Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

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

On the currency front, Indian rupee is hovering near 64.01, lower by 7 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 660 levels for a target of 675 and 680 with a stop loss at 650 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 630-690 per 10 Kg in the near term.

At MCX, Market participants are advised to go long in CPO above 515 for a target of 530 and 535 with a stop loss at 505 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 500-550 per 10 Kg in the near term.

International Veg. Oil Market Summary

Malaysia's August palm oil exports rose 0.3 percent to 1,243,361 tons from 1,239,407 last month. Top buyers were European Union at 321,325 tons (323,071 tons), China at 204,450 tons (174,116 tons) and India & Subcontinent at 164,750 tons (242,600 tons). Values in brackets are figures of last month: ITS

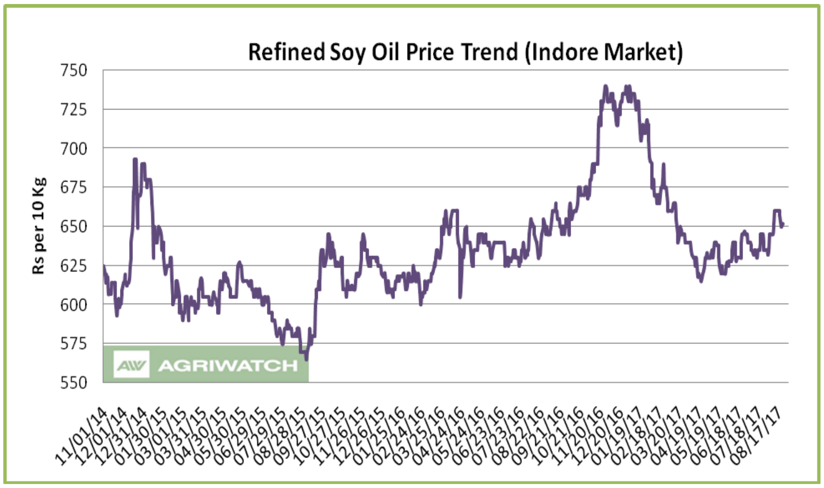
In the weekly USDA crop progress report released on 28 August; Soybeans dropping leaves are reported at 6% which is up from 5% during the corresponding period last year and up from the 5 year average of 5%. Soybean crop setting pods are reported at 93% which is same as 93% during the corresponding period last year and up from the 5 year average of 92%. About 61% of the soybean planted crop is under good to excellent condition which is down from 73% during the corresponding period last year.

On the international front, US soy oil based biodiesel demand, lower stocks of soy oil in US, strong demand of soybean from China, firm crude oil prices and weak dollar will support soy oil prices in coming days.

Expectation of firm exports from Malaysia, demand of palm oil from China and India, slow rise in production, firm competitive oil prices, firm crude oil prices and weak dollar will support CPO prices in near term.

Soy oil Fundamental Analysis and Outlook-:

Domestic Front



- Soy oil featured downtrend in domestic markets on weak demand and fall in prices of soybean in domestic markets. Prices of refined soy oil fell in Kandla/Mudra and Mumbai while it remained unchanged in Kolkata. CDSO prices fell at JNPT and Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices closed lower during the week in Indore on weak demand and fall in prices of soybean in domestic markets.

  CDSO prices fell more at India West coast v/s India CNF, compared to previous week indicating weak demand at high seas.

  Prices fell on fall in soybean prices in domestic markets.

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

  CDSO demand is firm at CNF markets as CDSO CNF prices fell less compared to CDSO FOB Argentina compared to last week.

  Prices fell on fall in palm oil prices.

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

  Imports of soy oil increased in July compared to June 2017 and July 2016. Stocks of CDSO at ports and pipelines surged in July. Importers cleared customs and stocked at ports to take advantage of hike in import duty as government earlier indicated that it will hike import duty on edible oils.

  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 98 (Rs 95 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 120.5 (USD 122 last week) per ton, which is low increase 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 and firm competitive oils.
- All India sowing of soybean has reached 104.88 lakh hectares as on 25.08.2017 compared to 113.11 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 4.68 lakh tons of soy oil in July 2017 v/s 3.49 lakh tons in July 2016, up 34 percent y-o-y. India imported 24.49 lakh tons of soy oil in the period (November 2016-July 2017) compared to 31.54 lakh tons in the corresponding period last oil year, lower by 22.45 percent y-o-y.

- Imported crude soy oil CIF at West coast port is offered at USD 823 (USD 807) per ton for September delivery, October delivery is offered at USD 823 (USD 807) per ton and November delivery is quoted at USD 828 (USD 827) per ton as on September 1, 2017. Values in brackets are figures of last week. Last month, CIF CDSO August average price was USD 813.42 (USD 796.8per ton in July 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 70-75/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- Fall in end stocks of soy oil in US due higher demand of soy oil in US despite higher soy oil production and higher crush of soybean. Lower stocks of soy oil in US will support soy oil prices in medium term.

  Soybean crop condition has improved in US Midwest improved in previous week on as good to excellent condition of soybean crop improved to 61 percent from 60 percent a week ago. All the other parameters are above last year and 5 year average.

  Weather in US Midwest has improved, temperatures have cooled, there is no moisture stress, and weather is beneficial for the crop. If the weather continues then USDA will increase yields of soybean in its September estimate after it raised in August estimate. Various forecasting agencies have increased their soybean yield estimate. Good crop condition will depress soybean complex prices in medium term.

  US commerce department slapped countervailing duties on imports of biodiesel from Argentina and Indonesia. Argentina exports soy oil based biodiesel while Indonesia exports palm oil based biodiesel. Anti dumping duties could range from 41.26 percent 68.28 percent. Argentina biodiesel body Carbio has denied any wrongdoing. Any duty above 15 percent will be detrimental to exports from Argentina, which exports 90 percent of production to US. Argentina's government has stated that it will try to negotiate with US on biodiesel issue then only they will decide next course of action. Argentina won the dispute with EU on biodiesel after EU banned biodiesel imports.

  US will need 250 million gallons of biodiesel in 2018 and 500 million gallons in 2019. This step will increase demand of soy oil produced in US. Higher soy oil use will increase demand of soy oil and support prices of soy oil in near to medium term.

  Soybean crop in US as reported by USDA increased 2017/18 soybean crop estimate to record levels on higher yields. Soybean end stocks estimates was revised higher.

  USDA generally increases soybean crop yields from August, according to historical data. Yields are increased since August until the final figures.

  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.

  Carl Ichan resigned from the post of policy advisor to US President Trump on allegation of taking undue benefits as advisor and holding stock of one of the refining companies.

China reported strong imports of soybean in July, which exceeded 10 MMT, which may push soybean crush margins to negative levels. China is 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 historical lines. 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.

Competitive oils will support soy oil prices in near term.

Rise in crude oil prices will support prices in near term.

Weakness in US dollar will support soy oil prices in near to medium term. Prices are in a range.

- In the weekly USDA crop progress report released on 28 August; Soybeans dropping leaves are reported at 6% which is up from 5% during the corresponding period last year and up from the 5 year average of 5%. Soybean crop setting pods are reported at 93% which is same as 93% during the corresponding period last year and up from the 5 year average of 92%. About 61% of the soybean planted crop is under good to excellent condition which is down from 73% during the corresponding period last year.
- U.S. Commerce department has ruled to impose countervailing duty on biodiesel imports from Argentina and Indonesia. U.S. commerce department decision comes after complaint from US National Biodiesel Board (NBB) in March that both the countries were dumping biodiesel in US market. Both the countries have denied wrongdoing. Two thirds of US imports of biodiesel are from Argentina and Indonesia. Argentina exports 90 percent of its biodiesel exports to US. The National Biodiesel Board Fair Trade Coalition has stated that it can impose countervailing duties in the range of 50.29 percent to 64.17 percent on imports on soy based biodiesel from Argentina and 41.06 percent to 68.28 percent on biodiesel imports from Indonesia.

  US commerce department has said that both the countries were subsidizing biodiesel exports. Argentine biodiesel association Carbio which represents big companies has denied wrongdoing. It has said that the decision is "unjustified" and "protectionist." Argentina biofuels industry has said any countervailing duty above 15 percent will be detrimental for biodiesel industry in the country and will price out biodiesel.

  Higher import duty will have to be replaced by 250 million gallons of biodiesel in the current year and 500 million gallons in 2018. This will benefit soybean and canola based biodiesel manufacturers in US and Canada.
- According to Energy Administration Agency (EIA), U.S. produced 140 million gallons in June compared to 136 million gallons in May, higher by 2.9 percent m-o-m. Soy oil was the largest feedstock with 549 million lbs in June compared to 546 million lbs in May.
- According to National Oilseed Processors Association (NOPA), U.S. July soybean crush rose 4.81 percent to 144.718 million bushels from 138.074 million bushels in June 2017. Crush of soybean in June 2016 was 143.715 million bushels. Soy oil stocks in U.S. at the end of June fell 8.5 percent to 1.558 billion lbs compared to 1.703 billion lbs in June 2017. Stocks of soy oil in July were lower by 10.6 percent compared to July 2016, which was reported at 1.743 million lbs.

- 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.
- 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.

<u>Previous updates</u>

- In the weekly USDA crop progress report released on 21 August; Soybeans blooming are reported at 97% which is down from 98% during the corresponding period last year and same as the 5 year average of 93%. Soybean crop setting pods are reported at 87% which is down from 88% during the corresponding period last year and up from the 5 year average of 85%. About 60% of the soybean planted crop is under good to excellent condition which is down from 72% during the corresponding period last year.
- 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.
- 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 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.
- 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
- 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

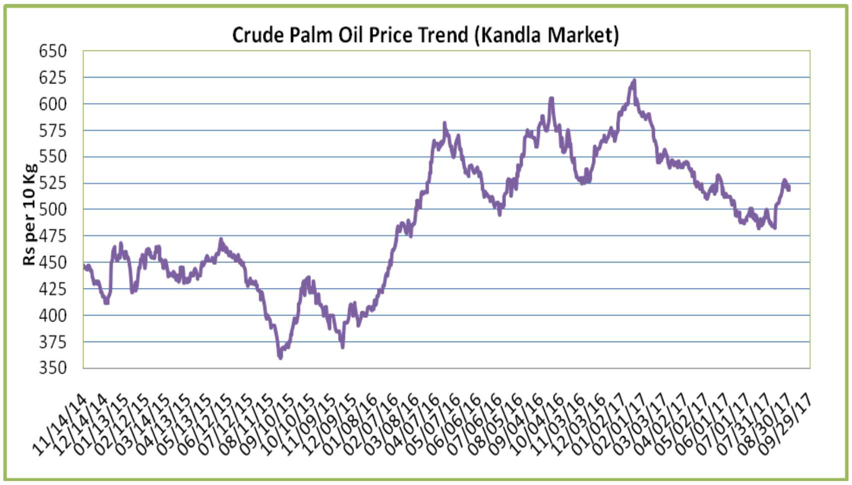
billion lbs in May 2017. Stocks of soy oil in June were lower by 14.2 percent compared to June 2016, which was reported at 1.985 million lbs.

- 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 because of lower planting area.
- 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. 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.

Price Outlook: We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 630-690 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 remained unchanged in Kakinada. RBD palmolein traded either unchanged lower across board in India.
- Agriwatch View – Prices of CPO closed lower at the end of week on weak demand.

  Prices of CPO fell at India high seas v/s CNF markets, which rose, compared to previous week indicating weak demand. BMD palm oil rose during the week in review.

  Palm oil was imported and stored at ports as government indicated earlier that it will increase import duty. Importers cleared customs and stocked to take advantage of prices. Import duty have been hike to 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 remained unchanged at high seas while prices rose at CNF India, compared to previous week.

  Demand of CPO is firm at CNF markets as prices remained unchanged at CNF markets while Indonesia FOB fell compared to last week.

  Demand of RBD palmolein was firm at CNF markets as prices fell at CNF markets while Malaysia FOB fell compared to last week.

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

  Demand of RBD palmolein on was equivalent CPO at high seas as premium RBD palmolein over CPO was at Rs 42 (Rs 42) per 10 kg compared to last week.

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

  Import of CPO in July was lower than June 2017 and higher than July 2016. Stocks at ports and pipelines was unchanged in July compared to June indicating regular demand.

  Import of RBD palmolein in July was lower than June 2017 and June 2016. Stocks at ports and pipelines decreased in July indicating firm demand.

  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 120.5 (USD 122 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 89 (Rs 98 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 88 (Rs 95 last week) per 10 kg is low and will decrease RBD palmolein 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 8.19 lakh tons of palm oil in July 2017 v/s 5.7 lakh tons in July 2016, higher by 42.1 percent y-o-y. Import of palm oil in the period (November 2016-July 2017) was at 67.41 lakh tons compared to 61.83 lakh tons in the corresponding period in last oil year, higher by 9 percent in the corresponding period last oil year.

  CPO imports increased to 5.15 lakh tons in July compared to 3.63 lakh tons in July 2016, higher by 41.9 percent y-o-y. Import of CPO in the period (November 2016-July 2017) was at 44.82 lakh tons compared to 41.29 lakh tons in the corresponding period last oil year, higher by 8.5 percent

  RBD palmolein imports rose 26.8 percent in July to 2.94 lakh tons from 2.07 lakh tons in July 2016. Import of RBD palmolein in the period (November 2016-July 2017) was at 21.97 lakh tons compared to 19.84 lakh tons in corresponding period last oil year, higher by 10.7 percent.
- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 702.5 (USD 685) per ton for September delivery, October delivery is quoted at USD 702.5 per ton. Last month, CIF CPO August average price was at USD 684.91 per ton (USD 678.96 per ton in July 2017). Values in brackets are figures of last week. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 702.5 (USD 685) per ton for September delivery while October delivery is offered at USD 702.5 per ton. Last month, CIF RBD palmolein August average price was USD 684.5 (USD 677.88 in July 2017) per ton. Values in bracket depict last week quotes.

  Ready lift CPO duty paid prices quoted at Rs 523 (Rs 522) per 10 Kg and September delivery duty paid is offered at Rs 523 (Rs 521) per 10 kg on September 1, 2017. Ready lift RBD palmolein is quoted at Rs 565 (Rs 565) per 10 kg.

  Values in brackets are figures of corresponding period last week.
- On the parity front, margins decreased during this week due to rise of prices of palm products in international markets. Currently refiners fetch USD 30-35/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 35-40 /ton v/s gain of USD 50-55/ton (last month) parity.
- We expect palm oil to trade sideways to firm in the days ahead.

International Front

Agriwatch View – Palm oil exports rose 0-1 percent in Malaysia in August indicating firm demand of palm oil from Malaysia in last 5 days of August.

China imports from Malaysia surged in August on demand ahead of Mid Autumn Festival in the country. CNGOIC has stated that it will purchase 450,000 tons of palm oil every month on replenish stocks of the tropical oil. Stocks of palm oil is in Chinese ports are half of normal levels.

Imports from EU was less than last month as EU is pressurizing governments in the Union to purchase less palm oil from Malaysia and Indonesia as both the countries are destroying rain forests for palm plantations.

India is expected to buy more in September ahead of Dussehra and Diwali festivals.

Higher buying by India and China is expected to will decrease palm oil stocks in Malaysia and support prices of palm oil in near term.

Earlier, 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 in Malaysia in July by 20 percent 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.

However, Malaysia is stopping undocumented workers from Indonesia, which may result in labor shortage in medium term. Malaysia intends to bring some workers from Bangladesh to tide over the situation.

Palm oil production in Malaysia, has peaked in July and is not expected to gain much in August as production growth slows. Lower growth of production will not pressurize stocks in medium term.

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 prices in medium term.

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

Increase in import duty on palm oil by India is not going to depress palm oil imports in near term. Malaysia is expected to change its policy to push exports. Inverted tax structure of Malaysia on exports of palm oil still benefits refiners in the country.

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.

Firm Ringgit pose thereat to palm oil prices in near to medium term.

Higher competitive oils prices will support prices

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

- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's August palm oil exports rose 0.3 percent to 1,243,361 tons from 1,239,407 last month. Top buyers were European Union at 321,325 tons (323,071 tons), China at 204,450 tons (174,116 tons) and India & Subcontinent at 164,750 tons (242,600 tons). Values in brackets are figures of last month.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's August 1-25 palm oil exports fell 8.4 percent to 956,547 from 1,044,456 tons in corresponding period last month. Top buyers are European Union at 176,438 tons (305,870 tons), India at 161,940 tons (146,600 tons), China at 121,600 tons (153,201

tons) tons, United States at 45,750 tons (55,281 tons) and Pakistan at 0.0 tons (43,000 tons). Values in brackets are figures of corresponding period last month.

- 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.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia kept September crude palm oil export duty unchanged at 5.5 percent. Tax is calculated at reference price of 2,677.91 ringgit ($623.57) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

  According to Indonesia trade ministry, Indonesia keeps September crude palm oil export duty to zero, unchanged from last month. Tax is not charged if prices at or below USD 750 per ton. Indonesia kept export duty at zero as it expects that prices will miss certain thresholds.

Previous updates

- According to Indonesia Palm Oil Association (GAPKI), Indonesia exports of palm and palm kernel oil fell 19 percent to 2.13 MMT from 2.62 MMT in June 2017 and 1.78 MMT in June 2016, higher by 19.7 percent y-o-y.
- According to China's General Administration of Customs (CNGOIC), China's July palm oil imports fell 40.54 percent to 1.98 lakh tons compared to July 2016. Year to date imports of palm oil rose 8.19 percent to 23.78 lakh tons compared to corresponding period last year. Imports from Indonesia in July fell 57.6 percent to 0.72 lakh tons compared to July 2016. Year to date imports of palm oil from Indonesia rose 8.6 percent to 15.09 lakh tons compared to corresponding period last year. Imports from Malaysia in July fell 22.88 percent to 1.26 lakh tons compared to July 2016. Year to date imports rose 8.09 percent from Malaysia to 8.69 lakh tons compared to corresponding period last year.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's August 1-25 palm oil exports fell 8.1 percent to 934,544 tons from 1,016,689 in corresponding period last month. Top buyers were European Union at 147,850 tons (127,226 tons), China at 147,850 tons (127,226 tons) and India & Subcontinent at 110,250 tons (195,600 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's August 1-20 palm oil exports fell 15.3 percent to 692,662 from 817,961 tons in corresponding period last month. Top buyers are European Union at 122,973 tons (221,380 tons), India at 115,240 tons (104,100 tons), China at 97,600 tons (136,701) tons, United States at 18,730 tons (31,986 tons) and Pakistan at 0.0 tons (23,000 tons). Values in brackets are figures of corresponding period last month.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's May palm and palm kernel oil exports rose 49 percent to 2.62 MMT compared to 1.76 MMT in May 2016. Exports were higher by 2 percent from April which was at 2.57 MMT. Indonesia's palm oil end stocks fell to 621,000 in May from 888,000 tons in April, lower by 30 percent m-o-m.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's June palm oil end stocks fell 1.93 percent to 15.27 lakh tons compared to 15.58 lakh tons in May. Production of palm oil in June fell 8.48 percent to 15.14 lakh tons

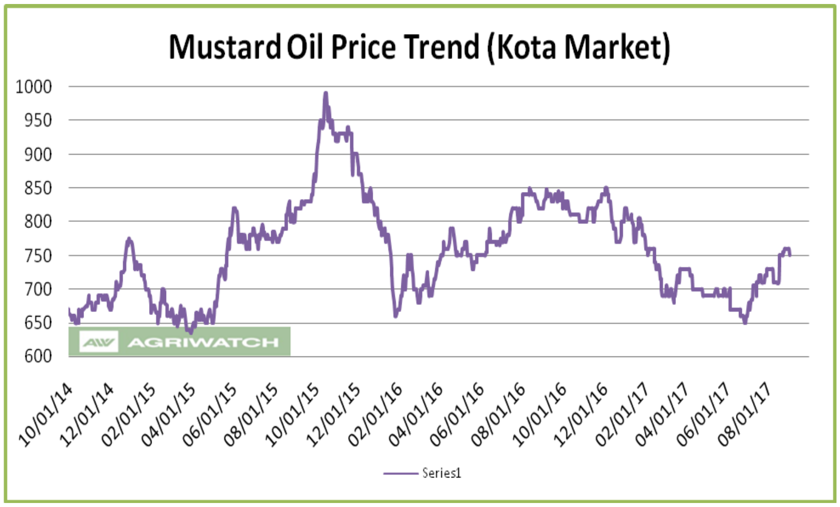
compared to 16.54 lakh tons in May. Exports fell 8.39 percent to 13.80 lakh tons compared to 15.06 lakh tons in May. Imports of palm oil in May fell 3.42 percent to 0.45 lakh tons compared to 0.47 lakh tons in May.

- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia reduced August crude palm oil export duty to 5.5 percent from 6.5 percent in July. Tax is calculated at reference price of 2699.54 ringgit ($629.56) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 500-550 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-:

Domestic Front



- Mustard oil prices featured weak trend in its benchmark market of Kota on weak demand. Arrivals of rapeseed decreased last week.
- Agriwatch view: Prices of rapeseed oil expeller decreased at its benchmark market in Kota despite lower arrival of rapeseed indicating weak demand of rapeseed oil.

  Prices of expeller rapeseed oil rose in Jaipur, Hapur and Kolkata. Prices were unchanged in Neewai and Ganganagar while it fell in Mumbai and New Delhi. Prices of kacchi ghani rapeseed oil fell in Kota, Jaipur, Ganganagar, bharatpur and Agra while it was unchanged in Neewai. Prices rose in Hapur at the end of the week. Canola oil prices fell rose during the week, supporting fall in rapeseed expeller prices.

  Prices of rapeseed oil traded mixed to weak in various centers in India on weak demand. Demand from east India on occasion of festival in September will increase demand of rapeseed oil medium term.

  Arrivals of rapeseed have decreased last week and prices of rapeseed fell.

  Lower raw material prices led to lower prices of end product.

  Weak buying by stockists and traders against good stock position led to fall in prices in medium term.

  Fall in palm and soy oil supported prices.

  Mustard oil prices are trading at higher premium over soy oil, which will underpin 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 6.8 MMT in 2017.

  Increase in premium of rapeseed oil over soy oil in domestic market was at Rs 98 (Rs 100) per 10 Kg, may suppress prices rapeseed oil prices in medium term.

  Premium of canola oil compared to CDSO has decreased to USD 27 (USD 28) per ton and which will support imports.

  Lower prices of expeller rapeseed oil led to fall in import demand of canola oil in medium term. However, with rise in prices of rapeseed oil expeller prices will increase imports.

  Markets are expected to trade sideways to firm tone in coming days on firm demand ahead of festivals, stocking at lower levels, seasonal uptrend of prices and lower crushing of rapeseed.
- India did not import of rapeseed (Canola) oil imports in July 2017 v/s 0.66 lakh tons in July 2016. Imports were 1.95 lakh tons in the period (November 2016-July 2017) compared to 2.56 lakh tons in corresponding period last oil year: SEA
- CNF canola oil premium over soybean oil is USD 27 (USD 28 last week) per ton for September delivery as on September 1, 2017.

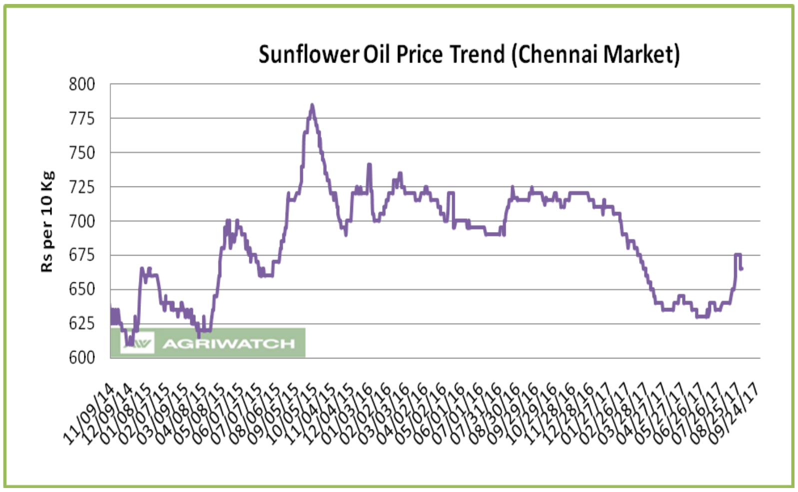
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 770 (Rs 765) per 10 Kg, and at Kota market, it is offered at Rs 750 (Rs 760) per 10 kg as on September 1, 2017. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Rapeseed oil (without VAT) prices in Kota may stay in the range of Rs 700-800 per 10 Kg.

Sunflower oil Fundamental Review and Analysis-:

Domestic Front

- Sunflower oil featured weak trend last week in its benchmark market of Chennai on weak demand. Prices fell in Hyderabad, Mumbai and Kandla/Mudra while it rose in Kakinada. Sunflower expeller prices fell in Hyderabad and Chellakere while it rose in Erode and Latur, and.
- Agriwatch view: Prices of sunflower oil traded firm in Chennai on rise in prices in international markets and firm demand



Prices of sunflower fell more in Chennai compared to CNF markets indicating weak demand. Prices of sunflower oil are trading at slight premium over soy oil in domestic market indicating weak.

Fall in palm and soy oil supported fall in prices.

Refiners, millers and traders have good stocks sunflower oil.

Sunflower oil was imported in earlier months and stocked at ports to take advantage of rise in import duty as government indicated that it will raise import duty.

CSFO prices in CNF markets has risen above CDSO at CNF markets to USD 12 (USD 22 last week) per ton for September delivery, indicating ample space for prices to rise in domestic markets as sunflower oil is considered superior oil.

Crude sunflower oil is imported at lower premium compared to CDSO. However, sunflower oil is trading at higher premium to soy oil, in domestic markets indicating firm demand compared to soy oil. In domestic market, sunflower oil premium over soy oil is at Rs 13 (Rs 15 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 132.5 (USD 145 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 49 percent in November-July while stocks at ports and pipelines rose indicating firm supply at high seas. Imports of sunflower oil will show steady rise in coming months due to low premium of sunflower oil over CDSO and CPO and appreciation of Rupee.

Imports of sunflower oil in July were above June and July 2016 while stocks at ports and pipelines rose indicating firm supply.

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 12 (USD 22 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.

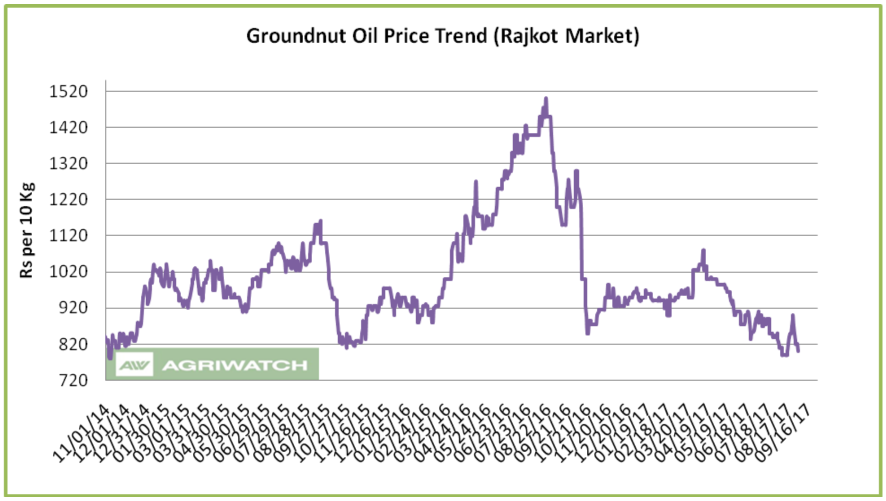
On the international front record volume of production and exports from Ukraine indicates firm supply, which has led sunflower oil to trade at low premium over soy oil and palm oil.

Prices of sunflower oil are expected to trade sideways to firm on firm demand, seasonal uptrend of prices, rise in competitive oils 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 1.26 lakh hectares as on 25.08.2017 compared to 1.55 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 2.00 lakh tons of crude sunflower oil during July 2017 v/s 1.34 lakh tons in June 2016, higher by 49 percent y-o-y. India imported 17.09 lakh tons of crude sunflower oil (November 2016-July 2017) compared to 12.02 lakh tons in corresponding period last oil year, higher by 42 percent.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 835 (USD 845) per ton for Sep delivery, Oct delivery is quoted at USD 835 (USD 840) per ton and ND delivery is quoted at USD 830 (USD 817.5) per ton. CIF sun oil (Ukraine origin) August monthly average was at 825.42 per ton compared to USD 803.04 per ton in July. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 820-880 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD 22 (USD 20.5 last week) per ton for September delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 665 (Rs 675) per 10 Kg, and at Hyderabad market, it is offered at Rs 665 (Rs 679) per 10 kg as on September 1, 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 640-700 per 10 Kg.

Groundnut oil Fundamental Review and Analysis-: `
Domestic Front



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

  Prices of groundnut oil are near 3-year lows, which was just above other oils despite being superior oil.

  Prices fell on seasonal downtrend of prices.

  Groundnut oil demand is weak on lower offtake from stockists and traders.

  Demand is expected to firm due to stocking ahead of festivals of Dusshera and Diwali.

  Prices of groundnut oil fell on fall in soy oil, palm oil and sunflower oil.

  Retail demand has weakened in near term and stocks position is good.

  However, with demand season to arrive prices could rise in medium term.

  Recent rains in Gujarat has benefitted groundnut crop and yields will increase. Sowing of groundnut has increased in Gujarat in current Kharif season.

  Good rains in Karnataka, Andhra Pradesh in near term is beneficial of crop in South India. Further good rains in groundnut growing areas of Gujarat is beneficial for c he crop.

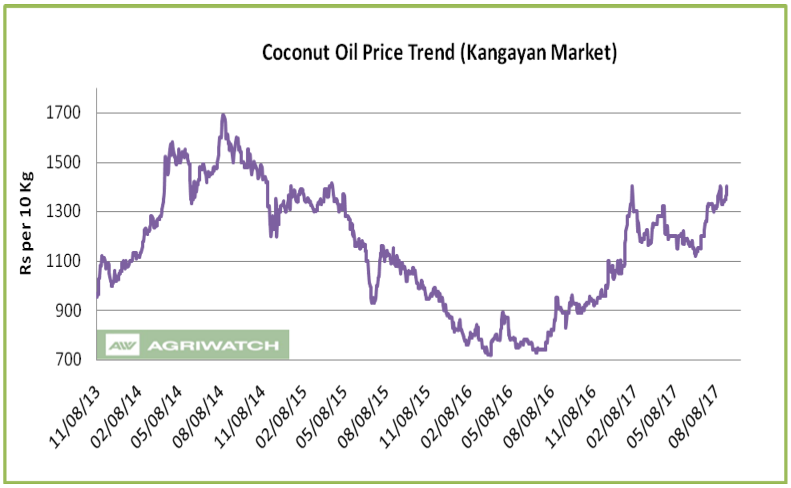
  Higher groundnut crop is expected in Gujarat due to better remuneration last year. However, recent fall in groundnut prices have taken the prices of groundnut below MSP. Groundnut prices are alarming and government intervention is necessary to defend prices. Traders are releasing groundnut in panic.

  Groundnut oil prices are expected to trade sideways to firm on buying at lower quotes, stocking ahead of festivals, recovery in groundnut prices and rise in competitive oils
- All India sowing of groundnut reached 38.80 lakh hectares as on 25.08.2017 compared to 43.76 lakh hectares in corresponding period last year. Sowing in top producing state of Gujarat reported higher while lower rains in Andhra Pradesh and Karnataka led to lower sowing area.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 8,000 (Rs 9,000) per quintal and it was quoted at Rs 8,500 (Rs 8,800) per quintal in Chennai market on September 1, 2017. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to firm in the coming days.

Price Outlook

Groundnut oil (without VAT) in Rajkot market is likely to trade in the price band of Rs 750-900 per 10 Kg.

Coconut Oil Fundamental Review and Analysis-:
Domestic Front



- Coconut oil featured firm trend featured in its benchmark market of Kangayan on firm demand and rise in copra prices. Prices rose in Kochi at the end of the week.
- Agriwatch view: Coconut oil prices featured firm trend during the week due to firm demand and rise in copra prices.

  Demand is firm as higher retail demand on Onam festival.

  Firm copra prices have led to higher coconut oil prices.

  Higher raw material prices led to higher end product prices.

  Demand is expected to fall on lower buying at higher quotes.

  Prices rose on seasonal uptrend of prcies.

  There were disruptions in harvest of coconut in Kerala, which registered heavy rainfall last week. Coconut growing area in Tamil Nadu has witnessed good rains. Kerala received good rains last week which decreased deficit of rainfall.

  Farmers are holding copra to get good prices.

  There is short supply of milling copra as less rains in 2016 has affected the coconut production. Ball copra is being used for production of coconut oil in near term.

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

  Demand from North India is firm.

  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.

  Traders and upcountry buyers are adequately stocked and have stopped further stocking, staying away from market as prices have surged.

  However, millers are stocking coconut oil as their stocks are low which has helped rise in prices.

  Coconut oil is costliest domestic edible oil, which will weaken demand.

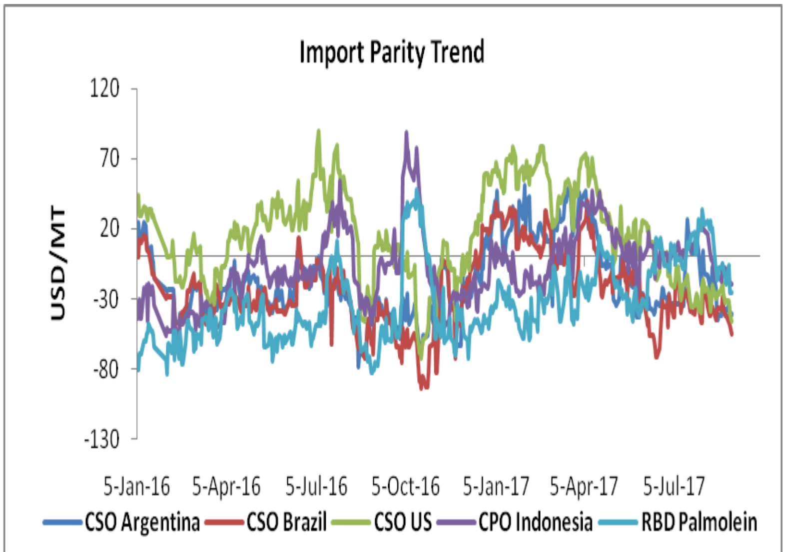
  Coconut oil prices are expected to be weak due to lower demand after of Onam, good supply, seasonal downtrend of prices and fall in prices of copra.

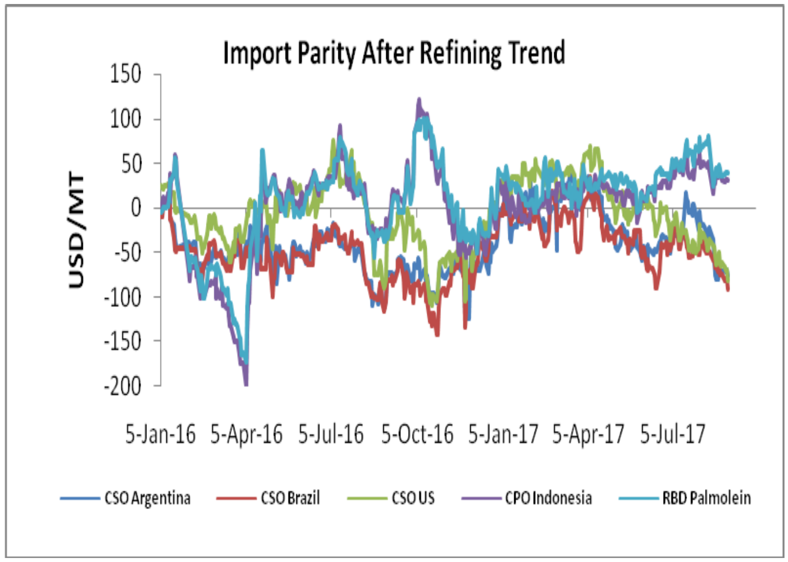
  Prices are expected to trade sideways to weak tone in near to medium term.
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 14,600 (14,000) per quintal, and was quoting Rs 14,000 (Rs 13,400) per quintal in Erode market on September 1, 2017.

Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1300-1500 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
July, 2017	-16.51	-40.14	-31.05	42.05	54.70
July, 2017	-47.44	-58.95	-48.36	40.00	52.82

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 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 640 in weekly might take the prices below 620 levels.
- Expected price band for next week is 630-680 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 660 levels for a target of 675 and 680 with a stop loss at 650 on closing basis.

RSO NCDEX (September)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
632.00	645.00	666.1	680.00	695.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 630-690 per 10 Kg.

Technical Analysis (Crude Palm oil)

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

Outlook - Prices show uptrend in prices during the week. We expect that CPO September 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 500 in weekly chart may bring the prices to 400 levels.
- Expected price band for next week is 490-540 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 515 for a target of 530 and 535 with a stop loss at 505 on closing basis.

CPO MCX (September)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
480	497	520.7	537	550

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 500-550 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		1-Sep-17	25-Aug-17	
Refined Soybean Oil	Indore	652	660	-8
	Indore (Soy Solvent Crude)	622	630	-8
	Mumbai	670	675	-5
	Mumbai (Soy Degum)	617	622	-5
	Kandla/Mundra	645	660	-15
	Kandla/Mundra (Soy Degum)	615	622	-7
	Kolkata	670	670	Unch
	Delhi	680	690	-10
	Nagpur	708	712	-4
	Rajkot	640	650	-10
	Kota	650	660	-10
	Hyderabad	675	680	-5
	Akola	699	703	-4
	Amrawati	702	702	Unch
	Bundi	650	660	-10
	Jalna	708	713	-5
	Alwar	NA	NA	-
	Solapur	708	712	-4
	Dhule	709	716	-7
Palm Oil	Kandla (Crude Palm Oil)	522	528	-6
	Kandla (RBD Palm oil)	545	550	-5
	Kandla RBD Pamolein	570	570	Unch
	Kakinada (Crude Palm Oil)	500	500	Unch
	Kakinada RBD Pamolein	565	570	-5
	Haldia Pamolein	575	575	Unch
	Chennai RBD Pamolein	570	575	-5
	KPT (krishna patnam) Pamolein	565	570	-5
	Mumbai RBD Pamolein	580	582	-2
	Delhi	615	630	-15
	Rajkot	560	570	-10
	Hyderabad	532	527	5
	Mangalore RBD Pamolein	570	575	-5
	PFAD (Kandla)	430	430	Unch
	Refined Palm Stearin (Kandla)	455	455	Unch
Refined Sunflower Oil	Chennai	665	675	-10
	Mumbai	710	715	-5
	Mumbai(Expeller Oil)	625	630	-5
	Kandla	680	685	-5
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	665	679	-14
	Latur (Expeller Oil)	690	670	20
	Chellakere (Expeller Oil)	630	635	-5
	Erode (Expeller Oil)	710	690	20
Groundnut Oil	Rajkot	800	900	-100
	Chennai	860	880	-20
	Delhi	900	900	Unch
	Hyderabad *	880	900	-20
	Mumbai	830	865	-35
	Gondal	790	800	-10
	Jamnagar	800	820	-20
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	770	765	5
	Jaipur (Kacchi Ghani Oil)	796	801	-5
	Kota (Expeller Oil)	750	760	-10
	Kota (Kacchi Ghani Oil)	785	790	-5
	Neewai (Kacchi Ghani Oil)	760	760	Unch
	Neewai (Expeller Oil)	780	780	Unch
	Bharatpur (Kacchi Ghani Oil)	796	800	-4
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	765	765	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	780	785	-5
	Mumbai (Expeller Oil)	775	800	-25
	Kolkata(Expeller Oil)	870	850	20
	New Delhi (Expeller Oil)	770	775	-5
	Hapur (Expeller Oil)	800	770	30
	Hapur (Kacchi Ghani Oil)	880	860	20
	Agra (Kacchi Ghani Oil)	801	805	-4
Refined Cottonseed Oil	Rajkot	645	680	-35
	Hyderabad	650	645	5
	Mumbai	685	695	-10
	New Delhi	650	675	-25
Coconut Oil	Kangayan (Crude)	1400	1340	60
	Cochin	1460	1440	20
	Trissur	NA	NA	-
Sesame Oil	New Delhi	770	780	-10
	Mumbai	NA	NA	-
Kardi	Mumbai	NA	NA	-
Rice Bran Oil (40%)	New Delhi	510	500	10
Rice Bran Oil (4%)	Punjab	590	570	20
Rice Bran Oil (4%)	Uttar Pradesh	NA	NA	-

Malaysia Palmolein USD/MT	FOB	670	678	-8
	CNF India	703	700	3
Indonesia CPO USD/MT	FOB	673	675	-2
	CNF India	705	700	5
RBD Palm oil (Malaysia Origin USD/MT)	FOB	665	673	-8
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	665	673	-8
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1335	1365	-30
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	628	635	-7
Crude palm Kernel Oil India (USD/MT)	CNF India	1290	1265	25
Ukraine Origin CSFO USD/MT Kandla	CIF	833	840	-7
Rapeseed Oil Rotterdam Euro/MT	FOB	740	748	-8

Argentina FOB ($/MT)	**31-Aug-17**	**24-Aug-17**	**Change**
Crude Soybean Oil Ship	774	778	-4
Refined Soy Oil (Bulk) Ship	801	805	-4
Sunflower Oil Ship	740	735	5
Cottonseed Oil Ship	754	758	-4
Refined Linseed Oil (Bulk) Ship	794	798	-4
			**** indicates including VAT***

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