



Veg. Oil Monthly Research Report

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Outlook and Review:

Domestic Front

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

Soy oil (Indore) 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 weak of weak fundamentals and firm palm oil on strong fundamentals in international markets.

Recommendation:

Market participants are advised to go short in RSO below 665 for a target of 645 and 640 with a stop loss at 675 on closing basis. Market participants are advised to go short in CPO below 530 for a target of 510 and 500 with a stop loss at 540 on closing basis.

Market Participants can buy refined soy oil in the cash markets at 620-630 for the target of 650-660 levels (Indore including taxes), if needed. Market Participants can buy CPO Kandla 5% in the cash markets at 530-540 for the target of 560-570 levels, if needed.

International Veg. Oil Market Summary

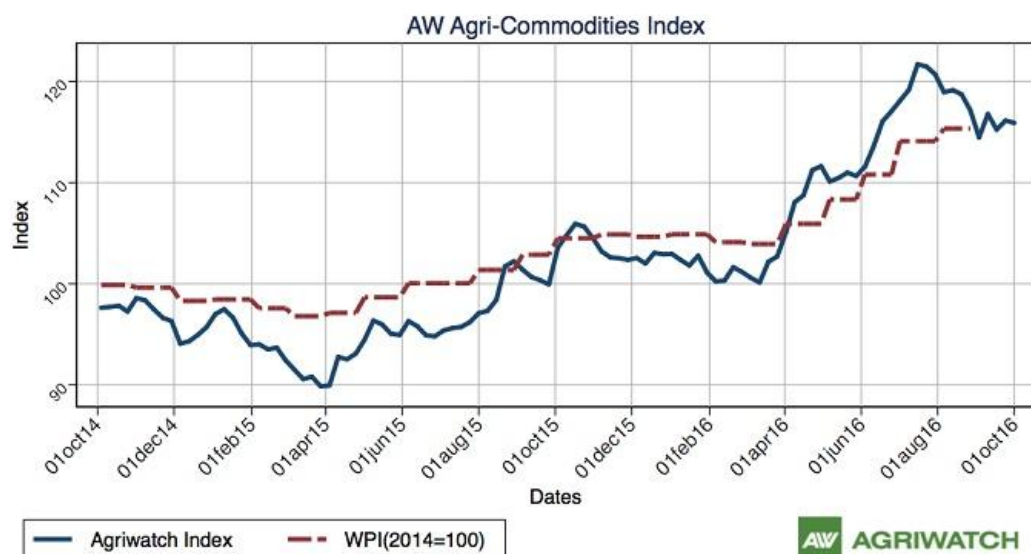
CBOT soy oil (December) is expected to stay in the range of 30 cents/lb to 35 cents/lb. CPO at BMD (Dec) is likely to stay in the range of 2200-2700 ringgits per ton. Focus during the coming days will be weak Ringgit, strong Indian demand, rise in palm oil ending stocks in Malaysia, firm exports of palm oil from Malaysia and favorable soybean harvest in US.

Malaysia's September palm oil exports fell 15.8 percent to 1,365,517 tons compared to 1,621,480 tons last month. Top buyers were India at 266,080 tons (450,929 tons), European Union at 252,399 tons (269,523 tons), China at 217,430 tons (289,550 tons), United States at 62,324 tons (78,535 tons) and Pakistan at 61,175 tons (31,000 tons). Values in brackets are figures of last month: SGS

On the international front, higher soy oil stock in US, favorable soybean harvest in US, favorable planting of soybean in Brazil, weak Chinese soybean demand, strong dollar due to expected FED rate hike in December are bearish for the soy complex in the coming days.

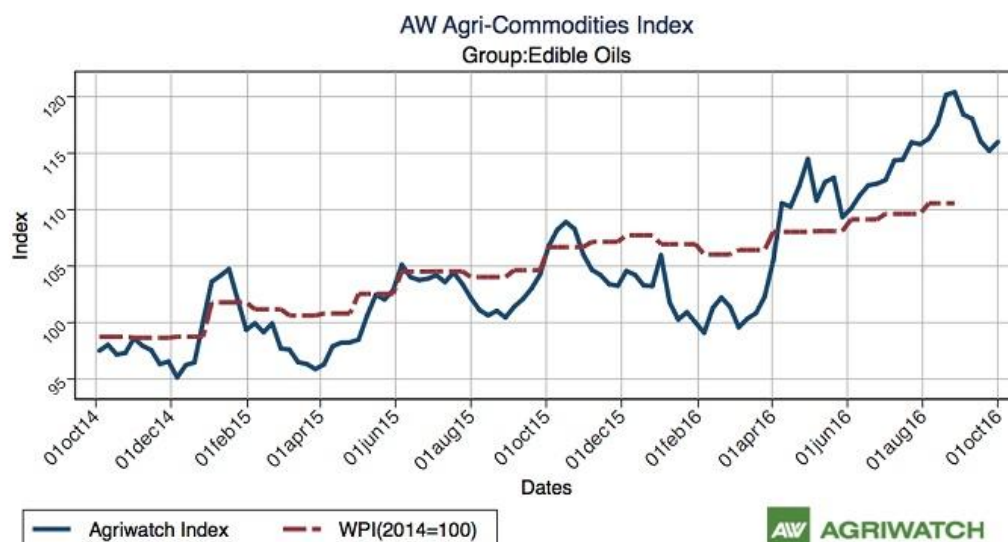
Strong palm oil exports from Malaysia, firm demand of palm oil from India, weak Ringgit, supportive Chinese markets and supportive export and biodiesel policy of Malaysia and Indonesia will support palm oil prices in the near term.

Agriwatch Index



- The Agriwatch Agri Commodities Index edged down 0.20% to 115.90 during the week ended Oct 1, 2016 from 116.13 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).
- Declines in cereals and vegetables prices offset the gains in pulses and edible oils. Six of the 9 commodity groups and 19 of the 29 commodities that constitute the Index declined during the week.

Agriwatch edible oil index



- Agriwatch edible oil index fell 0.68 percent last week to 116.0.

"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 September. Prices rose across board in India except Kolkata where prices fell. CDSO prices rose at Kandla/Mudra and JNPT.
- Agriwatch view—Soy oil prices witnessed uptrend in month of September on firm demand despite firm supplies.

Domestic prices rose more than prices of soy oil in international markets.

Prices rose on seasonal uptrend of prices.

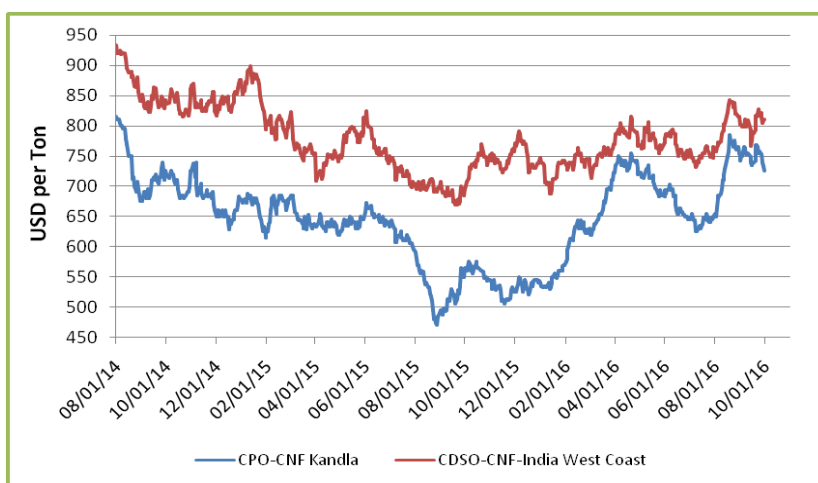
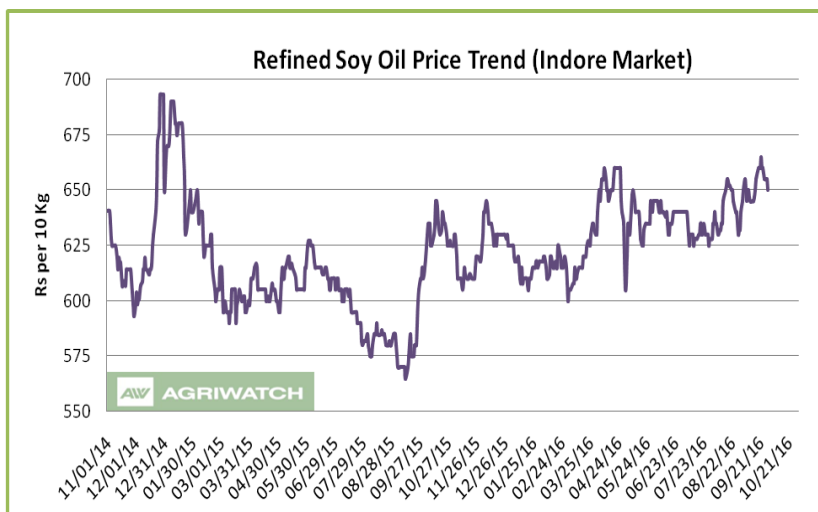
Fall in prices of soybean in domestic market capped gains of soy oil.

Soy oil premium over palm oil is low at Rs 85 (Rs 75 last month) per 10 Kg which will support prices. Imports will rise on low soy oil premium over palm oil at USD 106 (USD 60.5) per ton for October delivery.

Stocks of CDSO decreased in ports and pipelines indicating increased demand.

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

Following chart shows difference between CDSO-CNF-India West coast and Soy oil CBOT. Difference increased in CDSO-CNF-India West



coast and Soy oil CBOT is due to increase in basis (spot prices – futures prices). Demand from India was very strong in September. According to Agriwatch sources India imported more than 3 lakh tons from Kandla which is all time record.

Difference between Argentina FOB and CDSO-CNF Kandla increased in October compared to August indicating weak demand primarily due to recent reduction of palm oil import duties.

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 fall, 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 October onwards on stocking ahead winters.

Prices of soy oil are expected to be weak as stocking of soy oil is over for festivals. Fresh demand will depend upon how winters arrive in India. Good soybean crop in India and reduction in basis due to record crop of soybean in US will weaken prices.

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

- All India sowing of soybean has reached 114.71 lakh hectares as on 23 September 2016, compared to 116.28 lakh hectares in the corresponding period last year.
- Soy oil import scenario – According to SEA India imported 3.34 lakh tons of soy oil in August 2016 v/s 4.06 lakh tons in August 2015, down 17.73 percent y-o-y. In the oil year 2015-16 (November 2015-August 2016) imports of soy oil is reported at 34.87 lakh tons v/s 22.60 lakh tons in corresponding period last oil year, higher by 54.3 percent y-o-y. In the period November 2015-August 2016, share of soft oil in imports has risen from 34 percent to 42 percent.
- According to Solvent Extractors Association (SEA), India's August edible oil imports fell 8.2 percent y-o-y to 12.49 lakh tons from 13.65 lakh tons in August 2015. Palm oil imports fell 6.9 percent y-o-y to 7.55 lakh tons y-o-y from 8.1 lakh tons in August 2015. CPO Imports fell by 16.25 percent y-o-y to 5.41 lakh tons from 6.46 lakh tons in August 2015. RBD palmolein imports rose by 34.18 percent y-o-y to 2.12 lakh tons from 1.58 lakh tons in August 2015. Soy oil imports were down 17.7 y-o-y to 3.34 lakh tons from 4.06 lakh tons in August 2015. Sunflower oil imports rose by 10.8 percent y-o-y to 1.13 lakh tons from 1.02 lakh ton in August 2015. Rapeseed (Canola) oil imports rose by 6.7 percent y-o-y to 0.48 lakh tons from 0.45 lakh tons in August 2015.
- According to Solvent Extractors Association (SEA), India's August edible oil stocks at ports and pipelines was lower by 4.65 m-o-m at 20.50 lakh tons from 21.50 lakh tons in July 2016. Stocks of edible oil at ports were at 755,000 tons (CPO 215,000 tons, RBD palmolein 110,000 tons, Degummed Soybean Oil 300,000 tons, Crude Sunflower Oil 105,000 tons and 25,000 tons of Rapeseed (Canola) Oil) and about 1,300,000 tons in pipelines. India is presently holding 37 days of edible oil requirement on 1st September, 2016 at 20.5 lakh tons compared to 39 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.

- Imported crude soy oil CIF at West coast port is offered at USD 803 (USD 803) per ton for October delivery. November delivery is offered at USD 797 per ton as on October 5, 2016, CIF CDSO September average price was USD 803.32 (USD 842.3) per ton. Values in brackets are figure of August, 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 70-75 per ton (September average) v/s loss of USD 80-85 per ton (August average) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to weak 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 and lower exports in 2016/17.

USDA increased soybean yield to record in history in its September estimate on very good condition of crop. US soybean crop is in very good condition and all the parameters of crop are better than 5-year average. Conducive weather is reported in US soybean belt especially US Midwest until harvest. With higher yield estimate US soybean crop is expected to be record in history. USDA is expected to increase soybean production in 2016/17 to record levels as current harvest are indicating better yields than August estimate.

Argentina government body Buneus Aires Grains Exchange has reduced soybean crop in 2016/17 to 53 MMT from 56 MMT primarily due to deferring of reduction of export duty on soybean and soybean products to 2018. Farmers are expected to shift soybean area to corn and wheat as there is no export duty on its exports.

NOPA and USDA reported lower stocks of soy oil in US in August due to lower production of soy oil on lower crush of soybean. NOPA reported lower crush of soybean and lower stocks of soy oil than USDA. Soy oil stocks are expected to fall further in September 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. Crushers were idled most of the month and only crushed need based demand leading to higher basis on soy oil and soy meal. Strong exports from US meant higher basis on soybean on US Gulf. USDA is expected to cut 2015/16 soybean stocks in its September estimate.

Soy oil stocks are expected to improve in October as crushing has improved with crushers improving their operations. However, South American supplies in markets calmed basis of soy oil and soy meal towards fag end of September.

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

Soybean plantings have started in Brazil and the pace is lower than corresponding period last year. Soybean area is not expected to improve in 2016/17 due to higher domestic prices of corn and shift of area towards corn. Poor credit conditions and higher cost of financing due to higher interest rates on loans will taper the increase in soybean area in Brazil. However, yields will be better than last year and soybean crop is expected to cross 100 MMT in 2016/17.

Rise in crude oil prices in October will support soy oil prices in medium term.

Soy oil prices are in a range.

- According to United States Department of Agriculture (USDA) September estimates, U.S 2016/17 ending stocks of soy oil fell by 1.14 percent m-o-m to 1,735 million lbs from 1,755 million lbs in August estimate. Opening stocks reduced to 1,820 million lbs from 1,950 million lbs in August estimate. Production of soy oil in 2016/17 increased to 22,525 million lbs v/s 22,405 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 increased to 14,600 million lbs v/s 14,500 million lbs in August estimates. Exports in 2016/17 reduced to 2,300 million lbs v/s 2,400 million lbs in August estimate. Average price range reduced at 30.5-35.5 cents/lbs in 2016/17 up 1 cent on both ends. Fall in end stock is primarily due to lower opening stocks partially offset by rise in production and fall in exports.
- According to National Oilseed Processors Association (NOPA), U.S. August soybean crush fell to 131.822 million bushels from 143.715 million bushels in July, down by 7.9 percent m-o-m. Crush of soybean in August 2015 was 135.304 million bushels. Production of soy oil in U.S. in August fell to 1.557 billion lbs from 1.687 billion lbs in July 2016. Production in August 2015 was 1.534 billion lbs. Soy oil stocks in U.S. at the end of August fell by 7.00 percent to 1.620 billion lbs compared to 1.743 billion lbs in July 2016. Stocks of soy oil in August 2015 were higher by 9.46 percent compared to August 2015, which was reported at 1.480 million lbs. Yield rose to 11.81 lbs/bushel in August from 11.74 lbs/bushel in July. Yield in August 2015 was reported at 11.33 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.
- About 83% of the US soybean crop is dropping leaves which are slightly up from 82% during the corresponding period last year and also up from 79% compared to the 5 year average. Harvesting is reported at 26% down compared to 36% during the corresponding period last year and from 27% from 5 year average. About 74% of the newly planted US soybean crop is under good to excellent conditions which is up from 64% during the same period last year, reported in the US crop progress report dated 03 Oct.2016: USDA
- In the USDA Quarterly grain stock report, released on September 30, the US soybean stocks were reported at a five-year high of 197 million bushels for old crop soybeans stored in all positions on 1 September 2016. Of which on farms stocks totaled at 41.6 million bushels, down 16% from a year ago. Off-farm stocks totaled at 155 million bushels, down 10% from September 2015. Analysts were expecting soybean stocks of 201 million bushels.
- Argentine government has postponed a tax slash premeditated for next marketing year on exports of soy and its products. The country is reeling into economic slump and dependent of the fiscal revenue.

- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil rose by 22.2 percent in August to 5.5 LT compared to 4.5 LT in July. Imports of edible vegetable oil fell 11.3 percent from August 2015 at 6.2 LT. Year to date imports fell by 18.9 percent to 34.3 LT.
- China's soybean imports during August fell by 1.2% to 7.67 million tons compared to 7.76 million tons in July, reported by General Administration of Customs of China
- 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 U.S. Energy Information Administration (EIA), U.S. biodiesel production rose 3.7 percent to 140 million gallons in July compared to June 2016 at 135 million gallons. Soy oil use was the largest in July at 536 million lbs compared to 519 million lbs in June 2016. Soy oil was the largest contributor to the biodiesel production in U.S.
- In a major event Brazil's 2016/17 soybean planting has commenced and it is 1.2% complete in Mato Grosso by September 22. Brazil's rise in soybean area is likely to slow down in 2016/17 with cost of planting soybean up 8% and high price of corn, the cultivators are buying corn acres. Earlier, AgRual had forecast Brazil's 2016/17 soybean area at 33.54 million hectares, up just 1% from 2015/16.
- China's 2016/17 soybean imports growth are expected slow down on higher state reserve or inventories and increase in China's soybean production. China is world's largest soybean importer, with two thirds of the world soybean trades volume. China's imports grew by 5 million tons year-on-year since 2004, considering the USDA figure. China's soybean production is up 13% to 13.1 million tons, highest in last 5 years, reported by China National Grain and Oils Information Center (CNGOIC). China's 2016/17 soybean demand is expected to touch 85 million tons, up from 83 million in 2015/16 for the crop year ending September 31. China continues to ease its soybean inventories and have sold the about 1.4 million tons of soybean in its open market since July, reported CNGOIC.
- 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.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price is forecast at \$8.30 to \$9.80 per bushel, down 5 cents on both ends of the range. Soybean meal prices are also projected lower at \$300 to \$340 per short ton, down 5 dollars on both ends of the range. Soybean oil prices are projected at 30.5 to 35.5 cents per pound, up 1 cent on both ends.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 620-690 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

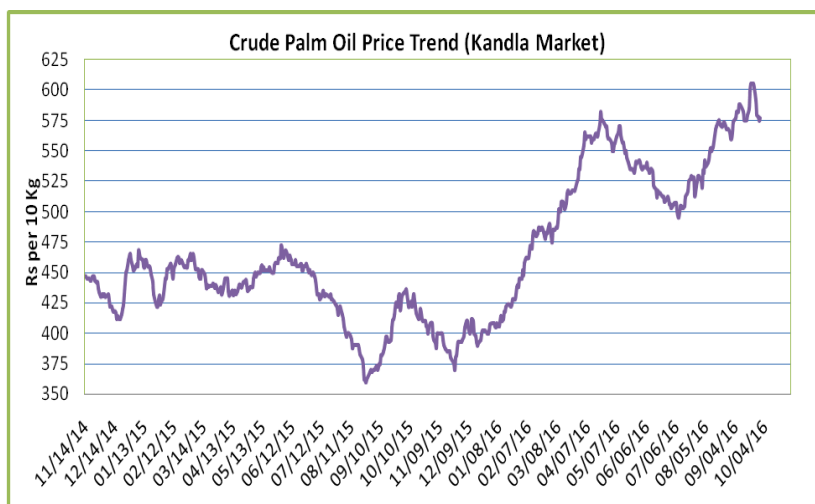
Source: AW estimates
Oil year- November-October

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 September at its benchmark market at Kandla on weak supply and rise in BMD-CPO despite reduction in import duty on crude palm oils and refined palm ols. CPO prices fell in Kakinada. RBD palmolein prices fell across board in India except Kandla and New Delhi. Superolein prices fell in Kandla and Mumbai. CPO-CNF and RBD palmolein-CNF prices fell in September.



- Agriwatch view – Palm prices in rose on weak supply and rise in BMD CPO. Prices rose despite reduction in import duties by India on crude palm and refined palm oils.

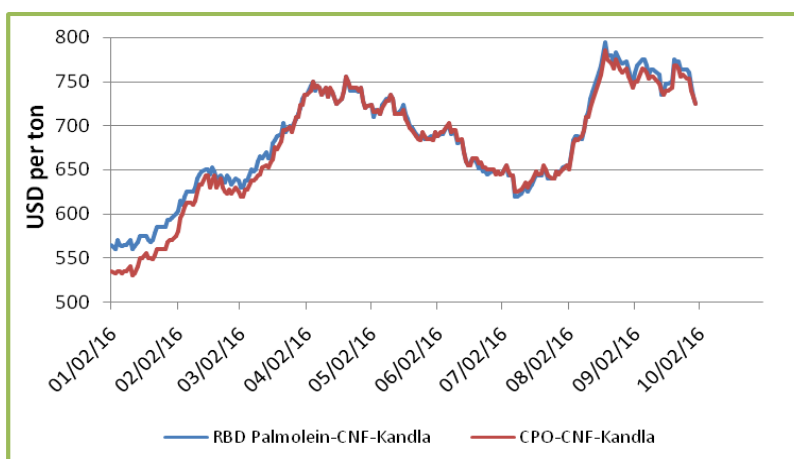
Reduction of palm oil import duty will lead to increase in imports of palm oil in long term and may bring down prices in India as supply will improve in India reducing palm oil products prices in domestic markets. CPO imports will increase if Indonesia offers CPO at better prices compared to RBD palmolein Malaysia and underpin prices in long term as it will increase stocks of palm oil in Malaysia where price discovery takes place.

Prices rose in 2015-16 due to adverse effect of El Nino which led to surge in international prices of palm oil and decrease in stocks in Malaysia. Aggressive pricing by Malaysia further helped in reducing palm oil stocks in Malaysia. This led to lower CPO imports in India and higher imports of RBD palmolein.

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

Demand is firm in domestic markets as fall in international markets outpaced Indian markets. Prices rose in domestic market despite fall in CNF prices.

Prices of CPO fell less in Indian CNF-Kandla compared Indonesia FOB. RBD palmolein fell in India CNF-Kandla in less proportion than fall in Malaysia FOB. However, fall in CPO was CNF was more than RBD palmolein CNF-Kandla. Cumulative imports of palm oil were lower by 9.23 percent in the first nine months of oil year 2015-16 (November 2015-August 2016) and



and cumulative imports of CPO were lower by 25.28 percent in the first ten months of oil year 2015-16 (November

2015-August 2016), according to SEA, which indicates tight supply scenario in India. CPO imports in fell in August compared to July on weak demand. However, cumulative RBD palmolein imports surged 74 in this period. RBD palmolein imports rose in August compared to July.

There was increase of stocks of palm oil from port and pipelines in August due to lower demand. CPO stocks at ports and pipelines increased in August in ports and pipelines while RBD palmolein fell indicating firm demand. 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 positive in September.

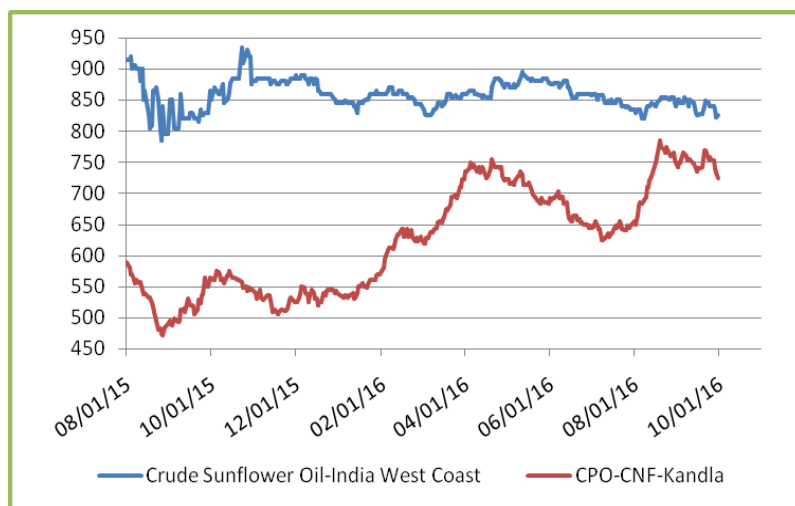
RBD palmolein imports are available at cost of input (CPO) which has resulted in lower capacity utilization of palm oil refiners in India. Indian refiners are struggling with low margins.

The above 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 85 (Rs 75 last month) per 10 Kg.

Previous chart in soy oil section shows than premium of soy oil over palm oil has increased in September at CNF markets. Crude sunflower oil at CNF markets and CPO CNF prices narrowed in September indicating higher weak supply of palm oil in India and higher supply of sunflower oil in India. This may weaken demand in near term.

Positive refining margins will increase imports and improve demand.



Prices of palm oil will fall in medium term on firm supply and weak demand.

- Palm oil import scenario – According to SEA, India imported 7.55 lakh tons of palm oil in August 2016 v/s 8.1 lakh tons in July 2015, down 6.9 percent y-o-y. CPO imports slowed to 5.41 lakh tons in August compared to 6.46 lakh tons in August 2015, lower by 16.25 percent y-o-y. RBD palmolein imports rose to 2.12 lakh tons from 1.58 lakh tons in August 2015, up by 34.18 percent y-o-y. In the oil year 2015-16 (November 2015-August 2016) imports of palm oil is reported at 69.3 lakh tons v/s 76.38 lakh tons in corresponding period last oil year, lower by 9.23 percent y-o-y. RBD palmolein reported sharp rise at 21.96 lakh tons (November 2015-August 2016) v/s 12.57 lakh tons in corresponding period of oil year 2014-15, rise of 74.70 percent y-o-y. Crude palm imports in the period (November 2015-August 2016) fell to 46.70 lakh tons from 62.50 lakh tons in the

corresponding period last oil year, fall of 25.28 percent y-o-y. In the period November 2015-August 2016, share of palm product imports fell to 58 percent from 66 percent in the corresponding period last oil year.

- According to Indian government, India reduced import duty on palm oils by 5 basis points on both crude palm oil and refined palm oil. Import duty on crude palm oil (CPO) has been reduced to 7.5 percent from 12.5 percent. Import duty on refined palm oils has been reduced from 20 percent to 15 percent. Import duties on other imported oils were left unchanged.
- 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 695 (USD 717.5) per ton for October delivery. November delivery is quoted at USD 680 per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 697.5 (USD 717.5) per ton for October delivery. November delivery is quoted at USD 687.5 per ton. CPO duty paid prices ready lift quoted at Rs 572 (Rs 560) per 10 Kg and October delivery is offered at Rs 562 (Rs 557) per 10 Kg on October 5, 2016. Values in bracket depict August, 2016 quotes.
- Palm oil imports will improve in near term owing to improving CIF soybean oil premium versus crude palm oil, which is hovering at USD 104 per ton (USD 60.5 per ton last month).
- On the parity front, margins improved during the month of September on lower price of palm oil imports and higher price of palm products in Indian markets and we expect margins to improve in coming days. Currently refiners fetch USD 10-15/ton (September average) v/s loss of USD 10-15/ton (August average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 0-5/ton (September average) v/s gain of USD 10-15 (August 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 September on rise in soy oil CBOT and RBD palmolein DALIAN. Lower stocks of palm oil in Malaysia supported upside during the month.

Palm oil stocks in Malaysia fell to six year lows on higher exports of palm oil especially India and China. India increased purchases in August due to lower prices of Malaysian RBD palmolein compared to Indonesia CPO, stocking before festivals and tight palm oil market conditions in India prompted record imports. China imported higher due to lower stocks of palm oil in its country.

Demand from China increased in August. China has purchased 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.

Data from SGS and ITS show fall in exports from Malaysia by 15-16 percent in September. Demand from India weakened due as its markets were covered for festivals and prices of palm oil rose to record levels. Higher prices of palm oil in its domestic markets reduced imports of palm oil in September.

Demand from China was weak in September as buyers were expecting correction in prices in September.

According to Agriwatch sources India imported only six thousand tons of RBD palmolein from Kandla and 1.22 lakh tons of CPO from Kandla compared to 3.15 lakh tons of soy oil in September.

However, India surprised markets with cut in its import duties on crude and refined palm oils by 5 percent.

Markets reacted to cut in import duties of palm oil and fell anticipating more imports of palm oil from Indonesia.

However, importers from India and China waited for prices to correct to start buying. Parity of palm oils improved in India which will increase imports from India. Malaysia RBD palmolein is still quoted at par with CPO on Indian CNF markets indicating India will purchase more in October from Malaysia. However, purchases from Indonesia will also increase as parity of CPO has also improved post import duty cut.

Aggressive pricing by Malaysia by quoting lower RBD palmolein compared to Indonesia CPO will support palm oil exports in near term. Below chart in this section show how lower difference of Malaysia RBD palmolein and Indonesia CPO increased exports from Malaysia and reduced end stocks of palm oil in Malaysia to lowest levels in six years.

Ringgit depreciation will support palm oil prices in medium term.

Production of palm oil is expected to improve in 2016 and 2017 as effect of El Nino will be over in September. Palm oil production will be stagnant in September due to lagged effect of El Nino. However, production will improve in October onwards.

Demand will taper from India, China and EU with onset of winters which is

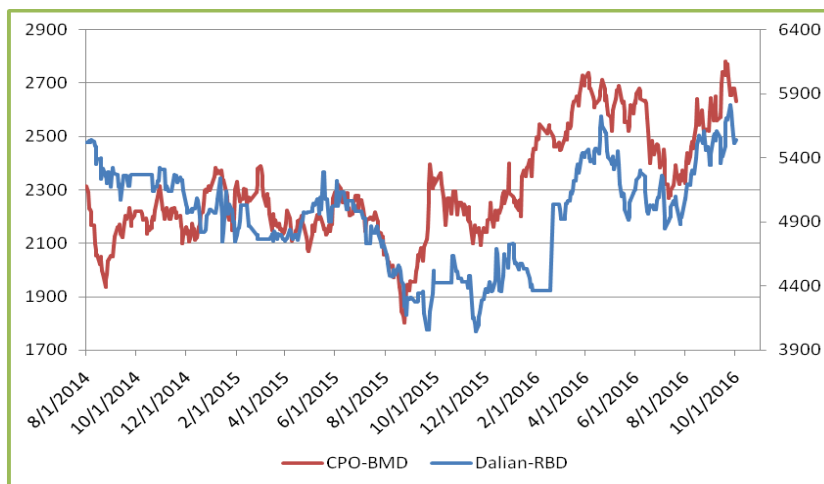
expected to hit earlier than estimated according to Agriwatch sources. Demand of palm oil will depend how winters will pan out in Northern hemisphere.

With expectation of mild La Nina in 2016 there could be unfavorable conditions in Southeast Asia which will hinder harvest and transportation of palm oil. However, this weather pattern is still uncertain.

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

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.

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



Demand from India and China will stay firm in October.

India is still the wildcard in markets and it will decide the course of palm oil from October.

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.

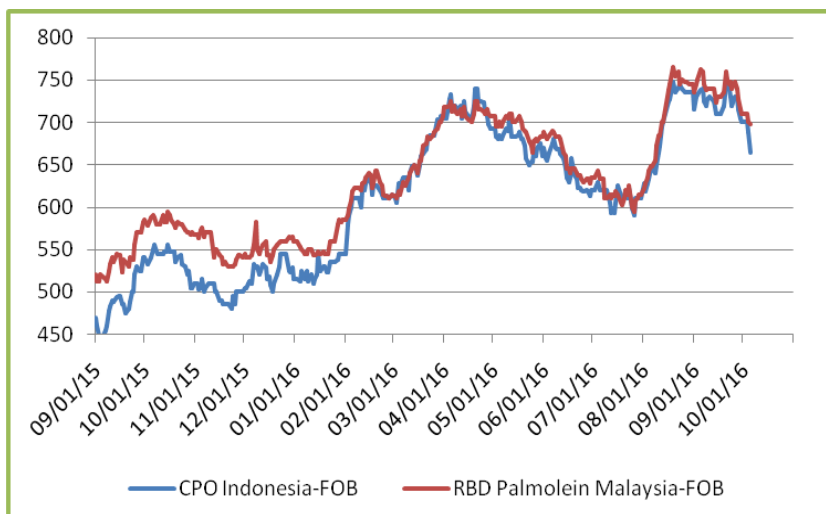
Palm oil stocks are expected to be stable or increase in Malaysia in September due to lower exports and lower rate to increase of production.

Malaysia increased palm oil export duty on CPO at 6.5 percent for October.

Indonesia also imposed export duties in 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, Malaysia's September palm oil exports fell 15.8 percent to 1,365,517 tons compared to 1,621,480 tons last month. Top buyers were India at 266,080 tons (450,929 tons), European Union at 252,399 tons (269,523 tons), China at 217,430 tons (289,550 tons), United States at 62,324 tons (78,535 tons) and Pakistan at 61,175 tons (31,000 tons). Values in brackets are figures of last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's August palm oil end stocks fell 17.29 percent m-o-m to 14.64 lakh tons compared to 17.71 lakh tons in July. Production rose in August by 7.32 percent to 17.02 lakh tons compared to 15.86 lakh tons in July. Exports rose by 30.89 percent in August to 18.12 lakh tons compared to 13.85 lakh tons in July. Imports fell 39.12 percent in August to 0.08 lakh tons from 0.12 lakh tons in July.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's July exports of palm and palm kernel oil fell 10 percent to 1.596 MMT from 1.78 MMT in June 2016. Combined exports of palm and palm kernel oil with biodiesel and oleochemical products in July fell to 1.74 MMT from 1.89 MMT in June 2016. Biggest markets were India, European Union and China.
- According to China's General Administration of Customs, China's August palm oil imports fell 25.58 percent to 4.03 lakh tons y-o-y. Year to date palm oil imports fell 30.33 percent to 26.01 lakh tons y-o-y. Imports from Malaysia in August fell 4.65 percent y-o-y to 2.13 lakh tons and year to date it fell 42.97 percent to 10.17 lakh tons. Imports from Indonesia fell 40.32 percent y-o-y to 1.90 lakh tons and year to date it fell by 18.8 percent to 15.79 lakh tons.

- Policy development- According to Malaysia Palm Oil Board (MPOB), Malaysia increased October crude palm oil export duty to 6.5 percent from 5 percent in September. Tax is calculated at reference price of 2879.47 ringgit (USD 698) per ton. Prices above 2,250 ringgit are taxed with tax starting from 4.5 percent to a maximum of 8.5 percent.
- According to Indonesia trade ministry, Indonesia imposed crude palm oil export duty of \$3 per ton for October from zero export duty in September. Tax will be charged at reference prices above \$750 per ton
- **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

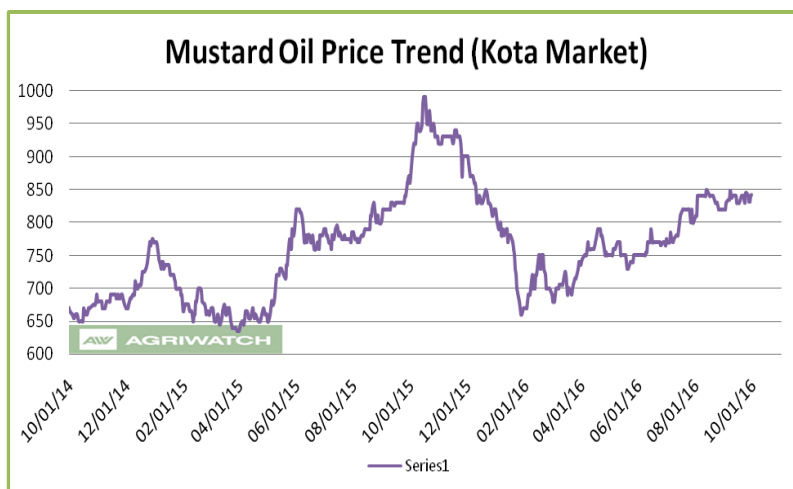
Source: AW estimates
Oil year- November-October

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 sideways in benchmark at Kota during the month of September on weak demand and weak supply. Prices of expeller mustard oil rose in Jaipur while it fell in Ganganagar, Bharatpur, Hapur, New Delhi, Mumbai and Gujarat. It was unchanged in Neewai and Kolkata. Kacchi Ghani prices fell in Kota, Jaipur, Neewai, Bharatpur, Ganganagar, and Agra while it rose in Hapur at the end of the month.



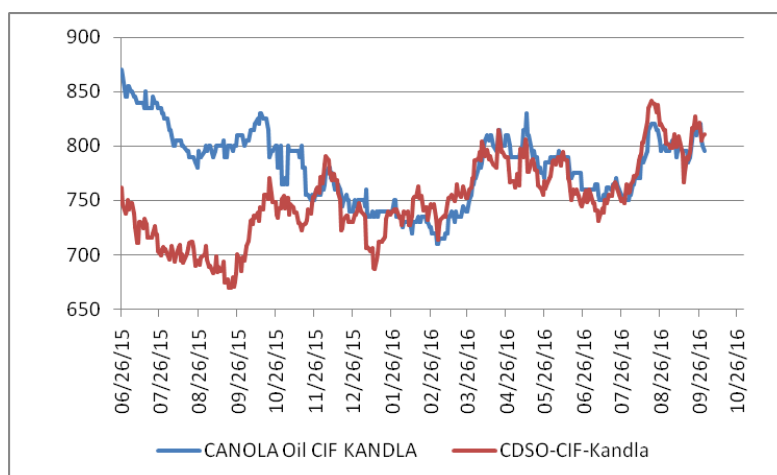
➤ Agriwatch view: Rapeseed oil prices traded sideways to lower in the month of September various markets in India. Both Expeller and kacchi ghani fell in most place of India on weak activity in cash markets. Weak rapeseed prices impacted prices of rapeseed oil.

Demand weakened due to higher prices in cash markets and markets are waiting for price correction for further demand. Winter demand is expected to rise in October which will support prices. Rapeseed sowing is expected to be strong which will affect sentiment in longer term.

Stockists and traders are expected to stock ahead of winters. Festival stocking is over and further demand will depend how winters will pan out in medium term. 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 were unchanged in September. According to Agriwatch sources import of rapeseed (canola) oil in September was 29951 tons from Kanda port which was lower than August and September 2015. Higher imports of CDSO from Kandla dampened Canola oil imports to India. However, canola oil is landing at the cost of CDSO.



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 firm in medium term on seasonal uptrend of prices, stocking ahead of winters, 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 -6 (USD -18 last month) as on 5 October, 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 825 (815) per 10 Kg and at Kota market is quoted around Rs 820 (820) per 10 kg as on October 5, 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

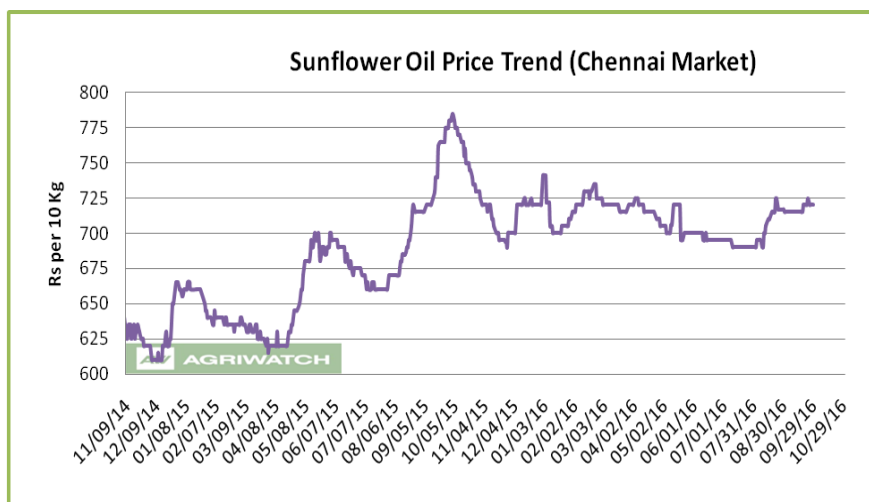
Oil year- November-October

➤ **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 lower in Kakinada and Hyderabad while it was unchanged in Mumbai and Erode. Prices closed lower at Kandla/Mudra while it was unchanged at Latur.
- Agriwatch view: Sunflower prices rose during the month on firm demand.

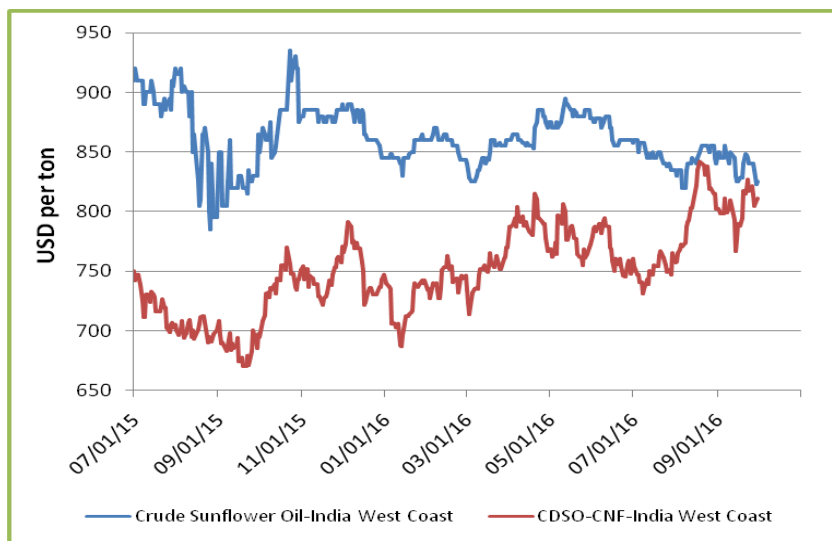


Prices rose in domestic market despite fall in international prices of sunflower oil indicating firm demand.

Sunflower oil imports in the month of August were higher than August 2015. However, imports of crude sunflower oil in falling since last four months and while stocks at ports and pipelines decreased. Primary reason of lower imports in oil year 2015-16 is primarily due to lower sunflower oil premium over soy oil and palm oil. However, prices of sunflower have not corrected compared to soy and palm oil. Imports will rise in last two 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 seasonal uptrend of prices and stocking ahead of festive season.

Refiners and stockists are stocking as sunflower oil premium over soy oil is low at USD 23.5 (USD 47 at present). Refiners will take advantage of lower premium of sunflower oil over soy oil in September.



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.

In domestic market, demand is expected to be firm in medium term. However, sunflower imports are coming at rates of soy oil which will dampen sunflower oil prices in medium term. Prices are expected to correct in domestic market due to fall in soy oil and palm oil prices. Reduction of palm oil import duties will flood the

market with palm oil which was in short supply and underpin sunflower oil prices. Prices of sunflower are expected to fall in October in lines with fall in prices of soy oil and palm oil. Indicative trend of fall in sunflower oil prices are evident in markets other than Chennai.

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

- All India sowing of sunflower has reached 1.61 lakh hectares as on 23 September 2016, compared to 1.48 lakh hectares in the corresponding period last year.
- Sunflower oil import scenario – According to SEA, India imported 1.13 lakh tons of crude sunflower oil during August 2016 v/s 1.03 lakh tons in August 2015, higher by 9.7 percent y-o-y. Imports during oil year 2015-16 (November 2015 –August 2016) were reported at 13.16 lakh tons v/s 13.61 lakh tons during the corresponding period in last oil year, down by 3.3 percent y-o-y.
- According to UKrAgroConsult, Ukraine is expected to export record volume of sunflower oil in MY 2016/17 at 5.17 MMT compared to 4.913 MMT in MY 2015/16, higher by 13.5 percent y-o-y. Sunflower oil production in MY 2016/17 is estimated at 5.65 MMT compared to 4.978 MMT in MY 2015/16, higher by 5.23 percent y-o-y. End stocks in 2016/17 are estimated at 0.106 MMT from 0.083 MMT in 2015/16. Sunflower oil premium over soy oil and palm oil is expected to reach negative values as it happened in 2011/12 and 2013/14 MY. At present prices of sunflower oil, soy oil and palm oil is squeezed in very narrow range.
- According to UkrAgroConsult, Ukraine's August, sunflower oil exports were 258.3 KMT compared to 352.9 KMT in July while it exported 224 KMT in July 2015. In 2015/16 season (September 2015-August-2016) Ukraine exported 4479 KMT of sunflower oil compared to 3870 KMT in 2014/15. Europe was the largest buyers at 32 percent of total followed by India at 31.6 percent, China at 14% and Turkey at 4%. According to UkrAgroConsult, sunflower seed production and crushing in Ukraine in 2016/17 is expected to be record in history.
- CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 822.5 (USD 835 last month) per ton for October delivery, November delivery is offered at USD 812.5 (USD 825) per ton, December delivery is offered at USD 807.5 per ton, JFM delivery is offered at USD 807.5 per ton as on 5 October, 2016. Last month, CIF sun oil (Ukraine origin) monthly average was around USD 840.96 per ton.
- Prices are likely to stay in the range of USD 780-850 per ton in the near term. CIF Sunflower oil CNF premium against CDSO CNF had weakened from last month and is hovering at USD 23.5 per ton versus USD 47 last month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 720 (Rs 717) per 10 Kg, and at Hyderabad market, it is offered at Rs 708 (Rs 732) per 10 kg as on October 5, 2016. Values in brackets are figures of 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 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

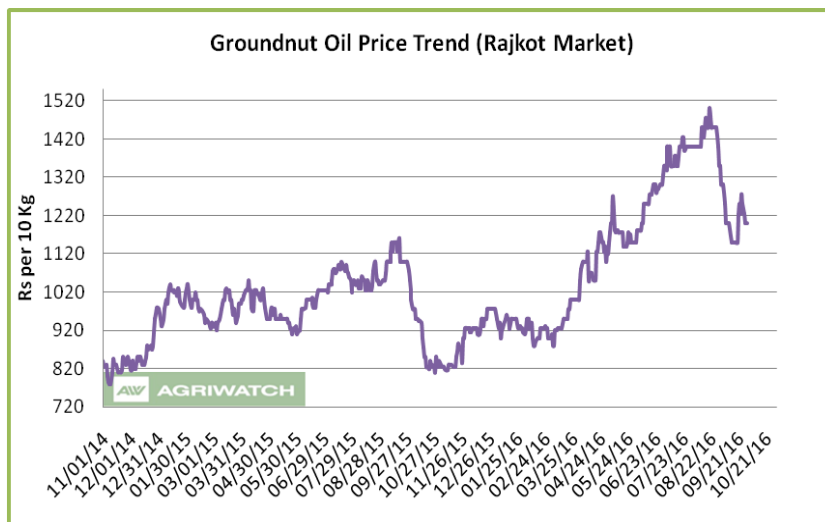
Highlights

- 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 weak demand and expectation of higher crop of groundnut in Kharif season. Prices closed lower in Chennai, Hyderabad, New Delhi, Hyderabad, Mumbai, Gondal and Jamnagar at the end of the month.

➤ Agriwatch view: Groundnut oil fell in the month of September on weak demand and expectation of higher crop of groundnut in current Kharif season.



Sowing of groundnut is higher by 29 percent compared to corresponding period last year which has affected sentiment in markets.

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

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 second week of October will underpin groundnut oil prices and prices offered in market is high.

Demand has improved in near term on demand ahead of festivals. Rainfall has delayed harvesting which has supported prices in near term.

However, prices are expected to weaken after mid of October once harvesting starts which will pressurize prices. Demand will revive in December which is peak season of demand in Gujarat.

Millers have idled mills and are not able to operate as quality of groundnut is not adequate for crushing.

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 weak in medium term on seasonal downtrend of prices, harvesting pressure and lower demand.

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

➤ All India sowing of groundnut has reached 46.93 lakh hectares as on 23 September 2016, compared to 36.38 lakh hectares in the corresponding period last year.

- USDA increased its estimate of groundnut oil production of 2016/17 to 1.037 MMT in its September estimate from 0.986 MMT in its August estimate. Domestic consumption is raised to 0.985 MMT from 0.960 MMT in its September estimate. Ending stocks are increased to 0.059 MMT from 0.033 MMT in its September estimate.
- USDA has increased India's groundnut production to 5.5 MMT in 2016/17 from 4.47 MMT in 2015/16, higher by 23 percent y-o-y.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 12,000 (13,500) per quintal and quoting at Rs 10,000 (Rs 11,000) 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 1100-1400 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 prices fell while it rose in Kochi prices at the end of the month.
- Agriwatch view: Prices of coconut oil rose in the month on firm demand.

Demand on Onam had 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 rose 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. However, with early winters expected in North India, demand will decrease in medium term.

Millers are not stocking as they are not confident of prices and are depending on ready markets.

Millers have adequate stocks of coconut oil which will adversely affect prices.

Harvesting of coconut will improve post monsoon. Further harvesting will depend upon arrival of Northeast monsoon in Tamil Nadu and Kerala.

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.

Prices of coconut oil have rallied by more than 20 percent since July and festival demand is covered for North India and Onam is over which will slow coconut oil prices in medium term.

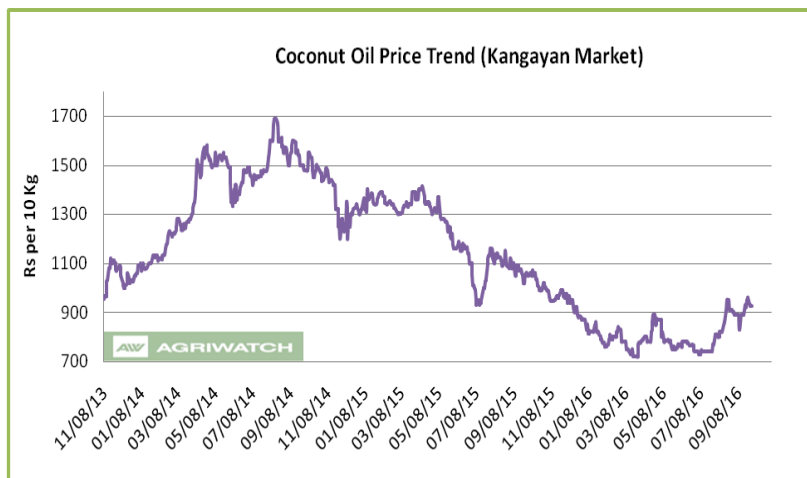
Traders and upcountry buyers are not venturing into market as they expected prices have rallied and prices may cool in medium term.

Corporate demand is expected to weaken at higher prices and they will purchase when prices corrects.

Price momentum of coconut oil was strong in the month of September which may support prices in medium term.

Prices are expected to weaken in medium term on weak demand, adequate stocks, onset of winter, weakness in prices of copra, weakness in prices of competitive oils and seasonal downtrend of demand.

Prices are expected to trade sideways to weak 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 9,250 (9,300) per quintal due to firm demand of coconut oil, and quoting Rs 9,250 (9,000) per quintal in Erode market on September 30, 2016.
- Coconut oil prices may trade sideways to weak tone tracking firm demand in ready markets.

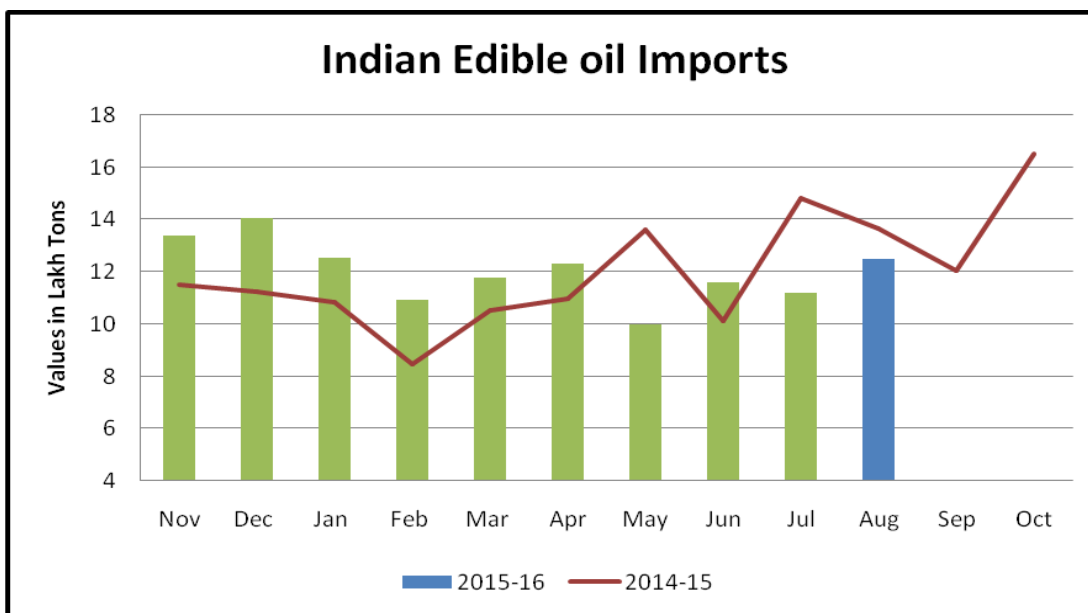
Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 850-1000 per 10 Kg.

Coconut oil production and trade statistics:

Fig. in tons

Year	Export	Import	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 12.04 million tons 2015-16 (November 2015-August 2016) compared to 11.57 million tons in the corresponding period last year. Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein) imports for August is pegged at 12.49 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.

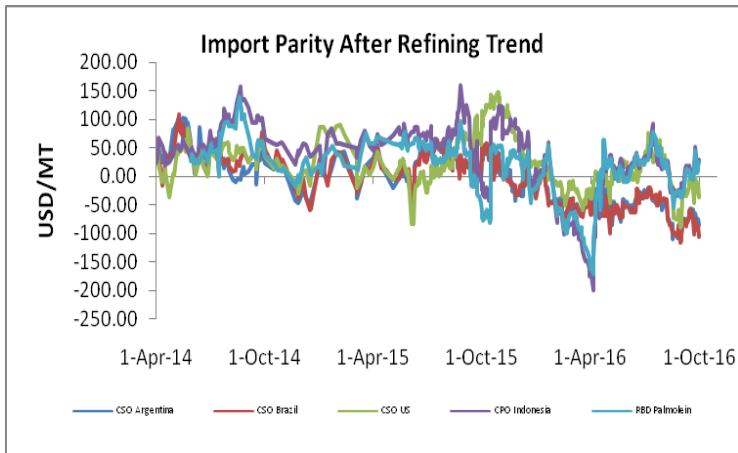
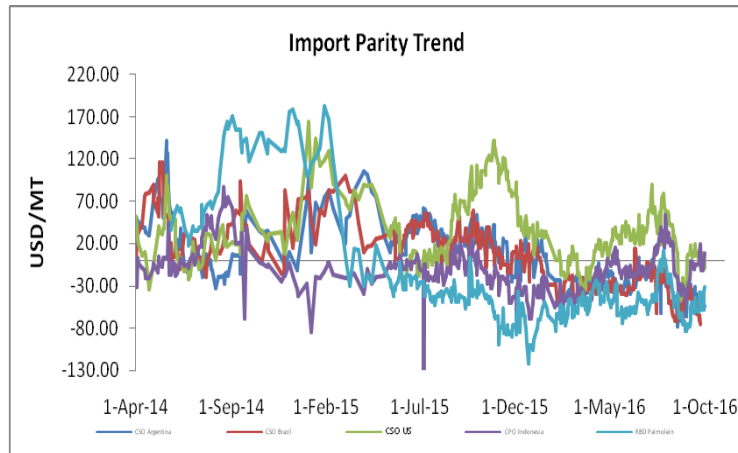
On the consumption side, India's edible oil consumption for 2015-16 oil year seen at 21.92 million tons, up 6 percent from last year. Ending stocks are projected lower compared to 2014-15 at 2.62 million tons.

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 01/10/2016	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	761	787	732	700	710
Freight (USD/MT)	60	55	62	25	20.0
Landing Charge 1%	8.21	8.42	7.94	7.25	7.3
C & F	821.0	842.0	794.0	725.0	730.0
Weight loss (0.25% of FOB)	1.90	1.97	1.83	1.75	1.78
Finance charges (0.4% on CNF)	3.28	3.37	3.18	2.90	2.92
Insurance (0.3% of C&F)	2.46	2.53	2.38	2.18	2.19
CIF (Indian Port - Kandla)	837	858	809	739	744
CVD	0	0	0	0	0
Duty (Values in USD per tons)	103.38	103.38	103.38	57.53	122.10
CVD value USD per ton	0	0	0	0	0
Cess (3% on duty) USD per ton	2.0675	2.0675	3.10125	1.1505	2.442
Exchange rate	66.61	66.61	66.61	66.61	66.61
Landed cost without customs duty in INR per ton	55743	57170	53909	49230	49570
Customs duty %	12.50%	12.50%	12.50%	7.50%	15.00%
Base import price	827	827	827	767	814
Fixed exchange rate by customs department	67.75	67.75	67.75	67.75	67.75
Duty component in INR per ton	7003.66	7003.66	7003.66	3897.32	8272.28
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	63305	64732	61471	53685	58400
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	61300	61300	61300	57500	60000
Total landed cost USD per ton	950	972	923	806	877
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	920	920	920	863	901
Parity INR/MT (Domestic - Landed)	-2005	-3432	-171	3815	1600
Parity USD/MT (Domestic - Landed)	-30.10	-51.52	-2.57	57.27	24.01
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	69004.87	70431.79	67170.99	61185.10	61200.44
Soy/Palm oil imported Price (Including tax)	72455.11	73953.38	70529.54	64244.36	64260.46
Loose price of Soy/Palm in Indore and Delhi market	68250.00	68250.00	68250.00	69825.00	69825.00
Parity after processing and Taxes (Rs per MT)	-4205.11	-5703.38	-2279.54	5580.64	5564.54
Parity after processing and Taxes (USD per MT)	-63.19	-85.70	-34.25	83.86	83.61
Source: Agriwatch					

Import Parity Trend

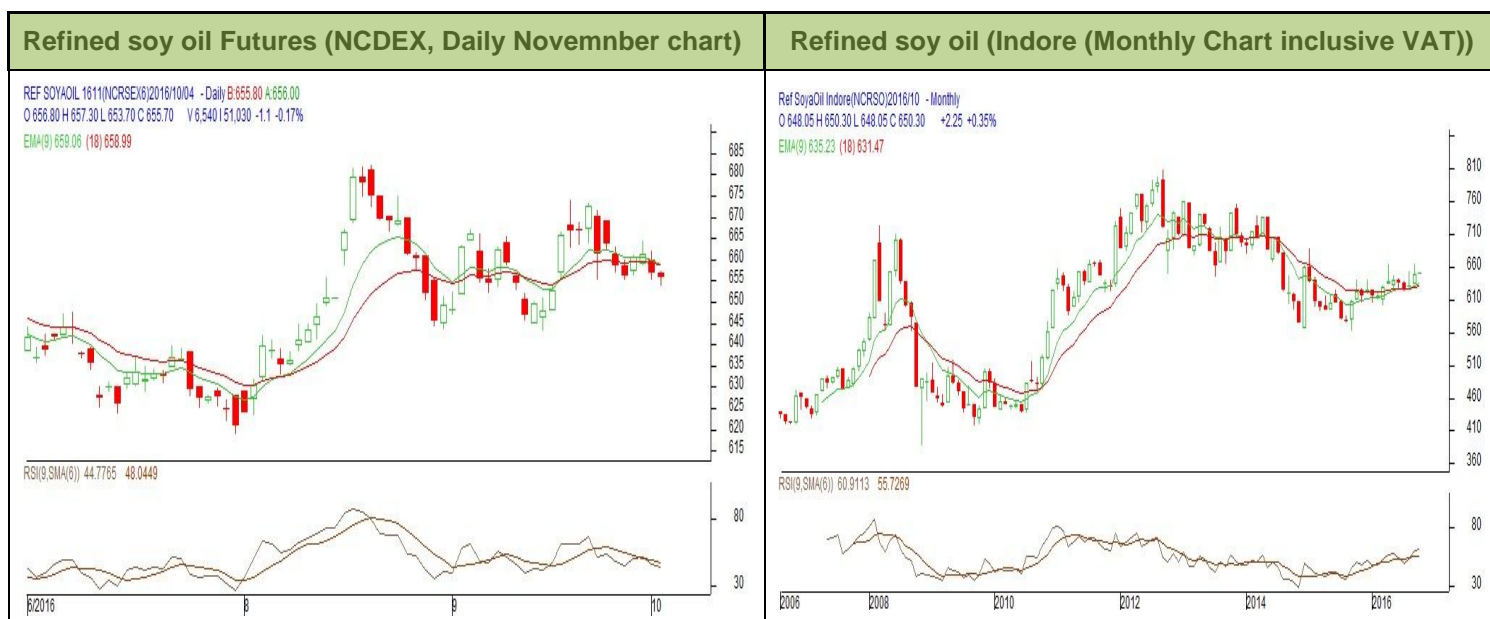


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
July, 2016	-37.53	-34.65	43.54	40.63	46.42
Aug, 2016	-82.87	-81.31	-27.15	-11.00	-12.64
Sep, 2016	-72.51	-81.47	-25.09	12.65	4.22

Outlook:-

Import parity for CDSO Argentina and CDSO Brazil are in disparity due to costlier imports. We expect CDSO import parity to be in parity in October. 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 weak tone in the days ahead. Investors are advised to sell refined soy oil (November contract) on pullbacks.

- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to weak 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 620-700 level in near to medium term. RSI is moving up indicating downtrend at current levels.

Strategy: Market participants are advised to go short in RSO below 665 for a target of 645 and 640 with a stop loss at 675 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
624.00	640.00	659.60	666.00	680.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 620-690 per 10 Kg.

Technical Analysis (Crude Palm oil Monthly Charts)


Outlook - Prices may trade with a sideways to weak tone in the coming days. Investors are advised to sell MCX CPO (October contract) on pullbacks.

- 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 500 in monthly chart might bring the prices to 480 levels.
- Expected price band for next month is 470-550 level in near to medium term. RSI along with Stochastic and MACD are indicating downtrend.

Strategy: Market participants are advised to go short in CPO below 530 for a target of 510 and 500 with a stop loss at 540 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
480.00	500.00	519.00	531.00	548.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 520-600 per 10 Kg.



Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		30-Sep-16	31-Aug-16	
Refined Soybean Oil	Indore	650	632	18
	Indore (Soy Solvent Crude)	620	600	20
	Mumbai	660	650	10
	Mumbai (Soy Degum)	615	605	10
	Kandla/Mundra	640	630	10
	Kandla/Mundra (Soy Degum)	610	605	5
	Kolkata	640	645	-5
	Delhi	690	690	Unch
	Nagpur	668	635	33
	Rajkot	630	625	5
	Kota	650	640	10
	Hyderabad	670	665	5
	Akola	708	677	31
	Amrawati	708	676	32
	Bundi	650	635	15
	Jalna	NA	NA	-
	Alwar	NA	NA	-
	Solapur	NA	NA	-
	Dhule	NA	NA	-
Palm Oil	Kandla (Crude Palm Oil)	577	560	17
	Kandla (RBD Palm oil)	600	585	15
	Kandla RBD Pamolein	620	605	15
	Kakinada (Crude Palm Oil)	555	565	-10
	Kakinada RBD Pamolein	590	615	-25
	Haldia Pamolein	610	630	-20
	Chennai RBD Pamolein	600	638	-38
	KPT (krishna patnam) Pamolein	580	615	-35
	Mumbai RBD Pamolein	595	630	-35
	Delhi	665	645	20
	Rajkot	610	595	15
	Hyderabad	589	618	-29
	Mangalore RBD Pamolein	600	638	-38
	PFAD (Kandla)	465	470	-5
	Refined Palm Stearin (Kandla)	530	505	25
Refined Sunflower Oil	Chennai	720	717	3
	Mumbai	740	735	5



	Mumbai(Expeller Oil)	670	655	15
	Kandla	740	740	Unch
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	717	732	-15
	Latur (Expeller Oil)	725	725	Unch
	Chellakere (Expeller Oil)	675	670	5
	Erode (Expeller Oil)	740	740	Unch
Groundnut Oil	Rajkot	1200	1350	-150
	Chennai	1000	1100	-100
	Delhi	950	1150	-200
	Hyderabad *	980	1120	-140
	Mumbai	1190	1400	-210
	Gondal	1200	1375	-175
	Jamnagar	1150	1375	-225
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	842	815	27
	Jaipur (Kacchi Ghani Oil)	883	909	-26
	Kota (Expeller Oil)	820	820	Unch
	Kota (Kacchi Ghani Oil)	880	920	-40
	Neewai (Kacchi Ghani Oil)	825	840	-15
	Neewai (Expeller Oil)	865	895	-30
	Bharatpur (Kacchi Ghani Oil)	900	945	-45
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	840	840	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	875	875	Unch
	Mumbai (Expeller Oil)	840	865	-25
	Kolkata(Expeller Oil)	1050	1050	Unch
	New Delhi (Expeller Oil)	860	865	-5
	Hapur (Expeller Oil)	850	888	-38
	Hapur (Kacchi Ghani Oil)	940	930	10
	Agra (Kacchi Ghani Oil)	905	950	-45
Refined Cottonseed Oil	Rajkot	690	695	-5
	Hyderabad	680	695	-15
	Mumbai	705	708	-3
	New Delhi	660	680	-20
Coconut Oil	Kangayan (Crude)	925	900	25
	Cochin	790	785	5
	Trissur	925	930	-5

Sesame Oil	New Delhi	700	700	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	495	485	10
Rice Bran Oil (4%)	Punjab	615	570	45
Rice Bran Oil (4%)	Uttar Pradesh	615	570	45
Malaysia Palmolein USD/MT	FOB	710	745	-35
	CNF India	725	755	-30
Indonesia CPO USD/MT	FOB	700	735	-35
	CNF India	725	750	-25
RBD Palm oil (Malaysia Origin USD/MT)	FOB	700	740	-40
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	710	710	Unch
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1475	1610	-135
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	623	603	20
Crude palm Kernel Oil India (USD/MT)	CNF India	1450	1520	-70
Ukraine Origin CSFO USD/MT Kandla	CIF	825	840	-15
Rapeseed Oil Rotterdam Euro/MT	FOB	760	733	27
Argentina FOB (\$/MT)		29-Sep-16	30-Aug-16	Change
Crude Soybean Oil Ship		767	755	12
Refined Soy Oil (Bulk) Ship		794	781	13
Sunflower Oil Ship		770	735	35
Cottonseed Oil Ship		747	735	12
Refined Linseed Oil (Bulk) Ship		787	775	12
<i>* indicates including VAT</i>				

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