

Domestic Fundamentals:

- Edible oil complex featured mostly weak tone at various market centers on Monday.
- Soy oil and palm oil futures declined on selling pressures 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	-0.45	850.00	852.40	840.00	845.6	9450	-2,705	21990	-2365
Mar-20	-0.76	838.40	841.00	827.20	832	15880	-3,985	53145	-1575
Prices & Vol-OI are at 5:30 PM									

Spread	Feb-20	Mar-20
Spot	14.4	
Feb-20		28
Mar-20		

MCX CPO Futures

Contract	+/-	Open	High	Low	Close	Volume	Volume Change	OI	OI Change
Feb-20	-1.54	752.00	754.90	736.60	740.40	1639	-482	4525	80
Mar-20	-1.26	747.40	748.50	731.70	736	648	-455	2233	143

Spread
Feb-20
Mar-20
Spot

105

Feb-20

109

Mar-20
CBOT Soy Oil Futures (Projections):

(Values in US cents/lb)

Contract	+/-	Open	High	Low	Close
15-Mar	-0.27	31.5	31.5	30.74	30.97
15-May	-0.27	31.87	31.87	31.12	31.34
15-Jul	-0.27	32.22	32.22	31.49	31.7
15-Aug	-0.28	32.26	32.31	31.61	31.82
15-Sep	-0.28	32.27	32.43	31.73	31.93

BMD CPO Futures:

(Values in MYR/tonnes)

Contract	+/-	Open	High	Low	Close
15-Feb	-72	2,800	-	-	2,800
15-Mar	-62	2,876	2,602	2,966	2,798
15-Apr	-54	2,829	2,756	2,764	2,759
15-Jun	-51	2,787	2,670	2,760	2,723

Forex:

Date/Currency	Chinese Yuan	Indonesian Rupiah	Malaysian Ringgit	Argentine Peso	Indian rupee	Brazilian Real	Dollar Index	Crude Oil WTI (\$/barrel)
8/2/2020	6.98	13706.43	4.14	60.91	71.29	4.31	98.87	50.32

Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		10-Feb-20	7-Feb-20	
Refined Soybean Oil	Indore	860	875	-15
	Indore (Soy Solvent Crude)	822	830	-8
	Mumbai	865	870	-5
	Mumbai (Soy Degum)	827	835	-8
	Kandla/Mundra	855	860	-5
	Kandla/Mundra (Soy Degum)	822	825	-3
	Kolkata	865	870	-5
	Delhi	894	895	-1
	Nagpur	855	860	-5
	Rajkot	840	850	-10
	Kota	870	880	-10

	Hyderabad	Unq	Unq	-
	Akola	875	875	Unch
	Amrawati	875	870	5
	Bundi	875	885	-10
	Jalna	870	865	5
	Solapur	845	835	10
	Dhule	872	874	-2
Palm Oil*	Kandla (Crude Palm Oil)	845	861	-16
	Kandla (RBD Palm oil)	840	845	-5
	Kandla RBD Pamolein	872	887	-16
	Kakinada (Crude Palm Oil)	772	777	-5
	Kakinada RBD Pamolein	872	877	-5
	Haldia Pamolein	882	887	-5
	Chennai RBD Pamolein	877	882	-5
	Chennai RBD Pamolein (Vitamin A&D Fortified)	942	945	-3
	KPT (krishna patnam) Pamolein	872	877	-5
	Mumbai RBD Pamolein	898	908	-11
	Mangalore RBD Pamolein	882	887	-5
	Tuticorin (RBD Palmolein)	882	887	-5
	Delhi	900	905	-5
	Rajkot	861	866	-5
	Hyderabad	867	875	-8
	PFAD (Kandla)	536	536	Unch
	Refined Palm Stearin (Kandla)	772	777	-5
	Superolien (Kandla)	908	908	Unch
	Superolien (Mumbai)	929	929	Unch
* inclusive of GST				
Refined Sunflower Oil	Chennai	870	875	-5
	Mumbai	900	900	Unch
	Mumbai(Expeller Oil)	825	830	-5
	Kandla (Ref.)	885	885	Unch
	Hyderabad (Ref)	870	870	Unch
	Latur (Expeller Oil)	790	800	-10
	Chellakere (Expeller Oil)	800	810	-10
	Erode (Expeller Oil)	915	920	-5
Groundnut Oil	Rajkot	1050	1100	-50
	Chennai	1150	1120	30
	Delhi	1100	1100	Unch
	Hyderabad *	1110	1100	10
	Mumbai	1140	1140	Unch

	Gondal	1100	1100	Unch
	Jamnagar	1100	1100	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	840	840	Unch
	Jaipur (Kacchi Ghani Oil)	860	860	Unch
	Kota (Expeller Oil)	825	835	-10
	Kota (Kacchi Ghani Oil)	850	852	-2
	Neewai (Expeller Oil)	830	830	Unch
	Neewai (Kacchi Ghani Oil)	842	842	Unch
	Bharatpur (Kacchi Ghani Oil)	845	845	Unch
	Sri-Ganga Nagar(Exp Oil)	830	830	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	850	850	Unch
	Mumbai (Expeller Oil)	870	870	Unch
	Kolkata(Expeller Oil)	1040	1050	-10
	New Delhi (Expeller Oil)	840	850	-10
	Hapur (Expeller Oil)	925	925	Unch
	Hapur (Kacchi Ghani Oil)	955	955	Unch
	Agra (Kacchi Ghani Oil)	850	850	Unch
Refined Cottonseed Oil	Rajkot	840	845	-5
	Hyderabad	845	840	5
	Mumbai	840	842	-2
	New Delhi	795	810	-15
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	647	650	-3
Rice Bran Oil (4%)	Punjab	740	740	Unch
Malaysia Palmolein USD/MT	FOB	725	730	-5
	CNF India	755	760	-5
Indonesia CPO USD/MT	FOB	715	735	-20
	CNF India	748	763	-15
RBD Palm oil (Malaysia Origin USD/MT)	FOB	723	728	-5
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	725	725	Unch
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	905	900	5
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	710	715	-5



Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	880	-
Ukraine Origin CSFO USD/MT Kandla	CIF	800	805	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	805	855	-50
Argentina FOB (\$/MT)		7-Feb-20	6-Feb-20	Change
Crude Soybean Oil Ship		740	746	-6
Refined Soy Oil (Bulk) Ship		766	772	-6
Sunflower Oil Ship		755	760	-5
Cottonseed Oil Ship		720	726	-6
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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