

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, sunflower oil, groundnut oil and coconut oil closed higher while rapeseed oil closed sideways.

On the currency front, Indian rupee against USD closed at 66.65, 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. 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 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 630-690 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 560-620 per 10 Kg in the near term.

International Veg. Oil Market Summary

According to cargo surveyor Societe Generale de Surveillance, Malaysia's September 1-20 palm oil exports fell 12.2 percent to 917,288 tons compared to 1,045,079 tons in corresponding period last month. Top buyers were India at 173,300 tons (259,290 tons), European Union at 160,055 tons (203,995 tons), China at 150,460 tons (168,050 tons), Pakistan 45,000 tons (12,000 tons), and United States at 25,335 tons (54,285 tons). Values in brackets are figures of corresponding period last month.

On the international front, soy oil stocks in US, slow pace of harvest in US, soybean crop condition 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.

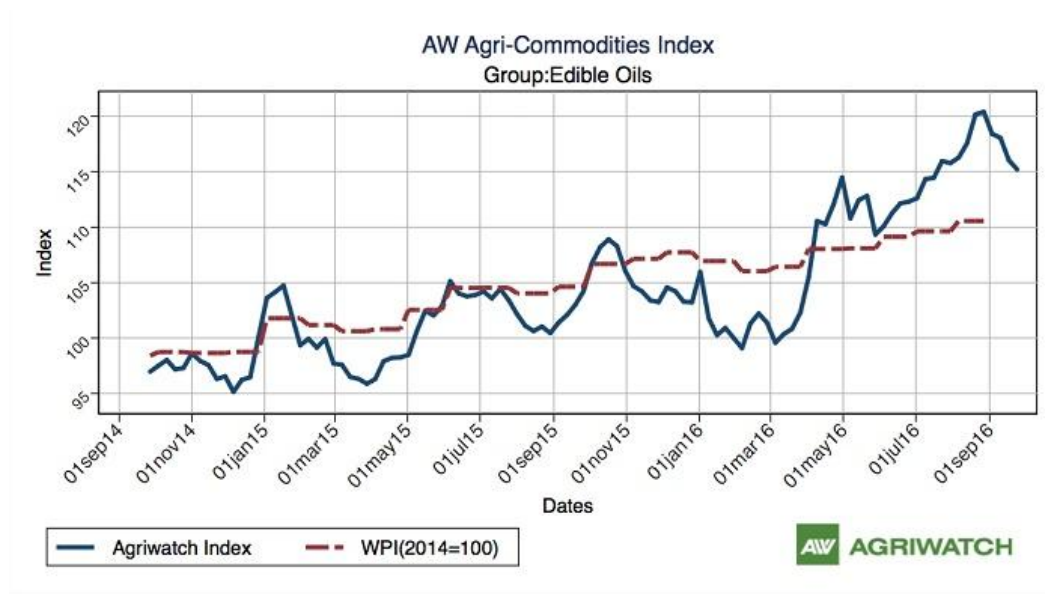
Firm Indian and Chinese demand, firm exports of palm oil from Malaysia and weak Ringgit, stability in Chinese market and supportive biodiesel and tax policies in Southeast Asian countries will support CPO prices in near term.

Agriwatch Index



- The Agriwatch Agri Commodities Index gained 0.78% to 116.13 during the week ended Sept 24, 2016 from 115.24 during the previous week as pulses recovered from their recent sharp fall. The base for the Index and all sub-Indices is 2014 (= 100).
- Four of the nine commodity group sub-Indices and 16 of the 29 individual commodity sub-Indices that constitute the main Index gained during the week.

Agriwatch edible oil index



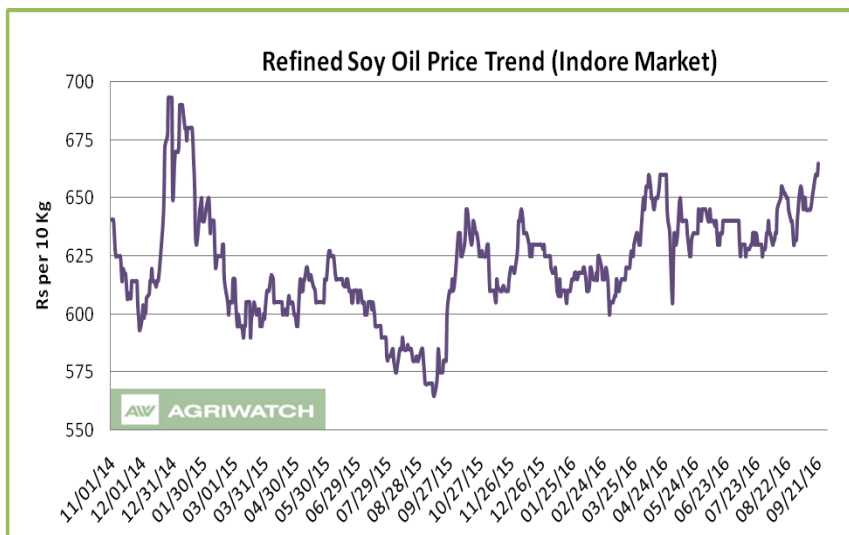
- Agriwatch edible oil index fell -0.73 percent last week to 115.21.

"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 uptrend at its benchmark market in Indore during the week on firm demand and spillover of higher prices of soy oil in international markets. Prices closed higher in Mumbai, Kandla/Mudra and Kolkata. CDSO prices closed higher at JNPT and Kandla/Mudra at the end of the week.



- Agriwatch view on reduction of import duty of palm oils: Indian government has cut import duty on CPO and refined palm oil to check prices rise and improve supply of palm oil in domestic market. Market will react adversely in short term while it is expected to rise in medium term as higher imports will reduce end stocks in Malaysia due to inverted duty structure of crude and refined palm oil by Malaysia. Malaysian refiners will only gain from cut in import duty by India. There will be no gain by refiners in India. Current duty structure by India is skewed towards higher imports of refined palm oil and will backfire in coming days and reversal of import duty is imminent while it may be possible that current duty structure of palm oils will be also applied to imports of other oils. India has in past has experimented which has led to failure of such policies with government guessing the outcome. Agriwatch requests governments to reverse the import duty policy shift which favors Indian refiners, not Malaysian refiners. By reducing duty of palm oil India is supporting destruction of rain forests in Indonesia and Malaysia and support of Paris environmental accord is just lip service rather than firm commitment. By allowing higher imports of low quality imports India is supporting health hazard of Indian consumers. Agriwatch requests Indian government to listen to our concerns for common man, farmers, Industry and deforestation. Ratification of Paris accord will not yield result for world if India do not look at concerns of environment which effect its weather in longer term. Agriwatch has full trust in Indian government and we expect responsive action by India government in future.
- Agriwatch View- Soy oil prices witnessed firm trend during the week on firm demand and spillover over international prices of soy oil.

Prices of soy oil rose despite fall in prices of soybean. Rise in prices of palm oil supported prices.

Soy oil CNF rose less than FOB Argentina despite no change in basis indicating lower demand and higher supplies. Despite weak demand in CNF markets demand is 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 dependent on domestic markets and hence disconnected from international prices of soy oil.

Basis has unchanged from last week indicating less sensitivity of domestic CNF prices from global benchmark prices.

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 58 (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 69.5 (USD 49 last week) which will increase imports.

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

- All India sowing of soybean has reached 114.71 lakh hectares as on 23 September 2016, compared to 116.28 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 815 (USD 789) per ton for October delivery. November delivery is offered at USD 819 (USD 790) per ton and December delivery is offered at USD 819 (USD 790) per ton as on September 23, 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 60-65/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 – Rains in north US Midwest have slowed down soybean harvest in certain areas of north Midwest. However, harvests in other regions have indicated very good yields. Weather has been forecasted to be

drier in next 10 days, which will increase pace of harvest. Many areas are affected on water logging in soybean fields. Harvest is expected to pick up pace in near term.

There is uncertainty in trade with China which imposed anti dumping duties on US animal feed.

Soybean crop condition is very good in US as reported by USDA in its latest crop report last week.

CNGOIC expects lower imports of soybean in 2015/16 and 2016/17 due to higher crops in its domestic market and dilution of soybean reserves. Exports are expected to remain firm in near 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 US Midwest will lead to reduction of stocks of soy oil in September supporting prices.

Soybean planting has started in Brazil with slower pace. Many areas of top producing state of Mato Grosso is dry which will lead to slow pace of planting of soybean. USDA expects lower growth of area of soybean as compared to corn as prices of corn has surged in Brazil resulting in shift of acreage towards corn. However, soybean crop in Brazil is expected to be at record levels with various agencies reporting soybean crop above 100 MMT 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 46% of the US soybean crop is dropping leaves which down from 50% during the corresponding period last year but above from 43% with the 5 year average. Harvesting is reported at 4% down compared to 6% during the corresponding period last year and slightly down from 5% from 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 same period last year, reported in the US crop progress report dated 19 Sept. 2016.
- China's 2016/17 soybean imports growth are expected slow down on higher state reserve or inventories and increase in China's soybean production. China is world's largest soybean importer, with two thirds of the world soybean trades volume. China's imports grew by million tons year-on-year since 2004, considering the USDA figure. China's soybean production is up 13% to 13.1 million tons, highest in last 5 years, reported by China National Grain and Oils Information Center (CNGOIC). China's 2016/17 soybean demand is expected to touch 85 million tons, up from 83 million in 2015/16 for the crop year ending September 31. China continues to ease its soybean inventories and have sold the about 1.4 million tons of soybean in its open market since July, reported CNGOIC.
- 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 million 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 630-690 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. CPO prices in Kakinada closed higher at the end of the week.
- Agriwatch View – Prices of palm oil closed lower on firm demand.
- Demand is firm on high seas as rise in domestic prices are more than rise in CNF markets.

Reduction in palm oil imports will not dampen prices in medium term.

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 lower than fall in prices of palm oil in international markets (Indonesia CPO and Malaysia RBD palmolein) which indicates weak demand at CNF markets.

Buyers are almost covered 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.

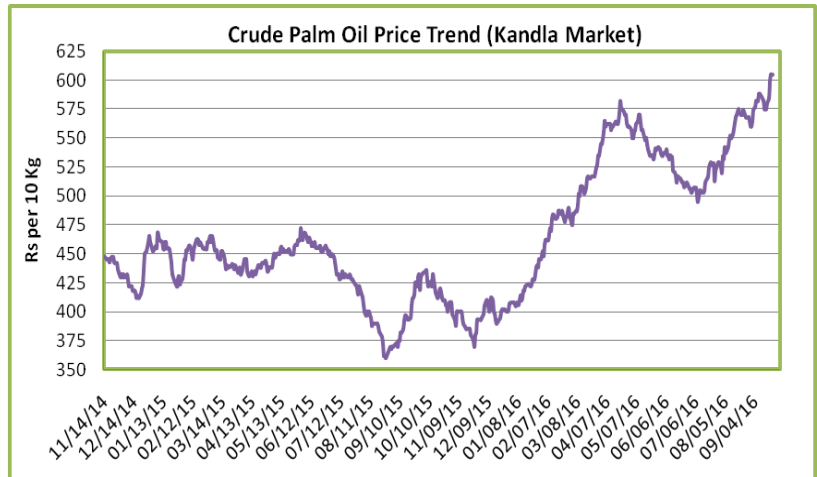
Buyers are booking more Malaysia RBD palmolein compared to CPO as RBD palmolein prices are competitive compared to CPO prices.

Low soy oil premium over palm oil, which is hovering at USD 69.5 (USD 49 last week) per ton may weaken demand and underpin prices.

Positive refining margins will improve imports of CPO while parity in RBD palmolein may increase imports.

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

- According to Indian government, India reduced import duty on palm oils by 5 basis points on both crude palm oil and refined palm oil. Import duty on crude palm oil (CPO) has been reduced to 7.5 percent from 12.5 percent. Import duty on refined palm oils has been reduced from 20 percent to 15 percent. Import duties on other imported oils were left unchanged.
- 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 757.5 (USD 740) per ton for September delivery while October delivery is quoted at USD 747.5 (USD 732.5) per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 762.5 (USD 747.5) per ton for September delivery while October delivery is quoted at USD 752.5 (USD 740) per ton. Ready lift CPO duty paid prices quoted at Rs 602 (Rs 580) per 10 Kg and September delivery duty paid offered at Rs 600 (Rs 578) per 10 kg on September 23, 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 15-20/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 10-15/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 exports fell 8-11 percent from Malaysia on lower demand from India and China. India is buying less as its imports are covered for the festive season. Demand will be strong from India in medium term due to lowering of import duty by India which will reduce palm oil stocks in Malaysia supporting prices. However, any correction in prices will be temporary.

Production is expected to remain weak in September on lagged effect of El Nino.

Aggressive pricing by Malaysia by offering lower RBD palmolein prices compared to Indonesia CPO will support exports and reduce palm oil stocks in medium term supporting prices.

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.

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.

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

Depreciation of Ringgit will support 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, Malaysia's September 1-20 palm oil exports fell 12.2 percent to 917,288 tons compared to 1,045,079 tons in corresponding period last month. Top buyers were India at 173,300 tons (259,290 tons), European Union at 160,055 tons (203,995 tons), China at 150,460 tons (168,050 tons), Pakistan 45,000 tons (12,000 tons), and United States at 25,335 tons (54,285 tons). Values in brackets are figures of corresponding period last month.

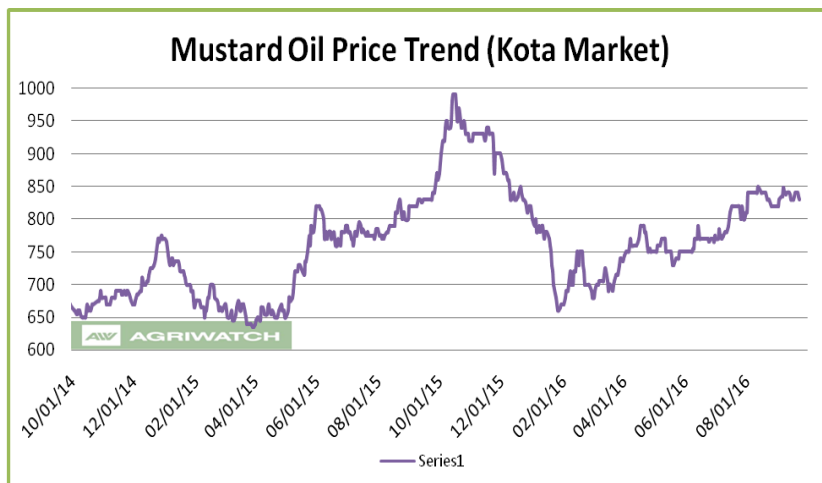
- According to surveyor Intertek Testing Services (ITS), Malaysia's September 1-20 palm oil exports fell 11 percent to 914,264 tons compared to 1,027,039 tons in corresponding period last month. Top buyers were India & subcontinent at 262,650 tons (342,325 tons), China at 142,630 tons (137,300 tons) and European Union at 129,650 tons (199,022 tons). Values in brackets are figures of corresponding period last month.
- According to China's General Administration of Customs, China's August palm oil imports fell 25.58 percent to 4.03 lakh tons y-o-y. Year to date palm oil imports fell 30.33 percent to 26.01 lakh tons y-o-y. Imports from Malaysia in August fell 4.65 percent y-o-y to 2.13 lakh tons and year to date it fell 42.97 percent to 10.17 lakh tons. Imports from Indonesia fell 40.32 percent y-o-y to 1.90 lakh tons and year to date it fell by 18.8 percent to 15.79 lakh tons.
- According to Indonesia trade ministry, Indonesia imposed crude palm oil export duty of \$3 per ton for October from zero export duty in September. Tax will be charged at reference prices above \$750 per ton.
- 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 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 560-620 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.
- Agriwatch view: Prices of rapeseed oil expeller mostly showed firm trend. Prices of rapeseed expeller were unchanged in Kota, New Delhi and Hapur. Prices rose in Jaipur, Neewai, Ganganagar, Mumbai and Gujarat. across board in India except Jaipur.



Prices of Kacchi ghani rose in Kota, Neewai and Ganganagar while it fell in Jaipur, Bharatpur, Agra, and Hapur. Prices of rapeseed oil traded sideways during the week on weak demand. Prices of rapeseed were unchanged last week while arrivals increased.

Rise in prices of palm oil and soy oil supported.

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.

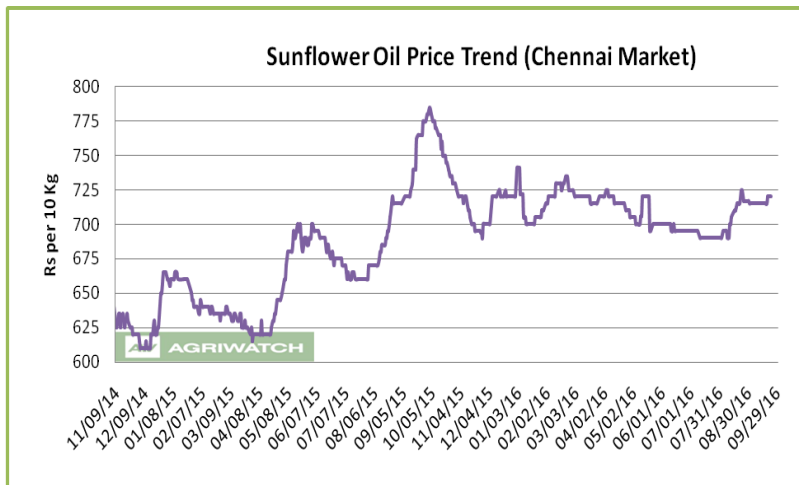
- India imported 0.48 lakh tons of rapeseed (Canola) oil in August 2016 v/s 0.45 lakh tons in August 2015, lower by 6.7 percent y-o-y. For oil year 2015-2016 (November 2015 – August 2016) India imported 3.04 lakh tons rapeseed (canola) oil v/s 3.07 lakh tons in corresponding period in the oil year 2014-15, marginally lower y-o-y: SEA
- CIF canola premium over soybean oil is USD -7 (USD -4 last week) per ton as on September 23, 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 845 (Rs 840) per 10 Kg, and at Kota market, it is offered at Rs 830 (Rs 830) per 10 kg as on September 23, 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 uptrend during the week at its benchmark market in Chennai on spillover of rise in international prices of sunflower oil. Prices closed higher in Hyderabad while it was unchanged in Kakinada at the end of week.
- Agriwatch view: Prices of sunflower oil traded higher on spillover of rise in international prices of sunflower oil. Demand is weak as rise in international



sunflower oil prices rose more than rise in domestic sunflower oil prices. Supplies in the market are strong capping upside.

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.

Rise in palm and soy oil prices supported 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 23 (USD 37.5 last week) per ton for October delivery.

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.

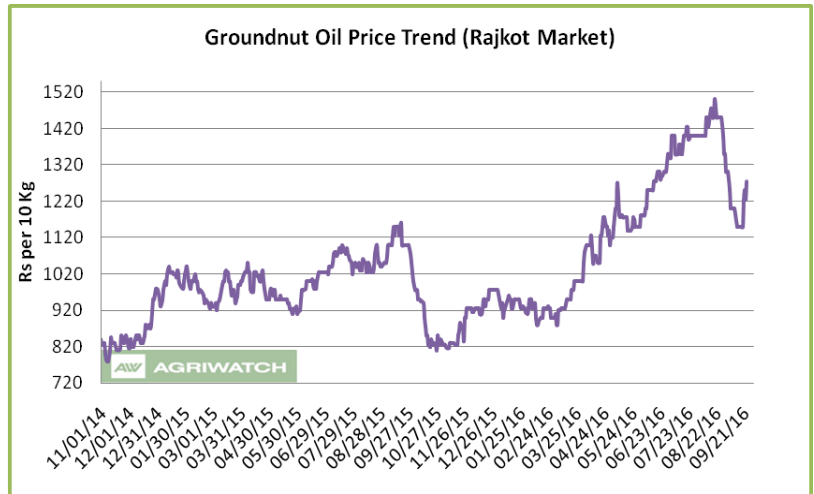
- All India sowing of sunflower has reached 1.61 lakh hectares as on 23 September 2016, compared to 1.48 lakh hectares in the corresponding period last year.
- According to UKrAgroConsult, Ukraine is expected to export record volume of sunflower oil in MY 2016/17 at 5.17 MMT compared to 4.913 MMT in MY 2015/16, higher by 13.5 percent y-o-y. Sunflower oil production in MY 2016/17 is estimated at 5.65 MMT compared to 4.978 MMT in MY 2015/16, higher by 5.23 percent y-o-y. End stocks in 2016/17 are estimated at 0.106 MMT from 0.083 MMT in 2015/16. Sunflower oil premium over soy oil and palm oil is expected to reach negative values as it happened in 2011/12 and 2013/14 MY. At present prices of sunflower oil, soy oil and palm oil is squeezed in very narrow range.

- 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 840 (USD 827.5) per ton for October delivery, USD 835 (USD 817.5) per ton for November delivery, December delivery is quoted at USD 836 (USD 817.5) 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 800-800 per ton in the near term. CIF Sunflower oil premium over soybean oil increased from last week and is hovering at USD 23 (USD 38.7 last week) per ton for October delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 720 (Rs 715) per 10 Kg, and at Hyderabad market, it is offered at Rs 722 (Rs 713) per 10 kg as on September 23, 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 uptrend in Rajkot on weak supply and expectation of delay in harvest of groundnut. Prices in Chennai and Hyderabad closed higher at the end of week. Prices rose in Jamnagar, Gondal and Mumbai while it fell in New Delhi at the end of the week.
- Agriwatch view: Prices of groundnut oil featured uptrend last week on weak supply and expectation of delay in groundnut crop harvest in current Kharif season.



Prices of groundnut surged supporting prices of groundnut oil. There is very low supply of groundnut to be crushed to meet demand. Scarcity of groundnut and delay in harvest has supported groundnut prices.

Prices rose on rise in prices of soy oil, palm oil and cottonseed oil.

Record prices of oil have weakened demand.

Stockists and traders have stopped stocking as they expected prices to fall in prices and are depending on ready markets.

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 on increase in supply of groundnut due to start of groundnut harvest season, seasonal downtrend of prices, weak demand and fall in prices of competitive oils.

- All India sowing of groundnut has reached 46.93 lakh hectares as on 23 September 2016, compared to 36.38 lakh hectares in the corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 12,750 (Rs 11,500) per quintal and quoting at Rs 10,000 (Rs 9,800) per quintal in Chennai market on September 23, 2016. Values in brackets are values of last week
- Groundnut oil prices are likely to trade sideways to weak in the coming days.

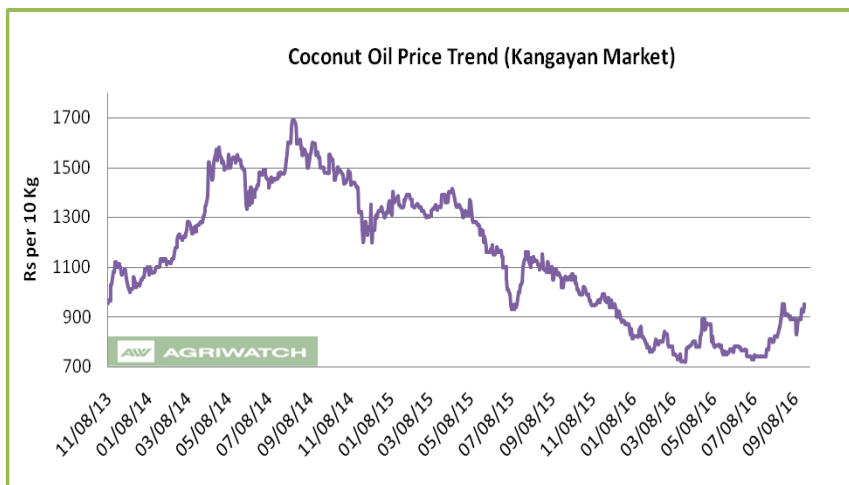
Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 1100-1350 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 rose at the end of the week.
- Agriwatch view: Coconut oil prices closed higher during the week, on firm demand. Markets have rallied on steady demand from traders, upcountry buyers and corporates. Prices rose on seasonal uptrend of prices.



Rise in prices of copra supported prices.

Rise in palm oil prices supported the rise.

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.

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

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

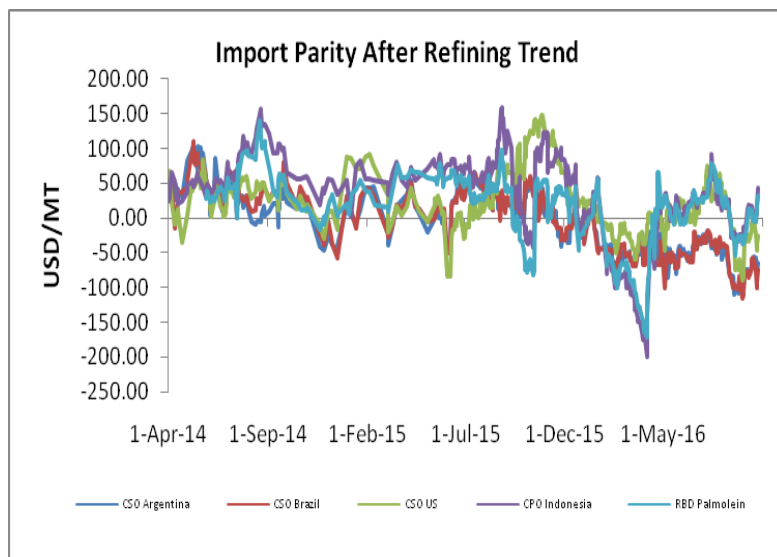
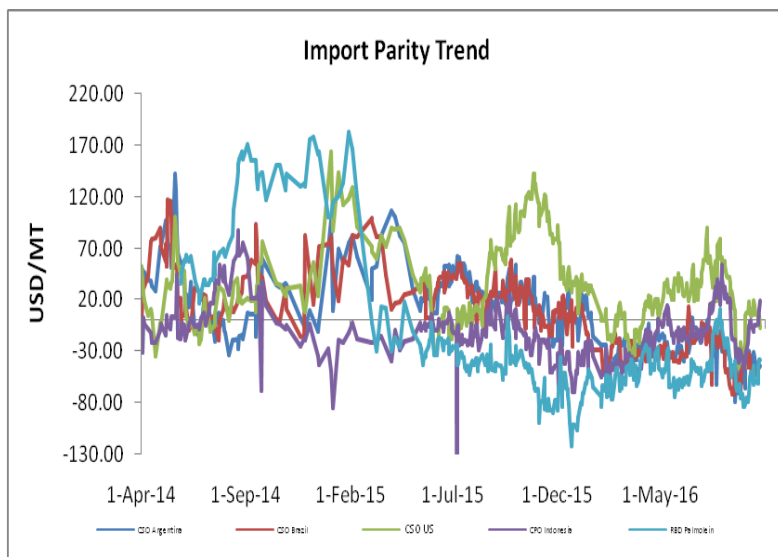
Coconut oil prices are expected to rise on lower supply of coconut oil, seasonal uptrend of prices and firm demand especially corporate demand. Prices are expected to trade sideways to firm tone in near term.

- 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 9,400 (9,100) per quintal, and was quoting Rs 9,400 (8,900) per quintal in Erode market on September 23, 2016.

Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 900-1000 per 10 Kg.

Import Parity Trend

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

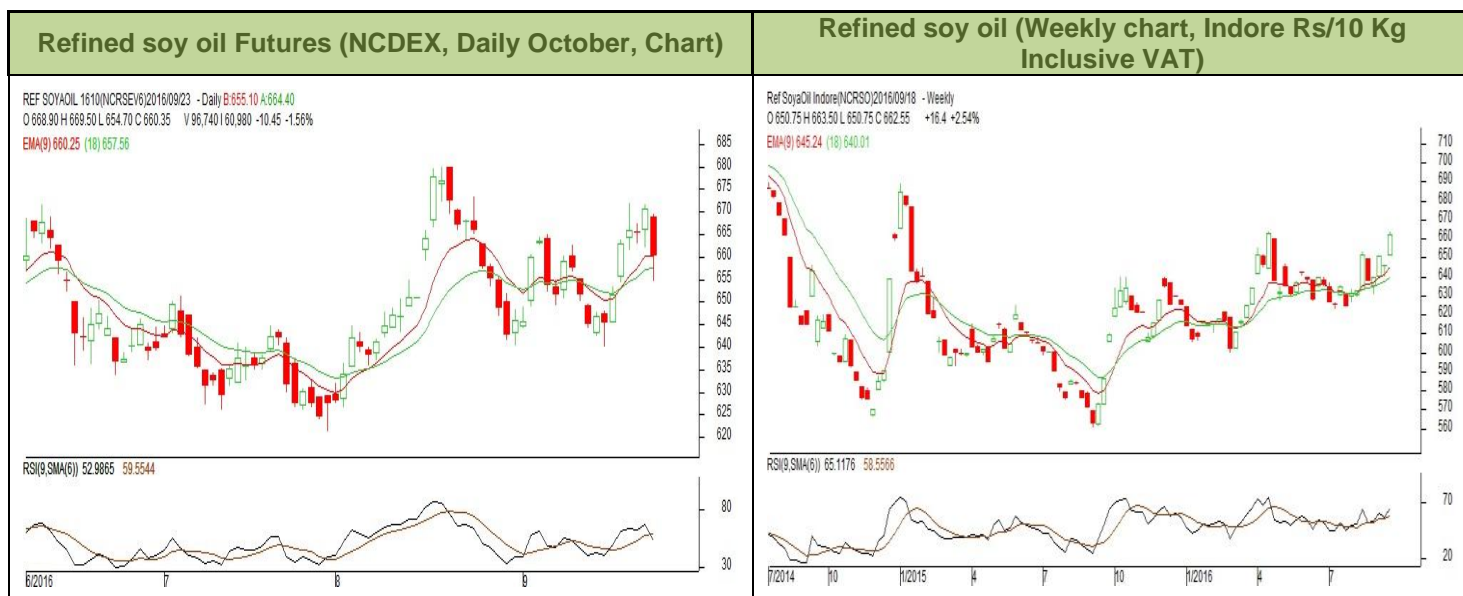


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
July, 2016	-37.53	-34.65	43.54	40.63	46.42
Aug, 2016	-82.87	-81.31	-27.15	-11.00	-12.64

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 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 630 in weekly chart will change the sentiment and might take the prices below 600-620 levels.
- Expected price band for next week is 640-690 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in market.

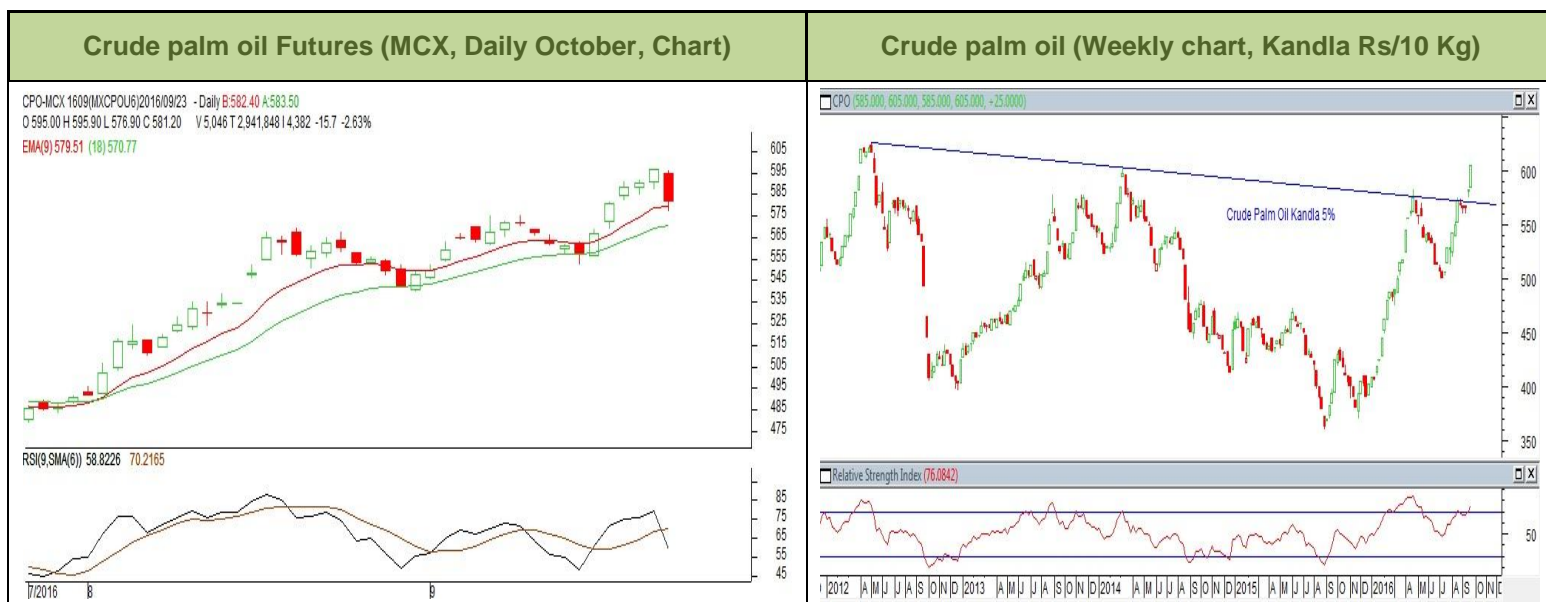
Strategy: Market participants are advised to go long in RSO above 655 levels for a target of 670 and 675 with a stop loss at 645 on closing basis.

RSO NCDEX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
625.00	638.00	660.35	666.00	680.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 630-690 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 550 for a target of 570 and 575 with a stop loss at 540 on closing basis.

CPO MCX (September)

Support and Resistance				
S2	S1	PCP	R1	R2
535.00	547.00	559.00	578.00	590.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 560-620 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		23-Sep-16	16-Sep-16	
Refined Soybean Oil	Indore	660	647	13
	Indore (Soy Solvent Crude)	635	615	20
	Mumbai	665	655	10
	Mumbai (Soy Degum)	622	605	17
	Kandla/Mundra	645	630	15
	Kandla/Mundra (Soy Degum)	620	600	20
	Kolkata	660	645	15
	Delhi	675	675	Unch
	Nagpur	673	654	19
	Rajkot	645	630	15
	Kota	660	655	5
	Hyderabad	670	665	5
	Akola	710	694	16
	Amrawati	710	694	16
	Bundi	661	655	6
	Jalna	NA	NA	-
	Alwar	NA	NA	-
	Solapur	NA	NA	-
	Dhule	NA	NA	-
Palm Oil	Kandla (Crude Palm Oil)	602	575	27
	Kandla (RBD Palm oil)	622	595	27
	Kandla RBD Pamolein	640	620	20
	Kakinada (Crude Palm Oil)	570	550	20
	Kakinada RBD Pamolein	635	615	20
	Haldia Pamolein	635	620	15
	Chennai RBD Pamolein	640	620	20
	KPT (krishna patnam) Pamolein	630	610	20
	Mumbai RBD Pamolein	645	630	15
	Delhi	695	665	30
	Rajkot	640	615	25
	Hyderabad	613	608	5
	Mangalore RBD Pamolein	640	620	20
	PFAD (Kandla)	480	470	10
	Refined Palm Stearin (Kandla)	550	520	30
Refined Sunflower Oil	Chennai	720	715	5
	Mumbai	745	735	10

	Mumbai(Expeller Oil)	660	645	15
	Kandla	750	740	10
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	722	713	9
	Latur (Expeller Oil)	725	725	Unch
	Chellakere (Expeller Oil)	680	665	15
	Erode (Expeller Oil)	745	740	5
Groundnut Oil	Rajkot	1275	1150	125
	Chennai	1000	980	20
	Delhi	950	980	-30
	Hyderabad *	1050	1120	-70
	Mumbai	1260	1200	60
	Gondal	1250	1150	100
	Jamnagar	1250	1150	100
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	845	840	5
	Jaipur (Kacchi Ghani Oil)	909	918	-9
	Kota (Expeller Oil)	830	830	Unch
	Kota (Kacchi Ghani Oil)	912	900	12
	Neewai (Kacchi Ghani Oil)	850	845	5
	Neewai (Expeller Oil)	895	893	2
	Bharatpur (Kacchi Ghani Oil)	930	940	-10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	855	840	15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	900	880	20
	Mumbai (Expeller Oil)	870	860	10
	Kolkata(Expeller Oil)	1030	1030	Unch
	New Delhi (Expeller Oil)	880	880	Unch
	Hapur (Expeller Oil)	900	900	Unch
	Hapur (Kacchi Ghani Oil)	980	1000	-20
	Agra (Kacchi Ghani Oil)	935	945	-10
Refined Cottonseed Oil	Rajkot	695	690	5
	Hyderabad	680	680	Unch
	Mumbai	715	700	15
	New Delhi	670	660	10
Coconut Oil	Kangayan (Crude)	940	890	50
	Cochin	790	785	5
	Trissur	940	910	30

Sesame Oil	New Delhi	700	700	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	485	480	5
Rice Bran Oil (4%)	Punjab	600	590	10
Rice Bran Oil (4%)	Uttar Pradesh	600	590	10
Malaysia Palmolein USD/MT	FOB	748	730	18
	CNF India	763	748	15
Indonesia CPO USD/MT	FOB	730	710	20
	CNF India	755	740	15
RBD Palm oil (Malaysia Origin USD/MT)	FOB	743	715	28
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	725	698	27
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1590	1585	5
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	630	600	30
Crude palm Kernel Oil India (USD/MT)	CNF India	1530	1520	10
Ukraine Origin CSFO USD/MT Kandla	CIF	845	825	20
Rapeseed Oil Rotterdam Euro/MT	FOB	763	750	13
Argentina FOB (\$/MT)		22-Sep-16	15-Sep-16	Change
Crude Soybean Oil Ship		775	735	40
Refined Soy Oil (Bulk) Ship		802	761	41
Sunflower Oil Ship		770	765	5
Cottonseed Oil Ship		755	715	40
Refined Linseed Oil (Bulk) Ship		795	755	40
<i>* indicates including VAT</i>				

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