

# Veg. Oil Weekly Research Report

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## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

*Edible oil witnessed firm trend in domestic market in the week in review. CBOT soy oil and BMD CPO rose during the week. Soy oil, palm oil, rapeseed oil, sunflower oil and groundnut oil closed higher while coconut oil closed sideways.*

*On the currency front, Indian rupee is hovering near 64.73, up by 42 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 depreciate 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.*

### **Outlook:**

*Weekly Call - : At NCDEX, market participants are advised to go long in CPO above 585 for a target of 600 and 605 with a stop loss at 575 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 585 for a target of 600 and 605 with a stop loss at 575 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 550-620 per 10 Kg in the near term.*

### **International Veg. Oil Market Summary**

*Malaysia's February 1-20 palm oil exports rose 9.5 percent to 815,183 tons compared to 744,706 tons in corresponding period last month. Top buyers are European Union at 237,281 tons (130,925 tons), India at 189,605 tons (107,928 tons), United States at 52,450 tons (83,019 tons), China at 46,570 tons (74,200 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 25 per cent of the soybean area in 2017 -18 season as on 23, February 2018 compared to 5-year average of 27 percent in corresponding period last year and below 36 percent in the corresponding period last year: AgRural*

*On the international front, bad soybean crop condition in Argentina, higher soybean demand by China, lower soybean crop in US in 2018/19, firm 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 exports from Malaysia and firm competitive oils 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 rose at JNPT and Kandla/Mudra at the end of the week.

- Agriwatch View- Soy oil prices closed higher during the week in Indore on firm demand.

CDSO prices rose less at high seas compared to India CNF compared to previous week indicating weak demand at high seas.

Demand of soy oil will remain high until February on stocking ahead of Holi scheduled in early March.

CDSO demand at CNF markets is firm as prices rose more 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.

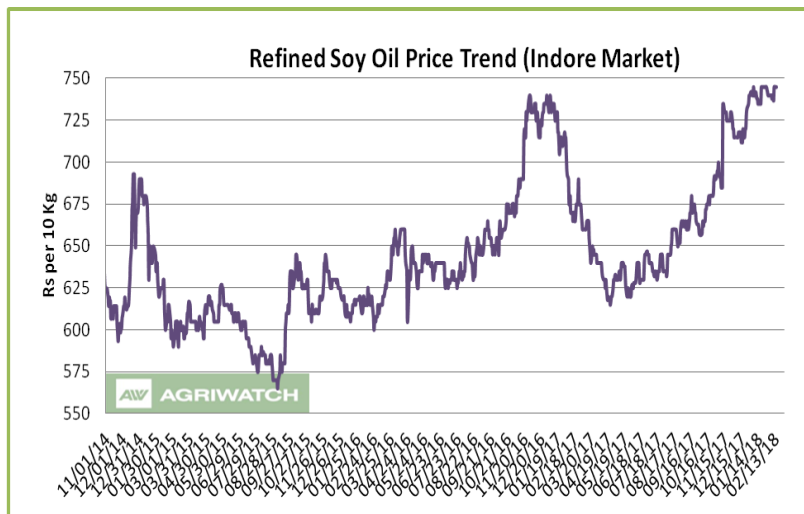
However, due to sharp rise in soy meal prices and appreciation of Rupee, soy meal demand will slow down resulting in lower soybean prices.

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 98 (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 126 (USD 127 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 in near term.

- 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.
- 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 is offered at USD 806 (USD 790) per ton, Apr delivery is quoted at USD 797 (USD 783) per ton and May delivery is quoted at USD 786 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.

Drought conditions in soybean growing regions of Argentina have reduced area and yield of soybean in 2017/18. Both Rosario Exchange and Buenos Aires Grains Exchange reduced soybean crop estimate of Argentina to 46.5 MMT and 47 MMT respectively, down by 5.0 MMT compared to previous estimate. Both of the Exchanges have warned of downside risks to production.

Fall in production of soybean in Argentina will help US soy meal and soybean exports.

USDA decreased soybean crop in Argentina to 54 MMT from 56 MMT in February estimate. More downside soybean production estimate is expected in March estimate.

Harvest of soybean in Brazil has reached 25 percent, which is below 5-year average and below corresponding period last year harvest of 36 percent. Dry conditions in States of South Brazil have delayed harvest especially in second highest procuring Parana province.

Many agencies have increased estimate of soybean crop in Brazil, which is above last year production. USDA is expected to increase its estimate of soybean crop of Brazil in March estimate.

Brazil has increased share of imports of soybean by China compared to US on higher protein content demand from top importer.

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 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 low.

USDA decreased soybean area estimate in US in 2018/19 and lower US end stocks in 2018/9 on higher exports. Yields in 2018/19 is estimated lower compared to 2017/18 and 2016/17 when record crops were harvested.

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.

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.

Crude oil prices rebound in near term owing to lower stocks of crude oil in US 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.

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

- According to consultancy AgRural, farmers in Brazil have harvested 25 per cent of the soybean area in 2017 - 18 season as on 23, February 2018 compared to 5-year average of 27 percent in corresponding period last year and below 36 percent in the corresponding period last year.
- According to the Rosario Grains Exchange, soybean output of Argentina in 2017 -18 is estimated at 46.5 MMT down from 50 MMT in earlier estimate 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 Buenos Aires Grains Exchange, soybean output in Argentina in 2017/18 is estimated at 47 MMT from its earlier estimate of 52 MMT with risks to downside as prolonged drought is likely to affect yield.
- 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 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.
- 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 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 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 10.7 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.
- 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.
- 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.

- 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 usually 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 of 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.
- 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.
- 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 more on high seas

compared to 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 firm at high seas as its rose more 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 firm at CNF markets, as prices rose more 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. However, firm demand at high seas will support its prices.

Demand of RBD palmolein was firmer compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 70 (Rs 60) per 10 kg compared to last week.

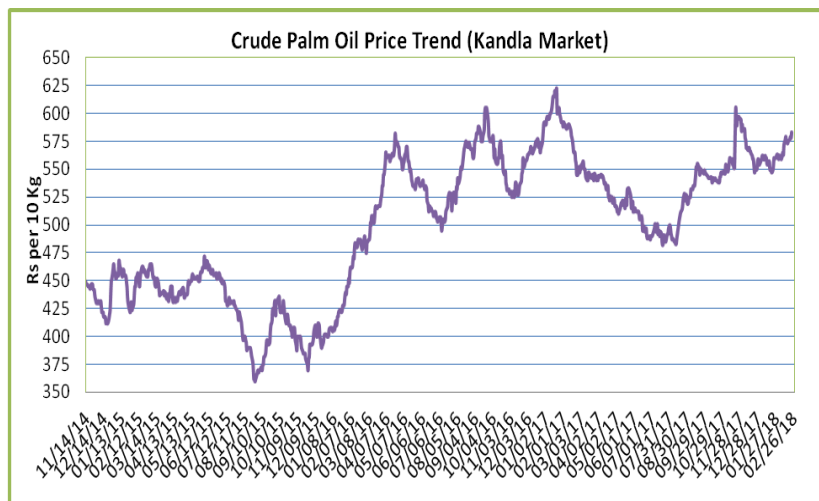
Positive refining margins and parity will increase imports of CPO in medium term.

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 on 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 126 (USD 127 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 115 (Rs 117 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 98 (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), 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 680 (USD 665) per ton for Feb delivery, March delivery is quoted at USD 680 (USD 667.5) per ton and AMJ delivery is offered at USD 687.5 (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 682.5 (USD 667.5) per ton for Feb delivery, March delivery is quoted at USD 682.5 (USD 670) per ton and AMJ delivery is offered at USD 690 (USD 690) 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 585 (Rs 575) per 10 Kg and March delivery duty paid is offered at Rs 588 (Rs 575) per 10 kg. Ready lift RBD palmolein is quoted at Rs 650 (Rs 635) per 10 kg as on Feb 23, 2018. Values in brackets are figures of last week.

- On the parity front, margins fell during this week due to fall in prices of palm products in international markets. Currently refiners fetch USD 40-45/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 25-30/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 higher end stocks of palm oil in Malaysia in February on fall in production of palm and higher export of palm oil in February, rise in competing oils and firm demand from India.

Exports rose 8-10 percent in first 15 days of February from Malaysia indicating firm demand from top importing destinations. 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.

Production of palm oil in Malaysia expected to fall in February due to seasonal downtrend of production. Data from Malaysia Palm Oil Association (MPOA) showed 6.5 percent fall in production in Malaysia in first 20 days of February indicates that production will fall at single digits compared to double digits in February.

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 the rest of February on Holi festival. This 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.

Rise in CBOT soy oil and 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. Both the oils are trading in oversold zone and technical rebound is expected.

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

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 cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's February 1-20 palm oil exports rose 9.5 percent to 815,183 tons compared to 744,706 tons in corresponding period last month. Top buyers are European Union at 237,281 tons (130,925 tons), India at 189,605 tons (107,928 tons), United States at 52,450 tons (83,019 tons), China at 46,570 tons (74,200 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 1-20 palm oil exports rose 8.8 percent to 791,992 tons compared to 727,958 tons in corresponding period last month. Top buyers are European Union at 240,457 tons (195,753 tons), India & subcontinent at 218,045 tons (130,710 tons) tons and China at 27,530 tons (100,650 tons). Values in brackets are figures of corresponding period last month.
- 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.
- 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 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 550-620 per 10 Kg in the near term.



## Rapeseed oil Fundamental Review and Analysis:-

### Domestic Front

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

Price of expeller mustard featured sideways to firm tone across board in India except Kota where prices fell at the end of the week.

Prices of kacchi ghani rapeseed oil traded sideways to higher 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 rose last week while arrivals increased.

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 0 (Rs 5) 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.

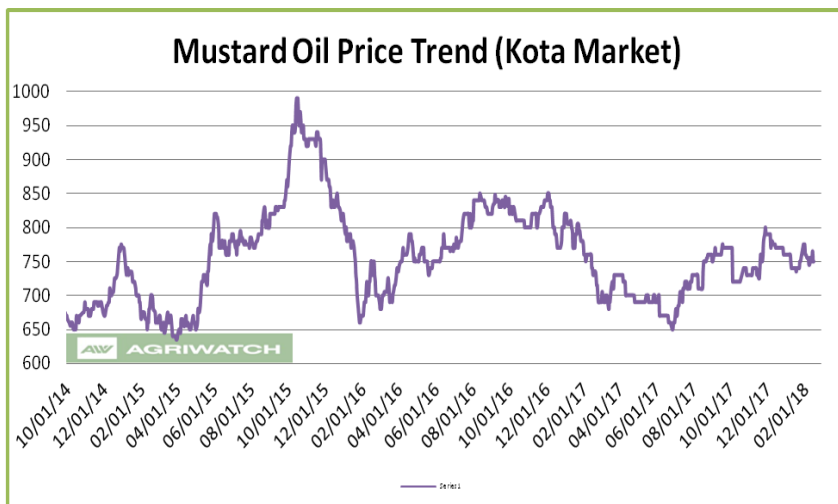
Premium of canola oil compared to CDSO has increased to USD 29 (USD 48) per ton and will support imports.

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 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 29 (USD 48 last week) per ton for March delivery as on Feb 23, 2018.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 778 (Rs 765) per 10 Kg, and at Kota market, it is offered at Rs 745 (Rs 750) per 10 kg as on February 23, 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.

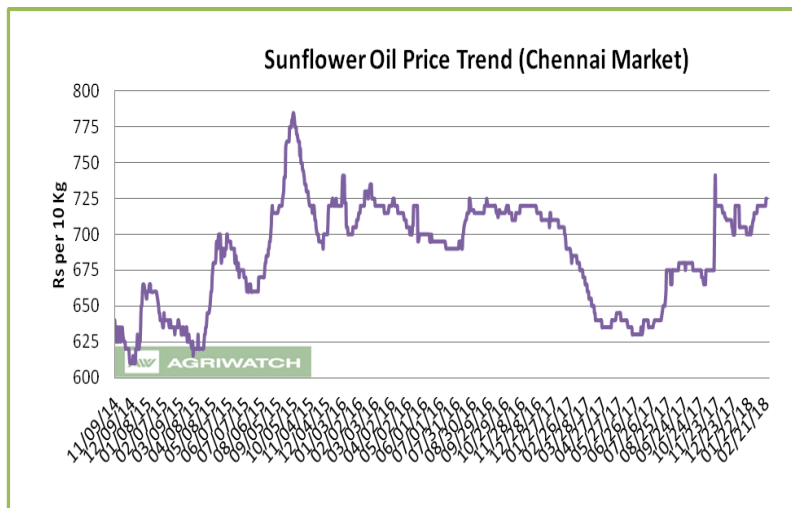
**Price Outlook:** Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 720-780 per 10 Kg.

## 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 rose in Mumbai while it remained unchanged in Latur. Sunflower expeller remained unchanged in Latur, Erode and Chellakere at the end of the week.

- Agriwatch view: Prices of sunflower oil traded firm in Chennai on firm demand. Prices of sunflower oil rose more in Chennai compared to 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.

Rise in soy oil and palm oil supported the rise.

Markets are restocking ahead of demand season.

CSFO CIF premium over CDSO CIF markets is at USD-3.5 (USD 7.0 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 122.5 (US 130 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. Further, import duty on crude sunflower is lower than crude soy oil, which will support imports

Importers are as sunflower oil is imported at prices marginally below soy oil at CNF markets and sold at prices much lower than soy oil in domestic market. 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 3.5 (USD 7.0 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 802.5 (USD 797.5) per ton for March delivery, April delivery is quoted at USD 810 (USD 807.5) per ton, May delivery is quoted at USD 815 (USD 812.5) per ton and June delivery is quoted at 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 3.5 (USD 7.0last week) per ton for March delivery.
- Currently, refined sunflower oil at Chennai market is offered at Rs 725 (Rs 720) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 735 (Rs 735) per 10 kg as on Feb 23, 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 firm trend in Rajkot due to rise in palm and soy oil and buying at lower quotes.

Prices rose in Chennai. Prices rose in Gondal while it fell in Jamnagar. Prices remained unchanged in Mumbai. Prices rose New Delhi. Prices of groundnut oil (expeller) rose in Hyderabad at the end of the week.

- Agriwatch view: Prices of groundnut oil featured firm trend in Rajkot on firm palm and soy oil and buying at lower quotes.

Palm and soy oil prices rose during the week supporting groundnut oil prices.

Some buying took place at lower levels. Prices of groundnut oil have fallen in past few weeks and there is technical rebound. However, trend of prices remain weak.

Weak retail demand led to fall in demand. Demand season is over and any fresh demand will come after March.

Gujarat government decision to procure 1 lakh tons of groundnut through NAFED and other state agencies is still uncertain while the government has stated that it will start procurement in this week.

Arrivals of groundnut in mandis have improved as there is uncertainty on procurement by government agencies.

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.

Now groundnut exports are not possible as quality of groundnut has deteriorated and most of the groundnut will go towards crushing.

There is no parity 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.

Crushers have no stocks and are dependent on ready markets. Both groundnut oil and groundnut trade is weak and the groundnuts arriving in mandis are consumed in ready markets.

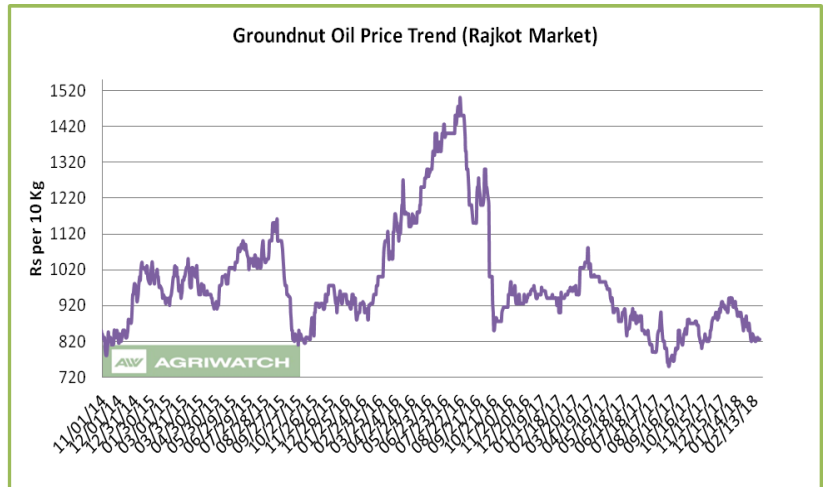
Groundnut oil offtake from stockists and traders has weakened, as there is no supply in the market

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 8,250 (Rs 8,200) per quintal and it was quoted at Rs 8,400 (Rs 8,100) per quintal in Chennai market on Feb 23, 2018. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to weak in the coming days.

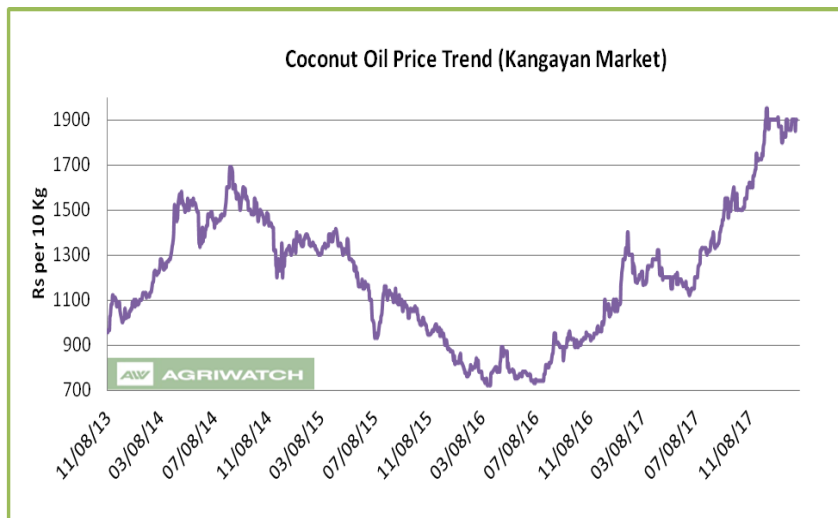
**Price Outlook:**

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



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

- Coconut oil featured sideways trend in its benchmark market of Kangayam on flat prices of copra. Prices remained unchanged in Kochi at the end of the week.
- Agriwatch view: Coconut oil prices featured sideways trend during the week on flat prices of copra. Copra prices were flat last week. 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.

Corporate demand, which contributes one of the major 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.

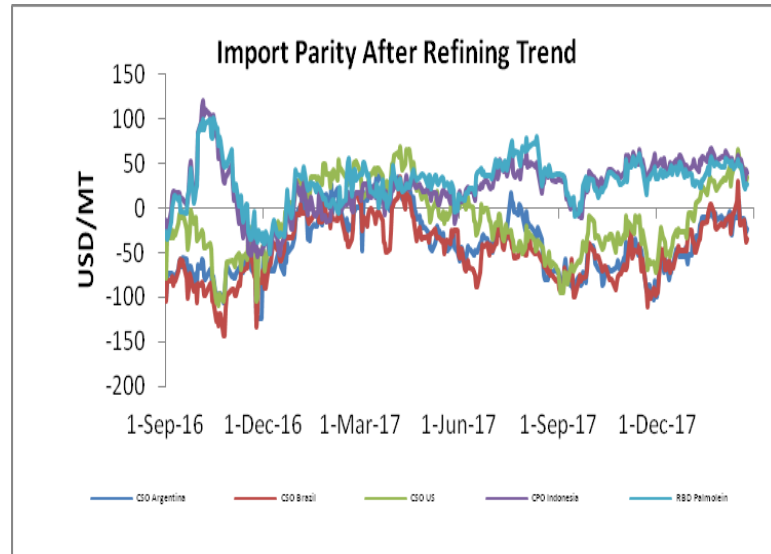
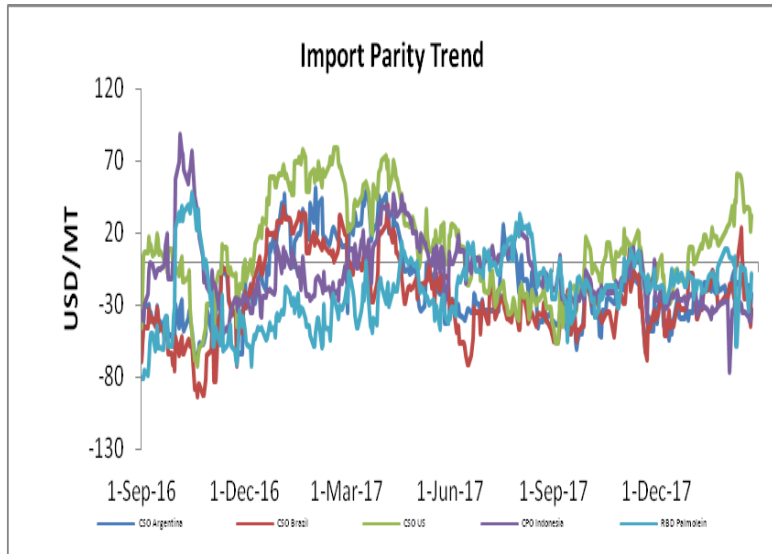
Coconut oil prices are expected to be weak due to fall in prices of copra and weak demand.

- 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 19,000) per quintal in Erode market on February 23, 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)**

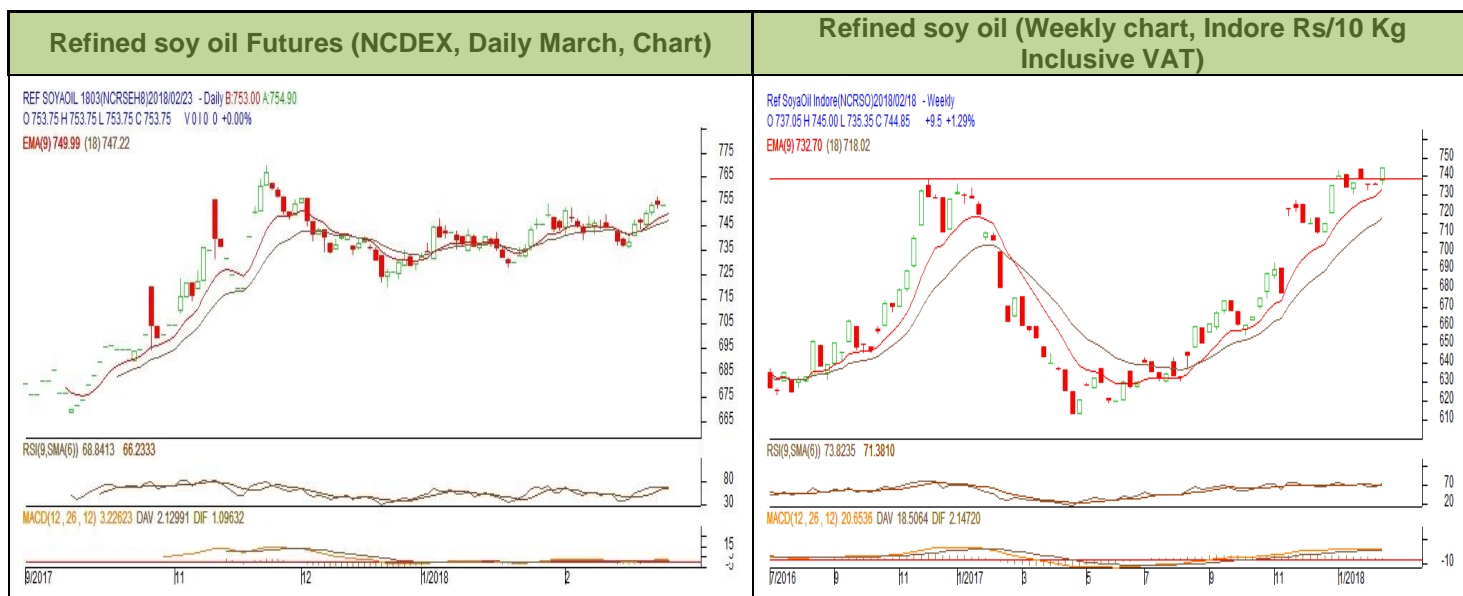


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Dec, 2017</b>	-61.72	-56.52	-35.04	48.83	40.37
<b>Jan, 2017</b>	-19.04	-21.40	15.93	53.53	37.88

### **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 740 in weekly might take the prices below 730 levels.
- Expected price band for next week is 730-780 level in near to medium term. RSI, stochastic and MACD is suggesting uptrend in the market.

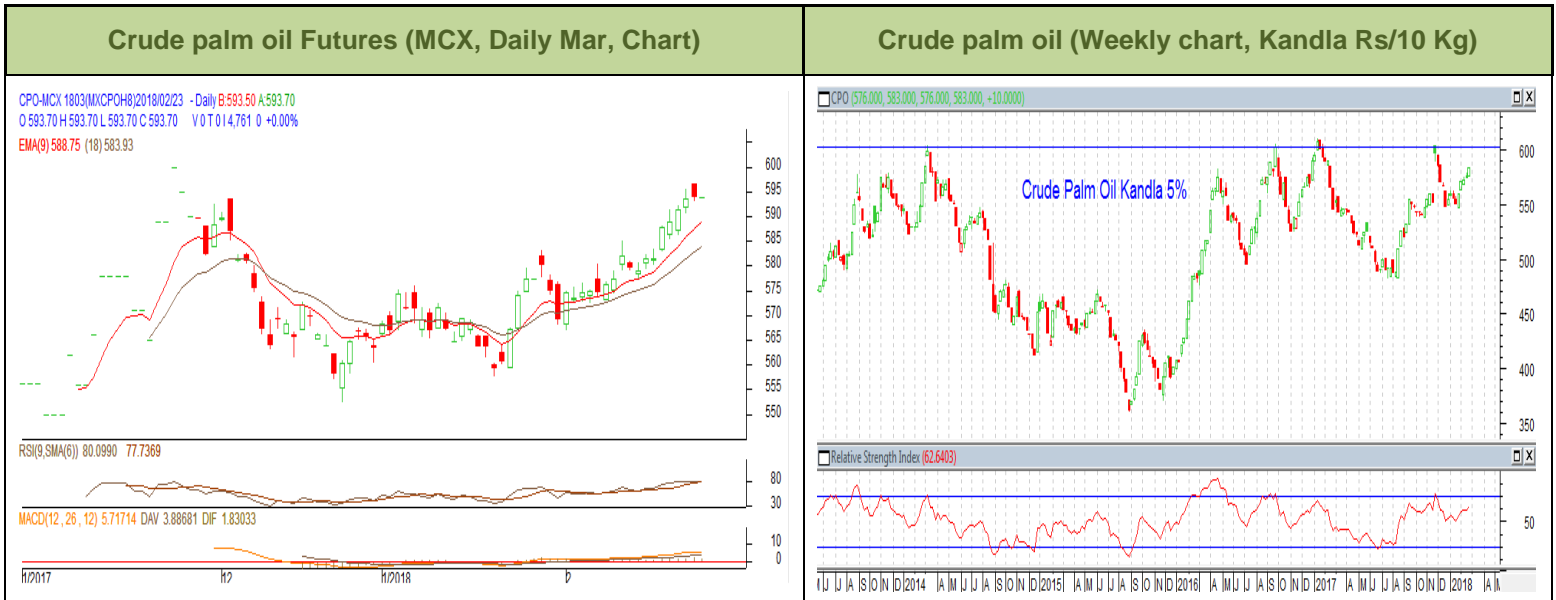
**Strategy:** Market participants are advised to go long above 750 levels for a target of 765 and 770 with a stop loss at 740 on closing basis.

#### RSO NCDEX (March)

Support and Resistance				
S2	S1	PCP	R1	R2
717.00	732.00	753.75	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 March 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 580 in weekly chart may bring the prices to 560 levels.
- Expected price band for next week is 560-620 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 585 for a target of 600 and 605 with a stop loss at 575 on closing basis.

#### CPO MCX (March)

Support and Resistance				
S2	S1	PCP	R1	R2
532.00	554.00	593.7	598.00	610.00

**Spot Market outlook:** Crude palm oil (without GST) is likely to stay in the range of Rs 550-620 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		23-Feb-18	16-Feb-18	
Refined Soybean Oil	Indore	745	740	5
	Indore (Soy Solvent Crude)	705	705	Unch
	Mumbai	750	740	10
	Mumbai (Soy Degum)	700	690	10
	Kandla/Mundra	740	735	5
	Kandla/Mundra (Soy Degum)	700	690	10
	Kolkata	745	740	5
	Delhi	780	768	12
	Nagpur	771	768	3
	Rajkot	730	720	10
	Kota	745	730	15
	Hyderabad	NR	NR	-
	Akola	774	763	11
	Amrawati	773	762	11
	Bundi	742	734	8
	Jalna	786	762	24
	Alwar	NA	NA	-
	Solapur	771	768	3
	Dhule	785	762	23
Palm Oil	Kandla (Crude Palm Oil)	612	602	10
	Kandla (RBD Palm oil)	646	625	21
	Kandla RBD Pamolein	688	667	21
	Kakinada (Crude Palm Oil)	NR	NR	-
	Kakinada RBD Pamolein	674	667	7
	Haldia Pamolein	683	672	11
	Chennai RBD Pamolein	677	669	8
	Chennai RBD Pamolein (Vitamin A&D Fortified)	700	690	10
	KPT (krishna patnam) Pamolein	672	650	22
	Mumbai RBD Pamolein	693	683	10
	Delhi	705	695	10
	Rajkot	683	667	16
	Hyderabad	NR	NR	-
	Mangalore RBD Pamolein	677	674	3
	PFAD (Kandla)	431	431	Unch
	Refined Palm Stearin (Kandla)	473	473	Unch
	Tuticorin (RBD Palmolein)	679	670	9
	Superolien (Kandla)	704	698	6
	Superolien (Mumbai)	725	714	11

* Inclusive of GST				
Refined Sunflower Oil	Chennai	725	720	5
	Mumbai	750	745	5
	Mumbai(Expeller Oil)	675	668	7
	Kandla	735	735	Unch
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	NR	NR	-
	Latur (Expeller Oil)	730	730	Unch
	Chellakere (Expeller Oil)	690	680	10
	Erode (Expeller Oil)	750	750	Unch
Groundnut Oil	Rajkot	825	820	5
	Chennai	840	810	30
	Delhi	920	915	5
	Hyderabad *	875	845	30
	Mumbai	860	860	Unch
	Gondal	830	825	5
	Jamnagar	820	830	-10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	778	765	13
	Jaipur (Kacchi Ghani Oil)	795	786	9
	Kota (Expeller Oil)	745	750	-5
	Kota (Kacchi Ghani Oil)	785	778	7
	Neewai (Kacchi Ghani Oil)	765	760	5
	Neewai (Expeller Oil)	780	775	5
	Bharatpur (Kacchi Ghani Oil)	790	790	Unch
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	775	760	15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	795	780	15
	Mumbai (Expeller Oil)	740	740	Unch
	Kolkata(Expeller Oil)	920	920	Unch
	New Delhi (Expeller Oil)	795	785	10
	Hapur (Expeller Oil)	NR	NR	-
	Hapur (Kacchi Ghani Oil)	NR	NR	-
	Agra (Kacchi Ghani Oil)	795	795	Unch
Refined Cottonseed Oil	Rajkot	715	700	15
	Hyderabad	NR	NR	-
	Mumbai	727	720	7
	New Delhi	710	695	15
Coconut Oil	Kangayan (Crude)	1900	1900	Unch
	Cochin	1890	1890	Unch
	Trissur	NA	NA	-



<b>Sesame Oil</b>	New Delhi	995	990	<b>5</b>
	Mumbai	NA	NA	-
<b>Kardi</b>	Mumbai	780	780	<b>Unch</b>
<b>Rice Bran Oil (40%)</b>	New Delhi	565	565	<b>Unch</b>
<b>Rice Bran Oil (4%)</b>	Punjab	580	580	<b>Unch</b>
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	NA	NA	-
<b>Malaysia Palmolein USD/MT</b>	FOB	665	663	<b>2</b>
	CNF India	685	670	<b>15</b>
<b>Indonesia CPO USD/MT</b>	FOB	658	655	<b>3</b>
	CNF India	683	668	<b>15</b>
<b>RBD Palm oil (Malaysia Origin USD/MT)</b>	FOB	665	650	<b>15</b>
<b>RBD Palm Stearin (Malaysia Origin USD/MT)</b>	FOB	675	673	<b>2</b>
<b>RBD Palm Kernel Oil (Malaysia Origin USD/MT)</b>	FOB	1275	1280	<b>-5</b>
<b>Palm Fatty Acid Distillate (Malaysia Origin USD/MT)</b>	FOB	622	620	<b>2</b>
<b>Crude palm Kernel Oil India (USD/MT)</b>	CNF India	1210	1210	<b>Unch</b>
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	803	798	<b>5</b>
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB	NA	NA	-
<b>Argentina FOB (\$/MT)</b>		<b>22-Feb-18</b>	<b>15-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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