Veg. Oil Monthly Research Report

Contents

Outlook and Review:

Domestic Front

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

Coconut oil (Kangeyam) was the best performer among the edible oil complex due to firm demand. Refined Sunflower oil (Chennai) 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 70..88 compared to 71.88 last month. Rupee is expected to appreciate in October. Crude oil prices are expected to rise in October.

Recommendation:

In NCDEX, market participants are advised to go long in RSO above 750 for a target of 770 and 775 with a stop loss at 740 on closing basis.
In MCX, Market participants are advised to go long in CPO above 540 for a target of and 560 and 565 with a stop loss at 530 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 530-540 for the target of 560-570 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (Dec) is expected to stay in the range of 26 cents/lb to 32 cents/lb. CPO at BMD (Nov) is likely to stay in the range of 1800-2300 ringgits per ton. Focus during the coming days will be trade dispute between US and China, soy oil stocks in US, soybean demand by China, soybean crop in US, soybean crop in South America, 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, US-China trade optimism, fall in stock of soy oil in US, lower soybean crop in US, higher demand of soybean by China fall in US dollar and rise in crude oil prices is expected to support soy oil prices in coming days.

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

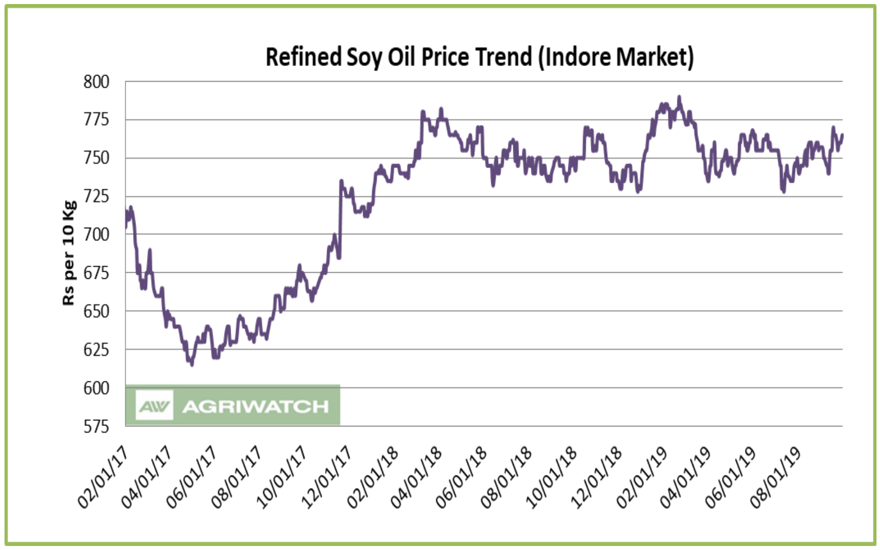
Soy oil:
Domestic Market Fundamentals

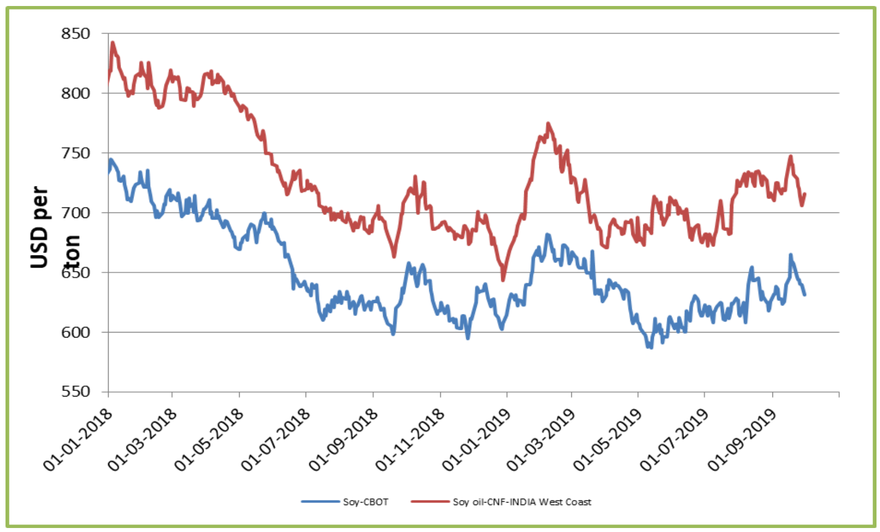
- Refined soybean oil prices featured uptrend at its benchmark market at Indore during the month of September on firm demand. Average prices of refined soy oil rose in September.
- Soy oil prices witnessed uptrend in month of Sep on firm demand.

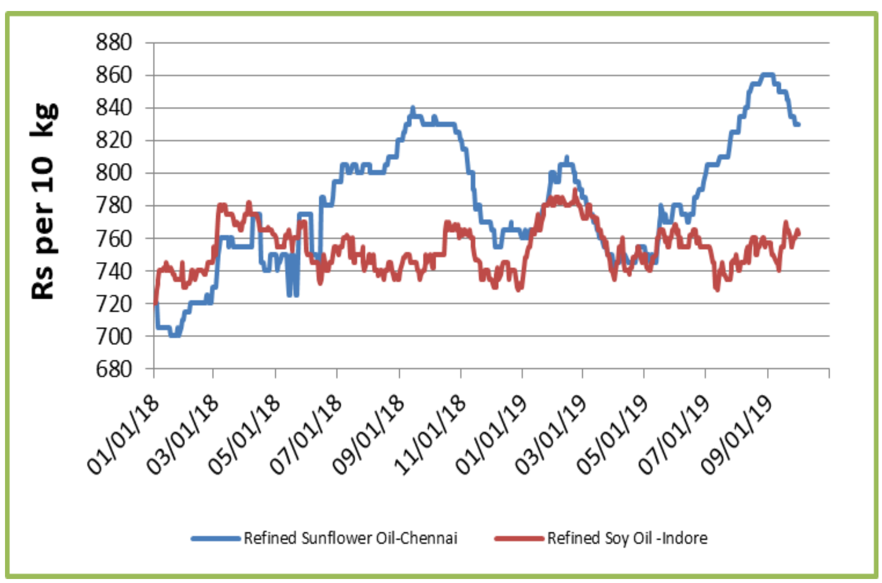
Demand of soy oil is expected to rise in Oct on fall in disparity in import margins of soy oil due to appreciation of Rupee and rise in prices of soy oil in Indian markets. Due to rise in prices of soy oil in Indian markets has decreased disparity.

Import prices of soy oil is rose on higher demand of soy oil in international markets from Argentina. Lower soybean crop in US and lower stocks of soy oil in US supported higher soy oil international prices. Higher soybean crop in Argentina and rise in prices of soy oil at CBOT has decreased basis in soy oil leading to lower FOB prices of soy oil. Despite Argentina Peso depreciation FOB prices increased due to strong demand soybean products from Argentina has led to rise in basis over CBOT.

Prices of CDSO fell less at high seas compared to CNF markets indicating firm demand at high







seas.

Prices of CDSO CNF fell less compared to CDSO FOB indicating firm demand at CNF markets.

Import disparity of soy oil increased due to depreciation of Rupee and is at Rs 25-30 per 10 kg compared to parity of Rs 15-20 per 10 kg in August.

Refining margins disparity increased in September and is at Rs 25-30 per 10 kg compared to parity of Rs 20-25 per 10 kg in August.

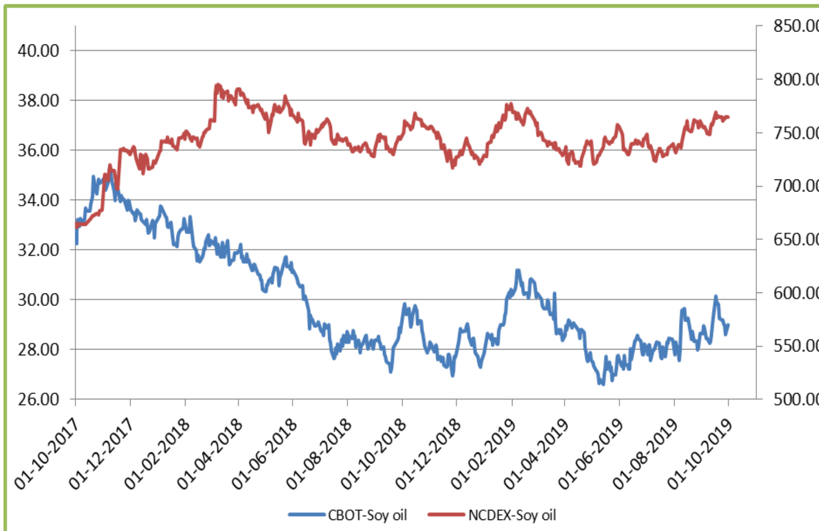
Both negative import parity and negative refining margins will lead to lower imports of soy oil in coming months.

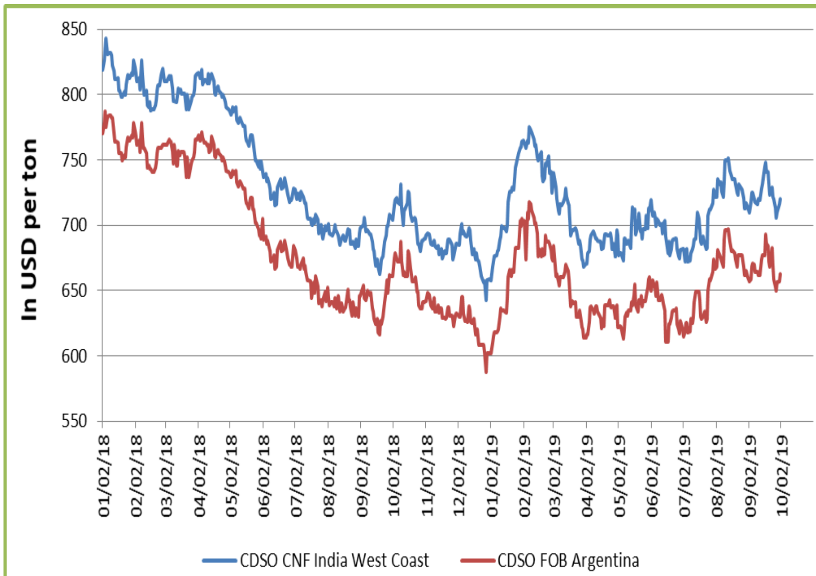
Refined soy oil premium over CPO has increased to Rs 202 (Rs 193 last month) per 10 Kg which is high and will underpin soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 145 (Rs 133 last month) per 10 Kg, which is high and may underpin soy oil prices in domestic markets.

Refined soy oil premium over CDSO high seas is at Rs 47 (Rs 43) per 10 kg indicating weak demand of CDSO compared to refined soy oil in domestic markets.

Landed cost and refining margins disparity increased due to depreciation of Rupee and rise in prices of soy oil in international markets.

Difference increased between CDSO-





CNF-India West coast and Soy oil CBOT fell due to fall in basis (spot prices – futures prices) due to firm demand of soy oil from Argentina.

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

Imports of soy oil rose in August compared to August 2018 and July 2019 and stocks at ports fell indicating firm demand and destocking at ports.

Import parity of soy oil disparity has decreased will decrease imports. .

Prices rose on seasonal uptrend of prices.

- According to Solvent Extractors Association (SEA), India's August edible oil imports rose 3.89 percent y-o-y to 15.23 lakh tons from 14.66 lakh tons in Aug 2018. Palm oil imports in Aug fell 7.48 percent y-o-y to 8.53 lakh tons from 9.22 lakh tons in Aug 2018. CPO imports fell 9.69 percent in Aug y-o-y to 5.87 lakh tons from 6.50 lakh tons in Aug 2018. RBD palmolein imports fell marginally in Aug y-o-y to 2.58 lakh tons from 2.59 lakh tons in Aug 2018. Soy oil imports rose 41.35 percent in Aug y-o-y to 4.41 lakh tons from 3.12 lakh tons in Aug 2018. Sunflower oil imports rose 10.58 percent y-o-y in Aug to 2.30 lakh tons from 2.08 lakh tons in Aug 2018. Rapeseed (canola) oil imports in Aug was zero compared 0.25 lakh tons imports in Aug 2018. Rise in imports of edible oil was primarily due to higher imports of soy oil.
- According to Solvent Extractors Association (SEA), India's August edible oil stocks at ports and pipelines rose 2.36 percent m-o-m to 20.42 lakh tons from 19.95 lakh tons in July 2019. Stocks of edible oil at ports in August rose to 882,000 tons (CPO 335,000 tons, RBD Palmolein 250,000 tons, Degummed Soybean Oil 120,000 tons, Crude Sunflower Oil 175,000 ton and Rapeseed Oil 2,000 tons) and about 11,60,000 tons in pipelines. (Stocks at ports were 835,000 tons in July 2019). India is presently holding 32 days of edible oil requirement on 1st Sep, 2019 at 20.42 lakh tons compared to 32 days of requirements last month at 19.95 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.
- Soy oil import scenario – According to SEA, soy oil imports rose 41.35 percent y-o-y in August to 4.41 lakh tons from 3.12 lakh tons in August 2018. In the oil year 2018-19 (Nov 2018-August 2019), imports of soy oil were 24.52 lakh tons compared to 24.42 lakh tons in last oil year, higher by 0.4 percent compared to corresponding period last oil year.
- All India sowing of soybean has reached 112.71 lakh hectares compared to 111.75 lakh hectares as on 30.08.2019. Sowing of soybean is higher in Madhya Pradesh and Maharashtra.
- 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.
- Imported crude soy oil CIF at West coast port is offered at USD 716 (USD 722) per ton for Oct delivery, Nov delivery is quoted at USD 718 (USD 725) per ton and Dec delivery is quoted at USD 720 per ton. Values in brackets are figures of last month. Last month, CNF CDSO Sep average price was USD 723.84 (USD 692.44 per ton in Aug 2019) per ton.

- On the parity front, margins decreased during the month on rise in prices of soy oil in Indian markets and depreciation of Rupee, and we expect margins to remain weak in coming days. Currently refiners lose USD 35-40/ton v/s loss of USD 25-30/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).

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

Palm oil:
Domestic Market Fundamentals

- CPO prices witnessed weak tone in the month of September at its benchmark market at Kandla on weak demand and fall in prices of CPO in international markets.

  RBD palmolein prices witnessed weak tone in month of September on weak demand and fall in prices of RBD palmolein in international markets.

- Crude palm oil prices rose in Kandla in the month of September on weak demand and fall in prices of CPO in international markets.

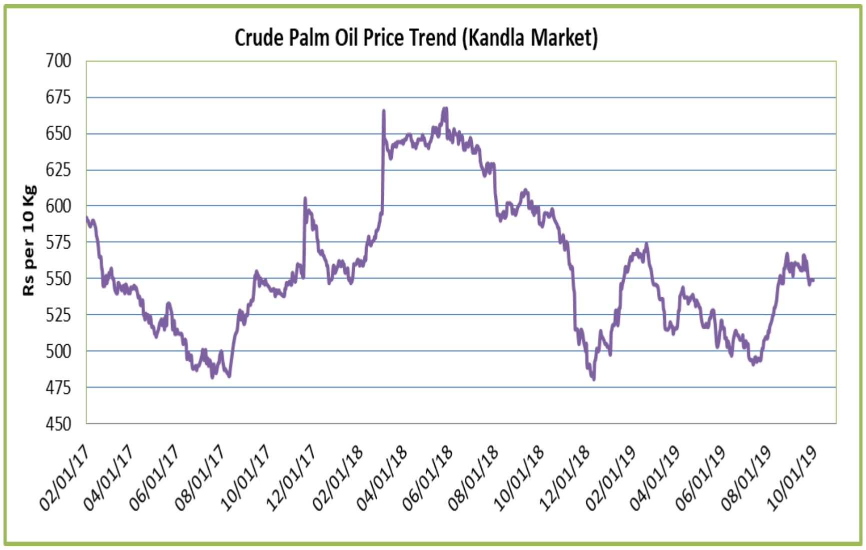
  Prices of CPO fell less at high seas compared to CNF markets compared to last month indicating firm demand at high seas.

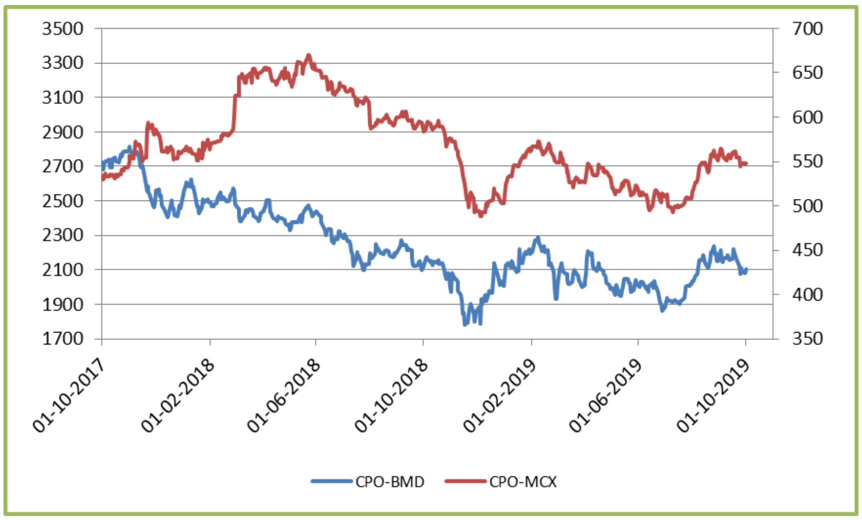
  Demand of CPO is firm at CNF markets as prices fell more at CNF compered to FOB markets.

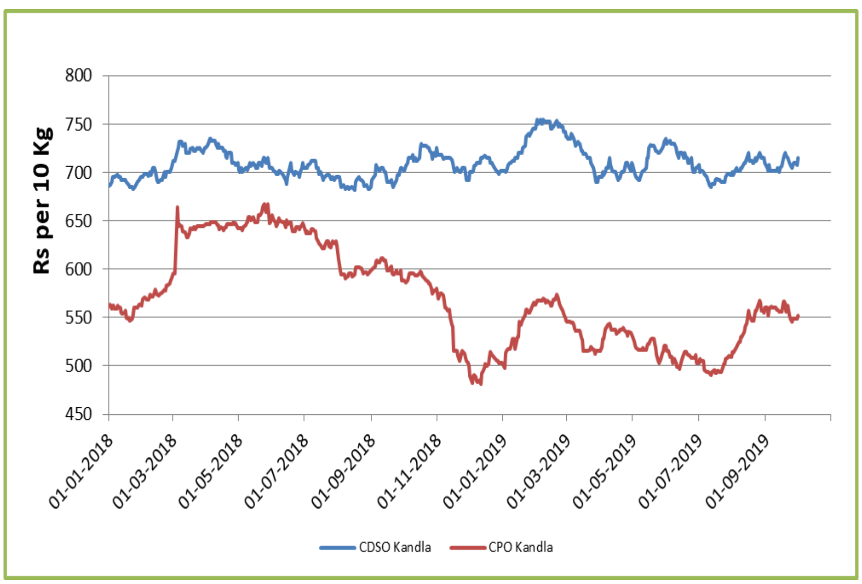
  Supply of CPO has is increasing in Indian markets leading to rise in stocks at ports.

  Disparity in imports decreased due to fall in prices of palm oil in Indian markets and depreciation of Rupee. In Rupee terms, disparity currently stands at Rs 20-25 per 10 kg compared to Rs 15-20 per 10 kg last month. Due to disparity in imports prices will not fall much going ahead.

  Depreciation of Rupee has made imports costly which will decrease





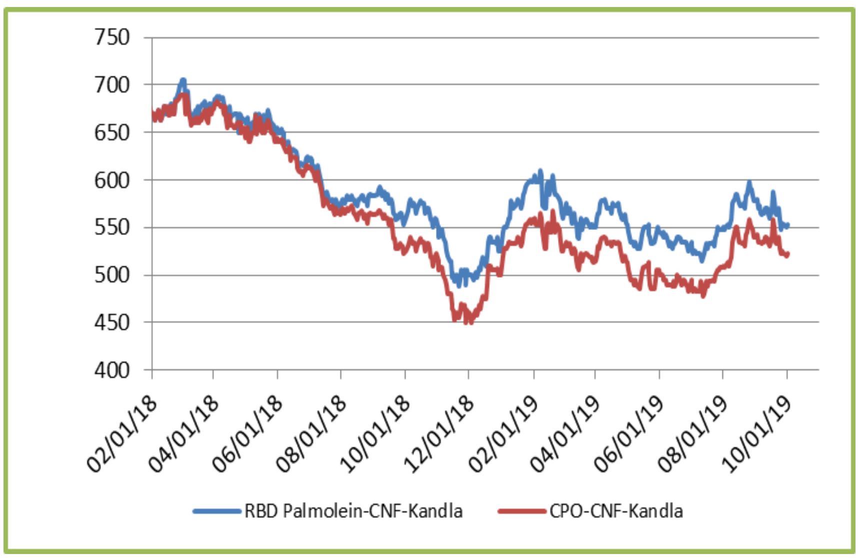


imports in coming months. Appreciation of Rupee will increase decrease disparity in Oct.

In a landmark step Indian government increased import duty on RBD palmolein imports from Malaysia by 5 percent for 180 days under India-Malaysia Comprehensive Economic Cooperation Agreement. This will increase the duty to 50 percent plus 10 percent cess making effective duty at 55 percent. This makes duty differential between CPO vs RBD palmolein to 11 percent from 5.5 percent. This step was taken to protect Indian refining industry which was idled due to cheap imports if RBD palmolein from Malaysia leading lower capacity utilization and surge in imports.

This will protect interests of Indian palm oil refining industry and lower imports of palm oil. Government has balanced the import duty differential to 11 percent between CPO and RBD palmolein which will limit benefit to imports of CPO and lower imports of RBD palmolein. This welcome step will definitely improve finances of palm oil refining industry already reeling under debt.

CPO trade is weak and traders are having high stocks and are offering to sell CPO discount to CNF prices to offload the stocks.



Stocks of CPO at Indian ports rose due to firm imports and restocking at ports.

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

RBD palmolein featured weak tone in its benchmark market on weak demand and fall in prices of RBD palmolein in international markets.

Prices of RBD palmolein fell less at high seas compared to CNF markets indicating firm demand at high seas.

Prices of RBD palmolein fell more at CNF markets compared to FOB markets indicating weak demand at CNF markets. Higher import duty on RBD palmolein imports, will decrease import demand.

Increase in import duty of palm oil especially RBD palmolein from Malaysia will decrease RBD palmolein imports.

Import parity of ready to use imported palmolein has fallen below CPO due to hike in import duty on imports of RBD palmolein from Malaysia. Duty differential between CPO and RBD palmoelin has increased from 5.5 percent to 11 percent due to hike in import duty on RBD palmolein sourced from Malaysia.

This has also increased CNF prices of RBD palmolein sourced from Indonesia and has become equal to CPO at CNF markets.

In Rupee terms, disparity currently stands at Rs 25-30 per kg compared to parity of Rs 10-15 per kg last month due to depreciation of Rupee. Due to disparity in imports prices will not fall much going ahead.

This has made CPO competitive and refining margins of CPO is above imported ready to use palmolein.

RBD palmolein is offered at $30-35 premium over CPO compared to $35-40 premium over CPO at CNF markets last month which will increased RBD palmolein imports. This will support RBD palmolein imports in coming months.

High 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 increased losses.

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

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

RBD palmolein premium over CPO decreased to Rs 67 (Rs 60 last month) per 10 kg indicating firm demand of RBD palmolein compared to CPO at high seas.

Import of CPO in August was lower than that of August 2018 while it was higher than July 2019. Stocks at ports rose in August compared to July 2019. Stocks at ports rose less than rise in imports indicating firm domestic demand in August.

Import of RBD palmolein is fell in August compared to August 2018 and July 2019. Imports fell in August compared to July 2019 and stocks rose at ports indicating weak demand in August.

Increasing in import duty on RBD palmolein from Malaysia and rising of duty differential will lead to lower imports of RBD palmolein from Malaysia and higher imports of RBD CPO from Indonesia. Landed cost of CPO is in disparity and refining margins are in disparity. Refining margins in imported CPO is higher than imports of ready to use RBD palmolein.

RBD palmolein is trading at higher premium over CPO at India CNF due to removal of export levy by Indonesia.

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 212 (Rs 193 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 Sep at CNF markets. Higher premium of crude sunflower CNF India West coast and CPO CNF at USD 215 (USD 260) 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 196 (USD 185 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 165 (Rs 151 last week) per 10 Kg, which is high and will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 145 (Rs 133 last week) per 10 kg is high and will increase RBD palmolein demand in near term. Values in brackets are figures of last week.

- According to United States Department of Agriculture (USDA) September estimate, India's 2019/20 palm oil imports estimate have been increased to 10.0 MMT from 9.75 MMT in its earlier estimate, higher by 2.56 percent. Palm oil consumption have been increased to 10.185 MMT from 9.925 MMT in its earlier estimate, higher by 2.62 percent. Further, palm oil import estimate of 2018/19 have been increased to 9.7 MMT from 9.5 MMT in its earlier estimate, higher by 2.11 percent. Consumption of palm oil have been increased to 9.805 MMT from 9.6 MMT in its earlier estimate, higher by 2.14 percent.

- According to Ministry of Finance (MOF), Government of India Notification number 29/2019-Customs dated 4th September 2019, India increased import duty on RBD palmolein imports by 5% sourced from Malaysia for a period of 180 days imported under India-Malaysia Comprehensive Economic Cooperation Agreement. After the hike import duty on imports of RBD palmolein from Malaysia stands at 50 percent plus 10 percent cess which makes effective duty at 55 percent. This brings import duty on Malaysian RBD Palmolein at par with other destinations and import duty differential between CPO and RBD palmolein imports stands at 11 percent.

  This hike in import duty has been done as imports of RBD palmolein surged from Malaysia in 2019 hurting Indian refining industry. Lower price imports led to idling of plants add domestic refining industry was not able to increase production despite significant capacities. Further, the market share of Indian refined RBD palmolein decreased significantly compared to imported RBD palmolein from Malaysia. The ministry quoted that any delay in imposing import duty will cause irreparable damage to the industry.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in August fell 7.48 percent y-o-y to 8.53 lakh tons from 9.22 lakh tons in August 2019. Imports in the oil year 2018-19

(November 2018-Augsut 2019) are reported higher by 10.30 percent y-o-y at 77.53 lakh tons compared to 70.29 in corresponding period last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports fell 9.69 percent y-o-y in August to 5.87 lakh tons from 6.50 lakh tons in August 2019. Imports in oil year 2018-19 (November 2018-August 2019) were reported higher by 2.0 percent y-o-y at 52.89 lakh tons compared to 51.85 lakh tons in corresponding period last oil year.

RBD palmolein import scenario- RBD palmolein imports fell marginally y-o-y in August to 2.58 lakh tons from 2.59 lakh tons in July 2018. Imports in oil year 2018-19 (November 2019-August 2019) were reported higher by 33.87 percent y-o-y at 23.48 lakh tons compared to 17.54 lakh tons in corresponding period last oil year.

- Import duty on palm stearin will be taxed at 7.5 percent, according to Finance Minister Nirmala Sitaraman, in her first budget. Palm product with Free Fatty Acid (FFA) at or above 20 percent is subject to import duty. Palm stearin is used in various industrial applications including soaps. India imported palm stearin from Malaysia and Indonesia. Indian industry was asking for long to increase import duty on palm stearin which decreased refining margins of palm oil. This step will help Indian palm oil refiners.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 520 (USD 540) per ton for Oct delivery and Nov delivery is quoted at USD 525 per ton. Last month, CNF CPO Sep average price was at USD 534.68 per ton (USD 533.96 per ton in Aug 2019). Values in brackets are figures of last week.

  Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 550 (USD 575) per ton for Oct delivery and Nov delivery is quoted at USD 555 per ton. Last month, CIF RBD palmolein Sep average price was USD 565.4 (USD 572.72 in Aug 2019) per ton. Values in bracket depict last month quotes.

  Ready lift CPO duty paid prices quoted at Rs 548 (Rs 555) per 10 Kg and Sep delivery duty paid is offered at Rs 550 (Rs 555) per 10 kg. Ready lift RBD palmolein is quoted at Rs 615 (Rs 615) per 10 kg as on Oct 3, 2019. Values in brackets are figures of last month.

- On the parity front, margins fell during the month of Sep on higher price of palm oil products in Indian markets and depreciation of Rupee and we expect margins to remain weak in coming days. Currently refiners lose USD 0-5/ton (Aug average) v/s loss of USD 5-10/ton (Aug average) margin in processing the imported CPO but on the imports of ready to use palmolein lose USD 35-40/ton (Sep average) v/s loss of USD 15-20 (Aug average).

  Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 520-600 per 10 Kg in the near term.

Rapeseed oil:
Domestic Market Fundamentals

- Rapeseed oil featured weak trend at various markets on weak demand. All India arrivals of rapeseed decreased in September.
- Rapeseed oil prices traded lower in the month of September in various markets in India on weak demand.

Demand fell in the month of Sep on weak buying in cash markets.

Prices of rapeseed oil prices fell on fall in palm oil prices.

Demand of rapeseed oil will increase in Oct due to demand ahead of festivals in East and North India.

Stock position is firm against weak demand position.

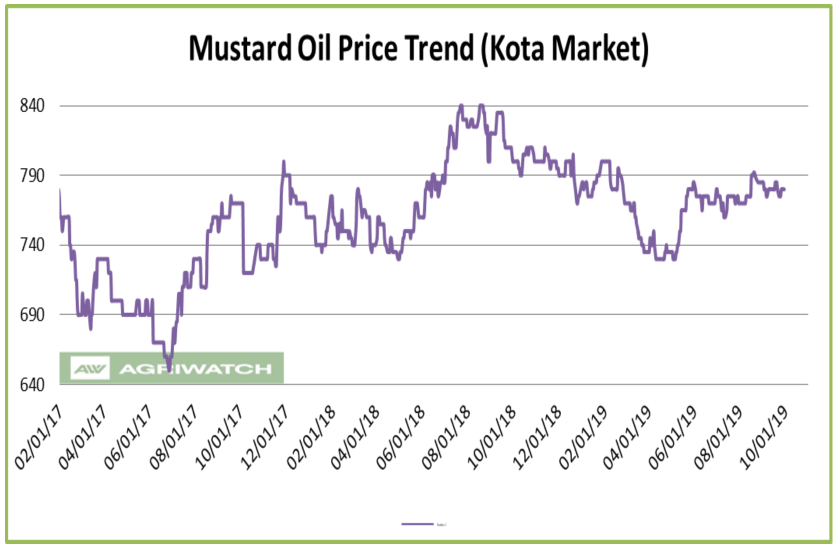
Rapeseed oil is moving out of Rajasthan at Rs 760-780 per 10 kg.

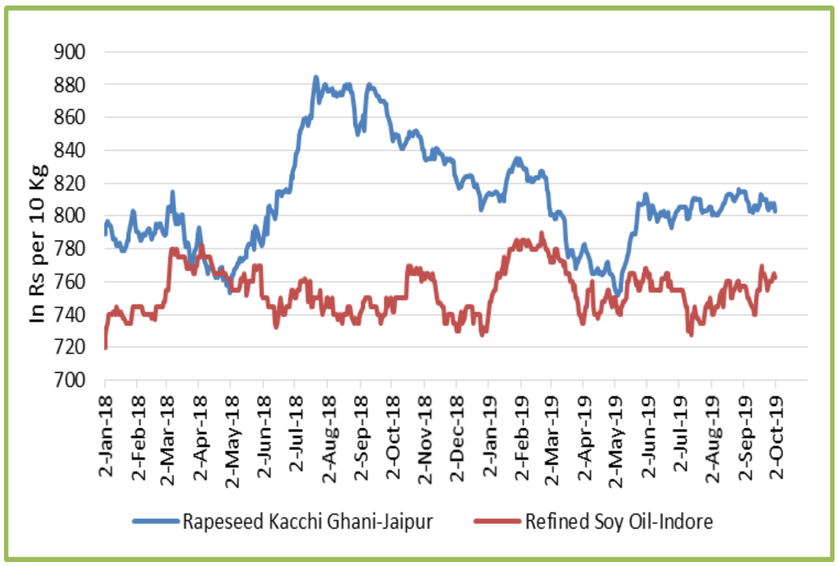
There is parity in crush of rapeseed.

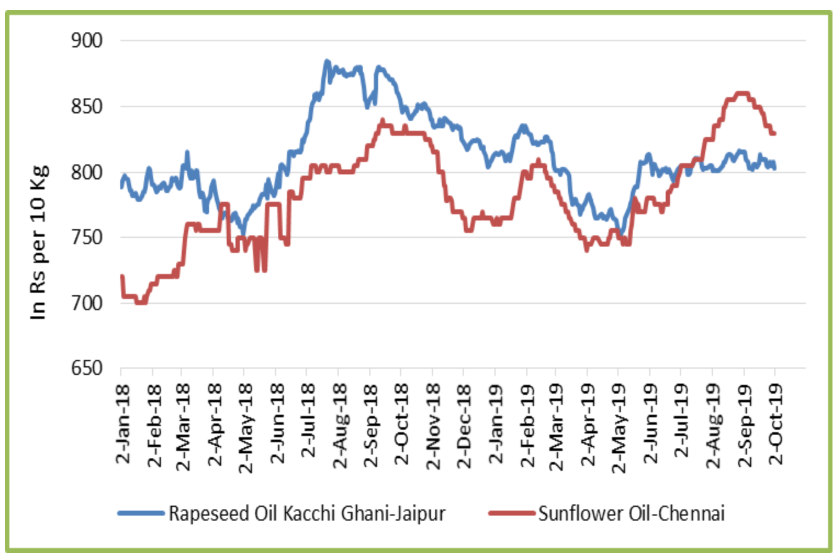
Crushing has increased as supply of rapeseed oil in the market increased. NAFED has procured 10.89 lakh tons in Rabi 2018-19. Total progressive sale is 0.33 lakh tons. So total balance quantity after sale is 10.56 lakh tons. Stock with NCDEX is 0.12 lakh tons.

NAFED has started sale of mustard procured in MY 2019-20 from 26.07.2019 and it is expected that it will try to dispose all the stocks of mustard by Feb 2020.

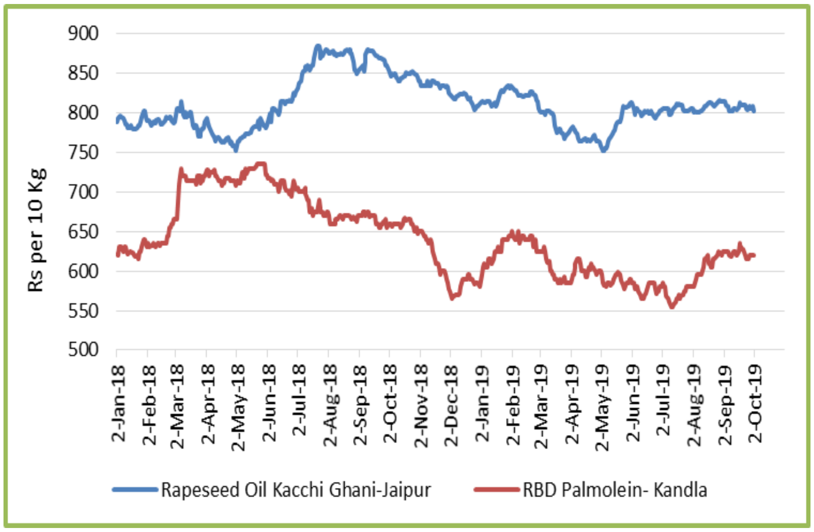
In fourth advanced estimates, government estimates Mustard seed output at 93.4 lakh tons for 2018/19







from 84.3 lakh tons in 2017/18.



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 continued its fall in Sep. It will continue its fall in Oct.

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 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 40 (Rs 60) 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.

Lower premium of expeller rapeseed oil over soy oil in domestic market was at Rs 20 (Rs 40) 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.

There was low import of canola oil in July. Imports of canola oil is weak in oil year 2018-19 (Nov 2018-July 2019) after weak oil year 2017-18 (Nov-Oct) indicating weak demand of canola oil. Hike in import duty on canola has slowed import demand. There are negligible stocks of canola oil at ports.

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 185 (Rs 193) per 10 kg will underpin rapeseed oil prices.

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 zero rapeseed (Canola) oil in August 2019 v/s 0.25 lakh tons in August 2018. In the oil year 2018-19 (Nov 2019-Augsut 2019) imports were 0.59 lakh tons compared to 2.29 lakh tons in last oil year, lower by 74.24 percent y-o-y.
- According to United States Department of Agriculture (USDA) September estimate, India's 2019/20 rapeseed oil import estimates have revised lower to 1.5 lakh tons from 2.0 lakh tons in its earlier estimate, lower by 33 percent. Domestic consumption have been lowered to 27.30 lakh tons from 27.80 lakh tons in its earlier estimate, lower by 1.8 percent. End stocks have been lowered to 1.44 lakh tons from 1.69 lakh tons in its earlier estimate, lower by 15.4 percent. Further, India's 2018/19 rapeseed oil import estimates have revised lower to 1.25 lakh tons from 1.5 lakh tons in its earlier estimate, lower by 16.7 percent. Domestic consumption have been unchanged at 27.30 lakh tons. End stocks have been lowered to 1.43 lakh tons from 1.68 lakh tons in its earlier estimate, lower by 14.9 percent.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 788 (Rs 795) per 10 Kg and at Kota market is quoted around Rs 780 (Rs 785) per 10 kg as on Sep 30, 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 weak trend at its benchmark market in Chennai during the month of September on weak demand and fall in international pries of sunflower oil.
- Sunflower oil prices closed lower in month of September at its benchmark market of Chennai on weak demand.

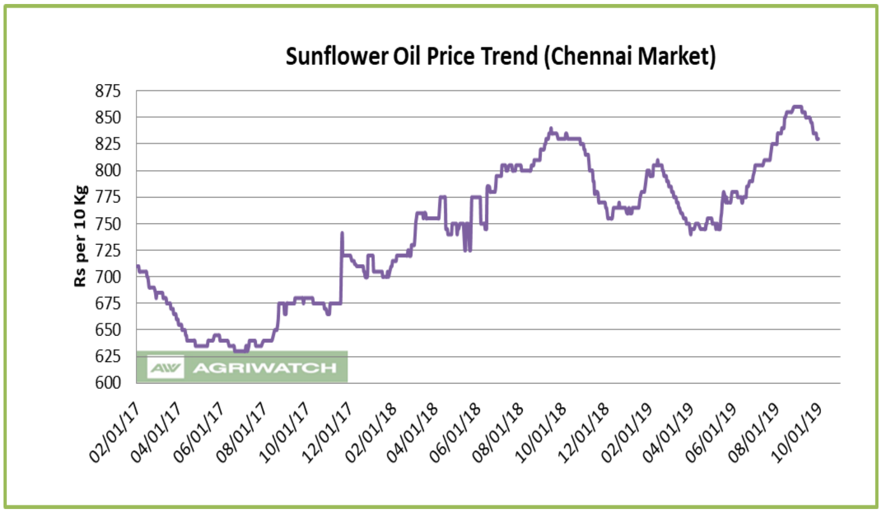
Sunflower oil prices fell less at high seas compared to CNF indicating weak demand at high seas.

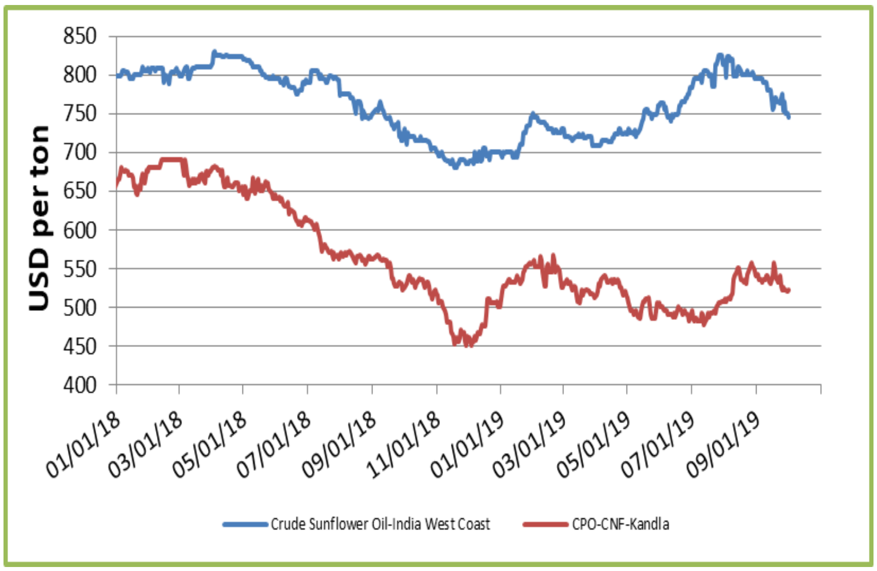
Sunflower oil prices fell in September due to surge in its prices which decreased demand.

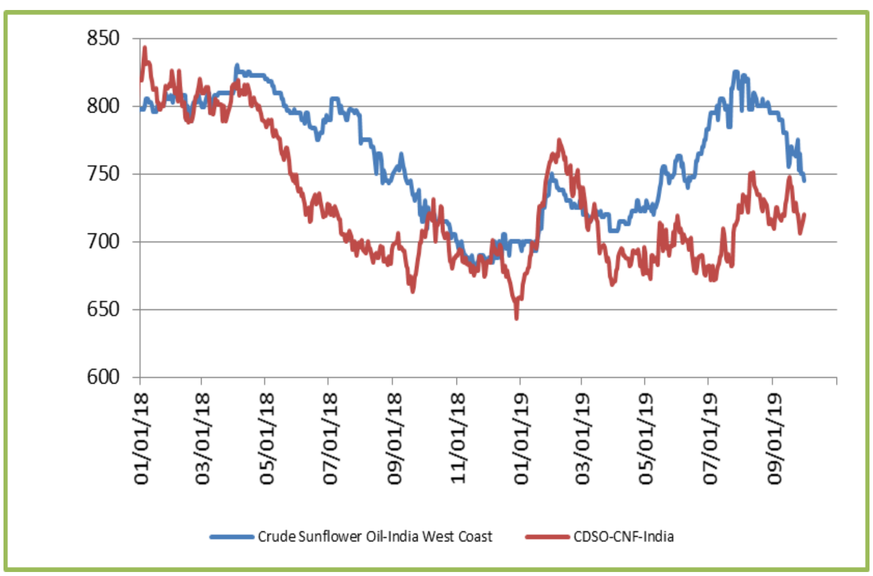
Prices of sunflower oil fell in September due to fall in prices of palm oil.

Lower import of sunflower oil in 2018-19 due to hike in import duty on sunflower oil will decrease carryout of sunflower oil in oil year 2018-19.

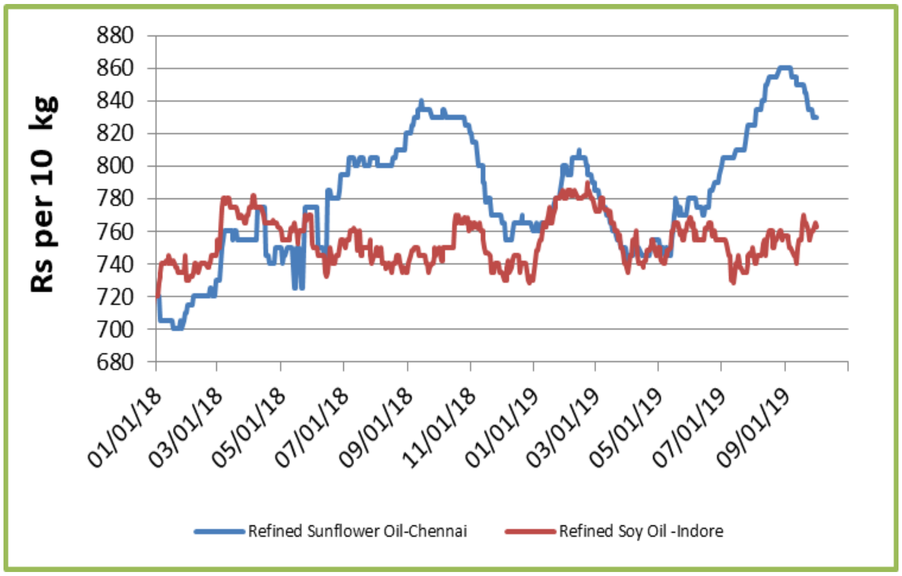
Prices of sunflower oil at CNF markets are falling due to record sunflower crop in Ukraine and record production of sunflower oil in the country leading to surge in global sunflower oil supply underpinning prices in August. Further, price will be capped due surplus stock of sunflower in Ukraine will cap rise in sunflower







oil prices at CNF markets in October.



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

Appreciation of Rupee in coming months will increase imports of sunflower oil in coming months.

Imports of sunflower oil surged in Aug compared to July 2019 noting its third month of rise in imports touching 2.30 lakh tons. Stocks at ports rose due to firm exports. 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.

Fall in premium of CSFO over CDSO in CNF markets will support prices in medium term. Imports are expected to be higher in Sep as crude sunflower oil CNF premium over CDSO CNF is low. Imports of sunflower will rise due to fall in prices of sunflower oil at CNF markets. Third chart from above shows crude sunflower oil premium over CDSO is has decreased in September will increase imports.

Fourth chart from above shows that sunflower oil prices are not highly correlated to soy oil prices in domestic market. 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 increased stocking as sunflower oil premium over soy oil is increased to USD 22 (USD 75 last month) per ton.

In domestic market sunflower oil premium over soy oil is at Rs 70 (Rs 112) per 10 kg indicating possibility of sunflower oil in domestic markets may converge with soy oil as prices at CNF market has converged.

Refined sunflower oil premium over RBD palmolein has decreased to Rs 215 (Rs 245 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 185 (USD 225) per ton at CNF markets. Premium of sunflower oil over RBD palmolein has decreased indicating that incentive of importing sunflower oil and selling in domestic market has increased.

In domestic market, rising groundnut oil premium over sunflower oil at Chennai market is at Rs 220 (Rs 180 last week) per 10 kg will support sunflower oil prices.

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.

Refiners have increased purchase of crude sunflower oil from international markets as CNF sunflower oil premium over CNF soybean oil and palm oil has fallen.

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

Prices are expected to fall on weak demand. Prices of sunflower oil are expected to remain in a range with downward bias in October.

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

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 10.58 percent y-o-y in August to 2.30 lakh tons from 2.08 lakh tons in August 2018. Imports in oil year 2018-19 (November 2018-August 2019) were reported lower by 6.94 percent y-o-y at 20.65 lakh tons compared to 22.19 lakh tons in corresponding period last oil year.
- All India progressive sowing of sunflower oil has reached 0.90 lakh hectares as on 30.08.2019 compared to 1.08 lakh hectares in corresponding period last year. Sowing is slow in state of Karnataka on account of delayed rains.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 740 (USD 762.5) per ton for Nov delivery, Dec delivery is quoted at USD 735 and JFM delivery is quoted at USD 730 per ton. CNF sun oil (Ukraine origin) Sep monthly average was at USD 774.96 per ton compared to USD 805.24 per ton in Aug. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 700-800 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 22 (USD 75 last week) per ton for Sep delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 185 (USD 225) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 830 (Rs 860) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 835 (Rs 835) per 10 kg as on Oct 3, 2019. Values in brackets are figures of last month.
- We expect sunflower oil prices to trade sideways to weak tone in the coming days.

Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 800-880 per 10 Kg.

Groundnut oil:
Domestic Market Fundamentals

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

Demand weakened due to higher supply optimism.

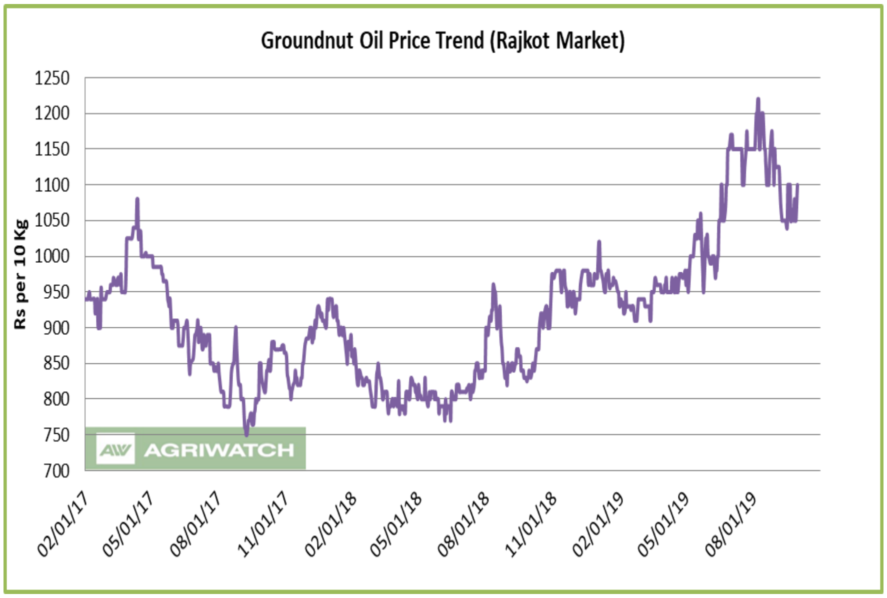
Due to volatility in prices of groundnut oil retail demand weakened.

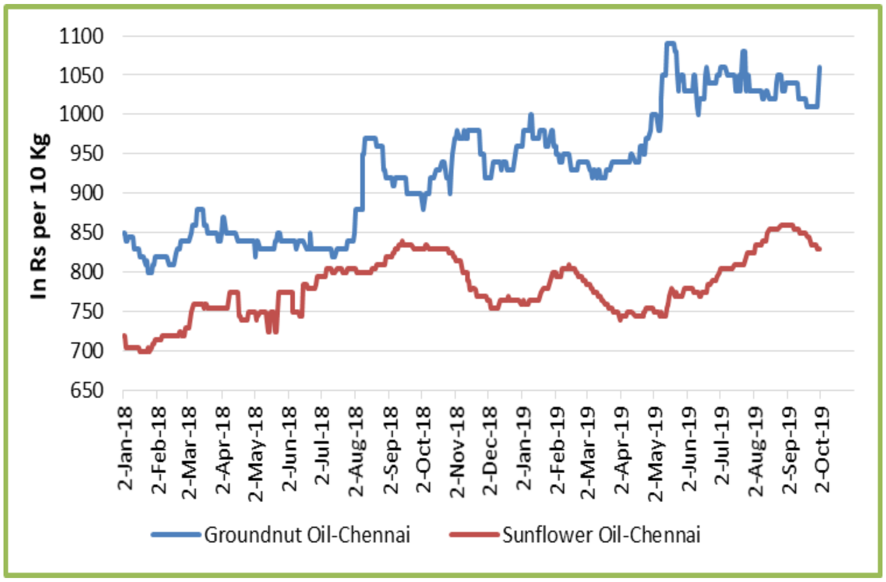
Demand of groundnut oil decreased due rise in its prices.

Groundnut oil price fell despite rise in prices of groundnut indicating weak demand.

Groundnut prices fell due to rains in Gujarat and higher sale of groundnut by NAFED.

Retail demand of groundnut oil has decreased due to expectation of fall in groundnut oil prices due to rains which has raised groundnut crop expectation leading to postponement of demand.





However, demand due to festivals and crop damage in groundnut growing areas due to heavy rains will increase groundnut oil prices in October.

Groundnut crop harvest will be delayed due to high moisture in various states like Rajasthan and Gujarat which will support groundnut oil prices due to lower supply of groundnut during peak season.

Sale of groundnut by NAFED has risen in September due to lower prices quoted by NAFED in auctions. This has increased of groundnut supply in the market leading to higher groundnut oil supply.

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

Total progressive sale of Kharif 2018 is 5.27 lakh tons and balance quantity after 1.89 lakh tons. 2017 Kharif crop stocks with NAFED is 0.16 lakh tons and total progressive sale has been 10.28 lakh tons so far.

Stocks with farmers and private traders is negligible.

So total progressive sale by NAFED in 2018 and 2019 crop is 15.55 lakh tons.

So, total stock in NAFED is 2.05 lakh tons apart from lower 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 will weigh on prices of groundnut.

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

Lower groundnut prices had improved NAFED aggressive sale. With this sale season end carry out stocks will be much less than last year carryout.

Demand of groundnut oil will increase between Rs 1000-1100 per 10 kg levels.

There is disparity in premium quality of groundnut oil while there is parity in medium quality and most of the trade is in medium quality. Groundnut oil is going out of Gujarat at Rs 980-1000 per 10 kg.

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

Crushing has improved due to increase of supply of groundnut despite weak demand of groundnut oil.

Exports of groundnut and groundnut oil are have slowed due to rise in prices in domestic markets denting exports which leads to diversion of groundnut towards crushing underpinning prices.

Further, if prices of groundnut stays high and with hike in MSP of groundnut by Rs 200 per qtl to 5,090 per qtl has helped 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 improved and groundnut is arriving in in mandis.

Groundnut oil prices will increase on higher 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 will stay moderated as demand season of groundnut oil is over. 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 firm in the market. There is parity in crush of groundnut in south India. Groundnut arrivals have weakened and will fall in October.

Further, rains in groundnut growing regions of South India will benefit standing crop and will support Rabi groundnut crop as water availability has improved and tanks are full.

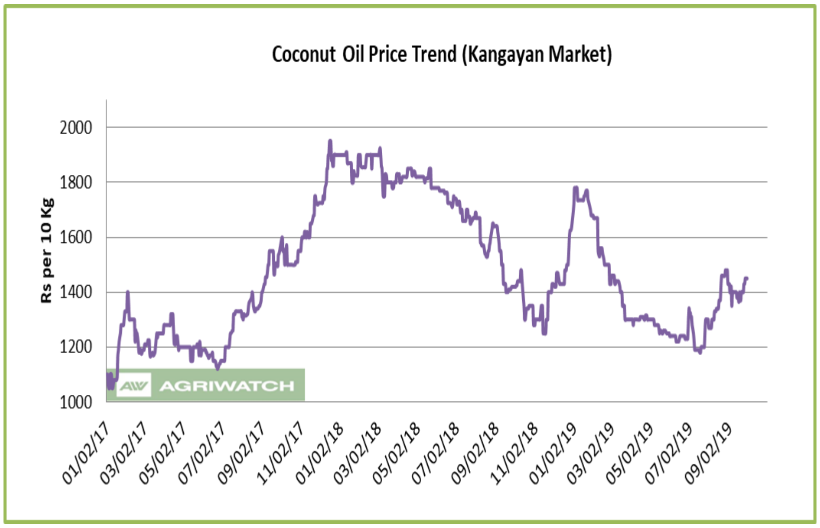
Prices are expected to trade firm on firm demand in cash markets.

Prices are expected to trade sideways to firm.

- All India progressive sowing of groundnut as on 30.08.2019 has reached 36.83 lakh hectares compared to 39.04 lakh hectares in corresponding period last year. Sowing is higher than corresponding period last year in Gujarat. However, sowing is lagging in Andhra Pradesh, Karnataka and Rajasthan.
- 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 giveng 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 11,000 (11,250) per quintal and quoting at Rs 10,600 (Rs 10,400) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to firm tone in the coming days.

Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 1050-1250 per 10 Kg.

Coconut oil:
Domestic Market Fundamentals



- Coconut oil featured firm trend at its benchmark market in Kangeyam on firm demand.
- Prices of coconut oil traded higher in the month of September on firm demand. Demand firmed ahead of festivals.

  Prices of coconut oil prices rose despite fall in prices of copra prices indicating firm demand. .

  Copra prices traded lower due to higher supply of copra on higher imports. However, coconut harvesting slows during monsoon and there is difficulty in drying of copra due to monsoon.

  Prices of coconut oil rose despite fall in palm oil prices indicating firm demand.

  Retail demand will improve due to low volatility in prices and regular rise in prices of coconut oil.

  Government is procuring coconut to support falling prices which will support prices in coming days. Tamil Nadu government has planned 50 thousand tons of copra procurement in coming days

  Decrease in palmolein prices will slow coconut oil consumption. Prices will still be very low compared to coconut oil. However, coconut consumers generally do not shift out of its consumption irrespective of prices. Demand rose at demand at lower levels.

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

  Coconut demand has risen due to stability in prices which led to renewed consumption.

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

  Coconut supplies have decreased will lead to lower supply of copra which will decrease in production of coconut oil which will support prices of coconut oil.

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

  Demand of domestic coconut oil is less due to higher imports of copra under advance authorization license where imports of copra are made from Indonesia and Philippines and coconut oil is exported. So, domestic coconut oil exports are negligible.

  Also, coconut oil cake is imported from Indonesia which is having 10-12 percent oil content compared to 6 percent oil content in India coconut oil cake. The oil from imported oilcake is refined, bleached and deodorized and mixed into edible coconut oil despite it being non edible which makes prices of local coconut oil uncompetitive.

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 rise at lower levels. However, 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 first half of 2019 due to rise in production of coconut oil will lead to fresh demand.

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

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

Traders and upcountry buyers are stocking as they are confident of coconut oil prices.

Regular price rise 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 October 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 14,100 (13,900) per quintal, and quoting Rs 14,500 (14,000) per quintal in Erode market on Oct 3, 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 1300-1600 per 10 Kg.

International Soy oil Market Fundamentals

- Soy oil prices are expected to rise due to US-China trade optimism, lower stocks of soy oil in US, lower crop of soybean in US, firm demand of soybean from China and rise in crude oil prices.

  However, higher crop of soybean in Brazil and Argentina will limit gains.

  However, US-China trade dispute and higher soybean crop in Brazil is expected to underpin prices.

  Trade talks are expected to start between US and China. China exempted various firms from import duties to the tune of 6 MMT and purchased various consignments last week from US to tone down trade tensions between both countries. Earlier trade talks collapsed in Washington. The meeting concluded in two days without any agreement. China was asking blanket removal of duties which US disagreed. US wants a comprehensive trade agreement between both countries and keep the duties to see whether China complies with the agreement. China imposed retaliatory tariffs of US agricultural goods and has stopped all the agricultural imports from US after US imposed 10 percent import duty on imports of Chinese goods worth USD 300 billion over and above 25 percent import duty on USD 250 billion.

  USDA reduced soybean yield estimate of US due to weak crop condition in US in its Sep review. Soybean stocks estimate fell due to lowering of soybean crop in US and lower opening stocks. Soybean crop in US is weakest in years and all the crop parameters are at multi year lows. Soybean harvest is below last year and 5-year average. Soybean crop fell below 100 MMT after many years due to wet and cool spring, which stopped farmers plant soybean. This led to fall in soybean area and delayed planting which led to weak condition of crop. Further yield cut is expected from USDA in its October estmate.

  Soy oil stocks fell in US in August as reported by NOPA despite higher crush of soybean indicating strong domestic disappearance. This will support soy oil prices. Higher domestic disappearance of soy oil on higher use in biodiesel and higher food, feed and industrial use. Stocks of soy oil falls seasonally, but the fall was larger than trade estimates. Lower stocks of soy oil will support its prices.

  USDA reduced 2019/20 soy oil end stocks in its September estimate on lower opening stocks due to higher domestic disappearance in 2018/19 leading to lower opening stocks in 2019/20.

  China reported higher soybean import demand in August due to firm crush margins in last few months restocking of soybean in China after weak imports in 2019 and most of soybean came from Brazil. Premium of Brazil's soybean will rise above US soybean due to US-China trade dispute stroking expectation of record demand of soybean by China. This lea to rise in global soybean complex prices.

  China slaughtered swine to control multiple breakout of swine flu in various provinces. This led to mass slaughter of swine leading to 38 percent fall in swine population in the country. This has led to lower demand of soybean feed in the country in longer term. Lower feed demand will let China choose options from various destinations. This comes after China decided to diversify protein feed requirement of the country. It lowered protein feed requirement, opened various destinations from import of oilseeds, and has decided to procure feed from Argentina, diversify for soybean as feed requirement with other oilseeds and import higher amount of edible vegetable oil to reduced dependence of soybean as oil medium. This has led to surge in imports of edible vegetable oil by China in 2019. Lower import of soybean by China in 2019 has led to shift of buyers to other competing oils like palm oil leading to weakness in global soy oil prices.

China is giving incentive of swine farmers like insurance and machinery incentive to increase swine count in the country after swine flu led to one-third contraction of swine count due to culling of swine to stop the spread of swine flu. This led to lower demand of soybean feed in the country in longer term. Lower feed demand will let China choose options from various destinations. This has led to surge in imports of edible vegetable oil by China in 2019. However, when China will start to build swine count demand of soybean will surge and source of soybean will be limited given the global soybean trade.

China has opened soy meal market for imports from Argentina in an effort to improve supply of soy meal in the country. Supplies of Argentina meal will start from the harvest of its crop in 2020.

China started liquidating soybean state reserves and meat reserves to ease pressure of soybean and meat in the country and has allowed meat imports from Brazil and US.

Higher import of soybean by China in in last two months has led to shift of buyers from competing oils like palm oil to soy oil leading to strengthening in global soy oil prices.

China reported higher soybean import demand of soybean in August due to firm crush margins in last few months and most of soybean came from Brazil. Premium of Brazil's soybean will rise above US soybean due to US-China trade dispute stroking expectation of record demand of soybean by China. This lead to rise in global soybean complex prices.

China has offered Argentina to dredge Parana canal, which move 80 percent of soybean cargo in the country in exchange of more control over trade route. This step will increase soybean exports to China in longer term.

Soy oil exports from Argentina are expected to accelerate due to firm demand from importing destinations and lower soybean crop in US, which will cut soy oil supplies in US. This has led to rise in basis over CBOT soy oil due to firm demand from the country.

This has led to rise in basis below CBOT soy oil and lead to rise in FOB soy oil prices at Argentina.

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

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 planting has started in Brazil in various provinces but is below averages due to dry condition and low moisture in soil. If rains do not arrive then planting will be delayed and yield loss will happen.

Soybean crop in Brazil in 2018/19 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 for 2018/19.

Soybean crop area is expected to be higher in 2019/20 leading to higher soybean in Brazil in 2019/20. Soybean crop is hiked to 123.5 MMT in 2019/20 by Brazil's states agency CONAB. USDA has previously estimate Brazil's soybean crop for 2019/20 at 123 MMT and is expected to rise further making Brazil as top soybean producer in the world.

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 and poultry exports to China to make for loss of soybean exports 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 August while imports from US was weak compared to corresponding period last year.

Lower imports of soybean by China 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 it the country, which is reeling due to outbreak of swine flu.

Planting of soybean is expected to start in Argentina and soybean crop area is expected to be higher due to shift from wheat and corn crop. USDA estimated soybean crop in Argentina in 20129/20 at 53 MMT while Argentina government estimate at 51 MMT in its last estimate. USDA is expected to hike soybean crop in Argentina in its Oct report due to higher expected crop area.

USDA reduced 2018/19 China's soybean import estimate to 83 MMT in an effort by Beijing to move away from US soybean imports. Further, USDA decreased Chinese import of soybean to 85 MMT from 87 MMT in its earlier estimate.

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 tensions in Middle East after terrorist strike in Saudi Arabia crude oil facility cutting 5 percent of total global crude oil supply.

- The newly planted US soybean is 34% soybean dropping leaves which is down from 68% in corresponding period last year and 5-year average of 59%. Good to excellent condition at 54% compared to 67% in corresponding period last year reported in the US crop progress report dated 22 September 2019 by United States Department of Agriculture (USDA).

- According to National Oilseed Processors Association (NOPA), U.S. August soybean crush fell marginally but above trade expectation at 168.085 million bushels from 168.093 million bushels in July 2019. Crush of soybean in Aug was higher by 5.79 percent compared to Aug 2018 figure of 158.885 million bushels. Soy oil stocks in U.S. at the end of Aug fell 4.50 percent to 1.401 billion lbs compared to 1.467 billion lbs in end July 2019. Stocks of soy oil in end Aug was lower by 13.68 percent compared to end Aug 2018, which was reported at 1.623 million lbs. Soy oil stocks was below trade expectation.

- According to United States Department of Agriculture (USDA) Sep estimate, U.S 2019/20 ending stocks of soy oil estimate has been lowered to 1,485 million lbs from 1,500 million lbs in its earlier estimate. Opening stocks are decreased to 1,725 million lbs from 1,740 million bushels in its earlier estimate. Production of soy oil in 2019/20 is kept unchanged at 24,535 million lbs. Imports in 2019/20 are kept unchanged at 450 million lbs. Biodiesel use in 2019/20 is kept unchanged at 8,600 million lbs. Food, feed and other industrial use in 2019/20 is kept unchanged at 14,900 million lbs. Exports in 2019/20 are kept unchanged at 1,725 million lbs. Average price range estimate of 2019/20 is kept unchanged at 29.50 cents/lbs.

- The U.S. Department of Agriculture monthly supply and demand report for the month of Sep forecasts U.S. 2019/20 soybean stocks at 640 million bushels, 755 million bushels in its earlier estimate. Opening stocks in 2019/20 is decreased to 1,005 million bushels from 1,070 million bushels in its earlier estimate. Soybean production is estimate is lowered to 3,633 million bushels from 3,680 million bushels in its earlier estimate. U.S. soybean exports estimate are unchanged at 1,775 million bushels. Imports estimate is unchanged 20 million bushels. Crush in 2019/20 is estimated at 2,115 million bushels, unchanged from its earlier estimate. Seed use in 2019/20 has been kept unchanged at 96 million bushels. Residual use is increased to 32 million bushels from 30 million bushels in its earlier estimate. Average price range in 2019/20 is kept unchanged at 8.50 cents/bushel from 8.40 cents/bushel in its earlier estimate.

- According to China's General Administration of Customs (CNGOIC), China's August edible vegetable oils imports rose 1.1 percent m-o-m to 9.07 LT from 9.17 LT in July 2019. Imports in Aug was higher by 51.7 percent compared to Aug 2018 which was reported at 5.98 LT. Year to date imports of edible vegetable oil rose 50.2 percent to 58.18 lakh tons.

- According to China's General Administration of Customs (CNGOIC), China's Aug soybean imports rose 9.7 percent to 9.48 MMT from 8.64 MMT in July 2019. Imports in Aug are 3.6 percent higher than Aug 2018 import of 9.15 MMT. Year to date soybean imports fell 9.2 percent to 56.32 MMT.

- USDA WASDE highlights: The U.S. season-average soybean price for 2019/20 is forecast at $8.50 per bushel, up 10 cents. The soybean meal price is projected at $305 per short ton, up $5.00. 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 720-800 per 10 Kg.

International Palm oil Market Fundamentals

Palm oil prices are likely to rise due to expectation of fall in end stocks of palm oil in Malaysia and Indonesia, slowdown in production of palm oil in Malaysia, drought conditions in Indonesia, rise in competitive oils prices, depreciation of Ringgit and rise in crude oil prices.

Palm oil plants are facing unusual threat in production in Indonesia due to haze, which has erupted due to undue burning of forest pits in Indonesia. This has led to widespread haze in South East Asia extending to Malaysia and Singapore. This is similar to 2015 when major haze in Indonesia and Malaysia and El Nino disrupted production led to fall in stocks and rise in palm oil prices, which reached cost of production. Haze has led to international condemnation of Indonesia and Malaysia and both countries are blaming each other for the condition. This year dry conditions has prevailed in Indonesia, which has encouraged plantations to burn down forests illegally to clear it for palm plantation.

Palm oil stocks is expected to fall in Malaysia due to slowdown of production in Malaysia and rise in in exports of palm oil. Stocks of palm oil fell below 23 lakh tons in August on firm export demand from India and China. End stocks of palm oil in Malaysia and Indonesia will fall in 2019.

Haze is prime reason of slowdown of production as fruits need oxygen to mature while dry condition in January and August in Indonesia has slowed fruit development. Further, lower fertilizer use due to low prices is also blamed for lower production of palm oil. Production rise will slow in 2020 due to above conditions. Production in Malaysia is expected to rise in 2019 and fall in 2020. However, high plant cycle may increase production in 2019. Higher production from present levels may increase palm oil inventory in 2019.

Further, production of palm oil will fall in Indonesia due to drought conditions in the country. Production of palm oil will rise in 2019 and will only fall in 2020 when standing fruits mature and yield will be lower. Production of palm oil will rise in 2019 due to high production cycle.

Exports of palm oil will increase from Malaysia and Indonesia on higher demand from India and China. India imports will rise around 4 percent to 9.7-10 MMT due to lower soybean crop in the country. Exports to China will increase in 2019 due to lower imports of soybean by the country due to contraction of swine herd count due to deadly swine flu. Further, removal of import quota of palm oil by China will increase palm oil imports.

However, rise in global demand will outpace rise in production in Malaysia and Indonesia in rest of 2019.

Exports of palm oil from Indonesia will increase in medium term. Record use of palm oil in biodiesel in Indonesia due to higher fuel standards will lead to lower stocks of palm oil in the country. This will decrease end stocks of palm oil in the country and supporting prices.

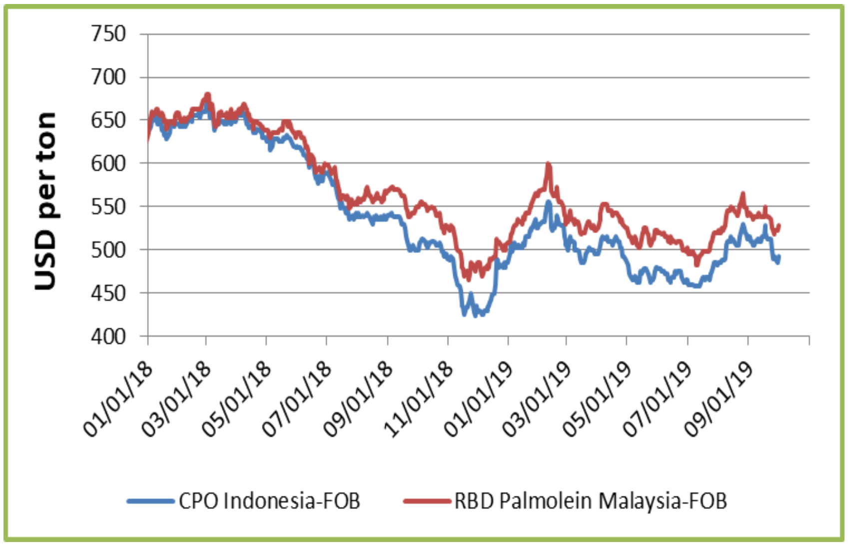
Exports of palm oil has fallen 20 percent in September due to weak demand from India and China.

Imports from India is expected to weaken due to lower import parity of RBD palmolein compared to CPO, hike in import duty on imports of RBD palmolein from Malaysia compared to other destinations and higher stocks at ports will cap gains. However, firm demand ahead of festivals will support demand.

Imported ready to use palmolein demand is less than domestic refined RBD palmolein due to higher refining margins. High stocks of palm oil at Indian ports will slow imports of palm oil in coming months.

Demand of palm oil from China fell due to rise in soybean imports in last two months by China has led to increase in soy oil supply leading to lower palm oil demand. Due outbreak of swine flu in the country which has led to higher imports of edible vegetable oil in 2019 until date.

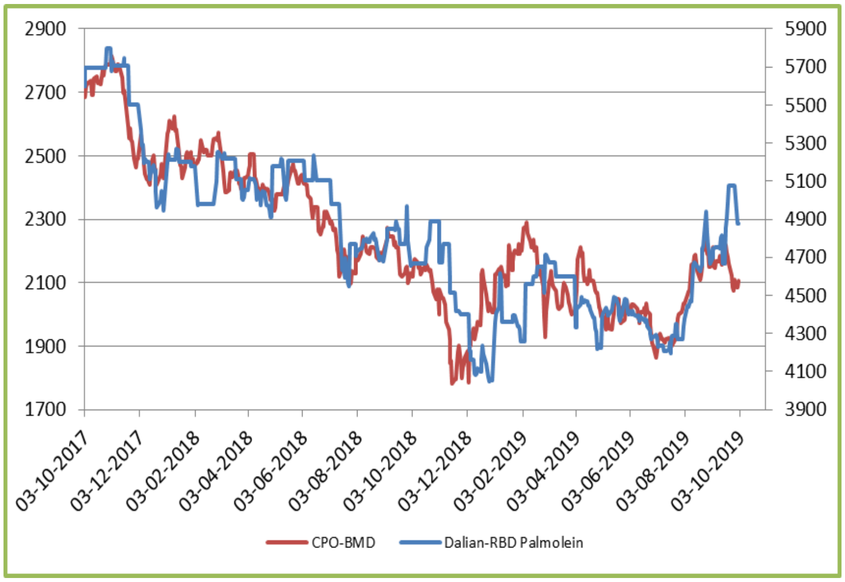
China has reduced quota restrictions on imports of palm oil from Malaysia and Indonesia will increase exports from both countries.



US-China trade dispute will improve exports of palm oil from Malaysia and Indonesia to 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.

Also, removal of quota limits of import of palm oil by China will increase imports from Malaysia and Indonesia.



Palm oil stocks are expected to fall in Malaysia in coming months due to slowdown in production of palm oil and rise in exports of soy oil from Malaysia.

Production of palm oil will rise due to seasonal uptrend of production but at a lower pace.

Further, production of palm oil will fall in Indonesia due to drought conditions in the country. Production of palm oil will rise in 2019 and will only fall in 2020 when standing fruits mature, haze and yield will be lower. Production of palm oil will rise in 2019 due to high production cycle.

However, rise in global demand will outpace rise in production in Malaysia and Indonesia in rest of 2019.

However, import demand of RBD palmolein from Malaysia is expected to slow due to hike of 5 percent in import duty on RBD palmolein imports from Malaysia. This hike in duty will bring RBD palmolein import duty of Malaysia and Indonesia in similar lines which lead to surge in imports in 2019. Further, this hike will increase CPO imports by the country.

Palm oil imports by India will increase in Sep and Oct due to festivals season in the country.

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.

Trade dispute between US-China may support imports of palm oil as China will import less soybean thereby supporting import demand of palm oil.

Palm oil stocks in Indonesia are expected to fall below 3 MMT in July-Oct due to rise in biodiesel demand in the country and slow rise in production of palm oil compared to rise in palm oil demand in the country. Higher, use of palm oil in biodiesel in the country, contributed to fall in stocks of palm oil in last six months.

Production of palm oil is expected to rise 3.5 percent in Indonesia in 2019 on higher produce from maturing plantations, according to GAPKI. Any bad effect of drought will only be visible in 2020.

Removal of export levy has led to clearing of palm oil stocks in the country and will support palm oil prices in medium term. Stocks will fall in August as production will be slow in August due to dry conditions and exports will rise.

Production of palm oil is expected to rise 3.5 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 4.15/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. However, production will slow in 2020 due to impact of Haze and lower use of fertilizers due to lower prices of palm oil.

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 and also working to increase 100 percent bio content in gasoline. Indonesia will to B30 by the end of 2020 to reduce imports of crude oil.

Malaysia has unveiled plans to double biodiesel production in the country and increase to 20 percent bio content in gasoline in an effort to clear stocks of palm oil in the country.

Malaysia has unveiled plans to double biodiesel production in the country and increase to 20 percent bio content in gasoline, in an effort to clear stocks of palm oil in the country. Palm oil based biodiesel production will rise in Malaysia from 1.3 MMT to 1.6 MMT on higher biodiesel blending norms.

RBD Palmolein Malaysia premium has decreased over Indonesia CPO due to firm demand of CPO. Export demand will rise from Malaysia due to falling premium of Malaysian palmolein.

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 supported by rise in soybean complex prices due falling global soybean supply situation amid US-China trade dispute.

Malaysia kept palm oil export duty at zero for Oct 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 Oct. Rise production of palm oil in Indonesia will be lower than rise in exports of palm oil from the country will lead to fall in palm oil stocks in the country in 2019.

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, Middle East tensions after terrorist strike on Saudi Arabia oil facility and sanctions on Iran and Venezuela will support palm oil prices.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's Sep palm oil exports fell 20.1 percent to 1,327,566 tons compared from 1,661,984 tons last month. Top buyers were European Union 285,830 tons (274,919 tons), India at 257,980 tons (498,080 tons), China at 224,770 tons (347,253 tons), United States at 57,862 tons (56,788 tons) and Pakistan at 43,870 tons (41,000 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's Sep palm oil exports fell 19.6 percent to 1,316,670 tons compared to 1,637,752 tons last month. Top buyers were India & subcontinent 338,475 tons (580,430 tons), European Union 272,495 tons (322,485 tons) and China at 240,260 tons (338,025 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 fell 10.68 percent in July y-o-y to 2.51 MMT from 2.81 MMT in July 2018. Exports of palm oil (CPO and PKO) rose 15.67 percent m-o-m in July at 2.51 MMT compared to June 2019 at 2.17 MMT. Stocks of palm oil in July 2019 rose to 3.51 MMT from 3.55 MMT in June, lower by 1.13 percent m-o-m.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's August palm oil stocks fell 5.31 percent to 22.52 lakh tons compared to 23.78 lakh tons in July 2019. Production of palm oil in Aug rose 4.64 percent to 18.22 lakh tons compared to 17.41 lakh tons in July 2019. Exports of palm oil in Aug rose 16.37 percent to 17.33 lakh tons compared to 14.90 lakh tons in July 2019. Imports of palm oil in Aug fell 27.42 percent to 0.51 lakh tons compared to 0.40 lakh tons in July 2019. End stocks of palm oil fell more than trade expectation on higher exports.
- According to Chief Economic Minister of Indonesia, Indonesia will not charge and levies on export of palm oil until Jan 1, 2020. At present Indonesia charges USD 10-15 per ton as export levy on palm exports above reference price above USD 570 per ton and levy increase if prices exceed USD 619 per ton.
- Policy review: According to Malaysia Palm Oil Board (MPOB), Malaysia kept Oct crude palm oil export tax unchanged at 0.0 percent. Export duty of palm oil is calculated at reference price of 2145.75 ringgit 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 Oct crude palm oil export duty unchanged at zero. The reference price is set at USD 575.9 per ton, lower than lower threshold for export duty below USD 570 to calculate export levy. Indonesia taxes palm oil above trigger price of USD 750 per ton. Indonesia has kept crude palm oil export duty at zero since May 2017.

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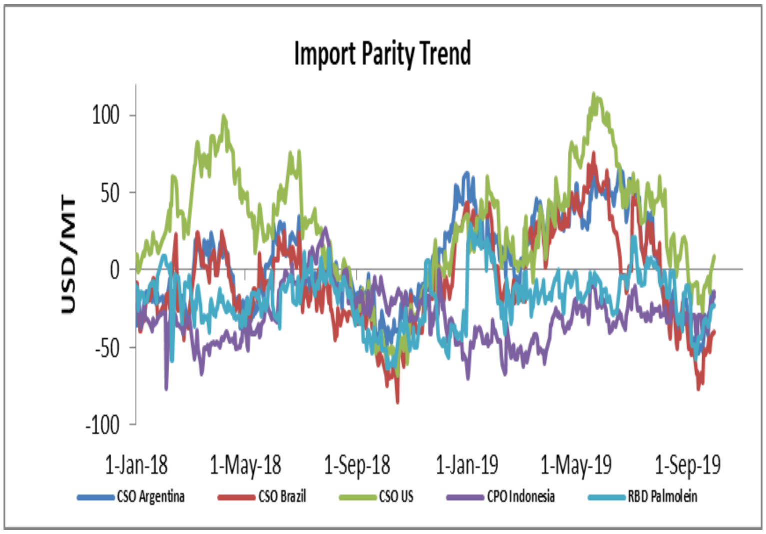
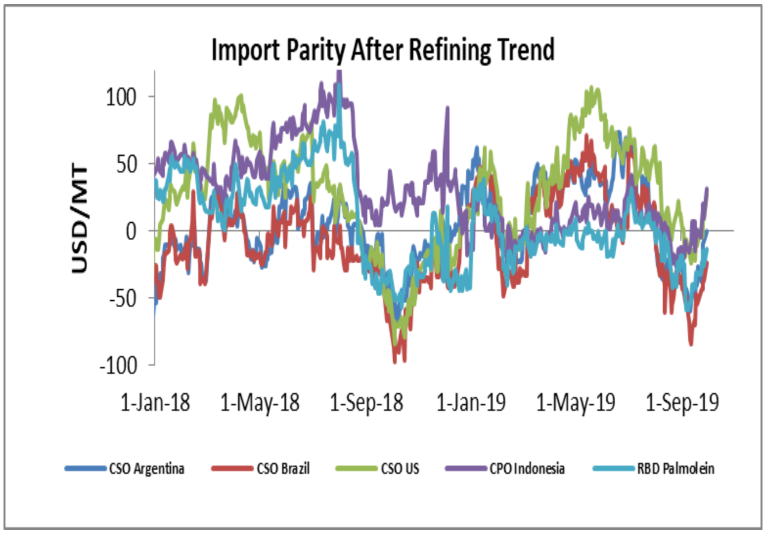
Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 520-600 per 10 Kg.

Import Parity Trend





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

	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
July, 2019	37.60	30.53	54.22	18.19	11.50
Aug, 2019	-28.63	-33.84	18.55	-6.76	-18.41
Sep, 2019	-35.75	-52.27	-6.18	-2.12	-35.22

Outlook-:

Import disparity for CDSO Argentina has increased due to depreciation of Rupee. We expect CDSO import parity to remain in disparity in October due to firm prices of soy oil in international markets. Parity in CPO is higher than RBD palmolein. Parity in CPO may increase its imports. Palm oil disparity will fall due to appreciation of Rupee and rise in prices of palm oil in Indian markets.

Technical Analysis (Refined soy oil Monthly Charts)

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

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

- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close below 750 in monthly chart will bring prices to 730 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 750 for a target of 770 and 775 with a stop loss at 740 on closing basis.

RSO NCDEX

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
722.00	740.00	757.80	765.00	780.00

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)

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

Outlook - Prices may trade with a sideways to firm tone in the coming days. Investors are advised to buy MCX CPO (Oct 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 540 in monthly chart might bring the prices to 520 levels.
- Expected price band for next month is 520-590 level in near to medium term. RSI and MACD are indicating uptrend.

Strategy: Market participants are advised to go long in CPO above 540 for a target of and 560 and 565 with a stop loss at 530 on closing basis.

CPO MCX

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
530.00	540.00	544.50	560.00	575.00

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

Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		30-Sep-19	31-Aug-19	
Refined Soybean Oil	Indore	765	757	8
	Indore (Soy Solvent Crude)	725	720	5
	Mumbai	750	760	-10
	Mumbai (Soy Degum)	712	715	-3
	Kandla/Mundra	745	740	5
	Kandla/Mundra (Soy Degum)	708	710	-2
	Kolkata	747	752	-5
	Delhi	783	775	8
	Nagpur	765	770	-5
	Rajkot	740	740	Unch
	Kota	755	755	Unch
	Hyderabad	Unq	0	-
	Akola	768	771	-3
	Amrawati	768	771	-3
	Bundi	760	760	Unch
	Jalna	764	774	-10
	Solapur	765	764	1
	Dhule	765	773	-8
Palm Oil*	Kandla (Crude Palm Oil)	576	588	-12
	Kandla (RBD Palm oil)	609	620	-11
	Kandla RBD Pamolein	651	656	-5
	Kakinada (Crude Palm Oil)	541	580	-39
	Kakinada RBD Pamolein	641	662	-21
	Haldia Pamolein	649	656	-7
	Chennai RBD Pamolein	651	667	-16
	KPT (krishna patnam) Pamolein	630	659	-29
	Mumbai RBD Pamolein	667	667	Unch
	Mangalore RBD Pamolein	656	677	-21
	Tuticorin (RBD Palmolein)	649	672	-23
	Delhi	688	680	8
	Rajkot	648	646	2
	Hyderabad	650	639	11
	PFAD (Kandla)	389	399	-11
	Refined Palm Stearin (Kandla)	541	580	-39
	Superolien (Kandla)	683	693	-11
	Superolien (Mumbai)	704	704	Unch
* inclusive of GST				
Refined Sunflower Oil	Chennai	830	860	-30

	Mumbai	855	855	Unch
	Mumbai(Expeller Oil)	780	815	-35
	Kandla (Ref.)	835	845	-10
	Hyderabad (Ref)	820	855	-35
	Latur (Expeller Oil)	790	820	-30
	Chellakere (Expeller Oil)	795	820	-25
	Erode (Expeller Oil)	870	885	-15
Groundnut Oil	Rajkot	1100	1125	-25
	Chennai	1060	1040	20
	Delhi	1100	1100	Unch
	Hyderabad *	1030	1030	Unch
	Mumbai	1060	1085	-25
	Gondal	1030	1150	-120
	Jamnagar	1050	1150	-100
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	788	795	-7
	Jaipur (Kacchi Ghani Oil)	808	815	-7
	Kota (Expeller Oil)	780	785	-5
	Kota (Kacchi Ghani Oil)	792	798	-6
	Neewai (Expeller Oil)	778	780	-2
	Neewai (Kacchi Ghani Oil)	792	792	Unch
	Bharatpur (Kacchi Ghani Oil)	800	805	-5
	Sri-Ganga Nagar(Exp Oil)	770	780	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	786	800	-14
	Mumbai (Expeller Oil)	805	815	-10
	Kolkata(Expeller Oil)	920	930	-10
	New Delhi (Expeller Oil)	800	800	Unch
	Hapur (Expeller Oil)	865	885	-20
	Hapur (Kacchi Ghani Oil)	900	920	-20
	Agra (Kacchi Ghani Oil)	805	810	-5
Refined Cottonseed Oil	Rajkot	785	780	5
	Hyderabad	Unq	0	-
	Mumbai	795	806	-11
	New Delhi	745	751	-6
Coconut Oil	Kangayan (Crude)	1450	1430	20
	Cochin	1410	1390	20
Sesame Oil	New Delhi	1450	1600	-150
	Mumbai	Unq	0	-

Kardi	Mumbai	880	880	**Unch**
Rice Bran Oil (40%)	New Delhi	622	623	**-1**
Rice Bran Oil (4%)	Punjab	620	620	**Unch**
Malaysia Palmolein USD/MT	FOB	523	543	**-20**
	CNF India	550	578	**-28**
Indonesia CPO USD/MT	FOB	485	515	**-30**
	CNF India	520	540	**-20**
RBD Palm oil (Malaysia Origin USD/MT)	FOB	520	535	**-15**
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	523	558	**-35**
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	615	715	**-100**
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	428	450	**-22**
Crude palm Kernel Oil India (USD/MT)	CNF India	570	660	**-90**
Ukraine Origin CSFO USD/MT Kandla	CIF	750	795	**-45**
Rapeseed Oil Rotterdam Euro/MT	FOB	805	815	**-10**

Argentina FOB ($/MT)	**30-Sep-19**	**31-Aug-19**	**Change**
Crude Soybean Oil Ship	659	666	**-7**
Refined Soy Oil (Bulk) Ship	682	689	**-7**
Sunflower Oil Ship	705	720	**-15**
Cottonseed Oil Ship	639	646	**-7**
Refined Linseed Oil (Bulk) Ship	Unq	0	**-**

**** indicates including GST***

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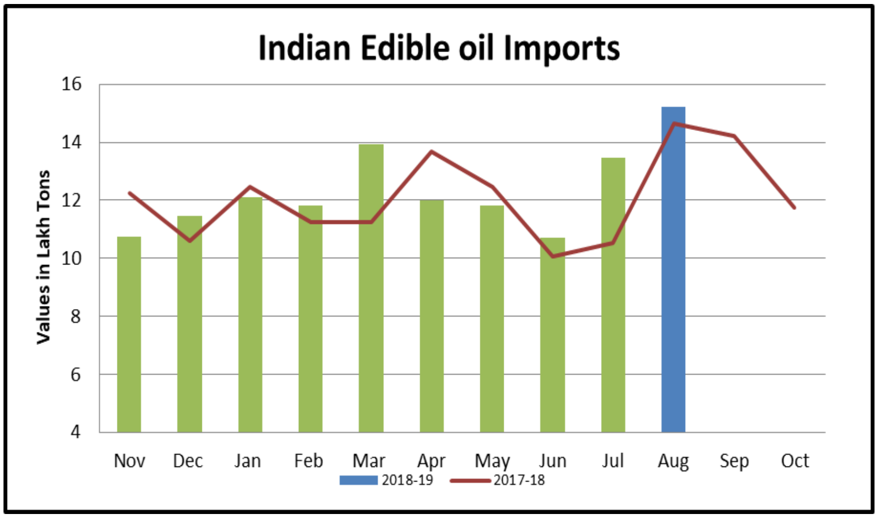
Annexure:

Indian Edible Oil Imports Scenario –:



As per Solvent Extractors' Association of India, India imported 15.08 million tons of veg. oils in the 2016-17 oil year. Edible oils imports were 14.52 million tons 2017-18 (November 2017-October 2018). Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for August is pegged at 15.23 lakh tons. Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for (Nov 2018-Aug 2019) is pegged at 123.27 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 04/10/2019	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	665	695	659	495	525
Freight (USD/MT)	47	47	47	35	29.0
C & F	712.0	742.0	706.0	530.0	554.0
Weight loss (0.25% of FOB)	1.66	1.74	1.65	1.24	1.31
Finance charges (0.4% on CNF)	2.85	2.97	2.82	2.12	2.22
Insurance (0.3% of C&F)	2.14	2.23	2.12	1.59	1.66
CIF (Indian Port - Kandla)	719	749	713	535	559
Duty (Values in USD per tons)	287.21	287.21	287.21	242.44	315.70
GST (5% on duty) USD per ton	14.36	14.36	14.36	12.12	15.79
Exchange rate	70.97	70.97	70.97	70.97	70.97
Landed cost without customs duty in INR per ton	51002	53152	50572	37965	39686
Customs duty %	35.00%	35.00%	35.00%	40.00%	50.00%
Social Welfare Surcharge@10%	3.50%	3.50%	3.50%	4.00%	5.00%
Total Duty %	38.50%	38.50%	38.50%	44.00%	55.00%
Base import price	746	746	746	551	574
Fixed exchange rate by customs department	72.15	72.15	72.15	72.15	72.15
Duty component in INR per ton	20722.20	20722.20	20722.20	17492.05	22777.76
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	73125	75274	72695	56857	63864
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	71500	71500	71500	55000	62000
Total landed cost USD per ton	1030	1061	1024	801	900
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1007	1007	1007	775	874
Parity INR/MT (Domestic - Landed)	**-1625**	**-3774**	**-1195**	**-1857**	**-1864**
Parity USD/MT (Domestic - Landed)	**-22.89**	**-53.18**	**-16.83**	**-26.17**	**-26.26**
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	77624.54	79773.87	77194.68	64357.27	66663.50
Soy/Palm oil imported Price (Including tax)	81505.77	83762.56	81054.41	67575.13	69996.68
Loose price of Soy/Palm in Indore and Delhi market	79800.00	79800.00	79800.00	68500.00	68500.00
Parity after processing and Taxes (Rs per MT)	**-1705.77**	**-3962.56**	**-1254.41**	**924.87**	**-1496.68**
Parity after processing and Taxes (USD per MT)	**-24.04**	**-55.83**	**-17.68**	**13.03**	**-21.09**
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	May-July-F	Aug-Oct-F
Opening Stock	5.67	2.73	2.73	1.88	2.21	2.84
Production (Domestic)	14.94	18.72	9.36	2.81	2.81	3.74
Imports	30.47	31.69	4.75	7.62	7.92	11.40
Imported oil processing	29.65	30.83	4.62	7.41	7.71	11.09
Total Production (Domestic production and imported oil production)	44.59	49.55	13.98	10.22	10.52	14.83
Total Supply	50.26	52.28				
Quarterly add-on			13.98	10.22	10.52	14.83
Consumption	47.53	49.44	14.83	9.89	9.89	14.83
Ending Stock	2.73	2.84	1.88	2.21	2.84	2.84

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.
- Higher carry out in Aug-Oct is due to higher imports.
- Carryout stocks of oil year 2018-19 is 2.84 lakh tons on higher soy oil imports.
- Carry out of oil 2017-18 is 2.73 lakh tons
- Carryout of 2018-19 is higher than 2017-18 on higher production.

Balance Sheet- Palm Oil (quarterly), India

Fig. in million tons

	2017-18	2018-19-F	Nov-Jan	Feb-Apr	May-July-F	July-Oct-F
Opening Stock	1.14	0.68	0.68	1.11	1.47	1.10
Production	0.20	0.20	0.05	0.05	0.05	0.05
Imports	8.70	10.01	2.32	2.26	2.50	2.92
Total Supply	10.04	10.89				
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Quaterly add-on			2.37	2.31	2.55	2.97
Consumption	9.36	9.73	1.95	1.95	2.92	2.92
Ending Stocks	0.68	1.16	1.11	1.47	1.10	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 third quarter of oil year 2018-19 will be higher than second quarter of oil year 2018-19

Balance Sheet- Sunflower Oil (quarterly), India

Fig. in lakh tons

	2017-18-F	2018-19-F	Nov-Jan	Feb-Apr	May-July-F	Aug-Oct-F
Opening Stock	3.43	4.00	4.00	3.41	4.19	3.83
Production	0.80	0.80	0.15	0.12	0.27	0.27
Imports	25.25	24.49	6.01	7.41	6.12	4.95
Total Supply	29.48	29.29				
Quaterly add-on			6.16	7.53	6.39	5.21
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	3.41	4.19	3.83	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	May-July-F	Aug-Oct-F
	1.55	1.86	2.36	2.36	1.40	8.17
Production	26.46	28.35	31.92	4.47	14.68	7.98
Imports	2.93	2.40	1.34	0.34	0.10	0.40
Total Supply	30.94	32.61	35.62	7.17	16.18	16.55
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	29.08	30.24	32.06	5.77	8.01	8.01
Ending Stocks	1.86	2.36	3.57	1.40	8.17	8.54

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 1.86 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 third quarter of 2018-19 is higher than second quarter of 2018-19.

Balance Sheet- Groundnut Oil (quarterly), India

Fig. in lakh tons

	2017-18	2018-19-F	Nov-Jan	Feb-Apr	May-July-F	Aug-Oct-F
Opening stocks	0.31	0.32	0.32	0.48	0.37	0.27
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	0.39	0.05	0.08	0.12	0.14
Consumption	6.93	3.32	1.09	1.09	0.56	0.56
End stocks	0.32	0.16	0.48	0.37	0.27	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 Lakh tons
	2014-15	2015-16	2016-17	2017-18	2018-19-F
Opening Stocks	9.78	14.74	37.1	30.53	26.35
Prodcution	562.5	522.5	606.9	635	621.3
Imports	9.67	5.17	0.01	0.57	0.47
Exports	7.21	6.81	33.5	7.32	6.81
Consumption/Crushing	520	582.9	579.98	632.42	615.65
Ending Stock	14.74	37.1	30.53	26.35	25.65

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