



Veg. Oil Monthly Research Report

Contents

- ❖ Outlook and Review
- ❖ Recommendations
- ❖ AW Edible Oil Index
- ❖ International Veg. Oil Market Summary
- ❖ Domestic Market Fundamentals
- ❖ Technical Analysis (Spot Market)
- ❖ Technical Analysis (Futures Market)
- ❖ Monthly spot price comparison

Outlook and Review:
Domestic Front

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

Palm oil (Kandla) was the worst performer among the edible oil complex tracking weak demand in the cash market. Soy oil (Indore) was the best performer tracking firm demand.

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

Recommendation:

In NCDEX, market participants are advised to go short in RSO below 650 for a target of 630 and 625 with a stop loss at 660 on closing basis.

In MCX, market participants are advised to go short in CPO below 490 for a target of 470 and 465 with a stop loss at 500 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 470-480 for the target of 500-510 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (July) is expected to stay in the range of 30 cents/lb to 36 cents/lb. CPO at BMD (September) is likely to stay in the range of 2300-2800 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 stocks and production of palm oil in Malaysia, higher stocks of soy oil in US and firm dollar.

Malaysia's June palm oil exports fell 7.6 percent to 1,210,359 tons compared to 1,310,320 tons in last month. Top buyers were European Union at 245,163 tons (280,215 tons), India at 238,350 tons (283,820 tons), Pakistan at 98,830 tons (60,000 tons), United States at 69,082 tons (60,607 tons) and China at 65,500 tons (105,090 tons). Values in brackets are figures of last month: SGS

On the international front, higher soy oil stocks in US, weak Chinese demand 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 US, weak crude oil price, 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, 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 uptrend at its benchmark market at Indore during the month in review on firm demand. Average prices of refined soy oil fell in June. Prices of refined soy oil fell in Kolkata, Mumbai and Kandla/Mudra.. CDSO prices fell at JNPT while it rose at Kandla/Mudra.
- Agriwatch view—Soy oil prices witnessed uptrend in month of June in Indore firm demand.

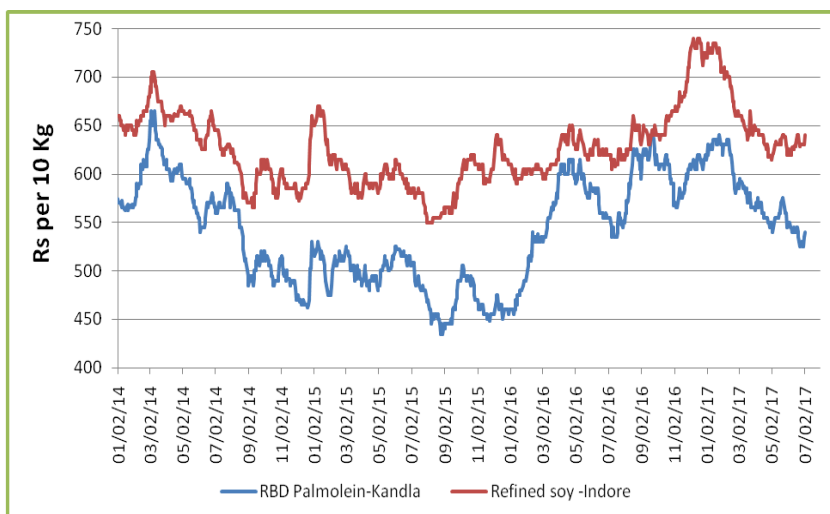
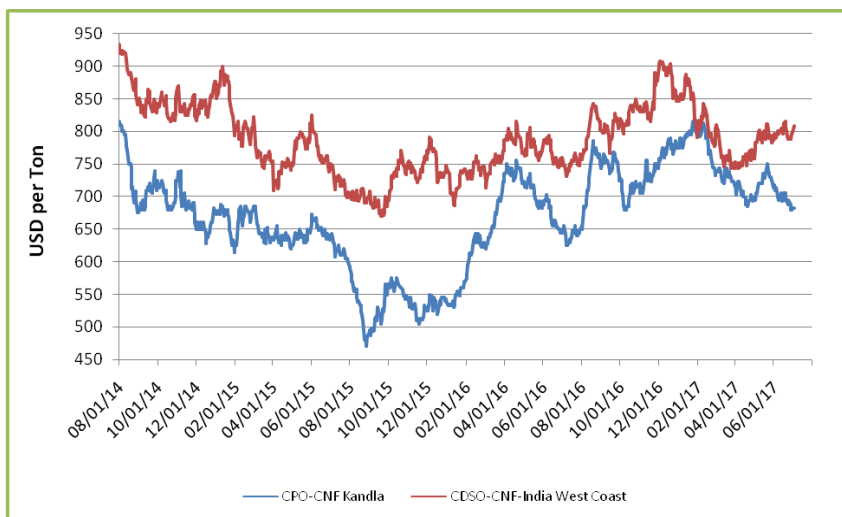
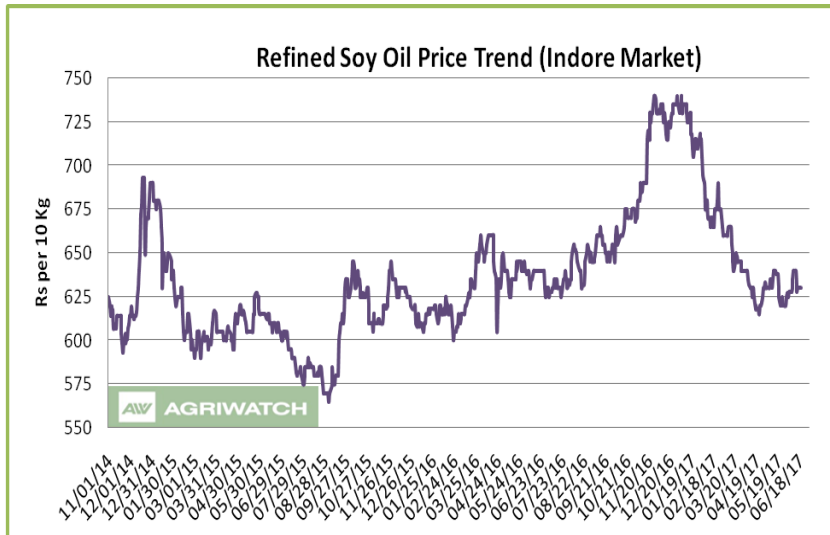
Prices of CDSO rose more in CNF v/s CDSO high seas indicating weak demand at high seas. Domestic CDSO prices rose less while CDSO CNF rose indicating weak demand at high seas.

Refined soy oil prices fell in most places India indicating weak demand at various centers.

Refined soy oil premium over CPO has increased to Rs 148 (Rs 107 last month) per 10 Kg which will underpin prices. Imports will rise on low CDSO premium over CPO at USD 128 (USD 75 last month) per ton for July delivery which will underpin prices of soy oil.

Refined soy oil premium over RBD palmolein increased to Rs 107 (Rs 75 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 58 (Rs 45) per 10 kg indicating firmer refined soy oil demand in domestic markets compared to high seas.



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

Landed cost and refining margins have turned to disparity.

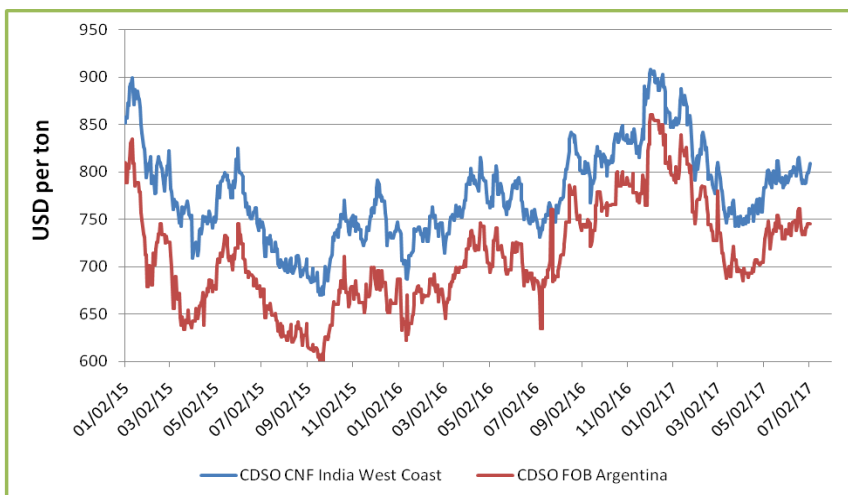
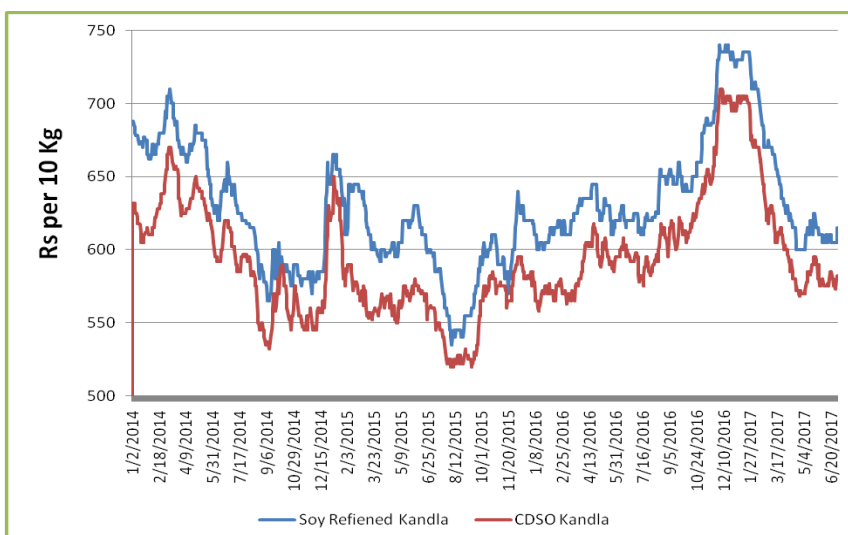
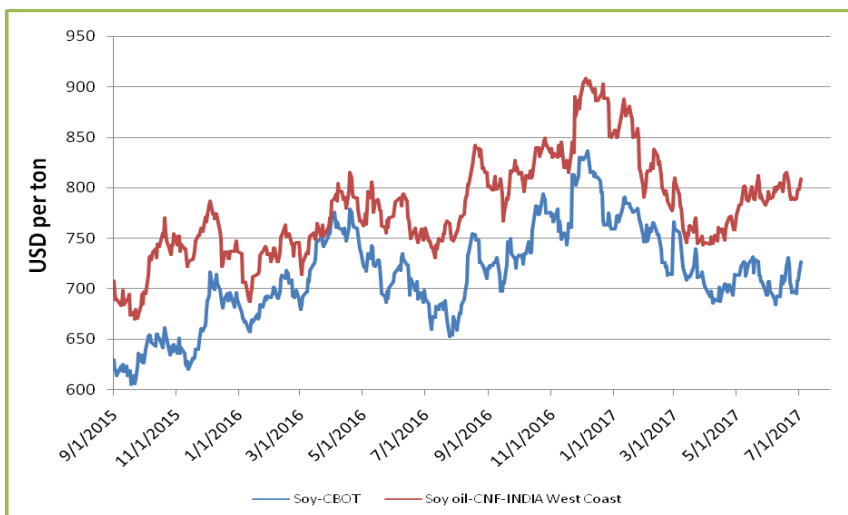
Fourth chart from top shows difference between CDSO-CNF-India West coast and Soy oil CBOT. Difference increased between CDSO-CNF-India West coast and Soy oil CBOT due to increase in basis (spot prices – futures prices).

Refiners can wait to buy their consignment as basis can correct on record soybean crop in South America, higher supply from Argentina, depreciation of Argentina Peso and expectation of good 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 10 percent appreciation of rupee, Indian soy meal is now uncompetitive in international markets compared to peers.

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



Imports of soy oil increased in May compared to April and May 2016 while stocks at ports and pipelines fell in May indicating firm demand of CDSO compared to April 2017.

Imports of soy oil can be increased by importers as stocks at ports are low.

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.

- All India sowing of soybean has reached 15.29 lakh hectares as on 30.06.2017 compared to 18.92 lakh hectares in the corresponding period last year. Madhya Pradesh registered fall in sowing figures while Maharashtra showed rise in sowing.
- Soy oil import scenario – According to SEA, India imported 3.40 lakh tons of soy oil in May 2017 v/s 1.78 lakh tons in May 2016, up 91 percent y-o-y. India imported 16.90 lakh tons of soy oil in the period (November 2016-May 2017) compared to 24.19 lakh tons in the corresponding period last oil year, lower by 30 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's May edible oil imports rose 31.7 percent y-o-y to 13.24 lakh tons from 11.05 lakh tons in May 2016. Palm oil imports in May rose 21.5 percent y-o-y to 7.98 lakh tons from 6.57 lakh tons in May 2016. CPO Imports rose 25.5 percent y-o-y to 4.92 lakh tons from 3.92 lakh tons in May 2016. RBD palmolein imports rose 12.6 percent y-o-y to 2.94 lakh tons from 2.61 lakh tons in May 2016. Soy oil imports fell 91 percent y-o-y to 3.40 lakh tons from 1.78 lakh tons in May 2016. Sunflower oil imports rose 3.3 percent y-o-y to 1.55 lakh tons from 1.50 lakh ton in May 2016. Rapeseed (Canola) oil rose to 0.29 lakh tons in May compared to from 0.18 lakh tons in May 2016.
- According to Solvent Extractors Association (SEA), India's May edible oil stocks at ports and pipelines rose 1.87 Percent m-o-m to 21.60 lakh tons from 21.20 lakh tons in April 2017. Stocks of edible oil at ports fell to 770,000 tons (CPO 230,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 190,000 tons, Crude Sunflower Oil 170,000 tons and 20,000 tons of Rapeseed (Canola) Oil) and about 1,390,000 tons in pipelines (stocks at ports were 785,000 and in pipelines were at 2,120,000 tons in April 2017). India is presently holding 37 days of edible oil requirement on 1st June, 2017 at 21.60 lakh tons compared to 39 days of requirements last month. India's monthly edible oil requirement is 17.5 lakh tons.
- Imported crude soy oil CIF at West coast port is offered at USD 816 (USD 785) per ton for June delivery. July delivery is offered at USD 811 (USD 778) per ton and August delivery is offered at USD 805 (USD 773) per ton as on July 3, 2017. Values in brackets are figures of last month. Last month, CIF CDSO May average price was USD 797.7 (USD 790.78 per ton in May 2017) per ton.
- On the parity front, margins fell during the month and we expect margins to improve in the coming days. Currently refiners lose USD 45-50 per ton (June average) v/s loss of USD 35-40 per ton (May 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 – Soybean planting in US is over and soybean crop condition is not as good as last year while it is near 5-year average in corresponding period. Planting of soybean finished early due to dry conditions in US Midwest, which improved planting. Some spells of rain supported crop condition. However, good to excellent has decreased in near term indicating that yields will not be higher than last year and near 5-year average. China is expected to buy lesser quantity of soybeans in medium term due to negative crush margins. Soybean shipments were either cancelled or are diverted. However, China is buying more from Brazil and has decreased buying from US leading to fall in soybean complex prices. However, in the current marketing year China has purchased 20 percent more soybean from US. Soybean area in estimate in US is record in history. June quarter soybean acreage showed less rise in soybean planted area compared to estimates will support soybean complex prices. Soybean stocks in June quarter was less than market estimates supporting soybean complex prices. Soy oil stocks in US increased in May as reported by NOPA due to higher production of soy oil due to higher crush of soy oil is bearish for soy oil prices in medium term. Stocks were lower by 12.26 percent compared to corresponding period last year. USDA decreased soy oil end stocks in US in 2017/18 on lower opening stocks will support soy oil prices in medium term. USDA has decreased soybean crop in US in 2017/18, due to lower average yields on historical trends despite record soybean area in 2017/18. Depreciation of Brazilian Real has led to higher farmer release and higher booking of cargoes to take advantage of prices. Depreciation of Real brought down prices of soybean in international markets. USDA decreased Brazil 2017/18 soybean crop on lower yields on lines of historical yields. USDA kept Brazil 2016/17 soybean crop estimate unchanged in its June report. Argentina soybean crop condition worsened in last phase of harvest which has prompted Argentina's government to decrease soybean crop estimate to 57 MMT from 58 MMT. However, USDA kept soybean estimate unchanged at 57 MMT for 2016/17. Depreciation of Argentina Peso will support soybean complex exports from Argentina. 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 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.

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.

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.

Competitive oils will underpin prices in medium 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) June estimate, U.S 2017/18 ending stocks of soy oil is fell 3.36 percent to 2,157 million lbs from 2,232 million lbs in May estimate. Opening stocks were lower at 1,987 million lbs. Production of soy oil in 2017/18 is was unchanged at 22,620 million lbs. Imports in 2017/18 are kept unchanged at 300 million lbs. Biodiesel use in 2017/18 was unchanged at 6,450 million lbs. Food, feed and other industrial use in 2017/18 was unchanged at 14,000 million lbs. Exports in 2016/17 were unchanged at 2,300 million lbs. Average price range estimate ended the year 2017/18 at 30-34 cents/lbs compared to 31.75 cents/lbs in its 2016/17. Fall in end stock is due to lower opening stocks of soy oil.
- According to National Oilseed Processors Association (NOPA), U.S. May soybean crush rose 7.27 percent to 149.246 million bushels from 139.134 million bushels in April 2017. Crush of soybean in May 2016 was 152.280 million bushels. Production of soy oil in U.S. in May rose to 1.752 billion lbs from 1.627 billion lbs in April 2017. Production in May 2016 was 1.786 billion lbs. Soy oil stocks in U.S. at the end of May rose 1.37 percent to 1.749 billion lbs compared to 1.725 billion lbs in April 2017. Stocks of soy oil in May were lower by 12.26 percent compared to May 2016, which was reported at 1.994 million lbs. Yield was higher at 11.74 lbs/bushel in May compared to April figure of 11.69 lbs/bushel. Yield in May 2016 was reported at 11.73 lbs/bushel.
- In the weekly USDA crop progress report released on 02 July; Soybeans emergence are reported at 98% which is at par with the corresponding period last year and also up from 5 year average of 95%. Soybeans blooming are reported at 18% which is down from 20% from the corresponding period last year and up from the 5 year average of 17%. About 64% of the soybean planted crop is under good to excellent condition which is down from 70% during the corresponding period last year.
- The U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) estimated a record high 89.5 million acres of soybeans planted in the United States for 2017, up 7 percent from last year. Further, US soybean area for harvest is estimated at a record high 88.7 million acres, if realized, up 7 percent from 2016.
- Both, the US soybean stocks and acreage figures were reported lower than the trade expectations in the report released by USDA on Friday. It has been reported that the US soybeans stored in all positions on June 1,

2017 totaled 963 million bushels, up 11 percent from June 1, 2016. On-farm stocks totaled 333 million bushels, up 18 percent from a year ago. Off-farm stocks, at 631 million bushels, are up 7 percent from a year ago.

- China purchased 9.59 million tons of soybeans in May, highest on record. Higher volume of imports is primarily due to the backlog of previously purchased soy which landed in the country during the month. The oilseeds imports were up from 7.66 million tons during the corresponding period last year and 19.6% higher than 8.02 million tons purchased during April.
- Abiove has once again raised Brazil's 2016/17 soybean production projection to 113.2 million tons which is up from the previous forecast of 112.5 million tons. Brazil's soybean exports projection for the year increased to 63 million tons from 61.7 million tons estimated earlier and the soybean processing is forecast at 41 million tons.
- Conab has raised Brazil's 2016/17 soybean production estimate for the sixth time this year to 113.92 million tonnes, which is up from 113 million tons projected in May.
- Agroconsult has projected Brazil's soybean production estimate at 115 million tonnes and exports of 61 million tonnes during the season.
- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in May fell 25 percent to 4.2 lakh tons compared to 5.6 lakh tons in April. Imports rose 50 percent compared to last year which was reported at 2.8 lakh tons. Year to date imports of edible vegetable oil rose 12 percent to 23.80 lakh tons.
- According to Energy Administration Agency (EIA), U.S. produced 127 million gallons in April compared to 116 million gallons in March, higher by 9.5 percent m-o-m. Soy oil was the largest feedstock with 427 million lbs in April compared to 369 million lbs in March which is 45 percent of total use.
- USDA WASDE Oilseeds Highlights: The 2017/18 season-average price for soybeans is forecast at \$8.30 to \$10.30 per bushel; soybean meal and oil prices are projected at \$295 to \$335 per short ton and 30 to 34 cents per pound, respectively.

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.

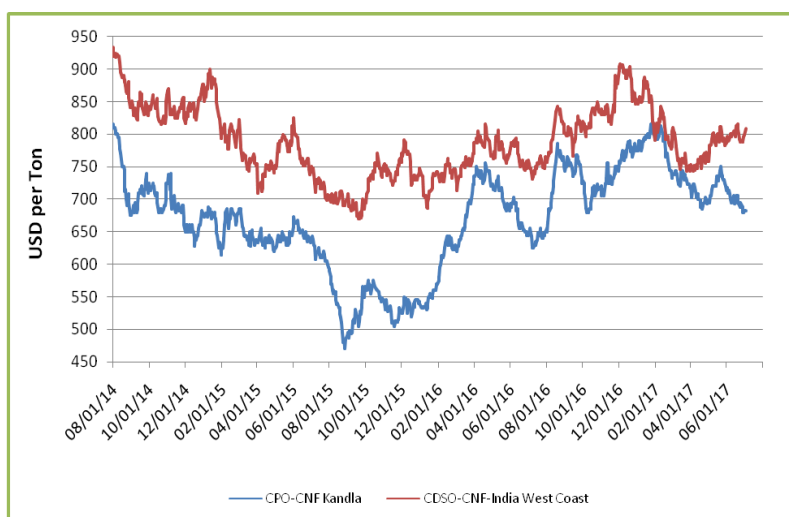
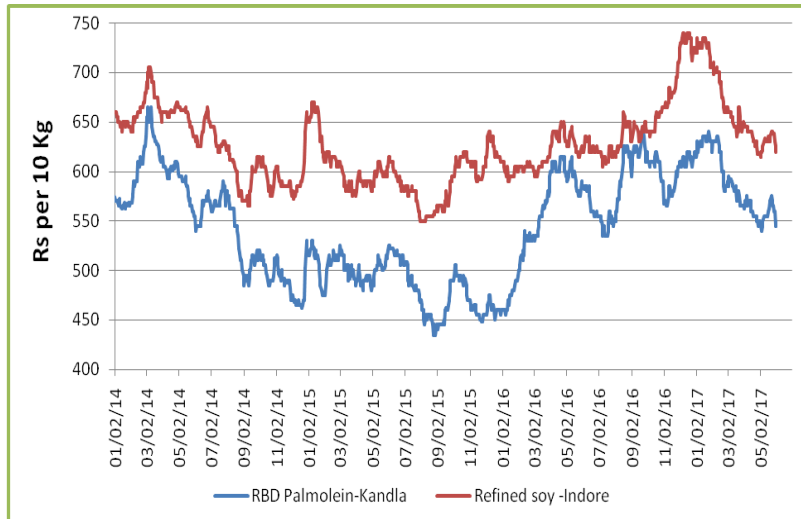
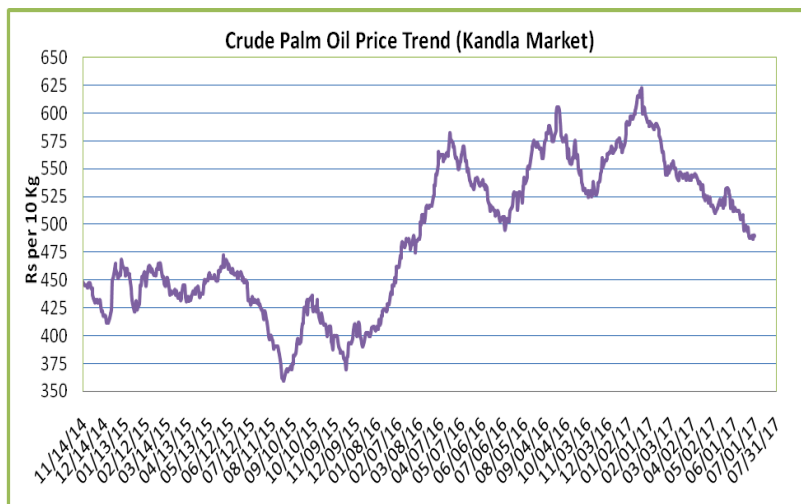
Palm oil: Domestic Market Fundamentals

- CPO prices witnessed weak tone in the month of June at its benchmark market at Kandla on weak demand. CPO prices fell in Kakinada. RBD palmolein prices fell across board in India. Superolein prices rose in Kandla and Mumbai. CPO-CNF and RBD palmolein-CNF India prices fell in June.
- 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 international markets.

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

CPO demand in India is weak as RBD palmolein is available at marginal premium over CPO. Raw material is available at price of 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. Due to inverted duty structure in Malaysia, higher duty differential is necessary.



Demand of RBD palmolein was firm in domestic markets in June compared to CNF markets as prices of RBD palmolein at high seas fell less than CNF markets. Supeolein prices fell while Vanaspati prices saw less 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 and RBD palmolein fell less in CNF markets compared to FOB markets indicating firm demand on CNF markets.

RBD palmolein premium over CPO idecreased to Rs 35 (Rs 40 last month) per 10 kg indicating weak demand of RBD palmolein compared to CPO at high seas.

CPO imports rose in May compared to May 2016 while it was lower than April 2017. Stocks at ports and pipelines rose indicating that importers are importing and stocking at ports. RBD palmolein imports rose in May compared to April and May 2016 while stocks at ports and pipelines rose Imports are stocked at ports.

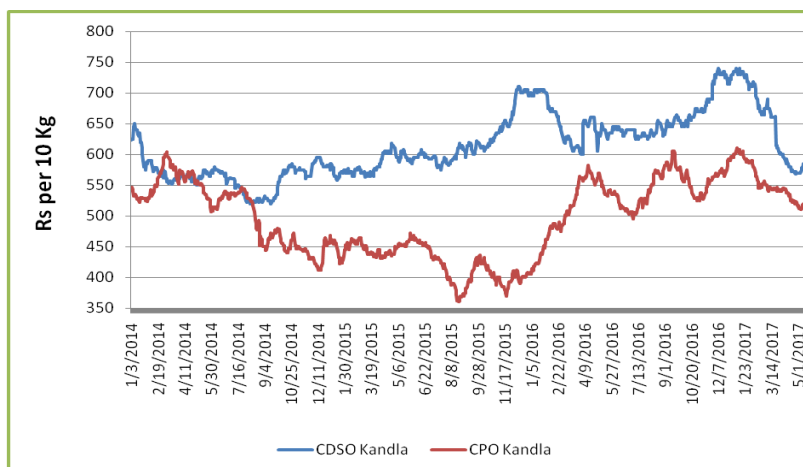
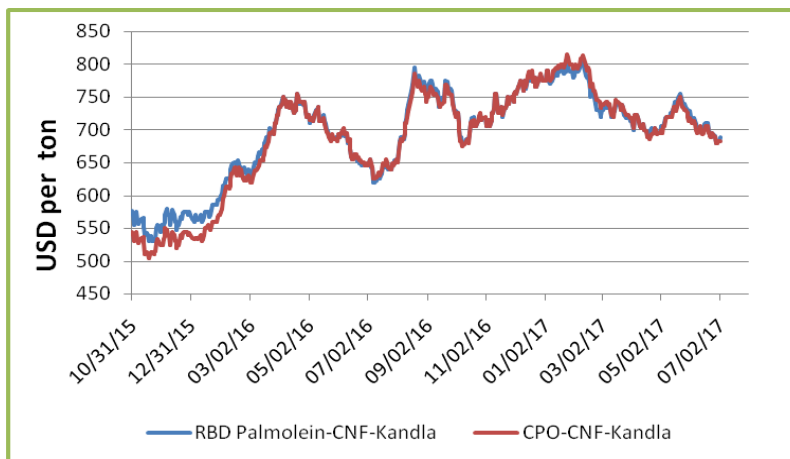
Low premium of CNF RBD palmolein over CNF CPO has resulted in higher imports of RBD palmolein imports in oil year 2016-17 and slowdown of CPO imports.

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 were trading at low premium to CPO-CNF and CPO CNF prices traded lower than RBD palmolein which bucked their trend after four months.

Decreasing soy oil premium over palm oil which is hovering at Rs 148 (Rs 113 last month) per 10 Kg will increase demand of palm oil and increase imports.

Previous chart in soy oil section shows that premium of soy oil over palm oil has increased in May at CNF markets USD 128.5 (USD 75) 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. Increasing premium of sunflower oil over palm oil will decrease 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 7.99 lakh tons of palm oil in May 2017 v/s 6.58 lakh tons in May 2016, higher by 21.4 percent y-o-y. Import of palm oil in the period (November 2016-May 2017) was at 51.01 lakh tons compared to 49.97 lakh tons in the corresponding period in last oil year, lower by 2 in the corresponding period.

CPO imports increased to 4.92 lakh tons in May compared to 3.92 lakh tons in May 2016, higher by 25.5 percent y-o-y. Import of CPO in the period (November 2016-May 2017) was at 33.95 lakh tons compared to 33.50 lakh tons in the corresponding period last oil year, higher by 1.3 percent

RBD palmolein imports rose 12.64 percent in May to 2.94 lakh tons from 2.61 lakh tons in May 2016. Import of RBD palmolein in the period (November 2016-May 2017) was at 16.62 lakh tons compared to 15.87 lakh tons in corresponding period last oil year, higher by 4.7 percent.

- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 690 (USD 690) per ton for June delivery. July delivery is quoted at USD 682.5 per ton and August delivery ins quoted at USD 660 per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 692.5 (USD 695) per ton for June delivery. July delivery is quoted at USD 687.5 (USD 715) per ton. CPO duty paid prices ready lift quoted at Rs 497 (Rs 513) per 10 Kg and July delivery is offered at Rs 495 (Rs 510) per 10 Kg on July 2, 2017. Values in bracket depict April 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 128.5 per ton (USD 75 per ton last month).
- On the parity front, margins improved during the month of June 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 20-25/ton (June average) v/s gain of USD 15-20/ton (April average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 25-30/ton (June average) v/s gain of USD 25-30 (May 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 June is expected to report marginal rise in stocks due to lower rate of growth of production and higher demand of palm oil in Malaysia and Indonesia due to Ramadan.

Exports fell by 7-9 percent in Malaysia in June as reported by cargo surveyors SGS and ITS indicating weak demand. Lower rise in production in may is due to lower supply of labor in Malaysia and Indonesia on Ramadan. However, production will see strong rise in coming months as conducive environment prevails in the subcontinent.

Monsoon has arrived early in Indonesia in Malaysia and Indonesia will increase harvest and prolong harvest season which will underpin palm oil prices in medium term. Production will start to show higher figures in July.

Palm oil end stocks in April fell 2.46 percent due to lower rise in production and higher exports. Production rose on seasonal uptrend of production.

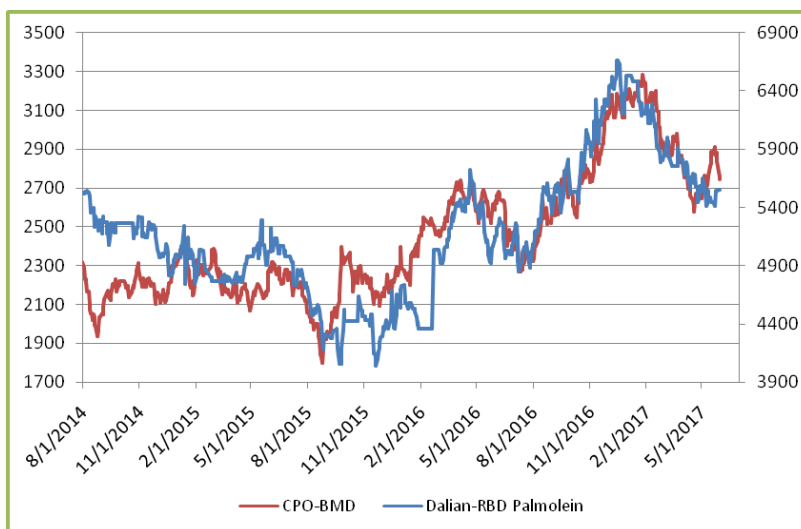
Palm oil exports rose 15-16 percent from Malaysia in May on demand ahead of Ramadan.

India, Pakistan and Middle East led the surge in demand ahead of Ramadan. India purchased more ahead of demand season and fill the deficit in ports and pipelines which was running at very low levels.

Demand of China from Malaysia has remained weak as it is importing more from Indonesia since they are offering competitive prices. Moreover, soy oil prices fell in China to 5 year lows on soybean glut in China which led to negative crush margins crushing soy oil prices which prompted fall in RBD palmoline DALIAN leading to fall in BMF Malaysia as both markets are perfectly correlated.

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

Exports of palm oil are expected to weaken as Ramadan is over and fresh demand will only arise when prices fall as major importers (India and China) are prices sensitive countries. Prices will find support on fresh triggers in medium term. 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.



However, palm oil prices are still high and both India and China 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 in South America 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 weigh on exports of palm oil from Malaysia.

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.

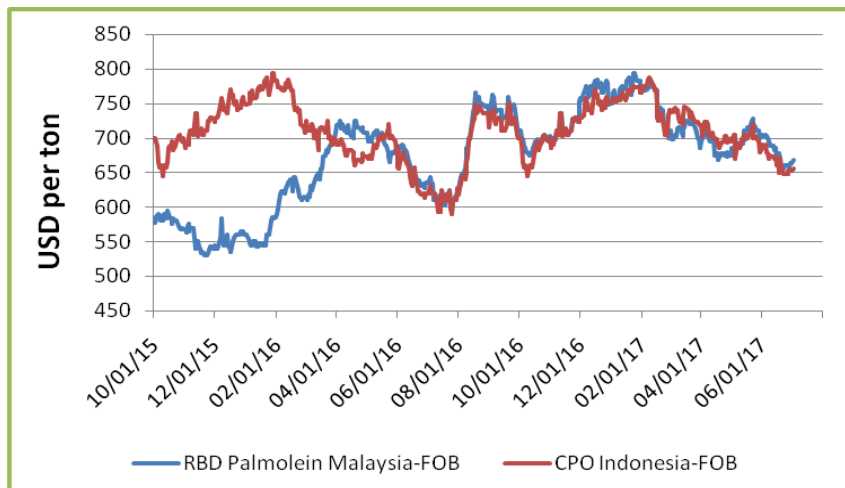
Aggressive pricing of RBD palmolein compared to Indonesia CPO has helped exports from Malaysia, reduced stocks of palm oil in Malaysia, and supported prices.

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

Malaysia reduced palm oil export duty to 6.5 percent for July, as Malaysian government feels that its prices will remain elevated on lower stocks in June.

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 May palm oil end stocks fell 2.64 percent to 15.58 lakh tons compared to 16 lakh tons in April. Production of palm oil in May rose 6.88 percent to 16.54 lakh tons compared to 15.48 lakh tons in April. Exports rose 17.33 percent to 15.06 lakh tons compared to 12.83 lakh

tons in April. Imports of palm oil in May fell 12.9 percent to 0.47 lakh tons compared to 0.54 lakh tons in April. This was the weakest May since last eight years.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's June palm oil exports fell 7.6 percent to 1,210,359 tons compared to 1,310,320 tons in last month. Top buyers were European Union at 245,163 tons (280,215 tons), India at 238,350 tons (283,820 tons), Pakistan at 98,830 tons (60,000 tons), United States at 69,082 tons (60,607 tons) and China at 65,500 tons (105,090 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's June palm oil exports fell 8.9 percent to 1,190,583 tons v/s 1,306,374 tons in last month. Top buyers were India & subcontinent at 283,300 tons (360,400 tons), European Union at 257,666 tons (233,570 tons) and China at 120,400 tons (114,290 tons). Values in brackets are figures of last month.
- Policy update: According to Malaysia Palm Oil Board (MPOB), Malaysia increased July crude palm oil export duty to 6.5 percent from 6 percent in June. Tax is calculated at reference price of 2890.04 ringgit (\$676.53) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

Indonesia maintains zero export duty on crude palm oil for July as it expects that it will miss certain thresholds, according to Indonesia trade ministry. Indonesia keeps export taxes at zero on or below USD 750 per ton.

- **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	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

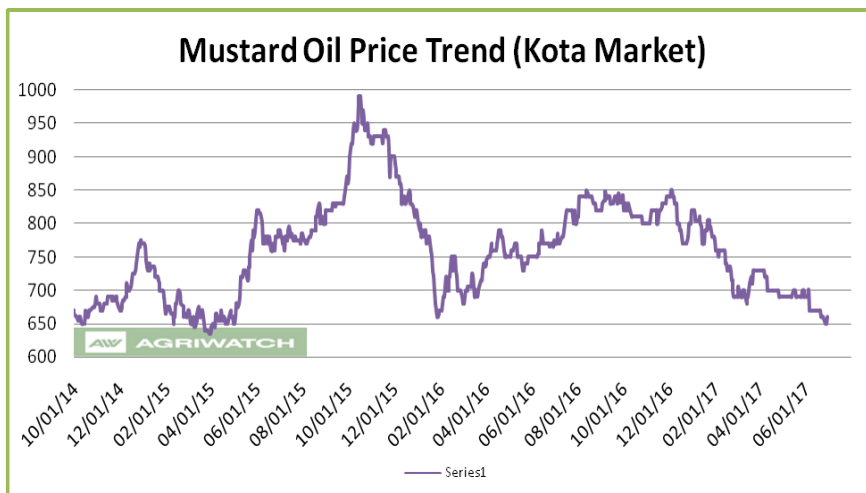
Source: AW estimates
Oil year- November-October

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 at various markets on higher crushing of rapeseed and firm demand. Prices of expeller mustard oil closed lower at benchmark market of Kota while it rose in Jaipur, Neewai Ganganagar, Mumbai and New Delhi while it fell in Kolkata. Prices were unchanged in Hapur. Kacchi Ghani rose across board in India except Hapur. Rapeseed (Canola) oil prices fell in June.



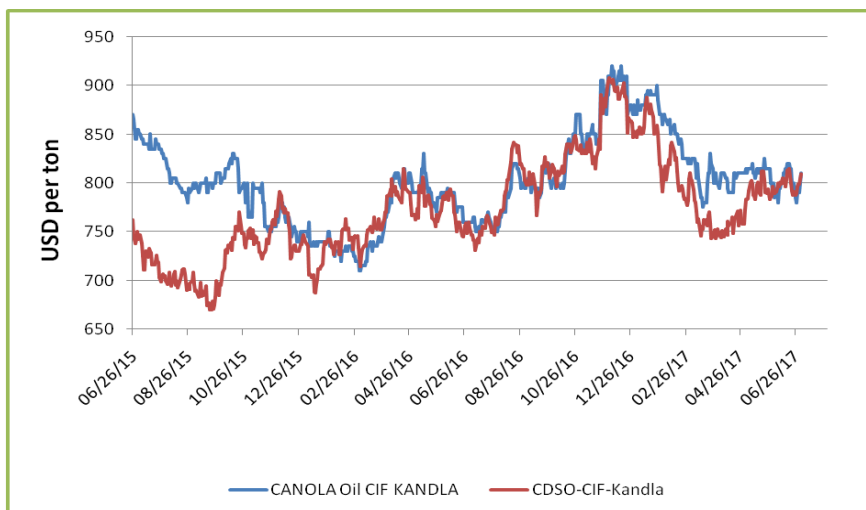
- Agriwatch view: Rapeseed oil prices traded mostly higher in the month of May in various markets in India on buying at lower quotes.

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

Prices rose in seasonal uptrend of prices.

Stockists and traders have increased 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.



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

Demand has firmed at lower prices. Traders are stocking on lower quotes.

Stockists and traders are adequately stocked. Rapeseed (Canola) oil prices fell in May.

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 – India imported 0.29 lakh tons of rapeseed (Canola) oil imports in May 2017 v/s 0.19 lakh tons in May 2016. Imports were 1.81 lakh tons in the period (November 2016-May 2017) compared to 1.72 lakh tons in corresponding period last oil year: SEA
- CIF Canola oil premium over soybean oil is hovering at USD 1 (USD 0 last month) as on 3 July, 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 670 (Rs 675) per 10 Kg and at Kota market is quoted around Rs 660 (Rs 690) per 10 kg as on June 30, 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

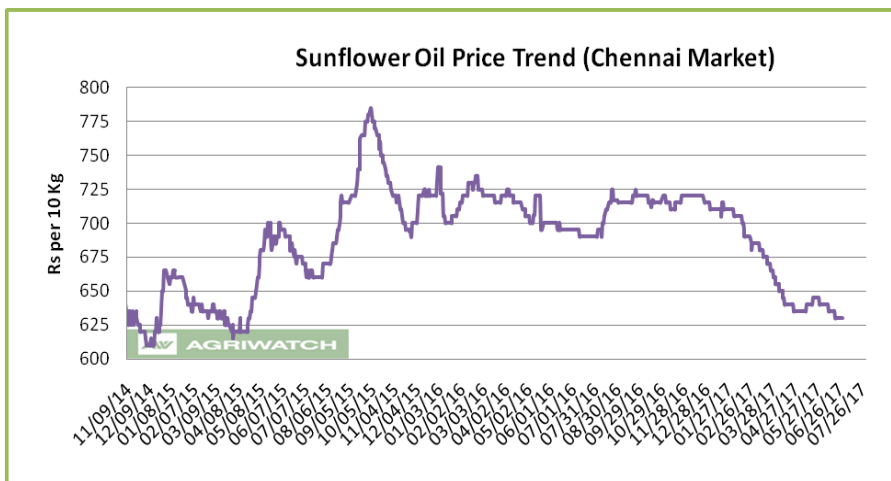
Oil year- November-October

➤ 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

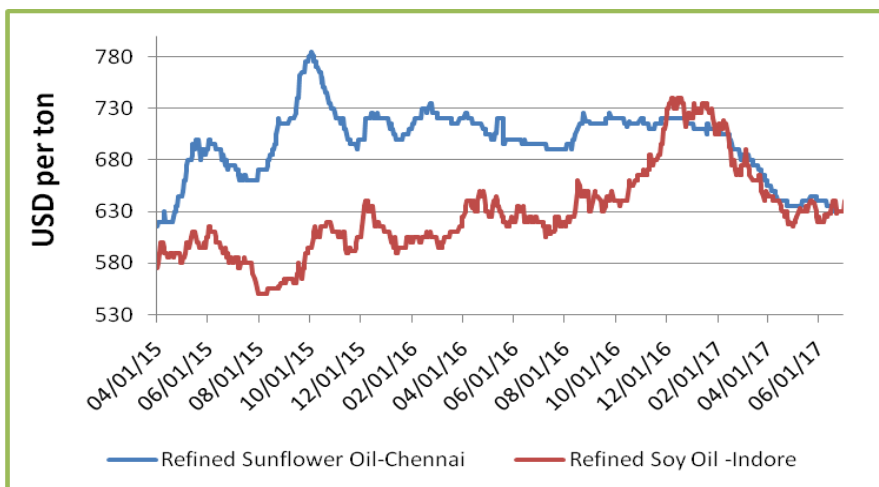
➤ Sunflower oil featured downtrend at its benchmark market in Chennai during the month of May on weak demand. Prices closed lower in Hyderabad and Kakinad at the end of month. Prices fell in Mumbai and Kandla/Mudra. Sunflower expeller prices fell in Erode and Latur while was unchanged in Chellakere.



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

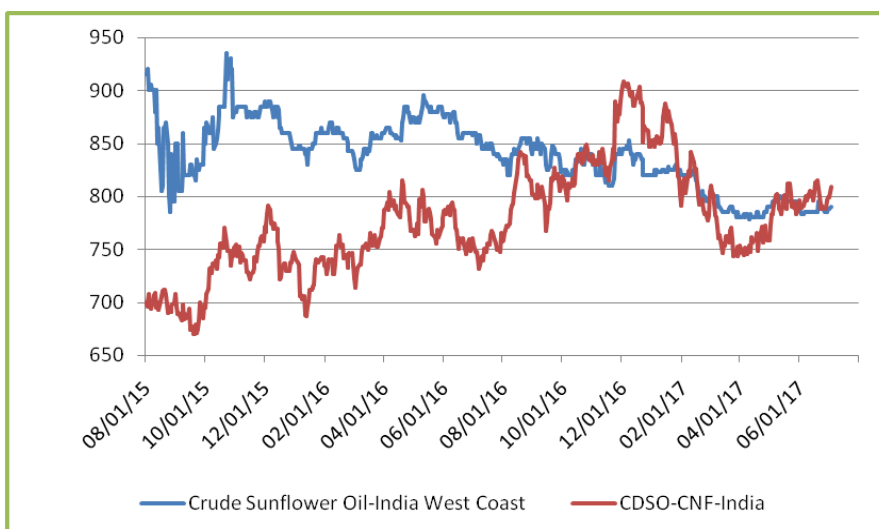
Prices of sunflower oil fell in domestic market while it fell less at CNF markets indicating weak demand.

Sunflower oil imports in the month of May were marginally higher compared to April 2016 while stocks at ports and pipelines fell. Stocks of sunflower fell after consecutive it rose consecutively for last two months. Sunflower oil is stocked at Indian ports to take advantage when prices of sunflower oil recovers as crude sunflower is trading at discount to CDSO at CNF markets.



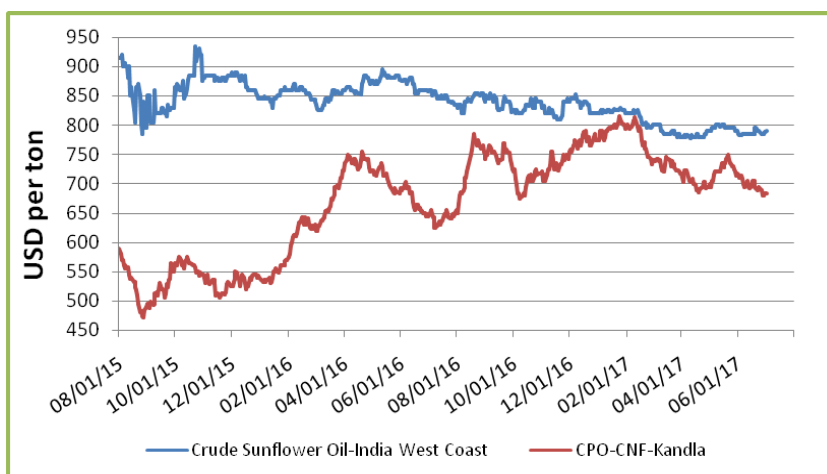
Appreciation of Indian rupee

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



Supply has improved in markets as imports rose 45 percent in November-May. 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 June as crude sunflower oil premium over CDSO CNF is very low. Third chart from above shows crude sunflower oil premium over CDSO is very low which will support imports and underpin prices.



Second chart from above shows that sunflower oil prices have correlated to soy oil after November 2016.

Prices fell on fall in prices of palm oil.

Refiners and stockists are stocking as sunflower oil premium over soy oil is low at USD -9 (USD -2.5 last month).

Prices of sunflower oil in domestic markets are trading discount to soy oil in domestic market at Rs 20 per 10 kg compared price Rs 10 per 10 kg in April. Above chart shows how soy oil has behaved compared to sunflower oil.

Prices rose on seasonal uptrend 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 in Ukraine 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 July.

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

- All India sowing of sunflower has reached 0.27 lakh hectares as on 30.06.2017 compared to 0.56 lakh hectares in the corresponding period last year.

- Sunflower oil import scenario – According to SEA, India imported 1.55 lakh tons of crude sunflower oil during May 2017 v/s 1.50 lakh tons in May 2016, higher by 3.3 percent y-o-y. India imported 13.40 lakh tons of crude sunflower oil (November 2016-May 2017) compared to 9.21 lakh tons in corresponding period last oil year.
- According to State statistics of Ukraine, Ukraine produced 1.9 MMT of crude sunflower oil in January-April 2017, higher by 31 percent compared to corresponding period last year. In April, Ukraine produced 455 thousand tons of sunflower oil, lower by 12 percent compared to March 2017 and higher by 18 percent compared to April 2016.
- CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 785 (USD 800) per ton for July delivery and August delivery is offered at USD 790 (USD 800) per ton and S/O/N/D delivery is quoted at USD 792.5 per ton as on July 3, 2017. Last month, CIF sun oil (Ukraine origin) June monthly average was around USD 786.68 (USD 791.59 in May 2017) per ton. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 770-820 per ton in the medium term. CIF Sunflower oil-CNF premium against CDSO CNF had weakened from last month and is hovering at USD -9 per ton versus USD -2.5 previous month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 630 (Rs 640) per 10 Kg, and at Hyderabad market, it is offered at Rs 632 (Rs 641) per 10 kg as on June 30, 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 600-680 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

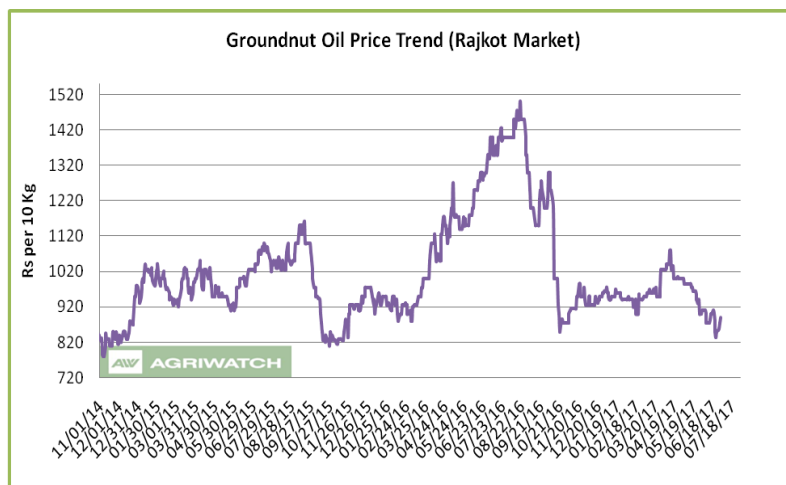
Oil year- November-October

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 and fall in groundnut prices. Prices closed lower in Chennai, Mumbai and New Delhi. Prices closed lower in Jamnagar and Gondal at the end of the month. Groundnut oil expeller closed lower in Hyderabad.
- Agriwatch view: Groundnut oil prices decreased in June due to weak demand and lower price of groundnut.



Prices of groundnut decreased in month of June as farmers are releasing their produce as they fear that groundnut prices may fall below MSP as had happened in October. Lower prices of groundnut led to lower groundnut oil prices.

Weak retail demand led to fall prices of groundnut oil.

Fall in prices of palm oil supported the fall.

Higher sowing of groundnut has led to fall in prices of groundnut. Groundnut sowing is expected to be higher in Kharif 2016-17.

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. Exports were only allowed in 5 kg packs with minimum exports prices of USD 900 per ton.

Millers are getting higher volume of groundnut which has resulted in higher crushing, resulted in higher supply of groundnut oil supporting fall in prices.

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

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

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

- All India sowing of groundnut reached 9.15 lakh hectares as on 30.06.2017 compared to 7.84 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 8,900 (9,100) per quintal and quoting at Rs 8,800 (Rs 9,400) 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 800-1000 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

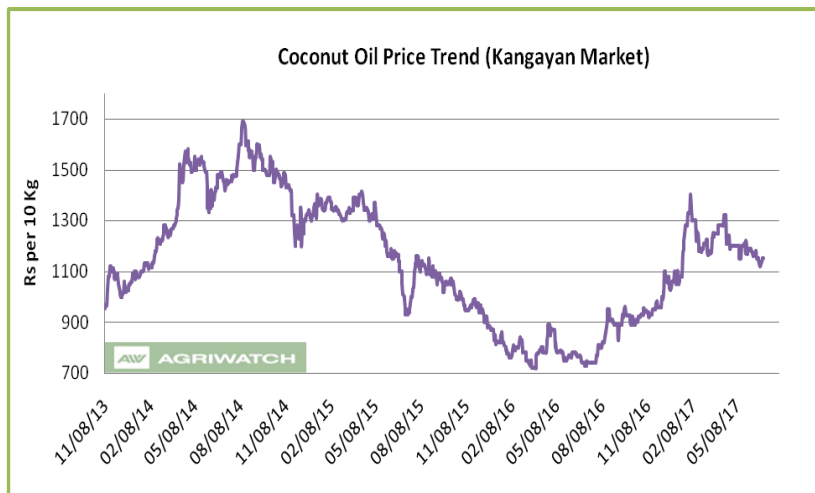
Highlights

- 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 June on weak demand.

Rise in prices of copra fell which led to fall in prices of coconut oil. Lower raw material prices led to fall in end product prices.



Coconut harvest is progressing at good pace as it is peak season of harvest.

Rains in coconut growing belts of Tamil Nadu on monsoons will give support to coconut plantation which was reeling under drought for last three years.

Milling copra stocks are over in market. Old copra stocks are being released as prices are lucrative. Ball copra is being used for crushing which has surprise market participants and Coconut development board.

Supply of copra has improved in month of June 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.

Coconut oil is costliest domestic edible oil, which has weakened demand.

Fall in prices of palm oil supported the fall.

Prices fell on seasonal downtrend of prices.

Supply of coconut oil is firm while demand is weak.

Demand from North India is moderate.

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. Bulk exports of coconut oil have weakened while 5 liter packs are exported in higher quantities.

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 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 which will lead to lower prices in medium term.

Prices are expected to weaken in June on weak demand from corporates, seasonal downtrend of prices, lower prices of copra, weak demand at higher prices and lower prices of competitive oils. Prices are expected to trade sideways to weak in medium term.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 12,900 (12,800) per quintal, and quoting Rs 11,500 (11,900) per quintal in Erode market on June 20, 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 1000-1250 per 10 Kg.

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

Coconut oil balance sheet

Qty in '000 MT

	2011- 2012	2012- 2013	2013- 2014	2014- 2015	2015- 2016
Opening Stock	20.90	89.33	41.60	9.78	18.15
Production	588.00	608.00	562.50	522.50	546.30
Imports	3.01	1.00	1.65	12.81	5.42
Exports	6.52	6.83	7.07	6.94	8.55
Consumption/Crushing	516.06	650.00	588.90	520.00	525.00
Ending stock	89.33	41.60	9.78	18.15	36.32

Source: Coconut Development Board

Coconut products exports from India

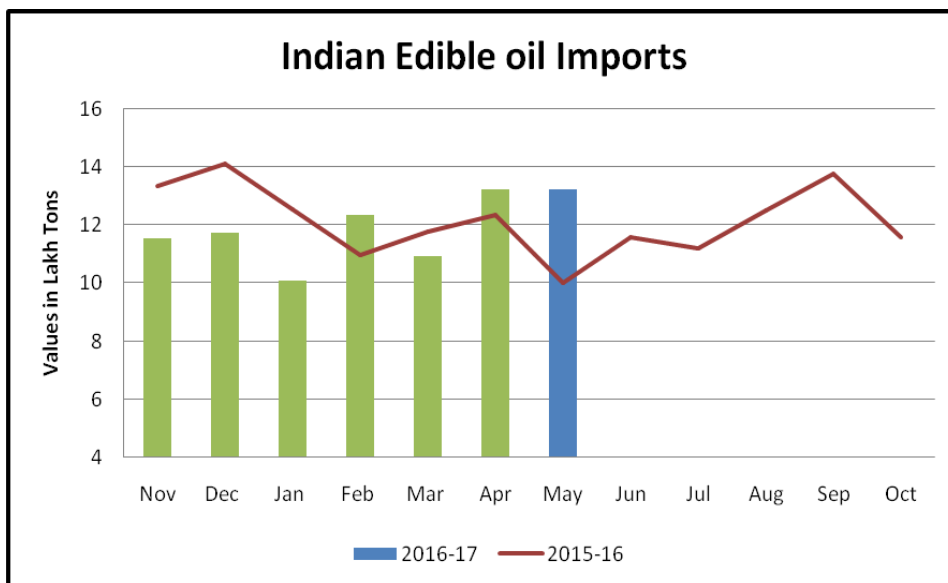
Qty in '000 MT

Export of Coconut Products from India							
Sl.No	Item	2014-15		2015-16		2016-17	
		Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)
1	Activated Carbon	54345.07	557.80	71672.71	747.56	85804.95	815.07
2	Coconut Oil (Refined oil and fractions)	7188.94	146.06	6731.12	138.16	17088.99	222.98
3	Coconut Dried excluding DC and Endocarp	66923.65	212.49	51802.54	145.85	26381.35	219.02
4	Coconut Oil (Crude oil and fractions)	27.63	0.51	75.43	1.80	16447.10	158.03
5	Desiccated Coconut	3243.82	26.41	3442.77	31.51	14907.47	147.71
6	Coconut Fresh excluding DC and Endocarp	29020.19	89.28	37467.06	112.79	51802.54	145.85
7	Copra	7284.49	80.93	4388.69	36.48	54132.48	142.41
8	Other Coconuts Excl Fresh and Dried & DC & Endocarp	11532.76	55.87	15446.50	71.11	33202.21	113.76
9	Shell Charcoal	27.90	59.60	8.82	26.05	28.31	68.40
10	Shell Charcoal (Other)	47.94	65.71	7.94	14.34	10.83	19.69
11	Fresh Endocarp	3680.97	10.64	2047.57	7.06	5416.14	13.54
12	Other Endocarp	488.69	2.37	390.18	1.88	1257.75	9.46
13	Shell unworked	574.83	3.34	330.35	2.20	183.30	1.66
14	Dried Endocarp	133.01	1.37	132.17	1.20	53850.67	0.08
15	Micellaneous	-	-	-	112.27	-	-
Total			1312.38		1450.24		2077.65

Source: DGCIS, Kolkata

Qty in '000 MT

Import of Coconut Products from India							
Sl.No	Item	2014-15		2015-16		2016-17	
		Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)
1	Coconut Oil (Refined oil and fractions)	3467.91	30.76	2759.81	22.57	9.08	0.37
2	Coconut Oil (Crude oil and fractions)	6205.34	49.43	2415.00	18.90		
3	Copra	281.00	2.03	290.30	2.06		
4	Other residues of coconut or copra	32.50	0.07	0.27	0.28		
5	Shell Charcoal	14.88	40.42	14.21	45.06	0.35	1.08
6	Shell Charcoal (Other)	0.38	1.35	3.46	1.29	2.06	2.26
7	Desiccated Coconut	246.07	3.71	65.50	0.67		
8	Oil Cake Solvent Extracted Variety			589.99	1.19	873.20	1.79
9	Shell unworked					69.31	0.13
10	Oil Cake Expeller Variety	88289.75	136.19	188921.63	286.81	164421.90	263.51
11	Button of Coconut Shell/Wood	24.29	0.59	41.09	1.19	43.12	1.46
Total			264.54		380.02		270.59
Source: DGCIS, Kolkata							

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 May is pegged at 13.24 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.

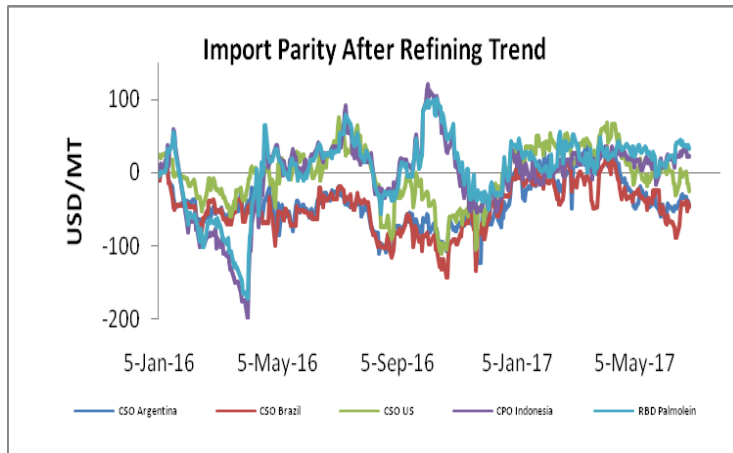
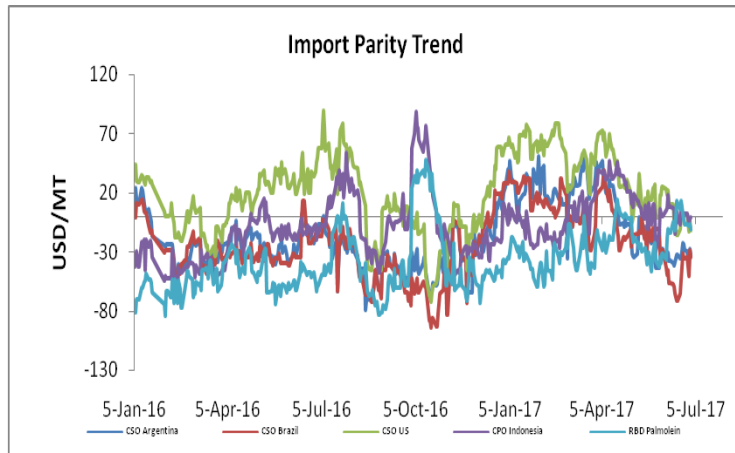
On the consumption side, India's edible oil consumption for 2016-17 oil year seen at 23.24 million tons, up 5 percent from last year. Ending stocks are projected higher compared to 2015-16 at 1.99 million tons.

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 4/07/2017	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	747	761	733	655	668
Freight (USD/MT)	60	55	62	25	20.0
C & F	807.0	816.0	795.0	680.0	688.0
Weight loss (0.25% of FOB)	1.87	1.90	1.83	1.64	1.67
Finance charges (0.4% on CNF)	3.23	3.26	3.18	2.72	2.75
Insurance (0.3% of C&F)	2.42	2.45	2.39	2.04	2.06
CIF (Indian Port - Kandla)	815	824	802	686	694
Duty (Values in USD per tons)	100.38	100.38	100.38	52.28	107.40
GST (5% on duty) USD per ton	5.01875	5.01875	5.01875	2.61375	5.37
Exchange rate	64.75	64.75	64.75	64.75	64.75
Landed cost without customs duty in INR per ton	52740	53329	51955	44444	44968
Customs duty %	12.50%	12.50%	12.50%	7.50%	15.00%
Base import price	803	803	803	697	716
Fixed exchange rate by customs department	65.15	65.15	65.15	65.15	65.15
Duty component in INR per ton	6539.43	6539.43	6539.43	3405.72	6997.11
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	60679	61268	59895	49250	53365
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	58500	58500	58500	49500	53500
Total landed cost USD per ton	937	946	925	761	824
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	903	903	903	764	826
Parity INR/MT (Domestic - Landed)	-2179	-2768	-1395	250	135
Parity USD/MT (Domestic - Landed)	-33.66	-42.76	-21.54	3.86	2.08
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	66379.37	66968.47	65594.67	56749.95	56165.08
Soy/Palm oil imported Price (Including tax)	69698.34	70316.89	68874.40	59587.45	58973.33
Loose price of Soy/Palm in Indore and Delhi market	67725.00	67725.00	67725.00	62475.00	62475.00
Parity after processing and Taxes (Rs per MT)	-1973.34	-2591.89	-1149.40	2887.55	3501.67
Parity after processing and Taxes (USD per MT)	-30.45	-39.99	-17.73	44.55	54.03
Source: Agriwatch					

Import Parity Trend

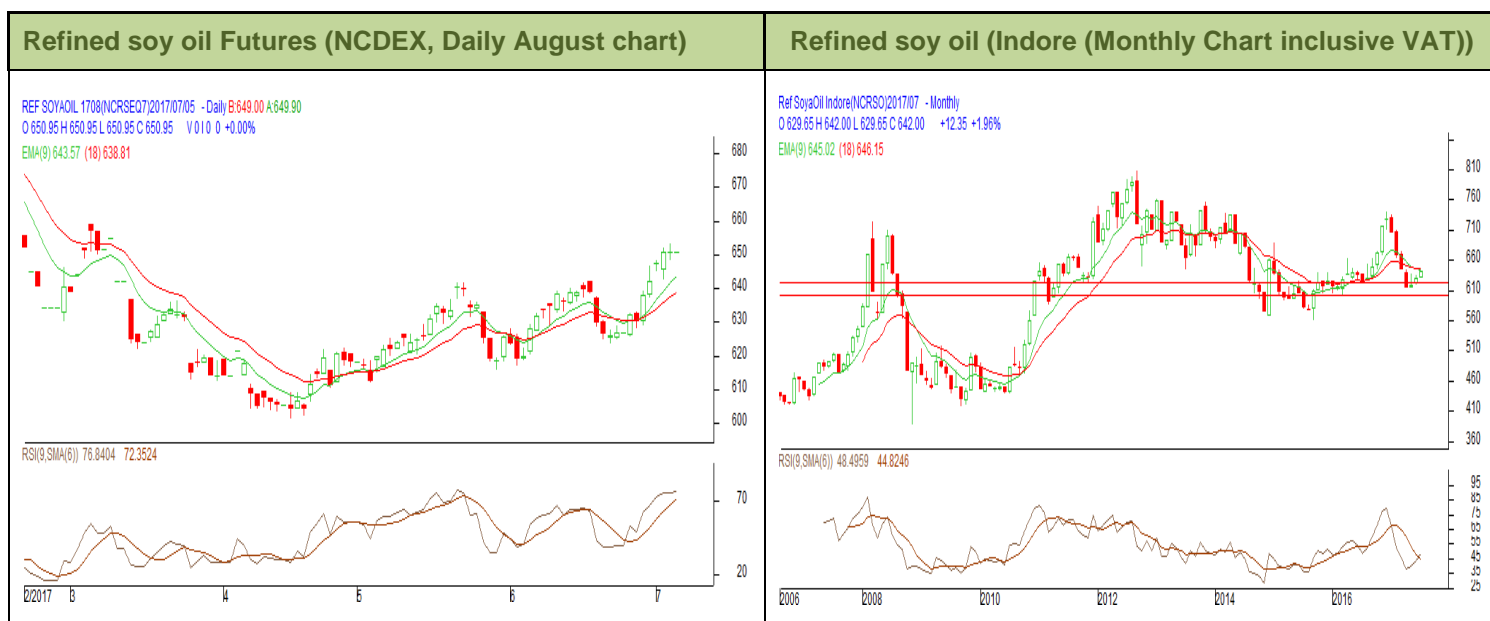


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Apr, 2017	7.03	-5.60	42.64	25.12	31.46
May, 2017	-37.47	-33.28	-1.10	12.52	25.02
June, 2017	-45.03	-59.20	-5.45	20.31	27.29

Outlook:-

Import parity for CDSO Argentina and CDSO Brazil are in disparity due to costly imports. We expect CDSO import parity to remain in disparity in July. 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 (August contract) on pullbacks.

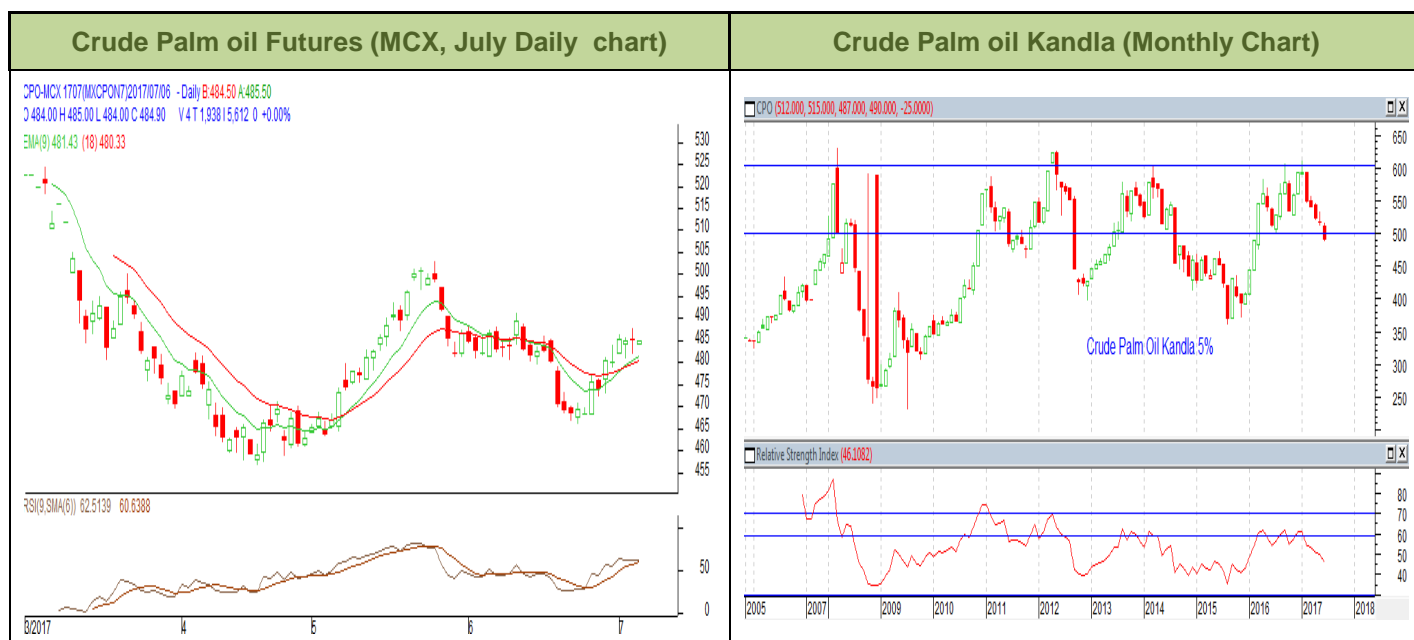
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to weak movement in the coming days.
- Any close below 620 in monthly chart will change the sentiment and bring prices to 600 levels.
- Expected price band for next month is 580-670 level in near to medium term.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

Strategy: Market participants are advised to go short in RSO below 650 for a target of 630 and 625 with a stop loss at 660 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
607.00	620.00	643.5	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 (July 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 460 in monthly chart might bring the prices to 440 levels.
- Expected price band for next month is 430-530 level in near to medium term. RSI along with Stochastic and MACD are indicating downtrend.

Strategy: Market participants are advised to go short in CPO below 490 for a target of 470 and 465 with a stop loss at 500 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
480.00	490.00	484	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
		30-Jun-17	31-May-17	
Refined Soybean Oil	Indore	630	620	10
	Indore (Soy Solvent Crude)	600	590	10
	Mumbai	625	635	-10
	Mumbai (Soy Degum)	577	578	-1
	Kandla/Mundra	605	610	-5
	Kandla/Mundra (Soy Degum)	580	575	5
	Kolkata	610	610	Unch
	Delhi	630	630	Unch
	Nagpur	668	660	8
	Rajkot	605	600	5
	Kota	625	630	-5
	Hyderabad	632	627	5
	Akola	661	662	-1
	Amrawati	661	662	-1
	Bundi	625	620	5
	Jalna	667	661	6
	Alwar	NA	NA	-
	Solapur	668	660	8
	Dhule	667	661	6
Palm Oil	Kandla (Crude Palm Oil)	490	515	-25
	Kandla (RBD Palm oil)	515	535	-20
	Kandla RBD Pamolein	525	550	-25
	Kakinada (Crude Palm Oil)	480	520	-40
	Kakinada RBD Pamolein	517	550	-33
	Haldia Pamolein	530	560	-30
	Chennai RBD Pamolein	527	555	-28
	KPT (krishna patnam) Pamolein	515	545	-30
	Mumbai RBD Pamolein	530	565	-35
	Delhi	580	595	-15
	Rajkot	525	545	-20
	Hyderabad	489	518	-29
	Mangalore RBD Pamolein	527	555	-28
	PFAD (Kandla)	430	455	-25
	Refined Palm Stearin (Kandla)	475	490	-15
Refined Sunflower Oil	Chennai	630	640	-10
	Mumbai	685	690	-5
	Mumbai(Expeller Oil)	590	590	Unch
	Kandla	650	670	-20
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	632	651	-19



	Latur (Expeller Oil)	665	670	-5
	Chellakere (Expeller Oil)	590	590	Unch
	Erode (Expeller Oil)	670	675	-5
Groundnut Oil	Rajkot	890	900	-10
	Chennai	880	950	-70
	Delhi	1080	1100	-20
	Hyderabad *	970	1060	-90
	Mumbai	940	960	-20
	Gondal	885	900	-15
	Jamnagar	900	900	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	678	675	3
	Jaipur (Kacchi Ghani Oil)	709	703	6
	Kota (Expeller Oil)	660	690	-30
	Kota (Kacchi Ghani Oil)	710	700	10
	Neewai (Kacchi Ghani Oil)	685	671	14
	Neewai (Expeller Oil)	707	691	16
	Bharatpur (Kacchi Ghani Oil)	740	730	10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	680	660	20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	705	680	25
	Mumbai (Expeller Oil)	710	680	30
	Kolkata(Expeller Oil)	850	860	-10
	New Delhi (Expeller Oil)	705	700	5
	Hapur (Expeller Oil)	760	760	Unch
	Hapur (Kacchi Ghani Oil)	820	820	Unch
	Agra (Kacchi Ghani Oil)	745	735	10
Refined Cottonseed Oil	Rajkot	625	605	20
	Hyderabad	600	600	Unch
	Mumbai	625	636	-11
	New Delhi	600	610	-10
Coconut Oil	Kangayan (Crude)	1150	1190	-40
	Cochin	1290	1280	10
	Trissur	NA	NA	-
Sesame Oil	New Delhi	770	770	Unch
	Mumbai	NA	730	-
Kardi	Mumbai	740	740	Unch
Rice Bran Oil (40%)	New Delhi	520	520	Unch
Rice Bran Oil (4%)	Punjab	590	590	Unch
Rice Bran Oil (4%)	Uttar Pradesh	590	590	Unch
Malaysia Palmolein USD/MT	FOB	663	705	-42

	CNF India	683	720	-37
Indonesia CPO USD/MT	FOB	653	685	-32
	CNF India	683	713	-30
RBD Palm oil (Malaysia Origin USD/MT)	FOB	658	700	-42
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	613	628	-15
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1095	1130	-35
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	613	628	-15
Crude palm Kernel Oil India (USD/MT)	CNF India	1050	1180	-130
Ukraine Origin CSFO USD/MT Kandla	CIF	788	790	-2
Rapeseed Oil Rotterdam Euro/MT	FOB	790	742	48
Argentina FOB (\$/MT)		29-Jun-17	30-May-17	Change
Crude Soybean Oil Ship		740	726	14
Refined Soy Oil (Bulk) Ship		766	751	15
Sunflower Oil Ship		710	720	-10
Cottonseed Oil Ship		720	706	14
Refined Linseed Oil (Bulk) Ship		760	746	14
<i>* indicates including VAT</i>				

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