

# Veg. Oil Weekly Research Report

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## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

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

*On the currency front, Indian rupee against USD closed at 68.18, up 3 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 mixed on oil specific fundamentals. Low stocks at ports and pipelines will support prices in near term.*

### **Recommendation:**

*Weekly Call - : Market participants are advised to go short below 720 levels for a target of 705 and 700 with a stop loss at 730 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 short in CPO below 585 for a target of 570 and 565 with a stop loss at 595 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 1-20 palm oil exports rose 20.8 percent to 733,002 tons compared to 606,937 tons in the corresponding period last month. Top buyers were European Union at 141,845 tons (129,445 tons), China at 113,050 tons (125,627 tons), India at 58,550 tons (65,525 tons), United States at 21,750 tons (14,075 tons) and Pakistan at 14,000 tons (14,150 tons). Values in brackets are figures of corresponding period last month: SGS*

*On the international front, higher stocks of soy oil in US, weak Chinese soybean demand, higher soybean crop in Brazil and higher dollar due to expected FED rate hike will underpin support soy oil prices in coming days.*

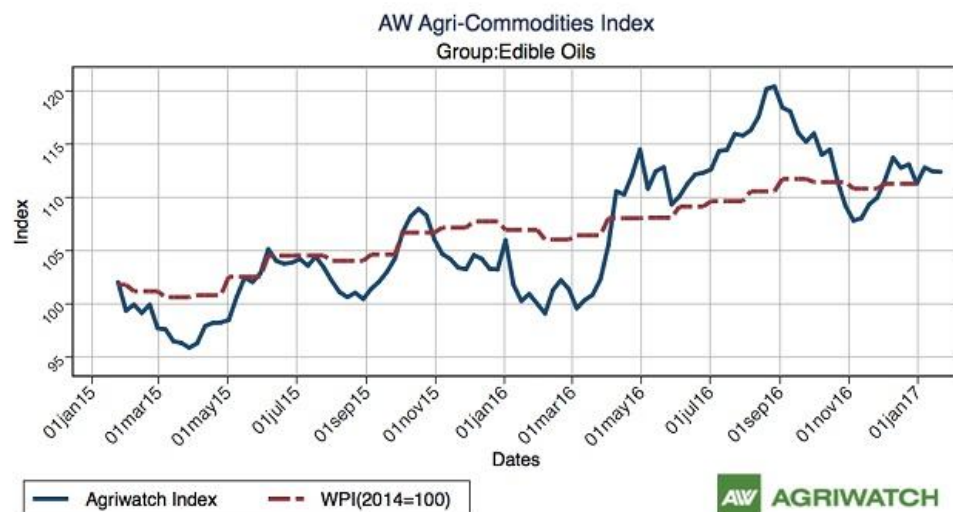
*Improving exports of palm oil from Malaysia, weak ringgit, slow growth of end stocks in Malaysia, weak palm oil production in Malaysia and supportive biodiesel and export policy will support CPO prices in near term.*

### Agriwatch Index



- The Agriwatch Agri Commodities Index gained 0.39% to 114.66 during the week ended Jan 21, 2017 from 114.21 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).
- Higher cereals, sugar and cotton prices were partially offset by continued weakness in vegetable prices and moderately lower prices of pulses and spices. Oilseeds and edible oils remained nearly unchanged for the week.

### Agriwatch edible oil index



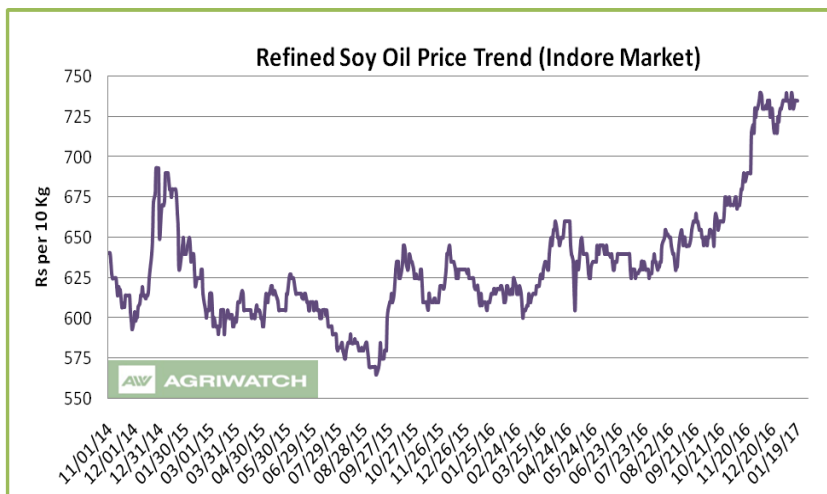
- Agriwatch edible oil index rose -0.05 percent in the week ended January 21, 2017 to 112.39.

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



CDSO prices showed mixed trend in India West coast.

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

Fall in soybean prices supported fall.

Fall in palm oil supported fall.

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 and underpin prices.

Soy oil is at 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 increased to Rs 135 (Rs 130 last week) per 10 Kg may underpin soy oil prices in domestic markets. In USD terms, premium of soy oil over palm oil, which was quoted at USD 61 (USD 86.5 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.
- Imported crude soy oil CIF at West coast port is offered at USD 856 (USD 879) per ton for January delivery. February delivery is offered at USD 856 (USD 879) per ton and March delivery is offered at USD 836 (USD 855 per ton) as on January 20, 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 15-20/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 – Soy oil stocks rose in US in December as reported by NOPA on higher production of soy oil due to higher recovery from soybean. Soybean crush was less than estimated. Lower crush of soybean was due to weak demand from feed consumers. Soybean crush was higher than corresponding period last year. Production of soy oil was higher than corresponding period last year. Soy oi stocks were lower than corresponding period last year. Higher stocks of soy oil will underpins soy oil prices in medium term. However, if crush of soybean fails to rise in January then it will support prices.

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 are and lower yield, which led to lower stocks of soybean in US in 2016/17, which will support soybean complex prices in medium term.

Rosario Grains Exchange has estimated soy oil soybean crop of 2016/27 at 52.9 MMT compared to 58.8 MMT in 2015/16 on lower soybean planting area, loss due to floods and dryness in some area, which led to lower soybean crop. However, USDA kept Argentina's 2016/17 soybean crop estimate at 57 MMT in its January estimate despite

Harvesting has started in Brazil in top soybean producing state of Mato Grosso. Record soybean is expected to be produced in Brazil. Conditions are favorable for record harvest of soybean. USDA maintained soybean crop estimate in Brazil at 105 MMT in 2016/17 on larger area and favorable weather conditions. If favorable weather continues until harvest then soybean crop will be increased further.

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 at record levels. However, imports in January and February will be lower on closure of Chinese markets due to Chinese New Year.

No major soybean export order have been reported from US since 21<sup>st</sup> December and with soybean marketing season starting in Brazil, exports from US will slow leading to lower end stocks in 2016/17.

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.

Prices of soy oil are in a range.

- According to National Oilseed Processors Association (NOPA), U.S. December soybean crush fell marginally to 160.176 million bushels from 160.752 million bushels in November. Crush of soybean in December 2015 was 157.711 million bushels. Production of soy oil in U.S. in December fell to 1.861 billion lbs from 1.856 billion lbs in November 2016. Production in December 2015 was 1.834 billion lbs. Soy oil stocks in U.S. at the end of December rose 7.1 percent to 1.434 billion lbs compared to 1.338 billion lbs in November 2016. Stocks of soy oil in December were lower by 3.2 percent compared to December 2015, which was reported at 1.481 million lbs. Yield rose to 11.62 lbs/bushel in December from 11.55 lbs/bushel in November. Yield in December 2015 was reported at 11.63 lbs/bushel.
- More than 97% of the 19.3 million hectares, which Buenos Aires Exchange expects to be planted with soybean, has been sown by now. However, heavy rains in addition to the strong storm have raised the crop development concern; the event may negatively affect the yield potential. The Rosario Grain Exchange has slashed the Argentina's soybean production forecast to 52.9 million tons from its earlier forecast of 54.4 million tons.
- China's December 2016 soybean imports stood at 9 million tons, highest in a year, to meet fresh additional winter demand. The imports are up 14.8% from 7.84 million tons imported in November. China's total soybean imports in 2016 stood at 83.9 million tons, which is up 2.7% from 2015. This was the smallest growth registered in years due to slowdown in China's economy and rise in country's own soybean production and sales from state inventories.
- 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.
- USDA WASDE Oilseeds Highlights: The 2016/17 U.S. season-average farm price forecast for soybeans is projected at \$9.00 to \$10.00 per bushel, from \$8.70 to \$10.20, up 5 cents at the midpoint. The soybean meal price forecast is unchanged at \$305 to \$345 per short ton. The soybean oil price forecast of 34 to 37 cents per pound is lowered 0.5 cents at the midpoint.

**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 downtrend at its benchmark market at Kandla on weak demand. CPO prices in Kakinada rose at the end of the week.
- Agriwatch View – Prices of CPO closed lower on weak demand. Prices of CPO fell in domestic market while it rose in CNF markets indicate weak demand at high seas.

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 while prices rose at CNF India.

Demand of RBD palmolein is firm at CNF markets as rise at CNF markets is equivalent to rise in FOB markets compared to last week.

Imports of RBD palmolein is expected to remain firm as CNF India compared to CPO CNF, as 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 firmer than CPO as premium RBD palmolein over CPO increased to Rs 30 (Rs 25) per 10 kg.

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

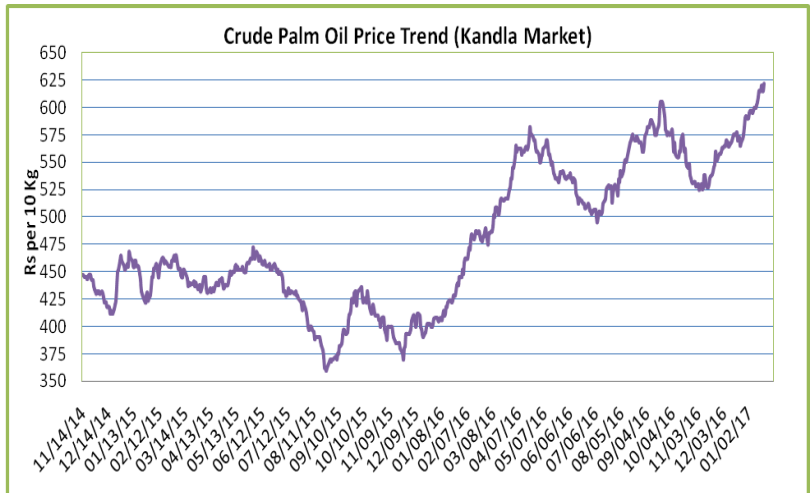
Import in palm oil in December was lower than December 2015 despite reduction of import duty indicating weak demand. Stocks at ports and pipelines increased in December.

Low CDSO CNF premium over CPO CNF will decrease imports of palm oil in medium term USD 61 (USD 86.5 last week) per ton. Premium of soy oil over CPO is Rs 135 (Rs 130 last week) per 10 kg will improve demand in near term.

Prices of CPO are expected to remain sideways to weak on weak demand and weak BMD Malaysia.

- 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 795 (USD 792.5) per ton for January delivery and February delivery is quoted at USD 795 (USD 795) 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 790 (USD 782.5) per ton for January delivery while February delivery is offered at USD 785 (USD 785) per ton. Ready lift CPO duty paid prices quoted at Rs 600 (Rs 607) per 10 Kg and January delivery duty paid is offered at Rs 594 (Rs 597) per 10





kg on January 20, 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 lose USD 0-5/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 20-25/ton v/s gain of USD 15-20/ton (last month) parity.
- We expect palm oil to trade sideways to weak in the days ahead.

### **International Front**

Agriwatch View – Exports of palm oil rose 17-20 percent due to higher buying by EU and other non major destinations. Demand from China faltered and will be lower as stocking is over as Chinese New Year starts from 28<sup>th</sup> January.

Imports from India have risen between 15-20 January as import parity of RBD palmolein was in parity. Higher imports have not been ruled out as prices quoted for Malaysian RBD palmolein at Indian ports is lower than CPO quotes at India CNF.

However, prices offered are still very high which may slow demand in near term.

End stocks of palm oil in Malaysia in January will on back of higher export numbers in January and lower production of palm oil in Malaysia on lagged effect of El Nino. Production from Malaysia will improve after March when seasonal downtrend of production in January and February end. Therefore, prices of palm oil will be in pressure until April which will support prices in medium term.

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.

Palm oil demand from Malaysia will stay elevated in near term.

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.

Malaysia increased palm oil export duty to 7.5 percent for January as Malaysian government feels that despite rise in export duty will not hurt their competitiveness from Indonesia.

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 1-20 palm oil exports rose 20.8 percent to 733,002 tons compared to 606,937 tons in the corresponding period last month. Top buyers were European Union at 141,845 tons (129,445 tons), China at 113,050 tons (125,627 tons), India at



58,550 tons (65,525 tons), United States at 21,750 tons (14,075 tons) and Pakistan at 14,000 tons (14,150 tons). Values in brackets are figures of corresponding period last month.

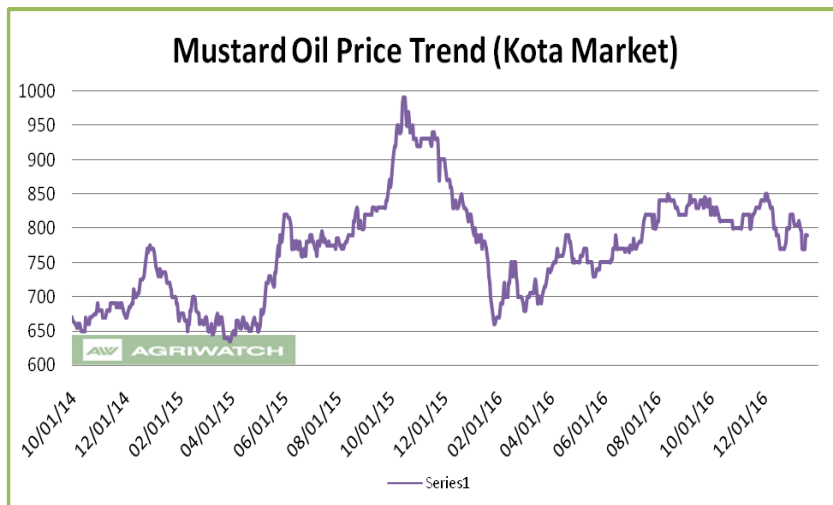
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's January 1-20 palm oil exports rose 17.5 percent to 739,367 tons compared to 629,043 tons in corresponding period last month. Top buyers were European Union at 170,570 tons (173,799 tons), India & subcontinent at 110,800 tons (100,650 tons) and China at 109,550 tons (129,135 tons). Values in brackets are figures of corresponding period last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia increased February palm oil export duty to 7.5 percent from 7 percent. Tax is calculated at reference prices of 3,279.76 ringgit (\$734.71). Prices above 2,250 are taxed from 4.5 percent to maximum of 8.5 percent. Malaysia increased January palm oil export duty from 6 percent to 7 percent in December.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's palm oil production in 2017 is estimated to rise 12 percent to 19.4 MMT from 17.4 MMT in 2016. Exports of palm oil in 2017 from Malaysia will increase 11.2 percent to 17.85 MMT from 16.05 MMT in 2016. CPO prices are expected to remain firm in 2017, according to the board.
- 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 uptrend during the week in review at most trading centers on rise in prices of rapeseed. Benchmark market in Kota closed higher at the end of the week.
- Agriwatch view: Prices of rapeseed oil expeller rose in Kota, Jaipur, Ganganagar, Hapur, New Delhi and Mumbai while it was unchanged in Gujarat. Prices fell in Kolkata. Prices of Kacchi ghani rose across board in India except where it was unchanged at the end of week.



Prices of rapeseed oil rose on rise in prices of rapeseed due to lower supply of rapeseed. After major correction of rapeseed, prices rose and with rise in prices of raw material prices rose.

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 stocking 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 firm tone in coming days on rise in prices of rapeseed, firm demand,

- All India sowing of rapeseed has reached 70.08 lakh hectares on 20 January 2017 compared to 63.48 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 34 (USD 16 last week) per ton as on January 20, 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 795) per 10 Kg, and at Kota market, it is offered at Rs 790 (Rs 770) per 10 kg as on January 20, 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 760-830 per 10 Kg.

## Domestic Front

- ### Sunflower Oil Price Trend (Chennai Market)
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- The chart displays the price trend of Sunflower Oil in the Chennai market. The price starts at approximately 640 Rs per 10 Kg in late 2014, rises to a peak of about 785 Rs per 10 Kg in early 2015, and then fluctuates between 690 and 730 Rs per 10 Kg through 2017.
- | Date     | Price (Rs per 10 Kg) |
|----------|----------------------|
| 11/09/14 | 640                  |
| 01/08/15 | 660                  |
| 02/07/15 | 670                  |
| 03/06/15 | 680                  |
| 04/05/15 | 690                  |
| 05/04/15 | 700                  |
| 06/03/15 | 700                  |
| 07/02/15 | 710                  |
| 08/01/15 | 710                  |
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| 01/02/17 | 710                  |

- All India sowing of sunflower has reached 1.44 lakh hectares on 20 January 2017 compared to 3.06 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 825 (USD 822.5) per ton for JFM delivery and AMJ delivery is quoted at USD 825 (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 -31 (USD -56.5 last week) per ton for Janaury delivery.

- Currently, refined sunflower oil at Chennai market is offered at Rs 715 (Rs 710) per 10 Kg, and at Hyderabad market, it is offered at Rs 713 (Rs 722) per 10 kg as on January 20, 2017. 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 firm demand and firm demand. Prices in Jamnagar rose. Prices closed lower in Chennai while it closed unchanged in Hyderabad and New Delhi. Prices rose in Mumbai at the end of week.

- Agriwatch view: Prices of groundnut oil featured uptrend in different markets on firm demand.

Rise in prices of groundnut rose which

supported prices. Prices of groundnut rose last week due to lower farmer release. Rabi sowing of groundnut has very encouraging.

Rise in palm and soy oil prices supported

Demand rose due to lower prices.

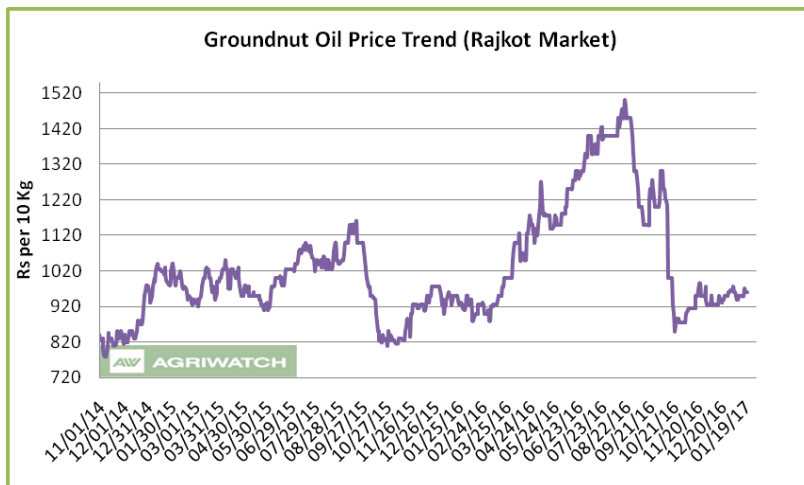
Higher prices of groundnut and lower supply led to higher crushing of groundnut coupled with firm demand led to sideways trend in prices.

Festive season in Gujarat supported prices.

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

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

- All India sowing of groundnut has reached 4.66 lakh hectares on 20 January 2017 compared to 4.40 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,600 (Rs 9,500) per quintal and it was quoted at Rs 9,400 (Rs 9,500) per quintal in Chennai market on January 20, 2017. Values in brackets are values of last week.
- Groundnut oil prices are likely to trade sideways to weak in the coming days.

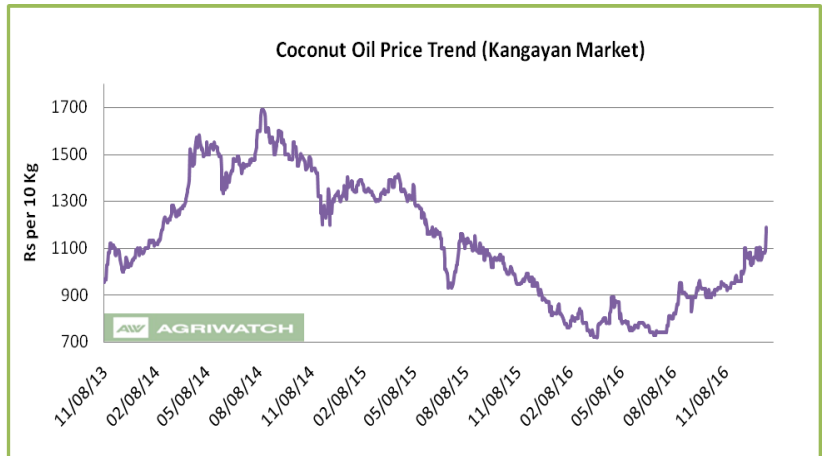


### Price Outlook

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 and weak supply. 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.  
Surge in prices of copra supported gains.



Copra prices have surged on back of drought in many coconut producing years for third year in a row which has affected prices.

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.

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

Corporate demand, which contributes about 80 percent of demand, increased.

Traders and upcountry buyers have entered the market in expectation of higher prices.

Moreover, rise in palm oil prices supported

Exports are firm which supported prices.

Demand from North India has waned due to winters.

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

Regular supply of coconut oil has improved while demand is higher than produce and higher raw material prices have supported the rise.

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

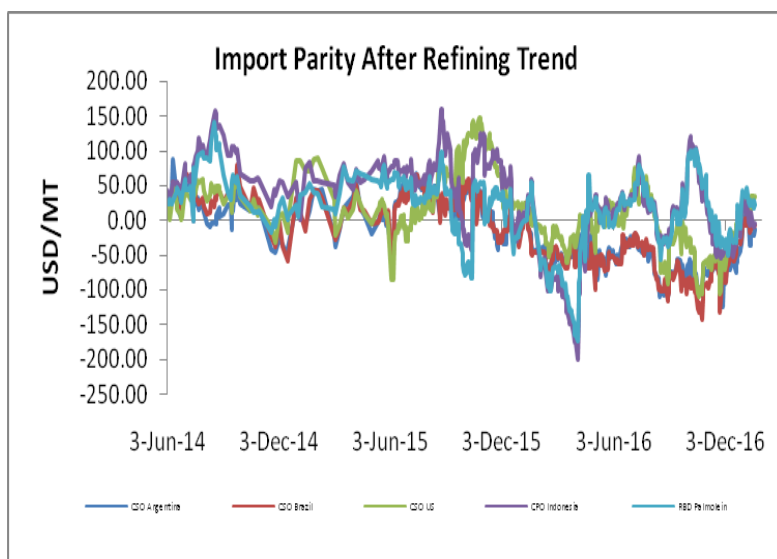
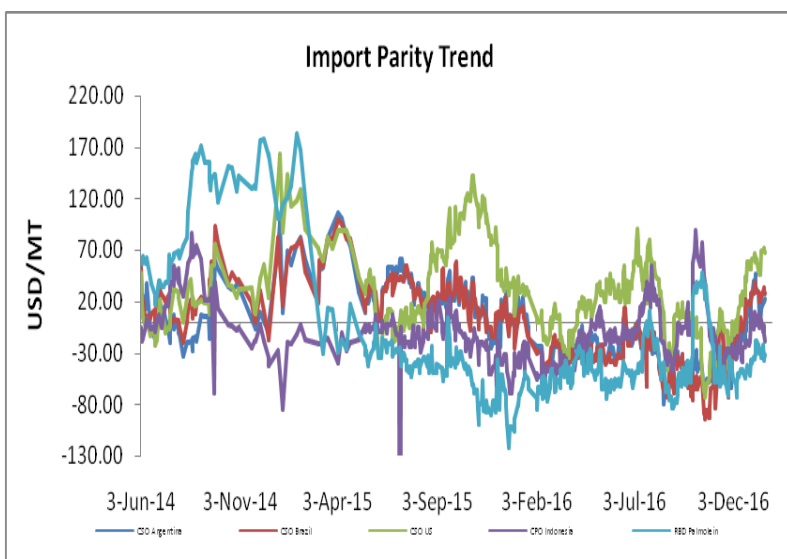
Prices are expected to trade sideways to firm tone in near term.

- 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 12,200 (11,120) per quintal, and was quoting Rs 11,900 (Rs 10,800) per quintal in Erode market on January 20, 2017.

**Price Outlook:** Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1140-1260per 10 Kg.

### Import Parity Trend

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



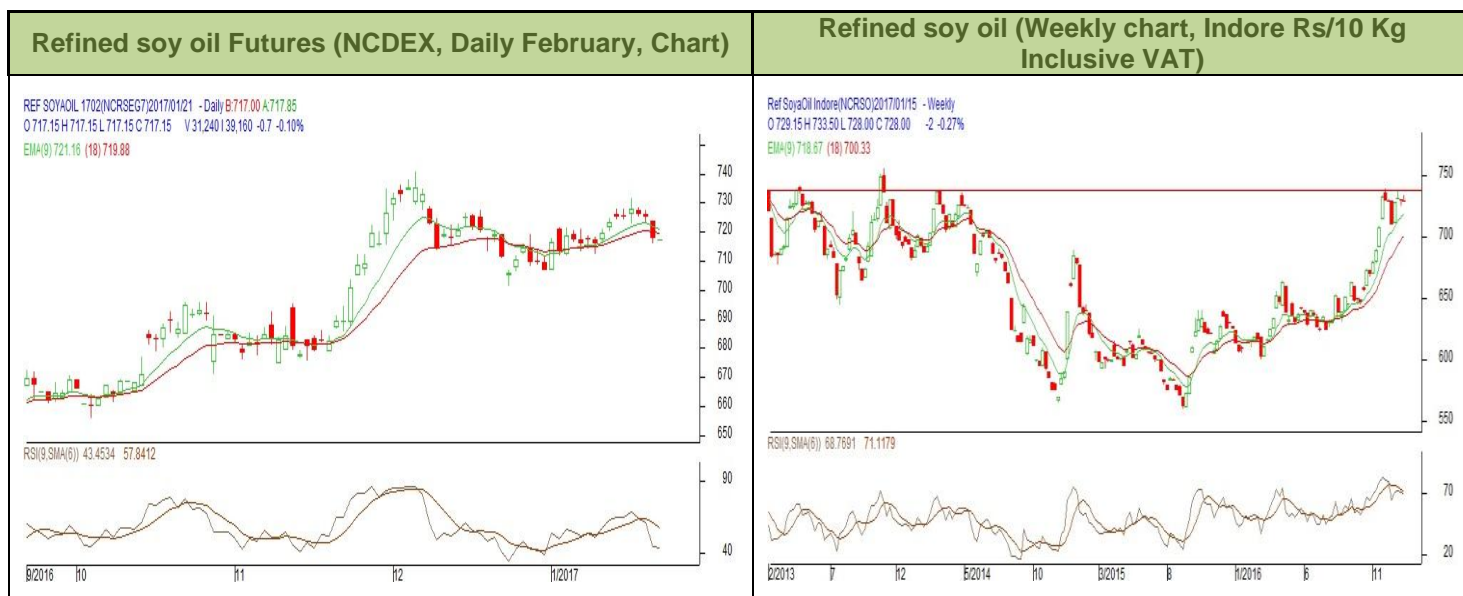
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Nov, 2016</b>	-77.74	-81.04	-56.37	-23.77	-8.06
<b>Dec, 2016</b>	-56.82	-47.47	-21.57	-26.81	-17.48

### 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 downtrend during the week in review and is likely to trade with a sideways to weak 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 680-740 level in near to medium term. RSI, stochastic and MACD is suggesting downtrend in market.

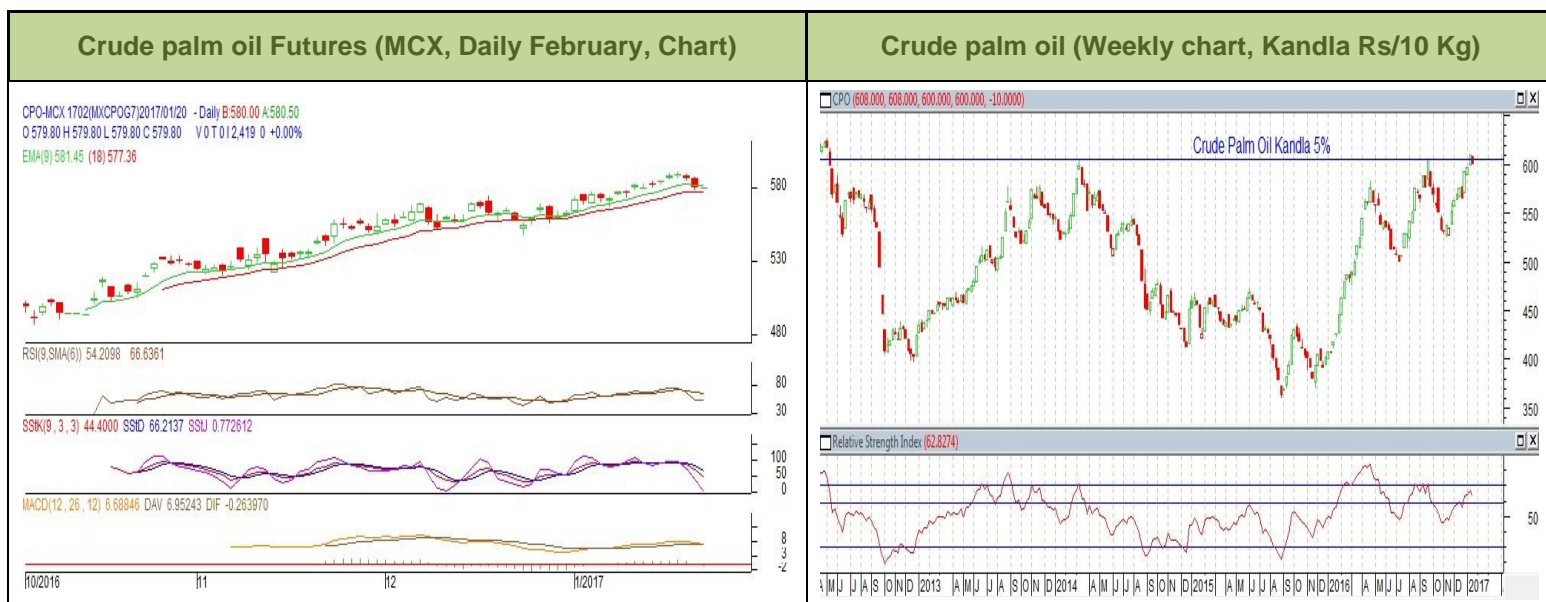
**Strategy:** Market participants are advised to go short below 720 levels for a target of 705 and 700 with a stop loss at 730 on closing basis.

#### RSO NCDEX (February)

Support and Resistance				
S2	S1	PCP	R1	R2
689.00	695.00	717.85	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 downtrend in prices during the week. We expect that CPO February contract may trade sideways to weak note.**

- Candlestick in weekly chart of crude palm oil at MCX depicts downtrend in the prices. We expect prices to trade with a sideways to weak 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 550-600 level. RSI, Stochastic, and MACD are suggesting downtrend in prices in the coming week.

**Strategy:** Market participants are advised to go short in CPO below 585 for a target of 570 and 565 with a stop loss at 595 on closing basis.

#### CPO MCX (February)

Support and Resistance				
S2	S1	PCP	R1	R2
539.00	551.00	579.8	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
		20-Jan-17	13-Jan-17	
Refined Soybean Oil	Indore	735	740	-5
	Indore (Soy Solvent Crude)	705	705	Unch
	Mumbai	730	730	Unch
	Mumbai (Soy Degum)	680	680	Unch
	Kandla/Mundra	730	735	-5
	Kandla/Mundra (Soy Degum)	702	705	-3
	Kolkata	735	735	Unch
	Delhi	760	755	5
	Nagpur	703	714	-11
	Rajkot	725	725	Unch
	Kota	750	750	Unch
	Hyderabad	703	703	Unch
	Akola	742	752	-10
	Amrawati	742	752	-10
	Bundi	750	750	Unch
	Jalna	752	760	-8
	Alwar	NA	NA	-
	Solapur	751	760	-9
	Dhule	751	760	-9
Palm Oil	Kandla (Crude Palm Oil)	600	610	-10
	Kandla (RBD Palm oil)	622	620	2
	Kandla RBD Pamolein	630	635	-5
	Kakinada (Crude Palm Oil)	575	565	10
	Kakinada RBD Pamolein	630	620	10
	Haldia Pamolein	635	630	5
	Chennai RBD Pamolein	635	630	5
	KPT (krishna patnam) Pamolein	627	620	7
	Mumbai RBD Pamolein	635	635	Unch
	Delhi	685	680	5
	Rajkot	640	630	10
	Hyderabad	608	613	-5
	Mangalore RBD Pamolein	635	630	5
	PFAD (Kandla)	470	475	-5
	Refined Palm Stearin (Kandla)	540	540	Unch
Refined Sunflower Oil	Chennai	715	710	5
	Mumbai	725	725	Unch

	Mumbai(Expeller Oil)	660	665	-5
	Kandla	735	735	Unch
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	713	722	-9
	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	665	655	10
	Erode (Expeller Oil)	740	740	Unch
Groundnut Oil	Rajkot	960	950	10
	Chennai	940	950	-10
	Delhi	950	950	Unch
	Hyderabad *	1010	1010	Unch
	Mumbai	1020	1000	20
	Gondal	960	960	Unch
	Jamnagar	960	950	10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	805	795	10
	Jaipur (Kacchi Ghani Oil)	833	815	18
	Kota (Expeller Oil)	790	770	20
	Kota (Kacchi Ghani Oil)	830	815	15
	Neewai (Kacchi Ghani Oil)	760	760	Unch
	Neewai (Expeller Oil)	810	805	5
	Bharatpur (Kacchi Ghani Oil)	850	840	10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	800	795	5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	830	820	10
	Mumbai (Expeller Oil)	800	740	60
	Kolkata(Expeller Oil)	960	980	-20
	New Delhi (Expeller Oil)	840	815	25
	Hapur (Expeller Oil)	885	875	10
	Hapur (Kacchi Ghani Oil)	990	990	Unch
	Agra (Kacchi Ghani Oil)	855	845	10
Refined Cottonseed Oil	Rajkot	710	700	10
	Hyderabad	665	670	-5
	Mumbai	690	690	Unch
	New Delhi	705	695	10
Coconut Oil	Kangayan (Crude)	1190	1080	110
	Cochin	1100	1090	10
	Trissur	1220	1112	108

<b>Sesame Oil</b>	New Delhi	780	780	Unch
	Mumbai	730	730	Unch
<b>Kardi</b>	Mumbai	740	790	-50
<b>Rice Bran Oil (40%)</b>	New Delhi	525	510	15
<b>Rice Bran Oil (4%)</b>	Punjab	600	600	Unch
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	600	600	Unch
<b>Malaysia Palmolein USD/MT</b>	FOB	770	765	5
	CNF India	790	785	5
<b>Indonesia CPO USD/MT</b>	FOB	785	775	10
	CNF India	800	795	5
<b>RBD Palm oil (Malaysia Origin USD/MT)</b>	FOB	765	763	2
<b>RBD Palm Stearin (Malaysia Origin USD/MT)</b>	FOB	770	765	5
<b>RBD Palm Kernel Oil (Malaysia Origin USD/MT)</b>	FOB	2020	1915	105
<b>Palm Fatty Acid Distillate (Malaysia Origin USD/MT)</b>	FOB	708	705	3
<b>Crude palm Kernel Oil India (USD/MT)</b>	CNF India	1840	1780	60
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	825	825	Unch
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB	NA	NA	-
<b>Argentina FOB (\$/MT)</b>		<b>19-Jan-17</b>	<b>12-Jan-17</b>	<b>Change</b>
Crude Soybean Oil Ship		820	831	-11
Refined Soy Oil (Bulk) Ship		849	860	-11
Sunflower Oil Ship		745	755	-10
Cottonseed Oil Ship		800	811	-11
Refined Linseed Oil (Bulk) Ship		Unq	Unq	-
<i>* indicates including VAT</i>				

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