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# Veg. Oil Monthly Research Report

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**Outlook and Review:  
Domestic Front**

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

*Groundnut oil (Rajkot) 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 weak on weak fundamentals.*

*On the currency front, Indian rupee is hovering near 69.20 compared to 69.22 last month. Rupee is expected to depreciate in May. Crude oil prices are expected to rise in May.*

**Recommendation:**

*In NCDEX, market participants are advised to go short in RSO below 725 for a target of 705 and 700 with a stop loss at 735 on closing basis.*

*In MCX, market participants are advised to go short in CPO below 525 for a target of 505 and 500 with a stop loss at 535 on closing basis.*

*Market participants can buy refined soy oil in the cash markets at 720-730 for the target of 750-760 levels (Indore), if needed. Market participants can buy CPO Kandla 5% in the cash markets at 490-500 for the target of 520-530 levels, if needed.*

**International Veg. Oil Market Summary**

*CBOT soy oil (July) is expected to stay in the range of 25 cents/lb to 30 cents/lb. CPO at BMD (June) 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, soybean crop in Brazil, soybean crop in Argentina, 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 and ringgit.*

*On the international front, higher stocks of soybean in US, higher expected planting area of soybean in US, rising soy oil stocks in US, higher crop of soybean in Brazil, lower soybean demand by China, higher soybean crop in Argentina is expected to underpin soy oil prices in coming days.*

*Lower than expected fall in palm oil stocks in Malaysia, lower rise in exports of palm oil from Malaysia, lower fall in production of palm oil Malaysia and Indonesia is expected to underpin CPO prices in near term.*

## Soy oil: Domestic Market Fundamentals

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

Demand of soy oil is expected to rise in May on parity import margins of soy oil. Due to appreciation of Rupee and rise on prices of soy oil in Indian markets parity.

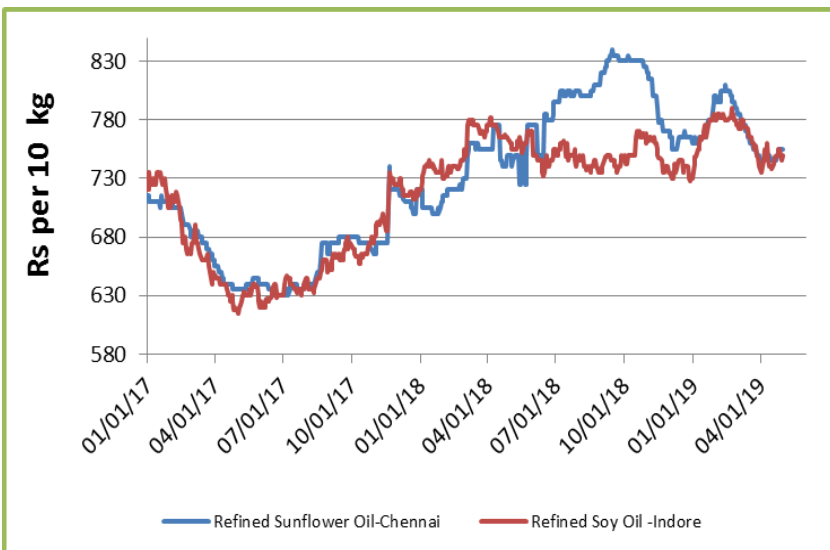
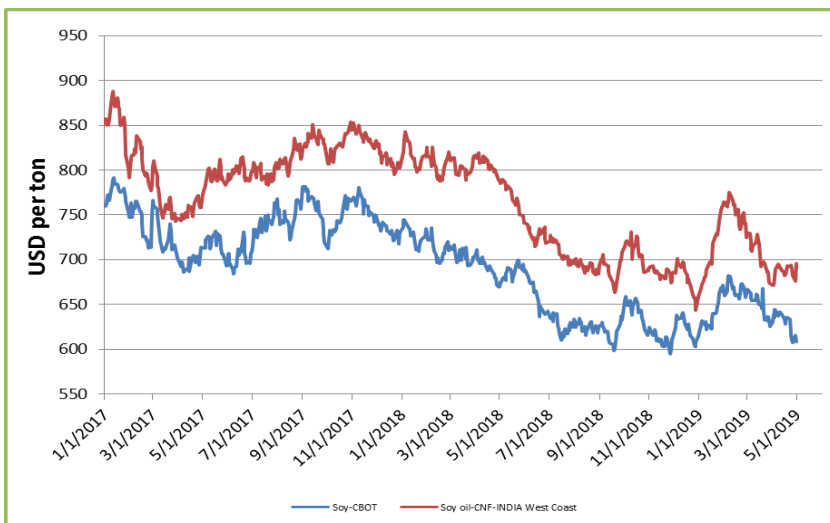
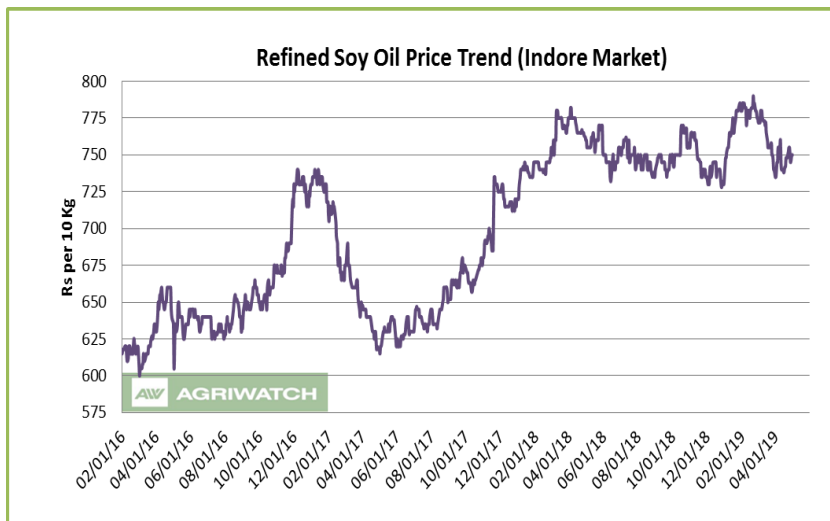
Import prices of soy oil has risen on US-China trade optimism. However, favorable crop condition of soybean in Argentina will make imports cheaper to other imported edible oils.

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.

Import parity of soy oil has increased in April and is at Rs 2.5-3.0 per kg compared to Rs 1.5-2.0 per kg in March.

Refining margins were reported higher in April at Rs 2.5-3.0 per kg compared to Rs 1.5-2.0 per kg in March.

Both higher import parity and high refining margins will lead to higher imports of soy oil in coming months and support prices.



Refined soy oil premium over CPO has increased to Rs 231 (Rs 217 last month) per 10 Kg which is high and will underpin soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 165 (Rs 150 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 53 (Rs 50) per 10 kg indicating weak demand of CDSO compared to refined soy oil in domestic markets.

Landed cost and refining margins are in parity due to rise in prices of soy oil in Indian markets.

Difference increased between CDSO-CNF-India West coast and Soy oil CBOT due to fall in basis (spot prices – futures prices) due to good 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.

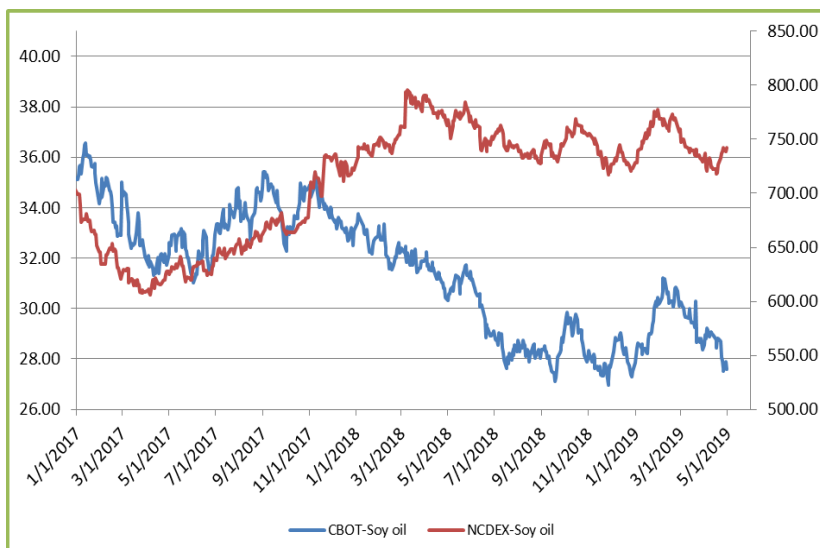
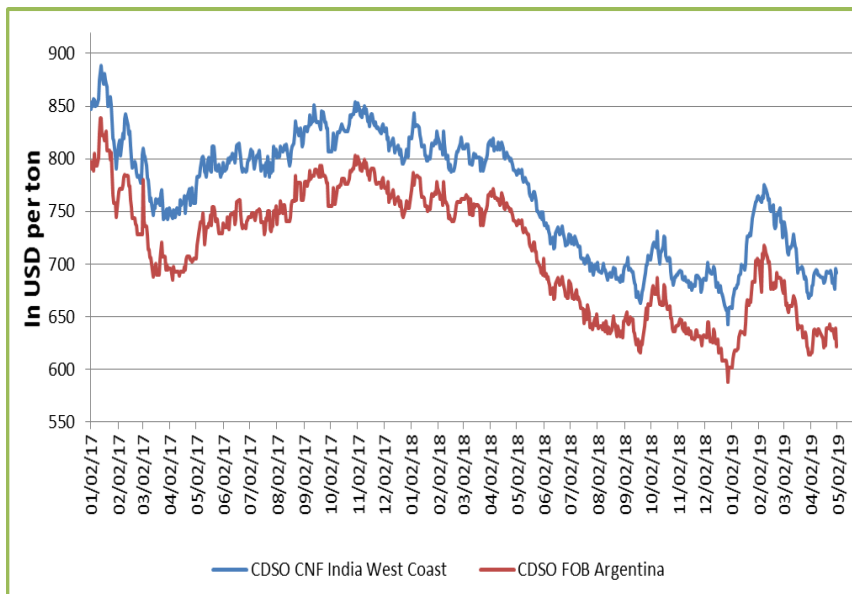
Imports of soy oil rose in Mar compared to Mar 2018 and Feb 2019 and stocks at ports rose indicating firm demand and restocking at ports.

Import parity of soy oil have returned to parity will increase imports.

Prices rose on rise in prices of competing oils like palm oil.

Prices rose on seasonal uptrend of prices.

- Soy oil import scenario – According to SEA, soy oil imports rose 155 percent



y-o-y in Mar to 2.93 lakh tons from 1.15 lakh tons in Mar 2018. In the oil year 2018-19 (Nov 2018-Mar 2019), imports of soy oil were 9.88 lakh tons compared to 8.27 lakh tons in last oil year, higher by 19.47 percent in the corresponding period last oil year.

- Imported crude soy oil CIF at West coast port is offered at USD 675 (USD 676) per ton for May delivery, June delivery is offered at USD 664 (USD 679) per ton and July delivery is quoted at USD 660 per ton. Values in brackets are figures of last month. Last month, CNF CDSO Apr average price was USD 686.88 (USD 705.76 per ton in Mar 2019) per ton.
- On the parity front, margins increased during the month on fall in prices of soy oil in international markets, and we expect margins to remain firm in coming days. Currently refiners fetch USD 35-40/ton v/s loss of USD 25-30/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).

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

## Palm oil: Domestic Market Fundamentals

- CPO prices witnessed firm tone in the month of April at its benchmark market at Kandla on firm demand.

RBD palmolein prices witnessed firm tone in month of April on firm demand.

- Crude palm oil prices rose in Kandla in the month of April 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.

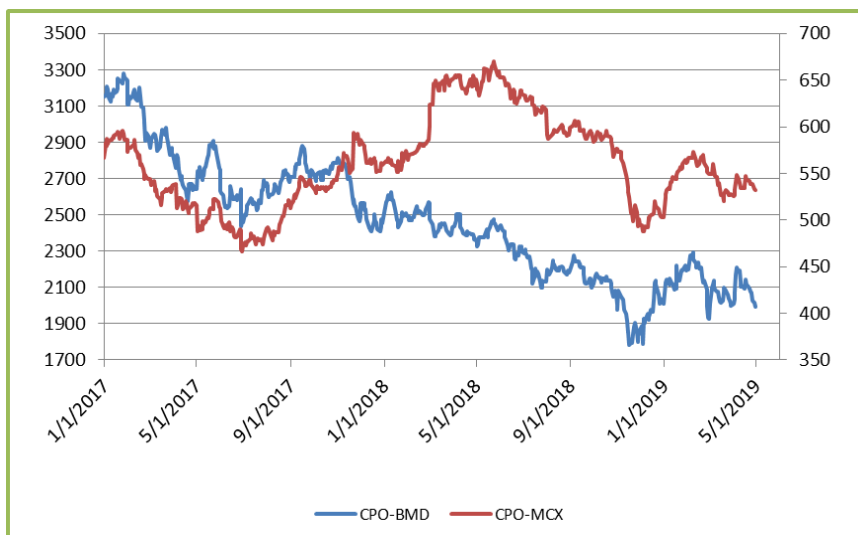
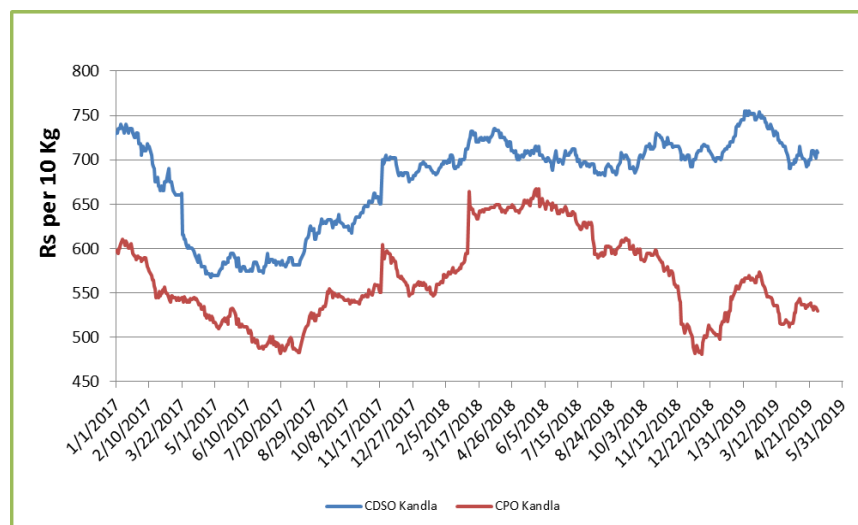
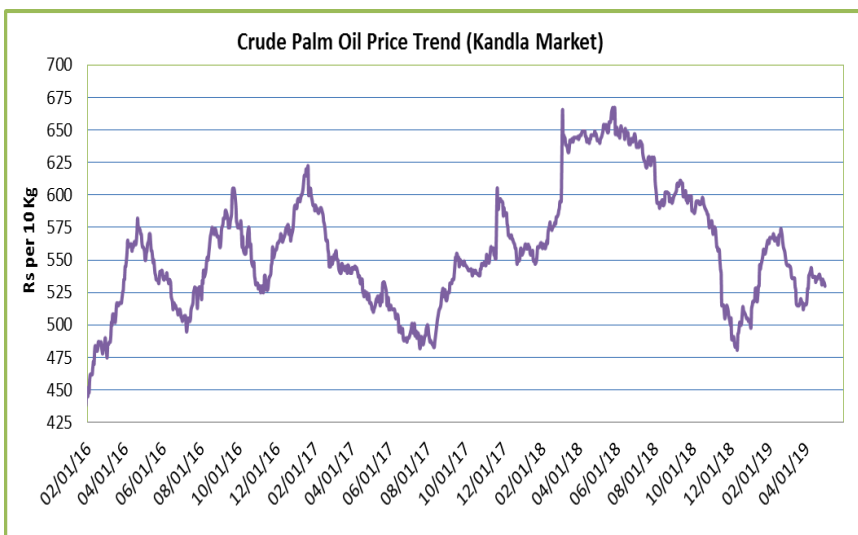
Demand of CPO is firm at CNF markets as prices rose at CNF while it fell at FOB markets.

Supply of CPO has decreased in Indian markets leading to fall in stocks at ports.

Disparity at ports decreased due to rise in prices of palm oil in Indian markets. Rise of prices of palm oil in Indian market was the prime reason for decrease 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 decrease import disparity in May.

CPO trade is weak and traders are having high 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 2.0-2.5 per kg.

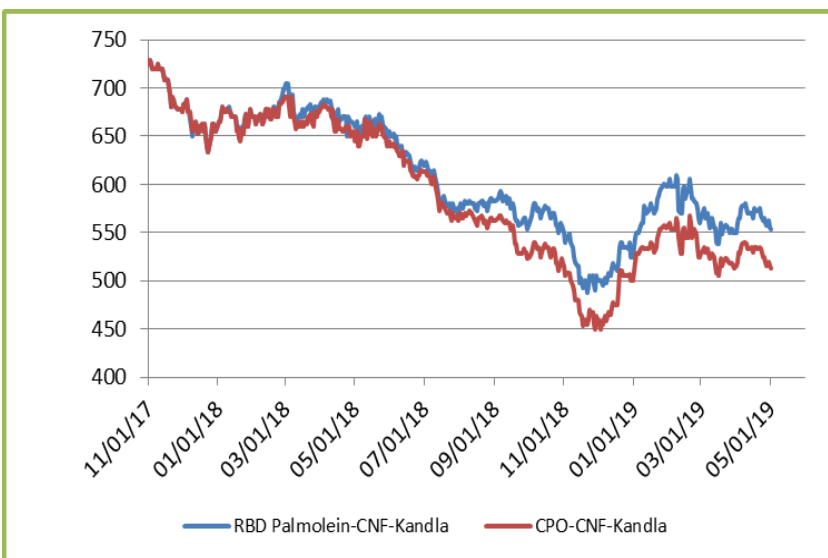
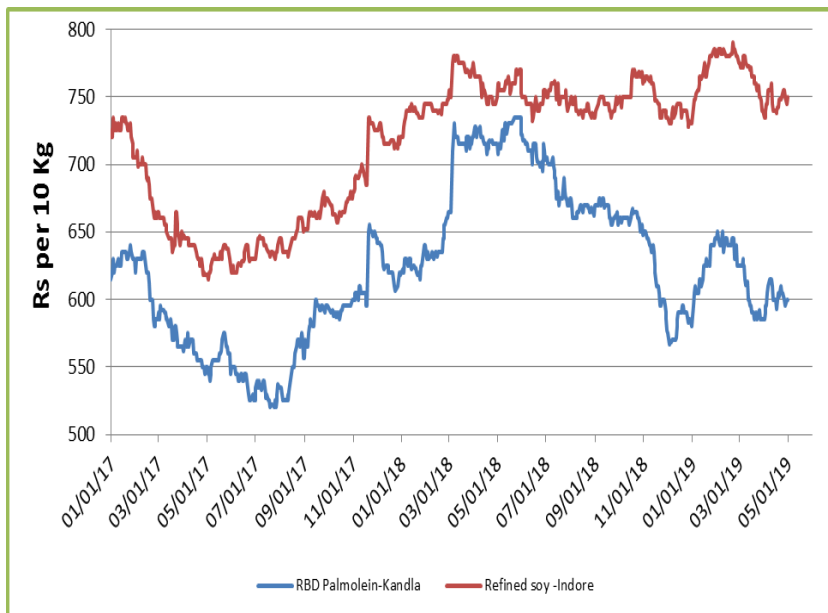
Stocks of CPO at Indian ports fell due to lower imports and destocking at ports.

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

RBD palmolein featured firm tone in its benchmark market on firm demand. Prices of RBD palmolein rose more at high seas compared to CNF markets indicating firm demand at high seas.

Prices of RBD palmolein rose more at CNF markets compared to FOB markets indicating firm demand at CNF markets. Lower import duty on RBD palmolein imports, appreciation of Rupee has improved import demand.

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. Duty differential between CPO and RBD palmolein has decreased from 11 percent to 5.5 percent. This has made CPO uncompetitive and refining margins of CPO will fall below imported palmolein from Malaysia.

RBD palmolein is offered at \$40-45 premium over CPO compared to \$35-40 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 discount to clear stocks as fall in international prices have eroded gains.

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

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



RBD palmolein premium over CPO increased to Rs 68 (Rs 67 last month) per 10 kg indicating weak demand of CPO compared to RBD palmolein at high seas.

Import of CPO in Mar was lower than that of Mar 2018 and Feb 2019. Stocks at ports fell in Mar compared to Feb 2019. Fall of stocks at ports was more than fall in imports indicating firm domestic demand in March

Import of RBD palmolein is rose in Mar compared to Mar 2018 and Feb 2019. Imports rose more in Mar compared to Feb 2019 and stocks rose less 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 in parity. Refining margins in imported CPO is higher than imports of ready to use RBD palmolein.

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.

High soy oil premium over crude palm oil which is hovering at Rs 218 (Rs 217 last month) per 10 Kg will increase demand of CPO and increase imports.

Previous chart in soy oil section shows that premium of soy oil over palm oil has increased in April at CNF markets. Higher premium of crude sunflower CNF India West coast and CPO CNF at USD 218.5 (USD 185) 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 180 (USD 158.5 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 178 (Rs 167 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 165 (Rs 150 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 Mar fell 5.52 percent y-o-y to 8.03 lakh tons from 7.61 lakh tons in Mar 2019. Imports in the oil year 2018-19 (November 2018-March 2019) are reported higher by 2.03 percent y-o-y at 38.73 lakh tons compared to 37.96 in corresponding period last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports fell 19.8 percent y-o-y in Mar to 4.75 lakh tons from 5.92 lakh tons in Mar 2019. Imports in oil year 2018-19 (November 2018-March 2019) were reported marginally lower y-o-y at 28.56 lakh tons compared to 29.79 lakh tons in last oil year, lower by 4.13 percent in the corresponding period last oil year.



RBD palmolein import scenario- RBD palmolein imports rose y-o-y in Mar by 92 percent to 3.13 lakh tons from 1.63 lakh tons in Mar 2018. Imports in oil year 2018-19 (November 2019-March 2019) were reported higher by 24.64 perecent y-o-y at 9.61 lakh tons compared to 7.71 lakh tons in corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 495 (USD 522.5) per ton for May delivery. Last month, CNF CPO Apr average price was at USD 529.64 per ton (USD 521.36 per ton in Mar 2019). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 535 (USD 562.5) per ton for May delivery. Last month, CIF RBD palmolein Apr average price was USD 568.08 (USD 556.12 in Mar 2019) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 532 (Rs 516) per 10 Kg and May delivery duty paid is offered at Rs 537 (Rs 518) per 10 kg. Ready lift RBD palmolein is quoted at Rs 600 (Rs 585) per 10 kg as on Apr 30, 2019. Values in brackets are figures of last month.

- On the parity front, margins rose during the month of April on lower price of palm oil products in international markets and we expect margins to remain weal in coming days. Currently refiners fetch USD 5-10/ton (Apr average) v/s loss of USD 5-10/ton (Mar average) margin in processing the imported CPO but on the imports of ready to use palmolein lose USD 0-5/ton (Apr average) v/s loss of USD 5-10 (Mar average).

**Price Outlook:** We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 480-560 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 decreased in April.
- Rapeseed oil prices traded weak in the month of April in various markets in India on weak demand and weak rapeseed prices.

Demand fell in the month of Apr on weak buying.

Prices fell despite rise in soy oil and palm oil prices indicating weak demand.

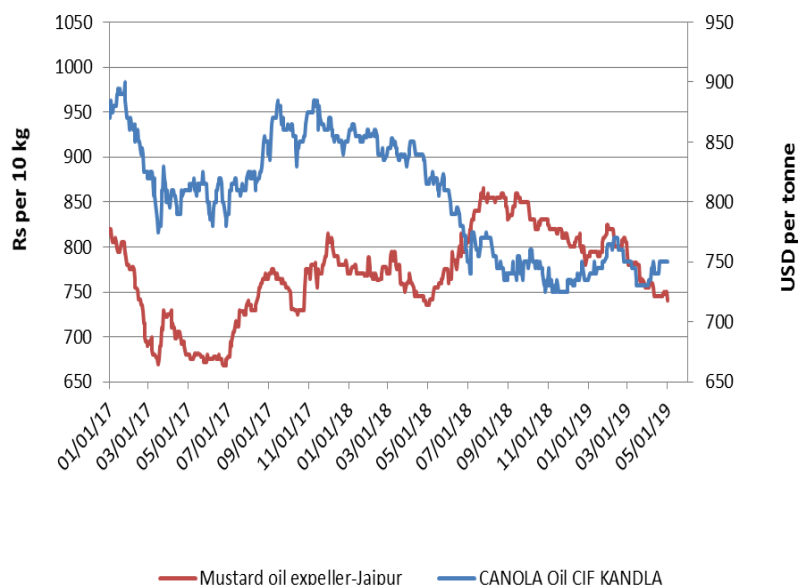
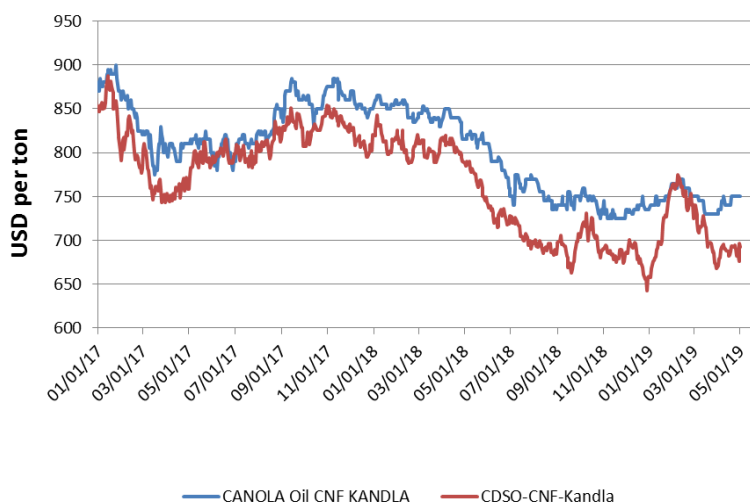
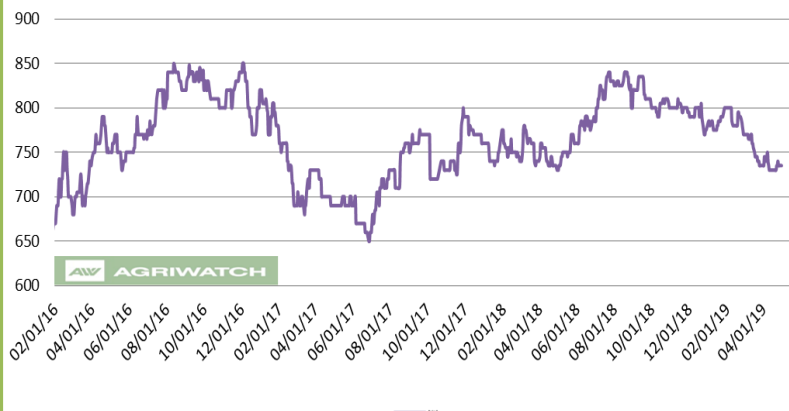
Stocked position is firm against weak demand position.

Rapeseed crop in current marketing year is higher than last year. Agriwatch forecasted rapeseed crop at 7.6 MMT in 2018-19 compared to estimate of 7.1 MMT 2017-18. Rapeseed crop in 2018-19 is higher than 2018-19 on account of higher sowing area in the country and record yields across board in India due to prolonged winter and beneficial rains. Recovery of oil is also at record levels.

Arrivals of rapeseed had peaked in March and has fallen in April. It will continue its fall in May.

Fall in prices of rapeseed oil 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

Mustard Oil Price Trend (Kota Market)



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 13 (Rs 37) 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 75 (USD 54) per ton and will decrease imports.

Above chart shows that Canola and rapeseed expeller oil prices are falling. 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.

Lower premium of expeller rapeseed oil over soy oil in domestic market was at Rs -10 (Rs 15) per 10 Kg, will support rapeseed oil prices in medium term.

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

High premium of rapeseed expeller oil (Jaipur) over RBD palmolein (Kandla) at Rs 178 (Rs 150) per 10 kg will underpin rapeseed oil prices.

Crushing has increased as supply of rapeseed in the market increased. NAFED has fully liquidated stocks of rapeseed and has started to buy new crop of rapeseed and is expected to buy aggressively in coming days will support mustard oil complex.

Currently NAFED is holding 4.14 lakh tons of rapeseed and 0.54 lakh tons with NCDEX.

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

- According to United States Department of Agriculture (USDA) March estimate, India is estimated to import 2.5 LT of rapeseed oil in 2018/19 compared to earlier estimate of 3.5 LT, lower by 28.6 percent y-o-y. Production of rapeseed oil is increased to 21.28 LT in 2018/19 from earlier estimate of 19.19 LT, higher by 10.9 percent. Consumption of rapeseed oil is increased to 24.3 LT from 23.1 LT from its earlier estimate, up 5.2 percent y-o-y. End stocks of rapeseed oil are lowered to 1.96 LT from 2.08 LT in its earlier estimate, down by 5.77 percent y-o-y. Fall in imports of rapeseed oil in India is due to higher production of rapeseed oil.
- Rapeseed oil import scenario- India imported 0.0 lakh tons of rapeseed (Canola) oil in Mar 2019 v/s 0.37 lakh tons in Mar 2018. In the oil year 2018-19 (Nov 2019-Mar 2019) imports were 0.44 lakh tons compared to 1.32 lakh tons in last oil year, lower by 66.66 percent y-o-y.
- CIF Canola oil premium over soybean oil is hovering at USD 75 (USD 54 last month) as on Apr 30, 2019.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 750 (Rs 755) per 10 Kg and at Kota market is quoted around Rs 735 (Rs 745) per 10 kg as on Apr 30, 2019. 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 700-800 per 10 Kg.

## Sunflower oil: Domestic Market Fundamentals

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

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

Due to 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.

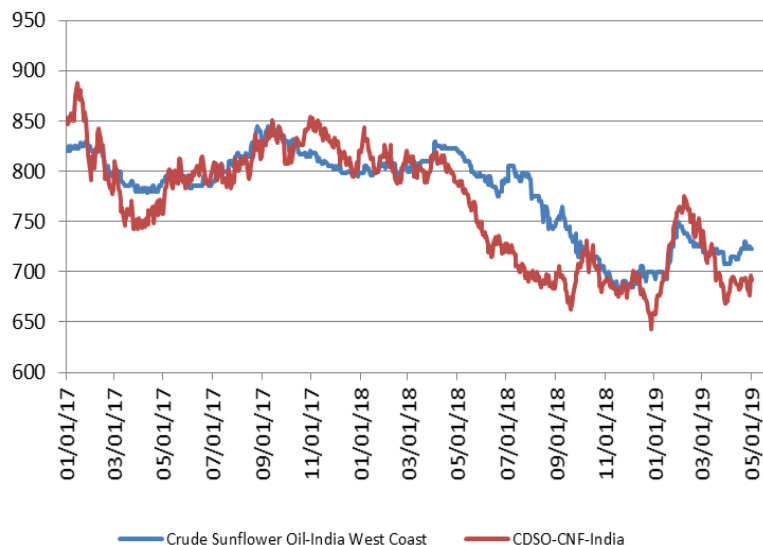
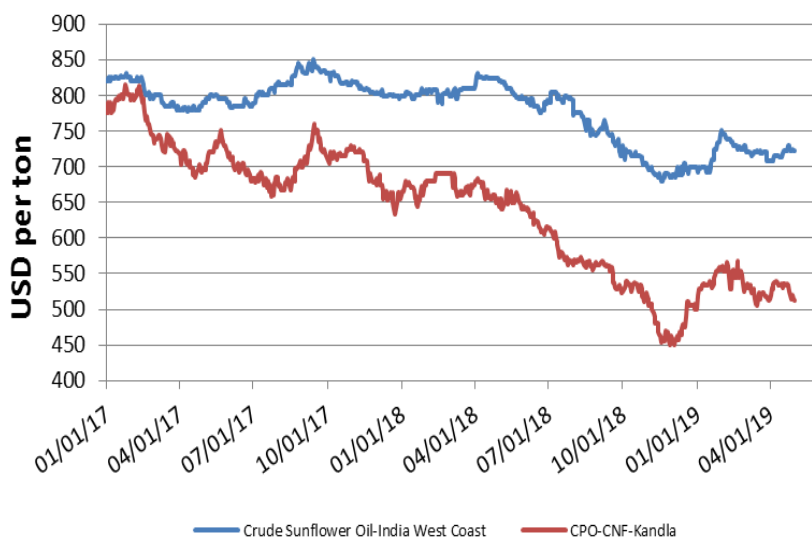
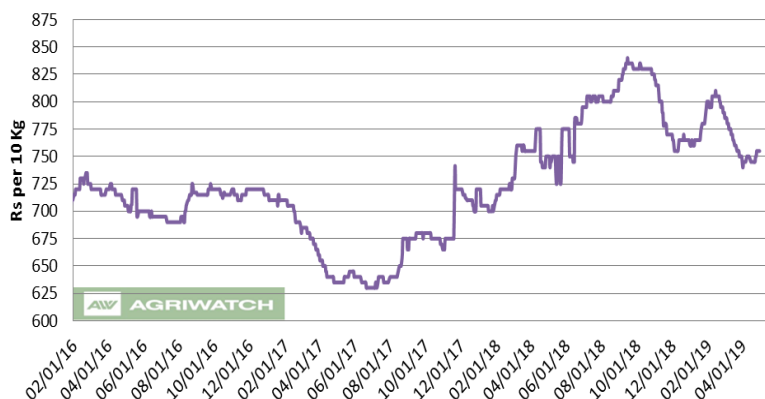
Prices of sunflower oil at CNF markets are rising as prices are rising after months of low prices. Sunflower oil at CNF markets is supported by firm demand from Ukraine. Due to surplus stock of sunflower in Ukraine will cap rise in sunflower oil prices at CNF markets.

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

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

Supply of sunflower oil increased in Mar for four month in a row with imports touching 3 lakh tons

Sunflower Oil Price Trend (Chennai Market)



after 4 months of low imports after hike in its import duty. Stocks at ports rose due to firm imports. 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.

Recent rise in premium of CSFO over CDSO in CNF markets underpin prices in medium term. Imports are expected to be higher in Apr as crude sunflower oil CNF premium over CDSO CNF was low. Imports of sunflower increased due to fall in prices of sunflower oil at CNF markets. Third chart from above shows crude sunflower oil premium over CDSO is was low in April will support imports.

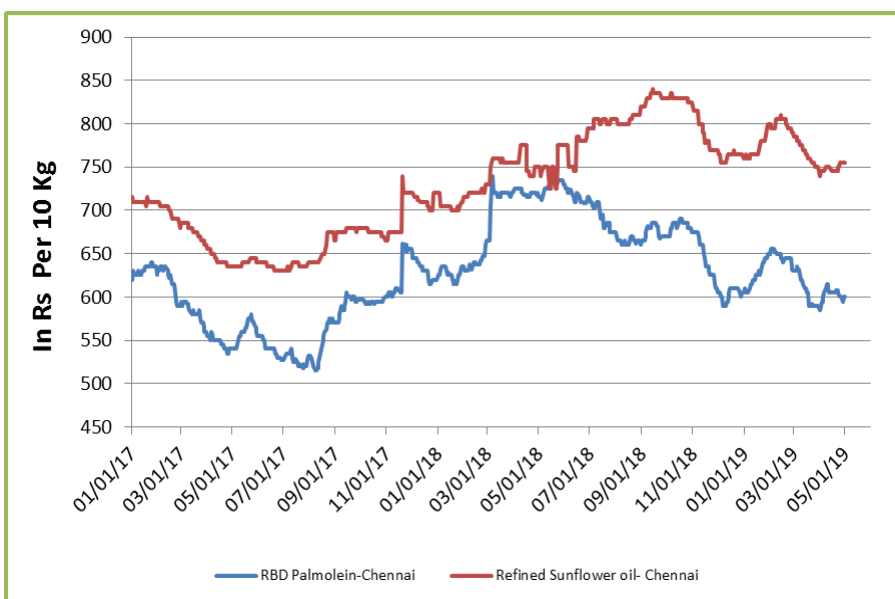
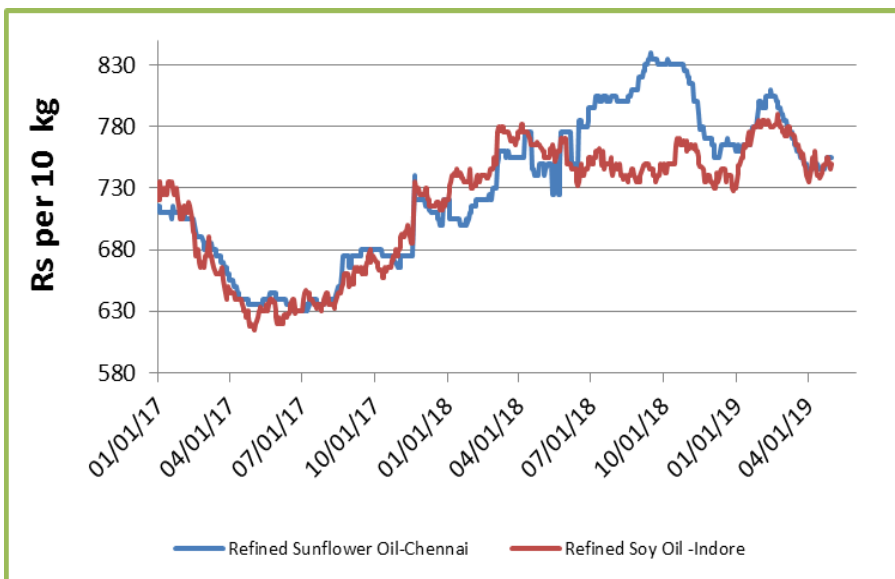
Fourth chart from above shows that sunflower oil prices are highly correlated to soy oil prices in domestic market. However, fifth chart from above shows that sunflower oil premium over RBD palmolein has increased from mid 2018.

Refiners and stockists are stocking as sunflower oil premium over soy oil is increased to USD 63.5 (USD 26 last month) per ton.

In domestic market sunflower oil premium over soy oil is at Rs 5.0 (Rs 0.0) per 10 kg.

Refined sunflower oil premium over RBD palmolein has increased to Rs 170 (Rs 150 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 192.5 (USD 145) per ton at CNF markets. Premium of sunflower oil over RBD palmolein has risen indicating that incentive of importing sunflower oil and selling in domestic market has decreased.



In domestic market, prices is expected to rise in medium term due to firm demand and fall in prices of sunflower oil . However, prices of sunflower oil will be capped due to high premium over RBD palmolein.

Sunflower oil prices are expected to rise on seasonal uptrend 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 May.

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

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 41.9 percent y-o-y in Mar to 2.98 lakh tons from 2.11 lakh tons in Mar 2018. Imports in oil year 2018-19 (November 2018-March 2019) were reported higher by 7.42 percent y-o-y at 11.00 lakh tons compared to 10.24 lakh tons in last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 727.5 (USD 707.5) per ton for June delivery, July delivery is quoted at USD 735 per ton and Aug-Sep delivery is quoted at USD 737.7 per ton. CNF sun oil (Ukraine origin) Apr monthly average was at USD 718 per ton compared to USD 718.6 per ton in Mar. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 700-760 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 63.5 (USD 26 last week) per ton for June delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 192.5 (USD 145) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 755 (Rs 745) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 770 (Rs 765) per 10 kg as on Apr 30, 2019. 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 720-800 per 10 Kg.



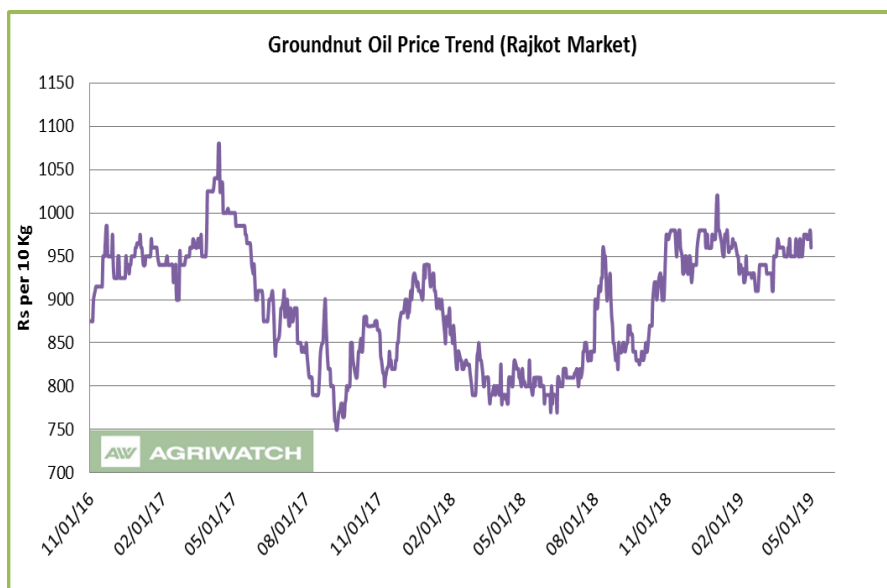
### Groundnut oil: Domestic Market Fundamentals

➤ Groundnut oil featured firm trend during the month in review on firm demand.

➤ Groundnut oil prices rose in April on firm demand and rise in prices of groundnut.

Retail demand firmed at lower levels and stability in prices.

Due to stability in prices of groundnut oil retail demand improved due to renewed demand.



Demand of groundnut oil increased due to lower volatility of prices.

Groundnut price rose in the month leading to rise in groundnut oil prices. Rise in raw material prices led to higher product prices.

Lower volatility in groundnut oil prices leads to increase of demand.

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

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

NAFED has started to selling Kharif 2018 and Kharif 2017 groundnut crop and progressing at steady pace. At present quality of groundnut of Kharif 2018 is good for crushing.

NAFED has started sale of current season crop from 15th February and 2017 Kharif crop with NAFED is 2.44 lakh tons and 2018 Kharif groundnut stock is 5.57 lakh tons.

Stocks with farmers and private traders were about 1.0 lakh tons.

Total progressive sale by NAFED in 2018 Karif is 1.46 lakh in current season and

So, total stock in NAFED is 8.01 lakh tons apart from additional stocks with trade and farmers. However, there is no sale of groundnut by NAFED in Gujarat due to political intervention. Given the pace of sale of groundnut and disappearance there is strong possibility that NAFED will be able to dispose most of the stocks by the end of marketing season 2018-19. Falling stocks are weighing on prices of groundnut.

NAFED is planning to continue aggressive sale groundnut in open market.

Demand of groundnut oil will decrease between Rs 980-1000 per 10 kg levels. As peak demand season is over prices will remain moderated in May.

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

However, there is parity in crush of Kharif 2017 groundnut crop.

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

Retail demand of groundnut oil increased at lower levels.

Exports of groundnut and groundnut oil are have increased due to firm demand from India on political uncertainty in Sudan which has led to lower supply of groundnut in international markets. This will lead NAFED to sell additional amounts of groundnut in open markets.

Further, if prices of groundnut stays high farmers will plant groundnut in Kharif 2019.

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 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 fell substantially due dry condition for groundnut.

In Andhra Pradesh and Tamil Nadu prices of groundnut has rose in parity with Gujarat with firm demand. Demand season of groundnut has arrived as demand stays high in Andhra Pradesh and Tamil Nadu from May-July when pickle and chatni and other value added products lead to high groundnut and groundnut oil demand. Stock position of groundnut oil is good in the market. There is parity in crush of groundnut in south India. Groundnut arrivals are firm and will remain elevated in May.

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

Prices are expected to trade sideways to firm.

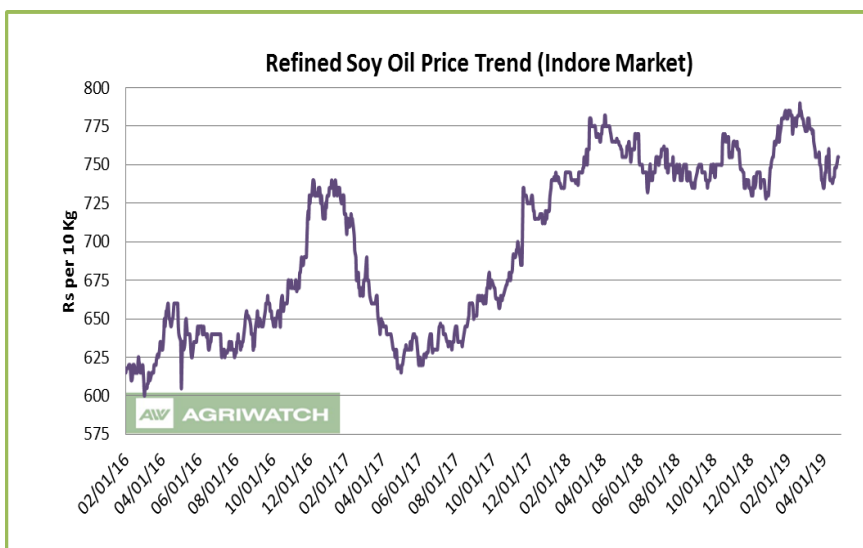
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 9,800 (9,500) per quintal and quoting at Rs 10,000 (Rs 9,400) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to firm tone in the coming days.

**Price Outlook:** We expect Groundnut oil (Rajkot) to trade in the price band of Rs 920-1050 per 10 Kg.

## Coconut oil: Domestic Market Fundamentals

- Coconut oil featured sideways trend at its benchmark market in Kangeyam on weak demand, fall in prices of copra.
- Prices of coconut oil traded sideways in the month of Apr on weak demand, fall in prices of copra.

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



Copra prices fell due to higher supply of copra due to good crop. This let prices of coconut oil fall in 2019.

Prices of coconut oil fell despite rise in palm oil prices indicating weak demand.

Reduction in palmolein import duty adversely affected 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 end 2019, demand may rise at current levels.

Coconut demand has fallen due to regular fall in prices which led to postponement of consumption.

Household consumption has fallen in Kerala in 2019 after firm demand in last 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 weak.

Adulteration of coconut oil is rampant in Kerala and the prices at which adulterated coconut oil sold is less than sales prices of coconut oil. However, FSSAI has banned various brands of coconut oil to control rampant adulteration.

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.

Fall than prices of coconut oil in 2019 due to rise in production of coconut oil will lead to fresh demand.

Export demand of coconut oil will rise due to fall in prices of coconut oil which has made coconut oil dearer in international markets. Bulk exports of coconut oil have weakened.

Millers have low stock of 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.

Lower price and low volatile prices of coconut oil for a long period will increase demand in medium to long term.

Prices are expected to be weakened in May on weak retail demand, weak demand from corporates and weak prices of copra. 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 14,500 (15,100) per quintal, and quoting Rs 13,000 (13,000) per quintal in Erode market on Apr 30, 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 1100-1500 per 10 Kg.

## International Soy oil Market Fundamentals

- Soy oil prices are expected to be underpinned by higher than expected soy oil stocks in US, better than expected soybean crop condition in Argentina, higher than expected soybean crop in Brazil, weak demand of soybean by China amid optimism of US-China trade settlement.

Optimism in global market of trade settlement between US and China has receded. US Treasury secretary has stated that any breakthrough will be made in at least two weeks. Both sides have expressed satisfaction in talks. Further rounds of talks are expected to start next week. However, US president has stated that US is will to walk if trade talks do not fructify. China has started purchasing of soybean during current round of talks. Trade is watching China buying intentions. Premiers of both countries will meet after final settlement. Trade settlement US and China is expected to support soybean complex prices.

Soybean stocks in US has surged due to lower exports of US soybean in last one month leading to record stocks in US after record soybean crop.

Further, due to rains in corn producing regions, farmers in US is expected to shift to soybean due to wet conditions.

Soy oil stocks rose in US in Mar as reported by NOPA despite rise in crush of soybean. Rise in stocks of soy oil in US is due to lower disappearance of soy oil in the country.

All the above factors has led to fall in soybean complex prices especially soy oil prices.

Soybean crop condition of Argentina has improved and more than half of the crop is harvested and yields have come higher than expected. This has led various agencies to revise soybean crop higher. USDA has put the soybean crop of Argentina unchanged at 55 MMT. Argentina government agency Buenos Aires Grains exchange has put the crop at 56 MMT and possibility of upward revision.

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

Higher crop in Argentina will lead to fall in basis above CBOT soy oil and lead to fall in FOB soy oil prices at Argentina.

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.

Soybean harvest in Brazil is almost over and yields reported is much higher than previous estimate. Higher crop in Brazil and Argentina will lead to surge in supply of soybean in international markets thereby lead to loosening of tight condition in both countries and will give China additional tool in US-China trade talks.

China will look for higher purchase of soybean from Brazil leading to higher than expected soybean stock in US.

USDA has increased soybean crop of Brazil in 2018/19 to 117 MMT from 116 MMT in its earlier estimate. Many other agencies including CONAB and AgRural has increased soybean production of Brazil but has cut soybean exports from Brazil due to outbreak of swine flu in China which has led to mass slaughtering of swine and lead to major slowdown of demand of Brail and US soybean. This has aggravated soybean stocks position in the globe. However, Brazil is looking for higher meat exports to China to make for loss of meat due to swine

slaughtering in China. This will increase soybean use in Brazil. Argentina is looking for higher meat exports to China.

China purchased 10 percent higher soybean in March m-o-m. However, imports were 13 percent lower than Mar 2018. China brought soybean in March from both Brazil and US. Due to rising supply of soybean from Brazil led to higher imports from Brazil.

Weak demand of soybean 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. Lower imports of soybean has led to increased edible vegetable oils imports to keep its oil market in check. However, China must 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 88 MMT in an effort by Beijing to move away from US soybean imports.

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

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

Soy oil prices have fallen in 2019 due to firm supply of soybean in global markets are expected to reignite demand and support prices.

Dollar Index is expected to rise on expected hike in interest by US FED in 2019 due to acceleration of US economy will underpin on soy oil prices in near term.

Global crude oil prices are expected to rise due to OPEC plan to cut crude oil production and US sanctions in Iran and Venezuela. Resumption of US crude imports by China will support crude oil prices.

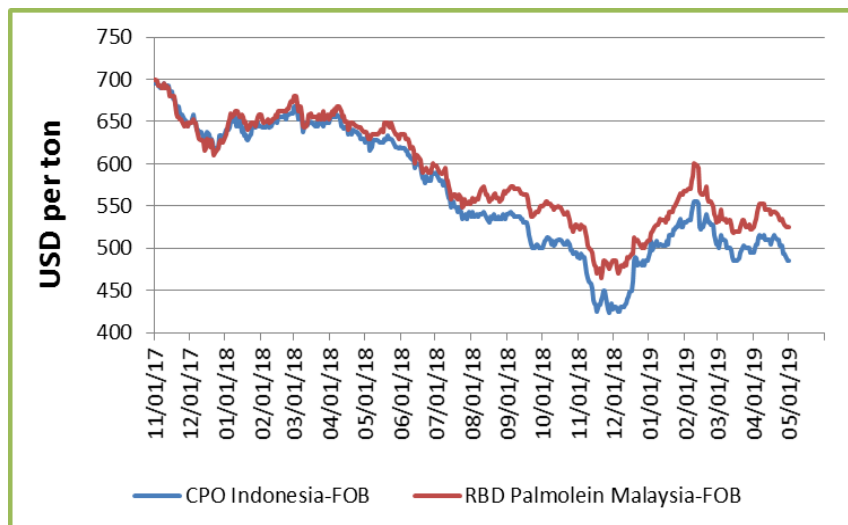
- USDA WASDE Oilseeds Highlights- The season-average soybean price is forecast at \$8.35 to \$8.85, unchanged at the midpoint. Soybean oil price is projected at 28.0 to 30.0 cents per pound, down 1 cent at the midpoint. Soybean meal prices are projected at \$305 to \$325 per short ton, unchanged at the midpoint.

**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 fall due to expectation of lower than expected fall in end stocks of palm oil in Malaysia in April, slow rise in exports of palm oil from Malaysia, slow fall in production of palm oil in Malaysia in April and fall in competing oils are expected to underpin palm oil prices. Further higher than expected palm oil production in Indonesia in 2019 is expected to underpin palm oil prices. Further, US-China trade deal will limit the gains in exports of palm oil from Malaysia and Indonesia from China.

However, rise in depreciation of Ringgit, rise in biodiesel production in Indonesia in 2019 and rise in crude oil prices is likely to support palm oil prices.



Palm oil end stocks is expected to remain around 3 MMT due to lower than expected rise in exports of palm oil from Malaysia in April and slow fall in production of palm oil in coming months.

Exports remained unchanged in April from Malaysia despite firm demand from India, China.

Exports to India grew as it took advantage of lower prices to stock as it is price sensitive market. Further, bargain buying is expected in May. Lowering of import duty on imports of RBD palmolein and preferential treatment given to Malaysia compared to imports from other destination has supported imports. However, seasonally lower imports are expected in next three months. Further, higher stocks of palm oil at Indian ports will limit imports in coming months. However, low import disparity and positive refining margins will increase palm oil imports by India.

China is expected to purchase more palm oil from Malaysia due to lower imports of soybean which has led to lower crush of soybean and lower supply of soy oil leading to higher imports of palm oil. Outbreak of swine flu in China has led to weak demand of soybean leading to lower demand of soybean. Further, China is diversifying from soybean to other sources of protein may lead to higher imports of palm oil.

However, trade settlement between US-China may limit gains in imports of palm oil as China will import more soybean thereby weakening import demand of palm oil.

Production of palm oil is expected to show slow fall in Malaysia in April due to higher fertilizer use and maturing plants.

Reduction of palm oil import duty by India by favoring RBD palmolein imports from Malaysia will support palm oil prices.



Trade war has erupted between EU and Malaysia-Indonesia with former banning palm oil based biodiesel due to rapid deforestation by both Southeast Asian countries. Indonesia has threatened to walk away from Paris climate agreement. This has led to fluid situation in palm oil market and underpin prices in May.

India will cut consignments from Indonesia as Malaysian RBD palmolein will attract Indian buyers.

Palm oil end stocks fell in Indonesia in Mar due to fall in production of palm oil in the country and rise in exports of palm oil. End stocks of palm oil fell below 3 MMT. Removal of export levy has led to clearing of palm oil stocks in the country and will palm oil prices in medium term.

Indonesia has asked India to cut import duty on palm oil to bring it in lines with import duty on palm oil on Malaysia by India in exchange of higher sugar imports from in India by Indonesia.

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

Depreciation of Ringgit is expected to support palm oil prices. Ringgit has depreciated below 4.10/USD. This will make exports of palm oil competitive compared to other oil and same oils with different destinations.

Production of palm oil will rise in Malaysia in 2019 and exports will rise in 2019 compared to 2018. Higher plant cycle and increasing use of fertilizer due to rise in prices of palm oil will support production.

Increasing use of biodiesel in Indonesia will reduce palm oil stocks in the country. The country has mandated 20 percent bio content in any type of gasoline use in the country. Also, Indonesia is working on B30 standards which will

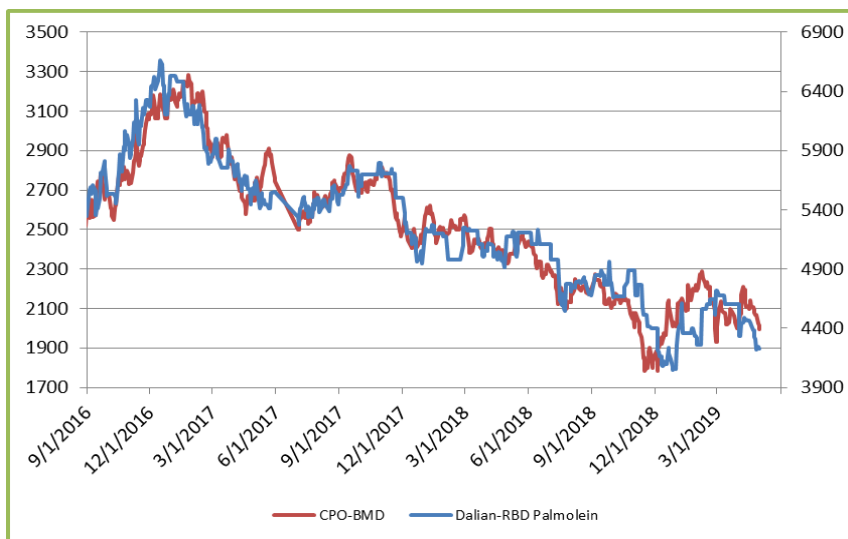
increase bio component in gasoline to 30 percent to reduce imports of crude oil.

Malaysia has unveiled plans to double biodiesel production in the country in an effort to clear stocks of palm oil in the country.

RBD Palmolein Malaysia premium has increased over Indonesia CPO due to firm demand. Export demand will fall due to rising premium of Malaysian palmolein.

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.



CBOT soy oil is expected to be underpinned by fall in soybean complex prices due rising global soybean supply situation amid US-China trade optimism.

Malaysia kept palm oil export duty for May and has indicated that it will keep palm oil export duty unchanged at zero until Dec to clear stocks of palm oil from the country.

Indonesia has also kept palm oil export duty unchanged at zero for May. Higher production of palm oil in Indonesia and slow rise in exports of palm oil from the country will lead to rise in palm oil stocks in the country in 2019.

Global palm oil consumption is expected to fall in 2019 for the first time in history will keep palm oil prices under pressure in longer term.

Competitive oils like RBD palmolein DALIAN and CBOT soy oil is expected to underpin palm oil prices.

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

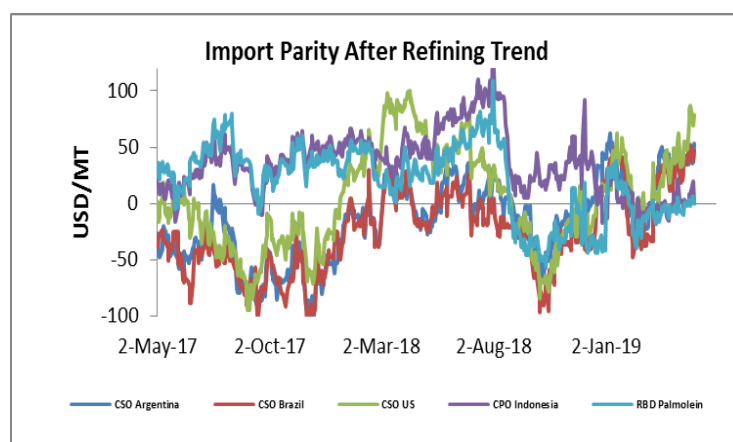
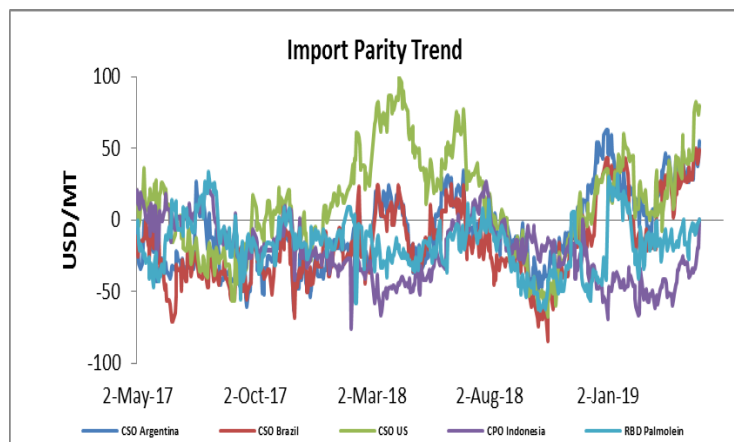
- According to Malaysia Palm Oil Board (MPOB), Malaysia's March palm oil stocks fell 4.64 percent to 29.17 lakh tons compared to 30.59 lakh tons in February 2019. Production of palm oil in March rose 8.25 percent to 16.72 lakh tons compared to 15.45 lakh tons in Feb 2019. Exports of palm oil in March rose 22.37 percent to 16.18 lakh tons compared to 13.22 lakh tons in Feb 2019. Imports of palm oil in Mar rose 39.21 percent to 1.31 lakh tons compared to 0.94 lakh tons in Feb 2019. End stocks of palm oil fell less than trade expectation on higher rise in production. Fall in end stocks was primarily due to rise in exports.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's Apr palm oil exports rose 0.5 percent to 1,584,660 tons compared to 1,577,521 tons last month. Top buyers were India at 483,770 tons (355,015 tons), European Union 290,778 tons (312,540 tons), China at 190,435 tons (216,190 tons), Pakistan at 56,000 tons (126,000 tons) and United States at 29,316 tons (59,905 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's April palm oil exports remained unchanged at 1,521,945 tons compared to last month. Top buyers were India & subcontinent 574,110 tons (447,135 tons), European Union 272,890 tons (374,220 tons) and China at 201,335 tons (156,795 tons). Values in brackets are figures in corresponding period of last month.
- According to Malaysia trade ministry, Malaysia is expected to keep crude palm oil export duty unchanged at zero until December to clear palm oil stocks from the country. Predictability of export duty will encourage buyers to increase imports from Malaysia in the given period
- According to Indonesia Palm Oil Association (GAPKI), exports of palm oil (CPO and PKO) from Indonesia rose 16.7 percent in Feb y-o-y to 2.77 MMT from 2.37 MMT in Feb 2018. Exports of palm oil (CPO and PKO) were fell 10.6 m-o-m in Feb at 2.77 MMT compared to Jan 2019 at 3.10 MMT. Stocks of palm oil in Feb 2019 fell to 2.5 MMT from 3.02 MMT in Jan, down 17 percent m-o-m.

- **Policy update-** According to Malaysia Palm Oil Board (MPOB), Malaysia kept May crude palm oil export duty unchanged at 0.0 percent. Export duty of palm oil is calculated at reference price of 1981.03 ringgit (\$479.32) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

According to Indonesia trade ministry, Indonesia kept May crude palm oil export duty unchanged at zero. The reference price is set at USD 573.31 per ton, much lower than lower threshold for export duty. 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

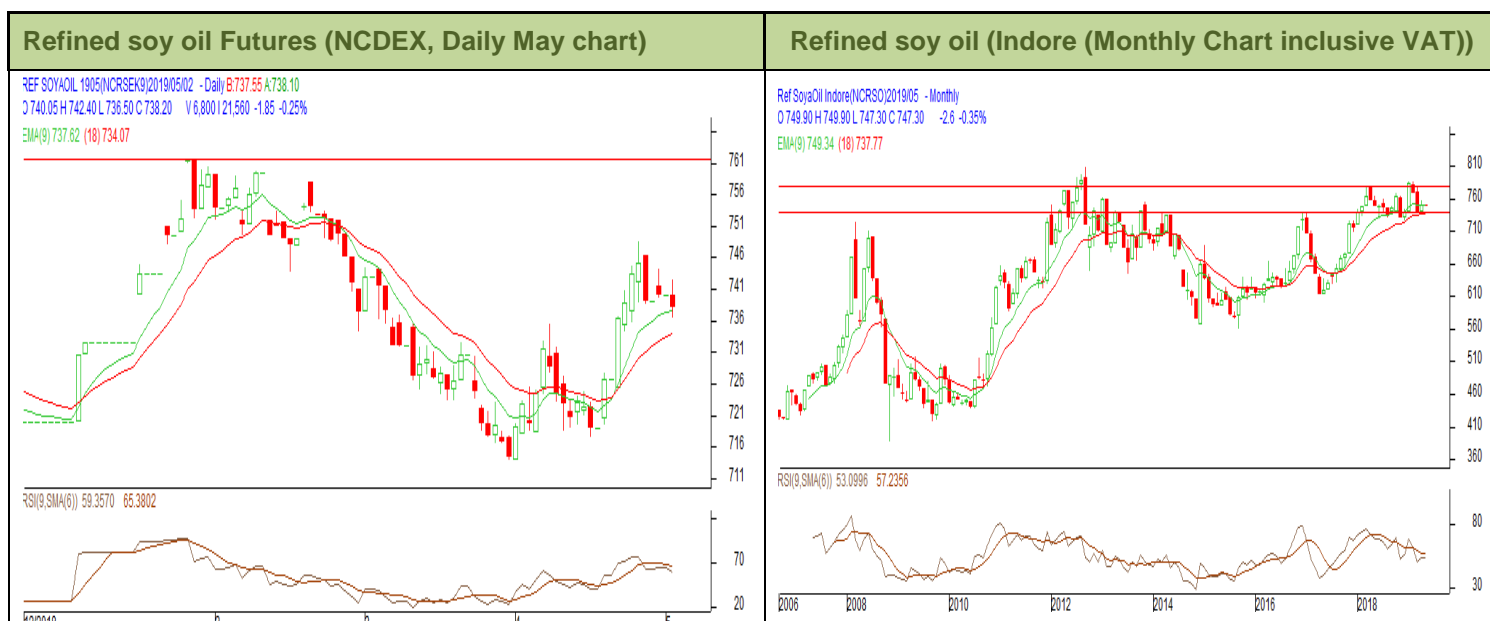


### Import Parity after Refining in US dollar per tons (Monthly Average)

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Feb, 2019</b>	-13.56	-33.12	-3.01	-6.56	-16.06
<b>Mar, 2019</b>	27.37	13.75	17.54	-5.95	-7.77
<b>Apr, 2019</b>	37.28	33.92	52.18	5.50	-2.75

### Outlook:-

Import parity for CDSO Argentina has increased due to rise in Indian prices of soy oil. We expect CDSO import parity to remain in parity in May due to weak prices of soy oil in international markets. Parity in CPO is higher than RBD palmolein. Disparity in imports of palm oil may decrease due to fall in prices of palm oil in international markets.

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


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

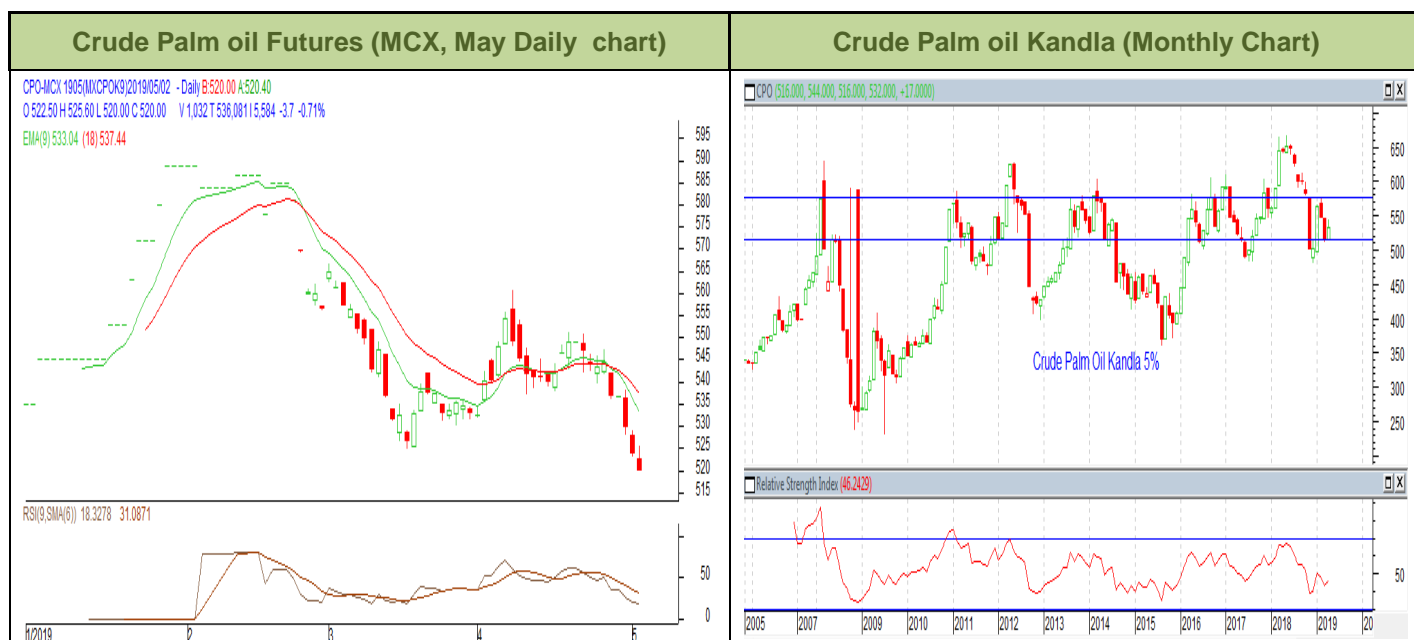
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to weak movement in the coming days.
- Any close above 730 in monthly chart will bring prices to 740 levels.
- Expected price band for next month is 680-760 level in near to medium term. RSI and MACD are indicating downtrend at current levels.

**Strategy:** Market participants are advised to go short in RSO below 725 for a target of 705 and 700 with a stop loss at 735 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
700.00	720.00	722.95	740.00	750.00

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

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


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

- Candlestick monthly chart of crude palm oil at MCX depicts fall in prices. We expect prices to feature sideways to weak tone in the near term.
- Any close above 520 in monthly chart might bring the prices to 530 levels.
- Expected price band for next month is 480-560 level in near to medium term. RSI and MACD are indicating downtrend.

**Strategy:** Market participants are advised to go short in CPO below 525 for a target of 505 and 500 with a stop loss at 535 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
500.00	510.00	518.70	530.00	540.00

**Spot Market outlook:** Crude palm oil Kandla is likely to stay in the range of 480-560 per 10 Kg.

**Monthly spot prices comparison**

Commodity	Centre	Prices(Per 10 Kg)		Change
		30-Apr-19	30-Mar-19	
Refined Soybean Oil	Indore	750	740	10
	Indore (Soy Solvent Crude)	715	695	20
	Mumbai	740	740	Unch
	Mumbai (Soy Degum)	695	692	3
	Kandla/Mundra	730	720	10
	Kandla/Mundra (Soy Degum)	710	695	15
	Kolkata	770	742	28
	Delhi	775	765	10
	Nagpur	744	738	6
	Rajkot	730	715	15
	Kota	745	735	10
	Hyderabad	750	755	-5
	Akola	744	741	3
	Amrawati	745	740	5
	Bundi	750	745	5
	Jalna	750	744	6
	Solapur	737	748	-11
	Dhule	754	746	8
Palm Oil*	Kandla (Crude Palm Oil)	559	542	17
	Kandla (RBD Palm oil)	599	578	21
	Kandla RBD Pamolein	630	614	16
	Kakinada (Crude Palm Oil)	536	544	-8
	Kakinada RBD Pamolein	628	614	14
	Haldia Pamolein	635	622	14
	Chennai RBD Pamolein	630	620	11
	KPT (krishna patnam) Pamolein	620	609	11
	Mumbai RBD Pamolein	646	625	21
	Mangalore RBD Pamolein	631	620	12
	Tuticorin (RBD Palmolein)	625	617	7
	Delhi	665	650	15
	Rajkot	623	611	12
	Hyderabad	608	598	10
	PFAD (Kandla)	357	336	21
	Refined Palm Stearin (Kandla)	536	544	-8
	Superolien (Kandla)	672	651	21
	Superolien (Mumbai)	683	656	26

\* inclusive of GST



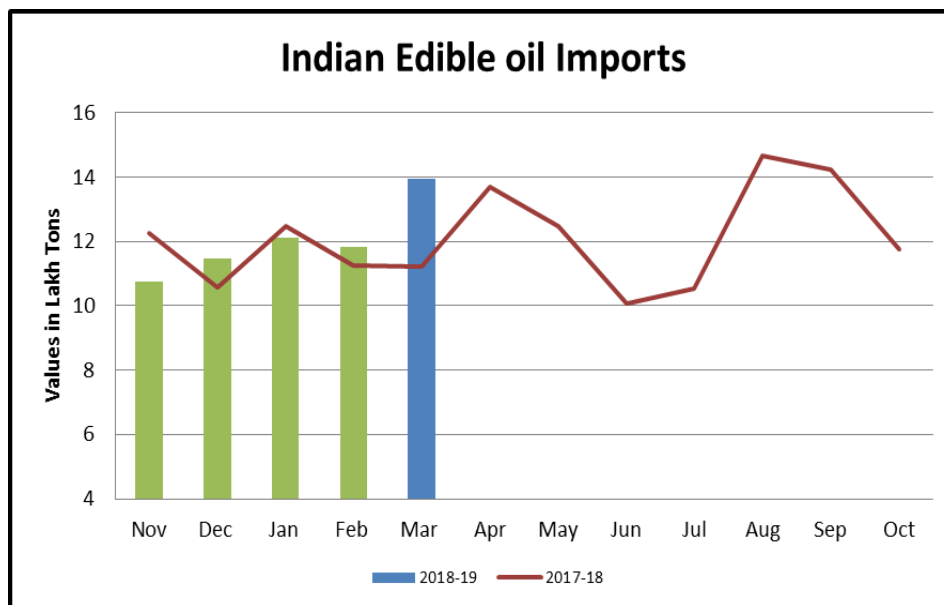
<b>Refined Sunflower Oil</b>	Chennai	755	750	5
	Mumbai	785	785	Unch
	Mumbai(Expeller Oil)	715	700	15
	Kandla (Ref.)	770	765	5
	Hyderabad (Ref)	760	750	10
	Latur (Expeller Oil)	755	775	-20
	Chellakere (Expeller Oil)	700	710	-10
	Erode (Expeller Oil)	780	805	-25
<b>Groundnut Oil</b>	Rajkot	980	950	30
	Chennai	1000	940	60
	Delhi	950	920	30
	Hyderabad *	1010	950	60
	Mumbai	1010	980	30
	Gondal	960	930	30
	Jamnagar	990	975	15
<b>Rapeseed Oil/Mustard Oil</b>	Jaipur (Expeller Oil)	750	755	-5
	Jaipur (Kacchi Ghani Oil)	763	775	-12
	Kota (Expeller Oil)	735	735	Unch
	Kota (Kacchi Ghani Oil)	755	750	5
	Neewai (Expeller Oil)	735	740	-5
	Neewai (Kacchi Ghani Oil)	750	750	Unch
	Bharatpur (Kacchi Ghani Oil)	770	780	-10
	Sri-Ganga Nagar(Exp Oil)	730	740	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	750	755	-5
	Mumbai (Expeller Oil)	755	760	-5
	Kolkata(Expeller Oil)	880	900	-20
	New Delhi (Expeller Oil)	740	770	-30
	Hapur (Expeller Oil)	850	910	-60
	Hapur (Kacchi Ghani Oil)	885	945	-60
	Agra (Kacchi Ghani Oil)	775	785	-10
<b>Refined Cottonseed Oil</b>	Rajkot	740	725	15
	Hyderabad	720	710	10
	Mumbai	750	740	10
	New Delhi	715	702	13
<b>Coconut Oil</b>	Kangayan (Crude)	1300	1300	Unch
	Cochin	1450	1510	-60
<b>Sesame Oil</b>	New Delhi	1750	1750	Unch

	Mumbai	Unq	0	-
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	590	595	-5
Rice Bran Oil (4%)	Punjab	605	605	Unch
Malaysia Palmolein USD/MT	FOB	525	523	2
	CNF India	555	550	5
Indonesia CPO USD/MT	FOB	485	495	-10
	CNF India	515	513	2
RBD Palm oil (Malaysia Origin USD/MT)	FOB	520	518	2
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	483	505	-22
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	660	690	-30
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	435	465	-30
Crude palm Kernel Oil India (USD/MT)	CNF India	650	680	-30
Ukraine Origin CSFO USD/MT Kandla	CIF	723	708	15
Rapeseed Oil Rotterdam Euro/MT	FOB	738	710	28
Argentina FOB (\$/MT)		30-Apr-19	30-Mar-19	Change
Crude Soybean Oil Ship		631	613	18
Refined Soy Oil (Bulk) Ship		653	634	19
Sunflower Oil Ship		655	635	20
Cottonseed Oil Ship		611	593	18
Refined Linseed Oil (Bulk) Ship		Unq	0	-
* 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 Mar is pegged at 13.93 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	8.16	0.53%
Imports	15.08	14.52	15.39	6.00%
Total Supply	25.75	24.99	25.37	1.52%
Exports	0.01	0.02	0.02	0.00%
Total Demand(Consumption)	23.39	23.16	23.62	2.00%
Ending Stock	2.35	1.82	1.73	-4.64%

\* Value in million tons

#### Balance Sheet Highlights

Net edible oil output is likely to be 8.16 million tons (up 0.53 percent y-o-y basis) in 2018-19 led by higher oilseed sowing in Kharif and rabi season in the current oil year.

On import front, edible oil imports seen at 15.39 million tons for 2018/19 oil year v/s 14.52 million tons last year.

On the consumption side, India's edible oil consumption for 2018-19 oil year seen at 23.62 million tons, higher by 2.0 percent from last year. Ending stocks are projected higher compared to 2018-19 at 1.73 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**

<b>Landed Cost Calculation as on 03/05/2019</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>	<b>RBD Palmolein</b>
FOB USD per ton	615	620	590	473	515
Freight (USD/MT)	47	47	47	35	29.0
C & F	662.0	667.0	637.0	508.0	544.0
Weight loss (0.25% of FOB)	1.54	1.55	1.48	1.18	1.29
Finance charges (0.4% on CNF)	2.65	2.67	2.55	2.03	2.18
Insurance (0.3% of C&F)	1.99	2.00	1.91	1.52	1.63
CIF (Indian Port - Kandla)	668	673	643	513	549
Duty (Values in USD per tons)	267.96	267.96	267.96	239.80	288.09
GST (5% on duty) USD per ton	13.40	13.40	13.40	11.99	14.40
Exchange rate	69.26	69.26	69.26	69.26	69.26
Landed cost without customs duty in INR per ton	46278	46627	44530	35512	38030
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	696	696	696	545	582
Fixed exchange rate by customs department	70.45	70.45	70.45	70.45	70.45
Duty component in INR per ton	18877.78	18877.78	18877.78	16893.91	20295.94
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	66555	66905	64807	53806	59726
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	69700	69700	69700	52100	58500
Total landed cost USD per ton	961	966	936	777	862
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1006	1006	1006	752	845
<b>Parity INR/MT (Domestic - Landed)</b>	<b>3145</b>	<b>2795</b>	<b>4893</b>	<b>-1706</b>	<b>-1226</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>45.40</b>	<b>40.36</b>	<b>70.64</b>	<b>-24.63</b>	<b>-17.71</b>
Source: Agriwatch					
Refining/ Processing Cost per MT	2000.00	2000.00	2000.00	4700.00	....
Freight to Inland location (Indore for soy and Delhi for Palm oil)	2500.00	2500.00	2500.00	2800.00	2800.00
Cost of Imported oil after refining/Processing	71055.34	71404.93	69307.39	61306.18	62526.29
Soy/Palm oil imported Price (Including tax)	74608.11	74975.18	72772.76	64371.49	65652.61
Loose price of Soy/Palm in Indore and Delhi market	78225.00	78225.00	78225.00	65200.00	65200.00
<b>Parity after processing and Taxes (Rs per MT)</b>	<b>3616.89</b>	<b>3249.82</b>	<b>5452.24</b>	<b>828.51</b>	<b>-452.61</b>
<b>Parity after processing and Taxes (USD per MT)</b>	<b>52.22</b>	<b>46.92</b>	<b>78.72</b>	<b>11.96</b>	<b>-6.53</b>
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	Feb-Apr-F	May-July-F	Aug-Oct-F
<b>Opening Stock</b>	5.67	2.73	2.73	1.88	2.42	2.97
<b>Production (Domestic)</b>	14.94	18.72	9.36	2.81	2.81	3.74
<b>Imports</b>	30.47	31.35	4.75	7.84	7.84	10.93
<b>Imported oil processing</b>	29.65	30.50	4.62	7.63	7.63	10.63
<b>Total Production (Domestic production and imported oil production)</b>	44.59	49.22	13.98	10.43	10.43	14.37
<b>Total Supply</b>	50.26	51.95				
<b>Quarterly add-on</b>			13.98	10.43	10.43	14.37
<b>Consumption</b>	47.53	49.44	14.83	9.89	9.89	14.83
<b>Ending Stock</b>	2.73	2.51	1.88	2.42	2.97	2.51

Source: AW estimates

Oil year- November-October

### Highlights

- Prices of soy oil in 2018-19 are expected to be higher on lower carryout in oil year 2018-19.
- 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 lower imports.
- Carryout stocks of oil year 2018-19 is 2.51 lakh tons on higher soy oil imports.
- Carry out of oil 2017-18 is 2.73 lakh tons
- Carryout of 2018-19 is lower than 2017-18 on higher consumption.

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

	2017-18	2018-19-F	Nov-Jan	Feb-Apr-F	May-July-F	July-Oct-F
<b>Opening Stock</b>	1.14	0.68	0.68	1.11	1.71	1.34
<b>Production</b>	0.20	0.20	0.05	0.05	0.05	0.05
<b>Imports</b>	8.70	10.01	2.32	2.50	2.50	2.68
<b>Total Supply</b>	10.04	10.89				
<b>Exports</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>Quarterly add-on</b>			2.37	2.55	2.55	2.73
<b>Consumption</b>	9.36	9.73	1.95	1.95	2.92	2.92
<b>Ending Stocks</b>	0.68	1.16	1.11	1.71	1.34	1.16

Source: AW estimates

Oil year- November-October

**Highlights**

- Prices of palm oil in 2018-19 are expected to be weak on higher carryout compared to oil year 2018-19.
- 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 second quarter of oil year 2018-19 will be higher than first quarter of oil year 2018-19

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

	2017-18-F	2018-19-F	Nov-Jan	Feb-Apr-F	May-July-F	Aug-Oct-F
<b>Opening Stock</b>	3.43	4.00	4.00	3.42	2.91	2.55
<b>Production</b>	0.80	0.80	0.15	0.12	0.27	0.27
<b>Imports</b>	25.25	24.49	6.02	6.12	6.12	6.23
<b>Total Supply</b>	29.48	29.29				
<b>Quarterly add-on</b>			6.17	6.24	6.39	6.49
<b>Exports</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>Consumption</b>	25.47	27.00	6.75	6.75	6.75	6.75
<b>Ending Stocks</b>	4.00	2.29	3.42	2.91	2.55	2.29

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.

### Balance Sheet- Rapeseed Oil, India

*Fig. in lakh tons*

	2017-18	2018-19-F	Nov-Jan	Feb-Apr-F	May-July-F	Aug-Oct-F
	1.93	2.65	2.65	2.28	10.39	10.52
<b>Production</b>	<b>29.82</b>	<b>31.92</b>	<b>5.964</b>	<b>15.96</b>	<b>7.98</b>	<b>2.016</b>
<b>Imports</b>	<b>2.40</b>	<b>1.84</b>	<b>0.34</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>
<b>Total Supply</b>	<b>34.15</b>	<b>36.41</b>	<b>8.96</b>	<b>18.74</b>	<b>18.87</b>	<b>13.04</b>
<b>Exports</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Consumption</b>	<b>31.50</b>	<b>33.39</b>	<b>6.68</b>	<b>8.35</b>	<b>8.35</b>	<b>10.02</b>
<b>Ending Stocks</b>	<b>2.65</b>	<b>3.02</b>	<b>2.28</b>	<b>10.39</b>	<b>10.52</b>	<b>3.02</b>

Source: AW estimates

Oil year- November-October

### Highlights

- Prices of rapeseed oil in 2018-19 are expected to be weak on higher 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 2.65 lakh tons on higher rapeseed oil production.
- Carryout of 2018-19 is higher than 2017-18 due to higher production of rapeseed oil.
- Carryout in second quarter of 2018-19 is higher than first quarter of 2018-19.

### 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
<b>Opening stocks</b>	0.31	0.32	0.32	0.43	0.30	0.23
<b>Oil availability (Production)</b>	7.35	3.55	1.30	1.07	0.59	0.59
<b>Imports</b>	0	0	0	0	0	0
<b>Total Supply</b>	7.66	3.87				
<b>Quarterly add-on</b>			1.30	1.07	0.59	0.59
<b>Exports</b>	0.40	0.40	0.10	0.10	0.10	0.10
<b>Consumption</b>	6.94	3.31	1.09	1.09	0.56	0.56
<b>End stocks</b>	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>					
<b>Note - Consumption/Crushing of coconut oil estimated based on the details collected through various Offices of the Board and in consultation with industry sources.</b>					

Source: Coconut Development Board

### International Balance Sheets

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

Fig. in million tons

	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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