

# Veg. Oil Weekly Research Report

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## **Executive Summary**

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

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

*On the currency front, Indian rupee against USD closed at 68.03, down 15 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 weak on weak fundamentals. Low stocks at ports and pipelines will support prices in near term.*

### **Recommendation:**

*Weekly Call - : Market participants are advised to go short below 705 levels for a target of 695 and 685 with a stop loss at 715 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 670-740 per 10 Kg in the near term.*

*Market participants are advised to go short in CPO below 580 for a target of 565 and 560 with a stop loss at 590 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 550-610 per 10 Kg in the near term.*

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

*Malaysia's January 1-25 palm oil exports rose 9.3 percent to 904,257 tons compared to 827,347 tons in the corresponding period last month. Top buyers were European Union at 178,315 tons (204,375 tons), China at 145,510 tons (154,477 tons), India at 58,550 tons (103,525 tons), United States at 44,450 tons (36,925 tons) and Pakistan at 22,000 tons (14,150 tons). Values in brackets are figures of corresponding period last month: SGS*

*On the international front, weak bio-fuel standards in US, 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.*

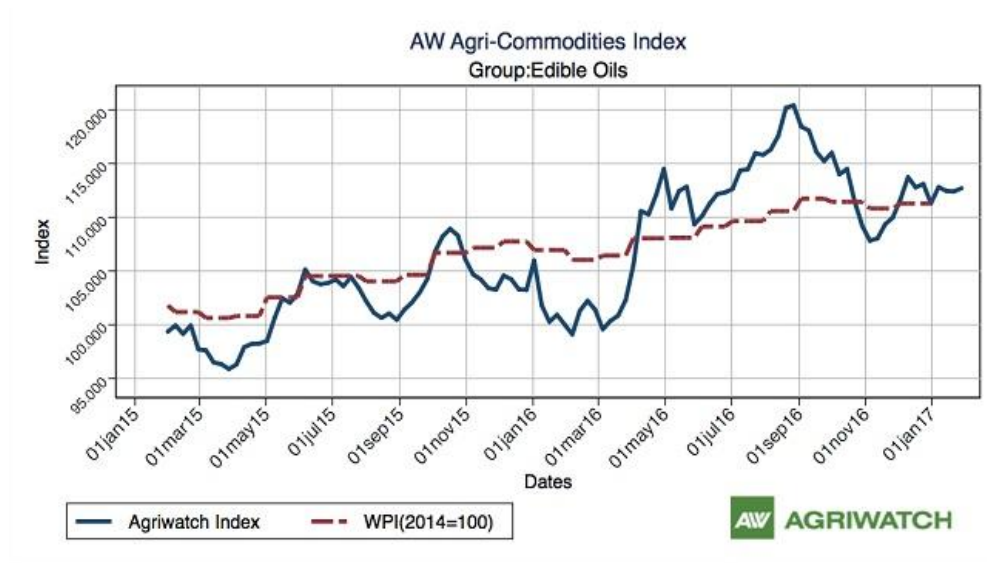
*Weakening of exports of palm oil from Malaysia, strengthening ringgit, rise of end stocks in Malaysia and fall in competitive oils will underpin CPO prices in near term.*

### Agriwatch Index



- The Agriwatch Agri Commodities Index rose 0.49% to 115.21 during the week ended Jan 28, 2017 from 114.66 during the previous week led by gains in cereals prices (rice and maize). The base for the Index and all sub-Indices is 2014 (= 100).
- Five of the 9 commodity group sub-Indices and 16 of the 29 individual commodity sub-Indices gained during the week.

### Agriwatch edible oil index



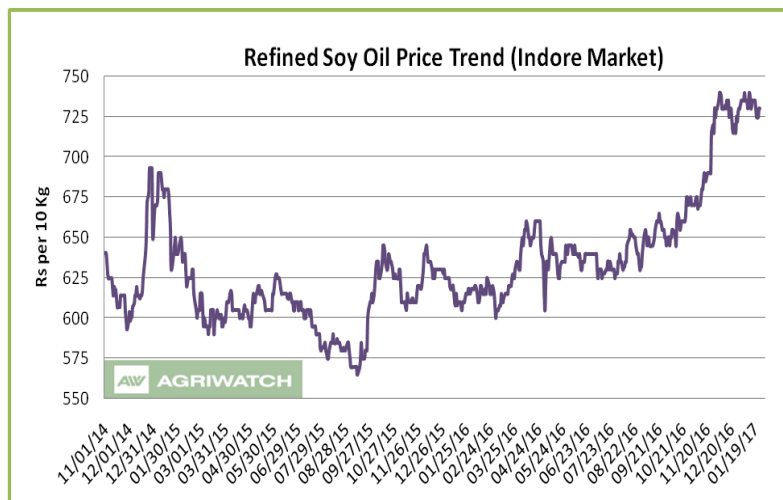
- Agriwatch edible oil index rose 0.26 percent in the week ended January 28, 2017 to 112.69.

"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 weak demand and weak cues from international markets. Prices closed lower in Mumbai, Kandla/Mudra and Kolkata. CDSO prices closed lower at JNPT and Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices fell during the week in Indore on weak demand and weak cues from international markets.



CDSO prices showed fell in India West coast.

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

Fall in soybean prices supported fall.

Weak 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.

Imports of soy oil are at parity at high seas and refining margins have turned positive. With low soy oil premium over palm oil, demand may firm up in coming months.

Soy oil premium over RBD palmolein has increased to Rs 88 (Rs 105 last week) per 10 Kg may underpin soy oil prices in domestic markets. In USD terms, premium of CDSO CNF over CPO CNF, which was quoted at USD 22 (USD 61 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 decrease of weak demand and weak international cues. 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 817 (USD 856) per ton for January delivery. February delivery is offered at USD 817 (USD 856) per ton and March delivery is offered at USD 797 (USD 836 per ton) as on January 27, 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 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 weak in the coming days.

### International Front

- Agriwatch view – U.S government decision to delay paper credits used to US bio fuel standard fell to lows of year. U.S papers called RIN (Renewable Identification Numbers) which is used to set prices of bio-fuel fell to one-year low on Trumps administration to delay EPA (U.S. Environmental Protection Agency) decision. A set of 30 regulations finalized by Obama administration implementation led to steady fall in prices of soy oil on expectation that Trump administration will relax requirements.

US consumed 2.9 billion gallons of renewable diesel in 2016 of which only 1.8 billion gallons was produced by U.S and 1 billion gallons was imported in 2016. Trump administration is opposed to imports of bio-fuels and next day announcement came. Soy oil is largest feedstock of high-speed diesel. Quota system of bio-fuel standards is expected to be introduced in future. Trump appointed oil man as EPA head who was opposed to RIN system which is expected to be relaxed. Carl Ichan have been appointed by Trump administration to overlook regulations is opposed to EPA requirements.

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 oil stocks were lower than corresponding period last year. Higher stocks of soy oil will underpins soy oil prices in medium term.

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.

Improved weather in Argentina is expected to improve deteriorating condition of soybean which was lost due dry condition and later by flooding. Large area was not planted early due to dry weather while wet condition led to further delay in Buenos Aires and Santa Fe provinces.

Buenos Aires grains exchange reduced its estimate of soybean crop of Argentina from 56 MMT to 53.5 MMT in 2016/17 due to losses due to dry weather earlier and losses due to wet weather.

Rosario Grains Exchange has estimated soy oil soybean crop of 2016/17 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.

USDA is expected to reduce soybean crop in Argentina in 2016/17. USDA kept Argentina's 2016/17 soybean crop estimate at 57 MMT in its January estimate despite

Harvesting has reached 16 percent in Brazil in top soybean producing state of Mato Grosso. Wet weather slowed harvest of soybean, which was reported at 4.3 percent, according to AgRural. Harvesting is progressing above last year pace and 5-year average. No loss or damage of soybean is reported. USDA maintained soybean crop estimate in Brazil at 105 MMT in 2016/17 on larger area and favorable weather conditions.

Exports of soybean from is expected to be adversely affected due to trade dispute with China which is key driver of higher soybean prices and with start of Brazil marketing season, exports are expected to remain weak in near term.

Competitive oils will underpin 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.

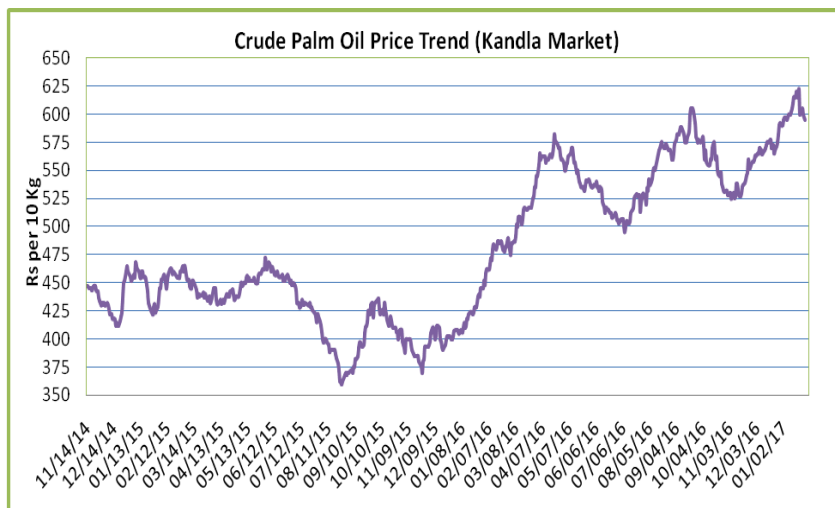
- US 2016 biodiesel production rose 28.6 percent to 1.8 billion gallons compared to 1.4 billion gallons in 2015, according to National Biodiesel Board. Demand of biodiesel and renewable diesel in 2016 rose to record of 2.9 billion gallons, higher by 40 percent. Imports increased 1 billion gallons in 2016, higher by 50 percent y-o-y.
- 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.
- 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 670-740 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 were unchanged in Kakinada 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 was unchanged in CNF markets indicate weak demand in domestic market.



Prices of CPO fell in India high seas

compared to flat prices at CNF India indicating weaker demand at high seas. Demand of RBD palmolein is weak at high seas as prices of RBD palmolein fell while prices were unchanged at CNF India.

Demand of RBD palmolein is weak at CNF markets prices in CNF markets were unchanged compared to last week while prices at FOB market rose 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 35 (Rs 30) 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 22 (USD 61 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at USD 86 (USD 130) per 10 kg will weaken CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 88 (Rs 105 last week) per 10 kg will decrease 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 795) per ton for January delivery and February delivery is quoted at USD 800 (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 790) per ton for January delivery while February delivery is offered at USD 787.5 (USD 785) per ton. Ready lift CPO duty paid prices quoted at Rs 592 (Rs 600) per 10 Kg and February delivery duty paid is offered at Rs 590 (Rs 597) per 10 kg on January 27, 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 fall 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 10-15/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 9-10 percent due to lower buying by India and China. Exports registered increase due to demand from non primary destinations except EU. Demand from India is weak due to lower demand as market expects fall in prices. India is a very high prices sensitive country and prices of palm oil has registered steady increase which has led to slowdown of demand. Festive season is over and new stocking will start from February mid. Until then demand will be weak.

Soy oil prices are quoted at very low premium over palm oil at CNF markets in India. Premium of soy oil over palm oil has reached low levels in its domestic market, which will weaken demand from India in medium term.

Demand from China faltered and will be lower as stocking is over as Chinese New Year starts from 28 January. However, import parity of RBD palmolein is positive which will lead to higher purchases from Malaysia.

Demand from China is expected to be weak as Chinese New Year will be over next week.

End stocks of palm oil in Malaysia in January will rise as exports slow. Exports slowed between 20-25 January and if trend continues then end stocks will show limited fall. Production of palm oil in Malaysia will be weak in January on lagged effect of El Nino and due to flooding in parts of East Malaysia. Production in Kalimantan is disturbed. 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 is appreciating and if Ringgit appreciated more, then prices will tilt lower.

Palm oil markets are expected to retrace weak prices of competitive oils, appreciating ringgit and weakening of demand from Malaysia in near term which will underpin prices. However, weak production of palm oil in Malaysia and higher crude oil prices will support prices.

Support from Chinese market will be low in near term, which will reduce palm oil prices.

Prices of palm oil have stretched too far and demand is weak from top importing destinations which will help in retracement of prices.

Palm oil is seen falling 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 increased palm oil export duty to USD 18 between USD 800-850 per ton of palm oil prices. Duty of USD 18 is over and above USD 50 levy imposed on July 2015.



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

Appreciation of Ringgit will underpin prices in near term.

Higher crude oil prices will help CPO prices.

Prices are in range.

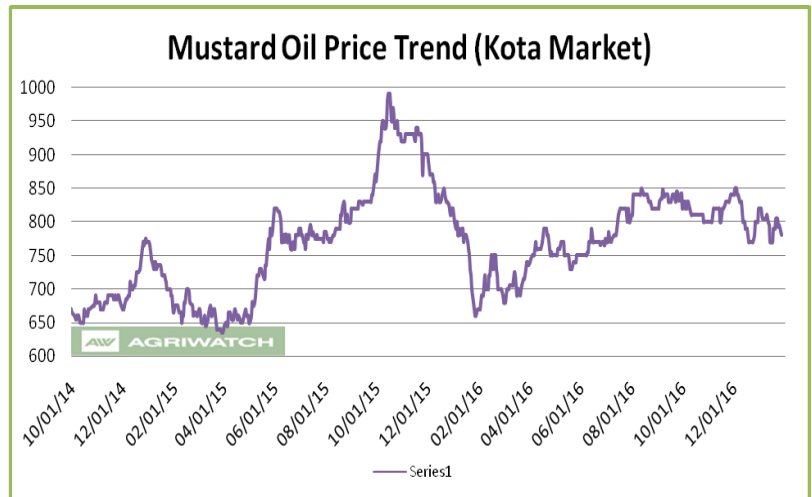
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's January 1-25 palm oil exports rose 9.3 percent to 904,257 tons compared to 827,347 tons in the corresponding period last month. Top buyers were European Union at 178,315 tons (204,375 tons), China at 145,510 tons (154,477 tons), India at 58,550 tons (103,525 tons), United States at 44,450 tons (36,925 tons) and Pakistan at 22,000 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 1-25 palm oil exports rose 9.3 percent to 924,282 tons compared to 845,441 tons in corresponding period last month. Top buyers were European Union at 236,775 tons (244,677 tons), China at 142,710 tons (186,985 tons) and India & subcontinent at 128,800 tons (144,175 ton). Values in brackets are figures of corresponding period last month.
- According to China's General Administration of Customs (CNGOIC), China's December palm oil imports rose 1.77 percent to 6.80 lakh tons. Year to date imports fell 24.22 percent to 44.78 lakh tons. Imports from Indonesia in December fell 16.21 percent to 4.74 lakh tons while year to date imports fell 23.35 percent to 26.44 lakh tons. Imports from Malaysia in December rose 100.98 percent to 2.05 lakh tons while year to date imports fell 25.37 percent to 18.29 lakh tons.
- According to Indonesia's trade ministry, Indonesia set February crude palm oil export duty at USD 18 per ton will be triggered above USD 800 per ton. Export duty will be charged between USD 800-850 per ton. Tax will be calculated at a reference price of USD 815.5 per ton for February.  
Higher duty on crude palm oil will attract buyers to sell crude palm oil to domestic buyers, according to GAPKI. Higher tax will to sell to domestic buyers be attractive for exports, according to GAPKI. However, higher export tax on crude palm oil will be not attractive for exports as export duty of USD 18 per ton will be charged apart from USD 50 per ton. It will be like asking planters not to export. Lower exports of crude palm oil from Indonesia will shift demand towards Malaysia which will lead to lower end stocks in Malaysia and support palm oil prices.
- 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 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 550-610 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 in Kota, Jaipur, Ganganagar, Gujarat and New Delhi while it was unchanged in Kolkata, Mumbai and Hapur. Prices rose in Neewai. Prices of Kacchi ghani fell across board in India except Hapur where it was unchanged at the end of week.



Prices of rapeseed oil fell due to fall in prices of rapeseed on negative sentiment due to higher. Prices of rapeseed oil fell on fall in raw material prices.

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

Prices fell on fall in prices of soy oil and palm oil.

Prices fell on seasonal downtrend of prices.

Higher imports of rapeseed (canola) oil suppressed prices in near term. Further, fall in canola oil prices affected sentiment.

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

Premium of canola oil compared to CDSO has increased USD 53 (USD 16) per ton and which will weaken imports. However, fall in prices of canola oil will underpin rapeseed oil prices.

Markets are expected to trade sideways to weak tone in coming days on fall in prices of rapeseed, seasonal downtrend of prices and weak competitive oils in domestic markets.

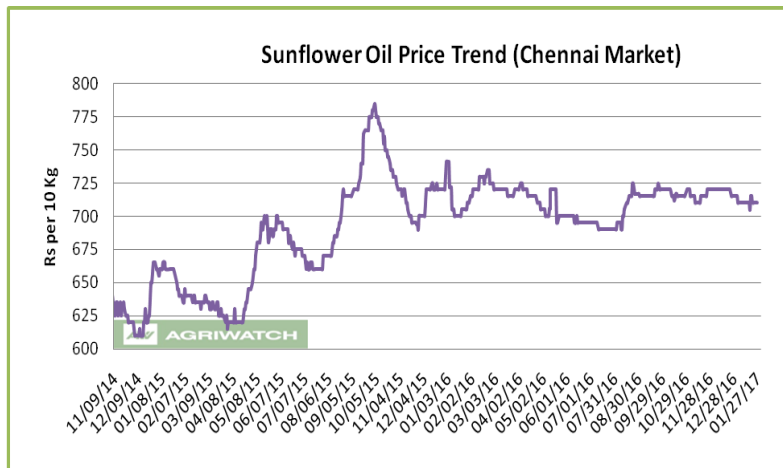
- All India sowing of rapeseed has reached 70.50 lakh hectares on 27 January 2017 compared to 64.51 lakh hectares in corresponding period last year.
- India imported 0.33 lakh tons of rapeseed (Canola) oil in December 2016 v/s 0.26 lakh tons in December 2015, lower by 27 percent y-o-y: SEA
- CIF canola premium over soybean oil is USD 53 (USD 16 last week) per ton as on January 27, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 780 (Rs 805) per 10 Kg, and at Kota market, it is offered at Rs 770 (Rs 790) per 10 kg as on January 27, 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 730-830 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 and Kakinada. Prices remained lower in Mumbai while it was unchanged at Kandla/Mudra. Sunflower expeller prices were lower in Erode while it rose in Hyderabad. Prices remained unchanged in Latur and Chellakere.



- Agriwatch view: Prices of sunflower oil traded lower in Chennai on weak demand.

Prices firmed in Andhra Pradesh while it was fell in Tamil Nadu after festivals.

Prices of sunflower oil fell in Chennai despite flat prices of sunflower oil in international market indicating weak demand.

Fall in prices of palm oil and soy oil supported decline. However, prices of soy oil is trading at premium over sunflower oil.

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

Premium of CSFO over CDSO at CNF has increased to USD 8 (USD -31 last week) per ton for January delivery, indicating prices have ample space to rise as sunflower oil is considered superior oil.

Sunflower oil premium over palm oil is USD 30 (USD 30 last week) which is low and may support imports.

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 -8 (USD -31 last week) per ton for January 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 weak on weak demand and fall in competitive oils.

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

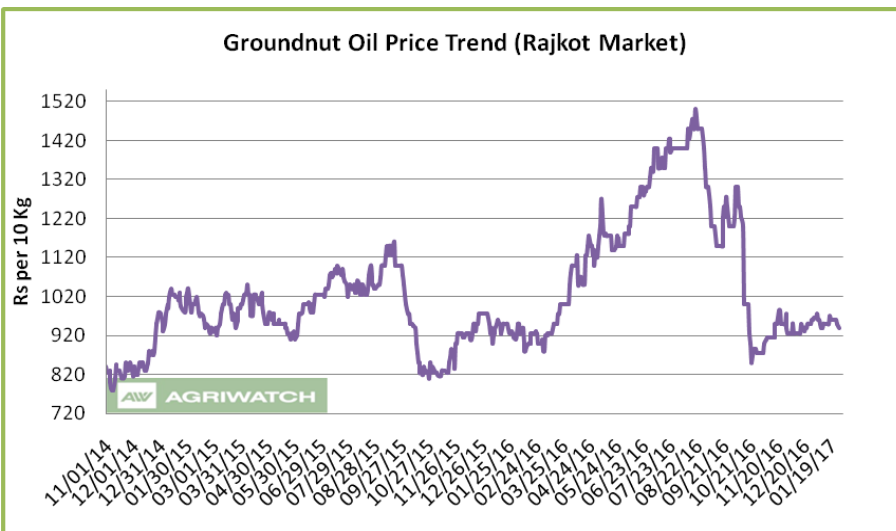
- All India sowing of sunflower has reached 1.66 lakh hectares on 27 January 2017 compared to 3.08 lakh hectares in corresponding period last year.
- Sunflower oil import scenario – According to SEA, India imported 1.85 lakh tons of crude sunflower oil during December 2016 v/s 1.03 lakh tons in December 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 825) per ton for JFM delivery and AMJ delivery is quoted at USD 825 (USD 825) 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 8 (USD -31 last week) per ton for January 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 717 (Rs 713) per 10 kg as on January 27, 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. Prices in Jamnagar rose. Prices closed higher in Chennai and Hyderabad while it was unchanged in New Delhi and Mumbai.
- Agriwatch view: Prices of groundnut oil featured downtrend in Rajkot on firm supply. However, prices of



groundnut oil rose in South India on high demand.

Fall in prices of groundnut fell which supported decline. Prices of groundnut fell last week due to firm farmer release.

Fall in palm oil, cottonseed oil and soy oil prices supported.

Easing demand towards the end of week supported decline. Expectation of weak international scenario of oils reduced demand.

Lower prices of groundnut and higher supply led to higher crushing of groundnut, which led to fall in prices.

Millers are getting raw material and crushing has improved. Quality of groundnut is very good.

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

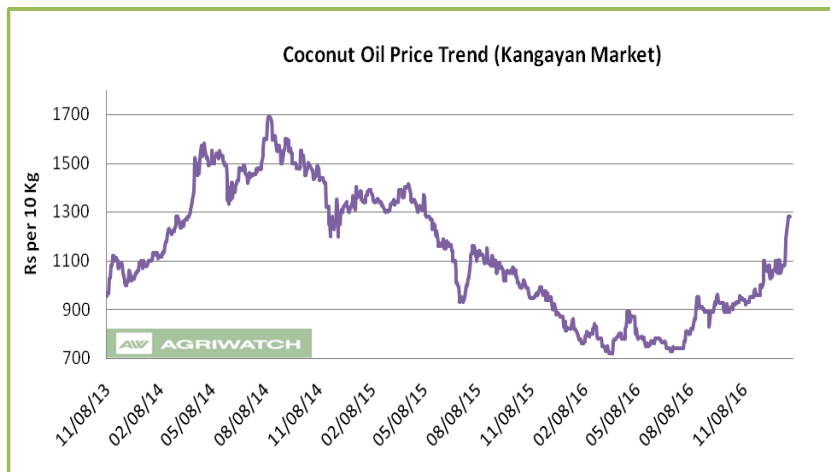
- All India sowing of groundnut has reached 5.70 lakh hectares on 27 January 2017 compared to 5.44 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,400 (Rs 9,600) per quintal and it was quoted at Rs 9,500 (Rs 9,400) per quintal in Chennai market on January 27, 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 880-980 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 and weak supply. 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 supported its 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 slowly releasing copra to take advantage of higher prices. Some corporate buying of copra has supported prices in near term.

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

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

Exports are firm which supported prices.

Demand from North India has waned due to winters.

Crushing of coconut oil is weak on back of lower supply of copra and demand is firm. Millers are not holding produce, as they are not confident of prices and are depending on ready markets.

Regular supply of coconut oil has decreased 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 firm demand, export demand, weak production and rise in prices of copra.

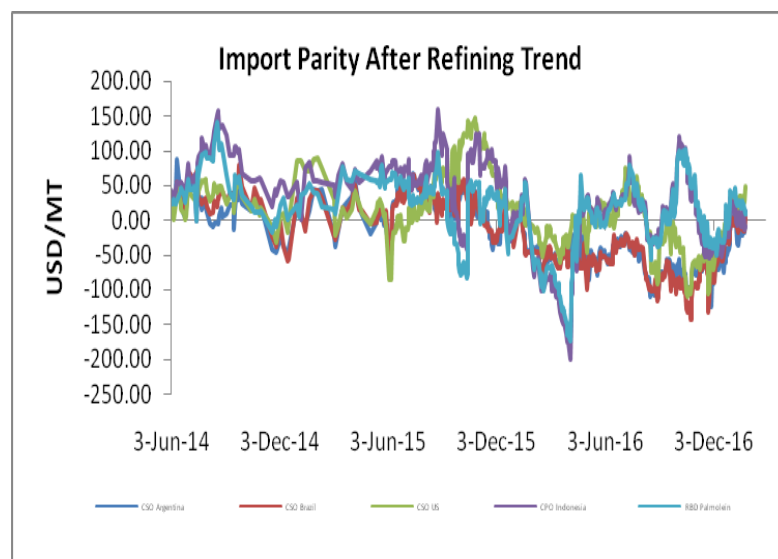
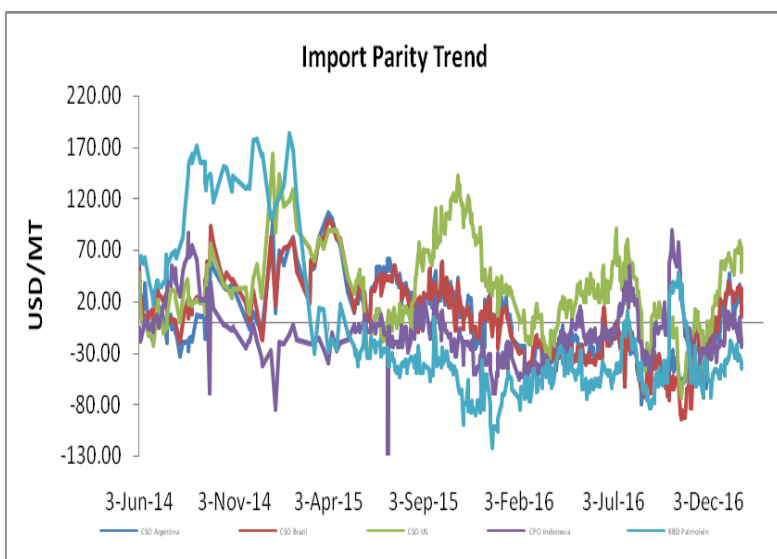
Prices are expected to trade sideways to firm tone in near term.

- 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 13,300 (12,200) per quintal, and was quoting Rs 12,800 (Rs 11,700) per quintal in Erode market on January 27, 2017.

**Price Outlook:** Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1220-1380 per 10 Kg.

### Import Parity Trend

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



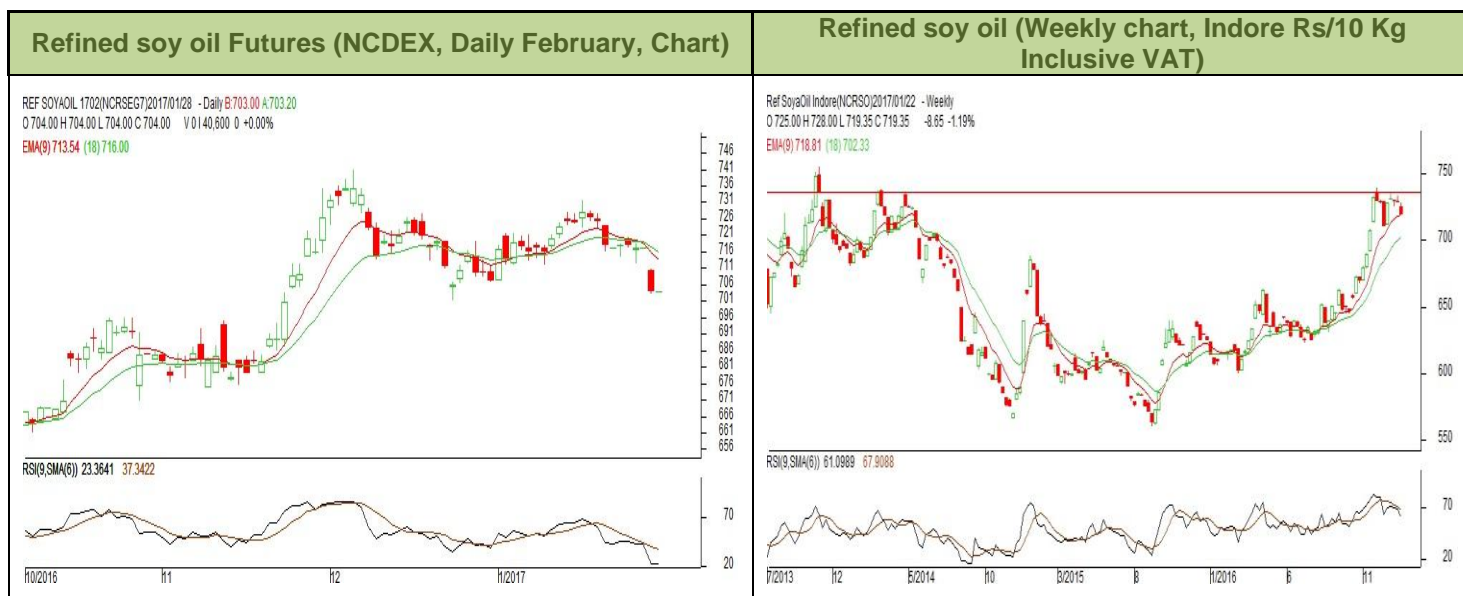
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Nov, 2016</b>	-77.74	-81.04	-56.37	-23.77	-8.06
<b>Dec, 2016</b>	-56.82	-47.47	-21.57	-26.81	-17.48

### 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 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 downtrend during the week in review. We expect prices to trade sideways to weak tone in the near term.
- Any close below 670 in weekly might take the prices below 660 levels.
- Expected price band for next week is 670-720 level in near to medium term. RSI, stochastic and MACD is suggesting downtrend in market.

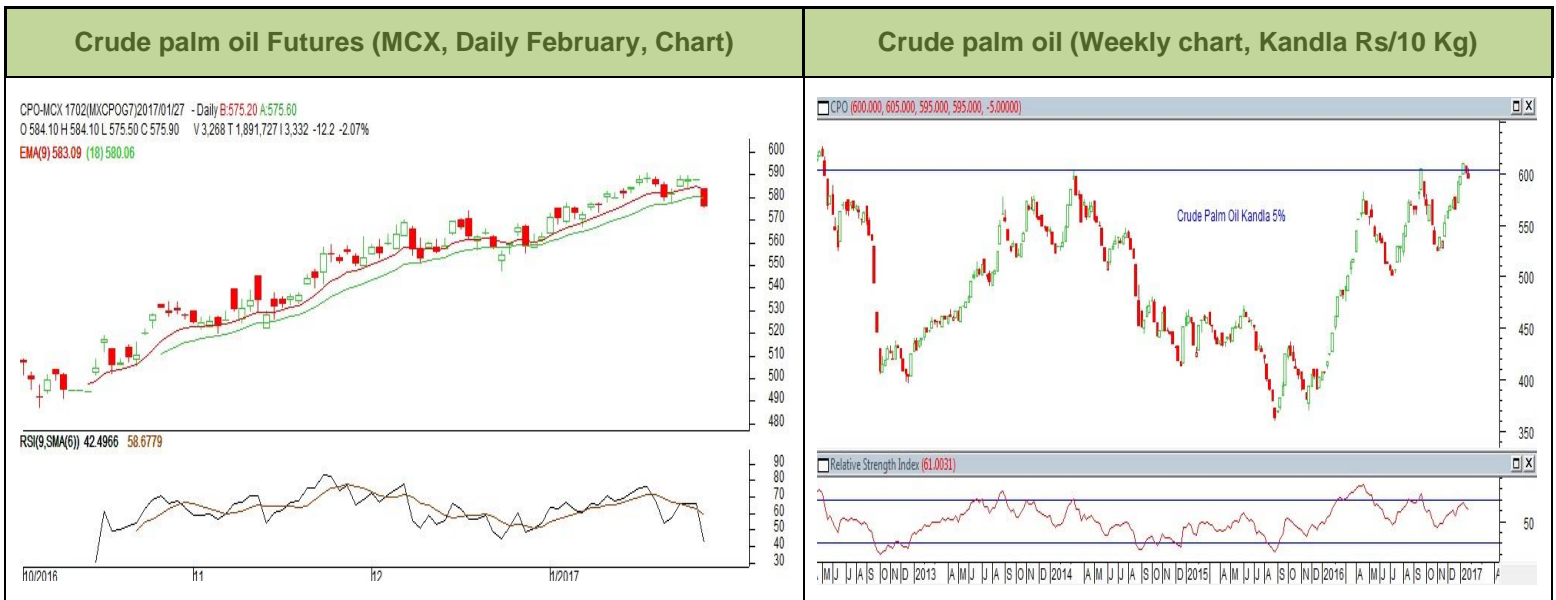
**Strategy:** Market participants are advised to go short below 705 levels for a target of 695 and 685 with a stop loss at 715 on closing basis.

#### RSO NCDEX (February)

Support and Resistance				
S2	S1	PCP	R1	R2
674.00	691.00	700.7	721.00	744.00

**Spot Market outlook:** Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 670-740 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 below 650 in weekly chart may bring the prices to 630 levels.
- Expected price band for next week is 540-600 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 580 for a target of 565 and 560 with a stop loss at 590 on closing basis.

#### CPO MCX (February)

Support and Resistance				
S2	S1	PCP	R1	R2
539.00	551.00	573.00	600.00	620.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 550-610 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		27-Jan-17	20-Jan-17	
Refined Soybean Oil	Indore	730	735	-5
	Indore (Soy Solvent Crude)	690	705	-15
	Mumbai	720	730	-10
	Mumbai (Soy Degum)	660	680	-20
	Kandla/Mundra	715	730	-15
	Kandla/Mundra (Soy Degum)	675	702	-27
	Kolkata	730	735	-5
	Delhi	745	760	-15
	Nagpur	713	703	10
	Rajkot	710	725	-15
	Kota	730	750	-20
	Hyderabad	703	703	Unch
	Akola	752	742	10
	Amrawati	752	742	10
	Bundi	735	750	-15
	Jalna	760	752	8
	Alwar	NA	NA	-
	Solapur	761	751	10
	Dhule	759	751	8
Palm Oil	Kandla (Crude Palm Oil)	595	600	-5
	Kandla (RBD Palm oil)	615	622	-7
	Kandla RBD Pamolein	630	630	Unch
	Kakinada (Crude Palm Oil)	575	575	Unch
	Kakinada RBD Pamolein	630	630	Unch
	Haldia Pamolein	630	635	-5
	Chennai RBD Pamolein	635	635	Unch
	KPT (krishna patnam) Pamolein	625	627	-2
	Mumbai RBD Pamolein	640	635	5
	Delhi	680	685	-5
	Rajkot	630	640	-10
	Hyderabad	608	608	Unch
	Mangalore RBD Pamolein	635	635	Unch
	PFAD (Kandla)	470	470	Unch
	Refined Palm Stearin (Kandla)	540	540	Unch
Refined Sunflower Oil	Chennai	710	715	-5
	Mumbai	720	725	-5
	Mumbai(Expeller Oil)	660	660	Unch
	Kandla	735	735	Unch
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	717	713	4
	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	665	665	Unch
	Erode (Expeller Oil)	735	740	-5
Groundnut Oil	Rajkot	940	960	-20
	Chennai	950	940	10
	Delhi	950	950	Unch
	Hyderabad *	1015	1010	5
	Mumbai	1020	1020	Unch
	Gondal	950	960	-10
	Jamnagar	940	960	-20
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	780	805	-25
	Jaipur (Kacchi Ghani Oil)	806	833	-27
	Kota (Expeller Oil)	770	790	-20
	Kota (Kacchi Ghani Oil)	805	830	-25
	Neewai (Kacchi Ghani Oil)	775	760	15
	Neewai (Expeller Oil)	790	810	-20
	Bharatpur (Kacchi Ghani Oil)	840	850	-10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	780	800	-20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	800	830	-30
	Mumbai (Expeller Oil)	800	800	Unch
	Kolkata(Expeller Oil)	960	960	Unch
	New Delhi (Expeller Oil)	820	840	-20
	Hapur (Expeller Oil)	885	885	Unch
	Hapur (Kacchi Ghani Oil)	990	990	Unch
	Agra (Kacchi Ghani Oil)	845	855	-10
Refined Cottonseed Oil	Rajkot	705	710	-5
	Hyderabad	670	665	5
	Mumbai	700	690	10
	New Delhi	700	705	-5
Coconut Oil	Kangayan (Crude)	1280	1190	90
	Cochin	1110	1100	10
	Trissur	1330	1220	110
Sesame Oil	New Delhi	780	780	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	740	740	Unch
Rice Bran Oil (40%)	New Delhi	535	525	10
Rice Bran Oil (4%)	Punjab	600	600	Unch
Rice Bran Oil (4%)	Uttar Pradesh	600	600	Unch

Malaysia Palmolein USD/MT	FOB	773	770	<b>3</b>
	CNF India	790	790	<b>Unch</b>
Indonesia CPO USD/MT	FOB	783	785	<b>-2</b>
	CNF India	803	800	<b>3</b>
RBD Palm oil (Malaysia Origin USD/MT)	FOB	770	765	<b>5</b>
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	765	770	<b>-5</b>
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	2020	2020	<b>Unch</b>
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	710	708	<b>2</b>
Crude palm Kernel Oil India (USD/MT)	CNF India	1910	1840	<b>70</b>
Ukraine Origin CSFO USD/MT Kandla	CIF	825	825	<b>Unch</b>
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	<b>-</b>
<b>Argentina FOB (\$/MT)</b>		<b>25-Jan-17</b>	<b>19-Jan-17</b>	<b>Change</b>
Crude Soybean Oil Ship		785	820	<b>-35</b>
Refined Soy Oil (Bulk) Ship		812	849	<b>-37</b>
Sunflower Oil Ship		748	745	<b>3</b>
Cottonseed Oil Ship		765	800	<b>-35</b>
Refined Linseed Oil (Bulk) Ship		Unq	Unq	<b>-</b>
<b>* indicates including VAT</b>				

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