



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

Groundnut oil (Rajkot) was the best performer among the edible oil complex tracking firm demand and weak supply in the cash market. However, soy oil (Indore) was the worst performer on weak international markets.

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

Recommendation:

Market participants are advised to go short in RSO below 635 for a target of 615 and 610 with a stop loss at 645 on closing basis.

Market participants are advised to go short in CPO below 530 for a target of 510 and 505 with a stop loss at 540 on closing basis.

Market Participants can buy refined soy oil in the cash markets at 620-630 for the target of 650-660 levels (Indore including taxes), if needed. Market Participants can buy CPO Kandla 5% in the cash markets at 520-530 for the target of 550-560 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (May) is expected to stay in the range of 29 cents/lb to 34 cents/lb. CPO at BMD (May) is likely to stay in the range of 2600-3100 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 March palm oil exports rose 6.9 percent to 1,088,677 tons compared to 1,018,604 tons last month. Top buyers were European Union at 222,584 tons (195,090 tons), India at 170,020 tons (139,790 tons), China at 114,990 tons (143,560 tons), United States at 54,120 tons (70,030 tons) and Pakistan at 37,500 tons (24,000 tons). Values in brackets are figures of last month: SGS

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

Strong ringgit, weak exports of palm oil from Malaysia, weak Chinese and Indian demand, higher production of palm oil in Malaysia and 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 international markets. Average prices of refined soy oil fell in March. 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 March on weak CBOT and BMD.

Fall in domestic prices was less than fall at CNF markets, indicating firm demand. Domestic CDSO prices fell more than CDSO CNF indicating firm demand.

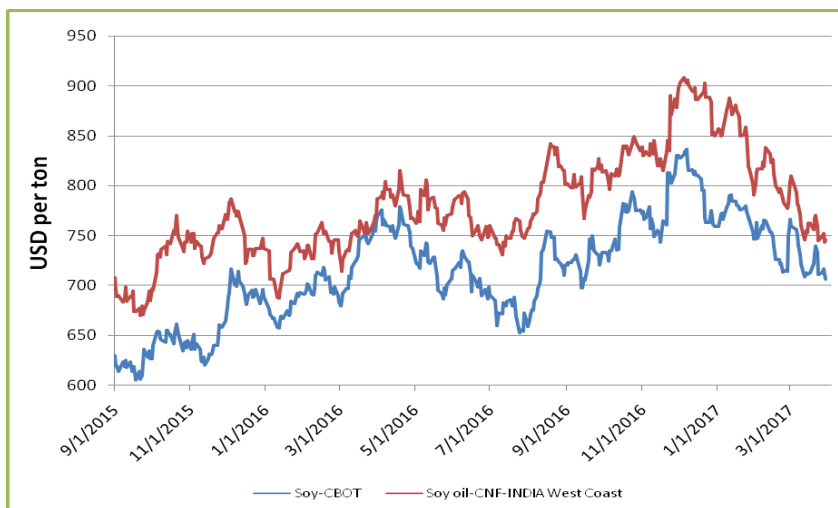
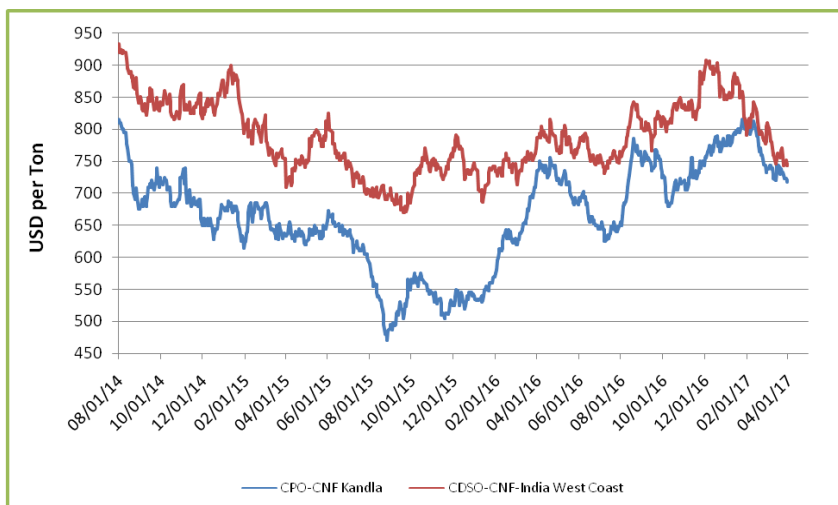
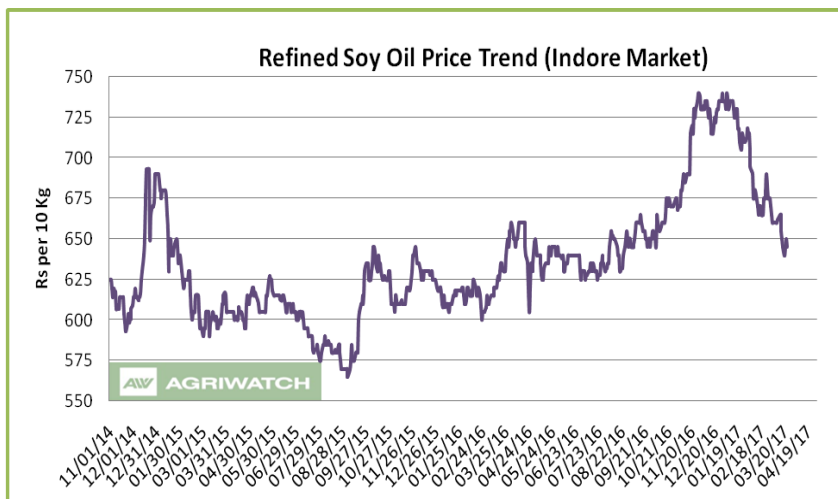
Fall in prices of palm oil supported the fall.

Soy oil premium over palm oil has decreased to Rs 104 (Rs 127 last month) per 10 Kg is low which will support prices. Imports will rise on low CDSO premium over CPO at USD 29 (USD 53) per ton for April delivery.

Demand of soy oil is firmer in domestic markets compared to CNF markets as difference in prices is higher than CNF markets.

Appreciation of rupee has made soy oil imports dearer which will induce demand in imports.

Landed cost and refining margins are in parity.



Third chart from top chart shows difference between CDSO-CNF-India West coast and Soy oil CBOT. Difference decreased between CDSO-CNF-India West coast and Soy oil CBOT due to decrease in basis (spot prices – futures prices).

Refiners can buy their consignment as basis has decreased with improvement of supplies and record soybean crop in South America, higher supply from Argentina and expectation of record soybean crop in US.

Export demand of soy meal has fallen due to appreciation of Rupee which has resulted in lower crushing of soybean. However, government removed trade barriers on export of edible oils in bulk on expectation of lower crushing. This step will decrease end stocks of soybean and improve pressure on domestic soy oil.

Export demand of soy meal had improved in 2016/17 from India due to higher crop of soybean. However, due to 5 percent appreciation of rupee, Indian soy meal is now uncompetitive in international markets compared to peers.

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

CDSO demand was weak at CNF markets as CDSO CNF fell more than CDSO-FOB compared to last month indicating weak demand at CNF markets.

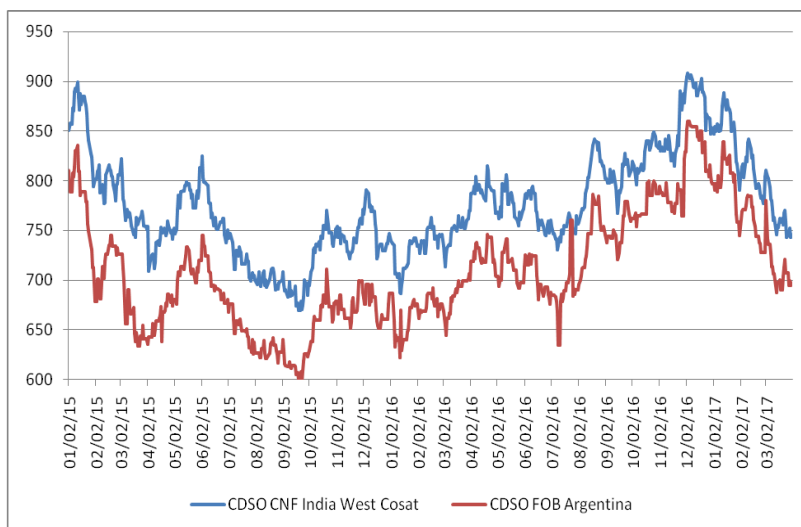
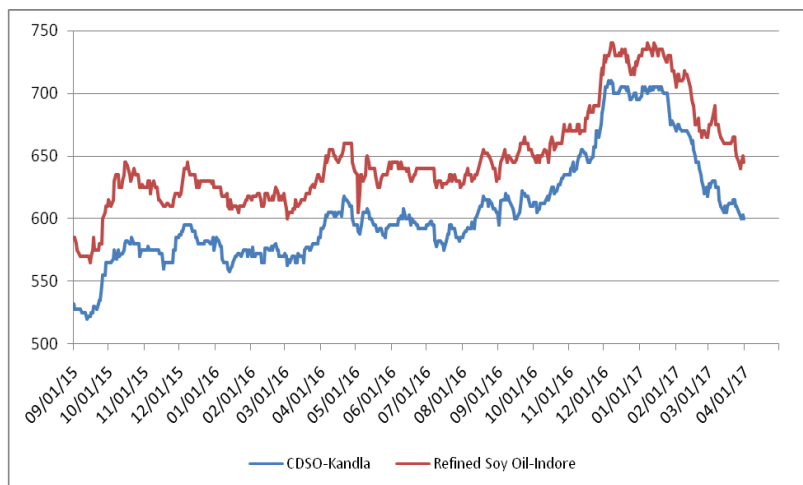
CDSO demand was weak at high seas compared to CNF markets as prices fell more at CNF markets while it fell less in high seas indicating firm demand in domestic markets.

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

Demand of soy oil is firmer in Indian markets

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.

- According to Director General of Foreign Trade (DGFT) notification 43/2105-20 dated 27th March 2017 under section 3 of Foreign Trade Regulation Act, 1992, central government has allowed export of edible oil in bulk.
- Soy oil import scenario – According to SEA, India imported 2.52 lakh tons of soy oil in February 2017 v/s 3.66 lakh tons in February 2016, down 31 percent y-o-y. India imported 8.15 lakh tons of soy oil in the period (November 2016-February 2017) compared to 15.55 lakh tons in the corresponding period last oil year, lower by 48 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's February edible oil imports rose 15.9 percent y-o-y to 12.4 lakh tons from 10.66 lakh tons in February 2016. Palm oil imports rose 23.5 percent y-o-y to 7.35 lakh tons from 5.95 lakh tons in February 2016. CPO Imports rose 22 percent y-o-y to 4.98 lakh tons from 4.08 lakh tons in February 2016. RBD palmolein imports rose 30.9 percent y-o-y to 2.33 lakh tons from 1.78 lakh tons in February 2016. Soy oil imports fell 31 percent y-o-y to 2.52 lakh tons from 3.66 lakh tons in February 2016. Sunflower oil imports rose 140 percent y-o-y to 2.09 lakh tons from 0.87 lakh ton in February 2016. Rapeseed (Canola) oil imports rose 118 percent y-o-y to 0.37 lakh tons from 0.17 lakh tons in February 2016.
- According to Solvent Extractors Association (SEA), India's February edible oil stocks at ports and pipelines rose 13.6 m-o-m to 19.65 lakh tons from 17.30 lakh tons in January 2017. Stocks of edible oil at ports rose to 775,000 tons (CPO 290,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 180,000 tons, Crude Sunflower Oil 130,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,190,000 tons in pipelines. (Stocks in pipelines were at 1,088,000 tons in January 2017). India is presently holding 36 days of edible oil requirement on 1st March, 2017 at 19.65 lakh tons compared to 32 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 February 2017 is 207,977 tons compared to 29,951 tons in February 2016 showing an increase of 594.40% over the same period of last year. On a financial year basis, the export during April'2016 to February'2017 is 809,271 tons as compared to 360,652 tons in the same period of previous year showing an increase of 124.39%.

During current Oil year, (October – September), total exports during October 2016 to February 2017 is 7,33,539 tons as against 1,59,124 tons last year, showing an increase by 360.98%, showing an increase by 306.86%, as reported by SOPA. France (81688.38 tons), Bangladesh (53900 tons), Japan (32905 tons), Vietnam (22436.575 tons) and Oman (4070.515 tons) remained the top buyers of the soy meal of Indian origin during the month of February 2017.

- Imported crude soy oil CIF at West coast port is offered at USD 739 (USD 810) per ton for April delivery. May delivery is offered at USD 730 (USD 764) per ton and June delivery is offered at USD 728 per ton as on April 4, 2017. CIF CDSO March average price was USD 766.73 (USD 806.87) per ton. Values in brackets are figure of February, 2016

- On the parity front, margins improved during the month and we expect margins to improve in the coming days. Currently refiners fetch USD 10-20 per ton (February average) v/s loss of USD 0-5 per ton (February 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 – Record area estimate of soybean in US due to higher returns in US and higher soybean stocks will underpin soy oil prices in medium term. Fall in area was more than estimate at 89.48 million acres compared to 83.4 million acres in 2016. Wheat contributed to most area shift as soybean has become more ruminative than wheat on higher China demand. Stocks of soybean on March 1 were 1.75 billion bushels, which is 13 percent higher than last year. USDA kept soybean stocks lower to support prices.
Recommendation by National Biodiesel Board (NBB) to Trump Administration to impose anti dumping duty on imports of soy oil from Argentina and Indonesia for two years has affected sentiment in soy oil markets. Both Argentina and Indonesia biodiesels producers has denied such accusations. US produces 2 billion gallons and imports 0.9 million gallons from Argentina, Indonesia and Canada. Two thirds of imports are from Argentina. Argentina exports soy oil based biodiesel and Indonesia exports crude palm oil based biodiesel. Imports of biodiesel from Argentina and Indonesia rose 464 percent from 2014 to 2016.
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.
Same precedent happened in dispute between EU and Argentina where EU imposed anti dumping duty on imports of biodiesel from Argentina. However, WTO court ruled in favor of Argentina.
Trump administration has decided to delay set of 30 regulations of biodiesel prepared by Obama administration.
Rise in soy oil end stocks in February as reported by NOPA indicate that demand is weak in US despite weak production of soy oil on lower crush will underpin soy oil prices in medium term. Stocks of soy oil in US in March is expected to be higher than February on higher production of soy oil due to higher crush of soybean and lower demand of soy oil will underpin soy oil prices in medium term.
Record soybean crop in Brazil and expectation of better than expected soybean crop in Argentina has underpinned soybean complex prices. USDA increased soybean crop estimate of Brazil at 108 MMT. Many rating agencies have increased their estimate of soybean production and exports of Brazil. Harvest has reached 74 percent in Brazil. Harvest in Mato Grosso is over. Many agencies including Informa has estimated current soybean crop in Brazil above 110 MMT. Soybean crop estimate is expected to rise to 115 MMT if conditions of harvest continue to remain conducive.
Argentina crop is in very good condition and harvest has reached 3 percent. Buenos Aires Grains Exchange has increased their estimate of soybean crop to 56.5 MMT from 54.6 MMT and has stated that if condition prevails the crop estimate could rise further. USDA retained soybean crop of Argentina at 56.5 MMT. Informa

has estimated Argentina soybean crop at 57.7 MMT. However, wet weather is expected in next one month which indicates that there will be moisture stress during harvesting state which may reduce yields. Same condition happened in 2016 when weather devastated soybean crop.

Oversupply of edible oils in 2017 due to record of soybean in US, Brazil and Argentina coupled with record production of sunflower, rapeseed and recovery in production of palm oil after severe El Nino in 2015 and 2016 will underpin soy oil prices in medium term.

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.

Supply of palm oil in 2017 will improve and most of the lost production of palm oil due to El Nino in 2016 is expected to 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.

Imports by China from Brazil are progressing at a very good pace. USDA increased China imports estimate of China to 87 MMT in 2016/17.

Competitive oils will underpin prices in near term.

Fall in crude oil prices and dollar appreciation due to faster than expected FED rate hike in 2017 may underpin soy oil prices.

Prices of soy oil are in a range.

- According to United States Department of Agriculture (USDA) March estimate, U.S 2016/17 ending stocks of soy oil is increased to rise to 1,772 million lbs from 1,677 million lbs in February estimate. Opening stocks were unchanged at 1,687 million lbs. Production of soy oil in 2016/17 were increased to 22,560 million lbs compared to 22,390 million lbs in February estimate. Imports in 2016/17 were increased to 325 million lbs compared to 300 million lbs in February 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 were increased to 2,250 million lbs compared to 2,150 million lbs in February estimate. Average price range estimate is unchanged at 32 - 35 cents/lbs. Rise in end stock is due to higher production and imports partially set off by higher exports of soy oil.
- According to National Oilseed Processors Association (NOPA), U.S. February soybean crush fell 11.1 percent to 142.792 million bushels from 160.621 million bushels in January 2017. Crush of soybean in February 2016 was 146.181 million bushels. Production of soy oil in U.S. in February fell to 1.668 billion lbs from 1.870 billion lbs in January 2017. Production in February 2016 was 1.708 billion lbs. Soy oil stocks in U.S. at the end of February rose 6.9 percent to 1.770 billion lbs compared to 1.655 billion lbs in January 2017. Stocks of soy oil in February were lower by 1.2 percent compared to February 2016, which was reported at 1.792 million lbs. Yield rose to 11.68 lbs/bushel in February from 11.65 lbs/bushel in January. Yield in February 2016 was reported at 11.68 lbs/bushel.
- USDA has projected US 2017 soybean plantings at record 89.5 million acres against 83.433 million planted in 2016. If realized, this would be biggest to date, the average trade estimates stood at 88.2 million acres.

- The USDA has reported U.S. soybean stocks as of March 1 at 1.735 billion bushels which is up 13% from the corresponding period last year and even above an average of trade expectations for 1.684 billion bushels.
- Brazil's 2016/17 soybean crop harvesting is 74% complete of the area planted, the figure is above 5 year average of 70% but below 76% harvested in the corresponding period last year, said AgRural.
- Informa Economics has once again raised Brazil's 2016/17 soybean production estimate at 111.0 million tons from 108.0 million previously projected. The agency has also raised Argentina's 2016/17 soybean crop at 57.5 million tons from 55.0 million estimated in the previous forecast.
- Brazil's 2016/17 soybean production is raised by Agroconsult and projected at record 113.3 million tons compared to 111 million tons estimated in early March. The agency projected Brazil's 2017 soybean exports at 2017 at 61.4 million tons compared to 61 million tons estimated early March.
- Argentina's soybean harvesting has just commenced and reached 3 percent until last week, and the Buenos Aires Grains Exchange has projected country's 2016/17 soybean production at 56.5 million tons which is up from its previous forecast of 54.8 million. The Ministry of Agro industry has slightly slashed Argentina's 2016/17 soybean area to 19.42 million hectares from 19.45 million projected in the previous estimated.
- Agroconsult has raised Brazil's 2016/17 soybean production by around 3 million tons to 111 million tons, highest by any agency. The agency had estimated country's production at 107.8 million tons in its previous projection made in February.
- Conab has once again raised Brazil's 2016/17 soybean crop production estimate 107.6 million tons which is up 2 million tons from its previous estimate in February 2017. The agency has projected Brazil's 2016/17 soybean exports at 59 million tons compared to 51.5 million tons in previous estimates. INTL FCStone have raised Brazil's 2016/17 soybean crop production estimate by 5 million tons to 109.7 million tons from its previous estimate and about 15 million tons from its previous season's estimate. The raise is attributed to higher yield potential on favorable weather.
- Brazil's 2016/17 soybean production is projected at 109.65 million tons compared to 105.02 million tons in February by Celeres. Besides, FC Stone has also increased soybean production estimate of the Brazil for 2016/17 at 109.07 million tons, up by 15 million compared to the previous season. Record output yield potential this season is attributed to the rise in the production estimate. AgRural has also raised the Brazil's 2016/17 soybean crop production estimate at 107 million tons against 105.4 million projected in February.
- China's February soybean imports surged by 23% year-on-year to 5.54 million tons it is the highest volume since the year 2010, according to the figures released by the General Administration of Customs of China. However, the imports are 28% lower from 7.66 million tons in January this year. China's cumulative soybean imports for January and February 2017 stood at 13.19 million tons, up 30% (10.17 million tons) from the corresponding period last year.
- China's soybean imports are diminishing with slowdown in demand growth consecutive for 3 years and if the USDA's Beijing attaché report proves to be true for 2017/18 it would be fourth year in declining the rate of the

growth. According to the attaché China is expected to import 89 million tons of soybean in 2017/18, a nominal growth from 86 million tons projected by the attaché for the current year.

- 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.
- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in February fell 25.5 percent to 4.1 lakh tons compared to 5.5 lakh tons in January. Imports rose 2.5 percent compared to last year which was at 4 lakh tons. Year to date imports of edible vegetable oil rose 2.6 percent to 9.6 lakh tons.
- 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 season-average soybean price range forecast of \$9.30 to \$9.90 per bushel is raised 10 cents at the midpoint. Soybean oil prices are forecast at 32 to 35 cents per pound, down 2 cents at the midpoint. Soybean meal prices are unchanged at \$310 to \$340 per short ton
- **Price Outlook:** We expect Ref. soy oil with VAT to trade in the price band of Rs 600-700 per 10 Kg.

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

	2015-2016	2016-17-F	Nov-Jan	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening Stock	5.58	6.55	6.55	4.97	4.73	5.61
Production (Domestic)	12.75	19.80	9.11	2.38	2.38	5.94
Imports	42.35	36.00	5.76	8.28	11.16	10.80
Imported oil processing	41.21	35.03	5.60	8.06	10.86	10.51
Total Production (Domestic production and imported oil production)	53.96	54.83	14.71	10.43	13.23	16.45
Total Supply	59.54	61.38	21.26	15.41	17.97	22.06
Consumption	52.99	56.17	16.29	10.67	12.36	16.85
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Ending Stock	6.55	5.21	4.97	4.73	5.61	5.21

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.
- Lower carry out in Nov-Jan is high due to lower imports.
- Carryout stocks of oil year 2015-16 is 6.55 lakh tons on higher soy oil imports.
- Carry out of oil 2016-17 is 5.21 lakh tons
- Carryout of 2016-17 is lower than 2015-16 due to lower imports.

Palm oil: Domestic Market Fundamentals

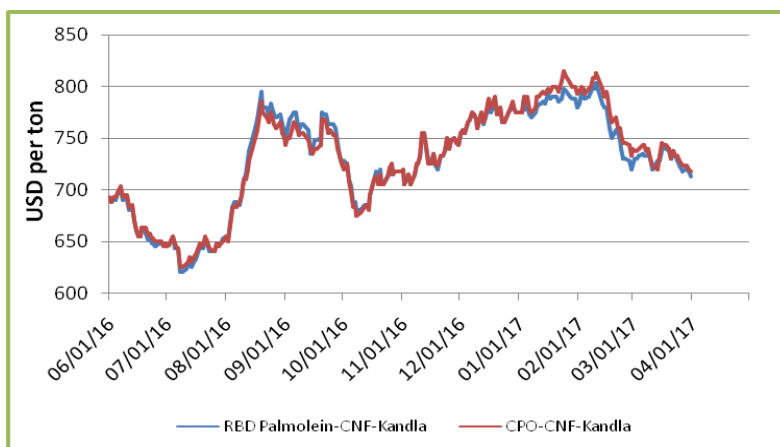
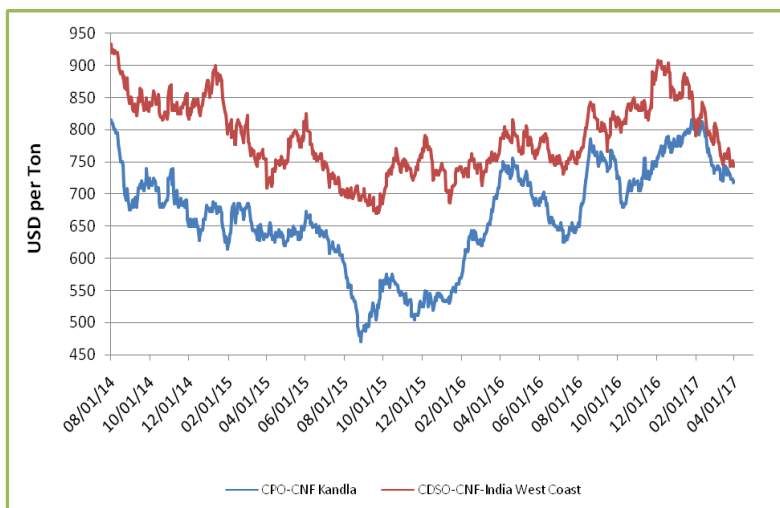
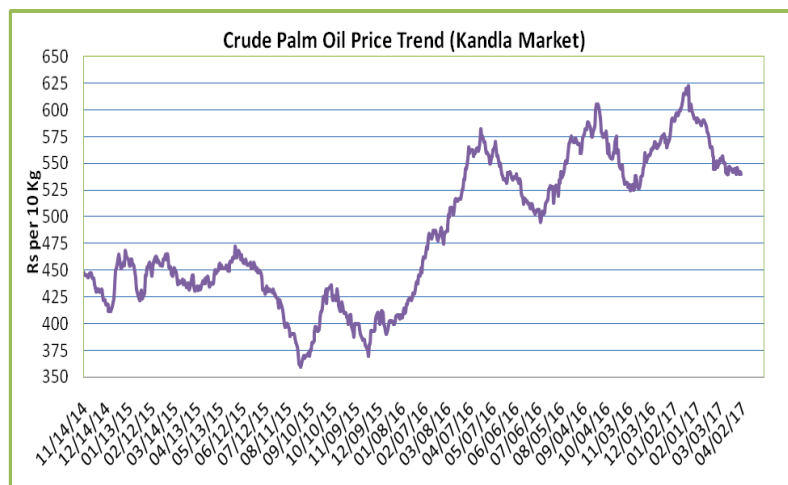
- CPO prices witnessed weak tone in the month of March at its benchmark market at Kandla on fall in international price of CPO. CPO prices fell in Kakinada. RBD palmolein prices fell across board in India. Superolein prices fell in Kandla and Mumbai. CPO-CNF and RBD palmolein-CNF India prices fell in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

CPO prices on high seas fell less compared to CNF markets indicating firm demand in domestic market.

CPO demand in India is 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 weak in domestic markets in March compared to CNF markets as fall in prices RBD palmolein at high seas was higher 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 more than fall in CPO FOB Indonesia indicating weak demand at CNF markets while RBD palmolein fell less in CNF markets compared to FOB markets indicating firm demand compared to CPO on CNF markets.

RBD palmolein premium over CPO decreased to Rs 25 (Rs 35 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.

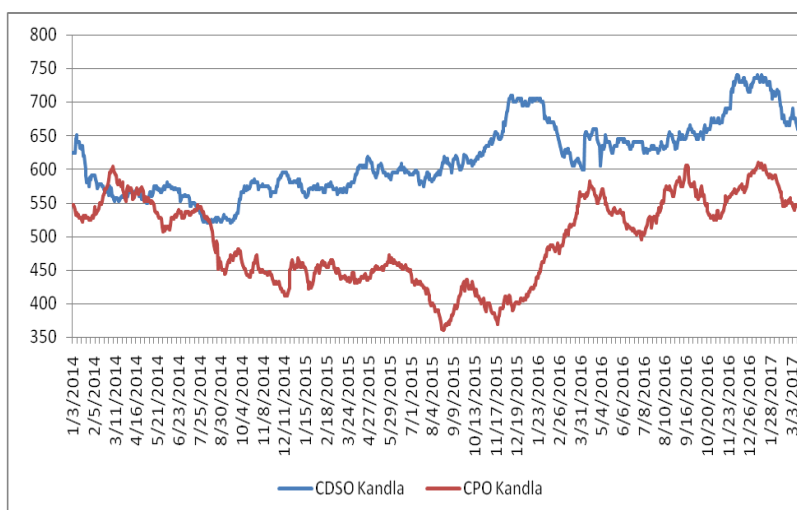
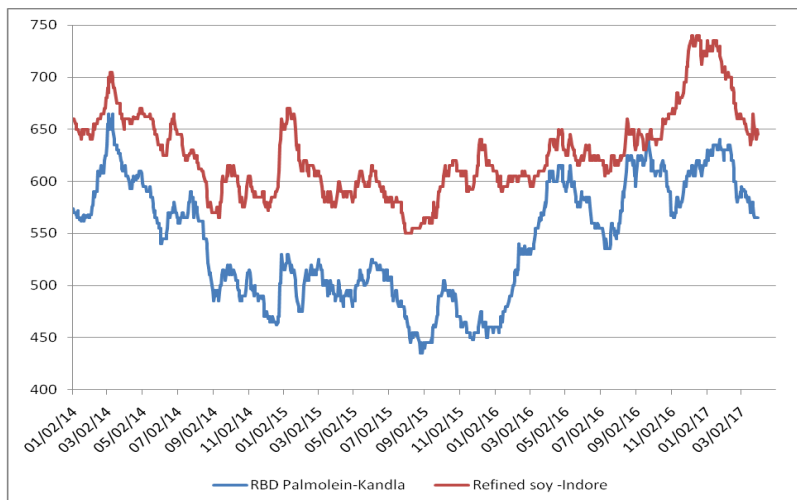
RBD palmolein fell less at high seas compared to CNF markets indicating firm demand. RBD palmolein prices fell across board in India.

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

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

Discount of CNF RBD palmolein over CNF CPO has resulted in higher imports of RBD palmolein imports in oil year 2016-17 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 three month.

Decreasing soy oil premium over palm oil which is hovering at Rs 104 (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 39 (USD 53) 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 7.35 lakh tons of palm oil in February 2017 v/s 5.95 lakh tons in February 2016, higher by 24 percent y-o-y. Import of palm oil in the period (November 2016-February 2017) was at 28.69 lakh tons compared to 29.47 lakh tons in the corresponding period in last oil year, lower by 2.6 percent.

CPO imports increased to 4.98 lakh tons in February compared to 4.08 lakh tons in February 2016, higher by 22 percent y-o-y. Import of CPO in the period (November 2016-February 2017) was at 19.37 lakh tons compared to 21.16 lakh tons in the corresponding period last oil year, lower by 8.5 percent

RBD palmolein imports rose 31 percent in February to 2.33 lakh tons from 1.78 lakh tons in February 2016. Import of CPO in the period (November 2016-February 2017) was at 9.16 lakh tons compared to 7.91 lakh tons in corresponding period last oil year, higher by 16 percent.

- According to United States Department of Agriculture (USDA) March estimates, India's will import 9.6 MMT of palm oil in 2016/17, down 0.4 MMT from its previous estimate of 10.0 MMT. Last year imports of palm oil by India were 8.857 MMT. Domestic consumption of palm oil is reduced from 10.15 to 9.75 MMT in its March estimate. Last year domestic consumption was 9.1 MMT.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 710 (USD 725) per ton for April delivery. May delivery is quoted at USD 700 per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 707.5 (USD 725) per ton for April delivery. May delivery is quoted at USD 700 per ton. CPO duty paid prices ready lift quoted at Rs 541 (Rs 553) per 10 Kg and April delivery is offered at Rs 534 (Rs 550) per 10 Kg on April 4, 2017. Values in bracket depict February, 2017 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 15-20/ton (February average) v/s gain of USD 5-10/ton (January average) margin in

processing the imported CPO but on the imports of ready to use palmolein fetch USD 25-30/ton (March average) v/s gain of USD 25-30 (February 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 March is expected to show marginal rise on falling production to six year lows due to increased production in March. Palm oil end stocks showed sharp fall in March due to low production in Malaysia.

Exports have recovered in March, which reported rise of 6-7 percent. However, March exports figure do not indicate that demand is strong as fewer days in February month and Chinese New Year in February make a base effect. Clear picture of exports will only come from April.

Demand of palm oil is weak from India and China. Demands from top importing destinations are weak. Both the countries are looking for bargains to purchase. Inventory of palm oil in India and China at ports is very weak which will support demand in medium term. However, low premium of soy oil over palm oil will decrease demand in medium term.

Palm oil prices are dragged due to fall in CBOT soy oil and DALIAN RBD palmolein. Record area of soybean and record crops of soybean has led to fall in CBOT soy oil, which has supported palm oil prices to fall. Other competitive oil has also dragged palm oil.

Production of palm oil is expected to recover in March in Malaysia as lagged effect of El Nino fades.

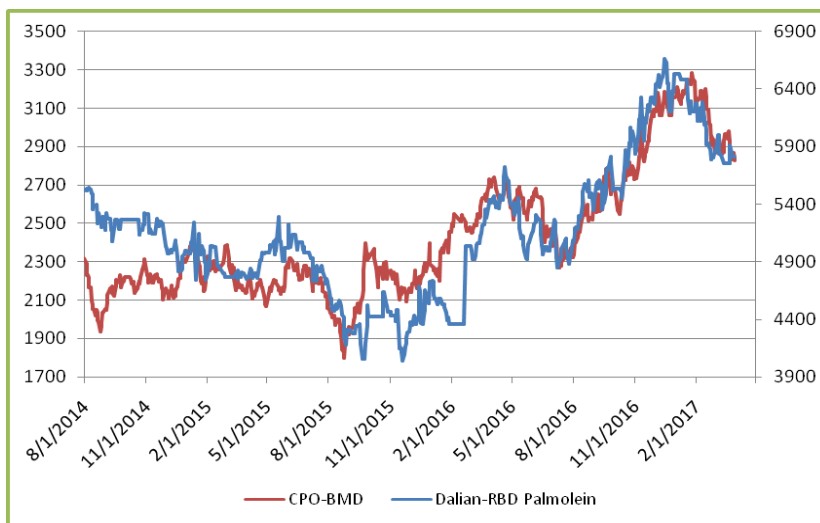
Production of palm oil is expected to improve from next quarter starting April when lagged effect of El Nino expires and seasonal uptrend of production starts.

However, palm oil stocks will rise slowly compared to rise in production.

Palm oil production loss in 2016 will recover completely in 2017 with Malaysia producing 19-20 MMT and Indonesia at 35-36 MMT.

With higher production, stocks of palm oil from Malaysia will increase.

Strong ringgit will be drag on exports of palm oil from Malaysia.



Decision of Malaysia to increase imports of crude palm oil from Indonesia is bearish for palm oil. Both, Indonesia and Malaysia agreed in 2015 to reduce imports of CPO from Indonesia to support prices.

Concerns of El Nino weather Southeast Asia have supported palm oil prices in near term. There is 50 percent chance of occurrence of El Nino in 2017, which will reduce palm yields. El Nino weather phenomena are expected at a time when palm production is expected to improve after weak 2016 and first quarter of 2017.

Weather has played a big role in palm oil pricing in last one year. Palm oil production is expected to rise to 19-20 MMT in Malaysia and to 35-36 MMT in Indonesia in 2017. However, weather may play disruptive role.

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.

Palm oil end stocks in Malaysia are expected to recover from 5-year lows as reported by MPOB due to improvement in production and weak exports.

Production is expected to improve from April and will gradually accelerate as the year progresses.

Palm oil prices are expected to correct as expectation of higher production builds stocks in Malaysia for rest of the year.

Palm oil prices are expected to be weak in medium term in India on low premium of soy oil and sunflower oil over palm oil. Demand of palm oil is firm at India high seas. However, at CNF markets palm oil demand is weak. India is a price sensitive country, which may shift demand away from palm oil. India is importing more RBD palmolein from Malaysia, as RBD palmolein prices quoted on India ports is lower than Indonesia CPO. India is world's largest importer of soy and palm oil. Higher oilseed crop in India in 2016-17 will increase production of edible oil in its domestic market and slow imports.

Production of palm oil in Indonesia lost in 2016 will be fully recovered in 2017. GAPKI estimates palm oil production to exceed 35 MMT in 2017. New planting in 2013 will support palm oil production in Indonesia.

MPOB expects improvement of palm oil production in Malaysia to pre El Nino levels.

Aggressive pricing of RBD palmolein compared to Indonesia CPO has helped exports from Malaysia, reduced stocks of palm oil in Malaysia, and supported prices.

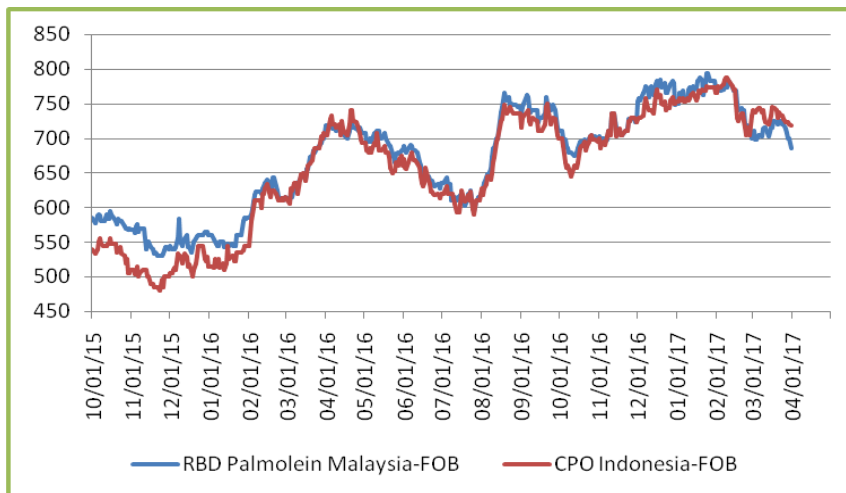
Prices of palm oil have stretched too far and demand from top importing destinations is weak, which will help in retracement of prices.

Palm oil is seen falling due to weak competitive oil markets like DALIAN RBD palmolein and CBOT soy oil in near term.

Malaysia reduced palm oil export duty to 7.5 percent for April, as Malaysian government feels that rise in export duty will hurt their competitiveness from Indonesia.

Indonesia has decreased palm export duties as it expects palm oil prices to miss certain thresholds. 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.

Fall in crude oil prices will underpin palm oil prices in near term. Prices are in range.



- According to Malaysia Palm Oil Board (MPOB), Malaysia's February palm oil end stocks fell 5.32 percent to 14.59 lakh tons compared to 15.41 lakh tons in January. Production dropped 1.43 percent in February to 12.59 lakh tons compared to 12.79 lakh tons in January. Exports in January fell 13.97 percent to 11.07 lakh tons compared to January exports at 12.86 lakh tons. Imports in February fell 43.66 percent to 0.40 lakh tons compared to 0.72 lakh tons in January.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's March palm oil exports rose 6.9 percent to 1,088,677 tons compared to 1,018,604 tons last month. Top buyers were European Union at 222,584 tons (195,090 tons), India at 170,020 tons (139,790 tons), China at 114,990 tons (143,560 tons), United States at 54,120 tons (70,030 tons) and Pakistan at 37,500 tons (24,000 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's March palm oil exports rose 1.2 percent to 1,076,240 tons compared to 1,008,040 tons last month. Top buyers were India & subcontinent at 248,425 tons (181,860 tons), European Union at 241,572 tons (211,845 tons) and China at 106,750 tons (151,690 tons). Values in brackets are figures of last month.
- Policy update: According to Malaysia Palm Oil Board (MPOB), Malaysia reduced April crude palm oil export duty to 7.5 percent from 8 percent in March. Tax is calculated at reference price of 3,174.9 ringgit (\$713.9) 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 reduced April crude palm oil export duty at USD 3 per ton from USD 18 per ton in March. Reduction of export duty is due to fall in trigger prices, according to the ministry.

- According to Indonesia Palm Oil Association (GAPKI), Indonesia January palm oil exports rose 30 percent to 2.72 MMT compared to 2.1 MMT in January 2016. Exports rose 1.5 percent m-o-m from December 2016, which was reported at 2.68 MMT. Rise in shipments were primarily due to higher exports to India and Africa.
- According to China's General Administration of Customs (CNGOIC), China's February palm oil imports rose 26.62 percent to 3.40 lakh tons compared to February 2016. Imports rose from Indonesia in February rose 31.24 percent to 2.12 lakh tons compared to February 2016. Year to date imports of palm oil from Indonesia rose 9.57 percent to 9.57 lakh tons compared to corresponding period last year. Imports rose from Malaysia in February rose 19.59 percent to 1.27 lakh tons compared to February 2016. Year to date imports rose 33.92 percent from Malaysia to 2.89 lakh tons compared to corresponding period last year.
- **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

	2014-15	2015-16	2016-17-F	Nov-Jan	Feb-Apr-F	May-July-F	July-Oct-F
Opening Stock	1.20	1.74	1.11	1.11	1.10	1.36	1.26
Production	0.18	0.20	0.20	0.05	0.05	0.05	0.05
Imports	9.54	8.44	9.28	2.14	2.41	2.23	2.51
Total Supply	10.92	10.38	10.59	3.29	3.56	3.64	3.81
Consumption	9.18	9.27	9.55	2.20	2.20	2.39	2.77
Ending Stocks	1.74	1.11	1.04	1.10	1.36	1.26	1.04

Source: AW estimates

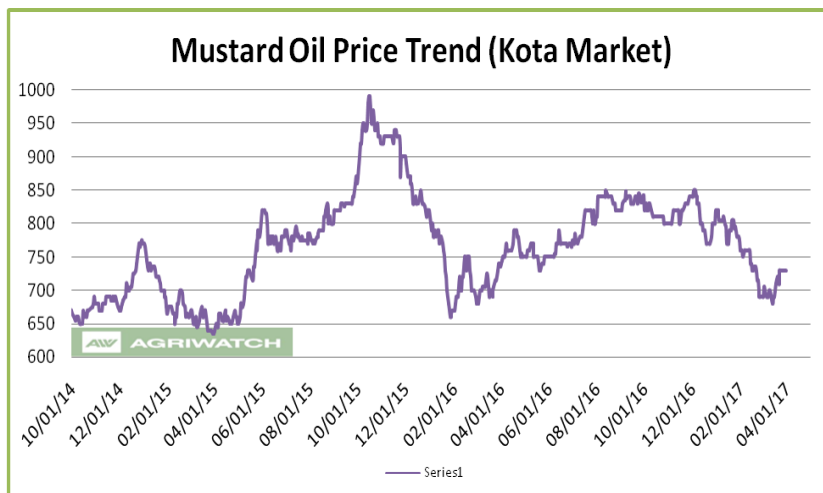
Oil year- November-October

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 1.04 million tons on lower imports.
- Carryout of 2016-17 is lower than 2015-16 due to higher imports of palm oil.
- Carry out of second quarter of oil year 2016-17 will be higher than first quarter of oil year 2016-17.

Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured uptrend in benchmark at Kota during the month of March on rise in prices of rapeseed and firm demand. Prices of expeller mustard oil fell in Jaipur, Newai, Ganganagar, Gujarat and Mumbai while it fell in Hapur, New Delhi and Kolkata. Kacchi ghani prices rose across board in India except Hapur where prices fell. Rapeseed (Canola) oil prices fell in March.



- Agriwatch view: Rapeseed oil prices traded higher in the month of March in various markets in India on rise in prices of rapeseed and firm demand.

Firm rapeseed-mustard prices impacted prices of rapeseed oil. Rapeseed prices recovered after touching lows around MSP levels which supported rapeseed oil prices.

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

Prices rose on buying at lower quotes.

Stockists and traders have increase offtake in expectation of higher prices of rapeseed oil.

Agriwatch expected rapeseed-mustard oil crop at 6.9-7.0 MMT on higher sowing of rapeseed in MY 2017-18.

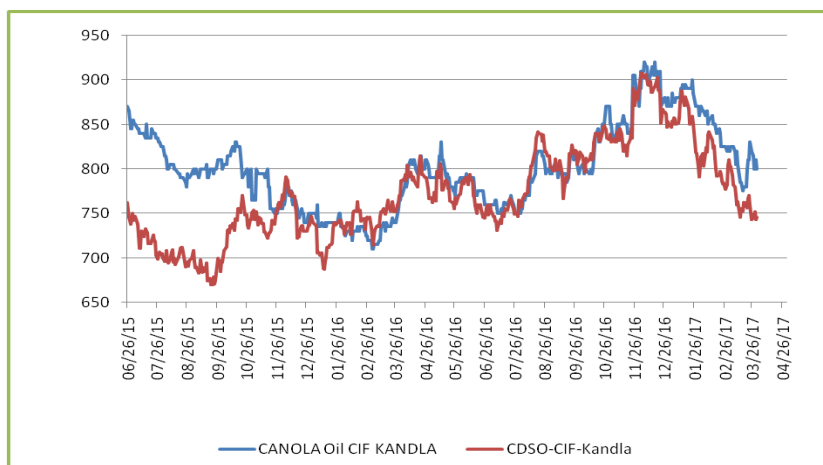
Prices fell on seasonal downtrend of prices.

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 firm on firm demand, buying at lower quotes, rise in rapeseed prices.

- Rapeseed (Canola) oil import scenario – India imported 0.37 lakh tons of rapeseed (Canola) oil in February 2017 v/s 0.17 lakh tons in February 2016, higher by 118 percent y-o-y. Imports were 1.20 lakh tons in the period (November 2016-February 2017) compared to 0.75 lakh tons in corresponding period last oil year: SEA
- CIF Canola oil premium over soybean oil is hovering at USD 66 (USD 13 last month) as on 4 April, 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 725 (Rs 692) per 10 Kg and at Kota market is quoted around Rs 730 (Rs 690) per 10 kg as on March 31, 2017. Values in brackets are figures of last month.
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 670-800 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

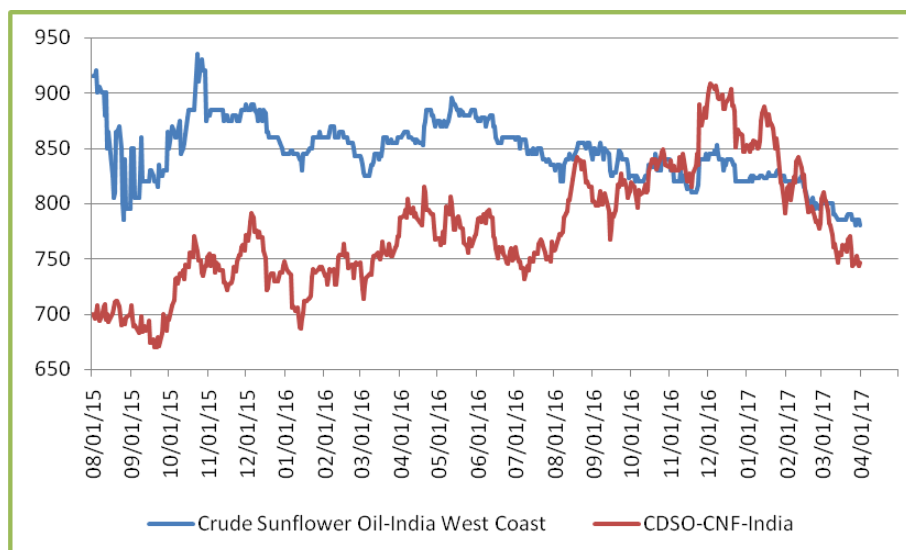
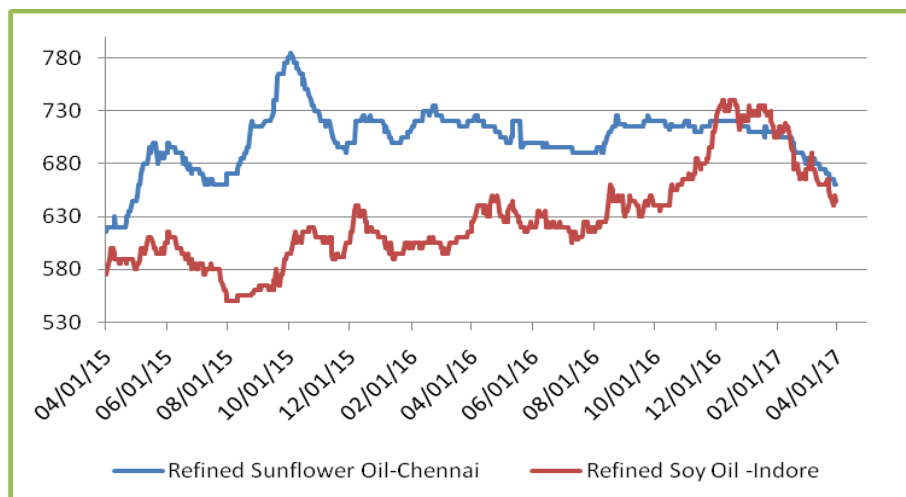
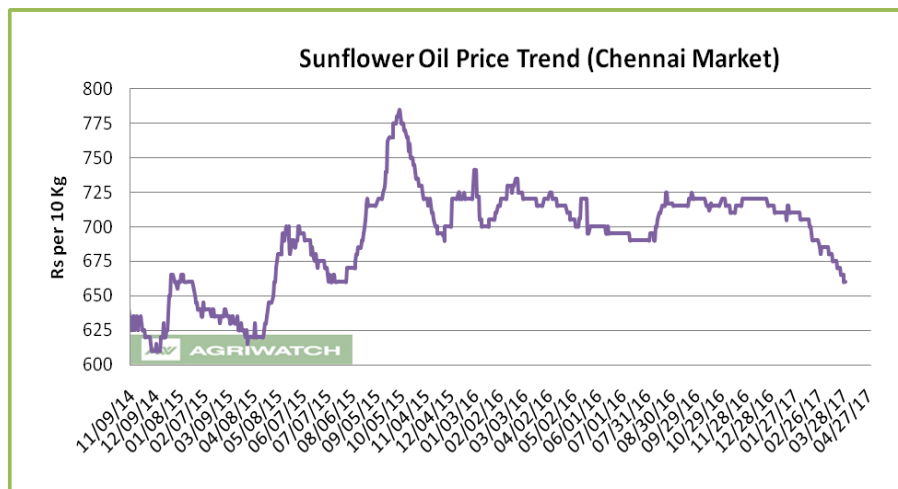
➤ Sunflower oil featured downtrend at its benchmark market in Chennai during the month of February on firm supply and weak demand. Prices closed lower in Hyderabad and Kakinada at the end of month. Prices fell in Mumbai and Kandla/Mudra. Sunflower expeller prices fell in Erode, Hyderabad and Chellakere and Latur.

➤ Agriwatch view: Sunflower prices fell in month of March 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 February were significantly higher compared to February 2016 while stocks at ports and pipelines rose.

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 March 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.

Prices fell on fall in prices of soy oil and palm oil.

Refiners and stockists are stocking as sunflower oil premium over soy oil is low at USD 52.5 (USD 7 last month).

Prices of sunflower oil in domestic markets are trading at minor premium to soy oil in domestic market at Rs 15 per 10 kg compared price Rs 10 per 10 kg in February. 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 low premium over soy oil and premium over palm oil will increase in medium term.

Prices are expected to remain weak 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 April.

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

- Government of India reduced import duty on sunflower seed from 30 percent to 10 percent in an effort to decrease sunflower oil imports and increase crushing in domestic markets. The reduction of duty is effective from April 1, 2017 to September 30, 2017. Imports have been allowed as this period is off season.
- Sunflower oil import scenario – According to SEA, India imported 2.09 lakh tons of crude sunflower oil during February 2017 v/s 0.87 lakh tons in February 2016, higher by 140 percent y-o-y. India imported 7.68 lakh tons of crude sunflower oil (November 2016-February 2017) compared to 4.85 lakh tons in corresponding period last oil year.
- According to State Statistics Service of Ukraine, Ukraine's Jan-Feb sunflower production rose 32.8 percent to 915 thousand tons compared to corresponding period last year. Production in February fell 7.7 percent compared to January at 439 thousand tons while it was higher by 17.6 percent compared to February 2016, according to APK-Inform.
- According to UkrAgroConsult, Ukraine's February sunflower oil exports rose 12.5 percent y-o-y to 442 KMT. However, exports fell 4.7 percent in February compared to January 2017. In the period 2016/17 (September-

February) exports reached 2680 KMT, which is 22 percent higher than corresponding period last oil year. India was the top imported followed by EU and China.

- Ukraine's sunflower crop is expected to fall in 2017-18 as farmers are forced to rotate crops after exceptionally higher crops in 2016-17, according to USDA. Ukraine's sunflower seeds production is expected to fall 2.5 MMT to 11.2 MMT in 2017-18 compared to 2016-17 primarily due to fall in planting area, according to USDA.
- CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 782.5 (USD 800) per ton for MJ delivery and JAS delivery is offered at USD 790 (USD 810) per ton as on April 4, 2017. Last month, CIF sun oil (Ukraine origin) monthly average was around USD 790.31 (USD 811.17 in February 2017) per ton. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 760-830 per ton in the medium term. CIF Sunflower oil-CNF premium against CDSO CNF had strengthened from last month and is hovering at USD 52.5 per ton versus USD 7 previous month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 660 (Rs 680) per 10 Kg, and at Hyderabad market, it is offered at Rs 684 (Rs 708) per 10 kg as on March 31, 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 630-720 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	3.39	4.86	4.67
Production	1.42	1.55	0.28	0.23	0.52	0.52
Imports	15.16	19.71	5.52	5.72	4.14	4.34
Total Supply	18.70	23.32	7.86	9.33	9.52	9.52
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	16.64	18.64	4.47	4.47	4.85	4.85
Ending Stocks	2.06	4.68	3.39	4.86	4.67	4.68

Source: AW estimates

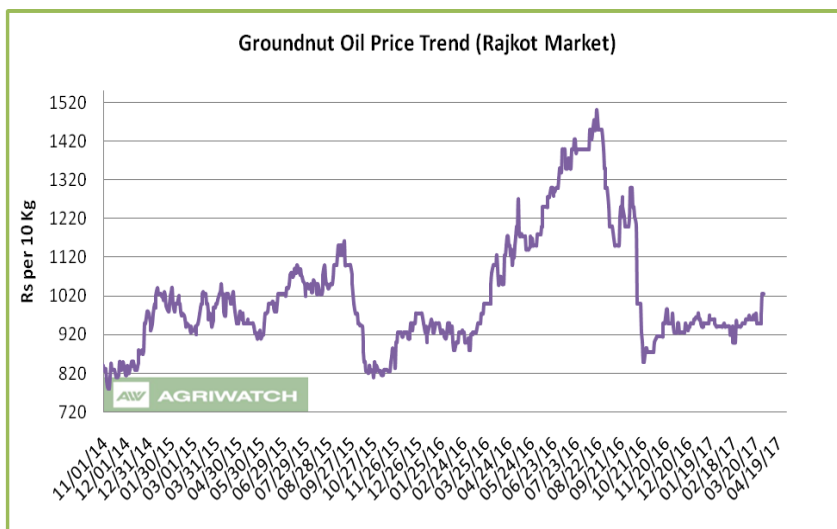
Oil year- November-October

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.

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 higher in Chennai, New Delhi and Hyderabad. Prices closed higher in Mumbai, Jamnagar and Gondal at the end of the month.
- Agriwatch view: Groundnut oil prices increased in India due to weak supply and firm demand of groundnut oil.



Prices of groundnut increased in month of March as farmers are not releasing their produce in expectation of higher prices. Higher prices of groundnut have translated into higher prices of groundnut oil.

Prices have increased as high retail demand which has supported prices of groundnut oil.

Prices are rising on buying at lower quotes.

Prices rose on seasonal uptrend of prices.

Government of India's decision to remove trade barriers for exports of edible oils has supported sentiment in the market. The decision will be most effective for groundnut oil exports as crushing was limited due to trade barriers. Exports were only allowed in 5 kg packs with minimum exports prices of USD 900 per ton. Now with lower barrier groundnut oil is set to benefit the most in edible oil exports.

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

Millers are getting lower volume of groundnut and their crushing at has slowed to meet demand.

Stockists and traders are have increased offtake in expectation of higher prices.

Prices are expected to trade firm in medium term on seasonal uptrend of prices, higher demand, lower supply, 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

- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 10,250 (9,400) per quintal and quoting at Rs 10,600 (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 950-1200 per 10 Kg.

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

	2015-16	2016-17-F	Nov-Jan	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 in Kangeyan on firm demand and weak supply. Prices rose in Trissur while it was unchanged in Kochi at the end of the month.
- Agriwatch view: Prices of coconut oil rose in the month of March on firm demand and weak supply.

Rise in prices of copra supported the rise in prices.

Firm raw material prices translated into higher finished product prices.

Copra prices rose on lower supply of copra due to lower harvest and release of copra from stockists who have accumulated copra at lower levels.

Supply of copra has is weak due to severe shortage of rains in key coconut producing areas. Coconuts are imported from outside Tamil Nadu and Kerala to meet demand. Some East India traders procured coconuts in large quantities from South India for crushing. Traders are holding copra to take advantage of prices after hike in MSP of copra.

Prices of coconut oil improved on improved sentiment on hike of MSP of copra by central government.

Prices rose on seasonal uptrend of prices.

Palm kernel oil prices imploded in March which capped gains.

Demand from North India has improved.

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

Traders are holding copra on expectation of rise in prices. Weak supply of copra has led to lower crushing and weak supply of coconut oil which will support prices.

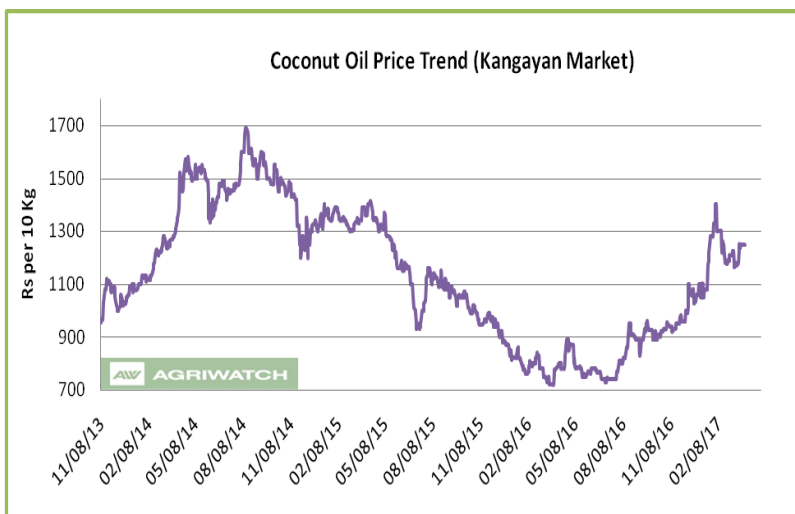
Millers are not getting copra from traders, which have led to weak supply of coconut oil supporting prices.

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 are not confident of prices.

Therefore, weak supply of raw material and higher prices of copra has led to higher 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 firm. 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

Price momentum of coconut oil has turned positive after last month and higher momentum of prices which will lead to higher prices in medium term.

Prices are expected to remain firm in April on firm demand from corporates, lower supply of copra, higher prices of copra, seasonal uptrend of prices, lower harvest of coconut. Prices are expected to trade sideways to firm in medium term.

- Cabinet Committee for Economic Affairs chaired by Prime Ministry has hike MSP for Fair Average Quality (FAQ) of “Milling Copra” to Rs 6500 per quintal for 2017 from Rs 5950 per quintal in 2016. The MSP for “ball copra” has been hiked from Rs 6240 per quintal for 2016 to Rs 6785 per quintal for 2017. The hike in MSP has been recommended by Commission for Agriculture Costs and Prices (CACP), which takes consideration of various factors and trends to arrive at a price before recommending hike in MSP.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 12,800 (12,100) per quintal due to weak supply and firm demand of coconut oil, and quoting Rs 12,500 (11,900) per quintal in Erode market on March 31, 2017.
- Coconut oil prices may trade sideways to firm tone tracking firm demand and weak supply in ready markets.

Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 1150-1350 per 10 Kg.

Coconut oil production:

<i>Fig. in tons</i>			
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

Production and exports of coconut oil:

Estimated Production of Coconut Oil

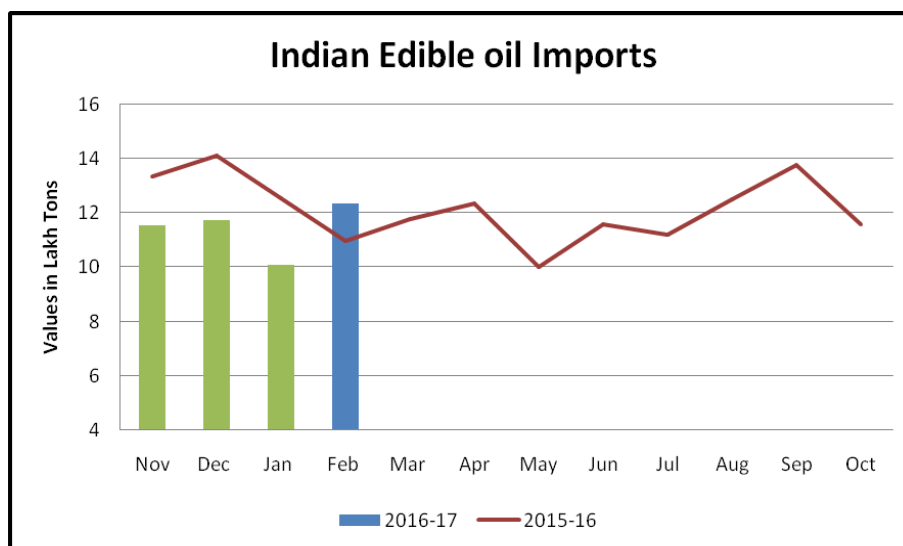
Month	Production (in lakh Tons)	Cumulative Production (in lakh Tons)
Jan-16	0.35	0.35
Feb-16	0.42	0.77
Mar-16	0.54	1.31
Apr-16	0.77	2.08
May-16	0.64	2.72
Jun-16	0.54	3.25
Jul-16	0.45	3.70
Aug-16	0.42	4.12
Sep-16	0.36	4.47
Oct-16	0.31	4.78
Nov-16	0.36	5.14
Dec-16	0.33	5.46

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 February is pegged at 12.34 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.

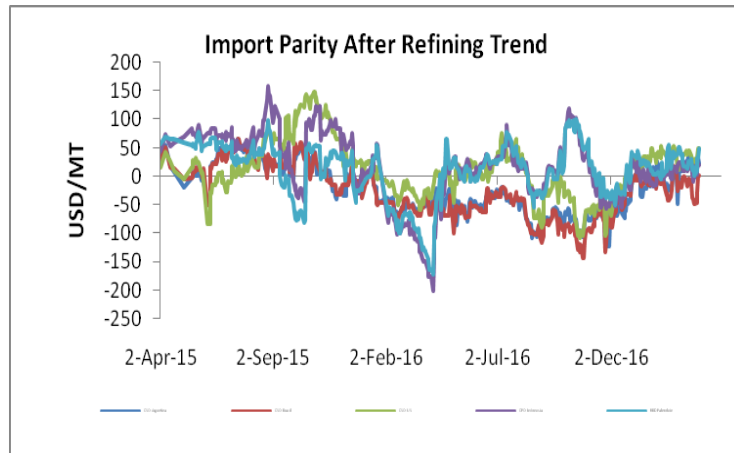
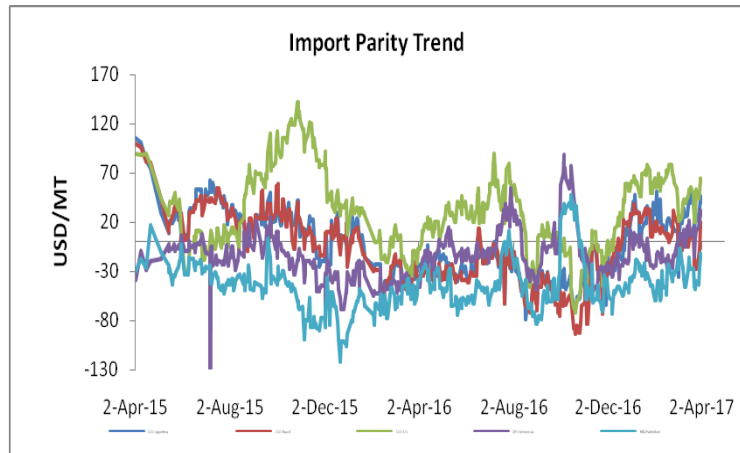
On the consumption side, India's edible oil consumption for 2016-17 oil year seen at 23.24 million tons, up 5 percent from last year. Ending stocks are projected higher compared to 2015-16 at 1.99 million tons.

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 01/04/2017	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	696	721	665	690	695
Freight (USD/MT)	60	55	62	25	20.0
Landing Charge 1%	7.56	7.76	7.27	7.15	7.15
C & F	756.0	776.0	727.0	715.0	715.0
Weight loss (0.25% of FOB)	1.74	1.80	1.66	1.73	1.74
Finance charges (0.4% on CNF)	3.02	3.10	2.91	2.86	2.86
Insurance (0.3% of C&F)	2.27	2.33	2.18	2.15	2.15
CIF (Indian Port - Kandla)	763	783	734	722	722
CVD	0	0	0	0	0
Duty (Values in USD per tons)	98.00	98.00	98.00	56.03	116.10
CVD value USD per ton	0	0	0	0	0
Cess (3% on duty) USD per ton	1.96	1.96	2.94	1.1205	2.322
Exchange rate	64.85	64.85	64.85	64.85	64.85
Landed cost without customs duty in INR per ton	49483	50793	47584	46804	46805
Customs duty %	12.50%	12.50%	12.50%	7.50%	15.00%
Base import price	784	784	784	747	774
Fixed exchange rate by customs department	66.20	66.20	66.20	66.20	66.20
Duty component in INR per ton	6487.60	6487.60	6487.60	3708.86	7685.82
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	57370	58680	55471	51913	55891
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	60000	60000	60000	54400	54800
Total landed cost USD per ton	885	905	855	801	862
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	925	925	925	839	845
Parity INR/MT (Domestic - Landed)	2630	1320	4529	2487	-1091
Parity USD/MT (Domestic - Landed)	40.55	20.35	69.83	38.35	-16.82
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	63070.23	64380.36	61171.38	59413.05	58690.82
Soy/Palm oil imported Price (Including tax)	66223.74	67599.38	64229.95	62383.70	61625.36
Loose price of Soy/Palm in Indore and Delhi market	68040.00	68040.00	68040.00	64050.00	64050.00
Parity after processing and Taxes (Rs per MT)	1816.26	440.62	3810.05	1666.30	2424.64
Parity after processing and Taxes (USD per MT)	28.02	6.80	58.79	25.71	37.41
Source: Agriwatch					

Import Parity Trend

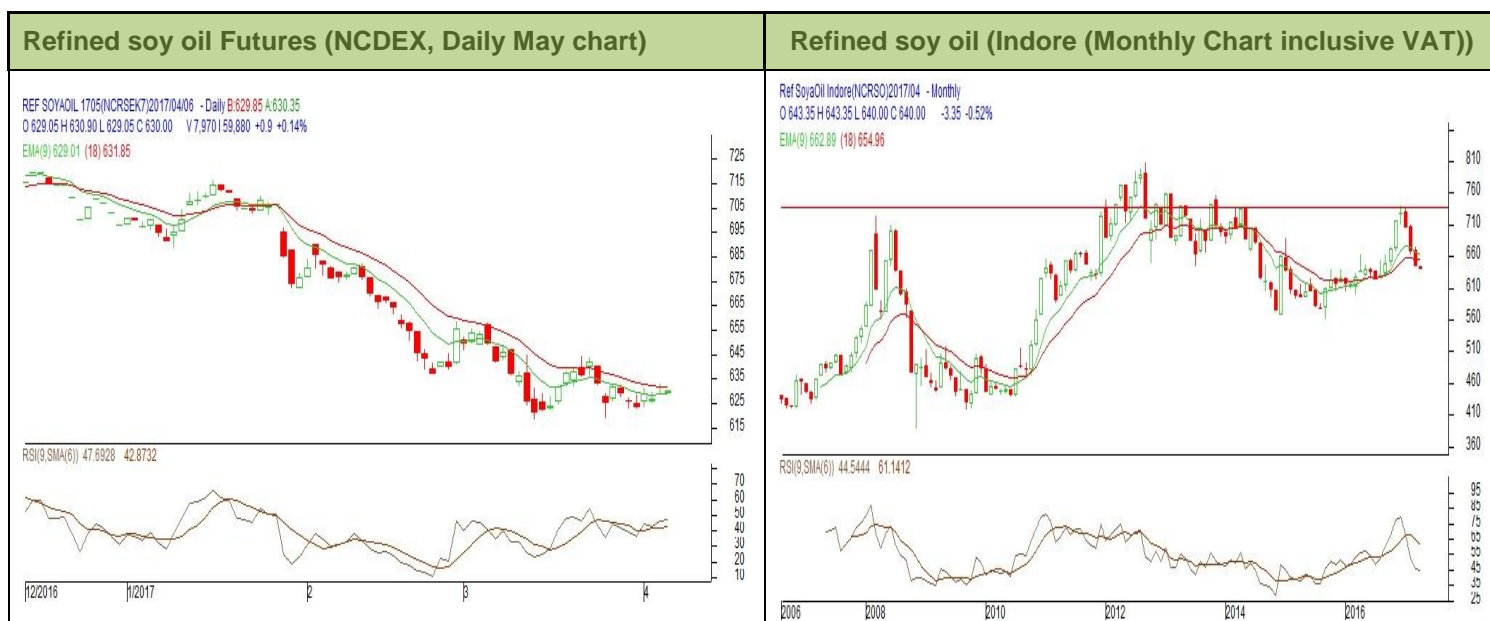


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Jan, 2017	-8.31	-7.38	31.24	1.15	22.76
Feb, 2017	-4.41	-12.57	39.53	5.89	21.73
Mar, 2017	14.48	-15.56	29.41	15.58	26.41

Outlook:-

Import parity for CDSO Argentina and CDSO Brazil are in parity due to cheap imports. We expect CDSO import parity to improve in March. 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 (May contract) on pullbacks.

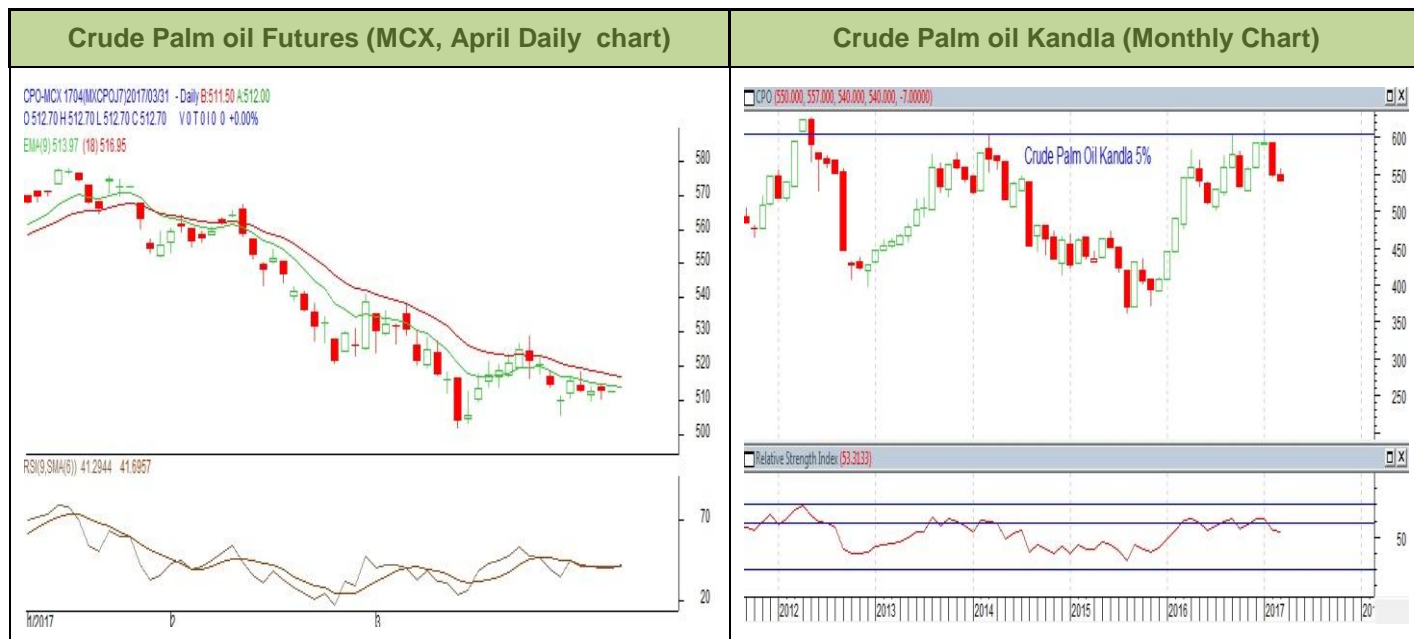
- Monthly chart of refined soy oil at NCDEX featured losses in the prices. We expect sideways to weak movement in the coming days.
- Any close below 620 in monthly chart will change the sentiment and bring prices to 600 levels.
- Expected price band for next month is 580-670 level in near to medium term. RSI, Stochastic and MACD are indicating downtrend at current levels.

Strategy: Market participants are advised to go short in RSO below 635 for a target of 615 and 610 with a stop loss at 645 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
607.00	620.00	630.00	656.00	670.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 600-700 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 (April 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 510 in monthly chart might bring the prices to 490 levels.
- Expected price band for next month is 490-570 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 530 for a target of 510 and 505 with a stop loss at 540 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
500.00	514.00	524.70	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
		31-Mar-17	28-Feb-17	
Refined Soybean Oil	Indore	645	665	-20
	Indore (Soy Solvent Crude)	620	635	-15
	Mumbai	630	665	-35
	Mumbai (Soy Degum)	585	618	-33
	Kandla/Mundra	630	665	-35
	Kandla/Mundra (Soy Degum)	600	618	-18
	Kolkata	635	670	-35
	Delhi	660	680	-20
	Nagpur	634	669	-35
	Rajkot	625	650	-25
	Kota	650	660	-10
	Hyderabad	660	684	-24
	Akola	668	705	-37
	Amrawati	667	705	-38
	Bundi	645	670	-25
	Jalna	680	714	-34
	Alwar	NA	NA	-
	Solapur	685	713	-28
	Dhule	679	709	-30
Palm Oil	Kandla (Crude Palm Oil)	540	547	-7
	Kandla (RBD Palm oil)	545	565	-20
	Kandla RBD Pamolein	565	585	-20
	Kakinada (Crude Palm Oil)	525	535	-10
	Kakinada RBD Pamolein	555	585	-30
	Haldia Pamolein	565	585	-20
	Chennai RBD Pamolein	560	590	-30
	KPT (krishna patnam) Pamolein	545	574	-29
	Mumbai RBD Pamolein	565	585	-20
	Delhi	610	635	-25
	Rajkot	563	580	-17
	Hyderabad	527	546	-19
	Mangalore RBD Pamolein	560	590	-30
	PFAD (Kandla)	455	440	15
	Refined Palm Stearin (Kandla)	500	510	-10
Refined Sunflower Oil	Chennai	660	680	-20
	Mumbai	705	715	-10
	Mumbai(Expeller Oil)	595	615	-20
	Kandla	675	700	-25
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	684	708	-24

	Latur (Expeller Oil)	680	730	-50
	Chellakere (Expeller Oil)	620	650	-30
	Erode (Expeller Oil)	700	725	-25
Groundnut Oil	Rajkot	1025	940	85
	Chennai	1060	950	110
	Delhi	1000	950	50
	Hyderabad *	1050	1015	35
	Mumbai	1060	980	80
	Gondal	1010	940	70
	Jamnagar	1030	940	90
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	725	690	35
	Jaipur (Kacchi Ghani Oil)	765	728	37
	Kota (Expeller Oil)	730	690	40
	Kota (Kacchi Ghani Oil)	760	720	40
	Neewai (Kacchi Ghani Oil)	730	675	55
	Neewai (Expeller Oil)	750	705	45
	Bharatpur (Kacchi Ghani Oil)	780	740	40
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	722	700	22
	Sri-Ganga Nagar (Kacchi Ghani Oil)	745	740	5
	Mumbai (Expeller Oil)	760	710	50
	Kolkata(Expeller Oil)	NA	960	-
	New Delhi (Expeller Oil)	730	750	-20
	Hapur (Expeller Oil)	778	875	-97
	Hapur (Kacchi Ghani Oil)	884	982	-98
	Agra (Kacchi Ghani Oil)	785	745	40
Refined Cottonseed Oil	Rajkot	655	675	-20
	Hyderabad	625	630	-5
	Mumbai	640	660	-20
	New Delhi	630	650	-20
Coconut Oil	Kangayan (Crude)	1250	1190	60
	Cochin	1230	1230	Unch
	Trissur	1280	1210	70
Sesame Oil	New Delhi	770	770	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	730	730	Unch
Rice Bran Oil (40%)	New Delhi	550	525	25
Rice Bran Oil (4%)	Punjab	590	590	Unch
Rice Bran Oil (4%)	Uttar Pradesh	590	590	Unch
Malaysia Palmolein USD/MT	FOB	685	700	-15

	CNF India	713	720	-7
Indonesia CPO USD/MT	FOB	695	708	-13
	CNF India	718	733	-15
RBD Palm oil (Malaysia Origin USD/MT)	FOB	693	700	-7
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	655	695	-40
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1180	1310	-130
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	675	690	-15
Crude palm Kernel Oil India (USD/MT)	CNF India	1210	1400	-190
Ukraine Origin CSFO USD/MT Kandla	CIF	780	798	-18
Rapeseed Oil Rotterdam Euro/MT	FOB	900	NA	-
Argentina FOB (\$/MT)		30-Mar-17	27-Feb-17	Change
Crude Soybean Oil Ship		690	732	-42
Refined Soy Oil (Bulk) Ship		714	758	-44
Sunflower Oil Ship		715	735	-20
Cottonseed Oil Ship		670	712	-42
Refined Linseed Oil (Bulk) Ship		710	Unq	-
<i>* indicates including VAT</i>				

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