

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 losses in BMD CPO. Soy oil and palm oil closed higher while rapeseed oil closed sideways. Groundnut oil, sunflower oil and coconut oil closed lower.

On the currency front, Indian rupee against USD closed at 67.95, up 3 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 710-770 per 10 Kg in the near term.

Market participants are advised to go long in CPO above 580 for a target of 600 and 605 with a stop loss at 565 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 570-630 per 10 Kg in the near term.

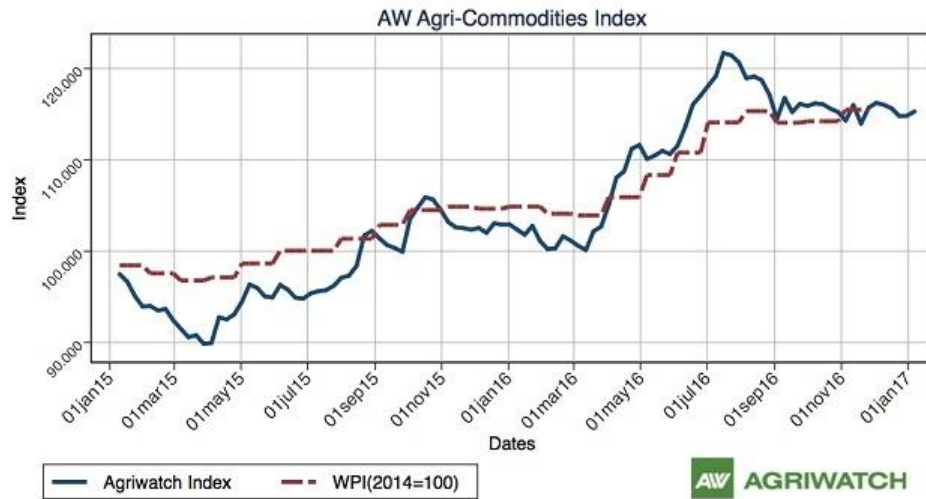
International Veg. Oil Market Summary

Malaysia's December palm oil exports fell 1.8 percent to 1,109,606 tons compared to 1,130,172 tons in the corresponding period last month. Top buyers were European Union at 257,808 tons (215,995 tons), China at 176,477 tons (215,655 tons), India at 154,525 tons (118,010 tons), Pakistan at 46,150 tons (22,000 tons) and United States at 43,620 tons (55,556 tons). Values in brackets are figures of corresponding period last month: SGS

On the international front, lower stocks of soy oil in US, weaker soybean crop in Argentina, strong demand of soybean from China and higher crude oil prices will support soy oil prices in coming days.

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

Agriwatch Index



- The Agriwatch Agri Commodities Index gained 0.41% to 115.30 during the week ended Jan 7, 2017 from 114.83 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).
- Most agri-commodities rebounded from their recent weakness and offset a sharp fall in the Pulses Index. 7 of the 9 commodity group sub-Indices and 21 of the 29 individual commodity sub-Indices posted weekly gains.

Agriwatch edible oil index



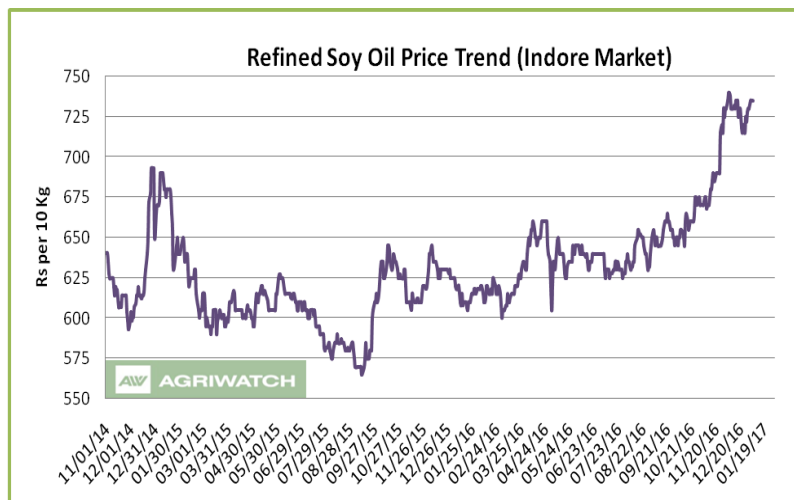
- Agriwatch edible oil index rose 1.34 percent in the week ended January 7, 2017 to 112.79.

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



Refined soy oil prices witnessed mixed

trend at different major markets in India. CDSO prices showed mixed trend in India West coast.

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

Fall in soybean prices capped gains.

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.

Soy oil is at positive parity at high seas and refining margins are positive. With low soy oil premium over palm oil, demand may firm in coming months.

Soy oil premium over palm oil has increased to Rs 142 (Rs 140 last week) per 10 Kg may support soy oil prices in domestic markets. Positive refining margins may improve imports. In USD terms, premium of soy oil over palm oil, which was quoted at USD 78.5 (USD 76 last week), indicating weak demand of CDSO at CNF markets while demand of palm oil firmed.

Demand of soy oil is high in domestic market as soy oil premium over palm oil is less at CNF markets while it is higher in domestic markets indicating firm demand.

Prices of soy oil will increase on winters, firm demand 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 851 (USD 851) per ton for January delivery. February delivery is offered at USD 851 (USD 851) per ton and March delivery is offered at USD 851 per ton as on January 6, 2016. Values in brackets are figures of last week. Last month, CIF CDSO December average price was USD 884.55 (USD 843.12 last month) per ton.

- On the parity front, margins were at disparity during the week and we expect parity in margins in coming days. Currently refiners lose USD 0-5/ton v/s loss of USD 50-55/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 – Planting area of soybean in Argentina will lag the previous estimate due to initial dry weather followed by wet weather, which has narrowed planting time. However, there is still window left for planting of soybean. Informa reduced soybean crop estimate of Argentina to 55 MMT while USDA has kept its estimate of 57 MMT in its December estimate. USDA is expected to cut Argentina's soybean crop estimate in its January release.

Harvesting has started in Brazil in top soybean producing state of Mato Grosso. Record soybean is expected to be produced in Brazil. However, rains are expected to January, which is the wettest month of grains, which may adversely affect crop at maturing stage.

Soy oil prices witnessed weaker prices 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 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 is expected to fall in December as crush will be lower than corresponding period last year.

Soy oil end stocks are estimated to fall primarily due to lower opening stocks, higher biodiesel use partially set off by higher imports and lower Food, feed and other industrial use, according to USDA.

However, soy oil stocks will be revised upwards in January estimate on stalemate over EPA guidelines.

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 importer, India has been on weak, which affected demand.

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 December is 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 faster than expected FED rate hike in 2017 may underpin soy oil prices.

Weak Argentina Peso will support demand from top importing destinations.

Prices of soy oil are in a range with upward bias.

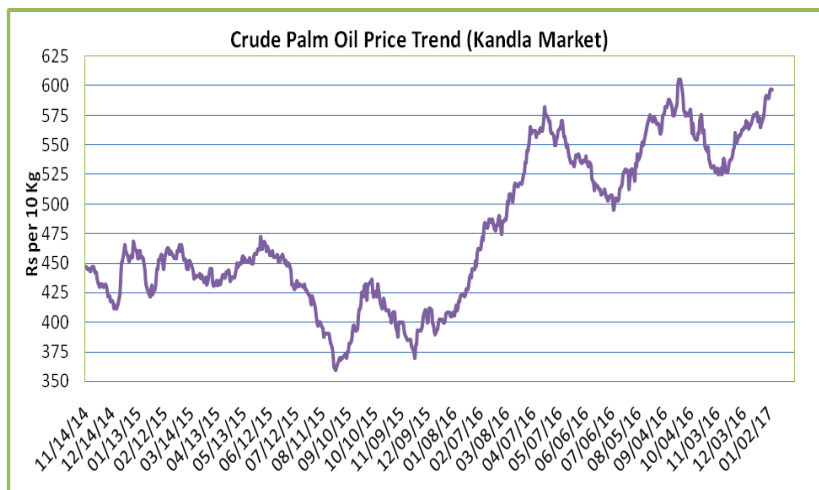
- Buenos Aires Grain Exchange has lowered its Argentina's 2016/17 soybean planting estimate to 19.3 million hectares from 19.6 million its previous forecast. Fall in the area is attributed to the dry weather in Southeast Buenos Aires province. Argentina's 2015/16 area under soybean was reported at 20.1 million hectares.
- Argentina will slash its soybean and its products export tax by 12% to 18% by the year 2020. The move is expected to boost the soybean planting in Argentina when food demand is seen rising. The official document suggests the plan for slashing 0.5% from the export levy every month in the year 2018 and 2019. Currently the tax is 30% which was cut by 5% from 35% by President Mauricio Macri immediately after he took the office after election last year - 2016.
- 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 710-770 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 at India high seas compared to fall at CNF India indicating firm demand. Demand of CPO at India CNF is weak as Indonesia FOB rose more than CPO CNF India compared to last week.



Demand of RBD palmolein at India CNF is weak, as prices at CNF India fell while it rose at Malaysia FOB compared to last week indicating weak demand.

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

Imports of RBD palmolein is expected to remain firm at CNF India compared to CPO CNF, as premium of RBD palmolein is trading at discount at CPO CNF.

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

Demand of RBD palmolein on high seas is stronger than CPO as premium RBD palmolein over CPO increased to Rs 30 (Rs 28) per 10 kg.

Positive refining margins will increase 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 be eroded, as there is demand at high seas while demand at CNF India is weak.

Low CDSO CNF premium over CPO CNF will decrease imports of palm oil in medium term USD 78.5 (USD 76 last week) per ton. Premium of soy oil over CPO is Rs 142 (Rs 140 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 772.5 (USD 775) per ton for January delivery and February delivery is quoted at USD 770 per ton. Last month, CIF CPO December average price was USD 772.55 (730.77) per ton.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 767.5 (USD 775) per ton for January delivery while February delivery is offered at USD 765 per ton. Ready lift CPO duty paid prices quoted at Rs 595 (Rs 590) per 10 Kg and January delivery duty paid is offered at Rs 590 (Rs 584) per 10 kg on

January 6, 2017. Last month, CIF RBD palmolein December average price was USD 771.40 (USD 730.62) per ton. Values in bracket depict last week quotes.

- On the parity front, margins improved during this week due to rise in palm products prices in India. Currently refiners fetch USD 15-20/ton v/s gain of USD 20-25/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 35-40/ton v/s gain of USD 15-20/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, 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 1-6 percent in December indicating that demand improved in last 10 days of December. Demand improved from India as there is demand in domestic markets and stocks at ports and pipelines are low. India is buying more RBD palmolein from Malaysia as it is offered at discount to CPO at CNF India.

China is purchasing ahead of Chinese New Year.

Aggressive pricing of RBD palmolein compared to Indonesia CPO has helped exports from Malaysia, reduced stocks of palm oil in Malaysia, and supported prices.

Malaysian ringgit has helped palm oil exports as its depreciation make palm oil from Malaysia more competitive than Indonesia CPO. This has helped BMD CPO to touch 6-year highs.

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

Palm oil demand from Malaysia 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 fall in December though at lower rate.

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 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 imposed crude palm oil export duties as CPO prices moved above USD 750 per tons and is expected to remain elevated.

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 palm oil exports fell 1.8 percent to 1,109,606 tons compared to 1,130,172 tons in the corresponding period last month. Top buyers were European Union at 257,808 tons (215,995 tons), China at 176,477 tons (215,655 tons), India at 154,525 tons (118,010 tons), Pakistan at 46,150 tons (22,000 tons) and United States at 43,620 tons (55,556 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's December palm oil exports fell 5.7 percent to 1,086,523 tons compared to 1,152,535 tons last month. Top buyers were European Union at 308,802 tons (213,045 tons), China at 196,985 tons (214,170 tons), India & subcontinent at 214,025 tons (161,260 tons). Values in brackets are figures of corresponding period last month.
- According to Indonesia government, Indonesia has imposed crude palm oil duty for January at USD 3 per ton. The reference price of CPO is set at USD 788.26 per ton. Tax will be charged when the prices rise above USD 750 per ton.
- 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.

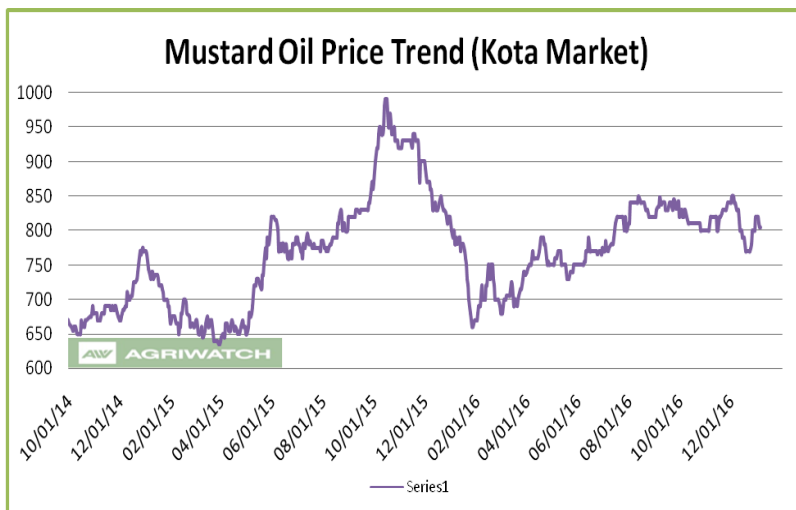
Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 570-630 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

➤ Mustard oil prices featured sideways to downtrend during the week in review at most trading centers on weak prices of rapeseed. Benchmark market in Kota closed unchanged at the end of the week.

➤ Agriwatch view: Prices of rapeseed oil expeller was unchanged in Kota, New Delhi and Mumbai while it fell in Jaipur, Ganganagar, Neewai, and Hapur. Prices rose in Kolkata and Gujarat. Prices of Kacchi ghani fell across board in India except Hapur where prices rose at the end of the week.



Prices of rapeseed oil were sideways to lower last week on lower prices of rapeseed.

Prices fell on seasonal downtrend of prices.

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.

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 sowntrend of prices, fall in prices of rapeseed due to higher sowing of rapeseed.

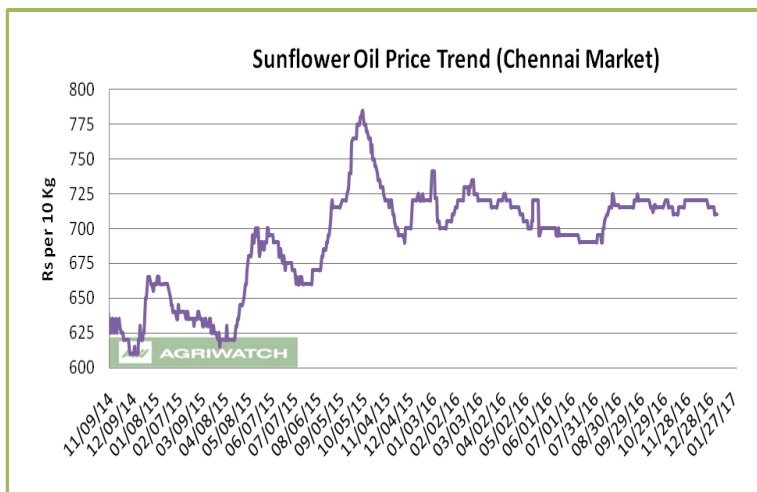
- All India sowing of rapeseed has reached 69.53 lakh hectares on 6 January 2017 compared to 62.76 lakh hectares in corresponding period last year.
- India imported 0.32 lakh tons of rapeseed (Canola) oil in November 2016 v/s 0.25 lakh tons in November 2015, lower by 28 percent y-o-y: SEA
- CIF canola premium over soybean oil is USD 29 (USD 24 last week) per ton as on January 6, 2017. 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 805 (Rs 815) per 10 Kg, and at Kota market, it is offered at Rs 800 (Rs 800) per 10 kg as on January 6, 2017. 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 closed higher in Hyderabad while it fell in Kakinada at the end of week. Prices were unchanged in Mumbai and kandla/Mudra. Sunflower expeller prices fell in Erode and Hyderabad while prices were unchanged in Latur while it fell in Chellakere.
- Agriwatch view: Prices of sunflower oil traded lower in Chennai on weak demand.



Prices of sunflower oil fell in Chennai compared to rise in prices at CNF markets indicating weak domestic 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.

Discount of CSFO over CDSO at CNF has decreased to USD -28.5 (USD -31 last week) per ton for JFM delivery indicating weaker demand of sunflower oil compared to soy oil at CNF markets.

Sunflower oil is trading at discount to soy oil in domestic market despite being superior oil indicates weak demand.

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 -28.5 (USD -31 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.

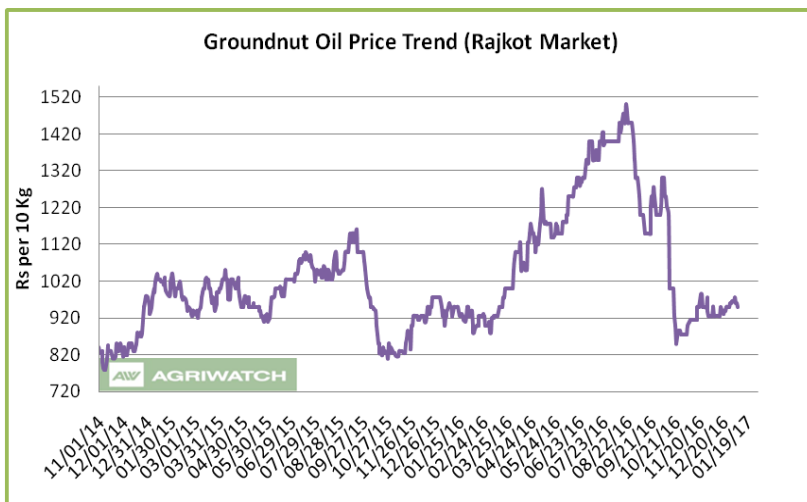
- According to APK-Info, Ukraine exported record volumes of sunflower oil in November. Exports of sunflower oil were at 535.6 tshd tons, higher by 23 percent compared to October and 44 percent compared to November 2015. In the period (September-November), Ukraine exported 1.24 MMT of sunflower oil, higher 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 1.38 lakh hectares on 6 January 2017 compared to 2.91 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 822.5 (USD 820) per ton for JFM delivery and AMJ delivery is quoted at USD 822.5 (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 -28.5 (USD -31 last week) per ton for JFM delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 710 (Rs 715) per 10 Kg, and at Hyderabad market, it is offered at Rs 722 (Rs 736) per 10 kg as on January 6, 2017. 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 downtrend in Rajkot in week in review firm supply of raw material. Prices in Jamnagar and Gondal fell while . prices closed unchanged in Chennai Hyderabad and New Delhi at the end of week.
- Agriwatch view: Prices of groundnut oil featured downtrend at its benchmark market on and firm supply of groundnut in market.



Prices of groundnut fell last week due to higher farmer release of groundnut while led to fall in its prices.

Lower prices of groundnut and higher supply led to higher crushing of groundnut, which underpin prices of groundnut oil.

Farmers have increased the release of groundnut. Groundnut prices have improved from lows in October when NAFED and Gujarat state corporative union stepped in to shore up prices. As the prices improved farmer release increased.

Millers are now getting raw material and crushing has improved. Demand is firm on demand season in Gujarat.

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

Higher sowing of groundnut has affected sentiment.

Groundnut oil prices are expected to trade sideways to weak in near term due to firm supply of groundnut in near term.

- All India sowing of groundnut has reached 4.29 lakh hectares on 6 January 2017 compared to 3.88 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 9,650) per quintal and it was quoted at Rs 9,300 (Rs 9,300) per quintal in Chennai market on January 6, 2017. Values in brackets are values of last week
- Groundnut oil prices are likely to trade sideways to weak in the coming days.

Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 900-1000 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-
Domestic Front

- Coconut oil prices featured downtrend during the week at its benchmark market in Kangayam on weak demand. In Kochi prices rose while prices fell in Trissur at the end of the week.
- Agriwatch view: Coconut oil prices showed downtrend during the week, on weak demand.

Demand from North has waned due to winters.

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

However, millers are getting sufficient amount of copra. Supply of copra has increased with rise in prices of copra in the market.

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

Weak demand from traders and upcountry buyers has underpin prices and they expect lower pieces in future will only venture when prices correct.

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

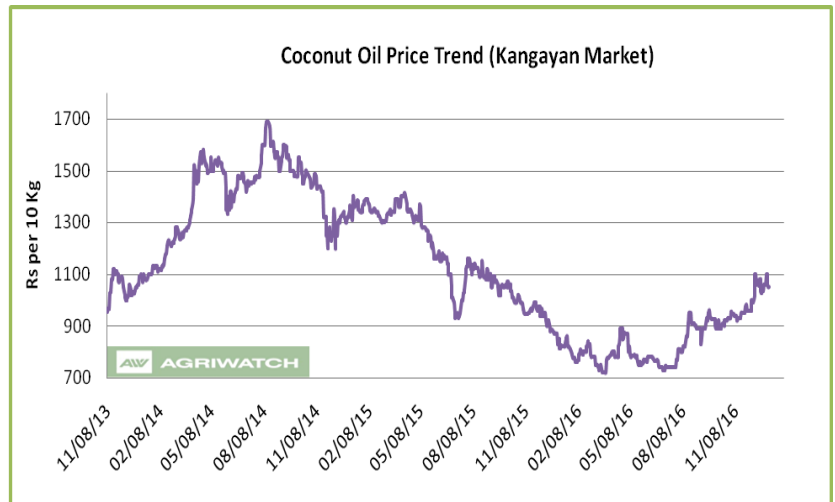
Corporate demand accounts for 80 percent of demand are moderate.

Regular supply of coconut oil has improved. However, demand is weak which underpin prices.

Coconut oil prices are expected to be firm due to improvement of demand, export demand, weak production and rise in prices of copra.

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

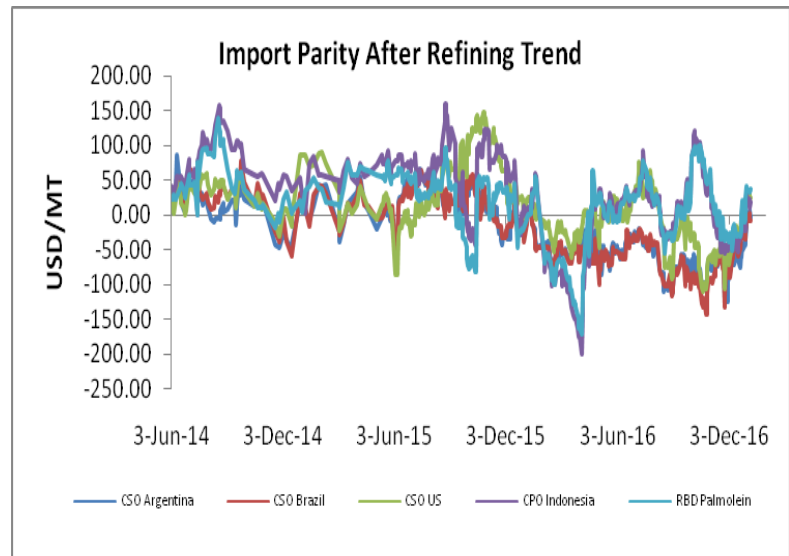
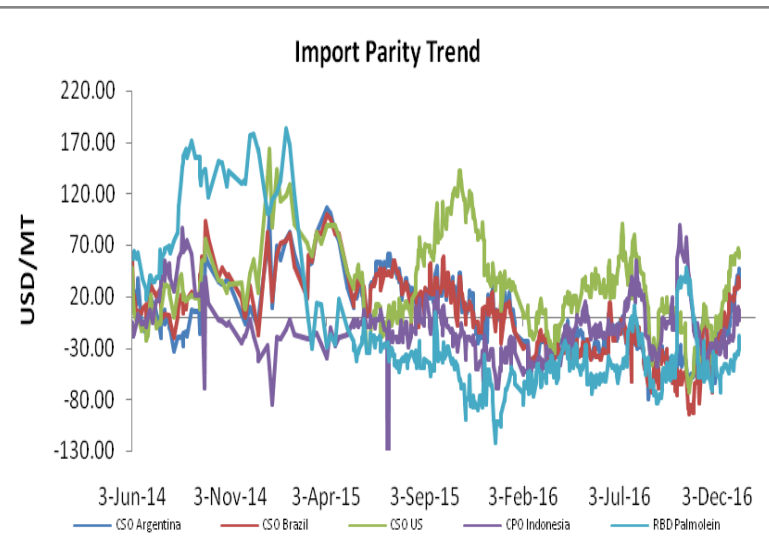
- According to Coconut Development Board (CDB), India exported 23378.35 tons of coconut oil in the period April-October compared to 4365.04 tons of coconut oil in corresponding period last year, higher by 435 percent. Malaysia, Indonesia and UAE were top destinations of exports. Imports of coconut oil were negligible in the period April-October compared to 3964.93 tons in corresponding period last year. Primary reason of higher exports and lower imports is lower prices of coconut oil in domestic market.
- India produced 0.33 lakh tons of coconut oil in December. Cumulative production of coconut oil in the same period is 5.46 lakh tons.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 10,600 (10,700) per quintal, and was quoting Rs 10,500 (Rs 10,600) per quintal in Erode market on December 6, 2017.



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)

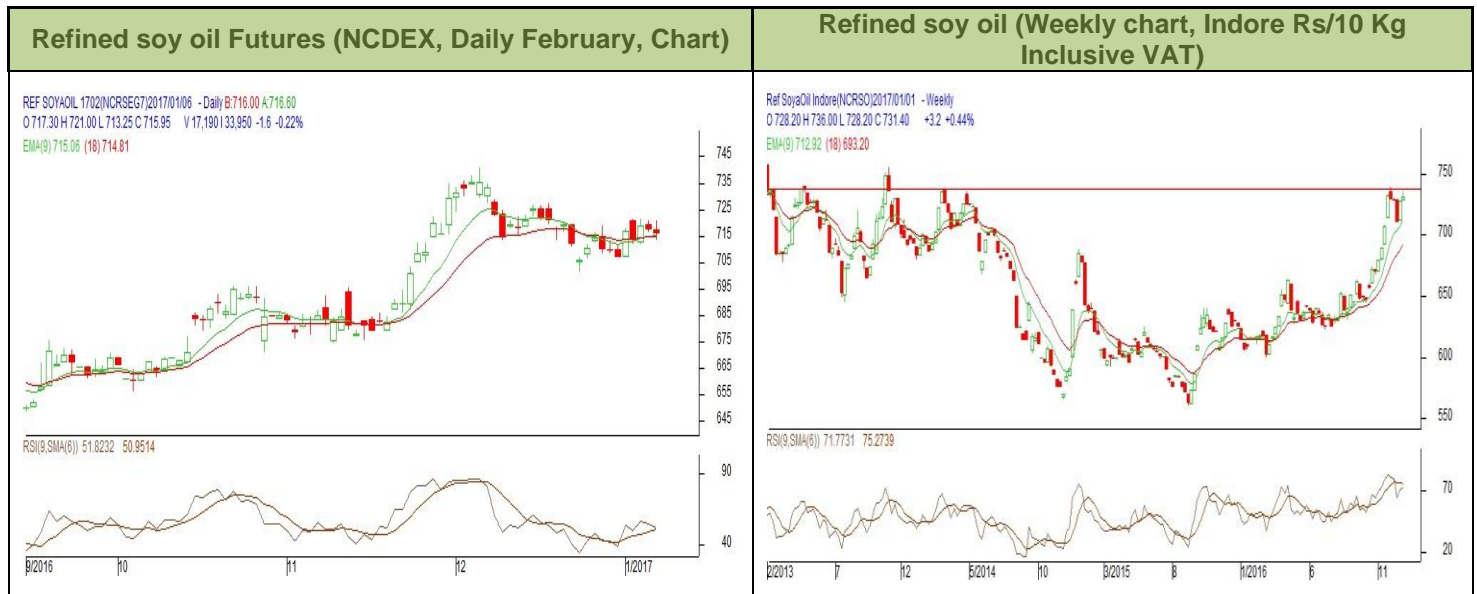


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Nov, 2016	-77.74	-81.04	-56.37	-23.77	-8.06
Dec, 2016	-56.82	-47.47	-21.57	-26.81	-17.48

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 700-760 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in market.

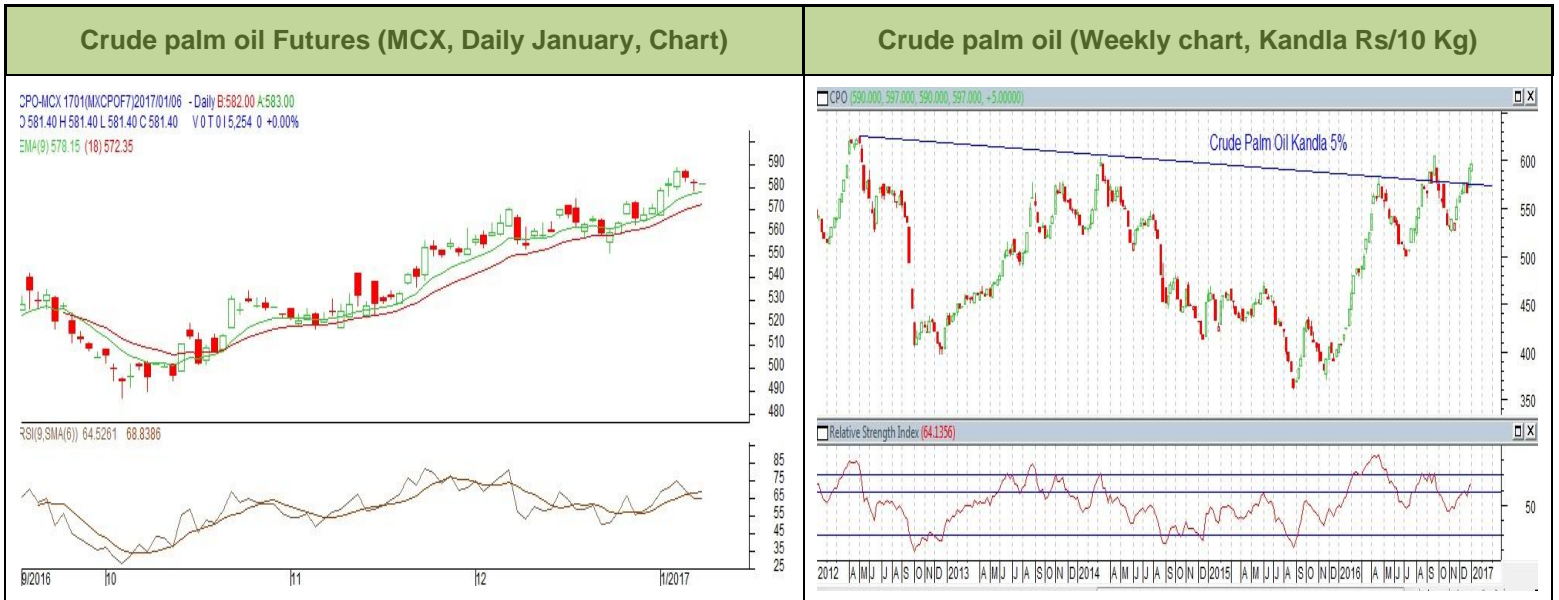
Strategy: Market participants are advised to go long above 710 levels for a target of 730 and 735 with a stop loss at 700 on closing basis.

RSO NCDEX (February)

Support and Resistance				
S2	S1	PCP	R1	R2
689.00	695.00	718.00	729.00	744.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 710-770 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 600 in weekly chart may bring the prices to 610 levels.
- Expected price band for next week is 560-610 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 580 for a target of 600 and 605 with a stop loss at 565 on closing basis.

CPO MCX (January)

Support and Resistance				
S2	S1	PCP	R1	R2
539.00	551.00	586.2	600.00	620.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 570-630 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		6-Jan-17	30-Dec-16	
Refined Soybean Oil	Indore	735	728	7
	Indore (Soy Solvent Crude)	705	692	13
	Mumbai	725	730	-5
	Mumbai (Soy Degum)	680	685	-5
	Kandla/Mundra	730	720	10
	Kandla/Mundra (Soy Degum)	702	695	7
	Kolkata	730	730	Unch
	Delhi	760	780	-20
	Nagpur	719	723	-4
	Rajkot	720	720	Unch
	Kota	740	740	Unch
	Hyderabad	713	703	10
	Akola	758	761	-3
	Amrawati	758	761	-3
	Bundi	745	740	5
	Jalna	NA	NA	-
	Alwar	NA	NA	-
Solapur	NA	NA	-	
Dhule	NA	NA	-	
Palm Oil	Kandla (Crude Palm Oil)	597	592	5
	Kandla (RBD Palm oil)	615	600	15
	Kandla RBD Pamolein	625	620	5
	Kakinada (Crude Palm Oil)	565	565	Unch
	Kakinada RBD Pamolein	615	615	Unch
	Haldia Pamolein	620	615	5
	Chennai RBD Pamolein	625	625	Unch
	KPT (krishna patnam) Pamolein	615	610	5
	Mumbai RBD Pamolein	625	628	-3
	Delhi	680	680	Unch
	Rajkot	620	610	10
	Hyderabad	618	618	Unch
	Mangalore RBD Pamolein	625	625	Unch
	PFAD (Kandla)	465	465	Unch
	Refined Palm Stearin (Kandla)	525	525	Unch
Refined Sunflower Oil	Chennai	710	715	-5
	Mumbai	725	725	Unch
	Mumbai(Expeller Oil)	660	660	Unch

	Kandla	740	740	Unch
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	722	736	-14
	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	660	670	-10
	Erode (Expeller Oil)	735	745	-10
Groundnut Oil				
	Rajkot	950	965	-15
	Chennai	930	930	Unch
	Delhi	950	950	Unch
	Hyderabad *	1030	1010	20
	Mumbai	1020	1020	Unch
	Gondal	950	965	-15
	Jamnagar	950	965	-15
Rapeseed Oil/Mustard Oil				
	Jaipur (Expeller Oil)	805	815	-10
	Jaipur (Kacchi Ghani Oil)	841	851	-10
	Kota (Expeller Oil)	800	800	Unch
	Kota (Kacchi Ghani Oil)	840	852	-12
	Neewai (Kacchi Ghani Oil)	777	830	-53
	Neewai (Expeller Oil)	822	785	37
	Bharatpur (Kacchi Ghani Oil)	840	860	-20
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	805	815	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	835	845	-10
	Mumbai (Expeller Oil)	800	800	Unch
	Kolkata(Expeller Oil)	1020	1010	10
	New Delhi (Expeller Oil)	860	860	Unch
	Hapur (Expeller Oil)	880	Closed	-
	Hapur (Kacchi Ghani Oil)	992	Closed	-
	Agra (Kacchi Ghani Oil)	845	865	-20
Refined Cottonseed Oil				
	Rajkot	685	685	Unch
	Hyderabad	680	685	-5
	Mumbai	690	695	-5
	New Delhi	695	695	Unch
Coconut Oil				
	Kangayan (Crude)	1050	1060	-10
	Cochin	1070	1050	20
	Trissur	1060	1070	-10

Sesame Oil	New Delhi	780	780	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	830	830	Unch
Rice Bran Oil (40%)	New Delhi	515	530	-15
Rice Bran Oil (4%)	Punjab	600	610	-10
Rice Bran Oil (4%)	Uttar Pradesh	600	610	-10
Malaysia Palmolein USD/MT				
	FOB	753	750	3
	CNF India	773	775	-2
Indonesia CPO USD/MT				
	FOB	758	748	10
	CNF India	778	775	3
RBD Palm oil (Malaysia Origin USD/MT)	FOB	750	748	2
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	758	760	-2
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1800	1770	30
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	695	695	Unch
Crude palm Kernel Oil India (USD/MT)	CNF India	1690	1680	10
Ukraine Origin CSFO USD/MT Kandla	CIF	825	820	5
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	-
Argentina FOB (\$/MT)				
		5-Jan-17	29-Dec-16	Change
Crude Soybean Oil Ship		809	810	-1
Refined Soy Oil (Bulk) Ship		837	838	-1
Sunflower Oil Ship		755	750	5
Cottonseed Oil Ship		789	790	-1
Refined Linseed Oil (Bulk) Ship		Unq	Unq	-
* indicates including VAT				

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