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# Veg. Oil Monthly Research Report

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## **Outlook and Review:**

### **Domestic Front**

*Edible oil basket featured mixed tone during the month under review. Soy oil and groundnut oil prices rose while palm oil, rapeseed oil, sunflower oil and coconut oil prices closed in red.*

*Groundnut oil (Rajkot) was the best performer among the edible oil complex due to firm demand. Coconut oil (Kangayam) was the worst performer among the edible oil tracking weak demand.*

*We expect soy oil and palm oil to trade weak on weak fundamentals.*

*On the currency front, Indian rupee is hovering near 73.03, up by 93 paise compared to last month. Rupee is expected to appreciate in November. Crude oil prices are expected to fall in November.*

### **Recommendation:**

*In NCDEX, market participants are advised to go short in RSO below 760 for a target of 740 and 735 with a stop loss at 770 on closing basis. On MCX, Market participants are advised to go short in CPO below 570 for a target of 550 and 545 with a stop loss at 580 on closing basis.*

*Market participants can buy refined soy oil in the cash markets at 740-750 for the target of 770-780 levels (Indore), if needed. Market participants can buy CPO Kandla 5% in the cash markets at 560-570 for the target of 590-600 levels, if needed.*

### **International Veg. Oil Market Summary**

*CBOT soy oil (Dec) is expected to stay in the range of 26 cents/lb to 32 cents/lb. CPO at BMD (Dec) is likely to stay in the range of 1800-2300 ringgits per ton. Focus during the coming days will be trade tension between US and China, soybean harvest in US, soybean demand by China, liquidation of soybean state reserves by China, soybean planting in Brazil, palm oil stocks in Malaysia and Indonesia, palm oil production in Malaysia and Indonesia, palm oil exports from Malaysia and Indonesia, India and China palm oil demand, ringgit and dollar.*

*On the international front, trade dispute between US and China, record soybean crop in US, faster planting progress in Brazil, lower soybean demand from China, high stocks of soybean in China, liquidation of soybean state reserve in China, firm dollar and fall in crude oil prices is expected to underpin soy oil prices in coming days.*

*Expected rise in palm oil end stocks in Malaysia and Indonesia, rise in production of palm oil in Malaysia and Indonesia, slow rise in exports of palm oil from Malaysia and Indonesia and fall in competitive oil is expected to underpin CPO prices in near term.*

### Soy oil: Domestic Market Fundamentals

- Refined soybean oil prices featured uptrend at its benchmark market at Indore during the month of October on firm demand. Average prices of refined soy oil rose in October.
- Soy oil prices witnessed uptrend in month of October on firm demand.

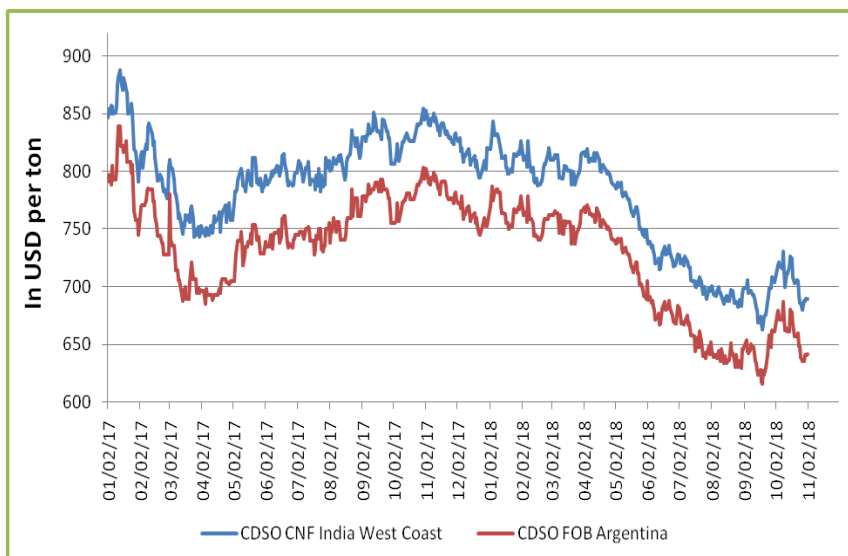
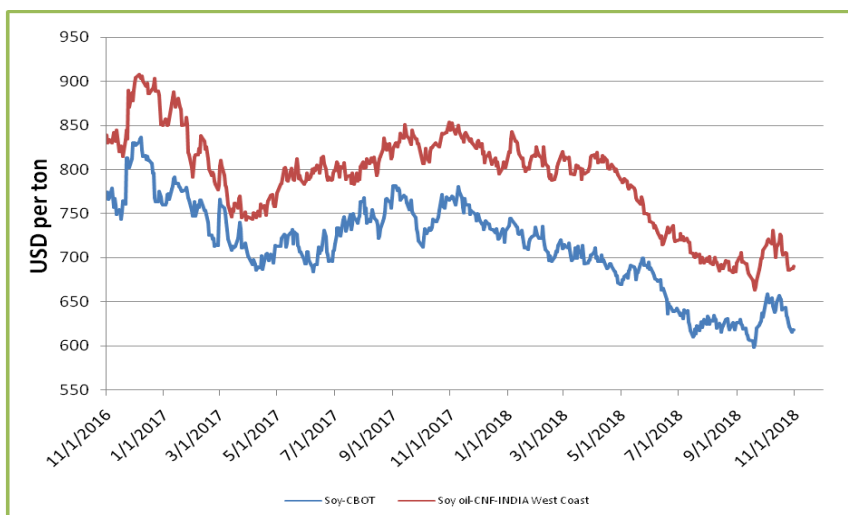
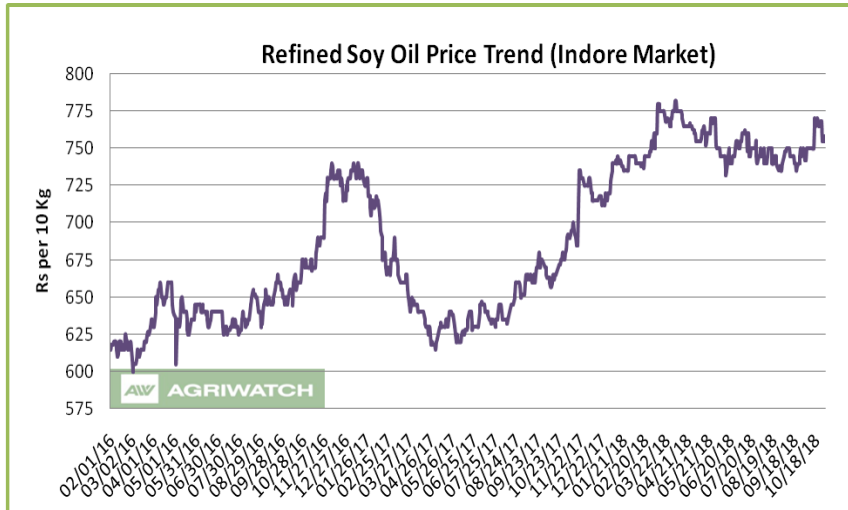
Demand of domestic soy oil rose in Oct as import margins of soy oil fell into disparity. Due to depreciation of Rupee, imports have returned to disparity.

Import prices of soy oil has fallen on depreciation of Argentina Peso which will make imports and prices of imports cheaper compared to other imported edible oils.

Prices of CDSO rose at high seas while prices fell at CDSO CNF indicating firm demand. Prices of CDSO CNF fell less CDSO FOB rose indicating firm demand at CNF markets.

Refined soy oil premium over CPO has decreased to Rs 192 (Rs 160 last month) per 10 Kg which is high and will underpin soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 120 (Rs 90 last month) per 10 Kg, which is high and may underpin soy oil prices in domestic markets.

Refined soy oil premium over CDSO high seas is at Rs 47 (Rs 35) per 10 kg indicating weak CDSO demand compared to refined soy oil in domestic markets.



Landed cost and refining margins are in disparity due to depreciation of Rupee will discourage imports.

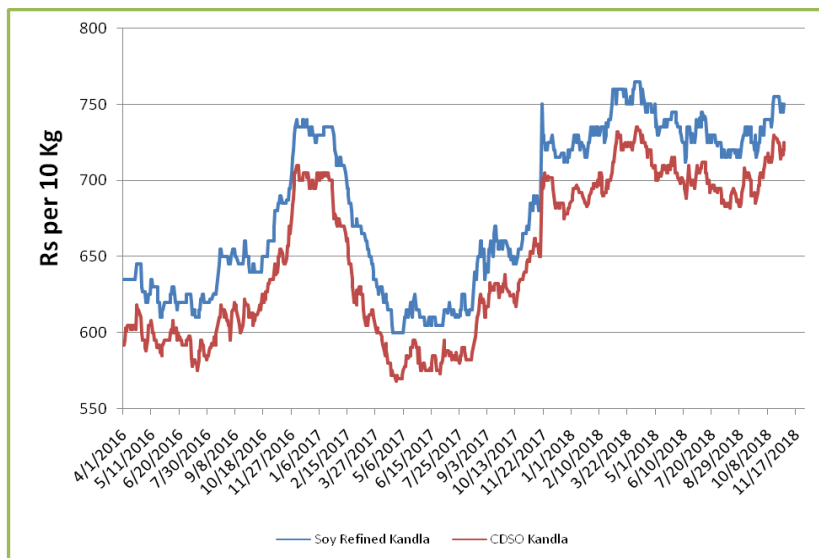
Difference decreased between CDSO-CNF-India West coast and Soy oil CBOT due to fall in basis (spot prices – futures prices) due to appreciation of Argentina Peso. Basis decreased on appreciation of Argentina Peso

Higher soy meal exports have resulted in higher crushing of soybean. Soy meal exports improved after hike in import duty on edible oils and fall in soy meal prices.

Imports of soy oil fell in Sep, compared to Sep 2017 while it rose compared to Aug 2018 while stocks at ports fell. Stocks at ports fell at ports and imports increased indicating destocking at ports and indicate firm demand. Imports

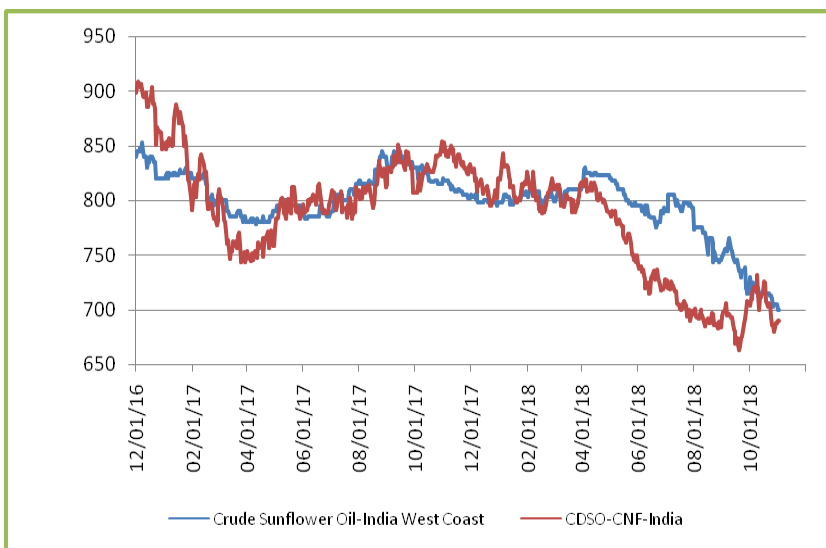
- Soy oil import scenario – According to SEA, soy oil imports fell 1.68 percent y-o-y in September to 3.41 lakh tons from 3.57 lakh tons in September 2017. In the period (Nov 2017-Sep 2018), imports of soy oil were 27.83 lakh tons compared to 30.96 lakh tons in corresponding period last oil year, lower by 10.1 percent y-o-y.

- Imported crude soy oil CIF at West coast port is offered at USD 698 (USD 725) per ton for Nov delivery, Dec delivery is offered at USD 698 (USD 725) per ton and Jan delivery is quoted at USD 703 per ton. Values in brackets are figures of last month. Last month, CNF CDSO Oct average price was USD 706.48 (USD 687.87 per ton in Sep 2018) per ton.



- On the parity front, margins was in disparity during the month on rise in prices of soy oil in international markets, and we expect margins to remain in disparity in coming days. Currently refiners lose USD 40-45/ton v/s loss of USD 20-25/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).

**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 720-800 per 10 Kg in the near term.



## Palm oil: Domestic Market Fundamentals

- CPO prices witnessed weak tone in the month of October at its benchmark market at Kandla on weak demand.
- Crude palm oil prices fell in Kandla in the month of October on weak demand

Prices of CPO fell less at high seas compared to CNF markets compared to last month indicating firm demand at high seas.

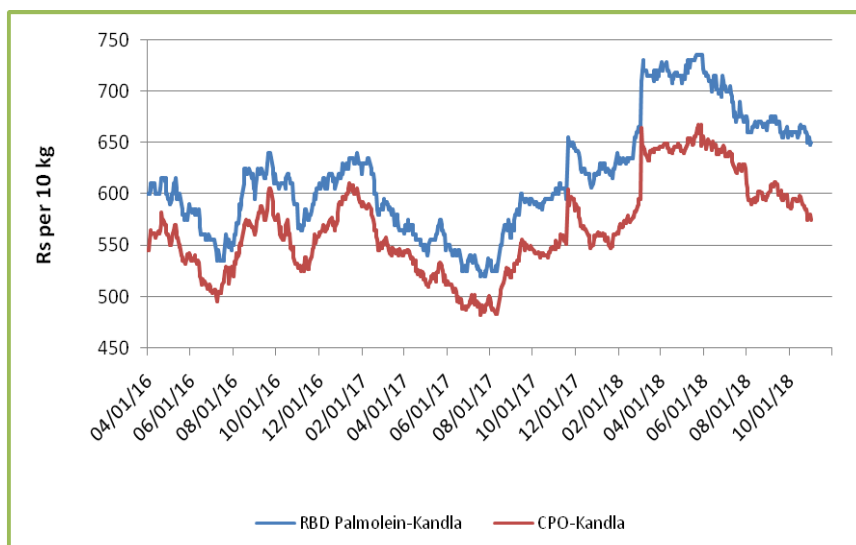
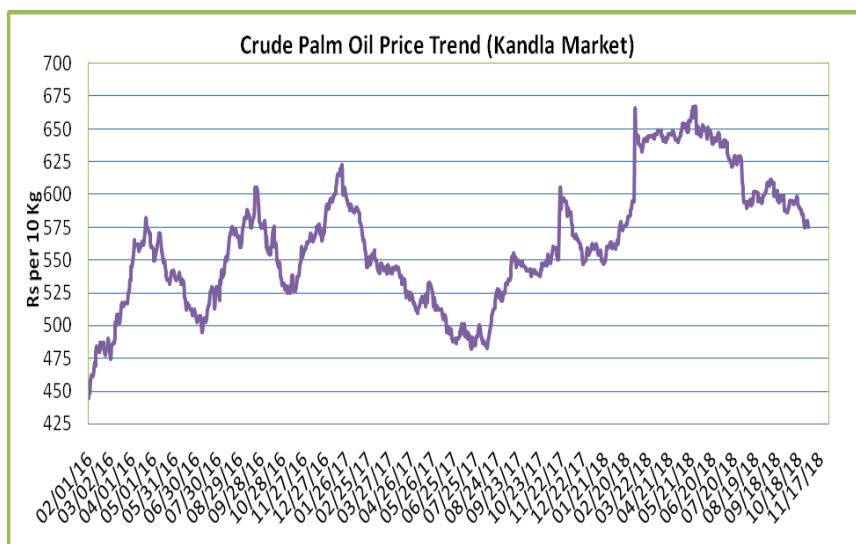
Demand of CPO is weak at CNF markets as prices fell more at CNF compared to FOB markets.

Supply of CPO has increased in Indian markets leading to rise in stocks at ports.

Depreciation of Rupee has led to disparity at ports. Depreciation of Rupee and fall of prices of palm oil in domestic market was the prime reason for return of imports to disparity. Due to disparity in imports prices will not fall much going ahead.

Depreciation of Rupee has made imports costlier which will reduce imports in coming months. Depreciation of Rupee has brought prices to disparity and disparity is increasing with regular fall in Rupee.

CPO trade is weak and traders are desperate to clear their stocks and are offering to sell CPO discount to



CNF prices to offload the stocks.

In Rupee terms, disparity in fresh imports of CPO has risen to Rs 1.5-2.0 per kg.

Stocks of CPO at Indian ports rose due to higher imports.

Data from cargo surveyor SGS shows a fall in imports of palm oil by India from Malaysia in October.

RBD palmolein featured weak tone in its benchmark market on weak demand, higher premium over CPO at CNF markets and continuous fall in prices of RBD palmolein in international markets.

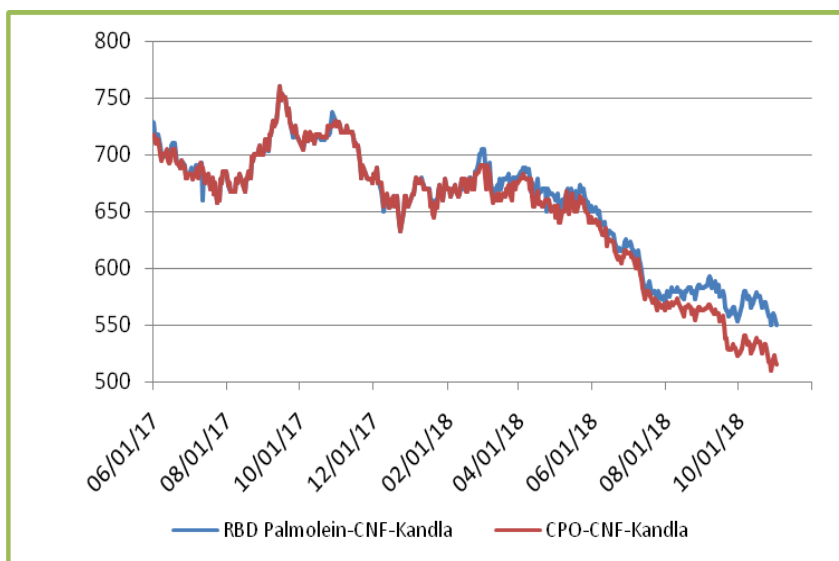
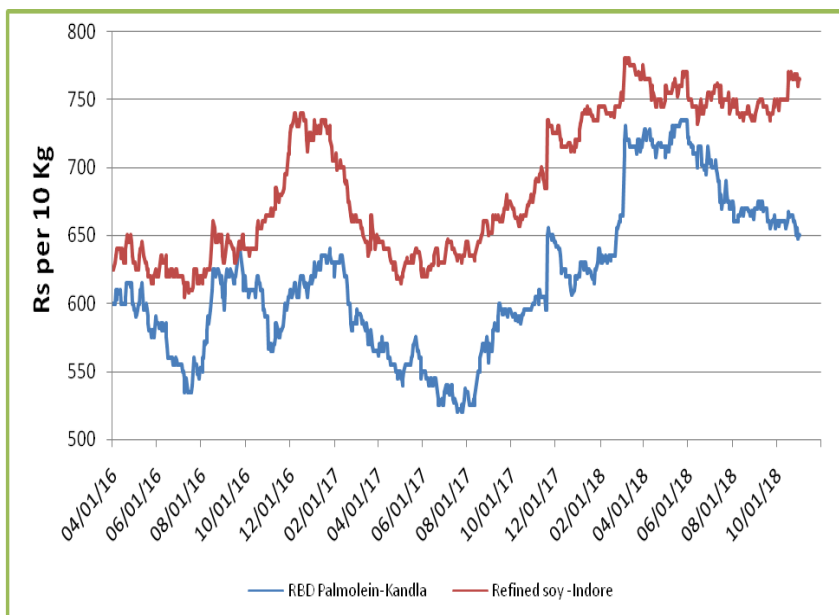
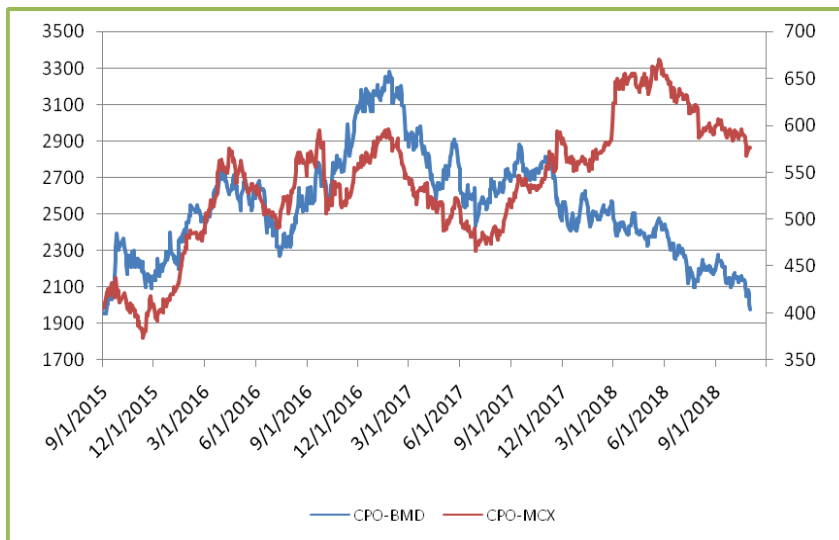
Prices of RBD palmolein fell less at high seas compared to CNF markets indicating firm demand at high seas.

Prices of RBD palmolein fell less at CNF markets compared to FOB markets indicating firm demand at CNF markets.

Higher import duty on RBD palmolein imports, depreciation of Rupee and price premium of RBD palmolein over CPO at CNF markets has weakened import demand.

RBD palmolein is offered at \$35-40 premium over CPO at CNF markets which has weakened demand. Increasing discount of RBD palmolein over soy oil, sunflower oil and rapeseed oil will improve demand.

Importers are selling cargoes at discount to unload their stocks due to





continuous fall in international prices.

Stocks of RBD palmolein at Indian ports have increased in September.

Expectation of rise in stocks of palm oil in Indonesia and Malaysia in coming months due to rise in production of palm oil and slow rise in exports of palm oil will underpin RBD palmolein prices.

Demand of imported RBD palmolein has weakened in India in oil year 2017-18 (Nov 2017-Sep 2018) due to lower margins in selling it compared to palmolein obtained from domestic refining of CPO.

Supeolein saw sideways trend. Vanaspati prices saw weak movement of prices in domestic markets.

RBD palmolein premium over CPO increased to Rs 72 (Rs 70 last month) per 10 kg indicating weaker demand of CPO compared to RBD palmolein at high seas.

Import of CPO in Sep was higher than that of Sep 2017 and higher than Aug 2018. Stocks at ports rose in Sep compared to Aug while imports surged indicating restocking in Sep.

Import of RBD palmolein is fell in Sep compared to Sep 2017 while it was higher than lower 2018. Imports fell in Sep compared to Aug while stocks rose at ports indicating restocking at ports while the demand is weak.

Increase in import duty on crude palm oil and refined palm oil has led to lower imports of CPO from Indonesia and lower imports of RBD palmolein from Malaysia. Landed cost of CPO is in disparity and refining margins are positive. Refining margins in imported CPO is higher than imports of ready to use RBD palmolein which will induce more imports of CPO from Indonesia compared to Malaysia.

RBD palmolein is trading at high premium over CPO at India CNF due to sharp depreciation of Indonesia Rupiah on last 3 months compared to Malaysian Ringgit which has led buyers shift to Indonesian shipment.

Increasing soy oil premium over crude palm oil which is hovering at Rs 192 (Rs 160 last month) per 10 Kg will increase demand of CPO and increase imports.

Previous chart in soy oil section shows that premium of soy oil over palm oil has increased in October at CNF markets. This will increase imports of CPO. Higher premium of crude sunflower CNF India West coast and CPO CNF at USD 187.5 (USD 185) per ton will increase CPO prices and RBD palmolein prices in medium term. Increase in premium of CSFO-CNF-India West coast over CPO-CNF indicates increase in supply of CPO at CNF markets compared to CSFO-CNF.

Increasing CDSO CNF premium over CPO CNF will increase imports of CPO in medium term at USD 190 (USD 149 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 145 (Rs 125 last week) per 10 Kg, which is high and will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 120 (Rs 90 last week) per 10 kg is high and will increase RBD palmolein demand in near term. Values in brackets are figures of last week.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in September fell 1.4 percent y-o-y to 9.19 lakh tons from 9.32 lakh tons in September 2017. Imports in the period (November 2017-September 2018) are reported lower by 7.0 percent y-o-y at 79.47 lakh tons compared to 85.45 in the corresponding period last oil year.



Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 2.0 percent y-o-y in September to 6.65 lakh tons from 6.52 lakh tons in September 2017. Imports in the period (November 2017-September 2018) are reported higher by 1.95 percent y-o-y at 58.50 lakh tons compared to 57.38 lakh tons in the corresponding period last oil year.

RBD palmolein import scenario- RBD palmolein imports fell y-o-y in September by 6.13 percent to 2.45 lakh tons from 2.61 lakh tons in September 2017. Imports in the period (November 2017-September 2018) are reported lower by 26.59 percent y-o-y at 19.99 lakh tons compared to 27.23 lakh tons in the corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 507.5 (USD 530) per ton for Nov delivery and Dec delivery is quoted at USD 510 per ton. Last month, CNF CPO Oct average price was at USD 529.12 per ton (USD 548.5 per ton in Sep 2018). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 547.5 (USD 575) per ton for Nov delivery and Dec delivery is quoted at USD 550 per ton. Last month, CIF RBD palmolein Oct average price was USD 574.62 (USD 579.84 in Sep 2018) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 573 (Rs 590) per 10 Kg and Nov delivery duty paid is offered at Rs 573 (Rs 590) per 10 kg. Ready lift RBD palmolein is quoted at Rs 645 (Rs 660) per 10 kg as on Nov2, 2018. Values in brackets are figures of last month.

- On the parity front, margins fell during the month of September on lower price of palm oil products in Indian markets and we expect margins to remain weak in coming days. Currently refiners fetch USD 20-25/ton (Oct average) v/s gain of USD 15-20/ton (Sep average) margin in processing the imported CPO but on the imports of ready to use palmolein lose USD 35-40/ton (Oct average) v/s gain of USD 30-35 (Sep average).

**Price Outlook:** We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 520-600 per 10 Kg in the near term.

## Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured weak trend at various markets on weak demand and fall in rapeseed prices. All India arrivals of rapeseed increased in October.
- Rapeseed oil prices traded weak in the month of October in various markets in India on weak demand, weak rapeseed prices.

Demand fell in the month of Oct on lower buying.

Festive demand in East and North India is over and market is adequately stocked against weak stock position.

Rapeseed crop in current marketing year is lower than last year. Agriwatch forecasted rapeseed crop at 6.45 MMT compared to last year estimate of 6.8 MMT.

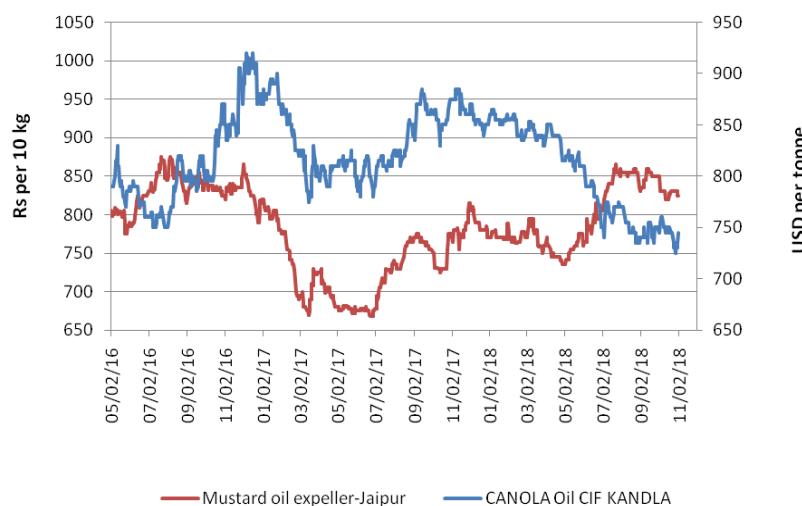
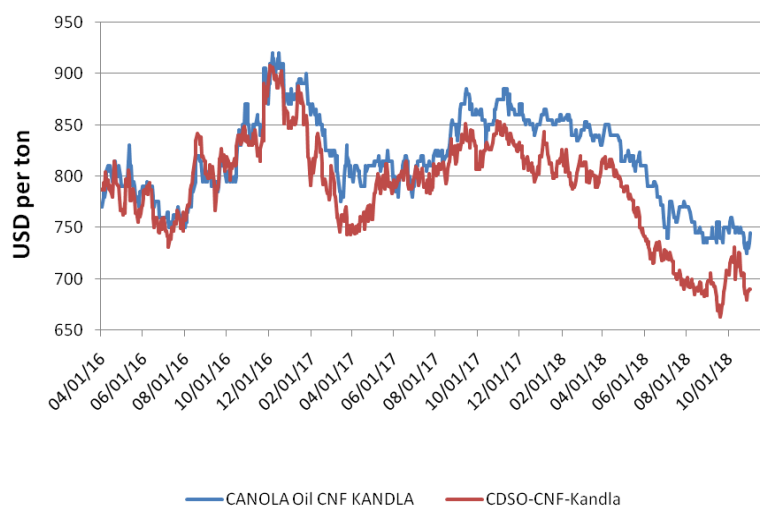
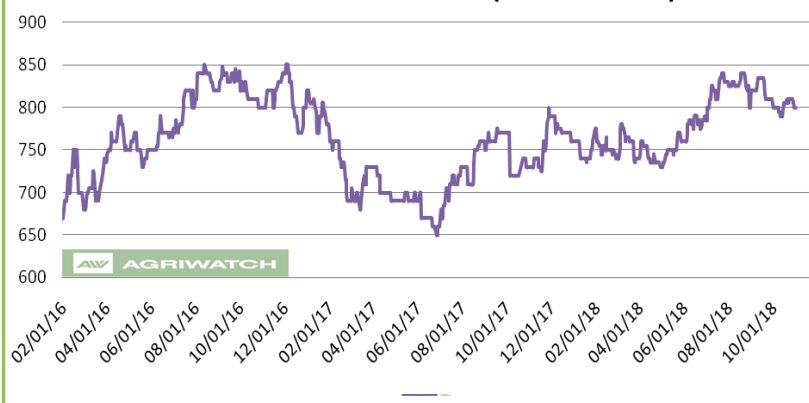
Rapeseed crop in 2018-19 is expected to be higher than 2017-18. Area is expected to be higher in this year but there is less moisture in soil which may hamper sowing. Failure of monsoon rains in next 15 days will adversely affect yield and sowing will be delayed.

Lower crop of rapeseed-mustard crop in 2017-18 oil year has decreased supplies of rapeseed oil.

Rise in prices of rapeseed in 2018-19 is due to increased crushing of rapeseed on parity in crushing. Hike in import duty on rapeseed oil has led to higher crush margins. Crushers are taking advantage of crush margins. Higher crush of rapeseed has led to higher supply of rapeseed oil.

Stockists and traders are stocked against weak demand.

### Mustard Oil Price Trend (Kota Market)



Demand is weak while the prices are lucrative.

Prices are expected to rise on seasonal uptrend of prices.

High discount of RBD palmolein prices to rapeseed kacchi ghani prices could cap rapeseed oil prices.

High premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market was at Rs 70 (Rs 100) per 10 Kg, will cap rapeseed oil prices in medium term.

Kacchi Ghani and refined soy oil are trading range has decreased, which will increase demand of rapeseed oil.

Premium of canola oil compared to CDSO has decreased to USD 37 (USD 36) per ton and will increase imports.

Above chart shows that Canola oil prices are moving down while rapeseed expeller oil prices are rising. So, fall in canola oil prices will support mustard expeller prices.

Above chart shows prices of canola oil at CNF markets are closely following soy oil-CNF so fall in soy oil will underpin canola oil in CNF markets which will support canola oil prices.

Low premium of expeller rapeseed oil over soy oil in domestic market was at Rs 55 (Rs 80) per 10 Kg, will support rapeseed oil prices in medium term.

Hike in import duty on import of canola oil will support rapeseed oil prices.

High premium of rapeseed expeller oil (Jaipur) over RBD palmolein (Kandla) at Rs 190 (Rs 190) per 10 kg will cap rapeseed oil prices.

Crushing has slowed as there is less stocks of rapeseed in the market. NAFED has 5.90 lakh tons of rapeseed which it is liquidating. This might put pressure on prices. However, price trend is towards upside. Lower crush of rapeseed has led to lower supply of rapeseed oil.

Prices of rapeseed oil are expected to trade sideways to firm on increased demand, rise in rapeseed prices and seasonal uptrend of prices.

- Rapeseed oil import scenario- India imported 0.12 lakh tons of rapeseed (Canola) oil in September 2018 v/s 0.16 lakh tons in September 2017, lower by 25.0 percent y-o-y. In the period (Nov 2017-September 2018) imports were 2.41 lakh tons compared to 2.55 lakh tons in the corresponding period last oil year, lower by 5.9 percent y-o-y.
- CIF Canola oil premium over soybean oil is hovering at USD 37 (USD 36 last month) as on Nov 2, 2018.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 820 (Rs 850) per 10 Kg and at Kota market is quoted around Rs 800 (Rs 810) per 10 kg as on Nov 2, 2018. Values in brackets are figures of last month.
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

**Price Outlook:** We expect Rapeseed oil (Kota) to trade in the price band of Rs 750-900 per 10 Kg.

## Sunflower oil: Domestic Market Fundamentals

- Sunflower oil featured weak trend at its benchmark market in Chennai during the month of September on weak demand.
- Sunflower oil prices closed lower in month of September at its benchmark market of Chennai on weak demand and fall in prices of sunflower oil in international markets..

Sunflower oil prices fell more at high seas compared to sun oil CNF indicating weak demand at CNF markets.

Due to hike in import duty on sunflower oil, prices have firmed. Hike in import duty made import duty on sunflower oil equivalent to soy oil.

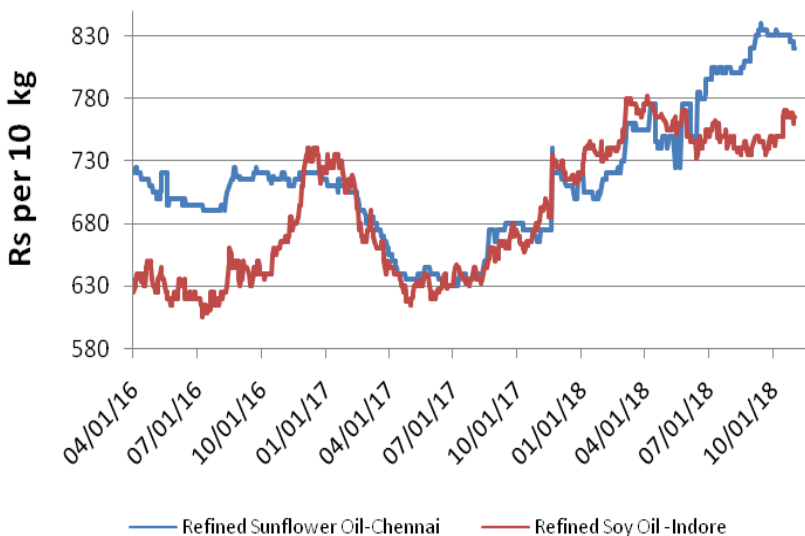
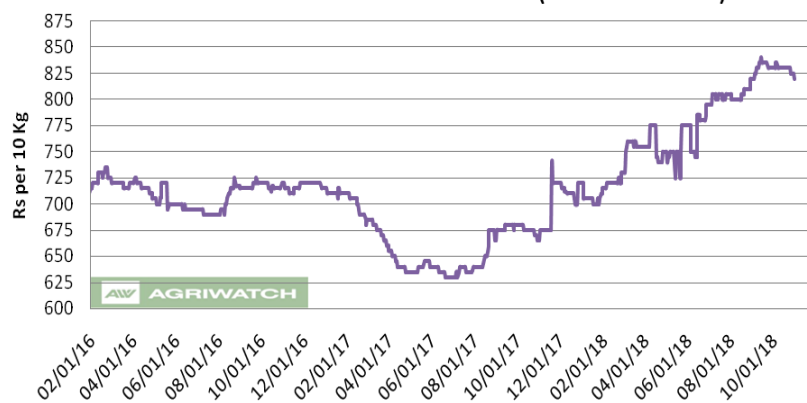
This step will stem surging imports in oil year 2017-18.

However, there is bargain buying at lower levels as prices have fallen to 9 year low at CNF markets. If prices of sunflower oil at CNF markets continue to remain low then more bargain buying can be seen.

There is parity in imports of sunflower oil and refining margins are in parity.

Depreciation of Rupee in last 4 months will slow imports of sunflower in coming months.

Sunflower Oil Price Trend (Chennai Market)



Supply has improved in markets as imports rose 16 percent in oil year 2017-18 (November 2017-Sep 2018) after 43 percent rise in oil year 2016-17 (November 2016-October 2017) indicating firm supply of sunflower oil in domestic market. Stocks at ports rose in oil year 2017-18 despite rise in imports indicating firm supply. Higher supply of sunflower oil in domestic market due to higher imports will cap prices of sunflower oil.

Imports of sunflower oil will show rise in coming months due to negative premium of sunflower oil over CDSO. However premium of CSFO over CPO at CNF markets is high and will decrease import demand of sunflower oil.

Depreciation of Indian rupee has made imports of sunflower oil costlier in India, which will decrease imports in coming months.

Recent fall in premium of CSFO over CDSO in CNF markets will

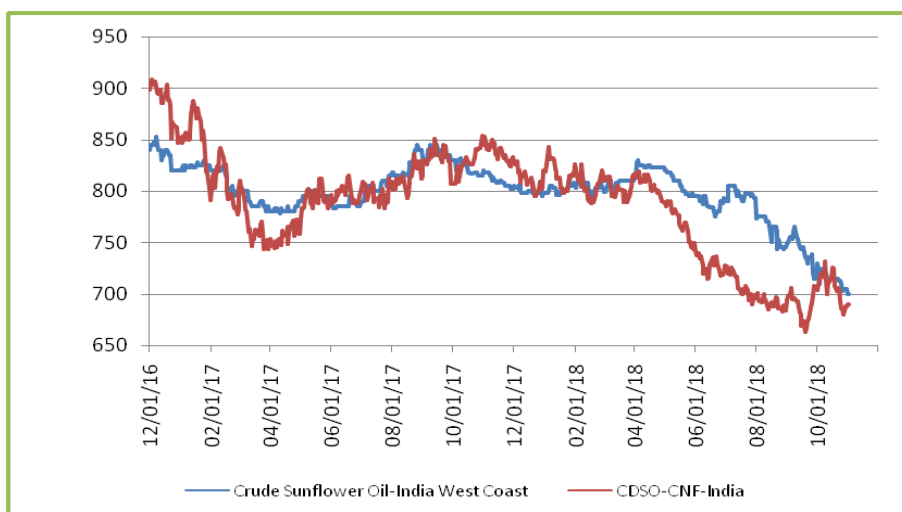
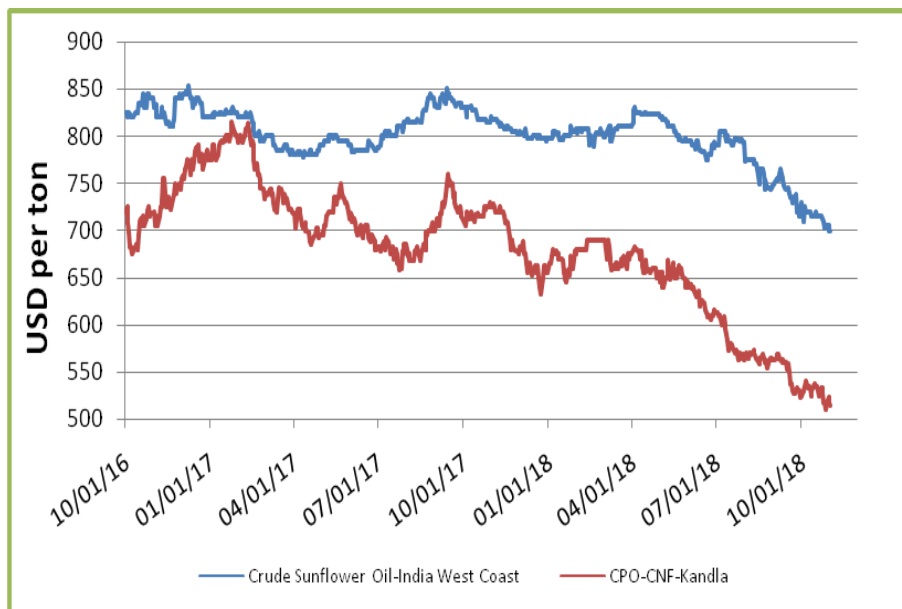
support prices in medium term. Imports are expected to be higher in Oct as crude sunflower oil CNF premium over CDSO CNF has decreased. Fifth chart from above shows crude sunflower oil premium over CDSO is decreasing will increase imports and underpin prices.

Second chart from above shows that sunflower oil prices has decreased from Apr 2018 after high correlation to soy oil since November 2016. Prices have diverged in after April due to hike in import duty on sunflower oil and firm demand.

Refiners and stockists are stocking as sunflower oil premium over soy oil is decreased to USD -0.5 (USD 8.0 last month) per ton.

In domestic market sunflower oil premium over soy oil is at Rs 50 (Rs 80) per 10 kg.

Refined sunflower oil premium over RBD palmolein has increased to Rs 170 (Rs 165 last month) per 10 kg is high. Higher premium of sunflower oil over RBD palmolein will cap sunflower oil prices.



Premium of CSFO over RBD palmolein is at USD 147.5 (USD 145) per ton at CNF markets. Premium of sunflower oil over RBD palmolein has shot up sharply which indicates that incentive of importing sunflower oil and selling in domestic market has increased.

In domestic market, prices is expected to capped in medium term as prices of sunflower oil are trading at high premium over soy oil and RBD palmolein.

Sunflower oil prices are expected to improve on seasonal uptrend of prices in medium term.

Prices are expected to improve on firm demand and seasonal uptrend of prices. Prices of sunflower oil are expected to remain in a range with upwards bias in October.

Prices are expected to trade sideways to firm in medium term.

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 24.4 percent y-o-y in September to 1.50 lakh tons from 1.97 lakh tons in September 2017. Imports in the period (November 2017-September 2018) are reported higher by 16.4 percent y-o-y at 23.68 lakh tons compared to 20.40 lakh tons in the corresponding period last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 697.5 (USD 700) per ton for Dec delivery and JFM delivery is quoted at USD 697.5 (USD 700) per ton. CNF sun oil (Ukraine origin) Oct monthly average was at USD 714.36 per ton compared to USD 741.37 per ton in Sep. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 660-740 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD -0.5 (USD 8.0 last week) per ton for Dec delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 170 (USD 165) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 815 (Rs 830) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 810 (Rs 805) per 10 kg as on Oct 31, 2018. Values in brackets are figures of last month.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

**Price Outlook:** We expect sunflower oil (Chennai) to trade in the price band of Rs 780-850 per 10 Kg.

## Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured firm trend during the month in review on firm demand.
- Groundnut oil prices rose in October on firm demand.

Groundnut demand is firm in the month of October due to firm retail demand. Retail demand firmed at lower prices.

Due to rise in prices of groundnut oil retail demand may fall.

Retail demand rose due to stability in prices of groundnut oil at lower levels. High volatility in groundnut oil prices leads to postponement of demand. However, demand arose due to lower volatility in prices.

Rise in prices of groundnut supported the rise. Rise in raw material prices led to rise in product prices.

Groundnut prices have increased due to lower than expected crop due to dry conditions in groundnut growing areas leading to fall in yields will support groundnut oil prices.

Rise in groundnut prices will support groundnut oil prices.

Harvest of export quality groundnut has started. Peak harvest will reach by Nov 15. In the South India (Rayalseema) groundnut crop is less severe deficit of rains.

NAFED has stopped disposing Kharif 2017 crop. At present quality of groundnut is good for crushing.

The pace of disposal of groundnut by Gujarat government firmed last month which led to higher arrivals in the market. Lower volatility in groundnut auction prices has led to higher disposal of groundnut. Lower volatility of auction prices of groundnut was due to stable prices of groundnut oil and groundnut DOC prices. NAFED calculates reserve prices on groundnut oil prices, groundnut DOC prices and arrivals. Reserve prices have moderated after sharp rise

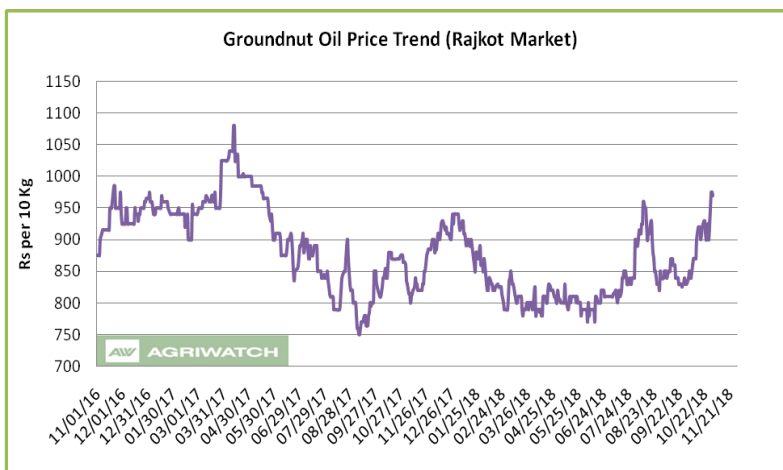
NAFED will start procurement of next season crop from 15 th October which means carryout of last year is 5 lakh tons. NAFED has 4.0 lakh tons of groundnut while farmers and trade has around 1 lakh tons of groundnut. Whatever groundnut comes to market goes into crushing.

Demand of groundnut oil will weaken at around Rs 980-100 per 10 kg levels. However, due to demand ahead of festivals prices will continue its uptrend.

Demand will moderate in November before picking up in demand season of December.

Whatever groundnut is sold in the market by NAFED is of crushing quality and is diverted towards crushing

Groundnut trade is weak and there is very little stock of groundnut with private traders.





There is disparity in crushing which will decrease supply of groundnut oil and support prices.

Crushing has slowed due to lower supply of groundnut.

Groundnut oil demand is weak at higher levels.

Retail demand of groundnut oil weakens at higher levels.

Exports of groundnut procured by Gujarat government is very less due to higher prices of domestic groundnut, leading to diversion of groundnut towards crushing.

Crushers have no stocks and are only active in ready markets. Both groundnut oil and groundnut trade has improved and groundnut is arriving in mandis are consumed in ready markets.

Groundnut oil prices will rise on increased offtake from stockists and traders on weak stock position.

Current prices of groundnut oil will support buying by stockists and traders.

Premium of groundnut oil over sunflower is low in Chennai indicating lower capacity for prices of groundnut to rise.

Production of groundnut is expected to fall substantially due dry condition for groundnut.

In Andhra Pradesh and Tamil Nadu prices of groundnut has increased with parity with Gujarat and weak stocks position. There is parity in crush of groundnut in south India. Groundnut arrivals are low and is expected to pick up in Nov.

Prices are expected to trade firm on firm demand and firm activity in cash markets.

Prices are expected to trade sideways to firm.

- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 9,750 (8,400) per quintal and quoting at Rs 9,800 (Rs 9,000) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to firm tone in the coming days.

**Price Outlook:** We expect Groundnut oil (Rajkot) to trade in the price band of Rs 900-1050 per 10 Kg.

### Coconut oil: Domestic Market Fundamentals

- Coconut oil featured weak trend at its benchmark market in Kangeyam on weak demand and fall in prices of copra. Prices remained unchanged in Kochi at the end of the month.
- Prices of coconut oil traded weak in the month of Oct on weak demand of coconut oil and fall in prices of copra.

Copra prices fell during the month. Fall in raw material prices led to lower prices of end product.

Fall in palm oil prices supported the fall in coconut oil prices.

Due to rise in coconut oil prices in last year and half, demand destruction has taken place in top consuming areas.

Household consumption contracted in Kerala and no oil replaced the gap.

Production will increase 10-15% in 2018-19 from initial estimate of 15-20% gain in coconut oil production on account of production loss due to floods in Kerala. Yield will remain higher in Tamil Nadu, Karnataka and Andhra Pradesh compared to last three years.

Copra supply is improving, as stocks buildup has started in the market despite higher exports and diversion of coconut products to other value added products.

Coconut supplies have improved will lead to higher supply of copra which will increase in production of coconut oil which will underpin coconut oil prices.

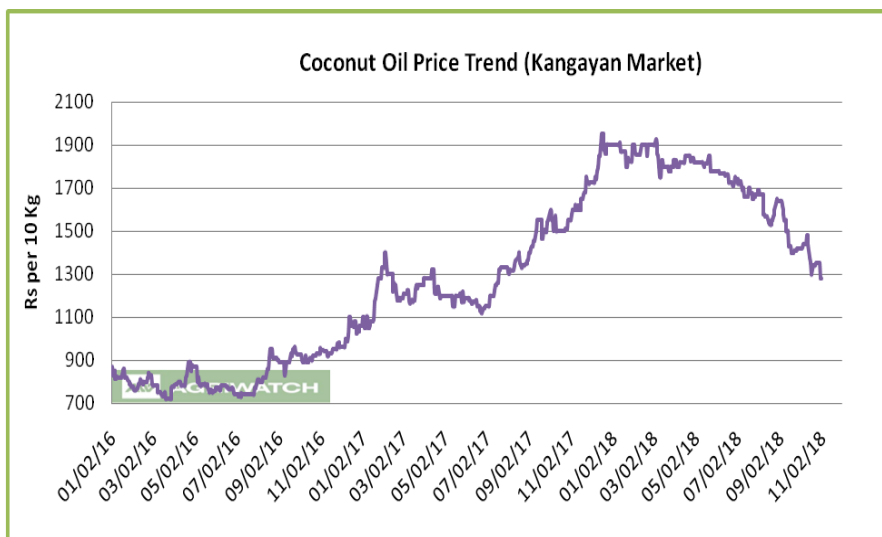
Of the total production of 6 lakh tons of coconut oil, corporate consumes around 2.5 lakh tons whose demand is weak.

Adulteration of coconut oil is rampant in Kerala and the prices at which adulterated coconut oil sold is less than sales prices of coconut oil production.

There are more than 250 brands in market and competition is high which leads to rampant adulteration.

Rains in 2017 and 2018 has led to expectation that this year coconut production will rise and its prices will moderate.

So, coconut prices will show correction in rest of 2018.



More than doubling of prices of coconut oil in 2017-18 due to fall in production of copra led to demand destruction.

Export demand of coconut oil has weakened due to higher prices of coconut oil which has made coconut oil uncompetitive in international markets. Recent depreciation of Rupee will support export demand. Bulk exports of coconut oil have weakened.

Millers have limited copra stocks and coconut oil. They are not confident of prices and are depending on ready markets.

Traders and upcountry buyers are staying away from market as they expect more fall in coconut oil prices.

Higher prices of coconut oil for a long period have weakened demand in medium to long term.

Prices are expected to be weak in November on weak retail demand, weak demand from corporates, lower prices of raw material and seasonal downtrend of prices. Prices are expected to trade sideways to weak in medium term.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 12,800 (16,700) per quintal, and quoting Rs 14,250 (16,200) per quintal in Erode market on October 31, 2018.
- Coconut oil prices may trade sideways to weak tone tracking weak demand in ready markets.

**Price Outlook:** We expect coconut oil (Erode) to trade in the price band of Rs 1100-1500 per 10 Kg.

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**International Soy oil Market Fundamentals**

Agriwatch view- Soy oil prices are expected to be underpinned by trade dispute between US and China, near record soybean crop in US, better than expected soybean planting in Brazil, weak demand of soybean by China, high stock of soybean in China, liquidation of soybean state reserve by China, weak competitive oils and firm dollar.

Market was expecting trade talks between US and China when Trump and Xi spoke on the phone last month. However, White House official clarified that no trade policy with China was being prepared.

US has already imposed duties on USD 200 billion of Chinese goods and is expected to impose import duties of additional USD 207 billion goods.

Trade dispute between US and China has led to virtually stopping import of soybean from US. China imposed retaliatory tariffs on import of US goods.

However, couple of consignments from US went to China in October.

Due to trade dispute with China, US soybean prices fell sharply compared to Brazil soybean which has led to higher sales of soybean from US in 2018/19 crop. China will face shortage of soybean at the end of 2018 as supply from Brazil decreases. This will decrease soybean stocks in the country. This will lead to lower stocks of soybean in China and Brazil.

US has asked China to reduce trade deficit with US, open Chinese markets for US companies, provide level playing field for American companies, reform various industries and end subsidies to various industries including technology companies.

Trade deficit of US with China is continuously increasing which has angered US.

Soybean exports from US is expected to pickup due to fall in prices of soybean due to trade dispute which may prompt major buyers to buy more soybean from US as current prices of US soybean will give crushers big margins.

Soybean crop in Brazil in 2018/19 is increased to record in with record planted area. USDA has increased soybean crop in Brazil to 121 MMT. Soybean planting is progressing at faster pace than last year and 5 year average.

Also, soybean crop in Argentina is expected to touch 53- 57 MMT in 2018/19. USDA increased 2017/18 Brazil soybean exports to 77 MMT on higher demand of soybean from China in its Oct review.

Argentina has sold soybean and soy oil consignment to China indicating that China is hunting for options to replace US soybean imports. China has opened imports of soybean and soy oil from Argentina after years of ban. It is has also allowed other destinations in Africa.

China has removed export incentives for exports of soy meal from the country. Last year China exported more than 1 MMT of soy meal.

Crushers of soybean in China are struggling from weak demand due to low growth rate of livestock herd. Outbreak of swine flu has affected demand of feed, which has led to lower soybean demand, leading to shutdown of many crushers. This may prompt China to import lower amount of soybean in coming months as present stocks will offset lower imports.

Further, Chinese are enquiring on import of cottonseed meal, sunflower meal, rapeseed meal from India, Ukraine and Canada respectively to tide over tight situation, which will arise in fourth quarter of 2018.

Recently, China removed ban on imports of Indian rapeseed meal.

China imported lower amount of soybean in any September, most of it from Brazil due to record stocks of soybean in China. This may prompt China to import lower amount of soybean in coming months as present stocks will set off lower imports in coming months.

China is liquidating soybean state reserves in an effort to keep stock of soybean to loosen any tightness in soybean markets. Currently China is liquidating 2013 soybean stocks. China is also liquidating state soy oil stocks to loosen any tightness in edible oils markets.

China is sitting on record stocks of soybean and soy meal and outbreak of swine flu in China will cut soybean imports in coming months. There are reports of more than 40 case of outbreak of swine flu in China which has led to slaughtering of more than 2 lakh swine last month.

China reduced protein requirement of soy meal used for swine and poultry feed in an effort to cut use of soy meal in protein sources to diversify from soybean use. More measures are expected in future.

USDA is expected to cut soybean imports estimate by China from 95 MMT to below 90 MMT in 2018/19.

Competitive oils like BMD palm oil and DALIAN RBD palmolein is expected to trade weak due to strong supply concerns which will underpin soy oil prices.

Soy oil prices corrected more than 25 percent in last couple of months due to trade dispute between US and China and good soybean crop in US and Brazil coupled with weak Chinese demand, is expected to reignite demand and support prices.

Dollar Index is expected to rise on higher than expected hike in interest rates by US FED in 2018 will weigh on soy oil prices in near term.

Global crude oil prices have cooled on expectation that US sanction on Iran will have limited effect in oil markets in 2018.

- In the weekly USDA crop progress of US soybean report released on 28 October; Soybean harvest has reached 72% compared to 81% in corresponding period last year and 5-year average of 81%.
- USDA WASDE Oilseeds Highlights The 2018/19 U.S. season-average soybean price is forecast at \$7.35 to \$9.85, unchanged at the midpoint from last month. Soybean meal and soybean oil price projections are also unchanged at \$290 to \$330 per short ton and 28.0 to 32.0 cents per pound, respectively.
- **Price Outlook:** We expect Ref. soy oil with VAT to trade in the price band of Rs 720-800 per 10 Kg.

### International Palm oil Market Fundamentals

- Palm oil prices are expected to fall on rise in end stocks of palm oil in Malaysia and Indonesia by Nov-Dec, higher than expected production of palm oil in Malaysia and Indonesia, slow rise exports of palm oil from Malaysia and Indonesia, weak demand of palm oil from top importing destinations after onslaught of winter.

Palm oil end stocks in Malaysia and Indonesia are expected to rise due to rise in production of palm oil in and lower disappearance on lower rise in exports of palm oil from both countries

Production of palm oil is expected to rise more than demand in 2018 and growth will slow in 2019 on effect of El Nino.

Production of palm oil is expected to rise in Malaysia and Indonesia due to seasonal uptrend of production and higher yields. Production is expected to rise more in Indonesia due to better plant profile compared to Malaysia. Production in Indonesia is expected to surpass 40 MMT in 2018 in Indonesia and 20 MMT in Malaysia. Production in Malaysia rose less in 2018 due to old plant profile, lower use of fertilizers and labor shortage in Malaysia. This surge in production will increase end stocks of palm oil in both countries. Stocks of palm oil in Malaysia are expected to rise above 3 MMT in Malaysia by December while it will be above 5 MMT for Indonesia.

Storage of palm oil is full in Indonesia and production will have to be slowed if demand does not increase.

Exports of palm oil will grow at a slower rate than production. Demand will slow down after arrival of winters in North Hemisphere.

Exports of palm oil fell 20 percent in October, according to cargo surveyor SGS, on weak demand from EU and India.

Demand of palm oil from China rose due to lower supply of soy oil in China on lower production of soy oil due to lower crush on outbreak of swine flu. China is liquidation of state reserves of soybean to tide over tight soybean supply situation in the country.

China is sitting of record soy meal stocks which has led to lower crush of soybean leading to lower supply of soy oil in the country.

Palm oil prices have corrected more than 25 percent in 2018 which may ignite demand. Important markets like India and China are price sensitive markets which will purchase more when prices fall.

India and China is expected to purchase more as prices are lucrative.

Trade war between US and China is expected to underpin CBOT soy oil prices as fall in soybean complex prices will prompt fall in palm oil prices.

Ringgit has fallen below 4.15 per USD which is below the psychological resistance. More depreciation is in cards as expectation of more rate increases by Federal Reserve builds in 2018. Indonesia Rupiah has depreciate more than Ringgit which has led to high RBD palmolein FOB Malaysia premium over Indonesia CPO FOB which has led buyers shift to Indonesia leading to lower demand of palm oil from Malaysia thereby increasing stocks of palm oil in the country.

China has halted importing soybean from US due to imposition of 25 percent import duty on import duty on imports from US, which will underpin soy oil prices.

Dollar Index appreciated on rise in US bond yields.

Competitive oils like CBOT soy oil is expected to underpin palm oil prices. CBOT soy oil is expected to be underpinned by fall in soybean complex prices due to US and China trade dispute and record soybean crop in US will underpin palm oil prices.

Crude oil prices are expected to fall due to lower impact of sanctions on Iran in crude oil market.

Indonesia is working to increase biodiesel use in the country and is planning B30 norms which aims to blend 30 percent bio content on diesel.

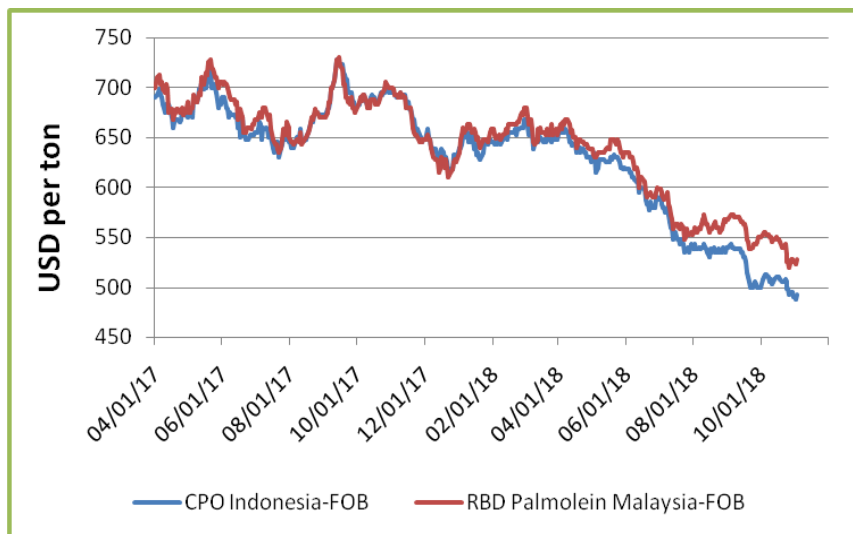
Malaysia is working on B10 biofuel standards from B7 to increase palm oil use in the country.

Malaysia abolished palm oil export duty for October to decrease rising stocks of palm oil in the country.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's August palm oil

stocks rose 12.37 percent to 24.89 lakh tons compared to 22.15 lakh tons in July. Production of palm oil in August rose 7.92 percent to 16.22 lakh tons compared to 15.03 lakh tons in July. Exports of palm oil in August fell 8.11 percent to 11.0 lakh tons compared to 11.97 lakh tons in July. Imports of palm oil in August rose 82.13 percent to 0.80 lakh tons compared to 0.44 lakh tons in July. End stocks of palm oil rose more than market estimates. Primary reasons for higher than expected rise in end stocks are due to weaker than expected exports.

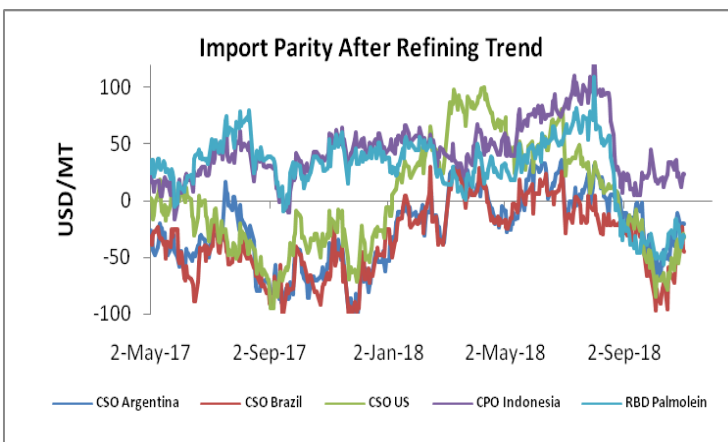
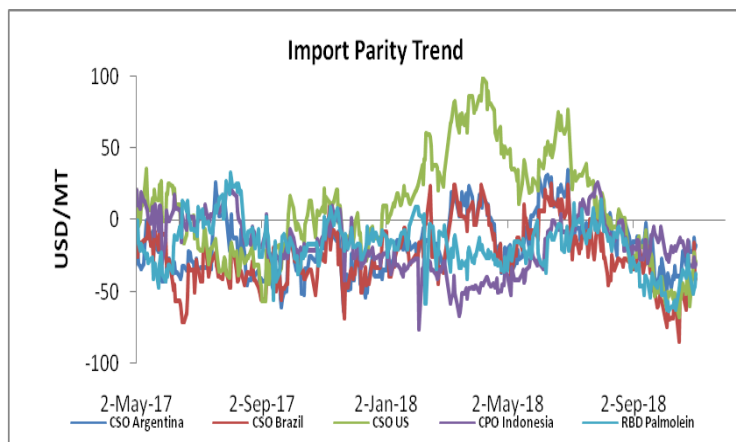
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's Oct palm oil exports fell 14.1 percent to 1,398,418 tons compared to 1,628,070 tons last month. Top buyers were European Union 321,281 tons (417,567 tons), China at 242,435 tons (156,600 tons) and India & subcontinent 242,082 tons (316,255 tons). Values in brackets are figures of last month.





- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's Oct palm oil exports fell 12.1 percent to 1,427,539 tons compared to 1,629,365 tons last month. Top buyers were European Union 334,860 tons (376,486 tons), China at 251,715 tons (133,800 tons), United States at 85,072 tons (91,060 tons), India at 81,700 tons (220,805 tons) and Pakistan at 37,500 tons (20,500 tons). Values in brackets are figures of last month.
- According to Indonesia Palm Oil Association (GAPKI), Exports of palm oil (CPO and PKO) from Indonesia rose 6.4 percent in August m-o-m to 2.99 MMT from were 2.81 MMT in July 2018. Exports of palm oil (CPO and PKO) rose marginally in August y-o-y to 2.99 MMT from 2.98 MMT in August 2017.
- According to Indonesia palm oil Association (GAPKI), Indonesia seeks to reduce levy on CPO exports from USD 50 per ton to USD 20 per ton until the prices of CPO breach USD 770 per ton.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia kept November crude palm oil export duty unchanged at 0.0 percent. Export duty of palm oil is calculated at reference price of 2,073.97 ringgit (\$499.51) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.  
  
According to Indonesia trade ministry, Indonesia kept November CPO export duty unchanged at zero percent. CPO tax will remain zero below reference point of USD 750 per ton. CPO export duty has been at zero percent since May 2017.
- **Price Outlook:** We expect CPO Kandla 5% to trade in the price band of Rs 530-600 per 10 Kg.

### Import Parity Trend

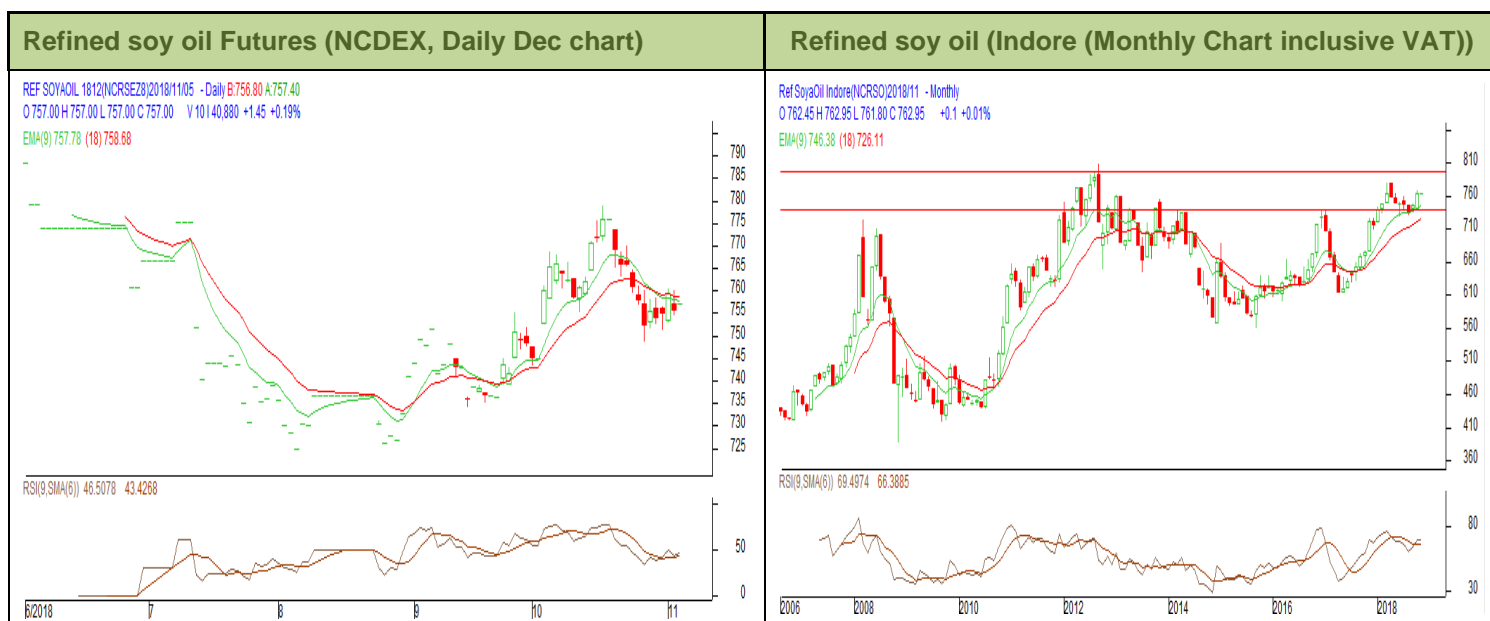


### Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Aug, 2018</b>	7.38	-18.86	8.84	66.69	32.82
<b>Sep, 2018</b>	-21.14	-37.51	-28.67	17.97	-34.18
<b>Oct, 2018</b>	-42.70	-69.39	-60.07	20.03	-37.78

### Outlook:-

Import parity for CDSO Argentina and CDSO Brazil is in disparity due to depreciation of Rupee. We expect CDSO import parity to remain in disparity in November due to depreciation of Rupee. Parity in palm oil products will increase import. However, it may weaken due to depreciation of Rupee which may reduce imports.

**Technical Analysis (Refined soy oil Monthly Charts)**


**Outlook –** Prices are likely to trade lower to weak tone in the days ahead. Investors are advised to sell refined soy oil (Dec contract) on rise.

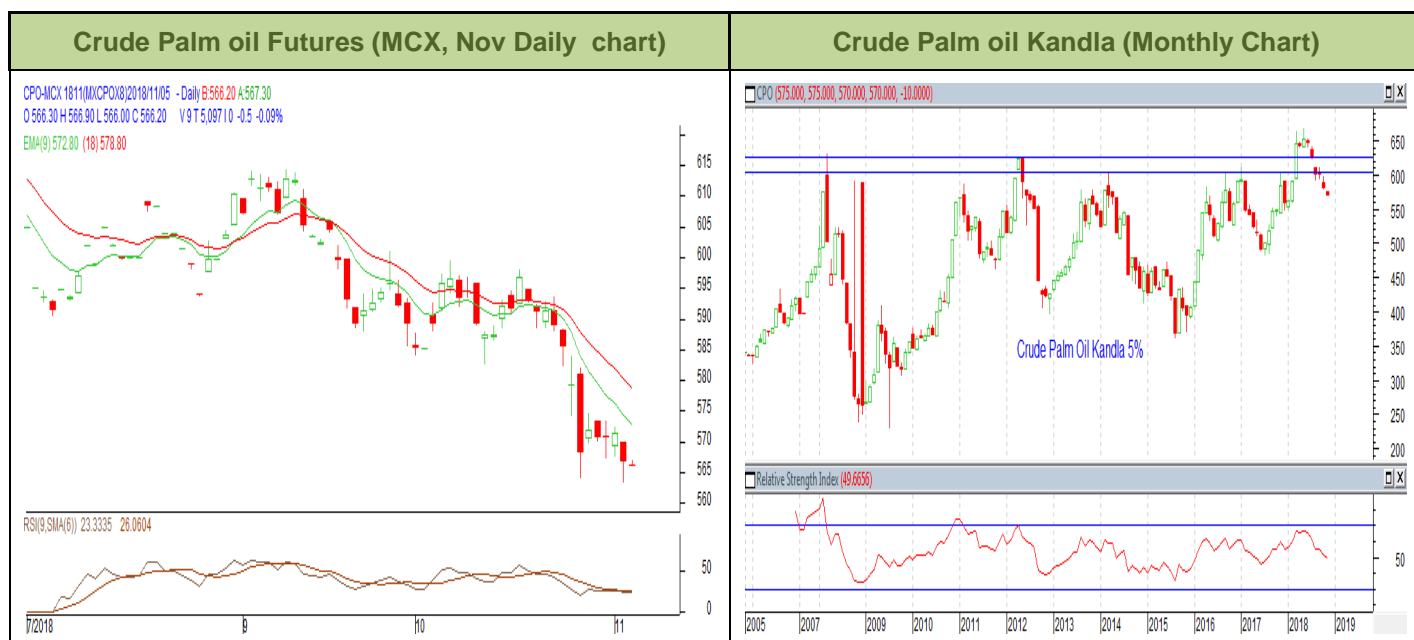
- Monthly chart of refined soy oil at NCDEX featured losses in the prices. We expect sideways to weak movement in the coming days.
- Any close below 750 in monthly chart will bring prices to 740 levels.
- Expected price band for next month is 720-780 level in near to medium term. RSI and MACD are indicating downtrend at current levels.

**Strategy:** Market participants are advised to go short in RSO below 760 for a target of 740 and 735 with a stop loss at 770 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
721.00	743.00	755.55	765.00	780.00

**Spot Market outlook:** Refined soy oil Indore (including VAT) is likely to stay in the range of 720-800 per 10 Kg.

**Technical Analysis (Crude Palm oil Monthly Charts)**


**Outlook - Prices may trade with a sideways to weak tone in the coming days. Investors are advised to sell MCX CPO (Nov contract) on rise.**

- Candlestick monthly chart of crude palm oil at MCX depicts fall in prices. We expect prices to feature sideways to weak tone in the near term.
- Any close below 560 in monthly chart might bring the prices to 550 levels.
- Expected price band for next month is 540-600 level in near to medium term. RSI and MACD are indicating downtrend.

**Strategy:** Market participants are advised to go short in CPO below 570 for a target of 550 and 545 with a stop loss at 580 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
540.00	551.00	564.10	584.00	600.00

**Spot Market outlook:** Crude palm oil Kandla is likely to stay in the range of 530-600 per 10 Kg.

**Monthly spot prices comparison**
**Edible Oil Prices at Key Market:**

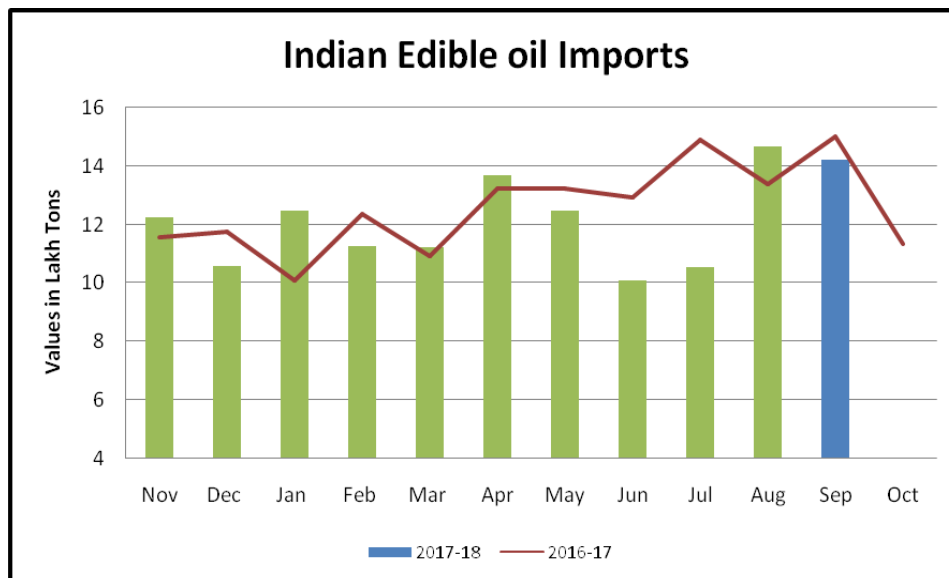
Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Oct-18	29-Sep-18	
Refined Soybean Oil	Indore	765	748	17
	Indore (Soy Solvent Crude)	727	712	15
	Mumbai	755	745	10
	Mumbai (Soy Degum)	718	700	18
	Kandla/Mundra	750	735	15
	Kandla/Mundra (Soy Degum)	725	705	20
	Kolkata	768	750	18
	Delhi	791	780	11
	Nagpur	771	765	6
	Rajkot	745	725	20
	Kota	765	740	25
	Hyderabad	770	775	-5
	Akola	771	764	7
	Amrawati	770	763	7
	Bundi	775	750	25
	Jalna	775	759	16
	Alwar	0	0	Unch
	Solapur	756	756	Unch
	Dhule	776	750	26
Palm Oil*	Kandla (Crude Palm Oil)	609	617	-8
	Kandla (RBD Palm oil)	646	656	-11
	Kandla RBD Pamolein	683	688	-5
	Kakinada (Crude Palm Oil)	604	615	-12
	Kakinada RBD Pamolein	693	695	-2
	Haldia Pamolein	701	711	-9
	Chennai RBD Pamolein	709	704	5
	Chennai RBD Pamolein (Vitamin A&D Fortified)	780	779	1
	KPT (krishna patnam) Pamolein	693	693	Unch
	Mumbai RBD Pamolein	704	719	-16
	Mangalore RBD Pamolein	705	716	-12
	Tuticorin (RBD Palmolein)	707	Closed	-
	Delhi	722	735	-13
	Rajkot	683	688	-5
	Hyderabad	710	715	-5
	PFAD (Kandla)	373	389	-16
	Refined Palm Stearin (Kandla)	509	536	-26



	Superolien (Kandla)	730	735	-5
	Superolien (Mumbai)	780	779	1
* inclusive of GST				
Refined Sunflower Oil	Chennai	820	830	-10
	Mumbai	825	820	5
	Mumbai(Expeller Oil)	745	780	-35
	Kandla (Ref.)	810	805	5
	Kandla/Mundra (Crude)	0	0	Unch
	Hyderabad (Ref)	810	825	-15
	Latur (Expeller Oil)	780	790	-10
	Chellakere (Expeller Oil)	765	800	-35
	Erode (Expeller Oil)	850	875	-25
Groundnut Oil	Rajkot	975	840	135
	Chennai	960	900	60
	Delhi	925	925	Unch
	Hyderabad *	960	940	20
	Mumbai	995	870	125
	Gondal	975	840	135
	Jamnagar	975	840	135
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	825	850	-25
	Jaipur (Kacchi Ghani Oil)	840	860	-20
	Kota (Expeller Oil)	800	810	-10
	Kota (Kacchi Ghani Oil)	830	845	-15
	Neewai (Expeller Oil)	800	820	-20
	Neewai (Kacchi Ghani Oil)	826	850	-24
	Bharatpur (Kacchi Ghani Oil)	830	862	-32
	Alwar (Expeller Oil)	0	0	Unch
	Alwar (Kacchi Ghani Oil)	0	0	Unch
	Sri-Ganga Nagar(Exp Oil)	815	825	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	830	845	-15
	Mumbai (Expeller Oil)	825	835	-10
	Kolkata(Expeller Oil)	960	980	-20
	New Delhi (Expeller Oil)	847	850	-3
	Hapur (Expeller Oil)	885	900	-15
	Hapur (Kacchi Ghani Oil)	925	940	-15
	Agra (Kacchi Ghani Oil)	835	867	-32
Refined Cottonseed Oil	Rajkot	750	775	-25
	Hyderabad	760	775	-15

	Mumbai	775	800	-25
	New Delhi	710	750	-40
Coconut Oil	Kangayan (Crude)	1280	1420	-140
	Cochin	1525	1670	-145
	Trissur	0	0	Unch
Sesame Oil	New Delhi	1700	1300	400
	Mumbai	0	0	Unch
Kardi	Mumbai	840	840	Unch
Rice Bran Oil (40%)	New Delhi	725	675	50
Rice Bran Oil (4%)	Punjab	660	660	Unch
Rice Bran Oil (4%)	Uttar Pradesh	0	0	Unch
Malaysia Palmolein USD/MT	FOB	525	550	-25
	CNF India	553	553	Unch
Indonesia CPO USD/MT	FOB	490	500	-10
	CNF India	518	523	-5
RBD Palm oil (Malaysia Origin USD/MT)	FOB	520	543	-23
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	513	525	-12
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	855	930	-75
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	425	465	-40
Crude palm Kernel Oil India (USD/MT)	CNF India	820	880	-60
Ukraine Origin CSFO USD/MT Kandla	CIF	700	715	-15
Rapeseed Oil Rotterdam Euro/MT	FOB	753	738	15
Argentina FOB (\$/MT)		31-Oct-18	30-Aug-18	Change
Crude Soybean Oil Ship		640	639	1
Refined Soy Oil (Bulk) Ship		662	661	1
Sunflower Oil Ship		665	708	-43
Cottonseed Oil Ship		620	619	1
Refined Linseed Oil (Bulk) Ship		0	0	Unch
* indicates including GST				



**Annexure:**
**Indian Edible Oil Imports Scenario –:**


As per Solvent Extractors' Association of India, India imported 14.57 million tons of veg. oils in the 2015-16 oil year. Edible oils imports were 15.08 million tons 2016-17 (November 2016-October 2017). Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for Sep is pegged at 14.22 lakh tons.

**Indian Supply and Demand Scenario:**

Balance sheet of Indian Edible Oil	2015-16	2016-17	2017-18-F	% Change
Value in million tons				
Beginning Stock	2.29	1.78	1.74	-2.57%
Production	7.20	8.49	8.12	-4.36%
Imports	14.57	15.08	14.82	-1.72%
Total Supply	24.06	25.35	24.68	-2.67%
Exports	0.01	0.01	0.02	100.00%
Total Demand(Consumption)	22.27	23.61	23.61	0.00%
Ending Stock	1.78	1.74	1.05	-39.47%

\* Value in million tons

**Balance Sheet Highlights**

Net edible oil output is likely to be 8.12 million tons (down 4.36 percent y-o-y basis) in 2017-18 led by lower oilseed sowing in Kharif and Rabi season in the current oil year.

On import front, edible oil imports seen at 14.82 million tons for 2017/18 oil year v/s 15.08 million tons last year.

On the consumption side, India's edible oil consumption for 2017-18 oil year seen at 23.61 million tons, unchanged from last year. Ending stocks are projected lower compared to 2016-17 at 1.05 million tons.

**Note** - Values in Mln. Tons, Oil year (Nov.-Oct.) \*Including Production of Groundnut, Soy, Mustard, Sunflower, Sesame, Niger, Safflower, Cottonseed, Copra, Rice bran Oils. \*\* 2016-17- SEA of India & 2017-18 Agriwatch Estimates, \*\*\* (USDA estimates).



### Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil

Landed Cost Calculation as on 02/11/2018	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	645	668	641	488	523
Freight (USD/MT)	47	47	62	35	25.0
C & F	692.0	715.0	703.0	523.0	548.0
Weight loss (0.25% of FOB)	1.61	1.67	1.60	1.22	1.31
Finance charges (0.4% on CNF)	2.77	2.86	2.81	2.09	2.19
Insurance (0.3% of C&F)	2.08	2.15	2.11	1.57	1.64
CIF (Indian Port - Kandla)	698	722	710	528	553
Duty (Values in USD per tons)	280.28	280.28	280.28	260.39	350.46
GST (5% on duty) USD per ton	14.01	14.01	14.01	13.02	17.52
Exchange rate	72.87	72.87	72.87	72.87	72.87
Landed cost without customs duty in INR per ton	50897	52588	51703	38467	40308
Customs duty %	35.00%	35.00%	35.00%	44.00%	54.00%
Social Welfare Surcharge @10%	3.50%	3.50%	3.50%	4.40%	5.40%
Total Duty %	38.50%	38.50%	38.50%	48.40%	59.40%
Base import price	728	728	728	538	590
Fixed exchange rate by customs department	74.30	74.30	74.30	74.30	74.30
Duty component in INR per ton	20824.80	20824.80	20824.80	19347.13	26039.18
Clearing charges INR per ton	1200	1200	1200	1200	1200
Brokerage INR per ton	200	200	200	200	200
Total landed cost INR per ton	73121	74813	73928	59214	67747
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	71800	71800	71800	57000	65000
Total landed cost USD per ton	1003	1027	1015	813	930
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	985	985	985	782	892
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-1321</b>	<b>-3013</b>	<b>-2128</b>	<b>-2214</b>	<b>-2747</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-18.13</b>	<b>-41.35</b>	<b>-29.20</b>	<b>-30.38</b>	<b>-37.69</b>
Source: Agriwatch					
Refining/ Processing Cost per MT	2000.00	2000.00	2000.00	4700.00	....
Freight to Inland location (Indore for soy and Delhi for Palm oil)	2500.00	2500.00	2500.00	2800.00	2800.00
Cost of Imported oil after refining/Processing	77621.33	79313.26	78427.78	66713.81	70546.74
Soy/Palm oil imported Price (Including tax)	81502.40	83278.92	82349.17	70049.50	74074.08
Loose price of Soy/Palm in Indore and Delhi market	80010.00	80010.00	80010.00	71800.00	71800.00
<b>Parity after processing and Taxes (Rs per MT)</b>	<b>-1492.40</b>	<b>-3268.92</b>	<b>-2339.17</b>	<b>1750.50</b>	<b>-2274.08</b>
<b>Parity after processing and Taxes (USD per MT)</b>	<b>-20.48</b>	<b>-44.86</b>	<b>-32.10</b>	<b>24.02</b>	<b>-31.21</b>
Source: Agriwatch					

### Balance Sheets of various edible oils

#### Balance Sheet (Quarterly)- Soy Oil, India

*Fig. in lakh tons*

	2016-17	2017-18-F	Nov-Jan	Feb-Apr	May-July	Aug-Oct-F
<b>Opening Stock</b>	<b>7.32</b>	<b>5.67</b>	<b>5.67</b>	<b>4.86</b>	<b>3.10</b>	<b>5.35</b>
<b>Production (Domestic)</b>	<b>15.09</b>	<b>14.94</b>	<b>6.87</b>	<b>1.79</b>	<b>1.79</b>	<b>4.48</b>
<b>Imports</b>	<b>33.16</b>	<b>31.67</b>	<b>5.78</b>	<b>5.14</b>	<b>9.75</b>	<b>11.00</b>
<b>Imported oil processing</b>	<b>32.26</b>	<b>30.81</b>	<b>5.62</b>	<b>5.00</b>	<b>9.49</b>	<b>10.70</b>
<b>Total Production (Domestic production and imported oil production)</b>	<b>47.35</b>	<b>45.75</b>	<b>12.50</b>	<b>6.79</b>	<b>11.28</b>	<b>15.19</b>
<b>Total Supply</b>	<b>54.68</b>	<b>51.43</b>				
<b>Quarterly add-on</b>			<b>12.50</b>	<b>6.79</b>	<b>11.28</b>	<b>15.19</b>
<b>Consumption</b>	<b>49.00</b>	<b>47.53</b>	<b>13.31</b>	<b>8.56</b>	<b>9.03</b>	<b>16.64</b>
<b>Ending Stock</b>	<b>5.67</b>	<b>3.89</b>	<b>4.86</b>	<b>3.10</b>	<b>5.35</b>	<b>3.89</b>

Source: AW estimates

Oil year- November-October

#### Highlights

- Prices of soy oil in 2017-18 are expected to be higher on lower imports in oil year 2017-18 on lower domestic production.
- Soy oil production is expected to be lower in oil year 2017-18 on lower soybean crush due to lower soybean crop in 2017-18.
- Lower carry out in Aug-Oct is due to higher consumption.
- Carryout stocks of oil year 2016-17 is 5.97 lakh tons on higher soy oil imports.
- Carry out of oil 2017-18 is 3.89 lakh tons
- Carryout of 2017-18 is lower than 2016-17.

**Balance Sheet- Palm Oil (quarterly), India**
*Fig. in million tons*

	2016-17	2017-18-F	Nov-Jan	Feb-Apr	May-July	July-Oct-F
<b>Opening Stock</b>	1.20	1.14	1.14	1.22	1.32	1.08
<b>Production</b>	0.20	0.20	0.05	0.05	0.05	0.05
<b>Imports</b>	9.29	8.80	2.27	2.30	1.58	2.65
<b>Total Supply</b>	10.69	10.14				
<b>Quarterly add-on</b>			2.32	2.35	1.63	2.70
<b>Consumption</b>	9.55	9.36	2.25	2.25	1.87	2.99
<b>Ending Stocks</b>	1.14	0.78	1.22	1.32	1.08	0.78

Source: AW estimates

Oil year- November-October

**Highlights**

- Prices of palm oil in 2017-18 are expected to be firm on lower carryout compared to oil year 2016-17.
- Imports are expected to be lower in 2017-18 compared to last year oil year 2016-17.
- Carryout stocks of oil year 2016-17 are 0.78 million tons fall in imports.
- Carryout of 2017-18 is lower than 2016-17 due to lower imports of palm oil.
- Carry out of fourth quarter of oil year 2017-18 will be lower than third quarter of oil year 2017-18.

**Balance Sheet- Sunflower Oil (quarterly), India**
*Fig. in lakh tons*

	2016-17	2017-18-F	Nov-Jan	Feb-Apr-F	May-July-F	Aug-Oct-F
<b>Opening Stock</b>	2.02	3.43	3.43	3.81	5.09	6.80
<b>Production</b>	0.96	0.80	0.15	0.12	0.27	0.27
<b>Imports</b>	21.68	25.52	6.02	7.18	7.22	5.10
<b>Total Supply</b>	24.66	29.75				
<b>Quarterly add-on</b>			6.17	7.30	7.49	5.37
<b>Exports</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>Consumption</b>	21.23	23.14	5.78	6.02	5.78	5.55
<b>Ending Stocks</b>	3.43	6.61	3.81	5.09	6.80	6.61

Source: AW estimates

Oil year- November-October

**Highlights**

- Prices will be weak in higher carry out for oil year 2017-18 compared to of 2016-17.
- Sunflower oil production is expected to be lower in oil year 2017-18 on lower sunflower crop.
- Carryout stocks of oil year 2016-17 is 3.43 lakh tons on higher sunflower oil imports.
- Carryout of 2017-18 is higher than 2016-17 due to lower imports.

- Higher carry out in 2017-18 is due to higher imports.

### Balance Sheet- Rapeseed Oil, India

*Fig. in lakh tons*

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18-F
	1.49	1.73	3.86	1.39	1.41	1.93
<b>Production</b>	25.02	26.78	20.16	21.24	27.88	27.09
<b>Imports</b>	0.13	2.00	3.70	3.56	2.93	3.00
<b>Total Supply</b>	26.64	30.52	27.72	26.19	32.22	32.02
<b>Exports</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>Consumption</b>	24.91	26.66	26.33	24.77	30.29	30.90
<b>Ending Stocks</b>	1.73	3.86	1.39	1.41	1.93	1.13

Source: AW estimates

Oil year- November-October

### Highlights

- Prices of rapeseed oil in 2017-18 are expected to be firm on lower carryout.
- Rapeseed oil production is lower in oil year 2017-18 on higher rapeseed crop.
- Lower oil production in 2017-18 is due to lower marketable surplus of rapeseed resulting in lower crush.
- Carryout stocks of oil year 2016-17 is 1.93 lakh tons on higher rapeseed oil production.
- Carryout of 2017-18 is lower than 2016-17 due to lower production of rapeseed oil.

### Balance Sheet- Groundnut Oil (quarterly), India

*Fig. in lakh tons*

	2016-17	2017-18-F	Nov-Jan	Feb-Apr	May-July	Aug-Oct-F
<b>Opening stocks</b>	0.10	0.34	0.34	0.64	0.44	0.39
<b>Oil availability (Production)</b>	8.04	7.50	2.75	2.25	1.25	1.25
<b>Imports</b>	0	0	0	0	0	0
<b>Total Supply</b>	8.14	7.84				
<b>Quarterly add-on</b>			2.75	2.25	1.25	1.25
<b>Exports</b>	0.30	0.40	0.10	0.10	0.10	0.10
<b>Consumption</b>	7.50	7.11	2.35	2.35	1.21	1.21
<b>End stocks</b>	0.34	0.33	0.64	0.44	0.39	0.33

Source: AW estimate

Oil year-November-October

### Highlights

- Groundnut oil production is expected to be lower in oil year 2017-18 on lower groundnut crop.
- Lower oil production in 2017-18 is due to lower marketable surplus of groundnut seed resulting in lower crush.
- Carryout stocks of oil year 2016-17 is 0.34 lakh tons on higher groundnut oil production.
- Carryout stocks of oil year 2017-18 is 0.33 lakh tons on lower groundnut oil production.
- Lower supply of groundnut oil in 2017-18 is due to lower marketable surplus.
- Carryout of 2017-18 is lower than 2016-17 due to lower production of groundnut oil.

### Coconut oil balance sheet

Qty in '000 MT

<b>Demand and Supply Balance - Coconut Oil</b>					
	<b>Qty in '000 MT</b>				
	<b>2012-2013</b>	<b>2013-2014</b>	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017E</b>
<b>Opening Stock</b>	89.33	41.60	9.78	14.74	37.10
<b>Production</b>	608.00	562.50	522.50	606.90	608.10
<b>Imports</b>	1.00	1.65	9.67	5.17	0.01
<b>Exports</b>	6.83	7.07	7.21	6.81	33.54
<b>Consumption/Crushing</b>	650.00	588.90	520.00	582.90	601.35
<b>Ending stock</b>	41.60	9.78	14.74	37.10	10.32
<i>E - Estimated (likely to be revised subsequently)</i>					
<b>Note - Consumption/Crushing of coconut oil estimated based on the details collected through various Offices of the Board and in consultation with industry sources.</b>					

Source: Coconut Development Board

### International Balance Sheets

#### Balance Sheet (Annual) - Soy Oil, United States

Fig. in million tons

	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>
<b>Beginning Stocks</b>	0.529	0.841	0.765	0.776	0.978
<b>Production</b>	9.706	9.956	10.035	10.725	10.845
<b>Imports</b>	0.12	0.13	0.145	0.159	0.136
<b>Total Supply</b>	10.355	10.927	10.945	11.66	11.959
<b>Exports</b>	0.914	1.017	1.159	1.111	0.998
<b>Industrial Dom. Cons.</b>	2.286	2.572	2.812	3.175	3.538
<b>Food Use Dom. Cons.</b>	6.314	6.573	6.198	6.396	6.441
<b>Domestic Consumption</b>	8.6	9.145	9.01	9.571	9.979
<b>Ending Stocks</b>	0.841	0.765	0.776	0.978	0.982

Source: USDA

Balance Sheet (Annual) - Soybean, United States
*Fig. in million tons*

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Beginning Stocks	2.504	5.188	5.354	8.208	10.738
Production	106.878	106.857	116.92	119.518	127.726
Imports	0.904	0.641	0.606	0.599	0.68
Total Supply	110.286	112.686	122.88	128.325	139.144
Exports	50.136	52.87	58.96	57.969	56.064
Crush	50.975	51.335	51.742	55.928	56.336
Domestic Consumption	54.962	54.462	55.712	59.618	60.082
Ending Stocks	5.188	5.354	8.208	10.738	22.998
Yield (MT/HA)	3.2	3.23	3.49	3.3	3.55

Source: USDA

Balance Sheet (Annual) - Soybean, Brazil
*Fig. in million tons*

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Beginning Stocks	15.82	19.078	18.558	26.462	23
Production	97.2	96.5	114.6	119.5	120.5
Imports	0.305	0.41	0.252	0.185	0.35
Total Supply	113.325	115.988	133.41	146.147	143.85
Exports	50.612	54.383	63.137	76.7	75
Crush	40.435	39.747	40.411	43	42.7
Domestic Consumption	43.635	43.047	43.811	46.447	46.2
Ending Stocks	19.078	18.558	26.462	23	22.65
Yield (MT/HA)	3.03	2.9	3.38	3.41	3.21

Source: USDA

Balance Sheet (Annual) - Soybean, Argentina
*Fig. in million tons*

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Beginning Stocks	25.271	31.75	33.65	35.47	32.67
Production	61.45	58.8	55	37.8	57
Imports	0.002	0.676	1.674	3.9	2.22
Total Supply	86.723	91.226	90.324	77.17	91.89
Exports	10.575	9.922	7.026	2.1	8
Crush	40.235	43.267	43.303	37.7	43
Domestic Consumption	44.398	47.654	47.828	42.4	47.92
Ending Stocks	31.75	33.65	35.47	32.67	35.97
Yield (MT/HA)	3.18	3.04	3.17	2.32	3

Source: USDA





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