

# 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, palm oil and coconut oil closed higher while sunflower oil and groundnut oil closed sideways. Rapeseed oil closed lower.*

*On the currency front, Indian rupee against USD closed at 68.15, up 20 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 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 720 levels for a target of 735 and 740 with a stop loss at 710 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 580-630 per 10 Kg in the near term.*

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

*Malaysia's January 1-10 palm oil exports rose 10.7 percent to 338,777 tons compared to 305,990 tons in the corresponding period last month. Top buyers were China at 50,000 tons (38,025 tons), European Union at 27,760 tons (55,405 tons), United States at 14,100 tons (12,875 tons), Pakistan at 7,000 tons (14,150 tons) and India at 4,500 tons (46,000 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, growth of end stocks in Malaysia, firm demand from China, strong crude oil prices, support from competitive 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](http://www.agriwatch.com). The daily indices are available on subscription. Please contact for more details."

### Soy oil Fundamental Analysis and Outlook:-

#### Domestic Front

- Soy oil featured uptrend at its benchmark market in Indore during the week on firm demand. Prices closed higher in Mumbai, Kandla/Mudra and Kolkata. CDSO prices closed unchanged 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.

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 increased in December compared to November while it was below December 2015. However, soy oil stocks at ports and pipelines increased in December indicating weak demand.

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.

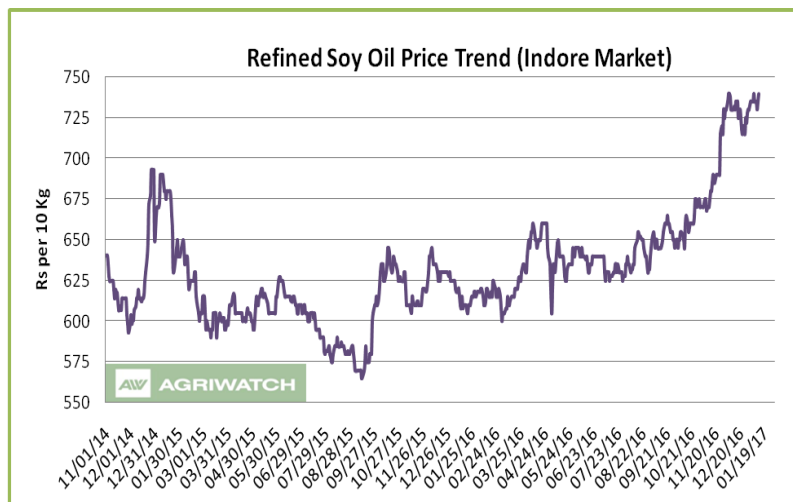
Soy oil is at disparity parity at high seas and refining margins are negative. With low soy oil premium over palm oil, demand may firm up in coming months.

Soy oil premium over palm oil has decreased to Rs 130 (Rs 142 last week) per 10 Kg may support soy oil prices in domestic markets. In USD terms, premium of soy oil over palm oil, which was quoted at USD 86.5 (USD 78.5 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 firmer 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 2.32 lakh tons of soy oil in December 2016 v/s 4.90 lakh tons in December 2015, down 52.7 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's December edible oil imports fell 16.7 percent y-o-y to 11.74 lakh tons from 14.09 lakh tons in December 2015. Palm oil imports fell 8.6 percent y-o-y to 7.23 lakh tons y-o-y from 7.91 lakh tons in December 2015. CPO Imports fell 14.2 percent y-o-y to 4.73 lakh tons from 5.51 lakh tons in December 2015. RBD palmolein imports rose 6 percent y-o-y to 2.46 lakh tons from 2.32 lakh tons in December 2015. Soy oil imports fell 52.7 percent y-o-y to 2.32 lakh tons from 4.90 lakh tons in December 2015. Sunflower oil imports rose 44.3 percent y-o-y to 1.85 lakh tons from 1.03 lakh ton in December 2015. Rapeseed (Canola) oil imports rose 27 percent y-o-y to 0.33 lakh tons from 0.26 lakh tons in December 2015.



- According to Solvent Extractors Association (SEA), India's December edible oil stocks at ports and pipelines rose 1.1 m-o-m to 18.45 lakh tons from 18.25 lakh tons in November 2016. Stocks of edible oil at ports rose to 695,000 tons (655,000 tons last month) which includes (CPO 240,000 tons, RBD Palmolein 145,000 tons, Degummed Soybean Oil 210,000 tons, Crude Sunflower Oil 90,000 tons and 10,000 tons of Rapeseed (Canola) Oil) and about 1,150,000 tons in pipelines (stocks in pipelines were at 1,170,000 tons in November). India is presently holding 34 days of edible oil requirement on 1st January, 2016 at 18.45 lakh tons compared to 33 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.
- According to United States Department of Agriculture (USDA) January estimate, India's 2016/17 soy oil end stocks is estimated to rise to 0.45 MMT compared to 0.37 MMT in December estimate. Opening stocks are increased to 0.53 MMT from 0.45 MMT in January estimate. Production of soy oil is increased to 1.62 MMT from 1.51 MMT. Imports were unchanged at 3.8 MMT. Domestic consumption is increased to 5.5 MMT from 5.4 MMT. Higher end stocks are due to higher opening stocks and higher partially set off by higher domestic consumption.
- India's soy meal and its other value added products (HS Code 2304) during December 2016 is 2,41,256 tons compared to 28,870 tons in December 2015 showing an increase of 735.6% over the corresponding period last year. On a financial year basis, the export during April'2016 to December'2016 stood at 4,46,130 tons as compared to 3,02,304 tons in the same period of previous year showing an increase of 47.58%. During current Oil year, (October – September), total exports during October 2016 to December, 2016 is 3,70,398 tons as against 1,00,776 tons last year, showing an increase by 267.55%. France (87150 MT), Bangladesh (80300 MT), Japan (39459.48 MT), Myanmar (21686 MT) and Oman (5705 MT) were the key buyers of Indian origin meal in December.
- Imported crude soy oil CIF at West coast port is offered at USD 879 (USD 851) per ton for January delivery. February delivery is offered at USD 879 (USD 851) per ton and March delivery is offered at USD 855 (USD 851 per ton) as on January 13, 2017. 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 20-25/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 – USDA increased US 2016/17 soy oil end stocks in its January report on higher extraction rate. Higher end stocks of soy oil will underpin soy oil prices in medium term. USDA decreased prices range of soy oil in its January estimate.  
USDA decreased soybean crop of US on lower planted and harvested area and lower yield, which led to lower stocks of soybean in US in 2016/17 which will support soybean complex prices in medium term.  
USDA kept Argentina's 2016/17 soybean crop estimate at 57 MMT in its January estimate despite reports of lower planting area initially due to dryness and later due to wet conditions. Argentina government has reduced soybean crop of the country to 56 MMT from 58.8 MMT in 2015/16.

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 forecasted, as January is the wettest month of grains, which may adversely affect crop at maturing stage.

However, USDA increased soybean crop estimate in Brazil to 105 MMT in 2016/17 on larger area and favorable weather conditions. Many agencies including Brazil state agency CONAB has increased its soybean estimate. If favorable weather continues until harvest then soybean crop will be increased further.

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.

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.

China's import of soybean in December was 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 of soy oil from top importing destinations.

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

- After AgRural and Conab, Agroconsult has raised the Brazil's 2016/17 soybean production projection to 104.4 million tons from 102.6 million tons estimated in November. The raise is attributed to favorable weather conditions which helped in boost the yield potential. Brazil's 2015/16 soybean production fell due to the unfavorable weather condition and the country could harvest only 96.3 million tons of soybean.
- Conab, the Brazilian government agency, has raised the Brazil's 2016/17 soybean production forecast to 103.8 million tons from its December forecast of 102.45 million tons. The raise is attributed to the favorable weather which has boosted the yield. Brazil's 2015/16 soybean production stood at 95.4 million tons, when the production was hit due to the dry weather conditions. Further Brazil is likely to export 57 million tons of soybean in 2016/17 compared to 51.6 million tons in 2015/16.
- According to United States Department of Agriculture (USDA) January estimate, U.S 2016/17 ending stocks of soy oil is estimated to rise to 1,652 million lbs from 1,522 million lbs in January estimate. Opening stocks were unchanged at 1,687 million lbs. Production of soy oil in 2016/17 is estimated to rise to 22,390 million lbs from 22,290 million lbs. Imports in 2016/17 are unchanged at 275 million lbs. Biodiesel use in 2016/17 was unchanged at 6,200 million lbs. Food, feed and other industrial use in 2016/17 were unchanged at 14,350 million lbs. Exports in 2016/17 are kept unchanged at 2,150 million lbs. Average price range estimate is decreased to 34 - 37 cents/lbs from 34.5-37.5 cents/lbs in January estimate. Rise in end stock is due to higher production of soy oil on higher recovery of soy oil from soybean.
- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in December rose 49 percent to 7.6 lakh tons compared to 5.1 lakh tons in November. Imports fell 1.3 percent

from December 2015 which was at 7.7 lakh tons. Year to date imports of edible vegetable oil fell 18.3 percent to 55.30 lakh tons.

- 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.
- 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 rise in BMD Malaysia. CPO prices in Kakinada rose at the end of the week.
- Agriwatch View – Prices of CPO closed higher on rise in BMD Malaysia. BMD Malaysia has closed at record levels on Friday.

Prices of CPO rose less in India high seas compared to rise at CNF India indicating weaker demand at high

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

Imports of RBD palmolein is expected to remain firm as 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 weaker than CPO as premium RBD palmolein over CPO decreased to Rs 25 (Rs 30) per 10 kg.

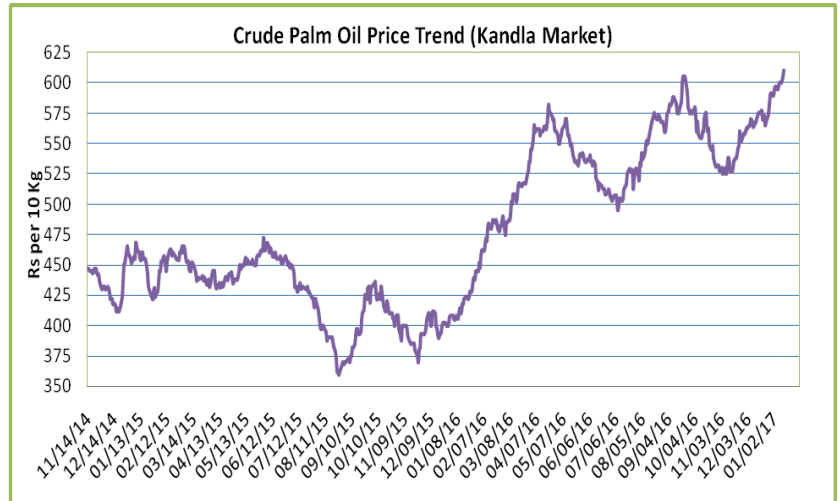
Positive refining margins will increase imports of CPO imports while parity in RBD palmolein will increase imports in medium term.

Import in palm oil in December was lower than December 2015 despite reduction of import duty indicating weak demand. Stocks at ports and pipelines increased in December.

Low CDSO CNF premium over CPO CNF will decrease imports of palm oil in medium term USD 86.5 (USD 78.5 last week) per ton. Premium of soy oil over CPO is Rs 130 (Rs 142 last week) per 10 kg will improve demand in medium term.

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

- Palm oil import scenario – According to SEA, India imported 7.23 lakh tons of palm oil in December 2016 v/s 7.91 lakh tons in December 2015, down 8.6 percent y-o-y. CPO imports slowed to 4.73 lakh tons in December compared to 5.51 lakh tons in December 2015, lower by 14.2 percent y-o-y. RBD palmolein imports rose 6 percent in December to 2.46 lakh tons from 2.32 lakh tons in December 2015.
- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 792.5 (USD 772.5) per ton for January delivery and February delivery is quoted at USD 795 (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 782.5 (USD 767.5) per ton for January delivery while February delivery is offered at USD 785 (USD 765) per ton. Ready lift CPO duty paid prices quoted at Rs 607 (Rs 595) per 10 Kg and January delivery duty paid is offered at Rs 597 (Rs 590) per 10 kg on January 13, 2017. Last month, CIF RBD palmolein December average price was USD 771.40 (USD 730.62 last month) per ton. Values in bracket depict last week quotes.





- On the parity front, margins weakened during this week due to rise in palm products prices in India. Currently refiners fetch USD 0-5/ton v/s USD 20-25/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 25-30/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 – Palm oil end stocks unexpectedly rose in Malaysia in December on lower fall in production palm oil. Exports were weak in December.

However, exports from Malaysia in first 10 days of January rose on firm demand from China and EU. China is buying more ahead of Chinese New Year and EU is buying more as rapeseed crop was lower than last year.

Demand from India was weak as demand is weak in domestic markets and at CNF markets. India is buying more RBD palmolein from Malaysia as it is offered at discount to CPO at CNF India.

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 January in Malaysia due to lingering effect of El Nino, which will last until March 2017.

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 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 and Indonesia will soak incremental palm oil production in near term.

Depreciation of Ringgit will support prices in medium term.

Higher crude oil prices will help CPO prices.

Competitive oils will support palm oil prices.

Prices are in range.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's January 1-10 palm oil exports rose 10.7 percent to 338,777 tons compared to 305,990 tons in the corresponding period last month. Top buyers were China at 50,000 tons (38,025 tons), European Union at 27,760 tons (55,405 tons), United States at 14,100 tons (12,875 tons), Pakistan at 7,000 tons (14,150 tons) and India at 4,500 tons (46,000 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's January 1-10 palm oil exports rose 8.1 percent to 351,907 tons compared to 325,509 tons in corresponding period last month. Top buyers were China

at 50,000 tons (34,525tons), India & subcontinent at 34,000 tons (79,650 tons) and European Union at 26,760 tons (110,009 tons). Values in brackets are figures of corresponding period last month.

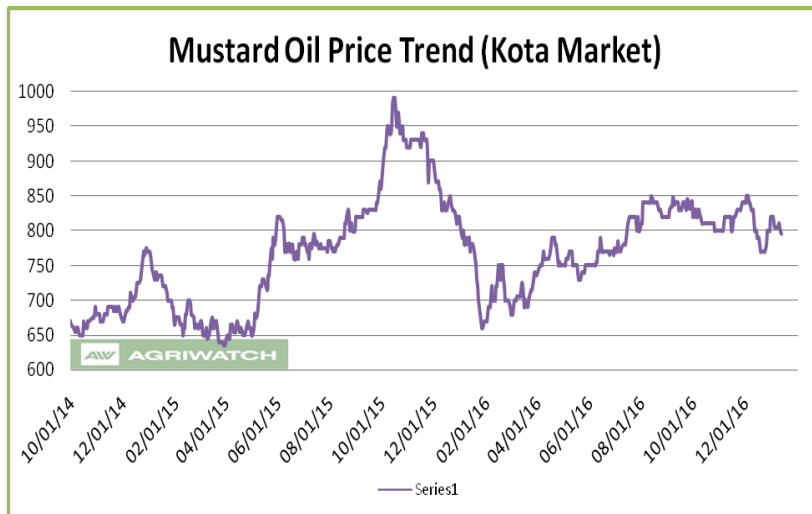
- According to Malaysia Palm Oil Board (MPOB), Malaysia's December palm oil end stocks rose 0.2 percent to 16.65 lakh tons compared to 15.63 lakh tons in November. Market expectation was fall of end stocks. Production dropped 6.43 percent in December to 14.74 lakh tons compared to 15.75 lakh tons in November. Exports in December fell 7.48 to 12.64 lakh tons compared to November exports at 13.70 lakh tons. Imports in December fell 35.79 percent to 0.36 lakh ton compared to 0.57 lakh tons in November.

**Price Outlook:** We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 580-630 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 fall in prices of rapeseed. Benchmark market in Kota closed lower at the end of the week.
- Agriwatch view: Prices of rapeseed oil expeller fell across board in India. Prices of Kacchi ghani fell in Kota, Jaipur, Ganganagar, Neewai and Hapur while it remained unchanged at Bharatpur and Agra.



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

Prices fell on seasonal downtrend of prices.

Higher sowing of rapeseed in Rabi season has put pressure on rapeseed oil.

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

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

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

Markets are expected to trade sideways to weak tone in coming days on seasonal downtrend of prices, weak demand, fall in prices of rapeseed due to higher sowing of rapeseed and higher imports of rapeseed (canola) oil.

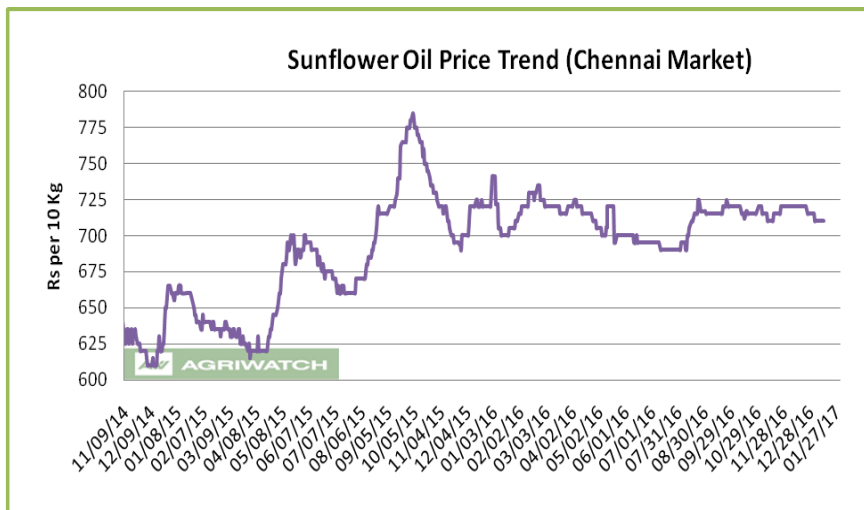
- All India sowing of rapeseed has reached 69.86 lakh hectares on 13 January 2017 compared to 62.87 lakh hectares in corresponding period last year.
- India imported 0.33 lakh tons of rapeseed (Canola) oil in December 2016 v/s 0.26 lakh tons in December 2015, lower by 27 percent y-o-y: SEA
- CIF canola premium over soybean oil is USD 16 (USD 29 last week) per ton as on January 13, 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 795 (Rs 805) per 10 Kg, and at Kota market, it is offered at Rs 770 (Rs 800) per 10 kg as on January 13, 2017. 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 730-810 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

- Sunflower oil prices featured sideways trend during the week at its benchmark market in Chennai on firm demand and firm supply. Prices closed sideways in Hyderabad while it fell in Kakinada at the end of week. Prices remained unchanged in Mumbai while it fell in Kandla/Mudra. Sunflower expeller prices rose in Erode while it fell in Hyderabad. Prices remained unchanged in Latur and Chellakere.



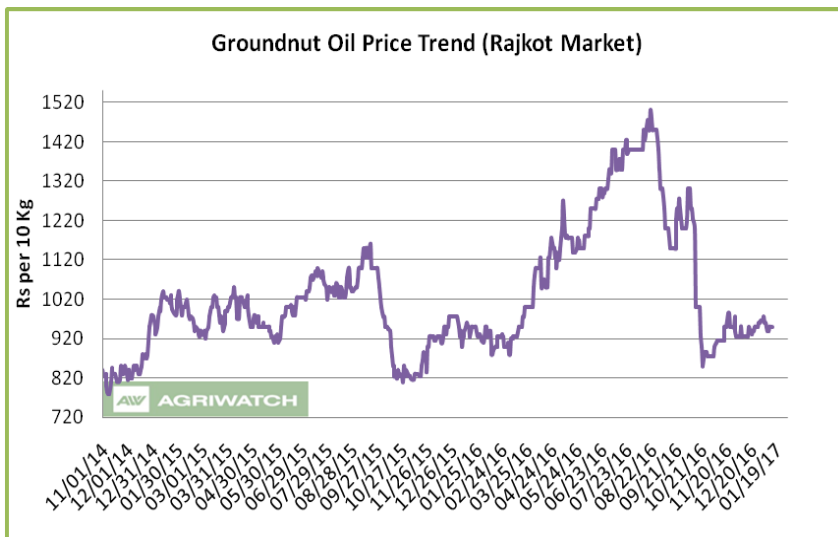
- Agriwatch view: Prices of sunflower oil traded sideways in Chennai on firm demand and firm supply. Prices of sunflower are generally sideways to weak when local oils are there in market like groundnut oil, rice bran oil and cottonseed oil. Prices were supported by rise in soy and palm oil prices in domestic markets. Discount of CSFO over CDSO at CNF has increased to USD -56.5 (USD -28.5 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, which will increase demand in medium term. Supply has improved in markets as imports rose 44.3 percent in November and stocks at ports and pipelines were unchanged indicating firm 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 -56.5 (USD -28.5 last week) per ton for JFM delivery. On the international front 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 firm on firm demand. Prices are expected to trade sideways to firm in near term.
- All India sowing of sunflower has reached 1.42 lakh hectares on 13 January 2017 compared to 2.96 lakh hectares in corresponding period last year.
- Sunflower oil import scenario – According to SEA, India imported 1.85 lakh tons of crude sunflower oil during December 2016 v/s 1.03 lakh tons in December 2015, higher by 44.3 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 822.5) per ton for JFM delivery and AMJ delivery is quoted at USD 822.5 (USD 822.5) 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 790-850 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD -56.5 (USD -28.5 last week) per ton for JFM delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 710 (Rs 710) per 10 Kg, and at Hyderabad market, it is offered at Rs 722 (Rs 722) per 10 kg as on January 13, 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 sideways trend in Rajkot in week in review firm supply and firm demand. Prices in Jamnagar remained unchanged while it fell in Gondal. Prices closed higher in Chennai while it closed unchanged in Hyderabad. Prices fell in New Delhi and Mumbai at the end of week.
- Agriwatch view: Prices of groundnut oil featured mixed trend in different markets on firm supply and firm demand.



Prices of groundnut fell last week due to higher farmer release. Rabi sowing of groundnut has very encouraging. Rise in palm and soy oil prices supported

Rise in demand due to lower prices has led to firm demand.

Lower prices of groundnut and higher supply led to higher crushing of groundnut coupled with firm demand led to sideways trend in prices.

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

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

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

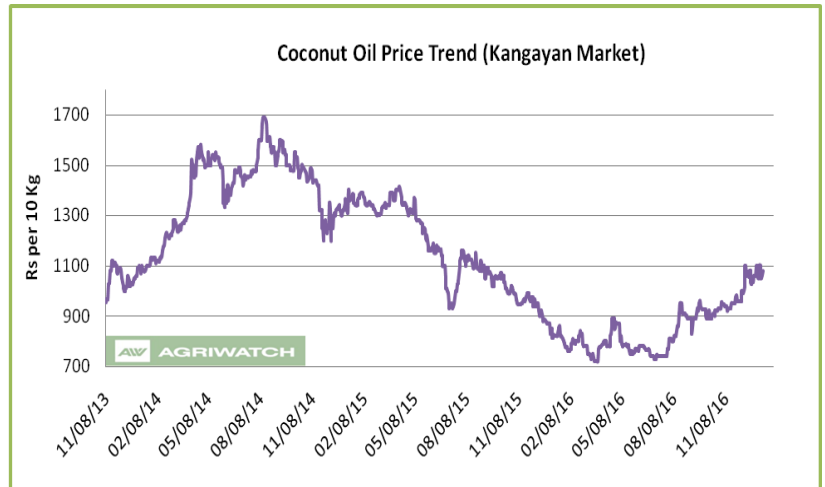
- All India sowing of groundnut has reached 4.58 lakh hectares on 13 January 2017 compared to 3.98 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,500 (Rs 9,500) per quintal and it was quoted at Rs 9,500 (Rs 9,300) per quintal in Chennai market on January 13, 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 uptrend during the week at its benchmark market in Kangayam on firm demand ahead of Pongal. In Kochi and Trissur prices rose at the end of the week.
- Agriwatch view: Coconut oil prices showed uptrend during the week, on firm demand ahead of Pongal. Demand from North India has waned due to winters.



Rise in prices of copra supported prices.

Moreover, rise in palm oil prices supported.

Exports are firm which supported prices.

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

Crushing of coconut oil has improved and millers are not holding produce, as they are not confident of prices.

Weak demand from traders and upcountry buyers has underpin prices as they are not confident of prices and are depending on ready markets.

Coconut crop is severely affected by lower monsoon rains, which has decreased harvest of coconut, which has led to higher prices of copra and supported coconut oil prices.

Corporate demand accounts for 80 percent of demand are moderate.

Regular supply of coconut oil has improved. However, demand is moderate which will support 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.

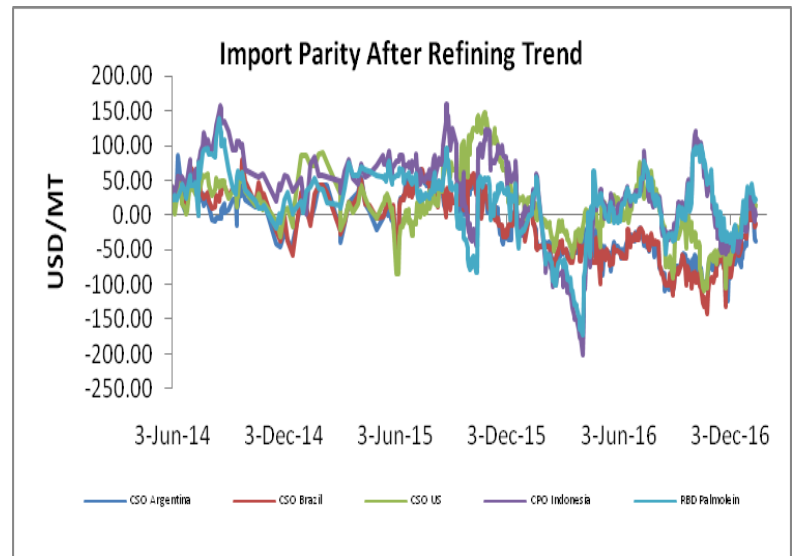
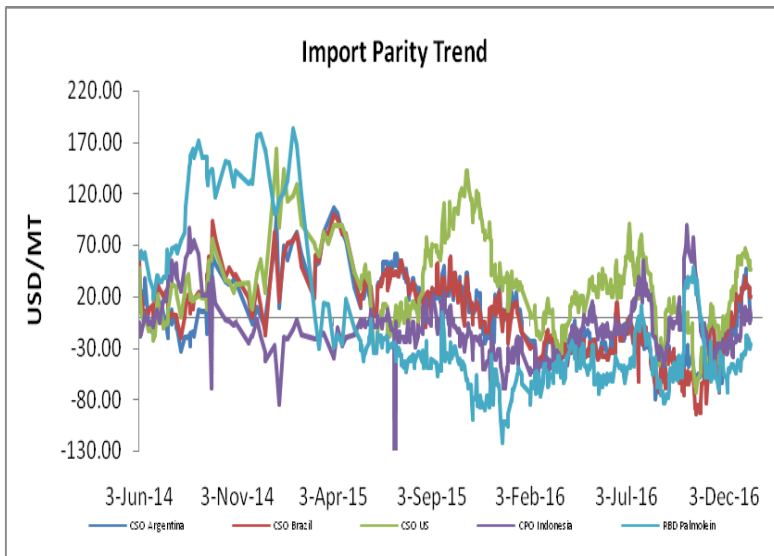
- According to Coconut Development Board (CDB), India exported 23378.35 tons of coconut oil in the period April-October compared to 4365.04 tons of coconut oil in corresponding period last year, higher by 435 percent. Malaysia, Indonesia and UAE were top destinations of exports. Imports of coconut oil 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 11,120 (10,600) per quintal, and was quoting Rs 10,800 (Rs 10,500) per quintal in Erode market on January 13, 2017.

**Price Outlook:** Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1040-1150 per 10 Kg.



### Import Parity Trend

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

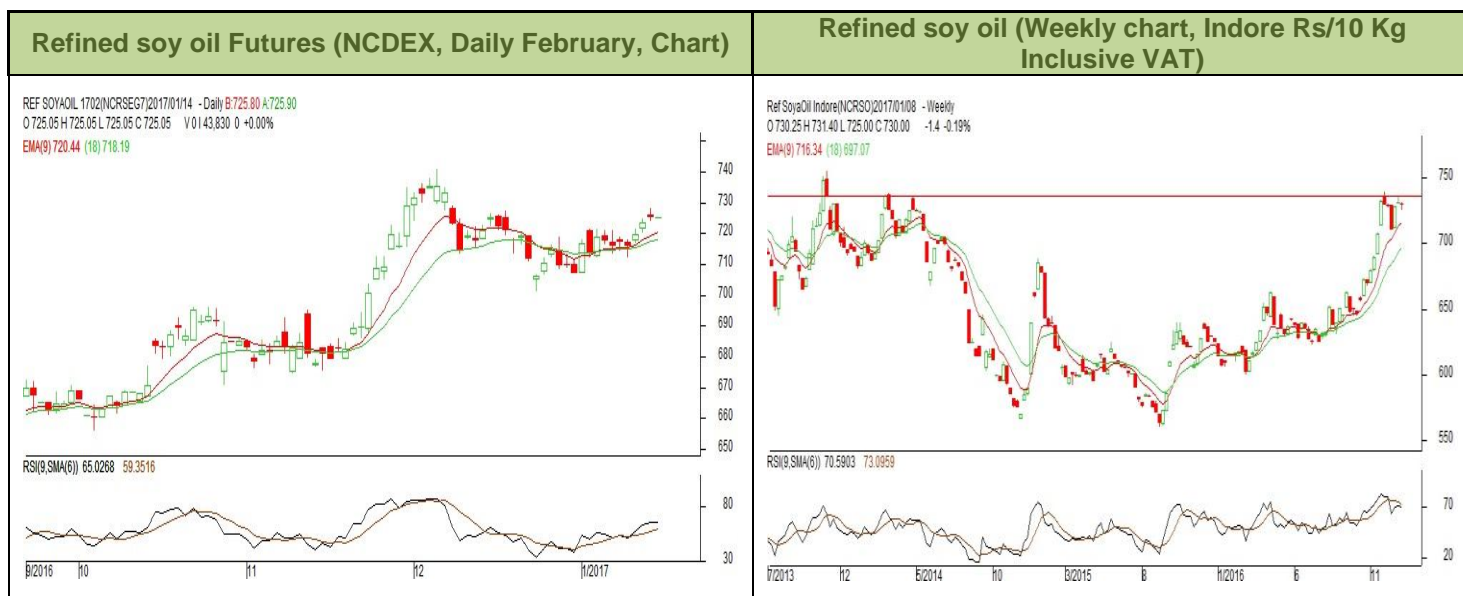


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Nov, 2016</b>	-77.74	-81.04	-56.37	-23.77	-8.06
<b>Dec, 2016</b>	-56.82	-47.47	-21.57	-26.81	-17.48

### 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 740 in weekly might take the prices below 760 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.

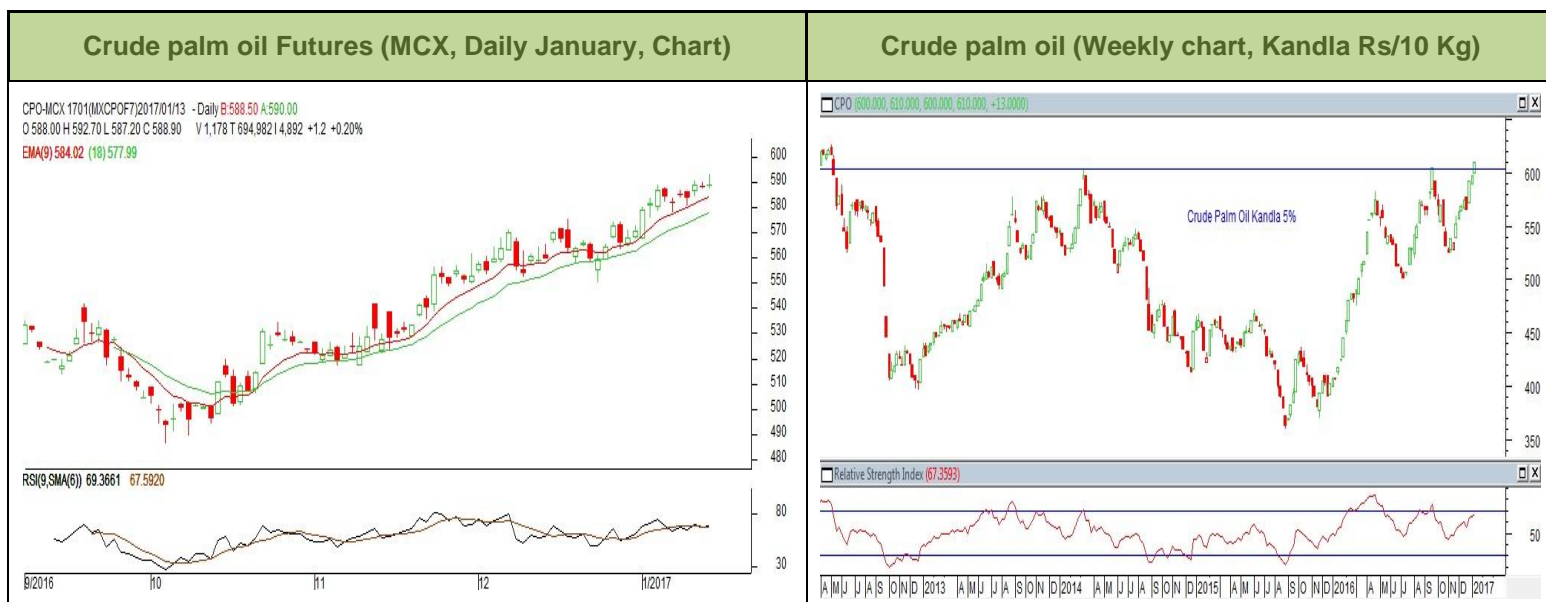
**Strategy:** Market participants are advised to go long above 720 levels for a target of 735 and 740 with a stop loss at 710 on closing basis.

#### RSO NCDEX (February)

Support and Resistance				
S2	S1	PCP	R1	R2
689.00	695.00	725.05	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 620 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	588.9	600.00	620.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 580-630 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		13-Jan-17	6-Jan-17	
Refined Soybean Oil	Indore	740	735	5
	Indore (Soy Solvent Crude)	705	705	Unch
	Mumbai	730	725	5
	Mumbai (Soy Degum)	680	680	Unch
	Kandla/Mundra	735	730	5
	Kandla/Mundra (Soy Degum)	705	702	3
	Kolkata	735	730	5
	Delhi	755	760	-5
	Nagpur	714	719	-5
	Rajkot	725	720	5
	Kota	750	740	10
	Hyderabad	703	713	-10
	Akola	752	758	-6
	Amrawati	752	758	-6
	Bundi	750	745	5
	Jalna	760	NA	-
	Alwar	NA	NA	-
	Solapur	760	NA	-
	Dhule	760	NA	-
Palm Oil	Kandla (Crude Palm Oil)	610	597	13
	Kandla (RBD Palm oil)	620	615	5
	Kandla RBD Pamolein	635	625	10
	Kakinada (Crude Palm Oil)	565	565	Unch
	Kakinada RBD Pamolein	620	615	5
	Haldia Pamolein	630	620	10
	Chennai RBD Pamolein	630	625	5
	KPT (krishna patnam) Pamolein	620	615	5
	Mumbai RBD Pamolein	635	625	10
	Delhi	680	680	Unch
	Rajkot	630	620	10
	Hyderabad	613	618	-5
	Mangalore RBD Pamolein	630	625	5
	PFAD (Kandla)	475	465	10
	Refined Palm Stearin (Kandla)	540	525	15
Refined Sunflower Oil	Chennai	710	710	Unch
	Mumbai	725	725	Unch
	Mumbai(Expeller Oil)	665	660	5

	Kandla	735	740	-5
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	722	722	Unch
	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	655	660	-5
	Erode (Expeller Oil)	740	735	5
Groundnut Oil	Rajkot	950	950	Unch
	Chennai	950	930	20
	Delhi	950	950	Unch
	Hyderabad *	1010	1030	-20
	Mumbai	1000	1020	-20
	Gondal	960	950	10
	Jamnagar	950	950	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	795	805	-10
	Jaipur (Kacchi Ghani Oil)	815	841	-26
	Kota (Expeller Oil)	770	800	-30
	Kota (Kacchi Ghani Oil)	815	840	-25
	Neewai (Kacchi Ghani Oil)	760	777	-17
	Neewai (Expeller Oil)	805	822	-17
	Bharatpur (Kacchi Ghani Oil)	840	840	Unch
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	795	805	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	820	835	-15
	Mumbai (Expeller Oil)	740	800	-60
	Kolkata(Expeller Oil)	980	1020	-40
	New Delhi (Expeller Oil)	815	860	-45
	Hapur (Expeller Oil)	875	880	-5
	Hapur (Kacchi Ghani Oil)	990	992	-2
	Agra (Kacchi Ghani Oil)	845	845	Unch
Refined Cottonseed Oil	Rajkot	700	685	15
	Hyderabad	670	680	-10
	Mumbai	690	690	Unch
	New Delhi	695	695	Unch
Coconut Oil	Kangayan (Crude)	1080	1050	30
	Cochin	1090	1070	20
	Trissur	1112	1060	52



Sesame Oil	New Delhi	780	780	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	790	830	-40
Rice Bran Oil (40%)	New Delhi	510	515	-5
Rice Bran Oil (4%)	Punjab	600	600	Unch
Rice Bran Oil (4%)	Uttar Pradesh	600	600	Unch
Malaysia Palmolein USD/MT	FOB	765	753	12
	CNF India	785	773	12
Indonesia CPO USD/MT	FOB	775	758	17
	CNF India	795	778	17
RBD Palm oil (Malaysia Origin USD/MT)	FOB	763	750	13
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	765	758	7
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1915	1800	115
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	705	695	10
Crude palm Kernel Oil India (USD/MT)	CNF India	1780	1690	90
Ukraine Origin CSFO USD/MT Kandla	CIF	825	825	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	-
Argentina FOB (\$/MT)		12-Jan-17	5-Jan-17	Change
Crude Soybean Oil Ship		831	809	22
Refined Soy Oil (Bulk) Ship		860	837	23
Sunflower Oil Ship		755	755	Unch
Cottonseed Oil Ship		811	789	22
Refined Linseed Oil (Bulk) Ship		Unq	Unq	-
* indicates including VAT				

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