

Veg. Oil Weekly Research Report

Contents

- ❖ Executive Summary
- ❖ Recommendations
- ❖ AW Edible Oils Index
- ❖ International Veg. Oil Market Summary
- ❖ Domestic Market Fundamentals
- ❖ Technical Analysis (Spot Market)
- ❖ Technical Analysis (Futures Market)
- ❖ Veg. Oil Prices at Key Spot Markets

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, sunflower oil and groundnut oil closed lower while palm oil, rapeseed oil and coconut oil closed higher.

On the currency front, Indian rupee against USD closed at 65.40, down 7 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 640 levels for a target of 620 and 615 with a stop loss at 650 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 610-680 per 10 Kg in the near term.

Market participants are advised to go short in CPO below 510 for a target of 495 and 490 with a stop loss at 520 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.

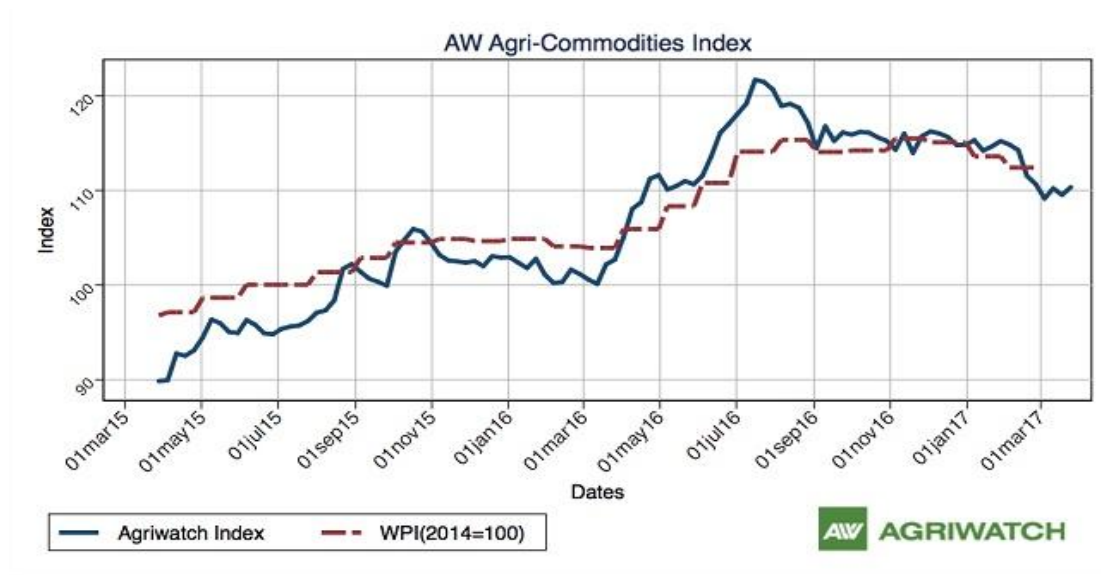
International Veg. Oil Market Summary

Malaysia's March 1-20 palm oil exports fell 7.9 percent to 686,741 tons compared to 745,564 tons in corresponding period last month. Top buyers were European Union at 161,030 tons (146,870 tons), China at 103,740 tons (101,020 tons), India at 81,500 tons (81,290 tons), United States at 41,800 tons (58,230 tons) and Pakistan at 19,500 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.

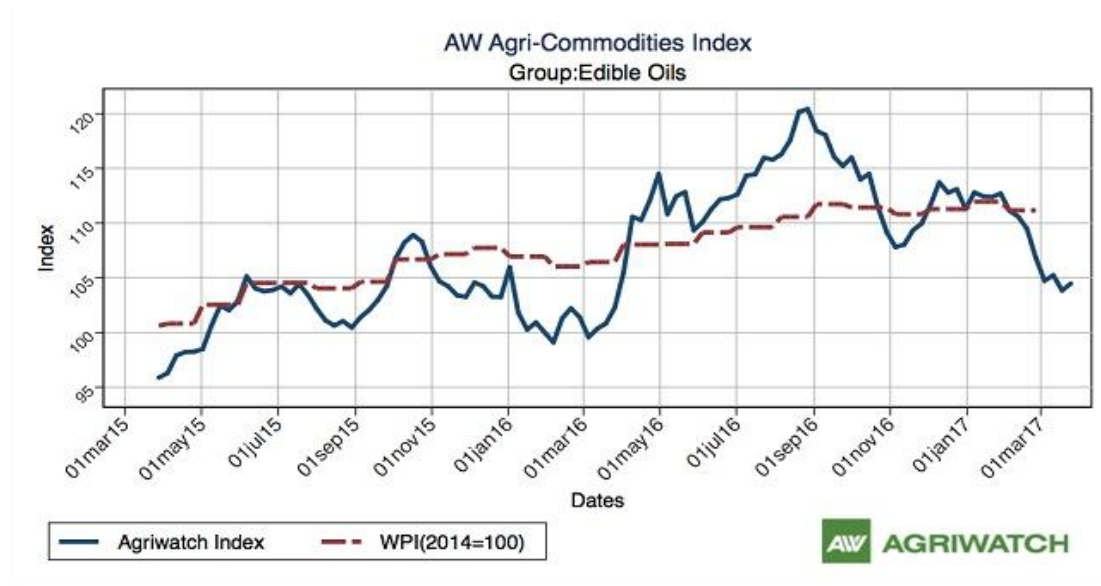
Strong ringgit, improvement in production of palm oil in Malaysia, weak exports to China and India, fall in competitive oils and fall in crude oil prices will underpin CPO prices in near term.

Agriwatch Index



- The Agriwatch Agri Commodities Index rose 0.74% to 110.34 during the week ended March 25, 2017 from 109.53 during the previous week led by higher cereals and pulses. The base for the Index and all sub-Indices is 2014 (= 100).
- Seven of the 9 commodity group sub-Indices and 15 of the 29 individual commodity sub-Indices that constitute the main Index gained during the week.

Agriwatch edible oil index



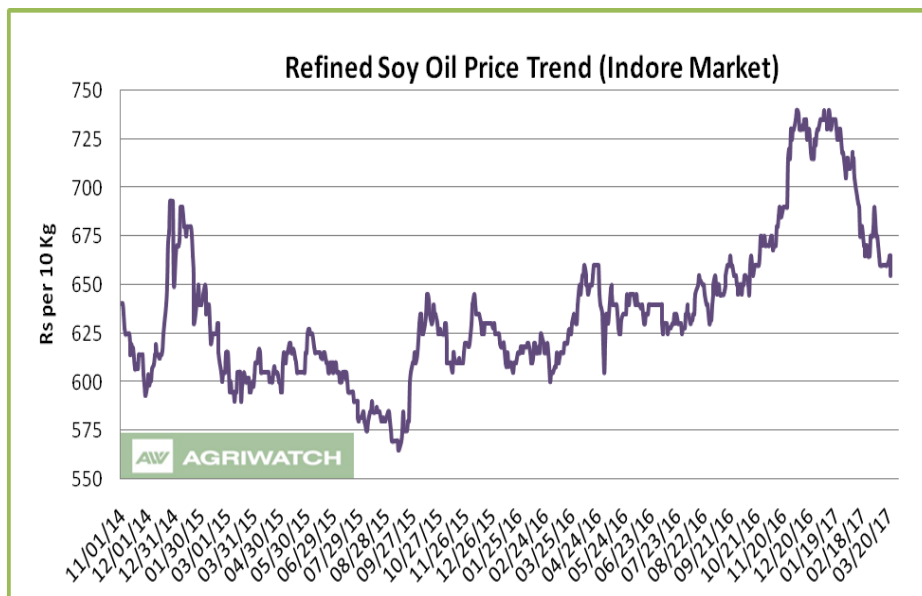
- Agriwatch edible oil index rose 0.60 percent in the week ended March 25, 2017 to 104.47

"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. Prices of refined soy oil fell in Mumbai, Kolkata and Kandla/Mudra. CDSO prices closed lower at JNPT while it was unchanged at 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 were unchanged in India West coast while it fell in India CNF, indicating firm demand.

Prices were unchanged in India high seas compared to CNF markets, which fell indicating firm 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.

However, prices of refined prices fell in all major centers indicating weak demand.

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

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.

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 increased to Rs 72 (Rs 80 last week) per 10 Kg, which is low and may support soy oil prices in domestic markets. In USD terms, premium of CDSO CNF over CPO CNF, which was quoted at USD 21.5 (USD 17.5 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.

Demand of CDSO is weak at CNF markets as prices of CDSO fell at CNF markets while it rose in FOB markets compared to previous week.

Prices of soy oil will fall on weak demand.

- 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.
- Imported crude soy oil CIF at West coast port is offered at USD 754 (USD 760) per ton for March delivery. April delivery is offered at USD 743 (USD 766) per ton and May delivery is offered at USD 745 (USD 747) as on March 24, 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 weakened 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 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 – Trump administration decision to impose anti dumping duty on imports of Argentina and Indonesia biodiesel as recommended by National Biodiesel Board (NBB) for two years has affected sentiment in soy oil markets. Both Argentina and Indonesia biodiesels producers has denied such accusations. US produces 2 billion gallons and imports 0.9 million gallons from Argentina, Indonesia and Canada. Two thirds of imports are from Argentina. Argentina exports soy oil based biodiesel and Indonesia exports crude palm oil based biodiesel. Imports of biodiesel from Argentina and Indonesia rose 464 percent from 2014 to 2016.

Same precedent happened in dispute between EU and Argentina where EU imposed anti dumping duty on imports of biodiesel from Argentina. However, WTO court ruled in favor of Argentina.

Trump administration has decided to delay set of 30 regulations of biodiesel prepared by Obama administration. 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 in March 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. Many rating agencies have increased their estimate of soybean production and exports of Brazil. Harvest has reached 68 percent in Brazil. Harvest in Mato Grosso is has reached final stages. If conditions of harvest remain conducive then soybean crop estimate is expected to rise to 115 MMT.

Argentina crop is in very good condition and harvest has started. Buenos Aires Grains Exchange has increased their estimate of soybean crop to 56.5 MMT from 54.6 MMT and has stated that if condition prevails the crop estimate could rise further. USDA retained soybean crop of Argentina at 56.5 MMT.

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.
- Brazil's 2016/17 soybean harvest have reached 68% compared to 67% during the corresponding period last year and 62% from the previous week. Further, the harvesting in Mato Grosso and do Sul is nearing completion.
- Argentina's soybean harvesting has just commenced and the Buenos Aires Grains Exchange has projected country's 2016/17 soybean production at 56.5 million tons which is up from its previous forecast of 54.8 million. The Ministry of Agro industry has slightly slashed Argentina's 2016/17 soybean area to 19.42 million hectares from 19.45 million projected in the previous estimated.
- Agroconsult has raised Brazil's 2016/17 soybean production by around 3 million tons to 111 million tons, highest by any agency. The agency had estimated country's production at 107.8 million tons in its previous projection made in February.
- China's soybean imports are diminishing with slowdown in demand growth consecutive for 3 years and if the USDA's Beijing attaché report proves to be true for 2017/18 it would be fourth year in declining the rate of the growth. According to the attaché China is expected to import 89 million tons of soybean in 2017/18, a nominal growth from 86 million tons projected by the attaché for the current year.
- 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.

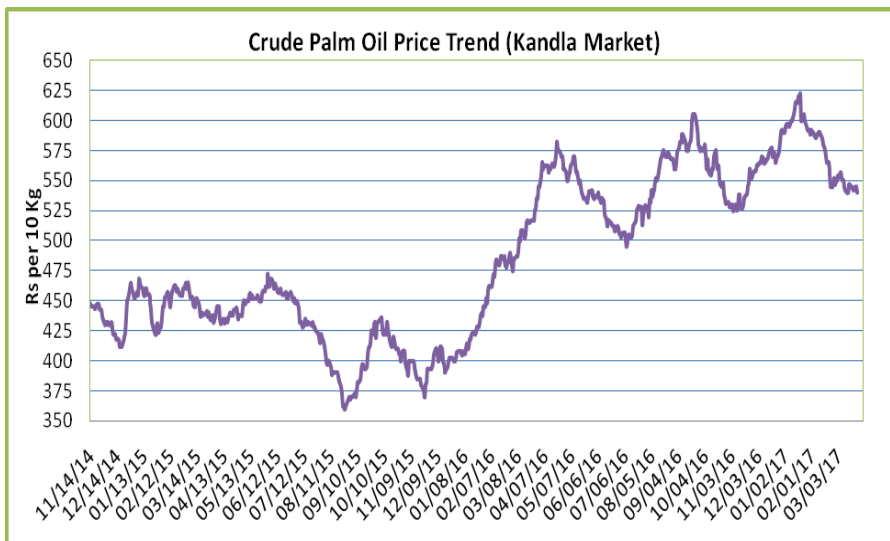
- **USDA WASDE Oilseeds Highlights:** The season-average soybean price range forecast of \$9.30 to \$9.90 per bushel is raised 10 cents at the midpoint. Soybean oil prices are forecast at 32 to 35 cents per pound, down 2 cents at the midpoint. Soybean meal prices are unchanged at \$310 to \$340 per short ton

Price Outlook: We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 610-680 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla featured uptrend at its benchmark market at Kandla on firm demand. CPO prices closed lower in Kakinada at the end of the week. RBD palmolein prices fell across board in India.
- Agriwatch View – Prices of CPO closed higher on firm demand. Prices of CPO rose at India high seas while it fell at CNF markets indicating firm demand in domestic markets.



Fall in soy oil prices capped gains.

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 weak at CNF markets as prices fell more at CNF markets while it rose more at Malaysia FOB compared to previous 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 24 (Rs 37) 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 21.5 (USD 17.5 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 49 (Rs 67 last week) per 10 Kg will decrease CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 72 (Rs 80 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 732.5 (USD 742.5) per ton for March delivery and April delivery is quoted at USD 727.5 (USD 737.5) 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 727.5 (USD 740) per ton for March delivery while April delivery is offered at USD 722.5 (USD 735) per ton. Ready lift CPO duty paid prices quoted at Rs 546 (Rs 543) per 10 Kg and April delivery duty paid is offered at Rs 536 (Rs 540) 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 10-15/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 have recovered in between March 20-25 indicating that demand is weak from top importing destinations. Demand is weak from India and China. 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 fell in first 25 days of March indicating weak demand from India and China. Demand from China is weak after Chinese New Year. However, stocks at ports in China. Indian and Chinese buyers are looking for bargains before they purchase in bulk.

Port stocks at India's ports are very low.

Production of palm oil is expected to be weak in Malaysia is weak due to lagged effect of El Nino.

With lower production, stocks of palm oil from Malaysia will decrease supporting prices. However, strong ringgit will underpin palm oil exports.

Decision of Malaysia to increase imports of crude palm oil from Indonesia is bearish for palm oil. Both, Indonesia and Malaysia agreed in 2015 to reduce imports of CPO from Indonesia to support prices.

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 stocks 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 levels.

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 reduced palm oil export duty to 7.5 percent for April, as Malaysian government feels that rise in export duty will 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. However, with decision of exports to Malaysia, Indonesia could decrease export duty on CPO to USD 3 per ton from USD 18 per ton.

Higher use of palm oil in biodiesel in Indonesia will soak incremental palm oil production in the country in medium term.

Rise in ringgit will underpin palm oil prices in near 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 1-20 palm oil exports fell 7.9 percent to 686,741 tons compared to 745,564 tons in corresponding period last month. Top buyers were European Union at 161,030 tons (146,870 tons), China at 103,740 tons (101,020 tons), India at 81,500 tons (81,290 tons), United States at 41,800 tons (58,230 tons) and Pakistan at 19,500 tons (24,000 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's March 1-20 palm oil exports fell 3 percent to 711,286 tons compared to 733,288 tons in corresponding period last month. Top buyers were European Union at 172,118 tons (161,515 tons), India & subcontinent at 136,800 tons (105,360 tons) and China at 92,100 tons (109,150 tons). Values in brackets are figures of corresponding period last month.
- According to China's General Administration of Customs (CNGOIC), China's February palm oil imports rose 26.62 percent to 3.40 lakh tons compared to February 2016. Imports rose from Indonesia in February rose

31.24 percent to 2.12 lakh tons compared to February 2016. Year to date imports of palm oil from Indonesia rose 9.57 percent to 9.57 lakh tons compared to corresponding period last year. Imports rose from Malaysia in February rose 19.59 percent to 1.27 lakh tons compared to February 2016. Year to date imports rose 33.92 percent from Malaysia to 2.89 lakh tons compared to corresponding period last year.

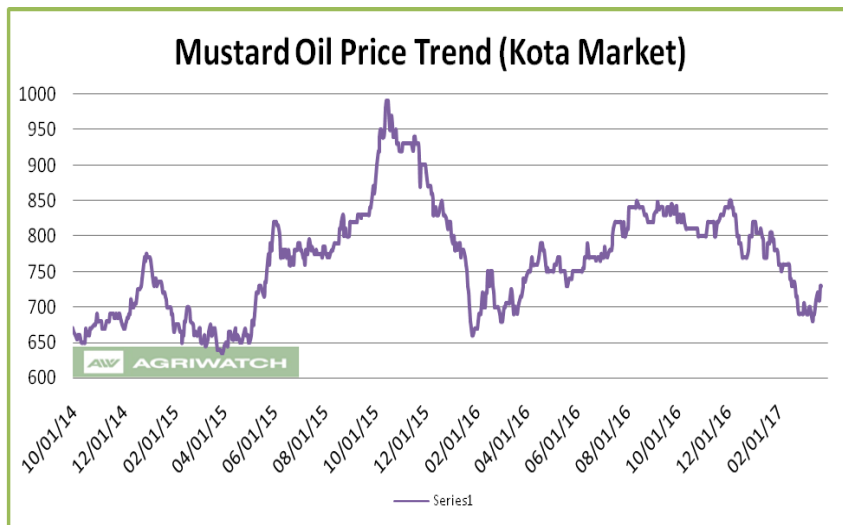
- According to Malaysia Palm Oil Board (MPOB), Malaysia's February palm oil end stocks fell 5.32 percent to 14.59 lakh tons compared to 15.41 lakh tons in January. Production dropped 1.43 percent in February to 12.59 lakh tons compared to 12.79 lakh tons in January. Exports in January fell 13.97 percent 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 firm trend during the week in review at most trading centers. Benchmark market in Kota closed higher at the end of the week on firm demand and rise in prices of rapeseed.
- Agriwatch view: Prices of rapeseed oil rose across board in India except Kolkata where it fell. Kacchi ghani prices rose across board in India. Canola oil prices rose last week. Prices of rapeseed oil traded higher



due to rise in rapeseed prices and firm demand at lower prices.

Demand is firm after festive season.

Rapeseed prices rebounded last week after sharp fall which supported rapeseed oil prices. However, due to higher crop of rapeseed, prices of rapeseed are not expected to sustain.

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 oil prices in medium term.

Higher imports of rapeseed (canola) oil have suppressed prices in medium term.

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 73 (USD 20) per ton and which will support imports. However, fall in prices of canola oil will underpin rapeseed oil prices in medium term.

Imports of Canola oil increased in February, which will suppress rapeseed oil prices in medium term.

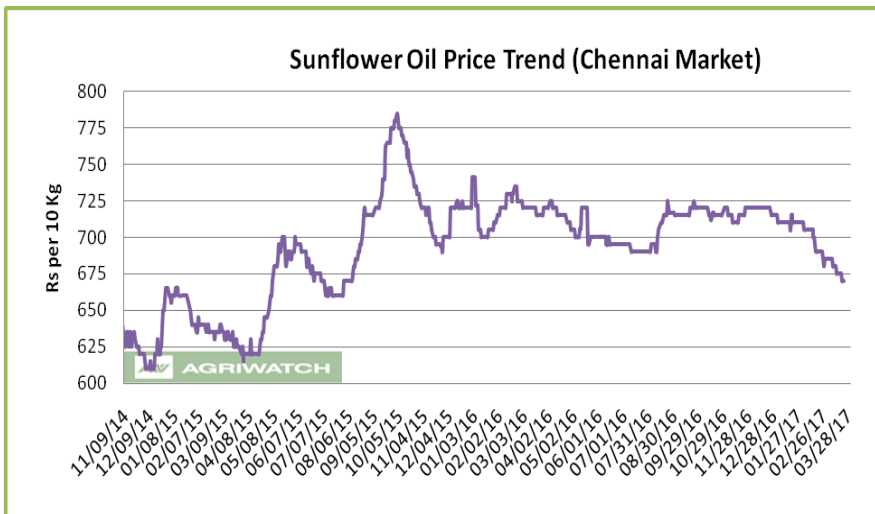
Markets are expected to trade sideways to weak tone in coming days on weak demand, seasonal downtrend of prices, high supply and weak competitive oils in domestic markets.

- 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 73 (USD 20 last week) per ton for April delivers as on March 24, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 730 (Rs 675) per 10 Kg, and at Kota market, it is offered at Rs 730 (Rs 700) per 10 kg as on March 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 700-770 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 were unchanged in Hyderabad and Kakinada. Prices closed lower in Mumbai and Kandla/Mudra. Sunflower expeller prices closed lower in Erode while it closed unchanged in Hyderabad. Prices remained unchanged in Latur while it fell in Chellakere.



- Agriwatch view: Prices of sunflower oil traded lower in Chennai on firm supply and weak demand. Prices of sunflower oil remained unchanged at CNF markets while it fell in Chennai indicating weak demand. Prices of sunflower are trading at low premium over soy oil, which has reduced losses. Prices fell on seasonal downtrend of prices. Fall in prices of soy oil and palm oil supported fall. Premium of CSFO over CDSO at CNF has decreased to USD 42 (USD 25 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 firm supply. In domestic market, sunflower oil premium over soy oil is at Rs 15 (Rs 15 last week) per 10 kg which is low indicating weak demand of sunflower oil. Sunflower oil premium over palm oil is USD 52.5 (USD 42.5 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 42 (USD 25 last week) per ton for April delivery. Reduction of import duty on sunflower seed is expected to increase crushing in India and underpin prices in medium term. 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.

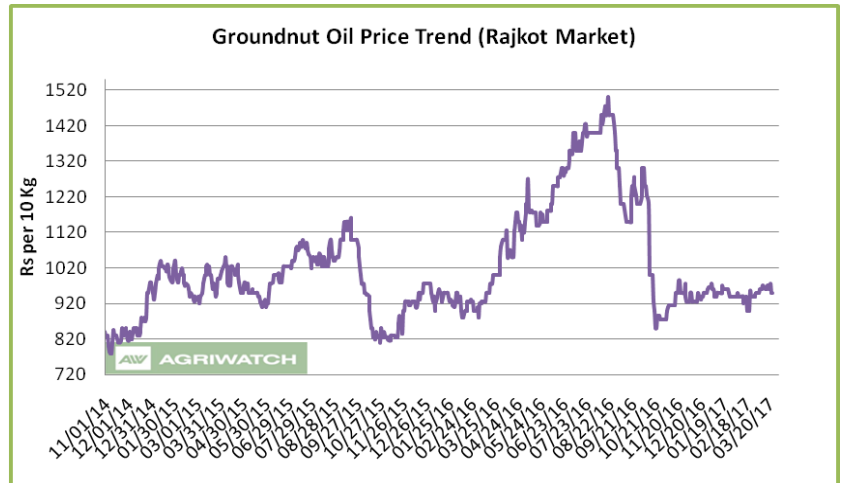
Prices are expected to trade sideways to weak in near term.

- Government of India reduced import duty on sunflower seed from 30 percent to 10 percent in an effort to decrease sunflower oil imports and increase crushing in domestic markets. The reduction of duty is effective from April 1, 2017 to September 30, 2017. Imports have been allowed as this period is off season.
- 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.
- Ukraine's sunflower crop is expected to fall in 2017-18 as farmers are forced to rotate crops after exceptionally higher crops in 2016-17, according to USDA. Ukraine's sunflower seeds production is expected to fall 2.5 MMT to 11.2 MMT in 2017-18 compared to 2016-17 primarily due to fall in planting area, according to USDA.
- 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 785) per ton for April delivery and MJ delivery is quoted at USD 790 (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 42 (USD 25 last week) per ton for April delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 670 (Rs 675) per 10 Kg, and at Hyderabad market, it is offered at Rs 684 (Rs 684) per 10 kg as on March 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 650-700 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-` Domestic Front

- Groundnut oil prices featured downtrend in Rajkot in week in the review on weak demand and firm supply. Prices closed higher in Jamnagar and 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 downtrend in Rajkot on weak demand and higher supply. However, most prices were sideways to higher in most centers of India. Demand weakened on higher prices of groundnut oil.

Fall in prices of palm and soy oil were primary contributors of fall in prices of groundnut oil.

Prices of groundnut rose in the week in review. Harvest is progressing at good pace. Arrival is weak in market improved as farmers are taking advantage of higher prices of groundnut.

Higher prices of groundnut supported the rise in prices in many centers.

Retail demand has improved.

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

Crushing of groundnut has firmed due to higher farmer release. Weak demand has kept prices sideways to lower.

Millers are getting raw material in adequate quantity, which has improved 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.

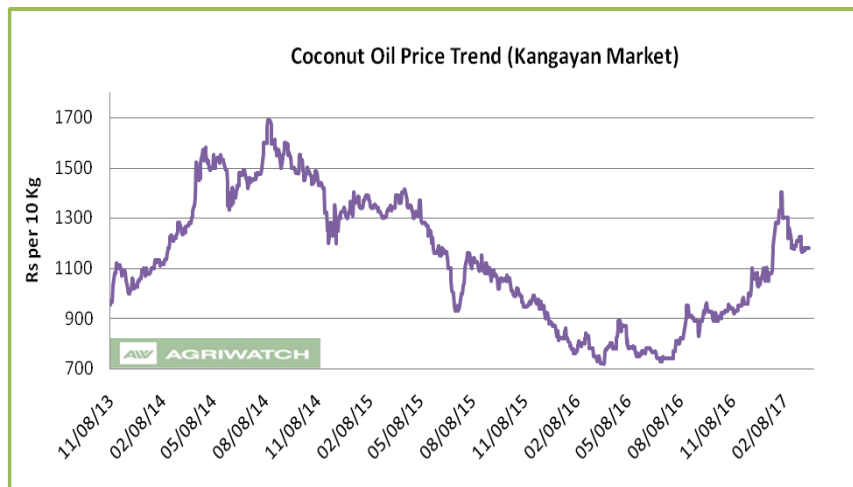
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,500 (Rs 9,700) per quintal and it was quoted at Rs 10,200 (Rs 10,000) per quintal in Chennai market on March 24, 2017. Values in brackets are values of last week.
- Groundnut oil prices are likely to trade sideways to firm in the coming days.

Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 920-1000 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil prices featured uptrend during the week at its benchmark market in Kangayam on hike in prices of copra. Average prices of coconut increased last week compared to previous week. In Kochi prices were unchanged while it rose Trissur at the end of the week.
- Agriwatch view: Coconut oil prices showed uptrend during the week, on improved demand.



Rise in prices of copra supported the rise in coconut oil prices. Prices of coconut oil increased due to improved sentiment on hike of MSP of copra by central government. Hike in prices of copra was significant to send coconut prices higher.

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 holding copra to take advantage of prices. Supply of copra has improved on higher harvest of coconut. Traders are holding copra to take advantage of prices after hike in MSP of copra.

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 weak on back of limited 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.

Supply of coconut oil is weak while demand is moderate.

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

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

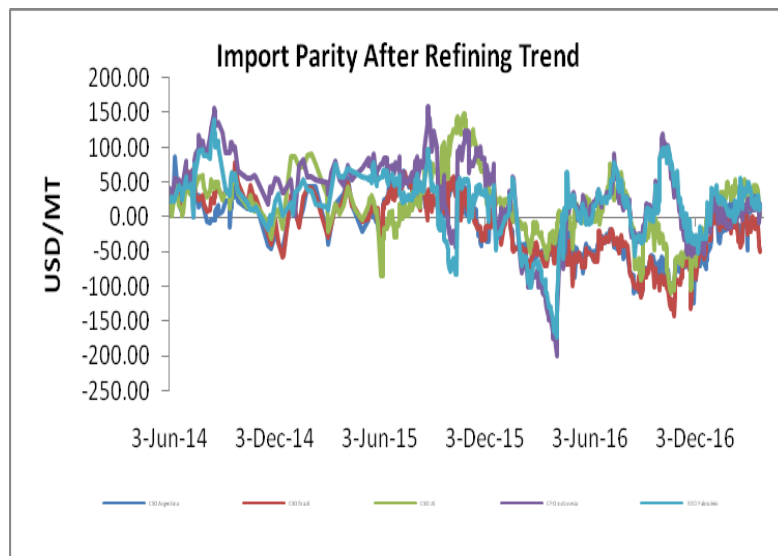
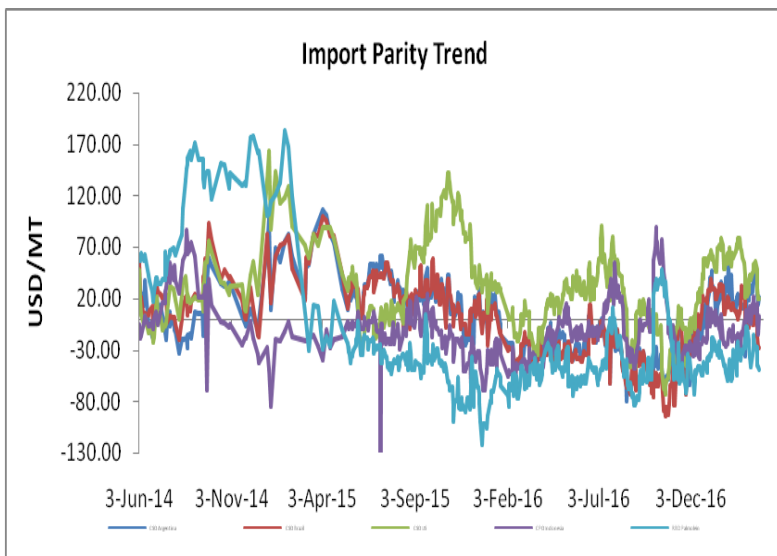
Prices are expected to trade sideways to weak tone in near term.

- Cabinet Committee for Economic Affairs chaired by Prime Ministry has hike MSP for Fair Average Quality (FAQ) of "Milling Copra" to Rs 6500 per quintal for 2017 from Rs 5950 per quintal in 2016. The MSP for "ball copra" has been hiked from Rs 6240 per quintal for 2016 to Rs 6785 per quintal for 2017. The hike in MSP has been recommended by Commission for Agriculture Costs and Prices (CACP), which takes consideration of various factors and trends to arrive at a price before recommending hike in MSP.
- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 12,800 (12,200) per quintal, and was quoting Rs 11,800 (Rs 11,750) per quintal in Erode market on March 24, 2017.

Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1150-1220 per 10 Kg.

Import Parity Trend

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

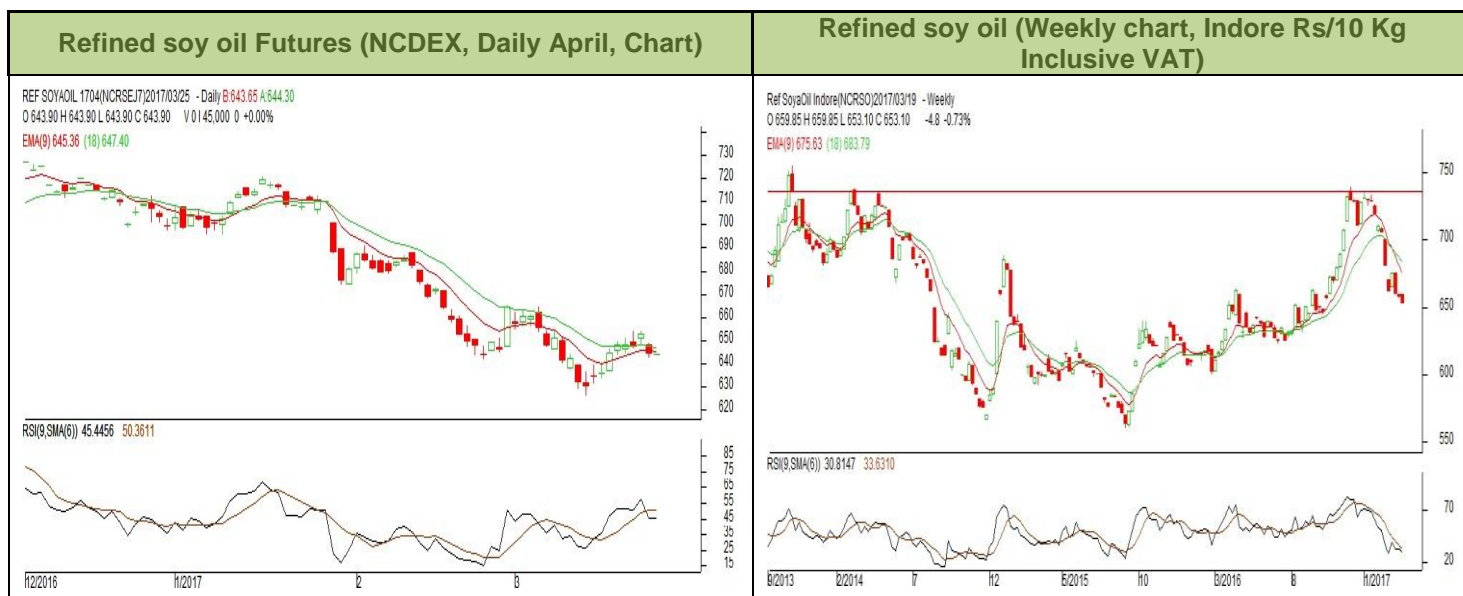


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Jan, 2017	-8.31	-7.38	31.24	1.15	22.76
Feb, 2017	-4.41	-12.57	39.53	5.89	21.73

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 610-660 level in near to medium term. RSI, stochastic and MACD is suggesting downtrend in the market.

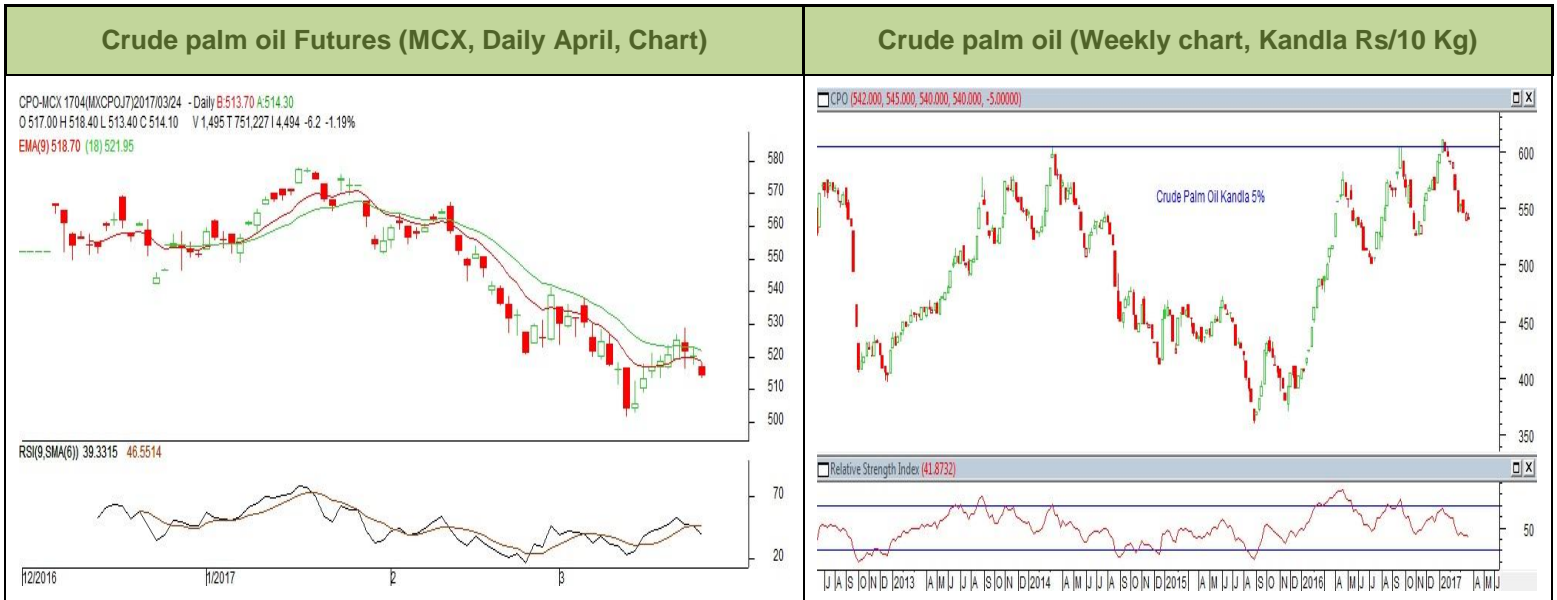
Strategy: Market participants are advised to go short below 640 levels for a target of 620 and 615 with a stop loss at 650 on closing basis.

RSO NCDEX (April)

Support and Resistance				
S2	S1	PCP	R1	R2
610.00	624.00	635.3	666.00	677.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 610-680 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 500 in weekly chart may bring the prices to 480 levels.
- Expected price band for next week is 480-540 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 510 for a target of 495 and 490 with a stop loss at 520 on closing basis.

CPO MCX (April)

Support and Resistance				
S2	S1	PCP	R1	R2
590.00	500.00	507.1	527.00	546.00

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
		24-Mar-17	17-Mar-17	
Refined Soybean Oil	Indore	655	660	-5
	Indore (Soy Solvent Crude)	625	625	Unch
	Mumbai	645	655	-10
	Mumbai (Soy Degum)	595	598	-3
	Kandla/Mundra	640	645	-5
	Kandla/Mundra (Soy Degum)	610	610	Unch
	Kolkata	640	655	-15
	Delhi	672	675	-3
	Nagpur	702	702	Unch
	Rajkot	635	635	Unch
	Kota	670	660	10
	Hyderabad	665	679	-14
	Akola	687	689	-2
	Amrawati	687	688	-1
	Bundi	670	665	5
	Jalna	698	700	-2
	Alwar	NA	NA	-
	Solapur	702	702	Unch
	Dhule	695	699	-4
Palm Oil	Kandla (Crude Palm Oil)	546	545	1
	Kandla (RBD Palm oil)	555	565	-10
	Kandla RBD Pamolein	568	580	-12
	Kakinada (Crude Palm Oil)	525	528	-3
	Kakinada RBD Pamolein	565	575	-10
	Haldia Pamolein	570	575	-5
	Chennai RBD Pamolein	575	580	-5
	KPT (krishna patnam) Pamolein	555	570	-15
	Mumbai RBD Pamolein	575	585	-10
	Delhi	625	625	Unch
	Rajkot	572	575	-3
	Hyderabad	537	532	5
	Mangalore RBD Pamolein	575	580	-5
	PFAD (Kandla)	440	440	Unch
	Refined Palm Stearin (Kandla)	520	510	10
Refined Sunflower Oil	Chennai	670	675	-5
	Mumbai	705	715	-10
	Mumbai(Expeller Oil)	615	605	10
	Kandla	680	685	-5
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	684	684	Unch
	Latur (Expeller Oil)	680	680	Unch
	Chellakere (Expeller Oil)	625	635	-10
	Erode (Expeller Oil)	705	710	-5
Groundnut Oil	Rajkot	950	970	-20
	Chennai	1020	1000	20
	Delhi	950	950	Unch
	Hyderabad *	1060	1060	Unch
	Mumbai	1030	1000	30
	Gondal	1000	950	50
	Jamnagar	1000	960	40
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	730	675	55
	Jaipur (Kacchi Ghani Oil)	775	732	43
	Kota (Expeller Oil)	730	700	30
	Kota (Kacchi Ghani Oil)	780	710	70
	Neewai (Kacchi Ghani Oil)	730	705	25
	Neewai (Expeller Oil)	760	720	40
	Bharatpur (Kacchi Ghani Oil)	800	755	45
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	725	680	45
	Sri-Ganga Nagar (Kacchi Ghani Oil)	755	720	35
	Mumbai (Expeller Oil)	750	710	40
	Kolkata(Expeller Oil)	NA	NA	-
	New Delhi (Expeller Oil)	750	735	15
	Hapur (Expeller Oil)	780	740	40
	Hapur (Kacchi Ghani Oil)	886	840	46
	Agra (Kacchi Ghani Oil)	805	760	45
Refined Cottonseed Oil	Rajkot	660	645	15
	Hyderabad	635	630	5
	Mumbai	640	650	-10
	New Delhi	640	640	Unch
Coconut Oil	Kangayan (Crude)	1250	1175	75
	Cochin	1230	1230	Unch
	Trissur	1280	1220	60
Sesame Oil	New Delhi	770	770	Unch
	Mumbai	730	730	Unch
Kardi	Mumbai	730	730	Unch
Rice Bran Oil (40%)	New Delhi	550	545	5
Rice Bran Oil (4%)	Punjab	590	590	Unch
Rice Bran Oil (4%)	Uttar Pradesh	590	590	Unch

Malaysia Palmolein USD/MT	FOB	720	725	-5
	CNF India	728	743	-15
Indonesia CPO USD/MT	FOB	700	715	-15
	CNF India	733	743	-10
RBD Palm oil (Malaysia Origin USD/MT)	FOB	710	723	-13
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	673	695	-22
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1300	1370	-70
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	680	695	-15
Crude palm Kernel Oil India (USD/MT)	CNF India	1270	1330	-60
Ukraine Origin CSFO USD/MT Kandla	CIF	790	785	5
Rapeseed Oil Rotterdam Euro/MT	FOB	900	920	-20
Argentina FOB (\$/MT)		23-Mar-17	16-Mar-17	Change
Crude Soybean Oil Ship		708	700	8
Refined Soy Oil (Bulk) Ship		733	725	8
Sunflower Oil Ship		720	720	Unch
Cottonseed Oil Ship		688	680	8
Refined Linseed Oil (Bulk) Ship		728	720	8
* indicates including VAT				

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>

© 2017 Indian Agribusiness Systems Pvt Ltd.