



Veg. Oil Monthly Research Report

Contents

- ❖ Outlook and Review
- ❖ Recommendations
- ❖ Domestic Market Fundamentals
- ❖ International Veg. Oil Market Summary
- ❖ Technical Analysis (Spot Market)
- ❖ Technical Analysis (Futures Market)
- ❖ Monthly spot price comparison
- ❖ Annexure

Outlook and Review:
Domestic Front

Edible oil basket featured mixed tone during the month under review. Soy oil, rapeseed oil and sunflower oil prices rose while palm oil, groundnut oil and coconut oil prices closed in red.

Soy oil (Indore) was the best performer among the edible oil complex due to firm demand. Coconut oil (Kangayam) was the worst performer among the edible oil tracking weak demand.

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

On the currency front, Indian rupee is hovering near 73.91, down by 203 paise compared to last month. Rupee is expected to depreciate in October. Crude oil prices are expected to rise in October.

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. On MCX, market participants are advised to go short in CPO below 600 for a target of 580 and 575 with a stop loss at 610 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 580-590 for the target of 610-620 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (Nov) is expected to stay in the range of 26 cents/lb to 32 cents/lb. CPO at BMD (Nov) 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 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 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 and Indonesia, rise in production of palm oil in Malaysia and Indonesia, slow rise exports of palm oil from 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 uptrend at its benchmark market at Indore during the month of September on firm demand. Average prices of refined soy oil rose in September.

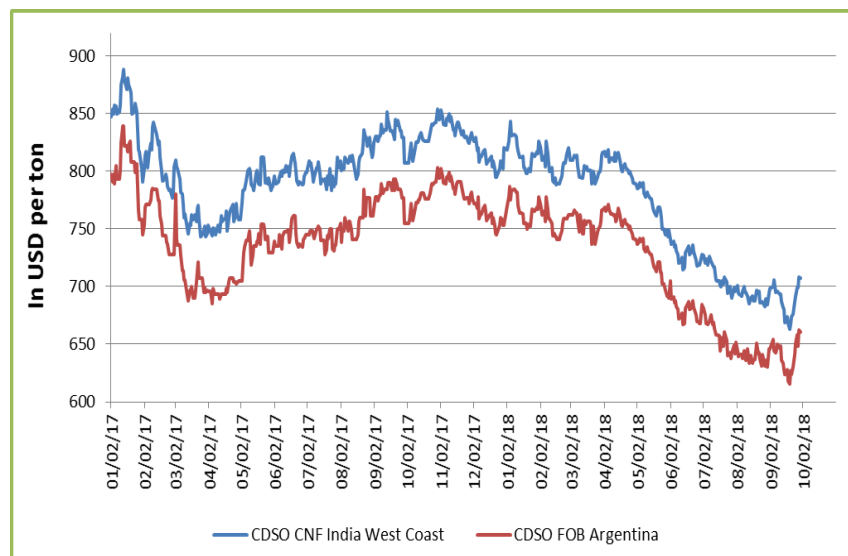
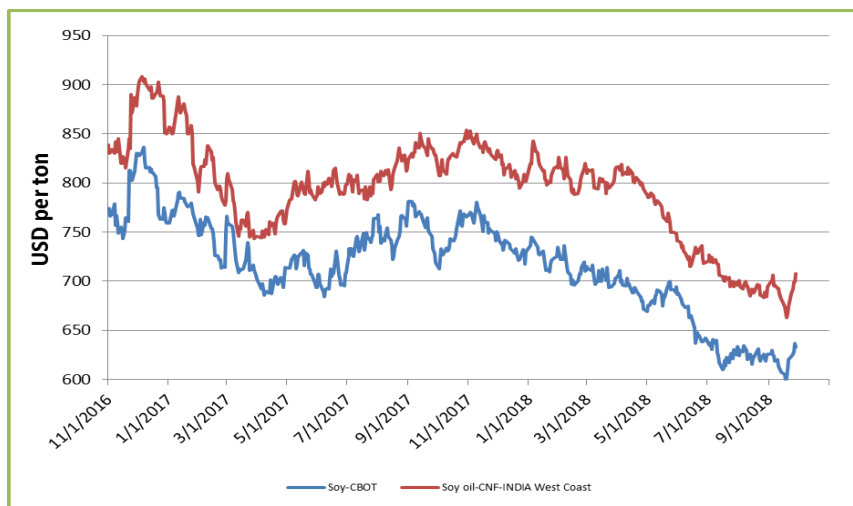
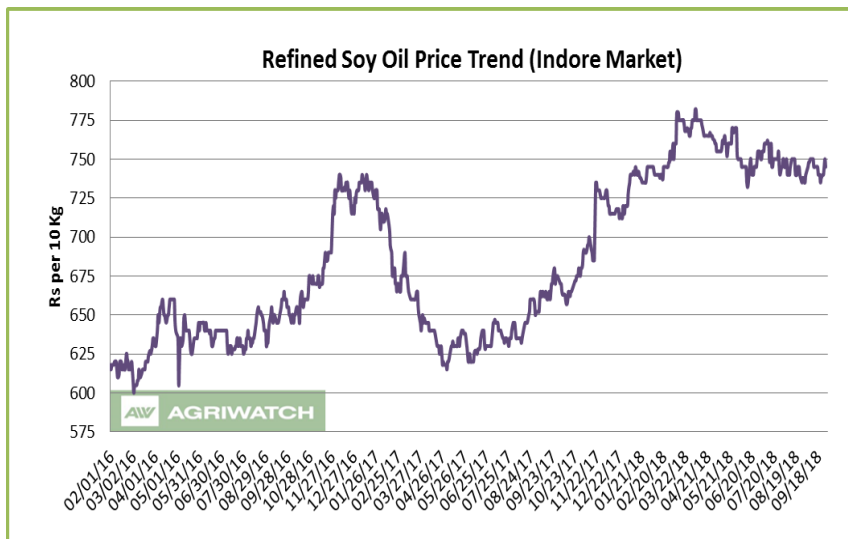
- Soy oil prices witnessed uptrend in month of September on firm demand. Demand of soy oil rose in Sep as import margins fell into disparity. Due to depreciation of Rupee, imports have returned to disparity.

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 rose less at high seas compared to CDSO CNF indicating weak demand. Prices of CDSO CNF rose less CDSO FOB rose indicating weak demand at CNF markets.

Refined soy oil premium over CPO has decreased to Rs 160 (Rs 144 last month) per 10 Kg which is high and will underpin soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 90 (Rs 78 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 35 (Rs 48) per 10 kg indicating firm CDSO demand compared to refined soy oil in domestic markets.



Landed cost and refining margins are in disparity after rise in prices in international markets and depreciation of Rupee will discourage imports.

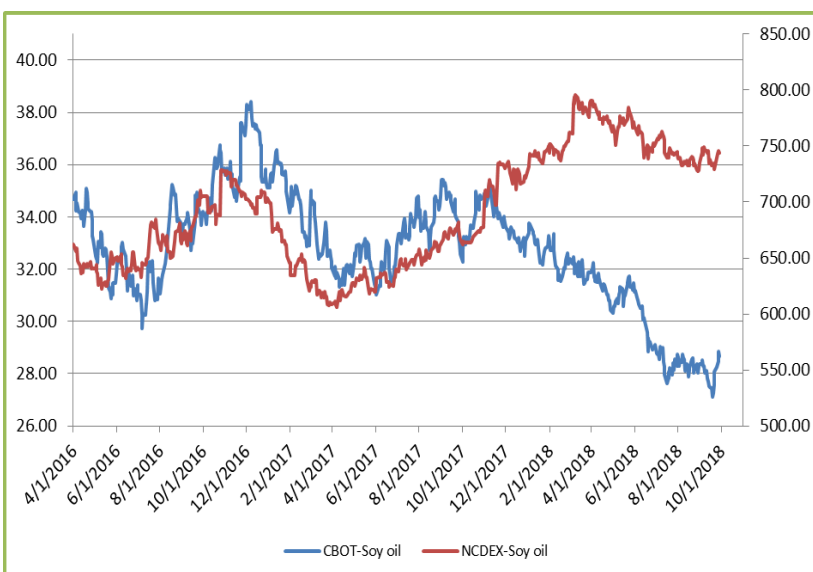
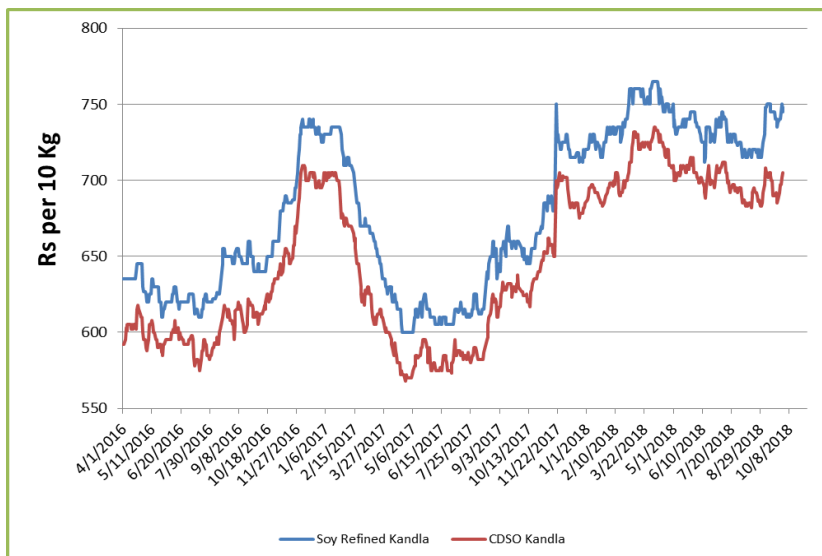
Difference increased between CDSO-CNF-India West coast and Soy oil CBOT due to rise basis (spot prices – futures prices) due to depreciation of Argentina Peso. Basis increased on depreciation of Argentina Peso and expected good crop in Argentina in 2018/19.

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.

Imports of soy oil fell in July, compared to July 2017 while it rose compared to June 2018 while stocks at ports rose. Stocks at ports rose at higher pace compared to imports indicating restocking at ports due to higher premium of sunflower oil over soy oil and same import duty compared to sunflower oil. Both imports and stocks at ports rose in July indicating firm supply will keep cap on prices of soy oil.

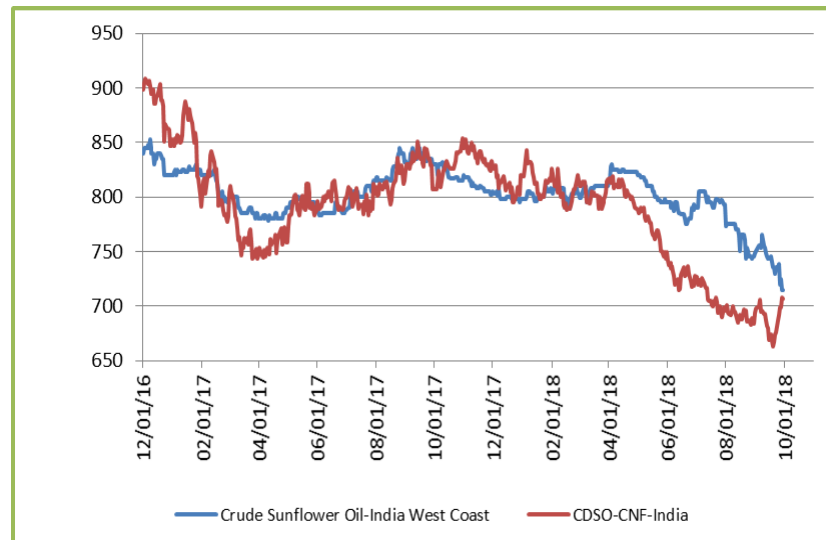
Prices are expected to trade sideways to weak in medium term.

- Soy oil import scenario – According to SEA, soy oil imports rose 7.59 percent y-o-y in August to 3.12 lakh tons from 2.90 lakh tons in August 2017. In the period (Nov 2017-August 2018), imports of soy oil were 24.42 lakh tons compared to 27.39 lakh tons in



corresponding period last oil year, lower by 10.8 percent y-o-y.

- Imported crude soy oil CIF at West coast port is offered at USD 725 (USD 694) per ton for Sep delivery, Nov delivery is offered at USD 725 (USD 719) per ton and Dec delivery is quoted at USD 725 per ton. Values in brackets are figures of last month. Last month, CIF CDSO Sep average price was USD 687.88 (USD 691.57 per ton in Aug 2018) per ton.
- On the parity front, margins was in disparity during the month on rise in prices of soy oil in international markets, and we expect margins to remain in disparity in coming days. Currently refiners lose USD 20-25/ton v/s gain of USD 5-10/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).



Palm oil: Domestic Market Fundamentals

- CPO prices witnessed weak tone in the month of September at its benchmark market at Kandla on weak demand.
- Crude palm oil prices fell in Kandla in the month of September on weak demand

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

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

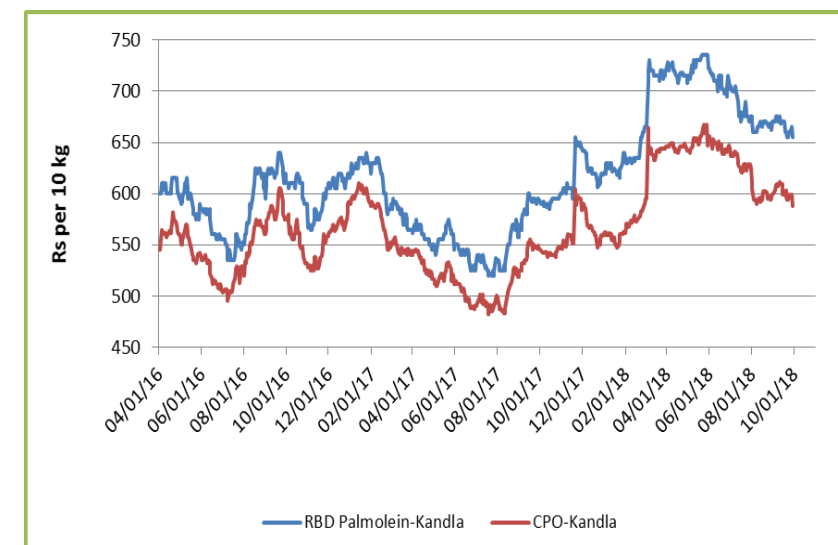
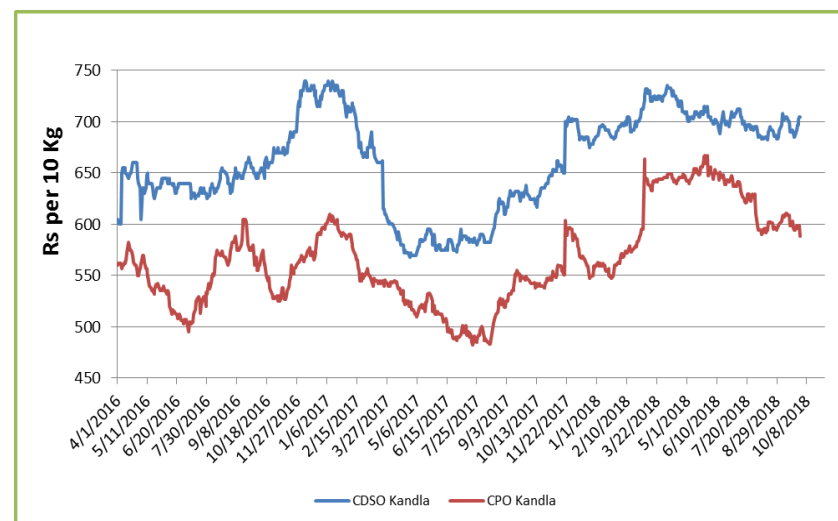
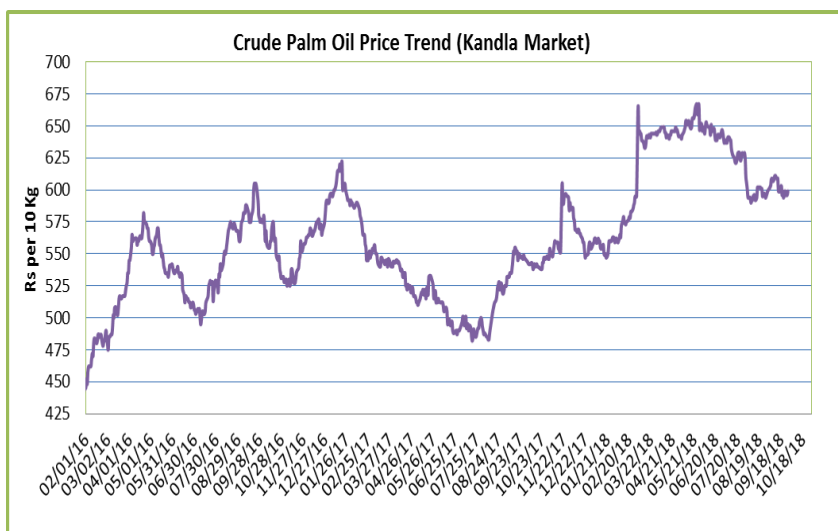
Supply of CPO is has increased in Indian markets. This has led to rise in stocks at ports.

Depreciation of Rupee has led to disparity at ports. Fall of prices of palm oil in domestic market was the prime reason for return of imports to disparity. Due to disparity in imports prices will not fall much going ahead.

Depreciation of Rupee has made imports costlier which will reduce imports in coming months. Depreciation of Rupee has brought prices to disparity and disparity is increasing with regular fall in Rupee.

CPO trade is weak and traders are desperate to clear their stocks and are offering to sell CPO discount to CNF prices to offload the stocks.

In Rupee terms, disparity in fresh imports of CPO has risen to Rs 1.5-2.0 per kg.



Stocks of CPO at Indian ports rose due to higher imports.

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

RBD palmoelin featured weak tone in its benchmark market on weak demand, higher premium over CPO at CNF markets and continuous fall in prices of RBD palmoelin in international markets.

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

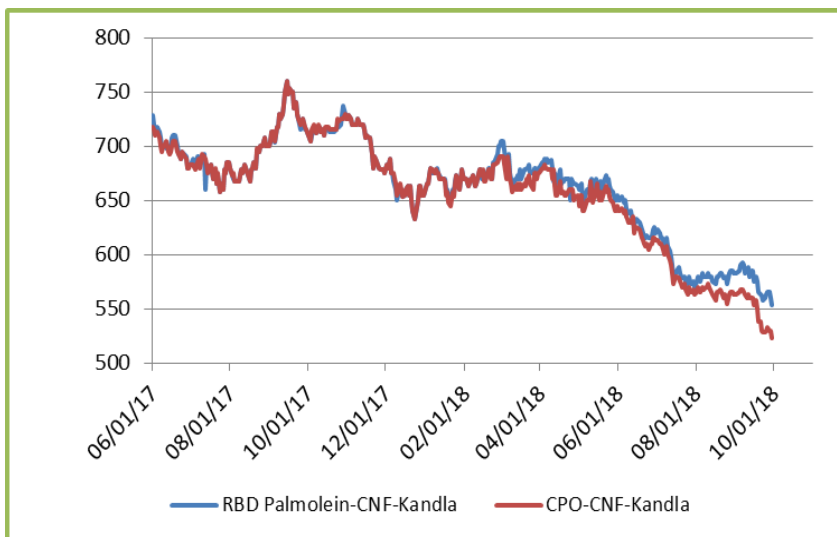
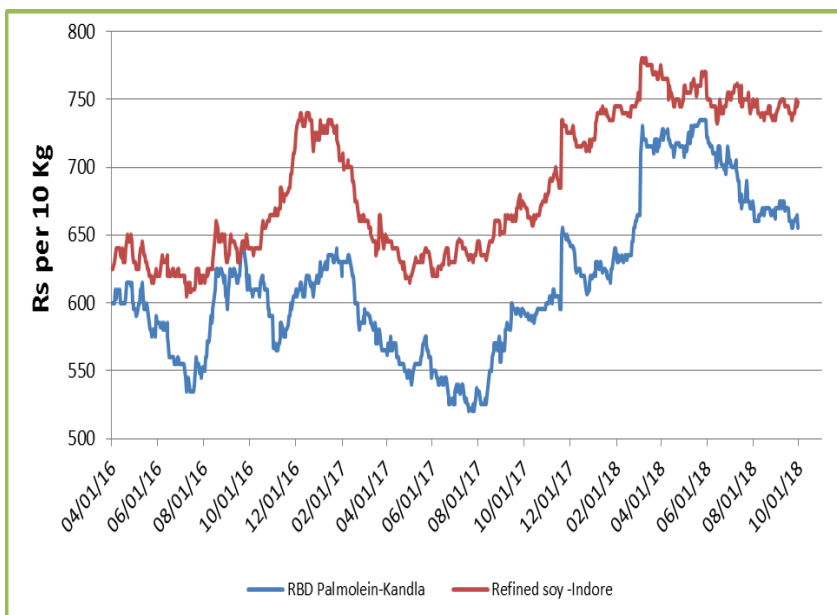
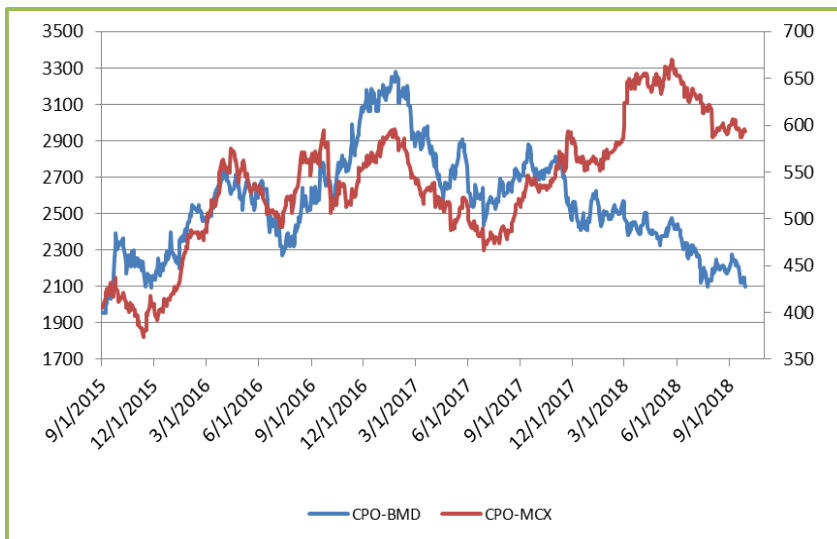
Prices of RBD palmoelin fell more at CNF markets compared to FOB markets indicating weak demand at CNF markets.

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

RBD palmoelin is offered at \$35-40 premium over CPO at CNF markets which has weakened demand. Increasing discount of RBD palmoelin over soy oil, sunflower oil and rapeseed oil will improve demand

Importers are selling cargoes at discount to unload their stocks due to continuous fall in international prices.

Stocks of RBD palmoelin at Indian ports have increased in August.



Expectation of rise in stocks of palm oil in Malaysia in coming months due to rise in production of palm oil in and slow rise 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-July 2018) due to lower margins in selling it compared to palmolein obtained from domestic refining of CPO.

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

RBD palmolein premium over CPO increased to Rs 70 (Rs 66 last month) per 10 kg indicating weaker demand of CPO compared to RBD palmolein at high seas.

Import of CPO in Aug was higher than that of Aug 2017 and higher than July 2018. Stocks at ports rose in Aug compared to July while imports surged indicating restocking in Aug.

Import of RBD palmolein is lower in Aug compared to Aug 2017 while it was higher than July 2018. Imports surged in Aug compared to July while stocks also rose indicating restocking at ports.

Increase in import duty on crude palm oil and refined palm oil has led to lower imports of CPO from Indonesia and lower imports of RBD palmolein from Malaysia. Landed cost of CPO is in disparity 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.

Abolition of export duty on exports of crude palm oil from Malaysia will increase imports from Malaysia. However, due to higher premium of RBD palmolein over Indonesia from Malaysia due to more depreciation of Indonesia Rupiah compared to Ringgit has led to higher imports of CPO from Indonesia.

Increasing soy oil premium over crude palm oil which is hovering at Rs 160 (Rs 149 last month) per 10 Kg will increase demand of CPO and increase imports.

Previous chart in soy oil section shows that premium of soy oil over palm oil has increased in September at CNF markets. This will increase imports of CPO. Higher premium of crude sunflower CNF India West coast and CPO CNF at USD 185 (USD 180) per ton will increase CPO prices and RBD palmolein prices in medium term. Increase in premium of CSFO-CNF-India West coast over CPO-CNF indicates increase in supply 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 190 (USD 149 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 125 (Rs 95 last week) per 10 Kg, which is high and will decrease CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 90 (Rs 78 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.

- The commissioner Of Customs (Preventive) conducted inquiry into import of soy oil, palm oil and palm olein from Bangladesh through different LCS in West Bengal and found it violated SAFTA rules and regulation and it evaded substantial customs duty. The agency has instructed that no such consignments availing SAFTA benefits to be cleared without "no objection" from DRI Kolkata.

- According to United States Department of Agriculture (USDA) September estimate, India is estimated to import 10.6 MMT of palm oil in 2018/19 compared to earlier estimate of 11.6 MMT. Consumption of palm oil is reduced to 10.820 MMT from 11.820 MMT in its earlier estimate, down 8.46 percent. End stocks were kept unchanged at 0.47 MMT. USDA decrease India's palm oil imports in 2017/18 in its September estimate to 9.5 MMT from 10.7 MMT in its earlier estimate, down 11.2 percent. Consumption of palm oil in 2017/18 is reduced to 9.7 MMT from 10.9 MMT in its earlier estimate, down 11 percent. End stocks of palm oil are kept unchanged at 0.49 MMT. Fall in imports of palm oil is due to hike in import duty on palm products.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in August rose 6.1 percent y-o-y to 9.22 lakh tons from 8.69 lakh tons in August 2017. Imports in the period (November 2017-August 2018) are reported lower y-o-y at 70.28 lakh tons compared to 76.14 in the corresponding period last oil year, down 7.7 percent y-o-y.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 8.33 percent y-o-y in August to 6.50 lakh tons from 6.0 lakh tons in August 2017. Imports in the period (November 2017-August 2018) are reported higher by 1.93 percent y-o-y at 51.85 lakh tons compared to 50.87 lakh tons in the corresponding period last oil year.

RBD palmolein import scenario- RBD palmolein imports fell y-o-y in August by 1.93 percent to 2.59 lakh tons from 2.64 lakh tons in August 2017. Imports in the period (November 2017-August 2018) are reported lower by 28.76 percent y-o-y at 17.54 lakh tons compared to 24.62 lakh tons in the corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 535 (USD 565) per ton for Oct delivery and Nov delivery is quoted at USD 535 per ton. Last month, CNF CPO Sep average price was at USD 548.5 per ton (USD 565.19 per ton in Aug 2018). Values in brackets are figures of last month.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 575 (USD 585) per ton for Oct delivery and Nov delivery is quoted at USD 575 per ton. Last month, CIF RBD palmolein Sep average price was USD 574.62 (USD 579.84 in Aug 2018) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 590 (Rs 606) per 10 Kg and Oct delivery duty paid is offered at Rs 590 (Rs 606) per 10 kg. Ready lift RBD palmolein is quoted at Rs 660 (Rs 672) per 10 kg as on Oct 4, 2018. Values in brackets are figures of last month.

- On the parity front, margins fell during the month of September on lower price of palm oil products in Indian markets and we expect margins to remain weak in coming days. Currently refiners fetch USD 15-20/ton (Sep average) v/s gain of USD 65-70/ton (Aug average) margin in processing the imported CPO but on the imports of ready to use palmolein lose USD 35-40/ton (Aug average) v/s gain of USD 30-35 (Aug average).
- We expect palm oil to trade sideways to weak tone in medium term.

Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured firm trend at various markets on firm demand and rise in rapeseed prices. All India arrivals of rapeseed increased in September.
- Rapeseed oil prices traded firm in the month of September in various markets in India on firm demand, firm rapeseed prices.

Demand rose in the month of September on higher buying at lower levels.

Festive demand in East and North India will support rapeseed oil prices in October.

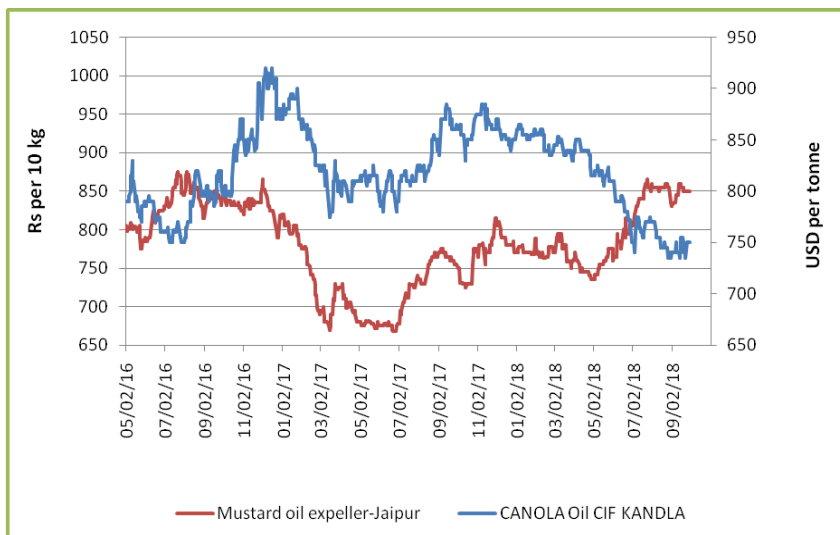
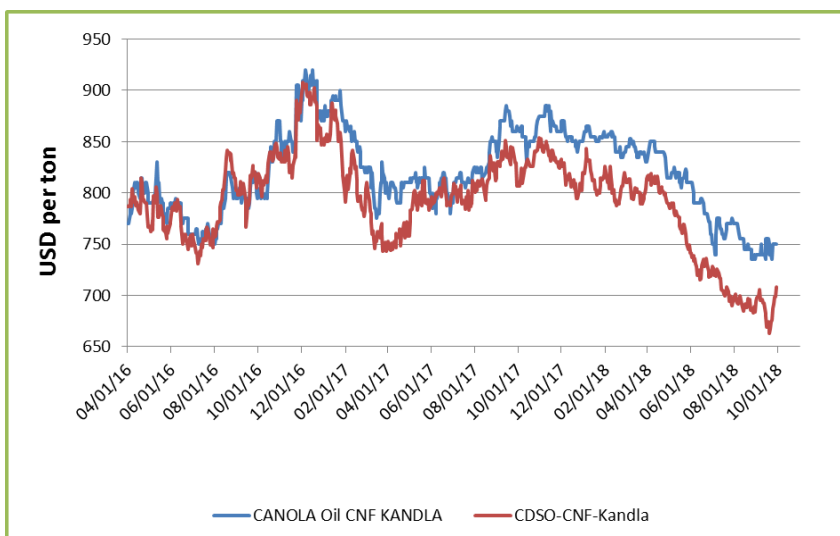
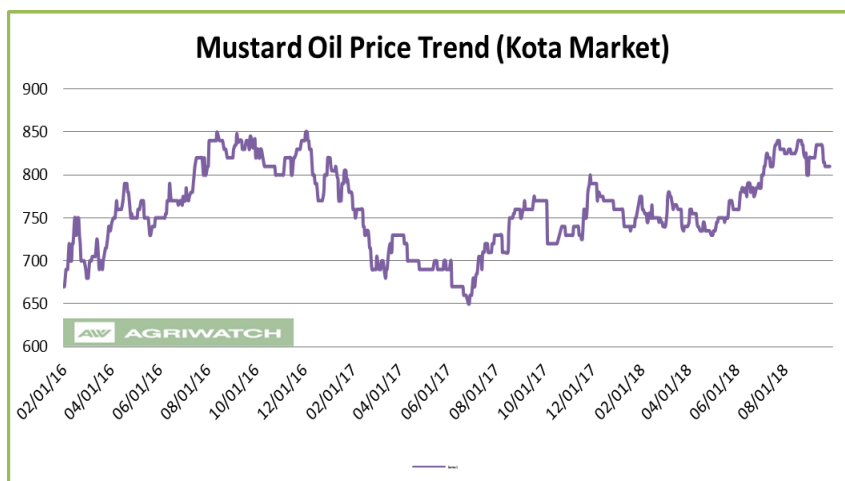
Rapeseed crop in current marketing year is lower than last year. Agriwatch forecasted rapeseed crop at 6.45 MMT compared to last year estimate of 6.8 MMT.

Rapeseed crop in 2018-19 is expected to higher than 2017-18. Weather is conducive for start of sowing of rapeseed.

Lower crop of rapeseed-mustard crop in 2017-18 oil year has decreased supplies of rapeseed oil.

Rise in prices of rapeseed is due to increased crushing of rapeseed on 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 against firm demand.



Demand is firm while the prices are lucrative.

Prices are expected to rise on seasonal uptrend of prices.

High discount of RBD palmolein prices to rapeseed kacchi ghani prices could cap rapeseed oil prices.

High premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market was at Rs 100 (Rs 102) per 10 Kg, will cap rapeseed oil prices in medium term.

Kacchi Ghani and refined soy oil are trading range has increased, which will underpin demand of rapeseed oil.

Premium of canola oil compared to CDSO has decreased to USD 36 (USD 68) 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 CNF markets are closely following soy oil-CNF so fall in soy oil will underpin canola oil in CNF markets which will support canola oil prices.

Low premium of expeller rapeseed oil over soy oil in domestic market was at Rs 80 (Rs 93) 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 190 (Rs 168) per 10 kg will cap rapeseed oil prices.

Crushing has slowed as there is less stocks of rapeseed in the market. NAFED has 8 lakh tons of rapeseed which it has stated that it will liquidate. This might put pressure on prices. 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 rapeseed prices and seasonal uptrend of prices.

- Rapeseed oil import scenario- India imported 0.25 lakh tons of rapeseed (Canola) oil in August 2018 v/s 0.45 lakh tons in August 2017, lower by 44.44 percent y-o-y. In the period (Nov 2017-August 2018) imports were 2.22 lakh tons compared to 2.40 lakh tons in the corresponding period last oil year, lower by 7.5 percent y-o-y.
- CIF Canola oil premium over soybean oil is hovering at USD 35 (USD 36 last month) as on Oct 4, 2018.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 850 (Rs 835) per 10 Kg and at Kota market is quoted around Rs 810 (Rs 800) per 10 kg as on Sep 29, 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 750-900 per 10 Kg.

Sunflower oil: Domestic Market Fundamentals

- Sunflower oil featured firm trend at its benchmark market in Chennai during the month of September on firm demand.
- Sunflower oil prices closed higher in month of September at its benchmark market of Chennai on firm demand.

Sunflower oil prices rose on domestic market despite fall in

international markets indicating firm demand.

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

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

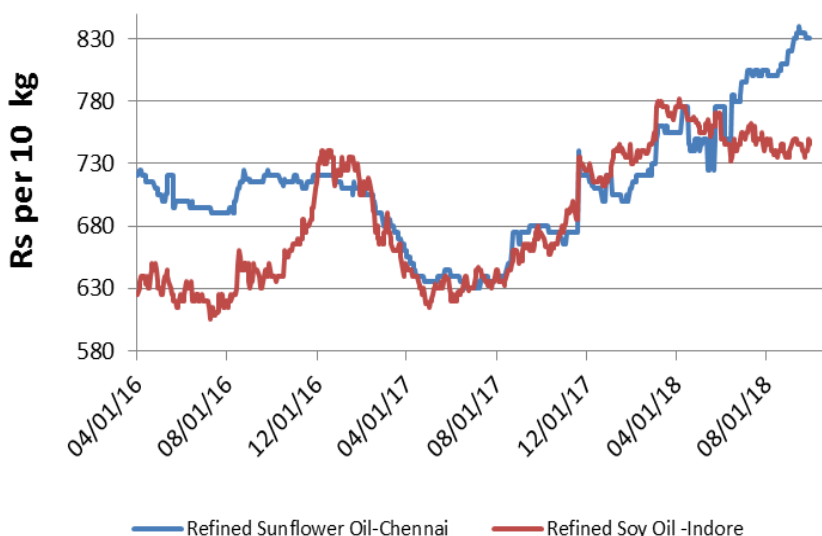
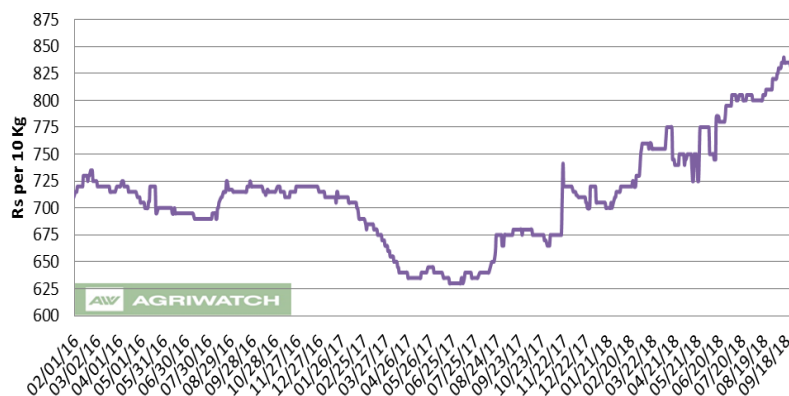
However, there is bargain buying at lower levels as prices have fallen to 9 year low at CNF markets. If prices of sunflower oil at CNF markets continue to remain low then more bargain buying can be seen.

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

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

Supply has improved in markets as imports rose 20 percent in oil

Sunflower Oil Price Trend (Chennai Market)



year 2017-18 (November 2017-Aug 2018) after 43 percent rise in oil year 2016-17 (November 2016-October 2017) 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 rise in coming months due to negative premium of sunflower oil over CDSO. However premium of CSFO over CPO at CNF markets is high and will decrease import demand of sunflower oil.

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

Recent fall in premium of CSFO over CDSO in CNF markets will support prices in medium term. Imports are expected to be higher in Sep as crude sunflower oil CNF premium over

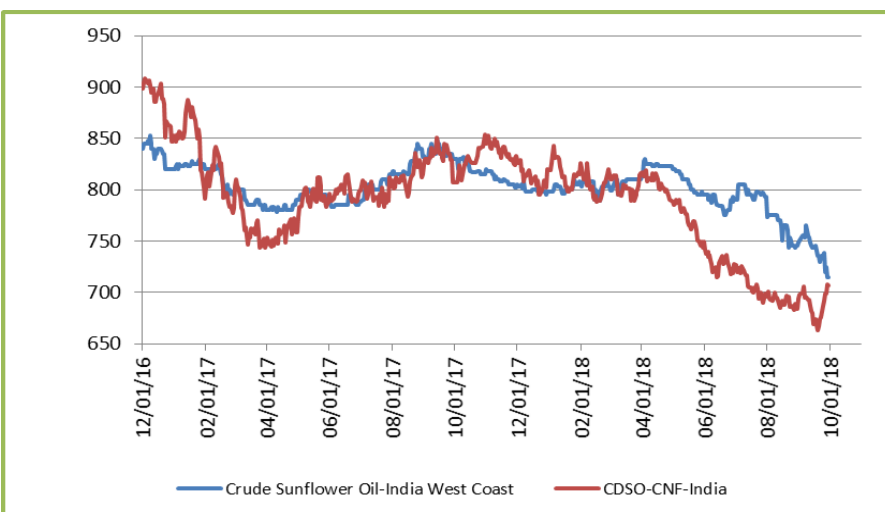
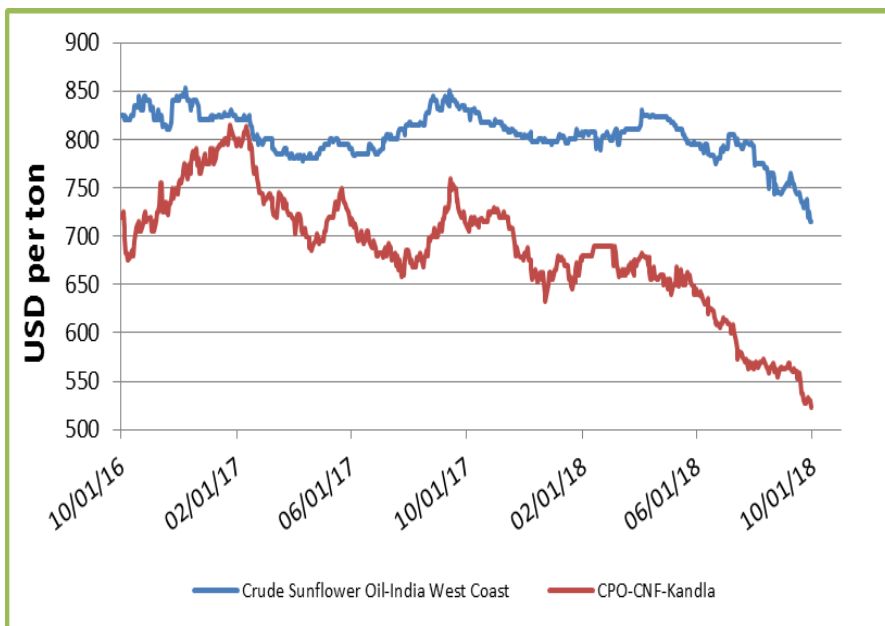
CDSO CNF has decreased. Fifth chart from above shows crude sunflower oil premium over CDSO is decreasing will increase imports and underpin prices.

Second chart from above shows that sunflower oil prices were correlated to soy oil since November 2016. However, prices have diverged in after April due to hike in import duty on sunflower oil and firm demand.

Refiners and stockists are be stocking as sunflower oil premium over soy oil is decreased to USD -5 (USD 31 last month) per ton.

In domestic market sunflower oil premium over soy oil is at Rs 80 (Rs 70) per 10 kg.

Refined sunflower oil premium over RBD palmolein has increased to Rs 170 (Rs 150 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 145 (USD 160) per ton at CNF markets. 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 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 September.

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

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 55.22 percent y-o-y in August to 2.08 lakh tons from 1.33 lakh tons in August 2017. Imports in the period (November 2017-August 2018) are reported higher by 20.34 percent y-o-y at 22.18 lakh tons compared to 18.43 lakh tons in the corresponding period last oil year.
- According to United States Department of Agriculture (USDA) September estimate, India is estimated to import 21.00 lakh tons of sunflower oil in 2018/19 compared to earlier estimate of 20.0 lakh tons. Consumption of sunflower oil in 2018/19 is kept unchanged ta to 22.0 lakh tons. India's import of sunflower in 2017/18 is increased to 24.0 lakh tons compared to 22.0 lakh tons. Consumption of sounflower oil by India in 2017/18 is increased to 26.0 lakh tons from 23.0 lakh tons in its earlier estimate
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 720 (USD 762) per ton for Nov delivery, Dec delivery is quoted at USD 720 (USD 762) per ton and JFM delivery is quoted at USD 725 (USD 745) per ton. CIF sun oil (Ukraine origin) Sep monthly average was at USD 741.38 per ton compared to USD 761.54 per ton in Aug. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 680-760 per ton in the medium term. CIF Sunflower oil-CNF premium against CDSO CNF had decreased last month and is hovering at USD -5 per ton versus USD 31 per ton previous month.
- Currently, refined sunflower oil at Chennai market is offered at Rs 830 (Rs 820) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 805 (Rs 790) per 10 kg as on Oct 4, 2018. Values in brackets are figures of last month.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

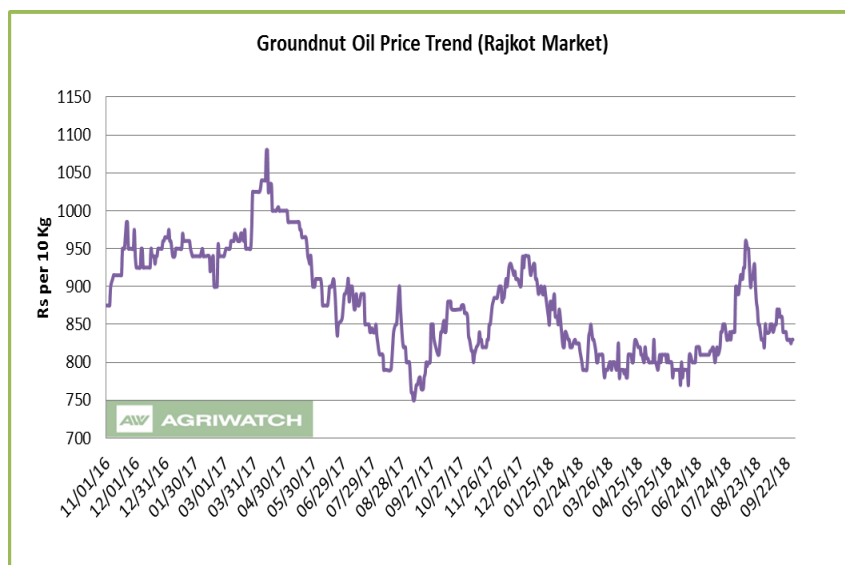
Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 780-860 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured weak trend during the month in review on weak demand.
- Groundnut oil prices fell in September on weak demand.

Groundnut demand weakened in the month of September due to weak retail demand. Retail demand weakened at higher prices.

Due to continuous fall in prices of groundnut oil retail demand fell due to postponement of purchases on expectation of fall in prices.



Prices of groundnut oil fell despite rise in groundnut prices indicating weak demand.

Groundnut sowing is down 1.7 percent compared to corresponding period last year. Fall of sowing in top producing state of Gujarat fell 9.78 percent compared to corresponding period last year.

Groundnut crop in Gujarat are expected to be much lower due to lower yields and lower area.

Lower groundnut crop could lead to higher prices of groundnut oil in coming weeks.

NAFED is disposing Kharif 2017 crop aggressively. At present quality of groundnut is good for crushing.

The pace of disposal of groundnut by Gujarat government has firmed which has led to higher arrivals in the market. Lower volatility in groundnut auction prices has led to higher disposal of groundnut. Lower volatility of auction prices of groundnut was due stable prices of groundnut oil and groundnut DOC prices. NAFED calculates reserve prices on groundnut oil prices, groundnut DOC prices and arrivals. Reserve prices have moderated after sharp rise

NAFED has 4-5 lakh tons of groundnut while farmers less than 1 lakh tons of groundnut. Trade has no stocks of groundnut. Whatever groundnut comes to market goes into crushing.

Whatever groundnut is sold in the market by NAFED is of crushing quality and is 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 lower supply of groundnut.

Groundnut oil demand is firm at lower levels.

Retail demand of groundnut oil arises at lower levels.

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 has improved and groundnut is arriving in mandis are consumed in ready markets.

Groundnut oil prices will rise 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.

Groundnut area in Gujarat is down due to little rains in Gujarat and bad returns on groundnut agriculture. Production of groundnut is expected to fall by more than 20 percent due dry condition for groundnut.

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

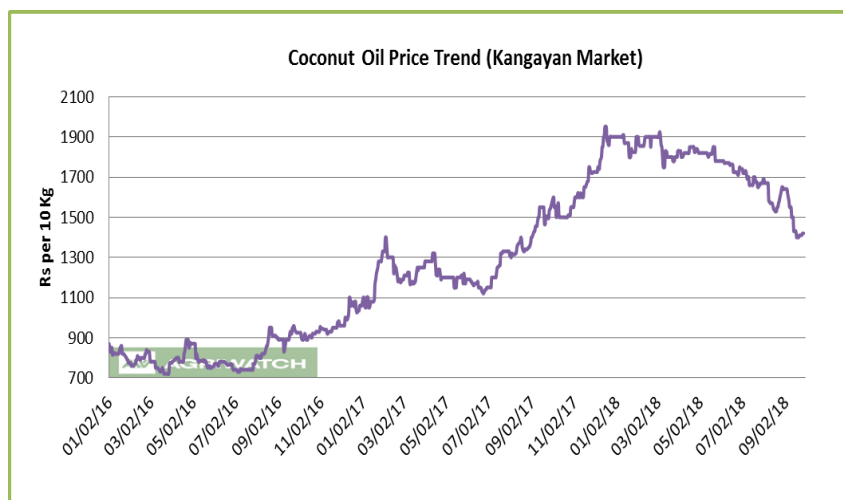
Prices are expected to trade sideways to firm.

- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 8,400 (8,500) per quintal and quoting at Rs 9,000 (Rs 9,200) 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 800-950 per 10 Kg.

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 remained unchanged in Kochi at the end of the month.
- Prices of coconut oil traded weak in the month of September 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.

Fall in palm oil prices supported the fall in coconut oil 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.

Production will increase 10-15% in 2018-19 from initial estimate of 15-20% gain in coconut oil production on account of production loss due to floods in Kerala. Yield will remain higher in Tamil Nadu, Karnataka and Andhra Pradesh compared to 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.

Coconut supplies have improved will lead to higher supply of copra which will increase in production of coconut oil which will underpin 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.

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 rest of 2018.

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

So, coconut prices will show correction in 2018.

More than doubling of prices of coconut oil in 2017-18 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 October 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 16,700 (17,700) per quintal, and quoting Rs 14,250 (16,200) per quintal in Erode market on October 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 1200-1600 per 10 Kg.

International Market Fundamentals

Agriwatch view- Soy oil prices are expected to be underpinned by trade dispute between US and China, 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 talks between US and China failed and no agreement was reached. US has imposed duties on USD 200 billion of Chinese goods and is expected to impose import duties of additional USD 207 billion goods.

Trade dispute between US and China has led to virtually stopping import of soybean from US. China imposed retaliatory tariffs on import of US goods.

Due to trade dispute with China US soybean prices fell sharply compared to Brazil soybean which has led to higher forward export sales of soybean from US in 2018/19 crop. China is unlikely to purchase US soybean despite trade. This will decrease soybean stocks in the country. This will lead to imports of soybean by Brazil from US to tide over tight domestic scenario.

Soybean exports from US is expected to pickup due to fall in prices of soybean due to trade dispute which may prompt major buyers to buy more soybean from US as current prices of US soybean will give crushers big margins.

Soybean crop in Brazil in 2018/19 is increased to 121 MMT from 118 MMT by USDA. 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 75 MMT on higher demand of soybean from China in its August review.

Argentina has reportedly sold soy oil consignment to China indicating that China is hunting for options to replace US soybean imports. 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 to export soy meal.

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.

China imported higher amount of soybean in any August, most of it from Brazil due 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 8.1 MMT of soybean in July y-o-y while soybean imports 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.

China is sitting on record stocks of soybean and soy meal and outbreak of swine flu in China will cut soybean imports in coming months.

China is hunting for soybean alternatives like sun meal from Ukraine, rape meal from Canada, cottonseed meal from India and soy oil from Argentina to stem higher imports of soybean.

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 few months due to trade dispute between US and China and good soybean crop condition, which is expected to reignite demand and support prices.

China is looking to import rapeseed meal, sunflower meal, rapeseed, soy oil and palm oil in higher quantities to tide over tight situation of soybean in the country on no imports of soybean from US.

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.

US dollar has been on a rising spree in Sep due to depreciation of currencies in emerging markets due to weak economic condition in these countries. Emerging markets currencies across board has fallen compared to US dollar. More stress could be seen as US FED intends to increase interest rates in coming months. Strong dollar will decrease investments in risky assets and decreases prices of assets which are dollar denominated. This will decrease soybean complex prices.

- In the weekly USDA crop progress of US soybean report released on 30 September; Soybean dropping leaves are reported at 83% compared to 78% in corresponding period last year and 5-year average at 75%. Soybean harvest has reached 23% compared to 20% in corresponding period last year and 5-year average of 20%. About 68% of the soybean planted crop is under good to excellent condition which is up from 60% during the corresponding period last year.
- According to the data released by China's General Administration of Customs China Imported 9.15 MMT of soybean in August as compared to 8.0 MMT last month, higher by 14.4 percent m-o-m. The imports is up by 8.3 percent compared to August 2017 which was reported at 8.45 MMT million tons as compared to previous year figure in the same time frame. Year to date imports are down 2.1 percent to 62.0 MMT compared to corresponding period last year.
- USDA WASDE Oilseeds Highlights The 2018/19 U.S. season-average soybean price is forecast at \$7.35 to \$9.85 per bushel, down \$0.30 at the midpoint. Soybean meal prices are lowered \$5.00 at the midpoint to \$290 to \$330 per short ton. Soybean oil prices are unchanged at 28.0 to 32.0 cents per pound.

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

International Market Fundamentals

- Palm oil prices are expected to fall on rise in end stocks of palm oil in Malaysia and Indonesia by Nov-Dec, higher than expected production of palm oil in Malaysia and Indonesia, slow rise exports of palm oil from Malaysia and Indonesia, weak demand of palm oil from top importing destinations after onslaught of winter.

Palm oil end stocks in Malaysia and Indonesia are expected to rise due to rise in production of palm oil in and lower disappearance on lower rise in exports of palm oil from both countries

Production of palm oil is expected to rise in Malaysia and Indonesia due to seasonal uptrend of production and higher yields. Production is expected to rise more in Indonesia due to better plant profile compared to Malaysia. Production in Indonesia is expected to surpass 40 MMT in 2018 in Indonesia and 20 MMT in Malaysia. Production in Malaysia rose less in 2018 due to old plant profile, lower use of fertilizers and labor shortage in Malaysia. This surge in production will increase end stocks of palm oil in both countries. Stocks of palm oil in Malaysia are expected to rise above 3 MMT in Malaysia by December while it will be above 5 MMT for Indonesia.

Storage of palm oil is full in Indonesia and production will have to be slowed if demand does not increase.

Exports of palm oil will grow at a slower rate than production. There will be rise in demand in October due to festivals in India, stocking in EU and China before winters and buying at lower quotes. However, demand will slow down after arrival of winters in North Hemisphere.

Exports of palm oil rose 51-55 percent in September, according to cargo surveyors SGS and ITS. Rise in exports is due to higher rate of purchases all major destinations.

Demand of palm oil from China is expected to slow 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 weakened 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.

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

India and China is expected to purchase more as prices are lucrative.

China is importing more soybean 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 4.10 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.

Import demand will remain elevated in October due to demand ahead of festivals. However, demand from India is expected to remain low due to higher inventory at ports and pipelines and depreciation of Rupee.

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 July on higher exports to India. However, despite strong exports, end stocks of palm oil rose in June. Exports of palm oil from Indonesia rose in June due to rise in imports of palm oil by India due to low stocks at ports. However, due to depreciation of Rupee and disparity in imports will discourage imports by India.

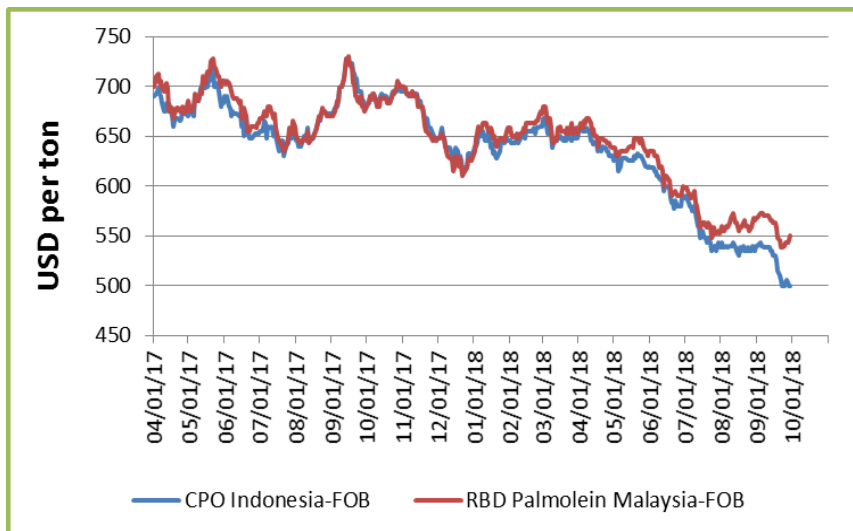
Competitive oils like CBOT soy oil and RBD palmolein DALIAN is expected to underpin palm oil prices. CBOT soy oil is expected to be underpinned by fall in soybean complex prices due to US and China trade dispute and record soybean crop in US will underpin palm oil prices.

Crude oil prices is expected to rise due to imposition of sanction on Iran and cut in OPEC production 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 abolished palm oil export duty for October to decrease rising stocks of palm oil in the country.

Prices are in range.



- According to Malaysia Palm Oil Board (MPOB), Malaysia's August palm oil stocks rose 12.37 percent to 24.89 lakh tons compared to 22.15 lakh tons in July. Production of palm oil in August rose 7.92 percent to 16.22 lakh tons compared to 15.03 lakh tons in July. Exports of palm oil in August fell 8.11 percent to 11.0 lakh tons compared to 11.97 lakh tons in July. Imports of palm oil in August rose 82.13 percent to 0.80 lakh tons compared to 0.44 lakh tons in July. End stocks of palm oil rose more than market estimates. Primary reasons for higher than expected rise in end stocks are due to weaker than expected exports.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's September palm oil exports rose 51.6 percent to 1,628,070 tons compared to 1,073,903 tons last month. Top buyers were European Union 417,567

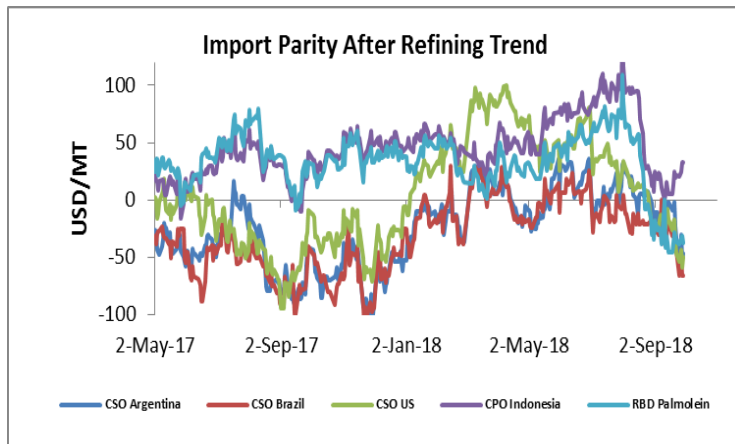
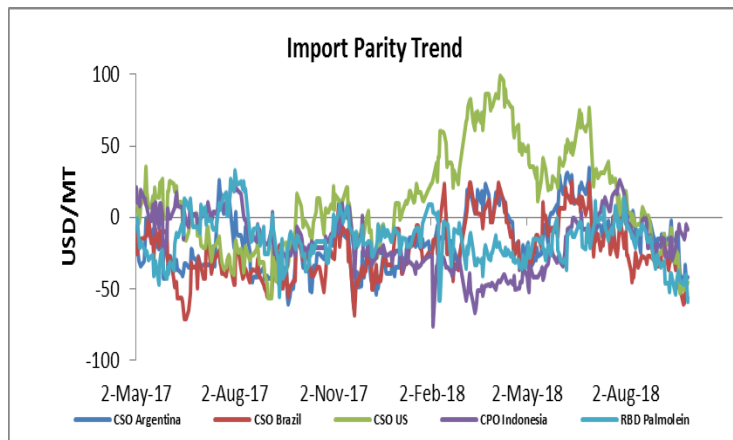
tons (230,596 tons), India & subcontinent 316,255 tons (230,700 tons) and China at 156,600 tons (96,990 tons). Values in brackets are figures of last month.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's September palm oil exports rose 54.6 percent to 1,629,365 tons compared to 1,054,169 tons last month. Top buyers are European Union at 376,486 tons (187,373 tons), India at 220,805 tons (158,700 tons), China at 133,800 tons (117,975 tons), United States at 91,060 tons (68,296 tons) and Pakistan at 32,500 tons (43,000 tons). Values in brackets are figures of last month.
- According to Indonesia Palm Oil Association (GAPKI), Exports of palm oil (CPO and PKO) from Indonesia rose 6.4 percent in August m-o-m to 2.99 MMT from were 2.81 MMT in July 2018. Exports of palm oil (CPO and PKO) rose marginally in August y-o-y to 2.99 MMT from 2.98 MMT in August 2017.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia kept October crude palm oil export duty unchanged at 0.0 percent. Export duty of palm oil is calculated at reference price of 2,150.69 ringgit (\$521.13) 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 Oct unchanged at zero, below threshold prices of USD 750 per ton.

- **Price Outlook:** We expect CPO Kandla 5% to trade in the price band of Rs 550-650 per 10 Kg.

Import Parity Trend

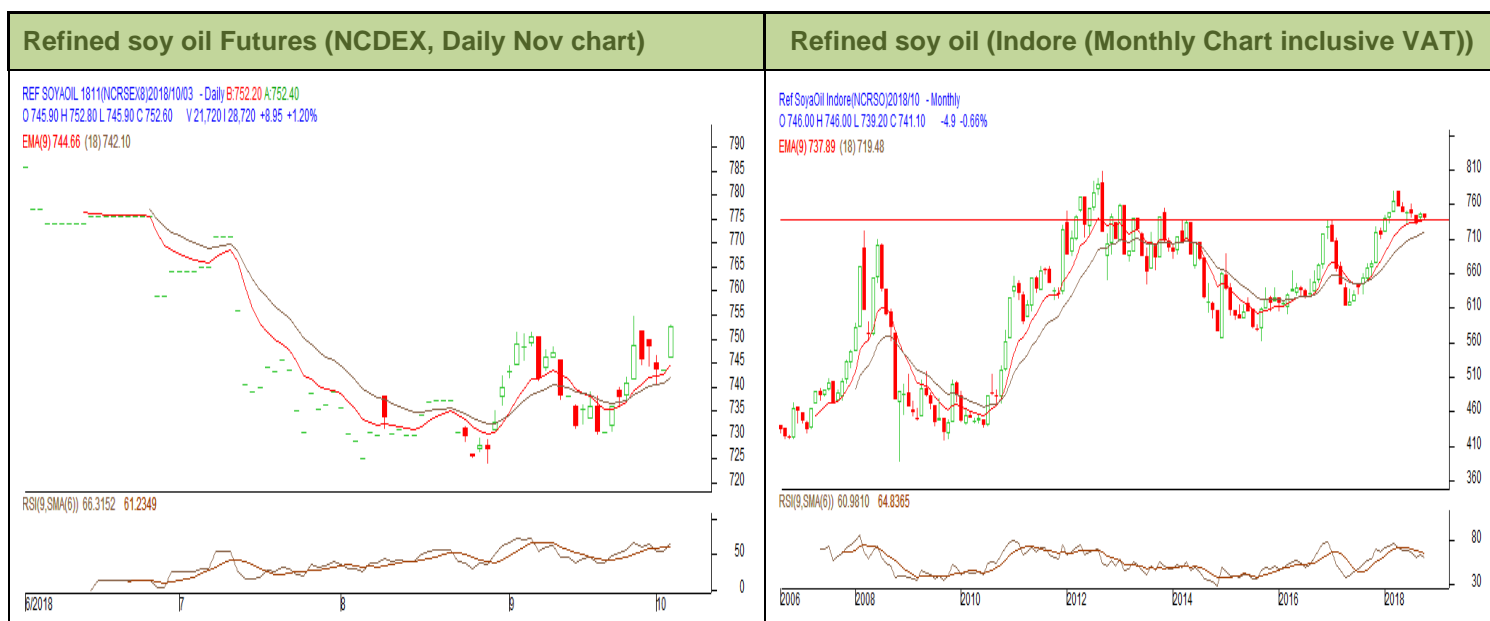


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
July, 2018	2.92	-10.31	33.11	94.05	68.11
Aug, 2018	7.38	-18.86	8.84	66.69	32.82
Sep, 2018	-21.14	-37.51	-28.67	17.97	-34.18

Outlook:-

Import parity for CDSO Argentina and CDSO Brazil has returned to disparity due to rise in prices of soy oil in international market. We expect CDSO import parity to remain in disparity in October due to depreciation of Rupee. Parity in palm oil products will increase import. However, weakened due to depreciation of Rupee which may reduce imports.

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 (Nov contract) on rise.

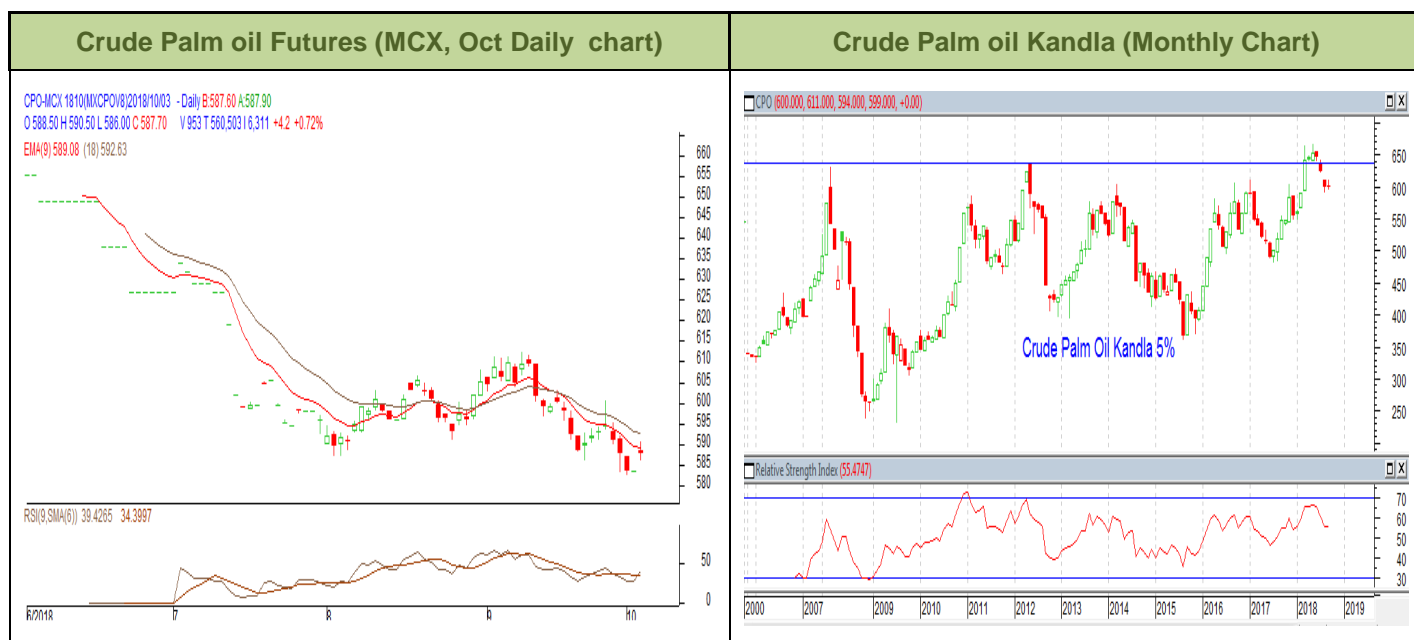
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to weak movement in the coming days.
- Any close below 740 in monthly chart will bring prices to 730 levels.
- Expected price band for next month is 720-780 level in near to medium term. RSI and MACD are indicating 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
710.00	721.00	760.00	756.00	765.00

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 (Oct 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 550-630 level in near to medium term. RSI and MACD are indicating downtrend.

Strategy: Market participants are advised to go short in CPO below 600 for a target of 580 and 575 with a stop loss at 610 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
565.00	580.00	594.00	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
		29-Sep-18	31-Aug-18	
Refined Soybean Oil	Indore	748	735	13
	Indore (Soy Solvent Crude)	712	695	17
	Mumbai	745	750	-5
	Mumbai (Soy Degum)	700	692	8
	Kandla/Mundra	735	720	15
	Kandla/Mundra (Soy Degum)	705	685	20
	Kolkata	750	725	25
	Delhi	780	770	10
	Nagpur	765	748	17
	Rajkot	725	716	9
	Kota	740	730	10
	Hyderabad	775	768	7
	Akola	764	751	13
	Amrawati	763	750	13
	Bundi	750	740	10
	Jalna	759	752	7
	Alwar	Unq	0	-
	Solapur	756	744	12
	Dhule	750	750	Unch
Palm Oil*	Kandla (Crude Palm Oil)	617	629	-12
	Kandla (RBD Palm oil)	656	667	-11
	Kandla RBD Pamolein	688	704	-16
	Kakinada (Crude Palm Oil)	615	607	8
	Kakinada RBD Pamolein	695	690	5
	Haldia Pamolein	711	704	7
	Chennai RBD Pamolein	704	693	11
	Chennai RBD Pamolein (Vitamin A&D Fortified)	779	773	6
	KPT (krishna patnam) Pamolein	693	685	8
	Mumbai RBD Pamolein	719	714	5
	Mangalore RBD Pamolein	716	695	21
	Tuticorin (RBD Palmolein)	714	706	8
	Delhi	735	735	Unch
	Rajkot	688	698	-11
	Hyderabad	715	698	17
	PFAD (Kandla)	389	394	-5
	Refined Palm Stearin (Kandla)	536	541	-5
	Superolien (Kandla)	735	735	Unch

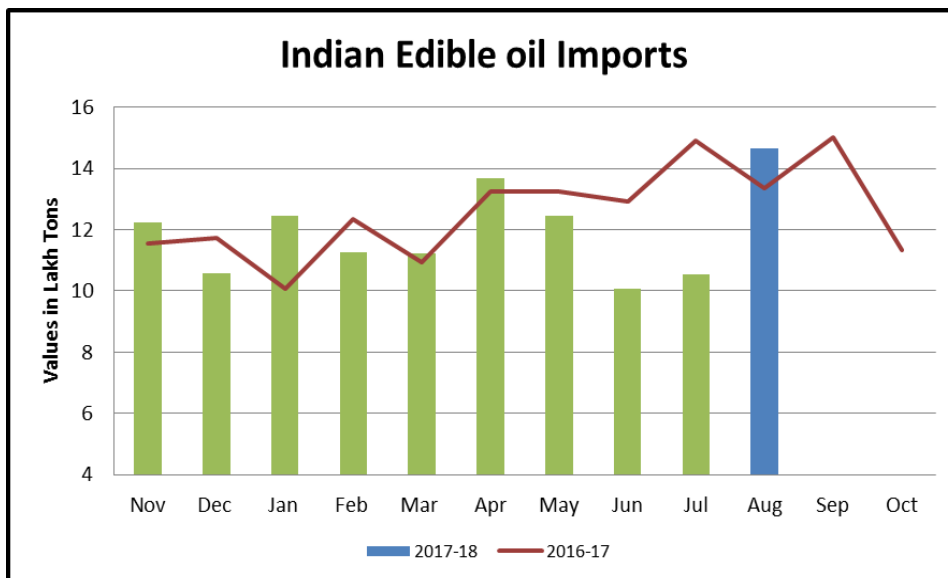


	Superolien (Mumbai)	779	773	6
* inclusive of GST				
Refined Sunflower Oil	Chennai	830	820	10
	Mumbai	820	820	Unch
	Mumbai(Expeller Oil)	780	760	20
	Kandla (Ref.)	805	790	15
	Kandla/Mundra (Crude)	Unq	0	-
	Hyderabad (Ref)	825	810	15
	Latur (Expeller Oil)	790	790	Unch
	Chellakere (Expeller Oil)	800	770	30
	Erode (Expeller Oil)	875	850	25
Groundnut Oil	Rajkot	840	850	-10
	Chennai	900	920	-20
	Delhi	925	925	Unch
	Hyderabad *	940	920	20
	Mumbai	870	890	-20
	Gondal	840	860	-20
	Jamnagar	840	840	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	850	830	20
	Jaipur (Kacchi Ghani Oil)	860	852	8
	Kota (Expeller Oil)	810	800	10
	Kota (Kacchi Ghani Oil)	845	840	5
	Neewai (Expeller Oil)	820	815	5
	Neewai (Kacchi Ghani Oil)	850	838	12
	Bharatpur (Kacchi Ghani Oil)	862	855	7
	Alwar (Expeller Oil)	Unq	0	-
	Alwar (Kacchi Ghani Oil)	Unq	0	-
	Sri-Ganga Nagar(Exp Oil)	825	825	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	845	840	5
	Mumbai (Expeller Oil)	835	840	-5
	Kolkata(Expeller Oil)	980	970	10
	New Delhi (Expeller Oil)	850	850	Unch
	Hapur (Expeller Oil)	900	875	25
	Hapur (Kacchi Ghani Oil)	940	915	25
	Agra (Kacchi Ghani Oil)	867	860	7
Refined Cottonseed Oil	Rajkot	775	795	-20
	Hyderabad	775	790	-15
	Mumbai	800	810	-10
	New Delhi	750	770	-20

Coconut Oil	Kangayan (Crude)	1420	1640	-220
	Cochin	1670	1670	Unch
	Trissur	Unq	0	-
Sesame Oil	New Delhi	1300	1200	100
	Mumbai	Unq	0	-
Kardi	Mumbai	840	850	-10
Rice Bran Oil (40%)	New Delhi	675	670	5
Rice Bran Oil (4%)	Punjab	660	660	Unch
Rice Bran Oil (4%)	Uttar Pradesh	Unq	0	-
Malaysia Palmolein USD/MT	FOB	550	568	-18
	CNF India	553	583	-30
Indonesia CPO USD/MT	FOB	500	540	-40
	CNF India	523	563	-40
RBD Palm oil (Malaysia Origin USD/MT)	FOB	Closed	558	-
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	Closed	550	-
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	Closed	1040	-
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	Closed	483	-
Crude palm Kernel Oil India (USD/MT)	CNF India	Closed	960	-
Ukraine Origin CSFO USD/MT Kandla	CIF	715	748	-33
Rapeseed Oil Rotterdam Euro/MT	FOB	Closed	730	-
Argentina FOB (\$/MT)		28-Sep-18	31-Aug-18	Change
Crude Soybean Oil Ship		662	646	16
Refined Soy Oil (Bulk) Ship		685	669	16
Sunflower Oil Ship		680	705	-25
Cottonseed Oil Ship		642	626	16
Refined Linseed Oil (Bulk) Ship		Unq	0	-
* indicates including GST				

Annexure:

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 Aug is pegged at 14.66 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 03/10/2018	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	666	691	665	508	553
Freight (USD/MT)	47	47	62	25	20.0
C & F	713.0	738.0	727.0	533.0	573.0
Weight loss (0.25% of FOB)	1.67	1.73	1.66	1.27	1.38
Finance charges (0.4% on CNF)	2.85	2.95	2.91	2.13	2.29
Insurance (0.3% of C&F)	2.14	2.21	2.18	1.60	1.72
CIF (Indian Port - Kandla)	720	745	734	538	578
Duty (Values in USD per tons)	269.89	269.89	269.89	265.72	354.62
GST (5% on duty) USD per ton	13.49	13.49	13.49	13.29	17.73
Exchange rate	73.02	73.02	73.02	73.02	73.02
Landed cost without customs duty in INR per ton	52549	54392	53579	39285	42234
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	701	701	701	549	597
Fixed exchange rate by customs department	73.65	73.65	73.65	73.65	73.65
Duty component in INR per ton	19877.03	19877.03	19877.03	19569.98	26117.62
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	73826	75669	74856	60255	69752
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	70700	70700	70700	58600	66000
Total landed cost USD per ton	1011	1036	1025	825	955
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	968	968	968	803	904
Parity INR/MT (Domestic - Landed)	-3126	-4969	-4156	-1655	-3752
Parity USD/MT (Domestic - Landed)	-42.81	-68.05	-56.91	-22.66	-51.38
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	78326.31	80169.15	79355.56	67754.82	72551.91
Soy/Palm oil imported Price (Including tax)	82242.63	84177.61	83323.34	71142.56	76179.50
Loose price of Soy/Palm in Indore and Delhi market	77910.00	77910.00	77910.00	72700.00	72700.00
Parity after processing and Taxes (Rs per MT)	-4332.63	-6267.61	-5413.34	1557.44	-3479.50
Parity after processing and Taxes (USD per MT)	-59.33	-85.83	-74.14	21.33	-47.65
Source: Agriwatch					

Balance Sheets of various edible oils

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.

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.

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.

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.

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 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

International Balance Sheets

Balance Sheet (Annual) - Soy Oil, United States

Fig. in million tons

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Beginning Stocks	0.529	0.841	0.765	0.776	0.978
Production	9.706	9.956	10.035	10.725	10.845
Imports	0.12	0.13	0.145	0.159	0.136
Total Supply	10.355	10.927	10.945	11.66	11.959
Exports	0.914	1.017	1.159	1.111	0.998
Industrial Dom. Cons.	2.286	2.572	2.812	3.175	3.538
Food Use Dom. Cons.	6.314	6.573	6.198	6.396	6.441
Domestic Consumption	8.6	9.145	9.01	9.571	9.979
Ending Stocks	0.841	0.765	0.776	0.978	0.982

Source: USDA

Balance Sheet (Annual) - Soybean, United States
Fig. in million tons

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Beginning Stocks	2.504	5.188	5.354	8.208	10.738
Production	106.878	106.857	116.92	119.518	127.726
Imports	0.904	0.641	0.606	0.599	0.68
Total Supply	110.286	112.686	122.88	128.325	139.144
Exports	50.136	52.87	58.96	57.969	56.064
Crush	50.975	51.335	51.742	55.928	56.336
Domestic Consumption	54.962	54.462	55.712	59.618	60.082
Ending Stocks	5.188	5.354	8.208	10.738	22.998
Yield (MT/HA)	3.2	3.23	3.49	3.3	3.55

Source: USDA

Balance Sheet (Annual) - Soybean, Brazil
Fig. in million tons

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Beginning Stocks	15.82	19.078	18.558	26.462	23
Production	97.2	96.5	114.6	119.5	120.5
Imports	0.305	0.41	0.252	0.185	0.35
Total Supply	113.325	115.988	133.41	146.147	143.85
Exports	50.612	54.383	63.137	76.7	75
Crush	40.435	39.747	40.411	43	42.7
Domestic Consumption	43.635	43.047	43.811	46.447	46.2
Ending Stocks	19.078	18.558	26.462	23	22.65
Yield (MT/HA)	3.03	2.9	3.38	3.41	3.21

Source: USDA

Balance Sheet (Annual) - Soybean, Argentina
Fig. in million tons

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Beginning Stocks	25.271	31.75	33.65	35.47	32.67
Production	61.45	58.8	55	37.8	57
Imports	0.002	0.676	1.674	3.9	2.22
Total Supply	86.723	91.226	90.324	77.17	91.89
Exports	10.575	9.922	7.026	2.1	8
Crush	40.235	43.267	43.303	37.7	43
Domestic Consumption	44.398	47.654	47.828	42.4	47.92
Ending Stocks	31.75	33.65	35.47	32.67	35.97
Yield (MT/HA)	3.18	3.04	3.17	2.32	3

Source: USDA



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> 2018 Indian Agribusiness Systems Ltd.