



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, rapeseed oil, sunflower oil and groundnut oil prices rose while palm oil and coconut oil prices closed in red.

Rapeseed oil (Jaipur) was the best performer among the edible oil complex due to firm demand. Palm oil (Kandla) was the worst performer among the edible oil tracking weak international prices.

We expect soy oil and palm oil to trade weak on weak fundamentals.

On the currency front, Indian rupee is hovering near 68.89, up by 142 paise compared to last month. Rupee is expected to depreciate in July. Crude oil prices are expected to rise in July.

Recommendation:

In NCDEX, market participants are advised to go short in RSO below 765 for a target of 745 and 740 with a stop loss at 775 on closing basis. In MCX, market participants are advised to go short in CPO below 635 for a target of 615 and 610 with a stop loss at 635 on closing basis..

Market participants can buy refined soy oil in the cash markets at 730-740 for the target of 760-770 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 26 cents/lb to 32 cents/lb. CPO at BMD (Aug) is likely to stay in the range of 2000-2500 ringgits per ton. Focus during the coming days will be trade tension between US and China, soybean planting in US, soybean demand by China, palm oil stocks in Malaysia, palm oil exports from Malaysia, India and China palm oil demand, production of palm oil in Malaysia, ringgit and dollar.

On the international front, better than expected soybean crop condition in US, higher stocks of soy oil in US, depreciation of Argentina Peso, trade tension between US and China, lower soybean demand from China from US and firm dollar is bearish for the soy complex.

Slow fall in end stocks of palm oil in Malaysia, fall exports of palm oil from Malaysia, weak demand of palm oil by India and China, better than expected production of palm oil in Malaysia is bearish 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 hike in import duty on soy oil and depreciation of Rupee. Average prices of refined soy oil fell in June. Prices of refined soy oil showed sideways to lower prices in major centers in India. CDSO prices rose at JNPT while it fell at Kandla/Mudra.

➤ Agriwatch view—Soy oil prices witnessed uptrend in month of June on hike in import duty on soy oil and depreciation of Rupee.

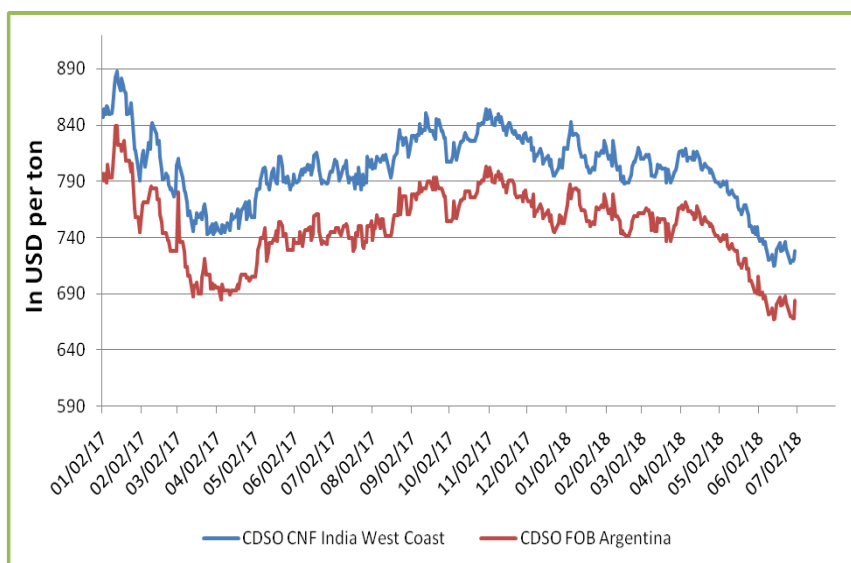
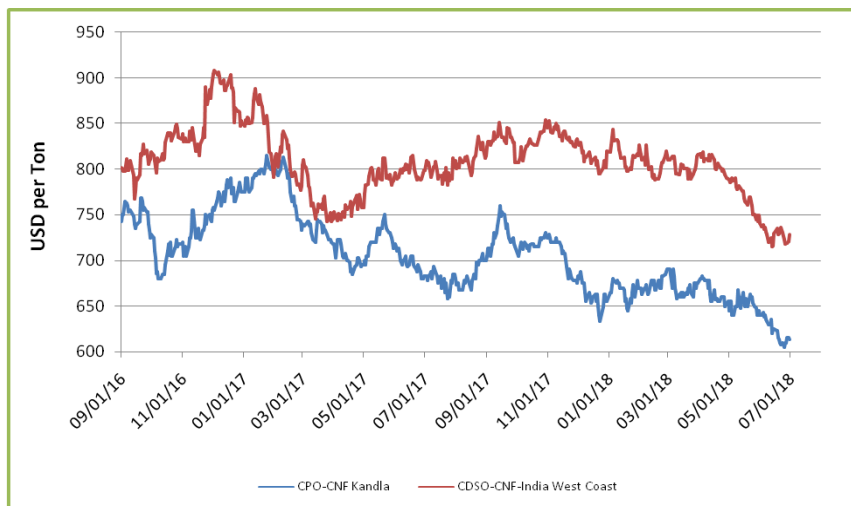
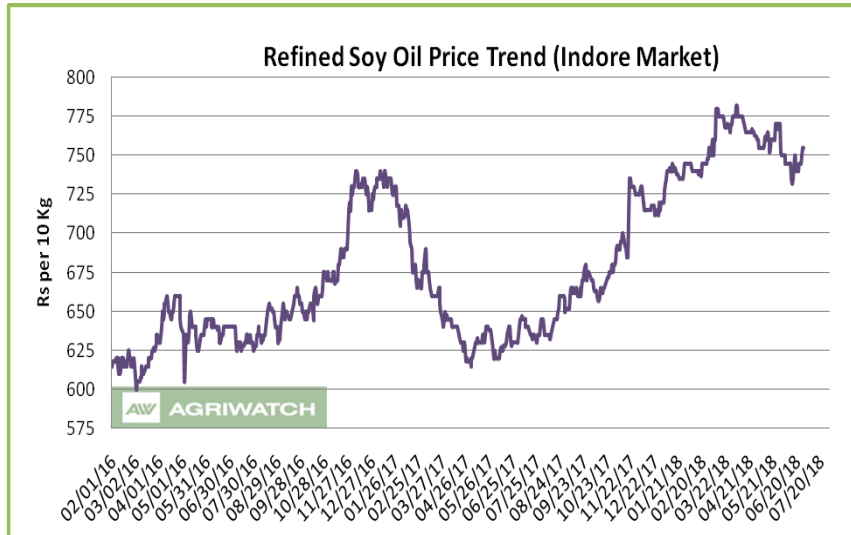
Demand of soy oil rose in June as import margins returned to parity. Due to recent depreciation of Rupee and fall in international prices of soy oil, imports have returned to parity in, causing rise in prices of soy oil.

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

Prices of CDSO remained unchanged at high seas while prices rose CDSO CNF indicating firm supply.

Prices of CDSO CNF rose while CDSO FOB fell indicating firm demand at CNF markets.

Refined soy oil premium over CPO has increased to Rs 110 (Rs 91 last month) per 10 Kg which will underpin soy oil prices. Imports will increase on



low CDSO premium over CPO at USD 60 (USD 53 last month) per ton for July delivery which support prices of soy oil.

Refined soy oil premium over RBD palmolein was at Rs 52 (Rs 30 last month) per 10 Kg, which is high and may underpin soy oil prices in domestic markets.

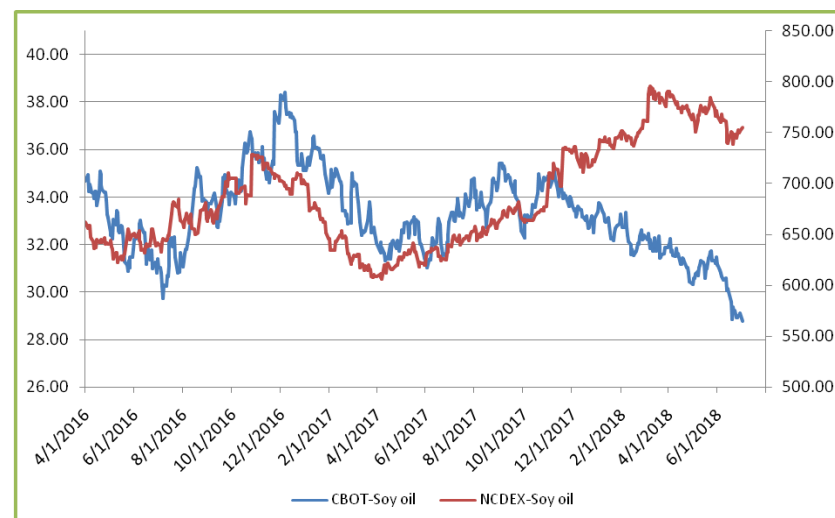
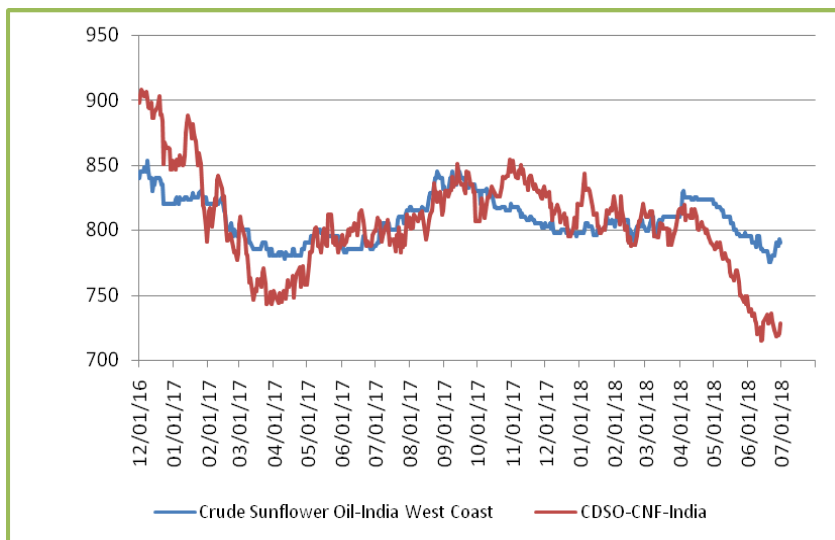
Refined soy oil premium over CDSO high seas is at Rs 50 (Rs 52) per 10 kg indicating firm CDSO demand compared to refined soy oil demand in domestic markets.

Landed cost and refining margins have returned to parity after fall in prices in international markets and will encourage imports.

Difference decreased between CDSO-CNF-India West coast and Soy oil CBOT due to decrease in basis (spot prices – futures prices). Refiners should purchase consignment as prices of soy oil are attractive. Basis is expected to fall due to depreciation of Argentina Peso. Basis decreased on depreciation of Argentina Peso and expected good crop in Argentina in 2018/19.

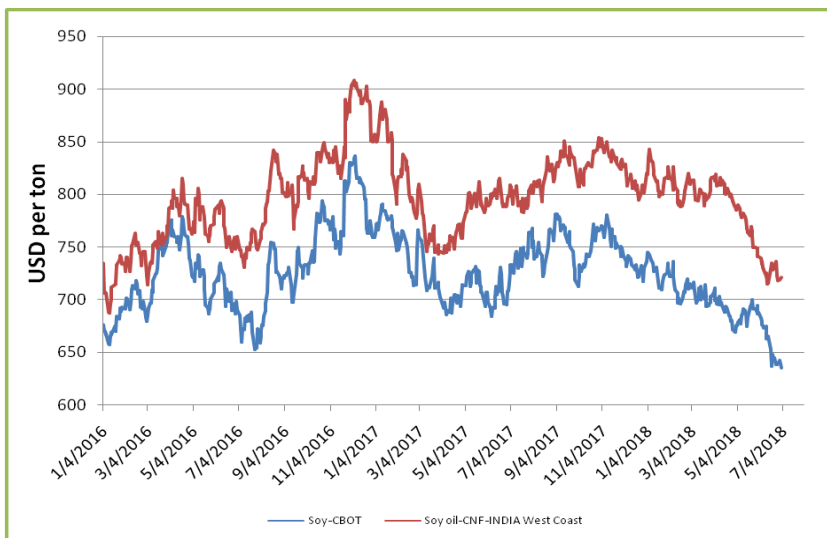
Lower soy meal exports has resulted in lower crushing of soybean. Soy meal exports remained subdued despite hike in import duty on edible oils and fall in soy meal prices.

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



Imports of soy oil rose in May, compared to May 2017 and April 2018 while stocks at ports rose. Both imports and stocks at ports rose in May indicating firm supply will keep cap on prices of soy oil.

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



- Government of India hike MSP of soybean from Rs 3050/qlt to Rs 3399/qlt.
- Soybean sowing is reported at 8.59 lakh hectares as on 29.06.2018 compared to 15.38 lakh hectares in corresponding period last year, down by 44.2 percent.
- Government of India (GOI) hiked import duty on imports of soy oil and sunflower oil. Import duty on crude soy oil was hiked from 30% to 35% while on refined soy oil it was hiked to 45% from 35%. Import duty on crude sunflower oil was hiked to 35% from 25% and on refined sunflower oil was hiked to 45% from 35%. Import duty on crude rapeseed oil was hiked to 35% from 25% and on refined rapeseed oil was hiked to 45% from 35%.
- According to Solvent Extractors Association (SEA), India's May edible oil imports fell 5.89 percent y-o-y to 12.46 lakh tons from 13.24 lakh tons in May 2017. Palm oil imports in May fell 37.7 percent y-o-y to 4.97 lakh tons from 7.98 lakh tons in May 2017. CPO Imports fell 32.5 percent y-o-y to 3.32 lakh tons from 4.92 lakh tons in May 2017. RBD palmolein imports fell 46.26 percent y-o-y to 1.58 lakh tons from 2.94 lakh tons in May 2017. Soy oil imports rose 16.76 percent in May y-o-y to 3.97 lakh tons from 3.40 lakh tons in May 2017. Sunflower oil imports rose 113.5 percent y-o-y in May to 3.31 lakh tons from 1.55 lakh tons in May 2017. Rapeseed (canola) oil import fell to 24.14 percent 0.22 lakh tons compared 0.29 imports in May 2017.
- According to Solvent Extractors Association (SEA), India's May edible oil stocks at ports and pipelines rose 13.86 percent m-o-m to 26.62 lakh tons from 23.38 lakh tons in April 2018. Stocks of edible oil at ports rose to 1,002,000 tons (CPO 320,000 tons, RBD Palmolein 170,000 tons, Degummed Soybean Oil 230,000 tons, Crude Sunflower Oil 270,000 tons and 12,000 tons of Rapeseed (Canola) Oil) and about 1,660,000 tons in pipelines. (Stocks at ports were 1,068,000 tons in April 2018). India is presently holding 42 days of edible oil requirement on 1st June, 2018 at 26.62 lakh tons compared to 37 days of requirements last month at 23.38 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.
- India's export of oil meals during April to May 2018 stands at 321,179 metric tonnes as compared to 348,222 metric tonnes in the same period of previous year showing a decline of 8% according to data released by the Solvent Extractor's Association of India. The exports of rapeseed meal have increased by nearly 56% to 143,699 metric tonnes during the period. In the month of May 2018, export of oil meals declined to 97,036 metric tonnes compared to 144,524 metric tonnes during the same period previous year. Soy meal exports

during the period April –May 2018 was reported down at 109,716 metric tonnes compared to 173,274 metric tonnes during the same period previous year.

- Soy oil import scenario – According to SEA, soy oil imports rose 16.76 percent y-o-y in May to 3.97 lakh tons from 3.40 lakh tons in April 2017. In the period (Nov 2017-May 2018), imports of soy oil were 14.89 lakh tons compared to 16.90 lakh tons in corresponding period last oil year, lower by 11.9 percent.
- Imported crude soy oil CIF at West coast port is offered at USD 728 (USD 738) per ton for July delivery, July delivery is offered at USD 728 (USD 745) per ton and Sep delivery is quoted at USD 730 per ton. Values in brackets are figures of last week. Last month, CIF CDSO June average price was USD 727.64 (USD 769.81 per ton in may 2018) per ton.
- On the parity front, margins returned to parity during the month on low prices of soy oil in international markets, and we expect margins to remain in disparity in coming days. Currently refiners fetch USD 20-25/ton v/s loss of USD 0-5/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to weak tone in the coming days.

International Market Fundamentals

- Agriwatch view- 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 has decreased soybean complex benchmark prices.

Trade dispute between US and China will result in loss of soybean market of US and will hurt it most. With USD additional duty imposed by US on Chinese goods has led to decision of implementation of 25 percent duty by China from July 6. Many cargoes were cancelled from US and CNGOIC data showed that China purchased most of the soybean from South America and reduced its purchase from US in May.

Imposition of 25 percent import duty on soybean imports from US by China has increased demand from Brazil. This duty will kick in from July.

Premium of Brazilian soybean has increased over US soybean. Soybean prices rose in China after the duty hike.

China has said that it will retaliate with duties of US goods imports.

This will lead to fall in soybean complex prices.

- Depreciation of Brazilian Real with USD has led to lowering of international prices of soybean. Peso has depreciated by more than 15 percent in 2018.
- Soy oil stocks fell in US as reported by NOPA in May on higher use of soy oil despite higher production of soy oil due to record crush of soybean. Soy oil stocks in May were higher by 11 percent compared to May 2017. Higher domestics soybean crush will increase soy oil stocks in next couple of months will cap gains in soy oil prices.

- Soybean crop planting in US is progressing at good pace, above corresponding period last year and above 5-year average. Crop health is better than corresponding period last year and 5-year average. Good rains in US Midwest will support planting of soybean and will improve yields.
- USDA decreased 2018/19 end stocks of soy oil in US in its June estimate on lower opening stocks partially set off by higher production. This will support soy oil prices. USDA decreased 2018/19 soybean end stocks of US in its June estimate on lower production and lower opening stock. This will support soybean complex prices.
- Argentina Peso has depreciated by more than 50 percent in 2018, which has led to lowering of premium of soy oil over CBOT and brought down FOB prices of soy oil in Argentina. Despite bad soybean crop in Argentina in 2017/18, soy oil prices are lower.
- USDA increased 2017/18 Brazil soybean crop to 119 MMT from 117 MMT in its May estimate. 2018/19 soybean crop estimate of Brazil was lowered to 118 MMT.
- USDA decreased 2018/19 Brazil soybean exports to 72.95 MMT from 72.3 MMT in 2017/18 in its June estimate.
- USDA reduced 2017/18 soybean estimate of Argentina to 37 MMT from 39 MMT in its June estimate. 2018/19 estimate of Argentina was raised to 56 MMT.

Argentina government reduced 2017/18 soybean crop estimate to 35 MMT from 36.6 estimate on lower yields due to droughts.

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 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.

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

- China imported 40 percent higher soybean in April at 9.69 MMT compared to May 2017. Most of the imports was from South America.

China had been recording lower imports in last three months due to 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 Brent crude oil has reached around USD 80 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 crude oil and will reach USD 85 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 May 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.

- In the latest USDA quarterly stock report, it has been reported that the U.S. soybeans stored in all positions on June 1, 2018 totaled 1.221 billion bushels, up 26 percent from June 1, 2017. It is lower than average trade estimates of 1.225 billion bushels. On-farm stocks totaled 377 million bushels, up 13 percent from a year ago. Off-farm stocks, at 845 million bushels, are up 33 percent from a year ago. Indicated disappearance for the March - May 2018 quarter totaled 888 million bushels, up 15 percent from the same period a year earlier. The USDA estimated 89.6 million acres of soybeans planted in the United States for 2018, down 1 percent from last year, according to the latest acreage report.
- According to United States Department of Agriculture (USDA) June estimate, U.S 2018/19 end stock estimate of soy oil is decreased to 2,176 million lbs compared to 1,836 million lbs in its earlier estimate. Opening stocks in 2018/19 is increased to 2,176 million lbs compared to 1,896 million lbs in its earlier estimate. Production of soy oil in 2018/19 is increased to 23,100 million lbs from 23,040 million lbs in its earlier estimate. Imports in 2018/19 were unchanged at 300 million. Biodiesel use estimate in 2018/19 is kept unchanged at 7,300 million lbs. Food, feed and other industrial use in 2018/19 is kept unchanged at 14,000 million lbs. Exports in 2018/19 estimate are unchanged at 2,100 million lbs. Average price range in 2018/19 is kept unchanged at 29.5-33.5 cents/lbs.
- The U.S. Department of Agriculture's monthly supply and demand report for the month of June forecasts U.S. 2018/19 soybean stocks at 385 million bushels, from 505 million bushels in its earlier estimate. Opening stocks in 2018/19 is estimated at 505 million bushels compared to 530 million bushels in its earlier estimate. Soybean production is estimated in 2018/19 is at 4,280 million bushels compared to 4,392 million bushels in 2017/18. U.S. soybean exports in 2018/19 estimate is kept unchanged at 2,290 million bushels. Imports in 2018/19 are estimated at 25 million bushels from its earlier estimate. Crush in 2018/19 is estimated at 2,000 million bushels compared to 1,995 million lbs in its earlier estimate. Seed use in 2018/19 is kept unchanged at 103 million bushels from its earlier estimate. Residual use is kept unchanged at 32 million lbs. Average price range in 2018/19 is kept unchanged at 8.75-11.25 cents/lbs.
- According to National Oilseed Processors Association (NOPA), U.S. May soybean crush rose 1.53 percent to 163.572 million bushels from 161.106 million bushels in April 2018. Crush of soybean in May 2017 was 149.246 million bushels. Soy oil stocks in U.S. at the end of May fell 11.28 percent m-o-m to 1.856 billion lbs compared to 2.092 billion lbs in end April 2018. Stocks of soy oil in end May 2018 was higher by 6.12 percent compared to end May 2017, which was reported at 1.749 million lbs.

- In the weekly USDA crop progress report released on 2 July; Soybeans blooming are reported at 27% which is up from 17% from the corresponding period last year and higher compared to the 5 year average of 13%. About 71% of the soybean planted crop is under good to excellent condition which is up from 64% during the corresponding period last year.
- According to China's General Administration of Customs, soybean imports in May 2018 increased by 40 per cent to 9.69 MMT compared to previous month. It increased by 1 per cent compared to 9.59 MMT in May 2017. During the period January –May 2018, China imported 36.17 MMT soybeans, lower by 2.6 per cent compared to previous year.
- According to the latest estimates by the Rosario Grains Exchange, Argentina's soybean output in 2017 -18 is estimated at 35 MMT compared to previous month's forecast of 37 MMT. Drought during the initial growing stage and recent excessive rains have affected the crop output.
- According to data released by the Trade Ministry, Brazil's exports of soybean increased to 12.35 MMT in May 2018 compared to 10.26 MMT in April 2018 and 10.96 MMT during the same period previous year. Exports of soy meal increased to 1.65 MMT in May 2018 compared to 1.55 MMT in April 2018 and 1.63 MMT during the same period previous year.
- USDA increased 2018/19 soybean crop of Brazil to 118 MMT in its June estimate from earlier estimate to 117 MMT.
- USDA increased 2018/19 soybean crop of Argentina to 56 MMT from 37 MMT.
- According to the latest estimates by the Buenos Aires Exchange, Argentina's soybean output has been reduced to 36 MMT compared to previous estimates of 38 MMT. Drought during the growth period and recent heavy rains during harvesting has affected output.
- According to China's Agriculture ministry, soybean imports in 2018-19 are expected to decline by 0.3 per cent to 95.65 MMT compared to previous yr. Imports are expected to decline for the first time in the last 15 years following trade rift between U.S. and China. Soybean output is expected to increase by 4.9 per cent to 15.27 MMT in 2018 -19 compared to previous year.
- USDA WASDE Oilseeds Highlights: Price forecasts for 2018/19 are unchanged this month. The 2018/19 season-average price for soybeans is forecast at \$8.75 to \$11.25 per bushel; soybean meal and oil prices are projected at \$330 to \$370 per short ton and 29.5 to 33.5 cents per pound, respectively.

Previous update

- According to United States Department of Agriculture (USDA) May estimate, U.S 2018/19 end stock estimate of soy oil is decreased to 1,836 million lbs compared to 2017/18 estimate of 1,896 million lbs. Opening stocks in 2018/19 is increased to 1,896 million lbs compared to 1,711 million lbs in 2017/18. Production of soy oil in 2018/19 is increased to 23,040 million lbs from 22,885 million lbs in 2017/18. Imports in 2018/19 were unchanged at 300 million compared to 2017/18. Biodiesel use estimate in 2017/18 is increased to 7,300 million lbs compared to 6,800 million lbs in 2017/18. Food, feed and other industrial use in 2018/19 are increased to 14,000 million lbs compared to 13,800 million lbs in 2017/18. Exports in 2018/19 estimate are decreased to

2,100 million lbs from 2,300 million lbs in 2017/18. Average price range in 2018/19 is at 29.5-33.5 cents/lbs in 2017/18 compared to 30.5 cents/lbs in 2017/18.

- The U.S. Department of Agriculture's monthly supply and demand report for the month of May forecasts U.S. 2018/19 soybean stocks at 415 million bushels, from 530 million bushels in 2017/18. Opening stocks in 2018/19 is estimated at 530 million bushels compared to 302 million bushels in 2017/18. Soybean production is estimated in 2018/19 at 4,280 million bushels compared to 4,392 million bushels in 2017/18. U.S. soybean exports in 2018/19 is estimated at 2,290 million bushels compared to 2,065 million bushels in 2017/18. Imports in 2018/19 are estimated at 25 million bushels, unchanged from 2017/18. Crush in 2018/19 is estimated at 1,995 million bushels compared to 1,990 million lbs in 2017/18. Seed use in 2018/19 is at 103 million bushels, unchanged from 2017/18. Residual use is at 32 million lbs compared to 30 million lbs.
- According to National Oilseed Processors Association (NOPA), U.S. April soybean crush rose 15.73 percent to 161.016 million bushels from 139.134 million bushels in April 2017. Crush of soybean in March 2018 was 171.858 million bushels. Soy oil stocks in U.S. at the end of April rose 7.5 percent m-o-m to 2.092 billion lbs compared to 1.946 billion lbs in end March 2018. Stocks of soy oil in end April 2018 was higher by 21.27 percent compared to end April 2017, which was reported at 1.725 million lbs.
- In the weekly USDA crop progress report released on 25 June; Soybeans blooming are reported at 12% which is up from 8% from the corresponding period last year and higher compared to the 5 year average of 5%. About 95% of the crop has emerged which is higher than 93% during the corresponding period last year and also up from the 5 year average of 89%. About 73% of the soybean planted crop is under good to excellent condition which is up from 66% during the corresponding period last year.
- 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.
- 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.
- Brazil's soybean exports have surpassed 10 MMT in April 2018 and is recorded at 10.26 MMT compared to 8.81 MMT in March 2018. It exported 10.43 MMT in April 2017. Exports have increased following ongoing trade rift between U.S. and China, with Chinese buyers purchasing their requirement from Brazil currently.
- According to China's General Administration of Customs, soybean imports in April 2018 rose by 22.3 per cent to 6.92 MMT compared to previous month. It declined by 13.7 per cent compared to 8.02 MMT in April 2017. During the period January –April 2018, China imported 26.49 MMT soybeans. Arrivals were delayed due to tougher port inspections and changes in value –added-tax (VAT).
- USDA decreased 2017/18 soybean crop of Argentina to 40 MMT from 47 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 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.
- USDA WASDE Oilseeds Highlights: The 2018/19 U.S. season-average soybean price range is forecast at \$8.75 to \$11.25 per bushel compared with \$9.35 per bushel in 2017/18. Soybean meal prices are forecast at \$330 to \$370 per short ton, compared with \$360 per ton for 2017/18. Soybean oil prices are forecast at 29.5 to 33.5 cents per pound compared with 30.5 cents for 2017/18.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 710-790 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 June at its benchmark market at Kandla on fall in prices of palm oil in international markets. CPO prices fell in Kolkata, Krishnapatnam and Mumbai. RBD palmolein prices fell across board in India. Superolein prices fell in Kandla and Mumbai. Vanaspati prices remained unchanged in Kolkata while it fell in Rajkot. Vanaspati Ghee prices fell in Rajkot. CPO-CNF and RBD palmolein-CNF India prices fell in June.

➤ Agriwatch view – Crude palm oil prices fell in Kandla in the month of June on fall in prices of palm oil in international markets.

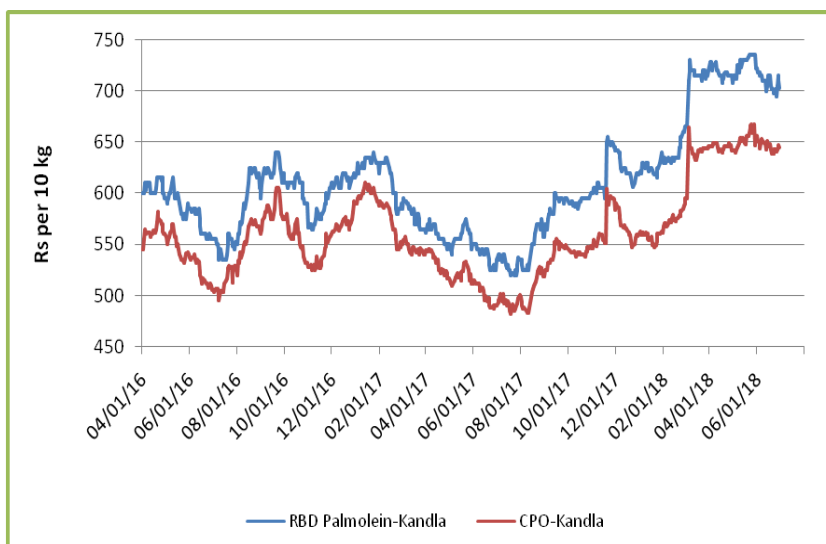
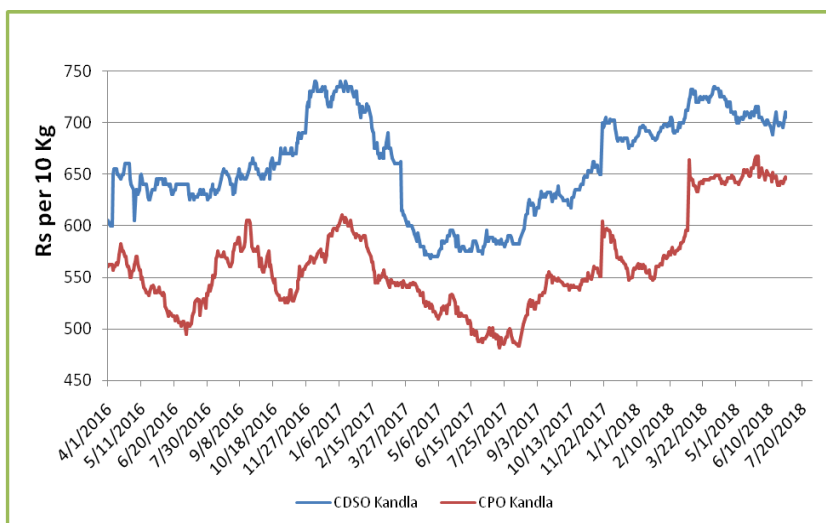
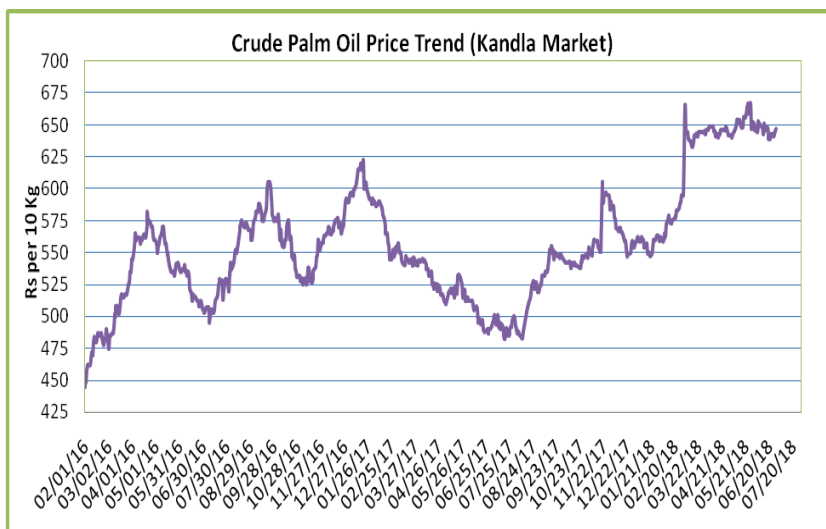
Prices of CPO fell less at high seas compared to CNF markets compared to last month.

Demand of CPO is regular at CNF markets as prices fell equally at CNF and FOB markets.

Demand of CPO is firm in Indian markets. This has led to fall in stocks at the port.

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

Despite depreciation of Rupee, disparity at ports has decreased and demand has increased.



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 10-15 per 10 kg.

Given the already prevailing disparity, prices of CPO can fall further despite firm retail demand.

Demand has firmed on arrival of monsoon pan India.

Stocks of CPO at Indian ports fell due to lower imports and firm demand.

Data from cargo surveyor SGS shows a slight rise in imports of palm oil by India from Malaysia in June.

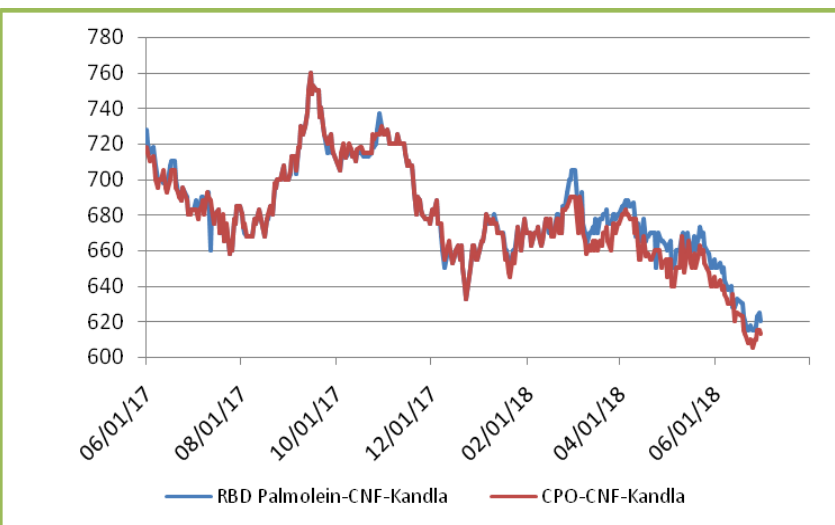
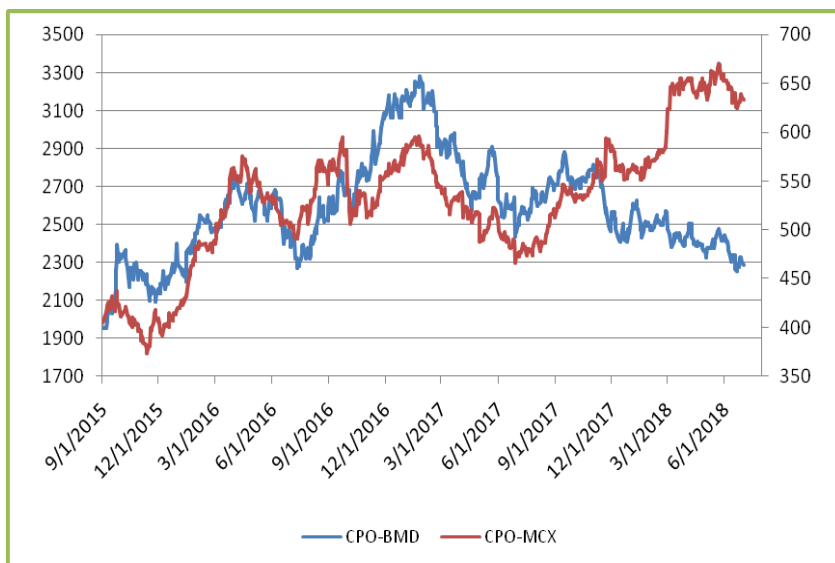
RBD palmoelin featured weak tone in its benchmark market on fall in prices of RBD palmolein in international markets.

Prices of RBD palmolein fell less at high seas compared to CNF markets indicating firm demand.

Prices of RBD palmolein less at CNF markets compared to FOB markets indicating firm 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. Increasing discount of RBD palmolein over soy oil, sunflower oil and rapeseed oil will improve demand

Despite depreciation of Rupee, disparity has decreased on imports. At present there is disparity of Rs 10-15 per 10 kg. Lower disparity of RBD palmolein has led to fall in prices.

Due to lower disparity import demand will improve.

Importers are selling cargoes at \$7.5 -10 per ton discount to unload their stocks due to continuous fall in international prices.

Stocks of RBD palmolein at Indian ports have decreased in May. This will improve imports.

Slow clearance of stocks of palm oil in Malaysia in coming months due to slower fall production of palm oil in June and higher fall 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-May 2018) due to lower margins in selling it compared to palmolein obtained from domestic refining of CPO.

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

RBD palmolein premium over CPO decreased to Rs 58 (Rs 61 last month) per 10 kg indicating firm demand of CPO compared to RBD palmolein at high seas.

Import of CPO in May was lower than that of May 2017 and lower than April 2018. Stocks at ports rose 160,000 tons in May compared to April while imports fell 220,000 indicating weak demand in May.

Import of RBD palmolein is lower in May compared to May 2017 and April 2018. Imports fell 52,000 tons in May compared to April which was partially offset by fall in port stocks rose by 35,000 tons indicating weak demand of RBD palmolein in May.

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.

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

Increasing soy oil premium over crude palm oil which is hovering at Rs 110 (Rs 91 last month) per 10 Kg will increase demand of CPO and decrease imports.

Previous chart in soy oil section shows that premium of soy oil over palm oil has increased in June at CNF markets. This will increase imports. Higher premium of crude sunflower CIF India West coast and CPO CIF at USD 177 (USD 155) 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 CNF premium over CPO CNF will increase imports of CPO in medium term at USD 115.5 (USD 96 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 60 (Rs 48 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 30 last week) per 10 kg is low and will increase RBD palmolein demand in near term. Values in brackets are figures of last week.

Prices of palm oil will fall in medium term.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in June fell 37.7 percent y-o-y to 4.97 lakh tons from 7.98 lakh tons in May 2017. Imports in the period (November 2017-May 2018) are reported lower marginally y-o-y at 50.7 lakh tons compared to 51.05 in the corresponding period last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports fell 32.5 percent y-o-y in may to 3.32 lakh tons from 4.92 lakh tons in May 2017. Imports in the period (November 2017-May 2018) are reported higher by 13.77 percent y-o-y at 38.67 lakh tons compared to 33.99 lakh tons in the corresponding period last oil year.

RBD palmolein import scenario- RBD palmolein imports fell y-o-y in May by 46.26 percent to 1.58 lakh tons from 2.94 lakh tons in May 2017. Imports in the period (November 2017-May 2018) are reported lower by 31.5 percent y-o-y at 11.38 lakh tons compared to 16.62 lakh tons in the corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 612.5 (USD 652.5) per ton for July delivery. Last month, CNF CPO June average price was at USD 623.24 per ton (USD 652.27 per ton in May 2018). Values in brackets are figures of last month.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 620 (USD 640) per ton for July delivery. Last month, CIF RBD palmolein June average price was USD 630.72 (USD 661.66 in may 2018) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 645 (Rs 652) per 10 Kg and July delivery duty paid is offered at Rs 645 (Rs 652) per 10 kg. Ready lift RBD palmolein is quoted at Rs 703 (Rs 715) per 10 kg as on June 30, 2018. Values in brackets are figures of last month.

- On the parity front, margins improved during the month of June on lower price of palm oil products in international markets and we expect margins to remain firm in coming days. Currently refiners fetch USD 75-80/ton (May average) v/s gain of USD 55-60/ton (May average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 50-55/ton (May average) v/s gain of USD 30-35 (May average).
- We expect palm oil to trade sideways to weak tone in medium term.

International Market Fundamentals

- Agriwatch view – Palm oil prices are expected to fall on slower than fall in end stocks of palm oil in Malaysia in June, higher than expected production of palm oil in Malaysia in June, fall in exports of palm oil from Malaysia in June, weak demand of palm oil from China and India and weak competitive oils.

Palm oil end stocks in Malaysia in June is expected to show slower than expected fall due to lower than expected fall in production of palm oil production in Malaysia in June and higher than expected fall in exports of palm oil from Malaysia in June.

Palm oil end stocks fell less than estimated in May in Malaysia on lower than expected fall in production of palm oil production and higher than expected fall in exports of palm oil.

Palm oil stocks are expected to fall to 9 month low in June in Malaysia, according to trade estimates. This fall in stocks is due to 11 percent fall in production of palm oil and 7.8 percent fall in exports of palm oil from Malaysia.

Production of palm oil is expected to fall in Malaysia in June is expected to fall due to man days lost due to Ramadan which ended in June. Labour shortage in Malaysia led to production loss in June. However, production is expected to rise from July onwards on seasonal uptrend of production and return of labour to plantations.

Exports of palm oil fell 10-12 percent in June, according to cargo surveyors AmSpec Agri and SGS. Fall in exports is due to lower rate of purchases by EU and Pakistan. Many locations purchased less as Ramadan is over and they are adequately stocked.

Exports of palm oil will remain weak in July as top importing destinations are adequately stocked against limited demand. Ramadan demand is over and any fresh demand will arise at lower prices.

Important markets like India and China are price sensitive markets which will purchase more when prices fall.

India and China purchased less in expectation of lower prices of palm oil.

China imported less due to higher supply of soybean in the country in June due to record imports and dilution of soybean state reserves by China. However, due to trade war with US, it is expected import more palm oil.

China is expected to dilute massive soybean reserves to tide over supply shortage due to lower imports of soybean from US.

China is importing more from Brazil which is increasing supply of soybean in China and underpin RBD palmolein prices.

Trade war between US and China is expected to underpin CBOT soy oil prices as fall in soybean complex prices will prompt fall in palm oil prices.

Ringgit has fallen below 4.00 per USD which is below the psychological resistance. Rise in Dollar Index has rattled emerging market currencies including Ringgit and Indonesian Rupiah. More depreciation is in cards as expectation of more rate increases by Federal Reserve builds in 2018.

India is expected import higher palm oil due to decrease in disparity in imports and lowering of stock at Indian ports. However, further depreciation of Rupee could lead to higher disparity in imports and decrease demand.

However, imports from India will not fall much in 2018 as lower oilseeds crop in India will increase demand of palm oil.

Exports of palm oil are expected to fall to destinations where there was Ramadan demand. These markets are adequately stocked and fresh demand is unlikely in July.

China has halted importing soybean from US as shown in data from CNGOIC, which will underpin soy oil prices.

Dollar Index appreciated on rise in US bond yields and expectation of inflation due to rise in prices of crude oil.

Rise in crude oil prices is expected to support palm oil prices in medium term.

Exports of palm oil from Indonesia showed slowdown in April and increase in end stocks. Fall in exports of palm oil from Indonesia was due to fall in imports of palm oil by India due to hike in import duties on palm oil by India and depreciation of Rupee.

Indonesia has asked India to reduce palm oil import duties, which will clear higher stocks of palm oil in Indonesia and help exports from the country.

Indonesia is working to increase biodiesel use in the country and aims to impose on railways among majors.

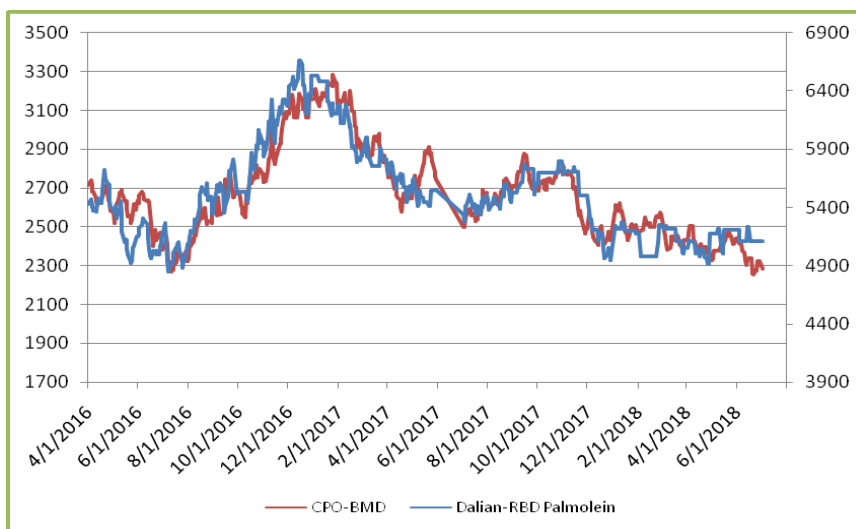
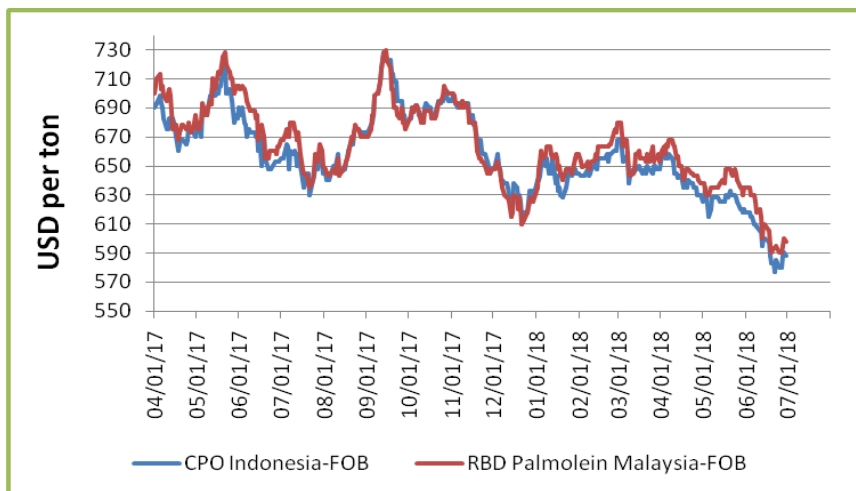
Higher demand of palm oil in Indonesia will soak incremental supply of palm oil in Indonesia.

Malaysia kept 5 percent export duty on palm oil from July.

Lower competitive oils will underpin palm oil prices.

Prices are in range.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's May palm oil stocks fell 0.51 percent to 21.70 lakh tons compared to 21.81 lakh tons in April. Production of palm oil in May fell 2.11 percent to 15.25 lakh tons compared to 15.58 lakh tons in April. Exports of palm oil in May fell 15.65 percent to 12.91 lakh tons compared to 15.30 lakh tons in April. Imports of palm oil in May fell 9.44 percent to 0.32 lakh tons compared to 0.36 lakh tons in April. Fall in end stocks of palm is lower than trade estimates.



- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's June palm oil exports fell 11.8 percent to 1,058,832 tons compared to 1,199,876 tons last month. Top buyers are European Union at 244,329 tons (280,563 tons), China at 178,080 tons (190,903 tons), India at 124,100 tons (91,920 tons), United States at 63,580 tons (74,500 tons) and Pakistan at 52,600 tons (102,400 tons), and Values in brackets are figures of last month.
 - According to cargo surveyor AmSpec Agri, Malaysia's June palm oil exports fell 10.3 percent to 1,073,224 tons compared to 1,196,805 tons last month.
 - According to Indonesia Palm Oil Association (GAPKI), Indonesia's April palm and palm kernel oil exports fell 13.6 percent m-o-m to 2.22 MMT compared to 2.57 MMT in April 2017. On m-o-m basis exports fell 7.4 percent. Exports were 2.40 MMT in March 2018. End stocks of palm oil in Indonesia rose to 3.97 MMT in April from 3.65 MMT in March, higher by 8.77 percent m-o-m.
 - Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia kept crude palm oil export duty unchanged at 5 percent for July. Export duty of palm oil is calculated at reference price of 2,407.20 ringgit (\$611.41) 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 July unchanged at zero, below threshold prices of USD 750 per ton. This is 14th 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 April palm oil stocks fell 6.42 percent to 21.74 lakh tons compared to 23.23 lakh tons in March. Production of palm oil in April fell 0.99 percent to 15.58 lakh tons compared to 13.74 lakh tons in March. Exports of palm oil in April fell 1.99 percent to 15.41 lakh tons compared to 15.66 lakh tons in March. Imports of palm oil in April fell 10.1 percent to 0.36 lakh tons compared to 0.40 lakh tons in March.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's June 1-25 palm oil exports fell 14.1 percent to 862,215 tons compared to 1,003,696 tons in corresponding period last month. Top buyers are European Union at 183,470 tons (223,493 tons), China at 146,320 tons (179,153 tons), India at 101,100 tons (71,400 tons), United States at 59,380 tons (65,825 tons) and Pakistan at 52,600 tons (71,900 tons), and Values in brackets are figures of corresponding period last month.
- 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 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 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 Malaysia Palm Oil Board (MPOB), Malaysia kept crude palm oil export duty unchanged at 5 percent for June. Export duty of palm oil is calculated at reference price of 2,421.19 ringgit (\$611.41) 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 June unchanged at zero, below threshold prices of USD 750 per ton. This is 14th straight month of zero export duty, as palm oil is expected to miss certain thresholds.

- **Price Outlook:** We expect CPO Kandla 5% to trade in the price band of Rs 600-680 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 firm trend at various markets on firm demand and rise in rapeseed prices. Prices of expeller mustard oil closed higher across board in India. Kacchi Ghani prices rose across board in India. Rapeseed (Canola) oil prices fell in June.
- Agriwatch view: Rapeseed oil prices traded firm in the month of June in various markets in India on firm demand, and firm rapeseed prices.

Rapeseed arrivals fell in the month of June compared to May.

Demand rose in the month of June due to Ramzaan, bargain buying and firm demand after arrival of monsoon 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.

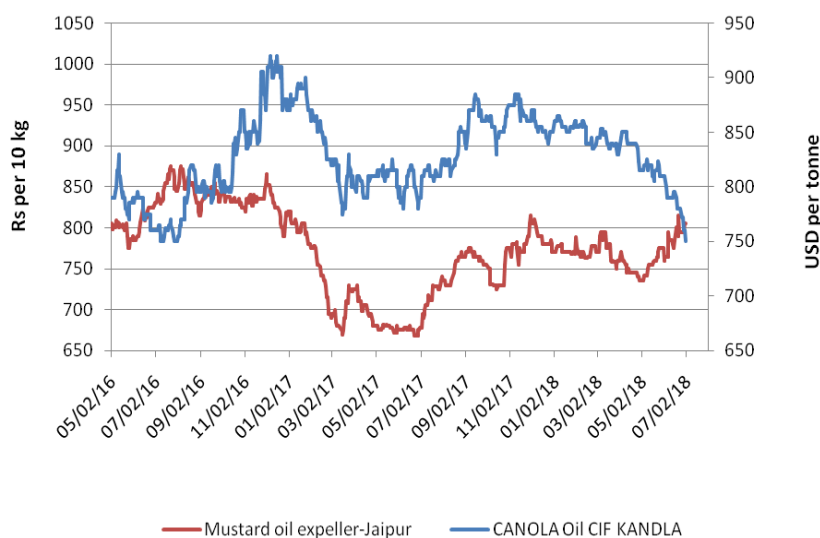
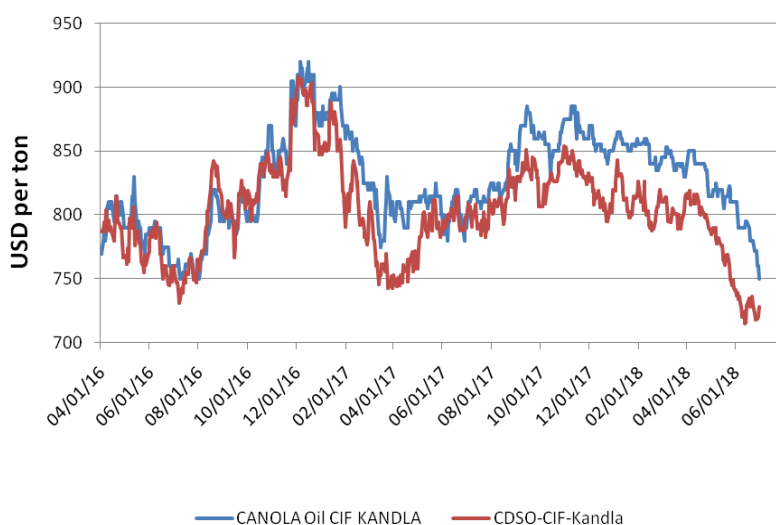
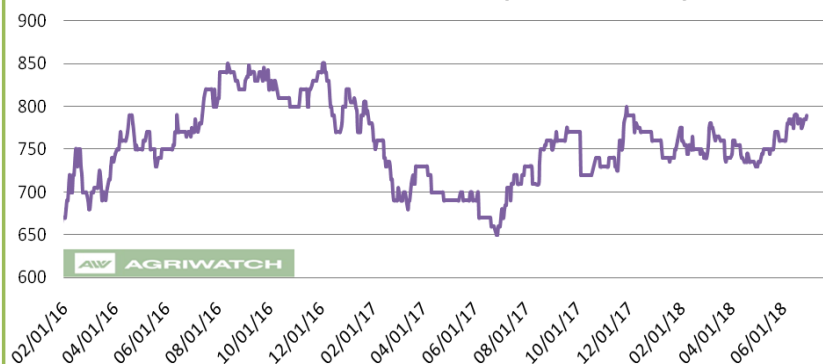
Lower area in Rajasthan contributed to lower crop. Yield was higher across states. Recovery of oil was higher by more than 2% across board.

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

Rapeseed prices rose last month as arrival fell.

Rise in prices of rapeseed is due to increased crushing of rapeseed on to

Mustard Oil Price Trend (Kota Market)



parity in crushing. Hike in import duty on rapeseed 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.

Stockists and traders are stocking stocks against firm demand.

Demand is firm while the prices are lucrative.

Prices rose on seasonal uptrend of prices.

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 73 (Rs 37) 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 22 (USD 54) per ton and will increase imports.

Lower prices of expeller rapeseed oil led to fall in import demand of canola oil in oil year 2017-18. However, due to rise in rapeseed oil expeller prices canola oil imports could rise.

Above chart shows that Canola oil prices are moving down while rapeseed expeller oil prices are rising. So, fall 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 30 (Rs 20) per 10 Kg, will support rapeseed oil prices in medium term.

Hike in import duty on import of canola oil will support rapeseed oil prices.

High premium of rapeseed expeller oil (Jaipur) over RBD palmolein (Kandla) at Rs 120 (Rs 50) per 10 kg will underpin rapeseed oil prices.

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.

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

- Rapeseed oil import scenario- India imported 0.22 lakh tons of rapeseed (Canola) oil in May 2018 v/s 0.29 lakh tons in May 2017. In the period (Nov 2017-May 2018) imports were 1.81 lakh tons compared to 1.81 lakh tons in the corresponding period last oil year, up marginally y-o-y.
- CIF Canola oil premium over soybean oil is hovering at USD 22 (USD 54 last month) as on June 30, 2018.

- Currently, RM oil at Jaipur market (expeller) is offered at Rs 805 (Rs 765) per 10 Kg and at Kota market is quoted around Rs 785 (Rs 770) per 10 kg as on June 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 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 June on hike in import duty on sunflower oil and firm demand. Prices rose in Mumbai, Kandla/Mudra and Latur. Prices closed unchanged in Kakinada. Prices rose in Kakinada and Krishnapatnam. Sunflower expeller prices closed higher in Erode and Latur while it fell in Chellakere.

➤ Agriwatch view: Sunflower oil prices closed higher in month of June at its benchmark market of Chennai on hike in import duty on sunflower oil and firm demand.

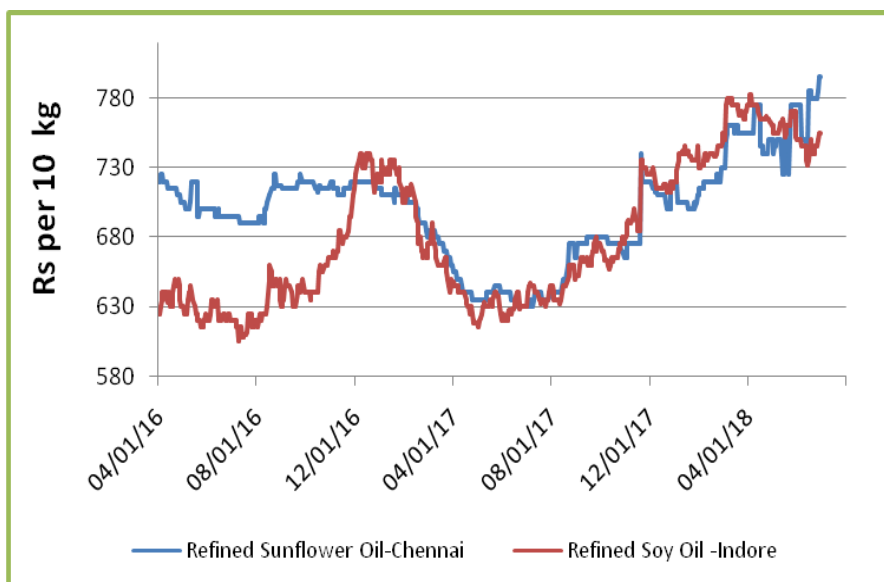
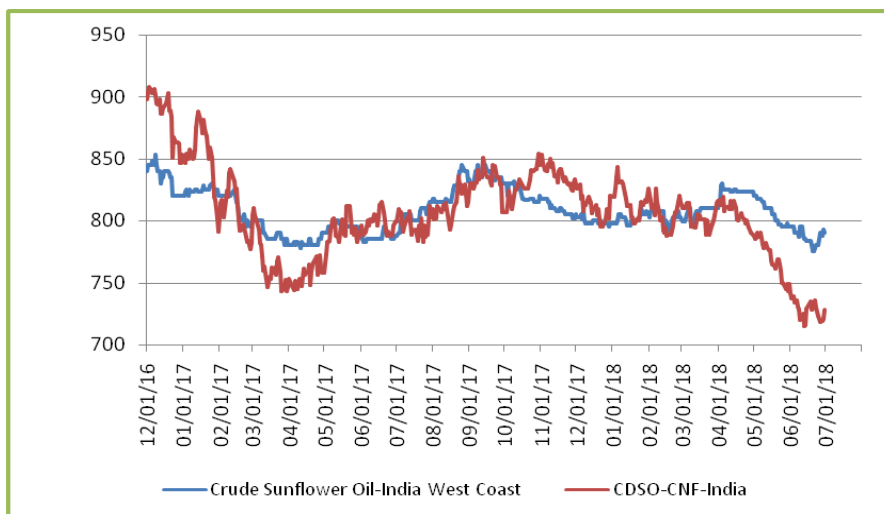
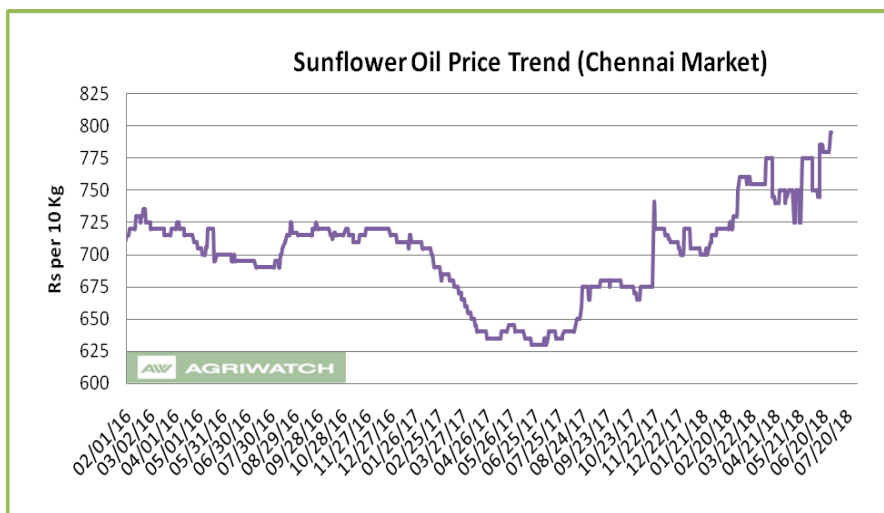
Import duty on sunflower oil was hiked from 25 percent to 35 percent. This increase makes the effective duty from 27.5 percent to 38.5 percent.

This hike in import duty makes import duty on sunflower oil equivalent to soy oil.

This step will stem surging imports in oil year 2017-18.

There is import parity in imports of sunflower oil while refining margins are in parity.

Depreciation of Rupee in last 3 months will slow imports of sunflower in coming months.



Importers imported and stocked at ports as they expected import duties on imports of sunflower oil. Lower duty on imports of sunflower oil compared to soy oil and palm oil has led to surge in imports of sunflower oil in 2017-18.

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

Supply has improved in markets as imports rose 23 percent in oil year 2017-18 (November 2017-May 2018) after 43 percent rise in oil year 2016-17 (November-October) indicating firm supply of sunflower oil in domestic market. Stocks at ports rose in oil year 2017-18 despite rise in imports indicating firm supply. Higher supply of sunflower oil in domestic market due to higher imports will cap prices of sunflower oil.

Imports of sunflower oil will show slowdown in coming months due to increasing premium of sunflower oil

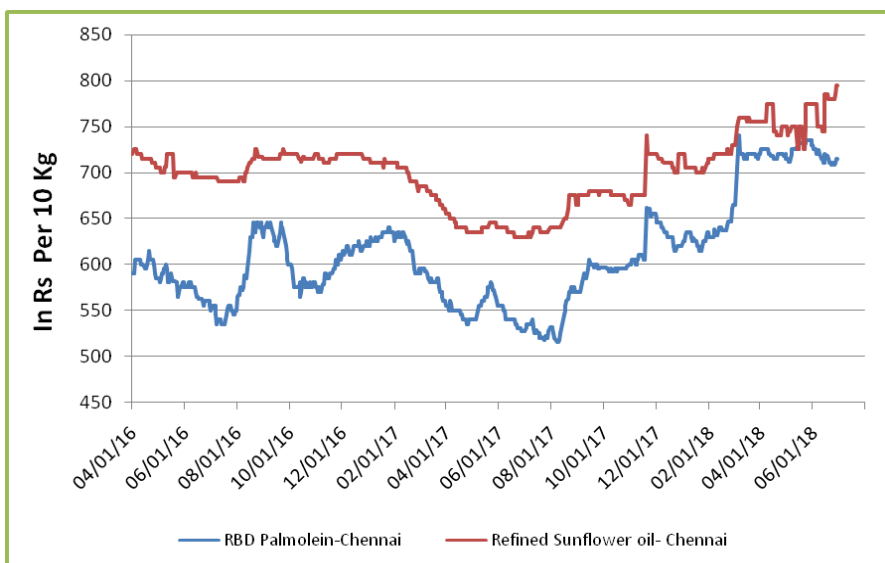
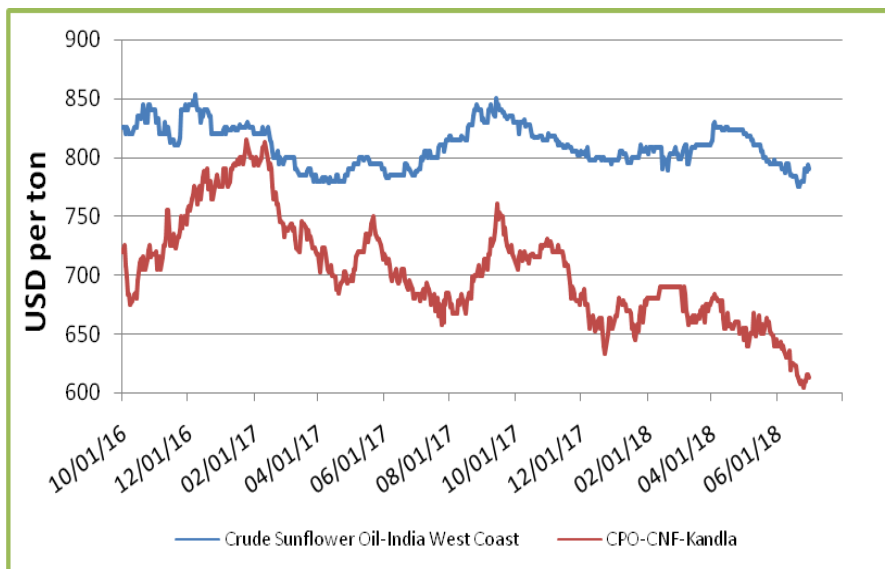
over CDSO and CPO at CNF markets and increase in import duty of sunflower oil.

Depreciation of Indian rupee has made imports of sunflower oil costlier in India, which will decrease imports in coming months.

Increasing premium of CSFO over CDSO in CNF markets will underpin prices in medium term. Imports are expected to be lower in June as crude sunflower oil CNF premium over CDSO CNF has increased. Second chart from above shows crude sunflower oil premium over CDSO is increasing will slow imports and support prices.

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

Refiners and stockists will destocking as sunflower oil premium over soy oil is increased to USD 62 (USD 32.5 last month) and take advantage of hike in import duty and liquidate stocks.



Refined sunflower oil premium over RBD palmolein has increased to Rs 80 (Rs 45 last month) per 10 kg is high due to hike in import duty of sunflower oil. Hike in import duty on sunflower oil has increased sunflower oil premium over RBD palmolein.

However, premium of CSFO over RBD palmolein is at USD 170 (USD 153) per ton at CNF markets 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.

In domestic market, prices are expected to be capped in medium term as prices of sunflower oil are trading at high premium over soy oil and RBD palmolein.

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.

Prices are expected to improve on seasonal uptrend of prices, low premium of sunflower oil over soy oil and RBD palmolein. Prices of sunflower oil are expected to remain in a range with upwards bias in July.

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

- Government of India has hiked MSP of sunflower from Rs 4100/qlt to Rs 5388/qlt.
- Groundnut sowing is reported at 0.32 lakh hectares as on 29.06.2018 compared to 0.32 lakh hectares in corresponding period last year.
- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 113.5 percent y-o-y in May to 3.31 lakh tons from 1.55 lakh tons in May 2017. Imports in the period (November 2017-May 2018) are reported higher by 23.13 percent y-o-y at 16.50 lakh tons compared to 13.40 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 790 (USD 793) per ton for July delivery, Aug delivery is quoted at USD 792.5 (USD 795) per ton and Sep delivery is quoted at USD 787.5 (USD 795) per ton. CIF sun oil (Ukraine origin) June monthly average was at USD 787.08 per ton compared to USD 806.59 per ton in May. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 770-820 per ton in the medium term. CIF Sunflower oil-CNF premium against CDSO CNF had improved from last month and is hovering at USD 62 per ton versus USD – 32.5 per ton previous month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 795 (Rs 775) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 770 (Rs 760) per 10 kg as on June 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 750-850 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

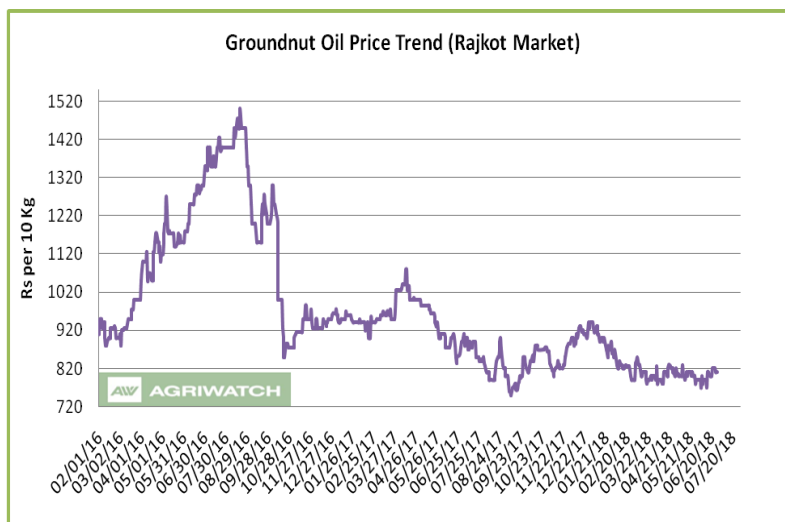
Oil year- November-October

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 firm trend during the month in review on hike in import duty on soft oils and buying at lower levels. Prices fell in Chennai and New Delhi while it rose in Mumbai. Prices closed higher in Jamnagar and Gondal at the end of the month. Groundnut oil expeller closed lower in Hyderabad.
- Agriwatch view: Groundnut oil prices rose in June on hike in import duty of soy oil, sunflower oil and rapeseed oil and renewed buying at lower levels.



Groundnut sowing is down 48 percent compared to corresponding period last year supporting groundnut oil prices.

Sharp hike in MSP of groundnut will support groundnut prices in medium term.

Gujarat government is disposing Kharif 2017 crop aggressively. Old crop stocks are over in the market. At present quality of groundnut is good for crushing.

Whatever groundnut is sold in the market is of crushing quality and is diverted towards crushing and underpin prices.

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

Arrival has increased in mandis. Stocks of groundnut with farmers are high which means any rise in prices of groundnut will not sustain. There is 12-13 lakh tons of groundnut stocks in market in Gujarat (8 lakh tons with government and 4-5 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 good at the moment.

Prices of groundnut oil are helped by a rise in other oils.

Exports of groundnut procured by Gujarat government are 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 is consumed in ready markets.

Oil demand will only rise when prices fall.

Groundnut oil prices have rise on increased offtake from stockists and traders on weak stock position.

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

There could be more bargain buying in coming days.

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

Premium of groundnut oil over sunflower is low in Chennai indicating weak demand in Tamil Nadu.

However, demand of groundnut oil has decreased in Andhra Pradesh from June on arrivals of monsoon which has means pickle season is over.

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 down 48 percent as of 29.06.2018 due to little rains in Gujarat and bad returns on groundnut agriculture. Sharp hike in MSP is desperate step by government to stem sharp fall in sowing of groundnut.

However, area under groundnut is expected to rise by more than 5-10 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.

Centre is considering allowing the oil millers in Gujarat to crush the oilseeds on job work basis to supply oil through the public distribution system (PDS). This will help in disposing the groundnut purchased under the Minimum Support Scheme (MSP) scheme. On a trial basis, the Centre has allowed crushing of 1 lakh metric tonne of groundnut stored in National Agricultural Cooperative Marketing Federation of India (Nafed) warehouses in Gujarat.

On May 25, 2018, meeting was held between the Oil millers of Gujarat and NAFED (the National Agricultural Marketing Federation of India) with regard to sale of groundnut stocks procured by NAFED. The oil millers have sought more relaxation in NAFED norms with regards to purchase of groundnut from NAFED. The oil millers have asked the government to introduce some favorable policy to increase consumption of groundnut oil. Millers and traders have asked more time to take delivery of groundnut stock they have purchased so that market remains stable and also to reduce 10% deposit by half. The suggestions will be taken forward with the Central government and decision will be taken accordingly.

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

Prices are expected to trade sideways to weak.

- Government of India hike MSP of groundnut from Rs 4450/qtl to Rs 4890/qtl.
- Groundnut sowing is reported at 4.71 lakh hectares as on 29.06.2018 compared to 9.17 lakh hectares in corresponding period last year, down by 48.6 percent.

- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 8,100 (7,900) per quintal and quoting at Rs 8,300 (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 750-850 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

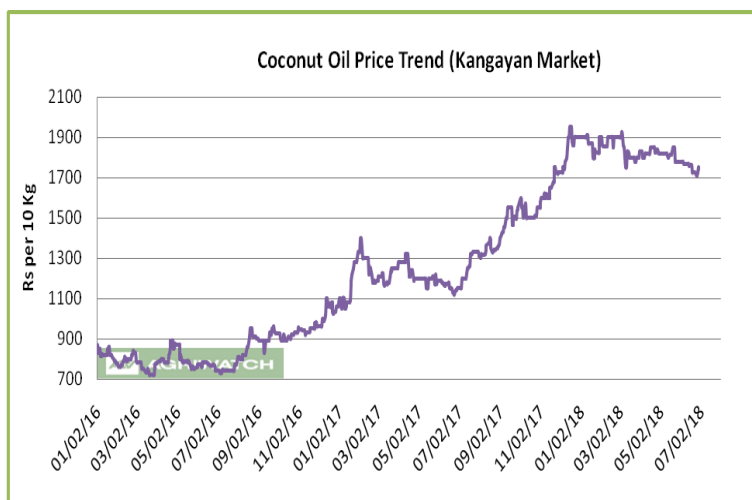
Highlights

- 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 weak trend at its benchmark market in Kangeyam on weak demand and fall in prices of copra. Prices fell in Kochi at the end of the month.
- Agriwatch view: Prices of coconut oil traded weak in the month of June on weak demand of coconut oil and fall in prices of copra.

Copra prices fell during the month. Fall in raw material prices led to lower end product prices.



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

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

With the start of peak coconut production season from July, production will increase 15-20% in 2018-19 underpinning prices of coconut oil. Yield will remain higher than last three years.

Copra supply is improving, as stocks buildup has started in the market despite higher exports and diversion of coconut products to other value added products.

Average prices of raw material like coconut, 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.

Of the total production of 6 lakh tons of coconut oil, corporate consumes around 2.5 lakh tons whose demand is 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 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 it 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 in medium to long term.

Prices are expected to be weak in July 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 17,800 (18,300) per quintal, and quoting Rs 17,400 (17,800) per quintal in Erode market on June 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 1600-1900 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

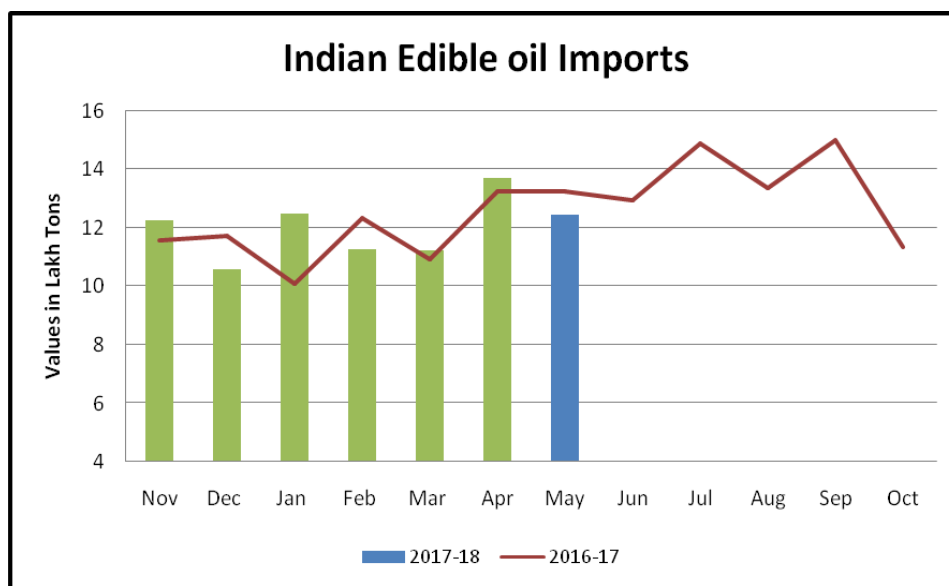
Export of Coconut Products from India							
Sl.No	Item	2014-15		2015-16		2016-17	
		Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)
1	Activated Carbon	54345.07	557.80	71672.71	747.56	85804.95	815.07
2	Coconut Oil (Refined oil and fractions)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

Coconut products imports from India

Qty in '000 MT

Import of Coconut Products from India							
Sl.No	Item	2014-15		2015-16		2016-17	
		Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)
1	Coconut Oil (Refined oil and fractions)	3467.91	30.76	2759.81	22.57	9.08	0.37
2	Coconut Oil (Crude oil and fractions)	6205.34	49.43	2415.00	18.90		
3	Copra	281.00	2.03	290.30	2.06		
4	Other residues of coconut or copra	32.50	0.07	0.27	0.28		
5	Shell Charcoal	14.88	40.42	14.21	45.06	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 May 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.

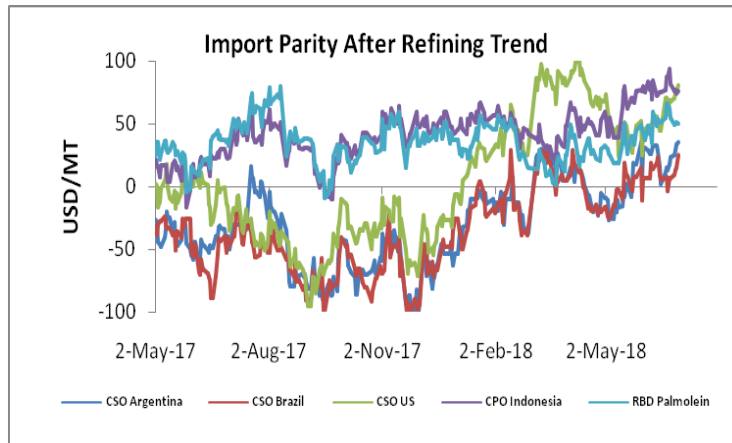
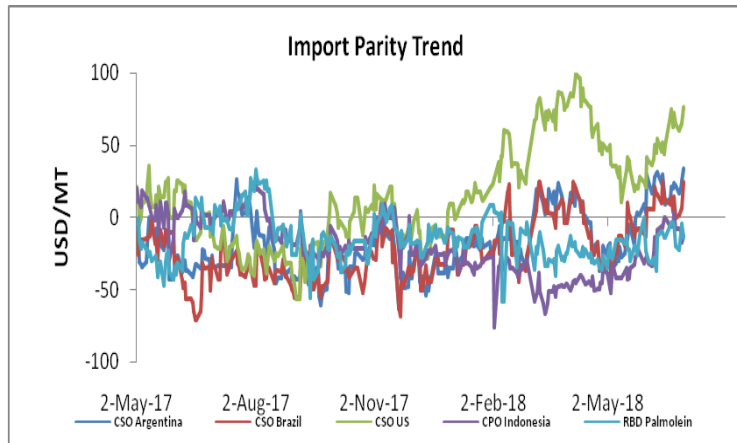
On the consumption side, India's edible oil consumption for 2017-18 oil year seen at 24.55 million tons, up 4 percent from last year. Ending stocks are projected higher compared to 2016-17 at 1.74 million tons.

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 03/07/2018	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	676	684	626	585	595
Freight (USD/MT)	52	52	62	25	20.0
C & F	728.0	736.0	688.0	610.0	615.0
Weight loss (0.25% of FOB)	1.69	1.71	1.57	1.46	1.49
Finance charges (0.4% on CNF)	2.91	2.94	2.75	2.44	2.46
Insurance (0.3% of C&F)	2.18	2.21	2.06	1.83	1.85
CIF (Indian Port - Kandla)	735	743	694	616	621
Duty (Values in USD per tons)	248.16	248.16	248.16	311.70	399.76
GST (5% on duty) USD per ton	12.408	12.408	12.408	15.5848	19.9881
Exchange rate	68.69	68.69	68.69	68.69	68.69
Landed cost without customs duty in INR per ton	50472	51027	47697	42295	42642
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	752	752	752	644	673
Fixed exchange rate by customs department	69.10	69.10	69.10	69.10	69.10
Duty component in INR per ton	17147.86	17147.86	17147.86	21538.19	27623.55
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	69020	69575	66245	65233	71666
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	70500	70500	70500	63900	70100
Total landed cost USD per ton	1005	1013	964	950	1043
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1026	1026	1026	930	1021
Parity INR/MT (Domestic - Landed)	1480	925	4255	-1333	-1566
Parity USD/MT (Domestic - Landed)	21.54	13.47	61.95	-19.40	-22.80
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	73520.31	74075.05	70744.89	72732.86	74465.79
Soy/Palm oil imported Price (Including tax)	77196.32	77778.80	74282.13	76369.50	78189.08
Loose price of Soy/Palm in Indore and Delhi market	78750.00	78750.00	78750.00	81375.00	81375.00
Parity after processing and Taxes (Rs per MT)	1553.68	971.20	4467.87	5005.50	3185.92
Parity after processing and Taxes (USD per MT)	22.62	14.14	65.04	72.87	46.38
Source: Agriwatch					

Import Parity Trend

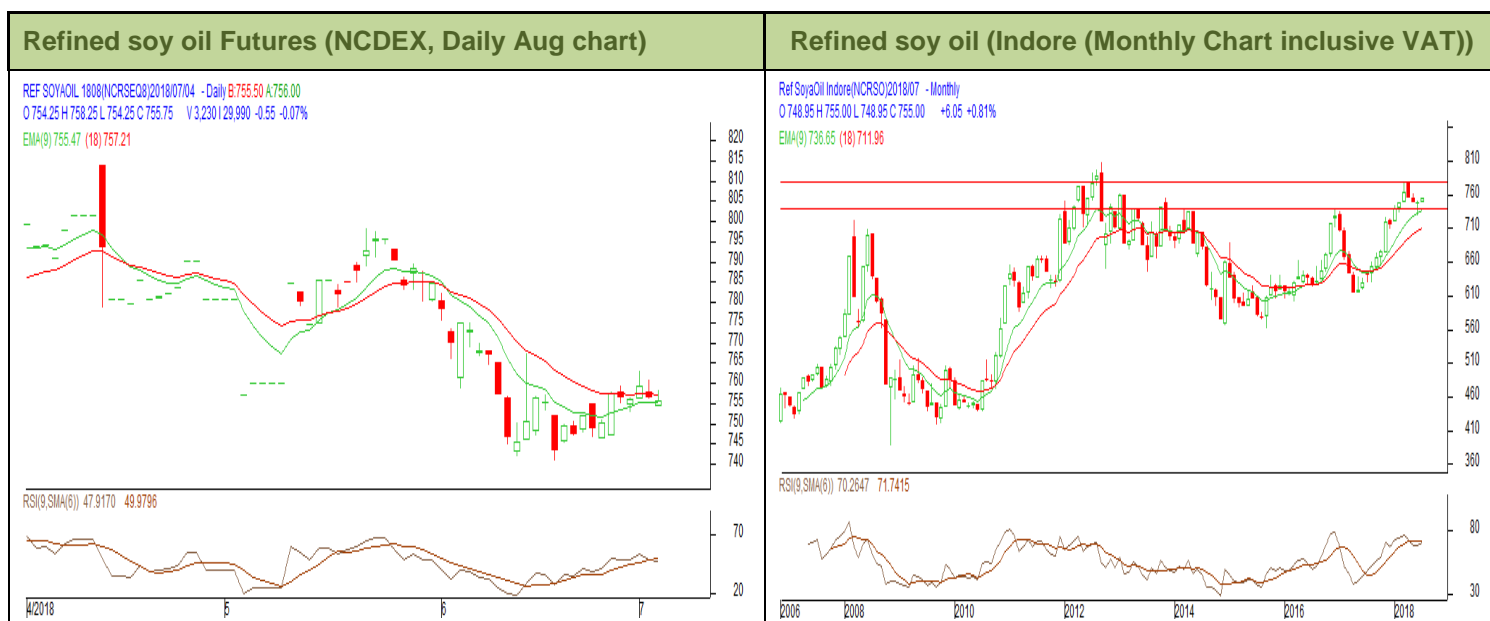


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Apr, 2018	-1.55	-2.87	80.73	51.08	30.06
May, 2018	-4.94	-4.68	45.14	59.15	32.72
June, 2018	24.95	10.83	58.44	79.00	50.74

Outlook:-

Import parity for CDSO Argentina and CDSO Brazil has returned to parity due to fall in prices of soy oil in international market. We expect CDSO import parity to remain in parity in July. Parity in palm oil products may increase palm oil imports in the coming days.

Technical Analysis (Refined soy oil Monthly Charts)


Outlook – Prices are likely to trade sideways to weak tone in the days ahead. Investors are advised to sell refined soy oil (August contract) on rise.

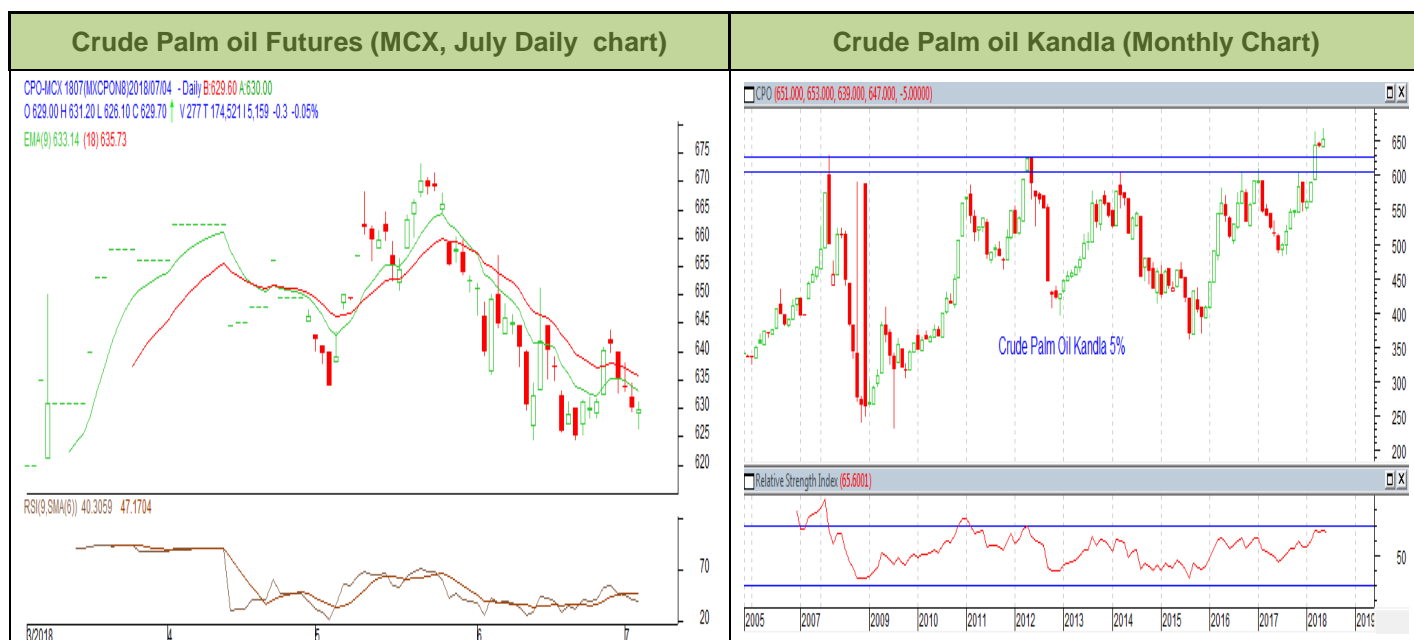
- Monthly chart of refined soy oil at NCDEX featured losses in the prices. We expect sideways to weak movement in the coming days.
- Any close below 750 in monthly chart will bring prices to 740 levels.
- Expected price band for next month is 730-800 level in near to medium term. RSI and MACD are indicating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

Strategy: Market participants are advised to go short in RSO below 765 for a target of 745 and 740 with a stop loss at 775 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
745.00	756.00	759.9	776.00	797.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 710-790 per 10 Kg.

Technical Analysis (Crude Palm oil Monthly Charts)


Outlook - Prices may trade with a sideways to weak tone in the coming days. Investors are advised to sell MCX CPO (July contract) on rise.

- Candlestick monthly chart of crude palm oil at MCX depicts fall in prices. We expect prices to feature sideways to weak tone in the near term.
- Any close below 620 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 and MACD are indicating downtrend.

Strategy: Market participants are advised to go short in CPO below 635 for a target of 615 and 610 with a stop loss at 635 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
611.00	625.00	631.5	644.00	660.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 600-680 per 10 Kg.



Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		30-Jun-18	31-May-18	
Refined Soybean Oil	Indore	755	752	3
	Indore (Soy Solvent Crude)	715	720	-5
	Mumbai	760	760	Unch
	Mumbai (Soy Degum)	710	702	8
	Kandla/Mundra	735	738	-3
	Kandla/Mundra (Soy Degum)	705	705	Unch
	Kolkata	740	755	-15
	Delhi	785	785	Unch
	Nagpur	767	752	15
	Rajkot	733	730	3
	Kota	745	750	-5
	Hyderabad	NR	NR	-
	Akola	761	753	8
	Amrawati	761	753	8
	Bundi	740	745	-5
	Jalna	764	756	8
	Alwar	NA	NA	-
	Solapur	764	741	23
	Dhule	760	752	8
Palm Oil *	Kandla (Crude Palm Oil)	677	685	-8
	Kandla (RBD Palm oil)	704	719	-15
	Kandla RBD Pamolein	738	758	-20
	Kakinada (Crude Palm Oil)	NR	NR	-
	Kakinada RBD Pamolein	746	761	-15
	Haldia Pamolein	746	763	-17
	Chennai RBD Pamolein	751	767	-16
	Chennai RBD Pamolein (Vitamin A&D Fortified)	825	830	
	KPT (krishna patnam) Pamolein	740	756	-16
	Mumbai RBD Pamolein	761	761	Unch
	Mangalore RBD Pamolein	743	767	
	Tuticorin (RBD Palmolein)	746	772	-26
	Delhi	780	795	-15
	Rajkot	733	756	-23
	Hyderabad	NR	NR	-
	PFAD (Kandla)	404	441	-37
	Refined Palm Stearin (Kandla)	557	525	32
	Superolien (Kandla)	767	793	-26
	Superolien (Mumbai)	793	814	-21



* Inclusive of GST

Refined Sunflower Oil	Chennai	795	775	20
	Mumbai	800	780	20
	Mumbai(Expeller Oil)	745	705	40
	Kandla	770	760	10
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	795	NR	-
	Latur (Expeller Oil)	770	750	20
	Chellakere (Expeller Oil)	710	725	-15
	Erode (Expeller Oil)	825	790	35
Groundnut Oil	Rajkot	810	790	20
	Chennai	830	840	-10
	Delhi	825	850	-25
	Hyderabad *	865	880	-15
	Mumbai	845	840	5
	Gondal	810	790	20
	Jamnagar	810	790	20
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	805	775	30
	Jaipur (Kacchi Ghani Oil)	827	782	45
	Kota (Expeller Oil)	785	760	25
	Kota (Kacchi Ghani Oil)	810	785	25
	Neewai (Kacchi Ghani Oil)	795	758	37
	Neewai (Expeller Oil)	811	772	39
	Bharatpur (Kacchi Ghani Oil)	830	790	40
	Alwar (Kacchi Ghani Oil)	NR	NR	-
	Alwar (Expeller Oil)	NR	NR	-
	Sri-Ganga Nagar(Exp Oil)	800	770	30
	Sri-Ganga Nagar (Kacchi Ghani Oil)	815	790	25
	Mumbai (Expeller Oil)	820	770	50
	Kolkata(Expeller Oil)	900	860	40
	New Delhi (Expeller Oil)	830	800	30
	Hapur (Expeller Oil)	NR	NR	-
	Hapur (Kacchi Ghani Oil)	NR	NR	-
	Agra (Kacchi Ghani Oil)	835	795	40
Refined Cottonseed Oil	Rajkot	750	740	10
	Hyderabad	NR	NR	-
	Mumbai	760	760	Unch
	New Delhi	725	730	-5

Coconut Oil	Kangayan (Crude)	1740	1780	-40
	Cochin	1780	1850	-70
	Trissur	NA	NA	-
Sesame Oil	New Delhi	1000	1000	Unch
	Mumbai	NA	NA	-
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	Unq	530	-
Rice Bran Oil (4%)	Punjab	660	630	30
Rice Bran Oil (4%)	Uttar Pradesh	NA	NA	-
Malaysia Palmolein USD/MT	FOB	598	635	-37
	CNF India	620	655	-35
Indonesia CPO USD/MT	FOB	588	620	-32
	CNF India	613	645	-32
RBD Palm oil (Malaysia Origin USD/MT)	FOB	598	633	-35
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	595	623	-28
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1060	1000	60
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	495	503	-8
Crude palm Kernel Oil India (USD/MT)	CNF India	980	1000	-20
Ukraine Origin CSFO USD/MT Kandla	CIF	790	795	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	740	860	-120
Argentina FOB (\$/MT)		29-Jun-18	30-May-18	Change
Crude Soybean Oil Ship		683	698	-15
Refined Soy Oil (Bulk) Ship		707	722	-15
Sunflower Oil Ship		710	725	-15
Cottonseed Oil Ship		663	678	-15
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including GST				

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