



Veg. Oil Monthly Research Report

Contents

- ❖ Outlook and Review
- ❖ Recommendations
- ❖ Domestic Market Fundamentals
- ❖ International Veg. Oil Market Summary
- ❖ Technical Analysis (Spot Market)
- ❖ Technical Analysis (Futures Market)
- ❖ Monthly spot price comparison
- ❖ Annexure

Outlook and Review:**Domestic Front**

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

Coconut oil (Kangayan) was the best performer among the edible oil complex due to firm demand. Rapeseed oil (Kota) was the worst performer among the edible oil tracking weak demand.

We expect soy oil and palm oil to trade firm on strong fundamentals.

On the currency front, Indian rupee is hovering near 69.71 compared to 70.82 last month. Rupee is expected to appreciate in January. Crude oil prices are expected to rise in January.

Recommendation:

In NCDEX, market participants are advised to go long in RSO above 725 for a target of 745 and 750 with a stop loss at 715 on closing basis. In MCX, market participants are advised to go long in CPO above 520 for a target of 540 and 545 with a stop loss at 510 on closing basis..

Market participants can buy refined soy oil in the cash markets at 730-740 for the target of 760-770 levels (Indore), if needed. Market participants can buy CPO Kandla 5% in the cash markets at 500-510 for the target of 530-540 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (Mar) is expected to stay in the range of 26 cents/lb to 32 cents/lb. CPO at BMD (Feb) is likely to stay in the range of 1800-2300 ringgits per ton. Focus during the coming days will be trade settlement between US and China, soy oil stocks in US, soybean demand by China, liquidation of soybean state reserves by China, soybean crop 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, crude oil and dollar.

On the international front, near record soybean crop in US, record soybean crop condition in Brazil, lower soybean demand from China, conducive soybean weather in Argentina and liquidation of soybean state reserve in China is expected to underpin soy oil prices in coming days.

Expected rise in palm oil stocks in Malaysia, higher production of palm oil in Malaysia, lower exports of palm oil from Malaysia, appreciation of ringgit and fall in competitive oils prices is expected to underpin CPO prices in near term.

Soy oil: Domestic Market Fundamentals

- Refined soybean oil prices featured downtrend at its benchmark market at Indore during the month of December on weak demand. Average prices of refined soy oil fell in December.
- Soy oil prices witnessed downtrend in month of December on weak demand.

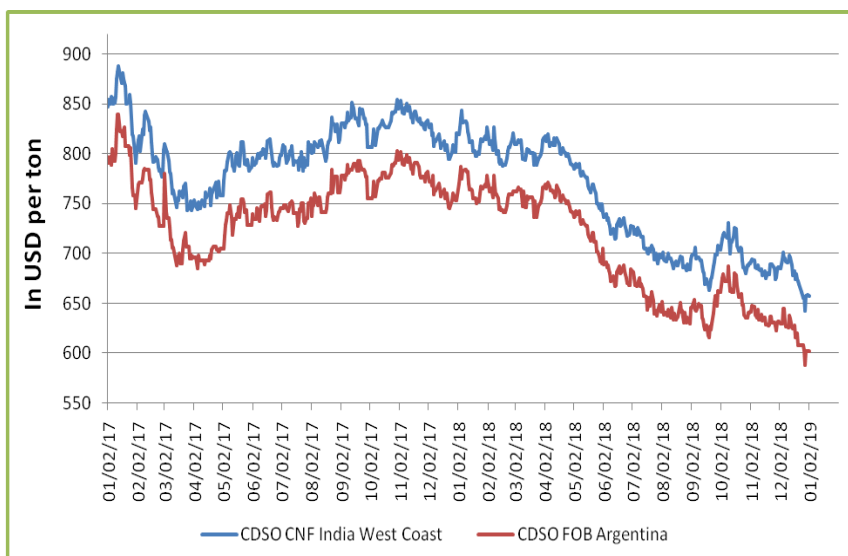
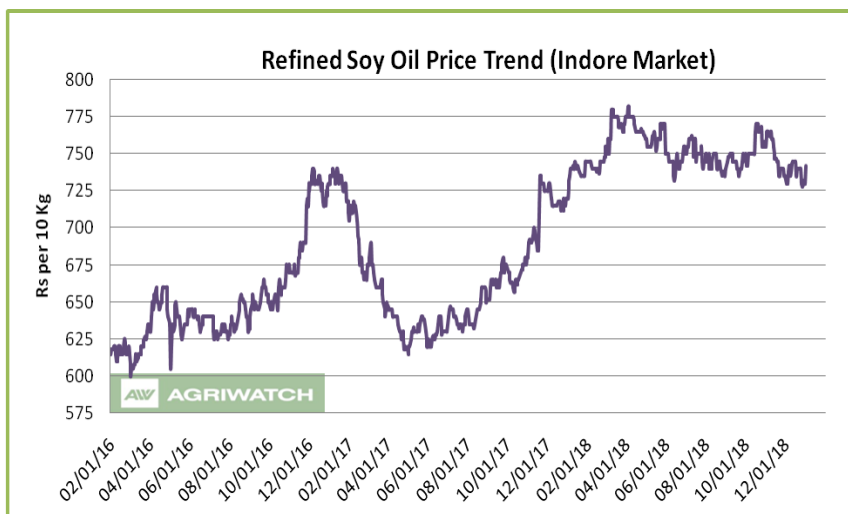
Demand of soy oil fell in Dec despite import margins of soy oil in parity. Due to appreciation of Rupee, imports have returned to parity.

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 it fell at CNF markets indicating firm demand at high seas. Prices of CDSO CNF fell more compared to CDSO FOB indicating weak demand at CNF markets.

Refined soy oil premium over CPO has increased to Rs 239 (Rs 230 last month) per 10 Kg which is high and will underpin soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 147 (Rs 165 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 49 (Rs 28) per 10 kg indicating firm refined soy demand compared to CDSO in domestic markets.



Landed cost and refining margins are in parity due to appreciation of Rupee will encourage imports.

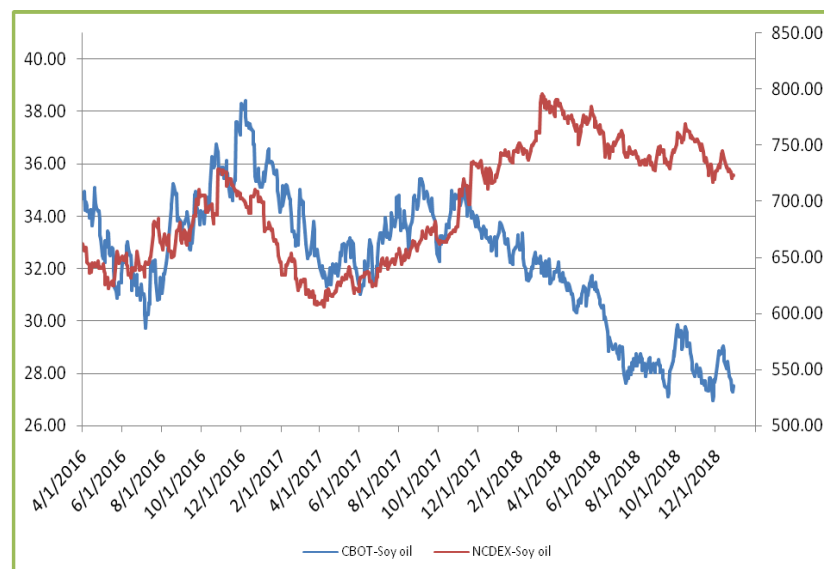
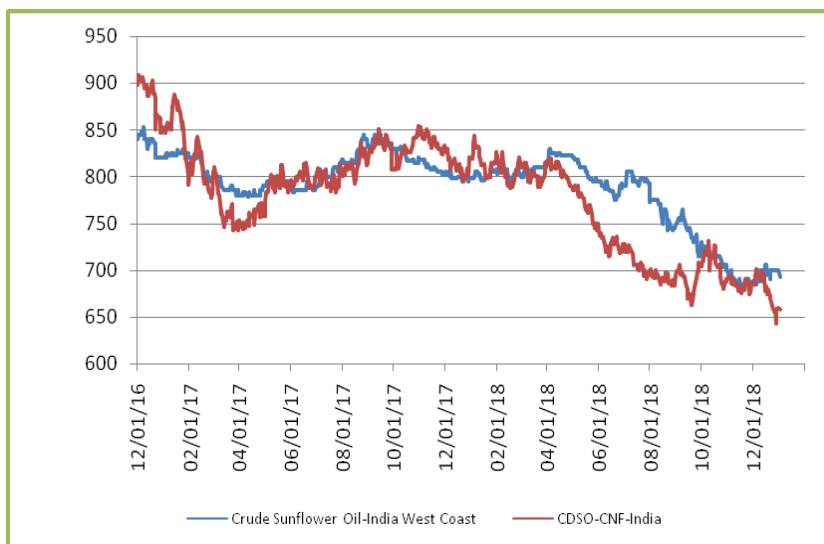
Difference decreased between CDSO-CNF-India West coast and Soy oil CBOT due to fall in basis (spot prices – futures prices) due to rise good soybean crop expectation in Argentina and appreciation of Rupee.

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 Nov compared to Nov 2017 and Oct 2018 and stocks at ports fell indicating weak demand and destocking at ports.

Import parity of soy oil have returned to parity due to appreciation of Rupee which will increase imports.

- Soy oil import scenario – According to SEA, soy oil imports fell 25.55 percent y-o-y in Nov to 2.04 lakh tons from 2.74 lakh tons in Nov 2017. In the oil year 2017-18 (Nov 2017-Oct 2018), imports of soy oil were 30.47 lakh tons compared to 33.16 lakh tons in last oil year, lower by 8.1 percent y-o-y.
- Imported crude soy oil CIF at West coast port is offered at USD 668 (USD 690) per ton for Jan delivery, Feb delivery is offered at USD 668 (USD 693) per ton and Mar delivery is quoted at USD 661 per ton. Values in brackets are figures of last month. Last month, CNF CDSO Dec average price was USD 679.24 (USD 684.12 per ton in Nov 2018) per ton.



- On the parity front, margins was in parity during the month on fall in prices of soy oil in international markets, and we expect margins to remain to parity in coming days. Currently refiners fetch USD 10-15/ton v/s loss of USD 10-15/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 700-800 per 10 Kg in the near term.

Palm oil: Domestic Market Fundamentals

- CPO prices witnessed firm tone in the month of December at its benchmark market at Kandla on rise in prices of palm oil in international markets.
- Crude palm oil prices rose in Kandla in the month of December on rise in international markets.

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

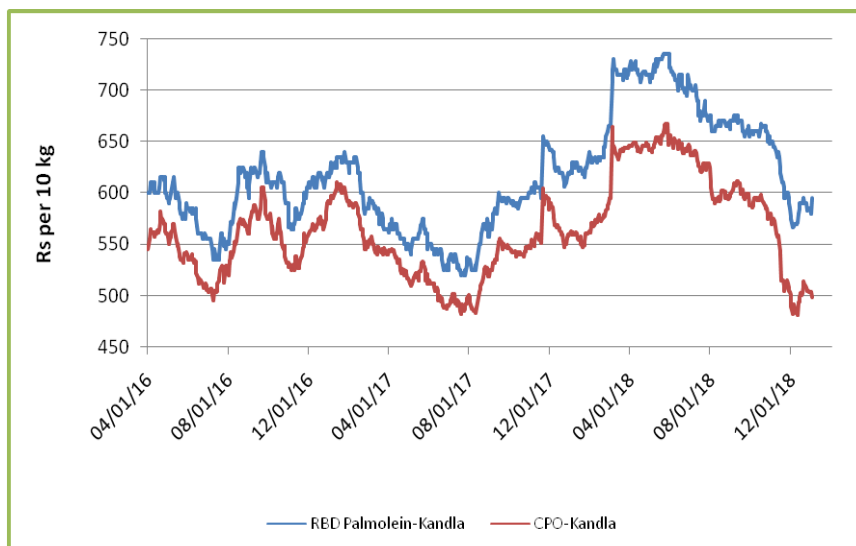
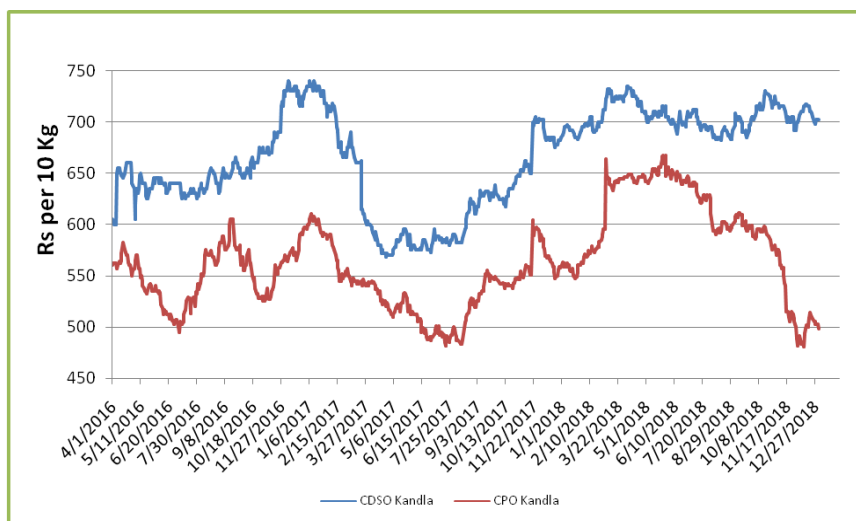
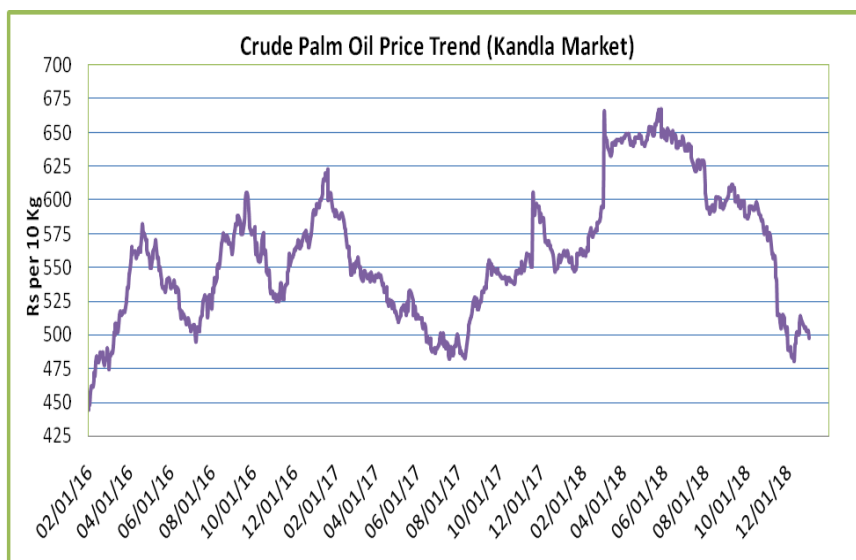
Demand of CPO is weak at CNF markets as prices rose less at CNF compared to FOB markets.

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

Disparity at ports increased despite appreciation of Rupee indicating weak demand. Rise of prices of palm oil in international market was the prime reason for increase in import disparity. Due to disparity in imports prices will not fall much going ahead.

Appreciation of Rupee has made imports cheaper which will increase imports in coming months. Appreciation of Rupee will improve import disparity in January.

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 2.5-3.0 per kg.

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

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

RBD palmolein featured firm tone in its benchmark market on rise in prices of RBD palmolein in international markets, higher premium over soy and sunflower oil at CNF markets.

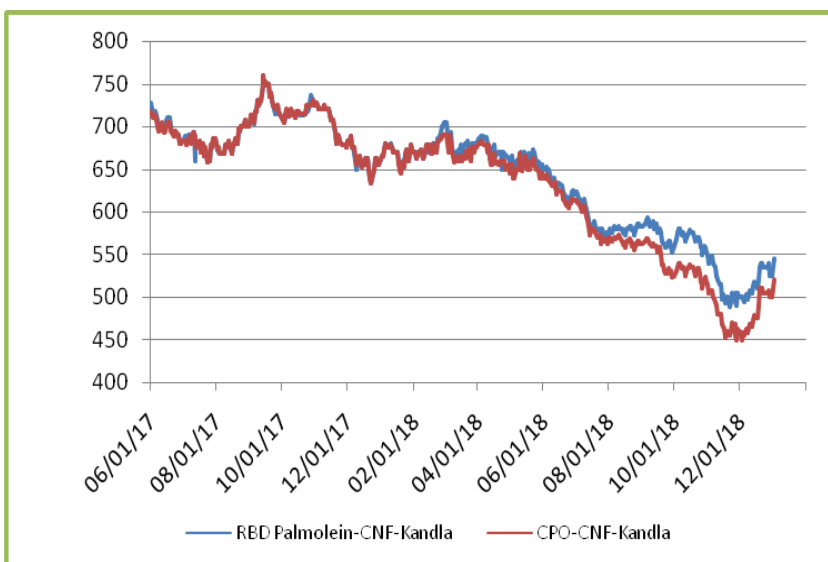
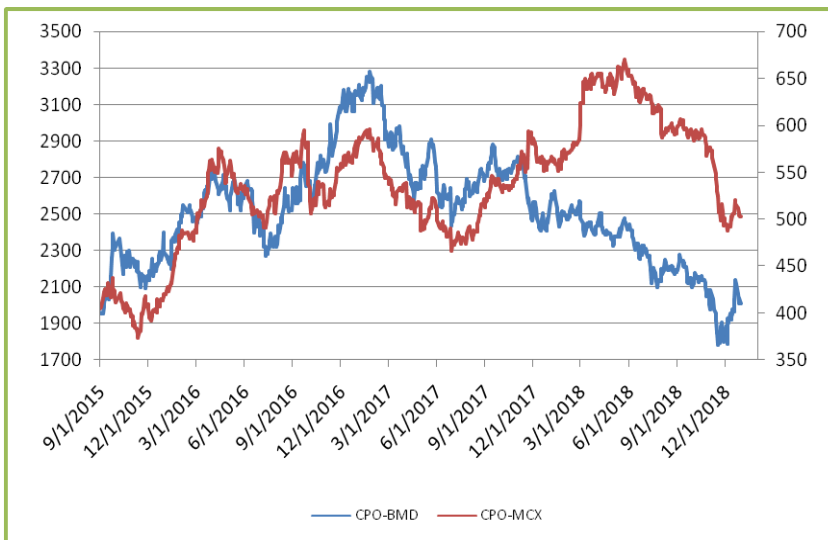
Prices of RBD palmolein rose less at high seas compared to CNF markets indicating weak demand at high seas.

Prices of RBD palmolein rose more 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.

However recent decrease in import duty of palm oil especially RBD palmolein from Malaysia will increase RBD palmolein imports.

Import parity of ready to use imported palmolein has risen above CPO after six months. Duty differential between CPO and RBD palmolein has decreased from 11



percent to 5.5 percent. This will make CPO uncompetitive and refining margins of CPO will fall below imported palmolein from Malaysia. This will destroy palm oil refining industry in India which is struggling due to weak margins and continuous fall in palm oil prices.

RBD palmolein is offered at \$20-25 premium over CPO compared to \$45-50 premium over CPO at CNF markets last month which will increase RBD palmolein imports. Higher 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 on recent rise in international prices.

Stocks of RBD palmolein at Indian ports have increased in oil year 2017-18 compared to oil year 2016-17.

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-Oct 2018) due to lower margins in selling it compared to palmolein obtained from domestic refining of CPO.

Superolein saw weak trend. Vanaspati prices saw firm movement of prices in domestic markets.

RBD palmolein premium over CPO decreased to Rs 92 (Rs 65 last month) per 10 kg indicating firm demand of RBD palmolein compared to CPO at high seas.

Import of CPO in Nov was higher than that of Nov 2017 while it was lower than Oct 2018. Stocks at ports remained unchanged in Nov compared to Oct while imports fell indicating weak demand in Nov.

Import of RBD palmolein is fell in Nov compared to Nov 2017 and Oct 2018. Imports fell in Nov compared to Oct while stocks fell less at ports indicating weak demand.

Lowering of in import duty on RBD palmolein from Malaysia and lowering of duty differential will lead to lower imports of CPO from Indonesia and higher imports of RBD palmolein from Malaysia. Landed cost of CPO is in disparity and refining margins are positive. Refining margins in imported CPO is lower than imports of ready to use RBD palmolein duty to reduction of import duty on palm oil especially imports of RBD palmolein from Malaysia. .

RBD palmolein is trading at premium over CPO at India CNF due to sharp depreciation of Indonesia Rupiah on last 4 months compared to Malaysian Ringgit which has led buyers shift to Indonesian shipment.

Removal of levy on exports of palm products from Indonesia will increase CPO imports compared to RBD palmolein from Malaysia.

Increasing soy oil premium over crude palm oil which is hovering at Rs 239 (Rs 235 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 decreased in December at CNF markets. This will increase imports of CPO. Higher premium of crude sunflower CNF India West coast and CPO CNF at USD 170 (USD 235) per ton will increase CPO prices and RBD palmolein prices in medium term. Higher premium of CSFO-CNF-India West coast over CPO-CNF indicates increase in supply of CPO at CNF markets compared to CSFO-CNF.

Higher CDSO CNF premium over CPO CNF will increase imports of CPO in medium term at USD 141 (USD 237 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 190 (Rs 202 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 147 (Rs 165 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 Nov fell 1.07 percent y-o-y to 7.55 lakh tons from 7.47 lakh tons in Oct 2017. Imports in the oil year 2017-18 (November 2017-October 2018) are reported lower by 6.37 percent y-o-y at 87.01 lakh tons compared to 92.93 in last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 3.9 percent y-o-y in Oct to 6.89 lakh tons from 7.17 lakh tons in Nov 2017. Imports in oil year 2017-18 (November 2017-October 2018) were reported higher by 1.97 percent y-o-y at 64.60 lakh tons compared to 63.35 lakh tons in last oil year.

RBD palmolein import scenario- RBD palmolein imports fell y-o-y in Nov by 34.86 percent to 1.09 lakh tons from 1.47 lakh tons in Nov 2017. Imports in oil year 2017-18 (November 2017-October 2018) were reported lower by 25.64 percent y-o-y at 21.35 lakh tons compared to 28.71 lakh tons in last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 527 (USD 465) per ton for Jan delivery. Last month, CNF CPO Dec average price was at USD 482.2 per ton (USD 474.84 per ton in Nov 2018). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 550 (USD 505) per ton for Jan delivery. Last month, CIF RBD palmolein Dec average price was USD 517.04 (USD 512.12 in Nov 2018) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 513 (Rs 500) per 10 Kg and Jan delivery duty paid is offered at Rs 520 (Rs 500) per 10 kg. Ready lift RBD palmolein is quoted at Rs 605 (Rs 565) per 10 kg as on Jan 3, 2018. Values in brackets are figures of last month.

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

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 470-550 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 fell in December.
- Rapeseed oil prices traded weak in the month of December in various markets in India on weak demand and weak rapeseed prices.

Demand fell in the month of Dec on lower buying.

Prices fell on weak palm oil prices.

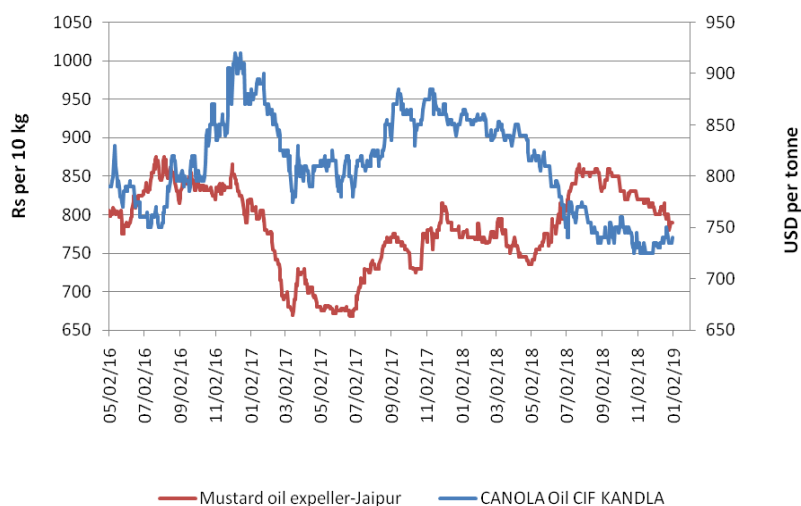
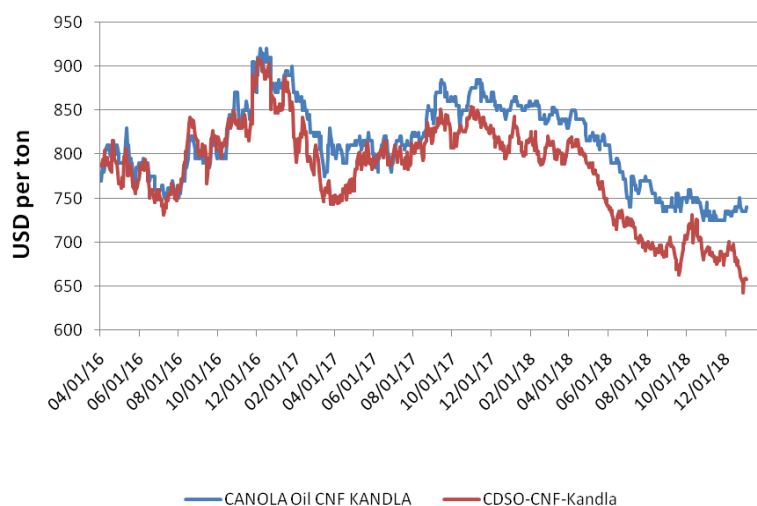
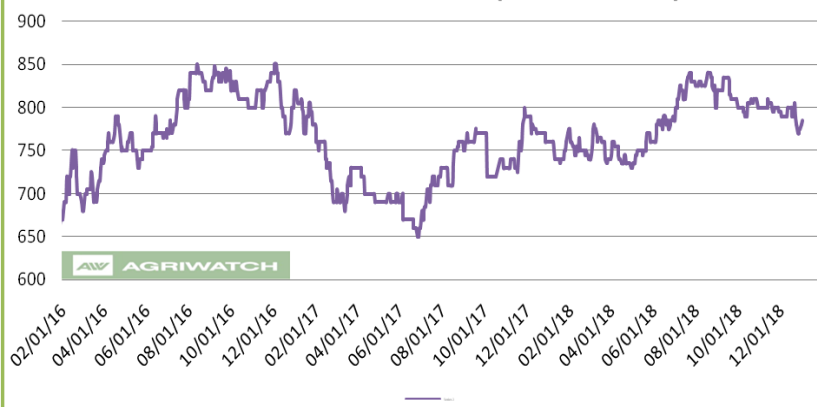
Market is adequately stocked against weak demand position.

Rapeseed crop in current marketing year is expected to be higher than last year. Agriwatch forecasted rapeseed crop at 6.45 MMT in 2017-18 compared to estimate of 6.8 MMT 2016-17. Rapeseed crop in 2018-19 is expected to be higher than 2017-18 on account of higher sowing area in the country, mostly in Rajasthan where yields are higher. Sowing of rapeseed in Rajasthan was substantially lower in 2017-18 which led to lower rapeseed crop.

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.

Mustard Oil Price Trend (Kota Market)



Demand is weak while the prices are lucrative.

Prices are expected to fall on seasonal downtrend 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 67 (Rs 90) per 10 Kg, will cap rapeseed oil prices in medium term.

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

Premium of canola oil compared to CDSO has decreased to USD 43 (USD 37) 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.

High premium of expeller rapeseed oil over soy oil in domestic market was at Rs 60 (Rs 50) per 10 Kg, will underpin 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 210 (Rs 233) per 10 kg will underpin rapeseed oil prices.

Crushing has slowed as there is less stocks of rapeseed in the market. NAFED is liquidating stocks of rapeseed aggressively thereby sterilizing the prices of mustard complex.

Currently NAFED is holding 3.95 lakh tons of rapeseed and 0.05 lakh tons with NCDEX.

Prices of rapeseed oil are expected to trade sideways to weak on weak demand, fall in rapeseed prices and seasonal downtrend of prices.

- Rapeseed oil import scenario- India imported 0.12 tons of rapeseed (Canola) oil in Nov 2018 v/s 0.41 lakh tons in Nov 2017. In the oil year 2017-18 (Nov 2017-Oct 2018) imports were 2.41 lakh tons compared to 2.93 lakh tons in last oil year, lower by 17.75 percent y-o-y.
- CIF Canola oil premium over soybean oil is hovering at USD 72 (USD 46 last month) as on Jan 3, 2019.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 790 (Rs 800) per 10 Kg and at Kota market is quoted around Rs 780 (Rs 790) per 10 kg as on Dec 31, 2018. Values in brackets are figures of last month.
- We expect RM seed oil prices to trade sideways to weak tone in the coming days.

Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 750-850 per 10 Kg.

Sunflower oil: Domestic Market Fundamentals

- Sunflower oil featured weak trend at its benchmark market in Chennai during the month of December on weak demand
- Sunflower oil prices closed lower in month of December at its benchmark market of Chennai on weak demand

Sunflower oil prices fell at high seas while it remained unchanged at CNF indicating weak demand at high seas.

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.

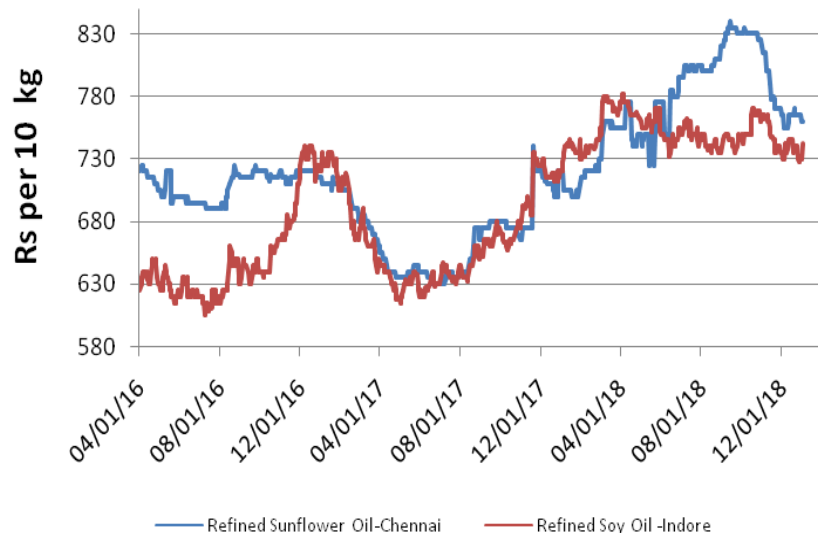
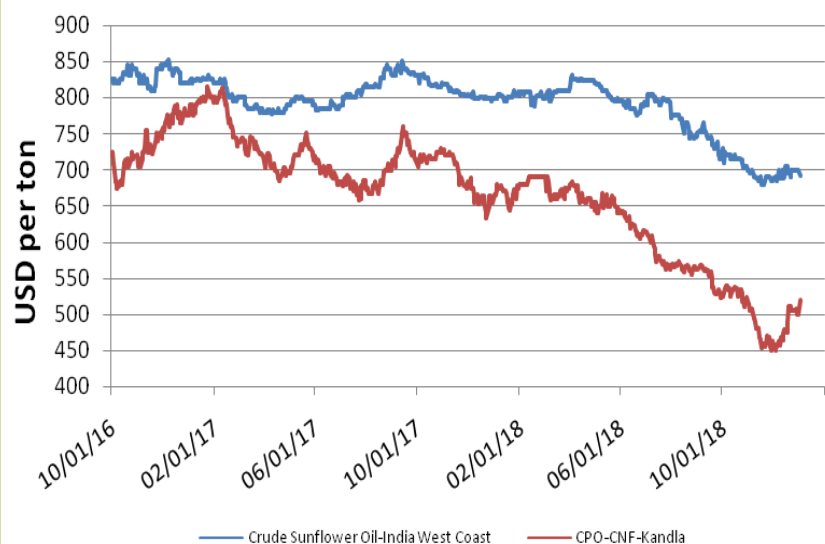
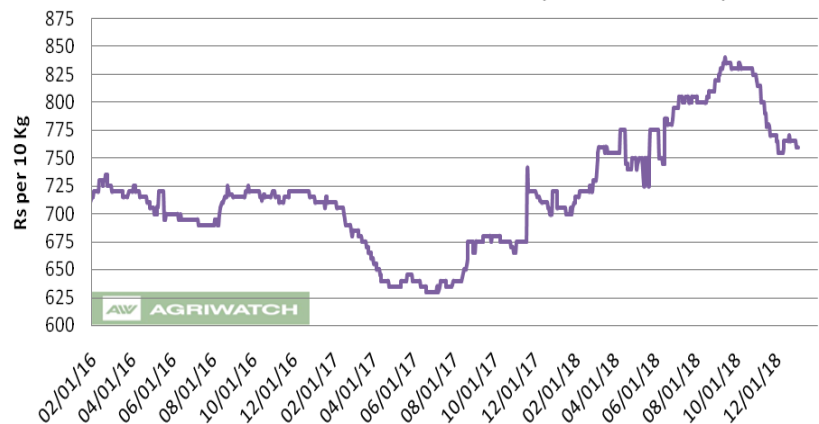
This step will stem surging imports in oil year 2018-19 which will decrease carryout of sunflower oil in oil year 2018-19.

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.

Appreciation of Rupee in December month will increase

Sunflower Oil Price Trend (Chennai Market)



imports of sunflower in coming months.

Supply of sunflower oil is decreasing in last 4 months after hike in its import duty which has led to destocking at ports. Supply was fell sharply in last 3 months of in 2017-18. However, as imports rose 16 percent in oil year 2017-18 (November 2017-Oct 2018). Stocks at ports rose in oil year 2017-18 on rise in imports indicating firm supply.

Higher supply of sunflower oil in domestic market due to higher imports will underpin prices of sunflower oil.

Premium of CSFO over CPO at CNF markets is high and will decrease import demand of sunflower oil.

Appreciation of Rupee in last two months will help imports of sunflower oil as it makes imports of sunflower oil cheaper.

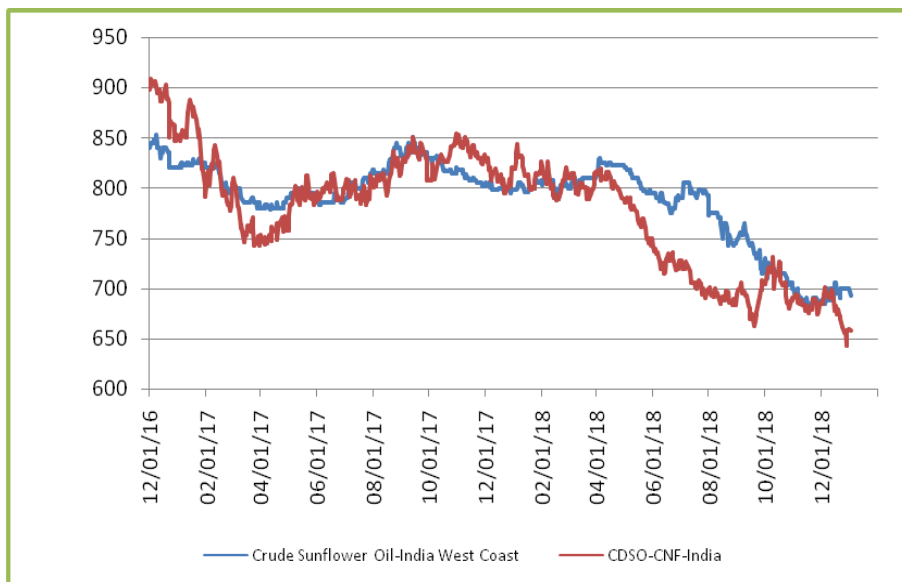
Recent rise in premium of CSFO

over CDSO in CNF markets underpin prices in medium term. Imports are expected to be lower in Dec as crude sunflower oil CNF premium over CDSO CNF has increased. Imports of sunflower suffered in last three months of 2018 was mainly due to low prices of palm and soy oil at CNF markets. Fourth chart from above shows crude sunflower oil premium over CDSO is increased in December will decrease imports.

Fifth chart from above shows that sunflower oil prices has decreased from Apr 2018 after high correlation to soy oil since November 2016. However, prices have converged in last three months due to hike in import duty on sunflower oil.

Refiners and stockists are stocking as sunflower oil premium over soy oil is decreased to USD 29.5 (USD -2.0 last month) per ton.

In domestic market sunflower oil premium over soy oil is at Rs 40 (Rs 35) per 10 kg.



Refined sunflower oil premium over RBD palmolein has increased to Rs 155 (Rs 225 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 195) 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 fall 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 fall on seasonal downtrend of prices in medium term.

Prices are expected to fall on weak demand and seasonal downtrend of prices. Prices of sunflower oil are expected to remain in a range with downward bias in November.

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

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 14.4 percent y-o-y in Nov to 1.66 lakh tons from 1.94 lakh tons in Nov 2017. Imports in oil year 2017-18 (November 2017-October 2018) were reported higher by 16.4 percent y-o-y at 25.25 lakh tons compared to 21.69 lakh tons in last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 697.5 (USD 697.5) per ton for Jan delivery, Feb delivery is quoted at USD 695 (USD 697.5) per ton, Mar delivery is quoted at USD 692.5 per ton and AMJ delivery is quoted at USD 692.5 per ton. CNF sun oil (Ukraine origin) Dec monthly average was at USD 695.4 per ton compared to USD 688.36 per ton in Nov. 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 29.5 (USD -2.0 last week) per ton for Jan delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 147.5 (USD 195) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 760 (Rs 770) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 760 (Rs 780) per 10 kg as on Dec 31, 2018. Values in brackets are figures of last month.
- We expect sunflower oil prices to trade sideways to weak tone in the coming days.

Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 730-800 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured firm trend during the month in review on firm demand and rise in prices of groundnut.
- Groundnut oil prices rose in December on firm demand and rise in prices of groundnut.

Groundnut demand was firm in the month of December due to peak demand season. Retail demand improved at lower prices.

Due to fall in prices of groundnut oil prices retail demand improved.

Demand of groundnut oil improved due to low volatility of prices.

Low volatility in groundnut oil prices leads to improvement of demand. However, demand weakens higher 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 rose due to lower crop of groundnut due to scanty rainfall.

Rise in groundnut prices will support groundnut oil price.

Peak harvest of groundnut is over and arrivals have decreased. In the South India (Rayalseema) groundnut crop was less due to severe deficit of rains. Rabi groundnut in South India (Rayalseema) is lower due to dry conditions.

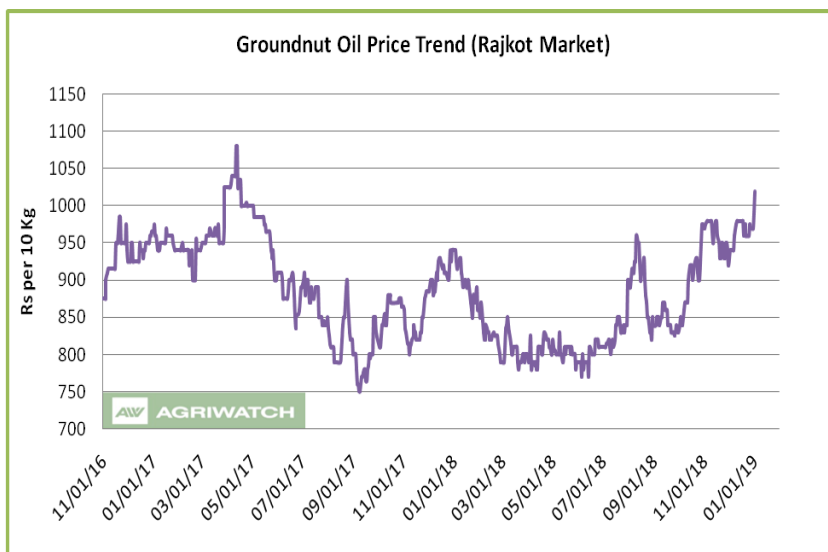
NAFED procurement of Kharif 2018 groundnut crop is progressing at steady pace. At present quality of groundnut is good for crushing.

NAFED has started procurement of current season crop from 15 th October and carryout of last year is 4.6 lakh tons.

Stocks with farmers and private traders were about 1.0 lakh tons while NAFED has 3.6 lakh tons of groundnut stock.

Total progressive purchase by NAFED in 2018 Karif is 3.85 lakh in current season.

So, total stock in NAFED is 7.45 lakh tons apart from additional stocks with trade and farmers. High stocks are weighing on prices of groundnut.



Demand of groundnut oil will decrease at between Rs 1000-1050 per 10 kg levels. However, due to peak demand season in January prices will rise.

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

Crushing is progressing due to higher supply of groundnut.

Retail demand of groundnut oil improved at lower levels.

Exports of groundnut less due to higher prices of domestic groundnut, leading to diversion of groundnut towards crushing.

Crushers have stocks and are 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.

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

Premium of groundnut oil over sunflower is high 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 rose with parity with Gujarat and firm demand. There is parity in crush of groundnut in south India. Groundnut arrivals are expected to be normal in Jan.

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

Prices are expected to trade sideways to firm.

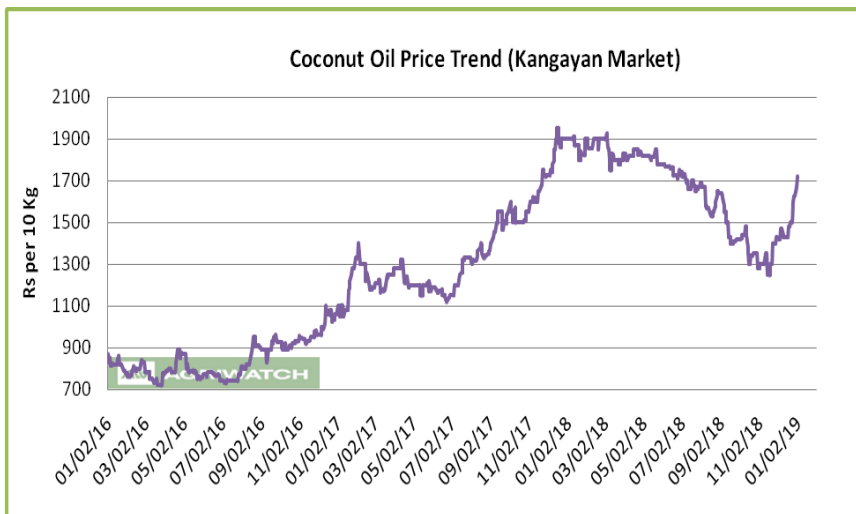
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 9,700 (9,400) per quintal and quoting at Rs 9,600 (Rs 9,200) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to firm tone in the coming days.

Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 900-1100 per 10 Kg.

Coconut oil: Domestic Market Fundamentals

- Coconut oil featured firm trend at its benchmark market in Kangeyam on firm demand and rise in prices of copra.
- Prices of coconut oil traded firm in the month of Dec on firm demand of coconut oil and rise in prices of copra.

Copra prices rose during the month. Rise in raw material prices led to lower prices of end product.



Hike in MSP of copra has led to higher prices of copra leading to higher prices of coconut oil. This does not let prices of coconut oil fall majorly in 2018 by providing support at lower levels.

Prices of coconut oil rose on rise in palm oil prices.

However, recent reduction in palmolein import duty may adversely affect coconut oil consumption due to cheaper availability. However, coconut consumers generally do not shift out of its consumption irrespective of prices. Demand destruction takes place at higher prices.

Due to fall in coconut oil prices in 2018, demand has emerged at lower levels.

Coconut oil prices fell more than 30 percent in 2018 leading to firm demand at the end of year, after postponement of consumption due to regular fall in prices.

Household consumption has risen in Kerala in 2019 after tepid demand in most of 2018.

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 firm.

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 higher coconut production which has led to moderation of prices in 2018.

However, coconut oil will show rise in prices in early 2019.

Rise than prices of coconut oil in last three months due to fall in production of coconut oil will 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. Bulk exports of coconut oil have weakened.

Millers have increased stock of copra stocks and coconut oil. They are confident of prices and are active in ready markets.

Traders and upcountry buyers are stocking as they expect more rise in coconut oil prices.

Lower and stable prices of coconut oil for a long period have increased demand which rise may medium to long term.

Prices are expected to be firm in January on firm retail demand, firm demand from corporates and higher prices of raw material. Prices are expected to trade sideways to firm in medium term.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 14,800 (15,400) per quintal, and quoting Rs 16,700 (14,300) per quintal in Erode market on Dec 31, 2018.
- Coconut oil prices may trade sideways to firm tone tracking firm demand in ready markets.

Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 1500-1900 per 10 Kg.

International Soy oil Market Fundamentals

Soy oil prices are expected to be underpinned by expectation of record end stocks of soybean in US, record soybean crop in Brazil, normal soybean crop in Argentina and weak demand from China.

Trade war between US and China has temporary been settled with Trump-Xi meeting at G-20 where temporary solution of trade dispute has been chalked out. US administration will not put any additional duty on Chinese goods for next 90 days and same will be adhered by China. China has agreed to most of US demands of access to US goods in China, opening of Chinese economy to US companies, bringing down tariff barriers for US goods, resume US agricultural goods imports including soybean and crude oil imports along with many other products.

However, trade settlement US and China has failed to support soybean complex prices. China has booked around 5 MMT of soybean in Dec.

Despite its purchases, soybean stocks in 2018/19 in US will be at record levels. This has led to weak sentiment in soybean complex.

Soybean crop harvest has started in Brazil, which will adversely affect soybean sales by US. China will start purchasing soybean from Brazil in January thereby slowing exports of soybean from US.

Recent rise in soybean prices due to US-China trade settlement will make its soybean uncompetitive compared to Brazil.

China purchased less soybean in November due to receding supply of soybean from Brazil and Argentina and increased edible vegetable oils imports in November to keep its oil market in check. However, China has to import more soybeans to control soy meal prices in the country, which is reeling due to outbreak of swine flu and negative crush margins.

USDA reduced 2018/19 China's soybean import estimate to 90 MMT in an effort by Beijing to move away from US soybean imports. Further cut in imports by China is not expected in coming months.

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.

China is evaluating various sources of protein to diversify away from dependence of protein from soybean.

Trade dispute has led to lower sales of US soybean in MY 2018/19 leading to record soybean stocks in a year when US harvested near record soybean.

However, soybean exports from US will remain weak due to lower buying by China.

China is aggressively buying soybean from Brazil as the country is reporting 70 percent of exports of soybean in MY 2017/18 going to China.

China is liquidating soybean state reserves in an effort 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. These steps have led to lower prices of soybean complex in China, which will underpin prices.

Soy oil stocks fell in US in November indicating firm domestic disappearance despite record crush of soybean in US. Low soy oil prices have led to higher US domestic disappearance while soybean crush margins are high.

Soybean exports are expected to slow in 2019 from Brazil as Argentina's soybean supply will improve in 2019 and soybean demand will taper from China due to shift in domestic protein feed policy by China.

Soybean exports from Argentina is expected to rise in 2019 to 13-14 MMT, especially to China on strong demand from the country. Argentina's crushers operate at 55 percent of capacity which leads to higher disposable soybean.

However, exports of soy meal is expected to fall from Argentina as US soy meal is attractively priced due to lower soybean prices.

Argentina is expected to plant normal soybean crop in 2018/19 after severe drought in 2017/18. Recent rains has ensured good moisture which will lead to fast progress of planting. This has led to fall in basis of soy oil, which has underpinned Argentina soy oil FOB prices.

Soybean exports from US is expected to slow due to rise in prices of soybean due to trade settlement with China which may prompt major buyers to buy more soybean from Brazil.

Soybean crop in Brazil in 2018/19 is expected to be record with record planted area. USDA has increased soybean crop in Brazil.

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

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 30 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 fall on realignment of US FED towards future rise in interest rates in 2018-19 will support on soy oil prices in near term.

Global crude oil prices have cooled as OPEC outside Iran ramped production along with US and Russia to tide over US sanction on Iran may have limited effect in oil markets in 2018. Crude oil is expected to rise in December as OPEC will cut crude oil output to stimulate prices when demand of crude oil is slowing.

- **USDA WASDE Oilseeds Highlights-** The U.S. season- average soybean price for 2018/19 is forecast at \$7.85 to \$9.35 per bushel, unchanged at the midpoint. Soybean meal and oil price forecasts 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 700-800 per 10 Kg.

International Palm oil Market Fundamentals

Palm oil prices are likely to fall due to expectation of rise in end stocks of palm oil in Malaysia and Indonesia in December, rise in production of palm oil in Malaysia, lower exports of palm oil from Malaysia in December and appreciation of ringgit.

However, recent reduction of palm oil import duty favoring RBD palmolein imports from Malaysia will support palm oil prices. However, impact of demand will take time to settle. Before that fundamentals of palm oil will weigh on markets.

Palm oil end stocks are expected to rise in December after record November due to rise in production of palm oil in Malaysia in December and slow rise in exports of palm oil from Malaysia in December.

End stocks of palm oil are expected to rise after rising above 3 MMT to record in December and it will stay above 5 MMT in Indonesia in December.

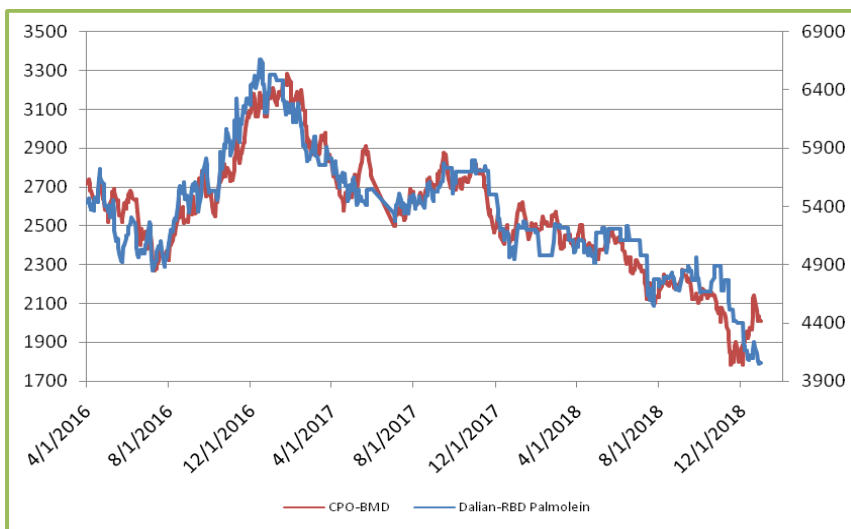
Primary cause of rise in stocks of palm oil is higher production outpacing demand.

Production of palm oil is expected to rise in Malaysia in December after data from Malaysia Palm Oil Association (MPOA) showed production rose 6.5 percent in first 20 days of December indicating that palm oil production will end December in green after fall in November.

Exports of palm oil is expected to remain show slow rise in Dec due to weak demand from EU due to winters and seasonal downtrend of exports. Data from cargo surveyors show weak exports of palm oil from Malaysia in December. However, exports to China and Malaysia showed firm trend.

Demand from China and India firmed in December due to fall in prices of palm oil.

China is buying more palm oil due to lower production of soy oil in China due to lower imports of soybean in November. China imported fewer soybeans due to outbreak of swine flu in the country and negative crush margins of soybean. This has led to lower supply of soy oil leading to higher imports of palm oil.



Further, China will import more in Dec and Jan on demand ahead of Chinese New Year.

Demand of India increased due to bargain buying as it is a price sensitive country.

Production of palm oil is expected to rise above 41 MMT in Indonesia in 2018/19 on higher produce from maturing plantations.

Production of palm oil will rise slower than expected in Malaysia due to weak plant profile, shortage of labor and lower fertilizer use and production will not cross 20 MMT in 2018.

Indonesia removed export levy on exports of palm products from the country due to fall in prices of palm oil and record stocks of palm oil in the country. Plantations are bleeding due to fall in prices of palm oil and Indonesia intends to clear extra stocks of palm oil due to record production of palm oil.

RBD Palmolein Malaysia premium has increased over Indonesia CPO due to higher depreciation of Indonesia Rupiah compared to Ringgit with USD. Export demand will weaken due to high premium of Malaysian palmolein and buyers will shift to Indonesia.

Falling stocks of soybean in China and lower imports of soybean from China will prompt more imports from the country. However, liquidation of state reserves of soybean may lower imports.

Global crude oil prices are expected to rise on expected cut on crude oil production by OPEC and Russia will support palm oil prices.

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

RBD Palmolein Malaysia premium has increased over Indonesia CPO due to higher depreciation of Indonesia Rupiah compared to Ringgit with USD. Export demand from Malaysia will weaken due to high premium of Malaysian palmolein and buyers will shift to Indonesia.

Exports of palm oil rose 8 percent in December, according to cargo surveyor SGS, on firm demand from India and China.

Demand from India was firm on appreciation of Rupee and bargain buying by India as it is price sensitive country.

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

Indonesia Rupiah has depreciated 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. .

CBOT soy oil is expected to be supported by rise in soybean complex prices due to US and China trade settlement. However, record soybean crop in Brazil and US will underpin palm oil prices.

Crude oil prices are expected to rise due to cut in crude oil production by OPEC.

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 November to decrease rising stocks of palm oil in the country.

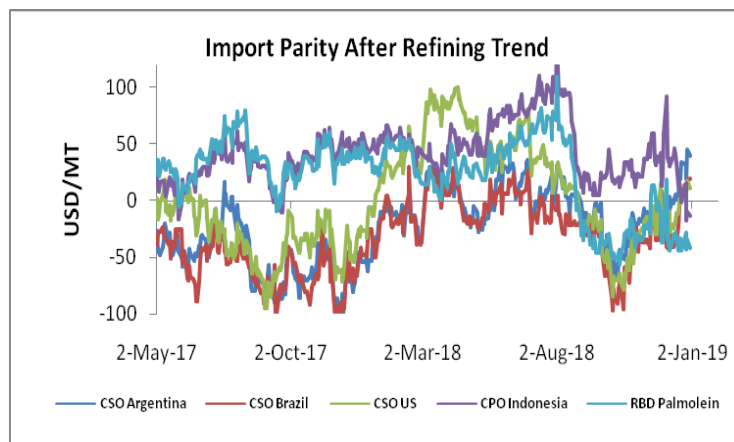
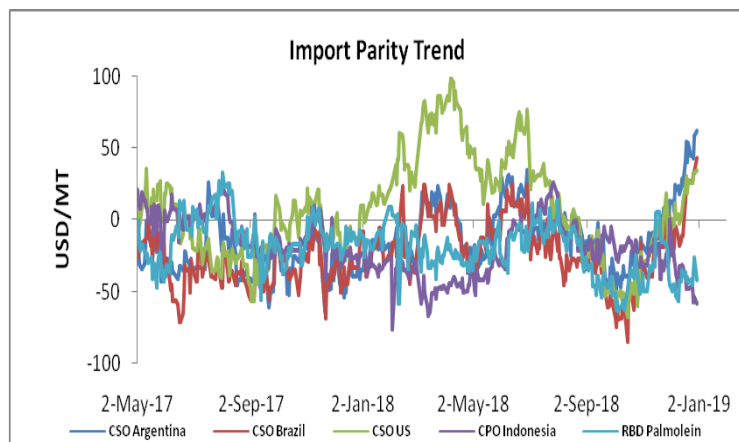
- According to Government of India (GOI) notification number 84/2018-Customs dated 31 December 2018, import duty on crude palm oil is reduced to 40 percent from 44 percent while on refined palm oil is reduced to 50 percent from 54 percent. This makes total import duty on crude palm oil to 44 percent and 55 percent on refined palm oil after applying all taxes. However, refined palm oil origin from Malaysia will be charged 45 percent import duty sourced from Malaysia. So, total import duty on imports of refined palm oil from Malaysia works out at 49.5 percent including all taxes.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's November palm oil stocks rose 10.45 percent to 30.07 lakh tons compared to 27.22 lakh tons in Oct. Production of palm oil in Nov fell 6.09 percent to 18.45 lakh tons compared to 19.65 lakh tons in Oct. Exports of palm oil in Nov fell 12.87 percent to 13.75 lakh tons compared to 15.78 lakh tons in Oct. Imports of palm oil in Nov rose 14.57 percent to 1.34 lakh tons compared to 1.17 lakh tons in Sep. End stocks of palm oil rose more than trade expectation on higher than expected fall in exports.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's Dec palm oil exports rose 7.9 percent to 1,339,879 tons compared to 1,241,467 tons last month. Top buyers were China at 322,610 tons (171,660 tons), India at 277,010 tons (224,126 tons), European Union 249,669 tons (283,168 tons), United States at 75,550 tons (43,524 tons) and Pakistan at 63,000 tons (34,400 tons). Values in brackets are figures last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's Dec palm oil exports rose 4.4 percent to 1,278,661 tons compared to 1,224,898 tons last month. Top buyers were India & subcontinent 322,010 tons (290,020 tons), China at 300,810 tons (121,150 tons) and European Union 226,482 tons (288,218 tons). Values in brackets are figures of last month.
- According to Indonesia's finance ministry, Indonesia will not charge levy on exports of palm products as long as CPO prices stay below threshold prices of USD 570 per ton. It will charge USD 10-15 per ton between prices range of USD 570-619 per ton. Levy will rise to USD 20-50 per ton above CPO prices of USD 619 per ton. Under the old rule exports of palm oil has to pay USD 20-50 per ton export levy on exports of palm oil irrespective of any thresholds which was used to fund biodiesel mandate in the country. With steep fall in palm oil prices in 2018, palm oil producers are bleeding which has led to removal of export levy. This step may lead more exports of palm oil from Indonesia which is reeling with oversupply of palm oil.
- According to Indonesia Palm Oil Association (GAPKI), exports of palm oil (CPO and PKO) from Indonesia rose 20.8 percent in October y-o-y to 3.14 MMT from were 2.60 MMT in Oct 2017. Exports of palm oil (CPO and PKO) were rose 5.02 m-o-m in Oct at 3.14 MMT compared to Sep 2018 at 2.99 MMT. Production of palm oil in Indonesia in October is reported at 4.51 MMT from 4.41 in Sep 2018, up 2 percent m-o-m. Stocks of palm oil in Oct 2018 rose to 4.407 MMT from 4.602 MMT in Sep 2018.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia kept January crude palm oil export duty unchanged at 0.0 percent. Export duty of palm oil is calculated at reference price of 1800.58 ringgit (\$430.76) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.



According to Indonesia Palm Oil Association (GAPKI), Indonesia kept January export duty unchanged at zero. Both threshold prices and tax rates have been kept unchanged. Indonesia has kept crude palm oil export duty at zero since May 2017 as it expects that it will miss certain thresholds.

- **Price Outlook:** We expect CPO Kandla 5% to trade in the price band of Rs 470-550 per 10 Kg.

Import Parity Trend

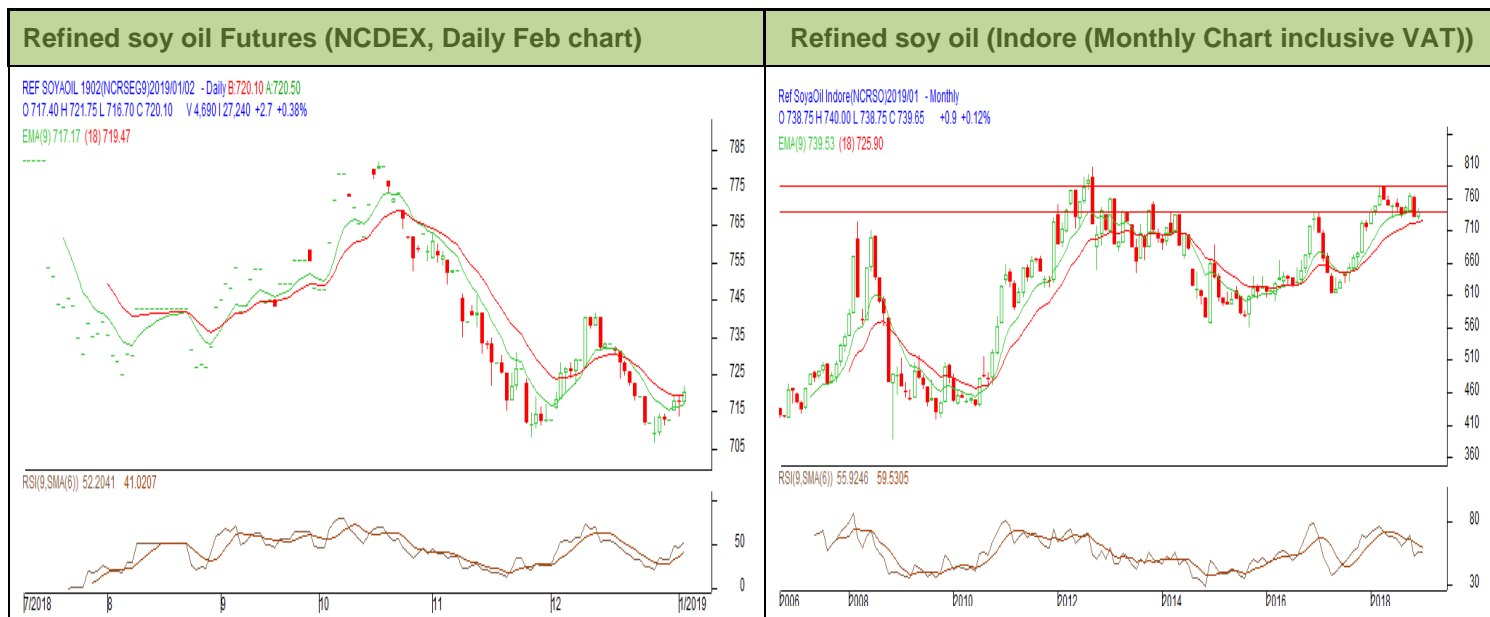


Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Oct, 2018	-21.14	-37.51	-28.67	17.97	-34.18
Nov, 2018	-11.43	-27.88	-17.98	36.32	-16.09
Dec, 2018	10.54	-16.33	-8.87	27.63	-32.68

Outlook:-

Import parity for CDSO Argentina has returned to parity due to fall in international prices of soy oil and appreciation of Rupee. We expect CDSO import parity to remain in parity in January due to firm Rupee. Parity in palm oil products will increase import. However, it may weaken due to rise in prices of palm oil in international markets.

Technical Analysis (Refined soy oil Monthly Charts)


Outlook – Prices are likely to trade sideways to firm tone in the days ahead. Investors are advised to buy refined soy oil (Feb contract) on dips.

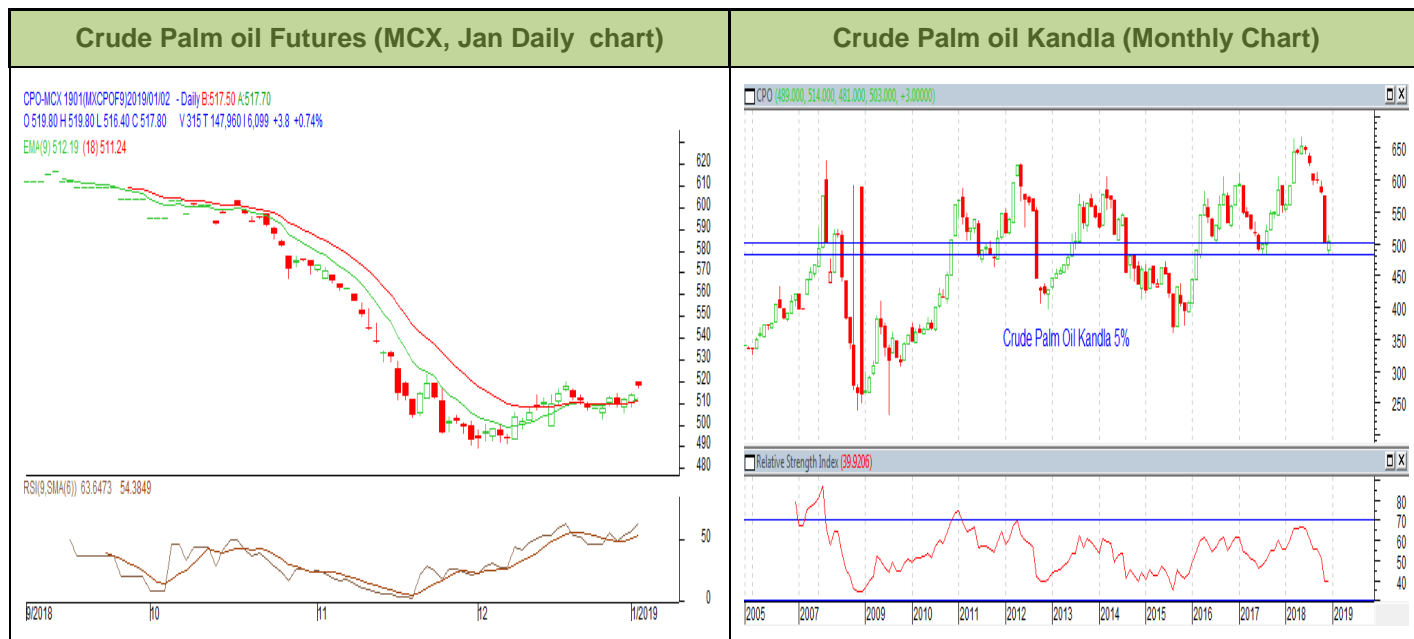
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close below 740 in monthly chart will bring prices to 750 levels.
- Expected price band for next month is 700-770 level in near to medium term. RSI and MACD are indicating uptrend at current levels.

Strategy: Market participants are advised to go long in RSO above 725 for a target of 745 and 750 with a stop loss at 715 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
710.00	721.00	730.00	750.00	765.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 700-800 per 10 Kg.

Technical Analysis (Crude Palm oil Monthly Charts)


Outlook - Prices may trade with a sideways to firm tone in the coming days. Investors are advised to buy MCX CPO (Jan contract) on dips.

- Candlestick monthly chart of crude palm oil at MCX depicts rise in prices. We expect prices to feature sideways to firm tone in the near term.
- Any close above 540 in monthly chart might bring the prices to 550 levels.
- Expected price band for next month is 490-560 level in near to medium term. RSI and MACD are indicating uptrend.

Strategy: Market participants are advised to go long in CPO above 520 for a target of 540 and 545 with a stop loss at 510 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
500.00	512.00	528.6	550.00	570.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 470-550 per 10 Kg.

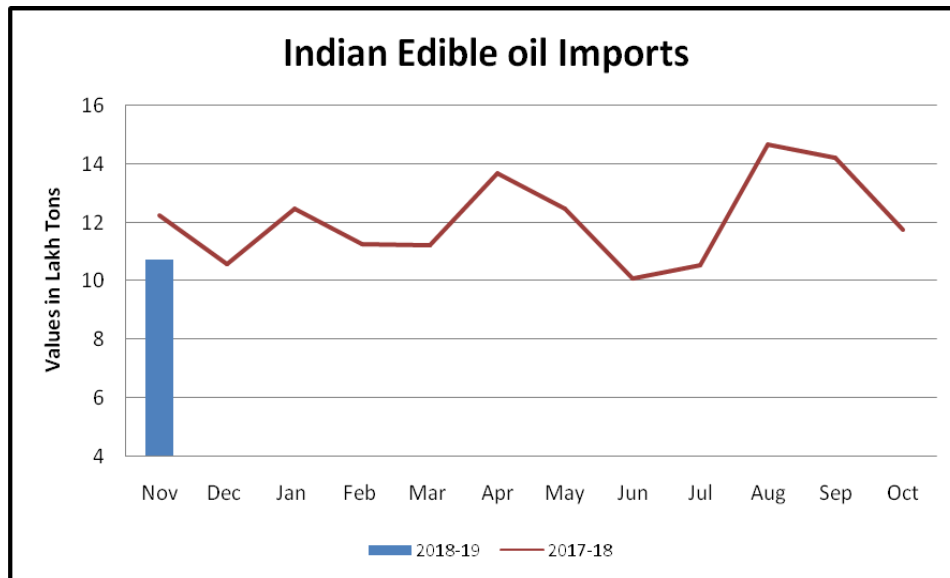
Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Dec-18	30-Nov-18	
Refined Soybean Oil	Indore	730	735	-5
	Indore (Soy Solvent Crude)	695	695	Unch
	Mumbai	740	735	5
	Mumbai (Soy Degum)	705	705	Unch
	Kandla/Mundra	725	720	5
	Kandla/Mundra (Soy Degum)	702	692	10
	Kolkata	780	738	42
	Delhi	775	760	15
	Nagpur	736	729	7
	Rajkot	720	720	Unch
	Kota	740	730	10
	Hyderabad	750	760	-10
	Akola	736	731	5
	Amrawati	735	730	5
	Bundi	750	740	10
	Jalna	735	728	7
	Alwar	Unq	0	-
	Solapur	719	718	1
	Dhule	735	728	7
Palm Oil*	Kandla (Crude Palm Oil)	528	525	3
	Kandla (RBD Palm oil)	562	572	-11
	Kandla RBD Pamolein	609	606	3
	Kakinada (Crude Palm Oil)	541	523	18
	Kakinada RBD Pamolein	630	630	Unch
	Haldia Pamolein	627	635	-8
	Chennai RBD Pamolein	635	635	Unch
	Chennai RBD Pamolein (Vitamin A&D Fortified)	692	709	-17
	KPT (krishna patnam) Pamolein	625	623	2
	Mumbai RBD Pamolein	635	635	Unch
	Mangalore RBD Pamolein	635	635	Unch
	Tuticorin (RBD Palmolein)	628	641	-13
	Delhi	640	640	Unch
	Rajkot	609	604	5
	Hyderabad	606	615	-9
	PFAD (Kandla)	320	315	5
	Refined Palm Stearin (Kandla)	394	420	-26



	Superolien (Kandla)	677	662	16
	Superolien (Mumbai)	692	709	-17
* inclusive of GST				
Refined Sunflower Oil	Chennai	760	770	-10
	Mumbai	790	810	-20
	Mumbai(Expeller Oil)	710	715	-5
	Kandla (Ref.)	760	780	-20
	Kandla/Mundra (Crude)	Unq	0	-
	Hyderabad (Ref)	775	775	Unch
	Latur (Expeller Oil)	750	770	-20
	Chellakere (Expeller Oil)	710	705	5
	Erode (Expeller Oil)	795	810	-15
Groundnut Oil	Rajkot	970	940	30
	Chennai	960	920	40
	Delhi	950	950	Unch
	Hyderabad *	980	1000	-20
	Mumbai	990	960	30
	Gondal	985	940	45
	Jamnagar	980	940	40
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	790	810	-20
	Jaipur (Kacchi Ghani Oil)	812	825	-13
	Kota (Expeller Oil)	780	795	-15
	Kota (Kacchi Ghani Oil)	790	820	-30
	Neewai (Expeller Oil)	790	790	Unch
	Neewai (Kacchi Ghani Oil)	795	810	-15
	Bharatpur (Kacchi Ghani Oil)	810	810	Unch
	Alwar (Expeller Oil)	-	-	-
	Alwar (Kacchi Ghani Oil)	-	-	-
	Sri-Ganga Nagar(Exp Oil)	780	815	-35
	Sri-Ganga Nagar (Kacchi Ghani Oil)	800	825	-25
	Mumbai (Expeller Oil)	830	810	20
	Kolkata(Expeller Oil)	930	970	-40
	New Delhi (Expeller Oil)	830	840	-10
	Hapur (Expeller Oil)	905	890	15
	Hapur (Kacchi Ghani Oil)	945	930	15
	Agra (Kacchi Ghani Oil)	815	815	Unch
Refined Cottonseed Oil	Rajkot	695	675	20
	Hyderabad	695	690	5
	Mumbai	705	710	-5

	New Delhi	675	678	-3
Coconut Oil	Kangayan (Crude)	1670	1430	240
	Cochin	1480	1540	-60
	Trissur	-	-	-
Sesame Oil	New Delhi	1600	1700	-100
	Mumbai	-	-	-
Kardi	Mumbai	880	870	10
Rice Bran Oil (40%)	New Delhi	605	620	-15
Rice Bran Oil (4%)	Punjab	605	640	-35
Rice Bran Oil (4%)	Uttar Pradesh	-	-	-
Malaysia Palmolein USD/MT	FOB	508	485	23
	CNF India	525	500	25
Indonesia CPO USD/MT	FOB	485	428	57
	CNF India	500	460	40
RBD Palm oil (Malaysia Origin USD/MT)	FOB	493	480	13
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	493	443	50
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	875	800	75
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	345	318	27
Crude palm Kernel Oil India (USD/MT)	CNF India	845	740	105
Ukraine Origin CSFO USD/MT Kandla	CIF	700	685	15
Rapeseed Oil Rotterdam Euro/MT	FOB	707	740	-33
Argentina FOB (\$/MT)		28-Dec-18	30-Nov-18	Change
Crude Soybean Oil Ship		601	628	-27
Refined Soy Oil (Bulk) Ship		622	650	-28
Sunflower Oil Ship		610	638	-28
Cottonseed Oil Ship		581	608	-27
Refined Linseed Oil (Bulk) Ship		-	-	-
<i>* indicates including GST</i>				

Annexure:
Indian Edible Oil Imports Scenario –:


As per Solvent Extractors' Association of India, India imported 15.08 million tons of veg. oils in the 2016-17 oil year. Edible oils imports were 14.52 million tons 2017-18 (November 2017-October 2018). Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for Nov is pegged at 10.73 lakh tons.

Indian Supply and Demand Scenario:

Balance sheet of Indian Edible Oil	2016-17	2017-18	2018-19-F	% Change
Value in million tons				
Beginning Stock	2.18	2.35	1.82	-22.75%
Production	8.49	8.12	7.77	-4.37%
Imports	15.08	14.52	15.83	9.00%
Total Supply	25.75	24.99	25.41	1.67%
Exports	0.01	0.02	0.02	0.00%
Total Demand(Consumption)	23.39	23.16	23.39	1.00%
Ending Stock	2.35	1.82	2.00	10.17%

* Value in million tons

Balance Sheet Highlights

Net edible oil output is likely to be 7.77 million tons (down 4.37 percent y-o-y basis) in 2017-18 led by lower oilseed sowing in Kharif and Kharif season in the current oil year.

On import front, edible oil imports seen at 15.83 million tons for 2018/19 oil year v/s 15.52 million tons last year.

On the consumption side, India's edible oil consumption for 2018-19 oil year seen at 23.39 million tons, higher by 1.0 percent from last year. Ending stocks are projected higher compared to 2017-18 at 2.0 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 03/01/2019	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	599	620	618	508	518
Freight (USD/MT)	47	47	62	35	25.0
C & F	646.0	667.0	680.0	543.0	543.0
Weight loss (0.25% of FOB)	1.50	1.55	1.55	1.27	1.30
Finance charges (0.4% on CNF)	2.58	2.67	2.72	2.17	2.17
Insurance (0.3% of C&F)	1.94	2.00	2.04	1.63	1.63
CIF (Indian Port - Kandla)	652	673	686	548	548
Duty (Values in USD per tons)	272.58	272.58	272.58	221.32	267.30
GST (5% on duty) USD per ton	13.63	13.63	13.63	11.07	13.37
Exchange rate	70.36	70.36	70.36	70.36	70.36
Landed cost without customs duty in INR per ton	45876	47368	48288	38562	38564
Customs duty %	35.00%	35.00%	35.00%	40.00%	45.00%
Social Welfare Surcharge@10%	3.50%	3.50%	3.50%	4.00%	4.50%
Total Duty %	38.50%	38.50%	38.50%	44.00%	49.50%
Base import price	708	708	708	503	540
Fixed exchange rate by customs department	71.45	71.45	71.45	71.45	71.45
Duty component in INR per ton	19475.84	19475.84	19475.84	15813.31	19098.59
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	66752	68244	69164	55776	59063
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	70000	70000	70000	51300	60500
Total landed cost USD per ton	949	970	983	793	839
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	995	995	995	729	860
Parity INR/MT (Domestic - Landed)	3248	1756	836	-4476	1437
Parity USD/MT (Domestic - Landed)	46.16	24.96	11.88	-63.61	20.43
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	71251.93	72743.53	73664.26	63275.59	61862.62
Soy/Palm oil imported Price (Including tax)	74814.53	76380.71	77347.47	66439.37	64955.75
Loose price of Soy/Palm in Indore and Delhi market	78540.00	78540.00	78540.00	65500.00	65500.00
Parity after processing and Taxes (Rs per MT)	3725.47	2159.29	1192.53	-939.37	544.25
Parity after processing and Taxes (USD per MT)	52.95	30.69	16.95	-13.35	7.74
Source: Agriwatch					

Balance Sheets of various edible oils

Balance Sheet (Quarterly)- Soy Oil, India

Fig. in lakh tons

	2017-18	2018-19-F	Nov-Jan-F	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening Stock	5.67	3.89	3.89	5.00	4.09	6.56
Production (Domestic)	14.94	18.72	8.61	2.25	2.25	5.62
Imports	31.67	33.25	6.65	5.99	9.98	10.64
Imported oil processing	30.81	32.36	6.47	5.82	9.71	10.35
Total Production (Domestic production and imported oil production)	45.75	51.08	15.08	8.07	11.95	15.97
Total Supply	51.43	54.97				
Quarterly add-on			15.08	8.07	11.95	15.97
Consumption	47.53	49.91	13.98	8.98	9.48	17.47
Ending Stock	3.89	5.06	5.00	4.09	6.56	5.06

Source: AW estimates

Oil year- November-October

Highlights

- Prices of soy oil in 2017-18 are expected to be lower on higher imports in oil year 2018-19 and higher domestic production.
- Soy oil production is expected to be higher in oil year 2018-19 on higher soybean crush due to higher soybean crop in 2018-19.
- Lower carry out in Nov-Jan is due to higher consumption.
- Carryout stocks of oil year 2017-18 is 3.89 lakh tons on higher soy oil imports.
- Carry out of oil 2018-19 is 5.06 lakh tons
- Carryout of 2018-19 is higher than 2017-18.

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

	2017-18-F	2018-19	Nov-Jan-F	Feb-Apr-F	May-July-F	July-Oct-F
Opening Stock	1.14	0.68	0.68	1.00	1.01	1.42
Production	0.20	0.20	0.05	0.05	0.05	0.05
Imports	8.70	10.01	2.60	2.30	2.30	2.80
Total Supply	10.04	10.89				
Exports	0.00	0.00				
Quarterly add-on			2.65	2.35	2.35	2.85
Consumption	9.36	9.73	2.34	2.34	1.95	3.11
Ending Stocks	0.68	1.16	1.00	1.01	1.42	1.16

Source: AW estimates

Oil year- November-October

Highlights

- Prices of palm oil in 2017-18 are expected to be weak on higher carryout compared to oil year 2017-18.
- Imports are expected to be higher in 2018-19 compared to last year oil year 2017-18.
- Carryout stocks of oil year 2017-18 are 0.68 million tons fall in imports.
- Carryout of 2018-19 is higher than 2017-18 due to higher imports of palm oil.
- Carry out of first quarter of oil year 2018-19 will be lower than second quarter of oil year 2018-19

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

	2017-18-F	2018-19-F	Nov-Jan-F	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening Stock	3.43	4.00	4.00	3.04	2.99	3.35
Production	0.80	0.80	0.15	0.12	0.27	0.27
Imports	25.25	23.99	5.52	6.72	6.72	5.04
Total Supply	29.48	28.79				
Quarterly add-on			5.66	6.84	6.98	5.30
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	25.47	26.49	6.62	6.89	6.62	6.36
Ending Stocks	4.00	2.30	3.04	2.99	3.35	2.30

Source: AW estimates

Oil year- November-October

Highlights

- Prices will be firm in lower carry out for oil year 2018-19 compared to of 2017-18.
- Sunflower oil production is expected to be sideways in oil year 2018-19 on lower sunflower crop.
- Carryout stocks of oil year 2017-18 is 4.0 lakh tons on higher sunflower oil imports.

- Carryout of 2018-19 is lower than 2017-18 due to lower imports.
- Lower carry out in 2018-19 is due to lower imports.

Balance Sheet- Rapeseed Oil, India

Fig. in lakh tons

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19-F
	1.73	3.86	1.39	1.41	1.93	1.13
Production	26.78	20.16	21.24	27.88	27.09	28.14
Imports	2.00	3.70	3.56	2.93	3.00	3.00
Total Supply	30.52	27.72	26.19	32.22	32.02	32.27
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	26.66	26.33	24.77	30.29	30.90	31.51
Ending Stocks	3.86	1.39	1.41	1.93	1.13	0.75

Source: AW estimates

Oil year- November-October

Highlights

- Prices of rapeseed oil in 2018-19 are expected to be firm on lower carryout.
- Rapeseed oil production is higher in oil year 2018-19 on higher rapeseed crop.
- Higher oil production in 2018-19 is due to higher marketable surplus of rapeseed resulting in higher crush.
- Carryout stocks of oil year 2017-18 is 1.13 lakh tons on lower rapeseed oil production.
- Carryout of 2018-19 is lower than 2017-18 due to higher consumption of rapeseed oil.

Balance Sheet- Groundnut Oil (quarterly), India

Fig. in lakh tons

	2017-18	2018-19-F	Nov-Jan-F	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening stocks	0.31	0.32	0.32	0.43	0.30	0.23
Oil availability (Production)	7.35	3.55	1.30	1.07	0.59	0.59
Imports	0	0	0	0	0	0
Total Supply	7.66	3.87				
Quarterly add-on			1.30	1.07	0.59	0.59
Exports	0.40	0.40	0.10	0.10	0.10	0.10
Consumption	6.94	3.31	1.09	1.09	0.56	0.56
End stocks	0.32	0.16	0.43	0.30	0.23	0.16

Source: AW estimate

Oil year-November-October

Highlights

- Groundnut oil production is expected to be lower in oil year 2018-19 on lower groundnut crop.
- Lower oil production in 2018-19 is due to lower marketable surplus of groundnut seed resulting in lower crush.
- Carryout stocks of oil year 2017-18 is 0.32 lakh tons on higher groundnut oil production.
- Carryout stocks of oil year 2018-19 is 0.16 lakh tons on lower groundnut oil production.
- Lower supply of groundnut oil in 2018-19 is due to lower marketable surplus.
- Carryout of 2018-19 is lower than 2017-18 due to lower production of groundnut oil.

Coconut oil balance sheet

Qty in '000 MT

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

Source: Coconut Development Board

International Balance Sheets

Balance Sheet (Annual) - Soy Oil, United States

Fig. in million tons

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