

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Refined soybean oil featured mixed trend at various market centers during the week. The benchmark Indore stood unchanged compared to the previous week. Gains in CBOT soy oil and BMD CPO limited any sharp fall in the oil. The domestic palm oil ended higher, while rapeseed mustard fell on new crop supply pressure. Soy oil, palm oil and rapeseed oil closed lower while sunflower oil and groundnut oil closed sideways. Coconut oil closed higher.

On the currency front, Indian rupee against USD closed at 66.88, up 0.07 paisa compared to the previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices. Rupee is expected to appreciate 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

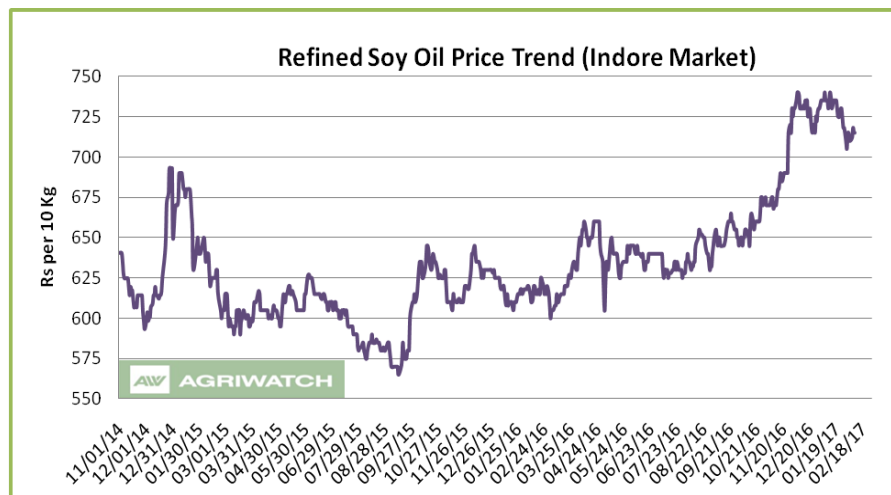
Malaysia's February 1 – 10 palm oil exports fell 0.4 percent to 337,282 tons compared to 338,777 tons exported during Jan. 1 – 10. Top buyers were European Union at 38,500 tons (27,760 tons), China at 76,500 tons (50,000 tons), Pakistan at 12,000 tons (7,000 tons), United States at 21,130 tons (14,100 tons) and India at 15,800 tons (4,500 tons). Values in brackets are figures of Jan. 1 – 10, reported cargo surveyor Societe Generale de Surveillance (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, improving production of palm oil, rise of end stocks in Malaysia and fall in competitive oils will underpin CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Refined soy oil remained flat 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 rose in India West coast.

CDSO demand is firm at CNF markets as CDSO CNF prices rose 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 127 (Rs 88 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 25 (USD 22 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 820 (USD 817) per ton for February delivery. March delivery is offered at USD 820 (USD 797) per ton and April delivery is offered at USD 810 as on February 3, 2017. Values in brackets are figures of last week. Last month, CIF CDSO December average price was USD 858.08 (USD 884.55 per ton in December 2016) per ton.

- On the parity front, margins improved during the week and we expect margins to improve in coming days. Currently refiners fetch USD 10-15/ton v/s loss of USD 10-15/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 by 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 and place it with quota system. Most of the biodiesel is imported by Argentina which now must seek other markets. This will further weaken soy oil prices as there is still oversupply of soy oil in medium term.

Supply of palm oil in 2017 will improve and most of the lost production of palm oil due to El Nino in 2016 will be recovered in 2017. Recovery of production of palm oil in 2017, record production of soy oil, record production of sunflower oil in Russia and record production of canola will underpin soy oil with oversupply of edible oils in international markets.

Soy oil stocks rose in US in December as reported by NOPA on higher production of soy oil due to higher recovery from soybean. 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 underpin 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 will support soybean crops. Crop losses due to floods were limited in flooding areas while dry regions have received beneficial rains. Replanting have been done and good plant growth is expected to improve deteriorating condition of soybean which was lost due to dry condition and later by flooding.

Buenos Aires grains exchange will revise its estimate of soybean crop of Argentina from present estimate of 53.5 MMT in 2016/17.

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 in Brazil is progressing at very good pace and conditions are conducive for harvest of record crop. 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 US 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.

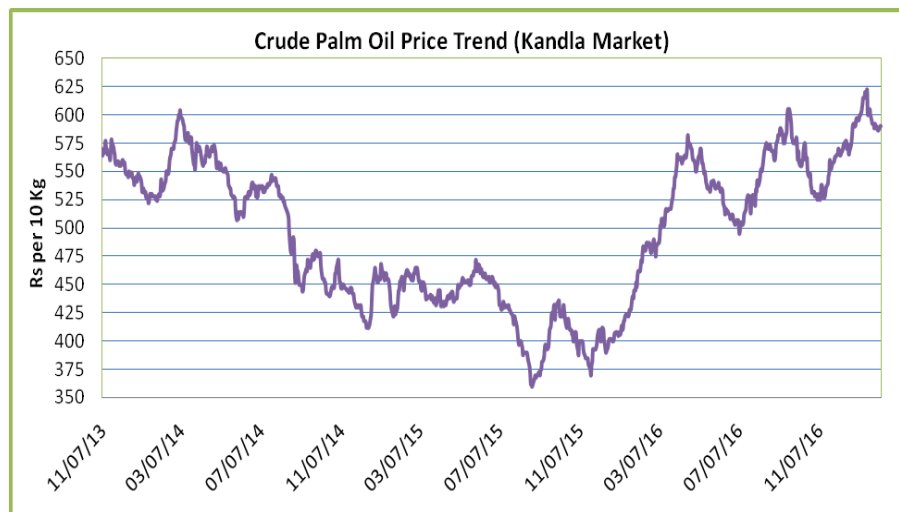
- According to National Oilseed Processors Association (NOPA), U.S. December soybean crush fell marginally to 160.176 million bushels from 160.752 million bushels in November. Crush of soybean in December 2015 was 157.711 million bushels. Production of soy oil in U.S. in December fell to 1.861 billion 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 witnessed steady to firm tone supported by BMD CPO.
- Agriwatch View – Prices of CPO closed lower on likely weak demand in near-term. Prices of CPO fell in domestic market while it fell marginally at CNF markets indicating 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 remained unchanged while prices rose 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 CNFvs 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 42 (Rs 30) per 10 kg.

Improving refining margins will increase imports of CPO and 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 25 (USD 22 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at USD 127 (USD 86) 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 800) per ton for February delivery and March delivery is quoted at USD 785 per ton. Last month, CIF CPO January average price was USD 793.92 (USD 772.55 per ton in December 2016) per ton.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 790 (USD 787.5) per ton for January delivery while March delivery is offered at USD 777.5 per ton. Ready lift CPO duty paid prices quoted at Rs 588 (Rs 592) per 10 Kg and February delivery duty paid is offered at Rs 586 (Rs 590) per 10 kg on February 3, 2017. Last month, CIF RBD palmolein January average price was USD 784.72 (USD 771.50 last month) per ton. Values in bracket depict last week quotes.

- On the parity front, margins weakened during this week due to fall in prices of palm products in India. Currently refiners lose USD 0-5/ton v/s gain of USD 0-5/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 5-10/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 – Palm oil stocks are expected to show slight fall in January due to lower production and higher exports in January. Production is expected to be weak as lagged effect of El Nino and flooding in Malaysia and Indonesia. Flooding is a short-term phenomenon while it will be beneficial for higher yields from April when seasonal high production of palm oil starts.

Production lost on 2016 will be totally recovered in 2017. GAPKI estimates palm oil production will exceed 35 MMT in 2017. New planting of in 213 will support palm oil production in Indonesia.

MPOB expects improvement of palm oil production in Malaysia to pre El Nino production. Exports of palm oil rose 9-10 percent due to lower buying by India and China.

Exports registered increase of 4-8 percent in January 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 price 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 over. However, import parity of RBD palmolein is positive which will lead to higher purchases from Malaysia.

Exports slowed between 20-31 January and if trend continues then end stocks will show limited fall.

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 on 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 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.

Higher crude oil prices will help CPO prices.

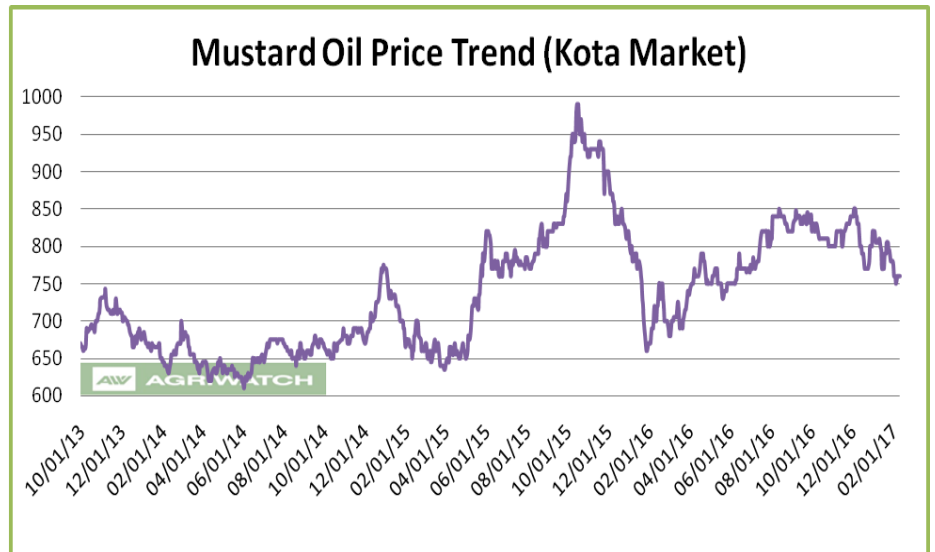
Prices are in range.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's January palm oil exports rose 4.3 percent to 1,157,288 tons compared to 1,109,606 tons in December 2016. Top buyers were European Union at 213,950 tons (257,808 tons), China at 145,510 tons (176,477 tons), India at 140,550 tons (154,525 tons), United States at 50,350 tons (43,620 tons) and Pakistan at 31,500 tons (46,150 tons). Values in brackets are figures of December 2016.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's January palm oil exports rose 8.1 percent to 1,174,893 tons compared to 1,086,523 tons in December 2016. Top buyers were European Union at 287,476 tons (308,802 tons), India & subcontinent at 222,100 tons (214,025 tons) and China at 151,710 tons (196,985 tons). Values in brackets are figures of December 2016.
- According to Indonesia Palm Oil Association, Indonesia's December 2016 palm and palm kernel oil exports fell 5.6 percent to 2.68 MMT from 2.84 MMT in November 2016. Exports rose 6.8 percent from December 2015 when exports were 2.51 MMT. Exports in November 2016 rose 17.8 percent compared to October 2016. Exports in October 2016 were 2.41 MMT.
- According to Indonesia Palm Oil Association, Indonesia's 2017 crude palm oil production is estimated to rise 12.7 percent to 35.5 MMT compared to 31.1 MMT in 2016. Heavy rains in 2016 will support palm oil production and growth in plantation in 2013 will bear fruit in 2017.
- 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 extended losses on new crop seed supplies in the markets of key growing belt. Benchmark market in Jaipur closed lower at the end of the week.
- Agriwatch view: Prices of rapeseed oil expeller fell in Kota, Jaipur, Ganganagar, Gujarat, Mumbai and New Delhi while it remained in Neewai, Kolkata and Hapur.



Prices of Kacchi ghani fell in

Kota, Jaipur, Ganganagar and Neewai while it remained unchanged in Bharatpur, Agra and Hapur. .

Prices of rapeseed oil fell due to fall in prices of rapeseed on negative sentiment due to higher rapeseed crop in 2017.

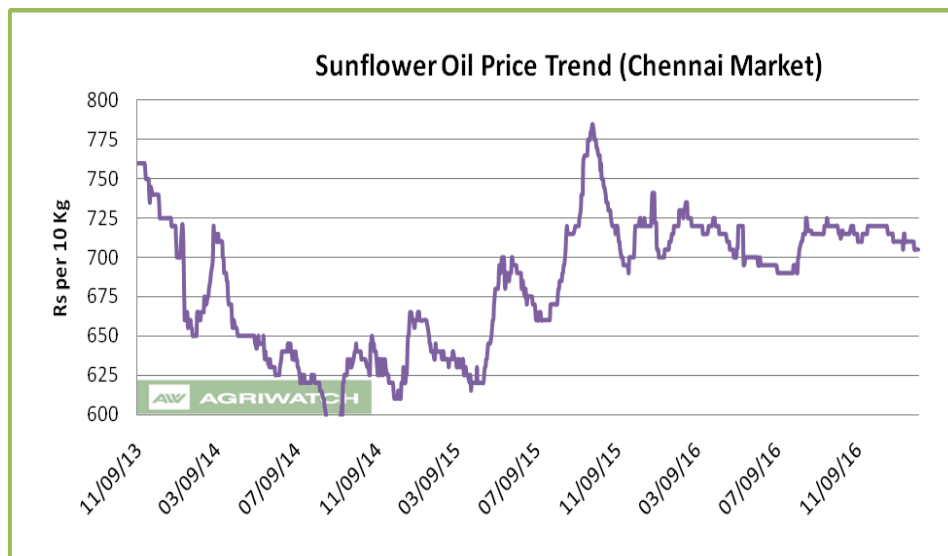
- Prices of rapeseed is expected to fall below MSP in first half of March.
- Agriwatch expects rapeseed crop at 6.8-6.9 MMT in 2017.
- Higher sowing of rapeseed in Rabi season has put pressure on rapeseed oil.
- Prices fell on fall in prices of soy oil and palm oil. Prices fell on seasonal downtrend of prices.
- Higher imports of rapeseed (canola) oil suppressed prices in near term. Further, fall in canola oil prices affected sentiment.
- Stockists are releasing stocks as new crop is expected to hit in second half of February
- Premium of canola oil compared to CDSO has increased USD 40 (USD 53) per ton and which will support 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 70.56 lakh hectares on 3 February 2017 compared to 64.53 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 40 (USD 53 last week) per ton as on February 3, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 775 (Rs 780) per 10 Kg, and at Kota market, it is offered at Rs 760 (Rs 770) per 10 kg as on February 3, 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 720-820 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices featured sideways during the week at its benchmark market in Chennai on firm supply and firm demand. Prices closed unchanged in Hyderabad while it rose in Kakinada. Prices closed higher in Mumbai while it was unchanged at Kandla/Mudra. Sunflower expeller prices remained unchanged in Erode while it rose 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. Demand was higher in Andhra Pradesh while it was firm in Tamil Nadu after festivals. Prices of sunflower oil were unchanged in Chennai despite lower prices of sunflower oil at CNF markets indicating firm demand. Fall in prices of palm oil and soy oil capped gains. However, prices of soy oil are trading at low 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 18 (USD 8 last week) per ton for February delivery, indicating prices have ample space to rise as sunflower oil is considered superior oil. Sunflower oil premium over palm oil is USD 27.5 (USD 30 last week) which is low and may support imports. Sunflower oil is trading at low premium over soy oil in domestic market, which will increase demand in medium term. Supply has improved in markets as imports rose 44.3 percent in December and stocks at ports and pipelines remained 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 18 (USD 88 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 firm on firm demand and firm supply. Prices are expected to trade sideways to firm in near term.
- All India sowing of sunflower has reached 1.69 lakh hectares on 27 January 2017 compared to 3.21 lakh hectares in corresponding period last year.

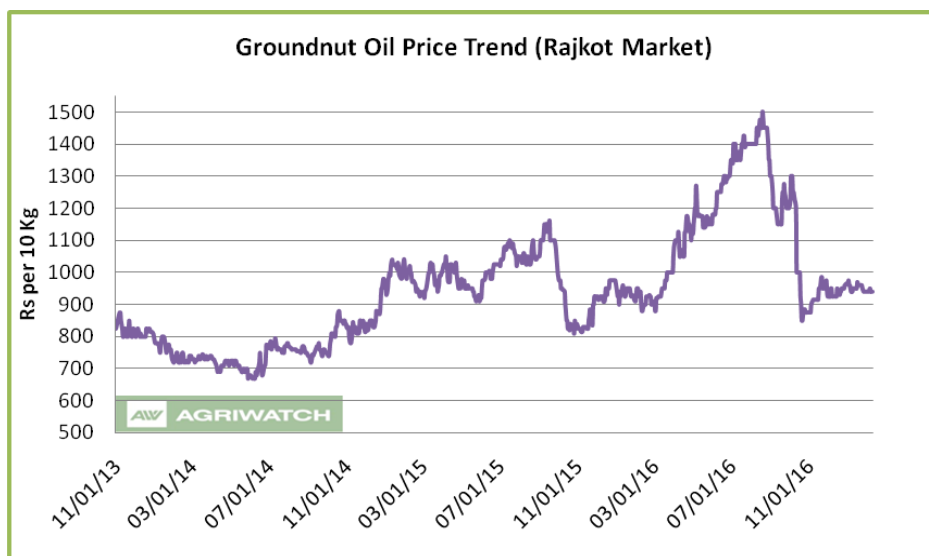


- Sunflower oil import scenario – According to SEA, India imported 1.85 lakh tons of crude sunflower oil during December 2016 v/s 1.03 lakh tons in December 2015, higher by 44.3 percent y-o-y.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 820 (USD 825) per ton for FM delivery and AMJ delivery is quoted at USD 820 (USD 825) per ton. CIF sun oil (Ukraine origin) January monthly average was around USD 824.36 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 18 (USD 8 last week) per ton for February 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 February 3, 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 sideways trend in Rajkot in week in review on firm supply. Prices in Jamnagar and Gondal remained unchanged. Prices closed unchanged in Chennai while it fell in Hyderabad. Prices fell in Mumbai while it was unchanged in New Delhi at the end of week.



- Agriwatch view: Prices of groundnut oil featured sideways in Rajkot on firm supply and moderate demand. 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. Retail demand has weakened in expectation of fall in its prices.

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

Expectation of weak international scenario of oils reduced offtake by stockists and traders

Crushing of groundnut is firm due to higher farmer release. However, moderate demand has kept prices unchanged.

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.

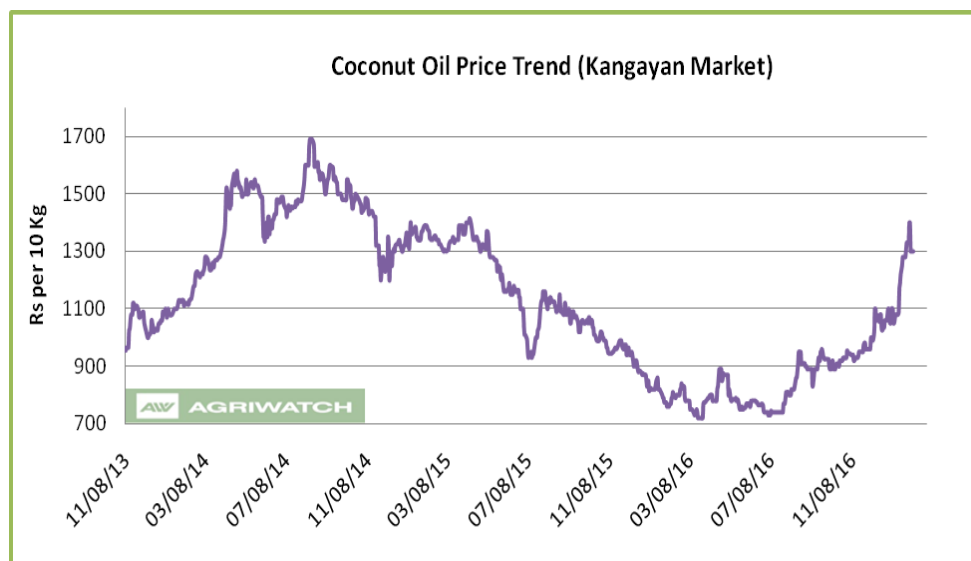
- All India sowing of groundnut has reached 6.16 lakh hectares on 3 February 2017 compared to 5.96 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,400 (Rs 9,400) per quintal and it was quoted at Rs 9,500 (Rs 9,500) per quintal in Chennai market on February 3, 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 failure of monsoon and drought in many coconut producing areas 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. Strong corporate buying of copra has supported prices in near term.

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

Traders and upcountry buyers are slowly releasing stocks as prices of coconut oil has stretched too far and are depending mostly on ready markets.

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.

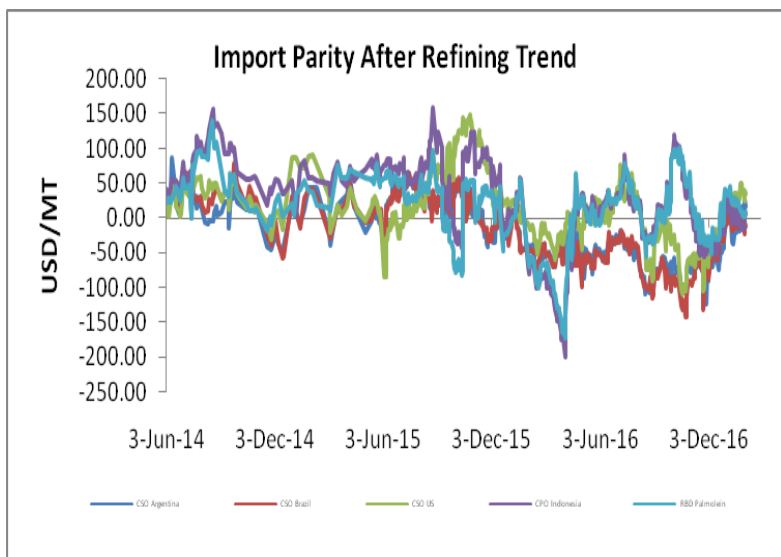
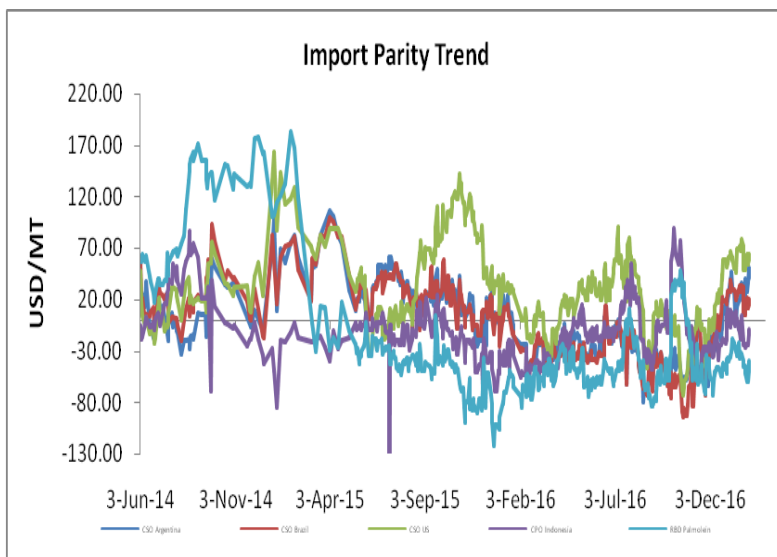
Prices are expected to trade sideways to firm tone in near term.

- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 14,100 (13,300) per quintal, and was quoting Rs 14,000 (Rs 12,800) per quintal in Erode market on February 3, 2017.

Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1300-1500 per 10 Kg.

Import Parity Trend

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

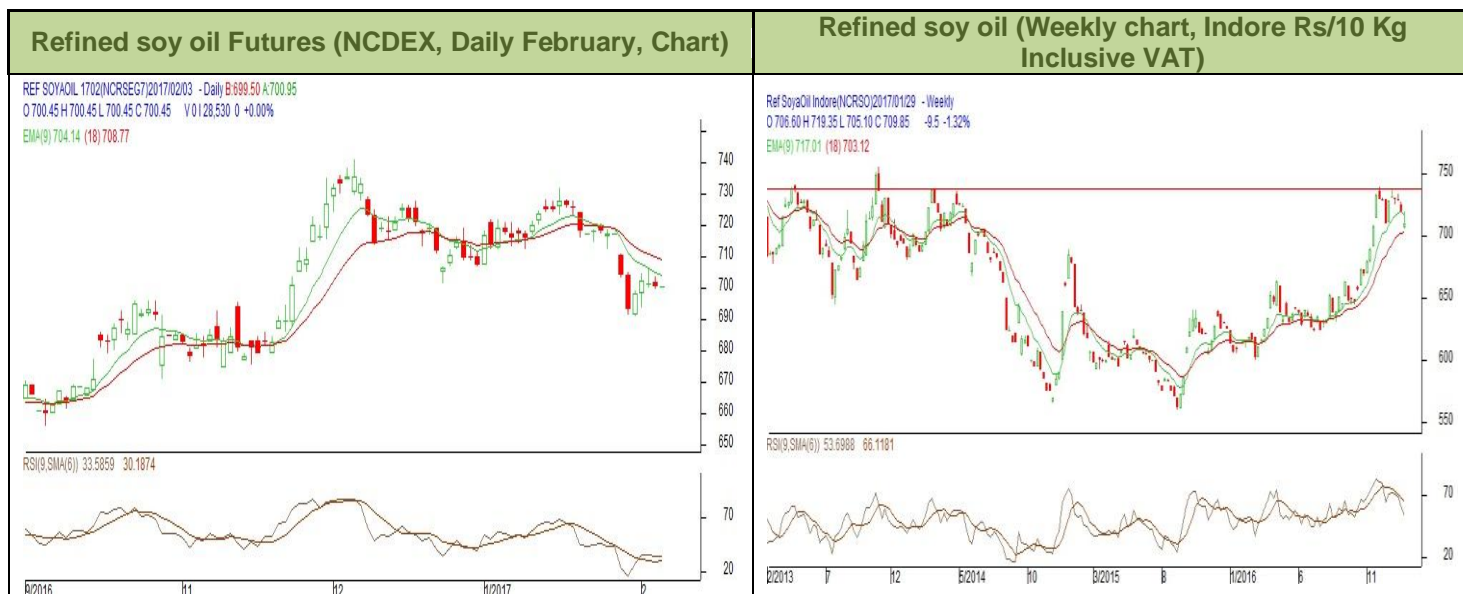


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Dec, 2016	-56.82	-47.47	-21.57	-26.81	-17.48
Jan, 2016	-8.31	-7.38	31.24	1.15	22.76

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 improve in medium term. Parity in palm oil products may increase 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.

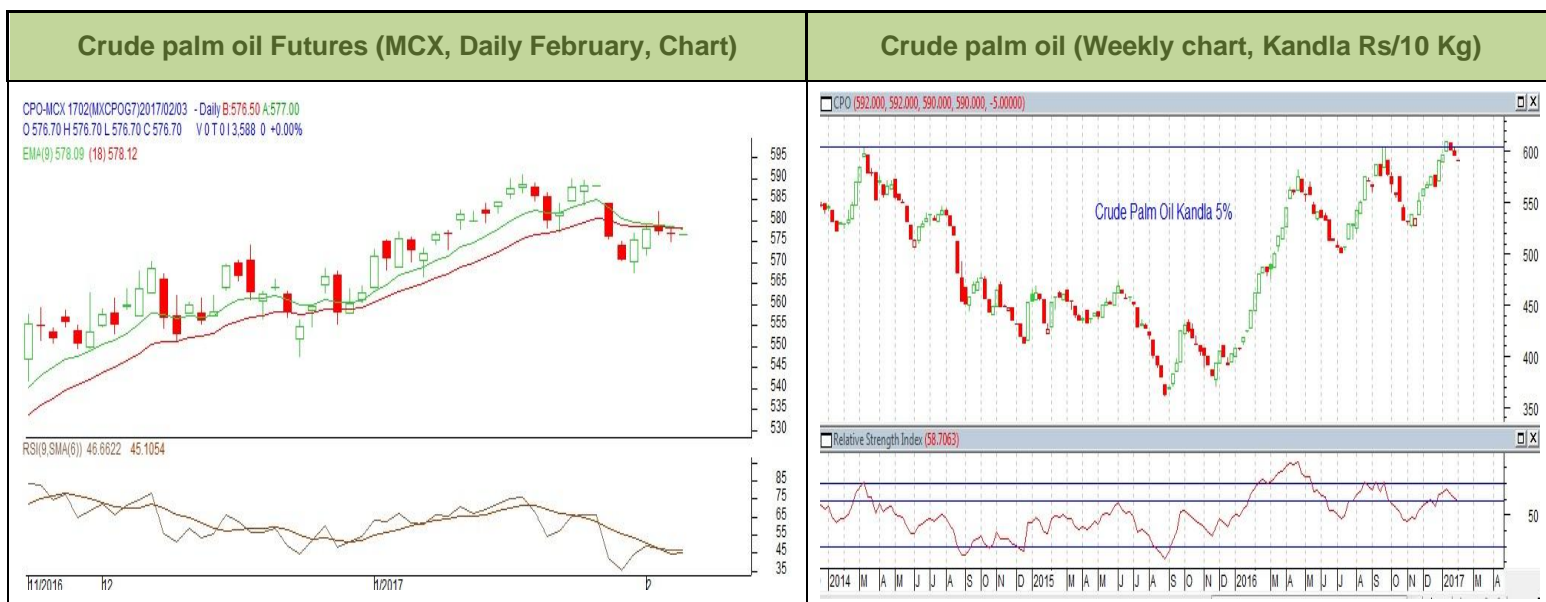
Strategy: Market participants are advised to go short below 705 levels for a target of 695 and 685 with a stop loss at 715 on closing basis.

RSO NCDEX (February)

Support and Resistance				
S2	S1	PCP	R1	R2
674.00	691.00	703	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 uptrend 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	578	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
		10-Feb-17	3-Feb-17	
Refined Soybean Oil	Indore	715	715	Unch
	Indore (Soy Solvent Crude)	680	680	Unch
	Mumbai	705	700	5
	Mumbai (Soy Degum)	655	660	-5
	Kandla/Mundra	700	698	2
	Kandla/Mundra (Soy Degum)	670	675	-5
	Kolkata	710	710	Unch
	Delhi	735	735	Unch
	Nagpur	702	703	-1
	Rajkot	695	697	-2
	Kota	715	730	-15
	Hyderabad	703	703	Unch
	Akola	742	741	1
	Amrawati	742	741	1
	Bundi	720	722	-2
	Jalna	750	750	Unch
	Alwar	NA	NA	-
	Solapur	748	750	-2
	Dhule	748	749	-1
Palm Oil	Kandla (Crude Palm Oil)	590	590	Unch
	Kandla (RBD Palm oil)	615	615	Unch
	Kandla RBD Pamolein	635	630	5
	Kakinada (Crude Palm Oil)	585	585	Unch
	Kakinada RBD Pamolein	630	625	5
	Haldia Pamolein	630	625	5
	Chennai RBD Pamolein	635	630	5
	KPT (krishna patnam) Pamolein	625	620	5
	Mumbai RBD Pamolein	640	635	5
	Delhi	675	675	Unch
	Rajkot	630	627	3
	Hyderabad	599	594	5
	Mangalore RBD Pamolein	635	630	5
	PFAD (Kandla)	480	460	20
	Refined Palm Stearin (Kandla)	540	530	10
Refined Sunflower Oil	Chennai	705	710	-5
	Mumbai	730	730	Unch
	Mumbai(Expeller Oil)	655	655	Unch
	Kandla	720	725	-5
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	722	722	Unch
	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	665	665	Unch
	Erode (Expeller Oil)	730	735	-5
Groundnut Oil	Rajkot	940	940	Unch
	Chennai	930	950	-20
	Delhi	950	950	Unch
	Hyderabad *	1000	990	10
	Mumbai	990	1000	-10
	Gondal	930	940	-10
	Jamnagar	940	940	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	755	775	-20
	Jaipur (Kacchi Ghani Oil)	798	801	-3
	Kota (Expeller Oil)	760	760	Unch
	Kota (Kacchi Ghani Oil)	790	795	-5
	Neewai (Kacchi Ghani Oil)	755	770	-15
	Neewai (Expeller Oil)	780	782	-2
	Bharatpur (Kacchi Ghani Oil)	800	810	-10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	760	770	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	790	793	-3
	Mumbai (Expeller Oil)	775	770	5
	Kolkata(Expeller Oil)	960	960	Unch
	New Delhi (Expeller Oil)	805	805	Unch
	Hapur (Expeller Oil)	885	885	Unch
	Hapur (Kacchi Ghani Oil)	990	990	Unch
	Agra (Kacchi Ghani Oil)	805	815	-10
Refined Cottonseed Oil	Rajkot	700	700	Unch
	Hyderabad	675	680	-5
	Mumbai	700	690	10
	New Delhi	700	700	Unch
Coconut Oil	Kangayan (Crude)	1300	1400	-100
	Cochin	1150	1140	10
	Trissur	1350	1410	-60
Sesame Oil	New Delhi	780	780	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	730	730	Unch
Rice Bran Oil (40%)	New Delhi	530	540	-10
Rice Bran Oil (4%)	Punjab	595	595	Unch
Rice Bran Oil (4%)	Uttar Pradesh	595	595	Unch



Malaysia Palmolein USD/MT	FOB	785	773	12
	CNF India	803	793	10
Indonesia CPO USD/MT	FOB	785	770	15
	CNF India	813	798	15
RBD Palm oil (Malaysia Origin USD/MT)	FOB	783	770	13
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	770	765	5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1920	1990	-70
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	718	710	8
Crude palm Kernel Oil India (USD/MT)	CNF India	1815	1910	-95
Ukraine Origin CSFO USD/MT Kandla	CIF	820	820	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	-
Argentina FOB (\$/MT)		9-Feb-17	2-Feb-17	Change
Crude Soybean Oil Ship		786	768	18
Refined Soy Oil (Bulk) Ship		814	795	19
Sunflower Oil Ship		735	740	-5
Cottonseed Oil Ship		766	748	18
Refined Linseed Oil (Bulk) Ship		Unq	Unq	-
* indicates including VAT				

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