



Veg. Oil Monthly Research Report

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Outlook and Review:

Domestic Front

Edible oil basket featured firm tone during the month under review. Soy oil, palm oil, rapeseed oil, sunflower oil and coconut oil closed higher while groundnut oil closed in red.

Rapeseed oil (Kota) was the best performer among the edible oil complex tracking firm demand in the cash market. Groundnut oil (Rajkot) was the worst performer tracking weak demand and weak groundnut prices.

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 610-620 for the target of 630-640 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 37 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, firm Chinese and Indian demand, 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 July palm oil exports rose 4.1 percent to 1,260,143 tons compared to 1,210,359 tons in last month. Top buyers were European Union at 352,370 tons (245,163 tons), China at 191,234 tons (65,500 tons), India at 162,100 tons (238,350 tons), United States at 77,241 tons (69,082 tons) and Pakistan at 43,000 tons (78,830 tons). Values in brackets are figures of last month: SGS

In the weekly USDA crop progress report released on 31 July; Soybeans blooming are reported at 82% which is down from 84% during the corresponding period last year and up from the 5 year average of 80%. Soybean crop setting pods are reported at 48% which is down from 51% during the corresponding period last year and also up from the 5 year average of 45%. About 59% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.

On the international front, good soybean crop condition in US, biodiesel policy in US, higher soy oil stocks in US, weak Chinese demand, lower exports of biodiesel from Argentina, higher soy oil stocks in Argentina, 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, higher production of palm oil in Malaysia and Indonesia, weak competitive oils 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 increased in July. Prices of refined soy oil fell in Kolkata, Mumbai, Rajkot, New Delhi, Kota and Kandla/Mudra. CDSO prices rose at JNPT and Kandla/Mudra.
- Agriwatch view—Soy oil prices witnessed uptrend in month of June in Indore on firm demand.

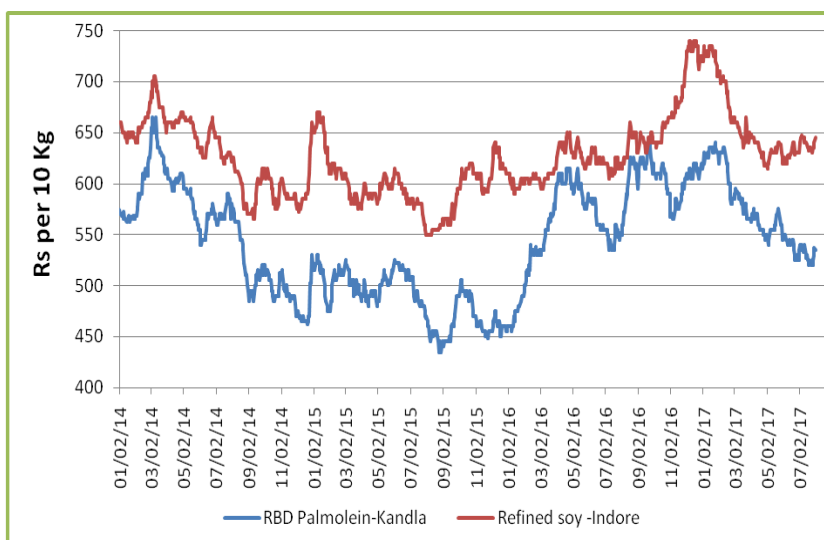
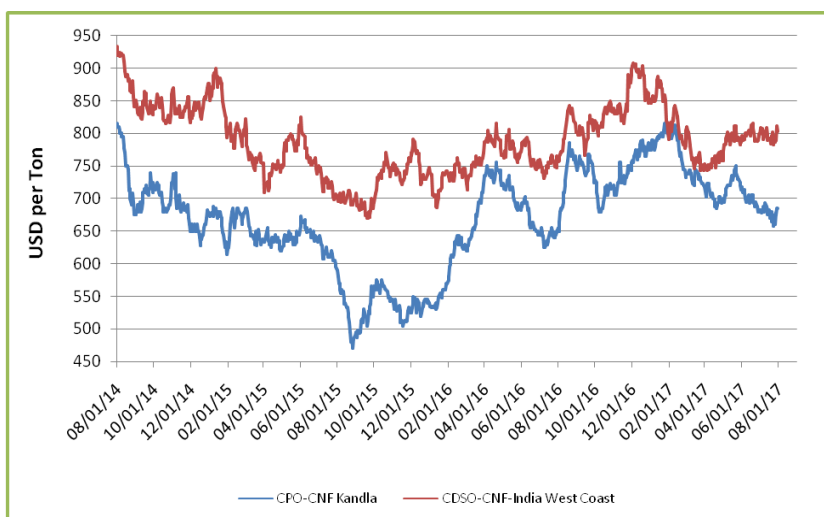
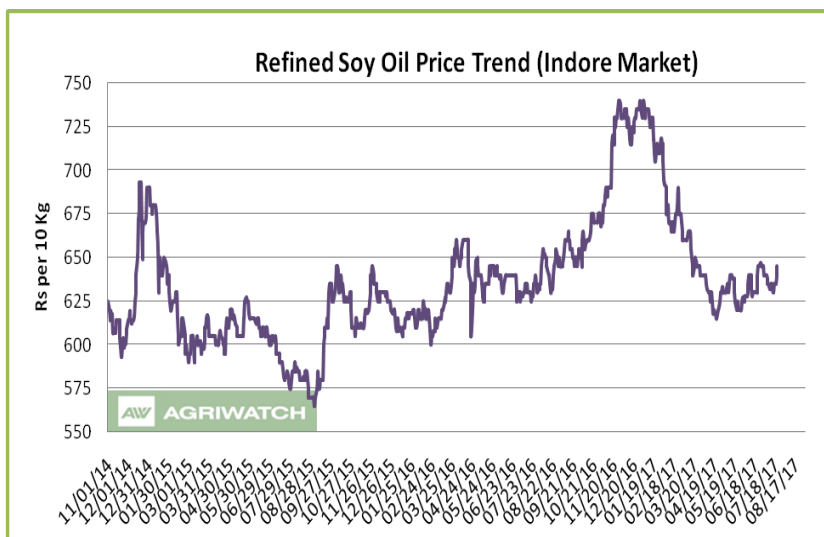
Prices of CDSO rose less in CNF v/s CDSO high seas indicating firm demand at high seas.

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

Refined soy oil premium over CPO has increased to Rs 155 (Rs 148 last month) per 10 Kg which will underpin soy oil prices. Imports will rise on low CDSO premium over CPO at USD 129 (USD 128 last month) per ton for July delivery which will underpin prices of soy oil.

Refined soy oil premium over RBD palmolein increased to Rs 115 (Rs 107 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 55 (Rs 58) per 10 kg indicating weaker 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.

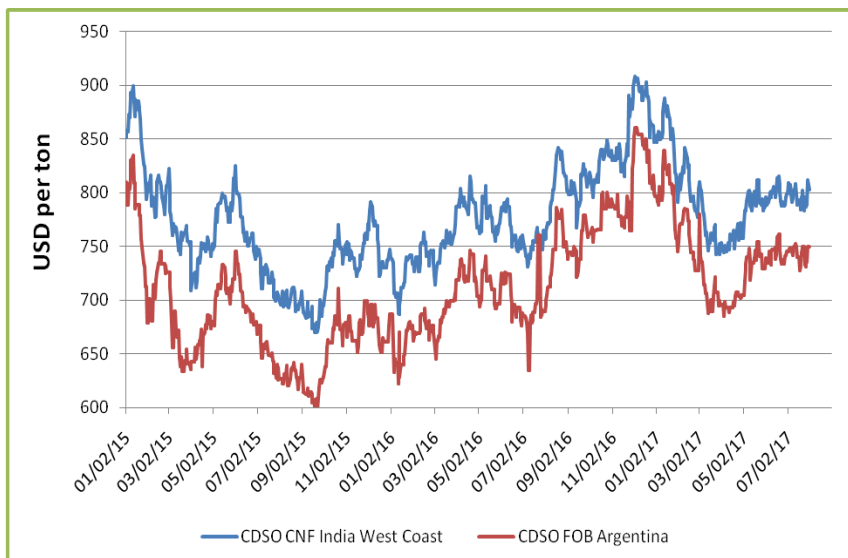
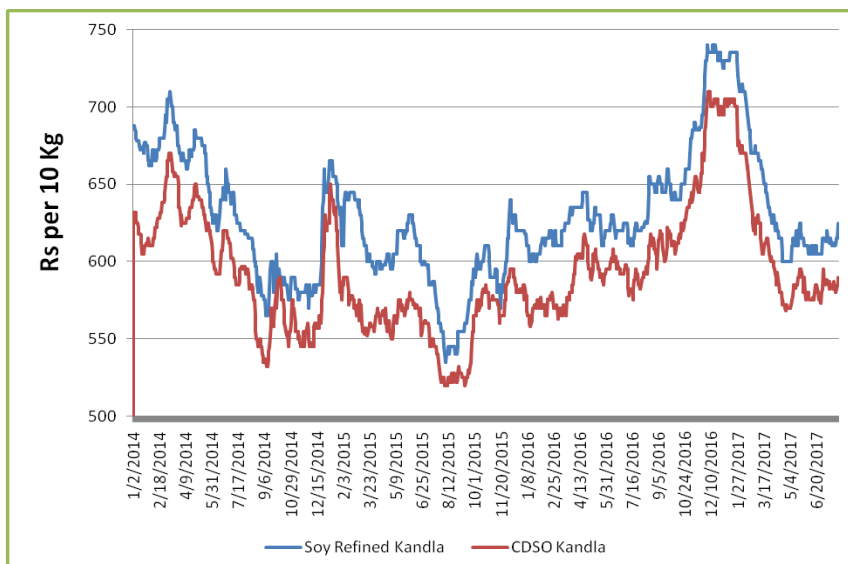
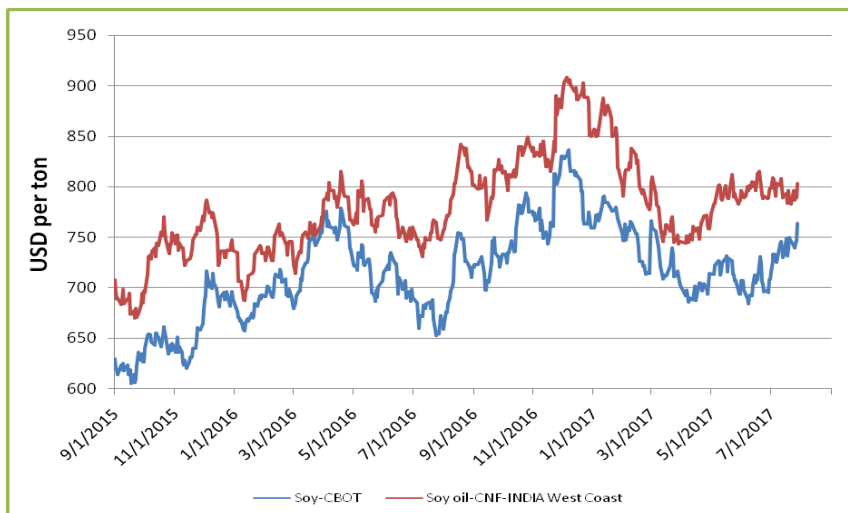
Landed cost and refining margins have turned to disparity.

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 decrease 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 higher crushing. This step will decrease end stocks of soybean and ease pressure on domestic soy oil.

Export demand of soy meal from India, improved in 2016/17 due to higher crop of soybean. However, due to more than 15 percent appreciation of rupee, Indian soy meal is now uncompetitive in international markets compared to peers.

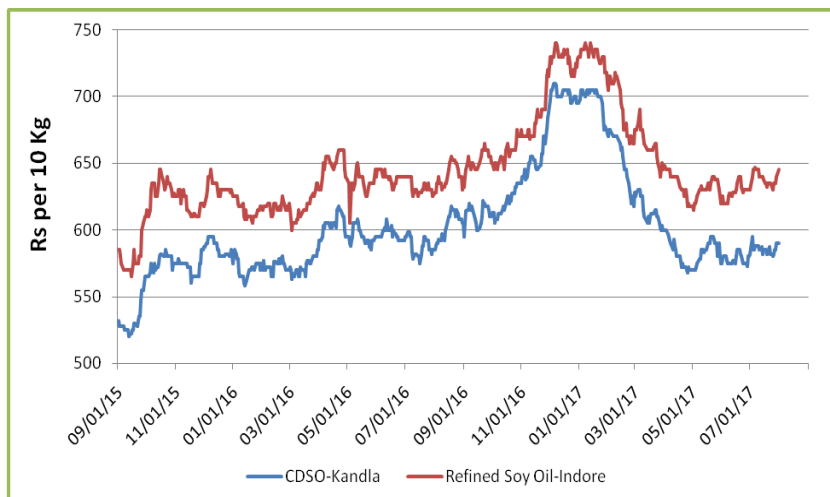


CDSO demand was firm at CNF markets as CDSO CNF rose more than CDSO-FOB compared to last month indicating firm demand at CNF markets.

Imports of soy oil decreased in June compared to May and June 2016 while stocks at ports and pipelines fell in June indicating weak supply of CDSO compared to May 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 2.91 lakh tons of soy oil in June 2017 v/s 3.86 lakh tons in June 2016, down 24.6 percent y-o-y. India imported 19.81 lakh tons of soy oil in the period (November 2016-June 2017) compared to 28.05 lakh tons in the corresponding period last oil year, lower by 29.37 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's June edible oil imports rose 11.6 percent y-o-y to 12.94 lakh tons from 11.59 lakh tons in June 2016. Palm oil imports in June rose 34.9 percent y-o-y to 8.2 lakh tons from 6.08 lakh tons in June 2016. CPO Imports rose 38.4 percent y-o-y to 5.72 lakh tons from 4.16 lakh tons in June 2016. RBD palmolein imports rose 26.3 percent y-o-y to 2.40 lakh tons from 1.90 lakh tons in June 2016. Soy oil imports fell 24.6 percent y-o-y to 2.91 lakh tons from 3.86 lakh tons in June 2016. Sunflower oil imports rose 15 percent y-o-y to 1.69 lakh tons from 1.47 lakh ton in June 2016. Rapeseed (Canola) oil rose to 0.13 lakh tons in June compared to 0.18 lakh tons in June 2016.
- Imported crude soy oil CIF at West coast port is offered at USD 99 (USD 773) per ton for August delivery. September delivery is offered at USD 796 per ton and October delivery is offered at USD 801 per ton as on August 3, 2017. Values in brackets are figures of last month. Last month, CIF CDSO July average price was USD 796.8 (USD 797.7 per ton in June 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 15-20 per ton (July average) v/s loss of USD 45-50 per ton (June 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 – Improvement of weather condition in soybean growing belts in US Midwest, indicate better crop condition in pod filling state. US Midwest was witnessing dry conditions in July indicating that if weather does not improve, crop condition will worsen. However, with rains in US Midwest and forecast of cool weather condition in coming days will help crop in pod filling stage. Earlier USDA reported that good to excellent condition of soybean crop in US increased 2 basis points to 59 percent, higher than market estimates. Other crop parameters were ahead of 5-year average due to early planting. However, USDA can reduce soybean yield in US in its August demand and supply report. Good crop condition in US will underpin soybean complex prices in medium term.

EPA is expected to announce that it will keep its 2005 biodiesel policy unchanged which will mean that refiners have to blend soy oil based biodiesel. This is setback to Carl Ichan who owned stake in one of the big refiners and was appointed advisor to US President on regulation.

EPA earlier announced that soy oil based biodiesel must be mixed by blenders not refiners. Refiners, who do not blend biodiesel, must buy RIN, which incurs the big cost.

Supreme Court ruling on Environmental Protection Agency (EPA) misinterpretation of 2005 energy policy act of how much renewable fuelled to be mixed with fuel will support soy oil prices in near term. The court said that rather than considering how much biofuel supply was available to refiners and importers, the EPA considered how much demand consumers expressed for renewable fuels

China is expected to buy lesser quantity of soybeans in medium term due to low crush margins. Soybean shipments were either cancelled or 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.

Soy oil stocks in US decreased in June as reported by NOPA due to lower production of soy oil due led by lower crush of soy oil is bullish for soy oil prices in medium term. Stocks were lower by 14.2 percent compared to May and 2.63 percent compared to May 2017.

USDA increased soy oil end stocks in US in 2017/18 due to increase in beginning stocks and higher imports. Soybean exports from US to China rose y-o-y by about 20 percent in current US marketing season. USDA increased soybean imports in 2016/17 by China to 91 MMT and 94 MMT in 2017/18 with more imports from US.

Argentina government reduced Argentina soybean crop from 57.4 MMT to 55 MMT on lower harvested area and lower yields. 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, and support soy oil prices in medium term. This decision comes in wake of US Commerce Department vote 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 have 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 on soybean 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.

Rise 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) July estimate, U.S 2017/18 ending stocks of soy oil is rose 6.26 percent to 2,292 million lbs from 2,157 million lbs in 2016/17 in July estimate. Opening stocks were higher at 2,097 million lbs compared to 1,987 million lbs in 2016/17. Production of soy oil in 2017/18 is unchanged at 22,620 million lbs. Imports in 2017/18 is increased to at 325 million lbs from 300 million lbs in 2016/17. 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. Rise in end stock of soy oil in US is due to higher opening stocks and higher imports of soy oil.
- According to National Oilseed Processors Association (NOPA), U.S. June soybean crush fell 7.48 percent to 138.074 million bushels from 149.246 million bushels in May 2017. Crush of soybean in June 2016 was 145.040 million bushels. Soy oil stocks in U.S. at the end of June fell 2.63 percent to 1.703 billion lbs compared to 1.749 billion lbs in May 2017. Stocks of soy oil in June were lower by 14.2 percent compared to June 2016, which was reported at 1.985 million lbs.
- In the weekly USDA crop progress report released on 31 July; Soybeans blooming are reported at 82% which is down from 84% during the corresponding period last year and up from the 5 year average of 80%. Soybean crop setting pods are reported at 48% which is down from 51% during the corresponding period last year and also up from the 5 year average of 45%. About 59% of the soybean planted crop is in good to excellent condition which is down from 72% during the corresponding period last year.
- According to a recent estimate released by FC Stone during the week, US soybean harvest in 2017 is forecast at 4.235 billion bushels with an average yield of 47.7 bushels per acre.

- According to trade ministry, Brazil exported 6.96 million tons of soybean in July 2017 compared to 9.20 million tons previous month and 5.79 million tons in July 2016. Soy meal exports for July 2017 totaled at 1.16 million tons compared to 1.39 million tons previous month and 1.39 million tons during the same period previous year.
- In its July crop report, soybean production in Argentina has been reduced to 55 million tonnes compared to 57 million tons estimated in the month of June according to the Ministry of Agriculture. Production has declined because of lower planting area.
- According to the Ministry of Agriculture, soybean production in Brazil is expected to decline by 2 per cent to 110.66 million tons in 2017-18 compared to previous year.
- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in May fell 7.1 percent to 3.90 lakh tons compared to 4.20 lakh tons in May. Imports rose 25.8 percent compared to last year which was reported at 3.10 lakh tons. Year to date imports of edible vegetable oil rose 14 percent to 27.70 lakh tons.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price is forecast at \$8.40 to \$10.40 per bushel, up \$0.10 at the midpoint. Soybean meal prices are forecast at \$300 to \$340 per short ton, up \$5.00 at the midpoint. The soybean oil price forecast is unchanged at 30 to 34 cents per pound.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 600-670 per 10 Kg.

Previous update

- 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.

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	6.20	6.20	3.62	3.23	3.38
Production (Domestic)	9.54	15.09	6.94	1.81	1.81	4.53
Imports	42.35	36.00	5.76	7.92	10.08	12.24
Imported oil processing	41.21	35.03	5.60	7.71	9.81	11.91
Total Production (Domestic production and imported oil production)	50.75	50.12	12.55	9.52	11.62	16.44
Total Supply	56.33	56.31	18.74	13.14	14.85	19.82
Consumption	50.13	52.14	15.12	9.91	11.47	15.64
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Ending Stock	6.20	4.18	3.62	3.23	3.38	4.18

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 and Feb-Apr is low due to lower imports.
- Carryout stocks of oil year 2015-16 is 6.20 lakh tons on higher soy oil imports.
- Carry out of oil 2016-17 is 4.81 lakh tons
- Carryout of 2016-17 is lower than 2015-16 due to lower imports.

Palm oil: Domestic Market Fundamentals

- CPO prices witnessed firm tone in the month of July at its benchmark market at Kandla on firm demand. CPO prices rose in Kakinada. RBD palmolein prices rose across board in India. Superolein prices remained unchanged in Kandla and Mumbai. CPO-CNF and RBD palmolein-CNF India prices rose in July.
- Agriwatch view – Crude palm oil prices rose in Kandla on firm demand.

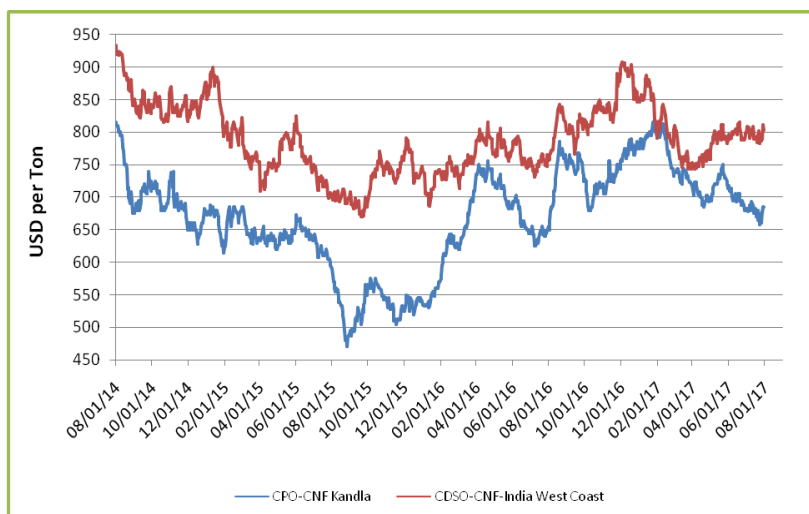
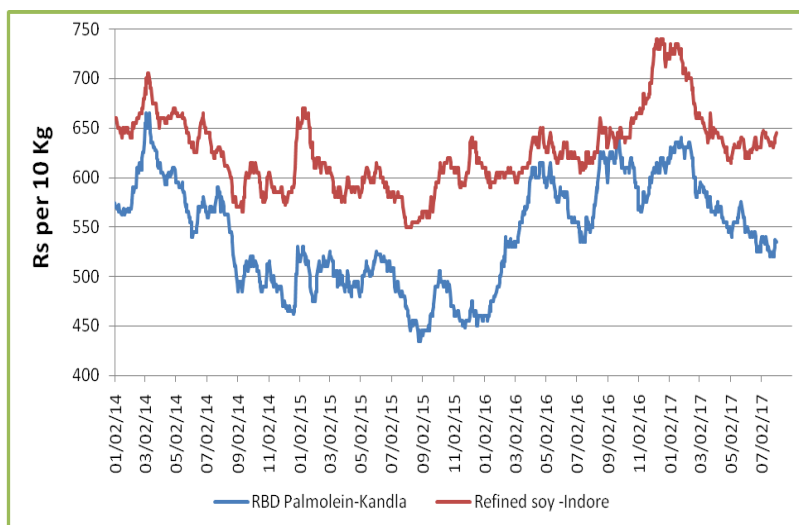
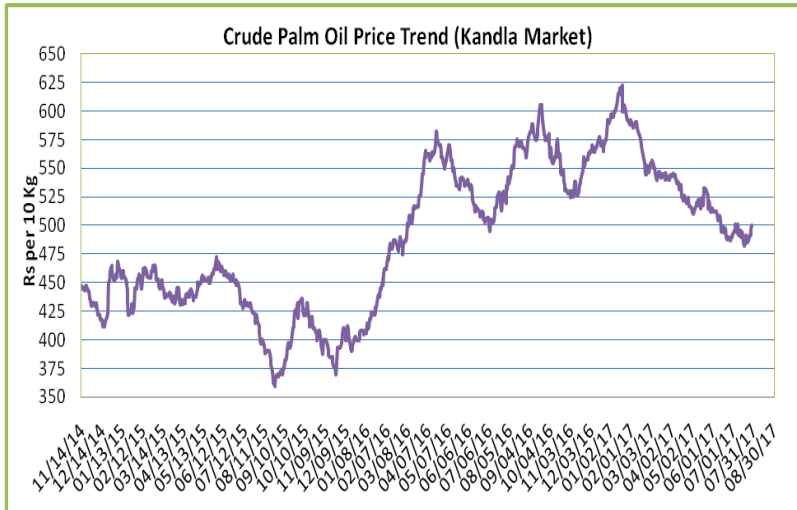
CPO prices fell more at high seas compared to CNF markets indicating firm demand in domestic market.

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.

Indian government has indicated willingness to increase import duty on edible oil to reduce idle plant capacity.

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.

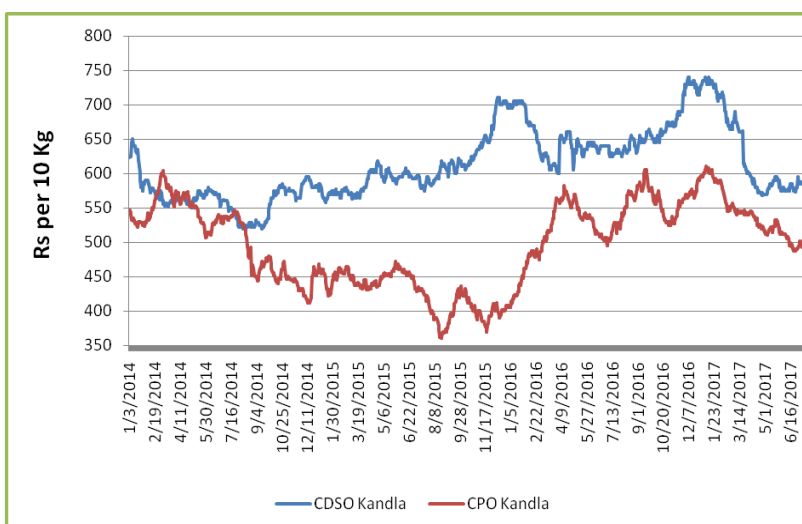
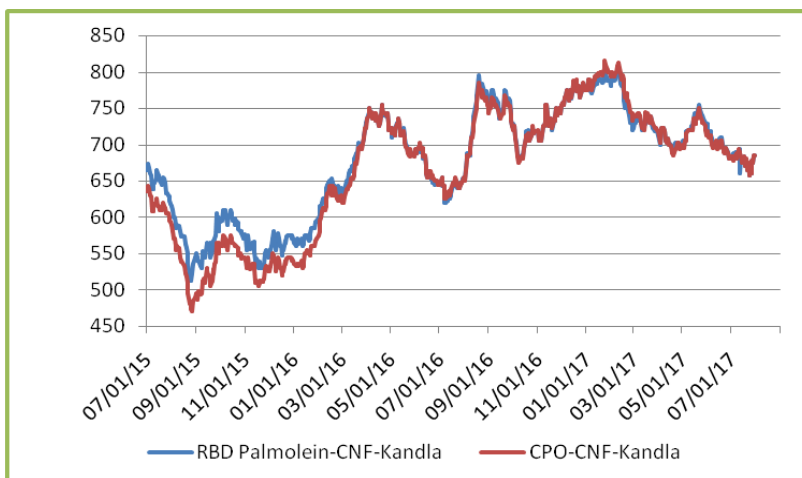


Demand of RBD palmolein was firm in domestic markets in July compared to CNF markets as prices of RBD palmolein rose more at high seas compared to CNF markets.

Supeolein prices were unchanged while Vanaspati prices saw increase in domestic markets compared to CPO and RBD palmolein indicating firm demand.

Prices of CPO in India CNF rose equally fall in CPO FOB Indonesia indicating regular demand at CNF markets and RBD palmolein rose equally in CNF markets compared to FOB markets indicating regular demand on CNF markets.

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



CPO imports rose in June compared to June 2016 and it was higher than May 2017. Stocks at ports and pipelines rose indicating that importers are importing and stocking at ports. RBD palmolein imports fell in June compared to May while it was higher than June 2016. Stocks at ports and pipelines fell. 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 parity to CPO-CNF.

Increasing soy oil premium over palm oil which is hovering at Rs 155 (Rs 148 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 July at CNF markets USD 129 (USD 128.5) 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 lower 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 8.2 lakh tons of palm oil in June 2017 v/s 6.07 lakh tons in June 2016, higher by 35 percent y-o-y. Import of palm oil in the period (November 2016-June 2017) was at 59.21 lakh tons compared to 56.05 lakh tons in the corresponding period in last oil year, higher by 5.6 in the corresponding period last oil year.

CPO imports increased to 5.72 lakh tons in June compared to 4.16 lakh tons in June 2016, higher by 37.5 percent y-o-y. Import of CPO in the period (November 2016-June 2017) was at 39.67 lakh tons compared to 37.66 lakh tons in the corresponding period last oil year, higher by 5.3 percent

RBD palmolein imports rose 26.8 percent in June to 2.41 lakh tons from 1.90 lakh tons in June 2016. Import of RBD palmolein in the period (November 2016-June 2017) was at 19.03 lakh tons compared to 17.77 lakh tons in corresponding period last oil year, higher by 7 percent.

- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 670 (USD 660) per ton for August delivery. September delivery is quoted at USD 670 per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at USD 665 per ton. September delivery is quoted at USD 665 per ton. CPO duty paid prices ready lift quoted at Rs 485 (Rs 497) per 10 Kg and August delivery is offered at Rs 477 (Rs 495) per 10 Kg on August 3, 2017. Values in bracket depict July 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 129 per ton (USD 128.5 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 40-45/ton (July average) v/s gain of USD 20-25/ton (June average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 50-55/ton (July average) v/s gain of USD 25-30 (June 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 July is expected to rise by 6.5 percent on higher production which is expected to rise 11 percent along with higher exports which will grow 4 percent. Higher stocks of palm oil in Malaysia will underpin palm oil prices in medium term.

However, Agriwatch expects that palm oil end stocks will rise at a lower than expected pace in coming months which will reduce the downside of palm oil in 2017.

Production will rise on seasonal uptrend of production and diminishing effect of El Nino. Diminishing effect of El Nino has pushed monsoon season end to October. Generally monsoon season in Malaysia is June to September. Due to extension of monsoon peak production will end in October.

Production in July decreased due to Ramadan when plantation faced labor shortage. However, with the end of Ramadan workers have returned to plantations and will help in higher production in July.

Exports of palm oil from Malaysia showed rise in exports of palm oil in July. Exports grew 4-5 percent in July. Exports improved on higher purchases by EU and China. Demand from India was weak. Higher exports of China were due to lower prices of palm oil and decision of Chinese government to import 450,000 tons of palm oil every month to replenish stocks, according to a statement by CNGOIC. Higher exports of palm oil from China will support exports and support palm oil prices in medium term. Stocks of palm oil at Chinese ports are half the normal levels.

Demand of China from Malaysia has remained weak as it is importing more from Indonesia since they are offering competitive prices.

Palm oil end stocks in June fell by 1.53 percent due to fall in production by 8 percent despite rise in exports by 8 percent. Lower palm oil end stocks in June pushed palm oil prices higher in July.

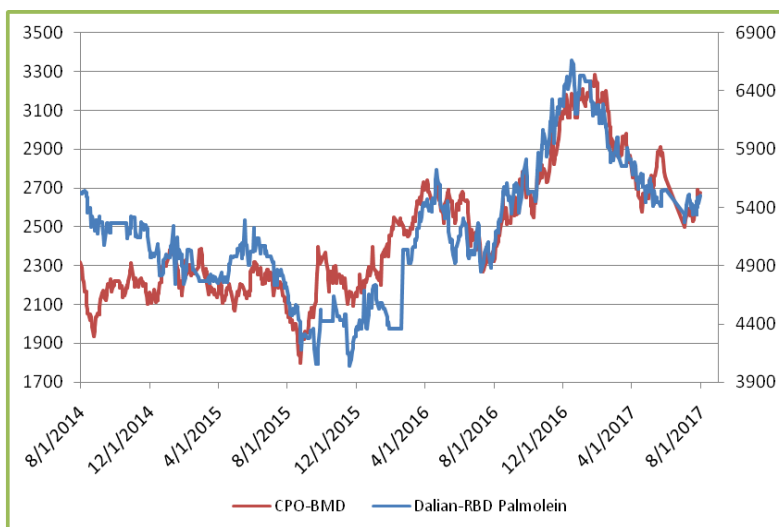
Moreover, rise in soy oil prices in China from 5 year lows on soybean glut has led higher prices of RBD palmolein in China which has led to higher RBD palmoline

DALIAN leading to rise in BMD Malaysia as both markets are perfectly correlated.

Exports of palm oil are expected to increase in coming months in India as festive season approaches. Demand from China is expected to rise in coming months. However, both India and China are price sensitive countries and if prices increase then demand will falter and will lead to lower prices of palm oil.

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.

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 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.

Lower oilseed crop in India in 2016-17 will decrease production of edible oil in its domestic market and increase 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.

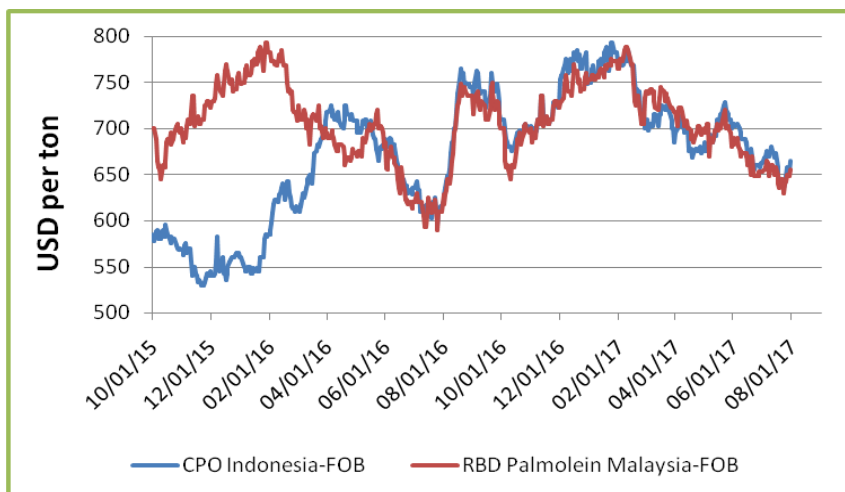
MPOB expects improvement of palm oil production in Malaysia to pre El Nino levels.

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

Malaysia reduced palm oil export duty to 5.5 percent for August, as Malaysian government feels that its prices will correct in August.

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.

Rise in crude oil prices will support palm oil prices in near term. Prices are in range.



- According to Malaysia Palm Oil Board (MPOB), Malaysia's June palm oil end stocks fell 1.93 percent to 15.27 lakh tons compared to 15.58 lakh tons in May. Production of palm oil in June fell 8.48 percent to 15.14 lakh tons compared to 16.54 lakh tons in May. Exports fell 8.39 percent to 13.80 lakh tons compared to 15.06 lakh tons in May. Imports of palm oil in May fell 3.42 percent to 0.45 lakh tons compared to 0.47 lakh tons in May.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's July palm oil exports rose 4.1 percent to 1,260,143 tons compared to 1,210,359 tons in last month. Top buyers were European Union at 352,370 tons (245,163 tons), China at 191,234 tons (65,500 tons), India at 162,100 tons (238,350 tons), United States at 77,241 tons (69,082 tons) and Pakistan at 43,000 tons (78,830 tons). Values in brackets are figures of last month.

- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's July palm oil exports rose 4.1 percent to 1,239,407 tons v/s 1,190,583 tons in last month. Top buyers were European Union at 323,071 tons (257,666 tons), India & subcontinent at 242,600 tons (283,300 tons) and China at 174,116 tons (120,400 tons). Values in brackets are figures of last month.
- According to China's General Administration of Customs (CNGOIC), China's June palm oil imports fell 8.51 percent to 2.17 lakh tons compared to June 2016. Year to date imports of palm oil rose 16.88 percent to 21.81 lakh tons compared to corresponding period last year. Imports from Indonesia in June rose 10.2 percent to 1.23 lakh tons compared to June 2016. Year to date imports of palm oil from Indonesia rose 17.8 percent to 14.37 lakh tons compared to corresponding period last year. Imports from Malaysia in June fell 25.13 percent to 0.94 lakh tons compared to June 2016. Year to date imports rose 15.97 percent from Malaysia to 7.43 lakh tons compared to corresponding period last year.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's May palm and palm kernel oil exports rose 49 percent to 2.62 MMT compared to 1.76 MMT in May 2016. Exports were higher by 2 percent from April which was at 2.57 MMT. Indonesia's palm oil end stocks fell to 621,000 in May from 888,000 tons in April, lower by 30 percent m-o-m.
- Policy update: According to Malaysia Palm Oil Board (MPOB), Malaysia reduced August crude palm oil export duty to 5.5 percent from 6.5 percent in July. Tax is calculated at reference price of 2699.54 ringgit (\$629.56) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent
- According to Indonesia trade ministry, Indonesia keeps August palm oil export duty to zero, unchanged from last month. Tax is not charged if prices at or below USD 750 per ton. Indonesia keeps export duty at zero as it expects that prices will miss certain thresholds.
- **Price Outlook:** We expect CPO Kandla 5% to trade in the price band of Rs 460-530 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	July-Oct-F
Opening Stock	1.20	1.74	1.20	1.20	1.19	1.22	1.11
Production	0.18	0.20	0.20	0.05	0.05	0.05	0.05
Imports	9.54	8.53	9.21	2.14	2.17	2.23	2.67
Total Supply	10.92	10.47	10.61	3.39	3.41	3.50	3.83
Consumption	9.18	9.27	9.55	2.20	2.20	2.39	2.77
Ending Stocks	1.74	1.20	1.06	1.19	1.22	1.11	1.06

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 be higher in 2016-17 compared to last year on lower imports duty compared to other edible oils.
- Carryout stocks of oil year 2015-16 are 1.20 million tons on lower imports.
- Carryout of 2016-17 is lower than 2015-16 due to higher consumption of palm oil.
- Carry out of third quarter of oil year 2016-17 will be lower than second quarter of oil year 2016-17.

Rapeseed oil: Domestic Market Fundamentals

➤ Rapeseed oil featured uptrend at various markets on lower crushing of rapeseed and firm demand. Prices of expeller mustard oil closed higher at benchmark market of Kota. Prices of rapeseed expeller rose across board in India except Kolkata where prices fell. Kacchi Ghani rose across board in India except Hapur where prices remained unchanged at the end of the month. Rapeseed (Canola) oil prices rose in July.

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

Prices of rapeseed rose as crushing reduced due to lower arrival and firm demand, which supported prices.

Prices rose on rise in prices of soy and palm oil.

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.

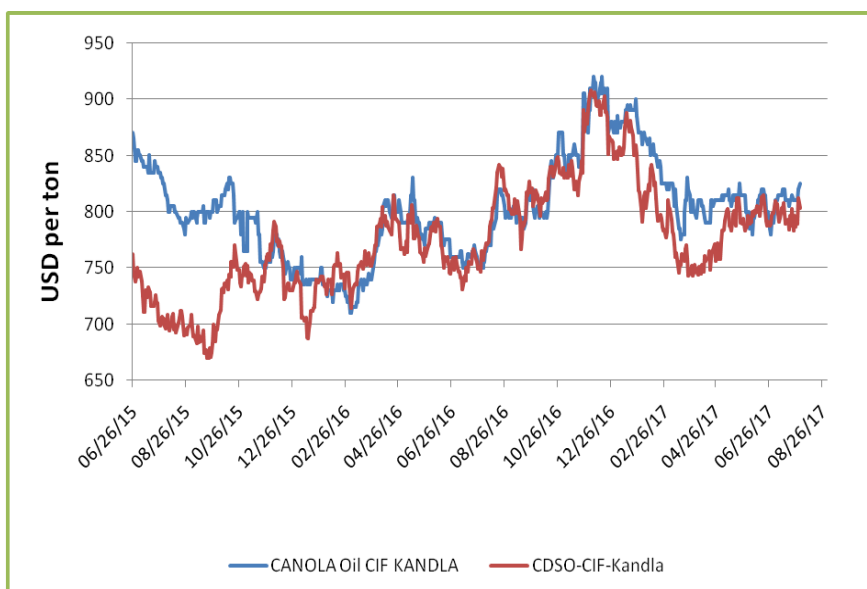
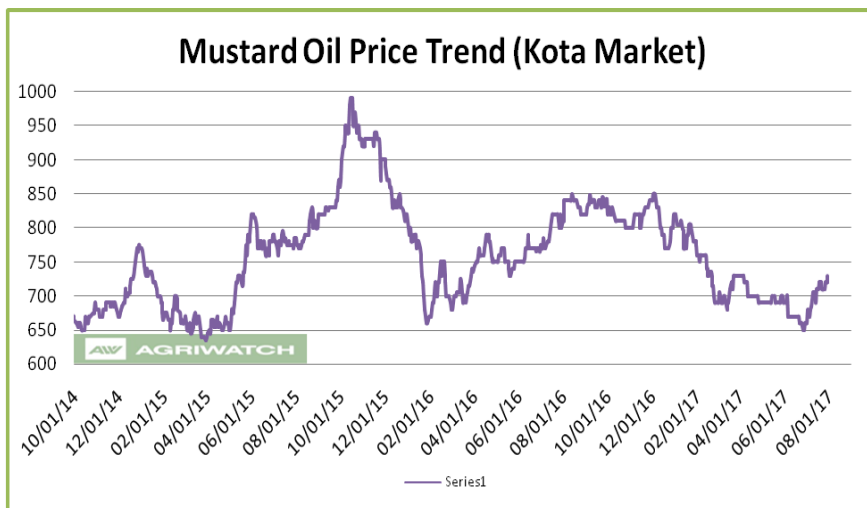
Agriwatch expected rapeseed-mustard oil crop at 6.9-7.0 MMT on higher crop of rapeseed in MY 2017-18.

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

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

Rapeseed (Canola) oil prices fell in July.

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.

- Import scenario- India imported 0.13 lakh tons of rapeseed (Canola) oil imports in June 2017 v/s 0.18 lakh tons in June 2016. Imports were 1.95 lakh tons in the period (November 2016-June 2017) compared to 1.90 lakh tons in corresponding period last oil year:: SEA
- CIF Canola oil premium over soybean oil is hovering at USD 26 (USD 1 last month) as on 3 August, 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 735 (Rs 670) per 10 Kg and at Kota market is quoted around Rs 730 (Rs 660) per 10 kg as on August 3, 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 680-780 per 10 Kg.

Balance Sheet- Rapeseed Oil, India

	<i>Fig. in lakh tons</i>					
	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

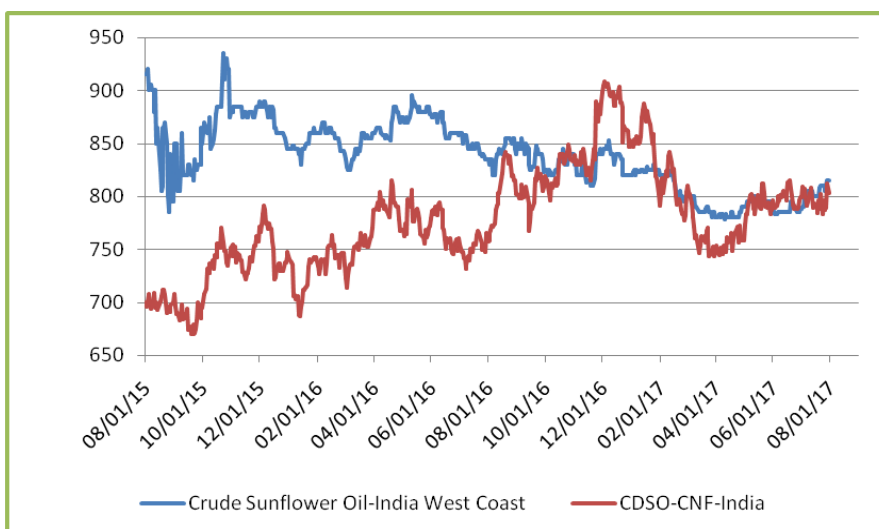
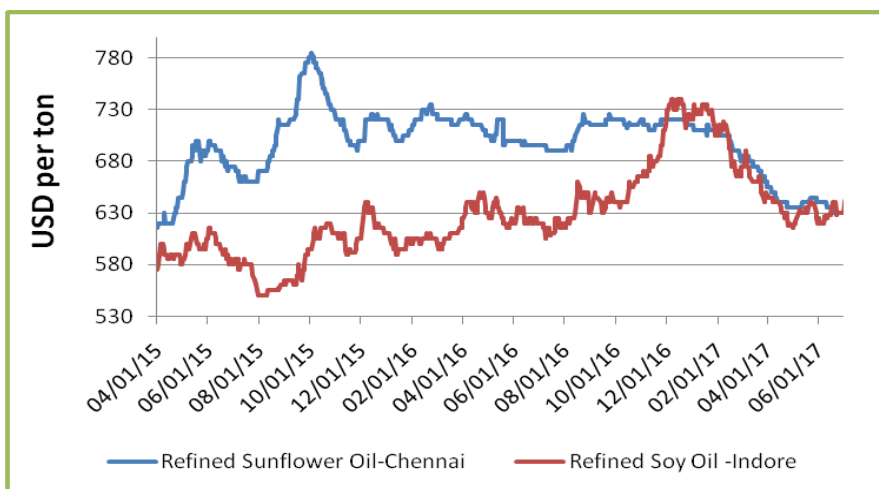
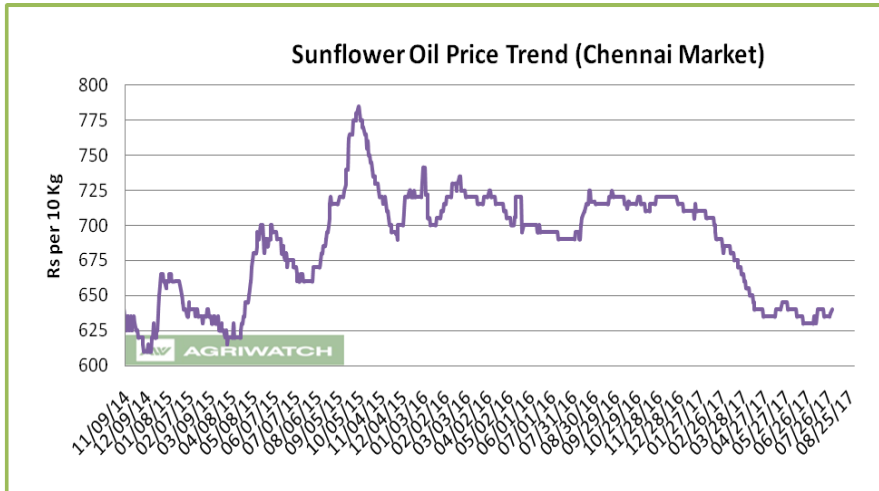
➤ Sunflower oil featured uptrend at its benchmark market in Chennai during the month of July on rise in prices of sunflower oil in international markets. Prices closed higher in Hyderabad and Kakinada at the end of month. Prices rose in Mumbai and Kandla/Mudra. Sunflower expeller prices remained unchanged in Erode while it rose in Latur and Chellakere.

➤ Agriwatch view: Sunflower prices fell in month of July at its benchmark market of Chennai on rise in prices of sunflower oil in international markets.

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

Sunflower oil imports in the month of June were higher compared to June 2016 and May 2017 while stocks at ports and pipelines fell.

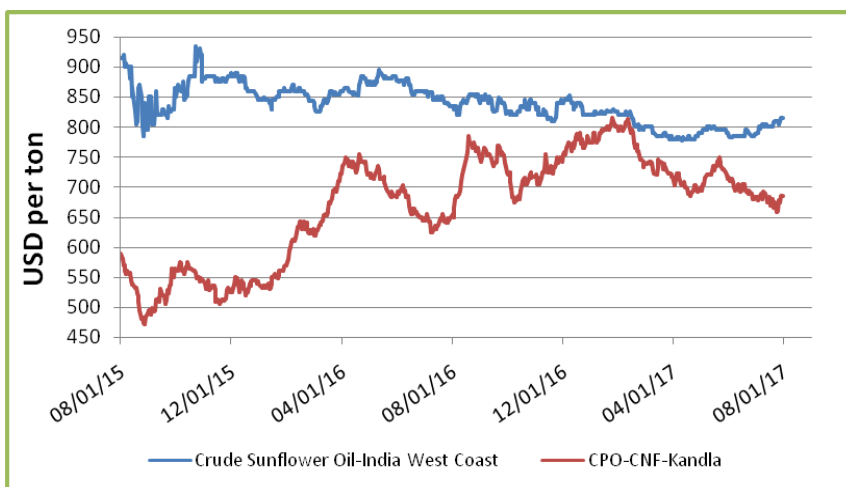
Sunflower oil is stocked at Indian ports to take advantage when prices of sunflower oil recovers as crude sunflower is trading at low premium over CDSO at CNF markets.



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 41 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 July 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 rose on rise in prices of palm oil and soy oil.

Refiners and stockists are stocking as sunflower oil premium over soy oil is low at USD 19 (USD -9 last month).

Prices of sunflower oil in domestic markets are trading parity compared to soy oil in domestic market at Rs 0 per 10 kg compared price Rs 20 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 August.

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 1.69 lakh tons of crude sunflower oil during June 2017 v/s 1.47 lakh tons in June 2016, higher by 15 percent y-o-y. India imported 15.08 lakh tons of crude sunflower oil (November 2016-June 2017) compared to 10.69 lakh tons in corresponding period last oil year, higher by 41 percent.
- According to State Statistics Service of Ukraine, Ukraine's January-May 2017 production of crude sunflower rose 33 percent at 2.5 MMT compared to corresponding period last year. In May, Ukraine produced 481 tshd tons of crude sunflower oil, higher by 0.3 percent compared to May 2016.
- CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 815 (USD 792.5) per ton for Sep delivery and OND delivery is offered at USD 815 (USD 792.5) per ton as on Aug 3, 2017. Last month, CIF sun oil (Ukraine origin) July monthly average was around USD 803.04 (USD 786.68 in June 2017) per ton. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 800-830 per ton in the medium term. CIF Sunflower oil-CNF premium against CDSO CNF had weakened from last month and is hovering at USD 19.0 per ton versus USD -9.00 per ton previous month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 640 (Rs 630) per 10 Kg, and at Hyderabad market, it is offered at Rs 646 (Rs 632) per 10 kg as on August 3, 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	2.07	2.02	2.02	3.21	4.71	4.82
Production	1.12	0.96	0.18	0.14	0.32	0.32
Imports	15.16	21.22	5.52	6.26	4.88	4.56
Total Supply	18.35	24.20	7.71	9.61	9.91	9.70
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	16.33	19.60	4.51	4.90	5.09	5.09
Ending Stocks	2.02	4.61	3.21	4.71	4.82	4.61

Source: AW estimates

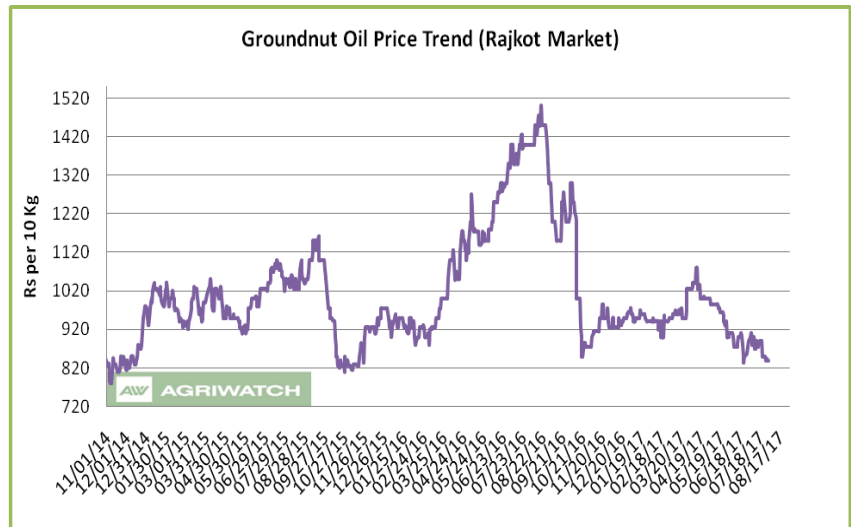
Oil year- November-October

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 lower in oil year 2016-17 on lower sunflower crop.
- Carryout stocks of oil year 2015-16 is 2.02 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 higher in Chennai while it closed lower in 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.

Rains have been beneficial in groundnut growing regions of Gujarat which led to lower groundnut prices.

Prices of groundnut decreased in month of July on higher sowing of groundnut in Gujarat.

Weak retail demand led to fall prices of groundnut oil.

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

Prices rose in Chennai as there have been lower sowing of groundnut in southern states supporting prices.

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.

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

Stockists and traders have increased offtake as they feel that prices are at good levels.

There could some bargain buying in coming days

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.

- All India sowing of groundnut reached 33.05 lakh hectares as on 28.07.2017 compared to 37.32 lakh hectares in corresponding period last year. Sowing in top producing state of Gujarat reported higher while lower rains in Andhra Pradesh and Karnataka led to total lower sowing area.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 8,250 (8,900) per quintal and quoting at Rs 9,000 (Rs 8,800) 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 750-950 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	0.31	0.25	0.25	0.91	0.97	1.11
Oil availability (Production)	2.32	8.04	2.95	2.41	1.34	1.34
Imports	0	0	0	0	0	0
Total Supply	2.63	8.29	3.15	3.22	2.26	2.35
Exports	0.30	0.30	0.05	0.10	0.05	0.10
Consumption	2.08	6.80	2.24	2.24	1.16	1.16
End stocks	0.25	1.19	0.91	0.97	1.11	1.19

Source: AW estimates

Oil year- November-October

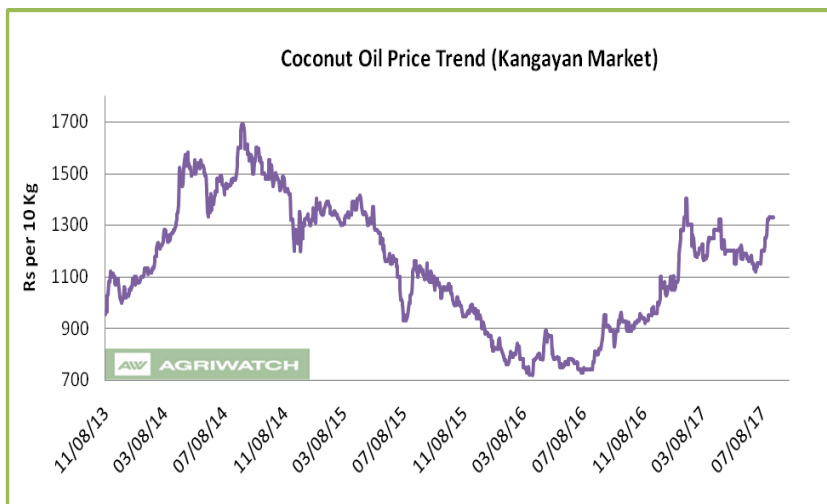
Highlights

- 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 0.25 lakh tons on lower groundnut oil production.
- Carryout stocks of oil year 2016-17 is 1.19 lakh tons on higher groundnut oil production.
- Higher supply of groundnut oil in 2016-17 is due to higher marketable surplus.
- Carryout of 2016-17 is higher than 2015-16 due to higher production of groundnut oil.

Coconut oil: Domestic Market Fundamentals

- Coconut oil featured uptrend at its benchmark market in Kangeyan on weak supply and firm demand. Prices rose in Kochi at the end of the month.
- Agriwatch view: Prices of coconut oil rose in the month of July on weak supply and firm demand.

Rise in prices of copra led to rise in prices of coconut oil. Higher raw material prices led to rise in prices of end product.



Demand is firm ahead on Onam festival in Kerala.

Supply of copra is weak as there is severe deficit of rains in Tamil Nadu and Kerala in current year. Key coconut growing regions of Tamil Nadu and Kerala have suffered due to deficit of rains for last two 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 surprised market participants and Coconut development board.

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

Supply of copra is weak in month of July.

Prices of coconut oil increased on firm demand. Demand is expected to weakened on higher prices of coconut oil.

Rise in prices of palm oil supported the rise.

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

Supply of coconut oil is weak while demand is firm.

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.

Weak supply of copra has led to lower crushing and weak supply of coconut oil which led to the rise in prices.

Millers are not getting copra from traders, leading to weak 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, weak supply of raw material has led to higher prices of coconut oil in the market.

Higher prices of coconut oil for a long period will shift demand towards palm oil and 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, ahead of festive demand. 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 positive which will lead to higher prices in medium term.

Prices are expected to be firm in August on firm demand from corporates, seasonal uptrend of prices, higher prices of copra, firm demand and weak stock position. Prices are expected to trade sideways to firm in medium term.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 13,200 (12,900) per quintal, and quoting Rs 13,300 (11,500) per quintal in Erode market on July 31, 2017.
- Coconut oil prices may trade sideways to firm tone tracking weak supply and firm demand in ready markets.

Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 1200-1500 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

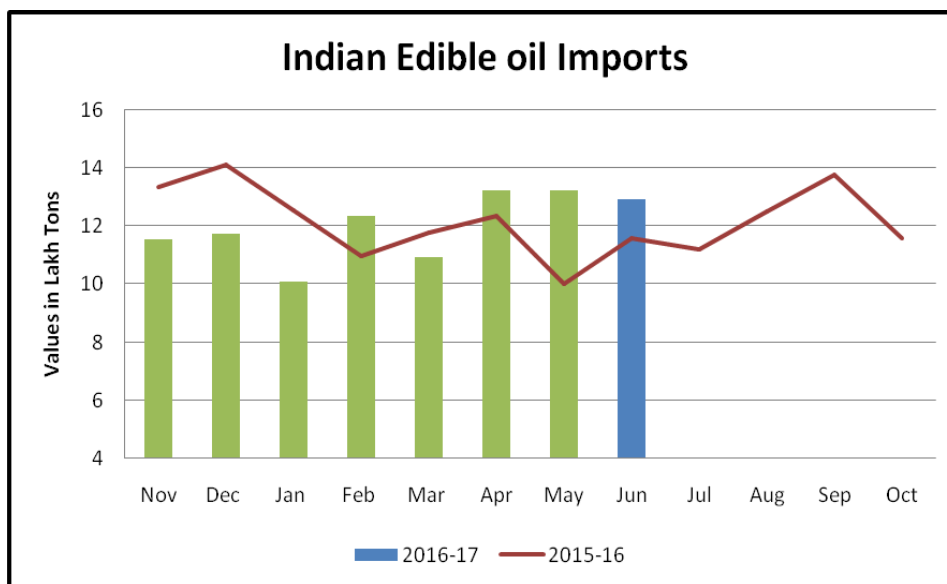
Source: DGCIS, Kolkata

Coconut products imports from India

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 June is pegged at 12.94 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 led by higher oilseed sowing in Kharif and Rabi season in the current oil year.

On import front, edible oil imports seen at 15.01 million tons for 2016/17 oil year v/s 14.57 million tons last year.

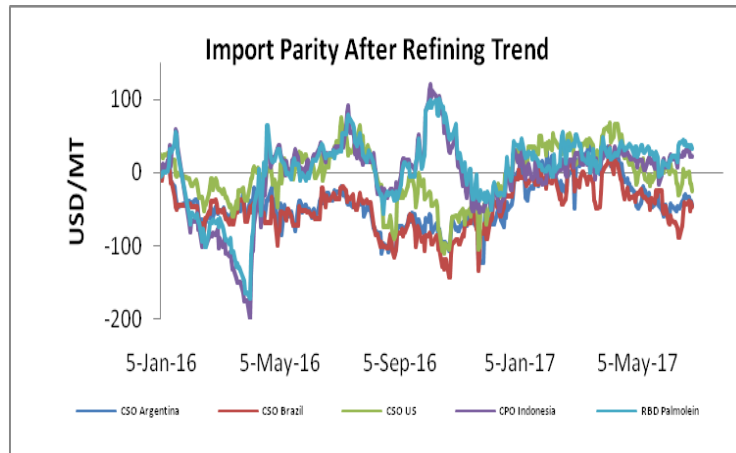
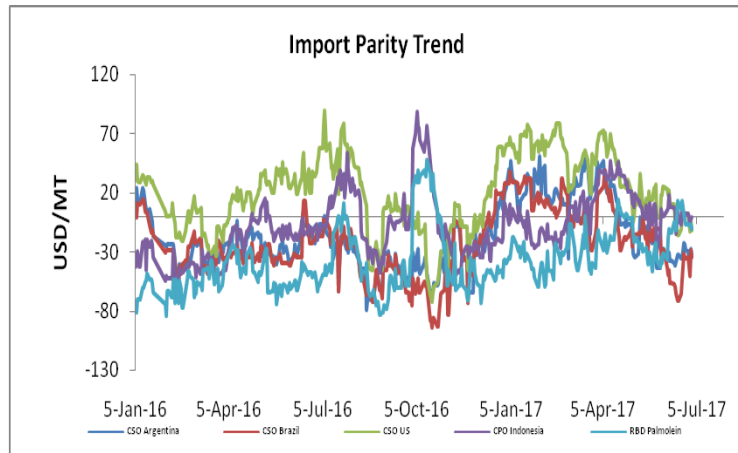
On the consumption side, India's edible oil consumption for 2016-17 oil year seen at 23.24 million tons, up 5 percent from last year. Ending stocks are projected higher compared to 2015-16 at 1.99 million tons.

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

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

Landed Cost Calculation as on 03/08/2017	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	737	766	755	645	648
Freight (USD/MT)	60	55	62	25	20.0
C & F	797.0	821.0	817.0	670.0	668.0
Weight loss (0.25% of FOB)	1.84	1.92	1.89	1.61	1.62
Finance charges (0.4% on CNF)	3.19	3.28	3.27	2.68	2.67
Insurance (0.3% of C&F)	2.39	2.46	2.45	2.01	2.00
CIF (Indian Port - Kandla)	804	829	825	676	674
Duty (Values in USD per tons)	102.50	102.50	102.50	50.85	106.20
GST (5% on duty) USD per ton	5.125	5.125	5.125	2.5425	5.31
Exchange rate	63.69	63.69	63.69	63.69	63.69
Landed cost without customs duty in INR per ton	51234	52777	52519	43074	42946
Customs duty %	12.50%	12.50%	12.50%	7.50%	15.00%
Base import price	820	820	820	678	708
Fixed exchange rate by customs department	64.55	64.55	64.55	64.55	64.55
Duty component in INR per ton	6616.38	6616.38	6616.38	3282.37	6855.21
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	59250	60794	60536	47756	51201
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	59500	59500	59500	49000	53000
Total landed cost USD per ton	930	955	950	750	804
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	934	934	934	769	832
Parity INR/MT (Domestic - Landed)	250	-1294	-1036	1244	1799
Parity USD/MT (Domestic - Landed)	3.93	-20.31	-16.26	19.53	28.24
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	64949.98	66493.86	66235.56	55256.07	54001.12
Soy/Palm oil imported Price (Including tax)	68197.48	69818.55	69547.34	58018.88	56701.18
Loose price of Soy/Palm in Indore and Delhi market	67200.00	67200.00	67200.00	60900.00	60900.00
Parity after processing and Taxes (Rs per MT)	-997.48	-2618.55	-2347.34	2881.12	4198.82
Parity after processing and Taxes (USD per MT)	-15.68	-41.15	-36.89	45.28	65.99
Source: Agriwatch					

Import Parity Trend

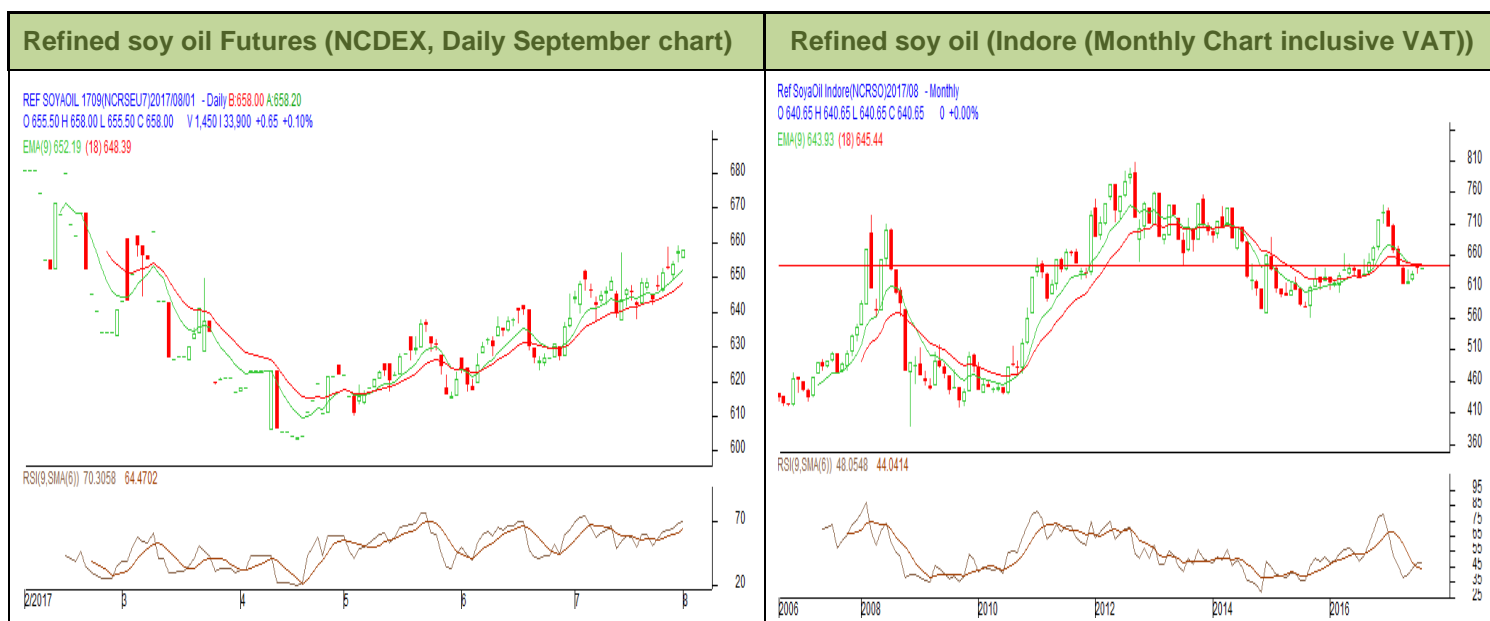


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
May, 2017	-37.47	-33.28	-1.10	12.52	25.02
June, 2017	-45.03	-59.20	-5.45	20.31	27.29
July, 2017	-16.51	-40.14	-31.08	42.06	54.69

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 (September contract) on pullbacks.

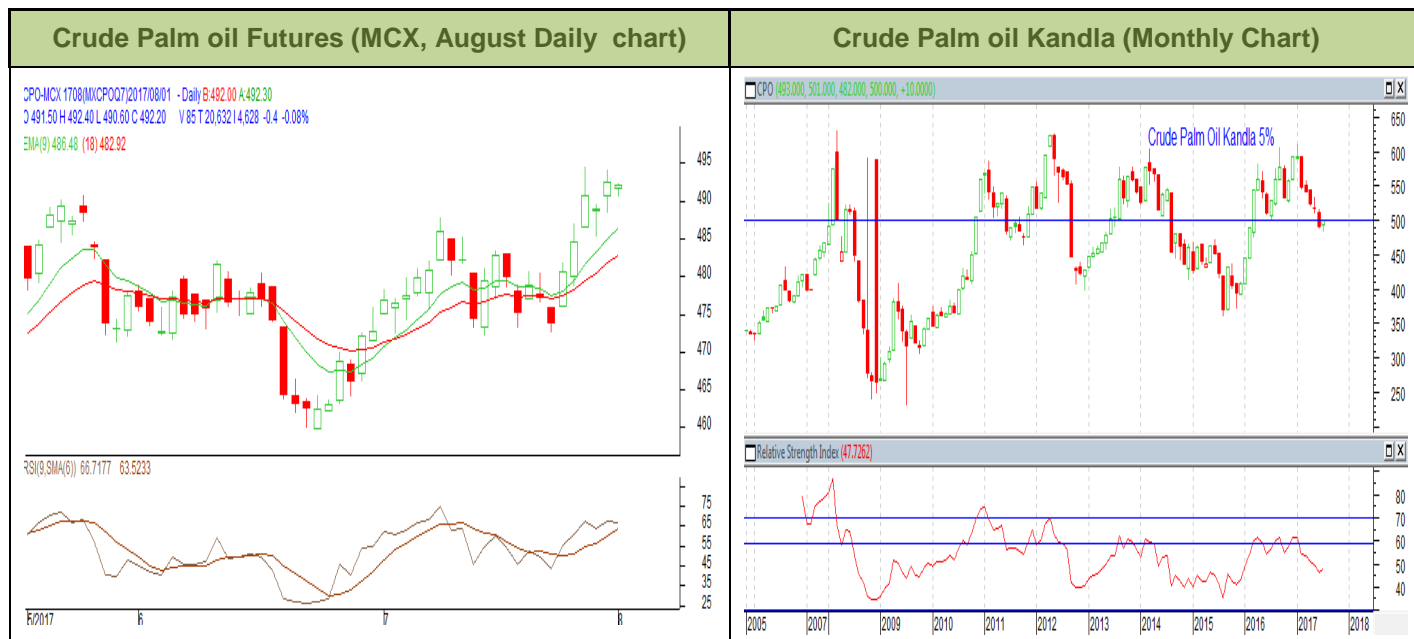
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to weak movement in the coming days.
- Any close below 620 in monthly chart will change the sentiment and bring prices to 600 levels.
- Expected price band for next month is 600-670 level in near to medium term. 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	645	656.00	670.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 600-670 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 (August 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 and 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	481.5	524.00	546.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 460-530 per 10 Kg.

Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Jul-17	30-Jun-17	
Refined Soybean Oil	Indore	645	630	15
	Indore (Soy Solvent Crude)	615	600	15
	Mumbai	650	625	25
	Mumbai (Soy Degum)	595	577	18
	Kandla/Mundra	625	605	20
	Kandla/Mundra (Soy Degum)	590	580	10
	Kolkata	635	610	25
	Delhi	670	630	40
	Nagpur	700	668	32
	Rajkot	620	605	15
	Kota	640	625	15
	Hyderabad	660	632	28
	Akola	688	661	27
	Amrawati	688	661	27
	Bundi	640	625	15
	Jalna	697	667	30
	Alwar	NA	NA	-
	Solapur	700	668	32
	Dhule	695	667	28
Palm Oil	Kandla (Crude Palm Oil)	500	490	10
	Kandla (RBD Palm oil)	520	515	5
	Kandla RBD Pamolein	535	525	10
	Kakinada (Crude Palm Oil)	480	480	Unch
	Kakinada RBD Pamolein	528	517	11
	Haldia Pamolein	535	530	5
	Chennai RBD Pamolein	532	527	5
	KPT (krishna patnam) Pamolein	525	515	10
	Mumbai RBD Pamolein	540	530	10
	Delhi	590	580	10
	Rajkot	537	525	12
	Hyderabad	494	489	5
	Mangalore RBD Pamolein	532	527	5
	PFAD (Kandla)	425	430	-5
	Refined Palm Stearin (Kandla)	460	475	-15
Refined Sunflower Oil	Chennai	640	630	10
	Mumbai	700	685	15
	Mumbai(Expeller Oil)	615	590	25
	Kandla	670	650	20
	Kandla/Mundra (Crude)	NA	NA	-



	Hyderabad (Ref)	654	632	22
	Latur (Expeller Oil)	660	665	-5
	Chellakere (Expeller Oil)	610	590	20
	Erode (Expeller Oil)	670	670	Unch
Groundnut Oil	Rajkot	840	890	-50
	Chennai	900	880	20
	Delhi	900	1080	-180
	Hyderabad *	930	970	-40
	Mumbai	890	940	-50
	Gondal	850	885	-35
	Jamnagar	850	900	-50
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	740	678	62
	Jaipur (Kacchi Ghani Oil)	770	709	61
	Kota (Expeller Oil)	730	660	70
	Kota (Kacchi Ghani Oil)	765	710	55
	Neewai (Kacchi Ghani Oil)	735	685	50
	Neewai (Expeller Oil)	755	707	48
	Bharatpur (Kacchi Ghani Oil)	770	740	30
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	735	680	55
	Sri-Ganga Nagar (Kacchi Ghani Oil)	755	705	50
	Mumbai (Expeller Oil)	750	710	40
	Kolkata(Expeller Oil)	820	850	-30
	New Delhi (Expeller Oil)	765	705	60
	Hapur (Expeller Oil)	776	760	16
	Hapur (Kacchi Ghani Oil)	820	820	Unch
	Agra (Kacchi Ghani Oil)	775	745	30
Refined Cottonseed Oil	Rajkot	680	625	55
	Hyderabad	630	600	30
	Mumbai	695	625	70
	New Delhi	665	600	65
Coconut Oil	Kangayan (Crude)	1330	1150	180
	Cochin	1320	1290	30
	Trissur	NA	NA	-
Sesame Oil	New Delhi	770	770	Unch
	Mumbai	NA	NA	-
Kardi	Mumbai	750	740	10
Rice Bran Oil (40%)	New Delhi	485	520	-35
Rice Bran Oil (4%)	Punjab	550	590	-40
Rice Bran Oil (4%)	Uttar Pradesh	550	590	-40

Malaysia Palmolein USD/MT	FOB	665	663	2
	CNF India	685	683	2
Indonesia CPO USD/MT	FOB	655	653	2
	CNF India	685	683	2
RBD Palm oil (Malaysia Origin USD/MT)	FOB	660	658	2
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	635	613	22
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1215	1095	120
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	630	613	17
Crude palm Kernel Oil India (USD/MT)	CNF India	1130	1050	80
Ukraine Origin CSFO USD/MT Kandla	CIF	815	788	27
Rapeseed Oil Rotterdam Euro/MT	FOB	748	790	-42
Argentina FOB (\$/MT)		29-Jul-17	29-Jun-17	Change
Crude Soybean Oil Ship		755	740	15
Refined Soy Oil (Bulk) Ship		781	766	15
Sunflower Oil Ship		725	710	15
Cottonseed Oil Ship		735	720	15
Refined Linseed Oil (Bulk) Ship		775	760	15
<i>* indicates including VAT</i>				

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