

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil witnessed firm sentiment during the week on gains in CBOT soy oil and BMD CPO. Soy oil, palm oil, refined sunflower oil and coconut oil closed higher while groundnut oil closed sideways. Rapeseed oil closed lower.

On the currency front, Indian rupee against USD closed at 66.05, up 97 paise 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 depreciate and crude oil prices will rise.

We expect edible oil complex to trade sideways to firm tone in anticipation of firm demand. Low stocks at ports and pipelines will support prices in near term.

Recommendation:

Weekly Call - : Market participants are advised to go long in RSO above 655 levels for a target of 670 and 675 with a stop loss at 645 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 630-680 per 10 Kg in the near term.

Market participants are advised to go long in CPO above 550 for a target of 570 and 575 with a stop loss at 540 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 540-600 per 10 Kg in the near term.

International Veg. Oil Market Summary

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's August 1-15 palm oil exports rose 31.6 percent to 750,942 tons compared to 570,631 tons in the corresponding period last month. Top buyers were India at 207,900 tons (71,800 tons), European Union at 131,771 tons (153,443 tons), China at 130,050 tons (88,356 tons), United States at 17,685 tons (16,300 tons) and Pakistan at 12,000 tons (20,000 tons). Values in brackets are figures of corresponding period last month.

On the international front, soy oil stocks in US, weak exports of soy oil from Argentina, firm Chinese soybean demand and firm crude oil and delayed FED rate hike is bullish for the soy complex in the coming days.

Indian and Chinese demand, firm exports of palm oil from Malaysia, stability in Chinese market and supportive biodiesel and tax policies in Southeast Asian countries will support CPO prices in near term. Global risk aversion may underpin prices in near term.

Agriwatch Index



- The Agriwatch Agri Commodities Index edged up 0.17% to 119.14 during the week ended August 13, 2016 from 118.94 during the previous week led by firm edible oils. The base for the Index and all sub-Indices is 2014 (= 100).
- Four of the nine commodity group sub-Indices and 15 of the 29 individual commodity sub-Indices that constitute the main Index gained during the week.

Agriwatch edible oil index

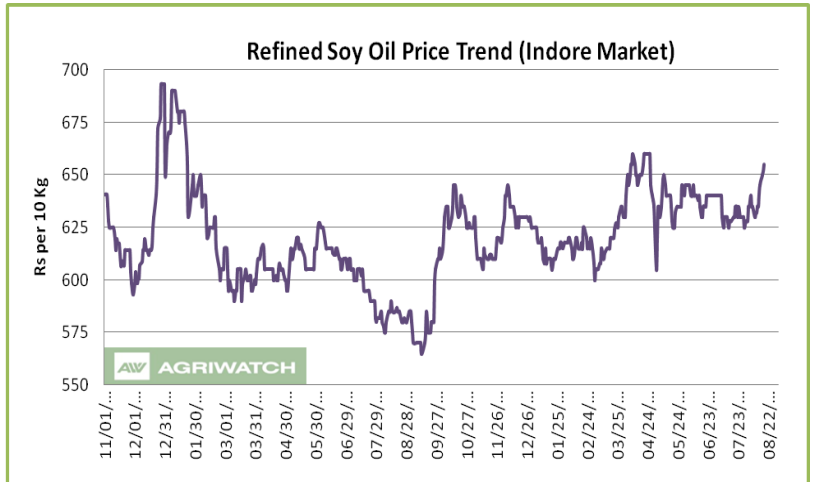


- Agriwatch edible oil index fell 1.11 percent last week to 117.58

"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. The daily indices are available on subscription. Please contact for more details."

Soy oil Fundamental Analysis and Outlook:-**Domestic Front**

- Soy oil featured uptrend at its benchmark market in Indore during the week on spillover of rise in international prices of soy oil. Prices were higher in Mumbai, Kolkata, and Kandla/Mudra. CDSO prices closed higher at JNPT and Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices witnessed uptrend during the week on spillover of rise in international prices of soy oil.



Soy oil CNF surged in last week and soy oil –Indore remains less effected by rise in CNF prices at India West coast indicating weak demand and higher supplies.

Indian soy oil prices are partially disconnected from international prices of soy oil and are dependent on domestic markets.

There is limited supply of soybean in the market. However, harvest pressure of soybean will affect soy oil prices in medium term. and firm supplies.

Despite surge in CBOT soy oil, BMD palm oil and rise in CNF markets domestic prices rose marginally indicating weak demand.

Basis has fallen from highs while sellers are not getting bids at these prices.

Disparity has increased at high seas and refining margins have worsened. However, with low difference between soy oil premium over palm oil demand is expected to improve in coming months. Demand is expected to improve on stocking ahead of festivals after monsoon.

Prices of soy oil expected to improve on low premium of soy oil over palm oil at Rs 80 (Rs 82 last week) per 10 Kg. Weak refining margins may slow imports. In USD terms, premium of soy oil over palm oil is low and was USD 59 (USD 75.5 last week) which will increase imports.

Prices of soy oil are in a range.

- All India sowing of soybean has reached 112.82 lakh hectares as on 19 August 2016, compared to 112.77 lakh hectares in the corresponding period last year.
- Soy oil import scenario – According to SEA India imported 3.49 lakh tons of soy oil in July 2016 v/s 3.49 lakh tons in July 2015, unchanged y-o-y. In the oil year 2015-16 (November 2015-July 2016) imports of soy oil is reported at 31.54 lakh tons v/s 18.54 lakh tons in corresponding period last oil year, higher by 96 percent y-o-y. In the period November 2015-July 2016, share of soft oil in imports has risen from 33 percent to 43 percent.
- According to Solvent Extractors Association (SEA), India's July edible oil imports fell 24.4 percent y-o-y to 11.18 lakh tons from 14.79 lakh tons in July 2015. Palm oil imports fell 27.87 percent y-o-y to 5.70 lakh tons y-o-y from 7.9 lakh tons in July 2015. CPO Imports fell by 52.61 percent y-o-y to 3.63 lakh tons from 7.66 lakh tons in July 2015. RBD palmolein imports rose by 11.9 percent y-o-y to 2.07 lakh tons from 1.85 lakh tons in July 2015. Soy oil imports were marginally down y-o-y to 3.485 lakh tons from 3.49 lakh tons in July 2015. Sunflower oil imports

rose by 9.8 percent y-o-y to 1.34 lakh tons from 1.22 lakh ton in July 2015. Rapeseed (Canola) oil imports rose by 112 percent y-o-y to 0.66 lakh tons from 0.31 lakh tons in July 2015.

- According to Solvent Extractors Association (SEA), India's July edible oil stocks at ports and pipelines was lower by 7.3 m-o-m at 21.50 lakh tons from 23.20 lakh tons in June 2016. Stocks of edible oil at ports were at 770,000 tons (CPO 180,000 tons, RBD Palmolein 115,000 tons, Degummed Soybean Oil 330,000 tons, Crude Sunflower Oil 115,000 tons and 30,000 tons of Rapeseed (Canola) Oil) and about 1,380,000 tons in pipelines. India is presently holding 39 days of edible oil requirement on 1st August, 2016 at 21.5 lakh tons compared to 42 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons per month.
- Imported crude soy oil CIF at West coast port is offered at USD 829 (USD 799) per ton for September delivery. October delivery is offered at USD 828 (USD 798) per ton and November delivery is offered at USD 834 per ton as on August 19, 2016. Last month, CIF CDSO July average price was USD 750.65 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 90-95/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 – NOPA reported lower stocks of soy oil in US in July due to lower production of soy oil on lower crush of soy oil which support soy oil prices in near term. Soy oil stocks are expected to fall further in August on lower crush of soybean which will lead to lower production of soy oil and lower stocks of soy oil. Crushers are not crushing soybean as they are waiting for prices of soybean to come down. Lower crush will decrease soy oil stocks of US.

Spreading of soy oil with soy meal will support soy oil prices in near term. With tight supplies of soy oil in US soy oil will spread with soy meal.

USDA reduced 2016/17 soy oil ending stocks of US in its August estimate by lowering opening stocks partially offset by higher soy oil production due to higher soybean crush. Soy oil end stocks of 2015/16 were also lowered.

USDA reduced end stocks of India in 2016/17 on lower soybean crop and lower crush of soybean in 2016/17. USDA has already slashed India's soy oil imports to 3.3 MMT in 2016/17 from 4.0 MMT in 2015/16. India being the top importer of soy oil in world will influence global soy oil prices due to lower end stocks in 2016/17.

USDA increased US soybean crop to record levels in 2016/17 due to very good conditions of soybean crop. End stocks of soybean in US were increased on higher production of soybean partially set off by higher crush and lower opening stocks.

Soybean crop condition is very good in US and soil moisture is good to support higher yields. USDA increased soybean yields to record levels in 2016/17. All the parameters of crop are above 5-year average and better than last year. Better weather is forecast in ahead in Midwest in US.

USDA increased soy oil end stocks of Argentina in 2016/17 on lower exports of soy oil, which led to higher end stocks of soy oil, which will keep prices of Argentina, lower than previously estimated.

Calm in Chinese markets and appreciation of Yuan has resulted in strengthening of soy oil prices in Dalian.

Strength in crude oil prices and weakness in dollar on expectation of delayed FED rate hike will support prices in near term.

Prices of soy oil are in a range.

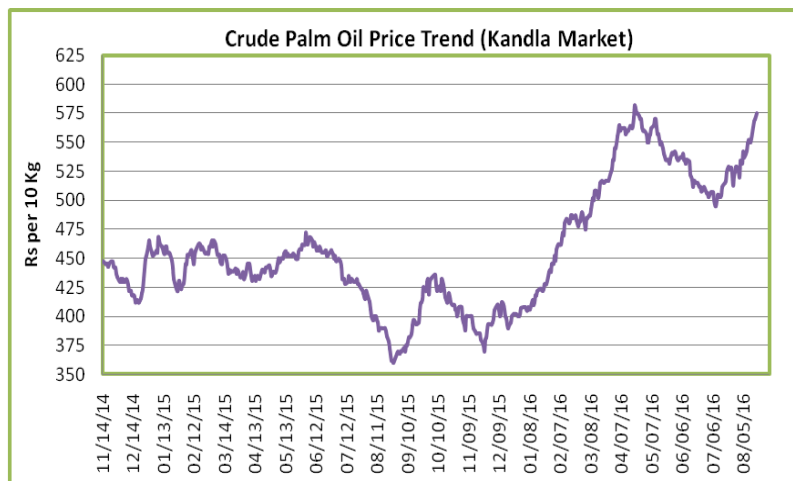
- According to United States Department of Agriculture (USDA) August estimates, U.S 2016/17 soy oil end stocks fell by 8.1 percent m-o-m to 1,755 million lbs from 1,910 million lbs in July estimate. Opening stocks are reduced to 1,950 million lbs from 2,375 million lbs in July estimate. Production of soy oil in 2016/17 is increased to 22,405 million lbs v/s 22,235 million lbs in July estimate. Imports in 2016/17 are unchanged at 250 million lbs. Biodiesel use in 2016/17 was unchanged at 5,950 million lbs. Food, feed and other industrial use in 2016/17 are unchanged at 14,500 million lbs. Exports in 2016/17 are unchanged at 2,400 million. Average price range is unchanged at 29.5-32.5 cents/lbs in 2016/17. Fall in end stock is primarily due to lower opening stocks partially offset by rise in production.
- According to National Oilseed Processors Association (NOPA), U.S. July soybean crush fell to 143.715 million bushels from 145.050 million bushels in June, down by 1 percent m-o-m. Crush of soybean in July 2015 was 145.227 million bushels. Production of soy oil in U.S. in July fell marginally to 1.687 billion lbs from 1.692 billion lbs in June 2016. Production in July 2015 was 1.632 billion lbs. Soy oil stocks in U.S. at the end of July fell by 12.2 percent to 1.743 billion lbs compared to 1.985 billion lbs in June 2016. Stocks of soy oil in July 2015 were higher by 7.24 percent compared to July 2015, which was reported at 1.624 million lbs. Yield fell to 11.74 lbs/bushel in June from 11.66 lbs/bushel in June. Yield in July 2015 was reported at 11.24 lbs/bushel.
- The US soybean crop is reported to be blooming at 95% which is higher than 92% during the corresponding period last year and also up from 5 year average of 93%. About 80% soybean is setting pod which is higher than 76% during the corresponding period last year, and up from 5 year average of 75%. Also about 72% of the newly planted US soybean crop is under good to excellent conditions, which is higher than 63% during the same period last year, reported in the US crop progress report dated 14 August 2016.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price for 2016/17 is forecast at \$8.35 to \$9.85 per bushel, down 40 cents on both ends of the range. Soybean meal prices are forecast at \$305 to \$345 per short ton, down 20 dollars at the midpoint. The soybean oil price forecast is unchanged at 29.5 to 32.5 cents per pound.

Price Outlook: We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 630-680 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla featured uptrend in its benchmark market at Kandla on weak supplies and spillover of rise in international palm oil prices. CPO prices in Kakinada closed higher at the end of the week.
- Agriwatch View – Prices of palm oil were firm during the week on weak supply and rise in BMD CPO, CBOT soy oil and Dalian RBD palmolein.



There is demand in domestic market as

supplies have weakened due to weak imports until July in the oil year 2015-16(November-2015-July 2016). However with demand season approaching demand is expected to increase and buyers are expected to look for bargains in prices to book their purchases.

At present most of the imports are coming from Malaysia as premium of RBD palmolein of over CPO is very low. Demand of CPO is low due to negative margins last week. Prices are higher in BMD Malaysia and buyers are not booking their consignments at these prices. However, with discount offered by Malaysia buyers are buying at present prices.

Demand is expected to remain firm and if imports do not improve then there will be drawdown from stocks at ports and pipelines. Low soy oil premium over palm oil, which is hovering at USD 59 (USD 75.5 last week) per ton may bring weaken demand and underpin prices.

Negative refining margins may slow imports and support prices. Higher prices will reduce demand in medium term. Prices at high sea are at disparity, disparity has increased in last week.

Prices are expected to be sideways to firm in near term.

- Palm oil import scenario – According to SEA, India imported 5.7 lakh tons of palm oil in July 2016 v/s 9.76 lakh tons in July 2015, down 41.6 percent y-o-y. CPO imports slowed to 3.63 lakh tons in July compared to 7.66 lakh tons in July 2015, lower by 52.6 percent y-o-y. RBD palmolein imports rose to 2.07 lakh tons from 1.85 lakh tons in July 2015, up by 11.9 percent y-o-y. In the oil year 2015-16 (November 2015-July 2016) imports of palm oil is reported at 61.75 lakh tons v/s 68.27 lakh tons in corresponding period last oil year, lower by 9.6 percent y-o-y. RBD palmolein reported sharp rise at 19.84 lakh tons (November 2015-July 2016) v/s 10.99 lakh tons in corresponding period of oil year 2014-15, rise of 80.5 percent y-o-y. Crude palm imports in the period (November 2015-July 2016) fell to 41.29 lakh tons from 56.04 lakh tons in the corresponding period last oil year, fall of 26.3 percent y-o-y. In the period November 2015-July 2016, share of palm product imports fell to 57 percent from 67 percent in the corresponding period last oil year.
- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 775 (USD 727.5) per ton for August delivery while September delivery is quoted at USD 775 (USD 722.5) per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 780 (USD 737.5) per ton for August delivery while September delivery is quoted at USD 775 (USD 732.5) per ton. Ready lift CPO duty paid prices quoted at Rs

572 (Rs 553) per 10 Kg and September delivery duty paid offered at Rs 565 (Rs 550) per 10 kg on August 19, 2016. Values in bracket depict last week quotes.

- On the parity front, margins turned to disparity during this week due to rise in prices of imported palm oil and lower rise in prices of palm oil products in India. Currently refiners lose USD 25-30/ton v/s USD 40-45/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein lose USD 30-35/ton v/s USD 45-50/ton (last month) parity.
- We expect palm oil to trade sideways to firm in the days ahead.

International Front

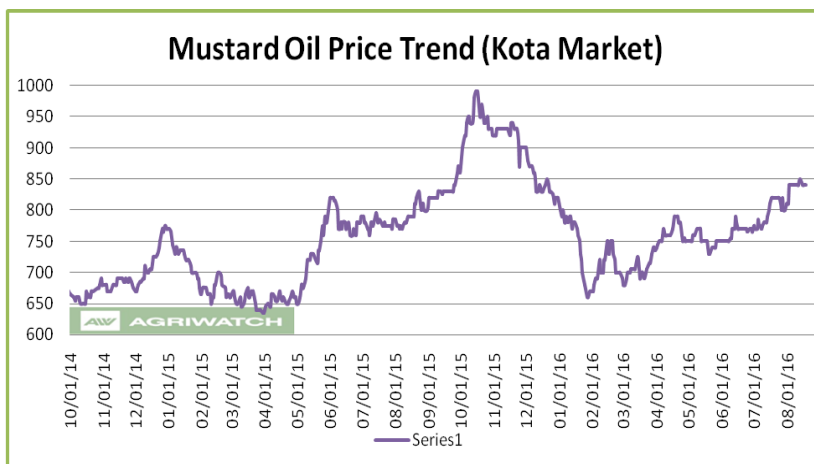
- Agriwatch View – Palm oil end stocks in Malaysia are expected to fall in August on higher rate of growth of exports and lower rate of growth of palm oil. Palm oil exports are expected to rise in August on higher demand from India while production in Malaysia will increase at lower rate due to lagged effect of El Nino. Demand from India is very strong as the palm oil markets are tight and India is importing more from Malaysia. More RBD palmolein is being imported by India. Malaysia is exporting higher volume RBD palmolein pricing aggressively. Malaysia is offering RBD palmolein at the price of Indonesia CPO. With prices of RBD palmolein at prices of CPO, it is being exported more to India. Market of palm oil is very tight in India as it has imported lower amount of palm oil in oil year 2015-16 compared corresponding period in last oil year. India will stock ahead of festive season and its more demand share of demand is expected to come from Malaysia as its lower price advantage over Indonesia CPO. China is buying more palm oil ahead of festivals in September. Rise in prices of soy oil on CBOT and support from Dalian RBD palmolein has supported prices in near term. Depreciation of Ringgit will support prices in near term. Stability in China currency and domestic economy has meant support to commodity prices. Market are expecting stimulus from China by either reducing interest rates or higher fiscal spending to accelerate growth and rebalance its domestic economy towards services which will increase demand of palm oil. Rise in prices of competitive oils, crude oil and delayed FED rate hike will support palm oil prices in near term. Prices are in range.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's August 1-15 palm oil exports rose 31.6 percent to 750,942 tons compared to 570,631 tons in the corresponding period last month. Top buyers were India at 207,900 tons (71,800 tons), European Union at 131,771 tons (153,443 tons), China at 130,050 tons (88,356 tons), United States at 17,685 tons (16,300 tons) and Pakistan at 12,000 tons (20,000 tons). Values in brackets are figures of corresponding period last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia reported surprise fall in July palm oil stocks by 0.23 percent to 1,770,650 tons compared to 1,774,650 tons in June. Production in July rose by 3.48 percent to 1,585,882 tons from 1,532,613 tons in June. Exports in July rose by 21.24 percent to 1,384,220 tons from 1,141,673 tons in June. Imports in July fell by 34.7 percent to 12,823 tons from 19,636 tons in June.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 540-600 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil prices featured sideways to downtrend at different centers in India. Average prices fell across India except Kota and New Delhi on weak demand, fall in rapeseed prices and higher imports of rapeseed (canola) oil.
- Agriwatch view: Prices of rapeseed oil expeller fell across board in India except Kota, Ganganagar and Kolkata. Prices of Kacchi ghani rose fell across board in India.



Prices of rapeseed oil traded sideways to lower on fall in rapeseed prices during the week and weak demand at higher prices.

There is deficit of rapeseed in market, which has led to tight supply market, and shortage of rapeseed oil will be covered by higher rapeseed (canola) oil imports in coming months.

Higher imports of rapeseed (canola) oil in market sentiment. India imported 0.67 lakh tons of rapeseed (canola) oil that is higher in any month in oil year 2015-16.

Rapeseed oil stocks have decreased in the market.

Prices have risen continuously from February and prices are taking breadth at higher prices. However, prices of rapeseed oil are expected to rise on higher prices of rapeseed, seasonal uptrend of prices and firm demand.

Demand is expected to increase from pickle manufactures in near term, which will support prices.

Prices will rise on seasonal uptrend of prices, firm demand and rise in prices of rapeseed in domestic market.

Markets are expected to trade sideways to firm tone in coming days.

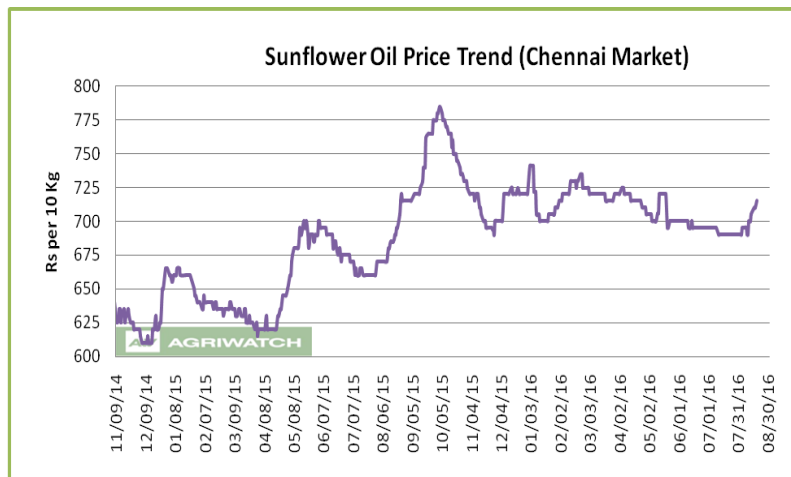
- India imported 0.67 lakh tons of rapeseed (Canola) oil in July 2016 v/s 0.31 lakh tons in July 2015, lower by 116 percent y-o-y. For oil year 2015-2016 (November 2015 – July 2016) India imported 2.56 lakh tons rapeseed (canola) oil v/s 2.62 lakh tons in corresponding period in the oil year 2014-15, marginally higher y-o-y: SEA
- CIF canola premium over soybean oil is USD -9 (USD -18 last week) per ton as on August 19, 2016. Negative premium of canola over soybean oil may increase imports of canola.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 852 (Rs 848) per 10 Kg, and at Kota market, it is offered at Rs 840 (Rs 840) per 10 kg as on August 19, 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 810-880 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices featured uptrend during the week at its benchmark market in Chennai on firm demand. Prices rose in Hyderabad and Kakinada at the end of week.
- Agriwatch view: Prices of sunflower oil traded higher on firm demand. Prices rose on seasonal uptrend of prices. Rise in soy oil, palm oil, cottonseed oil and rice bran oil prices helped. Prices rose on rise in international prices of sunflower oil.



Lower premium of sunflower oil over soy oil and palm oil has increased demand in domestic market and supported prices.

Refiners and traders are stocking on seasonal uptrend of prices.

Refiner's are purchasing aggressively crude sunflower oil from international markets as the premium of sunflower oil over soybean oil is very low. Currently sunflower oil premium over soy oil is at USD 14 (USD 42 last week) per ton.

Imports of sunflower oil improved in July while sunflower oil stocks at ports and pipelines increased, which has capped upside. Imports are expected to surge in August and September.

Prices of sunflower oil is expected to surge due to firm demand, seasonal uptrend of prices and low premium of sunflower oil over soy oil.

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

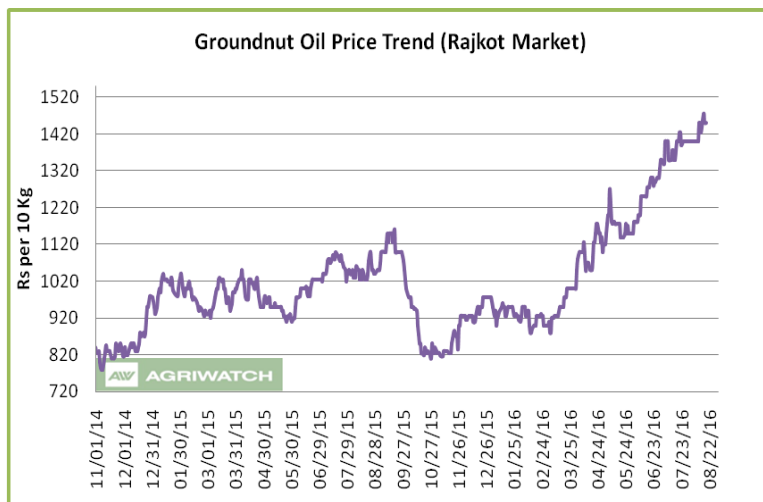
- All India sowing of sunflower has reached 1.44 lakh hectares as on 19 August 2016, compared to 0.82 lakh hectares in the corresponding period last year.
- Sunflower oil import scenario – According to SEA, India imported 1.38 lakh tons of crude sunflower oil during July 2016 v/s 1.22 lakh tons in July 2015, higher by 13.1 percent y-o-y. Imports during oil year 2015-16 (November 2015 –July 2016) were reported at 12.03 lakh tons v/s 12.58 lakh tons during the corresponding period in last oil year, down by 4.4 percent y-o-y.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 855 (USD 835) per ton for August delivery, USD 850 (USD 820) per ton for October delivery, ND delivery is quoted at USD 845 (USD 800) per ton and JFM delivery is quoted at USD 845 per ton. CIF sun oil (Ukraine origin) July monthly average was around USD 847.85 per ton. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 820-900 per ton in the near term. CIF Sunflower oil premium over soybean oil decreased from last week and is hovering at USD 14 (USD 42 last week) per ton for September delivery.

- Currently, refined sunflower oil at Chennai market is offered at Rs 715 (Rs 700) per 10 Kg, and at Hyderabad market, it is offered at Rs 722 (Rs 708) per 10 kg as on August 19, 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 700-760 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-`
Domestic Front

- Groundnut oil prices featured upward to sideways trend in Rajkot on weak supplies. Prices in Chennai fell while Hyderabad were higher at the end of week. Prices in Mumbai, Jamnagar and Gondal rose at the end of the week.
- Agriwatch view: Prices of groundnut oil featured upward to sideways trend on weak supplies. Prices rose to record highs last week and cooled off at the end of the week. Record prices have weakened demand.



Palm oil, soy oil, cottonseed oil and rice bran

oil supported groundnut oil prices last week to touch record highs.

USDA increased demand estimate, production estimate and ending estimate of groundnut oil in 2016/17 due to higher sowing of groundnut in current Kharif season. However, groundnut crop will hit market in October and there is little stock of groundnut in market.

There is shortage of groundnut oil in the market and crushing has almost come to halt as arrivals of groundnut are very weak which is unable to meet the demand of groundnut oil. Groundnut prices have stabilized which kept lid on prices. However, if prices of groundnut increase then prices of groundnut oil will rise further.

Prices are supported by seasonal uptrend of prices.

Millers and stockists have slowed stocking due to spurt in prices.

Prices are expected to touch from record highs due to shortage of groundnut oil, seasonal uptrend of prices and support from competitive oils. Any correction in prices is opportunity to buy. Groundnut oil prices are expected to trade sideways to firm in near term.

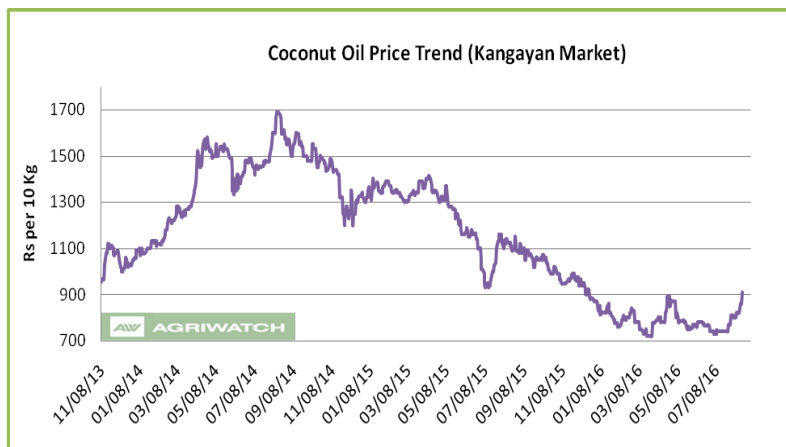
- All India sowing of groundnut has reached 43.29 lakh hectares as on 19 August 2016, compared to 33.68 lakh hectares in the corresponding period last year.
- USDA increased groundnut production 2016/17 to 5 MMT from 4.6 MMT in its August estimate. In 2015/16, groundnut crop according to USDA was 4.47 MMT. Groundnut oil consumption was increased to 0.96 MMT from 0.93 MMT in its August estimate. In 2015/16, groundnut oil consumption was 0.9 MMT. Ending stocks in 2016/17 have been increased to 0.033 MMT from 0.027 MMT in 2015/16.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 14,500 (Rs 14,000) per quintal and quoting at Rs 11,100 (Rs 11,100) per quintal in Chennai market on August 12, 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 1350-1600 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil prices featured uptrend during the week at its benchmark market in Kangayam on buying ahead of Onam and buying at lower quotes. In Kochi and Trissur prices rose higher at the end of the week.
- Agriwatch view: Coconut oil prices closed higher during the week on renewed buying at lower quotes and demand ahead of Onam festival.



Onam is scheduled in September has seen demand picking up in near term.

Moreover, prices rose on seasonal uptrend of prices.

Surge in palm oil prices last week supported prices.

Copra prices surged last week, which supported coconut oil prices.

Demand from North India has improved on intensification of monsoon.

Corporate demand, which accounts for 80 percent of demand, has improved at lower prices and accumulating stocks to cater to demand ahead of festival season.

Millers are buying copra to take advantage of rise in prices of coconut oil and are expected to stock coconut oil in near term to take advantage of improved prices. However, at current prices they may not stock. Therefore, there is uncertainty from millers end.

Stockists and upcountry are venturing in the market to take advantage of lower prices and stocking ahead of festival season.

There is good exports demand and coconut oil is fetching higher prices in international markets which is supporting domestic coconut oil prices.

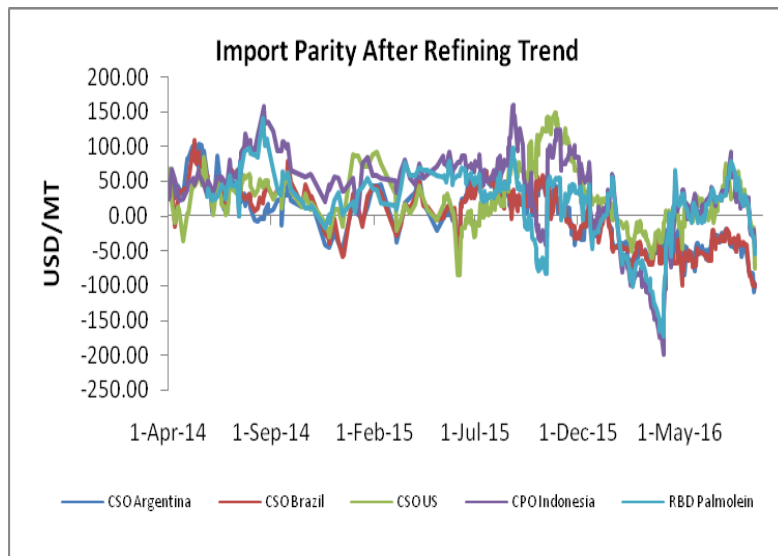
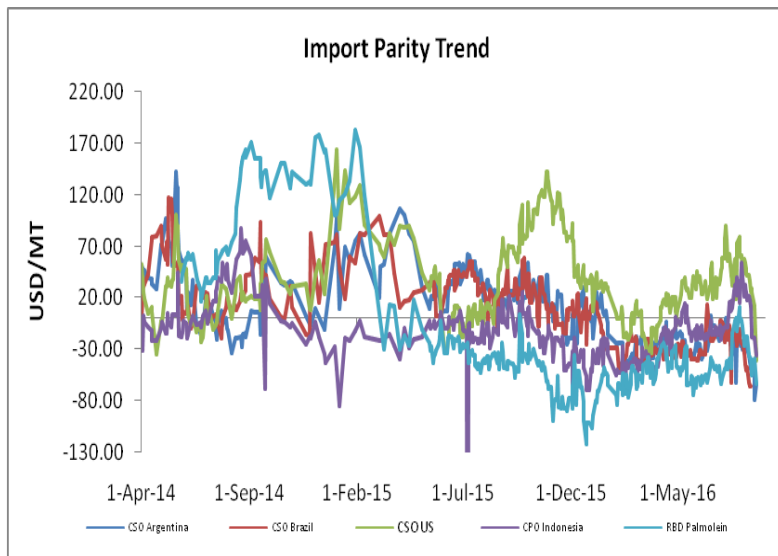
Coconut oil prices are expected to improve on improvement of demand especially corporate demand, which accounts for 80 percent of demand, seasonal uptrend of prices, export demand and buying at lower quotes. Prices are expected to trade sideways to firm tone in near term.

- Kerala government has proposed tax on packaged foods, coconut oil and "fat tax" of 14.5 percent on various food items sold in retail chains in the State of Kerala. A levy of 5 percent has been imposed on coconut oil.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 9,300 (8,500) per quintal, and was quoting Rs 9,100 (8,200) per quintal in Erode market on August 19, 2016.

Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 880-1020 per 10 Kg.

Import Parity Trend

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

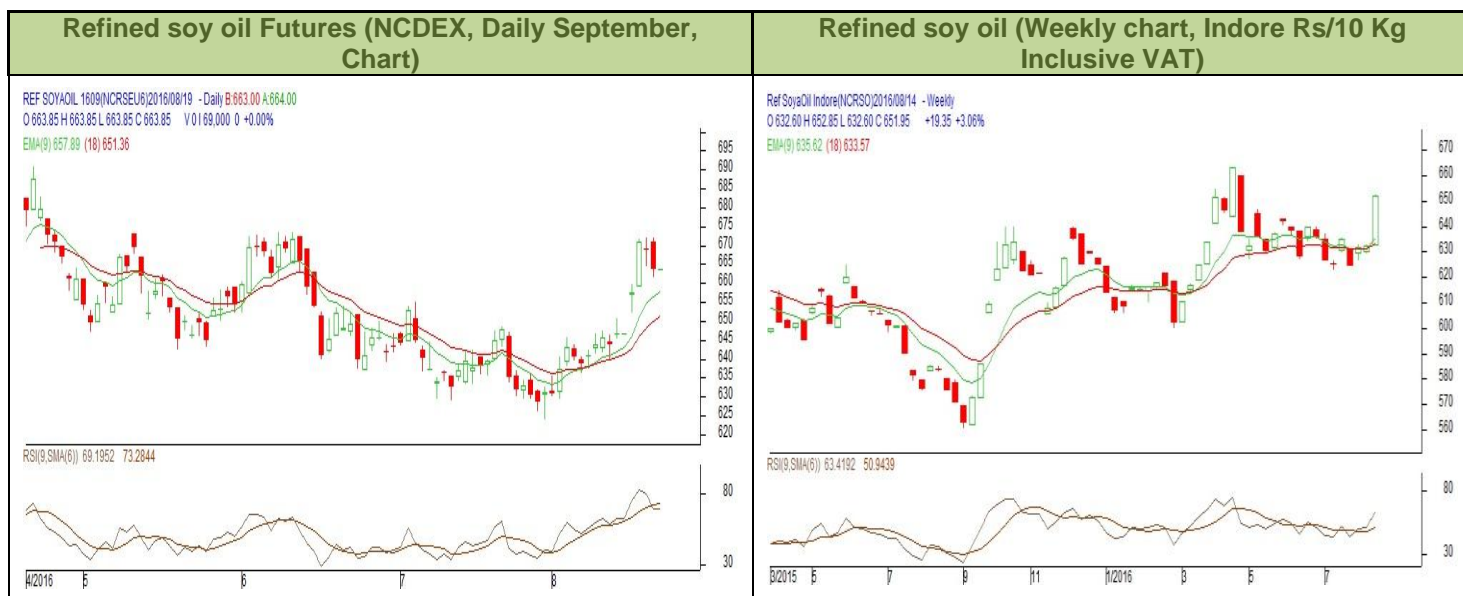


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
June, 2016	-42.57	-45.44	12.04	22.94	18.73
July, 2016	-37.53	-34.65	43.54	40.63	46.42

Outlook:-

Import parity for crude soy oil from Argentina is in disparity due to rise in prices of imported oils. We expect CDSO import parity to remain in disparity. Disparity in palm oil products may decrease palm oil imports in the coming days.

Technical Analysis (Refined soy oil)



Outlook – Refined soybean oil witnessed uptrend 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 uptrend during the week in review. We expect prices to trade sideways to firm tone in the near term.
- Any close below 675 in weekly chart will change the sentiment and might take the prices below 690-700 levels.
- Expected price band for next week is 630-690 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in market.

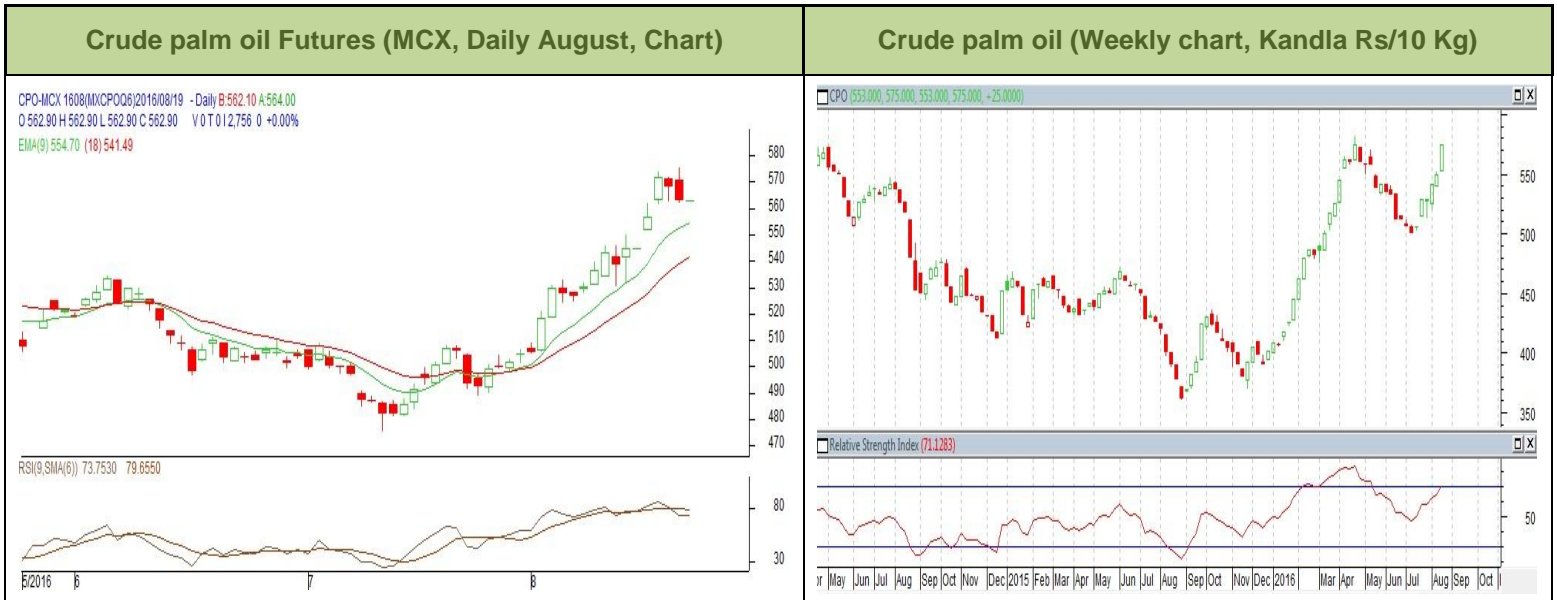
Strategy: Market participants are advised to go long in RSO above 655 levels for a target of 670 and 675 with a stop loss at 645 on closing basis.

RSO NCDEX (September)

Support and Resistance				
S2	S1	PCP	R1	R2
638.00	646.00	661.35	680.00	700.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 630-680 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show uptrend in prices during the week. We expect that CPO August 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 above 570 in weekly chart may bring the prices to 590 levels.
- Expected price band for next week is 530-600 level. RSI, Stochastic, and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 550 for a target of 570 and 575 with a stop loss at 540 on closing basis.

CPO MCX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
535.00	547.00	558.6	566.00	578.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 540-600 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		19-Aug-16	12-Aug-16	
Refined Soybean Oil	Indore	655	635	20
	Indore (Soy Solvent Crude)	620	605	15
	Mumbai	675	645	30
	Mumbai (Soy Degum)	618	605	13
	Kandla/Mundra	655	625	30
	Kandla/Mundra (Soy Degum)	618	600	18
	Kolkata	655	625	30
	Delhi	690	670	20
	Nagpur	655	621	34
	Rajkot	635	625	10
	Kota	660	640	20
	Hyderabad	684	656	28
	Akola	693	659	34
	Amrawati	692	660	32
	Bundi	657	635	22
	Jalna	NA	664	-
	Alwar	NA	NA	-
	Solapur	NA	668	-
	Dhule	NA	667	-
Palm Oil	Kandla (Crude Palm Oil)	575	550	25
	Kandla (RBD Palm oil)	610	565	45
	Kandla RBD Pamolein	625	590	35
	Kakinada (Crude Palm Oil)	575	525	50
	Kakinada RBD Pamolein	620	580	40
	Haldia Pamolein	620	580	40
	Chennai RBD Pamolein	630	585	45
	KPT (krishna patnam) Pamolein	615	580	35
	Mumbai RBD Pamolein	640	595	45
	Delhi	645	622	23
	Rajkot	615	590	25
	Hyderabad	632	594	38
	Mangalore RBD Pamolein	630	585	45
	PFAD (Kandla)	475	470	5
	Refined Palm Stearin (Kandla)	500	500	Unch
Refined Sunflower Oil	Chennai	715	700	15
	Mumbai	740	725	15

	Mumbai(Expeller Oil)	660	650	10
	Kandla	750	735	15
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	722	708	14
	Latur (Expeller Oil)	725	725	Unch
	Chellakere (Expeller Oil)	660	660	Unch
	Erode (Expeller Oil)	730	720	10
Groundnut Oil	Rajkot	1450	1450	Unch
	Chennai	1080	1110	-30
	Delhi	1200	1200	Unch
	Hyderabad *	1130	1120	10
	Mumbai	1450	1400	50
	Gondal	1450	1425	25
	Jamnagar	1450	1425	25
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	852	848	4
	Jaipur (Kacchi Ghani Oil)	951	955	-4
	Kota (Expeller Oil)	840	840	Unch
	Kota (Kacchi Ghani Oil)	940	950	-10
	Neewai (Kacchi Ghani Oil)	880	890	-10
	Neewai (Expeller Oil)	930	940	-10
	Bharatpur (Kacchi Ghani Oil)	950	965	-15
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	870	870	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	920	925	-5
	Mumbai (Expeller Oil)	910	880	30
	Kolkata(Expeller Oil)	970	970	Unch
	New Delhi (Expeller Oil)	890	895	-5
	Hapur (Expeller Oil)	910	920	-10
	Hapur (Kacchi Ghani Oil)	960	980	-20
	Agra (Kacchi Ghani Oil)	955	970	-15
Refined Cottonseed Oil	Rajkot	725	715	10
	Hyderabad	690	675	15
	Mumbai	740	725	15
	New Delhi	700	690	10
Coconut Oil	Kangayan (Crude)	910	820	90
	Cochin	780	777	3
	Trissur	930	850	80

Sesame Oil	New Delhi	700	700	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	535	475	60
Rice Bran Oil (4%)	Punjab	570	570	Unch
Rice Bran Oil (4%)	Uttar Pradesh	570	570	Unch
Malaysia Palmolein USD/MT	FOB	765	700	65
	CNF India	795	730	65
Indonesia CPO USD/MT	FOB	748	695	53
	CNF India	785	720	65
RBD Palm oil (Malaysia Origin USD/MT)	FOB	758	703	55
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	723	670	53
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1640	1520	120
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	613	585	28
Crude palm Kernel Oil India (USD/MT)	CNF India	1520	1410	110
Ukraine Origin CSFO USD/MT Kandla	CIF	850	840	10
Rapeseed Oil Rotterdam Euro/MT	FOB	744	725	19
Argentina FOB (\$/MT)		18-Aug-16	11-Aug-16	Change
Crude Soybean Oil Ship		Unq	742	-
Refined Soy Oil (Bulk) Ship		Unq	768	-
Sunflower Oil Ship		790	Unq	-
Cottonseed Oil Ship		Unq	722	-
Refined Linseed Oil (Bulk) Ship		Unq	762	-
<i>* indicates including VAT</i>				

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