

# Veg. Oil Weekly Research Report

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**Executive Summary****Domestic Veg. Oil Market Summary**

*Edible oil witnessed mixed trend in domestic market in the week in review. Palm oil, rapeseed oil and coconut oil closed higher while soy oil and sunflower oil closed sideways. Groundnut oil closed in red.*

*On the currency front, Indian rupee is hovering near 64.21, 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 fall in near-term.*

*We expect edible oil to trade mixed to oil specific fundamentals. Higher stocks at ports and pipeline may underpin prices in near term.*

**Recommendation:**

*Weekly Call - : At NCDEX, market participants are advised to go short below 745 levels for a target of 730 and 725 with a stop loss at 755 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 570 for a target of 585 and 590 with a stop loss at 560 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 550-600 per 10 Kg in the near term.*

**International Veg. Oil Market Summary**

*Malaysia's February 1-15 palm oil exports rose 12.4 percent to 635,298 tons compared to 564,968 tons in corresponding period last month. Top buyers are European Union at 179,531 tons (91,215 tons), India at 142,330 tons (75,880 tons), United States at 41,950 tons (73,788 tons), China at 23,410 tons (39,050 tons) and Pakistan at 15,000 tons (33,500 tons). Values in brackets are figures of corresponding period last month: SGS*

*Farmers in Brazil have harvested 17 per cent of the soybean area in 2017 -18 season as on 16, February 2018 compared to 26 percent in corresponding period last year. Despite rains in Mato Grosso harvest reached 45 percent compared to 30 percent last week. Harvest in second largest state of Parana reached 5 percent compared to 20 percent in corresponding period last year: AgRural*

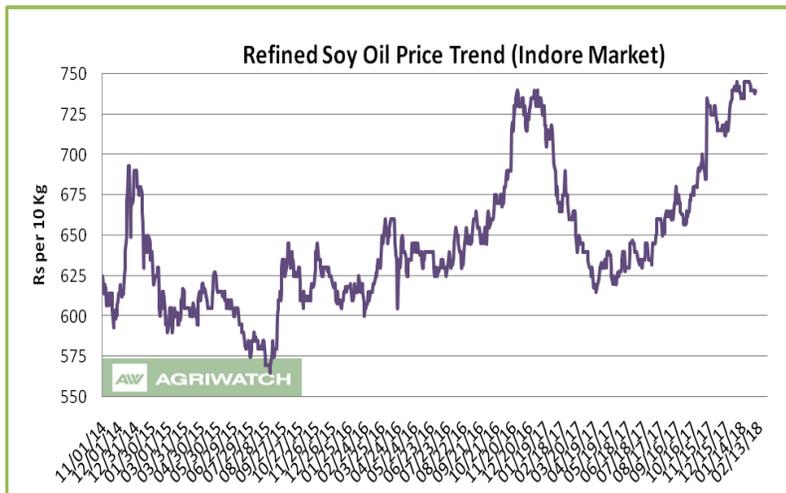
*On the international front, higher stocks of soy oil in US, better soybean stocks in US, higher soybean crop condition in Brazil, depreciation of Argentina Peso and weakness in crude oil prices is expected to weaken soy oil prices in coming days.*

*Fall in end stocks of palm oil in Malaysia, fall in production of palm oil in Malaysia and expectation of firm palm oil exports from Malaysia is expected to support CPO prices in near term.*

**Soy oil Fundamental Analysis and Outlook:-**

**Domestic Front**

- Soy oil featured sideways trend in domestic markets on firm demand. Prices of refined soy oil rose at Kandla/Mudra, Mumbai and Kolkata. CDSO fell at JNPT and Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices closed sideways during the week in Indore on firm 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. CDSO demand at CNF markets is firm as prices fell less at CNF markets compared to CDSO FOB Argentina compared to last week.

Imports of soy oil increased compared to January compared to December 2017 and January 2017 while stocks at ports remained unchanged indicating firm demand.

Imports of soy oil recovered sharply from December 2017, which was at multiyear lows on firm demand.

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

However, due to sharp rise in soy meal prices and appreciation of Rupee, soy meal demand will slow down resulting in lower soybean prices.

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 105 (Rs 110 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 127 (USD 142 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 fall in near term.

- As per February review of United States Department of Agriculture (USDA), India's 2017/18 imports of soy oil is reduced 0.155 MMT to 3.645 MMT from 3.8 MMT in its earlier review. Consumption of soy oil in India in 2017/18 is reduced to 5.2 MMT from 5.4 MMT in its earlier review. End stocks of soy oil in India in 2017/18 are unchanged at 0.320 MMT.
- According to Solvent Extractors Association (SEA), India's January edible oil imports rose 23.22 percent y-o-y to 12.47 lakh tons from 10.12 lakh tons in January 2017. Palm oil imports in January rose 36.2 percent y-o-y to 8.35 lakh tons from 6.13 lakh tons in January 2017. CPO Imports rose 63.35 percent y-o-y to 6.73 lakh tons from 4.12 lakh tons in January 2017. RBD palmolein imports fell 40.2 percent y-o-y to 1.51 lakh tons from 1.97 lakh tons in January 2017. Soy oil imports rose 34.73 percent y-o-y to 2.25 lakh tons from 1.67 lakh tons in

January 2017. Sunflower oil imports fell 20.47 percent y-o-y to 1.71 lakh tons from 2.15 lakh tons in January 2017. Rapeseed (canola) oil imports in January fell marginally to 0.17 lakh tons compared 0.18 lakh tons in January 2017.

- According to Solvent Extractors Association (SEA), India's January edible oil stocks at ports and pipelines rose 0.9 percent m-o-m to 21.95 lakh tons from 21.76 lakh tons in December 2017. Stocks of edible oil at ports fell to 855,000 tons (CPO 355,000 tons, RBD Palmolein 130,000 tons, Degummed Soybean Oil 200,000 tons, Crude Sunflower Oil 160,000 tons and 10,000 tons of Rapeseed (Canola) Oil) and about 1,340,000 tons in pipelines (stocks at ports were 876,000 tons in December 2017). India is presently holding 36 days of edible oil requirement on 1st February, 2018 at 21.96 lakh tons compared to 36 days of requirements last month at 21.76 lakh tons. India's monthly edible oil requirement is 18.25 lakh tons.
- On a financial year basis, India's export of oil meals during April 2017 to January 2018 stands at 2,362,049 metric tonnes as compared to 1,409,527 metric tonnes in the corresponding period of previous year showing an increase of 68% according to data released by the Solvent Extractor's Association of India.  
In the month of January 2018, export of oil meals declined by 52% to 116,150 metric tonnes compared to the corresponding period previous year. Soy meal exports during the period April 2017 to December 2017 was reported up at 1,013,935 metric tonnes compared to 601,270 metric tonnes during the corresponding period previous year.
- According to the latest survey by the Soybean Processors Association of India (SOPA), India's soybean output in the 2017 -18 season is likely to decline by 24 per cent to 8.35 MMT compared to previous year's estimates of 10.9 MMT. Output is lower amid flood-induced crop damage in major growing states, followed by blight disease in the plants. According to industry sources, India's total acreage is down by 5 per cent this year. SOPA also estimates India's soybean meal exports at 1.25 MMT for financial year 2017-18 compared to 2 MMT reported for the previous year.
- Soy oil import scenario – According to SEA, soy oil imports rose 34.73 percent y-o-y in January to 2.25 lakh tons from 1.67 lakh tons in January 2017. In the period (Nov 2017-Jan 2018), imports of soy oil were 5.78 lakh tons compared to 5.63 lakh tons in corresponding period last oil year, higher by 2.7 percent.
- Imported crude soy oil CIF at West coast port is offered at USD 792 (USD 807) per ton for Feb delivery, Mar delivery is offered at USD 790 (USD 800) per ton and Apr delivery is quoted at USD 783 (USD 798) 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 5-10/ton v/s loss of USD 15-20/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to weak in the coming days.

### International Front

Agriwatch view- Rise in end stocks of soy oil in US in January as reported by NOPA despite lower crush of soybean indicate slow demand of soy oil in US market. However, soybean crush in US in January was record in any January while it was below trade estimates. Higher stocks of soy oil will underpin soy oil prices.

USDA kept all the estimates of soy oil unchanged in February review compared to January review.

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 all the total area has been planted.

Rosario Grains exchange has trimmed soybean crop in Argentina in 2017/18 to 50 MMT from 52 MMT and has said that it may further lower soybean crop if dry conditions continue. Planting has 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 its earlier estimate of 51 MMT. Argentina is the largest exporter of soy oil and soy meal but exports have been 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 has 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 17 percent harvest at the end of last week, which is lower than 29 percent harvested in corresponding period last year. Wet conditions slowed pace of harvest.

Slow harvest is primarily due to slow harvest in second largest soybean producing state of Parana. States like Mato Grosso is also lagging behind.

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 has been 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 owing to slump last week which is expected to support soy oil prices in near term.

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

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

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

- According to National Oilseed Processors Association (NOPA), U.S. January soybean crush fell marginally to 163.111 million bushels from 163.305 million bushels in December 2017. Crush of soybean in January 2017 was 160.621 million bushels. Soy oil stocks in U.S. at the end of January rose 13.8 percent to 1.728 billion lbs

compared to 1.518 billion lbs in end December 2017. Stocks of soy oil in end January 2017 was higher by 8 percent compared to end January 2017, which was reported at 1.603 million lbs.

- According to consultancy AgRural, farmers in Brazil have harvested 17 per cent of the soybean area in 2017 - 18 season as on 16, February 2018 compared to 26 percent in corresponding period last year. Despite rains in Mato Grosso harvest reached 45 percent compared to 30 percent last week. Harvest in second largest state of Parana reached 5 percent compared to 20 percent in corresponding period last year. .
- According to the Rosario Grains Exchange, soybean output of Argentina in 2017 -18 could be less than 50 MMT as prolonged drought is likely to affect yield. No significant rains are expected in the next 10-12 days, which is likely to affect the crop further. There could be some very isolated rains, which will not be beneficial for the crop.
- 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 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 corresponding 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.
- The monthly supply and demand report of U.S. Department of Agriculture, for the month of February forecasts increase in U.S. soybean stocks 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.
- 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.
- 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 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.
- USDA WASDE Oilseeds Highlights: The U.S. season-average soybean price range for 2017/18 is projected at \$8.90 to \$9.70 per bushel, unchanged at the midpoint. Soybean oil prices are forecast at 31 to 34 cents per pound, down 1 cent at the midpoint. Soybean meal prices are projected at \$305 to \$335 per short ton, up \$5 at the midpoint.

### Previous updates

- 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 slow mainly 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 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 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.
- 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 during corresponding period previous year 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 corresponding 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 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 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 corresponding 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 corresponding 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 corresponding 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.
- 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.

- 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 corresponding period previous year.
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- 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 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 boosting 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.
- 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.

**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 firm demand.

Prices of CPO rose on high seas while it remained unchanged at CNF

markets compared to last week indicating firm demand.

Margins are higher, in importing CPO and selling refined oil in domestic markets, than selling ready to use RBD palmolein in domestic markets. RBD palmolein is again quoting at above 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 to previous week.

Demand of CPO is firm at CNF markets, as prices rose more 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 60 (Rs 69) per 10 kg compared to last week.

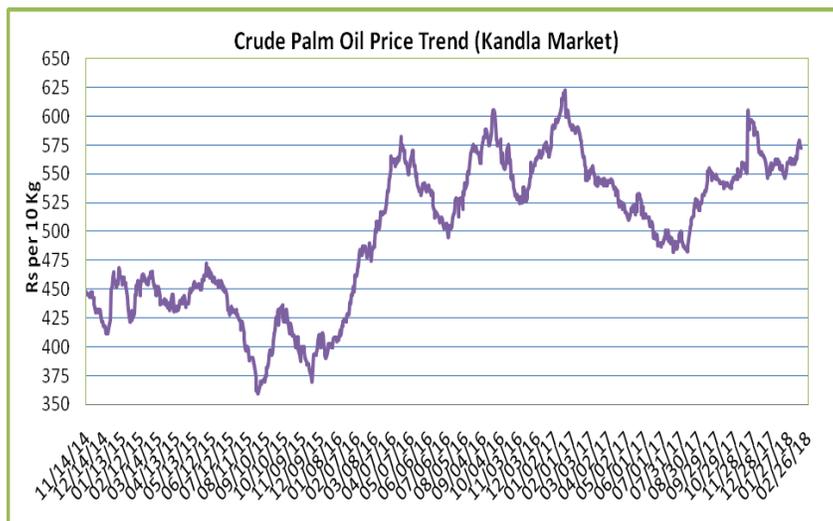
Positive refining margins and parity will increase imports of CPO in medium term.

Import of CPO in January was higher than December 2017 and January 2017. Stocks at ports and pipelines rose marginally in January, compared to December. Imports of CPO were higher by 63 percent indicating firm demand in domestic market. This led to higher stocks at ports.

Import of RBD palmolein in January was higher than December 2017 while it was lower than January 2017 while stocks at ports and pipelines were unchanged in January indicating regular demand.

Demand of CPO will rise in February on stocking ahead of Holi festival. However, high stocks at ports will slow import demand. Demand will wane after February 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 decline after early March will only rise from April when seasonal downtrend of demand end.

CDSO CNF premium over CPO CNF is at USD 127 (USD 142 last week) per 10 kg which is low and will decrease imports. Increasing premium of CDSO soy oil high seas over CPO high seas is at Rs 117 (Rs 142 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 105 (Rs 110 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.

- According to United States Department of Agriculture (USDA) in its February review, India's 2017/18 imports of palm oil is hiked 0.4 MMT to 10.6 MMT from 10.2 MMT in its earlier review. Consumption of palm oil in India in 2017/18 is increased to 10.6 MMT from 10.3 MMT in its earlier review. End stocks of palm oil in India in 2017/18 is increased 0.1 MMT to 0.590 MMT from 0.490 MMT.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in January rose 36.2 percent y-o-y to 8.35 lakh tons from 6.13 lakh tons in January 2017. Imports in the period (November 2017-January 2018) are reported higher by 6.46 percent y-o-y at 22.75 lakh tons compared to 21.37 in the corresponding period last oil year.

CPO Imports rose 63.35 percent y-o-y in January to 6.73 lakh tons from 4.12 lakh tons in January 2017. Imports in the period (November 2017-January 2018) are reported higher by 27.58 percent y-o-y at 18.41 lakh tons compared to 14.43 lakh tons in the corresponding period last oil year.

RBD palmolein imports fell y-o-y in January by 23.35 percent to 1.51 lakh tons from 1.97 lakh tons in January 2017. Imports in the period (November 2017-January 2018) are reported lower by 40.07 percent y-o-y at 4.05 lakh tons compared to 6.83 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 667.5 (USD 665) per ton for Feb delivery, March delivery is quoted at USD 670 (USD 667.5) per ton and AMJ delivery is offered at USD 690 (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 575 (Rs 573) per 10 Kg and February delivery duty paid is offered at Rs 575 (Rs 573) per 10 kg. Ready lift RBD palmolein is quoted at Rs 635 (Rs 630) per 10 kg as on Feb 16, 2018. Values in brackets are figures of last week.

- On the parity front, margins remained unchanged 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 – Exports rose 10-13 percent in first 15 days of February from Malaysia indicating firm demand. Demand from India was higher in this period compared to corresponding period last month. Higher demand from India is due to restocking by India after weak exports in last quarter of 2017 and low port stocks of RBD palmolein. Also, suspension of export duty by Malaysia on CPO in January has led to higher demand from the country.

However, demand from China remained weak in February due to higher supply of soy oil in the country on higher imports of soybean. China needs soy meal to increase livestock herd count to improve supply in the country. Higher crush of soybean in China has led to record supply of soy oil in the country slowing palm oil demand.

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,

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.

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.

Palm oil exports from Malaysia are 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 the country's exports. Higher buying by top importer India, indicates that demand will remain firm for rest of February.

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).

Appreciation of ringgit pose threat to bullish sentiment of palm oil as it makes palm oil uncompetitive compared to other competitive oils. Ringgit has been appreciating for some time and has breached critical support of 4.00 per USD reaching 3.88 levels

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 1-15 palm oil exports rose 12.4 percent to 635,298 tons compared to 564,968 tons in corresponding period last month. Top buyers are European Union at 179,531 tons (91,215 tons), India at 142,330 tons (75,880 tons), United States at 41,950 tons (73,788 tons), China at 23,410 tons (39,050 tons) and Pakistan at 15,000 tons (33,500 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's February 1-15 palm oil exports rose 10.1 percent to 608,447 tons compared to 552,635 tons in corresponding period last month. Top buyers are European Union at 189,657 tons (101,253 tons), India & subcontinent at 168,770 tons (112,260 tons) tons and China at 9,860 tons (89,650 tons). Values in brackets are figures of corresponding period last month.
- 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, 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 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 February 1-10 palm oil exports rose 14.7 percent to 412,207 tons compared to 359,346 tons in corresponding period last month. Top buyers are European Union at 132,007 tons (82,053 tons), India & subcontinent at 130,940 tons (73,380 tons), tons and China at 0 tons (57,950 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
- 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 is 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 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.
- 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 550-600 per 10 Kg in the near term.

**Rapeseed oil Fundamental Review and Analysis:-**

**Domestic Front**

- Mustard oil prices featured mixed trend in primary markets on firm demand. Arrivals of rapeseed fell last week.
- Agriwatch view: Prices of rapeseed oil expeller featured weak trend in various centers in India on weak demand.

Price of expeller mustard rose in Kota, and New Delhi while it remained unchanged in Jaipur, Neewai and Kolkata. Prices fell in

Ganganagar and Mumbai. Prices of kacchi ghani rapeseed oil traded sideways to lower across board in India at the end of the week.

Canola oil CNF price fell at the end of the week.

Prices rose as markets are stocking ahead of Holi.

Rapeseed prices were in a range last week while arrivals decreased which led to higher 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.

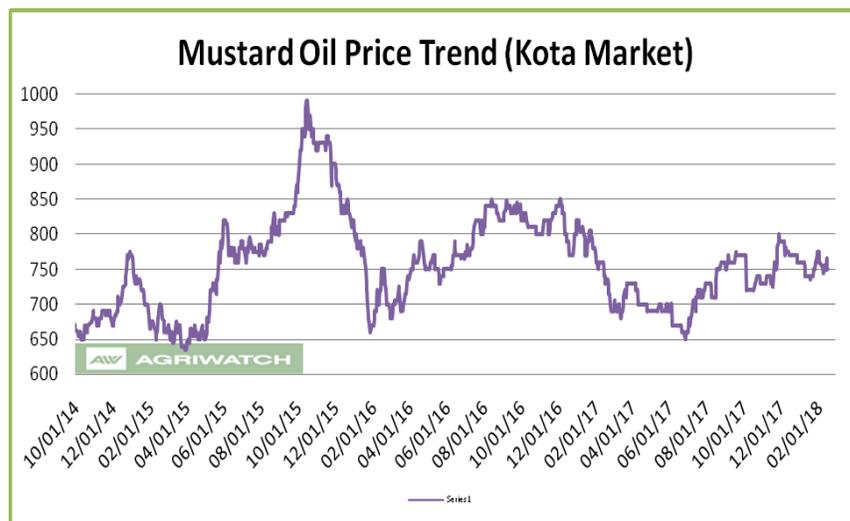
Premium of canola oil compared to CDSO has increased to USD 48 (USD 53) per ton and will support imports.

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 0.17 lakh tons of rapeseed (Canola) oil in January 2018 v/s 0.18 lakh tons in January 2017, marginally lower y-o-y. In the period (Nov 2017-Jan 2018) imports were 0.77 lakh tons compared to 0.82 lakh tons in the corresponding period last oil year, down 6.1 percent.
- CNF canola oil premium over CDSO is USD 53 (USD 56 last week) per ton for Feb delivery as on Feb 16, 2018.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 765 (Rs 765) per 10 Kg, and at Kota market, it is offered at Rs 750 (Rs 745) per 10 kg as on February 16, 2018. Values in brackets are figures of last week.



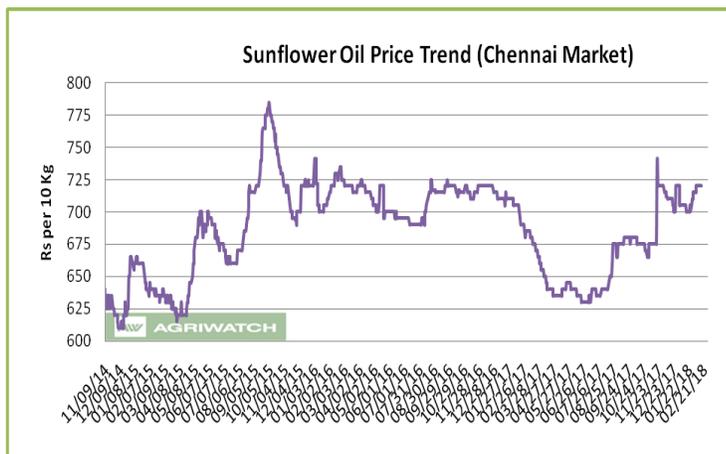
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

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



Prices of sunflower oil remained unchanged in Chennai while it fell at CNF markets compared to last week 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 rise in prices.

Demand will rise in second half of 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 7.0 (USD -7.5 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 indicating firm supply compared to soy oil. In domestic market, sunflower oil prices premium over soy oil is by Rs -20 (Rs -20 last week) per 10 kg, which indicates that markets are adequately supplied.

Sunflower oil premium over palm oil at CNF India is USD 130 (US 140 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.

Demand is firm despite higher imports in oil year 2017-18 (Nov 2017-Jan 2018), stocks at ports have fallen. However, market is still oversupplied.

Imports of sunflower oil will show steady rise in coming months due to low premium 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

Importers are expected to restock sunflower oil in February as it is quoted at low premium over soy oil in CNF markets and discount at high seas.

Importers are slow as sunflower oil is imported at prices above soy oil at CNF markets and sold at prices lower than soy oil. This will discourage imports. For higher imports, sunflower CNF sunflower oil has to fall below soy oil CNF or prices of sunflower oil will have to trade above soy oil prices in domestic markets.

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 -7.5 last week) per ton for March delivery.

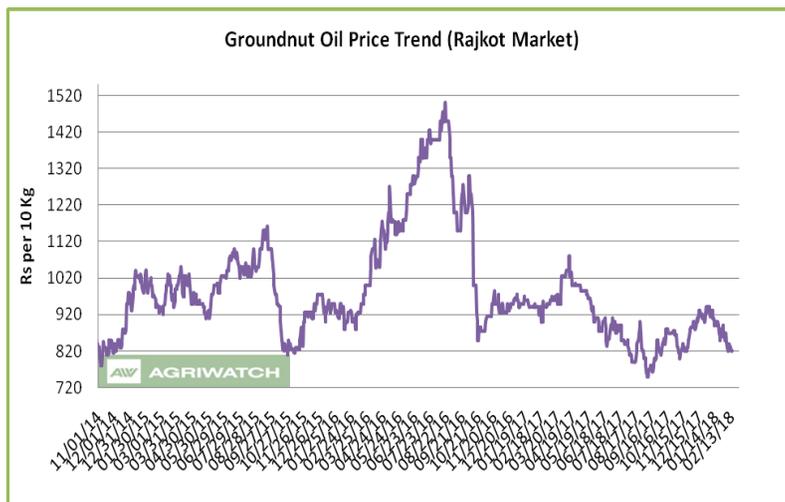
Prices of sunflower oil are expected to trade sideways to firm on firm demand. Prices are expected to trade sideways to firm in near term.

- 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 imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 20.5 percent y-o-y in January to 1.71 lakh tons from 2.15 lakh tons in January 2017. Imports in the period (November 2017-January 2018) is reported higher by 7.5 percent y-o-y at 6.01 lakh tons compared to 5.59 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 797.5 (USD 807.5) per ton for March delivery, April delivery is quoted at USD 807.5 (USD 817.5) per ton and May delivery is quoted at USD 812.5 (USD 820) 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 780-810 per ton in the near term. CIF Sunflower oil premium over CDSO is hovering at USD 5.5 (USD -7.5 last week) per ton for March delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 720 (Rs 720) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 735 (Rs 735) per 10 kg as on Feb 16, 2018. 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 (without GST) prices in Chennai may stay in the range of Rs 700-740 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 Mumbai. Prices remained unchanged New Delhi. Prices of groundnut oil (expeller) rose 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. Weak retail demand led to fall in demand. Demand season is over and any fresh demand will come after March.



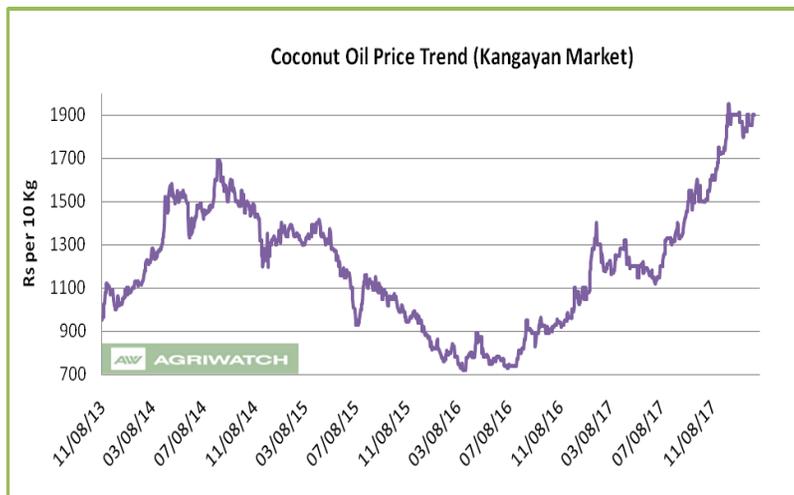
**Price Outlook:**

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

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

**Domestic Front**

- Coconut oil featured firm trend in its benchmark market of Kangayam on rise in prices of copra. Prices remained unchanged in Kochi at the end of the week.
- Agriwatch view: Coconut oil prices featured firm trend during the week on firm prices of copra. Copra prices rose last week. Higher prices of raw material led to higher prices of product.



Demand from North India 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 of copra is down by 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 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.

- Cabinet Committee of Economic Affairs (CCEA) hiked MSP of copra by Rs 1,000 on Fair Average Quality (FAQ) of milling copra to 7,500 per quintal for 2018 from 6,500 per quintal in 2017. The MSP of ball copra was increased to 7,750 per quintal in 2018 from 6,785 in 2017. Commission for Agricultural Costs and Prices

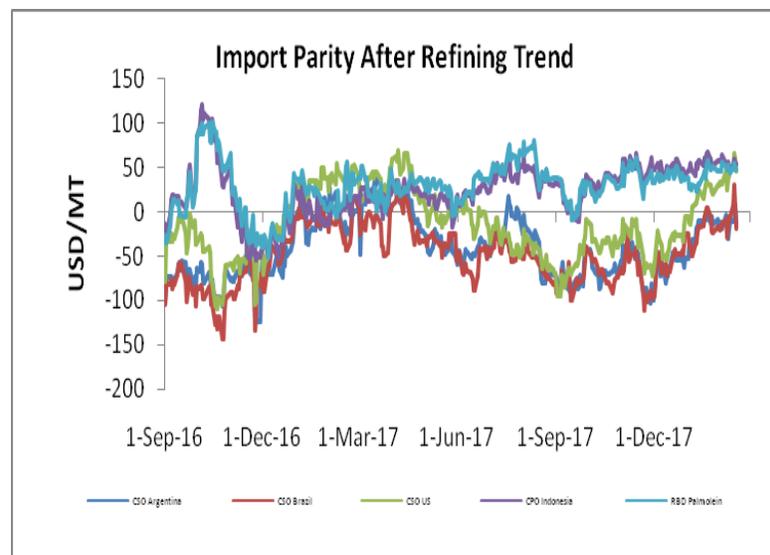
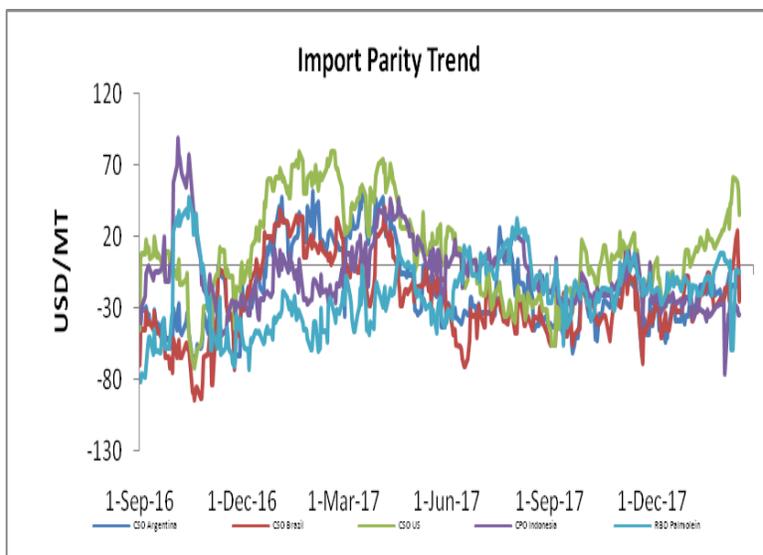
(CACP) has recommended the rise. This step is being taken to improve incomes of farmers and encourage farmers to take up coconut cultivation.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 18,900 (18,900) per quintal, and was quoting Rs 19,000 (Rs 18,550) per quintal in Erode market on February 16, 2018.

**Price Outlook:** Coconut oil (without 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)**

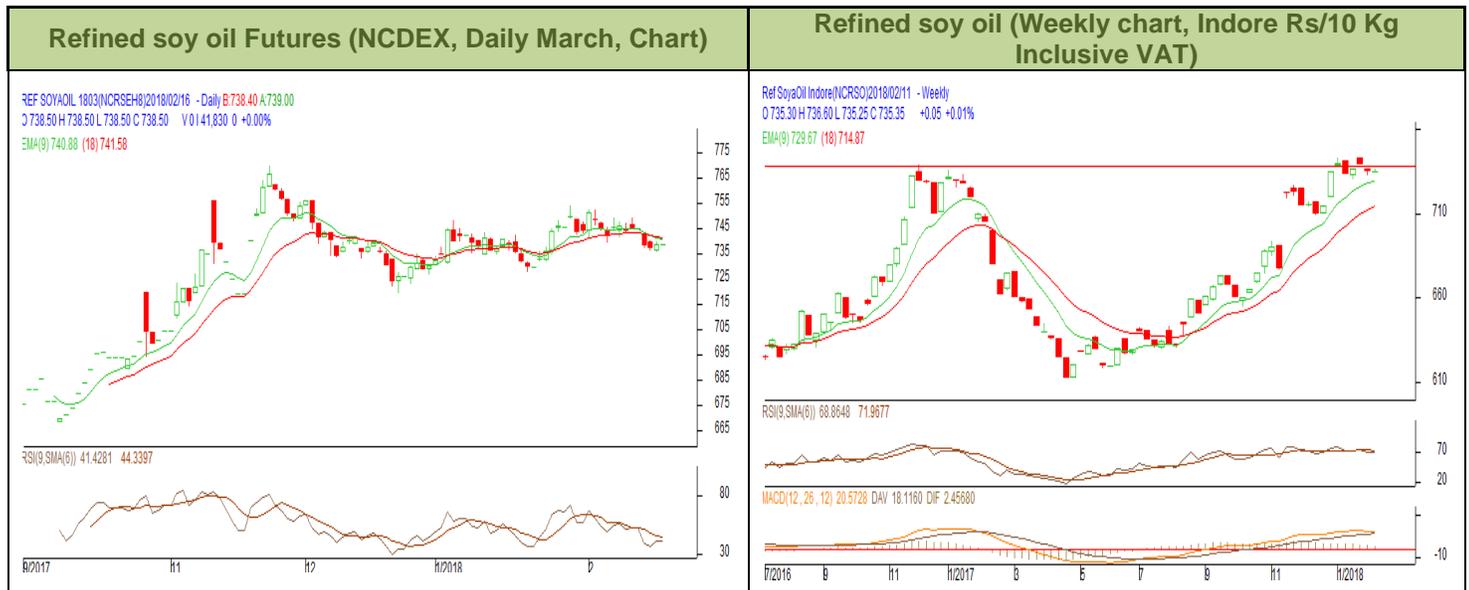


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Dec, 2017</b>	-61.72	-56.52	-35.04	48.83	40.37
<b>Jan, 2017</b>	-19.04	-21.40	15.93	53.53	37.88

**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 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 730 in weekly might take the prices below 720 levels.
- Expected price band for next week is 710-760 level in near to medium term. RSI, stochastic and MACD is suggesting downtrend in the market.

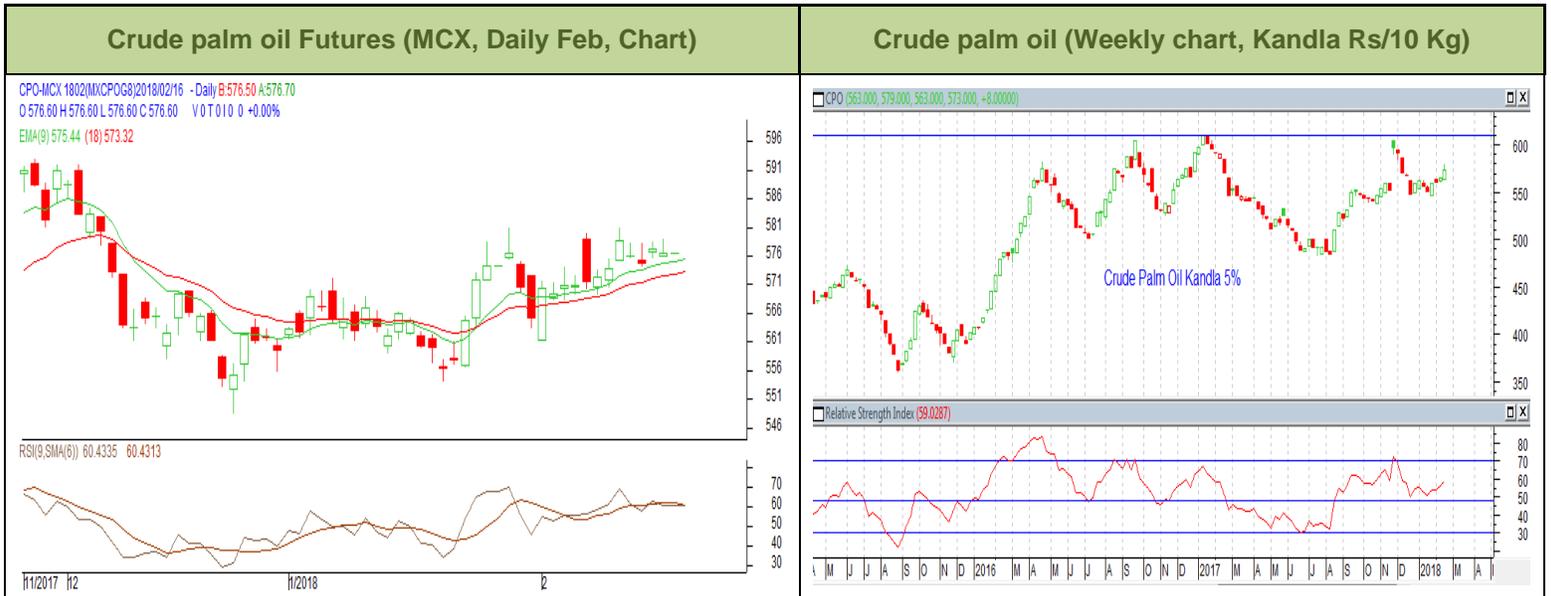
**Strategy:** Market participants are advised to go short below 745 levels for a target of 730 and 725 with a stop loss at 755 on closing basis.

**RSO NCDEX (March)**

Support and Resistance				
S2	S1	PCP	R1	R2
717.00	732.00	738.5	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 550-600 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 570 for a target of 585 and 590 with a stop loss at 560 on closing basis.

**CPO MCX (February)**

Support and Resistance				
S2	S1	PCP	R1	R2
532.00	554.00	576.6	598.00	610.00

**Spot Market outlook:** Crude palm oil (without GST) is likely to stay in the range of Rs 550-600 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		16-Feb-18	9-Feb-18	
Refined Soybean Oil	Indore	740	740	Unch
	Indore (Soy Solvent Crude)	705	702	3
	Mumbai	740	730	10
	Mumbai (Soy Degum)	690	697	-7
	Kandla/Mundra	735	730	5
	Kandla/Mundra (Soy Degum)	690	697	-7
	Kolkata	740	737	3
	Delhi	768	775	-7
	Nagpur	768	773	-5
	Rajkot	720	725	-5
	Kota	730	735	-5
	Hyderabad	NR	NR	-
	Akola	763	767	-4
	Amrawati	762	767	-5
	Bundi	734	736	-2
	Jalna	762	764	-2
	Alwar	NA	NA	-
Solapur	768	773	-5	
Dhule	762	765	-3	
Palm Oil	Kandla (Crude Palm Oil)	602	591	11
	Kandla (RBD Palm oil)	625	625	Unch
	Kandla RBD Pamolein	667	664	3
	Kakinada (Crude Palm Oil)	NR	NR	-
	Kakinada RBD Pamolein	667	664	3
	Haldia Pamolein	672	669	3
	Chennai RBD Pamolein	669	667	2
	Chennai RBD Pamolein (Vitamin A&D Fortified)	690	677	13
	KPT (krishna patnam) Pamolein	650	650	Unch
	Mumbai RBD Pamolein	683	683	-1
	Delhi	695	690	5
	Rajkot	667	658	9
	Hyderabad	NR	NR	-
	Mangalore RBD Pamolein	674	670	4
	PFAD (Kandla)	431	431	-1
	Refined Palm Stearin (Kandla)	473	473	-1
	Tuticorin (RBD Palmolein)	670	667	3
Superolien (Kandla)	698	693	5	
Superolien (Mumbai)	714	709	5	

\* Inclusive of GST

Refined Sunflower Oil	Chennai	720	720	Unch
	Mumbai	745	745	Unch
	Mumbai(Expeller Oil)	668	668	Unch
	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	750	Unch
Groundnut Oil	Rajkot	820	840	-20
	Chennai	810	820	-10
	Delhi	915	915	Unch
	Hyderabad *	845	835	10
	Mumbai	860	870	-10
	Gondal	825	840	-15
	Jamnagar	830	845	-15
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	765	765	Unch
	Jaipur (Kacchi Ghani Oil)	786	788	-2
	Kota (Expeller Oil)	750	745	5
	Kota (Kacchi Ghani Oil)	778	780	-2
	Neewai (Kacchi Ghani Oil)	760	760	Unch
	Neewai (Expeller Oil)	775	775	Unch
	Bharatpur (Kacchi Ghani Oil)	790	790	Unch
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	760	770	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	780	790	-10
	Mumbai (Expeller Oil)	740	750	-10
	Kolkata(Expeller Oil)	920	920	Unch
	New Delhi (Expeller Oil)	785	782	3
	Hapur (Expeller Oil)	NR	NR	-
	Hapur (Kacchi Ghani Oil)	NR	NR	-
Agra (Kacchi Ghani Oil)	795	795	Unch	
Refined Cottonseed Oil	Rajkot	700	695	5
	Hyderabad	NR	NR	-
	Mumbai	720	710	10
	New Delhi	695	695	Unch
Coconut Oil	Kangayan (Crude)	1900	1855	45
	Cochin	1890	1890	Unch
	Trissur	NA	NA	-

Sesame Oil	New Delhi	990	990	Unch
	Mumbai	NA	NA	-
Kardi	Mumbai	780	780	Unch
Rice Bran Oil (40%)	New Delhi	565	560	5
Rice Bran Oil (4%)	Punjab	580	580	Unch
Rice Bran Oil (4%)	Uttar Pradesh	NA	NA	-
Malaysia Palmolein USD/MT	FOB	663	650	13
	CNF India	670	663	7
Indonesia CPO USD/MT	FOB	655	645	10
	CNF India	668	663	5
RBD Palm oil (Malaysia Origin USD/MT)	FOB	650	647	3
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	673	673	Unch
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1280	1280	Unch
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	620	620	Unch
Crude palm Kernel Oil India (USD/MT)	CNF India	NA	NA	-
Ukraine Origin CSFO USD/MT Kandla	CIF	798	808	-10
Rapeseed Oil Rotterdam Euro/MT	FOB	NA	NA	-
<b>Argentina FOB (\$/MT)</b>		<b>15-Feb-18</b>	<b>8-Feb-18</b>	<b>Change</b>
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	-
<b>* Including GST</b>				

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