Veg. Oil Monthly Research Report

Contents

Outlook and Review:
Domestic Front

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

Palm oil (Kandla) was the best performer among the edible oil complex due to firm demand. Groundnut oil (Rajkot) 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 71.44 compared to 69.71 last month. Rupee is expected to depreciate in February. Crude oil prices are expected to rise in February.

Recommendation:
In NCDEX, market participants are advised to go long in RSO above 760 for a target of 780 and 785 with a stop loss at 750 on closing basis. In MCX, market participants are advised to go long in CPO above 565 for a target of and 585 and 590 with a stop loss at 555 on closing basis.
Market participants can buy refined soy oil in the cash markets at 760-770 for the target of 790-800 levels (Indore), if needed. Market participants can buy CPO Kandla 5% in the cash markets at 550-560 for the target of 580-590 levels, if needed.

International Veg. Oil Market Summary
CBOT soy oil (May) is expected to stay in the range of 28 cents/lb to 34 cents/lb. CPO at BMD (Mar) is likely to stay in the range of 2000-2500 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, 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, trade settlement between US and China, lower soybean crop in Brazil, higher soybean demand by China from US, lower soybean crop in Argentina is expected to support soy oil prices in coming days.

Expected fall in palm oil stocks in Malaysia, lower production of palm oil in Malaysia, higher exports of palm oil from Malaysia, rise in competitive oils prices and firm crude oil prices is expected to support 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 January on firm demand. Average prices of refined soy oil rose in January.
- Soy oil prices witnessed uptrend in month of January on firm demand.

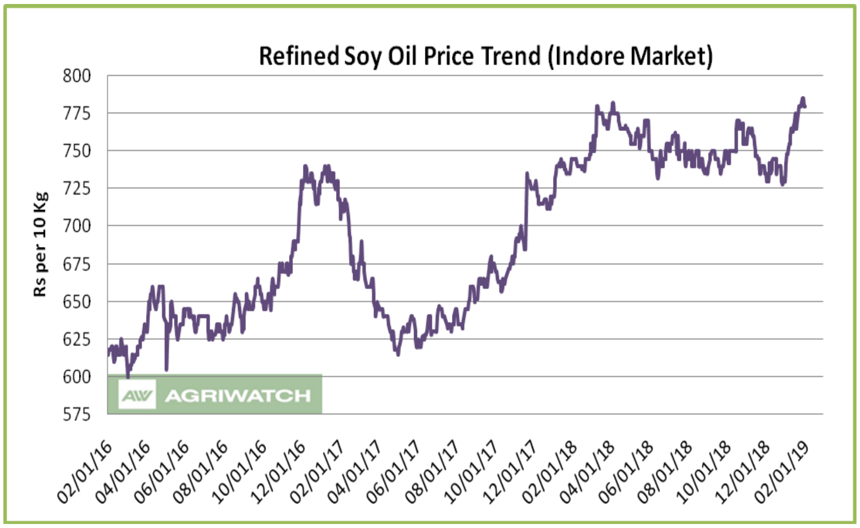
Demand of soy oil rose in Jan on high import margins of soy oil. Due to appreciation of Rupee, imports have returned to parity.

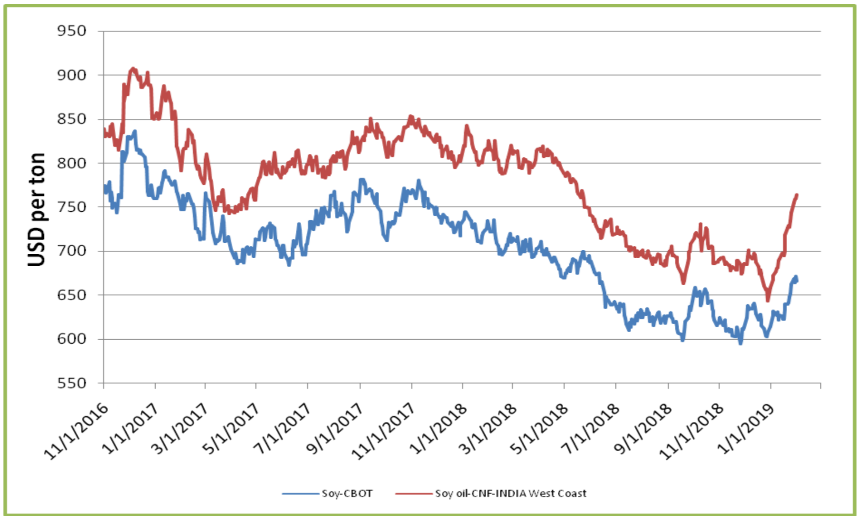
Import prices of soy oil has risen on crop damage of soybean in Argentina which will make imports and prices of imports costlier compared to other imported edible oils.

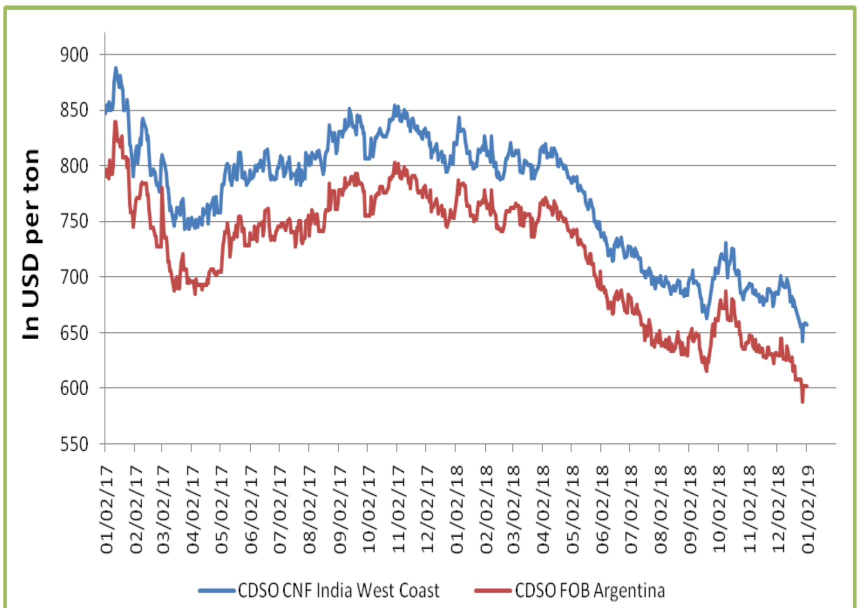
Prices of CDSO rose less at high seas compared to CNF markets indicating weak demand at high seas. Prices of CDSO CNF rose more compared to CDSO FOB indicating firm demand at CNF markets.

Refined soy oil premium over CPO has increased to Rs 202 (Rs 239 last month) per 10 Kg which is high and will underpin soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 145 (Rs 147 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 40 (Rs 49) per 10 kg indicating firm demand of CDSO







compared to refined soy oil in domestic markets.

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

Difference increase between CDSO-CNF-India West coast and Soy oil CBOT due to rise in basis (spot prices – futures prices) due to weak soybean crop expectation in Argentina.

Higher soy meal exports have resulted in higher crushing of soybean. Soy meal exports improved after hike in import duty on edible oils and rise in demand from Iran.

Imports of soy oil rose in Dec compared to Dec 2017 while it rose compared to Nov 2018 and stocks at ports fell more indicating firm demand and destocking at ports.

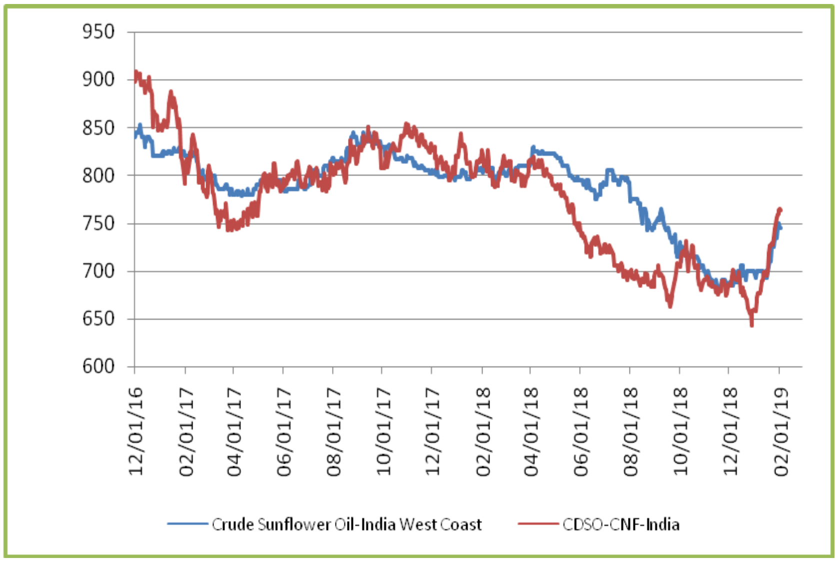
Import parity of soy oil have returned to parity due to appreciation of Rupee which will increase imports.

- Soy oil import scenario – According to SEA, soy oil imports fell 7.6 percent y-o-y in Dec to 0.85 lakh tons from 0.79 lakh tons in Dec 2017. In the oil year 2018-19 (Nov 2018-Dec 2018), imports of soy oil were 2.89 lakh tons compared to 3.53 lakh tons in last oil year, lower by 18.13 percent y-o-y.

- Imported crude soy oil CIF at West coast port is offered at USD 757 (USD 668) per ton for Feb delivery, Mar delivery is offered at USD 739 (USD 661) per ton and Apr delivery is quoted at USD 720 per ton. Values in brackets are figures of last month. Last month, CNF CDSO Jan average price was USD 709 (USD 679.24 per ton in Dec 2018) per ton.

- On the parity front, margins increased during the month on rise in prices of soy oil in Indian markets, and we expect margins to remain firm in coming days. Currently refiners fetch USD 30-35/ton v/s gain 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 740-820 per 10 Kg in the near term.



Palm oil:
Domestic Market Fundamentals

- CPO prices witnessed firm tone in the month of January at its benchmark market at Kandla on firm demand..
- Crude palm oil prices rose in Kandla in the month of January on firm demand.

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

Demand of CPO is firm at CNF markets as prices rose more at CNF compared to FOB markets.

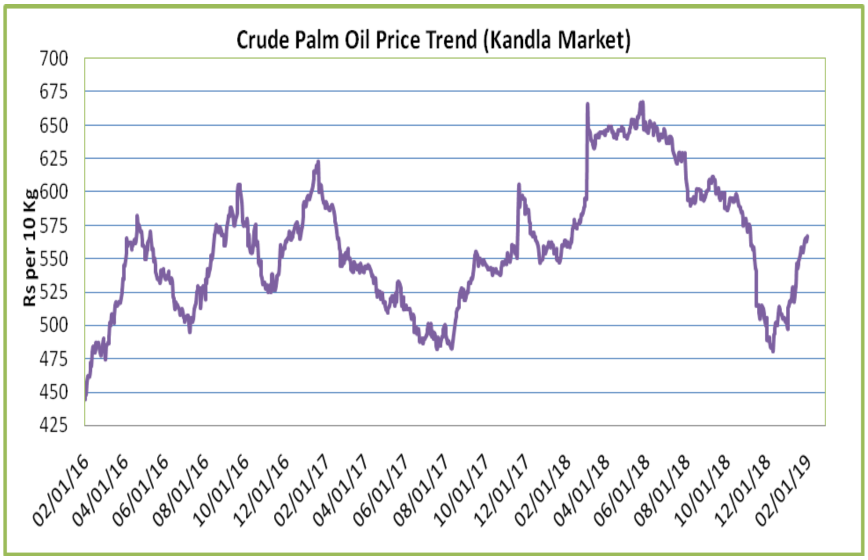
Supply of CPO has increased in Indian markets leading to rise in stocks at ports.

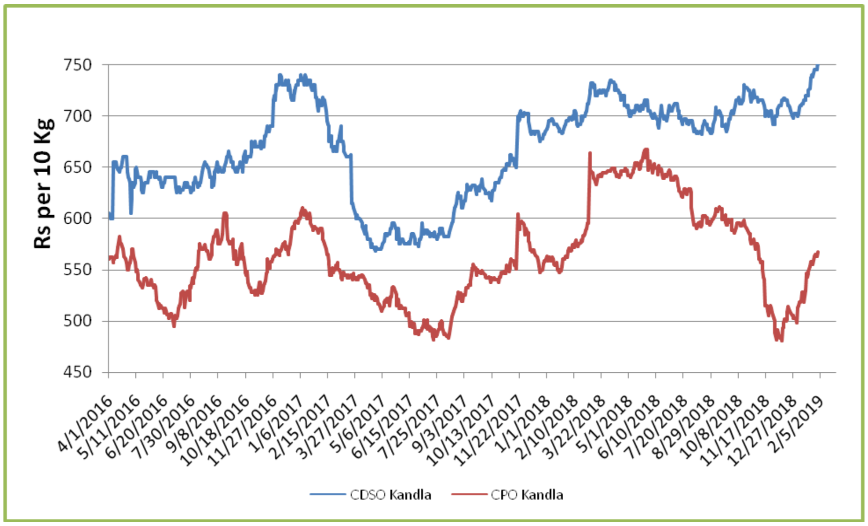
Disparity at ports increased due to depreciation of Rupee. Rise of prices of palm oil in international market was the prime reason for increase in import disparity. Due to disparity in imports prices will not fall much going ahead.

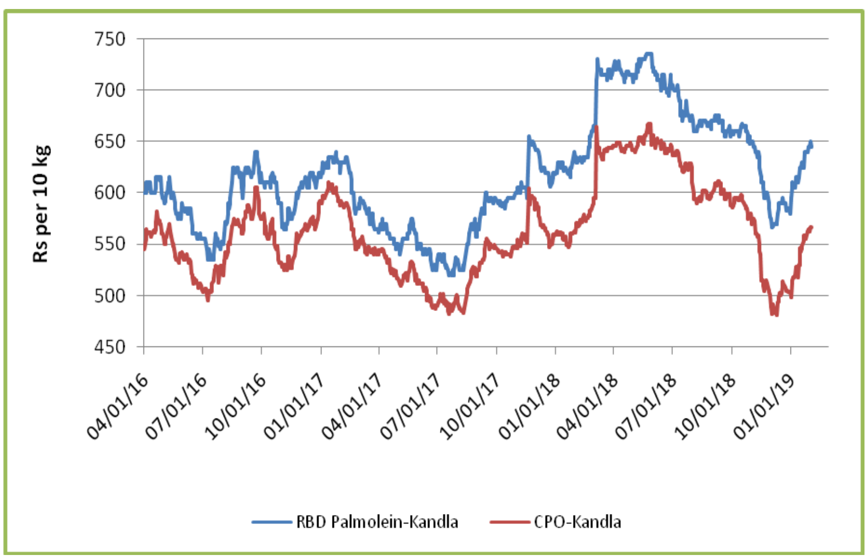
Depreciation of Rupee has made imports costlier which will decrease imports in coming months. Depreciation of Rupee will increase import disparity in February.

CPO trade is firm and traders are have cleared 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 3.0-3.5 per kg.







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

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

RBD palmolein featured firm tone in its benchmark market on firm demand, higher discount over soy and sunflower oil at CNF markets.

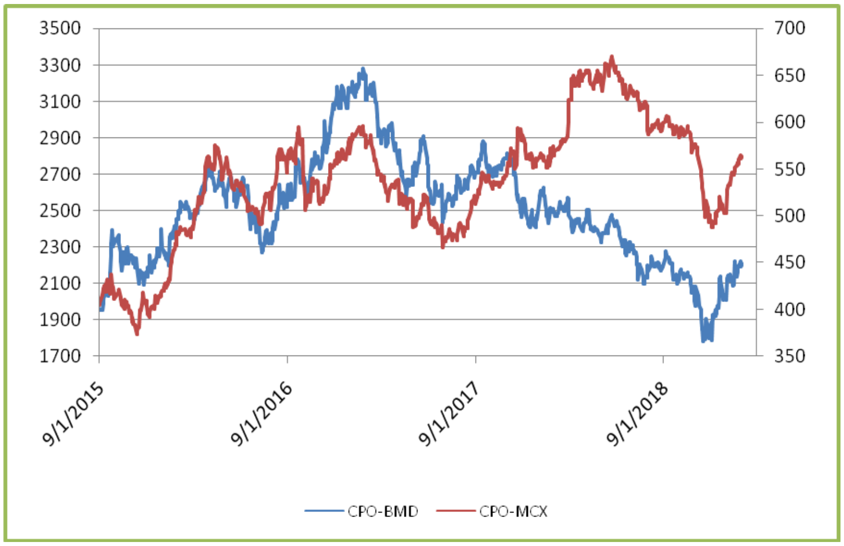
Prices of RBD palmolein rose more at high seas compared to CNF markets indicating weak demand at high seas.

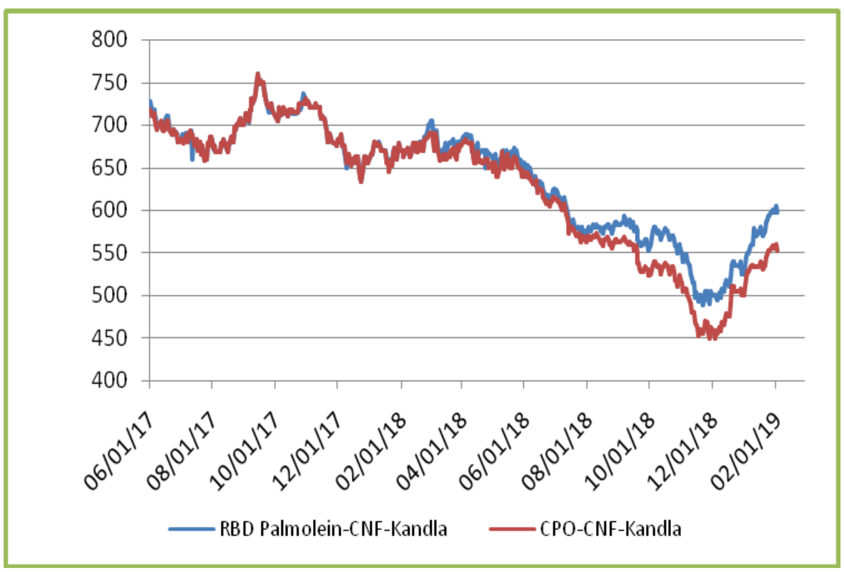
Prices of RBD palmolein rose more at CNF markets compared to FOB markets indicating firm demand at CNF markets.Higher import duty on RBD palmolein imports, depreciation of Rupee and price premium of RBD palmolein over CPO at CNF markets has weakened import demand.

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 palmoelin 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 $40-45 premium over CPO compared to $30-55 premium over CPO at CNF markets last month which will decrease RBD palmolein imports. Higher discount of RBD palmolein over soy oil, sunflower oil and rapeseed oil will improve demand.

Importers are selling cargoes at premium as rise in international prices have offered them good margins.

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

Expectation of fall in stocks of palm oil in Indonesia and Malaysia in coming months due to fall in production of palm oil and rise in exports of palm oil will support 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 firm trend. Vanaspati prices saw firm movement of prices in domestic markets.

RBD palmolein premium over CPO decreased to Rs 73 (Rs 92 last month) per 10 kg indicating firm demand of CPO compared to RBD palmolein at high seas.

Import of CPO in Dec was higher than that of Dec 2017 and Nov 2018. Stocks at ports rose in Dec compared to Nov.

Import of RBD palmolein is rose in Dec compared to Dec 2017 and Nov 2018. Imports rose in Dec compared to Nov while stocks fell at ports indicating firm 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 palmoelin from Malaysia. .

RBD palmolein is trading at premium over CPO at India CNF due to removal of export levy by Indonesia 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 218 (Rs 239 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 January at CNF markets.. Higher premium of crude sunflower CNF India West coast and CPO CNF at USD 190 (USD 170) 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 188 (USD 141 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 202 (Rs 190 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 145 (Rs 147 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 Dec rose 12.3 percent y-o-y to 8.12 lakh tons from 7.23 lakh tons in Dec 2017. Imports in the oil year 2018-19 (November 2018-December 2018) are reported higher by 4.44 percent y-o-y at 15.04 lakh tons compared to 14.4 in last oil year.

  Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 10.2 percent y-o-y in Dec to 6.70 lakh tons from 6.08 lakh tons in Dec 2017. Imports in oil year 2018-19 (November 2018-December 2018) were reported higher by 6.08 percent y-o-y at 12.39 lakh tons compared to 11.68 lakh tons in last oil year.

  RBD palmolein import scenario- RBD palmolein imports rose y-o-y in Dec by 22.43 percent to 1.30 lakh tons from 1.06 lakh tons in Dec 2017. Imports in oil year 2018-19 (November 2019-December 2018) were reported lower by 5.90 percent y-o-y at 2.39 lakh tons compared to 2.54 lakh tons in corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 555 (USD 527) per ton for Feb delivery and March delivery is quoted at USD 570 per ton. Last month, CNF CPO Jan average price was at USD 539.2 per ton (USD 482.2 per ton in Dec 2018). Values in brackets are figures of last week.

  Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 600 (USD 550) per ton for Feb delivery and March delivery is quoted at USD 610 per ton . Last month, CIF RBD palmolein Dec average price was USD 575.04 (USD 517.04 in Dec 2018) per ton. Values in bracket depict last month quotes.

  Ready lift CPO duty paid prices quoted at Rs 567 (Rs 513) per 10 Kg and Fev delivery duty paid is offered at Rs 572 (Rs 520) per 10 kg. Ready lift RBD palmolein is quoted at Rs 640 (Rs 605) per 10 kg as on Feb 1, 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 10-15/ton (Dec average) v/s gain of USD 25-30/ton (Dec average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 15-20/ton (Dec average) v/s loss of USD 30-35 (Nov 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 firm trend at various markets on firm demand and rise in rapeseed prices. All India arrivals of rapeseed fell in January.

- Rapeseed oil prices traded firm in the month of January in various markets in India on firm demand and firm rapeseed prices.

  Demand fell in the month of Jan on higher buying.

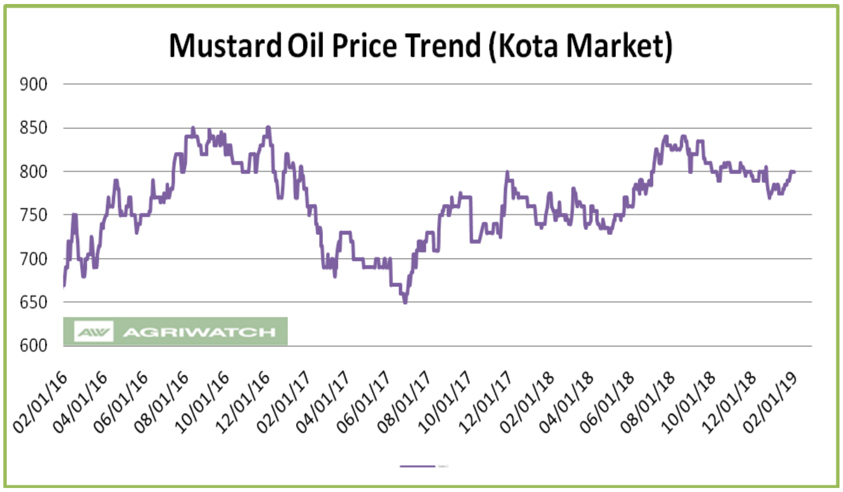
  Prices rose on firm soy oil palm oil prices.

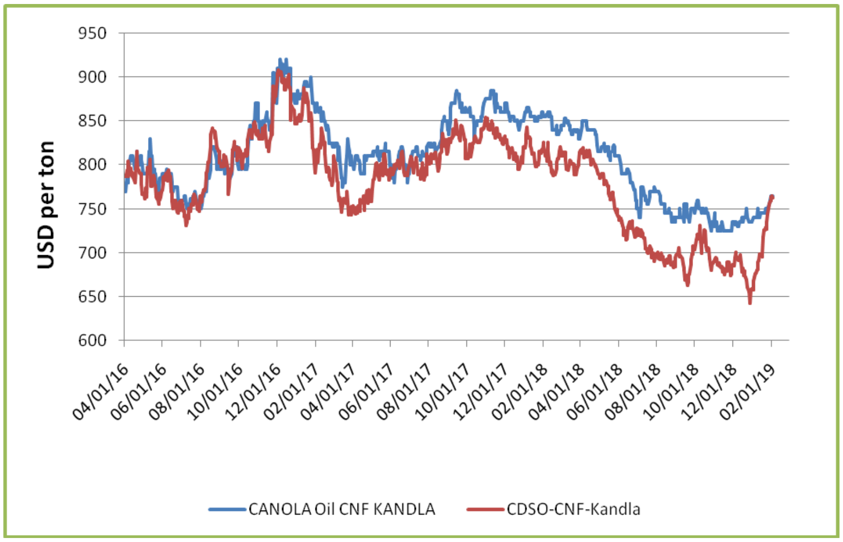
  Stocked position is weak against firm demand position.

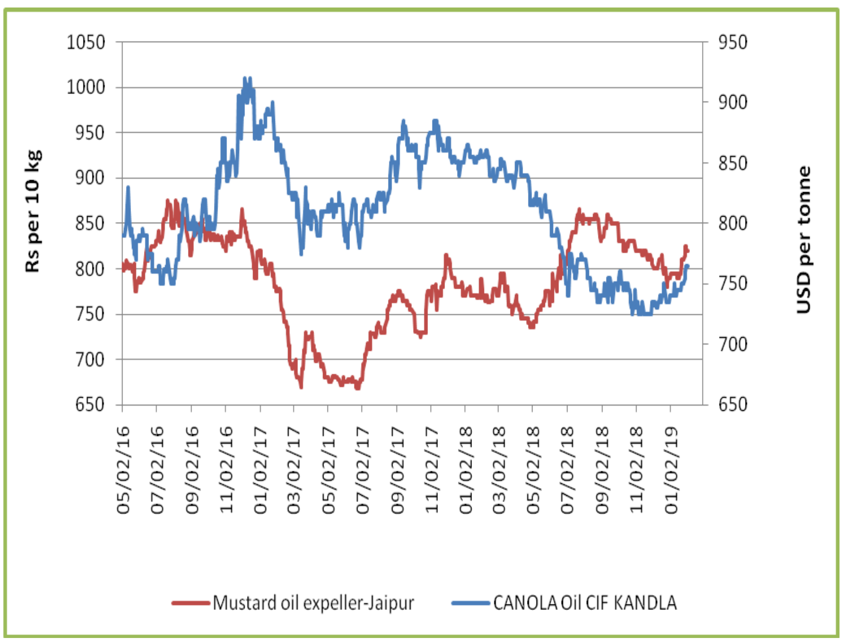
  Rapeseed crop in current marketing year is expected to be higher than last year. Agriwatch forecasted rapeseed crop at 6.45 MMT in 2017-18 compared to estimate of 6.8 MMT 2016-17. Rapeseed crop in 2018-19 is expected to be higher than 2017-18 on account of higher sowing area in the country, mostly in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

  Arrivals of rapeseed will increase in second half of February pressurizing rapeseed oil prices.

  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.







Prices are lucrative to increase demand.

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

Falling premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market was at Rs 47 (Rs 67) per 10 Kg, will support 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 8 (USD 43) per ton and will increase imports.

Above chart shows that Canola and rapeseed expeller oil prices are rising. So, rise 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 rise in soy oil will support canola oil in CNF markets.

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 160 (Rs 210) 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 1.43 lakh tons of rapeseed and 0.04 lakh tons with NCDEX.

Prices of rapeseed oil are expected to trade sideways to firm on firm demand.

- Rapeseed oil import scenario- India imported 0.13 lakh tons of rapeseed (Canola) oil in Dec 2018 v/s 0.20 lakh tons in Dec 2017, lower by 25 percent y-o-y. In the oil year 2018-19 (Nov 2019-Dec 2018) imports were 0.25 lakh tons compared to 0.60 lakh tons in last oil year, lower by 58.6 percent y-o-y.
- CIF Canola oil premium over soybean oil is hovering at USD 8 (USD 43 last month) as on Feb 1, 2019.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 820 (Rs 790) per 10 Kg and at Kota market is quoted around Rs 800 (Rs 780) per 10 kg as on Feb 1, 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 750-850 per 10 Kg.

Sunflower oil:
Domestic Market Fundamentals

- Sunflower oil featured firm trend at its benchmark market in Chennai during the month of January on firm demand
- Sunflower oil prices closed higher in month of January at its benchmark market of Chennai on firm demand

Sunflower oil prices rose more at high seas compared to CNF indicating weak demand at high seas.

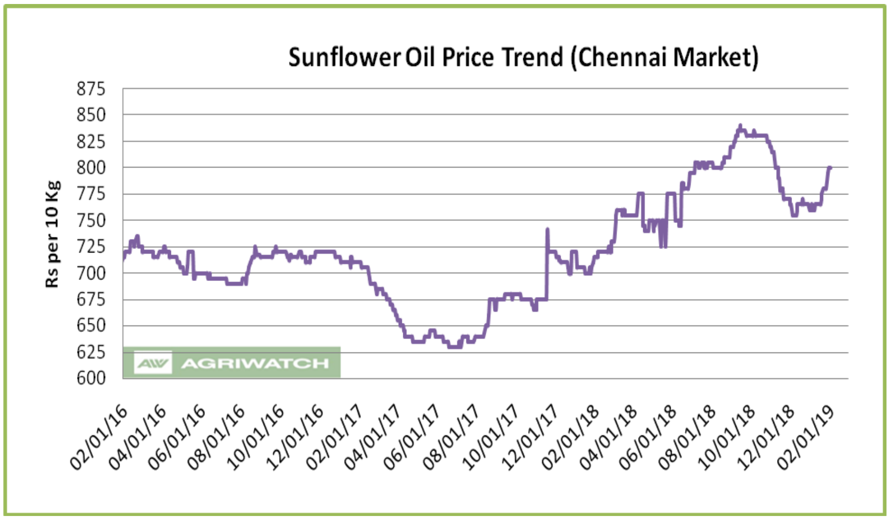
Due to cut in hike in import duty on sunflower oil will stop surging imports in oil year 2018-19 which will decrease carryout of sunflower oil in oil year 2018-19.

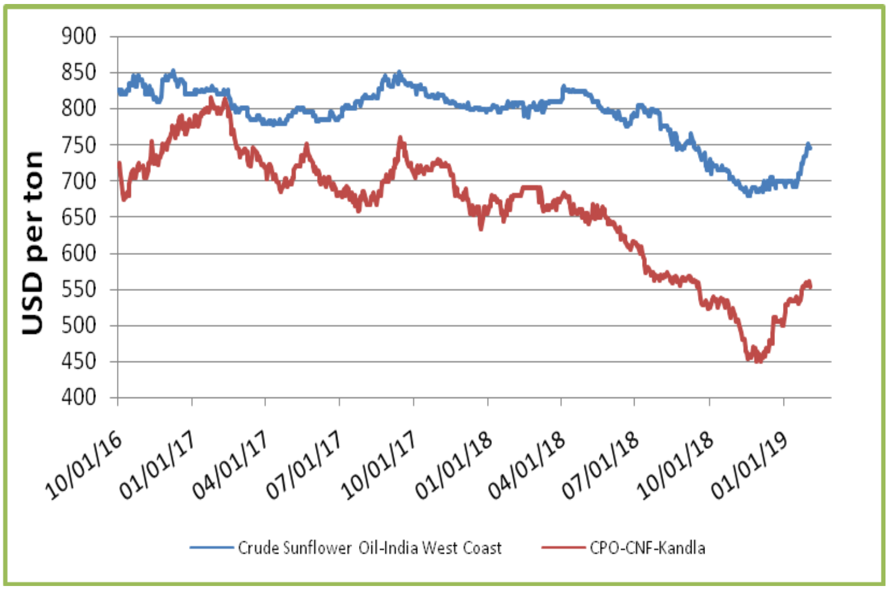
There is bargain buying at lower levels which had fallen to 9 year low at CNF markets in January. Sunflower oil at CNF markets is supported by weak supply from Ukraine due to weather disturbances. However, due to surplus stock of sunflower in Ukraine will cap rise in sunflower oil prices at CNF markets.

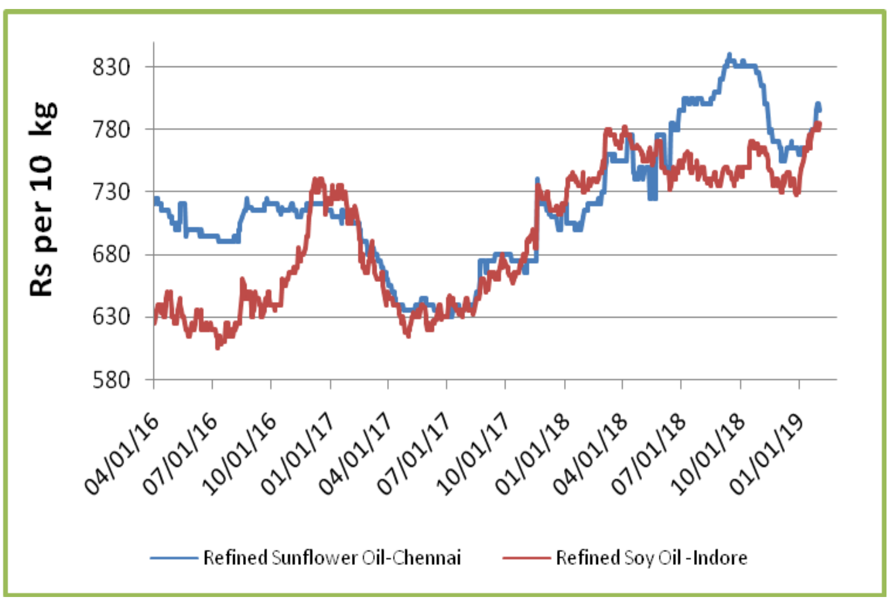
There is disparity in imports of sunflower oil while refining margins are in parity.

Depreciation of Rupee in January month will decrease imports of sunflower in coming months.

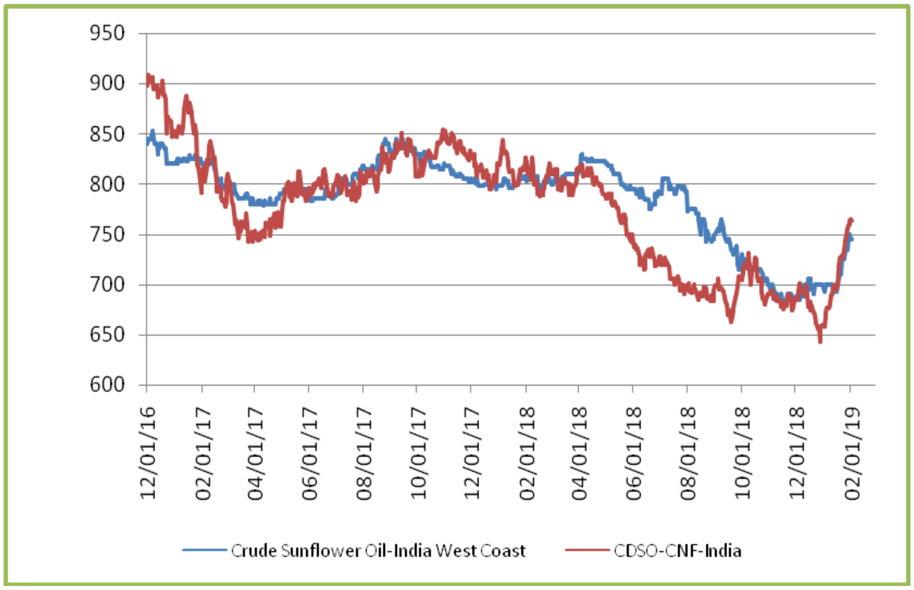
Supply of sunflower oil is decreasing in last 4 months after





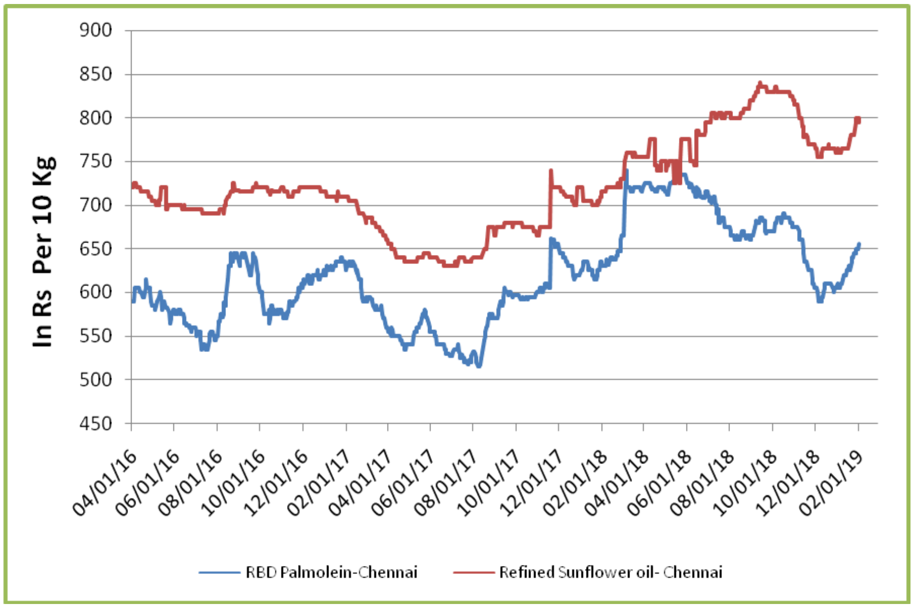


hike in its import duty which has led to destocking at ports. Supply was fell sharply in last 4 months. Stocks at ports fell sharply due to weak imports of sunflower oil indicating weak supply. Lower supply of sunflower oil in domestic market due to lower imports will support prices of sunflower oil.



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

Depreciation of Rupee in last two months will reduce imports of sunflower oil as it makes imports of sunflower oil costlier.



Recent fall in premium of CSFO over CDSO in CNF markets support prices in medium term. Imports are expected to be higher in Jan as crude sunflower oil CNF premium over CDSO CNF has decreased. Imports of sunflower suffered in last four 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 decreased in January will support 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 four 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 -12 (USD -29.5 last month) per ton.

In domestic market sunflower oil premium over soy oil is at Rs 15 (Rs 40) per 10 kg.

Refined sunflower oil premium over RBD palmolein has increased to Rs 160 (Rs 155 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 145 (USD 147.5) per ton at CNF markets. Premium of sunflower oil over RBD palmolein has fell sharply which indicates that incentive of importing sunflower oil and selling in domestic market has increased.

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

Sunflower oil prices are expected to fall on seasonal downtrend of prices in medium term.

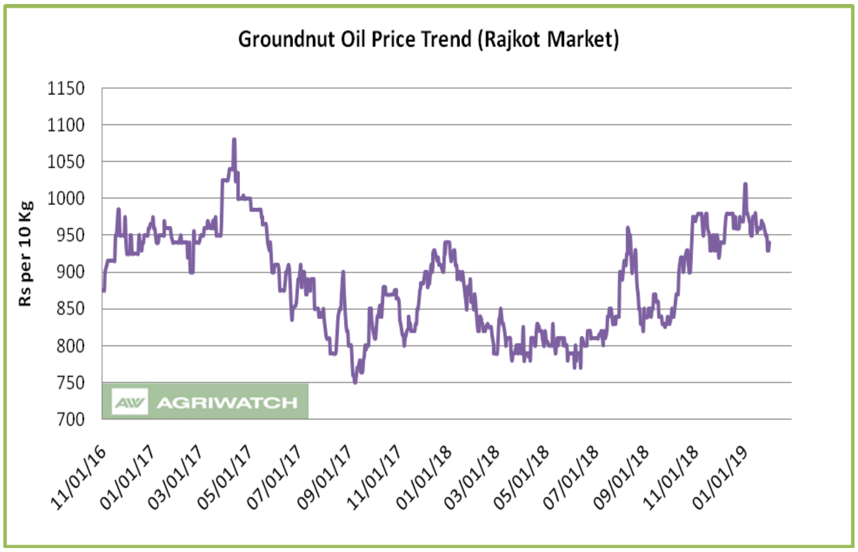
Prices are expected to rise on firm demand. Prices of sunflower oil are expected to remain in a range with upward bias in February.

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

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell marginally y-o-y in Dec to 2.36 lakh tons from 2.37 lakh tons in Dec 2017. Imports in oil year 2018-19 (November 2018-December 2018) were reported lower by 6.74 percent y-o-y at 4.01 lakh tons compared to 4.30 lakh tons in last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 745 (USD 695) per ton for Feb delivery, mar delivery is quoted at USD 742.5 (USD 692.5) per ton and AMJ delivery is quoted at USD 737.5 (USD 692.5) per ton. CNF sun oil (Ukraine origin) Jan monthly average was at USD 711.12 per ton compared to USD 695.4 per ton in Dec. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 700-780 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD -12 (USD 29.5 last week) per ton for Feb delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 145 (USD 147.5) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 800 (Rs 760) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 810 (Rs 760) per 10 kg as on Jan 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 760-840 per 10 Kg.

Groundnut oil:
Domestic Market Fundamentals



- Groundnut oil featured weak trend during the month in review on weak demand.
- Groundnut oil prices fell in January on weak demand.

Groundnut oil demand fell in the month of January as peak demand season over. Retail demand weakened due to regular fall in lower prices.

Due to regular fall in prices of groundnut oil prices retail demand weakened due to postponement of demand.

Demand of groundnut oil decreased due to high volatility of prices.

Higher volatility in groundnut oil prices leads to decrease of demand.

Fall in prices of groundnut supported the fall. Fall in raw material prices led to lower in product prices.

Groundnut prices have risen due to lower crop of groundnut due to scanty rainfall.

Groundnut Rabi crop are is less South India (Rayalseema) due to severe deficit of rains.

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 6.73 lakh in current season.

So, total stock in NAFED is 10.33 lakh tons apart from additional stocks with trade and farmers. High stocks are weighing on prices of groundnut.

NAFED is planning to sell groundnut in open market. However, no date has been decided. Total disposal groundnut with NAFED is greater than last year.

Demand of groundnut oil will increase at between Rs 900-920 per 10 kg levels. However, as peak demand season in February prices will fall.

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

Crushing is progressing slowly due to weak demand of groundnut oil.

Retail demand of groundnut oil decreased at higher levels.

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

Crushers have low 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 fall on decreased 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 fell parity with Gujarat and weak demand. Stock position of groundnut oil is good in the market. There is parity in crush of groundnut in south India. Groundnut arrivals are expected to be normal in Feb.

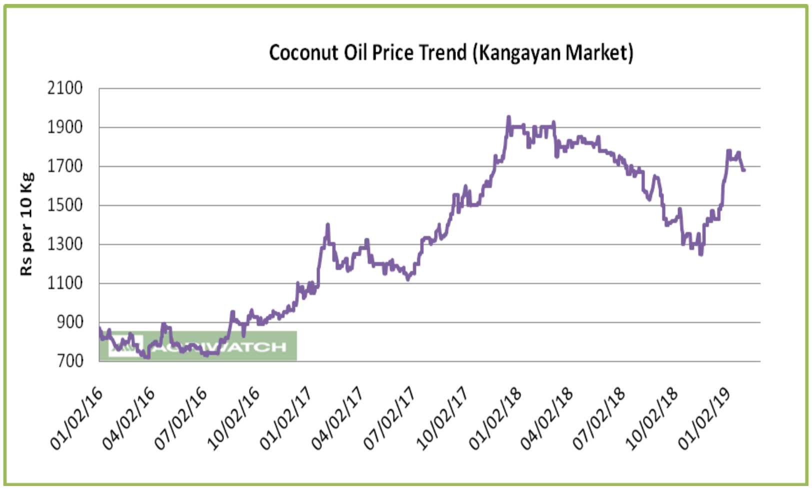
Prices are expected to trade weak on weak demand and weak activity in cash markets.

Prices are expected to trade sideways to firm.

- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 9,350 (9,700) per quintal and quoting at Rs 9,500 (Rs 9,600) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to weak tone in the coming days.

Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 880-1000 per 10 Kg.

Coconut oil:
Domestic Market Fundamentals



- Coconut oil featured firm trend at its benchmark market in Kangeyam on rise in prices of copra and rise in competitive oils.
- Prices of coconut oil traded firm in the month of Jan on 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 did 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 pirces.

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 last quarter of 2018 after tepid demand in first three quarter 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.

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.

Coconut oil will show fall in prices in early 2019.

Rise than prices of coconut oil in 2018 due to fall in production of coconut oil will lead 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 lower stock of copra stocks and coconut oil. They are not confident of prices and are active in ready markets.

Traders and upcountry buyers are not stocking as they are not confident of coconut oil prices.

Higher and volatile prices of coconut oil for a long period will decrease demand in medium to long term.

Prices are expected to be weaken in February on weak retail demand, weak demand from corporates. 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 15,300 (14,800) per quintal, and quoting Rs 16,800 (16,800) per quintal in Erode market on Jan 31, 2019.
- 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 1500-1800 per 10 Kg.

International Soy oil Market Fundamentals

- Soy oil prices are supported by US and China trade talks, fall in production of soybean in Brazil, bad weather in soybean growing regions in Argentina, weak dollar and rise in crude oil prices.

  Renewed optimism in global market of trade settlement between US and China US as trade talks are on. China has purchased 2.2 MMT of soybean in second day of talks. Trade talks between US and China has begun from Jan 30. US President has appreciated China's intent of buying 5 MMT of soybean has given optimism of broader trade settlement between both the countries.

  Trade is watching China buying intentions. Trade settlement US and China is expected to support soybean complex prices.

  Soybean crop harvest has started in Brazil and it has reached 19 percent compared to 6 percent and 6 percent 5 year average. However, Brazil is facing drought in many areas and flooding in some regions, which is expected to reduce soybean crop of the country due to fall in yields in drought-affected areas. Some center and west Brazil soybean areas especially in Parana and Mato Grosso is facing dry conditions. South Brazil is facing flooding in many areas similar to Argentina weather thereby slowing harvesting and reducing yields. Around 5-10 MMT of soybean crop is estimated to be lost due to drought. Soybean crop is estimated around 110 MMT in 2018/19. This will reduce exportable surplus of soybean from Brazil.

  Exports from Brazil is set to fall to 65-70 MMT in 2018/19 from 80 MMT in 2017/18.

  This may cut soybean imports by China leading to higher buying of US and Argentina's soybean in 2019.

  Soybean crop in Argentina faced flooding due to rains, which has reduced its planted area. Planting are have been reduced by Buenos Aires Grains Exchange. There is potential loss in soybean crop or may reduce yields in various areas. Soybean crop in Argentina looks below 50 MMT due to flooding. Argentina Exchange has reduced soybean crop estimate to 49-51 MMT.

  China purchased 40 percent less soybean in December due to trade war between US and China. Weak demand from China due to weak demand from feed sector due to lowering of protein feed quality, outbreak of swine flu, alternate source of protein and liquidation of soybean state reserves by China. Receding supply of soybean from Brazil and Argentina and increased edible vegetable oils imports to keep its oil market in check. However, China must import more soybeans to control soy meal prices it the country, which is reeling due to outbreak of swine flu and negative crush margins.

  China purchased 97 percent of soybean exported from Brazil indicating tight condition of soybean globally, which has forced Bejing to resume talks with US.

  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 expected in coming months.

  China imported 88 MMT of soybean in 2018, according to CNGOIC, much lower than 95 MMT in 2017.

  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.

  China is liquidating soybean state reserves, 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.

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 65 percent of capacity, which leads to higher disposable soybean.

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

Competitive oils like BMD palm oil and DALIAN RBD palmolein is expected to trade firm due to firm demand prospects, which will support soy oil prices.

Soy oil prices have risen after correcting more than 30 percent in 2018 due to trade dispute between US and China and record soybean crop in US 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 is expected to rise due to OPEC plan to cut crude oil production. Resumption of US crude imports by China will support crude oil prices.

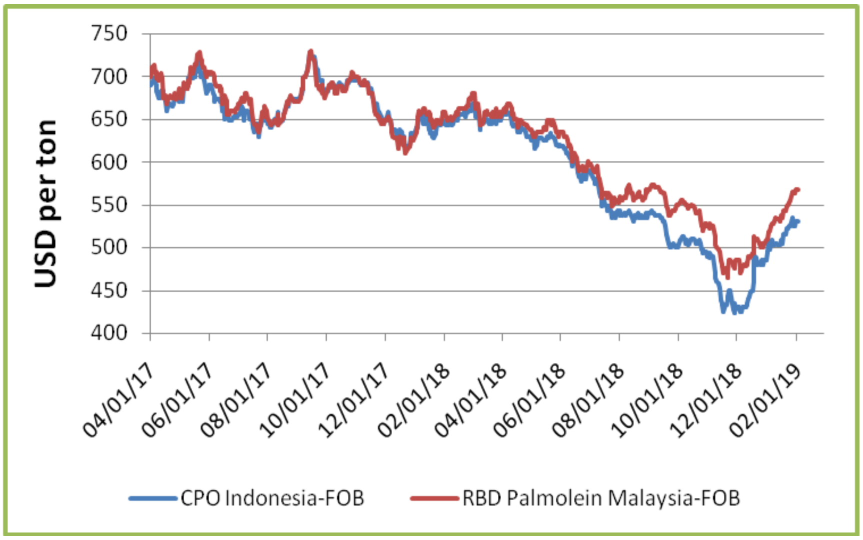
- USDA WASDE Oilseeds Highlights- The U.S. season- average soybean price for 2018/19 is forecast at $7.85 to $9.35 per bushel, unchanged at the midpoint. Soybean meal and oil price forecasts are also unchanged at $290 to $330 per short ton and 28.0 to 32.0 cents per pound, respectively.

Price Outlook*:* We expect Ref. soy oil with VAT to trade in the price band of Rs 740-820 per 10 Kg.

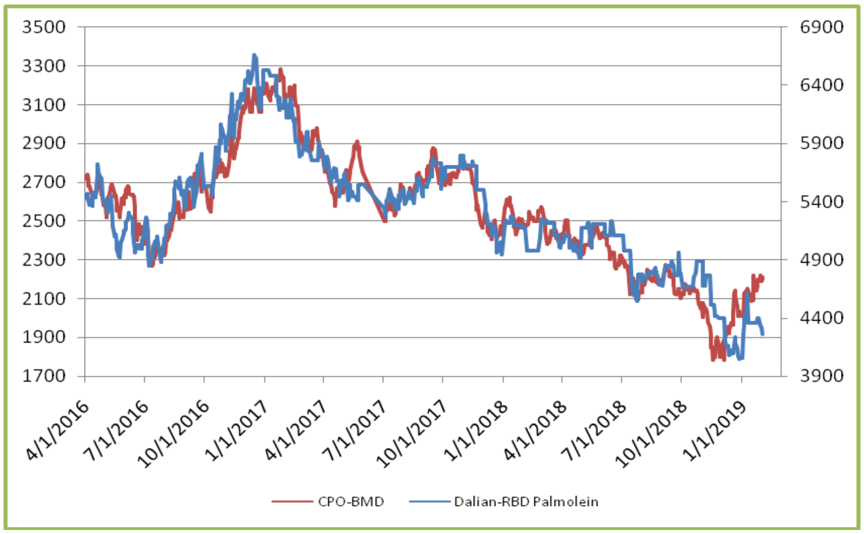
International Palm oil Market Fundamentals

Palm oil prices are likely to rise due to expectation of fall in end stocks of palm oil in Malaysia and Indonesia in coming months, fall in production of palm oil in Malaysia, higher exports of palm oil from Malaysia in February.

Reduction of palm oil import duty by India by favoring RBD palmolein imports from Malaysia will support palm oil prices. However, impact of demand will take time to settle. Fundaments of palm oil is strong and will weigh on markets.



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



End stocks of palm oil are expected to remain above 3 MMT after record stocks in December and it will stay below 4 MMT in Indonesia in January.

Primary cause of fall in stocks of palm oil is lower production and firm demand.

Production of palm oil is expected to weak trend in Malaysia in January on seasonal downtrend of production. However, fall in production of palm oil in Malaysia in January will be limited.

Exports of palm oil is expected to remain show firm trend in Jan due to firm demand from EU, China and India.. Data from cargo surveyors show firm exports of palm oil from Malaysia in January.

Demand from China and India will remain elevated in January due to rising 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.

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 in 2019 due to weak plant profile, shortage of labor and lower fertilizer use and production will not cross 21 MMT in 2019.

Production of palm oil is expected to rise 10 percent in Indonesia in 2019 on higher produce from maturing plantations, according to GAPKI.

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 were 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 removal of export levy on Indonesia. 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 will support palm oil prices.

Exports of palm oil rose 8.5 percent in January, according to cargo surveyor SGS, on firm demand from EU, India and China.

Demand from India was firm on lower import duty in Malaysia RBD palmolein by India and bargain buying by India as it is price sensitive country.

CBOT soy oil is expected to be supported by rise in soybean complex prices due to US and China trade settlement. Falling soybean crop in Argentina and Brazil will support 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.

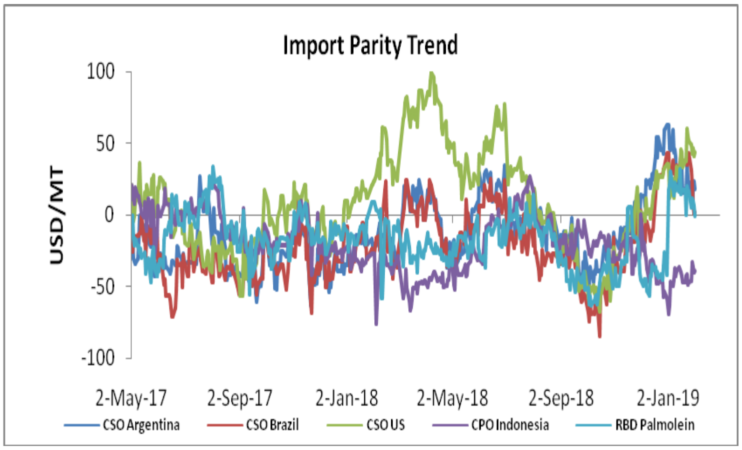
Malaysia abolished palm oil export duty for February to decrease rising stocks of palm oil in the country.

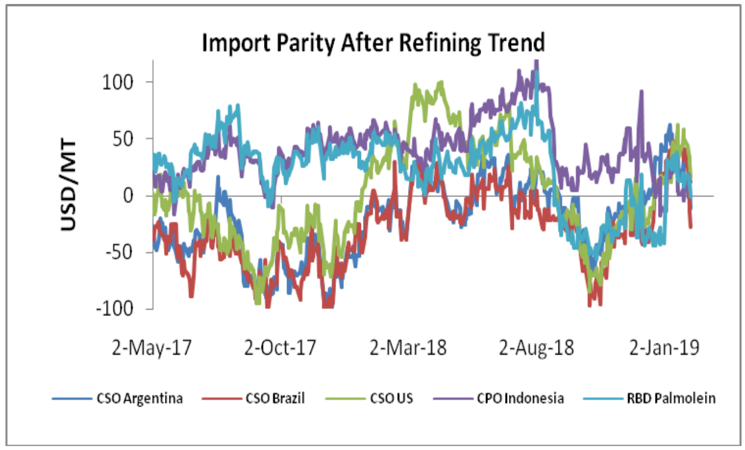
- According to Government of India (GOI) notification number 84/2018-Customs dated 31 December 2018, import duty on crude palm oil is reduced to 40 percent from 44 percent while on refined palm oil is reduced to 50 percent from 54 percent. This makes total import duty on crude palm oil to 44 percent 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 December palm oil stocks rose 6.92 percent to 32.15 lakh tons compared to 30.07 lakh tons in November. Production of palm oil in Dec fell 2.02 percent to 18.08 lakh tons compared to 18.45 lakh tons in Nov. Exports of palm oil in Dec rose 0.57 percent to 13.83 lakh tons compared to 13.75 lakh tons in Nov. Imports of palm oil in Dec fell 19.15 percent to 1.09 lakh tons compared to 1.35 lakh tons in Nov. End stocks of palm oil rose more than trade expectation on lower than expected rise in exports.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's Jan palm oil exports rose 8.5 percent to 1,453,589 tons compared to 1,339,879 tons last month. Top buyers were European Union 405,867 tons (249,669 tons), China at 264,722 tons (322,610 tons), India at 253,450 tons (277,010 tons), United States at 83,100 tons (75,550 tons) and Pakistan at 29,000 tons (63,000 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's Jan palm oil exports rose 14.7 percent to 1,466,932 tons compared to 1,278,661 tons last month. Top buyers were European Union 402,246 tons (226,482 tons), India & subcontinent 329,575 tons (322,010 tons) and China at 255,350 tons (300,810 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 14.1 percent in November y-oy to 2.99 MMT from were 2.64 MMT in Nov 2017. Exports of palm oil (CPO and PKO) were fell 4.8 m-o-m in Nov at 2.99 MMT compared to Oct 2018 at 3.14 MMT. Stocks of palm oil in Nov 2018 fell to 3.89 MMT from 4.41 MMT in Oct 2018.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia kept February crude palm oil export duty unchanged at 0.0 percent. Export duty of palm oil is calculated at reference price of 1904.44 ringgit ($463.48) 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 February export duty unchanged at zero. The reference price crude palm oil (CPO) is set at USD 565.4 per ton below threshold price of USD 750 per ton. Export levy on CPO will be triggered at USD 570 per ton. Indonesia has kept crude palm oil export duty at zero since May 2017.
- ***Price Outlook:*** We expect CPO Kandla 5% to trade in the price band of Rs 520-600 per 10 Kg.

Import Parity Trend





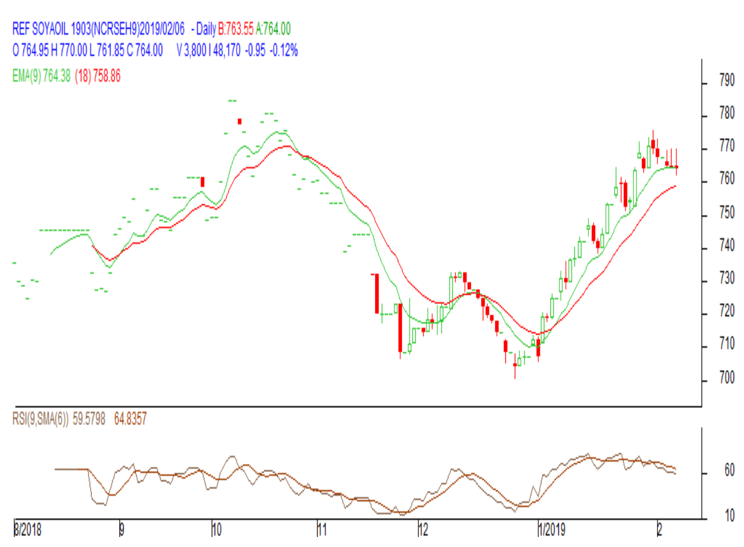
Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Nov, 2018	-11.43	-27.88	-17.98	36.32	-16.09
Dec, 2018	10.54	-16.33	-8.87	27.63	-32.68
Jan, 2018	32.50	32.11	36.83	11.58	19.21

Outlook-:

Import parity for CDSO Argentina has increased due to rise in domestic prices of soy oil and appreciation of Rupee. We expect CDSO import parity to remain in parity in February due to firm Rupee. Parity in CPO is less than RBD palmolein. However, it may weaken due to rise in prices of palm oil in international markets.

Technical Analysis (Refined soy oil Monthly Charts)

Refined soy oil Futures (NCDEX, Daily Mar chart)	Refined soy oil (Indore (Monthly Chart inclusive VAT))
	

Outlook – Prices are likely to trade sideways to firm tone in the days ahead. Investors are advised to buy refined soy oil (Mar 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 750 in monthly chart will bring prices to 740 levels.
- Expected price band for next month is 720-790 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 760 for a target of 780 and 785 with a stop loss at 750 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
733.00	750.00	766.40	780.00	800.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 740-820 per 10 Kg.

Technical Analysis (Crude Palm oil Monthly Charts)

Crude Palm oil Futures (MCX, Feb Daily chart)	Crude Palm oil Kandla (Monthly Chart)
	

Outlook - Prices may trade with a sideways to firm tone in the coming days. Investors are advised to buy MCX CPO (Feb 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 580 in monthly chart might bring the prices to 590 levels.
- Expected price band for next month is 500-600 level in near to medium term. RSI and MACD are indicating uptrend.

Strategy: Market participants are advised to go long in CPO above 565 for a target of and 585 and 590 with a stop loss at 555 on closing basis.

CPO MCX

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
530.00	549.00	570.5	580.00	600.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 520-600 per 10 Kg.

Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg) 31-Jan-19	Prices(Per 10 Kg) 31-Dec-18	Change
Refined Soybean Oil	Indore	780	730	50
	Indore (Soy Solvent Crude)	745	695	50
	Mumbai	780	740	40
	Mumbai (Soy Degum)	740	705	35
	Kandla/Mundra	775	725	50
	Kandla/Mundra (Soy Degum)	745	702	43
	Kolkata	815	780	35
	Delhi	822	775	47
	Nagpur	778	736	42
	Rajkot	765	720	45
	Kota	780	740	40
	Hyderabad	760	750	10
	Akola	779	736	43
	Amrawati	779	735	44
	Bundi	793	750	43
	Jalna	781	735	46
	Solapur	770	719	51
	Dhule	779	735	44
Palm Oil*	Kandla (Crude Palm Oil)	591	528	63
	Kandla (RBD Palm oil)	625	562	63
	Kandla RBD Pamolein	677	609	68
	Kakinada (Crude Palm Oil)	588	541	47
	Kakinada RBD Pamolein	677	630	47
	Haldia Pamolein	677	627	50
	Chennai RBD Pamolein	683	635	47
	KPT (krishna patnam) Pamolein	672	625	47
	Mumbai RBD Pamolein	683	635	47
	Mangalore RBD Pamolein	683	635	47
	Tuticorin (RBD Palmolein)	688	628	60
	Delhi	710	640	70
	Rajkot	667	609	58
	Hyderabad	660	606	54
	PFAD (Kandla)	362	320	42
	Refined Palm Stearin (Kandla)	588	541	47
	Superolien (Kandla)	704	667	37
	Superolien (Mumbai)	714	677	37

*** inclusive of GST**

Refined Sunflower Oil	Chennai	800	760	40
	Mumbai	820	790	30
	Mumbai(Expeller Oil)	740	710	30
	Kandla (Ref.)	800	760	40
	Hyderabad (Ref)	810	775	35
	Latur (Expeller Oil)	770	750	20
	Chellakere (Expeller Oil)	735	710	25
	Erode (Expeller Oil)	835	795	40
Groundnut Oil	Rajkot	930	970	-40
	Chennai	960	960	Unch
	Delhi	950	950	Unch
	Hyderabad *	970	980	-10
	Mumbai	970	990	-20
	Gondal	940	985	-45
	Jamnagar	940	980	-40
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	820	790	30
	Jaipur (Kacchi Ghani Oil)	835	812	23
	Kota (Expeller Oil)	800	780	20
	Kota (Kacchi Ghani Oil)	815	790	25
	Neewai (Expeller Oil)	808	790	18
	Neewai (Kacchi Ghani Oil)	818	795	23
	Bharatpur (Kacchi Ghani Oil)	820	810	10
	Sri-Ganga Nagar(Exp Oil)	805	780	25
	Sri-Ganga Nagar (Kacchi Ghani Oil)	815	800	15
	Mumbai (Expeller Oil)	805	830	-25
	Kolkata(Expeller Oil)	930	930	Unch
	New Delhi (Expeller Oil)	847	830	17
	Hapur (Expeller Oil)	885	905	-20
	Hapur (Kacchi Ghani Oil)	925	945	-20
	Agra (Kacchi Ghani Oil)	825	815	10
Refined Cottonseed Oil	Rajkot	740	695	45
	Hyderabad	750	695	55
	Mumbai	760	705	55
	New Delhi	740	675	65
Coconut Oil	Kangayan (Crude)	1680	1670	10
	Cochin	1530	1480	50
Sesame Oil	New Delhi	1560	1600	-40

	Mumbai	0	0	Unch
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	630	605	25
Rice Bran Oil (4%)	Punjab	605	605	Unch
Malaysia Palmolein USD/MT	FOB	568	508	60
	CNF India	600	525	75
Indonesia CPO USD/MT	FOB	530	485	45
	CNF India	558	500	58
RBD Palm oil (Malaysia Origin USD/MT)	FOB	563	493	70
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	558	493	65
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	865	875	-10
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	433	345	88
Crude palm Kernel Oil India (USD/MT)	CNF India	800	845	-45
Ukraine Origin CSFO USD/MT Kandla	CIF	750	700	50
Rapeseed Oil Rotterdam Euro/MT	FOB	735	707	28

Argentina FOB ($/MT)	31-Jan-19	31-Dec-18	Change
Crude Soybean Oil Ship	698	601	97
Refined Soy Oil (Bulk) Ship	722	622	100
Sunflower Oil Ship	645	610	35
Cottonseed Oil Ship	678	581	97
Refined Linseed Oil (Bulk) Ship	0	0	Unch
			**** indicates including GST***

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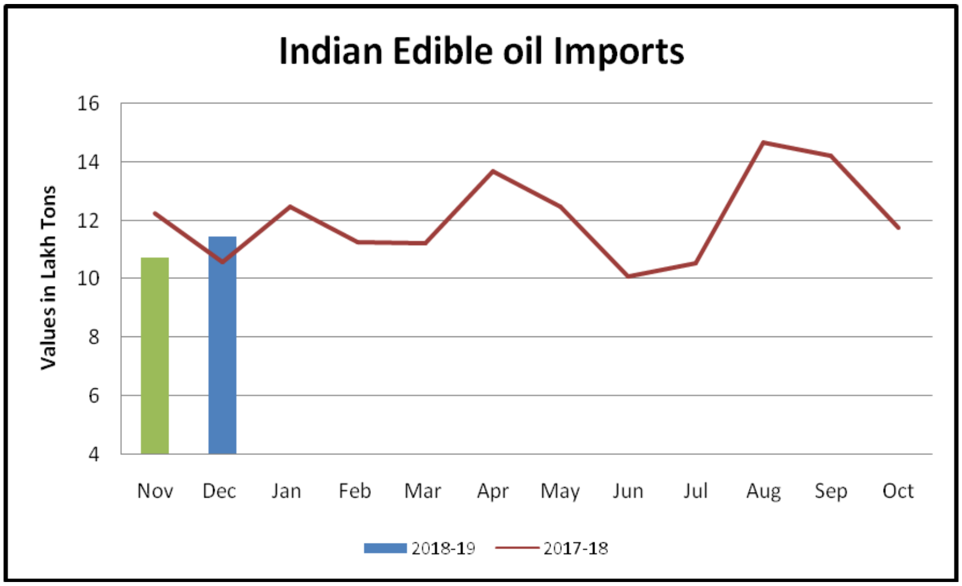
Annexure:

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 Dec is pegged at 11.46 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 01/02/2019	**CSO Argentina**	**CSO Brazil**	**CSO US**	**CPO Indonesia**	**RBD Palmolein**
FOB USD per ton	684	700	643	530	568
Freight (USD/MT)	47	47	62	35	29.0
C & F	731.0	747.0	705.0	565.0	597.0
Weight loss (0.25% of FOB)	1.71	1.75	1.61	1.33	1.42
Finance charges (0.4% on CNF)	2.92	2.99	2.82	2.26	2.39
Insurance (0.3% of C&F)	2.19	2.24	2.12	1.70	1.79
CIF (Indian Port - Kandla)	738	754	712	570	603
Duty (Values in USD per tons)	282.59	282.59	282.59	242.88	288.59
GST (5% on duty) USD per ton	14.13	14.13	14.13	12.14	14.43
Exchange rate	71.11	71.11	71.11	71.11	71.11
Landed cost without customs duty in INR per ton	52467	53615	50598	40553	42851
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	734	734	734	552	583
Fixed exchange rate by customs department	72.10	72.10	72.10	72.10	72.10
Duty component in INR per ton	20374.74	20374.74	20374.74	17511.65	20806.98
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	74242	75390	72373	59464	65058
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	75500	75500	75500	56700	65000
Total landed cost USD per ton	1044	1060	1018	836	915
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1062	1062	1062	797	914
Parity INR/MT (Domestic - Landed)	**1258**	**110**	**3127**	**-2764**	**-58**
Parity USD/MT (Domestic - Landed)	**17.70**	**1.54**	**43.98**	**-38.87**	**-0.81**
					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	78741.62	79890.19	76872.53	66964.26	67857.79
Soy/Palm oil imported Price (Including tax)	82678.70	83884.69	80716.15	70312.47	71250.68
Loose price of Soy/Palm in Indore and Delhi market	81900.00	81900.00	81900.00	71200.00	71200.00
Parity after processing and Taxes (Rs per MT)	**-778.70**	**-1984.69**	**1183.85**	**887.53**	**-50.68**
Parity after processing and Taxes (USD per MT)	**-10.95**	**-27.91**	**16.65**	**12.48**	**-0.71**
					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				
Quaterly 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				
Quaterly 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
E - Estimated (likely to be revised subsequently)					
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