

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 firm trend in domestic market on rise in CBOT soy oil and BMD CPO. Soy oil, palm oil, rapeseed oil and coconut oil closed higher while sunflower oil closed sideways. Groundnut oil prices closed in red.

On the currency front, Indian rupee is hovering near 64.14, down by 17 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 rise 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 above 485 for a target of 500 and 505 with a stop loss at 475 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 480-530 per 10 Kg in the near term.

International Veg. Oil Market Summary

Malaysia's July 1-25 palm oil exports rose 4.8 percent to 1,044,456 tons compared to 996,291 tons in corresponding period last month. Top buyers were European Union at 305,870 tons (211,263 tons), China at 153,201 tons (61,900 tons), India at 146,600 tons (185,950 tons), United States at 55,281 tons (54,082 tons) and Pakistan at 43,000 tons (78,830 tons). Values in brackets are figures of corresponding period last month: SGS

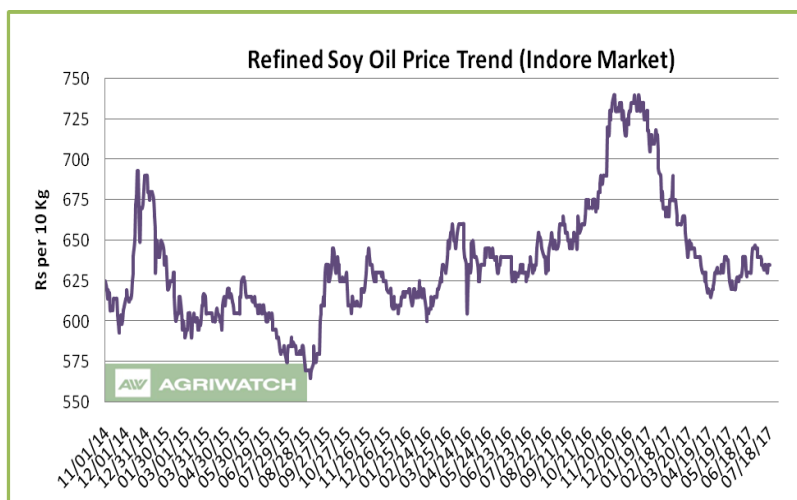
In the weekly USDA crop progress report released on 24 July; Soybeans blooming are reported at 69% which is down from 74% from the corresponding period last year and up from the 5-year average of 67%. Soybean crop setting pods are reported at 29% which is down from 33% from the corresponding period last year and up from the 5-year average of 27%. About 57% of the soybean planted crop is under good to excellent condition which is down from 71% during the corresponding period last year.

On the international front, higher demand of soy oil in bio fuels in US due to wrong interpretation of 2005 energy act by EPA, 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 gains in domestic markets on firm demand. Refined soy oil prices rose in its benchmark market of Indore on firm demand. Prices of refined soy oil rose in Kandla/Mudra while it was unchanged in Mumbai. Prices in Kolkata fell at the end of the week. CDSO prices rose at JNPT and Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices closed higher during the week in Indore on firm demand.



CDSO prices rose at India West coast while it fell India CNF, indicating firm demand at high seas.

Demand in domestic market was firm as refined soy oil prices closed higher in other centers in India.

CDSO demand was firm 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 108 (Rs 113 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 112 (USD 127 last week) per ton, indicating weakening 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 95.66 lakh hectares as on 28.07.2017 compared to 106.66 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 798 (USD 802) per ton for July delivery, August delivery is offered at USD 787 (USD 789) per ton, September delivery is quoted at USD 789 (USD 790) per ton

and October delivery is quoted at USD 798 (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 are in disparity during the week on low prices of soy oil in domestic markets, and we expect margins to remain in disparity in coming days. Currently refiners lose 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- US Supreme Court ruling on Environmental Protection Agency (EPA) misinterpretation 2005 energy policy act of how much renewable fuelled to be mixed with fuel will support soy oil prices in near term. The court said that Rather than considering how much biofuel supply was available to refiners and importers, the EPA considered how much demand consumers expressed for renewable fuels.

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.

Soybean crop in US is facing drought conditions in US Midwest. 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 four basis points indicating worsening of soybean crop condition. USDA is expected to report further worsening of soybean crop in its next report due Monday. 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.

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, lower planted area 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 support soy oil prices in near term.

Rise in crude oil prices will support prices in near term. Prices are in a range.

- In the weekly USDA crop progress report released on 24 July; Soybeans blooming are reported at 69% which is down from 74% from the corresponding period last year and up from the 5-year average of 67%. Soybean crop setting pods are reported at 29% which is down from 33% from the corresponding period last year and up from the 5-year average of 27%. About 57% of the soybean planted crop is under good to excellent condition which is down from 71% during the corresponding period last year.
- In its July crop report, soybean production in Argentina has been reduced to 55 million tonnes compared to 57 million tons estimated in the month of June according to the Ministry of Agriculture. Production has declined as a result of lower planting area.
- According to the Ministry of Agriculture, soybean production in Brazil is expected to decline by 2 per cent to 110.66 million tons in 2017-18 compared to previous 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 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 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 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) 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.
- 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 tons, which is up from 113 million tons projected in May.

Price Outlook: We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 600-660 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook :-

Domestic Front

- Crude palm oil featured firm trend at its benchmark market at Kandla on firm BMD palm oil. CPO prices closed higher in Kakinada. RBD palmolein high seas was either unchanged or traded higher in India at the end of the week.

- Agriwatch View – Prices of CPO closed higher at the end of week on firm BMD palm oil Malaysia.

Prices of CPO rose marginally at India high seas compared to CNF markets which rose more compared to last week indicating weak demand at high seas.

BMD palm oil rose more than 3 percent during the week in review which supported domestic palm oil prices.

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 CPO.

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

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

Demand of RBD palmolein was weak at CNF markets as prices rose 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 higher than CPO at high seas as premium RBD palmolein over CPO was at Rs 40 (Rs 31) per 10 kg.

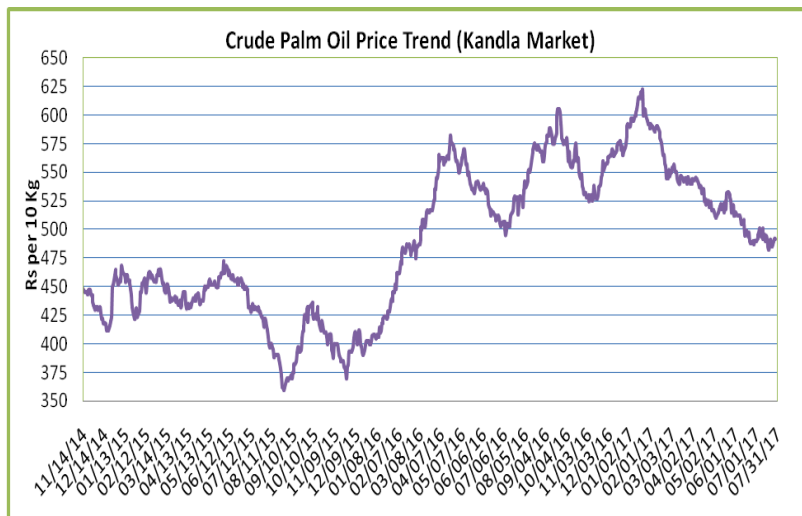
Positive refining margins and parity will increase imports of CPO and RBD palmolein in medium term.

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 112 (USD 127 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 95 (Rs 95 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 108 (Rs 113 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 685 (USD 675) per ton for July delivery, August delivery is quoted at USD 675 (USD 662.5) 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 685 (USD 672.5) per ton for July delivery while August delivery is offered at USD 675 (USD 660) 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 490 (Rs 487) per 10 Kg and August delivery duty paid is offered at Rs 485 (Rs 481) per 10 kg on July 28, 2017.

Values in brackets are figures of corresponding period last month.

- On the parity front, margins decreased during this week due to fall of prices of palm products in international markets. Currently refiners fetch USD 35-40/ton v/s gain of USD 20-25/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 55-60/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 showed rise in exports of palm oil in first 25 days of July. Exports grew 3-5 percent in first 25 days of July. 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 of 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.

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.

Demand of China has remained weak from Malaysia as it was importing more from Indonesia as they are offering competitive prices.

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

Palm oil production in Malaysia in July is expected to rebound after 8 percent fall in June. Production is expected to rise on seasonal uptrend of prices and diminishing effect of El Nino. Production generally peaks between July-September. However, due to lagged effect of El Nino harvest season will last until October which will adversely affect palm oil in medium term.

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.

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.

Appreciation of ringgit will pose risk to palm oil prices 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.

Rise in crude oil prices will support palm oil prices in near term. Prices are in range.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's July 1-25 palm oil exports rose 4.8 percent to 1,044,456 tons compared to 996,291 tons in corresponding period last month. Top buyers were European Union at 305,870 tons (211,263 tons), China at 153,201 tons (61,900 tons), India at 146,600 tons (185,950 tons), United States at 55,281 tons (54,082 tons) and Pakistan at 43,000 tons (78,830 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's July 1-25 palm oil exports rose 3.2 percent to 1,016,689 tons v/s 985,534 tons in corresponding period last month. Top buyers were European Union at 276,721 tons (195,600 tons), India & subcontinent at 195,600 tons (233,100 tons) and China at 127,226 tons (87,300 tons). Values in brackets are figures of corresponding period last month.
- According to China's General Administration of Customs (CNGOIC), China's June palm oil imports fell 8.51 percent to 2.17 lakh tons compared to June 2016. Year to date imports of palm oil rose 16.88 percent to 21.81 lakh tons compared to corresponding period last year. Imports from Indonesia in June rose 10.2 percent to 1.23 lakh tons compared to June 2016. Year to date imports of palm oil from Indonesia rose 17.8 percent to 14.37 lakh tons compared to corresponding period last year. Imports from Malaysia in June fell 25.13 percent to 0.94 lakh tons compared to June 2016. Year to date imports rose 15.97 percent from Malaysia to 7.43 lakh tons compared to corresponding period last year.

- 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

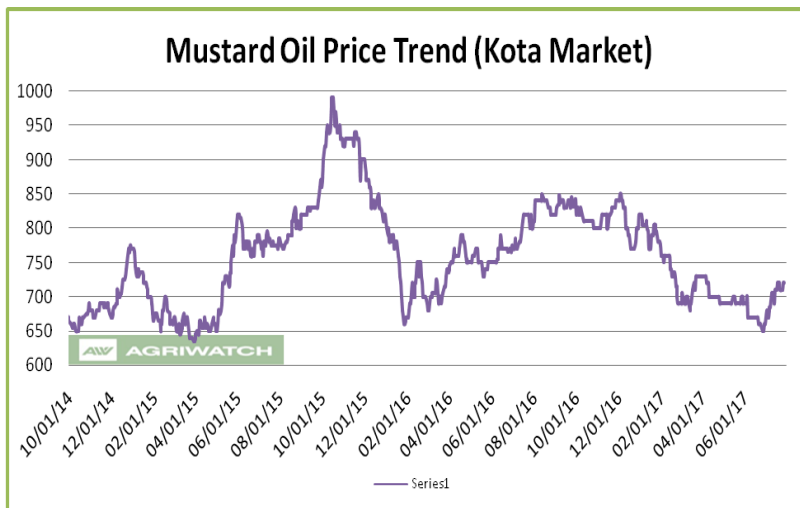
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's July 1-20 palm oil exports rose 15.2 percent to 817,961 tons compared to 710,322 tons in corresponding period last month. Top buyers were European Union at 221,380 tons (160,005 tons), China at 136,701 tons (61,900 tons), 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 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 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 480-530 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 remained unchanged at its benchmark market in Kota. Prices rose in Jaipur, Ganganagar, Neewai, New Delh, Mumbai and Gujarat while it fell in Hapur and Kolkata. Kacchi ghani prices rose in Kota, Jaipur, Bharatpur, Neewai, Agra, while it was unchanged in Ganganagar. Prices fell in Hapur at the end of the week. 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 of rapeseed 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 82 (Rs 85) 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 23 (USD 26) 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.

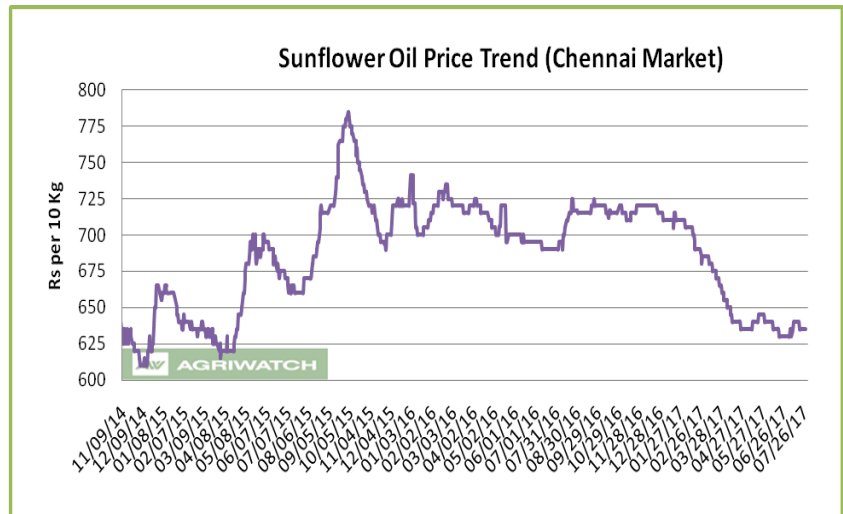
- India imported 0.13 lakh tons of rapeseed (Canola) oil imports in June 2017 v/s 0.18 lakh tons in June 2016. Imports were 1.95 lakh tons in the period (November 2016-June 2017) compared to 1.90 lakh tons in corresponding period last oil year: SEA
- CIF canola premium over soybean oil is USD 23 (USD 26 last week) per ton for July delivery as on July 28, 2017.

- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 730 (Rs 728) per 10 Kg, and at Kota market, it is offered at Rs 720 (Rs 720) per 10 kg as on July 28, 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 sideways trend last week in its benchmark market of Chennai on weak demand. Prices closed lower in Hyderabad while it rose in Kakinada. Prices remained unchanged in Kandla/Mudra and Mumbai. Sunflower expeller prices closed lower in Hyderabad and Erode while it closed unchanged in Latur. Prices closed higher in Chellakere. .
- Agriwatch view: Prices of sunflower oil traded sideways in Chennai on weak demand.



Prices of sunflower remained unchanged 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.

CSFO prices in CNF markets has risen above CDSO at CNF markets to USD 21 (USD -21 last week) per ton for September delivery, indicating ample space for prices to rise as sunflower oil is considered superior oil.

Crude sunflower oil is imported at prices of CDSO. However, sunflower oil is trading at discount to soy oil, in domestic markets indicating weak demand compared to soy oil. In domestic market, sunflower oil premium over soy oil is at Rs -3 (Rs 0 last week) per 10 kg which is low indicating weak demand of sunflower oil.

Sunflower oil premium over palm oil at CNF India is USD 140 (USD 147.5 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 scenario. 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 -21 last week) per ton for September 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.

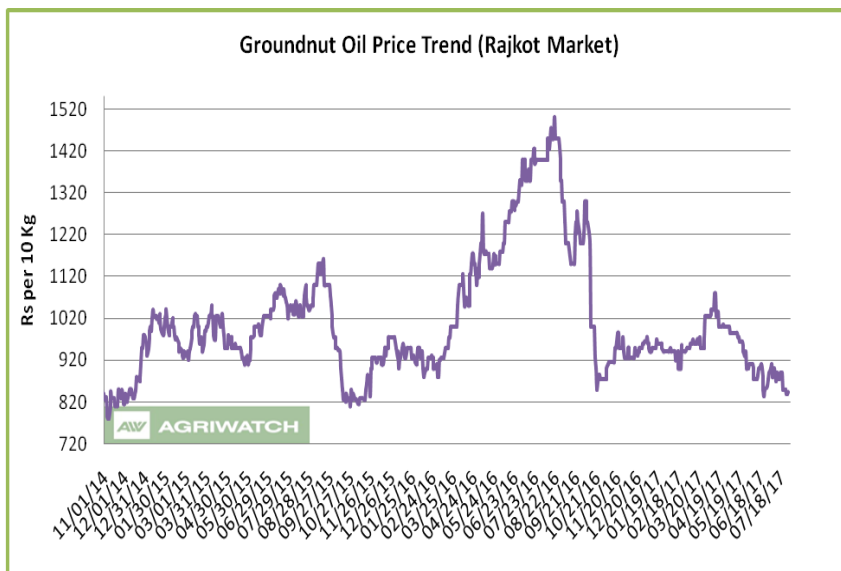
Prices of sunflower oil are expected to trade sideways to firm on firm demand, seasonal uptrend of prices and rise in prices of sunflower oil in international markets. Prices are expected to trade sideways to firm in near term.

- All India sowing of sunflower has reached 1.12 lakh hectares as on 28.07.2017 compared to 1.27 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 Sep delivery and OND delivery is quoted at USD 812.5 (USD 815) 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 -21 last week) per ton for September delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 635 (Rs 635) per 10 Kg, and at Hyderabad market, it is offered at Rs 654 (Rs 656) per 10 kg as on July 28, 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 fell Chennai and New Delhi. Prices fell in Mumbai. Prices of groundnut (expeller) fell in Hyderabad.
- Agriwatch view: Prices of groundnut oil featured downtrend in Rajkot on weak demand and fall in groundnut prices.



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. Sowing is less in Andhra Pradesh and Karnataka.

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

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 in Gujarat.

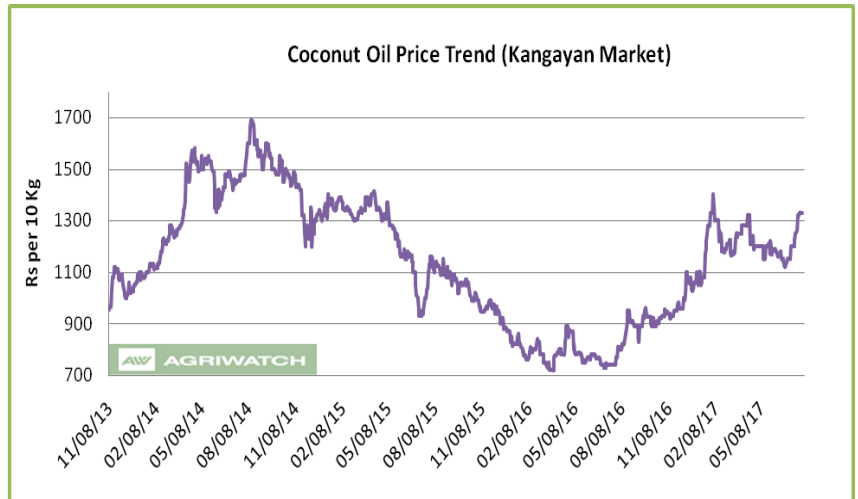
- All India sowing of groundnut reached 33.05 lakh hectares as on 28.07.2017 compared to 37.32 lakh hectares in corresponding period last year. Sowing in top producing state of Gujarat reported higher sowing while lower rains in Andhra Pradesh and Karnataka led to total lower sowing area.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 8,450 (Rs 8,500) per quintal and it was quoted at Rs 9,000 (Rs 9,200) per quintal in Chennai market on July 28, 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 800-900 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

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



Supply of copra is weak as there is severe deficit of rains in Tail Nadu

and Kerala. Key coconut growing regions of Tamil Nadu and Kerala has suffered due to deficit of rains for last two years.

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.

Rise in palm oil prices supported the rise.

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.

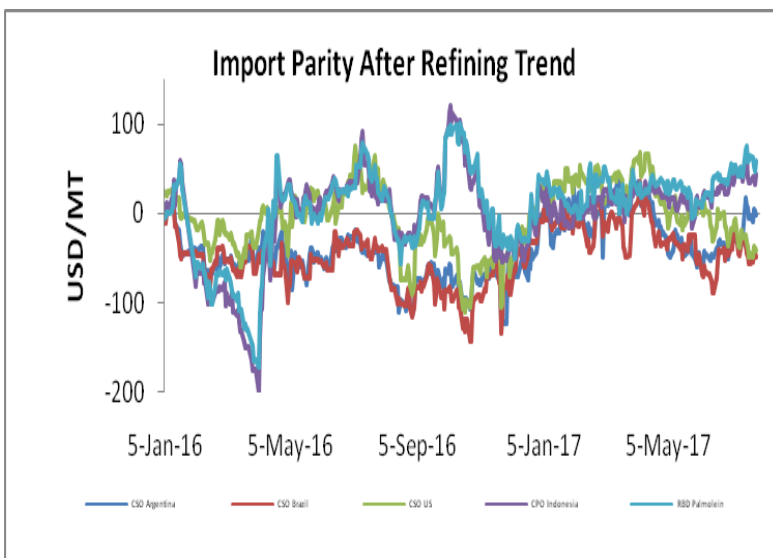
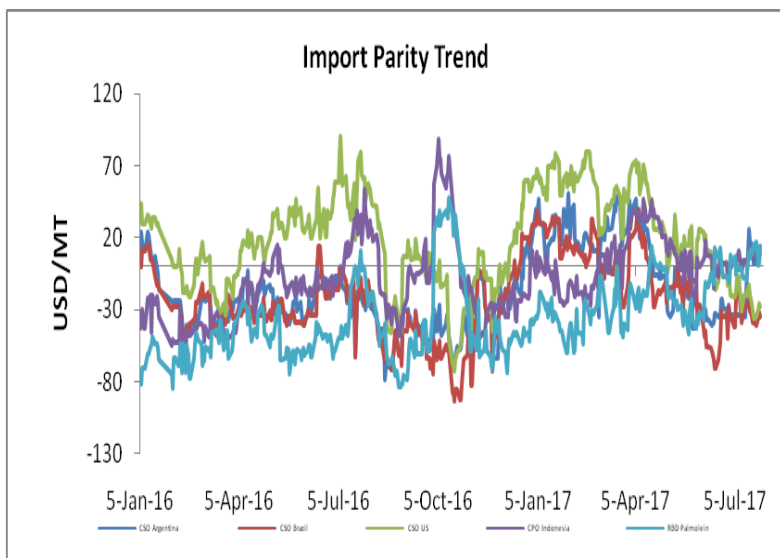
Prices are expected to trade sideways to firm tone in near to medium term.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 13,200 (13,200) per quintal, and was quoting Rs 13,300 (Rs 13,200) per quintal in Erode market on July 28, 2017.

Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1250-1400 per 10 Kg.

Import Parity Trend

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

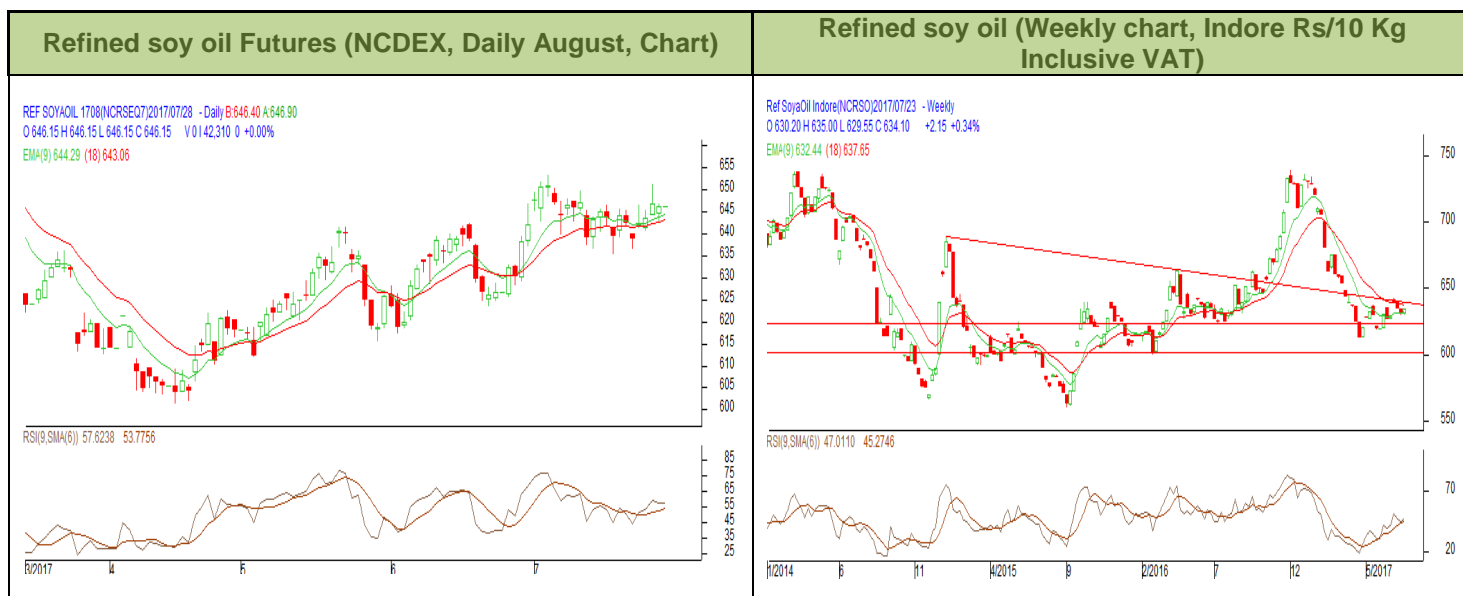


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
May, 2017	-37.47	-33.28	-1.10	12.52	25.02
June, 2017	-45.03	-59.29	-5.45	20.31	27.29

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

- Weekly chart of refined soy oil at NCDEX depicts 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 620-670 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in the market.

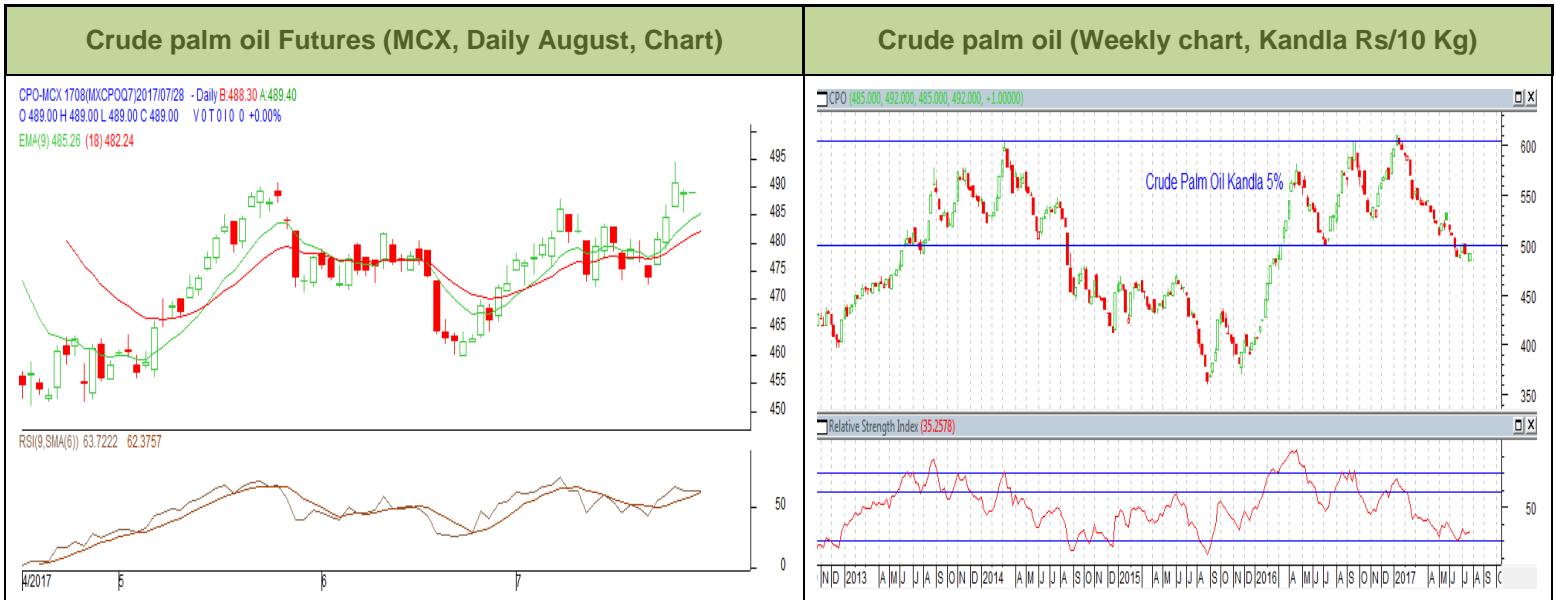
Strategy: Market participants are advised to go long above 640 levels for a target of 655 and 660 with a stop loss at 630 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
600.00	622.00	646.15	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 August 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 460-520 level. RSI, Stochastic, and MACD are suggesting uptrend in prices in the coming week.

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

CPO MCX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
450	465	489	494	503

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 480-530 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		28-Jul-17	21-Jul-17	
Refined Soybean Oil	Indore	638	635	3
	Indore (Soy Solvent Crude)	602	600	2
	Mumbai	640	640	Unch
	Mumbai (Soy Degum)	590	587	3
	Kandla/Mundra	615	610	5
	Kandla/Mundra (Soy Degum)	585	587	-2
	Kolkata	630	632	-2
	Delhi	662	655	7
	Nagpur	690	690	Unch
	Rajkot	613	610	3
	Kota	630	625	5
	Hyderabad	655	655	Unch
	Akola	678	677	1
	Amrawati	678	676	2
	Bundi	625	625	Unch
	Jalna	687	685	2
	Alwar	NA	NA	-
	Solapur	690	690	Unch
	Dhule	685	685	Unch
Palm Oil	Kandla (Crude Palm Oil)	492	491	1
	Kandla (RBD Palm oil)	512	510	2
	Kandla RBD Pamolein	530	522	8
	Kakinada (Crude Palm Oil)	480	475	5
	Kakinada RBD Pamolein	516	515	1
	Haldia Pamolein	530	527	3
	Chennai RBD Pamolein	520	520	Unch
	KPT (krishna patnam) Pamolein	512	512	Unch
	Mumbai RBD Pamolein	535	525	10
	Delhi	585	582	3
	Rajkot	530	520	10
	Hyderabad	494	489	5
	Mangalore RBD Pamolein	520	520	Unch
	PFAD (Kandla)	425	420	5
	Refined Palm Stearin (Kandla)	455	450	5
Refined Sunflower Oil	Chennai	635	635	Unch
	Mumbai	695	695	Unch
	Mumbai(Expeller Oil)	600	600	Unch
	Kandla	665	665	Unch
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	654	656	-2
	Latur (Expeller Oil)	660	660	Unch
	Chellakere (Expeller Oil)	610	605	5
	Erode (Expeller Oil)	670	675	-5
Groundnut Oil	Rajkot	845	850	-5
	Chennai	900	920	-20
	Delhi	900	930	-30
	Hyderabad *	920	925	-5
	Mumbai	890	930	-40
	Gondal	840	870	-30
	Jamnagar	840	880	-40
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	730	728	2
	Jaipur (Kacchi Ghani Oil)	765	760	5
	Kota (Expeller Oil)	720	720	Unch
	Kota (Kacchi Ghani Oil)	760	755	5
	Neewai (Kacchi Ghani Oil)	730	725	5
	Neewai (Expeller Oil)	750	745	5
	Bharatpur (Kacchi Ghani Oil)	775	770	5
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	730	725	5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	745	745	Unch
	Mumbai (Expeller Oil)	740	730	10
	Kolkata(Expeller Oil)	820	830	-10
	New Delhi (Expeller Oil)	760	745	15
	Hapur (Expeller Oil)	776	780	-4
	Hapur (Kacchi Ghani Oil)	820	830	-10
	Agra (Kacchi Ghani Oil)	780	775	5
Refined Cottonseed Oil	Rajkot	680	660	20
	Hyderabad	635	630	5
	Mumbai	684	683	1
	New Delhi	660	650	10
Coconut Oil	Kangayan (Crude)	1330	1320	10
	Cochin	1320	1320	Unch
	Trissur	NA	NA	-
Sesame Oil	New Delhi	770	800	-30
	Mumbai	NA	NA	-
Kardi	Mumbai	740	740	Unch
Rice Bran Oil (40%)	New Delhi	490	495	-5
Rice Bran Oil (4%)	Punjab	550	560	-10
Rice Bran Oil (4%)	Uttar Pradesh	550	560	-10



Malaysia Palmolein USD/MT	FOB	655	643	12
	CNF India	675	665	10
Indonesia CPO USD/MT	FOB	648	645	3
	CNF India	675	665	10
RBD Palm oil (Malaysia Origin USD/MT)	FOB	648	638	10
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	630	615	15
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1215	1095	120
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	623	613	10
Crude palm Kernel Oil India (USD/MT)	CNF India	1170	1050	120
Ukraine Origin CSFO USD/MT Kandla	CIF	810	808	2
Rapeseed Oil Rotterdam Euro/MT	FOB	738	770	-32
Argentina FOB (\$/MT)		27-Jul-17	20-Jul-17	Change
Crude Soybean Oil Ship		740	745	-5
Refined Soy Oil (Bulk) Ship		766	771	-5
Sunflower Oil Ship		720	715	5
Cottonseed Oil Ship		720	725	-5
Refined Linseed Oil (Bulk) Ship		760	765	-5
<i>* indicates including VAT</i>				

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.php>

© 2017 Indian Agribusiness Systems Pvt Ltd.