

# Veg. Oil Weekly Research Report

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## **Executive Summary**

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

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

*On the currency front, Indian rupee is hovering near 64.31, down by 13 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 630 levels for a target of 645 and 650 with a stop loss at 620 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 600-660 per 10 Kg in the near term.*

*At MCX, market participants are advised to go log in CPO below 470 for a target of 485 and 490 with a stop loss at 460 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 1-20 palm oil exports rose 15.2 percent to 817,961 tons compared to 710,322 tons in corresponding period last month. Top buyers were European Union at 221,380 tons (160,005 tons), China at 136,701 tons (61,900 tons), India at 104,100 tons (126,250 tons), United States at 31,986 tons (41,162 tons) and Pakistan at 23,000 tons (58,830 tons). Values in brackets are figures of corresponding period last month: SGS*

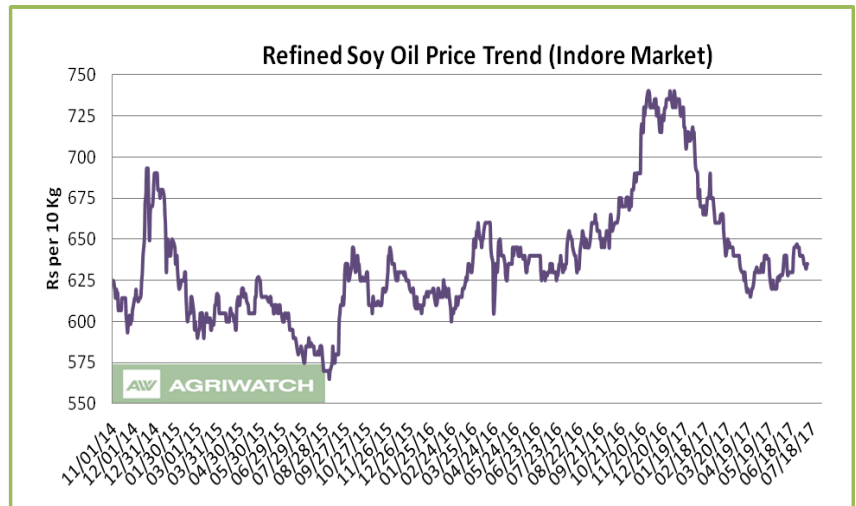
*U.S. June soybean crush fell 7.48 percent to 138.074 million bushels from 149.246 million bushels in May 2017. Crush of soybean in June 2016 was 145.040 million bushels. Soy oil stocks in U.S. at the end of June fell 2.63 percent to 1.703 billion lbs compared to 1.749 billion lbs in May 2017. Stocks of soy oil in June were lower by 14.2 percent compared to June 2016, which was reported at 1.985 million lbs: NOPA*

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

*Strong exports of palm oil from Malaysia, firm demand of palm oil from China and slow rise in stocks of palm oil in Malaysia 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 while it remained rose in Kolkata. CDSO prices fell at JNPT while it rose at Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices closed lower during the week in Indore on weak demand.



CDSO prices rose at India West coast while it fell India CNF, indicating firm 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 weak at CNF markets as CDSO CNF prices fell while CDSO FOB Argentina rose 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 have returned to parity at high seas and refining margins are positive. 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 113 (Rs 112 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 127 (USD 117 last week) per ton, indicating firming of demand of CDSO at CNF markets compared to CPO CNF.

Values in brackets are figures of last week.

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 84.57 lakh hectares as on 21.07.2017 compared to 102.84 lakh hectares in the corresponding period last year. Across board sowing was less due to bad remuneration of soybean 2016/17.
- 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.
- Imported crude soy oil CIF at West coast port is offered at USD 802 (USD 792) per ton for July delivery, August delivery is offered at USD 789 (USD 790) per ton, September delivery is quoted at USD 790 (USD 790) per ton

and October delivery is quoted at USD 795 per ton as on July 21, 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 returned to parity during the week on low prices of soy oil in international markets, and we expect margins to remain in disparity in coming days. Currently refiners fetch USD 0-5/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- Soy oil stocks fell in US as reported by NOPA in June due to lower soy oil production due to lower crush of soybean will support soy oil prices in medium term.

USDA reported worsening of soybean crop condition in US due to dry conditions in US Midwest. Some indicators were above 5-year average due to early planting. However, good to excellent condition decreased by one basis points indicating worsening of soybean crop condition. Bad soybean crop condition will decrease yield of soybean. Weakening of soybean crop condition will increase soybean complex prices in near term.

USDA will decrease yield estimate of soybean in August estimate.

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.

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.

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.

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 higher opening stocks in 2016/17 in both countries.

Argentina government reduced soybean crop of the country to 55 MMT due to early wet conditions and wet condition at the end of harvest. USDA is expected to decrease 2016/17 soybean crop in Argentina in August estimate.

USDA increased soy oil end stocks in Argentina in 2017/18 on higher opening stocks.

Argentina Peso has depreciated in near term which has made its soy oil prices cheaper which will increase soy oil exports from the country.

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 16 July; Soybeans blooming are reported at 52% which is down from 56% from the corresponding period last year and up from the 5-year average of 51%. Soybean crop setting pods are reported at 16% unchanged from corresponding period last year and also up from the 5-year average of 13%. About 61% of the soybean planted crop is under good to excellent condition which is down from 71% during the corresponding period last year.
- According to National Oilseed Processors Association (NOPA), U.S. June soybean crush fell 7.48 percent to 138.074 million bushels from 149.246 million bushels in May 2017. Crush of soybean in June 2016 was 145.040 million bushels. Soy oil stocks in U.S. at the end of June fell 2.63 percent to 1.703 billion lbs compared to 1.749 billion lbs in May 2017. Stocks of soy oil in June were lower by 14.2 percent compared to June 2016, which was reported at 1.985 million lbs.
- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in May fell 7.1 percent to 3.90 lakh tons compared to 4.20 lakh tons in May. Imports rose 25.8 percent compared to last year, which was reported at 3.10 lakh tons. Year to date imports of edible vegetable oil rose 14 percent to 27.70 lakh tons.
- 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.
- 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 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) 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. 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.
- 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 remained unchanged in Kakinada. RBD palmolein high seas fell across board in India except Kakinada where it remained unchanged at the end of week.
- Agriwatch View – Prices of CPO closed lower at the end of week on weak demand.

Prices of CPO fell at India high seas compared to CNF markets which was unchanged compared to last week 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 more at CNF markets v/s Indonesia FOB compared to last week.

Demand of RBD palmolein was firm at CNF markets as prices fell less 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 31 (Rs 35) per 10 kg.

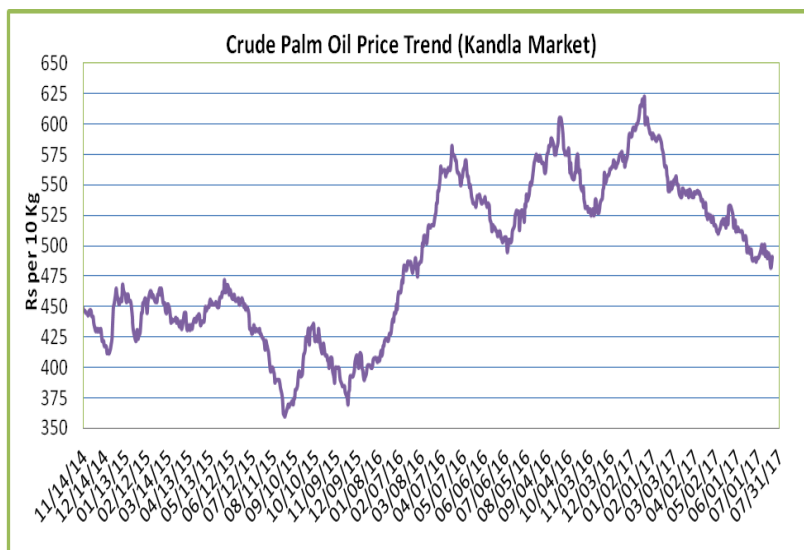
Positive refining margins and parity will increase imports of CPO and RBD palmolein in medium term.

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 127 (USD 117 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 95 (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 113 (Rs 112 last week) per 10 kg is low and will decrease demand in near term. Values in brackets are figures of last week.

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 675) per ton for July delivery, August delivery is quoted at USD 662.5 (USD 667.5) 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 672.5 (USD 675) per ton for July delivery while August delivery is offered at USD 660 (USD 667.5) 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 487 (Rs 492) per 10 Kg and August delivery duty paid is offered at Rs 481 (Rs 489) per 10 kg on July 21, 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 60-65/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 – Exports of palm oil from Malaysia show healthy growth in first 20 days of July. Exports rose 10-15 percent. Exports improved on higher purchases by EU and China. Demand from India was weak.

Higher exports of China were due to lower prices of palm oil and decision if Chinese government to import 450,000 tons of palm oil every month to replenish stocks, according to a statement by CNGOIC. Higher exports of palm oil from China will support exports and support palm oil prices in medium term. Stocks of palm oil at Chinese ports are at low levels.

Purchases from India have weakened due to less demand after Ramadan.

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.

End stocks of palm oil in Malaysia will show slight rise due to higher exports despite steady rise in production.



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.

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.

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. Diminishing effect of El Nino will, push monsoon to October when the production of palm oil will peak.

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 in 2017 to pre El Nino levels.

Malaysia reduced palm oil export duty to 5.5 percent for August, as Malaysian government feels that prices are expected to remain low. However, Indonesia has maintained zero duty of crude palm oil.

Indonesia kept palm oil export duty to zero as it expects palm oil prices to miss certain thresholds.

Higher use of palm oil in biodiesel in Indonesia will soak incremental palm oil production in the country in medium term.

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 July 1-20 palm oil exports rose 15.2 percent to 817,961 tons compared to 710,322 tons in corresponding period last month. Top buyers were European Union at 221,380 tons (160,005 tons), China at 136,701 tons (61,900 tons), India at 104,100 tons (126,250 tons), United States at 31,986 tons (41,162 tons) and Pakistan at 23,000 tons (58,830 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's July 1-20 palm oil exports rose 10.5 percent to 796,664 tons v/s 721,020 tons in corresponding period last month. Top buyers were European Union at 225,791 tons (142,508 tons), India & subcontinent at 136,600 tons (191,400 tons) and China at 120,226 tons (87,300 tons). Values in brackets are figures of corresponding period last month.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's May palm and palm kernel oil exports rose 49 percent to 2.62 MMT compared to 1.76 MMT in May 2016. Exports were higher by 2 percent from April which was at 2.57 MMT. Indonesia's palm oil end stocks fell to 621,000 in May from 888,000 tons in April, lower by 30 percent m-o-m.
- 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.

- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia reduced August crude palm oil export duty to 5.5 percent from 6.5 percent in July. Tax is calculated at reference price of 2699.54 ringgit (\$629.56) 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 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.
- 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 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.

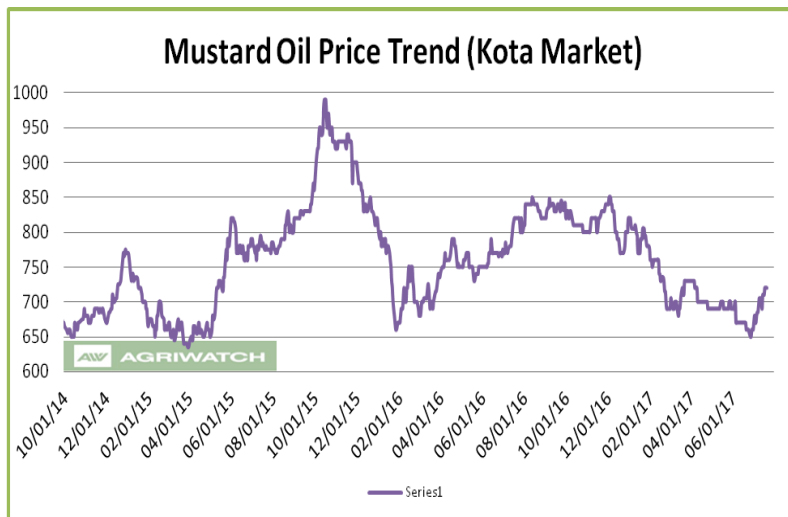
- Policy update- According to Malaysia Palm Oil Board (MPOB), According to Malaysia Palm Oil Board (MPOB), Malaysia increased July crude palm oil export duty to 6.5 percent from 6 percent in June. Tax is calculated at reference price of 2890.04 ringgit (\$676.53) per ton. Tax is calculated above 2,250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

**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 New Delhi where prices fell and Hapur where prices remained unchanged. Kacchi ghani prices rose across board in India except Hapur where prices fell. Canola oil CIF prices remained unchanged last week.



Prices of rapeseed oil traded firm in India

on firm demand and fall in crushing after peak crushing season of rapeseed. 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.

Firm buying by stockists and traders against weak stock position supported 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 85 (Rs 50) 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 26 (USD 13) 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 of canola oil 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 26 (USD 13 last week) per ton for July delivery as on July 21, 2017.

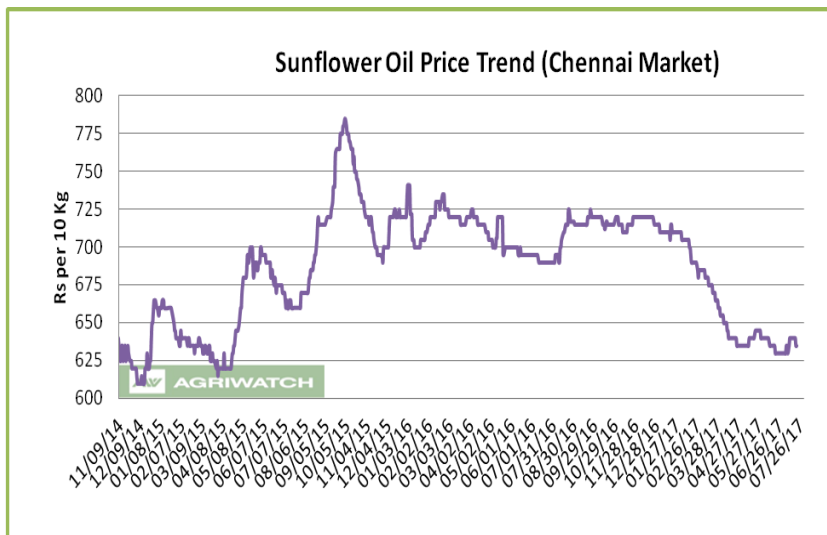
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 728 (Rs 715) per 10 Kg, and at Kota market, it is offered at Rs 720 (Rs 690) per 10 kg as on July 21, 2017. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

**Price Outlook:** Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 690-750 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

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



Prices of sunflower oil fell in Chennai while it closed higher at CNF markets indicating weak demand. Prices of sunflower oil are trading at same prices to soy oil, indicating weak demand in domestic markets.

Fall in palm and soy oil prices dragged down prices.

CSFO prices in CNF markets has risen above CDSO at CNF markets to USD -21 (USD 10 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 147.5 (USD 125 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 supply schenario. 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 -21 (USD 10 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.



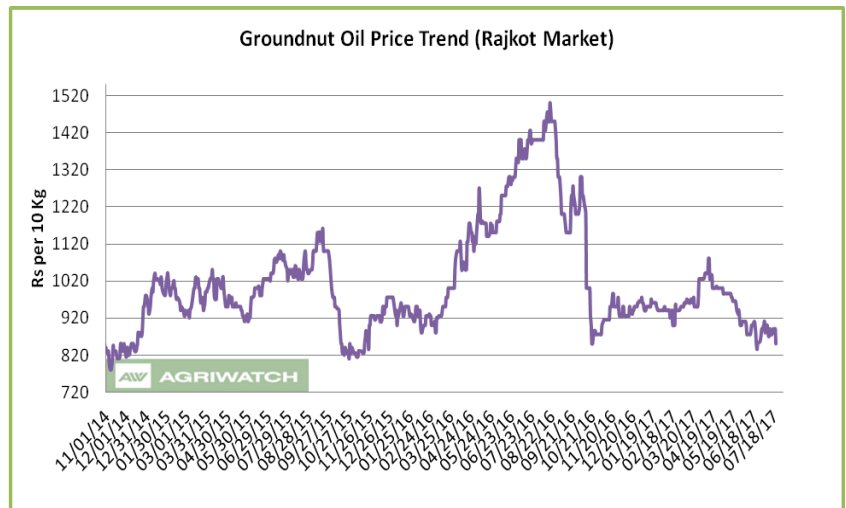
Prices of sunflower oil are expected to trade sideways to firm on firm demand, seasonal uptrend of prices and rise in prices of sunflower oil in international markets. Prices are expected to trade sideways to firm in near term.

- All India sowing of sunflower has reached 0.95 lakh hectares as on 21.07.2017 compared to 1.18 lakh hectares in the corresponding period last year. Lower sowing this year is due to lower rainfall in sunflower growing regions.
- 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 810 (USD 805) per ton for Aug/Sep delivery and OND delivery is quoted at USD 815 (USD 802.5) 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 790-820 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD -21 (USD 10 last week) per ton for August delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 635 (Rs 640) per 10 Kg, and at Hyderabad market, it is offered at Rs 656 (Rs 656) per 10 kg as on July 21, 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 and fall in groundnut prices. Prices remained unchanged in Jamnagar and Gondal. Prices rose in Chennai while it remained unchanged in New Delhi. Prices fell in Mumbai. Prices of groundnut (expeller) rose in Hyderabad.
- Agriwatch view: Prices of groundnut oil featured downtrend in Rajkot on weak demand.



Weak demand lead to lower offtake from stockists and traders against good stock position weakened prices.

Groundnut prices fell on expectation of higher groundnut sowing in Gujarat supported losses. However, due to lower sowing of groundnut in Andhra Pradesh and Karnataka led to rise in prices in Chennai.

Lower rains in groundnut sowing areas of Karnataka and Andhra Pradesh led to rise in prices of groundnut oil in Chennai.

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.

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 was expected in Gujarat 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 29.04 lakh hectares as on 21.07.2017 compared to 32.81 lakh hectares in corresponding period last year. Sowing in top producing state of Gujarat reported higher sowing while lower sowing in Andhra Pradesh and Karnataka led to total lower sowing area.

- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 8,750 (Rs 8,750) per quintal and it was quoted at Rs 9,200 (Rs 9,000) per quintal in Chennai market on July 21, 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 and firm demand. 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.

Firm demand ahead of Onam in Kerala inflated prices.

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 firm.

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, firm demand ahead of Onam 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.

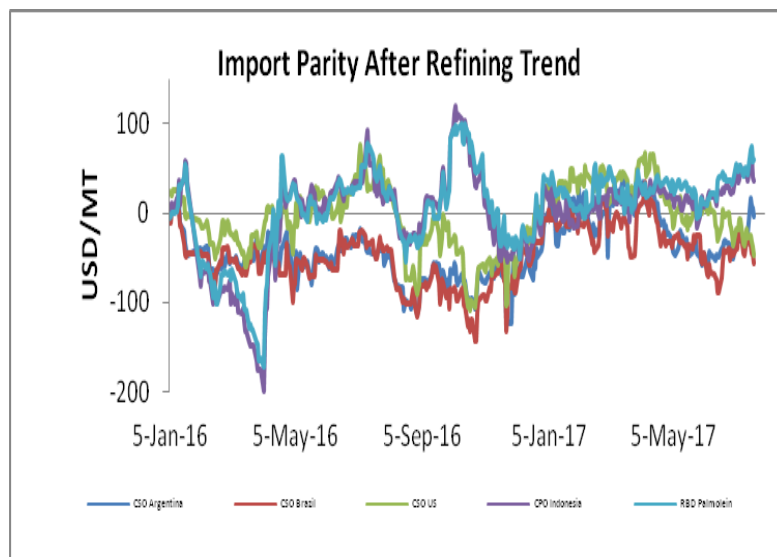
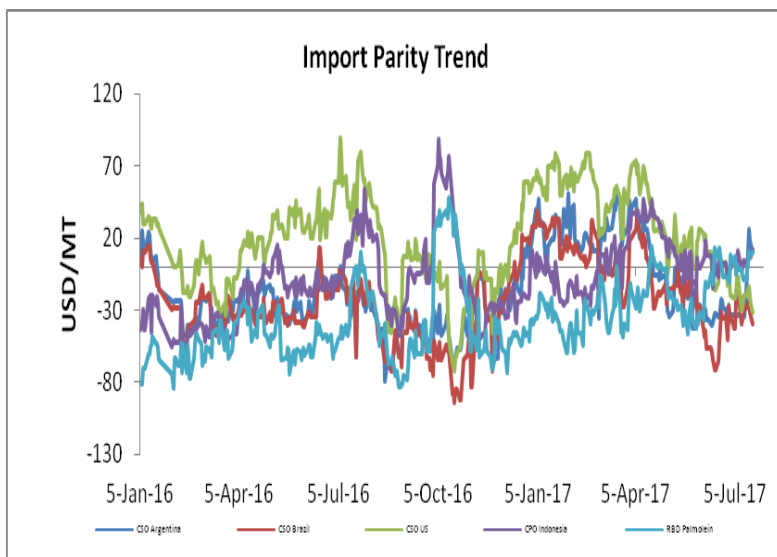
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 13,000 (13,000) per quintal, and was quoting Rs 13,200 (Rs 12,500) per quintal in Erode market on July 21, 2017.



**Price Outlook:** Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1200-1400 per 10 Kg.

### Import Parity Trend

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

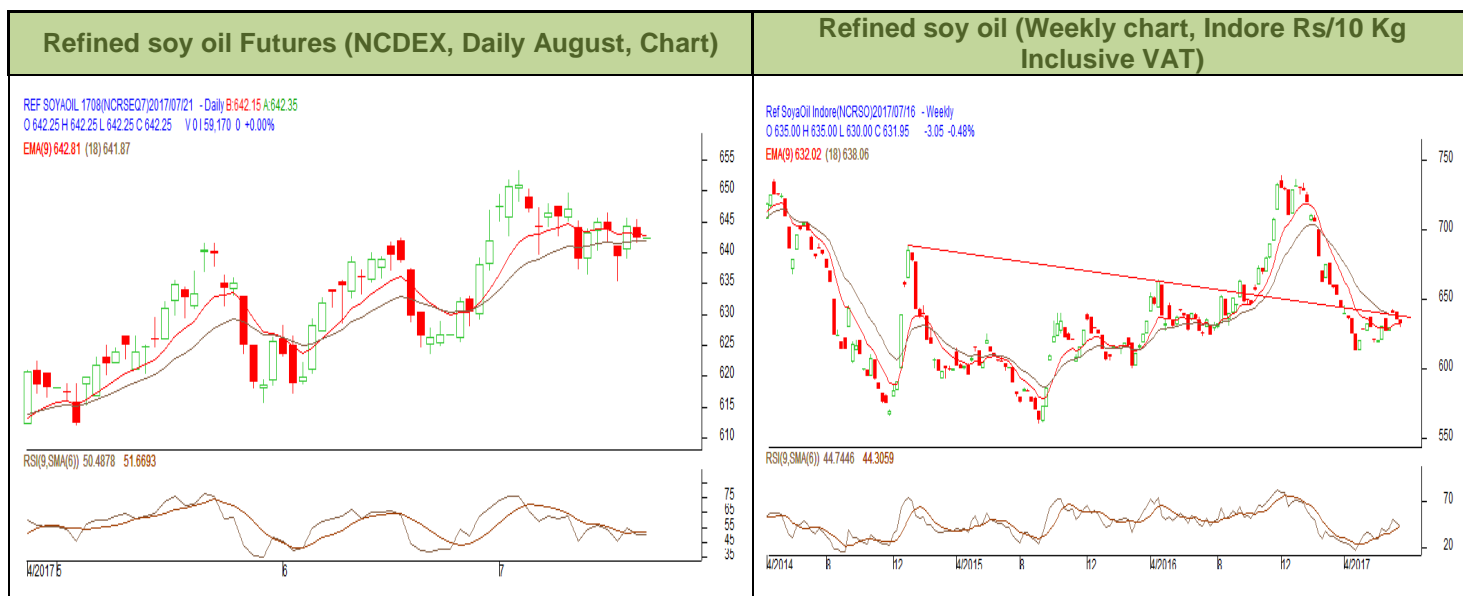


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>May, 2017</b>	-37.47	-33.28	-1.10	12.52	25.02
<b>June, 2017</b>	-45.03	-59.29	-5.45	20.31	27.29

### 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 return to parity 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 630 levels for a target of 645 and 650 with a stop loss at 620 on closing basis.

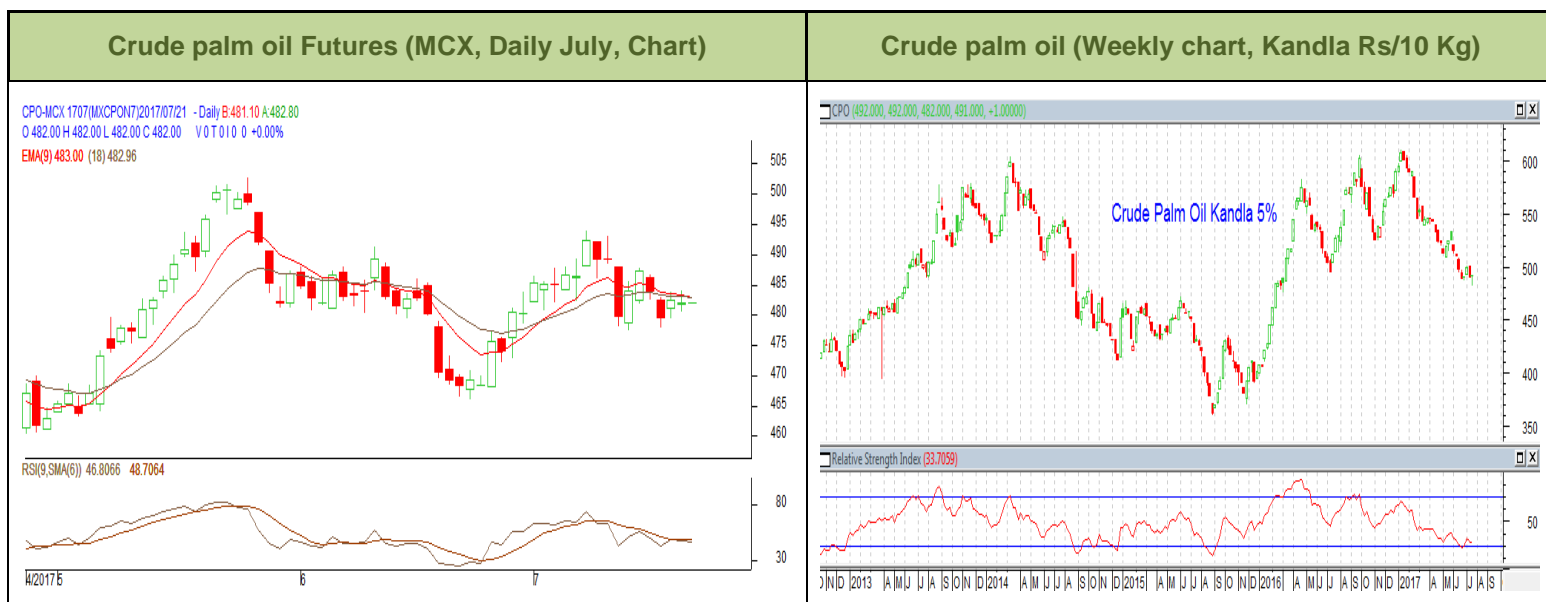
#### RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
600.00	622.00	638.3	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 downtrend 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 470 for a target of 485 and 490 with a stop loss at 460 on closing basis.

#### CPO MCX (July)

Support and Resistance				
S2	S1	PCP	R1	R2
450	465	477.8	494	503

**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
		21-Jul-17	14-Jul-17	
Refined Soybean Oil	Indore	635	640	-5
	Indore (Soy Solvent Crude)	600	605	-5
	Mumbai	640	635	5
	Mumbai (Soy Degum)	587	590	-3
	Kandla/Mundra	610	612	-2
	Kandla/Mundra (Soy Degum)	587	582	5
	Kolkata	632	632	Unch
	Delhi	655	660	-5
	Nagpur	690	692	-2
	Rajkot	610	608	2
	Kota	625	625	Unch
	Hyderabad	655	655	Unch
	Akola	677	682	-5
	Amrawati	676	681	-5
	Bundi	625	620	5
	Jalna	685	687	-2
	Alwar	NA	NA	-
	Solapur	690	692	-2
	Dhule	685	689	-4
Palm Oil	Kandla (Crude Palm Oil)	487	490	-3
	Kandla (RBD Palm oil)	510	512	-2
	Kandla RBD Pamolein	522	527	-5
	Kakinada (Crude Palm Oil)	475	475	Unch
	Kakinada RBD Pamolein	515	515	Unch
	Haldia Pamolein	527	532	-5
	Chennai RBD Pamolein	520	525	-5
	KPT (krishna patnam) Pamolein	512	515	-3
	Mumbai RBD Pamolein	525	532	-7
	Delhi	582	590	-8
	Rajkot	520	522	-2
	Hyderabad	489	499	-10
	Mangalore RBD Pamolein	520	525	-5
	PFAD (Kandla)	420	420	Unch
	Refined Palm Stearin (Kandla)	450	460	-10
Refined Sunflower Oil	Chennai	635	640	-5
	Mumbai	695	695	Unch
	Mumbai(Expeller Oil)	600	600	Unch
	Kandla	665	665	Unch
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	656	656	Unch
	Latur (Expeller Oil)	660	665	-5
	Chellakere (Expeller Oil)	605	610	-5
	Erode (Expeller Oil)	675	670	5
Groundnut Oil	Rajkot	850	875	-25
	Chennai	920	900	20
	Delhi	930	930	Unch
	Hyderabad *	925	910	15
	Mumbai	930	940	-10
	Gondal	870	870	Unch
	Jamnagar	880	880	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	728	715	13
	Jaipur (Kacchi Ghani Oil)	760	746	14
	Kota (Expeller Oil)	720	690	30
	Kota (Kacchi Ghani Oil)	755	745	10
	Neewai (Kacchi Ghani Oil)	725	713	12
	Neewai (Expeller Oil)	745	732	13
	Bharatpur (Kacchi Ghani Oil)	770	760	10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	725	715	10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	745	738	7
	Mumbai (Expeller Oil)	730	720	10
	Kolkata(Expeller Oil)	830	820	10
	New Delhi (Expeller Oil)	745	750	-5
	Hapur (Expeller Oil)	780	780	Unch
	Hapur (Kacchi Ghani Oil)	830	850	-20
	Agra (Kacchi Ghani Oil)	775	765	10
Refined Cottonseed Oil	Rajkot	660	660	Unch
	Hyderabad	630	630	Unch
	Mumbai	683	678	5
	New Delhi	650	650	Unch
Coconut Oil	Kangayan (Crude)	1320	1250	70
	Cochin	1320	1300	20
	Trissur	NA	NA	-
Sesame Oil	New Delhi	800	800	Unch
	Mumbai	NA	NA	-
Kardi	Mumbai	740	730	10
Rice Bran Oil (40%)	New Delhi	495	510	-15
Rice Bran Oil (4%)	Punjab	560	570	-10
Rice Bran Oil (4%)	Uttar Pradesh	560	570	-10

Malaysia Palmolein USD/MT	FOB	643	668	<b>-25</b>
	CNF India	665	675	<b>-10</b>
Indonesia CPO USD/MT	FOB	645	650	<b>-5</b>
	CNF India	665	675	<b>-10</b>
RBD Palm oil (Malaysia Origin USD/MT)	FOB	638	660	<b>-22</b>
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	615	615	<b>Unch</b>
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1095	1075	<b>20</b>
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	613	615	<b>-2</b>
Crude palm Kernel Oil India (USD/MT)	CNF India	1050	1070	<b>-20</b>
Ukraine Origin CSFO USD/MT Kandla	CIF	808	800	<b>8</b>
Rapeseed Oil Rotterdam Euro/MT	FOB	770	785	<b>-15</b>
<b>Argentina FOB (\$/MT)</b>		<b>20-Jul-17</b>	<b>13-Jul-17</b>	<b>Change</b>
Crude Soybean Oil Ship		745	740	<b>5</b>
Refined Soy Oil (Bulk) Ship		771	766	<b>5</b>
Sunflower Oil Ship		715	715	<b>Unch</b>
Cottonseed Oil Ship		725	720	<b>5</b>
Refined Linseed Oil (Bulk) Ship		765	760	<b>5</b>
<b>* indicates including VAT</b>				

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