



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, groundnut oil and coconut oil closed higher while rapeseed oil and sunflower oil closed lower.

Coconut oil (Kangayan) was the best performer among the edible oil complex tracking firm demand and weak supply in the cash market. However, rapeseed oil (Kota) was the worst performer ending weak rapeseed prices.

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

Recommendation:

Market participants are advised to go long in RSO above 710 for a target of 735 and 740 with a stop loss at 700 on closing basis.

Market participants are advised to go long in CPO above 575 for a target of 605 and 610 with a stop loss at 560 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 570-580 for the target of 610-620 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (March) is expected to stay in the range of 33 cents/lb to 38 cents/lb. CPO at BMD (March) is likely to stay in the range of 3000-3500 ringgits per ton. Focus during the coming days will be weak ringgit, firm Chinese demand, EPA biodiesel regulations, higher production of biodiesel in Argentina, higher production of soy oil 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 December palm oil exports fell 1.8 percent to 1,109,606 tons compared to 1,130,172 tons in the corresponding period last month. Top buyers were European Union at 257,808 tons (215,995 tons), China at 176,477 tons (215,655 tons), India at 154,525 tons (118,010 tons), Pakistan at 46,150 tons (22,000 tons) and United States at 43,620 tons (55,556 tons). Values in brackets are figures of corresponding period last month: SGS

On the international front, higher EPA biodiesel regulations in US, higher production and exports of biodiesel in Argentina, higher production of soy oil 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 and Indian demand, lower production of palm oil in Malaysia, support from competitive oils, support from Chinese markets, 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 11.55% during 2016 to close at 114.83 during the week ended Dec 31, 2016 from 102.94 a year ago (Jan 2, 2016). The base for the Index and all sub-Indices is 2014 (= 100).
- Six of the 9 commodity group sub-Indices and 14 of the 29 individual commodity sub-Indices gained during the year.

Agriwatch edible oil index



- Agriwatch edible oil index rose 5.03 percent in the week ended December 31, 2016 to 111.30.

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 December. Prices of refined soy oil rose across board in India. CDSO prices rose at Kandla/Mudra and JNPT.
- Refined soy oil, Indore prices rose 16.5 percent in 2016 due to higher international prices of soy and palm oil. Lower crushing of soybean and lower imports in last couple of months led to higher prices in 2016.
- Agriwatch view—Soy oil prices witnessed uptrend in month of December on firm demand.

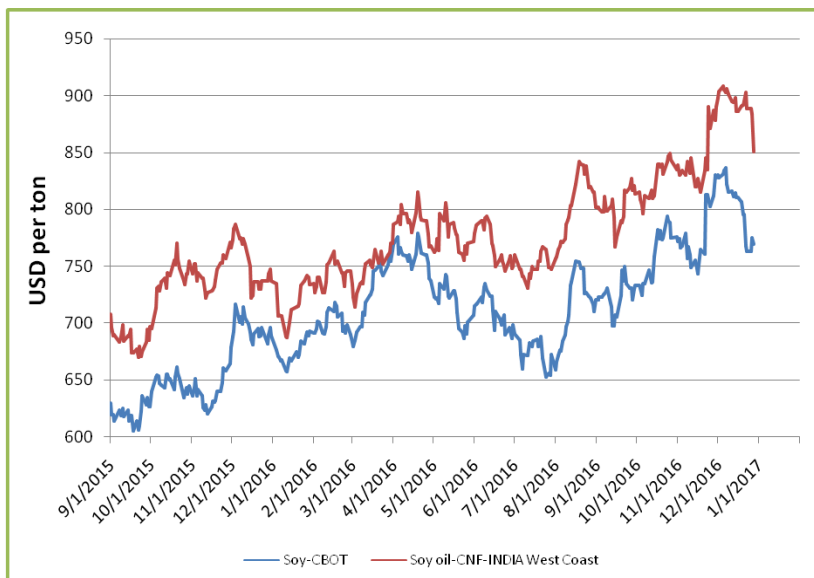
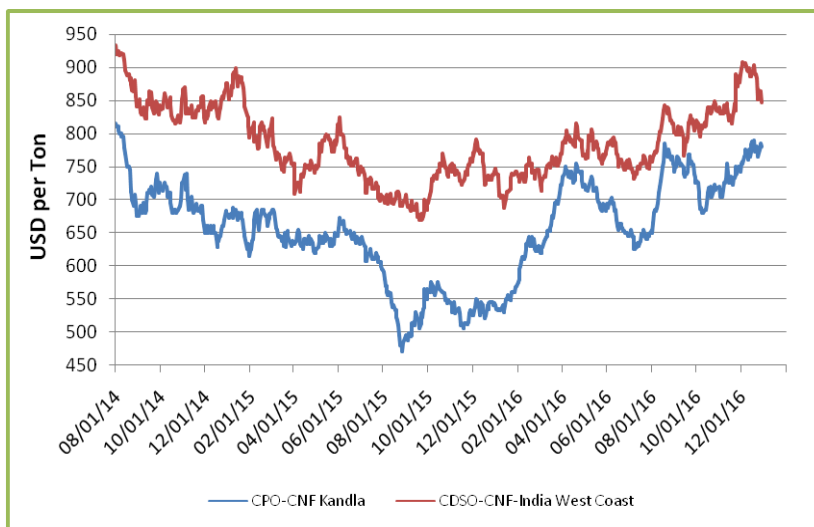
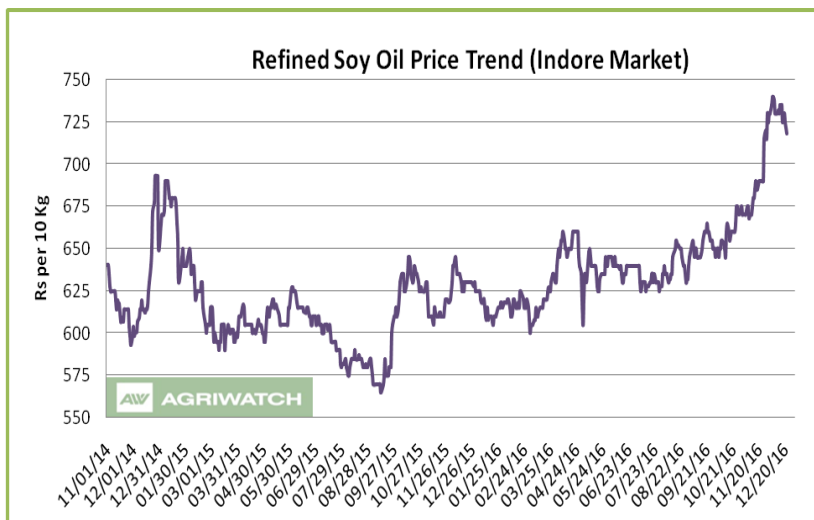
Despite fall in international soy oil prices, prices rose in India indicating firm demand. Domestic CDSO prices rose while of soy oil CNF prices fell.

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 decreased to Rs 140 (Rs 170 last month) per 10 Kg which will support prices. Imports will rise on low CDSO premium over CPO at USD 64 (USD 138.5) per ton for January delivery.

Stocks of CDSO fell in ports and pipelines which were more than setoff lower imports of soy oil. Soy oil demand was firm in domestic market



as fall in stocks at ports and pipelines more than set off by fall in stocks at ports and pipelines.

Landed cost was in parity while refining margins of import are in disparity. Disparity decreased in December.

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 South America 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 still has impact on markets. However, impact has decreased in near term.

Weak demand of soy meal in domestic markets has led to lower rushing and supply leading to higher prices of soy oil.

However, export demand of soy meal has improved.

Indian markets were also supported by BMD Malaysia.

CDSO demand was weak at CNF markets as fall in CDSO CNF compared to last month was higher than fall 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 November compared to October and November 2015 indicating weak supply

Demand will increase in January and February due to winters which will support demand.

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

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

- Soy oil import scenario – According to SEA, India imported 1.64 lakh tons of soy oil in November 2016 v/s 2.57 lakh tons in November 2015, down 36.2 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's November edible oil imports fell 13.3 percent y-o-y to 11.56 lakh tons from 13.33 lakh tons in November 2015. Palm oil imports fell 8.5 percent y-o-y to 7.98 lakh tons y-o-y from 8.72 lakh tons in November 2015. CPO Imports fell 11.16 percent y-o-y to 5.57 lakh tons from 6.27 lakh tons in November 2015. RBD palmolein imports rose 3.9 percent y-o-y to 2.41 lakh tons from 2.32 lakh tons in November 2015. Soy oil imports fell 36.2 percent y-o-y to 1.64 lakh tons from 2.57 lakh tons in November 2015. Sunflower oil imports fell 11.2 percent y-o-y to 1.58 lakh tons from 1.78 lakh ton in November 2015. Rapeseed (Canola) oil imports rose 21.9 percent y-o-y to 0.32 lakh tons from 0.25 lakh tons in November 2015.
- According to Solvent Extractors Association (SEA), India's November edible oil stocks at ports and pipelines fell 7.4 m-o-m to 18.25 lakh tons from 19.35 lakh tons in October 2016. Stocks of edible oil at ports fell to

655,000 tons (CPO 220,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 180,000 tons, Crude Sunflower Oil 90,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,170,000 tons in pipelines (stocks in pipelines were at 1,230,000 tons in October). India is presently holding 33 days of edible oil requirement on 1st December, 2016 at 18.25 lakh tons compared to 35 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.

- According to United States Department of Agriculture (USDA), India is estimated to import 3.8 MMT of soy oil in 2016/17 compared previous estimate of 4.0 MMT and imports of 4.36 MMT of soy oil 2015/16. Production of soy oil is increased to 1.513 MMT in its December estimate compared to 1.353 in its previous estimate. Production in 2015/16 was estimated at 0.997 MMT in its December estimate compared to 1.059 in its previous estimate. Consumption in 2015/16 is reduced to 5.1 MMT from 5.2 MMT in its previous estimate. Consumption in 2016/17 has been kept unchanged at 5.4 MMT from its previous estimate. End stocks of soy oil in 2016/17 are marginally reduced to 0.366 MMT
- India's soy meal exports and its other value added products (HS Code 2304) during November 2016 is 61,003 tons compared to 29,801 tons in November 2015 showing an increase of 104% over the same period of last year. On a financial year basis, the export during April'2016 to November'2016 is 1,55,874 tons as compared to 2,73,433 tons in the same period of previous year showing a decrease of 43%. ng current Oil year, (October – September), total exports during October 2016 to November, 2016 is 80,142 tons as against 71,905 tons last year, showing an increase by 11.45%, as reported by SOPA. Japan (14,542.5 MT), Myanmar (8,083.546 MT), Sri Lanka (7,435.076 MT), Thailand (6,744.31 MT) and Kuwait (3,262.56 MT) were the key buyers of Indian origin meal in November.
- Imported crude soy oil CIF at West coast port is offered at USD 854 (USD 902) per ton for January delivery. February delivery is offered at USD 854 per ton as on January 3, 2016, CIF CDSO November average price was USD 884.56 (USD 843.11) per ton. Values in brackets are figure of November, 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 50-55 per ton (December average) v/s loss of USD 75-80 per ton (November average) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to firm tone in the coming days.

International Market Fundamentals

- Agriwatch view – USDA reduced US 2016/17 soy oil end stocks of US on lower opening stocks, higher biodiesel use, partially set off by higher imports.

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 December if crush do not improve in December.

Appointment of Carl Icahn as special advisor of regulation in US and head of EPA by Trump administration and who is critic of soy based biodiesel will underpin prices in medium term.

Lower biodiesel use in US if EPA guidelines are relaxed will increase supply of soy oil and underpin prices.

Argentina production of soy oil increased 8.5 percent in first 11 months of 2016 indicate higher crushing of soybean in Argentina which led to higher production of soy based biodiesel. Higher production of soy oil was due to President Mauricio Macri cutting of export duties of soy products.

Argentina increased biodiesel production by 50 percent in 2016 due to higher crushing of soybean on supportive policy of Argentina government and relaxation of EU anti dumping duties in October.

Soybean crop condition in Argentina has improved after delayed plantings with adequate moisture after dry weather. USDA kept unchanged soybean estimate of soybean at 57 MMT. However, with delayed planting and low area of soybean, Argentina crop is expected to be reduced by USDA in its January estimate.

Brazil has stated harvesting soybean crop in top producing state of Mato Grosso. However, rains are expected in January which will risk new crop just before harvesting.

With higher crops in Brazil exports of soybean from Brazil is expected to touch record levels at 60 MMT and soybean crop is expected between 102-106 MMT, according to USDA and various agencies.

In US, 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. This will lead to lower crush of soybean which will lead to lower production of soy oil leading to lower stocks of soy oil in December and January.

Soybean exports from US are expected to be steady in January 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.

Demand of soy oil from India is expected to be weak in December and January due to higher soybean crop, 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 January 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) December estimates, U.S 2016/17 ending stocks of soy oil is estimated to fall to 1,522 million lbs from 1,658 million lbs in December estimate. Opening stocks reduced to 1,687 million lbs from 1,718 million lbs in its December estimate. Production of soy oil in 2016/17 is kept unchanged at 22,290 million lbs. Imports in 2016/17 are increased to 275 million lbs from 250 million lbs in its December estimate. Biodiesel use in 2016/17 was increased to 6,200 million lbs from 5,950 million lbs in its December estimate. Food, feed and other industrial use in 2016/17 are is reduced to 14,350 million lbs from 14,500 million lbs. Exports in 2016/17 are kept unchanged at 2,150 million lbs. Average price range estimate is increased to 34.50 - 37.50 cents/lbs from 32.5-35.5 cents/lbs in December estimate. Fall in end stock is primarily due to lower opening stocks, higher biodiesel use partially set off by higher imports and lower Food, feed and other industrial use.

- According to National Oilseed Processors Association (NOPA), U.S. November soybean crush fell to 160.742 million bushels from 164.641 million bushels in October, up by 2.4 percent m-o-m. Crush of soybean in November 2015 was 156.134 million bushels. Production of soy oil in U.S. in November fell to 1.856 billion lbs from 1.911 billion lbs in October 2016. Production in November 2015 was 1.802 billion lbs. Soy oil stocks in U.S. at the end of November fell marginally to 1.339 billion lbs compared to 1.343 billion lbs in October 2016. Stocks of soy oil in November were lower by 9.3 percent compared to November 2015, which was reported at 1.477 million lbs. Yield fell to 11.55 lbs/bushel in October from 11.61 lbs/bushel in November. Yield in November 2015 was reported at 11.54 lbs/bushel.
- According to Argentina's government agricultures ministry, Argentina Jan-Nov 2016 soy oil production rose 8.5 percent to 8.01 MMT compared to corresponding period last year. Argentina processed 41 MMT of soybean in first 11 months of 2016, higher by 7.3 percent compared to corresponding period last year. Exports of soy oil from Jan-Oct 2016 reached USD 3 billion. Sunflower oil production grew 3.2 percent to 1.1 MMT in Jan-Nov, 2016 compared to corresponding period last year.
- According to Argentine Biofuels Chamber (Carbio), Argentina is expected to produce 2.7 MMT in 2016, which is approximately higher by 50 percent from 2015. Argentina's government policy to promote use of biodiesel in various sectors led to the rise, according to the agency. Argentina produces 9 percent of global biodiesel production of 30 MMT.
- Wide spread rains showers in Argentina's has boosted the soybean planting pace which was lagging the normal pace. By mid December Argentina's soybean planting were reported at 67% by Buenos Aires Grain Exchange. Earlier in December dry weather in Argentina had raised the concern in planting and crop development, Argentina is the major soy meal exporter in the world. Argentina will receive beneficial rains during the week.
- China's soybean imports reached 7.8 million tons in November 2016 which is up 6.1% year-on-year and 50.5% month-on-month. China is estimated to import 86 million tons of soybean in 2016/17 season, which will be highest ever. China's soybean imports stood at 74.2 million tons in the first eleven months of 2016, reported by the China's Customs.
- Conab, the government's crop supply agency has forecast Brazil's 2016/17 soybean production at 102.45 million tons, up 7% from the last season.
- According to China General Administration of Customs (CNGOIC), China's edible vegetable oil imports rose 64.5 percent in November at 5.1 LT compared to 3.1 LT in October. Imports fell 12.1 percent to 5.8 in LT compared to November 2015. Year to date imports were lower 20.5 percent to 47.6 LT compared to corresponding period in 2015.
- 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.
- Brazil's 2016/17 soybean crop is forecast up at 102.6 million tons compared to 96.3 million tons in 2015/16 marketing season, reported by Agroconsult.
- According to Energy Administration Agency of U.S. (EIA), U.S. October biodiesel output rose to 142 million gallons compared to 135 million gallons in September. Soy oil was the largest feedstock with 526 million lbs use in October compared to 537 million lbs in September.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price for 2016/17 is forecast at \$8.70 to \$10.20 per bushel, up 25 cents on both ends of the range. Soybean oil is forecast at 34.5 to 37.5 cents per pound, up 2 cents on both ends. The soybean meal price forecast is unchanged at \$305 to \$345 per short ton.

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

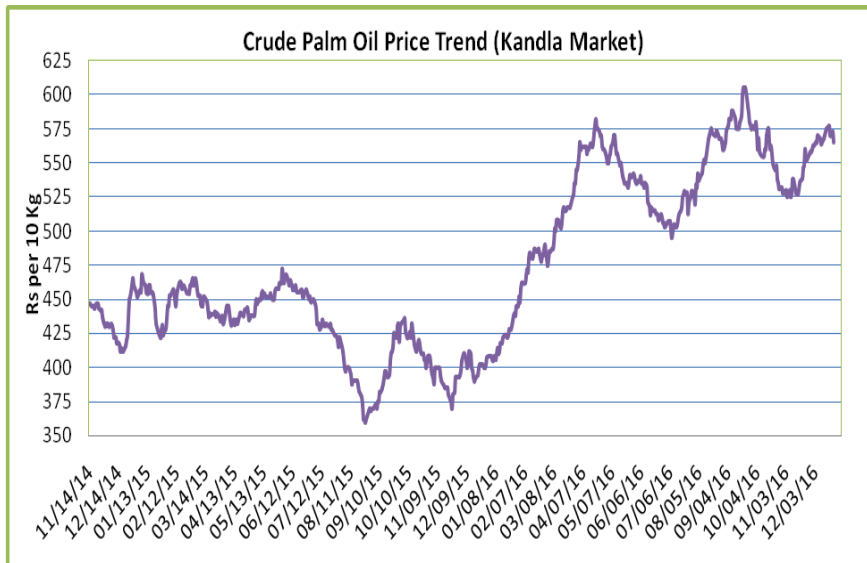
Oil year- November-October

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 firm demand and weak supply. CPO and RBD palmolein prices rose across board in India. Superolein prices rose in Kandla and Mumbai. CPO-CNF and RBD palmolein-CNF India prices rose in December.
- CPO prices rose 37 percent at Kandla and RBD palmolein rose 35 percent y-o-y. 2016 marked the best rise since 2010.



- Agriwatch view – Crude palm oil prices rose in Kandla on firm demand and weak supply.

Demand was firm in domestic markets in December compared to CNF markets as rise in prices of CPO and RBD palmolein at high seas was higher than rise in CNF markets. Supeolein and Vanaspati prices rose less in domestic markets compared to CPO and RBD palmolein indicating weak demand.

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

CPO prices rose more than RBD palmolein prices indicating firm demand and weak supply of CPO compared to 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.

RBD palmolein rose less at high seas compared to CNF markets indicating weak demand. However, some centers in India except benchmark market in India, prices rose more than CNF markets.

Prices of CPO rose more at CNF-Kandla compared Indonesia FOB indicating firm 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 more than RBD palmolein CNF-Kandla at Rs 25 (Rs 47 last month). CPO imports increased in October compared to September. RBD palmolein imports rose in November compared to October. However, on y-o-y basis in November both CPO and RBD palmolein imports fell. However, rise in imports if RBD palmolein in November was marginally higher than November 2015.

There was increase of stocks of palm oil from port and pipelines in November due to weak imports. CPO and RBD palmolein stocks at ports and pipelines increased in November indicating firm demand and 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 December.

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 140 (Rs 170 last month) per 10 Kg.

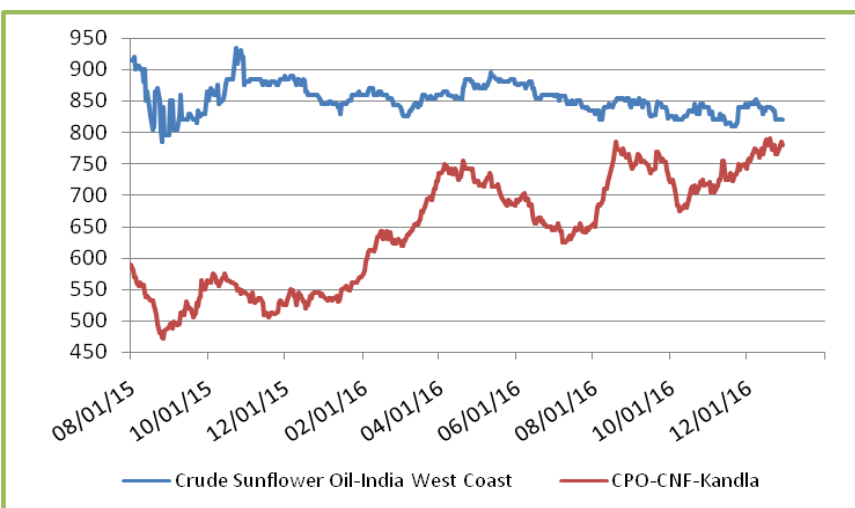
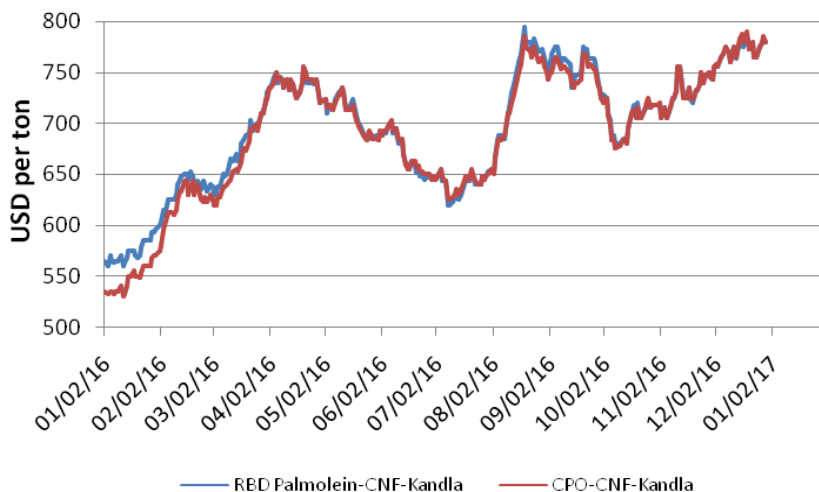
Previous chart in soy oil section shows that premium of soy oil over palm oil has decreased in December at CNF markets USD 64 (USD 138.5) per ton which

will decrease 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 CPO demand in medium term.

Negative refining margins will decrease imports.

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

- Palm oil import scenario – According to SEA, India imported 8.01 lakh tons of palm oil in November 2016 v/s 8.74 lakh tons in November 2015, down 8.35 percent y-o-y. CPO imports slowed to 5.57 lakh tons in November compared to 6.27 lakh tons in November 2015, lower by 11.16 percent y-o-y. RBD palmolein imports rose marginally in November to 2.41 lakh tons from 2.32 lakh tons in November 2015.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 790 (USD 705) per ton for January delivery. February delivery is quoted at USD 792.5 per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 790 (USD 710) per ton for January delivery. February delivery is quoted at USD 792.5 per ton. CPO duty paid prices ready lift quoted at Rs 595 (Rs 570) per 10 Kg and



December delivery is offered at Rs 593 (Rs 570) per 10 Kg on January 3, 2017. Values in bracket depict November, 2016 quotes.

- Palm oil imports will decrease in near term owing to lower CIF soybean oil premium versus crude palm oil, which is hovering at USD 64 per ton (USD 138.5 per ton last month).
- On the parity front, margins were in disparity during the month of December on higher price of palm oil imports and lower price of palm products in Indian markets and we expect margins to improve in coming days. Currently refiners lose USD 20-25/ton (December average) v/s loss of USD 20-25/ton (November average) margin in processing the imported CPO but on the imports of ready to use palmolein lose USD 10-15/ton (December average) v/s loss of USD 5-10 (November average).
- We expect palm oil to trade sideways to firm tone in medium term.

International Market Fundamentals

- Agriwatch view – BMD CPO rose 25.1 percent in 2016, strongest rise since 2010. Most of the firming of prices in 2016 was due to El Nino and its lagged effect in yields. RBD palmolein prices rose 33 percent y-o-y. Higher palm oil prices were supported by weak ringgit and CBOT soy oil and DALIAN RBD palmolein. Moreover, prices were supported by higher crude oil prices. Further, higher biodiesel production in Indonesia and Malaysia supported the best rise in 6 years.

Palm oil prices witnessed gains in December on expectation of lower growth of palm oil stocks in Malaysia in December. The primary cause of lower rise in palm oil stocks in Malaysia is due to lower production of palm oil on lagged effect of El Nino. Production tends to decline in December.

Exports improved at from Malaysia in last 10 days of December due to higher buying from top importing destinations especially India. Demand improved from India due to low stocks at ports and pipelines and firm demand coupled with improving refining margins.

China buying is due to lower buying of palm oil in 2016, replenish stocks of palm oil at ports and pipelines and buying ahead of Chinese New Year. China purchased less in 2016 on higher stocks of palm in start of 2016. Chinese buying was less due to depreciation of Chinese Yuan.

Exports will show higher figures in first 10 days of December. However, exports will remain weak until March due to seasonal downtrend of demand.

Production will stay weak in Malaysia in December and will only improve in second quarter of 2017 due to lagged effect of El Nino.

Prices of palm oil will be supported on rise in soy oil CBOT and RBD palmolein DALIAN. Below chart shows very high correlation between RBD DALIAN and BMD CPO.

Higher palm oil prices in China directly have direct effect on exports from Malaysia as China purchases more RBD palmolein from Malaysia. Recent data from CNGOIC show higher purchase of palm oil from Malaysia in November.

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

Palm oil stocks in Malaysia rose from six year low in October on lower exports of palm oil especially to India and China. India decreased in purchases in oil year 2015-16 due to weak demand and lower premium of soy oil over palm oil.

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

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Indonesia imposed crude palm oil as prices have increased above USD 750 per tons as palm oil regulator in Indonesia imposes when crude palm oil produces rise above targeted level. Export duties will increase revenue of palm oil which will be used to fund biodiesel mandate in the country. However, demand from Indonesia has weakened in 2016 due to aggressive pricing by Malaysia.

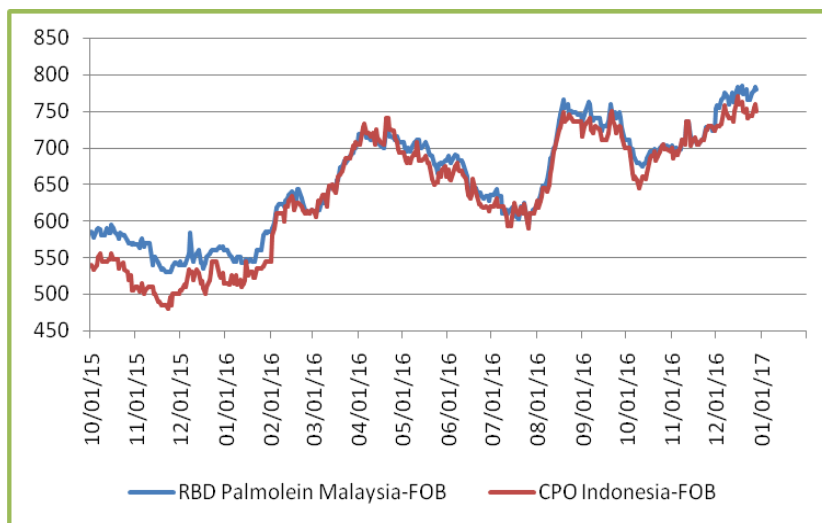
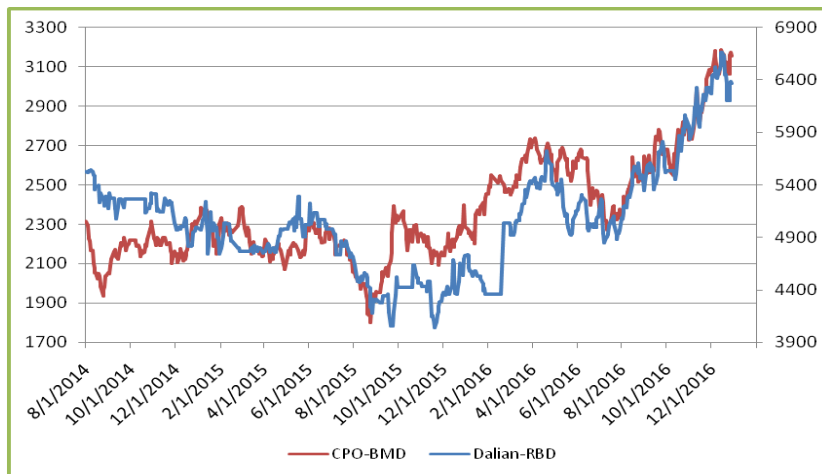
Demand from India and China will improve post March as demand season kicks in 2017. However, any major correction in palm oil prices will improve exports from top importing destinations.

Parity of palm oils in India 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 January 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 December due to lagged effect of El Nino.

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.

Malaysia increased palm oil export duty on CPO at 7 percent for January as prices are elevated and expectation is that higher prices are here to stay in medium term.

Palm oil discount with crude degummed soy oil (CDSO) is has decreased and will weaken 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.

Higher prices of competitive oils will support prices in medium term.

Therefore, prices of palm oil are in a range.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's November palm oil end stocks rise less than estimated by 5.18 percent to 16.56 lakh tons compared to 15.74 lakh tons in October. Market expectation was rise of end stocks by 7.4 percent to 16.9 lakh tons. Production dropped 6.14 percent in November to 15.75 lakh tons compared to 16.78 lakh tons in October. Exports in November fell 14.34 to 13.7 lakh tons compared to October exports at 14.31 lakh tons. Imports in November rose 159.45 percent to 0.56 lakh ton compared to 0.22 lakh tons in October.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's December palm oil exports fell 1.8 percent to 1,109,606 tons compared to 1,130,172 tons in the corresponding period last month. Top buyers were European Union at 257,808 tons (215,995 tons), China at 176,477 tons (215,655 tons), India at 154,525 tons (118,010 tons), Pakistan at 46,150 tons (22,000 tons) and United States at 43,620 tons (55,556 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's December palm oil exports fell 5.7 percent to 1,086,523 tons compared to 1,152,535 tons last month. Top buyers were European Union at 308,802 tons (213,045 tons), China at 196,985 tons (214,170 tons), India & subcontinent at 214,025 tons (161,260 tons). Values in brackets are figures of corresponding period last month.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's October palm oil production rose 6.5 percent to 3.55 MMT from 3.33 MMT in September. End stocks of palm oil in October marginally rose to 2.18 MMT from 2.17 MMT in September.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's October palm oil exports rose 34 percent including biodiesel and oleochemical to 2.54 MMT from 1.89 MMT in September

- Policy development- According to Malaysia Palm Oil Board (MPOB), Malaysia increased crude palm oil export duty to 7 percent in for January from 6 percent in December. Tax is calculated at reference price of 3,119.48 ringgit (\$696.62) per ton. Prices above 2,250 are taxed starting from 4.5 percent to maximum of 8.5 percent.

According to Indonesia government, Indonesia has imposed crude palm oil duty for January at USD 3 per ton. The reference price of CPO is set at USD 788.26 per ton. Tax will be charged when the prices rise above USD 750 per ton.

- According to China's General Administration of Customs (CNGOIC), China's November palm oil imports fell 3.53 percent to 4.46 lakh tons. Year to date imports fell 27.53 percent to 37.99 lakh tons. Imports from Indonesia in November fell 15.9 percent to 2.63 lakh tons while year to date imports fell 24.75 percent to 21.70 lakh tons. Imports from Malaysia in November rose 25.33 percent to 1.83 lakh tons while Year to date imports fell 30.88 percent to 16.23 lakh tons.
- **Price Outlook:** We expect CPO Kandla 5% to trade in the price band of Rs 550-650 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
Opening Stock	1.74	1.11	1.11	1.28	1.27	1.16
Production	0.20	0.20	0.05	0.05	0.05	0.05
Imports	8.44	9.28	2.32	2.14	2.23	2.60
Total Supply	10.38	10.59	3.48	3.47	3.55	3.81
Consumption	9.27	9.55	2.20	2.20	2.39	2.77
Ending Stocks	1.11	1.04	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 downtrend in benchmark at Kota during the month of December on weak rapeseed prices. Prices of expeller mustard oil fell in Jaipur, Neewai, Ganganagar, Gujarat, Mumbai and Kolkata while it rose in New Delhi. Kacchi ghani prices fell across board in India. Rapeseed (Canola) oil prices were unchanged in December.

➤ Agriwatch view: Rapeseed oil prices traded lower in the month of December in various markets in India on weak demand.

Weak rapeseed-mustard prices impacted prices of rapeseed oil. Rapeseed supplies improved in December with diminishing effect of demonetization.

Prices fell on seasonal downtrend of prices.

Rapeseed oil prices were adversely affected by higher sowing of rapeseed-mustard.

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

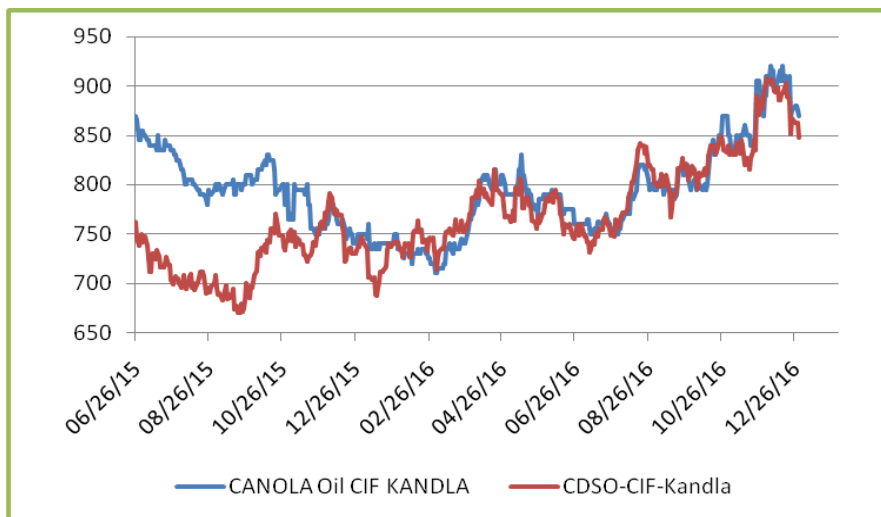
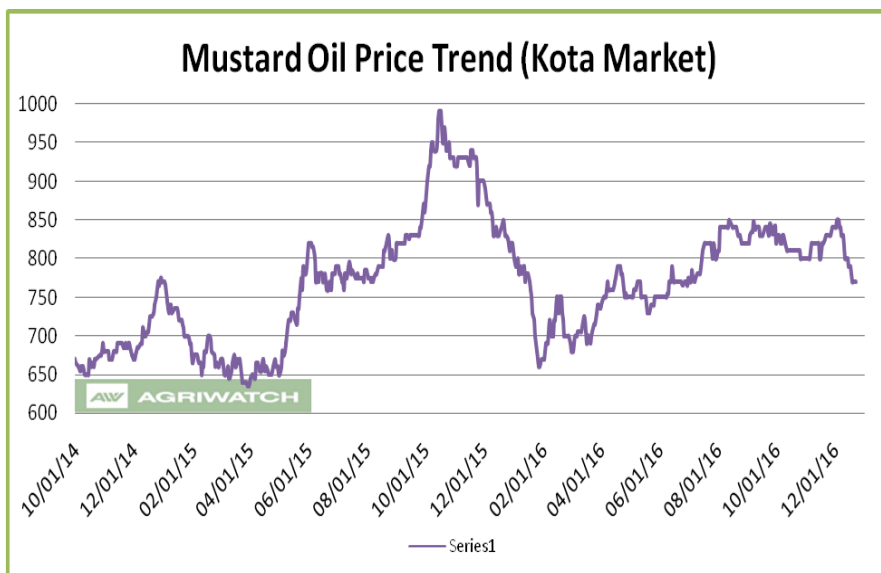
Prices rose on seasonal uptrend of prices.

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. Rapeseed (Canola) oil prices increased in December.

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 weak on seasonal downtrend of prices, fall in rapeseed prices, higher sowing of rapeseed.



- India imported 0.32 lakh tons of rapeseed (Canola) oil in November 2016 v/s 0.25 lakh tons in November 2015, lower by 28 percent y-o-y: SEA
- All India sowing of rapeseed has reached 68.93 lakh hectares as on 30 December 2016, compared to 61.20 lakh hectares in the corresponding period last year.
- CIF Canola oil premium over soybean oil is hovering at USD 31 (USD 18 last month) as on 30 December, 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 820 (Rs 852) per 10 Kg and at Kota market is quoted around Rs 800 (Rs 840) per 10 kg as on December 31, 2016. Values in brackets are figures of last month.
- We expect RM seed oil prices to trade sideways to weak tone in the coming days.

Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 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
Opening Stocks	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

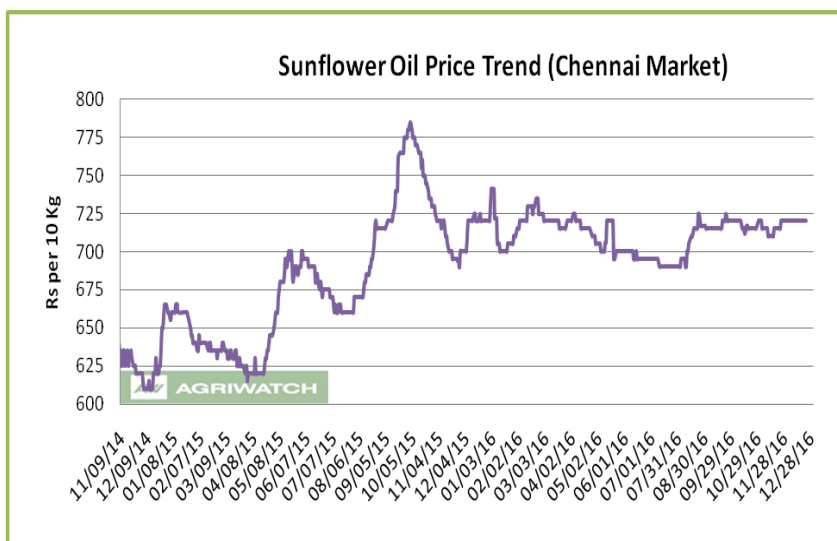
➤ **Highlights**

- 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 downtrend at its benchmark market in Chennai during the month of November on weak supply. Prices closed higher in Hyderabad and Kakinada at the end of week. Prices fell in Mumbai and kandla/Mudra. Sunflower expeller prices fell in Erode and Hyderabad while prices were unchanged in Latur and Chellakere.

➤ Agriwatch view: Sunflower prices fell in month of November at its benchmark market of Chennai on weak supply.



Prices in Andhra Pradesh were higher indicating firm demand in the state.

Prices of sunflower oil were marginally lower in domestic market despite major fall at CNF markets indicating firm demand.

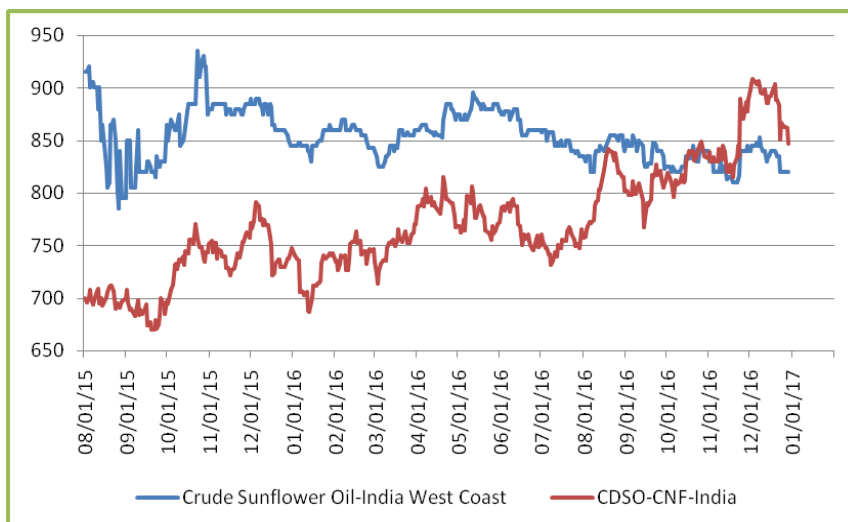
Sunflower oil imports in the month of November were significantly lower compared to November 2015 while stocks at ports and pipelines increased. Imports rose in November after continuous fall in 6 months.

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 is negative and over CPO CNF has decreased.

Refiners and stockists are stocking as sunflower oil premium over soy oil is low at USD -31.5 (USD -57 last month).

Prices of sunflower oil in domestic markets are trading at discount to



soy oil in domestic market at Rs 15 compared price parity in November. The above chart shows the movement of CDSO India west coast and crude sunflower India West Coast.

Prices have remained in current range despite rise in prices of domestic soy and palm oil.

Prices fell on seasonal downtrend of prices and higher imports coupled with higher stocks at ports and pipelines.

Higher prices of competitive oils have minimized losses of sunflower oil.

In domestic market, demand is expected to be firm 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 downtrend of prices, higher soy and palm oil prices in domestic market. Prices of sunflower oil are expected to remain in a range in January.

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

- All India sowing of sunflower has reached 1.31 lakh hectares as on 30 December 2016, compared to 2.67 lakh hectares in the corresponding period last year.
- Sunflower oil import scenario – According to SEA, Sunflower oil import scenario – According to SEA, India imported 1.58 lakh tons of crude sunflower oil during November 2016 v/s 1.78 lakh tons in November 2015, lower by 11.24 percent y-o-y.
- According to APK-Inform, Ukraine exported record volumes of sunflower oil in November. Exports of sunflower oil were at 535.6 tshd tons, higher by 23 percent compared to October and 44 percent compared to November 2015. In the period (September-November), Ukraine exported 1.24 MMT of sunflower oil, higher by 31 percent compared to corresponding period last year. India was top importer with share of 31 percent followed by China with 15 percent, Iran at 10 percent. EU imported 21 percent of total imports.
- CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 822.5 (USD 845) per ton for JFM delivery and AMJ delivery is offered at USD 822.5 (USD 845) per ton as on January 3, 2017. Last month, CIF sun oil (Ukraine origin) monthly average was around USD 834.59 per ton. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 790-860 per ton in the near term. CIF Sunflower oil-CNF premium against CDSO CNF had weakened from last month and is hovering at USD -31.5 per ton versus USD -57 last month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 715 (Rs 720) per 10 Kg, and at Hyderabad market, it is offered at Rs 732 (Rs 727) per 10 kg as on December 31, 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
Opening Stock	2.12	2.06	2.06	2.49	2.62	2.67
Production	1.42	1.55	0.28	0.23	0.52	0.52
Imports	15.16	16.676	4.42	4.17	4.17	3.92
Total Supply	18.70	20.29	6.76	6.89	7.30	7.11
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	16.64	17.81	4.27	4.27	4.63	4.63
Ending Stocks	2.06	2.48	2.49	2.62	2.67	2.48

Source: AW estimates

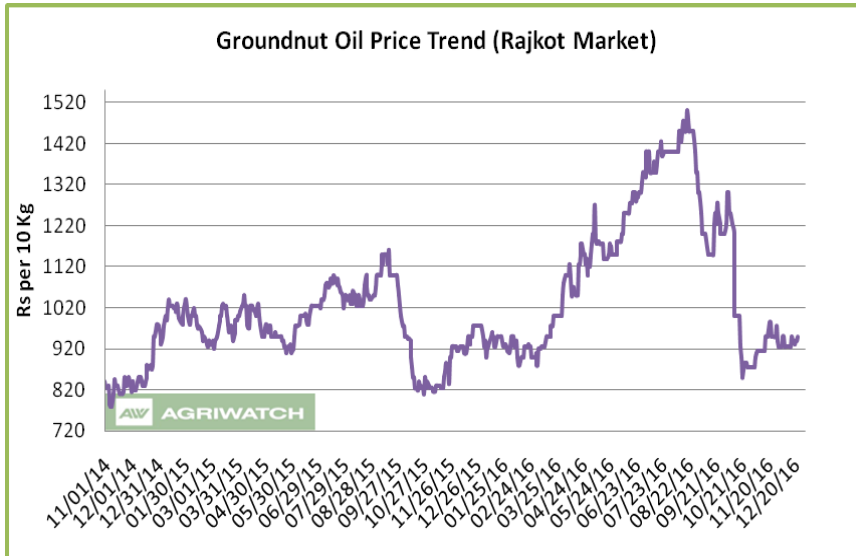
Oil year- November-October

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 firm demand and weak supply. Prices closed lower in Chennai and New Delhi while it rose in Hyderabad. Prices closed higher in Mumbai, Gondal and Jamnagar at the end of the month.
- Agriwatch view: Groundnut oil rose in the month of November on firm demand and weak supply.



Rise in prices of groundnut supported the rise.

Prices firmed as current season is demand season of groundnut oil in Gujarat.

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.

Farmers are not releasing groundnut as they expect higher prices.

So, millers are not getting groundnut in sufficient quantity and they are not able to meet groundnut oil demand.

Prices rose on seasonal uptrend of prices.

Prices were supported by rise in palm and soy oil prices.

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

Effect of demonetization has started to wane and trade is slowly returning to normal which were affected demonetization.

Stockists and traders are stocking as these prices are lucrative.

Prices are expected trade firm in medium term on seasonal uptrend of prices, higher demand, steady activity in markets, lagged effect of demonetization and support from competitive oils.

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

- All India sowing of groundnut has reached 4.053 lakh hectares as on 30 December 2016, compared to 3.26 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 9,650 (9,400) per quintal and quoting at Rs 9,500 (Rs 9,650) 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
Opening stocks	0.17	0.14	0.14	0.31	0.23	0.22
Oil availability (Production)	2.47	3.02	1.11	0.90	0.50	0.50
Imports	0	0	0	0	0	0
Total Supply	2.34	2.85	1.19	1.11	0.68	0.62
Exports	0.30	0.30	0.05	0.10	0.05	0.10
Consumption	2.20	2.69	0.89	0.89	0.46	0.46
End stocks	0.14	0.17	0.31	0.23	0.22	0.17

Source: AW estimates

Oil year- November-October

Highlights

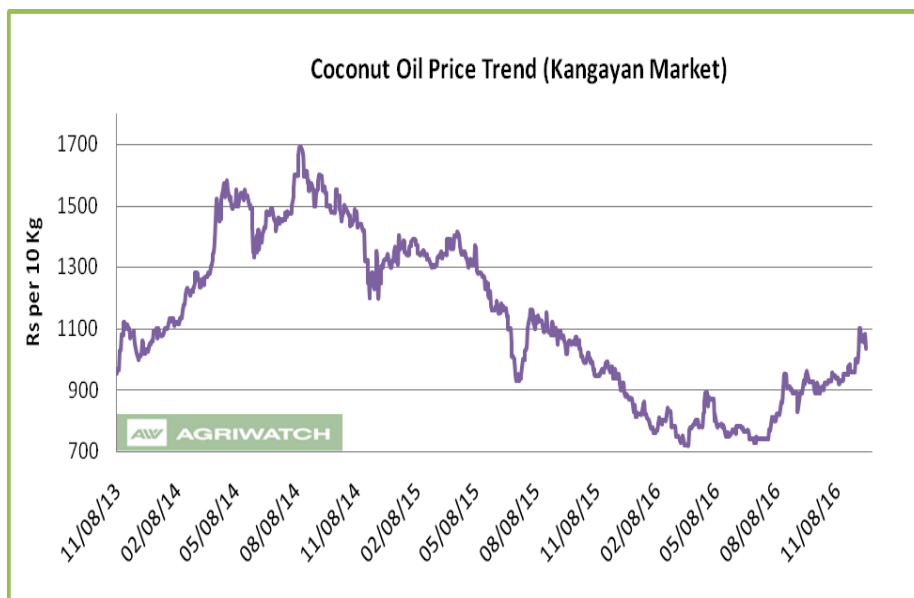
- Groundnut oil production is expected to be higher in oil year 2016-17 on higher groundnut crop.
- Higher oil production in 2016-17 is due to higher marketable surplus of groundnut seed resulting in higher crush.
- Carryout stocks of oil year 2015-16 is 0.14 lakh tons on higher groundnut oil production.
- 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 on weak supply. In Trissur and Kochi rose at the end of the month.
- Agriwatch view: Prices of coconut oil rose in the month December on firm demand and weak supply.

Rise in prices of copra supported the rise in prices.

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



However, demand from North India has waned due to winters.

Coconut production has slowed, as there has been severe shortage of rains in Kerala and some parts of Tamil Nadu, which has decreased production in medium term. There has been severe shortage of rains in Kerala.

Production of coconut is low as it is lean season of production.

Prices of copra have fallen below MSP in November which has lead to buying by various state agencies which has improved prices.

Export demand has been robust which has supported prices of coconut oil.

Traders are holding copra on expectation of higher realization at higher prices. Weak supply of copra has led to weaker crushing and supported prices.

Effect of demonetization of higher denominated currency is slowly waning and condition will improve in coming days. Supply chain was disturbed by demonetization earlier in December.

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

Millers are not holding oil as they are not confident of prices.

Traders and upcountry buyers are stocking in expectation of higher prices.

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

Northeast monsoon is over in Tamil Nadu and Kerala and it has failed in Kerala and parts of Tamil Nadu.

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 December which may support prices in medium term.

Prices are expected to remain firm in January on demand from corporates, lower supply of copra, higher prices of copra, firm export demand of coconut oil, lower harvest of coconut 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 10,700 (9,600) per quintal due to firm demand of coconut oil, and quoting Rs 10,600 (9,550) per quintal in Erode market on December 31, 2016.
- Coconut oil prices may trade sideways to firm tone tracking firm demand in ready markets.

Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 900-1050 per 10 Kg.

Coconut oil production:

Fig. in tons

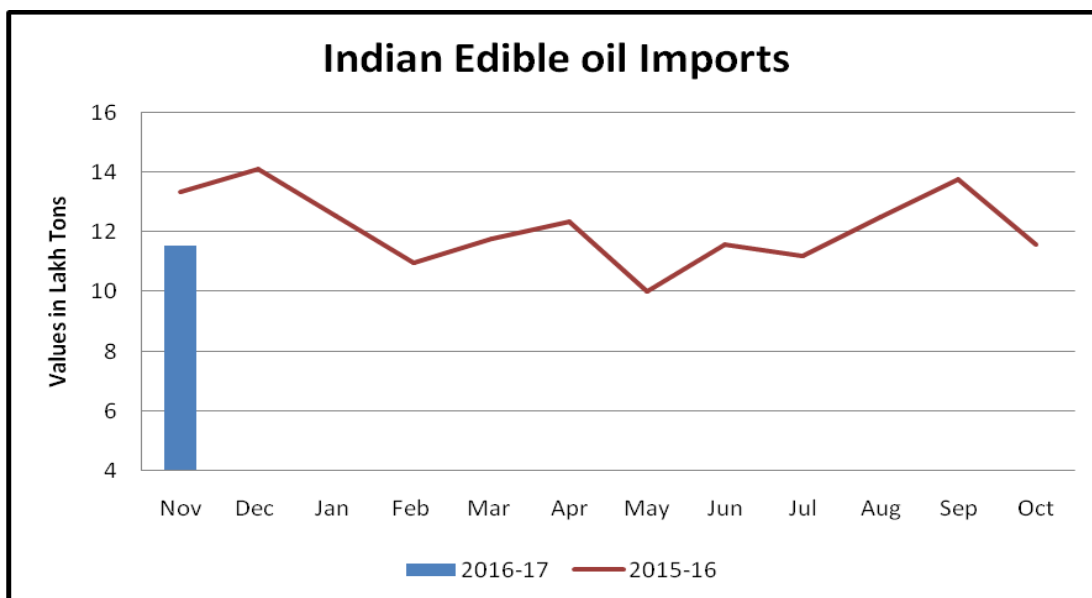
Year	Export	Import	Production
2011-12	6521.68	3014.21	587500
2012-13	6829.42	1001.88	608100
2013-14	7066.9	1645.57	562500
2014-15	6935.54	12811.92	481300
2015-16	8549.97	5416.30	546300

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). Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein) imports for November is pegged at 11.56 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.

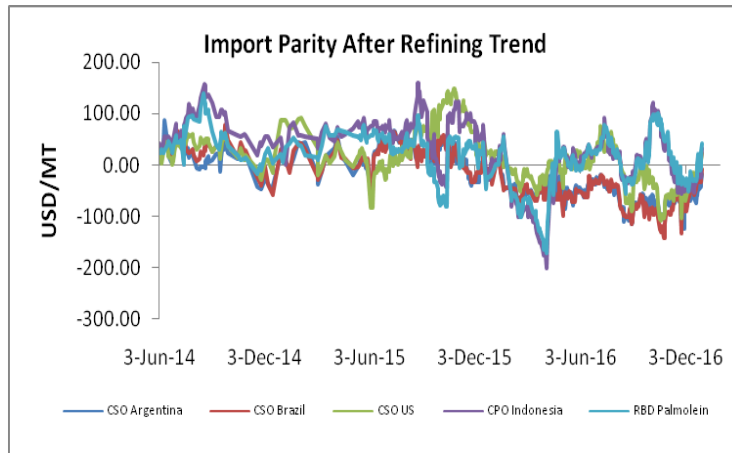
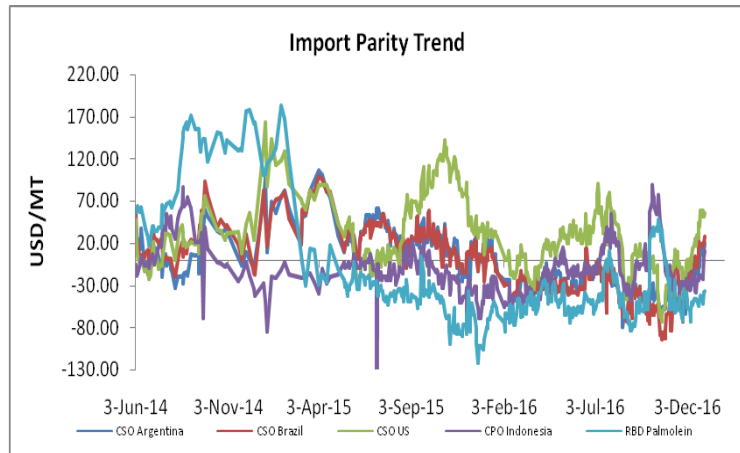
On the consumption side, India's edible oil consumption for 2016-17 oil year seen at 23.24 million tons, up 5 percent from last year. Ending stocks are projected higher compared to 2015-16 at 1.99 million tons.

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

Landed Cost Calculation as on 04/01/2017	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	797	797	762	755	755
Freight (USD/MT)	60	55	62	25	20.0
Landing Charge 1%	8.57	8.52	8.24	7.8	7.75
C & F	857.0	852.0	824.0	780.0	775.0
Weight loss (0.25% of FOB)	1.99	1.99	1.91	1.89	1.89
Finance charges (0.4% on CNF)	3.43	3.41	3.30	3.12	3.10
Insurance (0.3% of C&F)	2.57	2.56	2.47	2.34	2.33
CIF (Indian Port - Kandla)	865	860	832	787	782
CVD	0	0	0	0	0
Duty (Values in USD per tons)	111.50	111.50	111.50	59.48	120.75
CVD value USD per ton	0	0	0	0	0
Cess (3% on duty) USD per ton	2.23	2.23	3.345	1.1895	2.415
Exchange rate	68.045	68.045	68.045	68.045	68.045
Landed cost without customs duty in INR per ton	58858	58516	56591	53575	53232
Customs duty %	12.50%	12.50%	12.50%	7.50%	15.00%
Base import price	892	892	892	793	805
Fixed exchange rate by customs department	68.65	68.65	68.65	68.65	68.65
Duty component in INR per ton	7654.48	7654.48	7654.48	4082.96	8289.49
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	67913	67570	65646	59058	62922
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	70200	70200	70200	59700	60500
Total landed cost USD per ton	998	993	965	868	925
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1032	1032	1032	877	889
Parity INR/MT (Domestic - Landed)	2287	2630	4554	642	-2422
Parity USD/MT (Domestic - Landed)	33.61	38.65	66.93	9.43	-35.59
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	73612.82	73270.22	71345.66	66558.02	65721.94
Soy/Palm oil imported Price (Including tax)	77293.46	76933.73	74912.95	69885.92	69008.04
Loose price of Soy/Palm in Indore and Delhi market	77175.00	77175.00	77175.00	71400.00	71400.00
Parity after processing and Taxes (Rs per MT)	-118.46	241.27	2262.05	1514.08	2391.96
Parity after processing and Taxes (USD per MT)	-1.74	3.54	33.23	22.24	35.13
Source: Agriwatch					

Import Parity Trend

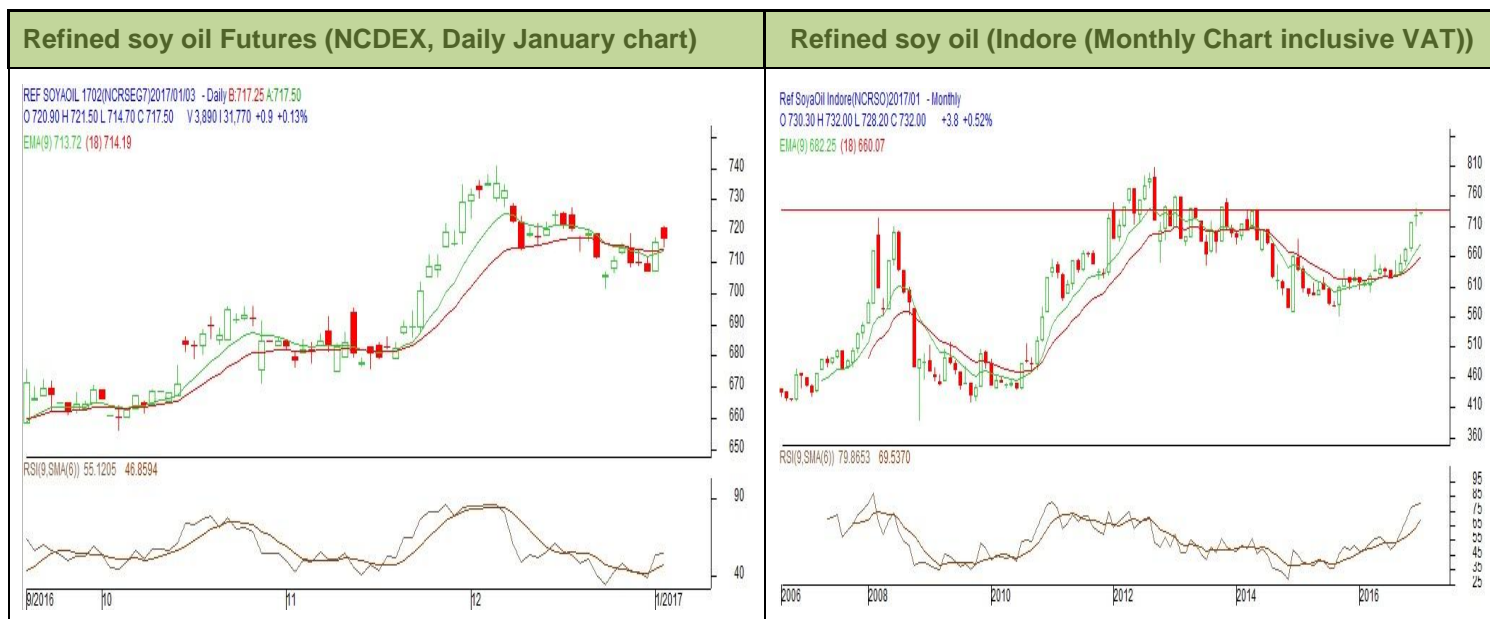


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Oct, 2016	-81.35	-106.68	-67.93	78.49	78.96
Nov, 2016	-77.74	-81.04	-56.37	-23.77	-8.06
Dec, 2016	-54.66	-45.74	-19.32	-24.40	-15.05

Outlook:-

Import parity for CDSO Argentina and CDSO Brazil are in disparity due to costlier imports. We expect CDSO import parity to be in disparity in November. Disparity in palm oil products may decrease 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 (February contract) on dips.

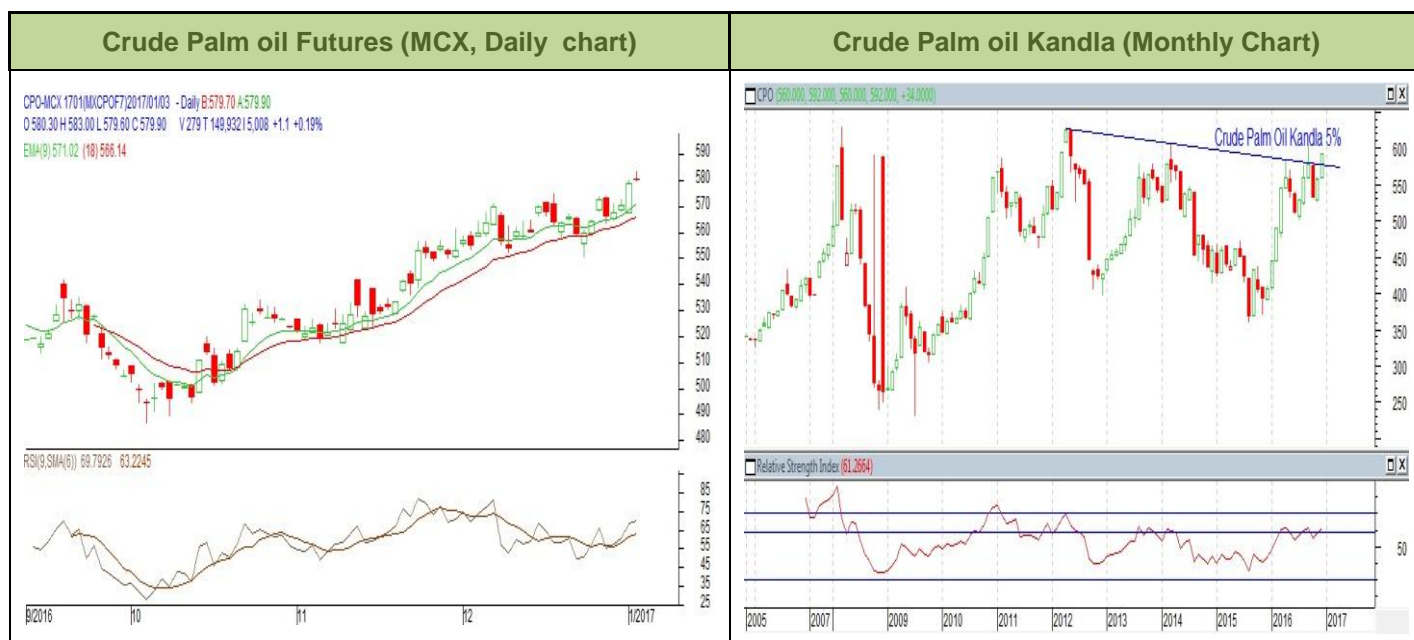
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close below 700 in monthly chart will change the sentiment and bring prices to 660 levels.
- Expected price band for next month is 680-760 level in near to medium term.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

Strategy: Market participants are advised to go long in RSO above 710 for a target of 735 and 740 with a stop loss at 700 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
694.00	709.00	720.2	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 (January 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 550-650 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 575 for a target of 605 and 610 with a stop loss at 560 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
539.00	551.00	586.80	600.00	620.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 550-650 per 10 Kg.

Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Dec-16	30-Nov-16	
Refined Soybean Oil	Indore	730	715	15
	Indore (Soy Solvent Crude)	697	685	12
	Mumbai	725	715	10
	Mumbai (Soy Degum)	685	675	10
	Kandla/Mundra	720	715	5
	Kandla/Mundra (Soy Degum)	695	688	7
	Kolkata	725	720	5
	Delhi	780	720	60
	Nagpur	720	707	13
	Rajkot	720	715	5
	Kota	740	725	15
	Hyderabad	703	684	19
	Akola	759	745	14
	Amrawati	760	745	15
	Bundi	740	715	25
	Jalna	NA	NA	-
	Alwar	NA	NA	-
	Solapur	NA	NA	-
	Dhule	NA	NA	-
Palm Oil	Kandla (Crude Palm Oil)	590	558	32
	Kandla (RBD Palm oil)	600	585	15
	Kandla RBD Pamolein	615	605	10
	Kakinada (Crude Palm Oil)	565	550	15
	Kakinada RBD Pamolein	612	600	12
	Haldia Pamolein	612	610	2
	Chennai RBD Pamolein	620	605	15
	KPT (krishna patnam) Pamolein	608	595	13
	Mumbai RBD Pamolein	625	605	20
	Delhi	685	620	65
	Rajkot	610	600	10
	Hyderabad	618	615	3
	Mangalore RBD Pamolein	620	605	15
	PFAD (Kandla)	465	465	Unch
	Refined Palm Stearin (Kandla)	520	530	-10
Refined Sunflower Oil	Chennai	715	720	-5
	Mumbai	725	740	-15
	Mumbai(Expeller Oil)	665	670	-5



	Kandla	735	750	-15
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	732	727	5
	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	670	670	Unch
	Erode (Expeller Oil)	745	750	-5
Groundnut Oil	Rajkot	965	940	25
	Chennai	930	950	-20
	Delhi	950	960	-10
	Hyderabad *	1010	990	20
	Mumbai	1020	1010	10
	Gondal	960	940	20
	Jamnagar	960	950	10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	820	852	-32
	Jaipur (Kacchi Ghani Oil)	850	891	-41
	Kota (Expeller Oil)	800	840	-40
	Kota (Kacchi Ghani Oil)	855	895	-40
	Neewai (Kacchi Ghani Oil)	785	845	-60
	Neewai (Expeller Oil)	830	871	-41
	Bharatpur (Kacchi Ghani Oil)	880	920	-40
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	818	845	-27
	Sri-Ganga Nagar (Kacchi Ghani Oil)	845	895	-50
	Mumbai (Expeller Oil)	800	850	-50
	Kolkata(Expeller Oil)	1010	1020	-10
	New Delhi (Expeller Oil)	860	810	50
	Hapur (Expeller Oil)	Closed	900	-
	Hapur (Kacchi Ghani Oil)	Closed	960	-
	Agra (Kacchi Ghani Oil)	885	925	-40
Refined Cottonseed Oil	Rajkot	685	690	-5
	Hyderabad	678	660	18
	Mumbai	695	690	5
	New Delhi	693	670	23
Coconut Oil	Kangayan (Crude)	1060	960	100
	Cochin	1050	800	250
	Trissur	1070	1010	60



Sesame Oil	New Delhi	780	700	80
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	525	495	30
Rice Bran Oil (4%)	Punjab	610	610	Unch
Rice Bran Oil (4%)	Uttar Pradesh	610	610	Unch
Malaysia Palmolein USD/MT	FOB	753	725	28
	CNF India	775	743	32
Indonesia CPO USD/MT	FOB	750	723	27
	CNF India	775	743	32
RBD Palm oil (Malaysia Origin USD/MT)	FOB	748	723	25
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	760	735	25
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1770	1710	60
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	695	670	25
Crude palm Kernel Oil India (USD/MT)	CNF India	1675	1640	35
Ukraine Origin CSFO USD/MT Kandla	CIF	820	840	-20
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	-
Argentina FOB (\$/MT)		30-Dec-16	29-Nov-16	Change
Crude Soybean Oil Ship		807	824	-17
Refined Soy Oil (Bulk) Ship		835	853	-18
Sunflower Oil Ship		755	770	-15
Cottonseed Oil Ship		787	804	-17
Refined Linseed Oil (Bulk) Ship		Unq	804	-
* indicates including VAT				

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