



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, rapeseed oil, sunflower oil and groundnut oil prices rose while palm oil and coconut oil prices closed in red.

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

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

On the currency front, Indian rupee is hovering near 69.46 compared to 69.20 last month. Rupee is expected to appreciate in June. Crude oil prices are expected to rise in June.

Recommendation:

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

In MCX, market participants are advised to go long in CPO above 500 for a target of 520 and 525 with a stop loss at 490 on closing basis.

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

Higher than expected fall in palm oil stocks in Malaysia, rise in exports of palm oil from Malaysia, firm demand from India, fall in production of palm oil Malaysia and Indonesia and depreciation of ringgit is expected to support CPO prices in near term.

Soy oil: Domestic Market Fundamentals

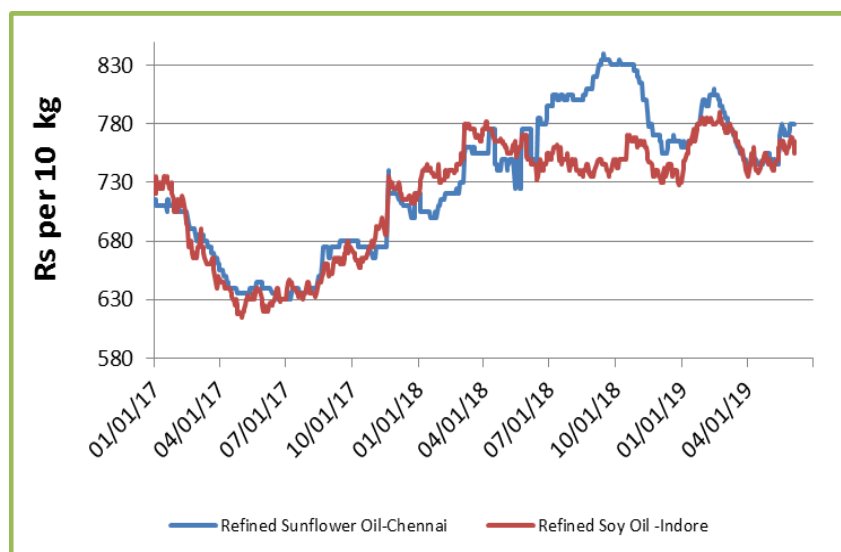
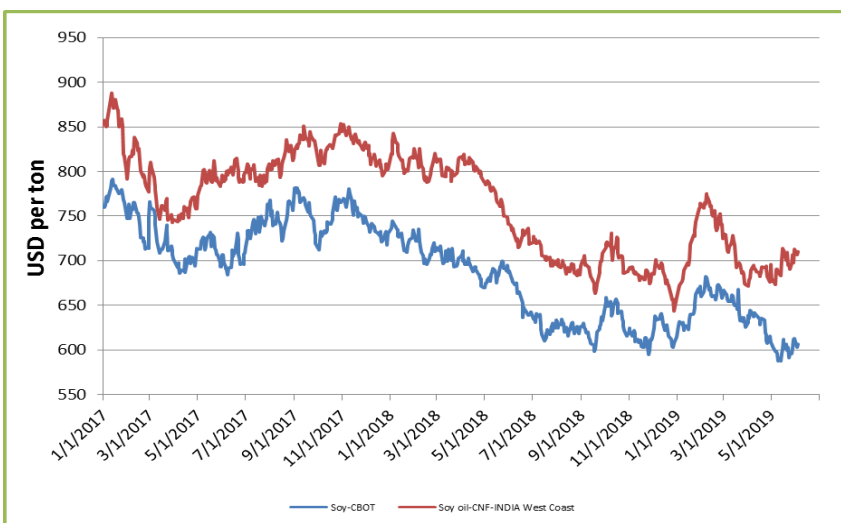
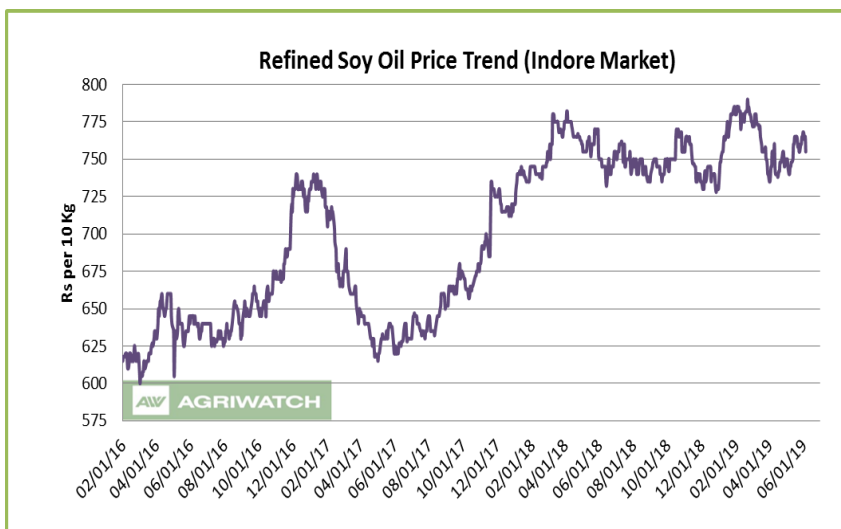
- Refined soybean oil prices featured uptrend at its benchmark market at Indore during the month of May on firm demand. Average prices of refined soy oil rose in May.
- Soy oil prices witnessed uptrend in month of May on firm demand.

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

Import prices of soy oil has risen on US-China trade optimism. Weak crop condition of soybean in US will supports soy oil international prices. Weak supply of soy oil from Argentina and fall in prices of soy oil at CBOT has increased basis in soy oil leading to higher FOB prices of soy oil. Despite Argentina Peso depreciation FOB prices increased due to increased supply due to idling of soybean plants in Argentina due to strong competition for soybean products from US has led to rise in basis over CBOT.

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

Import parity of soy oil has increased in April and is at Rs 3.0-3.5 per kg compared to Rs 5.5-3.0 per kg in May.



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

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 256 (Rs 231 last month) per 10 Kg which is high and will underpin soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 187 (Rs 165 last month) per 10 Kg, which is high and may underpin soy oil prices in domestic markets.

Refined soy oil premium over CDSO high seas is at Rs 32 (Rs 53) per 10 kg indicating firm demand of CDSO compared to refined soy oil in domestic markets.

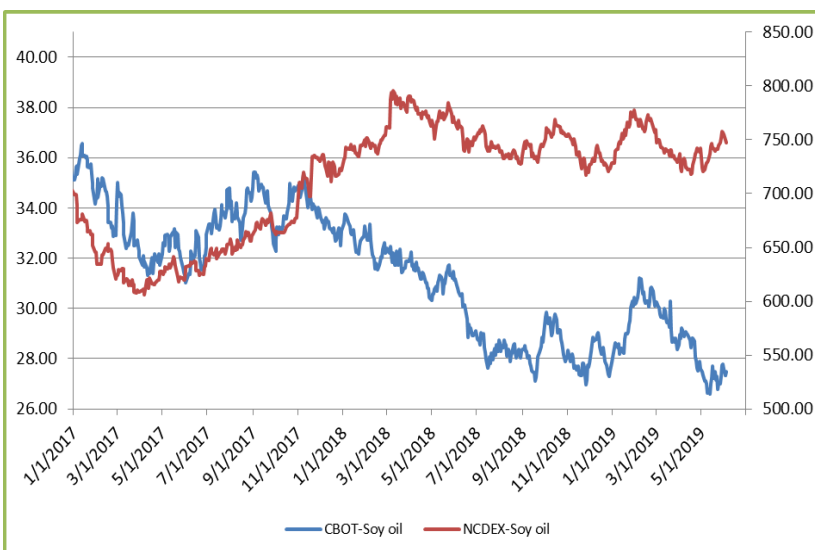
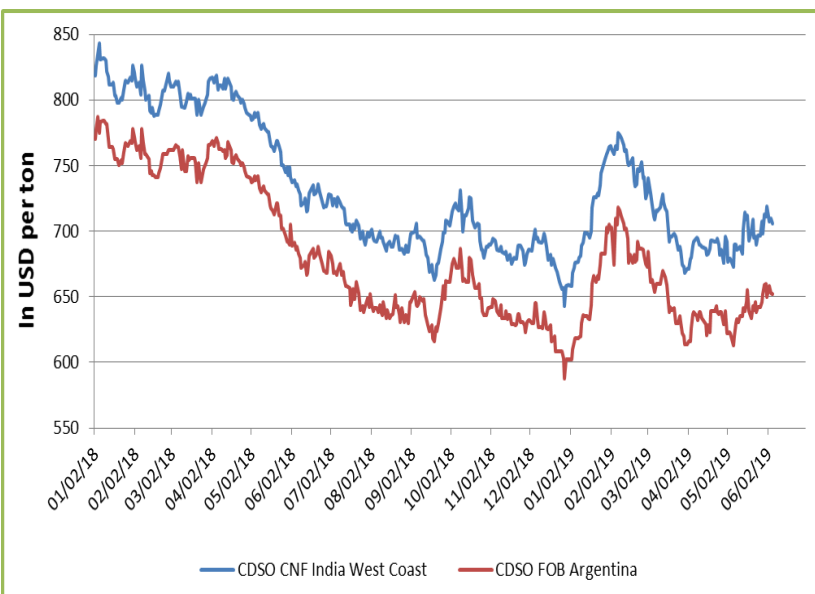
Landed cost and refining margins are in parity due to rise in prices of soy oil in Indian markets.

Difference increased between CDSO-CNF-India West coast and Soy oil CBOT due to rise 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 fell in Apr compared to Apr 2018 and Mar 2019 and stocks at ports rose indicating weak demand and destocking 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 fell 9.81 percent y-o-y in Apr to 2.49 lakh tons from 2.65 lakh tons in Apr 2018. In the oil year 2018-19 (Nov 2018-Apr 2019), imports of soy oil were 12.37 lakh tons compared to 10.92 lakh tons in last oil year, higher by 13.27 percent in the corresponding period last oil year.
- Imported crude soy oil CIF at West coast port is offered at USD 707 (USD 664) per ton for June delivery, July delivery is offered at USD 685 (USD 660) per ton and Aug delivery is quoted at USD 675 per ton. Values in brackets are figures of last month. Last month, CNF CDSO May average price was USD 695.04 (USD 686.88 per ton in Apr 2019) 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 40-45/ton v/s gain of USD 35-40/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).

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

Palm oil: Domestic Market Fundamentals

- CPO prices witnessed weak tone in the month of May at its benchmark market at Kandla on weak demand.
- RBD palmolein prices witnessed weak tone in month of May on weak demand.
- Crude palm oil prices rose in Kandla in the month of May on weak demand.

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

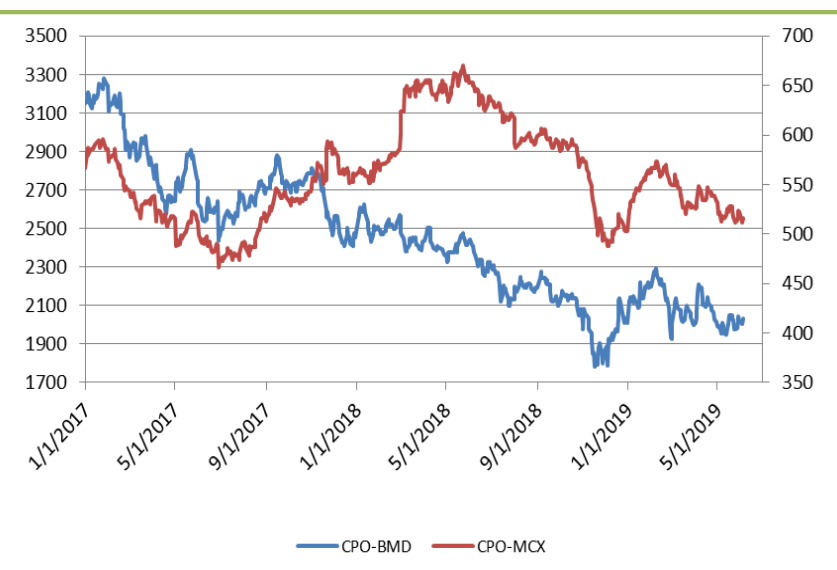
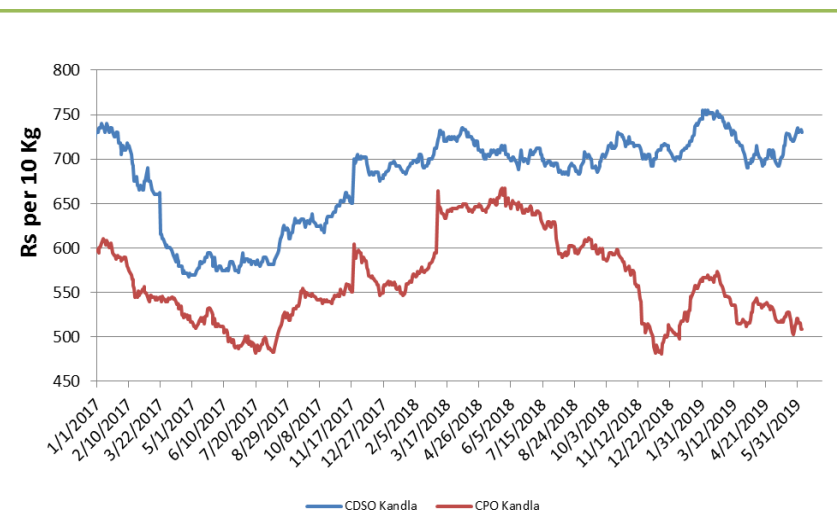
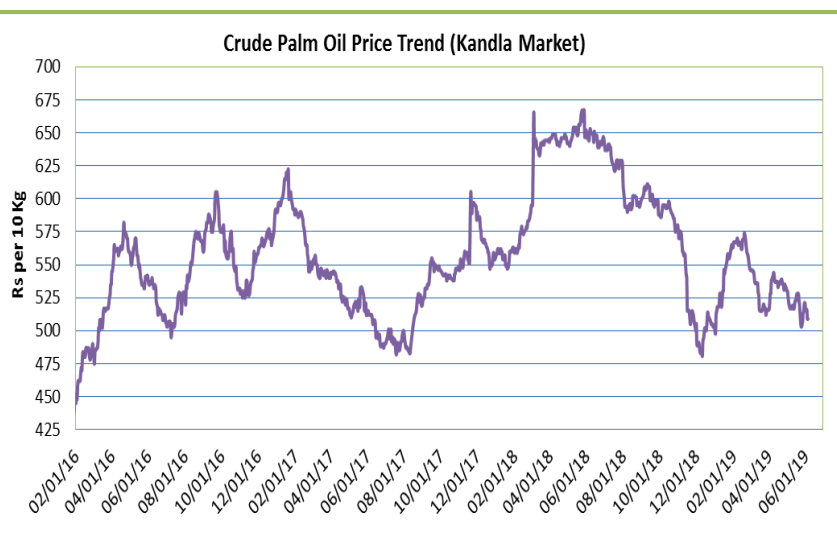
Demand of CPO is weak at CNF markets as prices fell more at CNF compared to FOB markets.

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

Disparity at ports decreased due to fall in prices of palm oil in international markets and appreciation of Rupee. 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 June.

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 fallen to Rs 1.0-1.5 per kg from Rs 2.0-2.5 per kg last month.

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 May.

RBD palmolein featured weak tone in its benchmark market on weak demand. Prices of RBD palmolein fell at high seas while it rose at CNF markets indicating weak demand at high seas.

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

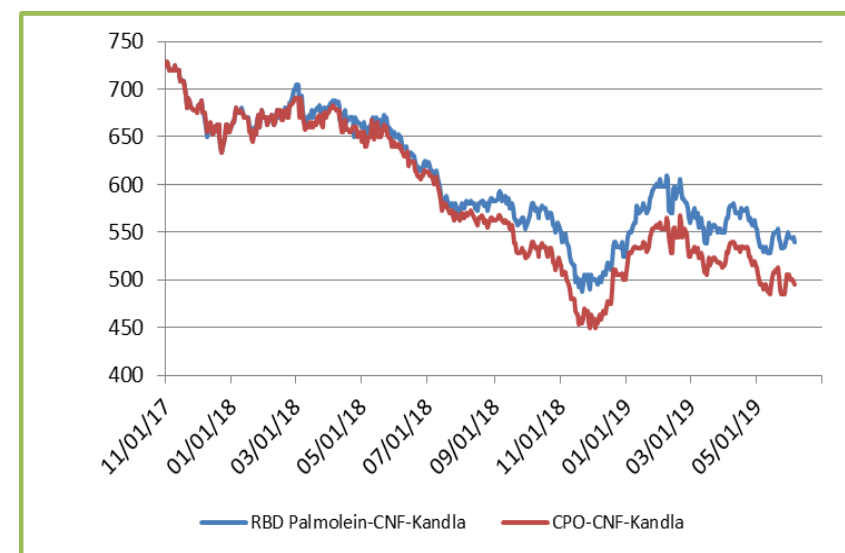
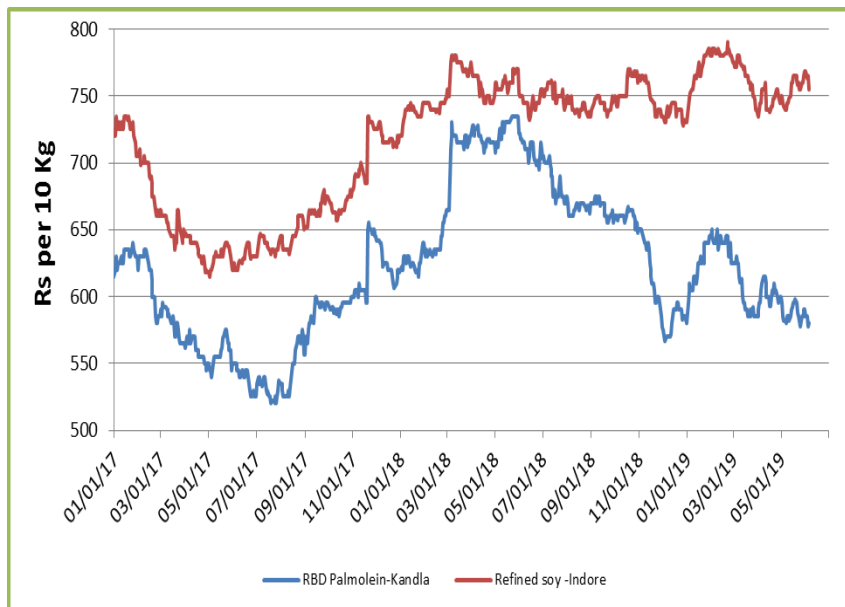
Decrease in import duty of palm oil especially RBD palmolein from Malaysia will increase RBD palmolein imports.

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 \$45-50 premium over CPO compared to \$40-45 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 fall in stocks of palm oil in Malaysia in coming months due to rise in exports of palm oil and fall in palm oil production will support RBD palmolein prices.



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

RBD palmolein premium over CPO increased to Rs 69 (Rs 68 last month) per 10 kg indicating weak demand of CPO compared to RBD palmolein at high seas.

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

Import of RBD palmolein is rose in Apr compared to Apr 2018 while it fell compared to Mar 2019. Imports fell more in Apr compared to Mar 2019 and stocks fell less at ports indicating weak demand.

Lowering of in import duty on RBD palmolein from Malaysia and lowering of duty differential will lead to lower imports of CPO from Indonesia and higher imports of RBD palmolein from Malaysia. Landed cost of CPO is in disparity and refining margins are 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 256 (Rs 218 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 May at CNF markets. Higher premium of crude sunflower CNF India West coast and CPO CNF at USD 270 (USD 218.5) 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 215 (USD 180 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 224 (Rs 178 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 187 (Rs 165 last week) per 10 kg is high and will increase RBD palmolein demand in near term. Values in brackets are figures of last week.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in Apr fell 9.24 percent y-o-y to 7.07 lakh tons from 7.79 lakh tons in Apr 2019. Imports in the oil year 2018-19 (November 2018-April 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 4.50 lakh tons from 5.57 lakh tons in Mar 2019. Imports in oil year 2018-19 (November 2018-April 2019) were reported marginally higher y-o-y at 45.80 lakh tons compared to 45.74 lakh tons in corresponding period last oil year.

RBD palmolein import scenario- RBD palmolein imports rose y-o-y in Apr 13.80 percent to 2.39 lakh tons from 2.10 lakh tons in Apr 2018. Imports in oil year 2018-19 (November 2019-April 2019) were reported higher by 22.35 percent y-o-y at 11.99 lakh tons compared to 9.80 lakh tons in corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 492.5 (USD 495) per ton for June delivery and July delivery prices are quoted at USD 405 per ton. Last month, CNF CPO May average price was at USD 498.22 per ton (USD 529.64 per ton in Apr 2019). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 540 (USD 535) per ton for June delivery and July delivery is quoted at USD 542.5 per ton. Last month, CIF RBD palmolein May average price was USD 540.18 (USD 568.08 in Apr 2019) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 509 (Rs 532) per 10 Kg and June delivery duty paid is offered at Rs 511 (Rs 537) per 10 kg. Ready lift RBD palmolein is quoted at Rs 578 (Rs 600) per 10 kg as on June 3, 2019. Values in brackets are figures of last month.

- On the parity front, margins rose during the month of May on lower price of palm oil products in international markets and we expect margins to remain weak in coming days. Currently refiners fetch USD 10-15/ton (May average) v/s gain of USD 5-10/ton (Apr average) margin in processing the imported CPO but on the imports of ready to use palmolein lose USD 0-5/ton (May average) v/s loss of USD 0-5 (Apr 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 firm trend at various markets on firm demand and rise in rapeseed prices. All India arrivals of rapeseed decreased in May.
- Rapeseed oil prices traded firm in the month of May in various markets in India on firm demand and firm rapeseed prices.

Demand rose in the month of May on firm buying.

Prices rose despite on rise in soy oil prices.

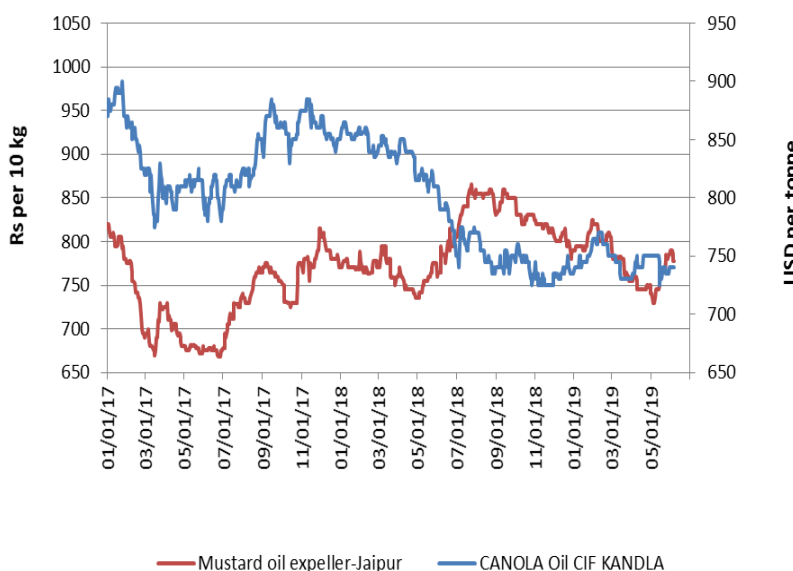
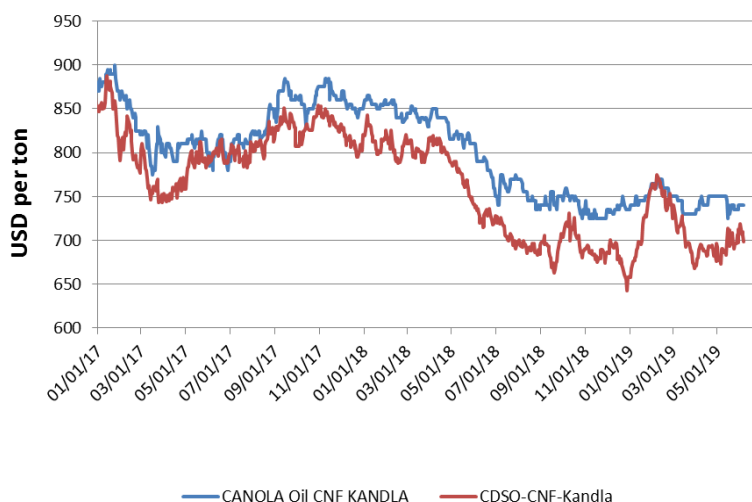
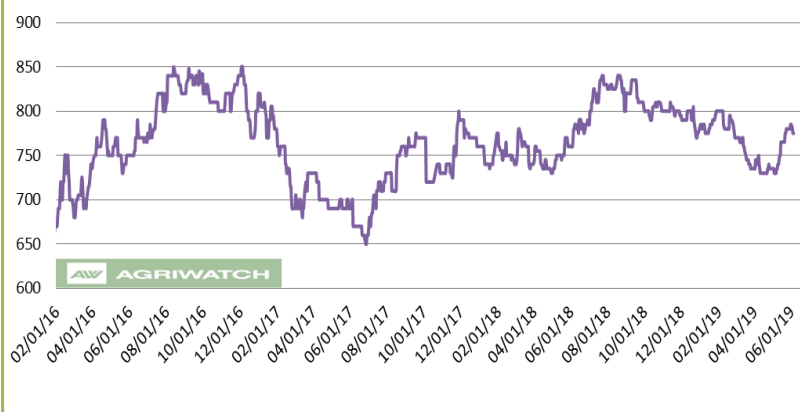
Stocked position is weak against firm demand position.

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-April and has fallen in May. It will continue its fall in June.

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 taking advantage of crush margins. Higher crush of rapeseed has led to

Mustard Oil Price Trend (Kota Market)



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 40 (Rs 13) per 10 Kg, will support rapeseed oil prices in medium term.

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

Premium of canola oil compared to CDSO has decreased to USD 59 (USD 74) per ton and will decrease imports.

Above chart shows that Canola prices are falling and rapeseed expeller oil prices are rising. So, fall in canola oil prices will underpin mustard expeller prices.

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

Lower premium of expeller rapeseed oil over soy oil in domestic market was at Rs 18 (Rs -10) 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 227 (Rs 178) 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 9.31 lakh tons of rapeseed and 0.68 lakh tons with NCDEX.

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

- 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 April 2019 v/s 0.28 lakh tons in Apr 2018. In the oil year 2018-19 (Nov 2019-Apr 2019) imports were 0.44 lakh tons compared to 1.59 lakh tons in last oil year, lower by 72.30 percent y-o-y.
- CIF Canola oil premium over soybean oil is hovering at USD 59 (USD 74 last month) as on June 3, 2019.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 790 (Rs 750) per 10 Kg and at Kota market is quoted around Rs 780 (Rs 735) per 10 kg as on June 3, 2019. 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 May on firm demand
- Sunflower oil prices closed higher in month of May 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.

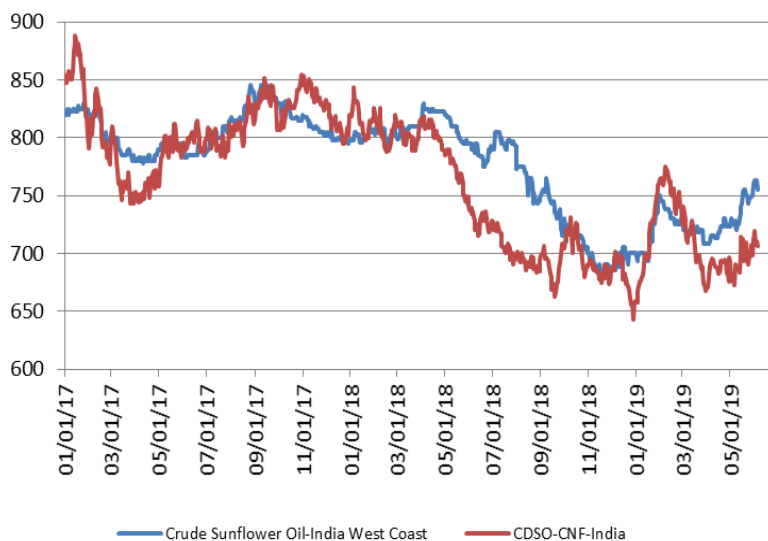
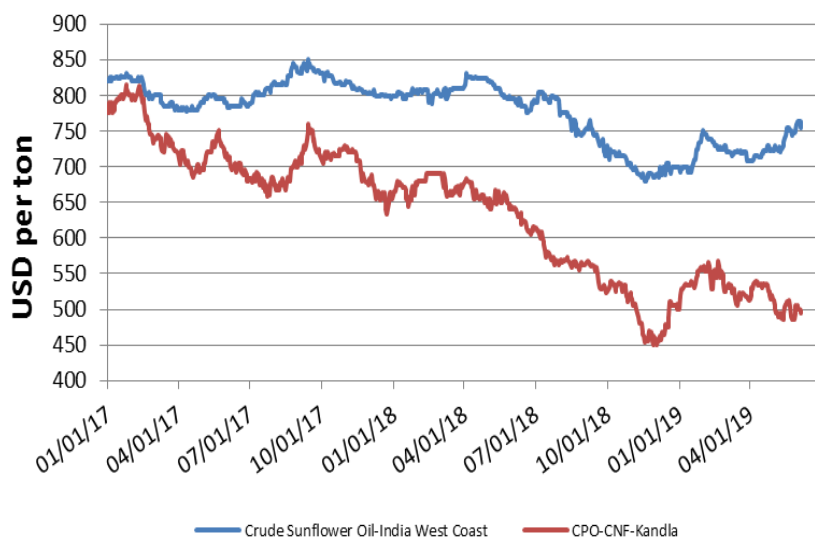
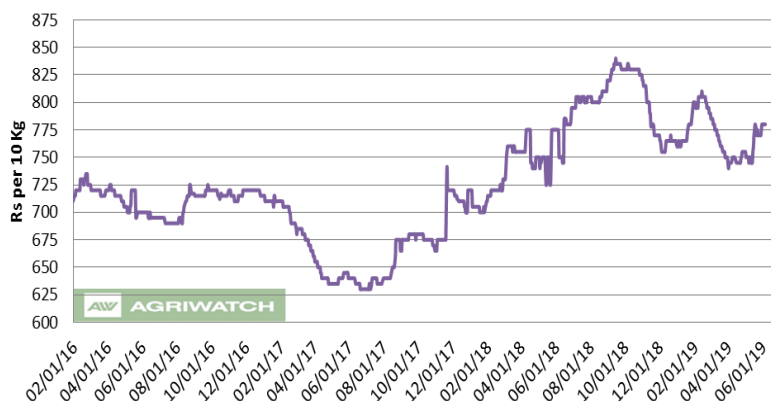
Due to hike in import duty on sunflower oil will stop surging imports in oil year 2018-19 which will decrease carryout of sunflower oil in oil year 2018-19.

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 and demand at lower levels. Firm export demand of sunflower oil globally has supported sunflower oil CNF prices. However, due to surplus stock of sunflower in Ukraine will cap rise in sunflower oil prices at CNF markets in June

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

Appreciation of Rupee in June

Sunflower Oil Price Trend (Chennai Market)



month will increase imports of sunflower oil in coming months.

Supply of sunflower oil decreased in Apr after four month rise with imports touching 3 lakh tons. Stocks at ports fell due to low import. 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.

Rise in premium of CSFO over CDSO in CNF markets will cap gains prices in medium term. Imports are expected to be higher in May as crude sunflower oil CNF premium over CDSO CNF was low. Imports of sunflower are elevated 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 May will support imports.

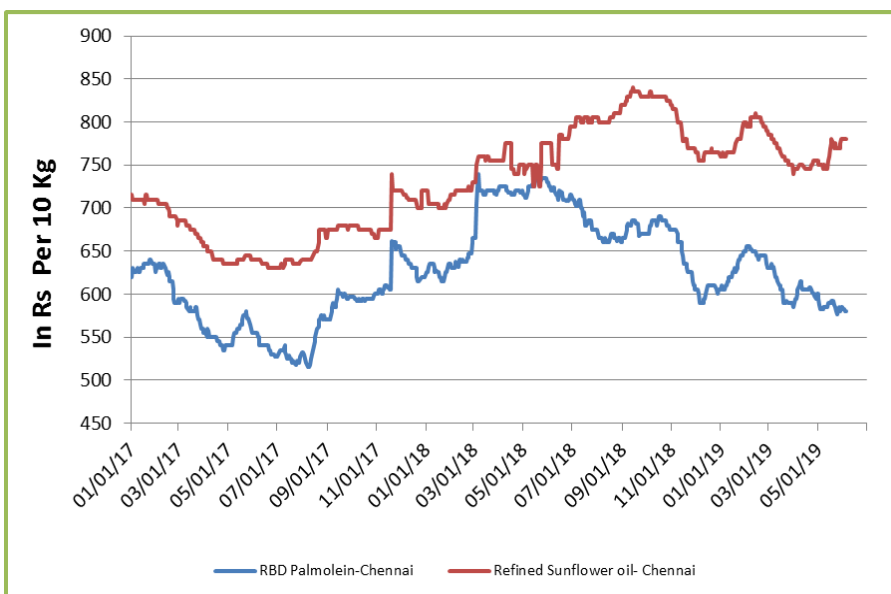
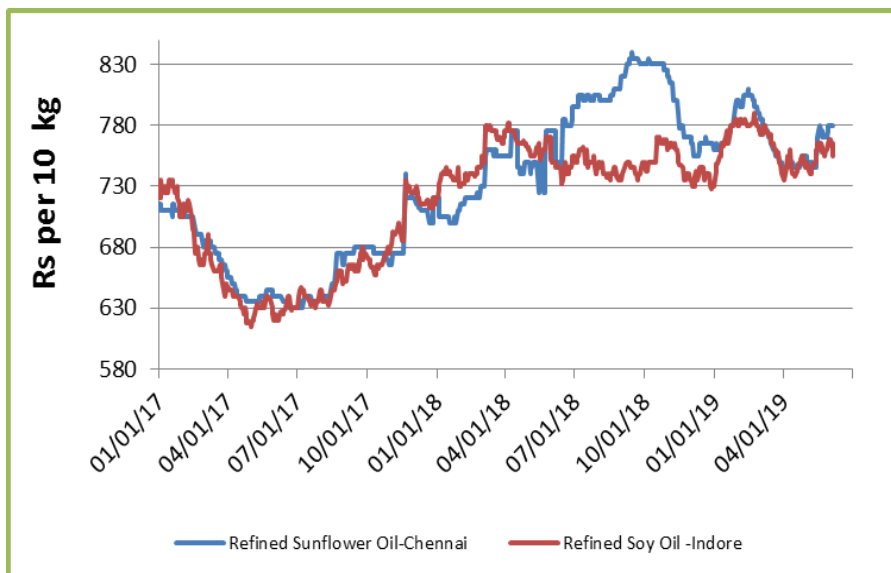
Fourth chart from above shows that sunflower oil prices are highly correlated to soy oil prices in domestic market. However, fifth chart from above shows that sunflower oil premium over RBD palmolein has increased from mid 2018.

Refiners and stockists are stocking as sunflower oil premium over soy oil is increased to USD 55.5 (USD 63.5 last month) per ton.

In domestic market sunflower oil premium over soy oil is at Rs 20.0 (Rs 5.0) per 10 kg.

Refined sunflower oil premium over RBD palmolein has increased to Rs 202 (Rs 170 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 220 (USD 192.5) 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. 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 June.

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 19.96 percent y-o-y in Apr to 2.42 lakh tons from 2.95 lakh tons in Apr 2018. Imports in oil year 2018-19 (November 2018-April 2019) were reported higher by 1.74 percent y-o-y at 13.42 lakh tons compared to 13.19 lakh tons in corresponding period last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 762.5 (USD 727.5) per ton for June delivery, JAS delivery is quoted at USD 762.5 (USD 735) per ton and OND delivery is quoted at USD 745 (USD 737.7) per ton. CNF sun oil (Ukraine origin) May monthly average was at USD 739 per ton compared to USD 718 per ton in Apr. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 720-780 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 55.5 (USD 63.5 last week) per ton for July delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 220 (USD 192.5) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 780 (Rs 755) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 775 (Rs 770) per 10 kg as on June 1, 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 750-820 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured firm trend during the month in review on firm demand and rise in prices of groundnut.
- Groundnut oil prices rose in May 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. Expectation of rise in prices of groundnut oil led to preponement of demand leading to firm demand at these levels.

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.

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 1.17 lakh tons and 2018 Kharif groundnut stock is 4.81 lakh tons.

Stocks with farmers and private traders were about 0.5 lakh tons.

Total progressive sale by NAFED in 2018 Karif is 2.21 lakh in current season and

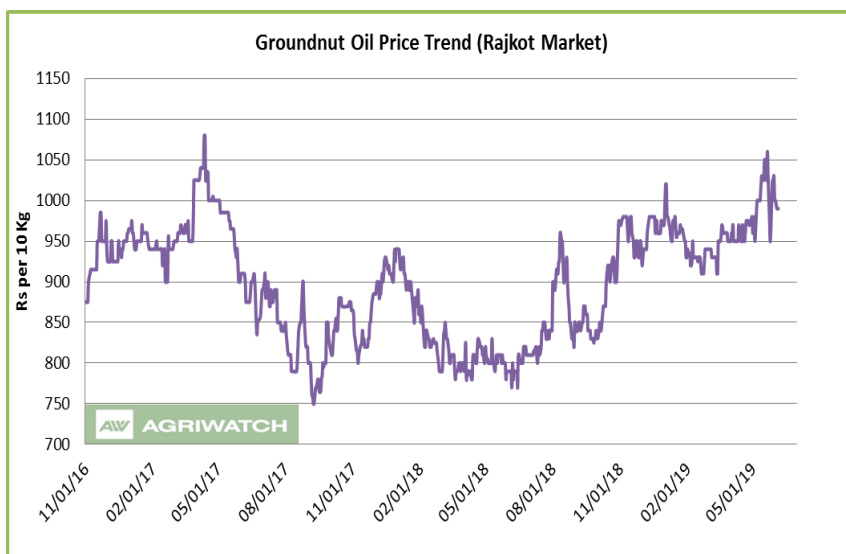
So, total stock in NAFED is 5.98 lakh tons apart from additional stocks with trade and farmers. Given the pace of sale of groundnut and disappearance there is strong possibility that NAFED will be able to dispose most of the stocks by the end of marketing season 2018-19. Falling stocks are weighing on prices of groundnut.

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

Higher groundnut prices have supported NAFED aggressive sale. With this sale progress season end carry out stocks will be much less than last year carryout.

Demand of groundnut oil will decrease between Rs 1020-1040 per 10 kg levels.

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 fastly due to firm demand of groundnut oil.

Retail demand of groundnut oil is expected to increase at current levels.

Exports of groundnut and groundnut oil are have increased due to firm demand from China 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 more groundnut in Kharif 2019.

Crushers have high 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 June.

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 10,000 (9,800) per quintal and quoting at Rs 10,300 (Rs 10,000) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to firm tone in the coming days.

Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 950-1050 per 10 Kg.

Coconut oil: Domestic Market Fundamentals

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

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.

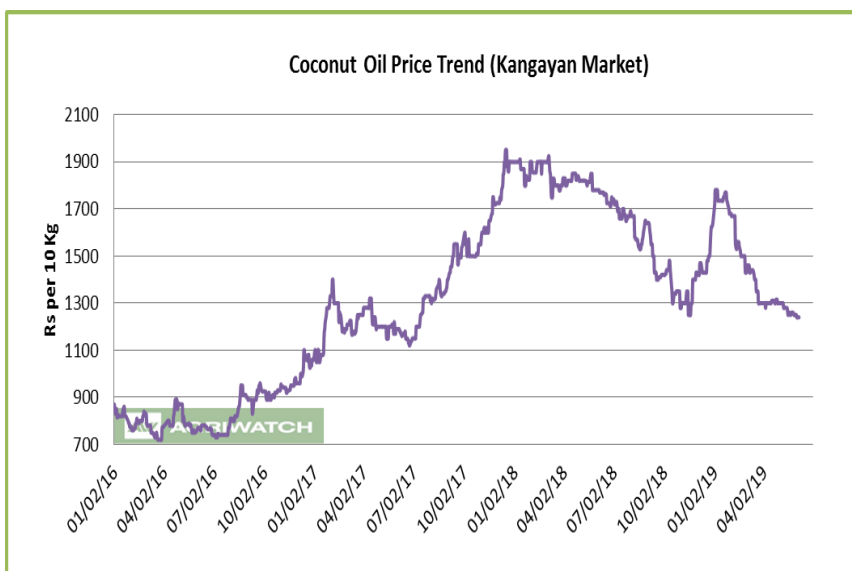
Adulteration of coconut oil is rampant in Kerala and the prices at which adulterated coconut oil sold is less than sales prices of coconut oil. However, FSSAI has banned various brands of coconut oil to control rampant adulteration.

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 June 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 (14,500) per quintal, and quoting Rs 12,400 (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 1100-1400 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, higher expected soybean planted area in US, better than expected soybean crop 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. No major breakthrough have been made from both sides. However, both sides have expressed satisfaction in talks. Further rounds of talks are expected. China has purchased 14 MMT of soybean in 2019 after the talks started. 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 have shifted to soybean due to wet conditions.

Soy oil stocks rose in US in Apr 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 in Argentina is more than previously expected. Harvest is almost over and yields are higher than previously expected. This has led various agencies to revise soybean crop higher. USDA has put the soybean crop of Argentina unchanged at 56 MMT. Argentina government agency Buenos Aires Grains exchange has put the crop at 57 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.

Due to higher competition face by Argentina from US soy products exports has led to major slowdown in crushing of soybean in Argentina. Many crushers have idled plants due to stiff competition from US. US is sitting on record stocks of soybean due to trade war with China. So bad condition of crushing is going to continue in coming months despite record soybean crop in the country.

This has lead to rise in basis above CBOT soy oil and lead to rise 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 50 percent of capacity, which leads to higher disposable soybean.

Soybean crop in Brazil is much higher than previous estimate due to higher yields due to improvement of weather conditions in soybean growing areas as harvesting approached. USDA kept increased soybean crop estimate of Brazil to 117 MMT.

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 too is looking for higher meat exports to China.

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 is purchasing higher amount of soybean from Brazil in May as supply from the country increased while imports from US to remained firm compared to previous months of 2019.

China purchased higher soybean in April m-o-m. However, imports were lower than Apr 2018. China brought more soybean in Apr 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 outbreak of swine flu in the country. This has led to mass slaughtering of swine to control disease. Swine herd in China has decreased by 20 percent due to swine flu. This has led to weak demand of soybean from China. However, China will try to increase herd count of swine once the disease is controlled. This will lead to surge in imports of soybean by China in 2019/20. This has led to decision of China to increase the strategic stocks of soybean by CNGOIC. 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 87 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 firm due to weak supply prospects, which will support 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 weaken on expected of changed of interest rate policy by US FED in 2019 due to slowdown of US economy will support soy oil prices in near term.

Global crude oil prices have is 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.

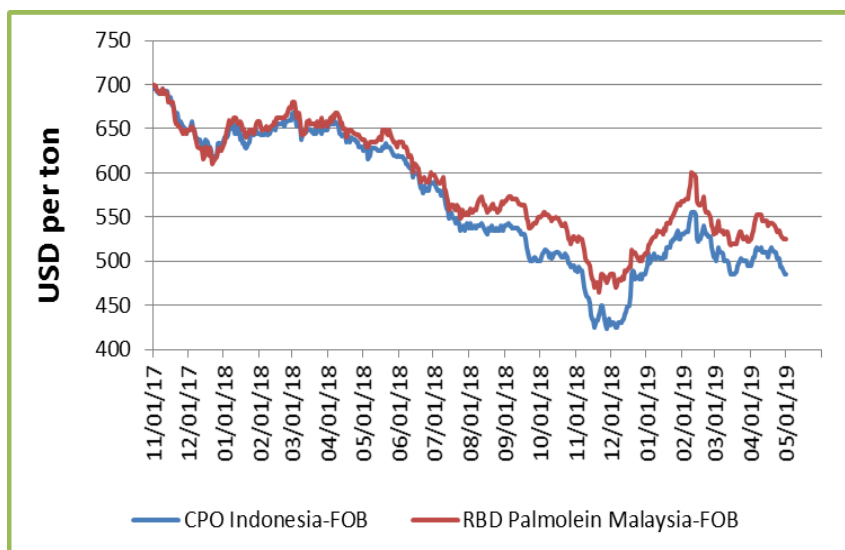
- **USDA WASDE Oilseeds Highlights-** The 2019/20 U.S. season-average soybean price is projected at \$8.10 per bushel, down 45 cents from the 2018/19 forecast. Soybean meal prices are forecast at \$290 per short ton, down \$15.00 from 2018/19. Soybean oil prices are forecast at 29.5 cents per pound, up 1.5 cents from 2018/19.

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 in May, rise in exports of palm oil from Malaysia, fall in production of palm oil in Malaysia in May, depreciation of Ringgit and rise in crude oil prices. Further lower than expected palm oil production in Indonesia is expected to support palm oil prices. Further, US-China trade deal will limit the gains in exports of palm oil from Malaysia and Indonesia from China.

Moreover, rise in biodiesel production in Indonesia and Malaysia in 2019 and rise in crude oil prices is likely to support palm oil prices.



Palm oil end stocks is expected to fall by 10 percent in May from around 3 MMT due to rise in exports of palm oil from Malaysia in May and fall in production of palm oil in coming months.

Exports remained rose 6-10 percent in May on firm demand from India and EU.

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 June. Lowering of import duty on imports of RBD palmolein and preferential treatment given to Malaysia compared to imports from other destination has supported imports. 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 fall in Malaysia in May due to seasonal downtrend of production.

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. This has led to fluid situation in palm oil market and underpin prices in June.

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.

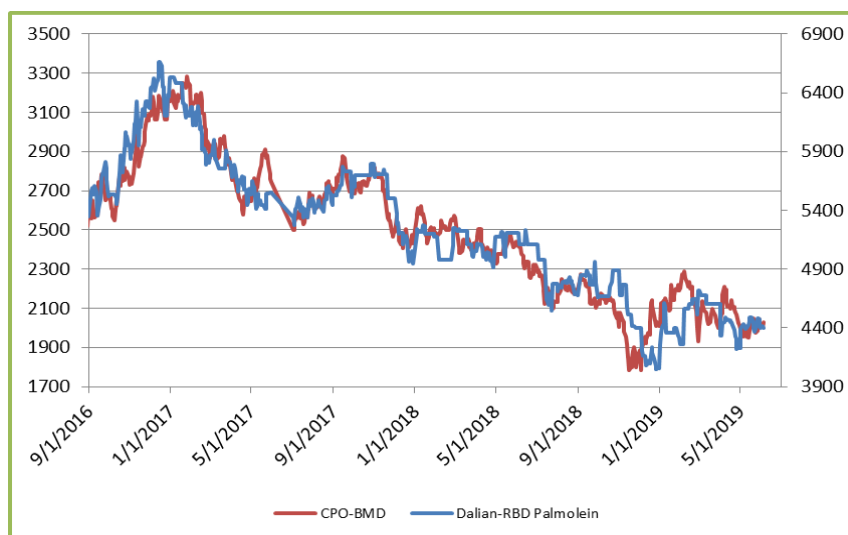
Depreciation of Ringgit is expected to support palm oil prices. Ringgit has depreciated below 4.10/USD. This will make exports of palm oil competitive compared to other oil and same oils with different destinations.

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 June 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 June. Lower rise production of palm oil in Indonesia and rise in exports of palm oil from the country will lead to fall 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.

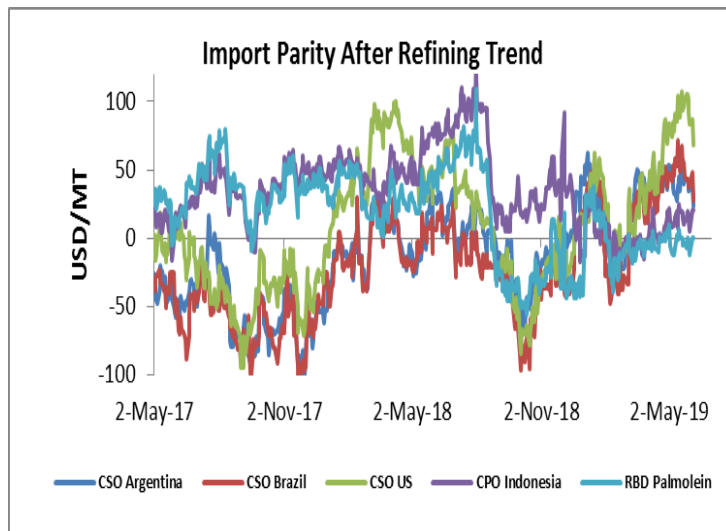
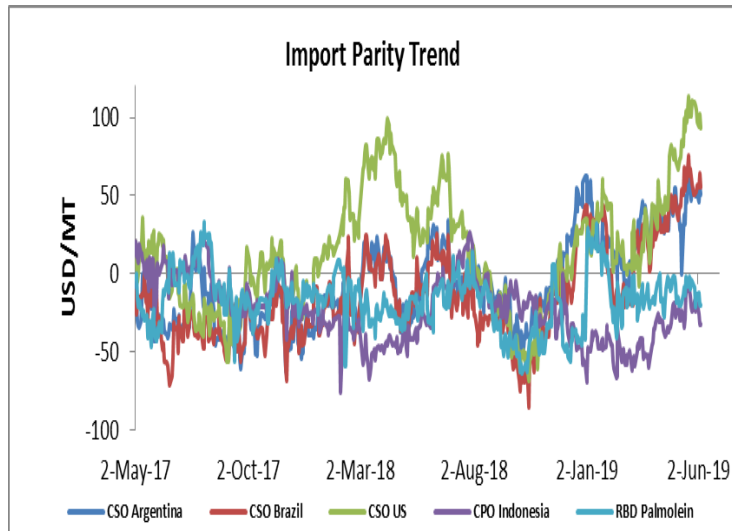
Global crude oil prices are expected to rise on expected cut on crude oil production by OPEC and sanctions on Iran and Venezuela will support palm oil prices.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's April palm oil stocks fell 6.62 percent to 27.30 lakh tons compared to 29.23 lakh tons in March 2019. Production of palm oil in April fell 1.36 percent to 16.49 lakh tons compared to 16.72 lakh tons in March 2019. Exports of palm oil in April rose 2.02 percent to 16.51 lakh tons compared to 16.18 lakh tons in March 2019. Imports of palm oil in Apr fell 52.67 percent to 1.62 lakh tons compared to 1.31 lakh tons in March 2019. End stocks of palm oil fell less than trade expectation on slower fall in production. Fall in end stocks was primarily due to rise in exports and higher Malaysia's domestic use.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's May palm oil exports rose 6.5 percent to 1,688,104 tons compared to 1,584,660 tons last month. Top buyers were India at 502,334 tons (483,770 tons), European Union 371,943 tons (290,778 tons), China at 133,290 tons (190,435 tons), United States at 132,225 tons (29,216 tons) and Pakistan at 55,800 tons (56,000 tons) and. Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's May palm oil exports rose 10.2 percent to 1,677,639 tons compared to 1,521,945 tons last month. Top buyers were India & subcontinent 579,856 tons (574,110 tons), European Union 410,440 tons (272,890 tons) and China at 106,690 tons (201,335 tons). Values in brackets are figures of last month.
- According to Indonesia Palm Oil Association (GAPKI), exports of palm oil (CPO and PKO) from Indonesia rose 15.8 percent in Mar y-o-y to 2.78 MMT from 2.40 MMT in Mar 2018. Exports of palm oil (CPO and PKO) rose marginally m-o-m in Mar at 2.78 MMT compared to Feb 2019 at 2.77 MMT. Stocks of palm oil in Mar 2019 fell to 2.43 MMT from 2.5 MMT in Feb, down 2.8 percent m-o-m.
- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia kept June crude palm oil export duty unchanged at 0.0 percent. Export duty of palm oil is calculated at reference price of 2018.76 ringgit (\$484.2) 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 June crude palm oil export duty unchanged at zero. The reference price is set at USD 547.17 per ton, much lower than lower threshold for export duty and below threshold of USD 570 to calculate export levy. Indonesia has kept crude palm oil export duty at zero since May 2017.

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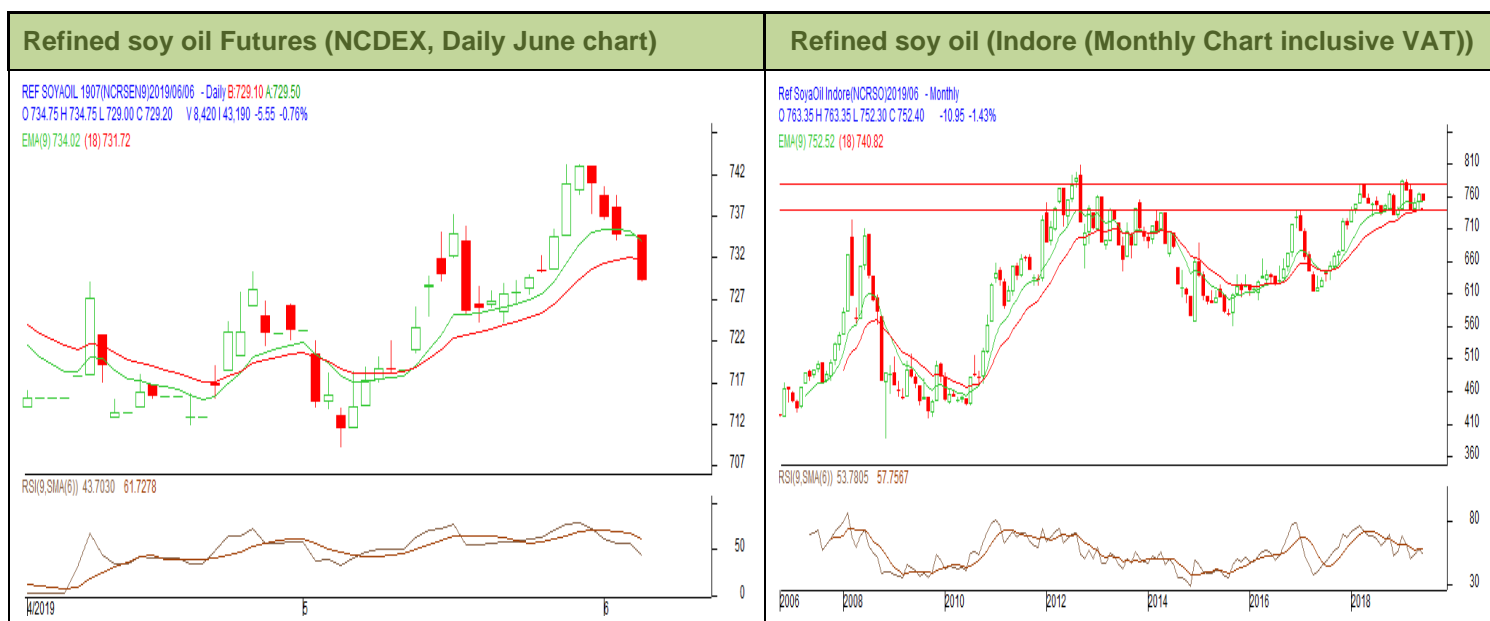
Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 490-550 per 10 Kg.

Import Parity Trend

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

| | CSO Argentina | CSO Brazil | CSO US | CPO Indonesia | RBD Palmolein |
|------------------|---------------|------------|--------|---------------|---------------|
| Mar, 2019 | 27.37 | 13.75 | 17.54 | -5.95 | -7.77 |
| Apr, 2019 | 37.28 | 33.92 | 52.18 | 5.50 | -2.75 |
| May, 2019 | 41.91 | 50.60 | 91.58 | 14.59 | -3.53 |

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 June due to firm prices of soy oil in Indian markets. Parity in CPO is higher than RBD palmolein. Parity in imports of palm oil may increase due to rise in prices of palm oil in Indian markets.

Technical Analysis (Refined soy oil Monthly Charts)


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

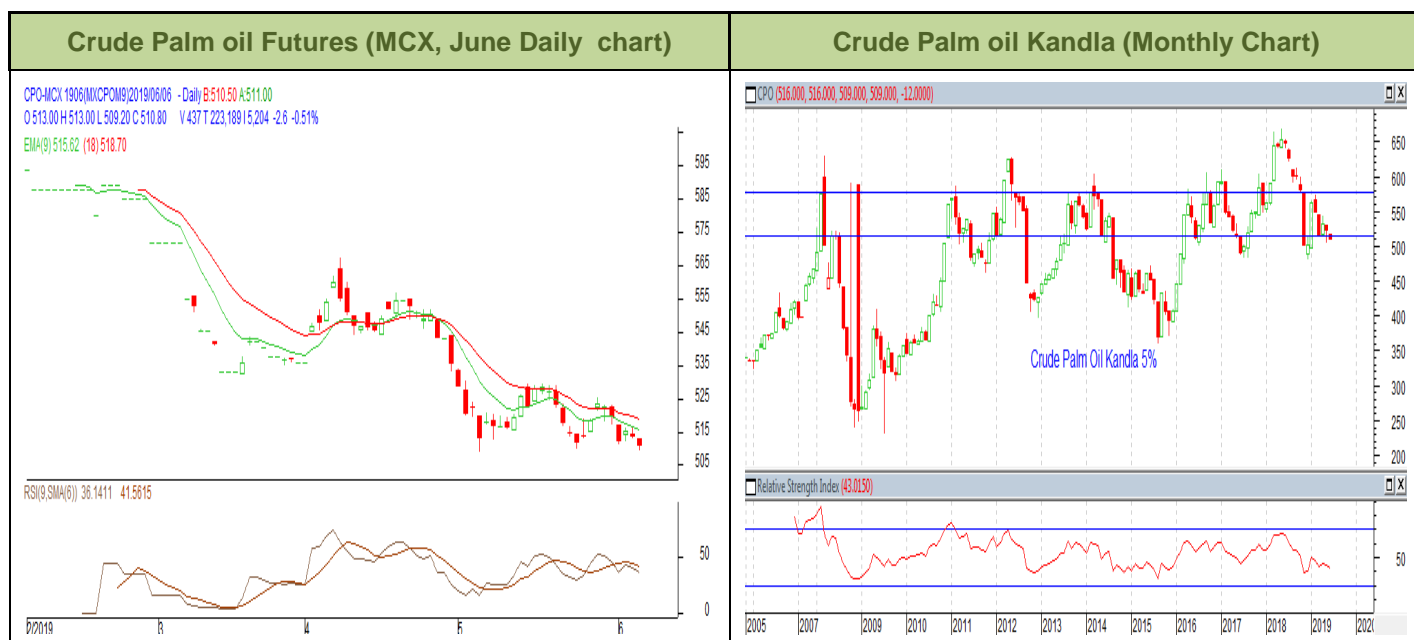
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close above 740 in monthly chart will bring prices to 750 levels.
- Expected price band for next month is 700-780 level in near to medium term. RSI and MACD are indicating uptrend at current levels.

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

RSO NCDEX

| Support and Resistance | | | | |
|------------------------|--------|--------|--------|--------|
| S2 | S1 | PCP | R1 | R2 |
| 700.00 | 720.00 | 731.75 | 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 firm tone in the coming days. Investors are advised to buy MCX CPO (June 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 below 500 in monthly chart might bring the prices to 480 levels.
- Expected price band for next month is 480-560 level in near to medium term. RSI and MACD are indicating uptrend.

Strategy: Market participants are advised to go long in CPO above 500 for a target of 520 and 525 with a stop loss at 490 on closing basis.

CPO MCX

| Support and Resistance | | | | |
|------------------------|--------|-------|--------|--------|
| S2 | S1 | PCP | R1 | R2 |
| 480.00 | 500.00 | 508.3 | 520.00 | 530.00 |

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

Monthly spot prices comparison

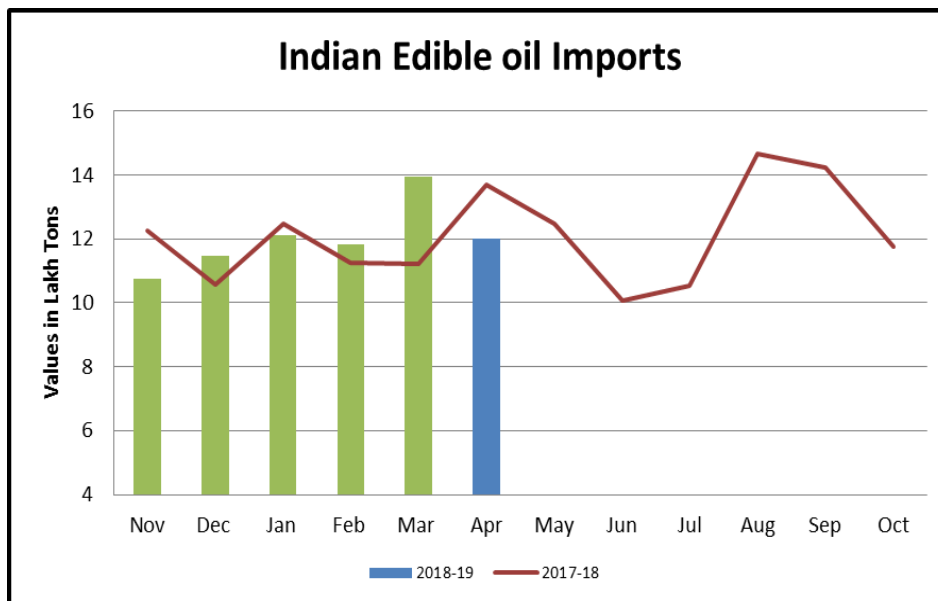
| Commodity | Centre | Prices(Per 10 Kg) | | Change |
|---------------------|--|-------------------|-----------|--------|
| | | 31-May-19 | 30-Apr-19 | |
| Refined Soybean Oil | Indore | 768 | 750 | 18 |
| | Indore (Soy Solvent Crude) | 735 | 715 | 20 |
| | Mumbai | 750 | 740 | 10 |
| | Mumbai (Soy Degum) | 722 | 695 | 27 |
| | Kandla/Mundra | 750 | 730 | 20 |
| | Kandla/Mundra (Soy Degum) | 735 | 710 | 25 |
| | Kolkata | 760 | 770 | -10 |
| | Delhi | 807 | 775 | 32 |
| | Nagpur | 756 | 744 | 12 |
| | Rajkot | 750 | 730 | 20 |
| | Kota | 765 | 745 | 20 |
| | Hyderabad | 755 | 750 | 5 |
| | Akola | 755 | 744 | 11 |
| | Amrawati | 755 | 745 | 10 |
| | Bundi | 770 | 750 | 20 |
| | Jalna | 756 | 750 | 6 |
| | Solapur | 756 | 737 | 19 |
| | Dhule | 763 | 754 | 9 |
| Palm Oil* | Kandla (Crude Palm Oil) | 547 | 559 | -12 |
| | Kandla (RBD Palm oil) | 583 | 599 | -16 |
| | Kandla RBD Pamolein | 620 | 630 | -11 |
| | Kakinada (Crude Palm Oil) | 520 | 536 | -16 |
| | Kakinada RBD Pamolein | 614 | 628 | -14 |
| | Haldia Pamolein | 622 | 635 | -14 |
| | Chennai RBD Pamolein | 614 | 630 | -16 |
| | Chennai RBD Pamolein (Vitamin A&D Fortified) | 681 | 695 | -14 |
| | KPT (krishna patnam) Pamolein | 609 | 620 | -11 |
| | Mumbai RBD Pamolein | 630 | 646 | -16 |
| | Mangalore RBD Pamolein | 620 | 631 | -12 |
| | Tuticorin (RBD Palmolein) | 617 | 625 | -7 |
| | Delhi | 650 | 665 | -15 |
| | Rajkot | 614 | 623 | -8 |
| | Hyderabad | 589 | 608 | -19 |
| | PFAD (Kandla) | 347 | 357 | -11 |
| | Refined Palm Stearin (Kandla) | 520 | 536 | -16 |
| | Superolien (Kandla) | 662 | 672 | -11 |
| | Superolien (Mumbai) | 672 | 683 | -11 |



* inclusive of GST

| | | | | |
|--------------------------|------------------------------------|------|------|------|
| Refined Sunflower Oil | Chennai | 780 | 755 | 25 |
| | Mumbai | 785 | 785 | Unch |
| | Mumbai(Expeller Oil) | 745 | 715 | 30 |
| | Kandla (Ref.) | 775 | 770 | 5 |
| | Hyderabad (Ref) | 790 | 760 | 30 |
| | Latur (Expeller Oil) | 765 | 755 | 10 |
| | Chellakere (Expeller Oil) | 725 | 700 | 25 |
| | Erode (Expeller Oil) | 810 | 780 | 30 |
| Groundnut Oil | Rajkot | 1000 | 990 | 10 |
| | Chennai | 1030 | 1000 | 30 |
| | Delhi | 1050 | 950 | 100 |
| | Hyderabad * | 1050 | 1000 | 50 |
| | Mumbai | 1020 | 1010 | 10 |
| | Gondal | 950 | 960 | -10 |
| | Jamnagar | 1000 | 990 | 10 |
| Rapeseed Oil/Mustard Oil | Jaipur (Expeller Oil) | 790 | 750 | 40 |
| | Jaipur (Kacchi Ghani Oil) | 813 | 763 | 50 |
| | Kota (Expeller Oil) | 785 | 735 | 50 |
| | Kota (Kacchi Ghani Oil) | 800 | 755 | 45 |
| | Neewai (Expeller Oil) | 790 | 735 | 55 |
| | Neewai (Kacchi Ghani Oil) | 800 | 750 | 50 |
| | Bharatpur (Kacchi Ghani Oil) | 820 | 770 | 50 |
| | Sri-Ganga Nagar(Exp Oil) | 780 | 730 | 50 |
| | Sri-Ganga Nagar (Kacchi Ghani Oil) | 800 | 750 | 50 |
| | Mumbai (Expeller Oil) | 775 | 755 | 20 |
| | Kolkata(Expeller Oil) | 890 | 880 | 10 |
| | New Delhi (Expeller Oil) | 803 | 740 | 63 |
| | Hapur (Expeller Oil) | 865 | 850 | 15 |
| | Hapur (Kacchi Ghani Oil) | 900 | 885 | 15 |
| | Agra (Kacchi Ghani Oil) | 825 | 775 | 50 |
| Refined Cottonseed Oil | Rajkot | 765 | 740 | 25 |
| | Hyderabad | 722 | 720 | 2 |
| | Mumbai | 760 | 750 | 10 |
| | New Delhi | 725 | 715 | 10 |
| Coconut Oil | Kangayan (Crude) | 1250 | 1300 | -50 |
| | Cochin | 1450 | 1450 | Unch |

| | | | | |
|--|-----------|------------------|------------------|---------------|
| Sesame Oil | New Delhi | 1450 | 1750 | -300 |
| | Mumbai | 0 | 0 | Unch |
| Kardi | Mumbai | 880 | 880 | Unch |
| Rice Bran Oil (40%) | New Delhi | 588 | 590 | -2 |
| Rice Bran Oil (4%) | Punjab | 610 | 605 | 5 |
| | | | | |
| Malaysia Palmolein USD/MT | FOB | 523 | 525 | -2 |
| | CNF India | 545 | 555 | -10 |
| Indonesia CPO USD/MT | FOB | 480 | 485 | -5 |
| | CNF India | 505 | 515 | -10 |
| RBD Palm oil (Malaysia Origin USD/MT) | FOB | 517 | 520 | -3 |
| RBD Palm Stearin (Malaysia Origin USD/MT) | FOB | 478 | 483 | -5 |
| RBD Palm Kernel Oil (Malaysia Origin USD/MT) | FOB | 655 | 660 | -5 |
| Palm Fatty Acid Distillate (Malaysia Origin USD/MT) | FOB | 405 | 435 | -30 |
| Crude palm Kernel Oil India (USD/MT) | CNF India | 640 | 650 | -10 |
| Ukraine Origin CSFO USD/MT Kandla | CIF | 760 | 723 | 37 |
| Rapeseed Oil Rotterdam Euro/MT | FOB | 740 | 738 | 2 |
| | | | | |
| Argentina FOB (\$/MT) | | 31-May-19 | 30-Apr-19 | Change |
| Crude Soybean Oil Ship | | 657 | 631 | 26 |
| Refined Soy Oil (Bulk) Ship | | 680 | 653 | 27 |
| Sunflower Oil Ship | | 680 | 655 | 25 |
| Cottonseed Oil Ship | | 637 | 611 | 26 |
| Refined Linseed Oil (Bulk) Ship | | 0 | 0 | Unch |
| * indicates including GST | | | | |

Annexure:
Indian Edible Oil Imports Scenario –:


As per Solvent Extractors' Association of India, India imported 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 Apr is pegged at 11.99 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. ** 2017-18- SEA of India & 2018-19 Agriwatch Estimates, *** (USDA estimates).

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

| Landed Cost Calculation as on 04/06/2019 | CSO Argentina | CSO Brazil | CSO US | CPO Indonesia | RBD Palmolein |
|--|----------------------|-------------------|----------------|----------------------|----------------------|
| FOB USD per ton | 649 | 640 | 603 | 475 | 518 |
| Freight (USD/MT) | 47 | 47 | 47 | 35 | 29.0 |
| C & F | 696.0 | 687.0 | 650.0 | 510.0 | 547.0 |
| Weight loss (0.25% of FOB) | 1.62 | 1.60 | 1.51 | 1.19 | 1.30 |
| Finance charges (0.4% on CNF) | 2.78 | 2.75 | 2.60 | 2.04 | 2.19 |
| Insurance (0.3% of C&F) | 2.09 | 2.06 | 1.95 | 1.53 | 1.64 |
| CIF (Indian Port - Kandla) | 702 | 693 | 656 | 515 | 552 |
| Duty (Values in USD per tons) | 272.97 | 272.97 | 272.97 | 226.16 | 274.73 |
| GST (5% on duty) USD per ton | 13.65 | 13.65 | 13.65 | 11.31 | 13.74 |
| Exchange rate | 69.26 | 69.26 | 69.26 | 69.26 | 69.26 |
| Landed cost without customs duty in INR per ton | 48655 | 48026 | 45439 | 35652 | 38240 |
| 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 | 709 | 709 | 709 | 514 | 555 |
| Fixed exchange rate by customs department | 71.15 | 71.15 | 71.15 | 71.15 | 71.15 |
| Duty component in INR per ton | 19421.46 | 19421.46 | 19421.46 | 16091.28 | 19546.68 |
| 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 | 69476 | 68847 | 66260 | 53143 | 59187 |
| Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla | 73300 | 73300 | 73300 | 50900 | 57800 |
| Total landed cost USD per ton | 1003 | 994 | 957 | 767 | 855 |
| Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5% | 1058 | 1058 | 1058 | 735 | 835 |
| Parity INR/MT (Domestic - Landed) | 3824 | 4453 | 7040 | -2243 | -1387 |
| Parity USD/MT (Domestic - Landed) | 55.21 | 64.29 | 101.65 | -32.39 | -20.02 |
| 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 | 73976.23 | 73346.97 | 70760.00 | 60643.39 | 61986.79 |
| Soy/Palm oil imported Price (Including tax) | 77675.04 | 77014.32 | 74298.00 | 63675.56 | 65086.13 |
| Loose price of Soy/Palm in Indore and Delhi market | 80325.00 | 80325.00 | 80325.00 | 65100.00 | 65100.00 |
| Parity after processing and Taxes (Rs per MT) | 2649.96 | 3310.68 | 6027.00 | 1424.44 | 13.87 |
| Parity after processing and Taxes (USD per MT) | 38.26 | 47.80 | 87.02 | 20.57 | 0.20 |
| 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 |
|---|---------|-----------|---------|-----------|------------|-----------|
| Opening Stock | 5.67 | 2.73 | 2.73 | 1.88 | 2.42 | 2.97 |
| Production (Domestic) | 14.94 | 18.72 | 9.36 | 2.81 | 2.81 | 3.74 |
| Imports | 30.47 | 31.35 | 4.75 | 7.84 | 7.84 | 10.93 |
| Imported oil processing | 29.65 | 30.50 | 4.62 | 7.63 | 7.63 | 10.63 |
| Total Production (Domestic production and imported oil production) | 44.59 | 49.22 | 13.98 | 10.43 | 10.43 | 14.37 |
| Total Supply | 50.26 | 51.95 | | | | |
| Quarterly add-on | | | 13.98 | 10.43 | 10.43 | 14.37 |
| Consumption | 47.53 | 49.44 | 14.83 | 9.89 | 9.89 | 14.83 |
| Ending Stock | 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 |
|-------------------------|---------|-----------|---------|-----------|------------|------------|
| Opening Stock | 1.14 | 0.68 | 0.68 | 1.11 | 1.71 | 1.34 |
| Production | 0.20 | 0.20 | 0.05 | 0.05 | 0.05 | 0.05 |
| Imports | 8.70 | 10.01 | 2.32 | 2.50 | 2.50 | 2.68 |
| Total Supply | 10.04 | 10.89 | | | | |
| Exports | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Quarterly add-on | | | 2.37 | 2.55 | 2.55 | 2.73 |
| Consumption | 9.36 | 9.73 | 1.95 | 1.95 | 2.92 | 2.92 |
| Ending Stocks | 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 |
|-------------------------|-----------|-----------|---------|-----------|------------|-----------|
| Opening Stock | 3.43 | 4.00 | 4.00 | 3.42 | 2.91 | 2.55 |
| Production | 0.80 | 0.80 | 0.15 | 0.12 | 0.27 | 0.27 |
| Imports | 25.25 | 24.49 | 6.02 | 6.12 | 6.12 | 6.23 |
| Total Supply | 29.48 | 29.29 | | | | |
| Quarterly add-on | | | 6.17 | 6.24 | 6.39 | 6.49 |
| Exports | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Consumption | 25.47 | 27.00 | 6.75 | 6.75 | 6.75 | 6.75 |
| Ending Stocks | 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 |
| Production | 29.82 | 31.92 | 5.964 | 15.96 | 7.98 | 2.016 |
| Imports | 2.40 | 1.84 | 0.34 | 0.50 | 0.50 | 0.50 |
| Total Supply | 34.15 | 36.41 | 8.96 | 18.74 | 18.87 | 13.04 |
| Exports | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Consumption | 31.50 | 33.39 | 6.68 | 8.35 | 8.35 | 10.02 |
| Ending Stocks | 2.65 | 3.02 | 2.28 | 10.39 | 10.52 | 3.02 |

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 |
|--------------------------------------|---------|-----------|-----------|-----------|------------|-----------|
| 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



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