Veg. Oil Weekly Research Report

Contents

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil witnessed mixed trend in domestic market in the week in review. CBOT soy oil and BMD CPO fell during the week. Soy oil, palm oil and coconut oil prices fell while sunflower oil rose. Rapeseed oil and groundnut oil closed higher.

On the currency front, Indian rupee is hovering near 64.51, down by 18 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 weak on weak fundamentals. Higher stocks at ports and pipeline will underpin prices in near term.

Recommendation:

Weekly Call - : At NCDEX, market participants are advised to go short below 735 levels for a target of 720 and 715 with a stop loss at 745 on closing basis. We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 690-760 per 10 Kg in the near term.

At MCX, market participants are advised to go long in CPO below 590 for a target of 585 and 580 with a stop loss at 600 on closing basis. We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 550-620 per 10 Kg in the near term.

International Veg. Oil Market Summary

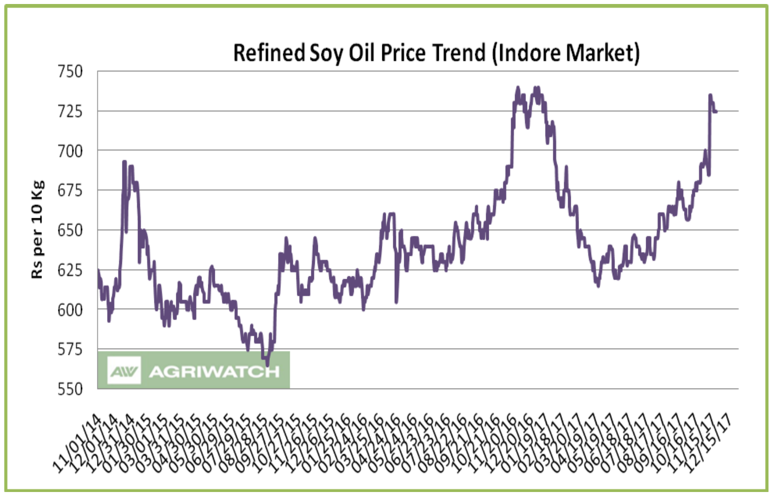
Malaysia's November palm oil exports fell 7.5 percent to 1,311,012 compared to 1,416,664 last month. Top buyers are European Union at 246,561 tons (293,425 tons), China at 236,606 tons (262,811 tons), India at 112,960 tons (175,230 tons), Pakistan at 69,450 tons (82,540 tons) and United States at 69,225 tons (61,772 tons). Values in brackets are figures of last month: ITS

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

Rise of palm oil stocks in Malaysia, weak exports of palm oil from Malaysia, weak demand of palm oil from India and China, rise in production of palm oil in Malaysia, weak competitive oil prices will underpin CPO prices in near term.

Soy oil Fundamental Analysis and Outlook-:

Domestic Front



- Soy oil featured weak trend in domestic markets on weak demand. Prices of refined soy oil remained unchanged at Kandla/Mudra while it fell in Mumbai and 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. CDSO prices fell at high seas while it was unchanged at India CNF compared to previous week indicating weak demand at high seas.

  Demand in domestic market was weak as refined soy oil prices closed lower in most centers of the India. CDSO demand is regular at CNF markets as CDSO CNF prices fell equally compared to CDSO FOB Argentina compared to last week.

  Appreciation of Indian rupee has made imports of soy oil dearer in India.

  Imports of soy oil increased in October compared to September 2017 while it was lower compared to October 2016 while stocks of CDSO at ports and pipelines fell less in October indicating weak demand.

  Crushing of soybean in India is in full swing on new crop arrival and lower prices of soybean and soy meal. Soybean prices will remain weak as soy meal exports are uncompetitive compared to Argentina 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 decreased to Rs 83 (Rs 83 last week) per 10 Kg, which is low and may support soy oil prices in domestic markets. In USD terms, premium of CDSO CIF over CPO CIF was quoted at USD 151 (USD 150 last week) per ton, which is low and increased demand of CDSO at CNF markets compared to CPO CNF. Values in brackets are figures of last week.

  Prices of soy oil are expected to rise on firm demand and firm competitive oils.
- Government of India (GOI) hiked import duty on imports of various edible oils to check surge in imports of edible oils and support domestic crushing industry, which has been reeling due to lower priced imports of edible oils. Domestic farmers are losing interest in farming of oilseed due to cheap imports of edible oils, which has led to lower realization on oilseeds farming. Import duty on crude palm oil (CPO) was hiked from 15 percent to 30 percent while import duty on RBD palmolein was hiked from 25 percent to 40 percent. Import duty on crude soy oil was hiked from 17.5 percent to 30 percent while refined soy oil import duty is hiked from 20 percent to 35 percent. Import duty on crude rapeseed oil was hiked from 12.5 percent to 25 percent while refined rapeseed oil will be charged import duty of 35 percent from 20 percent earlier. Import duty on sunflower from 12.5 percent to 25 percent while import duty on refined sunflower oil was raised from 20 percent to 35 percent.

- Soy oil import scenario – According to SEA, India imported 2.20 lakh tons of soy oil in October 2017 v/s 2.78 lakh tons in October 2016, down 20.8 percent y-o-y. India imported 33.16 lakh tons of soy oil in the period (November 2016-Ocotber 2017) compared to 42.35 lakh tons in the corresponding period last oil year, lower by 21.7 percent y-o-y.
- Imported crude soy oil CIF at West coast port is offered at USD 831 (USD 830) per ton for December delivery, January delivery is offered at USD 827 (USD 822) per ton and Feb delivery is quoted at USD 827 per ton. Values in brackets are figures of last week. Last month, CIF CDSO November average price was USD 838.04 (USD 829.36 per ton in October 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 95-100/ton v/s loss of USD 60-65/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- US EPA increased biodiesel production target to 19.29 billion gallons compared to 19.20 billion gallons in 2017. This comes after US imposed anti dumping duty of imports of biodiesel from Argentina, which has outpriced all exports from the country to US.

Soybean harvest in US has concluded and it was finished in normal time. USDA December estimates will tell the final yield estimate of soybean crop in 2017/18.

USDA has increased 2018/19 soybean area to record levels at 91 million acres. Higher area of soybean will increase soybean crop in 2018/19.

Beneficial rains in soybean areas Brazil in November accelerated soybean planting after initial dry conditions. Better planting of soybean is expected to increase yields in the country. USDA pegged soybean crop in the country at 108 MMT I 2017/18.

Soybean planting of Argentina is progressing at slow pace due to dry conditions in main grain belts due to dry conditions while some area are have good moisture. Beneficial rains are needed to improve planting. USDA is expected to decrease Argentina 2017/18 soybean crop from its last estimate of 57 MMT.

India imposed higher import duty on imports of soy oil in the county. This step will reduce imports of soy oil in the country. Lower dependence on imports will increase domestic crushing of soybean which has reeled for years due to cheap soy oil imports.

Agriculture ministry of Argentina expects area under soybean at 16.8 million hectares. However, Buenos Aires grains exchange expects area under soybean at 18.1 million hectares in 217/18.

Soy oil end stocks fell in US in October as reported by NOPA despite higher crush and higher production of soy oil indicate that demand of soy oil is firm in US. Lower stocks of soy oil in US will support prices.

Soy oil end stocks in 2017/18 in US were raised as reported by USDA in its November estimate on higher opening stocks. Higher end stocks will be bearish for soy oil prices.

Demand of soybean from China weakened in October on higher inventories of soybean in the country. Chinese think tank has indicated that China will import more than 100 MMT in 2018.

US commerce department imposed antidumping duty in ranged of 71.45 percent to 72.28 percent on imports of biodiesel from Argentina and allegation of dumping of soy oil based biodiesel. Argentina's President has said that it will approach WTO to resolve the issue.

Firm Chinese demand will keep prices of soybean complex elevated.

Brazil soybean sales to China have partly replaced US soybean sales may lead to higher soybean stocks in US.

China reported 28 percent fall in soybean imports in October at 5.86 MMT, which has led to short supply in the country.

Record imports by China will soak global incremental prediction of soybean and support prices in medium term.

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

Prices are in a range.

- Forecast of below-average rainfall in the first two weeks of December is likely to affect soybean planting in Argentina's central grain belts according to meteorologists. The southern hemisphere spring which began in September has brought lower than normal precipitation in Argentina. This is likely to affect soybean 2017 -18 harvest. As on 23 November 2017, farmers had planted 34 percent of the 18.1 million hectares they are expected to sow under soybean in 2017 -18.
- Brazilian analysts are likely to increase their soybean crop forecast this season after unfavorable climatic conditions have waned and the crop is developing well in the growing regions. According to an average of forecasts compiled in a recent poll, Brazil is expected to harvest 109.43 MMT soybean in the 2017/18 season.
- According to a latest long –term crop forecast report released by the USDA, soybean acreage in 2018 is forecast at a record 91.0 million acres compared to 90.2 million acres in 2017. It will be another year of bumper soybean supply assuming weather remains favourable in the growing regions.
- According to National Oilseed Processors Association (NOPA), U.S. October soybean crush rose 20.4 percent to 164.242 million bushels from 136.419 million bushels in September 2017. Crush of soybean in October 2016 was 164.641 million bushels. Soy oil stocks in U.S. at the end of October fell 6.0 percent to 1.224 billion lbs compared to 1.302 billion lbs in end September 2017. Stocks of soy oil in end September was lower by 8.9 percent compared to end October 2016, which was reported at 1.410 million lbs
- According to United States Department of Agriculture (USDA) November estimate, U.S 2017/18 ending stock of soy oil is rose 5.1 percent to 1,711 million lbs from 1,632 million lbs in October estimate. Opening stocks are increased to 1,711 million lbs from 1,632 million lbs. Production of soy oil in 2017/18 is unchanged at 22,505 million lbs. Imports in 2017/18 were unchanged at 300 million lbs in October estimate. Biodiesel use in 2017/18 is was unchanged at 7,000 million lbs. Food, feed and other industrial use in 2017/18 was unchanged at 13,800 lbs. Exports in 2017/18 were kept unchanged at to 2,100 million lbs. Average price range estimate is kept unchanged in 2017/18 at 32.5-36.5 cents/lbs. Rise in end stock in 2017/18 is due to higher opening stocks.
- USDA WASDE Oilseeds Highlights: The 2017/18 U.S. season-average soybean price is forecast at $8.35 to $10.05 per bushel, unchanged from last month. Soybean meal and soybean oil price projections are also unchanged at $290 to $330 per short ton and 32.5 to 36.5 cents per pound, respectively.

Previous updates

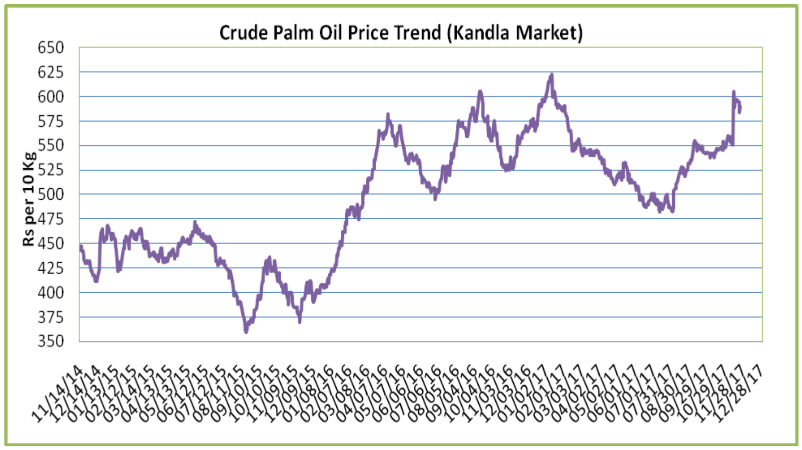
- According to AgRural consultancy, soybean planting in Brazil has covered 84% rising 11% in the week. Planting area is above 5-year average of 79% and 83% in corresponding period last year. In top tow producing states of Mato Grosso and Parana planting has reached 96%. In center west Brazil planting is nearing completion.
- In the weekly USDA crop progress report released on 20 November; around 96% of the new soybean crop has been harvested which is less than 98% during the corresponding period last year and down from the 5 year average of 97%.
- According to Argentine Ministry of Agriculture, soybean acreage in 2017/18 is likely to decline to 16.8 million hectares in 2017/18 compared to 18 million hectares previous season.
- According to Anec, cereal exporters association, soybean exports in Brazil in 2018 are estimated between 66 - 67 MMT compared to previous estimates of 66 MMT released in early November.
- According to Agroconsult, Brazilian soybean output is estimated at 111 MMT in 2017/18, maintaining the same forecast released in September. Soybean acreage is likely to increase by 3 per cent to a record 35 million hectares this season as farmers have shifted from corn to soybean. If climatic conditions remain favourable, soybean output could touch 115 MMT. Previous year's soybean output was estimated at 114.7 MMT according to Conab.
- According to National Oilseed Processors Association (NOPA), U.S. September soybean crush fell 4.2 percent to 136.419 million bushels from 142.424 million bushels in August 2017. Crush of soybean in September 2016 was 130.235 million bushels. Soy oil stocks in U.S. at the end of September fell 8.12 percent to 1.302 billion lbs compared to 1.417 billion lbs in end August 2017. Stocks of soy oil in end September was lower by 5.38 percent compared to end September 2016, which was reported at 1.376 million lbs.
- According to the General Administration of Customs, China imported 5.86 MMT of soybeans in October 2017, a decline of 28 per cent compared to previous month. However, imports were higher compared to 5.21 MMT during the corresponding period previous year. Imports were lower amid delayed shipments and it is expected to increase in the months of November and December.
- According to the country's Agriculture Ministry, China increased its soybean imports estimates to 95.97 MMT in 2017/18 crop year compared to previous estimates of 94.5 MMT. China will crush 94.38 MMT of soybean during the period compared to the previous estimates of 93.08 MMT.
- The U.S. Department of Agriculture's monthly supply and demand report for the month of November forecasts U.S. soybean production at 4,425 million bushels, down 5 million bushels due to a fractionally lower yield compared to previous month's estimates. Total U.S. oilseed production for 2017/18 is projected at 132.1 MMT, down 0.1 MMT from previous month amid lower soybean and peanut production. Soybean production for Brazil is increased 1 MMT to 108 MMT on higher reported area for Parana and Rio Grande do Sul. Peanut production has increased for India on higher yields for the state of Gujarat. Sunflower seed production is lower for Ukraine, Argentina, and South Africa. Global soybean ending stocks for 2017/18 are forecast at 97.90 MMT up from previous month's forecast of 96.05 MMT, mostly reflecting increases for China, Argentina, and Brazil.
- According to Conab, government's food supply and statistics agency, Brazilian soybean farmers are expected to produce 106.4 MMT -108.6 MMT of soybean in 2017/18 crop cycle. Previous year 114 MMT of soybean was produced.

- According to China's General Administration of Customs (CNGOIC), China’s imports of edible vegetable oil in October fell 21.7 percent to 4.7 lakh tons compared to 6.0 lakh tons in September. Imports rose 51.6 percent compared to corresponding period last year which was reported at 3.1 lakh tons. Year to date imports of edible vegetable oil rose 8.8 percent to 46.30 lakh tons.
- According to China’s Agriculture ministry, China is expected to import 94.5 MMT of soybean in 2017/18 from previous forecast of 93.16 MMT. Chinese soybean consumption in 2017/18 is estimated at 109.21 MMT from previous estimate of 108.63 MMT. Soybean deficit of the country is estimated at 0.25 MMT from previous estimate of 0.97 MMT.

Price Outlook: We expect refined soy oil at Indore (with VAT) to stay in the range of Rs 690-760 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front



- Crude palm oil featured weak trend at its benchmark market at Kandla on weak demand.

  CPO prices fell in Kakinada, Mumbai and Kolkata.

  RBD palmolein closed 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 while it was unchanged at CNF markets compared to previous week indicating weak demand at high seas.

  Prices of RBD palmolein were weaker at most places in India on weak demand.

  Margins in importing CPO and selling after refining in domestic markets is higher than selling ready to use RBD palmolein in domestic markets. This is despite same quote of RBD palmolein compared to CPO at CNF markets.

  Demand of RBD palmolein is weak at high seas as its fell at high seas while it was unchanged at CNF India indicating weak demand.

  Demand of CPO is firm at CNF markets, as prices was unchanged at CNF markets while it fell in Indonesia FOB compared to previous week.

  Demand of RBD palmolein was weak at CNF markets, as prices fell more at CNF markets compared to Malaysia FOB compared to last week.

  With higher margins, firm demand at high seas and weak demand at CNF markets CPO prices will increase. RBD palmolein is selling on lower margins, firm demand at high seas and firm demand at CNF markets will support its prices.

  Demand of RBD palmolein was firm compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 57 (Rs 50) 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 October was lower than September 2017 and higher than October 2016. Stocks at ports and pipelines increased in October compared to September indicating weak demand.

  Import of RBD palmolein in October was lower than September 2017 and October 2016. Stocks at ports and pipelines fell in October indicating firm demand.

  Appreciation of Indian rupee has made imports of palm oil dearer in India.

  Low CDSO CNF premium over CPO CNF will decrease imports of palm oil in medium term at USD 151 (USD 150 last week) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 117 (Rs 101 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 83 (Rs 83 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 – Palm oil import scenario – According to Solvent Extractors of India (SEA), India imported 7.47 lakh tonnes of palm oil in October 2017 v/s 7.38 lakh tonnes in October 2016, higher by 1.2 percent y-o-y. Import of palm oil in the oil year 2017-18 (November 2016-October 2017) was at 92.93 lakh tonnes compared to 84.43 lakh tonnes in the oil year 2015-16, higher by 11.3 percent compared oil year.

  CPO imports by India increased to 5.97 lakh tonnes in October compared to 5.14 lakh tonnes in October 2016, higher by 16.1 percent y-o-y. Import of CPO in the oil year 2016-17 (November 2016-October 2017) was at 63.35 lakh tonnes compared to 57.49 lakh tonnes in the last oil year, higher by 9.6 percent y-o-y.

  RBD palmolein imports by India fell 39.5 percent in October to 1.47 lakh tonnes from 2.05 lakh tonnes in September 2016. Import of RBD palmolein in the oil year 2016-17 (November 2016-October 2017) was at 28.71 lakh tons compared to 26.23 lakh tonnes in last oil year, higher by 9.5 percent y-o-y.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 680 (USD 680) per ton for Dec delivery and Jan delivery is quoted at USD 687.5 (USD 695) per ton. Last month, CIF CPO November average price was at USD 704.42 per ton (USD 718.32 per ton in October 2017). Values in brackets are figures of last week.

  Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 680 (USD 680) per ton for Dec delivery, December delivery is quoted at US 687.5 (USD 695) per ton. Last month, CIF RBD palmolein November average price was USD 704.42 (USD 718.78 in October 2017) per ton. Values in bracket depict last week quotes.

  Ready lift CPO duty paid prices quoted at Rs 585 (Rs 597) per 10 Kg and December delivery duty paid is offered at Rs 584 (Rs 598) per 10 kg. Ready lift RBD palmolein is quoted at Rs 642 (Rs 647) per 10 kg as on December 1, 2017

  Values in brackets are figures of last week.

- On the parity front, margins decreased during this week due to fall in prices of palm products in Indian markets. Currently refiners fetch USD 50-55/ton v/s gain of USD 45-50/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 40-45/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 November are expected to rise on rise in production and fall in exports of palm oil. However, palm oil stocks are rising at a slower rate.

Palm oil end stocks of Malaysia in October rose 8.39 percent on higher rate of growth of production and slow rise in production.

Exports of palm oil from Malaysia in November fell 5-8 percent indicating weak demand from top importing destinations especially major negative swing from India.

India hiked import duties on palm oil to reduce imports of palm oil. This step will weaken import demand from Malaysia in coming months.

Demand is yet to pick up from Malaysia RBD palmolein due to higher margins in processing CPO compared to selling ready to use palmolein. This has shifted demand towards Indonesia CPO.

Low soy oil premium over palm oil has led to weak demand from India. Stocks at ports and pipelines are more and may decrease demand of palm oil in medium term.

However, second hike in import duty in less than 4 months will weaken demand from Malaysia.

China is buying more palm oil from both Malaysia and Indonesia as both countries are offering higher margins on imports. CNGOIC has indicated that it will buy 475,000 tons of palm oil every month to refurbish stocks of palm oil.

Production is expected to rise until December when seasonal uptrend of production fades. However, production will rise at slower rate.

Production rose 12.96 percent in October while exports grew 2.04 percent.

Malaysia must decrease import duty on palm to slow buildup of palm oil inventory in the country

Imposition of import duties in India has resulted in shifting of buyers towards Indonesia. Malaysian refiners are pricing aggressively at Indian ports. Higher margins in importing CPO compared to ready to use palmolein is expected to slow imports from Malaysia and shift buyers to Indonesia.

Palm oil production in Malaysia is expected to rise slowly until December, when the seasonal uptrend of production ends. Production is expected to see rise until December but at slow pace. Lower growth of production will not pressurize stocks in medium term.

Indonesia kept export duty unchanged at zero for November with reference prices of USD 750 per ton. This is the eighth month zero export duty by Indonesia.

Malaysia decreased export duty on crude palm oil, to push exports to top importer India. Inverted tax structure on exports of palm oil benefited refiners in the country. However, with fresh rise import duty in India and builup of stocks of palm oil and fall in palm oil prices will force Malaysia to abandon export duty.

Malaysia decreased export duty on palm oil in December to 6 percent from 6.5 percent to encourage exports to India.

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

Firm Ringgit will underpin palm oil prices in near to medium term.

Lower 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 Societe Generale de Surveillance (SGS), Malaysia's November palm oil exports fell 7.5 percent to 1,311,012 compared to 1,416,664 last month. Top buyers are European Union at 246,561 tons (293,425 tons), China at 236,606 tons (262,811 tons), India at 112,960 tons (175,230 tons), Pakistan at 69,450 tons (82,540 tons) and United States at 69,225 tons (61,772 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's November palm oil exports fell 5.3 percent to 1,332,342 compared to 1,406,706 last month. Top buyers are European Union at 306,636 tons (258,770 tons), China at 280,926 (254,230 tons), and India & subcontinent at 177,510 tons (314,210 tons). Values in brackets are figures of last month.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's October palm oil stocks rose 8.39 percent to 21.90 lakh tons compared to 20.20 lakh tons in September. Production of palm oil in October rose 12.96 percent to 20.09 lakh tons compared to 17.80 lakh tons in September. Exports of palm oil in October rose 2.04 percent to 15.49 lakh tons compared to 15.18 lakh tons in September. Imports of palm oil in October fell 67.26 percent to 0.13 lakh tons compared to 0.41 lakh tons in September. Rise in palm oil end stocks in October was below trade estimates.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia decreased December crude palm oil export duty to at 6.0 percent from 6.5 percent in October. Tax is calculated at reference price of 2,833.25 ringgit 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 December crude palm oil export duty to zero, unchanged from last month. This is the seventh consecutive month of zero tax. Reference prices of export tax are set at USD 750 per ton. Indonesia kept export duty at zero as it expects that prices will miss certain thresholds.

Previous updates

- According to Malaysia Palm Oil Board (MPOB), Malaysia's September palm oil stocks rose 3.98 percent to 20.19 lakh tons compared to 19.42 lakh tons in August. Production of palm oil in September fell 1.69 percent to 17.80 lakh tons compared to 18.11 lakh tons in August. Exports of palm oil in September rose 1.82 percent to 15.15 lakh tons compared to 14.88 lakh tons in August. Imports of palm oil in September fell 1.17 percent to 0.41 lakh tons compared to 0.42 lakh tons in August. Rise in palm oil end stocks in September was above analyst's estimates.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's November 1-25 palm oil exports fell 8.6 percent to 1,094,318 compared to 1,197,237 in corresponding period last month. Top buyers are European Union at 215,814 tons (264,400 tons), China at 182,376 tons (210,361 tons), India at 112,960 tons (125,030 tons), United States at 52,250 tons (44,920 tons) and Pakistan at 51,450 tons (82,540 tons). Values in brackets are figures in corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's November 1-25 palm oil exports fell 8.4 percent to 1,079,427 compared to 1,177,939 in corresponding period last month. Top buyers are China at 221,696 (203,130 tons), European Union at 203,096 tons (221,245 tons) and India & subcontinent at 159,510 tons (252,010 tons). Values in brackets are figures of corresponding period last month.
- According to China's General Administration of Customs (CNGOIC), China's October palm oil imports rose 77.73 percent to 4.80 lakh tons compared to October 2016. Year to date imports of palm oil rose 18.27 percent to 39.65 lakh tons compared to corresponding period last year. Imports from Indonesia in October rose 111.78 percent to 2.56 lakh tons compared to October 2016. Year to date imports of palm oil from Indonesia rose 29.84 percent to 24.75 lakh tons compared to corresponding period last year. Imports from Malaysia in October rose 49.59 percent to 2.22 lakh tons compared to October 2016. Year to date imports rose 3.29 percent from Malaysia to 14.88 lakh tons compared to corresponding period last year.

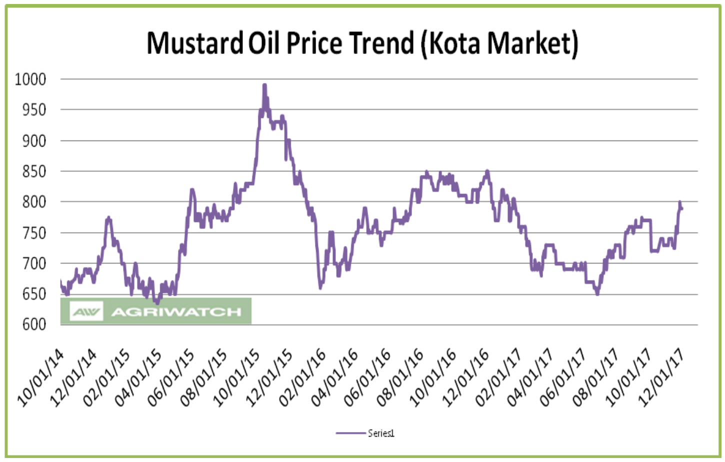
- According to Malaysian government, Malaysia's palm oil production is expected to rise 2.5 percent in 2018 to 20.5 MMT after rise of 15.5 percent rise in production in 2017 at 20 MMT. Malaysia palm oil output was 17.3 MMT in 2016. Average prices of palm oil in 2018 are estimated at 2,750 ringgit per ton due to higher demand by China, EU and India. Average prices of palm oil in 2017 are estimated at 2,700 ringgit (USD 638) per ton.
- According to United States Department of Agriculture (USDA) in its November review raised India's 2017/18 imports of palm oil by 0.1 MMT to 9.5 MMT. Consumption of palm oil in India in 2017/18 has been raised to 9.8 MMT form 9.5 MMT. However, end stocks of palm oil were reduced to 0.349 MMT from 0.546 MMT in 2017/18.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia is expected to produce 36.5 MMT of palm oil from up 4 MMT from 2016. Indonesia palm oil exports are expected to reach 30 MMT, higher 20 percent from 2016. Production in Indonesia is expected to reach 38.5 MMT in 2018 as El Nino takes effect and lagged effect of El Nino fades.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia increased October crude palm oil export duty to at 6.0 percent from 5.5 percent in September. Tax is calculated at reference price of 2,754.18 ringgit ($657.32) 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 November crude palm oil export duty to zero, unchanged from last month. Tax is not charged if prices are at or below USD 750 per ton. Indonesia kept export duty at zero as it expects that prices will miss certain thresholds

Price Outlook: We expect CPO Kandla 5 percent (with VAT) to stay in the range of Rs 550-620 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-:

Domestic Front



- Mustard oil prices featured sideways to firm trend in primary markets on firm demand and rise in rapeseed prices. Arrivals of rapeseed fell last week.
- Agriwatch view: Prices of rapeseed oil expeller featured firm trend in various centers in India on firm demand on winters in North and rise in rapeseed prices

  Price of expeller mustard oil rose across beard in India except Mumbai and Kolkata where prices remained unchanged at the end of the week. Prices of kacchi ghani rapeseed oil traded higher across board in India.

  Canola oil CNF price rose during the week.

  Prices of expeller rapeseed oil traded firm in various centers in India on firm demand due to demand on winters in North India.

  Rise in rapeseed prices supported the rise.

  Prices will rise on stocking on winter.

  Prices rose on seasonal uptrend of prices.

  Mustard oil prices were trading at lower premium over soy oil, which supported prices in near term. Prices will be supported by lower premium of rapeseed oil over soy oil.

  Rapeseed crop will be lower on fall in sowing of rapeseed fell by more than 10 percent. Rapeseed sowing in Rajasthan is lagging more than 10 percent.

  Higher crop of rapeseed in MY 2017/18 has led to higher supply of rapeseed for crushing which will cap gains.

  Low premium of rapeseed oil over soy oil in domestic market was at Rs 65 (Rs 30) per 10 Kg, will support rapeseed oil prices in medium term.

  Premium of canola oil compared to CDSO has decreased to USD 39 (USD 30) per ton will support imports.

  Lower prices of expeller rapeseed oil led to fall in import demand of canola oil in oil year 2017-18.

  Government hiked import duty on canola oil, to check rise in imports of canola oil.

  Prices of expeller rapeseed oil rose on rise in canola oil prices.

  Markets are expected to trade sideways to firm tone in coming days on firm demand on winters in North India, stocking at lower levels, rise in prices of rapeseed and seasonal uptrend of prices.
- Government of India hiked import duty on crude rapeseed oil from 12.5 percent to 25 percent while refined rapeseed oil will be charged import duty of 35 percent from 20 percent earlier.
- All India sowing of rapeseed reached 55.51 lakh hectares as on 1 December 2017 compared to 61.34 lakh hectares in corresponding period last year. Rajasthan is lagging in sowing as on 1 December 2017 and it has reached 20.32 lakh hectares compared to 27.29 lakh hectares in corresponding period last year.

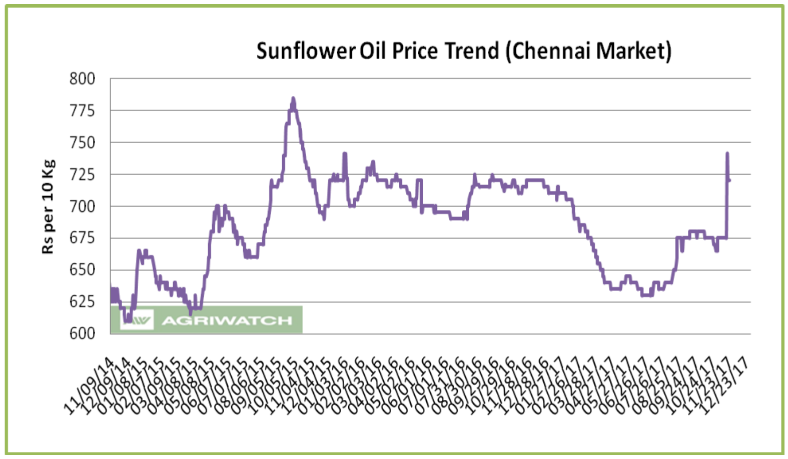
- India imported 0.37 lakh tons of rapeseed (Canola) oil in October 2017 v/s 0.43 lakh tons in October 2016. Imports were 2.93 lakh tons in the period (November 2016-October 2017) compared to 3.77 lakh tons in corresponding period last oil year, lower by 22.3 percent y-o-y: SEA
- CNF canola oil premium over soybean oil is USD 39 (USD 30 last week) per ton for December delivery as on December 1, 2017.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 805 (Rs 785) per 10 Kg, and at Kota market, it is offered at Rs 790 (Rs 760) per 10 kg as on December 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 750-850 per 10 Kg.

Sunflower oil Fundamental Review and Analysis-:

Domestic Front

- Sunflower oil price traded sideways during the week in its benchmark market of Chennai on firm demand and firm supply. Prices rose in Hyderabad while it fell Kandla/Mudra and Kakinada. Prices fell in Mumbai while it remained unchanged in Latur. Sunflower expeller closed higher in Hyderabad while it remained unchanged in Erode, Chellakaere and Latur at the end of the week.



- Agriwatch view: Prices of sunflower oil traded sideways in Chennai on firm demand and firm Most of the markets witnessed weak movement of prices during the week.

  Prices of sunflower oil were unchanged in Chennai while prices fell at CNF markets indicating firm demand.

  Prices of sunflower oil are trading at discount over soy oil in domestic market indicating that supply sunflower oil is high and there is potential for prices to rise.

  CSFO CIF premium over CDSO CIF markets is at USD -18 (USD -25 last week) per ton for Jan delivery, indicating ample space for prices to rise in domestic markets as sunflower oil is considered superior oil.

  Sunflower oil discount over soy oil in domestic markets indicate firm supply compared to soy oil. In domestic market, sunflower oil prices premium over soy oil is by Rs -5 (Rs -10 last week) per 10 kg, which indicates that markets are adequately supplied.

  Sunflower oil premium over palm oil at CNF India is USD 119.5 (US 124 last week) which is low and may support imports. Sunflower oil is trading at low premium over soy oil in domestic market, which may increase demand in medium term.

  Supply has improved in markets as imports rose 43 percent in oil year 2016-17 (November-October) indicating firm supply of sunflower oil in domestic market. Imports of sunflower oil will show steady rise in coming months due to low premium of sunflower oil over CDSO, CPO and appreciation of Rupee. Further, import duty on crude sunflower is lower than crude soy oil which will support imports

  Imports of sunflower oil in October were below September but above October 2016 while stocks at ports and pipelines were unchanged indicating firm demand at high seas.

  Refiners are purchasing more 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 -18 (USD -25 last week) per ton for Jan delivery.

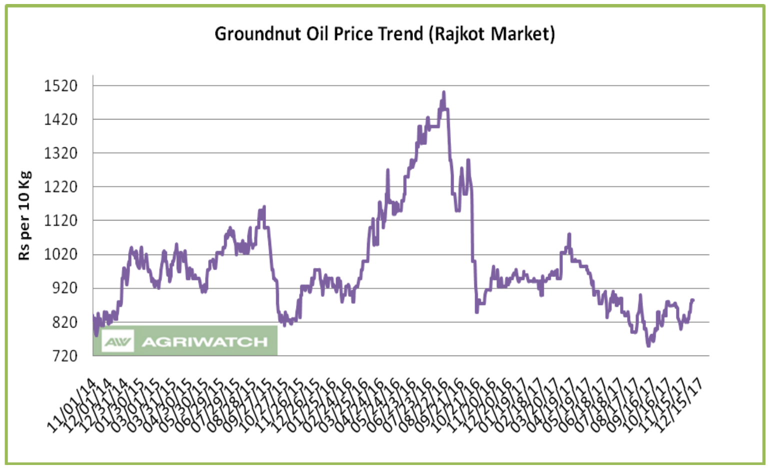
  Government of India increased import duties of crude and refined sunflower oil to check 43 percent surge in imports of sunflower oil.

  Prices of sunflower oil are expected to trade sideways to firm on firm demand, low premium of sunflower oil over soy oil, seasonal uptrend of prices and rise in competitive oils. Prices are expected to trade sideways to firm in near term.

- Government of India hiked import duty on sunflower from 12.5 percent to 25 percent while import duty on refined sunflower oil was raised from 20 percent to 35 percent.
- All India sowing of sunflower reached 1.19 lakh hectares as on 1 December 2017 compared to 1.02 lakh hectares in corresponding period last year.
- Sunflower oil import scenario – According to SEA, India imported 1.29 lakh tonnes of crude sunflower oil during October 2017 v/s 0.97 lakh tonnes in October 2016, higher by 33 percent y-o-y. India imported 21.69 lakh tonnes of crude sunflower oil in oil year 2016-17 (November 2016-October 2017) compared to 15.16 lakh tonnes last oil year, higher by 43 percent y-o-y.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 807 (USD 810) per ton for Jan delivery, Feb delivery is quoted at USD 809 (USD 813) per ton and March delivery is quoted at USD 812.5 (USD 813) per ton. CIF sun oil (Ukraine origin) November monthly average was at USD 809.77 per ton compared to USD 820.63 per ton in October. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 790-830 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD -18 (USD -25 last week) per ton for Jan delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 720 (Rs 720) per 10 Kg, and at Hyderabad market, it is offered at Rs 741 (Rs 732) per 10 kg as on December 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 700-750 per 10 Kg.

Groundnut oil Fundamental Review and Analysis-: `
Domestic Front



- Groundnut oil prices featured uptrend in Rajkot due to firm demand and weak supply. Prices rose in Jamnagar and Gondal. Prices rose Chennai and Mumbai while it remained unchanged in New Delhi. Prices of groundnut oil (expeller) remained unchanged in Hyderabad at the end of the week.
- Agriwatch view: Prices of groundnut oil featured uptrend in Rajkot on firm demand as weak supply of groundnut oil due to disparity in crushing of groundnut.

  Due to hike in edible oil import duty groundnut oil was quoted higher.

  Groundnut oil prices have firmed on offtake from stockists and traders with weak stock position.

  Rise in groundnut prices supported the rise.

  Gujarat government's procurement of Rs 900/20 kg is progressing at moderate pace, which has supported prices of groundnut in domestic markets. Groundnut arrivals has decreased at various mandis in Gujarat.

  Gujarat government has already purchased 2 lakh tons of groundnut oil.

  Crush margins are in disparity, which has led to lower crushing of groundnut oil and has supported prices. However, due higher crop of groundnut gains in prices of groundnut will be capped.

  Prices rose on seasonal uptrend of prices.

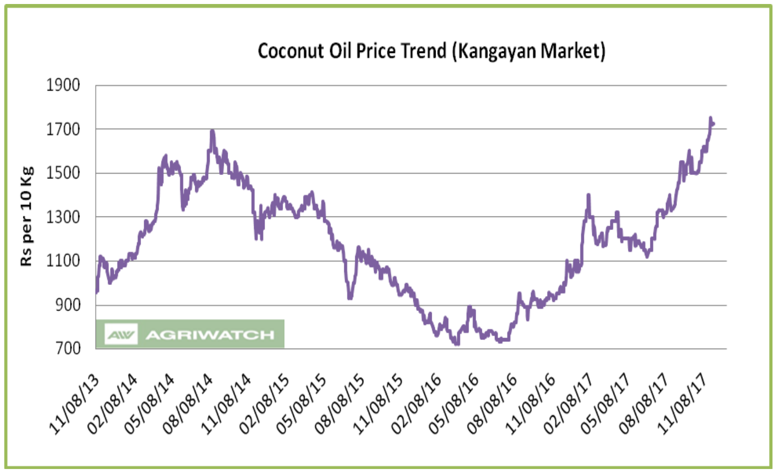
  With the beginning of crushing season, prices have moved up on supply shortfall.

  Groundnut oil prices are expected to trade sideways to firm on firm demand, seasonal uptrend of prices, increase in prices of groundnut and support from competitive oils.
- All India sowing of groundnut reached 3.02 lakh hectares as on 1 December 2017 compared to 2.63 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 8,850 (Rs 8,500) per quintal and it was quoted at Rs 8,500 (Rs 8,400) per quintal in Chennai market on December 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 840-940 per 10 Kg.

Coconut Oil Fundamental Review and Analysis-: Domestic Front



- Coconut oil featured weak trend in its benchmark market of Kangayam on weak demand. Prices remained unchanged in Kochi at the end of the week.
- Agriwatch view: Coconut oil prices featured weak trend during the week on weak demand.

  Demand of coconut oil has weakened as prices of coconut oil has doubled in 2017 and further slowdown of demand is expected.

  Demand of coconut oil is weak while weather continues to be wet in Kangayam.

  Demand of coconut oil firm is Kerala on Sabarimala pilgrimage festival.

  Copra prices fell during the week.

  Lower raw material prices led to lower product prices. Most of the copra is wet, which has made weak supply of milling copra.

  Supply of copra surged in 2017 due to drought in Erode in 2016 has led to depletion of copra stocks.

  Copra supply is weak as stocks have depleted in the market on higher exports and diversion of coconut products to other value added products. This has led to short supply of copra. There is good export demand of copra from West Asian markets and Chinese markets.

  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.

  Fall in palm oil prices led to weakness in coconut oil prices.

  Farmers are holding copra to take advantage of prices.

  Rains in coconut growing areas of Tamil Nadu on intensification of Northeast monsoon have disrupted supply chain.

  Weather disruption continues to be supporting force to prices.

  North East monsoon is intense in Tamil Nadu and Kerala, which has led to rainfall in coconut growing areas in the state.

  Corporate demand, which contributes about 80 percent of demand, is moderate. Consumers of coconut oil have shifted away from coconut oil due to higher prices.

  Traders and upcountry buyers are staying away from market as prices have surged.

  Coconut oil is costliest domestic edible oil, which has weakened demand.

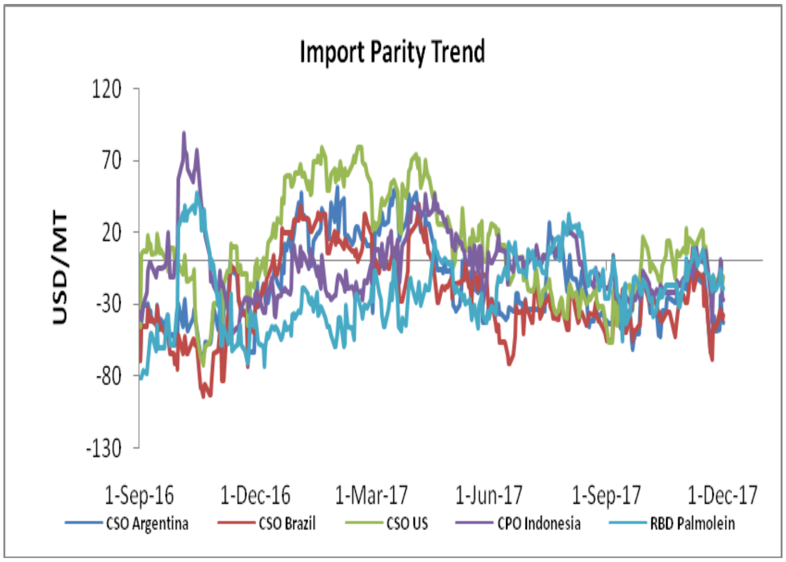
  Coconut oil prices are expected to be weak due to fall in prices of copra, weak demand and fall in palm oil prices.

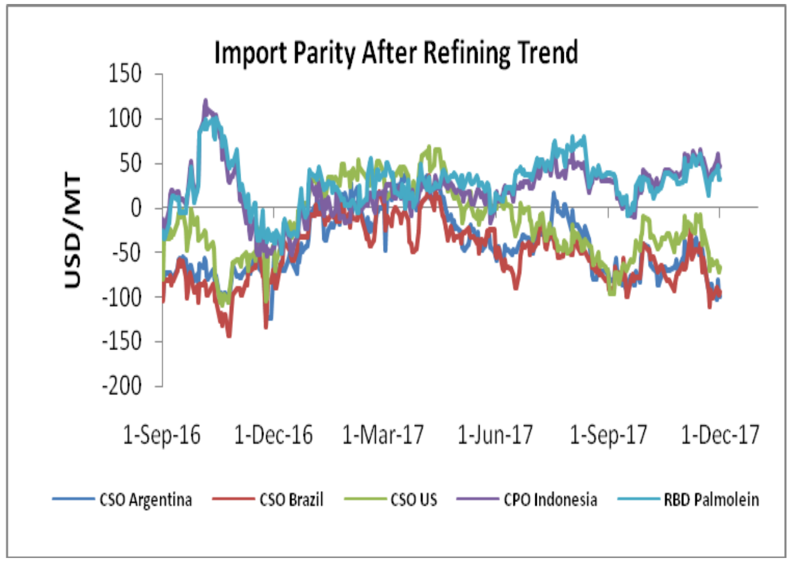
  Prices are expected to trade sideways to weak tone in near term.
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 17,200 (17,250) per quintal, and was quoting Rs 17,250 (Rs 17,500) per quintal in Erode market on December 1, 2017.

Price Outlook: Coconut oil (withut VAT) prices in Erode may stay in the range of Rs 1650-1900 per 10 Kg.

Import Parity Trend

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



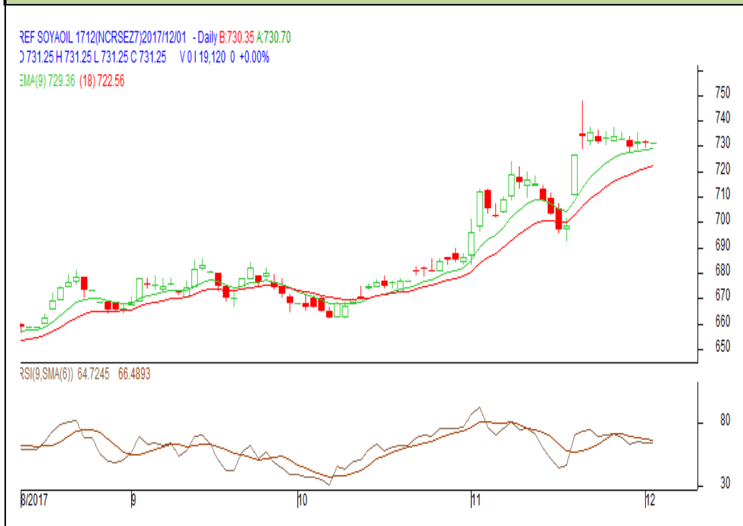


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Oct, 2017	-66.77	-68.43	-34.19	33.93	27.29
Nov, 2017	-63.29	-70.36	-37.37	49.56	42.85

Outlook-:

Import parity for crude soy oil from Argentina is in disparity due to fall in prices of oils in domestic markets. We expect CDSO import parity to remain in disparity in medium term. Parity in palm oil products may increase palm oil imports in the coming days.

Technical Analysis (Refined soy oil)

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

Outlook – Refined soybean oil witnessed downtrend 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 720 in weekly might take the prices below 700 levels.
- Expected price band for next week is 680-760 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 735 levels for a target of 720 and 715 with a stop loss at 745 on closing basis.

RSO NCDEX (December)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
701.00	724.00	731.25	740.00	755.00

Spot Market outlook: Refined soy oil Indore (with VAT) is likely to stay in the range of Rs 690-760 per 10 Kg.

Technical Analysis (Crude Palm oil)

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

Outlook - Prices show downtrend in prices during the week. We expect that CPO December contract may trade sideways to weak 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 560 in weekly chart may bring the prices to 540 levels.
- Expected price band for next week is 550-610 level. RSI, Stochastic, and MACD are suggesting downtrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO below 590 for a target of 585 and 580 with a stop loss at 600 on closing basis.

CPO MCX (December)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
566.00	577.00	584.40	600.00	615.00

Spot Market outlook: Crude palm oil is likely to stay in the range of Rs 550-620 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		1-Dec-17	24-Nov-17	
Refined Soybean Oil	Indore	725	730	-5
	Indore (Soy Solvent Crude)	690	690	Unch
	Mumbai	735	740	-5
	Mumbai (Soy Degum)	690	700	-10
	Kandla/Mundra	725	725	Unch
	Kandla/Mundra (Soy Degum)	702	705	-3
	Kolkata	740	745	-5
	Delhi	765	765	Unch
	Nagpur	750	739	11
	Rajkot	720	720	Unch
	Kota	735	730	5
	Hyderabad	720	730	-10
	Akola	752	755	-3
	Amrawati	752	756	-4
	Bundi	740	730	10
	Jalna	752	759	-7
	Alwar	NA	NA	-
	Solapur	750	739	11
	Dhule	757	764	-7
Palm Oil	Kandla (Crude Palm Oil)	585	596	-11
	Kandla (RBD Palm oil)	620	615	5
	Kandla RBD Pamolein	642	650	-8
	Kakinada (Crude Palm Oil)	595	620	-25
	Kakinada RBD Pamolein	645	650	-5
	Haldia Pamolein	640	645	-5
	Chennai RBD Pamolein	643	650	-7
	KPT (krishna patnam) Pamolein	640	645	-5
	Mumbai RBD Pamolein	660	670	-10
	Delhi	705	710	-5
	Rajkot	638	645	-7
	Hyderabad	665	662	3
	Mangalore RBD Pamolein	643	650	-7
	PFAD (Kandla)	460	470	-10
	Refined Palm Stearin (Kandla)	505	510	-5
Refined Sunflower Oil	Chennai	720	720	Unch
	Mumbai	765	775	-10
	Mumbai(Expeller Oil)	672	685	-13
	Kandla	735	755	-20
	Kandla/Mundra (Crude)	NA	NA	-

	Hyderabad (Ref)	741	732	9
	Latur (Expeller Oil)	735	735	Unch
	Chellakere (Expeller Oil)	675	675	Unch
	Erode (Expeller Oil)	760	760	Unch
Groundnut Oil	Rajkot	885	850	35
	Chennai	850	840	10
	Delhi	860	860	Unch
	Hyderabad *	840	840	Unch
	Mumbai	905	890	15
	Gondal	870	860	10
	Jamnagar	890	860	30
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	805	785	20
	Jaipur (Kacchi Ghani Oil)	826	815	11
	Kota (Expeller Oil)	790	760	30
	Kota (Kacchi Ghani Oil)	815	798	17
	Neewai (Kacchi Ghani Oil)	790	760	30
	Neewai (Expeller Oil)	808	790	18
	Bharatpur (Kacchi Ghani Oil)	840	820	20
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	790	775	15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	815	795	20
	Mumbai (Expeller Oil)	800	800	Unch
	Kolkata(Expeller Oil)	900	900	Unch
	New Delhi (Expeller Oil)	820	800	20
	Hapur (Expeller Oil)	885	830	55
	Hapur (Kacchi Ghani Oil)	900	890	10
	Agra (Kacchi Ghani Oil)	845	825	20
Refined Cottonseed Oil	Rajkot	685	685	Unch
	Hyderabad	685	695	-10
	Mumbai	695	690	5
	New Delhi	685	685	Unch
Coconut Oil	Kangayan (Crude)	1725	1750	-25
	Cochin	1720	1720	Unch
	Trissur	NA	NA	-
Sesame Oil	New Delhi	900	900	Unch
	Mumbai	NA	NA	-
Kardi	Mumbai	880	870	10
Rice Bran Oil (40%)	New Delhi	490	500	-10
Rice Bran Oil (4%)	Punjab	600	600	Unch
Rice Bran Oil (4%)	Uttar Pradesh	NA	NA	-

Malaysia Palmolein USD/MT	FOB	648	653	**-5**
	CNF India	683	683	**Unch**
Indonesia CPO USD/MT	FOB	648	658	**-10**
	CNF India	683	683	**Unch**
RBD Palm oil (Malaysia Origin USD/MT)	FOB	643	650	**-7**
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	665	673	**-8**
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1460	1470	**-10**
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	618	623	**-5**
Crude palm Kernel Oil India (USD/MT)	CNF India	1440	1460	**-20**
Ukraine Origin CSFO USD/MT Kandla	CIF	805	805	**Unch**
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	**-**

Argentina FOB ($/MT)	**30-Nov-17**	**23-Nov-17**	**Change**
Crude Soybean Oil Ship	NA	NA	**-**
Refined Soy Oil (Bulk) Ship	NA	NA	**-**
Sunflower Oil Ship	NA	NA	**-**
Cottonseed Oil Ship	NA	NA	**-**
Refined Linseed Oil (Bulk) Ship	NA	NA	**-**
			**** indicates including VAT***

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