

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

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

On the currency front, Indian rupee is hovering gain strength and has turned around 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 again and crude oil prices is also expected to bounce back.

We expect soy oil and palm oil to trade weak. 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 775-780 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 short in CPO above 670-675 for a target of 650 and 630 with a stop loss at 680 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 weak 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:-

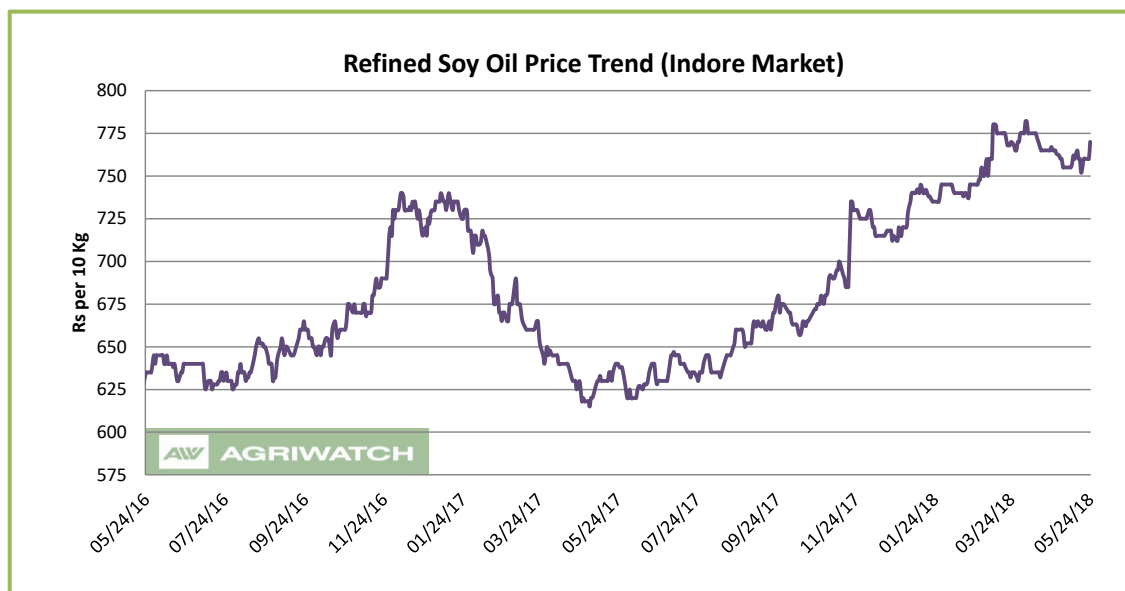
Domestic Front

- Domestically Soy oil traded on stronger note in the period under review due to strength in crude oil prices.

Agriwatch

View- Prices is expected to weaken taking cues from crude oil

- 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.

- 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 ar. 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.

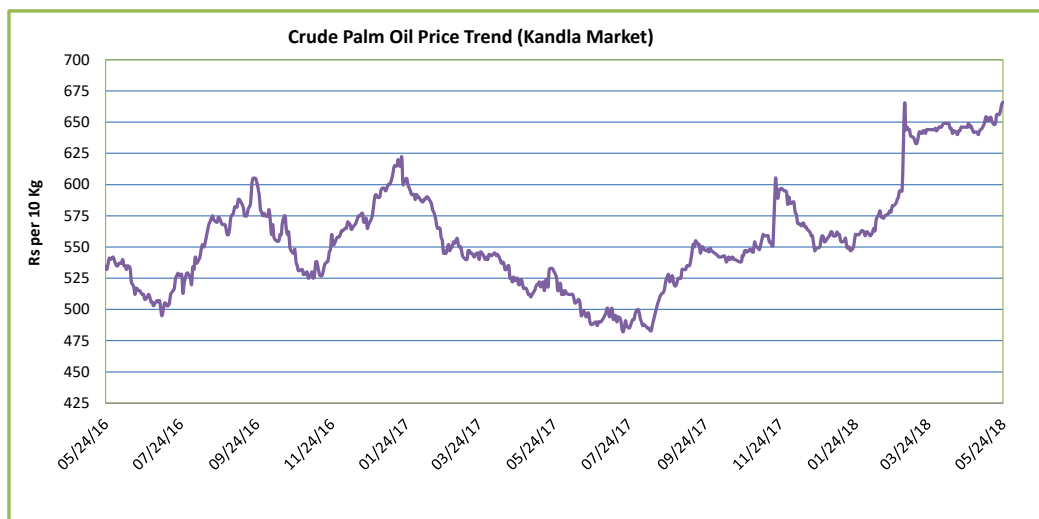
- According to consultancy, Agroconsult Brazil's soybean crop has been revised up to 118.9 MMT in 2017-18 following favorable weather in the growing regions. According to Agroconsult, Mato Grosso's yields are estimated to reach an average of 56.7 60-kg bags per hectare compared with 55.5 bags in the 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 edged high in the week under consideration over rally in crude oil prices.
- Agriwatch View –
Prices of CPO are expected to weaken as the crude oil prices are ruling low in the last two days significantly.
- With anticipation of robust seasonal production in Malaysia and Indonesian in coming month's chances of aggressive rallies are limited. The prices are expected to consolidate in the given range before breaking lower on any cues from crude oil or currency.
- At the domestic front, the domestic demand is dull as the consumption of edible oils falls. The demand is expected to improve from August onwards when the oil marketers start filling the pipelines before the onset of peak festive demand.



- In the physical markets importers are 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 seem 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 have 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 are expected to weaken further taking cues from weakness in crude oil.

FOB prices firmed in the previous week crude being the same reason. Forward sales are 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 in a fall in stocks at China.

Palm oil exports are 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 are expected to rise as exports prospects also look bleak from the importing nations.

- Malaysia, the second largest producer of CPO, clocked in a higher production of 6.06 million tonnes in the first four months of 2018), a nine per cent hike, year-on year (YoY), while palm oil inventories jumped 35 per cent, YoY, to 2.17 million tonnes, as at end-April 2018.
- As per market expectations the May exports of palm oil is down as per reported by cargo surveyors. According to AmSpec, Exports of Malaysian palm oil products during May 1 to 25 came in at 983,656 tonnes, down 16.6 percent from 1,147,020 tonnes during April 1-25. Similarly SGS another cargo surveyor is reporting fall in exports, Exports of Malaysian palm oil products for May. 1-25 fell 13.5 percent to 1,003,696 tonnes from 1,160,994 tonnes shipped during Apr. 1-25.
- Indonesia Jan-April biodiesel consumption for transport and power at 970,000 kilolitres (KL) vs 2018 quota of 3.22 mln kl.
- Looking at the long term policy driven change in the dynamic of demand Indonesia is looking for completely stop exporting palm oil to EU in order to manage the policy risk before any decisions come from EU senate. There's an study about stopping exports to the European Union altogether. When it's done, Indonesia can see that palm oil trade with them is risky. The study is to eradicate that risk once and for all. Further Indonesia is also planning for retaliatory action by imposing ban on fish imported from EU countries.
- Earlier, In January, members of the European Parliament voted in favor to phase out the use of biofuels made from palm oil by 2021 to fulfill the EU's Renewable Energy Directive, which aims to reach a renewable energy target of 27 percent by 2030, including in transport fuels. A decision on whether the ban will be legally imposed in all EU country members will be made in 2019
- On the other hand, China — facing a threat of declining edible oil supply in trade wars with the United States — has promised to increase palm oil imports from Indonesia by up to 500,000 tons per year. China bought 3.73 million tons of Indonesian CPO last year, from 3.23 million tons in 2016.

Previous updates

- 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
- 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.

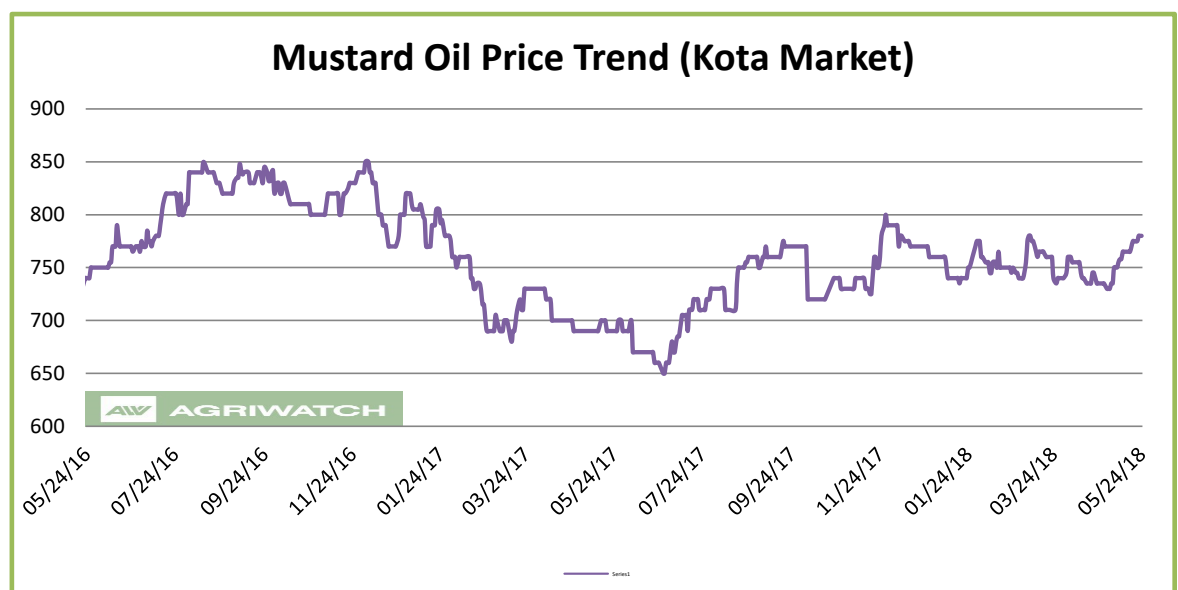
Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 600-700 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Kachhi Ghani prices has gained due to firmness in mustard prices coupled with improving stocking activities from the buyers of east.

- 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.
- 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..

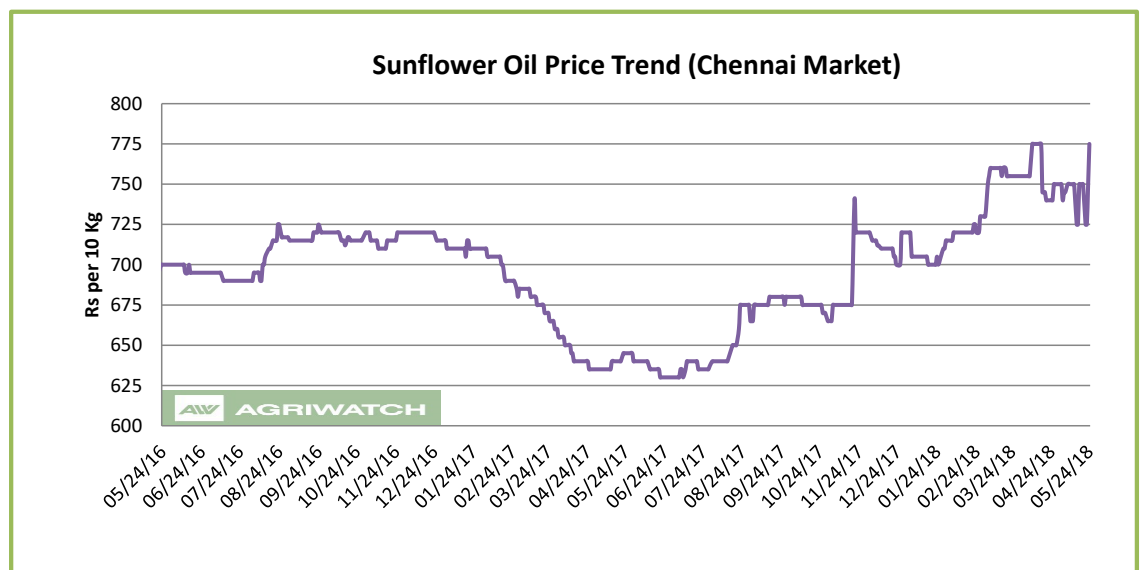
Price Outlook: Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 750-800 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices edged in the local market over the scattered buying sport from local buyer due to ongoing ramzaan season. However CIF

prices has weekend marginally taking low demand from refiners.



- 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. Present uptick in prices is very short lived and with weaker competitive oil the sun oil prices is expected to go down in the coming week.
- 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. Sunflower oil continued to remain flat during the week under consideration as the market lacks fundamental support. The demand is week for the summer in domestic front and cues from international market is also negligible.
- The 1 M Forward FOB spreads between Sun and Soya Ukraine and Argentinean origin has widened in the past 3-4 month and with upcoming crop in Ukraine the spreads is going to get narrowed. The narrowing of spreads will be instrumental in fall in Sun oil prices as well as seasonal rise in Argentinean soy oil prices. However all will depend on how the CIS countries crop unfolds in coming months.
- From domestic front there is very limited upside potential as sub oil is already at premium and with the given supplies development of further premium is difficult. India has already imported all-time high for this oil year (Nov-Oct) and has ample stock thus sellers in Indian market is expected to sell sun oil neck to neck to soy oil. Crude sun oil stocks at ports is at 2.2 lakh tons which is well above average for the April month. Refined sun oil premium Is just INR 5 per 10 kg and thus sun oil is expected to continue displacing soy oil demand.
- 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.

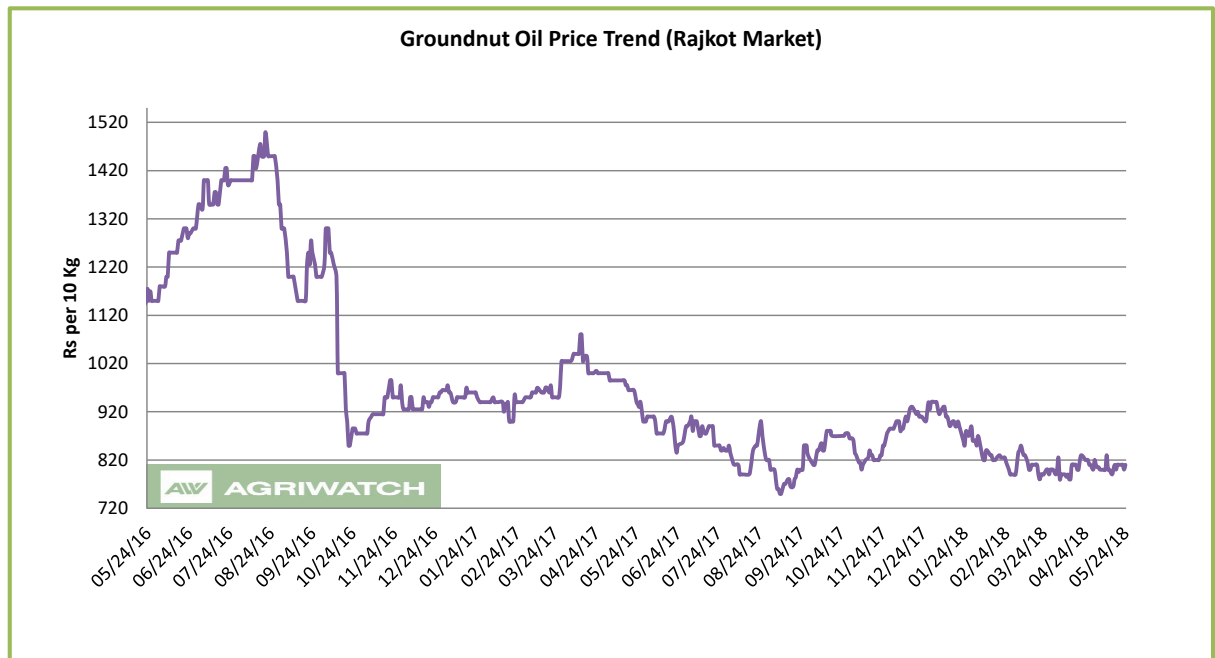
Price Outlook: Refined Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 725-775 per 10 Kg.

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

- Groundnut oil prices in Gujarat, Mumbai, Hyderabad and Delhi market remained stable with very little volatility in the week under reference.
- 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.

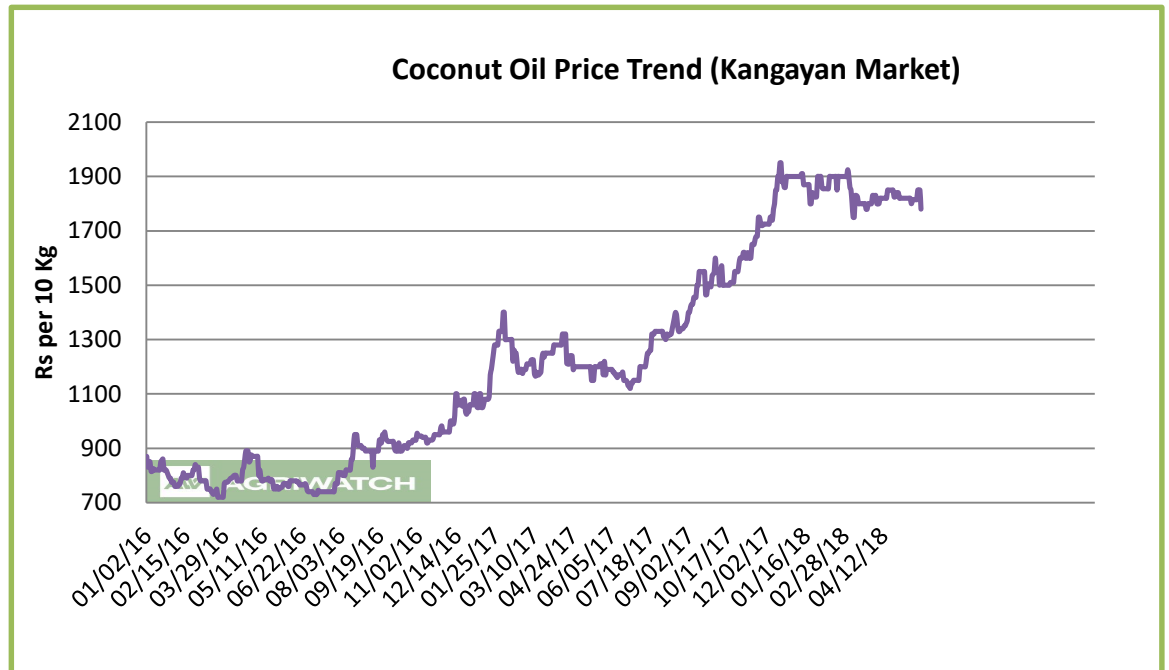
- The GN oil prices are at premium of just INR 50 per 10 kg over Sun and Soya oil which has not been seen in recent years. Further the groundnut exports are expected to accumulate to 6-6.2 lakh tons which is not large enough to eat away the surplus production this year. It is expected that the production might reach 67 lakh tons of shelled groundnut in the current marketing season. Currently summer crop is underway in Gujarat, Maharashtra and Karnataka.
- The JFM groundnut exports have been robust to eat away some surpluses of groundnut. India exported 2.7 lakh tons of groundnut in JFM 2018 against the 2.52 lakh tons in the same time frame last year.
- With the summer crop arrivals starting in June the hopes of any revival in prices are subdued amidst forecast of on-time arrival of summer monsoon.
- Surplus availability of groundnut for crush is going to ensure that there is no scarcity of groundnut oil in the season. Further good crop in China has also resulted in poor exports demand despite GOI opening the bulk exports of edible oil in India and also removing the minimum exports price except for mustard oil. China has 90% share in India's groundnut oil exports market.
- Market is watchful over the Gujarat govt decision in disposing the old groundnut crop. Since there is no other way for govt-procured groundnut to get disposed other than crush, the groundnut oil prices are expected to remain range-bound. Any upside movement is only going to be driven by the bullishness in soft oil, which under present conditions has very limited chance.
- 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.
- As the coconut producing regions of Tamil Nadu is getting



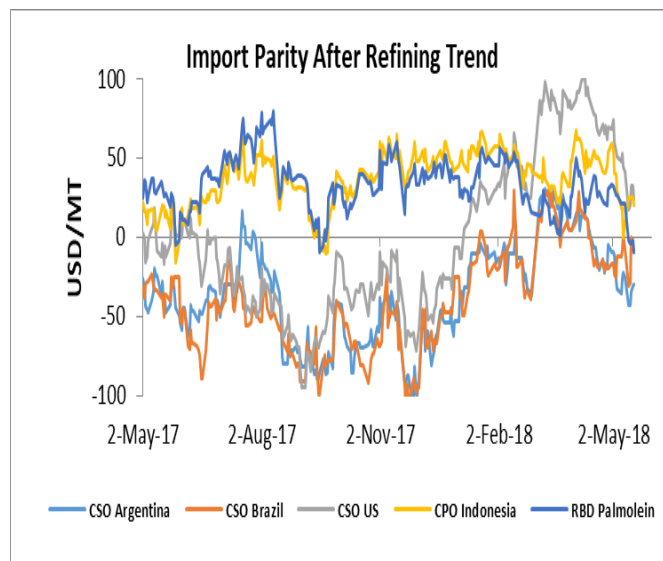
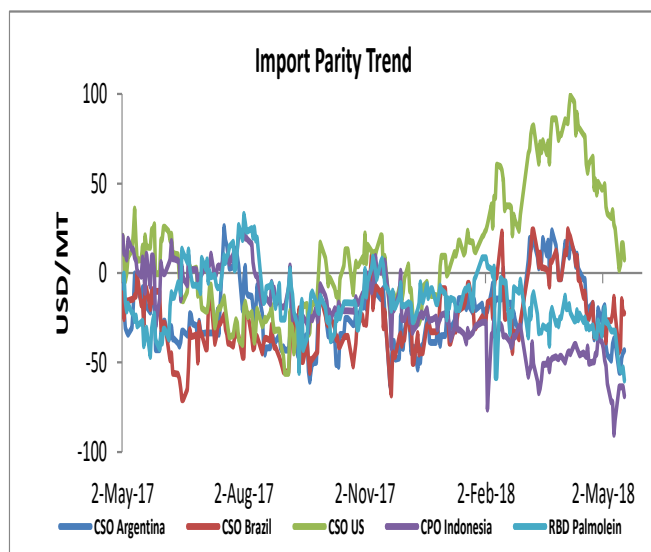
good amount of rainfall this season. The coconut production cycle would be restored soon, and we may expect good yields and harvest this season.

- Agriwatch view:
With the sliding crude oil prices the coconut oil market is expected to witness further weakness being supported by the seasonal supplies of copra and coconut oil at the start of season.
- Looking at the copra market, copra prices in Mumbai has slid further indicative of seasonal weakness in the entire coconut complex.
- 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

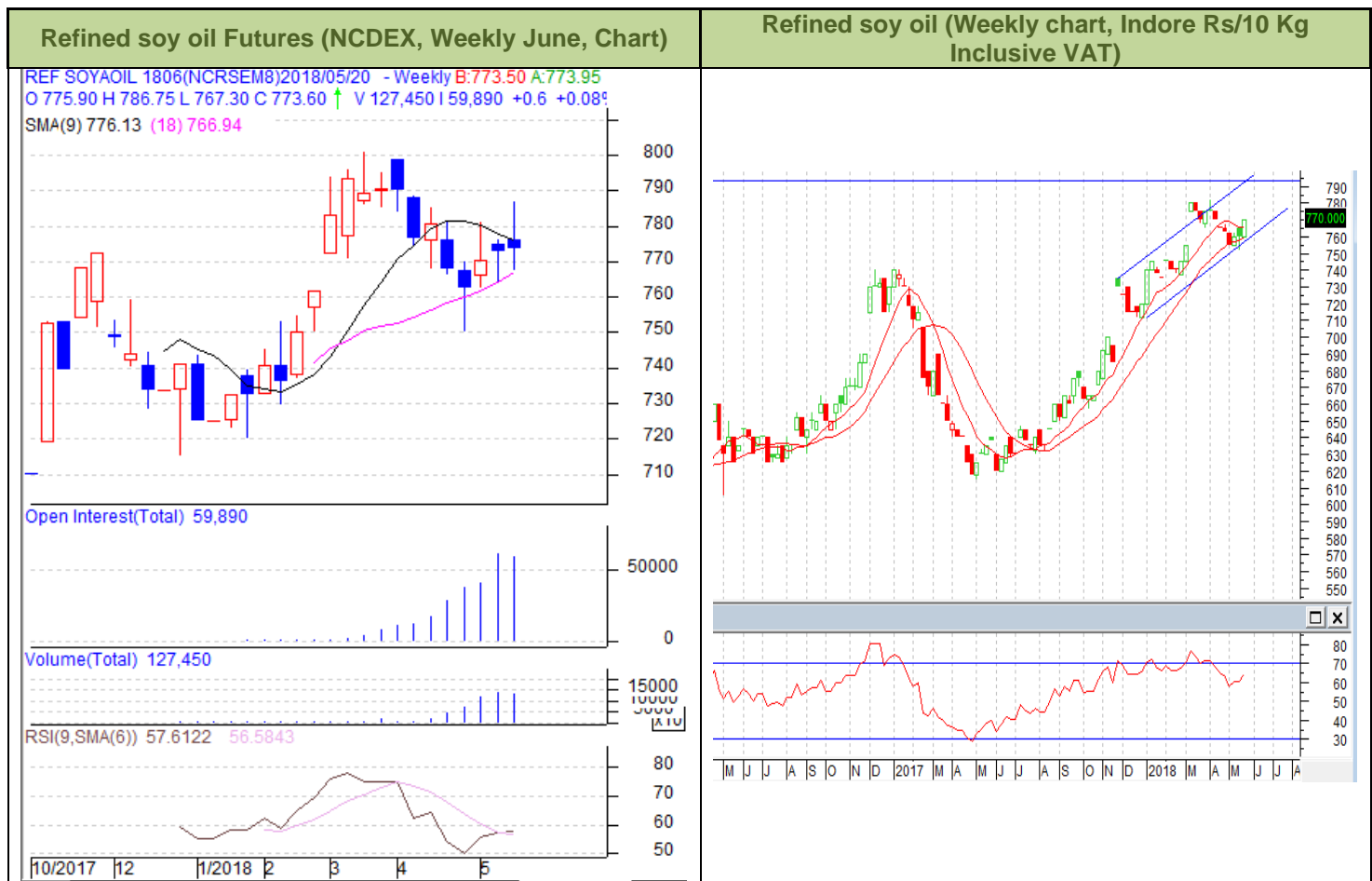
Import Parity After Refining in US dollar per ton (Monthly Average)



	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 weaken in the coming days.

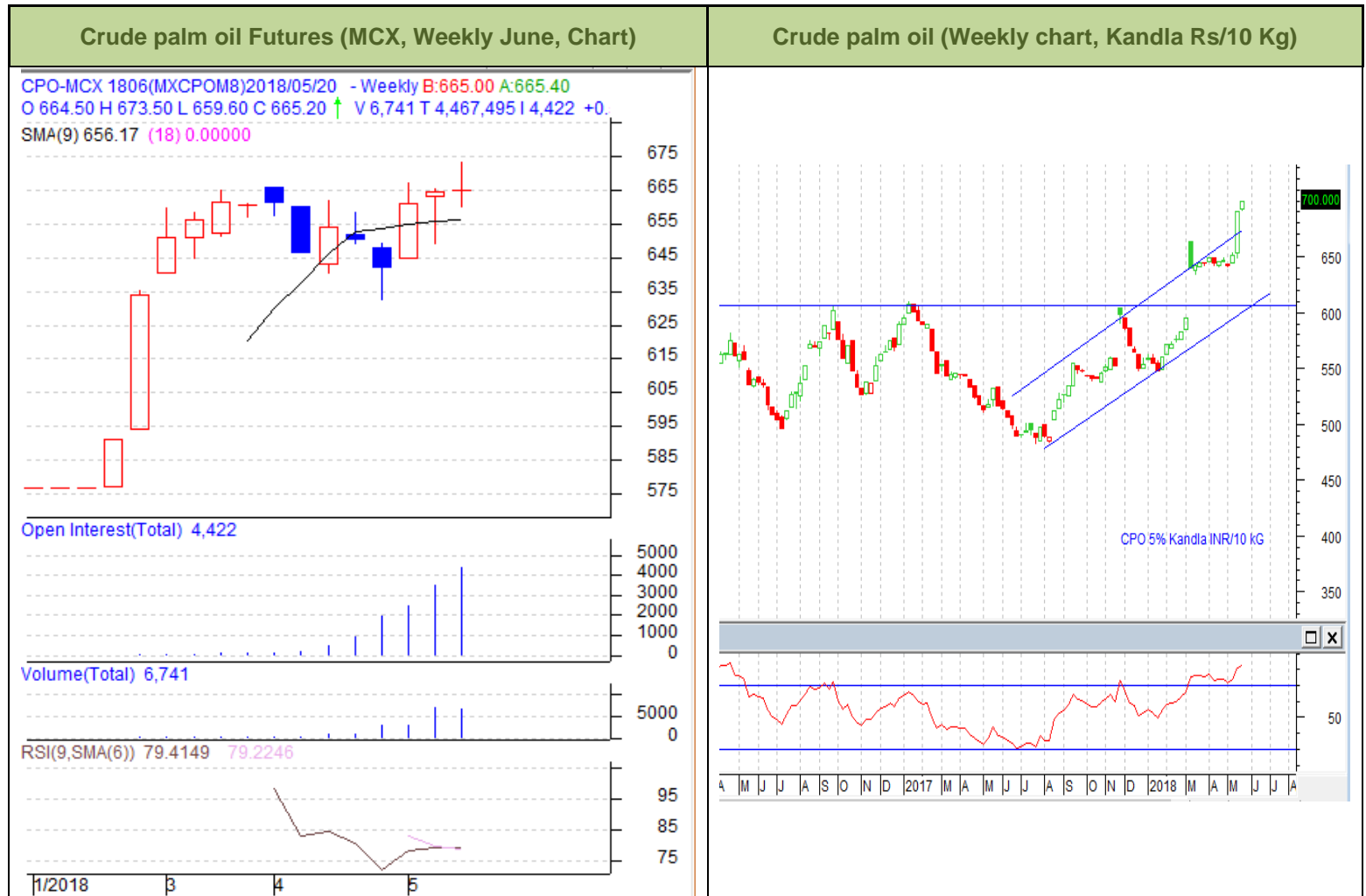
- Refined soy oil futures at NCDEX seen weak high breaking the resistance level of 780 but came back to close near to open price. The bearish candle is indicating inability to hold prices at higher levels and come under selling pressure immediately once touching high. Thus the market is maintaining its inherent weakness. The market is sell on rise anything above 784-785. For the time being there is limited cues from the charts and coming week prices can remain sideways.
- The immediate resistance can be taken at 790 and support level could be around 760.
- Any close below 750 in weekly might take the prices below 740 levels.
- Expected price band for next week is 790-760 level. RSI is turning flat indicating exhaustion of upside momentum.

Strategy: Market participants are advised to go short anything above 780 levels for a weekly target of 760 with a stop loss at 790.

RSO NCDEX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
732.00	746.00	773.6	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.

- The prices has reached a decades high in the last week over sustained buying by speculators before closing a rise in .7 rupees over last week closing
- MCX CPO contract June weekly chart formed a doji pattern after a formation of hammer doji, a double doji indicative of bearish reversal in an uptrend. The formation is at the key resistance level and therefore indicating towards a bearish reversal.
- The immediate resistance can be taken at 690 and support can be at 650.
- Expected price band for next week is 660-680 level. RSI suggesting exhaustion of the upward momentum.

- Traders are advised to go short on high and book profit at immediate support level for the week.

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 (June)

Support and Resistance				
S2	S1	PCP	R1	R2
640	650	665.2	670	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
		25-May-18	18-May-18	
Refined Soybean Oil	Indore	770	755	15
	Indore (Soy Solvent Crude)	735	720	15
	Mumbai	775	770	5
	Mumbai (Soy Degum)	715	710	5
	Kandla/Mundra	745	740	5
	Kandla/Mundra (Soy Degum)	715	705	10
	Kolkata	768	757	11
	Delhi	800	788	12
	Nagpur	757	755	2
	Rajkot	735	735	Unch
	Kota	760	750	10
	Hyderabad	NR	NR	-
	Akola	761	757	4
	Amrawati	761	757	4
	Bundi	760	750	10
	Jalna	762	753	9
	Alwar	NA	NA	-
	Solapur	749	749	Unch
	Dhule	763	766	-3
Palm Oil *	Kandla (Crude Palm Oil)	700	681	19
	Kandla (RBD Palm oil)	735	725	11
	Kandla RBD Pamolein	772	767	5
	Kakinada (Crude Palm Oil)	NR	NR	-
	Kakinada RBD Pamolein	767	767	Unch
	Haldia Pamolein	774	767	7
	Chennai RBD Pamolein	772	769	3
	Chennai RBD Pamolein (Vitamin A&D Fortified)	835	832	3

	KPT (krishna patnam) Pamolein	763	761	2
	Mumbai RBD Pamolein	777	777	Unch
	Mangalore RBD Pamolein	772	772	
	Tuticorin (RBD Palmolein)	775	770	5
	Delhi	802	795	7
	Rajkot	767	762	4
	Hyderabad	NR	NR	-
	PFAD (Kandla)	441	441	Unch
	Refined Palm Stearin (Kandla)	525	515	11
	Superolien (Kandla)	798	788	11
	Superolien (Mumbai)	814	814	Unch
* Inclusive of GST				
Refined Sunflower Oil	Chennai	775	750	25
	Mumbai	790	790	Unch
	Mumbai(Expeller Oil)	710	705	5
	Kandla	760	750	10
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	NR	NR	-
	Latur (Expeller Oil)	750	720	30
	Chellakere (Expeller Oil)	730	725	5
	Erode (Expeller Oil)	795	780	15
Groundnut Oil	Rajkot	800	810	-10
	Chennai	850	830	20
	Delhi	850	850	Unch
	Hyderabad *	890	875	15
	Mumbai	840	845	-5
	Gondal	800	790	10
	Jamnagar	800	800	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	775	760	15
	Jaipur (Kacchi Ghani Oil)	794	781	13
	Kota (Expeller Oil)	770	750	20
	Kota (Kacchi Ghani Oil)	785	775	10
	Neewai (Kacchi Ghani Oil)	755	750	5
	Neewai (Expeller Oil)	780	765	15
	Bharatpur (Kacchi Ghani Oil)	800	775	25
	Alwar (Kacchi Ghani Oil)	NR	NA	-
	Alwar (Expeller Oil)	NR	NA	-
	Sri-Ganga Nagar(Exp Oil)	770	760	10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	790	775	15
	Mumbai (Expeller Oil)	785	775	10

	Kolkata(Expeller Oil)	707	NA	-
	New Delhi (Expeller Oil)	800	788	12
	Hapur (Expeller Oil)	NR	NR	-
	Hapur (Kacchi Ghani Oil)	NR	NR	-
	Agra (Kacchi Ghani Oil)	805	785	20
Refined Cottonseed Oil	Rajkot	745	720	25
	Hyderabad	NR	NR	-
	Mumbai	765	762	3
	New Delhi	735	730	5
Coconut Oil	Kangayan (Crude)	1780	1815	-35
	Cochin	1860	1870	-10
	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	NR	-
Rice Bran Oil (4%)	Punjab	630	630	Unch
Rice Bran Oil (4%)	Uttar Pradesh	NA	NA	-
Malaysia Palmolein USD/MT	FOB	645	648	-3
	CNF India	663	668	-5
Indonesia CPO USD/MT	FOB	628	630	-2
	CNF India	653	658	-5
RBD Palm oil (Malaysia Origin USD/MT)	FOB	643	645	-2
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	630	623	7
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1035	1055	-20
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	505	505	Unch
Crude palm Kernel Oil India (USD/MT)	CNF India	1015	1020	-5
Ukraine Origin CSFO USD/MT Kandla	CIF	795	805	-10
Rapeseed Oil Rotterdam Euro/MT	FOB	880	890	-10
Argentina FOB (\$/MT)		24-May-18	17-May-18	Change
Crude Soybean Oil Ship		703	728	-25
Refined Soy Oil (Bulk) Ship		728	753	-25
Sunflower Oil Ship		725	739	-14
Cottonseed Oil Ship		683	708	-25
Refined Linseed Oil (Bulk) Ship		NR	NR	-

** indicates including GST*



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