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# Mapping the market thought of oil and oilseed markets

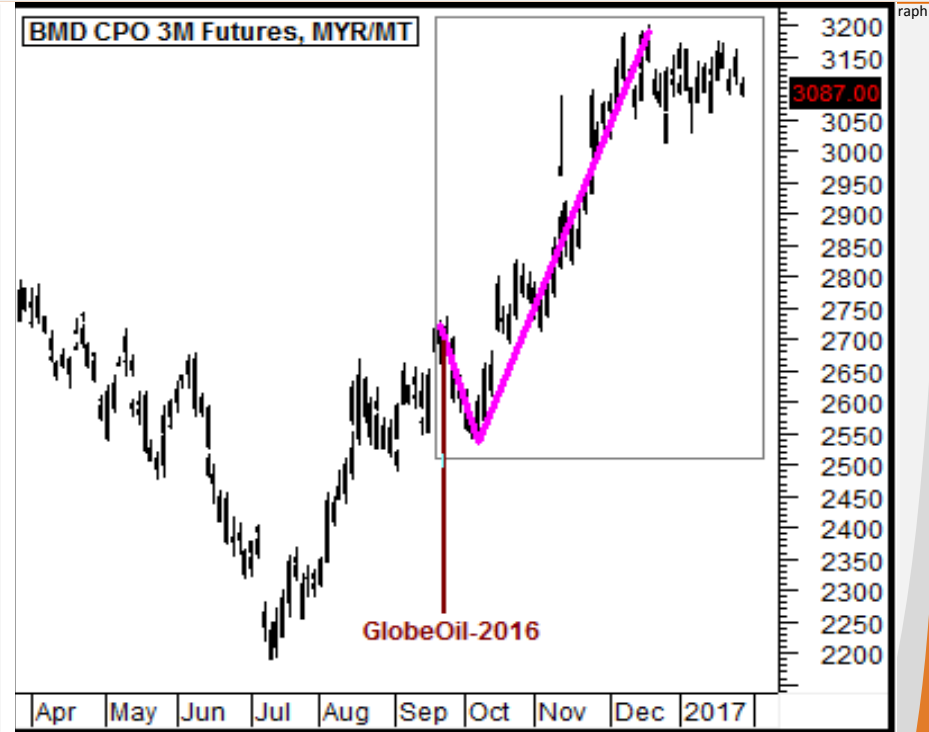
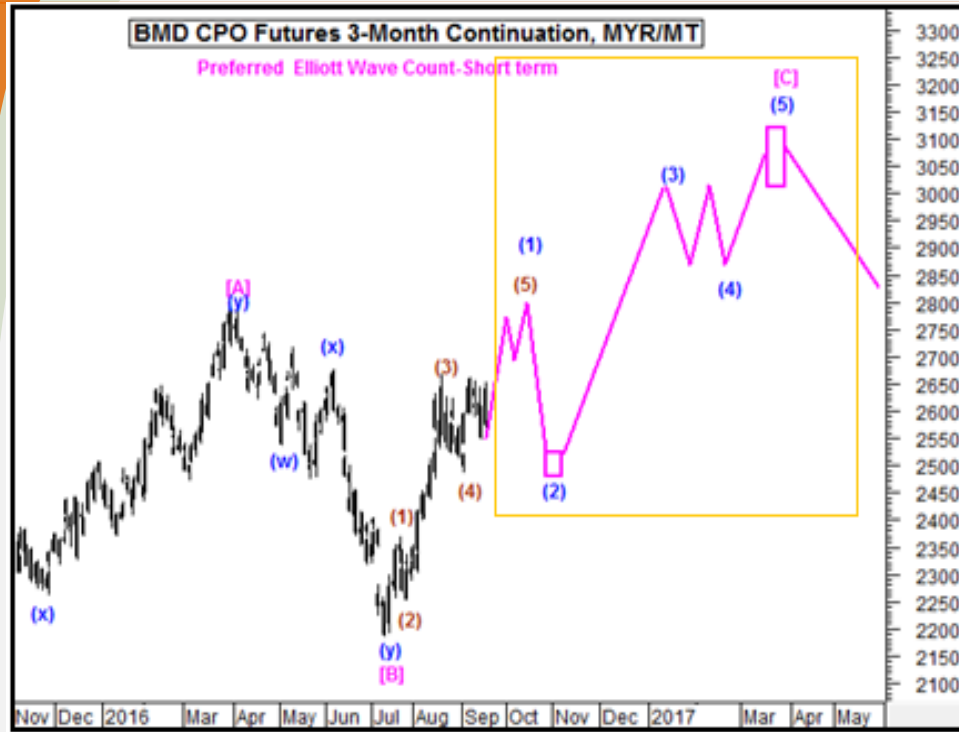
Paper by  
Nagaraj Meda  
MD, TransGraph Consulting Pvt Ltd



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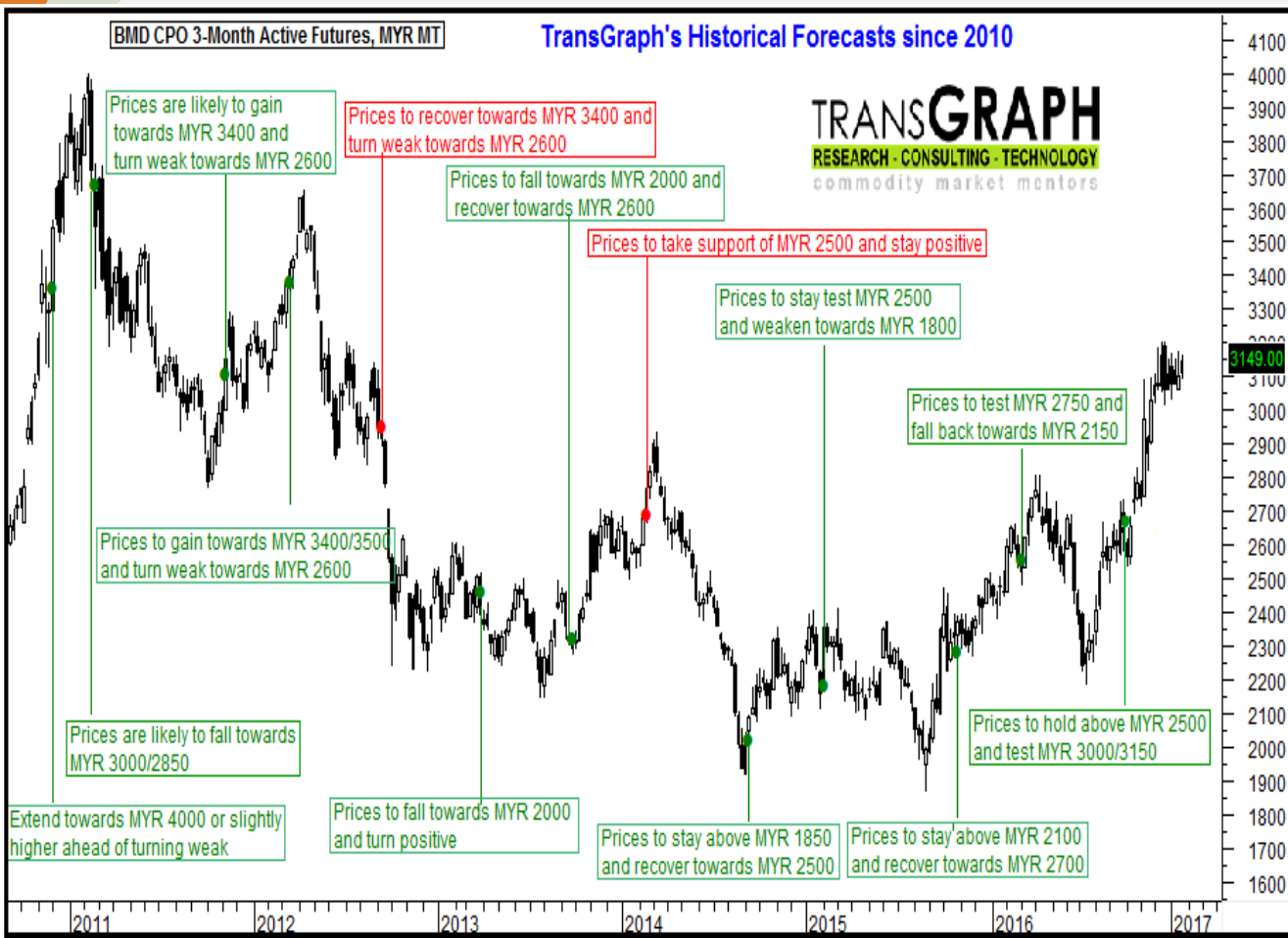


# Globoil, Goa 2016: Forecast Vs Actuals



**While market is supreme and none of us are not;  
We humbly pray to Lord Saraswati to bless us with the intellect to  
read the markets correctly**

# Long term accuracy using “Mapping the market thought” approach



## Trade strategies and audit (last 5 years)

Parameter	CME Soy oil (USc)	BMD CPO (MYR)
<b>Total no of strategies</b>	361	311
<b>No of profitable trades</b>	276	232
<b>Strike rate</b>	76.5%	74.6%
<b>Gross Profit</b>	202	11935
<b>Gross Loss</b>	-39	-2593
<b>Profit ratio</b>	80.82 %	78.27 %

# *Global Soy Complex*

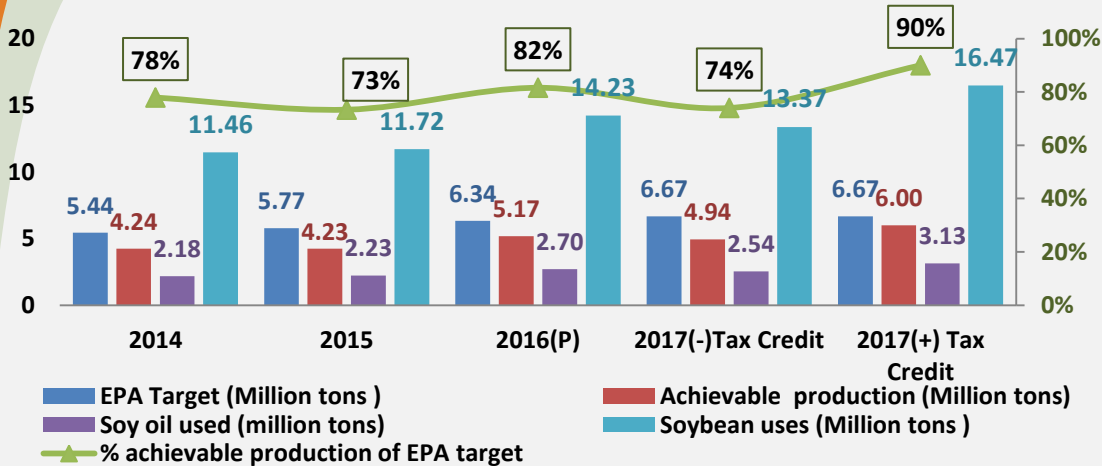


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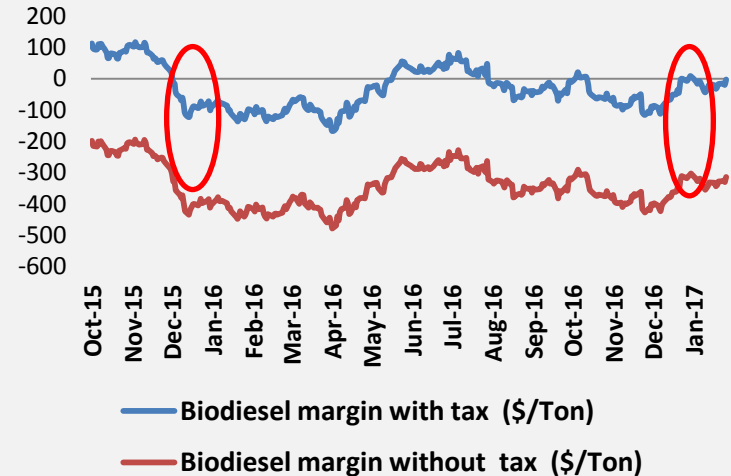


# Falling biodiesel margins in US & uncertainty over EPA policies ...

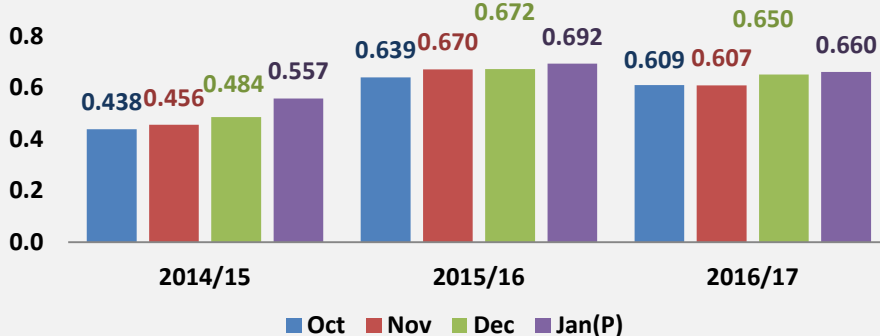
## US Bio-diesel production and soy oil/Bean uses



## US Bio-diesel margin



## US soy oil ending stocks (Million tons)



- Trump administration's propensity towards EPA is creating uncertainty over biodiesel industry growth
- In this context, soy oil usage in biodiesel can remain lower which can potentially lead to stock build up in Soy oil at US & Argentina front

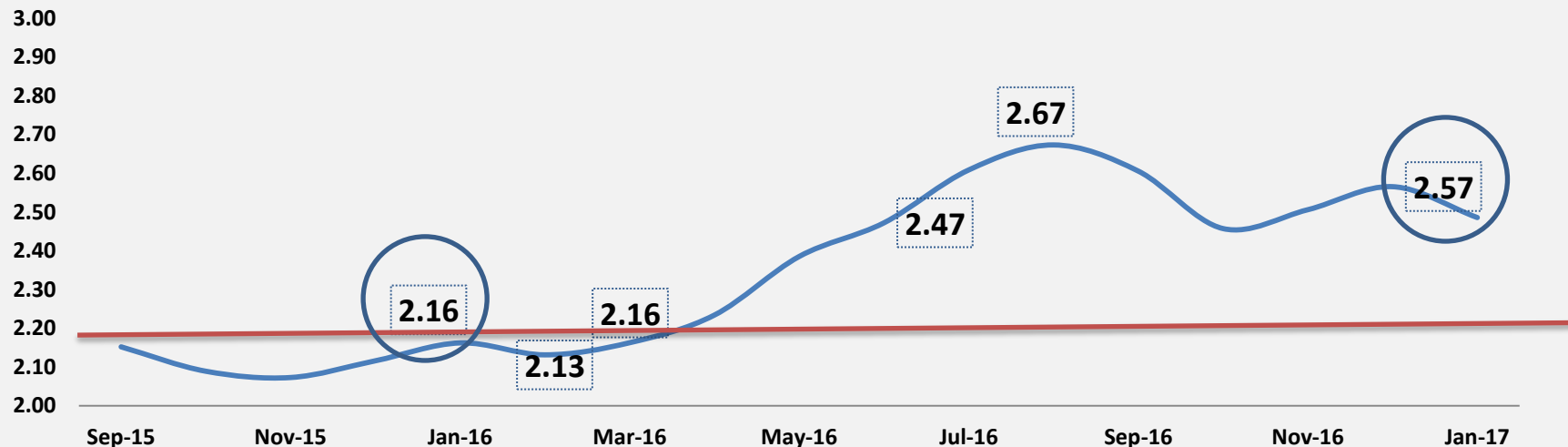
# US Soybean BS..

Attribute	USDA 15/16	USDA 16/17	TG Est 16/17 (- Tax Credit)	TG Est 16/17 (+ Tax Credit)
Area Harvested	33.08	33.48	33.48	33.48
Beginning Stocks	5.19	5.35	5.35	5.35
Production	106.86	117.21	117.21	117.21
Imports	0.64	0.68	0.68	0.68
Total Supply	112.69	123.24	123.24	123.24
Exports	52.69	55.79	<b>56.5</b>	<b>56</b>
Crush	51.34	52.53	<b>50.48</b>	<b>53.58</b>
Feed Waste Dom. Cons.	3.31	3.49	3.52	3.52
Total Dom. Cons.	54.64	56.02	54	57.1
Ending Stocks	5.35	11.44	12.75	10.15
All units in Million ton				

US soybean ending stocks likely to stay around 10.15 million tons vs. 5.35 million tons last year with tax credit scenario or else it may raise up 12.75 million ton in other case scenario

# Higher Soy/Corn ratio this year hinting at higher acreages for Soy in 2017...

## US Monthly Average Soy/Corn Ratio

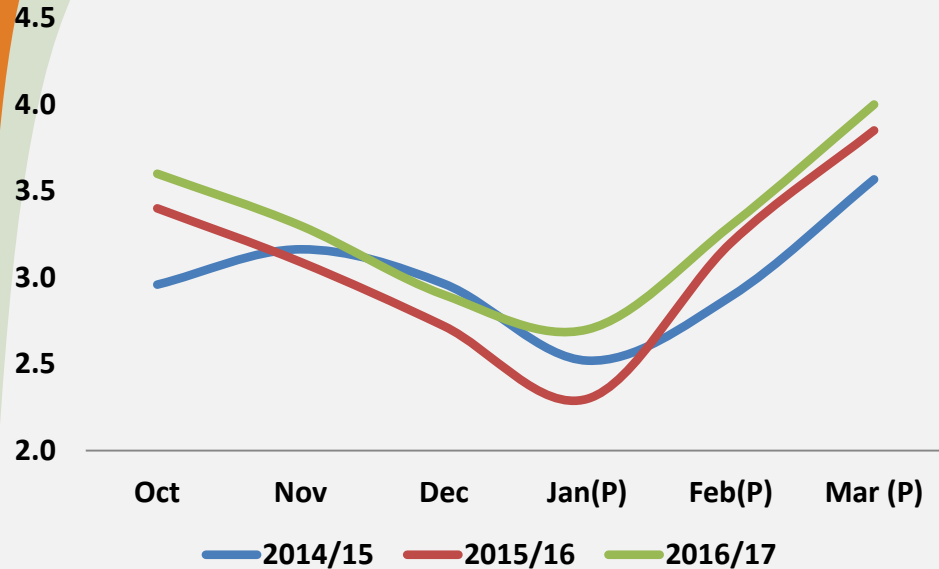


- Likely increment in soy acreages in 2017 vs 2016 due to higher realization for soy against corn
- Initial estimates hint at 87-88 million acres Vs 83.6 million acres in 2016 which could turn the sentiment negative in the upcoming months

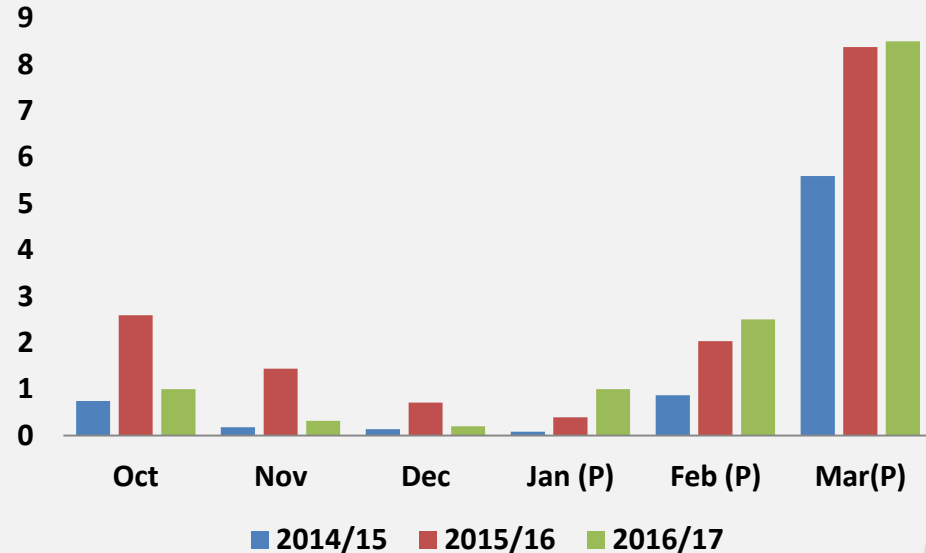


# Improving crush in Brazil amidst good harvest pace & higher crop...

## Crush (Million tons)



## Soybean Exports (Million tons)



- Exports will stay higher right from Feb'17 easing pressure on US
- Crush is expected to pick up from Feb'17 and gradually increase as we move in to Mar'17 bringing in more soy oil & meal supplies

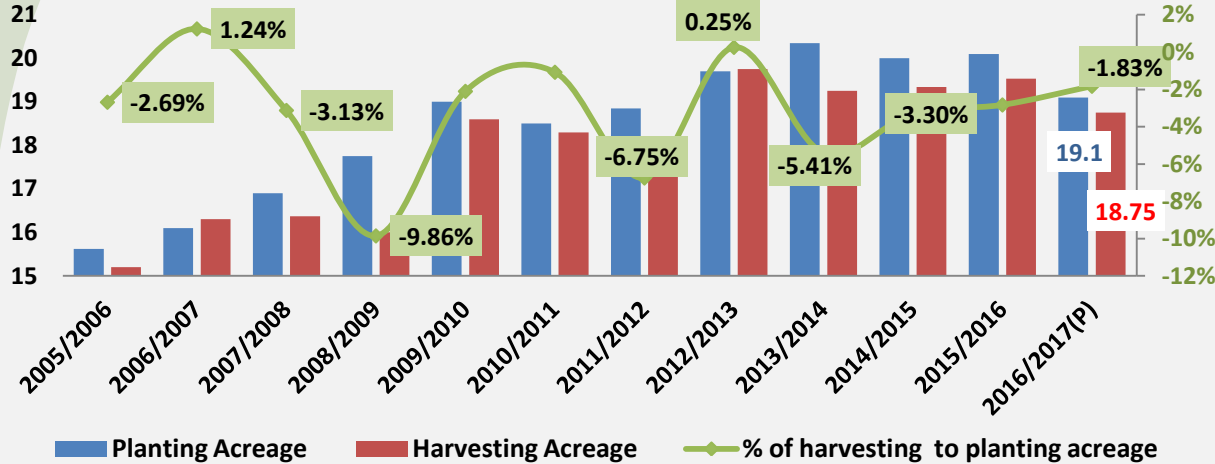
# Brazil Soybean BS..

Attribute	USDA 14/15	USDA 15/16	USDA 16/17	TG Est 16/17
Area Harvested	32.10	33.30	33.90	33.90
Beginning Stocks	16.02	19.50	18.63	18.82
Production	97.20	96.50	104.00	103.8
Imports	0.31	0.41	0.35	0.35
Total Supply	113.53	116.41	122.98	122.97
Exports	50.61	54.38	59.50	<b>58.50</b>
Crush	40.44	39.90	40.50	<b>41.50</b>
Feed Waste Dom. Cons.	2.98	3.50	3.60	3.10
Total Dom. Cons.	43.41	43.40	44.10	44.60
Ending Stocks	19.50	18.63	19.38	19.87
All units in Million ton				

Country's soybean ending stocks likely to stay higher at around 19.87 million compared to 18.63 million tons last year due to estimated higher production number

# Expected downward revision in Argentina soybean production

Argentina soybean planted vs. harvested acreage(MH)

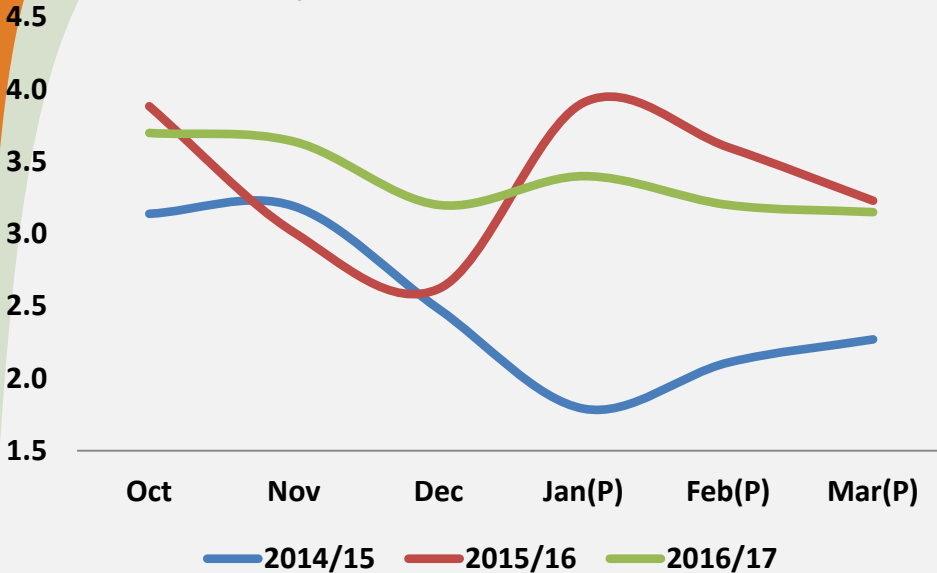


- Persisting dry weather in southern Soy growing belt and floods in Northern belt would result in to lower yield and acreage losses by approximately 3.78% and 4% respectively against last year
- Henceforth, national soybean crop size is expected to come around 53.5 million tons vs. 56.83 million tons last year production number

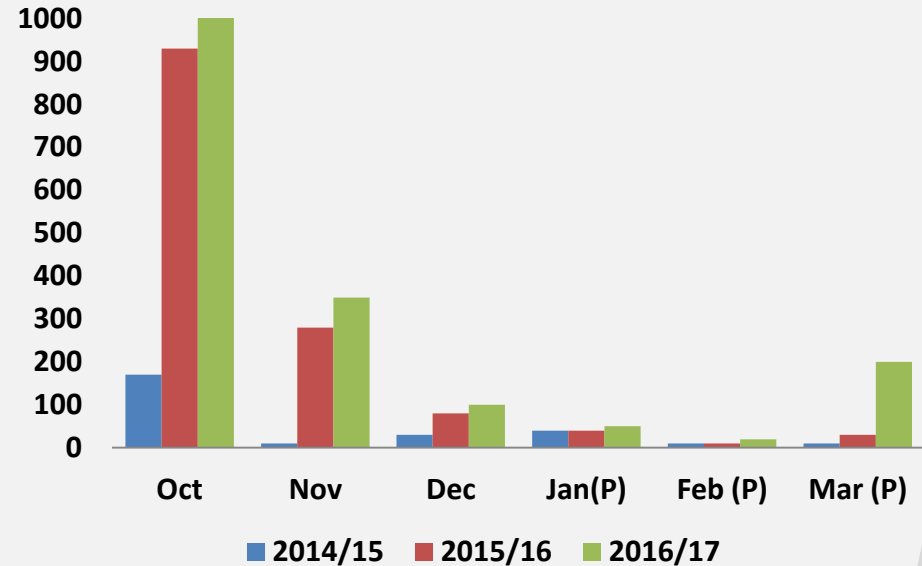
Argentina Soybean crop estimates for 2016/17 MY			
Attributes	2015/16	USDA 2016/17 Estimates as of Jan'17	TG 2016/17 Estimates
Planted Acreage (Million Hectares)	20.1	19.6	19.13
Harvested Acreage (Million Hectares)	19.53	19.45	18.88
Projected yield (T/H)	2.91	2.93	2.83
Estimated production for 2016/17 MY (MMT)	56.83	57.00	53.50
Argentina soybean ending stocks (MMT)	31.95	31.8	30.67

# Argentina Crush to stay subdued due to delayed harvest and lower crop anticipations . . .

### Soybean Crush (Million tons )

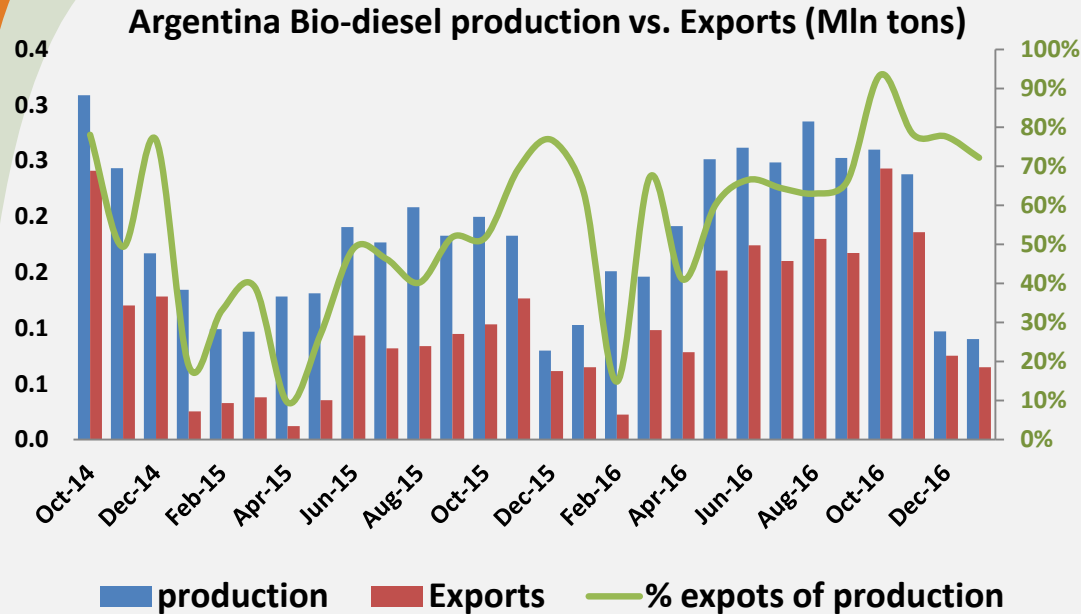


### Argentina Soybean Exports (thd. tons )



- Crush is expected to stay lower than last year owing to delayed harvest and lower production this year

# Biodiesel policy in US VS Impact on Argentina biodiesel exports



		(+)Tax Credit	(-) Tax credit
<b>Attributes</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2016/17</b>
<b>Bio-diesel production (MMT)</b>	2.353	2.85	2.44
<b>Bio-diesel exports (MMT)</b>	1.388	2.134	1.4
<b>Soy oil allocation for Industrial uses(MMT)</b>	2.377	2.87	2.46

Sharp drop in biodiesel production in Dec'16 is witnessed due to expiration of biodiesel tax credit in US driving lower consumption of soy oil

Biodiesel production in Argentina might remain stagnant in case of non extension of biodiesel credit in US and more Soy oil diversion to edible usage will increase in the coming months

# Argentina Soybean BS..

Attribute	USDA 15/16	USDA 16/17	TG Est 16/17 (- Tax credit)	TG Est 16/17 (+Tax credit)
Area Harvested	19.53	19.45	18.88	18.88
Beginning Stocks	31.92	31.95	31.95	31.95
Production	56.80	57.00	53.50	53.5
Imports	0.68	1.00	0.00	0
Total Supply	89.39	89.95	85.45	85.45
Exports	9.92	9.00	<b>9.00</b>	<b>8.5</b>
Crush	43.23	44.70	<b>41.33</b>	<b>43.53</b>
Feed Waste Dom. Cons.	4.29	4.45	4.45	4.45
Total Dom. Cons.	47.52	49.15	45.78	47.98
Ending Stocks	31.95	31.80	30.67	28.97

All Units in Million ton

- Argentina soybean ending stock is estimated to stay at 28.97 million tons and 30.67 million tons in case of with or without US Bi-diesel tax credit scenario

# Global Soybean Balance Sheet

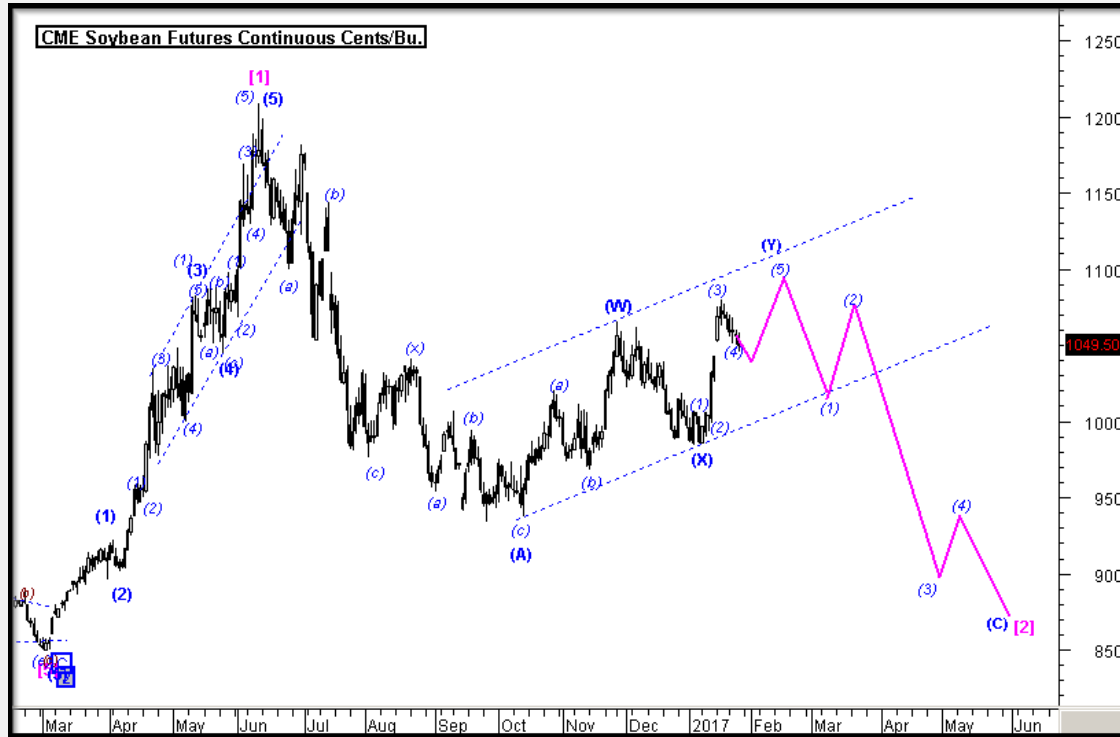
TransGraph

**Global Soybean Balance Sheet (Million tons)**

Parameter	USDA 15/16	USDA 16/17	TG Est 16/17 (- Tax credit)	TG Est 16/17 (+Tax credit)
Area Harvested (Million Ha)	120.37	121.52	121.3	121.31
Beginning Stocks	78.05	77.19	77.38	77.38
Production	313.53	337.85	335.4	335.38
MY Imports	133.31	137.53	138.4	137.36
Total Supply	524.89	552.57	551.1	550.12
MY Exports	132.18	139.90	140.1	139.05
Crush	276.76	290.34	286.6	291.87
Food & Feed Dom. Cons.	38.77	40.00	39.55	39.55
Total Dom. Cons.	315.53	330.34	326.1	331.42
Ending Stocks	77.19	82.32	84.95	79.65
S/C Ratio	24.5%	24.9%	26%	24.00%
Week to Consumption	12.72	12.96	13.55	12.5
<b>Source:- USDA &amp; TG Research</b>				

- Overall, global ending stocks for 2016/17 MY likely to get adjusted toward 84.95 million tons vs. 77.19 million tons last year stock number. Otherwise, the ending stocks likely to fall towards 79.65million tons in case Bio-diesel tax credit gets revised

# CME Soybean Futures, Usc/Bu (Preferred Scenario)



CME Soybean Futures prices are unfolding a minor corrective wave B which is unfolding as a complex corrective structure. This corrective bounce from Usc 940 is **likely to conclude around Usc 1100 and a sharp weakness would take over as minor wave C which keeps potential to take prices towards Usc 900 towards June'17**. Only sharper rise above Usc 1150 would negate the expected weakness and keep potential open for Usc 1250. However, this possibility remains bleak within existing chart structure.

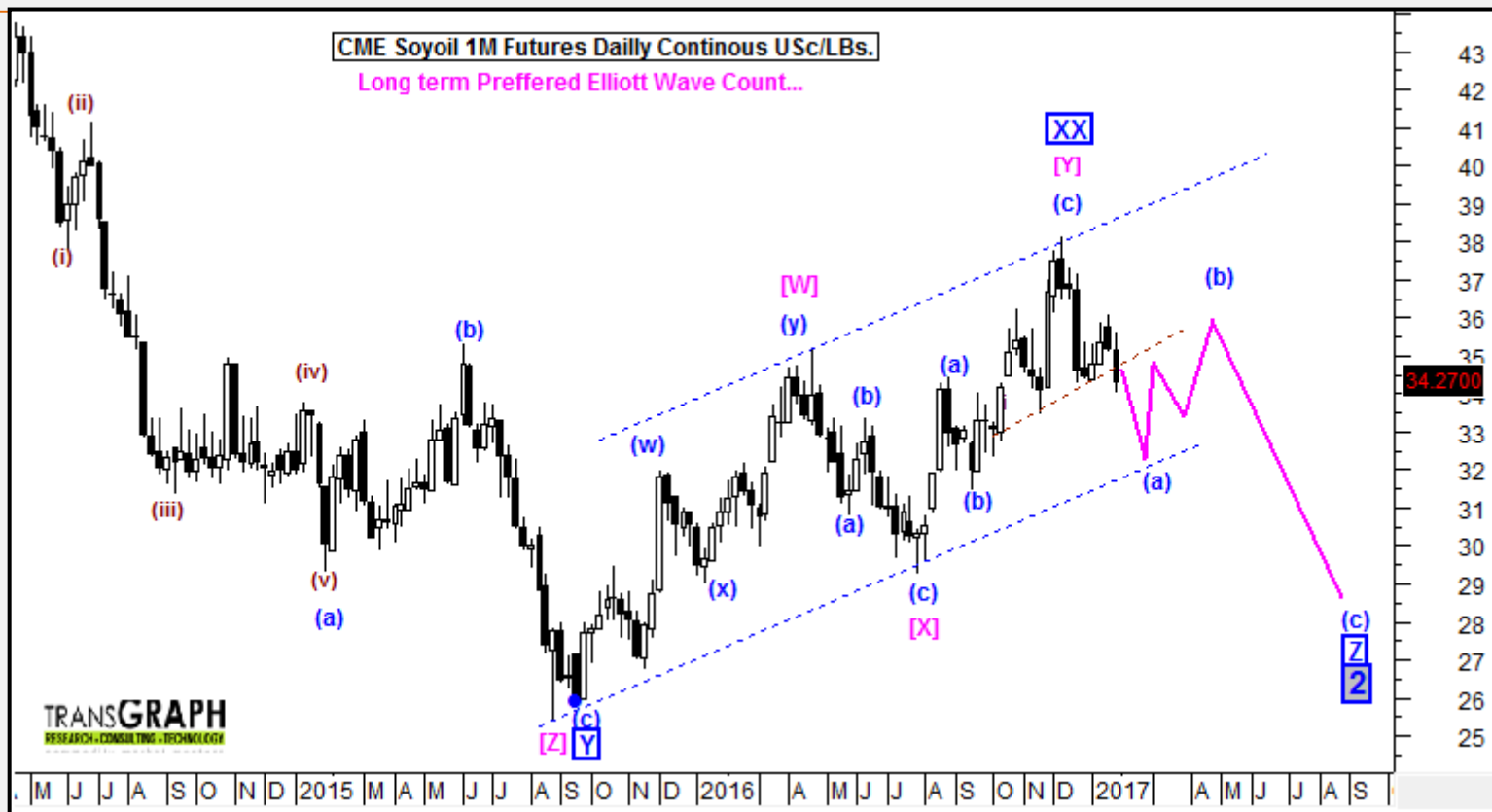


# CME Soy Meal Futures, Continuation, USD/S.ton (Preferred Scenario)



CME Soybean Meal futures prices are about to conclude minor corrective wave X which **will pave way for a prolonged and mixed bearishness towards USD 290 towards next 4-6 months as minor wave Y**. This weakness would conclude intermediate wave 2 towards mid of Year 2017 and witness significant rally thereafter.

# CME Soy oil 1M Futures cont., Preferred Scenario



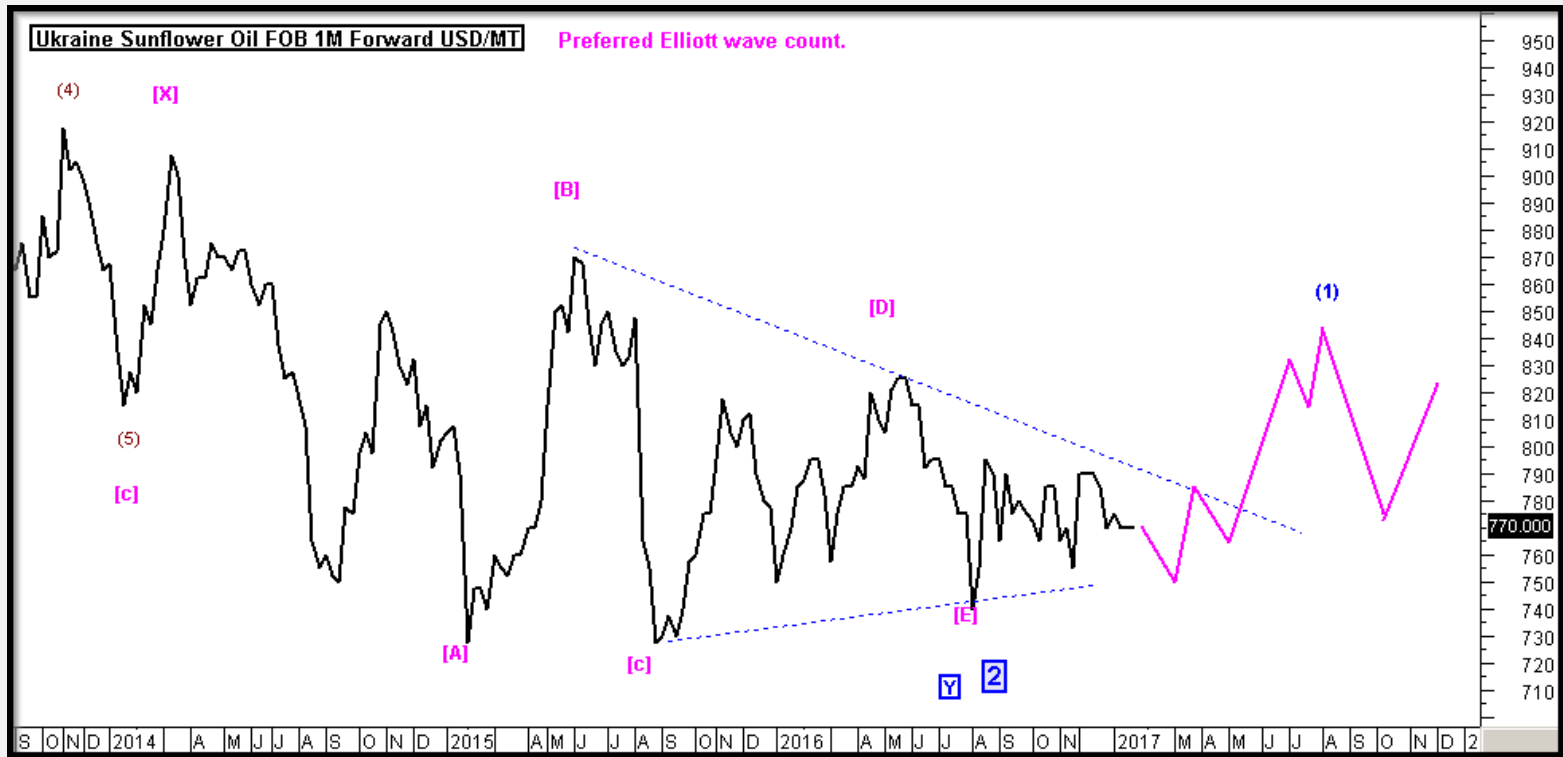
CME Soy oil 1M futures placed intermediate wave-[Y] at Usc 38.11, currently prices are in a minor wave-(c) within intermediate wave-A of Primary wave -Z. Going ahead prices are likely to hold below Usc 36.00 and trade lower towards Usc 32.50 in the coming 3-4 months.

# Argentina Soy oil FOB 1M Forward USD/Ton.



Argentina Soyoil 1M Fwd (FOB) prices after failing to breach above USD 860 which happens to be 38.2% fib. Retracement based level for the fall from USD 1272 have pulled back sharply. Going ahead prices are **likely to trade lower towards USD 760/750** ahead of turning higher again in the coming 3-4 months.

# Ukraine Sunflower Oil FOB USD/MT



Ukraine Sunflower 1M Fwd. prices have completed the Cycle wave 2 around USD 740 and are consolidating after an initial rise to USD 800. Going ahead **prices are likely to hold above USD 740 and trade higher towards USD 830 in the coming 3-4 months.**

## *China reducing old rape oil stock from its State Reserve*

Years	Opening Stock	Tentative Purchase	Central Gov purchased for reserve	Volume sold by auction	Volume sold to designated buyers	Ending stock
2008/09	0.00	0.00	0.50	0.00	0.00	0.50
2009/10	0.50	1.50	0.00	0.00	0.00	2.00
2010/11	2.00	0.80	0.00	1.41	0.51	0.88
2011/12	0.88	1.50	0.00	0.00	0.00	2.38
2012/13	2.38	1.60	0.00	0.01	0.00	3.97
2013/14	3.97	1.70	0.00	0.00	0.00	5.67
2014/15	5.67	0.90	0.00	0.15	0.00	6.42
2015/16	6.42	0.80	0.00	2.28	0.00	4.94
2016/17E	4.94	0.00	0.00	2.80	0.00	2.14
<b>All Units In Million tons</b>						

- Continuous selling of rape oil state reserves in China might keep Chinese veg oil buying robust in the coming months.

# Global Rapeseed Balance sheet (Million tons)

TransGraph

Parameters	USDA 2015/2016	TG 2015/16	USDA 2016/2017P	TG 2016/17P
Area Harvested (1000 HA)	34.10	33.32	33.64	33.53
Beginning Stocks	7.47	7.24	6.74	5.70
Production	70.24	67.87	67.85	67.24
MY Imports	14.23	13.89	13.97	14.95
Total Supply	91.94	88.99	88.56	87.89
MY Exports	14.68	14.13	13.87	14.59
Crush	67.66	66.04	66.29	64.81
Feed & Food Dom cons	2.87	3.13	3.11	3.03
Total Dom. Cons.	70.53	69.17	69.39	67.84
Ending Stocks	6.74	5.70	5.29	5.46
S/C Ratio	7.67%	6.84%	6.69%	6.62%

Source : USDA & TG Research

According to TG estimates, Global rapeseed ending stocks for 2016/2017 expected to stand around 5.46 million tons vs. 5.70 million tons last year due production deficit at EU.

# *Palm complex*



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# CPO -S&D review at main origins (Jan-Dec period)

## Malaysian Palm S&D review

CY	Beg stocks	Production	Imports	Total supply	Exports	Dom consumption	Total consumption	End Stocks
2015	2.02	19.96	1.02	23.00	17.41	2.96	20.37	2.63
2016	2.63	17.32	0.42	20.37	16.05	2.66	18.71	1.67
Change in absolute number	0.62	-2.64	-0.61	-2.63	-1.36	-0.30	-1.66	-0.97
% Change	30.67%	-13.23%	-59.19%	-11.43%	-7.82%	-10.10%	-8.15%	-36.77%

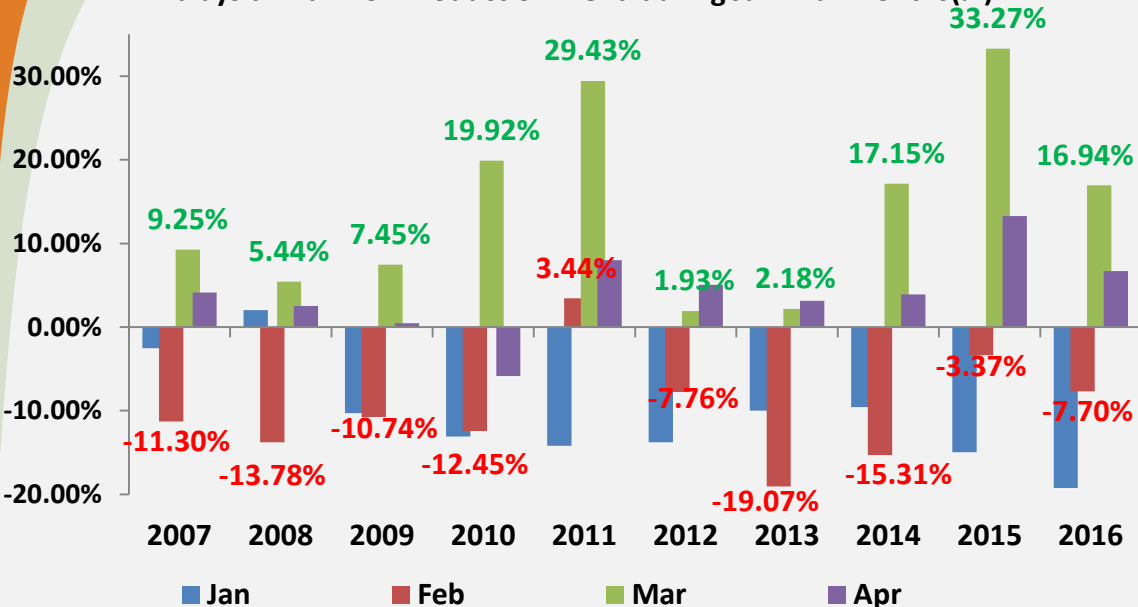
## Indonesia Palm S&D review

CY	Beg stocks	Production	Imports	Total supply	Exports	Dom consumption	Total consumption	End Stocks
2015	2.54	34.85	0.00	37.39	24.57	8.53	33.10	4.29
2016	4.29	30.95	0.00	35.23	23.37	8.70	32.07	3.16
Change in absolute number	1.75	-3.90	0.00	-2.15	-1.19	0.17	-1.02	-1.13
% Change	68.98%	-11.19%	0.00%	-5.75%	-4.86%	1.98%	-3.10%	-26.27%



# Malaysian Palm oil Production to remain under pressure till Feb'17

Malaysian Palm oil Production Trend during Jan-Mar months(%)



Malaysian Rainfall (mm)				
	W.Malaysia		Sabah	
	2016	Impacted months	2016	Impacted months
Jan	188	Oct-16	102	Oct-16
Feb	109	Nov-16	95	Nov-16
March	79	Dec-16	60	Dec-16
April	85	Jan-17	146	Jan-17
May	260	Feb-17	125	Feb-17
June	172	Mar-17	190	Mar-17
July	167	Apr-17	206	Apr-17

- Above graph showing crystal picture about production bottoming out at Malaysia. It is clearly indicating that after month of February, Malaysian palm oil production has gone up from March
- Henceforth, Malaysian palm oil production is expected to mountain around 20-25% in Mar'17 which might ease supply pressure subsequently keep bearish sentiment in palm oil market.

# Palm Oil Stock expectations for Jan'17

Malaysian Palm Oil Bs for Jan'17E

Parameters (Mn Tons)	Dec'16	Jan'17E	% Change
Opening Stocks	1.66	1.67	1%
Production	1.47	1.32	-10%
Imports	0.04	0.06	40%
Supply	3.17	3.05	-4%
Export	1.28	1.38	8%
Dom.Cons.	0.24	0.20	-18%
Total Demand	1.50	1.58	5%
End Stocks	1.67	1.47	-12%

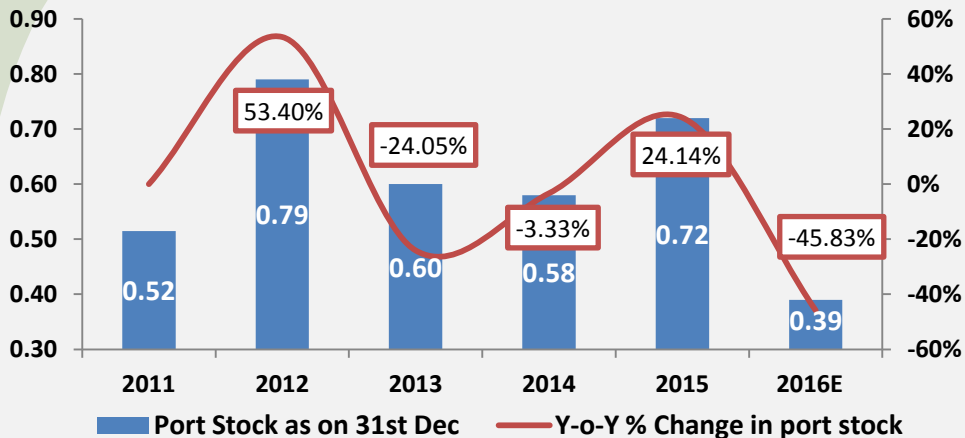
Indonesia Palm Oil Bs for Jan'17E

Parameters (Mn Tons)	Dec'16	Jan'17E	% Change
Opening Stocks	2.93	3.16	7.90%
Production	2.84	2.61	-8.00%
Imports	0.00	0.00	0.00%
Supply	5.77	5.77	0.07%
Export	2.23	2.34	5.00%
Dom.Cons.	0.38	0.36	-5.00%
Total Demand	2.61	2.70	3.54%
End Stocks	3.16	3.07	-2.79%

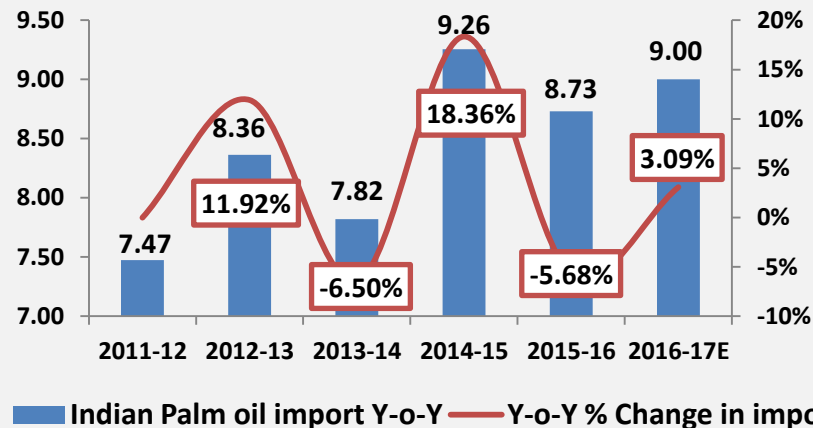
- Malaysian Palm oil ending stock for Jan'17 is expected to stay around 1.47 million tons Vs 1.67 mln ton in Dec'16
- Indonesian stocks are also expected to fall by 0.09 million ton to 3.07 Vs 3.16 million ton mainly because of good export and lower production during Jan'17

# Indian Palm oil Import demand to stay lower going forward..

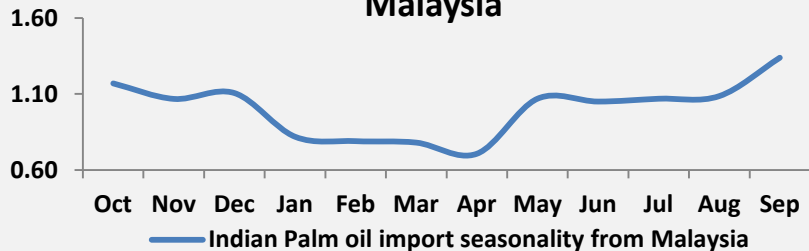
### Indian Palm oil Port Stock(Million Tons)



### Indian Palm oil import projection for 2016/17(Million Tons)



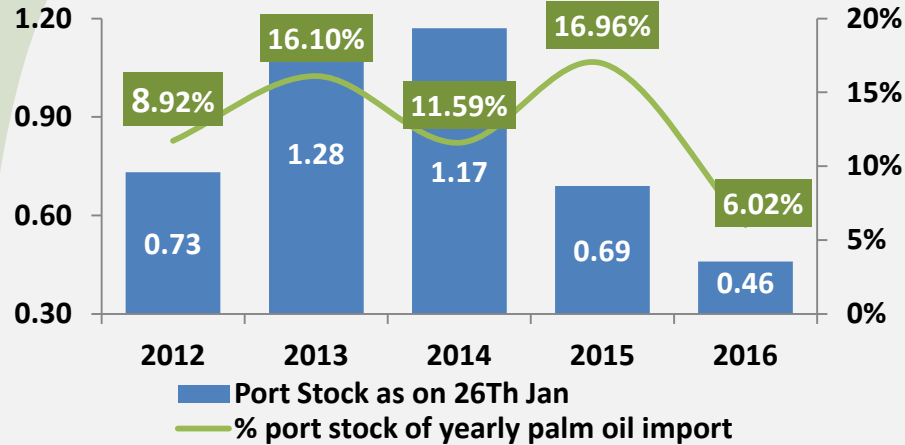
### Indian Palm oil import seasonality from Malaysia



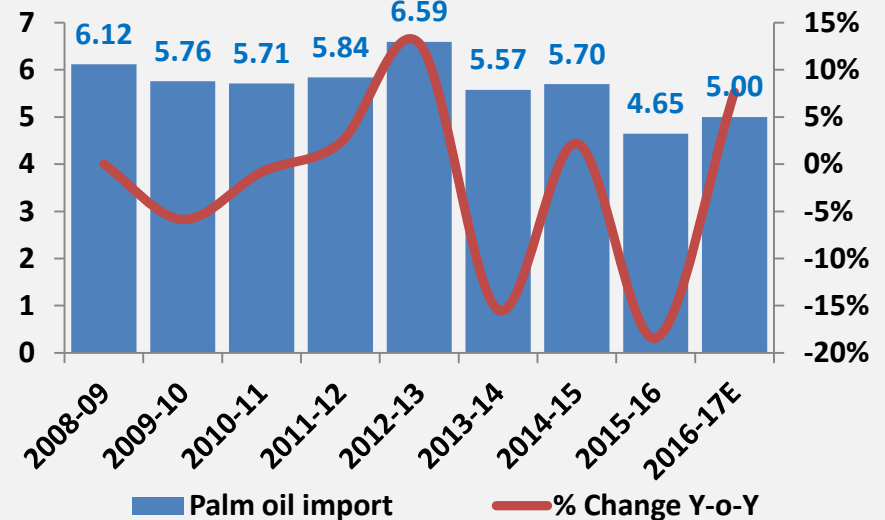
- As on 31<sup>st</sup> Dec'16 palm oil stock @ Indian port is dwindling at level of 0.39 million tons Vs.0.72 million tons during last year
- However, Narrowing spreads & improved domestic crush might keep Indian palm imports on a subdued note in Feb'17 & in the near term

# Replenishment of Palm oil stock @ Chinese ports ....

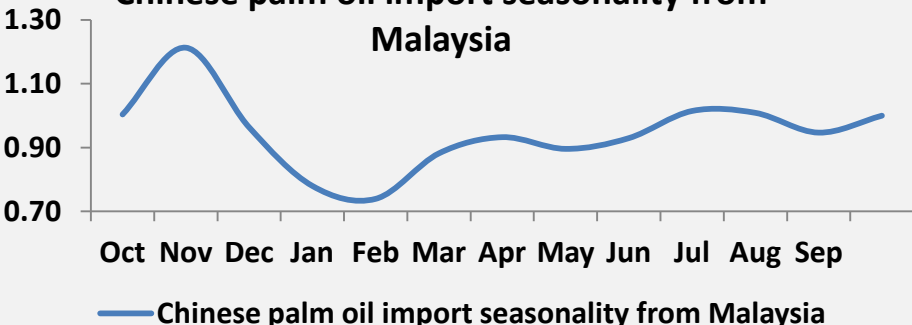
### Palm oil port stocks in China (MMT)



### Chinese Palm oil import projection for 2016/17 (Million tons)

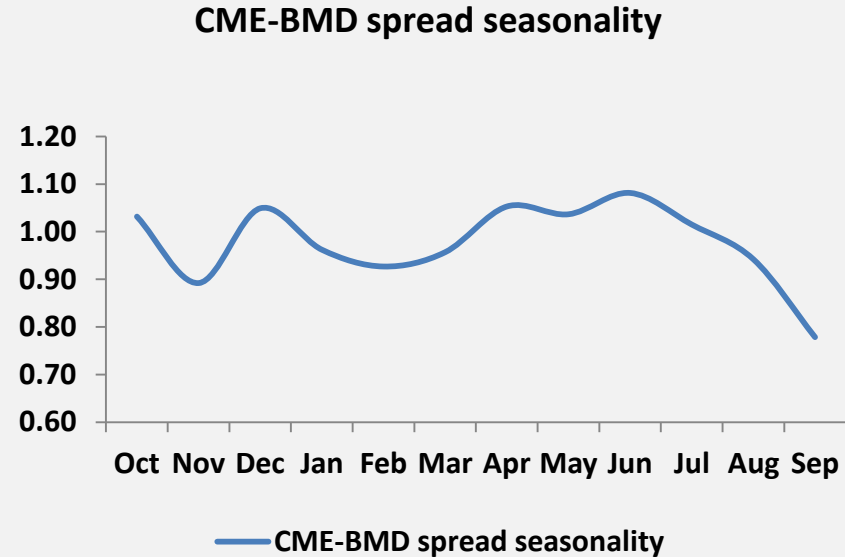
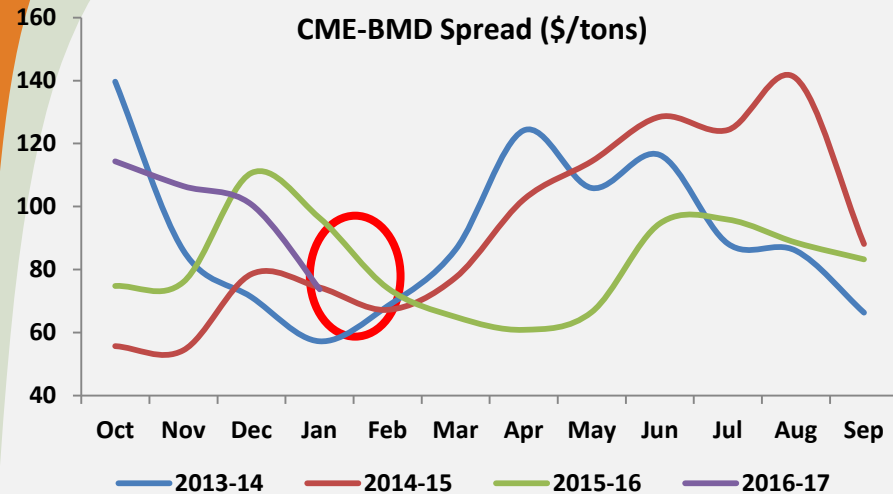


### Chinese palm oil import seasonality from Malaysia



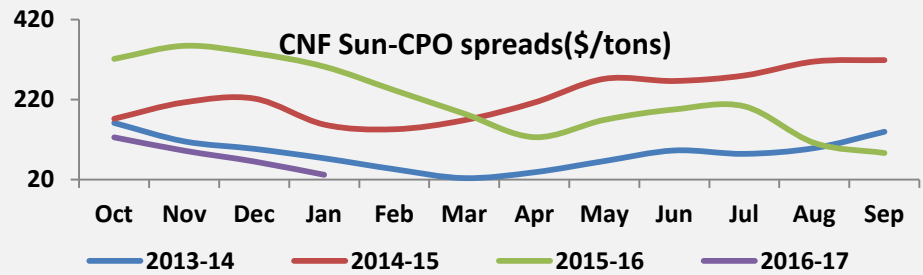
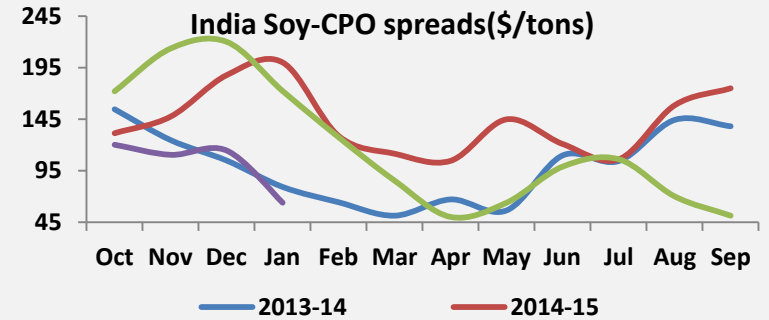
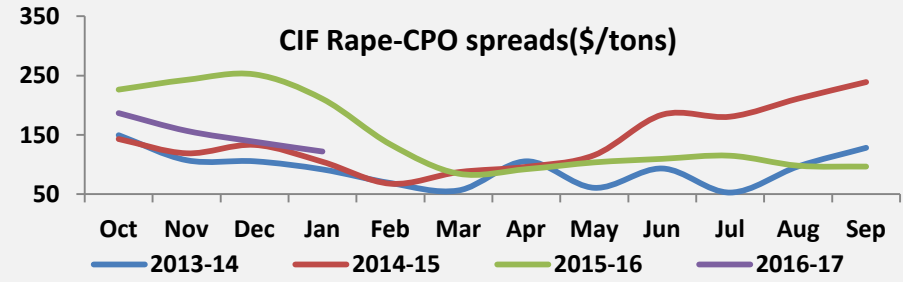
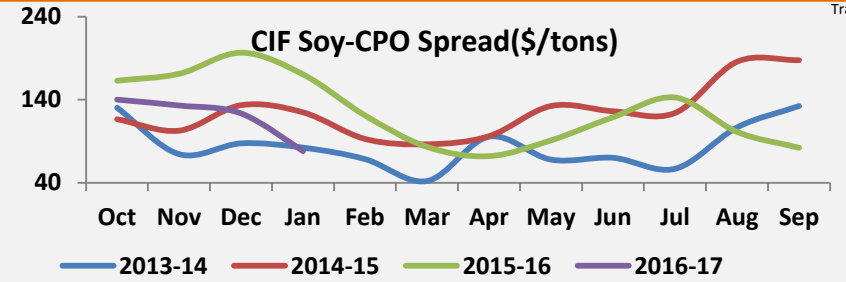
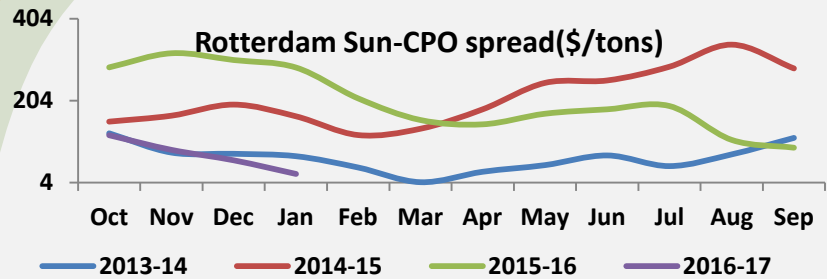
- As on 31<sup>th</sup> Dec'16 palm oil stock @ Chinese port are at level of 0.46 million tons Vs 0.69 million tons last month.
- Stock replenishment had been decent in the last few months and current festival season might restrict incremental demand from china in Feb'17

# Narrowing CME-BMD spread till Feb



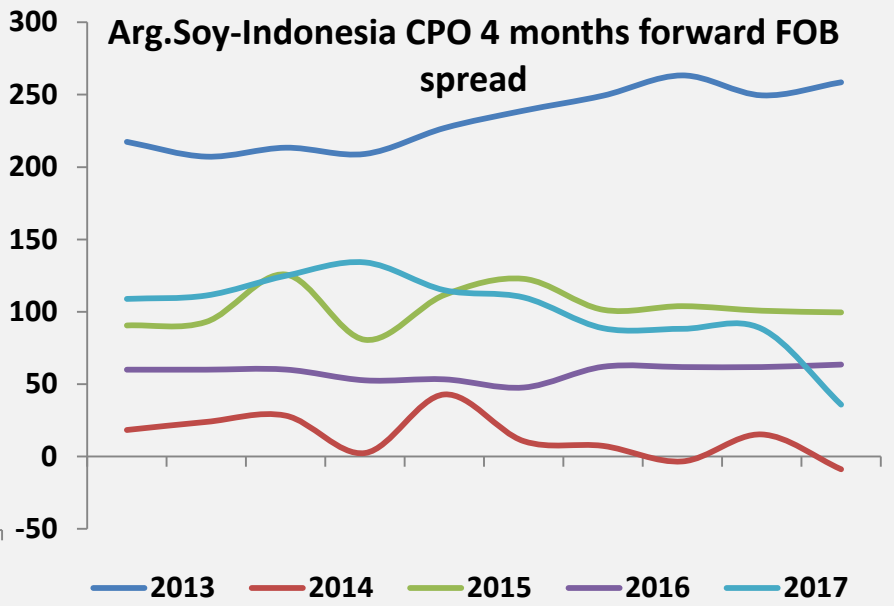
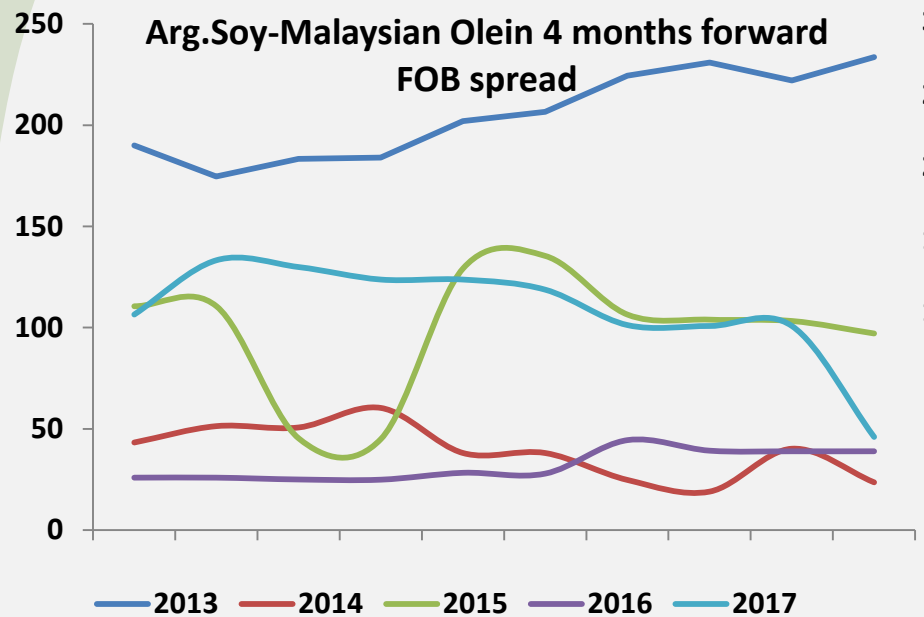
- Seasonality suggests that CME-BMD spread tend to narrow till February month due to tightness in palm driving the spread
- Similar scenario is witnessed as of today and thus might continue to support palm prices till the end of Feb'17

# Tightness in Palm leading to narrow spreads at major destinations & a hindrance for demand ...



Soy-CPO spread at main destination is narrowing based on tighter Palm oil stocks. However, any further narrowing might weigh on palm demand going forward.

# *Tightness in Palm leading to narrow spreads at major destinations & a hindrance for demand ...*



## *Malaysian Palm oil Balance sheet*

TransGraph

Malaysian Palm Oil Balance Sheet (Oct-Sep)				
Parameter	2014/15	2015/16	2016/17E	2016/17 E Simulation 1
<b>Beginning Stocks</b>	<b>2.09</b>	<b>2.63</b>	<b>1.54</b>	<b>1.54</b>
<b>Production</b>	<b>19.88</b>	<b>17.68</b>	<b>20.00</b>	<b>20.57</b>
<b>MY Imports</b>	<b>1.02</b>	<b>0.56</b>	<b>0.50</b>	<b>0.50</b>
<b>Total Supply</b>	<b>22.99</b>	<b>20.87</b>	<b>22.04</b>	<b>22.61</b>
<b>MY Exports</b>	<b>17.35</b>	<b>16.67</b>	<b>17.30</b>	<b>17.50</b>
<b>Industrial Dom. Cons.</b>	<b>1.80</b>	<b>1.49</b>	<b>1.80</b>	<b>1.90</b>
<b>Food Use Dom. Cons.</b>	<b>0.95</b>	<b>0.90</b>	<b>0.95</b>	<b>1.00</b>
<b>Feed Waste Dom. Cons.</b>	<b>0.26</b>	<b>0.27</b>	<b>0.28</b>	<b>0.32</b>
<b>Total Dom. Cons.</b>	<b>3.01</b>	<b>2.66</b>	<b>3.03</b>	<b>3.22</b>
<b>Ending Stocks</b>	<b>2.63</b>	<b>1.54</b>	<b>1.71</b>	<b>1.89</b>
<b>All Units in Million ton</b>				

- Malaysian palm oil production for 2016/17 is expected to surge @ around 20.00 million tons due to anticipation of improving palm oil production from Mid 2017 year which would keep palm oil end stock @ 1.71 million tons against 1.54 million tons in 2015/16 year



## Indonesia Palm oil Balance sheet

TransGraph

Indonesian Palm Oil Balance sheet				
Parameter	2014/15	2015/16	2016/17E	2016/17 E Simulation 1
Beginning Stock	3.03	3.58	2.54	2.54
Production	32.50	31.12	32.26	33.17
Imports	0.00	0.00	0.00	0.00
Total Supply	35.53	34.70	34.80	35.71
Exports	23.40	23.45	23.67	23.80
Industrial Dom Use	2.50	2.80	3.00	3.00
Food Use Dom	5.60	5.60	5.71	5.71
Feed waste dom	0.28	0.31	0.34	0.35
Total Dom Cons	8.38	8.71	9.05	9.06
Ending Stocks	3.75	2.54	2.08	2.85
All Units in Million ton				

- Indonesia palm oil production for 2016/17 is expected to surge @ around 32.26 million tons due to surge in palm oil production moving forward.
- In case of 8% growth in 3.47 t/ha yield in previous year which might give higher palm oil production for 2016/17
- However, higher domestic use for Biodiesel production and higher export would draw down inventory level @ 2.08 million tons Vs.2.54 million tons in 2015/16.

# Global Palm Balance sheet (2016/17)

TransGraph

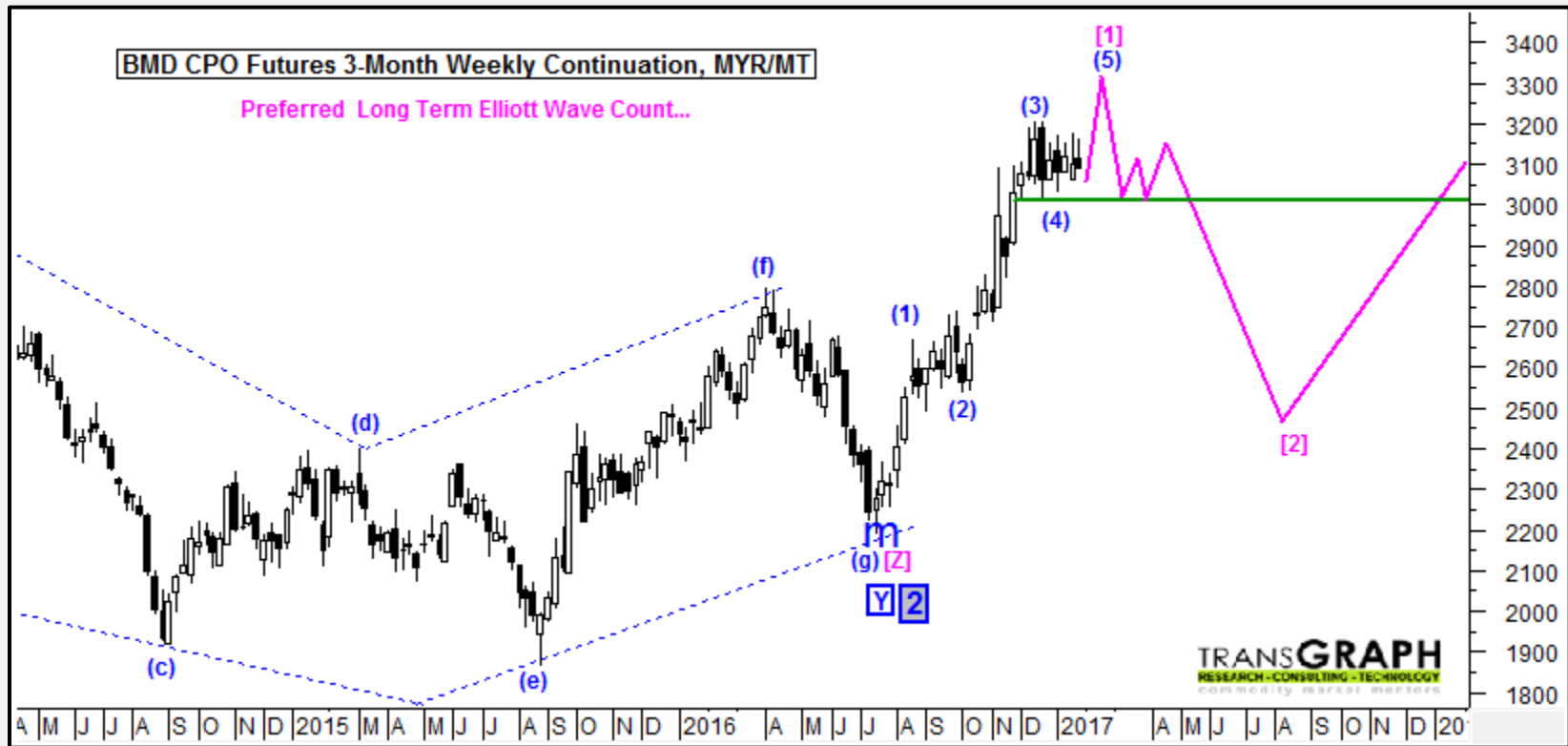
Global Palm Oil Balance Sheet				
Parameter (in Mn MT)	2014/2015	2015/2016	2016/2017E	2016/17 E Simulation 1
Beginning Stocks	8.46	9.56	7.44	7.44
Production	60.78	57.15	61.06	62.84
MY Imports	42.52	42.07	43.60	44.10
Total Supply	111.76	108.78	112.10	114.38
MY Exports	45.85	45.01	46.27	46.80
Industrial Dom. Cons.	13.40	13.39	14.30	14.50
Food Use Dom. Cons.	41.95	41.90	43.16	43.61
Feed Waste Dom. Cons.	1.00	1.04	1.12	1.18
Total Dom. Cons.	56.35	56.33	58.58	59.29
Ending Stocks	9.56	7.44	7.25	8.29
S/C Ratio	9.35%	7.34%	6.91%	7.81%

- Global Palm stocks are falling towards 7.25 million ton in the wake of decline in production at both origins like Malaysia & Indonesia
- However, in case of 8% growth in Yield @ Indonesia on Y-o-Y basis which might assist in global palm oil stock build up for 2016/17 and would keep bearish sentiment on other side.

# Major Four global veg oil scenario

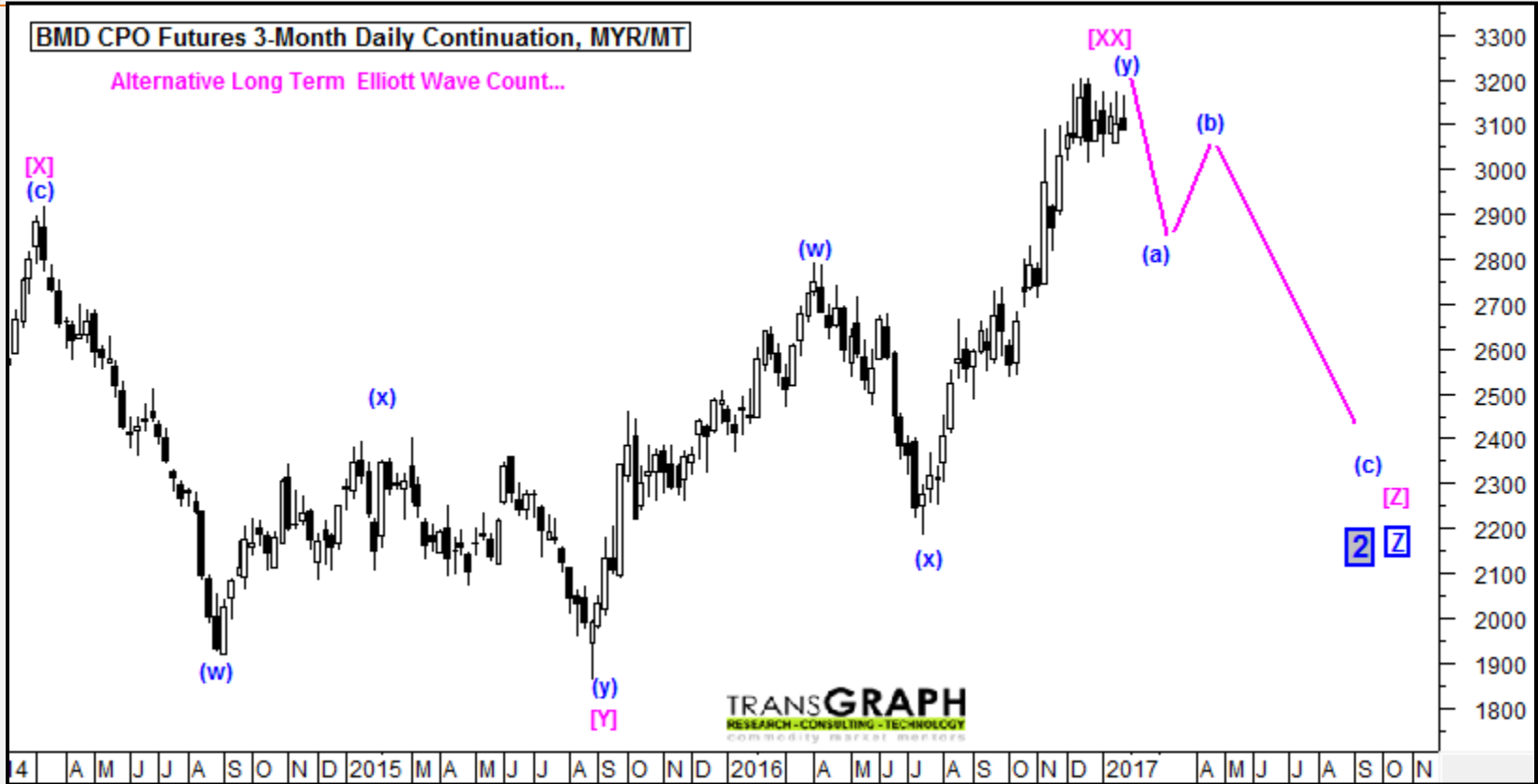
Attribute	Soy Oil		Sun Oil		Palm		Rape Oil		Overall	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
<b>Beginning Stocks (MT)</b>	4.08	3.84	2.29	1.29	9.56	7.44	5.71	5.29	21.63	17.86
<b>Production (MT)</b>	51.84	54.34	14.95	17.44	57.15	61.06	27.70	26.73	151.64	159.57
<b>MY Imports (MT)</b>	11.68	11.08	7.15	8.10	42.07	43.60	4.11	4.32	65.01	67.10
<b>Total Supply (MT)</b>	67.60	69.25	24.38	26.84	108.78	112.10	37.52	36.42	238.28	244.61
<b>MY Exports (MT)</b>	11.71	11.16	7.86	9.75	45.01	46.27	4.14	4.14	68.71	71.32
<b>Industrial Dom. Cons. (MT)</b>	9.17	9.83	0.62	0.66	13.39	14.30	8.31	7.95	31.48	32.74
<b>Food &amp; Feed Use Dom. Cons.(MT)</b>	42.84	44.74	14.61	14.93	1.04	1.12	19.79	19.75	78.28	80.55
<b>Total Consumption. (MT)</b>	52.01	54.58	15.23	15.60	56.33	58.58	28.09	27.70	151.66	156.45
<b>Ending Stocks (MT)</b>	3.88	3.52	1.29	1.49	7.44	7.25	5.29	4.58	17.91	16.84
<b>S/C Ratio</b>	7.52%	6.51%	8.49%	9.54%	13.21%	12.38%	18.85%	16.55%	11.83%	10.80%

# BMD CPO 3-M Futures- in MYR/MT



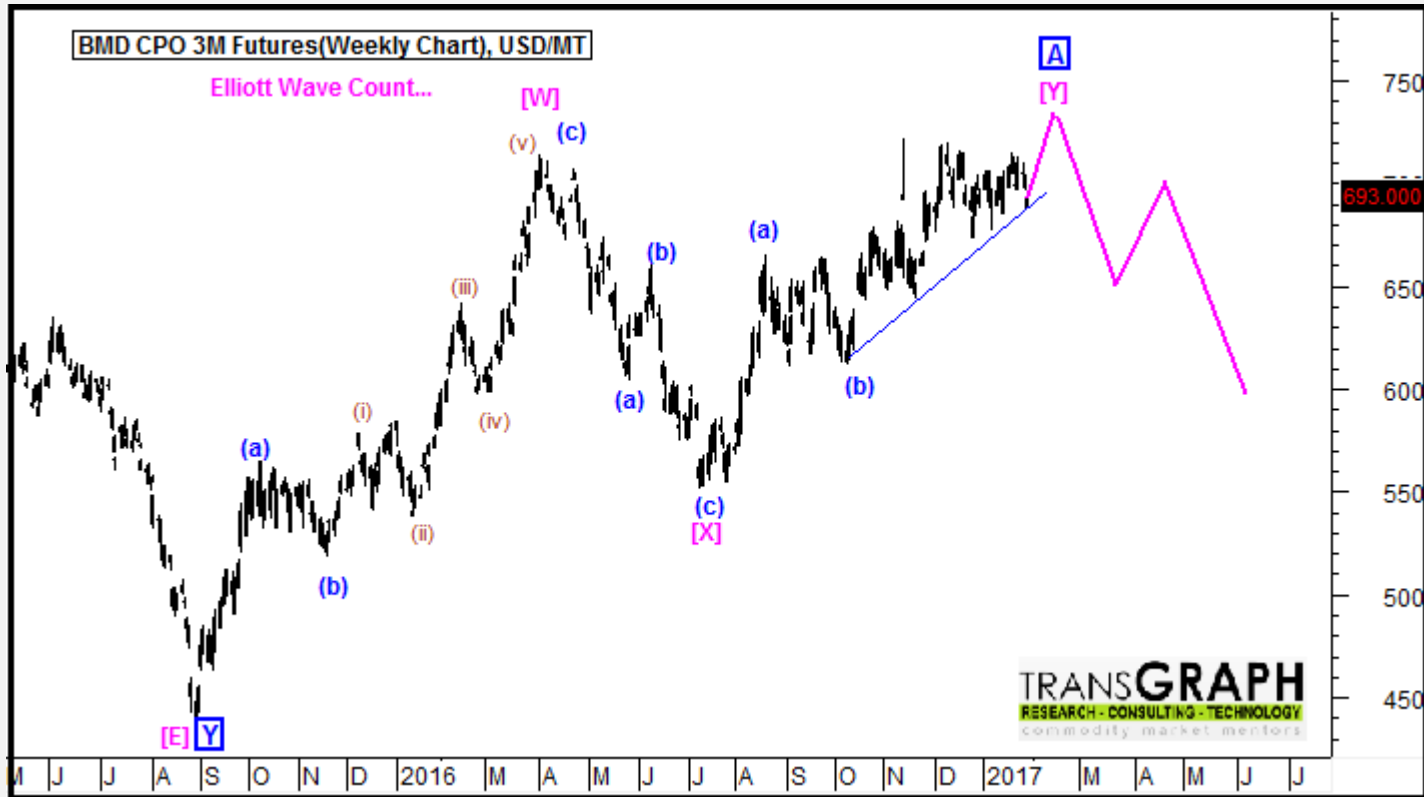
BMD CPO 3M Futures prices, upon completing a diametric formation as intermediate wave-[Z] have concluded the Cycle Wave 2 at MYR 2210. Currently prices are progressing as minor wave 4 of intermediate wave 1 within Cycle wave 3. Going ahead prices are likely to hold above MYR 3000/2950 and trade higher towards MYR 3350 ahead of turning weak in the medium term. **Only an early fall through MYR 2950-2900 zone shall negate further extension gains and turn the overall sentiments weak.**

# 3-M BMD CPO Futures- Scenario-2



**Alternate Scenario** BMD CPO 3M Futures prices have completed the Intermediate complex corrective wave XX at MYR 3202. going ahead prices are **likely to hold below MYR 3200 and trade weak towards MYR 2500/2400 in the medium term.** Only a weekly close below MYR 2950 shall activate this scenario as the preferred scenario.

# 3-M BMD CPO Futures, USD/MT



BMD CPO 3M Futures prices (in USD/MT) are consolidating within USD 690-710 while keeping the overall bullish trend intact.. **Prices are likely to quickly test USD 720 and enter a bearish phase eyeing USD 600 in the medium to long term.** Only an early fall through USD 670 shall negate further extension of gains and act as a trigger for such weakness.

# *Indian Edible Oil and Oilseeds outlook*

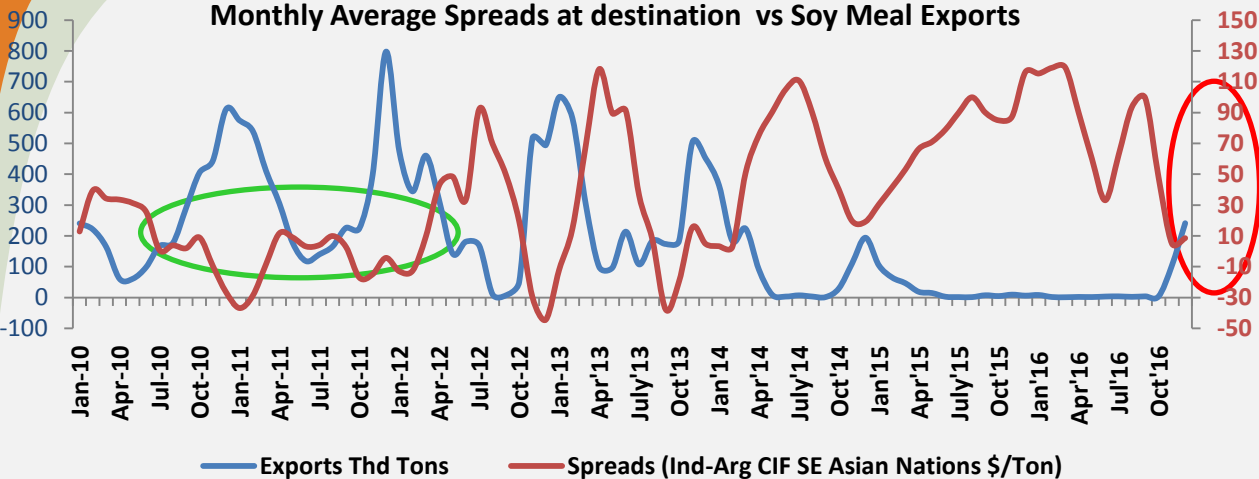


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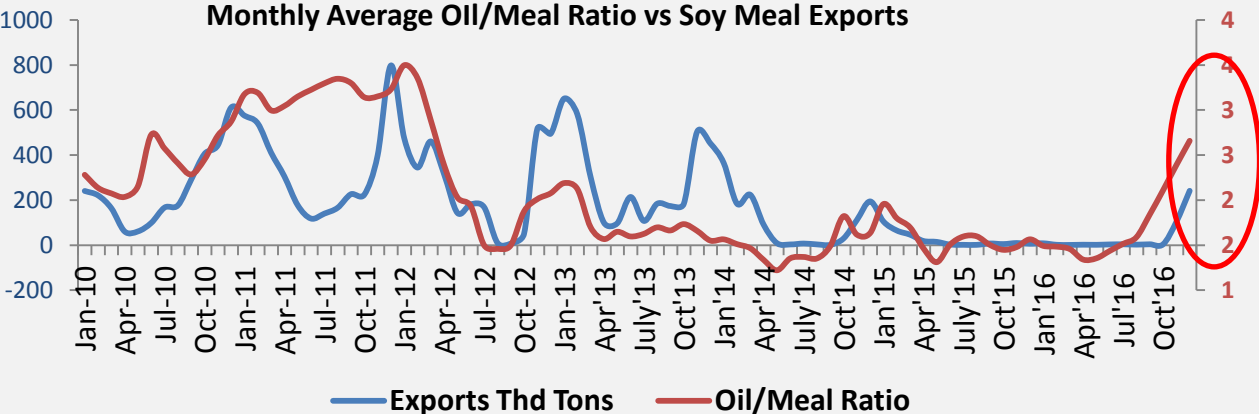


# Negative Spreads once in season has impulsive effect on exports...

### Monthly Average Spreads at destination vs Soy Meal Exports



### Monthly Average Oil/Meal Ratio vs Soy Meal Exports



- Since April 2010 for 132 days the spreads has remained in between 0 to -20
- Historically, whenever the spreads has gone below \$5 the exports has jumped to 5 to 8 lakh tons
- Historically Higher Oil Meal ratio also indicates improvement in exports
- Moreover Jul 2010 till Jan 2012 the spreads never moved higher than \$30 per ton.
- Thus present condition is favoring incremental exports to continue



# Soybean and Meal Cumulative Monthly balance sheet ending Feb

Cumulative Monthly balance Sheet Ending Feb			
Indian soybean Balance sheet	2015-16	2016-17	% Change
Crop size	68.5	103.2	50.7%
Marketable Surplus (inclusive of old crop)	53.9	88.0	63.3%
Estimated old crop stocks with crushers/stockiest	9.4	8.0	-15.5%
Arrivals	31.5	46.2	46.7%
Crush	26.7	38.7	45.2%
To be arrived	22.4	41.8	86.6%
Stocks with crushers and stockiest	4.9	7.5	54.6%
Total uncrushed seed available	27.3	49.3	80.9%
Source: Industry and TG research; All Units in lakh tons			

Cumulative Soymeal balance Sheet Ending Feb			
	2014-15 E	2015-16F	% Change
Beg Stock for Season	4.7	5.2	11.3%
Crush	26.7	38.7	45.2%
Meal Production	21.6	31.3	45.2%
Supply	26.3	36.5	39.2%
Export	0.3	7.6	2628.6%
Dom	20.9	22.3	6.7%
PNB	0.2	2.8	1300.0%
Total Demand	21.4	32.7	53.1%
Ending Stock	4.9	3.8	-21.9%
Source: Industry and TG research; All Units in lakh tons			

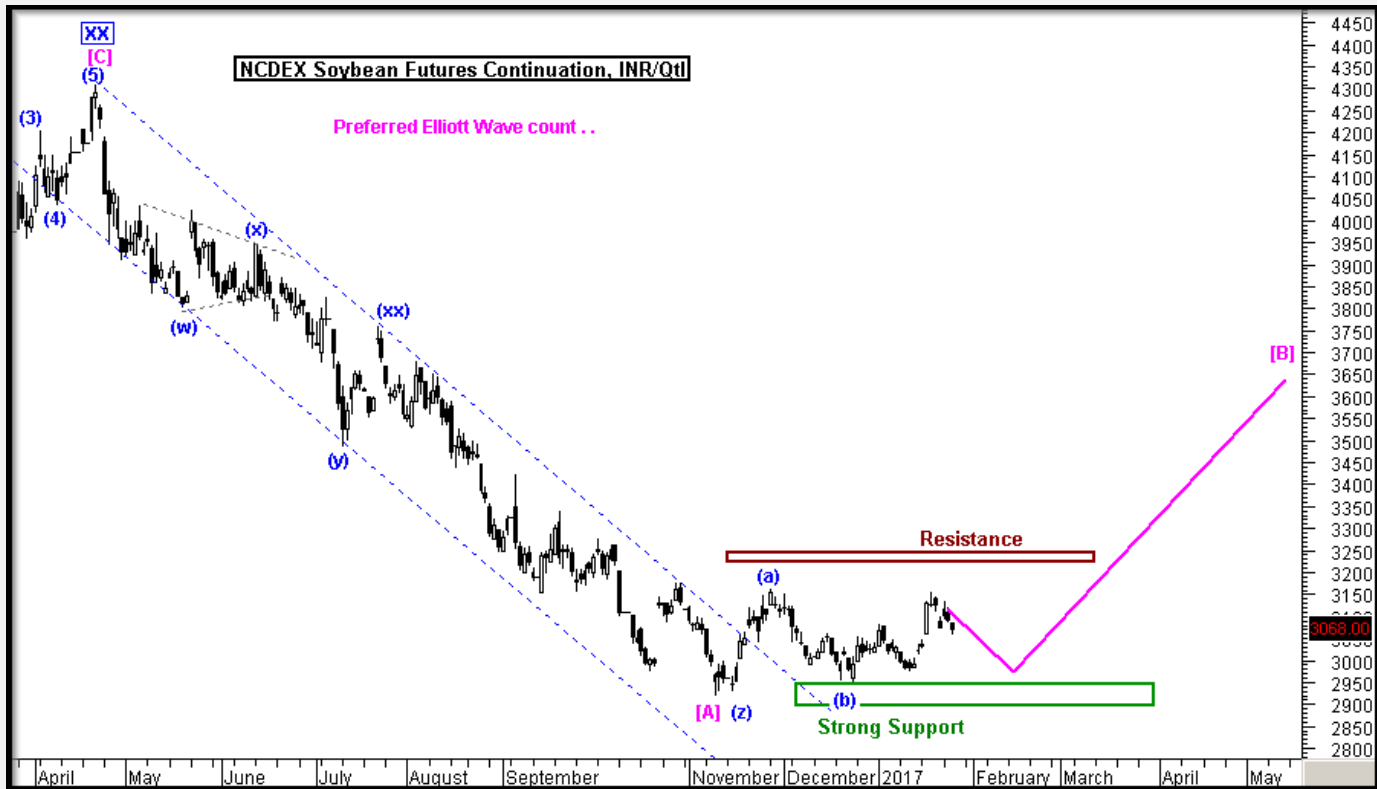
- Expected improvement in exports over attractive Soy meal offer prices is expected to squeeze meal stocks y-o-y
- Crush volume should still be higher and should be high another 5% which got limited due to demonetization

# Annual Soybean Balance Sheet

Annual Soybean Balance sheet (MY: Oct-Sep)			
Indian soybean Balance sheet	2014-15	2015-16	2016-17 P
Crop size	78.00	68.50	103.20
Marketable Surplus	64.70	53.67	88.00
Estimated old crop stocks with crushers/stockiest	6.71	9.41	7.95
Total Supply	71.41	63.08	95.95
Arrivals (Oct-Sep)	65.00	57.05	88.00
Crush (Oct-Sep)	62.00	55.13	85.00
To be arrived	6.41	6.03	7.95
Stocks with crushers and stockiest (Ending Sep)	3.00	1.92	3.00
Total uncrushed seed available	9.41	7.95	10.95
<b>Source: Industry and TG research; All Units in lakh tons</b>			

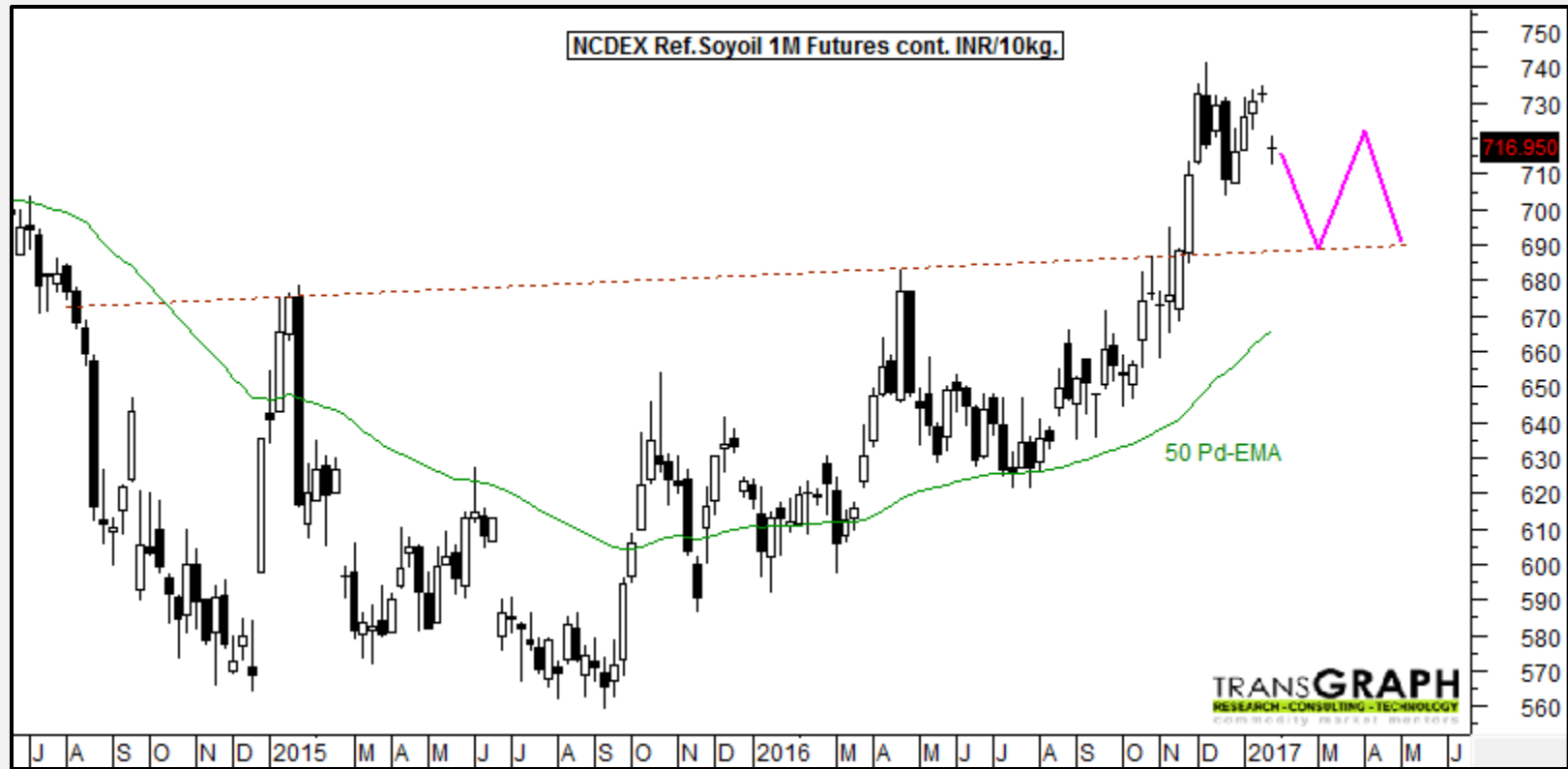
Crush is expected to stay higher amidst anticipated robust meal exports and stocks expected to rise by the end of Sep'17 at the same time

# NCDEX Indian Soybean 1M Futures

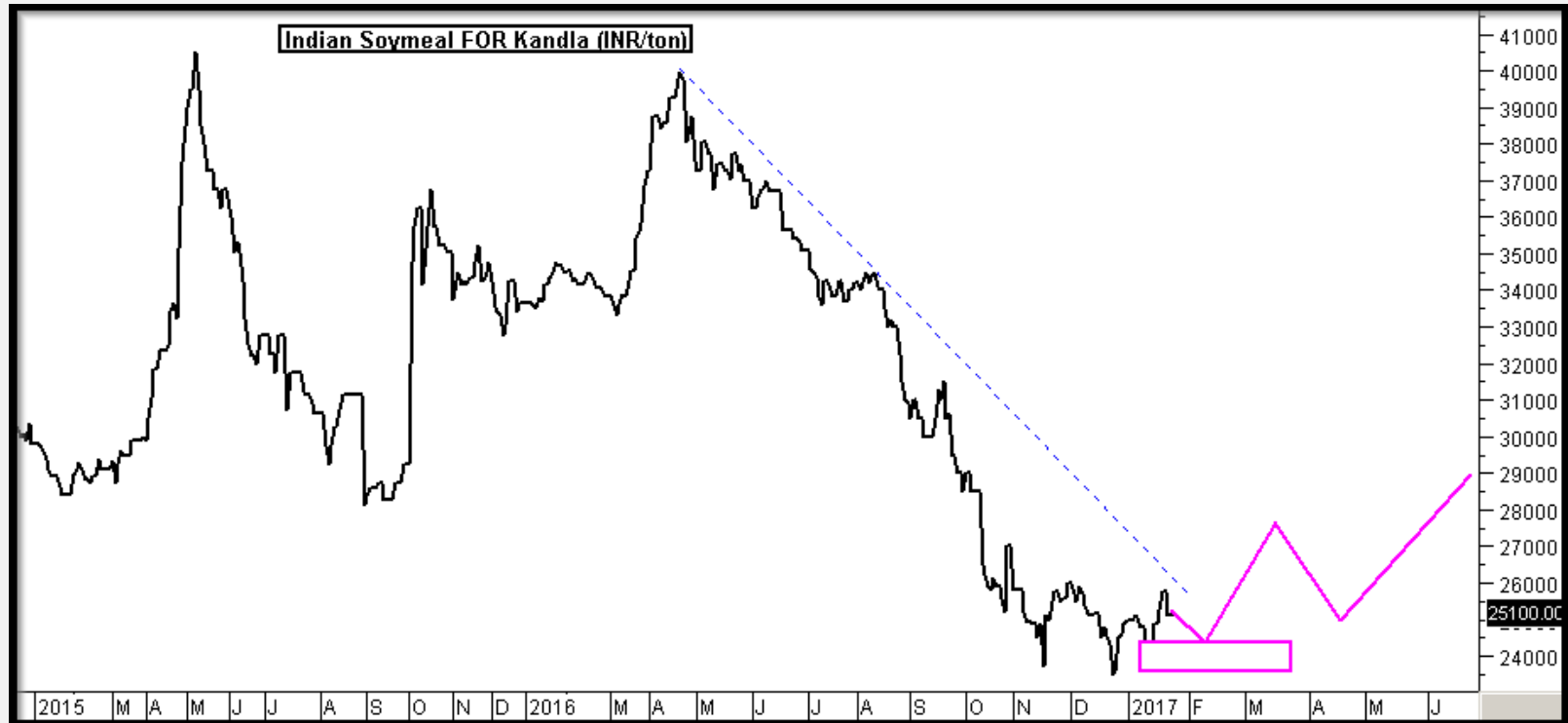


NCDEX Soybean futures concluded minor wave z as intermediate wave A and currently unfolding early stage of large corrective bounce in form of intermediate wave B. Within this broader leg, immediate weakness would find support around INR 2950 and pull prices towards INR 3600 towards June'17.

# NCDEX Ref Soy oil Futures Continuation, INR/10Kg

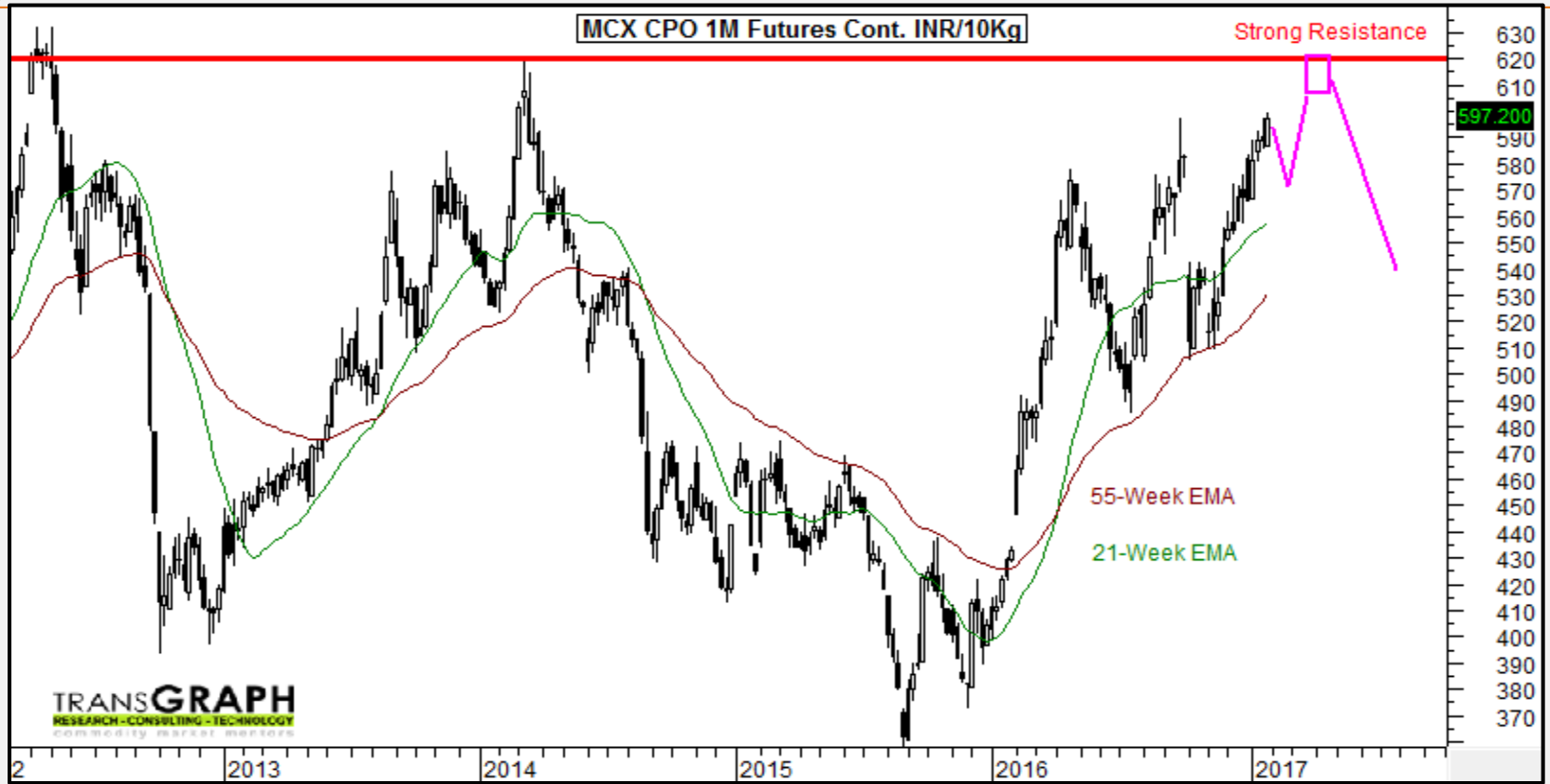


# Soymeal FOR Kandla (INR/Ton)



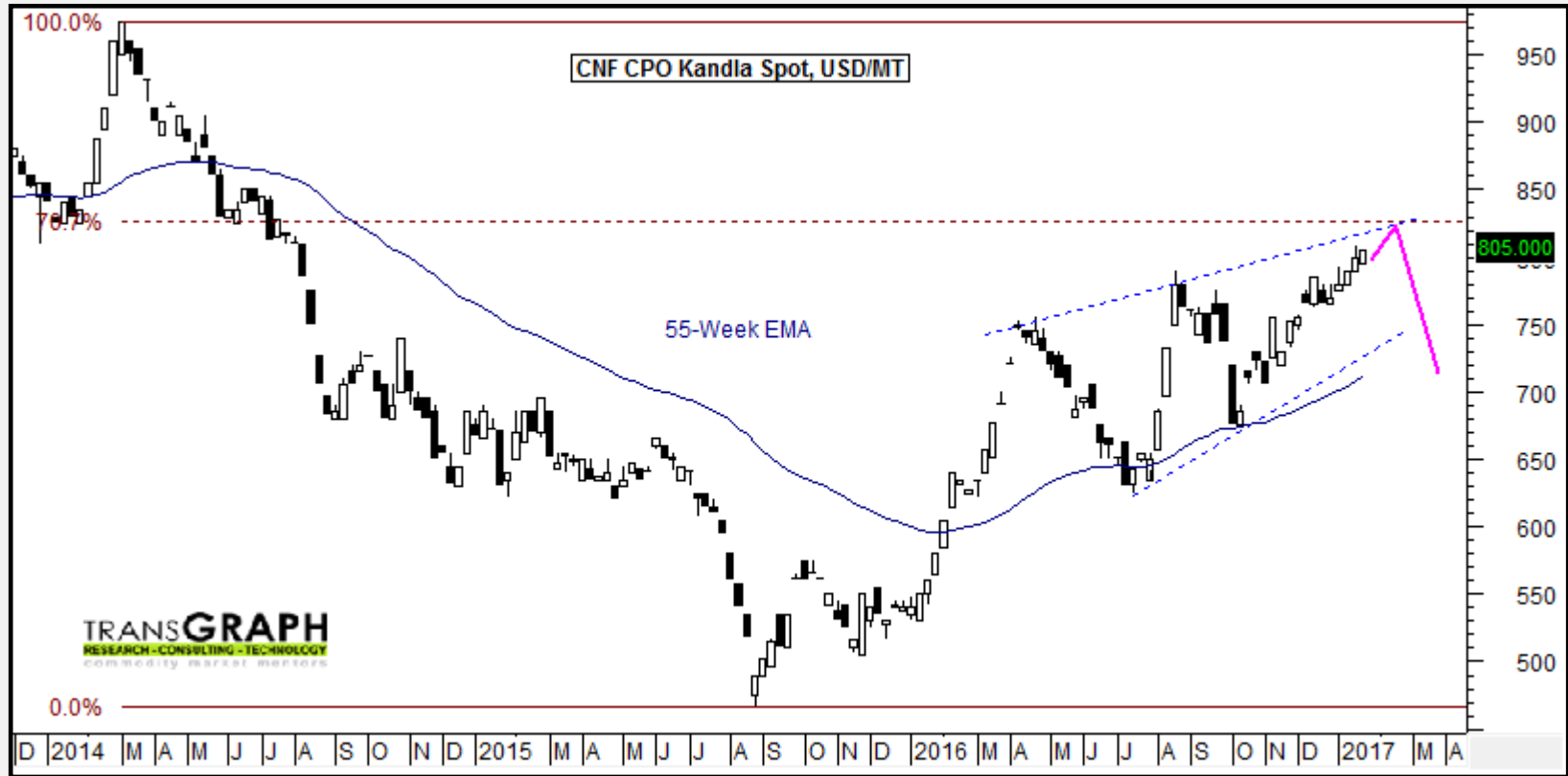
Soymeal FOR Kandla prices are likely to extend mixed tone within INR 26000 and INR 23000 for coming 1-2 months before initiating a rally in towards INR 28000.

# MCX CPO Futures Continuation, INR/10Kg



MCX CPO 1M Futures cont. prices are seen trending higher after recovering sharply from INR 510. Going ahead **prices are likely to trade higher towards INR 610/600 ahead of turning weak in the coming 3-5 months.**

# CPO CNF Spot Market, Ex-Kandla, USD/MT



CPO CNF Spot –Ex-Kandla prices are seen moving higher after breaching above 61.8% retracement based resistance while weekly momentum oscillators are seen depicting positive bias prices are likely to test the resistance level at 810/820 ahead of turning weak in the coming 3-5 months.



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