



Veg. Oil Monthly Research Report

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Outlook and Review:
Domestic Front

Edible oil basket featured mixed tone during the month under review. Soy oil, palm oil and coconut oil prices fell while rapeseed oil, sunflower oil and groundnut oil prices ended in green.

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 68.81, down by 8 paise compared to last month. Rupee is expected to depreciate in August. Crude oil prices are expected to rise in August.

Recommendation:

In NCDEX, market participants are advised to go short in RSO below 735 for a target of 715 and 710 with a stop loss at 745 on closing basis. In MCX, market participants are advised to go short in CPO below 595 for a target of 575 and 570 with a stop loss at 605 on closing basis.

Market participants can buy refined soy oil in the cash markets at 720-730 for the target of 750-760 levels (Indore), if needed. Market participants can buy CPO Kandla 5% in the cash markets at 570-580 for the target of 600-610 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (Sep) is expected to stay in the range of 26 cents/lb to 32 cents/lb. CPO at BMD (Sep) is likely to stay in the range of 1900-2400 ringgits per ton. Focus during the coming days will be trade tension between US and China, soybean crop condition in US, soybean demand by China, liquidation of soybean state reserves 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, trade dispute between US and China, better than expected soybean crop condition in US, lower soybean demand from China, high stocks of soybean in China, liquidation of soybean state reserve by China, weak competitive oils and firm dollar is expected to underpin soy oil prices in coming days.

Rise in palm oil end stocks in Malaysia, rise in production of palm oil in Malaysia, fall in exports of palm oil in Malaysia, weak demand from China and India and weak competitive oils is expected to underpin CPO prices in near term.

Soy oil: Domestic Market Fundamentals

➤ Refined soybean oil prices featured downtrend at its benchmark market at Indore during the month of August on weak demand and fall in international prices of palm oil. Average prices of refined soy oil rose in July. Prices of refined soy oil showed sideways to 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 July on weak demand and fall in international prices of soy oil.

Demand of soy oil fell in July as import margins fell. Due to fall in international prices of soy oil, imports have returned to parity in, causing fall in prices of soy oil.

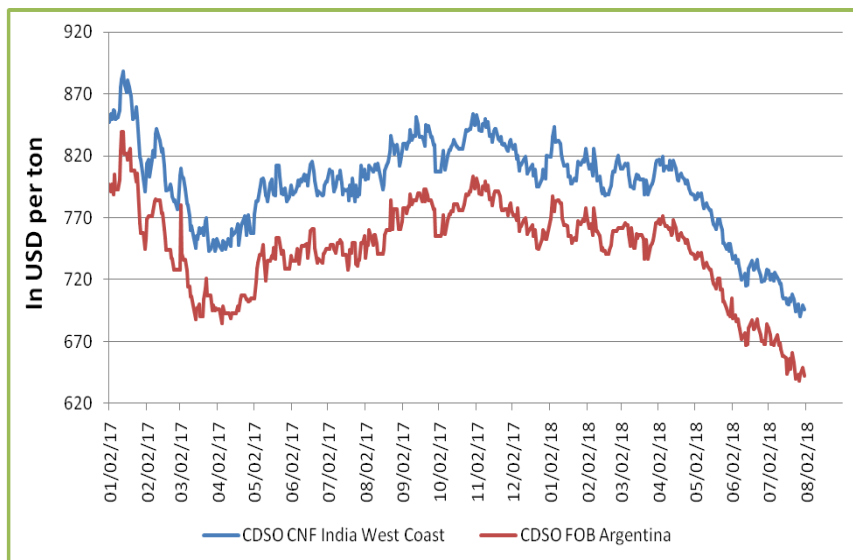
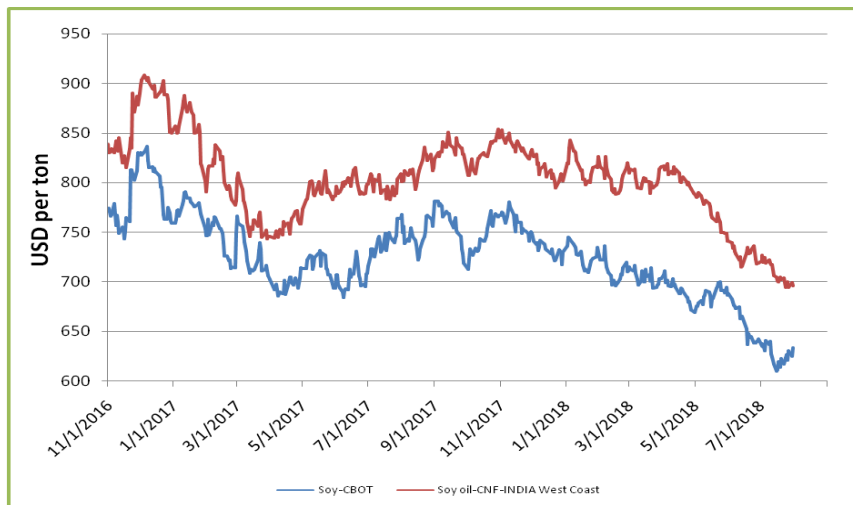
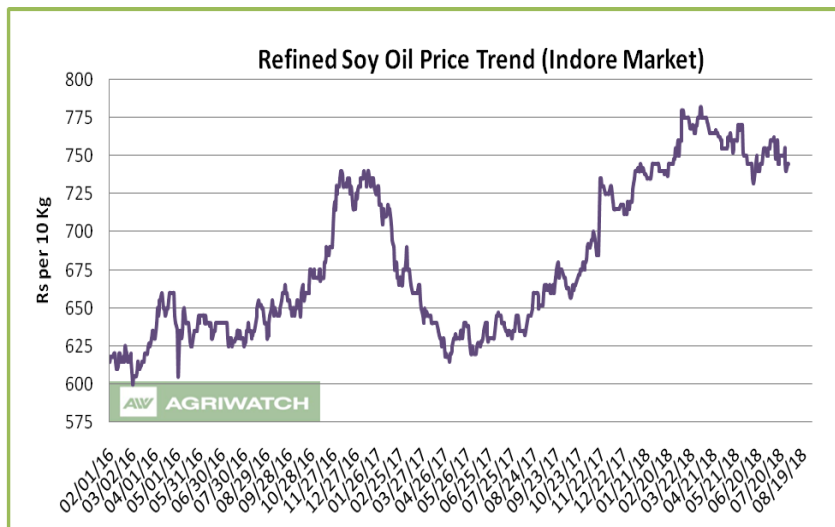
Import prices of soy oil has fallen on depreciation of Argentina Peso which will make imports and prices of imports cheaper compared to other imported edible oils.

Prices of CDSO fell less at high seas compared to CDSO CNF indicating weak supply.

Prices of CDSO CNF fell less compared to CDSO FOB indicating weak supply at CNF markets.

Refined soy oil premium over CPO has increased to Rs 149 (Rs 110 last month) per 10 Kg which will underpin soy oil prices. Imports will decrease on rising CDSO premium over CPO

at USD 89 (USD 60 last month) per ton for Aug delivery which underpin prices of soy oil.



Refined soy oil premium over RBD palmolein was at Rs 87 (Rs 52 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 60 (Rs 50) per 10 kg indicating weak CDSO demand compared to refined soy oil demand in domestic markets.

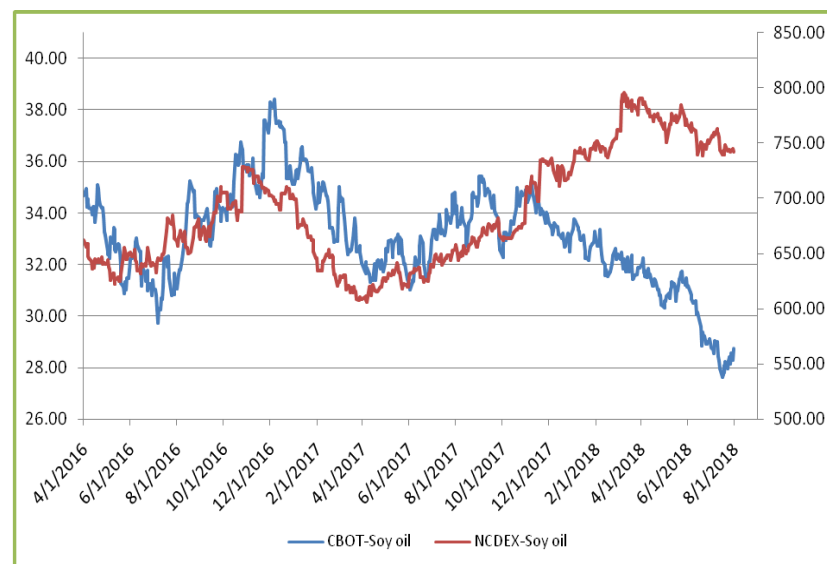
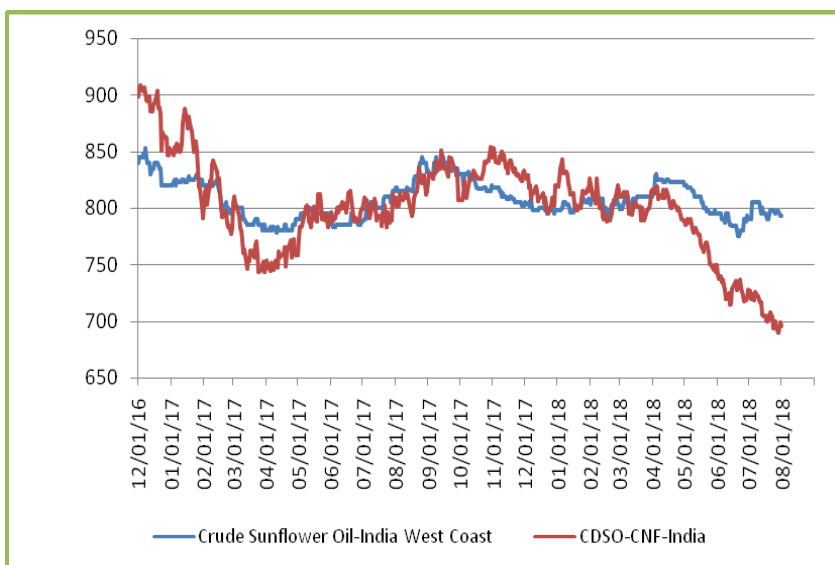
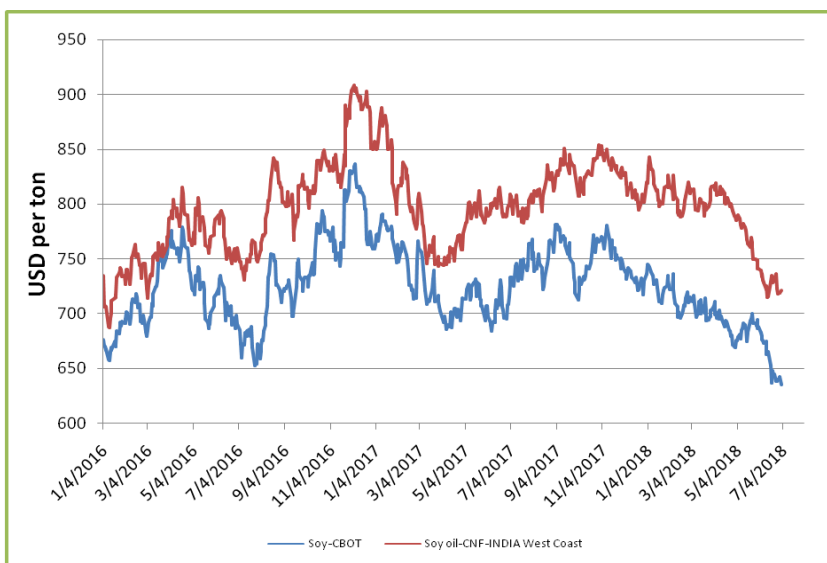
Landed cost and refining margins are parity after fall in prices in international markets and will encourage imports.

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.

Higher soy meal exports has resulted in higher crushing of soybean. Soy meal exports improved after hike in import duty on edible oils and fall in soy meal prices.

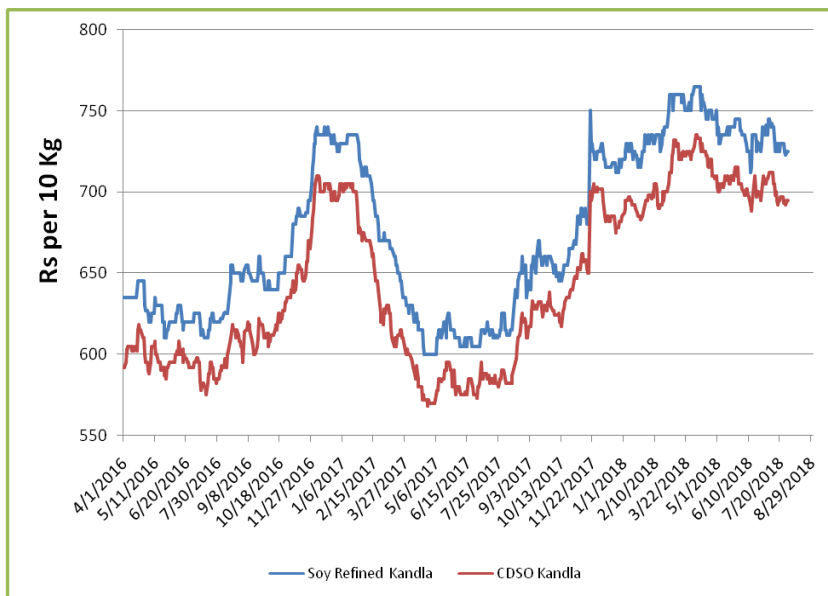
Depreciation of Rupee will encourage crush of soybean as exported raw material is cheaper. This will increase soy oil supply in domestic markets.

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



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

- All India sowing of soybean was reported at 109.5 lakh hectares as on 03.08.2018 compared to 98.99 lakh hectares in the corresponding period last year, higher by 10.6 percent. Sowing in top producing state of MP was reported at 53.18 lakh hectares as on 03.08.2018 compared to 47.13 lakh hectares in corresponding period last year, higher by 12.8 percent.



- According to USDA July estimate, India's soy oil imports estimate in 2018/19 is decreased to at 36 lakh tons from previous estimate of 36.50 lakh tons. Soy oil production estimate is unchanged at 16.35 lakh tons. Consumption estimate of soy oil is unchanged at 51.0 lakh tons. End stocks estimate of soy oil is decreased to 3.61 lakh tons from 4.28 lakh tons in its previous estimate.
- Government of India hike MSP of soybean from Rs 3050/qtl to Rs 3399/qtl.
- 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 June edible oil imports fell 22.12 percent y-o-y to 10.08 lakh tons from 12.94 lakh tons in June 2017. Palm oil imports in June fell 40.49 percent y-o-y to 4.88 lakh tons from 8.20 lakh tons in June 2017. CPO Imports fell 46.68 percent y-o-y to 3.05 lakh tons from 5.72 lakh tons in June 2017. RBD palmolein imports fell 26.56 percent y-o-y to 1.77 lakh tons from 2.41 lakh tons in June 2017. Soy oil imports fell marginally in June y-o-y to 2.89 lakh tons from 2.91 lakh tons in June 2017. Sunflower oil imports rose 30.77 percent y-o-y in June to 2.21 lakh tons from 1.69 lakh tons in June 2017. Rapeseed (canola) oil import fell to 15.38 percent 0.11 lakh tons compared 0.13 imports in June 2017.
- According to Solvent Extractors Association (SEA), India's June edible oil stocks at ports and pipelines fell 5.41 percent m-o-m to 25.18 lakh tons from 26.62 lakh tons in May 2018. Stocks of edible oil at ports fell to 948,000 tons (CPO 250,000 tons, RBD Palmolein 190,000 tons, Degummed Soybean Oil 240,000 tons, Crude Sunflower Oil 260,000 tons and 8,000 tons of Rapeseed (Canola) Oil and about 1,570,000 tons in pipelines. (Stocks at ports were 1,002,000 tons in May 2018). India is presently holding 40 days of edible oil requirement on 1st July, 2018 at 25.18 lakh tons compared to 42 days of requirements last month at 26.62 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.

- India's export of oil meals during April to June 2018 stands at 654,774 metric tonnes as compared to 599,346 metric tonnes in the corresponding period of previous year showing a decline of 9.25% according to data released by the Solvent Extractor's Association of India. The exports of rapeseed meal have increased by nearly 89% to 285,998 metric tonnes during the period. In the month of June 2018, export of oil meals declined 33.6% to 166,833 metric tonnes compared to 251,124 metric tonnes during the corresponding period previous year. Soy meal exports during the period April –June 2018 was reported down at 248,378 metric tonnes compared to 219,249 metric tonnes during the corresponding period previous year, higher by 13.29%.
- Soy oil import scenario – According to SEA, soy oil imports fell marginally y-o-y in June to 2.89 lakh tons from 2.91 lakh tons in June 2017. In the period (Nov 2017-June 2018), imports of soy oil were 17.77 lakh tons compared to 19.81 lakh tons in corresponding period last oil year, lower by 10.30 percent.
- Imported crude soy oil CIF at West coast port is offered at USD 692 (USD 728) per ton for Aug delivery, Sep delivery is offered at USD 692 (USD 730) per ton, Oct delivery is quoted at USD 694 per ton and Nov delivery is quoted at USD 696 per ton. Values in brackets are figures of last month. Last month, CIF CDSO July average price was USD 708.57 (USD 727.64 per ton in June 2018) per ton.
- On the parity front, margins was in parity during the month on low prices of soy oil in international markets, and we expect margins to remain in parity in coming days. Currently refiners fetch USD 0-5/ton v/s loss of USD 20-25/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- Soy oil prices are expected to be underpinned by trade dispute between US and China, higher soy oil stock in US as reported by USDA, higher soybean stock in US, better than expected soybean crop condition in US, high stock of soybean in China, liquidation of soybean state reserve by China, weak competitive oils and firm dollar.

Trade dispute between US and China has reached its peak with China virtually stopping import of soybean from US as imposition of import duty on import of soybean from US became uncompetitive. China imposed retaliatory tariffs on import of US goods. Trade dispute looks to be escalating and US farmers are expected to be most hit. Trade dispute has led to lower sales of US soybean leading to record soybean stocks in a year when US is expected to harvest record stocks.

Lower soybean sales from US have led to higher sale of soybean from Brazil and Argentina. This has led to expectation of rise in end stocks of soybean in 2018/19.

Farmers in US are worried as harvest approaches and they are expecting hard times in future and USD 12 billion assistance but farmers do not want US federal government support of US soybean farmers as it will not solve their problems.

Brazil is the biggest beneficiary of US and China trade dispute, which historically gained in soybean farming in 1973 and 1980.

Brazil has reported steady rise in last year crop sales and forward sales. Brazil will gain in the US, China trade dispute but farmers will face headwinds on lower soybean prices, and rising farming costs apart from higher energy prices.

Soybean area in Brazil in 2018/19 is estimated to be higher than 2017/18 on higher demand from China and favorable crop weather and soil condition in 2018/19.

Soybean crop in Brazil in 2018/19 is increased to 120.5 MMT from 118 MMT. Also, soybean crop in Argentina is increased to 57 MMT from 56 MMT in its earlier estimate.

USDA increased 2017/18 Brazil soybean exports to 72.95 MMT from 75 MMT on higher demand of soybean from China in its July review.

Argentina has said that it intends to export soy meal to China, but is skeptical as China mostly imports soybean and discourage soy meal imports. US and China trade dispute may open trade opportunity for Argentina.

However, trade deal between US and EU in which EU has agreed to import higher amount of soybean from US as soybean import from Brazil became costly. But, trade has cast apprehension on EU recent agreement and EU has not clarified clearly its stand of soybean from US since there is trade dispute between US and EU. Anything about the deal will become clear in coming days.

Soybean crop condition in US has improved last week with crop condition better than corresponding period last year and 5-year average. US is headed for another record crop in 2018/19 with yields expected to rise in coming months underpinning soybean complex prices.

Informa and Farm Futures have raised soybean yield estimate of US which may prompt USDA to increase yield in its August review. USDA generally starts to raise yields of soybean from August onwards.

Soy oil stock in US is expected to rise in 2018/19 on higher than expected production of soy oil partially set off by higher biodiesel use and higher exports of soy oil. Higher end stocks of soy oil are expected to underpin soy oil prices.

However, soy oil stocks fell in US in June in US as reported by NOPA despite higher production of soy oil due to record June crush will support soy oil prices.

China imported record soybean in any June, most of it from Brazil has led to record stocks of soybean in China. This may prompt China to import lower amount of soybean in coming months as present stocks will set off lower imports in coming months.

China imported 8.7 MMT of soybean in June, 10 percent higher soybean y-o-y while soybean imports fell 13 percent m-o-m.

China is liquidating soybean state reserves in an effort to keep stock of soybean to loosen any tightness in soybean markets. Currently China is liquidating 2013 soybean stocks. China is also liquidating state soy oil stocks to loosen any tightness in edible oils markets. These steps have led to lower prices of soybean complex in China, which will underpin prices.

Competitive oils like BMD palm oil and DALIAN RBD palmolein is expected to trade weak due to strong supply scenario in Malaysia and China which will underpin soy oil prices.

Soy oil prices corrected more than 20 percent in last couple of months due to trade dispute between US and China and good soybean crop condition, which is expected to reignite demand and support prices.

USDA decreased soybean import estimate by China in 2018/19 due to trade dispute with US. Import estimate is reduced to 95 MMT from 103 MMT. It indicated that to tide over lower exports of soybean China will import rapeseed meal, sunflower meal, rapeseed, soy oil and palm oil in higher quantities.

China agriculture ministry has stated that China will import 1.8 MMT lower soybean in 2018 due to China's trade dispute with US and will lead to rise cost of soybean in the country due to higher import duty on import of soybean from US. It stated that it will purchase more soybean from Brazil.

Dollar Index is expected to rise on higher than expected hike in interest rates by US fed in 2018 will weigh on soy oil prices in near term.

Prices are in a range.

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 weekly USDA crop progress report released on 30 July, Soybeans blooming are reported at 86% which is up from 80% from the corresponding period last year and higher compared to the 5-year average of 77%. Soybean setting pods are reported at 60% which is up from 45% in corresponding period last year and 5-year average of 41%. About 70% of the soybean planted crop is under good to excellent condition which is up from 59% during the corresponding period last year.
- According to National Oilseed Processors Association (NOPA), U.S. June soybean crush fell 2.66 percent m-o-m to 159.228 million bushels from 163.572 million bushels in May 2018. Crush of soybean in June 2017 was 138.074 million bushels. Soy oil stocks in U.S. at the end of June fell 4.85 percent m-o-m to 1.766 billion lbs compared to 1.856 billion lbs in end May 2018. Stocks of soy oil in end June 2018 was higher by 3.7 percent compared to end June 2017, which was reported at 1.703 million lbs.
- According to United States Department of Agriculture (USDA) July estimate, U.S 2018/19 end stock estimate of soy oil is increased to 2,236 million lbs compared to 2,176 million lbs in its earlier estimate. Opening stocks in 2018/19 is increased to 2,620 million lbs compared to 2,176 million lbs in its earlier estimate. Production of soy oil in 2018/19 is increased to 23,100 million lbs from 23,100 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 7,800 million lbs compared to 7,300 million lbs in its earlier estimate. Food, feed and other industrial use in 2018/19 is kept unchanged at 14,000 million lbs. Exports in 2018/19 estimate are increased to 2,200 million lbs compared to 2,100 million lbs in its earlier estimate. Average price range in 2018/19 is reduced to 28.00-32.00 unchanged at 29.50-33.50 cents/lbs in its earlier estimate.
- The U.S. Department of Agriculture's monthly supply and demand report for the month of July forecasts U.S. 2018/19 soybean stocks at 580 million bushels, from 385 million bushels in its earlier estimate. Opening stocks in 2018/19 is estimated at 465 million bushels compared to 505 million bushels in its earlier estimate. Soybean production is estimated in 2018/19 is at 4,310 million bushels compared to 4,280 million bushels in 2017/18. U.S. soybean exports in 2018/19 estimate is decreased to 2,040 million bushels compared to 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 2,045 million bushels compared to 2,000 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 reduced to 8.00-10.50 cents/lbs unchanged at 8.75-11.25 cents/lbs.

- According to China's General Administration of Customs, soybean imports in June 2018 increased by 10.1 per cent to 8.7 MMT compared to 9.68 MMT previous month. It increased by 13.28 per cent compared to 7.68 MMT in May 2017. During the period January –June 2018, China imported 44.87 MMT soybeans, higher by 13.1 per cent compared to previous year.
- USDA increased 2018/19 soybean crop of Brazil to 120.5 MMT in its July estimate from earlier estimate to 118 MMT.
- USDA increased 2018/19 soybean crop of Argentina to 57 MMT from 56 MMT.
- According to data released by the Trade Ministry, Brazil's exports of soybean decreased to 10.42 MMT in June 2018 compared to 12.35 MMT in May 2018 and 9.18 MMT in June 2017. Exports of soy meal fell to 1.56 MMT in June 2018 compared to 1.65 MMT in May 2018 and 1.39 MMT in June 2017.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price is forecast at \$8.00 to \$10.50 per bushel, down \$0.75 at the midpoint. Soybean meal prices are forecast at \$315 to \$355 per short ton, down \$15.00 at the midpoint. The soybean oil price forecast at 28 to 32 cents per pound, down 1.5 cents at the midpoint.

Previous update

- 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.
- 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 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.

- In the weekly USDA crop progress report released on 23 July; Soybeans blooming are reported at 78% which is up from 67% from the corresponding period last year and higher compared to the 5-year average of 63%. Soybean setting pods were reported at 44% which is up from 27% in corresponding period last year and 5-year average of 23%. About 70% of the soybean planted crop is under good to excellent condition which is up from 69% during the corresponding period last year.
- In the latest report released by Buenos Aires Grain Exchange (Bolsa DeCereals) Argentina's 2017/18 soy harvest ended at 36 million tons, much below the 54 million tons estimated at the beginning of the season due to a severe drought. This is the smallest crop of the past nine years, according to the exchange.
- 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 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 1.8 MMT to 93.85 MMT compared to previous estimate. Imports are expected to decline for the first time in the last 15 years following trade rift between U.S. and China. Instead CNGOIC said that it will increase purchase of soybean from Brazil. It also said that cost of soybean is expected to rise due to imposition of 25 percent export duty. It said that Chinese companies will reduce purchase of US soybean due to lack of competitiveness due to imposition of import duty.
- 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.
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in 2018/19 is estimated at 505 million bushels compared to 530 million bushels in its earlier estimate. Soybean production 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 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.
- 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 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 year. 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.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 700-770 per 10 Kg.

Balance Sheet (Quarterly)- Soy Oil, India

Fig. in lakh tons

	2016-17	2017-18-F	Nov-Jan	Feb-Apr	May-July	Aug-Oct-F
Opening Stock	7.32	5.67	5.67	4.86	3.10	5.35
Production (Domestic)	15.09	14.94	6.87	1.79	1.79	4.48
Imports	33.16	31.67	5.78	5.14	9.75	11.00
Imported oil processing	32.26	30.81	5.62	5.00	9.49	10.70
Total Production (Domestic production and imported oil production)	47.35	45.75	12.50	6.79	11.28	15.19
Total Supply	54.68	51.43				
Quarterly add-on			12.50	6.79	11.28	15.19
Consumption	49.00	47.53	13.31	8.56	9.03	16.64
Ending Stock	5.67	3.89	4.86	3.10	5.35	3.89

Source: AW estimates

Oil year- November-October

Highlights

- Prices of soy oil in 2017-18 are expected to be higher on lower imports in oil year 2017-18 on lower 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 Aug-Oct is due to higher consumption.
- Carryout stocks of oil year 2016-17 is 5.97 lakh tons on higher soy oil imports.
- Carry out of oil 2017-18 is 3.89 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 July at its benchmark market at Kandla on weak demand and 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 July.

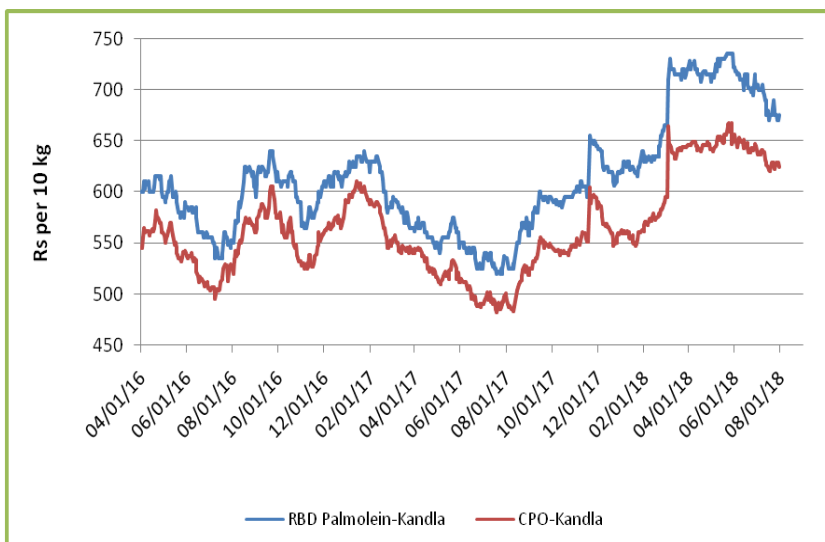
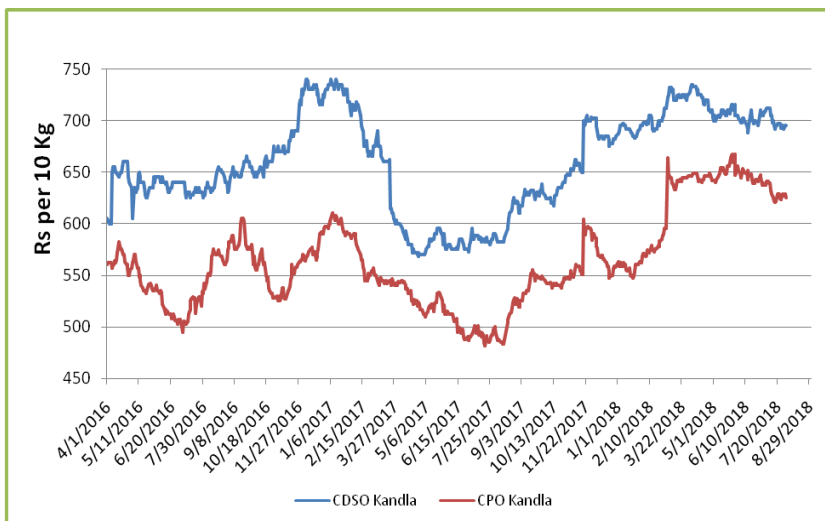
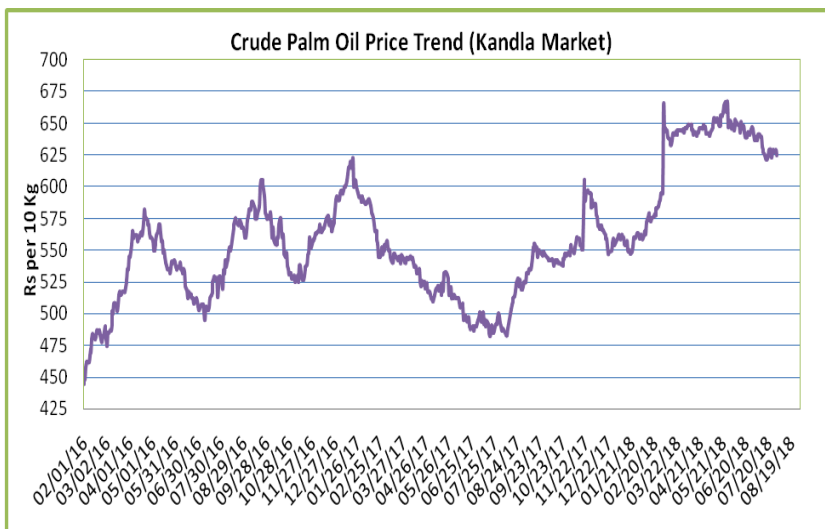
➤ Agriwatch view – Crude palm oil prices fell in Kandla in the month of July on weak demand and continuous fall in prices of palm oil in international markets.

Prices of CPO fell more at high seas compared to CNF markets compared to last month indicating weak demand at high seas.

Demand of CPO is firm at CNF markets as prices less at CNF and FOB markets.

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

Despite depreciation of Rupee, parity at ports has returned on fall in international prices of palm oil and increase in import duty on soft oils by 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, parity in fresh imports of CPO has risen to Rs 1.5-2.0 per kg.

CPO prices fell due to return of parity. Prices are in free fall mode and there is no immediate support.

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

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

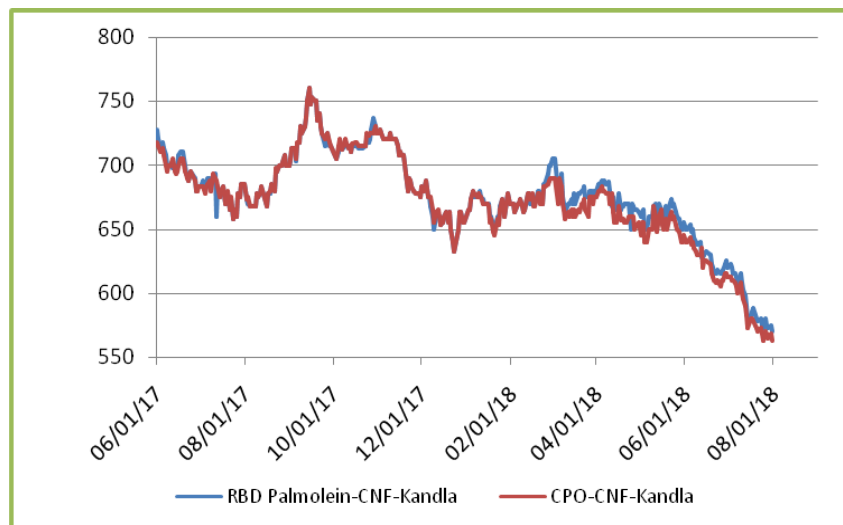
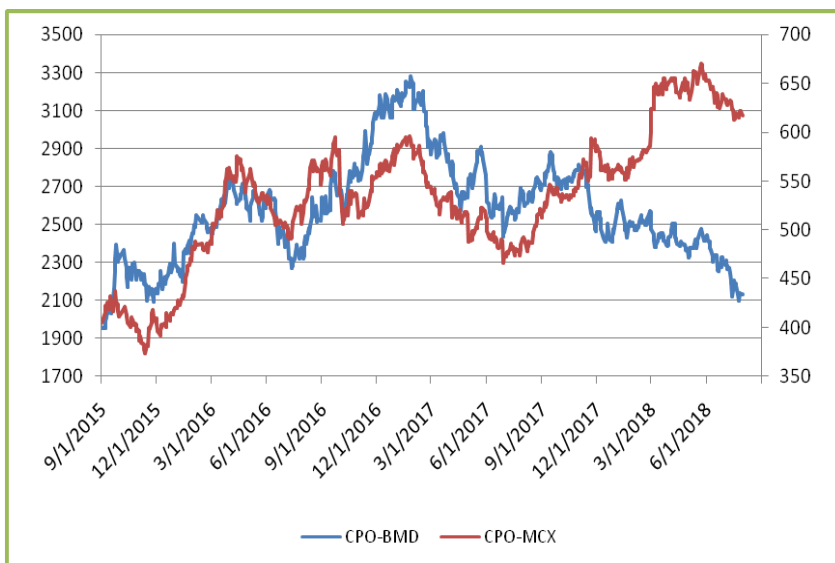
RBD palmoelin featured weak tone in its benchmark market on weak demand and continuous fall in prices of RBD palmolein in international markets.

Prices of RBD palmolein fell more at high seas compared to CNF markets indicating weak demand.

Prices of RBD palmolein more at CNF markets compared to FOB markets indicating weak demand.

Higher import duty on RBD palmolein imports, depreciation of Rupee and price premium of RBD palmolein over CPO at CNF markets and continuous fall in international prices of RBD palmolein 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

Due to parity 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 June. This will improve imports.

Expectation of rise in stocks of palm oil in Malaysia in coming months due to rise in production of palm oil in July and fall in exports of palm oil will underpin RBD palmolein prices.

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

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

RBD palmolein premium over CPO increased to Rs 62 (Rs 58 last month) per 10 kg indicating weaker demand of CPO compared to RBD palmolein at high seas.

Import of CPO in May was lower than that of June 2017 and lower than May 2018. Stocks at ports fell 70,000 tons in June compared to May while imports fell 225,000 indicating weak demand in June.

Import of RBD palmolein is lower in June compared to June 2017 and May 2018. Imports rose 20,000 tons in June compared to May which was fully offset by fall in port stocks rose by 20,000 tons indicating weak demand of RBD palmolein in June.

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 parity and 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 149 (Rs 110 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 July at CNF markets. This will increase imports. Higher premium of crude sunflower CIF India West coast and CPO CIF at USD 210 (USD 177) 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 127 (USD 115.5 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 89 (Rs 60 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 87 (Rs 52 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.

- According to USDA July estimate, India's palm oil imports estimate in 2018/19 is increased to at 10.6 MMT from previous estimate of 10.5 MMT. Palm oil consumption estimate is increased to 11.82 MMT from 11.72 MMT. End stocks estimate of palm oil is kept unchanged at 0.47 MMT.
- 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 June 2017. Imports in the period (November 2017-June 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 46.68 percent y-o-y in June to 3.05 lakh tons from 5.72 lakh tons in June 2017. Imports in the period (November 2017-June 2018) are reported higher by 5.06 percent y-o-y at 41.72 lakh tons compared to 39.71 lakh tons in the corresponding period last oil year.

RBD palmolein import scenario- RBD palmolein imports fell y-o-y in June by 26.56 percent to 1.77 lakh tons from 2.41 lakh tons in June 2017. Imports in the period (November 2017-June 2018) are reported lower by 30.90 percent y-o-y at 13.15 lakh tons compared to 19.03 lakh tons in the corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 565 (USD 612.5) per ton for Aug delivery. Last month, CNF CPO July average price was at USD 583.23 per ton (USD 623.24 per ton in June 2018). Values in brackets are figures of last month.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 575 (USD 620) per ton for Aug delivery. Last month, CIF RBD palmolein July average price was USD 591.76 (USD 630.72 in June 2018) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 594 (Rs 645) per 10 Kg and Aug delivery duty paid is offered at Rs 586 (Rs 645) per 10 kg. Ready lift RBD palmolein is quoted at Rs 656 (Rs 703) per 10 kg as on Aug 3, 2018. Values in brackets are figures of last month.

- On the parity front, margins improved during the month of July on lower price of palm oil products in international markets and we expect margins to remain firm in coming days. Currently refiners fetch USD 90-95/ton (July average) v/s gain of USD 75-80/ton (June average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 65-70/ton (May average) v/s gain of USD 50-55 (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 rise in end stocks of palm oil in Malaysia in July, higher than expected production of palm oil in Malaysia in July, fall in exports of palm oil from Malaysia in July, weak demand of palm oil from China and India and weak competitive oils.

Palm oil end stocks in Malaysia in July are expected to rise due to rise in production of palm oil in Malaysia in July and fall in exports of palm oil from Malaysia in July.

Palm oil end stocks unexpected rose in June in Malaysia on higher than expected fall in exports despite higher than expected fall in production. This send palm oil prices lower.

Palm oil stocks are expected to rise to 5 month high in July in Malaysia, according to trade estimates. This rise in stocks is due rise in production of palm oil and fall in exports of palm oil from Malaysia.

Production of palm oil is expected to rise in Malaysia in July due to man normalization of production after labour returned to plantations after Ramadan. 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 0-5 percent in July, according to cargo surveyors AmSpec Agri and SGS. Fall in exports is due to lower rate of purchases by China. Many locations purchased less as Ramadan is over and they are adequately stocked.

Demand of palm oil from China is expected to remain low due to record stocks of soybean in the country and liquidation of state reserves of soybean. This has led to higher supply of soy oil leading to its lower prices underpinning demand from the country.

Demand of soybean in China has wakened due to weak demand of livestock in the county. This has led to temporary shutdown of crushers has led to lower soy meal demand. China is sitting of record soy meal and soybean stocks.

Exports of palm oil were 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 July due to record imports and dilution of soybean state reserves by China.

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 is 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.

Demand from India is expected to remain low due to higher inventory at ports and pipelines, slow demand in expectation of fall in palm oil prices and depreciation of Rupee.

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 due to imposition of 25 percent import duty on import duty on imports from US, 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 improved in June on higher exports to India. However, despite strong exports, end stocks of palm oil rose in June. Exports of palm oil from Indonesia fell in May due to fall in imports of palm oil by India due to hike in import duties on palm oil by India and deprecation of Rupee.

Competitive oils like CBOT soy oil and RBD palmolein DALIAN is expected to underpin palm oil prices. CBOT soy oil is expected to be underpinned by fall in soybean complex prices due to US and China trade dispute will underpin palm oil prices.

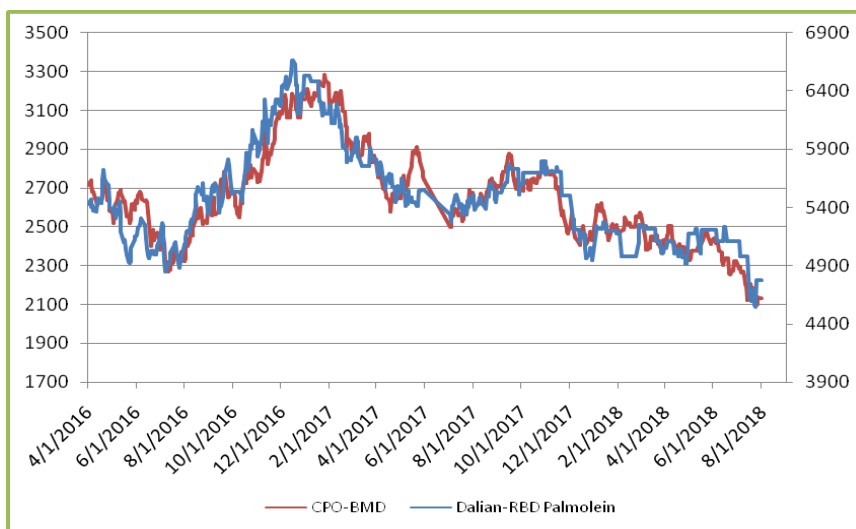
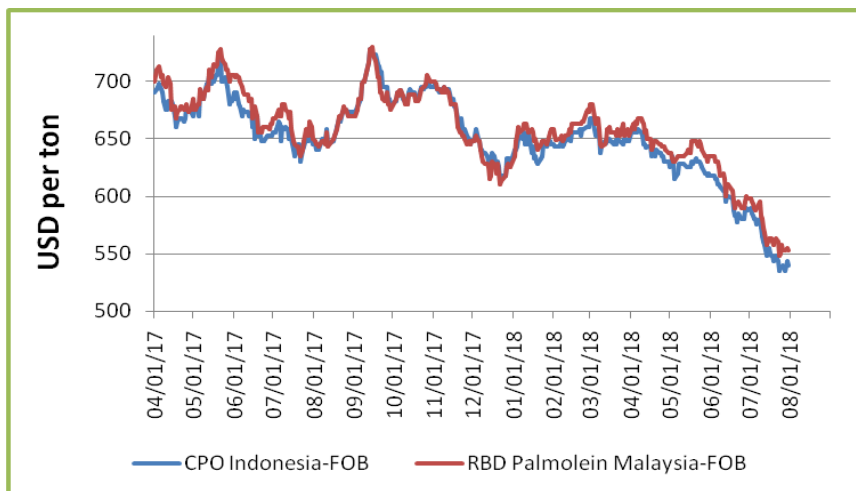
RBD palmolein DALIAN China is expected to be underpinned by weak demand from the country due to oversupply of competitive oils.

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.

Lower competitive oils will underpin palm oil prices. Crude oil prices fell due to hike in OPEC production is expected to show strong rebound as stocks in US is expected to fall below long term averages will support its prices which in turn will support palm oil prices.



Indonesia is working to increase biodiesel use in the country and is planning B30 norms which aims to blend 30 percent bio content on diesel.

Malaysia reduced export duty on palm oil to 4.5 percent from 5 percent from August. Malaysia will have to abandon zero export duty policy as stocks of palm oil will start to build from July. If they do not reverse the policy then stocks of palm oil will increase in the country and underpin global palm oil prices.

Prices are in range.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's June palm oil stocks rose 0.83 percent to 21.89 lakh tons compared to 21.71 lakh tons in May. Production of palm oil in June fell 12.63 percent to 13.33 lakh tons compared to 15.25 lakh tons in May. Exports of palm oil in June fell 12.57 percent to 11.29 lakh tons compared to 12.91 lakh tons in May. Imports of palm oil in June rose 166 percent to 0.86 lakh tons compared to 0.32 lakh tons in May. End stocks of palm oil rose against trade estimate of fall in end stocks.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's July palm oil exports fell 5.6 percent to 1,049,970 tons compared to 1,058,832 tons last month. Top buyers are European Union at 252,561 tons (244,329 tons), China at 139,225 tons (178,080 tons), India at 135,920 tons (124,100 tons), United States at 45,498 tons (63,580 tons) and Pakistan at 27,000 tons (52,600 tons). Values in brackets are figures of last month.
- According to cargo surveyor AmSpec Agri, Malaysia's July palm oil exports fell 3.9 percent to 1,030,909 tons compared to 1,073,224 ton last month.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's June palm and palm kernel oil exports rose 7.5 percent m-o-m to 2.29 MMT compared to 2.13 MMT in June 2017. On m-o-m basis exports rose 7.0 percent. Exports were 2.14 MMT in May 2018. End stocks of palm oil in Indonesia rose to 4.85 MMT in June from 4.76 MMT in May, higher by 1.9 percent m-o-m.
- 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 reduced August crude palm oil export duty to 4.5 percent compared to 5 percent for July. Export duty of palm oil is calculated at reference price of 2,284.26 ringgit (\$567.52) 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 August unchanged at zero, below threshold prices of USD 750 per ton.

Previous updates

- 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 May palm and palm kernel oil exports fell 18.3 percent m-o-m to 2.14 MMT compared to 2.62 MMT in May 2017. On m-o-m basis exports fell 3.6 percent. Exports were 2.22 MMT in April 2018. End stocks of palm oil in Indonesia rose to 4.76 MMT in May from 3.97 MMT in April, higher by 19.9 percent m-o-m.
- 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 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 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 550-650 per 10 Kg.

Balance Sheet- Palm Oil (quarterly), India
Fig. in million tons

	2016-17	2017-18-F	Nov-Jan	Feb-Apr	May-July	July-Oct-F
Opening Stock	1.20	1.14	1.14	1.22	1.32	1.08
Production	0.20	0.20	0.05	0.05	0.05	0.05
Imports	9.29	8.80	2.27	2.30	1.58	2.65
Total Supply	10.69	10.14				
Quarterly add-on			2.32	2.35	1.63	2.70
Consumption	9.55	9.36	2.25	2.25	1.87	2.99
Ending Stocks	1.14	0.78	1.22	1.32	1.08	0.78

Source: AW estimates

Oil year- November-October

Highlights

- Prices of palm oil in 2017-18 are expected to be firm on lower carryout compared to oil year 2016-17.
- Imports are expected to be lower in 2017-18 compared to last year oil year 2016-17.
- Carryout stocks of oil year 2016-17 are 0.78 million tons fall in imports.
- Carryout of 2017-18 is lower than 2016-17 due to lower imports of palm oil.
- Carry out of fourth quarter of oil year 2017-18 will be lower than third 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 rose in July.
- Agriwatch view: Rapeseed oil prices traded firm in the month of July in various markets in India on firm demand, and firm rapeseed prices.

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

Demand rose in the month of July on buying at lower levels, 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.

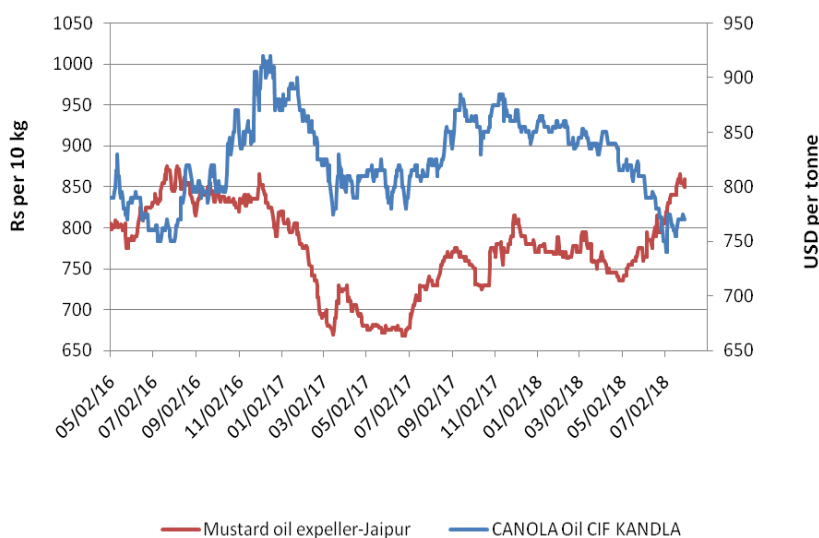
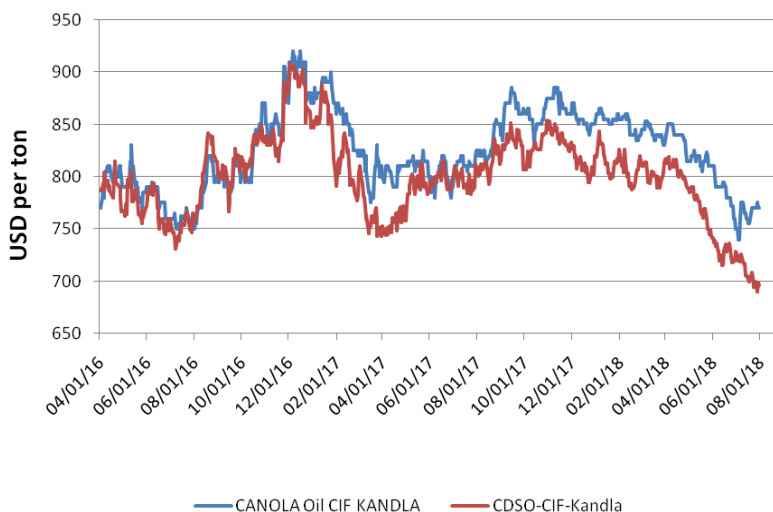
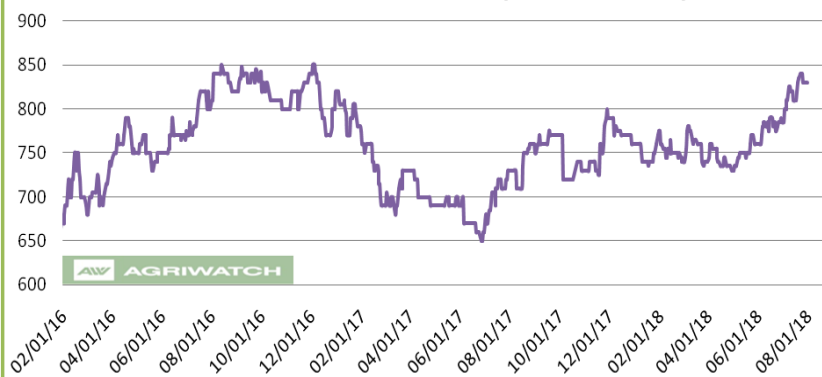
Lower area in Rajasthan contributed to lower crop.

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 parity in crushing. Hike in import duty on rapeseed oil has led to higher

Mustard Oil Price Trend (Kota Market)



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.

High discount of RBD palmolein prices to rapeseed kacchi ghani prices could cap 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 132 (Rs 73) per 10 Kg, will cap rapeseed oil prices in medium term.

Kacchi Ghani and refined soy oil are trading range has increase, which will underpin 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 68 (USD 22) 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 93 (Rs 30) 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 199 (Rs 120) per 10 kg will cap rapeseed oil prices.

Crushing is has come to halt as there is little stocks of rapeseed in the market. Rapeseed stocks in the market are less and demand is firm. NAFED has 8.5 lakh tons of rapeseed which it is has stated that it will liquidate. This might put pressure on prices in near term. However, price trend is towards upside. Lower crush of rapeseed has led to lower supply of rapeseed oil.

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

- NAFED has said to media that they are going to start tendering of mustard seed stock that they have procured under PSS scheme to a tune of 8.73 lakh tons from 3rd August in the open market. NAFED has also indicated that the floor price will not be less than rupees 4000 per quintal for the tenders.

- Rapeseed oil import scenario- India imported 0.11 lakh tons of rapeseed (Canola) oil in June 2018 v/s 0.13 lakh tons in June 2017, lower by 15.38. In the period (Nov 2017-June 2018) imports were 1.92 lakh tons compared to 1.95 lakh tons in the corresponding period last oil year, lower by 1.54 percent y-o-y.
- CIF Canola oil premium over soybean oil is hovering at USD 68 (USD 22 last month) as on Aug 3, 2018.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 855 (Rs 805) per 10 Kg and at Kota market is quoted around Rs 825 (Rs 785) per 10 kg as on Aug 3, 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 800-900 per 10 Kg.

Balance Sheet- Rapeseed Oil, India

Fig. in lakh tons

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18-F
	1.49	1.73	3.86	1.39	1.41	1.93
Production	25.02	26.78	20.16	21.24	27.88	27.09
Imports	0.13	2.00	3.70	3.56	2.93	3.00
Total Supply	26.64	30.52	27.72	26.19	32.22	32.02
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	24.91	26.66	26.33	24.77	30.29	30.90
Ending Stocks	1.73	3.86	1.39	1.41	1.93	1.13

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 1.93 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 July on firm demand. Prices rose in Mumbai, Kandla/Mudra. Hyderabad and Latur. Prices closed unchanged in Kakinada. Prices remained unchanged in Kakinada and Krishnapatnam. Sunflower expeller prices closed higher in Erode, Latur and Chellakere.

➤ Agriwatch view: Sunflower oil prices closed higher in month of July at its benchmark market of Chennai on firm demand.

Sunflower oil prices rose in domestic market despite fall in international markets indicating firm demand.

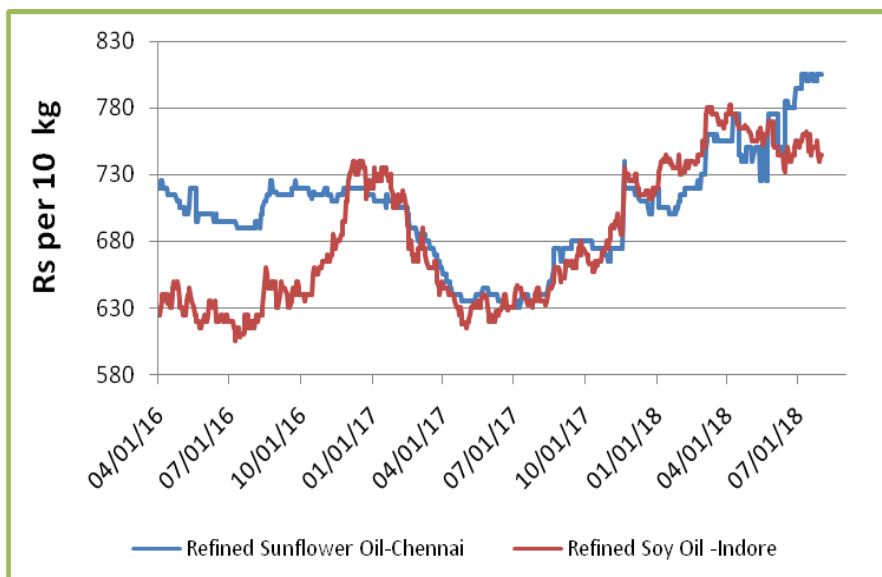
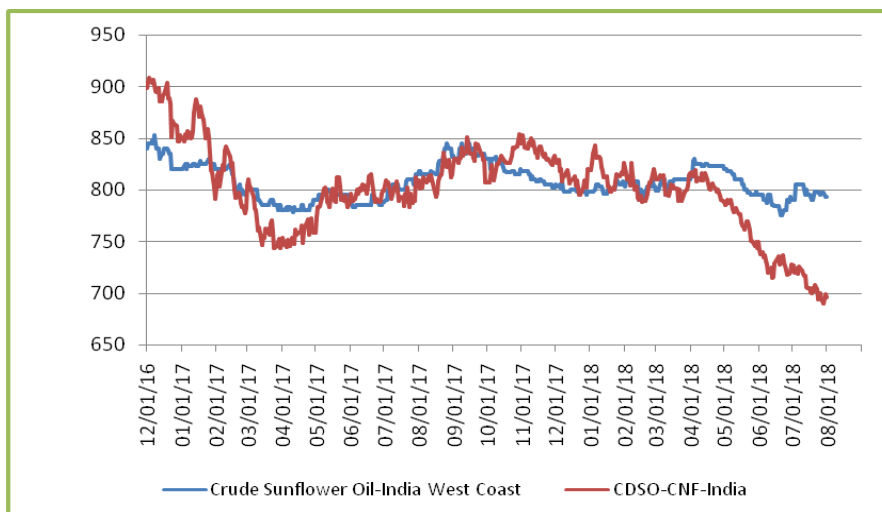
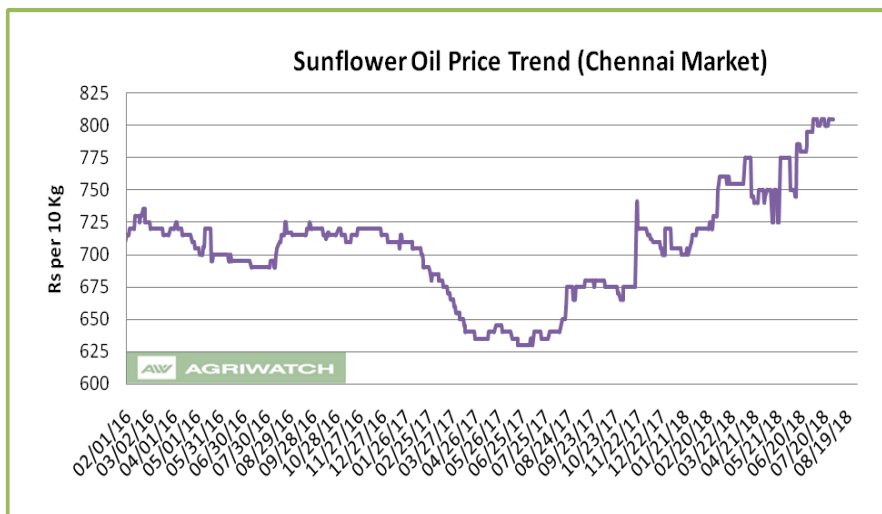
Due to hike in import duty on sunflower, prices have firmed. Hike in import duty makes import duty on sunflower oil equivalent to soy oil.

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

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

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

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 19 percent in oil year 2017-18 (November 2017-June 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

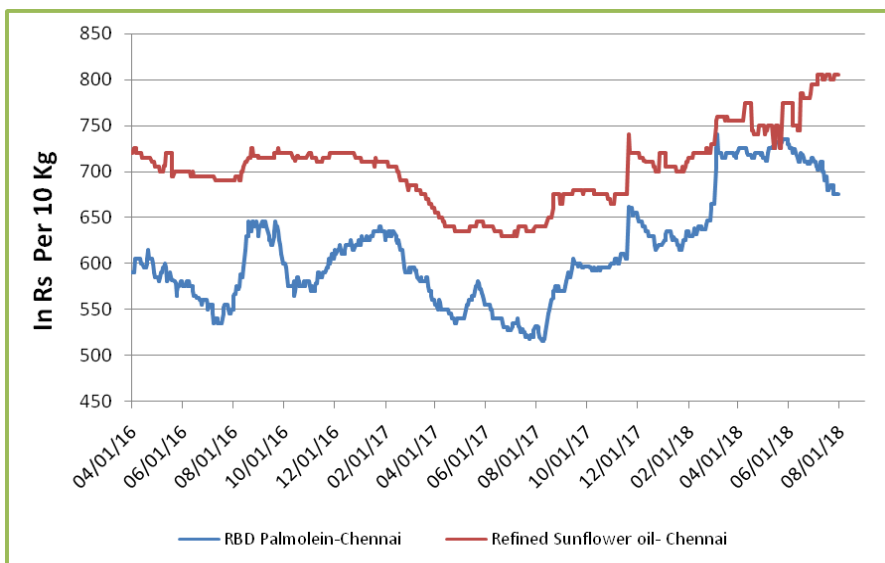
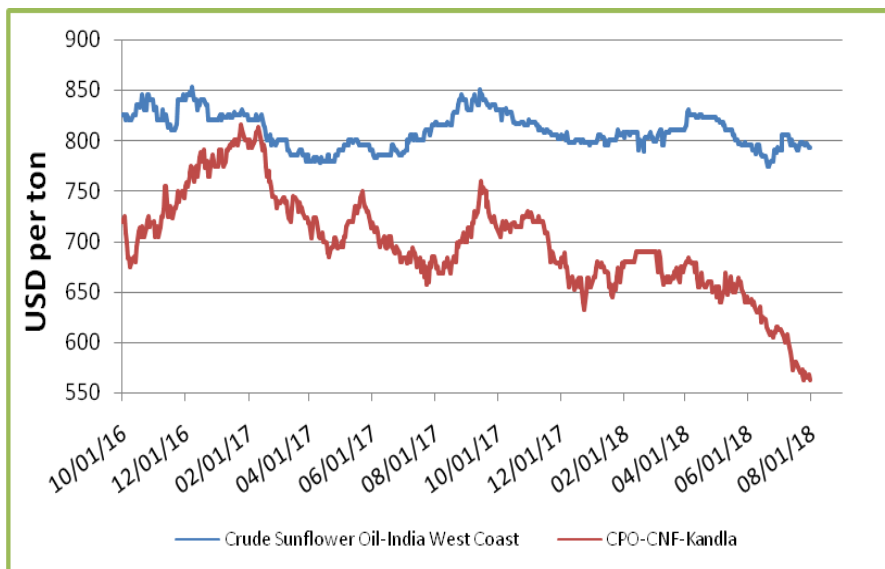
expected to be lower in July as crude sunflower oil CNF premium over CDSO CNF has increased. Second chart from above shows crude sunflower oil premium over CDSO is increasing will slow imports and support prices.

Second chart from above shows that sunflower oil prices are correlated to soy oil since November 2016. However, prices have diverged in near term.

Refiners and stockists will destocking as sunflower oil premium over soy oil is increased to USD 83 (USD 62 last month) per ton.

In domestic market sunflower oil premium over soy oil is at Rs 50 (Rs 40) per 10 kg.

Refined sunflower oil premium over RBD palmolein has increased to Rs 144 (Rs 80 last month) per 10 kg is high. Higher premium of sunflower oil over RBD palmolein will cap sunflower oil prices.



Premium of CSFO over RBD palmolein is at USD 200 (USD 170) per ton at CNF markets and premium of sunflower oil over RBD palmolein has shot up sharply which indicates that incentive of importing sunflower oil and selling in domestic market has increased.

In domestic market, prices is expected to 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 firm demand and seasonal uptrend of prices. Prices of sunflower oil are expected to remain in a range with upwards bias in August.

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

- All India sunflower sowing was reported at 0.76 lakh hectares as on 03.08.2018 compared to 1.15 lakh hectares in corresponding period last year
- Government of India has hiked MSP of sunflower from Rs 4100/qtl to Rs 5388/qtl.
- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 30.77 percent y-o-y in June to 2.21 lakh tons from 1.69 lakh tons in June 2017. Imports in the period (November 2017-June 2018) are reported higher by 19.35 percent y-o-y at 18.71 lakh tons compared to 15.09 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 775 (USD 790) per ton for Sep delivery and OND delivery is quoted at USD 762 (USD 795) per ton. CIF sun oil (Ukraine origin) July monthly average was at USD 797.23 per ton compared to USD 787.08 per ton in June. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 750-800 per ton in the medium term. CIF Sunflower oil-CNF premium against CDSO CNF had improved from last month and is hovering at USD 83 per ton versus USD – 62 per ton previous month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 800 (Rs 795) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 780 (Rs 770) per 10 kg as on Aug 3, 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	3.81	5.09	6.80
Production	0.96	0.80	0.15	0.12	0.27	0.27
Imports	21.68	25.52	6.02	7.18	7.22	5.10
Total Supply	24.66	29.75				
Quarterly add-on			6.17	7.30	7.49	5.37
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	21.23	23.14	5.78	6.02	5.78	5.55
Ending Stocks	3.43	6.61	3.81	5.09	6.80	6.61

Source: AW estimates

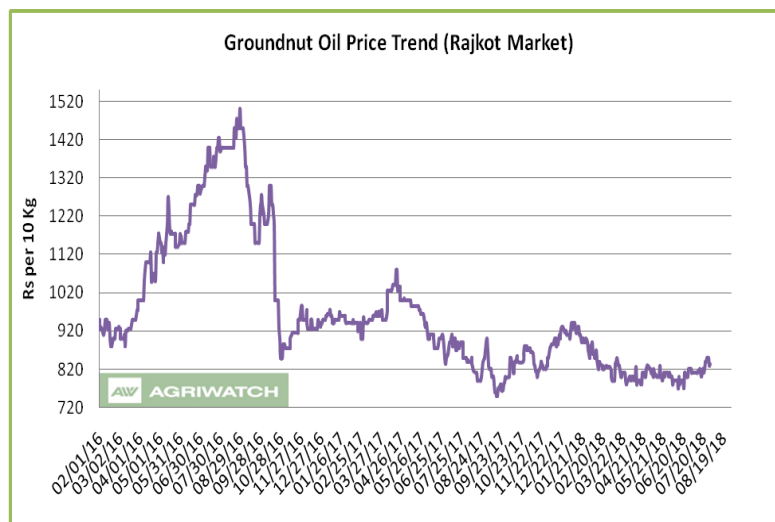
Oil year- November-October

Highlights

- Prices will be weak in higher 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 higher than 2016-17 due to lower imports.
- Higher carry out in 2017-18 is due to higher imports.

Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured firm trend during the month in review on firm demand and weak supply. Prices fell in Chennai, New Delhi and Mumbai. Prices closed higher in Jamnagar and Gondal at the end of the month. Groundnut oil expeller closed higher in Hyderabad.
- Agriwatch view: Groundnut oil prices rose in July on firm demand, weak supply, and low premium of groundnut oil over sun oil.



Groundnut sowing is down 3.86 percent compared to corresponding period last year. Fall of sowing in top producing state of Gujarat fell 12.45 percent compared to corresponding period last year.

Fall in groundnut sowing in Gujarat is due to late rains and shift away from groundnut due to high stocks of groundnut and lower prevailing prices of groundnut. Lower groundnut sowing could lead to higher prices of groundnut oil in coming weeks.

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

Gujarat government is disposing Kharif 2017 crop slowly. At present quality of groundnut is good for crushing.

However, the pace of disposal of groundnut by Gujarat government is slow which has led to lower arrivals in the market. Hike in groundnut auction prices has led to lower disposal of groundnut.

NAFED has 8-9 lakh tons of groundnut while farmers have 2 lakh tons of groundnut. Trade has no stocks of groundnut, so whatever comes to market goes into crushing.

So, with lower supply of groundnut with trade and farmers, there is still strong possibility of surge in prices.

Whatever groundnut is sold in the market by NAFED is of crushing quality and is diverted towards crushing.

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.

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.

Crushing has slowed due to higher auction prices of groundnut.

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 is very less due to higher prices of domestic groundnut, leading to diversion of groundnut towards crushing.

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.

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

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

There could be more bargain buying in coming days.

Premium of groundnut oil over sunflower is low in Chennai indicating higher capacity for prices of groundnut to rise.

Demand of groundnut oil in Andhra Pradesh is good.

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

Groundnut area in Gujarat is down 3.85 percent as of 03.08.2018 due to little rains in Gujarat and bad returns on groundnut agriculture. However, area under groundnut is expected to rise by more than 5-10 percent in South India due to higher realization of groundnut, 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.

Prices are expected to trade firm on firm demand, weak supply and firm activity in cash markets.

Prices are expected to trade sideways to firm.

- All India groundnut sowing reached 33.64 lakh hectares as of 03.08.2018 compared to 34.98 lakh hectares in corresponding period last year, lower by 3.86 percent y-o-y. Sowing of groundnut is lagging in top produces Gujarat that has received late rainfall. Area in top producing state of Gujarat is reported at 14.15 lakh hectares as of 03.08.2018 compared to 16.15 lakh hectares in corresponding period last year, down 12.45 percent y-o-y
- Government of India hiked MSP of groundnut from Rs 4450/qtl to Rs 4890/qtl.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 8,900 (8,100) per quintal and quoting at Rs 8,800 (Rs 8,300) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to firm tone in the coming days.

Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 850-1000 per 10 Kg.

Balance Sheet- Groundnut Oil (quarterly), India

Fig. in lakh tons

	2016-17	2017-18-F	Nov-Jan	Feb-Apr	May-July	Aug-Oct-F
Opening stocks	0.10	0.34	0.34	0.64	0.44	0.39
Oil availability (Production)	8.04	7.50	2.75	2.25	1.25	1.25
Imports	0	0	0	0	0	0
Total Supply	8.14	7.84				
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	7.50	7.11	2.35	2.35	1.21	1.21
End stocks	0.34	0.33	0.64	0.44	0.39	0.33

Source: AW estimate

Oil year-November-October

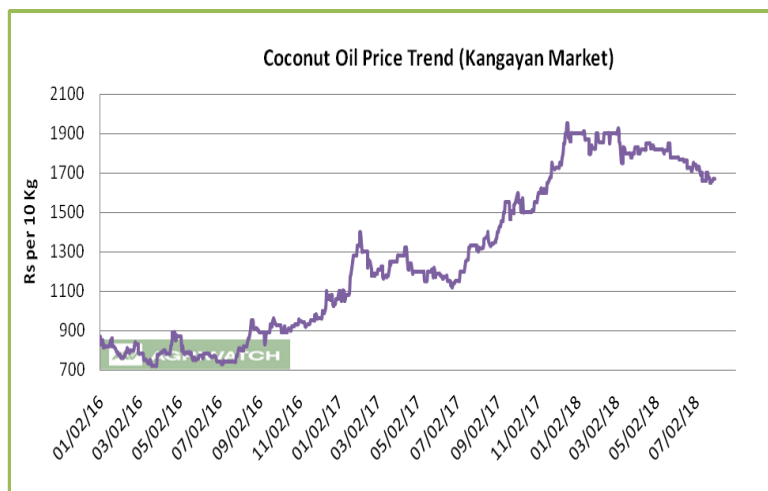
Highlights

- 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 0.34 lakh tons on higher groundnut oil production.
- Carryout stocks of oil year 2017-18 is 0.33 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 July 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.

Rains in 2017 and 2018 has led to expectation that this year coconut production will rise and its prices will moderate.

So, coconut prices will show 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 August 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 17,000 (17,800) per quintal, and quoting Rs 16,700 (17,400) per quintal in Erode market on August 4, 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 1500-1800 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
E - Estimated (likely to be revised subsequently)					
Note - Consumption/Crushing of coconut oil estimated based on the details collected through various Offices of the Board and in consultation with industry sources.					

Source: Coconut Development Board

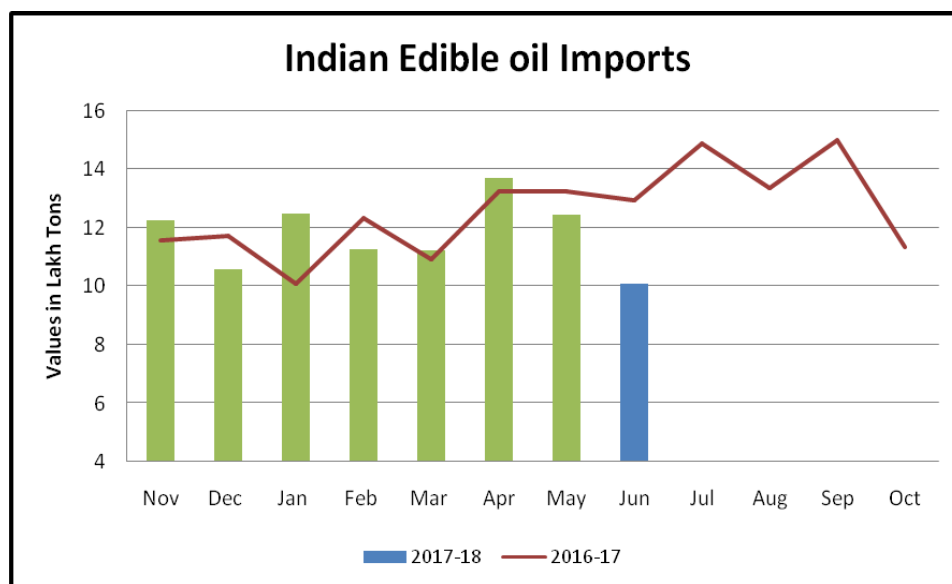
Coconut products exports from India
Qty in '000 MT

Export of Coconut Products from India							
Sl.No	Item	2014-15		2015-16		2016-17	
		Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)
1	Activated Carbon	54345.07	557.80	71672.71	747.56	85804.95	815.07
2	Coconut Oil (Refined oil and fractions)	7188.94	146.06	6731.12	138.16	17088.99	222.98
3	Coconut Dried excluding DC and Endocarp	66923.65	212.49	51802.54	145.85	26381.35	219.02
4	Coconut Oil (Crude oil and fractions)	27.63	0.51	75.43	1.80	16447.10	158.03
5	Desiccated Coconut	3243.82	26.41	3442.77	31.51	14907.47	147.71
6	Coconut Fresh excluding DC and Endocarp	29020.19	89.28	37467.06	112.79	51802.54	145.85
7	Copra	7284.49	80.93	4388.69	36.48	54132.48	142.41
8	Other Coconuts Excl Fresh and Dried & DC & Endocarp	11532.76	55.87	15446.50	71.11	33202.21	113.76
9	Shell Charcoal	27899.00	59.60	8819.00	26.05	28306.00	68.40
10	Shell Charcoal (Other)	47941.00	65.71	7942.00	14.34	10828.00	19.69
11	Fresh Endocarp	3680.97	10.64	2047.57	7.06	5416.14	13.54
12	Other Endocarp	488.69	2.37	390.18	1.88	1257.75	9.46
13	Shell unworked	574.83	3.34	330.35	2.20	183.30	1.66
14	Dried Endocarp	133.01	1.37	132.17	1.20	711.85	5.38
15	Micellaneous	-	-	-	112.27	-	0.79
Total			1312.38		1450.24		2083.74

Source: Coconut Development Board

Qty in '000 MT

Import of Coconut Products from India							
Sl.No	Item	2014-15		2015-16		2016-17	
		Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)	Quantity (in MT)	Value (Rs in Crores)
1	Coconut Oil (Refined oil and fractions)	3467.91	30.76	2759.81	22.57	9.08	0.37
2	Coconut Oil (Crude oil and fractions)	6205.34	49.43	2415.00	18.90		
3	Copra	281.00	2.03	290.30	2.06		
4	Other residues of coconut or copra	32.50	0.07	0.27	0.28		
5	Shell Charcoal	14.88	40.42	14.21	45.06	351.00	1.08
6	Shell Charcoal (Other)	0.38	1.35	3.46	1.29	2058.00	2.26
7	Desiccated Coconut	246.07	3.71	65.50	0.67		
8	Oil Cake Solvent Extracted Variety			589.99	1.19	873.20	1.79
9	Shell unworked					69.31	0.13
10	Oil Cake Expeller Variety	88289.75	136.19	188921.63	286.81	164421.90	263.51
11	Button of Coconut Shell/Wood	24.29	0.59	41.09	1.19	43.12	1.46
Total			264.54		380.02		270.59
Source: DGCIS, Kolkata							

Indian Edible Oil Imports Scenario –:


As per Solvent Extractors' Association of India, India imported 14.57 million tons of veg. oils in the 2015-16 oil year. Edible oils imports were 15.08 million tons 2016-17 (November 2016-October 2017). Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for June is pegged at 10.08 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	8.12	-4.36%
Imports	14.57	15.08	14.82	-1.72%
Total Supply	24.06	25.35	24.68	-2.67%
Exports	0.01	0.01	0.02	100.00%
Total Demand(Consumption)	22.27	23.61	23.61	0.00%
Ending Stock	1.78	1.74	1.05	-39.47%

* Value in million tons

Balance Sheet Highlights

Net edible oil output is likely to be 8.12 million tons (down 4.36 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 14.82 million tons for 2017/18 oil year v/s 15.08 million tons last year.

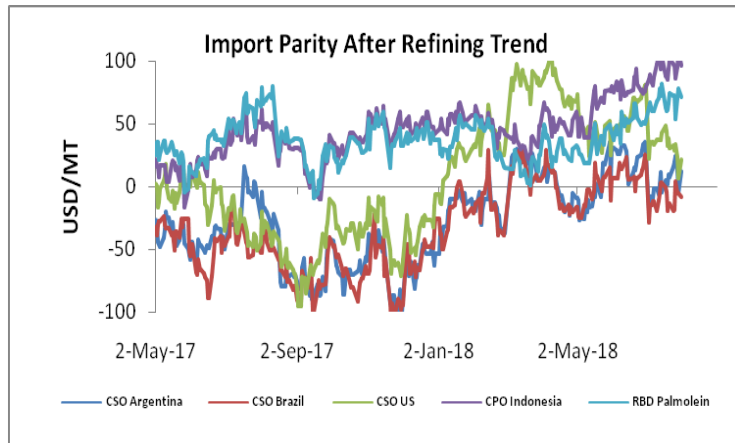
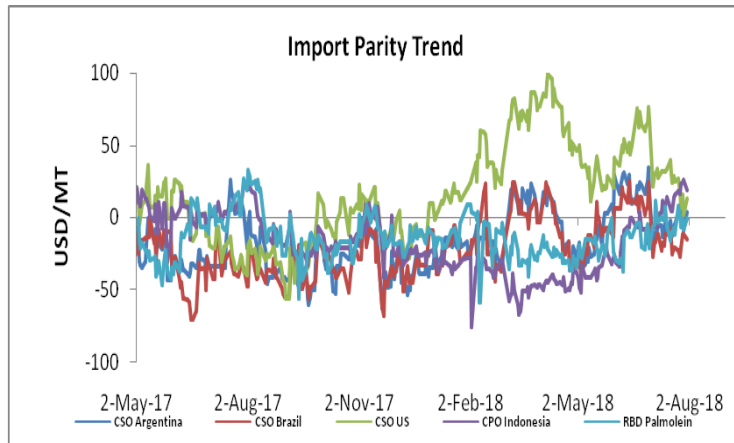
On the consumption side, India's edible oil consumption for 2017-18 oil year seen at 23.61 million tons, unchanged from last year. Ending stocks are projected lower compared to 2016-17 at 1.05 million tons.

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 & 2017-18 Agriwatch Estimates, *** (USDA estimates).

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

Landed Cost Calculation as on 04/08/2018	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	644	675	626	538	555
Freight (USD/MT)	47	47	62	25	20.0
C & F	691.0	722.0	688.0	563.0	575.0
Weight loss (0.25% of FOB)	1.61	1.69	1.57	1.35	1.39
Finance charges (0.4% on CNF)	2.76	2.89	2.75	2.25	2.30
Insurance (0.3% of C&F)	2.07	2.17	2.06	1.69	1.73
CIF (Indian Port - Kandla)	697	729	694	568	580
Duty (Values in USD per tons)	278.36	278.36	278.36	279.75	364.12
GST (5% on duty) USD per ton	13.92	13.92	13.92	13.99	18.21
Exchange rate	68.52	68.52	68.52	68.52	68.52
Landed cost without customs duty in INR per ton	47789	49933	47579	38939	39770
Customs duty %	35.00%	35.00%	35.00%	44.00%	54.00%
Social Welfare Surcharge@10%	3.50%	3.50%	3.50%	4.40%	5.40%
Total Duty %	38.50%	38.50%	38.50%	48.40%	59.40%
Base import price	723	723	723	578	613
Fixed exchange rate by customs department	69.25	69.25	69.25	69.25	69.25
Duty component in INR per ton	19276.08	19276.08	19276.08	19372.83	25215.45
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	68465	70609	68255	59712	66385
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	68500	68500	68500	59500	66000
Total landed cost USD per ton	999	1030	996	871	969
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1000	1000	1000	868	963
Parity INR/MT (Domestic - Landed)	35	-2109	245	-212	-385
Parity USD/MT (Domestic - Landed)	0.51	-30.79	3.57	-3.09	-5.62
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	72965.15	75109.45	72755.07	67211.78	69185.31
Soy/Palm oil imported Price (Including tax)	76613.41	78864.92	76392.82	70572.37	72644.58
Loose price of Soy/Palm in Indore and Delhi market	78225.00	78225.00	78225.00	77175.00	77175.00
Parity after processing and Taxes (Rs per MT)	1611.59	-639.92	1832.18	6602.63	4530.42
Parity after processing and Taxes (USD per MT)	23.52	-9.34	26.74	96.36	66.12
Source: Agriwatch					

Import Parity Trend

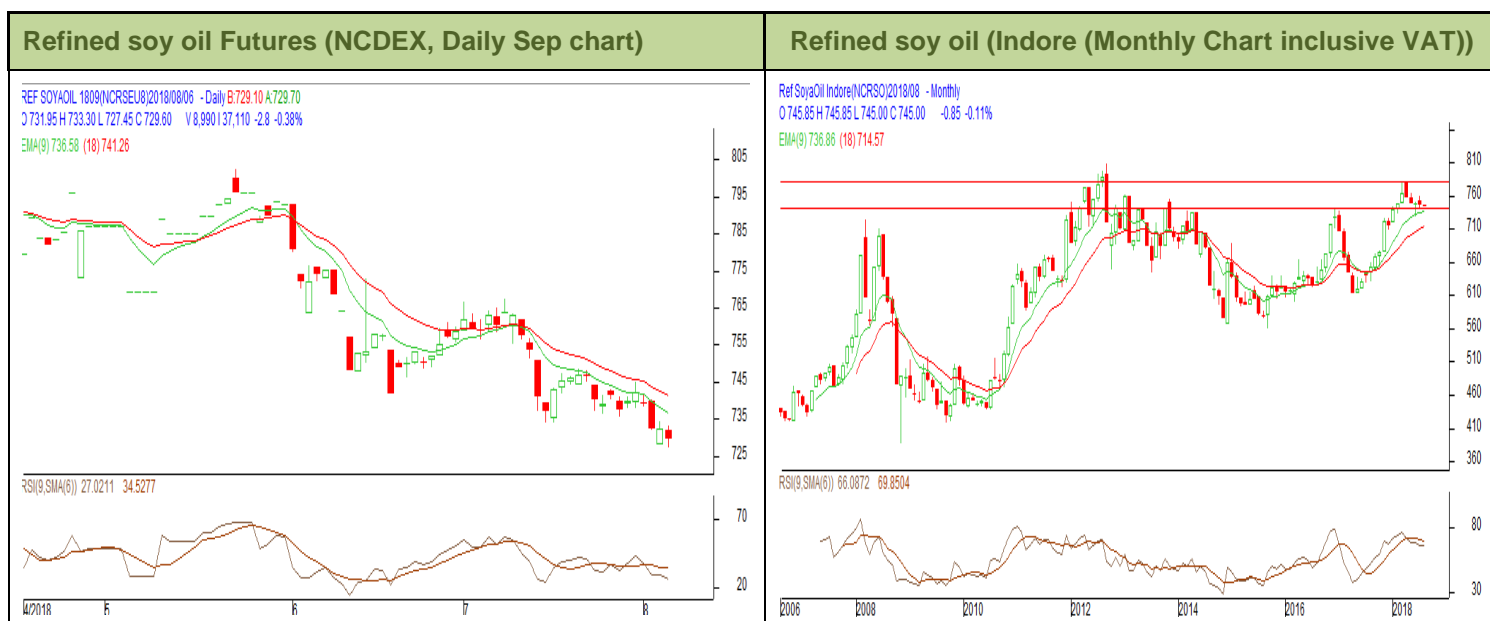


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
May, 2018	-4.94	-4.68	45.14	59.15	32.72
June, 2018	24.95	10.83	58.44	79.00	50.74
July, 2018	2.92	-10.31	33.11	94.05	68.11

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 August. 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 (Sep contract) on rise.

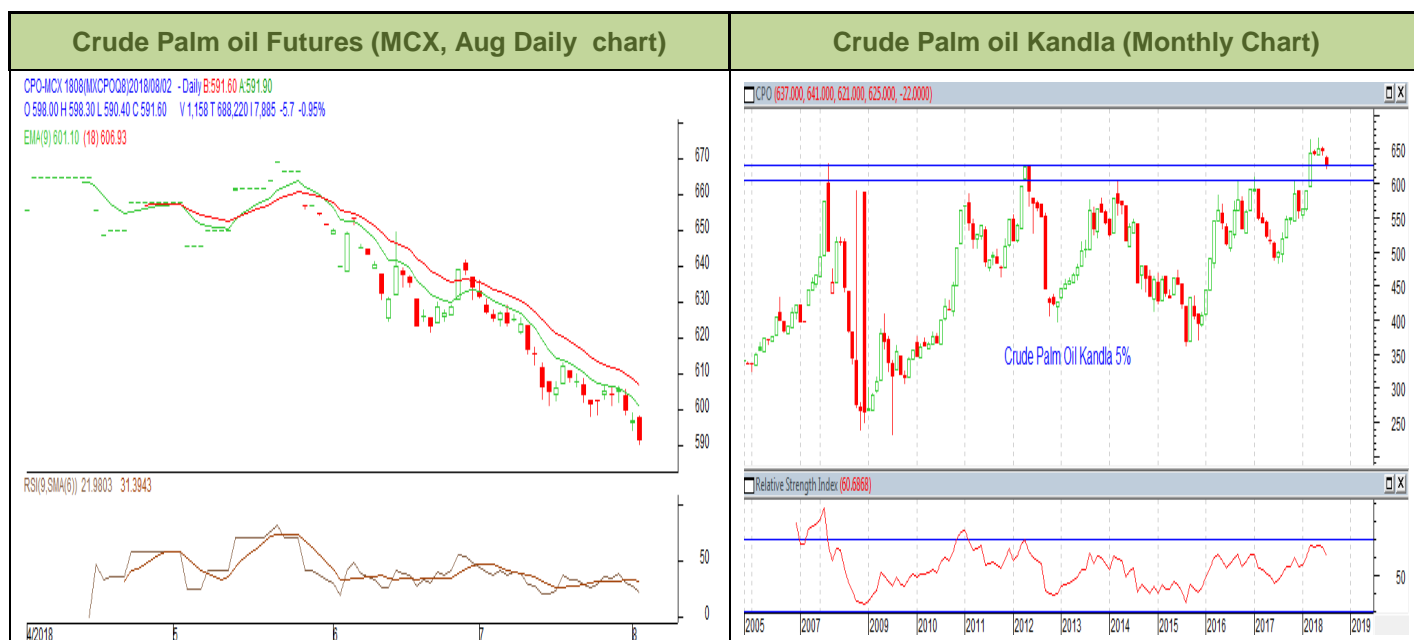
- Monthly chart of refined soy oil at NCDEX featured losses in the prices. We expect sideways to weak movement in the coming days.
- Any close below 720 in monthly chart will bring prices to 700 levels.
- Expected price band for next month is 680-760 level in near to medium term. RSI and MACD are indicating downtrend at current levels.

Strategy: Market participants are advised to go short in RSO below 735 for a target of 715 and 710 with a stop loss at 745 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
710.00	721.00	729.6	745.00	756.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 700-770 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 (Aug 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 580 in monthly chart might bring the prices to 560 levels.
- Expected price band for next month is 550-650 level in near to medium term. RSI and MACD are indicating downtrend.

Strategy: Market participants are advised to go short in CPO below 595 for a target of 575 and 570 with a stop loss at 605 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
565.00	580.00	590.3	611.00	625.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 550-650 per 10 Kg.

Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Jul-18	30-Jun-18	
Refined Soybean Oil	Indore	745	755	-10
	Indore (Soy Solvent Crude)	700	715	-15
	Mumbai	755	760	-5
	Mumbai (Soy Degum)	702	710	-8
	Kandla/Mundra	725	735	-10
	Kandla/Mundra (Soy Degum)	695	705	-10
	Kolkata	720	740	-20
	Delhi	780	785	-5
	Nagpur	764	767	-3
	Rajkot	725	733	-8
	Kota	745	745	Unch
	Hyderabad	780	NR	-
	Akola	764	761	3
	Amrawati	761	761	Unch
	Bundi	750	740	10
	Jalna	765	764	1
	Alwar	Unq	Unq	-
	Solapur	754	764	-10
	Dhule	764	760	4
Palm Oil *	Kandla (Crude Palm Oil)	656	677	-21
	Kandla (RBD Palm oil)	672	704	-32
	Kandla RBD Pamolein	709	738	-29
	Kakinada (Crude Palm Oil)	641	NR	-
	Kakinada RBD Pamolein	704	746	-42
	Haldia Pamolein	701	746	-45
	Chennai RBD Pamolein	709	751	-42
	Chennai RBD Pamolein (Vitamin A&D Fortified)	798	819	
	KPT (krishna patnam) Pamolein	698	740	-42
	Mumbai RBD Pamolein	725	761	-36
	Mangalore RBD Pamolein	716	743	
	Tuticorin (RBD Palmolein)	709	746	-37
	Delhi	750	780	-30
	Rajkot	709	733	-24
	Hyderabad	710	NR	-
	PFAD (Kandla)	410	404	6
	Refined Palm Stearin (Kandla)	557	557	Unch
	Superolien (Kandla)	767	767	Unch
	Superolien (Mumbai)	798	793	5



Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Jul-18	30-Jun-18	
* Inclusive of GST				
Refined Sunflower Oil	Chennai	805	795	10
	Mumbai	820	800	20
	Mumbai(Expeller Oil)	750	745	5
	Kandla	790	770	20
	Kandla/Mundra (Crude)	Unq	Unq	-
	Hyderabad (Ref)	820	795	25
	Latur (Expeller Oil)	805	770	35
	Chellakere (Expeller Oil)	775	710	65
	Erode (Expeller Oil)	845	825	20
Groundnut Oil	Rajkot	840	810	30
	Chennai	840	830	10
	Delhi	850	825	25
	Hyderabad *	855	865	-10
	Mumbai	900	845	55
	Gondal	850	810	40
	Jamnagar	840	810	30
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	860	805	55
	Jaipur (Kacchi Ghani Oil)	880	827	53
	Kota (Expeller Oil)	830	785	45
	Kota (Kacchi Ghani Oil)	870	810	60
	Neewai (Kacchi Ghani Oil)	850	795	55
	Neewai (Expeller Oil)	865	811	54
	Bharatpur (Kacchi Ghani Oil)	890	830	60
	Alwar (Kacchi Ghani Oil)	860	NR	-
	Alwar (Expeller Oil)	880	NR	-
	Sri-Ganga Nagar(Exp Oil)	850	800	50
	Sri-Ganga Nagar (Kacchi Ghani Oil)	870	815	55
	Mumbai (Expeller Oil)	865	820	45
	Kolkata(Expeller Oil)	950	900	50
	New Delhi (Expeller Oil)	878	830	48
	Hapur (Expeller Oil)	870	NR	-
	Hapur (Kacchi Ghani Oil)	910	NR	-
	Agra (Kacchi Ghani Oil)	895	835	60
Refined Cottonseed Oil	Rajkot	795	750	45
	Hyderabad	785	NR	-
	Mumbai	800	760	40



Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Jul-18	30-Jun-18	
	New Delhi	770	725	45
Coconut Oil	Kangayan (Crude)	1670	1740	-70
	Cochin	1710	1780	-70
	Trissur	Unq	Unq	-
Sesame Oil	New Delhi	1000	1000	Unch
	Mumbai	Unq	NA	-
Kardi	Mumbai	870	880	-10
Rice Bran Oil (40%)	New Delhi	675	Unq	-
Rice Bran Oil (4%)	Punjab	660	660	Unch
Rice Bran Oil (4%)	Uttar Pradesh	Unq	Unq	-
Malaysia Palmolein USD/MT	FOB	553	598	-45
	CNF India	570	620	-50
Indonesia CPO USD/MT	FOB	540	588	-48
	CNF India	563	613	-50
RBD Palm oil (Malaysia Origin USD/MT)	FOB	553	598	-45
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	560	595	-35
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1010	1060	-50
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	490	495	-5
Crude palm Kernel Oil India (USD/MT)	CNF India	945	980	-35
Ukraine Origin CSFO USD/MT Kandla	CIF	793	790	3
Rapeseed Oil Rotterdam Euro/MT	FOB	719	740	-21
Argentina FOB (\$/MT)		30-Jul-18	29-Jun-18	Change
Crude Soybean Oil Ship		649	683	-34
Refined Soy Oil (Bulk) Ship		672	707	-35
Sunflower Oil Ship		720	710	10
Cottonseed Oil Ship		629	663	-34
Refined Linseed Oil (Bulk) Ship		Unq	Unq	-
* indicates including GST				



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