

# 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 gains in CBOT soy oil and BMD CPO. Palm oil closed higher while soy oil and coconut oil closed sideways. Sunflower oil, rapeseed oil and groundnut oil closed lower.*

*On the currency front, Indian rupee against USD closed at 66.70, up 2 paisa 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 mixed tone on oil specific fundamentals. 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 660 levels for a target of 680 and 685 with a stop loss at 650 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 530 for a target of 545 and 550 with a stop loss at 520 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 540-600 per 10 Kg in the near term.*

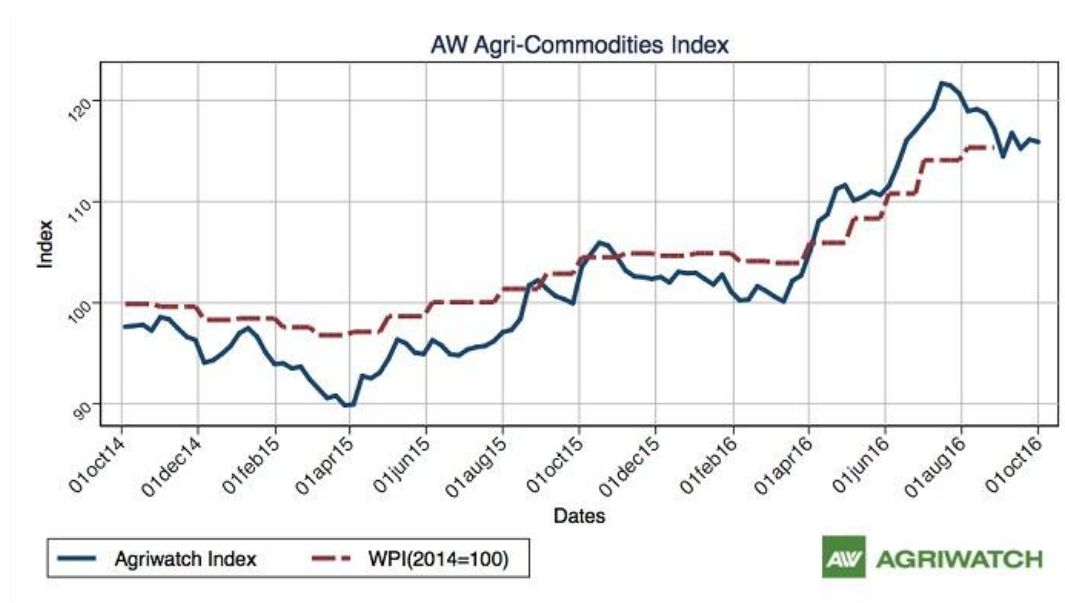
### **International Veg. Oil Market Summary**

*According to cargo surveyor Societe Generale de Surveillance, Malaysia's October 1-10 palm oil exports rose 1.9 percent to 403,650 tons compared to 395,970 tons in corresponding period last month. Top buyers were European Union at 83,172 tons (74,680 tons), China at 74,780 tons (67,700 tons), India at 43,024 tons (48,000 tons), Pakistan at 18,750 tons (30,000 tons) and United States at 6,050 tons (12,335 tons). Values in brackets are figures of corresponding period last month.*

*On the international front, soy oil stocks in US, strong of soybean demand from China, slow harvest soybean in US, smaller soybean crop in Argentina, slow pace of soybean planting in Brazil and firm crude oil price bullish for the soy complex in the coming days.*

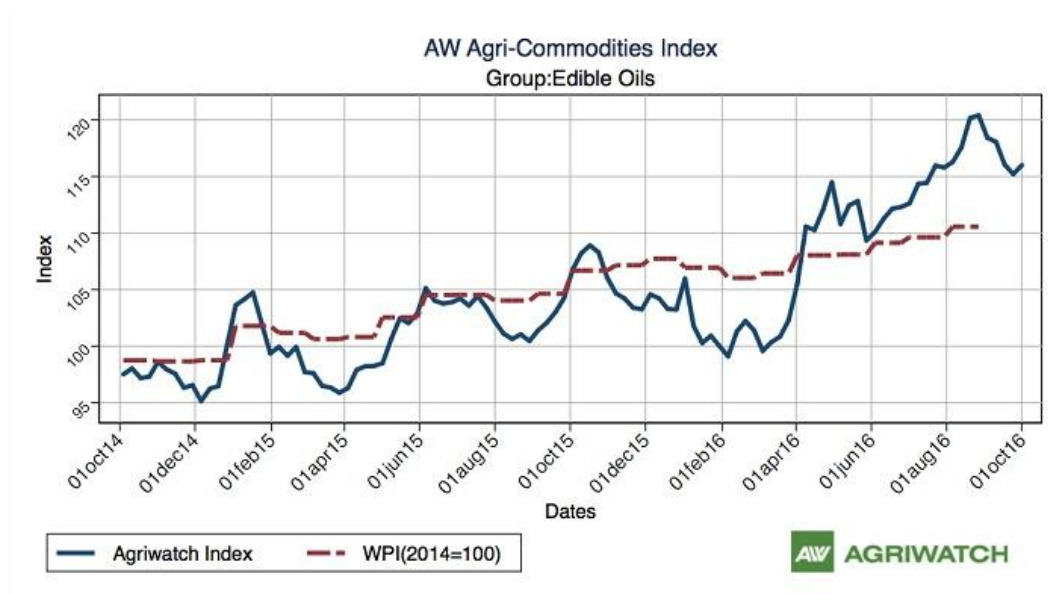
*Lower stocks of palm oil in Malaysia, lower production of palm oil in Malaysia, higher demand from India, weak Ringgit and supportive biodiesel and tax policies in Southeast Asian countries will support CPO prices in near term.*

### 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



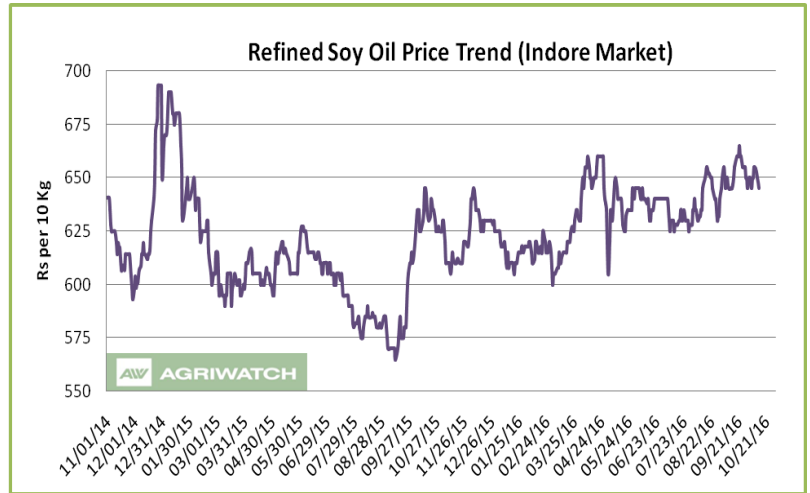
- Agriwatch edible oil index fell 0.68 percent last week to 116.0.

"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](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

## Soy oil Fundamental Analysis and Outlook:-

### Domestic Front

- Soy oil featured sideways trend at its benchmark market in Indore during the week on firm demand and firm supply. Prices closed higher in Mumbai while it closed unchanged at Kandla/Mudra and Kolkata. CDSO prices closed higher 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 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.

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 was unchanged with unchanged domestic market prices 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 85 (Rs 92 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 35 (USD 33 last week) which will increase imports.

Prices of soy oil after festivals in will increase on winters in India, as winters are expected to arrive early in India, according to Agriwatch sources.

Prices of soy oil are in a range with firm 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 4.70 lakh tons of soy oil in September 2016 v/s 3.21 lakh tons in September 2015, down 46.4 percent y-o-y. In the oil year 2015-16 (November 2015-September 2016) imports of soy oil is reported at 34.57 lakh tons v/s 25.81 lakh tons in corresponding period last oil year, higher by 33.95 percent y-o-y. In the period November 2015-September 2016, share of soft oil in imports has risen from 34 percent to 43 percent.
- According to Solvent Extractors Association (SEA), India's September edible oil imports rose 14.2 percent y-o-y to 13.77 lakh tons from 12.06 lakh tons in September 2015. Palm oil imports fell 1.15 percent y-o-y to 7.74 lakh

tons y-o-y from 7.83 lakh tons in September 2015. CPO Imports fell 5.2 percent y-o-y to 5.65 lakh tons from 5.96 lakh tons in September 2015. RBD palmolein imports rose 18.5 percent y-o-y to 2.05 lakh tons from 1.73 lakh tons in September 2015. Soy oil imports rose 46.4 y-o-y to 4.70 lakh tons from 3.21 lakh tons in September 2015. Sunflower oil imports rose by 52.9 percent y-o-y to 1.03 lakh tons from 0.68 lakh ton in September 2015. Rapeseed (Canola) oil imports fell 10.0 percent y-o-y to 0.30 lakh tons from 0.33 lakh tons in September 2015.

- According to Solvent Extractors Association (SEA), India's September edible oil stocks at ports and pipelines rose 1.95 m-o-m at 20.90 lakh tons from 20.50 lakh tons in August 2016. Stocks of edible oil at ports rose to 860,000 tons compared 755,000 tons in August. Stocks of edible oil at ports were 860,000 tons (CPO 260,000 tons, RBD Palmolein 140,000 tons, Degummed Soybean Oil 375,000 tons, Crude Sunflower Oil 70,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,230,000 tons in pipelines (stocks in pipelines were at 1,300,000 tons in August). India is presently holding 38 days of edible oil requirement on 1st October, 2016 at 20.90 lakh tons compared to 37 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.
- According to United States Department of Agriculture (USDA) October estimates India is expected to import 3.6 MMT of soy oil compared to 3.3 MMT in its p[revious estimate. USDA increased 2015/16 estimate of soy oil imports to 4.2 MMT, which is matching Agriwatch estimates of 4.2 MMT in 2015/16. Domestic consumption has been raised to 50 MMT in its October estimate from 47 MMT in its previous estimate.
- Imported crude soy oil CIF at West coast port is offered at USD 820 (USD 808) per ton for October delivery. November delivery is offered at USD 818 (USD 814) per ton and December delivery is offered at USD 818 (USD 814) per ton as on October 14, 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 75-80/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 firm in the coming days.

### International Front

Agriwatch view – Soybean crop condition of US is very good. However, soybean harvesting is slower than expected. Weather is forecast to be dry in Midwest and harvesting is expected to be wrapped with no weather disturbance. Yields are reported at very good levels in top producing states indicating that USDA will increase yields of US soybean crop in November estimate to record levels. Crops of soybean, which is already at record levels, will be further raised.

Exports remained robust from US as China struck a record deal on Friday. China is expected to buy soybean from US at steady pace as it is expected to stocks ahead of winters and make up for the lower buying in last two months. Demand in China is robust as China is expected to increase hogs count, which is at low levels.

Supply of soybean improved at crushers and elevators as pace of harvesting and farmer sales improved end of last week. Crushing has remained weak until last week despite record supply. Crushers are not getting orders as market expects lower prices on record crop. Lower crush of soybean in October will decrease supply of soy oil and decrease stocks of soy oil in US in October.

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 Grasso is dry which will lead to slow pace of planting of soybean.

USDA expects soybean crop of Brazil at 102-104 MMT as forecasted at Brazil state agency CONAB which is record in history.

USDA kept soybean production estimate of soybean at 57 MMT for 2016/17, unchanged from last year.

However, 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.

USDA reduced soy oil stocks of US ending stocks in 2016/17 on lower opening stocks partially set off by lower exports. Lower stocks of soy oil in US will support prices in medium term.

Rise in crude oil prices will support prices in near term.

Prices of soy oil are in a range.

- According to United States Department of Agriculture (USDA) October estimates, U.S 2016/17 ending stocks of soy oil is estimated to fall marginally to 1,725 million lbs from 1,735 million lbs in September estimate. Opening stocks reduced to 1,750 million lbs from 1,820 million lbs in September estimate. Production of soy oil in 2016/17 is unchanged at 22,525 million lbs. Imports in 2016/17 are unchanged at 250 million lbs. Biodiesel use in 2016/17 was unchanged at 5,950 million lbs. Food, feed and other industrial use in 2016/17 are unchanged at 14,600 million lbs. Exports in 2016/17 reduced to 2,250 million lbs v/s 2,300 million lbs in September estimate. Average price range estimate is unchanged at 30.5-35.5 cents/lbs. Fall in end stock is primarily due to lower opening stocks partially offset by fall in exports.
- About 91% of the US soybean crop is dropping leaves, which are slightly up from 90% during the corresponding period last year and up from 88% compared to the 5-year average. Harvesting is reported at 44% down compared to 56% during the corresponding period last year and from 47% 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 11 Oct. 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 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.



- **USDA WASDE Oilseeds Highlights:** The U.S. season-average soybean price is forecast at \$8.30 to \$9.80 per bushel, unchanged from last month. Soybean meal prices and soy oil price projection is also unchanged are projected at \$300 to \$340 per short ton. Soybean oil prices are projected at 30.5 to 35.5 cents per pound.

**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 weak supply and rise in BMD CPO. CPO prices in Kakinada closed lower at the end of the week.
- Agriwatch View – Prices of palm oil closed higher on rise in BMD CPO. Demand is weak as rise in domestic CPO is less than rise in international benchmark.

Demand of CPO and RBD palmolein is weak at CNF markets as rise in prices at FOB markets are higher than CNF markets.

Supply of RBD palmolein at CNF markets is higher than CPO. Demand of RBD palmolein is higher than CPO as difference between CPO CNF and RBD palmolein CNF has become zero from parity to USD 5 per ton on October 14, compared to last week. Demand is weak on high seas as rise in domestic prices are less than rise in international benchmark. Benchmark BMD Malaysia rose 2.7 percent last week while domestic CPO prices rose marginally. Imports are 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.

Demand of CPO is firmer than RBD palmolein on high seas as premium RBD palmolein over CPO is Rs 40 (Rs 52) per 10 kg indicating firm demand of CPO.

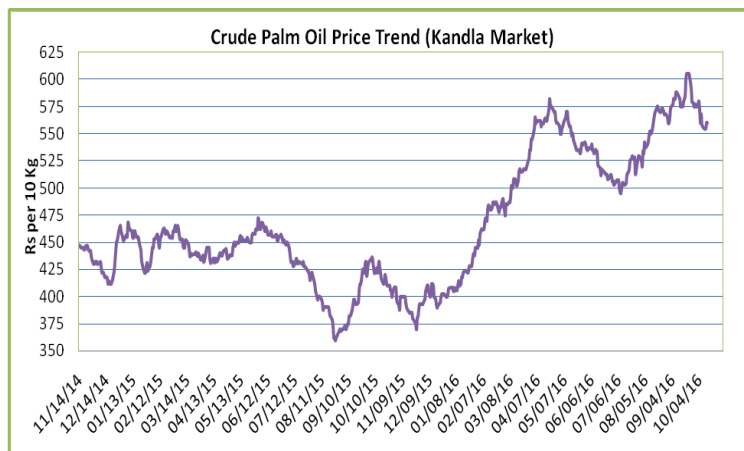
Refining margins are positive indicating demand of CPO and RBD palmolein. Import in palm oil October is expected to be firm due to reduction of import duty vs soy oil, firm demand and positive refining margins.

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 85 (USD 92 last week) per ton may weaken demand in medium term.

Forward discounts in high seas are higher than CNF markets indicating weak demand ahead. Buyers are booking shipments while demand in high seas in forward months is weak. 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 firm in near term on increased weak supply and positive refining margins.

- Palm oil import scenario – According to SEA, India imported 7.73 lakh tons of palm oil in September 2016 v/s 7.83 lakh tons in September 2015, down 1.3 percent y-o-y. CPO imports slowed to 5.65 lakh tons in September compared to 5.96 lakh tons in September 2015, lower by 5.2 percent y-o-y. RBD palmolein imports rose to 2.05 lakh tons from 1.73 lakh tons in September 2015, up by 18.5 percent y-o-y. In the oil year 2015-16 (November 2015-September 2016) imports of palm oil is reported at 77.05 lakh tons v/s 84.21 lakh tons in corresponding period last oil year, lower by 8.5 percent y-o-y. RBD palmolein reported sharp rise at 24.01 lakh tons (November 2015-September 2016) v/s 14.30 lakh tons in corresponding period of oil year 2014-15, rise of 67.9 percent y-o-





y. Crude palm imports in the period (November 2015-September 2016) fell to 52.35 lakh tons from 68.46 lakh tons in the corresponding period last oil year, fall of 23.5 percent y-o-y. In the period November 2015-August 2016, share of palm product imports fell to 57 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 685 (USD 675) per ton for October delivery and November delivery is quoted at USD 685 (USD 670) per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 685 (USD 680) per ton for October delivery and November delivery is quoted at USD 685 (USD 675) per ton. Ready lift CPO duty paid prices quoted at Rs 565 (Rs 558) per 10 Kg and October delivery duty paid offered at Rs 555 (Rs 553) per 10 kg on October 14, 2016. Values in bracket depict last week quotes.
- On the parity front, margins weakened during this week due to rise in prices of palm oil prices overseas and lower rise in palm products prices in India. Currently refiners fetch USD 95-100/ton v/s USD 10-15/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 85-90/ton v/s USD 0-5/ton (last month) parity.
- We expect palm oil to trade sideways to firm in the days ahead.

### International Front

- Agriwatch View – Malaysia's palm oil end stocks for September rose due to weak exports. End stocks were higher than market expectations.

Exports from Malaysia in first 15 days of October rose mainly from weak demand from India and China.

However, production is expected to decline from October on lagged effect of El Nino. Production is expected to decline on seasonal downtrend of production after October, which will support prices of palm oil.

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.

Reduction of base prices by India on imports of palm oil compared to soy oil will increase demand from India mainly from Malaysia supporting prices.

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

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

La Nina weather pattern is expected to intensify in November in Malaysia and Indonesia, which will delay harvest and slow down transport supporting prices of palm oil.

Depreciation of Ringgit will support prices in near term.

CBOT soy oil and Dalian RBD palmolein is expected to support palm oil prices in near term.

Prices are in range.

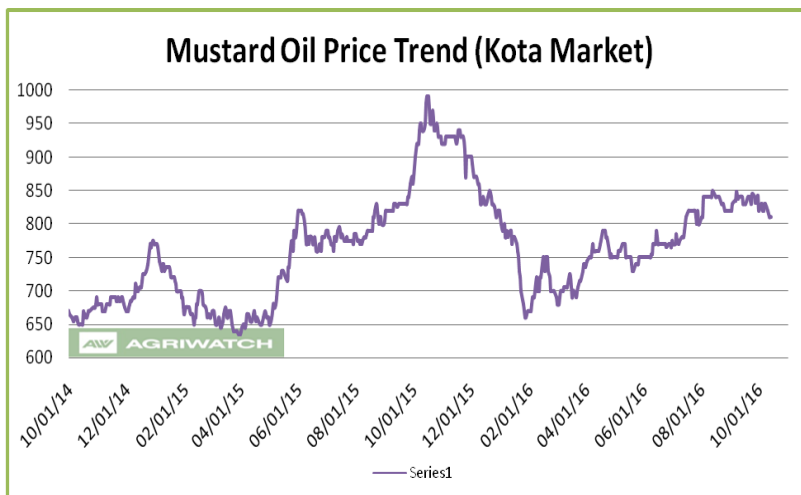
- According to cargo surveyor Societe Generale de Surveillance, Malaysia's October 1-10 palm oil exports rose 1.9 percent to 403,650 tons compared to 395,970 tons in corresponding period last month. Top buyers were European Union at 83,172 tons (74,680 tons), China at 74,780 tons (67,700 tons), India at 43,024 tons (48,000 tons), Pakistan at 18,750 tons (30,000 tons) and United States at 6,050 tons (12,335 tons). Values in brackets are figures of corresponding period last month.

- According to Malaysia Palm Oil Board (MPOB), Malaysia kept November crude palm oil export duty unchanged at 6.5 percent. Tax is calculated at reference price of 2865.40 ringgit (USD 689.63) 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 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 China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in September fell 5.5 percent to 5.2 lakh tons compared to 5.5 lakh tons in August. Imports fell 25.7 percent from September 2015 which was at 7.00 lakh tons. Year to date imports of edible vegetable oil fell 19.9 percent to 39.5 lakh tons.
- 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.

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

**Rapeseed oil Fundamental Review and Analysis:-****Domestic Front**

- Mustard oil prices featured downtrend at its benchmark market of Kota during the week in review on weak demand.
- Agriwatch view: Prices of rapeseed oil expeller fell in Jaipur, Neewai, Ganganagar, Mumbai and New Delhi and while was unchanged Hapur and closed higher in Gujarat. Prices of Kacchi ghani fell across India except hapur where it was unchanged at the end of week.



Rapeseed oil traded mostly lower on

weak demand. Demand of festivals is covered and fresh demand will depend upon movement of winters. Stocking ahead of winters will support prices in medium term.

Lower prices of rapeseed supported the fall.

Fall in prices of palm oil supported the fall.

Demand has weakened as prices of rapeseed oil have since February, which has led to weakening of demand.

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 will support prices.

Traders and stockists have not started stocking ahead of winters.

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

Lower demand and higher imports of CDSO has led to lower canola oil imports. Higher imports of soy oil depressed rapeseed and canola oil prices.

Prices will rise on weak demand, seasonal downtrend of prices and fall in prices of rapeseed.

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

- India imported 0.30 lakh tons of rapeseed (Canola) oil in September 2016 v/s 0.32 lakh tons in September 2015, lower by 6.25 percent y-o-y. For oil year 2015-2016 (November 2015 – September 2016) India imported 3.34 lakh tons rapeseed (canola) oil v/s 3.40 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 -20 (USD -10 last week) per ton as on October 14, 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 832 (Rs 838) per 10 Kg, and at Kota market, it is offered at Rs 810 (Rs 820) per 10 kg as on October 14, 2016. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to weak tone in the coming days.

**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 780-860 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

- Sunflower oil prices featured downtrend during the week at its benchmark market in Chennai on firm supply. Prices closed lower in Hyderabad while prices closed higher in Kakinada at the end of week.
- Agriwatch view: Prices of sunflower oil traded weak on firm supply. Demand was weak as international prices increase compared to last week while domestic prices fell.

Prices fell on seasonal downtrend of prices.

Lower palm oil supported fall.

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

Supply were firm in market as imports were higher by 53 percent in September and stocks at ports and pipelines decreased.

Supplies are higher in market as sunflower premium over soy and palm oil is very low supporting imports in medium term.

Stocks are covered for festive season and prices are expected to remain weak in near term.

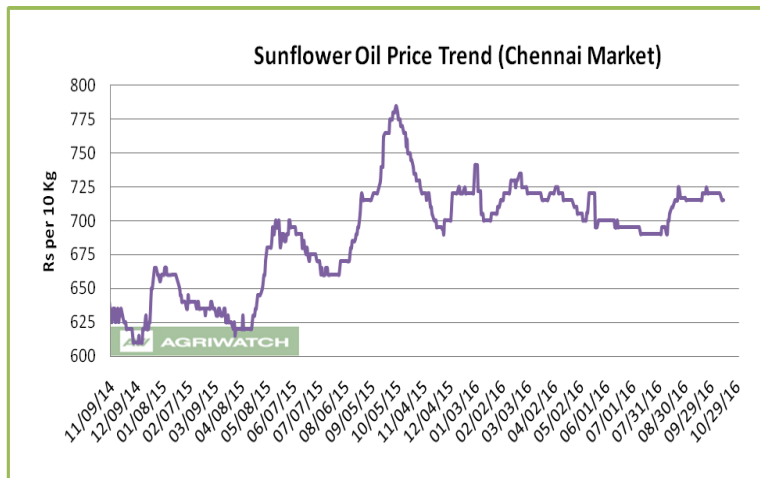
Refiners are aggressively purchasing crude sunflower oil from international markets as the premium of sunflower oil over soybean oil is very low. Currently sunflower oil premium over soy oil is at USD 4.5 (USD 12 last week) per ton for October delivery.

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 fall due to seasonal downtrend of prices and weak demand and higher supplies.

Prices are expected to trade sideways to weak 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 1.04 lakh tons of crude sunflower oil during September 2016 v/s 0.68 lakh tons in September 2015, higher by 53 percent y-o-y. Imports during oil year 2015-16 (November 2015 –September 2016) were reported at 14.19 lakh tons v/s 14.29 lakh tons during the corresponding period in last oil year, down marginally y-o-y.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 822.5 (USD 815) per ton for November delivery, USD 817.5 (USD 810) per ton for December delivery, JFM delivery is quoted at USD 817.50 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.

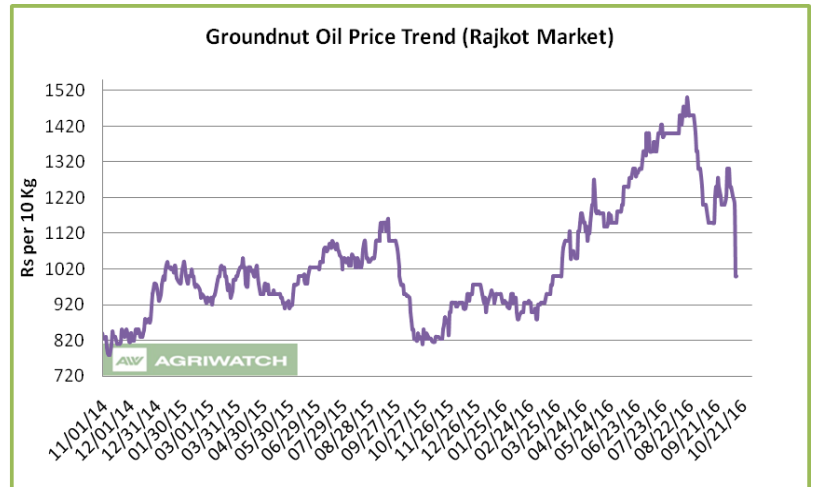


- Prices are likely to stay in the range of USD 780-850 per ton in the near term. CIF Sunflower oil premium over soybean oil increased from last week and is hovering at USD 4.5 (USD 12 last week) per ton for November delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 715 (Rs 720) per 10 Kg, and at Hyderabad market, it is offered at Rs 703 (Rs 708) per 10 kg as on October 14, 2016. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to weak 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 harvest pressure of groundnut. Prices in Chennai were unchanged while it closed higher in Hyderabad at the end of week. Prices fell in Jamnagar, Gondal and Mumbai while it rose in New Delhi at the end of the week.
- Agriwatch view: Prices of groundnut oil featured downtrend last week on weak demand harvest pressure of groundnut. Groundnut prices collapsed last week on higher harvesting of groundnut supporting groundnut oil downfall.



Prices fell on seasonal downtrend of prices.

Fall in palm oil prices supported losses.

Demand ahead of festivals is covered and fresh demand will arise when prices subside.

Millers are getting good quality groundnut to crush and supplies are very firm. However, millers are still waiting for groundnut prices to reach bottom to start crushing and take advantage of prices.

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 groundnut harvest season, seasonal downtrend of prices, weak demand and higher supplies of groundnut oil.

- According to United States Department of Agriculture (USDA) October estimates India is expected to produce 9.61 lakh tons of groundnut oil compared to 10.37 lakh tons in September estimate. Exports were kept unchanged at 0.20 lakh tons. Domestic consumption was reduced to 9.35 lakh tons compared to 9.85 lakh tons in its September estimate. Ending stocks were raised to 1.18 lakh tons from 0.59 lakh tons in September estimate.
- 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 10,000 (Rs 12,500) per quintal and quoting at Rs 10,000 (Rs 10,000) per quintal in Chennai market on October 14, 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 850-1100 per 10 Kg.

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

- Coconut oil prices featured sideways trend during the week at its benchmark market in Kangayam on firm demand and adequate stocks.. In Kochi prices were unchanged while prices fell in Trissur at the end of the week.
- Agriwatch view: Coconut oil prices closed sideways during the week, on firm demand and adequate stocks.

Fall in copra prices capped upside.

Fall in prices of palm oil capped upside.

Markets have rallied in since July and prices have reached temporary highs, and waiting for further cues.

Demand of festivals has been covered and there is weak demand 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 three months.

Coconut production is expected to slow as there has been severe shortage of rains in Erode and many parts of Kerala which will decrease production in medium term. However, supply of copra is high and stockists are stocking copra to take advantage when coconut oil prices improve and supply of copra fades.

Prices of coconut oil rises before the onset of winter and current prices are attractive for fresh buying.

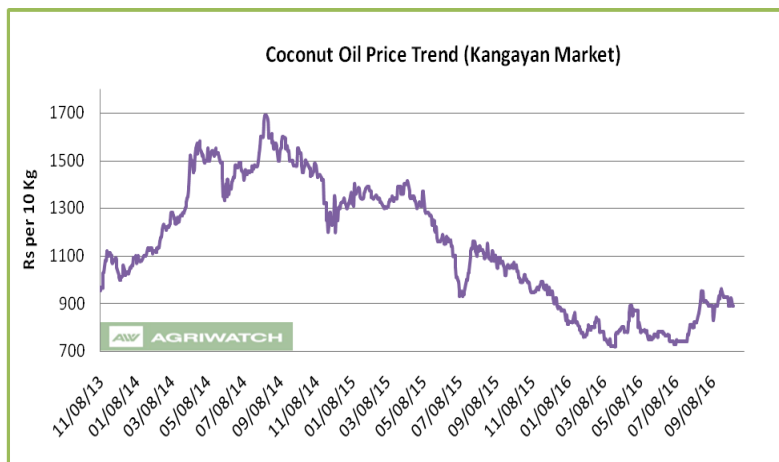
Corporate demand, which accounts for 80 percent of demand, has not strengthened.

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

Coconut oil prices are expected to rise before onset of winter, higher palm oil prices and higher copra prices.

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

- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 9,200 (9,250) per quintal, and was quoting Rs 8,900 (8,900) per quintal in Erode market on October 14, 2016.

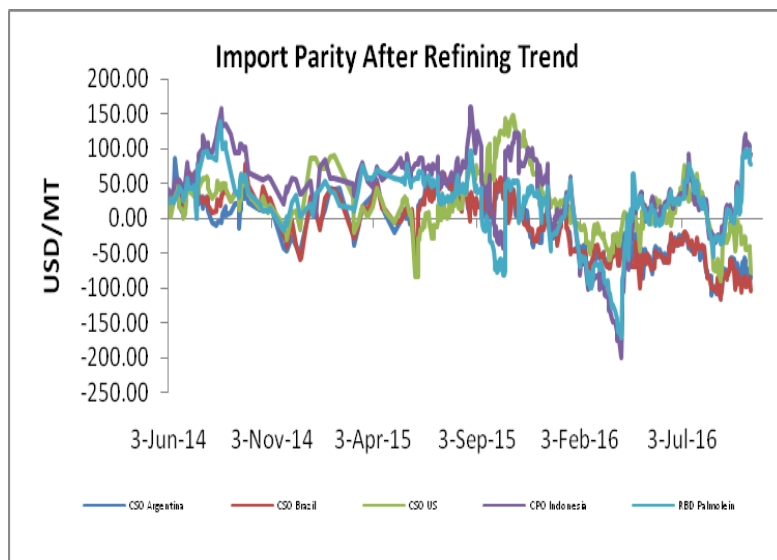
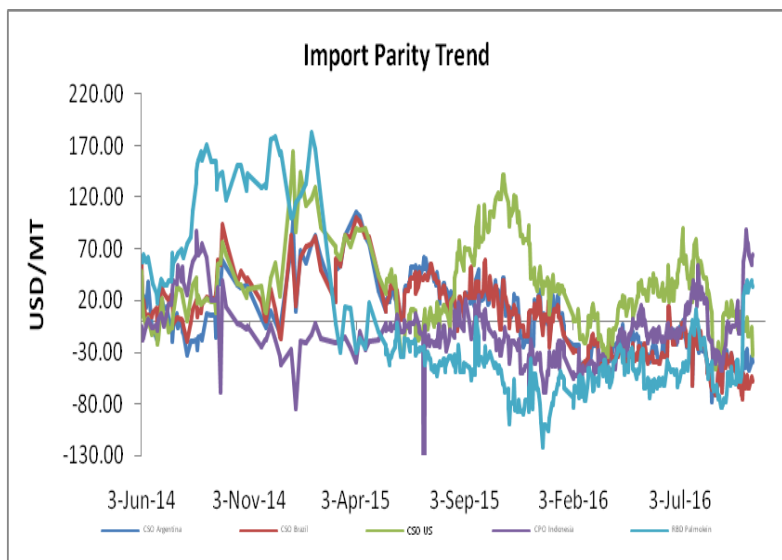


**Price Outlook:** Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 840-940 per 10 Kg.



### Import Parity Trend

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

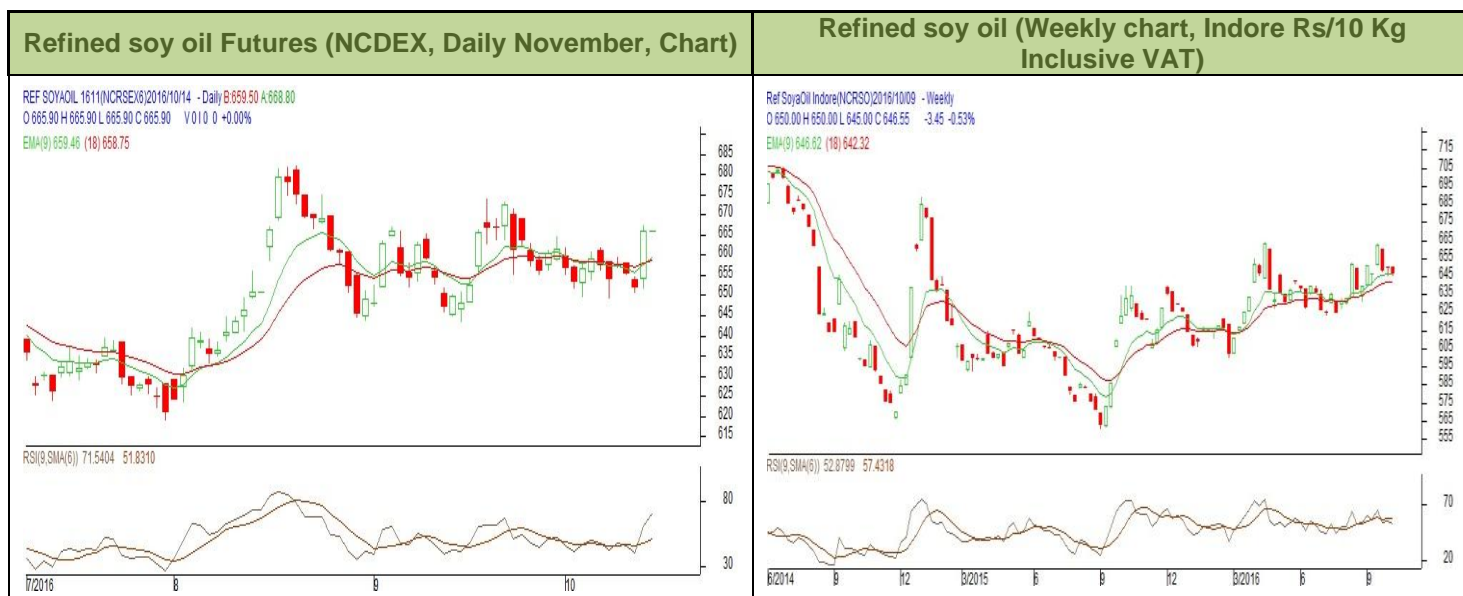


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Aug, 2016</b>	-82.87	-81.31	-27.15	-11.00	-12.64
<b>Sep, 2016</b>	-72.51	-81.47	-25.09	12.65	4.22

### 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 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 650 in weekly chart will change the sentiment and might take the prices below 630 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.

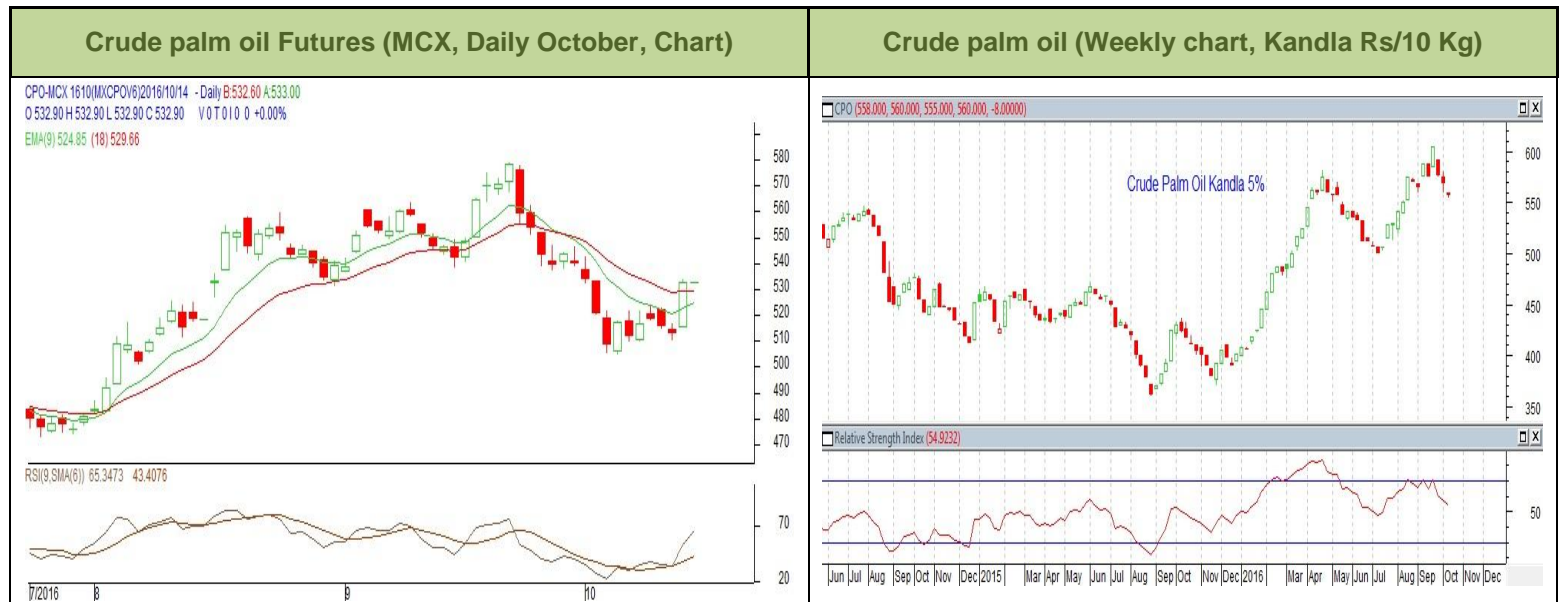
**Strategy:** Market participants are advised to go long in RSO above 660 levels for a target of 680 and 685 with a stop loss at 650 on closing basis.

#### RSO NCDEX (November)

Support and Resistance				
S2	S1	PCP	R1	R2
638.00	651.00	669.7	680.00	700.00

**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 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 520-570 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 530 for a target of 545 and 550 with a stop loss at 520 on closing basis.

#### CPO MCX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
524.00	531.00	538.6	551.00	580.00

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

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		14-Oct-16	7-Oct-16	
Refined Soybean Oil	Indore	650	650	Unch
	Indore (Soy Solvent Crude)	622	615	7
	Mumbai	660	655	5
	Mumbai (Soy Degum)	620	615	5
	Kandla/Mundra	640	640	Unch
	Kandla/Mundra (Soy Degum)	615	612	3
	Kolkata	640	640	Unch
	Delhi	660	680	-20
	Nagpur	660	668	-8
	Rajkot	635	635	Unch
	Kota	645	660	-15
	Hyderabad	670	665	5
	Akola	695	708	-13
	Amrawati	694	708	-14
	Bundi	650	655	-5
	Jalna	NA	NA	-
	Alwar	NA	NA	-
	Solapur	NA	NA	-
	Dhule	NA	NA	-
Palm Oil	Kandla (Crude Palm Oil)	565	558	7
	Kandla (RBD Palm oil)	595	595	Unch
	Kandla RBD Pamolein	605	610	-5
	Kakinada (Crude Palm Oil)	510	545	-35
	Kakinada RBD Pamolein	565	570	-5
	Haldia Pamolein	580	590	-10
	Chennai RBD Pamolein	565	575	-10
	KPT (krishna patnam) Pamolein	555	550	5
	Mumbai RBD Pamolein	588	585	3
	Delhi	650	660	-10
	Rajkot	610	620	-10
	Hyderabad	570	570	Unch
	Mangalore RBD Pamolein	565	575	-10
	PFAD (Kandla)	460	455	5
	Refined Palm Stearin (Kandla)	485	500	-15
Refined Sunflower Oil	Chennai	715	720	-5
	Mumbai	735	735	Unch
	Mumbai(Expeller Oil)	665	665	Unch

	Kandla	730	730	Unch
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	703	708	-5
	Latur (Expeller Oil)	725	725	Unch
	Chellakere (Expeller Oil)	665	665	Unch
	Erode (Expeller Oil)	740	740	Unch
Groundnut Oil	Rajkot	1000	1250	-250
	Chennai	1000	1000	Unch
	Delhi	980	980	Unch
	Hyderabad *	1030	1020	10
	Mumbai	1100	1290	-190
	Gondal	1000	1250	-250
	Jamnagar	950	1250	-300
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	832	838	-6
	Jaipur (Kacchi Ghani Oil)	871	883	-12
	Kota (Expeller Oil)	810	830	-20
	Kota (Kacchi Ghani Oil)	872	885	-13
	Neewai (Kacchi Ghani Oil)	830	860	-30
	Neewai (Expeller Oil)	852	890	-38
	Bharatpur (Kacchi Ghani Oil)	880	910	-30
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	830	832	-2
	Sri-Ganga Nagar (Kacchi Ghani Oil)	860	875	-15
	Mumbai (Expeller Oil)	830	840	-10
	Kolkata(Expeller Oil)	1050	1050	Unch
	New Delhi (Expeller Oil)	855	865	-10
	Hapur (Expeller Oil)	880	880	Unch
	Hapur (Kacchi Ghani Oil)	960	960	Unch
	Agra (Kacchi Ghani Oil)	885	915	-30
Refined Cottonseed Oil	Rajkot	725	725	Unch
	Hyderabad	670	690	-20
	Mumbai	720	715	5
	New Delhi	680	685	-5
Coconut Oil	Kangayan (Crude)	890	890	Unch
	Cochin	790	790	Unch
	Trissur	920	925	-5

<b>Sesame Oil</b>	New Delhi	700	700	<b>Unch</b>
	Mumbai	730	730	<b>Unch</b>
<b>Kardi</b>	Mumbai	830	830	<b>Unch</b>
<b>Rice Bran Oil (40%)</b>	New Delhi	490	490	<b>Unch</b>
<b>Rice Bran Oil (4%)</b>	Punjab	600	615	<b>-15</b>
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	600	615	<b>-15</b>
<b>Malaysia Palmolein USD/MT</b>	FOB	680	685	<b>-5</b>
	CNF India	685	688	<b>-3</b>
<b>Indonesia CPO USD/MT</b>	FOB	658	660	<b>-2</b>
	CNF India	680	683	<b>-3</b>
<b>RBD Palm oil (Malaysia Origin USD/MT)</b>	FOB	675	680	<b>-5</b>
<b>RBD Palm Stearin (Malaysia Origin USD/MT)</b>	FOB	688	690	<b>-2</b>
<b>RBD Palm Kernel Oil (Malaysia Origin USD/MT)</b>	FOB	1420	1450	<b>-30</b>
<b>Palm Fatty Acid Distillate (Malaysia Origin USD/MT)</b>	FOB	620	625	<b>-5</b>
<b>Crude palm Kernel Oil India (USD/MT)</b>	CNF India	1370	1370	<b>Unch</b>
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	825	820	<b>5</b>
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB	815	775	<b>40</b>
<b>Argentina FOB (\$/MT)</b>		<b>13-Oct-16</b>	<b>6-Oct-16</b>	<b>Change</b>
Crude Soybean Oil Ship		765	763	<b>2</b>
Refined Soy Oil (Bulk) Ship		792	790	<b>2</b>
Sunflower Oil Ship		762	762	<b>Unch</b>
Cottonseed Oil Ship		745	743	<b>2</b>
Refined Linseed Oil (Bulk) Ship		785	783	<b>2</b>
<b>* indicates including VAT</b>				

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