



Veg. Oil Monthly Research Report

Contents

- ❖ **Outlook and Review**
- ❖ **Recommendations**
- ❖ **AW Edible Oil Index**
- ❖ **International Veg. Oil Market Summary**
- ❖ **Domestic Market Fundamentals**
- ❖ **Technical Analysis (Spot Market)**
- ❖ **Technical Analysis (Futures Market)**
- ❖ **Monthly spot price comparison**

Outlook and Review:

Domestic Front

Edible oil basket featured firm tone during the month under review. Soy oil, palm oil, rapeseed oil, sunflower oil and coconut oil closed higher while groundnut oil witnessed losses during the month

Coconut oil (Kangeyam) was the best performer among the edible oil complex tracking firm demand in the cash market. However, groundnut oil (Rajkot) was the worst performer ending in red owing to weak demand.

We expect soy oil to trade firm of strong fundamentals and weak palm oil on weak fundamentals in international markets.

Recommendation:

Market participants are advised to go long in RSO above 645 for a target of 665 and 670 with a stop loss at 635 on closing basis. Market participants are advised to go short in CPO below 575 for a target of 555 and 550 with a stop loss at 590 on closing basis.

Market Participants can buy refined soy oil in the cash markets at 630-640 for the target of 680-690 levels (Indore including taxes), if needed. Market Participants can buy CPO Kandla 5% in the cash markets at 550-560 for the target of 580-590 levels, if needed.

International Veg. Oil Market Summary

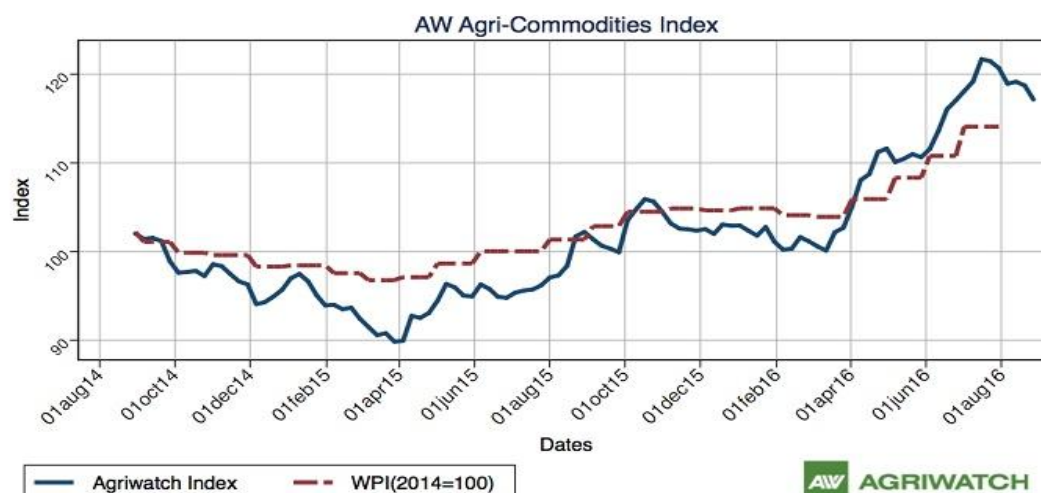
CBOT soy oil (October) is expected to stay in the range of 30 cents/lb to 35 cents/lb. CPO at BMD (Oct) is likely to stay in the range of 2400-3000 ringgits per ton. Focus during the coming days will be weak Ringgit, strong Indian demand, fall in palm oil ending stocks in Malaysia, firm exports of palm oil from Malaysia and favorable soybean crop in US.

Malaysia's August palm oil exports rose 26.4 percent to 1,621,480 tons compared to 1,283,050 tons in July 2016. Top buyers were India at 450,929 tons (199,580 tons), China at 289,550 tons (225,856 tons), European Union 269,523 tons (260,908 tons), United States at 78,535 tons (74,800 tons) and Pakistan at 31,000 tons (41,000 tons). Values in brackets are figures of July 2016: SGS

On the international front, lower soy oil stock in US, strong Chinese soybean demand, strong crude oil and weak dollar due to delayed FED rate hike are bullish for the soy complex in the coming days.

Fall in palm oil stocks in Malaysia, higher palm oil exports from Malaysia, firm demand of palm oil from India, weak Ringgit, supportive Chinese markets and supportive export and biodiesel policy of Malaysia and Indonesia will support palm oil prices in the near term.

AW Commodities Index:



- The Agriwatch Agri Commodities Index fell 1.33% to 117.15 during the week ended August 27, 2016 from 118.73 during the previous week, led by sharply lower pulses prices. The base for the Index and all sub-Indices is 2014 (= 100).
- Seven of the nine commodity group sub-Indices and 21 of the 29 individual commodity sub-Indices that constitute the main Index declined during the week.

Agriwatch edible oil index

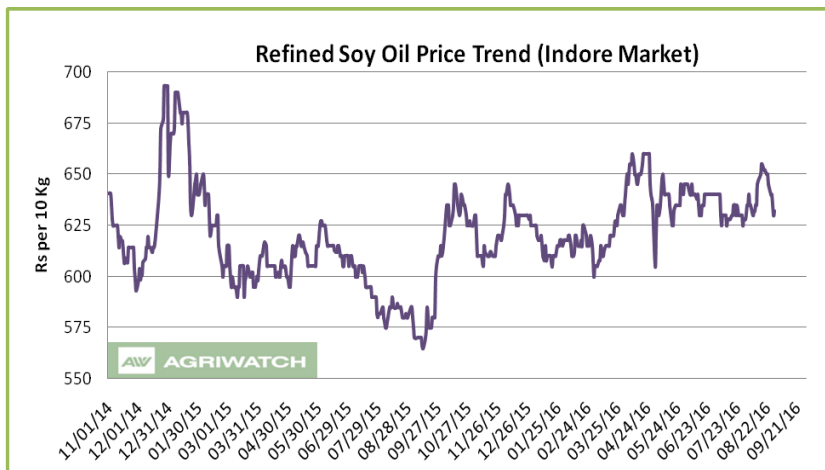


- Agriwatch edible oil index fell 0.19 percent last week to 120.41.

"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

Soy oil: Domestic Market Fundamentals

- Refined soybean oil prices featured uptrend at its benchmark market at Indore during the month in review on firm demand despite firm supplies. Average prices of soy oil increased in August. Prices rose across board in India. CDSO prices rose at Kandla/Mudra and JNPT.
- Agriwatch view—Soy oil prices witnessed uptrend in month of August on firm demand despite firm supplies.



Domestic prices rose despite less than prices of soy oil in international markets.

Prices rose on seasonal uptrend of prices.

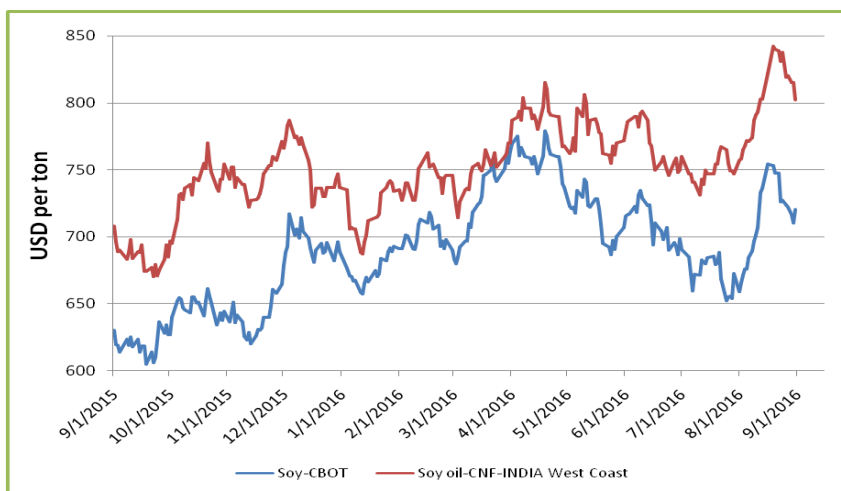
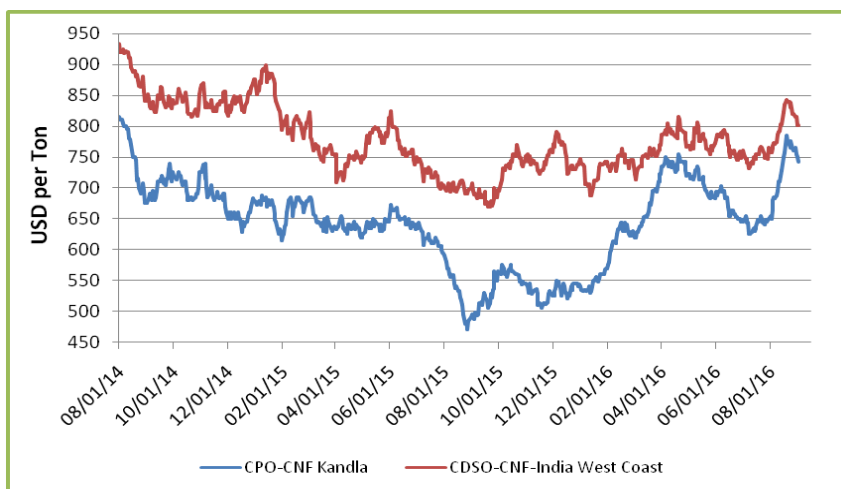
Fall in prices of soybean in domestic market capped gains of soy oil.

Soy oil premium over palm oil is low at Rs 75 (Rs 101 last month) per 10 Kg which will support prices. Imports will rise on low soy oil premium over palm oil at USD 60.5 (USD 96) per ton for September delivery.

Stocks of CDSO increased in ports and pipelines indicating increased supply.

Both landed cost and refining margins of imported soy oil are in disparity. Disparity increased in August.

Following chart shows difference between CDSO-CNF-India West coast and Soy oil CBOT. Difference decreased in CDSO-CNF-India West coast and Soy oil CBOT is due to



decrease in basis (spot prices – futures prices). Recent fall last two weeks of August in prices of CBOT soy oil, CDSO-CNF-India West coast fell by lower proportion due to decrease in basis. Refiners can wait to buy their consignment as basis will decrease with improvement of supplies and record soybean crop in US and higher supply from Argentina. If prices rise CDSO-CNF-India West coast will remain stable, indicating opportunity to benefit when prices fall and prices in domestic markets rise.

Indian domestic market has dissociated from international soy oil markets as domestic fundamentals kick in with higher soybean crop in India and firm demand which will push prices higher while international prices of soy oil will remain stable on higher supplies in medium term from Argentina and US and decrease in basis.

Demand will increase in September on stocking ahead of festivals in India.

Prices of soy oil are expected to be firm on firm demand, seasonal uptrend of prices and stocking ahead of festivals.

- All India sowing of soybean has reached 112.28 lakh hectares as on 2 September 2016, compared to 115.35 lakh hectares in the corresponding period last year.
- The domestic soybean crop is reportedly in a good condition across the key growing belts of Madhya Pradesh, Maharashtra and Rajasthan, with some exception in the low lying areas of Madhya Pradesh where heavy downpour in few pockets during the week have raised the crop concern. However, rains are needed in key soy growing belts in Maharashtra as dry spell for last 15 days have lead to moisture stress. There are no reports of widespread disease or pest infestation in the crop with some exceptions in Marathwada, Maharashtra where green larvae have infested the crop in few small pockets. The plant size of the crop varies from 3 - 3.5 feet long and it is in blooming stage at around 65% in Madhya Pradesh and about 30% in Maharashtra. The overall rainfall over Madhya Pradesh, Maharashtra and Rajasthan is reportedly higher than the normal rains. IMD in its weekly Southwest monsoon progress report has reported India's actual rainfall at 606.2 mm against the normal 606.8 mm and departure stands at 0%, till 17 August 2016. In West Madhya Pradesh, departure of Southwest monsoon has improved to normal by +37%, actual rains is reported at 790 mm vs 577.2 mm normal till 17 August 2016 by IMD. Vidarbha reported the departure of +15%, actual rains 761.4 mm vs 664.6 mm normal. Marathwada reported the departure of +11% with actual rains of 476.5 mm vs 429.3 mm, East Rajasthan reported a departure of +48% with actual rains 626.6 mm vs 423.1 mm normal.
- In the USDA – FAS grain report, the US attaché has projected India's 2016/17 soybean production at 11.5 million tons up from its previous forecast of 11 million tons. Good seasonal rains and normal growing conditions are cited behind the increase. The productivity is pointed to be within 5-year average.
- Soy oil import scenario – According to SEA India imported 3.49 lakh tons of soy oil in July 2016 v/s 3.49 lakh tons in July 2015, unchanged y-o-y. In the oil year 2015-16 (November 2015-July 2016) imports of soy oil is reported at 31.54 lakh tons v/s 18.54 lakh tons in corresponding period last oil year, higher by 96 percent y-o-y. In the period November 2015-July 2016, share of soft oil in imports has risen from 33 percent to 43 percent.
- According to Solvent Extractors Association (SEA), India's June edible oil imports rose 14.3 percent y-o-y to 11.59 lakh tons from 10.13 lakh tons in June 2015. Palm oil imports fell 17.3 percent y-o-y to 6.07 lakh tons y-o-y from 7.34 lakh tons in June 2015. CPO Imports fell by 27.3 percent y-o-y to 4.16 lakh tons from 5.71 lakh

tons in June 2015. RBD palmolein imports rose by 28.4 percent y-o-y to 1.9 lakh tons from 1.48 lakh tons in June 2015. Soy oil imports rose 150 percent y-o-y to 3.86 lakh tons from 1.54 lakh tons in June 2015. Sunflower oil imports rose by 40 percent y-o-y to 1.47 lakh tons from 1.05 lakh ton in June 2015. Rapeseed (Canola) oil imports fell by 10 percent y-o-y to 0.18 lakh tons from 0.20 lakh tons in June 2015.

- According to Solvent Extractors Association (SEA), India's June edible oil stocks at ports and pipelines was marginally lower m-o-m at 23.2 lakh tons from 23.3 lakh tons in May 2016. Stocks of edible oil at ports were at 878,000 tons (CPO 280,000 tons, RBD Palmolein 180,000 tons, Degummed Soybean Oil 300,000 tons, Crude Sunflower Oil 105,000 tons and 13,000 tons of Rapeseed (Canola) Oil) and about 1,442,000 tons in pipelines. India is presently holding 42 days of edible oil requirement on 1st July, 2016 at 23.2 lakh tons marginally lower from last month. India's monthly edible oil requirement is 16.5 lakh tons per month.
- USDA increased soy oil imports in 2015/16 to 4.00 MMT from 3.7 MMT in its June estimate on strong pace of trade, primarily from Argentina and reduction in imports of other edible oils (palm kernel oil and rapeseed oil). Domestic consumption is raised from 4.75 MMT to 4.95 MMT in 2015/16.
- Imported crude soy oil CIF at West coast port is offered at USD 803 (USD 762) per ton for September delivery. October delivery is offered at USD 800 per ton as on September 1, 2016, CIF CDSO July average price was USD 842.03 (USD 750.65) per ton. Values in brackets are figure of July, 2016
- On the parity front, margins were in disparity during the month and we expect margins to stay in disparity in the coming days. Currently refiners lose USD 80-85 per ton (August average) v/s loss of USD 35-40 per ton (July average) 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

- Agriwatch view – USDA reduced US 2016/17 soy oil end stocks of US on lower opening stocks partially set off by rise in soy oil production on higher crush of soybean in 2016/17.

USDA increased soybean yield to record in history in its August estimate on very good condition of crop. US soybean crop is in very good condition and all the parameters of crop are better than last year and 5-year average. Conducive weather is reported in US soybean belt especially US Midwest until harvest. With higher yield estimate US soybean crop is record in history.

Pro Farmer has forecasted higher soybean yield estimate above USDA estimates for US. Other private agencies are quoting higher yields compared to USDA estimate. If USDA increases yield estimates in September estimate then US will set-off losses of soybean crop in Argentina and Brazil.

NOPA reported lower stocks of soy oil in US in July due to lower production of soy oil on lower crush of soybean. Soy oil stocks are expected to fall further in August on lower crush of soybean, which will lead to lower production of soy oil and lower stocks of soy oil. Crushers are not crushing soybean as old crop supplies are weak and they are waiting for prices of soybean to come down. Lower crush will decrease soy oil stocks of US.

USDA reported lower soy oil (crude and refined) stocks in US in July on lower production of soy oil due to lower crush. Fall in stocks reported by USDA is higher than NOPA. Both agencies have reported lower stocks of soy oil in US which will support prices in near term. Soy oil stocks are expected to fall further in August on lower crush of soybean, which will lead to lower production of soy oil and lower stocks of soy oil. Crushers are not crushing soybean as old crop supplies are weak and they are waiting for prices of soybean to come down. Lower crush will decrease soy oil stocks of US.

Soybean exports from US are expected to be steady in September due to higher buying by China on lower soybean prices which will support soybean complex prices.

Soy oil production in Argentina is decreased in current marketing season on slow movement of soybean from farms to port and crushers due to bad weather and bad condition of roads. Slow farmer sales also led to lower soy oil production. Lower production of soy oil has improved demand of soy oil from US.

Rise in crude oil prices in August and weakness in dollar on delayed FED rate hike will support soy oil prices in medium term.

Soy oil prices are in a range.

- According to United States Department of Agriculture (USDA) August estimates, U.S 2016/17 soy oil end stocks fell by 8.1 percent m-o-m to 1,755 million lbs from 1,910 million lbs in August estimate. Opening stocks are reduced to 1,950 million lbs from 2,375 million lbs in August estimate. Production of soy oil in 2016/17 is increased to 22,405 million lbs v/s 22,235 million lbs in August estimate. Imports in 2016/17 are unchanged at 250 million lbs. Biodiesel use in 2016/17 was unchanged at 5,950 million lbs. Food, feed and other industrial use in 2016/17 are unchanged at 14,500 million lbs. Exports in 2016/17 are unchanged at 2,400 million. Average price range is unchanged at 29.5-32.5 cents/lbs in 2016/17. Fall in end stock is primarily due to lower opening stocks partially offset by rise in production.
- According to National Oilseed Processors Association (NOPA), U.S. July soybean crush fell to 143.715 million bushels from 145.050 million bushels in June, down by 1 percent m-o-m. Crush of soybean in July 2015 was 145.227 million bushels. Production of soy oil in U.S. in July fell marginally to 1.687 billion lbs from 1.692 billion lbs in June 2016. Production in July 2015 was 1.632 billion lbs. Soy oil stocks in U.S. at the end of July fell by 12.2 percent to 1.743 billion lbs compared to 1.985 billion lbs in June 2016. Stocks of soy oil in July 2015 were higher by 7.24 percent compared to July 2015, which was reported at 1.624 million lbs. Yield fell to 11.74 lbs/bushel in June from 11.66 lbs/bushel in June. Yield in July 2015 was reported at 11.24 lbs/bushel.
- US oilseeds processors have crushed 4.604 million tons of soybean during July, which is down from 4.673 million tons during the corresponding period last year and marginally down from 4.624 million tons processed during June this year, reported USDA. The average crush figure of the market participants was 4.596 million tons. US soy meal inventories stood at 419,802 tons up from 281,038 tons in June. Crude soy oil inventories are reported at 1.866 billion pounds at the end of July and refined soy oil inventories stood at 348.5 million pounds, said USDA.
- The US soybean crop is reported to be setting pod at 94% up compared to 91% during the corresponding period last year and 92% from 5-year average. About 5% of the crop is dropping leaves, which lower than 8%

during the corresponding period last year but at par with the 5-year average. About 73% of the newly planted US soybean crop is under good to excellent conditions, which is up from 63% during the corresponding period last year, reported in the US crop progress report dated 28 August 2016.

- The four-day pro farmer crop tour of soybean in US has reported bumper soybean crop prospects across the US Midwest. It has reported above average soybean yield in few states like Minnesota. Pro Farmer has yet to come out with the average US soybean yield report, but it is optimistic on the productivity across the Midwest. USDA in its August report has pegged US soybean yield at record 48.9 bushels per acres.
- Brazil has exported 3.82 million tons of soybean in August against 5.16 million tons during the corresponding period last year and 5.79 million tons in July 2016. Brazil has exported 1.09 million tons of soy meal in August against 1.11 million tons during the corresponding period last year and 1.39 million tons in July 2016.
- According to Argentina government, Argentina's biodiesel exports almost tripled in April-June (second quarter – 2016). Argentina exported 404,215 tons of biodiesel in second quarter, which is mostly derived from soy oil. Production of biodiesel in second quarter increased 56.6 percent from corresponding period last year. USDA has increased forecast of higher exports of soy oil based biodiesel in 2016/17 in its August estimate.
- According to U.S. Energy Information Administration (EIA), U.S. biodiesel production remain unchanged in June compared to May 2016 at 135 million gallons. Soy oil use was the largest in June at 519 million lbs compared to 527 million lbs in May 2016. Soy oil was the largest contributor to the biodiesel output at 53 percent of total production in U.S.
- FC Stone has projected Brazil's 2016/17 soybean production at 101.85 million tons compared to 95.4 million tons in 2015/16. Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected surpass 140 million tons by 2025 by FCStone.
- According to China's General Administration of Customs (GACC), China's July imports of edible vegetable oil rose 45.2 percent to 4.1 LT compared to 3.1 LT in June 2016. Imports fell by 48.9 percent from July 2015, which was at 8.8 LT. Imports fell by 20.2 percent year to date at 28.9 LT.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price for 2016/17 is forecast at \$8.35 to \$9.85 per bushel, down 40 cents on both ends of the range. Soybean meal prices are forecast at \$305 to \$345 per short ton, down 20 dollars at the midpoint. The soybean oil price forecast is unchanged at 29.5 to 32.5 cents per pound.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 630-700 per 10 Kg.

Balance Sheet (Quarterly)- Soy Oil, India
Fig. in lakh tons

	2014-15	2015-2016-F	Nov- Jan	Feb- Apr	May-July	Aug- Oct-F
Opening Stock	5.17	5.58	5.58	7.73	7.07	6.00
Production (Domestic)	13.60	12.75	5.87	1.53	1.53	3.83
Imports	28.50	42.00	11.34	9.66	9.24	11.76
Imported oil processing	27.73	40.87	11.03	9.40	8.99	11.44
Total Production (Domestic production + imported oil processing)	41.33	53.62	16.90	10.93	10.52	15.27
Total Supply	46.50	59.20	22.48	18.66	17.59	21.26
Consumption	40.92	52.68	14.75	11.59	11.59	14.75
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Ending Stock	5.58	6.51	7.73	7.07	6.00	6.51

Source: AW estimates

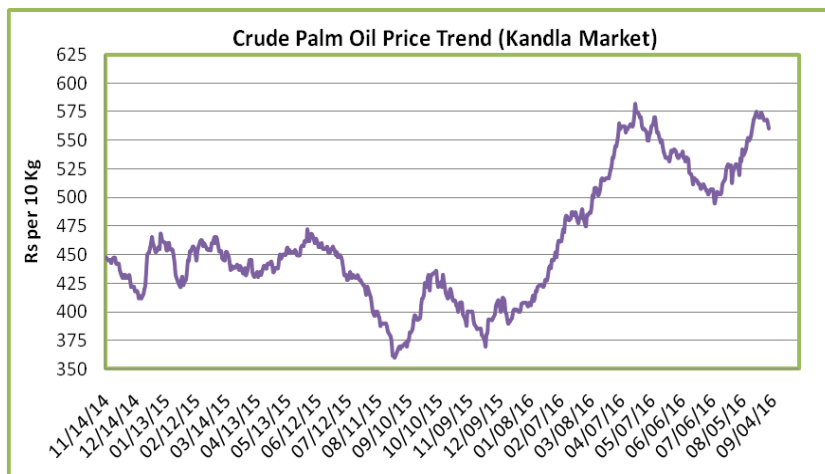
Oil year- November-October

Highlights

- Prices of soy 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.
- Carry out in first and second quarter of oil year 2015-16 is higher compared to last two quarter.
- Lower carry out in Feb-Apr is due to lower imports.
- Carryout stocks of oil year 2014-15 is 5.58 lakh tons on higher soy oil imports.
- Carry out of oil 2015-16 is 6.51 lakh tons
- Carryout of 2015-16 is higher than 2014-15 due to higher imports.

Palm oil: Domestic Market Fundamentals

- CPO prices witnessed firm tone in the month of July at its benchmark market at Kandla on weak supply and rise in BMD-CPO. CPO prices rose in Kakinada. RBD palmolein prices rose across board in India. Superolein prices rose in Kandla and Mumbai. CPO-CNF and RBD palmolein-CNF prices rose in August.
- Agriwatch view – Palm prices in rose on weak supply and rise in BMD CPO.



BMD-CPO surged in August which supported prices of palm oil in domestic markets.

Demand is weak as rise in international markets outpaced Indian markets. Rise in CNF prices were higher than rise in domestic prices indicating weak demand.

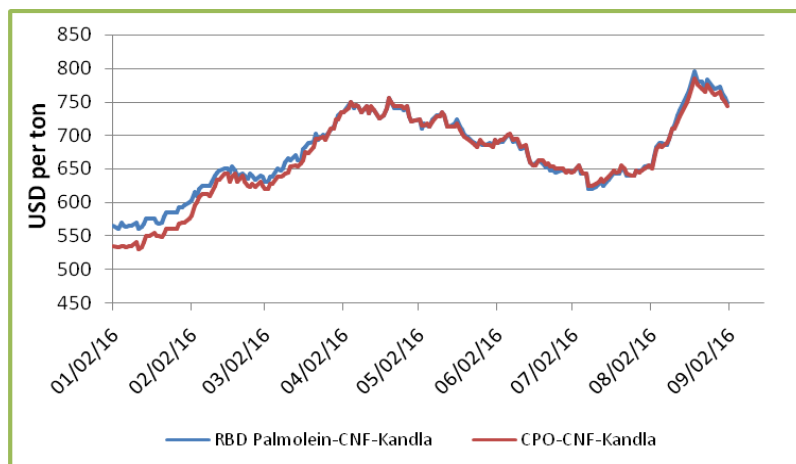
Prices rose in lower proportion Indian markets despite surge in prices on BMD CPO and CNF-CPO Indonesia and RBD-palmolein CNF Malaysia. Cumulative imports of palm oil were lower by 9.6 percent in the first nine months of oil year 2015-16 (November 2015-July 2016) and cumulative imports of CPO were lower by 26.3 percent in the first nine months of oil year 2015-16 (November 2015-July 2016), according to SEA, which indicates tight supply scenario in India. CPO imports in fell in July compared to June on weak demand. However, cumulative RBD palmolein imports surged 80.5 in this period. RBD palmolein imports rose in July compared to June.

There was drawdown of stocks of palm oil from port and pipelines in July due to lower imports in July. CPO and RBD palmolein stocks at ports and pipelines decreased in July in ports and pipelines on lower imports in July. Lower price differential of CNF RBD palmolein and CNF CPO has resulted in higher imports of RBD palmolein imports in oil year 2015-16 and slowdown of CPO imports.

CPO and RBD palmolein landed cost turned in disparity in August.

RBD palmolein imports are available at cost of input (CPO) which has resulted in lower capacity utilization of palm oil refiners in India. Indian refiners are struggling with low margins.

The following chart indicates that CPO-CNF and RBD palmolein-CNF are



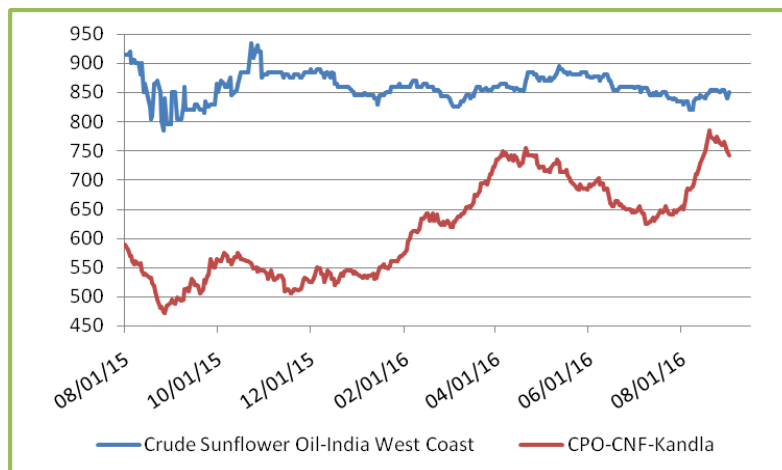
almost at same prices for a long time in current oil year.

Palm oil prices will be adversely affected on low soy oil premium over palm oil which is hovering at Rs 75 (Rs 175 last month) per 10 Kg.

Previous chart in soy oil section shows than premium of soy oil over palm oil has decreased in August at CNF markets as it has with sunflower oil at CNF markets. This will weaken demand in near term.

Negative refining margins will decrease imports and weaken demand.

Short term volatility is expected in palm oil. However, prices of palm oil will fall in medium term on weak demand.



- Palm oil import scenario – According to SEA, India imported 5.7 lakh tons of palm oil in July 2016 v/s 9.76 lakh tons in July 2015, down 41.6 percent y-o-y. CPO imports slowed to 3.63 lakh tons in July compared to 7.66 lakh tons in July 2015, lower by 52.6 percent y-o-y. RBD palmolein imports rose to 2.07 lakh tons from 1.85 lakh tons in July 2015, up by 11.9 percent y-o-y. In the oil year 2015-16 (November 2015-July 2016) imports of palm oil is reported at 61.75 lakh tons v/s 68.27 lakh tons in corresponding period last oil year, lower by 9.6 percent y-o-y. RBD palmolein reported sharp rise at 19.84 lakh tons (November 2015-July 2016) v/s 10.99 lakh tons in corresponding period of oil year 2014-15, rise of 80.5 percent y-o-y. Crude palm imports in the period (November 2015-July 2016) fell to 41.29 lakh tons from 56.04 lakh tons in the corresponding period last oil year, fall of 26.3 percent y-o-y. In the period November 2015-July 2016, share of palm product imports fell to 57 percent from 67 percent in the corresponding period last oil year.
- According to United States Department of Agriculture (USDA), India is estimated to import 10.25 MMT of palm oil in 2016/17 compared to 9.5 MMT in 2015/16, higher by 7.89 percent y-o-y. Consumption of palm oil is estimated to increase to 9.8 MMT in 2016/17 from 9.2 MMT in 2015/16, higher by 6.5 percent y-o-y.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 742.5 (USD 660) per ton for September delivery. October delivery is quoted at USD 717.5 per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 747.5 (USD 662.5) per ton for September delivery. October delivery is quoted at USD 717.5 per tons. CPO duty paid prices ready lift quoted at Rs 560 (Rs 534) per 10 Kg and September delivery is offered at Rs 557 (Rs 526) per 10 Kg on September 1, 2016. Values in bracket depict July, 2016 quotes.
- Palm oil imports will slow in near term owing to low CIF soybean oil premium versus crude palm oil, which is hovering at USD 60.5 per ton (USD 96 per ton last month).

- On the parity front, margins were in disparity during the month of August on higher price of palm oil imports and lower price of palm products in Indian markets and we expect margins to remain in disparity in coming days. Currently refiners lose USD 10-15/ton (August average) v/s gain of USD 40-45/ton (July average) margin in processing the imported CPO but on the imports of ready to use palmolein lose USD 10-15/ton (August average) v/s gain of USD 45-50 (July average).
- We expect palm oil to trade sideways to weak tone in medium term.

International Market Fundamentals

- Agriwatch view – Palm oil prices witnessed gains in August on higher exports from Malaysia in August which rose by 26-29 percent.

Data from SGS and ITS show rise in exports from Malaysia by 26-29 percent in August. Demand from India surprised markets which was the biggest importer from Malaysia. Demand from India is due to tight supplies in their domestic market. Demand is firm especially from Malaysia.

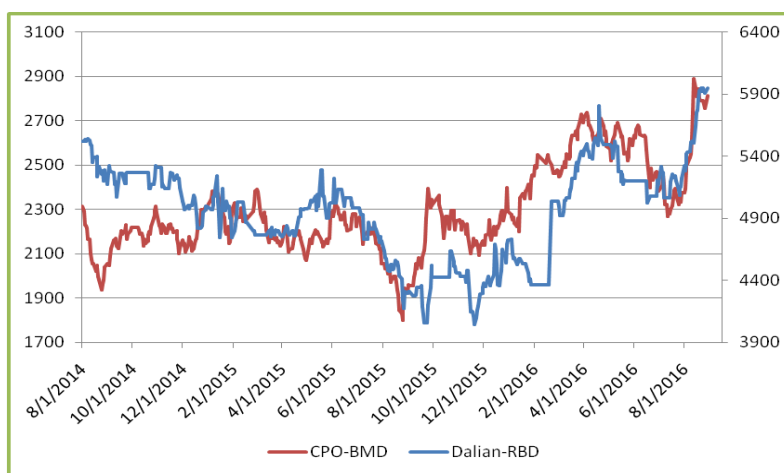
Aggressive pricing by Malaysia by quoting lower RBD palmolein compared to Indonesia CPO has supported palm oil exports in near term.

India is buying more from Malaysia due to competitive prices offered by Malaysia compared to Indonesia. Aggressive pricing by Malaysia has led to higher exports from Malaysia

Demand from China increased in August. China is buying more ahead of festivals in September and higher buying in second half of 2016 to replenish stocks depleted in first half of 2016. China's palm oil imports of August indicate that demand has improved in last two months. However, demand is expected to improve for rest of the year.

Stability in China and improvement of prices of RBD palmolein and soy oil on Dalian supported prices. Demand is expected to remain firm from China in September.

Following chart shows high correlation between RBD palmolein-Dalian and CPO-BMD.



Demand from India is expected to rise as the market in India is tight and supplies in

domestic market are weak. Demand from India will improve when market corrects as India will not buy at current prices as prices are high and demand is weak.

Demand from India and China will stay firm in September.

Stocks at major ports in China and India are still very low and demand is expected to remain elevated due to replenishment of stocks in both the countries.

Production of palm oil is expected to rise in August on seasonal uptrend of production but at a lower rate on lagged effect El Nino. Production will be almost unchanged in September while it will increase to top of the season in October. So production in near term is still not risen at the rate of rise of exports.

Palm oil stocks are expected to fall in Malaysia in August and September due to higher exports and lower rate to increase of production.

Ringgit will depreciate which will help exports and support palm oil prices in medium term.

Indonesia biodiesel production is expected to increase and CPO input will increase on better implementation of biodiesel mandate. Better demand data of Indonesia which showed more than 300 percent improvement in biodiesel demand will support palm oil demand.

Malaysia continued palm oil export duty on CPO at 5 percent September.

Palm oil discount with crude degummed soy oil (CDSO) is still low and will weaken exports to top exporting destinations.

Therefore, prices of palm oil are in a range.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's August palm oil exports rose 26.4 percent to 1,621,480 tons compared to 1,283,050 tons in July 2016. Top buyers were India at 450,929 tons (199,580 tons), China at 289,550 tons (225,856 tons), European Union 269,523 tons (260,908 tons), United States at 78,535 tons (74,800 tons) and Pakistan at 31,000 tons (41,000 tons). Values in brackets are figures of July 2016.
- According to Malaysia Palm Oil Board (MPOB), Malaysia reported surprise fall in July palm oil stocks by 0.23 percent to 1,770,650 tons compared to 1,774,650 tons in June. Production in July rose by 3.48 percent to 1,585,882 tons from 1,532,613 tons in June. Exports in July rose by 21.24 percent to 1,384,220 tons from 1,141,673 tons in June. Imports in July fell by 34.7 percent to 12,823 tons from 19,636 tons in June.
- According to China's General Administration of Customs (CNGOIC), China's July palm oil exports fell 53.73 percent to 332,568 compared to July 2015. Year to date (January 2016-July 2016) palm oil imports fell 31.14 percent to 2,198,299 tons compared to corresponding period in 2015. Imports from Indonesia in July fell 58.14 percent to 169,474 tons compared to July 2015. Year to date (January 2016-July 2016) palm oil imports from Indonesia imports fell 14.59 percent to 1,389,331 tons compared to corresponding period in 2015. Imports from Malaysia fell 48.04 percent in July to 163,081 tons compared to July 2015. Year to date (January 2016-July 2016) palm oil imports from Malaysia fell 48.47 percent to 803,758 tons compared to corresponding period in 2015.
- According to Malaysia Palm Oil Council (MPOC), crude palm oil prices (CPO) will average 2,678 ringgit per ton in 2016, 18 percent higher from 2015. Crude palm oil 2015 average prices were 2,528 ringgit per ton. India will remain the top imported of CPO in 2016. China will import more CPO in second half of 2016 to replenish stocks. China imported lower amount of oils and fats in 2016 due to higher carryover stocks in 2015. MPOC forecast palm oil production for 2016 for Malaysia at 19.1 MMT and Indonesia at 32.8 MMT. Production of palm oil in Malaysia will improve August onwards when the lagged effect of El Nino is over.

- According to Indonesia Palm Oil Association (GAPKI), Indonesia's June palm, palm kernel oil, and biodiesel exports rose by 7.4 percent to 1.89 MMT from 1.76 MMT in May, exports in June 2015 stood at 2.27 MMT. Indonesia exported 1.78 MMT of palm oils excluding biodiesel compared to 1.76 MMT exported in May 2016. Production of palm oil in June was at 2.69 MMT while ending stocks were 1.80 MMT
- Policy development- According to Malaysia Palm Oil Board (MPOB), Malaysia kept September crude palm oil export duty unchanged at 5 percent. Tax is calculated at reference price of 2471.30 ringgit (USD 612.54) per ton. Prices above 2,250 ringgit are taxed with tax starting from 4.5 percent to a maximum of 8.5 percent.

Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 530-640 per 10 Kg.

Balance Sheet- Palm Oil (quarterly), India

Fig. in million tons

	2014-15	2015-16-F	Nov-Jan	Feb-Apr	May-July	July-Oct F
Opening Stock	1.20	1.65	1.65	1.82	1.53	1.55
Production	0.18	0.20	0.05	0.05	0.05	0.05
Imports	9.54	9.35	2.35	1.90	2.40	2.69
Total Supply	10.92	11.20	4.05	3.77	3.98	4.29
Consumption	9.27	9.73	2.24	2.24	2.43	2.82
Ending Stocks	1.65	1.47	1.82	1.53	1.55	1.47

Source: AW estimates

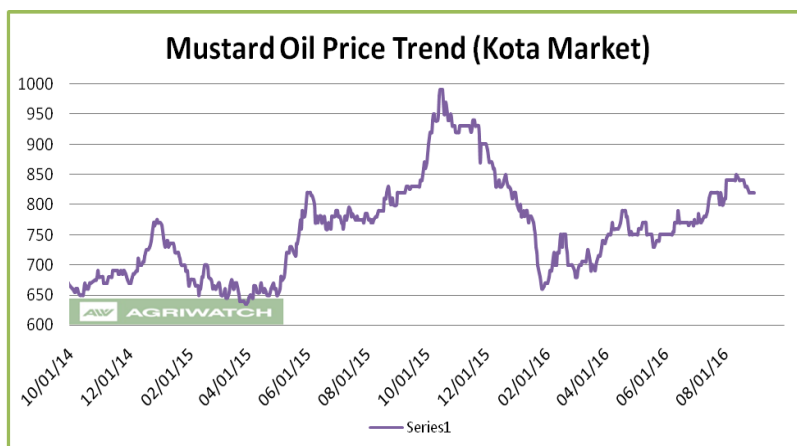
Oil year- November-October

Highlights

- Prices of palm oil in 2015-16 are expected to be weak on higher carryout in oil year 2014-15.
- Imports are expected to register slow growth compared to last year.
- Carryout stocks of oil year 2014-15 are 1.65 million tons on higher imports.
- Carryout of 2015-16 is lower than 2014-15 due to fall in imports of palm oil.
- Carry out of fourth quarter will be lower than third quarter of oil year 2015-16.

Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured uptrend in benchmark at Kota during the month of August on firm demand. Most of other centers reported lower prices of rapeseed oil on fall in prices of rapeseed oil. Rapeseed expeller prices rose in Kota and Kolkata. However, prices fell Jaipur, Neewai, Ganganagar, Mumbai and New Delhi and Hapur. Kacchi ghani prices fell across board in India



- Agriwatch view: Rapeseed oil prices traded higher in the month of August in Kota on steady activity in cash markets. However, prices fell in all other major centers across India on fall in prices of rapeseed.

Demand improved after arrival of monsoons when temperatures fell which supported demand.

Prices rose on seasonal uptrend of prices. Rise in prices of palm oil and soy oil supported prices.

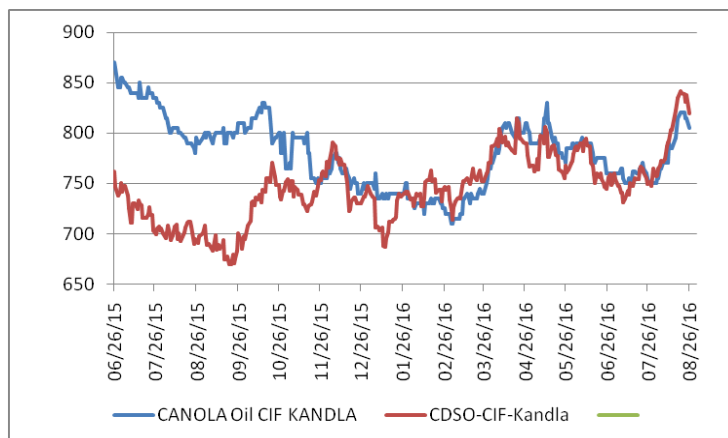
Fall in prices of rapeseed contributed to fall in prices at other major centers.

Demand was weak in other centers in India due to higher prices and fall in canola oil prices.

Stockists and traders are expected to stock ahead of seasonal uptrend of prices and stocking ahead of festive season. However, stocks are low in the market and supply of rapeseed is not sufficient to meet demand by crushers.

Pickle demand will increase in medium term supporting prices.

Rapeseed (Canola) oil prices rose in August supporting prices. Imports of rapeseed (canola) oil have been lower in oil year 2015-16 due to lower prices of rapeseed oil which dented its demand. However, with forecast of rise in prices of rapeseed oil, imports will surge in coming months.



Following chart shows prices of canola oil at CNF markets are closely following soy oil-CNF.

Prices of rapeseed oil are expected to trade sideways to higher in medium term on seasonal uptrend of prices, stocking ahead of festive season, uptick in demand and rise in prices of rapeseed.

- India imported 0.67 lakh tons of rapeseed (Canola) oil in July 2016 v/s 0.31 lakh tons in July 2015, lower by 116 percent y-o-y. For oil year 2015-2016 (November 2015 – July 2016) India imported 2.56 lakh tons

rapeseed (canola) oil v/s 2.62 lakh tons in corresponding period in the oil year 2014-15, marginally higher y-o-y: SEA

- USDA Rapeseed Oil (Canola oil) update-United States Department of Agriculture (USDA) reduced India's 2016/17 rapeseed oil imports at 0.40 MMT compared to 0.45 MMT in 2015/16 estimate. Domestic consumption of rapeseed oil in 2016/17 was increased to 2.535 MMT v/s 2.280 MMT in 2015/16.
- CIF Canola oil premium over soybean oil is hovering at USD -18 (USD -6 last month) as on 1 September, 2016. Low premium of canola oil over soybean oil will increase imports of canola oil.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 815 (845) per 10 Kg and at Kota market is quoted around Rs 820 (800) per 10 kg as on August 31, 2016. Values in brackets are figures of last month.
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 780-890 per 10 Kg.

Balance Sheet- Rapeseed Oil, India

	<i>Fig. in lakh tons</i>					
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16-F
	1.71	1.32	1.49	1.73	3.86	1.39
Production	24.48	22.68	25.02	26.78	20.16	21.24
Imports	0.11	0.91	0.13	2.00	3.70	3.50
Total Supply	26.30	24.91	26.64	30.52	27.72	26.13
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	24.99	23.41	24.91	26.66	26.33	24.72
Ending Stocks	1.32	1.49	1.73	3.86	1.39	1.41

Source: AW estimates

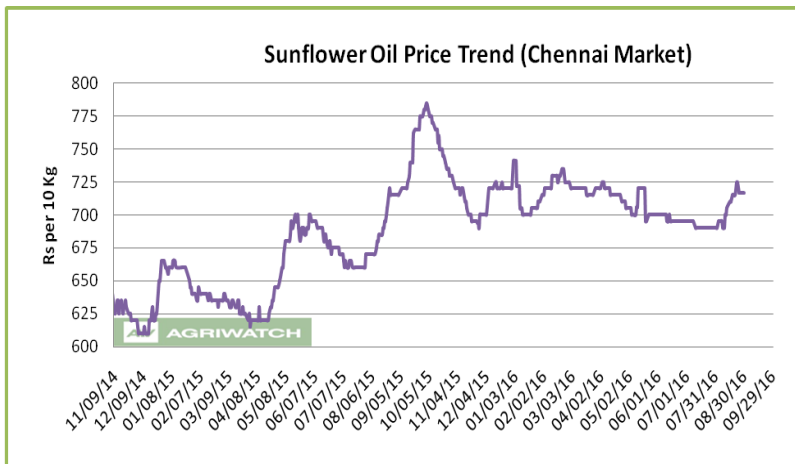
Oil year- November-October

➤ **Highlights**

- Prices of rapeseed oil in 2015-16 are expected to be steady on lower carryout in oil year 2014-15.
- Rapeseed oil production is 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 1.39 lakh tons on lower rapeseed 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 uptrend at its benchmark market in Chennai during the month of August on firm demand. Prices closed unchanged in Kakinada and Mumbai while it rose in Hyderabad and Erode. Prices closed lower at Kandla/Mudra.
- Agriwatch view: Sunflower prices rose during the month on firm demand. Demand has improved on after onset of monsoon.

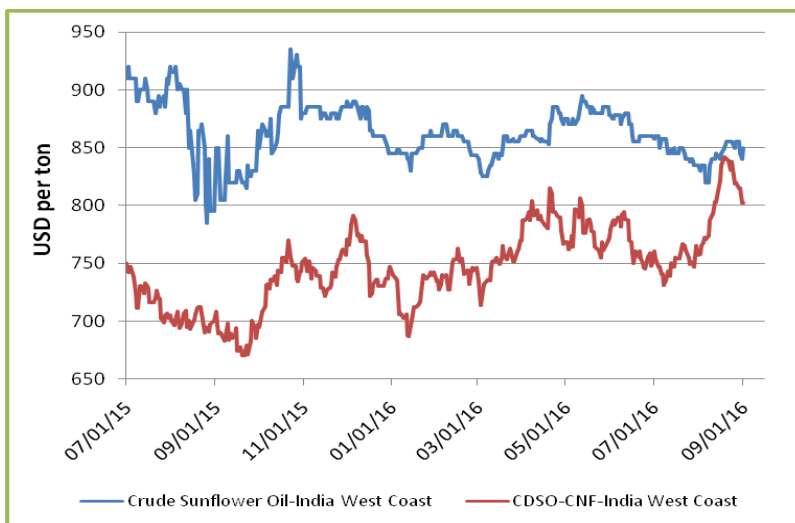


Prices were almost higher in domestic market despite fall in international prices of sunflower oil indicating firm demand.

Sunflower oil imports in the month of July were higher than July 2015 and while stocks at ports and pipelines increased. Imports will rise in last five months of oil year 2015-16 on lower prices of sunflower oil in international markets and firm demand.

Refiners and traders are stocking on expectation of higher demand on arrival seasonal uptrend of prices and onset and stocking ahead of festive season.

Refiners and stockists are stocking as sunflower oil premium over soy oil is below USD 47 (USD 100 at present). Refiners will take advantage of lower premium of sunflower oil over soy oil in August.



The following table shows the movement of CDSO India west coast and crude sunflower India West Coast.

There are ample stocks in market and refiners have increased supply in the market. Demand has increased with fall in temperatures.

In domestic market, demand is expected to be firm in medium term. Prices of sunflower oil will find support September on seasonal uptrend of prices, low premium of sunflower oil over soy oil and firm demand on stocking ahead of festive season.

- All India sowing of sunflower has reached 1.55 lakh hectares as on 2 September 2016, compared to 1.13 lakh hectares in the corresponding period last year.

- Government of India is considering to offering sunflower to BPL holders. Present government offers palm oil. The subsidy will be given to sunflower oil also, according to Food and Civil Supplies Minister U.T. Khader. Tenders will be floated soon to implement the program.
- According to UkrAgroConsult, Ukraine June sunflower oil exports rose to 439 KMT compared to 349 KMT in July 2015. Exports in July is record highest for the month of July. In 2015/16 season (September 2015-June-2016) Ukraine exported 3865.1 KMT of sunflower oil compared to 3357 KMT in the corresponding period in 2014/15. Europe was the largest buyers at 32.7 percent of total followed by India at 30.7 percent. According to UkrAgroConsult, sunflower seed production and crushing in Ukraine in 2016/17 is expected to be record in history.
- Sunflower oil import scenario – According to SEA, India imported 1.38 lakh tons of crude sunflower oil during July 2016 v/s 1.22 lakh tons in July 2015, higher by 13.1 percent y-o-y. Imports during oil year 2015-16 (November 2015 –July 2016) were reported at 12.03 lakh tons v/s 12.58 lakh tons during the corresponding period in last oil year, down by 4.4 percent y-o-y.
- India's 2016/17 imports of sunflower oil are expected to rise by 16.13 percent to 1.8 MMT from 1.55 MMT in 2015/16. Consumption in 2016/17 is expected to rise by 9.7 percent to 1.92 MMT from 1.75 MMT. Higher imports of sunflower oil are due to record sunflower oil production in Ukraine from where more than 90 percent of sunflower oil is imported: USDA
- CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 850 (USD 852.5 last month) per ton for September delivery, October delivery is offered at USD 835 (USD 815) per ton and November delivery is offered at USD 825 (USD 800) per ton as on 1 September, 2016. Last month, CIF sun oil (Ukraine origin) monthly average was around USD 842.08 per ton.
- Prices are likely to stay in the range of USD 790-870 per ton in the near term. CIF Sunflower oil premium against crude soy oil had weakened from last month and is hovering at USD 47 per ton versus USD 64 last month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 717 (Rs 695) per 10 Kg, and at Hyderabad market, it is offered at Rs 732 (Rs 713) per 10 kg as on August 31, 2016. Values in brackets are figures of last month.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 680-760 per 10 Kg.

Balance Sheet- Sunflower Oil (quarterly), India
Fig. in lakh tons

	2014-15	2015-16-F	Nov-Jan	Feb-Apr	May-July	Aug-Oct-F
Opening Stock	2.09	2.12	2.12	2.03	2.01	2.12
Production	1.74	1.42	0.26	0.21	0.47	0.47
Imports	15.43	16	4	3.76	4.16	4.08
Total Supply	19.26	19.54	6.38	6.00	6.64	6.67
Exports	0.00	0.00	0	0	0	0
Consumption	17.14	17.39	4.35	4.00	4.52	4.52
Ending Stocks	2.12	2.15	2.03	2.01	2.12	2.15

Source: AW estimates

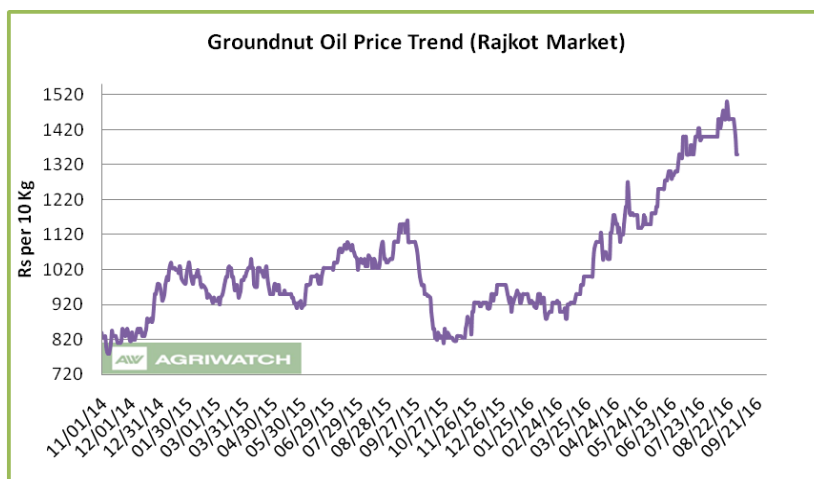
Oil year- November-October

Highlights

- Prices will be weak in higher carry out for oil year 2015-16 compared to of 2014-15.
- Sunflower oil production is expected to be lower in oil year 2015-16 on lower sunflower crop.
- Carryout stocks of oil year 2014-15 is 2.12 lakh tons on higher sunflower oil imports.
- Carryout of 2015-16 is higher than 2014-15 due to higher imports and lower growth of consumption.

Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured downtrend during the month in review at its benchmark market in Rajkot on expectation of higher crop in current Kharif season. However, average prices topped in August with prices touching all time high in the month. Prices closed higher in Chennai while it closed lower in Hyderabad. Prices rose in Mumbai while it closed sideways in Gondal. Prices closed lower in Jamnagar at the end of the month.



- Agriwatch view: Groundnut oil fell in the month of August on expectation of higher crop of groundnut in current Kharif season.

Sowing of groundnut is higher by 24 percent compared to corresponding period last year which has affected sentiment in markets.

Prices touched record highs in August and thereafter fell to close lower at the end of the month.

Fall in groundnut prices in August translated to lower prices of groundnut oil prices.

Millers have idled mills for annual maintenance to prepare for harvesting season.

Surge in groundnut oil prices has weakened demand at retail levels, leading to lower demand at wholesale levels.

Stockists and traders have stopped stocking as they expect arrival of groundnut in last week of September will underpin groundnut oil prices and prices offered in market is high.

There are no buyers in market and prices have to correct to attract buyers.

Seasonal uptrend of prices is nearly over and downtrend of prices is expected.

Millers are not holding produce at higher prices and are depending on ready markets as they are not confident at current prices.

Prices are expected to trade sideways to weak in medium term.

- All India sowing of groundnut has reached 44.24 lakh hectares as on 2 September 2016, compared to 35.70 lakh hectares in the corresponding period last year.
- USDA has increased India's groundnut production to 4.6 MMT in 2016/17 from 4.47 MMT in 2015/16, higher by 2.9 percent y-o-y. Consumption has been increased to 0.93 MMT in 2016/17 from 0.90 MMT in 2015/16, higher by 3.33 percent y-o-y.

- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 13,500 (14,000) per quintal and quoting at Rs 11,000 (Rs 10,500) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to weak tone in the coming days.

Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 1000-1350 per 10 Kg.

Balance Sheet- Groundnut Oil (quarterly), India

Fig. in lakh tons

	2014-15	2015-16-F	Nov-Jan	Feb-Apr	May-July	Aug-Oct-F
Opening stocks	0.28	0.08	0.08	0.23	0.16	0.16
Oil availability (Production)	1.98	2.47	0.91	0.74	0.41	0.41
Exports	0.24	0.30	0.05	0.10	0.05	0.10
Total Supply	2.02	2.25	0.94	0.87	0.52	0.47
Consumption	1.94	2.15	0.71	0.71	0.37	0.37
End stocks	0.08	0.10	0.23	0.16	0.16	0.10

Source: AW estimates

Oil year- November-October

Highlights

- 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 2015-16 is 0.10 lakh tons on lower groundnut oil production.
- Higher supply of groundnut oil in 2015-16 is due to higher marketable surplus.
- Carryout of 2015-16 is higher than 2014-15 due to higher production of groundnut oil.

Coconut oil: Domestic Market Fundamentals

- Coconut oil featured uptrend at its benchmark market Kangeyam during the month in review on firm demand. In Trissur and Kochi prices at the end of the month.
- Agriwatch view: Prices of coconut oil rose in the month on firm demand.

Demand ahead of Onam has lifted prices along with corporate demand which contributes 80% of demand has improved at lower quotes.

Rise in palm oil prices supported prices.

Copra prices surged during the month which translated to higher prices of coconut oil. Higher raw material prices were passed on to the coconut oil prices by millers.

Demand from North India has improved. Fall in temperatures in North India supported demand.

Millers are stocking to take advantage of rise in prices. They are active in ready markets.

Harvesting of coconut has slowed due to monsoons.

Exports of coconut oil have increased as the domestic prices of coconut oil are lower than international prices. Imports are not possible at these prices.

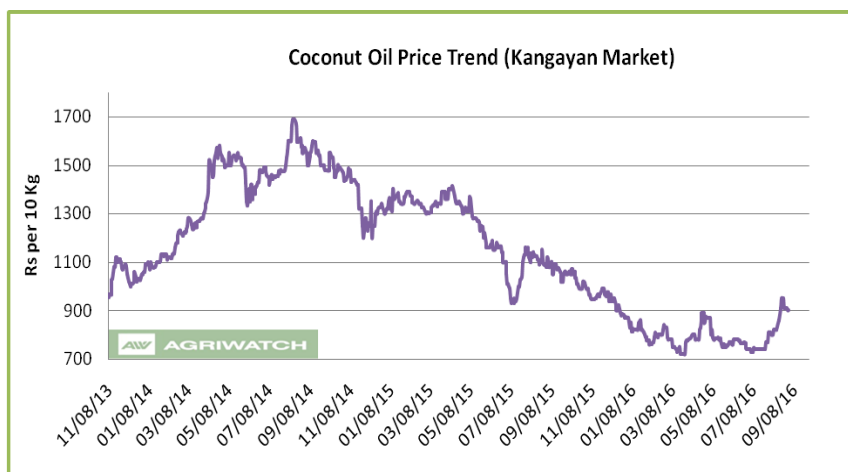
Traders and upcountry buyers are venturing into market on buying at lower quotes and stocking ahead of seasonal uptrend of prices.

Price momentum of coconut oil was strong in the month of August which may support prices in medium term. Price recovery seen in near months is encouraging and may drive prices higher.

Prices of coconut oil will rise on seasonal uptrend of prices and firm demand.

Prices are expected to trade sideways to firm in medium term.

- Government of India is considering to offer coconut oil and sunflower to BPL holders. Present government offers palm oil. The subsidy will be given to coconut oil and sunflower also, according to Food and Civil Supplies Minister U.T. Khader. Tenders will be floated soon to implement the program.
- Kerala government has imposed tax on packaged foods, coconut oil and “fat tax” of 14.5 percent on various food items sold in retail chains in the State of Kerala. A levy of 5 percent has been imposed on coconut oil.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 9,300 (8,100) per quintal due to firm demand of coconut oil, and quoting Rs 9,000 (8,100) per quintal in Erode market on August 31, 2016.



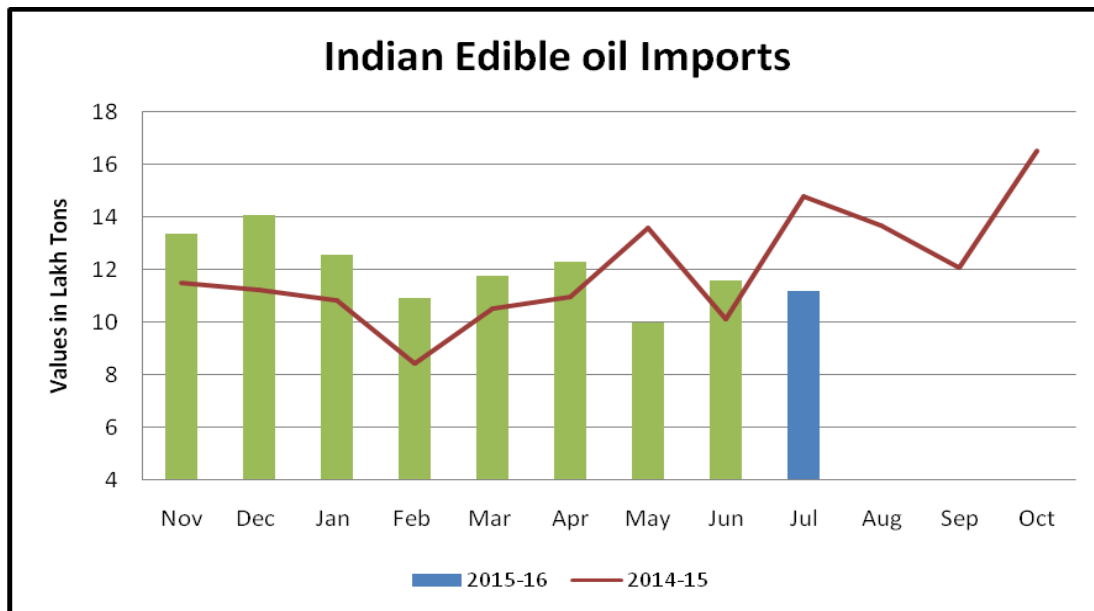
- Coconut oil prices may trade sideways to firm tone tracking firm demand in ready markets.

Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 850-1000 per 10 Kg.

Coconut oil production and trade statistics:

Year	Export	Import	Fig. in tons
			Production
2011-12	6521.68	3014.21	587500
2012-13	6829.42	1001.88	608100
2013-14	7066.9	1645.57	562500
2014-15	6935.54	12811.92	481300
2015-16	8549.97	5416.30	NA

Source: Coconut Development Board

Indian Edible Oil Imports Scenario –:


As per Solvent Extractors' Association of India, India imported 14.42 million tons of veg. oils in the 2014/15 oil year. However, edible oils imports were 10.79 million tons 2015-16 (November 2015-July 2016) compared to 10.20 million tons in the corresponding period last year. Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein) imports for July is pegged at 11.18 lakh tons.

Indian Supply and Demand Scenario:

Balance sheet of Indian Edible Oil	2013-2014	2014-15	2015-16-F	% Change
Value in million tons				
Beginning Stock	1.02	1.49	2.77	85.52
Production	7.97	7.55	6.78	-10.23
Imports	11.48	14.42	15.00	4.00
Total Supply	20.48	23.46	24.55	4.62
Exports	0.01	0.01	0.01	0.00
Total Demand(Consumption)	18.97	20.68	21.92	6.00
Ending Stock	1.49	2.77	2.62	-5.69

* Value in million tons

Balance Sheet Highlights

Net edible oil output is likely to be 6.78 million tons (down 10.23 percent y-o-y basis) in 2015-16 on the back of lower oilseed sowing in Kharif and Rabi season in the current oil year.

On import front, edible oil imports seen at 15 million tons for 2015/16 oil year v/s 14.42 million tons last year.

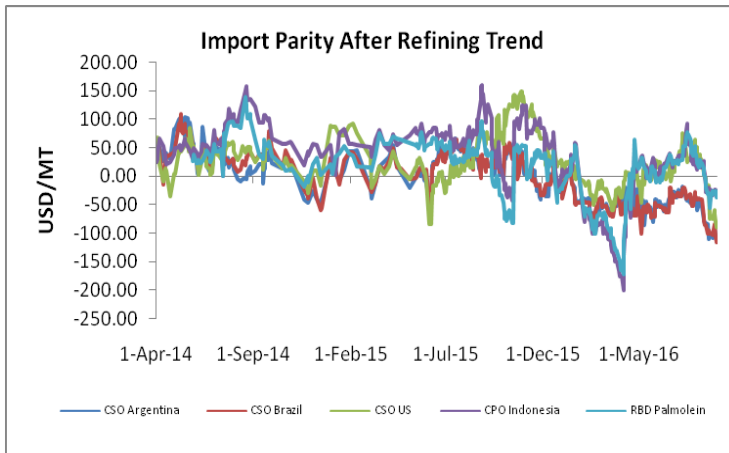
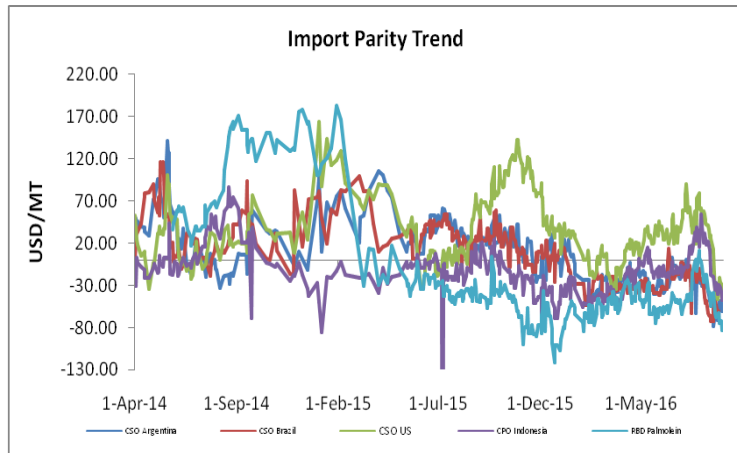
On the consumption side, India's edible oil consumption for 2015-16 oil year seen at 21.92 million tons, up 6 percent from last year. Ending stocks are projected lower compared to 2014-15 at 2.62 million tons.

Note - Values in Mln. Tons, Oil year (Nov.-Oct.) *Including Production of Groundnut, Soy, Mustard, Sunflower, Sesame, Niger, Safflower, Cottonseed, Copra, Rice bran Oils. ** 2014-15- SEA of India & 2015-16 Agriwatch Estimates, *** (USDA estimates).

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

Landed Cost Calculation as on 01/09/2016	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	742	753	738	715	735
Freight (USD/MT)	80	72	64	35	35.0
Landing Charge 1%	8.22	8.25	8.02	7.5	7.7
C & F	822.0	825.0	802.0	750.0	770.0
Weight loss (0.25% of FOB)	1.86	1.88	1.85	1.79	1.84
Finance charges (0.4% on CNF)	3.29	3.30	3.21	3.00	3.08
Insurance (0.3% of C&F)	2.47	2.48	2.41	2.25	2.31
CIF (Indian Port - Kandla)	838	841	817	765	785
CVD	0	0	0	0	0
Duty (Values in USD per tons)	106.00	106.00	106.00	96.25	158.20
CVD value USD per ton	0	0	0	0	0
Cess (3% on duty) USD per ton	2.12	2.12	3.18	1.925	3.164
Exchange rate	66.95	66.95	66.95	66.95	66.95
Landed cost without customs duty in INR per ton	56093	56299	54730	51186	52551
Customs duty %	12.50%	12.50%	12.50%	12.50%	20.00%
Base import price	848	848	848	770	791
Fixed exchange rate by customs department	67.75	67.75	67.75	67.75	67.75
Duty component in INR per ton	7181.50	7181.50	7181.50	6520.94	10718.05
Clearing charges INR per ton	483	483	483	483	483
Brokerage INR per ton	75	75	75	75	75
Total landed cost INR per ton	63832	64038	62470	58265	63827
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	59500	59500	59500	56000	58500
Total landed cost USD per ton	953	957	933	870	953
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	889	889	889	836	874
Parity INR/MT (Domestic - Landed)	-4332	-4538	-2970	-2265	-5327
Parity USD/MT (Domestic - Landed)	-64.71	-67.79	-44.36	-33.83	-79.57
Source: Agriwatch					
Refining/ Processing Cost per MT	3200.00	3200.00	3200.00	4700.00
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	69532.15	69738.26	68169.72	65764.72	66626.95
Soy/Palm oil imported Price (Including tax)	73008.76	73225.17	71578.21	69052.96	69958.29
Loose price of Soy/Palm in Indore and Delhi market	66360.00	66360.00	66360.00	68250.00	68250.00
Parity after processing and Taxes (Rs per MT)	-6648.76	-6865.17	-5218.21	-802.96	-1708.29
Parity after processing and Taxes (USD per MT)	-99.31	-102.54	-77.94	-11.99	-25.52
Source: Agriwatch					

Import Parity Trend

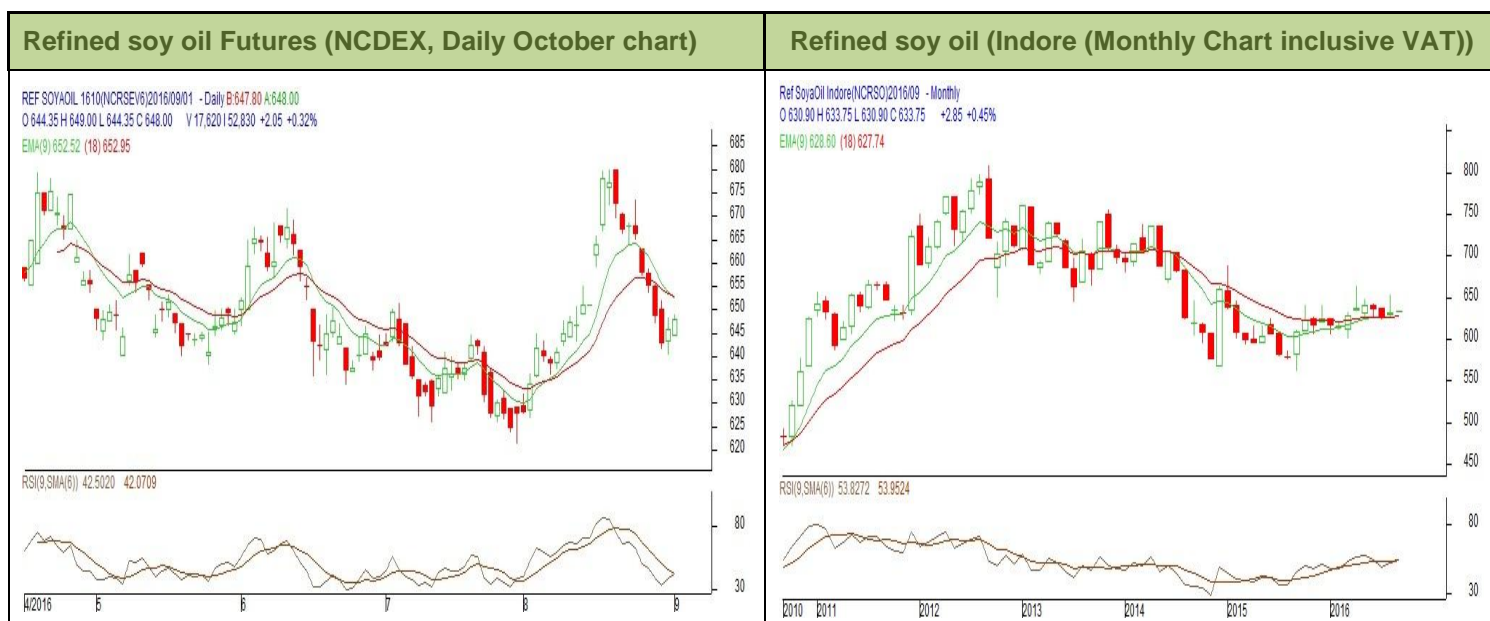


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
June, 2016	-42.57	-45.44	12.04	22.94	18.73
July, 2016	-37.53	-34.65	43.54	40.63	46.42
Aug, 2016	-82.87	-81.31	-27.15	-11.00	-12.64

Outlook:-

Import parity for CDSO Argentina and CDSO Brazil are in disparity due to costlier imports. We expect CDSO import parity to be in disparity in July. 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 (October contract) on pullbacks.

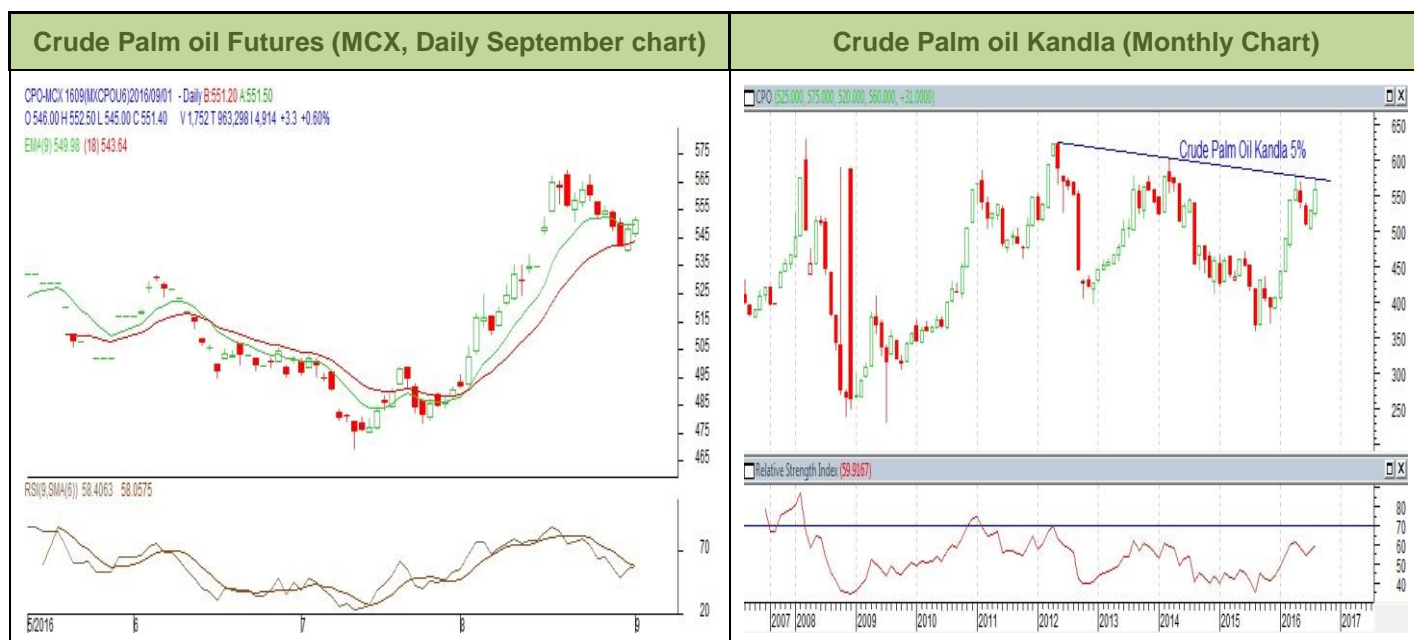
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close above 680 in monthly chart might take prices to take the prices to 700 levels.
- Expected price band for next month is 600-670 level in near to medium term. RSI is moving up indicating buying at current levels.

Strategy: Market participants are advised to go long in RSO above 645 for a target of 665 and 670 with a stop loss at 635 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
624.00	640.00	658.65	666.00	680.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 630-700 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 sell MCX CPO (September contract) on dips.

- Candlestick monthly chart of crude palm oil at MCX depicts fall in prices. We expect prices to feature sideways to weak tone in the near term.
- Any close below 540 in monthly chart might bring the prices to 520 levels.
- Expected price band for next month is 490-580 level in near to medium term. RSI along with Stochastic and MACD is moving up supporting prices.

Strategy: Market participants are advised to go short in CPO below 575 for a target of 555 and 550 with a stop loss at 590 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
435.00	547.00	565.5	580.00	600.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 530-640 per 10 Kg.



Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Aug-16	30-Jul-16	
Refined Soybean Oil	Indore	632	625	7
	Indore (Soy Solvent Crude)	600	595	5
	Mumbai	650	640	10
	Mumbai (Soy Degum)	605	585	20
	Kandla/Mundra	630	620	10
	Kandla/Mundra (Soy Degum)	605	585	20
	Kolkata	645	620	25
	Delhi	690	655	35
	Nagpur	635	617	18
	Rajkot	625	615	10
	Kota	640	630	10
	Hyderabad	665	641	24
	Akola	677	656	21
	Amrawati	676	656	20
	Bundi	635	630	5
	Jalna	NA	666	-
	Alwar	NA	NA	-
	Solapur	NA	668	-
	Dhule	NA	666	-
Palm Oil	Kandla (Crude Palm Oil)	560	529	31
	Kandla (RBD Palm oil)	585	540	45
	Kandla RBD Pamolein	605	552	53
	Kakinada (Crude Palm Oil)	565	495	70
	Kakinada RBD Pamolein	615	545	70
	Haldia Pamolein	630	555	75
	Chennai RBD Pamolein	638	555	83
	KPT (krishna patnam) Pamolein	615	540	75
	Mumbai RBD Pamolein	630	555	75
	Delhi	645	588	57
	Rajkot	595	550	45
	Hyderabad	618	556	62
	Mangalore RBD Pamolein	638	555	83
	PFAD (Kandla)	470	440	30
	Refined Palm Stearin (Kandla)	505	460	45
Refined Sunflower Oil	Chennai	717	690	27
	Mumbai	735	740	-5

	Mumbai(Expeller Oil)	655	652	3
	Kandla	740	750	-10
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	732	703	29
	Latur (Expeller Oil)	725	725	Unch
	Chellakere (Expeller Oil)	670	660	10
	Erode (Expeller Oil)	740	715	25
Groundnut Oil	Rajkot	1350	1400	-50
	Chennai	1100	1050	50
	Delhi	1150	1200	-50
	Hyderabad *	1120	1125	-5
	Mumbai	1400	1370	30
	Gondal	1375	1375	Unch
	Jamnagar	1375	1400	-25
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	815	845	-30
	Jaipur (Kacchi Ghani Oil)	909	938	-29
	Kota (Expeller Oil)	820	800	20
	Kota (Kacchi Ghani Oil)	920	935	-15
	Neewai (Kacchi Ghani Oil)	840	875	-35
	Neewai (Expeller Oil)	895	920	-25
	Bharatpur (Kacchi Ghani Oil)	945	950	-5
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	840	875	-35
	Sri-Ganga Nagar (Kacchi Ghani Oil)	875	910	-35
	Mumbai (Expeller Oil)	865	880	-15
	Kolkata(Expeller Oil)	1050	970	80
	New Delhi (Expeller Oil)	865	875	-10
	Hapur (Expeller Oil)	888	930	-42
	Hapur (Kacchi Ghani Oil)	930	1030	-100
	Agra (Kacchi Ghani Oil)	950	955	-5
Refined Cottonseed Oil	Rajkot	695	720	-25
	Hyderabad	695	660	35
	Mumbai	708	710	-2
	New Delhi	680	690	-10
Coconut Oil	Kangayan (Crude)	900	770	130
	Cochin	785	773	12
	Trissur	930	780	150



Sesame Oil	New Delhi	700	700	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	485	475	10
Rice Bran Oil (4%)	Punjab	570	570	Unch
Rice Bran Oil (4%)	Uttar Pradesh	570	570	Unch
Malaysia Palmolein USD/MT	FOB	745	615	130
	CNF India	755	653	102
Indonesia CPO USD/MT	FOB	735	610	125
	CNF India	750	650	100
RBD Palm oil (Malaysia Origin USD/MT)	FOB	740	623	117
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	710	615	95
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1610	1450	160
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	603	558	45
Crude palm Kernel Oil India (USD/MT)	CNF India	1520	1390	130
Ukraine Origin CSFO USD/MT Kandla	CIF	840	835	5
Rapeseed Oil Rotterdam Euro/MT	FOB	733	712	21
Argentina FOB (\$/MT)		30-Aug-16	29-Jul-16	Change
Crude Soybean Oil Ship		755	703	52
Refined Soy Oil (Bulk) Ship		781	728	53
Sunflower Oil Ship		735	Unq	-
Cottonseed Oil Ship		735	683	52
Refined Linseed Oil (Bulk) Ship		775	Unq	-
* indicates including VAT				

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