

# 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. Soy oil and coconut oil closed higher while rapeseed oil and sunflower oil sideways. Palm oil and groundnut oil closed lower.*

*On the currency front, Indian rupee against USD closed at 66.88, up 18 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 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 675 and 680 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 short in CPO below 540 for a target of 525 and 520 with a stop loss at 550 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 520-580 per 10 Kg in the near term.*

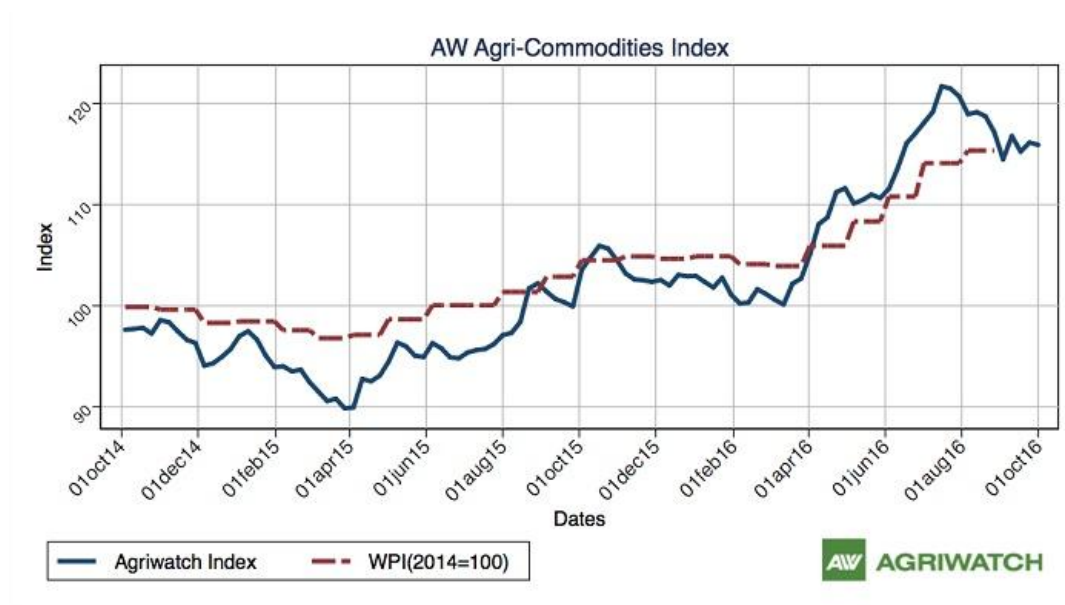
### **International Veg. Oil Market Summary**

*Malaysia's October 1-20 palm oil exports fell 12.1 percent to 806,458 tons compared to 917,288 tons in the corresponding period last month. Top buyers were European Union at 182,873 tons (160,055 tons), India at 157,224 tons (173,300 tons), China at 104,276 tons (150,460 tons), Pakistan at 37,770 tons (45,000 tons) and United States at 17,610 tons (25,335 tons). Values in brackets are figures of corresponding period last month: SGS*

*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 and firm crude oil price bullish for the soy complex in the coming days.*

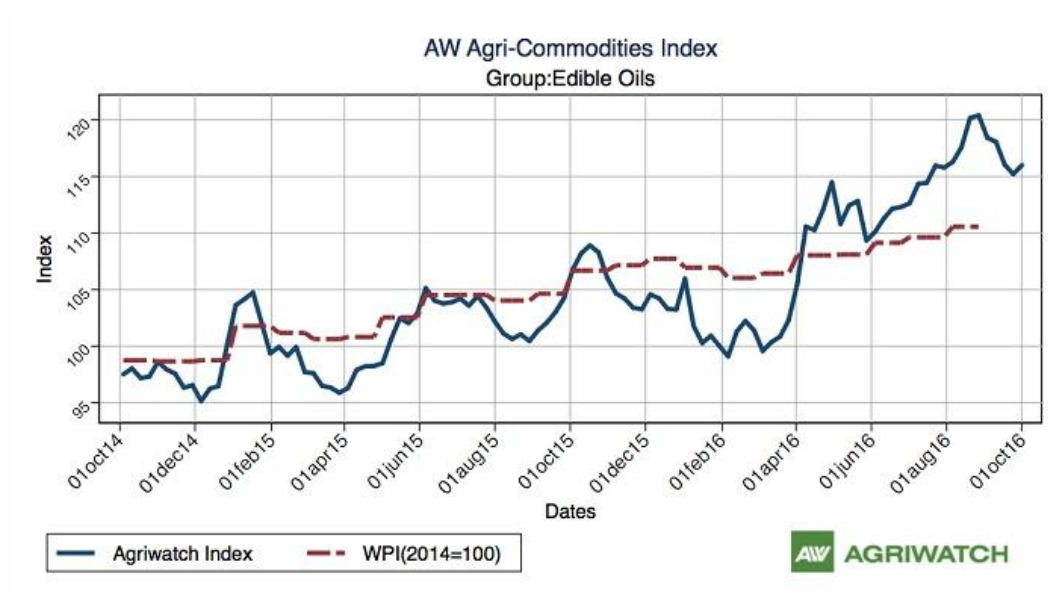
*Lower exports of palm oil from Malaysia, higher production in Indonesia, weak demand from India and China and higher stocks of palm oil in Malaysia will underpin CPO prices in near term.*

### 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

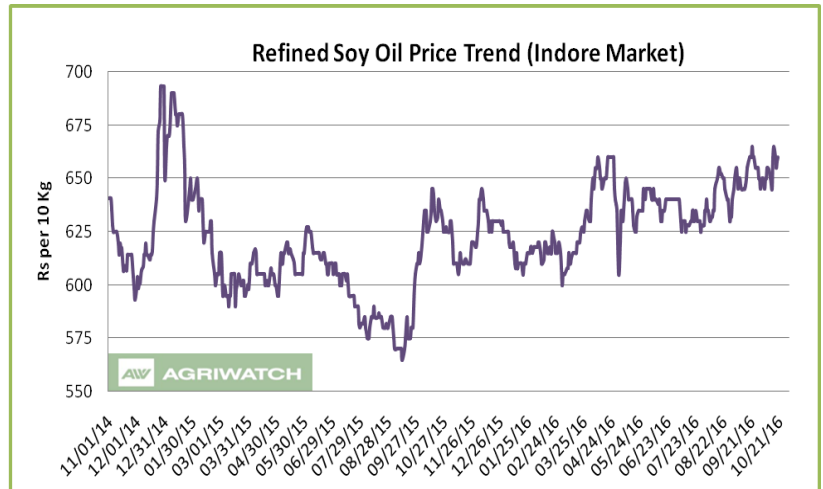


- Agriwatch edible oil index fell 0.68 percent last week to 116.0.

"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](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 firm trend at its benchmark market in Indore during the week on firm demand. 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- Soy oil prices witnessed uptrend during the week on firm demand.



India recorded record imports in

September as premium of soy oil over palm oil was low and prices fell in September to induce 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.

Rise in prices of soy oil at CNF remained unchanged, less than rise in domestic market prices indicating firm demand. Indian soy oil prices are dependent on domestic markets and hence partially disconnected from international prices of soy oil.

Prices in Indian CNF markets are less sensitive than global benchmark. Despite surge in CBOT, Soy oil CNF prices increase was limited due to lower basis and weak demand at CNF.

Basis is decreased 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 113 (Rs 85 last week) per 10 Kg. Weak refining margins may slow imports. In USD terms, premium of soy oil over palm oil has surged and was USD 129 (USD 35 last week), which will depress imports.

Prices of soy oil will increase on winters and seasonal uptrend of prices. Demand will increase on early arrival of winters 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.

- Imported crude soy oil CIF at West coast port is offered at USD 834 (USD 820) per ton for October delivery. November delivery is offered at USD 834 (USD 818) per ton and December delivery is offered at USD 832 (USD 818) 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 90-95/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 and harvesting is slower than corresponding period last year. However, harvesting is expected to be over by end of October. 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 raised further.

Exports remained robust from US as China struck a record deal. China is expected to buy soybean from US at steady pace as it is expected to stock 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.

Demand of soybean in US is expected to be weak in last quarter of 2016 as cattle placements are expected to be weak on very low prices of beef indicating weak demand of soy meal ahead of winters.

Supply of soybean improved at crushers and elevators as pace soybean arrival has increased as farmers have run out of storage. Crushing is running at full swing at some crushers while it is still weak compared to corresponding period last year. Lower crush of soybean in October will decrease supply of soy oil and decrease stocks of soy oil in US in October.

NOPA report showed that soy oil stocks in US fell in September by more than expectation and stocks are only 1.5 percent higher than corresponding period last year. Lower stocks of soy oil are due to lower crush of soybean and low recovery rate and higher demand.

Further lowering of stocks in October will support prices.

Soybean planting has started in Brazil with higher pace than corresponding period last year. Area under soybean is expected to be higher than last year but rise in area will be less than the pace seen in last five years. 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, USDA attaché has estimated soybean crop in Argentina at 54.3 MMT in 2016/17.

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 and 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 demand of soybean and soybean products 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 National Oilseed Processors Association (NOPA), U.S. September soybean crush fell to 129.405 million bushels from 131.822 million bushels in August, down by 1.8 percent m-o-m. Crush of soybean in September 2015 was 126.704 million bushels. Production of soy oil in U.S. in September fell to 1.522 billion lbs from 1.557 billion lbs in August 2016. Production in September 2015 was 1.451 billion lbs. Soy oil stocks in U.S. at the end of September fell by 15 percent to 1.376 billion lbs compared to 1.620 billion lbs in August 2016. Stocks of soy oil in September were higher by 1.5 percent compared to September 2015, which was reported at 1.355 million lbs. Yield fell to 11.76 lbs/bushel in September from 11.81 lbs/bushel in August. Yield in September 2015 was reported at 11.45 lbs/bushel.
- About 96% of the US soybean crop is dropping leaves, which are slightly up from 95% during the corresponding period last year and up from 94% compared to the 5-year average. Harvesting is reported at 62% down compared to 73% during the corresponding period last year and from 63% from 5-year average. About 74% of the newly planted US soybean crop is in good to excellent conditions, which is up from 64% during the same period last year, reported in the US crop progress report dated 17 Oct. 2016.
- Argentina's 2016/17 soybean area is seen down at 20.4 million hectares. The soybean yield is expected to be 3% lower than the normal at 2.77 tons per hectares and eventually production is projected at 54.3 million tons.
- Paraguay's area under soybean is expected increase in 2016/17 due to favorable soy prices and expected better returns and production is forecast up at 8.6 million tons compared to 6.4 million tons last season.
- Informa Economics has projected 2017 US soybean planting up 5.7%. It has forecast US 2017 soybean planting at 88.487 million acres compared to 83.7 million acres of soybeans planted in 2016 (USDA figure).
- Safras and Mercado, Brazil's crop analyst said Brazil's soybean is 17.3% planted, by October 14, the planting is ahead previous year's level of 11.2% during the corresponding period last year. The long period average is 11.7% to the same period. The total planted area under soybean is expected to reach 33.54 million hectares up from 33.18 million hectares in 2015. Brazil's 2016/17 soybean crop is forecast at a record 103.48 million tons, up 97.15 million tons from the last year's crop.
- 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.



- **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.

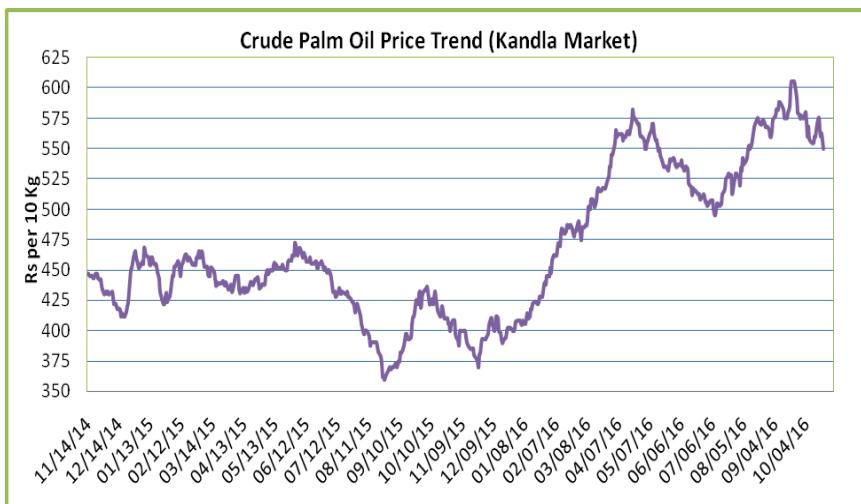
**Price Outlook:** We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 630-690 per 10 Kg in the near term.



## Palm oil Fundamental Analysis and Outlook -:

### Domestic Front

- Crude palm oil at Kandla featured downtrend in its benchmark market at Kandla on weak demand. CPO prices in Kakinada closed higher at the end of the week.
- Agriwatch View – Prices of palm oil closed lower on weak demand. Rise in prices of domestic CPO is less than rise in international benchmark.  
Prices fell on seasonal downtrend of prices.



Demand of CPO is weak while demand of RBD palmolein is firm at CNF markets as rise in prices at FOB markets are less than RBD palmolein CNF markets.

Supply of RBD palmolein at CNF markets is higher than CPO. Demand is weak on high seas as CPO prices fell in high seas while it rose on CNF markets. Rise in RBD palmolein at high seas was less than CNF markets indicating weak demand. Benchmark BMD Malaysia rose 1.6 percent last week while domestic CPO prices fell indicating weak demand. 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 zero.

Demand of RBD palmolein on high seas is higher than CPO as premium RBD palmolein over CPO is Rs 60 (Rs 40) per 10 kg.

Positive refining margins will increase imports. Import in palm oil in October is expected to be higher than September due to reduction of import duty vs soy oil and positive refining margins.

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

Soy oil premium over palm oil has increased to USD 129 (USD 85 last week) per ton may strengthen demand in medium term.

Positive refining margins will increase imports.

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 weak in near term on weak demand and seasonal downtrend of prices.

- 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 705 (USD 685) per ton for October delivery and November delivery is quoted at USD 705 (USD 685) per ton. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 705 (USD 685) per ton for October delivery and November delivery is quoted at USD 705 (USD 685) per ton. Ready lift CPO duty paid prices quoted at Rs 547 (Rs 565) per 10 Kg and November delivery duty paid offered at Rs 519 (Rs 525) per 10 kg on October 21, 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 fall in palm products prices in India. Currently refiners fetch USD 75-80/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 weak in the days ahead.

### International Front

- Agriwatch View – Exports of palm oil fell in first 20 days of October from Malaysia by 12-13 percent due to lower demand from India and China. China has imported at lower levels due to National Day holidays. Exports to China are expected to remain weak for rest of October.

India is buying less due to weak demand as stocks are covered for festivals.

Demand of palm oil is expected to remain low in medium term as winter approaches in Northern hemisphere.

Winters are expected to arrive early in Northern hemisphere, according to Agriwatch sources.

Exports are weak in October from Malaysia despite lower export numbers in September indicating weakening demand of palm oil.

Lower exports will increase ending stocks in Malaysia affecting prices adversely.

However, production is expected to decline from October on lagged effect of El Nino.

Production is expected to rise in Indonesia in October, according to GAPKI, which will underpin 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 (SGS), Malaysia's October 1-20 palm oil exports fell 12.1 percent to 806,458 tons compared to 917,288 tons in the corresponding period last month. Top buyers were European Union at 182,873 tons (160,055 tons), India at 157,224 tons (173,300 tons), China at 104,276

tons (150,460 tons), Pakistan at 37,770 tons (45,000 tons) and United States at 17,610 tons (25,335 tons). Values in brackets are figures of corresponding period last month.

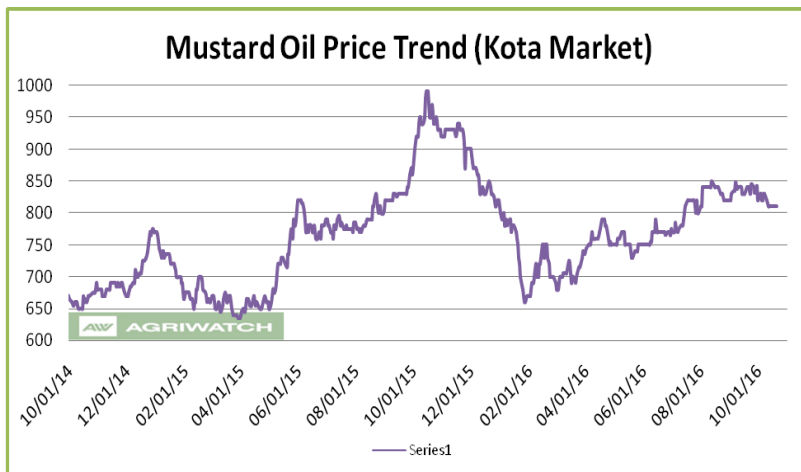
- According to surveyor Intertek Testing Services (ITS), Malaysia's October 1-20 palm oil exports fell 12.4 percent to 800,854 tons compared to 914,264 tons in corresponding period last month. Top buyers were India & subcontinent at 237,924 tons (262,650 tons), European Union at 184,987 tons (129,650 ton) and China at 81,450 tons (142,630 tons). Values in brackets are figures of corresponding period last month.
- Indonesia Estate Crop Fund raised its biodiesel subsidy fund collection target of its biodiesel mandate for 2017 by 14 percent compared to 2016 on higher exports of palm oil in 2017. Exports are expected to rise 5 to 10 percent in 2017 compared to current year. Indonesia Estate Crop Fund has collection target of 10.7-10.8 trillion Rupiah (USD 830 million). Target for 2016 was 9.4 trillion Rupiah. Indonesia charges USD 50 levy for exports of crude palm oil (CPO) and USD 30 levy for export of crude palm kernel oil (CPKO). Indonesia has set 20 percent bio content in biodiesel production in 2016.
- 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.

**Price Outlook:** We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 520-580 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 fell in Neewai, and Gujarat. Prices were unchanged in Jaipur, Hapur and Mumbai. Prices rose in Ganganagar, New Delhi and Kolkata. Prices of Kacchi ghani rose in Jaipur, Bharatpur, Agra, and Ganganagar while it was unchanged in Kota. Prices fell in Neewai and Hapur at the end of week.



Rapeseed oil traded sideways on firm to sideways 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. Demand has increased from East and North India on stocking ahead of winters.

Fall in prices of palm oil capped upside.

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 started stocking ahead of winters.

Low premium 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 canola oil prices.

Prices will rise on firm demand ahead of winters and higher rapeseed prices.

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

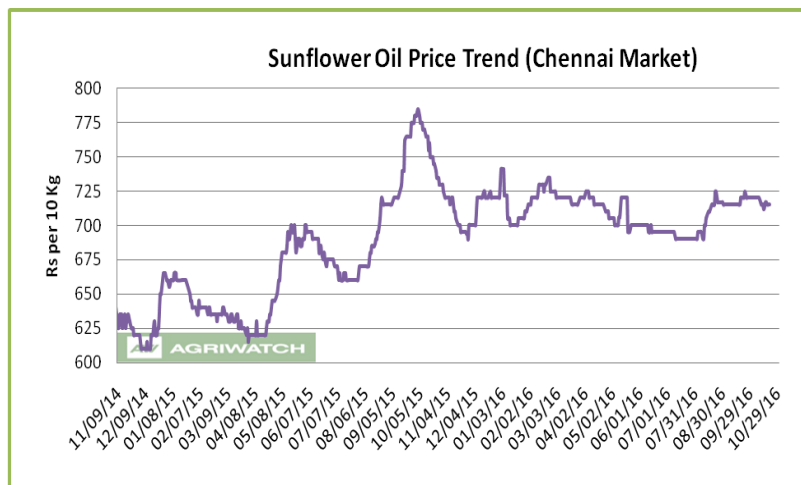
- India imported 0.30 lakh tons of rapeseed (Canola) oil in September 2016 v/s 0.32 lakh tons in September 2015, lower by 6.25 percent y-o-y. For oil year 2015-2016 (November 2015 – September 2016) India imported 3.34 lakh tons rapeseed (canola) oil v/s 3.40 lakh tons in corresponding period in the oil year 2014-15, marginally lower y-o-y: SEA
- CIF canola premium over soybean oil is USD 1 (USD -20 last week) per ton as on October 21, 2016. Low 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 832) per 10 Kg, and at Kota market, it is offered at Rs 810 (Rs 810) per 10 kg as on October 21, 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 during the week at its benchmark market in Chennai on weak demand and firm supply. Prices closed higher in Hyderabad while prices closed unchanged in Kakinada at the end of week.
- Agriwatch view: Prices of sunflower oil traded sideways on weak demand and firm supply. Demand was weak as international prices increased compared to last week while domestic prices were unchanged.



Prices fell on seasonal downtrend of prices. Lower palm oil supported fall.

Lower premium of sunflower oil over CDSO CNF on CNF will increase supply in domestic market and underpin prices.

Supply was 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 oil 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 (USD 4.5 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.

- Solvent Extractors of India (SEA) representing edible oil industry has asked government to reduce import duty on sunflower seed from present 31.2 percent to 5-10 percent, which will allow industry to increase their capacity utilization, which is saddled by idle capacity. Sunflower seeds have higher recovery rate compared to other oilseeds and there is no issue of GM and non-GM issue in sunflower seed. The industry has proposed that imports could be allowed in offseason, which will not impact oilseed farmers in the country. There is negligible production of sunflower seeds in India.
- 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

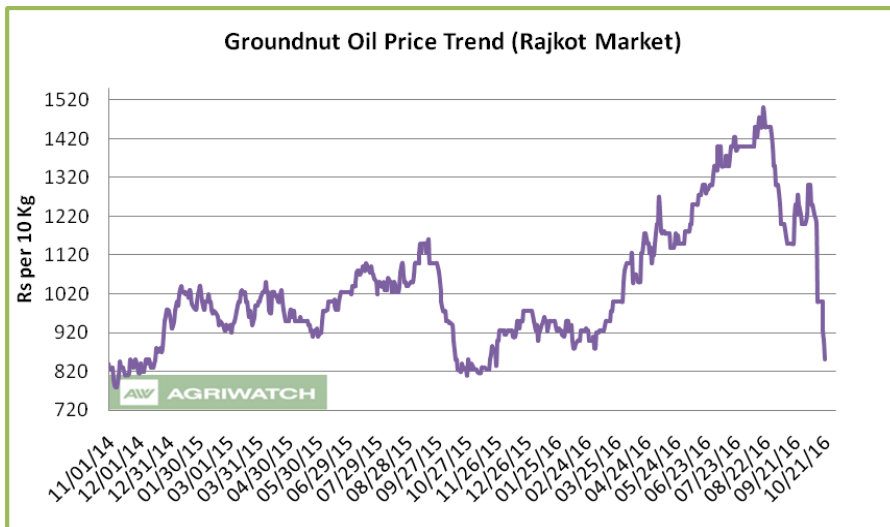
2015-16 (November 2015 –September 2016) were reported at 14.19 lakh tons v/s 14.29 lakh tons during the corresponding period in last oil year, down marginally y-o-y.

- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 830 (USD 822.5) per ton for November delivery, USD 825 (USD 817.5) per ton for December delivery, JFM delivery is quoted at USD 822.50 (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 790-860 per ton in the near term. CIF Sunflower oil premium over soybean oil decreased from last week and is hovering at USD -4 (USD 4.5 last week) per ton for November delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 715 (Rs 715) per 10 Kg, and at Hyderabad market, it is offered at Rs 713 (Rs 703) per 10 kg as on October 21, 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 heavy arrivals of groundnut from producing regions. Prices in Chennai and Hyderabad closed lower at the end of week. Prices fell in Jamnagar, Gondal, Mumbai and New Delhi at the end of the week.



- Agriwatch view: Prices of groundnut oil featured downtrend

last week on weak demand heavy arrivals of groundnut in markets from producing regions.

Harvest of groundnut was delayed due to rainfall, which improved groundnut crop. However, harvesting has picked up pace since mod of October and groundnut is arriving in markets in huge quantities crushing groundnut oil prices.

Groundnut prices collapsed last week on heavy arrivals 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.

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

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.

- 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 8,500 (Rs 10,000) per quintal and quoting at Rs 9,600 (Rs 10,000) per quintal in Chennai market on October 21, 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 700-900 per 10 Kg.

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

- Coconut oil prices featured uptrend trend during the week at its benchmark market in Kangayam on firm demand. In Kochi prices remained unchanged while prices fell in Trissur at the end of the week.
- Agriwatch view: Coconut oil prices showed uptrend during the week, on firm demand.

Fall in copra prices capped upside.

Fall in prices of palm oil capped upside.

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

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

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.

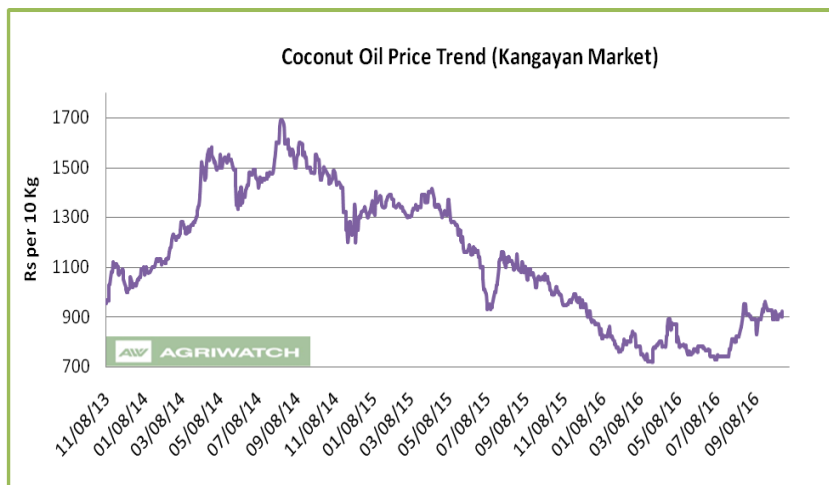
Prices of coconut oil rises before the onset of winter and current prices are attractive for fresh buying.

Corporate demand, which accounts for 80 percent of demand, is moderate supporting prices.

Traders and upcountry buyers are stocking to replenish their stocks before winter.

Coconut oil prices are expected to rise before onset of winter and firm demand. 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 9,150 (9,200) per quintal, and was quoting Rs 9,200 (8,900) per quintal in Erode market on October 21, 2016.

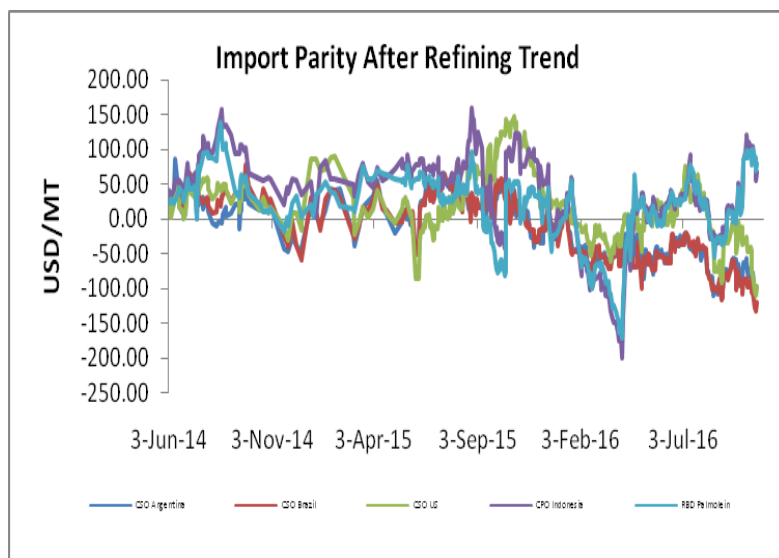
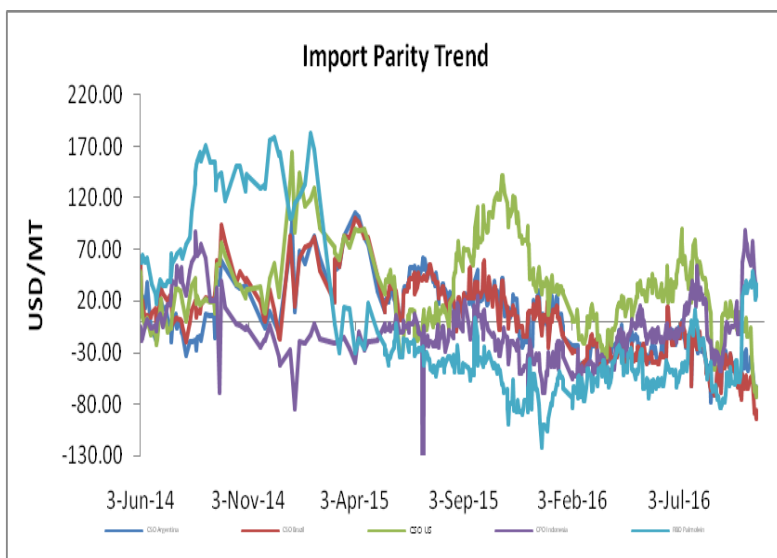


**Price Outlook:** Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 880-980 per 10 Kg.



### Import Parity Trend

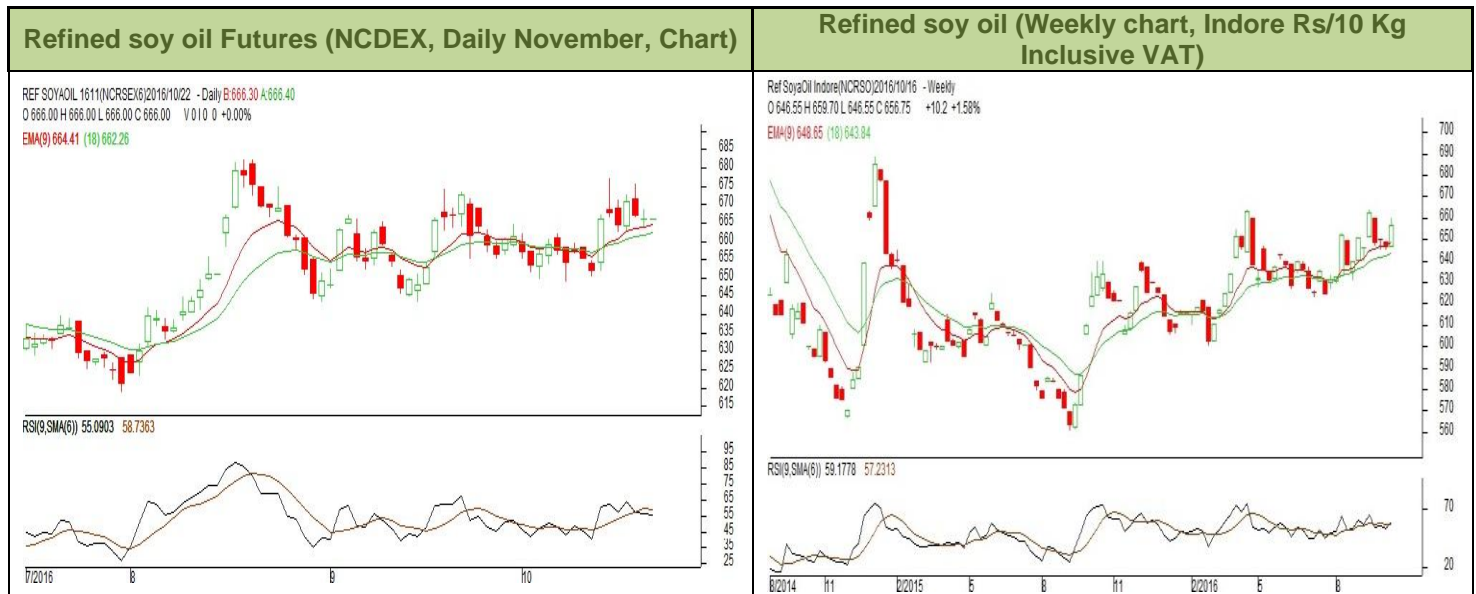
#### Import Parity After Refining in US dollar per ton (Monthly Average)



	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.

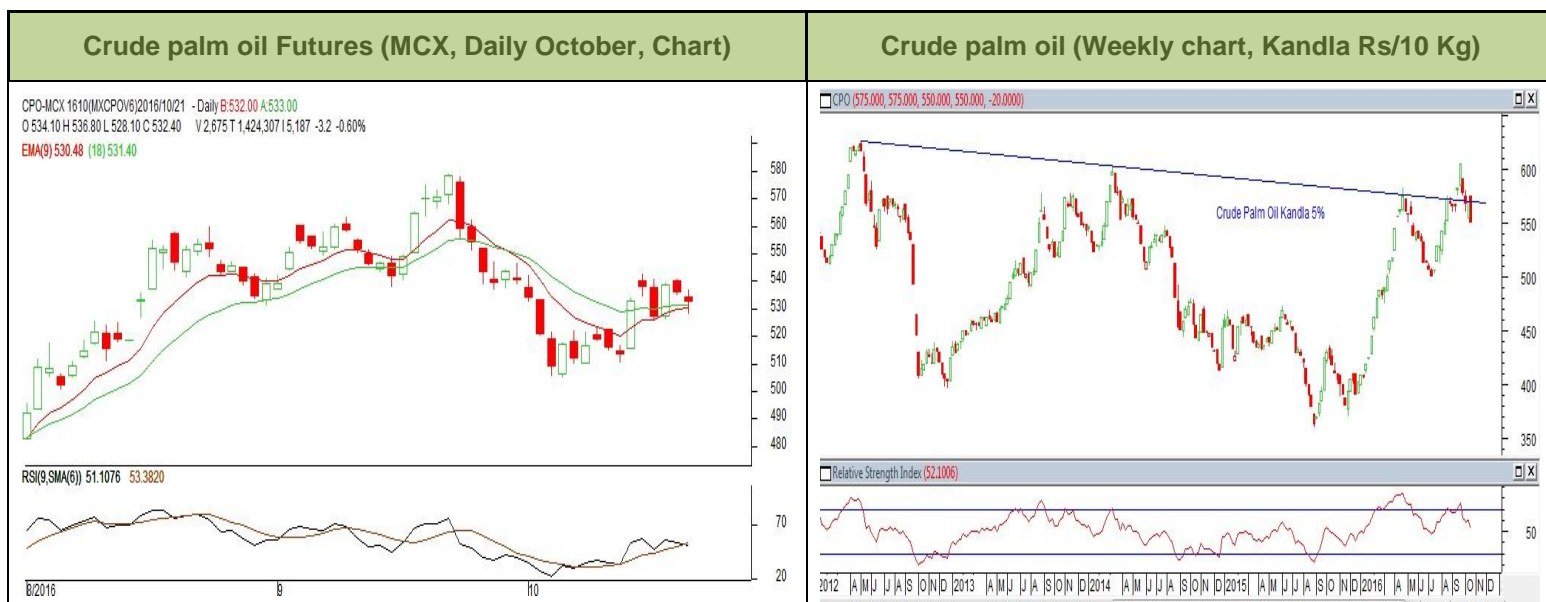
**Strategy:** Market participants are advised to go long in RSO above 660 levels for a target of 675 and 680 with a stop loss at 650 on closing basis.

**RSO NCDEX (November)**

Support and Resistance				
S2	S1	PCP	R1	R2
638.00	651.00	666	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 weak note.**

- Candlestick in weekly chart of crude palm oil at MCX depicts downtrend in the prices. We expect prices to trade with a sideways to weak note in the near term.
- Any close above 560 in weekly chart may bring the prices to 580 levels.
- Expected price band for next week is 510-560 level. RSI, Stochastic, and MACD are suggesting downtrend in prices in the coming week.

**Strategy:** Market participants are advised to go short in CPO below 540 for a target of 525 and 520 with a stop loss at 550 on closing basis.

#### CPO MCX (October)

Support and Resistance				
S2	S1	PCP	R1	R2
524.00	531.00	532.4	551.00	580.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 520-580 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		21-Oct-16	14-Oct-16	
Refined Soybean Oil	Indore	660	645	15
	Indore (Soy Solvent Crude)	625	620	5
	Mumbai	680	660	20
	Mumbai (Soy Degum)	628	620	8
	Kandla/Mundra	655	640	15
	Kandla/Mundra (Soy Degum)	622	615	7
	Kolkata	650	640	10
	Delhi	675	660	15
	Nagpur	662	660	2
	Rajkot	650	635	15
	Kota	660	645	15
	Hyderabad	679	670	9
	Akola	699	695	4
	Amrawati	699	694	5
	Bundi	660	650	10
	Jalna	710	NA	-
	Alwar	NA	NA	-
	Solapur	711	NA	-
	Dhule	708	NA	-
Palm Oil	Kandla (Crude Palm Oil)	550	560	-10
	Kandla (RBD Palm oil)	595	595	Unch
	Kandla RBD Pamolein	610	605	5
	Kakinada (Crude Palm Oil)	525	510	15
	Kakinada RBD Pamolein	575	565	10
	Haldia Pamolein	580	580	Unch
	Chennai RBD Pamolein	575	565	10
	KPT (krishna patnam) Pamolein	555	555	Unch
	Mumbai RBD Pamolein	590	588	2
	Delhi	650	650	Unch
	Rajkot	600	610	-10
	Hyderabad	580	570	10
	Mangalore RBD Pamolein	575	565	10
	PFAD (Kandla)	460	460	Unch
	Refined Palm Stearin (Kandla)	510	485	25
Refined Sunflower Oil	Chennai	715	715	Unch
	Mumbai	735	735	Unch

	Mumbai(Expeller Oil)	665	665	Unch
	Kandla	745	730	15
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	713	703	10
	Latur (Expeller Oil)	730	725	5
	Chellakere (Expeller Oil)	665	665	Unch
	Erode (Expeller Oil)	745	740	5
Groundnut Oil	Rajkot	850	1000	-150
	Chennai	960	1000	-40
	Delhi	950	980	-30
	Hyderabad *	950	1030	-80
	Mumbai	1000	1100	-100
	Gondal	825	1000	-175
	Jamnagar	825	950	-125
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	832	832	Unch
	Jaipur (Kacchi Ghani Oil)	875	871	4
	Kota (Expeller Oil)	810	810	Unch
	Kota (Kacchi Ghani Oil)	872	872	Unch
	Neewai (Kacchi Ghani Oil)	820	830	-10
	Neewai (Expeller Oil)	845	852	-7
	Bharatpur (Kacchi Ghani Oil)	900	880	20
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	835	830	5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	870	860	10
	Mumbai (Expeller Oil)	830	830	Unch
	Kolkata(Expeller Oil)	1010	1050	-40
	New Delhi (Expeller Oil)	860	855	5
	Hapur (Expeller Oil)	880	880	Unch
	Hapur (Kacchi Ghani Oil)	930	960	-30
	Agra (Kacchi Ghani Oil)	905	885	20
Refined Cottonseed Oil	Rajkot	730	725	5
	Hyderabad	695	670	25
	Mumbai	735	720	15
	New Delhi	690	680	10
Coconut Oil	Kangayan (Crude)	920	890	30
	Cochin	790	790	Unch
	Trissur	915	920	-5

<b>Sesame Oil</b>	New Delhi	700	700	Unch
	Mumbai	730	730	Unch
<b>Kardi</b>	Mumbai	830	830	Unch
<b>Rice Bran Oil (40%)</b>	New Delhi	490	490	Unch
<b>Rice Bran Oil (4%)</b>	Punjab	600	600	Unch
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	600	600	Unch
<b>Malaysia Palmolein USD/MT</b>	FOB	688	680	8
	CNF India	705	685	20
<b>Indonesia CPO USD/MT</b>	FOB	683	658	25
	CNF India	705	680	25
<b>RBD Palm oil (Malaysia Origin USD/MT)</b>	FOB	685	675	10
<b>RBD Palm Stearin (Malaysia Origin USD/MT)</b>	FOB	693	688	5
<b>RBD Palm Kernel Oil (Malaysia Origin USD/MT)</b>	FOB	1475	1420	55
<b>Palm Fatty Acid Distillate (Malaysia Origin USD/MT)</b>	FOB	630	620	10
<b>Crude palm Kernel Oil India (USD/MT)</b>	CNF India	1390	1370	20
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	840	825	15
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB	843	815	28
<b>Argentina FOB (\$/MT)</b>		<b>20-Oct-16</b>	<b>13-Oct-16</b>	<b>Change</b>
Crude Soybean Oil Ship		788	765	23
Refined Soy Oil (Bulk) Ship		816	792	24
Sunflower Oil Ship		770	762	8
Cottonseed Oil Ship		768	745	23
Refined Linseed Oil (Bulk) Ship		808	785	23
<i>* indicates including VAT</i>				

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