



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 sunflower oil rose while rapeseed oil and groundnut oil fell. Coconut oil closed sideways.

Palm oil (Kandla) 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 64.99, up by 113 paise compared to previous last month. Rupee is expected to depreciate in March. Crude oil prices are expected to rise in March.

Recommendation:

In NCDEX, market participants are advised to go long in RSO above 785 for a target of 805 and 810 with a stop loss at 775 on closing basis. In MCX, market participants are advised to go long in CPO above 635 for a target of 655 and 660 with a stop loss at 625 on closing basis.

Market participants can buy refined soy oil in the cash markets at 760-770 for the target of 790-800 levels (Indore), if needed. Market participants can buy CPO Kandla 5% in the cash markets at 640-650 for the target of 670-680 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 (April) is likely to stay in the range of 2200-2700 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 January palm oil stocks fell 6.75 percent to 25.48 lakh tons compared to 27.32 lakh tons in December. Production of palm oil in January fell 13.49 percent to 15.87 lakh tons compared to 18.34 lakh tons in December. Exports of palm oil in January rose 6.01 percent to 15.13 lakh tons compared to 14.27 lakh tons in December. Imports of palm oil in January rose 132 percent to 0.35 lakh tons compared to 0.14 lakh tons in December. Fall in palm oil end stocks in January was below 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, higher soy oil demand from India, lower soybean area in US, weak dollar and firm crude oil prices is bullish for the soy complex.

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.

Soy oil: Domestic Market Fundamentals

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

February on firm demand.

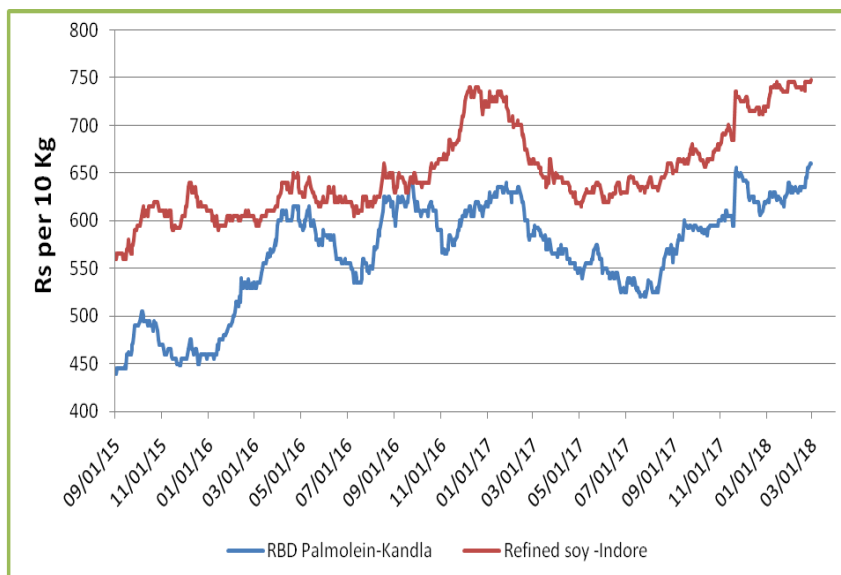
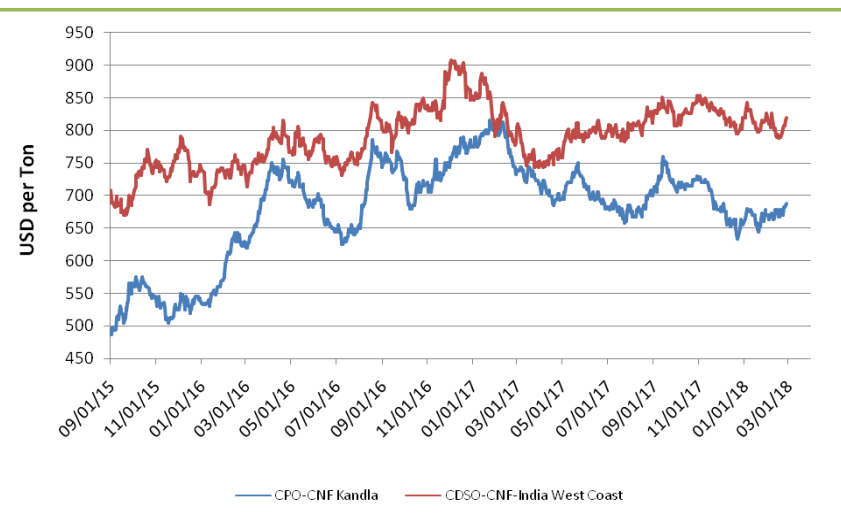
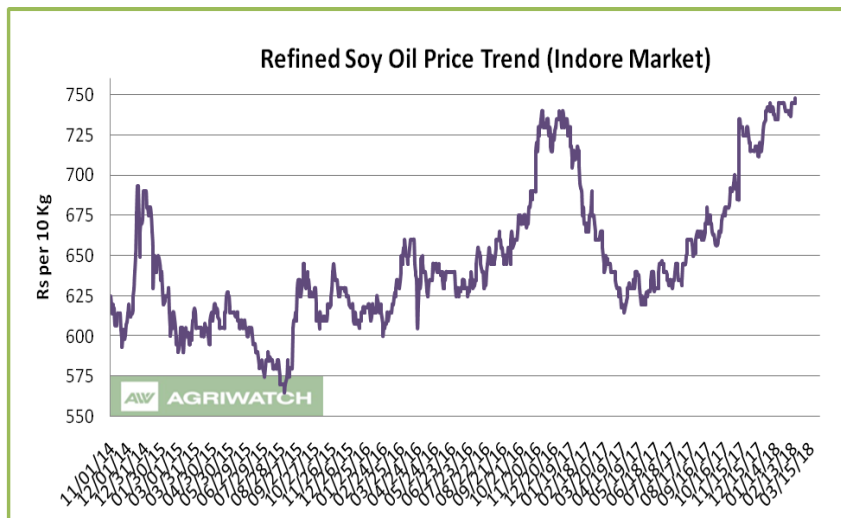
Prices of CDSO rose at high seas while CDSO CIF prices fell last month indicating firm demand.

Prices of CDSO CNF fell less at CNF markets compared to CDSO FOB indicating firm demand at CNF markets.

Refined soy oil premium over CPO has increased to Rs 155 (Rs 183 last month) per 10 Kg which will support soy oil prices. Imports will increase on falling CDSO premium over CPO at USD 115 (USD 136 last month) per ton for Mar delivery which support prices of soy oil.

Refined soy oil premium over RBD palmolein was at Rs 90 (Rs 110 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 40 (Rs 47) per 10 kg indicating firm refined soy oil demand at high seas compared to domestic markets.



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

Landed cost and refining margins have returned to parity after hike in import duty which will encourage imports.

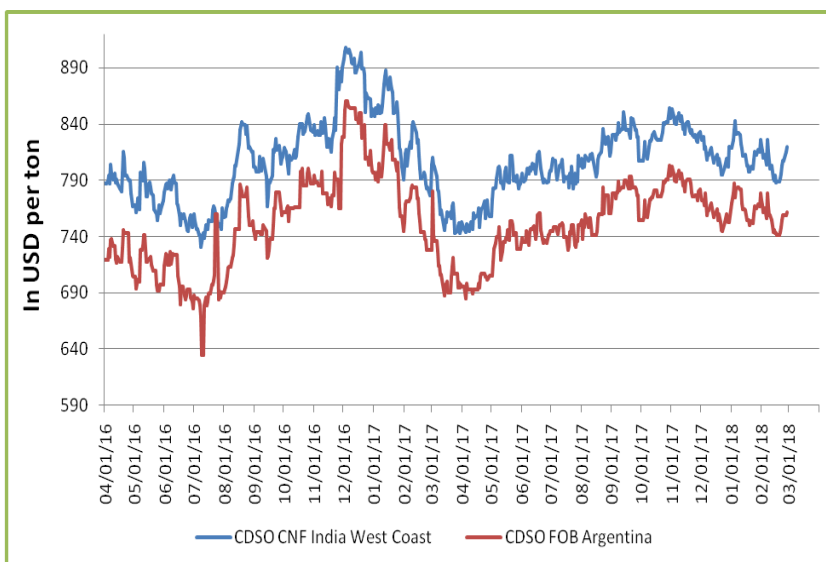
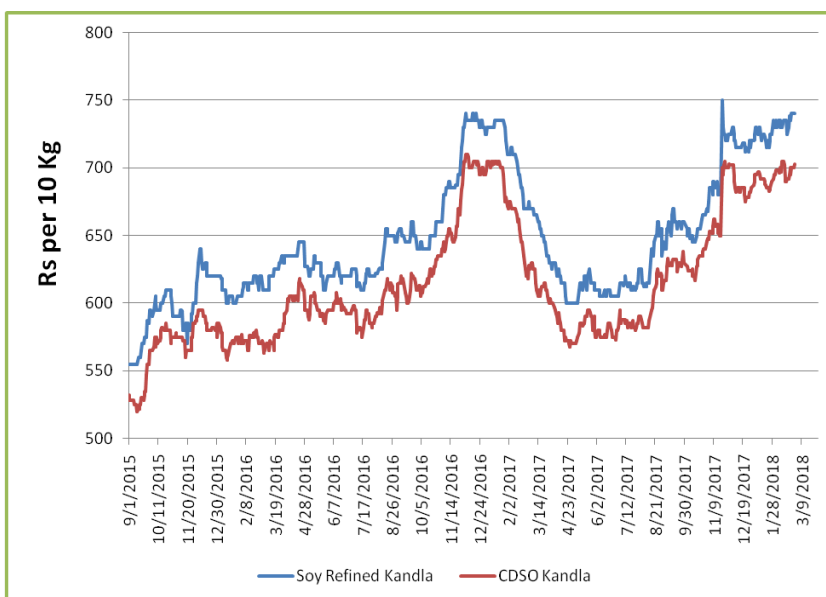
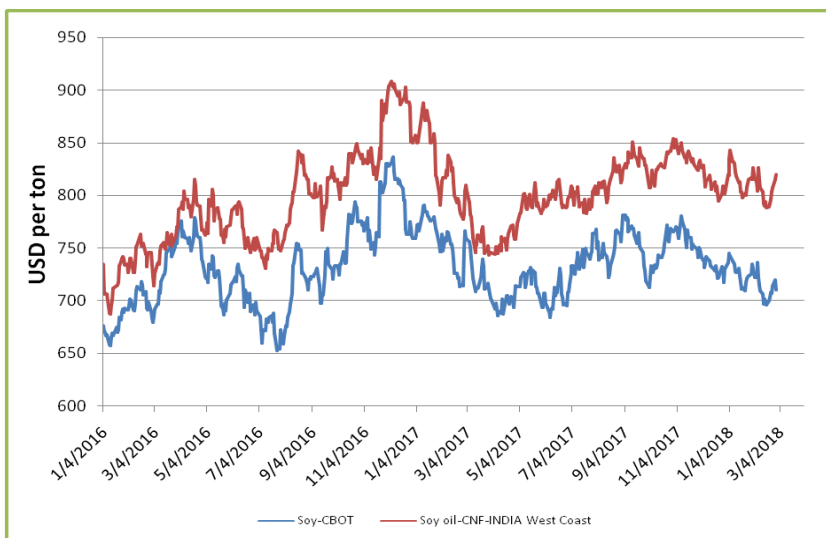
Difference increased between CDSO-CNF-India West coast and Soy oil CBOT due to increase in basis (spot prices – futures prices).

Refiners should purchase their consignment as prices of soy oil are attractive. However, basis will increase on weak supply of soy oil from Argentina bad weather condition of soybean.

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.

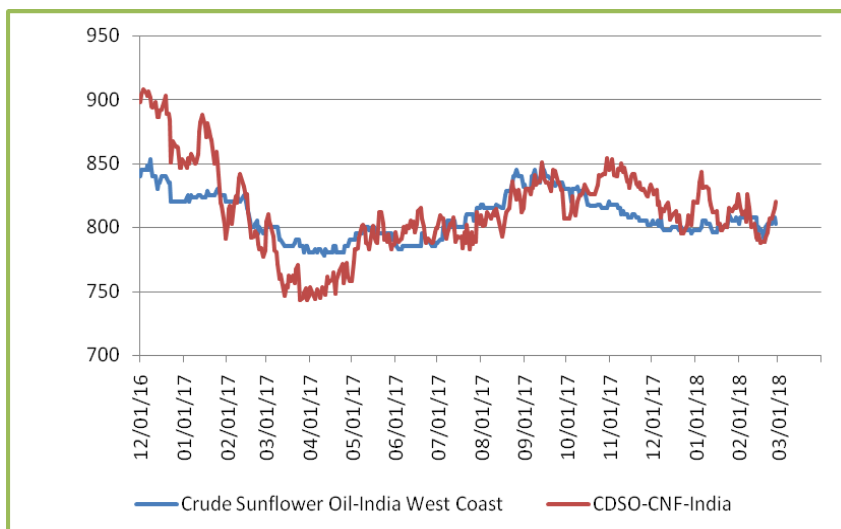
Upward support of Rupee will continue which might make crush of soybean unviable and decrease crushing of soybean and will decrease soy oil supply in domestic markets.

Imports of soy oil rose in January compared to January 2017 and above December 2017. Imports in December were at multiyear lows. Stocks at ports and pipelines were unchanged in January indicating firm demand of CDSO.



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

- According to Solvent Extractors Association (SEA), India's January edible oil imports rose 23.22 percent y-o-y to 12.47 lakh tons from 10.12 lakh tons in January 2017. Palm oil imports in January rose 36.2 percent y-o-y to 8.35 lakh tons from 6.13 lakh tons in January 2017. CPO Imports rose 63.35 percent y-o-y to 6.73 lakh tons from 4.12 lakh tons in January 2017. RBD palmolein imports fell 40.2 percent y-o-y to 1.51 lakh tons from 1.97 lakh tons in January 2017. Soy oil imports rose 34.73 percent y-o-y to 2.25 lakh tons from 1.67 lakh tons in January 2017. Sunflower oil imports fell 20.47 percent y-o-y to 1.71 lakh tons from 2.15 lakh tons in January 2017. Rapeseed (canola) oil imports in January fell marginally to 0.17 lakh tons compared 0.18 lakh tons in January 2017.
- According to Solvent Extractors Association (SEA), India's January edible oil stocks at ports and pipelines rose 0.9 percent m-o-m to 21.95 lakh tons from 21.76 lakh tons in December 2017. Stocks of edible oil at ports fell to 855,000 tons (CPO 355,000 tons, RBD Palmolein 130,000 tons, Degummed Soybean Oil 200,000 tons, Crude Sunflower Oil 160,000 tons and 10,000 tons of Rapeseed (Canola) Oil) and about 1,340,000 tons in pipelines (stocks at ports were 876,000 tons in December 2017). India is presently holding 36 days of edible oil requirement on 1st February, 2018 at 21.96 lakh tons compared to 36 days of requirements last month at 21.76 lakh tons. India's monthly edible oil requirement is 18.25 lakh tons.
- Soy oil import scenario – According to SEA, soy oil imports rose 34.73 percent y-o-y in January to 2.25 lakh tons from 1.67 lakh tons in January 2017. In the period (Nov 2017-Jan 2018), imports of soy oil were 5.78 lakh tons compared to 5.63 lakh tons in corresponding period last oil year, higher by 2.7 percent.
- According to United States Department of Agriculture (USDA) in its February review, India's 2017/18 imports of soy oil is reduced 0.155 MMT to 3.645 MMT from 3.8 MMT in its earlier review. Consumption of soy oil in India in 2017/18 is reduced to 5.2 MMT from 5.4 MMT in its earlier review. End stocks of soy oil in India in 2017/18 are unchanged at 0.320 MMT.
- Imported crude soy oil CIF at West coast port is offered at USD 813 (USD 817) per ton for March delivery, April delivery is offered at USD 802 (USD 801) per ton and May delivery is quoted at USD 786 per ton. Values in brackets are figures of last week. Last month, CIF CDSO February average price was USD 804.67 (USD 816 per ton in January 2018) 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 15-20/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 kept soy oil end stocks in US in February estimate unchanged. Soybean end stocks in US were increased by USDA in its February estimate on lower exports due to competition by Brazil due to high protein content in Brazil soybean compared to US soybean and tough quarantine norms by China.

Moreover, exports from US may suffer on trade tensions with China as US announced anti dumping duty on imports of steel and aluminum which may prompt China to retaliate on soybean imports from US.

- Rise in end stocks of soy oil in US in January as reported by NOPA despite lower crush of soybean indicate slow demand of soy oil in US market. However, soybean crush in US in January was record in any January while it was below trade estimates. Higher stocks of soy oil will underpin soy oil prices.
- Dry conditions in soybean growing regions in Argentina, lower soybean crop in Argentina, higher demand of soybean by China, lowering of expected soybean area in US in 2018/19, rise in crude oil prices and weak dollar will support soy oil prices.
- Soybean crop is under drought conditions in Argentina which has led to lower planned area and lower yields. This has led to lowering of crop estimates by Buenos Aires Grains Exchange, Rosario Exchange and Informa. Informa has cut Argentina soybean crop to 44 MMT from 51 MMT. Rosario exchange has cut its crop size to 46.5 MMT and Buenos Aires Grains Exchange at 47 MMT. USDA is expected to cut soybean crop in Argentina in its March estimate.

These agencies have warned of downside risk to soybean crop if current conditions prevail.

Fall in production of soybean in Argentina will help US soy meal and soybean exports.

- Harvest of soybean in Brazil has reached 35 percent, which is below corresponding period last year harvest of 47 percent. Dry conditions in States of South Brazil have delayed harvest especially in second highest procuring Parana province.

Many agencies have increased estimate of soybean crop in Brazil, which is above last year production. USDA is expected to increase its estimate of soybean crop of Brazil in March estimate.

USDA increased estimate of soybean in Brazil to 112 MMT from 110 MMT in its February estimate.

Brazil has increased share of imports of soybean by China compared to US on higher protein content demand from top importer.

USDA increased 2017/18 Brazil soybean exports to 69 MMT from 67 MMT on higher demand of soybean from China in its February review.

- China imported 10.7 percent higher soybean in January compared to January 2017 while it fell 11.2 percent from December 2017 due to tougher quarantine norms at Chinese ports.

China has been recording higher imports as it intends to increase its cattle and swine herd counts, which is running low.

- USDA decreased soybean area estimate in US in 2018/19 and lower US end stocks in 2018/9 on higher exports. Yields in 2018/19 is estimated lower compared to 2017/18 and 2016/17 when record crops were harvested.

USDA kept all the estimates of soy oil in US unchanged in February review compared to January review.

USDA increased soybean end stocks estimate of US on lower exports of soybean.

US has been facing stiff competition from Brazil for last 3 years. Lower protein content in US soybean compared to Brazil and new quarantine norm of China is behind low exports in 2017/18.

- 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 May which is expected to support soy oil prices in medium term.
- 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.

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

Prices are in a range.

- According to National Oilseed Processors Association (NOPA), U.S. January soybean crush fell marginally to 163.111 million bushels from 163.305 million bushels in December 2017. Crush of soybean in January 2017 was 160.621 million bushels. Soy oil stocks in U.S. at the end of January rose 13.8 percent to 1.728 billion lbs compared to 1.518 billion lbs in end December 2017. Stocks of soy oil in end January 2017 was higher by 8 percent compared to end January 2017, which was reported at 1.603 million lbs.
- According to United States Department of Agriculture (USDA) February estimate, U.S 2017/18 ending stock of soy oil is unchanged 1.536 million lbs compared to its earlier estimate. Opening stocks are unchanged at 1,711 million lbs. Production of soy oil in 2017/18 is unchanged at 22,525 million lbs compared to 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 unchanged at 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 31-34 cents/lbs in 2017/18 compared to 32-35 cents/lbs in its earlier estimate.
- The monthly supply and demand report of U.S. Department of Agriculture, for the month of February forecasts increase in U.S. soybean stocks to at 530 million bushels, up 60 million bushels from last month due to lower exports. U.S. soybean exports are forecast to decline by 60 million bushels to 2100 million bushels amid lagging sales and increased competition from Brazil. Total U.S. oilseed production for 2017/18 is projected at

131.3 MMT, unchanged from previous month. Soybean production is unchanged at 4,392 million bushels. Global oilseed production is forecast at 578.6 MMT, down 1.5 MMT with lower soybean production partly offset by higher cottonseed. Global oilseed ending stocks for 2017/18 are forecast at 110.43 MMT down 0.75 MMT from previous month, with reduced soybean stocks for Argentina, Bolivia, Paraguay, and India more than offsetting an increase for the United States.

- According to consultancy AgRural, farmers in Brazil have harvested 35 per cent of the soybean area in 2017 - 18 season as on March 1, 2018 compared to 47 percent in corresponding period last year.
- Informa has cut Argentina soybean crop to 44 MMT from its last estimate of 51 MMT. It has raised Brazil soybean crop to 114 MMT from 112.5 MMT in its earlier estimate.
- According to the Rosario Grains Exchange, soybean output of Argentina in 2017 -18 is estimated at 46.5 MMT down from 50 MMT in earlier estimate as prolonged drought is likely to affect yield. No significant rains are expected in the next 10-12 days, which is likely to affect the crop further. There could be some very isolated rains, which will not be beneficial for the crop.
- According to Buenos Aires Grains Exchange, soybean output in Argentina in 2017/18 is estimated at 47 MMT from its earlier estimate of 52 MMT with risks to downside as prolonged drought is likely to affect yield.
- According to the latest forecast by the consultancy, Agroconsult Brazilian soybean output in 2017 -18 is estimated at 117.5 MMT compared to previous month's forecast of 114.1 MMT.
- According to the data released by the General Administration of Customs, China's import of soybean increased by 10.76% to 8.48 MMT in the month of January 2018 compared to previous month.
- According to the data released by the General Administration of Customs, China's imports of soybean increased by 10.7 per cent to 8.48 MMT in January 2018 compared to corresponding period previous year and it declined by 11.20 per cent compared to December 2017. Imports declined compared to previous month following tighter specification pertaining to the import of the oilseed at the Beijing airport.
- 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.
- Brazil exported 2.07 MMT of soybean in January 2018 compared to 2.36 MMT in December 2017 and up by 720 per cent compared to same period previous year. Brazil's share of soybean exports to China increased largest on record in 2017 and is expected to increase in 2018. Competitive price and higher protein content of soybean is helping Brazil to gain share in the global market.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price range for 2017/18 is projected at \$8.90 to \$9.70 per bushel, unchanged at the midpoint. Soybean oil prices are forecast at 31 to 34 cents per pound, down 1 cent at the midpoint. Soybean meal prices are projected at \$305 to \$335 per short ton, up \$5 at the midpoint.
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Previous update

- 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.
- According to consultancy AgRural, farmers in Brazil have harvested 25 per cent of the soybean area in 2017 - 18 season as on 23, February 2018 compared to 5-year average of 27 percent in corresponding period last year and below 36 percent in the corresponding period last year.
- 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 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 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 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.
- 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 during corresponding period previous year and below five year average of 7.17 per cent. Mato Grosso is usually 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 corresponding period a year earlier.
- 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 corresponding 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 corresponding 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 corresponding period previous year.

- 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 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.
- 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.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 730-830 per 10 Kg.

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

	2016-17	2017-18-F	Nov-Jan	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening Stock	6.20	2.92	2.92	2.30	2.69	3.36
Production (Domestic)	15.09	14.94	6.87	1.79	1.79	4.48
Imports	33.16	38.00	5.70	8.74	10.64	12.92
Imported oil processing	32.26	36.97	5.55	8.50	10.35	12.57
Total Production (Domestic production and imported oil production)	47.35	51.91	12.42	10.30	12.15	17.05
Total Supply	53.55	54.83				
Quarterly add-on			12.42	10.30	12.15	17.05
Consumption	50.63	52.15	13.04	9.91	11.47	17.73
Ending Stock	2.92	2.68	2.30	2.69	3.36	2.68

Source: AW estimates
Oil year- November-October

Highlights

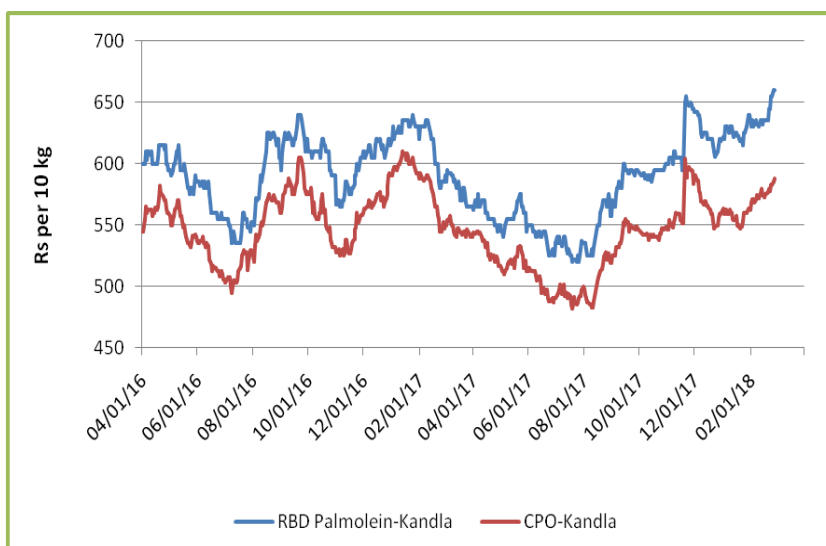
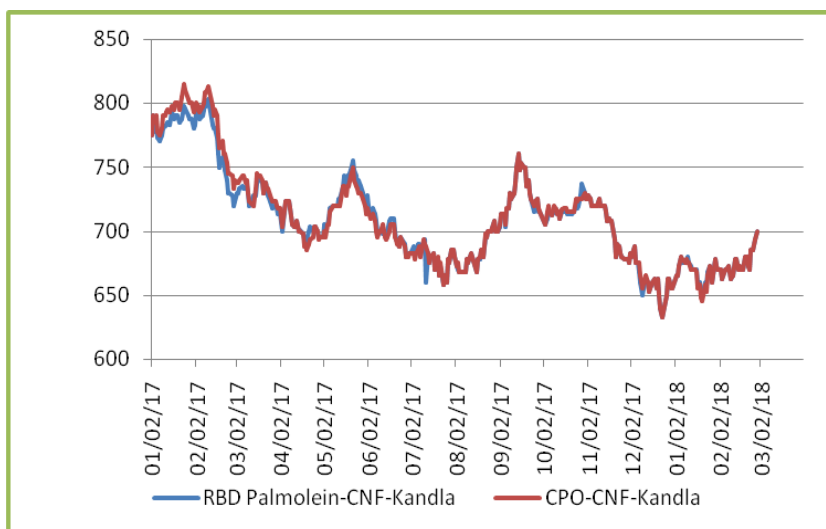
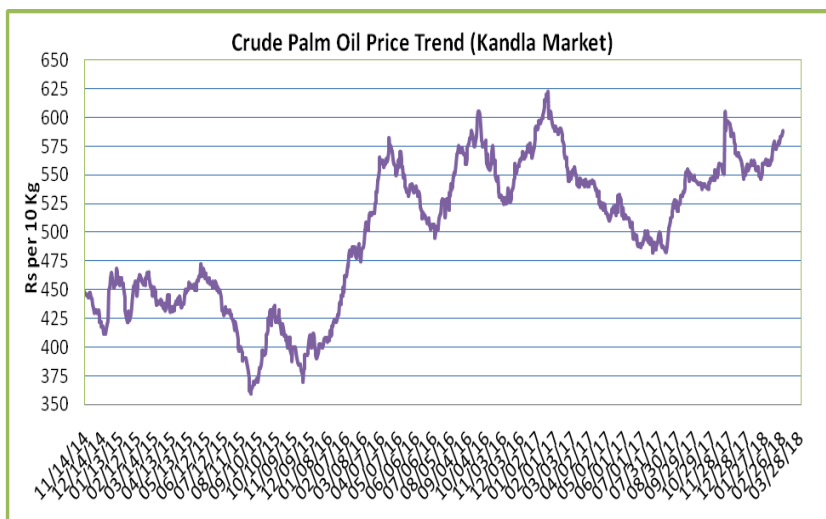
- Prices of soy oil in 2017-18 are expected to be higher on higher imports in oil year 2017-18 on higher domestic production.
- Soy oil production is expected to be lower in oil year 2017-18 on lower soybean crush due to lower soybean crop in 2017-18.
- Lower carry out in Nov-Jan and Feb-Apr is low due to lower imports.
- Carryout stocks of oil year 2016-17 is 2.92 lakh tons on higher soy oil imports.
- Carry out of oil 2017-18 is 2.68 lakh tons
- Carryout of 2017-18 is lower than 2016-17.

Palm oil: Domestic Market Fundamentals

- CPO prices witnessed firm tone in the month of February at its benchmark market at Kandla on firm demand. CPO prices rose across board in India. RBD palmolein prices rose across board in India. Superolein prices remained unchanged in Kandla while it rose Mumbai. Vanaspati prices rose in Delhi, Kolkata and Mumbai. CPO-CNF and RBD palmolein-CNF India prices fell in February.

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

Government of India raised import duty on crude palm oil and refined palm oil in an effort to stem the surge in imports of palm oil in the country. Now, CPO duty stands at 48.4 percent, RBD palmolein stands at 59.4 percent, soy oil at 33 percent, sunflower oil at 27.5 percent and rapeseed (canola) oil at 27.5 percent. This effectively reduces palm oil attractiveness compared to softer oils. This will open doors to higher imports of softer oil especially sunflower oil whose duty is less than soy oil and are quoting at lower prices than soy oil at CNF markets. However, this step will help domestic crushing and support oilseed farmers who are facing agrarian distress. More steps



from government has to be taken to support domestic crushing and help oilseed farmers. This might not be the last step on duty hikes.

BMD CPO and RBD palmolein DALIAN rose in February which led to higher prices of CPO and RBD palmolein.

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

Demand of RBD palmolein was weak in domestic markets in February compared to CNF markets as prices of RBD palmolein rose less at high seas compared to CIF markets.

Supeolein saw mixed trend while Vanaspati prices saw firm movement of prices in domestic markets.

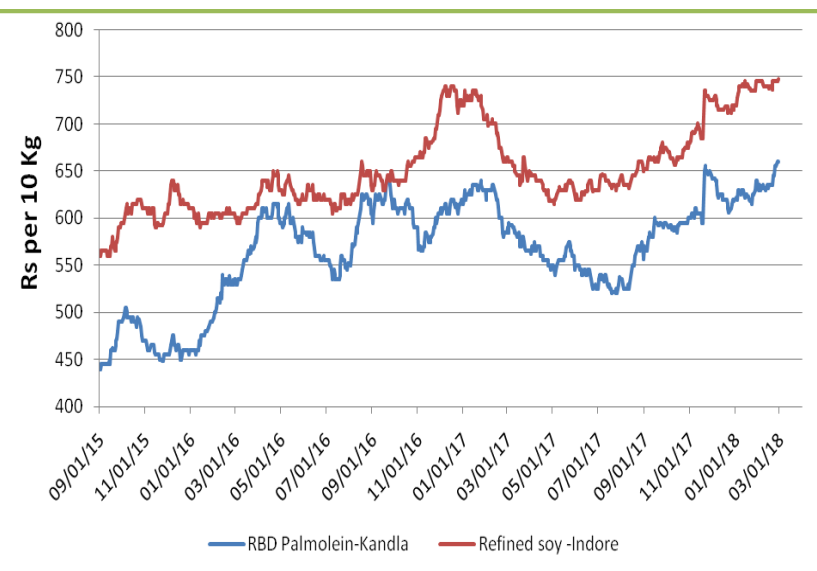
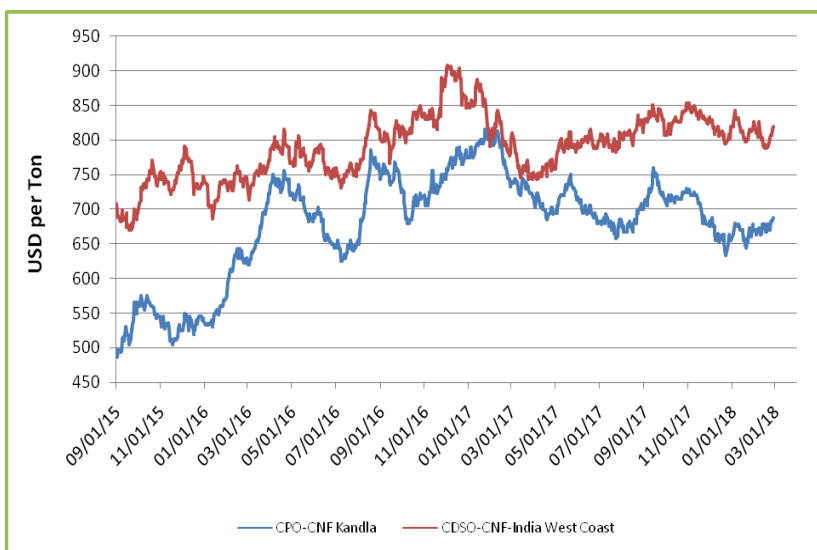
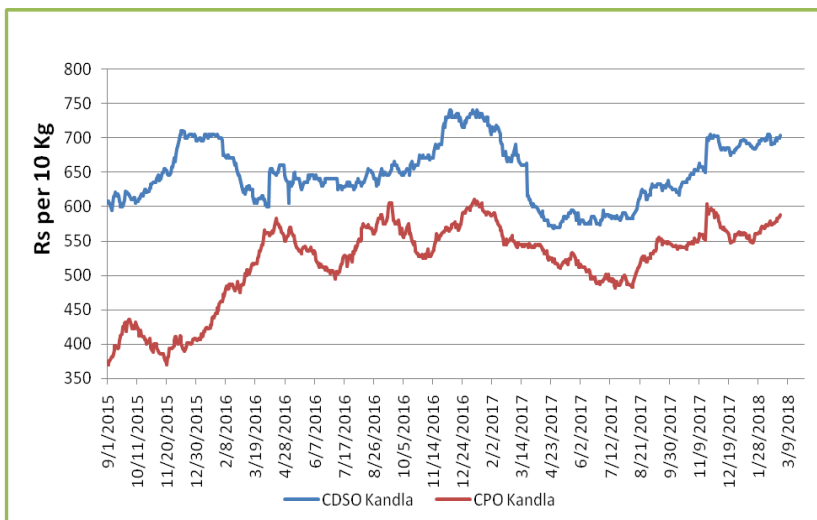
Prices of CPO in India CIF rose more compared to CPO FOB Indonesia indicating firm demand at CIF markets.

RBD palmolein rose more in CNF markets compared to FOB markets indicating firm demand on CIF markets.

RBD palmolein premium over CPO increased to Rs 70 (Rs 73 last month) per 10 kg indicating weak demand of RBD palmolein compared to CPO at high seas.

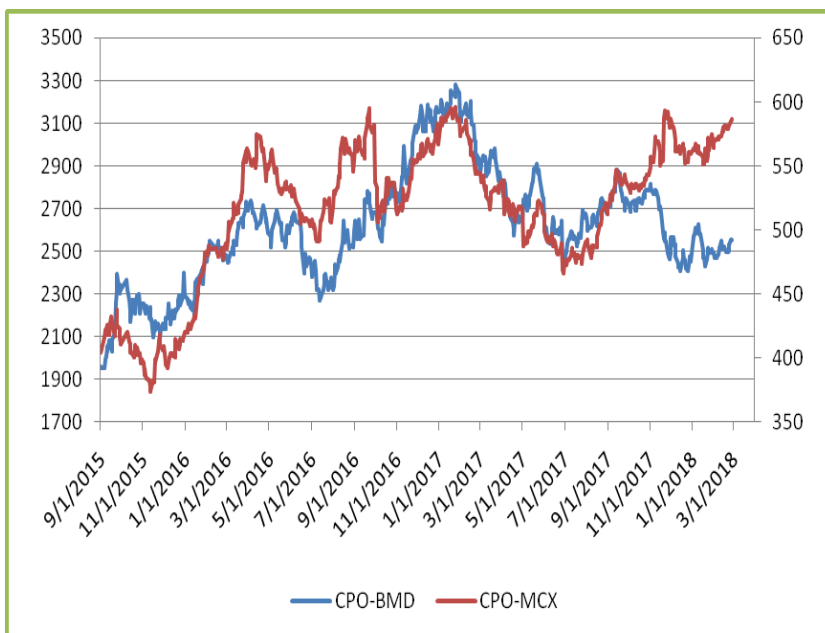
CPO imports rose in January compared to January 2018 and December 2017. Stocks at ports and

pipelines rose marginally indicating firm demand. RBD palmolein imports rose in January compared to December 2017 and January 2017. Stocks at ports and pipelines were unchanged indicating regular demand.



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

Demand of CPO will rise in slowdown in March on hike in import duty on CPO. However, due to high stocks at ports import demand will remain low. Demand 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 February on restocking due to low port stocks and demand ahead of Holi. Demand and wane after early March on hike in import duty on RBD palmolein and seasonal downtrend of demand.

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 February.

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 155 (Rs 183 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 February at CNF markets will increase imports. Decreasing premium of crude sunflower CIF India West coast and CPO CIF at USD 117.5 (USD 135) per ton will decrease 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 CNF markets compared to CSFO-CNF.

Decreasing CDSO CIF premium over CPO CIF will decrease imports of CPO in medium term at USD 125.5 (USD 146 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 115 (Rs

136 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 90 (Rs 110 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 February review, India's 2017/18 imports of palm oil is hiked 0.4 MMT to 10.6 MMT from 10.2 MMT in its earlier review. Consumption of palm oil in India in 2017/18 is increased to 10.6 MMT from 10.3 MMT in its earlier review. End stocks of palm oil in India in 2017/18 is increased 0.1 MMT to 0.590 MMT from 0.490 MMT.
- Government of India (GOI) hiked import duty on crude palm oil to 44 percent from 30 percent and RBD palmolein to 54 percent from 50 percent. This hike is to support oilseed farmers and domestic crushers. Low palm oil import duty has destroyed domestic crushing industry in last decade and has led farmers to shift from oilseeds to other crops. There is no hike in import duty on other major soft oils.
- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in January rose 36.2 percent y-o-y to 8.35 lakh tons from 6.13 lakh tons in January 2017. Imports in the period (November 2017-January 2018) are reported higher by 6.46 percent y-o-y at 22.75 lakh tons compared to 21.37 in the corresponding period last oil year.

CPO Imports rose 63.35 percent y-o-y in January to 6.73 lakh tons from 4.12 lakh tons in January 2017. Imports in the period (November 2017-January 2018) are reported higher by 27.58 percent y-o-y at 18.41 lakh tons compared to 14.43 lakh tons in the corresponding period last oil year.

RBD palmolein imports fell y-o-y in January by 23.35 percent to 1.51 lakh tons from 1.97 lakh tons in January 2017. Imports in the period (November 2017-January 2018) are reported lower by 40.07 percent y-o-y at 4.05 lakh tons compared to 6.83 lakh tons in the corresponding period last oil year

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 687.5 (USD 670) per ton for March delivery and AMJ delivery is quoted at USD 697.5 per ton. Last month, CIF CPO February average price was at USD 674.17 per ton (USD 661.68 per ton in January 2018). Values in brackets are figures of last month.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 697.5 (USD 670) per ton for March delivery, AMJ delivery is quoted at US 707.5 per ton. Last month, CIF RBD palmolein February average price was USD 675.70 (USD 660.48 in January 2018) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 595 (Rs 562) per 10 Kg and March delivery duty paid is offered at Rs 595 (Rs 564) per 10 kg. Ready lift RBD palmolein is quoted at Rs 660 (Rs 635) per 10 kg as on Feb 28, 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 45-50/ton (Feb average) v/s gain of USD 45-50/ton (Jan average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 40-45/ton (Feb average) v/s gain of USD 35-40 (Jan average).

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

International Market Fundamentals

- Agriwatch view – Palm oil expected to be supported by fall in end stocks of palm oil in Malaysia, fall in production of palm oil in Malaysia and Indonesia, slow fall in exports of palm oil from Malaysia, rise in crude oil prices and rise in competitive oil prices will support palm oil in medium term.
- Palm oil end stocks fell in Malaysia in January as reported by MPOB after reaching 2 year highs on lower production of palm oil and rise in exports of palm oil.

Palm oil production fell sharply in January in Malaysia on seasonal downtrend of production and due to record December production, which was not sustainable. Further fall in palm oil production is expected in February and March.

Palm oil exports showed surprise rise in January on suspension of export duty on exports of crude palm oil from Malaysia to clear stocks of palm oil, which reached 2 year highs.

- Exports fell 11 percent in February from Malaysia indicating weakening of demand at the end of February. However, February was a shorter month and adjusting for whole month fall was not so significant.

Demand from India in rose February compared to last month. Higher demand from India is due to restocking by India after weak exports in last quarter of 2017 and low port stocks of RBD palmolein. Also, suspension of export duty by Malaysia on CPO in January has led to higher demand from the country.

India is buying more CPO compared to RBD palmolein due to higher refining margins compared to ready to use palmolein. Higher duty differential by India between CPO and RBD palmolein has slowed imports of RBD palmolein in last 5 months. Due to recent hike in import duty imports of RBD palmolein will weaken from Malaysia in March as India was swing importer in February which reported higher import numbers.

- Demand from China remained weak in February due to higher supply of soy oil in the country on higher imports of soybean. China needs soy meal to increase livestock herd count to improve supply in the country. Higher crush of soybean in China has led to record supply of soy oil in the country slowing palm oil demand.
- Production of palm oil in Malaysia expected to fall in February due to seasonal downtrend of production.

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 slower fall in exports in February and higher exports from Malaysia in March due to suspension of export duty on exports of crude palm oil by Malaysia will support palm oil prices. Suspension of export duty from Malaysia is expected to support the country's exports. Higher buying by top importer India, indicates that demand will remain firm in March.

- Rise in RBD palmolein DALIAN is expected to support palm oil prices as its prices are selling in oversold zone and it is expected to show technical recovery. It is trading in oversold zone and technical rebound is expected.

- 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. Rise in crude oil prices is expected to support palm oil prices in medium term (details are given in soy oil international section).

- Appreciation of ringgit, pose threat to bullish sentiment of palm oil as it makes palm oil uncompetitive compared to other competitive oils. Ringgit has been appreciating for some time and has breached critical support of 4.00 per USD.

- Indonesia kept export duty unchanged at zero percent for January, eleventh 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.

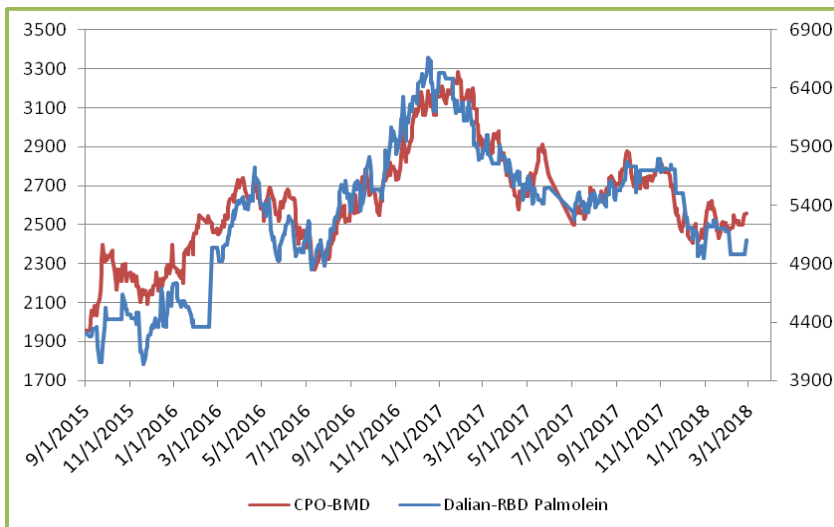
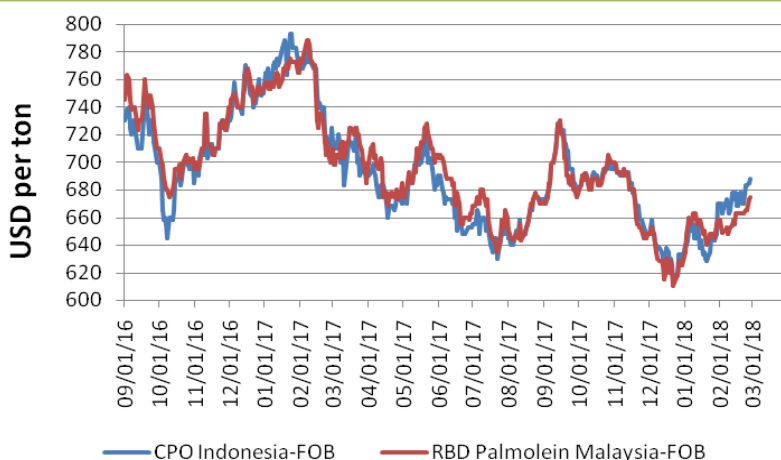
Lower oilseed crop in India in 2017-18 will decrease production of edible oil in its domestic market and increase imports.

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 February palm oil exports fell 11.0 percent to 1,167,908 tons compared to 1,312,679 tons last month. Top buyers are European Union at 306,371 tons (278,212 tons), India at 231,515 tons (190,328 tons), United States at 74,790 tons (99,769 tons),



China at 66,670 tons (142,000 tons) and Pakistan at 27,000 tons (51,500 tons). Values in brackets are figures of last month.

- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's February 1-25 palm oil exports rose 5.0 percent to 1,064,823 tons compared to 1,013,897 tons in corresponding period last month.
- According to China's General Administration of Customs (CNGOIC), China's January palm oil imports fell 12.49 percent to 4.68 lakh tons compared to January 2017. Imports from Indonesia in January fell 14.37 percent to 3.20 lakh tons compared to January 2017. Imports from Malaysia in January fell 8.17 percent to 1.48 lakh tons compared to January 2017.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's January palm oil stocks fell 6.75 percent to 25.48 lakh tons compared to 27.32 lakh tons in December. Production of palm oil in January fell 13.49 percent to 15.87 lakh tons compared to 18.34 lakh tons in December. Exports of palm oil in January rose 6.01 percent to 15.13 lakh tons compared to 14.27 lakh tons in December. Imports of palm oil in January rose 132 percent to 0.35 lakh tons compared to 0.14 lakh tons in December. Fall in palm oil end stocks in January was below trade estimates.
- 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
- Policy update- According to Malaysian government, Malaysia has removed export duty on crude palm oil for three months starting January 8, 2018 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 kept palm oil export duty for March unchanged at zero, below threshold prices of USD 750 per ton. This is 11th straight month of zero export duty, as palm oil is expected to miss certain thresholds.

Previous updates

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's February 1-25 palm oil exports rose 4.3 percent to 1,076,563 tons compared to 1,032,615 tons in corresponding period last month. Top buyers are European Union at 305,721 tons (204,215 tons), India at 221,115 tons (172,428 tons), United States at 72,290 tons (91,019 tons), China at 66,670 tons (103,100 tons) and Pakistan at 27,000 tons (33,500 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's February 1-20 palm oil exports rose 8.8 percent to 791,992 tons compared to 727,958 tons in corresponding period last month. Top buyers are European Union at 240,457 tons (195,753 tons), India & subcontinent at 218,045 tons (130,710 tons) tons and
- 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.
- 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 February 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 600-700 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 weak on higher carryout compared to oil year 2016-17.
- Imports are expected to be higher in 2017-18 compared to last year oil year 2016-17.
- 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 2017-18.

Rapeseed oil: Domestic Market Fundamentals

➤ Rapeseed oil featured weak trend at various markets on weak demand and fall in rapeseed prices. Prices of expeller mustard oil closed lower across board in India. Kacchi Ghani prices fell across board in India. Rapeseed (Canola) oil prices fell in February.

➤ Agriwatch view: Rapeseed oil prices traded weak in the month of February

in various markets in India on weak demand, and weakness in rapeseed prices.

Rapeseed arrivals increased in the month of February compared to January with the start of harvest in various states.

Demand fell in the month of February and winter got over in North and East India.

Sowing of rapeseed is 5.27 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.

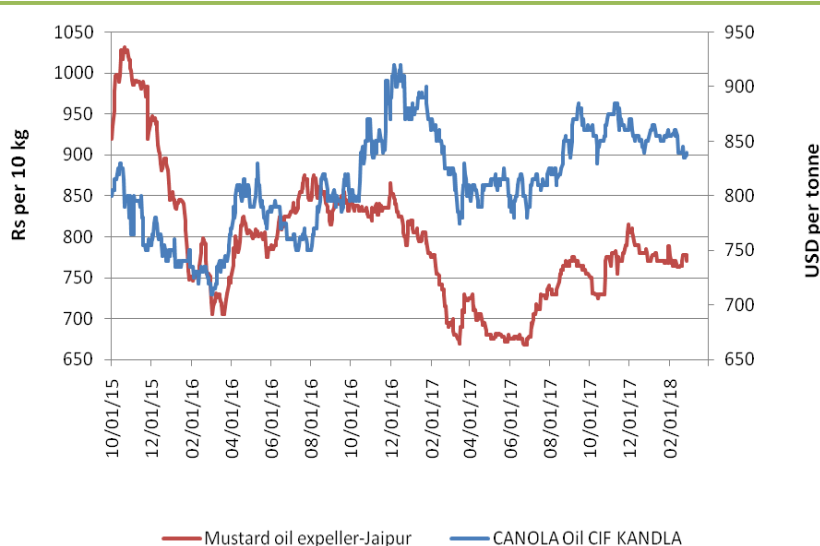
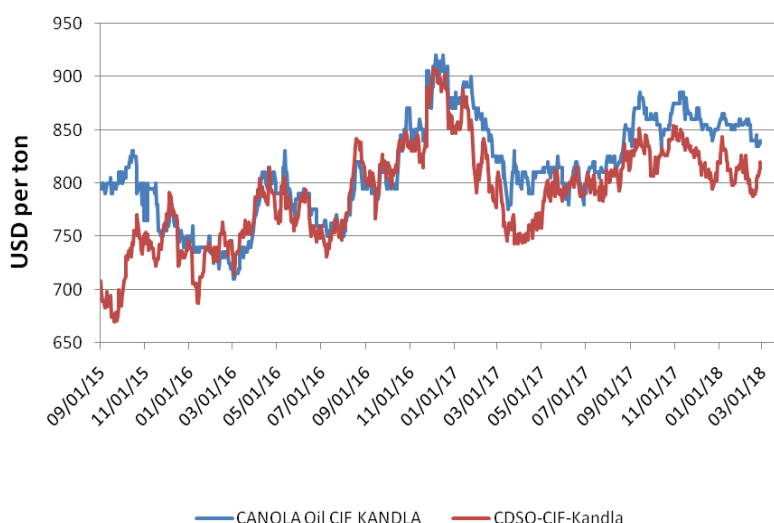
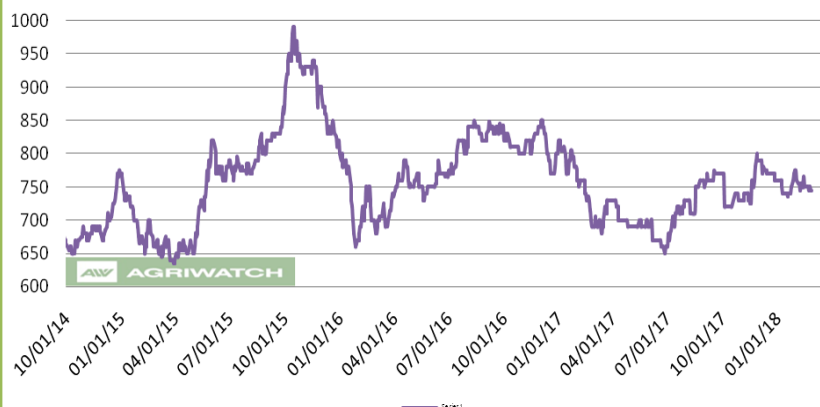
Lower crop of rapeseed-mustard crop in 2017-18 oil year will decrease supplies of rapeseed oil in long run.

Agriwatch pegged rapeseed-mustard crop at 6.3 MMT in MY 2017-18.

Stockists and traders are well stocking against weak demand.

Demand is weak while the prices are lucrative.

Mustard Oil Price Trend (Kota Market)



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 expeller rapeseed oil over soy oil in domestic market was at Rs -10 (Rs 30) per 10 Kg, will support rapeseed oil prices in medium term.

Hike in import duty on import of palm oil will support rapeseed oil prices in near 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 66.88 lakh hectares as on 9 Feb 2018 compared to 70.60 lakh hectares in corresponding period last year. Rajasthan is lagging in sowing as on 9 Feb 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 0.17 lakh tons of rapeseed (Canola) oil in January 2018 v/s 0.18 lakh tons in January 2017, marginally lower y-o-y. In the period (Nov 2017-Jan 2018) imports were 0.77 lakh tons compared to 0.82 lakh tons in the corresponding period last oil year, down 6.1 percent.
- CIF Canola oil premium over soybean oil is hovering at USD 32 (USD 35 last month) as on Feb 28, 2018.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 770 (Rs 788) per 10 Kg and at Kota market is quoted around Rs 740 (Rs 775) per 10 kg as on Feb 28, 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 750-850 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 firm trend at its benchmark market in Chennai during the month of February on firm demand. Prices closed higher in Mumbai and Kandla/Mudra while it fell in Latur. Sunflower expeller prices closed higher in Erode and Chellakere while it fell in Latur.

➤ Agriwatch view: Sunflower prices closed lower in month of February

at its benchmark market of Chennai on firm demand

Prices of sunflower oil rose more on high seas compared to CNF markets indicating firm demand of sunflower oil in Indian markets.

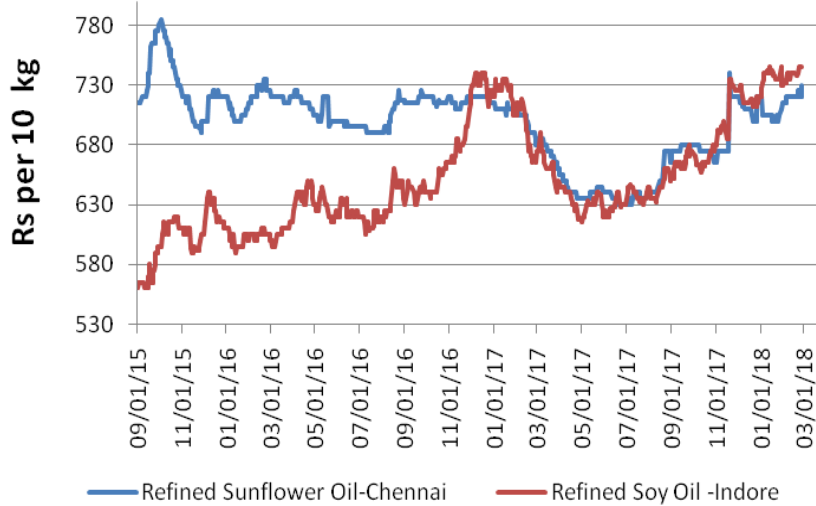
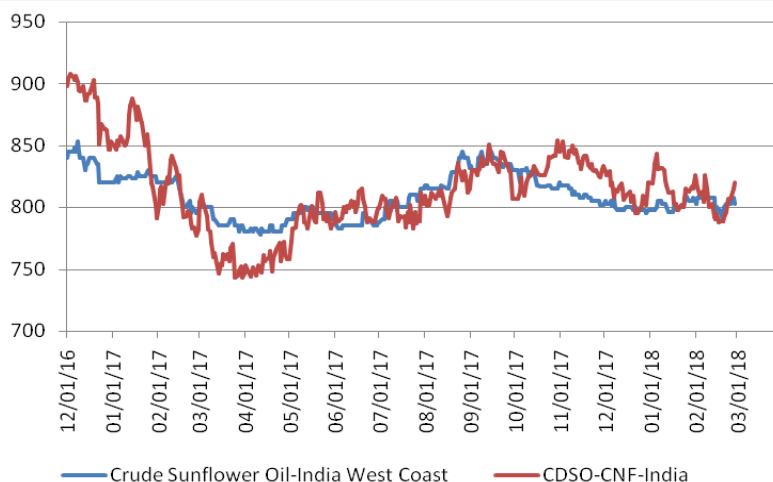
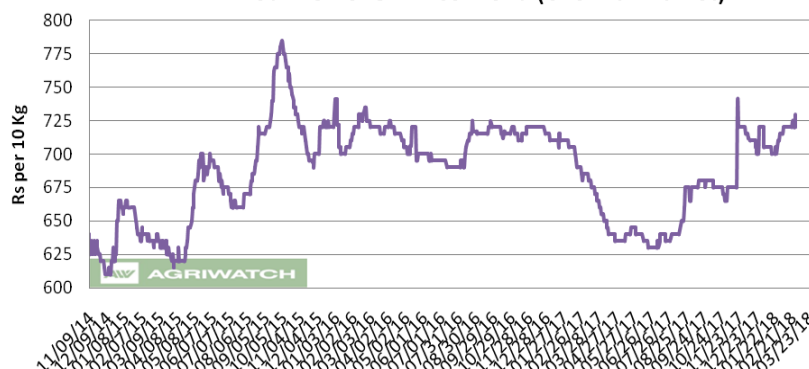
Hike in imports of palm oil and less supply of soy oil in international markets due to drought in Argentina will open flood gates for higher imports of sunflower oil CNF as it is quoting below soy oil CNF and sunflower attracts lower import duty compared to palm oil and sunflower oil.

Prices of sunflower oil will rise on hike in import duty of palm oil.

Supply has improved in markets as imports rose 25 percent in oil year 2017-18 (November 2017-January 2018) after 43 percent rise in oil year 2016-17 (November-October) indicating firm supply of sunflower

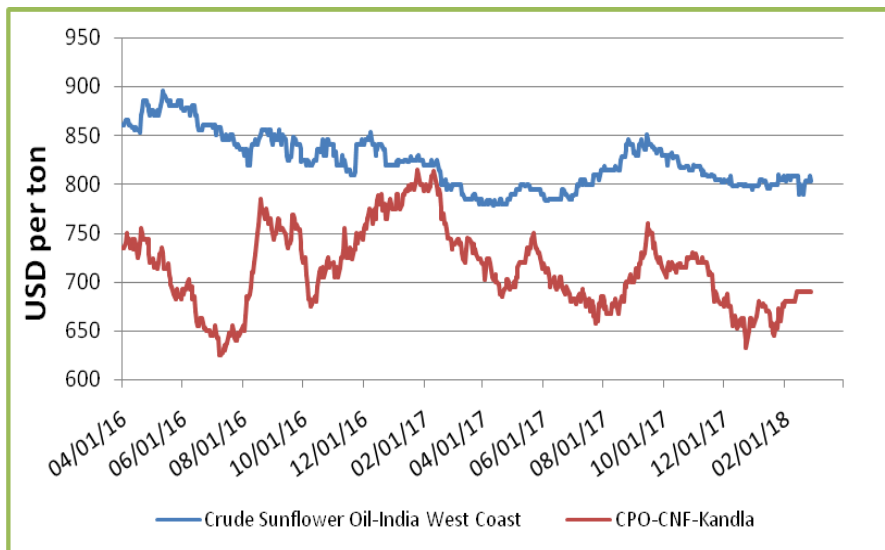
oil in domestic market. Despite rise in imports of sunflower oil in oil year 2017-18, port stocks have decreased indicating firm demand.

Sunflower Oil Price Trend (Chennai 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 and palm oil which will support imports.

Importers are importing sunflower oil and stocking 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, hike in import duty is insufficient to stall imports and more hikes are needed to slow imports.

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 February 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 -14 (USD -20.5 last month).

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 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 1.74 lakh hectares as on 9 Feb 2018 compared to 1.71 lakh hectares in corresponding period last year.
- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 20.5 percent y-o-y in January to 1.71 lakh tons from 2.15 lakh tons in January 2017. Imports in the period (November 2017-January 2018) is reported higher by 7.5 percent y-o-y at 6.01 lakh tons compared to 5.59 lakh tons in the corresponding period last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 799 (USD 807.5) per ton for Mar delivery, April delivery is quoted at USD 805 (USD 810) per ton, May delivery is quoted at USD 810 per ton and June delivery is quoted at USD 815 per ton. CIF sun oil (Ukraine origin) February monthly average was at USD 803.38 per ton compared to USD 801.58 per ton in January. 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 improved from last month and is hovering at USD -14 per ton versus USD – 20.5 per ton previous month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 730 (Rs 715) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 740 (Rs 735) per 10 kg as on Feb 28, 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 700-800 per 10 Kg.

Balance Sheet- Sunflower Oil (quarterly), India

Fig. in lakh tons

	2016-17	2017-18-F	Nov-Jan	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening Stock	2.02	3.43	3.43	4.34	4.86	4.64
Production	0.96	0.80	0.15	0.12	0.27	0.27
Imports	21.68	22.11	6.08	6.19	5.53	4.31
Total Supply	24.66	26.34				
Quarterly add-on			6.23	6.31	5.80	4.58
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	3.43	3.20	4.34	4.86	4.64	3.20

Source: AW estimates

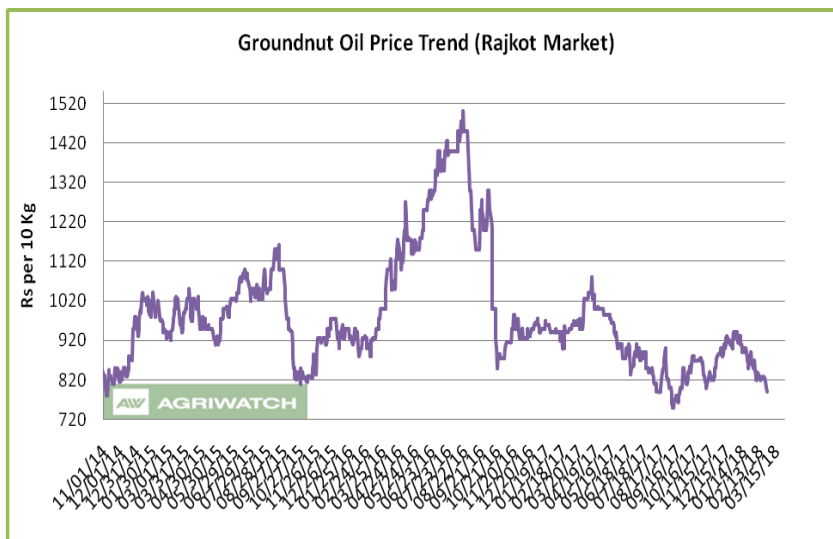
Oil year- November-October

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 3.43 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 higher consumption.

Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured downtrend during the month in review at its benchmark market in Rajkot on weak demand. Prices rose in Chennai and New Delhi while it fell in Mumbai. Prices closed lower in Jamnagar and Gondal at the end of the month. Groundnut oil expeller closed higher in Hyderabad.
- Agriwatch view: Groundnut oil prices fell in February on weak demand.



Gujarat government got permission

of procuring of 1 lakh tons of groundnut in second phase of procurement which was much below 4 lakh tons asked by the state government.

However, procurement has still not started in the state which has led to fall in prices of groundnut oil. There is expectation in market that when government of Gujarat will come to dispose groundnut in market then the quality of groundnut will not be good which will lead to almost all groundnut shift to crushing which will support crushing and underpin groundnut oil prices.

Arrival has increased in mandis as there are no definitive dates of procurement. Stocks of groundnut with farmers are high which means any rise in prices due to procurement of groundnut will not sustain.

Exports of groundnut procured by Gujarat government will not be possible which will lead to diversion of groundnut towards crushing.

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.

Prices of groundnut oil generally fall in February which will weaken groundnut oil prices in medium term. 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.

Consumers are shying away from market as they expected lower prices of groundnut oil prices.

Oil demand will only rise when prices fall significantly.

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.

Currently there are little exports taking place especially to Africa due to higher prices of groundnut and better quality and lower prices of groundnut available in international markets.

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

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

There could bargain buying in coming days.

There could be temporary rise in prices of groundnut oil due to hike in prices of palm oil. However, price trend will be towards downside.

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 6.39 lakh hectares as on 9 Feb 2018 compared to 6.36 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 7,900 (8,600) per quintal and quoting at Rs 8,200 (Rs 8,400) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to weak tone in the coming days.

Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 750-900 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

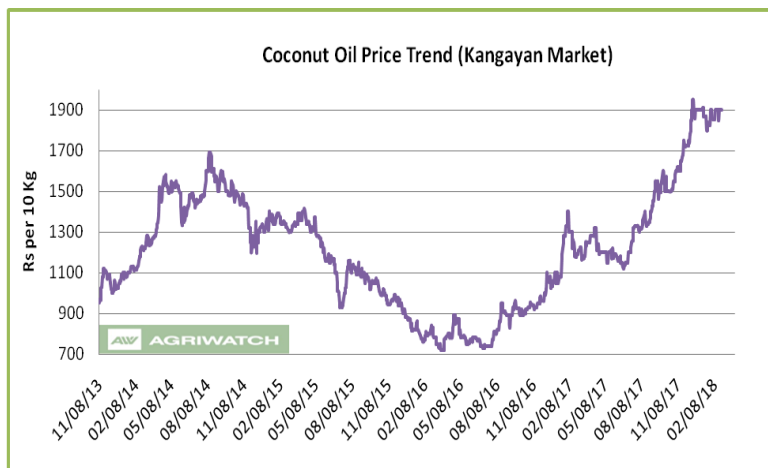
Highlights

- 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 lower 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 flat copra prices. Prices rose in Kochi at the end of the month.
- Agriwatch view: Prices of coconut oil traded sideways in the month of February on weak demand of coconut oil and flat prices of copra.

Due to rise in coconut oil prices demand destruction has taken place in top consuming areas.



Flat in prices of copra led to sideways in prices of coconut oil. Flat raw material prices led to sideways prices of end product.

Average prices of raw material like coconut prices rose from Rs 20 to Rs 45 on lower rains in coconut growing areas of Tamil Nadu, Kerala, Karnataka and Andhra Pradesh in 2015-16 and 2016-17 which led to higher raw material prices.

Short supply of coconut led to lower supply of copra which led to sharp fall in production of coconut oil which supported coconut oil prices.

Household consumed contracted in Kerala and no oil replaced the gap.

Of the total production of 6 lakh tons of coconut oil corporate consumes around 2.5 lakh tons whose demand is slightly weak.

Adulteration of coconut oil is rampant in Kerala and the prices at which adulterated coconut oil is sold is less than sales prices of coconut oil production.

There are more than 250 brands in market and competition is high which leads to rampant adulteration.

5 kg of coconut is used to produce 1 kg of coconut oil which means Rs 225 is production cost and actual selling prices should be above these prices and market prices are ruling below these prices.

Ball copra is now not used in crushing for production of coconut oil as its prices are around milling copra prices. Ball copra is only used when prices difference between milling copra and ball copra is high.

There is shortage of milling copra in the market which has kept its prices elevated.

There will no crash in prices of coconut oil in 2018 as prices of coconut are expected to fall to Rs 35 per unit from Rs 45 per unit.

Rains in 2017 has led to expectation that this year coconut production will rise and its prices will moderate.

So, coconut prices will show moderate correction in 2018.

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

Export demand of coconut oil 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.

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.

Higher prices of coconut oil for a long period have weakened demand towards in medium to long term.

Prices are expected to be weak in March on weak retail demand, weak demand from corporates, lower prices of copra and seasonal downtrend of prices. Prices are expected to trade sideways to weak in medium term.

- Cabinet Committee of Economic Affairs (CCEA) hiked MSP of copra by Rs 1,000 on Fair Average Quality (FAQ) of milling copra to 7,500 per quintal for 2018 from 6,500 per quintal in 2017. The MSP of ball copra was increased to 7,750 per quintal in 2018 from 6,785 in 2017. The rise has been recommended by Commission for Agricultural Costs and Prices (CACP). This step is being taken to improve incomes of farmers and encourage farmers to take up coconut cultivation.
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 19,000 (18,400) per quintal, and quoting Rs 19,000 (19,000) per quintal in Erode market on February 28, 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 1700-2200 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
All India	973	316	900	265	836	236	971	273	973	273
Estimated production of Coconut Oil @62.5%(in Lakh Tonnes)	6.081		5.625		5.225		6.069		6.081	
Estimated production of Oil Cake @35%(in Lakh Tonnes)	3.405		3.150		2.926		3.399		3.406	

* 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
Opening Stock	89.33	41.60	9.78	14.74	37.10
Production	608.00	562.50	522.50	606.90	608.10
Imports	1.00	1.65	9.67	5.17	0.01
Exports	6.83	7.07	7.21	6.81	33.54
Consumption/Crushing	650.00	588.90	520.00	582.90	601.35
Ending stock	41.60	9.78	14.74	37.10	10.32
<i>E - Estimated (likely to be revised subsequently)</i>					
Note - Consumption/Crushing of coconut oil estimated based on the details collected through various Offices of the Board and in consultation with industry sources.					

Source: Coconut Development Board

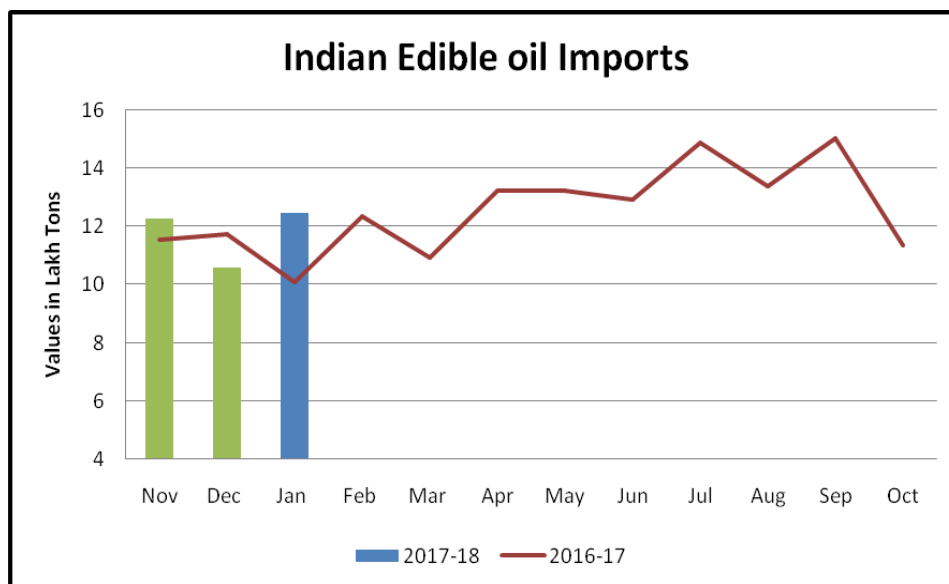
Coconut products exports from India
Qty in '000 MT

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
Total			1312.38		1450.24		2083.74

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 January is pegged at 12.47 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.

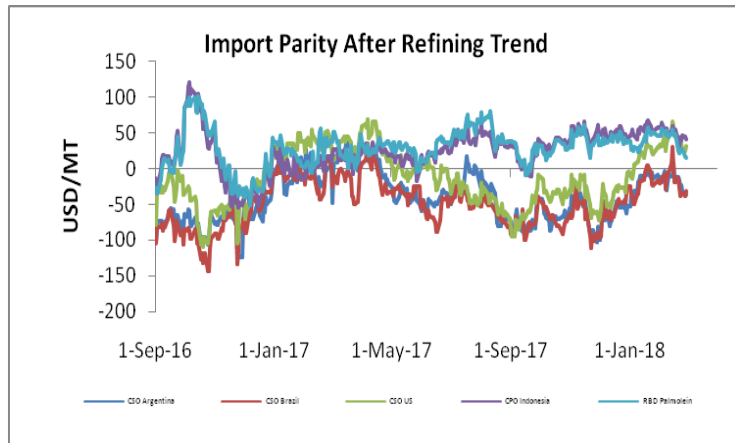
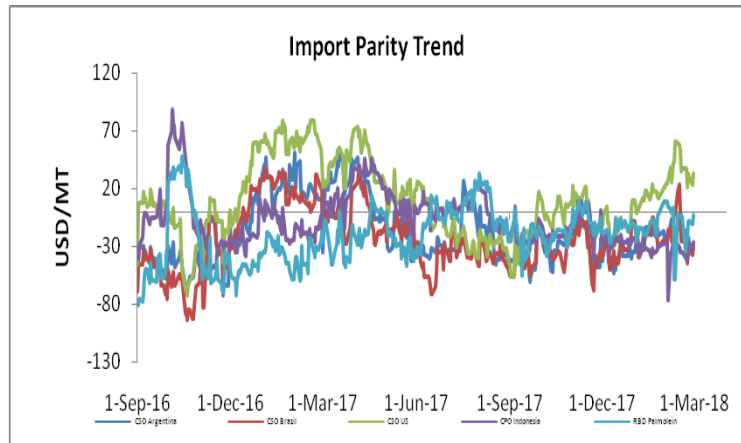
On the consumption side, India's edible oil consumption for 2017-18 oil year seen at 24.55 million tons, up 4 percent from last year. Ending stocks are projected higher compared to 2016-17 at 1.74 million tons.

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 6/02/2018	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	754	761	685	658	668
Freight (USD/MT)	52	52	62	25	20.0
C & F	806.0	813.0	747.0	682.5	688.0
Weight loss (0.25% of FOB)	1.89	1.90	1.71	1.64	1.67
Finance charges (0.4% on CNF)	3.22	3.25	2.99	2.73	2.75
Insurance (0.3% of C&F)	2.42	2.44	2.24	2.05	2.06
CIF (Indian Port - Kandla)	814	821	754	689	694
Duty (Values in USD per tons)	268.62	268.62	268.62	332.51	420.55
GST (5% on duty) USD per ton	13.431	13.431	13.431	16.6254	21.0276
Exchange rate	64.99	64.99	64.99	64.99	64.99
Landed cost without customs duty in INR per ton	52871	53330	48999	44773	45135
Customs duty %	30.00%	30.00%	30.00%	44.00%	54.00%
Social Welfare Surcharge@10%	3.00%	3.00%	3.00%	4.40%	5.40%
Total Duty %	33.00%	33.00%	33.00%	48.40%	59.40%
Base import price	814	814	814	687	708
Fixed exchange rate by customs department	66.10	66.10	66.10	66.10	66.10
Duty component in INR per ton	17755.78	17755.78	17755.78	21978.78	27798.49
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	72027	72486	68154	68152	74333
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	72500	72500	72500	64400	72000
Total landed cost USD per ton	1108	1115	1049	1049	1144
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1116	1116	1116	991	1108
Parity INR/MT (Domestic - Landed)	473	14	4346	-3752	-2333
Parity USD/MT (Domestic - Landed)	7.28	0.21	66.87	-57.73	-35.90
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	76526.90	76986.15	72654.44	75651.77	77133.13
Soy/Palm oil imported Price (Including tax)	80353.25	80835.46	76287.16	79434.36	80989.79
Loose price of Soy/Palm in Indore and Delhi market	81900.00	81900.00	81900.00	81900.00	81900.00
Parity after processing and Taxes (Rs per MT)	1546.75	1064.54	5612.84	2465.64	910.21
Parity after processing and Taxes (USD per MT)	23.80	16.38	86.36	37.94	14.01
Source: Agriwatch					

Import Parity Trend

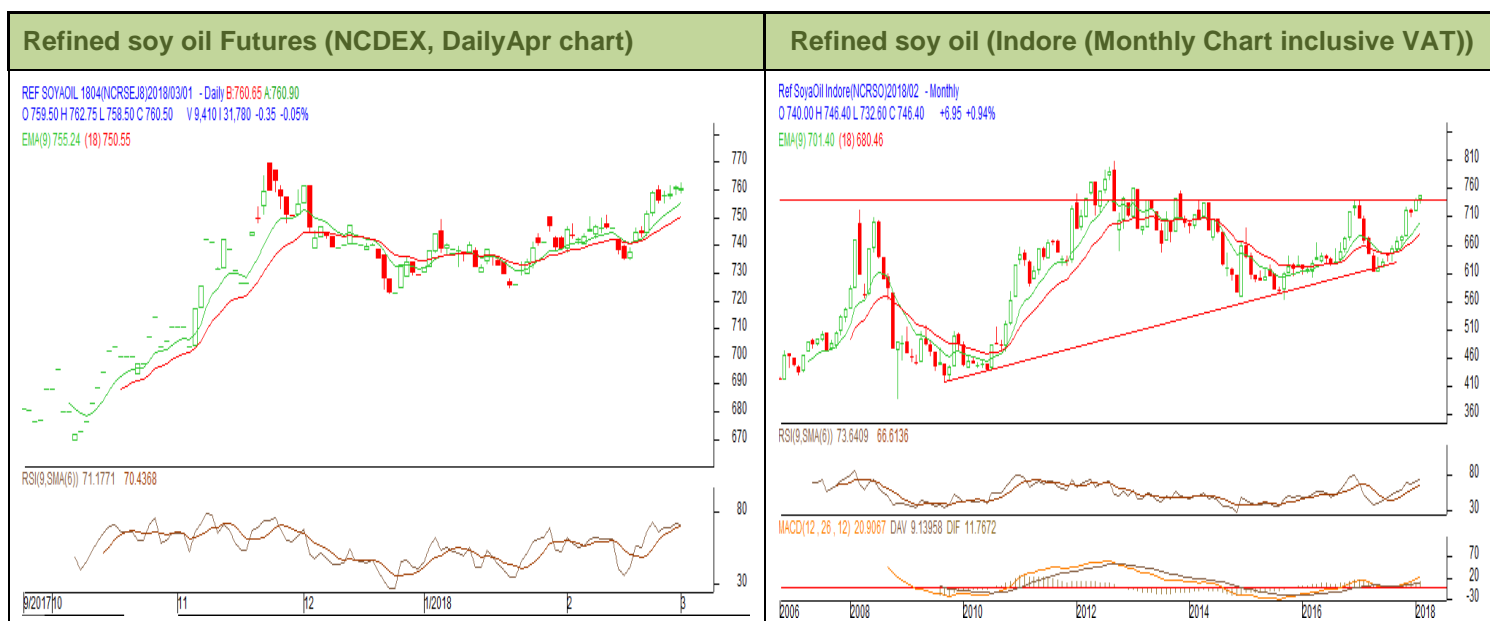


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Dec, 2017	-61.04	-56.94	-35.86	49.07	40.37
Jan, 2017	-19.04	-21.40	-15.94	53.53	37.89
Feb, 2018	-17.13	-16.80	39.43	49.45	39.68

Outlook:-

Import parity for CDSO Argentina and CDSO Brazil are in disparity due to costly imports. We expect CDSO import parity to return to parity in March. 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.

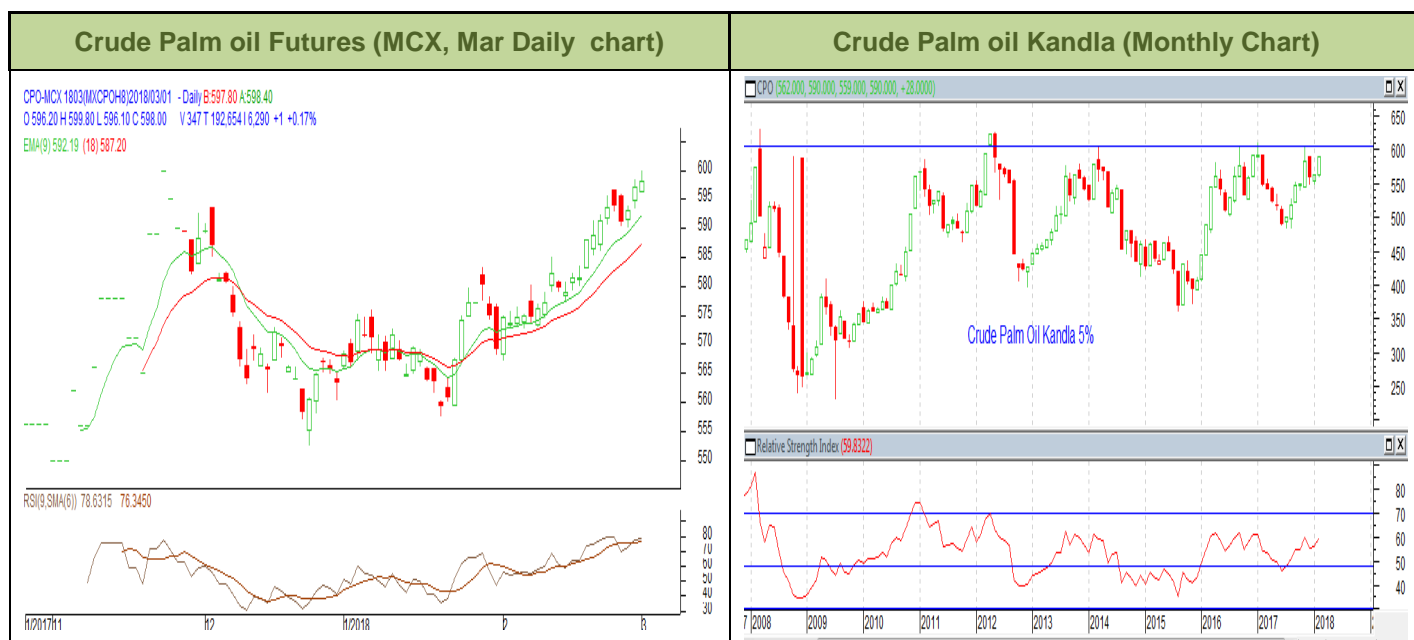
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close below 780 in monthly chart will change the sentiment and bring prices to 760 levels.
- Expected price band for next month is 750-850 level in near to medium term. RSI, Stochastic and MACD are indicating uptrend at current levels.

Strategy: Market participants are advised to go long in RSO above 785 for a target of 805 and 810 with a stop loss at 775 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
756.00	770.00	790.90	800.00	820.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 730-830 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 (March 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 630 in monthly chart might bring the prices to 610 levels.
- Expected price band for next month is 600-700 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 635 for a target of 655 and 660 with a stop loss at 625 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
611.00	625.00	643.3	660.00	675.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 600-700 per 10 Kg.

Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		28-Feb-18	31-Jan-18	
Refined Soybean Oil	Indore	748	745	3
	Indore (Soy Solvent Crude)	710	710	Unch
	Mumbai	750	730	20
	Mumbai (Soy Degum)	710	695	15
	Kandla/Mundra	745	730	15
	Kandla/Mundra (Soy Degum)	705	695	10
	Kolkata	750	730	20
	Delhi	785	770	15
	Nagpur	771	782	-11
	Rajkot	735	720	15
	Kota	740	745	-5
	Hyderabad	NR	NA	-
	Akola	773	772	1
	Amrawati	784	772	12
	Bundi	770	740	30
	Jalna	782	777	5
	Alwar	744	NA	-
	Solapur	785	775	10
	Dhule	NA	777	-
Palm Oil	Kandla (Crude Palm Oil)	620	590	30
	Kandla (RBD Palm oil)	646	630	16
	Kandla RBD Pamolein	698	667	31
	Kakinada (Crude Palm Oil)	NR	NR	-
	Kakinada RBD Pamolein	688	662	26
	Haldia Pamolein	688	662	26
	Chennai RBD Pamolein	698	667	31
	Chennai RBD Pamolein (Vitamin A&D Fortified)	755	677	78
	KPT (krishna patnam) Pamolein	683	651	32
	Mumbai RBD Pamolein	714	688	26
	Delhi	698	690	8
	Rajkot	688	645	43
	Hyderabad	710	NR	-
	Mangalore RBD Pamolein	685	660	25
	PFAD (Kandla)	436	441	-5
	Refined Palm Stearin (Kandla)	488	467	21
	Tuticorin (RBD Palmolein)	688	662	26
	Superolien (Kandla)	693	693	Unch

	Superolien (Mumbai)	740	709	31
Refined Sunflower Oil	Chennai	730	715	15
	Mumbai	750	745	5
	Mumbai(Expeller Oil)	682	670	12
	Kandla	740	735	5
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	NR	NR	-
	Latur (Expeller Oil)	725	730	-5
	Chellakere (Expeller Oil)	700	680	20
	Erode (Expeller Oil)	755	745	10
Groundnut Oil	Rajkot	790	860	-70
	Chennai	840	820	20
	Delhi	915	910	5
	Hyderabad *	890	840	50
	Mumbai	845	915	-70
	Gondal	800	860	-60
	Jamnagar	790	860	-70
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	770	788	-18
	Jaipur (Kacchi Ghani Oil)	788	795	-7
	Kota (Expeller Oil)	740	775	-35
	Kota (Kacchi Ghani Oil)	785	800	-15
	Neewai (Kacchi Ghani Oil)	758	770	-12
	Neewai (Expeller Oil)	770	785	-15
	Bharatpur (Kacchi Ghani Oil)	790	800	-10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	765	785	-20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	785	805	-20
	Mumbai (Expeller Oil)	740	760	-20
	Kolkata(Expeller Oil)	NA	920	-
	New Delhi (Expeller Oil)	795	805	-10
	Hapur (Expeller Oil)	NR	NR	-
	Hapur (Kacchi Ghani Oil)	NR	NR	-
	Agra (Kacchi Ghani Oil)	795	805	-10
Refined Cottonseed Oil	Rajkot	710	685	25
	Hyderabad	NR	NR	-
	Mumbai	742	712	30
	New Delhi	710	695	15
Coconut Oil	Kangayan (Crude)	1900	1900	Unch
	Cochin	1890	1840	50
	Trissur	NA	NA	-

Sesame Oil	New Delhi	995	990	5
	Mumbai	NA	NA	-
Kardi	Mumbai	780	780	Unch
Rice Bran Oil (40%)	New Delhi	560	550	10
Rice Bran Oil (4%)	Punjab	580	580	Unch
Rice Bran Oil (4%)	Uttar Pradesh	NA	NA	-
Malaysia Palmolein USD/MT	FOB	673	658	15
	CNF India	700	670	30
Indonesia CPO USD/MT	FOB	660	645	15
	CNF India	690	670	20
RBD Palm oil (Malaysia Origin USD/MT)	FOB	673	655	18
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	678	677	1
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1270	1410	-140
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	620	627	-7
Crude palm Kernel Oil India (USD/MT)	CNF India	1210	1320	-110
Ukraine Origin CSFO USD/MT Kandla	CIF	803	805	-2
Rapeseed Oil Rotterdam Euro/MT	FOB	900	NA	-
Argentina FOB (\$/MT)		27-Feb-18	30-Jan-18	Change
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	-
* indicates including VAT				



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