

Domestic Fundamentals:

- Edible oil complex featured mixed tone at various market centers on Friday.
- Soy oil and palm oil futures rose on buying at lower levels and demand prospects. BMD CPO and CBOT soy oil fell on firm supply prospects and concerns over coronavirus in China.
- 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 Indonesia Palm Oil Association (GAPKI), exports of palm oil (CPO and PKO), biodiesel and oleochemical exports from Indonesia rose 4.2 percent in 2019 y-o-y to 36.18 MMT from 34.71 MMT in 2019. Production of palm oil in Indonesia in 2019 totaled 47.1 MMT while the stocks of palm oil at the end of 2019 was 4.6 MMT.
- 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.

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	0.00	850.00	855.60	845.20	849.00	12,155	-9560	24355	-8270
Mar-20	2.40	836.00	844.40	833.20	837.20	19,865	-6310	54720	5885

Prices & Vol-OI are at 5:30 PM

Spread	Feb-20	Mar-20
Spot	26.00	
Feb-20		-11.80
Mar-20		

MCX CPO Futures

Contract	+/-	Open	High	Low	Close	Volume	Volume Change	OI	OI Change
Feb-20	1.00	751.50	761.10	747.00	751.90	2121	-1294	4445	37
Mar-20	1.80	744.50	754.80	741.00	745.80	1103	-1252	2090	-100

Spread
Feb-20
Mar-20
Spot

68.1

Feb-20

-6.1

Mar-20
CBOT Soy Oil Futures (Projections):

(Values in US cents/lb)

Contract	+/-	Open	High	Low	Close
15-Mar	-0.25	31.5	31.5	30.94	30.99
15-May	-0.26	31.87	31.87	31.31	31.35
15-Jul	-0.25	32.22	32.22	31.68	31.72
15-Aug	-0.27	32.26	32.31	31.81	31.83
15-Sep	-0.26	32.27	32.43	31.95	31.95

-0.22

Forex:
BMD CPO Futures:

(Values in MYR/tonnes)

Contract	+/-	Open	High	Low	Close
15-Feb	5	2903	2903	2903	2903
15-Mar	-25	2876	2921	2835	2861
15-Apr	-40	2835	2880	2791	2810
15-Jun	-42	2799	2837	2753	2776

Date/Currency	Chinese Yuan	Indonesian Rupiah	Malaysian Ringgit	Argentine Peso	Indian rupee	Brazilian Real	Dollar Index	Crude Oil WTI (\$/barrel)
7/2/2020	6.99	13690	4.138	60.60	71.40	4.28	98.61	50.59

Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		7-Feb-20	6-Feb-20	
Refined Soybean Oil	Indore	875	875	Unch
	Indore (Soy Solvent Crude)	830	830	Unch
	Mumbai	870	870	Unch
	Mumbai (Soy Degum)	835	830	5
	Kandla/Mundra	860	865	-5
	Kandla/Mundra (Soy Degum)	825	825	Unch
	Kolkata	870	865	5
	Delhi	895	900	-5
	Nagpur	860	865	-5
	Rajkot	850	860	-10
	Kota	880	880	Unch



	Hyderabad	Unq	Unq	-
	Akola	875	880	-5
	Amrawati	870	875	-5
	Bundi	885	885	Unch
	Jalna	865	870	-5
	Solapur	835	840	-5
	Dhule	874	877	-3
Palm Oil*	Kandla (Crude Palm Oil)	861	854	7
	Kandla (RBD Palm oil)	845	840	5
	Kandla RBD Pamolein	887	877	11
	Kakinada (Crude Palm Oil)	777	777	Unch
	Kakinada RBD Pamolein	877	861	16
	Haldia Pamolein	887	877	11
	Chennai RBD Pamolein	882	872	11
	Chennai RBD Pamolein (Vitamin A&D Fortified)	945	937	8
	KPT (krishna patnam) Pamolein	877	866	11
	Mumbai RBD Pamolein	908	898	11
	Mangalore RBD Pamolein	887	877	11
	Tuticorin (RBD Palmolein)	887	887	Unch
	Delhi	905	920	-15
	Rajkot	866	882	-16
	Hyderabad	875	875	Unch
	PFAD (Kandla)	536	536	Unch
	Refined Palm Stearin (Kandla)	777	777	Unch
	Superolien (Kandla)	908	903	5
	Superolien (Mumbai)	929	924	5
* inclusive of GST				
Refined Sunflower Oil	Chennai	875	875	Unch
	Mumbai	900	900	Unch
	Mumbai(Expeller Oil)	830	830	Unch
	Kandla (Ref.)	885	885	Unch
	Hyderabad (Ref)	870	870	Unch
	Latur (Expeller Oil)	800	810	-10
	Chellakere (Expeller Oil)	810	820	-10
	Erode (Expeller Oil)	920	940	-20
Groundnut Oil	Rajkot	1100	1100	Unch
	Chennai	1120	1120	Unch
	Delhi	1100	1100	Unch
	Hyderabad *	1100	1100	Unch
	Mumbai	1140	1140	Unch

	Gondal	1100	1100	Unch
	Jamnagar	1100	1100	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	840	845	-5
	Jaipur (Kacchi Ghani Oil)	860	865	-5
	Kota (Expeller Oil)	835	835	Unch
	Kota (Kacchi Ghani Oil)	852	855	-3
	Neewai (Expeller Oil)	830	830	Unch
	Neewai (Kacchi Ghani Oil)	842	842	Unch
	Bharatpur (Kacchi Ghani Oil)	845	870	-25
	Sri-Ganga Nagar(Exp Oil)	830	840	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	850	860	-10
	Mumbai (Expeller Oil)	870	870	Unch
	Kolkata(Expeller Oil)	1050	1040	10
	New Delhi (Expeller Oil)	850	855	-5
	Hapur (Expeller Oil)	925	925	Unch
	Hapur (Kacchi Ghani Oil)	955	955	Unch
	Agra (Kacchi Ghani Oil)	850	875	-25
Refined Cottonseed Oil	Rajkot	845	850	-5
	Hyderabad	840	840	Unch
	Mumbai	842	842	Unch
	New Delhi	810	812	-2
Coconut Oil	Kangayan (Crude)	1450	1450	Unch
	Cochin	1500	1500	Unch
Sesame Oil	New Delhi	1350	1350	Unch
	Mumbai	Unq	Unq	-
Kardi	Mumbai	Unq	Unq	-
Rice Bran Oil (40%)	New Delhi	650	647	3
Rice Bran Oil (4%)	Punjab	740	740	Unch
Malaysia Palmolein USD/MT	FOB	730	723	7
	CNF India	760	753	7
Indonesia CPO USD/MT	FOB	735	730	5
	CNF India	763	760	3
RBD Palm oil (Malaysia Origin USD/MT)	FOB	728	720	8
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	725	715	10
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	900	905	-5
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	715	705	10

Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	880	-
Ukraine Origin CSFO USD/MT Kandla	CIF	805	800	5
Rapeseed Oil Rotterdam Euro/MT	FOB	855	818	37
Argentina FOB (\$/MT)		6-Feb-20	5-Feb-20	Change
Crude Soybean Oil Ship		746	743	3
Refined Soy Oil (Bulk) Ship		772	769	3
Sunflower Oil Ship		760	760	Unch
Cottonseed Oil Ship		726	723	3
Refined Linseed Oil (Bulk) Ship		Unq	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).

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