

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 and coconut oil closed lower while soy oil and sunflower oil closed sideways. Rapeseed oil and groundnut oil closed higher

On the currency front, Indian rupee against USD closed at 66.68, up 7 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 fall.

We expect edible oil complex to trade sideways to weak tone on weak fundamentals. High stocks at ports and pipelines will underpin prices in near term.

Recommendation:

Weekly Call - : Market participants are advised to go short in RSO below 660 levels for a target of 645 and 640 with a stop loss at 670 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 515 for a target of 500 and 495 with a stop loss at 525 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 530-590 per 10 Kg in the near term.

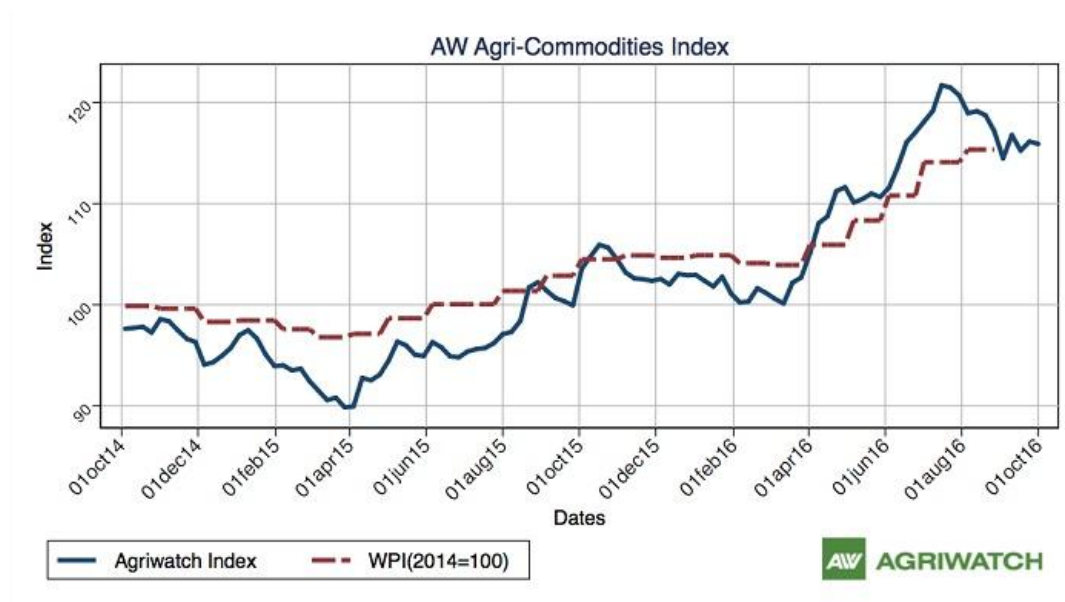
International Veg. Oil Market Summary

Malaysia's September palm oil end stocks rose 5.67 percent to 15.47 lakh tons compared to 14.64 lakh tons in August. Palm oil end stocks are above market expectations. Production rose marginally by 0.78 percent to 17.15 lakh tons compared to 17.02 lakh tons in August. Exports fell 20.42 percent in September to 14.51 lakh tons compared to 18.24 tons in August. Imports fell 80.51 percent in September to 0.18 lakh tons: MPOB

On the international front, soy oil stocks in US, improved of harvest in US, soybean crop condition in US, weak crude oil price, firm dollar due to expected FED rate hike is bearish for the soy complex in the coming days.

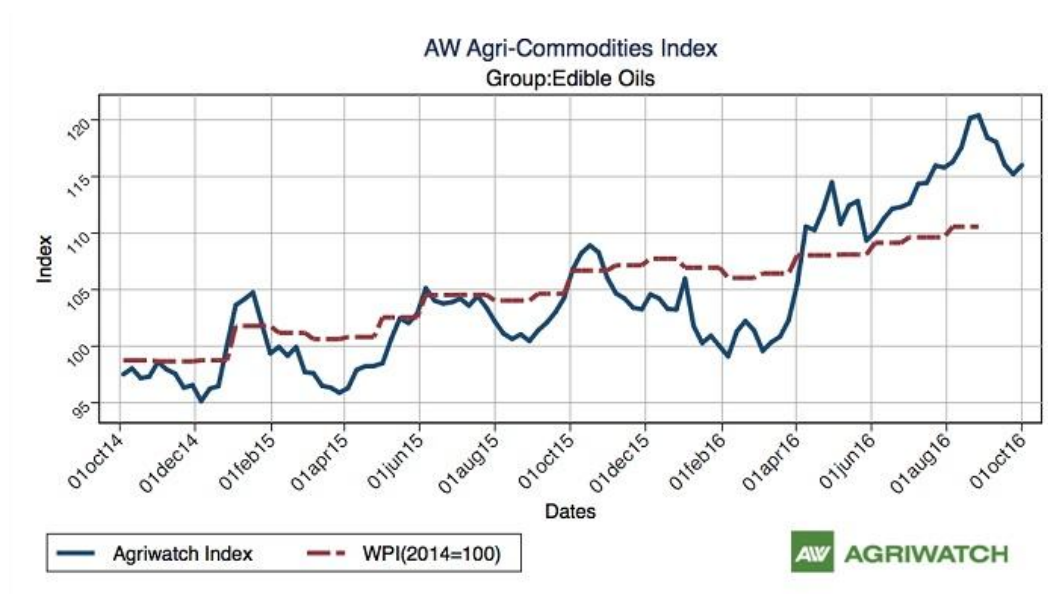
Weak Indian and Chinese demand, higher stocks of palm oil in Malaysia, higher production of palm oil in Indonesia, higher production of palm oil in Malaysia and weak exports of palm oil from Malaysia will underpin CPO prices in near term.

Agriwatch Index



- The Agriwatch Agri Commodities Index edged down 0.20% to 115.90 during the week ended Oct 1, 2016 from 116.13 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).
- Declines in cereals and vegetables prices offset the gains in pulses and edible oils. Six of the 9 commodity groups and 19 of the 29 commodities that constitute the Index declined during the week.

Agriwatch edible oil index



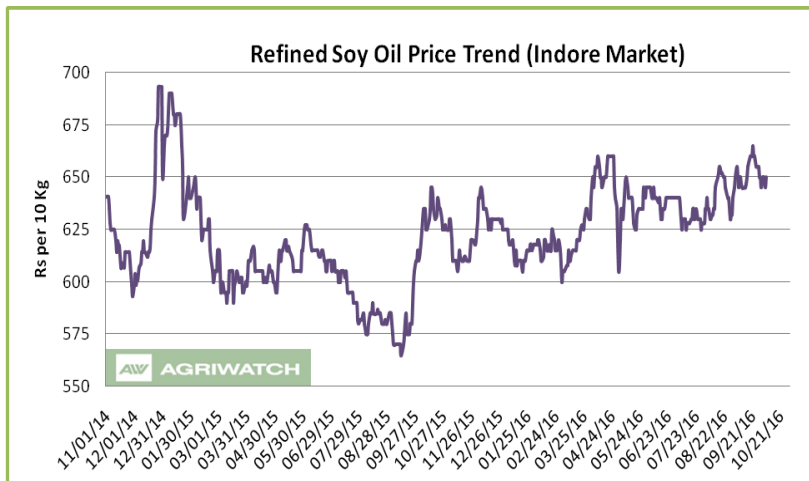
- Agriwatch edible oil index fell 0.68 percent last week to 116.0.

"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 supply. Prices closed lower in Mumbai while it closed unchanged at Kandla/Mudra and Kolkata. CDSO prices closed lower at JNPT while it closed higher at Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices witnessed sideways trend during the week on firm demand and firm supply on soy oil.



India recorded record imports in September as premium of soy oil over palm oil is low and prices fell in September to induced demand and demand ahead of festivals.

According to Agriwatch sources India imported 3.15 lakh tons of soy oil from Knadla in September.

Higher supply is capping gains despite firm demand.

Soy oil CNF is expected to be weak as basis of soy oil on CNF is expected to weaken on higher crushing of soybean in US as harvesting picks up and higher supply of soy oil from Argentina.

With higher crop of soybean expected in India supply of soy oil is expected to remain firm. However, demand is expected to remain firm ahead of winters.

Prices of soy oil at CNF fell while it remained unchanged in domestic market indicating firm demand. Indian soy oil prices are dependent on domestic markets and hence disconnected from international prices of soy oil.

Basis is unchanged from last week while were lower indicating less sensitivity of higher supply at CNF markets.

Disparity has increased at high seas and refining margins are in disparity. However, with low soy oil premium over palm oil, demand is expected to improve in coming months.

Prices of soy oil expected to improve on low premium of soy oil over palm oil at Rs 92 (Rs 73 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 33 (USD 89 last week) which will increase imports.

Prices of soy oil after festivals in October depends on winter in India, and how it pans out in medium term which will decide the course of prices of soy oil in medium term

Prices of soy oil are in a range with weak 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.

- Imported crude soy oil CIF at West coast port is offered at USD 808 (USD 819) per ton for October delivery. November delivery is offered at USD 814 (USD 815) per ton and December delivery is offered at USD 814 (USD 815) per ton as on October 7, 2016. Last month, CIF CDSO September average price was USD 803.32 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 70-75/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to weak in the coming days.

International Front

Agriwatch view – Soybean crop condition of US is very good. All the indicators of soybean crop are above 5-year average. Harvesting is progressing at steady pace and yields recorded are very impressive. Despite early delay due to rains, harvest improved on dry conditions and weather is forecast to be dry for next 10 days, which will support harvesting. Many forecasting agencies have increased their forecast for yields in US. USDA is expected to hike yields in its October review, which will raise the soybean crop from record levels, according to USDA September harvest.

Exports remained lackluster last week as China was closed for National Day.

Supply of soybean improved at crushers and elevators as pace of harvesting and farmer sales improved end of last week. Crushing has remained negligible until last week. However, it is expected to improve in this week. Higher crush of soybean in October will increase supply of soy oil and increase stocks of soy oil in US in October.

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

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 soybean, wheat and corn stocks at end of September within expectations, which will not affect prices of US soybean.

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. Higher interest rates will affect 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.

Argentina reduced its soybean crop estimate for 2016/17 to 53 MMT from 56 MMT in 2015/16 due to postponing of export duty on soybean and soybean products to 2018. Area is expected to decrease under soybean will rise for corn and soybean, whose export duties were removed when the present administration took over. Slash in soybean and soybean products were expected from present administration, which took over last December. Fiscal shortfall is described as the primary reason behind the postponement. Lower soybean crop in Argentina will increase soybean and soybean products demand from US and Brazil supporting prices in longer term.

Fall in crude oil prices and strength in dollar on expectation of FED rate hike in December will underpin prices in near term.

Prices of soy oil are in a range.

- According to Buenos Aires Grains Exchange latest estimate, Argentina is expected to produce 53 MMT soybeans in 2016/17 compared to 56 MMT in 2015/16. Area under soybean is expected to fall to 19.6 million hectares from 20.1 million hectares in 2015/16. Fall in area under soybean is due to postponing of export taxes on soybean and soybean products until 2018. Area will shift towards corn and wheat where export duties were slashed to zero when the current president took office.
- Argentina has postponed to slash the soy export taxes for this year and 2017. The Argentine government has decided to ease the tax by 0.5% per month from January 2018 to December 2019, stated the President Mauricio Macri early this week. Macri had already cut the export tax from 35% to 30% in December shortly after Macri was elected as President and taking over the office.
- US oilseeds processors have crushed 4.219 million tons (140.6 million bushel) of soybean during August 2016 compared to 4.337 million tons during the corresponding period last year and down from 4.604 million tons processed in July 2016. The crushing is slightly lower than the analyst's average of 4.231 million tons, reported by USDA.
- About 83% of the US soybean crop is dropping leaves which are slightly up from 82% during the corresponding period last year and also up from 79% compared to the 5 year average. Harvesting is reported at 26% down compared to 36% during the corresponding period last year and from 27% from 5 year average. About 74% of the newly planted US soybean crop is under good to excellent conditions which is up from 64% during the same period last year, reported in the US crop progress report dated 03 Oct.2016: USDA
- In the USDA Quarterly grain stock report, released on September 30, the US soybean stocks were reported at a five-year high of 197 million bushels for old crop soybeans stored in all positions on 1 September 2016. Of which on farms stocks totaled at 41.6 million bushels, down 16% from a year ago. Off-farm stocks totaled at 155 million bushels, down 10% from September 2015. Analysts were expecting soybean stocks of 201 million bushels.
- Conab, Brazil's agricultural statistics agency has reported that the country's 2017 soybean production could increase to 104 million tons from 95.5 million tons in drought hit year 2016.
- ANEC, Brazilian grain export association has slashed its forecast for the country's 2016 soybean export for 52 million tons against 57 million tons in 2015 season. However, ANEC expects Brazil's 2017 soybean exports to reach 53 million tons
- 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.

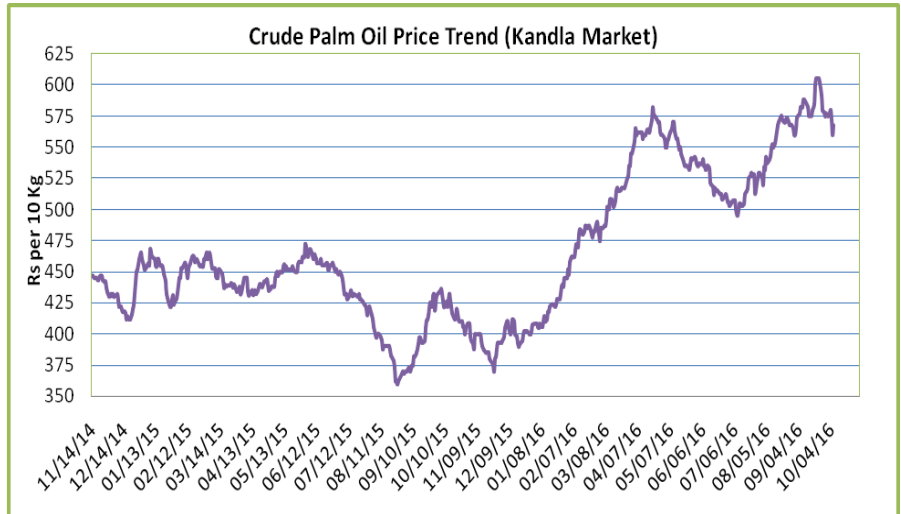
- According to United States Department of Agriculture (USDA) September estimates, U.S 2016/17 ending stocks of soy oil fell by 1.14 percent m-o-m to 1,735 million lbs from 1,755 million lbs in August estimate. Opening stocks reduced to 1,820 million lbs from 1,950 million lbs in August estimate. Production 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.
- According to U.S. Energy Information Administration (EIA), U.S. biodiesel production rose 3.7 percent to 140 million gallons in July compared to June 2016 at 135 million gallons. Soy oil use was the largest in July at 536 million lbs compared to 519 million lbs in June 2016. Soy oil was the largest contributor to the biodiesel production in U.S.
- 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 fall in BMD CPO. CPO prices in Kakinada closed lower at the end of the week.
- Agriwatch View – Prices of palm oil closed lower fall in BMD CPO. Demand is strong as fall in domestic CPO is less than fall in international benchmark.



Demand of RBD palmolein is

higher than is higher than CPO as difference between CPO CNF and RBD palmolein CNF has widened to zero from parity to USD 5 per ton on October 7, compared to last week. Demand is firm on high seas as fall in domestic prices are less than fall in international benchmark. Benchmark BMD Malaysia fell 2.2 percent last week while domestic CPO prices fell marginally. Despite decrease in international benchmark, demand for imports is not rising as importers are looking for price correction.

Imports of RBD palmolein is expected to remain firm, as premium of RBD palmolein on CNF is very low.

According to Agriwatch sources imports of CPO from Kandla were 1.22 lakh tons in September while imports of RBD palmolein collapsed to 6 thousand tons in September from Kandla.

Demand of RBD palmolein is firm on high seas as premium RBD palmolein over CPO is Rs 52 (Rs 43) per 10 kg indicating firm demand of RBD palmolein.

Refining margins are positive indicating demand of CPO and RBD palmolein. Import in palm oil October is expected to be firm due to reduction of import duty vs soy oil, firm demand and positive refining 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 92 (USD 89 last week) per ton may weaken demand in medium term.

Forward discounts in domestic markets and CNF markets indicate that prices are competitive in coming days. There is uncertainty of prices post October and depends how winters in India will pan out. However, good correction on benchmark Malaysia will induce demand for CPO in coming months. Prices are expected to be sideways to weak in near term on increased supply and weak demand ahead of winters and seasonal downtrend of pieces..

- 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 675 (USD 720) per ton for October delivery and November delivery is quoted at USD 670 (USD 700) per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 680 (USD 727.5) per ton for October delivery and November delivery is quoted at USD 675 (USD 705) per ton. Ready lift CPO duty paid prices quoted at Rs 558 (Rs 575) per 10 Kg and October delivery duty paid offered at Rs 553 (Rs 565) per 10 kg on October 7, 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 100-105/ton v/s USD 10-15/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 90-95/ton v/s USD 0-5/ton (last month) parity.
- We expect palm oil to trade sideways to weak in the days ahead.

International Front

- Agriwatch View – Malaysia's palm oil end stocks for September rose 5.47 percent in September due to weak exports. End stocks were higher than market expectations. Exports in September fell by more than 20 percent due to weak demand from India and China. SGS/ITS reported 15-16 percent fall in palm oil exports in September from Malaysia. Production rose in September marginally due to lagged effect of El Nino.

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.

Aggressive pricing by Malaysia by offering lower RBD palmolein prices compared to Indonesia CPO will support exports in near term.

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 higher pace in October when lagged effect of El Nino fades.

Forward deliveries of palm oil is quoted much lower indicating that if there is further correction demand will improve in near term.

India is expected to buy more in medium term as demand is firm after reduction of import duty on palm oils supporting palm oil prices.

Demand of palm oil in medium term is dependent on how winter arrives in India, China and Europe.

La Nina weather pattern is still unclear and future expectation of La Nina will provide trend to prices.

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.

Prices are in range.

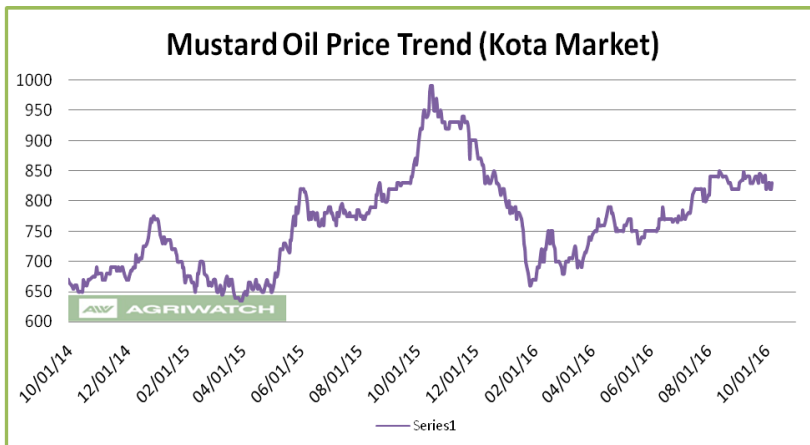
- According to Malaysia Palm Oil Board (MPOB), Malaysia's September palm oil end stocks rose 5.67 percent to 15.47 lakh tons compared to 14.64 lakh tons in August. Palm oil end stocks are above market expectations. Production rose marginally by 0.78 percent to 17.15 lakh tons compared to 17.02 lakh tons in August. Exports fell 20.42 percent in September to 14.51 lakh tons compared to 18.24 tons in August. Imports fell 80.51 percent in September to 0.18 lakh tons. Fall in end stocks are primarily due to lower exports and rise in production was marginal due lagged effect of El Nino.
- According to surveyor Intertek Testing Services (ITS), Malaysia's October 1-10 palm oil exports rose 10.8 percent to 421,044 tons compared to 380,115 tons in corresponding period last month. Top buyers were European Union at 90,672 tons (49,575 tons), China at 57,650 tons (64,500 tons) and India & subcontinent at 87,074 tons (90,000 tons). Values in brackets are figures of corresponding period last month.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia exports in August rose by 29.7 percent to 2.07 MMT from 1.596 MMT in July. Along with biodiesel and oleochemical products, Indonesia exported 2.23 MMT in August compared to 1.74 MMT in August 2015, higher by 28.16 percent y-o-y.
- According to cargo surveyor Societe Generale de Surveillance, Malaysia's September palm oil exports fell 15.8 percent to 1,365,517 tons compared to 1,621,480 tons last month. Top buyers were India at 266,080 tons (450,929 tons), European Union at 252,399 tons (269,523 tons), China at 217,430 tons (289,550 tons), United States at 62,324 tons (78,535 tons) and Pakistan at 61,175 tons (31,000 tons). Values in brackets are figures of last month.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 530-590 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil prices featured uptrend at its benchmark market of Kota during the week in review on firm demand.
- Agriwatch view: Prices of rapeseed oil expeller fell in Jaipur and Ganganagar while it rose in Neewai, Hapur and New Delhi. Prices were unchanged in Mumbai and Kolkata at the end of the week. Prices of Kacchi ghani rose in Kota, Bharatpur, Neewai, and Hapur while it was unchanged in Jaipur and Ganganagar.



Rapeseed oil traded mostly higher on firm demand ahead of festivals. Stocking ahead of winters supported the rise in prices. Steady prices of rapeseed supported prices.

Rise in prices of canola oil prices supported the rise.

Rapeseed oil will depend upon the trend of winters, which will be clear in few days. However, according to Agriwatch sources winter is expected to arrive earlier which will increase demand from North and East India and support prices.

Traders and stockists are stocking ahead of demand season.

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

Lower imports of rapeseed (canola) oil imports supported prices. According to Agriwatch sources imports of canola oil through Kandla were only 29000 tons in September.

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

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

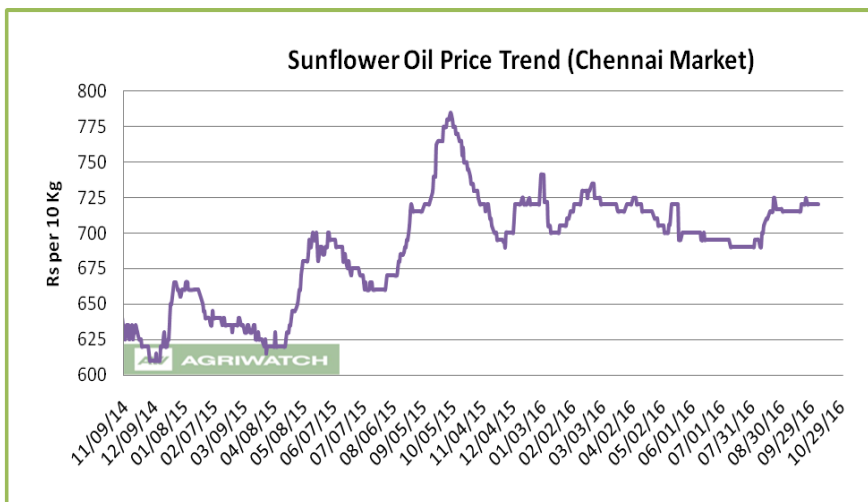
- India imported 0.48 lakh tons of rapeseed (Canola) oil in August 2016 v/s 0.45 lakh tons in August 2015, lower by 6.7 percent y-o-y. For oil year 2015-2016 (November 2015 – August 2016) India imported 3.04 lakh tons rapeseed (canola) oil v/s 3.07 lakh tons in corresponding period in the oil year 2014-15, marginally lower y-o-y: SEA
- CIF canola premium over soybean oil is USD -10 (USD -19 last week) per ton as on October 7, 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 838 (Rs 842) per 10 Kg, and at Kota market, it is offered at Rs 820 (Rs 820) per 10 kg as on October 7, 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 sideways trend during the week at its benchmark market in Chennai on firm demand and firm supply. Prices closed lower in Hyderabad and Kakinada at the end of week.
- Agriwatch view: Prices of sunflower oil traded sideways on firm demand and firm supply. Prices of sunflower oil closed sideways despite fall in



international prices of sunflower oil indicating firm demand. 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 on CNF and domestic market will increase demand in domestic market and support prices.

Refiners and traders are stocking on seasonal uptrend of prices.

Fall in palm and soy oil prices capped upside.

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 12 (USD 6 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 in international markets has fallen due to record production and exports of sunflower oil from Ukraine and India imports 95 percent of sunflower oil from Ukraine.

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.

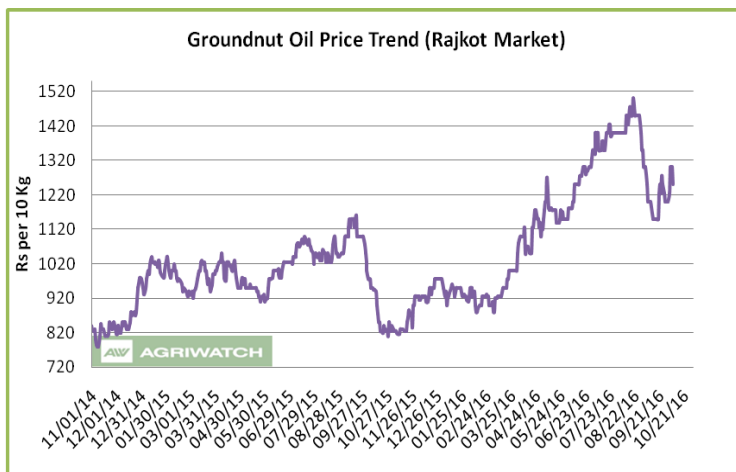
- All India sowing of sunflower has reached 1.61 lakh hectares as on 23 September 2016, compared to 1.48 lakh hectares in the corresponding period last year.
- Sunflower oil import scenario – According to SEA, India imported 1.13 lakh tons of crude sunflower oil during August 2016 v/s 1.03 lakh tons 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 820 (USD 825) per ton for October delivery, USD 810 (USD 815) per ton for November delivery, December delivery is quoted at USD 805 (USD 810) per ton. CIF sun oil (Ukraine origin) September monthly average was around USD 839.88 per ton. Values in brackets are figures of last week.

- Prices are likely to stay in the range of USD 780-850 per ton in the near term. CIF Sunflower oil premium over soybean oil increased from last week and is hovering at USD 12 (USD 6 last week) per ton for October delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 720 (Rs 720) per 10 Kg, and at Hyderabad market, it is offered at Rs 708 (Rs 717) per 10 kg as on October 7, 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 firm demand and delay in harvest of groundnut. Prices in Chennai were unchanged while it closed higher in Hyderabad at the end of week. Prices rose in Jamnagar, Gondal, Mumbai, and New Delhi at the end of the week.
- Agriwatch view: Prices of groundnut oil featured uptrend last week on firm demand delay in harvest of groundnut crop due to rains in growing area.



However, rains are beneficial for to groundnut crop, which is at maturity stage.

Prices rose on rise in prices of groundnut.

Millers are not getting adequate quality of groundnut to crush and demand is firm ahead of festivals, which has helped prices in near term.

However, prices will start their downfall once harvesting starts by mid of October and millers get good quality of groundnut to crush.

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

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.

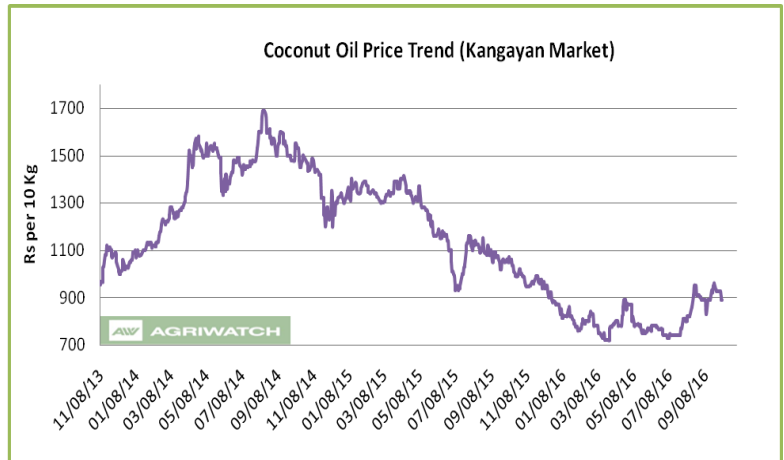
- All India sowing of groundnut has reached 46.93 lakh hectares as on 23 September 2016, compared to 36.38 lakh hectares in the corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 12,500 (Rs 12,000) per quintal and quoting at Rs 10,000 (Rs 10,000) per quintal in Chennai market on October 7, 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 1100-1300 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil prices featured downtrend during the week at its benchmark market in Kangayam on weak demand. In Kochi and Trissur prices were unchanged at the end of the week.
- Agriwatch view: Coconut oil prices closed lower during the week, on weak demand. Fall in prices of copra led to the fall. Fall in prices of palm oil supported the fall. Prices are falling on seasonal downturn of prices.



Markets have rallied in July, August and September and prices have reached temporary highs demand has weakened on near term.

Demand of festivals has been covered and there is weak demand in ahead of winters from North India.

Harvest of coconut is steady and arrivals of copra have increased in markets denting its prices and denting coconut prices.

Millers have good stocks of coconut oil are not holding produce as they are not certain of prices and are depending on ready markets.

Prices have rallied in last three months and there is cool off in prices after sustained rally for more than two months which has weakened demand

Corporate demand, which accounts for 80 percent of demand, has weakened.

Traders and upcountry buyers are waiting for the prices to correct to start buying.

Coconut oil prices are expected to fall on weak demand, good stock, lower palm oil and weaker copra prices.

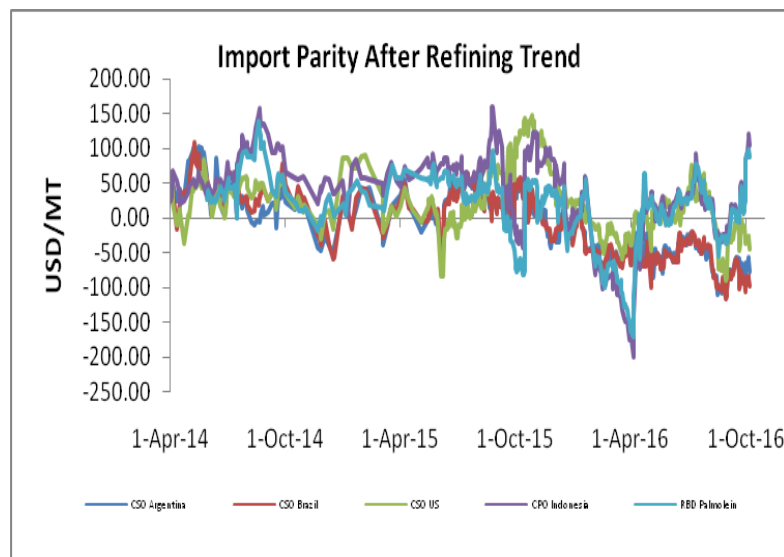
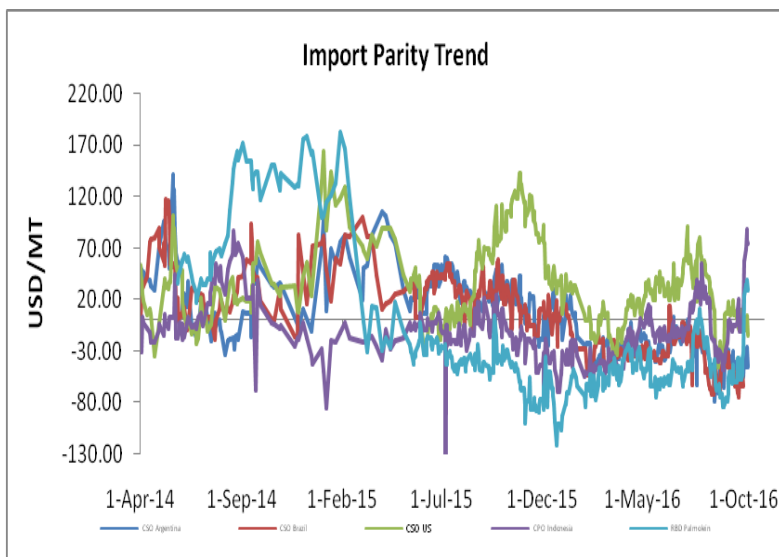
Prices are expected to trade sideways to weak tone in near term.

- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 9,250 (9,250) per quintal, and was quoting Rs 8,900 (9,250) per quintal in Erode market on October 7, 2016.

Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 840-940 per 10 Kg.

Import Parity Trend

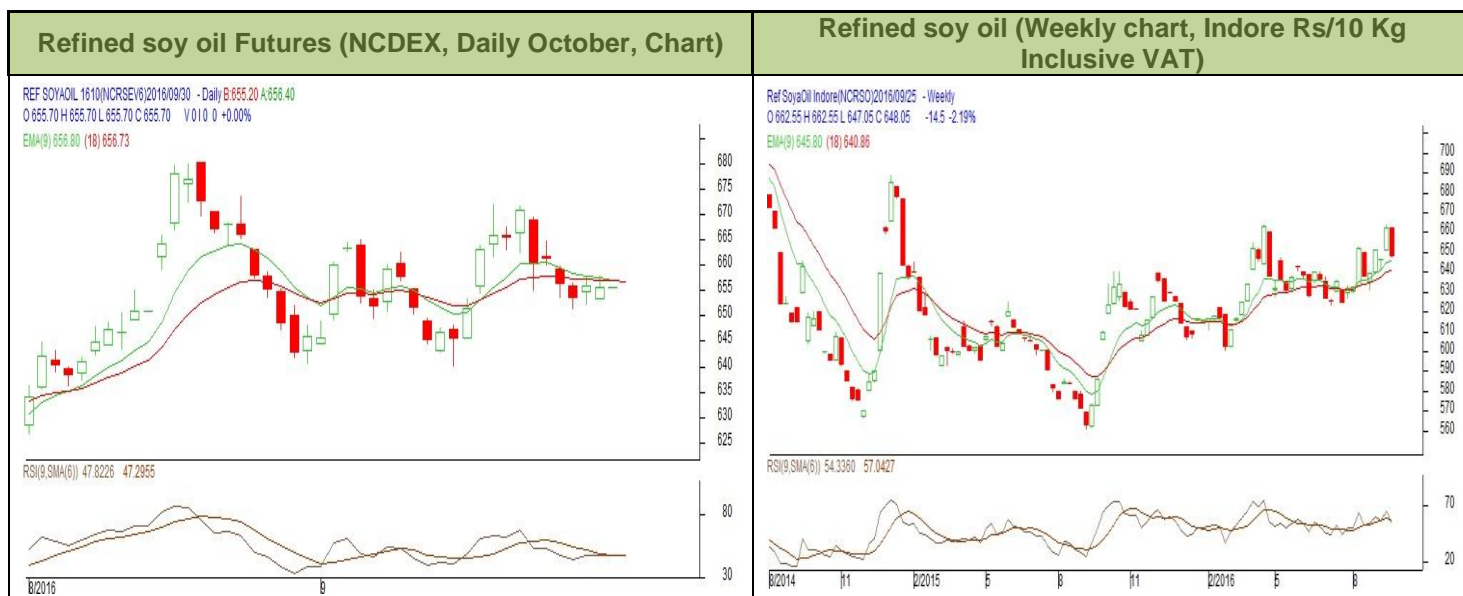
Import Parity After Refining in US dollar per ton (Monthly Average)



	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Aug, 2016	-82.87	-81.31	-27.15	-11.00	-12.64
Sep, 2016	-72.51	-81.47	-25.09	12.65	4.22

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 weak 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 weak 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 downtrend in market.

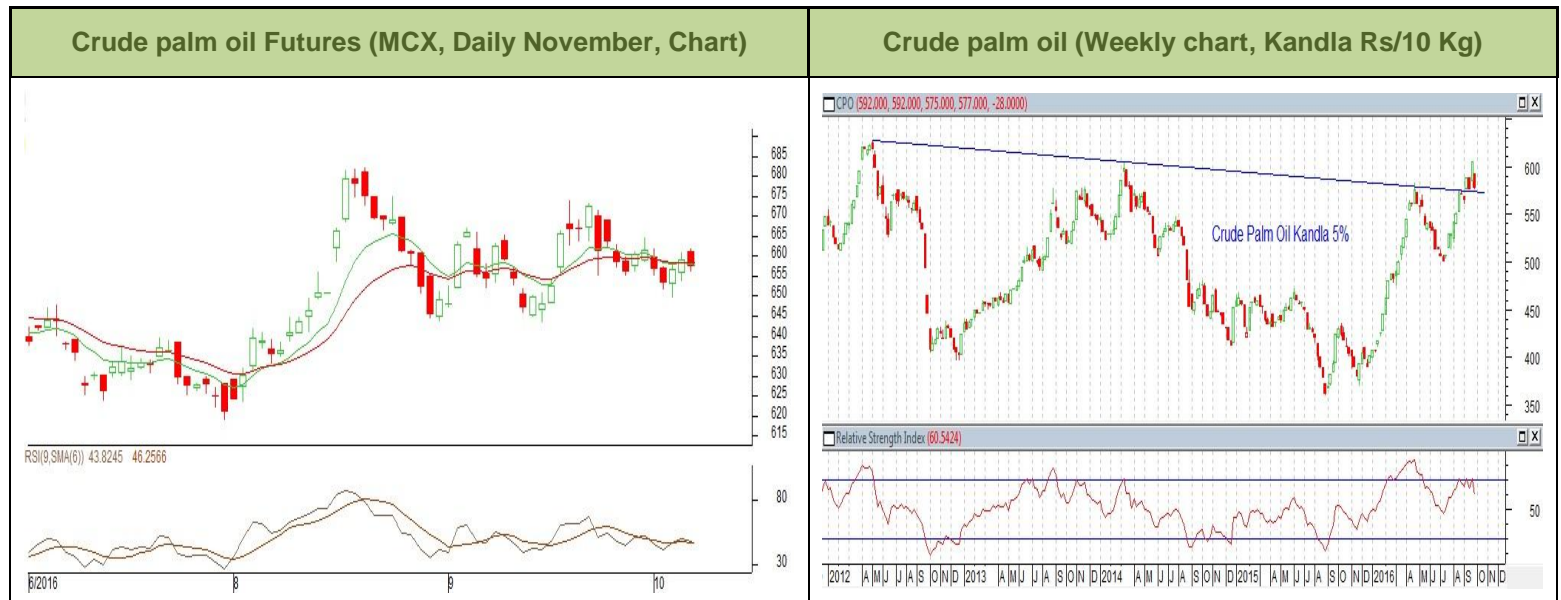
Strategy: Market participants are advised to go short in RSO below 660 levels for a target of 645 and 640 with a stop loss at 670 on closing basis.

RSO NCDEX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
625.00	638.00	657.25	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 downtrend in prices during the week. We expect that CPO October 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 560 in weekly chart may bring the prices to 580 levels.
- Expected price band for next week is 520-580 level. RSI, Stochastic, and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go short in CPO below 515 for a target of 500 and 495 with a stop loss at 525 on closing basis.

CPO MCX (November)

Support and Resistance				
S2	S1	PCP	R1	R2
480.00	500.00	511.8	531.00	538.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 530-590 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		7-Oct-16	30-Sep-16	
Refined Soybean Oil	Indore	650	650	Unch
	Indore (Soy Solvent Crude)	615	620	-5
	Mumbai	655	660	-5
	Mumbai (Soy Degum)	615	615	Unch
	Kandla/Mundra	640	640	Unch
	Kandla/Mundra (Soy Degum)	612	610	2
	Kolkata	640	640	Unch
	Delhi	680	690	-10
	Nagpur	668	668	Unch
	Rajkot	635	630	5
	Kota	660	650	10
	Hyderabad	665	670	-5
	Akola	708	708	Unch
	Amrawati	708	708	Unch
	Bundi	655	650	5
	Jalna	NA	NA	-
	Alwar	NA	NA	-
	Solapur	NA	NA	-
	Dhule	NA	NA	-
Palm Oil	Kandla (Crude Palm Oil)	568	577	-9
	Kandla (RBD Palm oil)	595	600	-5
	Kandla RBD Pamolein	610	620	-10
	Kakinada (Crude Palm Oil)	545	555	-10
	Kakinada RBD Pamolein	570	590	-20
	Haldia Pamolein	590	610	-20
	Chennai RBD Pamolein	575	600	-25
	KPT (krishna patnam) Pamolein	550	580	-30
	Mumbai RBD Pamolein	585	595	-10
	Delhi	660	665	-5
	Rajkot	620	610	10
	Hyderabad	570	589	-19
	Mangalore RBD Pamolein	575	600	-25
	PFAD (Kandla)	455	465	-10
	Refined Palm Stearin (Kandla)	500	530	-30
Refined Sunflower Oil	Chennai	720	720	Unch
	Mumbai	735	740	-5
	Mumbai(Expeller Oil)	665	670	-5

	Kandla	730	740	-10
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	708	717	-9
	Latur (Expeller Oil)	725	725	Unch
	Chellakere (Expeller Oil)	665	675	-10
	Erode (Expeller Oil)	740	740	Unch
Groundnut Oil	Rajkot	1250	1200	50
	Chennai	1000	1000	Unch
	Delhi	980	950	30
	Hyderabad *	1020	980	40
	Mumbai	1290	1190	100
	Gondal	1250	1200	50
	Jamnagar	1250	1150	100
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	838	842	-4
	Jaipur (Kacchi Ghani Oil)	883	883	Unch
	Kota (Expeller Oil)	830	820	10
	Kota (Kacchi Ghani Oil)	885	880	5
	Neewai (Kacchi Ghani Oil)	860	825	35
	Neewai (Expeller Oil)	890	865	25
	Bharatpur (Kacchi Ghani Oil)	910	900	10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	832	840	-8
	Sri-Ganga Nagar (Kacchi Ghani Oil)	875	875	Unch
	Mumbai (Expeller Oil)	840	840	Unch
	Kolkata(Expeller Oil)	1050	1050	Unch
	New Delhi (Expeller Oil)	865	860	5
	Hapur (Expeller Oil)	880	850	30
	Hapur (Kacchi Ghani Oil)	960	940	20
	Agra (Kacchi Ghani Oil)	915	905	10
Refined Cottonseed Oil	Rajkot	725	690	35
	Hyderabad	690	680	10
	Mumbai	715	705	10
	New Delhi	685	660	25
Coconut Oil	Kangayan (Crude)	890	925	-35
	Cochin	790	790	Unch
	Trissur	925	925	Unch

Sesame Oil	New Delhi	700	700	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	490	495	-5
Rice Bran Oil (4%)	Punjab	615	615	Unch
Rice Bran Oil (4%)	Uttar Pradesh	615	615	Unch
Malaysia Palmolein USD/MT	FOB	685	710	-25
	CNF India	688	725	-37
Indonesia CPO USD/MT	FOB	660	700	-40
	CNF India	683	725	-42
RBD Palm oil (Malaysia Origin USD/MT)	FOB	680	700	-20
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	690	710	-20
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1450	1475	-25
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	625	623	2
Crude palm Kernel Oil India (USD/MT)	CNF India	1370	1450	-80
Ukraine Origin CSFO USD/MT Kandla	CIF	820	825	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	775	760	15
Argentina FOB (\$/MT)		6-Oct-16	29-Sep-16	Change
Crude Soybean Oil Ship		763	767	-4
Refined Soy Oil (Bulk) Ship		790	794	-4
Sunflower Oil Ship		762	Unq	-
Cottonseed Oil Ship		743	747	-4
Refined Linseed Oil (Bulk) Ship		783	787	-4
* indicates including VAT				

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