

# Veg. Oil Weekly Research Report

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## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

*Edible oil witnessed firm sentiment during the week on gains in CBOT soy oil and BMD CPO. Soy oil, palm oil, rapeseed oil and coconut oil closed higher while sunflower oil closed sideways. Groundnut oil closed lower.*

*On the currency front, Indian rupee against USD closed at 68.22, down 24 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 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 725 levels for a target of 745 and 750 with a stop loss at 715 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 700-760 per 10 Kg in the near term.*

*Market participants are advised to go long in CPO above 550 for a target of 565 and 570 with a stop loss at 540 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 530-590 per 10 Kg in the near term.*

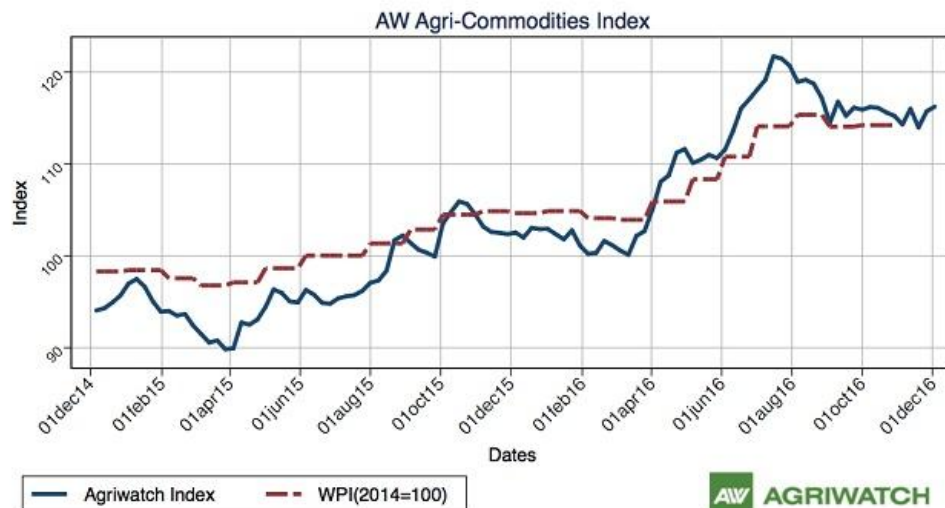
### **International Veg. Oil Market Summary**

*Malaysia's November palm oil exports fell 12.8 percent to 1,130,172 tons compared to 1,295,576 tons last month. Top buyers were European Union at 215,995 tons (307,685 tons), China at 215,655 tons (178,711 tons), India at 118,010 tons (189,724 tons), United States at 55,556 tons (41,270 tons) and Pakistan at 22,000 tons (59,770 tons). Values in brackets are figures of last month: SGS*

*On the international front, higher use of soy oil in biodiesel in Argentina and US, 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 rose 0.44% to 116.24 during the week ended Dec 3, 2016 from 115.72 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).
- The Index rose despite a sharp 10% fall in the Vegetables Index as 7 of the 9 commodity group sub-Indices and 20 of the 29 individual commodity sub-Indices that constitute the main Index closed higher.

### Agriwatch edible oil index



- Agriwatch edible oil index rose 1.55 percent in the week ended December 3, 2016 to 111.67.

"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 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 firm trend during the week on weak firm and weak supply.

Prices rose across board in India indicating firm demand.

CDSO demand was weak at CNF markets as rise in CDSO CNF compared to last week is less than rise in CDSO FOB Argentina compared to last week.

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.

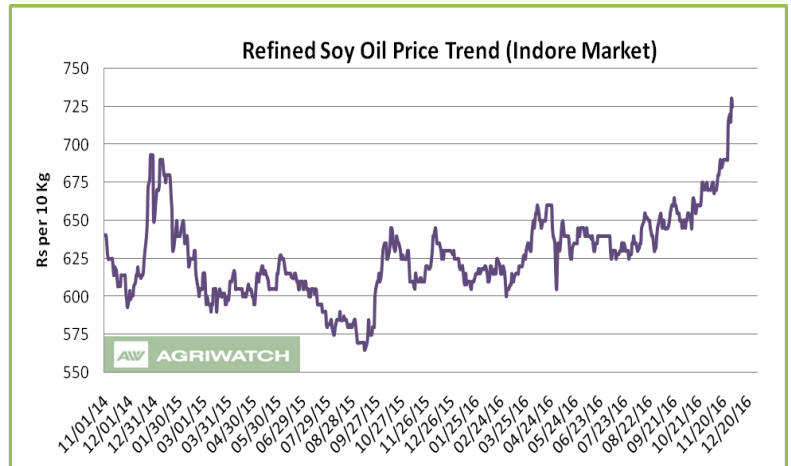
CDSO prices rose more at high seas compared to CDSO CHF indicating firm demand.

Disparity has decreased at high seas and refining margins are in disparity. However, with high soy oil premium over palm oil, demand may weaken in coming months.

Soy oil premium of soy oil over palm oil has decreased to Rs 156 (Rs 138 last week) per 10 Kg indicating firm demand in domestic markets. However, if premium continue to increase then it may weaken demand. Weak refining margins may slow imports. In USD terms, higher premium of soy oil over palm oil which was quoted at USD 151 (USD 123.5 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 906 (USD 871) per ton for December delivery. January delivery is offered at USD 891 (USD 867) per ton and February delivery is offered at USD 885 (USD 815) per ton as on December 2, 2016. Values in brackets are figures of last week. Last month, CIF CDSO November average price was USD 843.12 (USD 825.5 last month) 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 production and exports of soy oil biodiesel from Argentina due to removal of anti dumping duty by EU court has indicated higher use of soy oil based biodiesel leading to drawdown of stocks of soy oil in Argentina and support prices in medium term.

Moreover, higher mandated production target of biodiesel in US by Environmental Protection Agency (EPA) will drawdown stocks in US support of soy oil prices in near to medium term.

Planting of soybean is progressing at fast pace, above last year and 5-year average. Good moisture will support growth of soybean. With early planting, soybean will be available by the end of December. Exports are expected to touch 60 MMT and soybean crop is expected to be between 101-104 MMT by various agencies including USDA.

Planting of soybean in Argentina is behind schedule. However, with good moisture, yields will be very good. Planting area is expected to be higher than previous estimate.

Soybean harvesting has ended 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.

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.

Crushing of soybean is progressing at lower pace compared to corresponding period last year. Soy oil stocks will rise in US in November but at a slower pace. Same is true for December.

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.

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.

Weak Argentina Peso will support demand from top importing destinations.

Prices of soy oil are in a range.

- Argentina's soybean planting is 46% (9 million hectares) complete of the 19.6 million hectares projected to be planted with soybean in 2016/17. The planting is lagging by 8.4% from the corresponding period last year. Further, the weather is favourable for the soybean after recent rainfall which has increased the soil moisture, reported by Buenos Aires Grains Exchange.

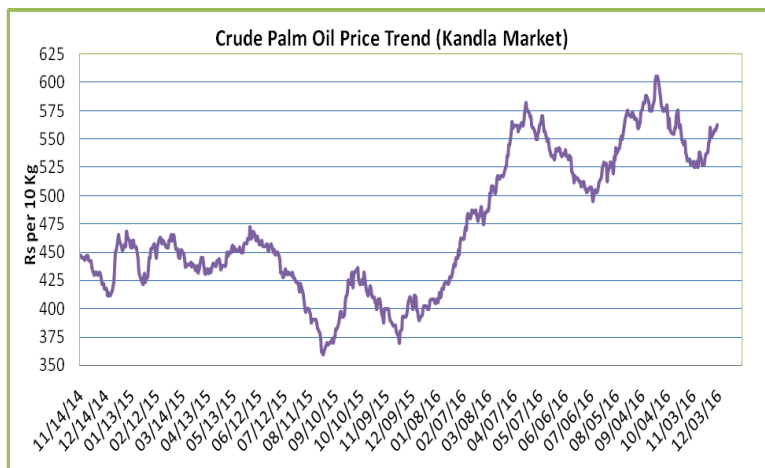
- According to Argentina's government agency INDEC, Argentina's biodiesel production rose 95 percent in third quarter of 2016 compared to corresponding period last year. In the quarter starting July, Argentina exported 507,260 tons of soy oil based biodiesel. Rise in exports was due rise in production by 45.5 percent to 826,574 tons. In first three quarters of 2016, Argentina produced 1.93 MMT of soy oil based biodiesel, higher by 43.2 percent in the corresponding period last year. In September EU court overturned the decision alleging dumping of biodiesel by Argentina.
- 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 700-760 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 rose at 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 high compared to last week, as rise in prices at Indonesia FOB is higher than rise in



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

Demand of RBD palmolein is stronger at high seas as prices rose more than CNF India.

Imports from Indonesia and Malaysia are expected to be improve going ahead as adverse effect of demonetization fades

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 lower than CPO as premium RBD palmolein over CPO is Rs 40 (Rs 57) per 10 kg.

Negative refining margins will decrease imports of CPO and RBD palmolein in medium term. Refining margins have continuously decreased in past six 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 demonetization.

Rise in CDSO CNF premium over CPO CNF will increase imports of palm oil in medium term USD 151 (USD 123.5 last week) per ton. Premium of soy oil over CPO is Rs 167 (Rs 138 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 755 (USD 747.5) per ton for December delivery and January delivery is quoted at USD 755 per ton. Last month, CIF CPO November average price was USD 730.77 (703.17) per ton.  
Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 755 (USD 747.5) per ton for December delivery and January delivery is quoted at USD 752 per ton. Ready lift CPO duty paid prices quoted at Rs 565 (Rs 552) per 10 Kg and December delivery duty paid offered at Rs 565 (Rs 552) per 10 kg on December 2, 2016. Last month, CIF RBD palmolein November average price was USD 730.62 (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 30-35/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 10-13 percent from Malaysia in November mostly due to weak buying from India

Palm oil markets are expected to touch fresh highs on support from competitive oils, weak ringgit, weak production of palm oil in Malaysia and higher crude oil prices. However, palm oil markets have stretched a lot in current rally.

Palm oil is seen rising due to competitive oil like DALIAN soy oil, DALIAN RBD palmolein and CBOT soy oil in near term.

Palm oil end stocks in Malaysia will show lower rise in November than previously expected, mostly due to lower production.

Demand is firm from China due to stocking ahead of Chinese New Year. China is buying more to replenish its stocks due to lower buying in 2016.

Chinese markets are supporting palm oil prices as rise in prices in China will compound to higher export demand from Malaysia.

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

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

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 supporting prices in near term.

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.

Wet season is expected to set in Malaysia which may support palm oil prices due to delayed harvest, crushing and transportation.

Depreciation of Ringgit will support prices in medium term.

Prices are in range.

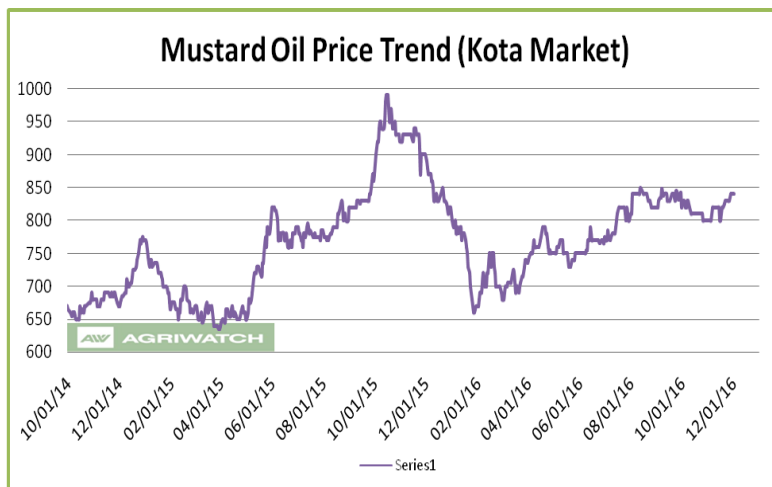
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's November palm oil exports fell 12.8 percent to 1,130,172 tons compared to 1,295,576 tons last month. Top buyers were European Union at 215,995 tons (307,685 tons), China at 215,655 tons (178,711 tons), India at 118,010 tons (189,724 tons), United States at 55,556 tons (41,270 tons) and Pakistan at 22,000 tons (59,770 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's November palm oil exports fell 10.6 percent to 1,152,535 tons compared to 1,288,894 tons in corresponding period last month. Top buyers were China at 214,170 tons (139,585 tons), European Union at 213,045 tons (316,883 tons) and India & subcontinent at 161,260 tons (304,741 tons). Values in brackets are figures of corresponding period last month.
- 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 530-590 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 rose in Kota, Jaipur, Neewai Ganganagar, Gujarat, Mumbai while it traded lower in New Delhi. Price were unchanged in Kolkata.
- Prices of Kacchi ghani rose across board in India.



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

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

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

Prices are supported by stocking ahead of winters.

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.

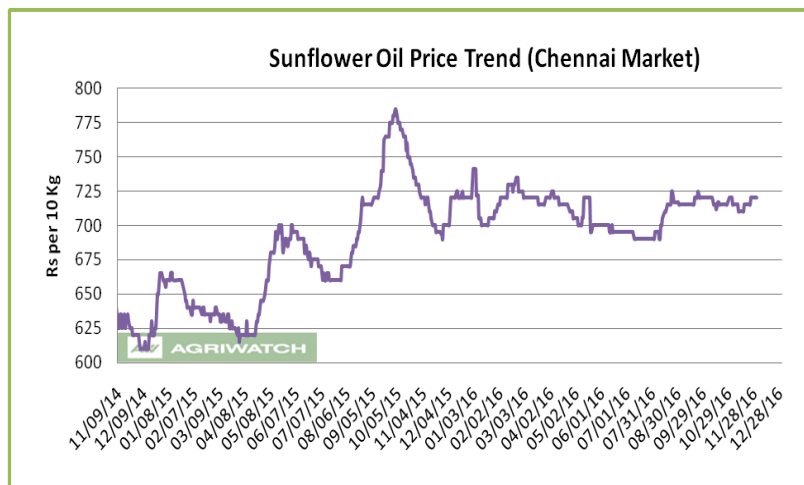
- India imported 0.44 lakh tons of rapeseed (Canola) oil in October 2016 v/s 0.16 lakh tons in October 2015, higher by 175 percent y-o-y. For oil year 2015-2016 (November 2015 – October 2016) India imported 3.77 lakh tons rapeseed (canola) oil v/s 3.56 lakh tons in corresponding period in the oil year 2014-15, higher by 6.2 percent: SEA
- CIF canola premium over soybean oil is USD 19 (USD 34 last week) per ton as on December 2, 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 852 (Rs 835) per 10 Kg, and at Kota market, it is offered at Rs 840 (Rs 830) per 10 kg as on December 2, 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 810-890 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 weak supply. Prices closed higher in Hyderabad and Kakinada at the end of week.
- Agriwatch view: Prices of sunflower oil traded firm in Chennai on weak demand and weak supply. Demonetization has weakened demand and supply. However, demand in Andhra Pradesh is firm.



Rise in soy oil, palm oil and groundnut oil prices have not supported sunflower oil prices indicating weak demand. Prices were unchanged in India despite rise in CNF prices of crude sunflower oil indicated weak demand.

Prices of sunflower are generally weak when local oils are there in market like soy oil, groundnut oil, rice bran oil and cottonseed oil.

Discount of CSFO over CDSO at CNF has increased indicating weak demand for sunflower oil.

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 not aggressively purchasing crude sunflower oil from international markets despite CIF sunflower oil trading at discount over CIF soybean oil due to effect of demonetization. Currently sunflower oil premium over soy oil is at USD -46 (USD -31 last week) per ton for JFM delivery.

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

Prices of sunflower oil are expected to fall on weak demand due to demonetization of higher currency notes.

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

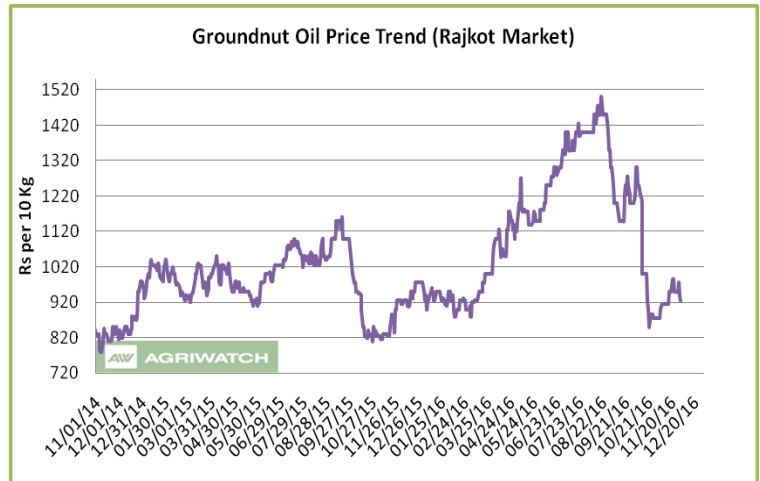
- Sunflower oil import scenario – According to SEA, India imported 0.97 lakh tons of crude sunflower oil during October 2016 v/s 1.13 lakh tons in October 2015, lower by 14.2 percent y-o-y. Imports during oil year 2015-16 (November 2015 –October 2016) were reported at 15.16 lakh tons v/s 15.43 lakh tons 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 845 (USD 807.5) per ton for JFM delivery, AMJ delivery is quoted at USD 845 per ton. CIF sun oil (Ukraine origin) November monthly average was around USD 824.46 per ton. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 800-880 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD -46 (USD -31 last week) per ton for JFM delivery.

- Currently, refined sunflower oil at Chennai market is offered at Rs 720 (Rs 720) per 10 Kg, and at Hyderabad market, it is offered at Rs 732 (Rs 712) per 10 kg as on December 2, 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 Fundamental Review and Analysis:-` Domestic Front

- Groundnut oil prices featured sideways trend in Rajkot in week in review on weak demand. Prices in Jamnagar and Gondal closed lower. Prices rose in Chennai, Hyderabad and New Delhi while it fell in Mumbai at the end of week.
- Agriwatch view: Prices of groundnut oil featured downtrend at its benchmark market on muted demand. Demand has weakened due to weak retail demand and weak exports. Demonetization has seriously affected groundnut oil trade, which was mostly dependent on cash transactions.



Fall in groundnut have supported the fall.

Record production of groundnut has affected sentiment in groundnut oil market.

USDA attaché in New Delhi increased the groundnut crop has pegged groundnut production from 5.5 MMT to 6.4 MMT on higher Kharif crop and higher Rabi planting.

Millers are suffering to sell their produce, as there are no buyers. Millers are finding it difficult to procure raw material due to lack of liquidity in market

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.

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.

Trade has been affected by cash crunch leading to weak demand.

Different centers are behaving differently. Other than Gujarat and Mumbai prices rose in other parts of India.

Trade will take time to normalize, since then demand will be weak.

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

- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,250 (Rs 9,500) per quintal and it was quoted at Rs 9,500 (Rs 9,250) per quintal in Chennai market on December 2, 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 880-980 per 10 Kg.

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

- Coconut oil prices featured uptrend during the week at its benchmark market in Kangayam on weak supply. In Kochi and Trissur prices closed higher 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 have on lack of liquidity due to demonetization of higher value notes.

Copra prices supported rise. 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.

Higher palm oil prices supported the rise.

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.

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.

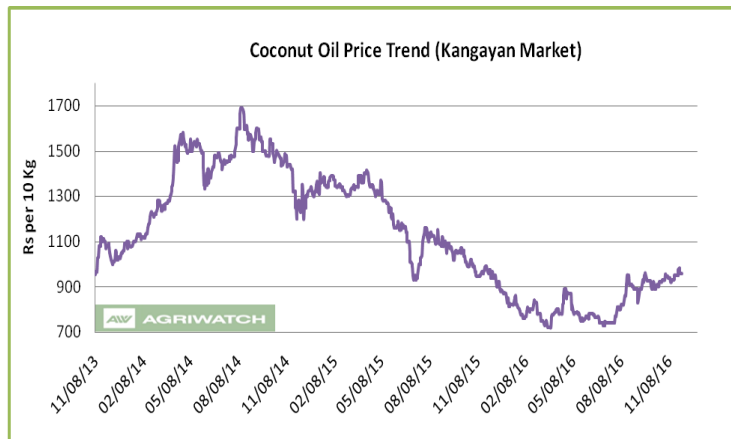
Millers are not operating at normal pace as they find it difficult to sell in market as it involves cash transactions, which has hampered supply, supporting prices.

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.

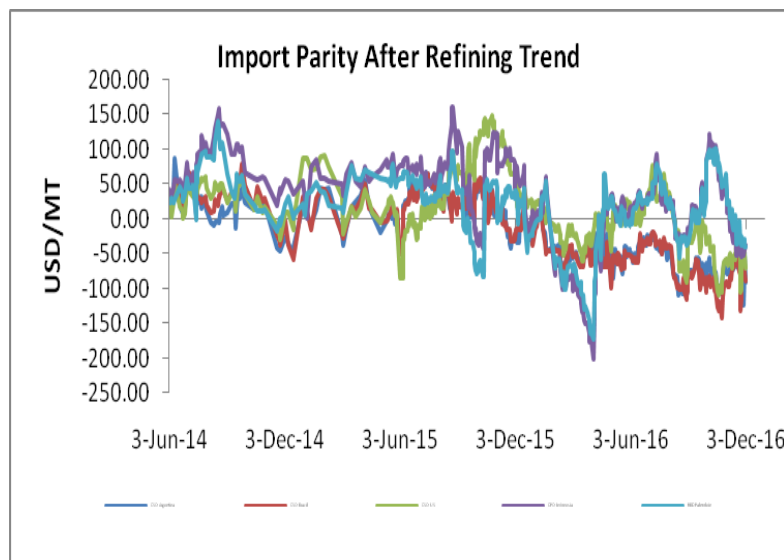
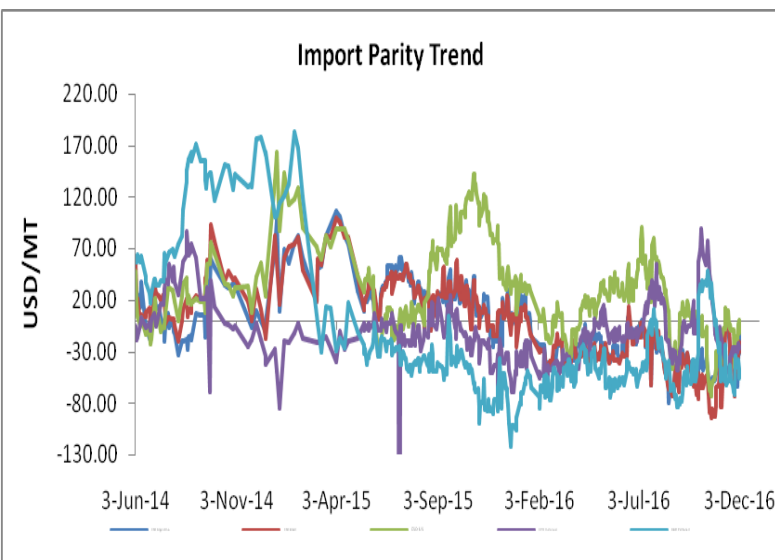
- MSP of “milling” copra has been hiked to Rs 5,950 per quintal while “ball copra” is increased to Rs 6,250 per quintal for 2016-17.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 10,100 (9,900) per quintal, and was quoting Rs 9,600 (9,500) per quintal in Erode market on December 2, 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)



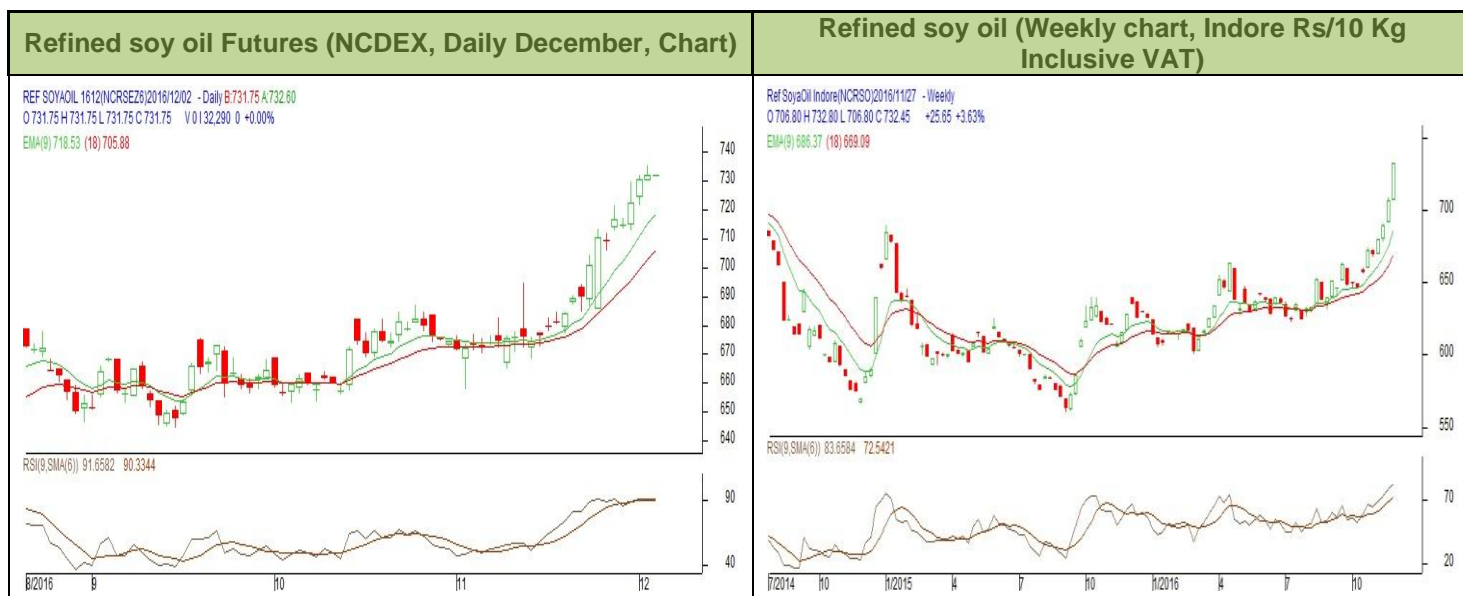
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Oct, 2016</b>	-81.35	-106.68	-67.93	78.49	78.96
<b>Nov, 2016</b>	-77.74	-81.04	-56.37	-23.77	-8.06

### 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. Disparity in palm oil products may decrease 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 above 750 in weekly might take the prices below 780 levels.
- Expected price band for next week is 710-760 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in market.

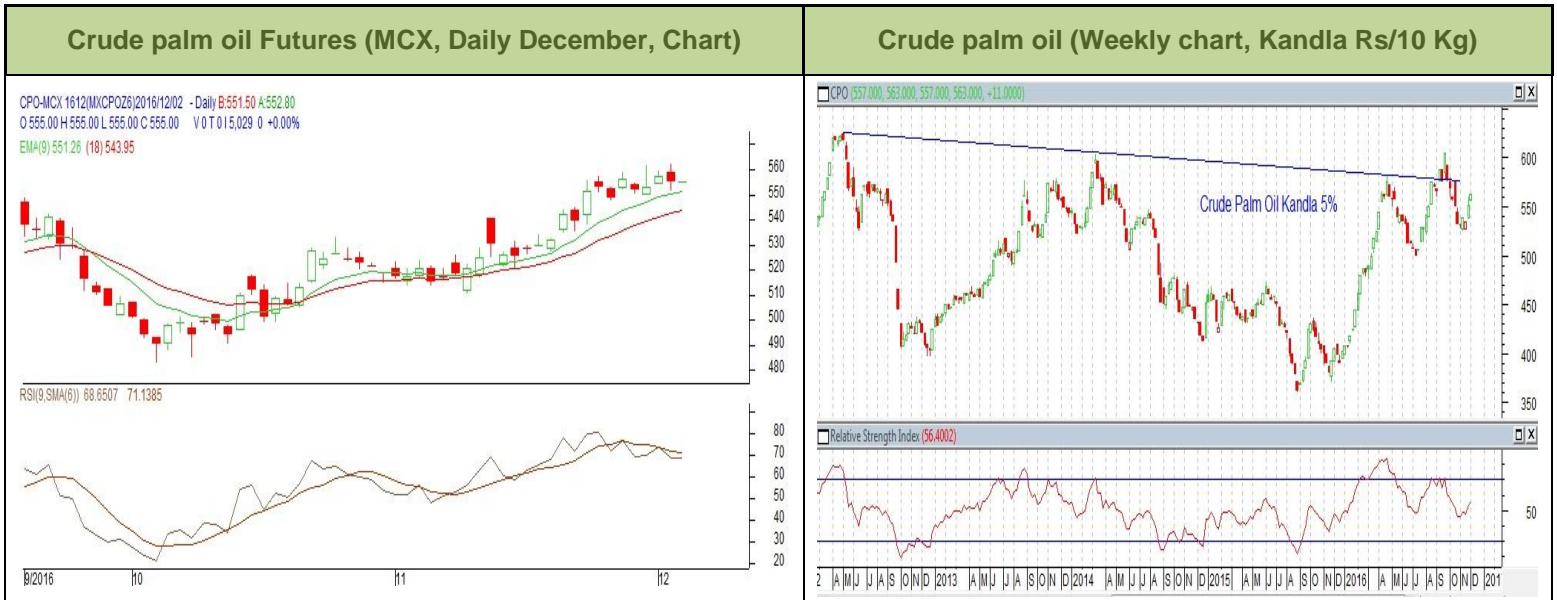
**Strategy:** Market participants are advised to go long above 725 levels for a target of 745 and 750 with a stop loss at 715 on closing basis.

#### RSO NCDEX (December)

Support and Resistance				
S2	S1	PCP	R1	R2
695.00	720.00	731.75	750.00	765.00

**Spot Market outlook:** Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 700-760 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 530-575 level. RSI, Stochastic, and MACD are suggesting uptrend in prices in the coming week.

**Strategy:** Market participants are advised to go long in CPO above 550 for a target of 565 and 570 with a stop loss at 540 on closing basis.

#### CPO MCX (December)

Support and Resistance				
S2	S1	PCP	R1	R2
524.00	533.00	555.00	568.00	580.00

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

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		2-Dec-16	25-Nov-16	
Refined Soybean Oil	Indore	725	690	35
	Indore (Soy Solvent Crude)	700	665	35
	Mumbai	730	680	50
	Mumbai (Soy Degum)	695	660	35
	Kandla/Mundra	730	695	35
	Kandla/Mundra (Soy Degum)	705	670	35
	Kolkata	730	695	35
	Delhi	750	720	30
	Nagpur	712	702	10
	Rajkot	730	700	30
	Kota	735	710	25
	Hyderabad	698	684	14
	Akola	750	742	8
	Amrawati	750	741	9
	Bundi	720	713	7
	Jalna	NA	NA	-
	Alwar	NA	NA	-
	Solapur	NA	NA	-
	Dhule	NA	NA	-
Palm Oil	Kandla (Crude Palm Oil)	563	552	11
	Kandla (RBD Palm oil)	590	567	23
	Kandla RBD Pamolein	610	595	15
	Kakinada (Crude Palm Oil)	560	550	10
	Kakinada RBD Pamolein	610	595	15
	Haldia Pamolein	620	605	15
	Chennai RBD Pamolein	615	600	15
	KPT (krishna patnam) Pamolein	605	590	15
	Mumbai RBD Pamolein	615	600	15
	Delhi	630	615	15
	Rajkot	610	597	13
	Hyderabad	627	618	9
	Mangalore RBD Pamolein	615	600	15
	PFAD (Kandla)	465	457	8
	Refined Palm Stearin (Kandla)	535	502	33
Refined Sunflower Oil	Chennai	720	720	Unch
	Mumbai	740	740	Unch

	Mumbai(Expeller Oil)	675	675	Unch
	Kandla	755	740	15
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	732	712	20
	Latur (Expeller Oil)	735	725	10
	Chellakere (Expeller Oil)	670	665	5
	Erode (Expeller Oil)	750	740	10
Groundnut Oil	Rajkot	925	950	-25
	Chennai	950	925	25
	Delhi	960	930	30
	Hyderabad *	1000	960	40
	Mumbai	1000	1040	-40
	Gondal	930	925	5
	Jamnagar	925	925	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	852	835	17
	Jaipur (Kacchi Ghani Oil)	895	885	10
	Kota (Expeller Oil)	840	830	10
	Kota (Kacchi Ghani Oil)	890	870	20
	Neewai (Kacchi Ghani Oil)	845	830	15
	Neewai (Expeller Oil)	871	867	4
	Bharatpur (Kacchi Ghani Oil)	920	900	20
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	850	825	25
	Sri-Ganga Nagar (Kacchi Ghani Oil)	910	860	50
	Mumbai (Expeller Oil)	850	840	10
	Kolkata(Expeller Oil)	1020	1020	Unch
	New Delhi (Expeller Oil)	825	850	-25
	Hapur (Expeller Oil)	NA	Closed	-
	Hapur (Kacchi Ghani Oil)	NA	Closed	-
	Agra (Kacchi Ghani Oil)	925	905	20
Refined Cottonseed Oil	Rajkot	710	675	35
	Hyderabad	690	670	20
	Mumbai	695	675	20
	New Delhi	690	670	20
Coconut Oil	Kangayan (Crude)	960	950	10
	Cochin	815	800	15
	Trissur	1010	990	20

<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	480	495	-15
<b>Rice Bran Oil (4%)</b>	Punjab	610	610	Unch
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	610	610	Unch
<b>Malaysia Palmolein USD/MT</b>	FOB	740	725	15
	CNF India	758	740	18
<b>Indonesia CPO USD/MT</b>	FOB	730	725	5
	CNF India	758	740	18
<b>RBD Palm oil (Malaysia Origin USD/MT)</b>	FOB	738	720	18
<b>RBD Palm Stearin (Malaysia Origin USD/MT)</b>	FOB	745	728	17
<b>RBD Palm Kernel Oil (Malaysia Origin USD/MT)</b>	FOB	1760	1680	80
<b>Palm Fatty Acid Distillate (Malaysia Origin USD/MT)</b>	FOB	678	668	10
<b>Crude palm Kernel Oil India (USD/MT)</b>	CNF India	1660	NA	-
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	845	840	5
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB	NA	NA	-
<b>Argentina FOB (\$/MT)</b>		<b>1-Dec-16</b>	<b>24-Nov-16</b>	<b>Change</b>
Crude Soybean Oil Ship		859	830	29
Refined Soy Oil (Bulk) Ship		889	859	30
Sunflower Oil Ship		770	770	Unch
Cottonseed Oil Ship		839	810	29
Refined Linseed Oil (Bulk) Ship		879	Unq	-
<i>* indicates including VAT</i>				

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