

Veg. Oil Weekly Research Report

Contents

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

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil witnessed flat trend in domestic market in the week in review. CBOT soy oil and BMD palm oil also traded flat in the week..

On the currency front, Indian rupee is hovering near 68 and is at key technical resistance level. 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. Higher stocks at ports and pipeline may underpin prices in near term.

Outlook:

Weekly Call - : At NCDEX, market participants are advised to go short at 770-775 levels for a target of 760 and 750 with a stop loss at 780 on closing basis.

At MCX, market participants are advised to go long in CPO above 664-665 for a target of 650 and 630 with a stop loss at 670 on closing basis.

International Veg. Oil Market Summary

On the international front, lower soybean crop in US, y-o-y higher monthly stocks of soy oil in US, higher soybean demand from China and firm crude oil prices is expected to support soy oil prices in coming days.

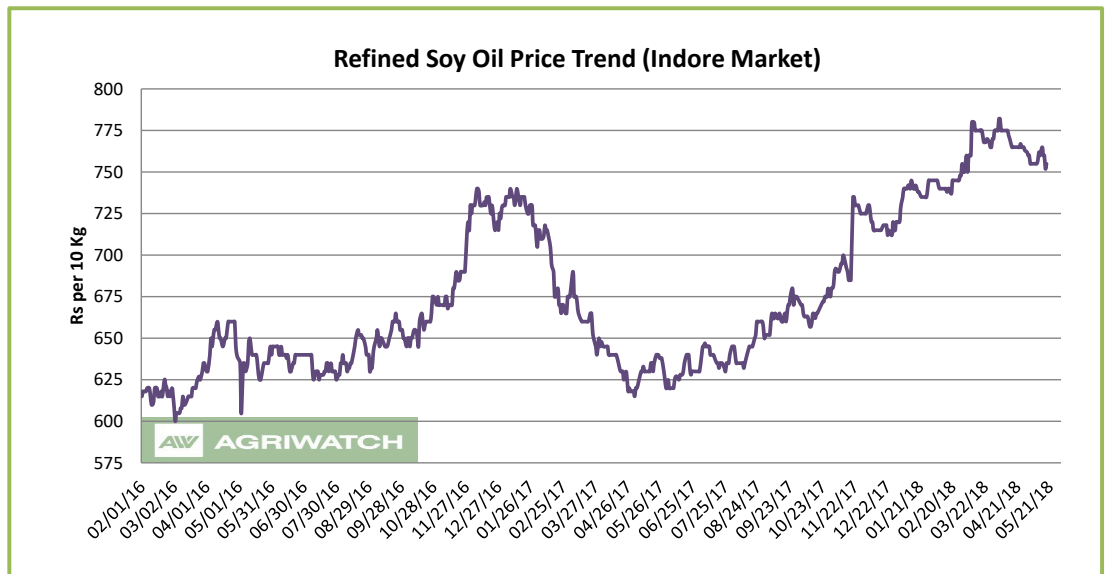
Expected rise in stocks of palm oil in Malaysia, rise in production of palm oil in Malaysia, limited exports from Malaysia and depreciation of Ringgit are the key factors to look into the market which is giving bearish signal fundamentally..

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Domestically Soy oil traded weak in the period under review due to limited demand. However imported soy oil remained flat with bullish cues from international front helped in limiting the fall.

- Agriwatch View-
With the NOPA crush data indicating higher y-o-y soy oil stocks for the month April the CBOT soy oil dipped and which has resulted in the weakness in the domestic oil prices.



- Local soy oil production from domestic crush is declining and thus soy oil dependency to meet its core demand is going to rise. Thus we can witness in coming months the imports to be progressively increasing till the culmination of new season crush and festive season.
- Locally produced soy oil thus is expected to gain premium over imported soy oil quoted at ports. There is disparity in imports of soy oil and prices and disparity has increased in near term. Presently disparity at ports has increased to Rs 2-2.5 per kg. Prices are unlikely to fall significantly due to high disparity in imports. Traders were unloading cargoes at USD 7.5-10 discount to CNF.

Traders are quoting depreciation of Rupee as the prime reason of increase in disparity.

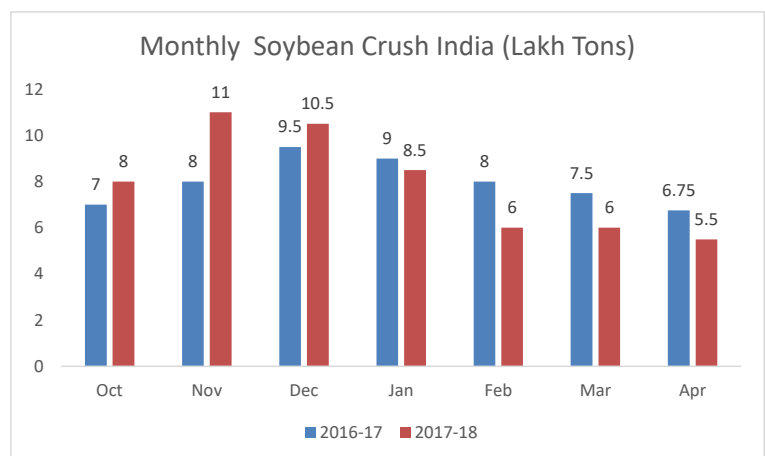
Import demand of soy oil has weakened due to disparity.

Domestic demand is weak.

Imports of soy oil decreased in March compared to March 2017 and Feb 2018.

Imports fell 18,000 tons in March compared

to Feb while port stocks fell 90,000 tons indicating firm demand in March. However, import parity and refining margin has returned to disparity has weakened demand.



- Kharif acreage under soybean this season is likely to increase by 15 per cent in the domestic market according to industry sources following increase in soybean price amid hike in import duty on edible oils to the highest level by the government recently. Farmers are likely to shift from cotton and pulses towards soybean. Soybean prices have increased and are ruling above the MSP in the market. Higher soybean production will translate into higher soy meal production. This is likely to increase soy meal exports in the coming season. In 2017, soybean acreage was reported at 105.92 lakh hectares according to the Ministry Of Agriculture.
- Soy oil import scenario – According to SEA, soy oil imports fell 50.0 percent y-o-y in March to 1.15 lakh tons from 2.30 lakh tons in March 2017. In the period (Nov 2017-March 2018), imports of soy oil were 8.27 lakh tons compared to 10.45 lakh tons in corresponding period last oil year, lower by 20.9 percent.
- We expect soy oil to trade sideways to firm in the coming days.

International Front

Agriwatch view: Key soy oil exports market weakened in the wake of start of new crushing season, which has resulted in rapidly fall in Argentinean and Brazilian soy oil basis. On FOB basis the premium of soy oil of SA origin has corrected from high of \$100 per ton to \$50-60 in two weeks.

- Crucial is the crush volume, which is expected to fall just by 1-2 million tons from last year due to imports of soy bean from Paraguay and US. Thus in order to gain the exports market with similar supplies year on year, the basis has to fall. The fall in last week basis has compensated the rise in CBOT prices keeping the FOB prices stable.
- According to National Oilseed Processors Association (NOPA), U.S. April soybean crush rose to a record level of 161.016 million bushels from 139.134 million bushels in March 2017 amid strong processing margins. Crush of soybean in March 2018 was 171.858 million bushels. Soy meal exports in April increased to 946,291 metric tonnes, from 878,582 metric tonnes the previous month and higher than 595,468 metric tonnes in April 2017. Soy oil stocks as of April. 30 increased to 2.092 billion pounds, up from 1.946 billion pounds at the end of March 2018. This is the highest stock on record since June 2013.

The higher crush for the season is mainly being driven by the y-o-y rise in meal exports and y-o-y rise in domestic soy meal consumption. Further, the limited consumption of soy oil in the space of biodiesel also helped in rise in soy oil inventory.

- According to Abiove, Brazil's soybean output has been revised higher by 0.9 per cent to 118.4 MMT in May 2018 compared to previous month. Soybean exports have been revised upwards by 1.1 per cent to 71.2 MMT compared to previous month. According to Abiove, Brazil will surpass U.S. as the world's largest producer of soybean this year. The U.S. is expected to produce 116.48 MMT soybean in 2018 and Brazil is expected to produce 117 MMT soybean. Brazilian increase in soybean production has resulted from logistical improvements, gains from planting second corn as a rotation crop, all of which increase farmer yields. Brazil also has the ability to increase its planted area.
- According to Informa, U.S. 2018 soybean plantings is expected at 89.4 million acres, higher than the recent USDA's forecast of 89.0 million acres.

- According to the latest estimates by the Buenos Aires Exchange, Argentina's soybean output has been reduced to 36 MMT compared to previous estimates of 38 MMT. Drought during the growth period and recent heavy rains during harvesting has affected output.
- According to United States Department of Agriculture (USDA) May estimate, U.S 2018/19 end stock estimate of soy oil is decreased to 1,836 million lbs compared to 2017/18 estimate of 1,896 million lbs. Opening stocks in 2018/19 is increased to 1,896 million lbs compared to 1,711 million lbs in 2017/18. Production of soy oil in 2018/19 is increased to 23,040 million lbs from 22,885 million lbs in 2017/18. Imports in 2018/19 were unchanged at 300 million compared to 2017/18. Biodiesel use estimate in 2017/18 is increased to 7,300 million lbs compared to 6,800 million lbs in 2017/18. Food, feed and other industrial use in 2018/19 are increased to 14,000 million lbs compared to 13,800 million lbs in 2017/18. Exports in 2018/19 estimate are decreased to 2,100 million lbs from 2,300 million lbs in 2017/18. Average price range in 2018/19 is at 29.5-33.5 cents/lbs in 2017/18 compared to 30.5 cents/lbs in 2017/18..
- The U.S. Department of Agriculture's monthly supply and demand report for the month of May forecasts U.S. 2018/19 soybean stocks at 415 million bushels, from 530 million bushels in 2017/18. Opening stocks in 2018/19 is estimated at 530 million bushels compared to 302 million bushels in 2017/18. Soybean production is estimated in 2018/19 at 4,280 million bushels compared to 4,392 million bushels in 2017/18. U.S. soybean exports in 2018/19 is estimated at 2,290 million bushels compared to 2,065 million bushels in 2017/18. Imports in 2018/19 are estimated at 25 million bushels, unchanged from 2017/18. Crush in 2018/19 is estimated at 1,995 million bushels compared to 1,990 million lbs in 2017/18. Seed use in 2018/19 is at 103 million bushels, unchanged from 2017/18. Residual use is at 32 million lbs compared to 30 million lbs.
- According to China's General Administration of Customs, soybean imports in April 2018 rose by 22.3 per cent to 6.92 MMT compared to previous month. It declined by 13.7 per cent compared to 8.02 MMT in April 2017. During the period January –April 2018, China imported 26.49 MMT soybeans. Arrivals were delayed due to tougher port inspections and changes in value –added-tax (VAT).
- In the weekly US crop progress highlights, soybean is 15% planted compared to 5% last week and 13% 5-year average.

Previous updates

- According to China's Agriculture ministry, soybean imports in 2018-19 are expected to decline by 0.3 per cent to 95.65 MMT compared to previous year. Imports are expected to decline for the first time in the last 15 years following trade rift between U.S. and China. Soybean output is expected to increase by 4.9 per cent to 15.27 MMT in 2018 -19 compared to previous year.
- According to consultancy, AgRural, Brazil's soybean crop output in 2017 -18 has been increased to 119.2 MMT compared to previous month's estimates of 119 MMT.
- According to the latest weekly report released by the Buenos Aires Exchange, soybean farmers in Argentina are harvesting an average yield of 2.4 tonnes per hectare compared to normal average of 2.9 tonnes per hectare over the recent years. Drought in the soybean growing regions has affected yield levels. Overall around 54 per cent of soybean harvesting has been completed till date. Yields could decline further to a final 2.0 tonnes per hectare as harvesting gets complete.

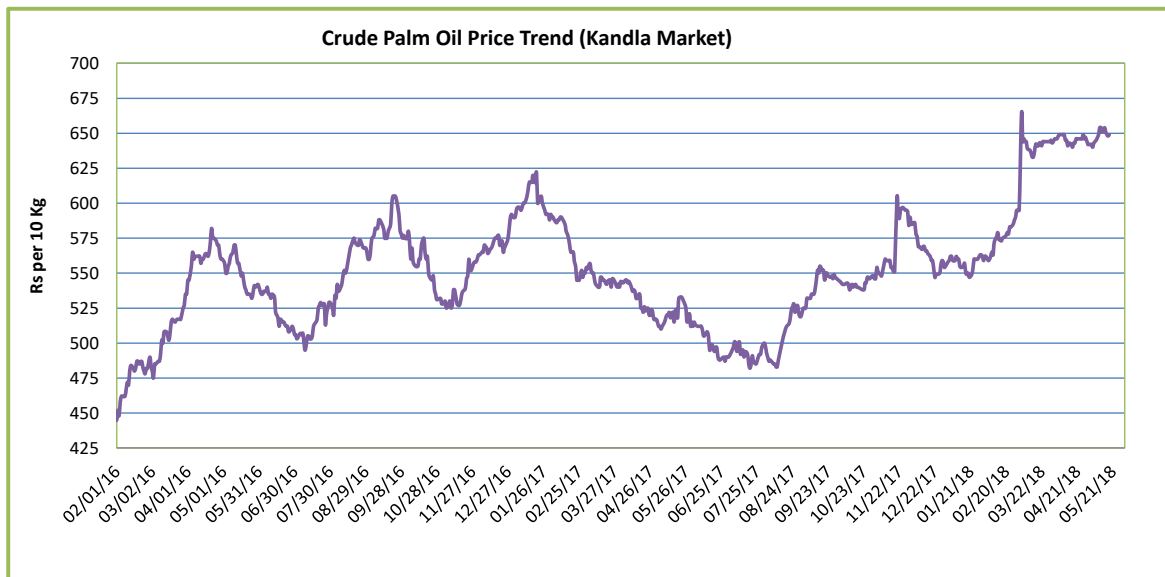
- According to the latest report released by the Agriculture Ministry of Argentina, soybean output is estimated at 37.6 MMT in 2017 -18 compared to 55 MMT during previous year. Prolonged drought condition has affected current year's production.
- According to the latest report released by the Rosario Exchange, Argentina's soybean output in 2017 -18 is estimated at 37 MMT compared to previous estimates of 40 MMT. Prolonged drought in the soybean growing regions has affected yields.
- USDA WASDE Oilseeds Highlights: The 2018/19 U.S. season-average soybean price range is forecast at \$8.75 to \$11.25 per bushel compared with \$9.35 per bushel in 2017/18. Soybean meal prices are forecast at \$330 to \$370 per short ton, compared with \$360 per ton for 2017/18. Soybean oil prices are forecast at 29.5 to 33.5 cents per pound compared with 30.5 cents for 2017/18.
- According to United States Department of Agriculture (USDA) April estimate, U.S 2017/18 end stock estimate of soy oil is increased to 1,966 million lbs compared to its earlier estimate of 1,751 million lbs. Opening stocks are unchanged at 1,711 million lbs. Production of soy oil in 2017/18 is increased to 20,755 million lbs from 22,640 million lbs in its earlier estimate. Imports in 2017/18 were unchanged at 300 million. Biodiesel use estimate in 2017/18 is reduced to 7,000 million lbs from 7,200 million lbs in its earlier estimate. Food, feed and other industrial use in 2017/18 are unchanged at 13,800 million lbs. Exports in 2017/18 estimate are increased to 2,000 million lbs from 1,900 million lbs in its earlier estimate. Average price range estimate is reduced to 30.5-32.5 cents/lbs in 2017/18 compared to 30-33 cents/lbs in its earlier estimate.
- According to the planting intention report released by the USDA, soybean planted area for 2018 is estimated at 89.0 million acres, lower 1 per cent compared to previous year. It is below average trade estimates of 91.056 million acres.
- According to consultancy, Agroconsult Brazil's soybean crop has been revised up to 118.9 MMT in 2017-18 following favorable weather in the growing regions. According to Agroconsult, Mato Grosso's yields are estimated to reach an average of 56.7 60-kg bags per hectare compared with 55.5 bags in the previous season.
- According to Abiove, Brazil is expected to export record soybean of 70.4 MMT in 2018 compared to 68.1 MMT soybean exported in the previous year. Soy crush volume this year is estimated at 43.2 MMT and soy meal exports will go up by 600,000 tonnes, to 16.8 MMT this season.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 730-800 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil flat trend across the market with marginal weakness as the prices unable to extend gains over the cues from international market.
- Agriwatch View – Prices of CPO are expected to remain sideways to firm.
- With anticipation on of robust seasonal



production in Malaysia and Indonesian in coming month's chances of aggressive rallies is limited. The prices is expected to consolidate in the given range before breaking lower on any cues from crude oil or currency.

- Strong dollar index against basket of currencies has resulted in weakening of Malaysian Ringgit. With Trump govt taking slew of measure for protecting US economy and sequel of fed interest hike near term strength look weak.
- On the energy side crude prices is expected to remain firm as the Trump govt is indicating sanctions on Iran which is going to taper world crude oil supplies.
- At the domestic front, the domestic demand is dull as the consumption of edible oils fall. The demand is expected to improve from August onwards when the oil marketers starts filling the pipelines before the onset of peak festive demand.
- Edible oil prices traded mixed with CPO shedding value whereas soy oil gained taking cues from international market as well as support from crude oil.
- In the physical markets importers is expected to delay their shipments owing to weakening currency. However pipeline stocks and stocks at ports are enough and there shouldn't be any short term shortage. Further supplies from mustard crush and solvent extraction of rice bran oil is adequate enough for any sudden demand which is expected to be limited in the summer season.
- In the domestic market the refining demand of CPO is expected to remain low in the coming months due to limited demand of refined oils in the summer season. Thus the edible oil marketers seems to have limited interest in building up inventories in coming couple of months.
- Stocks at ports as on 1st April remained in the buffer zone with cumulative edible oil stocks at 7.7 lakh tons with CPO stocks at 3.5 lakh tons, RBD Palmolein 1.6 lakh tons, Degummed Soy oil at 80 thd tons and 20 thd tons of canola oil. Pipeline stocks has been stable at 21.12 lakh tons.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in March rose 11.9 percent y-o-y to 7.61 lakh tons from 6.8 lakh tons in March 2017. Imports in the period (November 2017-March 2018) are reported higher by 6.8 percent y-o-y at 37.96 lakh tons compared to 35.53 in the corresponding period last oil year.

RBD palmolein imports fell y-o-y in March by 25.57 percent to 2.19 lakh tons from 2.33 lakh tons in March 2017. Imports in the period (November 2017-March 2018) are reported lower by 32.13 percent y-o-y at 7.71 lakh tons compared to 11.36 lakh tons in the corresponding period last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 19.8 percent y-o-y in March to 5.92 lakh tons from 4.54 lakh tons in March 2017. Imports in the period (November 2017-March 2018) are reported higher by 24.38 percent y-o-y at 29.79 lakh tons compared to 23.95 lakh tons in the corresponding period last oil year.

- We expect palm oil to trade sideways to firm in the days ahead.

International Front

Agriwatch View – Palm oil prices remained flat amidst lack of fundamental cues and weak prospects of exports amidst anticipation of higher production

FOB prices remained unchanged in the week as weak demand lingered in the market despite of positive movement in the BMD market.

Forward sales is expected to remain sluggish as there is seasonal drop in edible oil from India. Chinese demand will be depending on the soybean crush where apprehension built up over the lower bean imports which can result in lower crush. However as the meal demand is rising y-o-y there is limited chance of any drop in crush and any fall in imports only result fall in stocks at China.

Palm oil exports expected to show weakness after April due to imposition of export duty by Malaysia. Exports fell 4-6 percent in April due to weak buying by India. India was the swing importer in March, which imported in record quantity to take advantage of culmination of suspension of export duty. This happened despite hike in import duty on palm oil by India on March 1.

Import demand from India has weakened due to depreciation of Rupee and high disparity.

A bullish MPOB report for the month of April is indicating the stocks to be at 2.174 million tons which has been majorly due to fall in production by 1% m-o-m. The April production was recorded at 1.558 million tons. However as we move in to peak production period the stocks is expected to rise as exports prospects also looks bleak from the importing nations.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's April palm oil stocks fell 6.42 percent to 21.74 lakh tons compared to 23.23 lakh tons in March. Production of palm oil in April fell 0.99 percent to 15.58 lakh tons compared to 13.74 lakh tons in March. Exports of palm oil in April fell 1.99 percent to 15.41 lakh tons compared to 15.66 lakh tons in March. Imports of palm oil in April fell 10.1 percent to 0.36 lakh tons compared to 0.40 lakh tons in March.
- According to cargo surveyor AmSpec Agri, Malaysia's May 1-10 palm oil exports fell 9.6 percent to 406,689 tons compared to 449,997 tons in corresponding period last month.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's April palm oil exports fell 4.5 percent to 1,331,564 tons compared to 1,394,973 tons last month. Top buyers are European Union at 294,573

tons (261,868 tons), India at 253,155 tons (412,783 tons), China at 141,130 tons (122,364 tons), Pakistan at 100,100 tons (58,395 tons) and United States at 50,770 tons (53,175 tons). Values in brackets are figures of last month.

- According to China's General Administration of Customs (CNGOIC), China's March palm oil imports rose 27.13 percent to 4.80 lakh tons compared to March 2017. Year to date imports of palm oil rose 5.53 percent to 13.21 lakh tons. Imports from Indonesia in March rose 35.29 percent to 3.47 lakh tons compared to March 2017. Year to date imports of palm oil from Indonesia rose 9.84 percent to 9.25 lakh tons. Imports from Malaysia in March rose 9.7 percent to 1.32 lakh tons compared to March 2017. Year to date imports of palm oil from Malaysia fell 3.39 percent to 3.95 lakh tons.
- According to China General Administration of Customs (CNGOIC), China's March edible vegetable oil imports rose 14.0 percent to 399,000 tons from 350,000 tons in February. Exports fell 11.3 percent from March 2017 reported at 450,000 tons. Year to date imports fell 5.5 percent to 1,325,000 tons compared to corresponding period in 2017.

Previous updates

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- According to Indonesia Palm Oil Association (GAPKI), Indonesia's January palm and palm kernel oil exports rose 4.58 percent m-o-m to 2.74 MMT compared to 2.62 MMT in December. On y-o-y basis exports rose 0.74 percent. Exports were 2.72 MMT in January 2017.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia imposed export duty on palm oil for April at 5 percent after three-month suspension of export duty. Export duty of palm oil is calculated at reference price of 2,409.66 ringgit (\$621.37) 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 kept palm oil export duty for May unchanged at zero, below threshold prices of USD 750 per ton. This is 13th straight month of zero export duty, as palm oil is expected to miss certain thresholds.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 600-700 per 10 Kg in the near term.

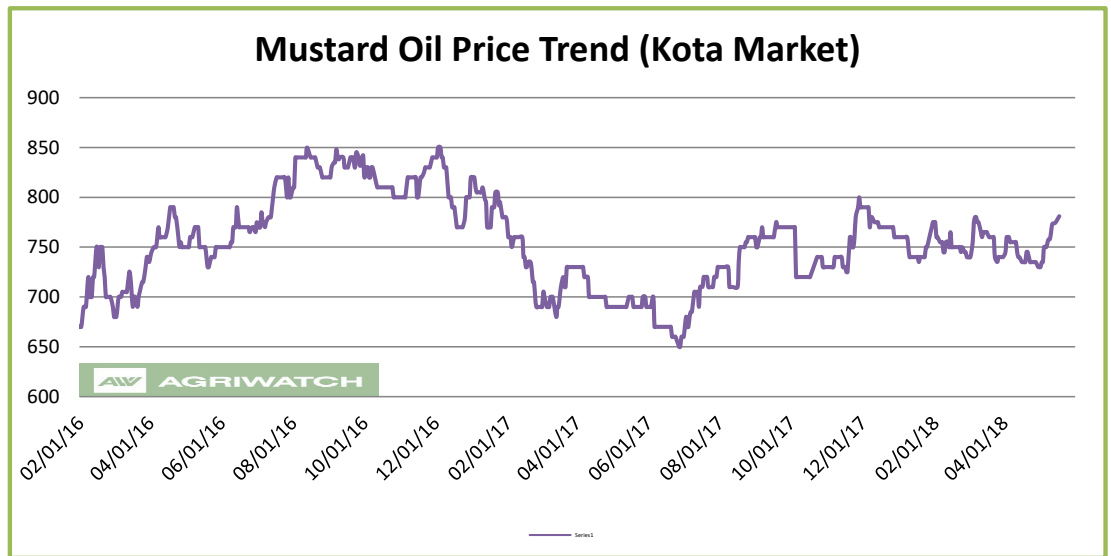
Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Kachhi Ghani prices has traded flat to firm in the last week over the support from mustard seed prices coupled with stockiest activity at lower levels. However further fall has been restricted due to the y-o-y higher prices of soft oil in the same time frame over the back to back rise in the import duty on commodity oils. This has resulted in the kachhi ghani prices failed to breach 730-740 levels.

- Agriwatch view:

Prices of rapeseed oil is expected to firm up in order to correct spreads with soft oil. Kachhi ghani almost lost its premium over sun ad soya. Thus in coming weeks with



traders booking quantities at lower prices is expected to result in progressively rise in prices.

- Hike in import duty on palm oil has led to realise higher crush margins this season. However the margins is underpinned by the production figures where the ambiguity remained as MOPA/COOT is estimating production of 70 lakh tons whereas SEA is sticking to 63. We will get better picture in the SEA Mustard conference going to be held in June. As far as arrivals is concerned the arrivals till April is down by 5-6% and thus indicating the production to remain below last year. Agriwatch is estimating rapeseed crop at 6.45 MMT in the current marketing year. Yields are better than last year and recovery of oil is 2-4% higher than last year. 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.
- Rapeseed oil import scenario- India imported 0.37 lakh tons of rapeseed (Canola) oil in March 2018 v/s no imports in January 2017. In the period (Nov 2017-March 2018) imports were 1.32 lakh tons compared to 1.20 lakh tons in the corresponding period last oil year, up 10 percent y-o-y.
- 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. 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 palm oil, which will support rapeseed crushing. It will increase rapeseed crushing and increase crush margins.

Markets are expected to trade sideways to firm tone in coming days on buying at lower quotes, low premium of rapeseed oil over soy oil and palm oil and stocking at lower levels.

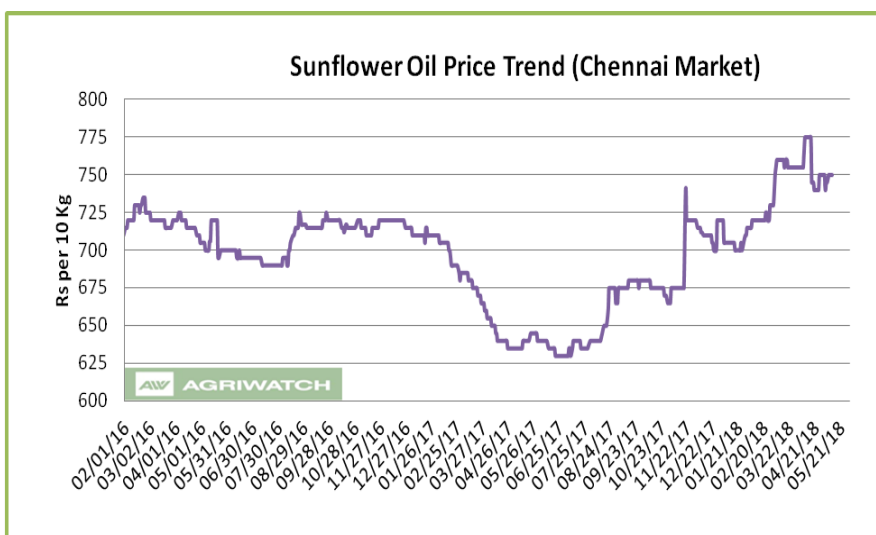
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Price Outlook: Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 700-800 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil price flat as the market is lacking fundamental cues with international prices also remaining flat week on week. Key sun oil markets of imported oils prices remained unchanged amidst lacklustre week with weak demand in the domestic market as well as lack of cues from international front as well as competitive oils.



- Agriwatch view: Sunflower oil prices is expected to weaken further on weak summer demand and weak cues from international market as crop is faring well at origins.
- The Ukraine ministry reported sowing of 4.9 million hectares of sunflower in the current planting campaign, or 88 percent of the expected area of 5.56 million hectares.
- Imports of sunflower oil rose in oil year 2017-18 (Nov 2017-Mar 2018) by 7.9 compared to corresponding period in last oil after rise of 43 percent in 2016017 oil year. Stock at ports fell marginally tons indicating firm supply.
- On the international front production of sunflower oil in Ukraine fell 12.8 percent in first quarter of 2018 compared to corresponding period in 2017. Production was down 2.5 percent in March compared to Feb 2018. Export shipments rose in 2018 while port stocks of sunflower oil fell. International prices are expected to harden in coming months. Demand from India is firm which is driving international prices higher. Prices of sunflower oil are expected to be supported by low premium of sunflower oil over RBD palmolein and soy oil in domestic market and seasonal uptrend of prices.
- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 15.4 percent y-o-y in March to 2.10 lakh tons from 1.82 lakh tons in March 2017. Imports in the period (November 2017-March 2018) is reported higher by 7.9 percent y-o-y at 10.24 lakh tons compared to 9.50 lakh tons in the corresponding period last oil year: SEA

- CNF Prices are likely to stay in the range of USD 800-850 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 37 (USD 33.5 last week) per ton for June delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 152.5 (USD 167.5) per ton.
- We expect sunflower oil prices to trade sideways in the coming days.

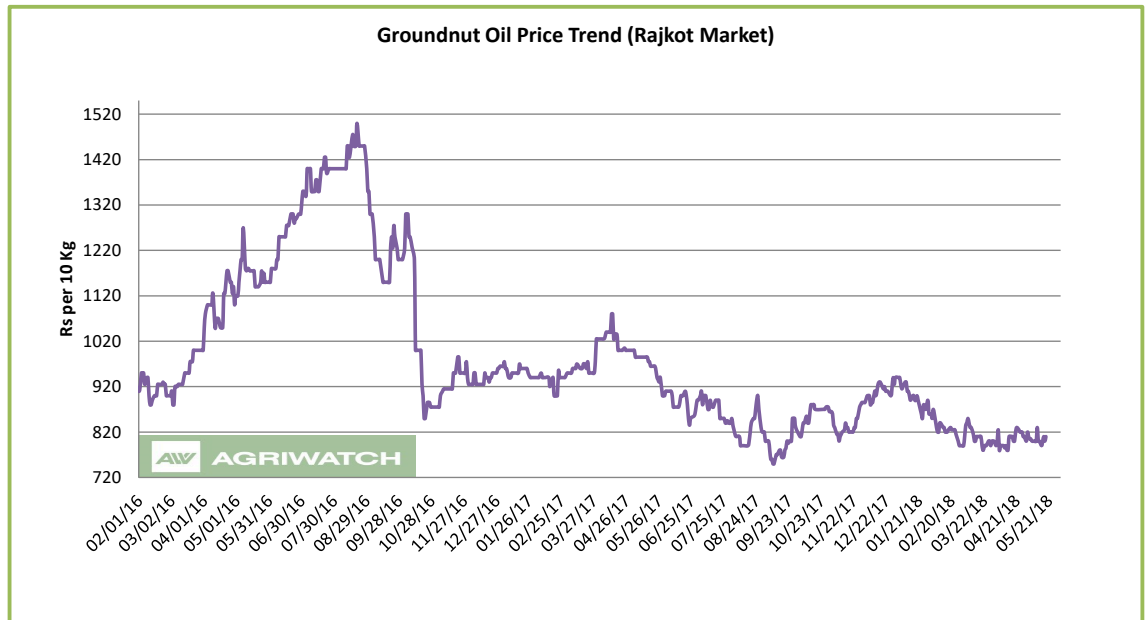
Price Outlook: Refined Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 700-750 per 10 Kg.

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

- Groundnut oil prices featured weak trend in Rajkot due to weak demand and continued to trade in between 820 to 790 range as the anticipations of stock offloading by NAFED kept the upside potential very limited. There is very little volatility in the groundnut oil prices as the prices are in equilibrium with SnD of GN oil and spreads with soft oils. Price in Mumbai, Hyderabad and Delhi market were also stable with very little volatility.

- Agriwatch view:

There is uncertainty in market as to when Gujarat government will dispose new crop. Government of Gujarat is disposing old crop of groundnut through



NAFED, most of it is diverted towards crushing underpinning prices.

- Agriwatch view: Groundnut oil prices is remained stable as the market lacks key fundamentals to drive prices. With the rabi crop readily available for crush there is very feeble potential for upside movement. Downside potential is restricted due to rise in soft oil prices due to consecutive import duty hikes.
- The GN oil prices are at premium of just INR 50 per 10 kg over Sun and Soya oil which has not be seen recent years. Further the groundnut exports is expected to accumulate to 6-6.2 lakh tons which is not large enough to eat away the surplus production this year. It is expected that the production might reach 67 lakh tons of shelled groundnut in the current marketing season. Currently summer crop is underway in Gujarat, Maharashtra and Karnataka.
- There is parity in crushing of old crop groundnut as it is offered at discount over new crop. Retail demand of groundnut is moderate. In Gujarat around 7-8 lakh tons of groundnut is with farmers and 9-10 lakh tons of groundnut is with government.

Area under groundnut is expected not expected to fall in Gujarat in 2018-19 Kharif due to bad cotton crop last year and weak prices of alternative crops. However, area in south India is expected to rise around 10 percent on higher realization by farmers, water for irrigation is available in ambique quantity, good quality of groundnut harvested and low realization in other crops.

Groundnut oil normalized in Andhra Pradesh and Tamil Nadu as groundnut oil premium over sunflower oil in Andhra Pradesh increased. Demand of groundnut oil has improved in Andhra Pradesh ad Tamil Nadu from May on pickle demand which will lead to groundnut oil demand. There is parity in crushing of groundnut in Andhra Pradesh. Stocks of groundnut oil in Andhra Pradesh market are good.

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

- Groundnut oil prices are likely to trade sideways to weak in the coming days,

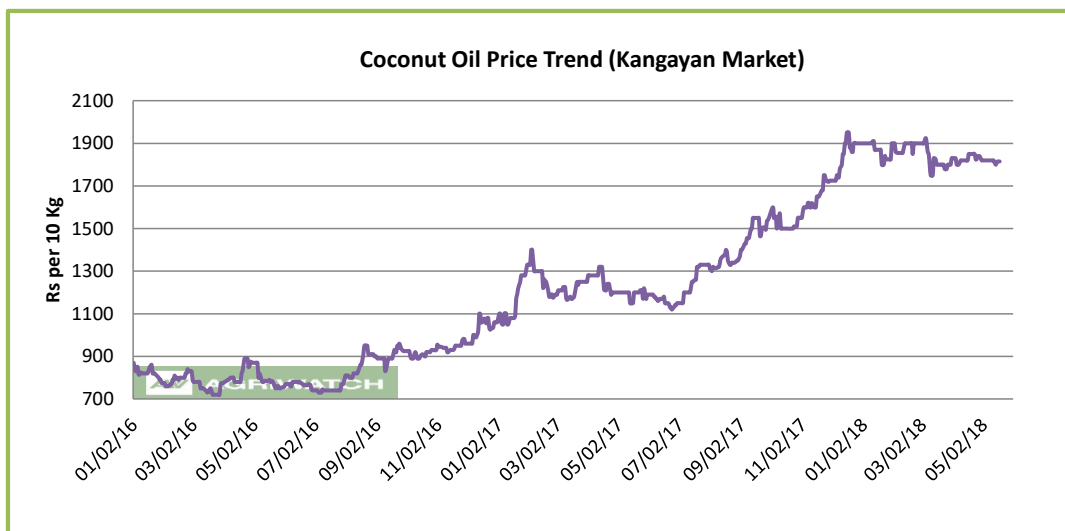
Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 790-810 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil prices fell in the key benchmark market in the reference period over seasonal rise in production of coconut and copra leading to seasonal improvement of copra availability hence crush. .
- Agriwatch view:

Supply of copra is down by almost 40 percent in 2017-18 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.

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. Traders are assessing the 2018-19 production as there has been permanent acreages losses after the consecutive drought. No doubt there will be rise in production due to improved yield as there has been copious rain last year but the recovery is expected to remain limited.

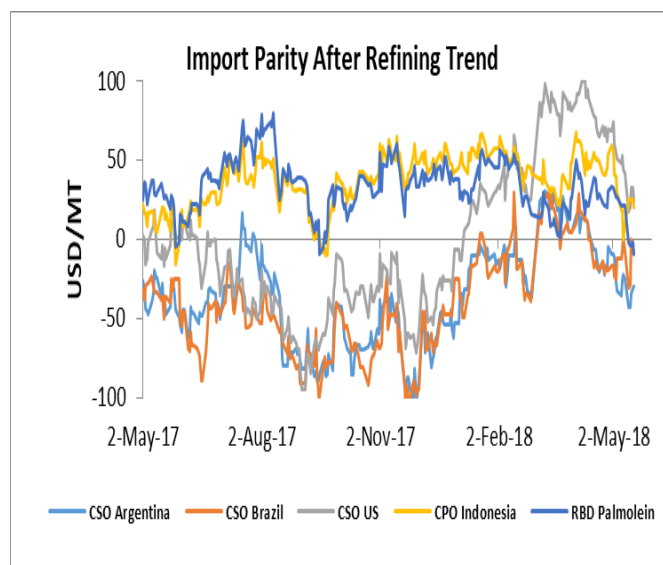
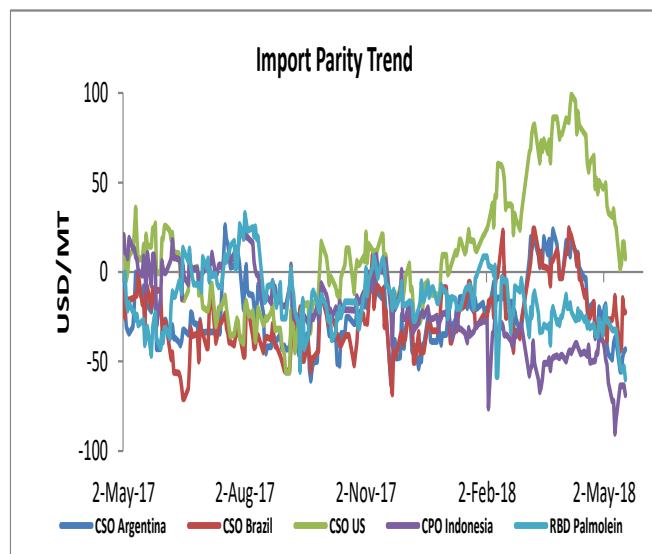
- Under such situation downside potential still remain limited with recent rally in crude oil prices further eroding any seasonal potential fall in prices. It is noted that the Light Liquid Paraffin a derivative of crude oil finds close substitute of coconut oil in hair oil segment.

- Looking at the copra market, copra prices in Mumbai are weakening but with a very sluggish pace indicating underlying tight positions. It is the weak demand that has allowed the prices to fall, otherwise supplies has remained tight.
- As the milers are finding low supplies of copra for crush some of them who are concentrating in coconut oil shipments have taken advantage through copra imports under Advance Authorisation Scheme. Oil millers sought permission to import copra on actual user condition (for industrial purpose). However, a meeting at the secretary level in New Delhi came with a rider to get feedback from producing States before moving ahead. As such a move could hit farmers, it would be a challenging task for governments to take a favourable decision due to political compulsions, felt those associated with the industry.
- 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.

Price Outlook: Coconut oil (withut GST) prices in Erode may stay in the range of Rs 1750-1800 per 10 Kg.

Import Parity Trend

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

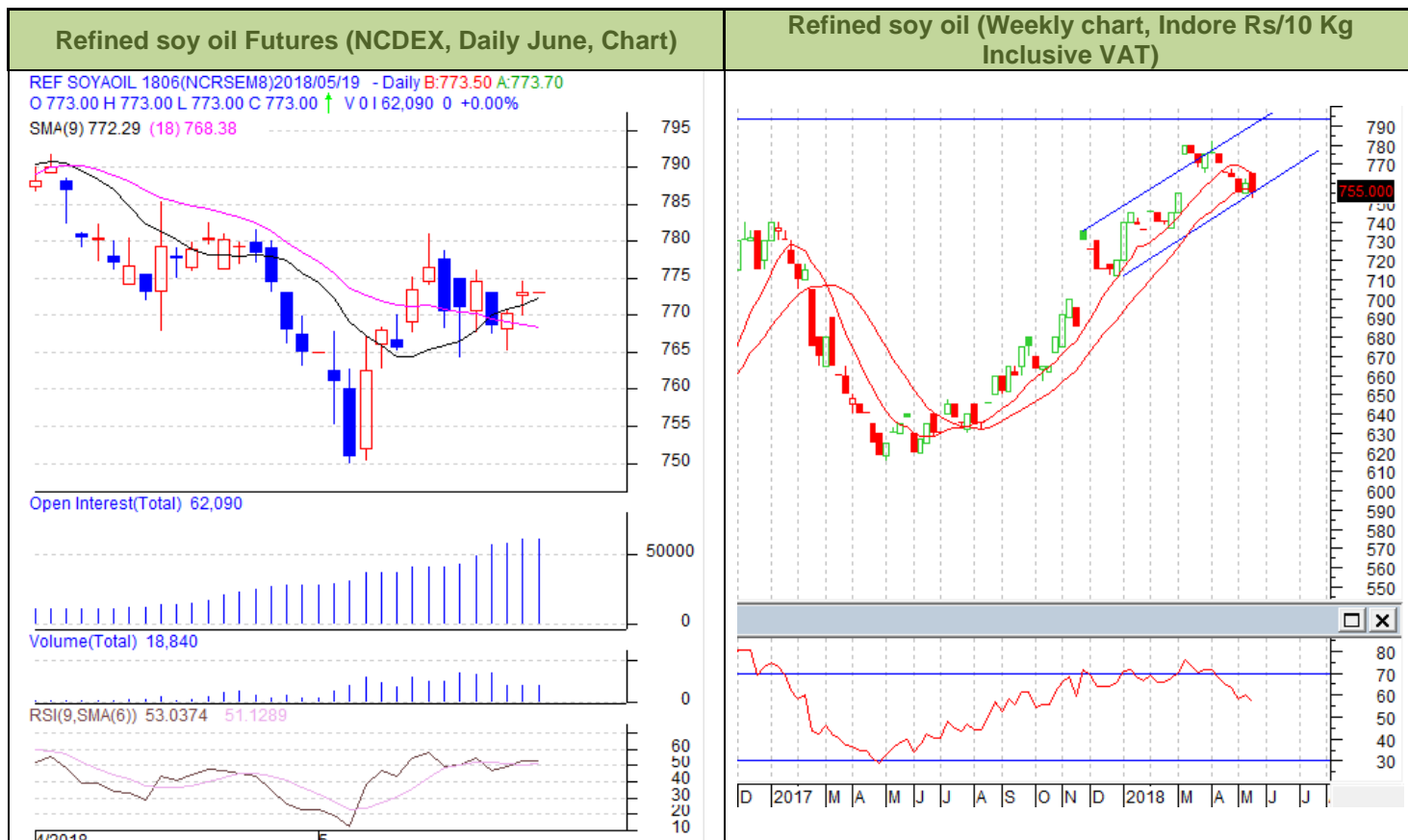


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Mar, 2018	17.99	12.78	83.91	34.99	15.34
Apr, 2018	-1.55	-2.87	80.73	51.08	30.06

Outlook:-

Import parity for crude soy oil from Argentina has returned to disparity due to fall in prices of soy oil in domestic markets. We expect CDSO import parity to remain in disparity in medium term. Parity on import of CPO from Indonesia is higher than import of RBD palmolein from Malaysia.

Technical Analysis (Refined soy oil)



Outlook – Refined soybean oil traded sideways during the week in review and is likely to trade with a weaken in the coming days.

- Refined soy oil at NCDEX is unable to maintain its firmness and consecutively are edging low and we expect the market to turn around at current levels to reach immediate support.
- Any close below 750 in weekly might take the prices below 740 levels.
- Expected price band for next week is 770-760 level. RSI is turning flat indicating exhaustion of upside momentum.

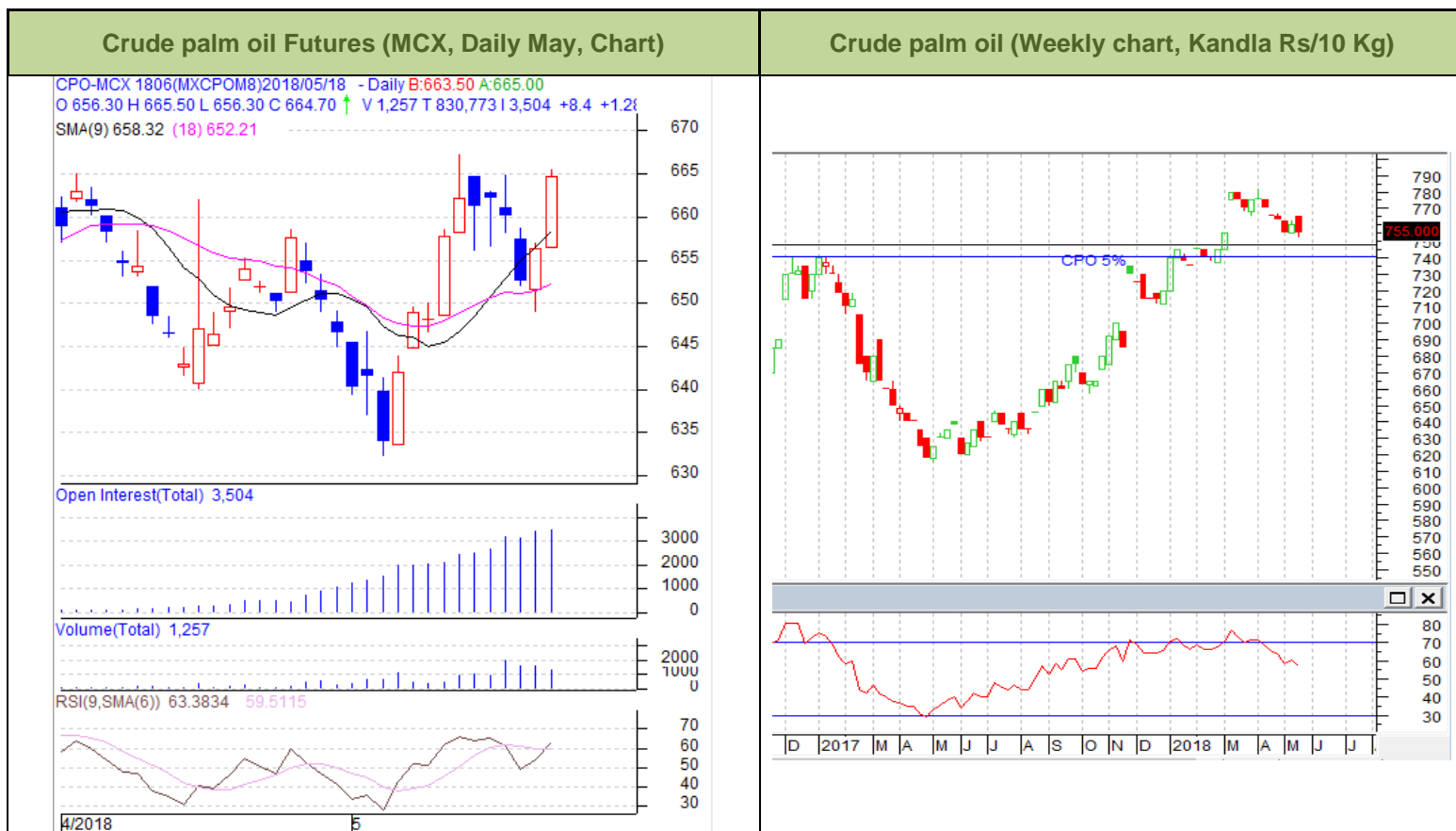
Strategy: Market participants are advised to go short above 775-776 levels for a target of 750 and 740 with a stop loss at 780 on closing basis.

RSO NCDEX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
732.00	746.00	773	785	795

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 760-770 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook – Prices is expected to weaken from the key resistance levels.

- MCX CPO weekly closing is almost to the same level at week before touching the support and rallying towards immediate resistance level.
- Any close below 640 may bring the prices to 630 levels.
- Expected price band for next week is 660-680 level. RSI suggesting exhaustion of the upward momentum.

Strategy: Market participants are advised to go short in CPO at 670-675 for a target of 650-660 with a stop loss at 680 on closing basis.

CPO MCX (April)

Support and Resistance				
S2	S1	PCP	R1	R2
638	650	664.7	666.0	690.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 640-660 per 10 Kg.

Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		18-May-18	11-May-18	
Refined Soybean Oil	Indore	755	762	-7
	Indore (Soy Solvent Crude)	720	725	-5
	Mumbai	770	765	5
	Mumbai (Soy Degum)	710	720	-10
	Kandla/Mundra	740	735	5
	Kandla/Mundra (Soy Degum)	705	710	-5
	Kolkata	757	760	-3
	Delhi	788	790	-2
	Nagpur	755	761	-6
	Rajkot	735	740	-5
	Kota	750	750	Unch
	Hyderabad	NR	NR	-
	Akola	757	761	-4
	Amrawati	757	761	-4
	Bundi	750	755	-5
	Jalna	753	774	-21
	Alwar	NA	NA	-
	Solapur	749	755	-6
	Dhule	766	774	-8
Palm Oil *	Kandla (Crude Palm Oil)	681	687	-5
	Kandla (RBD Palm oil)	725	725	Unch
	Kandla RBD Pamolein	767	767	Unch
	Kakinada (Crude Palm Oil)	NR	NR	-
	Kakinada RBD Pamolein	767	761	5
	Haldia Pamolein	767	767	Unch
	Chennai RBD Pamolein	769	761	7
	Chennai RBD Pamolein (Vitamin A&D Fortified)	832	824	7
	KPT (krishna patnam) Pamolein	761	756	5
	Mumbai RBD Pamolein	777	777	Unch
	Mangalore RBD Pamolein	772	767	
	Tuticorin (RBD Palmolein)	770	761	8
	Delhi	795	795	Unch
	Rajkot	762	761	1
	Hyderabad	NR	NR	-

	PFAD (Kandla)	441	736	-295
	Refined Palm Stearin (Kandla)	515	499	16
	Superolien (Kandla)	788	777	11
	Superolien (Mumbai)	814	806	7
* Inclusive of GST				
Refined Sunflower Oil	Chennai	750	750	Unch
	Mumbai	790	790	Unch
	Mumbai(Expeller Oil)	705	705	Unch
	Kandla	750	740	10
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	NR	NR	-
	Latur (Expeller Oil)	720	725	-5
	Chellakere (Expeller Oil)	725	730	-5
	Erode (Expeller Oil)	780	770	10
Groundnut Oil	Rajkot	810	800	10
	Chennai	830	830	Unch
	Delhi	850	850	Unch
	Hyderabad *	875	880	-5
	Mumbai	845	845	Unch
	Gondal	790	810	-20
	Jamnagar	800	800	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	760	755	5
	Jaipur (Kacchi Ghani Oil)	781	774	7
	Kota (Expeller Oil)	750	750	Unch
	Kota (Kacchi Ghani Oil)	775	765	10
	Neewai (Kacchi Ghani Oil)	750	741	9
	Neewai (Expeller Oil)	765	758	7
	Bharatpur (Kacchi Ghani Oil)	775	780	-5
	Alwar (Kacchi Ghani Oil)	NA	NA	-
	Alwar (Expeller Oil)	NA	NA	-
	Sri-Ganga Nagar(Exp Oil)	760	755	5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	775	775	Unch
	Mumbai (Expeller Oil)	775	760	15
	Kolkata(Expeller Oil)	NA	NA	-
	New Delhi (Expeller Oil)	788	785	3
	Hapur (Expeller Oil)	NR	NR	-
	Hapur (Kacchi Ghani Oil)	NR	NR	-
	Agra (Kacchi Ghani Oil)	785	785	Unch
Refined Cottonseed Oil	Rajkot	720	750	-30

	Hyderabad	NR	NR	-
	Mumbai	762	768	-6
	New Delhi	730	730	Unch
Coconut Oil	Kangayan (Crude)	1815	1820	-5
	Cochin	1870	1900	-30
	Trissur	NA	NA	-
Sesame Oil	New Delhi	1000	1000	Unch
	Mumbai	NA	NA	-
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	NR	520	-
Rice Bran Oil (4%)	Punjab	630	630	Unch
Rice Bran Oil (4%)	Uttar Pradesh	NA	NA	-
Malaysia Palmolein USD/MT	FOB	648	NR	-
	CNF India	668	670	-2
Indonesia CPO USD/MT	FOB	630	NR	-
	CNF India	658	660	-2
RBD Palm oil (Malaysia Origin USD/MT)	FOB	645	635	10
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	623	615	8
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1055	1075	-20
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	505	513	-8
Crude palm Kernel Oil India (USD/MT)	CNF India	1020	1030	-10
Ukraine Origin CSFO USD/MT Kandla	CIF	805	810	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	890	890	Unch
Argentina FOB (\$/MT)		17-May-18	10-May-18	Change
Crude Soybean Oil Ship		711	728	-17
Refined Soy Oil (Bulk) Ship		736	753	-17
Sunflower Oil Ship		735	739	-4
Cottonseed Oil Ship		691	708	-17
Refined Linseed Oil (Bulk) Ship		NR	NR	-
* indicates including GST				

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