

# Veg. Oil Weekly Research Report

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**Executive Summary****Domestic Veg. Oil Market Summary**

*Edible oil witnessed weak sentiment during the week on losses in CBOT soy oil and gains in BMD CPO. Soy oil, refined sunflower oil, groundnut oil and coconut oil closed lower while rapeseed oil closed sideways. Palm oil closed higher*

*On the currency front, Indian rupee against USD closed at 67.82, down 33 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 appreciate 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 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 630-680 per 10 Kg in the near term.*

*Market participants are advised to go long in CPO above 555 for a target of 580 and 585 with a stop loss at 545 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 550-600 per 10 Kg in the near term.*

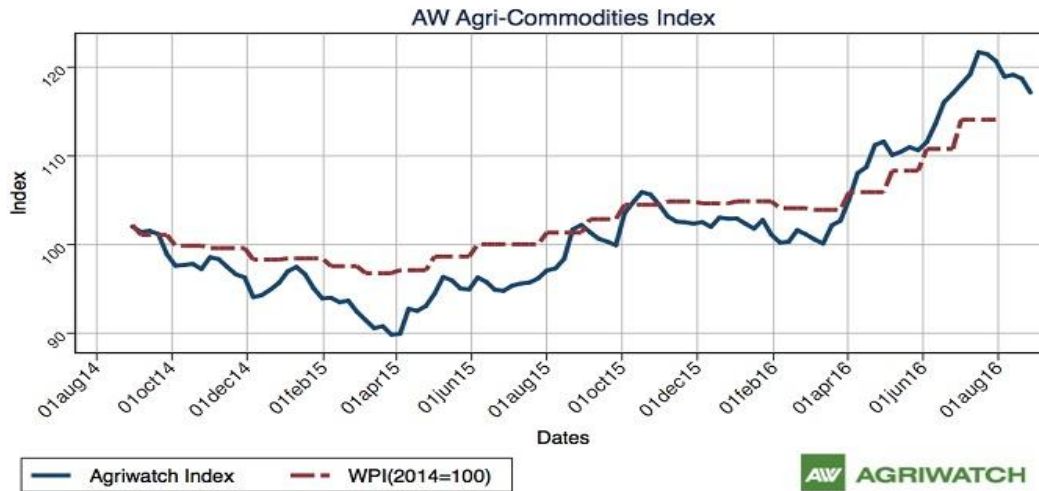
**International Veg. Oil Market Summary**

*According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's August palm oil exports rose 26.4 percent to 1,621,480 tons compared to 1,283,050 tons in July 2016. Top buyers were India at 450,929 tons (199,580 tons), China at 289,550 tons (225,856 tons), European Union 269,523 tons (260,908 tons), United States at 78,535 tons (74,800 tons) and Pakistan at 31,000 tons (41,000 tons). Values in brackets are figures of July 2016.*

*On the international front, soy oil stocks in US, firm crude oil prices, strong Indian demand, firm soybean demand from China and weak dollar due to expected FED rate hike is bullish for the soy complex in the coming days. However, record soybean crop in US could underpin prices.*

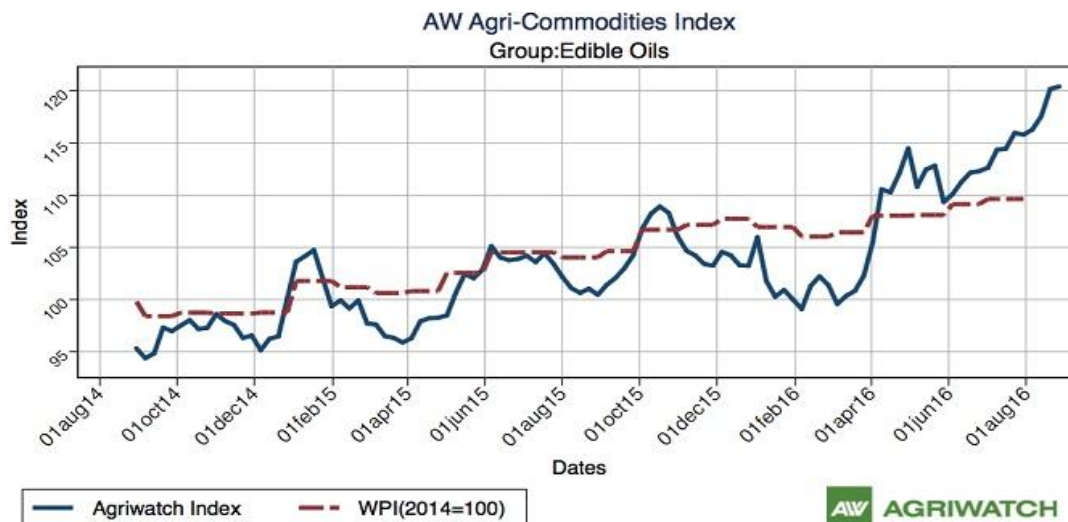
*Indian and Chinese demand, firm exports of palm oil from Malaysia, weak Ringgit, stability in Chinese market and supportive biodiesel and tax policies in Southeast Asian countries will support CPO prices in near term. Global risk aversion may underpin prices in near term.*

Agriwatch Index



- The Agriwatch Agri Commodities Index fell 1.33% to 117.15 during the week ended August 27, 2016 from 118.73 during the previous week, led by sharply lower pulses prices. The base for the Index and all sub-Indices is 2014 (= 100).
- Seven of the nine commodity group sub-Indices and 21 of the 29 individual commodity sub-Indices that constitute the main Index declined during the week.

Agriwatch edible oil index



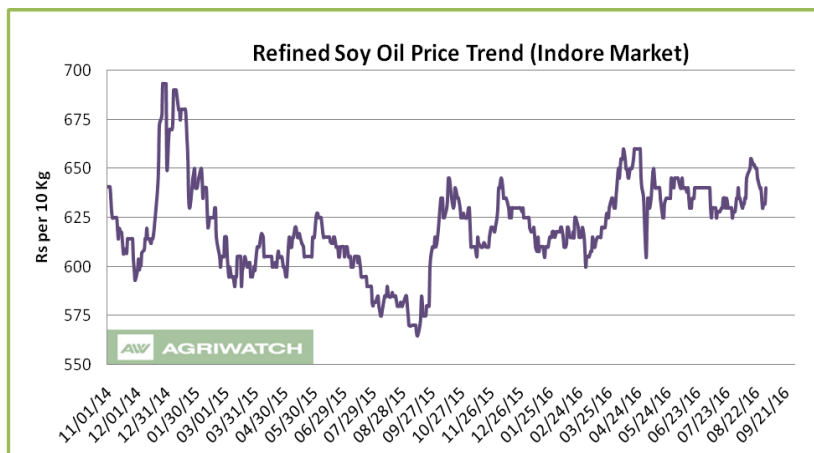
- Agriwatch edible oil index fell 0.19 percent last week to 120.41.

"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 downtrend at its benchmark market in Indore during the week on higher supplies of soy oil. Prices were lower in Mumbai and Kandla/Mudra while prices were unchanged in Mumbai. CDSO prices closed lower at JNPT and Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices witnessed downtrend during the week on firm supplies.



Fall in prices of soybean spilled over to lower prices of soy oil.

Soy oil CNF fell lesser than fall in domestic soy oil prices indicating firm demand and higher supplies. Demand is weak on CNF markets while firm in domestic markets. Soy oil –Indore remains less affected by CNF prices at India West coast indicating firm demand.

Indian soy oil prices are 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.

Basis has fallen from last week indicating more sensitivity of domestic CNF prices from global benchmark prices. Weak demand in India CNF and improving supply situation exporting markets have decreased basis.

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 70 (Rs 72 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 48 (USD 62.5 last week) which will increase imports.

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

- In the USDA – FAS grain report, the US attaché has projected India's 2016/17 soybean production at 11.5 million tons up from its previous forecast of 11 million tons. Good seasonal rains and normal growing conditions are cited behind the increase. The productivity is pointed to be within 5-year average.
- All India sowing of soybean has reached 112.08 lakh hectares as on 26 August 2016, compared to 114.17 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.

- Imported crude soy oil CIF at West coast port is offered at USD 798 (USD 820) per ton for September delivery. October delivery is offered at USD 796 (USD 816) per ton and November delivery is offered at USD 790 (USD 820) per ton as on September 3, 2016. Last month, CIF CDSO August average price was USD 802.5 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 100-105/ton v/s loss of USD 80-85/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 – USDA reported lower soy oil (crude and refined) stocks in US in July on lower production of soy oil due to lower crush. Fall in stocks reported by USDA is higher than NOPA. Both agencies have reported lower stocks of soy oil in US which will support 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 old crop supplies are weak and they are waiting for prices of soybean to come down. Lower crush will decrease soy oil stocks of US.

Soybean crop condition is very good in US as reported by USDA last week. All the indicators are above last year and 5 year average which confirms USDA crop report in August which reported record US soybean production in 2016/17.

Pro Farmer crop tour in US Midwest has indicated very good condition of soybean crop. USDA has reported very good crop condition of soybean in US, which has underpinned prices in last week.

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

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.

Rise 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.

- US oilseeds processors have crushed 4.604 million tons of soybean during July, which is down from 4.673 million tons during the corresponding period last year and marginally down from 4.624 million tons processed during June this year, reported USDA. The average crush figure of the market participants was 4.596 million tons. US soy meal inventories stood at 419,802 tons up from 281,038 tons in June. Crude soy oil inventories are reported at 1.866 billion pounds at the end of July and refined soy oil inventories stood at 348.5 million pounds, said USDA.
- The US soybean crop is reported to be setting pod at 94% up compared to 91% during the corresponding period last year and 92% from 5-year average. About 5% of the crop is dropping leaves, which lower than 8%

during the corresponding period last year but at par with the 5-year average. About 73% of the newly planted US soybean crop is under good to excellent conditions, which is up from 63% during the corresponding period last year, reported in the US crop progress report dated 28 August 2016.

- Brazil has exported 3.82 million tons of soybean in August against 5.16 million tons during the corresponding period last year and 5.79 million tons in July 2016. Brazil has exported 1.09 million tons of soy meal in August against 1.11 million tons during the corresponding period last year and 1.39 million tons in July 2016.
- According to Argentina government, Argentina's biodiesel exports almost tripled in April-June (second quarter – 2016). Argentina exported 404,215 tons of biodiesel in second quarter, which is mostly derived from soy oil. Production of biodiesel in second quarter increased 56.6 percent from corresponding period last year. USDA has increased forecast of higher exports of soy oil based biodiesel in 2016/17 in its August estimate.
- According to U.S. Energy Information Administration (EIA), U.S. biodiesel production remain unchanged in June compared to May 2016 at 135 million gallons. Soy oil use was the largest in June at 519 million lbs compared to 527 million lbs in May 2016. Soy oil was the largest contributor to the biodiesel output at 53 percent of total production in U.S.
- FC Stone has projected Brazil's 2016/17 soybean production at 101.85 million tons compared to 95.4 million tons in 2015/16. Brazil's soybean output growth is projected at average 4.1% per year in next 10 years and soybean output is expected surpass 140 million tons by 2025 by FCStone.
- 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.
- 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.

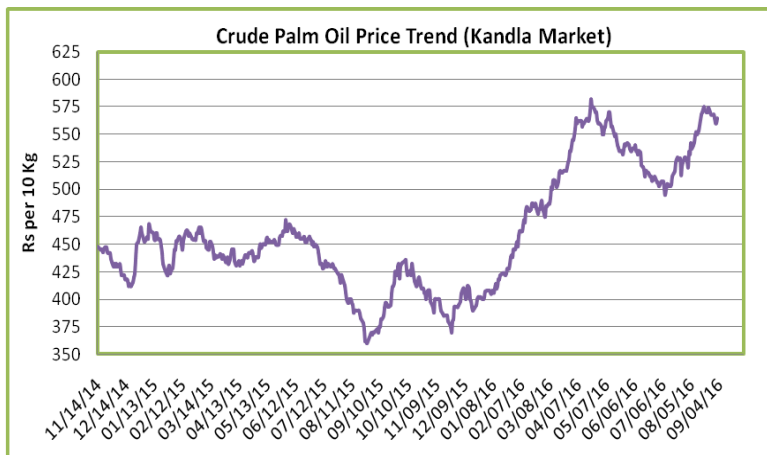
**Price Outlook:** We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 630-680 per 10 Kg in the near term.



**Palm oil Fundamental Analysis and Outlook -:**

**Domestic Front**

- Crude palm oil at Kandla featured uptrend in its benchmark market at Kandla on firm demand and weak supplies. CPO prices in Kakinada closed unchanged at the end of the week.
- Agriwatch View – Prices of palm oil were weak on firm demand. Demand is firm in domestic market as CNF prices have fallen while prices in domestic market has risen indicating firm demand and weak supplies.



Domestic palm oil market is tight. However, buyers from India is not importing much which has led to more fall in CNF prices compared to international prices.

Prices in CNF Kandla has fallen more than fall in FOB Malaysia and Indonesia in both CPO and RBD palmolein. Disparity increased on high seas due to rise in base import prices of palm oils. If base prices were not increased then disparity would have decreased. Domestic prices of palm oil are rising while Malaysia FOB and CNF India is falling more than domestic prices indicating firm demand. Market is tight due to lower 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. Buyers are booking more Malaysia RBD palmolein compared to CPO as RBD palmolein prices are competitive compared to CPO 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 48 (USD 62.5 last week) per ton may bring weaken demand and underpin prices.

Negative refining margins will slow imports of CPO and increase RBD palmolein imports.

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

- 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 750 (USD 775) per ton for September delivery while October delivery is quoted at USD 730 per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 767.5 (USD 775) per ton for September delivery while October delivery is quoted at USD 737.5 per ton. Ready lift CPO duty paid prices quoted at Rs 574 (Rs 568) per 10 Kg and September delivery duty paid offered at Rs 563 (Rs 565) per 10 kg on August 26, 2016. Values in bracket depict last week quotes.
- On the parity front, margins were in disparity during this week due to rise in prices of imported palm oil and lower rise in prices of in prices of palm oil products in India. Currently refiners lose USD 25-30/ton v/s loss of USD 10-15/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein lose USD 30-35/ton v/s loss of USD 10-15/ton (last month) parity.
- We expect palm oil to trade sideways to firm in the days ahead.

### International Front

- Agriwatch View – Palm oil exports in August from Malaysia has showed firm demand from top importing markets especially India. Exports data by SGS and ITS showed that exports rose by 26-29 percent in August led by higher imports from India.

Strong demand from India has surprised markets. Demand from India is high due to tighter market of palm oil in their domestic market.

Aggressive pricing by Malaysia by offering lower RBD palmolein prices over Indonesia CPO has shifted demand towards Malaysia. Inverted duty structure by Malaysia is helping exports from Malaysia to India, which is buying more RBD palmolein.

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 more demand share is expected to come from Malaysia as its lower price advantage over Indonesia CPO.

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 due to lagged effect of El Nino.

China is buying more ahead of festivals in September and higher buying in second half of 2016 to replenish stocks depleted in first half of 2016. China's palm oil imports of August indicate that demand has improved in last two months. However, demand is expected to improve for rest of the year.

Depreciation of Ringgit will support prices in near term.

Stability in Chinese currency and domestic economy will 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 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 palm oil exports rose 26.4 percent to 1,621,480 tons compared to 1,283,050 tons in July 2016. Top buyers were India at 450,929 tons (199,580 tons), China at 289,550 tons (225,856 tons), European Union 269,523 tons (260,908 tons), United States at 78,535 tons (74,800 tons) and Pakistan at 31,000 tons (41,000 tons). Values in brackets are figures of July 2016.



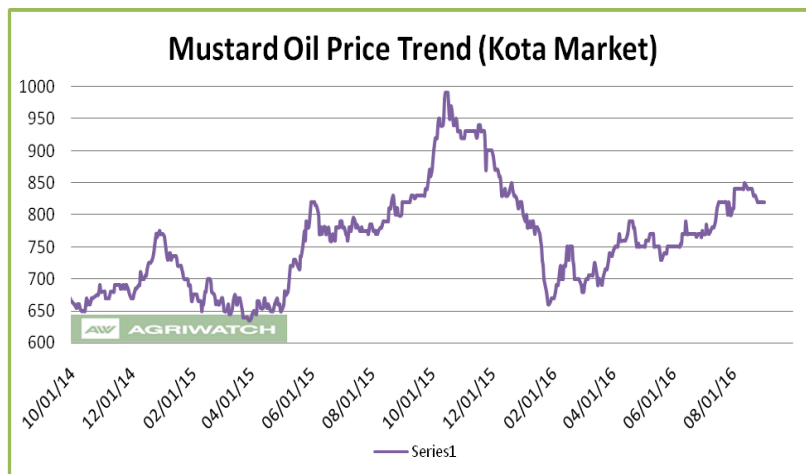
- According to Malaysia Palm Oil Board (MPOB), Malaysia reported surprise fall in July palm oil stocks by 0.23 percent to 1,770,650 tons compared to 1,774,650 tons in June. Production in July rose by 3.48 percent to 1,585,882 tons from 1,532,613 tons in June. Exports in July rose by 21.24 percent to 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 550-600 per 10 Kg in the near term.

### Rapeseed oil Fundamental Review and Analysis:-

#### Domestic Front

- Mustard oil prices featured sideways trend at its benchmark market of Kota during the week in review on weak demand and weak supplies.
- Agriwatch view: Prices of rapeseed oil expeller mostly showed weak trend falling in Jaipur, Ganganagar, Gujarat, Mumbai and New Delhi. Prices were unchanged at Hapur while it rose in Neewai and Kolkata. Prices of Kacchi ghani fell in Kota and Ganganagar while



it was unchanged at Jaipur and Neewai. Prices rose in Bharatpur, Agra and Hapur.

Prices of rapeseed oil traded sideways during the week on weak demand and weak supplies.

Prices of rapeseed fell last week in Rajasthan capping gains in prices of rapeseed oil.

Fall in prices of palm oil, soy oil and canola oil capped gains.

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

Prices have risen continuously from February and prices are taking breath 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 medium 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.

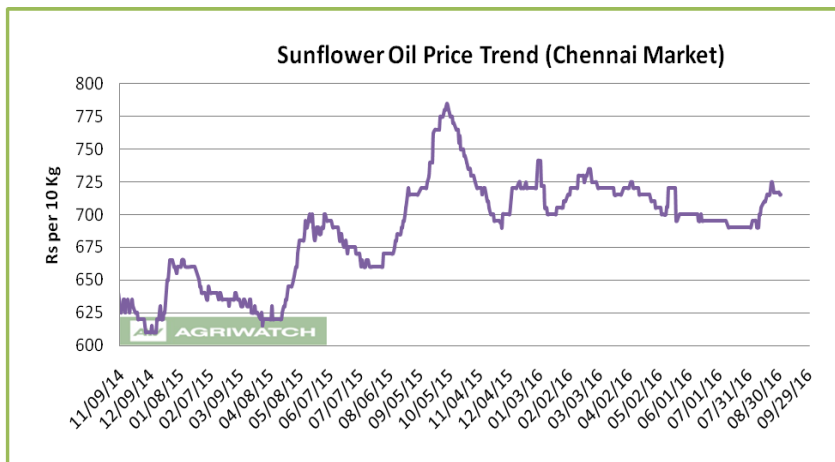
- India imported 0.67 lakh tons of rapeseed (Canola) oil in July 2016 v/s 0.31 lakh tons in July 2015, lower by 116 percent y-o-y. For oil year 2015-2016 (November 2015 – July 2016) India imported 2.56 lakh tons rapeseed (canola) oil v/s 2.62 lakh tons in corresponding period in the oil year 2014-15, marginally higher y-o-y: SEA
- CIF canola premium over soybean oil is USD -2 (USD -25 last week) per ton as on September 2, 2016. Low premium of canola over soybean oil may increase imports of canola.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 822 (Rs 837) per 10 Kg, and at Kota market, it is offered at Rs 820 (Rs 820) per 10 kg as on September, 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 780-860 per 10 Kg.

### Sunflower oil Fundamental Review and Analysis:-

#### Domestic Front

- Sunflower oil prices featured downtrend during the week at its benchmark market in Chennai on firm supplies. Prices were unchanged in Hyderabad and Kakinada at the end of week.
- Agriwatch view: Prices of sunflower oil traded higher on firm supplies. Prices fell marginally despite major fall in prices of sunflower oil in international markets.



Forward month deliveries of sunflower

oil prices fell at higher rate than September delivery.

Prices are expected to rise on seasonal uptrend of prices.

Lower premium of sunflower oil over soy oil will increase demand in domestic market and supported prices.

Refiners and traders are stocking on seasonal uptrend of prices.

Refiner's are aggressively purchasing 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 47 (USD 35 last week) per ton for September delivery. Deliveries of months after September premium is much lower.

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 has fallen due to record production and exports of sunflower oil from Ukraine as India imports 95 percent of sunflower oil from Ukraine. However, some shipments from Argentina have arrived in India in August.

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.

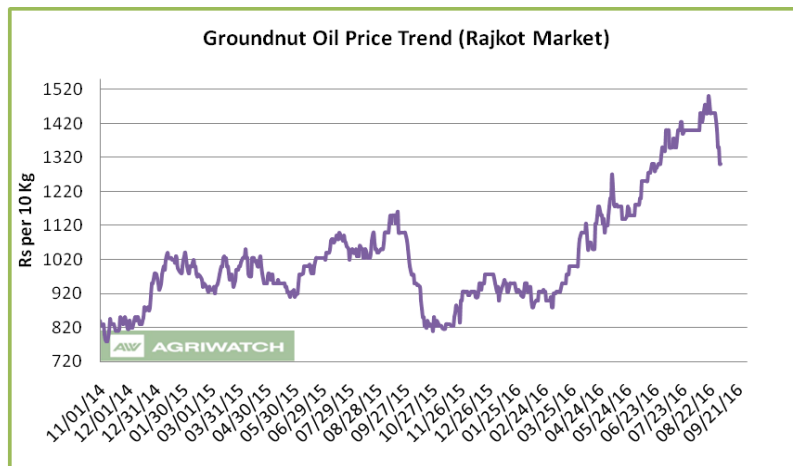
- All India sowing of sunflower has reached 1.52 lakh hectares as on 26 August 2016, compared to 0.90 lakh hectares in the corresponding period last year.
- Government of India is considering to offering sunflower to BPL holders. Present government offers palm oil. The subsidy will be given to sunflower oil also, according to Food and Civil Supplies Minister U.T. Khader. Tenders will be floated soon to implement the program.
- According to UkrAgroConsult, Ukraine June sunflower oil exports rose to 439 KMT compared to 349 KMT in July 2015. Exports in July is record highest for the month of July. In 2015/16 season (September 2015-June-2016) Ukraine exported 3865.1 KMT of sunflower oil compared to 3357 KMT in the corresponding period in 2014/15. Europe was the largest buyers at 32.7 percent of total followed by India at 30.7 percent. According to UkrAgroConsult, sunflower seed production and crushing in Ukraine in 2016/17 is expected to be record in history.

- 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 845 (USD 855) per ton for September delivery, USD 825 (USD 847.5) per ton for October delivery, November delivery is quoted at USD 815 (USD 837.5) per ton and December delivery is quoted at USD 815 per ton. CIF sun oil (Ukraine origin) August monthly average was around USD 842.08 per ton. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 800-900 per ton in the near term. CIF Sunflower oil premium over soybean oil increased from last week and is hovering at USD 47 (USD 35 last week) per ton for September delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 717 (Rs 717) per 10 Kg, and at Hyderabad market, it is offered at Rs 722 (Rs 722) per 10 kg as on September 2, 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 downtrend in Rajkot on weak demand. Prices in Chennai and Hyderabad closed lower at the end of week. Prices fell in Jamnagar, Gondal and Mumbai while it was unchanged in New Delhi at the end of the week.
- Agriwatch view: Prices of groundnut oil featured downtrend last week on weak demand and expectation of good groundnut crop in Kharif season.



Record prices of oil have weakened demand.

Drastic fall in prices of groundnut last week translated into lower prices of groundnut oil.

Stockists and traders have stopped stocking as they expected prices to fall in prices as the harvest of groundnut will be very good and prices offered is still very high.

Millers have stopped buying groundnut as they expected groundnut to hit market by the end of the month.

Supplies of groundnut oil are still weak but demand has virtually stagnated as market expected the price to tank in medium term.

Price sensitive Indian consumers are has decreased demand at retail levels due to higher prices, which led to lower demand. Groundnut oil is the costliest domestic oil at current prices and there is good possibility of prices to fall, as the prices are still very high.

Groundnut oil prices are expected to trade sideways to weak in near term.

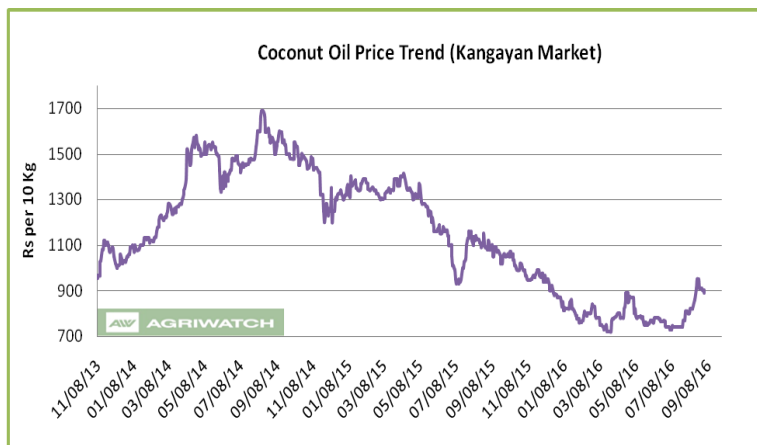
- All India sowing of groundnut has reached 43.84 lakh hectares as on 26 August 2016, compared to 34.71 lakh hectares in the corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 13,000 (Rs 14,500) per quintal and quoting at Rs 10,800 (Rs 11,000) per quintal in Chennai market on September 2, 2016. Values in brackets are values of last week
- Groundnut oil prices are likely to trade sideways to weak in the coming days.

**Price Outlook**

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 1100-1400 per 10 Kg.

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

- Coconut oil prices featured downtrend during the week at its benchmark market in Kangayam on weak demand. In Kochi prices were unchanged while prices in Trissur closed lower at the end of the week.
- Agriwatch view: Coconut oil prices closed lower during the week, on weak demand. Markets have rallied in August on steady demand from traders, upcountry buyers and corporate ahead of Onam festival. Millers are stocked to cover demand in near term.



Stocks are covered until Onam which is scheduled on September 13.

Fall in prices of copra led to lower prices of coconut oil.

Demand from North India weakened in near term affecting prices.

Corporate demand, which accounts 80 percent of demand, has weakened as they are adequately stocked

Millers have slowed buying copra at higher prices which surged in August.

Markets have rallied in July and August by more than 20 percent, which has stalled demand, and with stocks adequately covered until Onam prices are expected to weaken in near term.

Coconut oil prices are expected to retrace lower on weak demand especially corporate demand and weak demand at higher prices. Prices are expected to trade sideways to weak tone in near term.

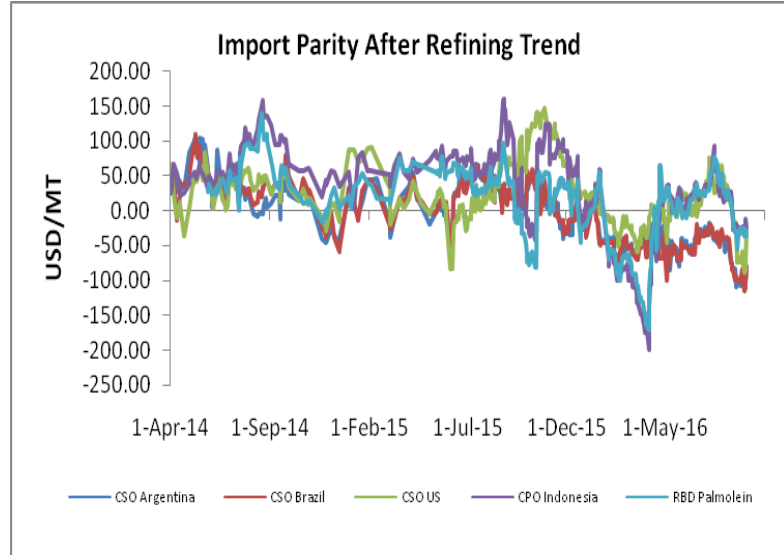
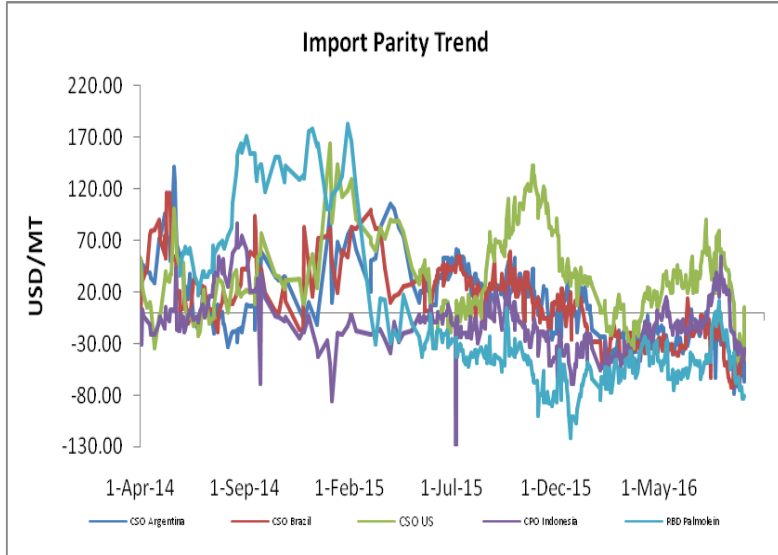
- Government of India is considering offering coconut oil to BPL holders. Present government offers palm oil. The subsidy will be given to coconut oil, according to Food and Civil Supplies Minister U.T. Khader. Tenders will be floated soon to implement the program.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 9,100 (9,500) per quintal, and was quoting Rs 8,900 (9,100) per quintal in Erode market on September 2, 2016.

**Price Outlook:** Coconut oil (without VAT) prices in Erode may stay in the range of Rs 820-950 per 10 Kg.



Import Parity Trend

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

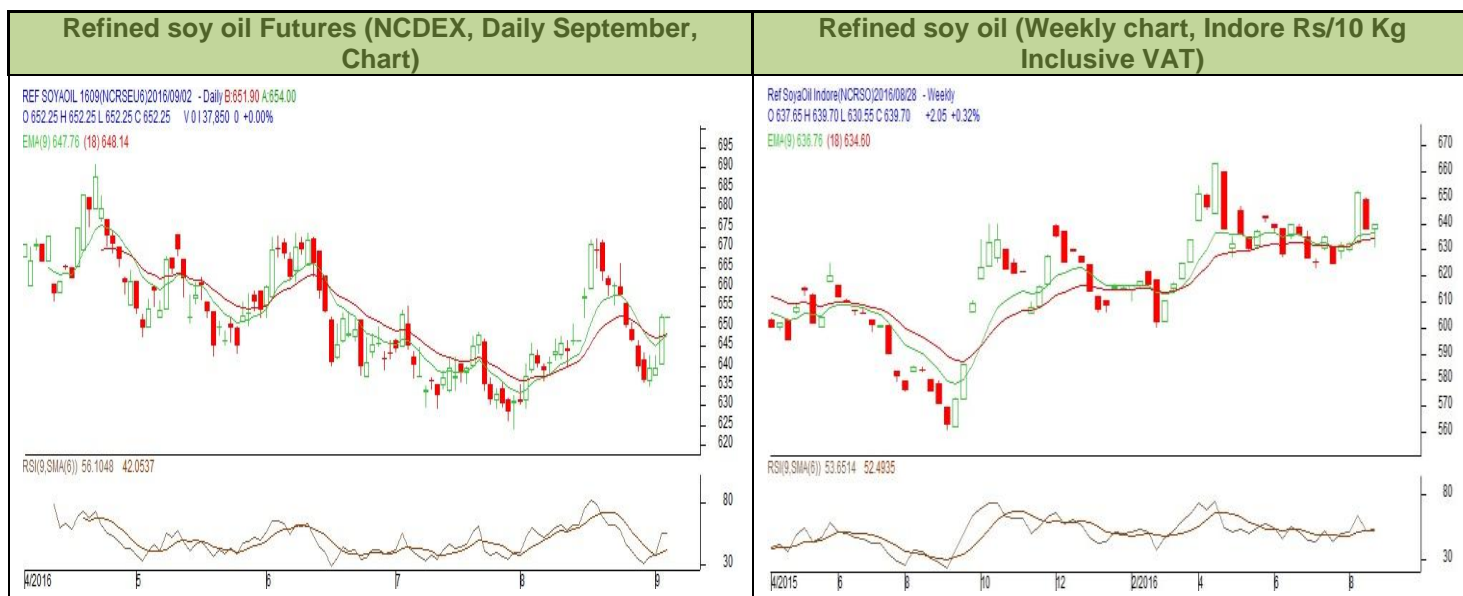


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>July, 2016</b>	-37.53	-34.65	43.54	40.63	46.42
<b>Aug, 2016</b>	-82.87	-81.31	-27.15	-11.00	-12.64

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 downtrend 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 downtrend during the week in review. We expect prices to trade sideways to firm tone in the near term.
- Any close below 630 in weekly chart will change the sentiment and might take the prices below 600-620 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.

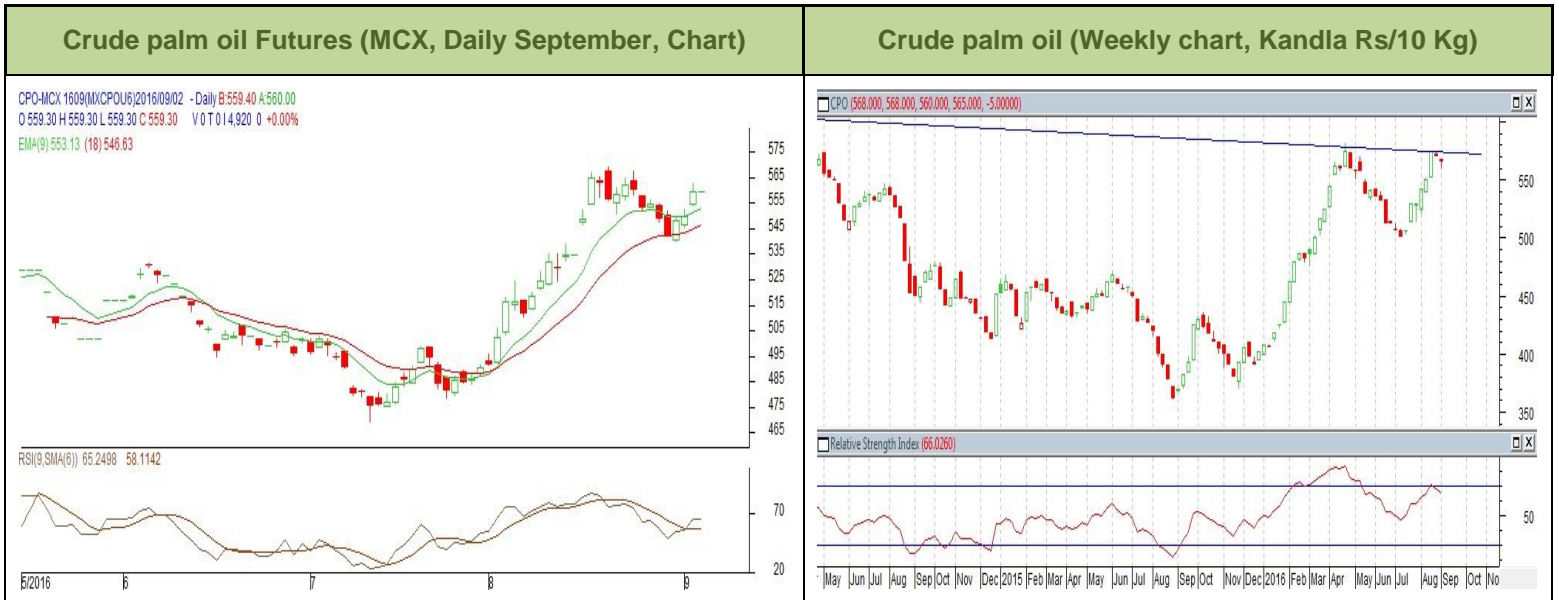
**Strategy:** Market participants are advised to go long in RSO above 650 levels for a target of 665 and 670 with a stop loss at 640 on closing basis.

**RSO NCDEX (September)**

Support and Resistance				
S2	S1	PCP	R1	R2
625.00	638.00	652.25	666.00	680.00

**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 September 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 580 in weekly chart may bring the prices to 600 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 555 for a target of 580 and 585 with a stop loss at 545 on closing basis.

**CPO MCX (September)**

Support and Resistance				
S2	S1	PCP	R1	R2
535.00	547.00	559.3	566.00	578.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 550-600 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		2-Sep-16	26-Aug-16	
Refined Soybean Oil	Indore	640	645	-5
	Indore (Soy Solvent Crude)	610	615	-5
	Mumbai	650	665	-15
	Mumbai (Soy Degum)	610	615	-5
	Kandla/Mundra	635	650	-15
	Kandla/Mundra (Soy Degum)	605	612	-7
	Kolkata	650	650	Unch
	Delhi	675	680	-5
	Nagpur	635	637	-2
	Rajkot	635	640	-5
	Kota	650	640	10
	Hyderabad	665	660	5
	Akola	676	678	-2
	Amrawati	676	678	-2
	Bundi	635	640	-5
	Jalna	NA	NA	-
	Alwar	NA	NA	-
Solapur	NA	NA	-	
Dhule	NA	NA	-	
Palm Oil	Kandla (Crude Palm Oil)	574	570	4
	Kandla (RBD Palm oil)	597	590	7
	Kandla RBD Pamolein	615	620	-5
	Kakinada (Crude Palm Oil)	560	560	Unch
	Kakinada RBD Pamolein	630	635	-5
	Haldia Pamolein	635	635	Unch
	Chennai RBD Pamolein	640	645	-5
	KPT (krishna patnam) Pamolein	622	630	-8
	Mumbai RBD Pamolein	640	635	5
	Delhi	650	650	Unch
	Rajkot	610	615	-5
	Hyderabad	608	603	5
	Mangalore RBD Pamolein	647	645	2
	PFAD (Kandla)	480	460	20
	Refined Palm Stearin (Kandla)	510	480	30
Refined Sunflower Oil	Chennai	715	717	-2
	Mumbai	735	735	Unch

	Mumbai(Expeller Oil)	650	660	-10
	Kandla	740	745	-5
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	722	722	Unch
	Latur (Expeller Oil)	725	725	Unch
	Chellakere (Expeller Oil)	670	665	5
	Erode (Expeller Oil)	740	745	-5
<b>Groundnut Oil</b>	Rajkot	1300	1450	-150
	Chennai	1080	1100	-20
	Delhi	1150	1150	Unch
	Hyderabad *	1125	1130	-5
	Mumbai	1380	1400	-20
	Gondal	1350	1450	-100
	Jamnagar	1300	1400	-100
<b>Rapeseed Oil/Mustard Oil</b>	Jaipur (Expeller Oil)	822	837	-15
	Jaipur (Kacchi Ghani Oil)	925	925	Unch
	Kota (Expeller Oil)	820	820	Unch
	Kota (Kacchi Ghani Oil)	920	935	-15
	Neewai (Kacchi Ghani Oil)	850	845	5
	Neewai (Expeller Oil)	905	905	Unch
	Bharatpur (Kacchi Ghani Oil)	955	945	10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	840	855	-15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	885	895	-10
	Mumbai (Expeller Oil)	870	890	-20
	Kolkata(Expeller Oil)	1050	1020	30
	New Delhi (Expeller Oil)	875	880	-5
	Hapur (Expeller Oil)	900	900	Unch
	Hapur (Kacchi Ghani Oil)	960	950	10
	Agra (Kacchi Ghani Oil)	960	950	10
<b>Refined Cottonseed Oil</b>	Rajkot	690	715	-25
	Hyderabad	695	695	Unch
	Mumbai	705	720	-15
	New Delhi	670	690	-20
<b>Coconut Oil</b>	Kangayan (Crude)	890	910	-20
	Cochin	785	785	Unch
	Trissur	910	950	-40

Sesame Oil	New Delhi	700	700	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	480	480	Unch
Rice Bran Oil (4%)	Punjab	570	570	Unch
Rice Bran Oil (4%)	Uttar Pradesh	570	570	Unch
Malaysia Palmolein USD/MT	FOB	745	748	-3
	CNF India	760	773	-13
Indonesia CPO USD/MT	FOB	730	735	-5
	CNF India	750	763	-13
RBD Palm oil (Malaysia Origin USD/MT)	FOB	738	743	-5
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	705	710	-5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1600	1630	-30
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	603	600	3
Crude palm Kernel Oil India (USD/MT)	CNF India	1520	1520	Unch
Ukraine Origin CSFO USD/MT Kandla	CIF	850	850	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	743	733	10
Argentina FOB (\$/MT)		1-Sep-16	25-Aug-16	Change
Crude Soybean Oil Ship		745	765	-20
Refined Soy Oil (Bulk) Ship		771	792	-21
Sunflower Oil Ship		735	Unq	-
Cottonseed Oil Ship		725	745	-20
Refined Linseed Oil (Bulk) Ship		765	785	-20
* indicates including VAT				

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