

# Veg. Oil Weekly Research Report

## Contents

- ❖ Executive Summary
- ❖ Recommendations
- ❖ AW Edible Oils Index
- ❖ International Veg. Oil Market Summary
- ❖ Domestic Market Fundamentals
- ❖ Technical Analysis (Spot Market)
- ❖ Technical Analysis (Futures Market)
- ❖ Veg. Oil Prices at Key Spot Markets

## Executive Summary

### Domestic Veg. Oil Market Summary

*Edible oil witnessed mixed trend in domestic market in the week in review. Soy oil, rapeseed oil, groundnut oil and coconut oil closed in red while palm oil and sunflower oil closed higher.*

*On the currency front, Indian rupee is hovering near 64.39, down by 84 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 soy oil and palm oil to trade firm on strong fundamentals. Higher stocks at ports and pipeline may underpin prices in near term.*

### Recommendation:

*Weekly Call - : At NCDEX, Market participants are advised to go long above 740 levels for a target of 755 and 760 with a stop loss at 730 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs 710-780 per 10 Kg in the near term.*

*At MCX, market participants are advised to go long in CPO above 575 for a target of 590 and 595 with a stop loss at 565 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 530-600 per 10 Kg in the near term.*

### International Veg. Oil Market Summary

*Malaysia's January palm oil stocks fell 6.75 percent to 25.48 lakh tons compared to 27.32 lakh tons in December. Production of palm oil in January fell 13.49 percent to 15.87 lakh tons compared to 18.34 lakh tons in December. Exports of palm oil in January rose 6.01 percent to 15.13 lakh tons compared to 14.27 lakh tons in December. Imports of palm oil in January rose 132 percent to 0.35 lakh tons compared to 0.14 lakh tons in December. Fall in palm oil end stocks in January was below trade estimate: MPOB*

*Farmers in Brazil have harvested 10 per cent of the soybean area in 2017 -18 season as on 10, February 2018. Harvesting is mainly slow in the state of Parana, where only 1 per cent of the area had been harvested compared to 13 per cent previous year: AgRural*

*On the international front, lower stocks of soy oil in US, adverse soybean crop condition in Argentina, lower soybean area in US in 2018/19, firm Chinese soybean demand, rise in crude oil prices and weak dollar is expected to support soy oil prices in coming days.*

*Fall in end stocks of palm oil in Malaysia, fall in production of palm oil in Malaysia, expectation of firm palm oil demand from Malaysia, firm competitive oils, rise in crude oil prices and weak dollar is expected to support 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 fell at Kandla/Mudra and Mumbai while it rose in Kolkata. CDSO remained unchanged at JNPT while it fell at Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices closed lower during the week in Indore on weak demand.

CDSO prices fell less at high seas compared to India CNF compared to previous week indicating firm demand at high seas.

Demand of soy oil will increase in second half of February on stocking ahead of Holi scheduled in early March. Prices fell on seasonal downtrend of prices.

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

Imports of soy oil decreased compared to November 2017 and December 2016 while stocks of CDSO at ports and pipelines was unchanged in December indicating weak demand.

Imports of soy oil in December were at multiyear lows. Due to discount of CSFO over CDSO at high seas and lower import duty on sunflower compared to soy oil will decrease soy oil imports in near to medium term.

Soybean prices will remain firm as crushing has increased due to hike in import duties on edible oils.

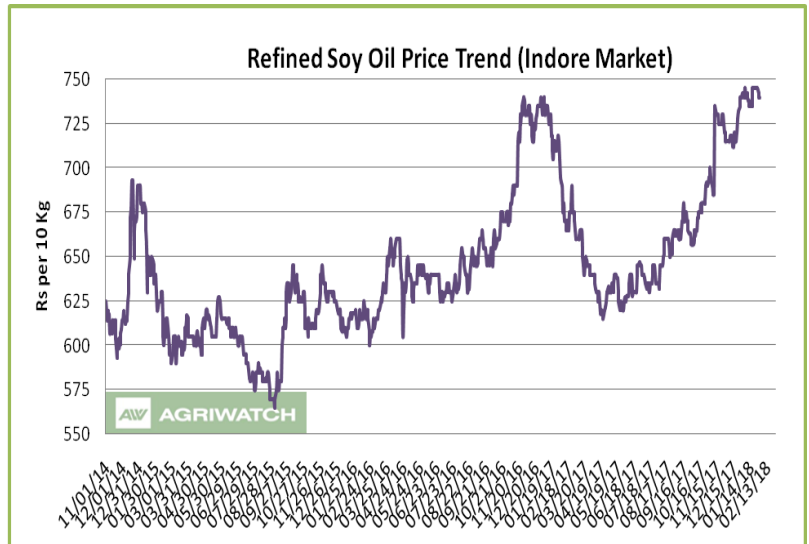
With hike in import duty of soy oil and palm oil, domestic crushing will benefit.

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 increased to Rs 110 (Rs 105 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 142 (USD 153 last week) per ton, which is high and decrease 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 international markets.

- Soy oil import scenario – According to SEA, soy oil imports fell 65 percent y-o-y in December to 0.79 lakh tons from 2.32 lakh tons in December 2016. In the period (Nov 2017-Dec 2017), imports of soy oil were 3.53 lakh tons compared to 3.96 lakh tons in corresponding period last oil year, lower by 10.9 percent.
- Imported crude soy oil CIF at West coast port is offered at USD 807 (USD 814) per ton for Feb delivery, Mar delivery is offered at USD 800 (USD 803) per ton and Apr delivery is quoted at USD 798 (USD 799) per ton. Values in brackets are figures of last week. Last month, CIF CDSO January average price was USD 816.92 (USD 811.6 per ton in December 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 15-20/ton v/s loss of USD 15-20/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to firm in the coming days.

### International Front

Agriwatch view- Dry conditions in soybean growing regions in Argentina, lower soybean crop in Argentina, higher demand of soybean by China, lowering of expected soybean area in US in 2018/19, rise in crude oil prices and weak dollar has supported soy oil prices in near term.

Soybean crop in Argentina is facing heat stress and total area have been planted of the total area.

Buenos Aires Grains exchange has trimmed total area under soybean in Argentina in 2017/18. Planting have been delayed due to dry conditions, which means that late planted crop may face frost before harvest.

Buenos Aires Grains Exchange cut Argentina soybean crop to 50 MMT from 51 MMT in its earlier estimate. Argentina is largest exporter of soy oil and soy meal which is adversely affected by weak Argentina crop.

USDA reduced Argentina soybean crop to 54 MMT in its January review from 56 MMT in its earlier review. Dry conditions and lower acreage was the prime cause of reduction of soybean crop.

USDA increased soybean end stocks estimate of US on lower exports of soybean.

US have been facing stiff competition from Brazil for last 3 years. Lower protein content in US soybean compared to Brazil and new quarantine norm of China is behind low exports in 2017/18.

Brazil soybean crop is in good condition and Brazil state agency CONAB increased soybean crop. Other agencies like AgRural, SAFRAS and Informa has increased Brazil's soybean crop. USDA too increased soybean crop in Brazil to 112 MMT from 110 MMT in its February review.

Brazil has recorded 10 percent harvest at the end of last week, which is lower than 13 percent harvested in corresponding period last year. Wet conditions slowed pace of harvest.

USDA increased 2017/18 Brazil soybean exports to 69 MMT from 67 MMT on higher demand of soybean from China in its February review.

China imported higher 10.7 percent higher soybean in January compared to January 2017 while it fell 11.2 percent from December 2017 due to tougher quarantine norms at Chinese ports.

China have been importing recording higher imports as it intends to increase its cattle and swine herd counts which is running lower before Chinese New Year.

Crude oil prices are expected to rebound in near term due after slump last week which is expected to support soy oil prices in near term.

Dollar Index is expected to weaken on higher issuance of US debt after tax cuts by US after spike last week on global equity rout last week.

Soy oil end stocks in US in December were reduced by NOPA due to lower production of soy oil on lower crush of soybean. Market is adjusting on lower revision of soy oil stocks in US. Lower revision in soy oil in US in December show firm demand of soy oil in US and may reduce stocks in coming months.

Informa has lowered soybean-planting area of US in 2018/19 on expectation of lower soybean planting intentional, which will reduce soybean crop in US in 2018/19.

USDA kept soy oil estimates of US in its February review.

China imported second highest soybean in December 2017 which increased by 10 per cent to 9.55 MMT compared to previous month and it increased by 6 per cent compared to December 2016.

Record imports by China will soak global incremental production of soybean and support prices in medium term. Prices are in a range.

- According to United States Department of Agriculture (USDA) February estimate, U.S 2017/18 ending stock of soy oil is unchanged 1.536 million lbs compared to its earlier estimate. Opening stocks are unchanged at 1,711 million lbs. Production of soy oil in 2017/18 is unchanged at 22,525 million lbs compared to its earlier estimate. Imports in 2017/18 were unchanged at 300 million. Biodiesel use estimate in 2017/18 is unchanged at 7,500 million lbs. Food, feed and other industrial use in 2017/18 is unchanged at 13,600 million lbs compared to 13,500 million lbs in its earlier estimate. Exports in 2017/18 estimate are kept unchanged at 1.900 million lbs compared to its earlier estimate. Average price range estimate is reduced to 31-34 cents/lbs in 2017/18 compared to 32-35 cents/lbs in its earlier estimate.
- According to consultancy, AgRural farmers in Brazil have harvested 10 per cent of the soybean area in 2017 - 18 season as on 10, February 2018. Harvesting is mainly slow in the state of Parana, where only 1 per cent of the area had been harvested compared to 13 per cent previous year.
- According to the data released by the General Administration of Customs, China's imports of soybean increased by 10.7 per cent to 8.48 MMT in January 2018 compared to same period previous year and it declined by 11.20 per cent compared to December 2017. Imports declined compared to previous month following tighter specification pertaining to the import of the oilseed at the Beijing airport.
- According to National Oilseed Processors Association (NOPA), U.S. soybean crush rose to record in December to 166.305 million bushels from 163.546 million bushels in November 2017. Crush of soybean in December 2016 was 160.176 million bushels. Soy oil stocks in U.S. at the end of December rose 14.3 percent to 1.518 billion lbs compared to 1.326 billion lbs in end November 2017. Stocks of soy oil in end December was higher 7.25 percent compared to December 2016, which was reported at 1.434 million lbs.
- The U.S. Department of Agriculture's monthly supply and demand report for the month of February forecasts U.S. soybean stocks is increased to at 530 million bushels, up 60 million bushels from last month due to lower exports. U.S. soybean exports are forecast to decline by 60 million bushels to 2100 million bushels amid lagging sales and increased competition from Brazil. Total U.S. oilseed production for 2017/18 is projected at 131.3 MMT, unchanged from previous month. Soybean production is unchanged at 4,392 million bushels. Global oilseed production is forecast at 578.6 MMT, down 1.5 MMT with lower soybean production partly offset by higher cottonseed. Global oilseed ending stocks for 2017/18 are forecast at 110.43 MMT down 0.75 MMT from previous month, with reduced soybean stocks for Argentina, Bolivia, Paraguay, and India more than offsetting an increase for the United States.
- In Mato Grosso, one of the major soybean producing regions in Brazil, soybean yield is expected to be higher this season though drought delayed plantings and rains affected harvesting in some areas. The average yields are expected to rise to 53 -60 kg bags per hectare from 51.5 bags previous year according to cultivators in the area.

- Brazil's share of soybean exports to China reached record level in 2017. China is the world's top buyer of soybean, which imports 60 per cent of the soybeans traded worldwide. China bought 50.93 MMT of soybean from Brazil in 2017, accounting for 53.3 percent of total purchases, according to the recently released customs data. Brazil's soybean is often cheaper and contains more protein compared to U.S. soybean.
- Informa lowered U.S. soybean acreage in 2017/18 to 91.197 million acres compared to its previous estimates of 91.387 million acres. According to USDA in 2017 U.S. soybean farmers had planted an all-time high of 90.142 million acres.
- According to IMEA, an agricultural research body in Brazil, harvesting in the main producing state of Mato Grosso has reached 3.29 per cent of the planted area as on 19 January, 2018 compared to 11.49 per cent previous year during the same time and below five year average of 7.17 per cent. Mato Grosso is normally the first state to start harvesting in Brazil. It is expected to produce 30.6 MMT of soybeans in the current season, or more than a quarter of the country's total output. According to farmers bumper crop is expected this season amid good yields.
- In the latest USDA quarterly stock report, it has been reported that the US soybeans stored in all positions on December 1, 2017 totaled 3.16 billion bushels, up 9 percent from December 1, 2016. On-farm stocks totaled 1.49 billion bushels, up 11 percent from a year ago. Off-farm stocks, at 1.67 billion bushels, are up 7 percent from a year ago. Indicated disappearance for September - November 2017 totaled 1.54 billion bushels, down 4 percent from the same period a year earlier.
- According to the Buenos Aires Exchange, soybean acreage in Argentina could decline further amid planting delays on dry weather in the growing regions. Last week, the exchange had estimated soybean acreage at 18 million acres in 2017/18. According to the exchange, Argentine farmers had planted 96.7 percent of the total area planned for 2017/18 soybeans nationwide.
- According to Conab, Brazilian soybean output in 2017/18 has been increased by 1.2 MMT to 110.4 MMT in the latest monthly report compared to previous month's estimates. Output estimates are likely to increase in the forthcoming reports amid beneficial rains since early November in the growing regions.
- According to a Farm Futures survey of 925 growers in US, soybean acreage is likely to remain unchanged at 90.1 million acres in 2018 compared to previous year.
- According to National Oilseed Processors Association (NOPA), U.S. November soybean crush fell marginally to 163.546 million bushels from 164.242 million bushels in October 2017. Crush of soybean in November 2016 was 160.752 million bushels. Soy oil stocks in U.S. at the end of November rose 8.33 percent to 1.326 billion lbs compared to 1.224 billion lbs in end October 2017. Stocks of soy oil in end November was marginally higher compared to end November 2016, which was reported at 1.339 million lbs.
- According to Agroconsult, Brazil is expected to produce 114.1 MMT of soybean in 2017/18 at par with an all time record set in 2016/17. In November, Agroconsult had estimated Brazilian soybean crop at 111 MMT.
- According to Rosario grains exchange, soybean output in Argentina has been reduced to 52 MMT compared to previous estimates of 54.5 MMT. Drought has delayed planting in Argentina and soybean acreage has been reduced to 18.5 million hectares compared to previous estimate of 18.8 million hectares.
- According to the data released by the General Administration of Customs, China's imports of soybean increased by 10 per cent to 9.55 MMT in December 2017 compared to previous month and it increased by 6 per



cent compared to December 2016. It is the second highest imports on record in a month. Good demand ahead of Lunar New Year and healthy crush margins have led to higher imports. Imports of soybean in 2017 totaled at 95.54 MMT compared to 83.91 MMT in 2016.

- Brazil exported 2.36 MMT of soybean in December 2017 compared to 2.14 MMT in November 2017 and 0.65 MMT during the same period previous year. It exported 0.67 MMT of soy meal in December 2017 compared to 1.07 MMT in November 2017 and 1.01 MMT during the same period previous year. Soy oil exports stood at 46,467 metric tonnes in December 2017 compared to 73,500 metric tonnes in November 2017 and 66,157 metric tonnes during the same period previous year.
- According to the agriculture ministry, Argentina has cut its soybean export tax to 29.5 per cent from 30 per cent previously. This is the first step towards gradually reducing the levy to 18 per cent in the next two years. According to the plan, there will be tax cut of one half-percentage point per month in the next twenty four months.
- According to USDA, 191 million bushels soybean was crushed in November 2017. This is higher than average analyst's expectation. According to analysts estimates, crush figures were likely to be around 173.5 -175 million bushels. NOPA had estimated soybean crush figure at 163.546 million bushels for the month of November 2017.
- According to the data released by the Commerce Department of the Ministry of Industry, Foreign Trade and Services, Brazil exported a record 68.15 MMT of soybean in 2017, an increase of 32 per cent compared to 2016. The figure is slightly higher than 67.8 MMT of soybean exports estimated by Abiove. Brazil produced a record 114 MMT of soybean in 2017.
- USDA WASDE Oilseeds Highlights: The 2017/18 U.S. season-average farm price for soybeans is projected at \$8.80 to \$9.80 per bushel, unchanged at the midpoint. The soybean oil price forecast of 32 to 35 cents per pound is lowered 1 cent at the midpoint. The soybean meal price forecast is unchanged at \$295 to \$335 per short ton.

### Previous updates

- According to National Oilseed Processors Association (NOPA), U.S. November soybean crush fell marginally to 163.546 million bushels from 164.242 million bushels in October 2017. Crush of soybean in November 2016 was 160.752 million bushels. Soy oil stocks in U.S. at the end of November rose 8.33 percent to 1.326 billion lbs compared to 1.224 billion lbs in end October 2017. Stocks of soy oil in end November was marginally higher compared to end November 2016, which was reported at 1.339 million lbs.
- According to United States Department of Agriculture (USDA) December estimate, U.S 2017/18 ending stock of soy oil is unchanged at 1,616 million lbs compared to November estimate. Opening stocks are unchanged at 1,711 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. Biodiesel use estimate in 2017/18 is was increased 7,500 million lbs at 7,000 million lbs. Food, feed and other industrial use in 2017/18 was reduced to at 13,500 million lbs from 13,800 lbs in November estimate. Exports in 2017/18 estimate are reduced at 1.900 million lbs from 2,100 million lbs in November estimate. Average price range estimate is kept unchanged in 2017/18 at 32.5-36.5 cents/lbs.
- The U.S. Department of Agriculture's monthly supply and demand report for the month of December forecast U.S. soybean stocks at 445 million bushels, up 20 million bushels from last month due to lower exports. Total

U.S. oilseed production for 2017/18 is projected at 132.2 MMT, up 0.1 MMT from previous month amid higher cottonseed production. Global oilseed production is forecast at 579.5 MMT, up 0.7 MMT mostly reflecting higher rapeseed, peanut, and palm kernel production. Global soybean ending stocks for 2017/18 are forecast at 98.32 MMT up from previous month's forecast of 97.90 MMT, mostly reflecting increases for United States and European Union.

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- According to the data released by the Commerce Department of the Ministry of Industry, Foreign Trade and Services, Brazil exported a record 68.15 MMT of soybean in 2017, an increase of 32 per cent compared to 2016. The figure is slightly higher than 67.8 MMT of soybean exports estimated by Abiove. Brazil produced a record 114 MMT of soybean in 2017.
- According to consultancy, AgRural forecast of rains during next two weeks in most soy producing regions of Brazil is likely to support soybean crop. Weather in January will define the crop output and yield. Harvesting will be little later than usual due to delayed planting. Last year Brazil produced 114 MMT of soybean following favourable weather. In the current season it is expected to produce 109 MMT soybean according to Conab.
- Informa increased soybean acreage to a record 91.387 million acres in 2018 compared to previous month's estimates of 89.627 million acres. Soybean yield has been estimated at 49.7 bushels per acre compared to USDA's figure of 49.5 bushels per acre. Soybean production has been estimated at 4.450 billion bushels.
- According to USDA, China will reduce the amount of foreign material allowed in shipments of U.S. soybeans as on January 01, 2018. Shipments of U.S. soybeans arriving at Chinese ports and containing 1 per cent of foreign material will be expedited. Shipments with more than 1 per cent foreign material would be held back for testing. According to traders, this will make difficult for U.S. shipments to compete with South American exports.
- According to Abiove, Brazil's soybean production has been kept unchanged at 109.5 MMT in 2018 compared to December 12 estimates. Soybean exports have been kept unchanged at 65 MMT.
- According to consultancy Safras & Mercado, Brazilian soybean output is expected at 114.57 MMT in 2017 -18 compared to 114.7 MMT estimated in the month of October. Safras has forecast a 5 percent rise in Brazil's soybean planted area at 35.49 million hectares (87.7 million acres) this season.



- According to a report released by the agriculture ministry, China's soybean imports are expected to increase by 2.7 per cent to 95.97 MMT in 2017 -18 compared to previous year. Soybean output is expected to increase by 15.1 per cent to 14.89 MMT during the period. Consumption is expected to increase by 2.3 per cent to 111 MMT in 2017 -18 compared to previous year.
- According to the latest supply and demand report released by the USDA, groundnut production in India is expected to reach 7 MMT in 2017 -18. In the current year, production is estimated at 6.6 MMT compared to 6.3 MMT in the previous year. In Gujarat, one of the major groundnut growing states, the crop has been affected in some parts. In the current year, plantation was late due to erratic rainfall and dry weather.
- According to FC Stone, Brazil's soybean crop estimates have been increased to 107.6 MMT compared to previous estimates of 106.1 MMT. Favorable weather in the growing regions is booting the crop yield. It has increased Brazil's soybean agricultural yields estimate from 3.03 tonnes per hectare (45.06 bushels per acre) in its November estimates to 3.08 tonnes per hectare (45.8 bushels per acre) currently.
- According to the latest monthly estimates from Strategie Grains, rapeseed production estimates have been increased to 22.60 MMT in European Union for 2017/18 compared to previous estimates of 21.86 MMT and 20.34 MMT in 2016/17. Sunflower seed output is likely to decline in 2018/19 to 9 MMT from 9.3 MMT this season. Soybean production estimates have been increased to 2.7 MMT in 2017/18 from 2.6 MMT in previous season.
- According to China's General Administration of Customs (CNGOIC), China's imports of edible vegetable oil in November rose 14.9 percent to 5.4 lakh tons compared to 4.7 lakh tons in October. Imports rose 5.9 percent compared to corresponding period last year which was reported at 5.1 lakh tons. Year to date imports of edible vegetable oil rose 8.5 percent to 51.7 lakh tons.
- 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 favorable in the growing regions.
- 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.
- 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.

**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 710-780 per 10 Kg in the near term.

## Palm oil Fundamental Analysis and Outlook -:

### Domestic Front

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

CPO prices rose in Kolkata and Mumbai.

RBD palmolein closed sideways to higher across board in India.

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

Prices of CPO rose on high seas while it remained unchanged at CNF markets compared to last week indicating 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. RBD palmolein is again quoting at parity compared to CPO at CNF markets.

Demand of RBD palmolein is regular at high seas as its rose equally at high seas compared to CNF India compared previous week.

Demand of CPO is weak at CNF markets, as prices remained unchanged at CNF markets compared to Indonesia FOB compared to previous week.

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

With higher margins demand at rise at high seas CPO prices will increase. RBD palmolein is selling at lower margins and weak demand at high seas will underpin its prices. However, demand is firm at CNF markets indicating that prices will fall if demand do not pick up at high seas.

Demand of RBD palmolein was weaker compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 69 (Rs 73) per 10 kg compared to last week.

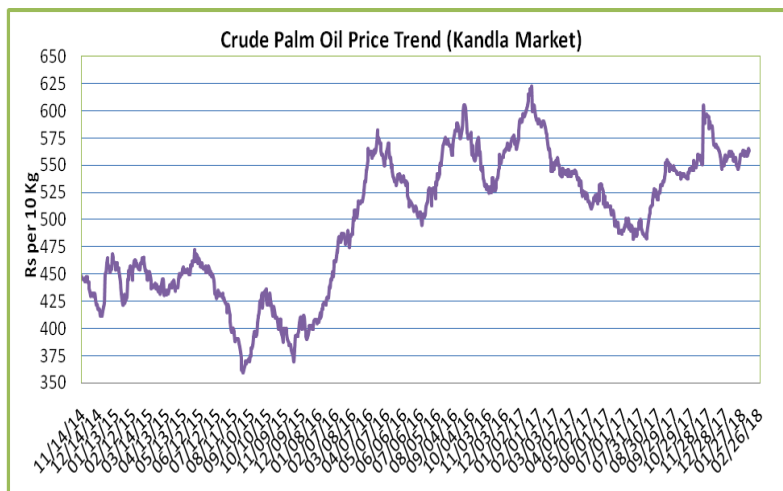
Positive refining margins and parity will increase imports of CPO in medium term.

Import of CPO in December was higher than November 2017 while it was lower than December 2016. Stocks at ports and pipelines was unchanged in December compared to November indicating firm demand.

Import of RBD palmolein in December was lower than November 2017 and December 2016 while stocks at ports and pipelines rose in December indicating weak demand.

Demand of CPO will rise in February on stocking ahead of Holi festival. However, due to high stocks at ports import demand will remain low. Demand will wane after Feb and will regain from April when weak demand season ends. Prices of CPO will rise until Mar-Apr due to lower palm oil production in Malaysia due to seasonal downtrend of production and suspension of export duty by Malaysia.

RBD palmolein imports are expected to remain firm in February on restocking due to low port stocks and demand ahead of Holi. Demand and wane after early March and will only rise from April when seasonal downtrend of demand end.



CDSO CNF premium over CPO CNF is at USD 142 (USD 153 last week) per 10 kg which is high and will increase imports. Increasing premium of CDSO soy oil high seas over CPO high seas is at Rs 142 (Rs 137 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 110 (Rs 105 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 demand and on firm international palm oil markets.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), CPO Imports rose 28.5 percent y-o-y in December to 6.08 lakh tons from 4.73 lakh tons in December 2016. Imports in the period (November 2017-December 2018) is reported higher by 13.4 percent y-o-y at 11.68 lakh tons compared to 10.30 lakh tons in the corresponding period last oil year.

RBD palmolein imports fell y-o-y in December by 40.2 percent to 1.07 lakh tons from 2.46 lakh tons in December 2016. Imports in the period (November 2017-December 2018) is reported lower by 47.8 percent y-o-y at 2.54 lakh tons compared to 4.87 lakh tons in the corresponding period last oil year

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 665 (USD 665) per ton for Feb delivery, March delivery is quoted at USD 667.5 (USD 667.5) per ton and AMJ delivery is offered at USD 687.5 per ton. Last month, CIF CPO January average price was at USD 667 per ton (USD 661.68 per ton in December 2017). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 665 (USD 665) per ton for Feb delivery, March delivery is quoted at USD 667.5 (USD 670) per ton and AMJ delivery is offered at USD 687.5 per ton. Last month, CIF RBD palmolein January average price was USD 668.48 (USD 660.68 in December 2017) per ton. Values in bracket depict last week quotes.

Ready lift CPO duty paid prices quoted at Rs 563 (Rs 560) per 10 Kg and February delivery duty paid is offered at Rs 563 (Rs 562) per 10 kg. Ready lift RBD palmolein is quoted at Rs 630 (Rs 630) per 10 kg as on Feb 9, 2018. 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 international markets. Currently refiners fetch USD 50-55/ton v/s gain of USD 50-55/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 45-50/ton v/s gain of USD 35-40/ton (last month) parity.
- We expect palm oil to trade sideways to firm in the days ahead.

### **International Front**

Agriwatch View – Palm oil prices are expected to be supported by lower palm oil stocks in Malaysia as reported by MPOB, lower production of palm oil in Malaysia, increase in exports from Malaysia, weak ringgit and firm competitive oils.

Palm oil end stocks fell in Malaysia in January as reported by MPOB after reaching 2 year highs on lower production of palm oil and rise in exports of palm oil.

Palm oil production fell sharply in January in Malaysia on seasonal downtrend of production and due to record December production, which was not sustainable. Further fall in palm oil production is expected in February.

Palm oil exports showed surprise rise in January on suspension of export duty on exports of crude palm oil from Malaysia to clear stocks of palm oil, which reached 2 year highs.

Palm oil exports rose 10-15 percent on in first 10 days of February on higher purchase by EU and India.

EU has been regular performer in palm oil imports while India shower rise in second month in a row after removal of export duty on exports of crude palm oil in Malaysia.

India is purchasing higher quantities since January on restocking due to low port stocks and lower purchases in last quarter of 2017 on hike in import duty by India.

Expectation of fall in production of palm oil in Malaysia in January-April on seasonal downtrend of production is expected to support palm oil prices along with expectation of higher exports from Malaysia in January and February due to suspension of export duty on exports of crude palm oil by Malaysia will support palm oil prices. Firm competitive oils will add to bullish sentiment.

Palm oil exports from Malaysia is expected to pickup in rest February on Holi festival along with low stocks of RBD palmolein stocks in Indian ports will support palm oil prices.

Suspension of export duty from Malaysia is expected to support exports from Malaysia. Higher buying by top importer India indicate that demand will remain firm in rest of February.

CBOT soy oil is expected to support palm oil prices as lower soybean crop in Argentina and lower soy oil stocks in US will support soy oil.

RBD palmolein DALIAN is expected to support palm oil prices as its prices are selling in oversold zone and it is expected to show technical recovery.

Rise in crude oil prices is expected to support palm oil prices in medium term (details are given in soy oil international section).

Depreciation of ringgit will support palm oil prices. Ringgit is appreciation from some time and it has breached critical support of 4.00 per USD and has reached 3.88 levels. Retracement of ringgit after its surge in last 3 months and fall in crude oil prices will support its depreciation which will support palm oil prices in near term., Suspension of crude palm oil export duty by Malaysia for 3 months has raised expectation of higher exports of palm oil from the world's second exporting nation. This sudden step was prompted by expectation of rise in end stocks of Malaysia in coming months. This step has come with rider that if stocks drop to 1.6 MMT before 3 months then export duty will be increased.

Abandoning of export duty was due to lower purchases by India, which was buying less due to hike in import duty and increase in differential of import duty of crude palm oil and refined palm oil. This step led to sudden slowdown of demand from Malaysia, which led to sharp fall in palm oil prices.

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

MPOB expect 3 percent rise in production of palm oil in 2018 to 20.5 MMT from 19.9 MMT in 2017. ]

Prices are in range.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's January palm oil stocks fell 6.75 percent to 25.48 lakh tons compared to 27.32 lakh tons in December. Production of palm oil in January fell 13.49 percent to 15.87 lakh tons compared to 18.34 lakh tons in December. Exports of palm oil in January rose 6.01 percent to 15.13 lakh tons compared to 14.27 lakh tons in December. Imports of palm oil in January rose 132 percent to

0.35 lakh tons compared to 0.14 lakh tons in December. Fall in palm oil end stocks in January was below trade estimates.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's February 1-10 palm oil exports rose 10.6 percent to 421,179 tons compared to 380,837 tons in corresponding period last month. Top buyers are European Union at 119,281 tons (72,365 tons), India at 79,220 tons (62,880 tons), United States at 41,950 tons (23,928 tons), Pakistan at 15,000 tons (15,000 tons) and China at 13,550 tons (29,550 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's January 1-25 palm oil exports fell 7.0 percent to 1,013,897 tons compared to 1,090,622 tons in corresponding period last month. Top buyers are European Union at 273,638 tons (302,297 tons), India & subcontinent at 193,210 tons (135,130 tons) and China at 158,550 tons (162,100 tons). Values in brackets are figures of corresponding period last month.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's 2017 palm oil exports rose 23 percent to 31.05 MMT from 25.1 MMT in 2016. Exports to top importer India rose 32 percent in 2017. Production in 2017 rose 18 percent to 38.2 MMT. Total production including palm kernel oil rose to record 42 MMT in 2017 from 35.6 MMT in 2016. End stocks of palm oil in Indonesia in December was at 4.02 MMT
- According to China's General Administration of Customs (CNGOIC), China's December palm oil imports fell 16.53 percent to 5.67 lakh tons compared to December 2016. Imports of palm oil in 2017 rose 13.42 percent to 50.79 lakh tons compared to 2016. Imports from Indonesia in December fell 23.03 percent to 3.65 lakh tons compared to December 2016. Imports of palm oil in 2017 from Indonesia rose 21.62 percent to 32.15 lakh tons compared 2016. Imports from Malaysia in December fell 1.62 percent to 2.02 lakh tons compared to December 2016. Imports of palm oil in 2017 from Malaysia rose 1.8 percent to 18.62 lakh tons compared to 2016
- Policy update- According to Malaysian government, Malaysia has removed export duty on crude palm oil for three months starting January 8 to support prices. If stocks fall below 1.6 MMT before three months then export duty may be imposed earlier than three months, according to Malaysia's minister of plantation and industries. The step has been taken to reduce stocks of palm oil in the country.

According to Indonesia trade ministry, Indonesia keeps January crude palm oil export duty to zero, unchanged from last month. This is the ninth consecutive month of zero tax. Reference prices of export tax are set at USD 750 per ton.

### Previous updates

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's January palm oil exports fell 8.8 percent to 1,312,679 tons compared to 1,439,477 tons last month. Top buyers are European Union at 278,212 tons (340,262 tons), India at 190,328 tons (139,200 tons), China at 142,000 tons (198,728 tons), United States at 99,769 tons (97,705 tons) and Pakistan at 51,500 tons (42,000 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's January palm oil exports fell 9.3 percent to 1,289,518 tons compared to 1,289,518 tons last month. Top buyers are European Union at 361,288 tons (437,097 tons), India & subcontinent at 264,260 tons (222,870 tons) and China at 180,500 tons (190,600 tons). Values in brackets are figures of last month.

- According to Malaysia's Plantation industries and commodities minister, Malaysia is estimated to produce over 20 MMT in 2018 from 19.5 MMT in 2017. Palm oil prices are estimated to average between 2,600-2,700 ringgit a ton in 2018.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's December palm oil stocks rose 6.97 percent to 27.32 lakh tons compared to 25.54 lakh tons in November. Production of palm oil in December fell 5.59 percent to 18.34 lakh tons compared to 19.43 lakh tons in November. Exports of palm oil in December rose 4.91 percent to 14.23 lakh tons compared to 13.57 lakh tons in November. Imports of palm oil in December fell 50.34 percent to 0.14 lakh tons compared to 0.30 lakh tons in November. Rise in palm oil end stocks in December was above trade estimates.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's 2018 production is estimated to grow 3 percent to 20.5 MMT from 19.9 MMT in 2017. Malaysia's 2018 exports are estimated to rise 5.1 percent to 17.4 MMT. MPOB estimates palm oil stocks to fall 15.8 percent to 2.3 MMT.
- According to China's General Administration of Customs (CNGOIC), China's November palm oil imports rose 22.57 percent to 5.47 lakh tons compared to November 2016. Year to date imports of palm oil rose 18.77 percent to 45.12 lakh tons compared to corresponding period last year. Imports from Indonesia in November rose 42.47 percent to 3.75 lakh tons compared to November 2016. Year to date imports of palm oil from Indonesia rose 31.37 percent to 28.51 lakh tons compared to corresponding period last year. Imports from Malaysia in November fell 49.59 percent to 6.13 lakh tons compared to November 2016. Year to date imports rose 2.23 percent from Malaysia to 16.60 lakh tons compared to corresponding period last year.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's October palm oil (excluding biodiesel and oleochemicals) exports fell 5.6 percent to 2.6 MMT from 2.79 MMT in September and 2.41 MMT in October 2016. End stocks of palm oil in Indonesia in October rose 16 percent to 3.38 MMT from 2.92 MMT in September 2017. Production of palm oil in Indonesia in October rose 3 percent to 4.16 MMT from 4.03 MMT in September 2017.
- 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.
- Policy update- According to Malaysian Government circular, Malaysia decreased January crude palm oil export duty to 5.5 percent from 6 percent in December. Tax is calculated at reference price of 2,625.31 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. 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

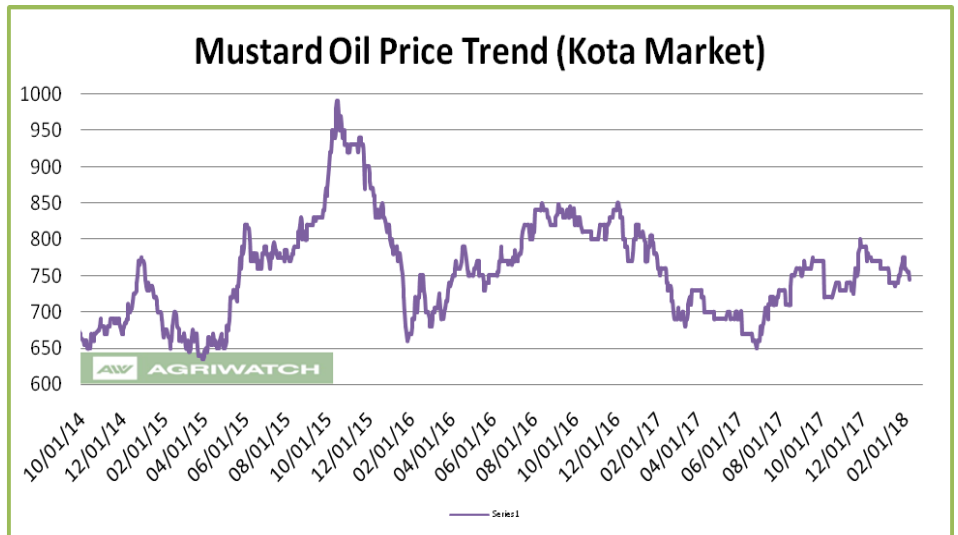
**Price Outlook:** We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 530-600 per 10 Kg in the near term.



## Rapeseed oil Fundamental Review and Analysis:-

### Domestic Front

- Mustard oil prices featured mostly weak trend in primary markets on weak demand and fall in mustard prices. Arrivals of rapeseed rose last week.
- Agriwatch view: Prices of rapeseed oil expeller featured weak trend in various centers in India on weak demand and fall in rapeseed prices.



Price of expeller mustard oil fell across board in India except Kolkata where prices remained unchanged at the end of week. Prices of kacchi ghani rapeseed oil traded lower across board in India except Ganganagar where it remained unchanged at the end of the week.

Canola oil CNF price closed unchanged at the end of the week.

Prices fell as markets are adequately stocked and fresh restocking will begin in second half of February ahead of Holi.

Rapeseed prices fell last week while arrivals increased which led to lower prices of rapeseed oil.

Rapeseed crop will be lower on fall in sowing of rapeseed. Rapeseed sowing in Rajasthan is down 26 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 expeller rapeseed oil over refined soy oil in domestic market was at Rs 5 (Rs 15) per 10 Kg, will support rapeseed oil prices in medium term.

Kacchi Ghani and refined soy oil are trading in a very narrow range, which will stimulate demand of rapeseed oil.

Traders and stockiest are advised to stock rapeseed oil, which is trading at very lucrative prices.

Premium of canola oil compared to CDSO has increased to USD 53 (USD 56) 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.

Markets are expected to trade sideways to firm tone in coming days on firm demand ahead of Holi in East and North India, low premium of rapeseed oil over soy oil and stocking at lower levels.

- All India sowing of rapeseed reached 66.88 lakh hectares as on 9 Feb 2018 compared to 70.60 lakh hectares in corresponding period last year. Rajasthan is lagging in sowing as on 9 Feb 2018 and it has reached 20.89 lakh hectares compared to 27.98 lakh hectares in corresponding period last year.
- Rapeseed oil import scenario- India imported 0.19 lakh tons of rapeseed (Canola) oil in December 2017 v/s 0.33 lakh tons in December 2016, down 42 percent. In the period (Nov 2017-Dec 2017) imports were 0.60 lakh tons compared to 0.65 lakh tons in the corresponding period last oil year, down 7.7 percent.
- CNF canola oil premium over CDSO is USD 53 (USD 56 last week) per ton for Feb delivery as on Feb 9, 2018.

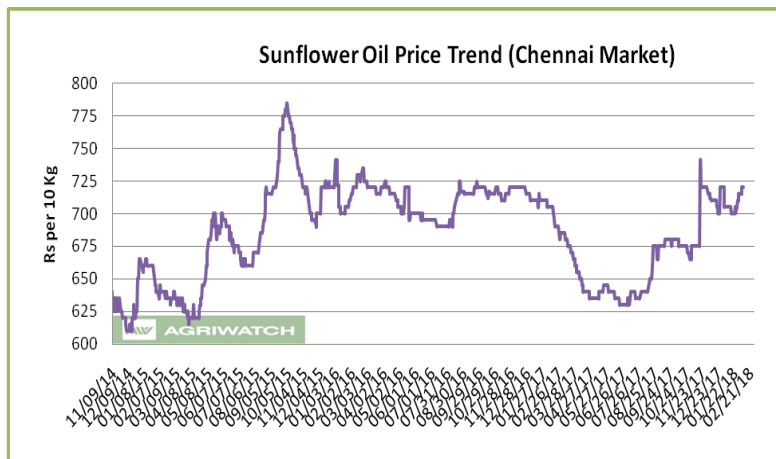
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 765 (Rs 772) per 10 Kg, and at Kota market, it is offered at Rs 745 (Rs 760) per 10 kg as on January 25, 2018. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

**Price Outlook:** Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 720-780 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

- Sunflower oil price traded firm during the week in its benchmark market of Chennai on firm demand. Prices remained unchanged in Kandla/Mudra. Prices remained unchanged in Mumbai while it fell in Latur. Sunflower expeller remained unchanged in Latur and Chellakere while it rose in Erode at the end of the week.
- Agriwatch view: Prices of sunflower oil traded sideways in Chennai on firm demand.



Prices of sunflower oil rose in Chennai while it remained unchanged at CNF markets indicating firm demand.

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

Demand will rise in February ahead of demand on marriage season and Holi demand.

Markets are restocking ahead of demand season.

CSFO CIF premium over CDSO CIF markets is at USD -7.5 (USD -8 last week) per ton for March delivery, indicating ample space for prices to rise in domestic markets as sunflower oil is considered superior oil.

Sunflower oil is trading at discount to 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 -20 (Rs -35 last week) per 10 kg, which indicates that markets are adequately supplied.

Sunflower oil premium over palm oil at CNF India is USD 140 (US 145 last week) which is high and will lower imports. Sunflower oil is trading at discount to soy oil in domestic market, which may increase demand in medium term.

Supply has improved in markets as imports rose 27 percent in December y-o-y after rising 43 percent in oil year 2016-17 indicating firm supply of sunflower oil in domestic market. Imports of sunflower oil will show steady rise in coming months due to discount of sunflower oil over CDSO and low premium over 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 December were above November and above December 2016 while stocks at ports and pipelines rose indicating firm supply at high seas.

Importers are importing and stocking at ports as it is quoted below soy oil in both CNF and 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 -7.5 (USD -8 last week) per ton for March delivery.

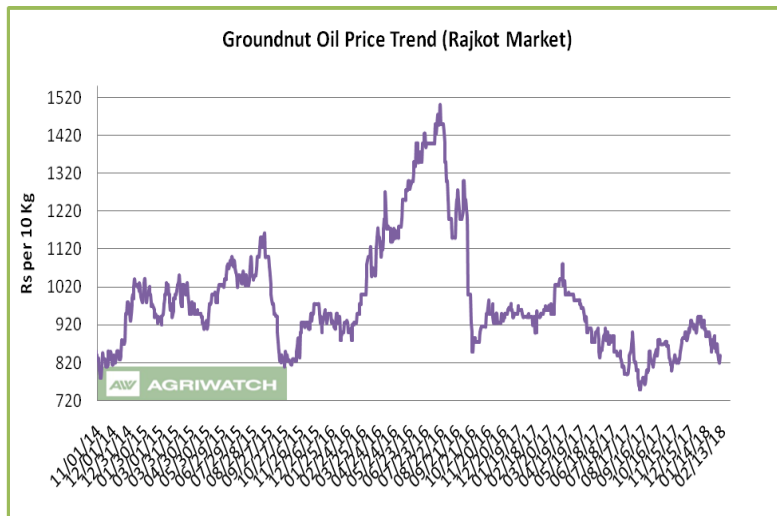
Prices of sunflower oil are expected to trade sideways to firm on firm demand. Prices are expected to trade sideways to firm in near term.

- All India sowing of sunflower reached 1.74 lakh hectares as on 9 Feb 2018 compared to 1.71 lakh hectares in corresponding period last year.
- Sunflower oil import scenario – According to Solvent Extractors Association (SEA), Sunflower oil imports rose 27.4 percent y-o-y in December to 2.37 lakh tons from 1.86 lakh tons in December 2016. Imports in the period (November 2017-December 2018) are reported higher by 25 percent y-o-y at 4.30 lakh tons compared to 3.44 lakh tons in the corresponding period last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 807.5 (USD 810) per ton for March delivery, April delivery is quoted at USD 817.5 (USD 817.5) per ton, May delivery is quoted at USD 820 (USD 820) per ton and May delivery is quoted at USD 817.5 (USD 805) per ton . CIF sun oil (Ukraine origin) January monthly average was at USD 801.58 per ton compared to USD 799.92 per ton in December. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 790-820 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD -7.5 (USD -8 last week) per ton for March delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 720 (Rs 715) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 735 (Rs 735) per 10 kg as on Feb 9, 2018. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to weak tone in the coming days.

**Price Outlook:** Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 690-740 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices featured weak trend in Rajkot due to weak demand. Prices fell in Jamnagar and Gondal. Prices remained unchanged in Chennai while it fell in Mumbai. Prices rose in New Delhi. Prices of groundnut oil (expeller) fell in Hyderabad at the end of the week.
- Agriwatch view: Prices of groundnut oil featured weak trend in Rajkot on weak demand on expectation of lower prices in future.



Gujarat government decision to procure 4

lakh tons of groundnut through NAFED is still uncertain while the government has stated that it will start procurement in this week.

Arrivals of groundnut have decreased on expectation of procurement by government agencies.

Arrivals in mandis are weak. However, groundnut prices are expected to weaken due to high stocks of groundnut with farmers.

Groundnut oil prices will show temporary rise in prices on expectation of government purchase optimism but prices will fall on expectation of lower prices of groundnut after March when government agencies will start to dispose groundnut in market and most of the groundnut will flow to crushing of groundnut as low quality will hinder exports.

There is no party in crushing of groundnut, which will reduce supply of groundnut oil in the market.

Prices of groundnut oil generally fall in February, which will weaken groundnut oil prices in medium term. Festive demand is over.

Crushers are have no stocks and are only active in ready markets. Both groundnut oil and groundnut trade is weak and whatever is groundnut is arriving in mandis are consumed in ready markets.

Groundnut oil offtake from stockists and traders has weakened, as there is no supply in the market

Prices fell on seasonal downtrend of prices.

Gujarat government has already purchased 7.76 lakh tons of groundnut in first round.

Groundnut oil prices are expected to trade sideways to weak on weak demand and seasonal downtrend of prices.

- All India sowing of groundnut reached 6.39 lakh hectares as on 9 Feb 2018 compared to 6.36 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 8,400 (Rs 8,500) per quintal and it was quoted at Rs 8,200 (Rs 8,200) per quintal in Chennai market on Feb 9, 2018. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to weak in the coming days.

**Price Outlook:**

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 800-950 per 10 Kg.

**Coconut Oil Fundamental Review and Analysis:-****Domestic Front**

- Coconut oil featured weak trend in its benchmark market of Kangayam on weak demand. Prices rose in Kochi at the end of the week.

- Agriwatch view: Coconut oil prices featured weak trend during the week on weak demand of coconut oil

Copra prices rose last week.

Sabriamala festivals are over in Kerala, which has weakened demand in Kerala.

Pongal and Onam demand is over in

Tamil Nadu and Kerala and fresh demand will come after February.

Demand from North India is will improve after March when winters get over.

Coconut oil prices have more than doubled in 2017, which has shifted demand away. Prices have surged to astronomical levels on supply shortage of copra.

Supply copra is down almost 40 percent in 2017 due to weak monsoon in coconut growing areas of Tamil Nadu, Kerala, Karnataka, Andhra Pradesh for last three years has reduced the yield of coconut, and which has affected supply of copra.

There is short supply of milling copra, which has led to short supply of coconut oil.

Prices of coconut oil have surged which has depleted demand.

Good rains in 2017 in all coconut growing regions of Tamil Nadu, Kerala, Karnataka and Andhra Pradesh has raised expectation that coconut production will improve in 2018.

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.

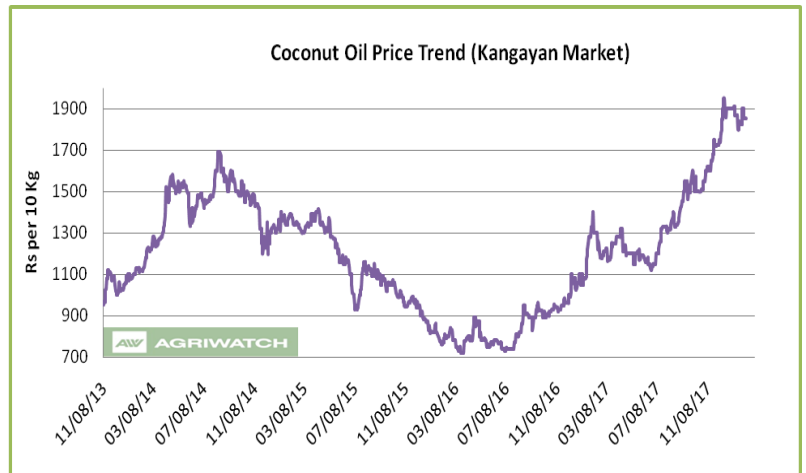
Corporate demand, which contributes about 80 percent of demand, is weak. Consumers of coconut oil have shifted away from coconut oil due to higher prices.

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 and weak demand.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 18,900 (18,400) per quintal, and was quoting Rs 18,550 (Rs 19,000) per quintal in Erode market on February 9, 2018.

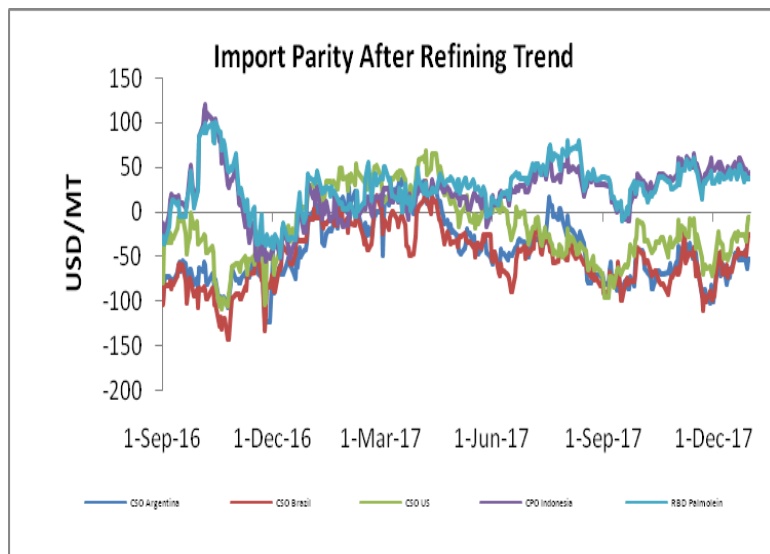
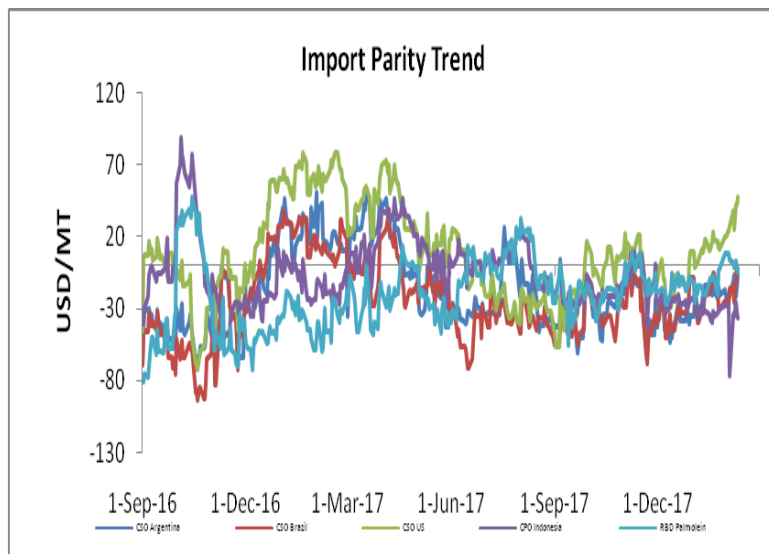




**Price Outlook:** Coconut oil (withut GST) prices in Erode may stay in the range of Rs 1700-2000 per 10 Kg.

### **Import Parity Trend**

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

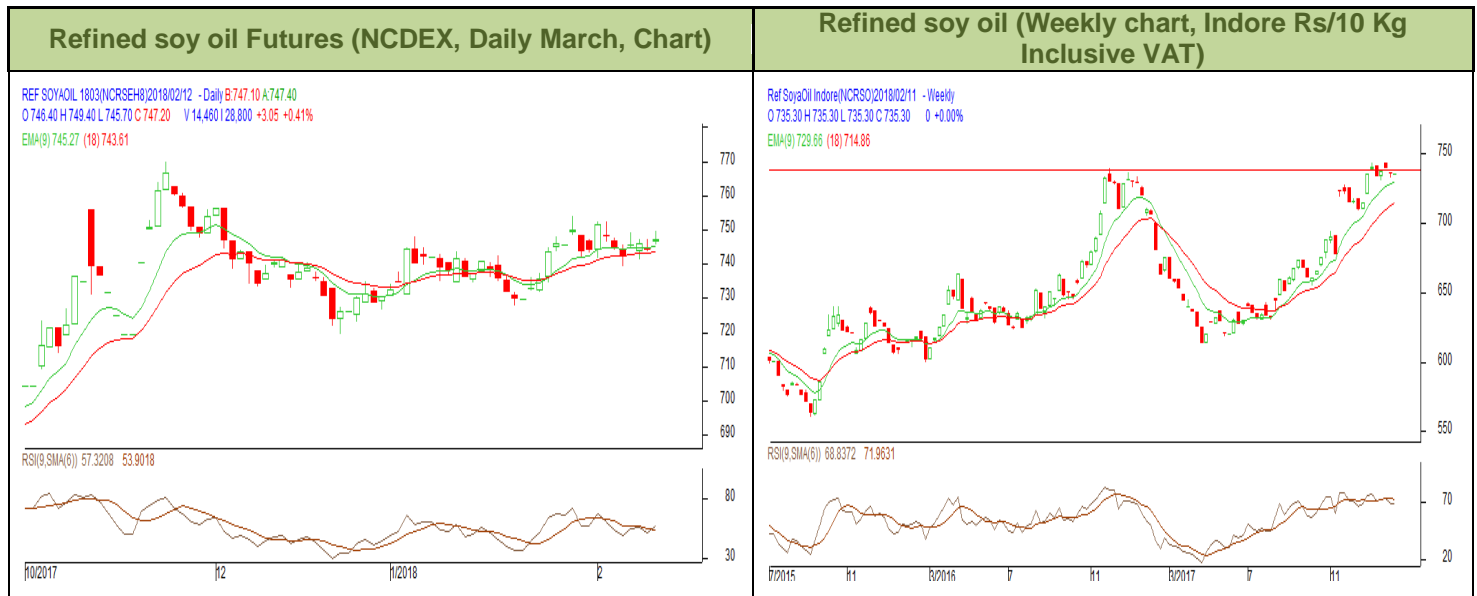


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Dec, 2017</b>	-61.72	-56.52	-35.04	48.83	40.37
<b>Jan, 2017</b>	-19.04	-21.40	15.93	53.53	37.88

### **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)



**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 730 in weekly might take the prices below 720 levels.
- Expected price band for next week is 720-770 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in the market.

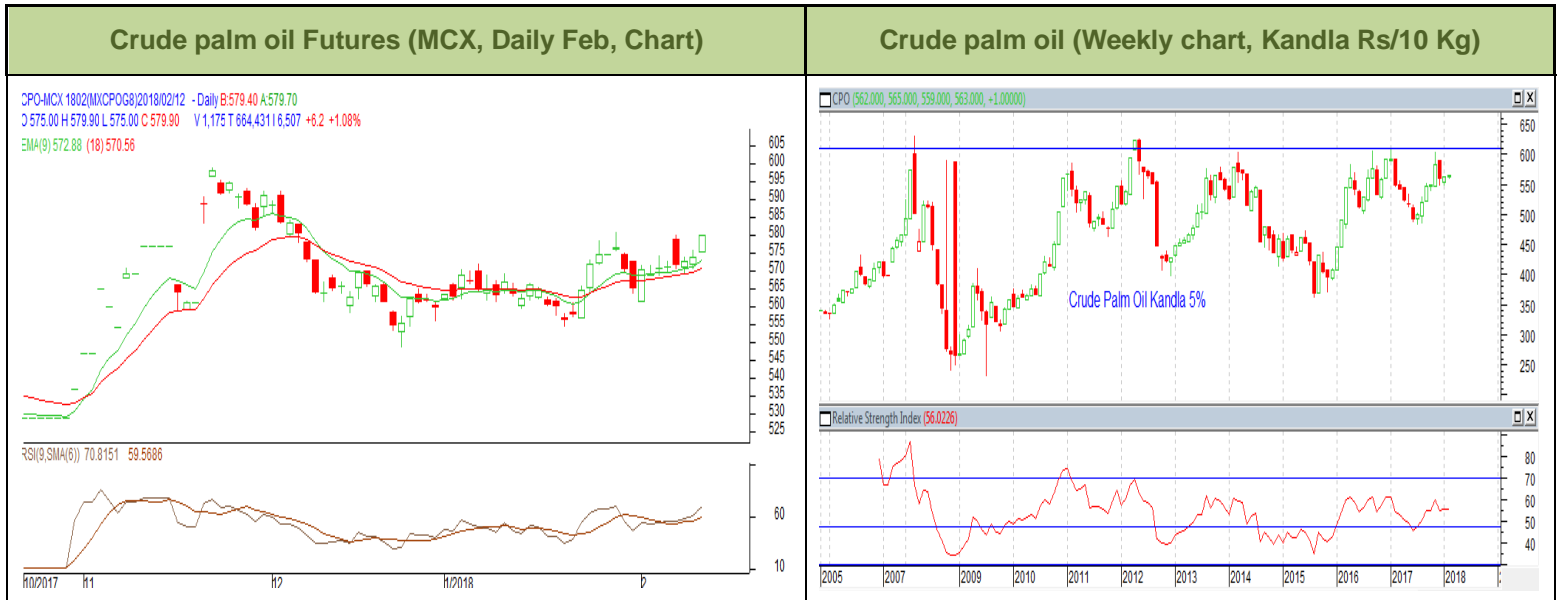
**Strategy:** Market participants are advised to go long above 740 levels for a target of 755 and 760 with a stop loss at 730 on closing basis.

#### RSO NCDEX (March)

Support and Resistance				
S2	S1	PCP	R1	R2
717.00	732.00	744.75	755.00	766.00

**Spot Market outlook:** Refined soy oil Indore (without GST) is likely to stay in the range of Rs 710-780 per 10 Kg.

### Technical Analysis (Crude Palm oil)



**Outlook - Prices show uptrend in prices during the week. We expect that CPO February 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 560 in weekly chart may bring the prices to 540 levels.
- Expected price band for next week is 540-600 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 575 for a target of 590 and 595 with a stop loss at 565 on closing basis.

#### CPO MCX (February)

Support and Resistance				
S2	S1	PCP	R1	R2
532.00	554.00	578.9	598.00	610.00

**Spot Market outlook:** Crude palm oil (without GST) is likely to stay in the range of Rs 530-600 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		8-Feb-18	2-Feb-18	
Refined Soybean Oil	Indore	740	745	-5
	Indore (Soy Solvent Crude)	702	710	-8
	Mumbai	730	740	-10
	Mumbai (Soy Degum)	697	697	Unch
	Kandla/Mundra	730	735	-5
	Kandla/Mundra (Soy Degum)	697	698	-1
	Kolkata	737	732	5
	Delhi	775	775	Unch
	Nagpur	773	766	7
	Rajkot	725	730	-5
	Kota	735	735	Unch
	Hyderabad	NR	NR	-
	Akola	767	758	9
	Amrawati	767	758	9
	Bundi	736	750	-14
	Jalna	764	767	-3
	Alwar	NA	NA	-
	Solapur	773	766	7
	Dhule	765	767	-2
Palm Oil	Kandla (Crude Palm Oil)	591	590	1
	Kandla (RBD Palm oil)	625	635	-10
	Kandla RBD Pamolein	664	667	-3
	Kakinada (Crude Palm Oil)	NR	NR	-
	Kakinada RBD Pamolein	664	658	6
	Haldia Pamolein	669	664	5
	Chennai RBD Pamolein	667	662	5
	Chennai RBD Pamolein (Vitamin A&D Fortified)	677	672	5
	KPT (krishna patnam) Pamolein	650	653	-3
	Mumbai RBD Pamolein	683	683	Unch
	Delhi	690	695	-5
	Rajkot	658	662	-4
	Hyderabad	NR	NR	-
	Mangalore RBD Pamolein	670	660	10
	PFAD (Kandla)	431	441	-10
	Refined Palm Stearin (Kandla)	473	467	6
	Tuticorin (RBD Palmolein)	667	662	5
	Superolien (Kandla)	693	693	Unch
	Superolien (Mumbai)	709	709	Unch

\* Inclusive of GST

Refined Sunflower Oil	Chennai	720	715	5
	Mumbai	745	745	Unch
	Mumbai(Expeller Oil)	668	675	-7
	Kandla	735	735	Unch
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	NR	NR	-
	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	680	680	Unch
	Erode (Expeller Oil)	750	745	5
Groundnut Oil	Rajkot	840	850	-10
	Chennai	820	820	Unch
	Delhi	915	910	5
	Hyderabad *	835	840	-5
	Mumbai	870	915	-45
	Gondal	840	860	-20
	Jamnagar	845	860	-15
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	765	772	-7
	Jaipur (Kacchi Ghani Oil)	788	791	-3
	Kota (Expeller Oil)	745	760	-15
	Kota (Kacchi Ghani Oil)	780	790	-10
	Neewai (Kacchi Ghani Oil)	760	770	-10
	Neewai (Expeller Oil)	775	780	-5
	Bharatpur (Kacchi Ghani Oil)	790	795	-5
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	770	775	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	790	790	Unch
	Mumbai (Expeller Oil)	750	760	-10
	Kolkata(Expeller Oil)	920	920	Unch
	New Delhi (Expeller Oil)	782	825	-43
	Hapur (Expeller Oil)	NR	NR	-
	Hapur (Kacchi Ghani Oil)	NR	NR	-
	Agra (Kacchi Ghani Oil)	795	800	-5
Refined Cottonseed Oil	Rajkot	695	690	5
	Hyderabad	NR	NR	-
	Mumbai	710	715	-5
	New Delhi	695	695	Unch
Coconut Oil	Kangayan (Crude)	1855	1900	-45
	Cochin	1890	1840	50
	Trissur	NA	NA	-
Sesame Oil	New Delhi	990	990	Unch

	Mumbai	NA	NA	-
<b>Kardi</b>	Mumbai	780	780	Unch
<b>Rice Bran Oil (40%)</b>	New Delhi	560	550	10
<b>Rice Bran Oil (4%)</b>	Punjab	580	580	Unch
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	NA	NA	-
<b>Malaysia Palmolein USD/MT</b>	FOB	650	653	-3
	CNF India	663	670	-7
<b>Indonesia CPO USD/MT</b>	FOB	645	643	2
	CNF India	663	670	-7
<b>RBD Palm oil (Malaysia Origin USD/MT)</b>	FOB	647	650	-3
<b>RBD Palm Stearin (Malaysia Origin USD/MT)</b>	FOB	673	672	1
<b>RBD Palm Kernel Oil (Malaysia Origin USD/MT)</b>	FOB	1280	1385	-105
<b>Palm Fatty Acid Distillate (Malaysia Origin USD/MT)</b>	FOB	620	622	-2
<b>Crude palm Kernel Oil India (USD/MT)</b>	CNF India	1290	1320	-30
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	808	808	Unch
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB	NA	NA	-
<b>Argentina FOB (\$/MT)</b>		<b>8-Feb-18</b>	<b>1-Feb-18</b>	<b>Change</b>
Crude Soybean Oil Ship		NR	NR	-
Refined Soy Oil (Bulk) Ship		NR	NR	-
Sunflower Oil Ship		NR	NR	-
Cottonseed Oil Ship		NR	NR	-
Refined Linseed Oil (Bulk) Ship		NR	NR	-
<i>* Including GST</i>				

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