



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, groundnut oil and coconut oil closed higher while sunflower oil closed in red.

Groundnut oil (Rajkot) was the best performer among the edible oil complex tracking firm demand in the cash market. Sunflower oil (Chennai) was the worst performer tracking firm supply.

We expect soy oil and palm oil to trade firm on strong fundamentals

Recommendation:

In NCDEX, market participants are advised to go long in RSO above 695 for a target of 715 and 720 with a stop loss at 685 on closing basis. In MCX, market participants are advised to go long in CPO above 545 for a target of 565 and 570 with a stop loss at 535 on closing basis.

Market Participants can buy refined soy oil in the cash markets at 670-680 for the target of 710-720 levels (Indore including taxes), if needed. Market Participants can buy CPO Kandla 5% in the cash markets at 530-540 for the target of 560-570 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (Dec) is expected to stay in the range of 30 cents/lb to 37 cents/lb. CPO at BMD (December) is likely to stay in the range of 2600-3100 ringgits per ton. Focus during the coming days will be weak ringgit, firm Chinese soybean demand, firm Indian palm oil and soy oil demand, lower stocks of soy oil in US, weak planting of soybean in South America, lower rate of growth of stocks of palm oil in Malaysia and firm crude oil prices.

Malaysia's September palm oil stocks rose 3.98 percent to 20.19 lakh tons compared to 19.42 lakh tons in August. Production of palm oil in September fell 1.69 percent to 17.80 lakh tons compared to 18.11 lakh tons in August. Exports of palm oil in September rose 1.82 percent to 15.15 lakh tons compared to 14.88 lakh tons in August. Imports of palm oil in September fell 1.17 percent to 0.41 lakh tons compared to 0.42 lakh tons in August: MPOB

Soybean planting in Brazil has covered 43% of the area in line with 5-year average of 44% but below 53% below corresponding period last year. In the largest growing state of Mato Grosso planting has reached 61%, below 5-year average of 62% and below 81% in corresponding period last year. Brazil center west is facing dry conditions, which has slowed down planting. In the state of Goyas in center west, planting has reached 33% compared to 69% in corresponding period last year and 5-year average of 46%. Beneficial rains reached top soybean producing states except center west states like Goyas which still lacks moisture: AgRural

In the weekly USDA crop progress report released on 30 October; around 83% of the new soybean crop has been harvested which is less than 85% during the corresponding period last year and down from the 5 year average of 84%.

On the international front, low stocks of soy oil in US, higher demand of soy oil for biodiesel in US, strong Chinese soybean demand, weak planting of soybean in South America and rise in crude oil prices bullish for the soy complex in the coming days.

Higher demand of palm oil from India, weak ringgit, slow rise in end stocks of palm oil in Malaysia, strong competitive oils and rise in crude oil prices is bullish 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 spillover of higher international prices. Average prices of refined soy oil increased in October. Prices of refined soy oil showed sideways to higher prices in major centers in India. CDSO prices rose at JNPT and Kandla/Mudra.
- Agriwatch view—Soy oil prices witnessed uptrend in month of October in Indore on spillover of international markets.

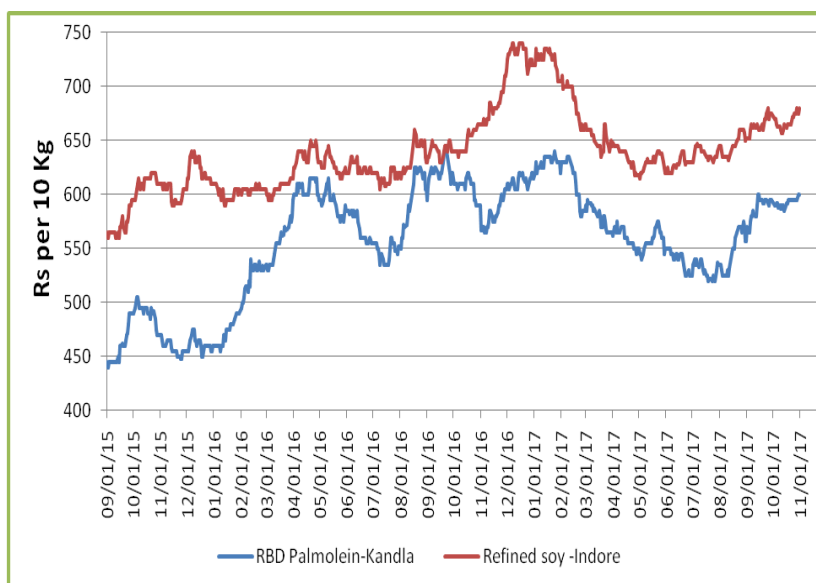
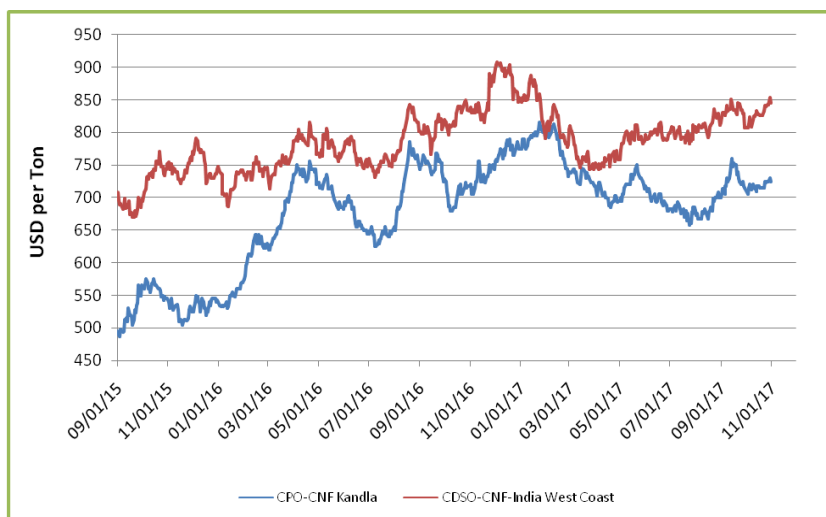
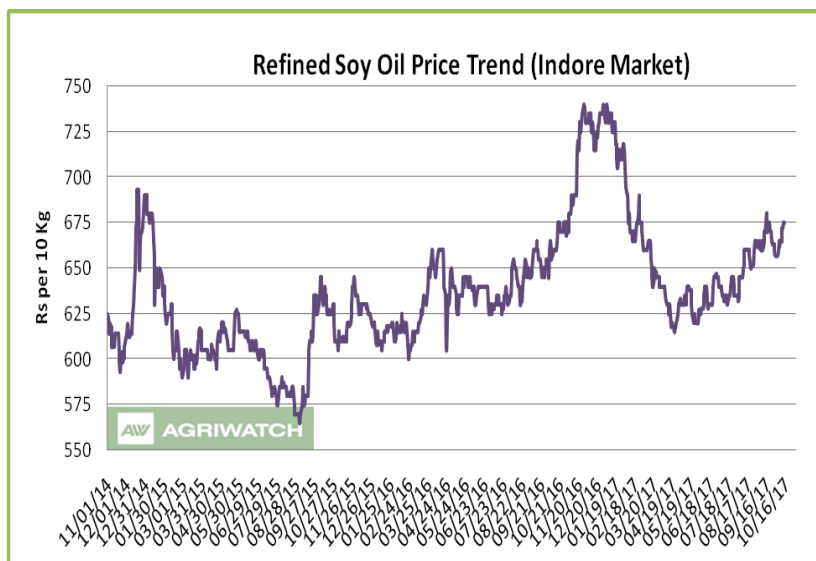
Prices of CDSO rose less at high seas while CDSO CIF prices rose more compared to last month indicating weak demand.

Refined soy oil premium over CPO has increased to Rs 134 (Rs 124 last month) per 10 Kg which will weaken soy oil prices. Imports will rise on low CDSO premium over CPO at USD 124 (USD 105 last month) per ton for November delivery which weaken prices of soy oil.

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

Refined soy oil premium over CDSO high seas is at Rs 33 (Rs 43) per 10 kg indicating weak 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 are in disparity which will discourage imports.

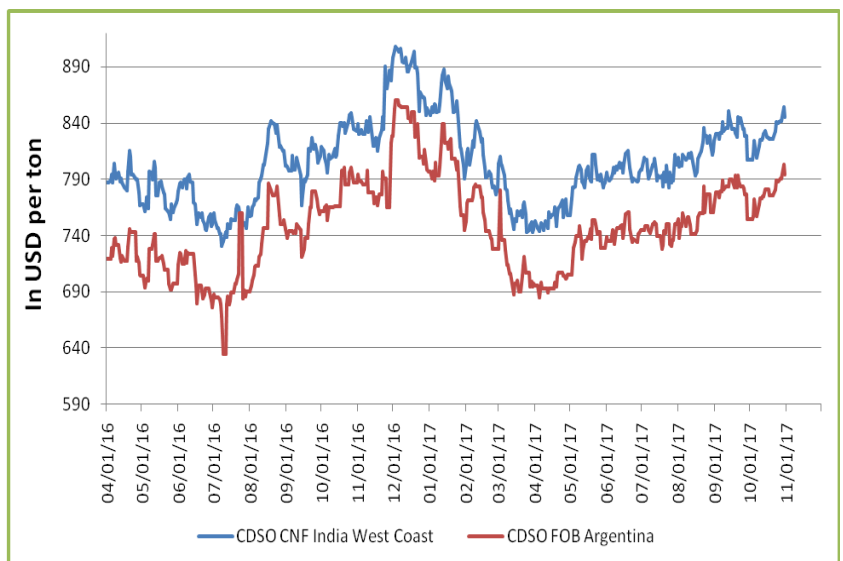
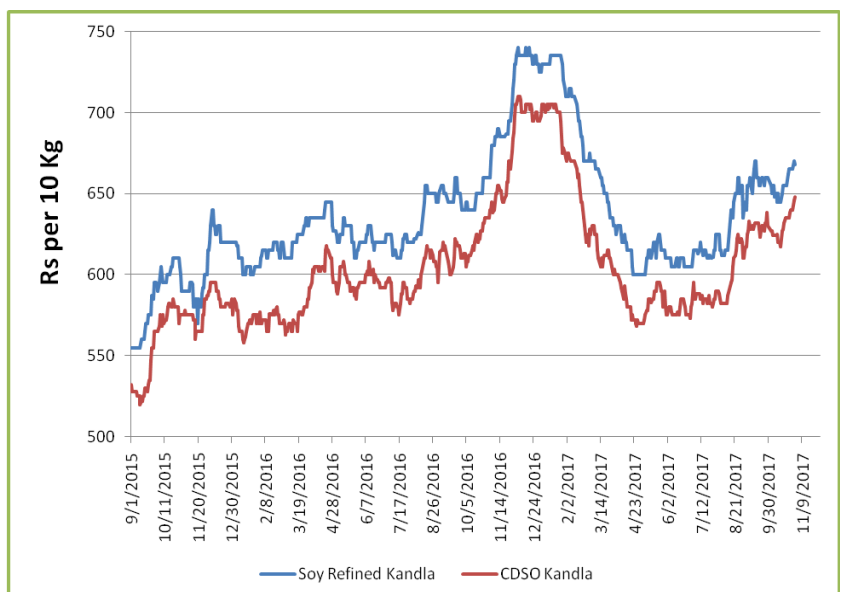
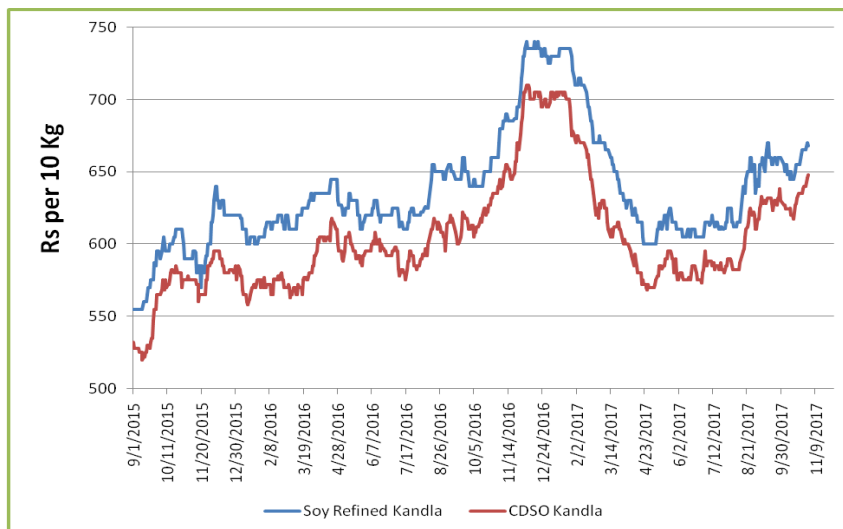
Decreasing difference between CDSO-CNF-India West coast and Soy oil CBOT. Difference increased between CDSO-CNF-India West coast and Soy oil CBOT due to decrease in basis (spot prices – futures prices).

Refiners should wait to purchase their consignment as prices of soy oil are high. However, basis will decrease on higher than expected soybean crop in US and South America.

Export demand of soy meal has fallen due to appreciation of Rupee which has resulted in lower crushing of soybean. Soy meal exports remained subdued despite hike in import duty on edible oils and fall in soy meal prices, crushing is expected to remain low. This step will increase end stocks of soybean and pressurize domestic soy oil.

Upward support of Rupee will continue which might make crush of soybean unviable and decrease crushing of soybean and will decrease soy oil supply in domestic markets.

CDSO demand was weak at CIF markets as CDSO CIF rose less than CDSO-FOB compared to last month indicating weak demand at CIF

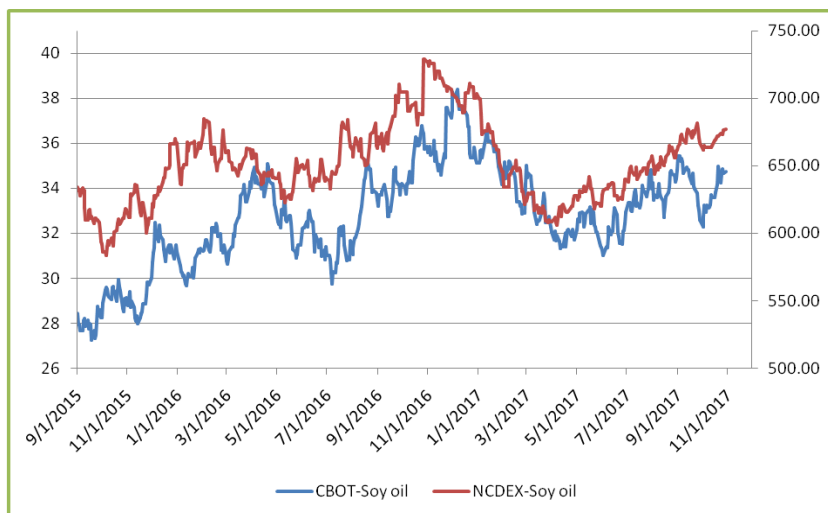
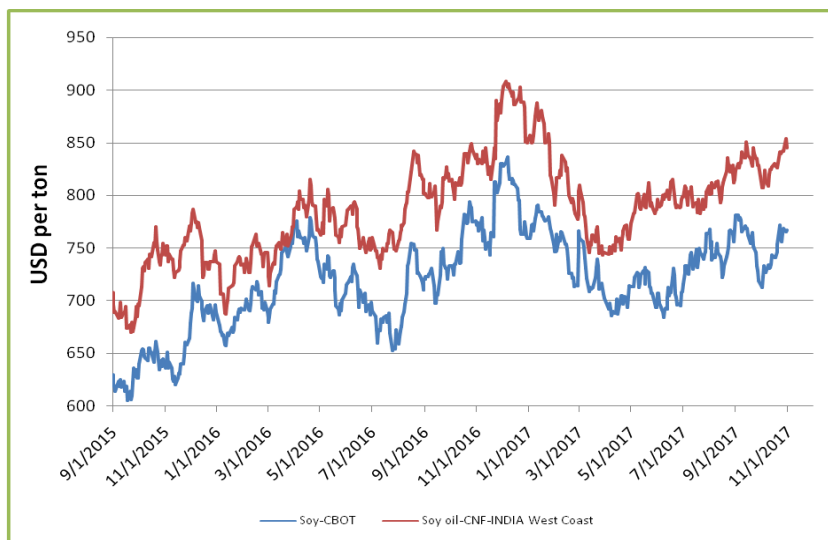


markets.

Imports of soy oil rose in September compared to August while it was below September 2016. Stocks at ports and pipelines rose in September indicating higher supply of CDSO compared to August 2017. Stocks at ports and pipeline surged in September as importers imported and cleared customs and stocked at ports to take advantage of rise in import duty as government indicated that it will hike import duty on edible oils.

Prices are expected to trade sideways to firm in medium term on firm demand, higher prices of soybean and rise in competitive oils.

- Soy oil import scenario – According to SEA, India imported 3.57 lakh tons of soy oil in September 2017 v/s 4.70 lakh tons in September 2016, down 24 percent y-o-y. India imported 30.96 lakh tons of soy oil in the period (November 2016-September 2017) compared to 39.57 lakh tons in the corresponding period last oil year, lower by 21.8 percent y-o-y.
- On a financial year basis, the export during April'2017 to July'2017 stands at 6.38 lakh tons as compared to 4.13 lakh tons in the corresponding period of previous year showing an increase of 54%. During current oil year, (October – September), total exports during October 2016 to July 2017 is 16.46 lakh tons as against 3.48 lakh tons during the corresponding period last year, showing an increase by 373%, reported by SOPA
- United States Department of Agriculture (USDA) in its September estimate decreased India's 2017/18 imports estimate of soy oil by 0.1 MMT to 4.1 MMT from 4.2 MMT in its previous estimate. Domestic consumption in September estimate is reduced 0.1 MMT to 5.65 MMT from 5.75 MMT in its earlier estimate. Lower imports of soy oil are due to increase in import duty on edible oils.
- According to Solvent Extractors Association (SEA), India's September edible oil imports rose 9 percent y-o-y to 15.01 lakh tons from 13.77 lakh tons in September 2016. Palm oil imports in September rose 20.6 percent y-o-y to 9.32 lakh tons from 7.73 lakh tons in September 2016. CPO Imports rose 15.4 percent y-o-y to 6.52 lakh tons from 5.65 lakh tons in September 2016. RBD palmolein imports rose 27.8 percent y-o-y to 2.62 lakh tons



from 2.05 lakh tons in September 2016. Soy oil imports fell 14.7 percent y-o-y to 3.57 lakh tons from 4.70 lakh tons in September 2016. Sunflower oil imports rose 88.4 percent y-o-y to 1.97 lakh tons from 1.04 lakh tons in September 2016. Rapeseed (canola) oil imports in September fell 46.7 percent to 0.16 lakh tons compared 0.30 lakh tons in September 2016.

- According to Solvent Extractors Association (SEA), India's September edible oil stocks at ports and pipelines rose 3.7 percent m-o-m to 25.89 lakh tons from 24.97 lakh tons in August 2017. Stocks of edible oil at ports rose to 979,000 tons (CPO 300,000 tons, RBD Palmolein 230,000 tons, Degummed Soybean Oil 290,000 tons, Crude Sunflower Oil 150,000 tons and Rapeseed Oil (Canola Oil) & other Oils 9,000 tons) and about 1,610,000 tons in pipelines (stocks at ports were 907,000 and in pipelines were at 1,590,000 tons in August 2017). India is presently holding 44 days of edible oil requirement on 1st October, 2017 at 25.89 lakh tons compared to 43 days of requirements last month at 24.97 lakh tons. India's monthly edible oil requirement is 17.5 lakh tons.
- On a financial year basis, India's export of oil meals during April 2017 to September 2017 stands at 1,101,689 metric tons as compared to 594,529 metric tons in the corresponding period of previous year showing an increase of 85% according to data released by the Solvent Extractor's Association of India. In the month of September 2017, export of oil meals increased by 5% to 115,083 metric tons compared to the corresponding period previous year. Soy meal exports during the period April 2017 to September 2017 was reported at 397,364 metric tons compared to 75,720 metric tons during the same period previous year.
- Imported crude soy oil CIF at West coast port is offered at USD 844 (USD 805) per ton for November delivery, December delivery is offered at USD 842 (USD 805) per ton and January delivery is quoted at USD 841 per ton as on November 3, 2017. Values in brackets are figures of last month. Last month, CIF CDSO October average price was USD 829.36 (USD 833.8 per ton in September 2017) per ton.
- On the parity front, margins are in disparity during the month and we expect margins to remain in disparity in the coming days. Currently refiners lose USD 65-70 per ton (October average) v/s loss of USD 70-75 per ton (September average) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to firm tone in the coming days.

International Market Fundamentals

Agriwatch view – Fall in end stocks of soy oil in US in 2017/18 as reported by USDA on lower opening stocks and lower imports will support soy oil prices in medium term.

Fall in end stocks of soy oil in US due higher demand of soy oil in US as reported by NOPA despite marginally lower soy oil production and marginally lower crush of soybean will support soy oil prices in medium term.

End stocks of soybean in US in 2017/18 was kept unchanged by USDA despite lower yields totally set off by higher harvested area, will underpin soybean prices as USDA is expected to increase end stocks.

USDA generally increases soybean crop yields from August, per historical data. Yields are increased since August until the final figures.

Brazil soybean exports is replacing US soybean markets has led to lower exports of soybean in 2017/18 which will decrease soybean exports from US.

Harvest of soybean in US is progressing at steady pace due to dry conditions in US Midwest. Harvest is in line with 5-year average and corresponding period last year. Steady rate of harvest will increase yields of soybean. USDA is expected to increase yields of soybean in US in its November estimate.

Soybean planting in Brazil reached 43 percent, gain of 13 percent from previous week and just below 5-year average and well below corresponding period last year. Mato Grosso and Parana received beneficial rains while Brazil center west still lags moisture where planting is delayed compared to corresponding period last year. USDA is expected to keep soybean crop estimate unchanged at 107 MMT in its November review.

Argentina is expected to plant lower soybean crop in 2017/18 due to flood conditions in soybean producing regions. Many areas have water logging problem. Around 18.1 million hectares is expected to be planted which is below last year area of 20.1 million hectares. This will reduce soybean crop in the country. Argentina has forecast soybean production at 53 MMT in 2017/18. However, USDA kept soybean crop of Argentina in 2017/18 unchanged at 57 MMT. USDA will revise soybean crop in Argentina in 2017/18 in its November estimate.

Further, Argentina is expected to plant lower area of soybean in 2017/18 due to export regulations compared to corn and wheat. Soybean yields will decrease due to crop rotation on excess crop of soybean for last many years. Export control of corn and soybean has been removed when new government came to power in 2015. However, export duty relief was not given to soybean farmers, which has led to lower area in 2017/18.

US commerce department's decision to impose punitive duties on soy oil based biodiesel from Argentina and palm oil based biodiesel from Indonesia will support soy oil prices in medium term. Soy oil based biodiesel imports from Argentina were slapped duty of 54.36 percent to 70.05 percent. This will stop biodiesel imports from Argentina and will support soy oil prices in medium term.

Argentina is negotiating with US on biodiesel exports on minimum export prices rather than export prices.

Environmental Protection Agency of US (EPA) backed down on proposal to cut biodiesel production in US citing harm to US consumers due to higher production. US slapped anti dumping duties on imports of soy oil based biodiesel from Argentina. This meant that US would have to produce higher amount of biodiesel.

The proposal had set lower limits for biodiesel production. However, with this decision refiners must blend more soy oil into biodiesel, which will increase demand for soy oil and support prices in near to medium term.

Exports of soybean from Brazil are reported at record levels since last 8 months especially to China.

USDA kept soybean crop unchanged in its October estimates. However, soybean crop in Brazil in 2017/18 may be reduced in November estimate.

China reported slightly firm imports of soybean in September after soft August, which may decrease soybean crush margins. China is sitting on record soybean and soy meal stocks and disparity in crush margins will decrease as it happened in June. However, demand from China is expected to remain firm in 2017/18, which will soak incremental supply of US and Brazil in 2017/18.

Depreciation of Argentina Peso will support soybean complex exports from Argentina.

Competitive oils will support prices in medium term.

Rise in crude oil prices will support soy oil prices in medium term.

Prices of soy oil are in a range.

- According to AgRural consultancy, soybean planting in Brazil has covered 43% of the area in line with 5-year average of 44% but below 53% below corresponding period last year. In the largest growing state of Mato Grosso planting has reached 61%, below 5-year average of 62% and below 81% in corresponding period last year. Brazil center west is facing dry conditions, which has slowed down planting. In the state of Gaios in center west, planting has reached 33% compared to 69% in corresponding period last year and 5-year average of 46%. Beneficial rains reached top soybean producing states except center west states like Gaios which still lacks moisture.
- In the weekly USDA crop progress report released on 30 October; around 83% of the new soybean crop has been harvested which is less than 85% during the corresponding period last year and down from the 5 year average of 84%.
- Argentina is expected to produce 53 MMT of soybean in 2017/18, according to Argentina agriculture ministry. Soybean planting has shrunk due to lifting of export on corn and wheat. Soybean production will decrease due to lower yields due to crop rotation on years of overplanting of soybean. However, soybean planting area shrinkage is expected to stop 2018/19 when government intends to cut export taxes from present level of 30 percent.
- U.S. commerce department imposed preliminary anti dumping duty on imports of soy oil based biodiesel from Argentina and palm oil based biodiesel from Indonesia. U.S. commerce department imposed 54.36 percent to 70.05 percent on imports of biodiesel from Argentina. U.S. commerce department imposed 50.71 percent on all palm oil based biodiesel imports from Indonesia.
- China's import of soybean increased by 12.7% to 8.10 million tonnes in September 2017 compared to the corresponding period during previous year. China brought in 93.50 million metric tonnes from September to October (crop year 2016/17), compared to 83.2 million metric tonnes during the previous year according to the General Administration of Customs.
- According to United States Department of Agriculture (USDA) October estimate, U.S 2017/18 ending stock of soy oil is fell 12.5 percent to 1,537 million lbs from 1,757 million lbs in September estimate. Opening stocks are lowered to 1,632 million lbs from 1,827 million lbs. Production of soy oil in 2017/18 is unchanged at 22,505 million lbs. Imports in 2017/18 were reduced to 300 million lbs from 325 million lbs in September estimate. Biodiesel use in 2017/18 is unchanged at 7,000 million lbs. Food, feed and other industrial use in 2017/18 was unchanged at 13,800 lbs. Exports in 2017/18 were kept unchanged at to 2,100 million lbs. Average price range estimate is kept unchanged in 2017/18 at 32.5-36.5 cents/lbs. Fall in end stock in 2017/18 is due to lower opening stocks and lower imports.
- The U.S. Department of Agriculture's monthly supply and demand report for the month of October forecasts U.S. soybean production at 4,431 million bushels, down 1 million bushel on higher harvested area and lower yields compared to previous month's estimates. Global soybean production is projected down 0.6 million tons to 347.9 million on lower forecasts for Russia and Ukraine. With lower beginning stocks, soybean ending stocks are forecast at 96.05 million metric tonnes compared to 97.53 million metric tonnes in previous month's estimates. Soy meal ending stocks has been reduced to 12.42 million metric tonnes in October compared to 12.88 million metric tonnes previous month. USDA kept soy oil imports from India unchanged at 4.10 million metric tonnes same as previous month.

- According to National Oilseed Processors Association (NOPA), U.S. September soybean crush fell 4.2 percent to 136.419 million bushels from 142.424 million bushels in August 2017. Crush of soybean in September 2016 was 130.235 million bushels. Soy oil stocks in U.S. at the end of September fell 8.12 percent to 1.302 billion lbs compared to 1.417 billion lbs in end August 2017. Stocks of soy oil in end September was lower by 5.38 percent compared to end September 2016, which was reported at 1.376 million lbs.
- Informa lowered US soybean 2017 yield estimate to 49.7 bpa (bushels per acre) compared to the estimates of 50.0 bpa in the month of October. Soybean production has been estimated at 4.447 billion bushels compared to previous month's estimates of 4.474 billion bushels.
- According to trade Ministry, Brazil exports 2.49 million metric tonnes of soybean in October 2017 compared to 4.27 million metric tonnes in September 2017 and 1.00 million metric tonne during the corresponding period previous year. It exports 1.28 million metric tonnes of soy meal in October 2017 compared to 1.16 million metric tonnes in September 2017 and 0.72 million metric tonne during the corresponding period previous year. Brazil exports 115,601 metric tonnes of soy oil in October 2017 compared to 10,443 metric tonnes in September 2017 and 9,792 metric tonne during the corresponding period previous year.
- According to latest USDA attaché report, China's soybean output in 2017/18 is forecast at 14.4 million metric tonnes compared to 12.9 million metric tonnes in the previous year. The growth in soybean production is a combination of a 10.5 percent acreage expansion mainly due to lower government support for corn and good soybean yield due to favorable weather conditions. In MY17/18, soybean imports continue to be China's largest oilseed import with total forecast imports of 95 MMT, up from the 93.5 MMT in MY16/17.
- Unfavorable weather condition in summer this season has lowered the protein content of soybeans in U.S. and as such the crushing plants producing soy meal will be low on protein content and other key ingredients. This is likely to increase the costs of meat and animal feed. Early data suggests that the U.S. soybean crop would average about 34 to 34.5 percent protein, down from 35 percent normally.
- According to the State Agricultural Federation, farmers in Goias State of Brazil are rushing to plant the entire soybean area to avoid potential productivity losses. Planting was delayed amid low rainfall. Goias, the fourth largest soybean producing state in Brazil is expected to produce 10.5 million metric tonnes in 2017/18 compared to 11.4 million metric tonnes in 2016/17. According to AgRural consultancy, farmers in the State have covered 6 per cent of the area as on 26 October 2017 compared with 42 per cent during the corresponding period previous year and five-year average of 28 per cent.
- According to the latest monthly estimates from Strategie Grains, soybean production estimates have been increased to 2.63 million metric tonnes in European Union for 2017/18 compared to previous estimates of 2.60 million metric tonnes and 2.49 million metric tonnes in 2016/17. Sunseed production estimates have been increased to 8.96 million metric tonnes for 2017/18 compared to previous estimates of 8.75 million metric tonnes and 8.40 million metric tonnes in 2016/17. Rapeseed production estimates have been reduced to 21.86 million metric tonnes for 2017/18 compared to previous estimates of 21.89 million metric tonnes and 20.34 million metric tonnes in 2016/17.

- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in September rose 92.6 percent to 6.0 lakh tons compared to 5.2 lakh tons in August. Imports rose 15.4 percent compared to corresponding period last year which was reported at 6.0 lakh tons. Year to date imports of edible vegetable oil rose 5.3 percent to 41.6 lakh tons.
- According to Energy Administration Agency (EIA), U.S. produced 149 million gallons in August, unchanged from July. Soy oil was the largest feedstock with 608 million lbs in August compared to 606 million lbs in June.
- USDA WASDE Oilseeds Highlights: The 2017/18 U.S. season-average soybean price is forecast at \$8.35 to \$10.05 per bushel, unchanged from last month. Soybean meal and soybean oil price projections are also unchanged at \$290 to \$330 per short ton and 32.5 to 36.5 cents per pound, respectively.

Previous update

- According to United States Department of Agriculture (USDA) September estimate, U.S 2017/18 ending stock of soy oil is fell 14.8 percent to 1,757 million lbs from 2,062 million lbs in August estimate. Opening stocks are lowered to 1,827 million lbs from 1,982 million lbs. Production of soy oil in 2017/18 is unchanged at 22,505 million lbs. Imports in 2017/18 are kept unchanged at 325 million lbs. Biodiesel use in 2017/18 is increased to 7,000 million lbs from 6,450 million lbs. Food, feed and other industrial use in 2017/18 is decreased to 13,800 lbs from 14,000 million lbs. Exports in 2017/18 are reduced to 2,100 million lbs from 2,300 million lbs. Average price range estimate is increased in 2017/18 at 32.5-36.5 cents/lbs compared to 31-35 cents/lbs in its earlier estimate. Fall in end stock in 2017/18 is due to higher biodiesel use and lower opening stock partially set off by lower food, feed and other industrial use and lower exports.
- According to National Oilseed Processors Association (NOPA), U.S. August soybean crush fell 1.6 percent to 142.42 million bushels from 144.718 million bushels in July 2017. Crush of soybean in August 2016 was 131.82 million bushels. Soy oil stocks in U.S. at the end of August fell 9.0 percent to 1.417 billion lbs compared to 1.558 billion lbs in end July 2017. Stocks of soy oil in end August was lower by 9.2 percent compared to end August 2016, which was reported at 1.620 million lbs.
- In the weekly USDA crop progress report released on 23 October; Soybeans dropping leaves are reported at 97%, which is less than 98% during the corresponding period last year and same as the 5 year average of 97%. Around 70% of the new soybean crop has been harvested which is less than 74% during the corresponding period last year and down from the 5 year average of 73%.
- According to AgRural consultancy, soybean planting in Brazil has covered 30% of the area in line with 5-year average, but more than 10% below corresponding period last year. Second largest soybean growing province of Parana showed impressive 67% planting which is above 5-year average of 55% and above 2% in corresponding period last year. In the largest growing state of Mato Grosso planting has reached 43%, in line with 5-year average of 45% but below 68% in corresponding period last year. Brazil center west is facing dry conditions, which has slowed down planting. In the state of Goias in center west, planting has reached 6% compared to 42% in corresponding period last year and 5-year average of 28%.

- U.S. Commerce department has ruled to impose countervailing duty on biodiesel imports from Argentina and Indonesia. U.S. commerce department decision comes after complaint from US National Biodiesel Board (NBB) in March that both the countries were dumping biodiesel in US market. Both the countries have denied wrongdoing. Two thirds of US imports of biodiesel are from Argentina and Indonesia. Argentina exports 90 percent of its biodiesel exports to US. The National Biodiesel Board Fair Trade Coalition has stated that it can impose countervailing duties in the range of 50.29 percent to 64.17 percent on imports on soy based biodiesel from Argentina and 41.06 percent to 68.28 percent on biodiesel imports from Indonesia.

US commerce department has said that both the countries were subsidizing biodiesel exports. Argentine biodiesel association Carbio which represents big companies has denied wrongdoing. It has said that the decision is "unjustified" and "protectionist." Argentina biofuels industry has said any countervailing duty above 15 percent will be detrimental for biodiesel industry in the country and will price out biodiesel.

Higher import duty must be replaced by 250 million gallons of biodiesel in the current year and 500 million gallons in 2018. This will benefit soybean and canola based biodiesel manufacturers in US and Canada.

- According to Energy Administration Agency (EIA), U.S. produced 149 million gallons in July compared to 140 million gallons in June, higher by 6.4 percent m-o-m. Soy oil was the largest feedstock with 606 million lbs in July compared to 549 million lbs in June.
- 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 corresponding period previous year.
- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in August rose 92.6 percent to 5.2 lakh tons compared to 2.7 lakh tons in July. Imports fell 5.5 percent compared to corresponding period last year which was reported at 5.5 lakh tons. Year to date imports of edible vegetable oil rose 3.4 percent to 35.6 lakh tons.
- The IGC has increased the global soybean output in 2017/18 following record harvest in U.S. Global soybean production in 2017/18 was put at 348 million metric tonnes, up from previous forecast of 347 million but still below the 2016/17 record crop of 351 million metric tonnes. Soybean consumption is likely to increase to 351 million metric tonnes compared to 338 million metric tonnes in 2016/17.
- 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.

- European Union on Wednesday reduced import duty on biodiesel imports from Argentina, according to EU commission official. EU has cut import duty on biodiesel from Argentina to 4.5-8.1 percent compared to previous duty of 22-25.7 percent imposed in 2013. Argentina won WTO appeal on anti dumping duty imposed by EU in 2013. EU has raised query in 2013 that Argentina has export duty on soybean exports and zero duties on biodiesel which led to dumping of biodiesel. This comes at a time when US has imposed anti dumping duties on biodiesel imports from Argentina and Indonesia. EU says that the policy of Argentina has distorted EU markets as biodiesel is imported below soybean prices in EU. EU seeks to challenge the distortion due to differential export duty with WTO. EU will keep its biodiesel policy with Indonesia with import duty from 8.8-20.5 percent imposed in 2013. Indonesia's case is pending with WTO on biodiesel.
- According to Chinese Agriculture ministry, China is expected to import 94.5 MMT of soybean in 2017/18 from previous forecast of 93.16 MMT. Chinese soybean consumption in 2017/18 is estimated at 109.21 MMT from previous estimate of 108.63 MMT. Soybean deficit of the country is estimated at 0.25 MMT from previous estimate of 0.97 MMT.
- China's import of soybean increased by 31% to 10.08 million tons in July compared to June and is the highest on records since 2010. China brought in 54.89 million tons from January to July, up 16.8 percent from the corresponding period last year according to the General Administration of Customs.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 640-740 per 10 Kg.

Balance Sheet (Quarterly)- Soy Oil, India

Fig. in lakh tons

	2016-17	2017-18-F	Nov-Jan-F	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening Stock	6.20	4.18	4.18	3.68	4.00	5.13
Production (Domestic)	15.09	14.45	6.65	1.73	1.73	4.34
Imports	36.00	42.00	6.72	9.24	11.76	14.28
Imported oil processing	35.03	40.87	6.54	8.99	11.44	13.89
Total Production (Domestic production and imported oil production)	50.12	55.32	13.19	10.72	13.18	18.23
Total Supply	56.31	59.49				
Quarterly add-on			13.19	10.72	13.18	18.23
Consumption	52.14	54.74	13.69	10.40	12.04	18.61
Ending Stock	4.18	4.75	3.68	4.00	5.13	4.75

Source: AW estimates
Oil year- November-October

Highlights

- Prices of soy oil in 2017-18 are expected to be higher on higher imports in oil year 2017-18 on higher domestic production.
- Soy oil production is expected to be lower in oil year 2017-18 on lower soybean crush due to lower soybean crop in 2017-18.
- Lower carry out in Nov-Jan and Feb-Apr is low due to lower imports.
- Carryout stocks of oil year 2016-17 is 4.18 lakh tons on higher soy oil imports.
- Carry out of oil 2017-18 is 4.75 lakh tons
- Carryout of 2017-18 is higher than 2016-17 due to lower imports.

Palm oil: Domestic Market Fundamentals

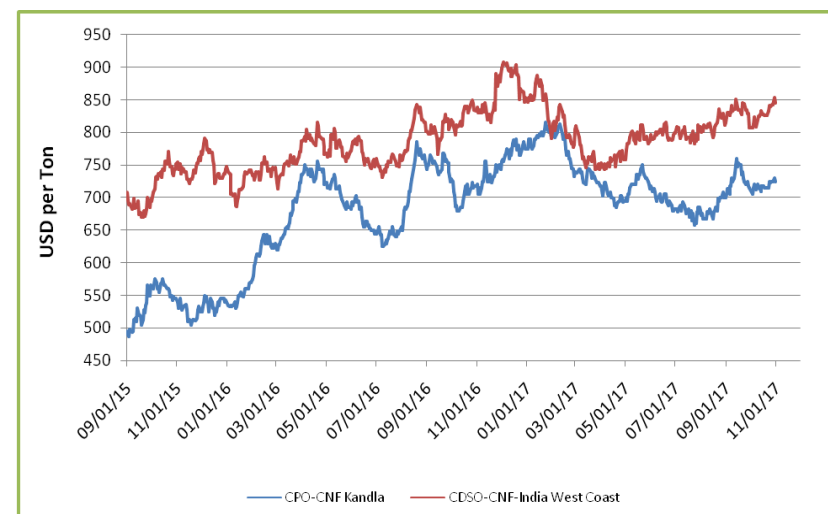
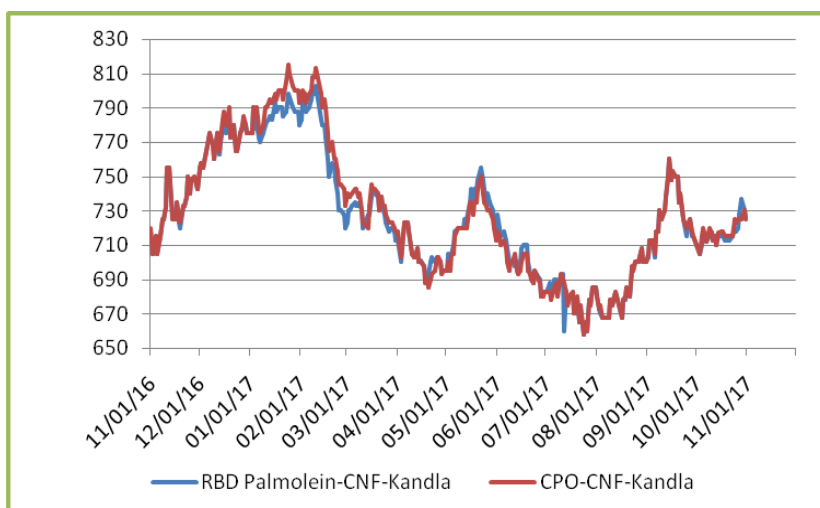
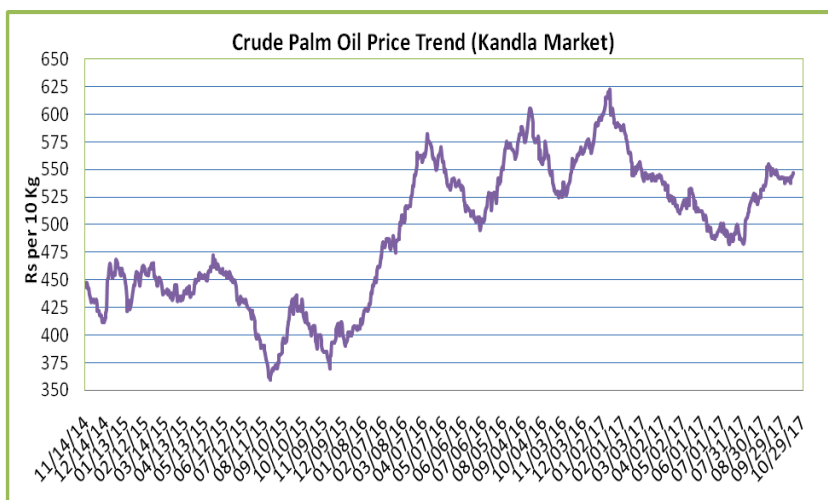
➤ CPO prices witnessed firm tone in the month of October at its benchmark market at Kandla on spillover of strong international markets. CPO prices rose in Kakinada, Mumbai and Kolkata. RBD palmolein prices rose across board in India. Superolein prices rose in Kandla and Mumbai. Vanaspati prices fell in Delhi and Kolkata while it rose in Chennai. CPO-CNF and RBD palmolein-CNF India prices rose in October.

➤ Agriwatch view – Crude palm oil prices rose in Kandla in the month of October on firm international markets.

CPO prices rose less at high seas compared to CIF markets indicating weak demand in domestic market.

CPO demand in India is weaker than as RBD palmolein is available at the prices of below CPO at CNF markets.

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 CIF is selling at CPO CIF prices.



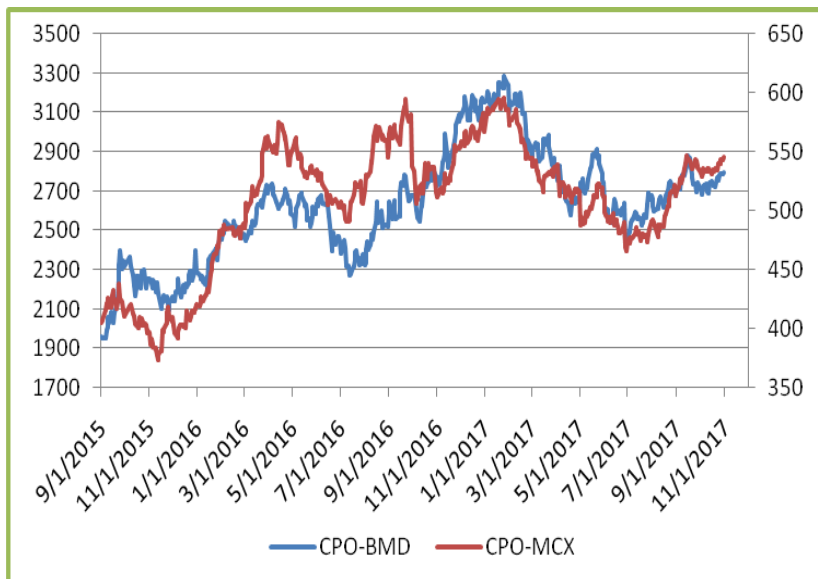
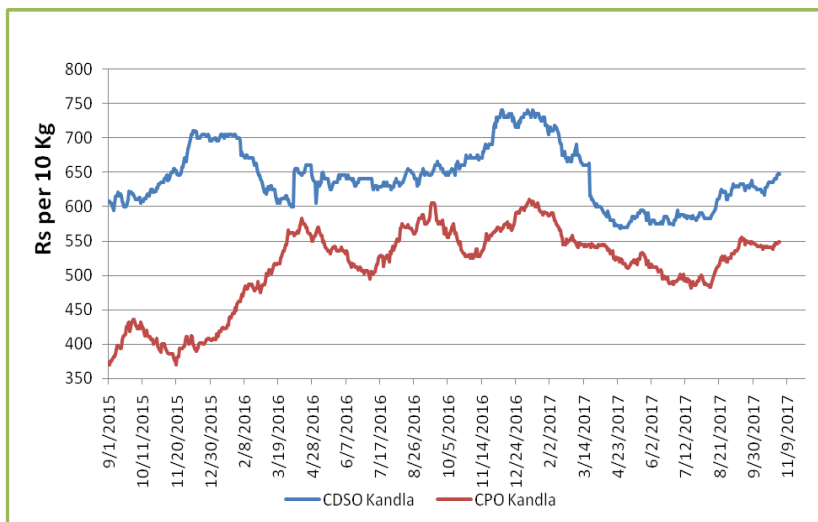
Indian government doubled import duty on CPO from 7.5 percent to 15 percent and refined palm oil to 25 percent. The difference between import duty on CPO compared to increased to 10 percent from 7.5 percent. Industry was asking for duty differential of 15 percent.

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

Supeolein prices rose while Vanaspati prices saw weak movement of prices in domestic markets.

Prices of CPO in India CIF rose more compared to CPO FOB Indonesia indicating firm demand at CIF markets and RBD palmolein rose less in CNF markets compared to FOB markets indicating weak demand on CIF markets.

RBD palmolein premium over CPO decreased to Rs 54 (Rs 43 last month) per 10 kg indicating firm demand of RBD palmolein compared to CPO at high seas.



CPO imports rose in September compared to September 2016 and August 2017. Stocks at ports and pipelines decreased indicating that importers are importing and stocking at ports. RBD palmolein imports rose in September compared to September 2016 while it was lower than August 2017. Stocks at ports and pipelines rose. Imports of palm oil are stocked at ports to take advantage of prices.

Low premium of CIF RBD palmolein over CIF 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 is in disparity while refining margins are positive. Refining margins in imported CPO is higher imports of ready to use RBD palmolein which will induce more imports of CPO from Indonesia compared to Malaysia.

Further, RBD palmolein demand is low at CIF markets while it is high in domestic markets indicating that RBD palmolein prices will rise if imports of RBD palmolein did not pick up. However, RBD palmolein stocks at ports may slow imports in October.

The second chart indicates that RBD palmolein-CNF prices were trading at parity to CPO-CNF.

Low soy oil premium over crude palm oil which is hovering at Rs 134 (Rs 128 last month) per 10 Kg will decrease demand of CPO and decrease imports.

Previous chart in soy oil section shows that premium of soy oil over palm oil has increased in October at CIF markets will increase imports. Decreasing premium of crude sunflower CIF India West coast and CPO CIF at USD 97.5 (USD 115) per ton will underpin CPO prices and RBD palmolein prices in medium term. Decreasing premium of CSFO-India West coast over CPO-CIF indicates lower demand of CPO at CIF markets compared to CSFO-CIF.

Low CDSO CIF premium over CPO CIF will decrease imports of palm oil in medium term at USD 124 (USD 92 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 100 (Rs 83 last week) per 10 Kg, which is low and will decrease CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 80 (Rs 80 last week) per 10 kg is low and will decrease RBD palmolein demand in near term. Values in brackets are figures of last week.

Prices of palm oil will rise in medium term on firm demand.

- Palm oil import scenario – According to SEA, India imported 9.32 lakh tonnes of palm oil in September 2017 v/s 7.73 lakh tonnes in September 2016, higher by 20.6 percent y-o-y. Import of palm oil in the period (November 2016-September 2017) was at 85.45 lakh tonnes compared to 77.34 lakh tonnes in the corresponding period in last oil year, higher by 9.2 percent in the corresponding period last oil year.

CPO imports increased to 6.52 lakh tonnes in September compared to 5.65 lakh tonnes in September 2016, higher by 15.4 percent y-o-y. Import of CPO in the period (November 2016-September 2017) was at 57.38 lakh tonnes compared to 52.35 lakh tonnes in the corresponding period last oil year, higher by 9.6 percent y-o-y.

RBD palmolein imports rose 2.78 percent in September to 2.62 lakh tonnes from 2.05 lakh tonnes in September 2016. Import of RBD palmolein in the period (November 2016-September 2017) was at 27.23 lakh tons compared to 27.01 lakh tonnes in corresponding period last oil year, higher by 1.0 percent y-o-y.

- United States Department of Agriculture (USDA) in its September estimate decreased India's 2017/18 imports estimate of palm oil by 0.1 MMT to 9.4 MMT from 9.5 MMT in its earlier estimate. Consumption estimate of palm oil is reduced to 9.5 MMT from 9.6 MMT in its earlier estimate. Lower imports of palm oil are due to increase in import duty on edible oils.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 720 (USD 700) per ton for November delivery and December delivery is quoted at USD 720 per ton. Last month, CIF CPO October average price was at USD 718.32 per ton (USD 729.76 per ton in September 2017). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port is offered at is quoted at USD 700 (USD 697.2) per ton for November delivery and December delivery is quoted at USD 720 (USD 697.5) per ton. Last month. CIF RBD palmolein October average price was USD 718.78 (USD 729.36 September 2017) per ton. Values in bracket depict last week quotes.

CPO duty paid prices ready lift quoted at Rs 551 (Rs 540) per 10 Kg and October delivery is offered at Rs 551 (Rs 538) per 10 Kg on November 3, 2017.

Ready lift RBD palmolein is quoted at Rs 605 (Rs 585) per 10 kg as on November 3, 2017.

Values in bracket depict October 2017 quotes.

- Palm oil imports will increase in near term owing to lower CIF soybean oil premium versus CIF crude palm oil, which is hovering at USD 120 per ton (USD 129 per ton last month).
- On the parity front, margins improved during the month of October on higher price of palm oil products in Indian markets and we expect margins to improve in coming days. Currently refiners fetch USD 30-35/ton (October average) v/s gain of USD 10-15/ton (September average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 25-30/ton (October average) v/s gain of USD 15-20 (September average).
- We expect palm oil to trade sideways to firm tone in medium term.

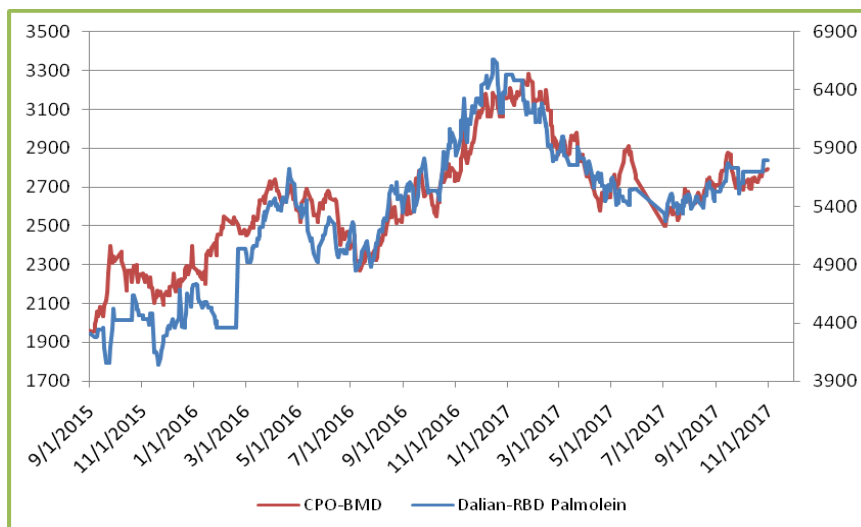
International Market Fundamentals

- Agriwatch view – Palm oil end stocks in Malaysia in October is expected to rise on higher production and weaker rise in exports. However, gains in end stocks will be limited as production in Malaysia will be lower than expected. Lower rate of growth of palm oil stocks in Malaysia in October will support palm oil prices in medium term.

In September stocks of palm oil in Malaysia rose 3.98 percent despite fall in production by 1.69 and 1.82 percent higher exports.

Exports rose from Malaysia in October on higher demand from EU and India

Palm oil exports rose 2-3 percent in Malaysia in October indicating weakening of demand of palm oil from Malaysia as Malaysia reported 8-9 percent rise in exports until first 25 days of October indicating that demand is fading and will be lower in first 10 days of November on lower imports from China.



Both China and India is buying more from Indonesia as CPO is offering better refining margins in both countries compared to RBD palmolein from Malaysia.

China in recent months is buying more palm oil as it is stocking palm oil after finishing of strategic stocks of rapeseed oil in the country. CNGOIC has stated that it will purchase 475,000 tons of palm oil every month and it is buying more from Indonesia, data from CNGOIC shows.

Port stocks in China are half of long term averages.

Firm demand of palm oil from China has led to rise in RBD palmolein DALIAN which has supported BMD CPO which is highly correlated to DALIAN RBD palmolein.

Exports to India from Malaysia were firm due to imposition of import duty by India. However, demand after Diwali will be low. Imports will be higher because Government of India has indicated that it will hike import duties on edible oils to reduce negative impact of imports of edible oils and oilseeds prices.

Low soy oil premium over palm oil has led to weak demand from India. Stocks at ports and pipelines are more and may decrease demand of palm oil in medium term.

Production in Malaysia is expected to rise on seasonal uptrend of production and diminishing effect of El Nino.

Production will rise until October due to diminishing effect of El Nino which extended the production. Generally monsoon season in Malaysia is June to September. Due to extension of monsoon peak production will end in October.

Palm oil production in Malaysia will recover in October after it peaked in July. Lower growth of production will not pressurize stocks in medium term.

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

Imports from EU was less than last month as EU is pressurizing governments in the Union to purchase less palm oil from Malaysia and Indonesia as both the countries are destroying rain forests for palm plantations.

Malaysia increased export duty on crude palm oil to counter hike in import duty by India. Inverted tax structure will keep palm oil flowing to top importer as stocks rise in Malaysia. India remains big hope as Malaysia grapples with higher end stocks of palm oil in the country.

Increase in import duty on palm oil by India is not going to depress palm oil imports in near term.

Higher buying by India and China is will decrease palm oil stocks in Malaysia and support prices of palm oil.

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.

Weak ringgit will support exports of palm oil from Malaysia

Palm oil imports from India are expected to be weak in medium 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 2017-18 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 touch 36.5 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 in 2018.

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

Malaysia increased palm oil export duty to 6.5 percent for November from 6 percent in October as Malaysian government intends to keep inverted tax structure to gain market share from Indonesia.

Indonesia kept export duty unchanged at zero for November with reference prices of USD 750 per ton. This is the seventh month zero export duty by Indonesia.

Indonesia has kept palm export duties unchanged at zero as it expects palm oil prices to miss certain thresholds.

Indonesia biodiesel mandate will consume incremental production in medium term in 2017.

Higher competitive oils will support palm oil prices.

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

- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's October palm oil exports rose 2.5 percent to 1,406,706 tons compared to 1,372,990 tons of last month. Top buyers were India & subcontinent at 314,210 tons (261,675 tons), European Union at 258,770 tons (292,155 tons) and China at 254,230 tons (320,512 tons). Values in brackets are figures of last month.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's October palm oil exports rose 2.3 percent to 1,416,664 compared to 1,384,665 last month. Top buyers are European Union at 293,425 tons (195,869 tons), China at 262,811 tons (227,764 tons), India at 175,230 tons (156,675 tons), Pakistan at 82,540 tons (106,540 tons) and United States at 61,772 tons (66,840 tons). Values in brackets are figures of last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's September palm oil stocks rose 3.98 percent to 20.19 lakh tons compared to 19.42 lakh tons in August. Production of palm oil in September fell 1.69 percent to 17.80 lakh tons compared to 18.11 lakh tons in August. Exports of palm oil in September rose 1.82 percent to 15.15 lakh tons compared to 14.88 lakh tons in August. Imports of palm oil in September fell 1.17 percent to 0.41 lakh tons compared to 0.42 lakh tons in August. Rise in palm oil end stocks in September was above analyst's estimates.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia is expected to produce 36.5 MMT of palm oil from up 4 MMT from 2016. Indonesia palm oil exports are expected to reach 30 MMT, higher 20 percent from 2016. Production in Indonesia is expected to reach 38.5 MMT in 2018 as El Nino takes effect and lagged effect of El Nino fades.
- According to Malaysian government, Malaysia's palm oil production is expected to rise 2.5 percent in 2018 to 20.5 MMT after rise of 15.5 percent rise in production in 2017 at 20 MMT. Malaysia palm oil output was 17.3 MMT in 2016. Average prices of palm oil in 2018 are estimated at 2,750 ringgit per ton due to higher demand by China, EU and India. Average prices of palm oil in 2017 are estimated at 2,700 ringgit (USD 638) per ton.

- According to China's General Administration of Customs (CNGOIC), China's September palm oil imports rose 43.11 percent to 6.88 lakh tons compared to September 2016. Year to date imports of palm oil rose 13.06 percent to 34.85 lakh tons compared to corresponding period last year. Imports from Indonesia in September rose 129.23 percent to 4.71 lakh tons compared to September 2016. Year to date imports of palm oil from Indonesia rose 24.24 percent to 22.17 lakh tons compared to corresponding period last year. Imports from Malaysia in September fell 21.27 percent to 2.17 lakh tons compared to September 2016. Year to date imports fell 2.01 percent from Malaysia to 12.67 lakh tons compared to corresponding period last year.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia exports of palm and palm kernel oil rose 24 percent to 2.98 MMT from 2.40 MMT in July 2017. Exports in August grew 44 percent y-o-y compared to August 2016 at 2.07 MMT.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia increased November crude palm oil export duty to at 6.5 percent from 6.0 percent in October. Tax is calculated at reference price of 2,872.58 ringgit (\$681.59) 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 November crude palm oil export duty at zero, unchanged from last month. This is the seventh consecutive month of zero tax. Reference prices of export tax are set at USD 750 per ton. Indonesia kept export duty at zero as it expects that prices will miss certain thresholds.

Previous updates

- According to Malaysia Palm Oil Board (MPOB), Malaysia's August palm oil stocks rose 8.79 percent to 19.42 lakh tons compared to 17.84 lakh tons in July. Production of palm oil in August fell 0.90 percent to 18.11 lakh tons compared to 18.27 lakh tons in July. Exports of palm oil in August rose 6.43 percent to 14.88 lakh tons compared to 13.98 lakh tons in July. Imports of palm oil in August fell 21.34 percent to 0.42 lakh tons compared to 0.47 lakh tons in July. Rise in palm oil end stocks in August was above analyst's estimates. Growth of exports improved in August due to higher buying by India and China.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's October 1-25 palm oil exports rose 8.3 percent to 1,197,237 compared to 1,105,555 tons in corresponding period last month. Top buyers are European Union at 264,400 tons (182,369 tons), China at 210,361 tons (196,939 tons), India at 125,030 tons (121,200 tons), Pakistan at 82,540 tons (64,800 tons) and United States at 44,920 tons (52,750 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's October 1-25 palm oil exports rose 8.6 percent to 1,177,939 tons compared to 1,085,116 tons in the corresponding period last month. Top buyers were India & subcontinent at 252,010 tons (196,000 tons), European Union at 221,245 tons (229,216 tons) and China at 203,130 tons (248,932 tons). Values in brackets are figures of corresponding period last month.
- According to China's General Administration of Customs (CNGOIC), China's August palm oil imports rose 3.81 percent to 4.19 lakh tons compared to August 2016. Year to date imports of palm oil rose 7.51 percent to 27.97 lakh tons compared to corresponding period last year. Imports from Indonesia in August rose 25.12 percent to 2.37 lakh tons compared to August 2016. Year to date imports of palm oil from Indonesia rose 10.58 percent to

17.56 lakh tons compared to corresponding period last year. Imports from Malaysia in August fell 15.19 percent to 1.26 lakh tons compared to August 2016. Year to date imports rose 3.21 percent from Malaysia to 10.50 lakh tons compared to corresponding period last year.

- According to Indonesia Palm Oil Association (GAPKI), Indonesia exports of palm and palm kernel oil fell 19 percent to 2.13 MMT from 2.62 MMT in June 2017 and 1.78 MMT in June 2016, higher by 19.7 percent y-o-y.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia increased October crude palm oil export duty to at 6.0 percent from 5.5 percent in September. Tax is calculated at reference price of 2,754.18 ringgit (\$657.32) 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 October crude palm oil export duty to zero, unchanged from last month. Tax is not charged if prices are at or below USD 750 per ton. Indonesia kept 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 520-500 per 10 Kg.

Balance Sheet- Palm Oil (quarterly), India

Fig. in million tons

	2015-16	2016-17	2017-18-F	Nov-Jan-F	Feb-Apr-F	May-July-F	July-Oct-F
Opening Stock	1.74	1.20	1.15	1.15	1.16	1.27	1.18
Production	0.20	0.20	0.20	0.05	0.05	0.05	0.05
Imports	8.53	9.30	9.76	2.25	2.34	2.34	2.83
Total Supply	10.47	10.70	11.11				
Quarterly add-on				2.30	2.39	2.39	2.88
Consumption	9.27	9.55	9.93	2.28	2.28	2.48	2.88
Ending Stocks	1.20	1.15	1.18	1.16	1.27	1.18	1.18

Source: AW estimates

Oil year- November-October

Highlights

- Prices of palm oil in 2017-18 are expected to be firm on lower carryout in oil year 2016-17.
- Imports are expected to be higher in 2017-18 compared to last year oil year 2016-17 on lower imports duty compared to other edible oils.
- Carryout stocks of oil year 2016-17 are 1.15 million tons on lower carry in and higher rate of growth of consumption.
- Carryout of 2017-18 is higher than 2016-17 due to higher imports of palm oil.
- Carry out of first quarter of oil year 2017-18 will be lower than second quarter of oil year 2016-17.

Rapeseed oil: Domestic Market Fundamentals

➤ Rapeseed oil featured mixed trend at various markets on weak demand and firm supply. Prices of expeller mustard oil closed higher at benchmark market of Kota. Prices of rapeseed expeller fell in Kota, Hapur, Neewai, while it rose in Jaipur, Ganganagar, Kolkata, Mumbai and New Delhi. Kacchi Ghani prices rose across board except Hapur where prices fell at the end of month. Rapeseed (Canola) oil prices rose in October.

➤ Agriwatch view: Rapeseed oil prices traded firm in the month of October in various markets in India on firm demand.

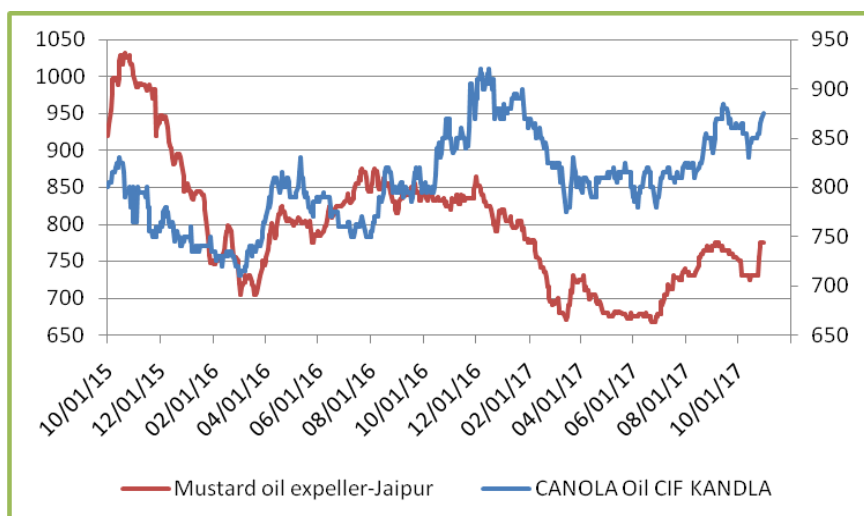
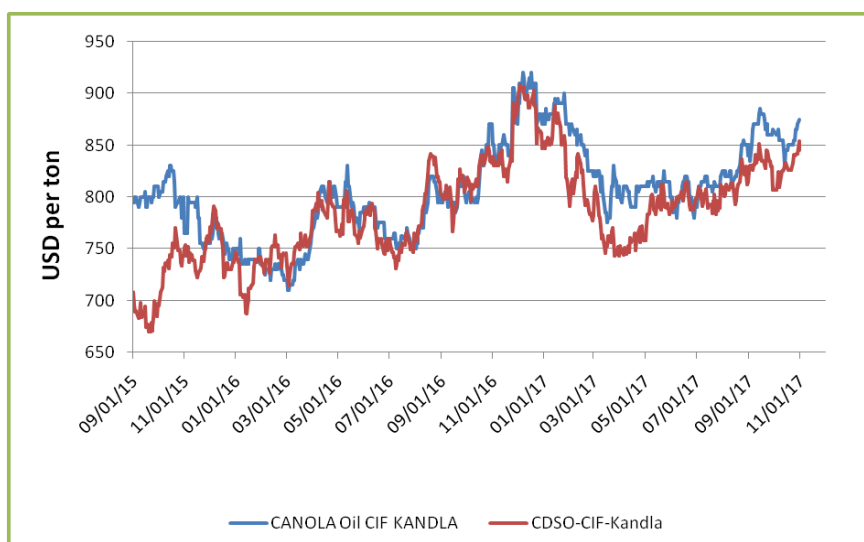
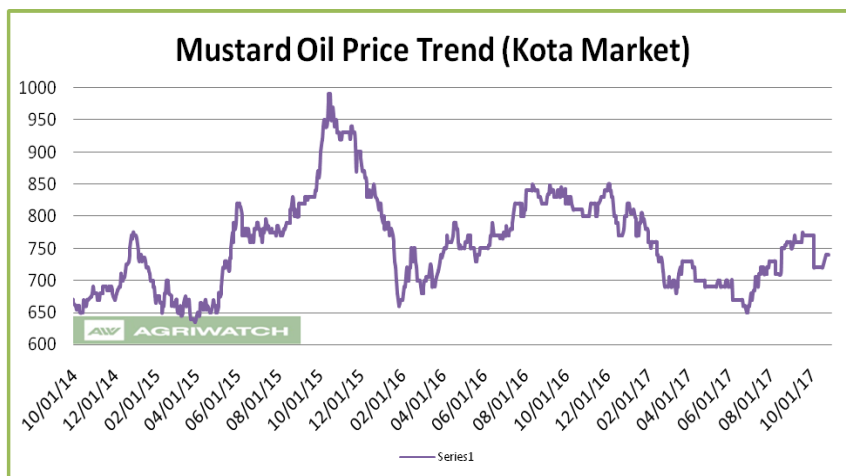
Rapeseed arrivals reduced in the month of October compared to September while demand was firm which supported prices.

Demand of rapeseed oil ahead of winter is expected to support prices.

Sowing of rapeseed is above corresponding period last year. However, sowing in state of Rajasthan is lagging from corresponding period last year.

Very good rapeseed-mustard crop in 2016-17 oil year will improve supplies of rapeseed oil in long run.

Agriwatch pegged rapeseed-mustard crop at 6.8 MMT in MY 2017-18.



Stockists and traders are stocking against firm demand has led to higher prices of rapeseed oil.

Demand is firm as the prices are very lucrative.

Rapeseed (Canola) oil prices rose in October supporting rapeseed expeller prices.

Prices rose on seasonal uptrend of prices.

Soy oil and palm oil supported the rise.

Above chart shows that Canola oil prices mirror rapeseed expeller oil prices. So, rise in canola oil prices will support mustard expeller prices.

Below chart shows prices of canola oil at CIF markets are closely following soy oil-CIF so firmness in soy oil will support canola oil lower in CIF markets which will support soy oil prices.

Low premium of rapeseed oil over soy oil in domestic market was at Rs 40 (Rs 95) per 10 Kg, will support rapeseed oil prices in medium term.

Government has indicated that it will increase import duty on canola oil, which will prompt traders to import canola oil at higher quantities before duties are hiked.

Prices of rapeseed oil are expected to trade sideways to firm on increased demand, rise in rapeseed prices, seasonal uptrend of prices and rise in competitive oils prices.

- All India sowing of rapeseed reached 26.57 lakh hectares as on 3 November 2017 compared to 26.81 lakh hectares in corresponding period last year. Rajasthan is lagging in sowing as on 3 November 2017 and it has reached 9.94 lakh hectares compared to 16.34 lakh hectares in corresponding period last year
- India imported 0.15 lakh tons of rapeseed (Canola) oil in September 2017 v/s 0.30 lakh tons in September 2016. Imports were 2.55 lakh tons in the period (November 2016-September 2017) compared to 3.34 lakh tons in corresponding period last oil year, lower by 23.7 percent y-o-y: SEA
- CIF Canola oil premium over soybean oil is hovering at USD 51 (USD 35 last month) as on October 3, 2017
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 750 (Rs 770) per 10 Kg and at Kota market is quoted around Rs 770 (Rs 750) per 10 kg as on October 4, 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 700-820 per 10 Kg.

Balance Sheet- Rapeseed Oil, India
Fig. in lakh tons

	2012-13	2013-14	2014-15	2015-16-F	2016-17	2017-18-F
	1.49	1.73	3.86	1.39	1.41	1.68
Production	25.02	26.78	20.16	21.24	23.65	22.47
Imports	0.13	2.00	3.70	3.56	3.00	4.00
Total Supply	26.64	30.52	27.72	26.19	28.06	28.15
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	24.91	26.66	26.33	24.77	26.38	26.91
Ending Stocks	1.73	3.86	1.39	1.41	1.68	1.24

Source: AW estimates

Oil year- November-October

➤ **Highlights**

- Prices of rapeseed oil in 2017-18 are expected to be firm on lower carryout.
- Rapeseed oil production is lower in oil year 2017-18 on higher rapeseed crop.
- Lower oil production in 2017-18 is due to lower marketable surplus of rapeseed resulting in lower crush.
- Carryout stocks of oil year 2016-17 is 1.68 lakh tons on higher rapeseed oil production.
- Carryout of 2017-18 is lower than 2016-17 due to lower production of rapeseed oil.

Sunflower oil: Domestic Market Fundamentals

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

➤ Agriwatch view: Sunflower prices fell in month of October at its benchmark market of Chennai on firm supply.

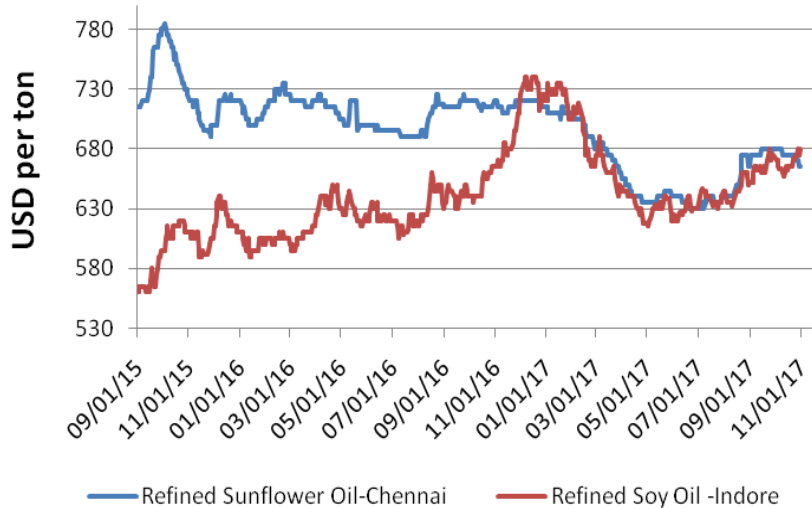
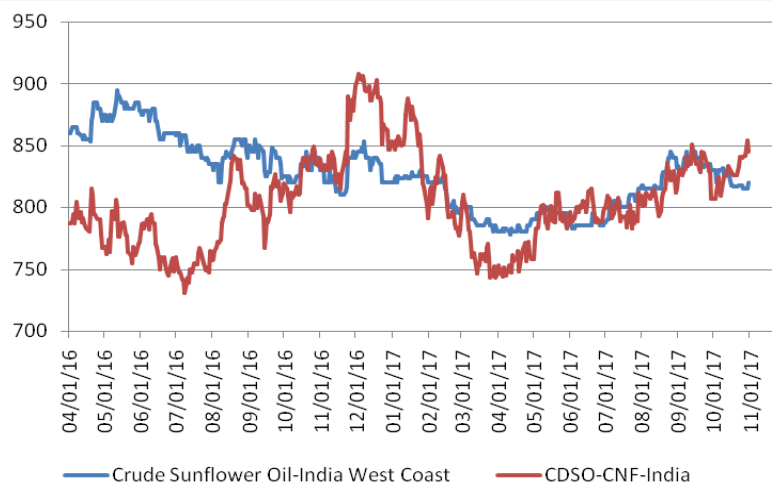
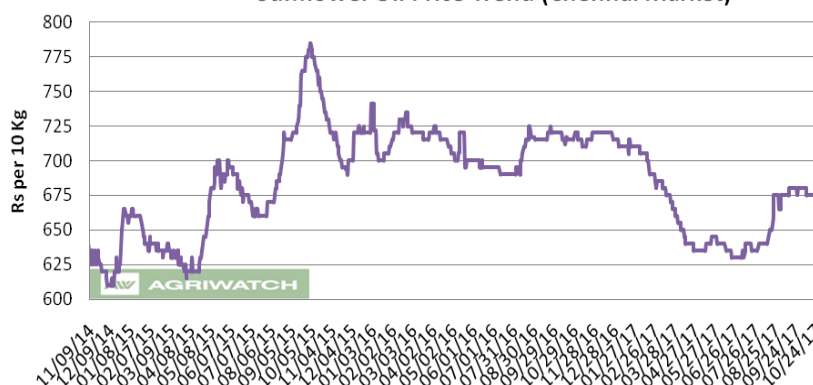
Prices of sunflower oil fell more in domestic market compared CIF markets indicating firm demand of sunflower oil in Indian markets.

Sunflower oil imports in the month of September were higher compared to September 2016 and August 2017 while stocks at ports and pipelines remained unchanged indication firm supply.

Imports of sunflower oil rose 44 percent in 11 months of oil year 2016-17 (November 2016-September 2017).

Record sunflower oil production in Ukraine and Russia has led to lower prices in international markets which will increase imports by India.

Sunflower Oil Price Trend (Chennai Market)



Government of India (GOI) has indicated that it will increase import duty on sunflower to stall 44 percent rise in imports in oil year 2016-17 (October 2016 – September 2017).

Imported sunflower oil is expected to be stocked at ports in October and November to take advantage of rise in import duty.

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 44 percent in oil year 2016-17 (November-August). Imports of sunflower oil will show steady rise in coming months due to low premium of sunflower oil over CDSO and CPO.

Negative premium of crude sunflower over CDSO in CIF markets will support prices in medium term. Imports are expected to be higher in October as crude sunflower oil premium over CDSO CIF is negative. Second chart from above shows crude sunflower oil premium over CDSO is very low which will support imports and underpin prices.

Third 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.

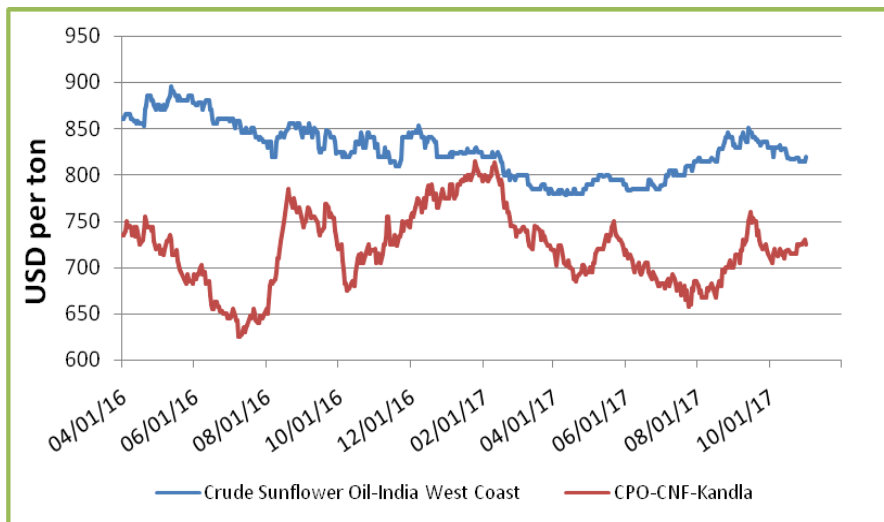
Refiners and stockists are stocking as sunflower oil premium over soy oil is low at USD -26.5 (USD 23 last month).

Prices of sunflower oil in domestic markets are trading at discount over soy oil in domestic market at Rs -15 per 10 kg compared price Rs 14 per 10 kg in September. Above chart shows how soy oil has behaved compared to sunflower oil.

In domestic market, demand is expected to improve in medium term as prices of sunflower oil is trading at negative premium over soy oil despite sunflower oil being superior oil.

Sunflower oil prices are expected to improve on seasonal uptrend of prices 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. CSFO CIF India West coast premium over CDSO CIF India West coast fell to USD -26.5 from USD 23 per ton last month.



Prices are expected to improve on seasonal uptrend of prices, firm demand at lower prices, negative premium of sunflower oil over soy oil and higher carryout in Nov 2017-Jan 2018. Prices of sunflower oil are expected to remain in a range with upwards bias in November.

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

- Sunflower oil import scenario – According to SEA, India imported 1.97 lakh tons of crude sunflower oil during September 2017 v/s 1.04 lakh tons in September 2016, higher by 89 percent y-o-y. India imported 20.40 lakh tons of crude sunflower oil (November 2016-September 2017) compared to 14.19 lakh tons in corresponding period last oil year, higher by 44 percent y-o-y.
- All India sowing of sunflower reached 0.66 lakh hectares as on 3 November 2017 compared to 0.75 lakh hectares in corresponding period last year.
- According to United States Department of Agriculture (USDA) in its October review cut India's 2017/18 imports of sunflower oil by 0.1 MMT to 1.7 MMT. However, consumption of sunflower oil in India in 2017/18 has been kept unchanged at 1.9 MMT.
- According to State Statistics Service of Ukraine, crude sunflower oil production in the period January-September of 2017 rose to 3.7 MMT compared to 2.985 MMT in corresponding period in 2016, higher by 24 percent in the corresponding period last year. In September, Ukraine produced 0.346 MMT of crude sunflower oil compared to 0.153 MMT produced in August, up 126 percent m-o-m. Production in September 2016 was at 0.401 MMT.
- CIF sunflower oil prices (Ukraine origin) at west coast of India quoted around USD 817.5 (USD 835) per ton for Nov delivery, Dec delivery is offered at USD 817.5 (USD 840) per ton, JFM delivery is quoted at USD 822.5 (USD 825) per ton and AMJ delivery is quoted at USD 830 per ton as on Nov 3, 2017. Last month, CIF sun oil (Ukraine origin) October monthly average was around USD 822.63 (USD 837.1 in September 2017) per ton. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 800-850 per ton in the medium term. CIF Sunflower oil-CNF premium against CDSO CNF had weakened from last month and is hovering at USD -16.5 per ton versus USD 16 per ton previous month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 665 (Rs 680) per 10 Kg, and at Hyderabad market, it is offered at Rs 684 (Rs 684) per 10 kg as on November 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 640-720 per 10 Kg.

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

	2016-17	2017-18-F	Nov-Jan-F	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening Stock	2.02	4.14	4.14	4.67	5.48	5.21
Production	0.96	0.80	0.15	0.12	0.27	0.27
Imports	22.39	21.94	5.70	6.47	5.49	4.28
Total Supply	25.37	26.88				
Quarterly add-on			5.85	6.59	5.75	4.55
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	21.23	23.14	5.32	5.78	6.02	6.02
Ending Stocks	4.14	3.74	4.67	5.48	5.21	3.74

Source: AW estimates

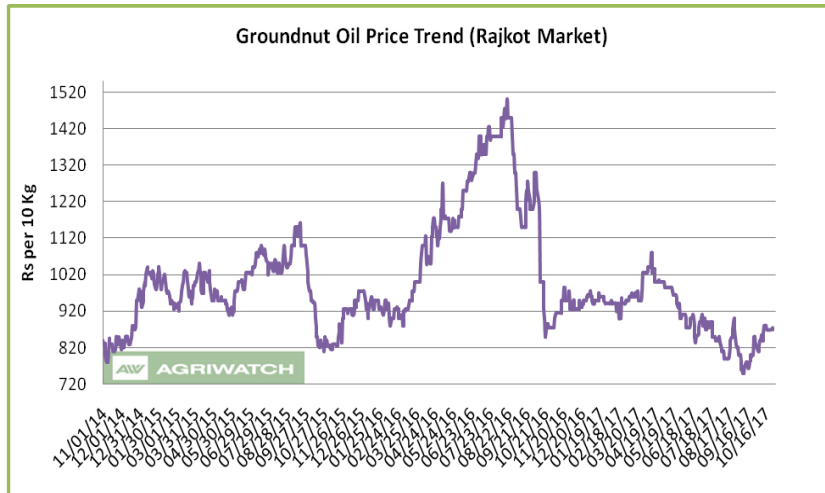
Oil year- November-October

Highlights

- Prices will be firm in lower carry out for oil year 2017-18 compared to of 2016-17.
- Sunflower oil production is expected to be lower in oil year 2017-18 on lower sunflower crop.
- Carryout stocks of oil year 2016-17 is 4.14 lakh tons on higher sunflower oil imports.
- Carryout of 2017-18 is lower than 2016-17 due to lower imports.
- Lower carry out in 2017-18 is due to lower imports.

Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured uptrend during the month in review at its benchmark market in Rajkot on buying at lower quotes and firm demand. Prices closed higher in Chennai, Mumbai and New Delhi. Prices closed higher in Jamnagar and Gondal at the end of the month. Groundnut oil expeller closed higher in Hyderabad.
- Agriwatch view: Groundnut oil prices increased in October on buying at lower quotes and firm demand.



Prices are expected to trade firm on firm demand, firm groundnut prices, rise in competitive oil prices, and firm activity in cash markets.

Prices are expected to trade sideways to firm.

- All India sowing of groundnut reached 1.24 lakh hectares as on 3 November 2017 compared to 1.47 lakh hectares in corresponding period last year.
- The Gujarat government has stated to procure groundnut at Rs 900 per 20 kg against current price Rs 700-750 per 20 kg. The government will procure through NAFED, Gujarat Cooperative Oilseeds Growers' Federation Ltd (Grofed) and Gujcomasol centers. The procurement will commence from October 25, 2017. Gujarat received good rainfall which has led to good oilseed crop in the state. Groundnut area has dipped marginally in Gujarat at 16.26 lakh acres as on 29.09.2017 compared to 16.44 lakh acres in the corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 8,650 (8,300) per quintal and quoting at Rs 8,400 (Rs 7,900) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to firm tone in the coming days.

Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 750-950 per 10 Kg.

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

	2016-17	2017-18-F	Nov-Jan-F	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening stocks	0.25	1.19	1.19	1.46	1.23	1.15
Oil availability (Production)	8.04	7.50	2.75	2.25	1.25	1.25
Imports	0	0	0	0	0	0
Total Supply	8.29	8.69				
Quarterly add-on			2.75	2.25	1.25	1.25
Exports	0.30	0.40	0.10	0.10	0.10	0.10
Consumption	6.80	7.21	2.38	2.38	1.23	1.23
End stocks	1.19	1.08	1.46	1.23	1.15	1.08

Source: AW estimate

Oil year-November-October

Highlights

- Groundnut oil production is expected to be lower in oil year 2017-18 on lower groundnut crop.
- Lower oil production in 2017-18 is due to lower marketable surplus of groundnut seed resulting in lower crush.
- Carryout stocks of oil year 2016-17 is 1.19 lakh tons on higher groundnut oil production.
- Carryout stocks of oil year 2017-18 is 1.08 lakh tons on lower groundnut oil production.
- Lower supply of groundnut oil in 2017-18 is due to higher marketable surplus.
- Carryout of 2017-18 is lower than 2016-17 due to lower production of groundnut oil.

Coconut oil: Domestic Market Fundamentals

- Coconut oil featured uptrend at its benchmark market in Kangeyam on firm copra prices. Prices rose in Kochi at the end of the month.
- Agriwatch view: Prices of coconut oil rose in the month of October on rise in prices of copra.

Wet monsoon season in October and arrival of Northeast monsoon in Tamil Nadu and Kerala has led to weak copra supply and coconut production has come to standstill. Moreover, wet copra is unfit for crushing.

Mills have run out of copra and there is little supply of copra in markets.

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.

Supply constraint of copra was the reason for firm prices of coconut oil.

Demand of coconut oil has weakened due to higher prices of coconut oil.

Rise in palm oil prices supported the rise.

Recent rains in Kerala and Tamil Nadu has led to the expectation of better coconut crop in long term as two successive droughts in Tamil Nadu and Kerala led to weak supply of copra.

Corporate demand which accounts for 80 percent of demand has weakened.

Copra supply is weak as stocks have depleted in the market on higher exports and diversion of coconut products to other value added products. This has led to short supply of copra. Export demand of copra from West Asian markets and Chinese markets is very good.

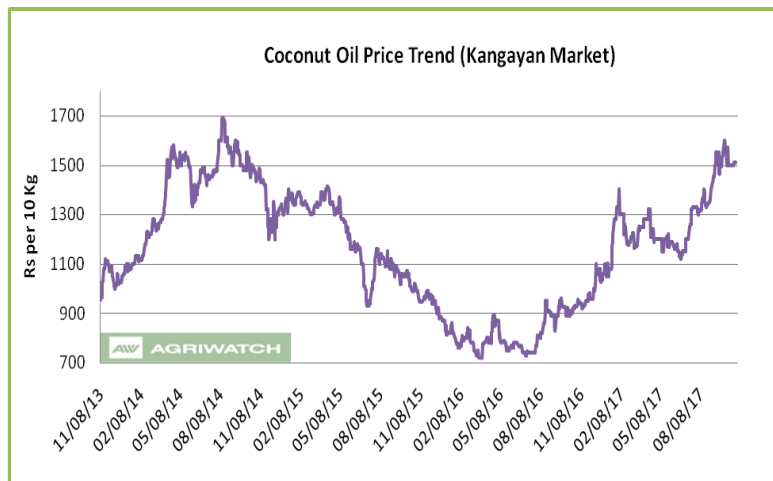
Supply of milling copra is weak as traders are holding stocks in expectation of higher prices. Key coconut growing regions of Tamil Nadu and Kerala have suffered due to deficit of rains for last two years.

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 oil is costliest domestic edible oil, which will weaken demand.

Demand from North India is weak.

Export demand has weakened due to higher prices of coconut oil which has made coconut oil uncompetitive in international markets. Moreover, appreciation of Rupee will dent export demand. 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 have limited copra stocks and coconut oil. They are not confident of prices and are depending on ready markets.

Traders and upcountry buyers are holding copra as they expect more rise in copra prices.

Higher prices of coconut oil for a long period have shifted demand towards palm oil and will weaken demand of coconut oil in medium to long term.

Moreover, lower prices and high supply of palm kernel oil have helped shift in demand pattern away from 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 is positive which will lead to higher prices in medium term.

With the extreme rise in coconut oil prices, prices could implode when the supply of copra starts to come in.

Prices are expected to be weak in November on weak retail demand and weak demand from corporates, lower prices of copra and weak demand. 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 16,250 (14,500) per quintal, and quoting Rs 15,500 (13,700) per quintal in Erode market on October 31, 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 1300-1700 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

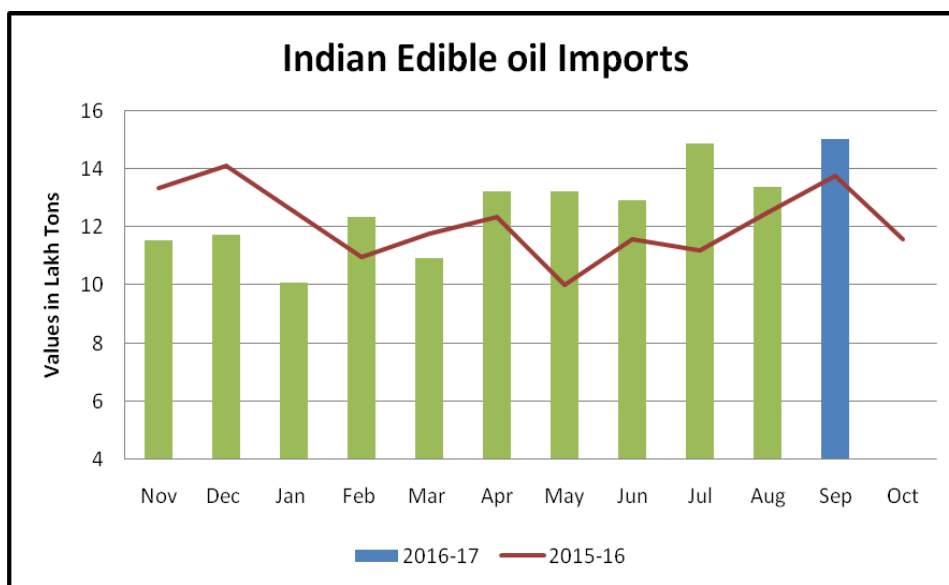
Source: Coconut Development Board
Coconut products exports from India
Qty in '000 MT

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. 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 September is pegged at 15.01 lakh tons.

Indian Supply and Demand Scenario:

Balance sheet of Indian Edible Oil	2015-16	2016-17	2017-18-F	% Change
Value in million tons				
Beginning Stock	2.29	1.78	1.96	9.68%
Production	7.20	8.49	7.70	-9.31%
Imports	14.57	15.30	16.68	9.00%
Total Supply	24.06	25.57	26.33	2.97%
Exports	0.01	0.01	0.02	100.00%
Total Demand(Consumption)	22.27	23.61	24.79	5.00%
Ending Stock	1.78	1.96	1.53	-22.02%

* Value in million tons

Balance Sheet Highlights

Net edible oil output is likely to be 7.70 million tons (down 9.31 percent y-o-y basis) in 2017-18 led by lower oilseed sowing in Kharif and Rabi season in the current oil year.

On import front, edible oil imports seen at 16.68 million tons for 2017/18 oil year v/s 15.30 million tons last year.

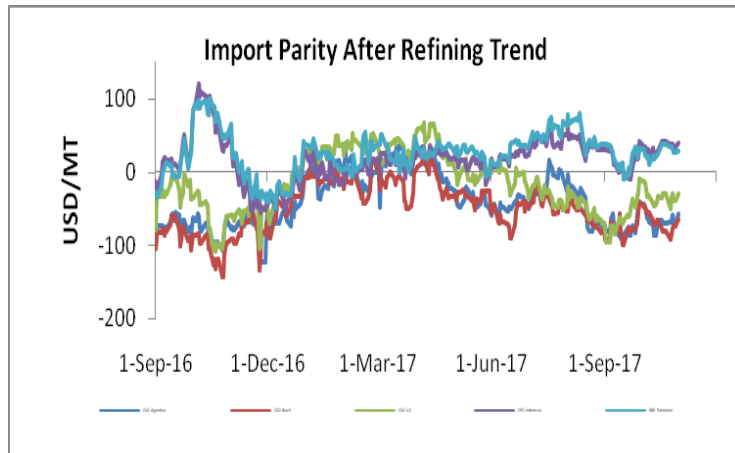
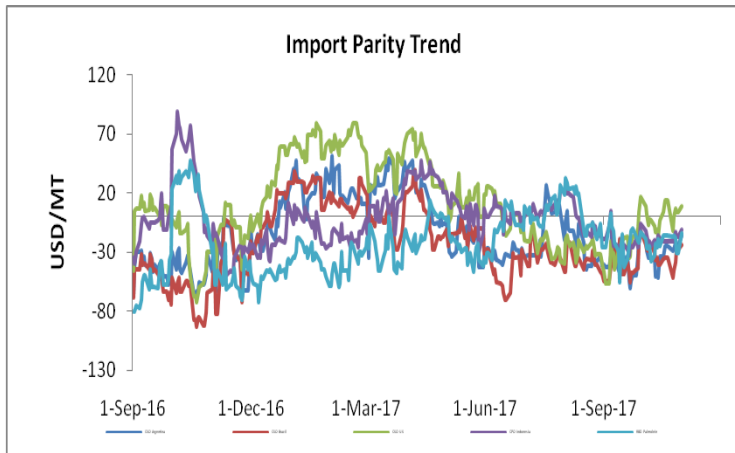
On the consumption side, India's edible oil consumption for 2017-18 oil year seen at 24.79 million tons, up 5 percent from last year. Ending stocks are projected higher compared to 2016-17 at 1.96 million tons.

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

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

Landed Cost Calculation as on 01/11/2017	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	790	799	755	695	700
Freight (USD/MT)	52	52	62	25	20.0
C & F	842.0	851.0	817.0	720.0	720.0
Weight loss (0.25% of FOB)	1.98	2.00	1.89	1.74	1.75
Finance charges (0.4% on CNF)	3.37	3.40	3.27	2.88	2.88
Insurance (0.3% of C&F)	2.53	2.55	2.45	2.16	2.16
CIF (Indian Port - Kandla)	850	859	825	727	727
Duty (Values in USD per tons)	146.83	146.83	146.83	108.15	189.50
GST (5% on duty) USD per ton	7.34125	7.34125	7.34125	5.4075	9.475
Exchange rate	64.57	64.57	64.57	64.57	64.57
Landed cost without customs duty in INR per ton	54876	55463	53245	46928	46929
Customs duty %	17.50%	17.50%	17.50%	15.00%	25.00%
Base import price	839	839	839	721	758
Fixed exchange rate by customs department	65.85	65.85	65.85	65.85	65.85
Duty component in INR per ton	9668.43	9668.43	9668.43	7121.68	12478.58
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	65944	66531	64313	55450	60807
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	64700	64700	64700	54600	60000
Total landed cost USD per ton	1021	1030	996	859	942
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1002	1002	1002	846	929
Parity INR/MT (Domestic - Landed)	-1244	-1831	387	-850	-807
Parity USD/MT (Domestic - Landed)	-19.27	-28.36	5.99	-13.16	-12.50
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	71644.47	72231.12	70013.27	62949.70	63607.41
Soy/Palm oil imported Price (Including tax)	75226.69	75842.67	73513.93	66097.19	66787.78
Loose price of Soy/Palm in Indore and Delhi market	71400.00	71400.00	71400.00	68775.00	68775.00
Parity after processing and Taxes (Rs per MT)	-3826.69	-4442.67	-2113.93	2677.81	1987.22
Parity after processing and Taxes (USD per MT)	-59.26	-68.80	-32.74	41.47	30.78
Source: Agriwatch					

Import Parity Trend

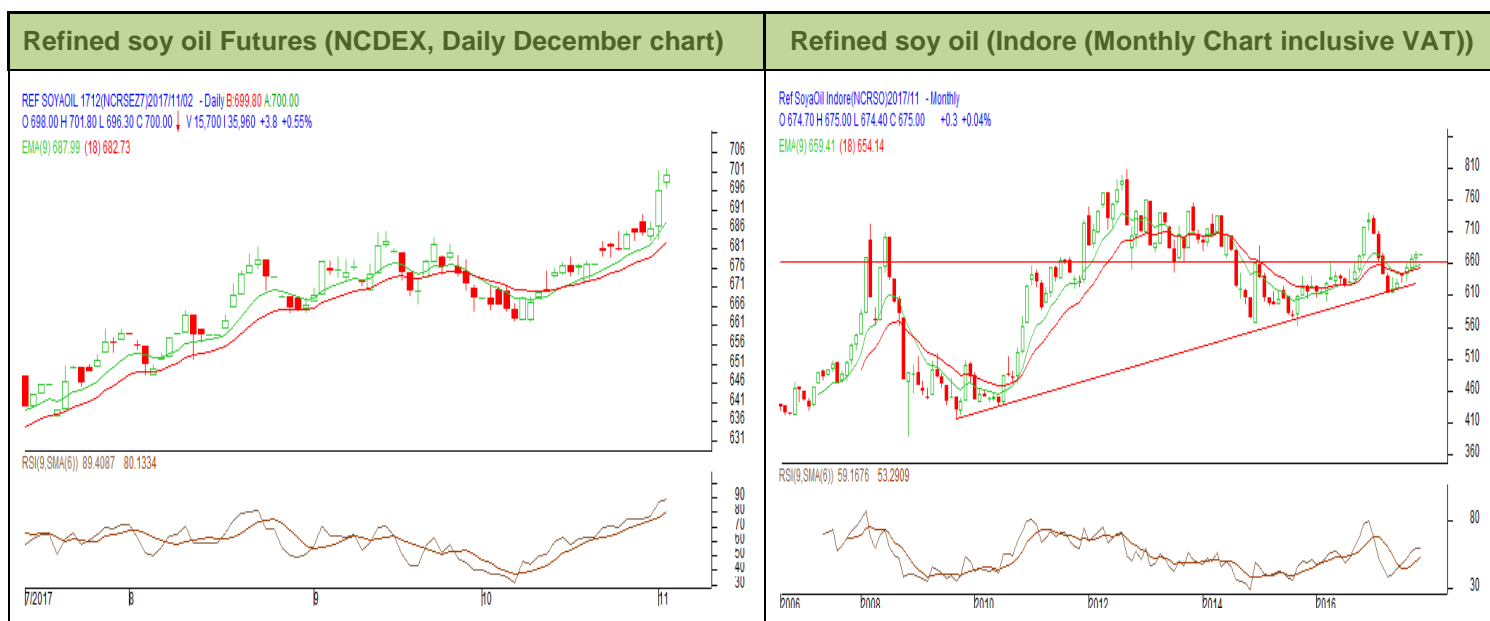


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Aug, 2017	-47.49	-58.95	-48.36	40.00	52.82
Sep, 2017	-74.80	-76.67	-61.72	12.31	17.63
Oct, 2017	-66.76	-68.43	-34.19	33.93	27.30

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 November. 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 firm tone in the days ahead. Investors are advised to buy refined soy oil (December contract) on dips.

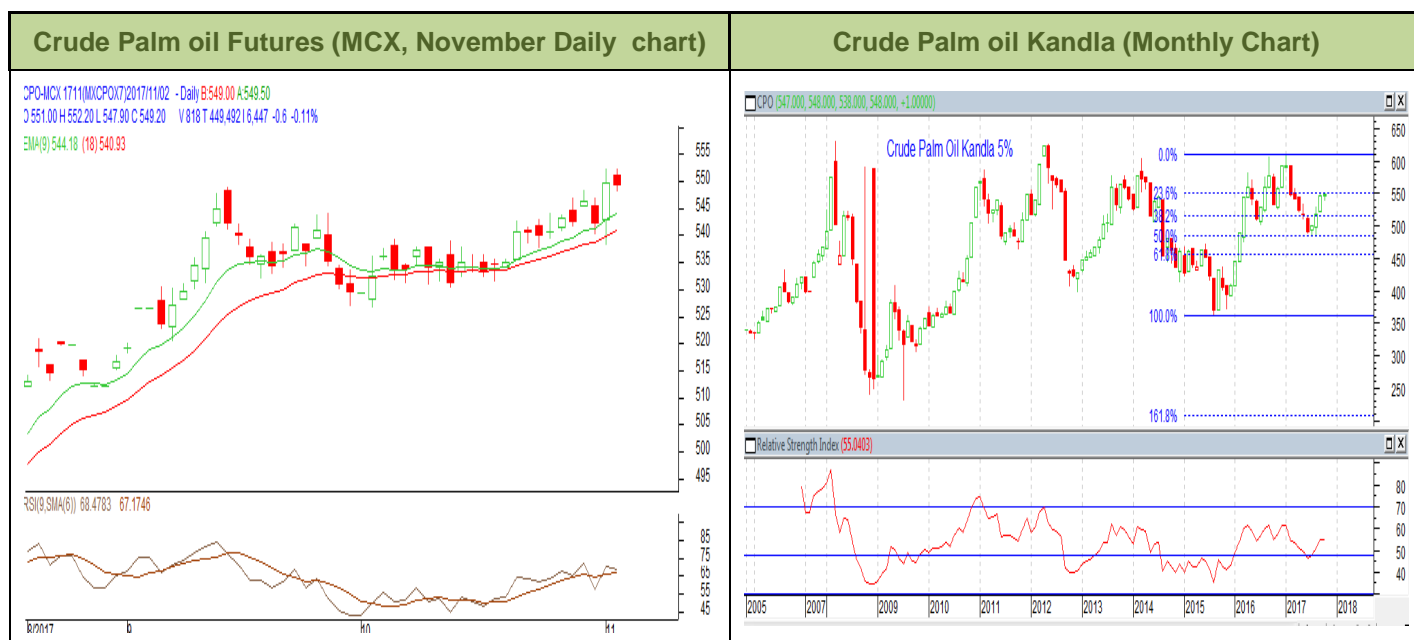
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close below 680 in monthly chart will change the sentiment and bring prices to 660 levels.
- Expected price band for next month is 660-750 level in near to medium term. RSI, Stochastic and MACD are indicating uptrend at current levels.

Strategy: Market participants are advised to go long in RSO above 695 for a target of 715 and 720 with a stop loss at 685 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
666.00	682.00	704.8	710.00	725.00

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

Technical Analysis (Crude Palm oil Monthly Charts)


Outlook - Prices may trade with a sideways to firm tone in the coming days. Investors are advised to buy MCX CPO (November contract) on dips.

- Candlestick monthly chart of crude palm oil at MCX depicts rise in prices. We expect prices to feature sideways to firm tone in the near term.
- Any close below 530 in monthly chart might bring the prices to 510 levels.
- Expected price band for next month is 500-600 level in near to medium term. RSI along with Stochastic and MACD are indicating downtrend.

Strategy: Market participants are advised to go long in CPO above 545 for a target of 565 and 570 with a stop loss at 535 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
532.00	544.00	552.5	557.00	576.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 520-590 per 10 Kg.



Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Oct-17	30-Sep-17	
Refined Soybean Oil	Indore	680	675	5
	Indore (Soy Solvent Crude)	645	645	Unch
	Mumbai	675	675	Unch
	Mumbai (Soy Degum)	642	635	7
	Kandla/Mundra	668	660	8
	Kandla/Mundra (Soy Degum)	647	630	17
	Kolkata	682	675	7
	Delhi	715	700	15
	Nagpur	714	728	-14
	Rajkot	665	655	10
	Kota	680	665	15
	Hyderabad	685	690	-5
	Akola	710	725	-15
	Amrawati	710	725	-15
	Bundi	680	660	20
	Jalna	717	733	-16
	Alwar	NA	NA	-
	Solapur	710	728	-18
	Dhule	717	730	-13
Palm Oil	Kandla (Crude Palm Oil)	548	547	1
	Kandla (RBD Palm oil)	570	570	Unch
	Kandla RBD Pamolein	600	595	5
	Kakinada (Crude Palm Oil)	542	538	4
	Kakinada RBD Pamolein	595	592	3
	Haldia Pamolein	605	600	5
	Chennai RBD Pamolein	600	597	3
	KPT (krishna patnam) Pamolein	592	590	2
	Mumbai RBD Pamolein	615	605	10
	Delhi	655	650	5
	Rajkot	595	590	5
	Hyderabad	594	561	33
	Mangalore RBD Pamolein	600	597	3
	PFAD (Kandla)	460	440	20
	Refined Palm Stearin (Kandla)	480	480	Unch
Refined Sunflower Oil	Chennai	665	680	-15
	Mumbai	710	715	-5
	Mumbai(Expeller Oil)	625	635	-10
	Kandla	690	695	-5
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	685	690	-5



	Latur (Expeller Oil)	695	700	-5
	Chellakere (Expeller Oil)	625	630	-5
	Erode (Expeller Oil)	710	720	-10
Groundnut Oil	Rajkot	865	830	35
	Chennai	840	790	50
	Delhi	865	880	-15
	Hyderabad *	870	850	20
	Mumbai	900	880	20
	Gondal	850	810	40
	Jamnagar	850	830	20
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	770	755	15
	Jaipur (Kacchi Ghani Oil)	795	785	10
	Kota (Expeller Oil)	730	770	-40
	Kota (Kacchi Ghani Oil)	785	770	15
	Neewai (Kacchi Ghani Oil)	745	747	-2
	Neewai (Expeller Oil)	775	767	8
	Bharatpur (Kacchi Ghani Oil)	790	780	10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	760	740	20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	785	760	25
	Mumbai (Expeller Oil)	770	760	10
	Kolkata(Expeller Oil)	880	860	20
	New Delhi (Expeller Oil)	775	768	7
	Hapur (Expeller Oil)	810	825	-15
	Hapur (Kacchi Ghani Oil)	870	880	-10
	Agra (Kacchi Ghani Oil)	795	785	10
Refined Cottonseed Oil	Rajkot	640	650	-10
	Hyderabad	650	645	5
	Mumbai	665	675	-10
	New Delhi	640	635	5
Coconut Oil	Kangayan (Crude)	1550	1540	10
	Cochin	1615	1590	25
	Trissur	NA	NA	-
Sesame Oil	New Delhi	880	780	100
	Mumbai	NA	NA	-
Kardi	Mumbai	870	870	Unch
Rice Bran Oil (40%)	New Delhi	505	510	-5
Rice Bran Oil (4%)	Punjab	600	600	Unch
Rice Bran Oil (4%)	Uttar Pradesh	NA	NA	-
Malaysia Palmolein USD/MT	FOB	700	680	20

	CNF India	725	715	10
Indonesia CPO USD/MT	FOB	695	685	10
	CNF India	725	715	10
RBD Palm oil (Malaysia Origin USD/MT)	FOB	693	675	18
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	708	682	26
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1530	1440	90
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	640	635	5
Crude palm Kernel Oil India (USD/MT)	CNF India	1460	1420	40
Ukraine Origin CSFO USD/MT Kandla	CIF	815	830	-15
Rapeseed Oil Rotterdam Euro/MT	FOB	820	755	65
Argentina FOB (\$/MT)		30-Oct-17	29-Sep-17	Change
Crude Soybean Oil Ship		Unq	Unq	-
Refined Soy Oil (Bulk) Ship		Unq	Unq	-
Sunflower Oil Ship		Unq	Unq	-
Cottonseed Oil Ship		Unq	Unq	-
Refined Linseed Oil (Bulk) Ship		Unq	Unq	-
<i>* indicates including VAT</i>				

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