Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil witnessed mixed trend in domestic market in the week in review. CBOT soy oil and BMD palm oil fell during the week. Soy oil, palm oil and coconut oil prices closed lower while rapeseed oil, sunflower oil and groundnut oil closed in green.

On the currency front, Indian rupee is hovering near 71.87, down by 6 paise compared to previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices. Rupee is expected to depreciate and crude oil prices will rise in near-term.

We expect soy oil to trade weak and palm oil to trade firm. Higher stocks at ports and pipeline may underpin prices in near term.

Outook:

Weekly Call - : At NCDEX market participants are advised to go short below 735 levels for a target of 720 and 715 with a stop loss at 745 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs 720-770 per 10 Kg in the near term.

At MCX, market participants are advised to go long in CPO above 590 for a target of 605 and 610 with a stop loss at 580 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 570-630 per 10 Kg in the near term.

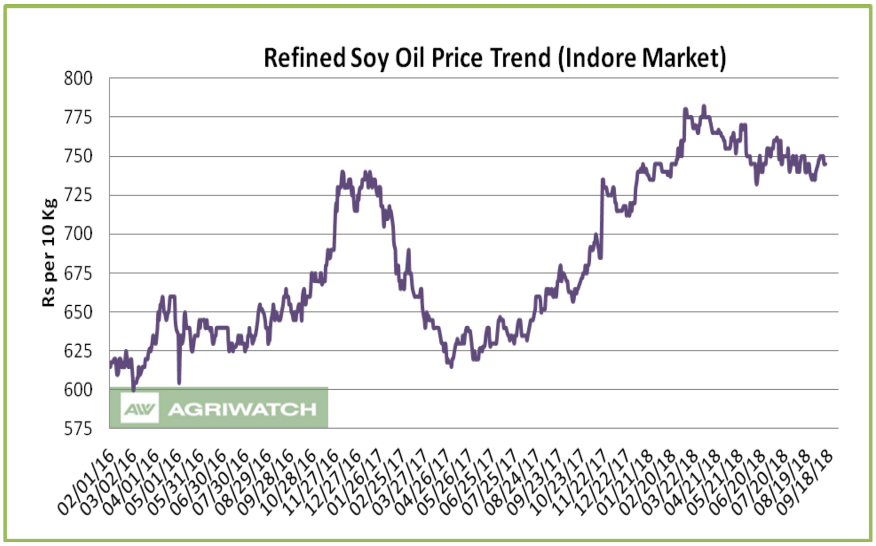
International Veg. Oil Market Summary

On the international front, trade dispute between US and China, record soybean crop in US, better than expected soybean crop condition in US, lower soybean demand from China, high stocks of soybean in China, liquidation of soybean state reserve in China and firm dollar is expected to underpin soy oil prices in coming days.

Expected fall in palm oil end stocks in Malaysia, slow rise in production of palm oil in Malaysia, rise in exports of palm oil from Malaysia, depreciation of ringgit, abolition of export duty on palm oil by Malaysia and rise in crude oil prices is expected to support CPO prices in near term.

Soy oil Fundamental Analysis and Outlook-:

Domestic Front



- Soy oil featured weak trend in domestic markets on fall in prices of soy oil in international markets.
- Prices of refined soy oil traded lower across board in India except Kolkata where prices rose. Prices of CDSO fell at JNPT and Kandla/Mudra at the end of the week.
- Agriwatch View- Soy oil prices closed lower during the week in Indore on fall in international prices of soy oil in international markets.

Demand of soy oil decreased across domestic markets on fall in prices of soy oil in international markets, import disparity and depreciation of Rupee,

Fall of Rupee from 68 to 72 per USD last four weeks may led to weak demand at high seas.

Imports of soy oil are in disparity due depreciation of Rupee.

Bearish international soybean complex situation on record soybean crop in US and expectation of higher soybean crop in Brazil and Argentina in 2018/19 and weak demand of soybean by China will be bearish for price.

Further, due to disparity in imports of soy oil, depreciation of Rupee is expected to decrease imports. Presently disparity at ports is at 1.5-2.0 per kg. Prices are less likely to fall due to higher disparity in imports.

Soy oil demand is firm at high seas as its prices rose more at high seas compared to CNF markets compared to last week.

Soy oil demand is firm at CNF markets as prices fell less at CNF compared to FOB markets where prices fell compared to last week.

Depreciation of Argentina Peso has led to increasing of basis has led to fall in FOB soy oil prices. Its premium over CBOT has increased and brought prices lower.

Imports of soy oil increased in August compared to August 2017 while it was lower than July 2018. Imports fell 40,000 tons in June compared to May 2018 while port stocks fell 80,000 tons indicating firm demand in August.

CDSO is trading at low premium over RBD palmolein at high seas at Rs 27 (Rs 31 last week) per 10 kg will increase CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 85 (Rs 80 last week) per 10 Kg, which is low and may support soy oil prices in domestic markets. In USD terms, premium of CDSO CNF over CPO CNF was quoted at USD 122.5 (USD 132.5 last week) per ton for Sep delivery, which is low and increase demand of CDSO at CNF markets compared to CPO CNF. Values in brackets are figures of last week.

Prices of soy oil are expected to trade weak in near term.

- According to Solvent Extractors Association (SEA), India's August edible oil imports rose 9.62 percent y-o-y to 14.66 lakh tons from 13.37 lakh tons in August 2017. Palm oil imports in August rose 6.1 percent y-o-y to 9.22 lakh tons from 8.69 lakh tons in August 2017. CPO Imports rose 8.33 percent in August y-o-y to 6.5 lakh tons from 6.0 lakh tons in August 2017. RBD palmolein imports fell 1.93 percent in August y-o-y to 2.59 lakh tons from 2.64 lakh tons in August 2017. Soy oil imports rose 7.59 percent in August y-o-y to 3.12 lakh tons from 2.90 lakh tons in August 2017. Sunflower oil imports rose 55.22 percent y-o-y in August to 2.08 lakh tons from 1.34 lakh tons in August 2017. Rapeseed (canola) oil import fell in August to 0.25 lakh tons compared 0.45 imports in August 2017, lower by 44.44 percent y-o-y.
- According to Solvent Extractors Association (SEA), India's August edible oil stocks at ports and pipelines rose 3.85 percent m-o-m to 25.74 lakh tons from 24.75 lakh tons in July 2018. Stocks of edible oil at ports rose to 994,000 tons (CPO 320,000 tons, RBD Palmolein 180,000 tons, Degummed Soybean Oil 240,000 tons, Crude Sunflower Oil 240,000 tons and 14,000 tons of Rapeseed (Canola) Oil) and about 1,580,000 tons in pipelines. (Stocks at ports were 928,000 tons in July 2018). India is presently holding 40 days of edible oil requirement on 1st September, 2018 at 25.74 lakh tons compared to 39 days of requirements last month at 24.75 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.
- All India sowing of soybean was reported at 112.5 lakh hectares as on 14.09.2018 compared to 105.76 lakh hectares in the corresponding period last year, higher by 6.37 percent y-o-y. Sowing in top producing state of MP was reported at 53.18 lakh hectares as on 14.09.2018 compared to 50.10 lakh hectares in corresponding period last year, higher by 6.15 percent.
- Soy oil import scenario – According to SEA, soy oil imports rose 7.59 percent y-o-y in August to 3.12 lakh tons from 2.90 lakh tons in August 2017. In the period (Nov 2017-Augsut 2018), imports of soy oil were 24.42 lakh tons compared to 27.39 lakh tons in corresponding period last oil year, lower by 10.8 percent y-o-y.
- Imported crude soy oil CNF at West coast port is offered at USD 675 (USD 696) per ton for Sep delivery, Oct delivery is quoted at USD 673 (USD 696) per ton, Nov delivery is quoted at USD 678 (USD 701) per ton and Oct delivery is quoted at USD 678 per ton. Values in brackets are figures of last week. Last month, CNF CDSO Aug average price was USD 691.58 (USD 708.58 per ton in July 2018) per ton.
- On the parity front, margins were in disparity during the week on fall in prices of soy oil in Indian markets, and we expect margins to remain in disparity in coming days. Currently refiners lose USD 10-15/ton v/s gain of USD 0-5/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- We expect soy oil to trade sideways to weak in the coming days.

International Front

Agriwatch view- Soy oil prices are expected to be expected to be underpinned by trade dispute between US and China, record soybean crop in US, high stock of soybean in China, weak demand of soybean in China due to outbreak of swine flu, liquidation of soybean state reserve by China, weak competitive oils and firm dollar.
Trade war between US and China is escalating with Trump Administration is likely to put additional import duties of import of Chinese goods worth USD 200 billion by Monday.

While failed talks and escalation of hostilities with China, there is possibility of lower imports of soybean by China. Chinese will purchase lower US cargoes when Brazilian supply weakens. Instead it is look at other option to replace soybean imports. China has imported first soy oil consignment from Argentina after a break of 3 years. China may open imports of soy meal from Argentina and Paraguay. China has opened imports of soybean from Ethiopia. China is expected to open more trade sources like import of soy meal from India and China is buying more palm oil.

Chinese are enquiring on import of rape meal, sunflower meal, cottonseed meal from Europe, Ukraine and India to tide over tight situation, which will arise in fourth quarter of 2018.

Chinese import of soybean used to start when new marketing season starts from US in September. But this year Chinese buyers are missing.

Trade dispute has led to lower sales of US soybean in MY 2017/18 leading to record soybean stocks in a year when US is expected to harvest record stocks.

However, soybean exports from US is expected to pickup due to fall in prices of soybean from US origin due to trade dispute which may prompt major buyers to buy more soybean from US as current prices of US soybean will give crushers big margins.

China is aggressively buying soybean from Brazil as Brazil reporting 70 percent of exports of soybean in MY 2017/18 going to China.

China imported first consignment of Argentina soy oil after break of 3 years of imports. China is hunting for new options to replace soybean imports from US. With start of US soybean marketing season and thinning of Brazilian soybean supply there is pressure in Beijing to secure alternate supplies.

However, outbreak of swine flu in China has cut demand of soy meal in the country, which is holding record soybean and soy meal stocks.

NOPA reported fall of soy oil end stocks in US in July due to higher domestic use despite higher production of soy oil in US in July due to record crush of soybean in any July in US. Lower prices of soybean and soy oil have propelled demand in the US market.

USDA raise US soybean crop to record levels in its September supply and demand estimates due to higher yields of soybean due to better than expected soybean crop condition in US. More rise in soybean crop is not ruled out and exact amount of soybean produced in US will be known by December when harvest ends in November.

Brazil has reported steady rise in 2018/19 year soybean forward sales. Brazil will gain in the US, China trade dispute but farmers will face headwinds on lower soybean prices, and rising farming costs apart from higher energy prices.

Argentina is expected to import US soybean to supply soy oil and soy meal to China. US and China trade dispute has opened trade opportunity for Argentina.

Soybean crop condition in US has improved last week. Crop condition better than corresponding period last year and 5-year average, leading USDA to rise yields to record and raise 2018/19 soybean crop to record levels.

Soybean disappearance in domestic market in US is strong due to fall in prices of soybean, which has led to record margins for crushers. Companies are recording record margins. This has led to higher supply of soy oil in US, which will raise soy oil stocks in US in coming months, will underpin soy oil prices.

China imported higher soybean imports in August, most of it from Brazil due to restock soybean in the country due to hedge its demand in fourth quarter of 2018 as Brazilian and Argentina supplies thin.

Crushers of soybean in China are struggling from weak demand due to low growth rate of livestock herd growth. Outbreak of swine flu has affected demand of feed, which has led to lower soybean demand leading to shutdown of many crushers. This may prompt China to import lower amount of soybean in coming months as present stocks will setoff lower imports in coming months.

China is liquidating soybean state reserves in an effort to keep stock of soybean to loosen any tightness in soybean markets. Currently China is liquidating 2013 soybean stocks. China is also liquidating state soy oil stocks to loosen any tightness in edible oils markets. These steps have led to lower prices of soybean complex in China, which will underpin prices.

Competitive oils like BMD palm oil and DALIAN RBD palmolein is expected to trade firm due to strong demand from Malaysia, which will support soy oil prices.

Soy oil prices corrected more than 20 percent in last couple of months due to trade dispute between US and China and good soybean crop condition, is expected to reignite demand and support prices.

Dollar Index is expected to rise on higher than expected hike in interest rates by US FED in 2018 will weigh on soy oil prices in near term.

Prices are in a range.

- The U.S. Department of Agriculture monthly supply and demand report for the month of September forecasts U.S. 2018/19 soybean stocks at 845 million bushels up from 785 million bushels in its earlier estimate. Opening stocks in 2018/19 is lowered to 395 million bushels 430 million bushels in its earlier estimate. Soybean production is estimated in 2018/19 is increased to 4,693 million bushels compared to 4,586 million bushels in its earlier estimate. U.S. soybean exports in 2018/19 estimate are kept unchanged at 2,060 million bushels. Imports in 2018/19 are estimated at 25 million bushels, unchanged from its earlier estimate. Crush in 2018/19 is estimated at 2,070 million bushels compared to 2,060 million lbs in its earlier estimate. Seed use in 2018/19 is kept unchanged at 103 million bushels. Residual use is increased to 34 millllion bushels compared to 33 million bushels. Average price range in 2018/19 is reduced to 7.35-9.85 cents/lbs lower from 7.65-10.15 cents/lbs.
- According to United States Department of Agriculture (USDA) September estimate, U.S 2018/19 end stock estimate of soy oil is increased to 2,166 million lbs compared to 2,066 million lbs in its earlier estimate. Opening stocks in 2018/19 is decreased to 2,156 million lbs compared to 2,171 million lbs in its earlier estimate. Production of soy oil in 2018/19 is increased to 23,910 million lbs from 23,795 million lbs in its earlier estimate. Imports in 2018/19 were unchanged at 300 million. Biodiesel use estimate in 2018/19 is kept unchanged at 7,800 million lbs. Food, feed and other industrial use in 2018/19 is kept unchanged at 14,200 million lbs. Exports in 2018/19 estimate are kept unchanged at 2,200 million lbs. Average price range in 2018/19 is kept unchanged at 28.00-32.00.
- According to the data released by China's General Administration of Customs China Imported 9.15 MMT of soybean in August as compared to 8.0 MMT last month, higher by 14.4 percent m-o-m. The imports is up by 8.3 percent compared to August 2017 which was reported at 8.45 MMT million tons as compared to previous year figure in the same time frame. Year to date imports are down 2.1 percent to 62.0 MMT compared to corresponding period last year.

- In the weekly USDA crop progress report released on 9 September; Soybean dropping leaves are reported at 31% compared to 20% in corresponding period last year and 5-year average at 19%. About 68% of the soybean planted crop is under good to excellent condition which is up from 60% during the corresponding period last year.
- According to China General Administration of Customs (CNGOIC), China's August edible vegetable oil imports rose 19.6 percent to 598,000 tons from 500,000 tons in July. Exports rose 15.0 percent from August 2017 which was reported at 520,000 tons. Year to date imports rose 8.8 percent to 3,875,000 tons compared to corresponding period in 2017.
- In the latest report released by Buenos Aires Grain Exchange (Bolsa DeCereals) Argentina's 2017/18 soy harvest ended at 37 million tons, much below the 54 million tons estimated at the beginning of the season due to a severe drought. This is the smallest crop of the past nine years, according to the exchange.
- According to National Oilseed Processors Association (NOPA), U.S. July soybean crush rose 5.34 percent m-o-m to 167.733 million bushels from 159.228 million bushels in June 2018. Crush of soybean in July 2017 was 144.718 million bushels. Soy oil stocks in U.S. at the end of July fell marginally m-o-m to 1.764 billion lbs compared to 1.766 billion lbs in end June 2018. Stocks of soy oil in end July 2018 was higher by 13.22 percent compared to end July 2017, which was reported at 1.558 million lbs.
- USDA WASDE Oilseeds Highlights The 2018/19 U.S. season-average soybean price is forecast at $7.35 to $9.85 per bushel, down $0.30 at the midpoint. Soybean meal prices are lowered $5.00 at the midpoint to $290 to $330 per short ton. Soybean oil prices are unchanged at 28.0 to 32.0 cents per pound.

Previous updates

- According to United States Department of Agriculture (USDA) August estimate, U.S 2017/18 ending stocks of soy oil is fell 7.6 percent to 2,066 million lbs from 2,236 million lbs in July estimate. Opening stocks are lowered to 2,171 million lbs from 2,316 million lbs. Production of soy oil in 2017/18 is increased to 23,795 million lbs in August estimate from 23,620 million lbs in its July estimate. Imports in 2018/19 are kept unchanged at 300 million lbs. Biodiesel use in 2018/19 was unchanged at 7,800 million lbs. Food, feed and other industrial use in 2018/19 is increased to 14,200 million lbs in its August estimate compared to 14,000 million lbs its earlier estimate. Exports in 2018/19 were unchanged at 2,200 million lbs. Average price range estimate ended the year 2018/19 is kept unchanged at 28-32 cents/lbs. Fall in end stock is due to lower opening stocks, higher food, feed and industrial use partially offset by higher production of soy oil.
- The U.S. Department of Agriculture monthly supply and demand report for the month of August forecasts U.S. 2018/19 soybean stocks at 785 million bushels up from 580 million bushels in its earlier estimate. Opening stocks in 2018/19 is lowered to 430 million bushels 465 million bushels in its earlier estimate. Soybean production is estimated in 2018/19 is increased to 4,586 million bushels compared to 4,310 million bushels in its earlier estimate. U.S. soybean exports in 2018/19 estimate are increased to 2,060 million bushels compared to 2,040 million bushels. Imports in 2018/19 are estimated at 25 million bushels, unchanged from its earlier estimate. Crush in 2018/19 is estimated at 2,060 million bushels compared to 2,045 million lbs in its earlier estimate. Seed use in 2018/19 is kept unchanged at 103 million bushels. Residual use is increased to 33

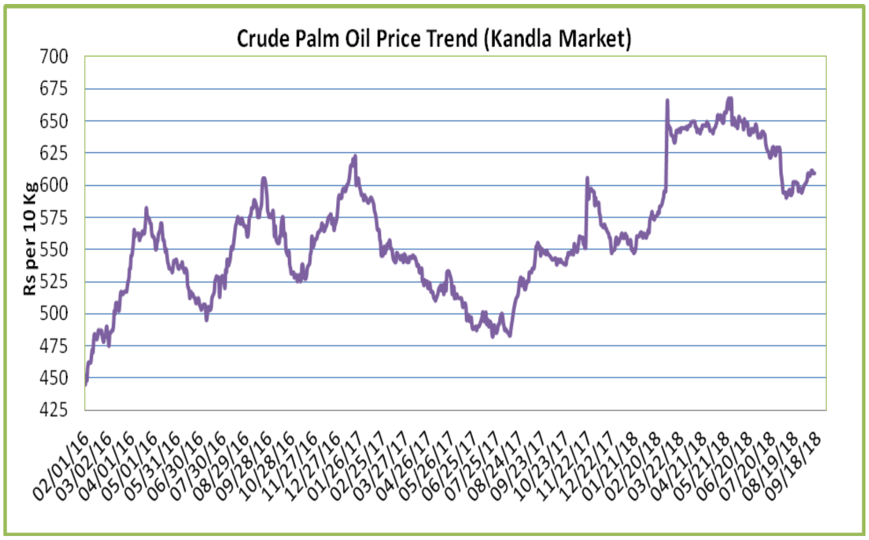
millllion bushels compared to 32 million bushels. Average price range in 2018/19 is reduced to 7.65-10.15 cents/lbs lower from 8.0-10.5 cents/lbs.

- According to the data released by China's General Administration of Customs China Imported 8.01 million tons of soybean in July as compared to 8.7 million tons last month. The imports is down by 2.07 million tons as compared to previous year figure in the same time frame.
- In the weekly USDA crop progress report released on 27 August; Soybean dropping leaves are reported at 16% compared to 10% in corresponding period last year and 5-year average at 9%. About 66% of the soybean planted crop is under good to excellent condition which is up from 61% during the corresponding period last year.
- According to National Oilseed Processors Association (NOPA), U.S. June soybean crush fell 2.66 percent m-o-m to 159.228 million bushels from 163.572 million bushels in May 2018. Crush of soybean in June 2017 was 138.074 million bushels. Soy oil stocks in U.S. at the end of June fell 4.85 percent m-o-m to 1.766 billion lbs compared to 1.856 billion lbs in end May 2018. Stocks of soy oil in end June 2018 was higher by 3.7 percent compared to end June 2017, which was reported at 1.703 million lbs.
- USDA increased 2018/19 soybean crop of Brazil to120.5 MMT in its July estimate from earlier estimate to 118 MMT.
- USDA increased 2018/19 soybean crop of Argentina to 57 MMT from 56 MMT.
- USDA WASDE Oilseeds Highlights- The U.S. season-average soybean price for 2018/19 is forecast at $8.90 per bushel at the midpoint, down 35 cents from last month. The soybean meal price forecast at $295 to $335 per short ton, down $20 at the midpoint. The soybean oil price forecast is unchanged at 28.0 to 32.0 cents per pound.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 720-770 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front



- Crude palm oil featured weak trend at its benchmark market at Kandla on weak demand.

  RBD palmolein closed lowwer at its benchmark market of Kandla on weak demand

  CPO prices rose in Krishnapatnam, Kakinada and Kolkata.

  RBD palmolein showed mixed trend in India during the week at various marketing centers.

- Agriwatch View – Prices of CPO closed lower at Kandla on weak demand.

  Prices of CPO fell less at high seas compared to CNF markets compared to last week indicating firm supply at high seas.

  Rupee depreciation and continuous fall in prices of CPO has led to postponing of demand.

  Rupee depreciated from 68 to 72 last four weeks, which has led to disparity in imports of CPO.

  Trade of CPO disparity decreased on rise in prices of CPO in Indian markets, which stands at Rs 2.0-2.5 per kg. Higher disparity will weaken import demand and will not let prices fall.

  Disparity is likely decrease imports of CPO.

  Traders are expected to take advantage of international prices of CPO by increasing buying at lower levels.

  Depreciation of Rupee will increase disparity and lower imports. Lower Rupee increases import prices of palm oil and which in turn increases disparity if domestic prices do not rise, which in turn dents demand.

  However, due to fall in international prices of CPO and reduction of export duty by Malaysia on exports of crude palm oil will increase imports by India.

  Data from cargo surveyors show surge in imports of palm oil by India in September.

  Imports of palm oil by India in August as reported by SEA showed 6.1 percent increase in imports compared to August 2017. CPO imports surged in August by increasing 8.33 percent compared to Aug 2017. Rise in CPO imports came on big base y-o-y. RBD palmolein imports fell 1.93 percent in August compared to Aug 2017.

  In oil year 2017-18 (Nov 2017-Aug 2018) palm oil imports has fallen 7.7 percent on lower imports of RBD palmolein compared to corresponding period last oil year.

  MPOB Malaysian palm oil August stocks rose on lower than expected rise in production of palm oil and fall in exports of palm oil from Malaysia.

  Imports of CPO rose in August due to parity in imports of CPO in the month of July and August, rise in demand at lower levels, higher premium of RBD palmolein over CPO at CNF markets, higher premium over soy oil over CPO at CNF markets, restocking before festive season demand, weak oilseed crop in India especially groundnut crop whose oil recovery is much higher and expected depreciation of Rupee. Import demand of CPO will decrease in September due to disparity in imports.

Higher imports of CPO lead to higher stocks of CPO at ports in August.

Demand of CPO is weak at CNF markets as prices fell more at CNF compared to FOB markets compared to last week.

RBD palmoelin featured weak tone in its benchmark market on weak demand.

RBD palmolein prices remained fell more at high seas compared to CNF markets indicating weak demand.

Import demand of RBD palmolein rose in August due to import parity, fall in price of RBD palmolein in international markets, higher discoundt of RBD palmolein over soy oil and sunflower oil and expected depreciation of Rupee.

Import demand of RBD palmolein is weak in oil year 2017-18 (Nov 2017-Aug 2018) due to due to hike in import duty on RBD palmolein, higher differential of RBD palmolein import duty over CPO, depreciation of Rupee, premium of RBD palmolein over CPO at CNF markets, lower margins in imports of ready to use palmolein compared to domestic refined CPO.

Imports of RBD palmolein are in disparity due to fall in prices of palm products in domestic market.

At present there is disparity of Rs 4.0-5.0 per kg due to tight conditions.

Stocks of RBD palmoelin at Indian ports have increased in August due to restocking at ports.

Demand of RBD palmolein was weaker compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 61 (Rs 67) per 10 kg compared to last week.

Margins are higher in importing CPO and selling refined oil in domestic markets, than selling ready to use RBD palmolein in domestic markets.

Higher refining margins in domestic refined palmolein compared to imported ready to use palmolein will encourage imports of CPO compared to RBD palmolein.

Demand of RBD palmolein is regular at CNF markets as prices fell equally at CNF and FOB markets compared to last week.

Import of RBD palmolein in August was lower than August 2017 while it surged compared to July 2018. Imports of RBD palmolein surged in Augsut compared to July while port stocks rose indicating restocking of RBD palmolein in Augsut.

CDSO CNF premium over CPO CNF is at USD 122.5 (USD 133.5 last week) per 10 kg which is low and will decrease imports. Low premium of CDSO soy oil high seas over CPO high seas is at Rs 88 (Rs 99 last week) per 10 Kg, will decrease CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 85 (Rs 80 last week) per 10 kg is low and will decrease RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is at USD 157.5 (USD 182.5 last week) per ton. Increasing premium of refined sunflower oil over RBD palmolein due to hike in import duty on sun oil at Rs 180 (Rs 160) per 10 kg, will increase RBD palmolein imports. Values in brackets are figures of last week.

Prices of CPO are expected to remain sideways to firm.

- According to United States Department of Agriculture (USDA) September estimate, India is estimated to import 10.6 MMT of palm oil in 2018/19 compared to earlier estimate of 11.6 MMT. Consumption of palm oil oil is reduced to 10.820 MMT from 11.820 MMT in its earlier estimate, down 8.46 percent. End stocks were kept unchanged at 0.47 MMT. USDA decrease India's palm oil imports in 2017/18 in its September estimate to 9.5 MMT from 10.7 MMT in its earlier estimate, down 11.2 percent. Consumption of palm oil in 2017/18 is reduced to 9.7 MMT from 10.9 MMT in it earlier estimate, down 11 percent. End stocks of palm oil are kept unchanged at 0.49 MMT. Fall in imports of palm oil is due to hike in import duty on palm products.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in August rose 6.1 percent y-o-y to 9.22 lakh tons from 8.69 lakh tons in August 2017. Imports in the period (November 2017-August 2018) are reported lower y-o-y at 70.28 lakh tons compared to 76.14 in the corresponding period last oil year, down 7.7 percent y-o-y.

  Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 8.33 percent y-o-y in August to 6.50 lakh tons from 6.0 lakh tons in August 2017. Imports in the period (November 2017-August 2018) are reported higher by 1.93 percent y-o-y at 51.85 lakh tons compared to 50.87 lakh tons in the corresponding period last oil year.

  RBD palmolein import scenario- RBD palmolein imports fell y-o-y in August by 1.93 percent to 2.59 lakh tons from 2.64 lakh tons in August 2017. Imports in the period (November 2017-August 2018) are reported lower by 28.76 percent y-o-y at 17.54 lakh tons compared to 24.62 lakh tons in the corresponding period last oil year.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 552.5 (USD 562.5) per ton for Sep delivery and Oct delivery is quoted at USD 552.5 per ton. Last month, CNF CPO Aug average price was at USD 565.19 per ton (USD 583.23 per ton in July 2018). Values in brackets are figures of last week.

  Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 575 (USD 582.5) per ton for Sep delivery and Oct delivery is quoted at USD 575 per ton. Last month, CIF RBD palmolein Aug average price was USD 579.84 (USD 591.77 in July 2018) per ton. Values in bracket depict last week quotes.

  Ready lift CPO duty paid prices quoted at Rs 599 (Rs 603) per 10 Kg and Sep delivery duty paid is offered at Rs 599 (Rs 603) per 10 kg. Ready lift RBD palmolein is quoted at Rs 670 (Rs 665) per 10 kg as on Sep 7, 2018. Values in brackets are figures of last week.
- On the parity front, margins decreased during this week due to fall in prices of palm products in Indian markets. Currently refiners fetch USD 5-10/ton v/s gain of USD 90-95/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein lose USD 35-40/ton v/s gain of USD 65-70/ton (last month) parity.
- We expect palm oil to trade sideways to firm in the days ahead.

International Front

Agriwatch View – Palm oil prices are expected to rise on expectation of fall in end stocks of palm oil in Malaysia in September, expectation of lower rise production of palm oil in Malaysia in Sep-Oct, surge in exports of palm oil from Malaysia in September, depreciation of Ringgit and rise in crude oil prices.

Palm oil end stocks is expected to fall in Malaysia in September on slow rise in production of palm oil in Malaysia in Sep-Oct and surge in exports of palm oil from Malaysia in September.

Palm oil end stocks rose in August due to lower than expected rise in production of palm oil in Malaysia and fall in exports of palm oil from Malaysia in August.

Production of palm oil in Malaysia in 2018 is expected to rise slowly due to older plant profile of palm trees in Malaysia, lower fertilizer use due to fall in palm oil prices in 2018 and labour.

Production of palm oil will rise in September on seasonal uptrend of production but at a lower rate.

Exports of palm oil are rose 77 percent in Malaysia in first 15 days of September on higher imports by EU, China and Indian subcontinent. Rise in imports of palm oil from Malaysia in September is due to abolition of export duty on export of crude palm oil from Malaysia from September.

Demand from India is firm due to restocking by India ahead of festivals, removal of export duty on exports of CPO by Malaysia, fall in prices of palm oil and depreciation of Ringgit. However, demand over longer horizon is likely to weaken due to depreciation of Rupee, high stocks of palm oil at ports and disparity in imports of palm oil.

However, India is a price sensitive country and will import in higher amount if prices fall. Festive season demand will keep imports higher in September.

Demand of palm oil from China is expected to remain firm due to abolition of CPO export duty by Malaysia, thinning expected supply of soy oil in fourth quarter of 2018, lower palm oil prices, China looking for alternate sources to replace import of soybean from US.

However, outbreak of swine flu in China, record stocks of soybean and soy meal in China and liquidation of state reserves of soybean may prompt lower imports of palm oil in coming months.

Abolition of export duty on exports of CPO from Malaysia from September has yielded good results for exports of palm oil from Malaysia. This will lead to lowering of higher stocks of palm oil in Malaysia which is struggling from higher stocks of palm oil.

With removal of export duty on exports of crude palm oil by Malaysia has led to increase in exports of palm oil from Malaysia. Exports surged in last 15 days of September, which indicates that exports in September will be higher than expected.

Ringgit has depreciated below 4.10/$ and is trading at 4.15 levels. With the fall in currencies of Turkey, Argentina, Indonesia and expectation of rise in Dollar Index on aggressive hike in interest rate by US FED has led to expectation of further fall in Ringgit. Lower ringgit will support palm oil exports as lower ringgit makes palm oil more competitive compared to competitive oils.

Competitive oils like RBD palmolein DALIAN is expected to support palm oil prices.

CBOT soy oil is expected to be underpinned by fall in soybean complex prices due to US and China trade dispute and higher soybean output in US will underpin palm oil prices.

Crude oil prices rose due to fall in crude oil inventories in US. However, due to sanctions on Iran and crude oil production by Saudi Arabia fell will lead to higher crude oil prices supporting palm oil prices.

Indonesia has mandated biodiesel use in every vehicle with 20 percent bio content blend from September which will increase palm oil consumption in the country. The country and is planning B30 norms which aims to blend 30 percent bio content on diesel. Indonesia intends to cut crude oil imports, which dents its current account deficit leading to lower Indonesia Rupiah.

Higher demand of palm oil in Indonesia will soak incremental supply of palm oil in Indonesia.

Prices are in range.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's August palm oil stocks rose 12.37 percent to 24.89 lakh tons compared to 22.15 lakh tons in July. Production of palm oil in August rose 7.92 percent to 16.22 lakh tons compared to 15.03 lakh tons in July. Exports of palm oil in August fell 8.11 percent to 11.0 lakh tons compared to 11.97 lakh tons in July. Imports of palm oil in Augsut rose 82.13 percent to 0.80 lakh tons compared to 0.44 lakh tons in July. End stocks of palm oil rose more than market estimates. Primary reasons for higher than expectedrise in end stocks are due to weaker than expected exports.

- According to cargo surveyor Inter, Malaysia's September 1-15 palm oil exports rose 77.2 percent to 752,317 tons compared to 424,487 tons in corresponding period last month. Top buyers were European Union 189,132 tons (109,542 tons), India & subcontinent 137,695 tons (83,400 tons) and China at 104,600 tons (16,700 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's September 1-10 palm oil exports rose 44.4 percent to 415,275 tons compared to 287,501 tons in the corresponding period last month. Top buyers are European Union at 182,007 tons (38,808 tons), India at 35,895 tons (53,200 tons), China at 33,400 tons (15,000 tons), United States at 0 tons (29,141 tons) and Pakistan at 0 tons (0 tons). Values in brackets are figures of corresponding period last month.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's July palm oil stocks rose 1.15 percent m-o-m to 4.901 MMT compared to 4.854 MMT in June 2018. Procudction of palm oil in July rose 8.48 percent m-o-m to 4.284 MMT from 3.949 MMT in June 2018. Exports of palm oil (CPO, PKO and its derivatives) rose 17.82 percent in July m-o-m from Indonesia to 3.219 MMT from were 2.732 MMT in June 2018. Exports of palm oil (CPO, PKO and its derivatives) rose 27% in July y-o-y to 3.219 MMT from 2.54 MMT in July 2017.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's July palm oil stocks rose 1.26 percent to 22.15 lakh tons compared to 21.87 lakh tons in June. Production of palm oil in July rose 12.79 percent to 15.03 lakh tons compared to 13.33 lakh tons in June. Exports of palm oil in July rose 6.75 percent to 12.06 lakh tons compared to 11.30 lakh tons in June. Imports of palm oil in July fell 50.6 percent to 0.37 lakh tons compared to 0.74 lakh tons in June. End stocks of palm oil rose less than market estimates. Primary reasons for slow rise in end stocks are due to better than expected exports and weaker than expected production of palm oil.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia reduced September crude palm oil export duty to 0.0 percent compared to 4.5 percent for August. Export duty of palm oil is calculated at reference price of 2,213.73 ringgit ($541.25) 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 August unchanged at zero, below threshold prices of USD 750 per ton.

Previous updates

- According to cargo surveyor Inter, Malaysia's September 1-10 palm oil exports rose 63.0 percent to 489,492 tons compared to 300,326 tons in corresponding period last month. Top buyers were European Union 180,167 tons (73,031 tons), India & subcontinent 69,395 tons (66,100 tons) and China at 49,200 tons (16,700 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's August palm oil exports rose 0.4 percent to 1,054,169 tons compared to 1,049,970 tons in the corresponding period last month. Top buyers are European Union at 187,373 tons (252,561 tons), India at 158,700 tons (135,920 tons), China at 117,975 tons (139,225 tons), United States at 68,296 tons (45,498 tons) and Pakistan at 43,000 tons (27,000 tons). Values in brackets are figures of last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's July palm oil stocks rose 1.26 percent to 22.15 lakh tons compared to 21.87 lakh tons in June. Production of palm oil in July rose 12.79 percent to 15.03 lakh tons

compared to 13.33 lakh tons in June. Exports of palm oil in July rose 6.75 percent to 12.06 lakh tons compared to 11.30 lakh tons in June. Imports of palm oil in July fell 50.6 percent to 0.37 lakh tons compared to 0.74 lakh tons in June. End stocks of palm oil rose less than market estimates. Primary reasons for slow rise in end stocks are due to better than expected exports and weaker than expected production of palm oil.

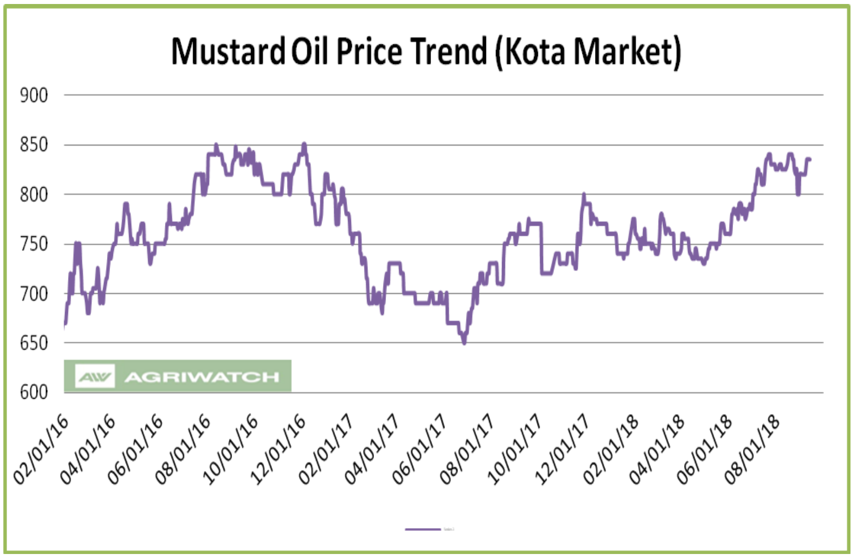
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's June palm and palm kernel oil exports rose 7.5 percent m-o-m to 2.29 MMT compared to 2.13 MMT in June 2017. On m-o-m basis exports rose 7.0 percent. Exports were 2.14 MMT in May 2018. End stocks of palm oil in Indonesia rose to 4.85 MMT in June from 4.76 MMT in May, higher by 1.9 percent m-o-m.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's June palm oil stocks rose 0.83 percent to 21.89 lakh tons compared to 21.71 lakh tons in May. Production of palm oil in June fell 12.63 percent to 13.33 lakh tons compared to 15.25 lakh tons in May. Exports of palm oil in June fell 12.57 percent to 11.29 lakh tons compared to 12.91 lakh tons in May. Imports of palm oil in June rose 166 percent to 0.86 lakh tons compared to 0.32 lakh tons in May. End stocks of palm oil rose against trade estimate of fall in end stocks.
- According to Indonesia Palm Oil Association (GAPKI), Indonesia's May palm and palm kernel oil exports fell 18.3 percent m-o-m to 2.14 MMT compared to 2.62 MMT in May 2017. On m-o-m basis exports fell 3.6 percent. Exports were 2.22 MMT in April 2018. End stocks of palm oil in Indonesia rose to 4.76 MMT in May from 3.97 MMT in April, higher by 19.9 percent m-o-m.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia reduced August crude palm oil export duty to 4.5 percent compared to 5 percent for July. Export duty of palm oil is calculated at reference price of 2,284.26 ringgit ($567.52) 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 July unchanged at zero, below threshold prices of USD 750 per ton. This is 15th 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 570-630 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-:

Domestic Front



- Mustard oil prices featured firm trend in benchmark market on firm demand and rise in prices of rapeseed. Arrivals of rapeseed rose last week.
- Agriwatch view: Prices of rapeseed oil expeller featured firm trend in it benchmark market on firm demand.

Prices of rapeseed rose last week.

Prices of rapeseed oil expeller prices traded sideways to higher across board in India.

Prices of kacchi ghani traded sideways to higher across board India.

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

Hike in import duty on rapeseed (canola) oil has weakened its demand.

Rise in rapeseed prices led to higher rapeseed oil prices. Rise in raw material prices led to higher product prices.

Sale of rapeseed by NAFED was weak due to limited interest in rapeseed auctions. NAFED is currently holding 8 lakh tons of rapeseed.

Stock of rapeseed with NCDEX us 0.27 lakh tons. Stocks with trade are less.

Recent rise in prices of rapeseed has increased arrivals of rapeseed last week.

Demand of rapeseed oil is firm due to stocking of rapeseed oil before festivals in East and North India.

Rapeseed end stocks in MY 2018-19 is expected to be much lower than expected on account of limited stocks of rapeseed. Agriwatch estimated rapeseed crop at 6.45 MMT in the current marketing year. There is shortage of rapeseed in market due to lower crop and higher demand of rapeseed. There are limited supply of rapeseed which will limit fall rapeseed oil prices in coming months.

Rapeseed oil prices fell on fim demand against weak stock position. Demand due to festive demand in coming months will support in rapeseed oil prices.

Demand of rapeseed oil firmed due to fall in rapeseed oil prices in last month.

High discount of RBD palmolein and soy oil prices to rapeseed kacchi ghani prices is likely cap rapeseed oil prices.

Lower crop of rapeseed in MY 2018/19 will lead to lower supply of rapeseed for crushing which will support prices.

High premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market at Rs 133 (Rs 115) per 10 Kg will cap gains rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs218 (Rs 195) per 10 kg will cap gains in rapeseed oil prices.

Import of canola is weak as imports in oil year 2017-18 (Nov-August) while stocks at ports rose indicating weak demand of canola oil. Hike in import duty on canola oil slow import demand.

Kacchi Ghani and refined soy oil are trading range has increased, which will slow demand of rapeseed oil.

Premium of canola oil compared to CDSO has decreased to USD 80 (USD 53) per ton will decrease imports. Due to increase in prices of rapeseed oil, imports of canola oil are expected to be rise in coming months. Stocks of canola oil at ports have increased due to restocking at ports.

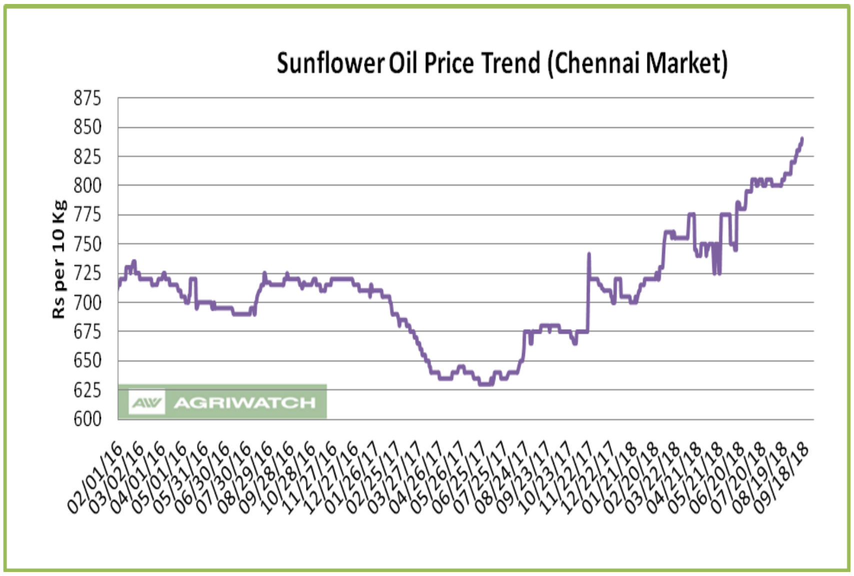
Markets are expected to trade sideways to firm tone in coming days on firm demand and rise in rapeseed prices.

- Rapeseed oil import scenario- India imported 0.25 lakh tons of rapeseed (Canola) oil in August 2018 v/s 0.45 lakh tons in August 2017, lower by 44.44 percent y-o-y. In the period (Nov 2017-August 2018) imports were 2.22 lakh tons compared to 2.40 lakh tons in the corresponding period last oil year, lower by 7.5 percent y-o-y.
- CNF canola oil premium over CDSO is USD 80 (USD 53 last week) per ton for ready delivery as on Sep 14, 2018.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 860 (Rs 845) per 10 Kg, and at Kota market, it is offered at Rs 835 (Rs 820) per 10 kg as on Sep 14, 2018. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 800-870 per 10 Kg.

Sunflower oil Fundamental Review and Analysis-:

Domestic Front



- Sunflower oil price traded firm during the week in its benchmark market Chennai on firm demand .
- Prices price rose in Kakinada and Krishnapatnam, Kandla/Mudra and Hyderabad. Prices remained unchanged in Mumbai and Latur Sunflower oil expeller prices rose in Hyderabad, Erode and Chellakere. Prices remained unchanged in Latur.
- Agriwatch view: Prices of sunflower oil traded higher in Chennai on firm demand.

Sunflower oil prices rose at high seas while it fell at CNF markets indicting firm demand at high seas.

Rupee depreciated from 68 to 72 per USD in last 4 week, which translated into higher prices of sunflower oil.

Prices of sunflower oil are supported by fall in sunflower oil premium over soy oil at CNF markets. Premium of sunflower oil over soy oil fell from above USD 100 per ton to current USD 69.5 per ton. Since both the import duty on soy oil is same, falling sunflower oil premium will increase import demand.

Import demand of sunflower oil rose in August due to fall in sunflower oil prices at CNF markets, parity in import of sunflower oil in July-August and lower premium of sunflower oil over soy oil at CNF markets.

In domestic market, sunflower oil prices premium over soy oil is at Rs 95 (Rs 80 last week) per 10 kg, which indicates that markets are returning to equilibrium.

Demand of sunflower oil is likely to capped due to high premium over RBD palmolein and falling discount over groundnut oil.

Sunflower oil premium over RBD palmolein at CNF India is falling from USD 201 per ton to USD 167.5 (US 172.5 last week) which will increase imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 158 (Rs 150 last week) per 10 kg which is high and cap gains in domestic market

In domestic market groundnut oil premium over sunflower oil at Chennai market is at Rs 80 (Rs 90 last week) per 10 kg will cap gains in sunflower oil prices.

There is parity in imports of sunflower oil, which will increase import demand.

Hike in import duty on sunflower oil has increased its premium over RBD palmolein and soy oil in domestic markets.

Prices of sunflower oil will be capped by higher supply due to higher imports of sunflower oil in oil year 2017-18 (Nov-August).

Imports of sunflower oil rose in oil year 2017-18 (Nov 2017-Aug 2018) by 20 percent compared to corresponding period in last oil after rise of 43 percent in 2016-17 oil year. Imports of sunflower oil rose 68,000 tons in August while stock at ports has risen rose 50,000 tons indicating firm supply. At present restocking is taking place at ports, which has increased sunflower port stocks in last two months.

CSFO CNF premium over CDSO CNF markets is at USD 69.5 (USD 59 last week) per ton for Oct delivery, indicating space for prices to rise.

Higher stocks of sunflower oil at ports and pipelines were due to higher imports of sun oil in oil year 2017-18 and 2016-17 will cap gains on sun oil prices. Higher supply in domestic market will keep lid on prices.

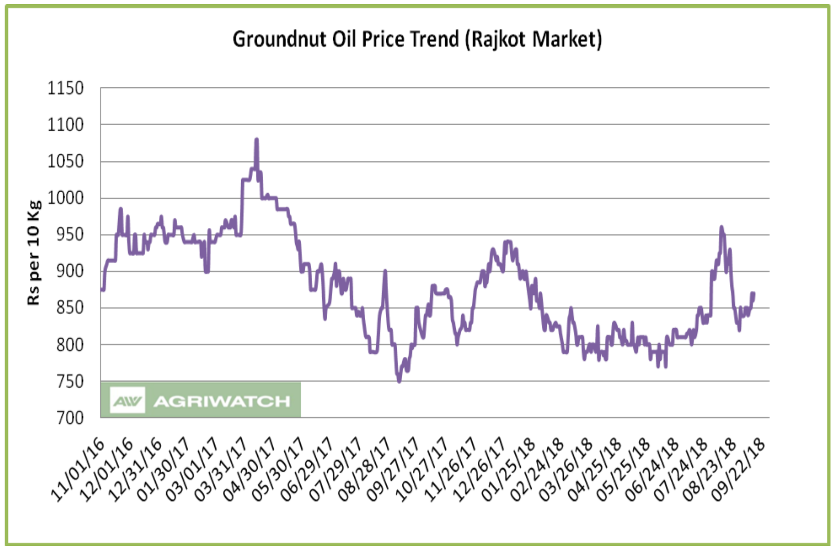
Refiners have increased purchase of crude sunflower oil from international markets as CIF sunflower oil premium over CNF soybean oil has fallen. Currently sunflower oil premium over soy oil at CNF market is at USD 69.5 (USD 59 last week) per ton for Oct delivery.

Prices of sunflower oil are expected to be supported by firm demand and seasonal uptrend of prices.

- According to United States Department of Agriculture (USDA) September estimate, India is estimated to import 21.00 lakh tons of sunflower oil in 2018/19 compared to earlier estimate of 20.0 lakh tons. Consumption of sunflower oil in 2018/19 is kept unchanged ta to 22.0 lakh tons. India's import of sunflower in 2017/18 is increased to 24.0 lakh tons compared to 22.0 lakh tons. Consumption of sounflower oil by India in 2017/18 is increased to 26.0 lakh tons from 23.0 lak tons in its earlier estimate.
- All India sunflower sowing was reported at 1.11 lakh hectares as on 14.09.2018 compared to 1.37 lakh hectares in corresponding period last year
- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 55.22 percent y-o-y in August to 2.08 lakh tons from 1.33 lakh tons in August 2017. Imports in the period (November 2017-August 2018) are reported higher by 20.34 percent y-o-y at 22.18 lakh tons compared to 18.43 lakh tons in the corresponding period last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 742.5 (USD 755) per ton for Oct delivery, ND delivery is quoted at USD 732.5 (USD 742.5) per ton and Jan delivery is quoted at USD 735 (USD 745). CNF sun oil (Ukraine origin) August monthly average was at USD 761.54 per ton compared to USD 797.23 per ton in July. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 730-780 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 69.5 (USD 59 last week) per ton for Oct delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 172.5 (USD 167.5) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 840 (Rs 830) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 805 (Rs 800) per 10 kg as on Sep 714, 2018. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 800-860 per 10 Kg.

Groundnut oil Fundamental Review and Analysis-:
Domestic Front



- Groundnut oil prices featured firm trend in Rajkot due to weak supply and rise in prices of groundnut.
  Prices remained unchanged in Chennai while it rose in Mumbai. Prices fell in New Delhi. Prices rose in Gondal and Jamnagar during the week. Prices of groundnut oil (expeller) rose in Hyderabad at the end of the week.
- Agriwatch view: Prices of groundnut oil featured firm trend in Rajkot on weak supply and rise in prices of groundnut.
  Groundnut prices rose due to rise in groundnut prices due to weak supply of groundnut and disparity in crush of groundnut.
  Groundnut supply is weak as prices offered by NAFED on groundnut auction is very volatile which has led to lower demand in auction as traders are not able to trade due to varying reserve prices of groundnut auction.
  NAFED is the sole supplier of groundnut in Gujarat at the moment as stocks with farmers are less than 1 lakh tons and negligible stocks with trade. About 5.5 lah tons of groundnut is with NAFED and it intends to offload as much as possible before new groundnut crop arrives in Gujarat. This has led to short supply of groundnut in the market.
  Auctions of NAFED groundnut has decreased last week due to weak demand of groundnut. Demand of groundnut in auction decreased due to weakness in demand after Janmastmi demand and volatility in reserve prices of groundnut. NAFED auction prices fell on lower prices of groundnut oil and groundnut meal.
  Crushing has slowed due to higher prices of groundnut which has led to weak demand of groundnut.
  Groundnut crush in not in parity which has reduced supply of groundnut oil.
  Groundnut oil demand fell due to fall in demand of groundnut oil after Janmastmi stocking was over. Retail demand fell due to postponement of demand due to fall in prices of groundnut oil from higher levels. Prices of groundnut oil fell from Rs 950 per 10 kg to Rs 820 per 10 kg, which weakened demand. This fall took place in short span of time. However, there is demand at lower levels.
  Sowing of groundnut is lagging by 2.87 percent as of 14.09.2018 on major fall in groundnut sowing in Gujarat due to less rains in the state. Groundnut crop in Gujarat will be adversely affected by dry condition prevailing in the state. Groundnut crop in Gujarat planting was delayed due to dry conditions in the state. At present, groundnut cop in Gujarat is in bad condition and it requires rains. If rains fails in next 7-10 days there will be substantial yield loss, decreasing crop of groundnut in the state. In the South India (Rayalseema) groundnut crop is facing dry condition due to severe deficit of rains and it requires urgent rains.
  Exports of 2017 crop are less and most of groundnut is diverted towards crushing.
  Groundnut exports are very less, as prices of groundnut is higher than international markets.

Crushers have no stocks and are dependent on ready markets. Groundnut oil and groundnut trade has weakened. However, the groundnuts arriving in mandis are consumed in ready markets.

In Andhra Pradesh and Tamil Nadu prices of groundnut oil rose due to weak supply. Prices of groundnut oil in both state rose due rise in groundnut oil prices in Gujarat. Retail demand of groundnut oil is weak. There is parity in crush of groundnut in Tamil Nadu and Andhra Pradesh.

There is limited stocks of groundnut with farmers across India which may supported prices higher.

Demand of groundnut oil will find support due to festive season from Oct-Nov. Lower crop of groundnut will lead to higher product prices in coming months.

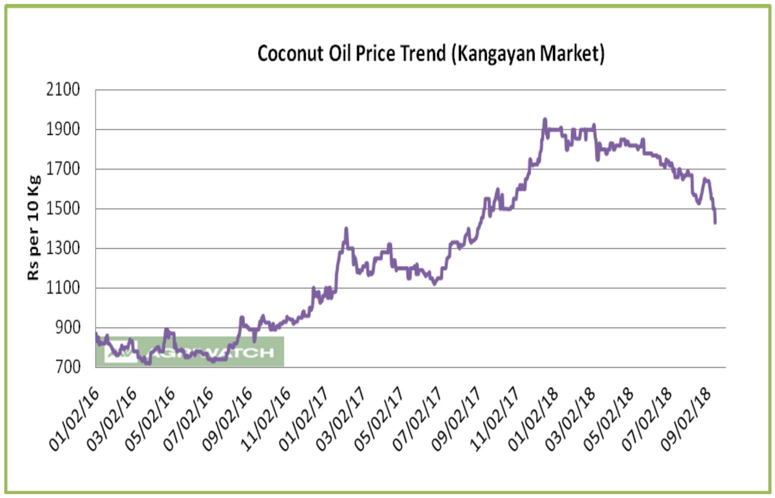
Groundnut oil prices are expected to trade sideways to firm on expectation of rise in groundnut prices and weak supply.

- All India groundnut sowing reached 40.12 lakh hectares as of 14.09.2018 compared to 41.31 lakh hectares in corresponding period last year, lower by 2.89 percent y-o-y. Sowing of groundnut is lagging in top producing state of Gujarat due to less rainfall. Area in top producing state of Gujarat is reported at 14.68 lakh hectares as of 14.09.2018 compared to 16.26 lakh hectares in corresponding period last year, down 9.7 percent y-o-y.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 8,700 (Rs 8,500) per quintal and it was quoted at Rs 9,200 (Rs 9,200) per quintal in Chennai market on Sep 14, 2018. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to firm in the coming days.

Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 800-950 per 10 Kg.

Coconut Oil Fundamental Review and Analysis-:
Domestic Front



- Coconut oil featured weak trend in its benchmark market of Kangayam on weak demand and fall in prices of copra. Prices in Kochi remained unchanged at the end of the week.
- Agriwatch view: Coconut oil prices featured weak trend during the week on fall in prices of copra and weak demand.

  Coconut oil prices fell last week on fall in prices of copra. Lower prices of raw material translated in lower product prices.

  Demand of coconut oil has weakened on rise in prices of coconut oil in last one and half year.

  Stockists and retailers are not stocking in anticipation of weak demand.

  Corporate demand, which is one of the major contributors, is weak.

  Traders and upcountry buyers depending on ready market as they do not feel confident on prices.

  Floods in state of Kerala have destroyed big area under coconut plantation which will reduce supply of copra from the state. Demand of coconut oil will fall in the state on account of loss of income source to large affected population of Kerala. Both demand and supply will be adversely affected from the state and it will take a lot of time for the situation to normalize.

  Fall in palm oil prices have underpin coconut oil prices.

  Production will increase 10-15% in 2018-19 from initial estimate of 15-20% gain in coconut oil production on account of production loss due to floods in Kerala. Yield will remain higher in Tamil Nadu, Karnataka and Andhra Pradesh compared to last three years.

  Copra supply is improving, as stocks buildup has started in the market despite higher exports and diversion of coconut products to other value added products.

  Demand of coconut oil has shrunk due to higher prices of coconut oil 2017-18. Household consumption contracted and no other oil has replaced the gap.

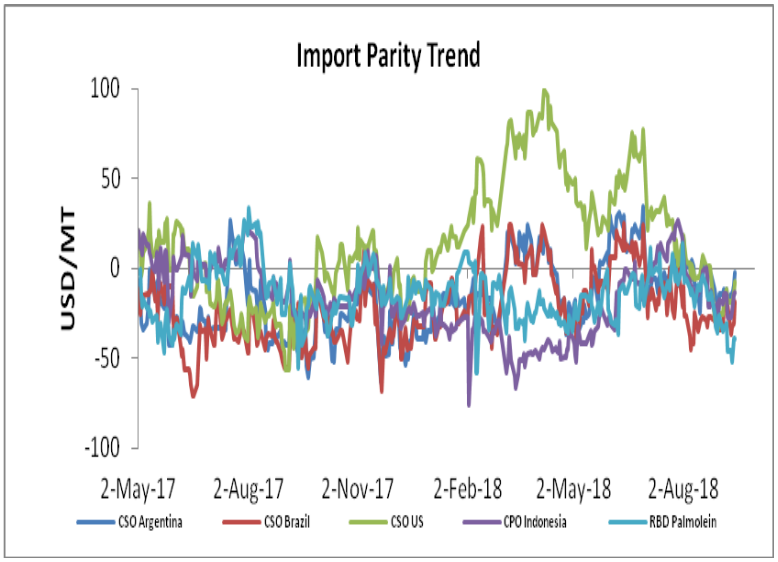
  Coconut oil prices is expected to fall on higher coconut oil production, loss in demand from Kerala due to floods, fall in copra prices and seasonal downtrend of prices.

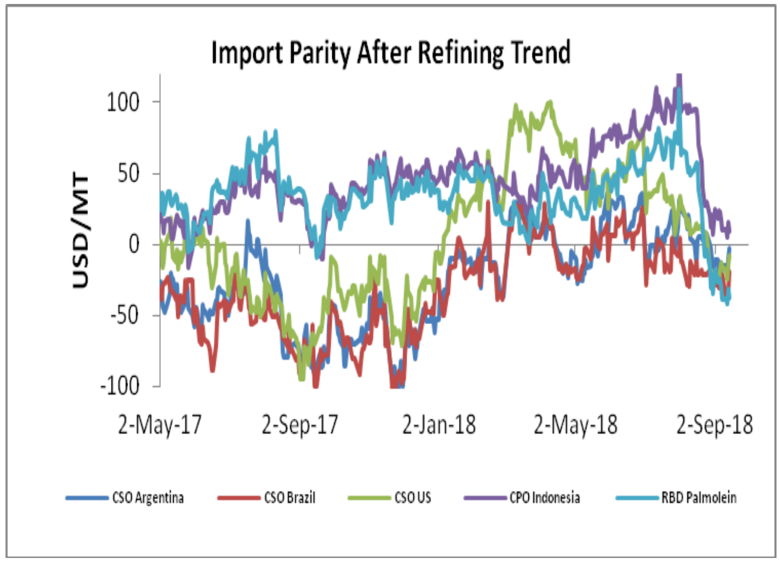
  Coconut oil prices are expected to be weak in days ahead.
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 16,700 (16,700) per quintal, and was quoting Rs 14,300 (Rs 15,800) per quintal in Erode market on Sep 14, 2018.

Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1400-1700 per 10 Kg.

Import Parity Trend

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



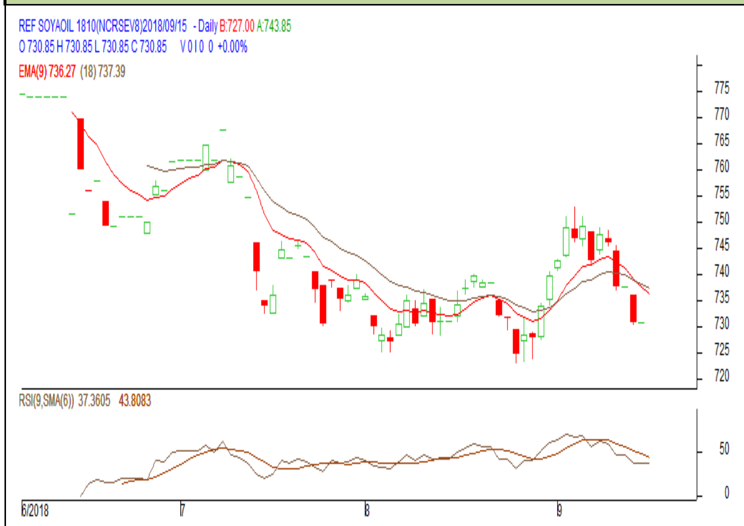


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
July, 2018	2.92	-10.31	33.11	94.05	68.10
Aug, 2018	7.38	-18.86	8.84	68.70	32.82

Outlook-:

Import parity for crude soy oil from Argentina has returned to disparity due to depreciation of Rupee. 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)

Refined soy oil Futures (NCDEX, Daily Oct, Chart)	Refined soy oil (Weekly chart, Indore Rs/10 Kg Inclusive VAT)
	

Outlook – Refined soybean oil witnessed downtrend during the week in review and is likely to trade with a sideways to weak tone in the coming days.

- Weekly chart of refined soy oil at NCDEX depicts downtrend during the week in review. We expect prices to trade sideways to weak tone in the near term.
- Any close below 730 in weekly might take the prices below 720 levels.
- Expected price band for next week is 720-750 level in near to medium term. RSI and MACD is suggesting downtrend in the market.

Strategy: Market participants are advised to go short below 735 levels for a target of 720 and 715 with a stop loss at 745 on closing basis.

RSO NCDEX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
700.00	720.00	731.8	756.00	768.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 720-770 per 10 Kg.

Technical Analysis (Crude Palm oil)

Crude palm oil Futures (MCX, Daily Sep, Chart)	Crude palm oil (Weekly chart, Kandla Rs/10 Kg)
	

Outlook - **Prices show uptrend in prices during the week. We expect that CPO Sep contract may trade sideways to firm note.**

- Candlestick in weekly chart of crude palm oil at MCX depicts uptrend in the prices. We expect prices to trade with a sideways to firm note in the near term.
- Any close below 590 in weekly chart may bring the prices to 580 levels.
- Expected price band for next week is 580-630 level. RSI and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 590 for a target of 605 and 610 with a stop loss at 580 on closing basis.

CPO MCX (Sep)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
570.00	585.00	599.00	626.00	635.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 570-630 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg) 14-Sep-18	7-Sep-18	Change
Refined Soybean Oil	Indore	745	750	-5
	Indore (Soy Solvent Crude)	712	715	-3
	Mumbai	755	760	-5
	Mumbai (Soy Degum)	705	710	-5
	Kandla/Mundra	735	735	Unch
	Kandla/Mundra (Soy Degum)	700	705	-5
	Kolkata	740	735	5
	Delhi	770	780	-10
	Nagpur	762	765	-3
	Rajkot	720	730	-10
	Kota	745	745	Unch
	Hyderabad	775	785	-10
	Akola	764	765	-1
	Amrawati	763	763	Unch
	Bundi	755	755	Unch
	Jalna	758	767	-9
	Alwar	Unq	Unq	-
	Solapur	755	755	Unch
	Dhule	755	764	-9
Palm Oil *	Kandla (Crude Palm Oil)	629	633	-4
	Kandla (RBD Palm oil)	670	672	-2
	Kandla RBD Pamolein	704	709	-5
	Kakinada (Crude Palm Oil)	628	620	8
	Kakinada RBD Pamolein	704	706	-2
	Haldia Pamolein	714	712	2
	Chennai RBD Pamolein	716	714	2
	Chennai RBD Pamolein (Vitamin A&D Fortified)	793	777	16
	KPT (krishna patnam) Pamolein	704	704	Unch
	Mumbai RBD Pamolein	720	725	-5
	Mangalore RBD Pamolein	716	714	2
	Tuticorin (RBD Palmolein)	Closed	Closed	-
	Delhi	735	740	-5
	Rajkot	693	704	-11
	Hyderabad	710	705	5
	PFAD (Kandla)	399	399	Unch
	Refined Palm Stearin (Kandla)	541	541	Unch
	Superolien (Kandla)	746	746	Unch
	Superolien (Mumbai)	793	777	16

* Inclusive of GST

Refined Sunflower Oil	Chennai	840	830	10
	Mumbai	825	825	Unch
	Mumbai(Expeller Oil)	780	770	10
	Kandla	805	800	5
	Kandla/Mundra (Crude)	Unq	Unq	-
	Hyderabad (Ref)	840	830	10
	Latur (Expeller Oil)	795	795	Unch
	Chellakere (Expeller Oil)	780	770	10
	Erode (Expeller Oil)	890	865	25
Groundnut Oil	Rajkot	870	850	20
	Chennai	920	920	Unch
	Delhi	925	950	-25
	Hyderabad *	945	930	15
	Mumbai	910	895	15
	Gondal	860	850	10
	Jamnagar	860	830	30
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	860	845	15
	Jaipur (Kacchi Ghani Oil)	878	865	13
	Kota (Expeller Oil)	835	820	15
	Kota (Kacchi Ghani Oil)	860	850	10
	Neewai (Kacchi Ghani Oil)	835	820	15
	Neewai (Expeller Oil)	865	853	12
	Bharatpur (Kacchi Ghani Oil)	880	870	10
	Alwar (Kacchi Ghani Oil)	Unq	Unq	-
	Alwar (Expeller Oil)	Unq	Unq	-
	Sri-Ganga Nagar(Exp Oil)	840	830	10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	855	855	Unch
	Mumbai (Expeller Oil)	855	845	10
	Kolkata(Expeller Oil)	970	970	Unch
	New Delhi (Expeller Oil)	865	860	5
	Hapur (Expeller Oil)	890	890	Unch
	Hapur (Kacchi Ghani Oil)	930	930	Unch
	Agra (Kacchi Ghani Oil)	885	875	10
Refined Cottonseed Oil	Rajkot	780	810	-30
	Hyderabad	780	800	-20
	Mumbai	810	840	-30
	New Delhi	750	785	-35

Coconut Oil	Kangayan (Crude)	1430	1580	-150
	Cochin	1670	1670	Unch
	Trissur	Unq	Unq	-
Sesame Oil	New Delhi	1250	1300	-50
	Mumbai	Unq	Unq	-
Kardi	Mumbai	850	850	Unch
Rice Bran Oil (40%)	New Delhi	675	675	Unch
Rice Bran Oil (4%)	Punjab	660	660	Unch
Rice Bran Oil (4%)	Uttar Pradesh	Unq	Unq	-
Malaysia Palmolein USD/MT	FOB	565	570	-5
	CNF India	585	590	-5
Indonesia CPO USD/MT	FOB	535	538	-3
	CNF India	560	565	-5
RBD Palm oil (Malaysia Origin USD/MT)	FOB	563	565	-2
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	548	548	Unch
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1010	1030	-20
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	483	485	-2
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	Unq	-
Ukraine Origin CSFO USD/MT Kandla	CIF	743	760	-17
Rapeseed Oil Rotterdam Euro/MT	FOB	717	728	-11

Argentina FOB ($/MT)	13-Sep-18	6-Sep-18	Change
Crude Soybean Oil Ship	633	649	-16
Refined Soy Oil (Bulk) Ship	655	672	-17
Sunflower Oil Ship	705	708	-3
Cottonseed Oil Ship	613	629	-16
Refined Linseed Oil (Bulk) Ship	Unq	0	-

**** indicates including GST***

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