

# Veg. Oil Weekly Research Report

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## **Executive Summary**

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

*Edible oil witnessed weak trend in domestic market on fall in CBOT soy oil and BMD CPO. Soy oil, palm oil, sunflower oil and groundnut oil closed lower while rapeseed prices closed sideways. Coconut oil prices closed higher.*

*On the currency front, Indian rupee is hovering near 64.44 against USD, unchanged 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 fall in near-term.*

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

### **Recommendation:**

*Weekly Call - : At NCDEX, market participants are advised to go short below 620 levels for a target of 605 and 600 with a stop loss at 630 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 580-650 per 10 Kg in the near term.*

*Market participants are advised to go short in CPO below 500 for a target of 485 and 480 with a stop loss at 510 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 480-540 per 10 Kg in the near term.*

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

*Malaysia's May palm oil exports rose 15.4 percent to 1,310,320 tons compared to 1,135,340 tons in last month. Top buyers were India at 283,820 tons (175,300 tons), European Union at 280,215 tons (278,643 tons), China at 105,090 tons (137,450 tons), Pakistan at 60,000 tons (37,000 tons) and United States at 60,607 tons (59,465 tons). Values in brackets are figures of last month: SGS*

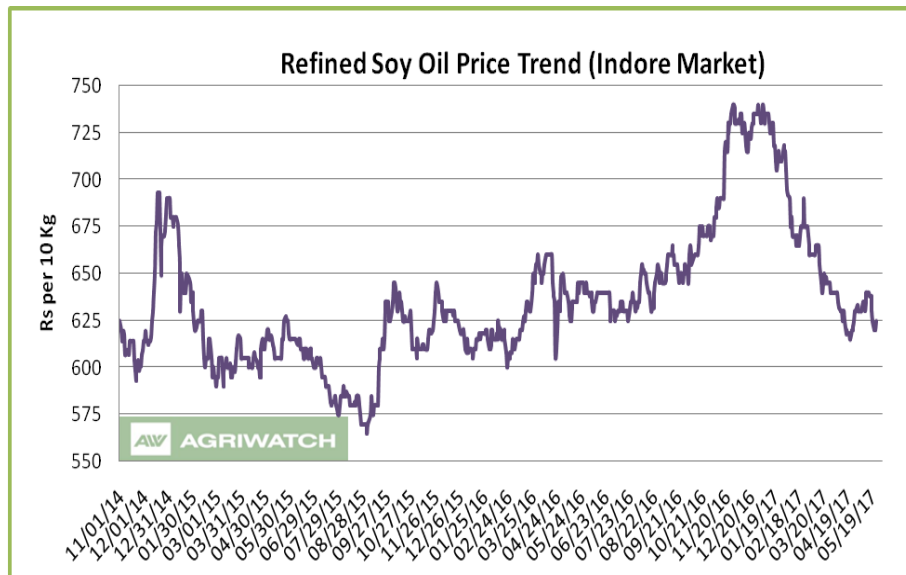
*On the international front, improved rate of planting of soybean in US, weak Chinese demand of soybean, higher soybean crop in US and South America in 2017/18 and increase stocks of soy oil in US will underpin soy oil prices in coming days.*

*Strong ringgit, slow rise in exports of palm from Malaysia, rise in stocks of palm oil in Malaysia, rise in production of palm oil in Malaysia and Indonesia, weak exports to India and China, will underpin CPO prices in near term.*

## Soy oil Fundamental Analysis and Outlook:-

### Domestic Front

- Soy oil featured losses in domestic markets on weak demand. Refined soy oil prices fell in its benchmark market of Indore on firm demand. Prices of refined soy oil fell in Kandla/Mudra, Mumbai and Kolkata. 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 closed lower in India West coast compared to India CNF, which rose indicating weak demand at high seas.

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

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

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

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 are in disparity at high seas and refining margins is 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 75 (Rs 78 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 75 (USD 71.5 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.
- Imported crude soy oil CIF at West coast port is offered at USD 785 (USD 812) per ton for June delivery, July delivery is offered at USD 778 (USD 805) per ton and August delivery is quoted at USD 773 per ton as on June

2, 2017. Values in brackets are figures of last week. Last month, CIF CDSO May average price was USD 790.78 (USD 756.5 per ton in April 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 50-55/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- Soybean planting reached 67 percent on date ended 28 May, less than 5-year average in corresponding period and lower than corresponding period last year. Planting of soybean slowed due to wet conditions in US Midwest, which slowed planting. Dry weather is expected in days ahead which will support planting of soybean in US Midwest Soy oil is falling due to spreading with soy meal. Weather in US is going to play major role in soybean complex prices in near to medium term.

China is expected to buy fewer soybeans in near to medium term due to negative crush margins. Shipments are either cancelled or are diverted. If China losses steam then the prices of soy complex will head south.

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.

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.

Depreciation of Brazilian Real has led to higher farmer release and higher booking of cargoes to take advantage of prices. Depreciation of Real brought down prices of soybean in international markets.

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.

Argentina soybean crop condition in good condition and harvest is almost over.

Argentina's agriculture ministry forecasted soybean crop of Argentina at 58 MMT in its first monthly estimate.

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.

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 from Brazil compared to US. Brazil has accelerated its soybean sales to take advantage on depreciation of Real.

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 underpin soy oil prices in near term.

Fall in crude oil prices may underpin soy oil prices.

Prices of soy oil are in a range.

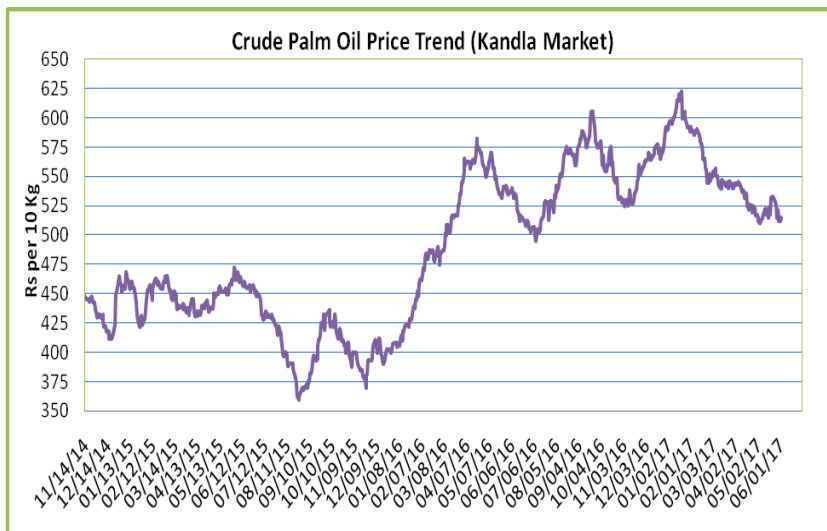
- US soybean planting is 67% complete as on 28 May 2017 which is below from 71% in the corresponding period last year also slightly below from 5 year average of 68%. Soybean emergence is reported at 37% which is less from 42% during the corresponding period last year and also below from 5 year average of 40%.
- According to National Oilseed Processors Association (NOPA), U.S. April soybean crush fell 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) 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.
- According to Energy Administration Agency (EIA), U.S. produced 116 million gallons in March compared to 94 million gallons in February, higher by 23 percent m-o-m. Soy oil was the largest feedstock with 369 million lbs in March which is 43 percent of total use. Production in February soy oil use was 369 million lbs.
- 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 weak trend at its benchmark market at Kandla on fall BMD CPO. CPO prices closed lower in Kakinada at the end of the week. RBD palmolein high seas closed sideways to lower across board in India.
- Agriwatch View – Prices of CPO closed lower on fall in BMD CPO Prices of CPO fell less at India high seas while it fell more at CNF markets indicating firm demand in domestic markets compared to last week.



Demand of RBD palmolein is firm at high seas as prices fell less at India high seas v/s CNF India compared to previous week.

Demand of RBD palmolein is weak at CNF markets as prices fell at CNF markets v/s Malaysia FOB which was unchanged compared to last 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 higher to CPO at high seas as premium RBD palmolein over CPO increased to Rs 37 (Rs 41) 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 75 (USD 71.5 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 67 (Rs 55 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 70 (Rs 78 last week) per 10 kg is low and will decrease demand in near term.

Prices of CPO are expected to remain sideways to firm.

- 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 loer 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 720 (USD 747.5) per ton for May delivery is June delivery is quoted at USD 710 (USD 722.5) per ton. Last month, CIF CPO May average price was USD 723 (USD 702.5 per ton in April 2017) per ton.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 725.5 (USD 735) per ton for May delivery while June delivery is offered at USD 715 (USD 730) per ton. Last month, CIF RBD palmolein May average price was USD 727.55 (USD 703.88 previous month) per ton. Values in bracket depict last week quotes.

Ready lift CPO duty paid prices quoted at Rs 513 (Rs 519) per 10 Kg and June delivery duty paid is offered at Rs 510 (Rs 516) per 10 kg on June 2, 2017.

- On the parity front, margins weakened during this week due to rise in fall of palm products in domestic markets. Currently refiners fetch USD 0-5/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 5-10/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 15-16 percent from Malaysia in May on demand ahead of Ramadan. However, stocks are covered for Ramadan and support to prices will depend upon fresh demand from top importing destinations.

India, Pakistan and Middle East led the surge in demand ahead of Ramadan. India is buying more ahead of demand season and fill the deficit in ports and pipelines which was running at very low levels.

Demand of China has remained weak from Malaysia as it is importing more from Indonesia as they are offering competitive prices. China is using more domestically crushed soy and canola oil. Demand from China has not firmed since Chinese New Year, which has led to low stocks at ports in the country.

China's oils and fats markets are under bearish condition over oversupply of domestically produced soy oil and prices of soy oil is at 5 year lows which has resulted in lower purchases of palm oil in medium to long term. Demand from China will only originate when prices of soy oil rise in the country and soybean crush margins improve.

India is importing less palm due to lower soy oil premium over soy oil an sunflower oil.

Production of palm oil is expected to accelerate in coming months and exports will rise gradually which will underpin prices in medium term.

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 lower on India ports compared to Indonesia CPO. 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.



Recent fall in prices of palm oil is primarily due to fall in prices of CBOT soy oil and DALIAN RBD palmolein. Appreciation of ringgit will also led to fall in prices of palm oil.

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.

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.

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.

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.

Palm oil stocks in Indonesia are very low and if demand remains steady then it will erode further.

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.

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 May palm oil exports rose 15.4 percent to 1,310,320 tons compared to 1,135,340 tons in last month. Top buyers were India at 283,820 tons (175,300 tons), European Union at 280,215 tons (278,643 tons), China at 105,090 tons (137,450 tons), Pakistan at 60,000 tons (37,000 tons) and United States at 60,607 tons (59,465 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's May palm oil exports rose 16 percent to 1,306,374 tons v/s 1,125,942 tons in last month. Top buyers were India & subcontinent at 360,400 tons (224,600 tons), European Union at 233,570 tons (217,513 tons) and China at 114,290 tons (149,811 tons). Values in brackets are figures of last month.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's April palm and palm kernel oil exports rose 4 percent to 2.57 MMT compared to 2.47 MMT in March. Exports rose 23 percent compared to April 2016. Exports in the period January-April rose 23 percent to 10.7 MMT compared to 8.7 MMT in the corresponding period last year.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's palm oil end stocks at the end of April fell to 0.89 MMT from 1.4 MMT in April, lower by 36.6 percent m-o-m. Stocks of palm oil at the end of 2016 stood at 3.75 MMT. Stocks fell due to strong demand compared to production. Production of palm oil rose 14 percent to 11.4 MMT in the period January-April in the corresponding period last year.



- 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.
- 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.

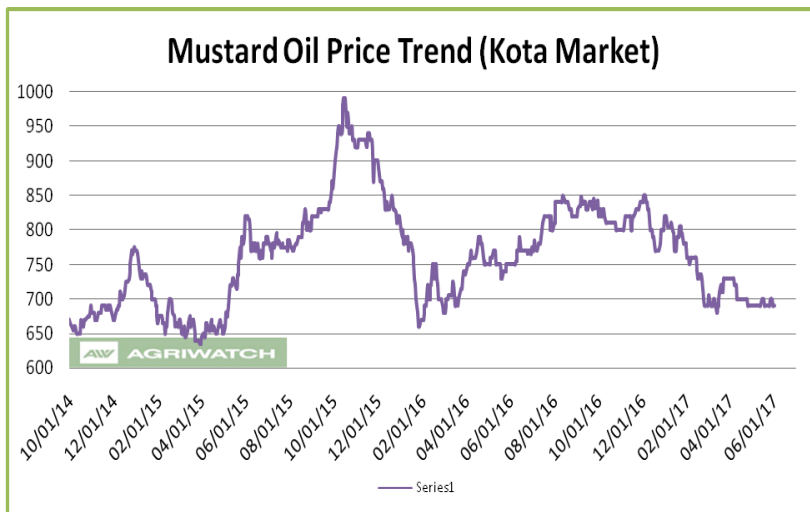
**Price Outlook:** We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 490-550 per 10 Kg in the near term.

## 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 rose in Jaipur, Neewai and Hapur, Prices fell in Ganganagar, Gujarat and Mumbai while it was unchanged in Kolkata and New Delhi. Kacchi ghani prices rose in Jaipur, Bharatpur, Neewai



Hapur and Agra while it was unchanged in Ganganagar. Prices fell in Kota. Canola oil prices fell last week.

Prices of rapeseed oil traded sideways to firm in the week on higher prices of rapeseed and firm demand. All India arrivals of rapeseed decreased which led to higher prices of rapeseed. Crushing decreased 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 at Rs 65 (Rs 52) 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 0 (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.

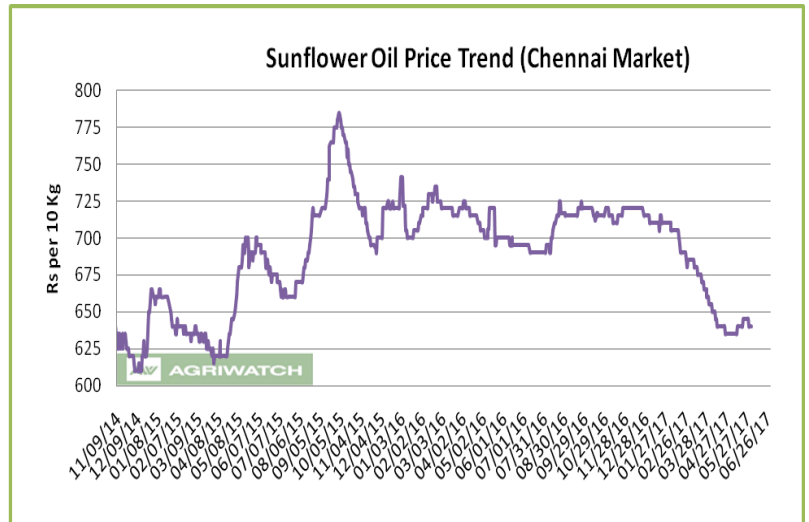
Markets are expected to trade sideways to firm tone in coming days on firm demand at lower levels and seasonal uptrend of prices.

- 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 0 (USD 22 last week) per ton for June delivery as on June 2, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 675 (Rs 672) per 10 Kg, and at Kota market, it is offered at Rs 690 (Rs 690) per 10 kg as on June 2, 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 660-720 per 10 Kg.

## Domestic Front

- 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.



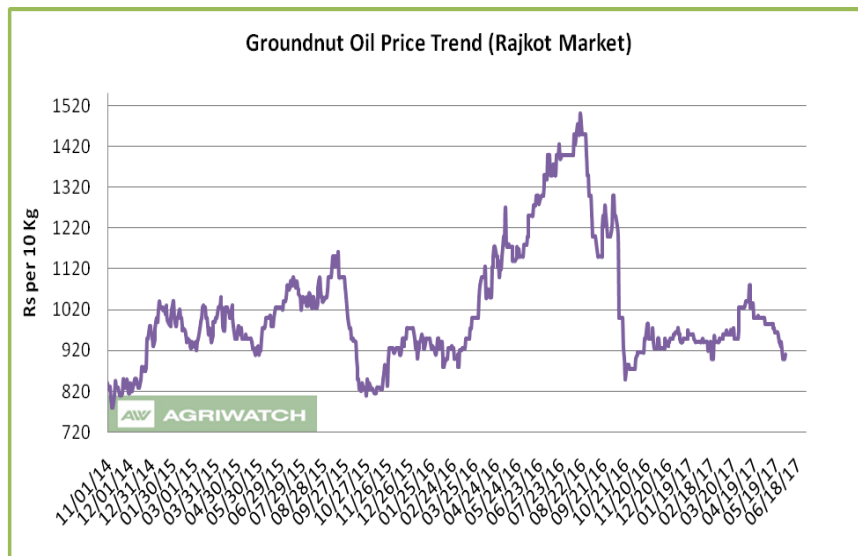
Prices of sunflower oil are expected to trade sideways to weak on firm supply, fall in competitive oil prices and fall in prices of sunflower oil in international markets. Prices are expected to trade sideways to weak in near term.

- 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 782.5 (USD 795) per ton for June delivery, JAS delivery is quoted at USD 785 (USD 800) per ton. CIF sun oil (Ukraine origin) May monthly average was at 795.03 per ton compared to USD 781.5 per ton in April. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 770-810 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD -2.5 (USD 11 last week) per ton for June delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 640 (Rs 645) per 10 Kg, and at Hyderabad market, it is offered at Rs 641 (Rs 656) per 10 kg as on June 2, 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 630-660 per 10 Kg.

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

- Groundnut oil prices featured downtrend in Rajkot on weak demand. Prices were unchanged in Jamnagar while it rose in Gondal. Prices closed lower in Chennai, and Mumbai while it was unchanged New Delhi. Prices of groundnut (expeller) closed lower 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 stable in the week in review.

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

Arrivals of groundnut were steady in the week in review, due to higher farmer release on worries of fall in prices of groundnut. Supply rose on worries that prices will fall as has happened in mustard and soybean, which fell below MSP

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.

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

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 9,100 (Rs 9,300) per quintal and it was quoted at Rs 9,100 (Rs 10,200) per quintal in Chennai market on June 2, 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 850-970 per 10 Kg.

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

- Firm trend featured in the coconut oil in its benchmark market of Kangayan on weak supply. Prices closed unchanged in Kochi.
- Agriwatch view: Coconut oil prices featured firm trend during the week on weak supply.

Onset of monsoon on Kerala and rain in parts of Tamil Nadu has slowed harvest of coconut and copra.

Demand of coconut oil has weakened at higher prices

Copra prices were flat during the week in review.

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

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

Traders are releasing copra to take advantage of prices.

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

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 has weaned while demand is moderate.

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

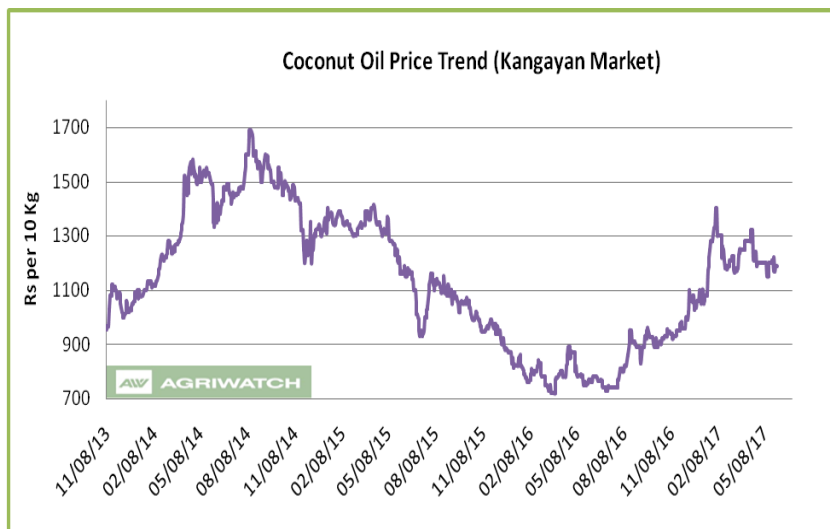
Coconut oil is costliest domestic edible oil, which will weaken demand.

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.

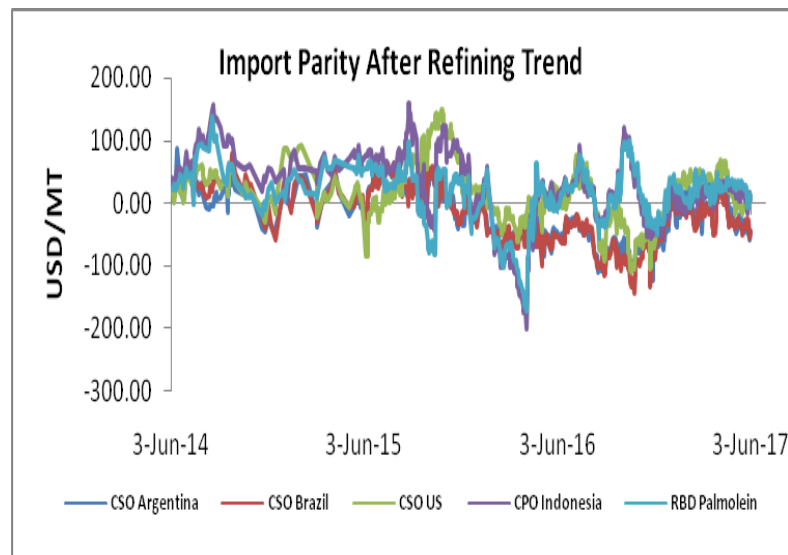
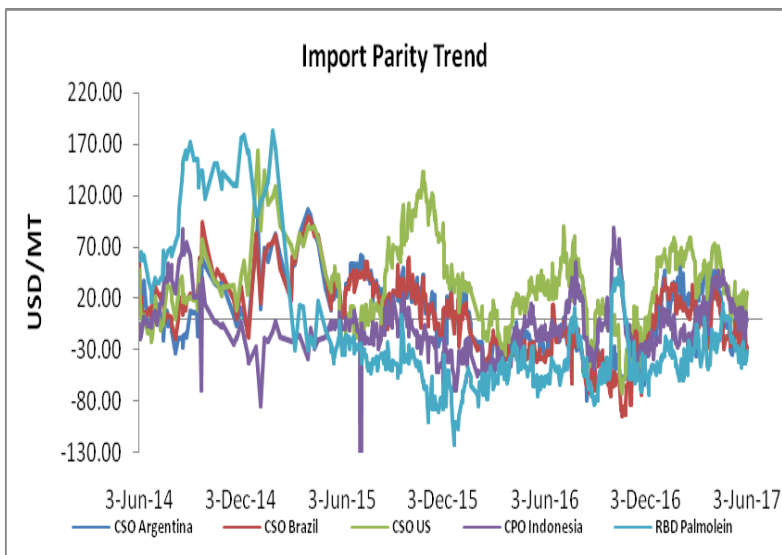
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 12,800 (12,800) per quintal, and was quoting Rs 11,900 (Rs 11,700) per quintal in Erode market on June 2, 2017.



**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)



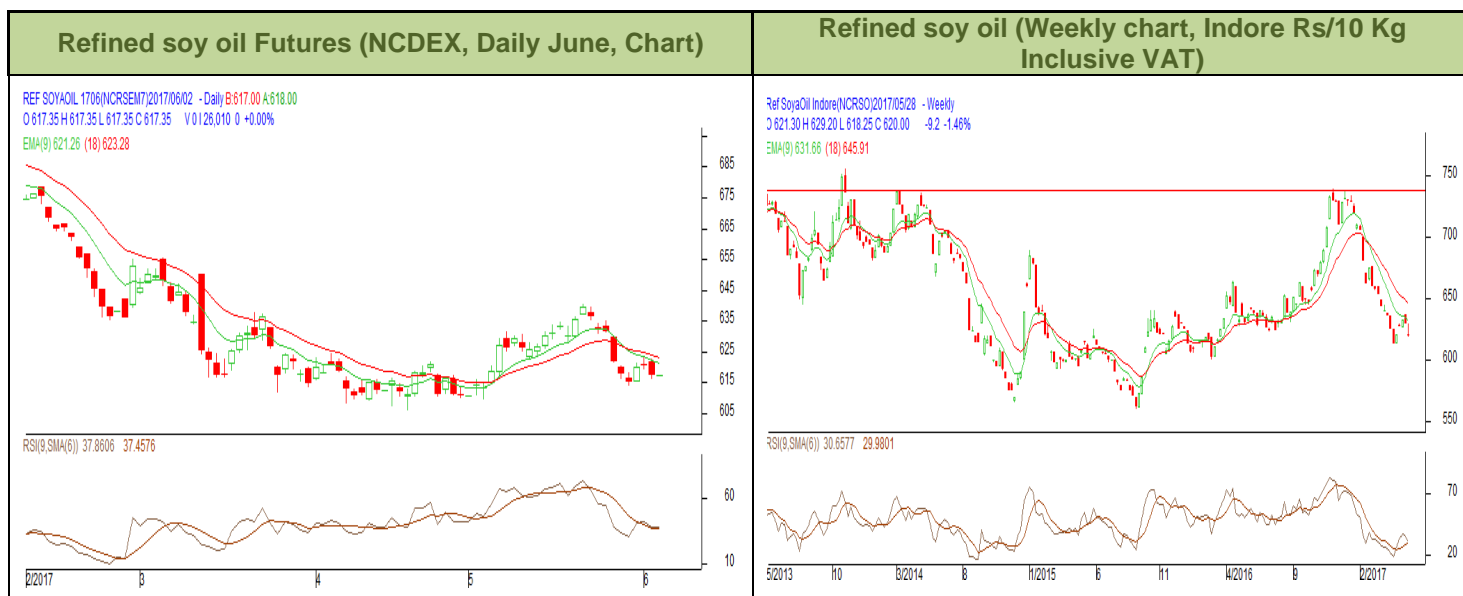
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Apr, 2017</b>	7.03	-5.60	42.64	25.12	31.46
<b>May, 2017</b>	-37.47	-33.28	-1.10	12.52	25.02

### Outlook:-

Import parity for crude soy oil from Argentina is in disparity due to fall in prices of oils in domestic markets. We expect CDSO import parity to remain in disparity 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 600 in weekly might take the prices below 580 levels.
- Expected price band for next week is 580-640 level in near to medium term. RSI, stochastic and MACD is suggesting downtrend in the market.

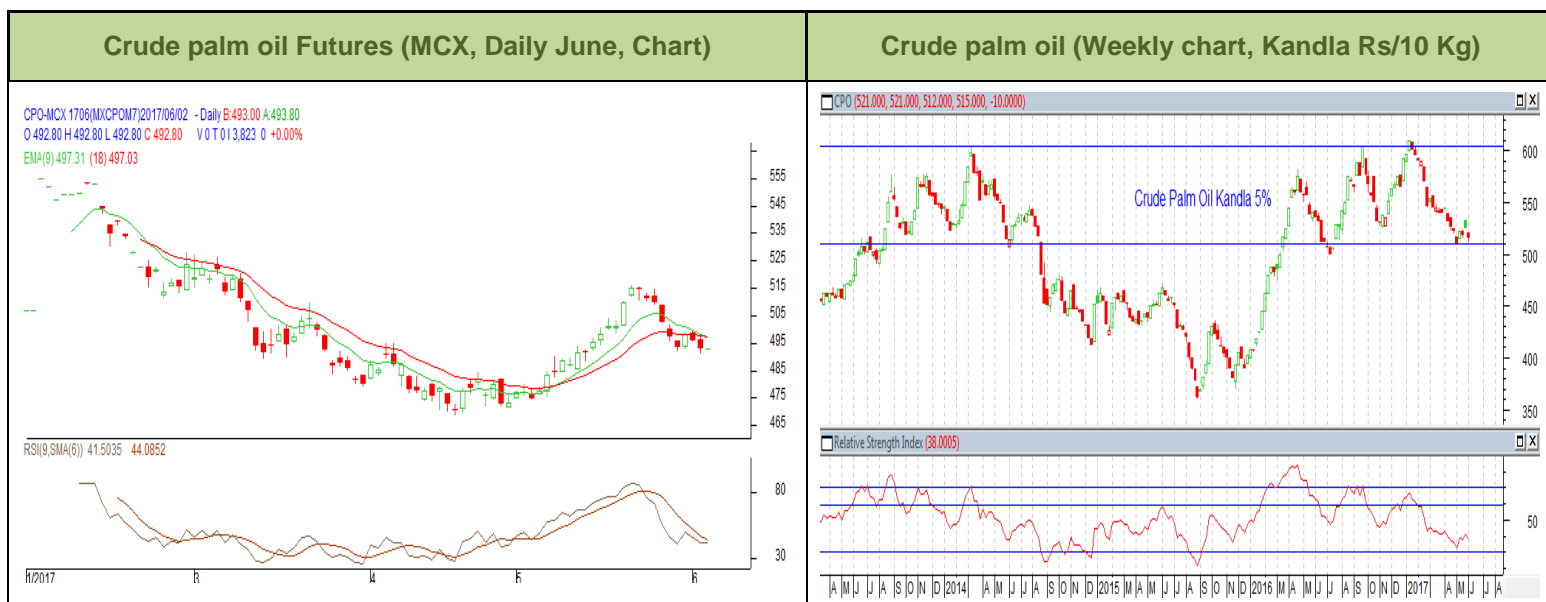
**Strategy:** Market participants are advised to go short below 620 levels for a target of 605 and 600 with a stop loss at 630 on closing basis.

#### RSO NCDEX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
585.00	600.00	617.35	646.00	666.00

**Spot Market outlook:** Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 580-650 per 10 Kg.

### Technical Analysis (Crude Palm oil)



**Outlook - Prices show downtrend in prices during the week. We expect that CPO May 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 480 in weekly chart may bring the prices to 460 levels.
- Expected price band for next week is 460-520 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 500 for a target of 485 and 480 with a stop loss at 510 on closing basis.

#### CPO MCX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
465	480	492.8	528	541

**Spot Market outlook:** Crude palm oil is likely to stay in the range of Rs 480-540 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		2-Jun-17	26-May-17	
Refined Soybean Oil	Indore	625	638	-13
	Indore (Soy Solvent Crude)	588	600	-12
	Mumbai	635	640	-5
	Mumbai (Soy Degum)	580	585	-5
	Kandla/Mundra	610	615	-5
	Kandla/Mundra (Soy Degum)	578	590	-12
	Kolkata	610	620	-10
	Delhi	630	640	-10
	Nagpur	663	668	-5
	Rajkot	605	610	-5
	Kota	630	635	-5
	Hyderabad	632	637	-5
	Akola	661	668	-7
	Amrawati	662	669	-7
	Bundi	619	627	-8
	Jalna	665	668	-3
	Alwar	NA	NA	-
	Solapur	663	668	-5
	Dhule	663	671	-8
Palm Oil	Kandla (Crude Palm Oil)	515	525	-10
	Kandla (RBD Palm oil)	540	550	-10
	Kandla RBD Pamolein	550	565	-15
	Kakinada (Crude Palm Oil)	515	525	-10
	Kakinada RBD Pamolein	550	570	-20
	Haldia Pamolein	555	570	-15
	Chennai RBD Pamolein	555	572	-17
	KPT (krishna patnam) Pamolein	540	558	-18
	Mumbai RBD Pamolein	560	575	-15
	Delhi	595	605	-10
	Rajkot	545	560	-15
	Hyderabad	513	527	-14
	Mangalore RBD Pamolein	555	572	-17
	PFAD (Kandla)	455	455	Unch
	Refined Palm Stearin (Kandla)	490	490	Unch
Refined Sunflower Oil	Chennai	640	645	-5
	Mumbai	690	695	-5
	Mumbai(Expeller Oil)	585	595	-10
	Kandla	670	675	-5
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	641	656	-15
	Latur (Expeller Oil)	670	670	Unch
	Chellakere (Expeller Oil)	590	600	-10
	Erode (Expeller Oil)	675	675	Unch
Groundnut Oil	Rajkot	910	930	-20
	Chennai	940	1020	-80
	Delhi	1100	1100	Unch
	Hyderabad *	1050	1070	-20
	Mumbai	960	1010	-50
	Gondal	900	900	Unch
	Jamnagar	915	910	5
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	675	672	3
	Jaipur (Kacchi Ghani Oil)	706	700	6
	Kota (Expeller Oil)	690	690	Unch
	Kota (Kacchi Ghani Oil)	700	710	-10
	Neewai (Kacchi Ghani Oil)	673	670	3
	Neewai (Expeller Oil)	693	690	3
	Bharatpur (Kacchi Ghani Oil)	735	730	5
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	660	665	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	690	690	Unch
	Mumbai (Expeller Oil)	680	720	-40
	Kolkata(Expeller Oil)	860	860	Unch
	New Delhi (Expeller Oil)	700	700	Unch
	Hapur (Expeller Oil)	760	740	20
	Hapur (Kacchi Ghani Oil)	820	800	20
	Agra (Kacchi Ghani Oil)	740	735	5
Refined Cottonseed Oil	Rajkot	640	640	Unch
	Hyderabad	600	615	-15
	Mumbai	635	642	-7
	New Delhi	615	620	-5
Coconut Oil	Kangayan (Crude)	1190	1170	20
	Cochin	1280	1280	Unch
	Trissur	NA	NA	-
Sesame Oil	New Delhi	770	780	-10
	Mumbai	730	735	-5
Kardi	Mumbai	740	740	Unch
Rice Bran Oil (40%)	New Delhi	520	520	Unch
Rice Bran Oil (4%)	Punjab	590	590	Unch
Rice Bran Oil (4%)	Uttar Pradesh	590	590	Unch



Malaysia Palmolein USD/MT	FOB	705	715	<b>-10</b>
	CNF India	720	740	<b>-20</b>
Indonesia CPO USD/MT	FOB	690	703	<b>-13</b>
	CNF India	715	730	<b>-15</b>
RBD Palm oil (Malaysia Origin USD/MT)	FOB	703	713	<b>-10</b>
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	628	638	<b>-10</b>
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1150	1250	<b>-100</b>
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	628	638	<b>-10</b>
Crude palm Kernel Oil India (USD/MT)	CNF India	1140	1195	<b>-55</b>
Ukraine Origin CSFO USD/MT Kandla	CIF	785	795	<b>-10</b>
Rapeseed Oil Rotterdam Euro/MT	FOB	732	747	<b>-15</b>
<b>Argentina FOB (\$/MT)</b>		<b>1-Jun-17</b>	<b>25-May-17</b>	<b>Change</b>
Crude Soybean Oil Ship		734	740	<b>-6</b>
Refined Soy Oil (Bulk) Ship		760	766	<b>-6</b>
Sunflower Oil Ship		720	720	<b>Unch</b>
Cottonseed Oil Ship		714	720	<b>-6</b>
Refined Linseed Oil (Bulk) Ship		754	760	<b>-6</b>
<b>* indicates including VAT</b>				

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