



Veg. Oil Monthly Research Report

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Outlook and Review:

Domestic Front

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

Palm oil (Kandla) was the best performer among the edible oil complex due to firm demand. Coconut oil (Kangayan) was the worst performer among edible oils 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 70.70 compared to 70.88 last month. Rupee is expected to appreciate in November. Crude oil prices are expected to rise in November.

Recommendation:

In NCDEX, market participants are advised to go long in RSO above 780 for a target of 800 and 805 with a stop loss at 770 on closing basis.

In MCX, market participants are advised to go long in CPO above 600 for a target of 620 and 625 with a stop loss at 590 on closing basis.

Market participants can buy refined soy oil in the cash markets at 760-770 for the target of 790-800 levels (Indore), if needed. Market participants can buy CPO Kandla 5% in the cash markets at 580-590 for the target of 610-620 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (Dec) is expected to stay in the range of 28 cents/lb to 34 cents/lb. CPO at BMD (Dec) is likely to stay in the range of 2300-2800 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, change of government in Argentina, lower soybean crop in US, lower soybean crop in South America, 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.

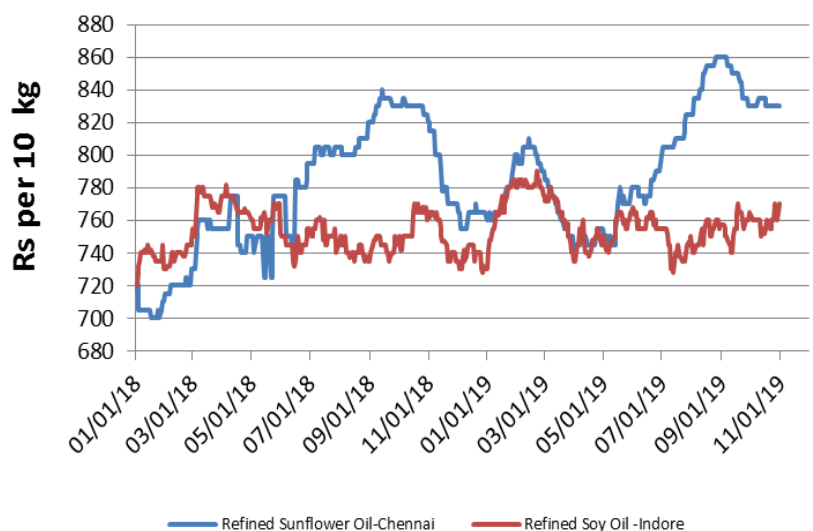
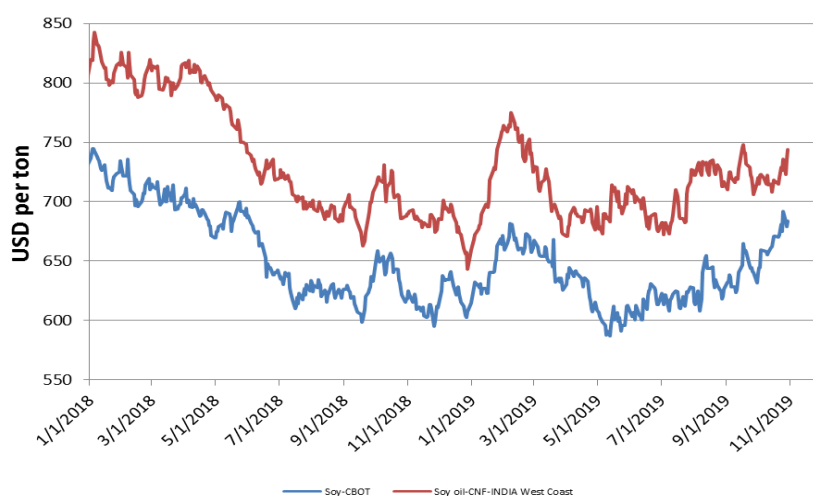
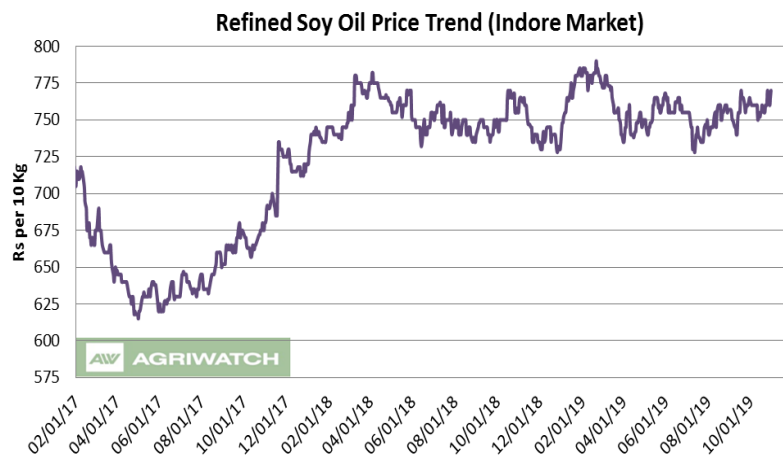
Soy oil: Domestic Market Fundamentals

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

Demand of soy oil is expected to rise in Nov 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, change in government in Argentina, lower rate of planting of soybean in Brazil and US-China trade settlement optimism will increase international prices of soy oil. Lower soybean crop in US and rise in prices of soy oil at CBOT has decreased basis in soy oil leading to higher FOB prices of soy oil. Despite Argentina Peso depreciation FOB prices increased due to strong demand of soybean products from Argentina.

Prices of CDSO rose less at high seas compared to CNF markets indicating weak demand at high



seas.

Prices of CDSO CNF rose less compared to CDSO FOB indicating weak demand at CNF markets.

Import disparity of soy oil decreased due to appreciation of Rupee and rise in prices of soy oil in Indian markets and is at Rs 10-15 per 10 kg compared to parity of Rs 25-30 per 10 kg in August.

Refining margins disparity decreased in October and is at Rs 10-15 per 10 kg compared to parity of Rs 25-30 per 10 kg in August.

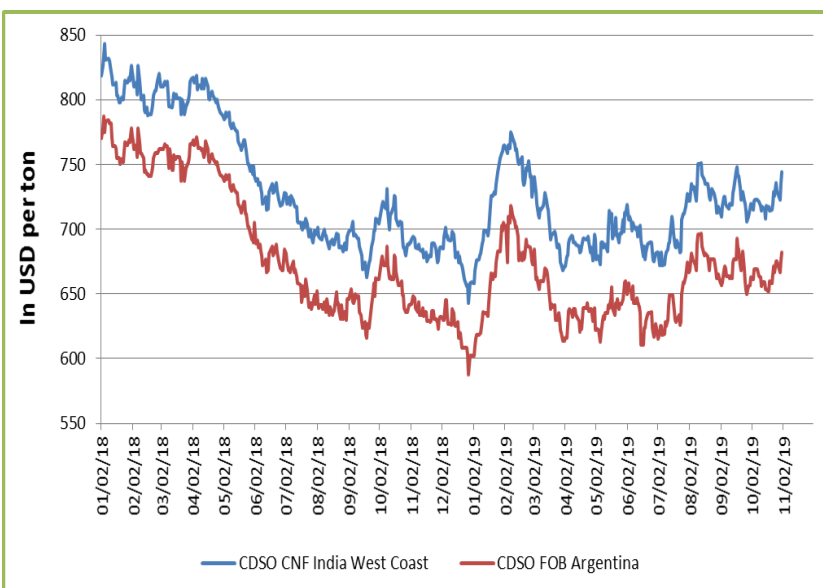
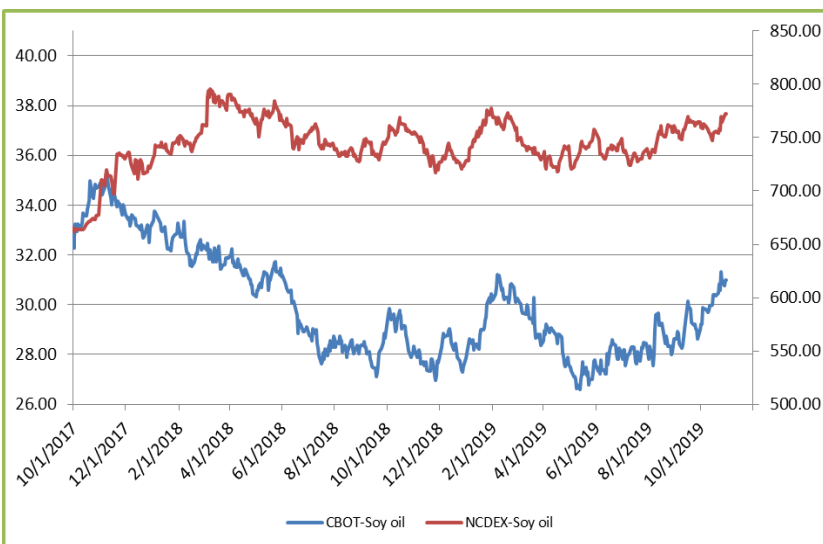
Both negative import parity and negative refining margins will lead to lower imports of soy oil in coming months.

Refined soy oil premium over CPO has increased to Rs 178 (Rs 202 last month) per 10 Kg which is high and will underpin soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 113 (Rs 145 last month) per 10 Kg, which is low and may increase soy oil prices in domestic markets.

Refined soy oil premium over CDSO high seas is at Rs 48 (Rs 47) 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 rise in prices of soy oil in international markets.

Difference increased between CDSO-



CNF-India West coast and Soy oil CBOT rose due to fall in basis (spot prices – futures prices) due to low crop of soybean in US.

Soybean crop in Indian has suffered heavy losses due to rains in Madhya Pradesh, Rajasthan and Maharashtra. This has effectively cut more than 20% soybean crop in the country. With lower marketable surplus there will be less soy meal available for exports after negating domestic consumption.

Crushing season has started and is progressing at full swing but is much below last year will help soy oil domestic prices and will lead to higher imports of soy oil as soy oil premium over palm oil has fallen.

Imports of soy oil fell in September compared to September 2018 and August 2019 and stocks at ports rose. indicating weak demand and restocking at ports.

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

Prices may rise on seasonal uptrend of prices and firm demand.

- According to Solvent Extractors Association (SEA), India's September edible oil imports fell 11.81 percent y-o-y to 12.54 lakh tons from 14.22 lakh tons in Sep 2018. Palm oil imports in Sep fell 11.4 percent y-o-y to 8.8 lakh tons from 9.2 lakh tons in Sep 2018. CPO imports fell 9.77 percent in Sep y-o-y to 6.00 lakh tons from 6.65 lakh tons in Sep 2018. RBD palmolein imports rose by 7.76 percent in Sep y-o-y to 2.64 lakh tons from 2.45 lakh tons in Sep 2018. Soy oil imports fell 27.3 percent in Sep y-o-y to 2.48 lakh tons from 3.41 lakh tons in Sep 2018. Sunflower oil imports fell 15.33 percent y-o-y in Sep to 1.27 lakh tons from 1.50 lakh tons in Sep 2018. Rapeseed (canola) oil imports in Sep was zero compared 0.12 lakh tons imports in Sep 2018.
- According to Solvent Extractors Association (SEA), India's September edible oil stocks at ports and pipelines fell 11.75 percent m-o-m to 18.02 lakh tons from 20.42 lakh tons in August 2019. Stocks of edible oil at ports in September rose to 1,062,000 tons (CPO 380,000 tons, RBD Palmolein 255,000 tons, Degummed Soybean Oil 275,000 tons, Crude Sunflower Oil 150,000 ton and Rapeseed Oil 2,000 tons) and about 740,000 tons in pipelines. (Stocks at ports were 882,000 tons in August 2019). India is presently holding 28 days of edible oil requirement on 1st Oct, 2019 at 18.02 lakh tons compared to 32 days of requirements last month at 20.42 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.
- Soy oil import scenario – According to SEA, soy oil imports fell 27.3 percent y-o-y in September to 2.48 lakh tons from 3.41 lakh tons in September 2018. In the oil year 2018-19 (Nov 2018-Sep 2019), imports of soy oil were 27.00 lakh tons compared to 27.83 lakh tons in last oil year, lower by 2.98 percent compared to corresponding period last oil year.
- All India sowing of soybean has reached 114.24 lakh hectares compared to 113.10 lakh hectares as on 04.10.2019. Sowing of soybean is higher in Madhya Pradesh and Rajasthan.
- 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 736 (USD 718) per ton for Nov delivery, Dec delivery is quoted at USD 738 (USD 720) per ton, Jan delivery is quoted at USD 745 per ton and Feb delivery



is quoted at USD 755 per ton. Values in brackets are figures of last month. Last month, CNF CDSO Oct average price was USD 721.67 (USD 723.84 per ton in Sep 2019) per ton.

- On the parity front, margins improved during the month on rise in prices of soy oil in Indian markets and appreciation of Rupee, and we expect margins to remain weak in coming days. Currently refiners lose USD 15-20/ton v/s loss of USD 35-40/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 740-820 per 10 Kg in the near term.

Palm oil: Domestic Market Fundamentals

- CPO prices witnessed firm tone in the month of October at its benchmark market at Kandla on firm demand and rise in prices of CPO in international markets.

RBD palmolein prices witnessed firm tone in month of October on rise in prices of RBD palmolein in international markets.

- Crude palm oil prices rose in Kandla in the month of October on firm demand and rise in prices of CPO in international markets.

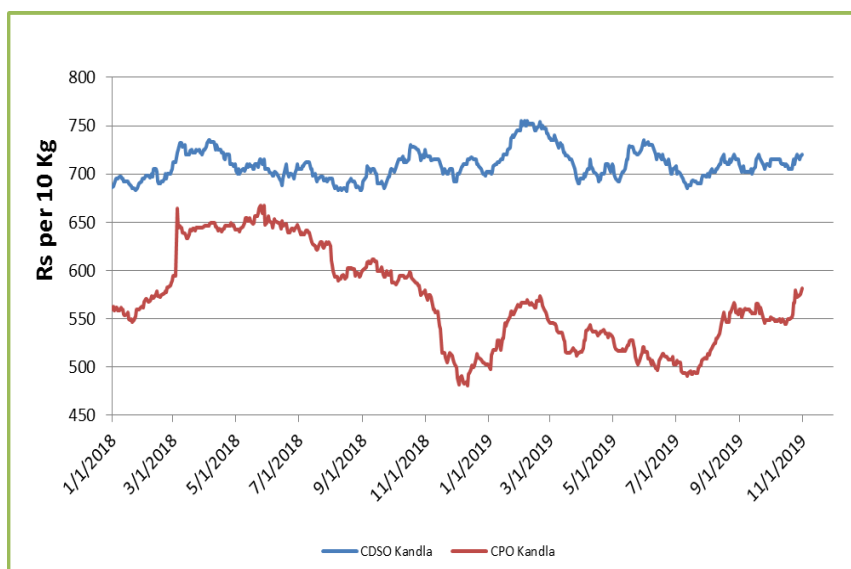
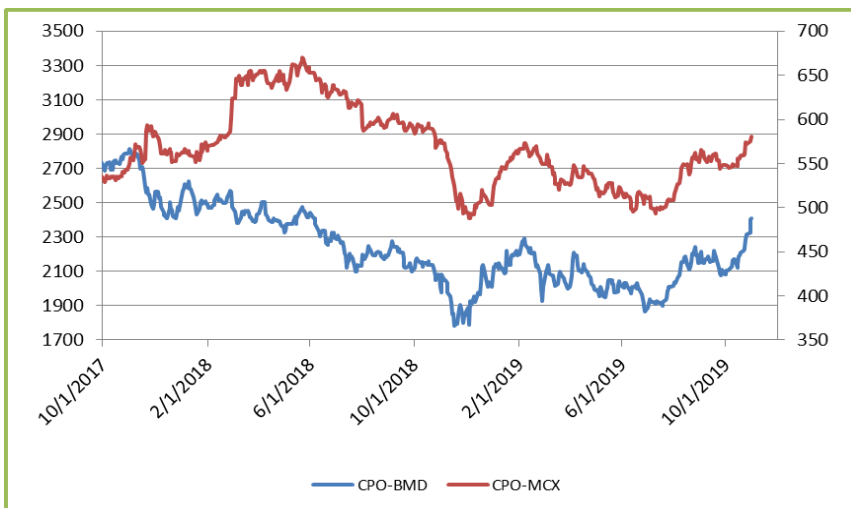
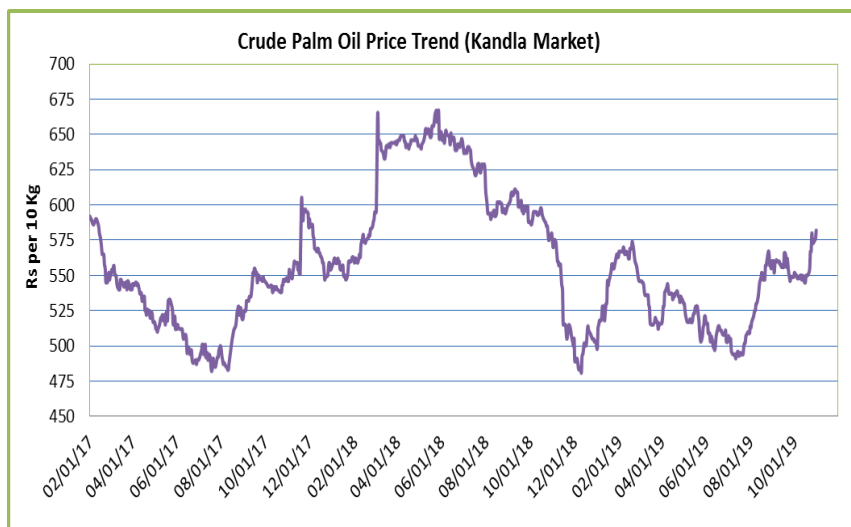
Prices of CPO rose less at high seas compared to CNF markets compared to last month indicating weak demand at high seas.

Demand of CPO is weak at CNF markets as prices rose less at CNF compared to FOB markets.

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

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

Despite appreciation of Rupee prices of CPO has surged has made imports costly which will decrease imports in coming

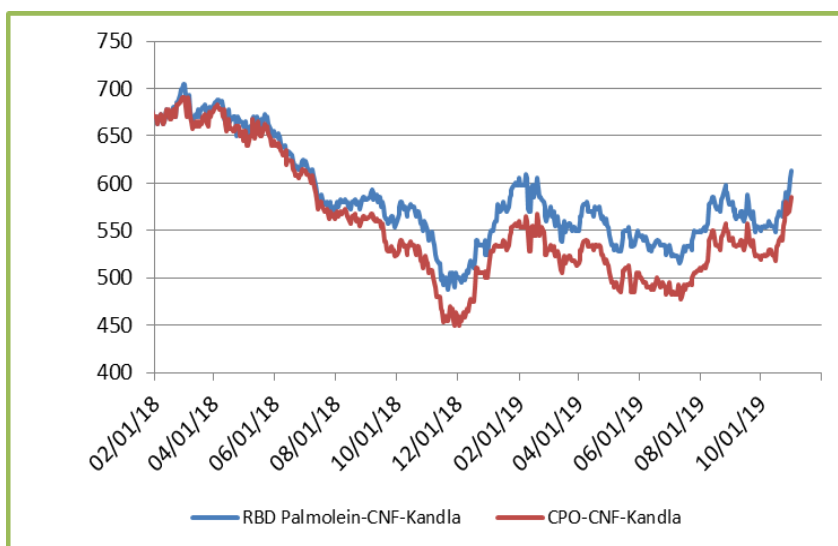
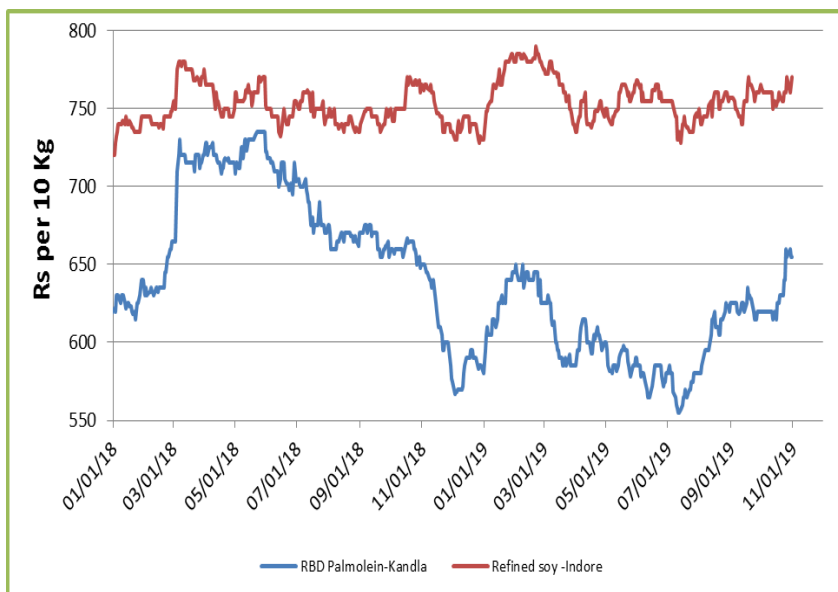


months. Appreciation of Rupee will increase decrease disparity in Nov.

Indian palm oil buyers have stopped booking palm oil cargoes from Malaysia on reports that India may restrict palm oil imports from Malaysia in retaliation for its support on Kashmir issue by United Nations. Edible oil trade body Solvent Extractor Association of India (SEA) has asked its members to stop imports from Malaysia on Kashmir issue. However, in Indian official statement India has asked Malaysia to introspect on Kashmir issue and has said that trade should not suffer due to standoff.

Further, India has opted out of trade treaty RCEP which was to be signed between 16 countries which include India and Malaysia. This step will further increase uncertainty about trade with Malaysia on palm oil. Malaysia would like to address India's concerns if it has to have good trade relations with India.

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 of RBD palmolein from Malaysia leading lower capacity utilization and surge in imports.

This protects interest 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 will improve finances of palm oil refining industry already reeling under debt.

CPO trade is firm and despite traders having high stocks and are offering to sell CPO at discount to CNF prices to offload the stocks as rise in prices of CPO gives opportunity to offload additional 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 October.

RBD palmolein featured firm tone in its benchmark market on rise in prices of RBD palmolein in international markets.

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

Prices of RBD palmolein rose less 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 risen above CPO despite hike in import duty on imports of RBD palmolein from Malaysia. Duty differential between CPO and RBD palmolein has increased from 5.5 percent to 11 percent due to hike in import duty on RBD palmolein sourced from Malaysia.

This has increased CNF prices of RBD palmolein sourced from Indonesia and is quoted at premium over RBD palmolein sourced from Malaysia. Before hike in import duty on RBD palmolein imports sourced from Malaysia, RBD palmolein sourced from Malaysia was quoting at premium over Indonesia RBD palmolein.

Further, premium of RBD palmolein over CPO at CNF India has fallen from USD 40-50 per ton to USD 25-30 per ton at CNF India. This will help RBD palmolein imports from all destinations part from higher import parity of RBD palmolein over CPO.

In Rupee terms, disparity currently stands at Rs 20-25 per kg compared to parity of Rs 25-30 per kg last month due to appreciation of Rupee and rise in prices of RBD palmolein in Indian markets. However, due to disparity in imports prices will not fall much going ahead.

This has made RBD palmolein competitive compared to CPO. However, refining margins of CPO is above imported ready to use palmolein.

Falling discount of RBD palmolein over soy oil, sunflower oil and rapeseed oil will decrease its demand.

Importers are selling cargoes at discount to clear stocks as rise in international prices have increased opportunity to offload surplus stocks.

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 firm movement of prices in domestic markets.

RBD palmolein premium over CPO decreased to Rs 65 (Rs 67 last month) per 10 kg indicating firm demand of RBD palmolein compared to CPO at high seas.

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

Import of RBD palmolein is rose in September compared to September 2018 and August 2019. Imports rose in September compared to August 2019 and stocks rose at less at ports indicating firm demand in September.

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 parity. Refining margins in imported CPO is higher than imports of ready to use RBD palmolein.

High soy oil premium over crude palm oil which is hovering at Rs 178 (Rs 212 last month) per 10 Kg will increase demand of CPO and increase imports.

Previous chart in soy oil section shows that premium of soy oil over palm oil has decreased in Oct at CNF markets. Falling premium of crude sunflower CNF India West coast and CPO CNF at USD 150 (USD 215) per ton will decrease 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.

Falling CDSO CNF premium over CPO CNF will decrease imports of CPO in medium term at USD 149 (USD 196 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 130 (Rs 165 last week) per 10 Kg, which is low and will decrease CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 113 (Rs 145 last week) per 10 kg is low and will decrease 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 September fell 11.4 percent y-o-y to 8.8 lakh tons from 9.2 lakh tons in September 2019. Imports in the oil year 2018-19 (November 2018-September 2019) are reported higher by 8.59 percent y-o-y at 86.30 lakh tons compared to 79.47 in corresponding period last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports fell 9.77 percent y-o-y in September to 6.00 lakh tons from 6.65 lakh tons in September 2019. Imports in oil year 2018-19 (November 2018-September 2019) were reported higher by 0.6 percent y-o-y at 58.86 lakh tons compared to 58.50 lakh tons in corresponding period last oil year.

RBD palmolein import scenario- RBD palmolein imports rose 7.76 percent y-o-y in September to 2.64 lakh tons from 2.45 lakh tons in September 2018. Imports in oil year 2018-19 (November 2019-September 2019) were reported higher by 30.67 percent y-o-y at 26.12 lakh tons compared to 19.99 lakh tons in corresponding period last oil year.

- 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.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 587.5 (USD 525) per ton for Nov delivery and Dec delivery is quoted at USD 597.5 per ton. Last month, CNF CPO Oct average price was at USD 541.54 per ton (USD 534.68 per ton in Sep 2019). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 612.5 (USD 555) per ton for Nov delivery and Dec delivery is quoted at USD 622.5 per ton. Last month, CIF RBD palmolein Oct average price was USD 567.9 (USD 565.4 in Sep 2019) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 593 (Rs 548) per 10 Kg and Nov delivery duty paid is offered at Rs 593 (Rs 550) per 10 kg. Ready lift RBD palmolein is quoted at Rs 660 (Rs 615) per 10 kg as on Nov 1, 2019. Values in brackets are figures of last month.

- On the parity front, margins improved during the month of Oct on higher price of palm oil products in Indian markets and appreciation of Rupee and we expect margins to remain weak in coming days. Currently refiners fetch USD 5-10/ton (Oct average) v/s loss of USD 0-5/ton (Sep average) margin in processing the imported CPO but on the imports of ready to use palmolein lose USD 25-30/ton (Oct average) v/s loss of USD 35-40 (Sep average).

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 560-640 per 10 Kg in the near term.

Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured firm trend at various markets on firm demand. All India arrivals of rapeseed decreased in October.
- Rapeseed oil prices traded higher in the month of October in various markets in India on firm demand.

Demand rose in the month of Oct on firm buying in cash markets and demand ahead of festivals.

Prices of rapeseed oil prices rose on rise in palm oil prices.

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

Prices of rapeseed oil may rise due to seasonal uptrend of prices.

Stock position is weak against firm demand position.

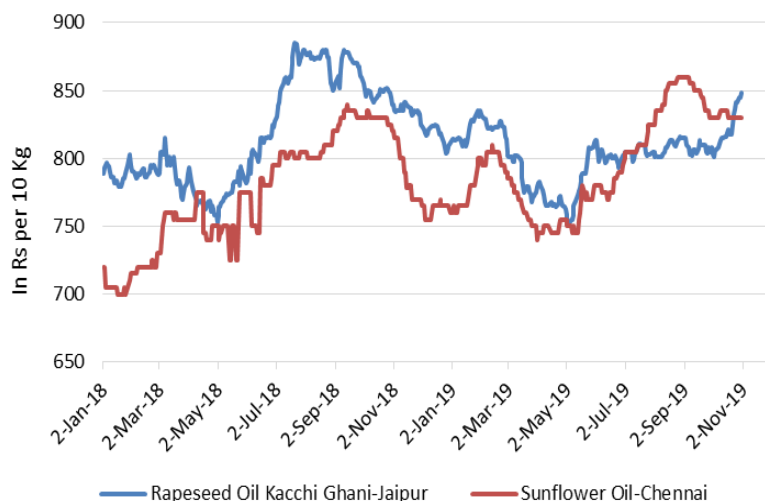
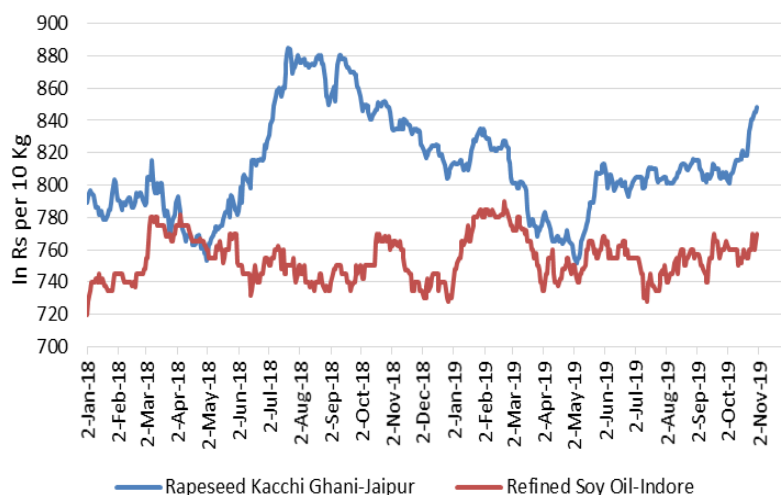
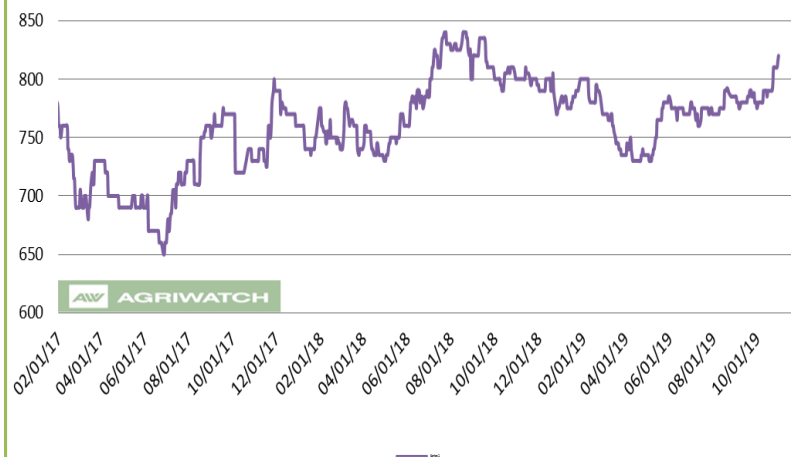
Rapeseed oil is moving out of Rajasthan at Rs 800-820 per 10 kg.

There is disparity in crush of rapeseed.

Higher crushing of rapeseed resulted in higher supply of rapeseed oil in the market.

NAFED has procured 10.89 lakh tons of Rabi 2018-19 crop. Total progressive sale is 0.87 lakh tons. So total balance quantity after sale is 10.02 lakh tons. Stock with NCDEX is 0.04 lakh tons.

Mustard Oil Price Trend (Kota Market)



Various state governments have given their estimate of mustard sales from Nov 2019-Jan 2020. About 7.48-lakh tons estimate have been given by various state governments about the sale of rapeseed by Jan 2020.

NAFED has started sale of mustard procured in MY 2019-20 from July and it is expected that it will try to dispose major stocks of mustard by Mar 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 MY 2019-20 will be lower than MY 2018-19 crop of 7.9 MMT. Yields will be lower after high production for two consecutive years. Further, crop planting is delayed due to high moisture in the soil due to vigorous monsoon in 2019.

Agriwatch forecasted rapeseed crop at 7.9 MMT in 2MY 018-19 compared to estimate of 7.1 MMT in MY 2017-18. Rapeseed crop in 2018-19 was higher than 2017-18 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 Oct. It will continue its fall in Nov.

Fall in prices of rapeseed oil in oil year 2018-19 is due to increased crushing of rapeseed in MY 2018-19 on parity in crushing. Crushers took advantage of crush margins. Higher crush of rapeseed has led to higher supply of rapeseed oil.

Prices are lucrative to increase demand.

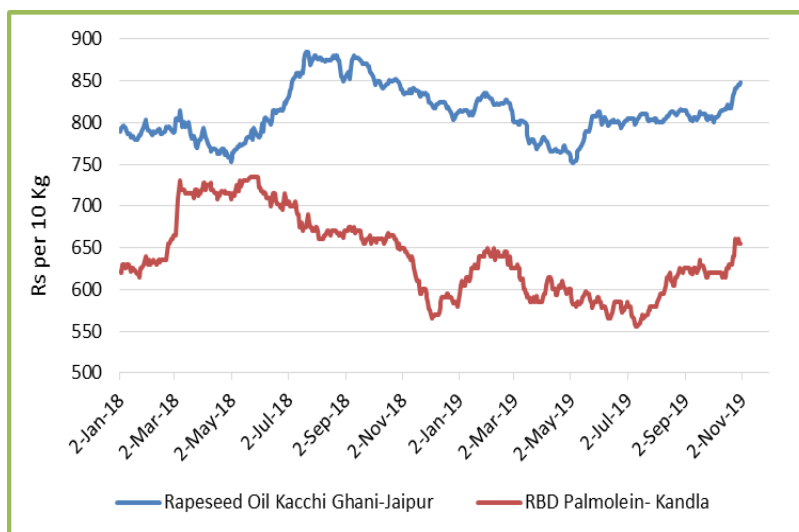
Falling discount of RBD palmolein prices to rapeseed kacchi ghani prices support rapeseed oil prices.

Rising premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market at Rs 75 (Rs 40) per 10 Kg, will cap rapeseed oil prices in medium term.

Kacchi Ghani and refined soy oil are trading range is rising, which may decrease demand of rapeseed oil.

Rising premium of expeller rapeseed oil over soy oil in domestic market was at Rs 55 (Rs 20) per 10 Kg, will cap rapeseed oil prices in medium term.

Hike in import duty on import of canola oil last year has led to low imports in oil year 2018-19. There have been very little imports of canola oil in last 7 months. However, if rapeseed oil prices continue to rise in oil year 2019-20 imports will surge.



Carryout of rapeseed oil is expected to fall in oil year 2019-20 due to lower rapeseed crop will lead to higher imports of canola.

Lower carryout of rapeseed oil in oil year 2019-20 will lead to higher prices of rapeseed oil in next oil year.

There was zero import of canola oil in September. 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 oil has slowed import demand. There are negligible stocks of canola oil at ports.

High premium of rapeseed expeller oil (Jaipur) over RBD palmolein (Kandla) at Rs 168 (Rs 185) per 10 kg will cap rapeseed oil prices.

Prices of rapeseed oil will remain be supported owing to falling stocks of rapeseed oil 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 September 2019 v/s 0.12 lakh tons in September 2018. In the oil year 2018-19 (Nov 2019-September 2019) imports were 0.59 lakh tons compared to 2.41 lakh tons in last oil year, lower by 75.52 percent y-o-y.
- The Cabinet Committee on Economic Affairs (CCEA) has approved the increase in the Minimum Support Prices (MSPs) of Rapeseed (Mustard) for MY 2020-21 to Rs 4425/qlt from Rs 4200/qlt, registering the rise of Rs 225/qlt. The total return for farmer is 90 percent above cost price of production.
- 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 825 (Rs 788) per 10 Kg and at Kota market is quoted around Rs 820 (Rs 780) per 10 kg as on Oct 31, 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 780-860 per 10 Kg.

Sunflower oil: Domestic Market Fundamentals

- Sunflower oil featured weak trend at its benchmark market in Chennai during the month of October on weak demand.
- Sunflower oil prices closed lower in month of October at various centers on weak demand.

Sunflower oil prices fell at high seas while it rose CNF indicating weak demand at high seas.

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

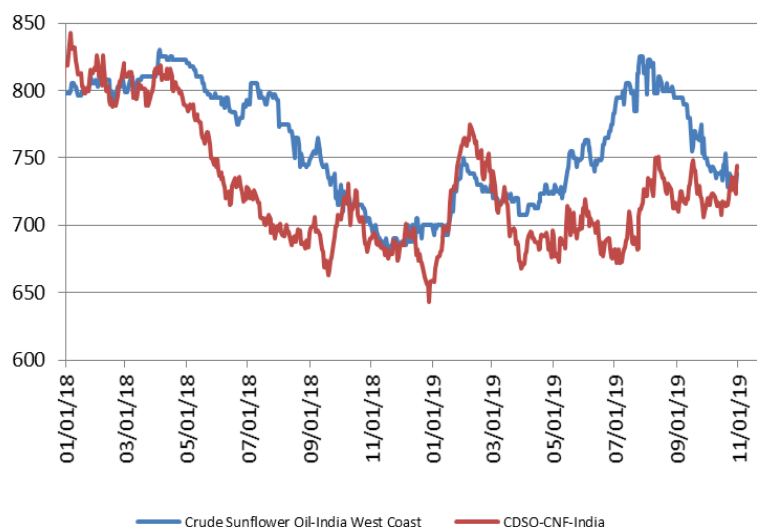
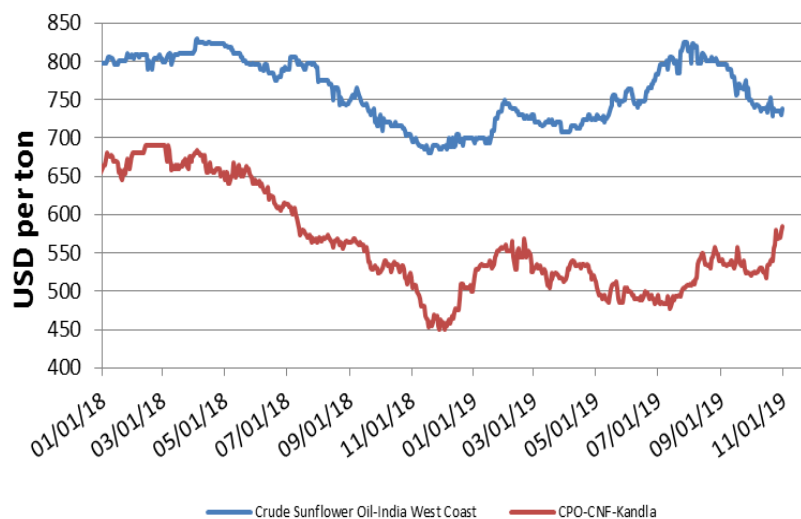
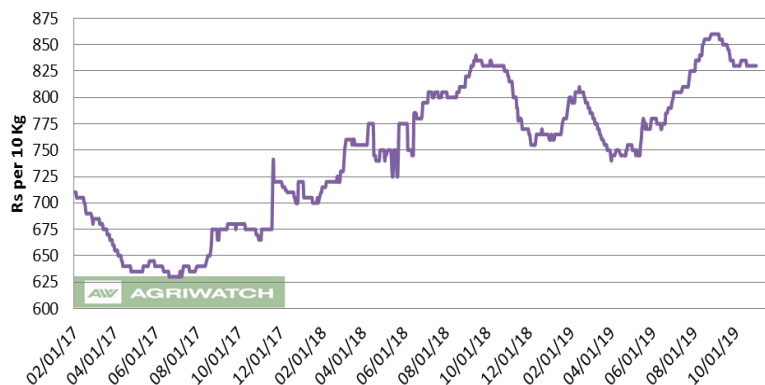
Prices of sunflower oil fell in October despite rise in prices of palm oil indicating weak demand.

Lower import of sunflower oil in 2018-19 due to hike in import duty on sunflower oil has decreased 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 October. Further, price will be capped due surplus stock of sunflower in Ukraine will cap rise in sunflower oil prices at CNF markets in November.

There is parity in imports of sunflower oil and refining margins

Sunflower Oil Price Trend (Chennai Market)



are in parity.

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

Imports of sunflower oil fell in Sep compared to Aug 2019 noting fall after rise in last two months touching 1.27 lakh tons. Stocks at ports fell due to weak 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 falling and will support 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 Oct 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

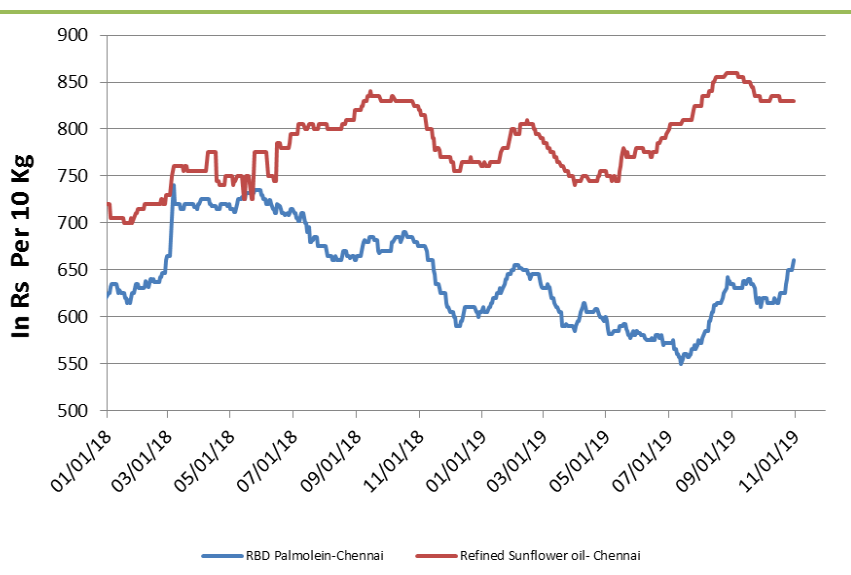
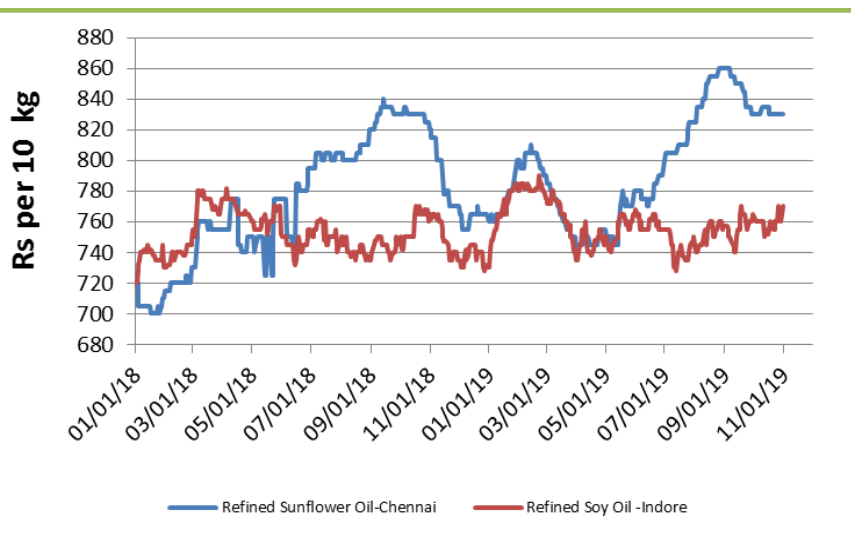
shows crude sunflower oil premium over CDSO is has decreased in October will increase imports.

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 decreased in October.

Refiners and stockists have increased stocking as sunflower oil premium over soy oil is increased to USD 2.5 (USD 22 last month) per ton.

In domestic market sunflower oil premium over soy oil is at Rs 57 (Rs 70) 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 170 (Rs 215 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 112.5 (USD 185) 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 220 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 supported due to falling 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 November.

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

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 15.33 percent y-o-y in September to 1.27 lakh tons from 1.50 lakh tons in September 2018. Imports in oil year 2018-19 (November 2018-September 2019) were reported lower by 7.43 percent y-o-y at 21.92 lakh tons compared to 23.68 lakh tons in corresponding period last oil year.
- All India progressive sowing of sunflower oil has reached 1.12 lakh hectares as on 04.10.2019 compared to 1.17 lakh hectares in corresponding period last year. Sowing is slow in state of Karnataka on account of late rains.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 737.5 (USD 740) per ton for Nov delivery, Dec delivery is quoted at USD 735 (USD 735) and JFM delivery is quoted at USD 732.5 (USD 730) per ton. CNF sun oil (Ukraine origin) Oct monthly average was at USD 738.67 per ton compared to USD 774.96 per ton in Sep. 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 2.5 (USD 22 last week) per ton for Nov delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 112.5 (USD 185) 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 820 (Rs 835) per 10 kg as on Oct 31, 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 October 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 on fall in prices of groundnut.

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

Groundnut prices fell due to good pace of harvest of groundnut in Gujarat.

Retail demand of groundnut oil has decreased due to expectation of fall in groundnut oil prices due to good pace of groundnut crop harvest leading to postponement of demand.

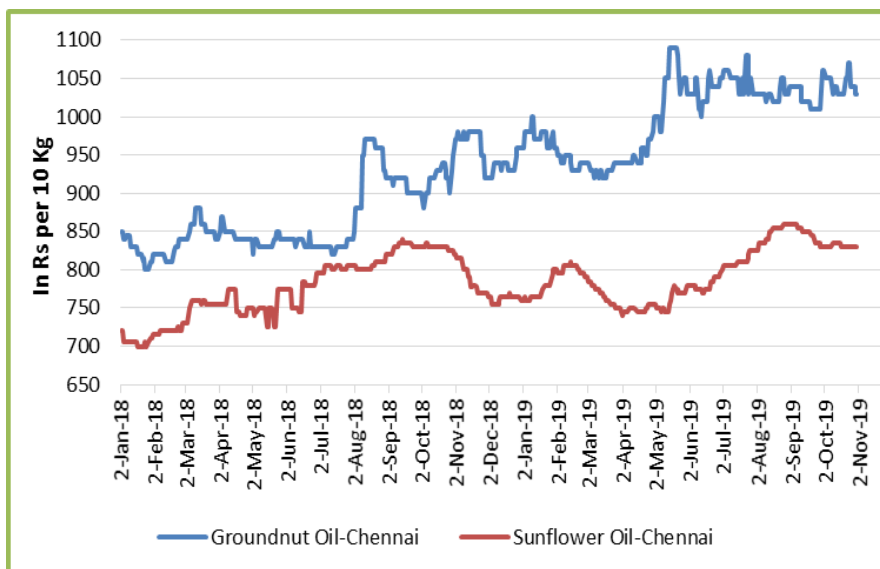
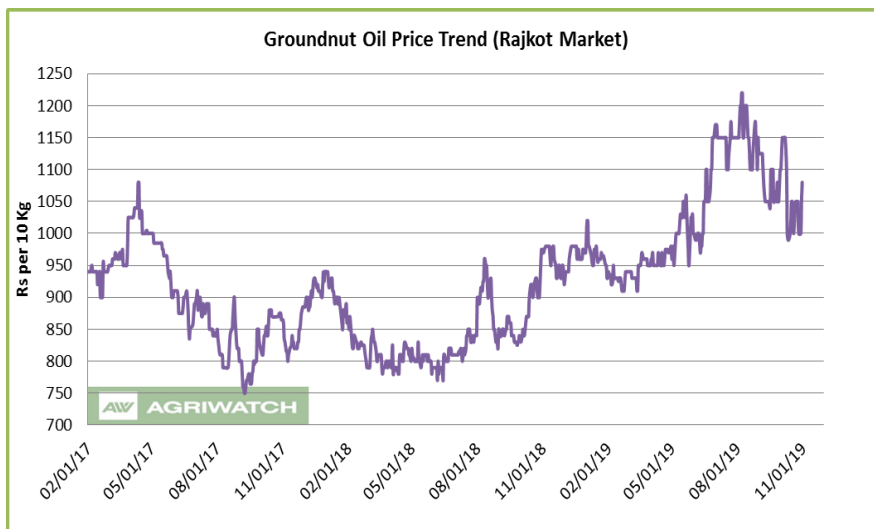
Crushing of groundnut has started and with good crop expected crushing of groundnut will benefit groundnut oil consumers.

Demand will weaken as festivals are over and there is no fresh trigger of rise in demand in November. However, demand of groundnut oil will rise from December due to peak season demand in Gujarat.

Groundnut crop harvest was delayed due to high moisture in various states like Rajasthan and Gujarat.

Sale of groundnut by NAFED have been stopped in October and fresh procurement of groundnut have been started by NAFED from November 1, where about 5 lakh farmers have registered.

Due to good pace of harvest of groundnut will increase groundnut supply in the market leading to higher groundnut oil supply.



NAFED ended auctions of Kharif 2018 and Kharif 2017 groundnut crop in October.

Total progressive sale of Kharif 2018 was 5.64 lakh tons and balance quantity after 1.51 lakh tons. 2017 Kharif crop stocks with NAFED is 0.16 lakh tons and total progressive sale has been 10.29 lakh tons.

So total progressive sale by NAFED in 2018 and 2017 crop is 15.93 lakh tons.

So, total stock in NAFED is 1.67 lakh tons. Slow pace of sale of groundnut due to low disappearance has led to high stocks with NAFED at the end of auctions. NAFED will have to dispose higher amount of groundnut next season to tide over high stocks of groundnut with it.

Higher groundnut prices is the prime reason which resulted in slow sale of groundnut by NAFED.

Demand of groundnut oil will increase between Rs 950-1000 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 960-980 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 have slowed due to rise in prices in domestic markets denting exports which leads to diversion of groundnut towards crushing underpinning prices.

Further, with high prices of groundnut and 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 high stocks and are active in ready markets. Both groundnut oil and groundnut trade has improved and groundnut is arriving in mandis.

Groundnut oil prices will decrease on lower 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 rose in 2019 substantially due to good rains which led to higher area planted and higher yields of 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 will rise in November due to harvest of standing crop.

Further, late rains in groundnut growing regions of South India led to lower area planted in South India and lower yields. Further, incessant rains in last one month has adversely impacted standing groundnut crop. Planting of Rabi groundnut in South India will lag due to wet conditions. However, planting area will increase with good soil moisture and tanks are full.

Prices are expected to trade weak on weak demand in cash markets and seasonal downtrend of prices.

Prices are expected to trade sideways to weak.

- All India progressive sowing of groundnut as on 04.10.2019 has reached 39.40 lakh hectares compared to 40.49 lakh hectares in corresponding period last year. Sowing is higher than corresponding period last year in Gujarat. However, sowing is lagging in Andhra Pradesh 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 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 10,500 (11,000) per quintal and quoting at Rs 10,300 (Rs 10,600) per quintal in Chennai market.
- Groundnut oil prices are likely to trade with a sideways to weak tone in the coming days.

Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 950-1150 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 October on weak demand. Demand weakened as festival season is over.

Prices of coconut oil prices fell on fall in prices of copra.

Copra prices traded lower due to higher supply of copra due to its higher imports. However, coconut

harvesting has slowed due to strong monsoon and there is difficulty in drying of copra due to monsoon.

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

Retail demand will improve due to high volatility in prices and regular fall 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

Rise in palmolein prices will increase coconut oil consumption. Prices will still be low compared to coconut oil. However, coconut consumers generally do not shift out of its consumption irrespective of prices. Demand fell at low demand at higher levels.

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

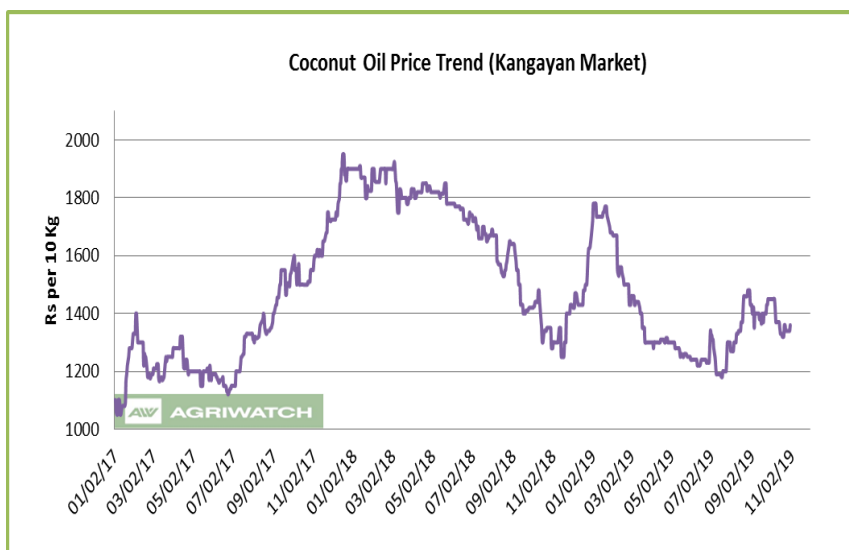
Coconut demand has fallen due to low volatility in prices which led to weaker consumption.

Household consumption will fall in Kerala in rest of 2019 after firm demand in third quarter 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 weakened due to high discount of crude coconut oil over branded coconut oil leading to lower shift of consumers towards branded products of various companies like Marico. Recent rise in copra prices may lead to lower margins of branded coconut oil companies. Demand may only revive on 2020 due to economic headwinds.

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 in 2019 due to fall in production of coconut oil will lead to weak 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 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.

Regular price fall and high volatile prices of coconut oil for a long period will decrease demand in medium to long term.

Prices are expected to be fall in November on weak retail demand, weak demand from corporates and seasonal downtrend of prices. Prices are expected to trade sideways to lower in medium term.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 14,100 (14,100) per quintal, and quoting Rs 13,600 (14,500) per quintal in Erode market on Oct 31, 2019.
- Coconut oil prices may trade sideways to weak tone tracking weak demand in ready markets.

Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 1300-1500 per 10 Kg.

International Soy oil Market Fundamentals

- Soy oil prices are expected to rise due to US-China trade optimism, lower crop of soybean in US, loss of pro reformist government in Argentina, lower rate of planting of soybean in Brazil, firm demand of soybean from China and rise in crude oil prices.

Trade talks between US and China has succeeded its first hurdle where a mini trade deal has been reached. Both sides are finalizing fine details of trade settlement. China has promised to purchase USD 20 billion of US farm goods in next one year in return of no further import duties on USD 250 billion Chinese goods. However, USD 300 billion of Chinese goods are already under increase import duty by US. US trade secretary Wilber Ross has said that US and China are far apart on comprehensive trade settlement but trade deal of agricultural products is done.

Pro reformist government lost in Argentina in recent held election. Macri was considered pro market reformer who reformed the countries farm sector which led to opening of food markets of the country. However, he lost election and anti-reform government. This has led farmers to worry about future prospects on trade issues of soybean. Argentina farmers are expected to plant lower soybean crop in anticipation of regulations imposed on soybean and products trade.

USDA reduced soybean yield estimate of US due to weak crop condition in US in its Oct 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 to 96 MMT due to wet and cool spring, which stopped farmers plant soybean. Further, harvest is delayed in various states in US Midwest due to wet conditions will lead to lower soybean yields. Further yield cut is expected from USDA in its November estimate.

Soy oil stocks rose in US in September as reported by NOPA despite lower crush of soybean indicating weak domestic disappearance. This will cap soy oil prices. Lower domestic disappearance of soy oil on lower use in biodiesel and lower food, feed and industrial use. Stocks of soy oil rises seasonally, but the rise was larger than trade estimates.

USDA increased 2019/20 soy oil end stocks in its October estimate on higher production of soy oil, partially set off by lower opening stocks and lower biodiesel use.

China reported lower soybean import demand in September due to weak demand of soybean on swine flu in the country. Due to swine flu China reported 41 percent fall in swine population. However, when swine flu will be over then restocking of soybean in China will take place and will increase imports of soybean. Most of the soybean imported in September was from Brazil. Premium of Brazil's soybean will fall below US soybean due to US-China trade settlement stroking expectation of fall in demand of soybean by China. This lead 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 41 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 allowed

meat imports from Europe, Ukraine, Argentina and Brazil. 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 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.

Lower import of soybean by China in in last in Sep has led to shift of buyers from competing oils like palm oil leading to strengthening in global palm oil prices.

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.

Further, due to lower crop of soybean in US has led to rise in basis over CBOT soy oil over Argentine FOB.

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 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 estimated Brazil's soybean crop for 2019/20 at 123 MMT 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.

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 effect of swine flu.

Planting of soybean is expected to start in Argentina and soybean crop area is expected to be lower due to change in government in Argentina. USDA estimated soybean crop in Argentina in 2019/20 at 53 MMT while

Argentina government estimate at 51 MMT in its last estimate. USDA is expected to reduce soybean crop in Argentina in its Nov report due to lower 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.

- US soybean is 97% dropping leaves which is down from 100% in corresponding period last year and 5-year average of 99%. About 62% soybean has been harvested compared to 69% in corresponding period last year and 5-year average of 78%, in the US crop progress report dated 27 October 2019 by United States Department of Agriculture (USDA).
- According to National Oilseed Processors Association (NOPA), U.S. September soybean crush fell by 9.19 percent to 152.566 million bushels from 168.085 million bushels in August 2019, below market expectation. Crush of soybean in Sep was lower by 5.11 percent compared to Sep 2018 figure of 160.779 million bushels. Soy oil stocks in U.S. at the end of Sep rose 2.93 percent to 1.442 billion lbs compared to 1.401 billion lbs in end Aug 2019. Stocks of soy oil in end Sep was lower by 5.81 percent compared to end Sep 2018, which was reported at 1.531 million lbs. Soy oil stocks was above trade expectation.
- According to United States Department of Agriculture (USDA) Oct estimate, U.S 2019/20 ending stocks of soy oil estimate has been increased to 1,525 million lbs from 1,485 million lbs in its earlier estimate. Opening stocks are decreased to 1,710 million lbs from 1,725 million bushels in its earlier estimate. Production of soy oil in 2019/20 is hiked to 24,590 million lbs from 24,535 million lbs in its earlier estimate. Imports in 2019/20 are kept unchanged at 450 million lbs. Biodiesel use in 2019/20 is lowered to 8,500 million lbs from 8,600 million lbs in its earlier estimate. Food, feed and other industrial use in 2019/20 is hiked to 15,000 million lbs from 14,900 million lbs in its earlier estimate. Exports in 2019/20 are kept unchanged at 1,725 million lbs. Average price range estimate of 2019/20 is hiked to 30.00 cents/lbs from 29.50 cents/lbs in its earlier estimate.
- The U.S. Department of Agriculture monthly supply and demand report for the month of Oct forecasts U.S. 2019/20 soybean stocks at 460 million bushels from 640 million bushels in its earlier estimate. Opening stocks in 2019/20 is decreased to 913 million bushels from 1,005 million bushels in its earlier estimate. Soybean production is estimate is lowered to 3,550 million bushels from 3,633 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 hiked to 2,120 million bushels from 2,115 million bushels in 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 hiked to 9.00 cents/bushel from 8.50 cents/bushel in its earlier estimate.

- According to China's General Administration of Customs (CNGOIC), China's September edible vegetable oils imports fell 7.4 percent m-o-m to 8.40 LT from 9.07 LT in August 2019. Imports in Sep was higher by 44.3 percent compared to Sep 2018 which was reported at 5.82 LT. Year to date imports of edible vegetable oil rose 49.4 percent to 66.58 lakh tons.
- According to China's General Administration of Customs (CNGOIC), China's Sep soybean imports fell 13.5 percent to 8.2 MMT from 9.48 MMT in August 2019. Imports in Sep are 2.3 percent higher than Sep 2018 import of 8.01 MMT. Year to date soybean imports fell 7.9 percent to 64.51 MMT.
- USDA WASDE highlights: The U.S. season-average soybean price for 2019/20 is forecast at \$9.00 per bushel, up 50 cents reflecting smaller supplies. The soybean meal price is forecast at \$325.00 per short ton, up \$20.00. The soybean oil price forecast is raised 0.5 cents to 30.0 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, rise in global palm oil demand, rise in global demand of palm oil due to higher biodiesel mandate in Indonesia and Malaysia, drought conditions in Indonesia, and rise in crude oil prices.

Palm oil stocks are expected to fall in Malaysia in Oct due to slowdown of production of palm oil and rise in exports of palm oil in Nov from the country.

Palm oil production is expected to rise in Malaysia in Oct but at a lower rate due to seasonal uptrend of production. Production will slow down due to adverse effect if haze, lower fertilizer use due to lower prices of palm oil and shift between peak production cycles.

Exports of palm oil has rose 10-15 percent in Malaysia in October due to firm demand from EU and China.

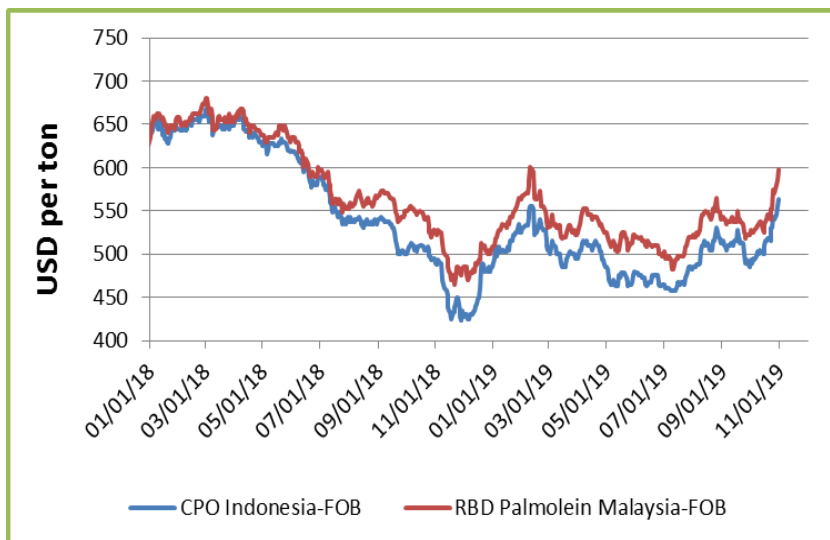
Imports of palm oil surged from EU in Oct, especially in last 15 days due to expectation of higher prices of palm oil in coming days.

Imports from China was firm in Oct due to lower import of soybean by China in Sep leading to lower supply

of soy oil in the country leading to higher imports of palm oil. Further, removal of import quota by China led to higher imports by the country. Further, supply of soy oil in the country will remain low due to 41 percent fall in swine count in China leading to lower soybean imports and lower supply of soy oil supporting palm oil imports.

However, US-China trade settlement will increase soybean imports by China leading to lower palm oil imports by China, which is net negative for palm oil prices.

Palm oil imports by India from Malaysia was subdued from Malaysia in Oct due lower imports on higher import duty on RBD palmolein compared to CPO, higher stocks of palm oil at Indian ports and India-Malaysia dispute on Kashmir.



Indian palm oil buyers have stopped booking palm oil cargoes from Malaysia on reports that India may restrict palm oil imports from Malaysia in retaliation for its support on Kashmir issue at United Nations. Trade body SEA has asked palm oil imports not to buy palm oil from Malaysia on Kashmir issue. Further, diplomatic pressure has been built on Malaysia by India when India said to Malaysia for deep introspection on various issues regarding India. India government has said that trade should not suffer on diplomatic issue between both countries. Further trade treaty RCEP is expected to be signed between 16 countries, which includes India, and Malaysia, which will not hamper trade between both countries.

Malaysian PM has said that he will not retract from his statement on Kashmir.

Malaysia has vowed to solve the issue diplomatically if India restricts palm oil imports. Further, Malaysia has said that it will purchase more sugar and buffalo meat for concession on palm oil import restrictions.

End stocks of palm oil in Malaysia and Indonesia will fall in 2019.

Palm oil plants are faced 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. However, with showers arriving in most parts of Southeast Asia, burning will stop.

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. High plant cycle may increase production in 2019.

Further, production of palm oil will fall in Indonesia due to drought conditions in the country. Production of palm oil will slowdown in 2020 when standing fruits mature and yield will be lower. Production of palm oil will rise in 2019 due to high production cycle while it will slow in 2020 due to dry conditions, haze and lower fertilizer use due to lower prices of palm oil. Production will rise lower than expected in 2020.

Exports of palm oil in 2019-20 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 and 2020, which will cut stock of palm by 3-4 MMT globally from present level of stocks at 17.5 MMT.

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.

Imports from India is expected to weaken due to lower in 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.

Palm oil stocks in Indonesia are rose to 3.8 MMT in August due to fall in exports from the country and rise in production of palm oil in the country. However, palm oil stocks will fall in coming months with slowdown of production, rise in exports and higher use of palm oil in biodiesel.

Production of palm oil is expected to rise 3.5 percent in Indonesia in 2019 on higher produce from maturing plantations, according to GAPKI. However, this estimate is expected to be reviles lower substantially.

Depreciation of Ringgit is expected to support palm oil prices. Ringgit has depreciated around 4.20/USD. This will make exports of palm oil competitive compared to other oil and same oils with different destinations.

Malaysia intends to reduce palm oil export duty on crude palm oil from the country in an effort to decrease stocks of palm oil in the country.

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. Further, Indonesia plans to remove palm oil export duty.

Palm oil consumption in 2019 and 2020 will outstrip rise in production in both year mainly due to higher biodiesel demand from Indonesia and Malaysia, and rise in import demand from India and China.

Increasing use of biodiesel in Indonesia will reduce palm oil stocks in the country. The country has mandated 20 percent bio content in all type of gasoline use in the country and is expected to implement B30 mandate in 2020. Further it is working on plant to raise to 100 percent bio content in next 5 years.

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. This will cut palm oil end stocks in Malaysia.

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

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 Middle East tensions. Further, expected cut on crude oil production by OPEC, sanction on Iran and rise in tension between US and Iran will support palm oil prices.

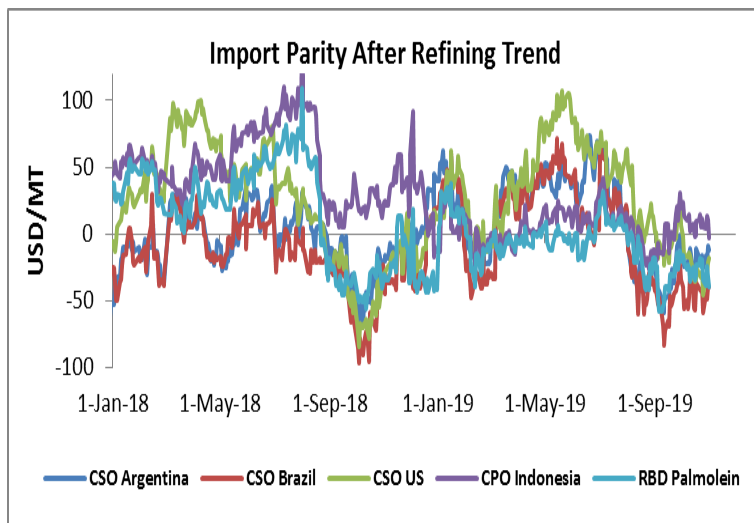
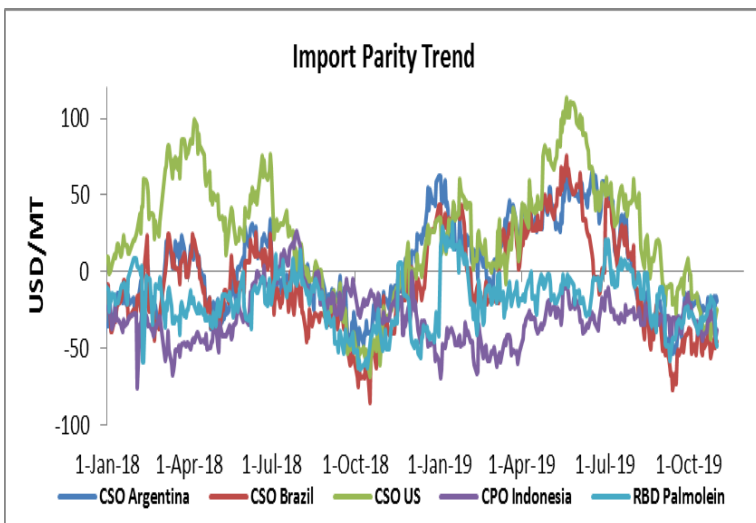
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's Oct palm oil exports rose 14.6 percent to 1,522,051 tons compared from 1,327,566 tons last month. Top buyers were European Union

338,191 tons (285,830 tons), China at 332,889 tons (224,770 tons), India at 163,370 tons (257,980 tons), United States at 66,450 tons (57,862 tons) and Pakistan at 40,000 tons (43,870 tons). Values in brackets are figures of last month.

- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's Oct palm oil exports rose 10.6 percent to 1,456,624 tons compared to 1,316,67 tons last month. Top buyers were European Union 356,055 tons (272,495 tons, India & subcontinent 290,370 tons (338,475 tons) and China at 231,990 tons (240,260 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 15.38 percent in August y-o-y to 2.53 MMT from 2.99 MMT in August 2018. Exports of palm oil (CPO and PKO) rose marginally m-o-m in Aug at 2.53 MMT compared to July 2019 at 2.51 MMT. Stocks of palm oil in Aug 2019 rose to 3.8 MMT from 3.51 MMT in July 2019, higher by 8.26 percent m-o-m.
- Malaysia has planned to cut export duty on exports of crude palm oil from 2020, according to Malaysian Finance ministry. Export duty will start from 3 percent in place of 4.5 percent when prices are between RM 2,250 (USD 538.54) to RM 2,400 per ton. Export duty will rise to 4.5 percent in prices between RM 2,401 to RM 2,550 per ton and prices will rise by 0.5 percent incrementally to maximum of 8 percent until the prices reach RM 3,450 per ton. This measure has been taken to reduce rising palm oil stocks in Malaysia and compete with Indonesia CPO in global market.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's September palm oil stocks rose 9.27 percent to 24.48 lakh tons compared to 22.41 lakh tons in August 2019. Production of palm oil in Sep rose 1.15 percent to 18.42 lakh tons compared to 18.22 lakh tons in Aug 2019. Exports of palm oil in Sep fell 18.77 percent to 14.10 lakh tons compared to 17.36 lakh tons in Aug 2019. Imports of palm oil in Sep rose 39.28 percent to 0.71 lakh tons compared to 0.51 lakh tons in Aug 2019. End stocks of palm oil rose more than trade expectation on lower 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.

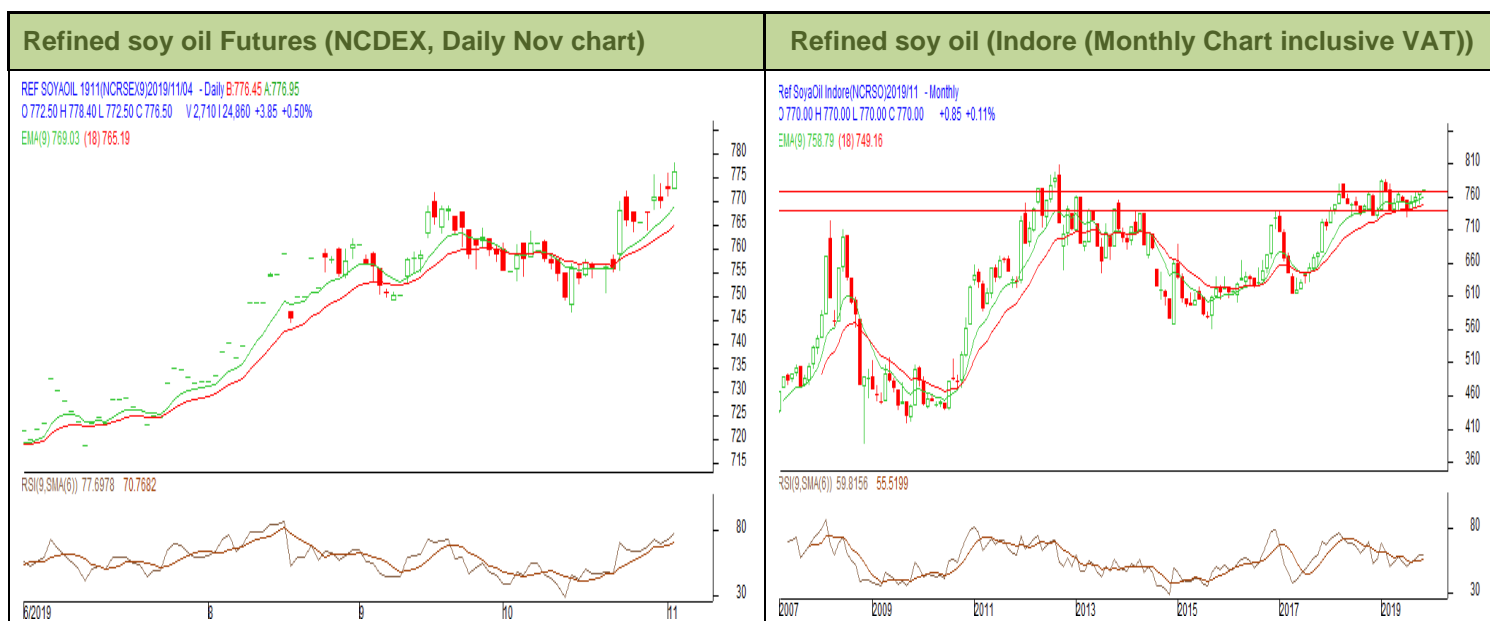
Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 520-600 per 10 Kg.

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


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Aug, 2019	-28.63	-33.84	18.55	-6.76	-18.41
Sep, 2019	-35.75	-52.27	-6.18	-2.12	-35.22
Oct, 2019	-18.87	-45.21	-24.33	9.07	-26.14

Outlook:-

Import disparity for CDSO Argentina has decreased due to rise in prices of soy oil in Indian markets and appreciation of Rupee. We expect CDSO import parity to remain in disparity in November 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 parity will fall due to depreciation of Rupee and rise in prices of palm oil in international 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 (December contract) on dips.

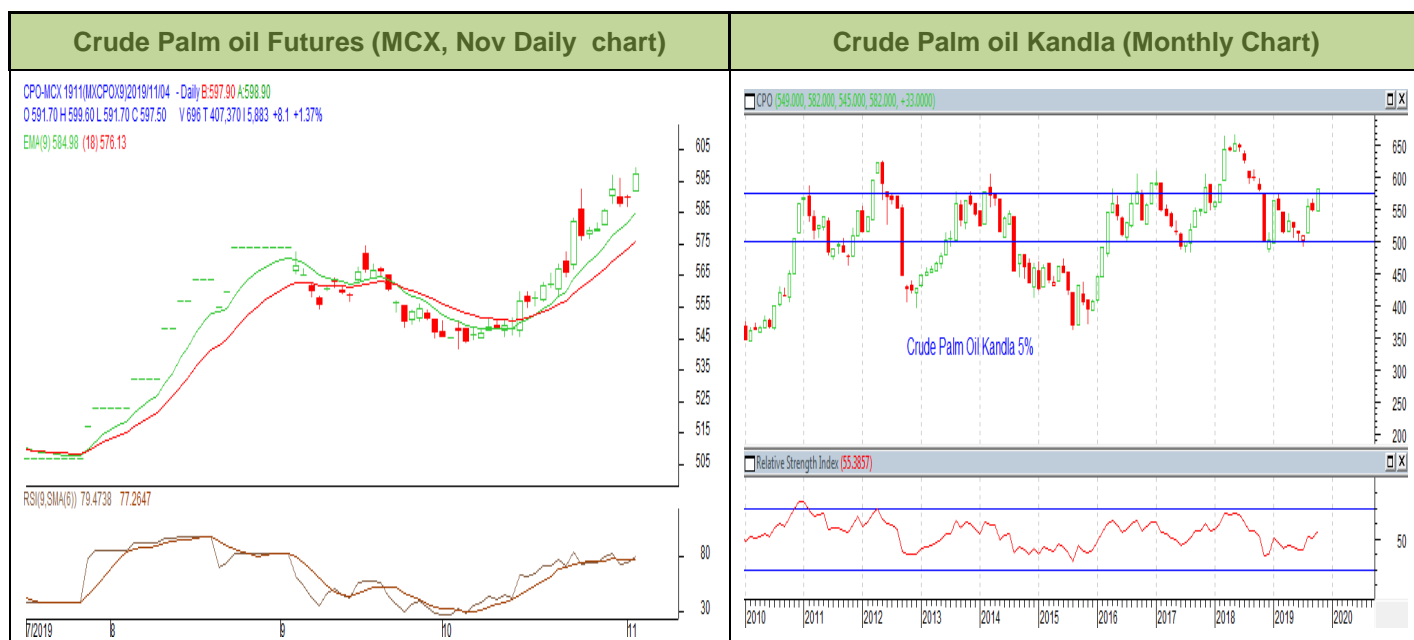
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close below 780 in monthly chart will bring prices to 760 levels.
- Expected price band for next month is 740-820 level in near to medium term. RSI and MACD are indicating uptrend at current levels.

Strategy: Market participants are advised to go long in RSO above 780 for a target of 800 and 805 with a stop loss at 770 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
750.00	760.00	784.70	800.00	820.00

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

Technical Analysis (Crude Palm oil Monthly Charts)


Outlook - Prices may trade with a sideways to firm tone in the coming days. Investors are advised to buy MCX CPO (Nov 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 600 in monthly chart might bring the prices to 580 levels.
- Expected price band for next month is 560-640 level in near to medium term. RSI and MACD are indicating uptrend.

Strategy: Market participants are advised to go long in CPO above 600 for a target of 620 and 625 with a stop loss at 590 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
560.00	580.00	605.40	620.00	640.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 560-640 per 10 Kg.

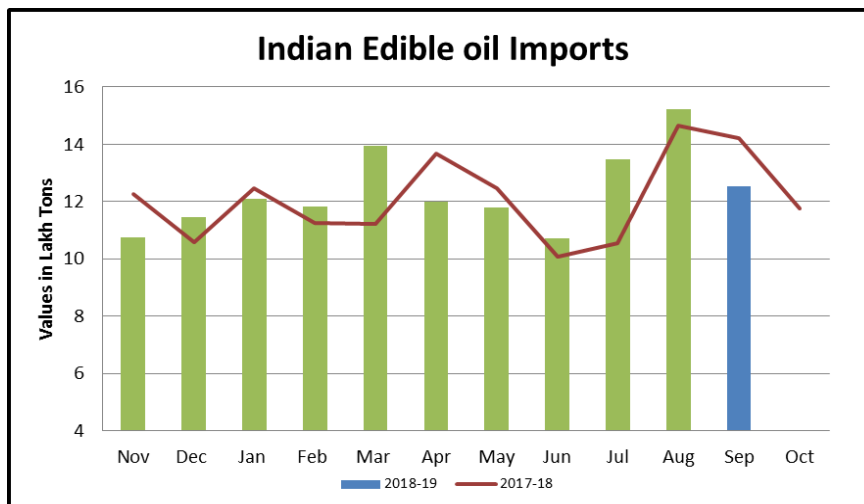
Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Oct-19	30-Sep-19	
Refined Soybean Oil	Indore	770	765	5
	Indore (Soy Solvent Crude)	735	725	10
	Mumbai	760	750	10
	Mumbai (Soy Degum)	722	712	10
	Kandla/Mundra	755	745	10
	Kandla/Mundra (Soy Degum)	720	708	12
	Kolkata	765	747	18
	Delhi	794	783	11
	Nagpur	773	765	8
	Rajkot	750	740	10
	Kota	770	755	15
	Hyderabad	Unq	0	-
	Akola	778	768	10
	Amrawati	778	768	10
	Bundi	775	760	15
	Jalna	767	764	3
	Solapur	755	765	-10
	Dhule	770	765	5
Palm Oil*	Kandla (Crude Palm Oil)	611	576	35
	Kandla (RBD Palm oil)	651	609	42
	Kandla RBD Pamolein	688	651	37
	Kakinada (Crude Palm Oil)	616	541	76
	Kakinada RBD Pamolein	688	641	47
	Haldia Pamolein	685	649	36
	Chennai RBD Pamolein	693	651	42
	KPT (krishna patnam) Pamolein	688	630	58
	Mumbai RBD Pamolein	704	667	37
	Mangalore RBD Pamolein	698	656	42
	Tuticorin (RBD Palmolein)	714	649	65
	Delhi	728	688	40
	Rajkot	698	648	50
	Hyderabad	710	650	60
	PFAD (Kandla)	394	389	5
	Refined Palm Stearin (Kandla)	616	541	76
	Superolien (Kandla)	719	683	37
	Superolien (Mumbai)	725	704	21
* inclusive of GST				
Refined Sunflower Oil	Chennai	830	830	Unch



	Mumbai	820	855	-35
	Mumbai(Expeller Oil)	765	780	-15
	Kandla (Ref.)	820	835	-15
	Hyderabad (Ref)	825	820	5
	Latur (Expeller Oil)	795	790	5
	Chellakere (Expeller Oil)	770	795	-25
	Erode (Expeller Oil)	865	870	-5
Groundnut Oil	Rajkot	1080	1100	-20
	Chennai	1030	1060	-30
	Delhi	1100	1100	Unch
	Hyderabad *	1025	1030	-5
	Mumbai	1020	1060	-40
	Gondal	Closed	1030	-
	Jamnagar	Closed	1050	-
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	825	788	37
	Jaipur (Kacchi Ghani Oil)	848	808	40
	Kota (Expeller Oil)	820	780	40
	Kota (Kacchi Ghani Oil)	835	792	43
	Neewai (Expeller Oil)	820	778	42
	Neewai (Kacchi Ghani Oil)	835	792	43
	Bharatpur (Kacchi Ghani Oil)	840	800	40
	Sri-Ganga Nagar(Exp Oil)	825	770	55
	Sri-Ganga Nagar (Kacchi Ghani Oil)	835	786	49
	Mumbai (Expeller Oil)	805	805	Unch
	Kolkata(Expeller Oil)	920	920	Unch
	New Delhi (Expeller Oil)	840	800	40
	Hapur (Expeller Oil)	880	865	15
	Hapur (Kacchi Ghani Oil)	915	900	15
	Agra (Kacchi Ghani Oil)	845	805	40
Refined Cottonseed Oil	Rajkot	785	785	Unch
	Hyderabad	Unq	0	-
	Mumbai	820	795	25
	New Delhi	735	745	-10
Coconut Oil	Kangayan (Crude)	1360	1450	-90
	Cochin	1410	1410	Unch
Sesame Oil	New Delhi	1450	1450	Unch
	Mumbai	Unq	0	-

Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	622	622	Unch
Rice Bran Oil (4%)	Punjab	620	620	Unch
Malaysia Palmolein USD/MT	FOB	598	523	75
	CNF India	613	550	63
Indonesia CPO USD/MT	FOB	563	485	78
	CNF India	585	520	65
RBD Palm oil (Malaysia Origin USD/MT)	FOB	590	520	70
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	590	523	67
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	700	615	85
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	475	428	47
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	570	-
Ukraine Origin CSFO USD/MT Kandla	CIF	738	750	-12
Rapeseed Oil Rotterdam Euro/MT	FOB	Unq	805	-
Argentina FOB (\$/MT)		30-Oct-19	30-Sep-19	Change
Crude Soybean Oil Ship		674	659	15
Refined Soy Oil (Bulk) Ship		698	682	16
Sunflower Oil Ship		660	705	-45
Cottonseed Oil Ship		654	639	15
Refined Linseed Oil (Bulk) Ship		Unq	0	-
* 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 September is pegged at 12.54 lakh tons. Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for (Nov 2018-Sep 2019) is pegged at 135.81 lakh tons.

Indian Supply and Demand Scenario:

Balance sheet of Indian Edible Oil	2017-18	2018-19	2019-20-F	% Change
Value in million tons				
Beginning Stock	7.77	6.65	4.57	-31.30%
Production	8.50	8.39	8.45	0.72%
Imports	14.52	15.11	17.26	14.26%
Total Supply	30.79	30.15	30.29	0.43%
Exports	0.02	0.02	0.02	0.00%
Total Demand(Consumption)	24.12	25.56	27.10	6.00%
Ending Stock	6.65	4.57	3.17	-30.68%

* Value in million tons

Balance Sheet Highlights

Net edible oil output is likely to be 8.45 million tons (up 0.72 percent y-o-y basis) in 2019-20 led by higher oilseed sowing in Kharif and rabi season in the current oil year.

On import front, edible oil imports seen at 17.26 million tons for 2019/20 oil year v/s 15.11 million tons last year.

On the consumption side, India's edible oil consumption for 2019-20 oil year seen at 27.10 million tons, higher by 6.0 percent from last year. Ending stocks are projected higher compared to 2019-20 at 3.17 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. ** 2019-19- SEA of India & 2019-20 Agriwatch Estimates, *** (USDA estimates).

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

Landed Cost Calculation as on 01/11/2019	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	672	698	678	563	593
Freight (USD/MT)	47	47	47	35	29.0
C & F	719.0	745.0	725.0	598.0	622.0
Weight loss (0.25% of FOB)	1.68	1.75	1.70	1.41	1.48
Finance charges (0.4% on CNF)	2.88	2.98	2.90	2.39	2.49
Insurance (0.3% of C&F)	2.16	2.24	2.18	1.79	1.87
CIF (Indian Port - Kandla)	726	752	732	604	628
Duty (Values in USD per tons)	286.06	286.06	286.06	246.40	322.30
GST (5% on duty) USD per ton	14.30	14.30	14.30	12.32	16.12
Exchange rate	70.90	70.90	70.90	70.90	70.90
Landed cost without customs duty in INR per ton	51453	53314	51882	42795	44514
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	743	743	743	560	586
Fixed exchange rate by customs department	72.30	72.30	72.30	72.30	72.30
Duty component in INR per ton	20681.78	20681.78	20681.78	17814.72	23302.29
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	73535	75396	73964	62009	69216
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	72200	72200	72200	59300	65800
Total landed cost USD per ton	1037	1063	1043	875	976
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1018	1018	1018	836	928
Parity INR/MT (Domestic - Landed)	-1335	-3196	-1764	-2709	-3416
Parity USD/MT (Domestic - Landed)	-18.83	-45.07	-24.88	-38.22	-48.18
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	78034.83	79895.74	78464.27	69509.50	72015.90
Soy/Palm oil imported Price (Including tax)	81936.57	83890.53	82387.48	72984.97	75616.69
Loose price of Soy/Palm in Indore and Delhi market	81060.00	81060.00	81060.00	72800.00	72800.00
Parity after processing and Taxes (Rs per MT)	-876.57	-2830.53	-1327.48	-184.97	-2816.69
Parity after processing and Taxes (USD per MT)	-12.36	-39.92	-18.72	-2.61	-39.73
Source: Agriwatch					

Balance Sheets of various edible oils

Balance Sheet (Quarterly) - Soy Oil, India

Fig. in lakh tons

	2018-19	2019-20-F	Nov-Jan-F	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening Stock	24.32	16.63	16.63	12.58	10.03	10.98
Production (Domestic)	14.28	11.90	5.95	1.79	1.79	2.38
Imports	31.00	35.00	7.00	7.00	10.50	10.50
Total Supply	69.60	63.53	29.58	21.36	22.31	23.86
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	52.97	56.68	17.00	11.34	11.34	17.00
Ending Stock	16.63	6.86	12.58	10.03	10.98	6.86

Source: AW estimates

Oil year- November-October

Highlights

- Prices of soy oil in 2019-20 are expected to be higher on lower carryout in oil year 2019-20.
- Soy oil production is expected to be lower in oil year 2019-20 on lower soybean crush due to lower soybean crop in 2019-20.
- Higher carry out in Nov-Jan is due to higher opening stocks.
- Carryout stocks of oil year 2019-20 is 6.86 lakh tons due to lower soy oil production
- Carry out of oil 2018-19 is 16.63 lakh tons
- Carryout of 2019-20 is higher than 2018-19 on higher production.

Balance Sheet- Palm Oil (quarterly), India

Fig. in million tons

	2018-19	2019-20-F	Nov-Jan-F	Feb-Apr-F	May-July-F	July-Oct-F
Opening Stock	1.57	0.74	0.74	0.71	0.68	0.61
Production	0.20	0.25	0.06	0.06	0.06	0.07
Imports	9.48	10.60	2.12	2.12	3.18	3.18
Total Supply	11.25	11.59	2.92	2.89	3.92	3.86
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	10.51	11.04	2.21	2.21	3.31	3.31
Ending Stocks	0.74	0.55	0.71	0.68	0.61	0.55

Source: AW estimates

Oil year- November-October

Highlights

- Prices of palm oil in 2019-20 are expected to be firm on lower carryout compared to oil year 2018-19.
- Imports are expected to be higher in 2019-20 compared to last year oil year 2018-19.
- Carryout stocks of oil year 2018-19 are 0.74 million tons fall in imports.
- Carryout of 2019-20 is lower than 2018-19 due to higher consumption of palm oil.
- Carry out of firm quarter of oil year 2019-20 will be higher than second quarter of oil year 2019-20

Balance Sheet- Sunflower Oil (quarterly), India

Fig. in lakh tons

	2018-19	2019-20-F	Nov-Jan-F	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening Stock	7.13	5.77	5.77	5.33	6.21	5.84
Production	0.60	0.50	0.09	0.08	0.17	0.17
Imports	24.49	26.94	6.73	8.08	6.73	5.39
Total Supply	32.22	33.21	12.60	13.48	13.11	11.40
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	26.44	29.09	7.27	7.27	7.27	7.27
Ending Stocks	5.77	4.12	5.33	6.21	5.84	4.12

Source: AW estimates

Oil year- November-October

Highlights

- Prices will be firm in lower carry out for oil year 2019-20 compared to of 2018-19.
- Sunflower oil production is expected to be lower in oil year 2019-20 on lower sunflower crop.
- Carryout stocks of oil year 2018-19 is 5.77 lakh tons on higher sunflower oil imports.
- Carryout of 2019-20 is lower than 2018-19 due to lower imports.
- Carryout of first quarter of 2019-20 is higher than second quarter of 2019-20

Balance Sheet- Rapeseed Oil, India

Fig. in lakh tons

	2018-19	2019-20-F	Nov-Jan-F	Feb-Apr-F	May-July-F	Aug-Oct-F
Opening Stock	4.62	4.43	4.43	1.05	8.11	9.20
Production	30.66	28.49	3.99	13.1	7.12	4.27
Imports	0.90	2.74	0.80	0.50	0.50	0.94
Total Supply	36.18	35.67	9.22	14.65	15.74	14.42
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	31.74	32.70	8.17	6.54	6.54	11.44
Ending Stocks	4.43	2.97	1.05	8.11	9.20	2.97

Source: AW estimates

Oil year- November-October

Highlights

- Prices of rapeseed oil in 2019-20 are expected to be firm on lower carryout.
- Rapeseed oil production is lower in oil year 2019-20 on lower rapeseed crop.
- Lower oil production in 2019-20 is due to lower marketable surplus of rapeseed resulting in lower crush.
- Carryout stocks of oil year 2018-19 is 4.43 lakh tons on higher rapeseed oil production.
- Carryout of 2019-20 is lower than 2018-19 due to lower production of rapeseed oil.
- Carryout in firm quarter of 2019-20 is higher than second quarter of 2019-20.

Balance Sheet- Groundnut Oil (quarterly), India

Fig. in lakh tons

	2018-19	2019-20-F	Nov-Jan	Feb-Apr	May-July-F	Aug-Oct-F
Opening stocks	0.47	0.40	0.40	0.83	0.54	0.50
Oil availability (Production)	9.24	10.50	3.85	3.15	1.75	1.75
Imports	0	0	0	0	0	0
Total Supply	9.71	10.90	4.25	3.98	2.29	2.25
Exports	0.10	0.09	0.01	0.02	0.03	0.03
Consumption	9.21	10.36	3.42	3.42	1.76	1.76
End stocks	0.40	0.45	0.83	0.54	0.50	0.45

Source: AW estimate

Oil year-November-October

Highlights

- Groundnut oil production is expected to be higher in oil year 2019-20 on higher groundnut crop.

- Lower oil production in 2019-20 is due to higher marketable surplus of groundnut seed resulting in higher crush.
- Carryout stocks of oil year 2018-19 is 0.40 lakh tons on lower groundnut oil production.
- Carryout stocks of oil year 2019-20 is 0.45 lakh tons on higher groundnut oil production.
- Higher supply of groundnut oil in 2019-20 is due to higher marketable surplus.
- Carryout of 2019-20 is higher than 2018-19 due to higher 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
Production	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, Global

Fig in million tons.

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Beginning Stocks	4.46	3.75	3.76	3.47	3.77
Production	51.56	53.81	55.15	56.12	57.20
Imports	11.70	10.93	9.81	11.04	11.74
Total Supply	67.71	68.49	68.71	70.62	72.71
Exports	11.77	11.33	10.54	11.33	11.87
Food Use Dom. Cons.	43.03	43.75	44.16	44.69	46.00
Domestic Consumption	52.19	53.41	54.71	55.52	57.17
Ending Stocks	3.75	3.76	3.47	3.77	3.68

Balance Sheet (Annual) - Soy Oil, United States

Fig. in million tons

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Beginning Stocks	0.84	0.76	0.78	0.91	0.78
Production	9.96	10.04	10.78	11.02	11.15

Imports	0.13	0.15	0.15	0.18	0.20
Total Supply	10.93	10.94	11.71	12.10	12.13
Exports	1.02	1.16	1.11	0.92	0.78
Industrial Dom. Cons.	2.57	2.81	3.24	3.63	3.86
Food Use Dom. Cons.	6.57	6.20	6.46	6.78	6.80
Domestic Consumption	9.15	9.01	9.70	10.41	10.66
Ending Stocks	0.76	0.78	0.91	0.78	0.69

Source: USDA

Balance Sheet (Annual) - Soybean, United States

Fig. in million tons

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Beginning Stocks	5.19	5.35	8.21	11.92	24.85
Production	106.87	116.93	120.07	120.52	96.62
Imports	0.64	0.61	0.59	0.38	0.54
Total Supply	112.70	122.89	128.87	132.82	122.02
Exports	52.87	58.96	58.07	47.56	48.31
Domestic Consumption	54.48	55.72	58.87	60.41	61.19
Ending Stocks	5.35	8.21	11.92	24.85	12.52

Source: USDA

Balance Sheet (Annual) - Soybean, Brazil

Fig. in million tons

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Beginning Stocks	24.43	24.56	33.21	32.74	28.84
Production	96.50	114.60	122.00	117.00	123.00
Imports	0.41	0.25	0.18	0.15	0.20
Total Supply	121.34	139.41	155.39	149.89	152.04
Exports	54.38	63.14	76.14	75.40	76.50
Domestic Consumption	42.40	43.06	46.51	45.65	46.54
Ending Stocks	24.56	33.21	32.74	28.84	29.00

Source: USDA

Balance Sheet (Annual) - Soybean, Argentina

Fig. in million tons

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Beginning Stocks	27.07	27.16	27.00	23.73	29.20
Production	58.80	55.00	37.80	55.30	53.00
Imports	0.68	1.67	4.70	6.47	3.90
Total Supply	86.55	83.83	69.50	85.50	86.10
Exports	9.92	7.03	2.13	8.15	8.00
Domestic Consumption	49.47	49.81	43.63	48.15	51.15



Ending Stocks	27.16	27.00	23.73	29.20	26.95
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Source: USDA

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