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# **Veg. Oil Monthly Research Report**

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**Outlook and Review:****Domestic Front**

*Edible oil basket featured mixed tone during the month under review. Soy oil, palm oil and rapeseed oil closed higher while coconut oil closed sideways. Sunflower oil and groundnut oil closed in red.*

*Soy oil (Indore) 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.*

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

*On the currency front, Indian rupee is hovering near 63.86, down by 28 paise compared to previous last month. Rupee is expected to depreciate in February. Crude oil prices are expected to rise in February.*

**Recommendation:**

*In NCDEX, market participants are advised to go long in RSO above 745 for a target of 765 and 770 with a stop loss at 735 on closing basis. In MCX, market participants are advised to go long in CPO above 565 for a target of 585 and 590 with a stop loss at 555 on closing basis.*

*Market Participants can buy refined soy oil in the cash markets at 730-740 for the target of 750-760 levels (Indore), if needed. Market Participants can buy CPO Kandla 5% in the cash markets at 540-550 for the target of 570-580 levels, if needed.*

**International Veg. Oil Market Summary**

*CBOT soy oil (Mar) is expected to stay in the range of 30 cents/lb to 36 cents/lb. CPO at BMD (March) is likely to stay in the range of 2300-2800 ringgits per ton. Focus during the coming days will be ringgit, palm oil exports from Malaysia, India and Chinese palm oil demand, Argentina soybean crop, stocks of soy oil in US, production of palm oil in Malaysia, end stocks of palm oil in Malaysia, dollar and crude oil prices.*

*Malaysia's December palm oil stocks rose 6.97 percent to 27.32 lakh tons compared to 25.54 lakh tons in November. Production of palm oil in December fell 5.59 percent to 18.34 lakh tons compared to 19.43 lakh tons in November. Exports of palm oil in December rose 4.91 percent to 14.23 lakh tons compared to 13.57 lakh tons in November. Imports of palm oil in December fell 50.34 percent to 0.14 lakh tons compared to 0.30 lakh tons in November. Rise in palm oil end stocks in December was above trade estimates: MPOB*

*On the international front, expectation of lower stocks of soy oil in US, higher soybean demand from China, lower soybean crop in Argentina, weak dollar and firm crude oil prices is bullish for the soy complex in the coming days.*

*Suspension of export duty on palm oil by Malaysia, firm exports of palm oil from Malaysia, firm demand of palm oil from India, fall in end stocks of palm oil in Malaysia, weak production of palm oil in Malaysia and firm competitive oils is bullish for palm oil prices in the near term.*

## Soy oil: Domestic Market Fundamentals

- Refined soybean oil prices featured downtrend at its benchmark market at Indore during the month in review on firm demand. Average prices of refined soy oil increased in January. Prices of refined soy oil showed 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 January on firm demand.

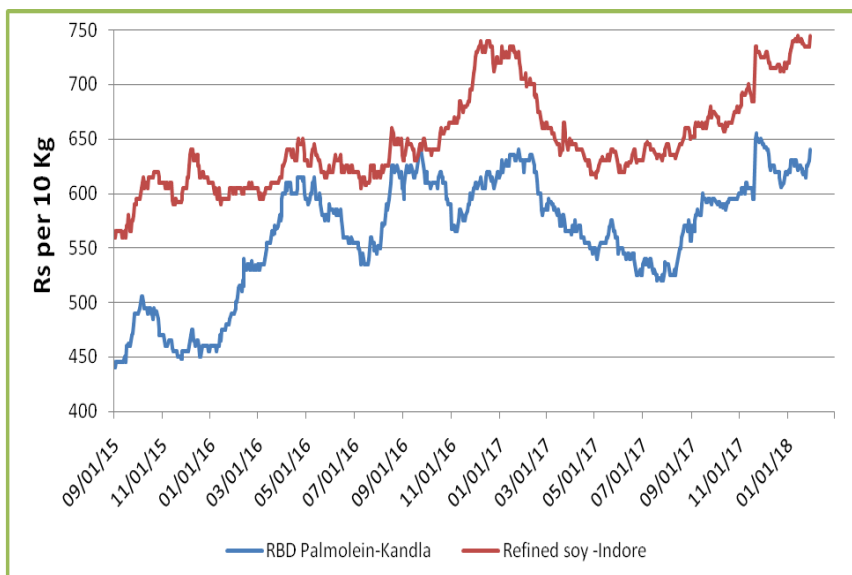
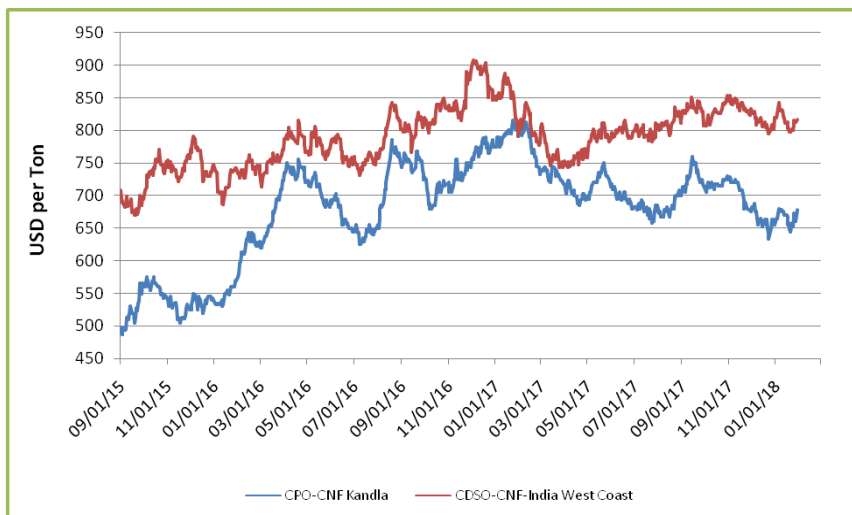
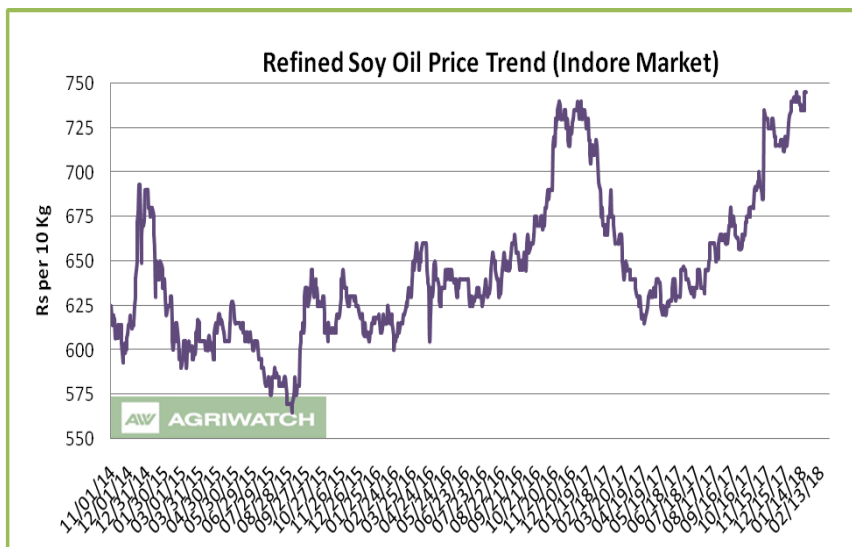
Prices of CDSO rose more at high seas compared to CDSO CIF prices last month indicating firm demand.

Refined soy oil premium over CPO has increased to Rs 183 (Rs 181 last month) per 10 Kg which will weaken soy oil prices. Imports will decrease on rising CDSO premium over CPO at USD 136 (USD 126 last month) per ton for Jan delivery which weaken prices of soy oil.

Refined soy oil premium over RBD palmolein was at Rs 110 (Rs 115 last month) per 10 Kg, which is high and may weaken soy oil prices in domestic markets.

Refined soy oil premium over CDSO high seas is at Rs 47 (Rs 45) per 10 kg indicating firm 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.

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

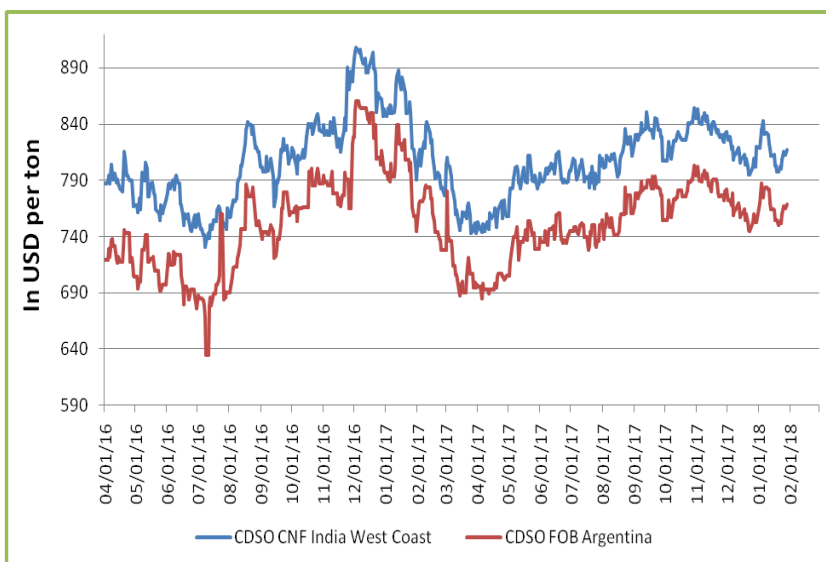
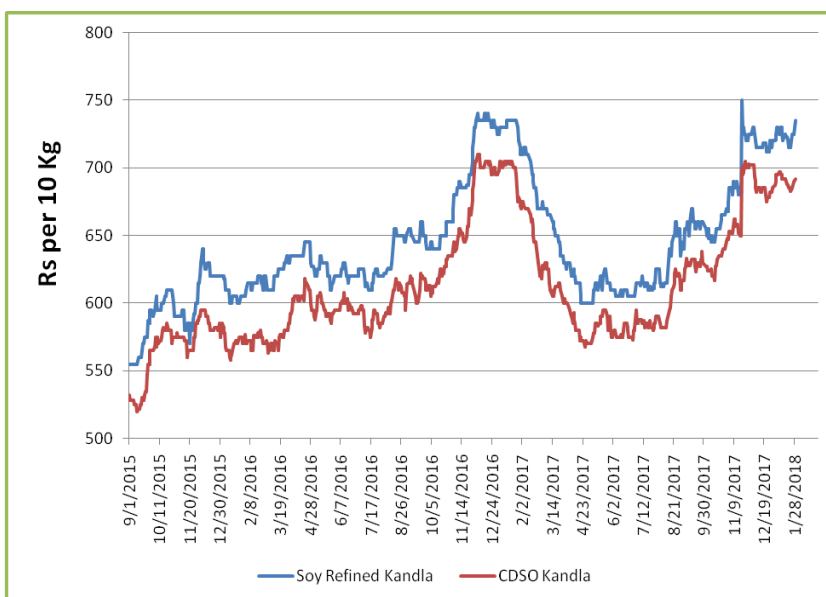
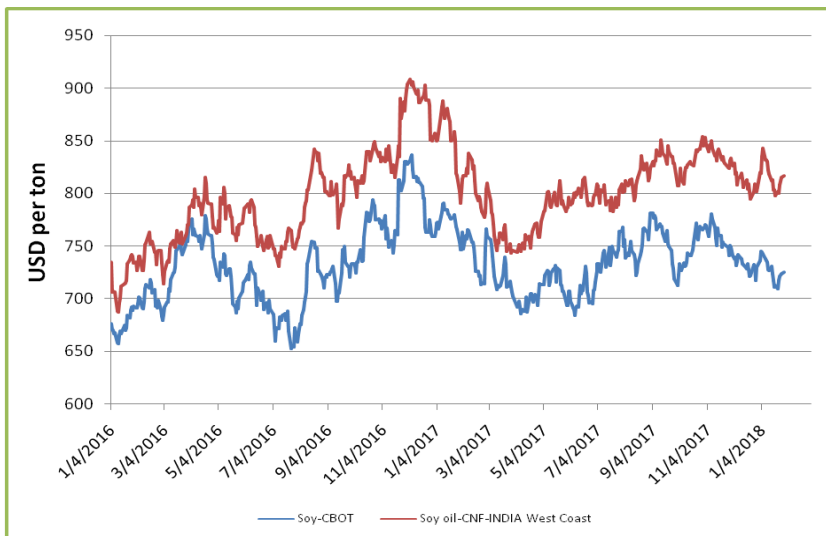
Refiners should wait to purchase their consignment as prices of soy oil are high. However, basis will increase on weak supply of soy oil from Argentina bad weather condition of soybean in the country.

Export demand of soy meal has fallen due to appreciation of Rupee which had 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.

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

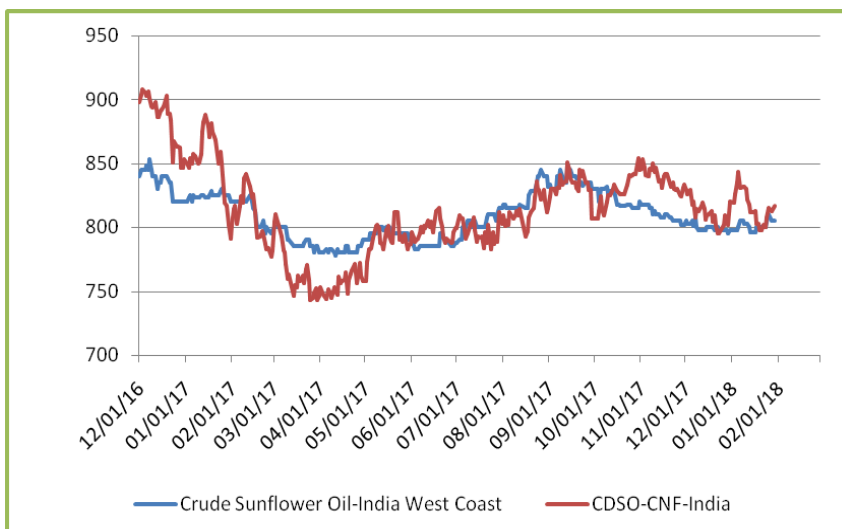
Imports of soy oil fell in December compared to December 2016 and above November 2017. Imports in December were at multiyear lows. Stocks at ports and pipelines were unchanged in December indicating



weak demand of CDSO.

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

- Soy oil import scenario – According to SEA, soy oil imports fell 65 percent y-o-y in December to 0.79 lakh tons from 2.32 lakh tons in December 2016. In the period (Nov 2017-Dec 2017), imports of soy oil were 3.53 lakh tons compared to 3.96 lakh tons in corresponding period last oil year, lower by 10.9 percent.
- According to United States Department of Agriculture (USDA) in its January review, India's 2017/18 imports of soy oil is reduced 0.3 MMT to 3.8 MMT from 4.1 MMT in its earlier review. Consumption of soy oil in India in 2017/18 is reduced to 5.4 MMT from 5.6 MMT in its earlier review. End stocks of soy oil in India in 2017/18 is decreased 0.10 MMT to 0.320 MMT from 0.420 MMT in its earlier estimate.
- According to Solvent Extractors Association (SEA), India's December edible oil imports fell 9.88 percent y-o-y to 10.58 lakh tons from 11.74 lakh tons in December 2016. Palm oil imports in December fell marginally y-o-y to 7.22 lakh tons from 7.23 lakh tons in December 2016. CPO Imports rose 28.5 percent y-o-y to 6.08 lakh tons from 4.73 lakh tons in December 2016. RBD palmolein imports fell 40.2 percent y-o-y to 1.07 lakh tons from 2.46 lakh tons in December 2016. Soy oil imports fell 65 percent y-o-y to 0.79 lakh tons from 2.32 lakh tons in December 2016. Sunflower oil imports rose 27.4 percent y-o-y to 2.37 lakh tons from 1.86 lakh tons in December 2016. Rapeseed (canola) oil imports in December fell 39.4 percent to 0.20 lakh tons compared 0.33 lakh tons in December 2016.
- According to Solvent Extractors Association (SEA), India's December edible oil stocks at ports and pipelines fell 4.18 percent m-o-m to 21.76 lakh tons from 22.67 lakh tons in November 2017. Stocks of edible oil at ports fell to 876,000 tons (CPO 345,000 tons, RBD Palmolein 130,000 tons, Degummed Soybean Oil 200,000 tons, Crude Sunflower Oil 185,000 tons and 16,000 tons of Rapeseed (Canola) Oil) and about 1,300,000 tons in pipelines (stocks at ports were 847,000 tons in November 2017). India is presently holding 36 days of edible oil requirement on 1st January, 2018 at 21.76 lakh tons compared to 38 days of requirements last month at 23.44 lakh tons. India's monthly edible oil requirement is 18.0 lakh tons.
- Imported crude soy oil CIF at West coast port is offered at USD 816 (USD 827) per ton for Feb delivery, March delivery is offered at USD 805 (USD 817) per ton and April delivery is quoted at USD 801 per ton. Values in brackets are figures of last week. Last month, CIF CDSO January average price was USD 816 (USD.92 811.6 per ton in December 2017) per ton.



- On the parity front, margins are in disparity during the week on low prices of soy oil in domestic markets, and we expect margins to remain in disparity in coming days. Currently refiners lose USD 15-20/ton v/s loss of USD 60-65/ton (last month) 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- USDA lowered soy oil end stocks in US in January estimate on higher feed, food and other industrial use partially set off by rise in production of soy oil. Soybean end stocks in US were increased by USDA in its January estimate on lower seed use partially set off by lower production and lower crush of soybean.
- End stocks of soy oil in US in December rose as reported by NOPA is expected to underpin soy oil prices in medium term. However, demand of soy oil remained firm. Rise in end stocks of soy oil was due to record crush of soybean which led to higher production of soy oil.
- Prices of soy oil will supported by dry conditions in soybean belts in Argentina, weak dollar, and rise in crude oil prices.
- Crude oil have been in continuous upward move since last many months and WTI crude oil has reached above USD 65 per barrel. Agreement between OPEC and Russia to cut production by 1.8 million barrels until end 2018 and slow rise in production of US shale coupled with good global demand due to economic recovery across globe has supported crude oil prices. Bull run is expected to continue for WTI crude oil will reach USD 75 per barrel by April which is expected to support soy oil prices in medium term.
- Dry conditions in soybean growing regions in Argentina, lower revision of soy oil stocks in US in December, lowering of expected soybean area in US in 2018/19, rise in crude oil prices and weak dollar has supported soy oil prices in near term.

Soybean crop in Argentina is facing heat stress and planting is over.

Buenos Aires Grains exchange has trimmed total area under soybean in Argentina in 2017/18. Planting have been delayed due to dry conditions, which means that late planted crop may face frost before harvest.

USDA reduced Argentina soybean crop to 56 MMT in its January review from 57 MMT in its earlier review. Dry conditions and lower acreage was the prime cause of reduction of soybean crop.

- US dollar have been continuous loosing spree since early 2017 and it has lost majorly since tax overhaul took place in US last month which led to lower dollar. Weak dollar is supporting risky investments across asset classes and money is moving out of US bonds which is expected to support soy oil prices in medium term.
- Informa has lowered soybean-planting area of US in 2018/19 on expectation of lower soybean planting intentional, which will reduce soybean crop in US in 2018/19.
- Brazil soybean harvest has started and was running at fast pace as wet weather is expected in key soybean belts in Brazil. However, rains will not destroy crops but will slow down harvest.



- Brazil farmers exported record soybeans in 2017 due to firm demand from China due to better quality compared to US soybean and higher protein content in Brazil soybean compared to US soybean. US has been continuously losing its market share in imports by China due to lower protein content and quality issues.
- USDA increased Brazil soybean crop to 110 MMT from 108 MMT in its January estimate on higher yields..
- Demand of soybean from China increased in December on demand ahead of Chinese New Year. Higher soybean yield has resulted in higher soy oil supply in the country which has decreased palm oil imports by the country. Imports of soybean in December were second highest in history. Chinese think tank has indicated that China will import more than 100 MMT in 2018.

China imported second highest soybean in December 2017 which increased by 10 per cent to 9.55 MMT compared to previous month and it increased by 6 per cent compared to December 2016.

Firm Chinese demand will keep prices of soybean complex elevated.

Record imports by China will soak global incremental production of soybean and support prices in medium term.

Prices are in a range.

- According to United States Department of Agriculture (USDA) January estimate, U.S 2017/18 ending stock of soy oil is reduced to 1.536 million lbs compared to at 1,616 million lbs compared to its earlier estimate. Opening stocks are unchanged at 1,711 million lbs. Production of soy oil in 2017/18 is increased to 22,525 million lbs compared to 22,505 million lbs in its earlier estimate. Imports in 2017/18 were unchanged at 300 million. Biodiesel use estimate in 2017/18 is unchanged at 7,500 million lbs. Food, feed and other industrial use in 2017/18 is increased to 13,600 million lbs compared to 13,500 million lbs in its earlier estimate. Exports in 2017/18 estimate are kept unchanged at 1.900 million lbs compared to its earlier estimate. Average price range estimate is reduced to 32-35 cents/lbs in 2017/18 compared to 32.5-36.5 cents/lbs in its earlier estimate.
- According to National Oilseed Processors Association (NOPA), U.S. soybean crush rose to record in December to 166.305 million bushels from 163.546 million bushels in November 2017. Crush of soybean in December 2016 was 160.176 million bushels. Soy oil stocks in U.S. at the end of December rose 14.3 percent to 1.518 billion lbs compared to 1.326 billion lbs in end November 2017. Stocks of soy oil in end December was higher 7.25 percent compared to December 2016, which was reported at 1.434 million lbs.
- The U.S. Department of Agriculture's monthly supply and demand report for the month of January forecasts U.S. soybean stocks at 470 million bushels, up 25 million bushels from last month due to lower exports. U.S. soybean exports are forecast to decline by 65 million bushels to 2160 million bushels amid lagging sales and increased competition from Brazil. Total U.S. oilseed production for 2017/18 is projected at 131.3 MMT, down 0.9 MMT from previous month amid lower soybean, peanut and cottonseed production. Soybean production is estimated at 4,392 million bushels, down 33 million on lower yields. Global oilseed production is forecast at 580.1 MMT, up 0.5 MMT mostly reflecting higher rapeseed, peanut, and palm kernel production. Global oilseed ending stocks for 2017/18 are forecast at 111.2 MMT up 0.4 MMT from previous month's, mostly reflecting increases in soybean stocks for Brazil, United States and higher rapeseed stocks for Australia.

- In Mato Grosso, one of the major soybean producing regions in Brazil, soybean yield is expected to be higher this season though drought delayed plantings and rains affected harvesting in some areas. The average yields are expected to rise to 53 -60 kg bags per hectare from 51.5 bags previous year according to cultivators in the area.
- Brazil's share of soybean exports to China reached record level in 2017. China is the world's top buyer of soybean, which imports 60 per cent of the soybeans traded worldwide. China bought 50.93 MMT of soybean from Brazil in 2017, accounting for 53.3 percent of total purchases, according to the recently released customs data. Brazil's soybean is often cheaper and contains more protein compared to U.S. soybean.
- Informa lowered U.S. soybean acreage in 2017/18 to 91.197 million acres compared to its previous estimates of 91.387 million acres. According to USDA in 2017 U.S. soybean farmers had planted an all -time high of 90.142 million acres.
- According to IMEA, an agricultural research body in Brazil, harvesting in the main producing state of Mato Grosso has reached 3.29 per cent of the planted area as on 19 January, 2018 compared to 11.49 per cent previous year during the same time and below five year average of 7.17 per cent. Mato Grosso is normally the first state to start harvesting in Brazil. It is expected to produce 30.6 MMT of soybeans in the current season, or more than a quarter of the country's total output. According to farmers bumper crop is expected this season amid good yields.
- In the latest USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on December 1, 2017 totaled 3.16 billion bushels, up 9 percent from December 1, 2016. On-farm stocks totaled 1.49 billion bushels, up 11 percent from a year ago. Off-farm stocks, at 1.67 billion bushels, are up 7 percent from a year ago. Indicated disappearance for September - November 2017 totaled 1.54 billion bushels, down 4 percent from the same period a year earlier.
- According to the Buenos Aires Exchange, soybean acreage in Argentina could decline further amid planting delays on dry weather in the growing regions. Last week, the exchange had estimated soybean acreage at 18 million acres in 2017/18. According to the exchange, Argentine farmers had planted 96.7 percent of the total area planned for 2017/18 soybeans nationwide.
- According to Conab, Brazilian soybean output in 2017/18 has been increased by 1.2 MMT to 110.4 MMT in the latest monthly report compared to previous month's estimates. Output estimates are likely to increase in the forthcoming reports amid beneficial rains since early November in the growing regions.
- According to a Farm Futures survey of 925 growers in US, soybean acreage is likely to remain unchanged at 90.1 million acres in 2018 compared to previous year.
- According to National Oilseed Processors Association (NOPA), U.S. November soybean crush fell marginally to 163.546 million bushels from 164.242 million bushels in October 2017. Crush of soybean in November 2016 was 160.752 million bushels. Soy oil stocks in U.S. at the end of November rose 8.33 percent to 1.326 billion lbs compared to 1.224 billion lbs in end October 2017. Stocks of soy oil in end November was marginally higher compared to end November 2016, which was reported at 1.339 million lbs.



- According to Agroconsult, Brazil is expected to produce 114.1 MMT of soybean in 2017/18 at par with an all time record set in 2016/17. In November, Agroconsult had estimated Brazilian soybean crop at 111 MMT.
- According to Rosario grains exchange, soybean output in Argentina has been reduced to 52 MMT compared to previous estimates of 54.5 MMT. Drought has delayed planting in Argentina and soybean acreage has been reduced to 18.5 million hectares compared to previous estimate of 18.8 million hectares.
- According to the data released by the General Administration of Customs, China's imports of soybean increased by 10 per cent to 9.55 MMT in December 2017 compared to previous month and it increased by 6 per cent compared to December 2016. It is the second highest imports on record in a month. Good demand ahead of Lunar New Year and healthy crush margins have led to higher imports. Imports of soybean in 2017 totaled at 95.54 MMT compared to 83.91 MMT in 2016.
- Brazil exported 2.36 MMT of soybean in December 2017 compared to 2.14 MMT in November 2017 and 0.65 MMT during the same period previous year. It exported 0.67 MMT of soy meal in December 2017 compared to 1.07 MMT in November 2017 and 1.01 MMT during the same period previous year. Soy oil exports stood at 46,467 metric tonnes in December 2017 compared to 73,500 metric tonnes in November 2017 and 66,157 metric tonnes during the same period previous year.
- According to the agriculture ministry, Argentina has cut its soybean export tax to 29.5 per cent from 30 per cent previously. This is the first step towards gradually reducing the levy to 18 per cent in the next two years. According to the plan, there will be tax cut of one half-percentage point per month in the next twenty four months.
- According to USDA, 191 million bushels soybean was crushed in November 2017. This is higher than average analyst's expectation. According to analysts estimates, crush figures were likely to be around 173.5 -175 million bushels. NOPA had estimated soybean crush figure at 163.546 million bushels for the month of November 2017.
- According to the data released by the Commerce Department of the Ministry of Industry, Foreign Trade and Services, Brazil exported a record 68.15 MMT of soybean in 2017, an increase of 32 per cent compared to 2016. The figure is slightly higher than 67.8 MMT of soybean exports estimated by Abiove. Brazil produced a record 114 MMT of soybean in 2017.
- USDA WASDE Oilseeds Highlights: The 2017/18 U.S. season-average farm price for soybeans is projected at \$8.80 to \$9.80 per bushel, unchanged at the midpoint. The soybean oil price forecast of 32 to 35 cents per pound is lowered 1 cent at the midpoint. The soybean meal price forecast is unchanged at \$295 to \$335 per short ton.

### **Previous update**

- According to National Oilseed Processors Association (NOPA), U.S. November soybean crush fell marginally to 163.546 million bushels from 164.242 million bushels in October 2017. Crush of soybean in November 2016 was 160.752 million bushels. Soy oil stocks in U.S. at the end of November rose 8.33 percent to 1.326 billion

lbs compared to 1.224 billion lbs in end October 2017. Stocks of soy oil in end November was marginally higher compared to end November 2016, which was reported at 1.339 million lbs.

- According to United States Department of Agriculture (USDA) December estimate, U.S 2017/18 ending stock of soy oil is unchanged at 1,616 million lbs compared to November estimate. Opening stocks are unchanged at 1,711 million lbs. Production of soy oil in 2017/18 is unchanged at 22,505 million lbs. Imports in 2017/18 were unchanged at 300 million. Biodiesel use estimate in 2017/18 is was increased 7,500 million lbs at 7,000 million lbs. Food, feed and other industrial use in 2017/18 was reduced to at 13,500 million lbs from 13,800 lbs in November estimate. Exports in 2017/18 estimate are reduced at 1.900 million lbs from 2,100 million lbs in November estimate. Average price range estimate is kept unchanged in 2017/18 at 32.5-36.5 cents/lbs.
- The U.S. Department of Agriculture's monthly supply and demand report for the month of December forecast U.S. soybean stocks at 445 million bushels, up 20 million bushels from last month due to lower exports. Total U.S. oilseed production for 2017/18 is projected at 132.2 MMT, up 0.1 MMT from previous month amid higher cottonseed production. Global oilseed production is forecast at 579.5 MMT, up 0.7 MMT mostly reflecting higher rapeseed, peanut, and palm kernel production. Global soybean ending stocks for 2017/18 are forecast at 98.32 MMT up from previous month's forecast of 97.90 MMT, mostly reflecting increases for United States and European Union.
- Brazil exported 2.36 MMT of soybean in December 2017 compared to 2.14 MMT in November 2017 and 0.65 MMT during the same period previous year. It exported 0.67 MMT of soy meal in December 2017 compared to 1.07 MMT in November 2017 and 1.01 MMT during the same period previous year. Soy oil exports stood at 46,467 metric tonnes in December 2017 compared to 73,500 metric tonnes in November 2017 and 66,157 metric tonnes during the same period previous year.
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- According to USDA, 191 million bushels soybean was crushed in November 2017. This is higher than average analyst's expectation. According to analyst's estimates, crush figures were likely to be around 173.5 -175 million bushels. NOPA had estimated soybean crush figure at 163.546 million bushels for the month of November 2017.
- According to the data released by the Commerce Department of the Ministry of Industry, Foreign Trade and Services, Brazil exported a record 68.15 MMT of soybean in 2017, an increase of 32 per cent compared to 2016. The figure is slightly higher than 67.8 MMT of soybean exports estimated by Abiove. Brazil produced a record 114 MMT of soybean in 2017.
- According to consultancy, AgRural forecast of rains during next two weeks in most soy producing regions of Brazil is likely to support soybean crop. Weather in January will define the crop output and yield. Harvesting will be little later than usual due to delayed planting. Last year Brazil produced 114 MMT of soybean following favourable weather. In the current season it is expected to produce 109 MMT soybean according to Conab.

- Informa increased soybean acreage to a record 91.387 million acres in 2018 compared to previous month's estimates of 89.627 million acres. Soybean yield has been estimated at 49.7 bushels per acre compared to USDA's figure of 49.5 bushels per acre. Soybean production has been estimated at 4.450 billion bushels.
- According to USDA, China will reduce the amount of foreign material allowed in shipments of U.S. soybeans as on January 01, 2018. Shipments of U.S. soybeans arriving at Chinese ports and containing 1 per cent of foreign material will be expedited. Shipments with more than 1 per cent foreign material would be held back for testing. According to traders, this will make difficult for U.S. shipments to compete with South American exports.
- According to Abiove, Brazil's soybean production has been kept unchanged at 109.5 MMT in 2018 compared to December 12 estimates. Soybean exports have been kept unchanged at 65 MMT.
- According to consultancy Safras & Mercado, Brazilian soybean output is expected at 114.57 MMT in 2017 -18 compared to 114.7 MMT estimated in the month of October. Safras has forecast a 5 percent rise in Brazil's soybean planted area at 35.49 million hectares (87.7 million acres) this season.
- According to a report released by the agriculture ministry, China's soybean imports are expected to increase by 2.7 per cent to 95.97 MMT in 2017 -18 compared to previous year. Soybean output is expected to increase by 15.1 per cent to 14.89 MMT during the period. Consumption is expected to increase by 2.3 per cent to 111 MMT in 2017 -18 compared to previous year.
- According to the latest supply and demand report released by the USDA, groundnut production in India is expected to reach 7 MMT in 2017 -18. In the current year, production is estimated at 6.6 MMT compared to 6.3 MMT in the previous year. In Gujarat, one of the major groundnut growing states, the crop has been affected in some parts. In the current year, plantation was late due to erratic rainfall and dry weather.
- According to FC Stone, Brazil's soybean crop estimates have been increased to 107.6 MMT compared to previous estimates of 106.1 MMT. Favorable weather in the growing regions is booting the crop yield. It has increased Brazil's soybean agricultural yields estimate from 3.03 tonnes per hectare (45.06 bushels per acre) in its November estimates to 3.08 tonnes per hectare (45.8 bushels per acre) currently.
- According to the latest monthly estimates from Strategie Grains, rapeseed production estimates have been increased to 22.60 MMT in European Union for 2017/18 compared to previous estimates of 21.86 MMT and 20.34 MMT in 2016/17. Sunflower seed output is likely to decline in 2018/19 to 9 MMT from 9.3 MMT this season. Soybean production estimates have been increased to 2.7 MMT in 2017/18 from 2.6 MMT in previous season.
- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in November rose 14.9 percent to 5.4 lakh tons compared to 4.7 lakh tons in October. Imports rose 5.9 percent compared to corresponding period last year which was reported at 5.1 lakh tons. Year to date imports of edible vegetable oil rose 8.5 percent to 51.7 lakh tons.

- Brazilian analysts are likely to increase their soybean crop forecast this season after unfavorable climatic conditions have waned and the crop is developing well in the growing regions. According to an average of forecasts compiled in a recent poll, Brazil is expected to harvest 109.43 MMT soybean in the 2017/18 season.
- According to a latest long –term crop forecast report released by the USDA, soybean acreage in 2018 is forecast at a record 91.0 million acres compared to 90.2 million acres in 2017. It will be another year of bumper soybean supply assuming weather remains favorable in the growing regions.
- According to Argentine Ministry of Agriculture, soybean acreage in 2017/18 is likely to decline to 16.8 million hectares in 2017/18 compared to 18 million hectares previous season.
- According to Anec, cereal exporters association, soybean exports in Brazil in 2018 are estimated between 66 - 67 MMT compared to previous estimates of 66 MMT released in early November.
- According to Agroconsult, Brazilian soybean output is estimated at 111 MMT in 2017/18, maintaining the same forecast released in September. Soybean acreage is likely to increase by 3 per cent to a record 35 million hectares this season as farmers have shifted from corn to soybean. If climatic conditions remain favourable, soybean output could touch 115 MMT. Previous year's soybean output was estimated at 114.7 MMT according to Conab.
- 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.

**Price Outlook:** We expect Ref. soy oil with VAT to trade in the price band of Rs 700-780 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
<b>Opening Stock</b>	6.20	4.18	4.18	3.68	4.00	5.13
<b>Production (Domestic)</b>	15.09	14.45	6.65	1.73	1.73	4.34
<b>Imports</b>	36.00	42.00	6.72	9.24	11.76	14.28
<b>Imported oil processing</b>	35.03	40.87	6.54	8.99	11.44	13.89
<b>Total Production (Domestic production and imported oil production)</b>	50.12	55.32	13.19	10.72	13.18	18.23
<b>Total Supply</b>	56.31	59.49				
<b>Quarterly add-on</b>			13.19	10.72	13.18	18.23
<b>Consumption</b>	52.14	54.74	13.69	10.40	12.04	18.61
<b>Ending Stock</b>	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 January at its benchmark market at Kandla on spillover of rise in international prices. CPO prices rose across board in India. RBD palmolein prices rose across board in India. Superolein prices fell in Kandla and Mumbai. Vanaspati prices rose in Delhi and Kolkata while it fell in Mumbai. CPO-CNF and RBD palmolein-CNF India prices fell in December.

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

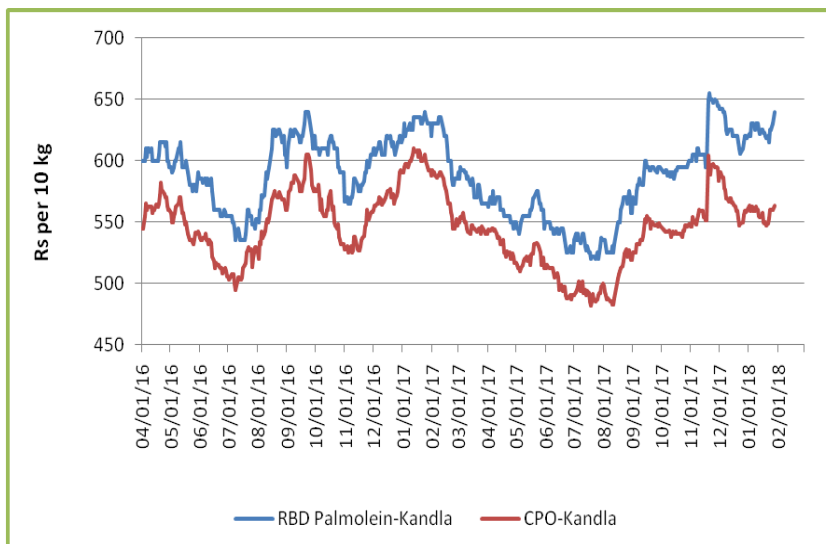
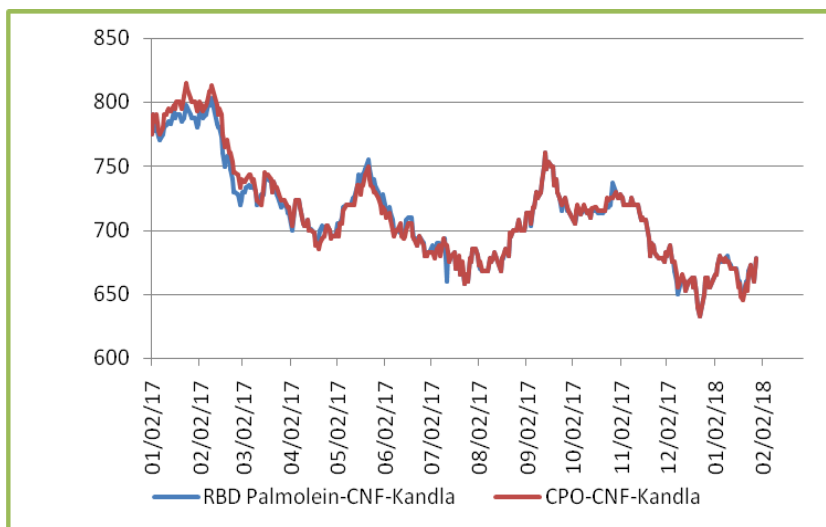
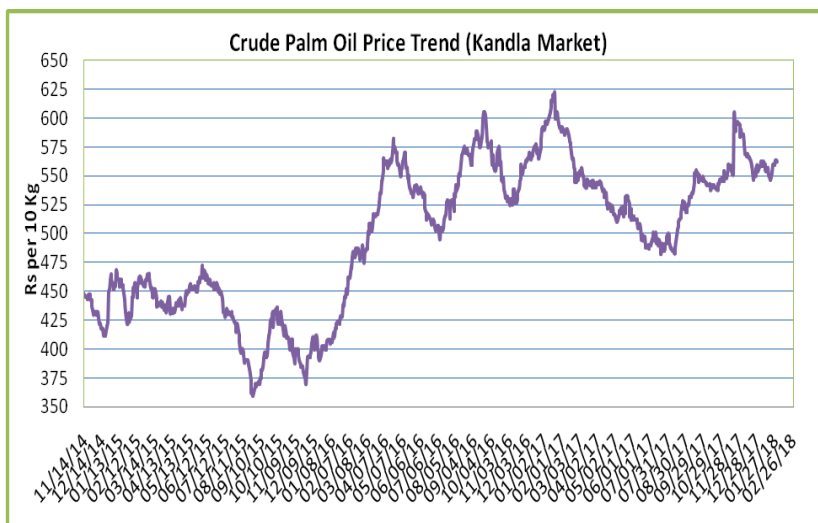
BMD CPO and CBOT soy oil and RBD palmolein DALIAN rose in January which led to lower prices of CPO and RBD palmolein in India.

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

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

Superolein fell across board while Vanaspati prices saw mixed movement of prices in domestic markets.

Prices of CPO in India CIF rose less compared to CPO FOB Indonesia indicating weak demand at CIF markets.





RBD palmolein rose less in CNF markets compared to FOB markets indicating weak demand on CIF markets.

RBD palmolein premium over CPO increased to Rs 73 (Rs 66 last month) per 10 kg indicating firm demand of RBD palmolein compared to CPO at high seas.

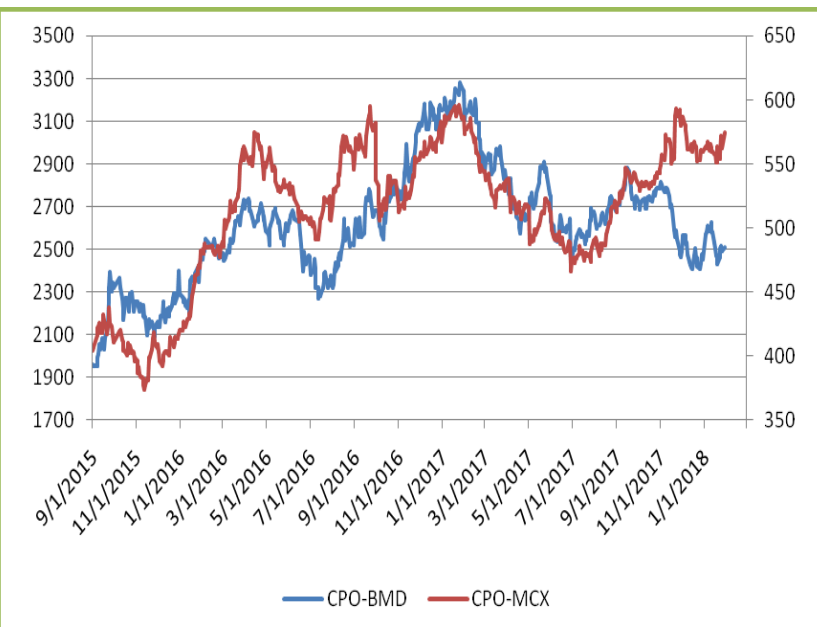
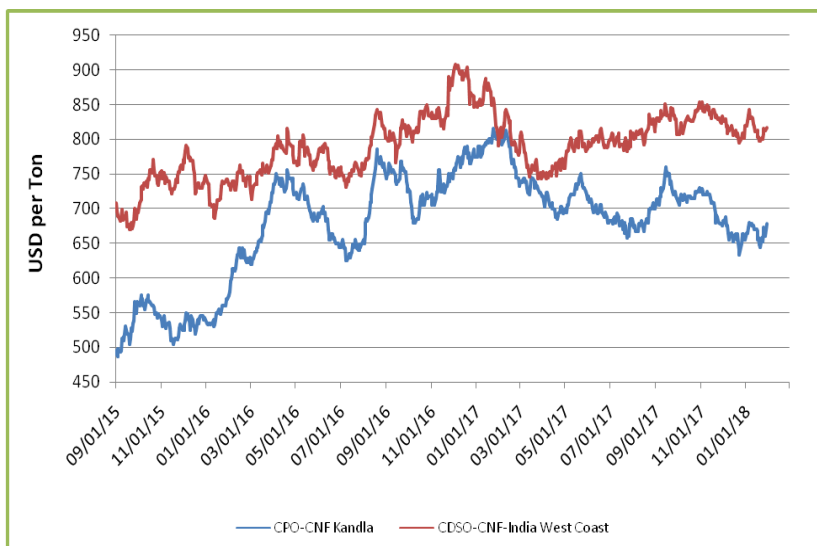
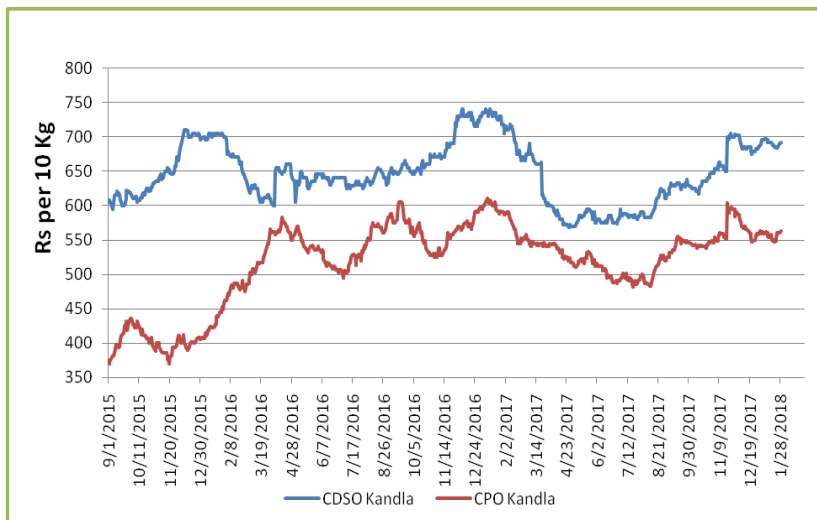
CPO imports rose in December compared to December 2016 and November 2017. Stocks at ports and pipelines remained unchanged indicating firm demand. RBD palmolein imports fell in December compared to December 2016 and November 2017. Stocks at ports and pipelines rose indicating weak demand.

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.

Demand of CPO will rise in February on stocking ahead of Holi festival. However, due to high stocks at ports import demand will remain low. Demand will wane after Feb and will regain from April when weak demand season ends. Prices of CPO will rise until Mar-Apr due to lower palm oil production in Malaysia due to seasonal downtrend of production and suspension of export duty by Malaysia.

RBD palmolein demand imports are

expected to remain firm in January and February on restocking due to low port stocks and demand ahead of



Holi. Demand and wane after early March and will only rise from April when seasonal downtrend of demand end.

However, with increase in import duty and higher differential between crude palm oil and refined palm oil has led to higher imports of CPO from Indonesia and lower imports of RBD palmolein from Malaysia. 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.

Suspension of export duty on exports of crude palm oil from Malaysia will increase imports from Malaysia.

Further, RBD palmolein demand is weak at CIF markets while it firm domestic markets indicating that RBD palmolein prices will rise if imports of RBD palmolein pick up. RBD palmolein stocks at ports may increase imports in January.

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

Increasing soy oil premium over crude palm oil which is hovering at Rs 183 (Rs 181 last month) per 10 Kg will increase demand of CPO and increase imports.

Previous chart in soy oil section shows that premium of soy oil over palm oil has increased in January at CNF markets will increase imports. Decreasing premium of crude sunflower CIF India West coast and CPO CIF at USD 135 (USD 143) per ton will decrease CPO prices and RBD palmolein prices in medium term. Increasing premium of CSFO-India West coast over CPO-CIF indicates lower demand of CPO at CNF markets compared to CSFO-CNF.

Increasing CDSO CIF premium over CPO CIF will increase imports of CPO in medium term at USD 146 (USD 158.5 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 136 (Rs 126 last week) per 10 Kg, which is high and will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 110 (Rs 115 last week) per 10 kg is high and will increase RBD palmolein demand in near term. Values in brackets are figures of last week.

Prices of palm oil will rise in medium term.

- According to United States Department of Agriculture (USDA) in its January review, India's 2017/18 imports of palm oil is hiked 0.3 MMT to 10.2 MMT from 9.9 MMT in its earlier review. Consumption of palm oil in India in 2017/18 is increased to 10.3 MMT from 10.1 MMT in its earlier review. End stocks of palm oil in India in 2017/18 is increased 0.41 MMT to 0.90 MMT from 0.449 MMT.
- Palm oil import scenario – According to Solvent Extractors Association (SEA), CPO Imports rose 28.5 percent y-o-y in December to 6.08 lakh tons from 4.73 lakh tons in December 2016. Imports in the period (November 2017-December 2018) is reported higher by 13.4 percent y-o-y at 11.68 lakh tons compared to 10.30 lakh tons in the corresponding period last oil year.

RBD palmolein imports fell y-o-y in December by 40.2 percent to 1.07 lakh tons from 2.46 lakh tons in December 2016. Imports in the period (November 2017-December 2018) is reported lower by 47.8 percent y-o-y at 2.54 lakh tons compared to 4.87 lakh tons in the corresponding period last oil year

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 670 (USD 687.5) per ton for Feb delivery and March delivery is quoted at USD 670 per ton. Last month, CIF CPO January average price was at USD 667 per ton (USD 661.68 per ton in December 2017). Values in brackets are figures of last month.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 670 (USD 687.5) per ton for Feb delivery, March delivery is quoted at US 670 per ton. Last month, CIF RBD palmolein January average price was USD 660.48 (USD 660.68 in December 2017) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 562 (Rs 559) per 10 Kg and February delivery duty paid is offered at Rs 564 (Rs 559) per 10 kg. Ready lift RBD palmolein is quoted at Rs 635 (Rs 625) per 10 kg as on January 5, 2018. Values in brackets are figures of last month.

- On the parity front, margins improved during the month of Dec on higher price of palm oil products in Indian markets and we expect margins to improve in coming days. Currently refiners fetch USD 50-55/ton (Jan average) v/s gain of USD 45-50/ton (Dec average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 35-40/ton (Jan average) v/s gain of USD 40-45 (Dec average).
- We expect palm oil to trade sideways to firm tone in medium term.

### **International Market Fundamentals**

- Agriwatch view – Fall in exports of palm oil from Malaysia in January and appreciation of ringgit will underpin palm oil prices in near term.
- Palm oil exports fell 8-9 percent in January as reported by cargo surveyors SGS and ITS indicate weak headline demand. However, second largest importer from Malaysia purchased higher palm oil in January on restocking by importers as port stocks were running low due to low imports from Oct-Dec 2017. Further, demand will remain firm in February on stocking ahead of Holi festival.
- Demand from China remained subdued due to higher supply of soy oil in China due to higher imports of soybean in China which has resulted in higher crush of soybean due to reduced herd of livestock in the country ahead of Chinese New Year.
- Ringgit has broke psychological support of 4.00 per USD and has reached 3.88 per USD due to rise in crude oil prices as Malaysia is net exporter of crude oil. More appreciation in cards are crude oil will rise in medium term.
- Expectation of fall in production of palm oil in Malaysia in January-April on seasonal downtrend of production is expected to support palm oil prices along with expectation of higher exports from Malaysia in January and February due to suspension of export duty on exports of crude palm oil by Malaysia will support palm oil prices. Firm competitive oils will add to bullish sentiment.

Malaysian Palm Oil Association (MPOA) reported 17 percent fall in production of palm oil in first 20 days of January in Malaysia, which has raised expectation that production in January in Malaysia will fall more than expected. Production of palm oil in Malaysia in December was record in history, which led to expectation of

record January palm oil production. However, with MPOA report market is expecting major fall in production in January.

- In an emergency measure to check the rising stocks of palm oil, Malaysian government removed export duty on exports of crude palm oil to increase the exports. Stocks were building in Malaysia since July and has reached two year high.

- Suspension of crude palm oil export duty by Malaysia for next 3 months has raised expectation of higher exports of palm oil from the world's second exporting nation. This sudden step was prompted by expectation of rise in end stocks of Malaysia in coming months. This step has come with rider that if stocks drop to 1.6 MMT before 3 months then export duty will be increased.

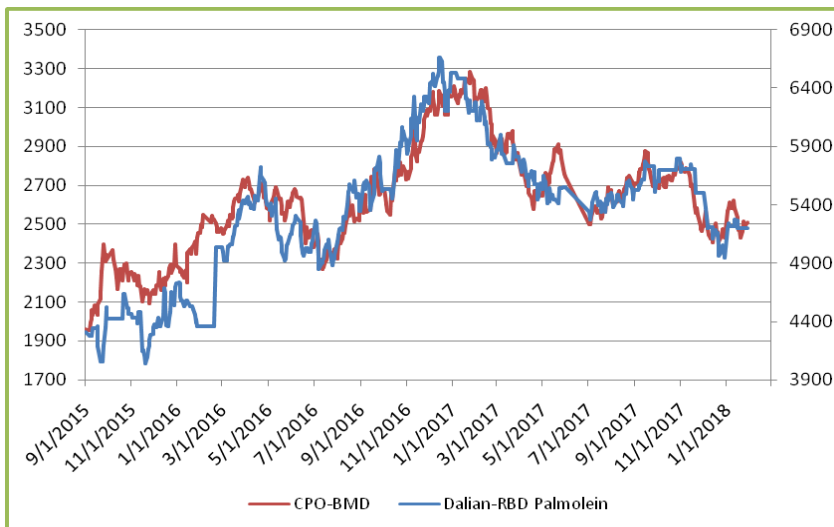
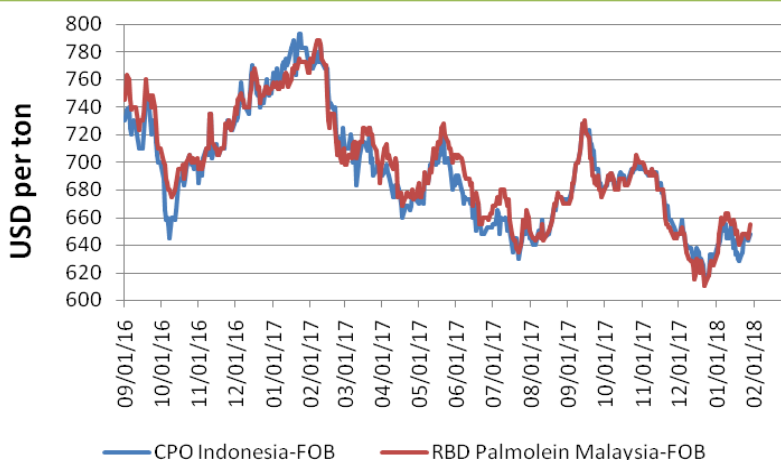
Abandoning of export duty was due to lower purchases by India which was buying less due to hike in import duty and increase in differential of import duty of crude palm oil and refined oil. This step led to sudden slowdown of

demand from Malaysia, which led to sharp fall in palm oil prices. This step will increase exports from Malaysia

- Stocks of palm oil grew 7 percent in December in Malaysia while exports grew 4.9 percent and production fell 5.6 percent.
- Palm oil production is expected to fall in Malaysia in January on seasonal downtrend of production.
- Export demand will rise from Malaysia in January from China on stocking ahead of Chinese New Year, restocking by India. This will help Malaysia to reduce stock in next two months.

India was the swing imported which imported more in December as reported by cargo surveyors SGS and ITS.

India is buying less as margins in processing CPO are higher than ready to use palmolein. This is due to hike in import duty of palm oil and increase in differential between crude and refined palm oil from 7.5 percent to 10 percent.



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.

Indonesia kept export duty unchanged at zero percent for January, ninth month of zero tax. Indonesia kept export duty at zero as it expects that prices will miss certain thresholds.

Palm oil production will increase to 38.5 MMT in 2018 from 36.5 MMT in 2017, according to USDA. Malaysia's producing will reach record highs in 2018 compared to 2017.

Lower oilseed crop in India in 2017-18 will decrease production of edible oil in its domestic market and increase imports.

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

Higher competitive oils will support palm oil prices.

Prices are in range.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's January palm oil exports fell 8.8 percent to 1,312,679 tons compared to 1,439,477 tons last month. Top buyers are European Union at 278,212 tons (340,262 tons), India at 190,328 tons (139,200 tons), China at 142,000 tons (198,728 tons), United States at 99,769 tons (97,705 tons) and Pakistan at 51,500 tons (42,000 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's January palm oil exports fell 9.3 percent to 1,289,518 tons compared to 1,289,518 tons last month. Top buyers are European Union at 361,288 tons (437,097 tons), India & subcontinent at 264,260 tons (222,870 tons) and China at 180,500 tons (190,600 tons). Values in brackets are figures of last month.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's 2017 palm oil exports rose 23 percent to 31.05 MMT from 25.1 MMT in 2016. Exports to top importer India rose 32 percent in 2017. Production in 2017 rose 18 percent to 38.2 MMT. Total production including palm kernel oil rose to record 42 MMT in 2017 from 35.6 MMT in 2016. End stocks of palm oil in Indonesia in December was at 4.02 MMT
- According to China's General Administration of Customs (CNGOIC), China's December palm oil imports fell 16.53 percent to 5.67 lakh tons compared to December 2016. Imports of palm oil in 2017 rose 13.42 percent to 50.79 lakh tons compared to 2016. Imports from Indonesia in December fell 23.03 percent to 3.65 lakh tons compared to December 2016. Imports of palm oil in 2017 from Indonesia rose 21.62 percent to 32.15 lakh tons compared 2016. Imports from Malaysia in December fell 1.62 percent to 2.02 lakh tons compared to December 2016. Imports of palm oil in 2017 from Malaysia rose 1.8 percent to 18.62 lakh tons compared to 2016
- According to Malaysia Palm Oil Board (MPOB), Malaysia's 2018 production is estimated to grow 3 percent to 20.5 MMT from 19.9 MMT in 2017. Malaysia's 2018 exports are estimated to rise 5.1 percent to 17.4 MMT. MPOB estimates palm oil stocks to fall 15.8 percent to 2.3 MMT.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's December palm oil stocks rose 6.97 percent to 27.32 lakh tons compared to 25.54 lakh tons in November. Production of palm oil in December fell 5.59 percent to 18.34 lakh tons compared to 19.43 lakh tons in November. Exports of palm oil in December rose

4.91 percent to 14.23 lakh tons compared to 13.57 lakh tons in November. Imports of palm oil in December fell 50.34 percent to 0.14 lakh tons compared to 0.30 lakh tons in November. Rise in palm oil end stocks in December was above trade estimates.

- Policy update- According to Malaysian government, Malaysia has removed export duty on crude palm oil for three months starting January 8 to support prices. If stocks fall below 1.6 MMT before three months then export duty may be imposed earlier than three months, according to Malaysia's minister of plantation and industries. The step has been taken to reduce stocks of palm oil in the country.

According to Indonesia trade ministry, Indonesia keeps January crude palm oil export duty to zero, unchanged from last month. This is the ninth consecutive month of zero tax. Reference prices of export tax are set at USD 750 per ton.

### Previous updates

- According to Malaysia Palm Oil Board (MPOB), Malaysia's October palm oil stocks rose 8.39 percent to 21.90 lakh tons compared to 20.20 lakh tons in September. Production of palm oil in October rose 12.96 percent to 20.09 lakh tons compared to 17.80 lakh tons in September. Exports of palm oil in October rose 2.04 percent to 15.49 lakh tons compared to 15.18 lakh tons in September. Imports of palm oil in October fell 67.26 percent to 0.13 lakh tons compared to 0.41 lakh tons in September. Rise in palm oil end stocks in October was below trade estimates.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's January 1-25 palm oil exports fell 6.8 percent to 1,032,615 tons compared to 1,108,189 tons in corresponding period last month. Top buyers are European Union at 204,215 tons (284,807 tons), India at 172,428 tons (87,260 tons), China at 103,100 tons (154,428 tons), United States at 91,019 tons (88,705 tons) and Pakistan at 33,500 tons (42,000 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's January 1-25 palm oil exports fell 7.0 percent to 1,013,897 tons compared to 1,090,622 tons in corresponding period last month. Top buyers are European Union at 273,638 tons (302,297 tons), India & subcontinent at 193,210 tons (135,130 tons) and China at 158,550 tons (162,100 tons). Values in brackets are figures of corresponding period last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's November palm oil stocks rose 16.02 percent to 25.57 lakh tons compared to 22.03 lakh tons in October. Production of palm oil in November fell 3.29 percent to 19.43 lakh tons compared to 20.08 lakh tons in October. Exports of palm oil in November fell 11.94 percent to 13.54 lakh tons compared to 15.38 lakh tons in October. Imports of palm oil in November rose 124 percent to 0.30 lakh tons compared to 0.13 lakh tons in October. Rise in palm oil end stocks in October was above trade estimates.
- According to China's General Administration of Customs (CNGOIC), China's November palm oil imports rose 22.57 percent to 5.47 lakh tons compared to November 2016. Year to date imports of palm oil rose 18.77 percent to 45.12 lakh tons compared to corresponding period last year. Imports from Indonesia in November rose 42.47 percent to 3.75 lakh tons compared to November 2016. Year to date imports of palm oil from Indonesia rose 31.37 percent to 28.51 lakh tons compared to corresponding period last year. Imports from



Malaysia in November fell 49.59 percent to 6.13 lakh tons compared to November 2016. Year to date imports rose 2.23 percent from Malaysia to 16.60 lakh tons compared to corresponding period last year.

- According to Indonesia Palm Oil Association (GAPKI), Indonesia's October palm oil (excluding biodiesel and oleochemicals) exports fell 5.6 percent to 2.6 MMT from 2.79 MMT in September and 2.41 MMT in October 2016. End stocks of palm oil in Indonesia in October rose 16 percent to 3.38 MMT from 2.92 MMT in September 2017. Production of palm oil in Indonesia in October rose 3 percent to 4.16 MMT from 4.03 MMT in September 2017.
- 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.
- Policy update- According to Malaysian Government circular, Malaysia decreased January crude palm oil export duty to 5.5 percent from 6 percent in December. Tax is calculated at reference price of 2,625.31 ringgit 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 December 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 530-600 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
<b>Opening Stock</b>	1.74	1.20	1.15	1.15	1.16	1.27	1.18
<b>Production</b>	0.20	0.20	0.20	0.05	0.05	0.05	0.05
<b>Imports</b>	8.53	9.30	9.76	2.25	2.34	2.34	2.83
<b>Total Supply</b>	10.47	10.70	11.11				
<b>Quarterly add-on</b>				2.30	2.39	2.39	2.88
<b>Consumption</b>	9.27	9.55	9.93	2.28	2.28	2.48	2.88
<b>Ending Stocks</b>	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 firm trend at various markets on firm demand and rise in rapeseed prices. Prices of expeller mustard oil closed higher in Kota, Jaipur, Neewai, Ganganagar and New Delhi while it closed sideways in Kolkata. Price closed lower in Mumbai. Kacchi Ghani prices rose in Kota, Jaipur, Ganganagar and Neewai while it closed lower in Bharatpur and Agra. Rapeseed (Canola) oil prices rose in January.

➤ Agriwatch view: Rapeseed oil prices traded firm in the month of January in various markets in India on firm demand, and firmness in rapeseed prices.

Rapeseed arrivals decreased in the month of January compared to December.

Demand rose in the month of January on winter in North and East India.

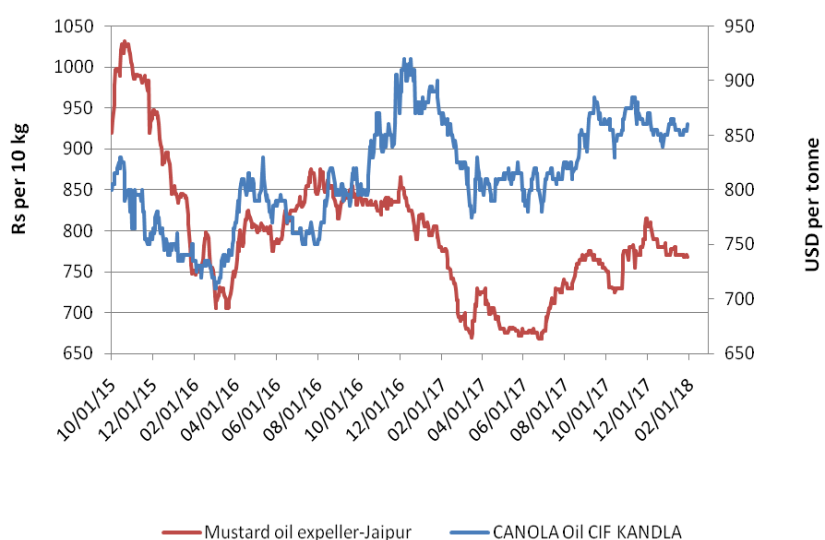
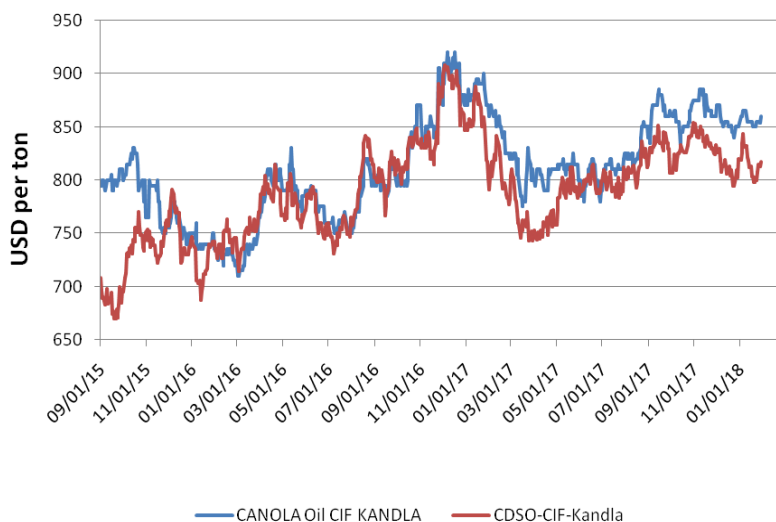
Sowing of rapeseed is 5.0 percent below corresponding period last year. Sowing in state of Rajasthan is down 26 percent from corresponding period last year due to higher temperature, low rainfall and low remuneration to farmers in MY 2016-17.

Lower crop of rapeseed-mustard crop in 2017-18 oil year will decrease 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

**Mustard Oil Price Trend (Kota Market)**



ahead of Holi and buying at lower quotes.

Demand is firm while the prices are very lucrative.

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

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

Low premium of rapeseed oil over soy oil in domestic market was at Rs 30 (Rs 20) per 10 Kg, will support rapeseed oil prices in medium term.

Government increased import duty on canola oil, which will prompt traders to decrease import of canola oil.

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 66.60 lakh hectares as on 19 Jan 2018 compared to 70.12 lakh hectares in corresponding period last year. Rajasthan is lagging in sowing as on 19 Jan 2018 and it has reached 20.89 lakh hectares compared to 27.98 lakh hectares in corresponding period last year.
- Rapeseed oil import scenario- India imported 0.19 lakh tons of rapeseed (Canola) oil in December 2017 v/s 0.33 lakh tons in December 2016, down 42 percent. In the period (Nov 2017-Dec 2017) imports were 0.60 lakh tons compared to 0.65 lakh tons in the corresponding period last oil year, down 7.7 percent.
- CIF Canola oil premium over soybean oil is hovering at USD 35 (USD 29 last month) as on Jan 31, 2018.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 788 (Rs 778) per 10 Kg and at Kota market is quoted around Rs 775 (Rs 760) per 10 kg as on Jan 31, 2018. 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 730-830 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 weak trend at its benchmark market in Chennai during the month of December on weak demand and firm supply. Prices closed unchanged in Latur, and Mumbai and Kandla/Mudra. Sunflower expeller prices remained unchanged in Latur while it rose in Erode and Chellakere.

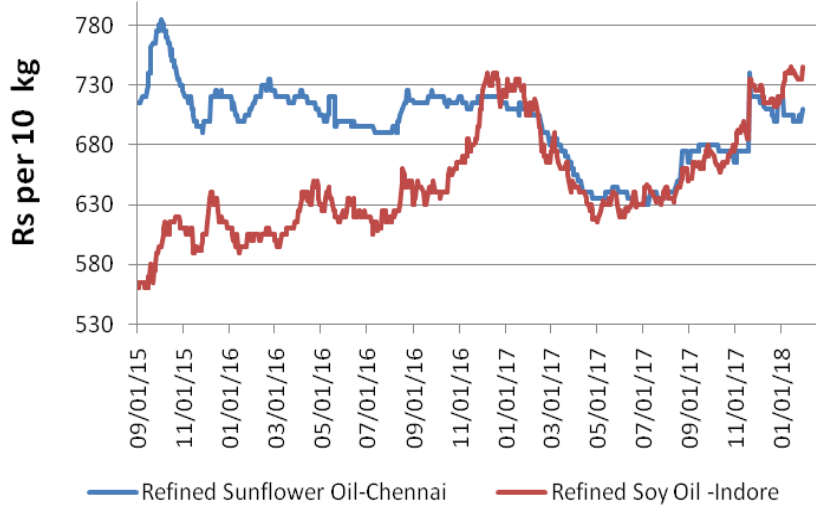
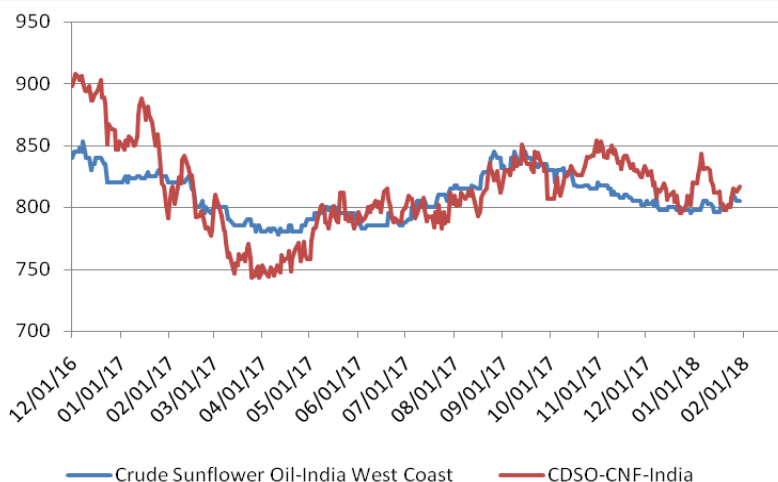
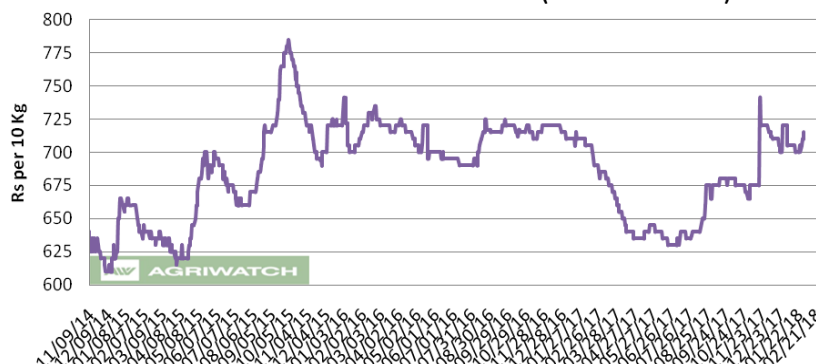
➤ Agriwatch view: Sunflower prices closed lower in month of January at its benchmark market of Chennai on weak demand and firm supply.

Prices of sunflower oil fell while it rose at CNF markets indicating weak demand of sunflower oil in Indian markets.

Supply has improved in markets as imports rose 27 percent in December after 33 percent rise in 43 percent in oil year 2016-17 (November-October) indicating firm supply of sunflower oil in domestic market. Imports of sunflower oil will show steady rise in coming months due to discount of sunflower oil over CDSO and low premium over CPO and appreciation of Rupee. Further, import duty on crude sunflower is lower than crude soy oil which will support imports.

Imports of sunflower oil in December were above November and above December 2016 while stocks at ports and pipelines rose indicating firm supply at high seas.

**Sunflower Oil Price Trend (Chennai Market)**

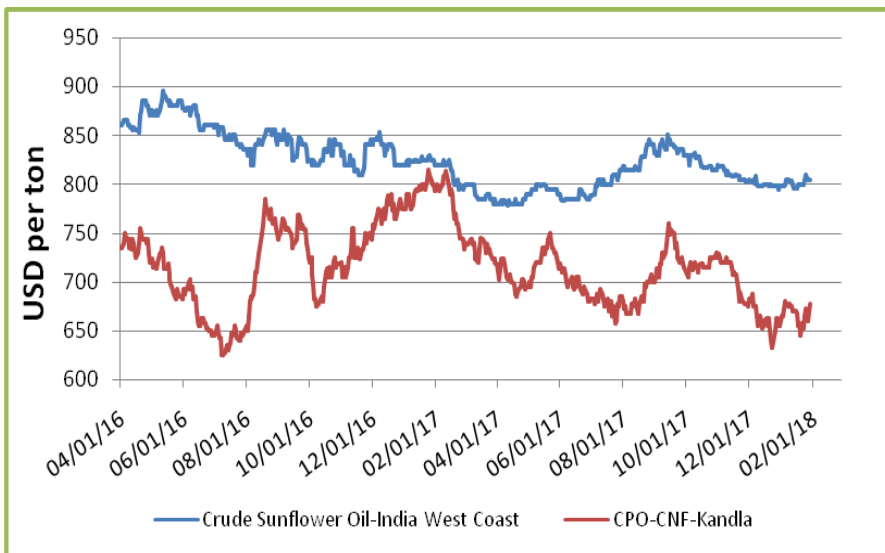




Importers are importing and stocking at ports as it is quoted below soy oil in both CNF and high seas.

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

Government of India (GOI) increased import duty on sunflower to stall 43 percent rise in imports in oil year 2016-17 (October 2016 – October 2017).



However, import duty of crude sunflower oil is less than crude soy oil will increase sunflower oil imports in coming months.

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

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

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

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

Refiners and stockists are stocking as sunflower oil premium over soy oil is low at USD -20.5 (USD -22 last month).

Prices of sunflower oil in domestic markets are trading at discount over soy oil in domestic market at Rs -28 per 10 kg compared price Rs -30 per 10 kg in November. 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.

Prices are expected to improve on seasonal uptrend of prices, firm demand at lower prices and negative premium of sunflower oil over soy oil. Prices of sunflower oil are expected to remain in a range with upwards bias in January.

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

- All India sowing of sunflower reached 1.61 lakh hectares as on 19 Jan 2018 compared to 1.47 lakh hectares in corresponding period last year.
- Sunflower oil import scenario – According to Solvent Extractors Association (SEA), Sunflower oil imports rose 27.4 percent y-o-y in December to 2.37 lakh tons from 1.86 lakh tons in December 2016. Imports in the period (November 2017-December 2018) are reported higher by 25 percent y-o-y at 4.30 lakh tons compared to 3.44 lakh tons in the corresponding period last oil year.
- In January-November of 2017, Ukraine supplied 5.35 mln tons of sunflower oil on foreign markets, reported the State Fiscal Service of Ukraine. In the reporting period, India became the main country-importer of Ukrainian sunflower oil, and purchased 1.929 mln tons of the product at 1.44 bln USD, followed by China – 548.4 thsd tons at 409.6 mln USD, and Spain – 520 thsd tons at 388.5 mln USD.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 802.5 (USD 809) per ton for Feb delivery, March delivery is quoted at USD 807.5 (USD 813) per ton and May delivery is quoted at USD 810 per ton. CIF sun oil (Ukraine origin) January monthly average was at USD 801.58 per ton compared to USD 799.2 per ton in December. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 780-840 per ton in the medium term. CIF Sunflower oil-CNF premium against CDSO CNF had weakened from last month and is hovering at USD -20.5 per ton versus USD --22 per ton previous month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 715 (Rs 720) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 735 (Rs 725) per 10 kg as on Jan 31, 2018. 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 680-750 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
<b>Opening Stock</b>	2.02	4.14	4.14	4.67	5.48	5.21
<b>Production</b>	0.96	0.80	0.15	0.12	0.27	0.27
<b>Imports</b>	22.39	21.94	5.70	6.47	5.49	4.28
<b>Total Supply</b>	25.37	26.88				
<b>Quarterly add-on</b>			5.85	6.59	5.75	4.55
<b>Exports</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>Consumption</b>	21.23	23.14	5.32	5.78	6.02	6.02
<b>Ending Stocks</b>	4.14	3.74	4.67	5.48	5.21	3.74

Source: AW estimates

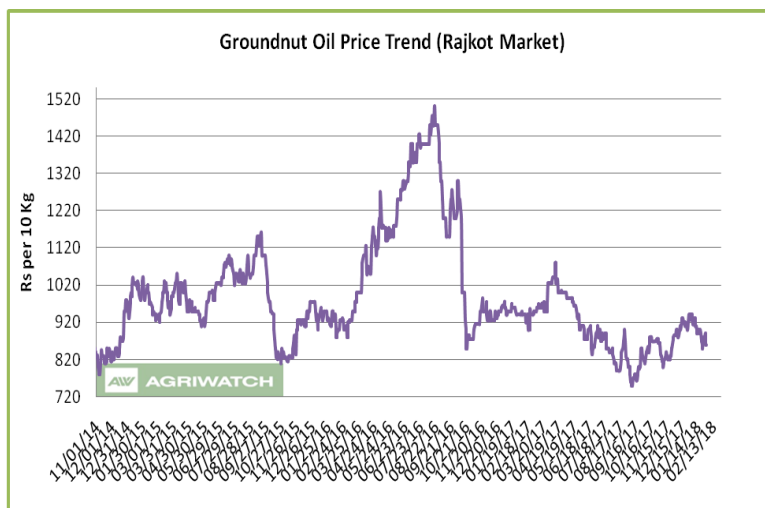
Oil year- November-October

**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 downtrend during the month in review at its benchmark market in Rajkot on weak demand. Prices fell in Chennai and Mumbai while it rose in 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 fell in January on weak demand.



Gujarat government procurement of groundnut through NAFED have been stopped which led to higher arrival of groundnut in various mandis of Gujarat and led to fall in groundnut prices.

This has led to expectation in market of potential fall in groundnut oil prices below Rs 800 per 10 kg.

However, due to falling prices of groundnut and groundnut oil government has decided to again purchase 4.0 lakh tons of groundnut through NAFED. This decision led to recovery of groundnut oil prices.

Around 7.76 lakh tons of groundnut have been already procured by government of Gujarat.

Arrivals of groundnut has fallen in various mandis in Gujarat after Gujarat government announcement.

However, government has not given any date or has started any procurement. Prices of groundnut oil are expected to fall further.

Groundnut oil will fall once Gujarat Government returns to the market to sell the procured groundnut then quality of groundnut will be low which will make it unfit for exports and most of them will make it to crushing leading prices lower.

Prices of groundnut oil generally fall in February which will weaken groundnut oil prices in medium term. Festive demand is over.

Crushers are have no stocks and are only active in ready markets. Both groundnut oil and groundnut trade is weak and whatever is groundnut is arriving in mandis are consumed in ready markets.

Demand season of groundnut oil is over in Gujarat and demand has weakened. Weak retail demand is the reason of weak demand.

There is disparity in crush of groundnut oil which has led to short supply of groundnut oil in the market has led to lower availability of groundnut oil.

Parity in crushing of groundnut will only come when prices reach Rs 950-960 per 10 kg.

Groundnut oil prices have weakened on reduced offtake from stockists and traders despite weak stock position.

Quality of groundnut is good.

Low prices of groundnut oil will support buying by stockists and traders.

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

There could be more bargain buying in coming days.

Prices are expected to trade weak on weak demand, weak groundnut prices, expectation of fall in groundnut oil 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 5.32 lakh hectares as on 19 Jan 2018 compared to 4.59 lakh hectares in corresponding period last year.
- The Gujarat government has stated to procure 4 lakh tons of groundnut at Rs 900 per 20 kg after procuring 7.76 lakh tons earlier. The government will procure through NAFED, Gujarat Cooperative Oilseeds Growers' Federation Ltd (Grofed) and Gujcomasol centers.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 8,600 (9,400) per quintal and quoting at Rs 8,200 (Rs 8,500) 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 780-940 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
<b>Opening stocks</b>	0.25	1.19	1.19	1.46	1.23	1.15
<b>Oil availability (Production)</b>	8.04	7.50	2.75	2.25	1.25	1.25
<b>Imports</b>	0	0	0	0	0	0
<b>Total Supply</b>	8.29	8.69				
<b>Quarterly add-on</b>			2.75	2.25	1.25	1.25
<b>Exports</b>	0.30	0.40	0.10	0.10	0.10	0.10
<b>Consumption</b>	6.80	7.21	2.38	2.38	1.23	1.23
<b>End stocks</b>	1.19	1.08	1.46	1.23	1.15	1.08

*Source: AW estimate*

*Oil year-November-October*

**Highlights**

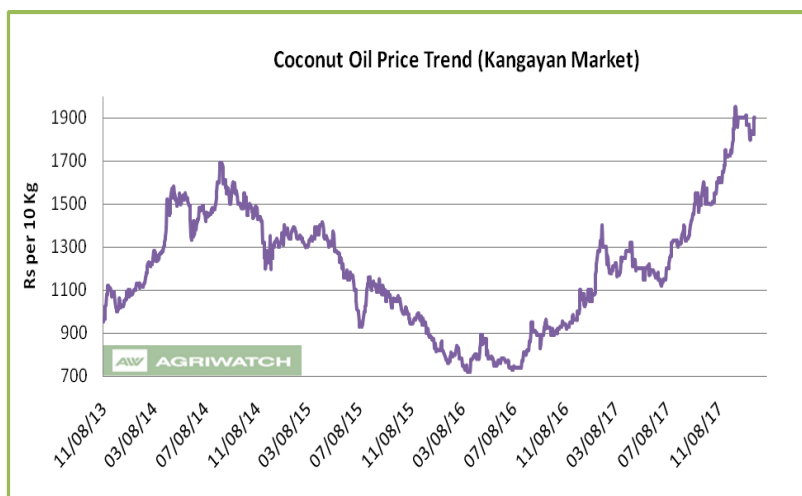
- Groundnut oil production is expected to be lower in oil year 2017-18 on lower groundnut crop.
- Lower oil production in 2017-18 is due to lower marketable surplus of groundnut seed resulting in lower crush.
- Carryout stocks of oil year 2016-17 is 1.19 lakh tons on higher groundnut oil production.
- 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 sideways trend at its benchmark market in Kangeyam on weak demand and weak copra prices. Prices rose in Kochi at the end of the month.
- Agriwatch view: Prices of coconut oil traded sideways in the month of January on weak demand of coconut oil and fall in prices of copra.

Fall in prices of copra led to fall in prices of coconut oil. Lower raw material prices led to fall in prices of end product.



Due to more than doubling of prices of coconut oil within a year due to fall in production of copra led to demand destruction.

Supply copra is down almost 40 percent in 2017 due to weak monsoon in coconut growing areas of Tamil Nadu, Kerala, Karnataka and Andhra Pradesh for last three years has reduced the yield of coconut and which has affected supply of copra.

Corporate demand which accounts for 80 percent of demand is weak.

Sabriamala festivals are over in Kerala, which has weakened, demand is Kerala.

Pongal and Onam demand is over in Tamil Nadu and Kerala and fresh demand will come after January.

Demand from North India is weak due to winters.

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. There is good export demand of copra from West Asian markets and Chinese markets.

There is short supply of milling copra, as less rains in 2016 has affected the coconut production. Ball copra is being used for production of coconut oil in near term.

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

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.

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

Export demand of coconut 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.

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 staying away from market as they expect more fall in coconut oil prices.

Consumers of coconut oil have shifted away from coconut oil due to higher 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.

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

Prices are expected to be weak in February on weak retail demand and weak demand from corporates, lower prices of copra and seasonal downtrend of prices. 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 18,400 (17,300) per quintal, and quoting Rs 19,000 (19,000) per quintal in Erode market on January 31, 2018.
- 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 1700-2100 per 10 Kg.

**Production and exports of coconut oil:**

Annexure-3(b)										
Estimated Production of Copra(Milling and Edible) in '000 MT										
STATE/UT	2012-13		2013-14		2014-15		2015-16		2016-17*	
	Milling	Edible	Milling	Edible	Milling	Edible	Milling	Edible	Milling	Edible
1. Kerala	401	45	384	42	317	35	478	53	480	53
2. Karnataka	77	192	60	148	57	141	59	153	59	153
3. Tamil nadu	455	44	424	42	440	43	406	40	406	40
4. Andhra Pradesh	25	33	24	31	11	14	17	24	17	24
5. A&N Island and Lakshadweep	15	2	8	2	11	3	11	3	11	3
<b>All India</b>	973	316	900	265	836	236	971	273	973	273
Estimated production of <b>Coconut Oil</b> @62.5%(in Lakh Tonnes)	<b>6.081</b>		<b>5.625</b>		<b>5.225</b>		<b>6.069</b>		<b>6.081</b>	
Estimated production of <b>Oil Cake</b> @35%(in Lakh Tonnes)	<b>3.405</b>		<b>3.150</b>		<b>2.926</b>		<b>3.399</b>		<b>3.406</b>	

\* First advance estimate, Department of Agriculture & Cooperation(Horticulture Division), Ministry of Agriculture, Govt. of India

**Coconut oil balance sheet**

Qty in '000 MT

Demand and Supply Balance - Coconut Oil					
Qty in '000 MT					
	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017E
<b>Opening Stock</b>	89.33	41.60	9.78	14.74	37.10
<b>Production</b>	608.00	562.50	522.50	606.90	608.10
<b>Imports</b>	1.00	1.65	9.67	5.17	0.01
<b>Exports</b>	6.83	7.07	7.21	6.81	33.54
<b>Consumption/Crushing</b>	650.00	588.90	520.00	582.90	601.35
<b>Ending stock</b>	41.60	9.78	14.74	37.10	10.32
<b>E - Estimated (likely to be revised subsequently)</b>					
<b>Note - Consumption/Crushing of coconut oil estimated based on the details collected through various Offices of the Board and in consultation with industry sources.</b>					

Source: Coconut Development Board

**Coconut products exports from India**
*Qty in '000 MT*

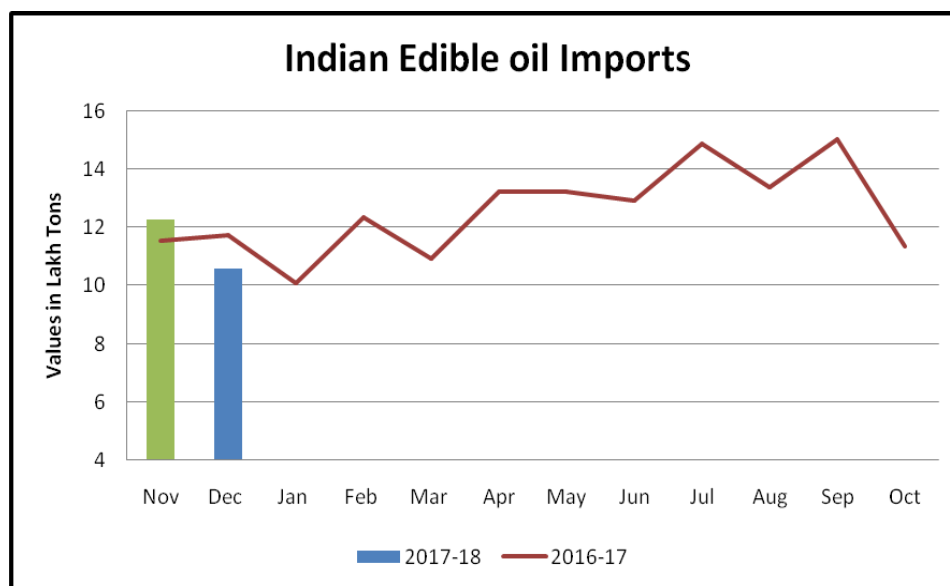
Export of Coconut Products from India							
Sl.No	Item	2014-15		2015-16		2016-17	
		Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)
1	Activated Carbon	54345.07	557.80	71672.71	747.56	85804.95	815.07
2	Coconut Oil (Refined oil and fractions)	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	27899.00	59.60	8819.00	26.05	28306.00	68.40
10	Shell Charcoal (Other)	47941.00	65.71	7942.00	14.34	10828.00	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	711.85	5.38
15	Micellaneous	-	-	-	112.27	-	0.79
<b>Total</b>			<b>1312.38</b>		<b>1450.24</b>		<b>2083.74</b>

*Source: Coconut Development Board*

## 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	351.00	1.08
6	Shell Charcoal (Other)	0.38	1.35	3.46	1.29	2058.00	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 14.57 million tons of veg. oils in the 2015-16 oil year. Edible oils imports were 15.08 million tons 2016-17 (November 2016-October 2017). Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for December is pegged at 10.58 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	1.74	-2.57%
Production	7.20	8.49	7.70	-9.31%
Imports	14.57	15.08	16.44	9.00%
Total Supply	24.06	25.35	25.88	2.06%
Exports	0.01	0.01	0.02	100.00%
Total Demand(Consumption)	22.27	23.61	24.55	4.00%
Ending Stock	1.78	1.74	1.30	-24.91%

\* 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 16.44 million tons for 2017/18 oil year v/s 15.08 million tons last year.

On the consumption side, India's edible oil consumption for 2017-18 oil year seen at 24.55 million tons, up 4 percent from last year. Ending stocks are projected higher compared to 2016-17 at 1.74 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).

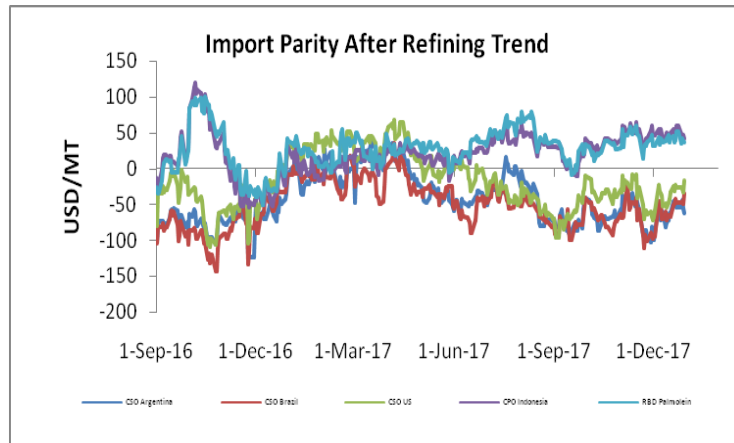
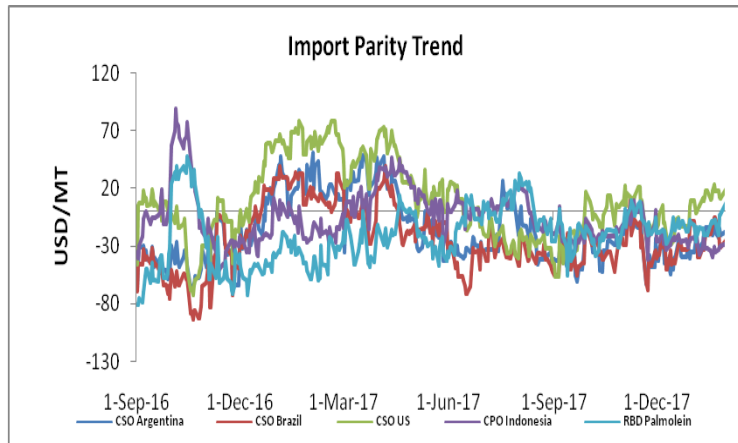


### Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 02/02/2018	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	772	767	714	643	653
Freight (USD/MT)	52	52	62	25	20.0
C & F	824.0	819.0	776.0	668.0	673.0
Weight loss (0.25% of FOB)	1.93	1.92	1.79	1.61	1.63
Finance charges (0.4% on CNF)	3.30	3.28	3.10	2.67	2.69
Insurance (0.3% of C&F)	2.47	2.46	2.33	2.00	2.02
CIF (Indian Port - Kandla)	832	827	783	674	679
Duty (Values in USD per tons)	248.10	248.10	248.10	202.80	276.00
GST (5% on duty) USD per ton	12.405	12.405	12.405	10.14	13.8
Exchange rate	64.07	64.07	64.07	64.07	64.07
Landed cost without customs duty in INR per ton	53287	52963	50181	43201	43526
Customs duty %	30.00%	30.00%	30.00%	30.00%	40.00%
Cess%	0.90%	0.90%	0.90%	0.90%	1.20%
Base import price	827	827	827	676	690
Fixed exchange rate by customs department	64.50	64.50	64.50	64.50	64.50
Duty component in INR per ton	16482.52	16482.52	16482.52	13473.02	18336.06
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	71169	70846	68063	58074	63262
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	69800	69800	69800	56200	63500
Total landed cost USD per ton	1111	1106	1062	906	987
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1089	1089	1089	877	991
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-1369</b>	<b>-1046</b>	<b>1737</b>	<b>-1874</b>	<b>238</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-21.37</b>	<b>-16.33</b>	<b>27.11</b>	<b>-29.25</b>	<b>3.72</b>
Source: Agriwatch					
Refining/ Processing Cost per MT	2000.00	2000.00	2000.00	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	75669.41	75346.02	72563.24	65574.36	66061.60
Soy/Palm oil imported Price (Including tax)	79452.89	79113.32	76191.40	68853.08	69364.68
Loose price of Soy/Palm in Indore and Delhi market	78225.00	78225.00	78225.00	72975.00	72975.00
<b>Parity after processing and Taxes (Rs per MT)</b>	<b>-1227.89</b>	<b>-888.32</b>	<b>2033.60</b>	<b>4121.92</b>	<b>3610.32</b>
<b>Parity after processing and Taxes (USD per MT)</b>	<b>-19.16</b>	<b>-13.86</b>	<b>31.74</b>	<b>64.33</b>	<b>56.35</b>
Source: Agriwatch					



### Import Parity Trend

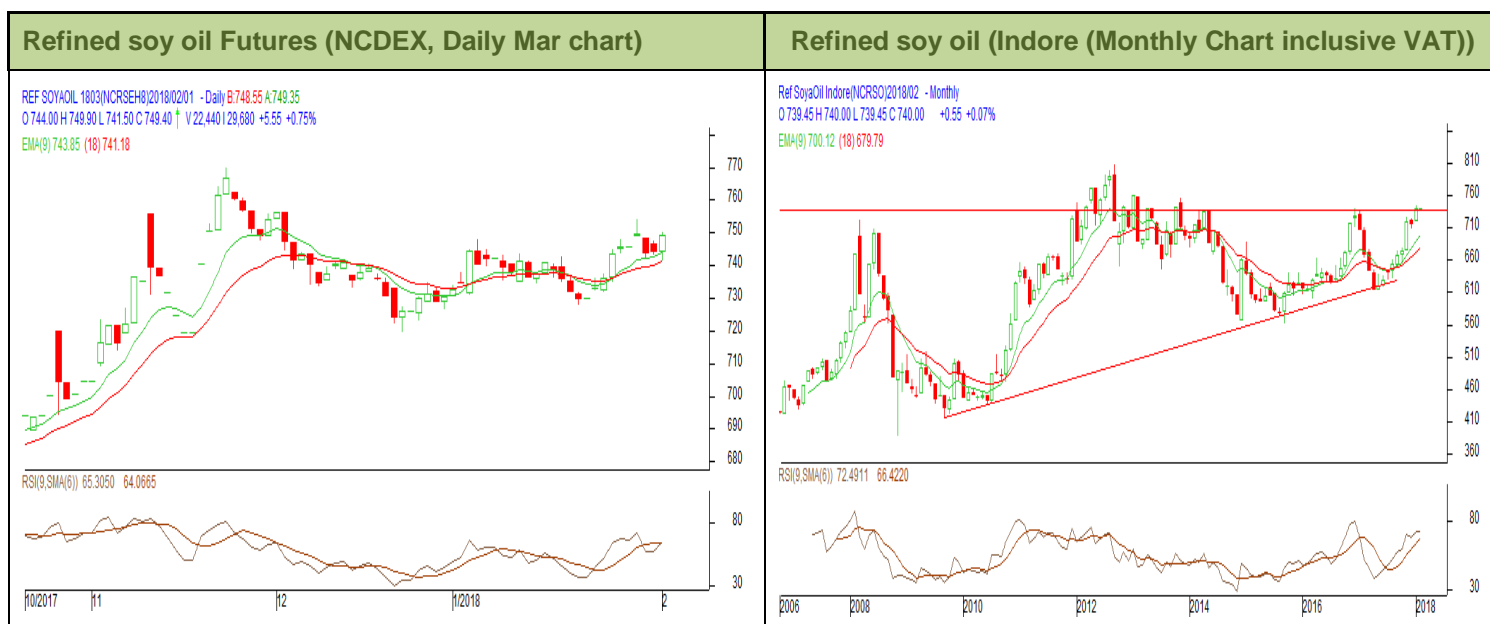


### Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Nov, 2017</b>	-63.29	-70.36	-37.37	49.56	42.85
<b>Dec, 2017</b>	-61.04	-56.94	-35.86	49.07	40.37
<b>Jan, 2017</b>	-19.04	-21.40	-15.94	53.53	37.89

### 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 February. 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 (March contract) on dips.**

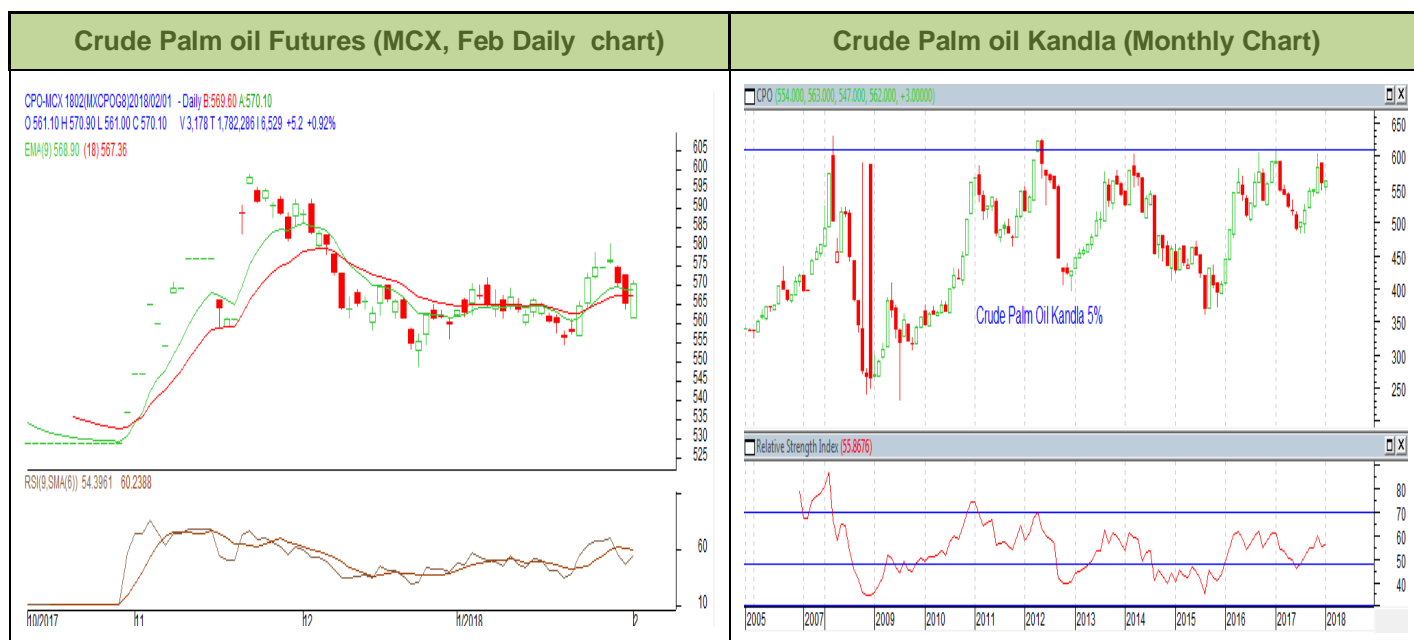
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close below 740 in monthly chart will change the sentiment and bring prices to 720 levels.
- Expected price band for next month is 720-780 level in near to medium term. RSI, Stochastic and MACD are indicating uptrend at current levels.

**Strategy:** Market participants are advised to go long in RSO above 745 for a target of 765 and 770 with a stop loss at 735 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
708.00	728.00	750.00	756.00	765.00

**Spot Market outlook:** Refined soy oil Indore (including VAT) is likely to stay in the range of 700-790 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 (Feb 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 560 in monthly chart might bring the prices to 540 levels.
- Expected price band for next month is 540-600 level in near to medium term. RSI along with Stochastic and MACD are indicating uptrend.

**Strategy:** Market participants are advised to go long in CPO above 565 for a target of 585 and 590 with a stop loss at 555 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
528.00	546.00	571.4	576.00	595.00

**Spot Market outlook:** Crude palm oil Kandla is likely to stay in the range of 530-600 per 10 Kg.



### Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Jan-18	30-Dec-17	
Refined Soybean Oil	Indore	745	720	25
	Indore (Soy Solvent Crude)	710	685	25
	Mumbai	730	720	10
	Mumbai (Soy Degum)	695	680	15
	Kandla/Mundra	730	718	12
	Kandla/Mundra (Soy Degum)	695	685	10
	Kolkata	730	720	10
	Delhi	770	755	15
	Nagpur	782	739	43
	Rajkot	720	710	10
	Kota	745	710	35
	Hyderabad	NA	710	-
	Akola	772	736	36
	Amrawati	772	736	36
	Bundi	740	721	19
	Jalna	777	740	37
	Alwar	NA	NA	-
	Solapur	775	741	34
	Dhule	777	741	36
Palm Oil	Kandla (Crude Palm Oil)	590	587	3
	Kandla (RBD Palm oil)	630	617	13
	Kandla RBD Pamolein	667	649	18
	Kakinada (Crude Palm Oil)	NR	588	-
	Kakinada RBD Pamolein	662	646	16
	Haldia Pamolein	662	646	16
	Chennai RBD Pamolein	667	651	16
		677		
	KPT (krishna patnam) Pamolein	651	641	11
	Mumbai RBD Pamolein	688	656	32
	Delhi	690	675	15
	Rajkot	645	646	-1
	Hyderabad	NR	670	-
	Mangalore RBD Pamolein	660	651	9
	PFAD (Kandla)	441	441	Unch
	Refined Palm Stearin (Kandla)	467	483	-16
	Tuticorin (RBD Palmolein)	662	653	9
	Superolien (Kandla)	693	670	23
	Superolien (Mumbai)	709	693	16

Refined Sunflower Oil	Chennai	715	720	-5
	Mumbai	745	745	Unch
	Mumbai(Expeller Oil)	670	655	15
	Kandla	735	798	-63
	Kandla/Mundra (Crude)	NA	700	-
	Hyderabad (Ref)	NR	720	-
	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	680	662	18
	Erode (Expeller Oil)	745	735	10
Groundnut Oil	Rajkot	860	940	-80
	Chennai	820	850	-30
	Delhi	910	850	60
	Hyderabad *	840	890	-50
	Mumbai	915	970	-55
	Gondal	860	925	-65
	Jamnagar	860	935	-75
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	788	770	18
	Jaipur (Kacchi Ghani Oil)	795	790	5
	Kota (Expeller Oil)	775	760	15
	Kota (Kacchi Ghani Oil)	800	790	10
	Neewai (Kacchi Ghani Oil)	770	750	20
	Neewai (Expeller Oil)	785	770	15
	Bharatpur (Kacchi Ghani Oil)	800	810	-10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	785	770	15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	805	790	15
	Mumbai (Expeller Oil)	760	780	-20
	Kolkata(Expeller Oil)	920	865	55
	New Delhi (Expeller Oil)	805	800	5
	Hapur (Expeller Oil)	NR	860	-
	Hapur (Kacchi Ghani Oil)	NR	930	-
	Agra (Kacchi Ghani Oil)	805	815	-10
Refined Cottonseed Oil	Rajkot	685	675	10
	Hyderabad	NR	665	-
	Mumbai	712	695	17
	New Delhi	695	660	35
Coconut Oil	Kangayan (Crude)	1900	1900	Unch
	Cochin	1840	1730	110
	Trissur	NA	NA	-

<b>Sesame Oil</b>	New Delhi	990	900	<b>90</b>
	Mumbai	NA	NA	-
<b>Kardi</b>	Mumbai	780	775	<b>5</b>
<b>Rice Bran Oil (40%)</b>	New Delhi	550	530	<b>20</b>
<b>Rice Bran Oil (4%)</b>	Punjab	580	585	<b>-5</b>
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	NA	NA	-
<b>Malaysia Palmolein USD/MT</b>	FOB	658	625	<b>33</b>
	CNF India	670	655	<b>15</b>
<b>Indonesia CPO USD/MT</b>	FOB	645	628	<b>17</b>
	CNF India	670	655	<b>15</b>
<b>RBD Palm oil (Malaysia Origin USD/MT)</b>	FOB	655	620	<b>35</b>
<b>RBD Palm Stearin (Malaysia Origin USD/MT)</b>	FOB	677	628	<b>49</b>
<b>RBD Palm Kernel Oil (Malaysia Origin USD/MT)</b>	FOB	1410	1345	<b>65</b>
<b>Palm Fatty Acid Distillate (Malaysia Origin USD/MT)</b>	FOB	627	605	<b>22</b>
<b>Crude palm Kernel Oil India (USD/MT)</b>	CNF India	1320	1290	<b>30</b>
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	805	798	<b>7</b>
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB	NA	NA	-
<b>Argentina FOB (\$/MT)</b>		<b>30-Jan-18</b>	<b>29-Dec-17</b>	<b>Change</b>
Crude Soybean Oil Ship		NA	NA	-
Refined Soy Oil (Bulk) Ship		NA	NA	-
Sunflower Oil Ship		NA	NA	-
Cottonseed Oil Ship		NA	NA	-
Refined Linseed Oil (Bulk) Ship		NA	NA	-
<b>* indicates including VAT</b>				

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