



Veg. Oil Monthly Research Report

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Outlook and Review:

Domestic Front

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

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

We expect soy oil and palm oil to trade weak of weak fundamentals.

Recommendation:

Market participants are advised to go short in RSO below 665 for a target of 640 and 630 with a stop loss at 675 on closing basis.

Market participants are advised to go short in CPO below 545 for a target of 520 and 510 with a stop loss at 555 on closing basis.

Market Participants can buy refined soy oil in the cash markets at 640-650 for the target of 680-690 levels (Indore including taxes), if needed. Market Participants can buy CPO Kandla 5% in the cash markets at 530-540 for the target of 570-580 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (May) is expected to stay in the range of 30 cents/lb to 36 cents/lb. CPO at BMD (April) is likely to stay in the range of 2700-3200 ringgits per ton. Focus during the coming days will be firm ringgit, weak Chinese and Indian demand, lower exports biodiesel in Argentina, higher stocks of soy oil in US and Argentina, weak exports of palm oil from Malaysia, higher stocks of soy oil in US and firm dollar.

Malaysia's February palm oil exports fell 12 percent to 1,018,604 tons compared to 1,157,288 tons last month. Top buyers were European Union at 195,090 tons (213,950 tons), China at 143,560 tons (145,510 tons), India at 139,790 tons (140,550 tons), United States at 70,030 tons (50,350 tons) and Pakistan at 24,000 tons (31,500 tons). Values in brackets are figures of last month: SGS

On the international front, higher soy oil stocks in US, lower exports of biodiesel in Argentina, higher production of soy oil in Argentina, higher stocks of soy oil in Argentina and firm dollar on expected FED rate hike in March are bearish for the soy complex in the coming days.

Strong ringgit, weak exports of palm oil exports from Malaysia, weak Chinese and Indian demand, higher production of palm oil in Indonesia, weak competitive oils, lack of support from Chinese markets is bearish for palm oil prices in the near term.

Soy oil: Domestic Market Fundamentals

- Refined soybean oil prices featured downtrend at its benchmark market at Indore during the month in review on weak demand. Average prices of refined soy oil fell in February. Prices of refined soy oil fell across board in major centers in India. CDSO prices fell at Kandla/Mudra and JNPT.
- Agriwatch view—Soy oil prices witnessed downtrend in month of February on weak demand.

Fall in domestic prices fell while it rose at CNF markets, indicating weak demand. Domestic CDSO prices fell while CDSO CNF prices rose indicating weak demand.

Prices fell on seasonal downtrend of prices.

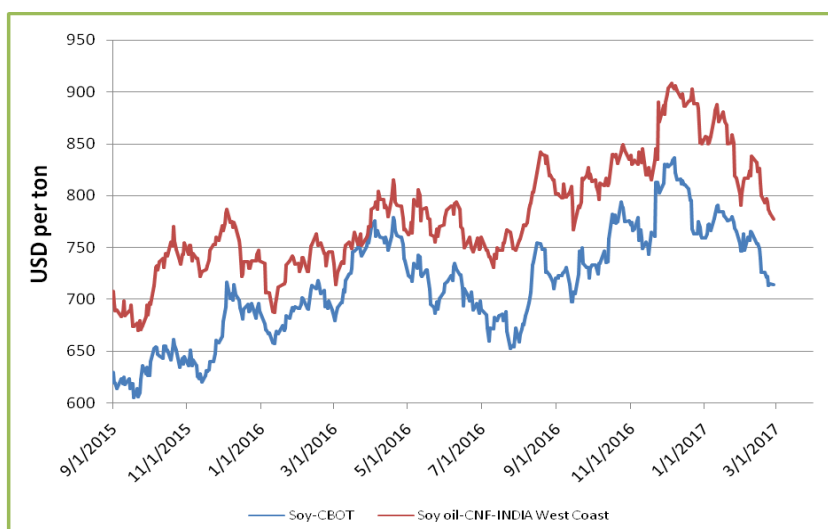
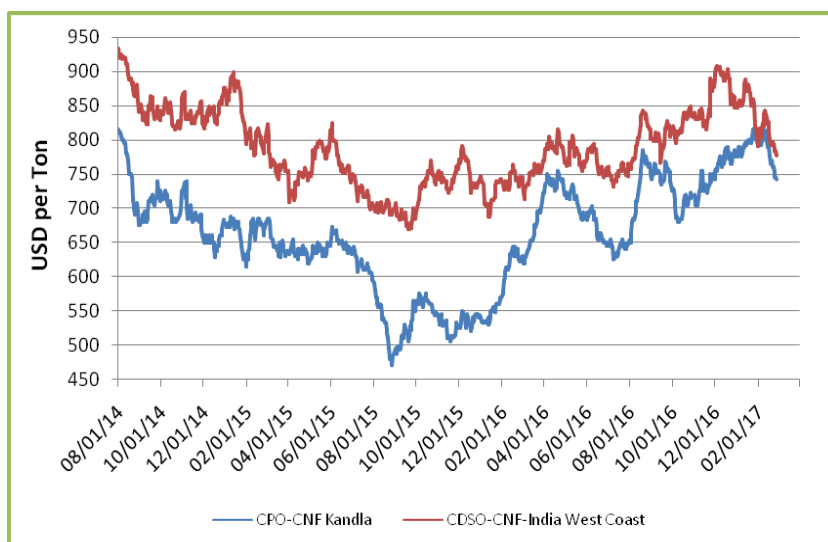
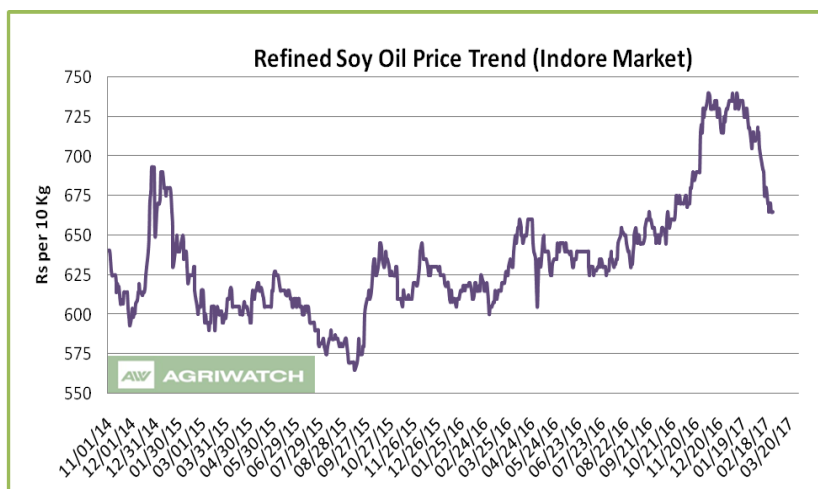
Fall in prices of palm oil and rapeseed oil supported fall.

Fall in prices of soybean in domestic market supported losses of soy oil.

Soy oil premium over palm oil has decreased to Rs 127 (Rs 127 last month) per 10 Kg is low which will support prices. Imports will rise on low CDSO premium over CPO at USD 53 (USD 25) per ton for March delivery.

Landed cost is in parity while refining margins are in parity.

Third chart from top 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 decrease in basis (spot prices – futures prices).

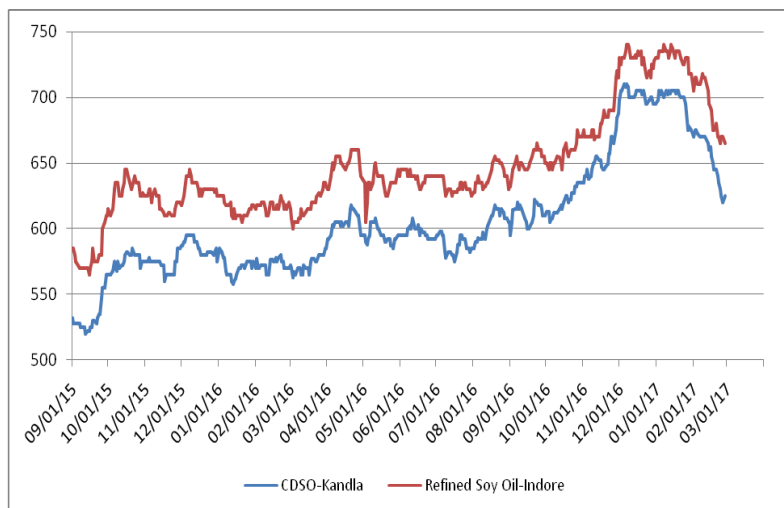
Refiners can wait to buy their consignment as basis will decreased with improvement of supplies and record soybean crop in South America and higher supply from Argentina. If prices fall on international benchmark CDSO-CNF-India West coast will fall, indicating opportunity to benefit when prices fall.

Firm export demand of soy meal has led to higher crushing and higher production of soy oil leading to lower prices of soy oil.

Export demand of soy meal has improved in 2016/17 from India due to higher crop of soybean.

Fall in Indian markets were also supported by fall in BMD Malaysia.

CDSO demand was firm at CNF markets as CDSO CNF rose compared to last month while CDSO FOB Argentina fell compared to last month indicating firm demand.



CDSO demand was weak at high seas compared to CNF markets as prices rose at CNF markets while it fell in high seas indicating weak demand in domestic markets.

Imports of soy oil decreased in January compared to December while it was lower than January 2016 while stocks at ports and pipelines decreased in January.

Demand will decrease in March after winters.

Prices of soy oil are expected to be weak on weak demand after winters.

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

- Soy oil import scenario – According to SEA, India imported 1.67 lakh tons of soy oil in January 2017 v/s 4.41 lakh tons in January 2016, down 164 percent y-o-y. India imported 5.63 lakh tons of soy oil in the period (November 2016-January 2017) compared to 11.89 lakh tons in the corresponding period last oil year, lower by 52.6 percent.
- According to Solvent Extractors Association (SEA), India's January edible oil imports fell 19.7 percent y-o-y to 10.08 lakh tons from 12.55 lakh tons in January 2016. Palm oil imports fell 11.5 percent y-o-y to 6.08 lakh tons y-o-y from 6.88 lakh tons in January 2016. CPO Imports fell 23 percent y-o-y to 4.08 lakh tons from 5.30 lakh tons in January 2016. RBD palmolein imports rose 30.7 percent y-o-y to 1.97 lakh tons from 1.50 lakh tons in January 2016. Soy oil imports fell 62 percent y-o-y to 1.67 lakh tons from 4.41 lakh tons in January 2016. Sunflower oil imports rose 27.1 percent y-o-y to 2.15 lakh tons from 1.18 lakh ton in January 2016. Rapeseed (Canola) oil imports rose 134 percent y-o-y to 0.18 lakh tons from 0.07 lakh tons in January 2016.

- According to Solvent Extractors Association (SEA), India's January edible oil stocks at ports and pipelines fell 6.6 m-o-m to 17.30 lakh tons from 18.45 lakh tons in December 2016. Stocks of edible oil at ports fell to 642,000 tons (CPO 220,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 180,000 tons, Crude Sunflower Oil 85,000 tons and 7,000 tons of Rapeseed (Canola) Oil) and about 1,088,000 tons in pipelines (stocks in pipelines were at 1,150,000 tons in December 2016). India is presently holding 32 days of edible oil requirement on 1st February, 2017 at 17.80 lakh tons compared to 34 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.
- India's soy meal and its other value added products (HS Code 2304) during January 2017 is 1,55,164 tons compared to 28,398 tons in January 2016 showing an increase of 446.38% over the same period of last year. On a financial year basis, the export during April'2016 to January'2017 is 6,01,294 tons as compared to 3,30,702 tons in the same period of previous year showing an increase of 81.82%. During current Oil year, (October – September), total exports during October 2016 to January 2017 is 5,25,562 tons as against 1,29,174 tons last year, showing an increase by 306.86%, as reported by SOPA. Japan (47703.830 MT), Bangladesh (44100.000 MT), France (35700.000 MT), Myanmar (12451.030 MT) and Indonesia (6435.000 MT) remained the top buyers of the soy meal of Indian origin during the month of January 2017.
- The 2nd Advance Estimates of production of oilseeds for 2016-17 have been released by the Department of Agriculture, Cooperation and Farmers Welfare on 15th February, 2017. The assessment of production of different crops is based on the feedback received from States and validated with information available from other sources. The estimated production of major Oilseeds during 2016-17 is as under:

Oilseeds – 33.60 million tons (record) in 2016/17 vs 25.3 million tons in 2015/16

Soybean – 14.13 million tons vs 8.6 million tons in 2015/16,

Groundnut – 8.47 million tons vs 6.33 million tons in 2015/16

Castor seed – 1.74 million tons vs 1.75 million tons in 2015/16,

With an increase of 8.35 million tons over the previous year, total Oilseeds production in the country is estimated at record level of 33.60 million tons. It is higher by 0.85 million tons than the previous record production of 32.75 million tons achieved during 2013-14. The production of Oilseeds during 2016-17 is also higher by 4.34 million tons than the five-year's average Oilseeds production. The current year's production is significantly higher than the production of 25.25 million tons during 2015-16.
- Imported crude soy oil CIF at West coast port is offered at USD 793 (USD 820) per ton for March delivery. April delivery is offered at USD 783 (USD 810) per ton and May delivery is offered at USD 764 per ton as on March 3, 2017. CIF CDSO February average price was USD 806.87 (USD 854.08) per ton. Values in brackets are figure of December, 2016
- On the parity front, margins were in disparity during the month and we expect margins to improve in the coming days. Currently refiners lose USD 5-10 per ton (February average) v/s loss of USD 5-10 per ton (January 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 –Expectation of Trump administration decision to give executive order to exempt ethanol from production of biodiesel would have increased corn based biodiesel and soy oil based biodiesel demand. However, White house ruled out such executive order.

Trump administration appointed billionaire investor Carl Ichan as special advisor to President on regulations. Carl Ichan has in past-criticized EPA regulation on bio-fuel in its current form. He holds stocks in energy companies that benefit from such executive order.

Moreover, Trump administration is preparing tax credits on production of biodiesel, which will increase demand of soy oil.

Record soybean crop in Brazil with expectation of higher crop in Argentina will underpin soybean complex in medium term.

According to Informa, soybean crop in Argentina is in very good condition and if conditions remain conducive, more than 55 MMT of soy crop will be harvested. Crop moisture is adequate and there is no heat stress now. However, Argentina government decreased the area planted.

Informa projected the crop of soybean in 2016/17 in Argentina at 55 MMT.

Soybean harvest in Brazil is progressing at good pace and record crop is expected to be harvested. Initial wet condition slowed harvest progress as early planting of soybean due to wet condition caused the crop to mature earlier.

Informa has projected soybean crop in Brazil at 108 MMT. 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 106-108 MMT.

Soybean exports from US are expected to be weak in March due to lower buying by China after Chinese New Year. However, US trade war with China and US backing for TPP (Trans Pacific Partnership) can lead to lower buying from China in coming months which will lead lower exports from US. This will lead to higher end stocks of soybean in US in 2016/17.

USDA reported record area under soybean in 2017 in US and yields were kept conservative and with buildup of El Nino condition in second half of 2017 will support soybean in US.

Rise in soy oil end-stocks in US in January as reported by NOPA due to higher production of soy oil on higher crush of soybean will underpin soy oil prices in near term. Lower use of soy oil in US supported the rise in stocks. M-O-M soy oil stocks showed rise of 13 percent. Crush of soybean in February is expected to be higher which indicate that stocks of soy oil will rise in February and underpin prices.

USDA reported rise in stocks of soy oil in 2016/17 due to rise in imports in will underpin soy oil prices in near term. USDA kept the prices range of soy oil unchanged in its February estimate. USDA retained use of soy oil in biodiesel despite Trump administration delaying EPA regulations, which was to be implemented in 2016/17. Higher stocks of soy oil will underpin soy oil in medium term.

Prices of soy oil will remain weak as there is no trigger of shortage of soy oil in international markets.

Oversupply of edible oils in 2017 due to record of soybean in US, Brazil and Argentina coupled with record production of sunflower and recovery in production of palm oil after severe El Nino in 2015 and 2016. Supply of palm oil in 2017 will improve and most of the lost production of palm oil due to El Nino in 2016 will be

recovered in 2017. Recovery of production of palm oil in 2017, record production of soy oil, record production of sunflower oil in Ukraine and Russia and record production of canola will underpin soy oil prices.

Exports of soybean from US have weakened due to arrival of record crop in Brazil. However, exports of soybean in current marketing season in US is at record levels which supported soybean complex prices in December and January with China as key driver of higher soybean imports despite trade dispute with US.

Rise in crude oil prices will support soy oil prices while dollar appreciation due to faster than expected FED rate hike in 2017 may underpin soy oil prices.

Supply of palm oil in 2017 will improve and most of the lost production of palm oil due to El Nino in 2016 will be recovered in 2017. Recovery of production of palm oil in 2017, record production of soy oil, record production of sunflower oil in Russia and record production of canola will underpin soy oil with oversupply of edible oils in international markets.

Demand of soy oil from India is expected to be weak in February and March due to higher domestic soybean and other oilseed crop which will fulfill demand in the current oil year.

Competitive oils will underpin prices in near term.

Rise in crude oils will support soy oil prices while rise in dollar due to expected FED rate hike in March will underpin prices.

Prices of soy oil are in a range.

- According to United States Department of Agriculture (USDA) February estimate, U.S 2016/17 ending stocks of soy oil is estimated to rise to 1,677 million lbs from 1,652 million lbs in January estimate. Opening stocks were unchanged at 1,687 million lbs. Production of soy oil in 2016/17 were unchanged at 22,390 million lbs. Imports in 2016/17 were higher at 300 million lbs compared to 275 million lbs in January estimate. Biodiesel use in 2016/17 was unchanged at 6,200 million lbs. Food, feed and other industrial use in 2016/17 were unchanged at 14,350 million lbs. Exports in 2016/17 are kept unchanged at 2,150 million lbs. Average price range estimate is unchanged at 34 - 37 cents/lbs. Rise in end stock is due to imports of soy oil.
- According to National Oilseed Processors Association (NOPA), U.S. January soybean crush rose marginally to 160.621 million bushels from 160.176 million bushels in December 2016. Crush of soybean in January 2016 was 150.453 million bushels. Production of soy oil in U.S. in January rose to 1.870 billion lbs from 1.861 billion lbs in December 2016. Production in January 2016 was 1.758 billion lbs. Soy oil stocks in U.S. at the end of January rose 13.6 percent to 1.629 billion lbs compared to 1.434 billion lbs in December 2016. Stocks of soy oil in January were higher by 3 percent compared to January 2016, which was reported at 1.582 million lbs. Yield rose to 11.65 lbs/bushel in January from 11.62 lbs/bushel in December. Yield in January 2016 was reported at 11.69 lbs/bushel.
- Brazil's 2016/17 soybean crop production is forecast at 105 million tons which is up from 95.4 million tons estimated in 2015/16 by Oil World. Brazil is expected to export around 52.3 million tons during February/August 2017 against 47.8 million tons in the corresponding period last year.
- Informa Economics has also raised its Brazil's 2016/17 soybean production estimate to 108 million tons from 106.5 million tons projected previously. Informa has projected Argentina's 2016/17 soybean crop at 55.0 million tons.

- EU soybean imports fell 1% by 28 February 2016/17 and registered imports of 8.8 million tons from 8.9 million acres during the corresponding period last season. EU soy meal imports during Jul. – Jun. 2016/17 season stood at 11.8 million tons, down 15% from 13.9 million tons during the corresponding period last year.
- Brazil's 2016/17 soybean crop harvest has reached 26% of the total planted area by February 16. The figure is up 23% from the corresponding period last year and up 19% from last week estimated by AgRural. The harvesting in Mato Grosso has reached 52% of the total State area and stands as a leader, but down from 44% last week due to rains which hampered the harvesting in the region.
- Agroconsult has projected Brazil's 2016/17 soybean production at 107.8 million tons up from 105.3 million projected initially in February. The agency has estimated Brazil's 2016/17 soy exports at 61.1 million tons.
- The gains in the CBOT soybean was limited on the estimated record Brazilian soybean production and improving weather in Argentina after heavy rains previously. The lined up vessels at the Brazilian ports points that about 4.39 million tons of soy is expected to be shipped to the foreign buyers which is about 97% more than the corresponding period last year, data released by shipping agency Wilson Sons compiled by Reuters.
- According to US Energy Information Agency (EIA), US December 2016 biodiesel production rose to 143 million gallons from 142 million gallons in November 2016. Soy oil is the largest feedstock with use of 610 million lbs in December. 596 million lbs was the use in November 2016.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price range for 2016/17 is projected at \$9.10 to \$9.90 per bushel, unchanged at the midpoint from last month. Soybean oil prices are forecast at 34 to 37 cents per pound, and soybean meal prices are projected at \$310 to \$340 per short ton, both unchanged at the midpoint from last month.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 640-740 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.

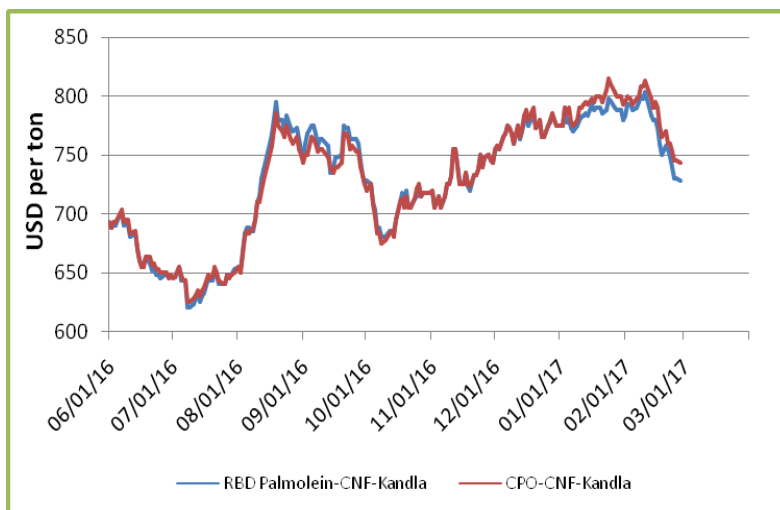
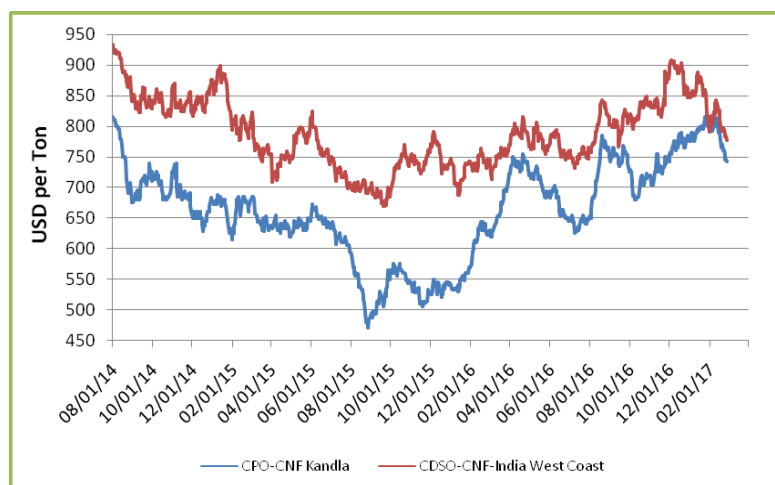
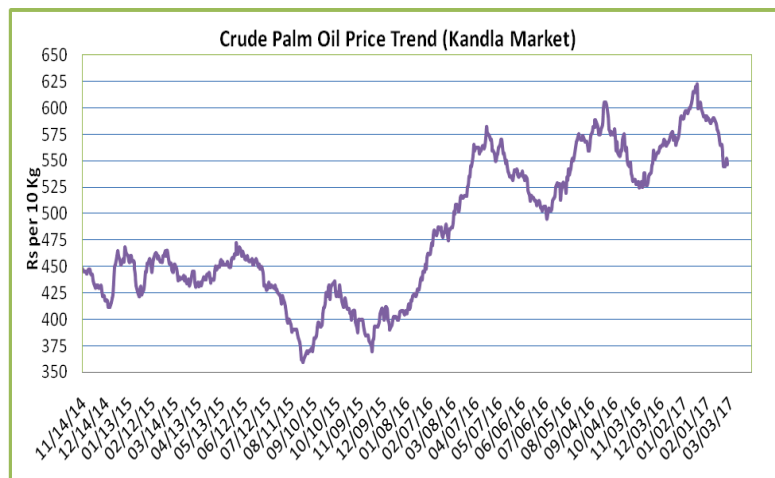
Palm oil: Domestic Market Fundamentals

- CPO prices witnessed weak tone in the month of February at its benchmark market at Kandla on weak demand and fall in international price of CPO. CPO prices fell in Kakinada. RBD palmolein prices fell across board in India. Superolein prices fell in Kandla and Mumbai. CPO-CNF and RBD palmolein-CNF India prices fell in February.
- Agriwatch view – Crude palm oil prices fell in Kandla on weak demand and spillover of fall in international prices of CPO. Fall in BMD Malaysia on bearish cues on expected higher production of palm oil in Malaysia.

CPO prices in India are struggling as RBD palmolein is available at cost below CPO. Raw material is available is higher prices compared to finished goods which has shifted demand towards imports of RBD palmolein compared to CPO. Idle capacities of plants have increased due to availability of lower priced RBD palmolein. Inverted export duty structure in Malaysia is the reason of higher imports of RBD palmolein. RBD palmolein a CNF is selling below CPO CNF.

Palm oil industry is bleeding as duty differential of refined palm oil vs crude palm oil is just 7.5 percent whereas industry is asking for 15 percent differential. However, due to inverted duty structure in Malaysia higher duty differential is necessary.

Demand of RBD palmolein was firm in



domestic markets in February compared to CNF markets as fall in prices RBD palmolein at high seas was lower than fall in CNF markets. Supeolein prices remained lower while Vanaspati prices saw a lesser fall in domestic markets compared to CPO and RBD palmolein indicating firm demand.

Prices of CPO in India CNF fell less than fall in CPO FOB Indonesia indicating firm demand at CNF markets while RBD palmolein fell less in CNF markets compared to FOB markets indicating firm demand compared to CPO.

RBD palmolein premium over CPO decreased to Rs 35 (Rs 40 last month) per 10 kg indicating firm demand of CPO compared to RBD palmolein.

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. Fall in ringgit has supported the rise. This led to lower CPO imports in India and higher imports of RBD palmolein.

RBD palmolein fell less at high seas compared to CNF markets indicating firm demand. RBD palmolein prices fell across board in India.

Prices of CPO fell less at CNF-Kandla compared Indonesia FOB indicating firm demand.

RBD palmolein rose less in India CNF-Kandla compared to Malaysia FOB indicating weaker demand at CNF markets.

CPO imports fell in January compared to December and January 2016 while stocks at ports and pipelines fell indicating weak demand in India. RBD palmolein imports fell in January compared to December while stocks at ports and pipelines rose indicating weak demand in India.

Discount 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 was in parity while refining margins are positive. Positive refining margins will support imports.

The second chart indicates that RBD palmolein-CNF has fallen below CPO-CNF and this trend is continuing from last two month.

Decreasing soy oil premium over palm oil which is hovering at Rs 126 (Rs 127 last month) per 10 Kg will decrease demand of palm oil and decrease imports.

Previous chart in soy oil section shows that premium of soy oil over palm oil has increased in January at CNF markets USD 53 (USD 25) per ton which will increase 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.

Positive refining margins will increase imports.

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

- Palm oil import scenario – According to SEA, India imported 6.09 lakh tons of palm oil in January 2017 v/s 6.88 lakh tons in January 2016, down 11.5 percent y-o-y. Import of palm oil in the period (November 2016-January 2017) was at 21.33 lakh tons compared to 23.52 lakh tons in the corresponding period in last oil year, lower by 9.3 percent.

CPO imports slowed to 4.08 lakh tons in January compared to 5.30 lakh tons in January 2016, lower by 23 percent y-o-y. Import of CPO in the period (November 2016-January 2017) was at 14.39 lakh tons compared to 17.09 lakh tons in the corresponding period last oil year, lower by 15.8 percent.

RBD palmolein imports rose 31.3 percent in January to 1.97 lakh tons from 1.50 lakh tons in January 2016. Import of CPO in the period (November 2016-January 2017) was at 6.83 lakh tons compared to 6.14 lakh tons in corresponding period last oil year, lower by 6.2 percent.

- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 740 (USD 785) per ton for March delivery. April delivery is quoted at USD 725 per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 732.5 (USD 777.5) per ton for March delivery. April delivery is quoted at USD 725 per ton. CPO duty paid prices ready lift quoted at Rs 553 (Rs 588) per 10 Kg and March delivery is offered at Rs 550 (Rs 586) per 10 Kg on March 3, 2017. Values in bracket depict January, 2016 quotes.
- Palm oil imports will decrease in near term owing to lower CIF soybean oil premium versus CIF crude palm oil, which is hovering at USD 53 per ton (USD 25 per ton last month).
- On the parity front, margins improved during the month of January 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 fetch USD 5-10/ton (February average) v/s loss of USD 0-5/ton (January average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 20-25/ton (February average) v/s gain of USD 20-25 (January average).
- We expect palm oil to trade sideways to weak tone in medium term.

International Market Fundamentals

- Agriwatch view – Palm oil end stocks in Malaysia in February is expected to show marginal fall on falling production partially set off by lower exports. Palm oil end stocks showed sharp fall in January due to low production in Malaysia.

Production is expected to fall in February in Malaysia on lagged effect of El Nino and flooding in parts of Malaysia. However, with good rains in Malaysia and Indonesia yields will improve in medium term.

Production will show recovery in second quarter as the effect of El Nino diminishes.

Malaysia and Indonesia lost 5-6 MMT of palm oil 2016 and is expected to show 4-5 MMT rise in 2017. Loss of production in 2016 due to El Nino will be completely reversed with La Nina phenomena in 2016-17.

However, various weather forecasting agencies models suggest that La Nina is over and El Nino conditions will prevail in second half of 2017 which may affect palm yields in medium term. However, intensity of El Nino is not known.

Indonesia palm production will gain on plants planted until 2013 which will show incremental production.

Exports from Malaysia in February showed fall of 12-14 percent due to weak imports from China and India.

India's imports showed decrease on weak demand due to higher domestic oilseeds crop and low premium of soy oil over palm oil which will lower palm oil imports in oil year 2016-17. Parity in palm products will support imports from India in near term.

China showed lower palm oil imports after Chinese New Year was wrapped. Fresh demand from China is expected only when prices decrease.

BMD CPO fell in February on weak demand from India and China and weak cues from CBOT soy oil and RBD palmolein DALIAN. Prices in BMD CPO have stretched too far and some retracement was due.

RBD palmolein Malaysia prices fell in February in Dollar terms on weak demand from India and China and fall in CBOT soy oil.

Ringgit is expected to appreciate in March which will underpin palm oil exports from Malaysia. Ringgit has been the key support of rally of palm oil which fell to record lows.

Moreover, prices were supported by higher crude oil prices.

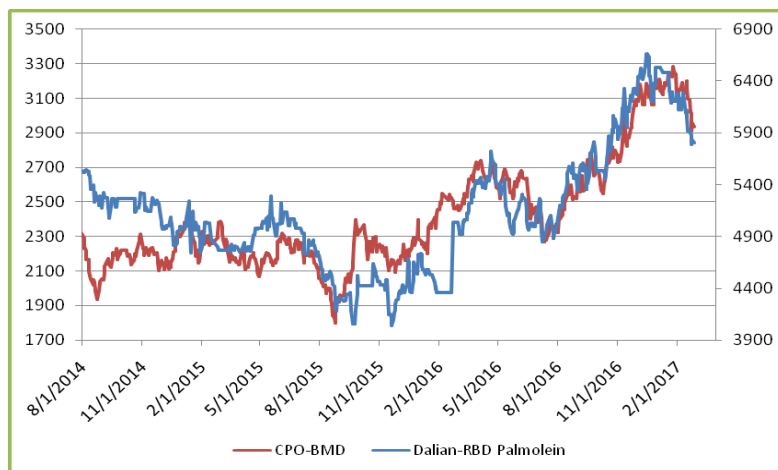
However, exports will remain weak in March due to seasonal downtrend of demand.

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

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

Higher palm oil prices in China 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 December especially from Malaysia.

Exports from Malaysia are higher due to aggressive pricing of Malaysian RBD palmolein compared to Indonesia CPO which erodes stocks from Malaysia and support prices. Ringgit depreciation has supported aggressive palm oil prices. However, Indonesia has lost its competition from Malaysia due to levy of USD 50 imposed by Indonesia and above that imports duty of US 18 have been imposed.

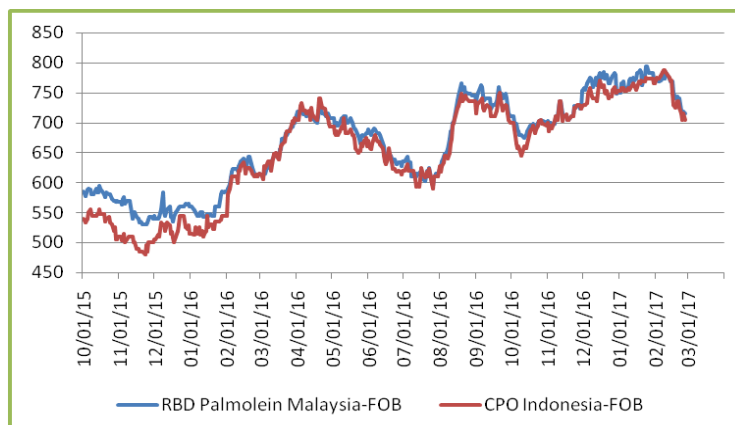


Below chart shows how competitive RBD palmolein prices from Malaysia and Indonesia CPO have fared which has led to loss of market share by Indonesia.

Indonesia imposed crude palm oil export duty of USD 18 in the range of USD 750-850 per ton over and above levy of USD 50 per ton on export of crude palm oil.

Higher duty on crude palm oil in Indonesia will attract buyers to sell crude palm oil to domestic buyers, according to GAPKI. Higher tax will make export uncompetitive for domestic planters, according to GAPKI. However, higher

export tax on crude palm oil will make exports uncompetitive as export duty of USD 18 per ton will be charged apart from levy of USD 50 per ton. It will amount to asking planters not to export. Lower exports of crude palm oil from Indonesia will shift demand towards Malaysia which will lead to lower end stocks in Malaysia and support crude palm oil prices.



Malaysia increased CPO exports duty from 7.5 percent to 8 percent. Inverted duty structure in Malaysia is leading to drawdown of palm oil stocks from Malaysia and supported prices.

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 February from Malaysia.

Palm oil discount with crude degummed soy oil (CDSO) has decreased and will weaken exports to top exporting destinations.

Indonesia biodiesel mandate will consume incremental production in medium term in 2017 as spread between Gasoline and palm oil based biodiesel will support palm oil prices. Crude oil prices are expected to rise which will decrease spread with palm oil and more palm oil will be used for production.

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 January palm oil end stocks fell 7.55 percent to 15.41 lakh tons compared to 16.67 lakh tons in December. Production dropped 13.36 percent in January to 12.77 lakh tons compared to 14.74 lakh tons in December. Exports in January rose 1.15 to 12.83 lakh tons compared to December exports at 12.68 lakh tons. Imports in January rose 86.27 percent to 0.67 lakh tons compared to 0.36 lakh tons in December.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's February palm oil exports fell 12 percent to 1,018,604 tons compared to 1,157,288 tons last month. Top buyers were European Union at 195,090 tons (213,950 tons), China at 143,560 tons (145,510 tons), India at 139,790 tons (140,550 tons),

United States at 70,030 tons (50,350 tons) and Pakistan at 24,000 tons (31,500 tons). Values in brackets are figures of last month.

- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's February palm oil exports fell 14.2 percent to 1,008,040 tons compared to 1,174,893 tons last month. Top buyers were European Union at 211,845 tons (287,476 tons), India & subcontinent at 181,860 tons (222,100 tons) and China at 151,690 tons (151,710 tons). Values in brackets are figures of last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia increased March crude palm oil export duty to 8 percent from 7.5 percent in February. Tax is calculated at reference price of 3,337.30 ringgit (\$748.95) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

According to Indonesia's trade ministry, Indonesia kept March crude palm oil export duty at USD 18 per ton. Export duty will be triggered above USD 800 per ton. Export duty will be charged between USD 800-850 per ton. Tax will be calculated at a reference price of USD 815.5 per ton for March.

- According to China's General Administration of Customs (CNGOIC), China's January palm oil imports rose 10.98 percent to 5.35 lakh tons. Imports rose from Indonesia in January by 0.18 percent to 3.74 lakh tons. Imports rose from Malaysia in January by 47.91 percent to 1.61 lakh tons.
- **Price Outlook:** We expect CPO Kandla 5% to trade in the price band of Rs 500-600 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
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

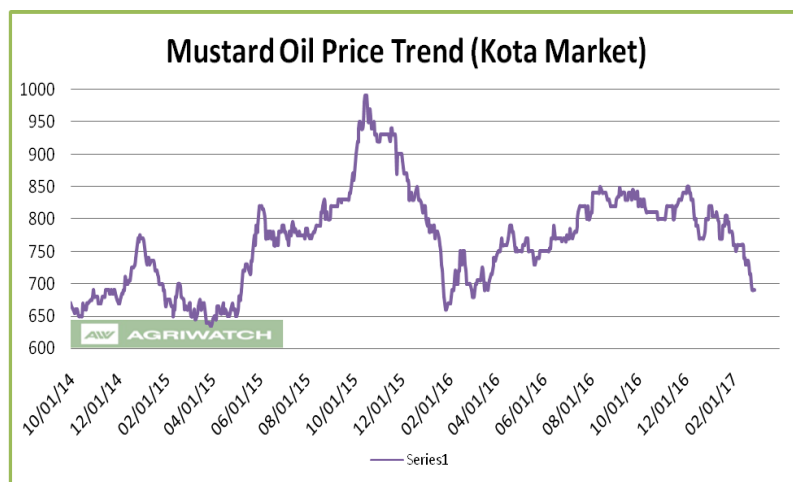
Highlights

- 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 February on fall in prices of rapeseed and weak demand. Prices of expeller mustard oil fell across board in India except Kolkata where prices remained unchanged. Kacchi ghani prices fell across board in India. Rapeseed (Canola) oil prices fell in February.

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



Weak rapeseed-mustard prices impacted prices of rapeseed oil. Rapeseed supplies improved in February due to arrival pressure of rapeseed after start of harvest of rapeseed since mid February.

Very good rapeseed-mustard crop is expected in current oil year which will improve supplies of rapeseed.

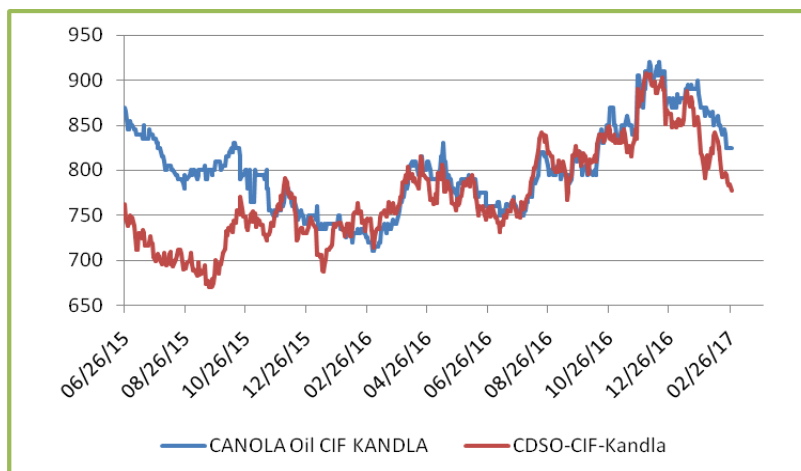
Agriwatch expected rapeseed-mustard oil crop at 6.8-6.9 MMT on higher sowing of rapeseed in MY 2017-18.

Prices fell on seasonal downtrend of prices.

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

Prices fell on lower soy oil and palm oil prices.

Demand is weak. Traders are adequately stocked.



Stockists and traders are adequately

stocked as winters are over. Fresh demand of rapeseed oil will arise ahead of holi. Till then prices will be lower. Rapeseed (Canola) oil prices fell in February.

Above chart shows prices of canola oil at CNF markets are closely following soy oil-CNF so weakness in soy oil will drag canola oil lower in CNF markets which

Prices of rapeseed oil are expected to trade sideways to weak on seasonal downtrend of prices, weak demand, fall in rapeseed prices and higher imports of canola oil.

- Sunflower oil import scenario – India imported 0.18 lakh tons of rapeseed (Canola) oil in January 2017 v/s 0.07 lakh tons in January 2016, higher by 157 percent y-o-y. Imports were 0.83 lakh tons in the period (November 2016-January 2017) compared to 0.58 lakh tons in corresponding period last oil year: SEA
- All India sowing of rapeseed has reached 70.56 lakh hectares as on 3 February 2017, compared to 64.53 lakh hectares in the corresponding period last year.
- CIF Canola oil premium over soybean oil is hovering at USD 13 (USD 30 last month) as on 2 March, 2017. 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 692 (Rs 775) per 10 Kg and at Kota market is quoted around Rs 690 (Rs 760) per 10 kg as on March 2, 2017. 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 620-800 per 10 Kg.

Balance Sheet- Rapeseed Oil, India

Fig. in lakh tons

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17-F
	1.32	1.49	1.73	3.86	1.39	1.41
Production	22.68	25.02	26.78	20.16	21.24	25.08
Imports	0.91	0.13	2.00	3.70	3.50	4.00
Total Supply	24.91	26.64	30.52	27.72	26.13	30.49
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	23.41	24.91	26.66	26.33	24.72	28.66
Ending Stocks	1.49	1.73	3.86	1.39	1.41	1.83

Source: AW estimates

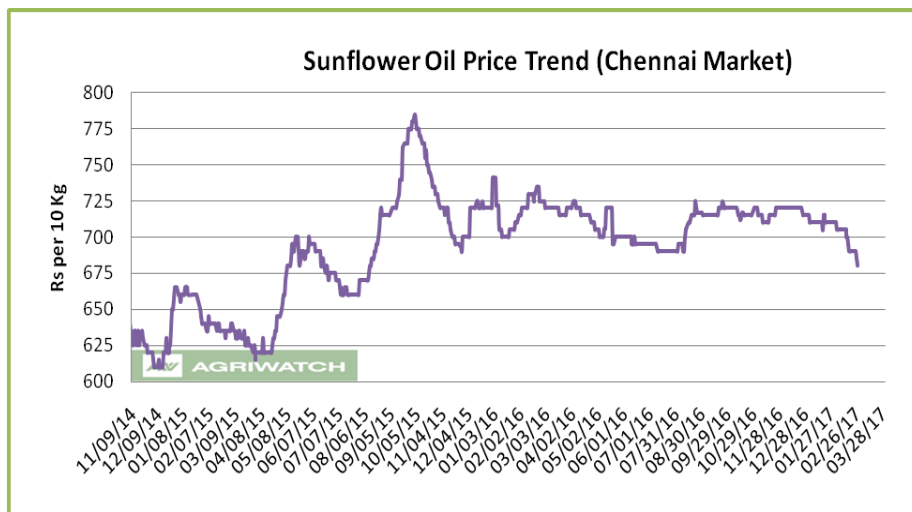
Oil year- November-October

➤ **Highlights**

- Prices of rapeseed oil in 2016-17 are expected to be weak on higher carryout in oil year 2015-16.
- Rapeseed oil production is higher in oil year 2016-17 on higher rapeseed crop.
- Higher oil production in 2016-17 is due to higher marketable surplus of rapeseed resulting in higher crush.
- Carryout stocks of oil year 2015-16 is 1.41 lakh tons on lower rapeseed oil production.
- Carryout of 2016-17 is higher than 2015-16 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 February on firm supply and weak demand. Prices closed lower in Hyderabad and Kakinada at the end of month. Prices rose in Mumbai while it fell in Kandla/Mudra. Sunflower expeller prices fell in Erode, Hyderabad and Chellakere while prices remained unchanged in Latur.

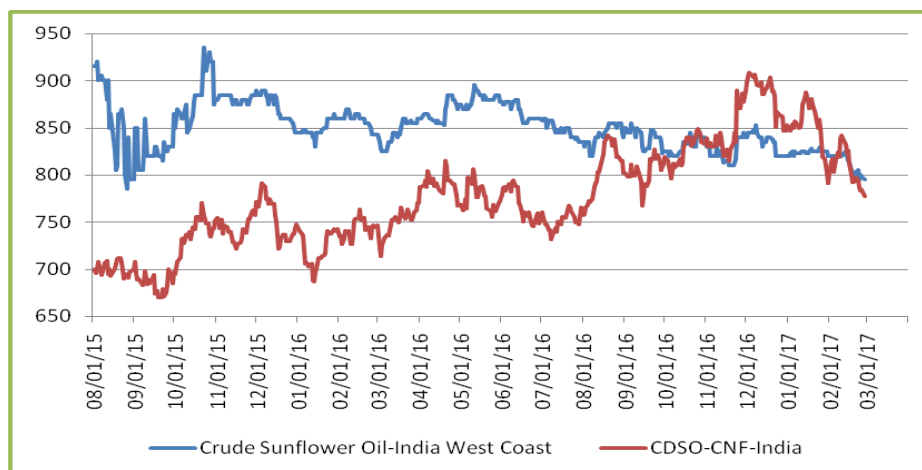
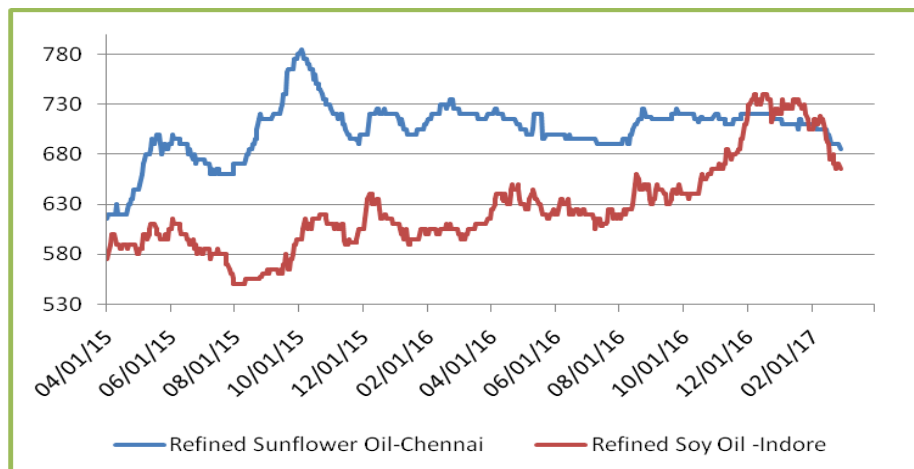


➤ Agriwatch view: Sunflower prices fell in month of February at its benchmark market of Chennai on firm supply and weak demand.

Prices of sunflower oil fell more in domestic market while less at CNF markets indicating weak demand and firm supply.

Sunflower oil imports in the month of January were significantly higher compared to January 2016 and December 2016 while stocks at ports and pipelines fell.

Low 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 February as crude



sunflower oil premium over CDSO CNF is very low. Following chart shows Crude sunflower oil premium over CDSO has turned negative which will support imports and underpin prices.

Refiners and stockists are stocking as sunflower oil premium over soy oil is low at USD 7 (USD 0 last month).

Prices of sunflower oil in domestic markets are trading at minor premium to soy oil in domestic market at Rs 10 per 10 kg compared price Rs 5 per 10 kg in January. Above chart shows how soy oil has behaved compared to sunflower oil.

Prices of sunflower oil fell due to fall in soy oil and palm oil.

Prices fell on seasonal downtrend of prices and higher imports.

In domestic market, demand is expected to be firm in medium term as prices of soy oil selling at rate of sunflower oil despite sunflower oil being superior oil.

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, lower soy and palm oil prices in domestic market and higher carryout in February-April period. Prices of sunflower oil are expected to remain in a range with lower bias in March.

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

- All India sowing of sunflower has reached 1.69 lakh hectares as on 3 February 2017, compared to 3.21 lakh hectares in the corresponding period last year.
- Sunflower oil import scenario – According to SEA, India imported 2.15 lakh tons of crude sunflower oil during January 2017 v/s 1.18 lakh tons in January 2016, higher by 82 percent y-o-y. India imported 5.59 lakh tons of crude sunflower oil (November 2016-January 2017) compared to 3.98 lakh tons in corresponding period last oil year.
- CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 800 (USD 822.5) per ton for MAMJ delivery and JAS delivery is offered at USD 810 per ton as on March 2, 2017. Last month, CIF sun oil (Ukraine origin) monthly average was around USD 811.17 (USD 834.36 in January 2017) per ton. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 770-840 per ton in the near term. CIF Sunflower oil-CNF premium against CDSO CNF had strengthened from last month and is hovering at USD 7 per ton versus USD 0 last month.

- Currently, refined sunflower oil at Chennai market is offered at Rs 680 (Rs 710) per 10 Kg, and at Hyderabad market, it is offered at Rs 708 (Rs 722) per 10 kg as on February 28, 2017. 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 650-720 per 10 Kg.

Balance Sheet- Sunflower Oil (quarterly), India

Fig. in lakh tons

	2015-16	2016-17-F	Nov-Jan	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

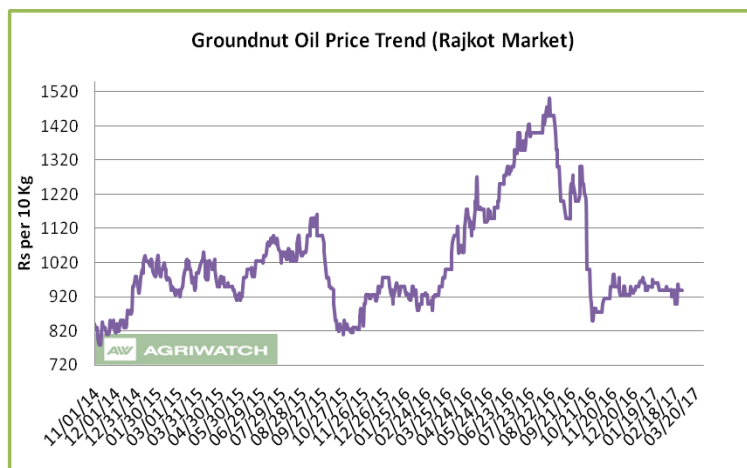
Oil year- November-October

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 flat trend during the month in review at its benchmark market in Rajkot on firm supply and firm demand. Prices increased from lows in the month which indicate that prices are firm ahead. Prices closed unchanged in Chennai, New Delhi while it rose in Hyderabad. Prices closed lower in Mumbai and Jamnagar while it remained unchanged in Gondal at the end of the month.



- Agriwatch view: Groundnut oil prices remained mostly unchanged in India due to higher supply and firm demand of groundnut oil.

Prices of groundnut were flat in month of February as new crop arrival has increased which has led to higher farmer release while higher demand of groundnut has led to keep the prices of groundnut stable.

Prices have remained stable as demand before festive season of Holi and high retail demand due to fall in prices of groundnut oil.

Prices have recovered from lows in February which indicate that bottom prices have reached and prices will recover from here.

Groundnut crop has been good in Kharif and higher sowing in Rabi season has led to higher supply of groundnut.

Farmers are releasing groundnut in expectation of good prices at present.

So, millers are getting higher volume of groundnut and they are crushing at higher levels to meet demand season in March.

Fall in prices of soy oil, palm oil and rapeseed oil prices capped gains.

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.

Stockists and traders are expected to stock in second half of February.

Prices are expected to trade firm in medium term on seasonal uptrend of prices, higher demand and steady activity in cash markets.

Prices are expected to trade sideways to firm in medium term on firm demand and seasonal uptrend of prices

- All India sowing of groundnut has reached 6.16 lakh hectares as on 3 February 2017, compared to 5.96 lakh hectares in the corresponding period last year.

- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 9,400 (9,400) per quintal and quoting at Rs 9,500 (Rs 9,500) 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 800-1050 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

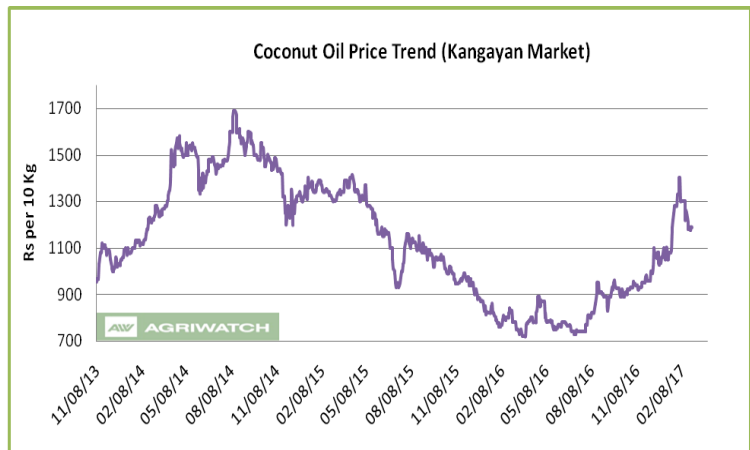
Highlights

- 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 downtrend at its benchmark market in Kangeyan on weak demand and firm supply. Prices fell in Trissur while it rose in Kochi at the end of the month.
- Agriwatch view: Prices of coconut oil fell in the month of February on weak demand and firm supply.

Fall in prices of copra supported the fall in prices.



Weak raw material prices translated into weak finished product prices.

Copra prices fell on higher supply of copra due to higher harvest and release of copra from stockists who released copra accumulated at lower levels.

Fall in prices of palm oil supported the fall. Palm kernel oil prices imploded in February which supported the fall.

Demand from North India is weak.

Production of coconut is high as it is lean season of production is over.

Export demand has weakened due to higher prices of coconut oil which has made coconut oil uncompetitive in international markets.

Traders are releasing copra on expectation of fall in prices. Firm supply of copra has led to higher crushing and higher supply of coconut oil which underpin prices.

Millers are getting copra from traders, which have led to firm supply of coconut oil supporting prices.

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

Traders and upcountry buyers are staying away from markets as they expect fall in prices of coconut oil.

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

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

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

Price momentum of coconut oil has turned negative after more than six months of higher momentum of prices which will lead to lower prices in medium term.

Prices are expected to remain weak in March on weak demand from corporates, higher supply of copra, lower prices of copra, weak export demand of coconut oil, lower harvest of coconut and low prices of competitive oils. Prices are expected to trade sideways to weak in medium term.

- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 14,000 (10,700) per quintal due to weak supply and firm demand of coconut oil, and quoting Rs 12,100 (13,300) per quintal in Erode market on February 28, 2017.
- Coconut oil prices may trade sideways to weak tone tracking weak demand and firm supply in ready markets.

Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 1000-1300 per 10 Kg.

Coconut oil production:

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

Source: Coconut Development Board

Production and exports of coconut oil:

Estimated Production of Coconut Oil

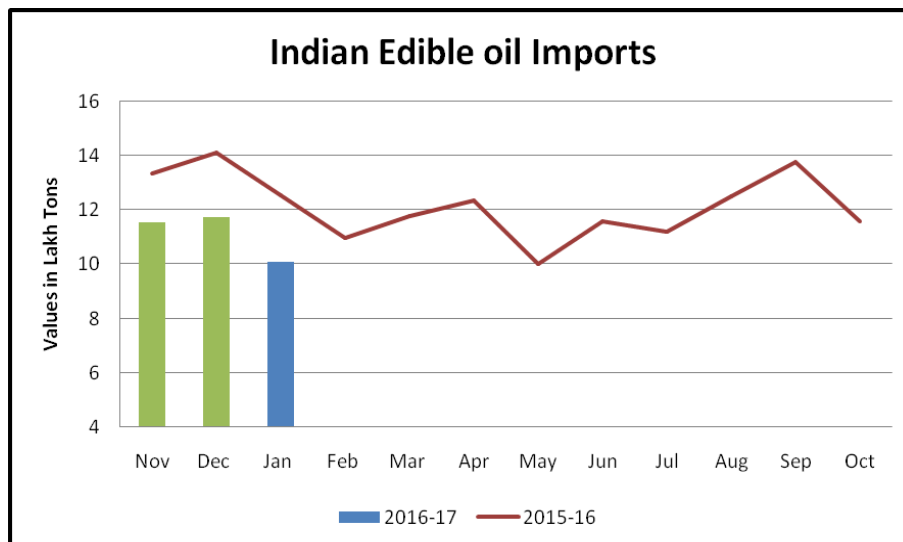
Month	Production (in lakh Tons)	Cumulative Production (in lakh Tons)
Jan-16	0.35	0.35
Feb-16	0.42	0.77
Mar-16	0.54	1.31
Apr-16	0.77	2.08
May-16	0.64	2.72
Jun-16	0.54	3.25
Jul-16	0.45	3.70
Aug-16	0.42	4.12
Sep-16	0.36	4.47
Oct-16	0.31	4.78
Nov-16	0.36	5.14
Dec-16	0.33	5.46

Source: Coconut Development Board

Export of Coconut Oil during April - October 2016-17

Sl. No.	Country	Quantity (in MT)	Value (Rs in lakhs)
1	Malaysia	11808.90	11031.01
2	Indonesia	3745.78	3332.40
3	United Arab Emirates	1596.98	2074.88
4	Sri Lanka	907.40	929.44
5	Myanmar	650.80	783.29
6	Saudi Arabia	578.38	753.71
7	Oman	305.10	375.05
8	Pakistan	289.69	462.80
9	United States	250.66	599.32
10	Qatar	246.03	362.85
11	Kuwait	183.67	238.11
12	Bahrain	142.14	196.57
13	Others	2672.82	3316.12
Total		23378.35	24455.54

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 14.57 million tons 2015-16 (November 2015-October 2016). Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein) imports for January is pegged at 10.08 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.

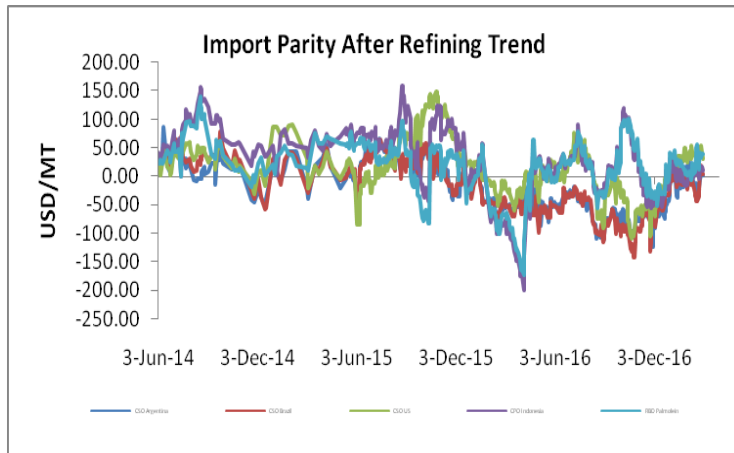
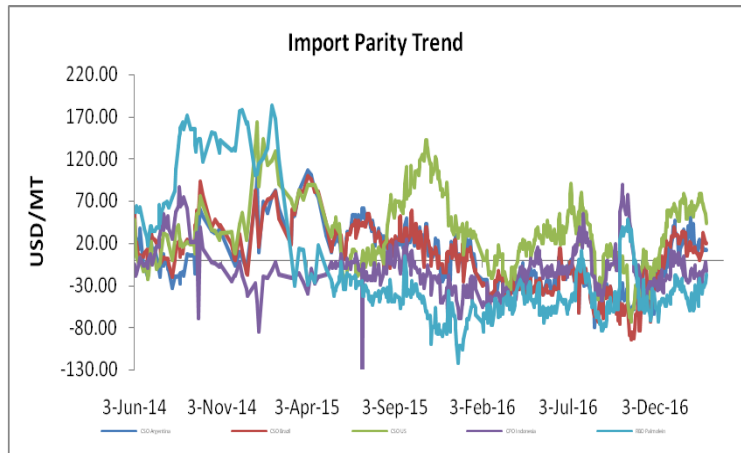
On the consumption side, India's edible oil consumption for 2016-17 oil year seen at 23.24 million tons, up 5 percent from last year. Ending stocks are projected higher compared to 2015-16 at 1.99 million tons.

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 03/03/2017	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	741	756	722	710	698
Freight (USD/MT)	60	55	62	25	20.0
Landing Charge 1%	8.01	8.11	7.84	7.35	7.18
C & F	801.0	811.0	784.0	735.0	718.0
Weight loss (0.25% of FOB)	1.85	1.89	1.81	1.78	1.75
Finance charges (0.4% on CNF)	3.20	3.24	3.14	2.94	2.87
Insurance (0.3% of C&F)	2.40	2.43	2.35	2.21	2.15
CIF (Indian Port - Kandla)	808	819	791	742	725
CVD	0	0	0	0	0
Duty (Values in USD per tons)	101.75	101.75	101.75	58.80	121.80
CVD value USD per ton	0	0	0	0	0
Cess (3% on duty) USD per ton	2.035	2.035	3.0525	1.176	2.436
Exchange rate	66.8	66.8	66.8	66.8	66.8
Landed cost without customs duty in INR per ton	54005	54680	52858	49560	48415
Customs duty %	12.50%	12.50%	12.50%	7.50%	15.00%
Base import price	814	814	814	784	812
Fixed exchange rate by customs department	67.65	67.65	67.65	67.65	67.65
Duty component in INR per ton	6883.39	6883.39	6883.39	3977.82	8239.77
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	62288	62964	61142	54938	58054
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	62800	62800	62800	55400	57500
Total landed cost USD per ton	932	943	915	822	869
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	940	940	940	829	861
Parity INR/MT (Domestic - Landed)	512	-164	1658	462	-554
Parity USD/MT (Domestic - Landed)	7.66	-2.45	24.82	6.92	-8.30
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	67988.48	68663.66	66841.76	62438.08	60854.47
Soy/Palm oil imported Price (Including tax)	71387.91	72096.85	70183.85	65559.98	63897.20
Loose price of Soy/Palm in Indore and Delhi market	70875.00	70875.00	70875.00	67200.00	67200.00
Parity after processing and Taxes (Rs per MT)	-512.91	-1221.85	691.15	1640.02	3302.80
Parity after processing and Taxes (USD per MT)	-7.66	-18.24	10.32	24.48	49.30
Source: Agriwatch					

Import Parity Trend

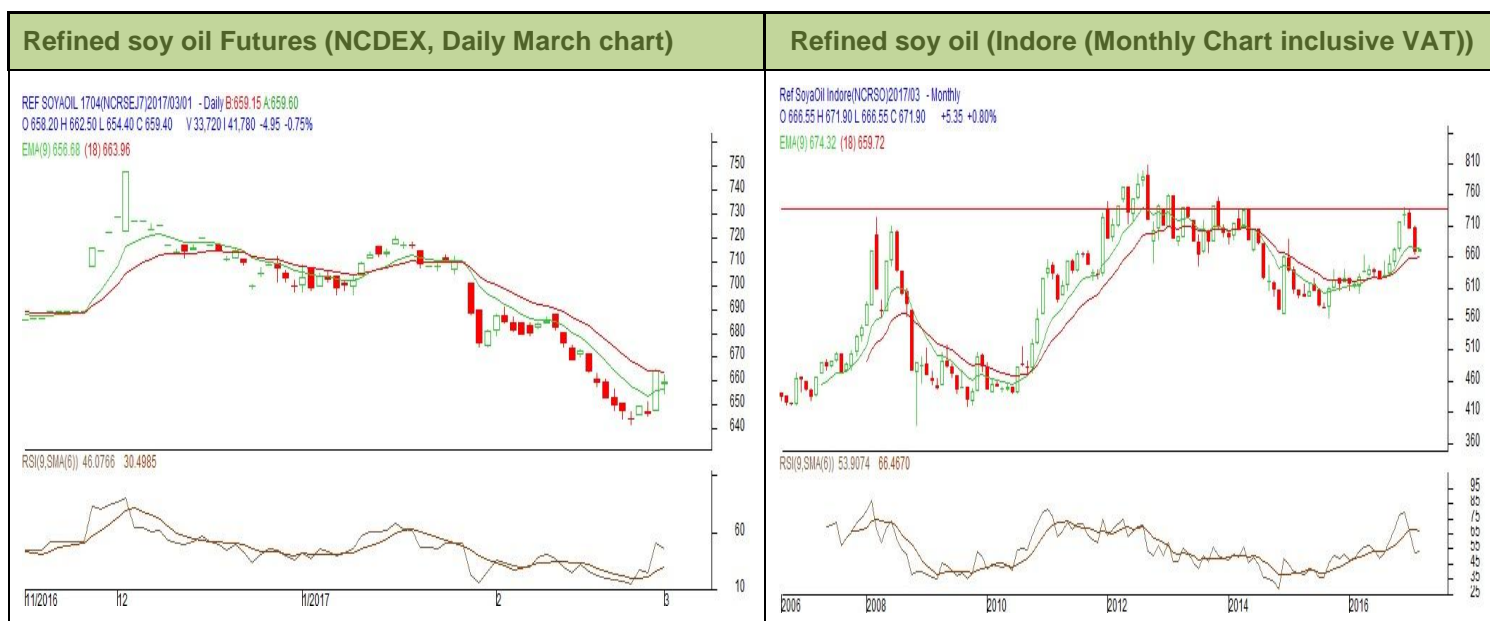


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Dec, 2016	-54.66	-45.74	-19.32	-24.40	-15.05
Jan, 2017	-8.31	-7.38	31.24	1.15	22.76
Feb, 2017	-4.41	-12.57	39.53	5.89	21.73

Outlook:-

Import parity for CDSO Argentina and CDSO Brazil are in disparity due to costlier imports. We expect CDSO import parity to improve in February. Parity in palm oil products may increase palm oil imports in the coming days.

Technical Analysis (Refined soy oil Monthly Charts)


Outlook – Prices are likely to trade sideways to weak tone in the days ahead. Investors are advised to sell refined soy oil (April contract) on pullbacks.

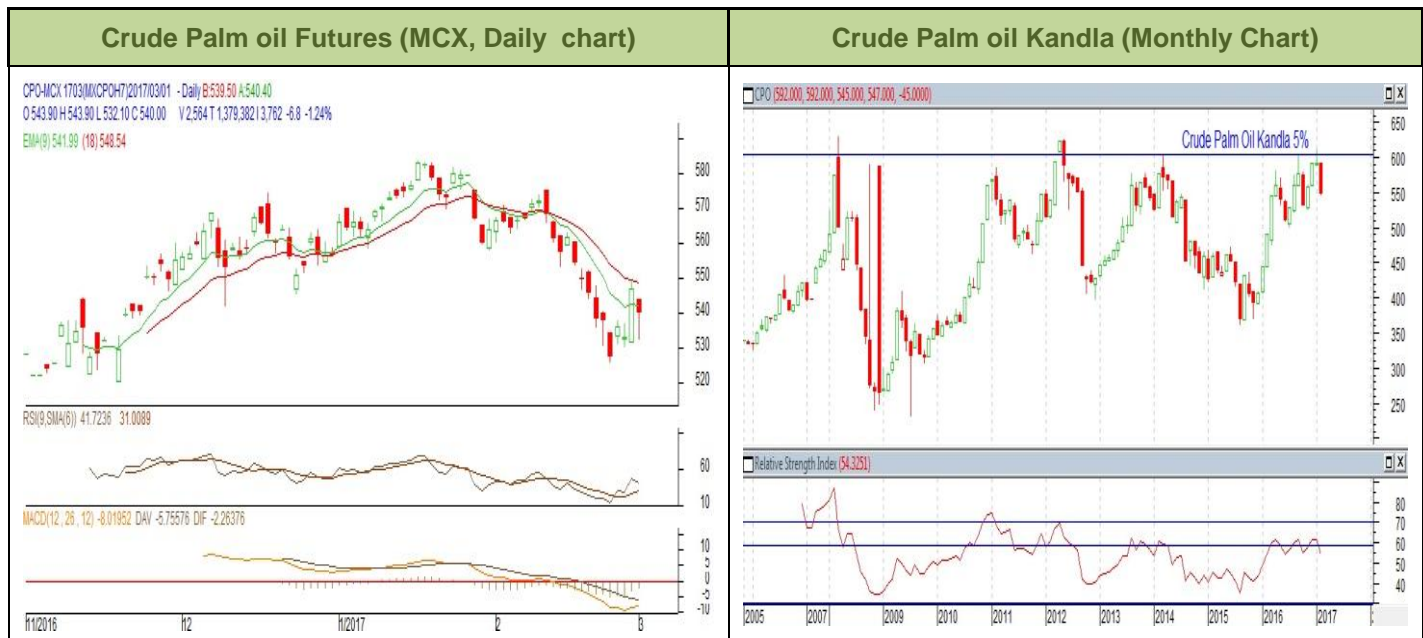
- Monthly chart of refined soy oil at NCDEX featured losses in the prices. We expect sideways to weak movement in the coming days.
- Any close below 640 in monthly chart will change the sentiment and bring prices to 600 levels.
- Expected price band for next month is 600-700 level in near to medium term. RSI, Stochastic and MACD are indicating downtrend at current levels.

Strategy: Market participants are advised to go short in RSO below 665 for a target of 640 and 630 with a stop loss at 675 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
631.00	641.00	656.50	673.00	690.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 640-740 per 10 Kg.

Technical Analysis (Crude Palm oil Monthly Charts)


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

- Candlestick monthly chart of crude palm oil at MCX depicts fall in prices. We expect prices to feature sideways to weak tone in the near term.
- Any close below 520 in monthly chart might bring the prices to 500 levels.
- Expected price band for next month is 490-590 level in near to medium term. RSI along with Stochastic and MACD are indicating uptrend.

Strategy: Market participants are advised to go short in CPO below 545 for a target of 520 and 510 with a stop loss at 555 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
514.00	524.00	539.00	552.00	565.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 500-600 per 10 Kg.



Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		28-Feb-17	31-Jan-17	
Refined Soybean Oil	Indore	665	710	-45
	Indore (Soy Solvent Crude)	635	680	-45
	Mumbai	665	700	-35
	Mumbai (Soy Degum)	618	655	-37
	Kandla/Mundra	665	705	-40
	Kandla/Mundra (Soy Degum)	618	672	-54
	Kolkata	670	710	-40
	Delhi	680	730	-50
	Nagpur	665	700	-35
	Rajkot	650	700	-50
	Kota	660	730	-70
	Hyderabad	684	703	-19
	Akola	705	738	-33
	Amrawati	705	739	-34
	Bundi	670	720	-50
	Jalna	714	748	-34
	Alwar	NA	NA	-
	Solapur	713	747	-34
	Dhule	709	747	-38
Palm Oil	Kandla (Crude Palm Oil)	547	588	-41
	Kandla (RBD Palm oil)	565	600	-35
	Kandla RBD Pamolein	585	620	-35
	Kakinada (Crude Palm Oil)	535	585	-50
	Kakinada RBD Pamolein	585	620	-35
	Haldia Pamolein	585	620	-35
	Chennai RBD Pamolein	590	625	-35
	KPT (krishna patnam) Pamolein	574	615	-41
	Mumbai RBD Pamolein	585	630	-45
	Delhi	635	670	-35
	Rajkot	580	625	-45
	Hyderabad	546	599	-53
	Mangalore RBD Pamolein	590	625	-35
	PFAD (Kandla)	440	460	-20
	Refined Palm Stearin (Kandla)	510	530	-20
Refined Sunflower Oil	Chennai	680	710	-30
	Mumbai	715	710	5
	Mumbai(Expeller Oil)	615	650	-35
	Kandla	700	725	-25
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	708	722	-14



	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	650	665	-15
	Erode (Expeller Oil)	725	735	-10
Groundnut Oil	Rajkot	940	940	Unch
	Chennai	950	950	Unch
	Delhi	950	950	Unch
	Hyderabad *	1015	990	25
	Mumbai	980	1000	-20
	Gondal	940	940	Unch
	Jamnagar	940	940	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	690	775	-85
	Jaipur (Kacchi Ghani Oil)	728	796	-68
	Kota (Expeller Oil)	690	760	-70
	Kota (Kacchi Ghani Oil)	720	805	-85
	Neewai (Kacchi Ghani Oil)	675	760	-85
	Neewai (Expeller Oil)	705	775	-70
	Bharatpur (Kacchi Ghani Oil)	740	790	-50
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	700	770	-70
	Sri-Ganga Nagar (Kacchi Ghani Oil)	740	800	-60
	Mumbai (Expeller Oil)	710	770	-60
	Kolkata(Expeller Oil)	960	960	Unch
	New Delhi (Expeller Oil)	750	810	-60
	Hapur (Expeller Oil)	875	885	-10
	Hapur (Kacchi Ghani Oil)	982	990	-8
	Agra (Kacchi Ghani Oil)	745	795	-50
Refined Cottonseed Oil	Rajkot	675	710	-35
	Hyderabad	630	675	-45
	Mumbai	660	690	-30
	New Delhi	650	695	-45
Coconut Oil	Kangayan (Crude)	1190	1330	-140
	Cochin	1230	1130	100
	Trissur	1210	1400	-190
Sesame Oil	New Delhi	770	780	-10
	Mumbai	730	730	Unch
Kardi	Mumbai	730	730	Unch
Rice Bran Oil (40%)	New Delhi	525	540	-15
Rice Bran Oil (4%)	Punjab	590	595	-5
Rice Bran Oil (4%)	Uttar Pradesh	590	595	-5
Malaysia Palmolein USD/MT	FOB	700	765	-65

	CNF India	720	780	-60
Indonesia CPO USD/MT	FOB	708	773	-65
	CNF India	733	793	-60
RBD Palm oil (Malaysia Origin USD/MT)	FOB	700	763	-63
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	695	755	-60
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1310	2010	-700
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	690	705	-15
Crude palm Kernel Oil India (USD/MT)	CNF India	1400	1900	-500
Ukraine Origin CSFO USD/MT Kandla	CIF	798	820	-22
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	-
Argentina FOB (\$/MT)		27-Feb-17	30-Jan-17	Change
Crude Soybean Oil Ship		732	765	-33
Refined Soy Oil (Bulk) Ship		758	792	-34
Sunflower Oil Ship		735	748	-13
Cottonseed Oil Ship		712	745	-33
Refined Linseed Oil (Bulk) Ship		Unq	Unq	-
<i>* indicates including VAT</i>				

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