

Veg. Oil Weekly Research Report

Contents

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

Executive Summary

Domestic Veg. Oil Market Summary

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

On the currency front, Indian rupee is hovering near 64.42, higher by 18 paise compared to 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 mixed on oil, specific 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 580-660 per 10 Kg in the near term.

At MCX, market participants are advised to go long in CPO above 485 for a target of 500 and 505 with a stop loss at 475 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 470-540 per 10 Kg in the near term.

International Veg. Oil Market Summary

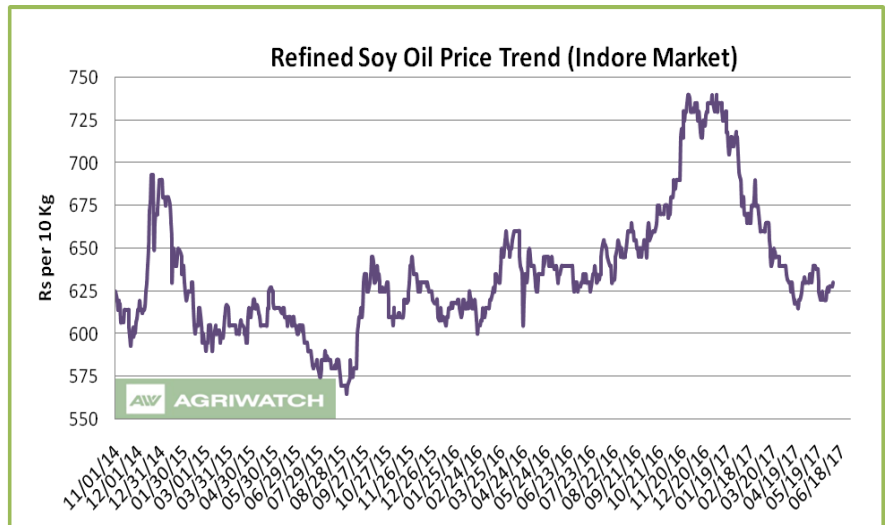
Malaysia's June 1-15 palm oil exports fell 14.7 percent to 523,505 tons compared to 613,465 tons in corresponding period last month. Top buyers were European Union at 130,710 tons (148,095 tons), India at 103,250 tons (66,400 tons), Pakistan at 43,830 tons (41,000 tons) China at 32,900 tons (42,630 tons), and United States at 8,000 tons (30,020 tons). Values in brackets are figures of corresponding period last month: SGS

On the international front, higher soy oil stocks in US, 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 fall in crude oil will underpin soy oil prices in coming days.

Weak ringgit, rise in exports of palm oil from Malaysia, fall in stocks of palm oil in Malaysia, fall in stock of palm oil in Indonesia 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 rose in its benchmark market of Indore on firm demand. Prices of refined soy oil rose in Kandla/Mudra, Mumbai and Kolkata. CDSO prices rose 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.

CDSO prices closed higher in India West coast compared to India CNF, indicating firm demand at high seas.

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

CDSO demand was firm at CNF markets as CDSO CNF prices rose while CDSO FOB Argentina fell 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 May compared to May 2017 and it was above May 2016. Stocks of CDSO at ports and pipelines fell in May.

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 90 (Rs 87 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 102.5 (USD 99 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 3.40 lakh tons of soy oil in May 2017 v/s 1.78 lakh tons in May 2016, up 91 percent y-o-y. India imported 16.90 lakh tons of soy oil in the period (November 2016-May 2017) compared to 24.19 lakh tons in the corresponding period last oil year, lower by 30 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's May edible oil imports rose 31.7 percent y-o-y to 13.24 lakh tons from 11.05 lakh tons in May 2016. Palm oil imports in May rose 21.5 percent y-o-y to 7.98 lakh tons from 6.57 lakh tons in May 2016. CPO Imports rose 25.5 percent y-o-y to 4.92 lakh tons from 3.92 lakh tons in May 2016. RBD palmolein imports rose 12.6 percent y-o-y to 2.94 lakh tons from 2.61 lakh tons in May 2016. Soy oil imports fell 91 percent y-o-y to 3.40 lakh tons from 1.78 lakh tons in May 2016. Sunflower oil

imports rose 3.3 percent y-o-y to 1.55 lakh tons from 1.50 lakh ton in May 2016. Rapeseed (Canola) oil rose to 0.29 lakh tons in May compared to from 0.18 lakh tons in May 2016.

- According to Solvent Extractors Association (SEA), India's May edible oil stocks at ports and pipelines rose 1.87 Percent m-o-m to 21.60 lakh tons from 21.20 lakh tons in April 2017. Stocks of edible oil at ports fell to 770,000 tons (CPO 230,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 190,000 tons, Crude Sunflower Oil 170,000 tons and 20,000 tons of Rapeseed (Canola) Oil) and about 1,390,000 tons in pipelines (stocks at ports were 785,000 and in pipelines were at 2,120,000 tons in April 2017). India is presently holding 37 days of edible oil requirement on 1st June, 2017 at 21.60 lakh tons compared to 39 days of requirements last month. India's monthly edible oil requirement is 17.5 lakh tons.
- Imported crude soy oil CIF at West coast port is offered at USD 805 (USD 799) per ton for June delivery, July delivery is offered at USD 800 (USD 794) per ton and August delivery is quoted at USD 799 (USD 786) per ton as on June 16, 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 were unchanged 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- Soy oil end stocks in US fell in 2017/18 due to lower opening stocks of soy oil, which will support prices in medium term, according to USDA. However, soy oil end stocks will rise in coming months of soybean production rises in coming months.

Soy oil end stocks in US rose as reported by NOPA in May due to higher production of soy oil on higher crush of soybean will underpin soy oil prices in medium term. Stocks of soy oil will increase if crush of soybean increases in coming months.

Soybean planting reached 92 percent on date ended 11 June, above 5-year average in corresponding period and higher than corresponding period last year. Planting of soybean picked up pace due to dry conditions on dry weather in US Midwest, supporting planting. Beneficial rains last week will support crop development of soybean. Wet weather is expected in days ahead which will be support planting of soybean in US Midwest.

Demand by China is expected to be weak in July after record May and June as cargoes are cancelled or are diverted due to glut created by record soybean imports. Soybean crush margins are negative in China, which has led to record low prices of soy oil in 5 years.

USDA decreased soy oil end stocks in US in 2016/17 due to higher exports will support prices in medium term. 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 increased Brazil 2016/17 soybean crop estimate unchanged in its June report to 114 MMT.

Argentina soybean harvest is over. USDA increased 2016/17 soybean crop in Argentina to 57.8 MMT from 57 MMT in its June estimate.

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.

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.

Good crop condition in US, strong supply from South America and weak Chinese demand has led to record short positions on CBOT by speculators.

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

- According to United States Department of Agriculture (USDA) June estimate, U.S 2017/18 ending stocks of soy oil is fell 3.36 percent to 2,157 million lbs from 2,232 million lbs in May estimate. Opening stocks were lower at 1,987 million lbs. Production of soy oil in 2017/18 is was unchanged at 22,620 million lbs. Imports in 2017/18 are kept unchanged at 300 million lbs. Biodiesel use in 2017/18 was unchanged at 6,450 million lbs. Food, feed and other industrial use in 2017/18 was unchanged at 14,000 million lbs. Exports in 2016/17 were unchanged at 2,300 million lbs. Average price range estimate ended the year 2017/18 at 30-34 cents/lbs compared to 31.75 cents/lbs in its 2016/17. Fall in end stock is due to lower opening stocks of soy oil.
- According to National Oilseed Processors Association (NOPA), U.S. May soybean crush rose 7.27 percent to 149.246 million bushels from 139.134 million bushels in April 2017. Crush of soybean in May 2016 was 152.280 million bushels. Production of soy oil in U.S. in May rose to 1.752 billion lbs from 1.627 billion lbs in April 2017. Production in May 2016 was 1.786 billion lbs. Soy oil stocks in U.S. at the end of May rose 1.37 percent to 1.749 billion lbs compared to 1.725 billion lbs in April 2017. Stocks of soy oil in May were lower by 12.26 percent compared to May 2016, which was reported at 1.994 million lbs. Yield was higher at 11.74 lbs/bushel in May compared to April figure of 11.69 lbs/bushel. Yield in May 2016 was reported at 11.73 lbs/bushel.
- US soybean planting is 92% complete as on 11 June 2017 which is up from 91% in the corresponding period last year and also up from 5 year average of 87%. Soybean emergence is reported at 77% which is at par with the corresponding period last year and also up from 5 year average of 73%. About 66% of the soybean planted crop is under good to excellent condition which is down from 74% during the corresponding period last year.

- USDA WASDE Oilseeds Highlights: The 2017/18 season-average price for soybeans is forecast at \$8.30 to \$10.30 per bushel; soybean meal and oil prices are projected at \$295 to \$335 per short ton and 30 to 34 cents per pound, respectively.

Previous updates

- According to United States Department of Agriculture (USDA) June estimate, U.S 2017/18 ending stocks of soy oil is fell 3.36 percent to 2,157 million lbs from 2,232 million lbs in May estimate. Opening stocks were lower at 1,987 million lbs. Production of soy oil in 2017/18 is was unchanged at 22,620 million lbs. Imports in 2017/18 are kept unchanged at 300 million lbs. Biodiesel use in 2017/18 was unchanged at 6,450 million lbs. Food, feed and other industrial use in 2017/18 was unchanged at 14,000 million lbs. Exports in 2016/17 were unchanged at 2,300 million lbs. Average price range estimate ended the year 2017/18 at 30-34 cents/lbs compared to 31.75 cents/lbs in its 2016/17. Fall in end stock is due to lower opening stocks of soy oil.
- US soybean planting is 83% complete as on 4 June 2017, which is above from 82% in the corresponding period last year above 5-year average of 79%. Soybean emergence is reported at 58%, which is less from 62% during the corresponding period last year and below from 5-year average of 59%.
- China purchased 9.59 million tons of soybeans in May, highest on record. Higher volume of imports is primarily due to the backlog of previously purchased soy which landed in the country during the month. The oilseeds imports were up from 7.66 million tons during the corresponding period last year and 19.6% higher than 8.02 million tons purchased during April.
- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in May fell 25 percent to 4.2 lakh tons compared to 5.6 lakh tons in April. Imports rose 50 percent compared to last year which was reported at 2.8 lakh tons. Year to date imports of edible vegetable oil rose 12 percent to 23.80 lakh tons.
- Argentina's state statistics agency INDEC, Argentina's first quarter (Jan-March 2017) output fell 4 percent to 177,950 tons compared to corresponding period last year. Argentina is in dispute with US over allegation of dumping of biodiesel by Argentina. If anti dumping duties are imposed then it will destroy domestic biodiesel industry.
- Conab has raised Brazil's 2016/17 soybean production estimate for the sixth time this year to 113.92 million tonnes, which is up from 113 million tons projected in May.
- Agroconsult has projected Brazil's soybean production estimate at 115 million tonnes and exports of 61 million tonnes during the season.
- 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 million 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.

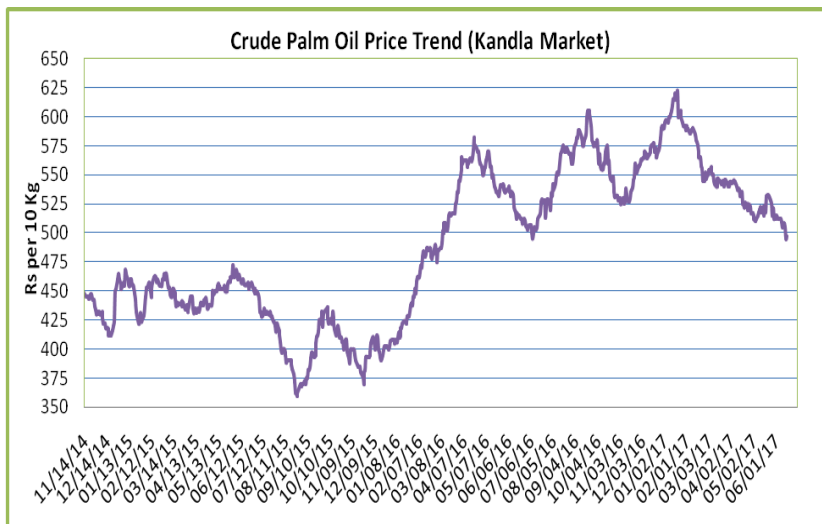


Price Outlook: We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 580-660 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil featured weak trend at its benchmark market at Kandla on weak demand. CPO prices remained unchanged in Kakinada. RBD palmolein high seas closed sideways to higher in different centers in India.
- Agriwatch View – Prices of CPO closed lower on weak demand. Prices of CPO fell less at India high seas while it rose CNF markets indicating weak demand in domestic markets compared to last week.



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

Demand of RBD palmolein has improved at CNF markets as prices rose in CNF markets v/s Malaysia FOB which fell compared to last week.

Imports of RBD palmolein is expected to remain firm as RBD palmolein is trading at slight premium to CPO at CNF markets.

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

Demand of RBD palmolein on high seas is lower than CPO at high seas as premium RBD palmolein over CPO decreased to Rs 46 (Rs 25) per 10 kg.

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

Import of CPO in May was lower than April 2017 and higher than May 2016. Stocks at ports and pipelines increased in May.

Import of RBD palmolein in May was higher than April 2017 and March 2016. Stocks at ports and pipelines increased 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 102.5 (USD 99 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 83 (Rs 70 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 90 (Rs 87 last week) per 10 kg is low and will increase demand in near term.

Prices of CPO are expected to remain sideways to firm.

- Palm oil import scenario – According to SEA, India imported 7.99 lakh tons of palm oil in May 2017 v/s 6.58 lakh tons in May 2016, higher by 21.4 percent y-o-y. Import of palm oil in the period (November 2016-May 2017) was at 51.01 lakh tons compared to 49.97 lakh tons in the corresponding period in last oil year, lower by 2 in the corresponding period.

CPO imports increased to 4.92 lakh tons in May compared to 3.92 lakh tons in May 2016, higher by 25.5 percent y-o-y. Import of CPO in the period (November 2016-May 2017) was at 33.95 lakh tons compared to 33.50 lakh tons in the corresponding period last oil year, higher by 1.3 percent

RBD palmolein imports rose 12.64 percent in May to 2.94 lakh tons from 2.61 lakh tons in May 2016. Import of RBD palmolein in the period (November 2016-May 2017) was at 16.62 lakh tons compared to 15.87 lakh tons in corresponding period last oil year, higher by 4.7 percent.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 702.5 (USD 700) per ton for June delivery is July delivery is quoted at USD 690 (USD 665) 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 707.5 (USD 700) per ton for June delivery while July delivery is offered at USD 692.5 (USD 665) 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 497 (Rs 505) per 10 Kg and June delivery duty paid is offered at Rs 491 (Rs 500) per 10 kg on June 16, 2017.

- On the parity front, margins improved during this week due to fall of 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 20-25/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 end stocks fell 2.64 percent in May due to higher exports which rose 17.33 percent while production grew 6.88 percent. Lower stocks of palm oil are expected to support palm oil prices in medium term.

Production is expected to rise on seasonal uptrend of production and diminishing effect of El Nino. Production is expected to rise in double digits from July and some production will be lost due to lower availability of manpower on Ramadan. Lower production will support palm oil prices.

Palm oil exports fell 14-18 percent from Malaysia in first 15 days of June on weak demand after Ramadan. Stocks are almost 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. Prices of soy oil has fallen to 5 year low in China on glut of soybean in the country due to higher imports of soybean. Low soy oil prices in China has led to fall in prices of palm oil in the country and decrease demand. Demand from China has not firmed since Chinese New Year, which has led to low stocks at ports in the country.

Demand from China will only originate when prices of soy oil rise in the country and soybean crush margins improve.

Demand from India has firmed in near term due to demand ahead of Ramadan. However, India is importing less palm due to lower soy oil premium over soy oil and sunflower 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 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 as normal monsoon is expected this year.

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

Recent rise in prices of palm oil is primarily due to rise in prices of CBOT soy oil and DALIAN RBD palmolein. Depreciation of ringgit supported rise in prices of palm oil.

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 increased palm oil export duty to 6.5 percent for July, as Malaysian government feels that prices are in structural rise. However, Indonesia has maintained zero duty of crude palm oil.

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

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 May palm oil end stocks fell 2.64 percent to 15.58 lakh tons compared to 16 lakh tons in April. Production of palm oil in May rose 6.88 percent to 16.54 lakh tons compared to 15.48 lakh tons in April. Exports rose 17.33 percent to 15.06 lakh tons compared to 12.83 lakh tons in April. Imports of palm oil in May fell 12.9 percent to 0.47 lakh tons compared to 0.54 lakh tons in April. This was the weakest May since last eight years.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's June 1-15 palm oil exports fell 14.7 percent to 523,505 tons compared to 613,465 tons in corresponding period last month. Top buyers were European Union at 130,710 tons (148,095 tons), India at 103,250 tons (66,400 tons), Pakistan at 43,830 tons (41,000 tons) China at 32,900 tons (42,630 tons), and United States at 8,000 tons (30,020 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's June 1-15 palm oil exports fell 17.6 percent to 508,960 tons v/s 617,697 tons in corresponding period last month. Top buyers were India & subcontinent at 149,400 tons (135,400 tons), European Union at 108,210 tons (113,765 tons) and China at 40,900 tons (37,130 tons). Values in brackets are figures of corresponding period last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's May palm oil end stocks fell 2.64 percent to 15.58 lakh tons compared to 16 lakh tons in April. Production of palm oil in May rose 6.88 percent to 16.54 lakh tons

compared to 15.48 lakh tons in April. Exports rose 17.33 percent to 15.06 lakh tons compared to 12.83 lakh tons in April. Imports of palm oil in May fell 12.9 percent to 0.47 lakh tons compared to 0.54 lakh tons in April. This was the weakest May since last eight years.

- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia increased July crude palm oil export duty to 6.5 percent from 6 percent in June. Tax is calculated at reference price of 2890.04 ringgit (\$676.53) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

Previous updates

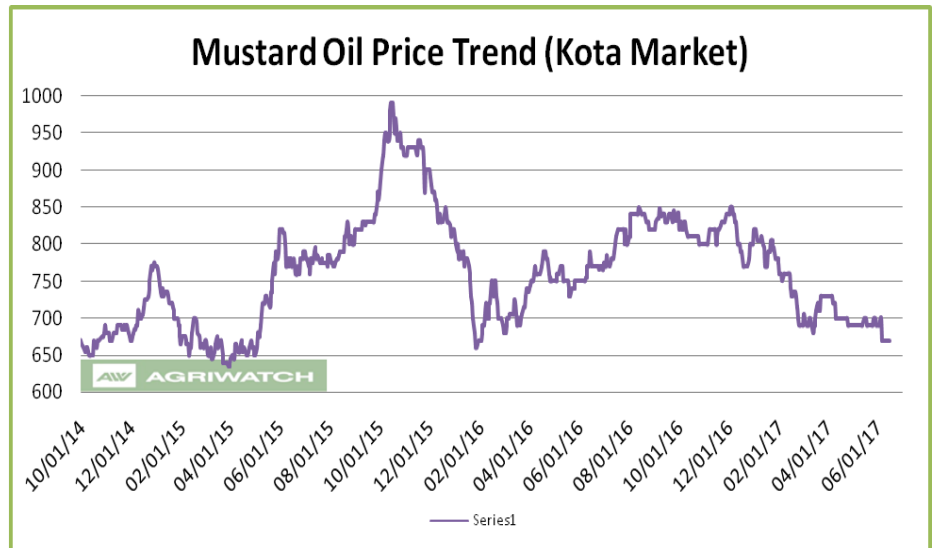
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's May palm oil exports rose 15.4 percent to 1,310,320 tons compared to 1,135,340 tons in last month. Top buyers were India at 283,820 tons (175,300 tons), European Union at 280,215 tons (278,643 tons), China at 105,090 tons (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 June 1-10 palm oil exports rose 5.8 percent to 366,994 tons v/s 346,920 tons in corresponding period last month. Top buyers were India & subcontinent at 127,100 tons (55,500 tons), European Union at 71,950 tons (77,220 tons) and China at 26,900 tons (20,630 tons). Values in brackets are figures of corresponding period last month.
- 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 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 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 470-540 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 weak demand and 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 expeller rose in Jaipur, Ganganagar, Mumbai, Kolkata and New Delhi. Prices were unchanged in Neewai, Hapur. Kacchi ghani prices fell in Jaipur, Ganganagar, Bharatpur, Neewai and Agra while it was unchanged in Kota and Hapur. Canola oil prices rose last week.

Prices of rapeseed oil traded flat trend at Kota while it was higher to unchanged in other major centers indicating firm demand and firm supply. All India arrivals of rapeseed increased during the week 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 at Rs 40 (Rs 43) 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 decreased to USD 15 (USD -1) per ton and which will support imports.

Imports of Canola oil rose in May, 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 and recovery in rapeseed prices.

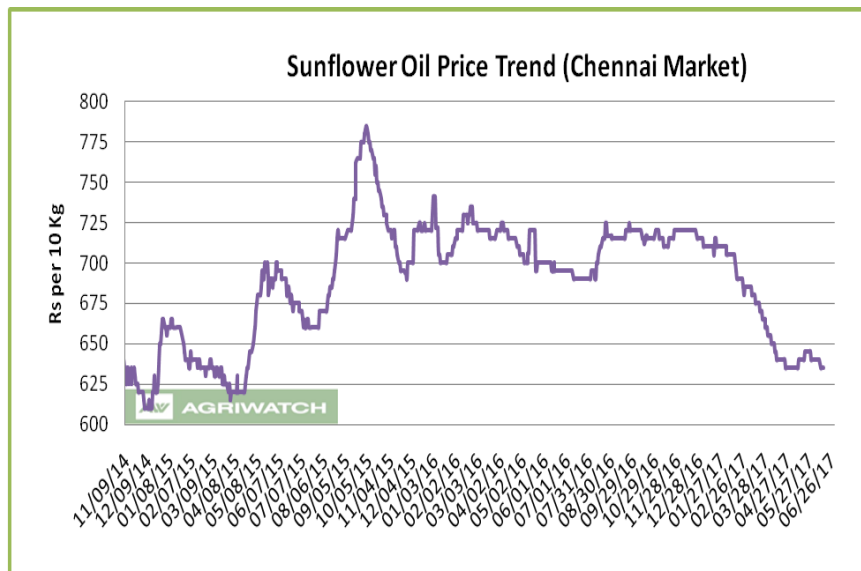
- India imported 0.29 lakh tons of rapeseed (Canola) oil imports in May 2017 v/s 0.19 lakh tons in May 2016. Imports were 1.81 lakh tons in the period (November 2016-May 2017) compared to 1.72 lakh tons in corresponding period last oil year: SEA
- CIF canola premium over soybean oil is USD 15 (USD -1 last week) per ton for June delivery as on June 16, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 678 (Rs 675) per 10 Kg, and at Kota market, it is offered at Rs 670 (Rs 670) per 10 kg as on June 16, 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 640-720 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured weak trend last week in its benchmark market of Chennai on weak demand. Prices closed unchanged in Hyderabad, Kakinada, and Mumbai. Prices fell in Kandla/Mudra. Sunflower expeller prices closed unchanged in Hyderabad, Latur, Chellakere while it remained lower in Erode.
- Agriwatch view: Prices of sunflower oil traded lower in Chennai on weak demand.



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

Fall in palm oil prices supported losses.

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

CSFO prices in CNF markets has fallen below CDSO at CNF and has decreased to USD -5 (USD -9 last week) per ton for July delivery, indicating prices have ample space to rise as sunflower oil is considered superior oil.

Crude sunflower oil is imported at prices lower than CDSO. However, sunflower oil is trading at premium over soy oil in domestic market indicating if weak demand persists then prices of sunflower oil will fall below soy oil.

In domestic market, sunflower oil premium over soy oil is at Rs 5 (Rs 13 last week) per 10 kg which is low indicating weak demand of sunflower oil.

Sunflower oil premium over palm oil is USD 95 (USD 120 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.

Supply has improved in markets as imports rose 45 percent in November-May while stocks at ports and pipelines fell indicating firm demand at high seas. 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 -5 (USD -9 last week) per ton for July 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.

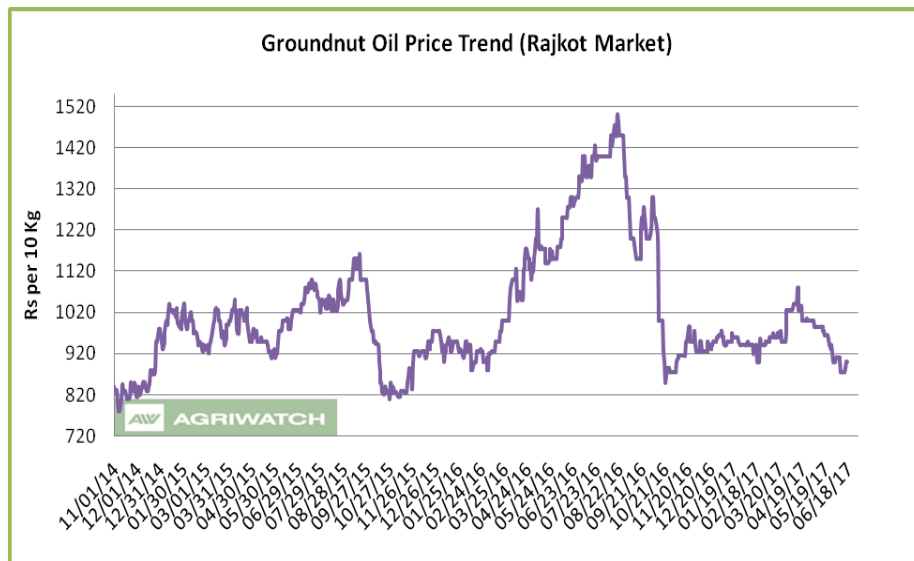
Prices of sunflower oil are expected to trade sideways to weak on weak demand, fall in competitive oil prices and fall in prices of sunflower oil in international markets. Prices are expected to trade sideways to weak in near term.

- All India sowing of sunflower has reached 0.12 lakh hectare compared to 0.26 lakh hectares in the corresponding period last year.
- Sunflower oil import scenario – According to SEA, India imported 1.55 lakh tons of crude sunflower oil during May 2017 v/s 1.50 lakh tons in May 2016, higher by 3.3 percent y-o-y. India imported 13.40 lakh tons of crude sunflower oil (November 2016-May 2017) compared to 9.21 lakh tons in corresponding period last oil year.
- According to Ukraine's Ag Ministry, spring planting is over in Ukraine. Therefore, farmers planted sunflower on 5581 Th ha by June 13 that is 104% of the planned area of 5390 Th ha (official data). 5484 Th ha of sunflower was sown in the corresponding period year earlier.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 785 (USD 785) per ton for July delivery, JAS delivery is quoted at USD 790 (USD 790) per ton and S/O/N/D delivery is quoted at USD 792.5 (USD 792.5) 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 -5 (USD -9 last week) per ton for July delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 635 (Rs 640) per 10 Kg, and at Hyderabad market, it is offered at Rs 637 (Rs 637) per 10 kg as on June 16, 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 620-650 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-` Domestic Front

- Groundnut oil prices featured uptrend in Rajkot on demand at lower quotes. Prices rose in Jamnagar and Gondal. Prices fell in Chennai while it was unchanged in New Delha and Mumbai. Prices of groundnut (expeller) fell in Hyderabad.
- Agriwatch view: Prices of groundnut oil featured uptrend trend in Rajkot on buying at lower quotes. Prices rose despite fall in groundnut prices.



Retail demand has improved at current prices.

Prices rose on seasonal uptrend of prices.

Groundnut prices were lower in the week in review on higher farmer release of groundnut.

Firm retail demand has led to increased off-take by stockists and retailers.

Firm retail demand of groundnut oil led to firm demand in cash markets.

Stocks of groundnut oil in market were adequate.

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

Sowing of groundnut has started and higher groundnut crop is expected in current Kharif season. Higher groundnut crop is expected as bulk exports of edible oils have been allowed by government. Groundnut oil is expected to benefit most in exports, primarily to China.

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

- All India sowing of groundnut reached 0.87 lakh hectares compared to 0.96 lakh hectares in corresponding period last year. Sowing of groundnut in Gujarat is above corresponding period while it is lagging in Tamil Nadu.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,000 (Rs 8,750) per quintal and it was quoted at Rs 8,800 (Rs 9,400) per quintal in Chennai market on June 16, 2017. Values in brackets are values of last week.
- Groundnut oil prices are likely to trade sideways to firm in the coming days.

Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 830-950 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Firm trend featured in the coconut oil in its benchmark market of Kangan on weak supply. Prices closed unchanged in Kochi.

- Agriwatch view: Coconut oil prices featured firm trend during the week on weak supply

Supply of copra is weak which has led to lower crush leading to lower supply of coconut oil.

Fall in palm oil prices capped gains.

Onset of monsoon on Kerala and rain in parts of Tamil Nadu has improved sentiment of better coconut crop in the current season. However, rains have slowed harvest of coconut.

There is short supply of milling copra as less rains in 2016 has affected the coconut production. Ball copra is being used for production of coconut oil in near term.

Monsoon is expected to be normal in Kerala and Tamil Nadu after weak 3 years of monsoon in Kerala and Tamil Nadu. This will improve the supply of coconut.

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

Demand from North India is moderate.

Some traders in Tamil Nadu is having old copra which they are using for production of coconut oil.

Bulk exports of coconut oil are less due to appreciation of Rupee and rise in prices of coconut oil in domestic market. However, exports in 5 kg pack are good.

Traders and upcountry have limited stocks of copra.

Millers have limited stocks of coconut oil.

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

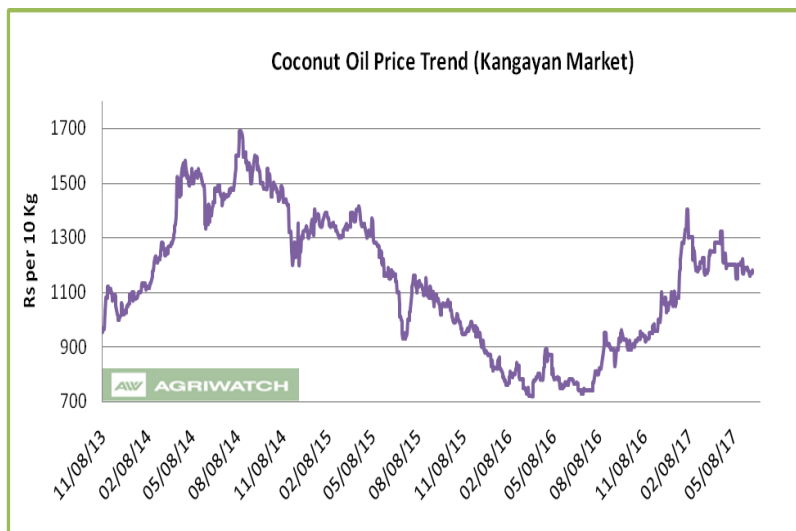
Coconut oil is costliest domestic edible oil, which will weaken demand.

Monsoon has reached Kerala and Tamil Nadu and beneficial rains has occurred in Kerala. Rains are less in Tamil Nadu. However, rains are expected in Tamil Nadu, which will improve sentiment of coconut oil markets.

Coconut oil prices are expected to be firm due to weak supply and moderate demand.

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

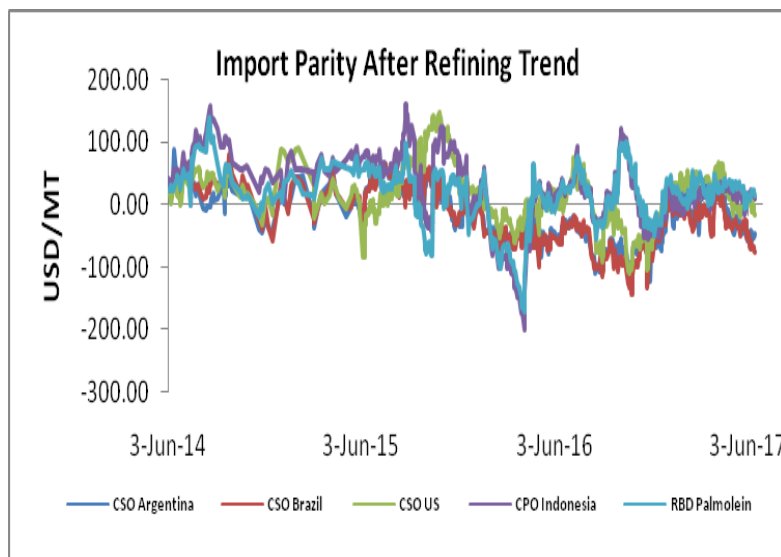
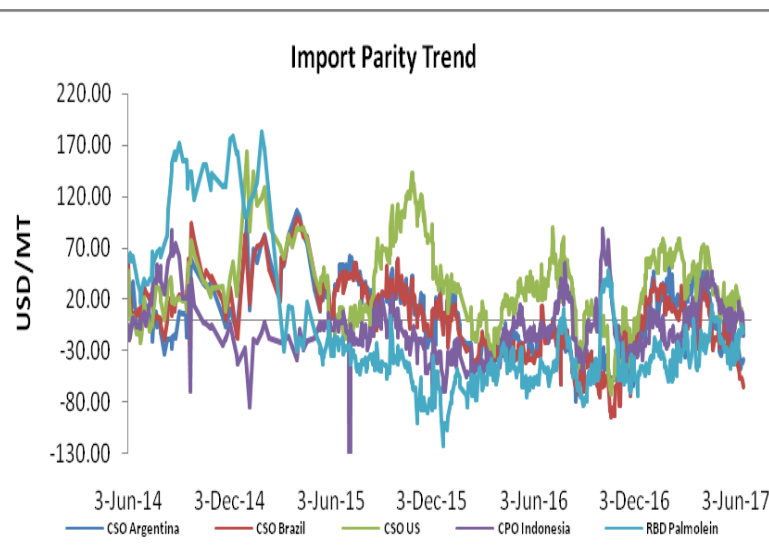
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 12,900 (12,900) per quintal, and was quoting Rs 11,800 (Rs 11,700) per quintal in Erode market on June 16, 2017.



Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1100-1250 per 10 Kg.

Import Parity Trend

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

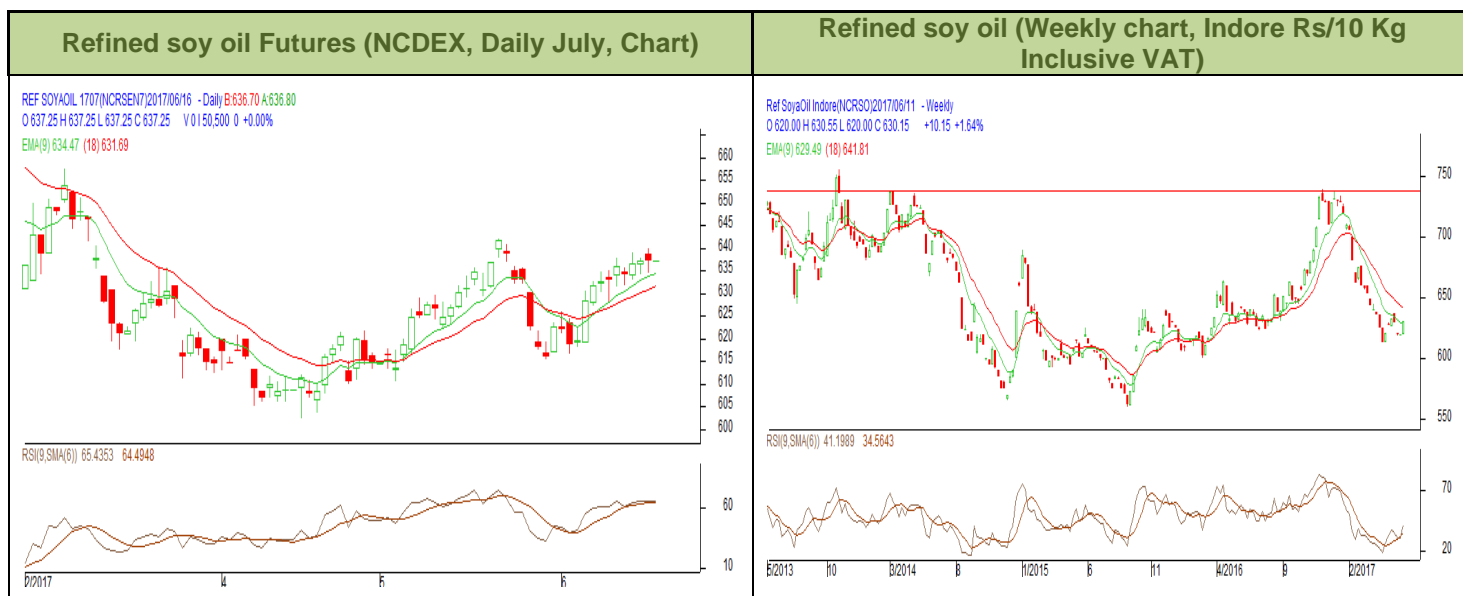


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Apr, 2017	7.03	-5.60	42.64	25.12	31.46
May, 2017	-37.47	-33.28	-1.10	12.52	25.02

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 uptrend during the week in review and is likely to trade with a sideways to firm tone in the coming days.

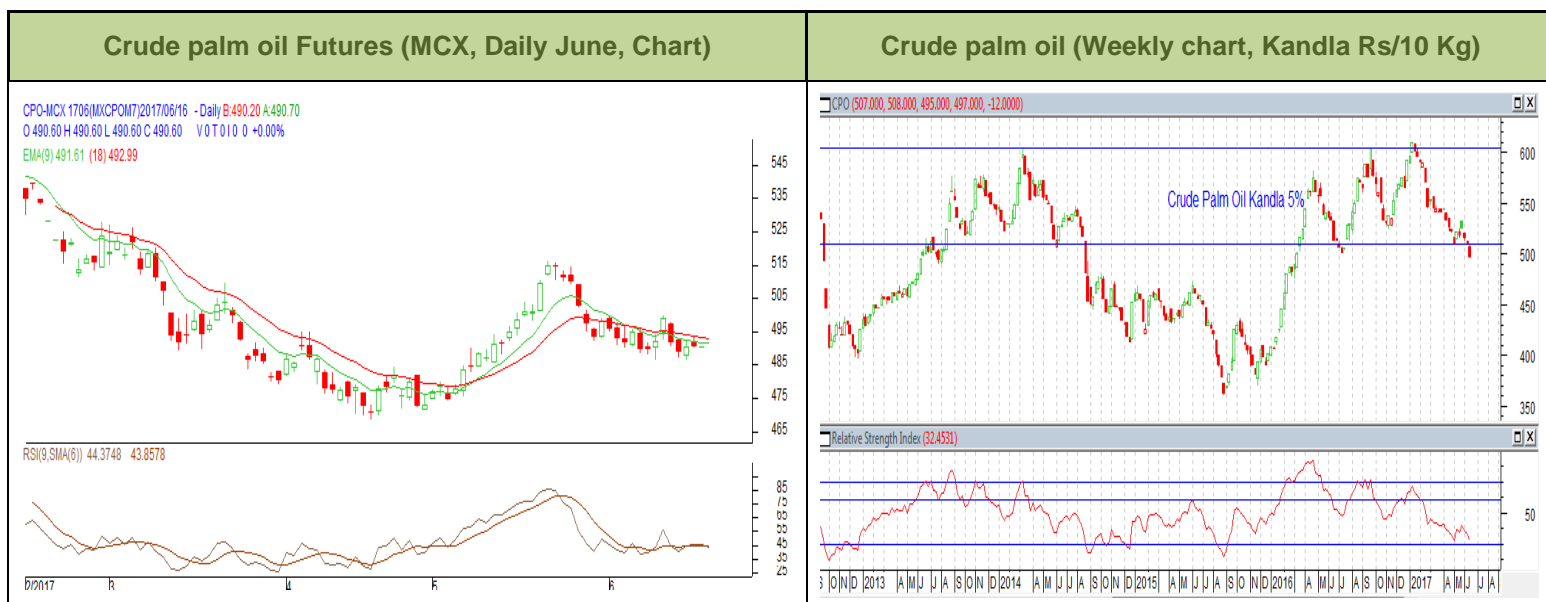
- Weekly chart of refined soy oil at NCDEX depicts downtrend during the week in review. We expect prices to trade sideways to weak tone in the near term.
- Any close below 620 in weekly might take the prices below 600 levels.
- Expected price band for next week is 600-660 level in near to medium term. 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	637.35	646.00	666.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 580-660 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 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 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 uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 485 for a target of 500 and 505 with a stop loss at 475 on closing basis.

CPO MCX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
465	480	490.6	528	541

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 470-540 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		16-Jun-17	9-Jun-17	
Refined Soybean Oil	Indore	630	627	3
	Indore (Soy Solvent Crude)	600	600	Unch
	Mumbai	630	625	5
	Mumbai (Soy Degum)	582	580	2
	Kandla/Mundra	610	605	5
	Kandla/Mundra (Soy Degum)	580	575	5
	Kolkata	610	605	5
	Delhi	635	630	5
	Nagpur	667	665	2
	Rajkot	610	602	8
	Kota	625	625	Unch
	Hyderabad	632	632	Unch
	Akola	666	664	2
	Amrawati	666	664	2
	Bundi	630	630	Unch
	Jalna	671	668	3
	Alwar	NA	NA	-
	Solapur	667	665	2
	Dhule	670	668	2
Palm Oil	Kandla (Crude Palm Oil)	497	509	-12
	Kandla (RBD Palm oil)	525	525	Unch
	Kandla RBD Pamolein	543	540	3
	Kakinada (Crude Palm Oil)	495	495	Unch
	Kakinada RBD Pamolein	535	535	Unch
	Haldia Pamolein	545	545	Unch
	Chennai RBD Pamolein	540	540	Unch
	KPT (krishna patnam) Pamolein	525	525	Unch
	Mumbai RBD Pamolein	550	550	Unch
	Delhi	590	590	Unch
	Rajkot	537	535	2
	Hyderabad	499	499	Unch
	Mangalore RBD Pamolein	540	540	Unch
	PFAD (Kandla)	440	440	Unch
	Refined Palm Stearin (Kandla)	480	480	Unch
Refined Sunflower Oil	Chennai	635	640	-5
	Mumbai	690	690	Unch
	Mumbai(Expeller Oil)	590	590	Unch
	Kandla	660	665	-5
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	637	637	Unch
	Latur (Expeller Oil)	670	670	Unch
	Chellakere (Expeller Oil)	595	595	Unch
	Erode (Expeller Oil)	665	670	-5
Groundnut Oil	Rajkot	900	875	25
	Chennai	880	940	-60
	Delhi	1080	1080	Unch
	Hyderabad *	1000	1050	-50
	Mumbai	940	940	Unch
	Gondal	900	875	25
	Jamnagar	900	880	20
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	680	678	2
	Jaipur (Kacchi Ghani Oil)	705	707	-2
	Kota (Expeller Oil)	670	670	Unch
	Kota (Kacchi Ghani Oil)	705	705	Unch
	Neewai (Kacchi Ghani Oil)	670	670	Unch
	Neewai (Expeller Oil)	690	693	-3
	Bharatpur (Kacchi Ghani Oil)	725	740	-15
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	675	670	5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	690	695	-5
	Mumbai (Expeller Oil)	690	685	5
	Kolkata(Expeller Oil)	830	850	-20
	New Delhi (Expeller Oil)	710	705	5
	Hapur (Expeller Oil)	760	760	Unch
	Hapur (Kacchi Ghani Oil)	820	820	Unch
	Agra (Kacchi Ghani Oil)	730	745	-15
Refined Cottonseed Oil	Rajkot	635	630	5
	Hyderabad	600	600	Unch
	Mumbai	640	635	5
	New Delhi	620	610	10
Coconut Oil	Kangayan (Crude)	1180	1170	10
	Cochin	1290	1290	Unch
	Trissur	NA	NA	-
Sesame Oil	New Delhi	770	770	Unch
	Mumbai	NA	730	-
Kardi	Mumbai	740	740	Unch
Rice Bran Oil (40%)	New Delhi	500	505	-5
Rice Bran Oil (4%)	Punjab	590	590	Unch
Rice Bran Oil (4%)	Uttar Pradesh	590	590	Unch

Malaysia Palmolein USD/MT	FOB	668	690	-22
	CNF India	708	700	8
Indonesia CPO USD/MT	FOB	660	675	-15
	CNF India	700	700	Unch
RBD Palm oil (Malaysia Origin USD/MT)	FOB	665	685	-20
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	615	620	-5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1100	1100	Unch
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	613	618	-5
Crude palm Kernel Oil India (USD/MT)	CNF India	NA	1095	-
Ukraine Origin CSFO USD/MT Kandla	CIF	785	785	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	740	735	5
Argentina FOB (\$/MT)		15-Jun-17	8-Jun-17	Change
Crude Soybean Oil Ship		753	748	5
Refined Soy Oil (Bulk) Ship		779	774	5
Sunflower Oil Ship		715	715	Unch
Cottonseed Oil Ship		733	728	5
Refined Linseed Oil (Bulk) Ship		773	768	5
* indicates including VAT				

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