

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 losses in CBOT soy oil and gains in BMD CPO. Soy oil, palm oil, rapeseed oil, groundnut oil and coconut oil closed higher while sunflower oil closed lower.

On the currency front, Indian rupee against USD closed at 67.92, up 12 paisa compared to the previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices. Rupee is expected to depreciate and crude oil prices will rise.

We expect edible oil complex to trade firm on 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 565 for a target of 580 and 585 with a stop loss at 555 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 560-620 per 10 Kg in the near term.

International Veg. Oil Market Summary

Malaysia's December 1-25 palm oil exports fell 7.6 percent to 827,347 tons compared to 895,077 tons in the corresponding period last month. Top buyers were European Union at 204,375 tons (189,595 tons), China at 154,477 tons (170,155 tons), India at 103,525 tons (57,910 tons), United States at 36,925 tons (47,786 tons) and Pakistan at 14,150 tons (12,000 tons). Values in brackets are figures of corresponding period last month: SGS

On the international front, lower expected use of soy oil in biodiesel in US, higher soybean crop in Brazil and Argentina, firm supply of soy oil from Argentina and weak demand of soy oil from India and strong dollar due to higher than expected rise in interest rates from FED will underpin soy complex in the coming days.

Improving exports of palm oil from Malaysia, lower rate of growth of end stocks in Malaysia, firm demand from India and China, strong crude oil prices and support from complete oils will support CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-**Domestic Front**

- Soy oil featured uptrend at its benchmark market in Indore during the week on firm demand. Prices closed unchanged in Mumbai, Kandla/Mudra and Kolkata. CDSO prices closed lower at JNPT while it was unchanged Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices witnessed uptrend during the week on firm demand at higher prices.

Refined soy oil, Indore prices rose 16 .5 percent in 2016 due to higher

international prices of soy and palm oil. Lower crushing of soybean and lower imports in last couple of months led to higher prices in 2016.

Refined soy oil prices witnessed firm trend at different major markets in India indicating firm demand. CDSO prices were unchanged 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.

Rise in soybean and palm oil prices supported the rise.

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.

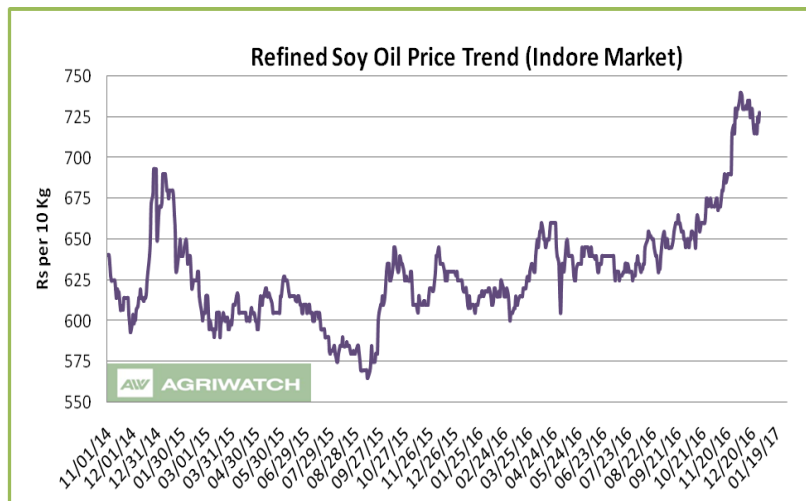
CDSO prices were unchanged high seas compared to while CDSO CNF rose indicating weak demand at high seas.

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

Soy oil premium of soy oil over palm oil has decreased to Rs 140 (Rs 147 last week) per 10 Kg may support soy oil prices in domestic markets. Weak refining margins may slow imports. In USD terms, premium of soy oil over palm oil which was quoted at USD 76 (USD 102 last week), indicating weak demand of CDSO at CNF markets while demand of palm oil firmed.

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 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.
- Imported crude soy oil CIF at West coast port is offered at USD 852 (USD 867) per ton for December delivery. January delivery is offered at USD 851 (USD 869) per ton and February delivery is offered at USD 851 (USD 869) per ton as on December 30, 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 35-40/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 witnessed weaker prices last week on speculation that appointment of oil man (Scott Pruitt) as head of EPA and appointment of Carl Icahn as advisor of regulations for Trump administration will move away from soy oil based biodiesel. Both of the appointee has questioned EPA regulations under Obama administration.

Soy oil stocks are expected to fall in December due to lower stocks of soy oil on lower production of soy oil due to lower crush of soybean will support prices in medium term. Soy meal demand have been moderate in December which will lead to lower crush.

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 end stocks of US is estimated to rise 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.

Argentina's soy oil production rose 8.5 percent in Jan-Nov 2016 compared to corresponding period last year due to favorable policy of Mackri administration has led to higher supply of soy oil in international markets.

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.

Demand from top imported India has been on weak, which affected demand.

Planting pace of soybean in Argentina has improved after dryness in many parts of key soybean belts. Argentina increased planting area of soybean in 2016/17 as conditions of planting are adequate and good weather is expected in next few weeks when planting will be wrapped. This will lead to higher crops of soybean in Argentina which will underpin soybean complex prices in near term.

Improved rate of planting of soybean in Argentina due to adequate moisture after dry weather earlier will underpin soybean complex prices.

Harvesting of soybean has started in Brazil in state of Mato Grosso where wet conditions led to early planting. However, forward sales of Brazil crop is below corresponding period last year. Exports are expected to touch 60 MMT and soybean crop is expected to between 101-106 MMT by various agencies including USDA.

Exports of soybean US to China are robust as Chinese buyers are stocking ahead of Chinese New Year and take advantage higher hogs margin. Higher exports of soybean from US will support soybean complex prices in medium term.

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

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.

- Wide spread rains showers in Argentina's has boosted the soybean planting pace which was lagging the normal pace. By mid December Argentina's soybean planting were reported at 67% by Buenos Aires Grain Exchange. Earlier in December dry weather in Argentina had raised the concern in planting and crop development, Argentina is the major soy meal exporter in the world. Argentina will receive beneficial rains during the week.
- According to Argentina's government agricultures ministry, Argentina Jan-Nov 2016 soy oil production rose 8.5 percent to 8.01 MMT compared to corresponding period last year. Argentina processed 41 MMT of soybean in first 11 months of 2016, higher by 7.3 percent compared to corresponding period last year. Exports of soy oil from Jan-Oct 2016 reached USD 3 billion. Sunflower oil production grew 3.2 percent to 1.1 MMT in Jan-Nov, 2016 compared to corresponding period last year.
- According to Argentine Biofuels Chamber (Carbio), Argentina is expected to produce 2.7 MMT in 2016, which is approximately higher by 50 percent from 2015. Argentina's government policy to promote use of biodiesel in various sectors led to the rise, according to the agency. Argentina produces 9 percent of global biodiesel production of 30 MMT.
- China's soybean imports reached 7.8 million tons in November 2016 which is up 6.1% year-on-year and 50.5% month-on-month. China is estimated to import 86 million tons of soybean in 2016/17 season, which will be highest ever. China's soybean imports stood at 74.2 million tons in the first eleven months of 2016, reported by the China's Customs.
- Conab, the government's crop supply agency has forecast Brazil's 2016/17 soybean production at 102.45 million tons, up 7% from the last season.
- 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.



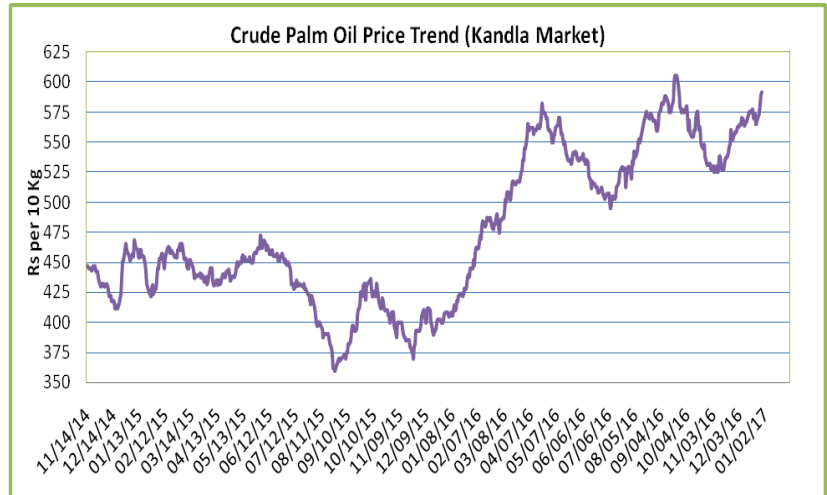
- **USDA WASDE Oilseeds Highlights:** The U.S. season-average soybean price for 2016/17 is forecast at \$8.70 to \$10.20 per bushel, up 25 cents on both ends of the range. Soybean oil is forecast at 34.5 to 37.5 cents per pound, up 2 cents on both ends. The soybean meal price forecast is unchanged at \$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 at 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 India high seas in compared to CNF India indicating firm demand. Demand of CPO at India CNF is firm as Indonesia FOB rose less than CPO CNF India compared to last week.



CPO prices rose 37 percent at Kandla

and RBD palmolein rose 35 percent y-o-y. 2016 market the best rise since 2010.

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

Demand of RBD palmolein is firm at high seas as prices rose while prices were unchanged at CNF India.

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

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 28 (Rs 37) per 10 kg.

Negative refining margins will decrease imports of CPO imports while parity in RBD palmolein will increase imports in medium term.

Import in palm oil in November was lower than November 2015 despite reduction of import duty indicating weak demand. Stocks at ports and pipelines increased in November. Stocks of palm oil at ports are expected to improve. Imports will be higher in December compared to November on firm demand.

Fall in CDSO CNF premium over CPO CNF will decrease imports of palm oil in medium term USD 76 (USD 102 last week) per ton. Premium of soy oil over CPO is Rs 140 (Rs 147 last week) per 10 kg will improve demand in medium term.

Prices of CPO are expected to remain sideways to firm on firm demand.

- 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 775 (USD 780) per ton for January delivery. 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 775) per ton for January delivery. Ready lift CPO duty paid prices quoted at Rs 590 (Rs 568) per 10 Kg and January delivery

duty paid is offered at Rs 584 (Rs 568) per 10 kg on December 30, 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 were in disparity during this week due to fall in palm products prices in India. Currently refiners lose USD 0-5/ton v/s gain of USD 10-15/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 10-15/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 –BMD CPO rose 25.1 percent in 2016, strongest rise since 2010. Most of the firming of prices in 2016 was due to El Nino and its lagged effect in yields. RBD palmolein prices rose 33 percent y-o-y. Higher palm oil prices were supported by weak ringgit and CBOT soy oil and DALIAN RBD palmolein. Moreover, prices were supported by higher crude oil prices. Further, higher biodiesel production in Indonesia and Malaysia supported the best rise in 6 years.

Palm oil exports from Malaysia fell 5-8 percent in first 25 days of December. However demand improved between 20-25 December indicate that demand has improved from China and India.

China is purchasing ahead of Chinese New Year while India is buying more RBD palmolein from Malaysia compared to CPO from Malaysia due to aggressive pricing by Malaysia compared to CPO Indonesia.

Improved demand from tom exporting destinations will support palm oil prices in January.

Palm oil demand will stay elevated in near term.

Production of palm oil is expected to be weak in December in Malaysia due to lingering effect of El Nino which will last until March 2017.

Palm oil stocks are expected to rise in December though at lower rate.

Palm oil end stocks in Malaysia rose in November on 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.

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 oils will support palm oil prices.

Prices are in range.

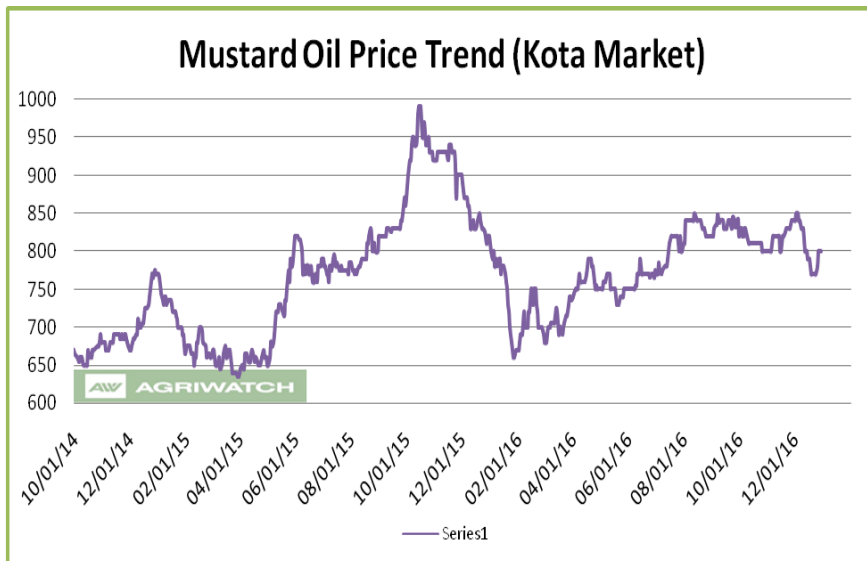
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's December 1-25 palm oil exports fell 7.6 percent to 827,347 tons compared to 895,077 tons in the corresponding period last month. Top buyers were European Union at 204,375 tons (189,595 tons), China at 154,477 tons (170,155 tons), India at 103,525 tons (57,910 tons), United States at 36,925 tons (47,786 tons) and Pakistan at 14,150 tons (12,000 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's December 1-25 palm oil exports fell 5.6 percent to 845,441 tons compared to 895,625 tons in corresponding period last month. Top buyers were European Union at 244,677 tons (187,145 tons), China at 186,985 tons (147,670 tons), India & subcontinent at 144,175 tons (89,960 tons). Values in brackets are figures of corresponding period last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia increased crude palm oil export duty to 7 percent in for January from 6 percent in December. Tax is calculated at reference price of 3,119.48 ringgit (\$696.62) per ton. Prices above 2,250 are taxed starting from 4.5 percent to maximum of 8.5 percent.
- According to China's General Administration of Customs (CNGOIC), China's November palm oil imports fell 3.53 percent to 4.46 lakh tons. Year to date imports fell 27.53 percent to 37.99 lakh tons. Imports from Indonesia in November fell 15.9 percent to 2.63 lakh tons while year to date imports fell 24.75 percent to 21.70 lakh tons. Imports from Malaysia in November rose 25.33 percent to 1.83 lakh tons while Year to date imports fell 30.88 percent to 16.23 lakh tons.
- 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.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 560-620 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 of oil. Benchmark market in Kota closed higher at the end of the week.
- Agriwatch view: Prices of rapeseed oil expeller rose in Kota, Jaipur, Ganganagar, New Delhi and Gujarat. Prices were unchanged in Neewai and lower in Mumbai and Kolkata. Prices of Kacchi ghani rose across board in India.



Prices of rapeseed oil rose last week on firm demand and higher prices of rapeseed.

Rise in palm and soy oil prices supported.

Higher sowing of rapeseed in Rabi season has put pressure on rapeseed oil for last two weeks.

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

Stockists are stocking to meet demand for East and North India.

Arrival of winters in North and East India has supported demand, which has led to higher prices.

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

Markets are expected to trade sideways to firm tone in coming days on firm demand due to winters, rise in prices of rapeseed due to higher sowing and rise in prices of competitive oils.

- All India sowing of rapeseed has reached 68.93 lakh hectares on 30 December 2016 compared to 61.20 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 24 (USD -8 last week) per ton as on December 30, 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 815 (Rs 800) per 10 Kg, and at Kota market, it is offered at Rs 800 (Rs 770) per 10 kg as on December 30, 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 770-840 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices featured downtrend during the week at its benchmark market in Chennai on weak demand. Prices were higher in Hyderabad while it fell in Kakinada at the end of week.
- Agriwatch view: Prices of sunflower oil traded lower in Chennai on weak demand.

Prices of sunflower fell despite unchanged international sunflower oil prices.

Demonetization has weakened demand.

Prices fell on seasonal downtrend of prices.

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

Prices of sunflower oil unchanged at CNF markets while prices in domestic were lower indicating weak demand. Discount of CSFO over CDSO at CNF has decreased to USD -31 (USD -49 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.

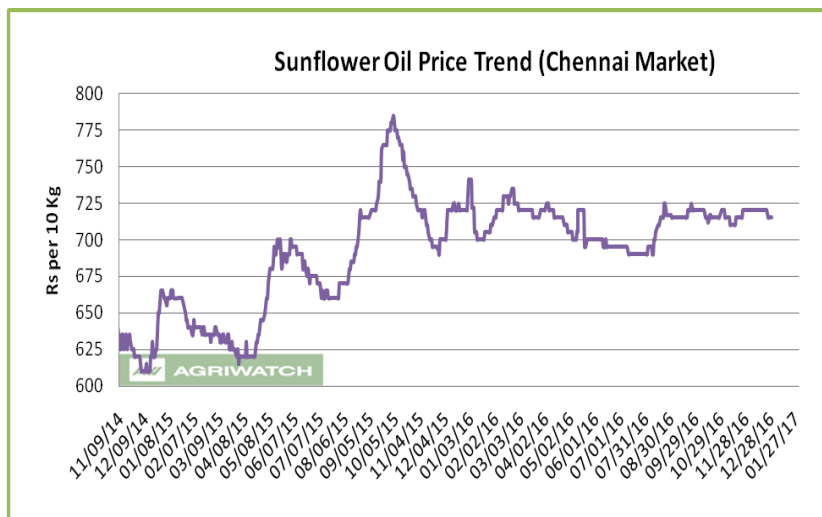
Refiners are aggressively purchasing crude sunflower oil from international markets as CIF sunflower oil trading at discount over CIF soybean oil. Currently sunflower oil premium over soy oil is at USD -31 (USD -49 last week) per ton for JFM delivery.

On the international from record volume of exports from Ukraine indicates firm supply which has led sunflower oil to trade at discount to soy oil.

Prices of sunflower oil are expected to trade sideways on weak demand and seasonal downtrend of prices

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

- According to APK-Inform, Ukraine exported record volumes of sunflower oil in November. Exports of sunflower oil were at 535.6 tshd tons, higher by 23 percent compared to October and 44 percent compared to November 2015. In the period (September-November), Ukraine exported 1.24 MMT of sunflower oil, higher by 31 percent compared to corresponding period last year. India was top importer with share of 31 percent followed by China with 15 percent, Iran at 10 percent. EU imported 21 percent of total imports.
- All India sowing of sunflower has reached 1.31 lakh hectares on 30 December 2016 compared to 2.67 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.

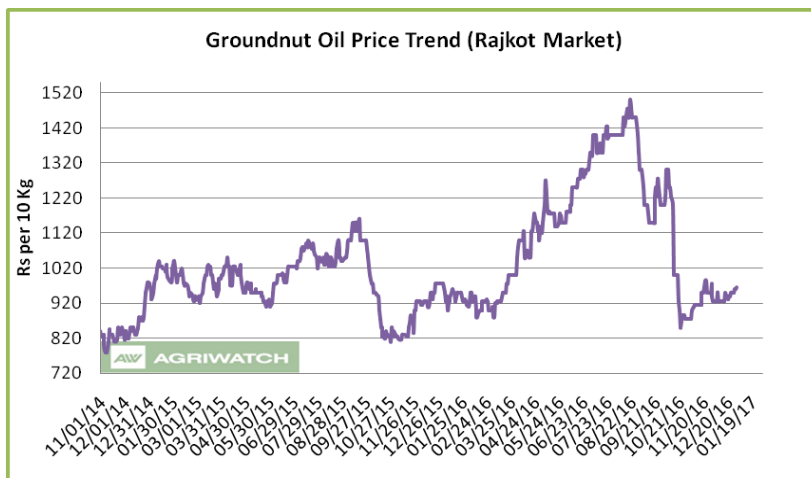


- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 820 (USD 820) per ton for JFM delivery and AMJ delivery is quoted at USD 820 per ton. CIF sun oil (Ukraine origin) December monthly average was around USD 835.16 per ton. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 790-860 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD -31 (USD -49 last week) per ton for JFM delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 715 (Rs 720) per 10 Kg, and at Hyderabad market, it is offered at Rs 736 (Rs 732) per 10 kg as on December 30, 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 680-750 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-` Domestic Front

- Groundnut oil prices featured uptrend in Rajkot in week in review on firm demand and weak supply of raw material. Prices in Jamnagar and Gondal. Prices closed in Chennai and 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 firm demand and weak supply.



Farmers are slowly releasing groundnut as they that prices have risen to levels where they will not get good bargain after their crop traded below MSP for a brief period after harvesting which lead to intervention of NAFED and Gujarat state corporative union to step in to shore up prices.

Millers are not getting raw material and crushing has not improved. Demand is firm on demand season in Gujarat.

Prices rose on seasonal uptrend of prices.

Higher prices of palm and soy oil supported prices.

Demonetization has affected supply of groundnut in certain pockets. However, condition has improved.

Groundnut oil prices are expected to trade sideways to firm in near term due to weak supply, firm demand and seasonal uptrend of prices.

- All India sowing of groundnut has reached 4.05 lakh hectares on 30 December 2016 compared to 3.26 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,650 (Rs 9,500) per quintal and it was quoted at Rs 9,300 (Rs 9,600) per quintal in Chennai market on December 30, 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 firm demand. In Kochi prices rose while prices rose in Trissur at the end of the week.
- Agriwatch view: Coconut oil prices showed uptrend during the week, on firm demand.

Demand from North has waned due to winters.

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

Stockists of copra are adequately stocked and are waiting for higher prices to release copra.

Millers are not getting good amount of copra. Supply of copra has increased with rise in prices of copra in the market.

Crushing of coconut oil has weakened and millers are not holding oil as they expect prices to correct.

However, good demand from traders and upcountry buyers has supported prices.

Effect of demonetization has waned. Coconut harvest has improved with rise in prices of copra.

Corporate demand accounts for 80 percent of demand are good.

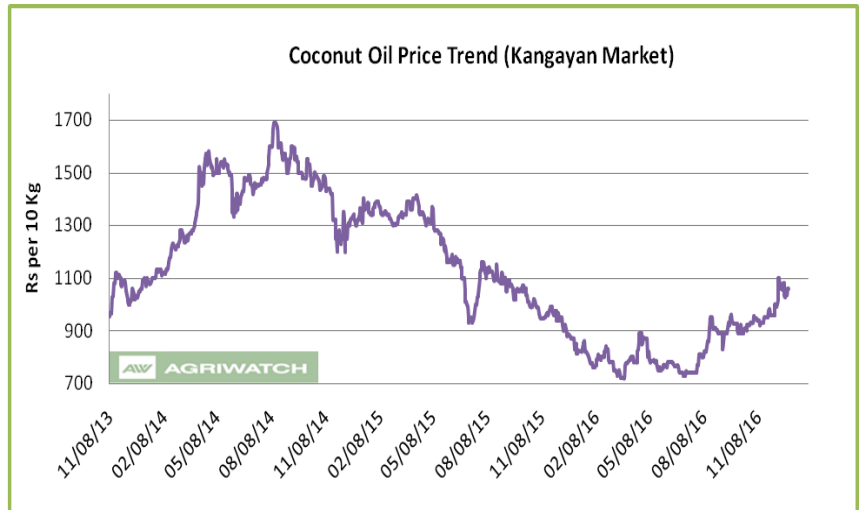
Regular supply of coconut oil has improved. However, demand is firm which supported prices.

If the situation continues, prices could move southwards.

Coconut oil prices are expected to be firm due improvement of demand and rise in prices

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

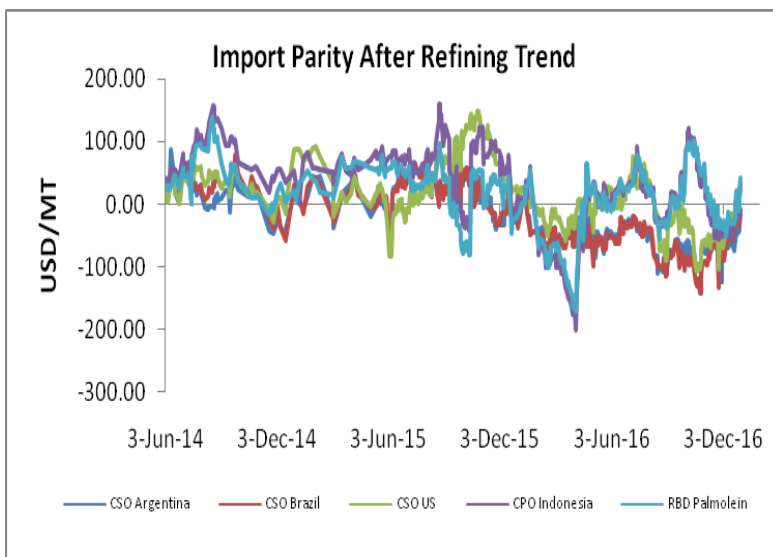
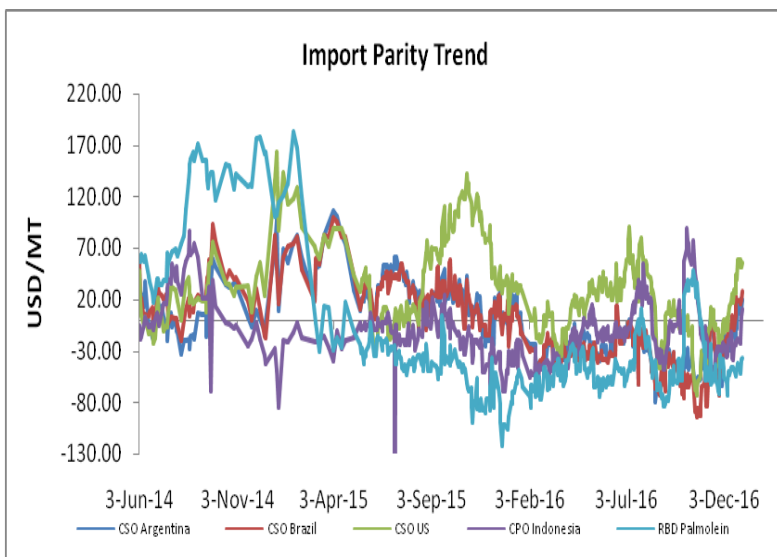
- MSP of "milling" copra has been hiked to Rs 5,950 per quintal while "ball copra" is increased to Rs 6,250 per quintal for 2016-17.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 10,700 (10,600) per quintal, and was quoting Rs 10,600 (Rs 10,350) per quintal in Erode market on December 30, 2016.



Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1000-1100 per 10 Kg.

Import Parity Trend

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

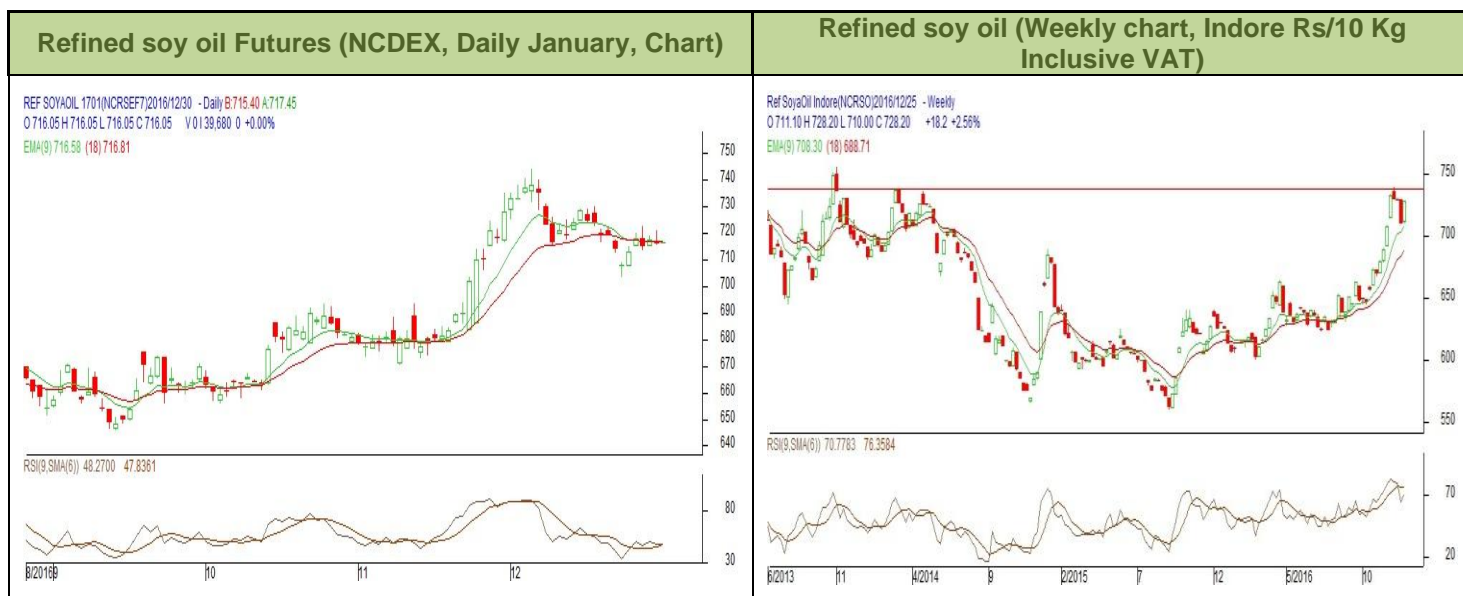


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Nov, 2016	-77.74	-81.04	-56.37	-23.77	-8.06
Dec, 2016	-56.82	-47.47	-21.57	-26.81	-17.48

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.

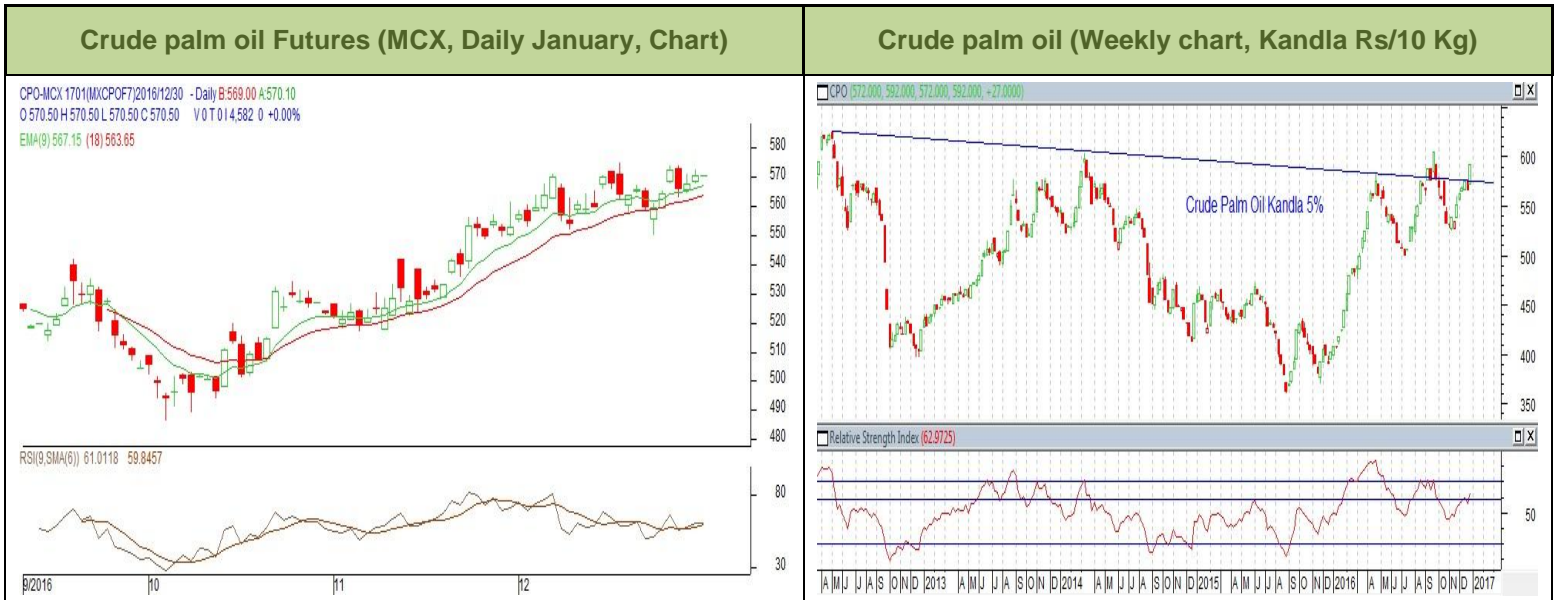
- Weekly chart of refined soy oil at NCDEX depicts uptrend during the week in review. We expect prices to trade sideways to firm tone in the near term.
- Any close above 730 in weekly might take the prices below 750 levels.
- Expected price band for next week is 690-750 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in market.

Strategy: Market participants are advised to go long above 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	695.00	716.05	729.00	744.00

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 January 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 580 and 585 with a stop loss at 555 on closing basis.

CPO MCX (January)

Support and Resistance				
S2	S1	PCP	R1	R2
539.00	551.00	571.8	580.00	600.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 560-620 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		30-Dec-16	23-Dec-16	
Refined Soybean Oil	Indore	728	718	10
	Indore (Soy Solvent Crude)	692	680	12
	Mumbai	730	730	Unch
	Mumbai (Soy Degum)	685	675	10
	Kandla/Mundra	720	720	Unch
	Kandla/Mundra (Soy Degum)	695	695	Unch
	Kolkata	730	730	Unch
	Delhi	780	750	30
	Nagpur	723	713	10
	Rajkot	720	715	5
	Kota	740	735	5
	Hyderabad	703	703	Unch
	Akola	761	762	-1
	Amrawati	761	750	11
	Bundi	740	735	5
	Jalna	NA	NA	-
	Alwar	NA	NA	-
	Solapur	NA	NA	-
	Dhule	NA	NA	-
Palm Oil	Kandla (Crude Palm Oil)	592	565	27
	Kandla (RBD Palm oil)	600	590	10
	Kandla RBD Pamolein	620	610	10
	Kakinada (Crude Palm Oil)	565	560	5
	Kakinada RBD Pamolein	615	605	10
	Haldia Pamolein	615	600	15
	Chennai RBD Pamolein	625	615	10
	KPT (krishna patnam) Pamolein	610	600	10
	Mumbai RBD Pamolein	628	615	13
	Delhi	680	655	25
	Rajkot	610	600	10
	Hyderabad	618	608	10
	Mangalore RBD Pamolein	625	615	10
	PFAD (Kandla)	465	465	Unch
	Refined Palm Stearin (Kandla)	525	530	-5
Refined Sunflower Oil	Chennai	715	720	-5
	Mumbai	725	725	Unch

	Mumbai(Expeller Oil)	660	660	Unch
	Kandla	740	745	-5
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	736	732	4
	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	670	670	Unch
	Erode (Expeller Oil)	745	740	5
Groundnut Oil	Rajkot	965	950	15
	Chennai	930	960	-30
	Delhi	950	950	Unch
	Hyderabad *	1010	1025	-15
	Mumbai	1020	1000	20
	Gondal	965	940	25
	Jamnagar	965	950	15
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	815	800	15
	Jaipur (Kacchi Ghani Oil)	851	829	22
	Kota (Expeller Oil)	800	770	30
	Kota (Kacchi Ghani Oil)	852	835	17
	Neewai (Kacchi Ghani Oil)	830	815	15
	Neewai (Expeller Oil)	785	785	Unch
	Bharatpur (Kacchi Ghani Oil)	860	835	25
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	815	800	15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	845	832	13
	Mumbai (Expeller Oil)	800	820	-20
	Kolkata(Expeller Oil)	1010	1040	-30
	New Delhi (Expeller Oil)	860	835	25
	Hapur (Expeller Oil)	Closed	Closed	-
	Hapur (Kacchi Ghani Oil)	Closed	Closed	-
	Agra (Kacchi Ghani Oil)	865	840	25
Refined Cottonseed Oil	Rajkot	685	670	15
	Hyderabad	685	670	15
	Mumbai	695	690	5
	New Delhi	695	685	10
Coconut Oil	Kangayan (Crude)	1060	1035	25
	Cochin	1050	1000	50
	Trissur	1070	1060	10

Sesame Oil	New Delhi	780	750	30
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	530	545	-15
Rice Bran Oil (4%)	Punjab	610	610	Unch
Rice Bran Oil (4%)	Uttar Pradesh	610	610	Unch
Malaysia Palmolein USD/MT	FOB	750	743	7
	CNF India	775	765	10
Indonesia CPO USD/MT	FOB	748	740	8
	CNF India	775	765	10
RBD Palm oil (Malaysia Origin USD/MT)	FOB	748	740	8
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	760	753	7
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1770	1750	20
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	695	688	7
Crude palm Kernel Oil India (USD/MT)	CNF India	1680	1675	5
Ukraine Origin CSFO USD/MT Kandla	CIF	820	820	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	-
Argentina FOB (\$/MT)		29-Dec-16	22-Dec-16	Change
Crude Soybean Oil Ship		810	820	-10
Refined Soy Oil (Bulk) Ship		838	849	-11
Sunflower Oil Ship		750	765	-15
Cottonseed Oil Ship		790	800	-10
Refined Linseed Oil (Bulk) Ship		Unq	Unq	-
* indicates including VAT				

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