

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil witnessed firm sentiment during the week on gains in CBOT soy oil and BMD CPO. Palm oil, rapeseed oil, sunflower oil and coconut oil closed higher while soy oil and groundnut were unchanged.

On the currency front, Indian rupee against USD closed at 68.46, up 32 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 depreciate and crude oil prices will rise.

We expect edible oil complex to trade firm tone strong fundamentals. Low stocks at ports and pipelines will support prices in near term.

Recommendation:

Weekly Call - : Market participants are advised to go long above 700 levels for a target of 720 and 725 with a stop loss at 690 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 660-720 per 10 Kg in the near term.

Market participants are advised to go long in CPO above 535 for a target of 542 and 560 with a stop loss at 565 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 530-580 per 10 Kg in the near term.

International Veg. Oil Market Summary

Malaysia's November 1-25 palm oil exports fell 10.3 percent to 895,077 tons compared to 998,101 tons in corresponding period last month. Top buyers were European Union at 189,595 tons (268,200 tons), China at 170,155 tons (125,376 tons), India at 57,910 tons (157,224 tons), United States at 47,786 tons (21,910 tons) and Pakistan at 12,000 tons (47,770 tons). Values in brackets are figures of corresponding period last month: SGS

On the international front, higher use of soy oil in biodiesel, higher soybean demand from China, lower soy oil stocks in US and rise in crude oil prices will support soy complex in the coming days.

Low production of palm oil in Malaysia, firm demand from China, weak ringgit, support from Chinese markets, higher biodiesel use in Indonesia and Malaysia, supportive exports and biodiesel policy from Southeast Asian countries will support CPO prices in near term.

Agriwatch Index



- The Agriwatch Agri Commodities Index gained 1.54% to 115.72 during the week ended Nov 26, 2016 from 113.97 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).
- Seven of the nine commodity group sub-Indices that constitute the main Index gained during the week, led by Cereals and Spices. Vegetables and Sweeteners were the only declining sub-Indices.

Agriwatch edible oil index



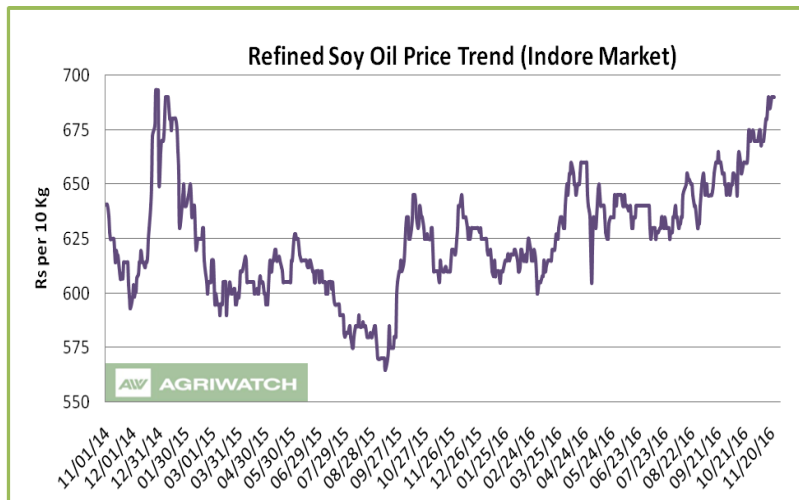
- Agriwatch edible oil index rose 0.57 percent in the week ended November 26, 2016 to 109.96.

"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 demand and weak supply. 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 sideways trend during the week on weak demand and weak supply.



However, except the benchmark market

in Indore prices rose due to rise in international benchmark. This indicates the disconnect in Indian and international market benchmarks.

Imports of soy oil decreased in October compared to September and October 2015 indicating weak supply.

Soy oil CNF rose more than CBOT soy oil to weakening of basis indicating weak demand at CNF markets. Basis is expected to weaken in coming weeks as crushing improves in US in December.

Lower crushing of soybean in India due to low export demand of soy meal from India has led to weak supply of soy oil in domestic market. However, demand is firm ahead of winters.

Soy oil prices at CNF rose more than most places in domestic market indicating weak demand in domestic market. Prices in Indian CNF markets are less sensitive than global benchmark.

Basis has increased from last week indicating more sensitivity at CNF markets compared to international benchmark.

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.

Soy oil premium of soy oil over palm oil has decreased to Rs 138 (Rs 155 last week) per 10 Kg indicating improve demand. Weak refining margins may slow imports. In USD terms, higher premium of soy oil over palm oil which was quoted at USD 123.5 (USD 90 last week), which will decrease imports.

Prices of soy oil will increase on winters and seasonal uptrend of prices. Prices of soy oil are in a range.

- Soy oil import scenario – According to SEA, India imported 2.78 lakh tons of soy oil in October 2016 v/s 4.05 lakh tons in October 2015, down 31 percent y-o-y. In the oil year 2015-16 (November 2015-October 2016) imports of soy oil is reported at 42.34 lakh tons v/s 29.85 lakh tons in corresponding period last oil year, higher by 41.8 percent y-o-y.
- Imported crude soy oil CIF at West coast port is offered at USD 871 (USD 818) per ton for November delivery. December delivery is offered at USD 871(USD 818) per ton and January delivery is offered at USD 867 (USD 815) per ton as on November 25, 2016. Last month, CIF CDSO October average price was USD 825.5 per ton.
- On the parity front, margins were at disparity during the week and we expect disparity in margins in coming days. Currently refiners lose USD 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 – Higher mandated production target of biodiesel in US by Environmental Protection Agency (EPA) will support of soy oil prices in near to medium term.

Soybean harvesting have been culminated in US and record production is expected by USDA. USDA estimated record soybean crop in US in November estimate on higher yields which was all time record.

Soybean planting in Brazil is progressing at steady pace and above 5-year average. Planting in top producing state Mato Grosso and Parana is complete. Record exports are expected from Brazil in 2016/17.

Planting of soybean in Argentina was delayed due to wet conditions. However, it has progressing at good pace and the area under production is expected to be slightly lower than 2015/16. Planting area in Argentina is above previous estimate. Yields will increase which will increase due to good moisture.

Exports remained robust from US to China as shipments were very good since harvesting of current crop. China is expected to buy soybean from US at steady pace as it is expected to stock ahead of winters, Chinese New Year and lower buying in last two months. Demand in China is robust as China is expected to increase hogs count, as hogs margins are higher than last two years.

However, data shown by CNGOIC is showing fall in imports of soybean in October by 6 percent on lower imports from Brazil and Argentina.

Crushing of soybean is progressing at record pace in October as reported by NOPA on higher processing margin which led to higher production of soy oil. However, stocks of soy oil fell in October. Crushing has slowed in past couple of weeks which will support soy oil prices due to lower stocks of soy oil.

Crushing has slowed as demand of soy meal from feed mills is not robust and soy meal prices have corrected to improve demand.

USDA reported lower soy oil stocks in US in 2016/17 due to lower opening stocks and lower production of soy oil partially set off by lower fed, food and industrial use and lower exports. Lower stocks of soy oil in US will support soy oil prices in medium term.

However, supply of soy oil from South America and US has increased leading to lower price soy oil.

Demand from India is expected to be weak in December due to demonetization and higher duty compared palm oil.

Competitive oils will support prices in near term.

Rise in crude oil prices will support soy oil prices while dollar appreciation due to expected FED rate hike in December may underpin soy oil prices.

Prices of soy oil are in a range.

- U.S. Environmental Protection Agency (EPA) increased US biodiesel production target by 6.5 percent in 2017 to 19.28 billion gallons compared to previous mandate of 18.11 billion gallons. Conventional biodiesel use is raised to 15 billion gallons which is mainly corn based biodiesel. Rest 4.28 billion gallons is set for advanced biodiesel mandate where soy oil is the major contributor. This step will decrease soy oil end stocks in US.
- Brazil's 2017 soybean exports are projected at 60 million tons which is up from 51-52 million estimated for the current marketing year 2016, reported by the National Association of Exporters of Cereals (ANEC).

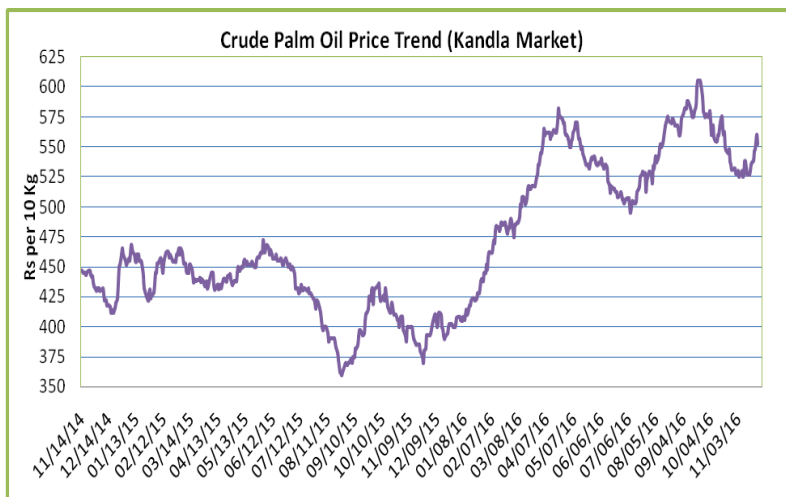
- Brazil's 2016/17 soybean crop is forecast up at 102.6 million tons compared to 96.3 million tons in 2015/16 marketing season, reported by Agroconsult.
- Argentina's 2016/17 area under soybean is forecast at 20.22 million hectares (49.96 Mn Acres), reported by the Argentina's agriculture ministry.
- Heavy rains over Argentina in October had delayed the soybean planting but have improved the soil moisture which has boosted the 2016/17 soybean production estimate by 2% to 55.3 million tons compared to last year's estimates which stood between 45.8 million tons, estimated by various agencies.
- Brazil's 2016/17 soybean production is projected at 106 million tons by CRF, the production is much higher than the previous season (96.4 Mn T), when Brazil was hit by drought during the soybean crop development stage. Further, CRF has projected Paraguay's soybean production at 8.6 million tons against 6.4 million tons produced last year.
- According to National Oilseed Processors Association (NOPA), U.S. October soybean crush fell to 164.641 million bushels from 129.405 million bushels in September, up by 27 percent m-o-m. Crush of soybean in October 2015 was 158.895 million bushels. Production of soy oil in U.S. in October rose to 1.911 billion lbs from 1.521 billion lbs in September 2016. Production in October 2015 was 1.844 billion lbs. Soy oil stocks in U.S. at the end of October fell by 2.4 percent to 1.343 billion lbs compared to 1.376 billion lbs in September 2016. Stocks of soy oil in October were lower by 4.6 percent compared to October 2015, which was reported at 1.408 million lbs. Yield fell to 11.61 lbs/bushel in October from 11.76 lbs/bushel in September. Yield in October 2015 was reported at 11.60 lbs/bushel.
- According to United States Department of Agriculture (USDA) November estimates, U.S 2016/17 ending stocks of soy oil is estimated to fall to 1,658 million lbs from 1,725 million lbs in October estimate. Opening stocks reduced to 1,718 million lbs from 1,750 million lbs in October estimate. Production of soy oil in 2016/17 is reduced to 22,290 million lbs from 22,525 million lbs. Imports in 2016/17 are unchanged at 250 million lbs. Biodiesel use in 2016/17 remained unchanged at 5,950 million lbs. Food, feed and other industrial use in 2016/17 are is reduced to 14,500 million lbs from 14,600 million lbs . Exports in 2016/17 reduced to 2,150 million lbs v/s 2,250 million lbs in October estimate. Average price range estimate is increased to 32.5-35.5 cents/lbs from 30.5-33.5 cents/lbs. Fall in end stock is primarily due to lower opening stocks, lower production partially offset by lower Food, feed and other industrial use and lower exports.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price range is projected at \$8.45 to \$9.95 per bushel, up 15 cents on both ends of the range reflecting reported early-season producer prices. Soybean meal prices are projected at \$305 to \$345 per short ton, up \$5.00 on both ends. Soybean oil prices are projected at 32.5 to 35.5 cents per pound, up 2 cents on both ends.

Price Outlook: We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 660-720 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook :-

Domestic Front

- Crude palm oil at Kandla featured uptrend in its benchmark market at Kandla on firm demand. CPO prices in Kakinada remained rose the end of the week.
- Agriwatch View – Prices of CPO closed higher on firm demand. Prices of CPO rose more in India high seas compared to international benchmark indicating firm demand. However, demand of CPO at India CNF is low compared to last week, as rise in prices at Indonesia FOB is higher than rise in CNF India compared to



last week. Demand of RBD palmolein at India CNF is low compared to last week, as rise in prices at Malaysia FOB is higher than rise in CNF India compared to last week.

Demand of RBD palmolein is weaker at high seas as prices rose less than CNF India.

Demonetization has affected demand of RBD palmolein at various centers as most of the trade of RBD palmolein is in cash. Weak demand has led to postponing of shipments of December and January while shipments booked for November will arrive as per schedule. Further, demonetization of higher currency notes will hit demand in India at high seas going ahead.

High seas prices of RBD palmolein at various centers in India is behaving differently due to demonetization.

Imports from Indonesia and Malaysia are expected to be weak going ahead due to demonetization.

Imports are not rising as importers are looking for price correction.

Imports of RBD palmolein is expected to remain firm at CNF India, as premium of RBD palmolein on CNF is zero.

Finished palm oil is available at cost of raw material, which will weaken demand of CPO in medium term.

Demand of RBD palmolein on high seas is higher than CPO as premium RBD palmolein over CPO is Rs 57 (Rs 45) per 10 kg.

Negative refining margins will decrease imports of CPO and RBD palmolein in medium term. Refining margins have continuously decreased in past four weeks. Import in palm oil in October was lower than September 2016 despite reduction of import duty indicating weak demand. Imports will be weak in November due to weak demand on demonetization.

Rise in CDSO CNF premium over CPO CNF will increase imports of palm oil in medium term USD 123.5 (USD 90 last week) per ton. Premium of soy oil over CPO is Rs 138 (Rs 155 last week) per 10 kg will improve demand in near term.

Prices of CPO are expected to remain firm on firm demand and weak supply.

- Palm oil import scenario – According to SEA, India imported 7.39 lakh tons of palm oil in October 2016 v/s 11.16 lakh tons in October 2015, down 33.8 percent y-o-y. CPO imports slowed to 5.14 lakh tons in October compared to 8.78 lakh tons in October 2015, lower by 41.5 percent y-o-y. RBD palmolein imports rose to 2.21

lakh tons from 2.29 lakh tons in October 2015, down by 3.5 percent y-o-y. In the oil year 2015-16 (November 2015-October 2016) imports of palm oil is reported at 84.42 lakh tons v/s 95.3 lakh tons in corresponding period last oil year, lower by 20 percent y-o-y. RBD palmolein reported sharp rise at 26.265 lakh tons (November 2015-October 2016) v/s 16.59 lakh tons in corresponding period of oil year 2014-15, rise of 58.3 percent y-o-y. Crude palm oil imports in the period (November 2015-October 2016) fell to 57.59 lakh tons from 77.24 lakh tons in the corresponding period last oil year, fall of 25.4 percent y-o-y.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 747.5 (USD 720) per ton for November delivery and USD 747.5 (USD 720) per ton for December delivery. Last month, CIF CPO October average price was USD 703.17 (750.32) per ton.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 747.5 (USD 717.5) per ton for November delivery and USD 747.5 (USD 717.5) per ton for December delivery. Ready lift CPO duty paid prices quoted at Rs 552 (Rs 535) per 10 Kg and November delivery duty paid offered at Rs 552 (Rs 535) per 10 kg on November 25, 2016. Last month, CIF RBD palmolein October average price was USD 704.83 per ton. 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 lose USD 40-45/ton v/s gain of USD 10-15/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein lose USD 25-30/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 – Palm oil exports are reported lower by 9-11 percent from Malaysia in 25 days of November. Demand was weak from India due to demonetization of Indian rupee and low buying at higher prices.

Demand is firm from China is due to stocking ahead Chinese New Year.

There is uncertainty in demand of palm oil and the prices offered are still high.

Forward prices are of CPO and RBD palmolein is quoted at discount indicating weak demand ahead. However, demand will improve if prices correct substantially.

Production is expected to be weak due to lagged effect of El Nino which will support prices.

Stocks of palm oil in Malaysia is expected to rise at slow pace as due to lower exports partially set off by weak production in Malaysia.

However, rise production of palm oil in Indonesia will cap gains in CPO in near term.

Indonesia palm oil association (GAPKI) has reported higher use of palm oil based biodiesel in Indonesia in 2017. Higher use of palm oil in biodiesel will support prices in medium term.

Indonesia removed crude palm oil export duties to support exports of CPO, which has slowed due to aggressive pricing by Malaysia.

Rise in prices of soy oil due to higher EPA mandate will increase use of soy oil in biodiesel. Prices surged on lower rise in end stocks of palm oil in Malaysia in October on decrease in production and lower fall in exports will support prices in near term.

Rise in prices of edible oils in DALIAN has supported palm oil prices on BMD CPO. Higher prices of palm oil in China directly affect palm oil in Malaysia as it leads to rise in imports from Malaysia. China is importing more from Malaysia due to its competitive prices compared to Indonesia.

EU demand will remain firm to cover their stocks before winter.

Severe winter is expected in Northern hemisphere by different weather agencies.

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

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

Recent depreciation of Ringgit will support prices in medium term.

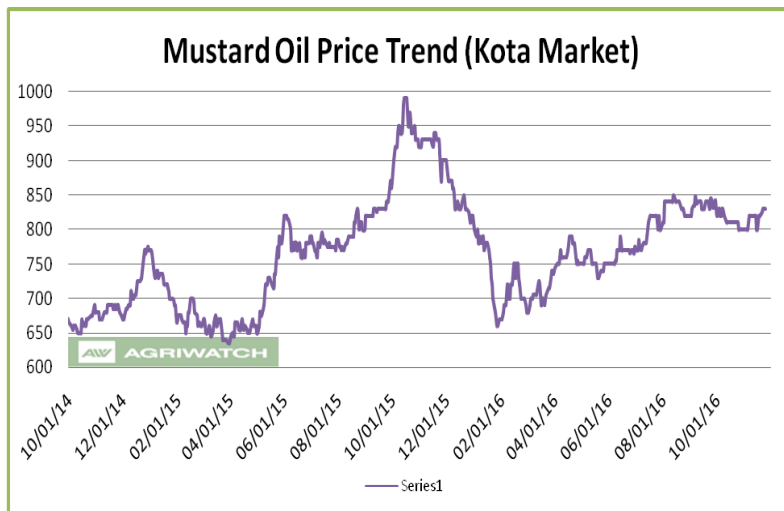
Prices are in range.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's November 1-25 palm oil exports fell 10.3 percent to 895,077 tons compared to 998,101 tons in corresponding period last month. Top buyers were European Union at 189,595 tons (268,200 tons), China at 170,155 tons (125,376 tons), India at 57,910 tons (157,224 tons), United States at 47,786 tons (21,910 tons) and Pakistan at 12,000 tons (47,770 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's November 1-25 palm oil exports fell 9.6 percent to 895,625 tons compared to 990,939 tons in corresponding period last month. Top buyers were European Union at 187,145 tons (282,992 tons), China at 147,670 tons (94,250 tons) and India & subcontinent at 89,960 tons (247,924 tons). Values in brackets are figures of corresponding period last month.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia is expected to produce 32-33 MMT of palm oil in 2017 compared to estimated production of 28.5-30 MMT in 2016, higher by 16 percent y-o-y. Production in 2015 was 33 MMT. Wet condition in 2016 in Indonesia is primary reason for higher production in 2017. Exports are expected to grow to 23-25 MMT in 2017 compared to 23 MMT estimated in 2016. Palm oil prices rose in 2016 due to lower stocks of palm on El Nino, crude oil prices and biodiesel mandates in Indonesia and Malaysia. Consumption of palm oil in Indonesia in 2017 is estimated at 9.6 MMT on higher rise due to biodiesel mandate. Biodiesel consumption in 2017 is estimated at 5.5 million kilolitres with 3 million kilolitres subsidized and 2.5 kilolitres unsubsidized. Average crude palm oil prices for 2017 are estimated at USD 670-680 per ton CIF Rotterdam.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's October palm oil end stocks rose 1.79 percent to 15.74 lakh tons compared to 15.46 lakh tons in September. Palm oil end stocks are much below market expectations. Production fell 2.17 percent to 16.78 lakh tons compared to 17.15 lakh tons in September. Exports fell 1.39 percent in October to 14.31 lakh tons compared to 14.51 tons in September. Imports rose in October to 0.27 lakh tons compared to 0.018 lakh in September. Slow rise in end stocks are primarily due to lower production on lagged effect of El Nino and less fall in exports than estimated.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 530-580 per 10 Kg in the near term.

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

- Mustard oil prices featured uptrend during the week in review at most trading centers on firm demand. Benchmark market in Kota closed higher at the end of the week.
- Agriwatch view: Prices of rapeseed oil expeller was rose in Kota, Jaipur, Neewai and Kolkata. Prices closed lower while it was lower in Ganganagar and Gujarat while it was unchanged in Mumbai. Prices of Kacchi ghani rose in Kota, Jaipur, and Neewai while it was unchanged in Ganganagar, Bharatpur and Agra.



Rapeseed oil expeller and Kacchi ghani traded higher in key markets of Rajasthan and East India on firm demand ahead of demand season. Prices of rapeseed oil rose higher prices of rapeseed.

Markets were supported by rise in prices of soy oil and palm oil.

Trade is was difficult after demonetization. However, situation has improved in near term.

Stocking has started ahead of winters.

Demand weakened on demonetization of higher denominated currency. Stocking due to demonetization has weakened. Demand is expected to improve from East and North India on fall in temperatures.

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

Prices will fall on weak demand due to demonetization and higher than expected temperatures.

Markets are expected to trade sideways to firm tone in coming days on firm demand and fall in temperatures in North and East India.

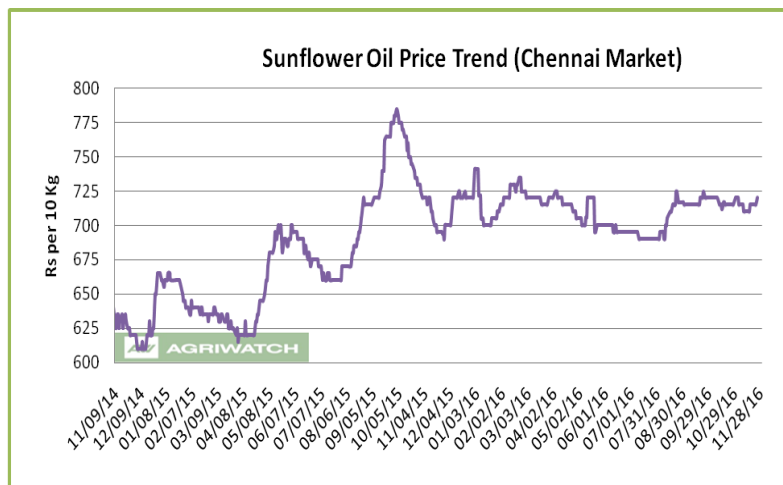
- India imported 0.44 lakh tons of rapeseed (Canola) oil in October 2016 v/s 0.16 lakh tons in October 2015, higher by 175 percent y-o-y. For oil year 2015-2016 (November 2015 – October 2016) India imported 3.77 lakh tons rapeseed (canola) oil v/s 3.56 lakh tons in corresponding period in the oil year 2014-15, higher by 6.2 percent: SEA
- CIF canola premium over soybean oil is USD 34 (USD 25 last week) per ton as on November 25, 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 835 (Rs 832) per 10 Kg, and at Kota market, it is offered at Rs 830 (Rs 820) per 10 kg as on November 25, 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 790-860 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices featured uptrend during the week at its benchmark market in Chennai on firm import prices. Prices closed lower in Hyderabad while it closed higher at Kakinada at the end of week.
- Agriwatch view: Prices of sunflower oil traded firm in Chennai on rise in prices in international prices. Prices of sunflower oil are supported by palm oil and soy oil. Domestic soy oil prices are supporting sunflower oil price as difference between both has decreased to Rs 30 per 10 kg.



Demand was moderate as international prices surged last week while domestic prices rose marginally.

Discount of CSFO over CDSO at CNF markets has increased demand in domestic market and support prices.

Supply was weak in market as imports were lower by 14 percent in October and stocks at ports and pipelines decreased. Stocks of crude sunflower oil decreased at ports and pipelines supporting prices.

Refiners are aggressively purchasing crude sunflower oil from international markets as CIF sunflower oil is trading at discount over CIF soybean oil. Currently sunflower oil premium over soy oil is at USD -31 (USD -10.5 last week) per ton for December delivery.

Prices of sunflower oil in international markets has risen in near term due rise in prices of soy and palm oil despite due to record production and exports of sunflower oil from Ukraine.

Prices of sunflower oil are expected to rise on firm demand, weak supply due to demonetization of higher currency notes and low premium of sunflower oil over soy oil in domestic market.

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

- Sunflower oil import scenario – According to SEA, India imported 0.97 lakh tons of crude sunflower oil during October 2016 v/s 1.13 lakh tons in October 2015, lower by 14.2 percent y-o-y. Imports during oil year 2015-16 (November 2015 –October 2016) were reported at 15.16 lakh tons v/s 15.43 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 840 (USD 807.5) per ton for December delivery, JFM delivery is quoted at USD 840 (USD 807.5) per ton. CIF sun oil (Ukraine origin) October monthly average was around USD 831.08 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 CDSO is hovering at USD -31 (USD -10.5 last week) per ton for December delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 720 (Rs 715) per 10 Kg, and at Hyderabad market, it is offered at Rs 712 (Rs 713) per 10 kg as on November 25, 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 680-740 per 10 Kg.

- Groundnut oil prices featured sideways trend in Rajkot in week in review on weak demand and weak supply. Prices in Jamnagar closed higher while it was lower in Gondal. Prices rose in Chennai, Hyderabad, Mumbai and New Delhi.
- Agriwatch view: Prices of groundnut oil featured sideways to uptrend in most centers in India last week on weak supply and moderate demand.

Rise in palm and soy oil prices supported the rise.

Supply of raw material is firm. However, millers

are finding it difficult to procure raw material due to lack of liquidity in market. There is uncertainty in market due to demonetization of higher denominated currency notes, which has affected prices.

Demand of groundnut oil is regular while supply is weak to meet demand.

Groundnut prices have collapsed since harvest started and have fallen below MSP, which has led to state agencies like NAFED and Gujarat cooperative unions intervening in market to support prices.

There is uncertainty in market due to demonetization.

Millers are unable to pay to traders of groundnut due to cash crunch. Groundnut oil markets are mostly dependent on cash transactions and millers are not able to get raw material and sell finished oil in market supporting prices.

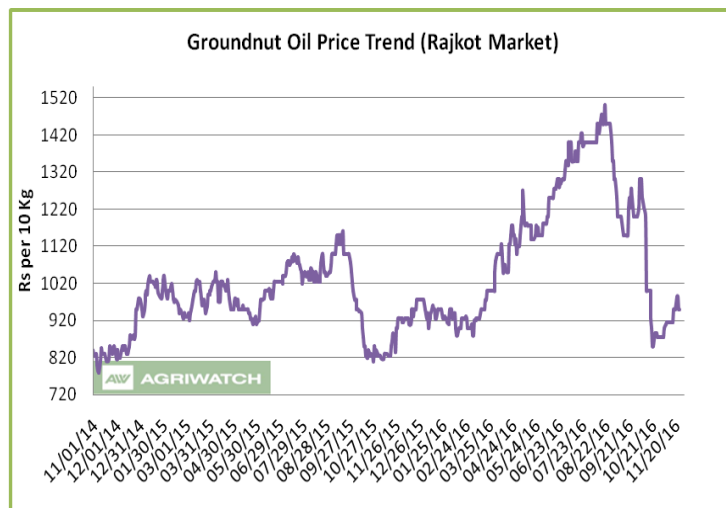
If cash crunch does not improve prices may go upside.

Stockists and traders are unable to stock due to cash crunch supporting prices.

Trade will take time to normalize, since then prices will move north.

Groundnut oil prices are expected to trade sideways to firm in near term on demonetization of higher denominated currency in markets and weak supply.

- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,500 (Rs 9,500) per quintal and it was quoted at Rs 9,250 (Rs 9,000) per quintal in Chennai market on November 25, 2016. Values in brackets are values of last week
- Groundnut oil prices are likely to trade sideways to firm in the coming days.



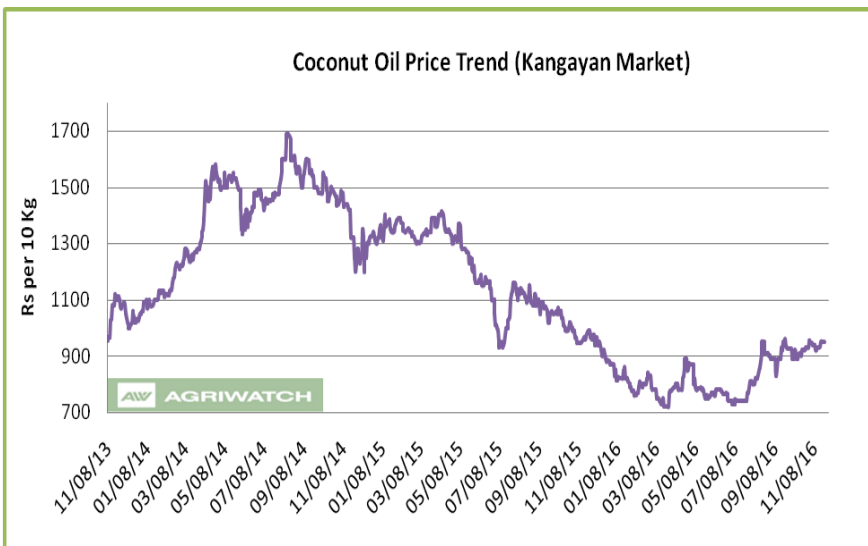
Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 900-1,050 per 10 Kg.

- Coconut oil prices featured uptrend during the week at its benchmark market in Kangayam on weak supply. In Kochi, prices remained unchanged while prices closed lower in Trissur at the end of the week.

- Agriwatch view: Coconut oil prices showed uptrend during the week, on weak supply.

Millers are unable to get enough copra as raw material, as arrivals had weakened on demonetization of higher value notes.



Copra prices have surged due to lower supply as traders are facing liquidity crunch to pay to copra farmers. Therefore, lack of raw material and higher prices of copra has led to higher prices of coconut oil in the market. Millers are finding it difficult to supply to the market due to liquidity crunch and heavy dependence of cash transactions. Therefore, traders and upcountry buyers are not able to purchase coconut oil from millers due to liquidity crunch, supporting prices.

Rise in palm oil prices have supported prices.

Lower supply of coconut oil in the market has led to higher prices.

Harvest of coconut is adversely affected due to cash crunch with copra traders.

Corporate demand accounts for 80 percent of demand are moderate. However, lower supply of coconut oil has affected prices.

Millers are not operating at normal pace as they find it difficult to sell in market as it involves cash transactions which has hampered supply supporting prices.

Regular supply of coconut oil will take time to improve. If the situation continues, further firming of prices could be seen.

Coconut oil prices are expected to be firm due to low supply of raw material and regular demand of coconut oil.

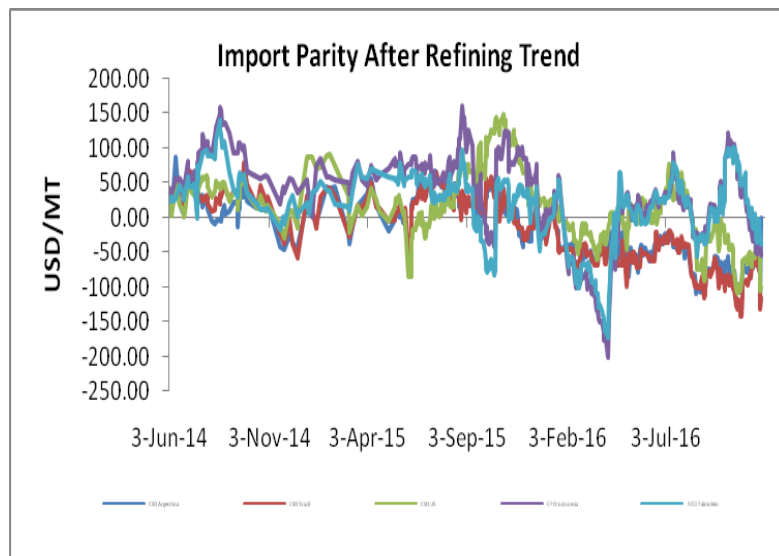
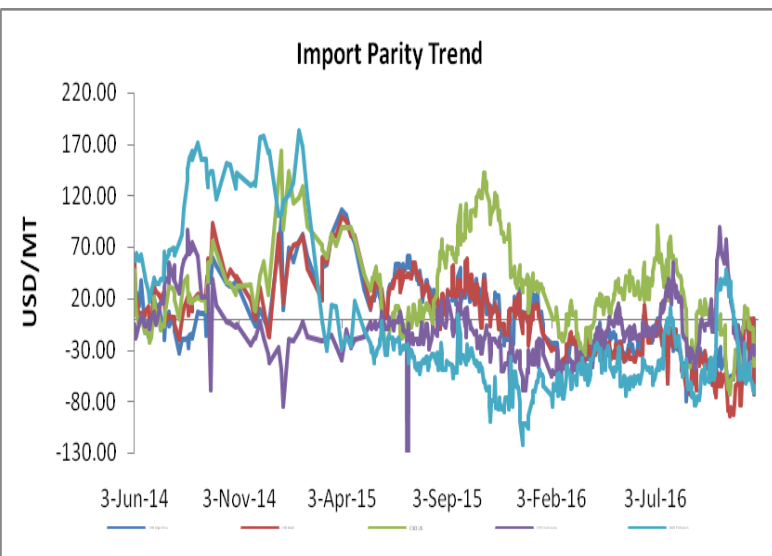
Prices are expected to trade sideways to firm tone in near term.

- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 9,900 (10,000) per quintal, and was quoting Rs 9,500 (9,350) per quintal in Erode market on November 25, 2016.

Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 900-980 per 10 Kg.

Import Parity Trend

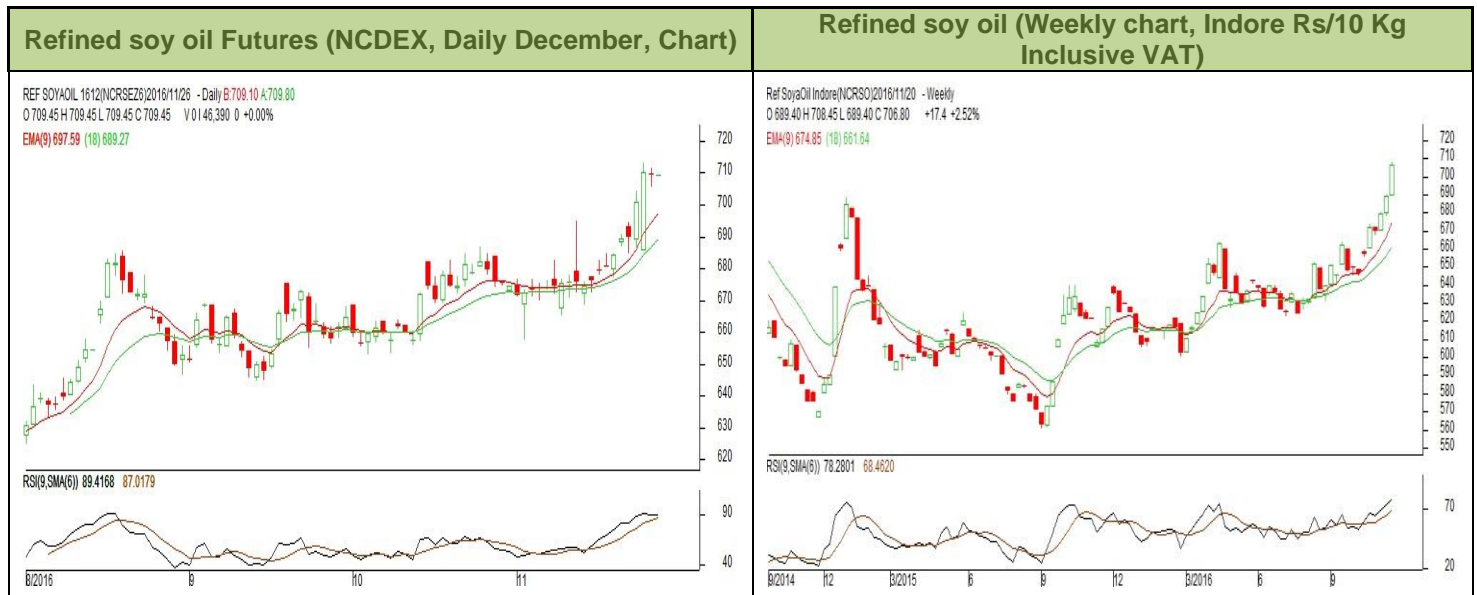
Import Parity After Refining in US dollar per ton (Monthly Average)



	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Sep, 2016	-72.51	-81.47	-25.09	12.65	4.22
Oct, 2016	-81.35	-106.68	-67.93	78.49	78.96

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.



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 above 720 in weekly might take the prices below 750 levels.
- Expected price band for next week is 680-740 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in market.

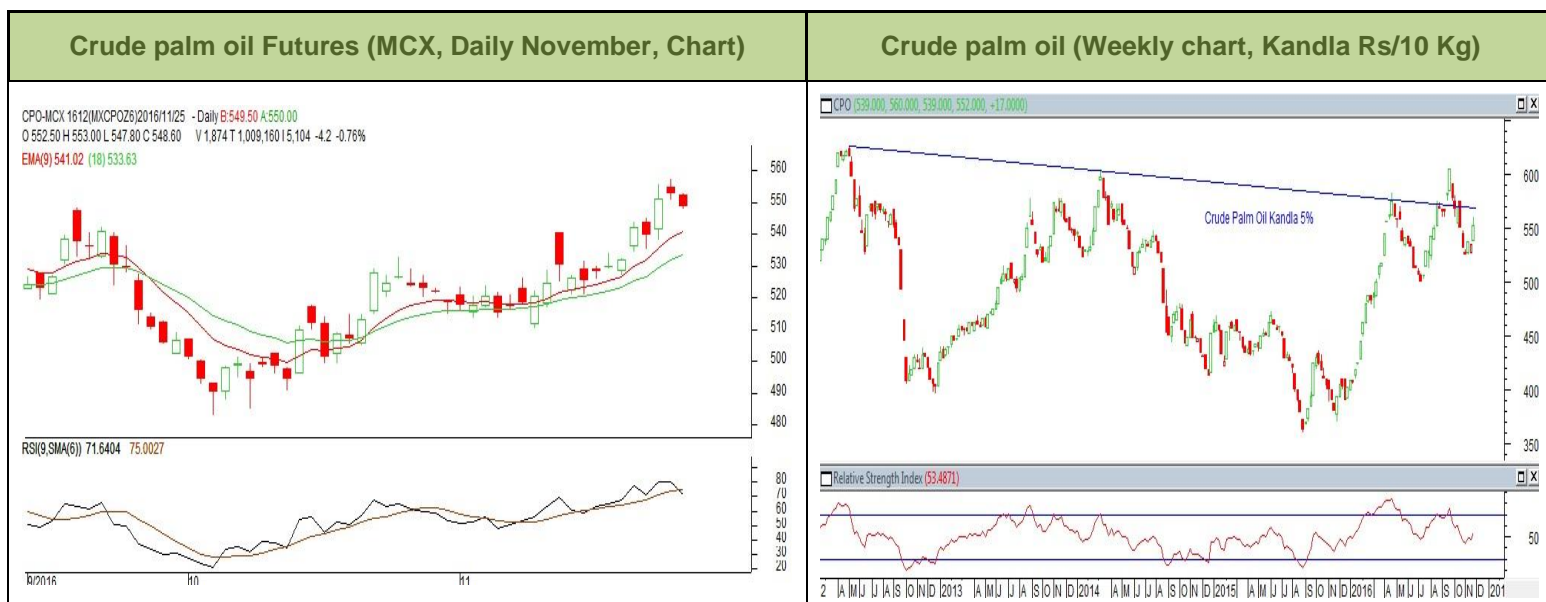
Strategy: Market participants are advised to go long above 700 levels for a target of 720 and 725 with a stop loss at 690 on closing basis.

RSO NCDEX (December)

Support and Resistance				
S2	S1	PCP	R1	R2
666.00	687.00	709.50	720.00	730.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 660-720 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show uptrend in prices during the week. We expect that CPO December 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 530-565 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 535 for a target of 542 and 560 with a stop loss at 565 on closing basis.

CPO MCX (December)

Support and Resistance				
S2	S1	PCP	R1	R2
524.00	533.00	548.6	551.00	568.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 530-580 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		25-Nov-16	18-Nov-16	
Refined Soybean Oil	Indore	690	690	Unch
	Indore (Soy Solvent Crude)	665	658	7
	Mumbai	680	675	5
	Mumbai (Soy Degum)	660	635	25
	Kandla/Mundra	695	680	15
	Kandla/Mundra (Soy Degum)	670	645	25
	Kolkata	695	685	10
	Delhi	720	710	10
	Nagpur	702	679	23
	Rajkot	700	675	25
	Kota	710	695	15
	Hyderabad	684	670	14
	Akola	742	718	24
	Amrawati	741	718	23
	Bundi	713	690	23
	Jalna	NA	NA	-
	Alwar	NA	NA	-
	Solapur	NA	NA	-
	Dhule	NA	NA	-
Palm Oil	Kandla (Crude Palm Oil)	552	535	17
	Kandla (RBD Palm oil)	567	565	2
	Kandla RBD Pamolein	595	580	15
	Kakinada (Crude Palm Oil)	550	540	10
	Kakinada RBD Pamolein	595	585	10
	Haldia Pamolein	605	595	10
	Chennai RBD Pamolein	600	590	10
	KPT (krishna patnam) Pamolein	590	575	15
	Mumbai RBD Pamolein	600	590	10
	Delhi	615	600	15
	Rajkot	597	565	32
	Hyderabad	618	584	34
	Mangalore RBD Pamolein	600	590	10
	PFAD (Kandla)	457	450	7
	Refined Palm Stearin (Kandla)	502	495	7
Refined Sunflower Oil	Chennai	720	715	5
	Mumbai	740	740	Unch

	Mumbai(Expeller Oil)	675	665	10
	Kandla	740	740	Unch
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	712	713	-1
	Latur (Expeller Oil)	725	750	-25
	Chellakere (Expeller Oil)	665	655	10
	Erode (Expeller Oil)	740	740	Unch
Groundnut Oil	Rajkot	950	950	Unch
	Chennai	925	900	25
	Delhi	930	900	30
	Hyderabad *	960	900	60
	Mumbai	1040	1010	30
	Gondal	925	950	-25
	Jamnagar	925	NA	-
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	835	832	3
	Jaipur (Kacchi Ghani Oil)	885	868	17
	Kota (Expeller Oil)	830	820	10
	Kota (Kacchi Ghani Oil)	870	865	5
	Neewai (Kacchi Ghani Oil)	830	815	15
	Neewai (Expeller Oil)	867	840	27
	Bharatpur (Kacchi Ghani Oil)	900	900	Unch
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	825	830	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	860	860	Unch
	Mumbai (Expeller Oil)	840	840	Unch
	Kolkata(Expeller Oil)	1020	1000	20
	New Delhi (Expeller Oil)	850	840	10
	Hapur (Expeller Oil)	Closed	Closed	-
	Hapur (Kacchi Ghani Oil)	Closed	Closed	-
	Agra (Kacchi Ghani Oil)	905	905	Unch
Refined Cottonseed Oil	Rajkot	675	670	5
	Hyderabad	670	645	25
	Mumbai	675	670	5
	New Delhi	670	660	10
Coconut Oil	Kangayan (Crude)	950	935	15
	Cochin	800	800	Unch
	Trissur	990	1000	-10

Sesame Oil	New Delhi	700	700	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	495	495	Unch
Rice Bran Oil (4%)	Punjab	610	610	Unch
Rice Bran Oil (4%)	Uttar Pradesh	610	610	Unch
Malaysia Palmolein USD/MT	FOB	725	705	20
	CNF India	740	723	17
Indonesia CPO USD/MT	FOB	725	705	20
	CNF India	740	725	15
RBD Palm oil (Malaysia Origin USD/MT)	FOB	720	698	22
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	728	705	23
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1680	1620	60
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	668	645	23
Crude palm Kernel Oil India (USD/MT)	CNF India	NA	NA	-
Ukraine Origin CSFO USD/MT Kandla	CIF	840	810	30
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	-
Argentina FOB (\$/MT)		24-Nov-16	17-Nov-16	Change
Crude Soybean Oil Ship		830	Unq	-
Refined Soy Oil (Bulk) Ship		859	Unq	-
Sunflower Oil Ship		770	Unq	-
Cottonseed Oil Ship		810	Unq	-
Refined Linseed Oil (Bulk) Ship		Unq	Unq	-
<i>* indicates including VAT</i>				

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