

# Daily Indian Oil and Oilseed Complex Price Outlook and Strategy

Decision enabling market analysis & price outlook



Report for Jun 06, 2017

## Indian Edible Oil Complex Price Outlook Summary

05 Jun 2017	NCDEX Soybean July'17 INR/Qtl	Kandla Soy Meal FOR INR/MT	NCDEX Soy Oil July'17 INR/10Kg	MCX CPO June'17 INR/10Kg	NCDEX RM Seed June'17 INR/Qtl
Closing Price	2745	24650	618.05	491.5	3523
Change	10.0	0.00	0.7	-1.3	45.0

Fundamental Summary	Critical Price drivers		Price Direction		
	Any decision by centre on MSP and import duty on oils		Upward		
	Farmer strike in Maharashtra		Upward		
	Expected early Monsoon arrival in Central India		Downward		
	Expected rising end stock of mustard and cottonseed cake		Downward		
Next 10 Trading Days	Price Outlook Summary	NCDEX Soybean July'17	NCDEX Soy Oil July'17	MCX CPO June'17	NCDEX RM Seed June'17
	Prices are likely to find consolidate in the zone of INR 2800 to 2650.	Prices are likely to stay below INR 625 and trade lower towards INR 610 to 600	Prices are likely to find resistance around INR 500 and trade lower towards 485	Prices are likely to trade weak towards INR 3400 by holding below 3584	
	Direction	Mixed	Downward	Downward	Downward
	Price Range	2800 to 2650	624 to 610	500 to 485	3584 to 3400

## NCDEX Soybean Trading Strategy

Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	July'17	Sell	2770	--	2700	Above 2810
Strategy Review	For fresh position traders may consider above mentioned strategy.					
Closed Positions Audit	Market	Period	Strike Rate %		Net Profit Per Lot	
	NCDEX Soybean 1M	2003 to Till Date	69.58%		INR 30.15	
		Apr 2017	62%		INR 25.00	

NCDEX Soy Oil Trading Strategy						
Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	July 2017	Sell	625/26	--	610	Above 633
Strategy Review	The previous short position in June'17 Futures at INR 620.50 was exited at INR 618 on June 5, 2017. For fresh positions in July'17 futures traders may consider					
Closed Positions Audit	Market	Period	Strike Rate %		Net Profit Per Lot	
	NCDEX Soy Oil 1M	2010 to Till Date	64.58%		INR 4.80	
		Apr 2017	100%		INR 4.00	

MCX CPO Trading Strategy						
Fresh / Open Position	Contract	Position	Entry	Entry Date	Objective	Stop Loss
	June 2017	Sold	496	5 <sup>th</sup> June	485	Above 500.50
Strategy Review	Traders are advised to hold short position in line with above mentioned strategy.					
Closed Positions Audit	Market	Period	Strike Rate %		Net Profit Per Lot	
	MCX CPO 1M	2010 to Till Date	64.60%		INR 3.39	
		May 2017	75.00%		INR 4.85	

## NCDEX Mustard Trading Strategy

Fresh / Open Position	<b>Contract</b>	<b>Position</b>	<b>Entry</b>	<b>Entry Date</b>	<b>Objective</b>	<b>Stop Loss</b>
	June'17	Sold	3480	5 <sup>th</sup> Jun'17	Exit@3480	3540
Strategy Review	Short position of INR 3480 was filled on 5 <sup>th</sup> Jun'17. Traders may exit the existing short position in line with the above mentioned modified strategy.					
	<b>Market</b>	<b>Period</b>	<b>Strike Rate %</b>		<b>Net Profit Per Lot</b>	
Closed Positions Audit	NCDEX	2003 to Till Date	58%		INR 45.00	
	Mustard 1M	Apr 2017	55%		INR 40.00	

## Fundamental Analysis

✓ NCDEX and MCX edible oil and oilseeds futures traded positive snapping continuous weakness with mustard, soybean and CPO edged higher whereas soy oil edged lower taking cues from international market.

### Soybean

- ✓ At soybean front, due to lower prices and very poor interest for buying from the stockiest farmers are not able to sell their produce which they have stock in anticipation of rise in prices. Therefore there has been huge stock built up with farmers as there has been bumper crop this year and farmers were used to high profit realization during lean season. Limited exports of soymeal has also led to limited crush by plants.
- ✓ As the soybean prices are trading below MSP there can be some decisions that can be made to support prices at immediate front from the centre. There is little chance that MSP will be increased and it is expected to remain at the same level.
- ✓ Maharashtra and MP farmers went on strike which has restricted supplies of essential commodities. However impact on soybean is expected to remain minimum as stockiest are already having surplus supplies.
- ✓ At sowing front as on 2<sup>nd</sup> June sowing has been done in .23 lakh hectares which is higher than last year sowing pace.

### Palm Oil

- ✓ Palm oil stocks ending May is expected to improve m-o-m given increased imports of palm oil for May month given tighter stocks at ports, falling palm oil prices and Ramadan demand. Thus with stronger Ringgit and improving port stocks the trade is expected to remain on bearish side.

### Mustard

- ✓ At Mustard front, as the crush has not picked up due to poor demand of mustard oil traders are talking about rising stocks of mustardseed by 6-7 lakh tons which hasn't happen earlier. Under such situation Mustard prices is expected to remain under pressure in coming weeks.
- ✓ Such situation has happened due to the decline in mustard oil demand over consumers switching to other oils and blending has eaten away the major share of mustard oil demand.

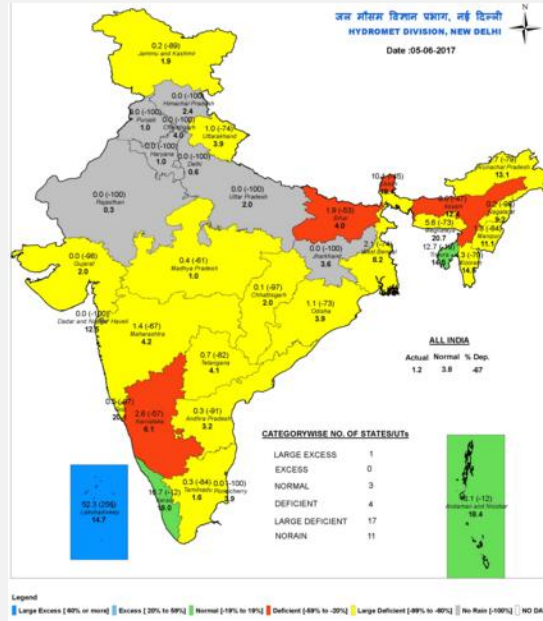
### Soy Oil

- ✓ Since seasonally the Sun-soy spreads widen from June onwards the present sun being offered at discount is expected to be transitional and we may expect widening spreads with fall in soy oil prices and rising sun oil prices.

### Monsoon Update

- ✓ The progress of the monsoon continues to be stuck along the Kochi-Tondi-Agartala-Williamnagar-Kokrajhar axis linking the west coast and North-East India but it is a matter of a few days before it resumes its northward journey.
- ✓ Even in Kerala, the rains are yet to reach the northern districts beyond Ernakulam and Thrissur, according to trends in recorded rainfall till Monday. Normally by June 5, they should have reached Coastal Karnataka, Rayalaseema, Coastal Andhra Pradesh and parts of Telangana.
- ✓ According to IMD Coastal Karnataka, South Interior Karnataka, parts of North Interior Karnataka, Telangana, Coastal Andhra Pradesh, Tamil Nadu and Puducherry is expected to get rains from Wed.
- ✓ Towards the East, the hills of Bengal, Assam, Meghalaya, Nagaland, Manipur, Mizoram, and Tripura should witness heavy showers. The IMD assesses that the rains will start consolidating on the west coast and the North-East from Friday.
- ✓ The monsoon flows are forecast to peak to a new strength alongside, causing heavy to very heavy rainfall over the west coast (coastal Karnataka and upwards) and East India.

- ✓ According to the US Climate Prediction Centre, areas likely coming under the excess rainfall from June 11 to 17 are coastal Karnataka, Goa, Konkan, Mumbai and South Gujarat on the West Coast.
- ✓ Most of East India, including coastal Andhra Pradesh, Vidarbha, Odisha, Chhattisgarh, East Madhya Pradesh, Jharkhand, South Bihar, are also expected to receive excess rain during this period.
- ✓ The whole of Peninsular India, except South Tamil Nadu and South Kerala, may receive normal showers during this period, says the US Centre.
- ✓ The European Centre sees the 'low' crossing the coast and getting pushed into Bihar and Uttar Pradesh, even as the Bay of Bengal shapes up to host what looks like another 'low' after June 15.
- ✓ On 6<sup>th</sup> of June the rainfall across India has been scattered with only Kerala witnessing some good rains.

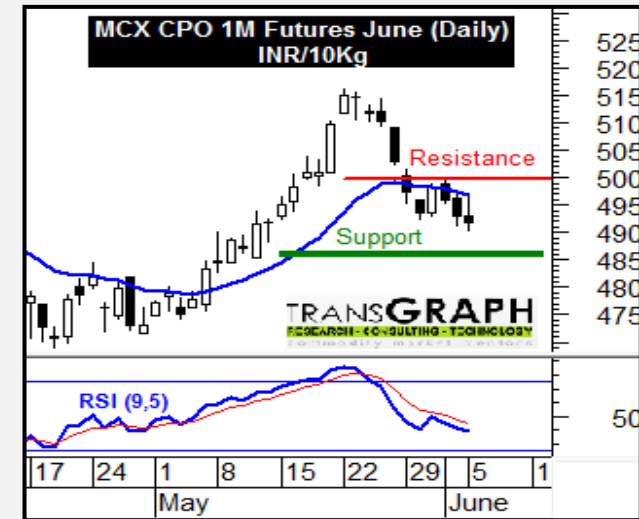


INR 615 followed by INR 610.

Prices are likely to stay below INR 625 and trade lower towards INR 610 and lower in the coming 3-5 trading days.

## Technical Outlook: MCX CPO June'17

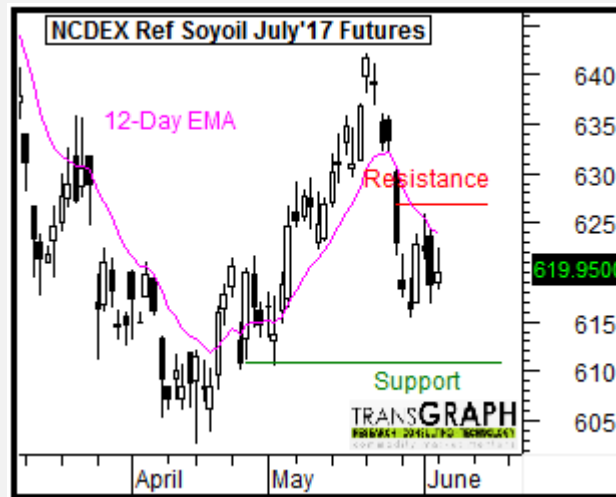
- ✓ MCX CPO June prices are seen hovering below its short term average depicting negative sentiment.
- ✓ On the daily technical setup momentum oscillators RSI (9) is trading below its average hence lower prices are possible in the coming sessions.
- ✓ However, on the upside structural resistance is expected around INR 500.
- ✓ On the lower side INR 492 likely to continue to provide support. While early break below can drive the price further lower towards INR 485.



Concisely, prices are likely to find resistance around INR 500 and trade lower towards 485 in the coming 3-5 trading days.

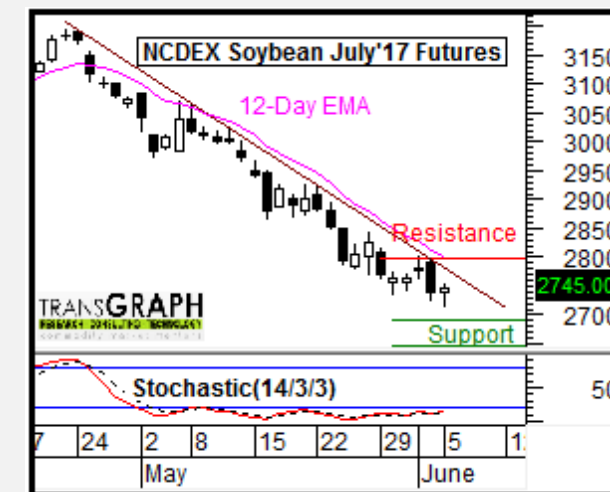
## Technical Analysis: NCDEX Soybean Oil July'17

- ✓ Prices are seen consolidating below INR 625 after finding support at INR 615 suggesting a pause in the negative momentum.
- ✓ Prices are seen holding below the short term moving average and rising trend line supporting negative bias.
- ✓ At the momentum front stochastic (14/3/3) and RSI (14) are hovering within the oversold territory as the weak momentum is still intact.
- ✓ Therefore possibility of further weakness towards INR 610 remains open in the coming days.
- ✓ On the higher side INR 625/627 shall act as a resistance to keep prices subdued.
- ✓ On the lower side immediate support is placed at



## Technical Outlook: NCDEX Soybean July'17

- ✓ Prices are consolidating for last four days upon staying above INR 2720 as the overall negative bias is intact.
- ✓ Note that prices are staying well below the 12-Day EMA and are making lower highs and lower lows.
- ✓ On the daily technical setup the momentum in 14-Day RSI and Stochastic(14/3/3) are seen coiling in the oversold region supporting the weak tone.
- ✓ Therefore prices are likely to find resistance on any minor gains below INR 2800 and turn lower towards INR 2650 in the coming days.



✓ On the lower side INR 2650 could act as an immediate and strong support followed by 2550.

**Concisely, prices are likely to find consolidate in the zone of INR 2800 to 2650 in the coming 3-5 trading days.**

## Technical Outlook: NCDEX RM Seed June'17

✓ Prices bounced back sharply holding above support at INR 3460 during its last trading day shifting the short term bias to positive.

✓ Prices are trending lower since Mar'17 making lower highs and lower lows thereby suggesting the medium term bearish trend is still intact which is likely to extend further down towards INR 3400 and below in coming 2 to 3 weeks.

✓ On the daily technical setup the momentum indicators 14-Day RSI and Stochastic (14/3/3) are turning up from their oversold region thereby indicating upward price action.

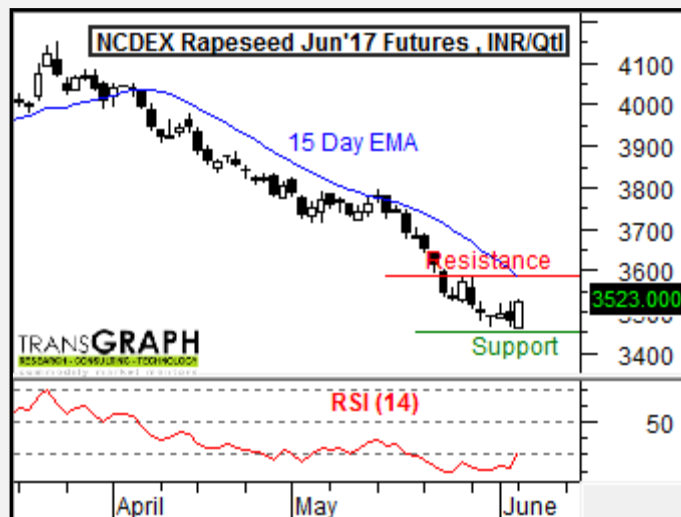
✓ Taking the above mentioned view into consideration prices are likely to witness a pullback ahead of turning further weak in coming trading days.

✓ Note that a break below INR 3460 shall negate the upward potential of corrective pullback and shall call for further extension of weakness towards INR 3400 hence have to be carefully watched.

✓ On the higher side INR 3584 shall act as immediate resistance followed by INR 3650.

✓ On the downside INR 3460 shall act as immediate support followed by INR 3400.

**Concisely, prices are likely to trade weak towards INR 3400 by holding below 3584 in coming 3 to 5 trading days.**



## Technical Outlook: Soymeal FOR Kandla Spot

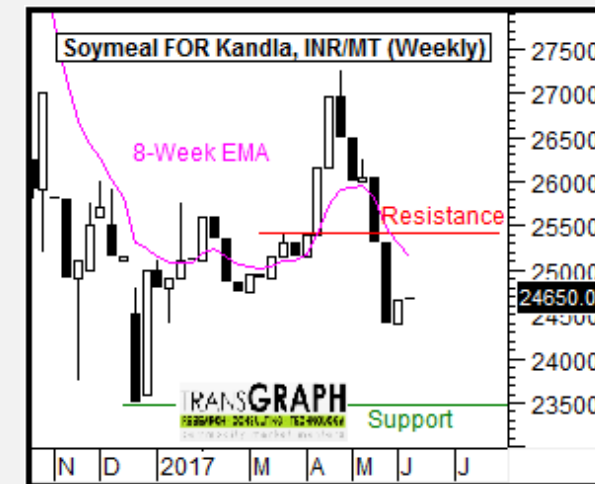
✓ Prices have recovered from support at INR 24400 while keeping the overall weak bias intact.

✓ Prices are staying well below the 8-Week EMA while the weak momentum is still present. This shall pave way for further downside potential in the coming trading days.

✓ On the lower side support is placed at INR 24000 to 23500.

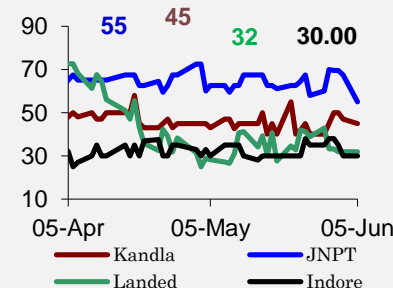
✓ On the higher side INR 25500 shall act as a resistance.

**Prices are likely to trade lower towards INR 23500 and consolidate in coming 2 weeks.**

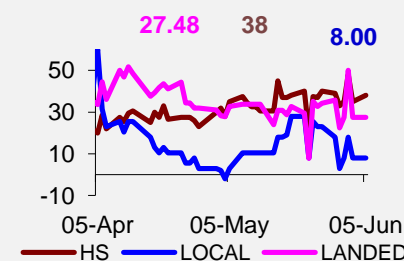


## Mini Charts

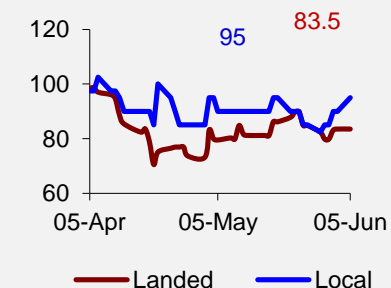
Ref. Soy oil to crude Soy oil price spreads (INR/10 kg) Refining Margin @INR 30/10 kg (Landed @Kandla)



CPO import parity (INR/10 kg)



Sunflower oil import parity (INR/10 kg)



Edible oil prices @ Mumbai (INR/10 kg)

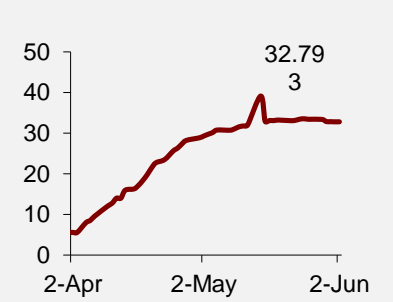
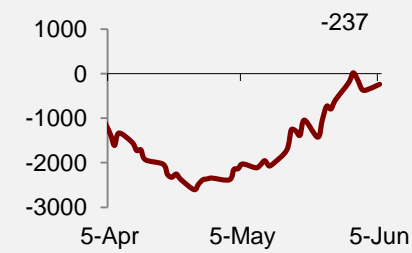
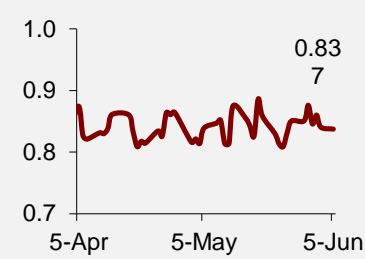
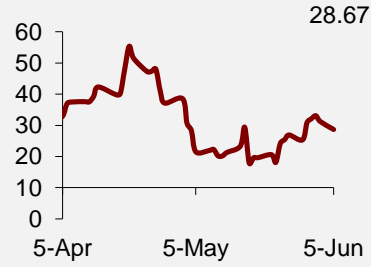
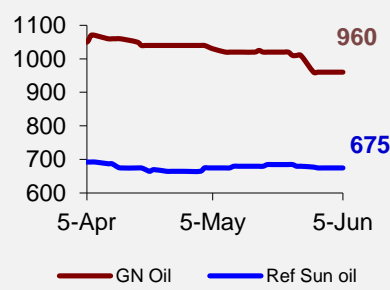
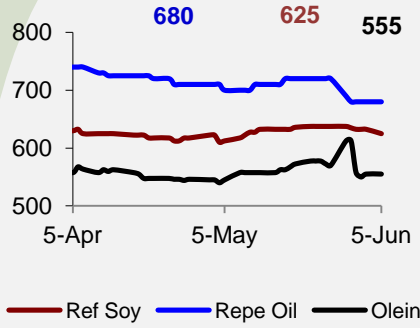
Edible oil prices @ Mumbai (INR/10 kg)

Palm oil refining margins (FOB Malaysia basis, USD/MT)

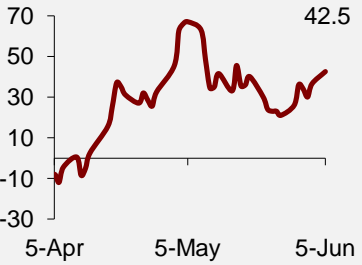


# Daily Indian Oil and Oilseed Complex Price Outlook and Strategy

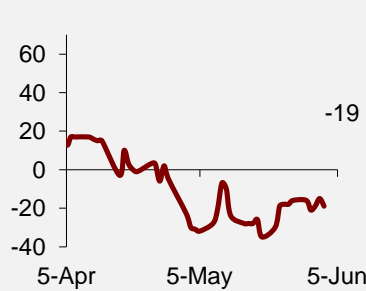
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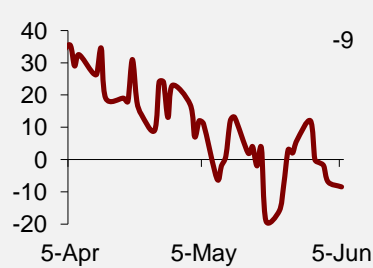
Soy-RBD Olein price spread (At origin, USD/MT)



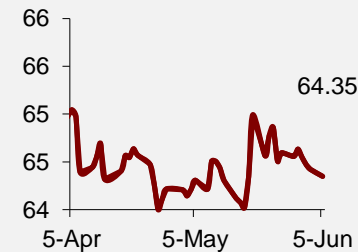
Sun-Soy price spread (FOB Argentina, USD/MT)



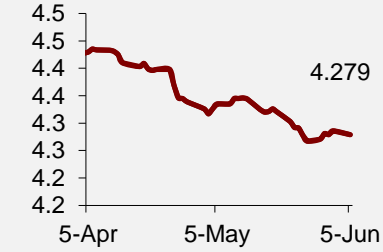
Sun-Soy price spread (CNF India, USD/MT)



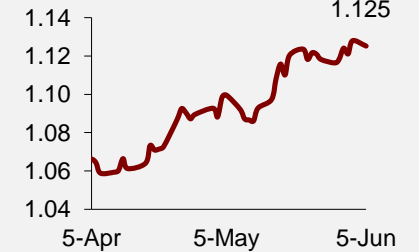
INR vs. USD



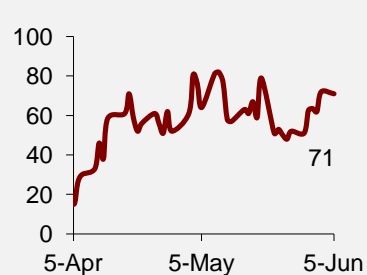
MYR vs USD



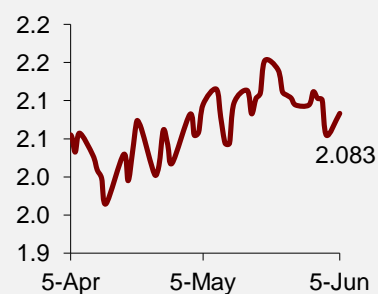
Euro vs. USD



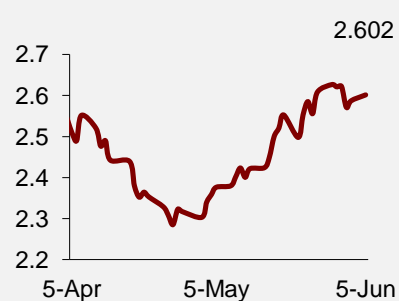
Soy-Olein price spread (CNF India, USD/MT)



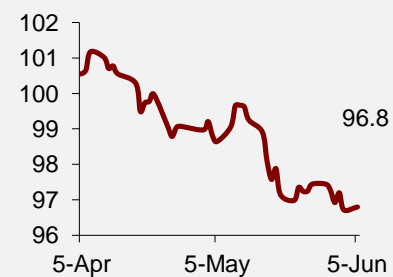
Soy oil/meal ratio (US)



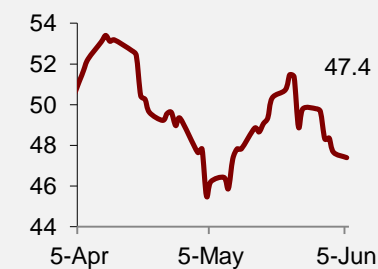
Soy oil/meal ratio (India)



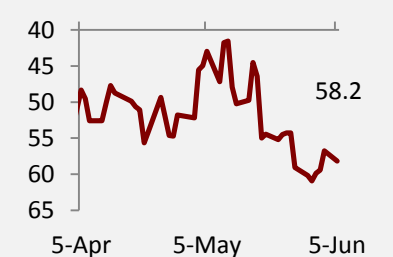
Dollar Index



NYMEX Crude (USD/BBL)



Soy meal Price Spread FAS Kandla Vs. FOB Argentina (USD/MT)



Gross soybean crush margins @ US (USD/bu)

Soybean crush margin @ Indore (INR/MT)

Rapeseed stocks @ NCDEX Warehouse (th MT)

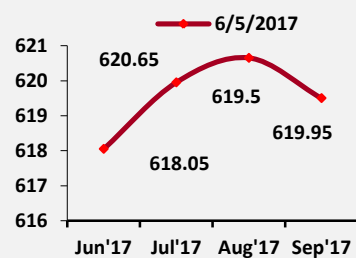
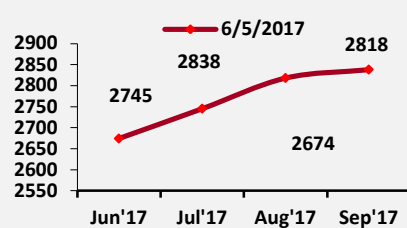
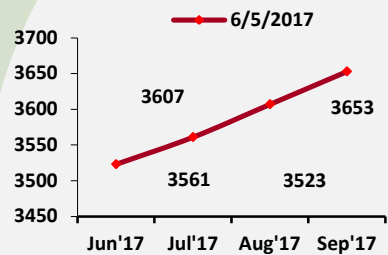
Rapeseed Forward Curve

Soybean Forward Curve

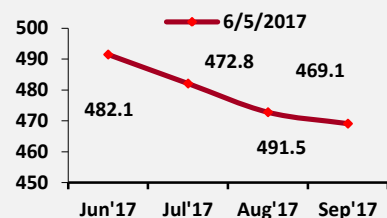
Soya oil Forward Curve

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MCX CPO Forward Curve



Note:

All prices are indicative and exclusive of taxes and might not be quoted in the markets.

In the case of consumption markets, domestic soy oil is assumed to be shipped from Indore and in the case of imported oil; the nearest port quote is taken. Ref oil indicative price is arrived by adding INR 30/10 kg to crude oil and INR 15/10 kg to degummed oil.

In producing markets, degummed imported oil is converted to crude oil by deducting INR 15/10 kg and nearest port prices are used for different markets.

Units: INR/10kg NF-Not feasible, NA- Not available

## Market Prices

Indicative prices of diff. oils (imported vs. domestic) @ Major consuming markets

	Delhi	Mumbai	Nagpur	Lucknow	Kota	Kolkata	Hyderabad
RBD Kakinada	NF	NF	NA	NF	NF	NF	NA
RBD Kandla	585	NF	590	590	572	NF	590
Olein JNPT	585	559	578	NF	NA	NF	580
Olein Kolkata	591	NF	NF	NA	NA	555	NF
Soy Imported	660	600	---	635	617	610	---
Soy refined Local	637.25	626.75	600	635.25	610	---	---

Comparison of imported vs. local crude soy oil @ Major producing markets

	Degummed soy		Kandla to				JNPT to			
	Kandla	JNPT	Morena	Kota	Indore	Nagpur	Pune	Khandwa	Dhule	
Landed cost	632	632	647	639	625.75	640	622	637	622	
Spot	580	580	595	587	573.75	588	570	585	570	
Solvent oil local prices			NA	NA	588	NA	NA	NA	593	

Exchange	Contract	05 Jun 2017				Change	Previous Close
		Open	High	Low	Close		
NCDEX Soybean INR/Qtl	Jun'17	2670	2683	2643	2674	8.0	2666
	Jul'17	2740	2752	2713	2745	10.0	2735
NCDEX Soy Oil INR/10Kg	Jun'17	617.5	621.4	616.05	618.05	0.7	617.35
	Jul'17	619	622.45	618.1	619.95	1.3	618.65
NCDEX Rapeseed INR/Qtl	Jun'17	3461	3530	3461	3523	45	3478
	Jul'17	3508	3565	3508	3561	42.0	3519
MCX CPO INR/10Kg	Jun'17	493	496.9	490.1	491.5	-1.3	492.8
	Jul'17	482	486	481.5	482.1	-0.6	482.7

Market	Commodity	05 Jun 2017	02 Jun 2017	Change	Change %
Indore	Soybean INR/MT	28720	28850	-130.0	-0.45%
Nagpur	Soybean INR/MT	28500	28498	2.5	0.01%
Indore	Cr Soy oil INR/MT	58800	58800	0.00	0.00%
Indore	Ref. Soy oil INR/MT	62000	62500	-500.00	-0.80%
Kandla	Soy Degum oil INR/MT	57500	57500	0.00	0.00%
Kandla	Soy Meal FOR INR/MT	24650	24650	0.00	0.00%

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Market	Commodity	05 Jun 2017	02 Jun 2017	Change	Change %
Kandla	Soy meal FAS USD/MT	367.5	367.5	0.00	0.00%
Alwar	Rapeseed INR/MT	36388	36645	-257.50	-0.70%
Jaipur	Rapeseed INR/MT	37000	37104	-104.00	-0.28%
Jaipur	Refined Rapeseed Oil INR/MT	67500	67500	0.00	0.00%
Ex-Kandla	Rapeseed Extraction INR/MT	14500	14850	-350.00	-2.36%
Kandla	CNF CPO USD/MT	715	715	0.0	0.00%
Kandla	CNF RBD Olein USD/MT	720	720	0.0	0.00%
Kandla	CNF Soy Degum USD/MT	789	789	0.0	0.00%
Kandla	CPO High seas INR/10 kg	513	513	0.0	0.00%
Kandla	RBD Palmolein INR/10 kg	550	550	0.0	0.00%
JNPT	RBD Palmolein INR/10 kg	555	555	0.0	0.00%

## Our Extensive coverage of Edible Oilseeds & Oils Complex

Report	Coverage #	Price Outlook & Strategies
Daily BMD Palm Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	MY.CPO.BMD
Daily CME Soy Complex Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	USA.SB.CME, USA.SM.CME, USA.SBO.CME
Daily Indian Edible Oil and Oilseed Price Outlook and Strategy	NU, FA, WA, PI, TA, TS, PO, FF, MP, 5D	IN.CPO.MCX, IN.SB.NCDEX, IN.SBO.NCDEX, IN.RMS,NCDEX, IN.SM.KANDLA
Weekly Edible oil and Oilseeds Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	AR.SBO.1M, USA.SBO.CME, MY.CPO.BME, MY.RBDO.FOB, IN.SBO.NCDEX, IN.SBO.INDORE, IN.CPO.MCX
Weekly Edible oil Elliott wave analyser	EWA, PO, 6W	MY.CPO.BMD, USA.SBO,CME, PH.CNO.1M, AR.SFO.1M, UKR.SFO.1M
Weekly Indian Edible Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	IN.RSO.JAIPUR, IN.RBO,KHANNA, IN.GNO,RAJKOT, IN.CNO,KOCHI

Weekly Lauric Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	MY.PKO.1M, RTDM.CNO.1M, MY.PS.SPOT, MY.PFAD.SPOT
Weekly Palm Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	MY.RBD.1M, ID.CPO.1M
Weekly Soy Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	AR.SBO.1M
Weekly Sunflower Oil Price Outlook and Strategy	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	AR.SFO.1M, UKR.SFO.1M
Bi-Weekly Poultry Feed Market Analysis and Price Outlook	NU, FA, WA, PI, TA, PS, PO, FF, MP, 2M	IN.SB.NCDEX, IN.SM.INDORE, IN.MZ.NIZAMABAD
Monthly Edible oil and Oilseed Complex Special Report	FA, BS, WA, PI, TA, PO, 2-3M	USA.SB.CME, USA.SM.CME, USA.SBO.CME, AR.SBO.1M, DXY.SPOT, USDBRL, USDARS, UKR.SFO.1M, MY.CPO.BMD, ID.CPO.1M, USDIDR, USDMYR, MY.CPKO.1M, PH.CNO.1M, IN.SBO.NCDEX, IN.SB.NCDEX, IN.RS.NCDEX.IN.RSE.KANDLA, IN.RSO.JAIPUR, IN.CPO.MCX, IN.CPO.KANDLA, IN.RS.RAJKOT

# News Update **NU**, Fundamental Analysis **FA**, Balance Sheets **BS**, Weather Analysis **WA**, Policy Impact **PI**, Technical Analysis **TA**, Trading Strategies **TS**, Procurement Strategies **PS**, Price Outlook **PO**, Market Intelligence **MI**, Facts & Figures **FF**, Market Prices **MP**, Price Spreads **PS**, Forward Curves **FC**, Elliott Wave Analysis **EWA**, 5D, 2W, 6W, 2M, 4-6M

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