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# Veg. Oil Monthly Research Report

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## **Outlook and Review:**

### **Domestic Front**

*Edible oil basket featured weak tone during the month under review. Soy oil, palm oil, rapeseed oil, sunflower oil and coconut oil fell while groundnut oil prices sideways.*

*Rapeseed oil (Jaipur) was the worst performer among the edible oil complex due to weak demand. No oil reported gains in the month in review.*

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

*On the currency front, Indian rupee is hovering near 66.90, up by 1.92 paise compared to last month. Rupee is expected to depreciate in May. Crude oil prices are expected to rise in May.*

### **Recommendation:**

*In NCDEX, market participants are advised to go long in RSO above 760 for a target of 780 and 785 with a stop loss at 750 on closing basis. In MCX, market participants are advised to go long in CPO above 645 for a target of 665 and 670 with a stop loss at 635 on closing basis.*

*Market participants can buy refined soy oil in the cash markets at 740-750 for the target of 770-780 levels (Indore), if needed. Market participants can buy CPO Kandla 5% in the cash markets at 620-630 for the target of 650-660 levels, if needed.*

### **International Veg. Oil Market Summary**

*CBOT soy oil (July) is expected to stay in the range of 29 cents/lb to 34 cents/lb. CPO at BMD (July) is likely to stay in the range of 2200-2600 ringgits per ton. Focus during the coming days will be trade tension between US and China, soybean area in US, soybean demand by China, palm oil stocks in Malaysia, palm oil exports from Malaysia, India and Chinese palm oil demand, Argentina soybean crop, production of palm oil in Malaysia, dollar and crude oil prices.*

*Malaysia's March palm oil stocks fell 6.24 percent to 23.23 lakh tons compared to 24.78 lakh tons in February. Production of palm oil in March rose 17.21 percent to 15.74 lakh tons compared to 13.43 lakh tons in February. Exports of palm oil in March rose 19.20 percent to 15.65 lakh tons compared to 13.13 lakh tons in February. Imports of palm oil in March fell 41 percent to 0.40 lakh tons compared to 0.67 lakh tons in February: MPOB*

*On the international front, lower soybean crop in Argentina, depreciation of Argentina Peso, trade tension between US and China, lower area under soybean in US in 2018/19, higher soybean demand from China and firm crude oil prices is bullish for the soy complex.*

*Fall in end stocks of palm oil from Malaysia, weak Ringgit, rise exports of palm oil from Malaysia, firm demand of palm oil by China and other locations, expected weak production of palm oil in Malaysia and firm crude oil is bullish for palm oil prices.*

## Soy oil: Domestic Market Fundamentals

- Refined soybean oil prices featured downtrend at its benchmark market at Indore during the month in review on weak demand. Average prices of refined soy oil fell in April. Prices of refined soy oil showed lower prices in major centers in India. CDSO prices fell at JNPT and Kandla/Mudra.
- Agriwatch view—Soy oil prices witnessed downtrend in month of April on weak demand.

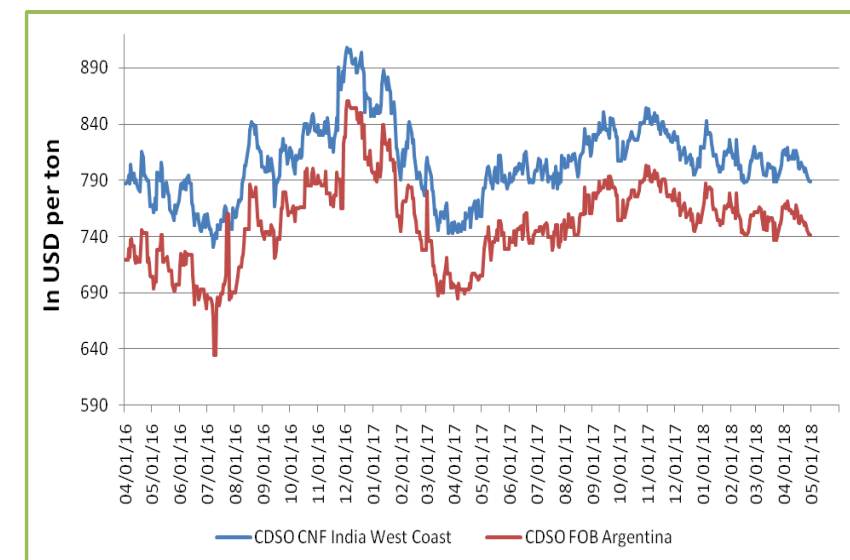
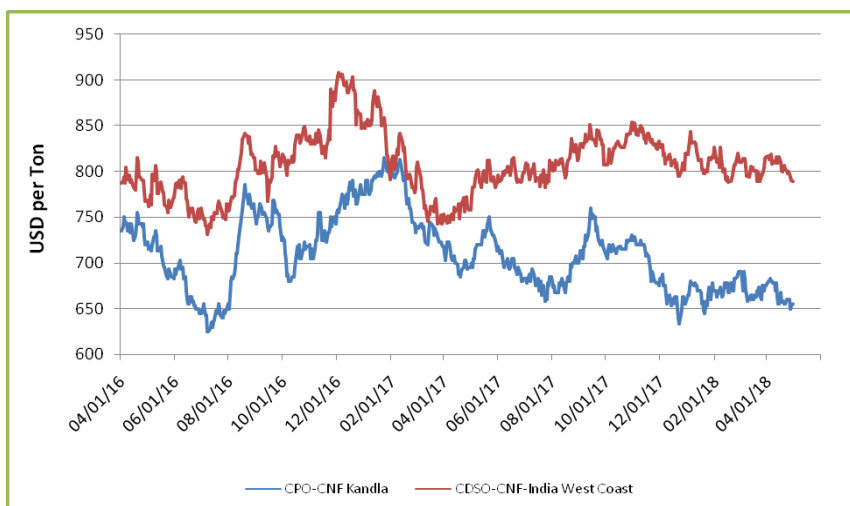
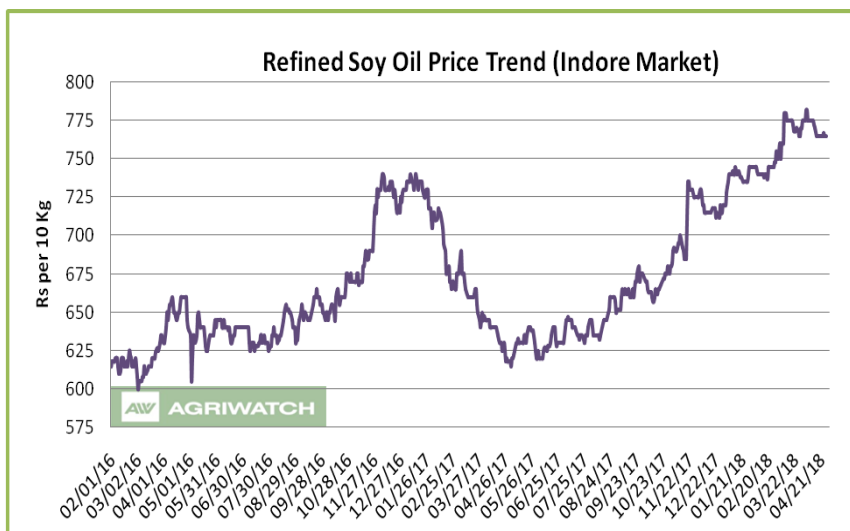
Demand of soy oil fell due to disparity in imports of soy oil. Due to depreciation of Rupee disparity has increased in imports. Due to that demand of soy oil fell. Domestic prices sustained due to disparity at high seas. There is disparity of Rs 2-2.5 per kg on high seas.

Importers are selling unloading imported soy oil at discount to CNF markets. This has increased disparity which in turn has decrease demand.

Import prices of soy oil is expected to fall on depreciation of Argentina Peso which will make imports and prices of imports cheaper compared to other imported edible oils.

Prices of CDSO fell more high seas compared to CDSO CNF indicating weak demand.

Prices of CDSO CNF fell more at CNF markets compared to CDSO FOB indicating weak demand at CNF markets.



Refined soy oil premium over CPO has decreased to Rs 117 (Rs 132 last month) per 10 Kg which will support soy oil prices. Imports will decrease on rising CDSO premium over CPO at USD 135.5 (USD 131.5 last month) per ton for May delivery which underpin prices of soy oil.

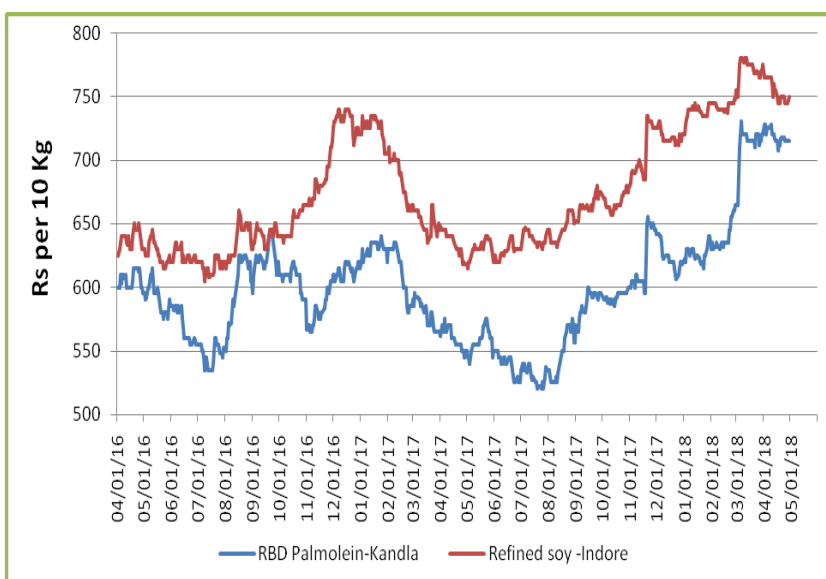
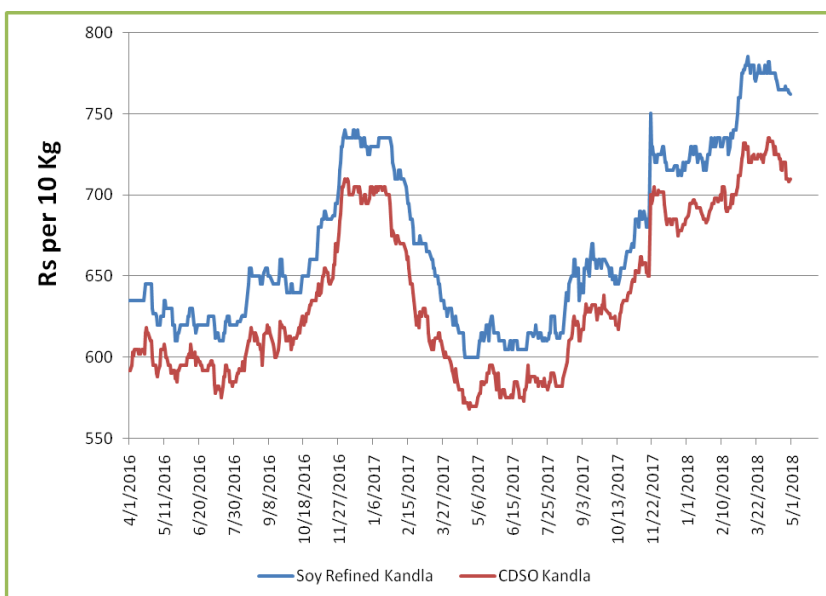
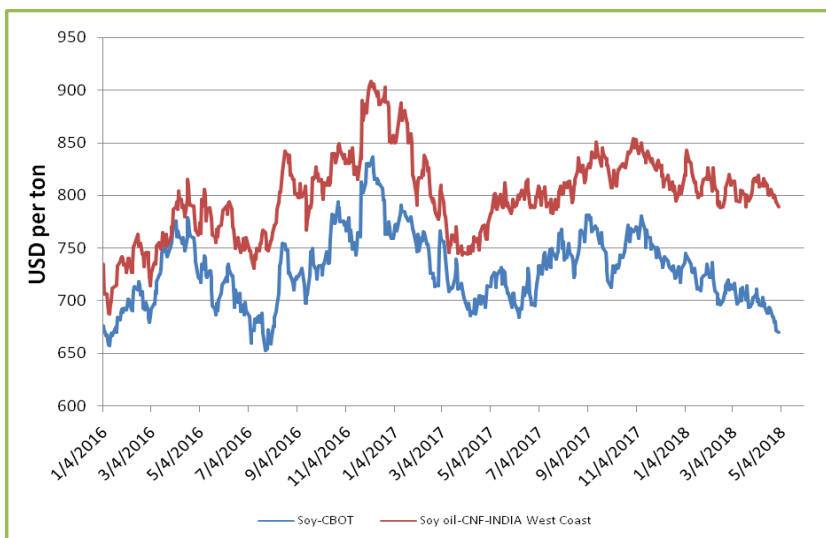
Refined soy oil premium over RBD palmolein was at Rs 52 (Rs 55 last month) per 10 Kg, which is low and may support soy oil prices in domestic markets.

Refined soy oil premium over CDSO high seas is at Rs 52 (Rs 48) per 10 kg indicating firm refined soy oil demand in domestic markets compared to high seas.

Landed cost and refining margins have returned to disparity after fall in prices in domestic markets and 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 consignment as prices of soy oil are not attractive. Basis, is at record highs due to trade war between US and China and may remain high as trade tension escalates. Basis increased 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.

Depreciation of Rupee will encourage crush of soybean unviable as imported raw material costlier will increase soy oil supply in domestic markets.

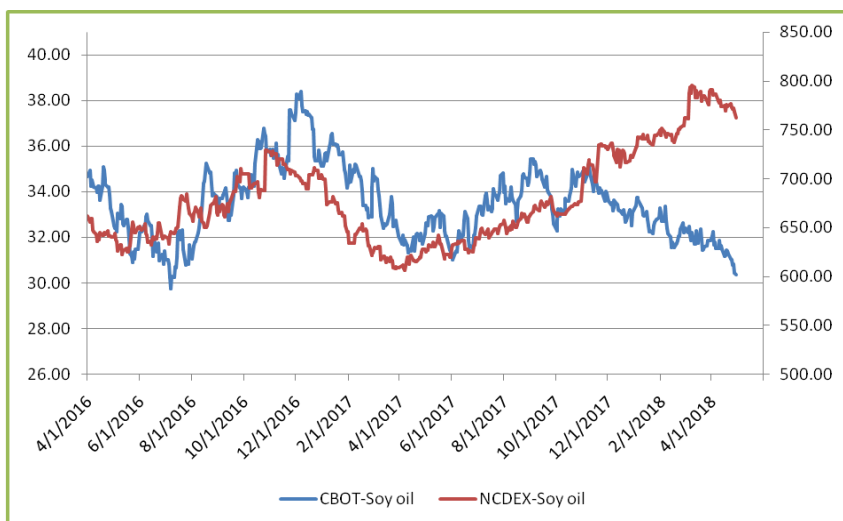
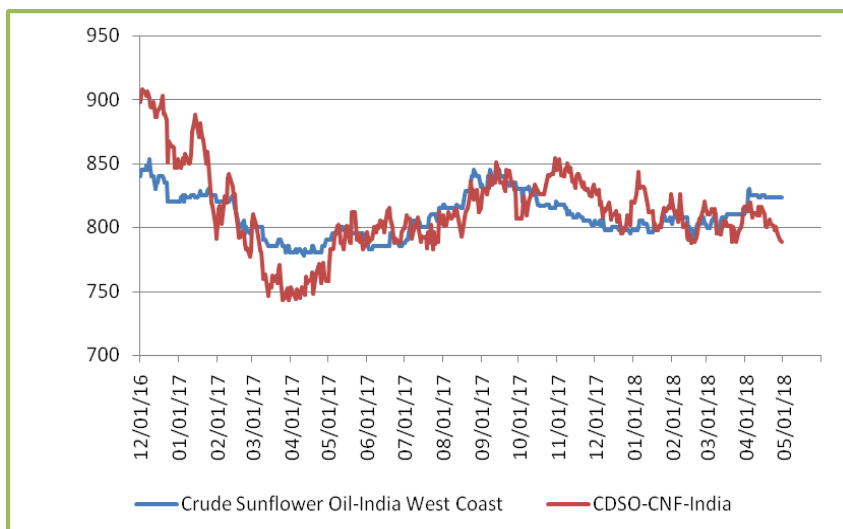
Imports of soy oil fell in March, compared to March 2017 and February 2018 while stocks at ports fell. However, fall in imports of soy oil was totally set off by decrease in post stocks indicating firm demand in March

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

- According to Solvent Extractors Association (SEA), India's March edible oil imports rose 2.26 percent y-o-y to 11.23 lakh tons from 10.98 lakh tons in March 2017. Palm oil imports in March rose 11.9 percent y-o-y to 7.61 lakh tons from 6.8 lakh tons in

March 2017. CPO Imports rose 19.8 percent y-o-y to 5.92 lakh tons from 4.54 lakh tons in March 2017. RBD palmolein imports fell 25.57 percent y-o-y to 1.63 lakh tons from 2.19 lakh tons in March 2017. Soy oil imports fell 50.0 percent in March y-o-y to 1.15 lakh tons from 2.30 lakh tons in March 2017. Sunflower oil imports rose 15.4 percent in March percent y-o-y to 2.10 lakh tons from 1.82 lakh tons in March 2017. Rapeseed (canola) oil import was at 0.37 lakh tons compared zero imports in March 2017.

- According to Solvent Extractors Association (SEA), India's March edible oil stocks at ports and pipelines fell 3.87 percent m-o-m to 21.12 lakh tons from 21.97 lakh tons in February 2018. Stocks of edible oil at ports fell to 770,000 tons (CPO 350,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 80,000 tons, Crude Sunflower Oil 160,000 tons and 20,000 tons of Rapeseed (Canola) Oil) and about 1,342,000 tons in pipelines (stocks at ports were 757,000 tons in February 2018). India is presently holding 33 days of edible oil requirement on 1st April, 2018 at 21.12 lakh tons compared to 36 days of requirements last month at 21.97 lakh tons. India's monthly edible oil requirement is 18.25 lakh tons.
- According to USDA April estimate, India's soy oil imports estimate is reduced to at 33.45 lakh tons from previous estimate of 35.45 lakh tons. Soy oil production estimate is reduced to 14.94 lakh tons from previous estimate of 15.75 lakh tons. Consumption estimate of soy oil is reduced to 51 lakh tons from from previous



estimate of 52 lakh tons. End stocks estimate of soy oil is reduced to 1.67 lakh tons from 2.18 lakh tons in its previous estimate.

- According to Solvent Extractors Association (SEA), India's oilmeals exports fell 56 percent y-o-y in March to 75,393 tons from 170,496 in March 2017. Exports were 248,663 tons in February 2018. Soymeal exports fell to 39,209 tons in March compared to 107,059 tons in March 2017 and 73,816 tons in February 2018. Rapeseed extract exports rose to 23,499 tons in March from 11,829 tons in March 2017 and 52,071 in February 2018. Rice bran extract exports in March fell to 7,500 tons from 18,060 tons in March 2017 and 82,054 tons in February 2018. Castor extract exports fell to 5,185 tons in March compared to 33,328 tons in March 2017 and 40,722 tons in February 2018.
- Kharif acreage under soybean this season is likely to increase by 15 per cent in the domestic market according to industry sources following increase in soybean price amid hike in import duty on edible oils to the highest level by the government recently. Farmers are likely to shift from cotton and pulses towards soybean. Soybean prices have increased and are ruling above the MSP in the market. Higher soybean production will translate into higher soy meal production. This is likely to increase soy meal exports in the coming season. In 2017, soybean acreage was reported at 105.92 lakh hectares according to the Ministry Of Agriculture.
- Soy oil import scenario – According to SEA, soy oil imports fell 50.0 percent y-o-y in March to 1.15 lakh tons from 2.30 lakh tons in March 2017. In the period (Nov 2017-March 2018), imports of soy oil were 8.27 lakh tons compared to 10.45 lakh tons in corresponding period last oil year, lower by 20.9 percent.
- Imported crude soy oil CIF at West coast port is offered at USD 786 (USD 804) per ton for May delivery, June delivery is offered at USD 781 (USD 806) per ton and July delivery is quoted at USD 776 per ton. Values in brackets are figures of last week. Last month, CIF CDSO April average price was USD 806.08 (USD 802.12 per ton in March 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 0-5/ton v/s gain 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- Higher stocks of soy oil in US as reported by NOPA and USDA due to record crush of soybean and weak biodiesel demand will underpin soy oil prices.

Depreciation of Argentina Peso will increase basis from CBOT and will decrease global soy oil prices.

- Escalation of trade war between US with China hit US soybean exports as China ceased import of soybean from US as shown in CNGOIC and US export sales report. This will decrease soybean complex benchmark prices. Trump administration imposed additional tariff of USD 60 billion of exports from China. China retaliated by imposing 25 percent import duty on imports of soybean from US. US is proposing additional USD 100 billion.



Imposition of 25 percent import duty on soybean imports from US by China has increased demand from Brazil. Premium of Brazilian soybean has increased over US soybean. Soybean prices rose in China after the duty hike.

- USDA increased 2017/18 end stocks of soy oil in US on higher soy oil production and lower biodiesel partially offset by higher food, feed and industrial use. This will underpin soy oil prices. USDA increased soybean end stocks of US in its March estimate on lower exports partially offset by higher crush. Higher soybean end stocks will underpin soybean complex prices.
- Surprise fall in forecast of soybean planting area in US will support soybean complex prices in medium term. This is the first time since 1983 when US farmers are planting soybean above corn. Area under soybean and corn has reduced. Area has shifted towards wheat and cotton. Area was below trade estimates.

Soybean stocks on March 1 was above market expectations and was 21 percent above last year stocks.

- Soybean harvest has picked up in Brazil with 91 percent of crop harvested. 92 percent of crop was harvested in corresponding period last year and 90 percent is the 5-year average. Harvest has picked up in last four weeks due to conducive harvest conditions. Further pickup is expected in coming weeks. Pickup in harvest of soybean will increase supply of soybean in international markets and underpin soybean complex prices.

Many agencies have increased estimate of soybean crop in Brazil, which is above last year production. USDA increased soybean crop estimate of Brazil to 115 MMT from 113 MMT in lines with hike by soybean crop in Brazil by CONAB.

USDA increased 2017/18 Brazil soybean exports to 73.5 MMT from 70.5 MMT on higher demand of soybean from China in its March review.

- Soybean crop is under drought conditions in Argentina leading to lower harvested area and lower yields. This has led to lowering of crop estimates by Buenos Aires Grains Exchange, Rosario Exchange and Informa.

USDA cut soybean crop estimate of Argentina 40 MMT from 47 MMT on fall in yields on drought conditions in soybean growing regions in Argentina. More cuts are expected in coming months.

USDA cut 2017/18 soy oil export estimate of Argentina on lower crush of soybean due to lower soybean crop in the country.

Buenos Aires Grains Exchange cut soybean crop estimate to 38 MMT from in its earlier estimate of 40 MMT.

Rosario exchange cut soybean crop in Argentina to 37 MMT from 40 MMT on lower yields with possibility of further cut.

Buenos Aires Grains Exchange grains exchange has reported lower yields in harvest in many parts of Argentina and has stated that yields will fall as harvest progresses. Harvest was reported at 52 percent until last reports. Faster harvest of soybean is due to drought conditions.

Rains in grains belts are reported in last week which will further reduce yields.

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

- China imported 10 lower soybean in March at 5.66 MMT compared to March 2017.

China had been recording lower imports in last two months due to Chinese New year holidays and escalation of trade war with US. Soybean imports have risen in 2017/18 from China as it intends to increase its cattle and swine herd counts.

China is expected to import 100 MMT of soybean in 2018 on higher demand. China intends to increase herd counts of poultry to swine.

- Crude oil have been in continuous upward move since last many months and WTI crude oil has reached around USD 75 per barrel. Agreement between OPEC and Russia to cut production by 1.8 million barrels until end 2018 despite rise in production of US shale coupled with good global demand as economic recovery across globe has supported crude oil prices. Bull run is expected to continue for WTI crude oil will reach USD 80 per barrel by August as Saudi Arabia intends to cut production in 2019. This will rebalance global crude oil markets earlier than expected.
- US dollar has been on a rising spree in April due to good macroeconomic data and depreciation of currencies of other markets where central banks are more accommodative. Strong dollar will decrease investments in risky assets and decreases prices of assets which are dollar denominated. This will decrease soybean complex prices.

Prices are in a range.

- According to United States Department of Agriculture (USDA) April estimate, U.S 2017/18 end stock estimate of soy oil is increased to 1,966 million lbs compared to its earlier estimate of 1,751 million lbs. Opening stocks are unchanged at 1,711 million lbs. Production of soy oil in 2017/18 is increased to 20,755 million lbs from 22,640 million lbs in its earlier estimate. Imports in 2017/18 were unchanged at 300 million. Biodiesel use estimate in 2017/18 is reduced to 7,000 million lbs from 7,200 million lbs in its earlier estimate. Food, feed and other industrial use in 2017/18 are unchanged at 13,800 million lbs. Exports in 2017/18 estimate are increased to 2,000 million lbs from 1,900 million lbs in its earlier estimate. Average price range estimate is reduced to 30.5-32.5 cents/lbs in 2017/18 compared to 30-33 cents/lbs in its earlier estimate.
- According to National Oilseed Processors Association (NOPA), U.S. March soybean crush rose 11.8 percent to 171.858 million bushels from 153.719 million bushels in February 2018. Crush of soybean in March 2017 was 153.060 million bushels. Soy oil stocks in U.S. at the end of March rose 4.85 percent m-o-m to 1.946 billion lbs compared to 1.865 billion lbs in end February 2018. Stocks of soy oil in end March 2018 was higher by 7.2 percent compared to end March 2017, which was reported at 1.815 million lbs.
- The U.S. Department of Agriculture's monthly supply and demand report for the month of April forecasts U.S. soybean stocks at 550 million bushels, down 5 million bushels from last month. U.S. soybean exports are forecast to remain unchanged. Soybean production is estimated at 4,392 million bushels, unchanged from previous month's estimates. Soybean production for Brazil has been increased by 2.0 MMT to 115 MMT and for Argentina, it has been reduced by 7.0 MMT to 40 MMT compared to previous month's estimates. Other oilseed production changes include reduced sunflower and peanut production for Argentina, higher sunflower seed production for the European Union, and increased rapeseed production for Belarus. Global oilseed trade



for 2017/18 is projected at 174.1 million tons, down 0.6 million on lower soybean, peanut, and rapeseed shipments.

- According to the latest weekly report released by the Buenos Aires Exchange, soybean farmers in Argentina are harvesting an average yield of 2.4 tonnes per hectare compared to normal average of 2.9 tonnes per hectare over the recent years. Drought in the soybean growing regions has affected yield levels. Overall around 54 per cent of soybean harvesting has been completed till date. Yields could decline further to a final 2.0 tonnes per hectare as harvesting gets completed
- According to consultancy, AgRural soybean harvest in Brazil has reached 91 per cent till date compared to 92 per cent during the corresponding period previous year and 90 percent 5-year average.
- According to the latest report released by the Agriculture Ministry of Argentina, soybean output is estimated at 37.6 MMT in 2017 -18 compared to 55 MMT during previous year. Prolonged drought condition has affected current year's production.
- USDA increased 2017/18 soybean crop of Brazil to 115 MMT in its March estimate from earlier estimate to 113 MMT.
- USDA decreased 2017/18 soybean crop of Argentina to 40 MMT from 47 MMT.
- According to the data released by the General Administration of Customs, China's imports of soybean declined by 10 per cent to 5.66 MMT in March 2018 compared to same period previous year and it increased slightly compared to imports of 5.42 MMT in February 2018. In the first three months of the current year till March, it has imported 19.57 MMT of soybean. Imports declined following Lunar New Year holidays.
- According to the latest report released by the Rosario Exchange, Argentina's soybean output in 2017 -18 is estimated at 37 MMT compared to previous estimates of 40 MMT. Prolonged drought in the soybean growing regions has affected yields.
- According to the latest report by Conab, Brazil's soybean output in 2017/18 has been estimated at 114.96 MMT compared to previous month's estimate of 113.02 MMT.
- According to the latest report by consultancy AgRural, Brazil's soybean output in 2017/18 has been estimated at 119 MMT compared to previous month's estimate of 117.9 MMT. According to AgRural excellent yield in the agricultural frontier Matopiba is boosting output.
- According to the latest report released by the Buenos Aires Exchange, Argentina's soybean output is estimated at 38 MMT compared to the previous estimate of 39.5 MMT. Yields have reduced amid prolonged drought in the country's central Pampas agricultural belt.
- According to the planting intention report released by the USDA, soybean planted area for 2018 is estimated at 89.0 million acres, lower 1 per cent compared to previous year. It is below average trade estimates of 91.056 million acres.
- According to consultancy, Agroconsult Brazil's soybean crop has been revised up to 118.9 MMT in 2017-18 following favorable weather in the growing regions. According to Agroconsult, Mato Grosso's yields are

estimated to reach an average of 56.7 60-kg bags per hectare compared with 55.5 bags in the previous season.

- USDA WASDE Oilseeds Highlights: The season-average soybean price is forecast at \$9.10 to \$9.50, unchanged at the midpoint. The soybean oil price is projected at 30.5 to 32.5 cents per pound, also unchanged at the midpoint. Soybean meal prices are projected at \$340 to \$360 per short ton, up \$10.00 at the midpoint.

#### Previous update

- According to United States Department of Agriculture (USDA) March estimate, U.S 2017/18 end stock estimate of soy oil is increased to 1,751 million lbs compared to its earlier estimate of 1,536 million lbs. Opening stocks are unchanged at 1,711 million lbs. Production of soy oil in 2017/18 is increased to 22,640 million lbs compared to 22,525 million lbs in its earlier estimate. Imports in 2017/18 were unchanged at 300 million. Biodiesel use estimate in 2017/18 is reduced to 7,200 million lbs from 7,500 million lbs in its earlier estimate. Food, feed and other industrial use in 2017/18 is increased to 13,800 million lbs compared to 13,600 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 30-33 cents/lbs in 2017/18 compared to 31-34 cents/lbs in its earlier estimate.
- According to National Oilseed Processors Association (NOPA), U.S. February soybean crush fell 5.75 percent to 153.719 million bushels from 163.111 million bushels in January 2018. Crush of soybean in February 2017 was 142.792 million bushels. Soybean February crush is record since 2010. Soy oil stocks in U.S. at the end of February rose 7.4 percent m-o-m to 1.865 billion lbs compared to 1.728 billion lbs in end January 2018. Stocks of soy oil in end February 2018 was higher by 11.8 percent compared to end February 2017, which was reported at 1.668 million lbs.
- According to consultancy, AgRural soybean harvest in Brazil has reached 77 per cent till date compared to 82 per cent during the corresponding period previous year.
- According to the Rosario Grains Exchange, soybean output of Argentina in 2017 -18 could be around 40 MMT as prolonged drought is likely to affect yield compared to previous estimates of 46.5 MMT. Rains are reported in certain areas. However it is not sufficient for the crop.
- According to the latest report released by the Buenos Aires Exchange, Argentina's soybean output in 2017-18 has been reduced to 39.5 MMT compared to its previous estimates of 42 MMT. Recent rains will provide some moisture. However, it is not sufficient for the crop.
- According to the latest monthly report released by Rabobank soybean output in Argentina is estimated at 40 MMT compared to previous month's estimates of 46 MMT.
- According to the latest attaché report released by the USDA, China's soybean imports in 2018/19 are estimated to be around 100 MMT compared to imports of 97 MMT in 2017/18. Rising incomes, urbanization and the modernization of the domestic feed and livestock sectors will continue fostering Chinese consumption of oilseed products. US soybean exports to China are likely to face competition from South American countries

in 2017/18 and beyond. Moreover the stringent import norms introduced by China coupled with recent tariffs imposed by US on steel and aluminum imports from China will also weigh on soybean exports.

- According to the data released by the General Administration of Customs, China's import of soybean declined by 2.05% to 5.42 MMT in the month of February 2018 compared to corresponding period previous year. In the first two months of the year 2018, total imports of soybean increased by 5.37% to 13.90 MMT compared to corresponding period previous year.
- In the latest USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on March 1, 2018 totaled 2.11 billion bushels, up 21 percent from March 1, 2017. It is higher than average trade estimate of 2.030 billion bushels. On -farm stocks are estimated at 855 million bushels, up 28 percent from a year ago. Off-farm stocks, at 1.25 billion bushels, are up 17 percent from last March. Indicated disappearance for the December 2017 - February 2018 quarter totaled 1.05 billion bushels, down 9 percent from the corresponding period a year earlier.
- According to Abiove, Brazil is expected to export record soybean of 70.4 MMT in 2018 compared to 68.1 MMT soybean exported in the previous year. Soy crush volume this year is estimated at 43.2 MMT and soy meal exports will go up by 600,000 tonnes, to 16.8 MMT this season.
- According to Safras & Mercado, Brazil is expected to export a record 70 MMT of soybean in 2018-19. This is 12 per cent higher compared to previous year. Record harvest of soybean in Brazil this season and lower output in Argentina are cited the reasons for record exports of soybean.
- USDA decreased 2017/18 soybean crop of Argentina to 47 MMT from 54 MMT. Soy oil exports in 2017/18 from Argentina have been reduced to 5.12 MMT from 5.5 MMT its earlier estimate.
- According to China General Administration of Customs (CNGOIC), China's February edible vegetable oil imports fell 37.5 percent to 356,000 tons from 570,000 tons in January. Exports fell 13.2 percent from February 2017 reported at 410,000 tons. Year to date imports fell 3.1 percent to 926,000 tons compared to corresponding period in 2017.
- 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.
- 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.
- USDA WASDE Oilseeds Highlights: The season-average soybean price range forecast of \$9.00 to \$9.60 per bushel is unchanged at the midpoint. Soybean oil prices are forecast at 30 to 33 cents per pound, down 1 cent at the midpoint. Soybean meal prices are projected at \$325 to \$355 per short ton, up \$20.00 at the midpoint.

**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 weak tone in the month of April at its benchmark market at Kandla on weak demand. CPO prices fell in Kolkata while it rose in Mumbai. RBD palmolein prices fell across board in India. Superolein prices fell in Kandla and Mumbai. Vanaspati prices rose in Kolkata and Rajkot. CPO-CNF and RBD palmolein-CNF India prices fell in March.

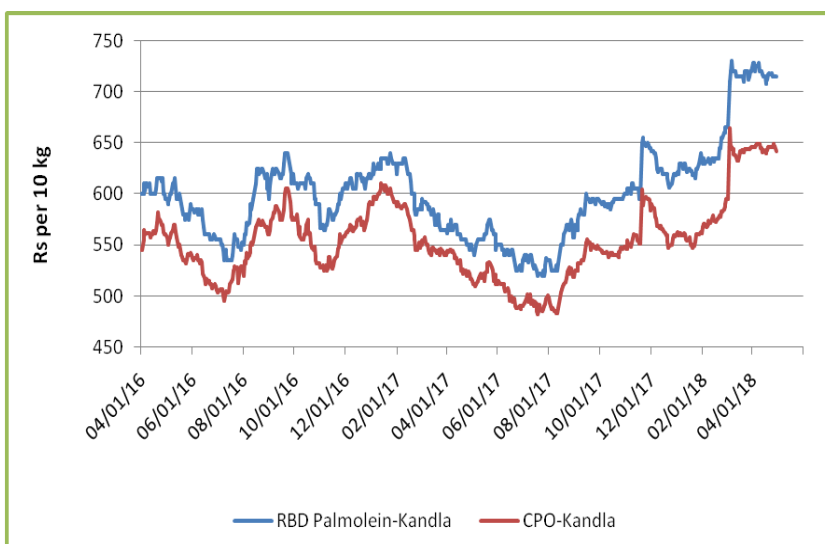
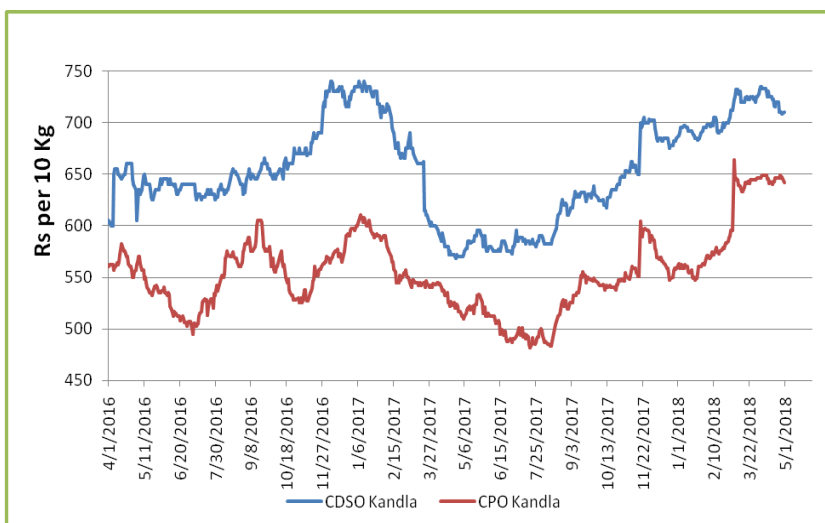
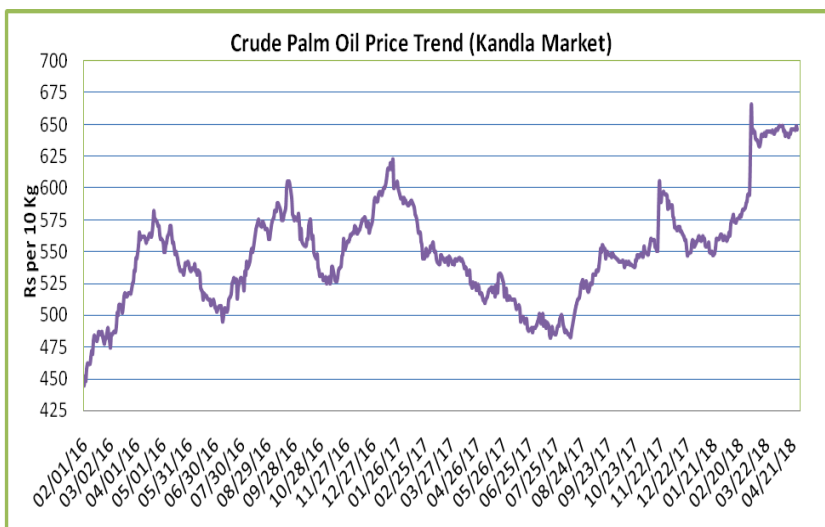
➤ Agriwatch view – Crude palm oil prices fell in Kandla in the month of April on weak demand.

Demand of CPO is weak in Indian markets. This has led to huge build up of stocks at the port.

Imposition of import duty on crude palm oil by Malaysia, Rupee depreciation and higher disparity is expected to slow import demand in India.

CPO trade is weak and traders are desperate to clear their stocks and are offering to sell CPO at \$7.5-10 discount to CNF prices to offload the stocks. In Rupee terms, disparity between prevailing market prices and fresh imports of CPO has risen to Rs 20-25 per 10 kg.

Given the already prevailing disparity, prices of CPO are not likely to fall further despite low retail demand- unless international markets also fall further.



The buildup of stocks at Indian ports has also slowed imports. Data from cargo surveyor SGS shows a large fall in imports of palm oil by India from Malaysia in April after strong March.

RBD palmoelin featured weak tone in its benchmark market on weak demand.

Higher import duty on RBD palmolein imports, depreciation of Rupee and higher price premium of RBD palmolein over CPO at CNF markets has weakened import demand.

RBD palmolein is offered at \$10-15 premium over CPO at CNF markets which has weakened demand. Low discount of RBD palmolein over soy oil, sunflower oil and rapeseed oil has weakened demand

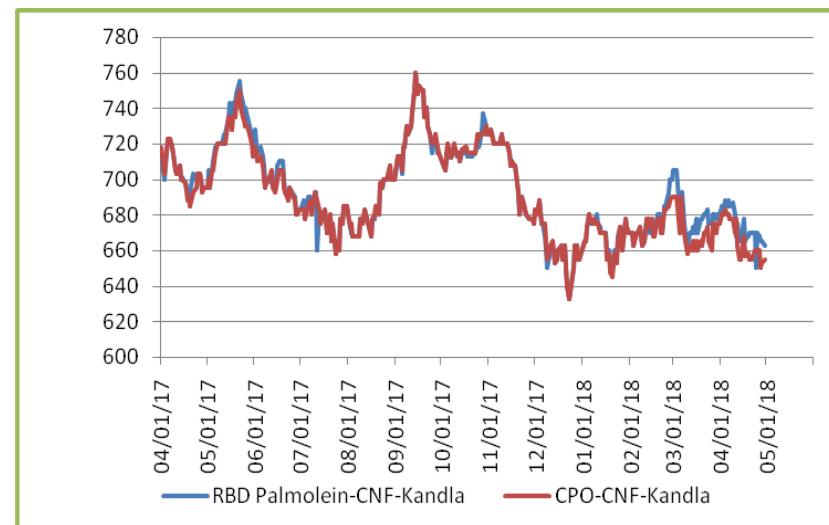
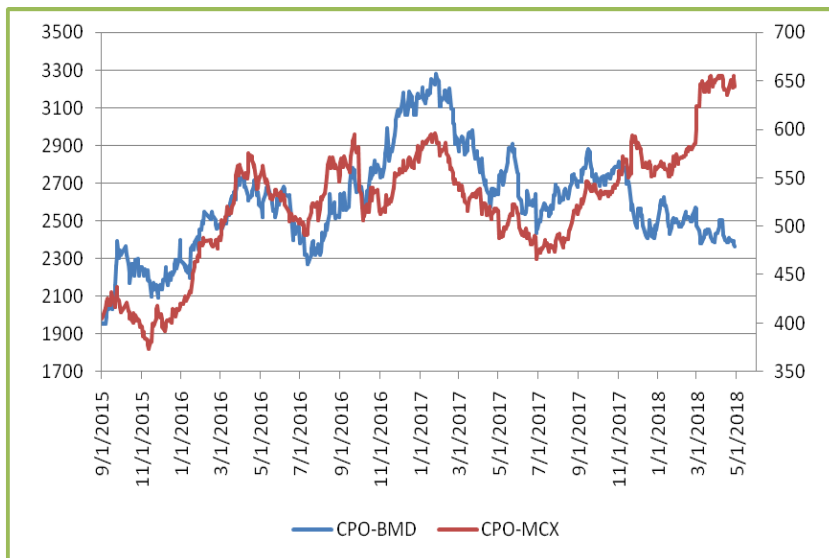
Due to depreciation of Rupee, disparity has increased on imports. At present there is disparity of Rs 20-25 per 10 kg. Higher disparity of RBD palmolein has sustained prices.

Due to higher disparity import demand has weakened.

Importers are selling cargoes at \$7.5 - 10 per ton discount to unload their stocks due to low demand.

Stocks of RBD palmoelin at Indian ports have increased in March will slow imports.

Slow clearance of stocks of palm oil in Malaysia in coming months due to higher production of palm oil in April-June and expectation of weakness in exports of palm oil exports will underpin RBD palmolein prices.





Demand of imported RBD palmolein has weakened in India in oil year 2017-18 (Nov 2017-Mar 2018) due to lower margins in selling it compared to palmolein obtained from domestic refining of CPO.

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. The government must take steps to support domestic crushing and help oilseed farmers. This might not be the last step on duty hikes.

BMD CPO and RBD palmolein DALIAN fell in April.

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

Prices of CPO in India CNF fell more compared to CPO FOB Indonesia indicating weak demand at CNF markets.

RBD palmolein at CNF markets fell more compared to FOB markets indicating weak demand on CNF markets.

RBD palmolein premium over CPO increased to Rs 66 (Rs 77 last month) per 10 kg indicating weak demand of RBD palmolein compared to CPO at high seas.

Import of CPO in March was higher than that of March 2017 and lower than February 2018. Stocks at ports rose 70,000 tons in March compared to February while imports rose 45,000 indicating weak demand in March. Hike in import duty on palm oil will cut incremental palm oil import by 1-3 lakh tons in oil year 2017-18 which was expected to rise by 5 lakh tons in oil year 2017-18.

Import of RBD palmolein is lower in March compared to March 2017 and Feb 2018. Imports fell 40,000 tons in March compared to February which was full set off by rise in port stocks rose by 40,000 tons indicating regular demand of RBD palmolein in March. Higher import demand in March was due to appreciation of Rupee and expiry of export duty in Malaysia. However, things changed in April when Rupee depreciated and changed the whole import dynamics and high CPO and RBD palmolein port stocks led to decrease in import demand.

Demand of CPO will remain elevated in March due to expiry of suspension of export duty by Malaysia in April. Demand will remain elevated in April and May due to demand ahead of Ramadan. However, due to high stocks at ports import demand may remain low.

Demand will regain from April when weak demand season ends. Prices of CPO will rise until June due to lower palm oil production in Malaysia due to many days lost due to Ramadan festival.

RBD palmolein demand imports are expected to remain firm in March on restocking due to low port stocks. Demand will remain elevated until June due to Ramadan demand and seasonal uptrend of demand.

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 than imports of ready to use RBD palmolein which will induce more imports of CPO from Indonesia compared to Malaysia.

Culmination of suspension of export duty on exports of crude palm oil from Malaysia will decrease imports from Malaysia.

Low soy oil premium over crude palm oil which is hovering at Rs 118 (Rs 132 last month) per 10 Kg will decrease demand of CPO and decrease imports.

Previous chart in soy oil section shows that premium of soy oil over palm oil has decreased in April at CNF markets will increase imports. Higher premium of crude sunflower CIF India West coast and CPO CIF at USD 167.5 (USD 142.5) per ton will increase CPO prices and RBD palmolein prices in medium term. Increasing premium of CSFO-India West coast over CPO-CIF indicates increase 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 135.5 (USD 131.5 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 61 (Rs 84 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 52 (Rs 55 last week) per 10 kg is low and will decrease RBD palmolein demand in near term. Values in brackets are figures of last week.

Prices of palm oil will rise in medium term.

- 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 March rose 11.9 percent y-o-y to 7.61 lakh tons from 6.8 lakh tons in March 2017. Imports in the period (November 2017-March 2018) are reported higher by 6.8 percent y-o-y at 37.96 lakh tons compared to 35.53 in the corresponding period last oil year.

RBD palmolein imports fell y-o-y in March by 25.57 percent to 2.19 lakh tons from 2.33 lakh tons in March 2017. Imports in the period (November 2017-March 2018) are reported lower by 32.13 percent y-o-y at 7.71 lakh tons compared to 11.36 lakh tons in the corresponding period last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 19.8 percent y-o-y in March to 5.92 lakh tons from 4.54 lakh tons in March 2017. Imports in the period (November 2017-March 2018) are reported higher by 24.38 percent y-o-y at 29.79 lakh tons compared to 23.95 lakh tons in the corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 652.5 (USD 682.5) per ton for May delivery. Last month, CNF CPO April average price was at USD 665.16 per ton (USD 669.4 per ton in March 2018). Values in brackets are figures of last month.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 660 (USD 687.5) per ton for May delivery. Last month, CIF RBD palmolein April average price was USD 673.04 (USD 677.76 in March 2018) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 642 (Rs 648) per 10 Kg and April delivery duty paid is offered at Rs 642 (Rs 648) per 10 kg. Ready lift RBD palmolein is quoted at Rs 708 (Rs 725) per 10 kg as on April 30, 2018. Values in brackets are figures of last month.

- On the parity front, margins improved during the month of March on higher price of palm oil products in international markets and we expect margins to improve in coming days. Currently refiners fetch USD 50-55/ton (Apr average) v/s gain of USD 30-35/ton (Mar average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 30-35/ton (Apr average) v/s gain of USD 10-15 (Mar average).
- We expect palm oil to trade sideways to firm tone in medium term.

### **International Market Fundamentals**

- Agriwatch view – Palm oil prices are expected to be supported by fall in stocks of palm oil in Malaysia in coming months. Stocks of palm oil will fall on lower rise in production and lower fall imports of palm oil from Malaysia. Trade tensions between US and China will support palm oil prices.

Exports fell 4-6 percent in April on lower purchases by India. India was the swing importer of palm oil from Malaysia in March. India imported higher amount of palm oil from Malaysia to take advantage of zero export duty on exports of palm oil by Malaysia. However, due to culmination of suspension of import duty will lower import demand of palm oil from Malaysia. Malaysia imposed 5 percent export duty on palm oil from May. India was the swing importer and surprised markets as it hiked import duty on palm oil on March 1.

However, due to depreciation of Rupee, higher disparity at ports, weak demand and hike in import duty on palm oil will decrease imports by India. High port stocks will add to weak demand.

However, export demand will increase from China on lower import of soybean by China which has led to higher prices of soybean in the country and has led to disparity in crushing of soybean which will decrease soy oil supply and lead to higher demand of palm oil will increase imports of palm oil from Malaysia.

Ramadan demand will increase in May which will increase exports from Malaysia.

Jan, Feb and March production was record monthly production in history.

However, production will show slow rise in April to May in Malaysia due to man days lost due to Ramadan. Palm oil output from July and August in will determine the course of palm oil in coming months.

Palm oil end stocks fell in Malaysia in March as reported by MPOB on higher rise in exports and slower rise in production.

Palm oil end stocks will fall in April due to flat in production in Malaysia, slower fall in exports from Malaysia and rise in biodiesel demand leading to lower end stocks.

Palm oil production will rise in April in Malaysia on seasonal uptrend of production and record production in Jan-April which is not sustainable in Apr-June

Demand from China will increase from April as trade tensions between US and China escalates. Demand from Malaysia by China has suffered for many months due to oversupply of soy oil in Chinese market due to

higher crush of soybean in China. This led to record imports of soybean by China which was aimed to increase livestock herd counts to meet demand in the country. However, imposition of import duty by China will increase prices of soy oil in the country and will help palm oil imports from Malaysia.

Culmination of suspension of crude palm oil export duty by Malaysia in end April to clear stock of palm oil from the country will slow exports of palm oil from Malaysia.

Depreciation of ringgit, will support palm oil exports from Malaysia as it makes palm oil competitive compared to other competitive oils. Ringgit has depreciated after reaching 3.86 levels and is now trading at 3.93 levels. With rise in dollar index due to good economic data in US has led to depreciation of Ringgit. Moreover, election in Malaysia and weak rise in exports from Malaysia will not let Ringgit appreciate.

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

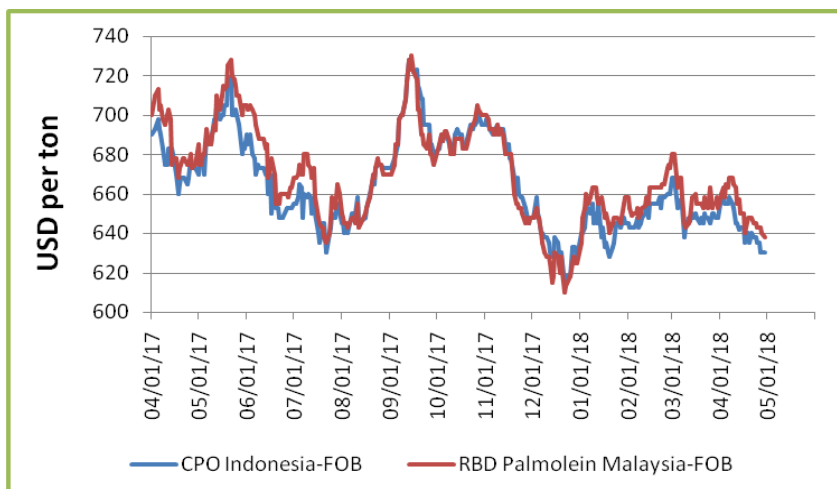
Palm oil production will increase to 38.5 MMT in 2018 from 36.5 MMT in 2017, according to USDA. Malaysia's producing will reach record highs in 2018 compared to 2017.

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 Malaysia Palm Oil Board (MPOB), Malaysia's March palm oil stocks fell 6.24 percent to 23.23 lakh tons compared to 24.78 lakh tons in February. Production of palm oil in March rose 17.21 percent to 15.74 lakh tons compared to 13.43 lakh tons in February. Exports of palm oil in March rose 19.20 percent to 15.65 lakh tons compared to 13.13 lakh tons in February. Imports of palm oil in March fell 41 percent to 0.40 lakh tons compared to 0.67 lakh tons in February. Fall in palm oil end stocks in March was above trade estimates.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's April palm oil exports fell 4.5 percent to 1,331,564 tons compared to 1,394,973 tons last month. Top buyers are European Union at 294,573 tons (261,868 tons), India at 253,155 tons (412,783 tons), China at 141,130 tons (122,364 tons), Pakistan at

100,100 tons (58,395 tons) and United States at 50,770 tons (53,175 tons). Values in brackets are figures of last month.

- According to cargo surveyor AmSpec Agri, Malaysia's April palm oil exports fell 5.7 percent to 1,311,770 tons compared to 1,391,383 tons last month.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's February palm and palm kernel oil exports fell 13.5 percent m-o-m to 2.37 MMT compared to 2.74 MMT in January. On y-o-y basis exports fell 6.3 percent. Exports were 2.53 MMT in February 2017.
- According to China's General Administration of Customs (CNGOIC), China's March palm oil imports rose 27.13 percent to 4.80 lakh tons compared to March 2017. Year to date imports of palm oil rose 5.53 percent to 13.21 lakh tons. Imports from Indonesia in March rose 35.29 percent to 3.47 lakh tons compared to March 2017. Year to date imports of palm oil from Indonesia rose 9.84 percent to 9.25 lakh tons. Imports from Malaysia in March rose 9.7 percent to 1.32 lakh tons compared to March 2017. Year to date imports of palm oil from Malaysia fell 3.39 percent to 3.95 lakh tons.
- According to China General Administration of Customs (CNGOIC), China's March edible vegetable oil imports rose 14.0 percent to 399,000 tons from 350,000 tons in February. Exports fell 11.3 percent from March 2017 reported at 450,000 tons. Year to date imports fell 5.5 percent to 1,325,000 tons compared to corresponding period in 2017.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia imposed export duty on palm oil for April at 5 percent after three-month suspension of export duty. Export duty of palm oil is calculated at reference price of 2,409.66 ringgit (\$621.37) 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 kept palm oil export duty for May unchanged at zero, below threshold prices of USD 750 per ton. This is 13th straight month of zero export duty, as palm oil is expected to miss certain thresholds.

### Previous updates

- According to Malaysia Palm Oil Board (MPOB), Malaysia's February palm oil stocks fell 2.85 percent to 24.78 lakh tons compared to 25.50 lakh tons in January. Production of palm oil in February fell 15.37 percent to 13.43 lakh tons compared to 15.87 lakh tons in January. Exports of palm oil in February fell 13.33 percent to 13.12 lakh tons compared to 15.14 lakh tons in January. Imports of palm oil in February rose 92.86 percent to 0.67 lakh tons compared to 0.35 lakh tons in January. Fall in palm oil end stocks in February was above trade estimates.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's March palm oil exports rose 19.4 percent to 1,394,973 tons compared to 1,167,908 tons last month. Top buyers are India at 412,783 tons (231,115 tons), European Union at 261,868 tons (306,371) tons, China at 122,364 tons (66,670 tons), Pakistan at 58,395 tons (27,000 tons) and United States at 53,175 tons (74,790 tons). Values in brackets are figures of last month.

- According to cargo surveyor AmSpec Agri, Malaysia's March palm oil exports rose 21.6 percent to 1,391,383 tons compared to 1,144,673 tons last month.
- According to China's General Administration of Customs (CNGOIC), China's February palm oil imports rose 9.93 percent to 3.73 lakh tons compared to February 2017. Year to date imports of palm oil fell 3.78 percent to 8.41 lakh tons. Imports from Indonesia in February rose 21.68 percent to 2.58 lakh tons compared to February 2017. Year to date imports of palm oil from Indonesia fell 1.32 percent to 5.78 lakh tons. Imports from Malaysia in February fell 9.7 percent to 1.15 lakh tons compared to February 2017. Year to date imports of palm oil from Malaysia fell 3.85 percent to 2.63 lakh tons.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's January palm and palm kernel oil exports rose 4.58 percent m-o-m to 2.74 MMT compared to 2.62 MMT in December. On y-o-y basis exports rose 0.74 percent. Exports were 2.72 MMT in January 2017.
- 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 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- Malaysian government extended suspension of export duty in by one month to end April. Export duty will cease if palm oil inventory fall below 1.6 MMT. This step will help clear extra inventory of palm oil in coming months.

According to Indonesia trade ministry, Indonesia keeps April 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
<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 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 April.
- Agriwatch view: Rapeseed oil prices traded weak in the month of April in various markets in India on weak demand, and weakness in rapeseed prices.

Rapeseed arrivals fell in the month of April compared to March as the harvest culminates in May.

Demand fell in the month of April due to rise in temperature in North and East India.

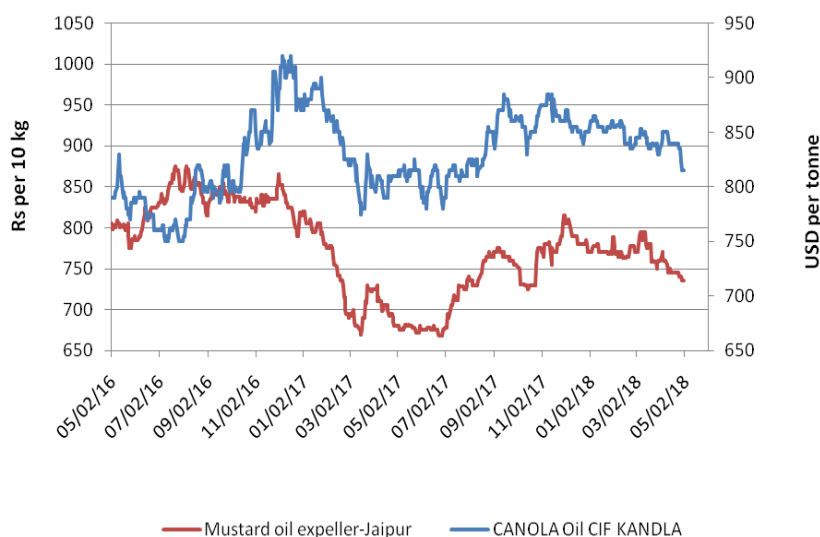
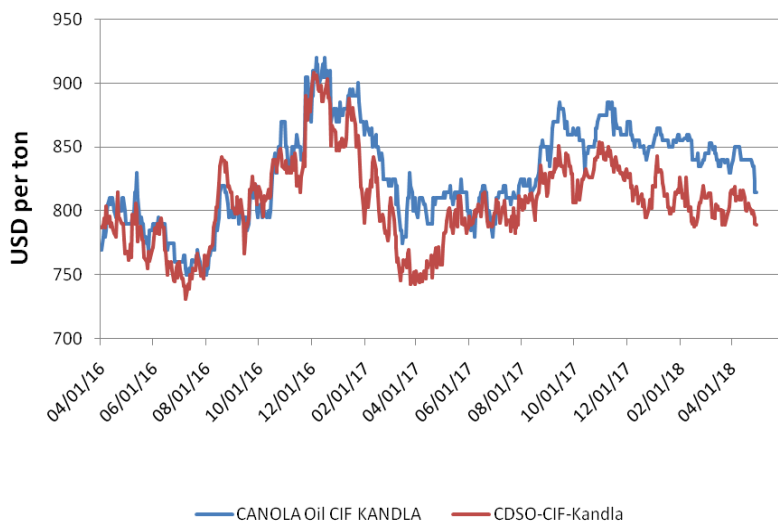
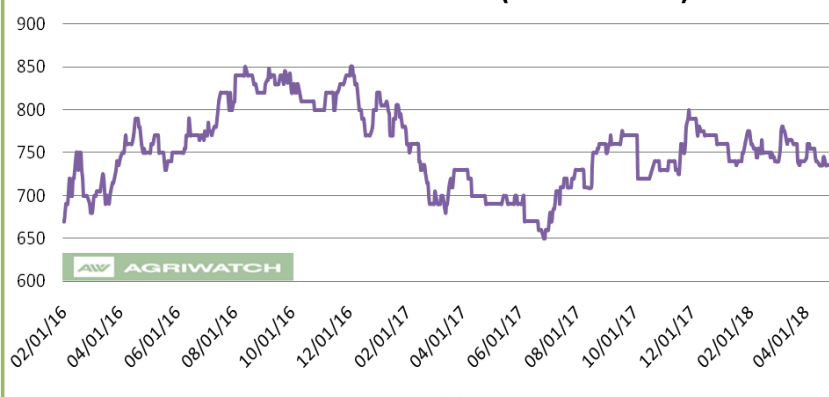
Rapeseed crop in current marketing year is lower than last year. Agriwatch expects rapeseed crop at 6.45 MMT compared to last year estimate of 6.8 MMT.

Lower area in Rajasthan contributed to lower crop. Yield was higher across states. Recovery of oil was higher by more than 2% across board.

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

Rapeseed prices fell last month on arrival pressure as harvest was in full swing

Mustard Oil Price Trend (Kota Market)



Fall in prices of rapeseed has increased crushing of rapeseed is due to parity in crushing. Hike in import duty on palm oil has led to higher crush margins. Crushers are taking advantage of crush margins. Higher crush of rapeseed has led to higher supply of rapeseed oil and underpin prices.

Stockists and traders are well stocking against weak demand.

Demand is weak while the prices are lucrative.

Low discount of RBD palmolein prices to rapeseed kacchi ghani prices could support rapeseed oil prices.

Lower crop of rapeseed in MY 2018/19 will lead to lower supply of rapeseed for crushing which will support prices.

Low premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market was at Rs -5 (Rs 14) per 10 Kg, will support rapeseed oil prices in medium term.

Kacchi Ghani and refined soy oil are trading in a very narrow range, which will stimulate demand of rapeseed oil. Traders and stockiest are advised to stock rapeseed oil, which is trading at very lucrative prices.

Premium of canola oil compared to CDSO has decreased to USD 27 (USD 36) per ton will increase imports. Due to low prices of rapeseed oil, imports of canola oil is expected to be weak in coming months.

Lower prices of expeller rapeseed oil led to fall in import demand of canola oil in oil year 2017-18.

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 -15 (Rs -10) 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.

Low premium of rapeseed expeller oil (Jaipur) over RBD palmolein (Kandla) at Rs 43 (Rs 30) per 10 kg will support rapeseed oil prices.

Crush margins are positive due to hike in import duty of palm oil. Crushing is progressing at good pace as rapeseed prices are lucrative and margins are good. Higher crush of rapeseed has led to higher supply of rapeseed oil and underpin prices.

Prices of rapeseed oil are expected to trade sideways to firm on increased demand, low premium of rapeseed oil over soy oil and RBD palmolein, rise in rapeseed prices, seasonal uptrend of prices and rise in competitive oils prices.

- Rapeseed oil import scenario- India imported 0.18 lakh tons of rapeseed (Canola) oil in February 2018 v/s 0.37 lakh tons in January 2017, lower by 51.4 percent y-o-y. In the period (Nov 2017-Feb 2018) imports were 0.95 lakh tons compared to 1.20 lakh tons in the corresponding period last oil year, down 20.8 percent.
- CIF Canola oil premium over soybean oil is hovering at USD 27 (USD 36 last month) as on Apr 30, 2018.

- Currently, RM oil at Jaipur market (expeller) is offered at Rs 735 (Rs 760) per 10 Kg and at Kota market is quoted around Rs 730 (Rs 740) per 10 kg as on April 30, 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 700-800 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

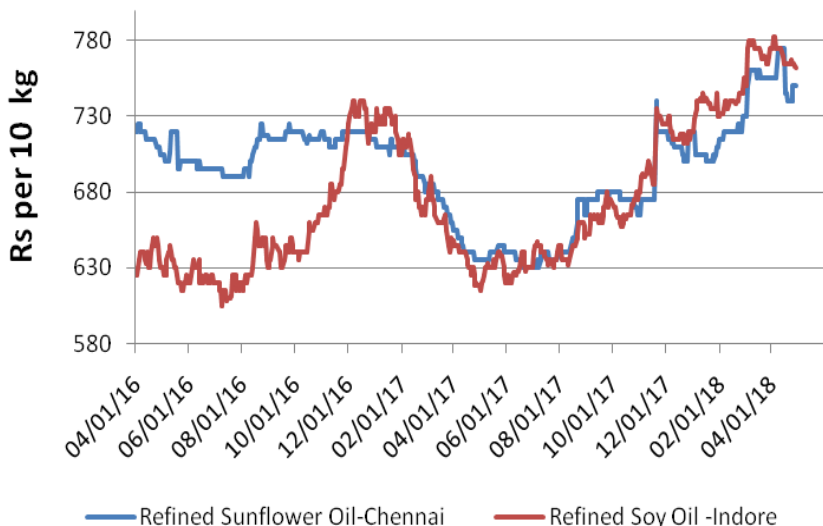
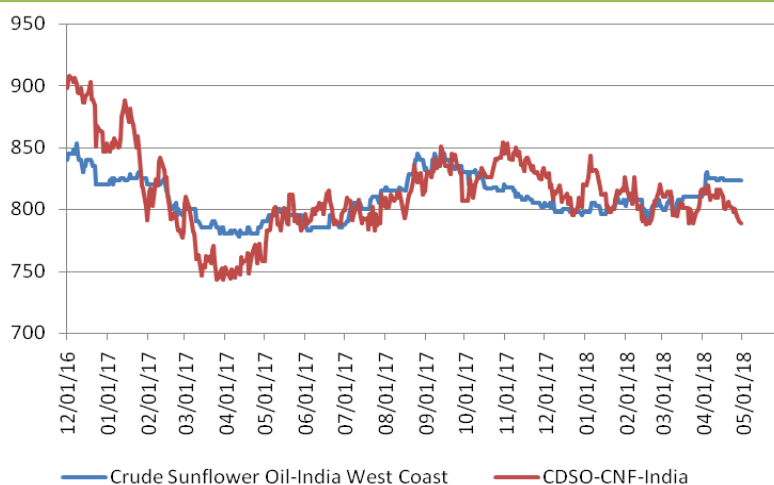
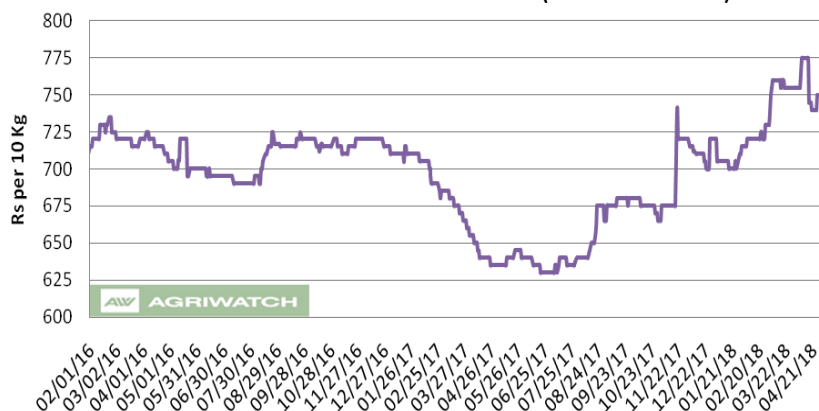
- Sunflower oil featured weak trend at its benchmark market in Chennai during the month of April on firm supply and weak demand. Prices closed lower in Mumbai, Kandla/Mudra and Latur. Sunflower expeller prices closed lower in Erode, Chellakere and Latur.
- Agriwatch view: Sunflower oil prices closed lower in month of April at its benchmark market of Chennai on firm supply and weak demand.

Depreciation of Rupee was the prime reason of weak demand. Depreciation of rupee by more than 5 percent in April led to increase in disparity of sunflower oil imports. This led to weak import demand and weak domestic demand.

Prices of sunflower oil fell on high seas compared to CNF markets where prices rose indicating weak demand of sunflower oil in Indian markets.

Hike in imports duty 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 as it is quoting at low premium over soy oil at CNF markets. Sunflower oil attracts lower import duty compared to

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



palm oil and soy oil.

Fall in soy oil and palm oil will support the rise.

Supply has improved in markets as imports rose 7.9 percent in oil year 2017-18 (November 2017-March 2018) after 43 percent rise in oil year 2016-17 (November-October) indicating firm supply of sunflower oil in domestic market. Stocks at ports fell less in oil year 2017-18 compared to rise in imports indicating firm supply. Higher supply of sunflower oil in domestic market due to higher imports.

Imports of sunflower oil will show steady rise in coming months due to low premium of sunflower oil over CDSO and low premium over RBD palmolein. Further, import duty on crude sunflower is lower than crude soy oil and palm oil which will support imports.

Importers slowed importing sunflower oil as it is quoted at slight premium over RBD palmolein and soy oil at high seas and high premium in CF markets.

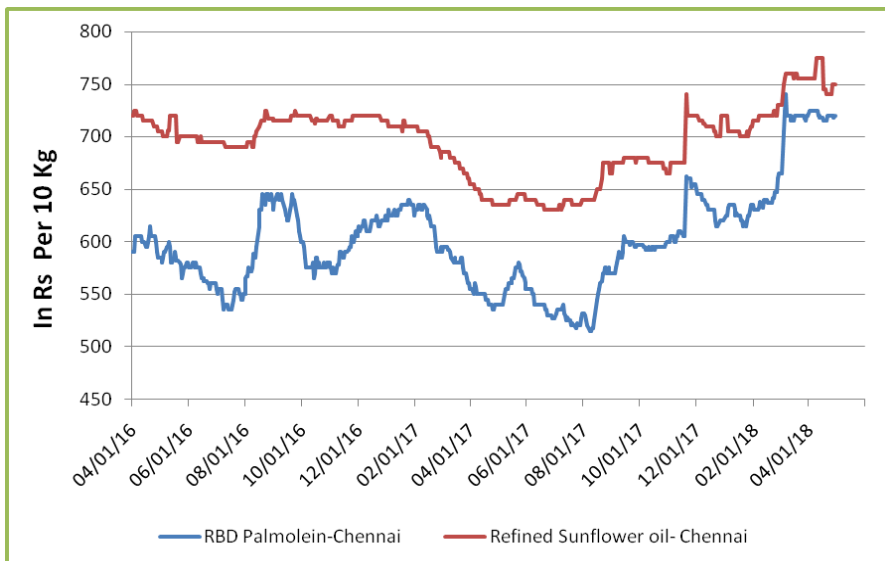
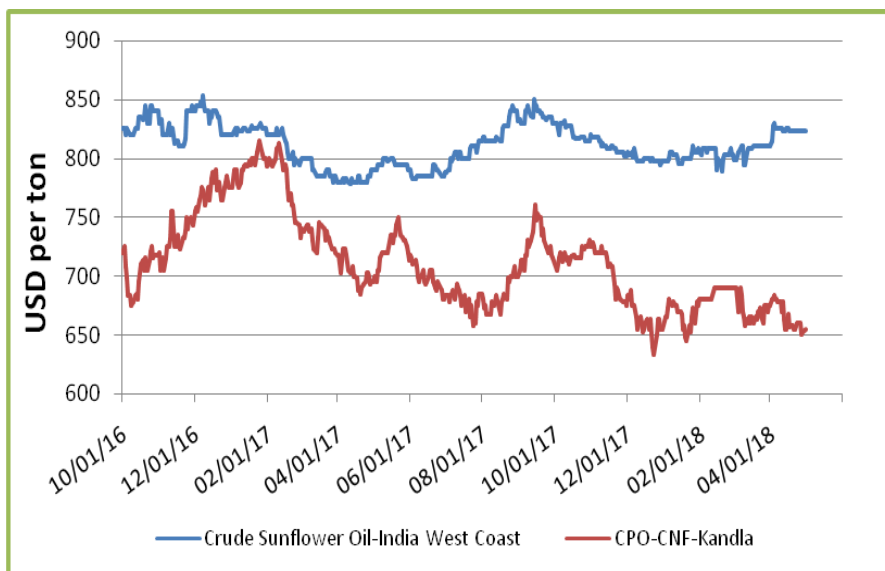
Depreciation of Indian rupee has made imports of sunflower oil costlier in India, which will decrease imports in coming months. If disparity continues at ports then import demand will falter.

Low premium of CSFO over CDSO in CNF markets will support prices in medium term. Imports are expected to be higher in April as crude sunflower oil CNF premium over CDSO CNF is low. Second chart from above shows crude sunflower oil premium over CDSO is low which will support imports and underpin prices.

Second chart from above shows that sunflower oil prices are correlated to soy oil since November 2016.

Refiners and stockists are stocking as sunflower oil premium over soy oil is low at USD -13 (USD -21 last month).

Refined sunflower oil premium over RBD palmolein is at Rs 32 (Rs 35) per 10 kg decreased due to hike in import duty on palm oil. Higher duty on RBD palmolein has made premium of refined sunflower oil premium over RBD palmolein lower which will increase prices of sunflower oil.





However, premium of CSFO over RBD palmolein is at USD 170 (USD 130) per ton while premium in domestic markets of both oils, indicates less incentive for importers to import and sell refined sunflower oil at low premium in domestic markets. This will slow imports if refined sunflower premium over RBD palmoein remains low.

In domestic market, prices is expected to improve in medium term as prices of sunflower oil are trading at low premium over soy oil and RBD palmolein 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 higher premium over soy oil and palm oil due to lower supply of sunflower oil in international markets.

On the international front supply of sunflower oil is expected to fall while demand is firm which will support prices of sunflower oil in international markets. Demand from India is firm which is driving international prices higher.

Prices are expected to improve on seasonal uptrend of prices, negative premium of sunflower oil over soy oil and palm oil. Prices of sunflower oil are expected to remain in a range with upwards bias in May.

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

- Production of sunflower oil fell 12.8 percent in Ukraine in first quarter of 2018 (Jan-Mar) to 1.279 MMT. Production fell 2.5 percent in March 2018 compared to Feb 2018, according to State Statistical service of Ukraine.
- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 15.4 percent y-o-y in March to 2.10 lakh tons from 1.82 lakh tons in March 2017. Imports in the period (November 2017-March 2018) is reported higher by 7.9 percent y-o-y at 10.24 lakh tons compared to 9.50 lakh tons in the corresponding period last oil year: SEA
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 822.5 (USD 825) per ton for May delivery, June delivery is quoted at USD 827.5 (USD 830) per ton and July delivery is quoted at USD 835 (USD 835) per ton. CIF sun oil (Ukraine origin) April monthly average was at USD 823.72 per ton compared to USD 807.56 per ton in march. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 800-850 per ton in the medium term. CIF Sunflower oil-CNF premium against CDSO CNF had improved from last month and is hovering at USD 32.5 per ton versus USD – 21 per ton previous month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 750 (Rs 755) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 750 (Rs 780) per 10 kg as on April 30, 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
<b>Opening Stock</b>	2.02	3.43	3.43	4.34	4.86	4.64
<b>Production</b>	0.96	0.80	0.15	0.12	0.27	0.27
<b>Imports</b>	21.68	22.11	6.08	6.19	5.53	4.31
<b>Total Supply</b>	24.66	26.34				
<b>Quarterly add-on</b>			6.23	6.31	5.80	4.58
<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>	3.43	3.20	4.34	4.86	4.64	3.20

Source: AW estimates

Oil year- November-October

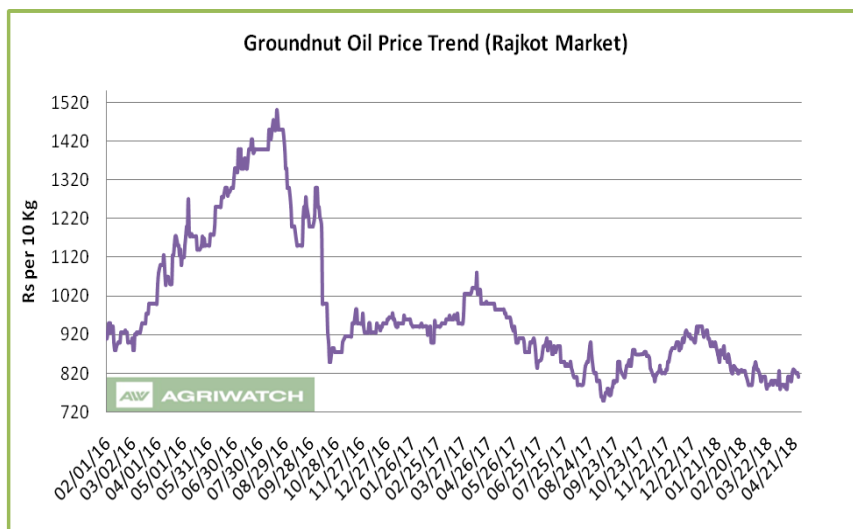
### Highlights

- 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 sideways to weak trend during the month in review on weak demand. Prices remained unchanged in Chennai and New Delhi while it rose in Mumbai. 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 April on weak demand.



There is uncertainty in market as to

when Gujarat government will return to the market to dispose new crop.

Gujarat government disposed off old crop in Gujarat, most of which was unfit for crushing. However, of the 88,000 tons of old crop of groundnut, around 30,000 were fit for crushing.

Gujarat government procured 9 lakh tons groundnut through NAFED in two rounds of purchases.

When government of Gujarat will return in market to dispose new crop of groundnut, most of which will be of low quality and will be diverted towards crushing, underpinning groundnut oil prices.

Quality of groundnut has deteriorated since the procurement by Gujarat government and will be unfit for exports, so most of it will make towards crushing.

Arrival has decreased in mandis. Stocks of groundnut with farmers are high which means any rise in prices of groundnut will not sustain. There is 16-18 lakh tons of groundnut stocks in market in Gujarat (8-9 lakh tons with government and 7-8 lakh tons with farmers).

Groundnut trade is weak and there is very little stock of groundnut with private traders.

There is disparity in crushing which will decrease supply of groundnut oil and support prices.

Groundnut oil demand is weak at higher levels and it picks up when prices fall lower.

Retail demand of groundnut oil is moderate at the moment.

Exports of groundnut procured by Gujarat government is very less due to higher prices of domestic groundnut, leading to diversion of groundnut towards crushing, underpinning its prices.

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

Oil demand will only rise when prices fall significantly.

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

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

There could more bargain buying in coming days.

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

Groundnut oil demand in South India is moderate as groundnut oil premium over sunflower oil has increased.

There is parity of Gujarat groundnut oil in Andhra Pradesh. Demand of groundnut oil will improve in Andhra Pradesh from May onwards until mid June when pickle demand increases.

There is parity in crushing of groundnut in Andhra Pradesh. Stocks of groundnut oil in Andhra Pradesh market are good.

Groundnut area in Gujarat is expected to fall by 5-10 percent in 2018 Kharif due to lower prices of groundnut. However, area under groundnut is expected to rise by more than 5 percent in South India due to higher realization of groundnut, good water levels in dams, good quality of groundnut and hike in import duty on palm oil.

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.

- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 8,000 (8,000) per quintal and quoting at Rs 8,400 (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
<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

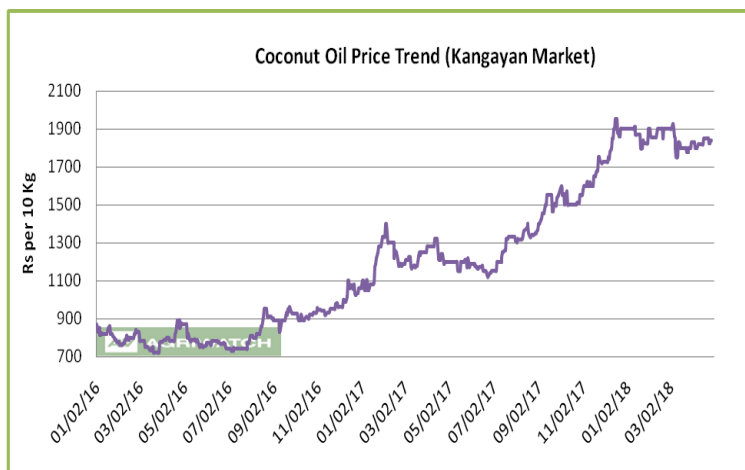
**Highlights**

- 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 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 weak trend at its benchmark market in Kangeyam on weak demand. Prices rose in Kochi at the end of the month.
- Agriwatch view: Prices of coconut oil traded weak in the month of April on weak demand of coconut oil.

Due to rise in coconut oil prices in last year and half, demand destruction has taken place in top consuming areas.



Prices of coconut oil fell despite rise in prices of copra indication weak demand.

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 consumption 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 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 whereas 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 price 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 be 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.



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. Recent depreciation of Rupee will support 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 May on weak retail demand, weak demand from corporates, lower prices of raw material 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 19,400 (19,200) per quintal, and quoting Rs 18,200 (18,300) per quintal in Erode market on April 30, 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 1700-2000 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*

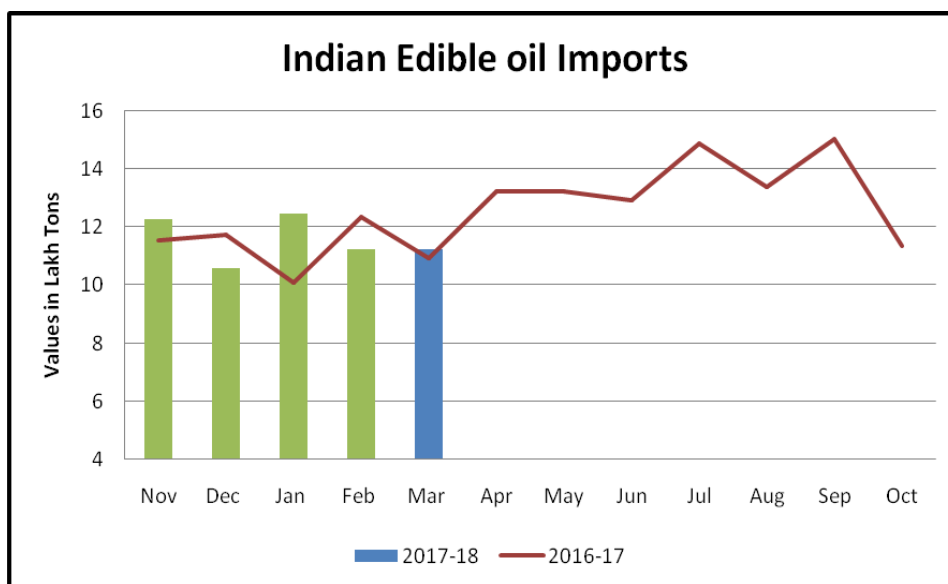
Export of Coconut Products from India							
Sl.No	Item	2014-15		2015-16		2016-17	
		Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)
1	Activated Carbon	54345.07	557.80	71672.71	747.56	85804.95	815.07
2	Coconut Oil (Refined oil and fractions)	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
<b>Total</b>			<b>264.54</b>		<b>380.02</b>		<b>270.59</b>

**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 March is pegged at 11.23 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.

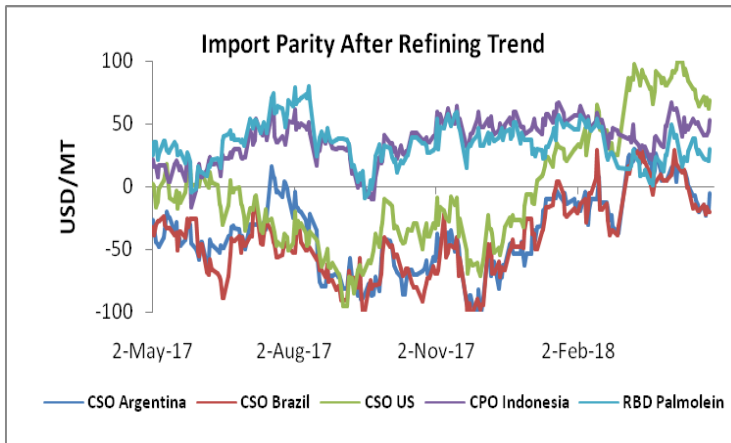
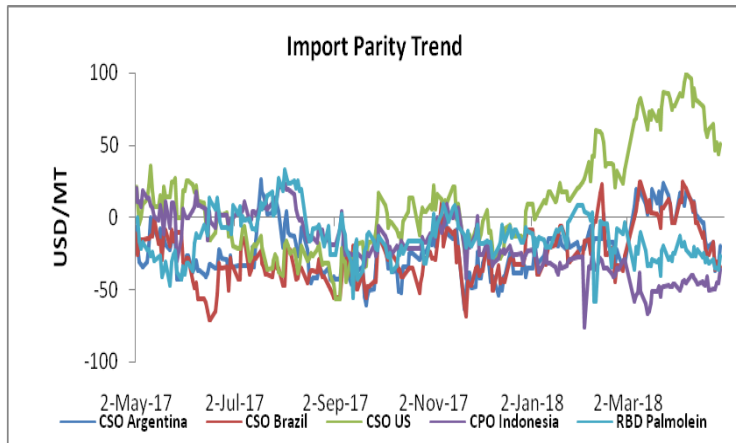
On the consumption side, India's edible oil consumption for 2017-18 oil year seen at 24.55 million tons, up 4 percent from last year. Ending stocks are projected higher compared to 2016-17 at 1.74 million tons.

**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 4/05/2018	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	734	732	647	630	630
Freight (USD/MT)	52	52	62	25	20.0
C & F	786.0	784.0	709.0	655.0	650.0
Weight loss (0.25% of FOB)	1.84	1.83	1.62	1.58	1.58
Finance charges (0.4% on CNF)	3.14	3.14	2.84	2.62	2.60
Insurance (0.3% of C&F)	2.36	2.35	2.13	1.97	1.95
CIF (Indian Port - Kandla)	793	791	716	661	656
Duty (Values in USD per tons)	271.92	271.92	271.92	324.76	412.24
GST (5% on duty) USD per ton	13.596	13.596	13.596	16.2382	20.6118
Exchange rate	66.76	66.76	66.76	66.76	66.76
Landed cost without customs duty in INR per ton	52963	52828	47772	44139	43803
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	824	824	824	671	694
Fixed exchange rate by customs department	67.50	67.50	67.50	67.50	67.50
Duty component in INR per ton	18354.60	18354.60	18354.60	21921.57	27825.93
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	72718	72583	67527	67461	73029
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	70000	70000	70000	64000	71200
Total landed cost USD per ton	1089	1087	1011	1010	1094
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1049	1049	1049	959	1067
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-2718</b>	<b>-2583</b>	<b>2473</b>	<b>-3461</b>	<b>-1829</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-40.71</b>	<b>-38.69</b>	<b>37.05</b>	<b>-51.84</b>	<b>-27.39</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	77217.78	77082.99	72026.75	74960.61	75828.84
Soy/Palm oil imported Price (Including tax)	81078.67	80937.14	75628.09	78708.64	79620.28
Loose price of Soy/Palm in Indore and Delhi market	79275.00	79275.00	79275.00	81375.00	81375.00
<b>Parity after processing and Taxes (Rs per MT)</b>	<b>-1803.67</b>	<b>-1662.14</b>	<b>3646.91</b>	<b>2666.36</b>	<b>1754.72</b>
<b>Parity after processing and Taxes (USD per MT)</b>	<b>-27.02</b>	<b>-24.90</b>	<b>54.63</b>	<b>39.94</b>	<b>26.28</b>
Source: Agriwatch					

### Import Parity Trend



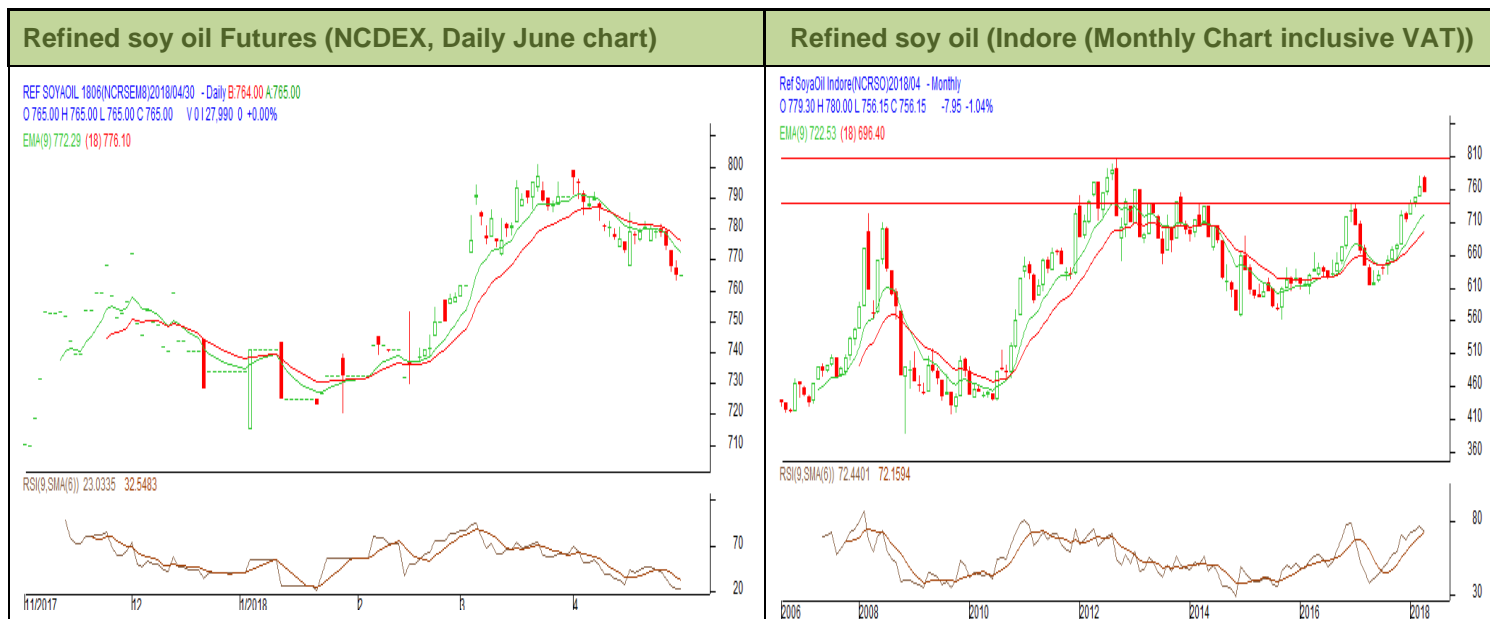
### Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Feb, 2018</b>	-17.13	-16.80	39.43	49.45	39.68
<b>Mar, 2018</b>	18.69	13.21	84.05	34.30	14.80
<b>Apr, 2018</b>	-1.55	-2.87	80.73	51.08	30.06

### Outlook:-

Import parity for CDSO Argentina and CDSO Brazil has returned to disparity due to fall in prices of soy oil in domestic market. We expect CDSO import parity to remain in disparity in May. 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 (June contract) on dips.**

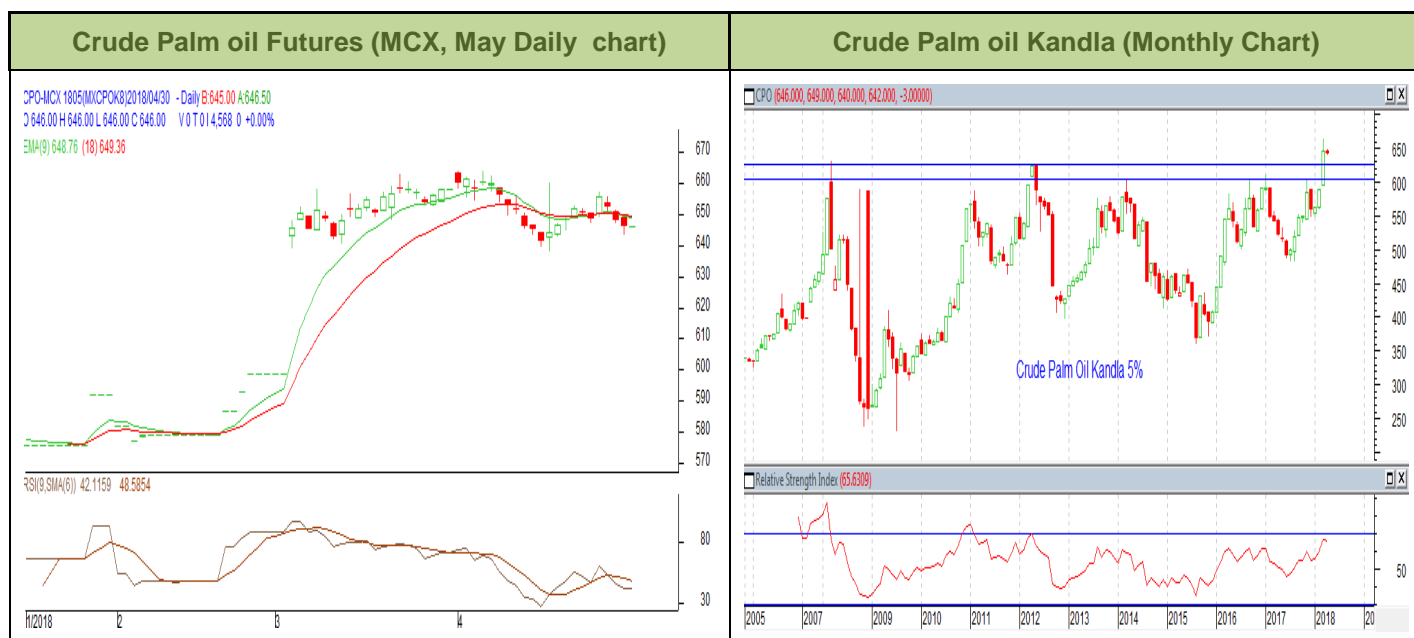
- Monthly chart of refined soy oil at NCDEX featured losses in the prices. We expect sideways to firm movement in the coming days.
- Any close below 750 in monthly chart will change the sentiment and bring prices to 740 levels.
- Expected price band for next month is 730-800 level in near to medium term. RSI and MACD are indicating uptrend at current levels.

**Strategy:** Market participants are advised to go long in RSO above 760 for a target of 780 and 785 with a stop loss at 750 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
745.00	756.00	765.00	776.00	797.00

**Spot Market outlook:** Refined soy oil Indore (including VAT) is likely to stay in the range of 720-800 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 (May 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 640 in monthly chart might bring the prices to 630 levels.
- Expected price band for next month is 600-700 level in near to medium term. RSI and MACD are indicating uptrend.

**Strategy:** Market participants are advised to go long in CPO above 645 for a target of 665 and 670 with a stop loss at 635 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
611.00	625.00	651.8	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
		30-Apr-18	31-Mar-18	
Refined Soybean Oil	Indore	762	775	-13
	Indore (Soy Solvent Crude)	725	730	-5
	Mumbai	765	780	-15
	Mumbai (Soy Degum)	712	735	-23
	Kandla/Mundra	750	760	-10
	Kandla/Mundra (Soy Degum)	710	725	-15
	Kolkata	765	780	-15
	Delhi	790	810	-20
	Nagpur	770	768	2
	Rajkot	735	760	-25
	Kota	745	755	-10
	Hyderabad	NR	NR	-
	Akola	771	767	4
	Amrawati	771	767	4
	Bundi	745	760	-15
	Jalna	767	759	8
	Alwar	NA	NA	-
	Solapur	755	756	-1
	Dhule	773	766	7
Palm Oil *	Kandla (Crude Palm Oil)	674	678	-4
	Kandla (RBD Palm oil)	714	714	Unch
	Kandla RBD Pamolein	751	756	-5
	Kakinada (Crude Palm Oil)	NR	NR	-
	Kakinada RBD Pamolein	751	751	Unch
	Haldia Pamolein	756	754	2
	Chennai RBD Pamolein	756	756	Unch
	Chennai RBD Pamolein (Vitamin A&D Fortified)	802	796	
	KPT (krishna patnam) Pamolein	746	748	-2
	Mumbai RBD Pamolein	761	772	-11
	Mangalore RBD Pamolein	756	756	
	Tuticorin (RBD Palmolein)	761	756	5
	Delhi	780	785	-5
	Rajkot	754	756	-2
	Hyderabad	NR	NR	-
	PFAD (Kandla)	431	441	-11
	Refined Palm Stearin (Kandla)	499	494	5
	Superolien (Kandla)	772	782	-11
	Superolien (Mumbai)	803	803	Unch



\* Inclusive of GST

Refined Sunflower Oil	Chennai	750	755	-5
	Mumbai	785	800	-15
	Mumbai(Expeller Oil)	700	715	-15
	Kandla	750	780	-30
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	NR	NR	-
	Latur (Expeller Oil)	745	775	-30
	Chellakere (Expeller Oil)	720	727	-7
	Erode (Expeller Oil)	775	780	-5
Groundnut Oil	Rajkot	800	800	Unch
	Chennai	840	840	Unch
	Delhi	850	850	Unch
	Hyderabad *	870	880	-10
	Mumbai	850	845	5
	Gondal	800	790	10
	Jamnagar	800	790	10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	735	760	-25
	Jaipur (Kacchi Ghani Oil)	758	789	-31
	Kota (Expeller Oil)	730	740	-10
	Kota (Kacchi Ghani Oil)	755	770	-15
	Neewai (Kacchi Ghani Oil)	730	763	-33
	Neewai (Expeller Oil)	745	758	-13
	Bharatpur (Kacchi Ghani Oil)	770	800	-30
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	735	765	-30
	Sri-Ganga Nagar (Kacchi Ghani Oil)	758	775	-17
	Mumbai (Expeller Oil)	750	750	Unch
	Kolkata(Expeller Oil)	NA	NA	-
	New Delhi (Expeller Oil)	760	780	-20
	Hapur (Expeller Oil)	NR	NR	-
	Hapur (Kacchi Ghani Oil)	NR	NR	-
	Agra (Kacchi Ghani Oil)	775	805	-30
Refined Cottonseed Oil	Rajkot	745	740	5
	Hyderabad	NR	NR	-
	Mumbai	770	760	10
	New Delhi	725	725	Unch

Coconut Oil	Kangayan (Crude)	1820	1830	-10
	Cochin	1940	1930	10
	Trissur	NA	NA	-
Sesame Oil	New Delhi	1000	1000	Unch
	Mumbai	NA	NA	-
Kardi	Mumbai	880	870	10
Rice Bran Oil (40%)	New Delhi	520	530	-10
Rice Bran Oil (4%)	Punjab	630	620	10
Rice Bran Oil (4%)	Uttar Pradesh	NA	NA	-
Malaysia Palmolein USD/MT	FOB	638	653	-15
	CNF India	663	680	-17
Indonesia CPO USD/MT	FOB	630	648	-18
	CNF India	655	675	-20
RBD Palm oil (Malaysia Origin USD/MT)	FOB	638	655	-17
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	630	665	-35
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1095	1145	-50
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	520	590	-70
Crude palm Kernel Oil India (USD/MT)	CNF India	1035	1210	-175
Ukraine Origin CSFO USD/MT Kandla	CIF	823	810	13
Rapeseed Oil Rotterdam Euro/MT	FOB	910	920	-10
Argentina FOB (\$/MT)		28-Apr-18	30-Mar-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 GST				

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