

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil witnessed mixed trend in domestic market on rise in CBOT soy oil and BMD CPO. Soy oil, palm oil, sunflower oil closed higher while rapeseed oil and coconut oil closed sideways. Groundnut oil prices closed lower.

On the currency front, Indian rupee is hovering near 64.69 against USD, up 30 paise from previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices. Rupee is expected to appreciate and crude oil prices will rise in near-term.

We expect edible oil complex to trade firm on strong fundamentals. Lower stocks at ports and pipeline will support prices in near term.

Recommendation:

Weekly Call - : At NCDEX, market participants are advised to go long above 630 levels for a target of 645 and 650 with a stop loss at 620 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 600-660 per 10 Kg in the near term.

At MCX, Market participants are advised to go long in CPO above 515 for a target of 530 and 535 with a stop loss at 505 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 500-560 per 10 Kg in the near term.

International Veg. Oil Market Summary

Malaysia's May 1-15 palm oil exports rose 7.1 percent to 613,465 tons compared to 572,910 tons in corresponding period last month. Top buyers were European Union at 148,095 tons (170,928 tons), India at 11,500 tons (27,900 tons), China at 42,630 tons (103,050 tons), Pakistan at 41,000 tons (0 tons) and United States at 30,020 tons (39,155 tons). Values in brackets are figures of corresponding period last month: SGS

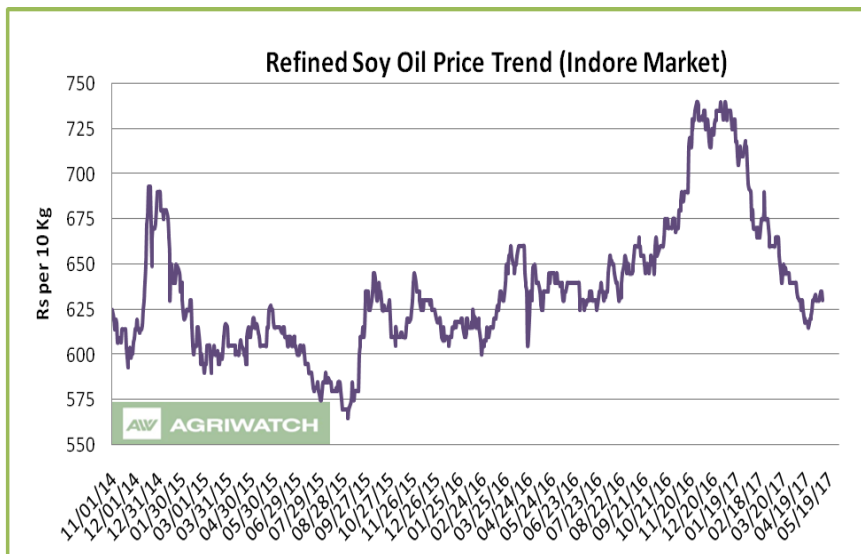
On the international front, slow pace of planting of soybean in US, strong Chinese demand of soybean, lower soybean crop in US and South America in 2017/18, low stocks of soy oil in US and firm crude oil prices will support soy oil prices in coming days.

Weak ringgit, slow rise in stocks of palm oil in Malaysia, slow rise in production of palm oil in Malaysia and Indonesia, firm exports to India and other locations ahead of Ramadan, rise in competitive oils, rise in crude oil prices and supportive biodiesel and tax policies in Southeast Asian countries will support CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soy oil featured gains in domestic markets on firm demand. Refined soy oil prices gained in its benchmark market of Indore on firm demand. Prices of refined soy oil rose in Kandla/Mudra, Mumbai and Kolkata. CDSO prices closed higher at JNPT and Kandla/Mudra at the end of the week.



- Agriwatch View- Soy oil prices closed higher during the week in Indore on firm demand and buying at lower quotes.

CDSO prices rose less in India West coast compared to India CNF, where prices rose indicating weak demand at high seas.

Demand in domestic market was firm as refined soy oil prices rose at all other centers in India.

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

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 April compared to March 2017 and it was below April 2016. Stocks of CDSO at ports and pipelines rose 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 disparity at high seas and refining margins have turned negative. With low soy oil premium over palm oil, demand may firm up in coming months.

Refined soy oil premium over RBD palmolein is increased to Rs 65 (Rs 75 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 66.5 (USD 53 last week) per ton, indicating improvement of demand of CDSO at CNF markets compared to CPO CNF.

Prices of soy oil will rise on firm demand, seasonal uptrend of prices, low premium of soy oil over palm oil.

- Soy oil import scenario – According to SEA, India imported 3.05 lakh tons of soy oil in April 2017 v/s 3.48 lakh tons in April 2016, down 12.36 percent y-o-y. India imported 13.50 lakh tons of soy oil in the period (November 2016-April 2017) compared to 22.41 lakh tons in the corresponding period last oil year, lower by 39.75 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's April edible oil imports rose 7.1 percent y-o-y to 13.24 lakh tons from 12.36 lakh tons in April 2016. Palm oil imports in April rose 2.3 percent y-o-y to 7.52 lakh tons from 7.35 lakh tons in April 2016. CPO Imports rose 28 percent y-o-y to 5.11 lakh tons from 3.99 lakh tons

in April 2016. RBD palmolein imports fell 28.5 percent y-o-y to 2.32 lakh tons from 3.26 lakh tons in April 2016. Soy oil imports fell 12.36 percent y-o-y to 3.05 lakh tons from 3.48 lakh tons in April 2016. Sunflower oil imports rose 135 percent y-o-y to 2.35 lakh tons from 1.00 lakh ton in April 2016. Rapeseed (Canola) oil fell to 0.32 lakh tons in April compared to from 0.51 lakh tons in April 2016.

- According to Solvent Extractors Association (SEA), India's April edible oil stocks at ports and pipelines rose 10.8 Percent m-o-m to 21.20 lakh tons from 19.13 lakh tons in March 2017. Stocks of edible oil at ports rose to 785,000 tons (CPO 210,000 tons, RBD Palmolein 140,000 tons, Degummed Soybean Oil 210,000 tons, Crude Sunflower Oil 210,000 tons and 15,000 tons of Rapeseed (Canola) Oil) and about 1,335,000 tons in pipelines (stocks at ports were 688,000 and in pipelines were at 1,225,000 tons in March 2017). The total stock on 1st May, 2017 has increased 207,000 tons v/s 1st Apr., 2017. India is presently holding 39 days of edible oil requirement on 1st May, 2017 at 21.20 lakh tons compared to 35 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 814 (USD 783) per ton for May delivery, June delivery is offered at USD 812 (USD 779) per ton and July delivery is quoted at USD 805 (USD 770) per ton as on May 20, 2017. Values in brackets are figures of last week. Last month, CIF CDSO April average price was USD 756.5 (USD 766.73 per ton in March 2017) per ton.
- On the parity front, margins weakened during the week on high prices of soy oil in international markets and low prices in domestic markets, and we expect margins to remain weak in coming days. Currently refiners lose USD 35-40/ton v/s gain of USD 5-10/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to firm in the coming days.

International Front

- Agriwatch view- Soy oil stocks in US decreased in April as reported by NOPA due to lower production of soy oil due to lower crush of soy oil is bullish for soy oil prices in medium term. Stocks were lower by 11 percent compared to last year in corresponding period.

Soybean planting rose to 32 percent compared to 14 percent last week and equivalent to 5-year average in corresponding period while lower from 34 percent in corresponding period last year. Planting of soybean improved due to dry weather in US Midwest after rain slowed planting in early season. Planting is expected to slow in coming week as rains are expected to return to US Midwest, which will slow pace of planting.

USDA decreased soy oil end stocks in US in 2016/17 due to higher exports will support prices in medium term. However, lower production was reported, which is fully set-off by lower feed, food and other industrial use. USDA has decreased soybean crop in US in 2017/18, due to lower average yields on historical trends despite record soybean area in 2017/18.

USDA decreased Brazil 2017/18 soybean crop on lower yields on lines of historical yields. USDA kept Brazil 2016/17 soybean crop estimate unchanged in its May report. However, Safras & Mercado increased soybean crop of Brazil in 2017/18 and increased soy stocks. Higher soybean crop will be totally consumed by higher exports and higher domestic demand.

Brazil's state agency Conab increased Brazil's soybean crop in 2016/17 for fifth time to 113 MMT from 110.4 MMT, on higher yields and higher area.

Argentina soybean crop condition is good. However, wet weather is forecasted for next week which will slow harvest in last phase of harvest. 75 percent of crop have been harvested which is higher by 8 percent compared to last week. Buenos Aires Grains Exchange increased soybean crop estimate from 56.5 MMT to 57.5 MMT on higher yields due to initial wet conditions of crop.

United States trade commission decision to investigate allegation of dumping of soy oil based biodiesel from Argentina, which will result in punitive tariffs on imports from Argentina, will support soy oil prices in near to medium term. This decision comes as US Commerce Department voted to investigate allegation of dumping and unfair trade practices by Argentina. The commission has said that dumping has caused harm to US producers.

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 has affected sentiment in soy oil markets. Both Argentina and Indonesia biodiesel 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.

Trump administration has decided to delay set of 30 regulations of biodiesel prepared by Obama administration. Some Republican Senators has moved a proposal to introduce tax credit on biodiesel, which expired last year, which will support soy oil demand if approved.

Exports of soybean have increased and China is buying more from Brazil compared to US. Brazil has slowed its soybean sales to take advantage of any increase in future prices. However, due to sudden depreciation of Real due to political uncertainty in the country will increase sales in near to medium term.

Demand of soybean from China has been robust and USDA estimates import of 93 MMT from China in 2017/18 with upwards bias. China imported 89 MMT of soybean in 2016/17, according to USDA.

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.

Competitive oils will support prices in near term.

Rise in crude oil prices may support soy oil prices.

Prices of soy oil are in a range.

- According to National Oilseed Processors Association (NOPA), U.S. April soybean crush rose 9.0 percent to 139.134 million bushels from 153.060 million bushels in March 2017. Crush of soybean in April 2016 was 147.614 million bushels. Production of soy oil in U.S. in April rose to 1.627 billion lbs from 1.789 billion lbs in March 2017. Production in April 2016 was 1.729 billion lbs. Soy oil stocks in U.S. at the end of April fell 4.96 percent to 1.725 billion lbs compared to 1.815 billion lbs in March 2017. Stocks of soy oil in April were lower by 11.2 percent compared to April 2016, which was reported at 1.943 billion lbs. Yield was unchanged at 1.69 lbs/bushel in April compared to March. Yield in April 2016 was reported at 11.72 lbs/bushel.

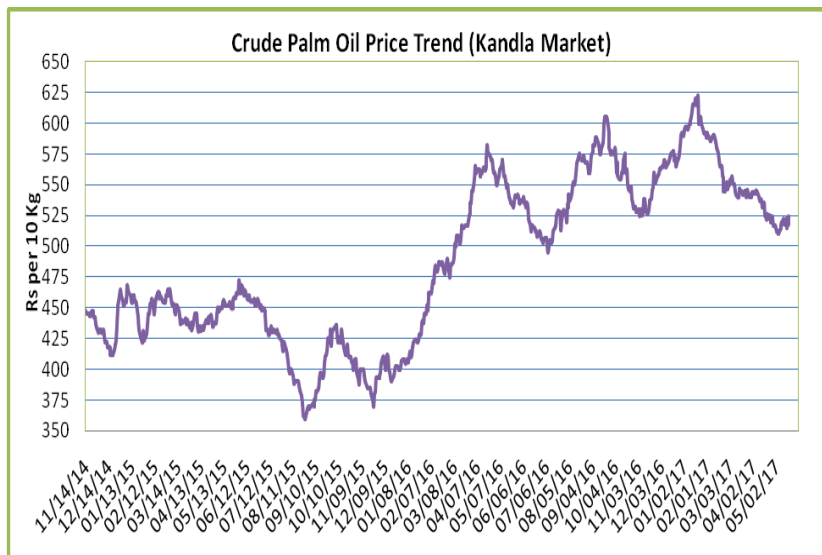
- According to United States Department of Agriculture (USDA) in its planting report at date ending 14th May soybean planting rose to 32 percent from previous week levels of 14 percent and equivalent to 5-year average. Planting is below corresponding period last year.
- According to oilseeds industry group Abiove, Brazil's soybean production in 2016/17 is estimated at 112.5, rise of 1.6 percent from its earlier estimate. It raised soybean export estimate by 2.3 percent at 61.7 MMT.
- According to Safras & Mercado, Brazil is expected to export soybean 61 MMT of soybean in 2017/18 (Feb/Jan) which is above 17 percent compared to 2016/17. The forecast is in line with Abiove estimates. Exports are expended to consume the rise in production. Production is expected at 116.156 MMT in 2017/18. Total soybean demand will be higher by 10 percent to 105.1 MMT.
- According to United States Department of Agriculture (USDA) May estimate, U.S 2016/17 ending stocks of soy oil is fell 2.83 percent to 2,062 million lbs from 2,122 million lbs in March estimate. Opening stocks were unchanged at 1,687 million lbs. Production of soy oil in 2016/17 is decreased to 22,350 million lbs from 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 13,800 million lbs compared to 14,000 million lbs in its April estimate. Exports in 2016/17 are increased to 2,300 million lbs at 2,240 million lbs. Average price range estimate ended the year 2016/17 at 31.75 cents/lbs compared to 29.86 cents/lbs in its 2015/16. Fall in end stock is due to higher exports of soy oil. Lower production was fully set-off by lower feed, food and other industrial use.
- Buenos Aires Grains Exchange raised 2016/17 soybean crop estimate to 57.5 MMT from its previous estimate of 56.5 MMT. Higher soybean crop is due to high yields brought by wet weather as the primary reason for the rise.
- USDA WASDE Oilseeds Highlights: The 2017/18 U.S. season-average soybean price range is forecast at \$8.30 to \$10.30 per bushel compared with \$9.55 per bushel in 2016/17. Soybean meal prices are forecast at \$295 to \$335 per short ton, compared with \$320 per ton for 2016/17. Soybean oil prices are forecast at 30.0 to 34.0 cents per pound compared with 31.75 cents for 2016/17.

Price Outlook: We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 600-660 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil at Kandla featured firm trend at its benchmark market at Kandla on higher BMD CPO. CPO prices closed higher in Kakinada at the end of the week. RBD palmolein was rose across board in India.
- Agriwatch View – Prices of CPO closed higher on support from BMD CPO and weaker Rupee. Prices of CPO rose less at India high seas while it rose more at CNF markets indicating weak demand in domestic markets compared to last week.



Demand of RBD palmolein is weak at high seas as prices rose more at CNF India v/s India high seas compared to previous week.

Demand of RBD palmolein is firm at CNF markets as prices rose more at CNF markets v/s Malaysia FOB compared to previous week.

Imports of RBD palmolein is expected to remain firm as RBD palmolein is trading at low premium over CPO at CNF markets. However, RBD palmolein has moved over CPO after a long time which if sustains will result in higher CPO imports.

Importers are importing more in anticipation of higher demand and will stock on ports.

Demand of RBD palmolein on high seas is equivalent to CPO at high seas as premium RBD palmolein over CPO increased marginally to Rs 38 (Rs 37) per 10 kg.

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

Import of CPO in April was higher than March 2017 and March 2016. Stocks at ports and pipelines decreased in April.

Import of RBD palmolein in April was higher than March 2017 while it was below March 2016. Stocks at ports and pipelines decreased in April.

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 at USD 66.5 (USD 53 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 63 (Rs 52 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 65 (Rs 75 last week) per 10 kg is low and will decrease demand in near term.

Prices of CPO are expected to remain sideways to firm.

- According to United States Department of Agriculture (USDA) May estimate, India's palm oil imports are reduced 2.17 percent to 9 MMT from 9.25 MMT in its April estimate. Domestic consumption is reduced by 5 lakh

tons to 9.25 MMT from 9.75 MMT in its April estimate. End stocks estimate is reduced 1 lakh tons to 4.46 lakh tons from 5.46 lakh tons in its April estimate.

- Palm oil import scenario – According to SEA, India imported 7.52 lakh tons of palm oil in April 2017 v/s 7.35 lakh tons in April 2016, higher by 2.3 percent y-o-y. Import of palm oil in the period (November 2016-April 2017) was at 43.02 lakh tons compared to 43.41 lakh tons in the corresponding period in last oil year, marginally lower in the corresponding period.

CPO imports increased to 5.11 lakh tons in April compared to 3.99 lakh tons in April 2016, higher by 28 percent y-o-y. Import of CPO in the period (November 2016-April 2017) was at 29.02 lakh tons compared to 29.59 lakh tons in the corresponding period last oil year, lower by 1.9 percent

RBD palmolein imports fell 28.8 percent in April to 2.32 lakh tons from 3.26 lakh tons in April 2016. Import of RBD palmolein in the period (November 2016-April 2017) was at 13.68 lakh tons compared to 13.26 lakh tons in corresponding period last oil year, higher by 3.2 percent.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 747.5 (USD 720) per ton for May delivery is June delivery is quoted at USD 742.5 (USD 710) per ton. Last month, CIF CPO April average price was USD 702.5 (USD 733.31 per ton in March 2017) per ton.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 755 (USD 725) per ton for May delivery while June delivery is offered at USD 747.5 (USD 715) per ton. Last month, CIF RBD palmolein April average price was USD 703.88 (USD 715 previous month) per ton. Values in bracket depict last week quotes.

Ready lift CPO duty paid prices quoted at Rs 532 (Rs 518) per 10 Kg and May delivery duty paid is offered at Rs 530 (Rs 516) per 10 kg on May 20, 2017.

- On the parity front, margins weakened 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 25-30/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 25-30/ton v/s gain of USD 30-35/ton (last month) parity.
- We expect palm oil to trade sideways to firm in the days ahead.

International Front

Agriwatch View – Palm oil exports rose 20 percent from Malaysia in first 20 days of May on demand ahead of Ramadan will support prices in near term. Exports have surged in last 5 days, which will lend support to prices. India and other location are buying more ahead of the festival. India is buying more ahead of demand season and fill the deficit in ports and pipelines which was running at very low levels.

Demand from China is weak as they have not returned to purchase aggressively since Chinese New Year, which has led to low stocks at ports in the country. China is consuming more soy oil crushed in the country.

Palm oil end stocks rose 3 percent on lower than expected rise in production which rose 5.7 percent. Production is rising on seasonal uptrend of production and diminishing effect of El Nino. Exports rose 1.4 percent due to buying by India and China at the fag end of April. Demand ahead of Ramadan helped demand recovery from other location.

Palm oil end stocks in Malaysia are expected to increase slowly than previously estimated on lower rate of growth of production and higher rate of growth of exports.

Production is expected to increase in May 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 gradually and accelerate as the year progresses.

Palm oil prices are supported due to gains in CBOT soy oil and RBD palmolein DALIAN in near term.

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

Weaker ringgit will support exports from Malaysia palm oil and will support prices in near term.

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 has increased production of edible oils in its domestic market and slowed imports. USDA has decreased India's 2016/17 palm oil imports in its May estimate. Demand from India will slow if Monsoon in India increases production of oilseeds in its domestic market.

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 6 percent for June, as Malaysian government feels that rise in export duty will hurt their competitiveness from Indonesia.

Indonesia has decreased palm export duties to zero 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.

Rise in crude oil prices will support palm oil prices in near term. Prices are in range.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's April palm oil end stocks rose 3.02 percent to 16 lakh tons compared to 15.53 lakh tons in March. Production of palm oil in April rose 5.74 percent to 15.48 lakh tons compared to 14.64 lakh tons in March. Exports rose 1.39 percent to 12.83 lakh tons compared to 12.65 lakh tons in March. Imports of palm oil in April fell 46.57 percent to 0.54 lakh tons compared to 1.02 lakh tons in March. Stocks came below market expectations on lower than expected rise in production.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's May 1-15 palm oil exports rose 7.1 percent to 613,465 tons compared to 572,910 tons in corresponding period last month. Top buyers were European Union at 148,095 tons (170,928 tons), India at 11,500 tons (27,900 tons), China at 42,630 tons (103,050 tons), Pakistan at 41,000 tons (0 tons) and United States at 30,020 tons (39,155 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's May 1-20 palm oil exports rose 20 percent to 846,705 tons v/s 705,372 tons in corresponding period last month. Top buyers were India &

subcontinent at 179,100 tons (139,400 tons), European Union at 121,765 tons (116,363 tons) and China at 94,330 tons (97,911 tons). Values in brackets are figures of corresponding period last month.

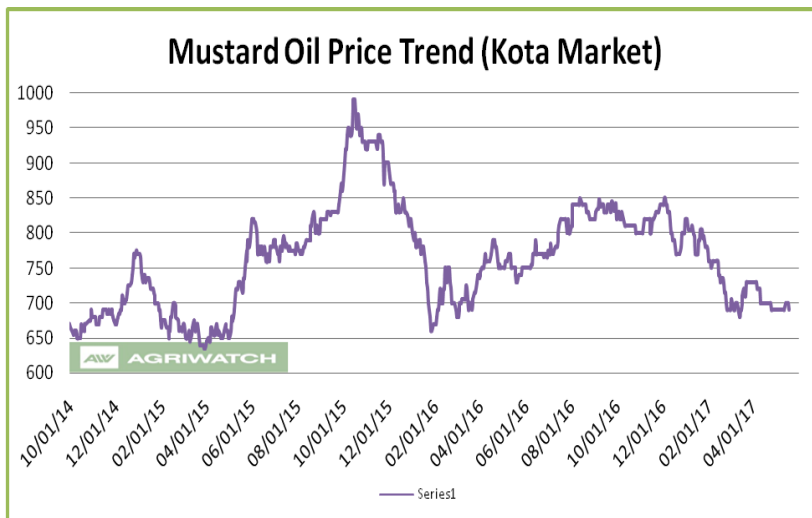
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia reduced June crude palm oil export duty to 6 percent from 7 percent in May. Tax is calculated at reference price of 2844.79 ringgit (\$657.53) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent. Indonesia removed export duty on crude palm oil for May from USD 3 per ton in April.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 500-560 per 10 Kg in the near term.

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

- Mustard oil prices featured flat trend last week at benchmark market of Kota on new crop crushing in full swing and strong seed supplies after good harvest during the week in review at major trading centers.

- Agriwatch view: Prices of rapeseed oil fell in Jaipur, Ganganagar, Neewai, Hapur and Delhi. Prices rose in Mumbai, and Gujarat while it was unchanged in Kolkata. Kacchi ghani prices rose in Kota while it fell in Jaipur,



Ganganagar, Neewai and Hapur. Prices closed unchanged in Bharatpur and Agra. Canola oil prices rose last week.

Prices of rapeseed oil traded sideways to weak in the week on lower prices of rapeseed and weak demand.

All India arrivals of rapeseed increased which led to lower prices of rapeseed. Crushing increased in the week in review.

Mustard oil prices are trading at low premium over soy oil, which will support prices in medium term.

Due to higher crop of rapeseed, prices of rapeseed are expected to remain weak in medium term.

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

Low premium of rapeseed oil over soy oil in domestic market Rs 60 (Rs 60) per 10 Kg will support rapeseed oil 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 increased USD 25 (USD 22) 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 April, which will support rapeseed oil prices in medium term.

Markets are expected to trade sideways to firm tone in coming days on firm demand, rise in rapeseed prices, seasonal uptrend of prices and firm competitive oils in domestic markets.

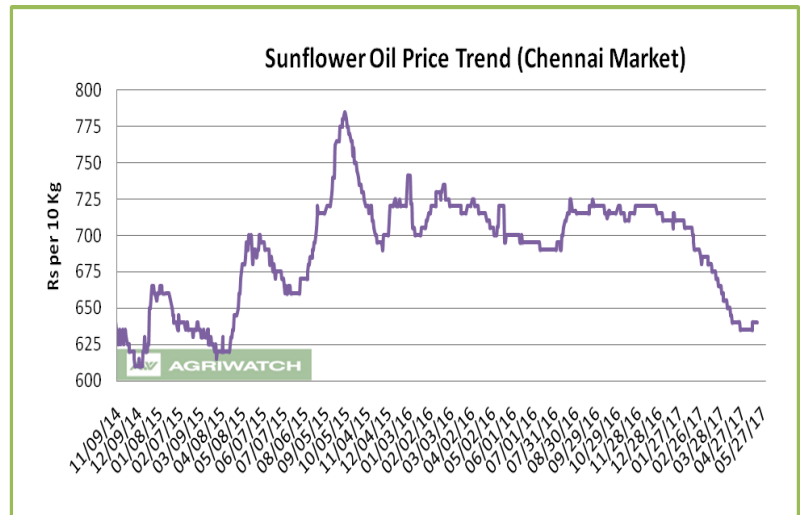
- India imports 0.32 lakh tons of rapeseed (Canola) oil imports in April 2017 v/s 0.51 lakh tons in April 2016. Imports were 1.52 lakh tons in the period (November 2016-April 2017) compared to 1.53 lakh tons in corresponding period last oil year: SEA
- CIF canola premium over soybean oil is USD 25 (USD 22 last week) per ton for May delivery as on May 20, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 680 (Rs 682) per 10 Kg, and at Kota market, it is offered at Rs 690 (Rs 690) per 10 kg as on May 19, 2017. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to firm 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 featured firm sentiment last week in its benchmark market of Chennai on firm demand. Prices closed unchanged in Hyderabad and Mumbai while it rose in Kakinada, Mumbai and Kandla/ Mudra. Sunflower expeller prices closed lower in Hyderabad while it rose in Erode. Prices were unchanged Latur and Chellakere.
- Agriwatch view: Prices of sunflower oil traded higher in Chennai on firm demand. Prices of sunflower oil fell at CNF markets while it rose in Chennai indicating firm demand.



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

Rise in palm oil and soy oil supported prices.

Prices of sunflower oil are trading at low premium over soy oil, which will support prices.

Premium of CSFO over CDSO at CNF has decreased to USD 7 (USD 14.5 last week) per ton for June delivery, indicating prices have ample space to rise as sunflower oil is considered superior oil.

In domestic market, sunflower oil premium over soy oil is at Rs 10 (Rs 5 last week) per 10 kg which is low indicating weak demand of sunflower oil.

Sunflower oil premium over palm oil is USD 60 (USD 77.5 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 54 percent in November-April while stocks at ports and pipelines rose. Imports of sunflower oil will show steady rise in coming 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 7 (USD 14.5 last week) per ton for May 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 firm on firm demand, seasonal uptrend of prices and low premium of sunflower over soy oil and palm oil.

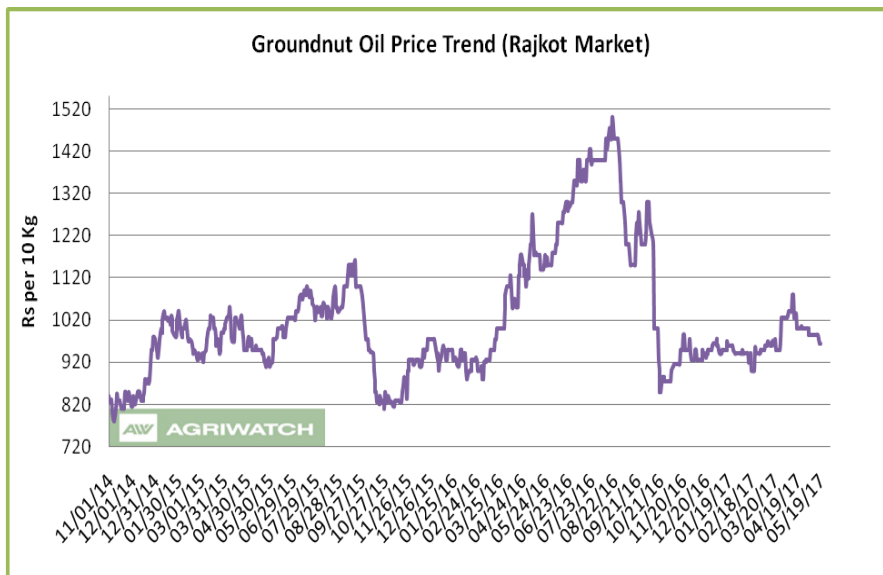
Prices are expected to trade sideways to firm in near term.

- Sunflower oil import scenario – According to SEA, India imported 2.35 lakh tons of crude sunflower oil during April 2017 v/s 1.00 lakh tons in April 2016, higher by 135 percent y-o-y. India imported 11.85 lakh tons of crude sunflower oil (November 2016-April 2017) compared to 7.71 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 795 (USD 797.5) per ton for June delivery and JAS delivery is quoted at USD 800 (USD 800) per ton. CIF sun oil (Ukraine origin) April monthly average was at 781.52 per ton compared to USD 790.51 per ton in March. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 780-820 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD 7 (USD 14.5 last week) per ton for June delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 640 (Rs 635) per 10 Kg, and at Hyderabad market, it is offered at Rs 656 (Rs 656) per 10 kg as on May 19 2017. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 620-660 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-` Domestic Front

- Groundnut oil prices featured downtrend in Rajkot on weak demand. Prices were lower in Jamnagar, and Gondal, while it was unchanged in Mumbai and New Delhi. Prices closed higher in Chennai. Prices of groundnut (expeller) closed higher in Hyderabad.
- Agriwatch view: Prices of groundnut oil featured weak trend in Rajkot on weak demand. Demand weakened on higher prices of groundnut oil.



Retail demand is weak at current prices. Stock position is adequate.

Groundnut prices were lower in the week in review, which supported losses.

Arrivals of groundnut were steady in the week in review.

Weak retail demand has led to reduced off-take by stockists

Prices fell on seasonal downtrend of prices.

Weak retail demand of groundnut oil led to weak demand in cash markets.

Stocks in of groundnut oil in market were adequate.

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 little impact on exports as prices of Indian groundnut oil is higher compared to other countries. China is the key market of groundnut oil from India.

Government removed bulk exports of groundnut oil, which led to higher prices of groundnut oil in medium term.

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

- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,650 (Rs 9,850) per quintal and it was quoted at Rs 10,500 (Rs 10,400) per quintal in Chennai market on May 19, 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 900-1050 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Flat trend featured in the coconut oil in its benchmark market of Kangayan on weak demand. Prices closed unchanged in Kocchi.
- Agriwatch view: Coconut oil prices featured flat trend during the week on weak demand.

Demand of coconut oil has weakened at higher prices

Copra prices were steady during the week in review.

Rise prices of palm kernel oil supported prices.

Corporate demand, which contributes about 80 percent of demand, has weakened at higher prices of coconut oil and weak prices of palm kernel oil.

Traders and upcountry buyers are releasing copra to take advantage of prices. Supply of copra has improved.

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

Millers are not holding produce, as they are not confident of prices and are dependent on ready markets

Demand from North India is weak.

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

Supply of coconut oil is firm while demand is weak.

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

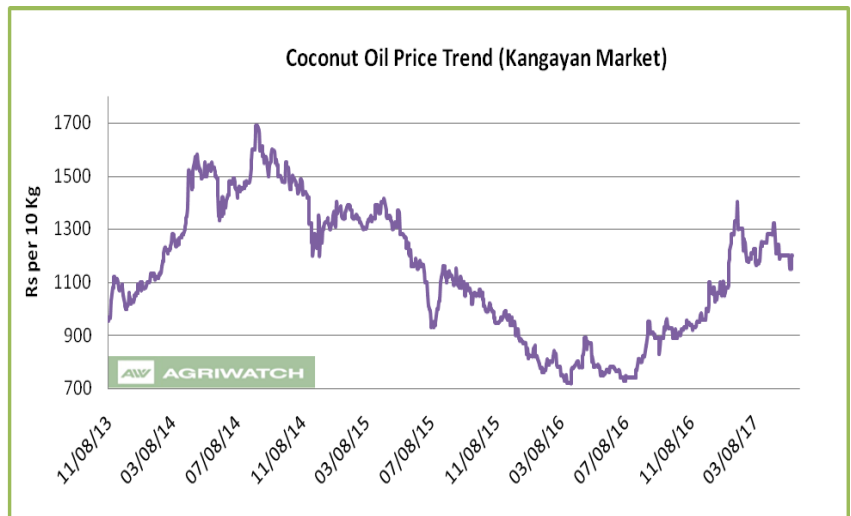
Coconut oil is costliest domestic edible oil, which has weakened demand.

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 weak.

Coconut oil prices are expected to be weakened due to weak demand, seasonal downtrend of prices and lower prices of copra.

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

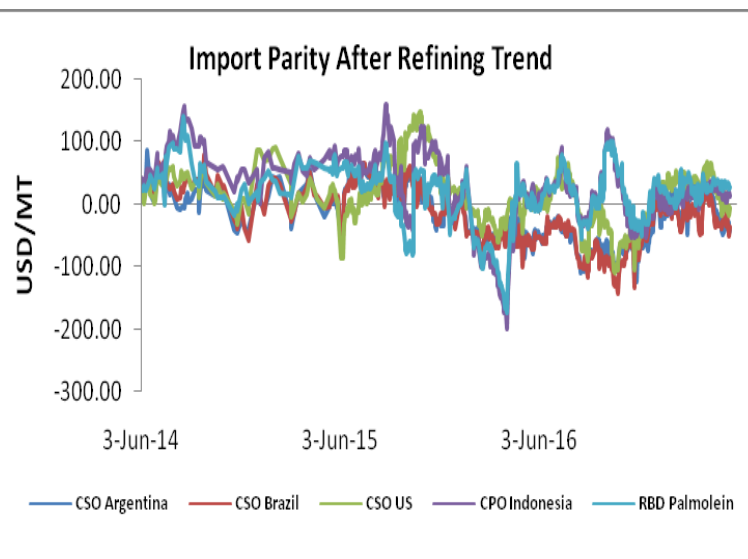
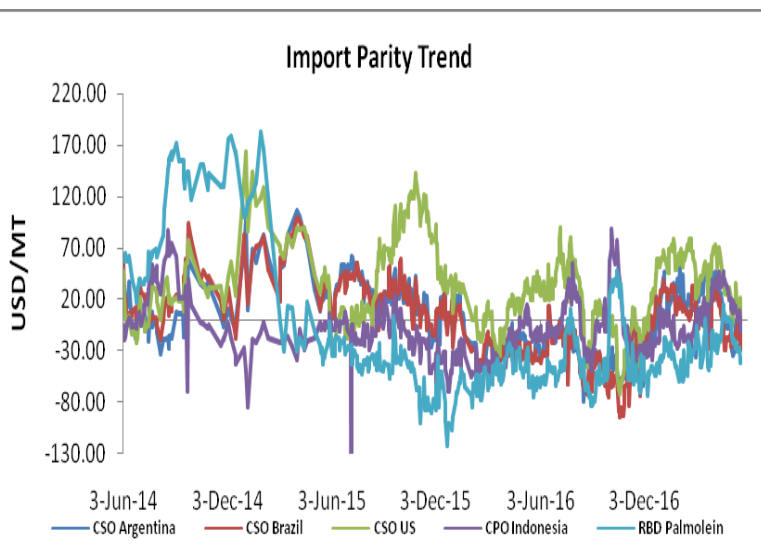
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 12,600 (12,600) per quintal, and was quoting Rs 12,000 (Rs 12,000) per quintal in Erode market on May 19, 2017.



Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1150-1250 per 10 Kg.

Import Parity Trend

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

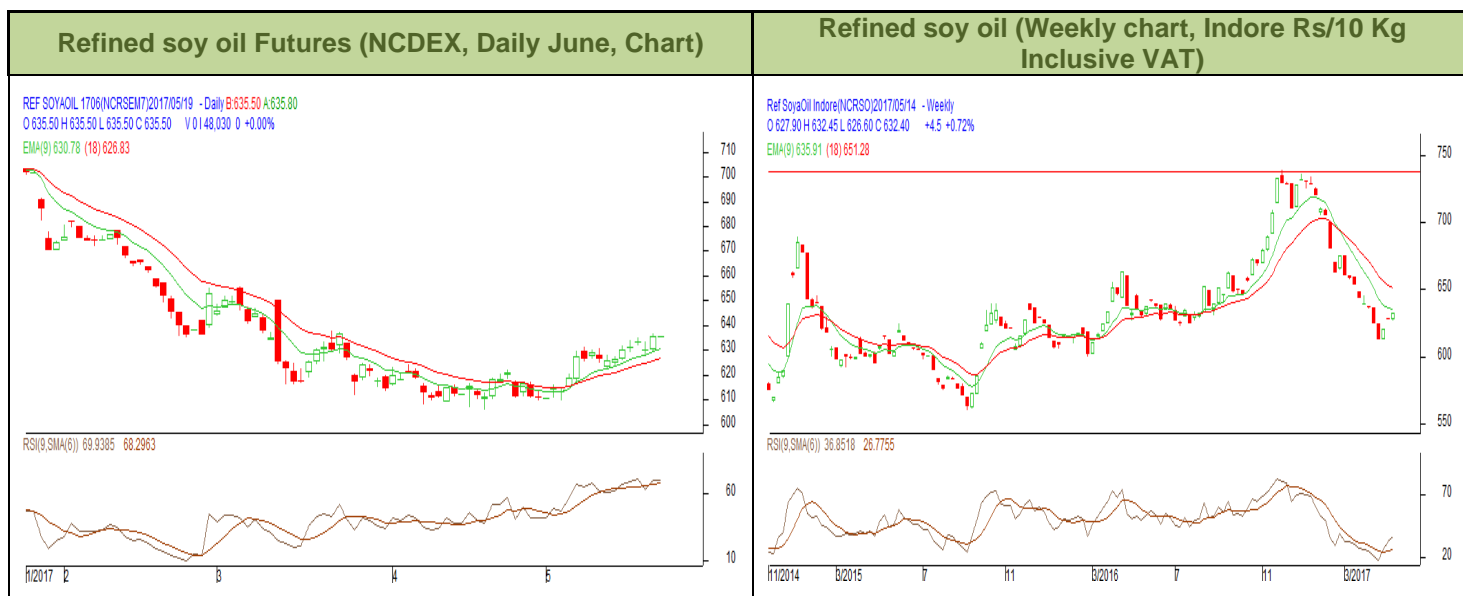


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Mar, 2017	14.48	-15.56	29.41	15.58	26.41
Apr, 2017	7.03	-5.60	42.64	25.12	31.46

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 weaken 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 firm tone in the coming days.

- Weekly chart of refined soy oil at NCDEX depicts uptrend during the week in review. We expect prices to trade sideways to firm 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 620-660 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in the market.

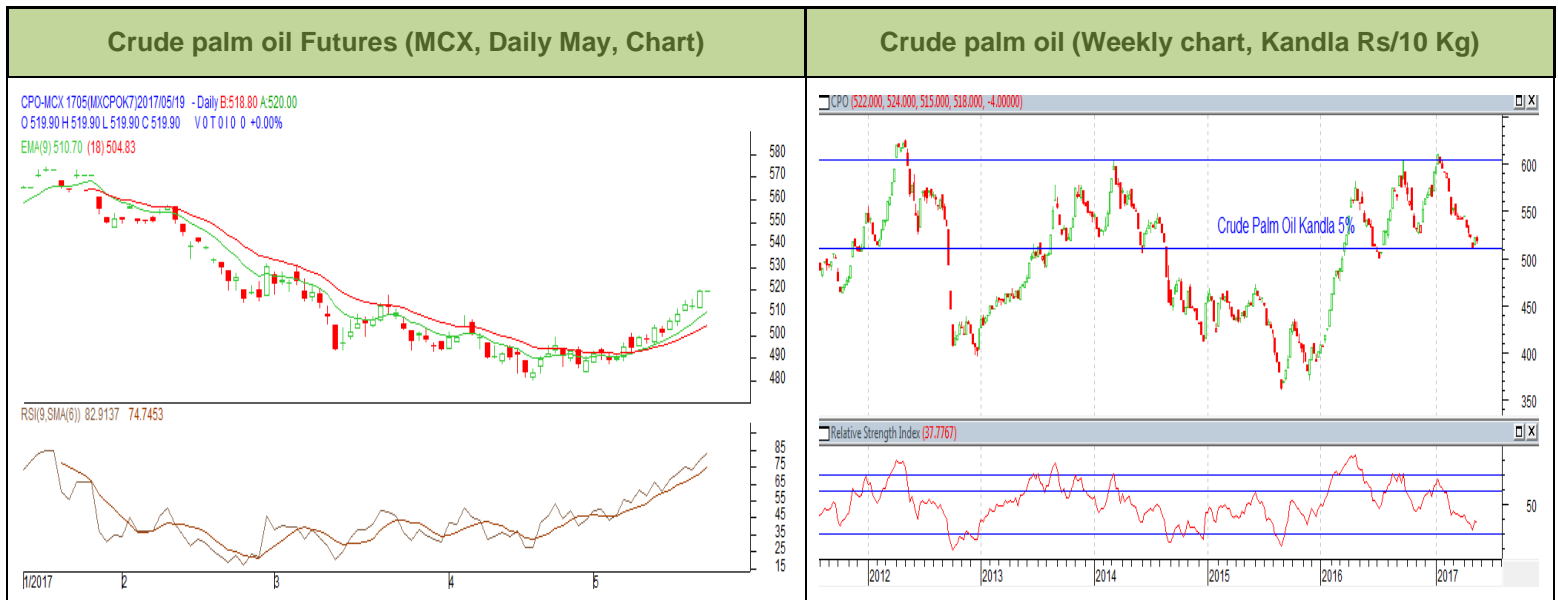
Strategy: Market participants are advised to go long above 630 levels for a target of 645 and 650 with a stop loss at 620 on closing basis.

RSO NCDEX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
585.00	600.00	635.5	646.00	666.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 600-660 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show uptrend in prices during the week. We expect that CPO May contract may trade sideways to firm note.

- Candlestick in weekly chart of crude palm oil at MCX depicts uptrend in the prices. We expect prices to trade with a sideways to firm 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 500-540 level. RSI, Stochastic, and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 515 for a target of 530 and 535 with a stop loss at 505 on closing basis.

CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
465	480	519.9	528	541

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 500-560 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		19-May-17	12-May-17	
Refined Soybean Oil	Indore	635	630	5
	Indore (Soy Solvent Crude)	605	600	5
	Mumbai	637	635	2
	Mumbai (Soy Degum)	590	580	10
	Kandla/Mundra	620	615	5
	Kandla/Mundra (Soy Degum)	595	585	10
	Kolkata	620	615	5
	Delhi	645	640	5
	Nagpur	674	674	Unch
	Rajkot	612	608	4
	Kota	630	630	Unch
	Hyderabad	627	632	-5
	Akola	667	657	10
	Amrawati	666	658	8
	Bundi	630	630	Unch
	Jalna	675	675	Unch
	Alwar	NA	NA	-
	Solapur	674	674	Unch
	Dhule	671	670	1
Palm Oil	Kandla (Crude Palm Oil)	532	522	10
	Kandla (RBD Palm oil)	545	535	10
	Kandla RBD Pamolein	570	555	15
	Kakinada (Crude Palm Oil)	515	505	10
	Kakinada RBD Pamolein	570	550	20
	Haldia Pamolein	565	550	15
	Chennai RBD Pamolein	575	560	15
	KPT (krishna patnam) Pamolein	560	545	15
	Mumbai RBD Pamolein	575	560	15
	Delhi	608	595	13
	Rajkot	560	550	10
	Hyderabad	527	523	4
	Mangalore RBD Pamolein	570	560	10
	PFAD (Kandla)	460	455	5
	Refined Palm Stearin (Kandla)	495	490	5
Refined Sunflower Oil	Chennai	640	635	5
	Mumbai	700	695	5
	Mumbai(Expeller Oil)	590	590	Unch
	Kandla	670	665	5
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	656	656	Unch
	Latur (Expeller Oil)	670	670	Unch
	Chellakere (Expeller Oil)	590	590	Unch
	Erode (Expeller Oil)	675	670	5
Groundnut Oil	Rajkot	965	985	-20
	Chennai	1050	1040	10
	Delhi	1100	1100	Unch
	Hyderabad *	1070	1060	10
	Mumbai	1020	1020	Unch
	Gondal	965	980	-15
	Jamnagar	965	975	-10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	678	682	-4
	Jaipur (Kacchi Ghani Oil)	718	721	-3
	Kota (Expeller Oil)	690	690	Unch
	Kota (Kacchi Ghani Oil)	715	710	5
	Neewai (Kacchi Ghani Oil)	680	700	-20
	Neewai (Expeller Oil)	700	710	-10
	Bharatpur (Kacchi Ghani Oil)	740	740	Unch
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	670	680	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	700	705	-5
	Mumbai (Expeller Oil)	720	710	10
	Kolkata(Expeller Oil)	880	880	Unch
	New Delhi (Expeller Oil)	710	718	-8
	Hapur (Expeller Oil)	750	760	-10
	Hapur (Kacchi Ghani Oil)	820	830	-10
	Agra (Kacchi Ghani Oil)	745	745	Unch
Refined Cottonseed Oil	Rajkot	645	625	20
	Hyderabad	615	605	10
	Mumbai	635	630	5
	New Delhi	620	605	15
Coconut Oil	Kangayan (Crude)	1200	1200	Unch
	Cochin	1260	1260	Unch
	Trissur	NA	NA	-
Sesame Oil	New Delhi	780	790	-10
	Mumbai	735	735	Unch
Kardi	Mumbai	740	740	Unch
Rice Bran Oil (40%)	New Delhi	540	550	-10
Rice Bran Oil (4%)	Punjab	590	590	Unch
Rice Bran Oil (4%)	Uttar Pradesh	590	590	Unch



Malaysia Palmolein USD/MT	FOB	715	695	20
	CNF India	748	725	23
Indonesia CPO USD/MT	FOB	705	698	7
	CNF India	743	720	23
RBD Palm oil (Malaysia Origin USD/MT)	FOB	705	695	10
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	630	620	10
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1250	1150	100
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	628	625	3
Crude palm Kernel Oil India (USD/MT)	CNF India	1190	1100	90
Ukraine Origin CSFO USD/MT Kandla	CIF	795	800	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	768	773	-5
Argentina FOB (\$/MT)		18-May-17	11-May-17	Change
Crude Soybean Oil Ship		732	730	2
Refined Soy Oil (Bulk) Ship		758	756	2
Sunflower Oil Ship		725	720	5
Cottonseed Oil Ship		712	710	2
Refined Linseed Oil (Bulk) Ship		752	750	2
<i>* indicates including VAT</i>				

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