

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

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

On the currency front, Indian rupee against USD closed at 67.75, up 18 paise compared to the previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices. Rupee is expected to appreciate and crude oil prices will rise.

We expect edible oil complex to trade 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 715 levels for a target of 735 and 740 with a stop loss at 705 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 565 for a target of 585 and 590 with a stop loss at 540 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 540-600 per 10 Kg in the near term.

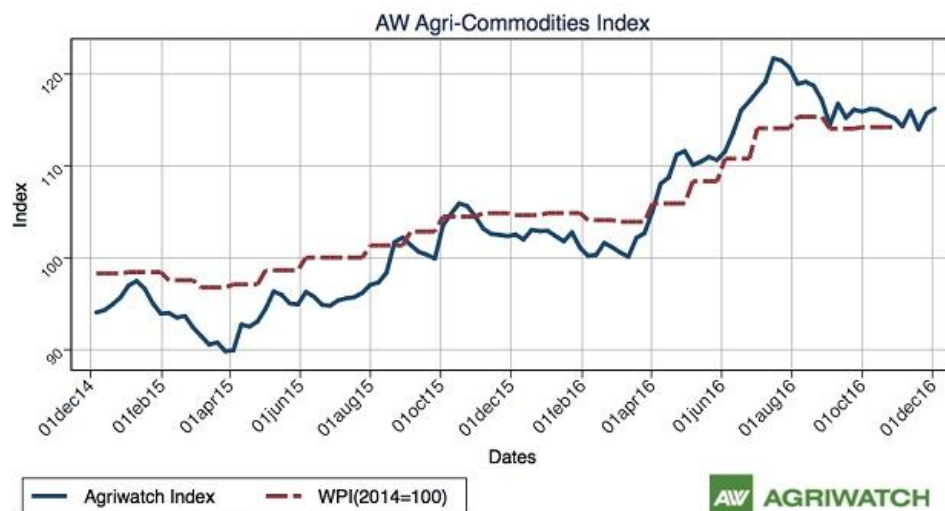
International Veg. Oil Market Summary

Malaysia's November 1-15 palm oil exports fell 9.6 percent to 464,582 tons compared to 513,745 tons in the corresponding period last month. Top buyers were China at 114,127 tons (79,250 tons), European Union at 95,305 tons (118,500 tons), India at 55,500 tons (18,800 tons), Pakistan at 14,150 tons (0 tons) and United States at 14,075 tons (8,500 tons). Values in brackets are figures of corresponding period 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, weak planting of soybean in Argentina 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



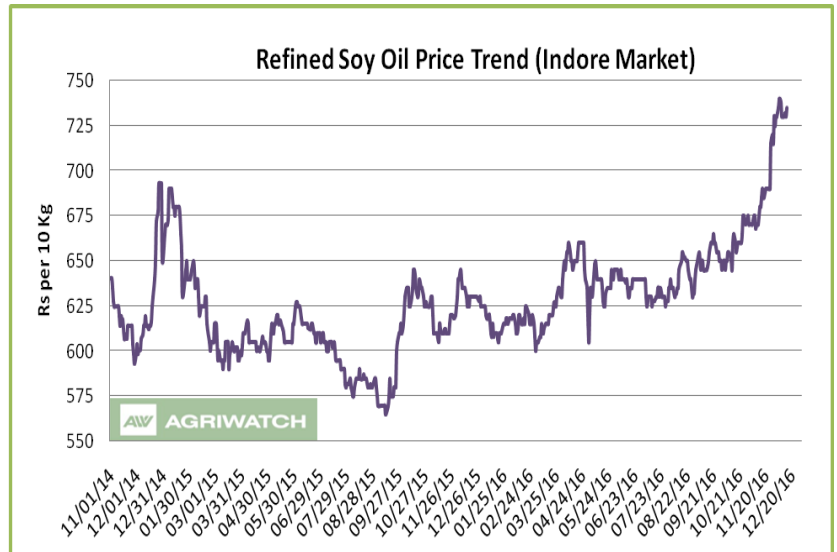
- Agriwatch edible oil index rose 1.55 percent in the week ended December 3, 2016 to 111.67.

"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 downtrend at its benchmark market in Indore during the week on firm supply. Prices closed higher in Mumbai and Kandla/Mudra while it closed lower at Kolkata. CDSO prices closed higher at JNPT and Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices witnessed downtrend during the week on weak demand and weak supply. Refined soy oil prices witnessed firm trend at different major markets in India indicating firm demand except its benchmark market in Indore. However, CDSO prices rose in India West coast.



CDSO demand was firm at CNF markets as CDSO CNF prices rose more than CDSO FOB Argentina compared to last week.

Imports of soy oil decreased in November compared to October and November 2015. However, drawdown of soy oil stocks at ports and pipelines makes up lower imports compared to October and November 2015.

Higher crushing of soybean in India due to renewed export demand of soy meal from India has led to firm supply of soy oil in domestic market.

CDSO prices rose at high seas compared to sideways trend at CDSO CNF indicating firm domestic 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 157 (Rs 166 last week) per 10 Kg may support soy oil prices in domestic markets. Weak refining margins may slow imports. In USD terms, higher premium of soy oil over palm oil which was quoted at USD 107 (USD 135 last week), indicating weak demand of CDSO at CNF markets.

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

- Soy oil import scenario – According to SEA, India imported 1.64 lakh tons of soy oil in November 2016 v/s 2.57 lakh tons in November 2015, down 36.2 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's November edible oil imports fell 13.3 percent y-o-y to 11.56 lakh tons from 13.33 lakh tons in November 2015. Palm oil imports fell 8.5 percent y-o-y to 7.98 lakh tons y-o-y from 8.72 lakh tons in November 2015. CPO Imports fell 11.16 percent y-o-y to 5.57 lakh tons from 6.27 lakh tons in November 2015. RBD palmolein imports rose 3.9 percent y-o-y to 2.41 lakh tons from 2.32 lakh tons in November 2015. Soy oil imports fell 36.2 percent y-o-y to 1.64 lakh tons from 2.57 lakh tons in November 2015. Sunflower oil imports fell 11.2 percent y-o-y to 1.58 lakh tons from 1.78 lakh ton in November

2015. Rapeseed (Canola) oil imports rose 21.9 percent y-o-y to 0.32 lakh tons from 0.25 lakh tons in November 2015.

- According to Solvent Extractors Association (SEA), India's November edible oil stocks at ports and pipelines fell 7.4 m-o-m to 18.25 lakh tons from 19.35 lakh tons in October 2016. Stocks of edible oil at ports fell to 655,000 tons (CPO 220,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 180,000 tons, Crude Sunflower Oil 90,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,170,000 tons in pipelines (stocks in pipelines were at 1,230,000 tons in October). India is presently holding 33 days of edible oil requirement on 1st December, 2016 at 18.25 lakh tons compared to 35 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.
- Imported crude soy oil CIF at West coast port is offered at USD 887 (USD 894) per ton for December delivery. January delivery is offered at USD 887 (USD 889) per ton and February delivery is offered at USD 887 per ton as on December 16, 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 55-60/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 stocks in US in November fell as reported by NOPA on lower production of soy oil due to lower crush of soybean. Soy oil is expected to fall further due to lower crush of soybean in US in December due to slow demand of soy meal.

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.

However, recent appointee in US EPA has sent alarm bells as he is leaned towards oil sector, which may tilt the EPA policy towards benefit of oil, and gas sector at stake of soy oil based biodiesel. Any policy clarity will come after the next US administration takes over reigns in January 2017.

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.

Planting of soybean in Brazil is complete and crop condition is good with adequate soil moisture which will support soybean crop. Crop harvesting will start in the last week of December due to early planting of soybean. 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 is expected to reduce from estimated area due to dryness in some parts of soybean belt which will reduce planted area. Lower area of soybean in Argentina will support soybean complex prices, as Argentina is largest exporter of soybean products in world.

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.

Demand of soy oil from India is expected to be weak in December due to demonetization and weak buying due to higher prices of soy oil in international markets.

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.

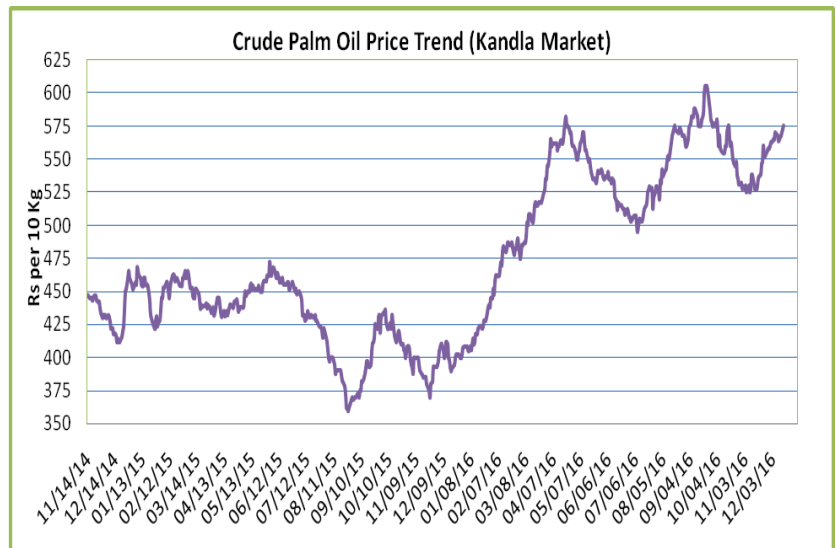
- According to National Oilseed Processors Association (NOPA), U.S. November soybean crush fell to 160.742 million bushels from 164.641 million bushels in October, up by 2.4 percent m-o-m. Crush of soybean in November 2015 was 156.134 million bushels. Production of soy oil in U.S. in November fell to 1.856 billion lbs from 1.911 billion lbs in October 2016. Production in November 2015 was 1.802 billion lbs. Soy oil stocks in U.S. at the end of November fell marginally to 1.339 billion lbs compared to 1.343 billion lbs in October 2016. Stocks of soy oil in November were lower by 9.3 percent compared to November 2015, which was reported at 1.477 million lbs. Yield fell to 11.55 lbs/bushel in October from 11.61 lbs/bushel in November. Yield in November 2015 was reported at 11.54 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 uptrend trend at its benchmark market at Kandla on weak supply. CPO prices in Kakinada rose at the end of the week.
- Agriwatch View – Prices of CPO closed higher on weak supply. Prices of CPO rose less in India high while it rose more at CNF indicating weak demand. 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 weak, as rise in prices at Malaysia FOB is higher than rise in CNF India compared to last week indicating weak demand.

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 negative

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 weaker than CPO as premium RBD palmolein over CPO decreased to Rs 45 (Rs 54) 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 October 2016 despite reduction of import duty indicating weak demand and effect of demonetization. Imports will be weak in December due demonetization.

Fall in CDSO CNF premium over CPO CNF will decrease imports of palm oil in medium term USD 107 (USD 135 last week) per ton. Premium of soy oil over CPO is Rs 157 (Rs 166 last week) per 10 kg will improve demand in medium term.

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

- Palm oil import scenario – According to SEA, India imported 8.01 lakh tons of palm oil in November 2016 v/s 8.74 lakh tons in November 2015, down 8.35 percent y-o-y. CPO imports slowed to 5.57 lakh tons in November compared to 6.27 lakh tons in November 2015, lower by 11.16 percent y-o-y. RBD palmolein imports rose marginally in November to 2.41 lakh tons from 2.32 lakh tons in November 2015.
- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 780 (USD 760) per ton for December delivery and January delivery is quoted at USD 780 (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 775 (USD 760) per ton for December delivery and January delivery is quoted at USD 775 (USD 757.5) per ton. Ready lift CPO duty paid prices quoted at Rs 573 (Rs 564) per 10 Kg and December delivery duty paid January delivery offered at Rs

573 (Rs 564) per 10 kg on December 16, 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 35-40/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 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 exports from Malaysia fell 7-10 percent in first 15 days of December. However, demand from China and India increased. Chinese demand has increased due to stocking ahead of Chinese New Year and threat of depreciation of Chinese Yuan, which has led imports from China to increase. Indian demand has improved as stocks at ports and pipelines are very low which will increase demand in medium term.

Palm oil end stocks in Malaysia rise in November increased lower than expected due to lower production of palm oil. Production of palm oil in Malaysia fell in November due to lagged effect of El Nino.

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.

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

Production is expected to be weak in Malaysia in December and is expected to remain weak until first quarter of 2017 due to lagged effect of El Nino, which will support prices.

Indonesia reported strong export numbers and lower rise in end stocks in October which will support prices in medium term.

However, gains in production in Indonesia will be limited due to lagged effect of El Nino.

Moreover, biodiesel use in Indonesia will soak incremental production of palm oil. 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.

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

Higher use of palm oil in biodiesel in Malaysia will soak incremental palm oil production in near term.

Depreciation of Ringgit will support prices in medium term.

Competitive oil will support palm oil prices.

Prices are in range with upward bias.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's November 1-15 palm oil exports fell 9.6 percent to 464,582 tons compared to 513,745 tons in the corresponding period last month. Top buyers were China at 114,127 tons (79,250 tons), European Union at 95,305 tons (118,500 tons), India at

55,500 tons (18,800 tons), Pakistan at 14,150 tons (0 tons) and United States at 14,075 tons (8,500 tons). Values in brackets are figures of corresponding period last month.

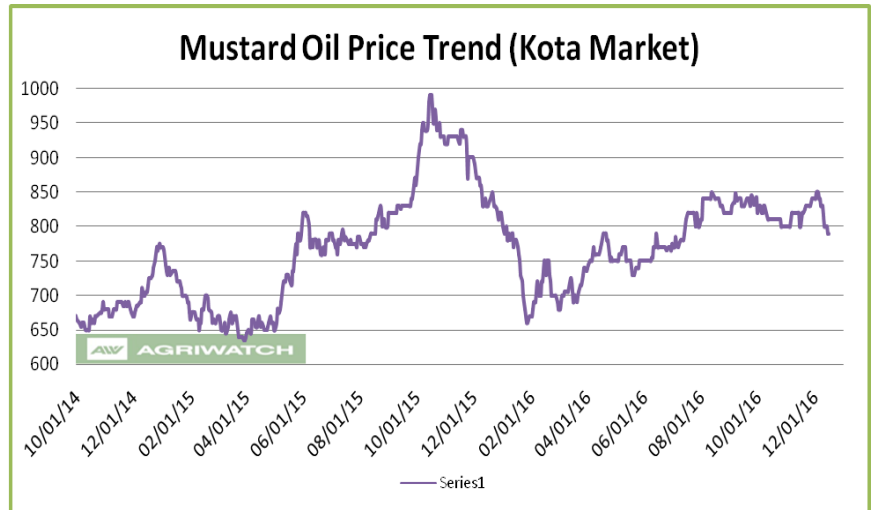
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's December 1-15 palm oil exports fell 7.6 percent to 481,349 tons compared to 520,870 tons in corresponding period last month. Top buyers were European Union at 118,909 tons (116,800 tons), China at 107,425 tons (70,570 tons), India & subcontinent at 79,650 tons (30,800 tons) and. Values in brackets are figures of corresponding period last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's November palm oil end stocks rise less than estimated by 5.18 percent to 16.56 lakh tons compared to 15.74 lakh tons in October. Market expectation was rise of end stocks by 7.4 percent to 16.9 lakh tons. Production dropped 6.14 percent in November to 15.75 lakh tons compared to 16.78 lakh tons in October. Exports in November fell 14.34 to 13.7 lakh tons compared to October exports at 14.31 lakh tons. Imports in November rose 159.45 percent to 0.56 lakh ton compared to 0.22 lakh tons in October.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's October palm oil production rose 6.5 percent to 3.55 MMT from 3.33 MMT in September. End stocks of palm oil in October marginally rose to 2.18 MMT from 2.17 MMT in September.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's October palm oil exports rose 34 percent including biodiesel and oleochemical to 2.54 MMT from 1.89 MMT in September

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

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil prices featured downtrend 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 traded sideways to weak across board in India except Delhi where prices rose at the end of week. Prices of Kacchi ghani fell across board in India.



Rapeseed oil expeller and Kacchi ghani traded lower across board in Rajasthan

Demonetization has affected demand as most of the trade of rapeseed oil is done in cash. Therefore, due to lack of liquidity demand was weak from Rajasthan.

Fall in rapeseed prices due to higher sowing of rapeseed in 2016-17 has affected sentiment and underpin prices.

Prices fell on seasonal downtrend of prices.

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

Stockists are well stocked to meet demand for East and North India.

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

Markets are expected to trade sideways to weak tone in coming days on seasonal downtrend of prices, fall in prices of rapeseed due to higher sowing and weak demand at higher prices and effect of demonization.

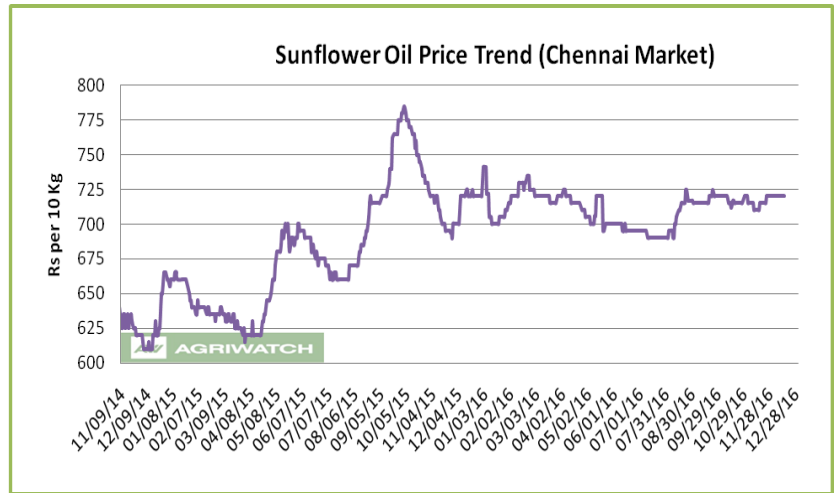
- All India sowing of rapeseed has reached 65.52 lakh hectares on 16 December 2016 compared to 59.714 lakh hectares in corresponding period last year.
- India imported 0.32 lakh tons of rapeseed (Canola) oil in November 2016 v/s 0.25 lakh tons in November 2015, lower by 28 percent y-o-y: SEA
- CIF canola premium over soybean oil is USD 13 (USD 6 last week) per ton as on December 16, 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 825 (Rs 840) per 10 Kg, and at Kota market, it is offered at Rs 790 (Rs 830) per 10 kg as on December 16, 2016. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to weak tone in the coming days.

Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 740-830 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 while it rose in 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 sideways to 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 -52 (USD -54 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 11 percent in November and stocks at ports and pipelines increased indicating weak demand.

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 -52 (USD -54 last week) per ton for JFM delivery.

Prices of sunflower oil are expected to trade sideways on weak demand and weak supply.

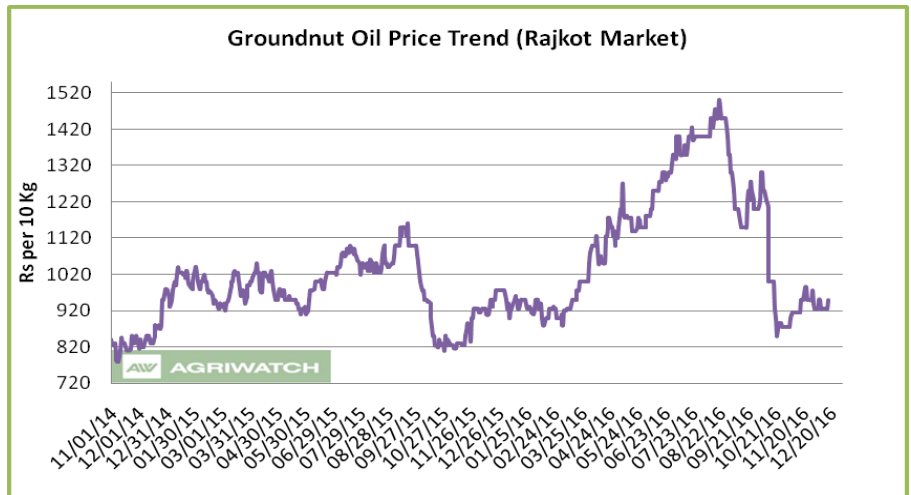
Prices are expected to trade sideways to weak in near term.

- All India sowing of sunflower has reached 1.22 lakh hectares on 16 December 2016 compared to 2.53 lakh hectares in corresponding period last year.
- Sunflower oil import scenario – According to SEA, India imported 1.58 lakh tons of crude sunflower oil during November 2016 v/s 1.78 lakh tons in November 2015, lower by 11.24 percent y-o-y.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 835 (USD 840) per ton for JFM delivery, AMJ delivery is quoted at USD 835 (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 800-860 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD -52 (USD -54 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 16, 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 Fundamental Review and Analysis:-`
Domestic Front

- Groundnut oil prices featured uptrend in Rajkot in week in review on weak supply of raw material. Prices in Jamnagar and Gondal rose. Prices were unchanged in Chennai while it closed higher in Hyderabad. Prices closed unchanged in New Delhi at the end of week.
- Agriwatch view: Prices of groundnut oil featured uptrend at its benchmark market on weak supply of groundnut.



Farmers are not releasing groundnut as they expect better realization of their crop which traded below MSP for a brief period after harvesting started leading to intervention of NAFED and Gujarat state corporative union to step in to shore up prices.

Millers are facing huge shortage of groundnut and are running at half their capacity, which is not able to serve demand, which in turn has supported prices.

Demonetization has affect supply of groundnut in certain pockets resulting to higher prices of raw material.

Higher prices of groundnut have translated to higher prices of groundnut oil.

Rise in palm oil supported prices.

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

Demand of groundnut oil is expected to rise as demand season pick up in Gujarat in December.

Groundnut oil prices are expected to trade sideways to firm in near term due to firm demand and weak supply of raw material.

- All India sowing of groundnut has reached 3.31 lakh hectares on 15 December 2016 compared to 2.87 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,500 (Rs 9,250) per quintal and it was quoted at Rs 9,600 (Rs 9,600) per quintal in Chennai market on December 16, 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 900-1000 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.

Average prices of coconut oil rose in all three centers.

Rise in prices of palm oil supported prices.

Prices rose on seasonal uptrend of prices.

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

Millers are not getting copra as copra stockists are holding back good quality copra purchased when prices of copra touched rock bottom and now they are taking advantage of prices. After demonetization copra prices surged, which further created unfriendly situation for millers. 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.

Recent cyclone Vardah in Tamil Nadu has affected coconut harvesting along with cash crunch with copra traders.

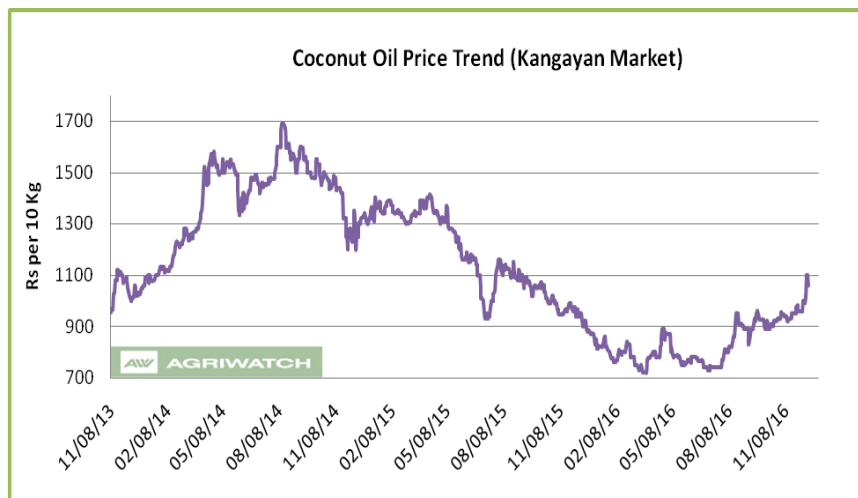
Corporate demand accounts for 80 percent of demand are firm. However, lower supply of coconut oil has affected prices.

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.

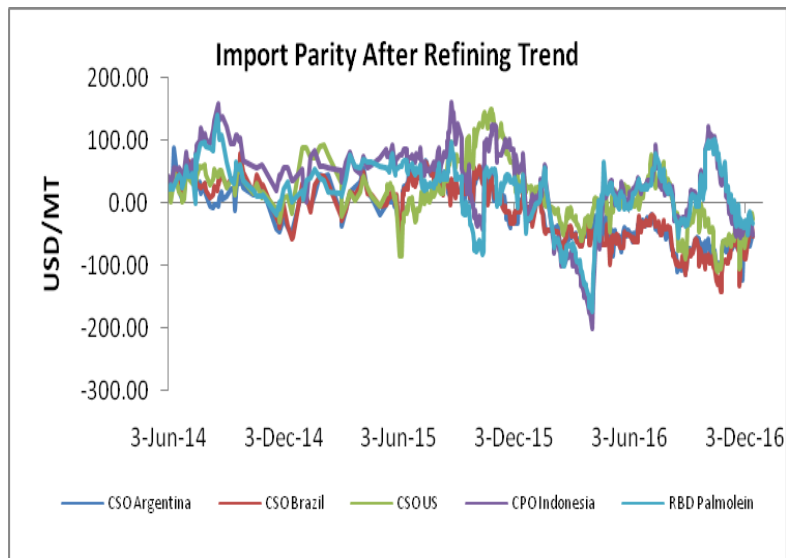
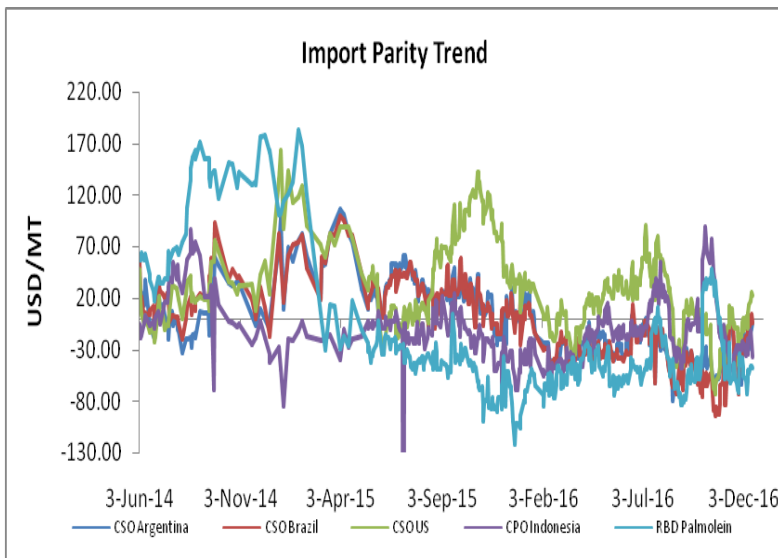
- MSP of “milling” copra has been hiked to Rs 5,950 per quintal while “ball copra” is increased to Rs 6,250 per quintal for 2016-17.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 11,100 (10,150) per quintal, and was quoting Rs 10,600 (Rs 9,900) per quintal in Erode market on December 16, 2016.



Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1000-1140 per 10 Kg.

Import Parity Trend

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

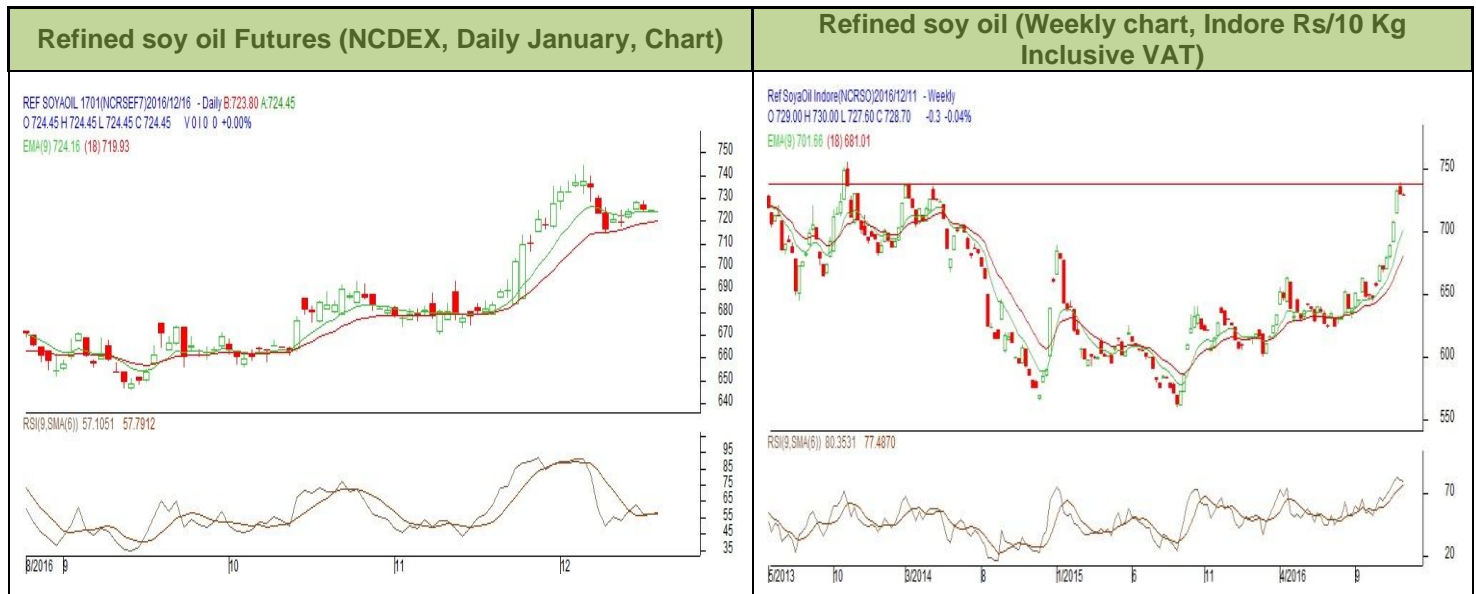


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Oct, 2016	-81.35	-106.68	-67.93	78.49	78.96
Nov, 2016	-77.74	-81.04	-56.37	-23.77	-8.06

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.

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 700-750 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in market.

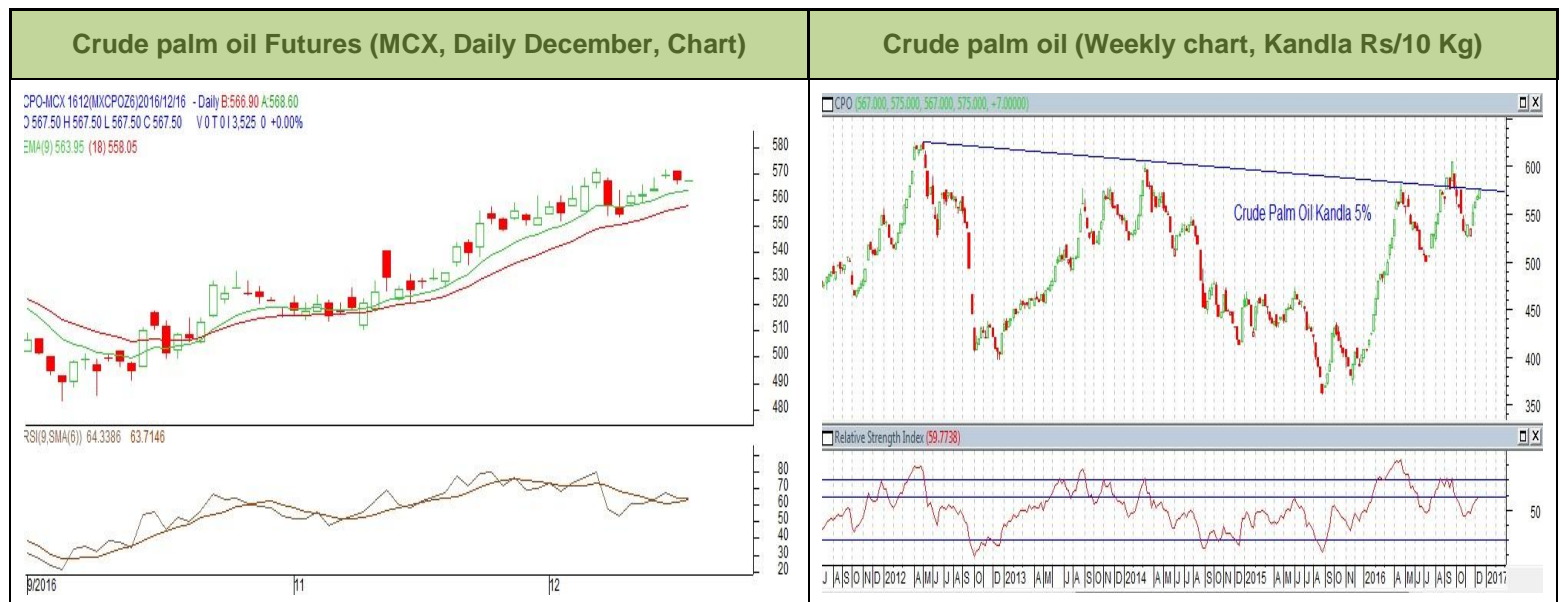
Strategy: Market participants are advised to go long above 715 levels for a target of 735 and 740 with a stop loss at 705 on closing basis.

RSO NCDEX (January)

Support and Resistance				
S2	S1	PCP	R1	R2
689.00	695	724.25	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 590 in weekly chart may bring the prices to 610 levels.
- Expected price band for next week is 550-600 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 565 for a target of 585 and 590 with a stop loss at 540 on closing basis.

CPO MCX (December)

Support and Resistance				
S2	S1	PCP	R1	R2
539.00	551.00	573.5.00	580.00	600.00

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

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		16-Dec-16	9-Dec-16	
Refined Soybean Oil	Indore	735	738	-3
	Indore (Soy Solvent Crude)	705	705	Unch
	Mumbai	745	735	10
	Mumbai (Soy Degum)	690	680	10
	Kandla/Mundra	740	735	5
	Kandla/Mundra (Soy Degum)	705	700	5
	Kolkata	735	735	Unch
	Delhi	750	775	-25
	Nagpur	729	724	5
	Rajkot	740	730	10
	Kota	750	740	10
	Hyderabad	713	713	Unch
	Akola	768	762	6
	Amrawati	767	762	5
	Bundi	747	745	2
	Jalna	NA	NA	-
	Alwar	NA	NA	-
	Solapur	NA	NA	-
	Dhule	NA	NA	-
Palm Oil	Kandla (Crude Palm Oil)	575	568	7
	Kandla (RBD Palm oil)	600	590	10
	Kandla RBD Pamolein	620	610	10
	Kakinada (Crude Palm Oil)	570	565	5
	Kakinada RBD Pamolein	612	610	2
	Haldia Pamolein	610	605	5
	Chennai RBD Pamolein	620	615	5
	KPT (krishna patnam) Pamolein	605	605	Unch
	Mumbai RBD Pamolein	625	625	Unch
	Delhi	640	640	Unch
	Rajkot	620	610	10
	Hyderabad	627	627	Unch
	Mangalore RBD Pamolein	620	615	5
	PFAD (Kandla)	475	470	5
	Refined Palm Stearin (Kandla)	555	570	-15
Refined Sunflower Oil	Chennai	720	720	Unch
	Mumbai	745	745	Unch
	Mumbai(Expeller Oil)	670	675	-5

	Kandla	755	755	Unch
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	732	732	Unch
	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	670	670	Unch
	Erode (Expeller Oil)	750	750	Unch
Groundnut Oil	Rajkot	950	925	25
	Chennai	960	960	Unch
	Delhi	950	950	Unch
	Hyderabad *	1020	1000	20
	Mumbai	1010	1020	-10
	Gondal	940	925	15
	Jamnagar	940	950	-10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	825	840	-15
	Jaipur (Kacchi Ghani Oil)	861	868	-7
	Kota (Expeller Oil)	790	810	-20
	Kota (Kacchi Ghani Oil)	860	875	-15
	Neewai (Kacchi Ghani Oil)	820	820	Unch
	Neewai (Expeller Oil)	840	845	-5
	Bharatpur (Kacchi Ghani Oil)	880	900	-20
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	820	840	-20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	865	880	-15
	Mumbai (Expeller Oil)	840	850	-10
	Kolkata(Expeller Oil)	1030	1030	Unch
	New Delhi (Expeller Oil)	850	840	10
	Hapur (Expeller Oil)	Closed	Closed	-
	Hapur (Kacchi Ghani Oil)	Closed	Closed	-
	Agra (Kacchi Ghani Oil)	885	905	-20
Refined Cottonseed Oil	Rajkot	705	700	5
	Hyderabad	700	695	5
	Mumbai	700	705	-5
	New Delhi	695	690	5
Coconut Oil	Kangayan (Crude)	1060	990	70
	Cochin	940	880	60
	Trissur	1110	1050	60



Sesame Oil	New Delhi	750	750	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	545	485	60
Rice Bran Oil (4%)	Punjab	610	610	Unch
Rice Bran Oil (4%)	Uttar Pradesh	610	610	Unch
Malaysia Palmolein USD/MT	FOB	765	745	20
	CNF India	783	768	15
Indonesia CPO USD/MT	FOB	770	743	27
	CNF India	788	768	20
RBD Palm oil (Malaysia Origin USD/MT)	FOB	760	743	18
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	765	755	10
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1775	1765	10
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	695	688	7
Crude palm Kernel Oil India (USD/MT)	CNF India	1685	1650	35
Ukraine Origin CSFO USD/MT Kandla	CIF	840	845	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	-
Argentina FOB (\$/MT)		15-Dec-16	8-Dec-16	Change
Crude Soybean Oil Ship		840	856	-16
Refined Soy Oil (Bulk) Ship		869	886	-17
Sunflower Oil Ship		765	770	-5
Cottonseed Oil Ship		820	836	-16
Refined Linseed Oil (Bulk) Ship		860	876	-16
* indicates including VAT				

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