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, rapeseed oil, groundnut oil closed lower while sunflower oil closed sideways. Coconut oil prices closed higher.

Government of India in Notification no 71/2017-Customs, dated August 11, 2017, import duty on crude palm oil have been hiked from 7.5 percent to 15 percent and refined palm oil to 25 percent from 15 percent. Import duty on crude edible oils other than crude palm oil has been hiked to 17.5 percent from 12.5 percent. All other refined oils will be taxed at 25 percent from current 20 percent: Ministry of finance

On the currency front, Indian rupee is hovering near 63.13, higher by 56 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 weak on weak fundamentals. Lower stocks at ports and pipeline will support prices in near term.

Recommendation:

Weekly Call - : At NCDEX, market participants are advised to go short below 660 levels for a target of 645 and 640 with a stop loss at 670 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 620-680 per 10 Kg in the near term.

At MCX, Market participants are advised to go short in CPO below 510 for a target of 495 and 490 with a stop loss at 520 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 palm oil stocks rose 16.83 percent to 17.84 lakh tons compared to 15.27 lakh tons in June. Production of palm oil in July rose 20.67 percent to 18.27 lakh tons compared to 15.14 lakh tons in June. Exports of palm oil in July rose 1.31 percent to 13.98 lakh tons compared to 13.80 lakh tons in June. Imports of palm oil in July rose 8.5 percent to 0.47 lakh tons compared to 0.43 lakh tons in June: MPOB

In the weekly USDA crop progress report released on 07 August; Soybeans blooming are reported at 90% which is same as 90% during the corresponding period last year and up from the 5 year average of 88%. Soybean crop setting pods are reported at 65% which is down from 67% during the corresponding period last year and up from the 5 year average of 62%. About 60% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.

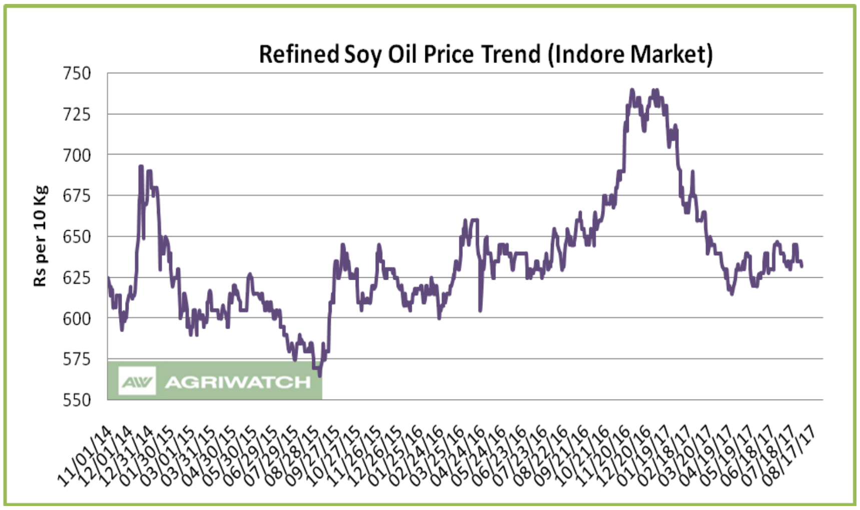
On the international front, lower demand of soy oil in bio-fuels in US, good soybean crop condition in US, higher crop of soybean in US, weak crude oil prices and firm dollar will underpin soy oil prices in coming days.

Rise in palm oil stocks in Malaysia, rise in production of palm oil in Malaysia, weak palm oil exports from Malaysia and appreciation of ringgit will underpin CPO prices in near term.

Soy oil Fundamental Analysis and Outlook-:

Domestic Front

- Soy oil featured downtrend in domestic markets on weak demand. Prices of refined soy oil remained unchanged in Kandla/Mudra and Kolkata while it fell in Mumbai. CDSO prices rose at JNPT while it remained unchanged 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 remained unchanged at India West coast while it rose India CNF, indicating weak demand at high seas.

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

  CDSO demand was firm at CNF markets as CDSO CNF prices rose more than CDSO FOB Argentina compared to last week.

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

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

  Crushing of soybean in India weakened due to weakening export demand of soy meal from India on appreciation of Rupee, rise of prices in domestic market and poor quality of soy meal.

  Imports of soy oil are in disparity at high seas and refining margins are negative. With low soy oil premium over palm oil, demand may firm up in coming months.

  Refined soy oil premium over RBD palmolein is increased to Rs 103 (Rs 110 last week) per 10 Kg, which is low may support soy oil prices in domestic markets. In USD terms, premium of CDSO CNF over CPO CNF, which was quoted at USD 131.5 (USD 138 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.

  Recent hike in import duty of soy oil will underpin soy oil prices in near term.

  Prices of soy oil is expected to fall on weak demand and weak competitive oils.

- According to Ministry of Finance, Government of India in Notification no 71/2017-Customs, dated August 11, 2017, import duty on crude palm oil have been hiked from 7.5 percent to 15 percent and refined palm oil to 25 percent from 15 percent. Crude edible oils other than crude palm oil import duty are hiked to 17.5 percent from 12.5 percent. All other refined oils will be taxed at 25 percent from current 20 percent.

  Decision of hike in import duty has been taken to protect the interest of farmers and encourage domestic crushing industry. However, this decision falls short of industry demand for differential between crude and refined edible oils import duty at 15 percent or more, whereas government has only provided the duty differential at 7.5-10 percent.

- United States Department of Agriculture (USDA) in it August report increased India's 2017/18 soy oil imports by 0.1 MMT to 4.2 MMT from 4.1 MMT. Domestic consumption is reduced to 5.75 MMT from 5.8 MMT in its previous estimate. End stocks are increased to 0.426 MMT from 0.402 MMT. Lower domestic consumption in 2017/18 is due to lower soy oil production on lower soybean crop in 2017/18.
- On a financial year basis, the export during April'2017 to July'2017 stands at 6.38 lakh tons as compared to 4.13 lakh tons in the corresponding period of previous year showing an increase of 54%. During current oil year, (October – September), total exports during October 2016 to July 2017 is 16.46 lakh tons as against 3.48 lakh tons during the corresponding period last year, showing an increase by 373%, reported by SOPA
- All India sowing of soybean has reached 101.59 lakh hectares as on 11.08.2017 compared to 111.91 lakh hectares in the corresponding period last year. Across board sowing was less due to bad remuneration of soybean in 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 814 (USD 803) per ton for August delivery, September delivery is offered at USD 812 (USD 803) per ton, October delivery is quoted at USD 820 (USD 807) per ton as on August 11, 2017. Values in brackets are figures of last week. Last month, CIF CDSO July average price was USD 796.8 (USD 797.8 per ton in June 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 25-30/ton v/s loss of USD 15-20/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to weak in the coming days.

International Front

- Agriwatch view- USDA increased 2017/18 soybean crop estimate of US to record levels on higher yields. Soybean end stocks estimates was revised higher.

  USDA decreased 2017/18 soy oil end stocks of US on lower opening stocks and lower production of soy oil on lower crush of soybean in the country. Lower soy oil inventory of US will support soy oil prices in medium term. However, higher soybean end stocks may pressurize soybean complex prices.

  Improvement of climate in soybean growing regions of US Midwest indicates that soybean crop condition will improve in coming days. Temperatures have come down and cool temperatures are expected during pod filling stage, which will improve overall crop condition and underpin soybean complex prices in near to medium term. Last week USDA reported better than expected crop condition. Good to excellent rose from 59 percent to 60 percent indicating that crop showed uptick.

EPA is expected to announce that it will keep its 2005 biodiesel policy unchanged which will mean that refiners must blend soy oil based biodiesel. EPA earlier announced that soy oil based biodiesel must be mixed by blenders not refiners. Refiners who do not blend biodiesel must buy RIN, which involves big cost.

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. Crush is expected to remain weak in July.

China reported strong imports of soybean in July which exceeded 10 MMT which may push soybean crush to negative levels. China sitting on record soy meal stocks and disparity in crush margins will decrease imports as it happened in June. However, demand from China is expected to remain firm in 2017/18, which will soak incremental stocks of US and Brazil in 2017/18.

USDA decreased Brazil 2017/18 soybean crop on lower yields on lines of historical lines. USDA increased Brazil's 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 maintained 2016/17 soybean crop in Argentina in at 57 MMT in its August estimate.

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 07 August; Soybeans blooming are reported at 90% which is same as 90% during the corresponding period last year and up from the 5 year average of 88%. Soybean crop setting pods are reported at 65% which is down from 67% during the corresponding period last year and up from the 5 year average of 62%. About 60% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.
- According to United States Department of Agriculture (USDA) August estimate, U.S 2017/18 ending stocks of soy oil is fell 9.77 percent to 2,062 million lbs from 2,292 million lbs in July estimate. Opening stocks are lowered to 1,982 million lbs from 2,097 million lbs. Production of soy oil in 2017/18 is lowered to 22,505 million lbs from 22,620 million lbs in its July estimate. Imports in 2017/18 are kept unchanged at 325 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 2017/18 were unchanged at 2,300 million lbs. Average price range estimate ended the year 2017/18 at 31-35 cents/lbs compared to 32.50 cents/lbs in its 2016/17. Fall in end stock is due to lower opening stocks and lower production of soy oil.

- China's import of soybean increased by 31% to 10.08 million tons in July compared to June and is the highest on records since 2010. China brought in 54.89 million tons from January to July, up 16.8 percent from the corresponding period last year according to the General Administration of Customs.
- 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 for 2017/18 is forecast at $8.45 to $10.15 per bushel, down 10 cents at the midpoint. The soybean meal price forecast of $295 to $335 per short ton is down $5.00 at the midpoint. The soybean oil price is forecast at 31 to 35 cents per pound, up 1 cent on both ends of the range.

Previous updates

- In the weekly USDA crop progress report released on 31 July; Soybeans blooming are reported at 82% which is down from 84% during the corresponding period last year and up from the 5 year average of 80%. Soybean crop setting pods are reported at 48% which is down from 51% during the corresponding period last year and also up from the 5 year average of 45%. About 59% of the soybean planted crop is under good to excellent condition which is down from 72% 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 Energy Administration Agency (EIA), U.S. produced 136 million gallons in May compared to 127 million gallons in April, higher by 9.4 percent m-o-m. Soy oil was the largest feedstock with 546 million lbs in May compared to 427 million lbs in April.
- 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 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.

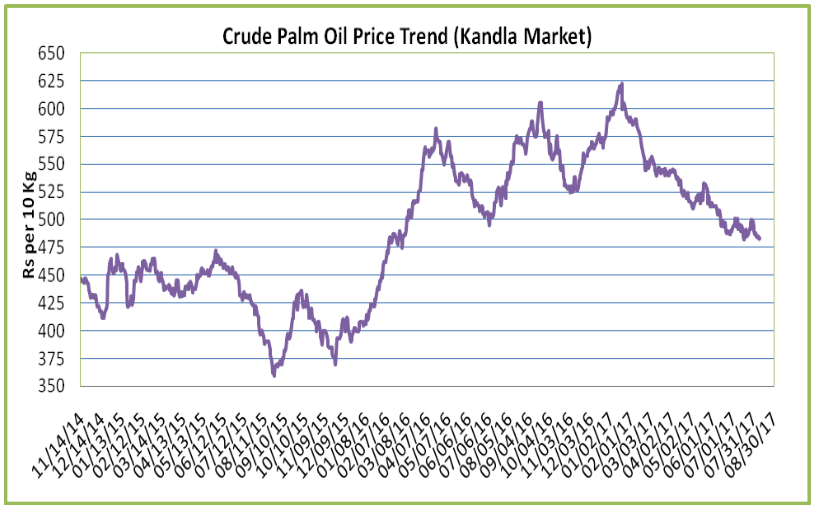
- According to United States Department of Agriculture (USDA) July estimate, U.S 2017/18 ending stocks of soy oil is rose 6.26 percent to 2,292 million lbs from 2,157 million lbs in 2016/17 in July estimate. Opening stocks were higher at 2,097 million lbs compared to 1,987 million lbs in 2016/17. Production 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.
- 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.
- 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 620-680 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 closed lower in Kakinada. RBD palmolein fell across board in India except Kandla where prices remained unchanged at the end of the week.



- Agriwatch View – Prices of CPO closed lower at the end of week on weak demand.

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

  BMD palm oil rose during the week in review.

  Palm oil is being imported and stored at ports as government has increased 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 were unchanged at India high seas v/s CNF India which rose compared to previous week.

  Demand of CPO is regular at CNF markets as prices rose equally at CNF markets v/s Indonesia FOB compared to last week.

  Demand of RBD palmolein was regular at CNF markets as prices rose equally 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 44 (Rs 37) 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 131.5 (USD 138 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 97 (Rs 94 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 103 (Rs 110 last week) per 10 kg is low and will decrease demand in near term. Values in brackets are figures of last week.

  Recent hike in import duties in palm oil will not affect prices in near term.

Prices of CPO are expected to remain sideways to weak.

- 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 682.5 (USD 665) per ton for August delivery, September delivery is quoted at USD 682.5 (USD 665) per ton. Last month, CIF CPO July average price was at USD 678.5 per ton (USD 697.96) per ton in June 2017).

  Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 682.5 (USD 665) per ton for August delivery while September delivery is offered at USD 682.5 (USD 665) per ton. Last month, CIF RBD palmolein July average price was USD 677.88 (USD 701.24 in June 2017) per ton. Values in bracket depict last week quotes.

  Ready lift CPO duty paid prices quoted at Rs 488 (Rs 488) per 10 Kg and August delivery duty paid is offered at Rs 485 (Rs 484) per 10 kg on August 11, 2017.

  Values in brackets are figures of corresponding period last month.

- On the parity front, margins increased during this week due to rise of prices of palm products in international markets. Currently refiners fetch USD 45-50/ton v/s gain of USD 40-45/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 70-75/ton v/s gain of USD 50-55/ton (last month) parity.

- We expect palm oil to trade sideways to weak in the days ahead.

International Front

Agriwatch View – Palm oil end stocks in Malaysia in July rose rise 16.5 percent due to 20 percent rise in production and 1.2 percent rise in exports, above market estimates.

Production increased as workers returned to fields after holy festival of Ramadan. Moreover, production rose due to seasonal uptrend of production and diminishing effect of El Nino.

Palm oil production in Malaysia in July rebounded after 8 percent fall in June.

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.

Exports of palm oil from Malaysia showed slight rise in exports of palm oil in July. Exports grew 1.2 percent in July on lower imports by India. Exports improved on higher purchases by EU and China. Demand from India was weak after Ramadan. However, exports will increase in second half of August stocking ahead of festive season.

China reported higher exports in July 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 half the normal 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.

Exports from Malaysia were weak in first 10 days of August on lower buying by EU and China.

Purchases from India improved due to demand ahead of festive season. Demand of palm oil is expected to be robust from Malaysia.

Increase in import duty on palm oil by India is not going to depress palm oil imports in near term. Malaysia is expected to chang its policy to push exports.

Weakness in CBOT soy oil and RBD palmolein DALIAN will underpin 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.

Lower competitive oils prices will underpin prices.

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

- According to Malaysia Palm Oil Board (MPOB), Malaysia's July palm oil stocks rose 16.83 percent to 17.84 lakh tons compared to 15.27 lakh tons in June. Production of palm oil in July rose 20.67 percent to 18.27 lakh tons compared to 15.14 lakh tons in June. Exports of palm oil in July rose 1.31 percent to 13.98 lakh tons compared to 13.80 lakh tons in June. Imports of palm oil in July rose 8.5 percent to 0.47 lakh tons compared to 0.43 lakh tons in June. Rise in palm oil end stocks in July is due to steady rose in production after workers returned from Ramadan holidays. Exports growth slowed in July due to lower buying by India and China.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's August 1-10 palm oil exports fell 4.8 percent to 363,007 from 381,241 tons in corresponding period last month. Top buyers are India at 65,990 tons (44,800 tons), European Union at 50,968 tons (103,520 tons), China at 33,500 tons (53,116 tons, United States at 14,280 tons (13,230 tons) and Pakistan at 0.0 tons (12,000 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's August 1-10 palm oil exports fell 1.4 percent to 355,009 tons from 360,114 in corresponding period last month. Top buyers were European Union at

96,655 tons (137,465 tons), China at 49,500 tons (39,626 tons) and India & Subcontinent at 43,000 tons (54,300 tons). Values in brackets are figures of corresponding period last month.

- 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.

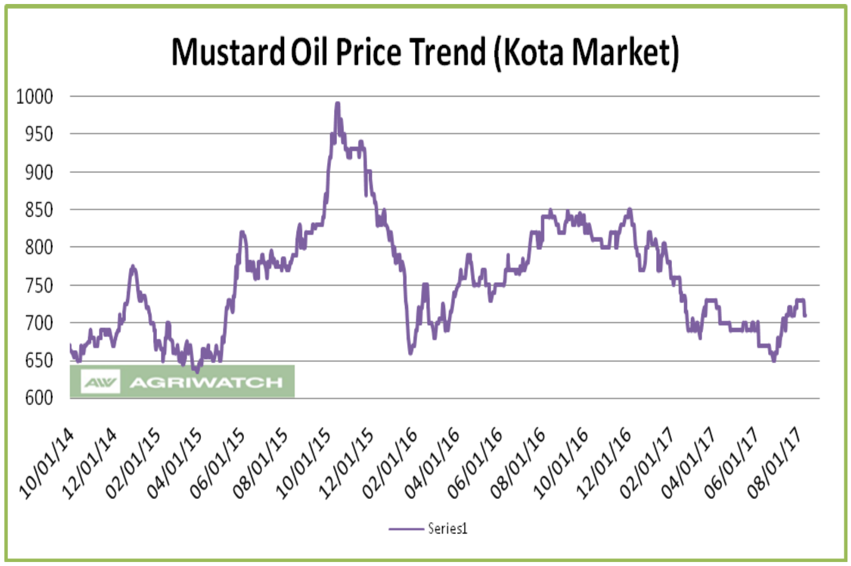
Previous updates

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's July palm oil exports rose 4.1 percent to 1,260,143 tons compared to 1,210,359 tons in last month. Top buyers were European Union at 352,370 tons (245,163 tons), China at 191,234 tons (65,500 tons), India at 162,100 tons (238,350 tons), United States at 77,241 tons (69,082 tons) and Pakistan at 43,000 tons (78,830 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's July palm oil exports rose 4.1 percent to 1,239,407 tons v/s 1,190,583 tons in last month. Top buyers were European Union at 323,071 tons (257,666 tons), India & subcontinent at 242,600 tons (283,300 tons) and China at 174,116 tons (120,400 tons). Values in brackets are figures of 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 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), 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 weak trend in its benchmark of Kota on weak demand. Arrivals of rapeseed increased last week.
- Agriwatch view: Prices of rapeseed oil expeller decreased at its benchmark market in Kota. Prices fell in Jaipur, Kolkata, Hapur and Mumbai while it remained unchanged at Ganganagar, and New Delhi. Prices rose in Neewai. Kacchi ghani prices remained unchanged in Kota, Jaipur, Ganganagar and Hapur. Prices rose in Bharatpur, Neewai and Agra. Canola oil CIF fell last week.

  Prices of rapeseed oil traded on mixed in various centers in India. Prices are cooling in various markets as they shot up in very short time which slowed demand. Arrivals of rapeseed have increased last week while prices of rapeseed were flat. Prices were mixed in major centers in India, on weak demand.

  Firm buying by stockists and traders against weak stock position supported prices in medium term.

  Prices are expected to rise on seasonal uptrend of prices.

  Demand weakened adequate stocks position in market.

  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 78 (Rs 95) 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 1.0 (USD 17) per ton and which will support imports.

  Lower canola oil prices dragged mustard expeller prices.

  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

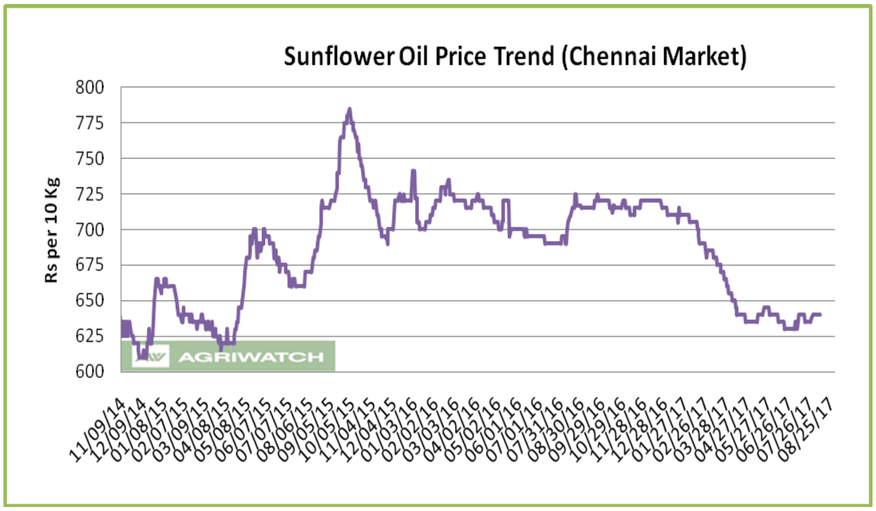
- CIF canola premium over soybean oil is USD 1.0 (USD 17 last week) per ton for August delivery as on August 11, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 730 (Rs 735) per 10 Kg, and at Kota market, it is offered at Rs 710 (Rs 730) per 10 kg as on August 11, 2017. Values 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 680-750 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 and weak supply. Prices closed higher in Hyderabad while it remained unchanged in Kakinada. Prices remained unchanged in Kandla/Mudra and Mumbai. Sunflower expeller prices closed higher in Hyderabad while it fell in Erode and Latur. Prices remained unchanged in Chellakere.



- Agriwatch view: Prices of sunflower oil traded sideways in Chennai on weak demand and weak supply.

  Prices of sunflower remained unchanged in Chennai compared to CNF markets where prices rose indicating weak demand. Prices of sunflower oil are trading at same prices as soy oil, indicating weak demand in domestic markets.

  Fall in pal and soy oil capped prices.

  CSFO prices in CNF markets has risen above CDSO at CNF markets to USD 5.5 (USD 12 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 same prices compared to CDSO. However, sunflower oil is trading at slight premium 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 8 (Rs 5 last week) per 10 kg which is low indicting weak demand of sunflower oil.

  Sunflower oil premium over palm oil at CNF India is USD 135 (USD 150 last week) which is low and may support imports. Sunflower oil is trading at low premium over soy oil in domestic market, which will increase demand in medium term.

  Supply has improved in markets as imports rose 41 percent in November-June while stocks at ports and pipelines fell indicating firm demand. Imports of sunflower oil will show steady rise in coming months due to low premium of sunflower oil over CDSO and CPO.

  Imports of sunflower in June were above May and stocks at ports and pipelines rose indicating firm demand in near term.

  Refiners are aggressively purchasing crude sunflower oil from international markets as CIF sunflower oil trading at low premium over CIF soybean oil. Currently sunflower oil premium over soy oil is at USD 5.5 (USD 12 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.

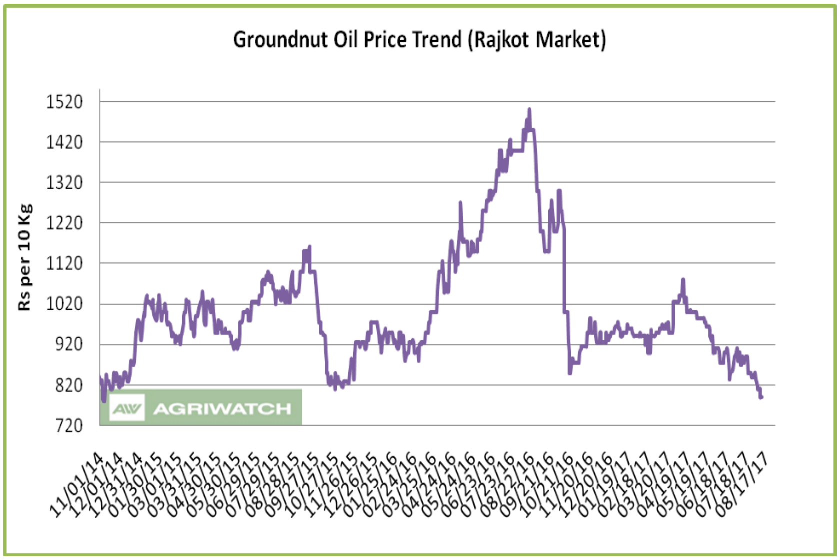
  On the international front record volume of production and exports from Ukraine indicates firm supply, which has led sunflower oil to trade at low premium over soy oil and palm oil.

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 1.16 lakh hectares as on 11.08.2017 compared to 1.42 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 817.5 (USD 815) per ton for Sep delivery and OND delivery is quoted at USD 817.5 (USD 815) per ton. CIF sun oil (Ukraine origin) July monthly average was at 803.04 per ton compared to USD 786.88 per ton in June. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 800-830 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD 5.5 (USD 12 last week) per ton for September delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 640 (Rs 640) per 10 Kg, and at Hyderabad market, it is offered at Rs 656 (Rs 646) per 10 kg as on August 11, 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 630-660 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 fell in Jamnagar and Gondal. Prices remained unchanged in 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 led lower offtake from stockists and traders against good stock position weakened prices.

  Groundnut prices fell on expectation of higher groundnut sowing in Gujarat supporting losses. Sowing area is less in Andhra Pradesh and Karnataka, which has kept prices in Chennai higher.

  Retail demand has weakened against higher stock position in market leading 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 to arrive prices could show rebound in medium term.

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

  Fall in palm and soy oil prices supported the fall.

  Recent rains in Gujarat has benefitted groundnut crop and yields will increase. Sowing of groundnut has increased in Gujarat in current Kharif season, which led to weaker prices of groundnut oil.

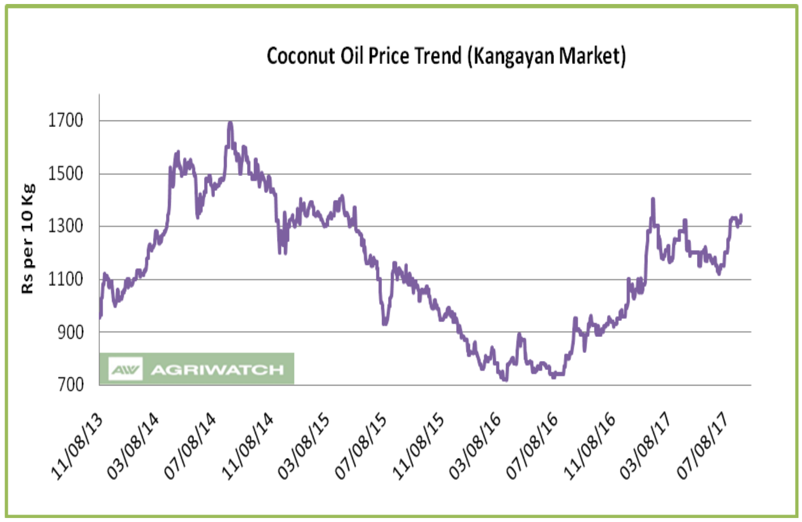
  However, prices remained higher in Chennai on weak sowing in Andhra Pradesh and Karnataka, which pulled down total sowing of groundnut compared to last year.

  Higher groundnut crop is expected in Gujarat due to better remuneration last year. However, recent fall in groundnut prices have taken the prices of groundnut below MSP. Groundnut prices are alarming and government intervention is necessary to defend prices. Traders are releasing groundnut in panic.

  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 36.50 lakh hectares as on 11.08.2017 compared to 42.02 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 7,900) per quintal and it was quoted at Rs 9,000 (Rs 9,000) per quintal in Chennai market on August 11, 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 720-850 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 rose in Kochi at the end of the week.
- Agriwatch view: Coconut oil prices featured firm trend during the week due to weak supply and firm demand ahead of Onam.

  Firm copra prices have heated coconut oil prices.

  Deficit of rainfall has improved in near term on rains in coconut growing regions of Tamil Nadu, which decreased the deficit. However, prices shot up due to firm demand in Kerala and Tamil Nadu.

  Copra is being released by traders having old copra stocks to take advantage of 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.

  Prices rose on seasonal uptrend of prices.

  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.

  Recent Rupee appreciation has slowed exports of coconut oil and prices are not competitive in international markets.

  Demand is firm due to high retail demand.

  Traders and upcountry buyers have stopped stocking as prices have surged.

  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.

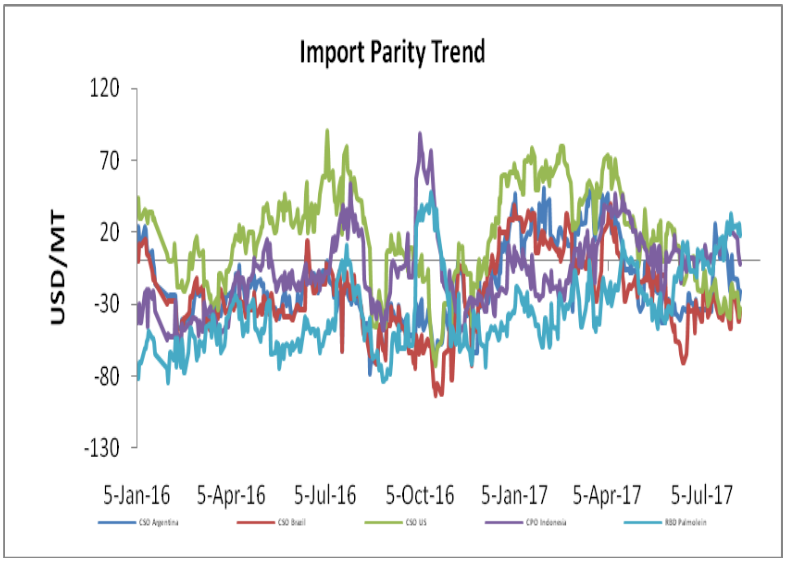
  Coconut oil prices are expected to be firm due to firm demand ahead of Onam, weak supply, seasonal uptrend of prices.

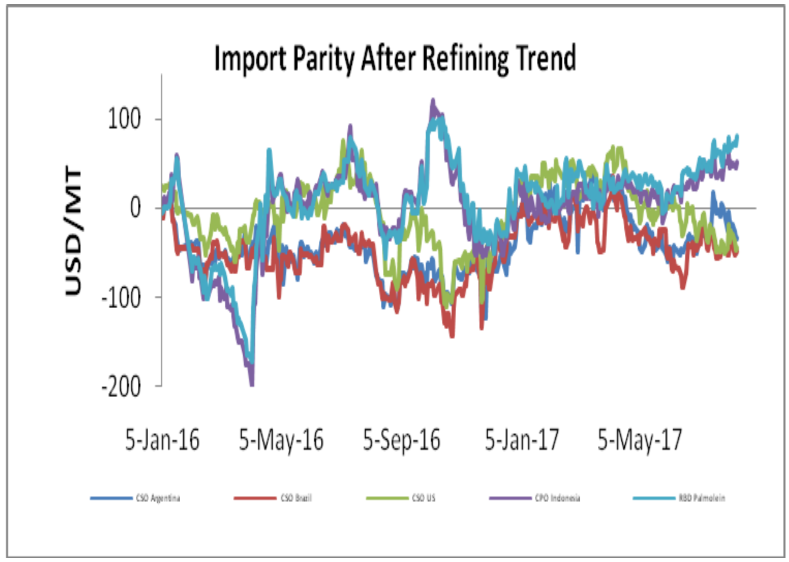
  Prices are expected to trade sideways to firm tone in near to medium term.
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 13,750 (13,550) per quintal, and was quoting Rs 13,400 (Rs 13,200) per quintal in Erode market on August 11, 2017.

Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1250-1450 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
June, 2017	-45.03	-59.29	-5.45	20.31	27.29
July, 2017	-16.51	-40.14	-31.05	42.05	54.70

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 remain in disparity in medium term. Parity in palm oil products may increase palm oil imports in the coming days.

Technical Analysis (Refined soy oil)

Refined soy oil Futures (NCDEX, Daily Sep, Chart)	Refined soy oil (Weekly chart, Indore Rs/10 Kg Inclusive VAT)
	

Outlook – Refined soybean oil witnessed uptrend during the week in review and is likely to trade with a sideways to weak tone in the coming days.

- Weekly chart of refined soy oil at NCDEX depicts downtrend during the week in review. We expect prices to trade sideways to weak tone in the near term.
- Any close below 640 in weekly might take the prices below 620 levels.
- Expected price band for next week is 620-670 level in near to medium term. RSI, stochastic and MACD is suggesting downtrend in the market.

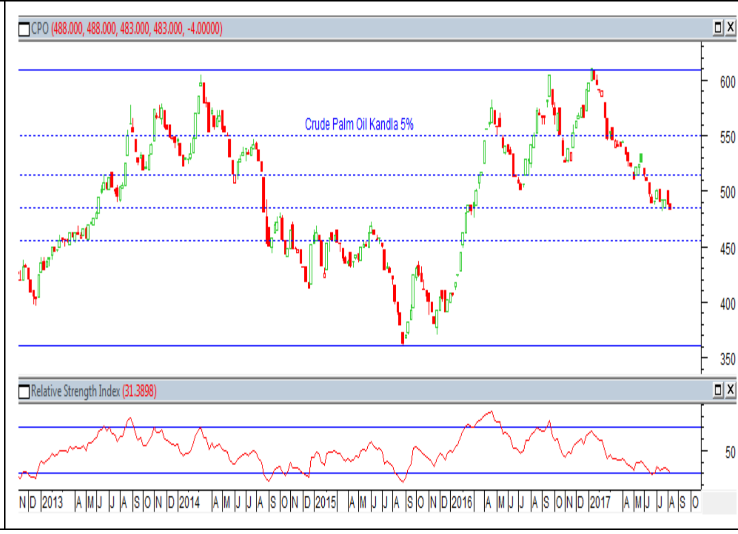
Strategy: Market participants are advised to go short below 660 levels for a target of 645 and 640 with a stop loss at 670 on closing basis.

RSO NCDEX (September)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
600.00	622.00	653.15	666.00	680.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 620-680 per 10 Kg.

Technical Analysis (Crude Palm oil)

Crude palm oil Futures (MCX, Daily August, Chart)	Crude palm oil (Weekly chart, Kandla Rs/10 Kg)
	

Outlook - Prices show downtrend in prices during the week. We expect that CPO August contract may trade sideways to weak note.

- Candlestick in weekly chart of crude palm oil at MCX depicts downtrend in the prices. We expect prices to trade with a sideways to weak note in the near term.
- Any close below 480 in weekly chart may bring the prices to 460 levels.
- Expected price band for next week is 480-530 level. RSI, Stochastic, and MACD are suggesting downtrend in prices in the coming week.

Strategy: Market participants are advised to go short in CPO below 510 for a target of 495 and 490 with a stop loss at 520 on closing basis.

CPO MCX (August)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
465	480	502.2	514	527

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
		11-Aug-17	4-Aug-17	
Refined Soybean Oil	Indore	632	635	-3
	Indore (Soy Solvent Crude)	600	602	-2
	Mumbai	635	640	-5
	Mumbai (Soy Degum)	588	585	3
	Kandla/Mundra	615	615	Unch
	Kandla/Mundra (Soy Degum)	582	582	Unch
	Kolkata	635	635	Unch
	Delhi	660	655	5
	Nagpur	689	689	Unch
	Rajkot	615	612	3
	Kota	630	630	Unch
	Hyderabad	660	660	Unch
	Akola	678	682	-4
	Amrawati	678	681	-3
	Bundi	630	632	-2
	Jalna	690	687	3
	Alwar	NA	NA	-
	Solapur	689	689	Unch
	Dhule	689	688	1
Palm Oil	Kandla (Crude Palm Oil)	483	487	-4
	Kandla (RBD Palm oil)	512	510	2
	Kandla RBD Pamolein	525	525	Unch
	Kakinada (Crude Palm Oil)	465	470	-5
	Kakinada RBD Pamolein	512	518	-6
	Haldia Pamolein	532	532	Unch
	Chennai RBD Pamolein	518	525	-7
	KPT (krishna patnam) Pamolein	510	518	-8
	Mumbai RBD Pamolein	530	532	-2
	Delhi	590	580	10
	Rajkot	528	520	8
	Hyderabad	494	485	9
	Mangalore RBD Pamolein	518	525	-7
	PFAD (Kandla)	420	420	Unch
	Refined Palm Stearin (Kandla)	450	450	Unch
Refined Sunflower Oil	Chennai	640	640	Unch
	Mumbai	700	700	Unch
	Mumbai(Expeller Oil)	605	605	Unch
	Kandla	670	670	Unch
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	656	646	10
	Latur (Expeller Oil)	665	660	5
	Chellakere (Expeller Oil)	610	610	Unch
	Erode (Expeller Oil)	665	670	-5
Groundnut Oil	Rajkot	790	815	-25
	Chennai	900	900	Unch
	Delhi	900	900	Unch
	Hyderabad *	870	900	-30
	Mumbai	850	870	-20
	Gondal	790	815	-25
	Jamnagar	790	815	-25
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	730	735	-5
	Jaipur (Kacchi Ghani Oil)	765	765	Unch
	Kota (Expeller Oil)	710	730	-20
	Kota (Kacchi Ghani Oil)	760	760	Unch
	Neewai (Kacchi Ghani Oil)	730	725	5
	Neewai (Expeller Oil)	750	745	5
	Bharatpur (Kacchi Ghani Oil)	770	760	10
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	730	730	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	755	755	Unch
	Mumbai (Expeller Oil)	750	760	-10
	Kolkata(Expeller Oil)	820	840	-20
	New Delhi (Expeller Oil)	760	760	Unch
	Hapur (Expeller Oil)	750	776	-26
	Hapur (Kacchi Ghani Oil)	820	820	Unch
	Agra (Kacchi Ghani Oil)	775	765	10
Refined Cottonseed Oil	Rajkot	660	670	-10
	Hyderabad	635	640	-5
	Mumbai	685	695	-10
	New Delhi	665	660	5
Coconut Oil	Kangayan (Crude)	1340	1320	20
	Cochin	1375	1355	20
	Trissur	NA	NA	-
Sesame Oil	New Delhi	770	770	Unch
	Mumbai	NA	NA	-
Kardi	Mumbai	740	740	Unch
Rice Bran Oil (40%)	New Delhi	480	480	Unch
Rice Bran Oil (4%)	Punjab	555	560	-5
Rice Bran Oil (4%)	Uttar Pradesh	555	560	-5

Malaysia Palmolein USD/MT	FOB	645	645	**Unch**
	CNF India	678	668	**10**
Indonesia CPO USD/MT	FOB	650	640	**10**
	CNF India	678	668	**10**
RBD Palm oil (Malaysia Origin USD/MT)	FOB	645	638	**7**
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	623	620	**3**
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1175	1170	**5**
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	615	610	**5**
Crude palm Kernel Oil India (USD/MT)	CNF India	1180	1135	**45**
Ukraine Origin CSFO USD/MT Kandla	CIF	815	815	**Unch**
Rapeseed Oil Rotterdam Euro/MT	FOB	737	732	**5**

Argentina FOB ($/MT)	**10-Aug-17**	**3-Aug-17**	**Change**
Crude Soybean Oil Ship	755	740	**15**
Refined Soy Oil (Bulk) Ship	781	766	**15**
Sunflower Oil Ship	720	720	**Unch**
Cottonseed Oil Ship	735	720	**15**
Refined Linseed Oil (Bulk) Ship	775	760	**15**
			**** indicates including VAT***

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