



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, sunflower oil groundnut oil and coconut oil closed lower.

Rapeseeds oil (Kota) was the worst performer among the edible oil complex tracking weak demand and firm supply in the cash market. All oils ended the month in red.

We expect soy oil and palm oil to trade weak on 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 505 for a target of and 485 and 480 with a stop loss at 515 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 500-510 for the target of 540-550 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (July) is expected to stay in the range of 29 cents/lb to 34 cents/lb. CPO at BMD (July) is likely to stay in the range of 2400-2900 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, higher planting of soybean in US, higher stocks of palm oil in Malaysia, weak exports of palm oil from Indonesia, higher stocks of soy oil in US, low crude oil prices and firm dollar.

Malaysia's April palm oil exports rose 4.3 percent to 1,135,340 tons compared to 1,088,677 tons in corresponding period last month. Top buyers were European Union at 278,643 tons (222,584 tons), China at 137,450 tons (114,990 tons), India at 175,300 tons (170,020 tons), United States 59,465 tons (54,120 tons) and Pakistan 37,000 tons (37,500 tons). Values in brackets are figures of corresponding period last month: SGS

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

Strong ringgit, higher stocks of palm oil in Malaysia, weak Chinese and Indian demand, higher production of palm oil in Malaysia and Indonesia, weak competitive oils, lack of support from Chinese markets and fall in crude oil prices 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 April. 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 April on weak demand.

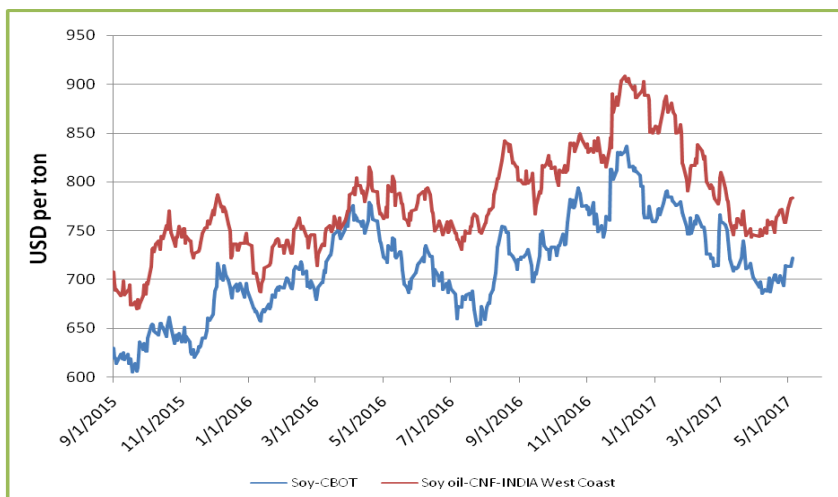
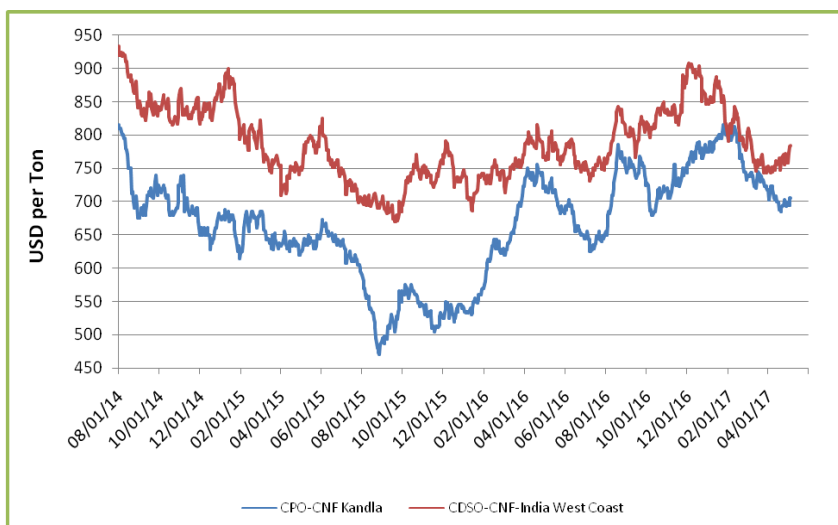
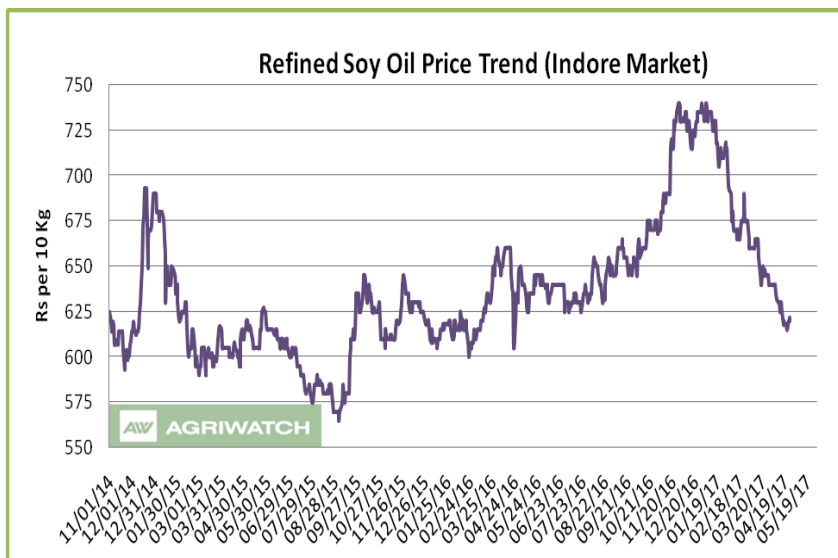
Prices fell in domestic market while it rose in CNF markets indicating weak demand. Domestic CDSO prices fell while CDSO CNF rose indicating weak demand.

Fall in prices of palm oil supported the fall.

Refined soy oil premium over CPO has decreased to Rs 113 (Rs 104 last month) per 10 Kg is low which will support prices. Imports will rise on low CDSO premium over CPO at USD 82 (USD 29) per ton for May delivery.

Refined soy oil premium over RBD palmolein is decreased to Rs 77 (Rs 80 last month) per 10 Kg, which is low and may support soy oil prices in domestic markets.

Refined soy oil premium over CDSO high seas is at Rs 28 (Rs 30) per 10 kg. Indicating firmer refined soy oil demand compared to high seas demand.



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

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 increased between CDSO-CNF-India West coast and Soy oil CBOT due to increase in basis (spot prices – futures prices). Basis has returned to positive territory after staying in negative territory for long.

Refiners can wait to buy their consignment as basis has increased despite 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.

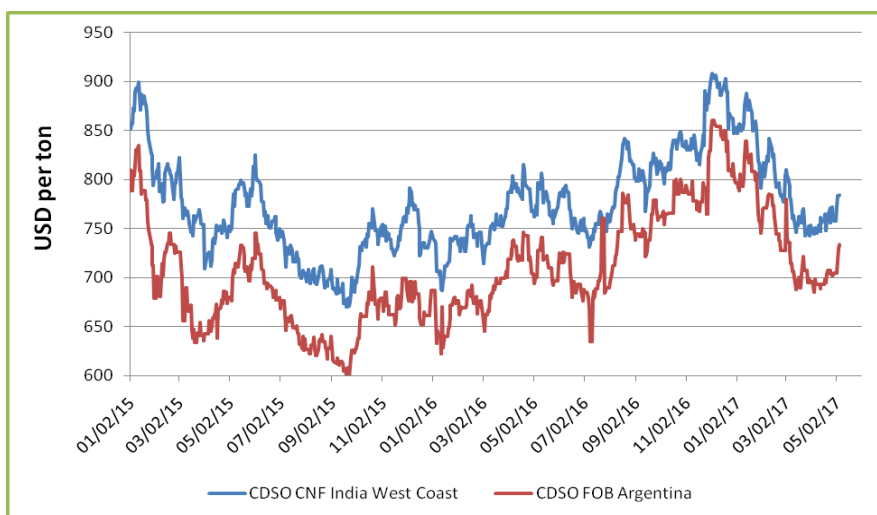
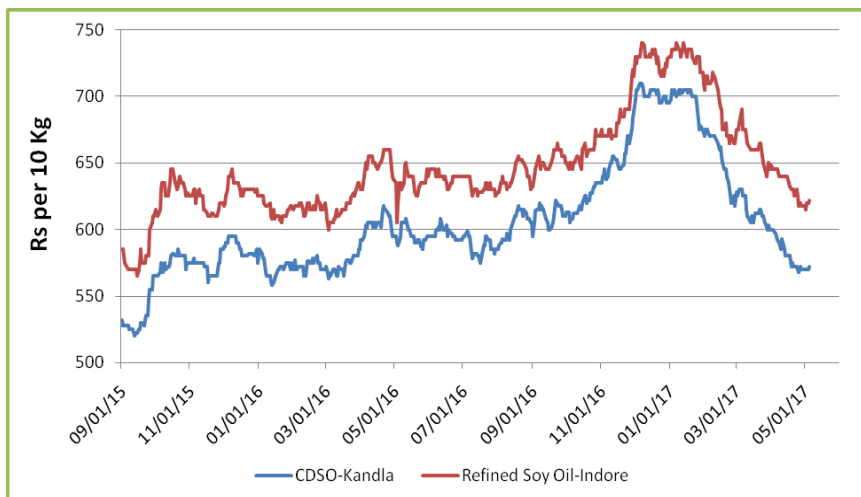
Export demand of soy meal had improved in 2016/17 from India due to higher crop of soybean. However, due to more than 5 percent appreciation of rupee, Indian soy meal is now uncompetitive in international markets compared to peers.

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

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

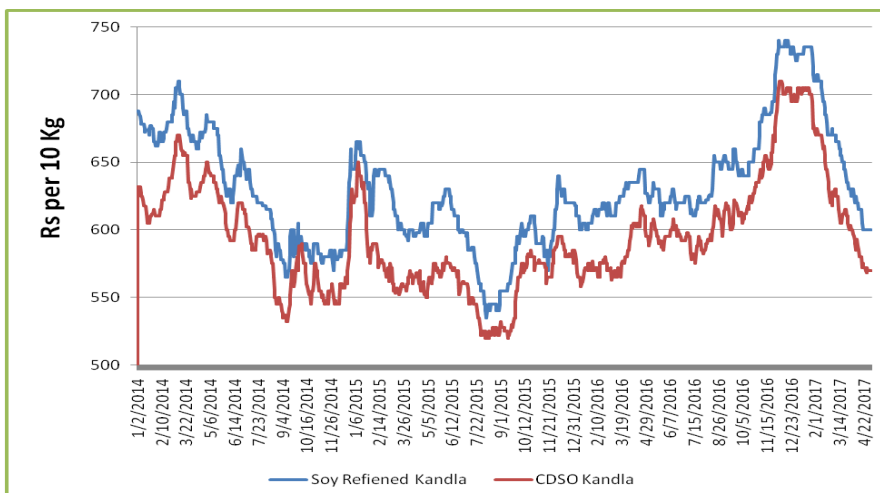
CDSO demand was weak at high seas compared to CNF markets as prices fell at CNF markets while it rose in high seas indicating weak demand in domestic markets.

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



Demand of soy oil is weak in Indian markets.

Prices are expected to trade sideways to weak in medium term on weak demand, higher carry out of soy oil and fall in competitive oils.



- 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 2.30 lakh tons of soy oil in March 2017 v/s 3.22 lakh tons in March 2016, down 29 percent y-o-y. India imported 10.45 lakh tons of soy oil in the period (November 2016-March 2017) compared to 18.93 lakh tons in the corresponding period last oil year, lower by 44.8 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's March edible oil imports fell 7 percent y-o-y to 10.93 lakh tons from 11.76 lakh tons in March 2016. Palm oil imports rose 5.9 percent y-o-y to 6.8 lakh tons from 6.42 lakh tons in March 2016. CPO Imports rose 5.8 percent y-o-y to 4.54 lakh tons from 4.29 lakh tons in March 2016. RBD palmolein imports rose 5.3 percent y-o-y to 2.19 lakh tons from 2.08 lakh tons in March 2016. Soy oil imports fell 28.6 percent y-o-y to 2.30 lakh tons from 3.21 lakh tons in March 2016. Sunflower oil imports fell 4.3 percent y-o-y to 1.77 lakh tons from 1.85 lakh ton in March 2016. Rapeseed (Canola) oil was zero in March compared to from 0.27 lakh tons in March 2016.
- According to Solvent Extractors Association (SEA), India's March edible oil stocks at ports and pipelines fell 1 Percent m-o-m to 19.13 lakh tons from 19.65 lakh tons in February 2017. Stocks of edible oil at ports rose to 688,000 tons (CPO 230,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 150,000 tons, Crude Sunflower Oil 155,000 tons and 3,000 tons of Rapeseed (Canola) Oil) and about 1,225,000 tons in pipelines (Stocks in pipelines were at 1,190,000 tons in February 2017). India is presently holding 35 days of edible oil requirement on 1st April, 2017 at 19.13 lakh tons compared to 36 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 April 2017 is 1,11,800 tons compared to 12,195 tons in April 2016 showing an increase of 809.3% over the same period of last year. During current Oil year, (October – September), total exports during October 2016 to April 2017 is 10,26,223 tons as against 1,98,065 tons last year, showing an increase by 418.12%, as reported by SOPA. Bangladesh (29,400 Tons), France (25,861 Tons), Germany (25,351.33 Tons), Indonesia (11,851 Tons) and Vietnam (7,279.77 Tons) remained the top buyers of the soy meal of Indian origin during the month of April 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

- Imported crude soy oil CIF at West coast port is offered at USD 792 (USD 736) per ton for May delivery. June delivery is offered at USD 785 (USD 733) per ton and July delivery is offered at USD 770 per ton as on May 5, 2017. Values in brackets are figures of last week. Last month, CIF CDSO April average price was USD 756.5 (USD 766.73 per ton in March 2017) per ton.
- On the parity front, margins improved during the month and we expect margins to improve in the coming days. Currently refiners fetch USD 5-10 per ton (February average) v/s loss of USD 10-20 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 – Decision by United States trade commission to investigate allegation of dumping of soy oil based biodiesel from Argentina, which will result in punitive tariffs, will support soy oil prices in near to medium term. This decision comes in wake of US Commerce Department voted to conduct allegation of dumping and unfair subsidies by Argentina. The commission has said that dumping has caused harm to US producers.

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 has decided to delay set of 30 regulations of biodiesel prepared by Obama administration. Some Republican Senators has moved a proposal to introduce tax credit on biodiesel, which expired last year, which will support soy oil demand if approved.

Soy oil end stocks increased by 2.5 percent in May in US as reported by NOPA due to higher production of soy oil on higher crush of soybean, which is bearish for soy oil in medium term. Soy oil stocks are expected to rise further in April, which will underpin soy oil prices in medium term.

USDA increased soy oil end stocks in US in its April demand and supply estimates. End stocks were increased due to lower food, feed and industrial demand. Production of soy oil in US will increase while demand will falter.

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.

Soybean planting in US is progressing at a weak pace on rains in last weekend in US Midwest. Planting is below last year and 5-year average. Rains in US Midwest has slowed pace of planting of soybean.

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 111 MMT.

Harvest of soybean is over in Brazil. Informa has estimated current soybean crop in Brazil at 113 MMT.

Brazil has slowed its soybean sales to take advantage of any increase in future prices. Sales reached 50 percent compared to 67 percent in corresponding period last year.

Argentina crop is in very good condition and harvest has reached 55 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 reduced estimate of Argentina soybean crop at 56.5 MMT from 57.7 MMT.

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.

Imports by China from Brazil are progressing at a very good pace. USDA increased China imports estimate of China to 88 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) April estimate, U.S 2016/17 ending stocks of soy oil is increased to rise to 2,122 million lbs from 1,772 million lbs in March estimate. Opening stocks were unchanged at 1,687 million lbs. Production of soy oil in 2016/17 is unchanged at 22,560 million lbs. Imports in 2016/17 are kept unchanged at 325 million lbs. Biodiesel use in 2016/17 was unchanged at 6,200 million lbs. Food, feed and other industrial use in 2016/17 is decreased to 14,000 million lbs compared to 14,350 million lbs in its March estimate. Exports in 2016/17 are unchanged at 2,250 million lbs. Average price range estimate is decreased to 31-33 cents/lbs compared to 32 - 35 cents/lbs in its March estimate. Rise in end stock is due lower use in food, feed and industrial use.
- According to National Oilseed Processors Association (NOPA), U.S. March soybean crush rose 7.2 percent to 153.060 million bushels from 142.792 million bushels in February 2017. Crush of soybean in March 2016 was 156.690 million bushels. Production of soy oil in U.S. in March rose to 1.790 billion lbs from 1.668 billion lbs in February 2017. Production in March 2016 was 1.842 billion lbs. Soy oil stocks in U.S. at the end of March rose 2.5 percent to 1.815 billion lbs compared to 1.770 billion lbs in February 2017. Stocks of soy oil in March were lower by 2.5 percent compared to March 2016, which was reported at 1.859 million lbs. Yield rose to 11.69 lbs/bushel in March from 11.68 lbs/bushel in February. Yield in March 2016 was reported at 11.75 lbs/bushel.

- Higher than expected soybean yields across Argentina could offset the losses in 1 million hectares lost due to drought and flooding this season, said Buenos Aires grains Exchange. The exchange has estimated Argentina's 2016/17 soybean production at 56.5 million tons.
- Conab has increased the Brazil's 2016/17 soybean production estimate for the fourth time to 110.2 million tons, up 2.4% from its previous forecast in March. The agency has raised the forecast for country's soybean shipments to 61 million tons, up from previous estimate of 59 million tons. It has also raised the domestic soybean consumption by 7% in the current season to 46.5 million tons.
- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in March rose 9.8 percent to 4.5 lakh tons compared to 4.1 lakh tons in February. Imports fell 13.5 percent compared to last year which was reported at 5.2 lakh tons. Year to date imports of edible vegetable oil fell 3.2 percent to 14.00 lakh tons.
- 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.
- Informa Economics has once again raised Brazil's 2016/17 soybean production estimate at 113.0 million tons from 111.0 million previously projected. The agency has also decreased Argentina's 2016/17 soybean crop at 56.5 million tons from 57.5 million estimated in the previous forecast.
- Argentina's soybean harvesting has just commenced and reached 49 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.
- Brazil's soybean exports stood at 9.7 million tons in March, highest on record for March, according to Anec with record soybean productivity in 2016/17 season. Anec is expecting Brazil's 2017 soybean exports at 60 million tons. Brazil's 2016/17 soybean sales have estimated to have reached 46% (51.07 Mn T) of the total projected production as of first week of April, which is up from 57% of the historical average and 61% in the corresponding period last year, said the Safras & Mercado.
- USDA WASDE Oilseeds Highlights: The season-average soybean price is lowered 5 cents at the midpoint to \$9.55 per bushel based on marketing to date and lower expected prices for the second half of the marketing year. Soybean oil prices are projected at 31 to 33 cents per pound, down 1.5 cents at the midpoint. Soybean meal prices are projected at \$310 to \$330 per short ton, down \$5.00 at the midpoint.
- **Price Outlook:** We expect Ref. soy oil with VAT to trade in the price band of Rs 580-680 per 10 Kg.

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

	2015-2016	2016-17-F	Nov-Jan	Feb-Apr	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.

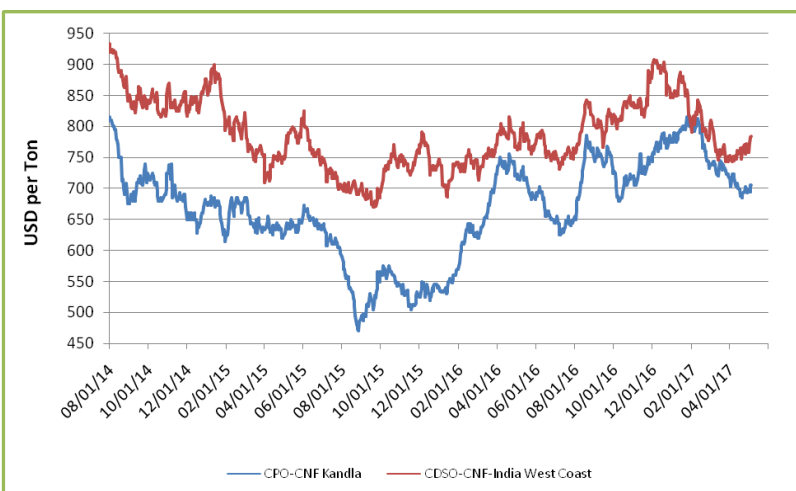
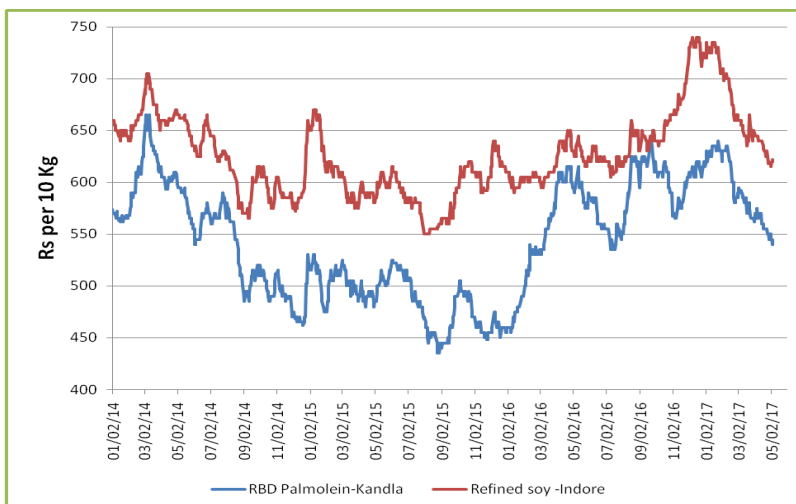
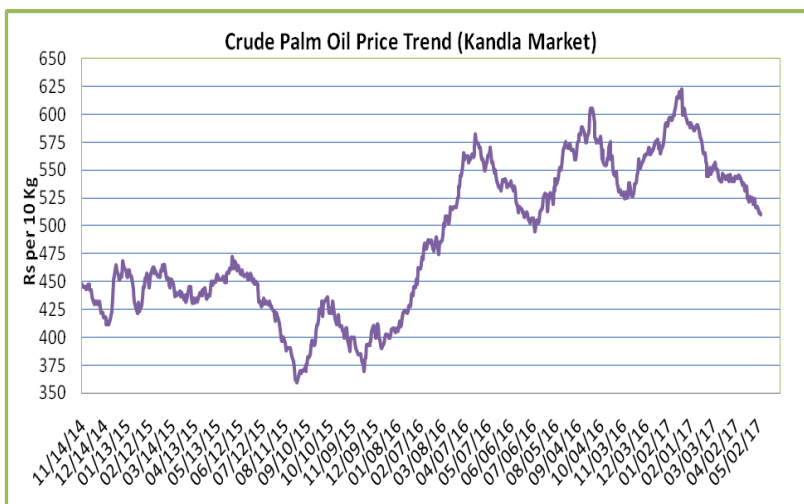
Palm oil: Domestic Market Fundamentals

- CPO prices witnessed weak tone in the month of March at its benchmark market at Kandla on weak demand. 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 April.
- Agriwatch view – Crude palm oil prices fell in Kandla on weak demand. Fall in BMD Malaysia on bearish cues on expected higher production of palm oil in Malaysia supported the fall in domestic markets.

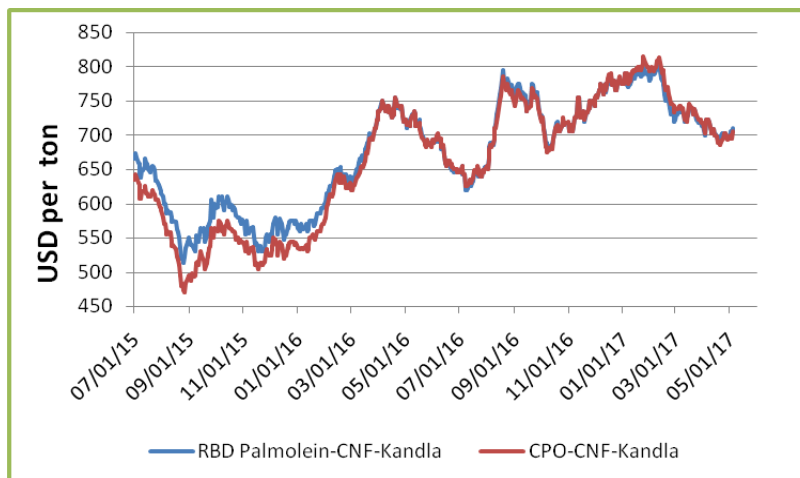
CPO prices on more at high seas compared to CNF markets indicating weak demand in domestic market.

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.

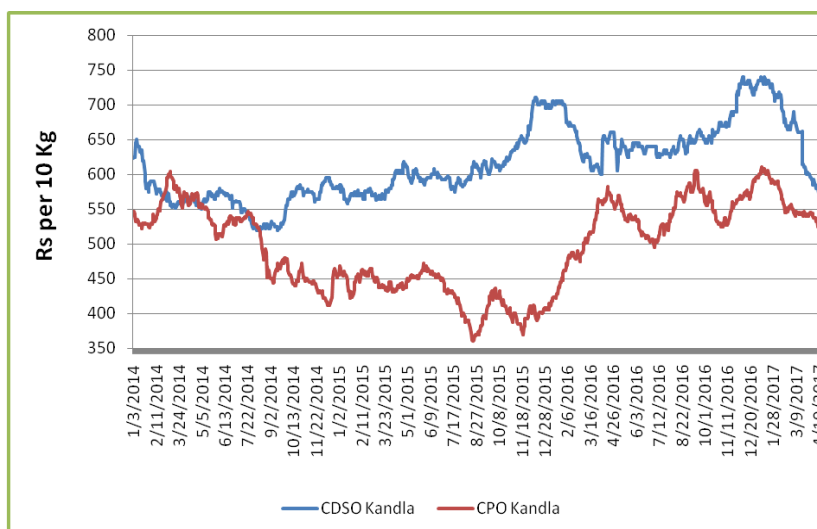


Demand of RBD palmolein was weak in domestic markets in April compared to CNF markets as fall in prices RBD palmolein at high seas was higher than fall in CNF markets. Supeolein prices remained lower while Vanaspati prices saw a lesser fall in domestic markets compared to CPO and RBD palmolein indicating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



Prices of CPO in India CNF fell 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 on CNF markets.

RBD palmolein premium over CPO increased to Rs 35 (Rs 25 last month) per 10 kg indicating firm demand of RBD palmolein compared to CPO in domestic market.



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

CPO imports fell in March compared to February while it was higher compared to March 2016 and stocks at ports and pipelines fell indicating firm demand in India. RBD palmolein imports fell in March compared to February while it rose compared to March 2016 while stocks at ports and pipelines fell 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 prices are trading at parity to CPO-CNF and this trend is continuing from last four month.

Decreasing soy oil premium over palm oil which is hovering at Rs 113 (Rs 104 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 April at CNF markets USD 82 (USD 39) 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 6.8 lakh tons of palm oil in March 2017 v/s 6.42 lakh tons in March 2016, higher by 5.9 percent y-o-y. Import of palm oil in the period (November 2016-March 2017) was at 35.49 lakh tons compared to 36.05 lakh tons in the corresponding period in last oil year, lower by 1.6 percent.

CPO imports increased to 4.54 lakh tons in March compared to 4.29 lakh tons in March 2016, higher by 5.8 percent y-o-y. Import of CPO in the period (November 2016-March 2017) was at 23.91 lakh tons compared to 25.60 lakh tons in the corresponding period last oil year, lower by 6.6 percent

RBD palmolein imports rose 5.3 percent in March to 2.19 lakh tons from 2.08 lakh tons in March 2016. Import of CPO in the period (November 2016-March 2017) was at 11.36 lakh tons compared to 10.00 lakh tons in corresponding period last oil year, higher by 13.6 percent.

- According to United States Department of Agriculture (USDA) April estimate, India is expected to import 9.2 MMT of palm oil in 2016/17 compared to March estimate of 9.6 MMT, down 0.4 MMT. Consumption estimate in April is reduced to 9.35 MMT in 2016/17 compared to March estimate of 9.75 MMT, down 0.4 MMT. End stocks are kept unchanged at 0.546 MMT.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 710 (USD 700) per ton for May delivery. June delivery is quoted at USD 690 per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 715 (USD 700) per ton for May delivery. June delivery is quoted at USD 695 per ton. CPO duty paid prices ready lift quoted at Rs 512 (Rs 541) per 10 Kg and May delivery is offered at Rs 510 (Rs 534) per 10 Kg on May 5, 2017. Values in bracket depict March, 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 82 per ton (USD 53 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 25-30/ton (March average) v/s gain of USD 15-20/ton (February average) margin in

processing the imported CPO but on the imports of ready to use palmolein fetch USD 30-35/ton (April average) v/s gain of USD 25-30 (March average).

- We expect palm oil to trade sideways to weak tone in medium term.

International Market Fundamentals

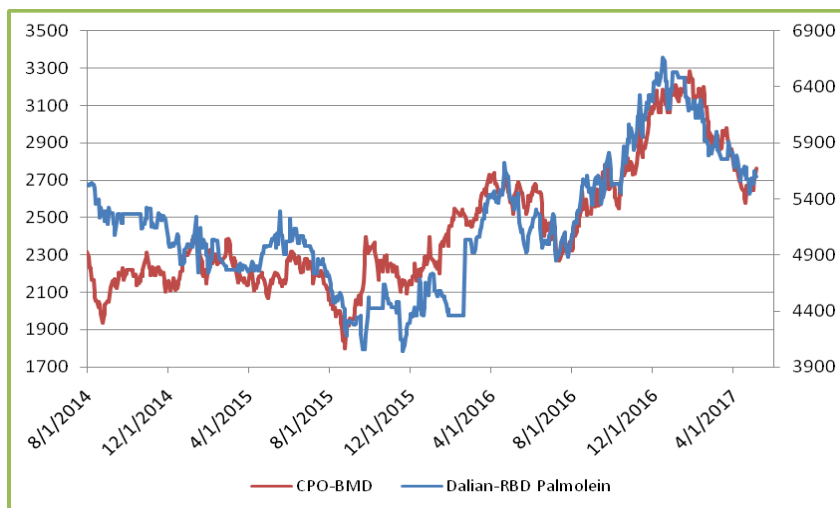
- Agriwatch view – Palm oil end stocks in Malaysia in April is expected to rise on strong rise in production and slow rise in exports. Palm oil end stocks rose in March from 6 year low on increased production and weak exports.

Production in Malaysia will rise on seasonal uptrend of production and fading effect of El Nino. Palm oil production will recover Malaysia and Indonesia all the losses due to El Nino in 2017.

Exports of palm oil from Malaysia have recovered in fag end of April, especially from India and China. Demand increased from India and some key destination on stocking ahead of Ramadan. Exports of palm oil are expected to show recovery in May on good demand ahead of Ramadan and firm demand from India and China. Exports of palm oil gained of 4.3 percent in April on higher demand from India and China at the fag end of month indicate demand will remain firm in near term and exports in first 10 days of will record higher exports. However, exports to India are still weak on weak demand in domestic market. Low soy oil premium over palm oil has led to weak demand from India. Stocks at ports and pipelines are less and may increase demand of palm oil in medium term.

Demand of palm oil from China has just improved post Chinese New Year. Palm oil stocks at ports in China are low.

However, palm oil prices are still high and 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.

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.

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. 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.

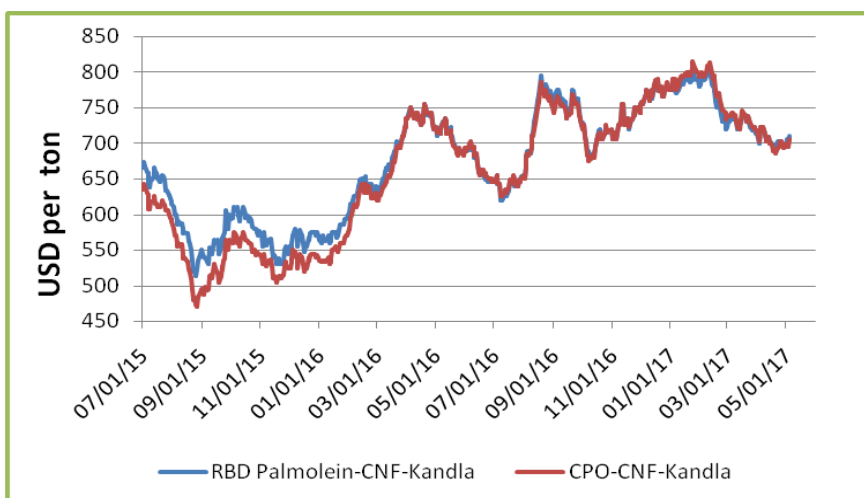
Palm oil is seen falling due to weak competitive oil markets like DALIAN RBD palmolein and CBOT soy oil in near term.

Malaysia reduced palm oil export duty to 7 percent for May, as Malaysian government feels that rise in export duty will hurt their competitiveness from Indonesia.

Indonesia has decreased palm export duties to zero as it expects palm oil prices to miss certain thresholds. Indonesia biodiesel mandate will consume incremental production in medium term in 2017.

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 March palm oil end stocks rose 6.5 percent to 15.54 lakh tons compared to 14.59 lakh tons in February. Production rose 16.33 percent in March to 14.64 lakh tons compared to 12.59 lakh tons in February. Exports in March rose 14.34 percent to 12.66 lakh tons compared to February exports of 11.07 lakh tons. Imports in March rose 153 percent to 1.02 lakh tons compared to 0.40 lakh tons in February.



- According to cargo surveyor Societe Generale de Surveillance, Malaysia's April palm oil exports rose 4.3 percent to 1,135,340 tons compared to 1,088,677 tons in corresponding period last month. Top buyers were European Union at 278,643 tons (222,584 tons), China at 137,450 tons (114,990 tons), India at 175,300 tons (170,020 tons), United States 59,465 tons (54,120 tons) and Pakistan 37,000 tons (37,500 tons). Values in brackets are figures of corresponding period last month.
- Policy update: According to Malaysia Palm Oil Board (MPOB), Malaysia reduced May crude palm oil export duty to 7 percent from 7.5 percent in April. Tax is calculated at reference price of 3,008.09 ringgit (\$680.41) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

Indonesia removed export duty on crude palm oil for May from USD 3 per ton in April.

- **Price Outlook:** We expect CPO Kandla 5% to trade in the price band of Rs 470-570 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

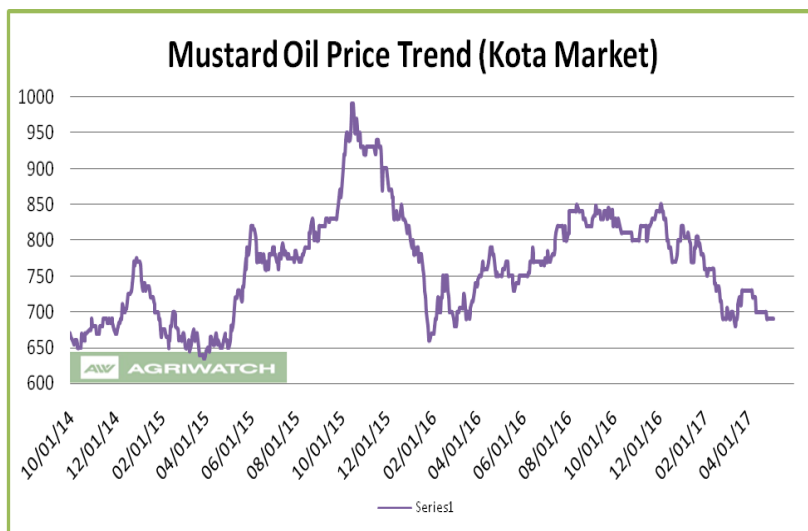
Oil year- November-October

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 downtrend in benchmark at Kota during the month of April on fall in prices of rapeseed and weak demand. Prices of expeller mustard oil fell across board in India except Kolkata where prices were unchanged. Kacchi ghani prices fell across board in India. Rapeseed (Canola) oil prices rose in April.
- Agriwatch view: Rapeseed oil prices traded lower in the month of April in various markets in India on fall in prices of rapeseed and weak demand.



Weak rapeseed-mustard prices impacted prices of rapeseed oil. Rapeseed prices fell which supported fall in rapeseed oil prices.

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

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.

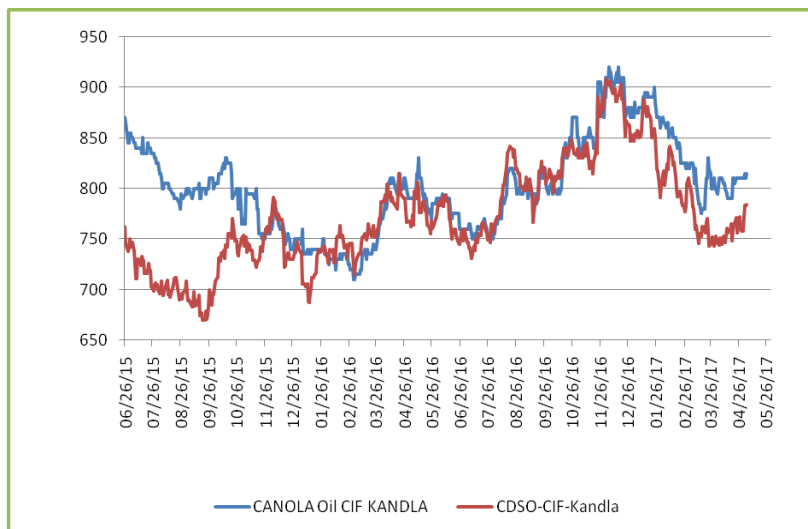
Prices fell on seasonal downtrend of prices.

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. Rapeseed (Canola) oil prices rose in April.



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 buying at lower quotes, seasonal uptrend of prices and rise in rapeseed prices.

- Rapeseed (Canola) oil import scenario – There were no rapeseed (Canola) oil imports in March 2017 v/s 0.27 lakh tons in February 2016. Imports were 1.20 lakh tons in the period (November 2016-March 2017) compared to 1.02 lakh tons in corresponding period last oil year: SEA
- CIF Canola oil premium over soybean oil is hovering at USD 23 (USD 66 last month) as on 5 May, 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 625 (Rs 725) per 10 Kg and at Kota market is quoted around Rs 690 (Rs 730) per 10 kg as on May 5, 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 640-750 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.

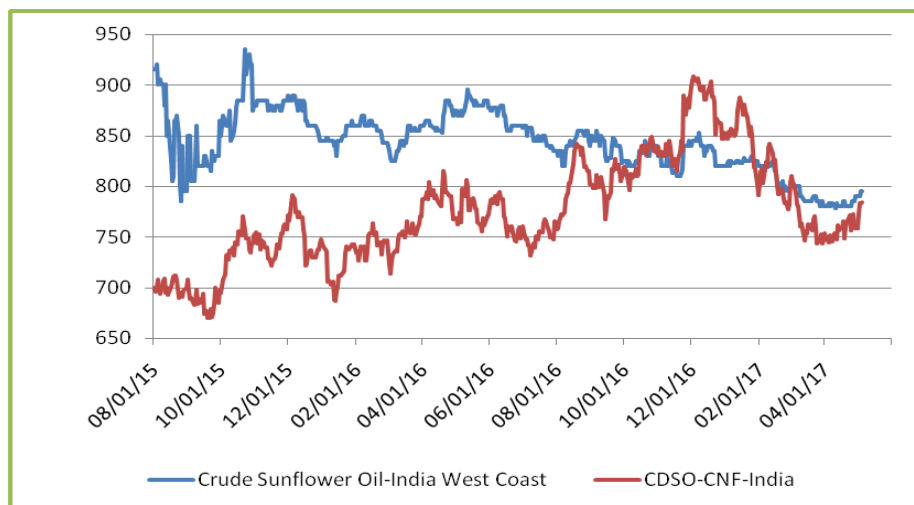
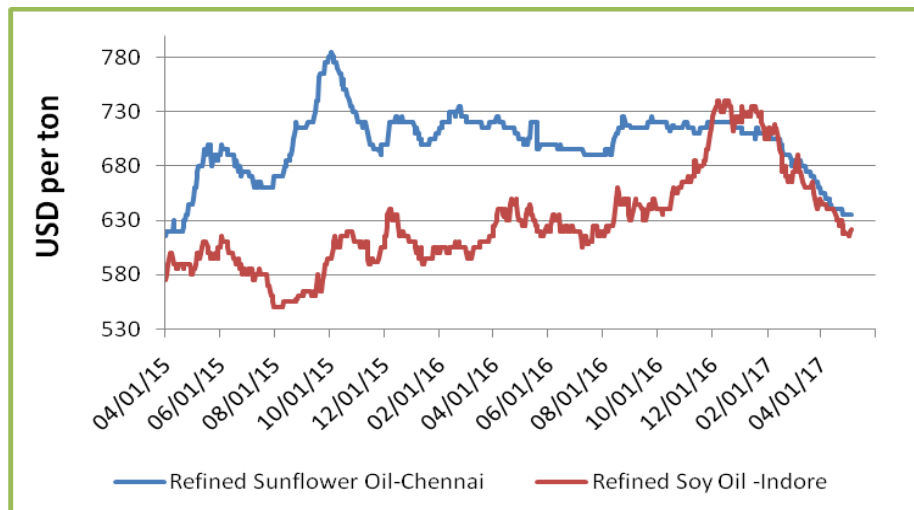
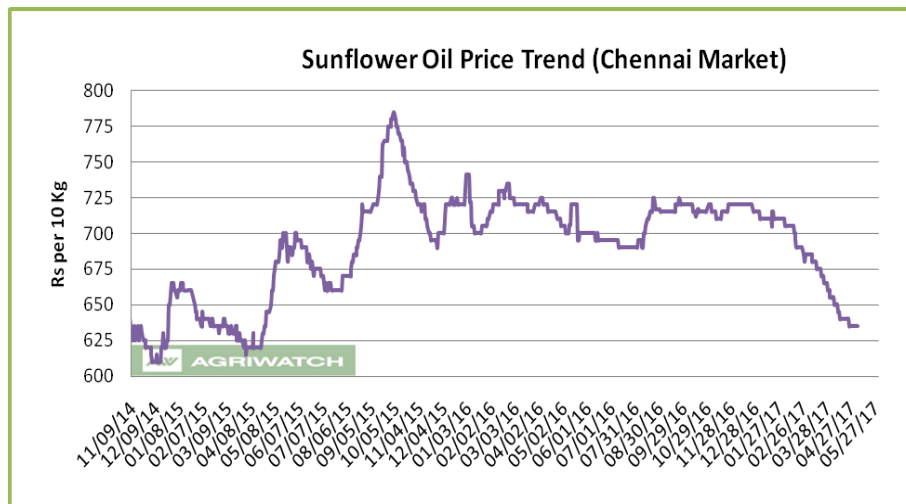
Prices of sunflower oil fell in domestic market while at rose at CNF markets indicating weak demand and firm supply.

Sunflower oil imports in the month of March were lower compared to March 2016 while stocks at ports and pipelines rose.

Appreciation of Indian rupee has made imports of sunflower oil dearer in India, which will reflect in coming months.

Supply has improved in markets as imports rose 41 percent in November-March.

Imports of sunflower oil will show steady rise in coming months due to low premium of sunflower oil over CDSO and CPO.



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 April as crude sunflower oil premium over CDSO CNF is very low. Following chart shows Crude sunflower oil premium over CDSO is very low 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 10 (USD 52.5 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 15 per 10 kg in April. Above chart shows how soy oil has behaved compared to sunflower oil.

Prices fell on seasonal downtrend of prices.

In domestic market, demand is expected to improve 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 improve on seasonal uptrend 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.

Reduction of import duty on sunflower seed is expected to increase crushing in India and underpin prices in medium term.

Prices are expected to improve on seasonal uptrend of prices, improvement in demand at lower prices, low premium of sunflower oil over soy oil and lower carryout in May-July period. Prices of sunflower oil are expected to remain in a range with upwards bias in May.

Prices are expected to trade sideways to firm 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 1.77 lakh tons of crude sunflower oil during March 2017 v/s 1.85 lakh tons in March 2016, lower by 4.3 percent y-o-y. India imported 9.46 lakh tons of crude sunflower oil (November 2016-March 2017) compared to 6.70 lakh tons in corresponding period last oil year.
- Ukraine increased production of sunflower oil to 1.448 MMT in January-March 2017, which is higher by 35.7 percent compared to corresponding period last year: 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 795 (USD 800) per ton for June delivery and JAS delivery is offered at USD 800 (USD 790) per ton as on May 5, 2017. Last month, CIF sun oil (Ukraine origin) monthly average was around USD 781.87 (USD 790.31 in March 2017) per ton. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 770-830 per ton in the medium term. CIF Sunflower oil-CNF premium against CDSO CNF had strengthened from last month and is hovering at USD 10 per ton versus USD 52.5 previous month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 635 (Rs 660) per 10 Kg, and at Hyderabad market, it is offered at Rs 637 (Rs 684) per 10 kg as on May 5, 2017. Values in brackets are figures of last month.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 610-680 per 10 Kg.

Balance Sheet- Sunflower Oil (quarterly), India

Fig. in lakh tons

	2015-16	2016-17-F	Nov-Jan	Feb-Apr	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

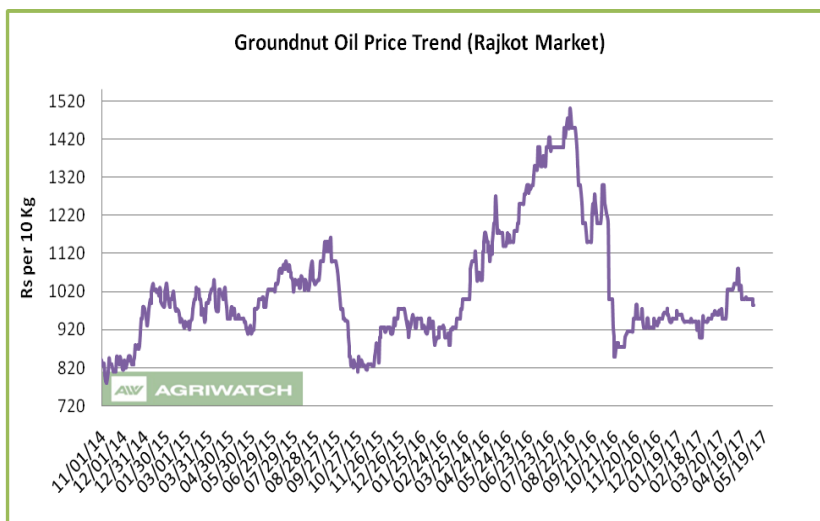
Oil year- November-October

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 downtrend during the month in review at its benchmark market in Rajkot on weak demand. Prices closed lower in Chennai and Mumbai while it closed higher in Hyderabad and New Delhi. Prices closed lower in Jamnagar and Gondal at the end of the month.
- Agriwatch view: Groundnut oil prices decreased in April due to weak demand. Demand decreased due to



Prices of groundnut increased in month of April as farmers are not releasing their produce in expectation of higher prices. Higher prices of groundnut capped gains groundnut oil.

Prices have increased as weak retail demand which led to fall prices of groundnut oil.

Prices fell in weak buying at higher quotes.

Prices rose on seasonal uptrend of prices.

Fall in prices of palm oil, soy oil and cottonseed oil supported the fall.

Government decision to allow bulk exports of edible oil has little impact on exports as prices of Indian groundnut oil is higher compared to other countries. China is the key market of groundnut oil from India. Government removed bulk exports of groundnut oil which led to higher prices of groundnut oil in medium term. Exports were only allowed in 5 kg packs with minimum exports prices of USD 900 per ton.

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

Stockists and traders are have decreased offtake in as they are not confident of prices.

Prices are expected to trade weak lower demand, fall in competitive oil prices, and weak activity in cash markets.

Prices are expected to trade sideways to weak on weak demand.

- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 9,850 (10,250) per quintal and quoting at Rs 10,600 (Rs 10,600) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to weak tone in the coming days.

Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 950-1200 per 10 Kg.

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

	2015-16	2016-17-F	Nov-Jan	Feb-Apr	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

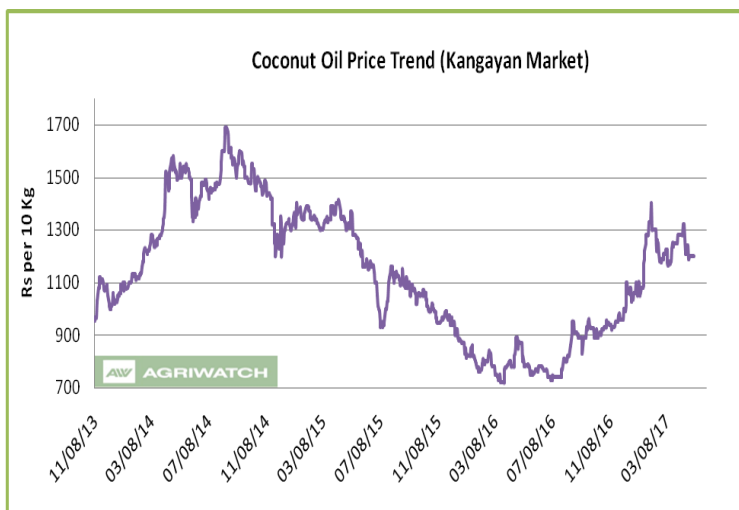
- Groundnut oil production is expected to be higher in oil year 2016-17 on higher groundnut crop.
- Higher oil production in 2016-17 is due to higher marketable surplus of groundnut seed resulting in higher crush.
- Carryout stocks of oil year 2015-16 is 0.14 lakh tons on higher groundnut oil production.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

Rise in prices of copra supported the fall in prices.

Weak raw material prices translated into lower finished product prices.



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

Supply of copra has improved in month of April on higher harvest.

Traders are releasing copra to take advantage of prices after hike in MSP of copra.

Prices of coconut oil decreased on weak demand. Demand weakened on higher prices of coconut oil.

Fall in prices of palm oil, sunflower oil and rice bran prices supported the fall.

Palm kernel oil prices imploded in April which supported losses.

Demand from North India is weak.

Export demand has weakened due to higher prices of coconut oil which has made coconut oil uncompetitive in international markets. Moreover, appreciation of Rupee will dent export demand.

Traders are not holding copra on expectation of fall in prices. Firm supply of copra has led to higher crushing and firm supply of coconut oil which led to the fall in prices.

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

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

Higher prices of coconut oil for a long period will shift demand towards palm oil which will weaken demand of coconut oil in medium to long term. However, government measure to control adulteration of coconut oil has yielded positive results.

Moreover, lower prices and high supply of palm kernel oil have helped shift in demand pattern away from coconut oil.

Corporate demand which contributes 80 percent of demand is weak due to higher prices of coconut oil. Demand is expected to shift away from coconut oil to palm oil if prices of coconut oil do not correct.

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

Markets are waiting for further cues as season is changing and trend will emerge after some time, until then prices are expected to remain sideways to weak.

Prices are expected to weaken in May on weak demand from corporates, lower prices of copra, weak demand at higher prices and lower prices of competitive oils. 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 Kochi is hovering near Rs 12,500 (12,300) per quintal, and quoting Rs 12,000 (12,500) per quintal in Erode market due to weak supply and firm demand of coconut oil on May 5, 2017.
- Coconut oil prices may trade sideways to weak tone tracking weak demand in ready markets.

Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 1050-1300 per 10 Kg.

Coconut oil production:

Fig. in tons

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

Source: Coconut Development Board

Production and exports of coconut oil:

Estimated Production of Coconut Oil

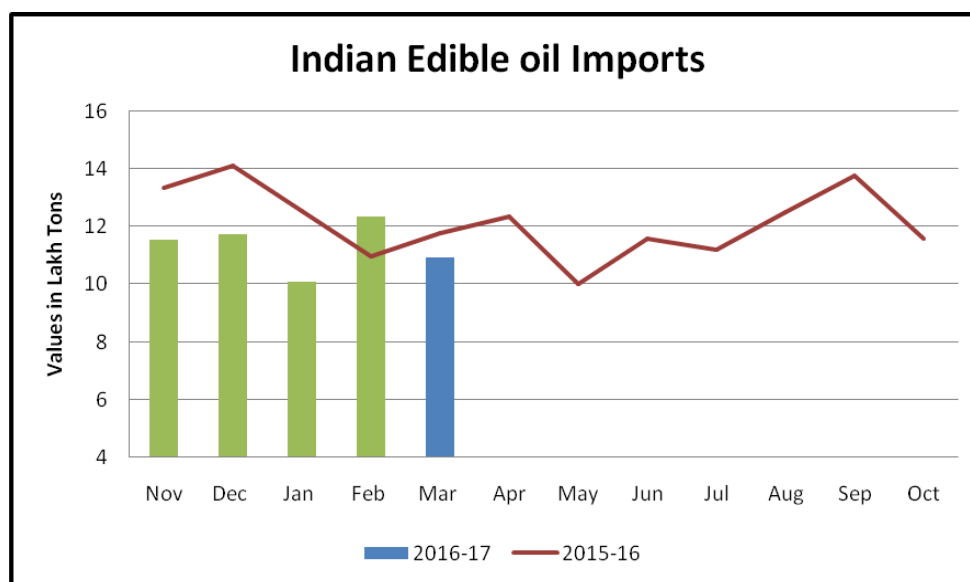
Month	Production (in lakh Tons)	Cumulative Production (in lakh Tons)
Jan-16	0.35	0.35
Feb-16	0.42	0.77
Mar-16	0.54	1.31
Apr-16	0.77	2.08
May-16	0.64	2.72
Jun-16	0.54	3.25
Jul-16	0.45	3.70
Aug-16	0.42	4.12
Sep-16	0.36	4.47
Oct-16	0.31	4.78
Nov-16	0.36	5.14
Dec-16	0.33	5.46

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 March is pegged at 10.93 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.

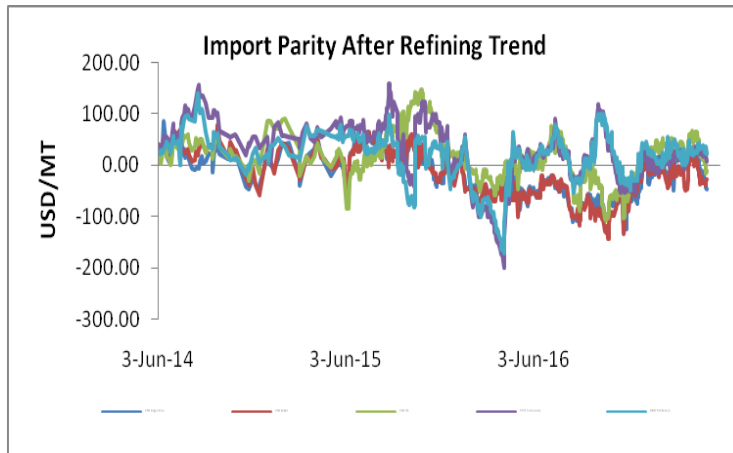
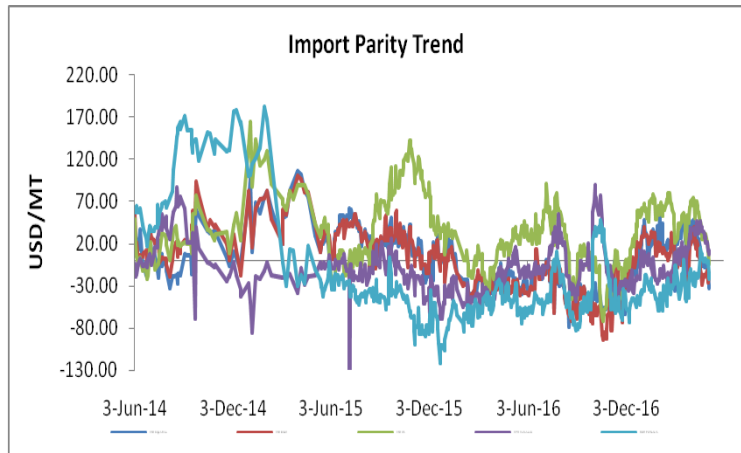
Note - Values in Mln. Tons, Oil year (Nov.-Oct.) *Including Production of Groundnut, Soy, Mustard, Sunflower, Sesame, Niger, Safflower, Cottonseed, Copra, Rice bran Oils. ** 2015-16- SEA of India & 2016-17 Agriwatch Estimates, *** (USDA estimates).



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

Landed Cost Calculation as on 5/05/2017	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	734	722	700	675	680
Freight (USD/MT)	60	55	62	25	20.0
C & F	794.0	777.0	762.0	700.0	700.0
Weight loss (0.25% of FOB)	1.84	1.81	1.75	1.69	1.70
Finance charges (0.4% on CNF)	3.18	3.11	3.05	2.80	2.80
Insurance (0.3% of C&F)	2.38	2.33	2.29	2.10	2.10
CIF (Indian Port - Kandla)	801	784	769	707	707
CVD	0	0	0	0	0
Duty (Values in USD per tons)	97.50	97.50	97.50	52.65	111.15
CVD value USD per ton	0	0	0	0	0
Cess (3% on duty) USD per ton	1.95	1.95	2.925	1.053	2.223
Exchange rate	64.37	64.37	64.37	64.37	64.37
Landed cost without customs duty in INR per ton	51586	50482	49506	45483	45484
Customs duty %	12.50%	12.50%	12.50%	7.50%	15.00%
Base import price	780	780	780	702	741
Fixed exchange rate by customs department	65.10	65.10	65.10	65.10	65.10
Duty component in INR per ton	6347.25	6347.25	6347.25	3427.52	7235.87
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	59333	58229	57253	50311	54120
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	57200	57200	57200	51000	53000
Total landed cost USD per ton	922	905	889	782	841
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	889	889	889	792	823
Parity INR/MT (Domestic - Landed)	-2133	-1029	-53	689	-1120
Parity USD/MT (Domestic - Landed)	-33.14	-15.99	-0.83	10.71	-17.39
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	65032.92	63929.04	62953.19	57810.55	56919.71
Soy/Palm oil imported Price (Including tax)	68284.56	67125.49	66100.85	60701.08	59765.69
Loose price of Soy/Palm in Indore and Delhi market	65310.00	65310.00	65310.00	61425.00	61425.00
Parity after processing and Taxes (Rs per MT)	-2974.56	-1815.49	-790.85	723.92	1659.31
Parity after processing and Taxes (USD per MT)	-46.26	-28.23	-12.30	11.26	25.81
Source: Agriwatch					

Import Parity Trend

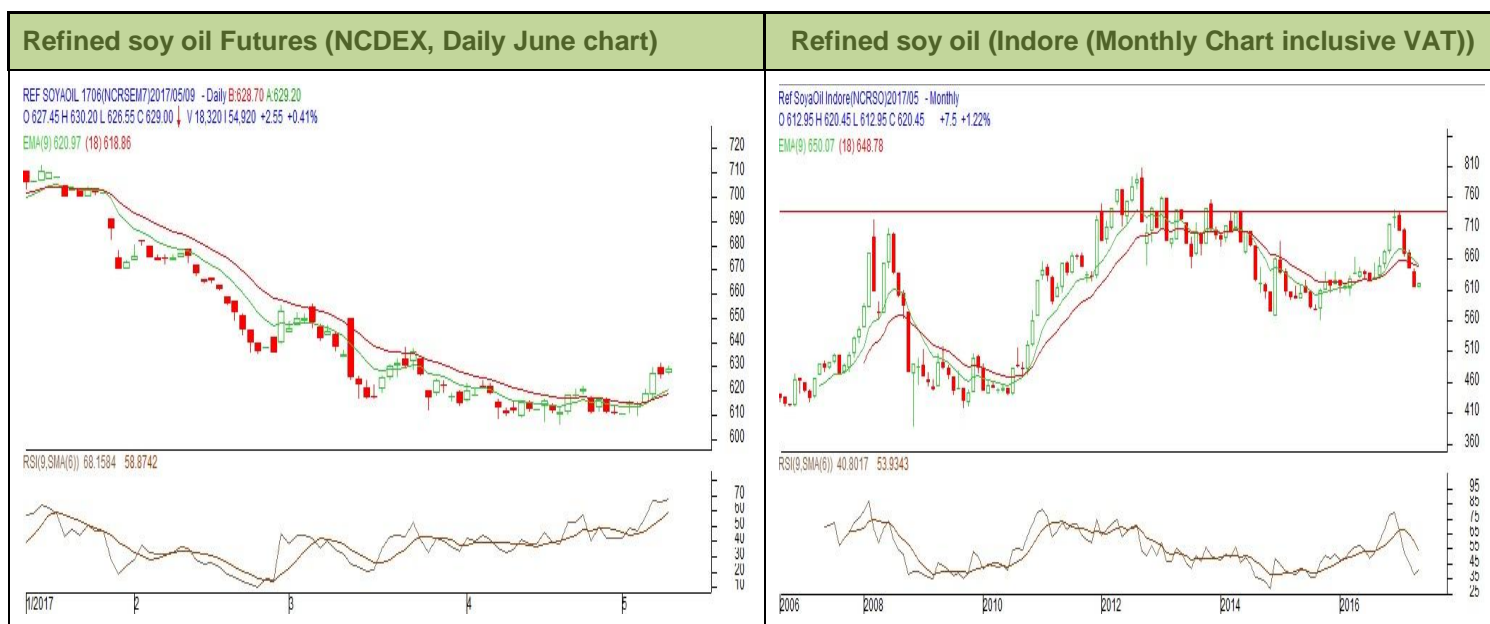


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Feb, 2017	-4.41	-12.57	39.53	5.89	21.73
Mar, 2017	14.48	-15.56	29.41	15.58	26.41
Apr, 2017	7.03	-5.60	42.64	25.12	31.46

Outlook:-

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

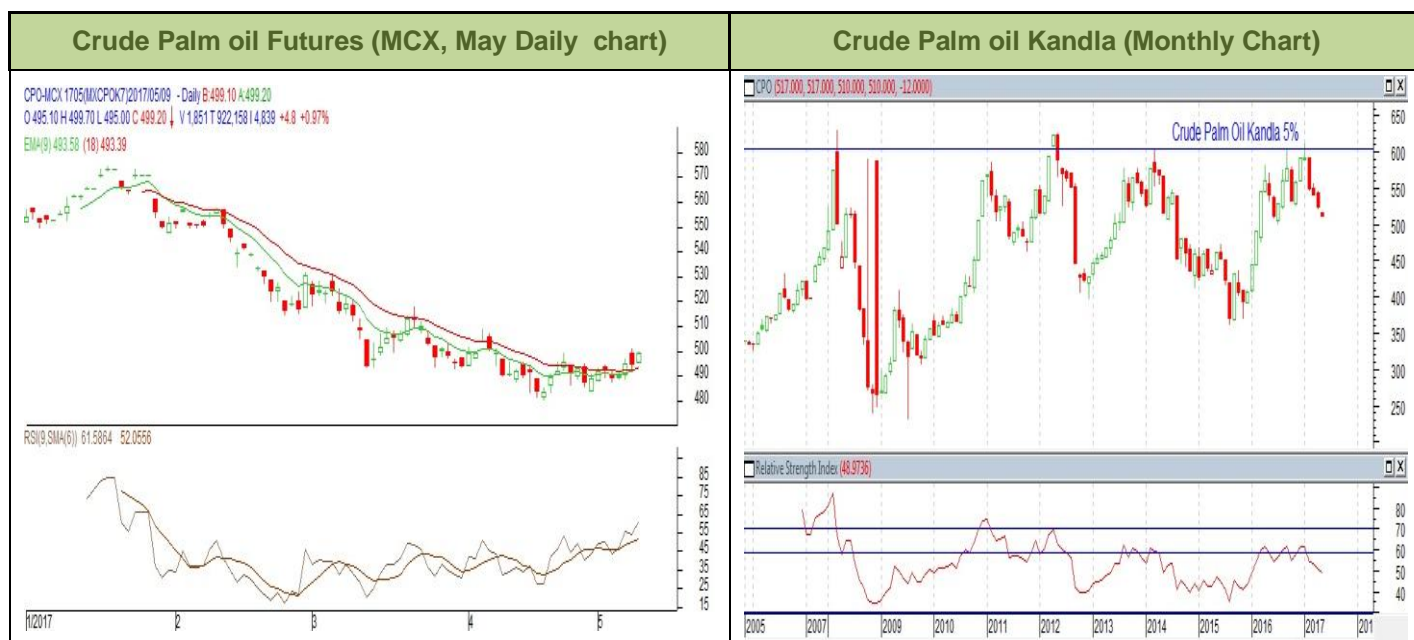
- Monthly chart of refined soy oil at NCDEX featured losses in the prices. We expect sideways to weak movement in the coming days.
- Any close below 620 in monthly chart will change the sentiment and bring prices to 600 levels.
- Expected price band for next month is 580-670 level in near to medium term. 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 580-680 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 (May 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 480 in monthly chart might bring the prices to 460 levels.
- Expected price band for next month is 450-550 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 505 for a target of 485 and 480 with a stop loss at 515 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
480.00	490.00	499.3	524.00	546.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 470-570 per 10 Kg.

Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		29-Apr-17	31-Mar-17	
Refined Soybean Oil	Indore	618	645	-27
	Indore (Soy Solvent Crude)	585	620	-35
	Mumbai	620	630	-10
	Mumbai (Soy Degum)	565	585	-20
	Kandla/Mundra	600	630	-30
	Kandla/Mundra (Soy Degum)	570	600	-30
	Kolkata	600	635	-35
	Delhi	630	660	-30
	Nagpur	643	685	-42
	Rajkot	595	625	-30
	Kota	620	650	-30
	Hyderabad	627	660	-33
	Akola	630	668	-38
	Amrawati	632	667	-35
	Bundi	615	645	-30
	Jalna	642	680	-38
	Alwar	NA	NA	-
	Solapur	643	685	-42
	Dhule	640	679	-39
Palm Oil	Kandla (Crude Palm Oil)	517	540	-23
	Kandla (RBD Palm oil)	540	545	-5
	Kandla RBD Pamolein	550	565	-15
	Kakinada (Crude Palm Oil)	470	525	-55
	Kakinada RBD Pamolein	535	555	-20
	Haldia Pamolein	545	565	-20
	Chennai RBD Pamolein	540	560	-20
	KPT (krishna patnam) Pamolein	530	545	-15
	Mumbai RBD Pamolein	550	565	-15
	Delhi	590	610	-20
	Rajkot	545	563	-18
	Hyderabad	499	527	-28
	Mangalore RBD Pamolein	540	560	-20
	PFAD (Kandla)	450	455	-5
	Refined Palm Stearin (Kandla)	490	500	-10
Refined Sunflower Oil	Chennai	635	660	-25
	Mumbai	680	705	-25
	Mumbai(Expeller Oil)	580	595	-15
	Kandla	660	675	-15
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	641	684	-43

	Latur (Expeller Oil)	635	680	-45
	Chellakere (Expeller Oil)	590	620	-30
	Erode (Expeller Oil)	665	700	-35
Groundnut Oil	Rajkot	1000	1025	-25
	Chennai	1050	1060	-10
	Delhi	1100	1000	100
	Hyderabad *	1070	1050	20
	Mumbai	1040	1060	-20
	Gondal	1000	1010	-10
	Jamnagar	1000	1030	-30
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	680	725	-45
	Jaipur (Kacchi Ghani Oil)	721	765	-44
	Kota (Expeller Oil)	690	730	-40
	Kota (Kacchi Ghani Oil)	710	760	-50
	Neewai (Kacchi Ghani Oil)	695	730	-35
	Neewai (Expeller Oil)	705	750	-45
	Bharatpur (Kacchi Ghani Oil)	720	780	-60
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	680	722	-42
	Sri-Ganga Nagar (Kacchi Ghani Oil)	700	745	-45
	Mumbai (Expeller Oil)	710	760	-50
	Kolkata(Expeller Oil)	900	NA	-
	New Delhi (Expeller Oil)	702	730	-28
	Hapur (Expeller Oil)	750	778	-28
	Hapur (Kacchi Ghani Oil)	840	884	-44
	Agra (Kacchi Ghani Oil)	725	785	-60
Refined Cottonseed Oil	Rajkot	620	655	-35
	Hyderabad	600	625	-25
	Mumbai	625	640	-15
	New Delhi	600	630	-30
Coconut Oil	Kangayan (Crude)	1200	1250	-50
	Cochin	1250	1230	20
	Trissur	NA	1280	-
Sesame Oil	New Delhi	800	770	30
	Mumbai	735	730	5
Kardi	Mumbai	740	730	10
Rice Bran Oil (40%)	New Delhi	560	550	10
Rice Bran Oil (4%)	Punjab	590	590	Unch
Rice Bran Oil (4%)	Uttar Pradesh	590	590	Unch
Malaysia Palmolein USD/MT	FOB	675	685	-10

	CNF India	695	713	-18
Indonesia CPO USD/MT	FOB	673	695	-22
	CNF India	695	718	-23
RBD Palm oil (Malaysia Origin USD/MT)	FOB	675	693	-18
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	603	655	-52
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1100	1180	-80
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	618	675	-57
Crude palm Kernel Oil India (USD/MT)	CNF India	1050	1210	-160
Ukraine Origin CSFO USD/MT Kandla	CIF	790	780	10
Rapeseed Oil Rotterdam Euro/MT	FOB	775	752	23
Argentina FOB (\$/MT)		28-Apr-17	30-Mar-17	Change
Crude Soybean Oil Ship		700	690	10
Refined Soy Oil (Bulk) Ship		725	714	11
Sunflower Oil Ship		705	715	-10
Cottonseed Oil Ship		680	670	10
Refined Linseed Oil (Bulk) Ship		720	710	10
<i>* indicates including VAT</i>				

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