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# **Veg. Oil Monthly Research Report**

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## **Outlook and Review:**

### **Domestic Front**

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

Soy oil (Indore) was the best performer among the edible oil complex tracking firm demand and weak supply in the cash market. However, sunflower oil (Chennai) was the worst performer ending flat owing to weak demand and weak supply.

We expect soy oil and palm oil to trade firm of strong fundamentals.

### **Recommendation:**

Market participants are advised to go long in RSO above 725 for a target of 745 and 755 with a stop loss at 715 on closing basis.

Market participants are advised to go long in CPO above 560 for a target of 580 and 590 with a stop loss at 550 on closing basis

Market Participants can buy refined soy oil in the cash markets at 720-730 for the target of 750-760 levels (Indore including taxes), if needed. Market Participants can buy CPO Kandla 5% in the cash markets at 550-560 for the target of 590-600 levels, if needed.

## **International Veg. Oil Market Summary**

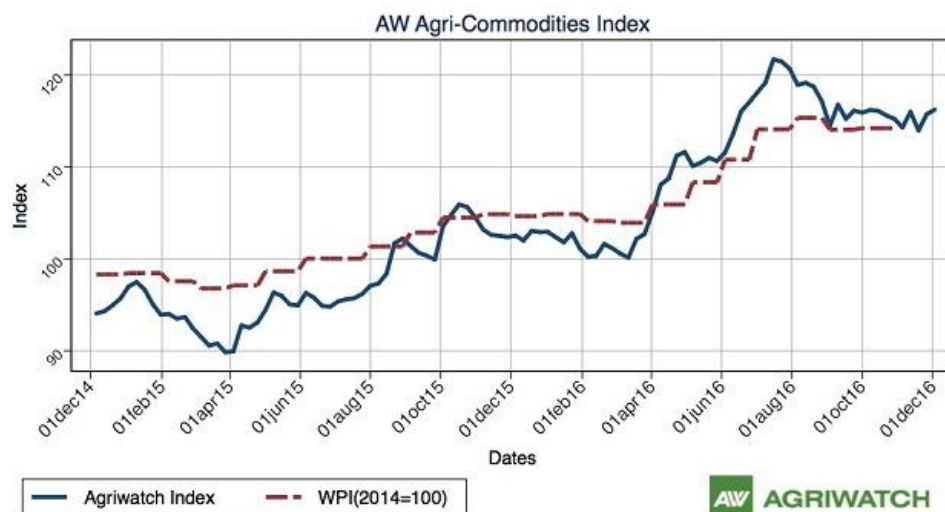
CBOT soy oil (December) is expected to stay in the range of 33 cents/lb to 39 cents/lb. CPO at BMD (Dec) is likely to stay in the range of 2900-3500 ringgits per ton. Focus during the coming days will be weak ringgit, firm Chinese demand, EPA biodiesel regulations, higher production of biodiesel in Argentina, slow rise in palm oil ending stocks in Malaysia, lower stocks of soy oil in US and Argentina, firm exports of palm oil from Malaysia and, lower stocks of soy oil in US and strong crude oil prices.

Malaysia's November palm oil exports fell 12.8 percent to 1,130,172 tons compared to 1,295,576 tons last month. Top buyers were European Union at 215,995 tons (307,685 tons), China at 215,655 tons (178,711 tons), India at 118,010 tons (189,724 tons), United States at 55,556 tons (41,270 tons) and Pakistan at 22,000 tons (59,770 tons). Values in brackets are figures of last month: SGS

On the international front, higher EPA biodiesel regulations in US, higher production and exports of biodiesel in Argentina, lower stocks of soy oil in US and Argentina and firm crude oil prices are bullish for the soy complex in the coming days.

Weak ringgit, strong exports of palm oil exports from Malaysia, firm Chinese demand, lower production of palm oil in Malaysia, higher crude oil prices and supportive exports and biodiesel policies from Southeast Asian nations will support palm oil prices in the near term.

### Agriwatch Index



- The Agriwatch Agri Commodities Index rose 0.44% to 116.24 during the week ended Dec 3, 2016 from 115.72 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).
- The Index rose despite a sharp 10% fall in the Vegetables Index as 7 of the 9 commodity group sub-Indices and 20 of the 29 individual commodity sub-Indices that constitute the main Index closed higher.

### Agriwatch edible oil index



- Agriwatch edible oil index rose 1.55 percent in the week ended December 3, 2016 to 111.67.

"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](http://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. Average prices of soy oil increased in November. Prices of refined soy oil rose across board in India. CDSO prices rose at Kandla/Mudra and JNPT.
- Agriwatch view—Soy oil prices witnessed uptrend in month of November on firm demand.

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.

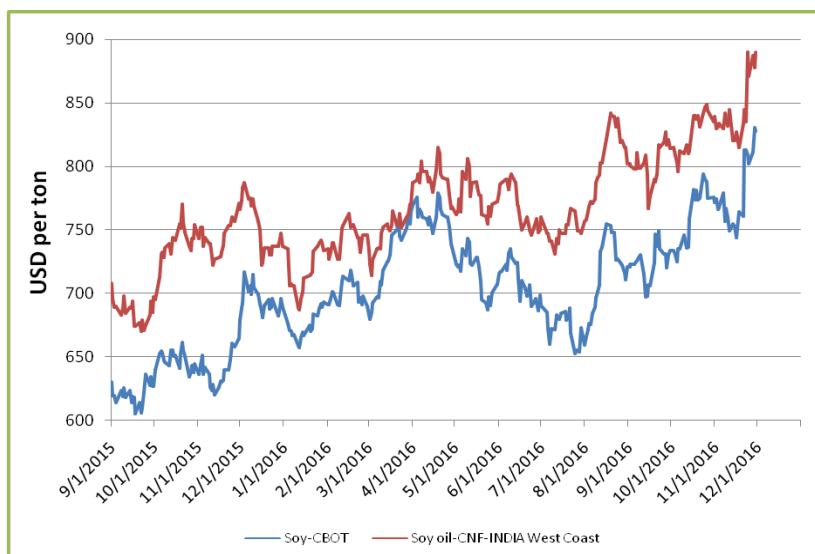
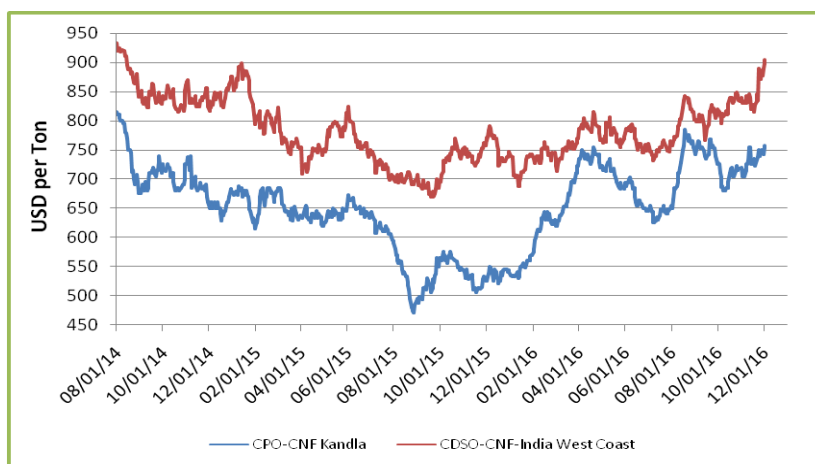
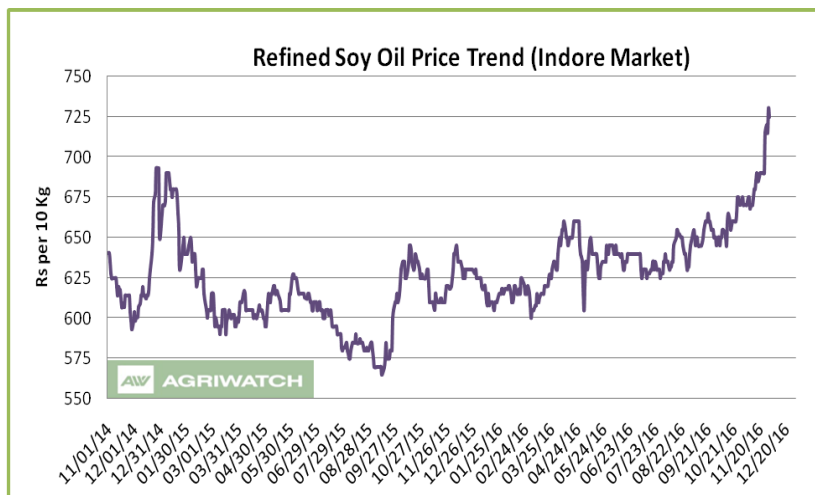
Soy oil premium over palm oil has increased at Rs 170 (Rs 142 last month) per 10 Kg which will underpin prices. Imports will weaken on rising CDSO premium over CPO at USD 138.5 (USD 123) per ton for December delivery.

Stocks of CDSO decreased in ports and pipelines partially setoff lower imports of soy oil. Lower imports indicate weak demand of soy oil at higher prices, indicating weak demand of imported CDSO at CNF.

Both landed cost and refining margins of import are in disparity. Disparity decreased in November.

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 increased due to rise in basis (spot prices – futures prices).



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 on international benchmark CDSO-CNF-India West coast will fall, indicating opportunity to benefit when prices fall.

Demonetization of higher denominated currency has led to lower crushing on lack of liquidity in market leading to lower supply in the market.

Moreover, weak demand of soy meal for exports and weak demand in domestic markets has led to lower supply leading to higher prices of soy oil.

Indian markets were also supported by soy oil CBOT and BMD Malaysia.

CDSO demand was weak at CNF markets as rise in CDSO CNF compared to last month was less than rise in CDSO FOB Argentina compared to last month.

CDSO demand was firm at high seas compared to CNF markets indicating firm demand in domestic markets.

This has led to drawdown of stocks at ports and pipelines.

Imports of soy oil decreased in October compared to September and October 2015 indicating weak supply

Demand will increase in December until February due to winters.

Prices of soy oil are expected to be firm on firm demand on winters and weak supply.

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

- Soy oil import scenario – According to SEA, India imported 2.78 lakh tons of soy oil in October 2016 v/s 4.05 lakh tons in October 2015, down 31 percent y-o-y. In the oil year 2015-16 (November 2015-October 2016) imports of soy oil is reported at 42.34 lakh tons v/s 29.85 lakh tons in corresponding period last oil year, higher by 41.8 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's October edible oil stocks at ports and pipelines fell 7.4 m-o-m at 19.35 lakh tons from 20.9 lakh tons in September 2016. Stocks of edible oil at ports fell to 705,000 tons (CPO 210,000 tons, RBD Palmolein 95,000 tons, Degummed Soybean Oil 325,000 tons, Crude Sunflower Oil 55,000 tons and 20,000 tons of Rapeseed (Canola) Oil) and about 1,230,000 tons in pipelines (stocks in pipelines were at 1,300,000 tons in September). India is presently holding 35 days of edible oil requirement on 1st November, 2016 at 19.35 lakh tons compared to 38 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.
- According to Solvent Extractors Association (SEA), India's October edible oil imports fell 29.8 percent y-o-y to 11.58 lakh tons from 16.50 lakh tons in October 2015. Palm oil imports fell 33.8 percent y-o-y to 7.39 lakh tons y-o-y from 11.16 lakh tons in October 2015. CPO Imports fell 41.5 percent y-o-y to 5.14 lakh tons from 8.78 lakh tons in October 2015. RBD palmolein imports fell marginally y-o-y to 2.22 lakh tons from 2.28 lakh tons in October 2015. Soy oil imports rose 31.4 percent y-o-y to 2.78 lakh tons from 4.05 lakh tons in October 2015. Sunflower oil imports fell by 15 percent y-o-y to 0.99 lakh tons from 1.13 lakh ton in October 2015. Rapeseed (Canola) oil imports rose 173 percent y-o-y to 0.44 lakh tons from 0.16 lakh tons in October 2015.

- According to United States Department of Agriculture (USDA), India's soy oil imports in 2016/17 are estimated to rise by 0.4 MMT to 4.00 MMT from 3.6 MMT from its previous estimate. Domestic consumption is raised to 5.4 MMT from 5.0 MMT in its previous estimate. End stocks in 2016/17 are raised to 0.368 MMT from 0.308 MMT in its previous estimate. USDA increased India's 2015/16 soy oil imports by 1.36 MMT to 4.360 MMT from 4.2 MMT in its previous estimate. Consumption in 2015/16 is raised 0.1 MMT to 5.2 MMT from 5.1 MMT in its previous estimate.
- India's soy meal exports and its other value added products (HS Code 2304) during October 2016 is stood at 19,139 tons compared to 42,104 tons in October 2015 showing a decrease of 54.5% over the same period of last year. On a financial year basis, the export during April'2016 to October'2016 is 94,871 tons as compared to 2,43,632 tons in the same period of previous year showing a decrease of 61%, as reported by SOPA. Myanmar (3995.2 MT), Japan (3193.49), Nepal (1945.43), Kenya (1653.36 MT) and USA (1306 MT) were the key buyers of Indian origin meal in October.
- Imported crude soy oil CIF at West coast port is offered at USD 916 (USD 831) per ton for ND delivery. JF delivery is offered at USD 902 per ton as on December 6, 2016, CIF CDSO November average price was USD 843.11 (USD 825.5) per ton. Values in brackets are figure of October, 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 75-80 per ton (November average) v/s loss of USD 80-85 per ton (October 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, lower production partially offset by lower Food, feed and other industrial use and lower exports.

USDA increased soybean yield to record in history in its November estimate on very good harvest of crop. With higher yield estimate US soybean crop US crop will rise to record in.

NOPA and USDA reported lower stocks of soy oil in US in October despite higher crush of soybean and higher soy oil production. Soy oil production and stocks are expected to fall further in November if crush do not improve in November.

EPA has mandated higher production of biodiesel mandate which will decrease stocks of soy oil in medium term and support prices.

Argentina produced 95 percent higher biodiesel in third quarter of 2016 on removal of anti dumping duties by EU which has increased exports from Argentina. Higher exports and production of biodiesel will reduce soy oil stocks and support prices.

Crushers are not crushing at the pace compared to corresponding period last year despite record crop in 2016/17. Demand from feed mills is low compared to corresponding period as they expect lower prices of soy meal. They expect record crop of soybean in US will lead to lower soy meal prices which will increase crush of soybean. However, this has not happened until now.

Soy oil stocks are not expected to improve in November.

Soybean exports from US are expected to be steady in November due to higher buying by China on lower buying by China for in last two months and stocking ahead of Chinese New Year.

Demand in China is robust as China is expected to increase hogs count, as hogs margins are higher than last two years.

Soybean planting has almost in Brazil is 90 percent complete compared to 88 percent in corresponding period last year.

Good moisture will support growth of soybean. With early planting, soybean will be available by the end of December. Exports are expected to touch 60 MMT and soybean crop is expected to between 101-104 MMT by various agencies including USDA.

In top soybean producing state of Mato Grosso planting of soybean have been completed which is higher than long term average in corresponding period. However, early soybean planting in Brazil will mean that it will face wet conditions during harvest in January which is wettest month of gains.

Sowing of soybean has started in Argentina with adequate moisture in its top producing states which will support crop. Planting have been completed in 46 percent of the estimated area in 2016/17. However, planting is behind schedule.

Demand from India is expected to be weak in December due to demonetization and higher duty compared palm oil.

Competitive oils will support prices in near term.

Weak Argentina Peso will support demand from top importing destinations.

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

Soy oil prices are in a range with upward bias.

- According to United States Department of Agriculture (USDA) November estimates, U.S 2016/17 ending stocks of soy oil is estimated to fall to 1,658 million lbs from 1,725 million lbs in October estimate. Opening stocks reduced to 1,718 million lbs from 1,750 million lbs in October estimate. Production of soy oil in 2016/17 is reduced to 22,290 million lbs from 22,525 million lbs. 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 is reduced to 14,500 million lbs from 14,600 million lbs . Exports in 2016/17 reduced to 2,150 million lbs v/s 2,250 million lbs in October estimate. Average price range estimate is increased to 32.5-35.5 cents/lbs from 30.5-33.5 cents/lbs. Fall in end stock is primarily due to lower opening stocks, lower production partially offset by lower Food, feed and other industrial use and lower exports.
- According to National Oilseed Processors Association (NOPA), U.S. October soybean crush fell to 164.641 million bushels from 129.405 million bushels in September, up by 27 percent m-o-m. Crush of soybean in October 2015 was 158.895 million bushels. Production of soy oil in U.S. in October rose to 1.911 billion lbs from 1.521 billion lbs in September 2016. Production in October 2015 was 1.844 billion lbs. Soy oil stocks in U.S. at the end of October fell by 2.4 percent to 1.343 billion lbs compared to 1.376 billion lbs in September 2016. Stocks of soy oil in October were lower by 4.6 percent compared to October 2015, which was reported



at 1.408 million lbs. Yield fell to 11.61 lbs/bushel in October from 11.76 lbs/bushel in September. Yield in October 2015 was reported at 11.60 lbs/bushel.

- U.S. Environmental Protection Agency (EPA) increased US biodiesel production target by 6.5 percent in 2017 to 19.28 billion gallons compared to previous mandate of 18.11 billion gallons. Conventional biodiesel use is raised to 15 billion gallons which is mainly corn based biodiesel. Rest 4.28 billion gallons is set for advanced biodiesel mandate where soy oil is the major contributor. This step will decrease soy oil end stocks in US.
- According to Argentina's government agency INDEC, Argentina's biodiesel production rose 95 percent in third quarter of 2016 compared to corresponding period last year. In the quarter starting July, Argentina exported 507,260 tons of soy oil based biodiesel. Rise in exports was due rise in production by 45.5 percent to 826,574 tons. In first three quarters of 2016, Argentina produced 1.93 MMT of soy oil based biodiesel, higher by 43.2 percent in the corresponding period last year. In September EU court overturned the decision alleging dumping of biodiesel by Argentina.
- Brazil's 2017 soybean exports are projected at 60 million tons which is up from 51-52 million estimated for the current marketing year 2016, reported by the National Association of Exporters of Cereals (ANEC).
- Brazil's 2016/17 soybean production is projected at 106 million tons by CRF, the production is much higher than the previous season (96.4 Mn T), when Brazil was hit by drought during the soybean crop development stage. Further, CRF has projected Paraguay's soybean production at 8.6 million tons against 6.4 million tons produced last year.
- Argentina's soybean planting is 46% (9 million hectares) complete of the 19.6 million hectares projected to be planted with soybean in 2016/17. The planting is lagging by 8.4% from the corresponding period last year. Further, the weather is favorable for the soybean after recent rainfall which has increased the soil moisture, reported by Buenos Aires Grains Exchange.
- In the recent forecast Informa Economics has projected Argentina's 2016/17 soybean production at 56.0 million tonnes. AgRural has estimated Brazil's 2016/17 soybean planting at 90% against 83% last week and 88% during the same period last year.
- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in October fell 40.4 percent to 3.10 lakh tons compared to 5.20 lakh tons in September. Imports fell 35.4 percent from October 2015 which was at 4.80 lakh tons. Year to date imports of edible vegetable oil fell 21.4 percent to 42.50 lakh tons.
- China's October soybean imports fell 6% on year to 5.21 million tons and down by 27.5% from 7.19 million tons in September. The imports volume were below market expectations and lowest monthly imports reported since February when the imports were reported at 5 million tons, reported by General Administration of Customs of China.
- Informa Economics has projected 2017 US soybean planting up 5.7%. It has forecast US 2017 soybean planting at 88.487 million acres compared to 83.7 million acres of soybeans planted in 2016 (USDA figure).



- According to U.S. Energy Information Administration (EIA), U.S. biodiesel production in September fell 4.9 percent in September to 135 million gallons compared to 135 million gallons in August. Soy oil contributed as the largest feedstock in September with 537 million lbs used compared to 561 million lbs used in August.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price range is projected at \$8.45 to \$9.95 per bushel, up 15 cents on both ends of the range reflecting reported early-season producer prices. Soybean meal prices are projected at \$305 to \$345 per short ton, up \$5.00 on both ends. Soybean oil prices are projected at 32.5 to 35.5 cents per pound, up 2 cents on both ends.

**Price Outlook:** We expect Ref. soy oil with VAT to trade in the price band of Rs 700-800 per 10 Kg.

### Balance Sheet (Quarterly)- Soy Oil, India

*Fig. in lakh tons*

	2015-2016	2016-17-F	Nov-Jan-F	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening Stock	5.58	6.55	6.55	8.55	7.85	6.75
Production (Domestic)	12.75	19.80	9.11	2.38	2.38	5.94
Imports	42.35	42.00	10.08	10.50	10.08	11.34
Imported oil processing	41.21	40.87	9.81	10.22	9.81	11.03
Total Production (Domestic production and imported oil production)	53.96	60.67	18.92	12.59	12.18	16.97
Total Supply	59.54	67.22	25.46	21.14	20.04	23.72
Consumption	52.99	60.41	16.91	13.29	13.29	16.91
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Ending Stock	6.55	6.81	8.55	7.85	6.75	6.81

Source: AW estimates  
Oil year- November-October

### Highlights

- Prices of soy oil in 2016-17 are expected to be lower on higher carryout in oil year 2015-16 on higher domestic production.
- Soy oil production is expected to be higher in oil year 2016-17 on higher soybean crush due to higher soybean crop in 2015-16.
- Carry out in first quarter of oil year 2016-17 is higher compared to last three quarter.
- Higher carry out in Nov-Jan is high due to higher domestic production.
- Carryout stocks of oil year 2015-16 is 6.55 lakh tons on higher soy oil imports.
- Carry out of oil 2016-17 is 6.81 lakh tons
- Carryout of 2016-17 is higher than 2015-16 due to higher domestic soy oil production.

### Palm oil: Domestic Market Fundamentals

➤ CPO prices witnessed firm tone in the month of November at its benchmark market at Kandla on weak supply and rise in BMD CPO. CPO prices fell in Kakinada. RBD palmolein prices rose across board in India. Superolein prices fell in Kandla while it rose in Mumbai. CPO-CNF and RBD palmolein-CNF India prices rose in November.

➤ Agriwatch view – Crude palm oil prices rose in Kandla on weak supply. Demand was weak in domestic markets compared to CNF markets as rise in prices of CPO and RBD palmolein at high seas was less than rise in CNF markets. Superolein and Vanaspati prices rose less in domestic markets compared to CPO and RBD palmolein indicating weak demand.

Prices of CPO fell in India despite rise in BMD CPO. Prices of CPO and RBD palmolein fell more in CNF markets compared to FOB markets.

Prices fell on seasonal downtrend of prices.

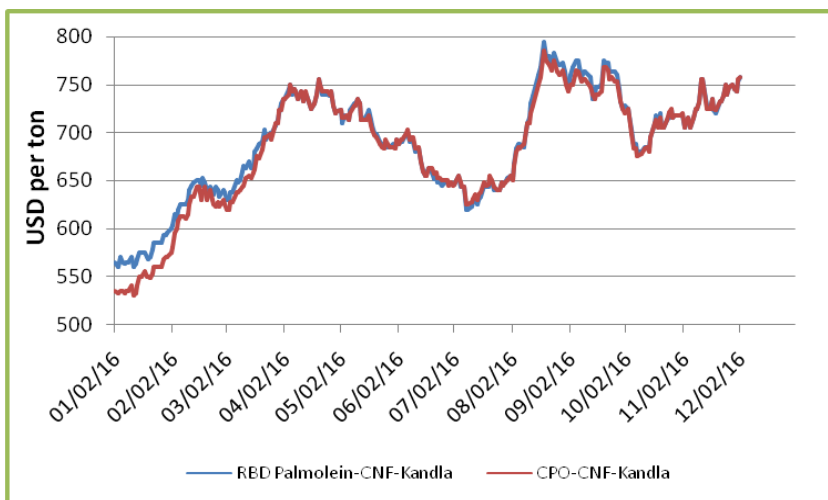
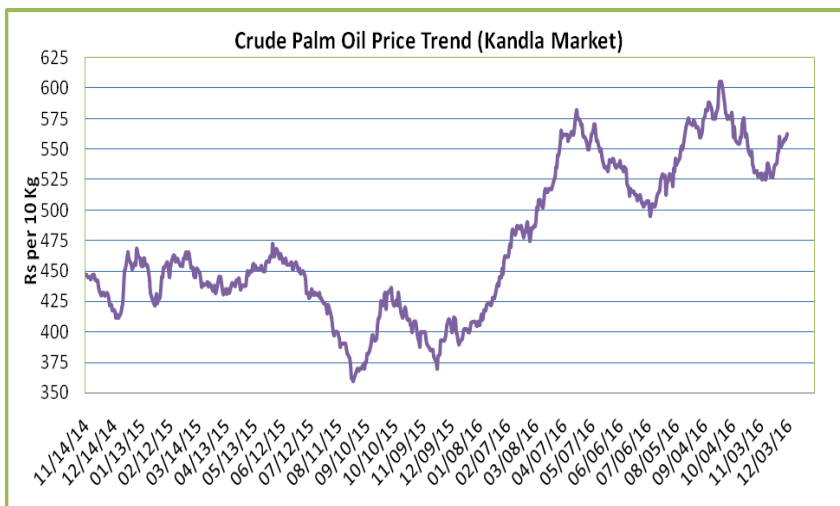
CPO prices fell more than RBD palmolein prices indicating weak demand of CPO and firm supply of RBD palmolein.

Finished product prices are available at raw material prices leaving India refiners idled.

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.

Prices of CPO and RBD palmolein rose less at high seas compared to CNF markets indicating weak demand.

Prices of CPO rose less at CNF-Kandla compared to Indonesia FOB indicating weak demand. RBD palmolein rose more in India CNF-Kandla compared to Malaysia FOB indicating higher demand at CNF markets. However, rise in CPO CNF was less than RBD palmolein CNF-Kandla. Cumulative imports of palm oil were lower by 20 percent in oil year 2015-16 (November 2015-October 2016) and cumulative imports of CPO were lower by 25 percent in oil year 2015-16 (November 2015-October 2016), according to SEA, which indicates



tight supply scenario in India. CPO imports increased in October compared to September. However, cumulative RBD palmolein imports surged 58.3 in this period. RBD palmolein imports rose in October compared to September. However, on y-o-y basis both CPO and RBD palmolein imports fell. However, rise in imports if RBD palmolein was significant.

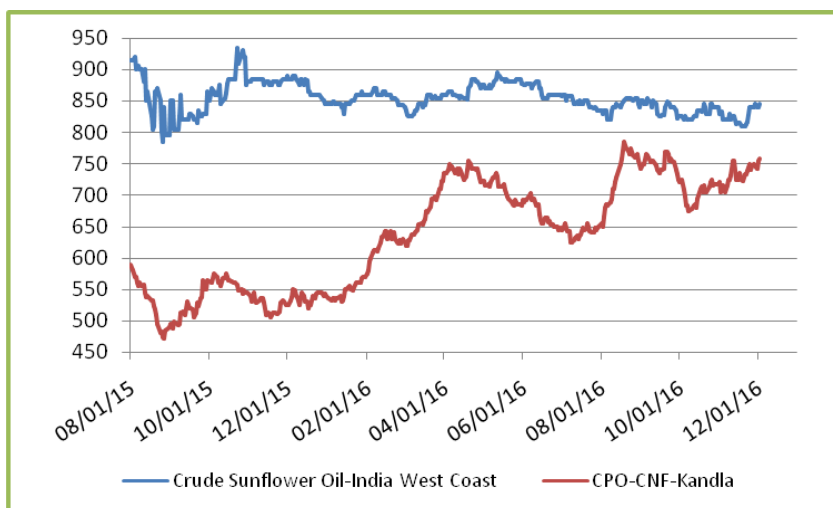
There was decrease of stocks of palm oil from port and pipelines in November due to weak imports. CPO and RBD palmolein stocks at ports and pipelines decreased in November indicating weak supply. Lower price differential of CNF RBD palmolein and CNF CPO has resulted in higher imports of RBD palmolein imports in oil year 2015-16 and slowdown of CPO imports.

CPO and RBD palmolein landed cost increased in November.

The second 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 supported by improving soy oil premium over palm oil which is hovering at Rs Rs 170 (Rs 142 last month) per 10 Kg.

Previous chart in soy oil section shows that premium of soy oil over palm oil has increased in November at CNF markets USD 138.5 (USD 123) per ton which will improve imports. Low premium of crude sunflower CNF India West coast and CPO CNF will cap gains of CPO and RBD palmolein imports in medium term. Low premium of CSFO-India West coast over CPO-CNF indicates higher demand of CPO at CNF



markets compared to CSFO-CNF. Low premium of sunflower oil over palm oil will weaken demand in medium term.

Negative refining margins will decrease imports.

Prices of palm oil will rise in medium term on weak supply.

- Palm oil import scenario – According to SEA, India imported 7.39 lakh tons of palm oil in October 2016 v/s 11.16 lakh tons in October 2015, down 33.8 percent y-o-y. CPO imports slowed to 5.14 lakh tons in October compared to 8.78 lakh tons in October 2015, lower by 41.5 percent y-o-y. RBD palmolein imports rose to 2.21 lakh tons from 2.29 lakh tons in October 2015, down by 3.5 percent y-o-y. In the oil year 2015-16 (November 2015-October 2016) imports of palm oil is reported at 84.42 lakh tons v/s 95.3 lakh tons in corresponding period last oil year, lower by 20 percent y-o-y. RBD palmolein reported sharp rise at 26.265 lakh tons (November 2015-October 2016) v/s 16.59 lakh tons in corresponding period of oil year 2014-15, rise of 58.3

percent y-o-y. Crude palm oil imports in the period (November 2015-October 2016) fell to 57.59 lakh tons from 77.24 lakh tons in the corresponding period last oil year, fall of 25.4 percent y-o-y.

- According to United States Department of Agriculture (USDA), India's 2016/17 palm oil imports are estimated to fall to 10 MMT, down 0.25 MMT from 10.25 MMT in its previous estimate. End stocks are estimated down to 0.381 MMT from 0.546 MMT in its previous estimate. Domestic consumption is estimated at 10.2 MMT from 10.4 MMT in its previous estimate. Imports of palm oil in 2015/16 are decreased to 8.735 MMT from 9.25 MMT. Domestic consumption is decreased to 9.2 MMT from 9.6 MMT. End stocks in 2015/16 are reduced to 0.381 MMT from 0.496 MMT in its previous estimate.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 777.5 (USD 705) per ton for December delivery. January delivery is quoted at USD 777.5 (USD 705) per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 777.5 (USD 705) per ton for December delivery. January delivery is quoted at USD 775 (USD 710) per ton. CPO duty paid prices ready lift quoted at Rs 570 (Rs 528) per 10 Kg and December delivery is offered at Rs 570 (Rs 525) per 10 Kg on December 6, 2016. Values in bracket depict December, 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 138.5 per ton (USD 123 per ton last month).
- On the parity front, margins weakened during the month of November on higher price of palm oil imports and lower price of palm products in Indian markets and we expect margins to weaken in coming days. Currently refiners lose USD 5-10/ton (November average) v/s gain of USD 75-80/ton (October average) margin in processing the imported CPO but on the imports of ready to use palmolein lose USD 5-10/ton (November average) v/s gain of USD 75-80 (October average).
- We expect palm oil to trade sideways to firm tone in medium term.

### **International Market Fundamentals**

- Agriwatch view – Palm oil prices witnessed gains in November on rise in soy oil CBOT and RBD palmolein DALIAN. Lower stocks of palm oil in Malaysia supported upside during the month.

Palm oil exports are reported lower by 10-13 percent from Malaysia in November mostly due to weak buying from India

Palm oil markets are expected to touch fresh highs on support from competitive oils, weak ringgit, weak production of palm oil in Malaysia and higher crude oil prices. However, palm oil markets have stretched a lot in current rally.

Palm oil is seen rising due to competitive oil like DALIAN soy oil, DALIAN RBD palmolein and CBOT soy oil in near term.

Palm oil end stocks in Malaysia will show slower rise in November than expected, mostly due to lower production. Production will be lower in Malaysia in November due to lagged effect of El Nino.

Demand is firm from China due to stocking ahead of Chinese New Year. China is buying more to replenish its stocks due to lower buying in 2016.

Chinese markets are supporting palm oil prices as rise in prices in China will compound to higher export demand from Malaysia.

Palm oil stocks in Malaysia rose from six year low on lower exports of palm oil especially to India and China. India decreased in purchases in November due to weak demand and demonetization of its higher denominated currency

Exports from Malaysia is higher due aggressive pricing if Malaysian RBD palmolein compared to Indonesia CPO which erodes stocks from Malaysia and support prices.

Indonesia removed crude palm oil export duties to support exports of CPO, which has slowed due to aggressive pricing by Malaysia.

Rise in prices of soy oil due to higher EPA mandate will increase use of soy oil in biodiesel. Prices surged on lower rise in end stocks of palm oil in Malaysia in October on decrease in production and lower fall in exports supporting prices in near term.

China has not imported any soy oil from Argentina and talks with Canada over Canola have has fructified after many months which has resulted in shortage of edible oils in the country. Canadian canola seeds crop have been affected by snow leading to higher prices of canola oil. Moreover, China has not imported much soybean in last couple of months leading to lower stocks at ports. China has not imported much palm oil in last two months which has led to lower supply of edible oils in the country. Additionally depreciation of Chinese Yuan has made palm oil costly for China and expensive in China.

China is expected to stocks palm oil in coming months to stocks ahead of Chinese New Year.

Demand is weak from India and China as they will purchase only when prices correct significantly.

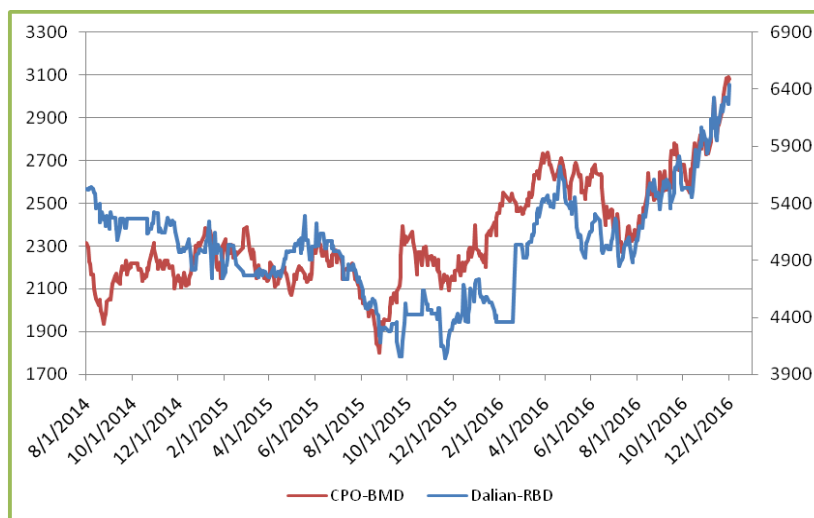
Parity of palm oils fell in India which will decrease imports from India. Malaysia RBD palmolein is still quoted at par with CPO on Indian CNF markets indicating India will purchase more in December from Malaysia.

Aggressive pricing by Malaysia by quoting lower RBD palmolein

compared to Indonesia CPO will support palm oil exports in near term. Above 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 second quarter of 2017 as effect of El Nino will be over and condition will normalize. Palm oil production is expected to be weaker in November due to lagged effect of El



Nino. However, La Nina weather conditions in Malaysia and Indonesia in December will affect production on higher rains which will hinder harvest, crushing and transportation of palm oil.

India is buying more from Malaysia due to competitive prices offered by Malaysia compared to Indonesia.

Rise in DALIAN RBD palmoline and CBOT soy oil has supported palm oil in near term. Above chart shows high correlation between RBD palmolein-Dalian and CPO-BMD.

Demand from India will remain weak in December from Malaysia. However, exports to China from Malaysia will increase in December.

Expectation of higher end stocks of palm oil in Malaysia in December will underpin prices in near term. Agrwatch expects palm oil stocks will rise by less than market estimate. Agrwatch estimates that production will be lower in November.

However, exports will rise in first ten days of December from Malaysia compared to corresponding period last month on stocking ahead of winters and demand from China.

Malaysia has maintained palm oil export duty on CPO at 6.5 percent for December.

Indonesia has maintained zero export duties in December.

Palm oil discount with crude degummed soy oil (CDSO) is has increased and will support exports to top exporting destinations.

Implementation of B10 biodiesel mandate in Malaysia and biodiesel mandate in Indonesia to blend 20% CPO in biodiesel will support palm oil prices in medium term.

Rise in crude oil prices will support palm oil prices in medium term.

Therefore, prices of palm oil are in a range.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's October palm oil end stocks rose 1.79 percent to 15.74 lakh tons compared to 15.46 lakh tons in September. Palm oil end stocks are much below market expectations. Production fell 2.17 percent to 16.78 lakh tons compared to 17.15 lakh tons in September. Exports fell 1.39 percent in October to 14.31 lakh tons compared to 14.51 tons in September. Imports rose in October to 0.27 lakh tons compared to 0.018 lakh in September. Slow rise in end stocks are primarily due to lower production on lagged effect of El Nino and less fall in exports than estimated.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's November palm oil exports fell 12.8 percent to 1,130,172 tons compared to 1,295,576 tons last month. Top buyers were European Union at 215,995 tons (307,685 tons), China at 215,655 tons (178,711 tons), India at 118,010 tons (189,724 tons), United States at 55,556 tons (41,270 tons) and Pakistan at 22,000 tons (59,770 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's November palm oil exports fell 10.6 percent to 1,152,535 tons compared to 1,288,894 tons in corresponding period last month. Top buyers were China at 214,170 tons (139,585 tons), European Union at 213,045 tons (316,883 tons) and India & subcontinent at 161,260 tons (304,741 tons). Values in brackets are figures of corresponding period last month.



- According to Indonesia Palm Oil Association (GAPKI), Indonesia is expected to produce 32-33 MMT of palm oil in 2017 compared to estimated production of 28.5-30 MMT in 2016, higher by 16 percent y-o-y. Production in 2015 was 33 MMT. Wet condition in 2016 in Indonesia is primary reason for higher production in 2017. Exports are expected to grow to 23-25 MMT in 2017 compared to 23 MMT estimated in 2016. Palm oil prices rose in 2016 due to lower stocks of palm on El Nino, crude oil prices and biodiesel mandates in Indonesia and Malaysia.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's September palm oil exports fell 16.4 percent to 1.73 MMT compared to 2.07 MMT exported in August. Palm oil stocks rose 28 percent in September to 2.17 MMT from 1.695 MMT in August. Palm stocks rose due to lower stocks and higher production.
- Policy development- According to Malaysia Palm Oil Board (MPOB), Malaysia kept December crude palm oil export duty unchanged at 6.5 percent. Tax is calculated at reference price of 2865.40 ringgit (USD 689.63) 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's trade ministry, Indonesia set palm oil export duty to zero for December.

- **Price Outlook:** We expect CPO Kandla 5% to trade in the price band of Rs 510-600 per 10 Kg.

### Balance Sheet- Palm Oil (quarterly), India

*Fig. in million tons*

	2015-16	2016-17-F	Nov-Jan-F	Feb-Apr-F	May-July-F	July-Oct-F
<b>Opening Stock</b>	<b>1.74</b>	<b>1.11</b>	1.11	1.28	1.27	1.16
<b>Production</b>	<b>0.20</b>	<b>0.20</b>	0.05	0.05	0.05	0.05
<b>Imports</b>	<b>8.44</b>	<b>9.28</b>	2.32	2.14	2.23	2.60
<b>Total Supply</b>	<b>10.38</b>	<b>10.59</b>	3.48	3.47	3.55	3.81
<b>Consumption</b>	<b>9.27</b>	<b>9.55</b>	2.20	2.20	2.39	2.77
<b>Ending Stocks</b>	<b>1.11</b>	<b>1.04</b>	1.28	1.27	1.16	1.04

Source: AW estimates

Oil year- November-October

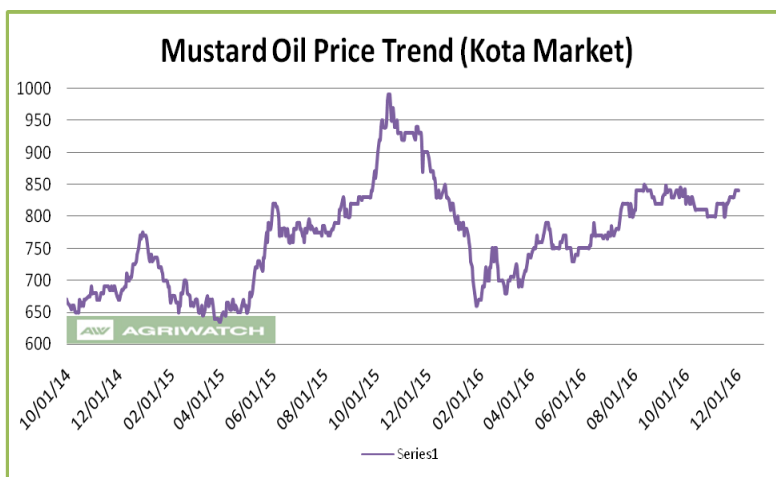
### Highlights

- Prices of palm oil in 2016-17 are expected to be firm on lower carryout in oil year 2015-16.
- Imports are expected to improve compared to last year on lower imports duty compared to other edible oils.
- Carryout stocks of oil year 2015-16 are 1.10 million tons on lower imports.
- Carryout of 2016-17 is lower than 2015-16 due to higher imports of palm oil.
- Carry out of first quarter of oil year 2016-17 will be higher than second quarter of oil year 2016-17.



## Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured uptrend in benchmark at Kota during the month of November on firm demand. Prices of expeller mustard oil rose across board in India except New Delhi and Kolkata. Kacchi ghani prices rose across board in India. Rapeseed (Canola) oil process rose in November.
- Agriwatch view: Rapeseed oil prices traded firm in the month of November in various markets in India on firm demand and effect of demonetization.



Firm rapeseed-mustard prices impacted prices of rapeseed oil. Rapeseed supplies were affected by demonetization of higher denominated currency.

Rapeseed oil prices were supported by rise in prices of palm and soy oil.

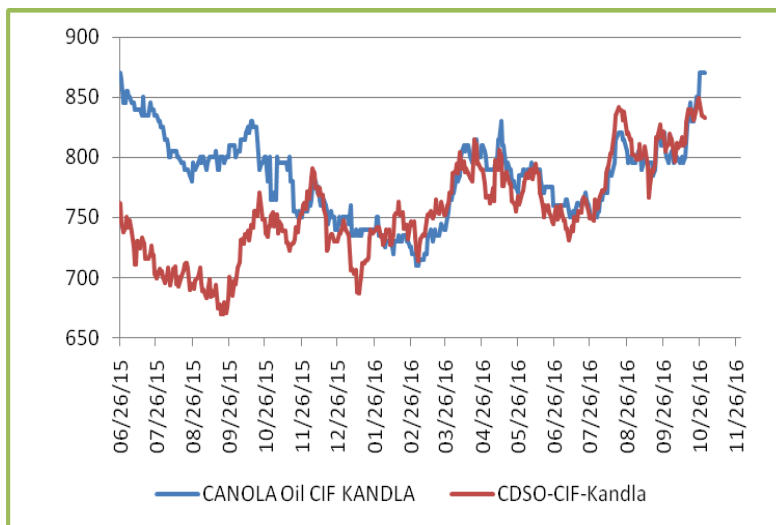
Demand firmed due to stocking ahead of winters. Fall in temperatures in North and East India will support prices.

Prices rose on seasonal uptrend of prices.

Winter demand is expected to rise in until February which will support prices. Rapeseed sowing is expected to be strong which will affect sentiment in longer term.

Stockists and traders are stocking on winters. With onslaught of winters prices will get support in medium term. However, stocks of rapeseed oil are low

in the market and supply of rapeseed is not sufficient to meet demand by crushers.



Rapeseed (Canola) oil prices increased in November on rise in prices of international soy and palm oil prices.

Canola oil is landing at the cost of CDSO.

Above 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 0.44 lakh tons of rapeseed (Canola) oil in October 2016 v/s 0.16 lakh tons in October 2015, higher by 175 percent y-o-y. For oil year 2015-2016 (November 2015 – October 2016) India imported 3.77 lakh tons rapeseed (canola) oil v/s 3.56 lakh tons in corresponding period in the oil year 2014-15, higher by 6.2 percent: SEA
- All India sowing of sunflower has reached 61.73 lakh hectares as on 02 December 2016, compared to 54.32 lakh hectares in the corresponding period last year.
- CIF Canola oil premium over soybean oil is hovering at USD 18 (USD 10 last month) as on 6 November, 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 848 (Rs 825) per 10 Kg and at Kota market is quoted around Rs 840 (Rs 800) per 10 kg as on December 6, 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 800-900 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
<b>Opening Stocks</b>	1.71	1.32	1.49	1.73	3.86	1.39
<b>Production</b>	24.48	22.68	25.02	26.78	20.16	21.24
<b>Imports</b>	0.11	0.91	0.13	2.00	3.70	3.50
<b>Total Supply</b>	26.30	24.91	26.64	30.52	27.72	26.13
<b>Exports</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>Consumption</b>	24.99	23.41	24.91	26.66	26.33	24.72
<b>Ending Stocks</b>	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 sideways trend at its benchmark market in Chennai during the month of November on weak demand and weak supply. Prices closed higher in Kakinada, Hyderabad, Mumbai, Erode, Kandla/Mudra and Latur.
- Agriwatch view: Sunflower prices were unchanged in month of November at its benchmark market of Chennai on weak demand and weak supply.

Prices were unchanged in domestic market despite rise in international prices of sunflower oil indicating weak demand.

Sunflower oil imports in the month of November were significantly lower than November 2015. Negative premium of crude sunflower over CDSO and low premium over CPO in CNF markets will support imports and prices in medium term. Imports are expected to be higher in December as crude sunflower oil premium over CDSO CNF in negative and over CPO CNF has decreased.

Refiners and stockists are stocking as sunflower oil premium over soy oil is low at USD -57 (USD 1.5 at present). Refiners will take advantage of lower premium of sunflower oil over soy oil in December.

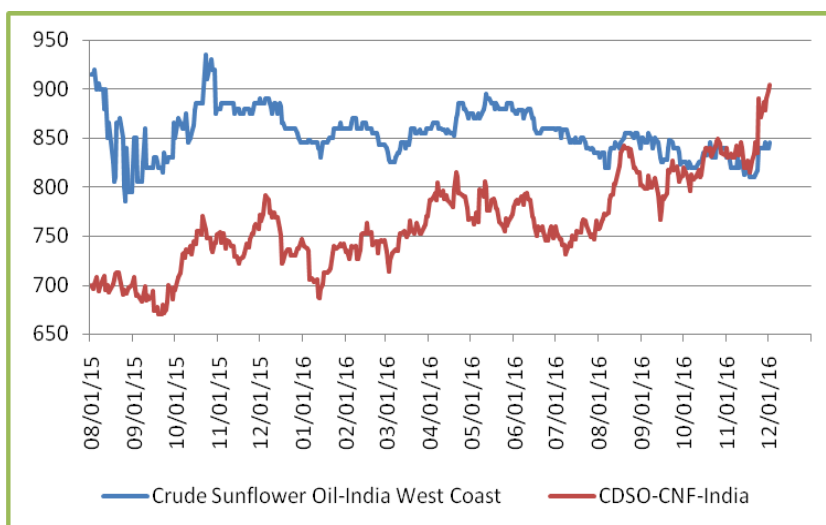
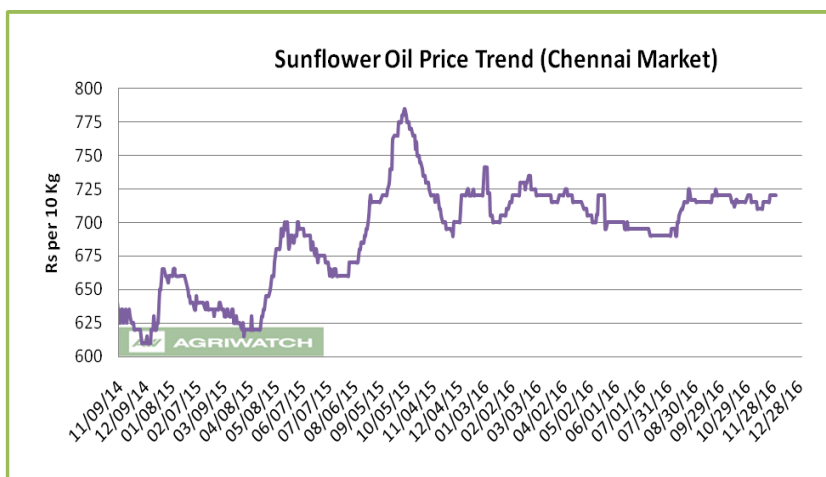
The above table shows the movement of CDSO India west coast and crude sunflower India West Coast.

Imports have decreased continuously since May 2016. Imports in crude sunflower oil year 2015-16 were lower than 2014-15. Stocks at ports and pipelines decreased on 1<sup>st</sup> December compared to 1<sup>st</sup> November 2016.

Prices have retained in current range due rise in prices of domestic soy and palm oil, seasonal uptrend of prices and lower imports coupled with low stocks at ports and pipelines.

Higher prices of competitive oils have supported the prices of sunflower oil which could have fallen.

In domestic market, demand is expected to be weak in medium term. Sunflower oil prices are expected to correct on seasonal downtrend of prices in medium term.



On the international front record production of sunflower oil will dampen sunflower oil prices in international markets which will increase imports in medium term.

Prices of sunflower oil in international markets are expected to trade at discount to soy oil and premium over palm oil will decrease in medium term.

Prices are expected to remain in a range on seasonal uptrend of prices, higher soy and palm oil in domestic market. Prices of sunflower oil are expected to remain in a range in December.

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

- All India sowing of sunflower has reached 1.07 lakh hectares as on 02 December 2016, compared to 2.24 lakh hectares in the corresponding period last year.
- Sunflower oil import scenario – According to SEA, India imported 0.97 lakh tons of crude sunflower oil during October 2016 v/s 1.13 lakh tons in October 2015, lower by 14.2 percent y-o-y. Imports during oil year 2015-16 (November 2015 –October 2016) were reported at 15.16 lakh tons v/s 15.43 lakh tons during the corresponding period in last oil year, down marginally y-o-y.
- CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 845 (USD 807.5) per ton for JFM delivery and AMJ delivery is offered at USD 845 per ton as on December 6, 2016. Last month, CIF sun oil (Ukraine origin) monthly average was around USD 824.46 per ton. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 800-880 per ton in the near term. CIF Sunflower oil-CNF premium against CDSO CNF had weakened from last month and is hovering at USD -57 per ton versus USD 1.5 last month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 720 (Rs 720) per 10 Kg, and at Hyderabad market, it is offered at Rs 732 (Rs 722) per 10 kg as on December 6, 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*

	2015-16	2016-17-F	Nov-Jan-F	Feb-Apr-F	May-July-F	Aug-Oct-F
<b>Opening Stock</b>	2.12	2.06	2.06	2.49	2.62	2.67
<b>Production</b>	1.42	1.55	0.28	0.23	0.52	0.52
<b>Imports</b>	15.16	16.676	4.42	4.17	4.17	3.92
<b>Total Supply</b>	18.70	20.29	6.76	6.89	7.30	7.11
<b>Exports</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>Consumption</b>	16.64	17.81	4.27	4.27	4.63	4.63
<b>Ending Stocks</b>	2.06	2.48	2.49	2.62	2.67	2.48

Source: AW estimates

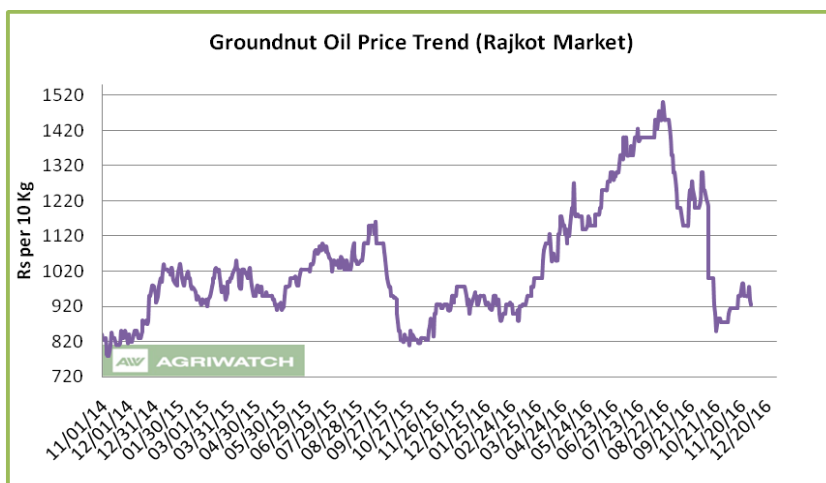
Oil year- November-October

**Highlights**

- Prices will be weak in higher carry out for oil year 2016-17 compared to of 2015-16.
- Sunflower oil production is expected to be higher in oil year 2016-17 on higher sunflower crop.
- Carryout stocks of oil year 2015-16 is 2.06 lakh tons on higher sunflower oil imports.
- Carryout of 2016-17 is higher than 2015-16 due to higher imports and higher domestic crop.

## Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured uptrend during the month in review at its benchmark market in Rajkot on weak supply and weak supply of groundnut on steady harvest. Prices closed higher in Chennai, Hyderabad, New Delhi, Hyderabad, Mumbai, Gondal and Jamnagar at the end of the month.
- Agriwatch view: Groundnut oil rose in the month of November on weak supply.



Rise in prices of groundnut supported the rise. USDA attaché in New Delhi increased the groundnut crop has pegged groundnut production from 5.5 MMT to 6.4 MMT on higher Kharif crop and higher Rabi planting.

Due to higher crop of groundnut prices fell below MSP which led to NAFED and Gujarat State corporative societies and other government bodies to procure from market to support prices.

Rise in soy oil and palm oil prices supported the rise.

However, primary reason behind rise in prices of groundnut oil demonetization of higher denominated currency notes, which led to breakup in supply chain. Traders were not able to purchase groundnut due to lack of cash in hand which led to shortfall of groundnut to millers. Millers in turn were not able to sell in market due to lack of liquidity supporting prices. However, once

Prices rose on seasonal uptrend of prices.

Retail and export demand is weak.

Millers are unable to sell their produce, as there are no buyers. Millers are finding it difficult to procure raw material due to lack of liquidity in market

Millers are unable to pay to traders of groundnut due to cash crunch. Groundnut oil markets are mostly dependent on cash transactions and millers are not able to get raw material and sell finished oil in market supporting prices.

Stockists and traders are unable to stock as trade is difficult.

Demand will improve in December which is peak season of demand in Gujarat.

Ready markets are not working in normal way.

Prices are expected trade firm in medium term on seasonal uptrend of prices, higher demand when cash crunch in market fades and support from competitive oils.

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

- All India sowing of groundnut has reached 4.64 lakh hectares as on 02 December 2016, compared to 4.13 lakh hectares in the corresponding period last year.
- According to United States Department of Agriculture (USDA) October estimates India is expected to produce 9.61 lakh tons of groundnut oil compared to 10.37 lakh tons in September estimate. Exports were kept unchanged at 0.20 lakh tons. Domestic consumption was reduced to 9.35 lakh tons compared to 9.85 lakh tons in its September estimate. Ending stocks were raised to 1.18 lakh tons from 0.59 lakh tons in September estimate.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 9,400 (8,750) per quintal and quoting at Rs 9,500 (Rs 8,600) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to firm tone in the coming days.

**Price Outlook:** We expect Groundnut oil (Rajkot) to trade in the price band of Rs 850-1100 per 10 Kg.

### Balance Sheet- Groundnut Oil (quarterly), India

*Fig. in lakh tons*

	2015-16	2016-17-F	Nov-Jan-F	Feb-Apr-F	May-July-F	Aug-Oct-F
<b>Opening stocks</b>	0.17	0.14	0.14	0.31	0.23	0.22
<b>Oil availability (Production)</b>	2.47	3.02	1.11	0.90	0.50	0.50
<b>Imports</b>	0	0	0	0	0	0
<b>Total Supply</b>	2.34	2.85	1.19	1.11	0.68	0.62
<b>Exports</b>	0.30	0.30	0.05	0.10	0.05	0.10
<b>Consumption</b>	2.20	2.69	0.89	0.89	0.46	0.46
<b>End stocks</b>	0.14	0.17	0.31	0.23	0.22	0.17

Source: AW estimates  
Oil year- November-October

### Highlights

- Groundnut oil production is expected to be higher in oil year 2016-17 on higher groundnut crop.
- Higher oil production in 2016-17 is due to higher marketable surplus of groundnut seed resulting in higher crush.
- Carryout stocks of oil year 2015-16 is 0.14 lakh tons on higher groundnut oil production.
- Carryout stocks of oil year 2016-17 is 0.17 lakh tons on higher groundnut oil production.
- Higher supply of groundnut oil in 2016-17 is due to higher marketable surplus.
- Carryout of 2016-17 is higher than 2015-16 due to higher production of groundnut oil.



## Coconut oil: Domestic Market Fundamentals

- Coconut oil featured uptrend at its benchmark market weak supply. In Trissur and Kochi rose at the end of the month.
- Agriwatch view: Prices of coconut oil rose in the month on weak supply.

Rise in prices of copra supported the rise in prices.

Coconut production has slowed, as there has been severe shortage of

rains in Erode and many parts of Kerala, which has decreased production in medium term.

Supply of copra has fallen below MSP in November which has led to buying by various state agencies to support prices.

Copra prices have surged due to lower supply as traders are facing liquidity crunch to pay to copra farmers.

Due to demonetization of higher denominated currency has led to failure of supply chain in coconut oil sector which was mostly dependent of cash for transactions.

Millers are not able to get copra from traders which has led to short supply of coconut oil supporting prices.

Millers are finding it difficult to supply to the market due to liquidity crunch and heavy dependence of cash transactions. Therefore, traders and upcountry buyers are not able to purchase coconut oil from millers due to liquidity crunch, supporting prices.

Therefore, lack of raw material and higher prices of copra has led to higher prices of coconut oil in the market.

Rise in palm and soy oil prices supported the rise.

Northeast monsoon has arrived in Tamil Nadu and Kerala which will slow harvest of coconut and support prices of copra thereby affecting prices of coconut oil.

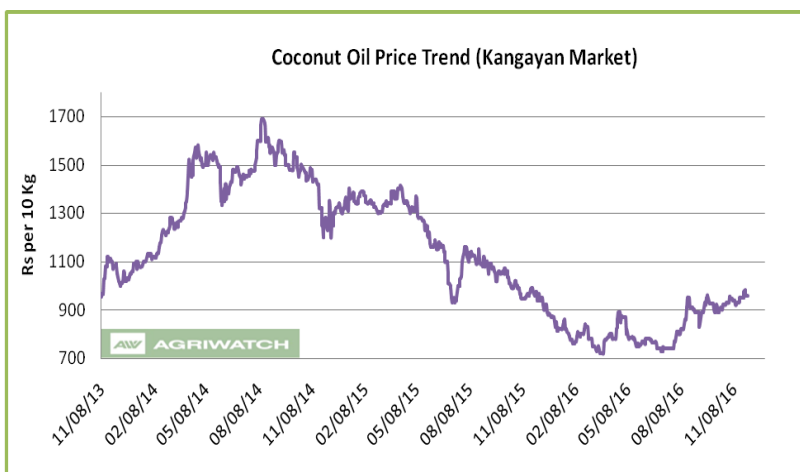
Exports of coconut oil have increased as the domestic prices of coconut oil are lower than international prices. Imports are not possible at these prices.

Lower prices of coconut oil for a long period has shifted demand pattern towards coconut oil in medium term and government measure to control adulteration of coconut oil has yielded positive results.

Moreover, with higher prices and low supply of palm oil helped shift in demand pattern towards coconut oil.

Corporate demand which contributes 80 percent of demand is moderate. Demand shifted towards coconut oil in past couple of months on higher prices and lower supply of palm oil which led to shifted towards coconut oil whose prices were at rock bottom.

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



Regular supply of coconut oil will take time to improve. If the situation continues, further firming of prices could be seen.

Prices are expected to remain firm in December on demand from corporates, lower supply of copra, higher prices of copra, lower harvest of coconut on arrival of Northeast monsoon and weak supply chain activity due to demonetization and higher competitive oil prices. Prices are expected to trade sideways to firm in medium term.

- MSP of “milling” copra has been hiked to Rs 5,950 per quintal while “ball copra” is increased to Rs 6,250 per quintal for 2016-17.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 9,600 (9,250) per quintal due to firm demand of coconut oil, and quoting Rs 9,550 (9,250) per quintal in Erode market on November 1, 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 900-1050 per 10 Kg.

#### Coconut oil production:

*Fig. in tons*

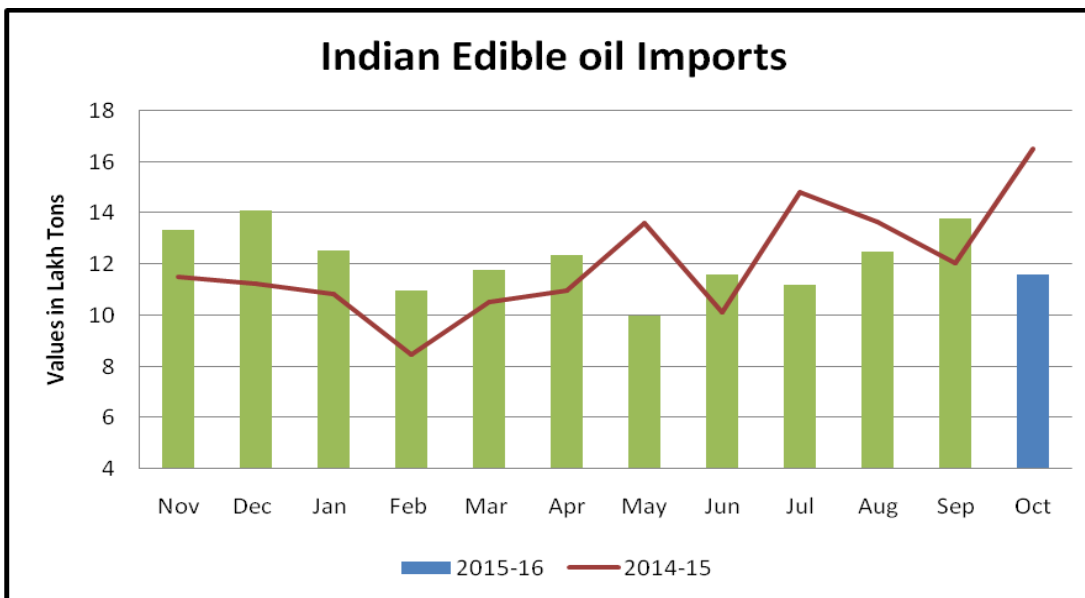
Year	Export	Import	Production
2011-12	6521.68	3014.21	587500
2012-13	6829.42	1001.88	608100
2013-14	7066.9	1645.57	562500
2014-15	6935.54	12811.92	481300
2015-16	8549.97	5416.30	546300

Source: Coconut Development Board

#### Trade Statistics:

	2015 (April-September)		2016 (April-September)	
	Cum. Quantity (in MT)	Cum. Value (Rs. In lakhs)	Cum. Quantity (in MT)	Cum. Value (Rs. In lakhs)
Exports	3717.69	8555.30	16282.29	17125.05
Imports	3313.69	2795.24	4.83	17.94

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 13.57 million tons 2015-16 (November 2015-October 2016) compared to 14.42 million tons last year. Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein) imports for October is pegged at 11.58 lakh tons.

**Indian Supply and Demand Scenario:**

Balance sheet of Indian Edible Oil	2014-15	2015-16	2016-17-F	% Change
Value in million tons				
Beginning Stock	1.49	2.77	1.98	-28.54
Production	7.55	6.78	8.24	21.63
Imports	14.42	14.57	15.01	3.00
Total Supply	23.46	24.12	25.23	4.61
Exports	0.01	0.01	0.01	0.00
Total Demand(Consumption)	20.68	22.13	23.24	5.00
Ending Stock	2.77	1.98	1.99	0.27

\* Value in million tons

**Balance Sheet Highlights**

Net edible oil output is likely to be 8.24 million tons (up 21.63 percent y-o-y basis) in 2016-17 on the back of higher oilseed sowing in Kharif and Rabi season in the current oil year.

On import front, edible oil imports seen at 15.01 million tons for 2016/17 oil year v/s 14.57 million tons last year.

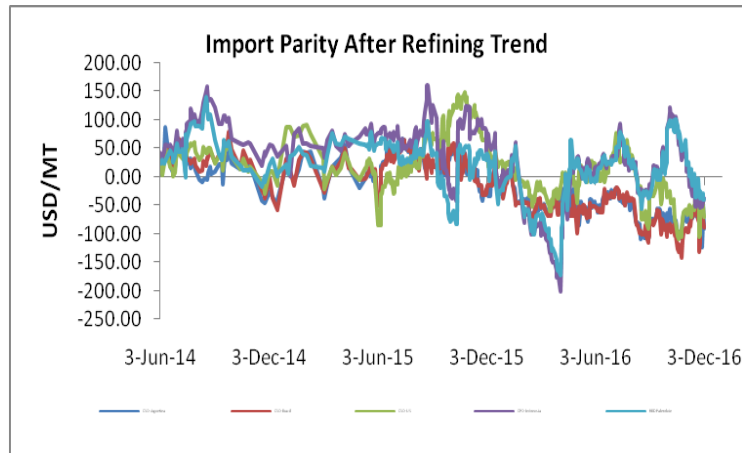
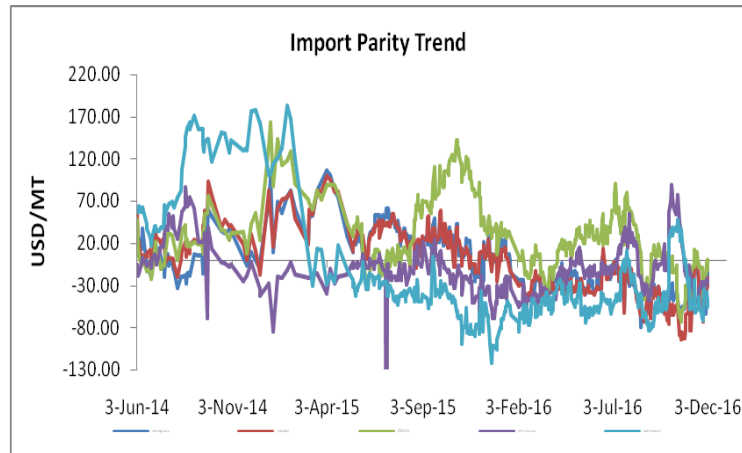
On the consumption side, India's edible oil consumption for 2016-17 oil year seen at 23.24 million tons, up 5 percent from last year. Ending stocks are projected higher compared to 2015-16 at 1.99 million tons.

**Note** - Values in Mln. Tons, Oil year (Nov.-Oct.) \*Including Production of Groundnut, Soy, Mustard, Sunflower, Sesame, Niger, Safflower, Cottonseed, Copra, Rice bran Oils. \*\* 2015-16- SEA of India & 2016-17 Agriwatch Estimates, \*\*\* (USDA estimates).

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

<b>Landed Cost Calculation as on 02/12/2016</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>	<b>RBD Palmolein</b>
FOB USD per ton	855	859	834	730	740
Freight (USD/MT)	60	55	62	25	20.0
Landing Charge 1%	9.15	9.14	8.96	7.55	7.6
C & F	915.0	914.0	896.0	755.0	760.0
Weight loss (0.25% of FOB)	2.14	2.15	2.09	1.83	1.85
Finance charges (0.4% on CNF)	3.66	3.66	3.58	3.02	3.04
Insurance (0.3% of C&F)	2.75	2.74	2.69	2.27	2.28
CIF (Indian Port - Kandla)	933	932	913	770	775
CVD	0	0	0	0	0
Duty (Values in USD per tons)	108.75	108.75	108.75	57.30	121.80
CVD value USD per ton	0	0	0	0	0
Cess (3% on duty) USD per ton	2.175	2.175	3.2625	1.146	2.436
Exchange rate	68.22	68.22	68.22	68.22	68.22
Landed cost without customs duty in INR per ton	63628	63560	62306	52506	52855
Customs duty %	12.50%	12.50%	12.50%	7.50%	15.00%
Base import price	870	870	870	764	812
Fixed exchange rate by customs department	69.40	69.40	69.40	69.40	69.40
Duty component in INR per ton	7547.25	7547.25	7547.25	3976.62	8452.92
Clearing charges INR per ton	1200	1200	1200	1200	1200
Brokerage INR per ton	200	200	200	200	200
Total landed cost INR per ton	72576	72507	71254	57883	62708
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	70500	70500	70500	56300	59000
Total landed cost USD per ton	1064	1063	1044	848	919
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1033	1033	1033	825	865
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-2076</b>	<b>-2007</b>	<b>-754</b>	<b>-1583</b>	<b>-3708</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-30.42</b>	<b>-29.42</b>	<b>-11.05</b>	<b>-23.20</b>	<b>-54.35</b>
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	78275.53	78206.83	76953.74	65382.83	65507.73
Soy/Palm oil imported Price (Including tax)	82189.31	82117.18	80801.42	68651.97	68783.12
Loose price of Soy/Palm in Indore and Delhi market	76125.00	76125.00	76125.00	66150.00	66150.00
<b>Parity after processing and Taxes (Rs per MT)</b>	<b>-6064.31</b>	<b>-5992.18</b>	<b>-4676.42</b>	<b>-2501.97</b>	<b>-2633.12</b>
<b>Parity after processing and Taxes (USD per MT)</b>	<b>-88.71</b>	<b>-87.66</b>	<b>-68.41</b>	<b>-36.60</b>	<b>-38.52</b>
Source: Agriwatch					

### Import Parity Trend

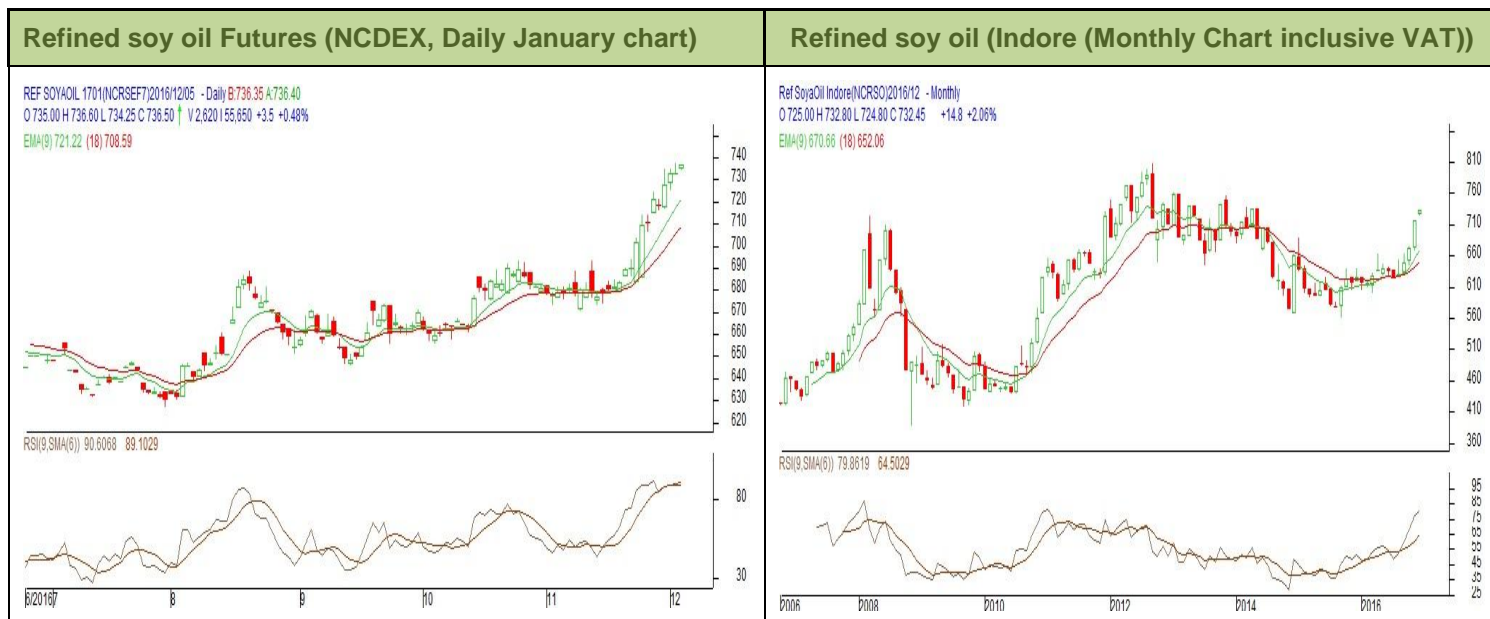


### Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Sep, 2016</b>	-72.51	-81.47	-25.09	12.65	4.22
<b>Oct, 2016</b>	-81.35	-106.68	-67.93	78.49	78.96
<b>Nov, 2016</b>	-77.74	-81.04	-56.37	-23.77	-8.06

### 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 November. Parity in palm oil products may increase palm oil imports in the coming days.

**Technical Analysis (Refined soy oil Monthly Charts)**


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

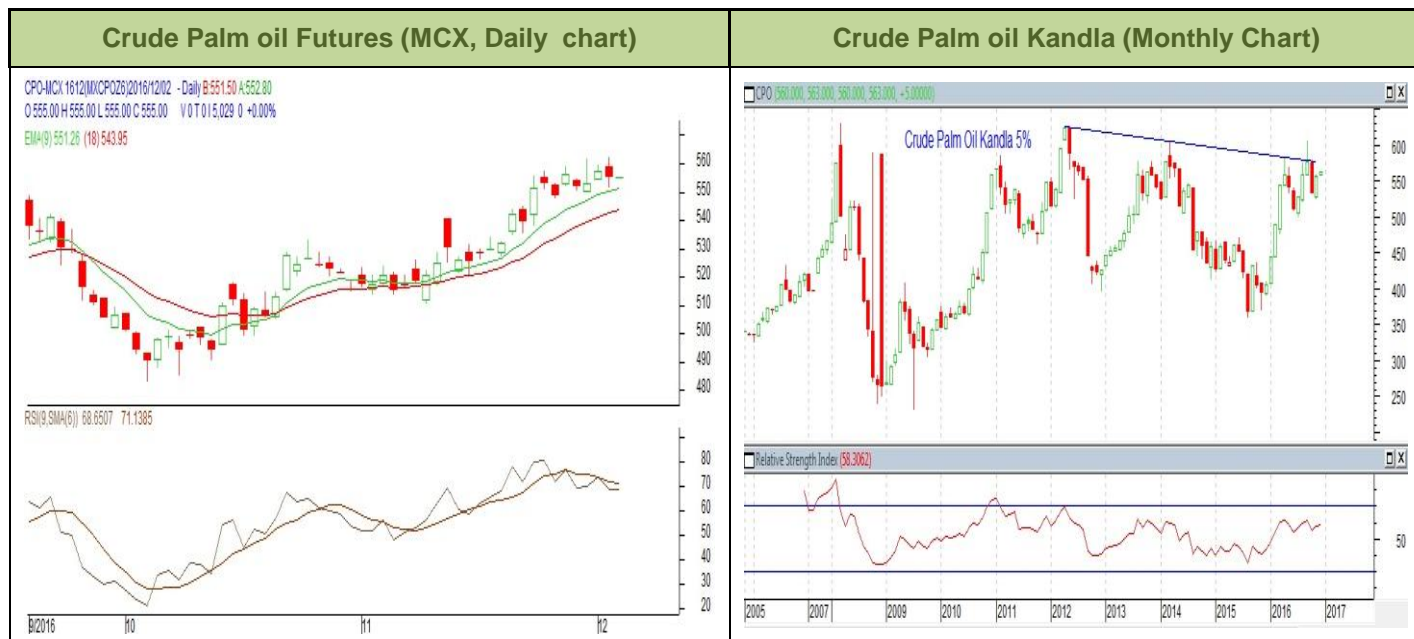
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close below 700 in monthly chart will change the sentiment and bring prices to 660 levels.
- Expected price band for next month is 680-760 level in near to medium term. RSI, Stochastic and MACD and is indicating uptrend at current levels.

**Strategy:** Market participants are advised to go long in RSO above 725 for a target of 745 and 755 with a stop loss at 715 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
694.00	709.00	733.00	750.00	765.00

**Spot Market outlook:** Refined soy oil Indore (including VAT) is likely to stay in the range of 700-800 per 10 Kg.

**Technical Analysis (Crude Palm oil Monthly Charts)**


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

- Candlestick monthly chart of crude palm oil at MCX depicts rise in prices. We expect prices to feature sideways to firm tone in the near term.
- Any close below 540 in monthly chart might bring the prices to 500 levels.
- Expected price band for next month is 500-600 level in near to medium term. RSI along with Stochastic and MACD are indicating uptrend.

**Strategy:** Market participants are advised to go long in CPO above 560 for a target of 580 and 590 with a stop loss at 550 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
539.00	551.00	567.2.00	580.00	600.00

**Spot Market outlook:** Crude palm oil Kandla is likely to stay in the range of 510-600 per 10 Kg.





### Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		30-Nov-16	31-Oct-16	
Refined Soybean Oil	Indore	715	670	45
	Indore (Soy Solvent Crude)	685	640	45
	Mumbai	715	680	35
	Mumbai (Soy Degum)	675	630	45
	Kandla/Mundra	715	665	50
	Kandla/Mundra (Soy Degum)	688	635	53
	Kolkata	720	660	60
	Delhi	720	705	15
	Nagpur	707	673	34
	Rajkot	715	665	50
	Kota	725	670	55
	Hyderabad	684	679	5
	Akola	745	712	33
	Amrawati	745	713	32
	Bundi	715	680	35
	Jalna	NA	718	-
	Alwar	NA	NA	-
	Solapur	NA	719	-
	Dhule	NA	716	-
Palm Oil	Kandla (Crude Palm Oil)	558	532	26
	Kandla (RBD Palm oil)	585	575	10
	Kandla RBD Pamolein	605	590	15
	Kakinada (Crude Palm Oil)	550	530	20
	Kakinada RBD Pamolein	600	578	22
	Haldia Pamolein	610	585	25
	Chennai RBD Pamolein	605	580	25
	KPT (krishna patnam) Pamolein	595	565	30
	Mumbai RBD Pamolein	605	575	30
	Delhi	620	640	-20
	Rajkot	600	582	18
	Hyderabad	615	584	31
	Mangalore RBD Pamolein	605	580	25
	PFAD (Kandla)	465	445	20
	Refined Palm Stearin (Kandla)	530	510	20
Refined Sunflower Oil	Chennai	720	720	Unch
	Mumbai	740	735	5



	Mumbai(Expeller Oil)	670	670	Unch
	Kandla	750	750	Unch
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	727	722	5
	Latur (Expeller Oil)	730	740	-10
	Chellakere (Expeller Oil)	670	660	10
	Erode (Expeller Oil)	750	745	5
Groundnut Oil	Rajkot	940	875	65
	Chennai	950	860	90
	Delhi	960	900	60
	Hyderabad *	990	920	70
	Mumbai	1010	960	50
	Gondal	940	875	65
	Jamnagar	950	875	75
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	852	825	27
	Jaipur (Kacchi Ghani Oil)	891	859	32
	Kota (Expeller Oil)	840	800	40
	Kota (Kacchi Ghani Oil)	895	860	35
	Neewai (Kacchi Ghani Oil)	845	825	20
	Neewai (Expeller Oil)	871	800	71
	Bharatpur (Kacchi Ghani Oil)	920	890	30
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	845	830	15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	895	865	30
	Mumbai (Expeller Oil)	850	820	30
	Kolkata(Expeller Oil)	1020	1040	-20
	New Delhi (Expeller Oil)	810	830	-20
	Hapur (Expeller Oil)	900	850	50
	Hapur (Kacchi Ghani Oil)	960	920	40
	Agra (Kacchi Ghani Oil)	925	895	30
Refined Cottonseed Oil	Rajkot	690	630	60
	Hyderabad	660	665	-5
	Mumbai	690	705	-15
	New Delhi	670	650	20
Coconut Oil	Kangayan (Crude)	960	930	30
	Cochin	800	790	10
	Trissur	1010	950	60

Sesame Oil	New Delhi	700	700	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	495	470	25
Rice Bran Oil (4%)	Punjab	610	600	10
Rice Bran Oil (4%)	Uttar Pradesh	610	600	10
Malaysia Palmolein USD/MT	FOB	725	700	25
	CNF India	743	718	25
Indonesia CPO USD/MT	FOB	723	695	28
	CNF India	743	718	25
RBD Palm oil (Malaysia Origin USD/MT)	FOB	723	695	28
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	735	715	20
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1710	1660	50
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	670	640	30
Crude palm Kernel Oil India (USD/MT)	CNF India	1640	1410	230
Ukraine Origin CSFO USD/MT Kandla	CIF	840	840	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	850	-
<b>Argentina FOB (\$/MT)</b>		<b>29-Nov-16</b>	<b>28-Oct-16</b>	<b>Change</b>
Crude Soybean Oil Ship		824	786	38
Refined Soy Oil (Bulk) Ship		853	814	39
Sunflower Oil Ship		770	765	5
Cottonseed Oil Ship		804	766	38
Refined Linseed Oil (Bulk) Ship		804	806	-2
<i>* indicates including VAT</i>				

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