

Domestic Fundamentals:

- Edible oil complex featured mostly weak tone at various market centers on Monday.
- Soy oil and palm oil futures fell on demand concerns and fall in prices in international markets. BMD CPO and CBOT soy oil fell on outbreak of coronavirus and firm supply prospects.
- According to Ministry of Finance (MOF), Government of India Notification number 01/2020-Customs dated 2nd February 2020, India increases import duty on crude palm oil imports by 6.5% on CPO to 44% from 37.5% earlier. This makes effective import duty to 48.4% from 41.25%. Import duty on imports if RBD palmolein stands at 45% making effective import duty at 49.5% after chess. This comes after India restricted imports of RBD palmolein in Jan this year and reduction of customs duty on CPO on Dec 31 2019 by 2.5% to 37.7% from 40% earlier. This hike in import duty on CPO is unprecedented and industry and markets are surprised by government move.
- In an unprecedented move Indian government hike import duty of CPO in the Budget 2020. Market and trade has been caught off-guard and surprised that recent bonanza given by government by restricting imports of RBD palmolein will come to an end so soon. Indian palm oil refiners margins will shrink already struggling by buying CPO at higher prices. This high volatility in palm oil prices have caught refiners off guard.
- Palm oil prices are expected to be underpinned by expectation of rise in end stocks of palm oil in Malaysia, fall in exports of palm oil from Malaysia, appreciation of Ringgit and fall in competing oils.
Fall in production of palm oil in Malaysia, higher use of palm oil in biodiesel in Malaysia and Indonesia is expected to limit losses.
Palm oil end stocks are expected to rise in Jan due to fall in exports amid rise in production of palm oil.
Palm oil exports are expected to fall from Malaysia due to weak demand from India and China.
Import demand of palm oil is expected to fall from China due to US-China trade settlement which will lead to higher imports of soybean will lead to higher supply of soy oil in the country leading to lower imports.
Imports from India is expected to remain benign due India placing RBD palmolein imports to restricted list from free thereby ending OGL of RBD palmolein. Further India has asked its importers to refrain from buying palm oil from Malaysia due to Malaysia's stand on CAA and Kashmir issue. Further imports will fall due to higher prices of palm oil and higher stocks of palm oil at Indian ports. This will lead to surge in imports of CPO from Indonesia.
Production is expected to fall in Malaysia and Indonesia due to seasonal downtrend of production, adverse effect of haze which occurred last year and lower use of fertilizers in first half of 2019 due to lower prices.
Stocks of palm oil is expected to fall in Indonesia in coming months due to seasonally weak production and surge in use of biodiesel.
Ringgit has appreciated above 4.10/USD thereby making palm oil uncompetitive compared to competing oils. Further, palm oil prices may be underpinned by fall in prices of crude oil.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's Jan palm oil exports fell 7.9 percent to 1,220,484 tons compared to 1,325,201 tons last month. Top buyers were European Union 356,086 tons (285,463 tons), China at 152,860 tons (220,236 tons), Pakistan at 141,500 tons (61,000 tons), United States at 66,535 tons (56,798 tons) and India at 40,400 tons (89,600 tons). Values in brackets are figures of last month.

Outlook: Edible oil basket is expected to feature sideways to weak tone in near term.

Contract	+/-	Open	High	Low	Close	Volume	Volume Change	OI	OI Change
Feb-20	-4.40	843.20	848.40	833.40	835.60	25,740	15905	40270	1420
Mar-20	-6.40	827.00	833.00	817.00	820.80	21,820	14650	49830	4355

Prices & Vol-OI are at 5:30 PM

Spread	Feb-20	Mar-20
Spot	34.40	
Feb-20		-14.80
Mar-20		

MCX CPO Futures

Contract	+/-	Open	High	Low	Close	Volume	Volume Change	OI	OI Change
Feb-20	-14.70	744.00	746.90	722.60	726.70	3240	1866	4859	-166
Mar-20	-16.10	737.00	737.50	715.70	716.60	958	158	2303	303

Spread
Feb-20
Mar-20
Spot

73.3

Feb-20

-10.1

Mar-20
CBOT Soy Oil Futures (Projections):

(Values in US cents/lb)

Contract	+/-	Open	High	Low	Close
15-Mar	-0.01	29.93	30.42	29.81	29.93
15-May	-0.02	30.3	30.77	30.16	30.28
15-Jul	-0.06	30.67	31.14	30.54	30.63
15-Aug	-0.01	30.87	31.25	30.67	30.8
15-Sep	-0.06	30.92	31.32	30.8	30.86

-0.22

Forex:
BMD CPO Futures:

(Values in MYR/tonnes)

Contract	+/-	Open	High	Low	Close
15-Feb	30	2647	2685	2647	2670
15-Mar	30	2640	2669	2637	2661
15-Apr	16	2595	2644	2595	2620
15-Jun	6	2560	2611	2560	2579

Date/Currency	Chinese Yuan	Indonesian Rupiah	Malaysian Ringgit	Argentine Peso	Indian rupee	Brazilian Real	Dollar Index	Crude Oil WTI (\$/barrel)
3/2/2020	7.02	13740	4.114	60.38	71.36	4.25	97.75	51.30

Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		3-Feb-20	1-Feb-20	
Refined Soybean Oil	Indore	875	875	Unch
	Indore (Soy Solvent Crude)	835	830	5
	Mumbai	880	880	Unch
	Mumbai (Soy Degum)	830	835	-5
	Kandla/Mundra	865	865	Unch
	Kandla/Mundra (Soy Degum)	822	825	-3
	Kolkata	865	870	-5
	Delhi	885	912	-27
	Nagpur	879	879	Unch
	Rajkot	840	860	-20
	Kota	870	875	-5

	Hyderabad	Unq	Unq	-
	Akola	880	885	-5
	Amrawati	880	885	-5
	Bundi	875	880	-5
	Jalna	875	875	Unch
	Solapur	848	848	Unch
	Dhule	878	878	Unch
Palm Oil*	Kandla (Crude Palm Oil)	840	800	40
	Kandla (RBD Palm oil)	840	851	-11
	Kandla RBD Pamolein	861	872	-11
	Kakinada (Crude Palm Oil)	767	767	Unch
	Kakinada RBD Pamolein	856	866	-11
	Haldia Pamolein	856	861	-5
	Chennai RBD Pamolein	861	872	-11
	Chennai RBD Pamolein (Vitamin A&D Fortified)	928	935	-6
	KPT (krishna patnam) Pamolein	851	861	-11
	Mumbai RBD Pamolein	893	898	-5
	Mangalore RBD Pamolein	866	872	-5
	Tuticorin (RBD Palmolein)	872	889	-18
	Delhi	890	900	-10
	Rajkot	851	872	-21
	Hyderabad	880	870	10
	PFAD (Kandla)	525	536	-11
	Refined Palm Stearin (Kandla)	767	767	Unch
	Superolien (Kandla)	882	914	-32
	Superolien (Mumbai)	919	919	Unch
* inclusive of GST				
Refined Sunflower Oil	Chennai	885	895	-10
	Mumbai	900	900	Unch
	Mumbai(Expeller Oil)	830	845	-15
	Kandla (Ref.)	880	880	Unch
	Hyderabad (Ref)	870	870	Unch
	Latur (Expeller Oil)	820	835	-15
	Chellakere (Expeller Oil)	830	845	-15
	Erode (Expeller Oil)	935	955	-20
Groundnut Oil	Rajkot	1050	1050	Unch
	Chennai	1120	1120	Unch
	Delhi	1100	1100	Unch
	Hyderabad *	1110	1110	Unch
	Mumbai	1140	1100	40

	Gondal	1100	1100	Unch
	Jamnagar	1100	1100	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	865	865	Unch
	Jaipur (Kacchi Ghani Oil)	882	882	Unch
	Kota (Expeller Oil)	855	845	10
	Kota (Kacchi Ghani Oil)	875	875	Unch
	Neewai (Expeller Oil)	825	825	Unch
	Neewai (Kacchi Ghani Oil)	835	835	Unch
	Bharatpur (Kacchi Ghani Oil)	870	850	20
	Sri-Ganga Nagar(Exp Oil)	855	855	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	870	870	Unch
	Mumbai (Expeller Oil)	870	880	-10
	Kolkata(Expeller Oil)	1030	1030	Unch
	New Delhi (Expeller Oil)	870	870	Unch
	Hapur (Expeller Oil)	915	915	Unch
	Hapur (Kacchi Ghani Oil)	945	945	Unch
	Agra (Kacchi Ghani Oil)	875	855	20
Refined Cottonseed Oil	Rajkot	830	840	-10
	Hyderabad	835	810	25
	Mumbai	842	835	7
	New Delhi	785	785	Unch
Coconut Oil	Kangayan (Crude)	1460	1460	Unch
	Cochin	1500	1510	-10
Sesame Oil	New Delhi	1350	1350	Unch
	Mumbai	Unq	Unq	-
Kardi	Mumbai	Unq	Unq	-
Rice Bran Oil (40%)	New Delhi	675	675	Unch
Rice Bran Oil (4%)	Punjab	740	750	-10
Malaysia Palmolein USD/MT	FOB	688	685	3
	CNF India	718	715	3
Indonesia CPO USD/MT	FOB	710	710	Unch
	CNF India	730	725	5
RBD Palm oil (Malaysia Origin USD/MT)	FOB	685	Closed	-
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	685	Closed	-
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	900	Closed	-
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	670	Closed	-

Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	Closed	-
Ukraine Origin CSFO USD/MT Kandla	CIF	810	810	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	Unq	Closed	-
Argentina FOB (\$/MT)		1-Feb-20	31-Jan-20	Change
Crude Soybean Oil Ship		Closed	725	-
Refined Soy Oil (Bulk) Ship		Closed	750	-
Sunflower Oil Ship		Closed	770	-
Cottonseed Oil Ship		Closed	705	-
Refined Linseed Oil (Bulk) Ship		Closed	Unq	-
* indicates including GST				

Note - Domestic edible oil prices are in Indian rupees per 10 Kg, CNF/FOB/CIF prices are in USD per tons except Rapeseed oil Rotterdam (Euro per tons).

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> 2020 Indian Agribusiness Systems Ltd.