

# Veg. Oil Weekly Research Report

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## **Executive Summary**

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

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

*On the currency front, Indian rupee against USD closed at 65.47, down 113 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 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 655 levels for a target of 635 and 630 with a stop loss at 665 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 620-700 per 10 Kg in the near term.*

*Market participants are advised to go short in CPO below 540 for a target of 520 and 515 with a stop loss at 545 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 520-570 per 10 Kg in the near term.*

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

*Malaysia's March 1-15 palm oil exports fell 1.1 percent to 507,491 tons compared to 501,748 tons in corresponding period last month. Top buyers were European Union at 107,750 tons (45,700 tons), China at 83,740 tons (79,500 tons), India at 44,100 tons (58,290 tons), United States at 41,800 tons (37,130 tons) and Pakistan at 11,500 tons (24,000 tons). Values in brackets are figures of last month: SGS*

*On the international front, record South American soybean crops, higher soy oil end stocks in US, expectation of higher soybean production in US, weak Indian demand, weak crude oil prices and strong dollar due to faster than expected rise of interest rates by FED will underpin soy oil prices in coming days.*

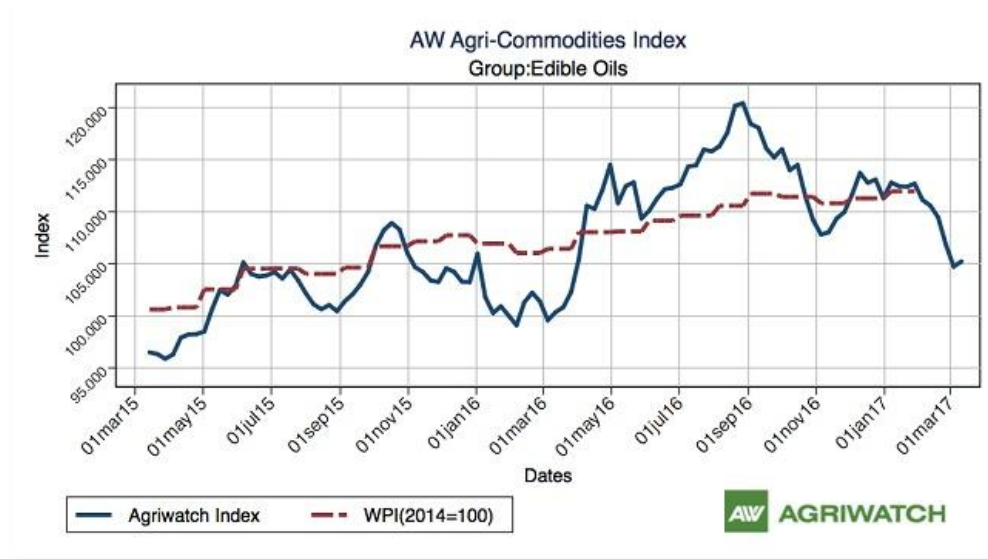
*Strong ringgit, improvement in production of palm oil in Malaysia, weak exports to China and India, fall in competitive oils and fall in crude oil prices will underpin CPO prices in near term.*

### Agriwatch Index



- The Agriwatch Agri Commodities Index gained 0.98% to 110.22 during the week ended March 11, 2017 from 109.15 during the previous week, to end a 5-week falling streak. Cereals and pulses led the Index higher. The base for the Index and all sub-Indices is 2014 (= 100).
- The Pulses Index broke an even longer 11-week losing streak, during which it fell nearly 40%, on expectations of the government levying import duties on pulses.

### Agriwatch edible oil index

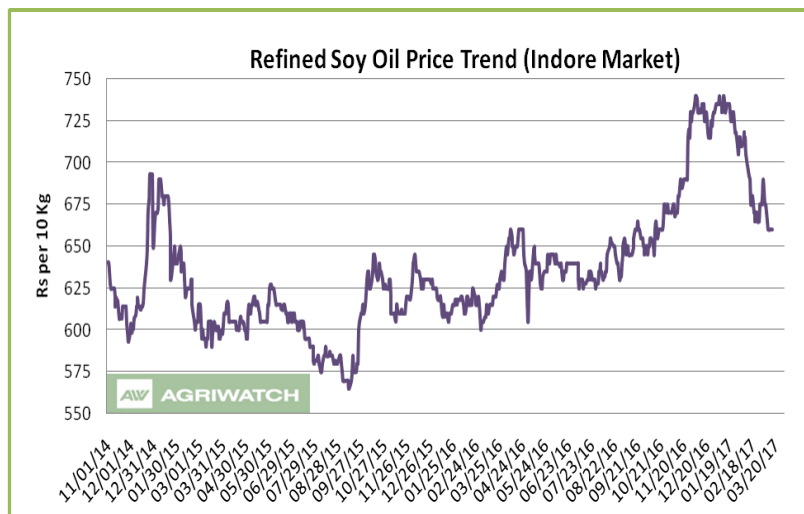


- Agriwatch edible oil index fell 0.47 percent in the week ended March 11, 2017 to 105.22

"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. Prices of refined soy oil fell in Mumbai, Kolkata and Kandla/Mudra. 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. Demand has weakened after Holi festival.



CDSO prices fell in India West coast

while it rose in India CNF, indicating weak demand.

Prices fell in India high seas compared to CNF markets, which rose indicating weak demand at high seas. Demand in domestic market was weak.

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

Appreciation of Indian rupee has made imports of soy oil dearer in India, which will reflect in coming months.

Weak palm oil prices supported the fall.

Imports of soy oil increased in February compared to January 2017 while it was much below February 2016.

However, soy oil stocks at ports and pipelines were unchanged in February indicating firm supply.

Higher crushing of soybean in India weakened due to weakening export demand of soy meal from India on appreciation of Rupee.

Imports of soy oil have returned to 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.

Refined soy oil premium over RBD palmolein is decreased to Rs 80 (Rs 78 last week) per 10 Kg may support soy oil prices in domestic markets. In USD terms, premium of CDSO CNF over CPO CNF, which was quoted at USD 17.5 (USD 40.5 last week) per ton, indicating weak 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 fall on weak demand. Prices of soy oil are in a range.

- Soy oil import scenario – According to SEA, India imported 2.52 lakh tons of soy oil in February 2017 v/s 3.66 lakh tons in February 2016, down 31 percent y-o-y. India imported 8.15 lakh tons of soy oil in the period (November 2016-February 2017) compared to 15.55 lakh tons in the corresponding period last oil year, lower by 48 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's February edible oil imports rose 15.9 percent y-o-y to 12.4 lakh tons from 10.66 lakh tons in February 2016. Palm oil imports rose 23.5 percent y-o-y to 7.35 lakh tons

from 5.95 lakh tons in February 2016. CPO Imports rose 22 percent y-o-y to 4.98 lakh tons from 4.08 lakh tons in February 2016. RBD palmolein imports rose 30.9 percent y-o-y to 2.33 lakh tons from 1.78 lakh tons in February 2016. Soy oil imports fell 31 percent y-o-y to 2.52 lakh tons from 3.66 lakh tons in February 2016. Sunflower oil imports rose 140 percent y-o-y to 2.09 lakh tons from 0.87 lakh ton in February 2016. Rapeseed (Canola) oil imports rose 118 percent y-o-y to 0.37 lakh tons from 0.17 lakh tons in February 2016.

- According to Solvent Extractors Association (SEA), India's February edible oil stocks at ports and pipelines rose 13.6 m-o-m to 19.65 lakh tons from 17.30 lakh tons in January 2017. Stocks of edible oil at ports rose to 775,000 tons (CPO 290,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 180,000 tons, Crude Sunflower Oil 130,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,190,000 tons in pipelines. (Stocks in pipelines were at 1,088,000 tons in January 2017). India is presently holding 36 days of edible oil requirement on 1st March, 2017 at 19.65 lakh tons compared to 32 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.
- Imported crude soy oil CIF at West coast port is offered at USD 760 (USD 763) per ton for March delivery. April delivery is offered at USD 766 (USD 755) per ton and May delivery is offered at USD 747 (USD 743) as on March 17, 2017. Values in brackets are figures of last week. Last month, CIF CDSO February average price was USD 806.87 (USD 854.08 per ton in January 2017) per ton.
- On the parity front, margins improved during the week on low prices of soy oil in international markets and we expect margins to improve in coming days. Currently refiners fetch USD 25-30/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 – Rise in soy oil end stocks in February as reported by NOPA indicate that demand is weak in US despite weak production of soy oil on lower crush will underpin soy oil prices in medium term. Stocks of soy oil in US is expected to be higher than February on higher production of soy oil due to higher crush of soybean and lower demand of soy oil will underpin soy oil prices in medium term.

Rise in soy oil 2016/17 end stocks by USDA will underpin soy oil prices in medium term. Rise in end stocks is due to rise in production and imports partially set off by rise in exports.

Record soybean crop in Brazil and expectation of better than expected soybean crop in Argentina has underpinned soybean complex prices. USDA increased soybean crop estimate of Brazil at 108 MMT. USDA retained soybean crop of Argentina at 55.5 MMT.

Soybean harvest in Brazil is progressing at good pace and record crop is expected to be harvested. Harvest has reached 62 percent until last week which is above last year and 5-year average. Initial wet condition slowed harvest progress as early planting of soybean due to wet condition caused the crop to mature earlier. Top soybean producing state of Mato Grosso harvest is over.

Soybean crop condition in Argentina is very good and if conditions remain conducive then soybean crop estimate is expected to be increased. Rosario grains increased soybean crop to 56 MMT. Crop moisture is adequate and there is no heat stress now.

Trump administration is preparing a plan to give tax credits for production of soy oil in US which will support soy oil prices in medium term. Trump administration appointed billionaire investor Carl Ichan as special advisor to President on regulations. Carl Ichan has in past-criticized EPA regulation on bio-fuel in its current form.

Oversupply of edible oils in 2017 due to record of soybean in US, Brazil and Argentina coupled with record production of sunflower, rapeseed and recovery in production of palm oil after severe El Nino in 2015 and 2016 will underpin soy oil prices 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 is expected to be recovered in 2017. Recovery of production of palm oil in 2017, record production of soy oil, record production of sunflower oil in Ukraine and Russia and record production of canola will underpin soy oil prices.

Exports of soybean from US are slow in near term due to arrival of record crop in Brazil. Exports from Brazil double in the current marketing season compared to corresponding period last year.

Imports by China from Brazil are progressing at a very good pace. USDA increased China imports estimate of China to 87 MMT in 2016/17.

Record area under soybean is expected in US, which will underpin soy oil prices in medium term.

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.

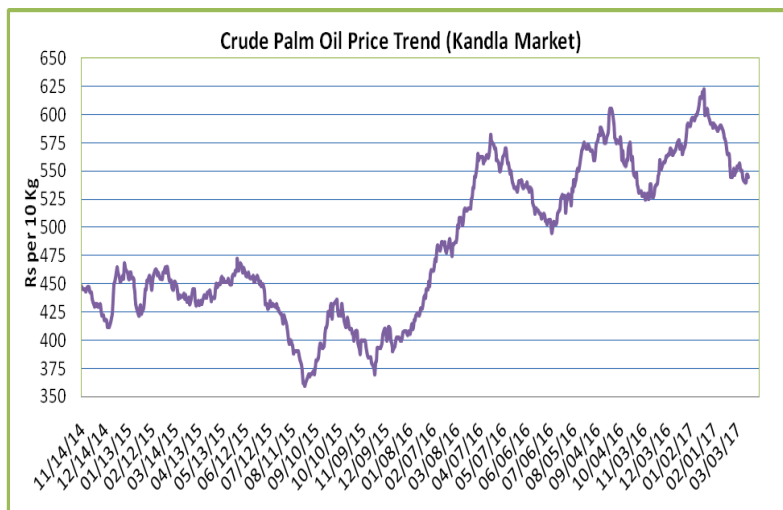
- According to National Oilseed Processors Association (NOPA), U.S. February soybean crush fell 11.1 percent to 142.792 million bushels from 160.621 million bushels in January 2017. Crush of soybean in February 2016 was 146.181 million bushels. Production of soy oil in U.S. in February fell to 1.668 billion lbs from 1.870 billion lbs in January 2017. Production in February 2016 was 1.708 billion lbs. Soy oil stocks in U.S. at the end of February rose 6.9 percent to 1.770 billion lbs compared to 1.655 billion lbs in January 2017. Stocks of soy oil in February were lower by 1.2 percent compared to February 2016, which was reported at 1.792 million lbs. Yield rose to 11.68 lbs/bushel in February from 11.65 lbs/bushel in January. Yield in February 2016 was reported at 11.68 lbs/bushel.
- According to United States Department of Agriculture (USDA) March estimate, U.S 2016/17 ending stocks of soy oil is increased to rise to 1,772 million lbs from 1,677 million lbs in February estimate. Opening stocks were unchanged at 1,687 million lbs. Production of soy oil in 2016/17 were increased to 22,560 million lbs compared to 22,390 million lbs in February estimate. Imports in 2016/17 were increased to 325 million lbs compared to 300 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 were increased to 2,250 million lbs compared to 2,150 million lbs in February estimate. Average price range estimate is unchanged at 32 - 35 cents/lbs. Rise in end stock is due to higher production and imports partially set off by higher exports of soy oil.
- USDA WASDE Oilseeds Highlights: The season-average soybean price range forecast of \$9.30 to \$9.90 per bushel is raised 10 cents at the midpoint. Soybean oil prices are forecast at 32 to 35 cents per pound, down 2 cents at the midpoint. Soybean meal prices are unchanged at \$310 to \$340 per short ton

**Price Outlook:** We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 620-700 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. CPO prices were higher in Kakinada at the end of the week. RBD palmolein prices fell across board in India except Mumbai.
- Agriwatch View – Prices of CPO closed lower on weak demand. Prices of CPO fell at India high seas while it rose at CNF markets indicating weak demand in domestic markets.



Fall in soy oil prices supported the fall.

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

Demand of RBD palmolein is firm at CNF markets as prices rose more at CNF markets while it rose less 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 at CNF markets.

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 37 (Rs 45) per 10 kg.

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

Import of palm oil in February was higher than February 2016 and January 2017 indicating firm demand. Stocks at ports and pipelines increased in February.

Appreciation of Indian rupee has made imports of palm oil dearer in India which will reflect in coming months.

Low CDSO CNF premium over CPO CNF will decrease imports of palm oil in medium term USD 17.5 (USD 40.5 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 67 (Rs 68 last week) per 10 Kg will decrease CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 80 (Rs 78 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.

- Palm oil import scenario – According to SEA, India imported 7.35 lakh tons of palm oil in February 2017 v/s 5.95 lakh tons in February 2016, higher by 24 percent y-o-y. Import of palm oil in the period (November 2016-February 2017) was at 28.69 lakh tons compared to 29.47 lakh tons in the corresponding period in last oil year, lower by 2.6 percent.

CPO imports increased to 4.98 lakh tons in February compared to 4.08 lakh tons in February 2016, higher by 22 percent y-o-y. Import of CPO in the period (November 2016-February 2017) was at 19.37 lakh tons compared to 21.16 lakh tons in the corresponding period last oil year, lower by 8.5 percent

RBD palmolein imports rose 31 percent in February to 2.33 lakh tons from 1.78 lakh tons in February 2016. Import of CPO in the period (November 2016-February 2017) was at 9.16 lakh tons compared to 7.91 lakh tons in corresponding period last oil year, higher by 16 percent.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 742.5 (USD 722.5) per ton for March delivery and April delivery is quoted at USD 737.5 (USD 712.5) per ton. Last month, CIF CPO February average price was USD 779.78 (USD 793.92 per ton in January 2017) per ton.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 740 (USD 720) per ton for March delivery while April delivery is offered at USD 735 (USD 712.5) per ton. Ready lift CPO duty paid prices quoted at Rs 543 (Rs 542) per 10 Kg and March delivery duty paid is offered at Rs 540 (Rs 550) per 10 kg on March 17, 2017. Last month, CIF RBD palmolein February average price was USD 768.61 (USD 784.72 last month) per ton. Values in bracket depict last week quotes.

- On the parity front, margins decreased during this week due to rise in prices of palm products in international markets. Currently refiners fetch USD 15-20/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 15-20/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 exports accelerated in after first 10 days of March indicating firm demand from other players. Demand from top importing destinations are weak and if the conditions stay the same, exports will end lower by the end of the month.

Palm oil exports from Malaysia rose marginally in first 15 days of March indicating demand from India and China is not improving. Demand from China is weak post Chinese New Year. Indian and Chinese buyers are looking for bargains before they purchase in bulk.

Improvement in exports and concerns of El Nino weather Southeast Asia has supported palm oil prices in near term. There is 50 percent chance of occurrence of El Nino in 2017, which will reduce palm yields. El Nino weather phenomena are expected at a time when palm production is expected to improve after weak 2016 and first quarter of 2017. Weather has played a big role in palm oil pricing in last one year. Palm oil production is expected to rise to 19-20 MMT in Malaysia and to 35-36 MMT in Indonesia in 2017. However, weather may play disruptive role.

Palm oil end stocks in Malaysia fell to 5-year lows by MPOB due to weak production of palm oil despite fall in exports in February.

Production fell on lagged effect of El Nino and flooding in various parts of Malaysia.

Production is expected to improve from April and will gradually accelerate as the year progresses.

Palm oil prices are expected to correct as expectation of higher production builds in Malaysia for rest of the year.

Production of palm oil is expected to improve from next quarter starting April when lagged effect of El Nino expires and seasonal uptrend of production starts.

Palm oil prices are still expected to be weak in near term in India on low premium of soy oil and sunflower oil over palm oil. Demand of palm oil is weak at India high seas. India is a price sensitive country, which may shift demand away from palm oil. India is importing more RBD palmolein from Malaysia, as RBD palmolein prices quoted on India ports is lower than Indonesia CPO. 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. Appreciation of ringgit will underpin palm oil prices in near term.

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

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

Aggressive pricing of RBD palmolein compared to Indonesia CPO has helped exports from Malaysia, reduced stocks of palm oil in Malaysia, and supported 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 the country in medium term.

Fall in crude oil prices will underpin palm oil prices in near term. Prices are in range.

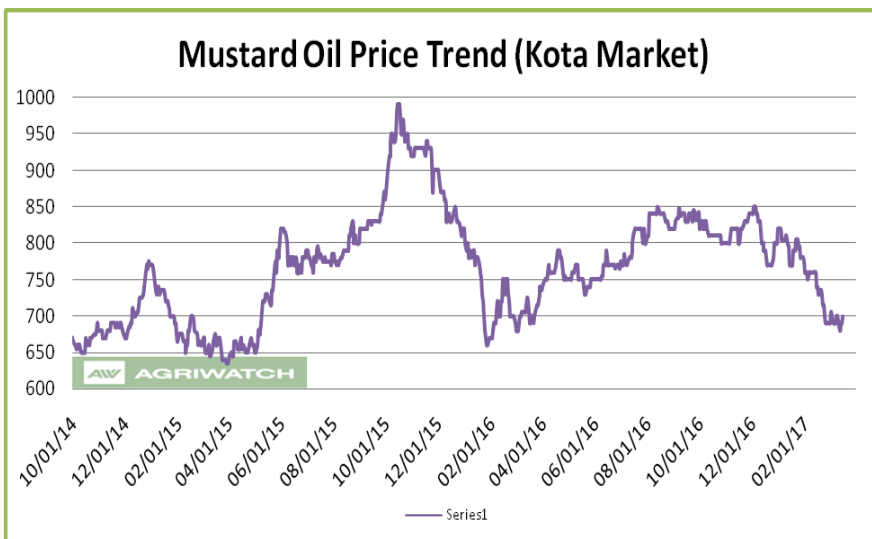
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's March 1-15 palm oil exports fell 1.1 percent to 507,491 tons compared to 501,748 tons in corresponding period last month. Top buyers were European Union at 107,750 tons (45,700 tons), China at 83,740 tons (79,500 tons), India at 44,100 tons (58,290 tons), United States at 41,800 tons (37,130 tons) and Pakistan at 11,500 tons (24,000 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's March 1-15 palm oil exports fell 5.5 percent to 492,321 tons compared to 520,962 tons in corresponding period last month. Top buyers were European Union at 137,440 tons (45,500 tons), India & subcontinent at 76,100 tons (92,360 tons) and China at 74,100 tons (87,000 tons). Values in brackets are figures of corresponding period last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's February palm oil end stocks fell 5.32 percent to 14.59 lakh tons compared to 15.41 lakh tons in January. Production dropped 1.43 percent in February to 12.59 lakh tons compared to 12.79 lakh tons in January. Exports in January fell 13.97 percent to 11.07 lakh tons compared to January exports at 12.86 lakh tons. Imports in February fell 43.66 percent to 0.40 lakh tons compared to 0.72 lakh tons in January.

**Price Outlook:** We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 520-570 per 10 Kg in the near term.

## Rapeseed oil Fundamental Review and Analysis:-

### Domestic Front

- Mustard oil prices featured mixed trend during the week in review at most trading centers. Benchmark market in Kota closed sideways at the end of the week on rise in prices of rapeseed.
- Agriwatch view: Prices of rapeseed oil expeller fell in Jaipur, Gujarat and Hapur while it rose in Neewai, Ganganagar and Mumbai. Prices closed unchanged in New Delhi and Kolkata. Kacchi ghani



prices were unchanged in Kota and Hapur while it rose in Ganganagar, Jaipur, Bharatpur, Neewai and Agra. Canola oil prices fell last week.

Prices of rapeseed oil traded sideways to higher due to rise in rapeseed prices and firm demand.

Demand is firm after festive season.

Prices of rapeseed are expected to recover after steep fall witnessed in first half of March.

Agriwatch expects rapeseed crop at 6.9-7.00 MMT in 2017.

Low premium of rapeseed oil over soy oil in domestic market will support rapeseed prices in medium term.

Higher imports of rapeseed (canola) oil have suppressed prices in medium term. Further, fall in canola oil prices will affect sentiment.

Stockists and traders are stocking rapeseed oil to take advantage of the prevailing low prices.

Premium of canola oil compared to CDSO has decreased USD 20 (USD 50) per ton and which will support imports. However, fall in prices of canola oil will underpin rapeseed oil prices in medium term.

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

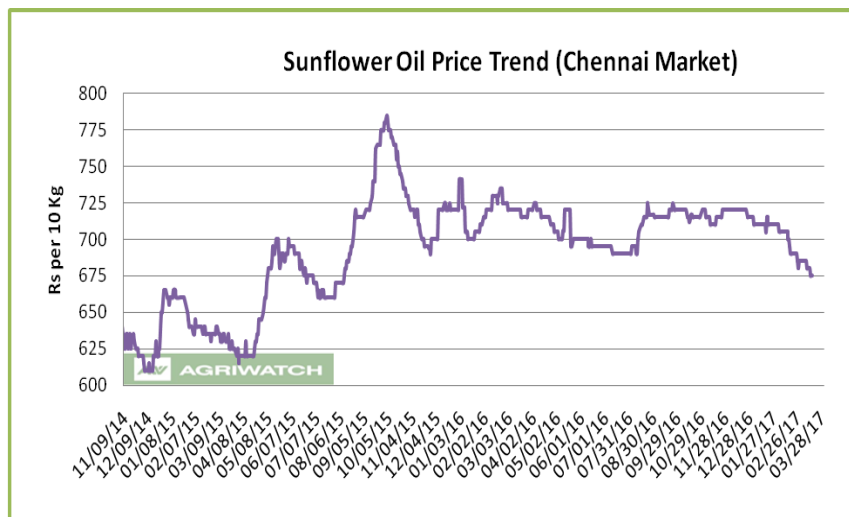
- India imported 0.37 lakh tons of rapeseed (Canola) oil in February 2017 v/s 0.17 lakh tons in February 2016, higher by 118 percent y-o-y. Imports were 1.20 lakh tons in the period (November 2016-February 2017) compared to 0.75 lakh tons in corresponding period last oil year: SEA
- CIF canola premium over soybean oil is USD 20 (USD 50 last week) per ton as on March 17, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 675 (Rs 680) per 10 Kg, and at Kota market, it is offered at Rs 700 (Rs 700) per 10 kg as on March 17, 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 and weak demand. Prices closed lower in Hyderabad and Kakinada. Prices closed unchanged in Mumbai while it closed lower Kandla/Mudra. Sunflower expeller prices closed unchanged in Erode while it closed lower in Hyderabad. Prices fell in Latur and Chellakere.



- Agriwatch view: Prices of sunflower

oil traded lower in Chennai on firm supply and weak demand.

Prices of sunflower fell more at CNF markets compared to Chennai indicating higher supply at CNF markets.

Prices of soy oil are trading at low premium over sunflower oil, which has reduced losses.

Prices fell on seasonal downtrend of prices.

Premium of CSFO over CDSO at CNF has decreased to USD 25 (USD 35 last week) per ton for April delivery, indicating prices have ample space to rise as sunflower oil is considered superior oil. However, fall in prices of sunflower oil indicate weak demand and pulled sunflower prices lower.

Sunflower oil premium over palm oil is USD 42.5 (USD 67.5 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.

Appreciation of Indian rupee has made imports of sunflower oil dearer in India which will reflect in coming months.

Supply has improved in markets as imports rose 140 percent in February and stocks at ports and pipelines rose. Imports of sunflower oil will show steady rise in March due to low premium of sunflower oil over CDSO and CPO.

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 25 (USD 35 last week) per ton for April delivery.

On the international front record volume of exports from Ukraine indicates firm supply, which has led sunflower oil to trade at low premium over soy oil and palm 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.

- According to UkrAgroConsult, Ukraine's February sunflower oil exports rose 12.5 percent y-o-y to 442 KMT. However, exports fell 4.7 percent in February compared to January 2017. In the period 2016/17 (September-

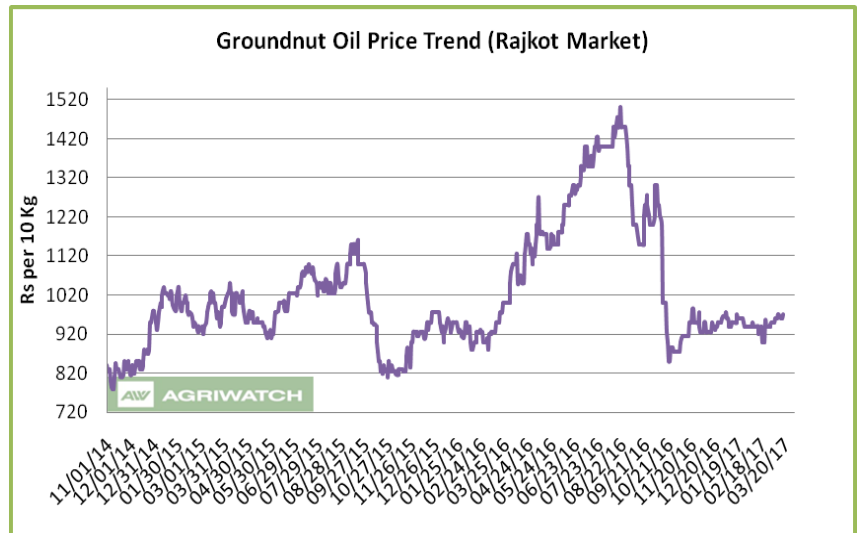
February) exports reached 2680 KMT, which is 22 percent higher than corresponding period last oil year. India was the top imported followed by EU and China.

- Sunflower oil import scenario – According to SEA, India imported 2.09 lakh tons of crude sunflower oil during February 2017 v/s 0.87 lakh tons in February 2016, higher by 140 percent y-o-y. India imported 7.68 lakh tons of crude sunflower oil (November 2016-February 2017) compared to 4.85 lakh tons in corresponding period last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 785 (USD 790) per ton for AMJ delivery and JAS delivery is quoted at USD 790 per ton. CIF sun oil (Ukraine origin) February monthly average was around USD 811.17 per ton. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 760-820 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD 25 (USD 35 last week) per ton for April delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 675 (Rs 680) per 10 Kg, and at Hyderabad market, it is offered at Rs 684 (Rs 703) per 10 kg as on March 17, 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 uptrend trend in Rajkot in week in the review on weak supply. Prices closed higher in Jamnagar while it fell in Gondal. Prices closed higher in Chennai while it remained unchanged in Hyderabad. Prices were unchanged in New Delhi while it closed higher in Mumbai at the end of week.
- Agriwatch view: Prices of groundnut oil featured uptrend in Rajkot on weak supply. Demand firmed on lower prices of groundnut oil.



Prices of groundnut rose in the week in review. Harvest is progressing at very good pace. Arrival is weak in market as farmers are not releasing groundnut expecting the prices to improve.

Higher prices of groundnut supported the rise in prices.

Retail demand has improved.

Prices rose on seasonal uptrend of prices.

Fall in prices of groundnut oil has increased offtake by stockists and traders

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

Millers are not getting raw material in adequate quantity, which has slowed crushing. Quality of groundnut is very good.

Groundnut oil prices are expected to trade sideways to firm in near term due to firm demand, higher groundnut prices and seasonal uptrend of prices.

- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,700 (Rs 9,600) per quintal and it was quoted at Rs 10,000 (Rs 9,700) per quintal in Chennai market on March 17, 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 930-1050 per 10 Kg.

**Coconut Oil Fundamental Review and Analysis:-  
Domestic Front**

- Coconut oil prices featured sideways trend during the week at its benchmark market in Kangayam on weak demand. Average prices of coconut fell last week compared to previous week. In Kochi and Trissur prices remained unchanged at the end of the week.
- Agriwatch view: Coconut oil prices showed sideways trend during the week, on weak demand at higher levels.

Prices of copra were stable during the week.

Prices of palm oil were unchanged during the week.

Stockists of copra are staying away from market, as they are not confident of prices.

Corporate demand, which contributes about 80 percent of demand, is moderate.

Traders and upcountry buyers are releasing copra stocks to take advantage of prices. Supply of copra has improved on higher harvest of coconut. Traders are releasing copra stocked at lower levels to take advantage of prices.

Exports have weakened as higher prices and rupee appreciation has made Indian coconut oil uncompetitive in international markets.

Demand from North India is weak.

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

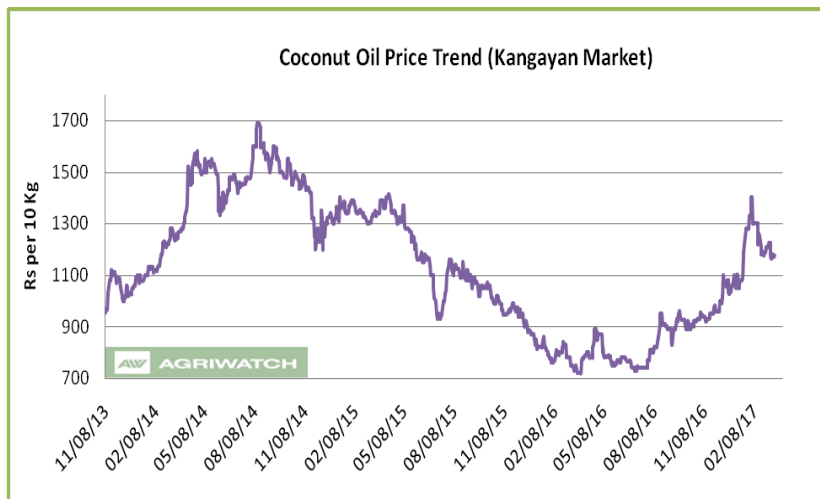
Regular supply of coconut oil is stable while demand is weak.

Markets are waiting for further cues as season is changing and trend will emerge after some time, until then prices are expected to remain weak.

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.

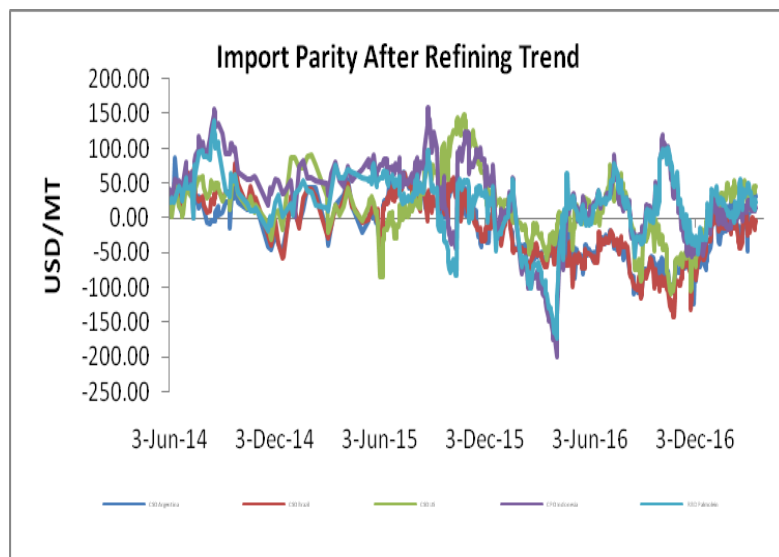
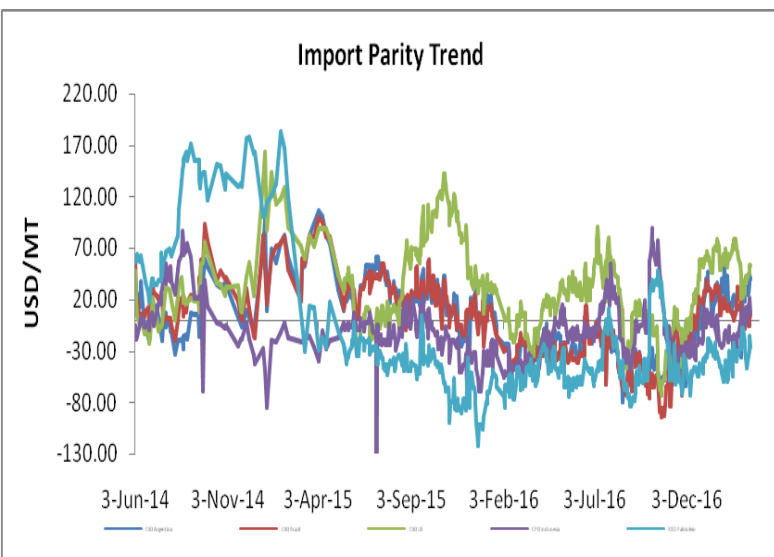
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 12,200 (12,200) per quintal, and was quoting Rs 11,750 (Rs 11,750) per quintal in Erode market on March 17, 2017.



**Price Outlook:** Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1100-1200 per 10 Kg.

### Import Parity Trend

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

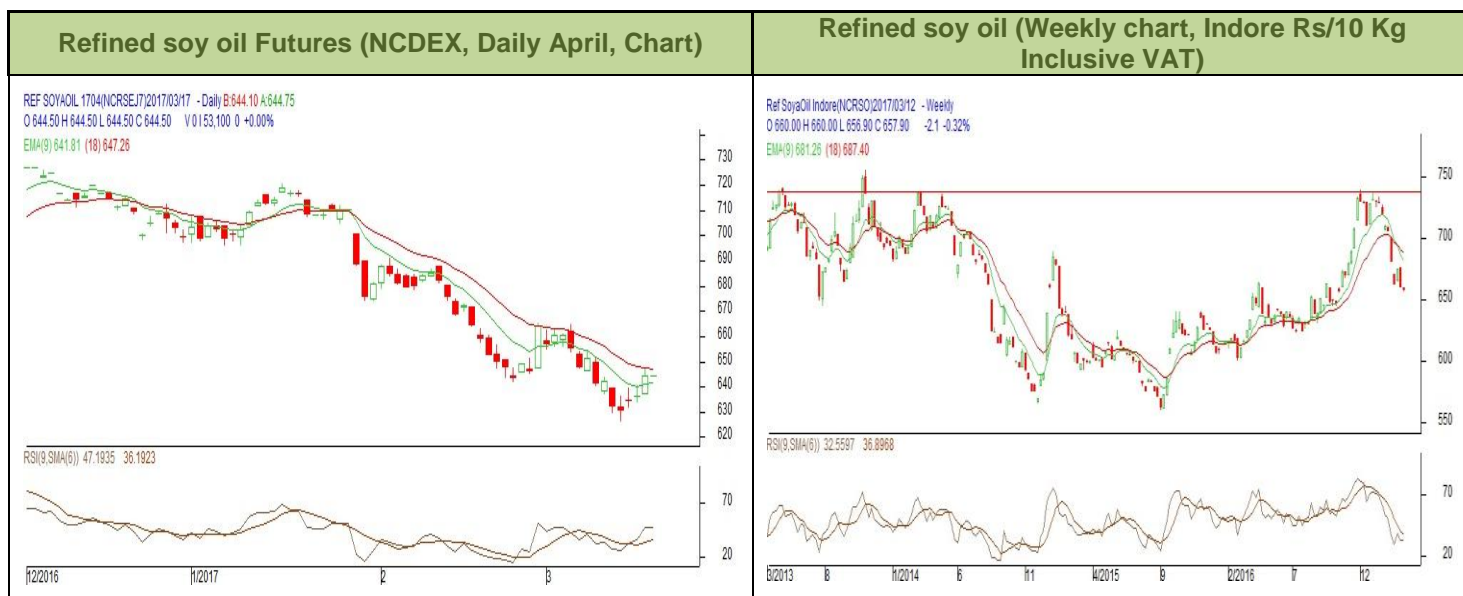


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Jan, 2017</b>	-8.31	-7.38	31.24	1.15	22.76
<b>Feb, 2017</b>	-4.41	-12.57	39.53	5.89	21.73

### Outlook:-

Import parity for crude soy oil from Argentina is in parity due to fall 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 620 in weekly might take the prices below 600 levels.
- Expected price band for next week is 620-670 level in near to medium term. RSI, stochastic and MACD is suggesting mixed trend in the market.

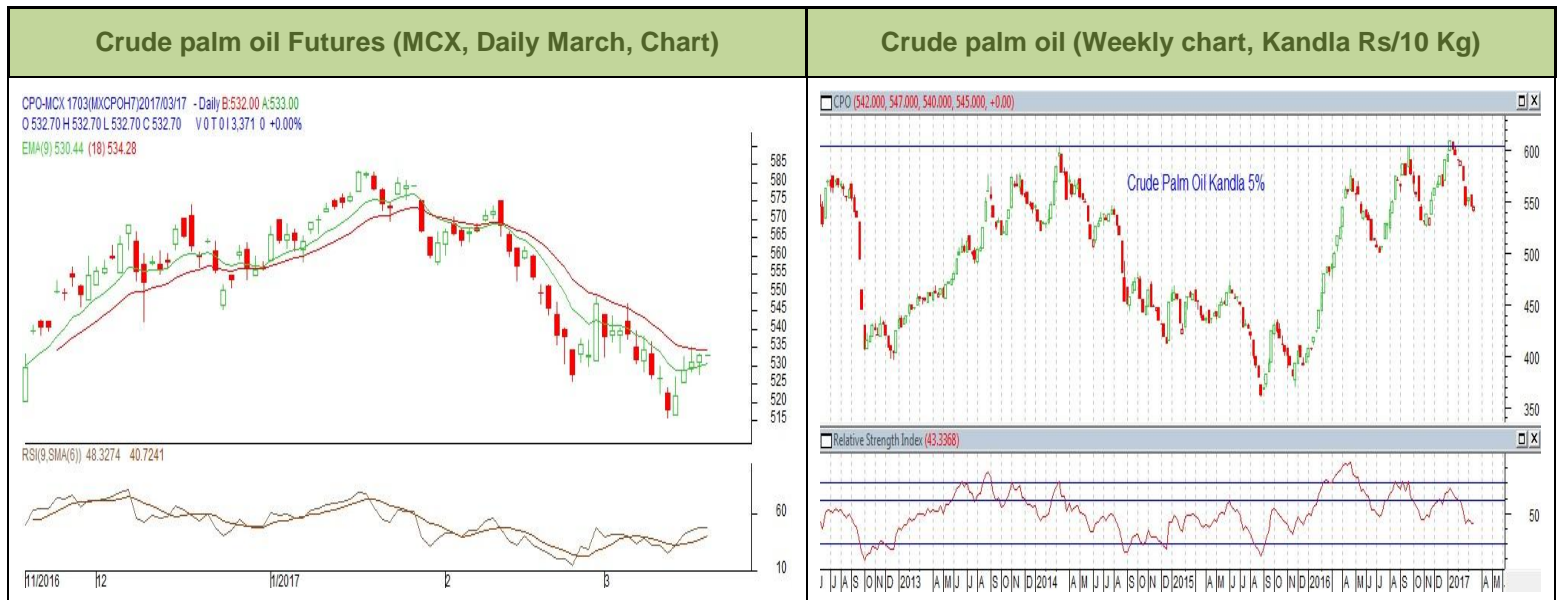
**Strategy:** Market participants are advised to go short below 655 levels for a target of 635 and 630 with a stop loss at 665 on closing basis.

#### RSO NCDEX (April)

Support and Resistance				
S2	S1	PCP	R1	R2
610.00	624.00	647.75	666.00	677.00

**Spot Market outlook:** Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 620-700 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 mixed trend in prices in the coming week.

**Strategy:** Market participants are advised to go short in CPO below 540 for a target of 520 and 515 with a stop loss at 545 on closing basis.

#### CPO MCX (March)

Support and Resistance				
S2	S1	PCP	R1	R2
500.00	514.00	533.5	546.00	557.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 520-570 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		17-Mar-17	10-Mar-17	
Refined Soybean Oil	Indore	660	670	-10
	Indore (Soy Solvent Crude)	625	630	-5
	Mumbai	655	660	-5
	Mumbai (Soy Degum)	598	610	-12
	Kandla/Mundra	645	655	-10
	Kandla/Mundra (Soy Degum)	610	615	-5
	Kolkata	655	665	-10
	Delhi	675	680	-5
	Nagpur	702	655	47
	Rajkot	635	655	-20
	Kota	660	670	-10
	Hyderabad	679	679	Unch
	Akola	689	689	Unch
	Amrawati	688	688	Unch
	Bundi	665	670	-5
	Jalna	700	701	-1
	Alwar	NA	NA	-
	Solapur	702	702	Unch
	Dhule	699	699	Unch
Palm Oil	Kandla (Crude Palm Oil)	543	545	-2
	Kandla (RBD Palm oil)	565	560	5
	Kandla RBD Pamolein	580	585	-5
	Kakinada (Crude Palm Oil)	528	530	-2
	Kakinada RBD Pamolein	575	585	-10
	Haldia Pamolein	575	585	-10
	Chennai RBD Pamolein	580	590	-10
	KPT (krishna patnam) Pamolein	570	580	-10
	Mumbai RBD Pamolein	585	585	Unch
	Delhi	625	630	-5
	Rajkot	575	580	-5
	Hyderabad	532	537	-5
	Mangalore RBD Pamolein	580	590	-10
	PFAD (Kandla)	440	440	Unch
	Refined Palm Stearin (Kandla)	510	510	Unch
Refined Sunflower Oil	Chennai	675	680	-5
	Mumbai	715	715	Unch
	Mumbai(Expeller Oil)	605	620	-15
	Kandla	685	700	-15
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	684	703	-19
	Latur (Expeller Oil)	680	700	-20
	Chellakere (Expeller Oil)	635	650	-15
	Erode (Expeller Oil)	710	710	Unch
Groundnut Oil	Rajkot	970	960	10
	Chennai	1000	970	30
	Delhi	950	950	Unch
	Hyderabad *	1060	1060	Unch
	Mumbai	1000	990	10
	Gondal	950	960	-10
	Jamnagar	960	950	10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	675	680	-5
	Jaipur (Kacchi Ghani Oil)	732	725	7
	Kota (Expeller Oil)	700	700	Unch
	Kota (Kacchi Ghani Oil)	710	710	Unch
	Neewai (Kacchi Ghani Oil)	705	690	15
	Neewai (Expeller Oil)	720	710	10
	Bharatpur (Kacchi Ghani Oil)	755	750	5
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	680	675	5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	720	715	5
	Mumbai (Expeller Oil)	710	700	10
	Kolkata(Expeller Oil)	NA	920	-
	New Delhi (Expeller Oil)	735	735	Unch
	Hapur (Expeller Oil)	740	750	-10
	Hapur (Kacchi Ghani Oil)	840	882	-42
	Agra (Kacchi Ghani Oil)	760	755	5
Refined Cottonseed Oil	Rajkot	645	660	-15
	Hyderabad	630	635	-5
	Mumbai	650	660	-10
	New Delhi	640	640	Unch
Coconut Oil	Kangayan (Crude)	1175	1175	Unch
	Cochin	1230	1230	Unch
	Trissur	1220	1220	Unch
Sesame Oil	New Delhi	770	770	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	730	730	Unch
Rice Bran Oil (40%)	New Delhi	545	545	Unch
Rice Bran Oil (4%)	Punjab	590	590	Unch
Rice Bran Oil (4%)	Uttar Pradesh	590	590	Unch



Malaysia Palmolein USD/MT	FOB	725	715	10
	CNF India	743	730	13
Indonesia CPO USD/MT	FOB	715	710	5
	CNF India	743	730	13
RBD Palm oil (Malaysia Origin USD/MT)	FOB	723	723	Unch
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	695	700	-5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1370	1350	20
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	695	698	-3
Crude palm Kernel Oil India (USD/MT)	CNF India	NA	1340	-
Ukraine Origin CSFO USD/MT Kandla	CIF	785	790	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	920	NA	-
<b>Argentina FOB (\$/MT)</b>		<b>16-Mar-17</b>	<b>9-Mar-17</b>	<b>Change</b>
Crude Soybean Oil Ship		700	717	-17
Refined Soy Oil (Bulk) Ship		725	742	-17
Sunflower Oil Ship		720	725	-5
Cottonseed Oil Ship		680	697	-17
Refined Linseed Oil (Bulk) Ship		720	737	-17
<i>* indicates including VAT</i>				

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