

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil witnessed mixed sentiment during the week on losses in CBOT soy oil and BMD CPO. Soy oil, palm oil and coconut oil closed higher while sunflower oil and groundnut oil closed sideways. Rapeseed oil closed lower.

On the currency front, Indian rupee against USD closed at 67.57, down 65 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 710 levels for a target of 730 and 735 with a stop loss at 700 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 545 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.

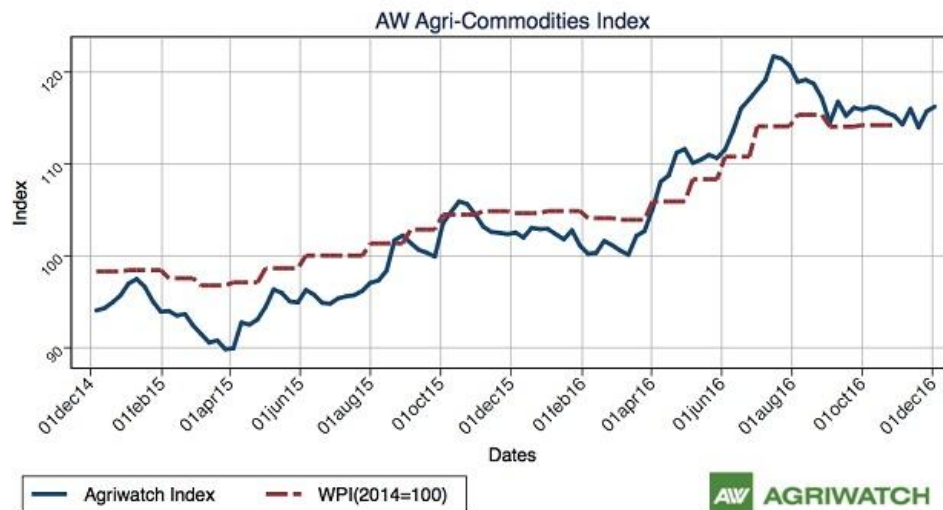
International Veg. Oil Market Summary

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.

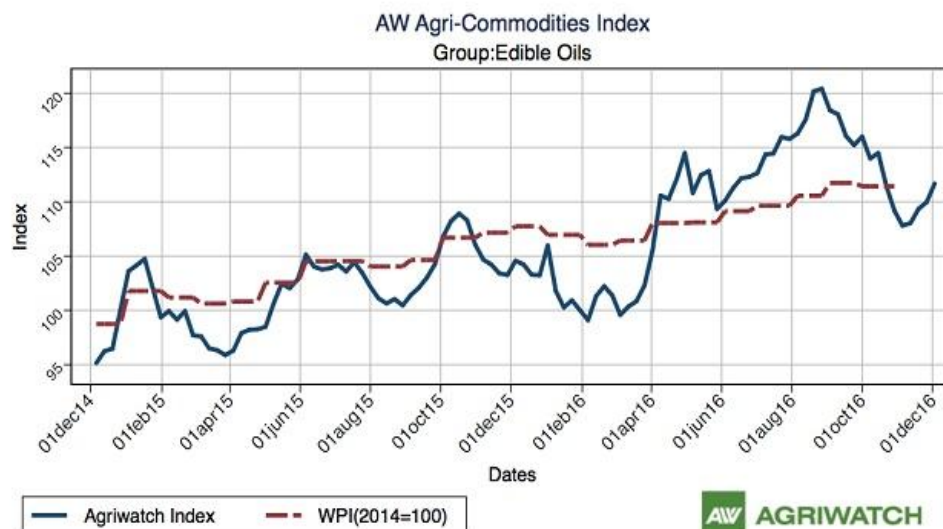
Low production of palm oil in Malaysia, firm demand from China, weak ringgit, support from Chinese markets, higher biodiesel use in Indonesia and Malaysia, supportive exports and biodiesel policy from Southeast Asian countries will support CPO prices in near term.

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.

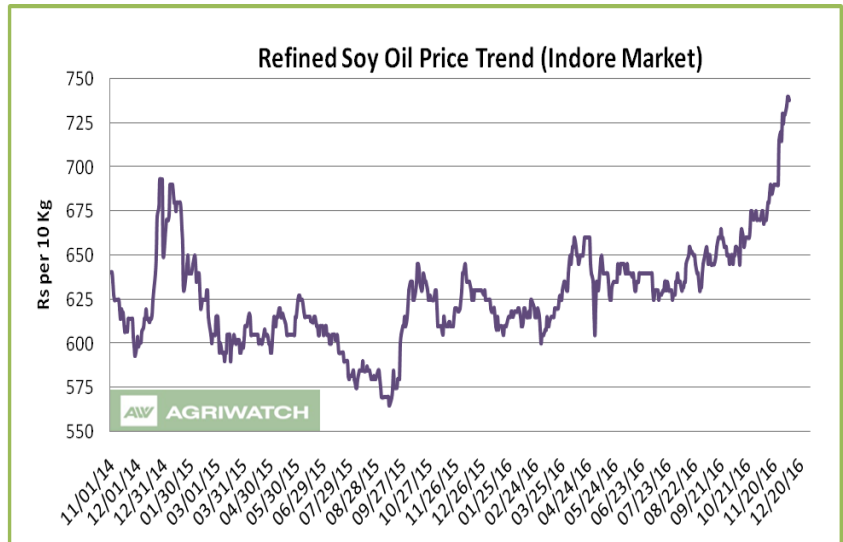
"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. 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. 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 lower at JNPT and Kandla/Mudra at the end of the week.

- Agriwatch View- Soy oil prices witnessed firm trend during the week on firm demand and weak supply.



Refined soy oil prices witnessed

sideways to firm trend at different markets in India indicating firm demand. However, CDSO prices fell in India West coast on fall in prices soy oil.

There is clear disconnect between refined and crude soy oil prices in different markets in India.

CDSO demand was weak at CNF markets as CDSO CNF prices fell while CDSO FOB Argentina compared to last week.

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

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 fell at high seas compared to rise in prices at CDSO CNF indicating weak import demand of soy oil.

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 increased to Rs 166 (Rs 155 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 135 (USD 151 last week), indicating weak demand of CDSO at CNF markets.

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

- According to United States Department of Agriculture (USDA), India is estimated to import 3.8 MMT of soy oil in 2016/17 compared previous estimate of 4.0 MMT and imports of 4.36 MMT of soy oil 2015/16. Production of soy oil is increased to 1.513 MMT in its December estimate compared to 1.353 in its previous estimate. Production in 2015/16 was estimated at 0.997 MMT in its December estimate compared to 1.059 in its previous estimate. Consumption in 2015/16 is reduced to 5.1 MMT from 5.2 MMT in its previous estimate. Consumption in 2016/17 has been kept unchanged at 5.4 MMT from its previous estimate. End stocks of soy oil in 2016/17 are marginally reduced to 0.366 MMT.
- India's soy meal exports and its other value added products (HS Code 2304) during November 2016 is 61,003 tons compared to 29,801 tons in November 2015 showing an increase of 104% over the same period of last

year. On a financial year basis, the export during April'2016 to November'2016 is 1, 55,874 tons as compared to 2,73,433 tons in the same period of previous year showing a decrease of 43%. ng current Oil year, (October – September), total exports during October 2016 to November, 2016 is 80,142 tons as against 71,905 tons last year, showing an increase by 11.45%, as reported by SOPA. .Japan (14,542.5 MT), Myanmar (8,083.546 MT), Sri Lanka (7,435.076 MT), Thailand (6,744.31 MT) and Kuwait (3,262.56 MT) were the key buyers of Indian origin meal in November.

- 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 894 (USD 906) per ton for December delivery. January/February delivery is offered at USD 889(USD 891) per ton as on December 9, 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 65-70/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 – Soy oil end stocks of US is estimated to fall in 2016/17, according to USDA November estimate. Fall in end stock is primarily due to lower opening stocks, higher biodiesel use partially set off by higher imports and lower Food, feed and other industrial use.

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 in Brazil is progressing at fast pace and is 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 between 101-104 MMT by various agencies including USDA.

Planting pace of soybean in Argentina has improved and is ahead of schedule compared to last year. Moisture is good as rains before planting has provided beneficial moisture for growth of plants which will increase yield.. Planting area is expected to be higher than previous estimate.

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.

China's import of soybean in November is very good and is expected to remain firm until Chinese New year.

Crushing of soybean In US is progressing at lower pace compared to corresponding period last year. Lower crush of soybean will result in lower production and stocks of soy oil, which will support prices in near term.

Crushing has slowed as demand of soy meal from soy meal stocks with feed mills are adequately which will reduced crush of soybean and support prices of soy oil prices.

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 China General Administration of Customs (CNGOIC), China's edible vegetable oil imports rose 64.5 percent in November at 5.1 LT compared to 3.1 LT in October. Imports fell 12.1 percent to 5.8 in LT compared to November 2015. Year to date imports were lower 20.5 percent to 47.6 LT compared to corresponding period in 2015.
- Argentina's soybean planting is 57.6 percent (11.29 million hectares) complete of the 19.6 million hectares are projected to be planted with soybean in 2016/17. The planting is higher by 11.6% from the corresponding period last year. Further, the weather is favorable for the soybean after recent rainfall which has increased the soil moisture, reported by Buenos Aires Grains Exchange
- 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) December estimates, U.S 2016/17 ending stocks of soy oil is estimated to fall to 1,522 million lbs from 1,658 million lbs in December estimate. Opening stocks reduced to 1,687 million lbs from 1,718 million lbs in its December estimate. Production of soy oil in 2016/17 is kept unchanged at 22,290 million lbs. Imports in 2016/17 are increased to 275 million lbs from 250 million lbs in its December estimate. Biodiesel use in 2016/17 was increased to 6,200 million lbs from 5,950 million lbs in its December estimate. Food, feed and other industrial use in 2016/17 are is reduced to 14,350 million lbs from 14,500 million lbs. Exports in 2016/17 are kept unchanged at 2,150 million lbs. Average price range estimate is increased to 34.50 - 37.50 cents/lbs from 32.5-35.5 cents/lbs in December estimate. Fall in end stock is

primarily due to lower opening stocks, higher biodiesel use partially set off by higher imports and lower Food, feed and other industrial use.

- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price for 2016/17 is forecast at \$8.70 to \$10.20 per bushel, up 25 cents on both ends of the range. Soybean oil is forecast at 34.5 to 37.5 cents per pound, up 2 cents on both ends. The soybean meal price forecast is unchanged at \$305 to \$345 per short ton.

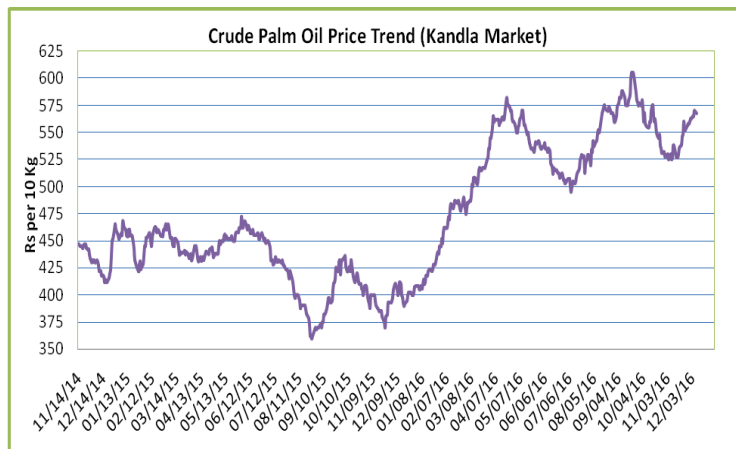
Price Outlook: We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 700-760 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla featured sideways trend at its benchmark market at Kandla on weak demand and weak supply. CPO prices in Kakinada rose at the end of the week.

- Agriwatch View – Prices of CPO closed sideways on firm demand. Prices of CPO closed sideways in India high while it rose in CPO CNF indicating weak demand. However, demand of CPO at India CNF is weak as Indonesia FOB rose higher than rise in CPO CNF India compared to last week. Demand of



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

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

Imports of RBD palmolein is expected to remain firm at CNF India, as premium of RBD palmolein on CPO 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 increased to Rs 54 (Rs 40) per 10 kg.

Negative refining margins will decrease imports of CPO and RBD palmolein in medium term.

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 151 last week) per ton. Premium of soy oil over CPO is Rs 166 (Rs 138 last week) per 10 kg will improve demand in medium term.

Prices of CPO are expected to remain sideways to firm on weak 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 760 (USD 755) per ton for December delivery and January delivery is quoted at USD 755 (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 760 (USD 755) per ton for December delivery and January delivery is quoted at USD 757.5 (USD 752) per ton. Ready lift CPO duty paid prices quoted at Rs 564 (Rs 565) per 10 Kg and December delivery duty paid offered at Rs 564 (Rs 565) per 10 kg on December 9, 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 35-40/ton v/s gain of 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 end stocks in Malaysia in November is expected to be higher but below market expectation. Lower than expected stocks of palm oil in Malaysia in November are due to lower than expected production and higher than expected exports, according to Agriwatch estimates.

Palm oil exports were 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.

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

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.

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.

Demand of palm oil is expected to remain low in medium term on winter 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 in Malaysia which may support palm oil prices due to delayed harvest, crushing and transportation.

Higher use of palm oil in biodiesel in Malaysia and Indonesia will soak incremental palm oil production.

Depreciation of Ringgit will support prices in medium term.

Prices are in range.

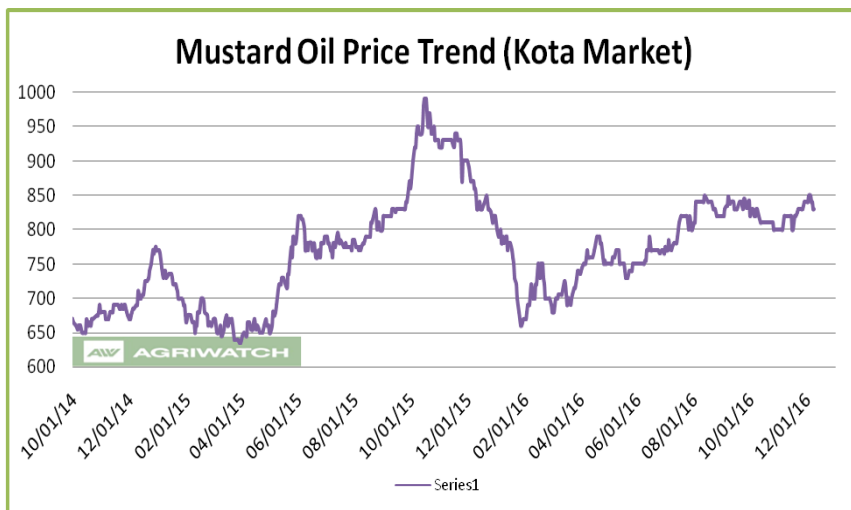
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's November palm oil exports fell 12.8 percent to 1,130,172 tons compared to 1,295,576 tons last month. Top buyers were European Union at 215,995 tons (307,685 tons), China at 215,655 tons (178,711 tons), India at 118,010 tons (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 downtrend during the week in review at most trading centers on weak demand. Benchmark market in Kota closed lower at the end of the week.
- Agriwatch view: Prices of rapeseed oil expeller fell in Kota, Jaipur, Neewai, Ganganagar, and Kolkata. Prices were unchanged in Gujarat and Mumbai while it traded higher in New Delhi and Kolkata. Prices of Kacchi ghani fell across board in India.



Rapeseed oil expeller and Kacchi ghani traded lower in most markets of Rajasthan on weak demand due to demonetization. Most of the trade of rapeseed oil is done in cash. Therefore, due to lack of liquidity demand was weak from Rajasthan.

Demand is firm in North and East India ahead of demand season. Prices of rapeseed oil fell on fall in prices of rapeseed.

Higher rapeseed sowing area in 2016-17 has affected sentiment.

Higher imports of rapeseed (canola) oil suppressed prices in near term

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.

Markets are expected to trade sideways to firm tone in coming days on firm demand due fall in temperatures in North and East India. However, demonetization can suppress prices in near term.

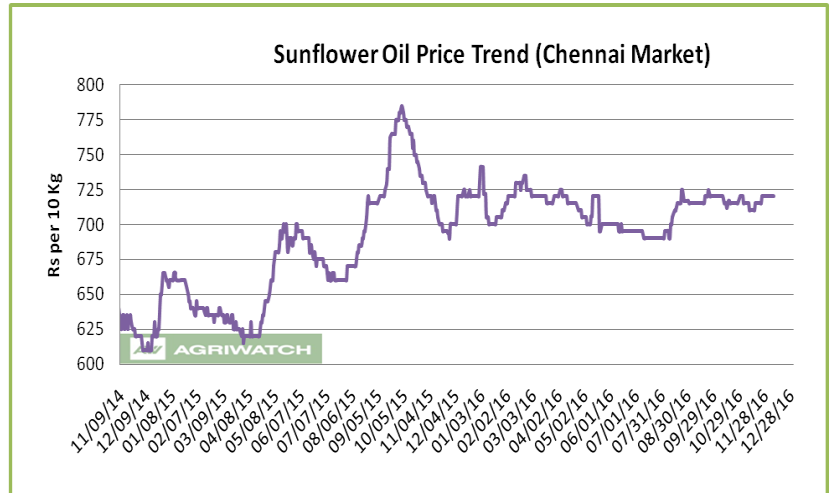
- All India sowing of rapeseed has reached 64.205 lakh hectares on 8 December 2016 compared to 57.273 lakh hectares in corresponding period last year.
- India imported 0.44 lakh tons of rapeseed (Canola) oil in October 2016 v/s 0.16 lakh tons in October 2015, higher by 175 percent y-o-y. For oil year 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 6 (USD 19 last week) per ton as on December 9, 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 840 (Rs 852) per 10 Kg, and at Kota market, it is offered at Rs 830 (Rs 840) per 10 kg as on December 9, 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 800-860 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 weak supply. Prices were unchanged in Hyderabad and Kakinada at the end of week.
- Agriwatch view: Prices of sunflower oil traded sideways in Chennai on weak demand and weak supply. Demonetization has weakened demand and supply.



Rise in soy oil, palm oil and groundnut oil prices have not supported sunflower oil prices indicating 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 to USD -46 (USD -31 last week) per ton for JFM delivery indicating weaker demand of sunflower oil compared to soy oil at CNF markets.

Supply was weak in market as imports were lower by 14 percent in October and stocks at ports and pipelines decreased.

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.

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

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

- All India sowing of sunflower has reached 1.167 lakh hectares on 8 December 2016 compared to 2.349 lakh hectares in corresponding period last year.
- 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 845) per ton for JFM delivery, AMJ delivery is quoted at USD 845 (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 -54 (USD -41 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 732) per 10 kg as on December 9, 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 680-750 per 10 Kg.

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. Rise in prices of palm oil and soy oil supported prices.

Prices rose on seasonal uptrend of prices.

Millers are unable to get enough copra as raw material on lack of liquidity due to 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.

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.

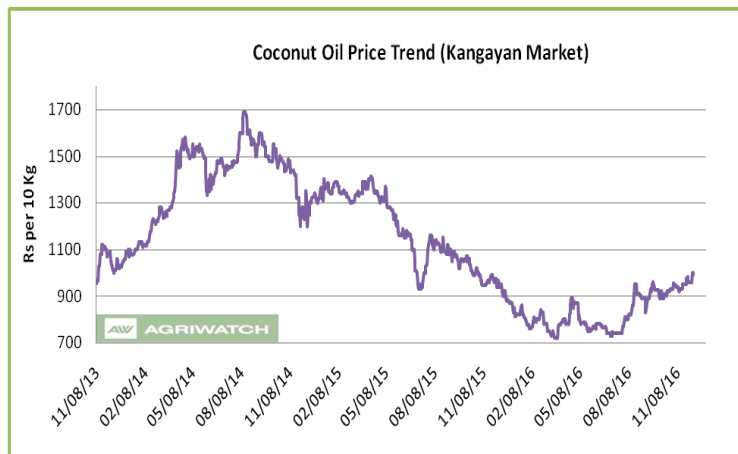
Millers are not operating at normal pace as they find it difficult to sell in market as it involves cash transactions, which has hampered supply, supporting prices.

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.

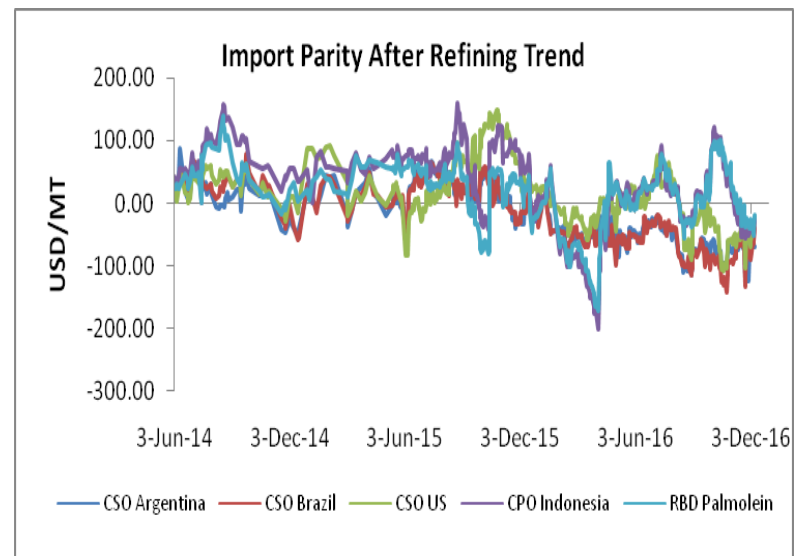
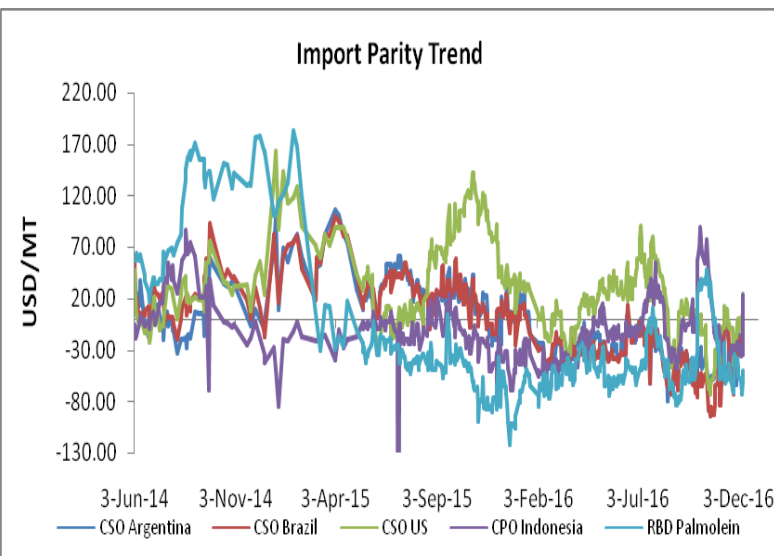
- MSP of "milling" copra has been hiked to Rs 5,950 per quintal while "ball copra" is increased to Rs 6,250 per quintal for 2016-17.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 10,150 (10,010) per quintal, and was quoting Rs 9,900 (Rs 9,600) per quintal in Erode market on December 9, 2016.



Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 940-1040 per 10 Kg.

Import Parity Trend

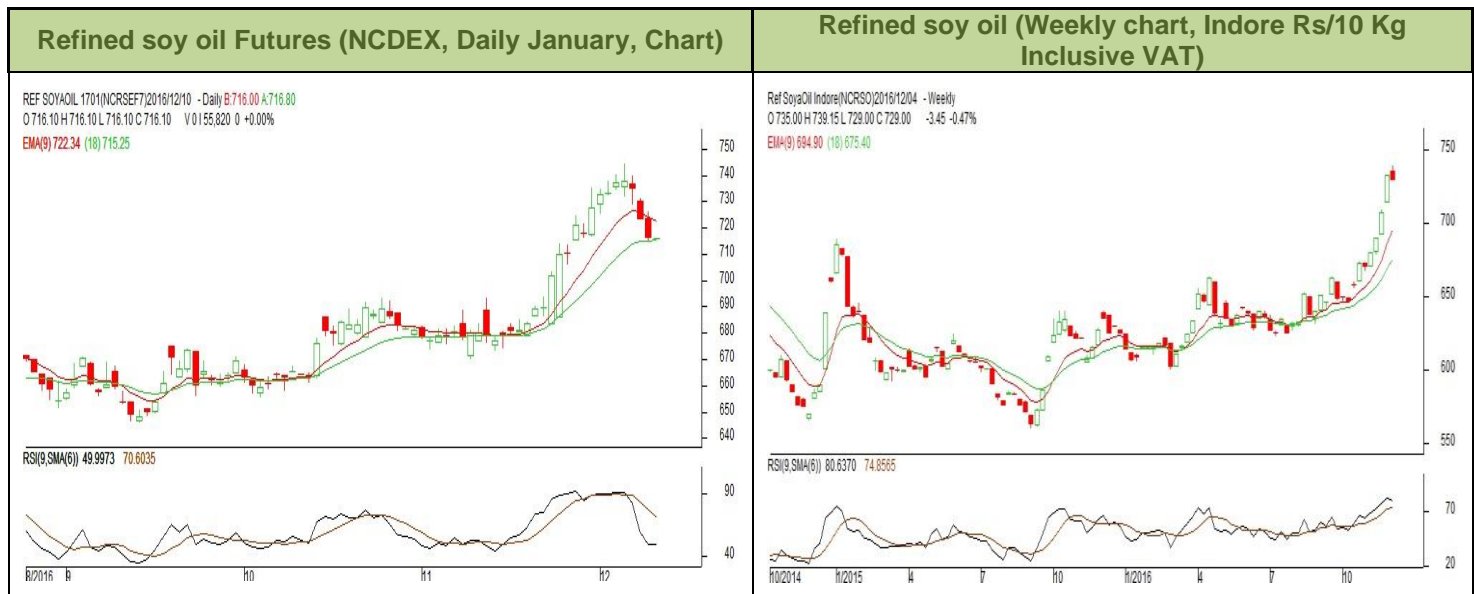
Import Parity After Refining in US dollar per ton (Monthly Average)



	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Oct, 2016	-81.35	-106.68	-67.93	78.49	78.96
Nov, 2016	-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.



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 690-740 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in market.

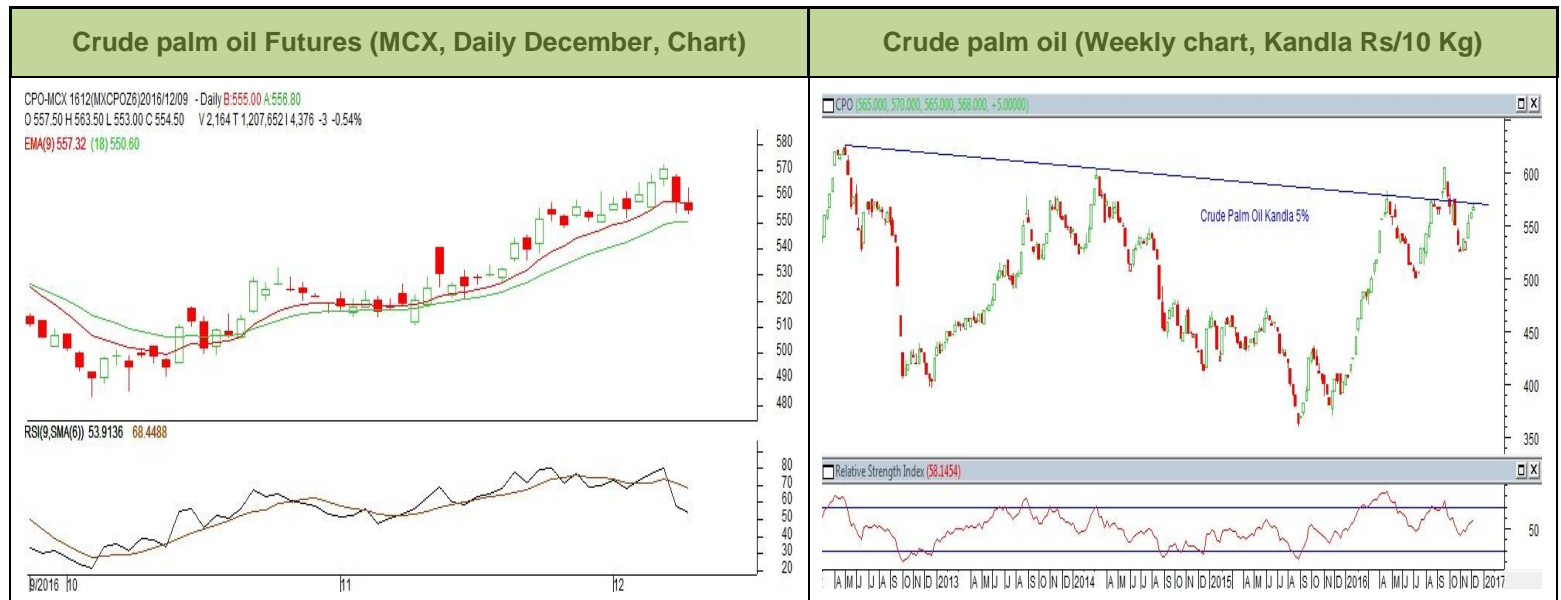
Strategy: Market participants are advised to go long above 710 levels for a target of 730 and 735 with a stop loss at 700 on closing basis.

RSO NCDEX (January)

Support and Resistance				
S2	S1	PCP	R1	R2
689.00	695	716.1	711.00	750.00

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 downtrend 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 545 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	554.5.00	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
		9-Dec-16	2-Dec-16	
Refined Soybean Oil	Indore	738	725	13
	Indore (Soy Solvent Crude)	705	700	5
	Mumbai	735	730	5
	Mumbai (Soy Degum)	680	695	-15
	Kandla/Mundra	735	730	5
	Kandla/Mundra (Soy Degum)	700	705	-5
	Kolkata	735	730	5
	Delhi	775	750	25
	Nagpur	724	712	12
	Rajkot	730	730	Unch
	Kota	740	735	5
	Hyderabad	713	698	15
	Akola	762	750	12
	Amrawati	762	750	12
	Bundi	745	720	25
	Jalna	NA	NA	-
	Alwar	NA	NA	-
	Solapur	NA	NA	-
	Dhule	NA	NA	-
Palm Oil	Kandla (Crude Palm Oil)	568	563	5
	Kandla (RBD Palm oil)	590	590	Unch
	Kandla RBD Pamolein	610	610	Unch
	Kakinada (Crude Palm Oil)	565	560	5
	Kakinada RBD Pamolein	610	610	Unch
	Haldia Pamolein	605	620	-15
	Chennai RBD Pamolein	615	615	Unch
	KPT (krishna patnam) Pamolein	605	605	Unch
	Mumbai RBD Pamolein	625	615	10
	Delhi	640	630	10
	Rajkot	610	610	Unch
	Hyderabad	627	627	Unch
	Mangalore RBD Pamolein	615	615	Unch
	PFAD (Kandla)	470	465	5
	Refined Palm Stearin (Kandla)	570	535	35
Refined Sunflower Oil	Chennai	720	720	Unch
	Mumbai	745	740	5
	Mumbai(Expeller Oil)	675	675	Unch

	Kandla	755	755	Unch
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	732	732	Unch
	Latur (Expeller Oil)	730	735	-5
	Chellakere (Expeller Oil)	670	670	Unch
	Erode (Expeller Oil)	750	750	Unch
Groundnut Oil	Rajkot	925	925	Unch
	Chennai	960	950	10
	Delhi	950	960	-10
	Hyderabad *	1000	1000	Unch
	Mumbai	1020	1000	20
	Gondal	925	930	-5
	Jamnagar	950	925	25
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	840	852	-12
	Jaipur (Kacchi Ghani Oil)	868	895	-27
	Kota (Expeller Oil)	830	840	-10
	Kota (Kacchi Ghani Oil)	875	890	-15
	Neewai (Kacchi Ghani Oil)	820	845	-25
	Neewai (Expeller Oil)	845	871	-26
	Bharatpur (Kacchi Ghani Oil)	900	920	-20
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar (Exp Oil)	840	850	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	880	910	-30
	Mumbai (Expeller Oil)	850	850	Unch
	Kolkata (Expeller Oil)	1030	1020	10
	New Delhi (Expeller Oil)	840	825	15
	Hapur (Expeller Oil)	Closed	NA	-
	Hapur (Kacchi Ghani Oil)	Closed	NA	-
	Agra (Kacchi Ghani Oil)	905	925	-20
Refined Cottonseed Oil	Rajkot	700	710	-10
	Hyderabad	695	690	5
	Mumbai	705	695	10
	New Delhi	690	690	Unch
Coconut Oil	Kangayan (Crude)	990	960	30
	Cochin	880	815	65
	Trissur	1050	1010	40



Sesame Oil	New Delhi	750	700	50
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	485	480	5
Rice Bran Oil (4%)	Punjab	610	610	Unch
Rice Bran Oil (4%)	Uttar Pradesh	610	610	Unch
Malaysia Palmolein USD/MT	FOB	745	740	5
	CNF India	768	758	10
Indonesia CPO USD/MT	FOB	743	730	13
	CNF India	768	758	10
RBD Palm oil (Malaysia Origin USD/MT)	FOB	743	738	4.5
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	755	745	10
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1765	1760	5
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	688	678	10
Crude palm Kernel Oil India (USD/MT)	CNF India	1650	1660	-10
Ukraine Origin CSFO USD/MT Kandla	CIF	845	845	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	-
Argentina FOB (\$/MT)		8-Dec-16	1-Dec-16	Change
Crude Soybean Oil Ship		856	859	-3
Refined Soy Oil (Bulk) Ship		886	889	-3
Sunflower Oil Ship		770	770	Unch
Cottonseed Oil Ship		836	839	-3
Refined Linseed Oil (Bulk) Ship		876	879	-3
* indicates including VAT				

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