

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

*On the currency front, Indian rupee against USD closed at 64.40, up 12 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 625 levels for a target of 610 and 605 with a stop loss at 635 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 600-670 per 10 Kg in the near term.*

*Market participants are advised to go short in CPO below 520 for a target of 505 and 500 with a stop loss at 530 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 510-560 per 10 Kg in the near term.*

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

*Malaysia's April 1-15 palm oil exports rose 15.2 percent to 567,280 tons compared to 492,321 tons in corresponding period last month. Top buyers were European Union at 111,953 tons (137,440 tons), India & subcontinent at 58,500 tons (76,100 tons), and China at 95,050 tons (74,100 tons). Values in brackets are figures of corresponding period last month: ITS*

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

**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 remained unchanged in Mumbai while it fell in Kolkata and Kandla/Mudra. CDSO prices closed lower at JNPT and Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices closed lower during the week in Indore on weak demand.

CDSO prices fell in India West coast while it rose in India CNF, indicating weak demand.

Prices fell in India high seas while it rose CNF markets indicating weak demand at high seas. Demand in domestic market was weak.

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

Prices of refined soy oil 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 decreased in March compared to February 2017 and it was below March 2016. Stocks of CDSO at ports and pipelines fell in March.

Crushing of soybean in India weakened due to weakening export demand of soy meal from India on appreciation of Rupee, rise of prices in domestic market and poor quality of soy meal.

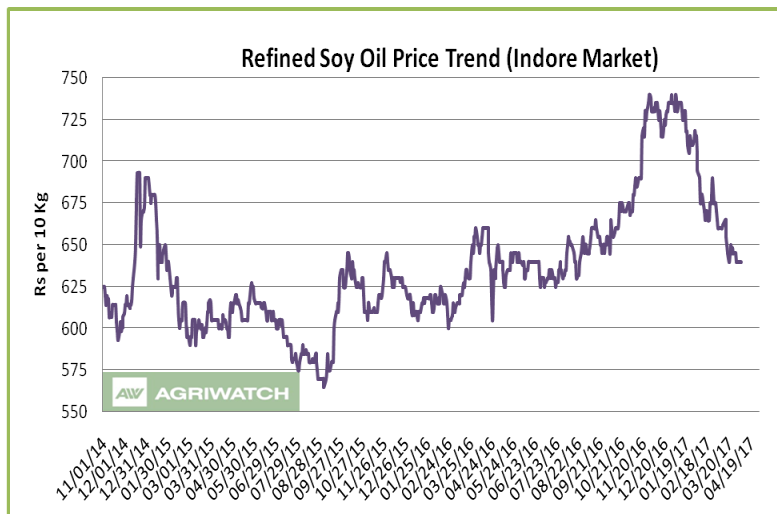
Imports of soy oil have returned to parity at high seas and refining margins have turned positive. With low soy oil premium over palm oil, demand may firm up in coming months.

Refined soy oil premium over RBD palmolein is increased to Rs 80 (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 56 (USD 27.5 last week) per ton, indicating firm demand of CDSO at CNF markets compared to CPO CNF.

Demand of soy oil is higher in domestic market as soy oil premium over palm oil is less at CNF markets while it is higher in domestic markets.

Prices of soy oil will fall on weak demand.

- According to Director General of Foreign Trade (DGFT) notification 43/2105-20 dated 27 March 2017 under section 3 of Foreign Trade Regulation Act, 1992, central government has allowed export of edible oil in bulk.
- Soy oil import scenario – According to SEA, India imported 2.30 lakh tons of soy oil in March 2017 v/s 3.22 lakh tons in March 2016, down 29 percent y-o-y. India imported 10.45 lakh tons of soy oil in the period (November 2016-March 2017) compared to 18.93 lakh tons in the corresponding period last oil year, lower by 44.8 percent y-o-y.



- According to Solvent Extractors Association (SEA), India's March edible oil imports fell 7 percent y-o-y to 10.93 lakh tons from 11.76 lakh tons in March 2016. Palm oil imports rose 5.9 percent y-o-y to 6.8 lakh tons from 6.42 lakh tons in March 2016. CPO Imports rose 5.8 percent y-o-y to 4.54 lakh tons from 4.29 lakh tons in March 2016. RBD palmolein imports rose 5.3 percent y-o-y to 2.19 lakh tons from 2.08 lakh tons in March 2016. Soy oil imports fell 28.6 percent y-o-y to 2.30 lakh tons from 3.21 lakh tons in March 2016. Sunflower oil imports fell 4.3 percent y-o-y to 1.77 lakh tons from 1.85 lakh ton in March 2016. Rapeseed (Canola) oil was zero in March compared to from 0.27 lakh tons in March 2016.
- According to Solvent Extractors Association (SEA), India's March edible oil stocks at ports and pipelines fell 1 Percent m-o-m to 19.13 lakh tons from 19.65 lakh tons in February 2017. Stocks of edible oil at ports rose to 688,000 tons (CPO 230,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 150,000 tons, Crude Sunflower Oil 155,000 tons and 3,000 tons of Rapeseed (Canola) Oil) and about 1,225,000 tons in pipelines (Stocks in pipelines were at 1,190,000 tons in February 2017). India is presently holding 35 days of edible oil requirement on 1st April, 2017 at 19.13 lakh tons compared to 36 days of requirements last month. India's monthly edible oil requirement is 16.5 lakh tons.
- India's soy meal and its other value added products (HS Code 2304) during March 2017 is 1,80,884 tons compared to 26,645 tons in March 2016 showing an increase of 578.85% over the same period of last year. On a financial year basis, the export during April'2016 to March'2017 is 990,155 tons as compared to 3,87,298 tons in the same period of previous year showing an increase of 155.66%. During current Oil year, (October – September), total exports during October 2016 to March 2017 is 914,423 tons as against 1,85,770 tons last year, showing an increase by 392.23%, as reported by SOPA. Japan (33,779 tons), Bangladesh (31,850Tonnes), France (28,695 tons), Belgium (28,255 tons) and Germany (25,050 tons) remained the top buyers of the soy meal of Indian origin during the month of March 2017.
- Imported crude soy oil CIF at West coast port is offered at USD 756 (USD 745) per ton for April delivery. May delivery is offered at USD 754 (USD 736) per ton and June delivery is offered at USD 751 (USD 733) per ton as on April 14, 2017. Values in brackets are figures of last week. Last month, CIF CDSO March average price was USD 766.73 (USD 806.87 per ton in February 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 gain 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 – USDA increased soy oil end stocks in US in its April demand and supply estimates. End stocks were increased due to lower food, feed and industrial demand. Production of soy oil in US will increase while demand will falter.

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.

Record area estimate of soybean in US due to higher returns in soybeans and higher soybean stocks will underpin soy oil prices in medium term. Rise in area was more than estimate at 89.48 million acres compared to 83.4 million acres in 2016. Wheat contributed to most area shift as soybean has become more ruminative than wheat on higher China demand. Stocks of soybean on March 1 were 1.75 billion bushels, which is 13 percent higher than last year. USDA kept soybean stocks lower to support prices.

Trump administration has decided to probe whether Indonesia and Argentina were dumping biodiesel in US. Both countries have declined that they were dumping in US. This comes after recommendation by National Biodiesel Board (NBB) to Trump Administration to impose anti dumping duty on imports of soy oil from Argentina and Indonesia for two years

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.

Argentina exports 90 percent of its production of biodiesel to US and if US imposes anti dumping duty then it will destroy biodiesel industry in Argentina.

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. Record soybean crop in Brazil and expectation of better than expected soybean crop in Argentina has underpinned soybean complex prices. USDA increased soybean crop in Brazil to 111 MMT from 108 MMT in its April report. USDA increased Argentina soybean crop from 55.5 mMT to 56 MMT on improved conditions of crop and favorable harvest.

Harvest has reached above 90 percent in Brazil, which is above 5-year average. Harvest in Mato Grosso is over. Soybean crop estimate is expected to rise to 115 MMT If conditions of harvest continue to remain conducive.

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.

Imports by China from Brazil are progressing at a very good pace. USDA increased China imports estimate of China to 88 MMT in 2016/17 in its April report indicating strong demand.

Competitive oils will underpin prices in near term.

Fall in crude oil prices and 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 United States Department of Agriculture (USDA) April estimate, U.S 2016/17 ending stocks of soy oil is increased to rise to 2,122 million lbs from 1,772 million lbs in March estimate. Opening stocks were unchanged at 1,687 million lbs. Production of soy oil in 2016/17 is unchanged at 22,560 million lbs. Imports in

2016/17 are kept unchanged at 325 million lbs. Biodiesel use in 2016/17 was unchanged at 6,200 million lbs. Food, feed and other industrial use in 2016/17 is decreased to 14,000 million lbs compared to 14,350 million lbs in its March estimate. Exports in 2016/17 are unchanged at 2,250 million lbs. Average price range estimate is decreased to 31-33 cents/lbs compared to 32 - 35 cents/lbs in its March estimate. Rise in end stock is due lower use in food, feed and industrial use.

- Argentina's 2016/17 soybean harvesting has picked-up the pace last week despite heavy rains, storm and floods in the west of Argentina , said Buenos Aires Grains Exchange. The agency said that the farmers had harvested 5.9% of the soybean planted area. It has estimated Argentina's 2016/17 soybean production at 56.5 million tones.
- AgRural has raised Brazil's 2016/17 soybean production estimate to 11.6 million tons from 107 million tons in March, citing favorable weather conditions which boosted the productivity. Besides, the agency said Brazilian soybean harvesting is 82% complete, of the planted area, which is up from 74% last week and 78% of the last five years.
- Brazil's soybean exports stood at 9.7 million tons in March, highest on record for March, according to Anec with record soybean productivity in 2016/17 season. Anec is expecting Brazil's 2017 soybean exports at 60 million tons. Brazil's 2016/17 soybean sales have estimated to have reached 46% (51.07 Mn T) of the total projected production as of first week of April, which is up from 57% of the historical average and 61% in the corresponding period last year, said the Safras & Mercado.
- EU soybean imports fell 8% by 04 April 2017 and registered imports of 9.7 million tons from 10.5 million tons during the corresponding period last season. EU soy meal imports during Jul. – Jun. 2016/17 season stood at 13.2 million tons, down 16% from 15.7 million tons during the corresponding period last year.
- 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 China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in March rose 9.8 percent to 4.5 lakh tons compared to 4.1 lakh tons in February. Imports fell 13.5 percent compared to last year which was reported at 5.2 lakh tons. Year to date imports of edible vegetable oil fell 3.2 percent to 14.00 lakh tons.
- USDA WASDE Oilseeds Highlights: The season-average soybean price is lowered 5 cents at the midpoint to \$9.55 per bushel based on marketing to date and lower expected prices for the second half of the marketing year. Soybean oil prices are projected at 31 to 33 cents per pound, down 1.5 cents at the midpoint. Soybean meal prices are projected at \$310 to \$330 per short ton, down \$5.00 at the midpoint.

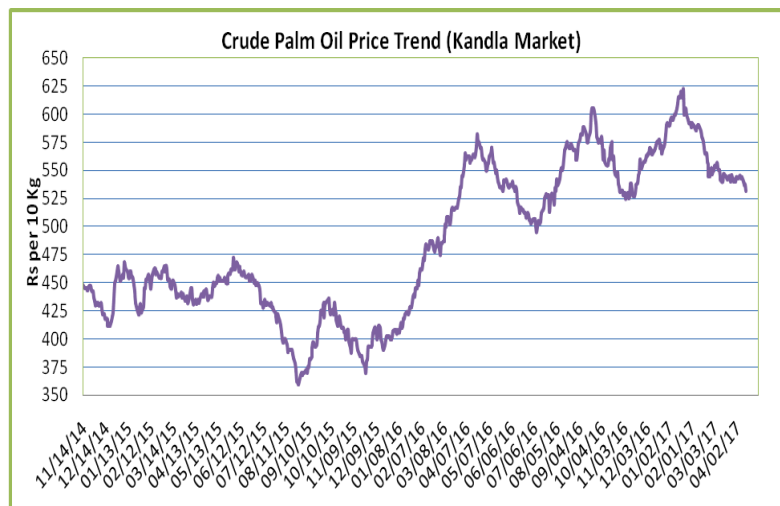
**Price Outlook:** We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 600-670 per 10 Kg in the near term.

## Palm oil Fundamental Analysis and Outlook :-

### Domestic Front

- Crude palm oil at Kandla featured downtrend at its benchmark market at Kandla on weak international markets. CPO prices closed lower in Kakinada at the end of the week. RBD palmolein fell across board in India.
- Agriwatch View – Prices of CPO closed lower on weak BMD CPO and weak soy oil CBOT.

Prices of CPO fell less at India high seas compared to CNF markets indicating firm demand in domestic markets.



Demand of RBD palmolein was firm at high seas as prices fell less at India high seas compared to CNF India compared to previous week.

Demand of RBD palmolein is weak at CNF markets as prices rose less 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 parity 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 firmer than CPO at high seas as premium RBD palmolein over CPO decreased to Rs 28 (Rs 18) per 10 kg.

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

Import of palm oil in March was lower than February 2017 while it was higher than March 2016. Stocks at ports and pipelines decreased in March.

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 56 (USD 27.5 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 20 (Rs 48 last week) per 10 Kg, which is low and will decrease CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 55 (Rs 101 last week) per 10 kg is low and 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 6.8 lakh tons of palm oil in March 2017 v/s 6.42 lakh tons in March 2016, higher by 5.9 percent y-o-y. Import of palm oil in the period (November 2016-March 2017) was at 35.49 lakh tons compared to 36.05 lakh tons in the corresponding period in last oil year, lower by 1.6 percent.
- CPO imports increased to 4.54 lakh tons in March compared to 4.29 lakh tons in March 2016, higher by 5.8 percent y-o-y. Import of CPO in the period (November 2016-March 2017) was at 23.91 lakh tons compared to 25.60 lakh tons in the corresponding period last oil year, lower by 6.6 percent



RBD palmolein imports rose 5.3 percent in March to 2.19 lakh tons from 2.08 lakh tons in March 2016. Import of CPO in the period (November 2016-March 2017) was at 11.36 lakh tons compared to 10.00 lakh tons in corresponding period last oil year, higher by 13.6 percent.

- According to United States Department of Agriculture (USDA) April estimate, India is expected to import 9.2 MMT of palm oil in 2016/17 compared to March estimate of 9.6 MMT, down 0.4 MMT. Consumption estimate in April is reduced to 9.35 MMT in 2016/17 compared to March estimate of 9.75 MMT, down 0.4 MMT. End stocks are kept unchanged at 0.546 MMT.
- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 700 (USD 717.5) per ton for April delivery and May delivery is quoted at USD 682.5 (USD 707.5) per ton. Last month, CIF CPO March average price was USD 733.31 (USD 779.78 per ton in February 2017) per ton.  
Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 700.5 (USD 717.5) per ton for April delivery while May delivery is offered at USD 692.5 (USD 707.5) per ton. Last month, CIF RBD palmolein March average price was USD 711.23 (USD 768.71 previous month) per ton. Values in bracket depict last week quotes.
- Ready lift CPO duty paid prices quoted at Rs 532 (Rs 544) per 10 Kg and April delivery duty paid is offered at Rs 528 (Rs 540) per 10 kg on April 14, 2017.
- On the parity front, margins weakened during this week due to fall in prices of palm products in international markets. Currently refiners fetch USD 25-30/ton v/s gain of USD 15-20/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 20-25/ton v/s gain of USD 25-30/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 rose more than expected in Malaysia in March on higher palm oil production partially set-off by higher exports. Palm oil end stocks rose 6.5 percent to 15.54 lakh tons compared to 14.59 lakh tons in February after hitting 6-year lows in February. However, palm oil stocks will rise slowly compared to rise in production.

Production rose 16 percent in March as lagged effect of El Nino fades and seasonal uptrend of production arrives. Production is expected to increase in April on seasonal uptrend of production. Production of palm oil is expected to recover in Malaysia and Indonesia as lagged effect of El Nino fades, and seasonal uptrend of production kicks in. Palm oil production loss in 2016 will recover completely in 2017 with Malaysia producing 19-20 MMT and Indonesia at 35-36 MMT. Production is expected to improve from March and will gradually accelerate as the year progresses.

Exports in first 15 days of April rose 15.2 percent, according to ITS, which indicates that demand is firm. However, demand is not firm from top importing destinations like India and China

Demand is weak from India as low soy oil and sunflower oil premium over palm oil leads to weaker demand of palm oil.

China is buying less after Chinese New Year.

Stocks of palm oil at ports and pipelines in both countries are low.



Palm oil prices are dragged due to fall in CBOT soy oil and DALIAN RBD palmolein near term. Record area of soybean and record crops of soybean has led to fall in CBOT soy oil, which has led to fall in palm oil prices. Other competitive oil has also dragged palm oil.

With higher production, stocks of palm oil from Malaysia will increase.

Strong ringgit will be drag on exports of palm oil from Malaysia.

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.

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

Demand from India is expected to be weak in medium term due to low premium of soy oil and sunflower oil over palm oil. 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 of edible oil in its domestic market and slow imports.

Production of palm oil in Indonesia lost in 2016 will be fully recovered in 2017. GAPKI estimates palm oil production to 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.

Malaysia reduced palm oil export duty to 7 percent for May, as Malaysian government feels that rise in export duty will hurt their competitiveness from Indonesia.

Indonesia has decreased palm export duties as it expects palm oil prices to miss certain thresholds.

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 Malaysia Palm Oil Board (MPOB), Malaysia's March palm oil end stocks rose 6.5 percent to 15.54 lakh tons compared to 14.59 lakh tons in February. Production rose 16.33 percent in March to 14.64 lakh tons compared to 12.59 lakh tons in February. Exports in March rose 14.34 percent to 12.66 lakh tons compared to February exports of 11.07 lakh tons. Imports in March rose 153 percent to 1.02 lakh tons compared to 0.40 lakh tons in February.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's April 1-15 palm oil exports rose 15.2 percent to 567,280 tons compared to 492,321 tons in corresponding period last month. Top buyers were European Union at 111,953 tons (137,440 tons), India & subcontinent at 58,500 tons (76,100 tons), and China at 95,050 tons (74,100 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's April 1-10 palm oil exports rose 24.8 percent to 312,489 tons compared to 250,481 tons in corresponding period last month. Top buyers were European Union at 90,802 tons (25,270 tons), China at 47,300 tons (50,590 tons), India at 27,900 tons (35,300 tons), United States at 16,655 tons (21,800 tons) and Pakistan at 0 tons (11,500 tons). Values in brackets are figures of corresponding period last month.

- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia reduced May crude palm oil export duty to 7 percent from 7.5 percent in April. Tax is calculated at reference price of 3,008.09 ringgit (\$680.41) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

**Price Outlook:** We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 510-560 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 major trading centers. Benchmark market in Kota closed lower at the end of the week on weak demand.
- Agriwatch view: Prices of rapeseed oil fell in Jaipur, Gujarat, Mumbai and Kolkata while it was unchanged in Hapur and Ganganagar. Prices rose in Neewai at the end of week.

Kacchi ghani prices fell across board in India. Canola oil prices fell last week.

Prices of rapeseed oil traded lower due to weak demand and fall in rapeseed prices.

Demand has weakened with rise in temperatures across India.

Rapeseed prices continued their fall, which supported fall in rapeseed oil prices. Due to higher crop of rapeseed, prices of rapeseed are expected to remain weak in medium term.

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

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.

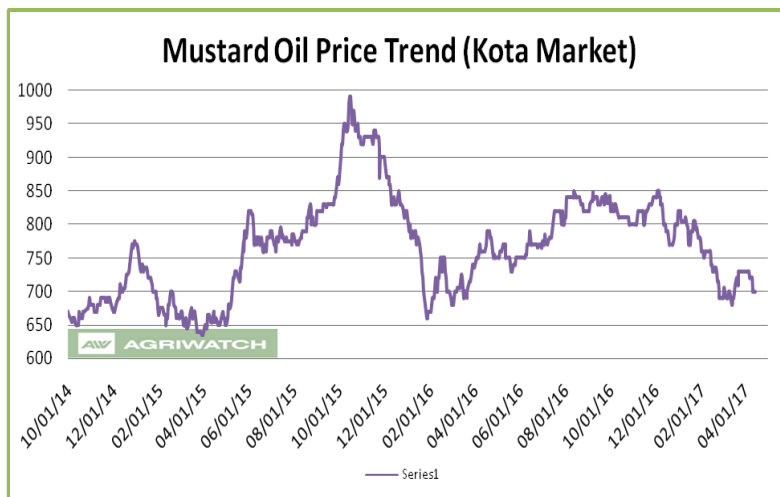
Stockists and traders are stocking rapeseed oil to take advantage of the prevailing low prices.

Premium of canola oil compared to CDSO has decreased USD 34 (USD 53) 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 fell in March, which will support rapeseed oil prices in medium term.

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

- There were no rapeseed (Canola) oil imports in March 2017 v/s 0.27 lakh tons in February 2016. Imports were 1.20 lakh tons in the period (November 2016-March 2017) compared to 1.02 lakh tons in corresponding period last oil year: SEA
- CIF canola premium over soybean oil is USD 34 (USD 65 last week) per ton for April delivery as on April 14, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 700 (Rs 715) per 10 Kg, and at Kota market, it is offered at Rs 700 (Rs 720) per 10 kg as on April 14, 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.

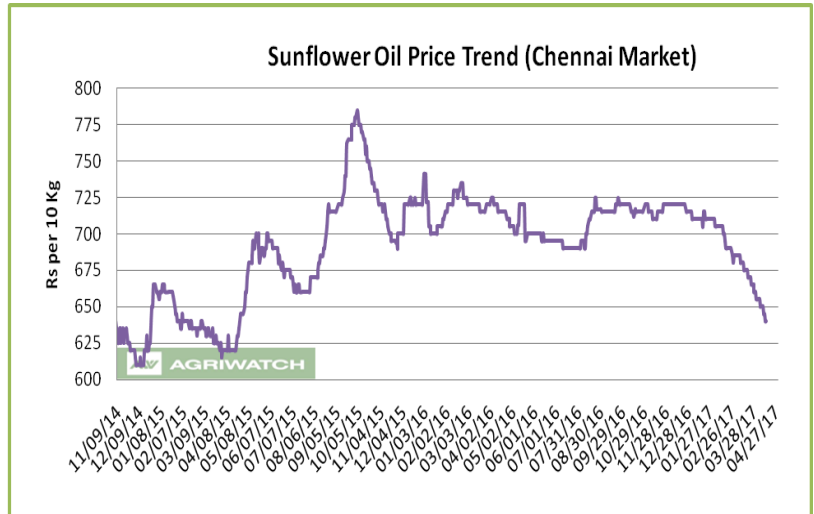


**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 660-740 per 10 Kg.

**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 higher in Hyderabad and Kakinada. Prices closed lower in Mumbai and Kandla/Mudra. Sunflower expeller prices closed lower in Erode while it rose in Hyderabad. Prices remained closed unchanged in Latur while it closed lower in Chellakere.

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



Prices of sunflower oil fell less at CNF markets while it fell more in Chennai indicating weak demand.

Demand of sunflower oil was higher in Andhra Pradesh on firm demand.

Fall in soy oil and palm oil supported losses.

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

Prices fell on seasonal downtrend of prices.

Premium of CSFO over CDSO at CNF has decreased to USD 26 (USD 46.5 last week) per ton for May 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 0 (Rs 5 last week) per 10 kg which is low indicating weak demand of sunflower oil.

Sunflower oil premium over palm oil is USD 97.5 (USD 75 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 41 percent in November-March while stocks at ports and pipelines rose. Imports of sunflower oil will show steady rise incoming months 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 26 (USD 46.5 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 production and 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.

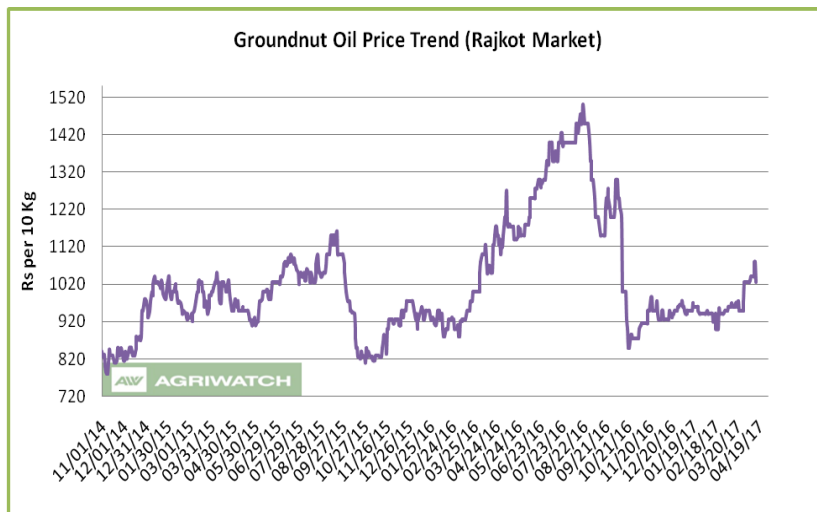
Prices are expected to trade sideways to weak in near term.

- Sunflower oil import scenario – According to SEA, India imported 1.77 lakh tons of crude sunflower oil during March 2017 v/s 1.85 lakh tons in March 2016, lower by 4.3 percent y-o-y. India imported 9.46 lakh tons of crude sunflower oil (November 2016-March 2017) compared to 6.70 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 780 (USD 782.5) per ton for MJ delivery and JAS delivery is quoted at USD 785 (USD 785) per ton. CIF sun oil (Ukraine origin) March monthly average was at 790.31 per ton compared to USD 811.17 per ton in February. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 750-800 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD 26 (USD 46.5 last week) per ton for May delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 640 (Rs 650) per 10 Kg, and at Hyderabad market, it is offered at Rs 675 (Rs 656) per 10 kg as on April 14, 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 630-680 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:-` Domestic Front

- Groundnut oil prices featured downtrend in Rajkot in week in the review on expectation of weak demand. Prices closed lower in Jamnagar and Gondal. Prices closed lower in Chennai while it closed higher in Hyderabad. Prices remained unchanged in New Delhi while it closed lower in Mumbai at the end of week.



- Agriwatch view: Prices of groundnut oil featured downtrend in Rajkot on weak demand. Prices fell in most centers of India. Demand weakened on higher prices of groundnut oil.

Prices of groundnut fell in the week in review, which supported fall in prices. Harvest of groundnut is over.

Arrival of groundnut seed has firmed in market as farmers are releasing their produces to take advantage of higher prices of groundnut seed.

Weak retail demand and fall in prices of groundnut is primary reason for fall in prices.

Fall in prices of soy oil and palm oil supported the fall.

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

Government decision to allow bulk exports of edible oil has supported groundnut oil and it will benefit the most on removal of export restriction.

Crushing of groundnut has firmed due to high farmer release. Firm demand has kept prices sideways to lower.

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

Groundnut oil prices are expected to trade sideways to weak in near term due to weak demand, lower groundnut prices and lower competitive oil prices..

- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 10,250 (Rs 10,400) per quintal and it was quoted at Rs 10,700 (Rs 10,800) per quintal in Chennai market on April 14, 2017. Values in brackets are values of last week.
- Groundnut oil prices are likely to trade sideways to weak in the coming days.

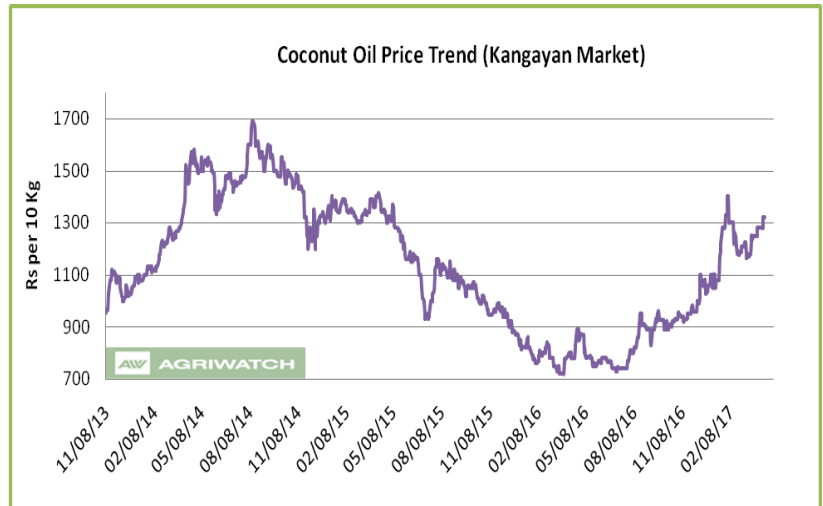
### Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 950-1200 per 10 Kg.



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

- Coconut oil prices featured uptrend during the week at its benchmark market in Kangayam on firm demand and weak supply. Average prices of coconut increased last week compared to previous week. In Kochi and Trissur prices remained unchanged at the end of the week.
- Agriwatch view: Coconut oil prices featured uptrend during the week, on weak supply.



Prices of coconut oil rose despite fall in

copra prices indicating firm demand and weak supply. Prices of coconut oil traded higher on improved sentiment on hike of MSP of copra by central government.

Falling prices of palm kernel oil capped gains.

Prices rose on seasonal uptrend of prices.

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

Traders and upcountry buyers are holding copra to take advantage of prices. Supply of copra is weak due to severe shortage of rains in key coconut producing areas in 2016. Coconuts are imported from outside Tamil Nadu and Kerala to meet demand.

Traders are releasing copra to take advantage of prices after hike in MSP of copra.

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

Demand from North India is weak.

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 to firm.

Coconut oil prices have shot up in medium term, which may weaken demand in coming days.

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 to firm.

Coconut oil prices are expected to be firm due to moderate to firm demand, seasonal uptrend of prices, weak supply and lower supply of copra.

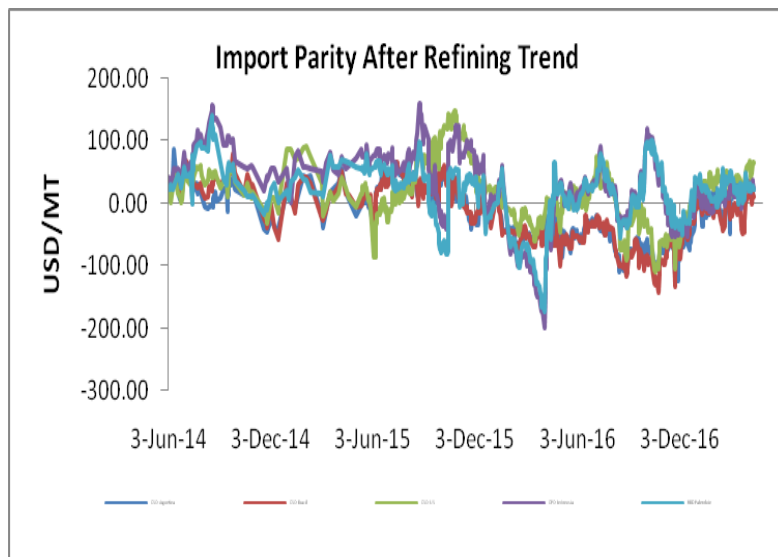
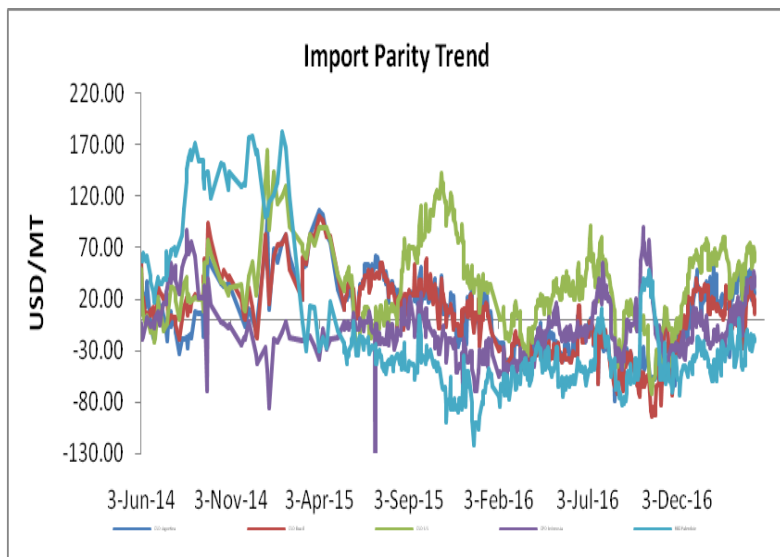
Prices are expected to trade sideways to firm tone in near term.

- On the price front, currently the coconut oil prices in Trissur is hovering near Rs 12,800 (12,800) per quintal, and was quoting Rs 13,200 (Rs 12,800) per quintal in Erode market on April 14, 2017.

**Price Outlook:** Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1250-1450 per 10 Kg.

### Import Parity Trend

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

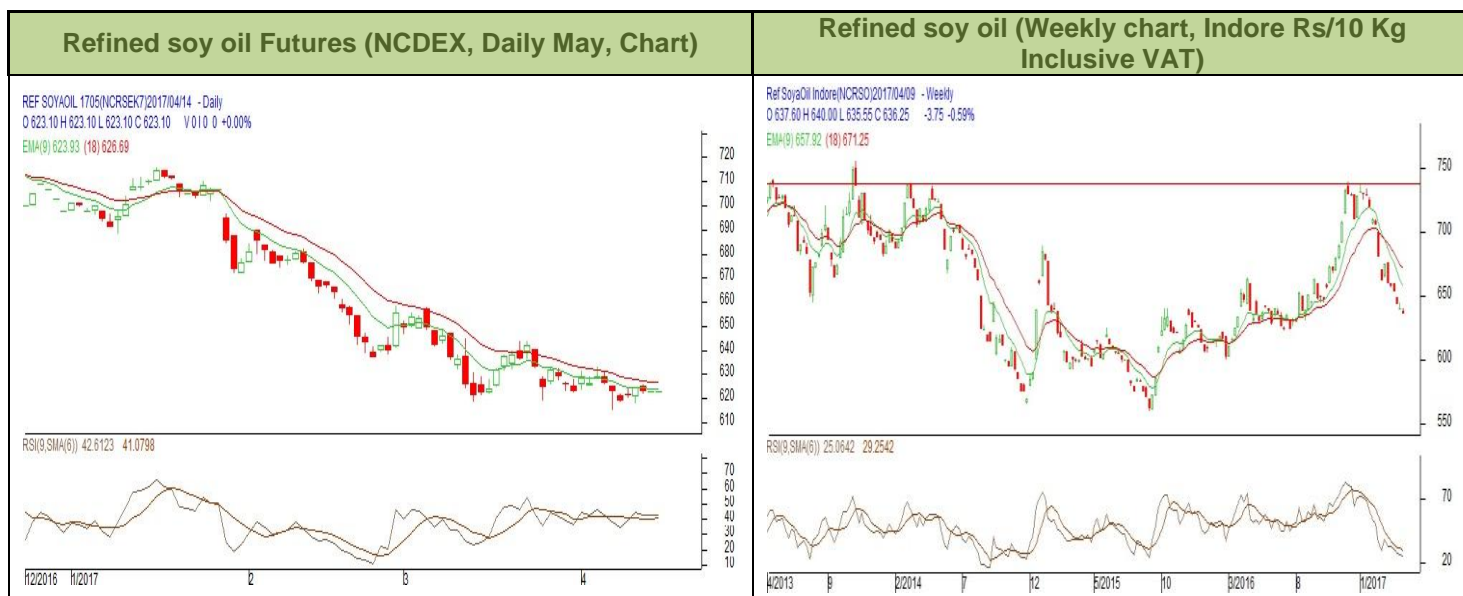


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Feb, 2017</b>	-4.41	-12.57	39.53	5.89	21.73
<b>Mar, 2017</b>	14.48	-15.56	29.41	15.58	26.41

### 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 uptrend 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 600 in weekly might take the prices below 580 levels.
- Expected price band for next week is 600-650 level in near to medium term. RSI, stochastic and MACD is suggesting downtrend in the market.

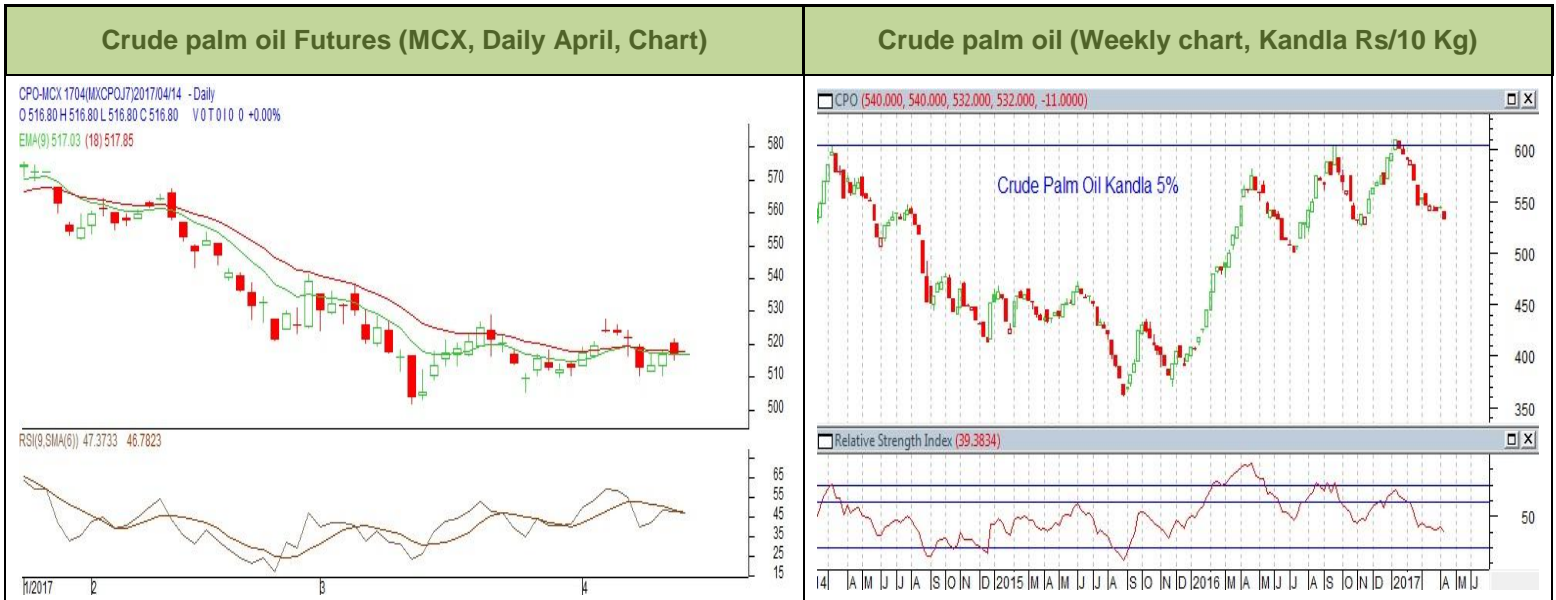
**Strategy:** Market participants are advised to go short below 625 levels for a target of 610 and 605 with a stop loss at 635 on closing basis.

#### RSO NCDEX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
595.00	610.00	623.1	646.00	666.00

**Spot Market outlook:** Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 600-670 per 10 Kg.

### Technical Analysis (Crude Palm oil)



**Outlook - Prices show downtrend in prices during the week. We expect that CPO April 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 520 for a target of 505 and 500 with a stop loss at 530 on closing basis.

#### CPO MCX (April)

Support and Resistance				
S2	S1	PCP	R1	R2
590.00	500.00	516.8	527.00	546.00

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 510-560 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		14-Apr-17	7-Apr-17	
Refined Soybean Oil	Indore	640	645	-5
	Indore (Soy Solvent Crude)	605	615	-10
	Mumbai	625	625	Unch
	Mumbai (Soy Degum)	570	575	-5
	Kandla/Mundra	615	625	-10
	Kandla/Mundra (Soy Degum)	580	592	-12
	Kolkata	620	630	-10
	Delhi	640	655	-15
	Nagpur	626	681	-55
	Rajkot	608	620	-12
	Kota	625	640	-15
	Hyderabad	627	656	-29
	Akola	661	665	-4
	Amrawati	662	666	-4
	Bundi	640	640	Unch
	Jalna	673	676	-3
	Alwar	NA	NA	-
	Solapur	677	681	-4
	Dhule	672	674	-2
Palm Oil	Kandla (Crude Palm Oil)	532	543	-11
	Kandla (RBD Palm oil)	545	552	-7
	Kandla RBD Pamolein	560	565	-5
	Kakinada (Crude Palm Oil)	510	515	-5
	Kakinada RBD Pamolein	540	555	-15
	Haldia Pamolein	555	560	-5
	Chennai RBD Pamolein	550	557	-7
	KPT (krishna patnam) Pamolein	535	550	-15
	Mumbai RBD Pamolein	560	565	-5
	Delhi	600	610	-10
	Rajkot	558	565	-7
	Hyderabad	513	513	Unch
	Mangalore RBD Pamolein	550	557	-7
	PFAD (Kandla)	450	455	-5
	Refined Palm Stearin (Kandla)	490	500	-10
Refined Sunflower Oil	Chennai	640	650	-10
	Mumbai	690	705	-15
	Mumbai(Expeller Oil)	585	590	-5
	Kandla	670	675	-5
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	675	656	19
	Latur (Expeller Oil)	660	660	Unch
	Chellakere (Expeller Oil)	610	620	-10
	Erode (Expeller Oil)	690	695	-5
Groundnut Oil	Rajkot	1025	1040	-15
	Chennai	1070	1080	-10
	Delhi	1100	1100	Unch
	Hyderabad *	1080	1070	10
	Mumbai	1060	1070	-10
	Gondal	1010	1030	-20
	Jamnagar	1025	1030	-5
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	705	715	-10
	Jaipur (Kacchi Ghani Oil)	738	743	-5
	Kota (Expeller Oil)	700	720	-20
	Kota (Kacchi Ghani Oil)	740	745	-5
	Neewai (Kacchi Ghani Oil)	702	700	2
	Neewai (Expeller Oil)	722	730	-8
	Bharatpur (Kacchi Ghani Oil)	750	755	-5
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	705	705	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	730	740	-10
	Mumbai (Expeller Oil)	725	740	-15
	Kolkata(Expeller Oil)	NA	800	-
	New Delhi (Expeller Oil)	725	730	-5
	Hapur (Expeller Oil)	775	776	-1
	Hapur (Kacchi Ghani Oil)	882	884	-2
	Agra (Kacchi Ghani Oil)	755	760	-5
Refined Cottonseed Oil	Rajkot	640	660	-20
	Hyderabad	610	610	Unch
	Mumbai	635	635	Unch
	New Delhi	620	635	-15
Coconut Oil	Kangayan (Crude)	1320	1280	40
	Cochin	1230	1230	Unch
	Trissur	NA	1280	-
Sesame Oil	New Delhi	770	770	Unch
	Mumbai	735	730	5
Kardi	Mumbai	740	730	10
Rice Bran Oil (40%)	New Delhi	550	550	Unch
Rice Bran Oil (4%)	Punjab	590	590	Unch
Rice Bran Oil (4%)	Uttar Pradesh	590	590	Unch



Malaysia Palmolein USD/MT	FOB	698	703	-5
	CNF India	700	723	-23
Indonesia CPO USD/MT	FOB	683	693	-10
	CNF India	700	723	-23
RBD Palm oil (Malaysia Origin USD/MT)	FOB	695	703	-8
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	620	645	-25
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1040	1100	-60
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	635	670	-35
Crude palm Kernel Oil India (USD/MT)	CNF India	1050	1100	-50
Ukraine Origin CSFO USD/MT Kandla	CIF	780	783	-3
Rapeseed Oil Rotterdam Euro/MT	FOB	860	880	-20
<b>Argentina FOB (\$/MT)</b>		<b>13-Apr-17</b>	<b>6-Apr-17</b>	<b>Change</b>
Crude Soybean Oil Ship		693	692	1
Refined Soy Oil (Bulk) Ship		717	716	1
Sunflower Oil Ship		710	715	-5
Cottonseed Oil Ship		673	672	1
Refined Linseed Oil (Bulk) Ship		713	712	1
<i>* indicates including VAT</i>				

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