

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 coconut oil closed lower while groundnut oil closed sideways.

On the currency front, Indian rupee against USD closed at 66.62, down 38 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 appreciate and crude oil prices will fall.

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 660 levels for a target of 645 and 640 with a stop loss at 670 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 640-700 per 10 Kg in the near term.

Market participants are advised to go short in CPO below 540 for a target of 525 and 520 with a stop loss at 550 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 525-570 per 10 Kg in the near term.

International Veg. Oil Market Summary

Malaysia's February 1-20 palm oil exports rose 1.7 percent to 745,564 tons compared to 733,002 tons in corresponding period last month. Top buyers were European Union at 146,870 tons (141,845 tons), China at 101,020 tons (113,050 tons), India at 81,290 tons (58,550 tons), United States at 58,230 tons (21,750 tons) and Pakistan at 24,000 tons (14,000 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 Argentina, weak crude oil prices and higher dollar due to expected FED rate hike will underpin support soy oil prices in coming days.

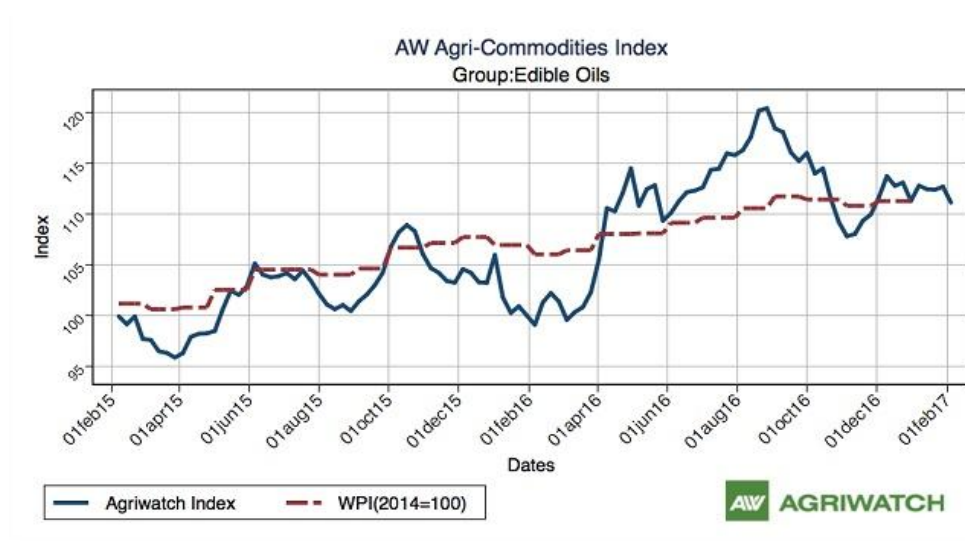
Weakening of exports of palm oil from Malaysia, strengthening ringgit, improving production of palm oil and fall in competitive oils will underpin CPO prices in near term.

Agriwatch Index



- The Agriwatch Agri Commodities Index dipped 0.32% to 114.85 during the week ended Feb 4, 2017 from 115.21 during the previous week. The base for the Index and all sub-Indices is 2014 (= 100).
- Commodity price trends were mixed with 4 of the 9 commodity group sub-Indices gaining during the week. Gains in cereals and non-food articles were offset by declines in pulses and edible oils.

Agriwatch edible oil index

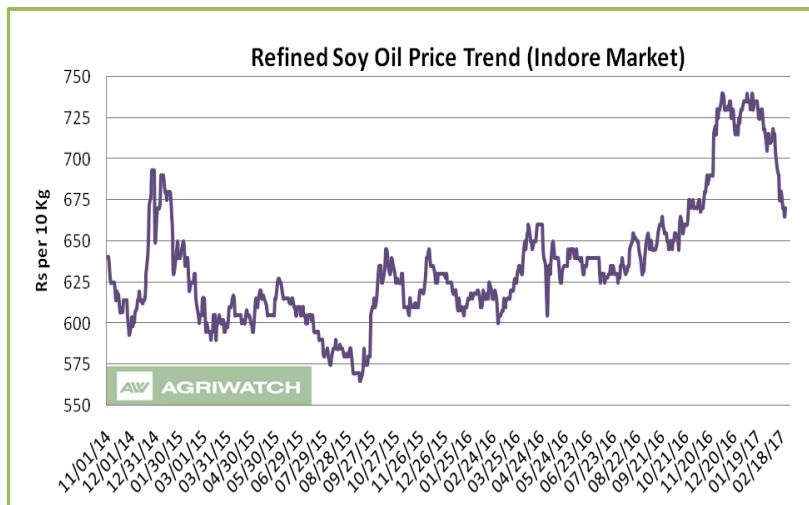


- Agriwatch edible oil index fell 1.38 percent in the week ended February 4, 2017 to 111.13

"Agriwatch has recently launched its AW Agri Commodity Indices to enable organizations access independent Indices to track and use to benchmark their purchases and sales. The Indices are based on the daily prices in the key benchmark markets for each commodity that AW has been covering for the past decade. The indices include an Aggregate Index, Category Indices and individual commodity indices. The weekly indices are free to access on our website www.agriwatch.com. The daily indices are available on subscription. Please contact for more details."

Soy oil Fundamental Analysis and Outlook:-**Domestic Front**

- Soy oil featured downtrend at its benchmark market in Indore during the week on weak demand and weak cues from international markets. Prices of refined soy oil fell across board in India. 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 fell on India West coast.

Prices fell in India high seas compared to CNF markets indicating weak demand at high seas.

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

Fall in soybean prices supported the fall.

Weak palm oil prices supported the fall.

Imports of soy oil increased in January compared to December 2016 while it was much below January 2016.

However, soy oil stocks at ports and pipelines decreased in January indicating weak supply.

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 in disparity at high seas and refining margins have turned negative. 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 85 (Rs 63 last week) per 10 Kg may weaken soy oil prices in domestic markets. In USD terms, premium of CDSO CNF over CPO CNF, which was quoted at USD 43 (USD 20 last week) per ton, indicating firm demand of CDSO at CNF markets compared to CPO CNF.

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 on weak demand and weak international cues. Prices of soy oil are in a range.

- Soy oil import scenario – According to SEA, India imported 1.67 lakh tons of soy oil in January 2017 v/s 4.41 lakh tons in January 2016, down 164 percent y-o-y.
- Imported crude soy oil CIF at West coast port is offered at USD 783 (USD 790) per ton for March delivery. April delivery is offered at USD 763 (USD 797) per ton and May delivery is offered at USD 745 as on February 24, 2017. Values in brackets are figures of last week. Last month, CIF CDSO January average price was USD 854.08 (USD 858.08 per ton in December 2016) per ton.
- On the parity front, margins were in disparity during the week and we expect margins to improve in coming days. Currently refiners lose USD 15-20/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 – Record soybean crops in US and Brazil coupled with higher than expected soybean crop in Argentina will underpin soybean complex in medium term.

Soybean crop in Argentina is in very good condition and if condition remain conducive than more than 55 MMT of soy crop will be harvested. Crop moisture is adequate and there is no heat stress now. However, Argentina government decreased the area planted.

Soybean harvest in Brazil is progressing at good pace and record crop is expected to be harvested. Initial wet condition slowed harvest progress as early planting of soybean due to wet condition matured the crop earlier. Top soybean producing state of Mato Grosso has reported harvest over 50 percent until the last report.

Rise in soy oil end-stocks in US due to higher production of soy oil on higher crush of soybean will underpin soy oil prices in near term. Lower use of soy oil in US supported the rise in stocks. M-O-M soy oil stocks showed rise of 13 percent. Soy oil stocks of US rebounded after staying in a narrow range for last two months. Crush of soybean in February is progressing at good pace indicating that stocks of soy oil will rise in February.

USDA reported rise in stocks of soy oil in 2016/17 due to rise in imports in will underpin soy oil prices in near term. USDA kept the prices ranged of soy oil unchanged in its February estimate. USDA retained use of soy oil in biodiesel despite Trump administration delaying EPA regulations, which was to be implemented in 2016/17. Higher stocks of soy oil will underpin soy oil in medium term.

Further 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.

Oversupply of edible oils in 2017 due to record of soybean in US, Brazil and Argentina coupled with record production of sunflower and recover in production of palm oil after severe El Nino in 2015 and 2016. 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 prices.

Exports of soybean from US is slow in near term due to arrival of new crop in Brazil. However, exports of soybean in current marketing season in US is at record levels which supported soybean complex prices in November and December with China as key driver of higher soybean imports despite trade dispute with US. Competitive oils will underpin prices in near term.

Fall in crude oil prices will underpin 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.

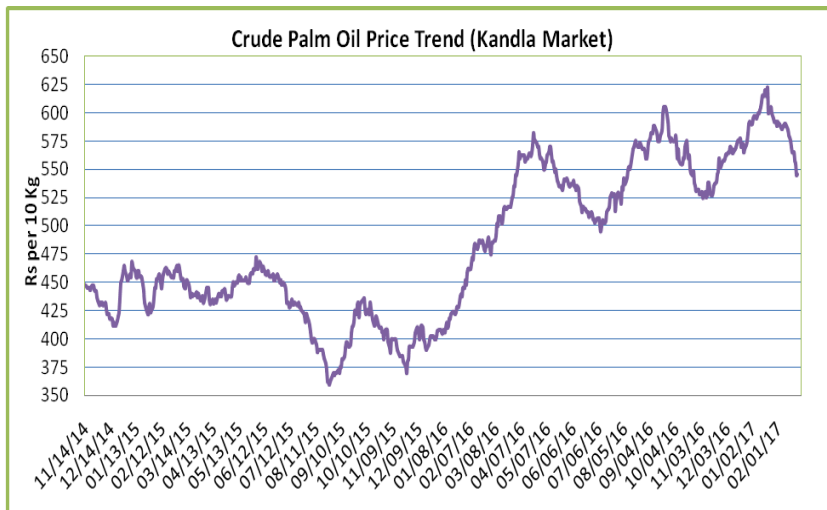
- Brazil's 2016/17 soybean crop harvest has reached 26% of the total planted area by February 16. The figure is up 23% from the corresponding period last year and up 19% from last week estimated by AgRural. The harvesting in Mato Grosso has reached 52% of the total State area and stands as a leader, but down from 44% last week due to rains which hampered the harvesting in the region.
- Agroconsult has projected Brazil's 2016/17 soybean production at 107.8 million tons up from 105.3 million projected initially in February. The agency has estimated Brazil's 2016/17 soy exports at 61.1 million tons.
- AgRural consultancy has raised its soybean production forecast Brazil's 2016/17 on 3 Feb. 2017 to 105.4 million tons from 103.1 million tons projected previous month. Brazil's 2016/17 soybean production is projected at 104.6 million tons against 101.7 million tons projected in December by Abiove. Abiove has estimated Brazil's 2017 soy exports at 58.7 million tons compared to 58 million projected in December. Brazil had exported 51.58 million tons of soybean in 2016 up from Abiove's December estimate of 51.7 million tonnes.
- According to National Oilseed Processors Association (NOPA), U.S. December soybean crush rose marginally to 160.621 million bushels from 160.176 million bushels in December 2016. Crush of soybean in January 2016 was 150.453 million bushels. Production of soy oil in U.S. in January rose to 1.870 billion lbs from 1.861 billion lbs in December 2016. Production in January 2016 was 1.758 billion lbs. Soy oil stocks in U.S. at the end of January rose 13.6 percent to 1.629 billion lbs compared to 1.434 billion lbs in December 2016. Stocks of soy oil in January were higher by 3 percent compared to January 2016, which was reported at 1.582 million lbs. Yield rose to 11.65 lbs/bushel in January from 11.62 lbs/bushel in December. Yield in January 2016 was reported at 11.69 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 1,677 million lbs from 1,652 million lbs in February estimate. Opening stocks were unchanged at 1,687 million lbs. Production of soy oil in 2016/17 were unchanged at 22,390 million lbs. Imports in 2016/17 were higher at 300 million lbs compared to 275 million lbs in February estimate. 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 unchanged at 34 - 37 cents/lbs. Rise in end stock is due to imports of soy oil.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price range for 2016/17 is projected at \$9.10 to \$9.90 per bushel, unchanged at the midpoint from last month. Soybean oil prices are forecast at 34 to 37 cents per pound, and soybean meal prices are projected at \$310 to \$340 per short ton, both unchanged at the midpoint from last month.

Price Outlook: We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 640-700 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 and weak cues from international markets. CPO prices were lower in Kakinada at the end of the week. RBD palmolein prices fell across board in India.
- Agriwatch View – Prices of CPO closed lower on weak demand and weak cues from international markets. Fall in prices of CPO in domestic market were more than fall in CNF



markets indicating weak demand in domestic market and weak cues from international markets.

Demand of RBD palmolein is weak at high seas as fall in prices at high seas was less than fall at CNF India compared to last week.

Demand of RBD palmolein is firm at CNF markets as fall in prices at CNF markets were lower than fall at Malaysia FOB compared to last week.

Imports of RBD palmolein is expected to remain firm as RBD palmolein is trading at discount to CPO.

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

Demand of RBD palmolein on high seas is weaker than CPO at high seas as premium RBD palmolein over CPO decreased to Rs 34 (Rs 42) 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 January was lower than January 2016 and December 2016 despite reduction of import duty indicating weak demand. Stocks at ports and pipelines increased in January.

Low CDSO CNF premium over CPO CNF will decrease imports of palm oil in medium term USD 43 (USD 25 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 125 (Rs 63 last week) per 10 Kg will improve CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 90 (Rs 75 last week) per 10 kg is low 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 6.09 lakh tons of palm oil in January 2017 v/s 6.88 lakh tons in January 2016, down 11.5 percent y-o-y. CPO imports slowed to 4.08 lakh tons in January compared to 5.30 lakh tons in January 2016, lower by 23 percent y-o-y. RBD palmolein imports rose 31.3 percent in January to 1.97 lakh tons from 1.50 lakh tons in January 2016.
- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 745 (USD 797.5) per ton for February delivery and March delivery is quoted at USD 740 (USD 765) 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 730 (USD 755) per ton for February delivery while March delivery is offered at USD 725 (USD 777.5) per ton. Ready lift CPO duty paid prices quoted at Rs 545 (Rs 565) per 10 Kg and March delivery duty paid is offered at Rs 543 (Rs 565) per 10 kg on February 24, 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 improved during this week due to fall in prices of palm products in international markets. Currently refiners fetch USD 5-10/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 30-35/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 end stocks in Malaysia is expected to fall in February as fall in production set off fall in palm oil exports. Palm oil end stocks in January showed larger than expected fall due to lower production and higher exports.

Production is expected to fall on lagged effect of El Nino and flooding in various parts of Malaysia.

Production will remain adversely affected in Malaysia until mid 2017 which will support prices in medium term.

However, imports from India and China have lagged in January. Exports showed large rise from unknown destinations.

Production of palm oil in Indonesia lost on 2016 will be not be fully recovered in 2017. GAPKI estimates palm oil production will exceed 35 MMT in 2017. New planting of in 2013 will support palm oil production in Indonesia.

MPOB expects improvement of palm oil production in Malaysia to pre El Nino production.

Exports in February are down by 1-4 percent in first 25 days of February. However, fall is due to holidays in early February in Malaysia. Exports will show proper conclusion from March-April.

However, imports from India is better than January as India is importing more RBD palmolein from Malaysia as RBD palmolein prices quoted on India ports is lower than Indonesia CPO. Moreover, demand ahead of festive season will increase demand in near term. Low premium of soy oil and sunflower oil over palm oil at Indian ports will slow imports from India as India is a price sensitive country. India is world's largest importer of soy and palm oil. Higher oilseed crop in India in 2016-17 will increase production oil of edible oil in its domestic market and slow imports.

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

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 appreciation will underpin palm oil prices in medium term.

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 weak competitive oil markets like DALIAN RBD palmolein and CBOT soy oil in near term.

Malaysia increased palm oil export duty to 8 percent for March as Malaysian government feels that rise in export duty will not hurt their competitiveness from Indonesia.

Indonesia kept palm oil export duty for March at 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 Indonesia will soak incremental palm oil production in near term.

Prices are in range.

- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's February 1-25 palm oil exports fell 1.9 percent to 907,078 tons compared to 924,282 tons in corresponding period last month. Top buyers were European Union at 182,795 tons (236,775 tons), India & subcontinent at 150,860 tons (128,800 tons) and China at 137,150 tons (142,710 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's February 1-20 palm oil exports rose 1.7 percent to 745,564 tons compared to 733,002 tons in corresponding period last month. Top buyers were European Union at 146,870 tons (141,845 tons), China at 101,020 tons (113,050 tons), India at 81,290 tons (58,550 tons), United States at 58,230 tons (21,750 tons) and Pakistan at 24,000 tons (14,000 tons). Values in brackets are figures of corresponding period last month.
- According to Indonesia's trade ministry, Indonesia kept March crude palm oil export duty at USD 18 per ton. Export duty 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 March.
- According to China's General Administration of Customs (CNGOIC), China's January palm oil imports rose 10.98 percent to 5.35 lakh tons. Imports rose from Indonesia in January by 0.18 percent to 3.74 lakh tons. Imports rose from Malaysia in January by 47.91 percent to 1.61 lakh tons.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's January palm oil end stocks fell 7.55 percent to 15.41 lakh tons compared to 16.67 lakh tons in December. Production dropped 13.36 percent in January to 12.77 lakh tons compared to 14.74 lakh tons in December. Exports in January rose 1.15 to 12.83 lakh tons compared to December exports at 12.68 lakh tons. Imports in January rose 86.27 percent to 0.67 lakh tons compared to 0.36 lakh tons in December.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 525-570 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-**Domestic Front**

- Mustard oil prices featured downtrend during the week in review at most trading centers on fall in prices of rapeseed. Benchmark market in Kota closed lower at the end of the week.
- Agriwatch view: Prices of rapeseed oil expeller fell across board in India except Hapur where prices closed unchanged.

Prices of Kacchi ghani fell across board in India.

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 are 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.

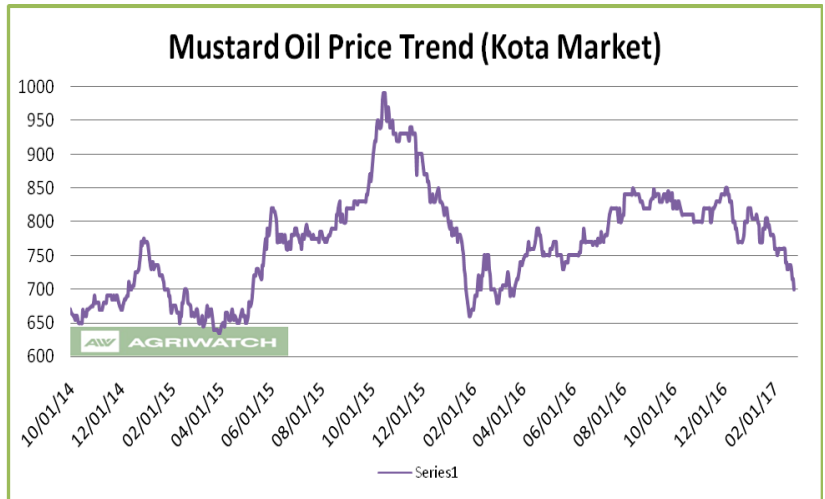
Higher imports of rapeseed (canola) oil suppressed prices in near term. Further, fall in canola oil prices affected sentiment.

Stockists are releasing stocks as new crop is expected to hit anytime.

Premium of canola oil compared to CDSO has increased USD 42 (USD 40) 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.

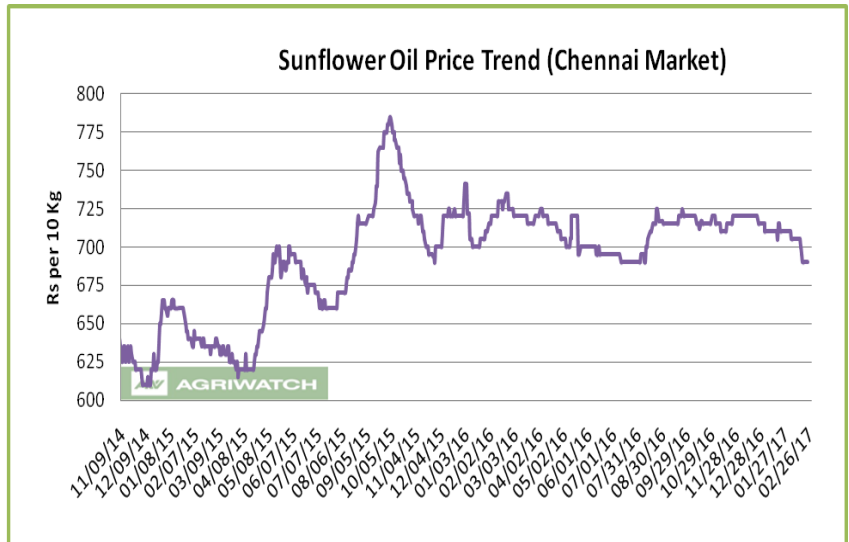
- All India sowing of rapeseed has reached 70.56 lakh hectares on 3 February 2017 compared to 64.53 lakh hectares in corresponding period last year.
- India imported 0.18 lakh tons of rapeseed (Canola) oil in January 2017 v/s 0.07 lakh tons in January 2016, higher by 157 percent y-o-y: SEA
- CIF canola premium over soybean oil is USD 42 (USD 40 last week) per ton as on February 24, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 700 (Rs 742) per 10 Kg, and at Kota market, it is offered at Rs 700 (Rs 730) per 10 kg as on February 24, 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 650-740 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 firm supply. Prices closed lower in Hyderabad and Kakinada. Prices closed lower in Mumbai and Kandla/Mudra. Sunflower expeller prices remained unchanged in Erode while it fell in Hyderabad. Prices remained unchanged in Latur and Chellakere.



- Agriwatch view: Prices of sunflower oil traded lower in Chennai on firm supply.

Demand was lower in Andhra Pradesh on weak demand.

Prices of sunflower oil fell in Chennai on losses at CNF markets. Prices of sunflower fell more at CNF markets while prices in Chennai fell marginally indicate weak demand.

Fall in prices of palm oil and soy oil supported losses. However, prices of soy oil are trading at low premium over sunflower oil.

Prices fell on seasonal downtrend of prices.

Premium of CSFO over CDSO at CNF has increased to USD 34.5 (USD 15 last week) per ton for March delivery, indicating prices have ample space to rise as sunflower oil is considered superior oil. However, fall in prices of sunflower indicate that soy oil and palm oil pulled sunflower prices lower.

Sunflower oil premium over palm oil is USD 40 (USD 40 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 82 percent in January and stocks at ports and pipelines fell.

Refiners are aggressively purchasing crude sunflower oil from international markets as CIF sunflower oil trading at low premium over CIF soybean oil. Currently sunflower oil premium over soy oil is at USD 34.5 (USD 15 last week) per ton for March 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 to weak on fall in prices of competitive oils, weak demand, seasonal downtrend of prices and firm supply.

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

- All India sowing of sunflower has reached 1.69 lakh hectares on 3 February 2017 compared to 3.21 lakh hectares in corresponding period last year.
- Sunflower oil import scenario – According to SEA, India imported 2.15 lakh tons of crude sunflower oil during January 2017 v/s 1.18 lakh tons in January 2016, higher by 82 percent y-o-y.

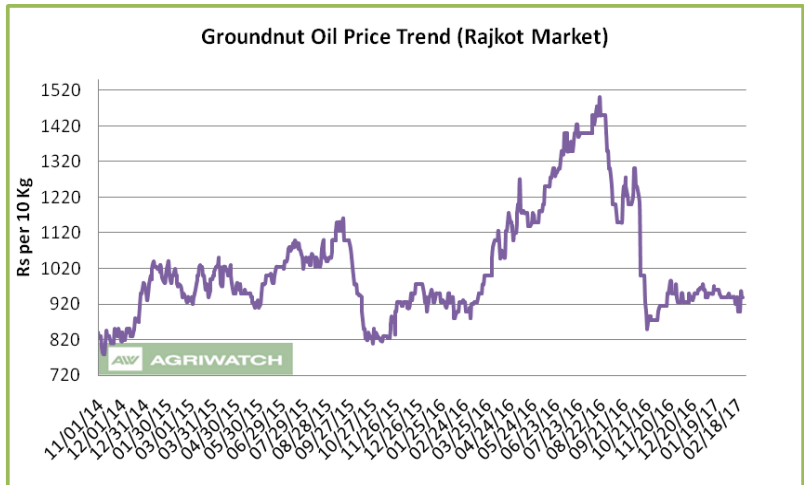
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 797.5` (USD 825) per ton for April delivery and MJ delivery is quoted at USD 802.5 (USD 825) per ton. CIF sun oil (Ukraine origin) January monthly average was around USD 824.36 per ton. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 760-840 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD 34.5 (USD 15 last week) per ton for March delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 690 (Rs 695) per 10 Kg, and at Hyderabad market, it is offered at Rs 703 (Rs 717) per 10 kg as on February 24, 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 650-720 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 and firm demand. Prices rose in Jamnagar and Gondal. Prices closed higher in Chennai and Hyderabad. Prices rose in Mumbai and New Delhi at the end of week.

- Agriwatch view: Prices of groundnut oil featured sideways trend in Rajkot on firm supply and firm demand.



Fall in prices of groundnut capped gains.

Prices of groundnut fell last week due to firm farmer release. Retail demand has improved in ahead of festive season.

Prices rose on seasonal uptrend of prices.

Fall in palm oil, cottonseed oil and soy oil prices will cap gains.

Fall in prices of edible oils has increased offtake by stockists and traders

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

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

Groundnut oil prices are expected to trade sideways to firm in near term due to firm demand ahead of festive season and seasonal uptrend of prices. However, weaker prices of competitive oils in near term will cap gains.

- 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 9,300 (Rs 9,500) per quintal in Chennai market on February 24, 2017. Values in brackets are values of last week.
- Groundnut oil prices are likely to trade sideways to firm in the coming days.

Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 880-1000 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil prices featured downtrend during the week at its benchmark market in Kangayam on weak demand. In Kochi prices rose while price closed lower in Trissur at the end of the week.
- Agriwatch view: Coconut oil prices showed downtrend during the week, on weak demand. Fall in prices of copra supported losses.

Fall in prices of palm oil and soy oil supported losses.

Stockists of copra are releasing copra as the prices were very good for release.

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

Traders and upcountry buyers are releasing stocks as prices of coconut oil has started to retrace from higher levels and ready markets are very active.

Exports of coconut oil are expected to weaken at current prices.

Demand from North India is weak and demand will only rise when mercury rises.

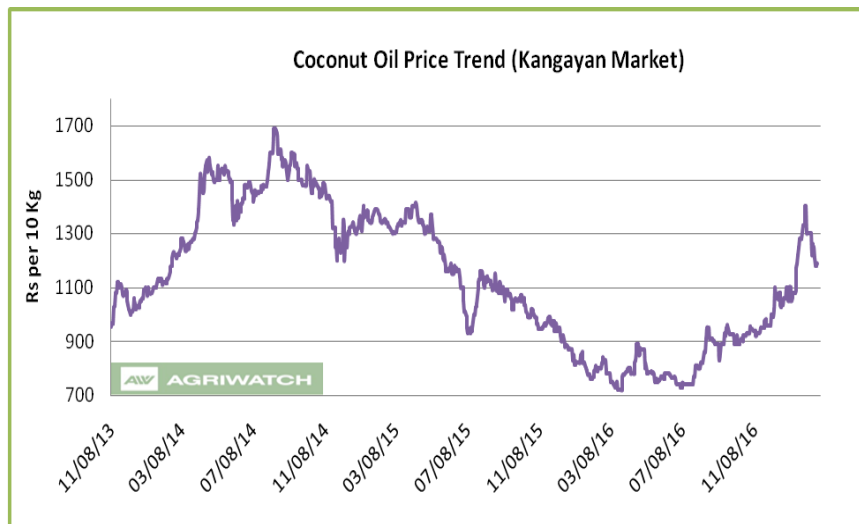
Crushing of coconut oil is firm on back of higher supply of copra and demand of copra is firm. Millers are not holding produce, as they are not confident of prices and are depending on ready markets.

Regular supply of coconut oil has increased while demand is lower than produce and higher raw material prices have fallen.

Coconut oil prices are expected to be weak due to weak demand, firm supply, higher supply of copra and fall in prices of palm oil.

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

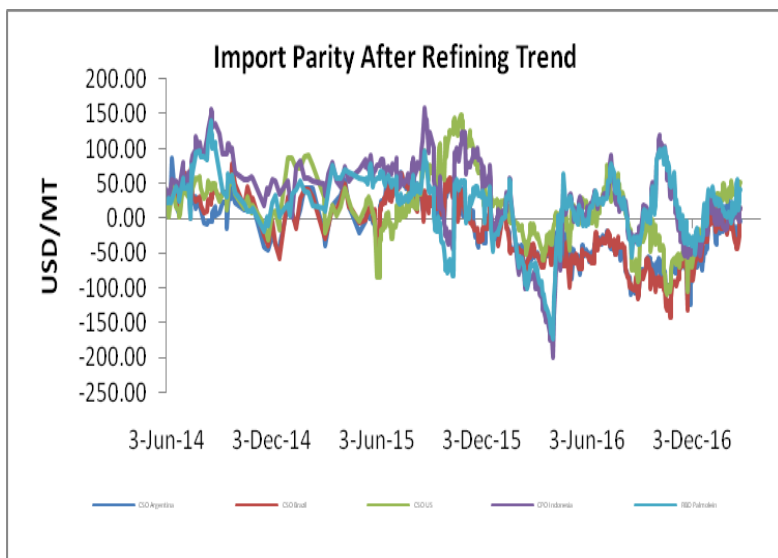
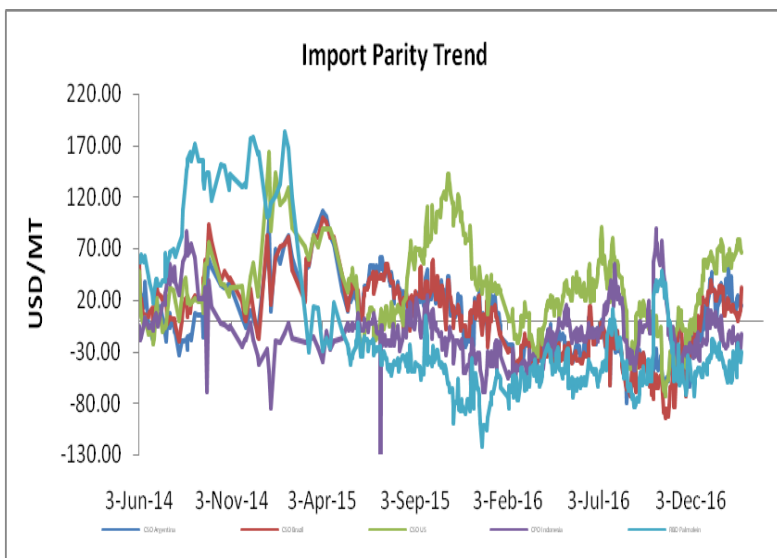
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 12,300 (12,900) per quintal, and was quoting Rs 11,900 (Rs 12,500) per quintal in Erode market on February 17, 2017.



Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1120-1250 per 10 Kg.

Import Parity Trend

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

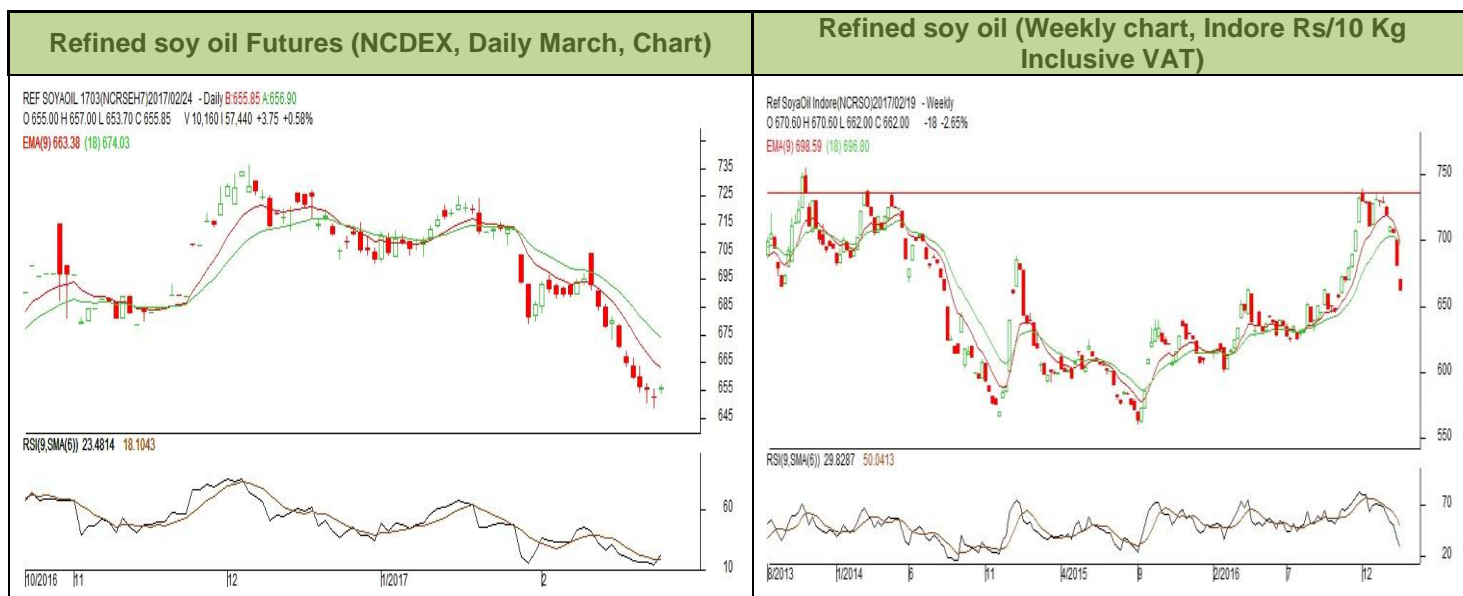


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Dec, 2016	-56.82	-47.47	-21.57	-26.81	-17.48
Jan, 2016	-8.31	-7.38	31.24	1.15	22.76

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 630 in weekly might take the prices below 610 levels.
- Expected price band for next week is 630-680 level in near to medium term. RSI, stochastic and MACD is suggesting downtrend in market.

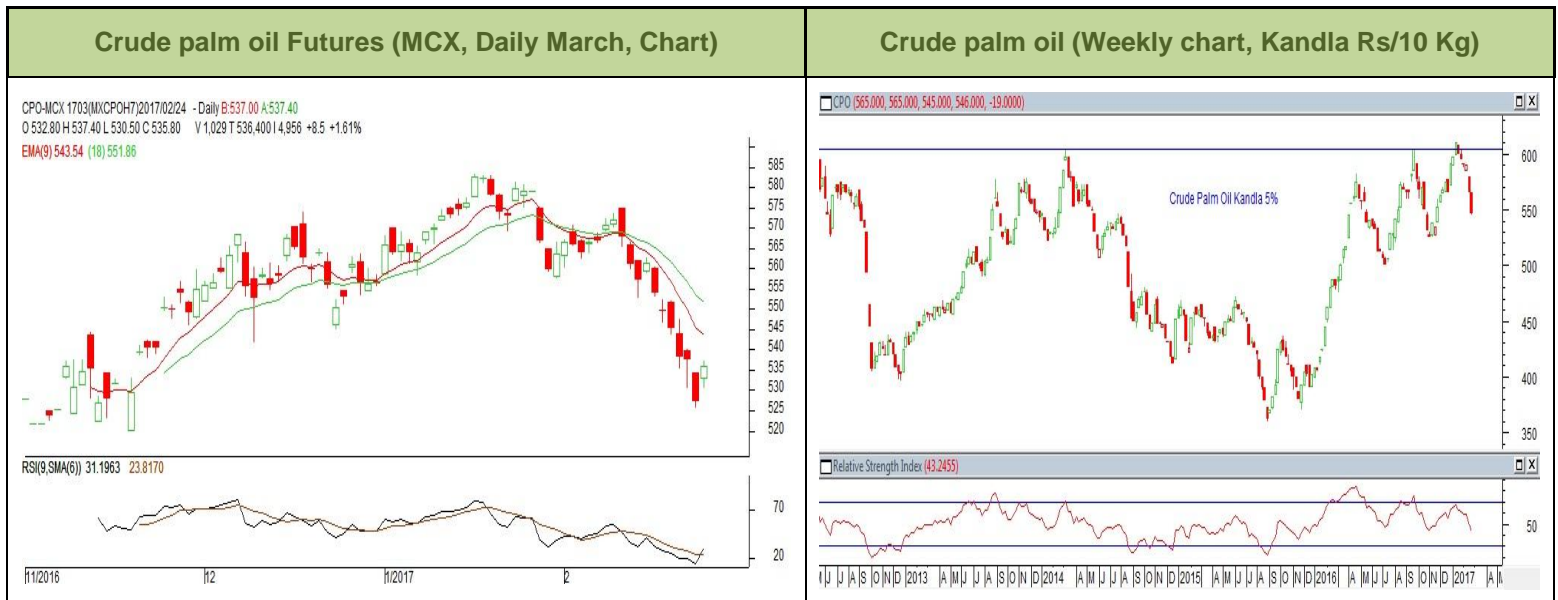
Strategy: Market participants are advised to go short below 660 levels for a target of 645 and 640 with a stop loss at 670 on closing basis.

RSO NCDEX (March)

Support and Resistance				
S2	S1	PCP	R1	R2
631.00	643.00	655.85	679.00	690.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 640-700 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show downtrend in prices during the week. We expect that CPO March 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 520 in weekly chart may bring the prices to 500 levels.
- Expected price band for next week is 510-560 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 540 for a target of 525 and 520 with a stop loss at 550 on closing basis.

CPO MCX (March)

Support and Resistance				
S2	S1	PCP	R1	R2
514.00	524.00	535.8	566.00	577.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 525-570 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		24-Feb-17	17-Feb-17	
Refined Soybean Oil	Indore	670	675	-5
	Indore (Soy Solvent Crude)	635	650	-15
	Mumbai	665	690	-25
	Mumbai (Soy Degum)	620	645	-25
	Kandla/Mundra	665	685	-20
	Kandla/Mundra (Soy Degum)	625	650	-25
	Kolkata	670	690	-20
	Delhi	685	700	-15
	Nagpur	670	691	-21
	Rajkot	655	672	-17
	Kota	665	690	-25
	Hyderabad	689	698	-9
	Akola	710	730	-20
	Amrawati	709	730	-21
	Bundi	675	690	-15
	Jalna	717	739	-22
	Alwar	NA	NA	-
	Solapur	718	740	-22
	Dhule	714	736	-22
Palm Oil	Kandla (Crude Palm Oil)	546	570	-24
	Kandla (RBD Palm oil)	565	590	-25
	Kandla RBD Pamolein	580	612	-32
	Kakinada (Crude Palm Oil)	580	570	10
	Kakinada RBD Pamolein	580	615	-35
	Haldia Pamolein	585	620	-35
	Chennai RBD Pamolein	590	620	-30
	KPT (krishna patnam) Pamolein	570	610	-40
	Mumbai RBD Pamolein	585	620	-35
	Delhi	640	665	-25
	Rajkot	585	605	-20
	Hyderabad	561	580	-19
	Mangalore RBD Pamolein	590	620	-30
	PFAD (Kandla)	450	470	-20
	Refined Palm Stearin (Kandla)	515	535	-20
Refined Sunflower Oil	Chennai	690	695	-5
	Mumbai	710	720	-10
	Mumbai(Expeller Oil)	625	645	-20
	Kandla	700	710	-10
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	703	717	-14
	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	655	655	Unch
	Erode (Expeller Oil)	730	730	Unch
Groundnut Oil	Rajkot	940	940	Unch
	Chennai	950	930	20
	Delhi	950	920	30
	Hyderabad *	1000	980	20
	Mumbai	980	970	10
	Gondal	940	935	5
	Jamnagar	940	935	5
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	700	742	-42
	Jaipur (Kacchi Ghani Oil)	728	772	-44
	Kota (Expeller Oil)	700	730	-30
	Kota (Kacchi Ghani Oil)	730	780	-50
	Neewai (Kacchi Ghani Oil)	700	730	-30
	Neewai (Expeller Oil)	720	745	-25
	Bharatpur (Kacchi Ghani Oil)	760	790	-30
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	700	740	-40
	Sri-Ganga Nagar (Kacchi Ghani Oil)	745	780	-35
	Mumbai (Expeller Oil)	710	750	-40
	Kolkata(Expeller Oil)	960	960	Unch
	New Delhi (Expeller Oil)	750	775	-25
	Hapur (Expeller Oil)	880	880	Unch
	Hapur (Kacchi Ghani Oil)	985	986	-1
	Agra (Kacchi Ghani Oil)	765	795	-30
Refined Cottonseed Oil	Rajkot	665	685	-20
	Hyderabad	650	670	-20
	Mumbai	660	690	-30
	New Delhi	665	665	Unch
Coconut Oil	Kangayan (Crude)	1190	1250	-60
	Cochin	1220	1210	10
	Trissur	1230	1290	-60
Sesame Oil	New Delhi	770	775	-5
	Mumbai	730	730	Unch
Kardi	Mumbai	730	730	Unch
Rice Bran Oil (40%)	New Delhi	520	520	Unch
Rice Bran Oil (4%)	Punjab	590	590	Unch
Rice Bran Oil (4%)	Uttar Pradesh	590	590	Unch



Malaysia Palmolein USD/MT	FOB	705	730	-25
	CNF India	730	760	-30
Indonesia CPO USD/MT	FOB	718	750	-32
	CNF India	745	775	-30
RBD Palm oil (Malaysia Origin USD/MT)	FOB	705	730	-25
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	710	733	-23
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1440	1700	-260
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	698	703	-5
Crude palm Kernel Oil India (USD/MT)	CNF India	1500	1735	-235
Ukraine Origin CSFO USD/MT Kandla	CIF	800	805	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	-
Argentina FOB (\$/MT)		23-Feb-17	16-Feb-17	Change
Crude Soybean Oil Ship		734	760	-26
Refined Soy Oil (Bulk) Ship		760	787	-27
Sunflower Oil Ship		735	735	Unch
Cottonseed Oil Ship		714	740	-26
Refined Linseed Oil (Bulk) Ship		Unq	Unq	-
* indicates including VAT				

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