



Veg. Oil Monthly Research Report

Contents

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

Outlook and Review:

Domestic Front

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

Groundnut oil (Rajkot) was the best performer among the edible oil complex due to weak supply. 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 68.70 compared to 69.46 last month. Rupee is expected to appreciate in July. Crude oil prices are expected to rise in July.

Recommendation:

In NCDEX, market participants are advised to go long in RSO above 730 for a target of 750 and 755 with a stop loss at 720 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 (Aug) is expected to stay in the range of 25 cents/lb to 30 cents/lb. CPO at BMD (Aug) 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 US, 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, crude oil prices and ringgit.

On the international front, lower stocks of soybean in US, lower planting area of soybean in US, falling soy oil stocks in US, fall in US dollar and rise in crude oil prices is expected to support soy oil prices in coming days.

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

Soy oil: Domestic Market Fundamentals

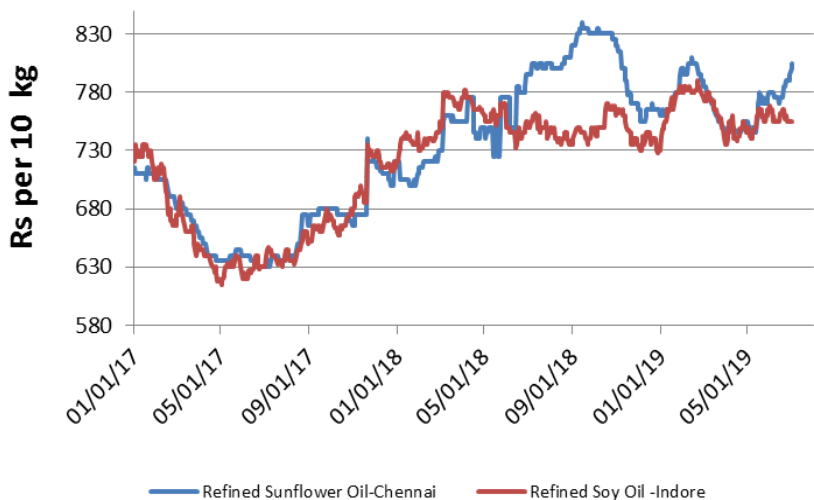
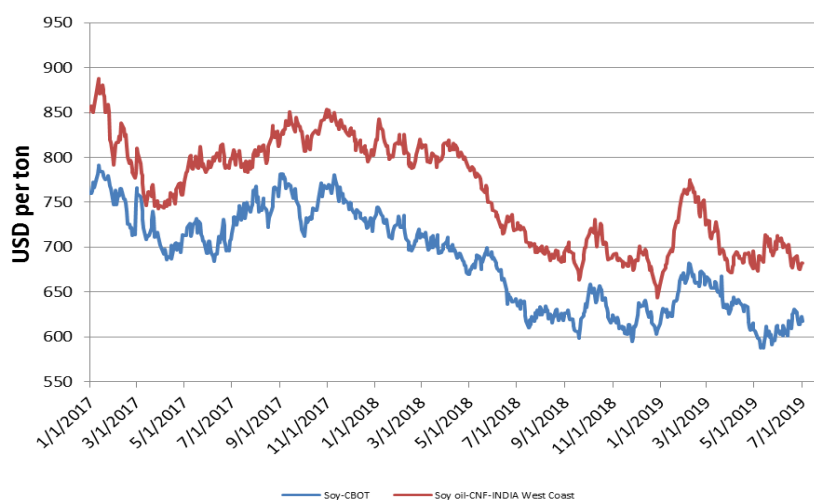
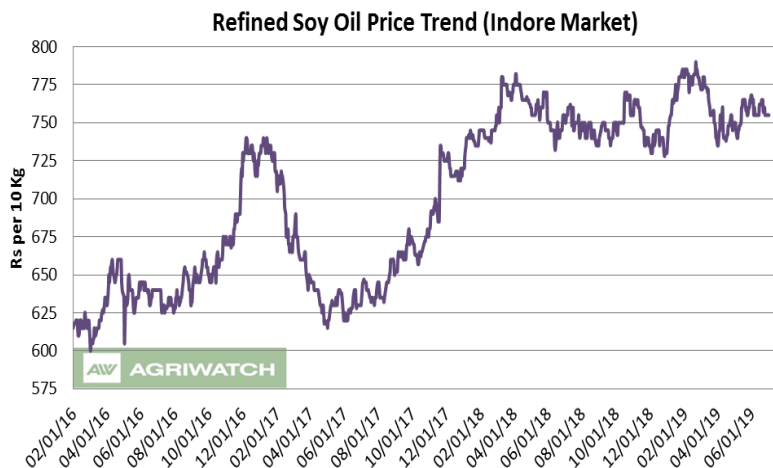
- Refined soybean oil prices featured downtrend at its benchmark market at Indore during the month of June on weak demand. Average prices of refined soy oil rose in June.
- Soy oil prices witnessed downtrend in month of June on weak demand.

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

Import prices of soy oil is rose on rise US-China trade optimism. Weak crop condition of soybean in US supported soy oil international prices. Weak demand of soy oil from Argentina and rise in prices of soy oil at CBOT has increased basis in soy oil leading to lower FOB prices of soy oil. Despite Argentina Peso depreciation FOB prices decreased 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 June and is at Rs 3.5-4.0 per kg compared to Rs 3.0-3.5 per kg in May.



Refining margins were reported higher in June at Rs 3.0-3.5 per kg compared to Rs 2.5-3.0 per kg in May.

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 252 (Rs 256 last month) per 10 Kg which is high and will underpin soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 175 (Rs 187 last month) per 10 Kg, which is high and may underpin soy oil prices in domestic markets.

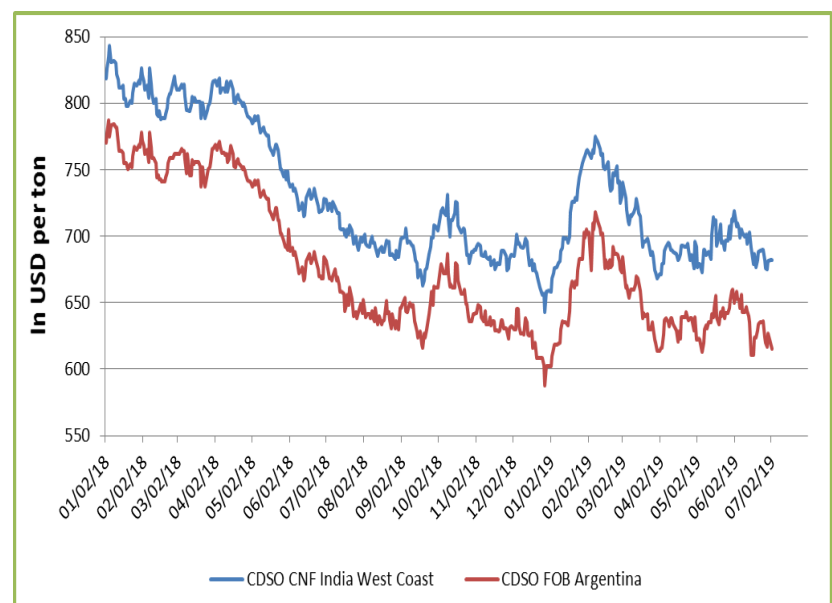
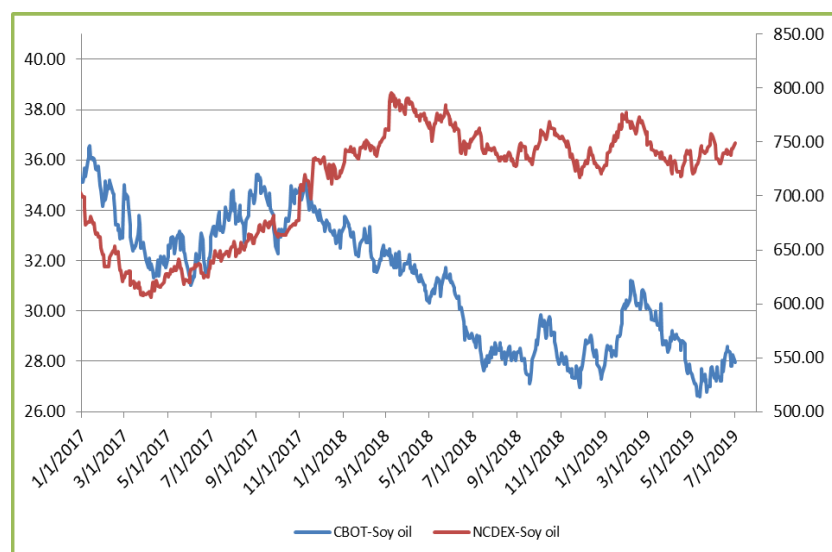
Refined soy oil premium over CDSO high seas is at Rs 54 (Rs 32) per 10 kg indicating weak demand of CDSO compared to refined soy oil in domestic markets.

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

Difference decreased 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.

Lower soy meal exports have resulted in lower crushing of soybean. Soy meal exports decreased due to sanction on Iran by US.

Imports of soy oil fell in May compared to May 2018 and Apr 2019 and stocks at ports fell indicating firm demand and destocking at ports.



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

Prices fell on fall in prices of competing oils like palm oil.

Prices fell on seasonal downtrend of prices.

- Government of India has hiked MSP of soybean by Rs 311 per qtl to Rs 3710 per qtl from Rs 3,399 per qtl. Cost of cultivation of soybean is calculated at Rs 2,473 per qtl thereby giving a return 50 percent over and above cost of cultivation.
- According to Solvent Extractors Association (SEA), India's May edible oil imports fell 5.30 percent y-o-y to 11.81 lakh tons from 12.47 lakh tons in May 2018. Palm oil imports in May rose 64.8 percent y-o-y to 8.19 lakh tons from 4.97 lakh tons in May 2018. CPO imports rose 32.53 percent in May y-o-y to 4.40 lakh tons from 3.32 lakh tons in May 2018. RBD palmolein imports rose 134.8 percent in May y-o-y to 3.71 lakh tons from 1.58 lakh tons in May 2018. Soy oil imports fell 41.56 percent in May y-o-y to 2.32 lakh tons from 3.97 lakh tons in May 2018. Sunflower oil imports fell 60.4 y-o-y in May to 1.31 lakh tons from 3.31 lakh tons in May 2018. Rapeseed (canola) oil imports were zero in May compared 0.22 imports in May 2018.
- According to Solvent Extractors Association (SEA), India's May edible oil stocks at ports and pipelines fell 6.58 percent m-o-m to 22.0 lakh tons from 23.55 lakh tons in Apr 2019. Stocks of edible oil at ports in May fell to 820,000 tons (CPO 380,000 tons, RBD Palmolein 240,000 tons, Degummed Soybean Oil 80,000 tons, Crude Sunflower Oil 120,000 ton and about 1,380,000 tons in pipelines. (Stocks at ports were 875,000 tons in Apr 2019). India is presently holding 35 days of edible oil requirement on 1st June, 2019 at 22.0 lakh tons compared to 37 days of requirements last month at 23.55 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.
- Soy oil import scenario – According to SEA, soy oil imports fell 41.56 percent y-o-y in May to 2.32 lakh tons from 3.97 lakh tons in May 2018. In the oil year 2018-19 (Nov 2018-May 2019), imports of soy oil were 14.69 lakh tons compared to 14.89 lakh tons in last oil year, lower by 1.34 percent in the corresponding period last oil year.
- Imported crude soy oil CIF at West coast port is offered at USD 674 (USD 685) per ton for June delivery, Aug delivery is offered at USD 672 (USD 675) per ton and Sep delivery is quoted at USD 675 per ton. Values in brackets are figures of last month. Last month, CNF CDSO June average price was USD 693.40 (USD 695.04 per ton in May 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 45-50/ton v/s gain of USD 40-45/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 June at its benchmark market at Kandla on weak demand.

RBD palmolein prices witnessed weak tone in month of June on weak demand.

- Crude palm oil prices fell in Kandla in the month of June on weak demand.

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

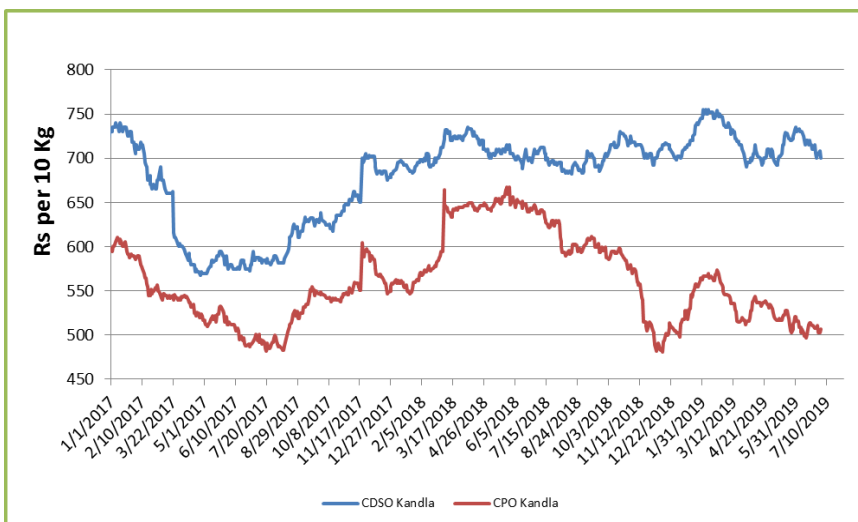
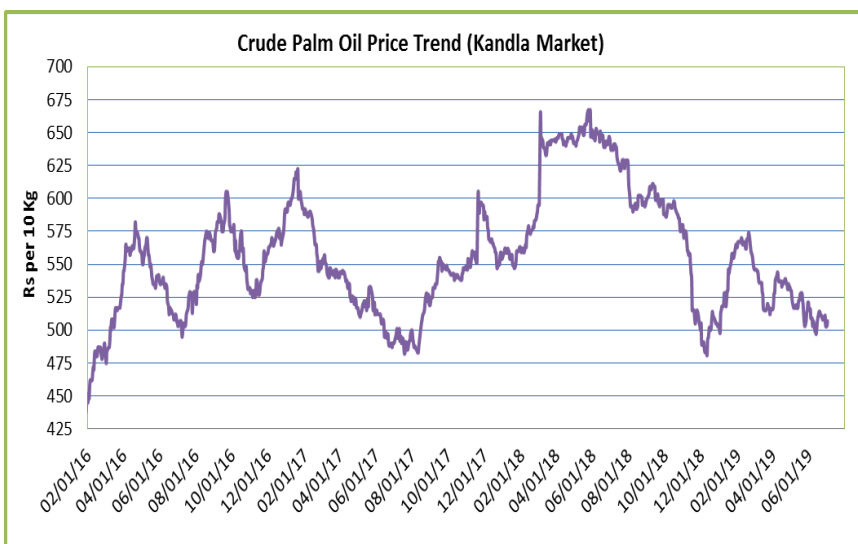
Demand of CPO is firm at CNF markets as prices fell less at CNF compared to FOB markets.

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

Disparity at ports increased due to fall in prices of palm oil in Indian markets. 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 July.

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

Stocks of CPO at Indian ports rose due to weak demand and restocking at ports.

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

RBD palmolein featured weak tone in its benchmark market on weak demand. Prices of RBD palmolein fell less at high seas compared to CNF markets indicating firm supply 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.

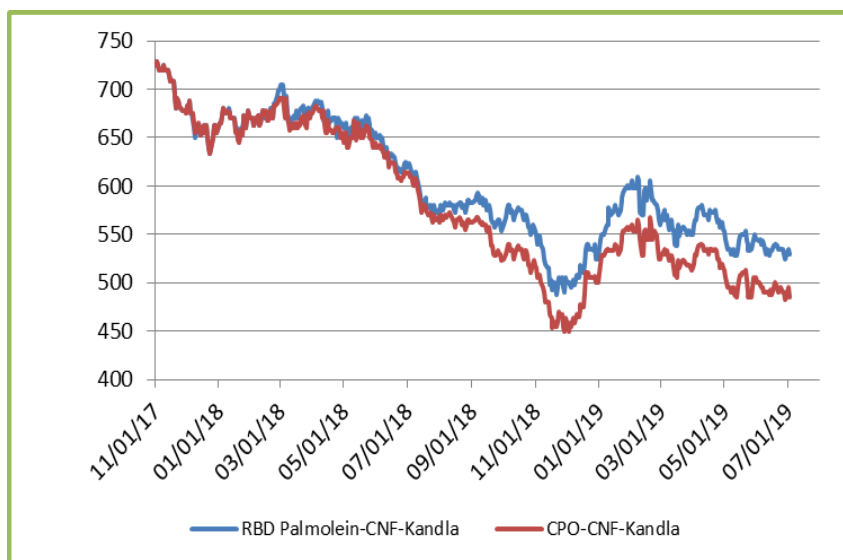
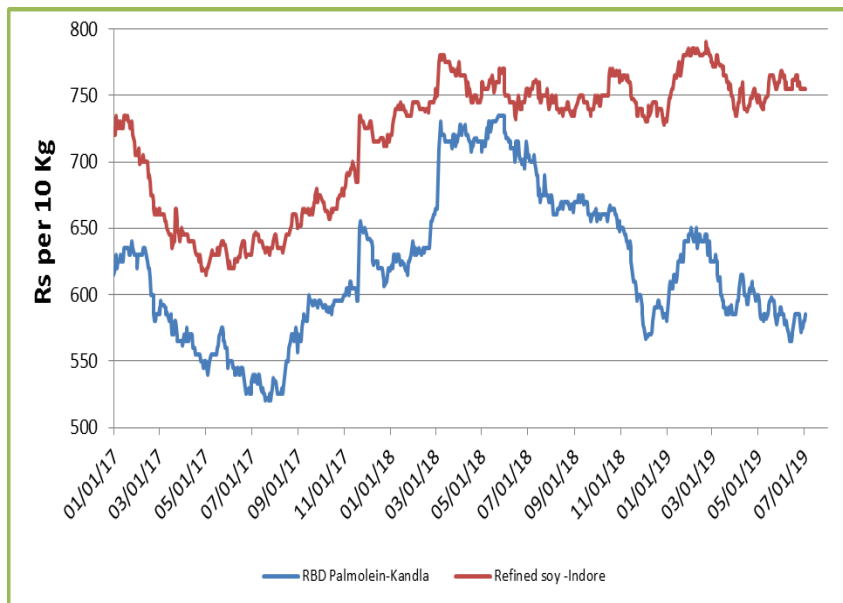
Decrease in import duty of palm oil especially RBD palmolein from Malaysia will increase RBD palmolein imports.

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 \$35-40 premium over CPO compared to \$45-50 premium over CPO at CNF markets last month which will increase RBD palmolein imports. Higher discount of RBD palmolein over soy oil, sunflower oil and rapeseed oil will improve demand.

Importers are selling cargoes at discount to clear stocks as fall in international prices have eroded gains.

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



Superolein and Vanaspati prices saw weak movement of prices in domestic markets.

RBD palmolein premium over CPO increased to Rs 77 (Rs 69 last month) per 10 kg indicating weak demand of CPO compared to RBD palmolein at high seas.

Import of CPO in May was higher than that of May 2018 while it was lower than Apr 2019. Stocks at ports rose in May compared to Apr 2019. Stocks at ports rose while imports fell indicating weak domestic demand in May. Import of RBD palmolein is rose in May compared to May 2018 and Apr 2019. Imports rose more in May compared to Apr 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 252 (Rs 256 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 June at CNF markets. Higher premium of crude sunflower CNF India West coast and CPO CNF at USD 305 (USD 270) 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 192 (USD 215 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 198 (Rs 228 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 175 (Rs 187 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 May rose 64.8 percent y-o-y to 8.19 lakh tons from 4.97 lakh tons in May 2019. Imports in the oil year 2018-19 (November 2018-May 2019) are reported higher by 6.49 percent y-o-y at 53.99 lakh tons compared to 50.70 in corresponding period last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 32.53 percent y-o-y in May to 4.40 lakh tons from 3.32 lakh tons in May 2019. Imports in oil year 2018-19 (November 2018-May 2019) were reported lower by 3.10 percent y-o-y at 37.45 lakh tons compared to 38.67 lakh tons in corresponding period last oil year.

RBD palmolein import scenario- RBD palmolein imports rose y-o-y in Apr 13.4.8 percent to 3.71 lakh tons from 1.58 lakh tons in May 2018. Imports in oil year 2018-19 (November 2019-May 2019) were reported higher by 37.96 percent y-o-y at 15.70 lakh tons compared to 11.38 lakh tons in corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 482.5 (USD 495) per ton for July delivery and Aug delivery prices are quoted at USD 485 per ton. Last month, CNF CPO June average price was at USD 492.96 per ton (USD 498.22 per ton in May 2019). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 522.5 (USD 542.5) per ton for July delivery and Aug delivery is quoted at USD 525 per ton. Last month, CIF RBD palmolein June average price was USD 536.28 (USD 540.18 in May 2019) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 502 (Rs 509) per 10 Kg and July delivery duty paid is offered at Rs 501 (Rs 511) per 10 kg. Ready lift RBD palmolein is quoted at Rs 580 (Rs 590) per 10 kg as on July 3, 2019. Values in brackets are figures of last month.

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

Demand fell in the month of June on weak buying.

Prices rose on fall in palm oil and soy oil prices.

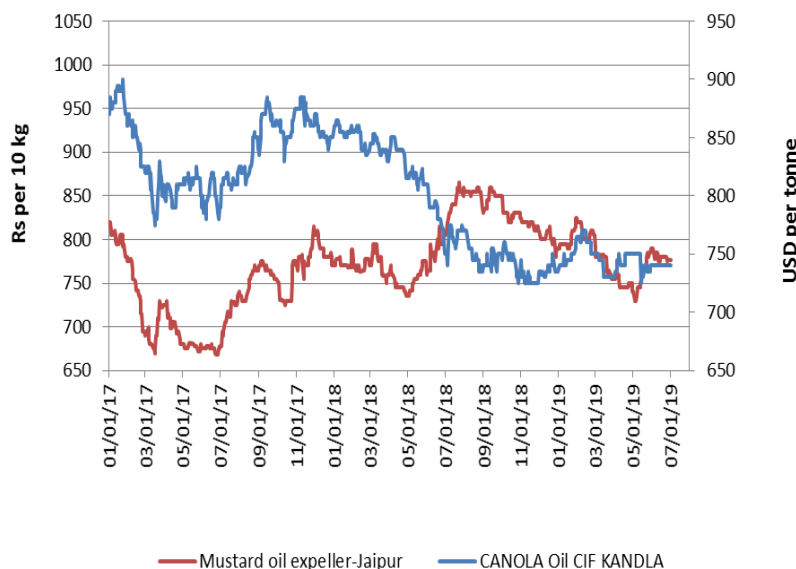
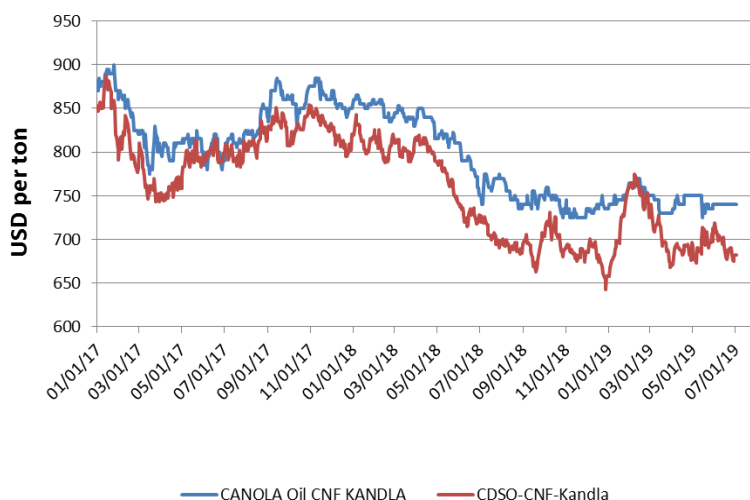
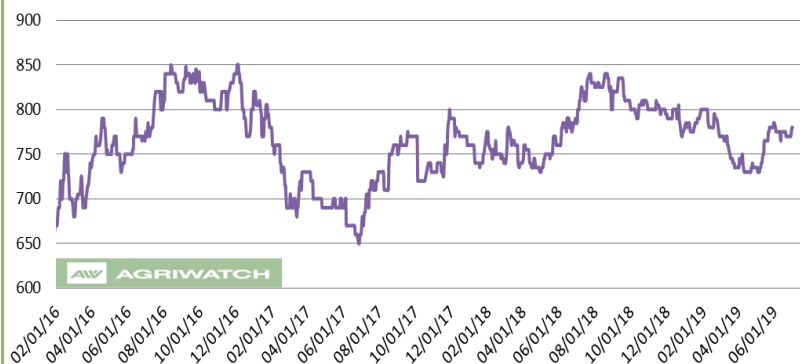
Stocked position is firm against weak demand position.

Rapeseed crop in current marketing year is higher than last year. Agriwatch forecasted rapeseed crop at 7.9 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 June. It will continue its fall in July.

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.

Mustard Oil Price Trend (Kota Market)



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.

Low premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market was at Rs 60 (Rs 40) 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 66 (USD 59) 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 30 (Rs 18) 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 225 (Rs 227) per 10 kg will underpin rapeseed oil prices.

Crushing has increased as supply of rapeseed in the market increased. NAFED has procured 10.79 lakh tons in Rabi 2018-19. Procurement of rapeseed is in last phase of completion and no tentative date of disposal of rapeseed has not been announced. Dates of disposal of rapeseed is expected after sowing of Kharif oilseeds are over. Prices of rapeseed oil will remain under pressure owing to high stocks of rapeseed in domestic market.

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

- Rapeseed oil import scenario- India imported 0.0 lakh tons of rapeseed (Canola) oil in May 2019 v/s 0.22 lakh tons in May 2018. In the oil year 2018-19 (Nov 2019-May 2019) imports were 0.44 lakh tons compared to 1.81 lakh tons in last oil year, lower by 75.69 percent y-o-y.
- CIF Canola oil premium over soybean oil is hovering at USD 66 (USD 59 last month) as on July 3, 2019.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 770 (Rs 790) per 10 Kg and at Kota market is quoted around Rs 777 (Rs 780) per 10 kg as on June 29, 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 June on firm demand
- Sunflower oil prices closed higher in month of June 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.

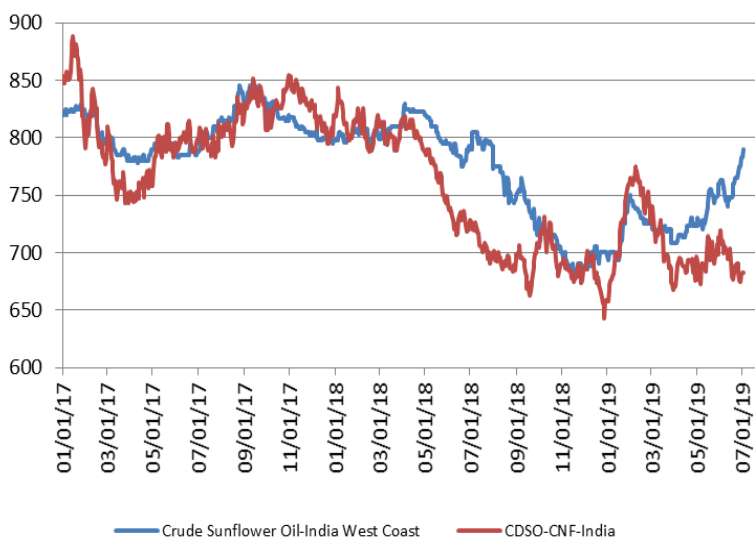
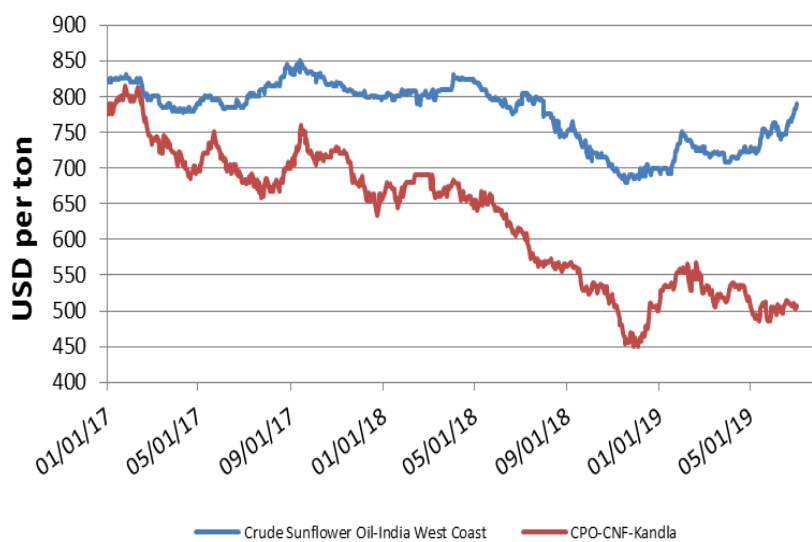
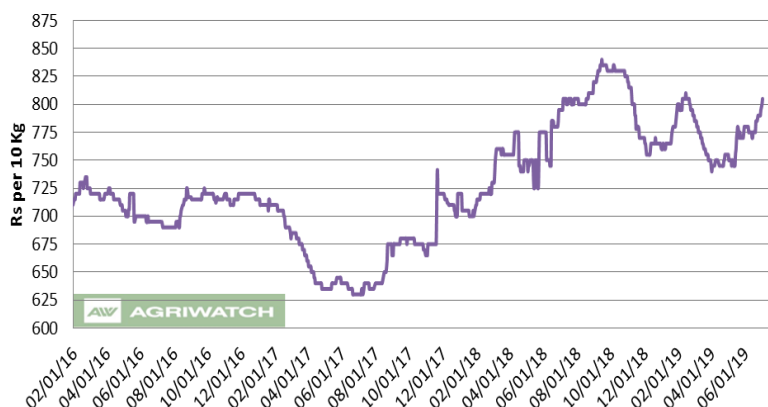
Due to hike in import duty on sunflower oil will stop surging imports in oil year 2018-19 which will decrease carryout of sunflower oil in oil year 2018-19.

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 July.

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

Appreciation of Rupee in July month will increase imports of

Sunflower Oil Price Trend (Chennai Market)



sunflower oil in coming months.

Supply of sunflower oil decreased in May after five month rise with imports touching 1.3 lakh tons. Stocks at ports fell due to low import. Lower supply of sunflower oil in domestic market due to lower imports will support prices of sunflower oil.

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

Rise in premium of CSFO over CDSO in CNF markets will cap gains prices in medium term. Imports are expected to be lower in June as crude sunflower oil CNF premium over CDSO CNF is high. Imports of sunflower have fallen due to rise in prices of sunflower oil at CNF markets. Third chart from above shows crude sunflower oil premium over CDSO is has increased in June will weaken imports.

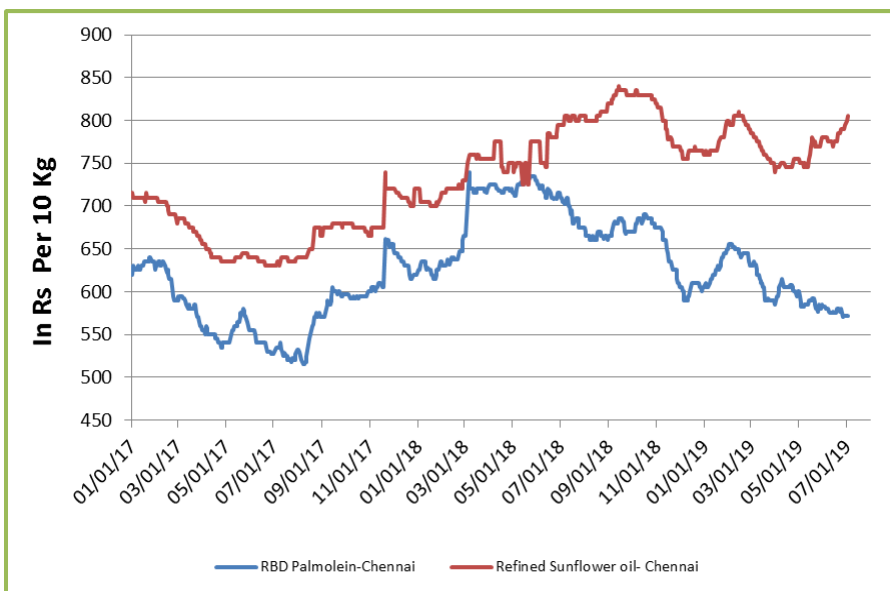
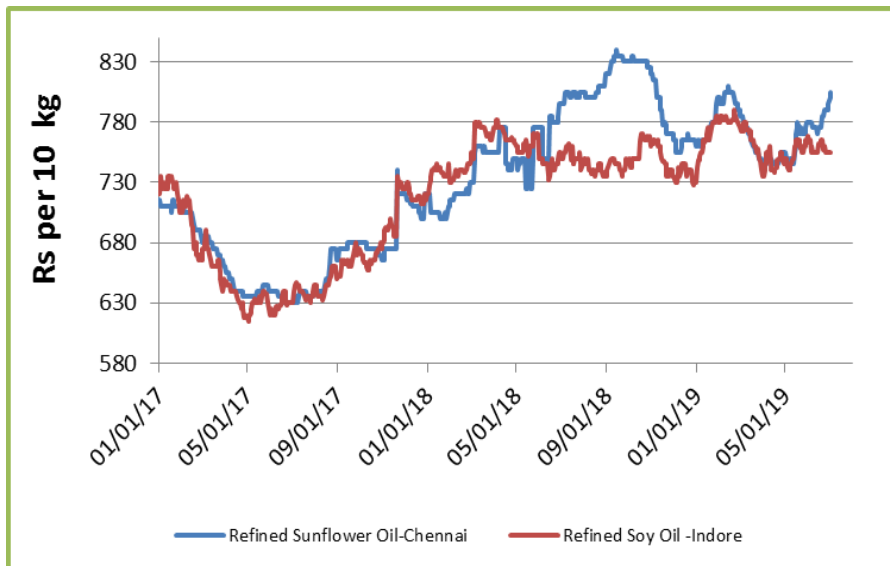
Fourth chart from above shows that

sunflower oil prices are highly correlated to soy oil prices in domestic market. However, there is diversion in prices of sunflower oil and soy oil in domestic market. Fifth chart from above shows that sunflower oil premium over RBD palmolein has increased from mid 2018.

Refiners and stockists have stopped stocking as sunflower oil premium over soy oil is increased to USD 118 (USD 55.5 last month) per ton.

In domestic market sunflower oil premium over soy oil is at Rs 55.0 (Rs 20.0) per 10 kg.

Refined sunflower oil premium over RBD palmolein has increased to Rs 230 (Rs 202 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 265 (USD 220) 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 July.

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

- Government of India (GOI) has hike MSP of sunflower seed by Rs 262 per qtl to Rs 5,650 per qtl from Rs 5,388 per qtl. Cost of cultivation of sunflower seed is calculated at Rs 3,767 per qtl thereby giving farmers return of 50 percent over and above its cost of cultivation.
- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 60.4 percent y-o-y in May to 1.31 lakh tons from 3.31 lakh tons in May 2018. Imports in oil year 2018-19 (November 2018-May 2019) were reported lower by 10.73 percent y-o-y at 14.73 lakh tons compared to 16.50 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 790 (USD 762.5) per ton for Aug delivery, Sep delivery is quoted at USD 785 (USD 762.5) per ton and OND delivery is quoted at USD 750 (USD 745) per ton. CNF sun oil (Ukraine origin) June monthly average was at USD 758.28 per ton compared to USD 739 per ton in May. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 750-830 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 118 (USD 55.5 last week) per ton for Aug delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 265 (USD 220) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 810 (Rs 780) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 785 (Rs 775) per 10 kg as on July 3, 2019. Values in brackets are figures of last month.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

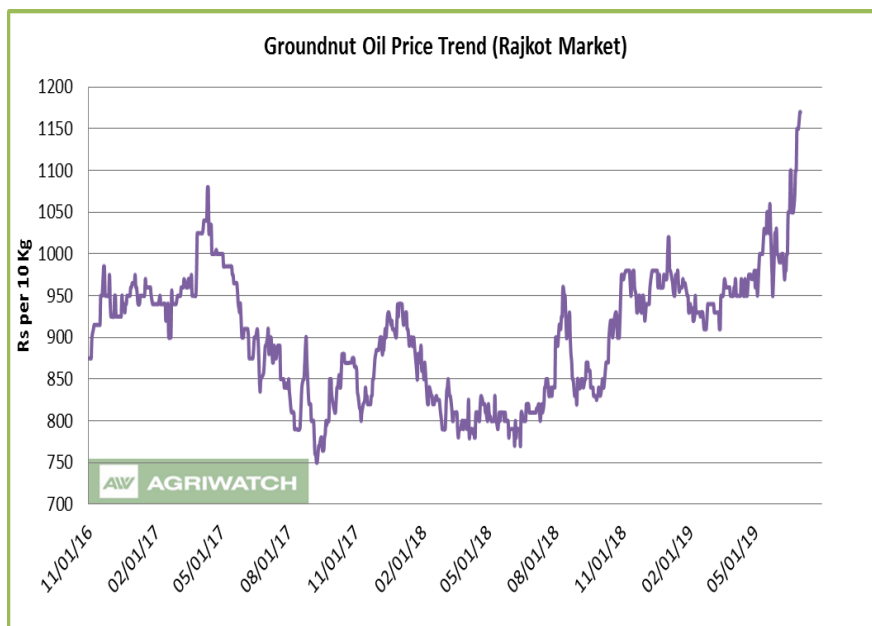
Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 780-840 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

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

Demand firmed due to weak supply concerns. Consumers prepone demand in anticipation of supply concerns.

Due to volatility in prices of groundnut oil retail demand will weaken.



Demand of groundnut oil increased due regular rise in prices.

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

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

Sale of groundnut by NAFED has stopped since last two weeks due to higher prices quoted by NAFED in auctions. This has led to short supply of groundnut in the market.

NAFED was aggressively selling Kharif 2018 and Kharif 2017 groundnut crop. At present quality of groundnut of Kharif 2018 is good for crushing.

NAFED has started sale of current season crop from 15th February. Total progressive of Kharif 2018 is 2.78 lakh tons and balance quantity after 4.25 lakh tons. 2017 Kharif crop stocks with NAFED is 0.76 lakh tons and total progressive sale has been 9.47 lakh tons so far.

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

So total progressive sale by NAFED in 2018 and 2019 crop is 12.25 lakh tons.

So, total stock in NAFED is 5.01 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 had supported NAFED aggressive sale. With this sale season end carry out stocks will be much less than last year carryout.

Demand of groundnut oil will decrease between Rs 1100-1200 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 come to standstill due to weak supply of groundnut despite firm demand of groundnut oil.

Exports of groundnut and groundnut oil are have slowed due to rise in prices in domestic markets denting exports. Exports firmed in the past 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 and with hike in MSP of groundnut by Rs 200 per qtl to 5,090 per qtl will help farmers to plant more groundnut in Kharif 2019.

Crushers have low stocks and are active in ready markets. Both groundnut oil and groundnut trade has weekend and groundnut is not arriving in in mandis.

Groundnut oil prices will fall on reduced offtake from stockists and traders.

Current prices of groundnut oil will undermine 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 in 2018 substantially due dry condition for groundnut.

In Andhra Pradesh and Tamil Nadu prices of groundnut has risen 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 weak in the market. There is parity in crush of groundnut in south India. Groundnut arrivals have weakened and will fall in July.

Prices are expected to trade firm on weak supply in cash markets.

Prices are expected to trade sideways to firm.

- Government of India hiked MSP of groundnut for Kharif 2019 to Rs 5,090 per Qtl from Rs 4,890 per Qtl, rise of Rs 200 from last year. Cost of cultivation of groundnut is quoted at 3,394 per Qtl thereby giving farmers return of 50 percent over and above cost of cultivation of farmers.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 11,700 (10,000) per quintal and quoting at Rs 10,600 (Rs 10,300) 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 1050-1250 per 10 Kg.

Coconut oil: Domestic Market Fundamentals

- Coconut oil featured weak trend at its benchmark market in Kangeyam on weak demand.
- Prices of coconut oil traded lower in the month of June on weak demand.

Copra prices remained weak during the month. Weak raw material prices led to weak prices of end product.

Copra prices traded lower 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.

Prices fell of seasonal uptrend of prices.

Due to fall in coconut oil prices in 2019, demand will rise at current levels.

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

Household consumption has will rise in Kerala in 2019 after weak demand in first two quarters of 2019.

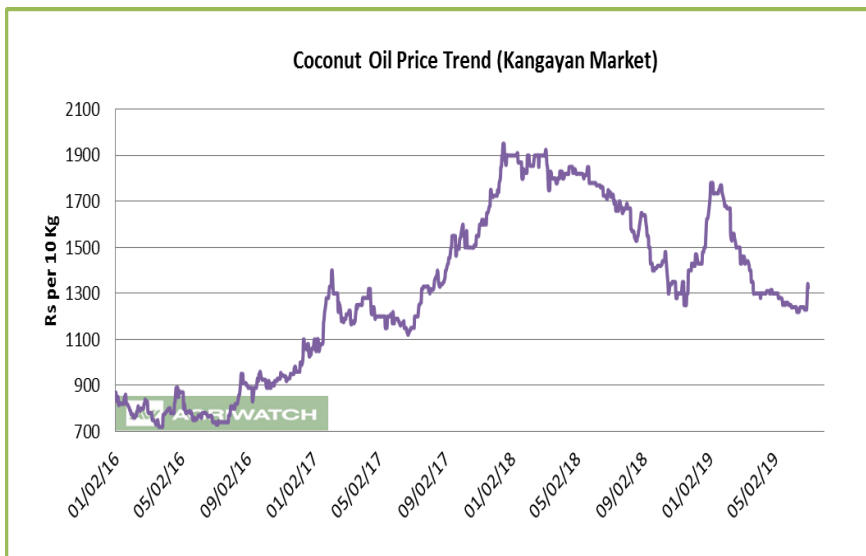
Coconut supplies have improved will lead to higher supply of copra which will increase in production of coconut oil which will keep prices of coconut oil under pressure.

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

There has been surge in imports of desiccated coconut (DC) from Sri Lanka, which has adversely affected demand of coconut as it is used in various industrial applications and feed industry prompting higher supply of coconut towards crushing, thereby increasing supply of coconut oil.

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.



Coconut oil consumers are loyal consumers and do not shift to other oils on higher prices but demand destruction takes place at higher levels. Palm oil is cheap alternative in South India.

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 will strengthen.

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 rise in July on renewed retail demand, improved demand from corporates and seasonal uptrend of prices. Prices are expected to trade sideways to higher in medium term.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 13,900 (14,500) per quintal, and quoting Rs 12,300 (12,400) per quintal in Erode market on June 29, 2019.
- Coconut oil prices may trade sideways to firm tone tracking firm demand in ready markets.

Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 1100-1400 per 10 Kg.

International Soy oil Market Fundamentals

- Soy oil prices are expected to be supported by lower than expected soybean area in US, lower stocks of soybean in US, US-China trade settlement optimism, fall in soy oil stocks in US and rise in crude oil prices. However, higher soybean crop in Argentina and Brazil and weak demand of soybean by China will cap gains. US and China struck a deal on the sidelines of G-20 to start trade talks to iron out differences between both countries. Both US President and Chinese premier expressed that fresh round of talks will iron out differences. US wants a deal, which gives it fair trade terms. US President has already expressed that new tariffs are planned on additional Chinese goods if talks fail. China was backtracking to its commitments made during the start of talks. Trade will keep its eye on progress of talks.

Soybean crop in US is much below expectation at 80.0 million acres compared to previous estimate of 84.6 million acres in March estimate, reported USDA in its quarterly planting report. Wet and cold spring in US slowed planting and stopped farmers from planting additional acres. Weather have been bed for most of June. Due to dry weather from last week planting have progressed rapidly and more dry weather is expected in coming days will let farmers finish planting. Crop condition of soybean is weakest in last 10 years with condition much below last year and 5-year average. Good to excellent percentage of soybean is much below past year and 5-year average. This will decrease soybean crop in US than previously expected.

Soybean stocks in US on 1st June was much below trade expectations leading to expectation that USDA will reduce soybean stocks in US in its July estimate.

Soy oil stocks fell in US in May as reported by NOPA on fall in crush of soybean and higher disappearance of soy oil in US market. Fall in stocks of soy oil in US is due to higher disappearance of soy oil in the country.

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

Soybean crop in Argentina was more than previously expected. Higher than expected yields led to higher soybean crop despite lower planted area. 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 falling 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 led to fall in basis below 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 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 Brazil 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 has led 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 lower soybean in May m-o-m. China brought less soybean in May from both Brazil and US. Despite rising supply of soybean from Brazil exports were lower.

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. However, in a surprise step China is liquidating soybean state reserves.

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 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 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.

- According to National Oilseed Processors Association (NOPA), U.S. May soybean crush fell by 3.25 percent to 154.796 million bushels from 159.990 million bushels in April 2019. Crush of soybean in May was lower by 5.37 percent compared to May 2018 figure of 163.572 million bushels. Soy oil stocks in U.S. at the end of May fell 11.53 percent to 1.581 billion lbs compared to 1.787 billion lbs in end Apr 2019. Stocks of soy oil in end May was lower by 14.82 percent compared to end May 2018, which was reported at 1.856 million lbs. Soybean crush and soy oil stocks was below trade expectation.



- USDA WASDE Oilseeds Highlights- The 2019/20 season-average price for soybeans is forecast at \$8.25 per bushel, up 15 cents reflecting the impact of higher corn prices. Soybean meal prices are forecast at \$295 per short ton, up 5 dollars. The soybean oil price forecast is unchanged at 29.5 cents per pound.

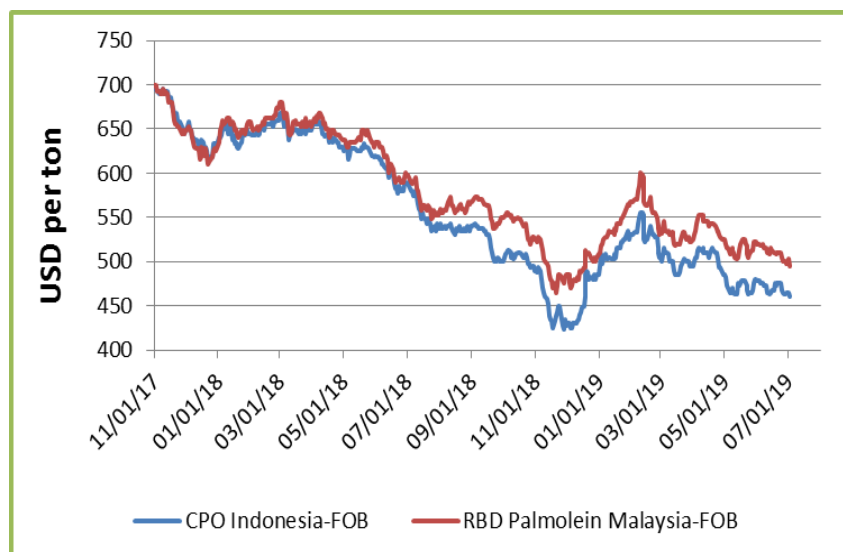
Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 740-820 per 10 Kg.

International Palm oil Market Fundamentals

- Palm oil prices are likely to fall due to expectation of rise in end stocks of palm oil in Malaysia in June, fall in exports of palm oil from Malaysia, slow fall in production of palm oil in Malaysia in June, appreciation of Ringgit.

Further higher than expected palm oil production in Indonesia 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.

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 rise in June from around 2.4 MMT due to fall in exports of palm oil from Malaysia in June and slow fall in production of palm oil in coming months.

Exports fell rose 18-20 percent in June on weak demand from India and EU.

Imports from India declined in June due to weak demand in the country and record stocks of palm oil at Indian ports. Ramadan demand is over and severe summer has led to fall in demand of palm oil in the country. Import parity has also worsened in June and ready to use palmolein demand is less than domestic refined RBD palmolein. High stocks of palm oil at Indian ports and higher oilseed crop in the country, especially rapeseed and soybean will slow imports of palm oil in coming months.

Bargain buying is expected in July. Lowering of import duty on imports of RBD palmolein and preferential treatment given to Malaysia compared to imports from other destination will supported imports. 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 June due to seasonal downtrend of production. Production of palm oil will fall due to low fertilizer use due to lower prices of palm oil. Production is expected to remain weak as producers curtail production due to lower prices. However, fall in production was

primarily due to lower supply of labor on Ramadan. Production will pickup from July when labor returns after the Ramadan break.

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

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

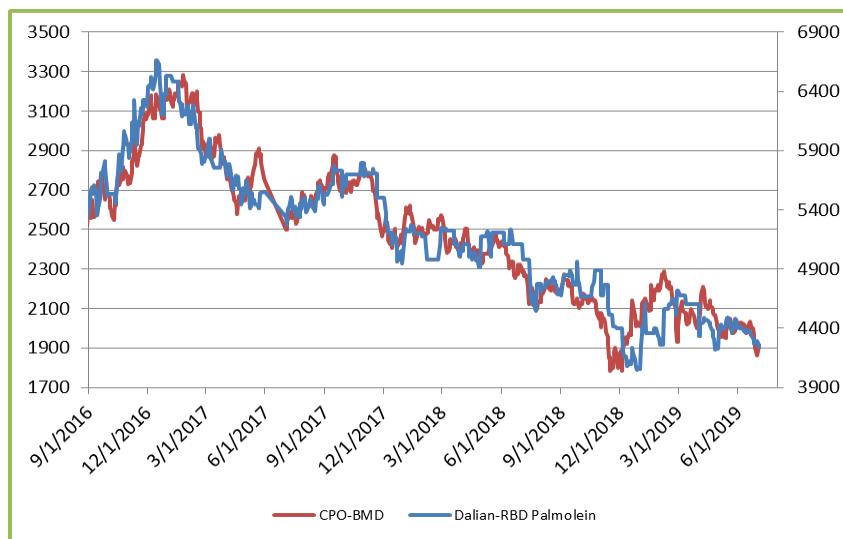
Palm oil end stocks fell in Indonesia in Mar due to fall in production of palm oil in the country and rise in exports of palm oil. End stocks of palm oil fell below 3 MMT. Removal of export levy has led to clearing of palm oil stocks in the country and will palm oil prices in medium term. However, stocks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

Indonesia imposed 5 percent import duty on sugar imports from India as Indonesia requested India to reduce 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.

Appreciation of Ringgit is expected to underpin palm oil prices. Ringgit has appreciated above 4.15/USD. This will make exports of palm oil uncompetitive 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 decreased over Indonesia CPO due to weak demand. Export demand will rise 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 July 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 Aug. Rise production of palm oil in Indonesia and fall 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 support 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 May palm oil stocks fell 10.34 percent to 24.47 lakh tons compared to 27.30 lakh tons in April 2019. Production of palm oil in May rose 1.34 percent to 16.72 lakh tons compared to 16.49 lakh tons in April 2019. Exports of palm oil in May rose 3.51 percent to 17.12 lakh tons compared to 16.54 lakh tons in April 2019. Imports of palm oil in May fell 0.52 percent to 0.62 lakh tons compared to 0.62 lakh tons in April 2019. End stocks of palm oil fell more than trade expectation on higher exports and higher domestic use of palm oil in Malaysia.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's June palm oil exports fell 18.7 percent to 1,371,636 tons compared from 1,688,104 tons last month. Top buyers were India at 394,934 tons (502,334 tons), European Union 239,285 tons (371,943 tons), China at 160,250 tons (160,250 tons), United States at 92,355 tons (132,225 tons) and Pakistan at 56,000 tons (55,800 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's June palm oil exports fell 19.9 percent to 1,343,428 tons compared to 1,677,639 tons last month. Top buyers were India & subcontinent 447,989 tons (579,856 tons), European Union 338,589 tons (410,440 tons) and China at 76,350 tons (106,690 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.

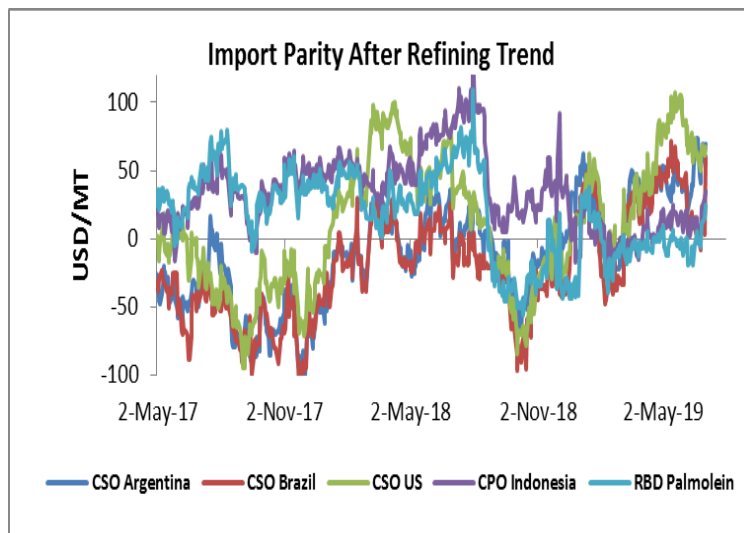
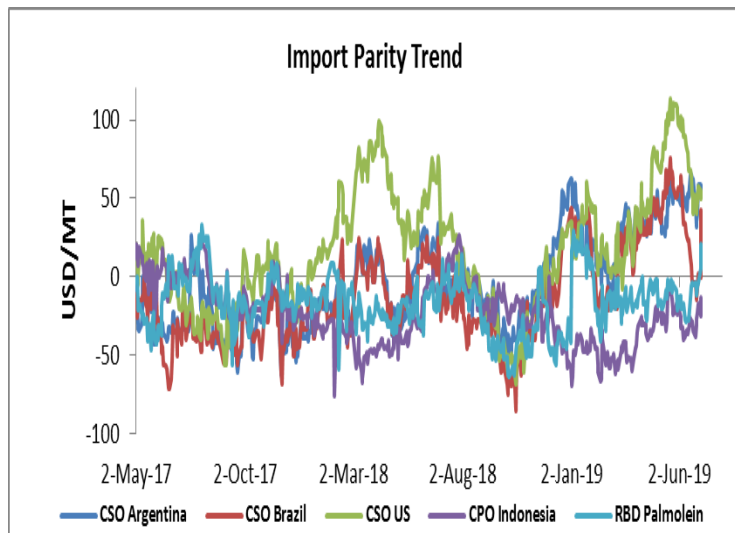


- Policy update- According to Malaysia Palm Oil Board (MPOB), Malaysia kept July crude palm oil export tax unchanged at 0.0 percent. Export duty of palm oil is calculated at reference price of 1970.44 ringgit (\$474.69) per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

According to Indonesia trade ministry, Indonesia kept July crude palm oil export duty unchanged at zero. The reference price is set at USD 542.45 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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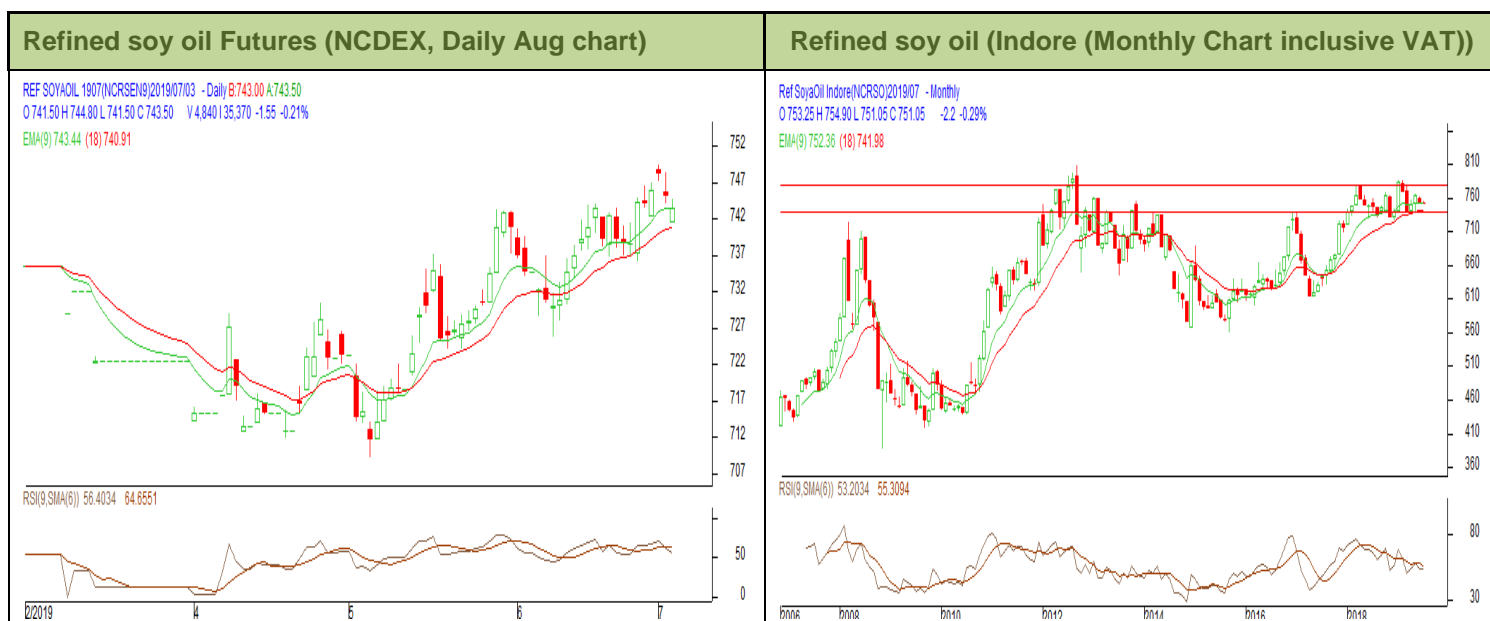
Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 480-540 per 10 Kg.

Import Parity Trend

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

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Apr, 2019	37.28	33.92	52.18	5.50	-2.75
May, 2019	41.91	50.60	91.58	14.59	-3.53
June, 2019	48.13	12.68	67.51	12.17	-4.33

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 July 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 (August contract) on dips.

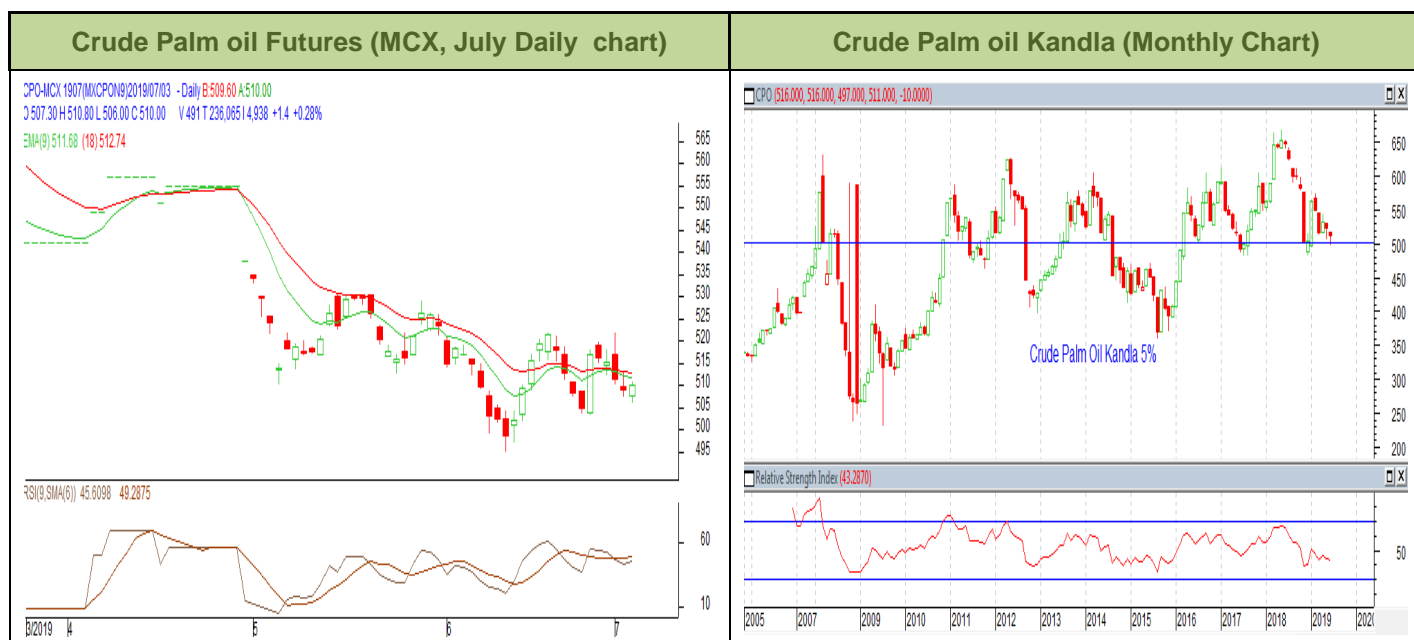
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close above 740 in monthly chart will bring prices to 750 levels.
- Expected price band for next month is 700-780 level in near to medium term. RSI and MACD are indicating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

Strategy: Market participants are advised to go long in RSO above 730 for a target of 750 and 755 with a stop loss at 720 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
700.00	720.00	735.80	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 (July 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	508.7	520.00	530.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 480-540 per 10 Kg.

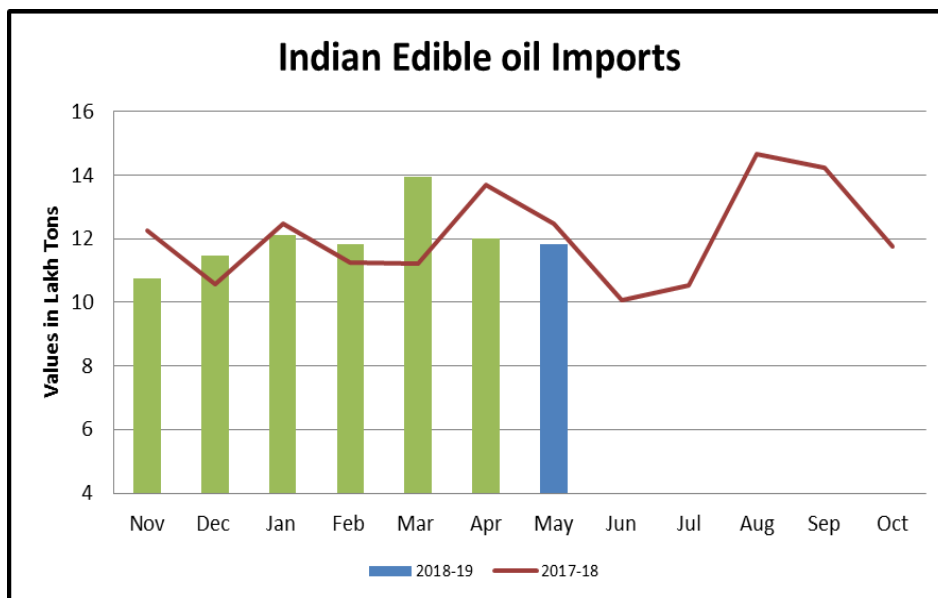
Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		29-Jun-19	31-May-19	
Refined Soybean Oil	Indore	755	768	-13
	Indore (Soy Solvent Crude)	715	735	-20
	Mumbai	745	750	-5
	Mumbai (Soy Degum)	702	722	-20
	Kandla/Mundra	738	750	-12
	Kandla/Mundra (Soy Degum)	705	735	-30
	Kolkata	740	760	-20
	Delhi	770	807	-37
	Nagpur	757	756	1
	Rajkot	735	750	-15
	Kota	750	765	-15
	Hyderabad	750	755	-5
	Akola	756	755	1
	Amrawati	755	755	Unch
	Bundi	755	770	-15
	Jalna	770	756	14
	Solapur	746	756	-10
	Dhule	769	763	6
Palm Oil*	Kandla (Crude Palm Oil)	528	547	-19
	Kandla (RBD Palm oil)	572	583	-11
	Kandla RBD Pamolein	609	620	-11
	Kakinada (Crude Palm Oil)	520	520	Unch
	Kakinada RBD Pamolein	599	614	-16
	Haldia Pamolein	609	622	-13
	Chennai RBD Pamolein	601	614	-14
	KPT (krishna patnam) Pamolein	588	609	-21
	Mumbai RBD Pamolein	614	630	-16
	Mangalore RBD Pamolein	609	620	-11
	Tuticorin (RBD Palmolein)	602	617	-16
	Delhi	645	650	-5
	Rajkot	609	614	-5
	Hyderabad	575	589	-14
	PFAD (Kandla)	331	347	-16
	Refined Palm Stearin (Kandla)	520	520	Unch
	Superolien (Kandla)	630	662	-32
	Superolien (Mumbai)	651	672	-21
* inclusive of GST				
Refined Sunflower Oil	Chennai	795	780	15



	Mumbai	790	785	5
	Mumbai(Expeller Oil)	755	745	10
	Kandla (Ref.)	785	775	10
	Hyderabad (Ref)	805	790	15
	Latur (Expeller Oil)	775	765	10
	Chellakere (Expeller Oil)	730	725	5
	Erode (Expeller Oil)	825	810	15
Groundnut Oil	Rajkot	1150	1000	150
	Chennai	1050	1030	20
	Delhi	950	1050	-100
	Hyderabad *	1050	1050	Unch
	Mumbai	1100	1020	80
	Gondal	1080	950	130
	Jamnagar	1150	1000	150
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	777	790	-13
	Jaipur (Kacchi Ghani Oil)	802	813	-11
	Kota (Expeller Oil)	770	785	-15
	Kota (Kacchi Ghani Oil)	790	800	-10
	Neewai (Expeller Oil)	770	790	-20
	Neewai (Kacchi Ghani Oil)	788	800	-12
	Bharatpur (Kacchi Ghani Oil)	805	820	-15
	Sri-Ganga Nagar(Exp Oil)	765	780	-15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	790	800	-10
	Mumbai (Expeller Oil)	795	775	20
	Kolkata(Expeller Oil)	910	890	20
	New Delhi (Expeller Oil)	787	803	-16
	Hapur (Expeller Oil)	875	865	10
	Hapur (Kacchi Ghani Oil)	910	900	10
	Agra (Kacchi Ghani Oil)	810	825	-15
Refined Cottonseed Oil	Rajkot	780	765	15
	Hyderabad	733	722	11
	Mumbai	768	760	8
	New Delhi	740	725	15
Coconut Oil	Kangayan (Crude)	1230	1250	-20
	Cochin	1390	1450	-60
Sesame Oil	New Delhi	1130	1450	-320
	Mumbai	0	0	Unch

Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	578	588	-10
Rice Bran Oil (4%)	Punjab	620	610	10
Malaysia Palmolein USD/MT	FOB	498	523	-25
	CNF India	528	545	-17
Indonesia CPO USD/MT	FOB	465	480	-15
	CNF India	485	505	-20
RBD Palm oil (Malaysia Origin USD/MT)	FOB	493	517	-24
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	473	478	-5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	630	655	-25
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	363	405	-42
Crude palm Kernel Oil India (USD/MT)	CNF India	580	640	-60
Ukraine Origin CSFO USD/MT Kandla	CIF	783	760	23
Rapeseed Oil Rotterdam Euro/MT	FOB	730	740	-10
Argentina FOB (\$/MT)		28-Jun-19	30-May-19	Change
Crude Soybean Oil Ship		624	658	-34
Refined Soy Oil (Bulk) Ship		646	681	-35
Sunflower Oil Ship		705	680	25
Cottonseed Oil Ship		604	638	-34
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 May is pegged at 11.81 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 02/07/2019	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	615	624	617	460	495
Freight (USD/MT)	47	47	47	35	29.0
C & F	662.0	671.0	664.0	495.0	524.0
Weight loss (0.25% of FOB)	1.54	1.56	1.54	1.15	1.24
Finance charges (0.4% on CNF)	2.65	2.68	2.66	1.98	2.10
Insurance (0.3% of C&F)	1.99	2.01	1.99	1.49	1.57
CIF (Indian Port - Kandla)	668	677	670	500	529
Duty (Values in USD per tons)	268.35	268.35	268.35	223.52	271.76
GST (5% on duty) USD per ton	13.42	13.42	13.42	11.18	13.59
Exchange rate	69.03	69.03	69.03	69.03	69.03
Landed cost without customs duty in INR per ton	46124	46751	46263	34488	36510
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	697	697	697	508	549
Fixed exchange rate by customs department	70.40	70.40	70.40	70.40	70.40
Duty component in INR per ton	18891.49	18891.49	18891.49	15735.81	19131.55
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	66415	67043	66555	51624	57042
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	70000	70000	70000	50700	58500
Total landed cost USD per ton	962	971	964	748	826
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1014	1014	1014	734	847
Parity INR/MT (Domestic - Landed)	3585	2957	3445	-924	1458
Parity USD/MT (Domestic - Landed)	51.93	42.84	49.91	-13.39	21.12
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	70915.37	71542.54	71054.74	59124.23	59841.90
Soy/Palm oil imported Price (Including tax)	74461.13	75119.67	74607.48	62080.44	62833.99
Loose price of Soy/Palm in Indore and Delhi market	79275.00	79275.00	79275.00	64500.00	64500.00
Parity after processing and Taxes (Rs per MT)	4813.87	4155.33	4667.52	2419.56	1666.01
Parity after processing and Taxes (USD per MT)	69.74	60.20	67.62	35.05	24.13
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

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Beginning Stocks	0.841	0.765	0.776	0.905	0.885
Production	9.956	10.035	10.783	11.115	11.129
Imports	0.13	0.145	0.152	0.181	0.204
Total Supply	10.927	10.945	11.711	12.201	12.218
Exports	1.017	1.159	1.11	0.975	0.816
Industrial Dom. Cons.	2.572	2.812	3.236	3.719	3.946
Food Use Dom. Cons.	6.573	6.198	6.46	6.622	6.759
Domestic Consumption	9.145	9.01	9.696	10.341	10.705
Ending Stocks	0.765	0.776	0.905	0.885	0.697

Source: USDA

Balance Sheet (Annual) - Soybean, United States

Fig. in million tons

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Beginning Stocks	5.188	5.354	8.208	11.923	29.127
Production	106.869	116.931	120.065	123.664	112.945
Imports	0.641	0.606	0.594	0.463	0.544
Total Supply	112.698	122.891	128.867	136.05	142.616
Exports	52.87	58.96	57.945	46.266	53.07
Crush	51.335	51.742	55.926	57.153	57.561
Domestic Consumption	54.474	55.723	58.999	60.657	61.093
Ending Stocks	5.354	8.208	11.923	29.127	28.453
Yield (MT/HA)	3.23	3.49	3.31	3.47	3.33

Source: USDA

Balance Sheet (Annual) - Soybean, Brazil

Fig. in million tons

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Beginning Stocks	24.428	24.558	33.212	32.7	26
Production	96.5	114.6	122	117	123
Imports	0.41	0.252	0.175	0.15	0.2
Total Supply	121.338	139.41	155.387	149.85	149.2
Exports	54.383	63.137	76.175	78.5	75
Crush	39.747	40.411	44.515	42.7	43.75
Domestic Consumption	42.397	43.061	46.512	45.35	46.5
Ending Stocks	24.558	33.212	32.7	26	27.7
Yield (MT/HA)	2.9	3.38	3.47	3.24	3.33

Source: USDA

Balance Sheet (Annual) - Soybean, Argentina

Fig. in million tons

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Beginning Stocks	27.069	27.156	26.995	23.753	29.45
Production	58.8	55	37.8	56	53
Imports	0.676	1.674	4.703	6.35	3.9
Total Supply	86.545	83.83	69.498	86.103	86.35
Exports	9.922	7.026	2.112	7.75	7
Crush	43.267	43.309	36.933	42	45
Domestic Consumption	49.467	49.809	43.633	48.903	52.15
Ending Stocks	27.156	26.995	23.753	29.45	27.2
Yield (MT/HA)	3.04	3.17	2.32	3.28	3.03

Source: USDA



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