude soybean oil had narrowed from last month and is hovering at USD 130 per ton versus USD 139 last month.
- We expect sunflower oil prices to trade sideways to weak tone in the coming days.



Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 600-750 per 10 Kg.

**Groundnut oil:
Domestic Market Fundamentals**

- Groundnut oil featured bullish tone during November tracking renewed demand at lower quotes.
- Groundnut oil prices recovered on higher demand at lower prices after its sharp fall. Price sensitive Indian consumers improved demand on lower prices. Lower groundnut crop and lower supply from producing regions have affected prices. Exports are weak on export control by Vietnam, depreciation of Chinese Yuan and removal of interest subvention by government when other exporting is getting incentives to exports. Due to higher price of groundnut consumers shifted to other oils like cottonseed oil and palm oil whose prices are much lower. Prices fell during the months of festivals when the demand of oil is high. Floods in Tamil Nadu will affect consumption in near term. Northeast monsoon rains can improve sowing of groundnut in Southern states.
- Groundnut sowing is completed in 1.82 lakh hectares in Rabi 2015-16 as on 26 November 2015 v/s 2.30 lakh hectares in the corresponding period last year.
- Exports of groundnut are facing pressure due to depreciation of Chinese Yuan and weakness in European Union. Vietnam has suspended groundnut exports from India. While competing countries are providing incentives on export of groundnut, India has withdrawn interest subvention scheme that will lower exports of groundnut.
- COOIT estimated kharif production of groundnut for MY 2015-16 at 32.30 lakh tons v/s 35.70 lakh tons in kharif 2014-15. Kharif groundnut oil availability is reported at 1.64 lakh tons for MY 2015-16 v/s 1.2 lakh tons kharif 2014-15.
- USDA has projected India's total Groundnut oil consumption at 1.215 MMT in 2015/16 compared to 1.135 MMT in 2014/15 lower by 7 percent y-o-y. Groundnut seed production is projected at 5.4 MMT in 2015/16 v/s 4.8 MMT, up by 12.5 percent y-o-y basis. USDA raised Groundnut seed exports by 2.00 lakh tons in 2014/15 to 7.75 lakh tons.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 9,250 (8,400) per quintal due to renewed demand on lower quotes and quoting at Rs 9,000 (Rs 9,000) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to firm tone in the coming days owing to weak demand.



Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 800-1000 per 10 Kg.

Balance Sheet- Groundnut Oil, India

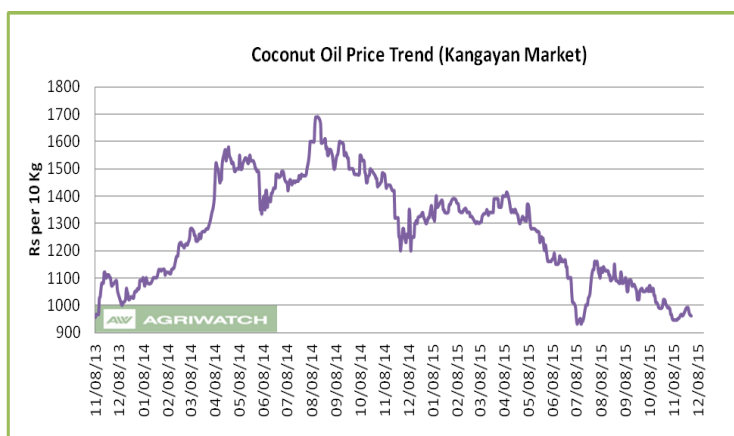
Fig. in lakh tons

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16-F
Opening Stock	0.37	0.89	0.54	0.20	0.81	0.31
Production	7.36	4.64	2.88	6.35	1.72	2.04
Imports	0	0	0	0	0	0
Total Supply	7.73	5.53	3.42	6.55	2.53	2.35
Exports	0.20	0.05	0.05	0.15	0.05	0.05
Consumption	6.64	4.94	3.17	5.59	2.17	1.87
Ending Stocks	0.89	0.54	0.20	0.81	0.31	0.43

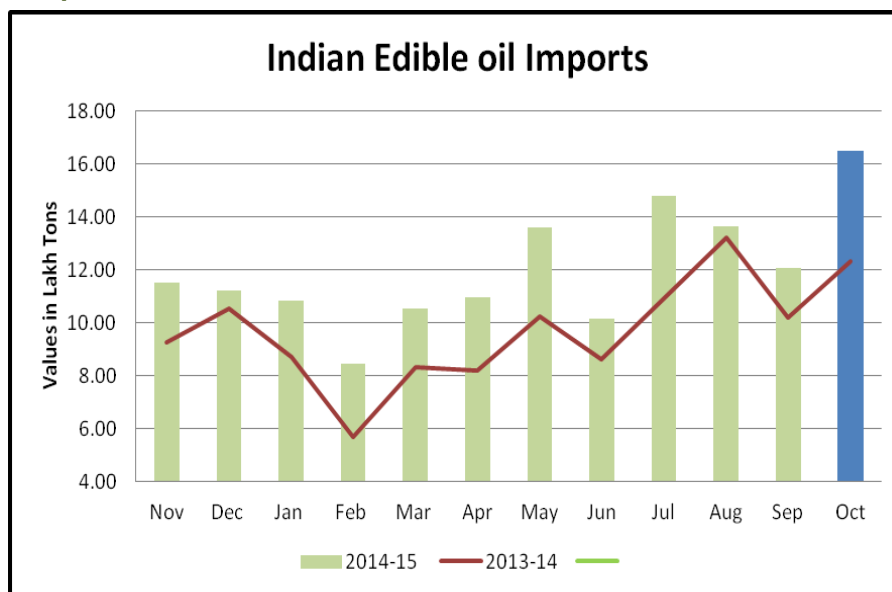
- Prices of groundnut oil in 2015-16 are expected to be firm on lower carryout in oil year 2014-15.
- Groundnut oil production is expected to be higher in oil year 2015-16 on higher groundnut crop.
- Higher oil production in 2015-16 is due to higher marketable surplus of groundnut seed on lower seeds exports and lower direct consumption of groundnut seed resulting in higher crush.
- Carryout stocks of oil year 2014-15 is 0.31 lakh tons on lower groundnut oil production.
- Lower supply of groundnut oil in 2015-16 is due to lower opening stocks.
- Carryout of 2015-16 is higher than last year due to lower consumption of groundnut oil.

Coconut oil: Domestic Market Fundamentals

- Coconut oil featured down trend at its benchmark market Kangeyam during the month on higher supply due to delayed Northeast monsoons and weak demand. However, vigorous rains later in the month supported prices but month finished in red.
- Prices of coconut have stabilized in around present levels in the last month in Kangeyam. Earlier in November prices were not able to sustain due to weak demand despite festivals in North India and low prices of palm kernel oil, rice bran oil etc. But prices recovered with the arrival of vigorous Northeast monsoon rains. Prices are expected to recover from this range on slowdown of harvesting, wet condition affecting copra drying and emergence of corporate and upcountry buyers on the arrival of festival season in January. Traders will step into the market affecting prices in December. Two-month long Sabarimala pilgrimage season will improve demand and support prices. However, lower palm kernel and rice bran oil prices will affect coconut oil prices adversely.
- Government of India (GOI) dropped its plan to import large quantity of coconut oil through State Trading Corporation (STC). The decision was taken in interest of different quarters of coconut oil industry.
- Coconut products exports rose 5 percent in first half of this year compared to corresponding period last year. More coconuts are diverted to manufacture of coconut value added products, according to CDB. Import duty was hiked on edible oils, will slow down imports of edible oils due to which domestic oils demand will rise lifting prices: Coconut Development Board (CDB)
- Kerafed has said that production in 2015-16 will be lower than this year on failure of monsoons for two consecutive years. Coconut production slows down in third year after bad monsoon. Therefore, prices will stay elevated in oil year 2015-16 starting November.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 10,000 (10,200) per quintal due to weak demand amid adequate supply of coconut oil, and quoting Rs 9,600 (9,900) per quintal in Erode market on November 30, 2015.
- Coconut oil prices may trade sideways to firm tone tracking renewed demand and weak supply.



Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 880-1050 per 10 Kg.

Indian Edible Oil Imports Scenario –:


As per Solvent Extractors' Association of India, India imported 12.77 million tons of veg. oils in the 2014/15 oil year. However, edible oils imports were 9.44 million tons in the corresponding period last year. Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein) imports for September is pegged at 12.06 lakh tons.

Indian Supply and Demand Scenario:

Balance sheet of Indian Edible Oil	2012-13	2013-2014	2014-2015	% Change
Value in million tons				
Beginning Stock	1.14	1.04	1.65	57.90
Production	7.61	7.97	7.515	-5.76
Imports	10.20	11.48	12.35	7.58
Total Supply	18.94	20.50	21.51	4.95
Exports	0.012	0.01	0.01	0.00
Total Demand(Consumption)	17.90	18.85	19.45	3.18
Ending Stock	1.04	1.65	2.06	25.17

* Value in million tons

Balance Sheet Highlights

Net edible oil output is likely to be 7.515 million tons (down 5.76 percent y-o-y basis) in 2014-15 on the back of lower oilseed sowing in Kharif and losses in Rabi season in the current oil year.

On import front, edible oil imports seen at 12.35 million tons for 2014/15 oil year v/s 11.48 million tons last year.

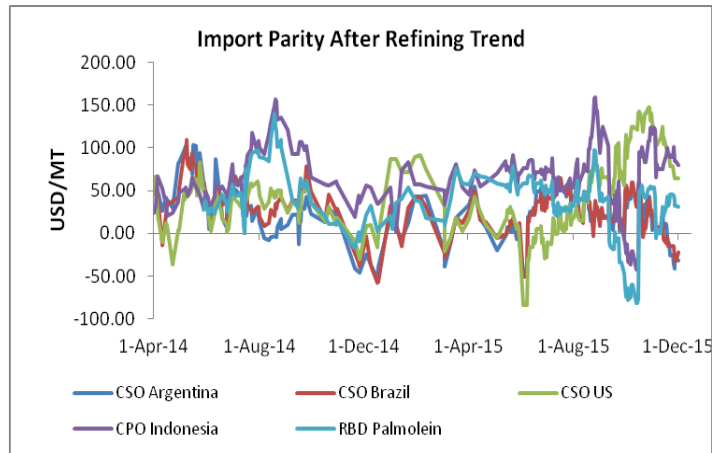
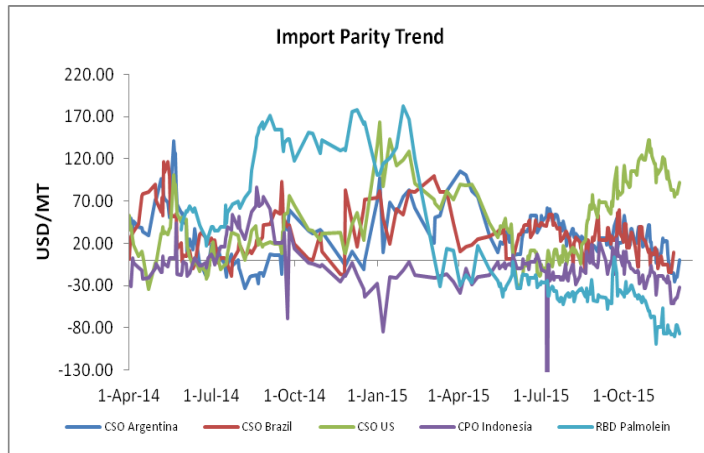
On the consumption side, India's edible oil consumption for 2014-15 oil year seen at 19.45 million tons, up 3.18 percent from last year. Ending stocks are projected higher compared to 2013-14 at 2.06 million tons.

Note - Values in Mln. Tons, Oil year (Nov.-Oct.) *Including Production of Groundnut, Soy, Mustard, Sunflower, Sesame, Niger, Safflower, Cottonseed, Copra, Rice bran Oils. ** 2013-14- SEA of India & 2014-15 Agriwatch Estimates, *** (USDA estimates).

Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 01/12/2015	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	695	694	614	505	545
Freight (USD/MT)	80	72	70	35	35.0
C & F	775.0	766.0	684.0	540.0	580.0
Weight loss (0.25% of FOB)	1.74	1.74	1.54	1.26	1.36
Finance charges (0.4% on CNF)	3.10	3.06	2.74	2.16	2.32
Insurance (0.3% of C&F)	2	2	2	2	2
CIF (Indian Port - Kandla)	782	773	690	545	585
CVD	0	0	0	0	0
Duty (Values in USD per tons)	91.75	91.75	91.75	67.00	118.20
CVD value USD per ton	0	0	0	0	0
Cess (2% on duty) USD per ton	1.835	1.835	1.835	1.34	2.364
Exchange rate	66.485	66.485	66.485	66.485	66.485
Landed cost without customs duty in INR per ton	52002	51399	45896	36237	38922
Customs duty %	12.50%	12.50%	12.50%	12.50%	20.00%
Base import price	734	734	734	536	591
Fixed exchange rate by customs department	66.70	66.70	66.70	66.70	66.70
Duty component in INR per ton	6119.73	6119.73	6119.73	4468.90	7883.94
Clearing charges INR per ton	483	483	483	483	483
Brokerage INR per ton	190	190	190	190	190
Total landed cost INR per ton	58795	58192	52689	41379	47479
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	58700	58700	58700	39300	42000
Total landed cost USD per ton	884	875	792	622	714
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	883	883	883	591	632
Parity INR/MT (Domestic - Landed)	-95	508	6011	-2079	-5479
Parity USD/MT (Domestic - Landed)	-1.43	7.64	90.41	-31.27	-82.41
Source: Agriwatch					
Refining/ Processing Cost per MT	2600.00	2600.00	2600.00	3200.00
Freight to Inland location (Indore for soy and Delhi for Palm oil)	2500.00	2500.00	2500.00	2800.00	2800.00
Cost of Imported oil after refining/Processing	63894.80	63292.08	57788.85	47379.05	50278.75
Soy/Palm oil imported Price (Including tax)	67089.54	66456.68	60678.29	49748.00	52792.69
Loose price of Soy/Palm in Indore and Delhi market	64890.00	64890.00	64890.00	55125.00	55125.00
Parity after processing and Taxes (Rs per MT)	-2199.54	-1566.68	4211.71	5377.00	2332.31
Parity after processing and Taxes (USD per MT)	-33.07	-23.56	63.32	80.84	35.07
Source: Agriwatch					

Import Parity Trend



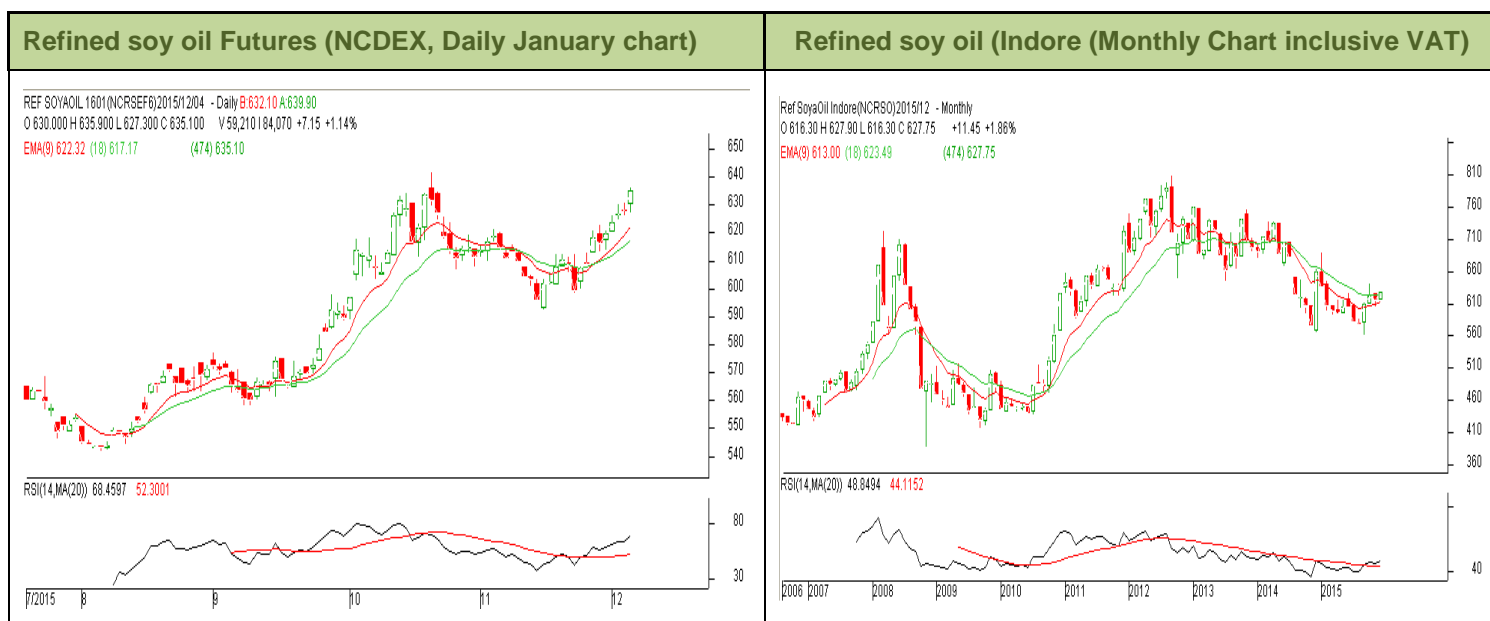
Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Sep, 2015	18.93	24.23	69.65	48.28	-5.58
Oct, 2015	37.55	37.15	127.58	39.65	-7.82
Nov, 2015	-7.61	-8.75	93.57	88.37	29.02

Outlook:-

Import parity for CDSO Argentina and CDSO Brazil is negative due to costlier imports. We expect CDSO import parity to improve in December. However, parity in palm oil products may increase palm oil imports in the coming days.

Technical Analysis (Refined soy oil Monthly Charts)



Outlook – Prices are likely to trade sideways to firm tone in the days ahead. Investors are advised to buy refined soy oil (January contract) on dips.

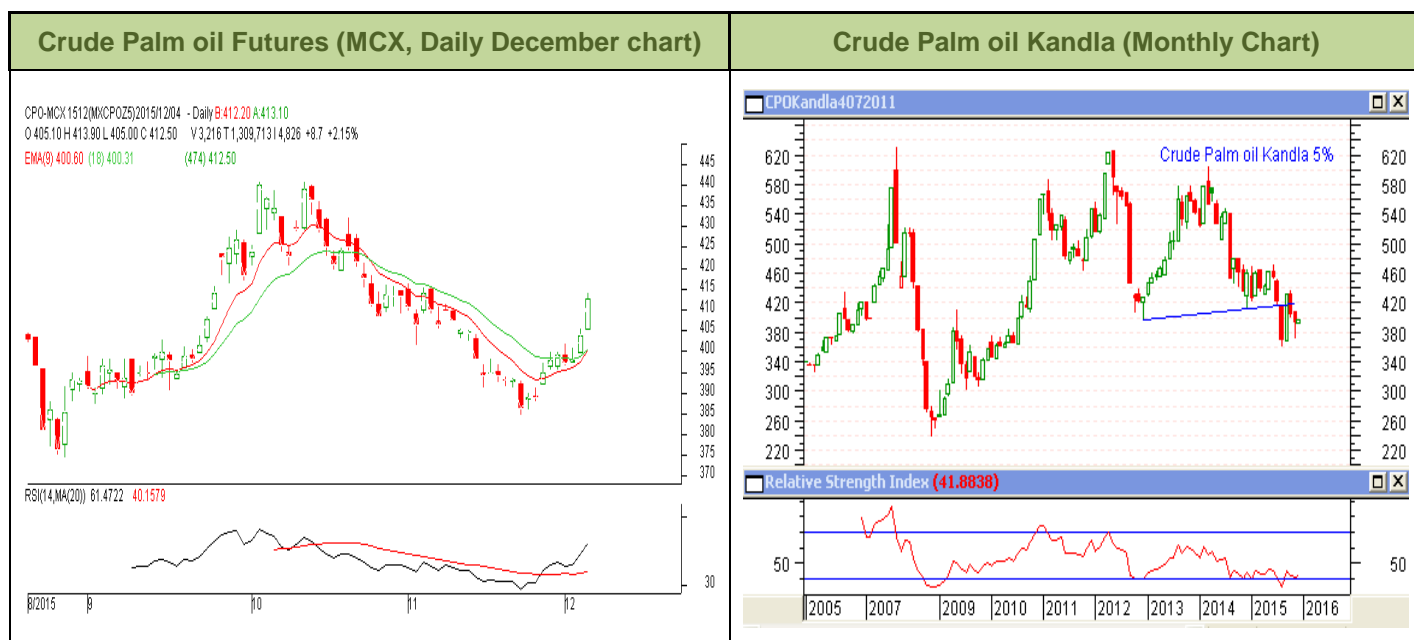
- ❖ Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect weak to sideways to firm movement in the coming days.
- ❖ Any close below 600 in monthly chart shall change the sentiments and might take the prices to a bearish phase i.e. 580
- ❖ Expected price band for next month is 600-670 level in near to medium term. RSI is moving upwards indicating buying at lower levels.

Strategy: Market participants are advised to go long in RSO above 625 for a target of 645 and 650 with a stop loss at 615 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
551.00	599.00	635.1	655.00	655.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 580-660 per 10 Kg.

Technical Analysis (Crude Palm oil Monthly Charts)


Outlook - Prices may trade with a sideways to firm tone in the coming days. Investors are advised to buy MCX CPO (August contract) on dips.

- ❖ Candlestick monthly chart of crude palm oil at MCX depicts rebound in prices. We expect prices to feature sideways to slightly firm tone in the near term.
- ❖ Any close below 380 in monthly chart shall change the sentiments and might bring the prices to next bear phase.
- ❖ Expected price band for next month is 380-460 level in near to medium term. RSI along with Stochastic and MACD is moving up supporting prices.

Strategy: Market participants are advised to go long in CPO in above 405 for a target of and 435 and 440 with a stop loss at 395 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
350.00	380.00	412.00	427.00	441.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 380-460 per 10 Kg.

Monthly spot prices comparison
Edible Oil Prices at Key Market

Commodity	Centre	Prices(Per 10 Kg)		Change
		30-Nov-15	31-Oct-15	
Refined Soybean Oil	Kota	620	620	Unch
	Rajkot	605	605	Unch
	Delhi	660	670	-10
	Mumbai	620	620	Unch
	Indore	620	625	-5
	Kandla/Mundra	605	610	-5
	Kolkata	600	590	10
	Indore (Soy Solvent Crude)	607	605	2
	Mumbai (Soy Degum)	578	565	13
	Kandla/Mundra (Soy Degum)	585	575	10
	Akola	637	634	3
	Amrawati	635	634	1
	Jalna	644	645	-1
	Nagpur	636	637	-1
	Alwar	NR	NR	-
	Solapur	644	647	-3
	Bundi	625	625	Unch
	Dhule	647	644	3
Palm Oil	Rajkot	450	466	-16
	Hyderabad	480	499	-19
	Delhi	525	545	-20
	Kandla (Crude Palm Oil)	393	404	-11
	Kandla (RBD Palm oil)	420	440	-20
	Mumbai RBD Pamolein	470	480	-10
	Kandla RBD Pamolein	455	470	-15
	Mangalore RBD Pamolein	460	480	-20
	Chennai RBD Pamolein	460	480	-20
	Kakinada RBD Pamolein	445	465	-20
	KPT (Krishna patnam) RBD Pamolein	445	460	-15
	Haldia RBD Pamolein	450	465	-15
	PFAD (Kandla)	265	280	-15
	Refined Palm Stearin (Kandla)	285	310	-25
Refined Sunflower Oil	Mumbai	740	755	-15
	Mumbai(Expeller Oil)	670	670	Unch
	Kandla/Mundra (Crude)	670	675	-5

	Erode (Expeller Oil)	730	760	-30
	Hyderabad (Ref)	722	722	Unch
	Chennai	700	725	-25
	Latur (Expeller Oil)	700	700	Unch
	Chellakere (Expeller Oil)	655	660	-5
Groundnut Oil	Rajkot	925	840	85
	Chennai	900	900	Unch
	Delhi	930	930	Unch
	Hyderabad *	890	950	-60
	Mumbai	935	880	55
	Gondal	925	840	85
	Jamnagar	925	850	75
Rapeseed Oil/Mustard Oil	Mumbai (Expeller Oil)	970	970	Unch
	Sri-GangaNagar(Exp Oil)	970	1000	-30
	Alwar (Expeller Oil)	NA	NA	-
	Kota (Expeller Oil)	900	930	-30
	Jaipur (Expeller Oil)	938	1003	-65
	New Delhi (Expeller Oil)	950	980	-30
	Hapur (Expeller Oil)	1000	1000	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1010	1055	-45
	Kota (Kacchi Ghani Oil)	1030	1080	-50
	Jaipur (Kacchi Ghani Oil)	989	1065	-76
	Agra (Kacchi Ghani Oil)	1025	1035	-10
	Bharatpur (Kacchi Ghani Oil)	1020	1030	-10
	Neewai (Kacchi Ghani Oil)	965	1040	-75
	Hapur (Kacchi Ghani Oil)	1050	1050	Unch
Refined Cottonseed Oil	Mumbai	585	618	-33
	Rajkot	582	595	-13
	New Delhi	575	600	-25
	Hyderabad	555	585	-30
Coconut Oil	Kangayan (Crude)	960	990	-30
	Cochin	1000	1050	-50
	Trissur	980	1020	-40
Sesame Oil	New Delhi	680	740	-60
	Mumbai	700	710	-10
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	420	420	Unch

Rice Bran Oil (4%)	Punjab	500	520	-20
Rice Bran Oil (4%)	Uttar Pradesh	500	520	-20
Malaysia Palmolein USD/MT	FOB	540	568	-28
	CNF India	545	577	-32
Indonesia CPO USD/MT	FOB	500	510	-10
	CNF India	525	545	-20
RBD Palm oil (Malaysia Origin USD/MT)	FOB	525	553	-28
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	478	460	18
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	930	900	30
Crude palm Kernel Oil India (USD/MT)	CNF India	835	870	-35
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	380	375	5
Ukraine Origin CSFO USD/MT Kandla	CIF	885	880	5
Rapeseed Oil Rotterdam Euro/MT	FOB	755	737	18
Argentina FOB (\$/MT)		30-Nov-15	30-Oct-15	Change
Crude Soybean Oil Ship		695	676	19
Refined Soy Oil (Bulk) Ship		700	700	Unch
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		675	656	19
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<i>* indicates including VAT</i>				

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