

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil witnessed firm trend in domestic market on rise in CBOT soy oil rose and BMD CPO and firm demand. Soy oil, palm oil, rapeseed oil, sunflower oil, groundnut oil and coconut oil closed higher.

On the currency front, Indian rupee is hovering near 64.58, higher by 3 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 short below 650 levels for a target of 635 and 630 with a stop loss at 660 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 short in CPO below 490 for a target of 475 and 470 with a stop loss at 500 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 470-520 per 10 Kg in the near term.

International Veg. Oil Market Summary

Malaysia's June palm oil exports fell 7.6 percent to 1,210,359 tons compared to 1,310,320 tons in last month. Top buyers were European Union at 245,163 tons (280,215 tons), India at 238,350 tons (283,820 tons), Pakistan at 98,830 tons (60,000 tons), United States at 69,082 tons (60,607 tons) and China at 65,500 tons (105,090 tons). Values in brackets are figures of last month.

On the international front, higher soy oil stocks in US, weak Chinese demand of soybean, higher soybean crop in US and higher supply of soybean from South America in 2017/18 and fall in crude oil will underpin soy oil prices in coming days.

Weak exports of palm oil from Malaysia, weak demand of palm from China and India, rise in production of a palm oil in Malaysia and Indonesia, appreciation of ringgit and rise in stocks of palm oil in Malaysia, underpin CPO prices in near term.

Domestic Front

-
- Refined Soy Oil Price Trend (Indore Market)**
- | Date | Price (Rs per 10 Kg) |
|----------|----------------------|
| 11/01/14 | 620 |
| 12/01/14 | 615 |
| 01/30/14 | 695 |
| 03/01/15 | 650 |
| 04/30/15 | 600 |
| 06/30/15 | 610 |
| 07/29/15 | 625 |
| 08/28/15 | 580 |
| 09/27/15 | 565 |
| 10/27/15 | 630 |
| 11/26/15 | 640 |
| 12/26/15 | 610 |
| 01/25/16 | 630 |
| 02/24/16 | 615 |
| 03/23/16 | 620 |
| 04/23/16 | 660 |
| 05/23/16 | 660 |
| 06/23/16 | 640 |
| 07/23/16 | 650 |
| 08/23/16 | 660 |
| 09/23/16 | 650 |
| 10/23/16 | 670 |
| 11/20/16 | 730 |
| 12/20/16 | 740 |
| 01/19/17 | 730 |
| 02/18/17 | 710 |
| 03/20/17 | 670 |
| 04/19/17 | 640 |
| 05/19/17 | 620 |
| 06/18/17 | 640 |
| 07/18/17 | 645 |
- Source: AGRIWATCH

- All India sowing of soybean has reached 53.57 lakh hectares as on 7.07.2017 compared to 48.56 lakh hectares in the corresponding period last year. Madhya Pradesh registered fall in sowing figures while Maharashtra showed rise in sowing.
- 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.
- Imported crude soy oil CIF at West coast port is offered at USD 790 (USD 799) per ton for July delivery, August delivery is offered at USD 782 (USD 793) per ton. September delivery is quoted at USD 778 (USD 780) per ton

as on July 7, 2017. Values in brackets are figures of last week. Last month, CIF CDSO June average price was USD 797.8 (USD 798.8 per ton in May 2017) per ton.

- On the parity front, margins were in disparity during the week on high prices of soy oil in international markets and low prices in domestic markets, and we expect margins to remain in disparity in coming days. Currently refiners lose USD 35-40/ton v/s loss of USD 45-50/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to weak in the coming days.

International Front

- Agriwatch view- Soybean crop condition in US has improved compared to last week and equal to corresponding period last year and above 5-year average. However, good to excellent condition of soybean crop has decreased in last three weeks. Despite early planting soybean crop is progressing slower than last year. Weather is mostly dry in US Midwest and showers are needed for development of crop. Yields forecast are expected to be unchanged by USDA in its July estimate.

US soybean planting area was increased in its first quarterly report, which rose to record levels but was well below estimates. Same condition was with quarterly soybean stocks, which grew but was well below estimates. Higher area and higher soybean stocks in US will underpin soybean complex prices in medium term.

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 and will underpin soy oil prices in medium term. Stocks of soy oil will increase if crush of soybean increases in coming months.

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 as soybean production rises in coming months.

Demand of soybean by China is expected to be weak in July after record May and June which has led to glut of soybean in the country leading to lower soy oil prices which is at 5 year low affecting soy oil global prices. Negative soybean crush margins in China, has led to diversion of cancellation of cargoes.

China is purchasing more soybean from Brazil which has led to weak demand of soybean from US which will lead to lower prices of soybean in international markets. Depreciation of Brazilian Real has supported exports Brazil.

USDA decreased Brazil 2017/18 soybean crop on lower yields on lines of historical lines. USDA increased Brazil 2016/17 soybean crop estimate in its June report to 114 MMT.

Argentina soybean harvest is under stress in last phases which will impact production estimates. Argentina government lowered estimate of soybean crop to 57 MMT from 58 MMT.

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

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.

Moderate crop condition in US, strong supply from South America and weak Chinese demand will underpin prices.

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

- In the weekly USDA crop progress report released on 02 July; Soybeans emergence are reported at 98% which is at par with the corresponding period last year and also up from 5 year average of 95%. Soybeans blooming are reported at 18% which is down from 20% from the corresponding period last year and up from the 5 year average of 17%. About 64% of the soybean planted crop is under good to excellent condition which is down from 70% during the corresponding period last year.
- The U.S. Department of Agriculture's National Agricultural Statistics Service (NASS) estimated a record high 89.5 million acres of soybeans planted in the United States for 2017, up 7 percent from last year. Further, US soybean area for harvest is estimated at a record high 88.7 million acres, if realized, up 7 percent from 2016.
- Both, the US soybean stocks and acreage figures were reported lower than the trade expectations in the report released by USDA on Friday. It has been reported that the US soybeans stored in all positions on June 1, 2017 totaled 963 million bushels, up 11 percent from June 1, 2016. On-farm stocks totaled 333 million bushels, up 18 percent from a year ago. Off-farm stocks, at 631 million bushels, are up 7 percent from a year ago.
- 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.
- 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 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.
- 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.

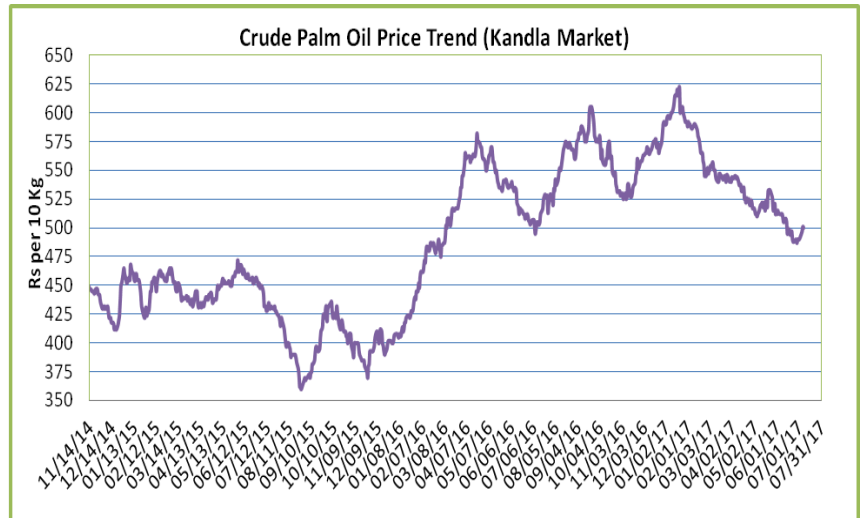
Previous updates

- As reported on 25 June, the US soybean planting is complete. Soybeans emergence are reported at 94% which is at par with the corresponding period last year and also up from 5 year average of 91%. Soybeans blooming are reported at 9% which is up from 8% from the corresponding period last year and also up from the 5 year average of 7%. About 66% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.
- 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.
- 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.
- 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, 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.

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 featured firm trend at its benchmark market at Kandla on firm demand. CPO price remained firm in Kakinada. RBD palmolein high seas rose across board in India.
- Agriwatch View – Prices of CPO closed lower on firm demand. Prices of CPO rose more at India high seas compared to CNF markets indicating firm demand at high seas. Rise in soy oil prices supported the rise.



Palm oil is imported and stored at ports as government has shown its intention to raise import duty on edible oils and rebalance markets as distorted taxation in Malaysia has led to idling of palm oil plants in India. RBD palmolein is imported at same rate as finished products.

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

Demand of CPO was weak at CNF markets as prices rose less in CNF markets v/s Indonesia FOB which rose more compared to last week.

Demand of RBD palmolein was regular at CNF markets as prices rose equally at CNF markets and Malaysia FOB compared to last week.

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

Demand of RBD palmolein on was unchanged to CPO at high seas as premium RBD palmolein over CPO was at Rs 35 (Rs 35) 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 May.

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 110 (USD 1116.5 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 88 (Rs 90 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 110 (Rs 105 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 7.99 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 680 (USD 675) per ton for July delivery is August delivery is quoted at USD 670 per ton. Last month, CIF CPO June average price was USD 697.96 (USD 723 per ton in May 2017) per ton.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 682.5 (USD 677.5) per ton for July delivery while August delivery is offered at USD 672.5 per ton. Last month, CIF RBD palmolein June average price was USD 701.24 (USD 727.5 in May 2017) per ton. Values in bracket depict last week quotes.

Ready lift CPO duty paid prices quoted at Rs 498 (Rs 490) per 10 Kg and July delivery duty paid is offered at Rs 494 (Rs 488) per 10 kg on July 7, 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 35-40/ton v/s gain of USD 20-25/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 45-50/ton v/s gain of USD 25-30/ton (last month) parity.
- We expect palm oil to trade sideways to weak in the days ahead.

International Front

Agriwatch View – Recovery in CBOT soy oil and RBD palmolein DALIAN and expectation of slow rise in end stocks of palm oil in Malaysia led to rise in prices in near term.

Palm oil stocks in Malaysia is expected to rise marginally in June on lower exports, lower than expected production on Ramadan and rise in domestic demand in Malaysia and Indonesia due to Ramadan.

Exports were weak from Malaysia in June on weak demand after Ramadan has led to weaker prices in near term. Exports are expected to remain weak in first 10 days of July on weak demand from top importing destinations.

Production is expected to rise on seasonal uptrend of production, diminishing effect of El Nino while some production will be lost due to Ramadan.

Monsoon arrived early in Malaysia and Indonesia prolonging harvest season and early harvest will increase production from July which will increase stocks of palm oil in Malaysia in coming months.

Expectation of production increase of palm oil in Malaysia, will underpin palm oil prices in medium term.

Demand is expected to remain weak from India, China and EU in near term.

India's demand of palm oil from Malaysia is expected to be low as demand of RBD palmolein slows after Ramadan and low premium of soy oil over palm oil. Expectation of good monsoon will improve supply of domestic edible oils will decrease palm oil imports.

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.

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. Palm oil stocks in Malaysia are expected to rise firmly from July in Malaysia, as exports will remain soft while production will rise at higher pace. Rise in stocks will underpin prices.

China is not buying due to lower soy oil prices in the country, which is trading at 5-year low premium of soy oil over RBD palmolein in the country. Palm oil from Indonesia is more competitive in China, which has led to loss in market share. Lower soy oil prices have lowered palm oil prices in the country, which is evident in lower RBD palmolein DALIAN.

Demand of China has remained weak from Malaysia as it is importing more from Indonesia as they are offering competitive prices. Demand from China will only originate when prices of soy oil rise in the country.

Appreciation of ringgit will underpin prices of palm oil from Malaysia in near term.

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.

Indonesia kept palm oil export duty 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.

Appreciation of ringgit has led to fall in prices of palm oil in medium term. Expectation of further appreciation of ringgit will underpin palm oil prices.

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 June palm oil exports fell 7.6 percent to 1,210,359 tons compared to 1,310,320 tons in last month. Top buyers were European Union at 245,163 tons (280,215 tons), India at 238,350 tons (283,820 tons), Pakistan at 98,830 tons (60,000 tons), United States at 69,082 tons (60,607 tons) and China at 65,500 tons (105,090 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's June palm oil exports fell 8.9 percent to 1,190,583 tons v/s 1,306,374 tons in last month. Top buyers were India & subcontinent at 283,300 tons (360,400 tons), European Union at 257,666 tons (233,570 tons) and China at 120,400 tons (114,290 tons). Values in brackets are figures of last month.
- 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.

Indonesia maintains zero export duty on crude palm oil for July as it expects that it will miss certain thresholds, according to Indonesia trade ministry. Indonesia keeps export taxes at zero on or below USD 750 per ton.

- 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.

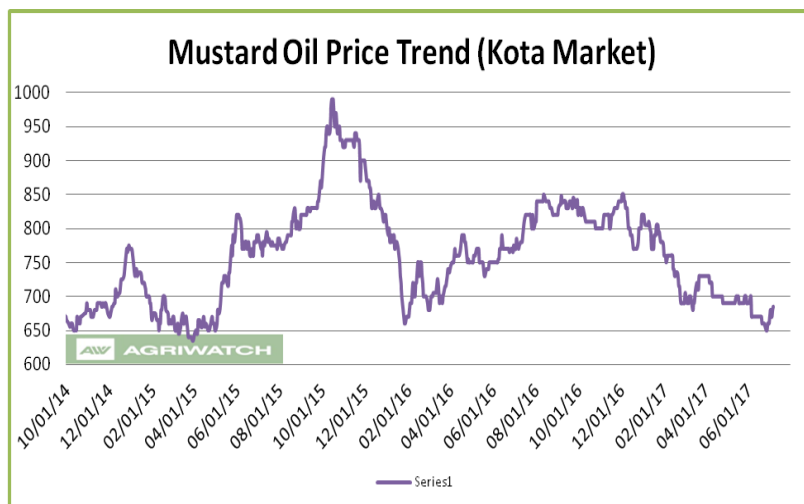
Previous updates

- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's June 1-25 palm oil exports fell 2.1 percent to 985,534 tons v/s 1,006,757 tons in corresponding period last month. Top buyers were India & subcontinent at 233,100 tons (245,885 tons), European Union at 203,986 tons (153,835 tons) and China at 87,300 tons (114,290 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's June 1-20 palm oil exports fell 16.7 percent to 710,322 tons compared to 852,628 tons in corresponding period last month. Top buyers were European Union at 160,005 tons (182,095 tons), India at 126,250 tons (110,200 tons), China at 61,900 tons (78,130 tons), Pakistan at 58,830 tons (41,000 tons) and United States at 41,162 tons (32,020 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 470-520 per 10 Kg in the near term.

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

- Mustard oil prices featured firm trend last week on firm demand. Arrivals of rapeseed decreased last week while uncertainty over GST has kept market idle.
- Agriwatch view: Prices of rapeseed oil expeller rose in Kota, Jaipur, Ganganagar, Neewai and New Delhi while it remained unchanged in Hapur and Mumbai. Prices fell in Kolkata. Kacchi ghani prices rose across board in India except Hapur. Canola oil CIF prices rose last week.



Prices of rapeseed oil traded firm trend in India on firm demand and fall in crushing after peak crushing season. Arrivals have decreased last week while prices of rapeseed rose supporting prices. Prices were mostly higher in major centers in India, on firm demand. Crushing decreased in the week in review. Lower crushing of rapeseed led to higher rapeseed oil prices.

Rise in soy oil and palm oil supported the rise.

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 in India at 6.9-7.00 MMT in 2017.

Low premium of rapeseed oil over soy oil in domestic market at Rs 35 (Rs 30) 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 25 (USD 17) 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, stocking at lower levels, seasonal uptrend of prices and lower crushing of rapeseed.

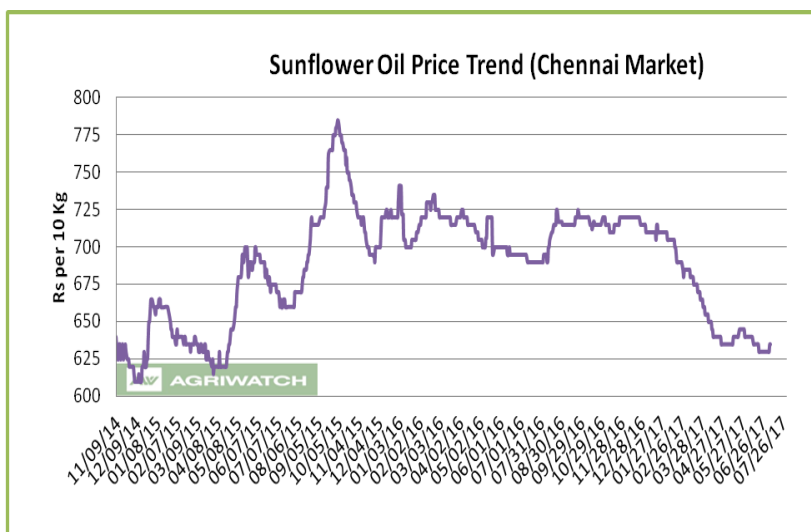
- India imported 0.29 lakh tons of rapeseed (Canola) oil imports in May 2017 v/s 0.19 lakh tons in May 2016. Imports were 1.81 lakh tons in the period (November 2016-May 2017) compared to 1.72 lakh tons in corresponding period last oil year: SEA
- CIF canola premium over soybean oil is USD 25 (USD 17 last week) per ton for July delivery as on July 7, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 700 (Rs 678) per 10 Kg, and at Kota market, it is offered at Rs 685 (Rs 660) per 10 kg as on July 7, 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 650-730 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured firm trend last week in its benchmark market of Chennai on higher prices of sunflower oil in international markets. Market remained uncertain over GST. Prices closed higher in Hyderabad while it remained unchanged in Kakinada. Prices rose in Kandla/Mudra and Mumbai. Sunflower expeller prices closed higher in Hyderabad and Chellakere while it was unchanged in Latur. Prices fell in Erode.



- Agriwatch view: Prices of sunflower oil traded higher in Chennai on higher import prices of sunflower oil. Prices of sunflower oil rose less in Chennai compared to CNF markets compared to last week indicating weak demand at high seas.

Prices of sunflower oil are trading at discount to soy oil, indicating weak demand in domestic markets.

CSFO prices in CNF markets has risen above CDSO at CNF markets to USD 23 (USD -11.7 last week) per ton for August delivery, indicating ample space for prices to rise as sunflower oil is considered superior oil.

Crude sunflower oil is imported at prices of CDSO. However, sunflower oil is trading at discount to soy oil, in domestic markets indicating that of weak continues then it will trade at discount to soy oil in medium term. In domestic market, sunflower oil premium over soy oil is at Rs -10 (Rs 0 last week) per 10 kg which is low indicating weak demand of sunflower oil.

Sunflower oil premium over palm oil is USD 135 (USD 105 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.

Rise in soy oil and palm oil supported the rise.

Supply has improved in markets as imports rose 45 percent in November-May while stocks at ports and pipelines fell. Imports of sunflower oil will show steady rise in coming months due to low premium of sunflower oil over CDSO and CPO.

Imports of sunflower in May was below April indicating weak supply in near term.

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 23 (USD -11.5 last week) per ton for August 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.

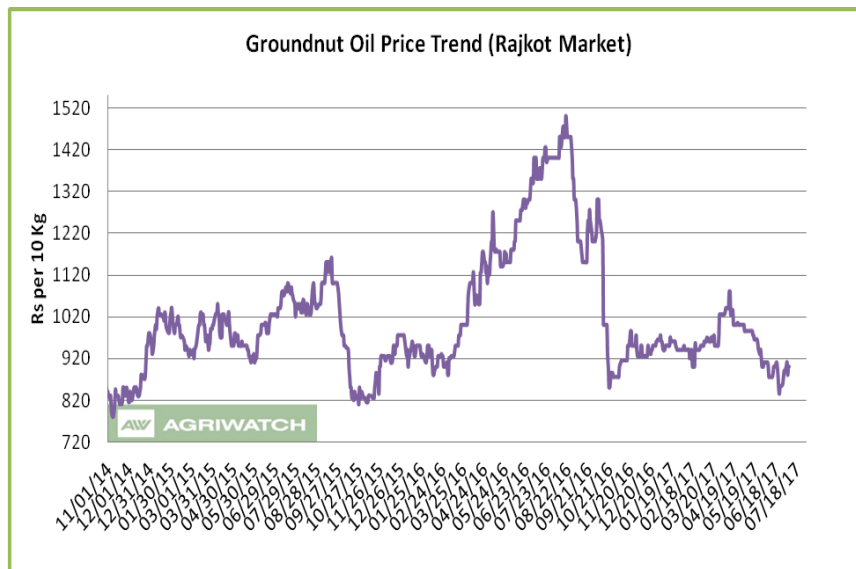
Prices of sunflower oil are expected to trade sideways to weak on weak demand, fall in competitive oil prices and fall in prices of sunflower oil in international markets. Prices are expected to trade sideways to weak in near term.

- All India sowing of sunflower has reached 0.53 lakh hectares as on 7.07.2017 compared to 0.91 lakh hectares in the corresponding period last year.
- According to State Statistics Service of Ukraine, Ukraine's January-May 2017 production of crude sunflower rose 33 percent at 2.5 MMT compared to corresponding period last year. In May, Ukraine produced 481 tshd tons of crude sunflower oil, higher by 0.3 percent compared to May 2016.
- 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.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 805 (USD 795) per ton for August delivery, Sep/Oct delivery is quoted at USD 810 (USD 790) per ton and Nov/Dec delivery is quoted at USD 805 (USD 790) per ton. CIF sun oil (Ukraine origin) June monthly average was at 786.68 per ton compared to USD 795.3 per ton in May. 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 23 (USD -11.5 last week) per ton for August delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 635 (Rs 630) per 10 Kg, and at Hyderabad market, it is offered at Rs 648 (Rs 632) per 10 kg as on July 7, 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 weak supply of groundnut due to market closure on GST. Buying at lower quotes supported pieces. Prices fell in Jamnagar and Gondal. Prices remained unchanged in Chennai while it rose in New Delhi and Mumbai. Prices of groundnut (expeller) fell in Hyderabad.
- Agriwatch view: Prices of groundnut oil featured uptrend in Rajkot on weak supply of groundnut in market



due to closure of markets on GST and renewed demand at lower quotes.

Most of the mandis are closed since the start of month on GST, which has led to short supply of groundnut.

Sowing of groundnut have been adversely affected due to GST.

Rise in palm oil and soy oil supported the rise

Retail demand has improved at current prices.

Prices rose on seasonal uptrend of prices.

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 have declined.

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.

Higher groundnut crop is expected due to better remuneration last year.

Groundnut oil prices are expected to trade sideways to firm in near term due to renewed demand at lower quotes, seasonal uptrend of prices and declining inventory. However, higher sowing of groundnut could pull prices down on higher sowing of groundnut.

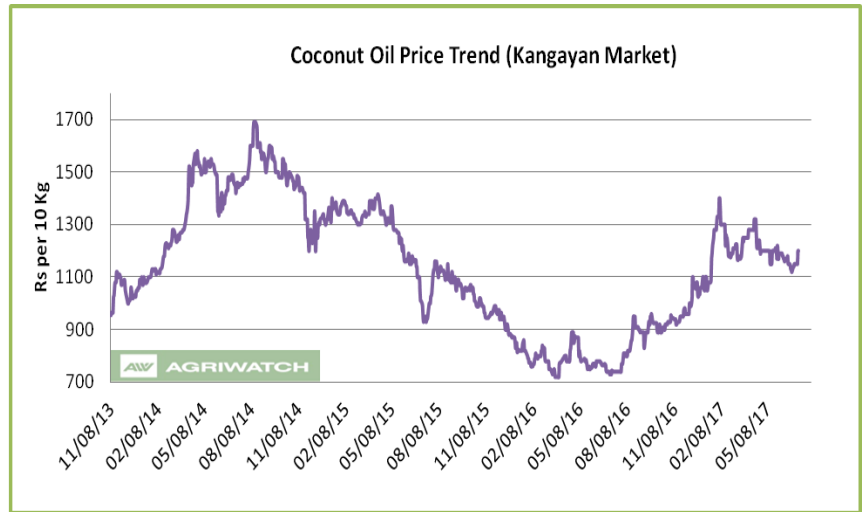
- All India sowing of groundnut reached 16.30 lakh hectares as on 7.07.2017 compared to 17.30 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,000 (Rs 8,900) per quintal and it was quoted at Rs 8,800 (Rs 8,800) per quintal in Chennai market on July 7, 2017. Values in brackets are figures 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 780-900 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 and moderate demand and rise in prices of copra. Confusion over GST on copra which is at 5 percent has led to confusion in the market over billing of produce. Auctions are getting delayed due to confusion over trade.



This has led to rise in copra. Higher prices of copra supported the rise in coconut oil markets.. Rise in raw material prices led to the rise in coconut oil prices.

Rise in palm oil prices supported gains.

Onset of monsoon in Kerala and rain in parts of Tamil Nadu has weakened supply of coconuts despite being coconut harvest season. 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 reported to be normal in Kerala and Tamil Nadu until last week. This will improve the supply of coconut and assist coconut yields as low rains last year, has led to decline in yields.

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

Demand from North India is moderate.

Some traders in Tamil Nadu are having old copra stocks, 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 buyers 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.

Coconut oil prices are expected to be weak due to shift in sentiment in market for higher production and fall in prices of copra. Lower prices of palm oil will support the fall.

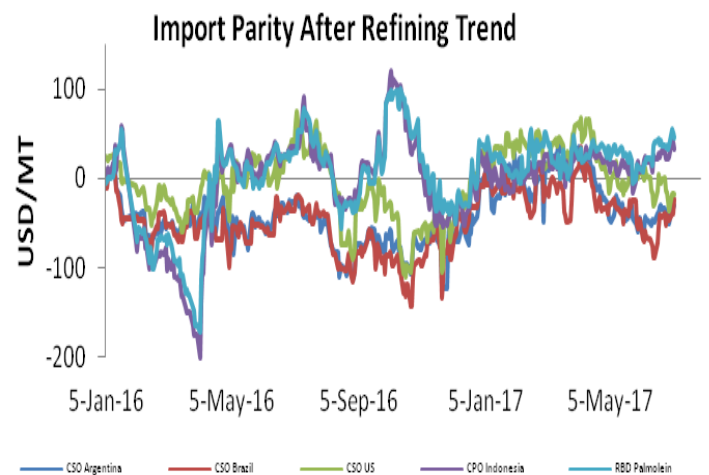
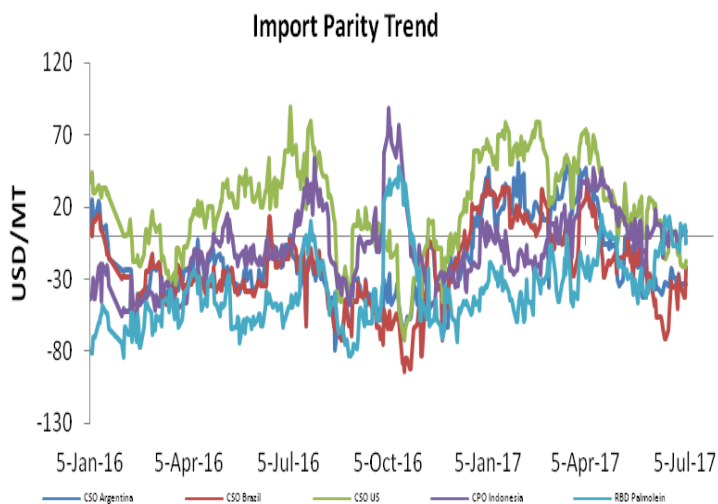
Prices are expected to trade sideways to weak tone in near to medium term.

- 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 12,000 (Rs 11,500) per quintal in Erode market on July 7, 2017.

Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1100-1300 per 10 Kg.

Import Parity Trend

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

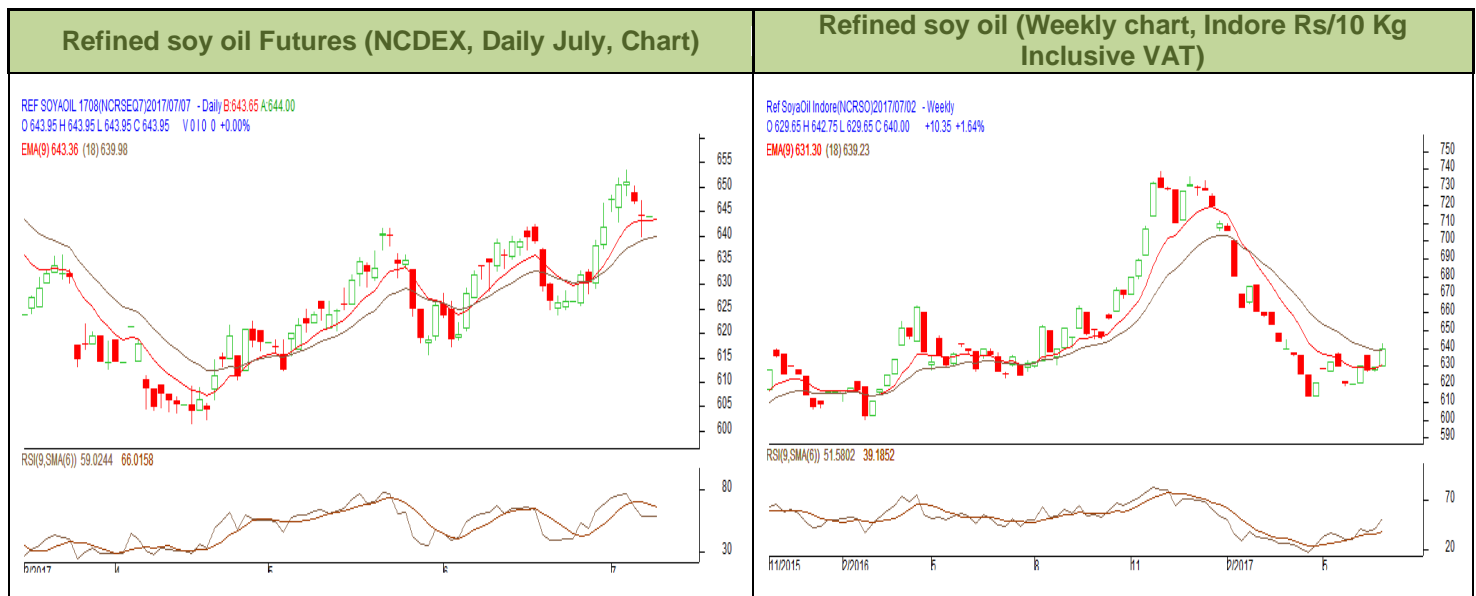


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
May, 2017	-37.47	-33.28	-1.10	12.52	25.02
June, 2017	-45.03	-59.29	-5.45	20.31	27.29

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 weak tone in the coming days.

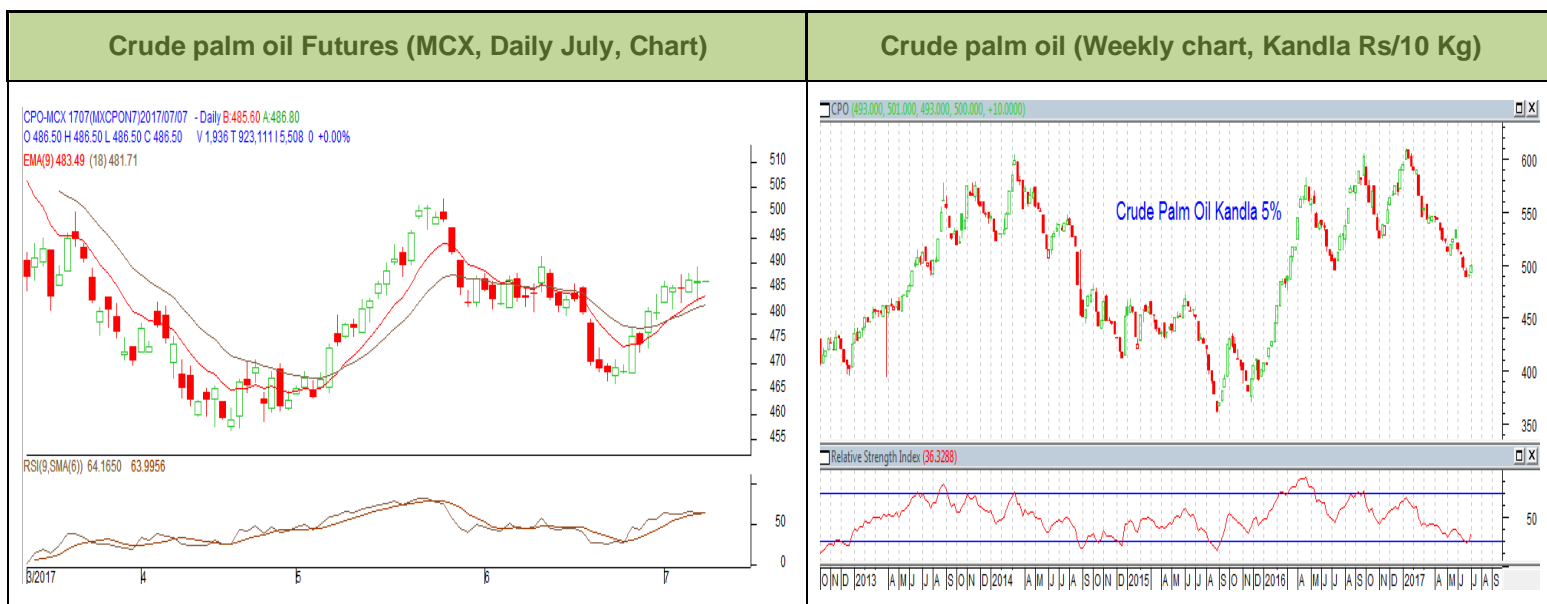
- Weekly chart of refined soy oil at NCDEX depicts downtrend during the week in review. We expect prices to trade sideways to weak tone in the near term.
- Any close below 620 in weekly might take the prices below 600 levels.
- Expected price band for next week is 600-660 level in near to medium term.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

Strategy: Market participants are advised to go short below 650 levels for a target of 635 and 630 with a stop loss at 660 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
600.00	622.00	643.95	666.00	680.00

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 July 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 460 in weekly chart may bring the prices to 440 levels.
- Expected price band for next week is 450-520 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 490 for a target of 475 and 470 with a stop loss at 500 on closing basis.

CPO MCX (July)

Support and Resistance				
S2	S1	PCP	R1	R2
450	465	486.5	528	541

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 470-520 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		7-Jul-17	30-Jun-17	
Refined Soybean Oil	Indore	645	630	15
	Indore (Soy Solvent Crude)	610	600	10
	Mumbai	640	625	15
	Mumbai (Soy Degum)	595	577	18
	Kandla/Mundra	615	605	10
	Kandla/Mundra (Soy Degum)	588	580	8
	Kolkata	632	610	22
	Delhi	660	630	30
	Nagpur	688	668	20
	Rajkot	612	605	7
	Kota	635	625	10
	Hyderabad	646	632	14
	Akola	682	661	21
	Amrawati	682	661	21
	Bundi	635	625	10
	Jalna	686	667	19
	Alwar	NA	NA	-
	Solapur	688	668	20
	Dhule	687	667	20
Palm Oil	Kandla (Crude Palm Oil)	500	490	10
	Kandla (RBD Palm oil)	520	515	5
	Kandla RBD Pamolein	535	525	10
	Kakinada (Crude Palm Oil)	475	480	-5
	Kakinada RBD Pamolein	525	517	8
	Haldia Pamolein	535	530	5
	Chennai RBD Pamolein	535	527	8
	KPT (krishna patnam) Pamolein	525	515	10
	Mumbai RBD Pamolein	545	530	15
	Delhi	595	580	15
	Rajkot	532	525	7
	Hyderabad	494	489	5
	Mangalore RBD Pamolein	535	527	8
	PFAD (Kandla)	430	430	Unch
	Refined Palm Stearin (Kandla)	475	475	Unch
Refined Sunflower Oil	Chennai	635	630	5
	Mumbai	695	685	10
	Mumbai(Expeller Oil)	600	590	10
	Kandla	655	650	5
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	648	632	16
	Latur (Expeller Oil)	665	665	Unch
	Chellakere (Expeller Oil)	600	590	10
	Erode (Expeller Oil)	665	670	-5
Groundnut Oil	Rajkot	900	890	10
	Chennai	880	880	Unch
	Delhi	1000	1080	-80
	Hyderabad *	950	970	-20
	Mumbai	950	940	10
	Gondal	880	885	-5
	Jamnagar	880	900	-20
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	700	678	22
	Jaipur (Kacchi Ghani Oil)	738	709	29
	Kota (Expeller Oil)	685	660	25
	Kota (Kacchi Ghani Oil)	728	710	18
	Neewai (Kacchi Ghani Oil)	700	685	15
	Neewai (Expeller Oil)	725	707	18
	Bharatpur (Kacchi Ghani Oil)	750	740	10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	705	680	25
	Sri-Ganga Nagar (Kacchi Ghani Oil)	725	705	20
	Mumbai (Expeller Oil)	710	710	Unch
	Kolkata(Expeller Oil)	820	850	-30
	New Delhi (Expeller Oil)	745	705	40
	Hapur (Expeller Oil)	760	760	Unch
	Hapur (Kacchi Ghani Oil)	820	820	Unch
	Agra (Kacchi Ghani Oil)	755	745	10
Refined Cottonseed Oil	Rajkot	650	625	25
	Hyderabad	615	600	15
	Mumbai	655	625	30
	New Delhi	640	600	40
Coconut Oil	Kangayan (Crude)	1200	1150	50
	Cochin	1290	1290	Unch
	Trissur	NA	NA	-
Sesame Oil	New Delhi	800	770	30
	Mumbai	NA	NA	-
Kardi	Mumbai	740	740	Unch
Rice Bran Oil (40%)	New Delhi	525	520	5
Rice Bran Oil (4%)	Punjab	590	590	Unch
Rice Bran Oil (4%)	Uttar Pradesh	590	590	Unch

Malaysia Palmolein USD/MT	FOB	670	663	7
	CNF India	690	683	7
Indonesia CPO USD/MT	FOB	663	653	10
	CNF India	688	683	5
RBD Palm oil (Malaysia Origin USD/MT)	FOB	668	658	10
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	618	613	5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1100	1095	5
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	618	613	5
Crude palm Kernel Oil India (USD/MT)	CNF India	1060	1050	10
Ukraine Origin CSFO USD/MT Kandla	CIF	800	788	12
Rapeseed Oil Rotterdam Euro/MT	FOB	800	790	10
Argentina FOB (\$/MT)		6-Jul-17	29-Jun-17	Change
Crude Soybean Oil Ship		742	740	2
Refined Soy Oil (Bulk) Ship		768	766	2
Sunflower Oil Ship		715	710	5
Cottonseed Oil Ship		722	720	2
Refined Linseed Oil (Bulk) Ship		762	760	2
<i>* indicates including VAT</i>				

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