

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, palm oil and groundnut oil closed lower while rapeseed oil, sunflower oil and coconut oil closed higher.

On the currency front, Indian rupee is hovering near 64.44, down by 14 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 firm on strong fundamentals. Lower stocks at ports and pipeline will support prices in near term.

Recommendation:

Weekly Call - : At NCDEX, market participants are advised to go long above 640 levels for a target of 655 and 660 with a stop loss at 630 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 600-660 per 10 Kg in the near term.

At MCX, market participants are advised to go long in CPO below 480 for a target of 495 and 500 with a stop loss at 470 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 July 1-15 palm oil exports rose 17.8 percent to 599,414 tons v/s 508,960 tons in corresponding period last month. Top buyers were European Union at 203,635 tons (108,210 tons), India & subcontinent at 101,500 tons (149,400 tons) and China at 87,026 tons (40,900 tons). Values in brackets are figures of corresponding period last month: ITS

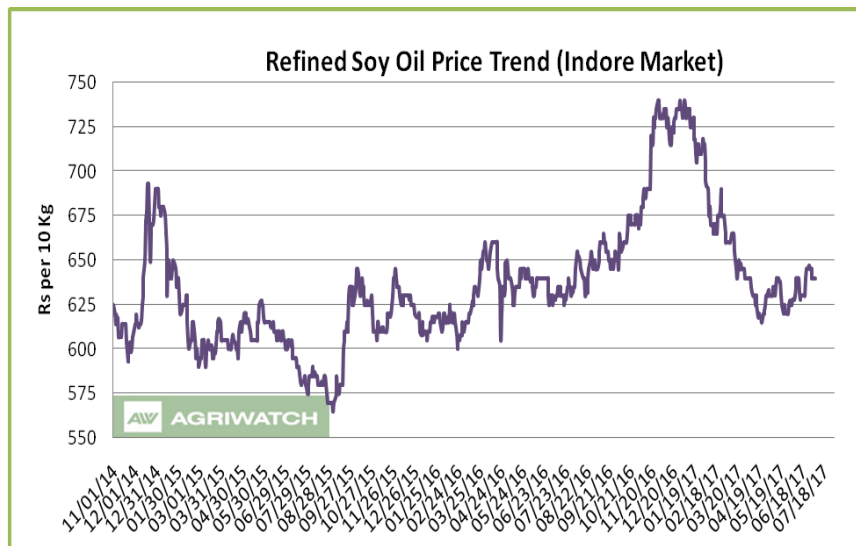
On the international front, weak soybean crop condition in US, firm Chinese demand of soybean and weak dollar and weak crude oil will support soy oil prices in coming days.

Strong exports of palm oil from Malaysia, firm demand of palm from China and India, and slow rise in stocks of palm oil in Malaysia and firm crude oil prices will support CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soy oil featured losses in domestic markets on weak demand. Refined soy oil prices fell in its benchmark market of Indore on weak demand. Prices of refined soy oil fell in Kandla/Mudra and Mumbai whiel it remained unchanged in Kolkata. CDSO prices fell 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 fell more at India West coast v/s India CNF, indicating weak demand at high seas.

Demand in domestic market was weak as refined soy oil prices remained lower in other centers in India.

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

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

Imports of soy oil decreased in June compared to May 2017 and June 2016. Stocks of CDSO at ports and pipelines fell in June.

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 are 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 112 (Rs 110 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 90 (USD 110 last week) per ton, indicating weakening of demand of CDSO at CNF markets compared to CPO CNF.

Prices of soy oil is expected to rise on firm demand, seasonal uptrend of prices and firm competitive oils.

- All India sowing of soybean has reached 73.44 lakh hectares as on 14.07.2017 compared to 83.14 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 2.91 lakh tons of soy oil in June 2017 v/s 3.86 lakh tons in June 2016, down 24.6 percent y-o-y. India imported 19.81 lakh tons of soy oil in the period (November 2016-June 2017) compared to 28.05 lakh tons in the corresponding period last oil year, lower by 29.37 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's June edible oil stocks at ports and pipelines rose 5 percent m-o-m to 22.78 lakh tons from 21.60 lakh tons in May 2017. Stocks of edible oil at ports fell to 738,000

tons (CPO 270,000 tons, RBD Palmolein 150,000 tons, Degummed Soybean Oil 160,000 tons, Crude Sunflower Oil 140,000 tons and 18,000 tons of Rapeseed (Canola) Oil) and about 1,540,000 tons in pipelines (stocks at ports were 770,000 and in pipelines were at 2,160,000 tons in May 2017). India is presently holding 39 days of edible oil requirement on 1st July, 2017 at 22.78 lakh tons compared to 37 days of requirements last month. India's monthly edible oil requirement is 17.5 lakh tons.

- According to Solvent Extractors Association (SEA), India's June edible oil imports rose 11.6 percent y-o-y to 12.94 lakh tons from 11.59 lakh tons in June 2016. Palm oil imports in June rose 34.9 percent y-o-y to 8.2 lakh tons from 6.08 lakh tons in June 2016. CPO Imports rose 38.4 percent y-o-y to 5.72 lakh tons from 4.16 lakh tons in June 2016. RBD palmolein imports rose 26.3 percent y-o-y to 2.40 lakh tons from 1.90 lakh tons in June 2016. Soy oil imports fell 24.6 percent y-o-y to 2.91 lakh tons from 3.86 lakh tons in June 2016. Sunflower oil imports rose 15 percent y-o-y to 1.69 lakh tons from 1.47 lakh ton in June 2016. Rapeseed (Canola) oil rose to 0.13 lakh tons in June compared to 0.18 lakh tons in June 2016.
- Imported crude soy oil CIF at West coast port is offered at USD 792 (USD 790) per ton for July delivery, August delivery is offered at USD 790 (USD 782) per ton, September delivery is quoted at USD 790 (USD 778) per ton as on July 14, 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 firm in the coming days.

International Front

- Agriwatch view- USDA increased soy oil end stocks in US in 2017/18 due to increase in beginning stocks and higher imports. Soybean exports from US to China rose y-o-y by about 20 percent in current US marketing season. USDA increased soybean imports in 2016/17 by China to 91 MMT and 94 MMT in 2017/18 with more imports from US.

Chinese private traders signed to import 12.5 MMT of soybean from US in 2017/18 which is record in history.

Demand from China is expected to remain firm in 2017/18, which will soak incremental stocks of US and Brazil in 2017/18.

Rise in temperature in US Midwest and dry condition in top soybean producing belts has supported soybean complex prices in near term. If high temperature sustains than soybean crop condition will deteriorate.

Imports from China waned in June due to glut created by higher imports in May, which led to negative crush margins. Crush margins have improved since then and it is in positive territory. Demand will continue to remain weak in July as many cargoes were diverted or cancelled.

Rise in temperature in US Midwest and dry condition in top soybean producing belts has supported soybean complex prices. If high temperature sustains than crop condition will deteriorate.

USDA reported lower planting rating in its weekly planting report. Good to excellent condition decreased to 62 percent, fall by 2 basis points in a week indicating that crop condition is not good as last year but above 5-year average. Pod formation is above last year and 5-year average due to early planting. However, forecast of dry weather will distress crop in coming days. Weak progress of soybean crop will support soybean complex prices. Good to excellent condition of soybean crop has decreased in last four weeks. Weather dry in US Midwest and showers are needed for development of crop. USDA kept yields estimate unchanged in July report. However, yield forecast are expected to be reduced by USDA in its August 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.

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. End stocks were increased for Argentina and Brazil in 2017/18 on lower soybean crop in Brazil.

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.

Competitive oils will underpin soy oil prices in near term.

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 10 July; Soybeans blooming are reported at 34% which is down from 37% from the corresponding period last year and up from the 5 year average of 32%. Soybean crop setting pods are reported at 7% slightly up from 6% during the corresponding period last year and also up from the 5 year average of 5%. About 64% of the soybean planted crop is under good to excellent condition which is down from 71% during the corresponding period last year.
- According to United States Department of Agriculture (USDA) July estimate, U.S 2017/18 ending stocks of soy oil is rose 6.26 percent to 2,292 million lbs from 2,157 million lbs in 2016/17 in July estimate. Opening stocks were higher at 2,097 million lbs compared to 1,987 million lbs in 2016/17. Production of soy oil in 2017/18 is unchanged at 22,620 million lbs. Imports in 2017/18 is increased to at 325 million lbs from 300 million lbs in 2016/17. 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. Rise in end stock of soy oil in US is due to higher opening stocks and higher imports 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.

- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price is forecast at \$8.40 to \$10.40 per bushel, up \$0.10 at the midpoint. Soybean meal prices are forecast at \$300 to \$340 per short ton, up \$5.00 at the midpoint. The soybean oil price forecast is unchanged at 30 to 34 cents per pound.

Previous updates

- 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.
- 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.
- 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. 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.
- 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.

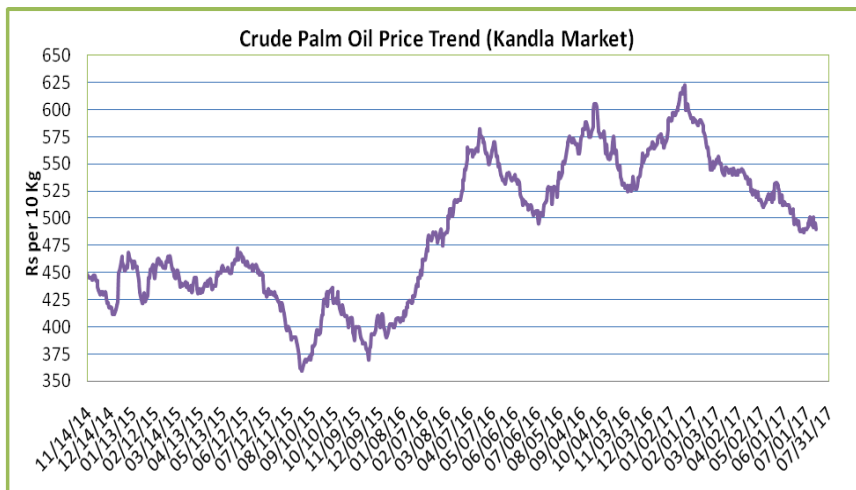
- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in May fell 25 percent to 4.2 lakh tons compared to 5.6 lakh tons in April. Imports rose 50 percent compared to last year which was reported at 2.8 lakh tons. Year to date imports of edible vegetable 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 weak trend at its benchmark market at Kandla on weak demand. CPO prices fell in Kakinada. RBD palmolein high seas fell across board in India.
- Agriwatch View – Prices of CPO closed lower at the end of week of weak demand. Prices of CPO fell more at India high compared to CNF markets indicating weak demand at high seas.



Fall in soy oil prices supported the fall .

Palm oil is being 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 raw material.

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

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

Demand of RBD palmolein was weak at CNF markets as prices fell more at CNF markets v/s 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 weaker than CPO at high seas as premium RBD palmolein over CPO was at Rs 33 (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 June was higher than May 2017 and higher than June 2016. Stocks at ports and pipelines increased in June.

Import of RBD palmolein in June was lower than May 2017 and higher than June 2016. Stocks at ports and pipelines decreased in June.

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 117 (USD 110 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 90 (Rs 88 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 112 (Rs 110 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 8.2 lakh tons of palm oil in June 2017 v/s 6.07 lakh tons in June 2016, higher by 35 percent y-o-y. Import of palm oil in the period (November 2016-June 2017) was

at 59.21 lakh tons compared to 56.05 lakh tons in the corresponding period in last oil year, higher by 5.6 in the corresponding period last oil year.

CPO imports increased to 5.72 lakh tons in June compared to 4.16 lakh tons in June 2016, higher by 37.5 percent y-o-y. Import of CPO in the period (November 2016-June 2017) was at 39.67 lakh tons compared to 37.66 lakh tons in the corresponding period last oil year, higher by 5.3 percent

RBD palmolein imports rose 26.8 percent in June to 2.41 lakh tons from 1.90 lakh tons in June 2016. Import of RBD palmolein in the period (November 2016-June 2017) was at 19.03 lakh tons compared to 17.77 lakh tons in corresponding period last oil year, higher by 7 percent.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 675 (USD 680) per ton for July delivery, August delivery is quoted at USD 667.5 (USD 670) per ton and. 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 675 (USD 682.5) per ton for July delivery while August delivery is offered at USD 667.5 (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 492 (Rs 498) per 10 Kg and July delivery duty paid is offered at Rs 489 (Rs 494) per 10 kg on July 14, 2017.

Values in brackets are figures of corresponding period last month.

- On the parity front, margins improved during this week due to fall of prices of palm products in international markets. Currently refiners fetch USD 45-50/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 firm in the days ahead.

International Front

Agriwatch View – palm oil end stocks fell in Malaysia in June due to lower production of palm oil, which fell 8 percent against expectation of rise in production, will support palm oil prices. Loss in production was due to lower availability of labor due to Ramadan.

However, production is expected to rise from July due to early onset on monsoon in Malaysia and Indonesia which will prolong harvest season and support palm oil production.

Exports of palm oil grew in first 15 days of July due to demand from EU and China.

China is buying more as prices of palm oil fell and soy oil prices recovered in the country creating space for higher imports. This has led to recovery in RBD palmolein DALIAN that supported BMD Malaysia prices as it is highly correlated to DALIAN.

Top importer India is buying less as demand after Ramadan waned. Low premium of soy oil over palm oil lead to weak demand and higher CPO imports by India will create less space for RBD palmolein from Malaysia. However, demand will pick in second half of July ahead of festive season in August.

Recovery in CBOT soy oil and RBD palmolein DALIAN and expectation of slow rise in end stocks of palm oil in Malaysia will support palm oil prices in medium term.

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

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 Malaysia Palm Oil Board (MPOB), Malaysia's June palm oil end stocks fell 1.93 percent to 15.27 lakh tons compared to 15.58 lakh tons in May. Production of palm oil in June fell 8.48 percent to 15.14 lakh tons compared to 16.54 lakh tons in May. Exports fell 8.39 percent to 13.80 lakh tons compared to 15.06 lakh tons in May. Imports of palm oil in May fell 3.42 percent to 0.45 lakh tons compared to 0.47 lakh tons in May.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's July 1-15 palm oil exports rose 17.8 percent to 599,414 tons v/s 508,960 tons in corresponding period last month. Top buyers were European Union at 203,635 tons (108,210 tons), India & subcontinent at 101,500 tons (149,400 tons) and China at 87,026 tons (40,900 tons). Values in brackets are figures of corresponding period last month.
- 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.
- 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.

Previous updates

- 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 Intertek Testing Services (ITS), Malaysia's July 1-10 palm oil exports fell 1.9 percent to 360,114 tons v/s 366,994 tons in corresponding period last month. Top buyers were European Union at 137,465 tons (71,950 tons), India & subcontinent at 54,300 tons (127,100 tons) and China at 39,626 tons (26,900 tons). Values in brackets are figures of corresponding period last month.
- 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 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.
- Agriwatch view: Prices of rapeseed oil expeller rose in across board in India except Kolkata where prices were unchanged in the week. Kacchi ghani prices rose across board in India except Hapur. Canola oil CIF prices fell 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.

Prices rose on seasonal uptrend of prices.

Prices rose on buying at lower quotes,

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 50 (Rs 35) per 10 Kg will support rapeseed oil prices in medium term.

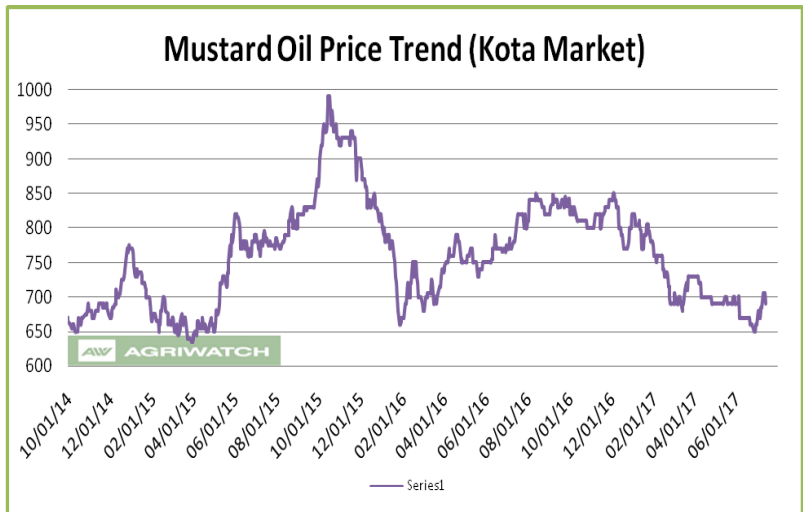
Stockists and traders are stocking rapeseed oil to take advantage of the prevailing low prices.

Premium of canola oil compared to CDSO has decreased to USD 13 (USD 25) per ton and which will support imports.

Imports of Canola oil fell in June indicating weak demand. Higher crushing of expeller rapeseed led to fall in import demand in medium term. However, with lower arrivals and crushing of rapeseed oil will support imports 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 0.13 lakh tons of rapeseed (Canola) oil imports in June 2017 v/s 0.18 lakh tons in June 2016. Imports were 1.95 lakh tons in the period (November 2016-June 2017) compared to 1.90 lakh tons in corresponding period last oil year: SEA
- CIF canola premium over soybean oil is USD 13 (USD 25 last week) per ton for July delivery as on July 14, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 715 (Rs 700) per 10 Kg, and at Kota market, it is offered at Rs 690 (Rs 685) per 10 kg as on July 14, 2017. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

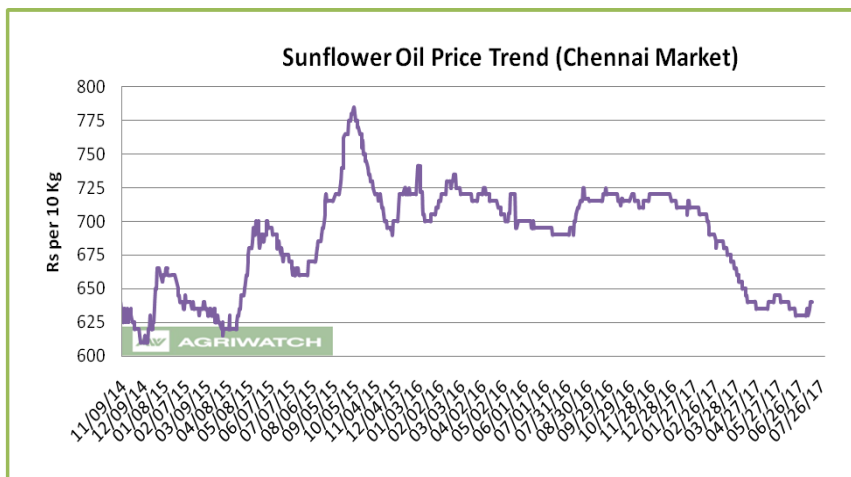


Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 660-730 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil featured firm trend last week in its benchmark market of Chennai on firm demand. Prices closed higher in Hyderabad and Kakinada. Prices rose in Kandla/Mudra while it was unchanged in Mumbai. Sunflower expeller prices closed higher in Hyderabad, Erode and Chellakere while it was unchanged in Latur.



- Agriwatch view: Prices of sunflower oil traded higher in Chennai on firm demand.

Prices of sunflower oil rose in Chennai while it was unchanged at CNF markets indicating firm demand. Prices of sunflower oil are trading at same prices to soy oil, indicating weak demand in domestic markets.

Prices rose on seasonal uptrend of prices.

CSFO prices in CNF markets has risen above CDSO at CNF markets to USD 10 (USD 23 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 parity to soy oil, in domestic markets indicating weak demand compared to soy oil. In domestic market, sunflower oil premium over soy oil is at Rs 0 (Rs 0 last week) per 10 kg which is low indicating weak demand of sunflower oil.

Sunflower oil premium over palm oil is USD 125 (USD 135 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 41 percent in November-June while stocks at ports and pipelines fell indicating firm demand. 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 June were above May and stocks at ports and pipelines rose indicating firm demand 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 10 (USD 23 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.

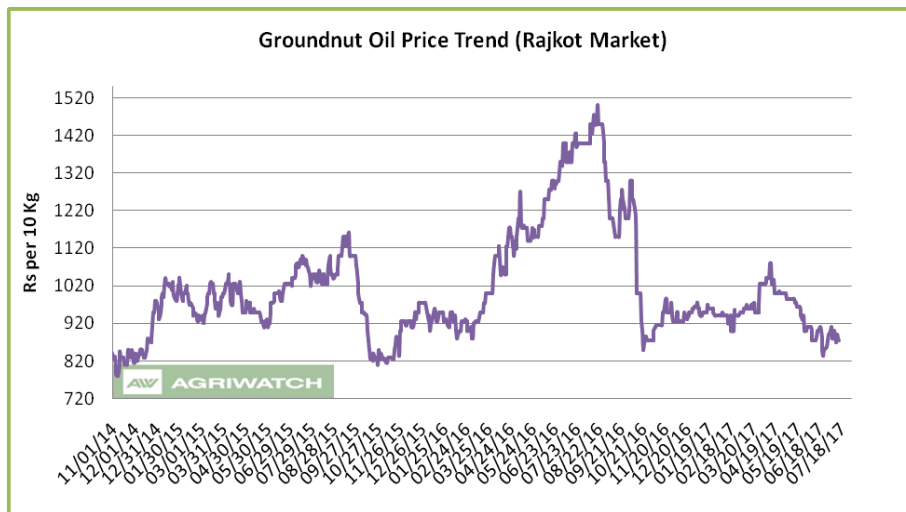
Prices of sunflower oil are expected to trade sideways to firm on firm demand, seasonal uptrend of prices and rise in prices of sunflower oil in international markets. Prices are expected to trade sideways to firm in near term.

- All India sowing of sunflower has reached 0.69 lakh hectares as on 14.07.2017 compared to 0.99 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 1.69 lakh tons of crude sunflower oil during June 2017 v/s 1.47 lakh tons in June 2016, higher by 15 percent y-o-y. India imported 15.08 lakh tons of crude sunflower oil (November 2016-June 2017) compared to 10.69 lakh tons in corresponding period last oil year, higher by 41 percent.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 800 (USD 800) per ton for July delivery, USD 805 (USD 805) per ton for ASO delivery and ND delivery is quoted at USD 802.5 (USD 805) 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 10 (USD 23 last week) per ton for August delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 640 (Rs 635) per 10 Kg, and at Hyderabad market, it is offered at Rs 656 (Rs 648) per 10 kg as on July 14, 2017. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Sunflower oil (with VAT) prices in Chennai may stay in the range of Rs 630-650 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-` Domestic Front

- Groundnut oil prices featured downtrend in Rajkot on weak demand. Prices fell in Jamnagar and Gondal. Prices rose in Chennai while it fell in New Delhi and Mumbai. Prices of groundnut (expeller) fell in Hyderabad.
- Agriwatch view: Prices of groundnut oil featured downtrend in Rajkot on weak demand.



Retail demand has weakened against higher stocks position in market led to the fall..

Most of the mandis are closed since the start of month on GST.

Fall in palm oil and soy oil supported the fall.

Retail demand has weakened in near term, which dragged prices down in near term. Seasonal weak demand led to lower prices. However, with demand season coming in August prices could show rebound in medium term.

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

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

Good stocks position led to reduced offtake by stockists and traders.

Sowing of groundnut has started and higher groundnut crop is expected on higher sowing in Gujarat in current Kharif season, which led to weaker prices of groundnut oil. However, prices rose in Chennai on weak sowing in Andhra Pradesh, which pulled down total sowing of groundnut compared to last year. 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 weak in near term due to weak demand, good stock position and higher sowing of groundnut.

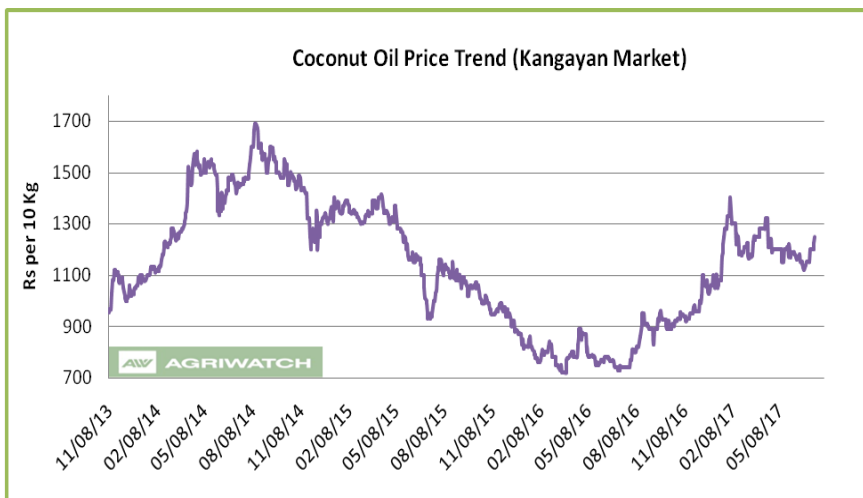
- All India sowing of groundnut reached 24.40 lakh hectares as on 14.07.2017 compared to 26.41 lakh hectares in corresponding period last year. Sowing in top producing state of Gujarat reported higher sowing while lower sowing in Andhra Pradesh led to total lower sowing.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 8,750 (Rs 9,000) per quintal and it was quoted at Rs 9,000 (Rs 8,800) per quintal in Chennai market on July 14, 2017. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to weak in the coming days.

Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 800-950 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 higher 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. Lower rainfall in Kerala and coconut growing regions of Tamil Nadu has led to firm sentiment.



Kerala and parts of coconut growing regions of Tamil Nadu has received less rainfall for last two years.

Copra prices increased on weak supply and shortage of copra in the market, which led to higher coconut oil prices.

Rise in raw material prices led to the rise in coconut oil prices.

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.

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 firm due to shift in sentiment towards weak production of coconut on weak monsoon, moderate demand and rise in prices of copra. Low stocks of coconut oil in market will support gains.

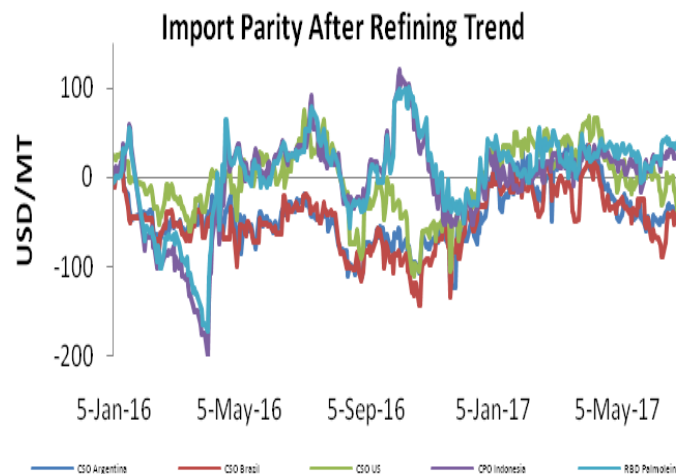
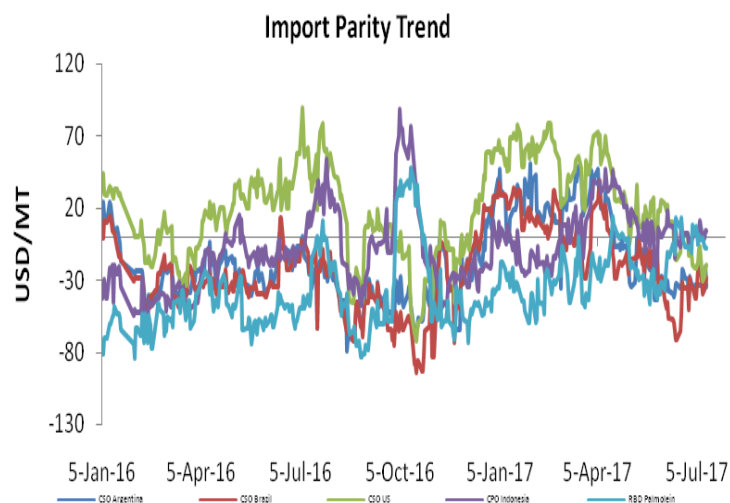
Prices are expected to trade sideways to firm tone in near to medium term.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 13,000 (12,900) per quintal, and was quoting Rs 12,500 (Rs 12,000) per quintal in Erode market on July 14, 2017.

Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1150-1350 per 10 Kg.

Import Parity Trend

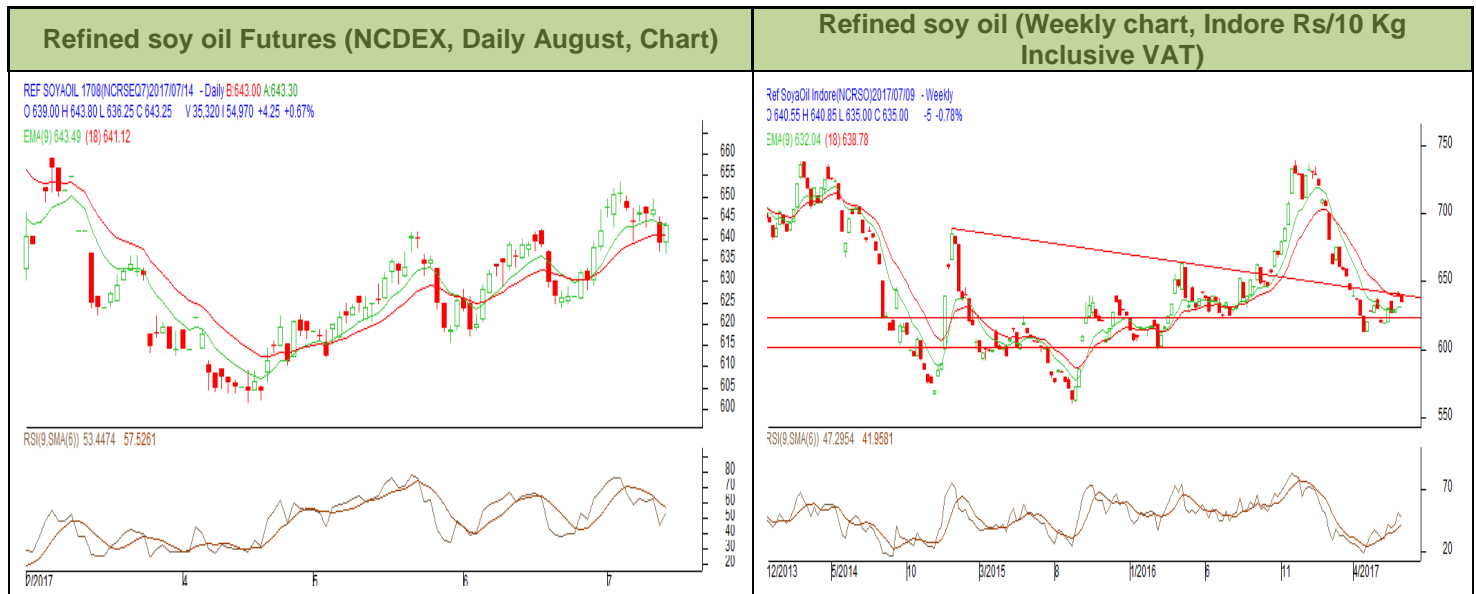
Import Parity After Refining in US dollar per ton (Monthly Average)



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

- Weekly chart of refined soy oil at NCDEX depicts uptrend during the week in review. We expect prices to trade sideways to firm tone in the near term.
- Any close below 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.

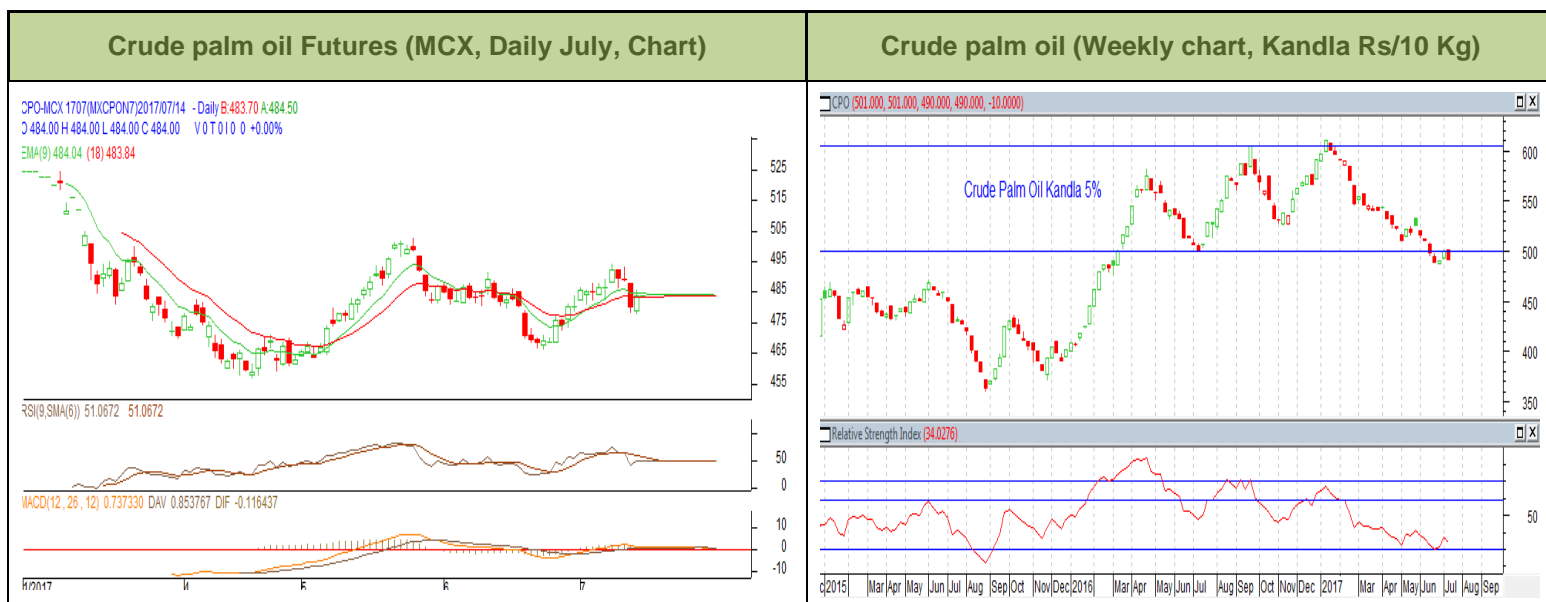
Strategy: Market participants are advised to go long above 640 levels for a target of 655 and 660 with a stop loss at 630 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
600.00	622.00	643.25	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 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 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 uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO below 480 for a target of 495 and 500 with a stop loss at 470 on closing basis.

CPO MCX (July)

Support and Resistance				
S2	S1	PCP	R1	R2
450	465	484	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
		14-Jul-17	7-Jul-17	
Refined Soybean Oil	Indore	640	645	-5
	Indore (Soy Solvent Crude)	605	610	-5
	Mumbai	635	640	-5
	Mumbai (Soy Degum)	590	595	-5
	Kandla/Mundra	612	615	-3
	Kandla/Mundra (Soy Degum)	582	588	-6
	Kolkata	632	632	Unch
	Delhi	660	660	Unch
	Nagpur	692	688	4
	Rajkot	608	612	-4
	Kota	625	635	-10
	Hyderabad	655	646	9
	Akola	682	682	Unch
	Amrawati	681	682	-1
	Bundi	620	635	-15
	Jalna	687	686	1
	Alwar	NA	NA	-
	Solapur	692	688	4
	Dhule	689	687	2
Palm Oil	Kandla (Crude Palm Oil)	490	500	-10
	Kandla (RBD Palm oil)	512	520	-8
	Kandla RBD Pamolein	527	535	-8
	Kakinada (Crude Palm Oil)	475	475	Unch
	Kakinada RBD Pamolein	515	525	-10
	Haldia Pamolein	532	535	-3
	Chennai RBD Pamolein	525	535	-10
	KPT (krishna patnam) Pamolein	515	525	-10
	Mumbai RBD Pamolein	532	545	-13
	Delhi	590	595	-5
	Rajkot	522	532	-10
	Hyderabad	499	494	5
	Mangalore RBD Pamolein	525	535	-10
	PFAD (Kandla)	420	430	-10
	Refined Palm Stearin (Kandla)	460	475	-15
Refined Sunflower Oil	Chennai	640	635	5
	Mumbai	695	695	Unch
	Mumbai(Expeller Oil)	600	600	Unch
	Kandla	665	655	10
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	656	648	8
	Latur (Expeller Oil)	665	665	Unch
	Chellakere (Expeller Oil)	610	600	10
	Erode (Expeller Oil)	670	665	5
Groundnut Oil	Rajkot	875	900	-25
	Chennai	900	880	20
	Delhi	930	1000	-70
	Hyderabad *	910	950	-40
	Mumbai	940	950	-10
	Gondal	870	880	-10
	Jamnagar	880	880	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	715	700	15
	Jaipur (Kacchi Ghani Oil)	746	738	8
	Kota (Expeller Oil)	690	685	5
	Kota (Kacchi Ghani Oil)	745	728	17
	Neewai (Kacchi Ghani Oil)	713	700	13
	Neewai (Expeller Oil)	732	725	7
	Bharatpur (Kacchi Ghani Oil)	760	750	10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	715	705	10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	738	725	13
	Mumbai (Expeller Oil)	720	710	10
	Kolkata(Expeller Oil)	820	820	Unch
	New Delhi (Expeller Oil)	750	745	5
	Hapur (Expeller Oil)	780	760	20
	Hapur (Kacchi Ghani Oil)	850	820	30
	Agra (Kacchi Ghani Oil)	765	755	10
Refined Cottonseed Oil	Rajkot	660	650	10
	Hyderabad	630	615	15
	Mumbai	678	655	23
	New Delhi	650	640	10
Coconut Oil	Kangayan (Crude)	1250	1200	50
	Cochin	1300	1290	10
	Trissur	NA	NA	-
Sesame Oil	New Delhi	800	800	Unch
	Mumbai	NA	NA	-
Kardi	Mumbai	730	740	-10
Rice Bran Oil (40%)	New Delhi	510	525	-15
Rice Bran Oil (4%)	Punjab	570	590	-20
Rice Bran Oil (4%)	Uttar Pradesh	570	590	-20

Malaysia Palmolein USD/MT	FOB	668	670	-2
	CNF India	675	690	-15
Indonesia CPO USD/MT	FOB	650	663	-13
	CNF India	675	688	-13
RBD Palm oil (Malaysia Origin USD/MT)	FOB	660	668	-8
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	615	618	-3
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1075	1100	-25
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	615	618	-3
Crude palm Kernel Oil India (USD/MT)	CNF India	1070	1060	10
Ukraine Origin CSFO USD/MT Kandla	CIF	800	800	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	785	800	-15
Argentina FOB (\$/MT)		13-Jul-17	6-Jul-17	Change
Crude Soybean Oil Ship		740	742	-2
Refined Soy Oil (Bulk) Ship		766	768	-2
Sunflower Oil Ship		715	715	Unch
Cottonseed Oil Ship		720	722	-2
Refined Linseed Oil (Bulk) Ship		760	762	-2
<i>* indicates including VAT</i>				

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