

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil witnessed mixed sentiment during the week on losses in CBOT soy oil and BMD CPO. Palm oil, rapeseed oil and groundnut oil closed lower while soy oil and sunflower oil closed sideways. Coconut oil closed higher

On the currency front, Indian rupee against USD closed at 66.98, down 69 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. High stocks at ports and pipelines will underpin prices in near term.

Recommendation:

Weekly Call - : Market participants are advised to go long in RSO above 645 levels for a target of 660 and 670 with a stop loss at 635 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 short in CPO below 575 for a target of 560 and 555 with a stop loss at 585 on closing basis.. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 550-610 per 10 Kg in the near term.

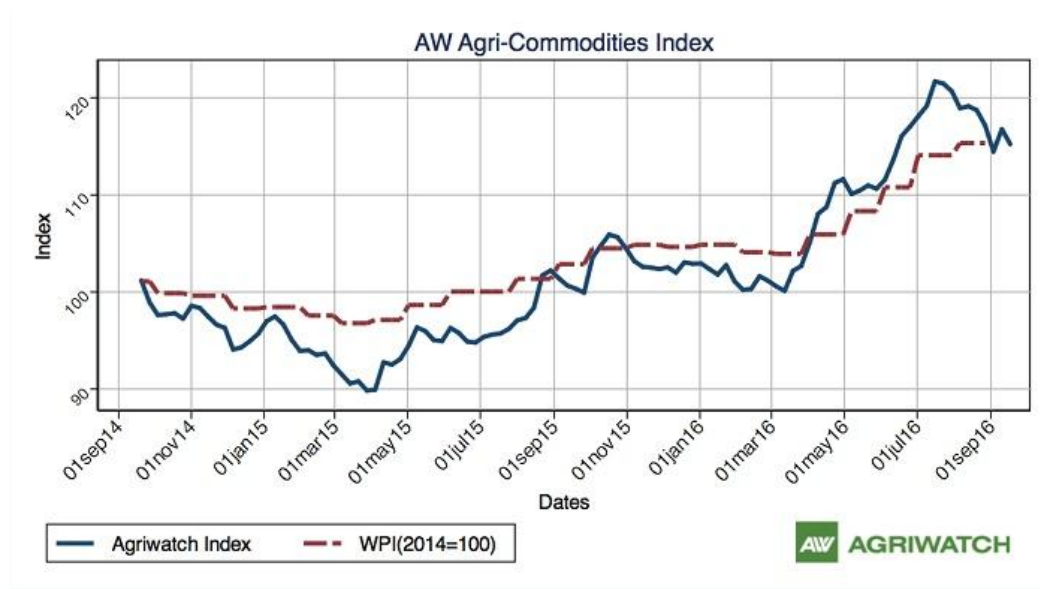
International Veg. Oil Market Summary

According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's September 1-15 palm oil exports fell 11 percent to 668,288 tons compared to 750,942 tons in the corresponding period last month. Top buyers were China at 125,060 tons (130,050 tons), India at 120,300 tons (207,900 tons), European Union at 92,930 tons (131,771 tons), Pakistan at 30,000 tons (12,000 tons) and US at 13,335 tons (17,685 tons). Values in brackets are figures of corresponding period last month.

On the international front, soy oil stocks in US, firm crude oil prices, strong Indian demand, 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.

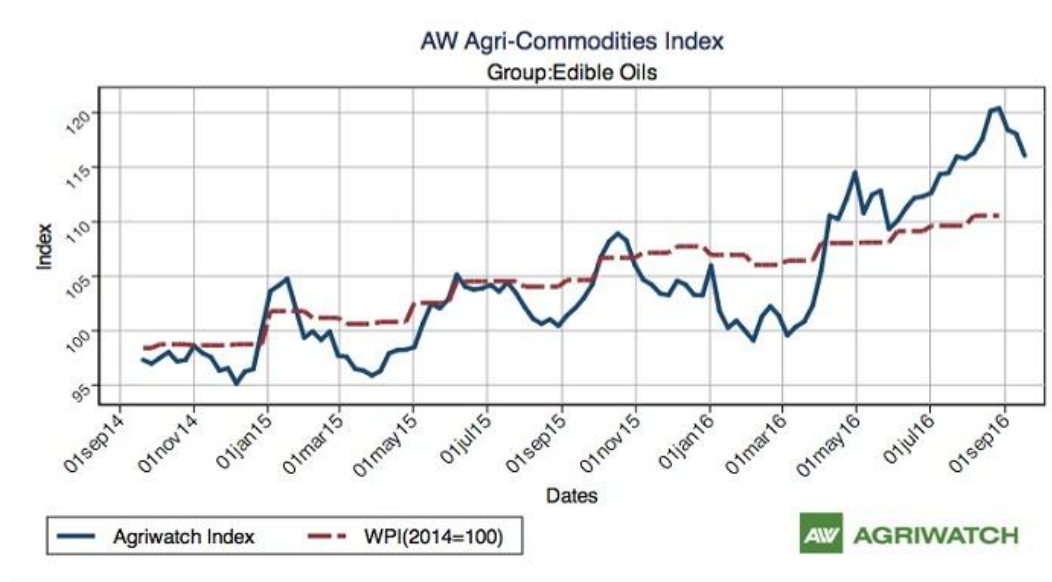
Weak Indian and Chinese demand, weak exports of palm oil from Malaysia and strong Ringgit will underpin CPO prices in near term.

Agriwatch Index



- The Agriwatch Agri Commodities Index dipped 1.32% to 115.24 during the week ended Sept 17, 2016 from 116.78 during the previous week with vegetables and edible oils leading the decline. The base for the Index and all sub-Indices is 2014 (= 100).
- Eight of the nine commodity group sub-Indices and 23 of the 29 individual commodity sub-Indices that constitute the main Index fell during the week, indicating a broad-based decline.

Agriwatch edible oil index



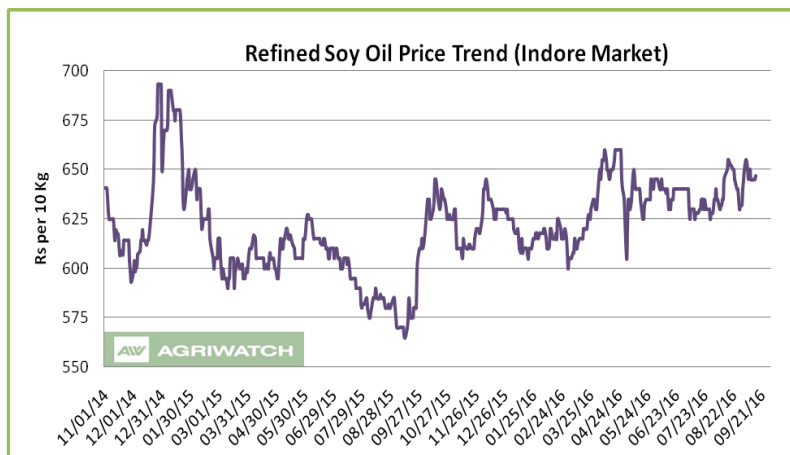
- Agriwatch edible oil index fell -1.70 percent last week to 116.06.

"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 sideways trend at its benchmark market in Indore during the week on firm demand and firm supplies. Prices closed lower in Mumbai, Kandla/Mudra and Kolkata. CDSO prices closed lower at JNPT and Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices witnessed sideways trend during the week on firm demand and firm supplies.



Rise in prices of soybean supported soy oil prices.

Soy oil CNF fell more than domestic market except Indore indicating firm demand. Soy oil –Indore remains less affected by CNF prices at India West coast indicating firm demand.

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

There is limited supply of soybean in the market.

Basis has risen from last week indicating less sensitivity of domestic CNF prices from global benchmark prices. Firm demand in India CNF increased basis.

Disparity has increased at high seas and refining margins are in disparity. 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.

Prices of soy oil expected to improve on low premium of soy oil over palm oil at Rs 70 (Rs 70 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 49 (USD 48 last week) which will increase imports.

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

- All India sowing of soybean has reached 114.66 lakh hectares as on 9 September 2016, compared to 116.16 lakh hectares in the corresponding period last year.
- Soy oil import scenario – According to SEA India imported 3.34 lakh tons of soy oil in August 2016 v/s 4.06 lakh tons in August 2015, down 17.73 percent y-o-y. In the oil year 2015-16 (November 2015-August 2016) imports of soy oil is reported at 34.87 lakh tons v/s 22.60 lakh tons in corresponding period last oil year, higher by 54.3 percent y-o-y. In the period November 2015-August 2016, share of soft oil in imports has risen from 34 percent to 42 percent.
- According to Solvent Extractors Association (SEA), India's August edible oil imports fell 8.2 percent y-o-y to 12.49 lakh tons from 13.65 lakh tons in August 2015. Palm oil imports fell 6.9 percent y-o-y to 7.55 lakh tons y-o-y from 8.1 lakh tons in August 2015. CPO Imports fell by 16.25 percent y-o-y to 5.41 lakh tons from 6.46 lakh tons in August 2015. RBD palmolein imports rose by 34.18 percent y-o-y to 2.12 lakh tons from 1.58 lakh tons in August 2015. Soy oil imports were down 17.7 y-o-y to 3.34 lakh tons from 4.06 lakh tons in August 2015.

Sunflower oil imports rose by 10.8 percent y-o-y to 1.13 lakh tons from 1.02 lakh ton in August 2015. Rapeseed (Canola) oil imports rose by 6.7 percent y-o-y to 0.48 lakh tons from 0.45 lakh tons in August 2015.

- According to Solvent Extractors Association (SEA), India's August edible oil stocks at ports and pipelines was lower by 4.65 m-o-m at 20.50 lakh tons from 21.50 lakh tons in July 2016. Stocks of edible oil at ports were at 755,000 tons (CPO 215,000 tons, RBD palmolein 110,000 tons, Degummed Soybean Oil 300,000 tons, Crude Sunflower Oil 105,000 tons and 25,000 tons of Rapeseed (Canola) Oil) and about 1,300,000 tons in pipelines. India is presently holding 37 days of edible oil requirement on 1st September, 2016 at 20.5 lakh tons compared to 39 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.
- Imported crude soy oil CIF at West coast port is offered at USD 789 (USD 796) per ton for October delivery. November delivery is offered at USD 790 (USD 806) per ton and December delivery is offered at USD 790 per ton as on September 16, 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 55-70/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 increased soybean crop to record levels in its September estimate primarily due to higher yields. Despite rise in exports in MY 2015/16 and 2016/17 supply is expected to be strong underpinning prices of soybean complex.

Soybean crop condition is very good in US as reported by USDA in its latest crop report last week. However, with forecast of showers in parts of Midwest US, harvesting might be affected but crop is expected to record. Imports from China have been decreased in MY 2015/16 primarily on liquidation of domestic stocks and higher production of soybean in 2016/17. Exports are expected to remain firm in near term.

USDA reduced soy oil stocks of soy oil in 2016/17 on lower opening stocks partially set off by higher production of soy oil and higher use in feed food & industrial use. Lower stocks of soy oil will support soy oil prices in medium term.

USDA reported lower soy oil stocks in US in August as reported by NOPA on lower production of soy oil due to lower crush of soybean. Crushers have stopped crushing and demand has waned as crushers are awaiting record soybean crop. Slow crushing and delayed harvest in Midwest US will lead to reduction of stocks of soy oil in US supporting prices.

USDA has reduced soybean crop and exports of soybean from Brazil in 2016/17.

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.

- About 26% of the US soybean crop is dropping leaves which down from 30% during the corresponding period last year but slightly above from 25% with the 5 year average. About 73% of the newly planted US soybean crop is under good to excellent conditions, which is up from 61% during the corresponding period last year, reported in the US crop progress report dated 12 Sept. 2016.

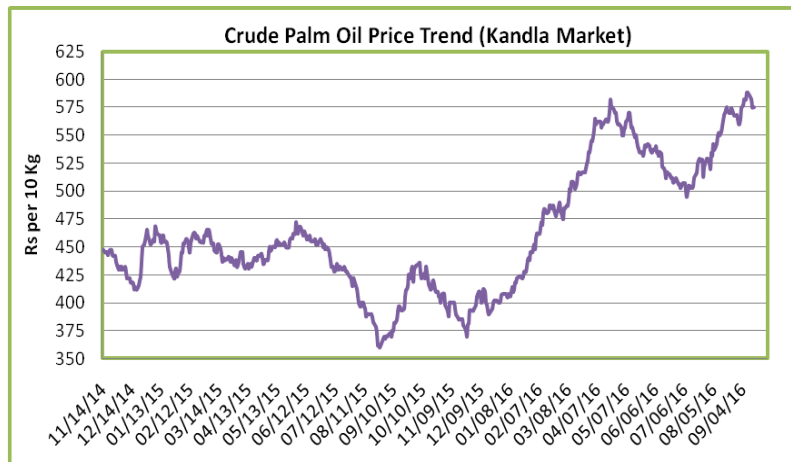
- According to National Oilseed Processors Association (NOPA), U.S. August soybean crush fell to 131.822 million bushels from 143.715 million bushels in July, down by 7.9 percent m-o-m. Crush of soybean in August 2015 was 135.304 million bushels. Production of soy oil in U.S. in August fell to 1.557 billion lbs from 1.687 billion lbs in July 2016. Production in August 2015 was 1.534 billion lbs. Soy oil stocks in U.S. at the end of August fell by 7.00 percent to 1.620 billion lbs compared to 1.743 billion lbs in July 2016. Stocks of soy oil in August 2015 were higher by 9.46 percent compared to August 2015, which was reported at 1.480 billion lbs. Yield rose to 11.81 lbs/bushel in August from 11.74 lbs/bushel in July. Yield in August 2015 was reported at 11.33 lbs/bushel.
- According to United States Department of Agriculture (USDA) September estimates, U.S 2016/17 ending stocks of soy oil fell by 1.14 percent m-o-m to 1,735 million lbs from 1,755 million lbs in August estimate. Opening stocks reduced to 1,820 million lbs from 1,950 million lbs in August estimate. Production of soy oil in 2016/17 increased to 22,525 million lbs v/s 22,405 million lbs in August 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 increased to 14,600 million lbs v/s 14,500 million lbs in August estimates. Exports in 2016/17 reduced to 2,300 million lbs v/s 2,400 million lbs in August estimate. Average price range reduced at 30.5-35.5 cents/lbs in 2016/17 up 1 cent on both ends. Fall in end stock is primarily due to lower opening stocks partially offset by rise in production and fall in exports.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price is forecast at \$8.30 to \$9.80 per bushel, down 5 cents on both ends of the range. Soybean meal prices are also projected lower at \$300 to \$340 per short ton, down 5 dollars on both ends of the range. Soybean oil prices are projected at 30.5 to 35.5 cents per pound, up 1 cent on both ends.

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 downtrend in its benchmark market at Kandla on weak demand. CPO prices in Kakinada closed lower at the end of the week.
- Agriwatch View – Prices of palm oil closed lower on weak demand. Stocks of CPO increased in ports and pipelines. Domestic palm oil market is tight.



However, buyers from India are importing

less as fall in CNF prices is higher than fall in prices of palm oil in international markets (Indonesia CPO and Malaysia RBD palmolein) which indicates weak demand.

Buyers are almost covered as ahead of demand season and rise in imports in September and October is not expected to be higher than corresponding period last year.

At present most of the imports are coming from Malaysia as premium of RBD palmolein of over CPO is very low.

Demand of CPO may increase due to improving margins.

Buyers are booking more Malaysia RBD palmolein compared to CPO as RBD palmolein prices are competitive compared to CPO prices.

Low soy oil premium over palm oil, which is hovering at USD 49 (USD 48 last week) per ton may bring weaken demand and underpin prices.

Positive refining margins will improve imports of CPO while disparity in RBD palmolein may decrease imports.

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

- Palm oil import scenario – According to SEA, India imported 7.55 lakh tons of palm oil in August 2016 v/s 8.1 lakh tons in July 2015, down 6.9 percent y-o-y. CPO imports slowed to 5.41 lakh tons in August compared to 6.46 lakh tons in August 2015, lower by 16.25 percent y-o-y. RBD palmolein imports rose to 2.12 lakh tons from 1.58 lakh tons in August 2015, up by 34.18 percent y-o-y. In the oil year 2015-16 (November 2015-August 2016) imports of palm oil is reported at 69.3 lakh tons v/s 76.38 lakh tons in corresponding period last oil year, lower by 9.23 percent y-o-y. RBD palmolein reported sharp rise at 21.96 lakh tons (November 2015-August 2016) v/s 12.57 lakh tons in corresponding period of oil year 2014-15, rise of 74.70 percent y-o-y. Crude palm imports in the period (November 2015-August 2016) fell to 46.70 lakh tons from 62.50 lakh tons in the corresponding period last oil year, fall of 25.28 percent y-o-y. In the period November 2015-August 2016, share of palm product imports fell to 58 percent from 66 percent in the corresponding period last oil year.
- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 740 (USD 755) per ton for September delivery while October delivery is quoted at USD 732.5 (USD 740) per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 747.5 (USD 762.5) per ton for September delivery while October delivery is quoted at USD 740 (USD 740) per ton. Ready lift CPO duty paid prices quoted

at Rs 580 (Rs 588) per 10 Kg and September delivery duty paid offered at Rs 578 (Rs 585) per 10 kg on September 16, 2016. Values in bracket depict last week quotes.

- On the parity front, margins improved during this week due to rise in prices of palm oil products in India. Currently refiners fetch USD 10-15/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 0-5/ton v/s loss of USD 10-15/ton (last month) parity.
- We expect palm oil to trade sideways to weak in the days ahead.

International Front

- Agriwatch View – Palm oil end stocks fell more than expected in Malaysia in August on higher than expected rise in exports of palm oil from Malaysia. Production increased in Malaysia in August but was more than offset by rise in exports.

Palm oil exports fell in first 15 days of September by 8-11 percent on lower imports from India and China. China demand has weakened as it was covered for festivals in September. However, imports will be firm in 2016 on replenishing of stocks depleted in first half of 2016.

Demand is weak from India in September due to weak demand as it has covered stocking ahead of festivals after the end of monsoons. Demand is expected to remain weak for rest of the year. However, demand may improve if prices show major correction. However, supplies in India are still weak.

Production is expected to grow at a slower pace in September on lagged effect of El Nino. Production will rise in October.

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.

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.

Malaysia has increased export duty on palm oil higher demand from top importing countries.

Appreciation of Ringgit will underpin prices in near term.

Stability in Chinese currency and domestic economy will support commodity prices. Market are expecting stimulus from China on 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 September 1-15 palm oil exports fell 11 percent to 668,288 tons compared to 750,942 tons in the corresponding period last month. Top buyers were China at 125,060 tons (130,050 tons), India at 120,300 tons (207,900 tons), European Union at 92,930 tons (131,771 tons), Pakistan at 30,000 tons (12,000 tons) and US at 13,335 tons (17,685 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's September 1-15 palm oil exports fell 8.7 percent to 669,866 tons compared to 733,369 tons in the corresponding period last month. Top buyers were India & subcontinent at 175,650 tons (248,550 tons), China at 117,230 tons (97,900 tons) and European Union at 98,725 tons (126,417 tons). Values in brackets are figures of corresponding period last month.

- According to Malaysia Palm Oil Board (MPOB), Malaysia increased October crude palm oil export duty to 6.5 percent from 5 percent in September. Tax is calculated at reference price of 2879.47 ringgit (USD 698) per ton. Prices above 2,250 ringgit are taxed with tax starting from 4.5 percent to a maximum of 8.5 percent.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's July exports of palm and palm kernel oil fell 10 percent to 1.596 MMT from 1.78 MMT in June 2016. Combined exports of palm and palm kernel oil with biodiesel and oleochemical products in July fell to 1.74 MMT from 1.89 MMT in June 2016. Biggest markets were India, European Union and China.
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- According to Malaysia Palm Oil Board (MPOB), Malaysia's August palm oil end stocks fell 17.29 percent m-o-m to 14.64 lakh tons compared to 17.71 lakh tons in July. Production rose in August by 7.32 percent to 17.02 lakh tons compared to 15.86 lakh tons in July. Exports rose by 30.89 percent in August to 18.12 lakh tons compared to 13.85 lakh tons in July. Imports fell 39.12 percent in August to 0.08 lakh tons from 0.12 lakh tons in July.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 550-610 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil prices featured downtrend at its benchmark market of Kota during the week in review on weak demand.
- Agriwatch view: Prices of rapeseed oil expeller mostly showed weak trend. Prices of rapeseed expeller fell across board in India except Jaipur. Prices of Kacchi ghani fell across board in India except Hapur.

Prices of rapeseed oil traded lower during the week on weak demand. Prices

of rapeseed were unchanged in last week while arrivals decreased which will support prices in near term.

Fall in prices of palm oil and soy oil supported fall.

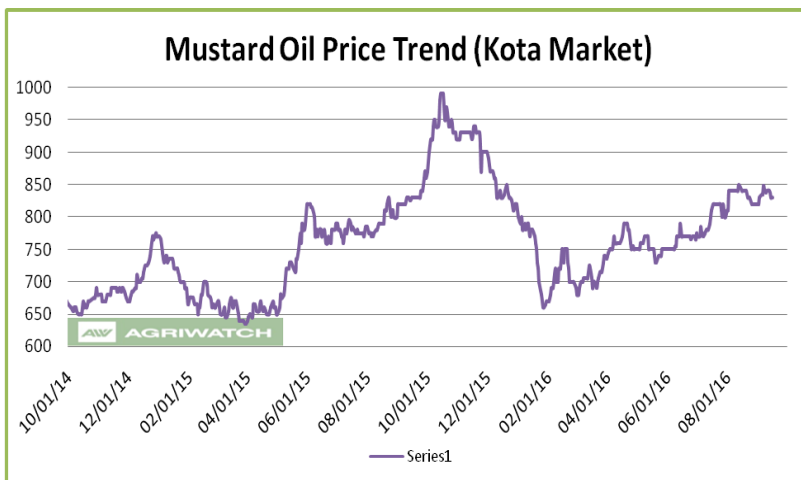
Discount of canola oil compared to CDSO will increase imports in near term.

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 0.48 lakh tons of rapeseed (Canola) oil in August 2016 v/s 0.45 lakh tons in August 2015, lower by 6.7 percent y-o-y. For oil year 2015-2016 (November 2015 – August 2016) India imported 3.04 lakh tons rapeseed (canola) oil v/s 3.07 lakh tons in corresponding period in the oil year 2014-15, marginally lower y-o-y: SEA
- CIF canola premium over soybean oil is USD -4 (USD -1 last week) per ton as on September 16, 2016. Negative premium of canola oil over soybean oil may increase imports of canola oil.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 840 (Rs 838) per 10 Kg, and at Kota market, it is offered at Rs 830 (Rs 840) per 10 kg as on September 16, 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.

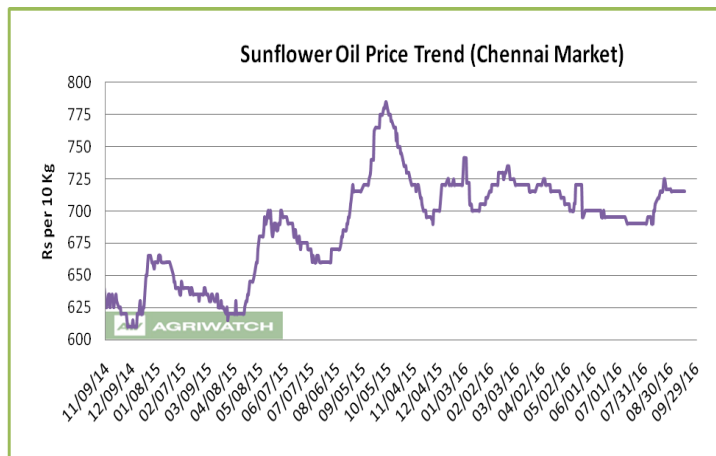


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 780-880 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices featured sideways trend during the week at its benchmark market in Chennai on weak demand and weak supplies. Prices closed lower in Hyderabad while it was lower in Kakinada at the end of week.
- Agriwatch view: Prices of sunflower oil traded sideways on weak demand and weak supplies. Prices were unchanged despite rise in prices of sunflower oil in international markets. 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 support prices.

Refiners and traders are stocking on seasonal uptrend of prices.

Refiners 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 37.5 (USD 47 last week) per ton for October delivery. Deliveries of months after October, premium is much lower.

Imports of sunflower oil weakened in August compared to July while it was stronger compared to August 2015. Sunflower oil stocks at ports and pipelines decreased in August compared to July, which will support prices in near term.

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 are expected to rise 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.

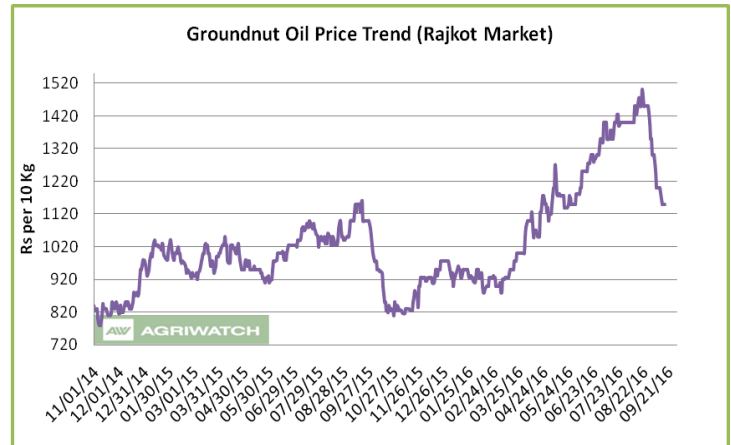
- All India sowing of sunflower has reached 1.58 lakh hectares as on 9 September 2016, compared to 1.43 lakh hectares in the corresponding period last year.
- According to UkrAgroConsult, Ukraine's August, sunflower oil exports were 258.3 KMT compared to 352.9 KMT in July while it exported 224 KMT in July 2015. In 2015/16 season (September 2015-August-2016) Ukraine exported 4479 KMT of sunflower oil compared to 3870 KMT in 2014/15. Europe was the largest buyers at 32 percent of total followed by India at 31.6 percent, China at 14% and Turkey at 4%. 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 1.13 lakh tons of crude sunflower oil during August 2016 v/s 1.03 lakh tons in August 2015, higher by 9.7 percent y-o-y. Imports during oil year 2015-16 (November 2015 –August 2016) were reported at 13.16 lakh tons v/s 13.61 lakh tons during the corresponding period in last oil year, down by 3.3 percent y-o-y.

- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 827.5 (USD 825) per ton for October delivery, USD 817.5 (USD 837.5) per ton for November delivery, December delivery is quoted at USD 817.5 (USD 830) 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 780-860 per ton in the near term. CIF Sunflower oil premium over soybean oil increased from last week and is hovering at USD 38.5 (USD 47 last week) per ton for October delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 715 (Rs 715) per 10 Kg, and at Hyderabad market, it is offered at Rs 713 (Rs 722) per 10 kg as on September 16, 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 and expectation of bumper crop of groundnut. Prices in Chennai and Hyderabad closed lower at the end of week. Prices fell in Jamnagar, Gondal, New Delhi and Mumbai 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.

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 high.

Fall in prices of cottonseed oil and rice bran oil supported decline.

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 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 46.57 lakh hectares as on 9 September 2016, compared to 35.76 lakh hectares in the corresponding period last year.
- USDA increased its estimate of groundnut oil production of 2016/17 to 1.037 MMT in its September estimate from 0.986 MMT in its August estimate. Domestic consumption is raised to 0.985 MMT from 0.960 MMT in its September estimate. Ending stocks are increased to 0.059 MMT from 0.033 MMT in its September estimate.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 11,500 (Rs 12,000) per quintal and quoting at Rs 9,800 (Rs 10,800) per quintal in Chennai market on September 16, 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 1000-1300 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 firm demand. In Kochi and Trissur prices were unchanged at the end of the week.
- Agriwatch view: Coconut oil prices closed higher during the week, on firm demand. Markets have rallied in on steady demand from traders, upcountry buyers and corporates.

Prices rose on seasonal uptrend of prices.

Rise in prices of copra supported prices.

Millers have slowed buying copra at higher prices, which surged since July.

Millers have limited stocks of coconut oil, which supported prices. However, millers are not holding produces as the prices have rallied in last two and half months.

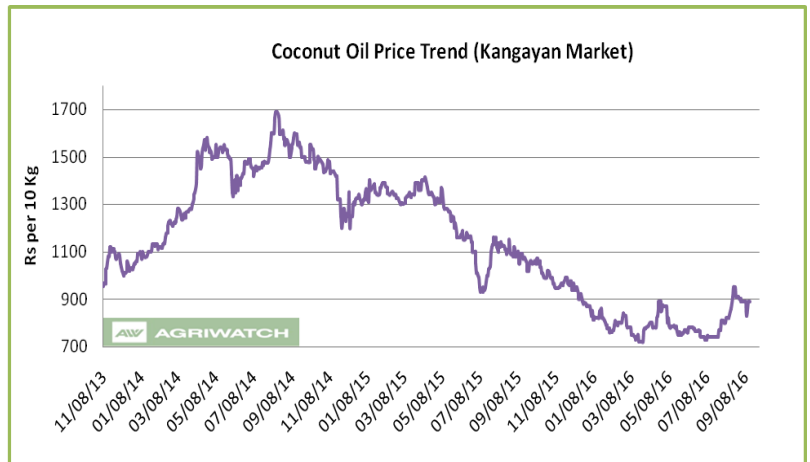
Higher prices of palm oil supported prices.

Corporate demand, which accounts for 80 percent of demand, has is firm.

Markets have rallied since July by more than 20 percent, which may weaken demand in medium term.

Coconut oil prices are expected to rise on lower supply of coconut oil and firm demand especially corporate demand. Prices are expected to trade sideways to firm tone in near term.

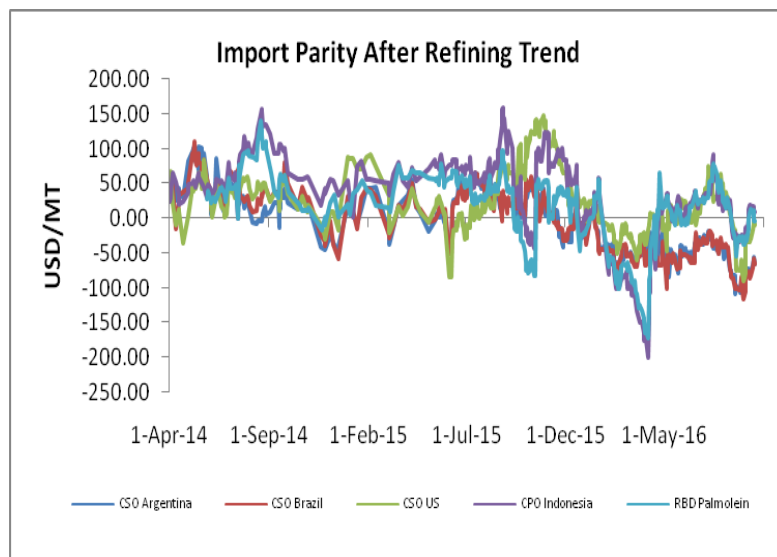
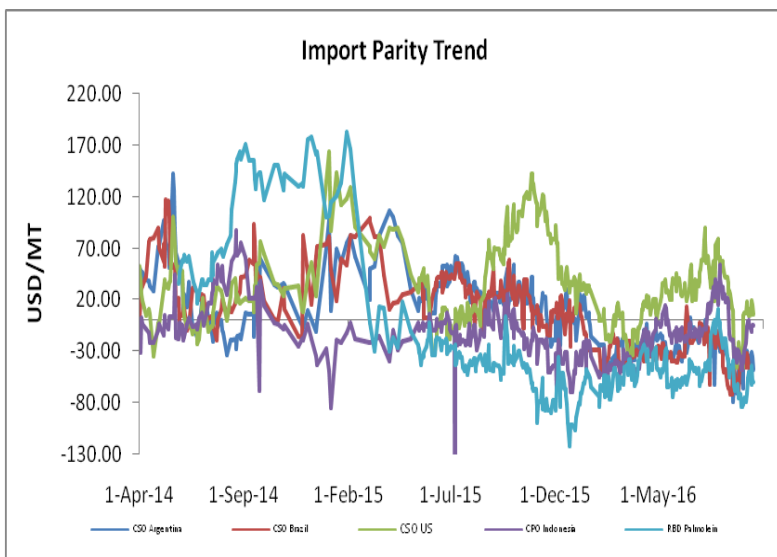
- Government of India is considering offering coconut oil to BPL holders. Present government offers palm oil. The subsidy will be given to coconut oil, according to Food and Civil Supplies Minister U.T. Khader. Tenders will be floated soon to implement the program.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 9,100 (9,100) per quintal, and was quoting Rs 8,900 (8,250) per quintal in Erode market on September 16, 2016.



Price Outlook: Coconut oil (withut 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)

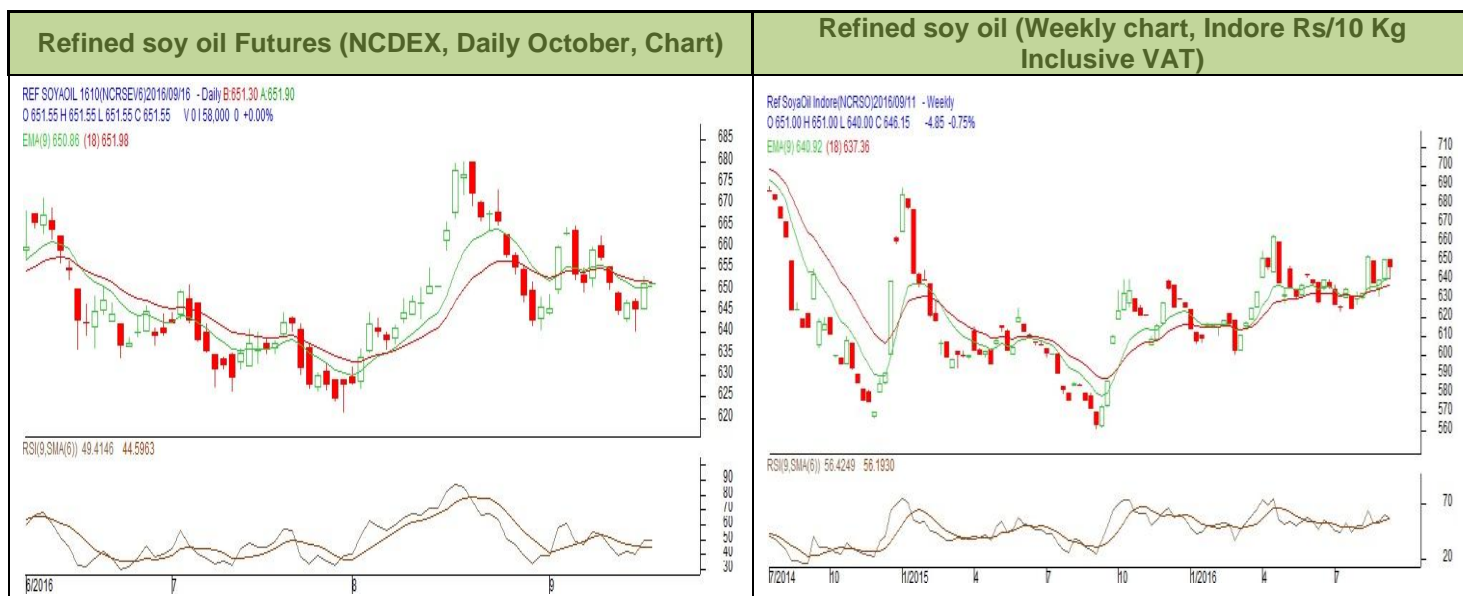


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
July, 2016	-37.53	-34.65	43.54	40.63	46.42
Aug, 2016	-82.87	-81.31	-27.15	-11.00	-12.64

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. Parity in palm oil products may increase 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.

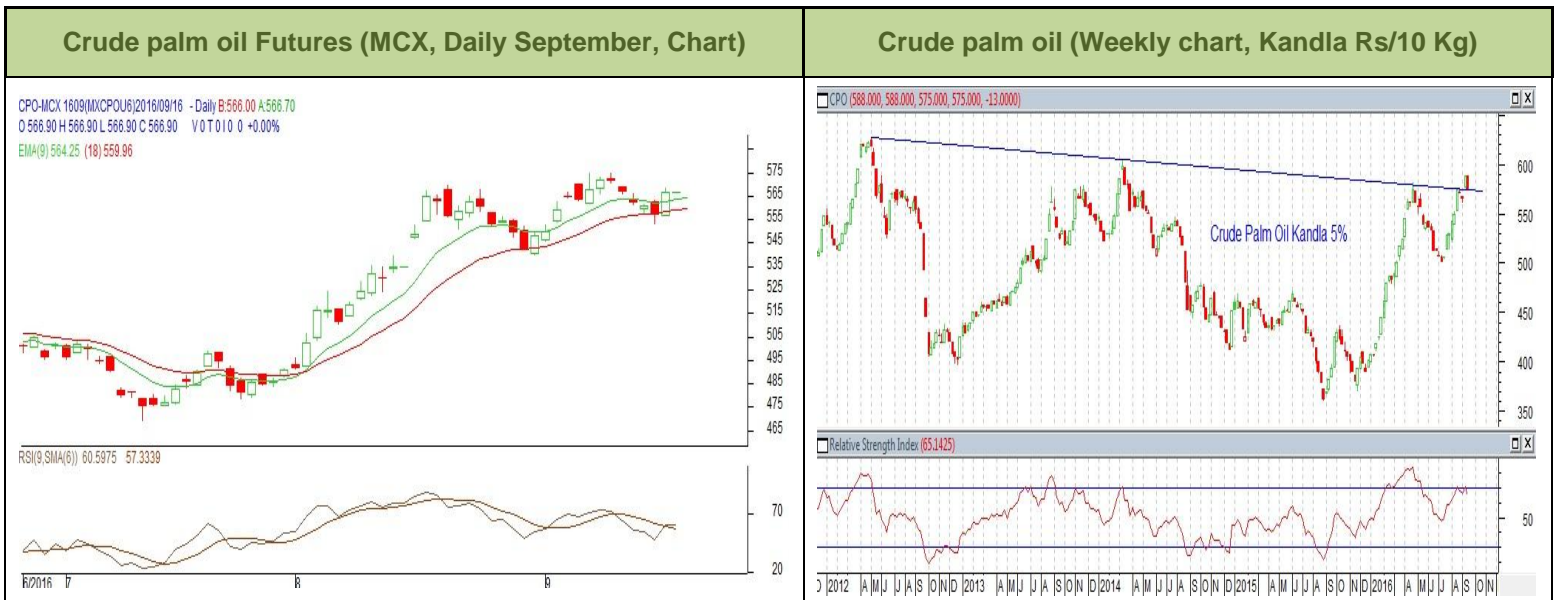
- Weekly chart of refined soy oil at NCDEX depicts downtrend during the week in review. We expect prices to trade sideways to firm tone in the near term.
- Any close below 630 in weekly chart will change the sentiment and might take the prices below 600-620 levels.
- Expected price band for next week 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 645 levels for a target of 660 and 670 with a stop loss at 635 on closing basis.

RSO NCDEX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
625.00	638.00	651.55	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 downtrend in prices during the week. We expect that CPO September contract may trade sideways to weak note.

- Candlestick in weekly chart of crude palm oil at MCX depicts downtrend in the prices. We expect prices to trade with a sideways to weak 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 downtrend in prices in the coming week.

Strategy: Market participants are advised to go short in CPO below 575 for a target of 560 and 555 with a stop loss at 585 on closing basis.

CPO MCX (September)

Support and Resistance				
S2	S1	PCP	R1	R2
535.00	547.00	566.9	578.00	590.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 550-610 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		16-Sep-16	9-Sep-16	
Refined Soybean Oil	Indore	650	650	Unch
	Indore (Soy Solvent Crude)	620	622	-2
	Mumbai	655	660	-5
	Mumbai (Soy Degum)	605	618	-13
	Kandla/Mundra	630	645	-15
	Kandla/Mundra (Soy Degum)	600	618	-18
	Kolkata	645	650	-5
	Delhi	675	680	-5
	Nagpur	654	653	1
	Rajkot	630	640	-10
	Kota	655	650	5
	Hyderabad	665	665	Unch
	Akola	694	690	4
	Amrawati	694	691	3
	Bundi	655	655	Unch
	Jalna	NA	NA	-
	Alwar	NA	NA	-
	Solapur	NA	NA	-
	Dhule	NA	NA	-
Palm Oil	Kandla (Crude Palm Oil)	580	588	-8
	Kandla (RBD Palm oil)	595	605	-10
	Kandla RBD Pamolein	620	625	-5
	Kakinada (Crude Palm Oil)	550	565	-15
	Kakinada RBD Pamolein	615	635	-20
	Haldia Pamolein	620	640	-20
	Chennai RBD Pamolein	620	645	-25
	KPT (krishna patnam) Pamolein	610	630	-20
	Mumbai RBD Pamolein	630	640	-10
	Delhi	665	675	-10
	Rajkot	615	625	-10
	Hyderabad	608	632	-24
	Mangalore RBD Pamolein	620	645	-25
	PFAD (Kandla)	470	465	5
	Refined Palm Stearin (Kandla)	520	510	10
Refined Sunflower Oil	Chennai	715	715	Unch
	Mumbai	735	735	Unch
	Mumbai(Expeller Oil)	645	655	-10

	Kandla	740	745	-5
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	713	722	-9
	Latur (Expeller Oil)	725	725	Unch
	Chellakere (Expeller Oil)	665	670	-5
	Erode (Expeller Oil)	740	745	-5
Groundnut Oil	Rajkot	1150	1200	-50
	Chennai	980	1080	-100
	Delhi	980	1100	-120
	Hyderabad *	1120	1135	-15
	Mumbai	1200	1260	-60
	Gondal	1150	1200	-50
	Jamnagar	1150	1200	-50
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	840	838	2
	Jaipur (Kacchi Ghani Oil)	918	925	-7
	Kota (Expeller Oil)	830	840	-10
	Kota (Kacchi Ghani Oil)	900	921	-21
	Neewai (Kacchi Ghani Oil)	845	850	-5
	Neewai (Expeller Oil)	893	901	-8
	Bharatpur (Kacchi Ghani Oil)	940	950	-10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	840	860	-20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	880	890	-10
	Mumbai (Expeller Oil)	860	870	-10
	Kolkata(Expeller Oil)	1030	1050	-20
	New Delhi (Expeller Oil)	880	885	-5
	Hapur (Expeller Oil)	900	920	-20
	Hapur (Kacchi Ghani Oil)	1000	980	20
	Agra (Kacchi Ghani Oil)	945	955	-10
Refined Cottonseed Oil	Rajkot	690	710	-20
	Hyderabad	680	695	-15
	Mumbai	700	710	-10
	New Delhi	660	670	-10
Coconut Oil	Kangayan (Crude)	890	825	65
	Cochin	785	785	Unch
	Trissur	910	910	Unch



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	590	570	20
Rice Bran Oil (4%)	Uttar Pradesh	590	570	20
Malaysia Palmolein USD/MT	FOB	730	740	-10
	CNF India	748	763	-15
Indonesia CPO USD/MT	FOB	710	728	-18
	CNF India	740	755	-15
RBD Palm oil (Malaysia Origin USD/MT)	FOB	715	733	-18
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	698	715	-17
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1585	1625	-40
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	600	615	-15
Crude palm Kernel Oil India (USD/MT)	CNF India	1520	1530	-10
Ukraine Origin CSFO USD/MT Kandla	CIF	825	840	-15
Rapeseed Oil Rotterdam Euro/MT	FOB	750	760	-10
Argentina FOB (\$/MT)		15-Sep-16	8-Sep-16	Change
Crude Soybean Oil Ship		735	752	-17
Refined Soy Oil (Bulk) Ship		761	778	-17
Sunflower Oil Ship		765	Unq	-
Cottonseed Oil Ship		715	732	-17
Refined Linseed Oil (Bulk) Ship		755	772	-17
* indicates including VAT				

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