

# Veg. Oil Weekly Research Report

## Contents

- ❖ Executive Summary
- ❖ Recommendations
- ❖ AW Edible Oils Index
- ❖ International Veg. Oil Market Summary
- ❖ Domestic Market Fundamentals
- ❖ Technical Analysis (Spot Market)
- ❖ Technical Analysis (Futures Market)
- ❖ Veg. Oil Prices at Key Spot Markets

## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

*Edible oil witnessed weak sentiment during the week on losses in CBOT soy oil and BMD CPO. Sunflower oil prices closed higher while soy oil closed unchanged. Palm oil, rapeseed oil, groundnut oil and coconut oil closed lower.*

*On the currency front, Indian rupee against USD closed at 66.76, up 21 paisa compared to the previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices. Rupee is expected to appreciate and crude oil prices will rise.*

*We expect edible oil complex to trade sideways to firm tone in anticipation of firm demand. High stocks at port and in pipelines may underpin prices.*

### **Recommendation:**

*Weekly Call - : Market participants are advised to go long in RSO above 650 levels for a target of 665 and 670 with a stop loss at 640 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 600-680 per 10 Kg in the near term.*

*Market participants are advised to go long in CPO above 540 for a target of 555 and 560 with a stop loss at 530 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 530-580 per 10 Kg in the near term.*

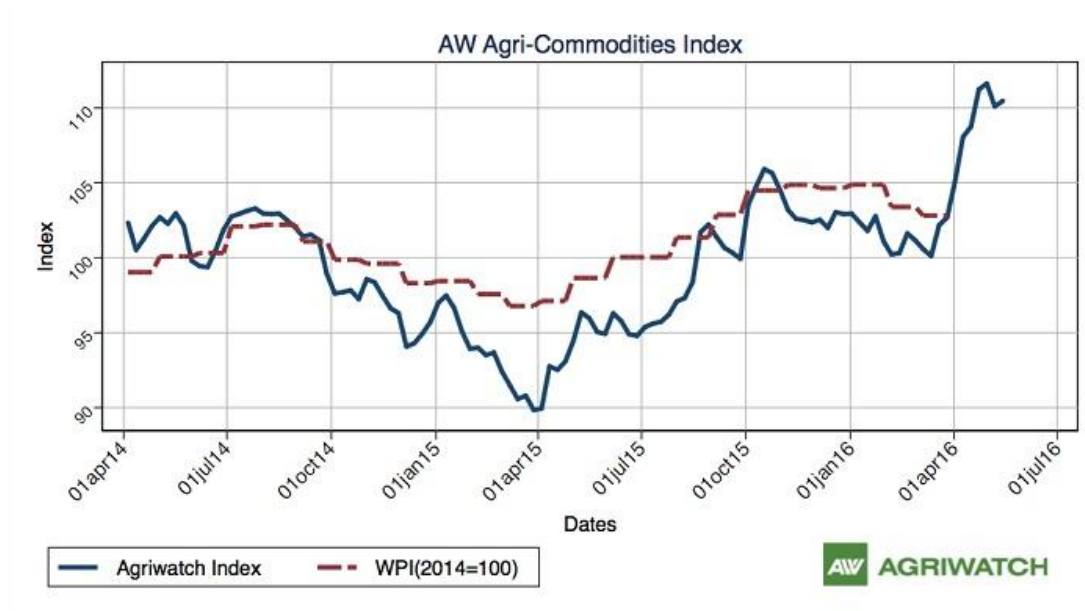
### **International Veg. Oil Market Summary**

*According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's May 1-10 palm oil exports rose 32.3 percent to 404,248 tons from 305,483 tons in corresponding period last month. Top buyers were India at 102,680 tons (30,000 tons), European Union at 69,035 tons (38,950 tons), Pakistan at 39,000 tons (16,500 tons), China at 30,150 tons (53,618 tons) and United States at 12,295 tons (6,960 tons). Values in brackets are figures of corresponding period last month.*

*On the international front, strong export demand of soybean from US, bad soybean crop prospect in South America, strong Chinese soybean demand from United States and strong crude oil prices are bullish for the soy complex in the coming days.*

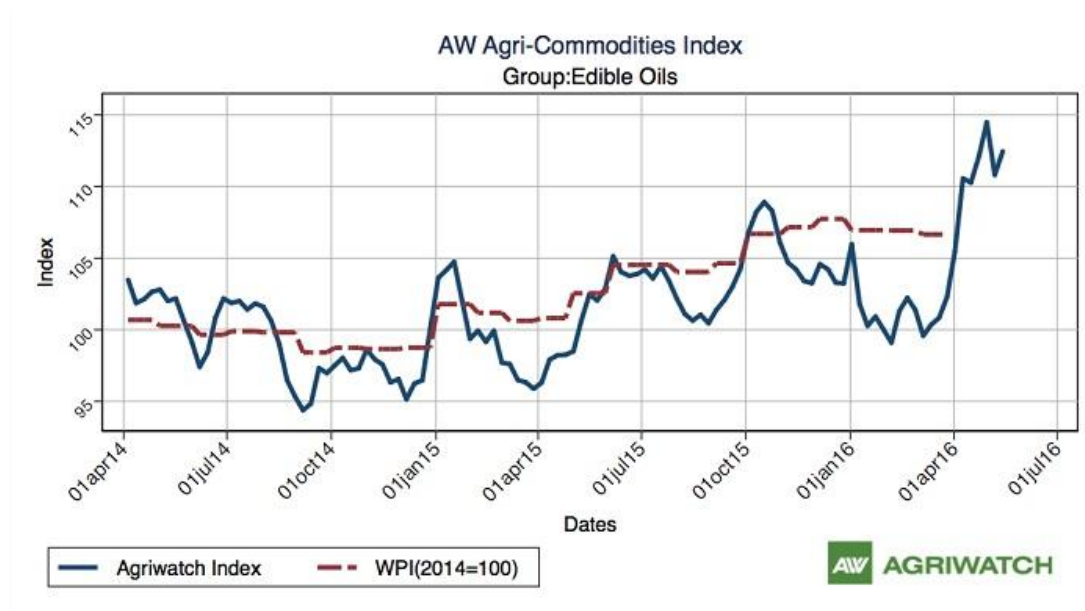
*Firm palm oil exports, demand ahead of Ramadan and from India, weak Ringgit, will support CPO prices in near term. China's commodity market turmoil may underpin prices in near term.*

### Agriwatch Index



- The Agriwatch Agri Commodities Index edged up 0.33% to 110.46 during the week ended May 14, 2016 from 110.10 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100). Gains in Edible Oils, Fibres and Oilseeds were partially offset by declines in Spices and Cereals.

### Agriwatch edible oil index



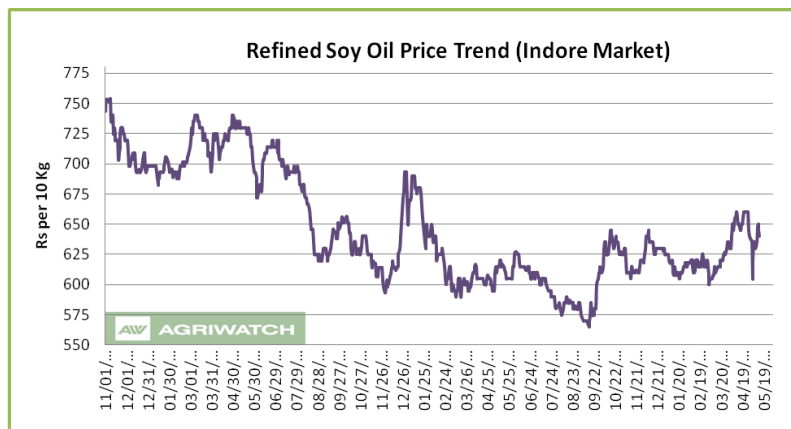
- Agriwatch edible oil index rose 1.48 percent last week.

"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website [www.agriwatch.com](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

## Soy oil Fundamental Analysis and Outlook:-

### Domestic Front

- Soy oil featured sideways trend at its benchmark market in Indore during the week in review on firm demand and higher supply. Prices were higher in Mumbai, Kolkata and Kandla/Mudra at the end of the week. CDSO prices closed higher at Kandla/Mudra and JNPT at the end of the week.
- Agriwatch View- Soy oil prices witnessed sideways trend during the week on firm demand and higher supply. Prices of soy oil expected to be firm on low premium of soy oil over palm oil Rs 85 (Rs 75 last week) per 10 Kg. Weak refining margin may slow imports. Imports of soy oil surged in April which will increase stocks at ports and pipelines and underpin prices. In USD terms, premium of soy oil over palm oil was USD 70 (USD 53 last week) which will increase imports. Rise in prices of rapeseed oil will help prices. Seasonal uptrend will support prices. Prices of soy oil are expected to be firm in near term.
- Soybean oil import scenario – According to SEA India imported 3.48 lakh tons of soybean oil in April 2016 v/s 1.87 lakh tons in April 2015, up 86 percent y-o-y. In the oil year 2015-16 (November 2015-April 2016) imports of soy oil is reported at 22.39 lakh tons v/s 10.63 lakh tons in corresponding period last oil year, higher by 106 percent y-o-y. In the period November 2015-April 2016, share of soft oil in imports has risen from 34 percent to 42 percent.
- India imported 12.30 lakh tons of edible oil in April 2016 compared to 10.98 lakh tons in April 2015, higher by 12 percent y-o-y. Palm oil imports rose marginally to 7.30 lakh tons in April compared to 7.25 lakh tons in April 2015. CPO imports slowed to 3.92 lakh tons in April compared to 5.31 lakh tons in April 2015, lower by 35.5 percent y-o-y. RBD palmolein imports surged to 3.26 lakh tons from 1.88 lakh tons in April 2015, higher by 73.4 percent y-o-y. Soy oil again registered robust imports of 3.48 lakh tons in April compared to 1.89 lakh tons of imports in April 2015, higher by 84 percent y-o-y. Sunflower oil imports slowed to 1.01 lakh tons in April compared to 1.52 lakh tons in April 2015, lower by 50.5 percent y-o-y. Rapeseed (Canola) oil imports in April were 0.51 lakh tons compared to 0.34 lakh tons in April 2015, higher by 50 percent y-o-y: SEA
- India's edible oil stocks at ports and in pipelines rose 5.63 percent m-o-m to 24.40 lakh tons in April compared to 23.10 lakh tons in March. Stocks at ports on 1<sup>st</sup> May 2016 is reported at 9.4 lakh tons (CPO 260,000 tons, RBD Palmolein 220,000 tons, Degummed Soybean Oil 330,000 tons, Crude Sunflower Oil 90,000 tons and 40,000 tons of Rapeseed (Canola) Oil) and about 1,500,000 tons in pipelines. India's stocks at ports at pipelines of 24.40 lakh tons is estimated at 44 days of use at the end of April compared to 42 days of stocks at the end of March. India monthly use is 16.5 lakh tons for 30 days.
- India's imports of soy oil in 2016/17 are expected to fall by 12.1 percent to 3.3 MMT from 3.7 MMT in 2015/16. Lower imports of soy oil are due to higher crop of soybean in 2016/17. Consumption is expected to rise by 3.16 percent to 4.9 MMT in 2016/17 from 4.75 MMT in 2015/16: USDA



- According to United States Department of Agriculture (USDA), India is expected to produce 11.7 MMT of soybean 2016/17 from 7.380 MMT in 2015/16, higher by 58 percent y-o-y. Higher production is based on normal yields. Yield is estimated at 0.97 tons per hectare, higher by 50 percent from last year and higher by 5.00 percent from 5-Year average. Harvest area is estimated at 12.00 million hectares, higher by 5.3 percent compared to last year.
- Imported crude soy oil CIF at West coast port is offered at USD 775 (USD 768) per ton for May delivery. JJ delivery is offered at USD 775 (USD 775) per ton as on May 13, 2016. Last month, CIF CDSO April average price was USD 790.16 per ton.
- On the parity front, margins were at disparity during the week and we expect disparity in margins in coming days. Currently refiners lose USD 60-65/ton v/s loss of USD 35-40/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to firm in the coming days.

### International Front

- Agriwatch view – Soy oil share in soybean crush in US has reached a low of 31 percent, which will support soy oil prices on spreading with soy meal. Planting of soybean in US has increased pace with sowing reaching above 5-year average. Soybean crop in 2016/17 will be above expectation and July area report may be revised on higher soybean/ corn ratio.

Soy oil stocks of US are estimated to be lower in 2016/17 on higher use in biodiesel, food, feed and other industrial use despite higher production, according to USDA.

Soy oil production in US is expected to be higher in April on higher soybean crush.

USDA cut Brazil's soybean crop by 1.00 MMT to 99 MMT in its May estimate. The drop in production is due to dryness in key producing State of Mato Grosso.

USDA cut soybean crop of Argentina to 56.5 MMT from 59 MMT due to losses on 19 days of rainfall in April. Argentina government has reduced soybean crop below USDA estimates raising expectation of further cuts. Harvesting is only complete in 24 percent area compared to 60 percent in the corresponding period last year. US will benefit from loss in Argentina with buyers moving to the country.

China's demand prospects of soybean will support prices of soy oil in near term.

Soy oil demand will increase from top importing destination on lower soy oil premium over palm oil.

Strength in crude oil prices will support prices in near term.

Prices of soy oil are in a range with upward bias.

- According to United States Department of Agriculture (USDA), U.S. 2016/17 soy oil end stocks are estimated to fall by 16.3 percent to 2,025 million lbs from 2,355 million lbs in 2015/16. Production of soy oil in 2016/17 is estimated at 22,120 million lbs v/s 21,900 million lbs, up by 1.00 percent y-o-y. Imports in 2016/17 are estimated to fall to 250 million lbs from 300 million lbs. Biodiesel use in 2016/17 is estimated at 5,800 million lbs v/s 5,500 million lbs in 2015/16. Food, feed and other industrial use in 2016/17 is estimated at 14,500 million lbs v/s 14,100 million lbs in 2015/16. Exports in 2016/17 are estimated at 2,400 million lbs v/s 2,100 million lbs. Average prices range is increased from 30 cents/lbs in 2015/16 to a range of 30.50-33.50 cents/lbs in 2016/17.

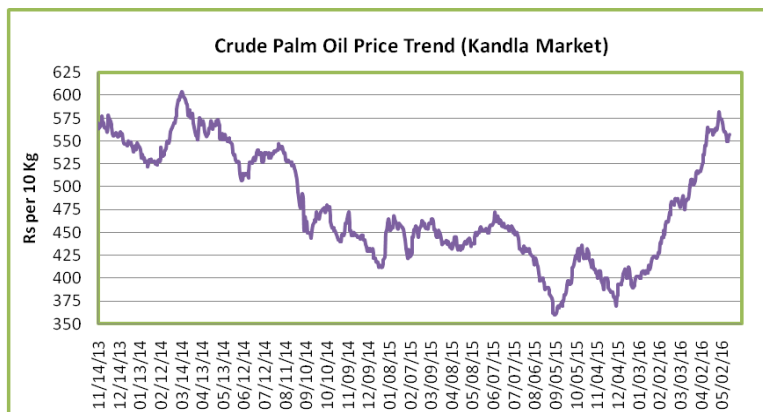
- According to United States Department of Agriculture (USDA), U.S. soybean sowing rose to 23 percent planted in the week ending 8 May, 2016 which is above 5-year average of 16 percent and last week figure of 8 percent. Planting was 26 percent complete in the corresponding period last year.
- According to The National Oilseed Processors Association (NOPA), soy oil stocks in US at the end of March rose by 3.7 percent m-o-m to 1.858 billion lbs compared to 1.792 billion lbs in February 2016. March stock position reported at 1.858 million lbs was higher by 31 percent from March 2015. Production of soy oil in March rose by 7.7 percent m-o-m to 1.840 billion lbs from 1.708 billion lbs. Production in March was higher by 1.00 percent from March 2015 which was reported at 1.822 billion lbs. Higher production in March was due to higher crush of soybean. Soybean processors crushed 156.69 million bushels in March compared to 146.18 million bushels, higher by 7.5 percent. Crush in March 2015 were 162.82 million bushels. Crush in March was second biggest in record.
- According to Energy Administration Agency (EIA), US February biodiesel production was unchanged at 105 million gallons. Soy oil was the largest feedstock with 395 million lbs used in February compared to 392 million lbs used in January, 51 percent of the total biodiesel use.
- According to China's General Administration of Customs (CGNOIC), China's imports of edible vegetable oil fell 23.1 percent to 4 LT compared to 5.2 LT in April 2015. Imports fell by 23.1 percent from March 2016 and were higher by 17.3 percent year to date.
- USDA WASDE Oilseeds Highlights: The 2016/17 U.S. season-average soybean price range is forecast at \$8.35 to \$9.85 per bushel compared with \$8.85 per bushel in 2015/16. Soybean meal prices are forecast at \$300 to \$340 per short ton, compared with \$310 per ton for 2015/16. Soybean oil prices are forecast at 30.5 to 33.5 cents per pound compared with 30.0 cents for 2015/16.

**Price Outlook:** We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 600-680 per 10 Kg in the near term.

## Palm oil Fundamental Analysis and Outlook -:

### Domestic Front

- Crude palm oil at Kandla featured downtrend in its benchmark market on weak demand. CPO prices in Kakinada were higher at the end of the week.



- Agriwatch View – Low soy oil premium over palm oil, which is hovering at USD 70 (USD 53 last week) per ton may bring down palm oil prices. Positive refining margins may increase imports. Prices are expected to be

weak on weak demand and spillover of lower international markets. In first six months of oil year 2015-16 RBD palmolein imports has registered a increase of 168 percent y-o-y. Primary reason of higher imports is low duty differential between import duty of crude and refined edible oils. At present, the difference is 7.5 percent while industry is asking government to increase the differential to 15 percent. Imported RBD palmolein is arriving at rate of CPO. Processed oil is available at rate of raw material. Edible oil industry is reeling due to this. Higher import of RBD palmolein has increased disparity on high seas. Lower imports of crude palm oil (CPO) will decrease stocks at ports and pipelines. Latest data on stocks at ports show gains of CPO stocks, which will not support prices in near term. CNF RBD palmoilein and CNF CPO prices are almost at same levels. This will decrease import of CPO and reduce port and pipelines stocks of CPO. Prices will decline on seasonal downtrend of prices, falling margins and increase stocks at ports and pipelines. Prices are expected to be sideways to weak in near term.

- Palm oil import scenario – According to SEA, India imported 7.30 lakh tons of palm oil in April 2016 v/s 7.25 lakh tons in April 2015, up marginally y-o-y. CPO imports slowed to 3.92 lakh tons in April compared to 5.31 lakh tons in April 2015, lower by 35.5 percent y-o-y. RBD palmolein imports surged to 3.26 lakh tons from 1.88 lakh tons in April 2015, higher by 73.4 percent y-o-y. In the oil year 2015-16 (November 2015-April 2016) imports of palm oil is reported at 43.32 lakh tons v/s 42.11 lakh tons in corresponding period last oil year, higher by 2.9 percent y-o-y. RBD palmolein reported sharp rise at 13.23 lakh tons (November 2015-April 2016) v/s 4.93 lakh tons in corresponding period of oil year 2014-15, rise of 168 percent y-o-y. Crude palm imports in the period (November 2015-April 2016) fell to 29.53 lakh tons from 36.43 lakh tons in the corresponding period last oil year, fall of 23.36 percent y-o-y. In the period November 2015-April 2016, share of palm product imports fell to 58 percent from 66 percent in the corresponding period last oil year.
- India is estimated to import 10.25 MMT of palm oil in 2016/17 compared to 9.5 MMT in 2015/16, higher by 7.89 percent y-o-y. Consumption of palm oil is estimated to increase to 9.8 MMT in 2016/17 from 9.2 MMT in 2015/16, higher by 6.5 percent y-o-y: USDA
- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 705 (USD 715) per ton for May delivery and June delivery quoted at USD 705 (USD 715) per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 707.5 (USD 717.5) per ton for May delivery and June delivery offered at USD 777.5 (USD 717.5) per ton. Ready lift CPO duty paid prices quoted at Rs 550 (Rs 555) per 10 Kg and May



delivery duty paid offered at Rs 550 (Rs 555) per 10 Kg per 10 kg on May 13, 2016. Values in bracket depict last week quotes.

- On the parity front, margins weakened during this week due to rise in prices of palm oil products. Currently refiners get USD 10-15/ton v/s negative margin of USD 50-55/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetches USD 5-10/ton v/s loss of USD 30-35/ton (last month) parity.
- We expect palm oil to trade sideways to higher in the days ahead.

### **International Front**

- Agriwatch View – Palm oil stocks fell more than estimated in Malaysia in April on higher domestic use and lower imports. Production grew in April in single digits after double digits growth in March. New crop of palm is expected to be higher in Malaysia and Indonesia. However, stocks of palm may drop in Malaysia in May on seasonal uptrend of exports, buying at lower quotes, stocking ahead of Ramadan and wedding season in India. Depreciation of Ringgit will support prices.

China debt fuelled commodities markets may adversely affect commodities prices in near term as Chinese government acts to curb speculation. Heavy speculation in commodities in China has caused this situation. Palm oil fundamentals are not as weak as markets are behaving.

Soy oil premium over palm oil has come down which will slow down palm oil exports to top exporting destinations.

Low differential between Malaysia's RBD palmolein and Indonesia CPO will limit losses in palm oil prices. Aggressive pricing by Malaysian refiners is expected to attract major buyers to shift from Indonesia in near term. However, China commodity market turmoil could fan further trouble for markets.

Prices are in range.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's April 2016 palm oil end stocks fell 4.33 percent to 18.00 lakh tons v/s 18.86 lakh tons in March 2016. End stocks of palm are below the market expectation of 18.2 Lakh tons. Production rose by 6.70 percent in April to 13.01 lakh tons from 12.19 lakh tons in March. Exports fell 12.82 percent in April to 11.64 lakh tons from 13.36 lakh tons in March. Imports in April fell 35.04 percent to 0.42 lakh tons v/s 0.74 lakh tons in March.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's May 1-10 palm oil exports rose 32.3 percent to 404,248 tons from 305,483 tons in corresponding period last month. Top buyers were India at 102,680 tons (30,000 tons), European Union at 69,035 tons (38,950 tons), Pakistan at 39,000 tons (16,500 tons), China at 30,150 tons (53,618 tons) and United States at 12,295 tons (6,960 tons). Values in brackets are figures of corresponding period last month.
- Weather Outlook: According to CRF, rains are expected to return to Southeast Asia in second half of May, which will benefit palm producing areas of Malaysia and Indonesia. Weakening of El Nino will result in better weather for palm. El Nino has reduced production of palm oil in both Malaysia and Indonesia pushing stocks of palm oil to 14-month low in Malaysia, according to MPOB.

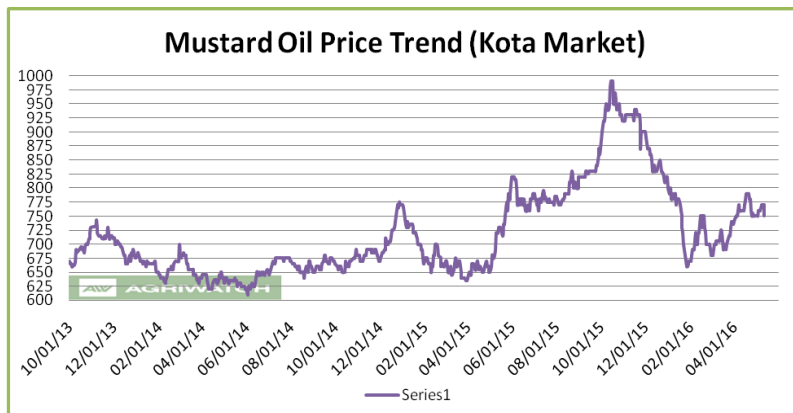
**Price Outlook:** We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 530-580 per 10 Kg in the near term.



## Rapeseed oil Fundamental Review and Analysis:-

### Domestic Front

- Mustard oil prices featured downtrend at its benchmark market Kota at the end of the week on weak demand.
- Agriwatch view: Prices of rapeseed oil expeller were down in Kota, Hapur, Ganganagar and Mumbai while it increased in Neewai and Alwar. Prices were unchanged in Jaipur. Kacchi ghani prices were up in Jaipur and Agra, Bharatpur, Hapur, Alwar while



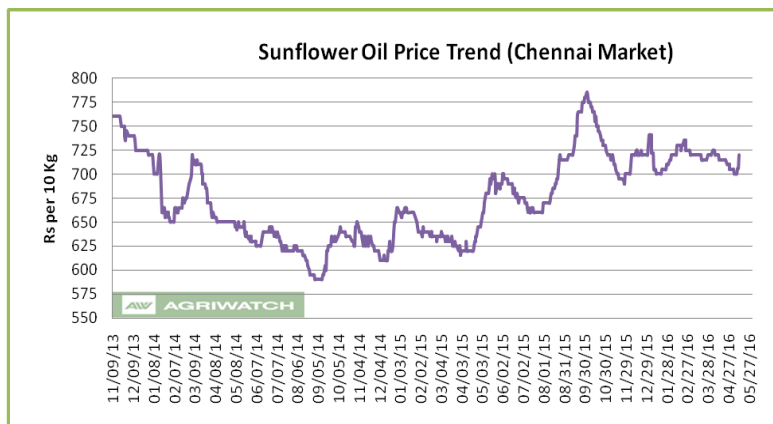
- unchanged in Kota and Ganganagar. Newai prices were down at the end of week. Spillover from fall in prices of palm oil and soy oil and higher imports of rapeseed (canola) oil led to the decline. Fall in prices of rapeseed supported decline. Stockists are stocking ahead of seasonal uptrend in prices and buying at lower quotes. Shift of price momentum will support rapeseed oil in near term. Removal of stock limit in Rajasthan on rapeseed oil will support prices. According to Agriwatch estimates India's 2015/16 rapeseed-mustard production is around 5.8 million tons. Markets are expected to trade sideways to firm tone in coming days.
- Preliminary data available with Agriwatch show higher rapeseed (canola) oil imports from Kandla in the month of April.
- India imported 0.51 lakh tons of rapeseed (Canola) oil in April 2016 v/s 0.34 lakh tons in April 2015, higher by 50 percent y-o-y. For oil year 2015-2016 (November 2015 – April 2016) India imported 1.53 lakh tons rapeseed (canola) oil v/s 2.01 lakh tons in corresponding period in the oil year 2014-15, lower by 31.4 percent y-o-y: SEA
- CIF canola premium over soybean oil is USD 20 (USD 27 last week) per ton as on 6 May 2016. Low premium of canola over soybean oil may increase imports of canola.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 801 (Rs 801) per 10 Kg, and at Kota market, it is offered at Rs 750 (Rs 760) per 10 kg as on May 13, 2016. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 720-800 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

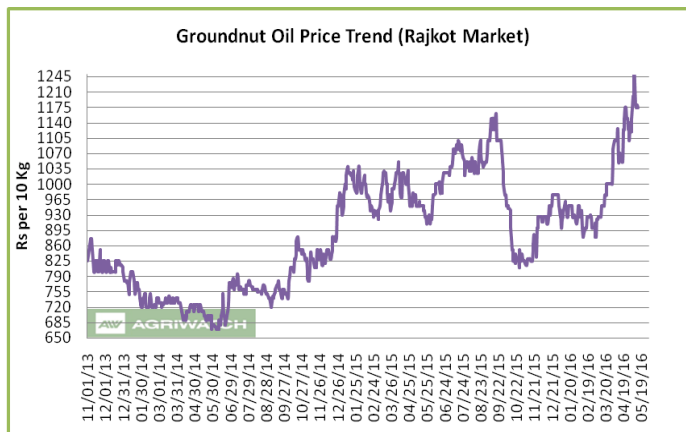
- Sunflower oil prices trades higher during the week at its benchmark market in Chennai on firm demand and spillover of higher international sunflower oil prices.
- Agriwatch view: Prices of sunflower oil rose in Chennai and Hyderabad on firm demand while prices in Kakinada were lower at the end of week. Demand has risen at lower quotes, seasonal uptrend in prices and spillover of rise in sunflower oil prices in international markets. Supply is adequate as refiners are unloading their produce. Refiners have been purchasing crude sunflower oil from international markets and the trend is expected to continue as the premium of sunflower oil over soybean oil has weakened around USD 100/ton. Currently sunflower oil premium over soy oil is at USD 110 (USD 95 last week) per ton. Imports decreased in April on moderate demand from refiners as they have adequate stocks of sunflower oil. Imports of sunflower oil were low in April while stocks at ports and pipelines decreased. Supply increased in the market on supplies from refiners. Prices are expected to trade sideways to firm on firm demand and seasonal uptrend of price.
- Sunflower oil import scenario – According to SEA, India imported 1.01 lakh tons of crude sunflower oil during April 2016 v/s 1.52 lakh tons in April 2015, down by 50 percent y-o-y. Imports during oil year 2015-16 (November 2015 –April 2016) were reported at 7.70 lakh tons v/s 8.79 lakh tons during the corresponding period in last oil year, down by 14.2 percent y-o-y.
- India's 2016/17 imports of sunflower oil imports are expected to rise by 16.13 percent to 1.8 MMT from 1.55 MMT in 2015/16. Consumption in 2016/17 is expected to rise by 9.7 percent to 1.92 MMT from 1.75 MMT. Higher imports of sunflower oil are due to record sunflower oil production in Ukraine from where more than 90 percent of sunflower oil is imported: USDA
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 885 (USD 870) per ton for JJAS delivery, OND delivery is quoted at USD 850 per ton. CIF sun oil (Ukraine origin) April monthly average was around USD 866.88 per ton. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 840-940 per ton in the near term. CIF Sunflower oil premium over soybean oil increased from last week and is hovering at USD 110 (USD 95 last week) per ton for JJ delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 720 (Rs 700) per 10 Kg, and at Hyderabad market, it is offered at Rs 722 (Rs 717) per 10 kg as on May 13, 2016. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.



**Price Outlook:** Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 690-760 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices featured downtrend in Rajkot on weak demand. Prices in Chennai and Hyderabad ended higher at the end of week. Prices in Mumbai, and Gondal were unchanged while Jamnagar closed lower at the end of the week.
- Agriwatch view: Prices of groundnut fell on weak demand and restricted buying demand from stockists and retailers. Demand has waned due to higher prices compared to other oils. Fall in palm



oil assisted fall. Weak supplies of groundnut from producing regions will affect prices in near term. Weak demand from stockists and retailers in cash market were behind the fall. There is shortage of raw material in the market to crush. Mills and stockiest are not holding produce due to higher prices. Weak export demand and has supported the fall. Momentum of prices is still firm and any correction in prices is opportunity to buy. Groundnut oil prices are expected to trade sideways to firm in near term.

Groundnut oil is the costliest domestic oil in India. Prices of groundnut oil may trade sideways to firm in coming days.

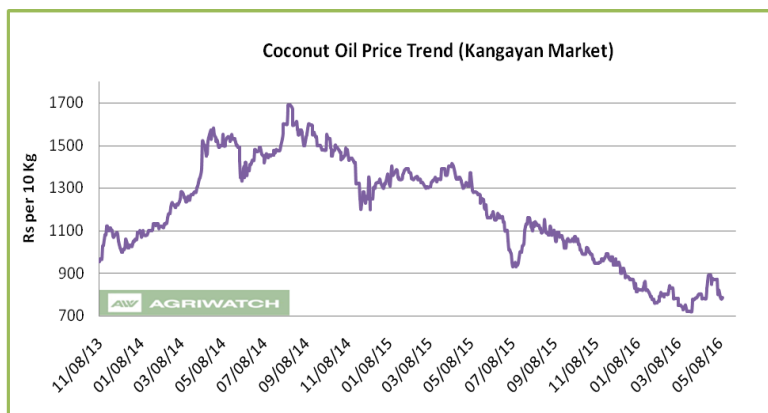
- USDA has increased India's groundnut production to 4.6 MMT in 2016/17 from 4.47 MMT in 2015/16 in its May report, higher by 2.9 percent y-o-y. Consumption has been increased to 0.93 MMT in 2016/17 from 0.90 MMT in 2015/16 in its May estimate, higher by 3.33 percent y-o-y.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 11,750 (Rs 12,000) per quintal and quoting at Rs 11,500 (Rs 11,800) per quintal in Chennai market on May 13, 2016. Values in brackets are values of last week
- Groundnut oil prices are likely to trade sideways to firm in the coming days.

### Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 1100-1300 per 10 Kg.

### Coconut Oil Fundamental Review and Analysis:- Domestic Front

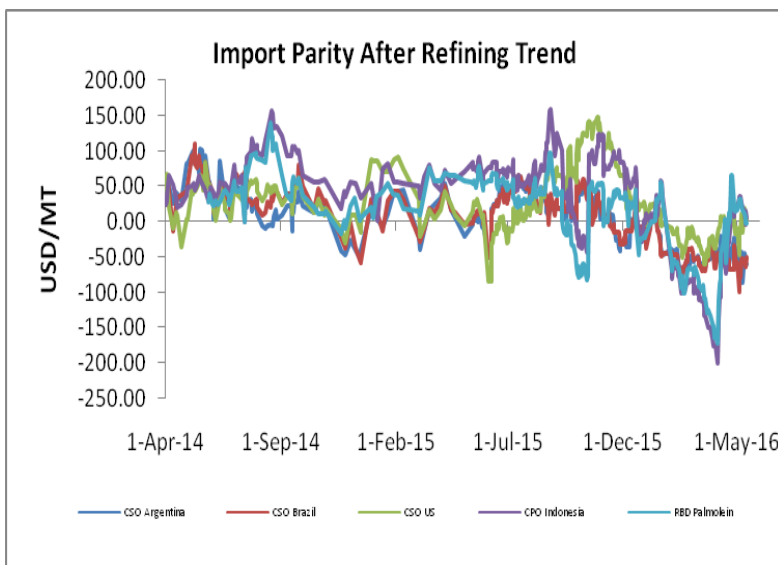
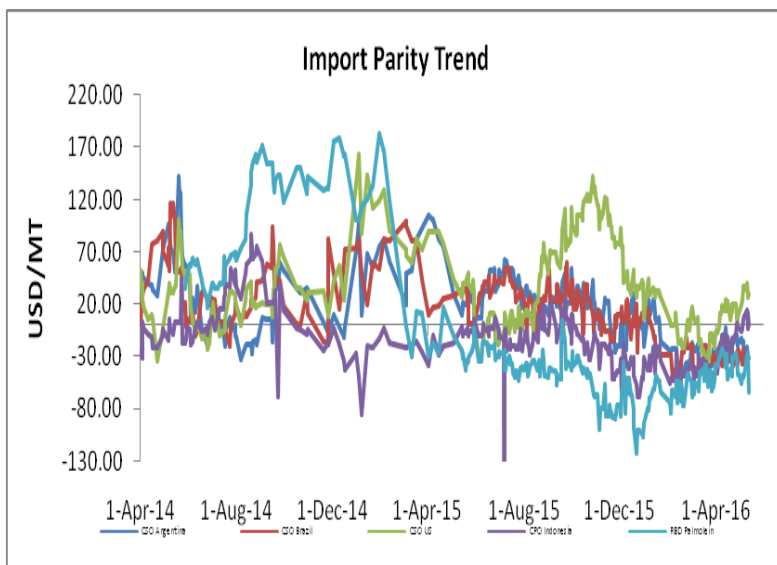
- Coconut oil prices featured downtrend during the week at its benchmark market in Kangeyam on weak demand. In Kochi and Trissur prices closed lower at the end of the week.
- Agriwatch view: Coconut oil prices fell during the week on weak demand. Weak corporate buying was behind the fall. Fall in palm oil prices supported the fall. Fall in copra prices supported the fall. Harvesting of coconut is slow due to summers. Mills crushed more copra to produce coconut oil to take advantage of fall in prices of copra. Millers are not holding their produce, as they are not confident of prices. Millers are depending on ready markets. Traders and upcountry buyers are staying from the market and are relying on ready market. Steep fall in prices of coconut oil last week has raised doubt that price rise was temporary. Prices could fall further if corporate demand does not improve. Prices are expected to trade sideways to weak tone in near term.
- Exports of coconut oil in the 2015-16 (April 2015-March 2016) increased by 23 percent to 8549.97 tons compared to 6935.54 tons in 2014-15. Coconut Development Board (CDB) expects improvement in export prospects of coconut oil in 2016-17 (April 2016-March 2017) as prices are relatively low compared to prevailing prices in international markets. Imports of coconut oil fell by 58 percent in 2015-16 (April 2015-March 2016) at 5416.30 tons from 12811.92 tons in 2014-15.
- Nafed has fixed minimum support prices (MSP) for 2016 season at Rs 59.5/kg for milling copra and Rs 62.40/kg for ball copra for next three months.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 7,900 (8,300) per quintal, and was quoting Rs 7,850 (8,000) per quintal in Erode market on May 13, 2016.



**Price Outlook:** Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 730-830 per 10 Kg.

### Import Parity Trend

#### Import Parity After Refining in US dollar per ton (Monthly Average)

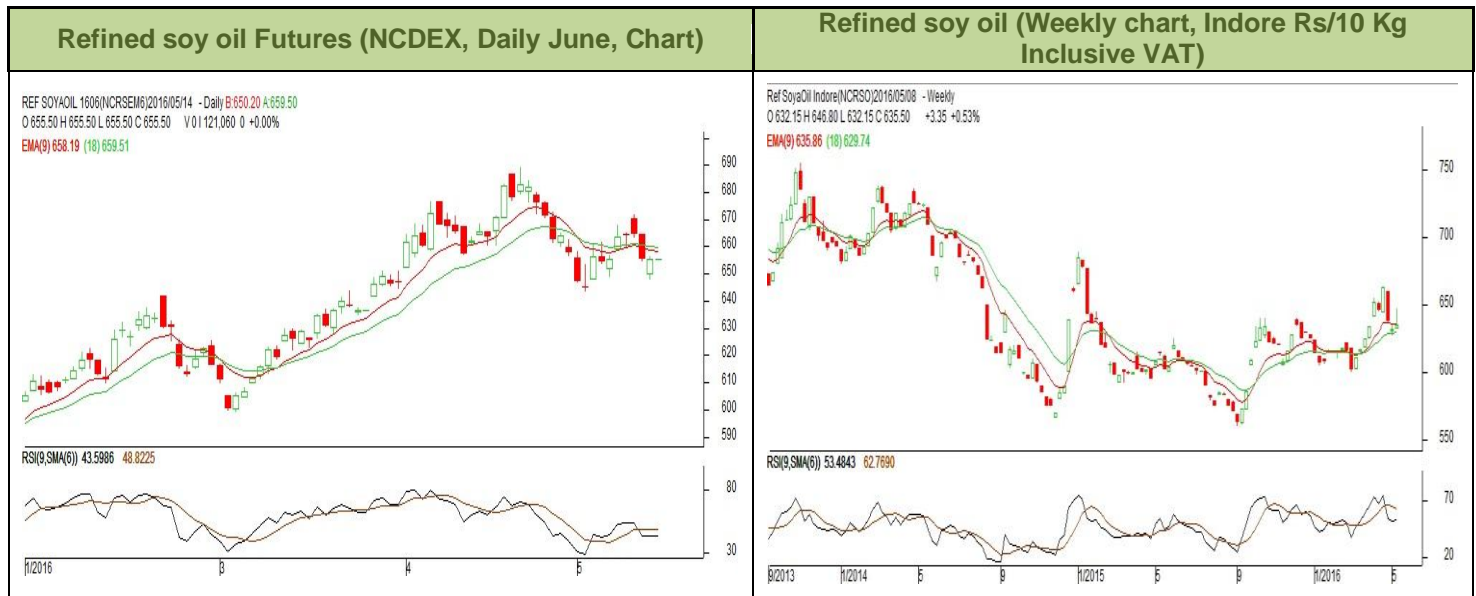


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Mar, 2016</b>	-52.40	-53.87	-32.74	-124.22	-105.20
<b>Apr, 2016</b>	-38.73	-55.38	-7.45	-49.67	-33.15

### Outlook:-

Import parity for crude soy oil from Argentina and palm oil after refining is hovering in disparity due to rise in prices of imported oils. We expect CDSO import parity to remain in disparity. Parity in palm oil products may improve palm oil imports in the coming days.

### Technical Analysis (Refined soy oil)



**Outlook – Refined soybean oil witnessed sideways trend during the week in review and is likely to trade with a sideways to firm tone in the coming days.**

- Weekly chart of refined soy oil at NCDEX depicts sideways trend during the week in review. We expect prices to trade sideways to firm tone in the near term.
- Any close below 640 in weekly chart shall change the sentiments and might take the prices below 620 levels.
- Expected price band for next week is 630-680 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in market.

**Strategy:** Market participants are advised to go long in RSO above 650 levels for a target of 665 and 670 with a stop loss at 640 on closing basis.

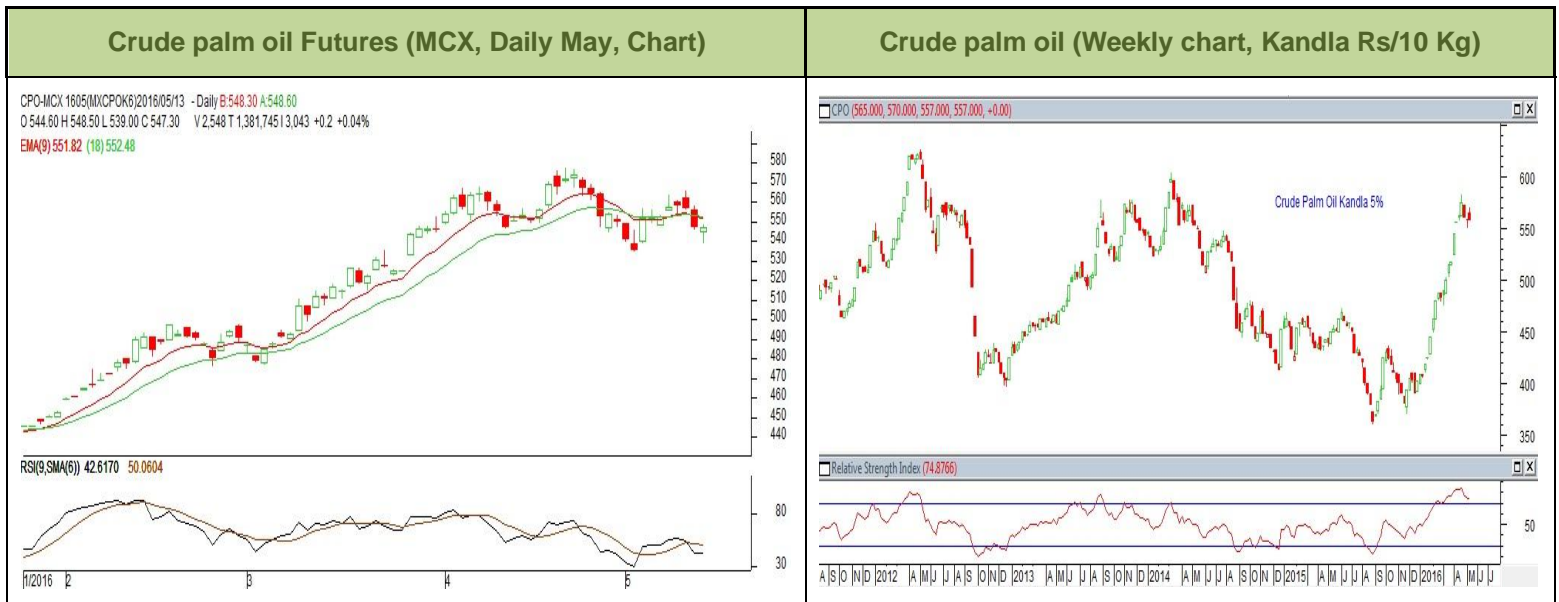
#### RSO NCDEX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
634.00	643.00	655.45	666	677.00

**Spot Market outlook:** Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 600-680 per 10 Kg.



### Technical Analysis (Crude Palm oil)



**Outlook -** Prices show uptrend in prices during the week. We expect that CPO May contract may trade sideways to firm note.

- Candlestick in weekly chart of crude palm oil at MCX depicts uptrend in the prices. We expect prices to trade with a sideways to firm note in the near term.
- Any close below 530 in weekly chart will change the sentiment and may bring the prices to 500 levels.
- Expected price band for next week is 530-580 level. RSI, Stochastic, and MACD are suggesting downtrend in prices in the coming week.

**Strategy:** Market participants are advised to go long in CPO above 540 for a target of 555 and 560 with a stop loss at 530 on closing basis.

#### CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
514	535.00	547.3	568.00	577.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 530-580 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		13-May-16	6-May-16	
Refined Soybean Oil	Indore	635	635	Unch
	Indore (Soy Solvent Crude)	612	605	7
	Mumbai	660	645	15
	Mumbai (Soy Degum)	597	595	2
	Kandla/Mundra	635	625	10
	Kandla/Mundra (Soy Degum)	600	595	5
	Kolkata	630	620	10
	Delhi	670	675	-5
	Nagpur	633	636	-3
	Rajkot	625	625	Unch
	Kota	640	650	-10
	Akola	672	677	-5
	Amrawati	671	677	-6
	Bundi	643	643	Unch
	Jalna	NA	NA	-
	Alwar	NA	NA	-
	Solapur	NA	NA	-
	Dhule	NA	NA	-
Palm Oil	Kandla (Crude Palm Oil)	550	557	-7
	Kandla (RBD Palm oil)	565	570	-5
	Kandla RBD Pamolein	595	600	-5
	Kakinada (Crude Palm Oil)	535	525	10
	Kakinada RBD Pamolein	580	585	-5
	Haldia Pamolein	580	585	-5
	Chennai RBD Pamolein	580	590	-10
	KPT (krishna patnam) Pamolein	580	585	-5
	Mumbai RBD Pamolein	605	600	5
	Delhi	635	645	-10
	Rajkot	590	595	-5
	Hyderabad	618	599	20
	Mangalore RBD Pamolein	590	590	Unch
	PFAD (Kandla)	420	425	-5
	Refined Palm Stearin (Kandla)	480	490	-10
Refined Sunflower Oil	Chennai	720	700	20
	Mumbai	770	770	Unch

	Mumbai(Expeller Oil)	670	675	-5
	Kandla	775	770	5
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	722	717	5
	Latur (Expeller Oil)	725	725	Unch
	Chellakere (Expeller Oil)	665	670	-5
	Erode (Expeller Oil)	730	730	Unch
Groundnut Oil	Rajkot	1175	1200	-25
	Chennai	1160	1100	60
	Delhi	1150	1180	-30
	Hyderabad *	1150	1180	-30
	Mumbai	1200	1200	Unch
	Gondal	1175	1175	Unch
	Jamnagar	1175	1200	-25
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	801	801	Unch
	Jaipur (Kacchi Ghani Oil)	831	828	3
	Kota (Expeller Oil)	750	760	-10
	Kota (Kacchi Ghani Oil)	835	835	Unch
	Neewai (Kacchi Ghani Oil)	810	814	-4
	Bharatpur (Kacchi Ghani Oil)	845	840	5
	Alwar (Expeller Oil)	805	790	15
	Sri-Ganga Nagar(Exp Oil)	760	765	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	815	815	Unch
	Mumbai (Expeller Oil)	820	835	-15
	New Delhi (Expeller Oil)	788	790	-2
	Hapur (Expeller Oil)	920	886	34
	Hapur (Kacchi Ghani Oil)	1000	960	40
	Agra (Kacchi Ghani Oil)	850	845	5
Refined Cottonseed Oil	Rajkot	660	660	Unch
	Hyderabad	670	640	30
	Mumbai	670	660	10
	New Delhi	645	640	5
Coconut Oil	Kangayan (Crude)	785	800	-15
	Cochin	820	840	-20
	Trissur	790	830	-40
Sesame Oil	New Delhi	825	840	-15
	Mumbai	720	670	50

<b>Kardi</b>	Mumbai	840	830	<b>10</b>
<b>Rice Bran Oil (40%)</b>	New Delhi	475	465	<b>10</b>
<b>Rice Bran Oil (4%)</b>	Punjab	565	560	<b>5</b>
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	565	560	<b>5</b>
<b>Malaysia Palmolein USD/MT</b>	FOB	700	695	<b>5</b>
	CNF India	713	713	<b>Unch</b>
<b>Indonesia CPO USD/MT</b>	FOB	683	680	<b>3</b>
	CNF India	713	713	<b>Unch</b>
<b>RBD Palm oil (Malaysia Origin USD/MT)</b>	FOB	698	685	<b>13</b>
<b>RBD Palm Stearin (Malaysia Origin USD/MT)</b>	FOB	635	625	<b>10</b>
<b>RBD Palm Kernel Oil (Malaysia Origin USD/MT)</b>	FOB	1315	1320	<b>-5</b>
<b>Palm Fatty Acid Distillate (Malaysia Origin USD/MT)</b>	FOB	585	580	<b>5</b>
<b>Crude palm Kernel Oil India (USD/MT)</b>	CNF India	1285	1300	<b>-15</b>
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	890	875	<b>15</b>
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB	718	705	<b>13</b>
<b>Argentina FOB (\$/MT)</b>		<b>12-May-16</b>	<b>5-May-16</b>	<b>Change</b>
Crude Soybean Oil Ship		720	714	<b>6</b>
Refined Soy Oil (Bulk) Ship		745	739	<b>6</b>
Sunflower Oil Ship		805	790	<b>15</b>
Cottonseed Oil Ship		700	694	<b>6</b>
Refined Linseed Oil (Bulk) Ship		Unq	Unq	<b>-</b>
<b>* indicates including VAT</b>				

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