

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 weak trend in domestic market in the week in review. CBOT soy oil and BMD palm oil fell during the week. Soy oil, palm oil, rapeseed oil and groundnut oil closed lower while sunflower oil and coconut oil closed sideways.

On the currency front, Indian rupee is hovering near 67.08, down by 72 paise compared to previous week. Indian rupee is expected to appreciate against US dollar while crude oil prices will rise.

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 below 760 levels for a target of 745 and 740 with a stop loss at 770 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs 720-780 per 10 Kg in the near term.

At MCX, Market participants are advised to go short in CPO below 650 for a target of 635 and 630 with a stop loss at 660 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 600-700 per 10 Kg in the near term.

International Veg. Oil Market Summary

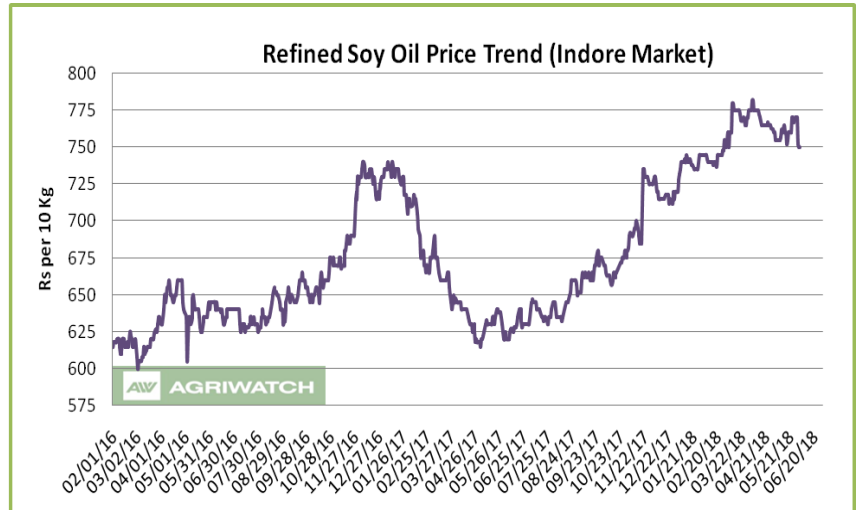
On the international front, good soybean crop condition in US, higher stocks of soy oil in US, higher soybean demand from China and firm crude oil prices is expected to support soy oil prices in coming days.

Weak exports of palm oil from Malaysia, slow fall in stocks of palm oil in Malaysia, weak exports of palm oil from Indonesia, expected weak demand after Ramadan from Malaysia, flat production of palm oil in Malaysia is expected to underpin CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Domestically soy oil traded on weaker note in the period under review due to weak demand and rising supply.
- Agriwatch View- Prices are expected to weaken due to weak demand and rising supply. Rise in temperature across India has dampened demand while there is parity in imports of soy oil due to fall in international prices of soy oil and appreciation of Rupee. Tight domestic supply scenario is easing and low international soy oil prices along with has appreciation of Rupee will underpin prices.



Arrival of monsoon before time and expectation of surge in sowing of soybean has put pressure in soybean complex prices.

Fall in palm oil and rapeseed oil prices has supported the fall.

- 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 weak 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.
- Argentina's government is raising an export tax on biodiesel to 15 percent from 8 percent, effective July 1, according to a decree published in the official Gazette on Monday. is meant to "continue fostering convergence" between biodiesel export taxes and soy oil export taxes.

- Argentina is one of the world's top providers of biodiesel fuel, exporting 1.65 million tonnes in 2017, but it has been hit by retaliatory tariffs in recent years.
- Earlier the U.S. International Trade Commission has added anti-dumping duties of 60.44 percent to 276.65 percent to already steep anti-subsidy duties on imported biodiesel from Argentina and Indonesia
- The CIARA-CEC exporters' chamber expects that the European Union to stop importing biodiesel by imposing new tariffs in September or October. The Chamber sees exports falling to around 700,000 tonnes this year.
- Thus under such conditions the Argentinean basis is expected to go down further which has already witnessed on season highs in the past 5 years.
- USDA released its Planting Progress today, Soybean planting was 77 % ahead of the five-year average of 62 % due to periodic dryness for the Week Ending May 27. The soybean emerged 47% which is 13% points ahead of last year. Recent favorable weather is able to help the Minnesota and Dakota farmers which were running behind last week. ; there were 5 days suitable for fieldwork. The main producer states Illinois, Iowa, and Minnesota which contributes more than 37% of nation production planted more than 80% soybean crop. The US topsoil moisture supplies are rated 63 % adequate and 20 % short.
- Good weather conditions have fostered the work of harvesters across the agricultural area. To date, soybeans are 80.3% collected. Weekly progress, the highest of the last 4 weeks, is estimated at 9.2 %. First soybeans are 90% harvested while second 60%. Bolsa de Cereales de Buenos Aires has further revised production number toward 36Million Metric Tons. Thus, looking on current year production number, Argentine government might halt export tax reduction by 0.5% each month. Current export tax is prevailing at the rate of 27.5% vs. 30% beginning of the year.

Previous updates

- 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).
- 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.

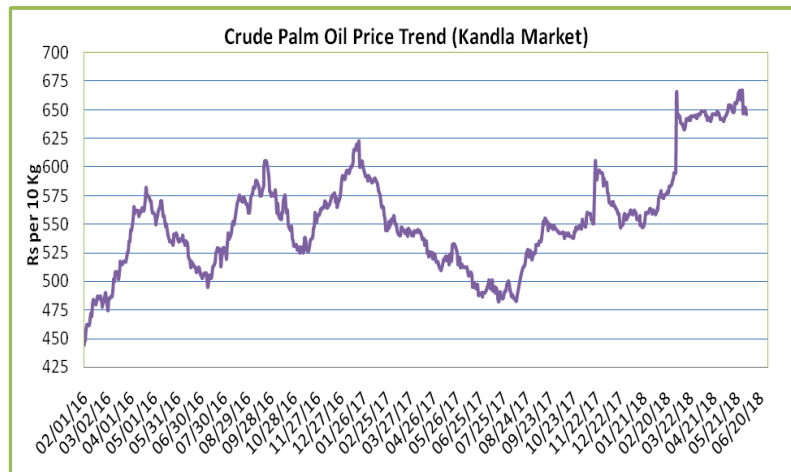
- According to the latest report released by the Rosario Exchange, Argentina's soybean output in 2017 -18 is estimated at 37 MMT compared to previous estimates of 40 MMT. Prolonged drought in the soybean growing regions has affected yields.
- USDA WASDE Oilseeds Highlights: The 2018/19 U.S. season-average 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

- Fall in Crude oil prices has helped the palm oil to decline in the week with crude palm oil at Indonesian origin weakened by \$10 per ton. At Kandla the crude palm oil (CPO) declined by 14 rupees per 10 kg.
- The prices are underpinned by crude oil prices with underlying core fundamentals of palm remaining bearish over anticipation of rising stock of the same at origins.
- Agriwatch View – Prices of CPO are expected to weaken as the crude oil prices is ruling low.
- With anticipation 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.
- 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.
- Stocks at ports as on 1st May has swelled significantly with cumulative edible oil stocks at 10.68 lakh tons with CPO stocks at 4.8 lakh tons, RBD Palmolein 2.05 lakh tons, Degummed Soy oil at 1.4 lakh tons, Crude Sun at 2.2 lakh tons and 23 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 May recorded 7.78 lakh tons. Imports in the period (November 2017-April 2018) are reported at 45.74 lakh tons compared to 43.06 lakh tons in the corresponding period last oil year.
- RBD palmolein imports in April recorded 2.09 lakh tons from 2.32 lakh tons in April 2017. Imports in the period (November 2017-April 2018) are reported at 9.80 lakh tons compared to 13.68 lakh tons in the corresponding period last oil year.
- Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports was at March 5.568 lakh tons from 5.11 lakh tons in April 2017. Imports in the period (November 2017-April 2018) are reported at 35.35 lakh tons compared to 29.05 lakh tons in the corresponding period last oil year.
- We expect palm oil to trade sideways in the days ahead.



International Front

Agriwatch View – Palm oil prices is expected to weaken further taking cues from weakness in crude oil.

Forward markets in Malaysia and Indonesia continues to witness weak trade queries and thus prices are being offered at lower end in the week. Easing tension between China and US has further weakened any improved demand from China.

A temporary stable to lower production in Indonesia and Malaysia due low number of working days in June is expected to push up prices by another 100 ringgit at Malaysians bourse. Post that stocks pressure is expected to result prices weakening towards 2200 ringgit.

Importers in India are waiting for further weakness in prices before they go for aggressive booking for the last quarter festive seasons. Half yearly imports are at 71.46 lakh tons against 69.98 lakh tons last year. Expected import demand this year is expected to be around 158 to 160 lakh tons. Thus second half is expected to witness monthly imports to be in between 14-16 lakh tons per month. Aggressive booking is expected in coming months once price decline. Usually India aggressively imports in July-Sep months when prices are seasonally low.

At Malaysian front a bearish MPOB report for the month of May is expected with flat m-o-m production and fall in exports by 10% m-o-m. However there can be surprise. All eyes now will be on 11th May MPOB report. Between currency and energy prices is expected to continue to rule the palm oil prices.

The announcement of Russia and Saudi Arabia to raise production to offset declines in Venezuela and potential fall in Iranian output as the market remained closed on Monday. Meanwhile Brent futures stabilized in yesterday's session after sharp fall in earlier two sessions.

In latest developments, Saudi Arabia, UAE and Russia indicated that they would increase crude oil output up to 1 MBpd in the medium term in order to compensate for the fall in production at Venezuela front as well as any potential decline in Iran after US sanctions come in to effect.

- At exports front of Malaysia, some recovery in the last few day of May has resulted in limiting the fall of Malaysian palm oil on m-o-m basis. According to SGS, exports of Malaysian palm oil products for May fell 9.9 percent to 1,199,876 tonnes from 1,331,564 tonnes shipped during April.
- On similar lines another cargo surveyor Amspec reported exports of Malaysian palm oil products during May 1-31 fell 8.8 percent to 1,196,805 tonnes, from 1,311,770 tonnes shipped during April 1-30. All eyes will be on MPOB data scheduled to be released on 11th of month. WASDE report is also crucial for soy complex and its impact on palm oil.
- As per market expectations the May exports of palm oil is down as per reported by cargo surveyors. According to Am,spec, 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.
- Southern Peninsular Palm Oil Millers Association (SPPOMA) has reported production to be up by .46%. Oil Extraction rate at -.35% and Yield to rise by 2.3% on m-o-m basis.
- According to Indonesian Palm Oil Association (GAPKI) Indonesia's shipment of palm oil and palm kernel oil dropped 7 percent to 2.39 million tonnes in April from a year earlier. Higher import duty has resulted in poor import demand from India although usually the oil demand increases in the month prior to ramdaan. Year-on-year, January-April exports to India declined 24 percent to 1.8 million tonnes from 2.37 million tonnes in 2017.
- Indonesia Jan-April biodiesel consumption for transport and power at 970,000 kilolitres (KL) vs 2018 quota of 3.22 mln kl.

- Further, In January-April, exports to the European Union also declined 16 percent from a year earlier due to a negative campaign and stocks of rapeseed. Indonesia's palm oil stocks stood at 3.97 million tonnes by the end of April, compared to 3.65 million tonnes by end-March.
- 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.
- 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.
- There can be short term supplies shortage of soy oil at Brazilian origin as truckers strike nearly halted soy crushing.
- Abiove hopes crushers will be able to resume production gradually saying some road blockades have been lifted. Brazil's abiove soy crushing group says 100 pct of units still shuttered amid truckers' protests.
- Iran's state purchasing agency GTC has issued an international tender to buy up to 30,000 tonnes of refined, bleached and deodorised (RBD) palm olein vegetable oil. The GTC reserves the right to purchase 10 percent more or less than 30,000 tonnes
- The export tax for crude palm oil will be kept at zero for a 14th month. The government sets an export tax for the vegetable oil when the reference price rises above \$750 a tonne.

Previous updates

- 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.
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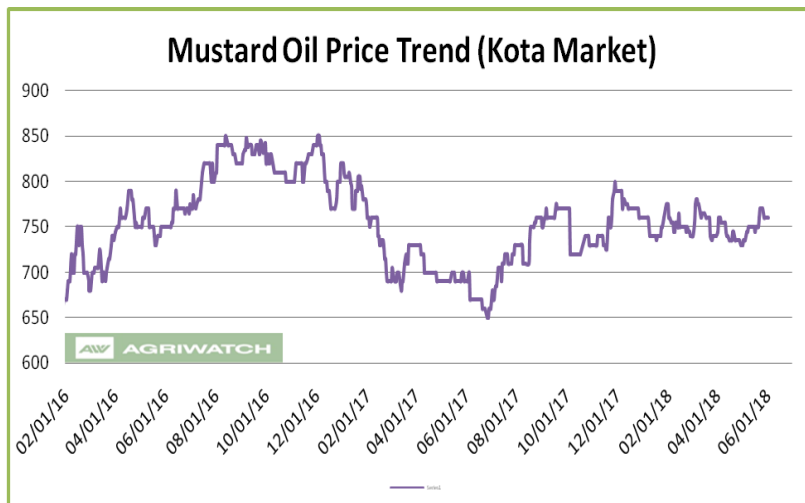
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- On the other hand, China — facing a threat of declining edible oil supply in trade wars with the United States — has promised to increase palm oil imports from Indonesia by up to 500,000 tons per year. China bought 3.73 million tons of Indonesian CPO last year, from 3.23 million tons in 2016.
- 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.

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

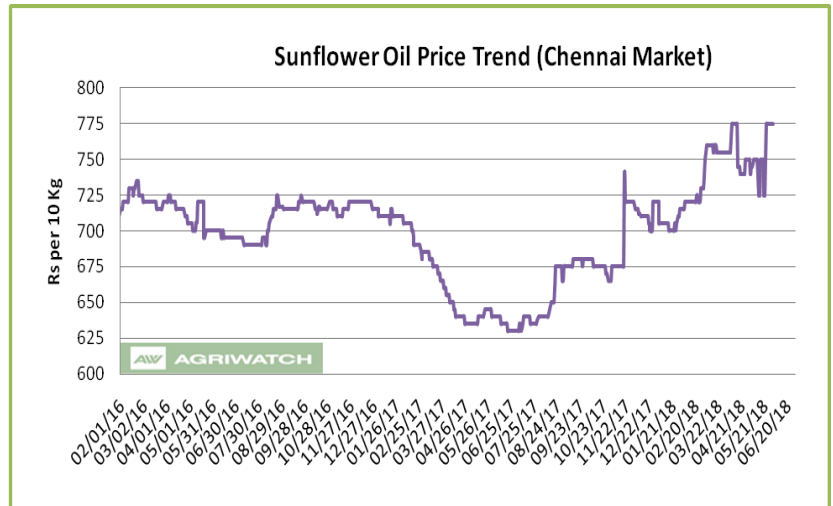
- Kachhi Ghani prices has continued to gain due to continued demand form the stockiest inform eastern part of country. Interestingly firmness remained intact although mustard prices has nosedived taking cues from soybean giving indication of robust demand of mustard oil. With falling competitive veg oil prices the upside potential remained restricted and correction in prices is expected in upcoming week. .
- Agriwatch view: Prices of rapeseed oil is expected to fall on persistent weakness in competitive veg oil.
- Kachhi Ghani prices are expected to honour current spreads and thus can bring slight correction or remain flat.
- Rapeseed oil import scenario- India imported 0.275 lakh tons of rapeseed (Canola) oil in April 2018 v/s .31 lakh tons imports in January 2017. In the period (Nov 2017-April 2018) imports were 1.32 lakh tons compared to 1.18 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 770-800 per 10 Kg.

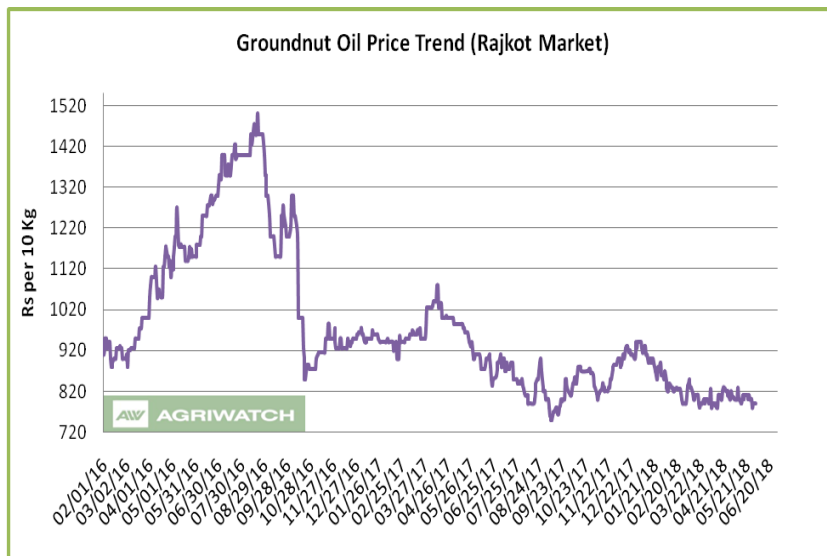
Sunflower oil Fundamental Review and Analysis:-**Domestic Front**

- Sunflower oil prices remained flat to slightly lower in the week on bearish cues from competitive oils.
- CIF prices fell marginally taking low demand from refiners and bearishness in 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. 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.
- Sunflower oil prices remained unchanged due to lack of market fundamentals. With the easing of rumours of duty hike, sun oil at Mumbai weakened by INR 5 per 10 kg. Sellers at ports quoted same price a week before at \$795 per ton on weak demand and refiners tries to clear inventories before the festive season demand kicks in. Earlier refiner's booked huge amount of sun oil as the sun was at discount over soya.
- At Kandla the refined sunflower on 30th June was quoted at INR 760 per 10 kg whereas soy oil was at INR 745 per 10 kg making sun oil cheaper by 10 kg which is going to further impede the demand down the line keeping the upside potential in sun flower oil very limited.
- At origins the sunflower new crop is underway. Russia has planted 6.9 million hectares and this season the Russian acreages is expected to reach to 7.5 million hectares. Ukraine sun sowing has been completed in 5.5 million hectares till last reported. According to USDA last year Russia harvested 7.146 million hectare whereas Ukraine harvested 6.4 million hectare. Ukraine
- Sunflower stocks as on 1st of May is 2.2 lakh tons. In April India imported record 2.94 lakh tons against 2.1 lakh tons last month and 2.34 lakh tons last year in the same time last year. Disposing such imports will be challenging for the Indian edible oil marketers. Indian importers booked huge amount earlier this year for the April delivery in seeking discounts over soy oil. Sun oil has significantly replaced the soy share in India. Last year India imported 11.84 lakh tons against 13.18 lakh tons in the first six months if the oil year (Nov-April).
- As on 31st May Indian sellers are offering Crude Sunflower oil at Indian ports for June delivery offered at \$799 down by \$10 against last week. July is being offered at \$805 and Aug at \$810 mainly pressures from the falling soy oil prices.
- CNF Prices are likely to stay in the range of USD 780-820 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 27 (USD 37 last week) per ton for June delivery.
- We expect sunflower oil prices to fall in the coming days.



Groundnut oil Fundamental Review and Analysis:-
Domestic Front

- Groundnut oil prices remained stable to marginally weak across physical market in India.
- Agriwatch view: At peanut exports front, considering the Argentinian drought and followed by floods situation, India exports is expected to cross 7 lakh tons which has witnessed limited exports during first quarter of the season. Most importing countries are looking for reasonable price levels and we see a rising interest for the Indian origin. Further with the arrival of monsoon taking place before time there is again weak sentiments building in the market on expectation of another bumper crop.
- Gujarat, is considering allowing millers to crush the oilseeds on job work basis to supply oil through the public distribution system (PDS) on trial basis. It has allowed crushing of 100.000 tons of groundnut stored in National Agricultural Cooperative Marketing Federation of India (Nafed) warehouses across Gujarat.
- Nafed has procured about 830.000 tons of groundnut in Gujarat, where farmers have harvested a bumper crop of 3.2 mil tons during 2017-2018 kharif season. Besides, Nafed is saddled with a carryover stock of 50.000 tons. These are all stored in about 800 warehouses.
- Further stockiest will try to dispose of the old crop before the arrival of new crop and thus the pressure on groundnut complex is expected to linger.
- Falling soft oil prices has paved the way for further fall in groundnut oil and prices can fall by another 10 rupees in coming week.
- On this backdrop the groundnut oil downside potential remain intact.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 8,000 (Rs 7,900) per quintal and it was quoted at Rs 8,400 (Rs 8,500) per quintal in Chennai market on June 1, 2018. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to weak in the coming days.

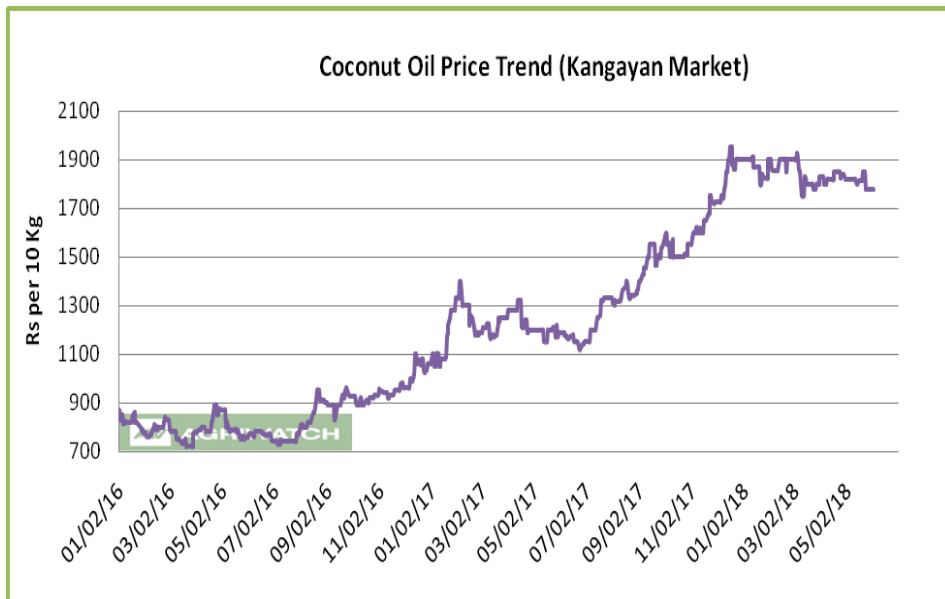


Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 780-810 per 10 Kg.

Coconut Oil Fundamental Review and Analysis:-
Domestic Front

- Coconut oil prices remained unchanged in the week under consideration as the weak demand amidst limited supplies kept the balance to bring any changes.
- The cochin coconut oil price has declined by just rupees 10.
- Agriwatch view: With the sliding crude oil prices the coconut oil market is expected to witness further weakness



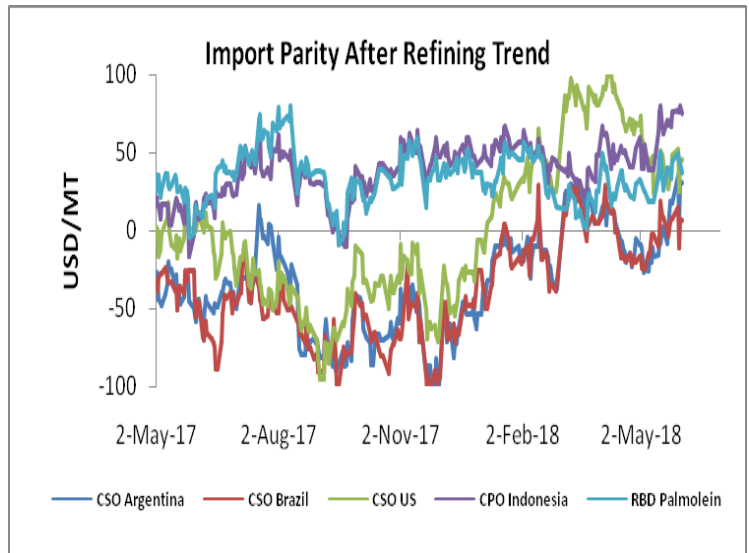
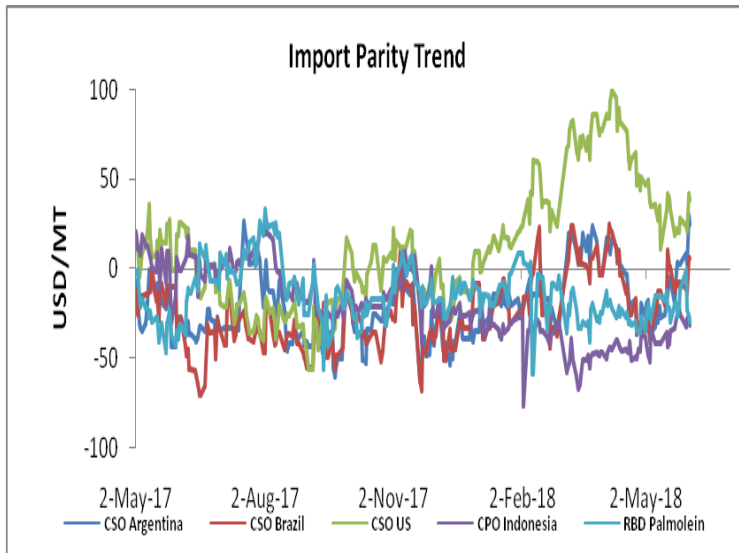
being supported by the seasonal supplies of copra and coconut oil at the start of season.

- According to, Press Information Bureau the country has made unprecedented progress in coconut cultivation from mid 2014-18 that resulted in productivity increase to 11,516 nuts/ha in 2017-18 from 10,122 in 2013-14. During this period around 13,117 ha were brought under new plantation against 9,561 ha during 2010-2014.
- Further Coconut oil is being exported to Malaysia, Indonesia and Sri Lanka since April 2017 against imports earlier Also, exports of dry coconut to the US and Europe have started.
- Tender coconuts is in high demand across India and increased quantum of coconut is being harvested as tender coconut and therefore the availability of coconut for the supplies into copra production is expected to fall. However early arrival fo the monsoon is going to deter further demand.
- Farmers in Trichy are demanding the state and central governments fix a remunerative support price for coconut and introduce an effective marketing network as well as organised wholesale markets exclusively for its trade.
- In Kerala, the office of commissioner of food safety has issued a ban on 45 brands of coconut oil, which were found to be substandard.
- Looking at the supply and demand June month is expected to witness increased supplies of copra in the market and millers demand is expected to remain limited as the coconut oil seasonal demand is low in summers.
- Further fall in crude oil prices is going decrease the competitiveness of coconut oil in the hair oil segment further pressurizing on prices. Given ban on coconut brands and upcoming fall in tender coconut demand the copra supplies is expected to improve to bring bearish sentiments in the traders.

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

Import Parity Trend

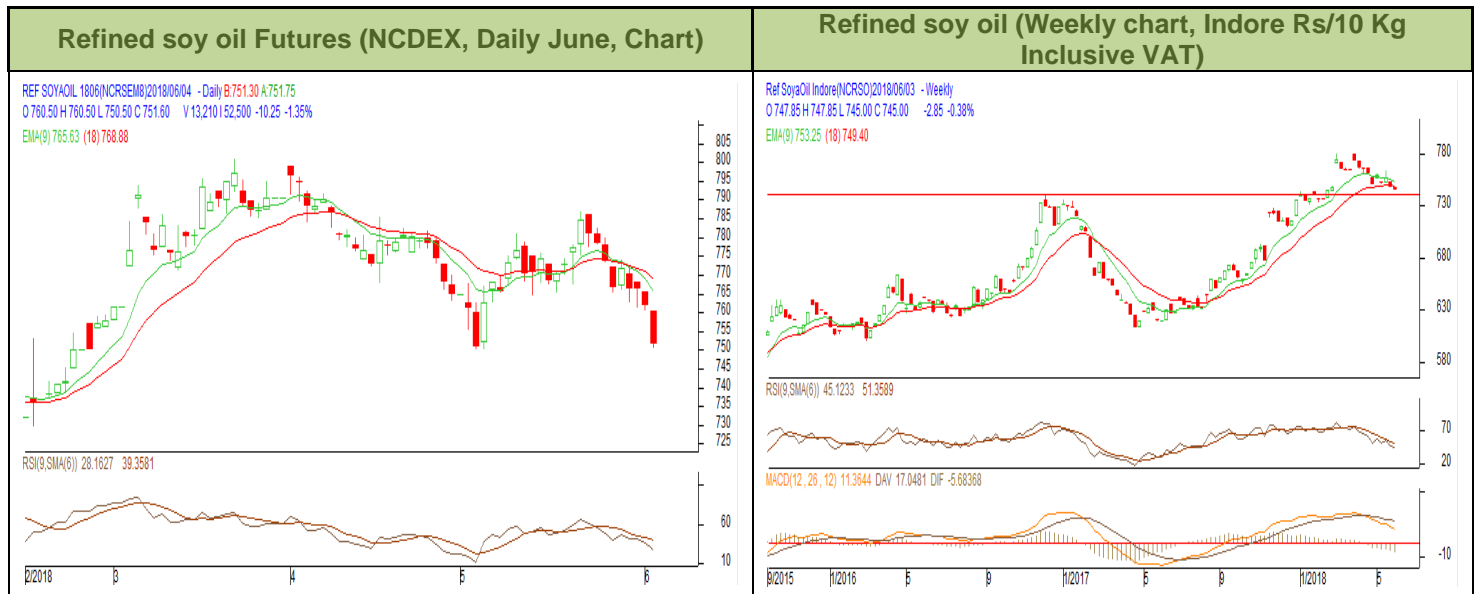
Import Parity After Refining in US dollar per ton (Monthly Average)



	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Apr, 2018	-1.55	-2.87	80.73	51.08	30.06
May, 2018	-4.94	-4.68	45.13	59.15	32.72

Outlook:-

Import parity for crude soy oil from Argentina has returned to parity due to fall in prices of soy oil in international markets. We expect CDSO import parity to remain in parity 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 witnessed downtrend during the week in review and is likely to trade with a sideways to weak tone in the coming days.

- Weekly chart of refined soy oil at NCDEX depicts downtrend during the week in review. We expect prices to trade sideways to weak tone in the near term.
- Any close below 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 and MACD is suggesting downtrend in the market.

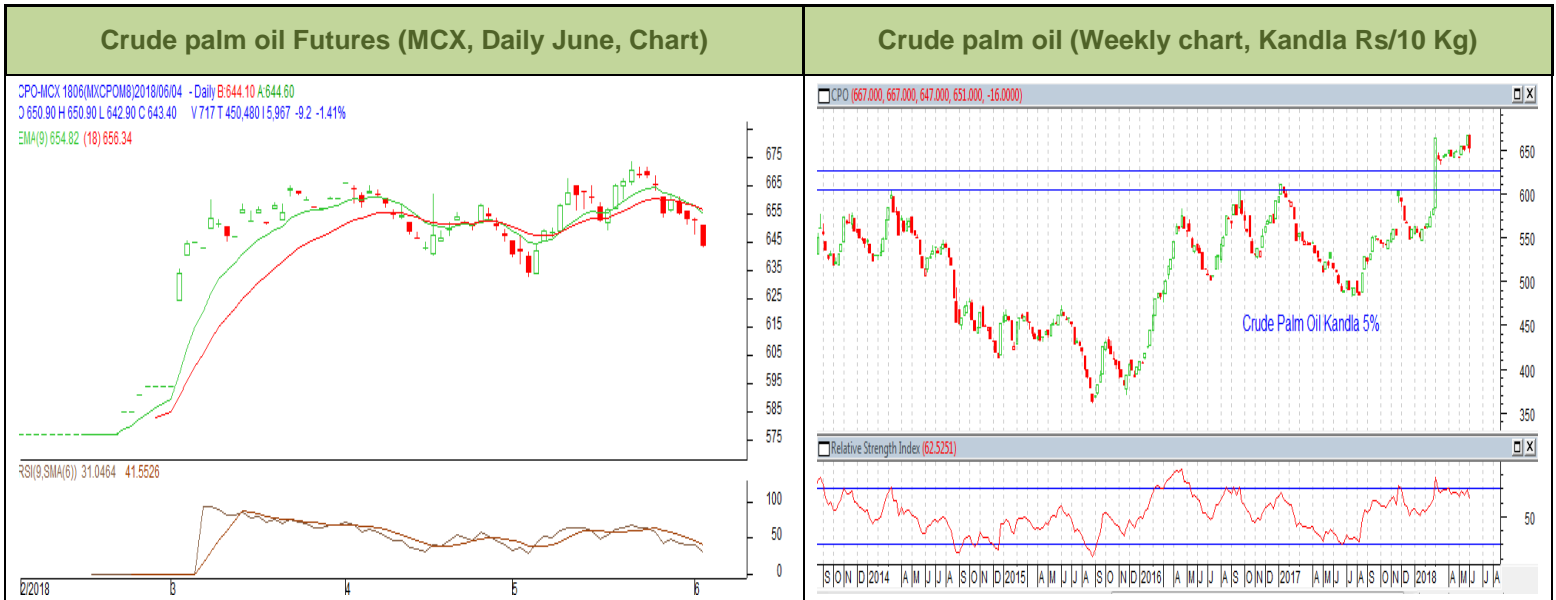
Strategy: Market participants are advised to go short below 760 levels for a target of 745 and 740 with a stop loss at 770 on closing basis.

RSO NCDEX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
732.00	747.00	751.2	768.00	781.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 720-780 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show downtrend in prices during the week. We expect that CPO June contract may trade sideways to weak note.

- Candlestick in weekly chart of crude palm oil at MCX depicts downtrend in the prices. We expect prices to trade with a sideways to weak note in the near term.
- Any close below 630 in weekly chart may bring the prices to 620 levels.
- Expected price band for next week is 630-680 level. RSI and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go short in CPO below 650 for a target of 635 and 630 with a stop loss at 660 on closing basis.

CPO MCX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
617.00	635.00	644.00	665.00	680.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 600-700 per 10 Kg.

Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		1-Jun-18	25-May-18	
Refined Soybean Oil	Indore	750	770	-20
	Indore (Soy Solvent Crude)	720	735	-15
	Mumbai	760	775	-15
	Mumbai (Soy Degum)	702	715	-13
	Kandla/Mundra	738	745	-7
	Kandla/Mundra (Soy Degum)	705	715	-10
	Kolkata	755	768	-13
	Delhi	788	800	-12
	Nagpur	752	757	-5
	Rajkot	730	735	-5
	Kota	750	760	-10
	Hyderabad	NR	NR	-
	Akola	753	761	-8
	Amrawati	753	761	-8
	Bundi	745	760	-15
	Jalna	756	762	-6
	Alwar	NA	NA	-
	Solapur	741	749	-8
	Dhule	752	763	-11
Palm Oil*	Kandla (Crude Palm Oil)	684	700	-17
	Kandla (RBD Palm oil)	719	735	-16
	Kandla RBD Pamolein	758	772	-14
	Kakinada (Crude Palm Oil)	NR	NR	-
	Kakinada RBD Pamolein	761	767	-5
	Haldia Pamolein	761	774	-13
	Chennai RBD Pamolein	767	772	-5
	Chennai RBD Pamolein (Vitamin A&D Fortified)	830	835	-5
	KPT (krishna patnam) Pamolein	756	763	-7
	Mumbai RBD Pamolein	761	777	-16
	Mangalore RBD Pamolein	764	785	-21
	Tuticorin (RBD Palmolein)	772	775	-3
	Delhi	795	802	-7
	Rajkot	756	767	-11
	Hyderabad	NR	NR	-
	PFAD (Kandla)	425	441	-16
	Refined Palm Stearin (Kandla)	530	525	5
	Superolien (Kandla)	793	798	-5

	Superolien (Mumbai)	814	814	Unch
* inclusive of GST				
Refined Sunflower Oil	Chennai	775	775	Unch
	Mumbai	780	790	-10
	Mumbai(Expeller Oil)	705	710	-5
	Kandla (Ref.)	760	760	Unch
	Kandla/Mundra (Crude)	NA	NA	-
	Hyderabad (Ref)	NR	NR	-
	Latur (Expeller Oil)	750	750	Unch
	Chellakere (Expeller Oil)	725	730	-5
	Erode (Expeller Oil)	790	795	-5
Groundnut Oil	Rajkot	790	800	-10
	Chennai	840	850	-10
	Delhi	850	850	Unch
	Hyderabad *	880	890	-10
	Mumbai	840	840	Unch
	Gondal	790	800	-10
	Jamnagar	790	800	-10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	760	775	-15
	Jaipur (Kacchi Ghani Oil)	784	794	-10
	Kota (Expeller Oil)	760	770	-10
	Kota (Kacchi Ghani Oil)	770	785	-15
	Neewai (Expeller Oil)	757	755	2
	Neewai (Kacchi Ghani Oil)	771	780	-9
	Bharatpur (Kacchi Ghani Oil)	800	800	Unch
	Alwar (Expeller Oil)	NR	NR	-
	Alwar (Kacchi Ghani Oil)	NR	NR	-
	Sri-Ganga Nagar(Exp Oil)	755	770	-15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	770	790	-20
	Mumbai (Expeller Oil)	770	785	-15
	Kolkata(Expeller Oil)	699	707	-8
	New Delhi (Expeller Oil)	810	800	10
	Hapur (Expeller Oil)	NR	NR	-
	Hapur (Kacchi Ghani Oil)	NR	NR	-
	Agra (Kacchi Ghani Oil)	805	805	Unch
Refined Cottonseed Oil	Rajkot	740	745	-5
	Hyderabad	NR	NR	-
	Mumbai	757	765	-8
	New Delhi	730	735	-5

Coconut Oil	Kangayan (Crude)	1780	1780	Unch
	Cochin	1840	1860	-20
	Trissur	NA	NA	-
Sesame Oil	New Delhi	1000	1000	Unch
	Mumbai	NA	NA	-
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	530	520	10
Rice Bran Oil (4%)	Punjab	645	630	15
Rice Bran Oil (4%)	Uttar Pradesh	NA	NA	-
Malaysia Palmolein USD/MT	FOB	635	645	-10
	CNF India	650	663	-13
Indonesia CPO USD/MT	FOB	618	628	-10
	CNF India	640	653	-13
RBD Palm oil (Malaysia Origin USD/MT)	FOB	633	643	-10
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	625	630	-5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1010	1035	-25
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	500	505	-5
Crude palm Kernel Oil India (USD/MT)	CNF India	940	1015	-65
Ukraine Origin CSFO USD/MT Kandla	CIF	795	795	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	860	880	-20
Argentina FOB (\$/MT)		31-May-18	24-May-18	Change
Crude Soybean Oil Ship		690	703	-13
Refined Soy Oil (Bulk) Ship		714	728	-14
Sunflower Oil Ship		724	725	-1
Cottonseed Oil Ship		670	683	-13
Refined Linseed Oil (Bulk) Ship		NA	NA	-
* indicates including GST				

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