



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

Rapeseed oil (Jaipur) was the best performer among the edible oil complex due to firm demand. Soy oil (Indore) 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 75.65 compared to 75.77 last month. Rupee is expected to depreciate in June. Crude oil prices are expected to rise in June.

Recommendation:

Market participants can buy refined soy oil in the cash markets at 790-800 for the target of 830-840 levels (Indore), if needed. Market participants can buy CPO Kandla 5% in the cash markets at 660-670 for the target of 700-710 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (July) is expected to stay in the range of 26 cents/lb to 32 cents/lb. CPO at BMD (July) is likely to stay in the range of 2100-2600 ringgits per ton. Focus during the coming days will be status of coronavirus in world, US-China trade tensions, crude oil prices, soybean crop condition in US, soy oil stocks in US, soybean demand by China, soy oil supply disruption in Argentina Rosario port, palm oil stocks in Malaysia and Indonesia, palm oil production in Malaysia and Indonesia, palm oil exports from Malaysia and Indonesia, India and China palm oil demand and ringgit.

On the international front, rise in crude prices, demand at lower levels, opening of economies of world, soy oil supply from Argentina from Rosario port, firm demand of soybean by China and is expected to support soy oil prices in coming days.

Expected slow rise in palm oil stocks in Malaysia, expected slow rise in production of palm oil in Malaysia and Indonesia, expected rise in exports of palm oil in Malaysia and Indonesia and firm demand from India and China are expected to support CPO prices in coming days.

Soy oil: Domestic Market Fundamentals

- Refined soybean oil prices featured downtrend trend at its benchmark market at Indore during the month of May on weak demand.

Demand of soy oil fell in May due higher prices during lockdown amid weak supply of soy oil. Due to fall in prices of soy oil in Indian markets has led parity to fall.

Supply of soy oil fell in India in May due to lower demand of soymeal on weak poultry demand leading to lower crush of soybean leading to lower supply of domestic refined soy oil.

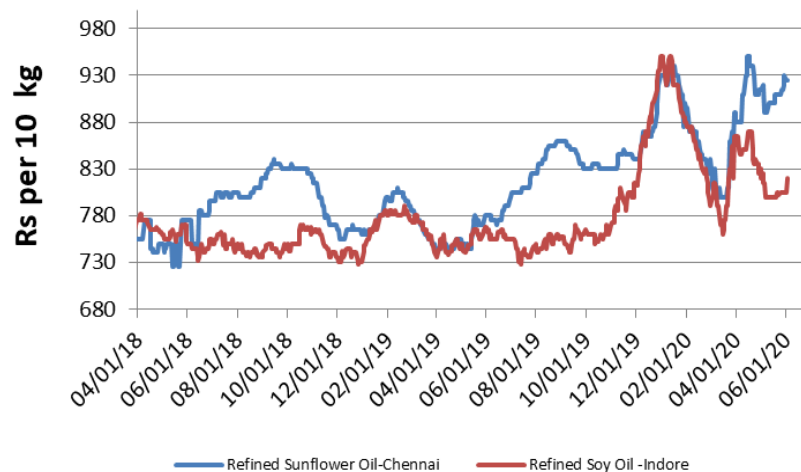
Supply of soy oil in international market was normal across countries including Argentina and Brazil.

Supply of soy oil in India is constrained due to congestion at Indian ports.

Soy oil refineries are not facing supply problems of raw materials, labor, and packaging material. Further, transporters are not facing hurdles at various state borders as borders have been opened.

Import prices of soy oil rose on rise in soy oil prices in international markets. Sharp rise in crude oil prices, demand at lower levels, opening of various

Refined Soy Oil Price Trend (Indore Market)



economies of world, firm demand of soybean in China and higher global demand soy oil demand will support international soy oil prices.

Higher demand of soy oil from Argentina and rising basis in soy oil leading to higher FOB prices of soy oil.

Prices of CDSO fell at high seas while it rose at 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 parity of soy oil fell in May due to fall in prices of soy oil in Indian markets and is at Rs 45-50 per 10 kg compared to parity of Rs 85-00 per 10 kg in Mar.

Refining margins parity fell in May and is at Rs 75-80 per 10 kg compared to parity of Rs 85-90 per kg in Apr.

Positive import parity and firm refining margins will increase import demand of soy oil.

Refined soy oil premium over CPO has increased to Rs 135 (Rs 191 last month) per 10 Kg which is high and will cap soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 80 (Rs 120 last month) per 10 Kg, which is high and may decrease soy oil prices in domestic markets.

Refined soy oil premium over CDSO high seas is at Rs 40 (Rs 45) per 10 kg indicating weak demand of refined soy oil compared to CDSO in domestic markets.

Difference increased between CDSO-CNF-India West coast and Soy oil CBOT rose due to rise in basis (spot prices – futures prices) due to higher demand of soy oil from Argentina.

Imports of soy oil fell in Apr compared to Apr 2019 and Mar 2020. Import demand will remain weak in May due to congestion at ports. Port stocks will fall due to weak imports and problems faced at ports indicating destocking at ports.

Soy oil carryout will fall in oil year 2019-20 due to lower production and higher consumption of soy oil in this oil year. Lower carryout in oil year will keep soy oil prices supporter in oil year 2019-20.

Prices of soy oil may fall due to weak demand. High premium over palm oil will underpin prices.

- Soy oil import scenario – According to SEA, soy oil imports fell 24.09 percent y-o-y in April to 1.84 lakh tons from 2.49 lakh tons in April 2019. In the oil year 2019-20 (Nov 2019 -Apr 2020), imports of soy oil were 13.92 lakh tons compared to 12.37 lakh tons in corresponding period last oil year, higher by 12.53 percent compared to corresponding period last oil year.

- According to Solvent Extractors Association (SEA), India's April edible oil imports fell 34.11 percent y-o-y to 7.90 lakh tons from 11.99 lakh tons in April 2019. Palm oil imports in Apr fell 45.60 percent y-o-y to 3.85 lakh tons from 7.08 lakh tons in Apr 2019. CPO imports fell 24.09 percent in Apr y-o-y to 3.56 lakh tons from 4.69 lakh tons in Apr 2019. RBD palmolein imports fell by 87.45 percent in Apr y-o-y to 0.30 lakh tons from 2.39 lakh tons in Apr 2019. Soy oil imports fell 26.10 percent in Apr y-o-y to 1.84 lakh tons from 2.49 lakh tons in Apr 2019. Sunflower oil imports fell 9.05 percent y-o-y in Apr to 2.21 lakh tons from 2.43 lakh tons in Apr 2019. Rapeseed (canola) oil imports in Apr was zero compared to zero imports in Apr 2019.
- According to United States Department of Agriculture (USDA) April estimate, India's 2019/20 soy oil import estimate have been reduced to 33.45 lakh tons from 35.0 lakh tons in its earlier estimate, lower by 4.43 percent. Soy oil consumption have been reduced to 48.50 lakh tons from 50.0 lakh tons in its earlier estimate, lower by 3.0 percent.
- Imported crude soy oil CIF at West coast port is offered at USD 733 (USD 638) per ton for June delivery, July delivery is quoted at USD 721 (USD 636) per ton and Aug delivery is quoted at USD 713 per ton. Values in brackets are figures of last month. Last month, CNF CDSO May average price was USD 661.11 (USD 658.12 per ton in Apr 2020) per ton. Refined soy oil (Indore) is quoted at Rs 805 (Rs 825) per 10 kg on May 30, 2020.
- On the parity front, margins rose during the month on rise in prices of soy oil in international markets, and we expect margins to remain firm in coming days. Currently refiners fetch USD 100-105/ton v/s gain of USD 150-155/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 760-860 per 10 Kg in the near term.

Palm oil: Domestic Market Fundamentals

- CPO prices witnessed firm tone in the month of May at its benchmark market at Kandla on demand at lower levels and rise in prices of palm oil in international markets..

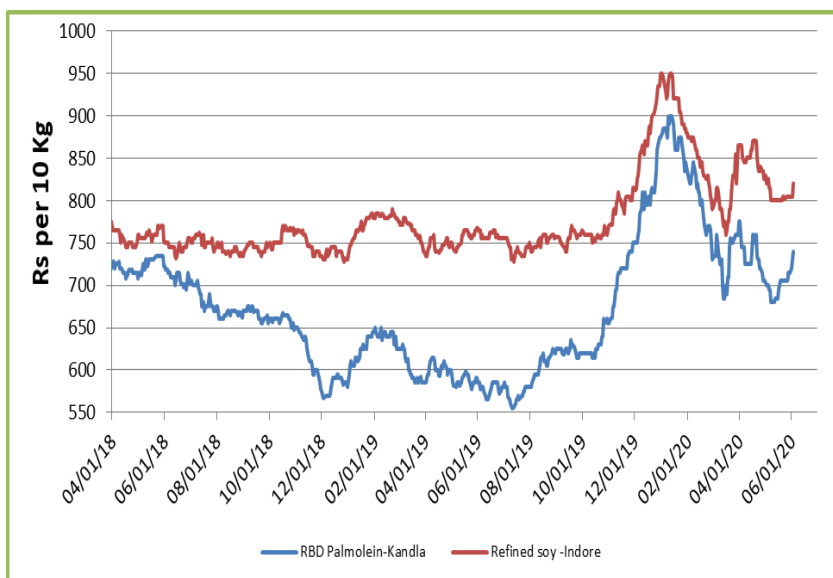
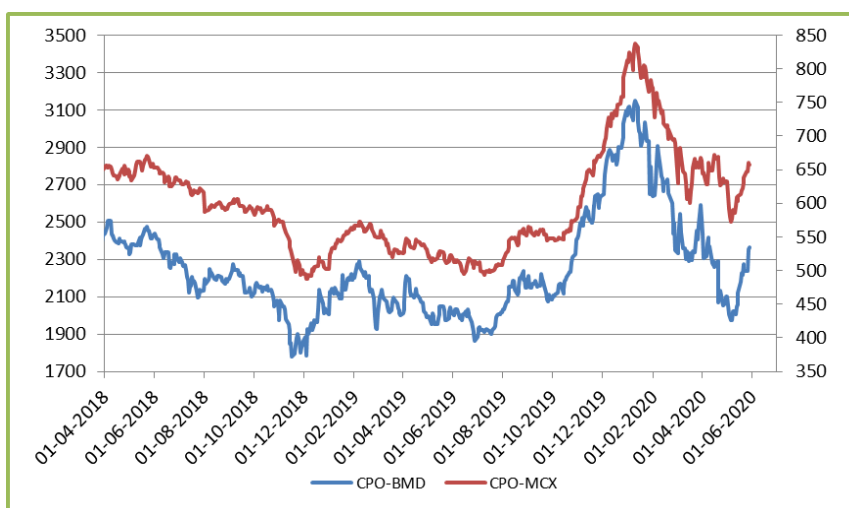
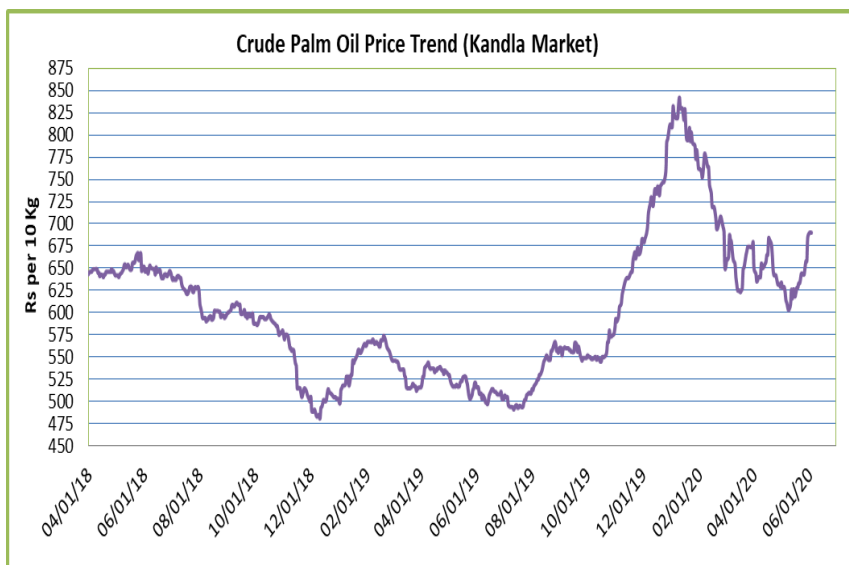
Prices of CPO rose less at high seas compared to CNF markets compared to last month indicating weak demand at high seas.

Supply of CPO is firm at CNF markets as prices rose more at CNF compared to FOB markets.

Demand of palm oil from household is normal which is 30% of demand. 10% of demand is biscuit demand is normal. HoReCa demand consisting of 30% market has vanished while 30% demand from bakery and shortening has fallen by 30%. This will effectively cut demand of palm oil by 1.5-2 MMT in oil year 2019-20 leading lower imports of palm oil in this oil year. However, with opening of India partially demand may come back especially HoReCa demand.

Rise in CPO prices is lower in Indian markets compared to international markets is due to higher global demand of palm oil.

Demand of palm oil rose in India due to sharp fall in palm oil prices in 2020 by more than 25 percent stroking demand at lower levels. Further, due to opening of Indian economy sentiment improved and



led to higher demand.

Demand was low in HoReCa segment fell sharply due to lockdown as palm oil is mainly used in street food, joints and restaurant chains and all of them were closed due to lockdown of India on coronavirus. However, due to opening of India demand will improve in this segment.

Palm oil consumption will fall in India in oil year 2019-20 from its earlier consumption estimate due to lockdown. Consumption will fall in 2019-20 from its previous year in more than two and half decades. Imports of palm oil will also be lower in oil year 2019-20 due to impact of coronavirus. This will lead to lower carryout of palm oil in oil year 2019-20.

There is short supply of palm oil in Indian market due to congestion at Indian ports which has led to delay in vessels discharge. Supply of labor, raw material, packaging material and availability of trucks have normalized.

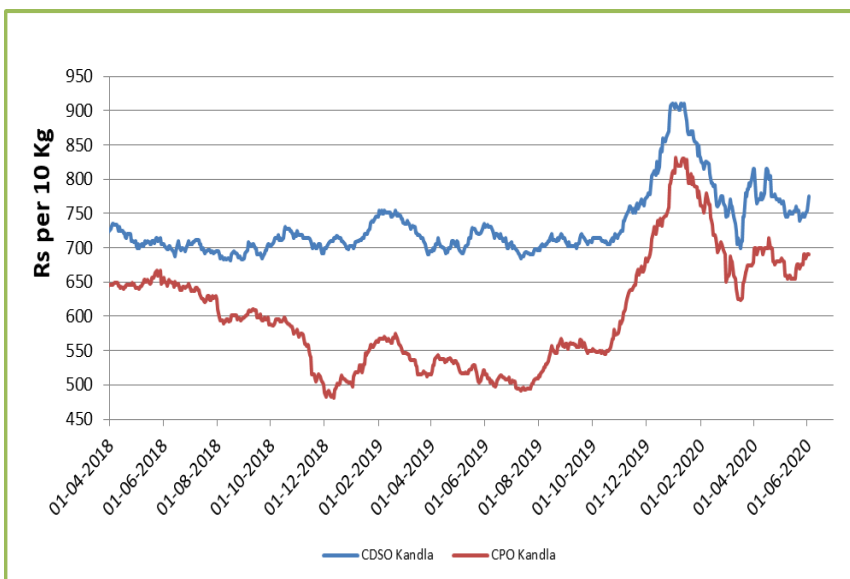
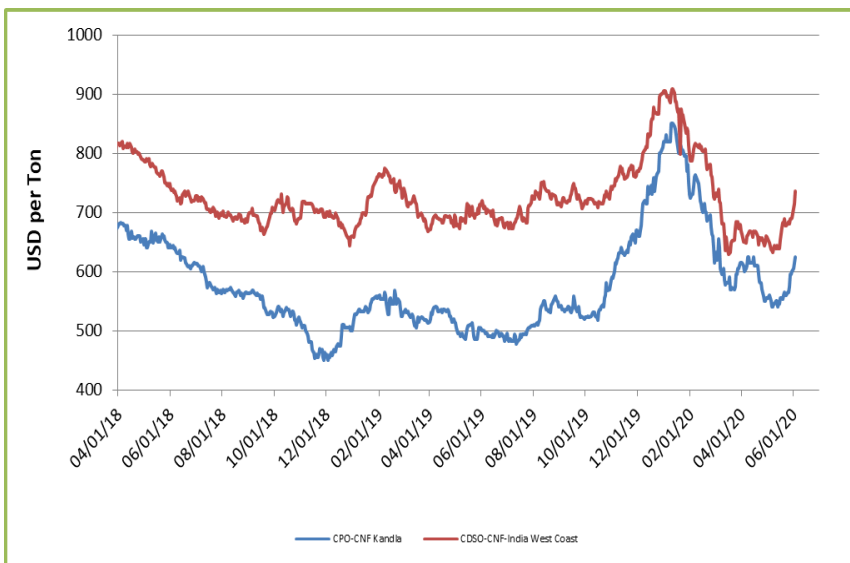
Refiners are running at normal capacity due to adequate supply of raw material, labor and packaging material.

Transporters will be able to cross state borders as state borders have been opened.

Imports of CPO returned to parity due to rise in prices of CPO in Indian markets. In Rupee terms, parity currently stands at Rs 5-10 per 10 kg compared to disparity of Rs 15-20 per 10 kg last month.

Rise in Indian prices of CPO in international markets has made imports costlier will decrease imports in coming months. Depreciation of Rupee may move palm oil to disparity in June.

CPO trade has improved as traders stuck at higher prices of CPO due to fall in prices of CPO in Feb-Apr and fall in palm oil demand from the country can now offload stocks. Traders are offloading stocks due to sharp rise in price and demand of palm oil.



Data from cargo surveyor SGS shows a higher imports of palm oil by India from Malaysia in May due to toning down of India-Malaysia relation after Malaysian PM Mahatir Mohammad was ousted and new Malaysian government vowed to reverse policy of earlier PM when India-Malaysia tensions flared due to Malaysia raising Kashmir issue at UN. Further, Malaysia purchased India's sugar and rice consignments in higher quantities to bring down tension between both countries.

Further, India purchased 2-3 lakh tons of CPO from Malaysia for June and July delivery as Malaysia lowered CPO import duty to zero and Malaysian CPO shipments were trading lower than Indonesian shipments.

India has restricted refined palm oil imports by cancelling all the 29 licenses in May.

This indicates that India will not purchase any refined palm oil and it will buy cheaper consignments in bulk to meet its demand. These steps will encourage India's domestic refiners reeling under capacity and debt.

RBD palmolein featured firm tone in its benchmark market on demand at lower levels and rise in prices of RBD palmolein in international markets.

Higher discount of RBD palmolein over soy oil, sunflower oil and rapeseed oil will increase its demand.

Expectation of rise in stocks of palm oil in Malaysia in coming months due to rise in production of palm oil and lower rise in exports and lower domestic demand of palm oil in Malaysia will cap palm oil prices.

RBD palmolein premium over CPO increased to Rs 71 (Rs 101 last month) per 10 kg indicating weak demand of RBD palmolein compared to CPO at high seas.

Import of CPO in April was lower than that of April 2019 and higher than Mar 2020. Stocks at ports will fall in May-June due to congestion at ports and lower imports. Further, imports will remain weak from India due to weak demand in India as it is mostly used in street foods, joints and restaurant chains which are closed.

Import of RBD palmolein is fell in Apr compared to Apr 2019 and Mar 2020. Imports of RBD palmolein will weaken in India due to India restricting palmolein imports

Import demand of CPO and RBD palmolein may rise due to fall in prices of palm oil in international markets.

High soy oil premium over crude palm oil which is hovering at Rs 135 (Rs 181 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 May at CNF and domestic markets. High premium of crude sunflower CNF India West coast and CPO CNF at USD 188 (USD 220) per ton will increase CPO prices and RBD palmolein prices in medium term. High premium of CSFO-CNF-India West coast over CPO-CNF indicates weak demand 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 100 (USD 87 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 95 (Rs 146 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 80 (Rs 120 last week) per 10 kg is high and will increase RBD palmolein demand in near term. Values in brackets are figures of last week.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in April fell 45.60 percent y-o-y to 3.85 lakh tons from 7.08 lakh tons in April 2019. Imports in the oil year 2019-20 (November 2019-April 2020) are reported lower by 28.71 percent y-o-y at 32.65 lakh tons compared to 45.80 in last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports in fell 24.09 percent y-o-y in April to 3.56 lakh tons from 4.69 lakh tons in April 2019. Imports in oil year 2019-20 (November 2019-April 2019) were reported lower by 14.11 percent y-o-y at 29.05 lakh tons compared to 33.81 lakh tons in last oil year.

RBD palmolein import scenario- RBD palmolein imports fell 87.45 percent y-o-y in April to 0.30 lakh tons from 2.39 lakh tons in April 2019. Imports in oil year 2019-20 (November 2019-April 2020) were reported lower by 69.91 percent y-o-y at 3.61 lakh tons compared to 12.0 lakh tons in last oil year.

- India has contracted to purchase 2-3 lakh tons of crude palm oil (CPO) from Malaysia for June and July delivery. This comes after Malaysia reduced its CPO palm oil export duty to zero and India restricting refined palm oil imports by cancelling all the 29 licenses. India and Malaysia relations were strained for last some months when Malaysia raised Kashmir issue at UN. This led Indian government to restrict refined palm oil imports and advising importers not to purchase from Malaysia. In recent times Malaysia has purchased sugar, rice and buffalo meat in bulk from India to decrease tensions between both countries. Malaysian Prime Minister Mahatir Mohammad was ousted from power in March and since then new regime has vowed to reverse the policy of Mahatir Mohammad to reduced tensions.
- According to Director General of Foreign Trade (Department of Commerce) Dated May 11 2020, India suspended all licenses issue to import refined palm oil since 8th January 2020.

The undersigned is directed to refer to the matter of issuance of licenses for import of refined palm oil once 8th January, 2020. Since 8th January, 2020 Refined palm oil (HS Codes: 15119010, 15119020 and 15119090) has been put under restricted list of import. DGFT has issued 39 licenses to different firms as per the list attached.

2. In the meantime, it has been observed that there has been a sharp spike in import of refined palm oil from Nepal. It has gone from N11. in 2017-18 to 45,667 MT in 2018-19 and 1,89,078 MT in 2019-20: that is more than 300% rise from the previous year. Similarly, import from Bangladesh has increased from 3,698 MT in 2018-19 to 22,151 MT in 2019-20. It may be noted that Nepal and Bangladesh are exporting these items under concessional rates of Customs duty (Zero currently) under SAFTA. But the export consignments from these countries have to adhere to the criteria of Rules of Origin under SAFTA. Similarly, export consignments from Indonesia are also to adhere Ro0 criteria under India-ASEAN FTA. It is suspected that export is taking place from these countries without strict adherence of Ro0 under SAFTA/India-ASEAN FTA.

3. The matter has been reviewed and it has been decided that all these 39 licenses (as per the list- Annexure A) for import of refined palm oil will be immediately put under suspension till a comprehensive investigation takes place by the competent authority from Government of India. Following actions shall be taken by RAs:

a. RAs (from where these 39 licenses were issued as per the list- Annexure A) are directed to put all these licenses under suspension with immediate effect and report compliance to the headquarters by 12th May 2020.

b. In all these 39 cases, caveat to be filed in respective High Courts immediately and report compliance to the headquarters.

c. Further, 23 licenses which are still lying with RAs(as per the list- Annexure B) will be cancelled by RAs and a compliance report to be sent to headquarters by 12th May 2020.

This issues with the approval of the competent authority.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 632.5 (USD 550) per ton for June delivery and July delivery is quoted at USD 630 per ton. Last month, CNF CPO May average price was at USD 558.76 per ton (USD 597.44 per ton in Apr 2020). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 642.5 (USD 560) per ton for June delivery and July delivery is quoted at USD 640 per ton. Last month, CIF RBD palmolein May average price was USD 567.80 (USD 606.84 in Apr 2020) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 685 (Rs 624) per 10 Kg and June delivery duty paid is offered at Rs 676 (Rs 619) per 10 kg. Ready lift RBD palmolein is quoted at Rs 740 (Rs 695) per 10 kg as on June 4, 2020. Values in brackets are figures of last month.

- On the parity front, margins rose during the month of May on higher price of palm oil products in Indian markets and we expect margins to remain firm in coming days. Currently refiners fetch USD 50-55/ton (May average) v/s gain of USD 25-30/ton (Apr average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 50-55/ton (May average) v/s gain of USD 30-35 (Apr average).

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 640-740 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 rose in May due to opening of mandis and firm demand of rapeseed due to surge in demand of rapeseed oil.

Demand rose in the month of May on firm buying in cash markets due to rapeseed oil seen as immunity booster as India opens its economy and people realize that they have to learn to live with coronavirus before vaccines arrive.

Due to exceptional lockdown of India retail demand firmed as most of the population is confined at home and it is mostly used in home food. Rapeseed oil also substituted due to lower supply of domestic crushed soy oil as soy meal demand has waned on lower poultry demand leading to lower crush of soybean.

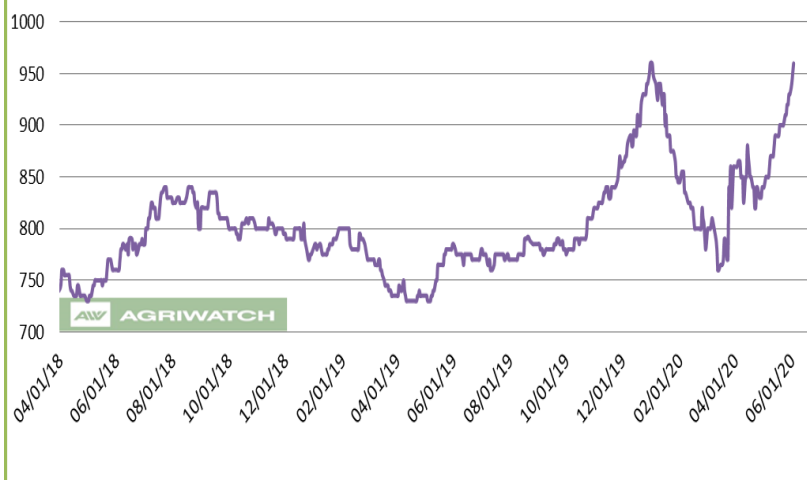
Further, palm oil is used in outside home and most of the population is confined at home leading to higher demand of rapeseed oil.

Supply of rapeseed oil has are firm in the mandis.

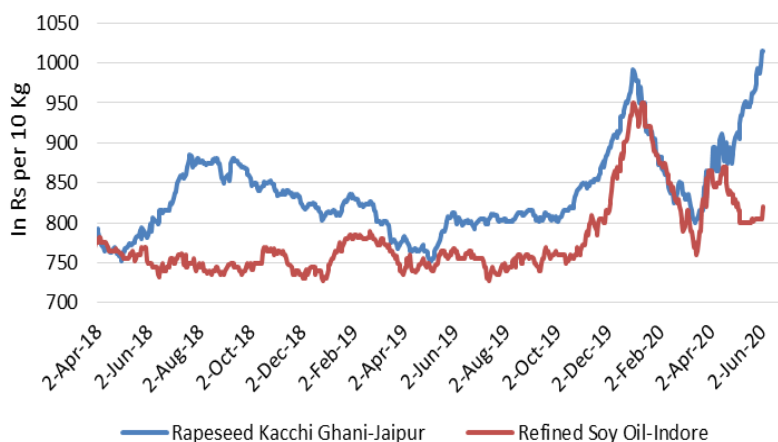
Mills are running properly and there is no shortage of raw material, labor, packaging material and trucks.

Due to opening of state borders in India from June problems in transportation has been resolved. Some states may cause problems

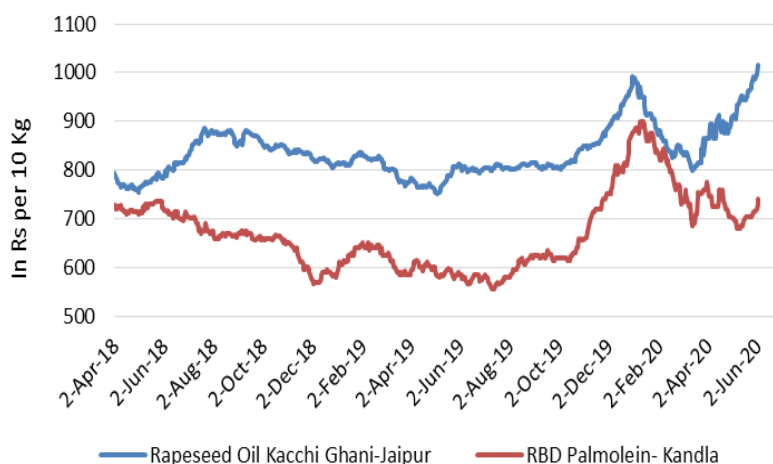
Mustard Oil Price Trend (Kota Market)



Comparison Between Rapeseed Oil & Refined Soy Oil



Comparison Between Rapeseed Oil & RBD Palmolein



but it will be mostly normal.

NAFED has started procuring rapeseed since 15 April for the MY 2020-21 to support market. Total progressive purchase has been 7.09 lakh tons and most of the procurement is in Haryana and Uttar Pradesh with progressive purchase of 3.08 lakh tons and 2.64 lakh tons respectively.

Total stocks after sale of mustard seed in MY 2019-20 is 3.30 lakh tons. So, total stocks of rapeseed with NAFED stands at 10.39 lakh tons. Stock with NCDEX is 0.05 lakh tons.

Agriwatch estimated rapeseed crop last year at 79 lakh tons and rapeseed crop will not exceed 72 lakh tons. Due to crop damage and rains before harvest estimate of rapeseed crop fell.

Rapeseed crop in MY 2020-21 was lower than last year due to lower area in current year and lower yield. Yield was lower due to lack of sunny days in growth phase. Seed size and seed numbers were lower leading to lower yields in many states. In addition, yield fell due to rains and hail before harvest.

COOIT has estimated 77 lakh tons of rapeseed crop in MY 2020-21 compared to crop of 75 lakh tons last year. In the second advanced estimate rapeseed crop has been estimated at 91.13 lakh tons compared to 92.56 lakh tons last year.

Lower crop of rapeseed in MY 2020-21 will support rapeseed and rapeseed oil prices.

Higher discount of RBD palmolein prices to rapeseed kacchi ghani prices cap rapeseed oil prices.

Low premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market at Rs 180 (Rs 90) per 10 Kg, will cap rapeseed oil prices in medium term.

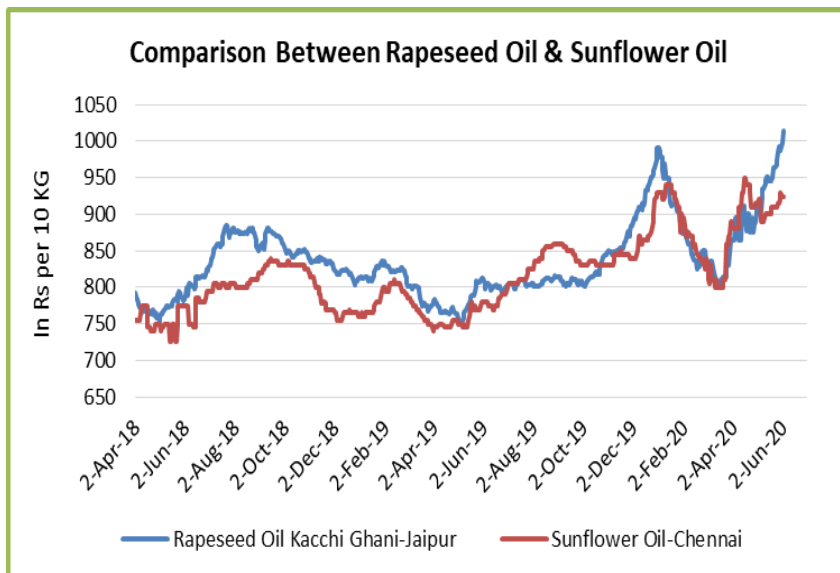
There was no import of canola oil in April. Imports of canola oil is 0.17 lakh tons in oil year 2019-20 (Nov-19-MApr-20). Import of canola is weak in current oil year after weak oil year 2018-19 (Nov 2018-Oct 2019) indicating weak demand of canola oil.

Carryout of rapeseed oil is expected to fall in oil year 2019-20 due to lower rapeseed crop and higher demand due to India may 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.

High premium of rapeseed expeller oil (Jaipur) over RBD palmolein (Kandla) at Rs 260 (Rs 210) per 10 kg will underpin rapeseed oil prices.

Prices of rapeseed oil will remain 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 0.27 lakh tons rapeseed (Canola) oil in April 2020 v/s 0.0 lakh tons imports in April 2019. In the oil year 2019-20 (Nov 2019-Apr 2020) imports were 0.17 lakh tons compared to 0.44 lakh tons in last oil year, down 61.36 percent y-o-y.
- According to United States Department of Agriculture (USDA) April estimate, India's 2019/20 rapeseed oil import estimate have been reduced to 0.25 lakh tons from 1.2 lakh tons in its earlier estimate, lower by 79.2 percent. Rapeseed oil consumption have been reduced to 27.30 lakh tons from 27.80 lakh tons in its earlier estimate, lower by 1.8 percent. End stocks of rapeseed oil in 2019/20 raised to 1.89 lakh ton from 1.38 lakh tons, lower by 36.95 percent.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 984 (Rs 895) per 10 Kg and at Kota market is quoted around Rs 960 (Rs 840) per 10 kg as on June 4, 2020. 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 900-1100 per 10 Kg.

Sunflower oil: Domestic Market Fundamentals

- Sunflower oil featured firm trend at its benchmark market in Chennai during the month of March on firm demand and weak supply.

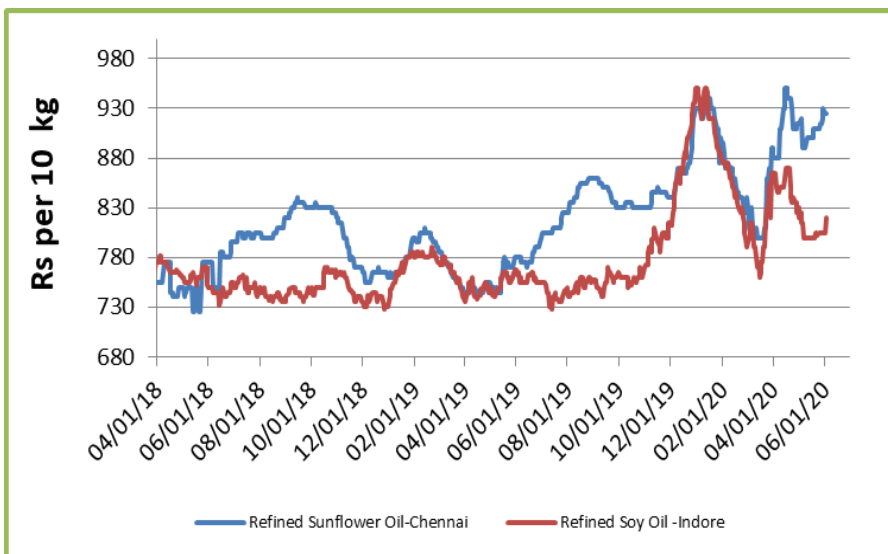
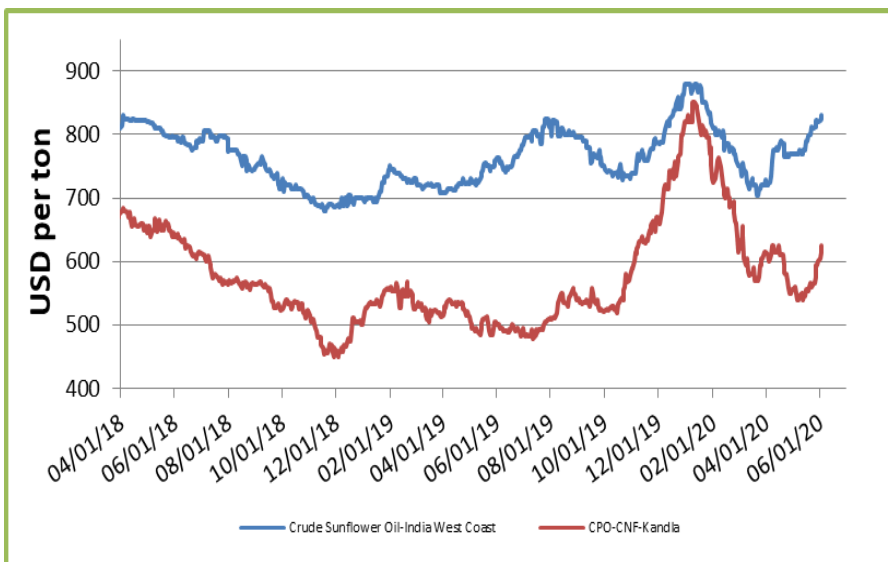
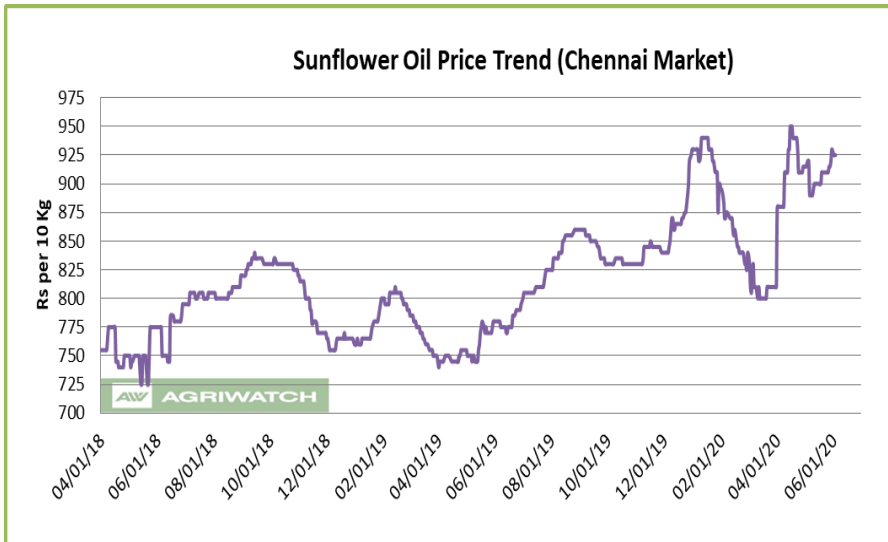
Sunflower oil prices rose less at high seas compared to CNF markets indicating weak demand at high seas.

Demand of sunflower oil rose as palm oil demand fell due to closure of markets and people were confined in home where most of the sunflower oil is used. Household demand rise fully offset loss in HoReCa segment demand. Demand of sunflower oil rose by almost 20% in India will lead to higher imports in coming months if situation remains conducive.

Sunflower oil prices rose in April on rise palm oil prices.

Prices of sunflower oil rose in May due to rise in prices of sunflower oil due to lower supply in global markets as exporting countries like Ukraine and Russia put quota system in exports of sunflower oil.

Demand of sunflower oil may slow due to rise in its prices. Supply of sunflower oil in normal and all the operations on ports have been restored. Labor and



trucks shortage have been resolved and normal operation is expected soon.

Consignments which were facing difficulty to cross various state borders have been resolved as border controls have been removed from June 1.

Carryout of sunflower oil will fall in oil year 2019-20 due to rise in consumption. Further, imports may fall from here due to high premium over soy oil and palm oil may lead to fall in end stocks.

Import demand of sunflower oil may fall due to negative import parity and negative refining margins. Import parity and refining margins parity fell last month on rise in prices of sunflower oil in international markets.

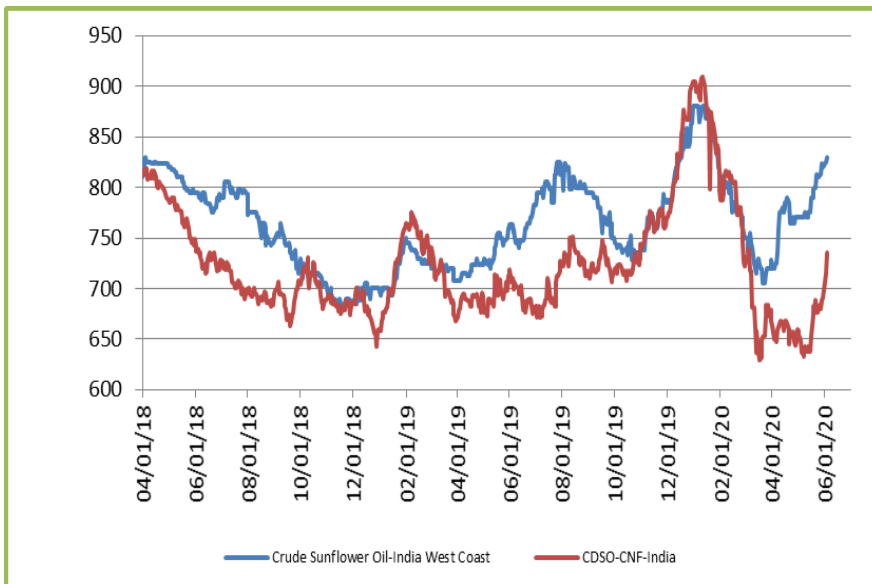
Prices of sunflower oil at CNF markets may rise falling surplus stock of sunflower in Ukraine, will support sunflower oil prices at CNF markets in June.

Depreciation of Rupee in coming months will make imports costlier and will limit sunflower oil imports in coming months.

Imports of sunflower oil fell in Apr compared to Mar 2020 m-o-m. Imports of sunflower oil fell in Apr compared to Apr 2019 y-o-y. Imports will slow in June due to higher prices of sunflower oil in international markets, high premium over palm oil and soy oil and negative import parity and refining margins.

Rising premium of CSFO over CDSO in CNF markets will underpin prices in medium term. Imports are expected to be lower in June.

Third chart from above shows that sunflower oil prices are correlated to soy oil prices in domestic market. However, the prices are diverging in domestic market from March. Fifth chart from above shows that CNF prices of sunflower oil and soy oil are diverging.



Second chart and fourth chart from above shows that sunflower oil in domestic market and CNF market is diverging from palm oil and the premium is high to dent demand of sunflower oil.

In domestic market, prices is expected to rise in medium term due to firm demand

Prices are expected to rise on firm demand. Prices of sunflower oil are expected to remain in a range with upward bias in June.

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

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 9.05 percent y-o-y in April to 2.21 lakh tons from 2.43 lakh tons in April 2019. Imports in oil year 2019-20 (November 2019-April 2020) were reported higher by 12.30 percent y-o-y at 15.07 lakh tons compared to 13.42 lakh tons in last oil year.
- According to United States Department of Agriculture (USDA) May estimate, India's 2020/21 sunflower oil import estimate have been reduced to 2.6 MMT from 2.7 MMT in 2019/20, lower by 3.70 percent y-o-y. Sunflower oil consumption have been kept unchanged at 2.8 MMT in 2020/21 compared to 2019/20.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 835 (USD 770) per ton for May delivery and June delivery is quoted at USD 835 (USD 760) per ton. CNF sun oil (Ukraine origin) May monthly average was at USD 789.73 per ton compared to USD 764.6 per ton in April. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 780-880 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 111 (USD 133 last week) per ton for Apr delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 210 (USD 210) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 930 (Rs 915) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 870 (Rs 880) per 10 kg as on May 30, 2020. Values in brackets are figures of last month.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 850-1050 per 10 Kg.

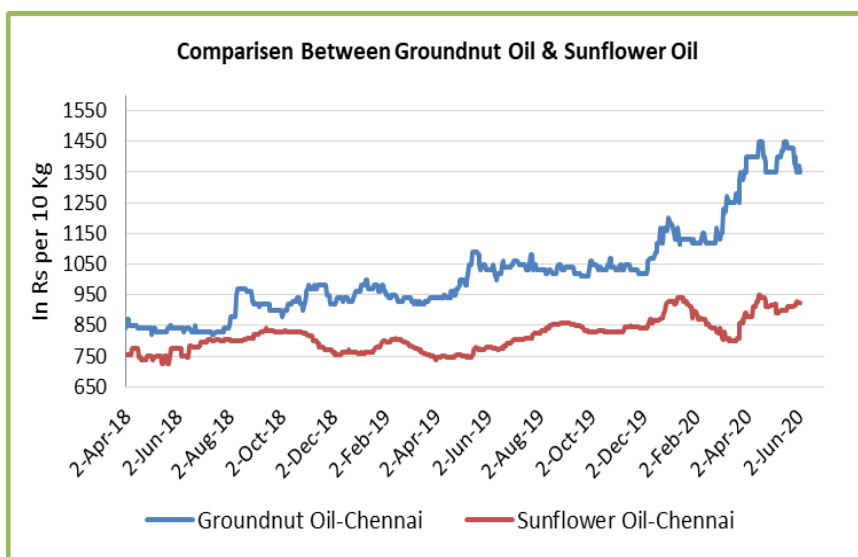
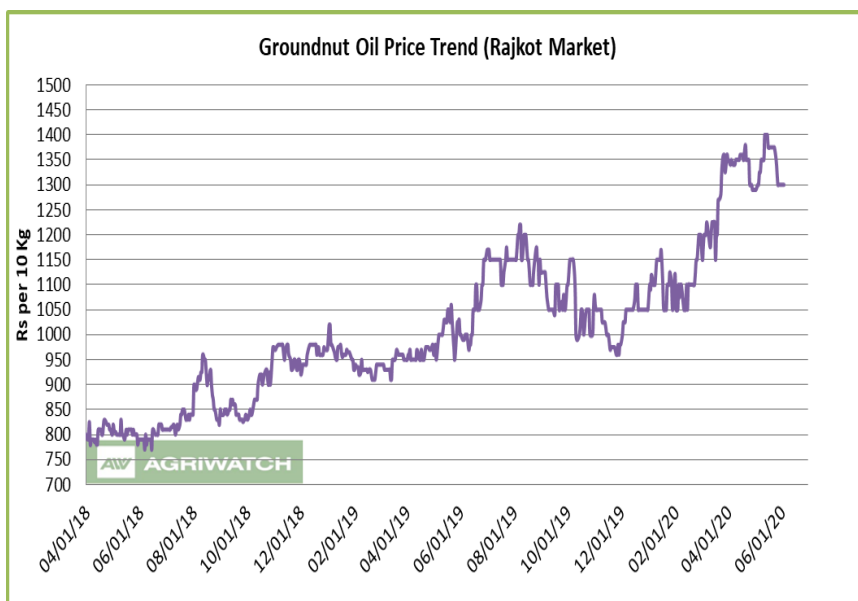
Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured firm trend during the month in review on firm demand and weak supply.

Demand of groundnut oil may decrease as prices of groundnut oil has surged during lockdown as it worked as substitute due to lower availability of competing oil. It is generally used in houses and most of the people were confined in the home.

Price will be may be supported as 80 percent groundnut has been consumed either in crushing, NAFED auctions, crushing, direct consumption and exports. Moreover, additional groundnut will be used for seed (around 15 percent). So only 20 percent crop is left for crushing, exports and direct consumption. This will support groundnut oil prices.

Improving availability of palm oil and sunflower, demand of groundnut oil may slow.



Supplies of groundnut oil is being are normal in mandis

Supply chain impediments like raw material supply, labor shortage, packaging material shortage and truck shortage have been restored and operations are normal in mills.

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

Prices of groundnut oil rose on rise in price of palm oil and sunflower oil prices. However, prices of groundnut oil will be underpinned by high premium over competing oils like palm oil, soy oil, palm oil etc.

NAFED procurement is over in Gujarat and Rajasthan. NAFED has procured 7.21 lakh tons of K-19 groundnut.

NAFED stocks of K-18 groundnut is 1.38 lakh tons at the end of sale of groundnut. So, total stocks of groundnut after procurement is 8.59 lakh tons.

Demand of groundnut oil will decrease between Rs 1400-1500 per 10 kg levels.

Trade of groundnut are improving as mandis have opened and ports have started to function. Exports of groundnut will start to pickup in coming months as normal operations have been restored.

Production of groundnut rose in 2019-20 substantially due to good rains which led to higher area planted and higher yields of groundnut.

In Andhra Pradesh and Tamil Nadu prices rose on firm demand and parity with Gujarat. Prices of groundnut will rise due to arrival of demand season in South India when there is demand of pickles, chatnis and value added products. Prices will stay elevated as demand season will be there from May-July. Stock position of groundnut oil is firm in the market. Groundnut arrivals have risen as mandis and harvest of groundnut is over in South India.

Prices are expected to trade fall on weak demand in cash markets. Prices are expected to trade sideways to lower.

- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 13,000 (12,900) per quintal and quoting at Rs 13,500 (Rs 13,500) 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 1250-1450 per 10 Kg.

Coconut oil: Domestic Market Fundamentals

➤ Coconut oil benchmark market Kangayam prices were quoted lower for the month due to weak demand.

Demand may weaken due to surge in its prices as consumers are already stocked.

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

Demand of copra is weak due to lower demand of coconut oil from North India due to coronavirus leading to shutdown of many mills. Farmers have huge stock of

copra and are willing to sell at lower prices. So, expect coconut oil prices to trend lower in coming month.

Prices of coconut oil fall despite rise palm oil and sunflower oil prices indicating weak demand.

Further, demand of coconut oil is expected to slow due to lockdown and its higher prices.

Traders and upcountry buyers are not stocking as they are not confident of prices.

Millers are operating at lower capacity due to weak demand in food and industrial segment. Mills are facing weak demand in branded segment as demand is more in unbranded segment which are generally adulterated and priced dearly. Demand of coconut is low as there is demand destruction in costly oils like coconut oil on weak sentiment in the country due to coronavirus.

Government has decided to procure copra at MSP to support its prices. This is in lines of Tamil Nadu government procurement last year to support prices of copra.

Lower palmolein prices may decrease coconut oil consumption. Prices of RBD palmolein is competitive compared to coconut oil. However, coconut consumers generally do not shift out of its consumption irrespective of prices.

There is less trade of coconut products due to port congestion. Plus labor availability and drivers availability has hit export-import trade. Further, many producing and consuming countries are closed due to coronavirus shutdown affect global trade of coconut products.

India has imposed higher import duty on desiccated coconut (DC) to stop surge in imports of desiccated coconut (DC), 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. Import above Rs 150 per kg is free while below these prices imports are restricted.



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

There are more than 250 brands in market and competition is high which leads to rampant adulteration.

Rains in 2017 and 2018 has led to higher coconut production. Higher rains in 2019 will increase coconut production in 2020.

Prices are expected to be fall in June on weak demand. Prices are expected to trade sideways to weak in medium term.

- The Cabinet Committee Of Economics Affairs Chaired by PM Narendra Modi hike the MSP of copra on the recommendation of CACP. The MSP of FAQ milling copra is hiked to Rs 9960/qrtl from Rs 9521/qrtl for 2020. MSP of ball copra is hiked to Rs 10300/qrtl from Rs 9920/qrtl. This gives more incentive for farmers and support prices. However, growers of ball copra was upset as the MSP hike is less than their expiation and incurs high cost of production of ball copra.
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 15,300 (15,300) per quintal, and Rs 14,000 (14,750) per quintal in Erode market on April 30, 2020.
- 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 1300-1600 per 10 Kg.

International Soy oil Market Fundamentals

- Soy oil prices are expected to be supported by rise in crude oil prices, demand at lower levels, opening of economies of world and higher demand of soybean from China.

However, US-China dispute over coronavirus handling by China, higher stocks of soy oil in US and better than expected soybean crop condition in US will cap gains.

Coronavirus has claimed more than 350,000 lives across globe. The outbreak has affected more than 200 countries. US is the most affected country with more than 1.5 million cases and 100,000 deaths. US has blamed this outbreak on China and has vowed to punish China by hiking tariffs. This comes at a time when US-China trade settlement has started to show that China is expected to buy agricultural goods in bulk. Therefore, if tariffs are hiked by US then US-China trade settlement will fail.

Various economies across the world are opening despite rise in coronavirus cases. Cooronavirus has led to lockdown of various countries for more than two months. However, many economies are opening their countries partially to save themselves from economic disaster after health disaster. Agricultural services like harvesting, processing and transit are normal. India has started to open its economy from June 1 after closing its economy for more than 2 months. Opening will be done in phases keeping in mind the spread of the disease.

US-China tensions flared in due to China's handling of coronavirus. US and Europe blames China for keeping information secret and is directly involved spread of coronavirus across globe. This may lead US to retaliate against China by imposing additional tariffs. This may kill US-China trade settlement reached in Jan when China vowed to purchase US farm products including soybean. However, China is purchasing soybean despite US-China tensions. This has supported global soybean complex prices.

US FED kept interest rate to zero and has undertaken USD 2.3 trillion of quantitative easing program. US has announced USD 2.7 trillion stimulus package. EU and Japan announced fiscal stimulus and their central banks have announced quantitative easing to support market. More measures from government in form of fiscal support can be seen in coming days. Total USD 15 trillion of fiscal support is being given globally.

China has lifted lockup in all provinces and travel restriction have been removed. With lifting of lockdown and fiscal stimulus measures, Chinese economy has pickedup pace from when most of the world struggling with economic and health crisis. This has led to increase in meat consumption increasing demand of soybean in the country. However, lower swine count in China due to swine flu in 2019, which led to 50 percent drop in swine count led to lower demand of soybean by China.

There has been surge in exports of soybean from Brazil especially import demand from China. Exports of Brazil was record in April and May export numbers were also very strong. Demand of soybean will remain firm from Brazil due to US-China tensions and China stocking soybean.

Due to new crop harvested in Brazil, Brazilian soybean is quoted lower compared to US origin has led to surge in demand from Brazil.

Soybean crop harvest is over in South America faster facing severe heat pressure during harvest. Dry conditions during last phases of crop in Brazil and harvest has led to lowering of yields thereby reducing soybean crop of the country. USDA reduced soybean crop of the country to 124 MMT from 126 MMT making this year crop in Brazil to record in history.

Dry conditions has led to higher pace of harvest. USDA has hiked exports of soybean from Brazil to 78.5 MMT from 77 MMT on higher global demand especially demand from China.

Soybean crop of Argentina was not in good shape during harvest. This has led to reduction in yields and has led to lower soybean crop. USDA cut soybean production forecast of Argentina to 51 MMT from 52 MMT. Buenos Aires Grains exchange has cut soybean crop to 49 MMT from 54 MMT citing dry conditions during harvest.

There has been fall in water levels of Parana river in Argentina leading to delay of shipments of soybean and downstream shifting of loading due to less water levels. Ships are loading at lower capacity due to lower water levels. Water rise only from Sep indicating that Argentina will be able to ship less consignments or consignments will get delayed for produce of Argentina, Paraguay and South Brazil from largest port of Rosario. This has led to surge in basis of Argentina soy oil over CBOT soy oil and premium will continue to be higher until Aug-Sep when normal conditions are expected to return to normal.

Soy oil stocks rose in US in April as reported by NOPA despite lower crush of soybean on lower domestic disappearance leading to higher supply of soy oil. Rise was more than trade estimate. Lower domestic disappearance in US is due to lower use in Feed, Food and Industrial use.

USDA reported good condition of new soybean crop in US. Soybean planting is progressing at higher than last year and 5 year average. Good to excellent is also above averages. This will give boost to the crop and will increase yields.

USDA increased soybean crop of US in 2020/21 on higher area and higher yields. Crop size is 16 percent higher than 2019/20 crop. However, stocks of soybean will be lower due to higher exports especially to China and improving US global share of soybean exports.

China is expected to report higher soybean import demand in coming months. USDA increased soybean import estimate of China 96 MMT in 2020/21 from 2019/20 from 92 MMT.

Soy oil prices are expected to be supported by rise in crude oil prices due to higher cut in global crude oil production especially Saudi and Russia.

- According to National Oilseed Processors Association (NOPA), U.S. April soybean crush fell by 5.30 percent m-o-m to 171.754 million bushels from 181.374 million bushels in March 2020, below market expectation. Crush of soybean in Apr was higher by 7.35 percent y-o-y compared to Apr 2019 figure of 159.990 million bushels. Soy oil stocks in U.S. at the end of Apr rose 11.16 percent m-o-m to 2.111 billion lbs compared to 1.899 billion lbs in end Mar 2020. Stocks of soy oil in end Apr was higher by 18.13 percent y-o-y compared to end Apr 2019, which was reported at 1.787 million lbs. Soy oil stocks was above trade expectation.

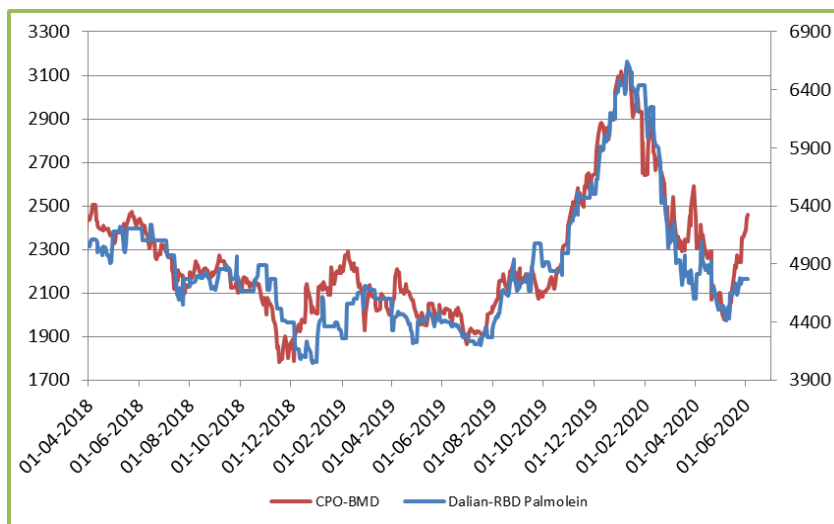
- In the weekly USDA crop progress report released on 01 June 2020; The US Soybeans planting is reported at 75% up from 36% same period last year and 68% from 5 year average. Soybean emerged is reported at 52% up from 17% same period last year and 44% from 5 year average. About 60% of the crop is under good condition, 10% at excellent condition and 26% at fair condition.
- According to United States Department of Agriculture (USDA) May estimate, U.S 2020/21 ending stocks of soy oil estimate has been reduced to 1,865 million lbs compared to 1,880 million lbs in 2019/20. Opening stocks are increase to 1,880 million lbs in 2020/21 from 1,775 million lbs in 2019/20. Production of soy oil in 2020/21 is raised to 24,685 million lbs from 24,480 million lbs in 2019/20. Imports in 2020/21 are raised to 400 million lbs compared to 375 million lbs in 2019/20. Biodiesel use in 2020/21 is raised to 8,000 million lbs compared to 7,500 million lbs in 2019/20. Food, feed and other industrial use in 2020/21 is reduced to 15,000 million lbs compared to 14,700 million lbs in 2019/20. Exports in 2020/21 are reduced to 2,100 million lbs compared to 2,550 million lbs in 2019/20. Average price range estimate of 2020/21 is raised to 29.0 cents/lbs from 28.5 cents/lbs in 2019/20.
- The U.S. Department of Agriculture monthly supply and demand report for the month of May forecasts U.S. 2020/21 soybean stocks at 405 million bushels compared to 580 million bushels in 2019/20. Opening stocks in 2020/21 is reduced to 580 million bushels compared to 909 million bushels in 2019/20. Soybean production in 2020/21 is raised to 4,125 million bushels from 3,557 million bushels in 2019/20. U.S. soybean exports estimate in 2020/21 are raised to 2,050 million bushels compared to 1,675 million bushels in 2019/20. Imports estimate in 2020/21 is unchanged 15 million bushels compared to 2019/20. Crush in 2020/21 is increased to 2,130 million bushels compared to 2,125 million bushels in 2019/20. Seed use in 2020/21 has been increased to 100 million bushels in 2020/21 from 97 million bushels in 2019/20. Residual use in 2020/21 is raised to 35 million bushels from 29 million bushels in 2019/20. Average price range in 2020/21 is reduced to 8.20 cents/bushel from 8.50 cents/bushel in 2019/20.
- According to China's General Administration of Customs (CNGOIC), China's March edible vegetable oils imports fell 19.28 percent m-o-m to 4.69 LT from 5.81 LT in March 2019. Year to date imports of edible vegetable oil fell 14 percent to 16.88 lakh tons.
- According to China's General Administration of Customs (CNGOIC), China's March soybean imports fell 13.05 percent to 4.69 MMT from 5.81 MMT in Mar 2019. Year to date soybean imports rose 6.20 percent to 17.75 MMT.
- USDA WASDE highlights:- The 2020/21 U.S. season-average soybean price is projected at \$8.20 per bushel, down 30 cents from 2019/20. Soybean meal prices are forecast at \$290 per short ton, down \$10.00 from 2019/20. Soybean oil prices are forecast at 29.0 cents per pound, up 0.5 cents from 2019/20.

Price Outlook: We expect Ref. soy oil with VAT to trade in the price band of Rs 760-860 per 10 Kg.

International Palm oil Market Fundamentals

- Palm oil prices are likely to rise due to firm global demand, expectation of slow rise in end stocks of palm oil in Malaysia, slow rise of production of palm oil in Malaysia, higher use of palm oil in biodiesel, depreciation of ringgit and rise in crude oil prices.

Palm oil stocks rose in Malaysia in April due to rise in production of palm, slow rate of growth of palm oil exports from Malaysia and low domestic demand of Malaysia.



Palm oil stocks are expected to rise more in May in Malaysia on slow rise production of palm oil, lower domestic demand of palm oil in Malaysia and lower rate of growth of exports.

Palm oil production is expected to rise in Malaysia in May due to seasonal uptrend of production. Malaysian Palm Oil Association (MPOA) estimates palm oil production to fall during May 1-20 which indicates that production will rise slowly in May. MPOB estimated in early May that production will rise more than 10 percent in May in Malaysia

Palm oil global demand is expected to rise in coming months on firm demand from India and China.

Exports of palm oil rose 7 percent in Malaysia in May due to firm demand from India and China.

Global demand of palm oil will increase in coming months due opening of many countries of the world.

Seasonally demand rises slowly and production of palm oil rise globally thereby adding global stocks of palm oil in coming months.

Opening of China for trade will benefit palm oil exports from Malaysia, as it will start to stock palm oil after closure of Chinese provinces to tackle coronavirus. China will take advantage of lower prices of palm oil to stock. Further, demand of palm oil by China will remain firm due to US-China tensions on China's handling of coronavirus.

Palm oil demand by India from Malaysia has increased in May compared to April due to buying at lower levels and toning down of tensions between India and Malaysia due to ouster of Mahatir Mohammad as PM of Malaysia and Malaysia buying India's sugar and rice in bulk. Also, Malaysia reduced CPO export duty to zero and Malaysia's CPO consignments are trading at discount to Indonesia's consignments. Further, Indonesia increasing export levy on exports of CPO has made its shipments of CPO uncompetitive.

However, India has restricted refined palm oil imports indicating Malaysia and Indonesia will only be able to export CPO and that will net benefit refiners in Malaysia and Indonesia.

Demand of palm oil is expected to rise in India due to partial lifting of restrictions imposed by India to control coronavirus. Palm oil imports by India will rise from HoReCa segment in coming months due to lifting of restrictions. However, many things are uncertain at the moment. Congestion at Indian ports has led to vessels

to be delayed. Supply constraints like raw material shortage, labor shortage, packaging material shortage and truck shortage have been removed in India.

Palm oil demand in India is mainly driven by HoReCa segment i.e street food, joints and restaurant chains which are expected to open in coming months will increase palm oil import demand.

Prices of palm oil will be expected to be supported by demand and lower levels as prices are down more than 25 percent in 2020 stroking fresh demand in coming days. Palm oil discount has increased over various oils may support palm oil prices.

Further, production of palm oil will fall in Indonesia in coming months due to dry conditions in the country. Production of palm oil will fall in 2020 when standing fruits mature and yield will be lower. Production of palm oil will fall in 2020 due to dry conditions in 2019 and lower fertilizer use due to lower prices of palm oil.

Exports of palm oil in 2019-20 will increase from Malaysia and Indonesia on higher demand from EU due to opening of many countries. India's palm oil imports will come down below last year level of 8.0 MMT on coronavirus reasons despite lower soybean crop in the country.

Global demand will not outpace production in Malaysia and Indonesia in 2020, which will add stock of palm by 1-2 MMT globally from present level of stocks at 17.5 MMT.

Exports of palm oil from Indonesia will fall in medium term due to India restricting refined palm oil imports, Malaysia removing CPO export duties, Indonesia increasing CPO export levy and Malaysiam shipments trading at discount to Indonesia's origin.

Ringgit has depreciated and has reached above 4.25/USD levels and is expected to support in palm oil prices. This will make exports of palm oil competitive compared to other oil and same oils with different destinations. Malaysia decreased export duty on crude palm oil exports to zero as international prices fell and stocks of palm oil grew in the country.

Indonesia removed export taxes on exports of CPO from the country due to fall in prices of palm oil and falling stocks of palm oil in the country.

Palm oil consumption in 2020 will not outstrip rise in production despite higher biodiesel demand from Indonesia and Malaysia despite fall in prices of crude oil and lower import demand from India and EU due to coronavirus. Stocks of palm oil is expected to rise globally in 2020 from present global stock of 17-18 MMT. This will prices of palm oil under pressure in 2020.

Use of biodiesel in Malaysia will rise in 2021 on Malaysia commitment to start B20 biodiesel norms from Sep. This will increase use of palm oil in biodiesel. Palm oil based biodiesel production will increase in Malaysia at 1.6 MMT in 2021 from 1.3 MMT in 2020. This will cut palm oil end stocks in Malaysia.

Indonesia has stuck with its biodiesel program despite fall in crude oil prices. The country has mandated 30 percent bio content in all type of gasoline and has planned 40 percent bio content by 2021 and has increased levy on CPO export to fund the program after 2020.

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

Palm oil prices are supported by rise in crude oil prices due to lower rise in supplies and Saudi and Russia vowing to cut higher amount of crude oil production to rebalance global crude oil markets.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's April palm oil stocks rose 18.26 percent to 20.45 lakh tons compared to 17.30 lakh tons in Mar 2020. Production of palm oil in Apr rose 18.28 percent to 16.53 lakh tons compared to 13.97 lakh tons in Mar 2020. Exports of palm oil in Apr rose 4.38 percent to 12.36 lakh

tons compared to 11.85 lakh tons in Mar 2020. Imports of palm oil in Apr fell 28.55 percent to 0.57 lakh tons compared to 0.79 lakh tons in Mar 2020. End stocks of palm oil rose more compared to trade expectation on higher rate of growth of production.

- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's May palm oil exports rose 7.0 percent to 1,256,395 tons compared to 1,174,285 tons last month. Top buyers were European Union 269,125 tons (375,350 tons), China at 233,015 tons (207,530 tons) and India & subcontinent 197,600 tons (87,250 tons). Values in brackets are figures of last month.
- According to Malaysian Palm Oil Council (MPOC), production of crude palm oil production will fall by 1.0 percent in 2020 to 19.7 MMT. Dry weather in 2019 and lockdown of the country lead to fall in production. Less fertilizer use in 2019 due to low palm oil prices and dry weather in mid-2019 lead to fall in yields. Also, temporary halt to production on coronavirus in six districts in Sabah province is expected to lower production. Lockdown led to lower harvest, milling and labor shortage leading to supply chain problems and limited palm oil production. Palm oil stocks at the end of 2020 is expected to fall to 1.9 MMT compared to 2.0 MMT at the end of 2019. Palm oil global demand has fallen due to coronavirus leading to lockdown of 50 percent of global population.
- According to Indonesia Palm Oil Association (GAPKI), exports of palm oil (CPO and PKO), biodiesel and oleochemical exports from Indonesia fell 2.16 percent in Mar 2020 y-o-y to 2.72 MMT from 2.78 MMT in Mar 2019. Exports rose by 11.02 percent in Mar m-o-m to 2.72 MMT from 2.45 MMT in Feb 2020. Stocks of palm oil at the end of Mar was 3.42 MMT compared to Feb 2020 figure of 4.08 MMT, down 16.18 percent m-o-m.
- Indonesia increased palm oil export levy by USD 5 per ton to finance its B30 biodiesel mandate. Indonesia is going to distribute USD 187 million for its B30 program. Indonesia Estate Fund has not got enough funds to fund program after 2020. This fund subsidizes producers of biodiesel with subsidies to fund gap between diesel fuel and biodiesel. Indonesia ambitious biodiesel mandate intends to reduce crude oil imports by increasing consumption of surplus palm oil production. Indonesia currently collects USD 50 per ton export levy on exports of crude palm oil if prices rise above USD 619 per ton.
- Policy review: According to Malaysia Palm Oil Board (MPOB), Malaysia reduced June crude palm oil export tax to 0.0 percent from 4.5 percent last month. Export duty of palm oil is calculated at reference price of 2122.77 ringgit per ton. Tax is calculated between 2,250-2,400 ringgit per ton at 3.0 percent and is taxed maximum of 8.0 percent when prices are above 3,450 ringgit per ton.

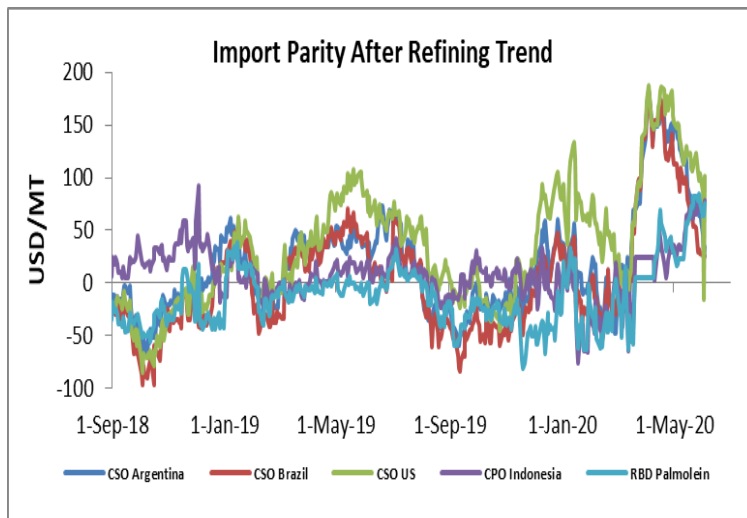
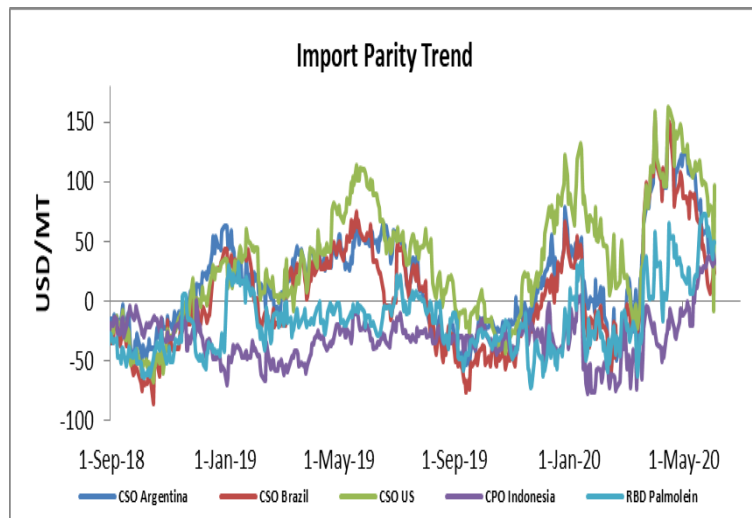
According to Indonesia trade ministry, Indonesia will not charge export duty on crude palm oil for June. Reference prices of June was set at USD 568.94 per ton compared to USD 635.15 per ton last month, below threshold price of USD 750 per ton. Export duty on CPO was brought down to zero ton in April due to fall in threshold price of USD 750 per ton. Indonesia charges export levy on CPO above USD 570 per ton. Earlier in the month Indonesia increased export levy by USD 5 per ton to fund ambitious biodiesel program after 2020.

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Price Outlook: We expect CPO Kandla 5% to trade in the price band of Rs 640-740 per 10 Kg.

Import Parity Trend

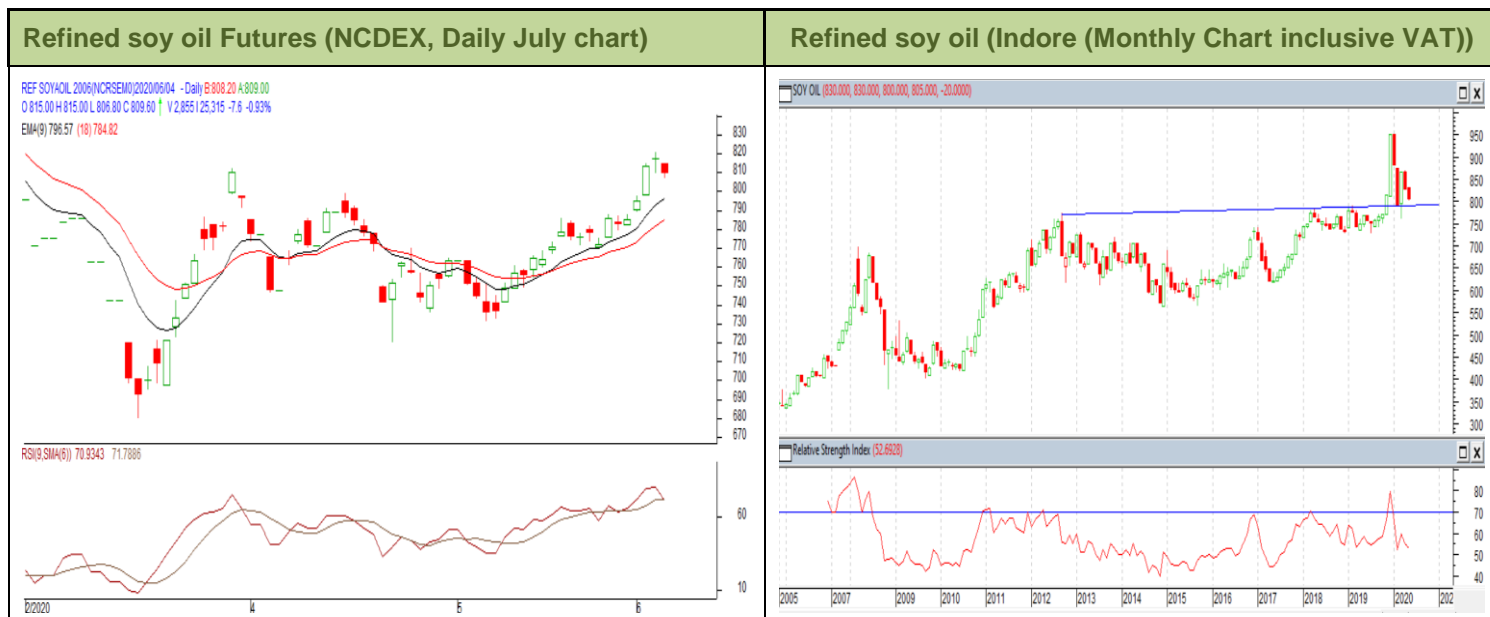
Import Parity after Refining in US dollar per tons (Monthly Average)



	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Mar, 2020	49.06	44.79	52.61	-6.49	-19.39
Apr, 2020	150.20	144.04	167.41	25.36	30.44
May, 2020	102.22	76.42	123.05	53.36	51.68

Outlook:-

Import parity for CDSO Argentina fell due to rise in prices of soy oil in international markets. We expect CDSO import parity to remain firm in June due to higher prices of soy oil in Indian markets. Parity in CPO is higher than RBD palmolein. Parity in CPO may increase its imports. Palm oil parity will rise due to rise in prices of palm oil in Indian markets.

Technical Analysis (Refined soy oil Monthly Charts)


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

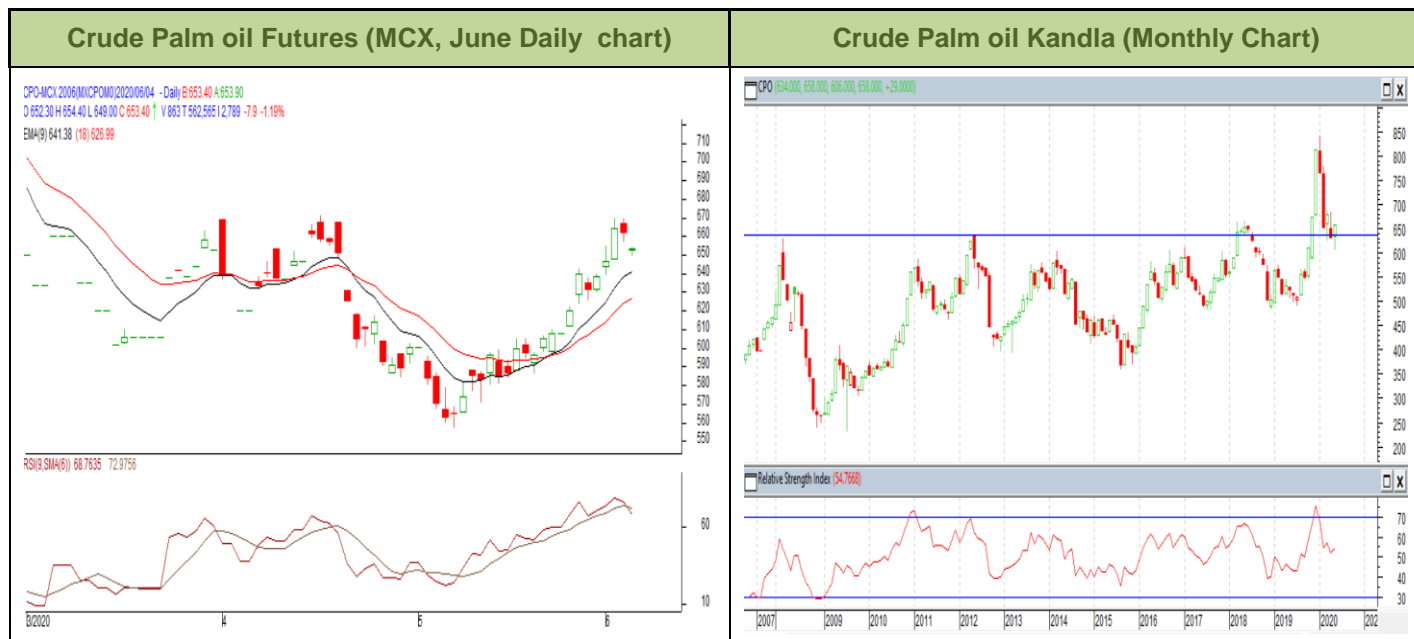
- Monthly chart of refined soy oil at NCDEX featured losses in the prices. We expect sideways to weak movement in the coming days.
- Any close below 810 in monthly chart will bring prices to 830 levels.
- Expected price band for next month is 760-860 level in near to medium term. RSI and MACD are indicating uptrend at current levels.

Strategy: Market participants are advised to go long in RSO above 795 for a target of 815 and 820 with a stop loss at 785 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
769.00	788.00	800.00	820.00	840.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 760-860 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 (May 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 above 660 in monthly chart might bring the prices to 680 levels.
- Expected price band for next month is 590-680 level in near to medium term. RSI and MACD are indicating uptrend.

Strategy: Market participants are advised to go long in CPO above 645 for a target of 665 and 670 with a stop loss at 635 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
620.00	642.00	651.30	670.00	690.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 640-740 per 10 Kg.



Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		30-May-20	30-Apr-20	
Refined Soybean Oil	Indore	805	825	-20
	Indore (Soy Solvent Crude)	770	785	-15
	Mumbai	800	820	-20
	Mumbai (Soy Degum)	760	780	-20
	Kandla/Mundra	790	800	-10
	Kandla/Mundra (Soy Degum)	750	768	-18
	Kolkata	785	800	-15
	Delhi	860	845	15
	Nagpur	880	890	-10
	Rajkot	775	830	-55
	Kota	790	840	-50
	Hyderabad	0	0	Unch
	Akola	820	840	-20
	Amrawati	820	845	-25
	Bundi	795	845	-50
	Jalna	890	900	-10
	Solapur	870	880	-10
	Dhule	890	900	-10
Palm Oil*	Kandla (Crude Palm Oil)	696	660	36
	Kandla (RBD Palm oil)	719	714	5
	Kandla RBD Pamolein	751	740	11
	Kakinada (Crude Palm Oil)	683	625	58
	Kakinada RBD Pamolein	751	735	16
	Haldia Pamolein	751	740	11
	Chennai RBD Pamolein	761	746	16
	KPT (krishna patnam) Pamolein	761	735	26
	Mumbai RBD Pamolein	767	761	5
	Mangalore RBD Pamolein	761	761	Unch
	Tuticorin (RBD Palmolein)	777	742	35
	Delhi	795	775	20
	Rajkot	761	735	26
	Hyderabad	785	815	-30
	PFAD (Kandla)	462	494	-32
	Refined Palm Stearin (Kandla)	683	625	58
	Superolien (Kandla)	767	788	-21
	Superolien (Mumbai)	777	798	-21
* inclusive of GST				
Refined Sunflower Oil	Chennai	930	915	15



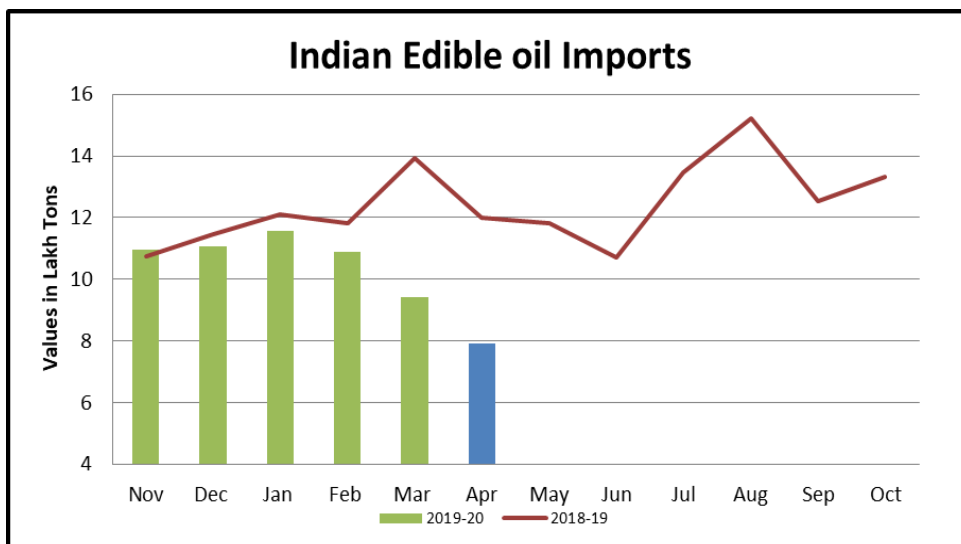
	Mumbai	910	910	Unch
	Mumbai(Expeller Oil)	870	840	30
	Kandla (Ref.)	870	880	-10
	Hyderabad (Ref)	925	885	40
	Latur (Expeller Oil)	865	835	30
	Chellakere (Expeller Oil)	875	840	35
	Erode (Expeller Oil)	940	-	-
Groundnut Oil	Rajkot	1300	1290	10
	Chennai	1350	1350	Unch
	Delhi	1400	1350	50
	Hyderabad *	1350	1320	30
	Mumbai	1410	1340	70
	Gondal	1300	-	-
	Jamnagar	1300	-	-
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	960	885	75
	Jaipur (Kacchi Ghani Oil)	987	900	87
	Kota (Expeller Oil)	930	840	90
	Kota (Kacchi Ghani Oil)	990	865	125
	Neewai (Expeller Oil)	965	865	100
	Neewai (Kacchi Ghani Oil)	975	885	90
	Bharatpur (Kacchi Ghani Oil)	980	910	70
	Sri-Ganga Nagar(Exp Oil)	925	860	65
	Sri-Ganga Nagar (Kacchi Ghani Oil)	965	895	70
	Mumbai (Expeller Oil)	850	850	Unch
	Kolkata(Expeller Oil)	1000	1040	-40
	New Delhi (Expeller Oil)	945	855	90
	Hapur (Expeller Oil)	915	915	Unch
	Hapur (Kacchi Ghani Oil)	945	945	Unch
	Agra (Kacchi Ghani Oil)	985	915	70
Refined Cottonseed Oil	Rajkot	800	840	-40
	Hyderabad	815	835	-20
	Mumbai	825	825	Unch
	New Delhi	775	775	Unch
Coconut Oil	Kangayan (Crude)	1400	-	-
	Cochin	1530	1530	Unch
Sesame Oil	New Delhi	1150	1200	-50
	Mumbai	-	-	-



Kardi	Mumbai	-	-	-
Rice Bran Oil (40%)	New Delhi	685	660	25
Rice Bran Oil (4%)	Punjab	750	760	-10
Malaysia Palmolein USD/MT	FOB	565	538	27
	CNF India	610	555	55
Indonesia CPO USD/MT	FOB	550	528	22
	CNF India	600	555	45
RBD Palm oil (Malaysia Origin USD/MT)	FOB	558	533	25
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	550	555	-5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	710	650	60
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	510	520	-10
Crude palm Kernel Oil India (USD/MT)	CNF India	710	640	70
Ukraine Origin CSFO USD/MT Kandla	CIF	820	770	50
Rapeseed Oil Rotterdam Euro/MT	FOB	734	705	29
Argentina FOB (\$/MT)		30-May-20	30-Apr-20	Change
Crude Soybean Oil Ship		629	584	45
Refined Soy Oil (Bulk) Ship		651	604	47
Sunflower Oil Ship		720	700	20
Cottonseed Oil Ship		609	564	45
Refined Linseed Oil (Bulk) Ship		-	-	Unch
* indicates including GST				

Annexure:

Indian Edible Oil Imports Scenario –:



As per Solvent Extractors' Association of India, India imported 14.52 million tons of veg. oils in the 2017-18 oil year. Edible oils imports were 14.91 million tons 2018-19 (November 2018-October 2019). Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for April is pegged at 7.90 lakh tons. Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for (Nov 2019-April 2020) is pegged at 61.82 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	4.37	-34.31%
Production	8.50	8.39	8.45	0.72%
Imports	14.52	14.91	14.68	-1.54%
Total Supply	30.79	30.79	27.50	-8.19%
Exports	0.02	0.02	0.02	0.00%
Total Demand(Consumption)	24.12	24.12	25.82	1.00%
Ending Stock	6.65	4.37	1.66	-61.96%

* 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 14.68 million tons for 2019/20 oil year v/s 14.91 million tons last year.

On the consumption side, India's edible oil consumption for 2019-20 oil year seen at 25.82 million tons, higher by 1.0 percent from last year. Ending stocks are projected higher compared to 2019-20 at 1.66 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 04/06/2020	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
FOB USD per ton	652	669	598	580	595
Freight (USD/MT)	47	47	47	35	26.0
C & F	699.0	716.0	645.0	615.0	621.0
Weight loss (0.25% of FOB)	1.63	1.67	1.50	1.45	1.49
Finance charges (0.4% on CNF)	2.80	2.86	2.58	2.46	2.48
Insurance (0.3% of C&F)	2.10	2.15	1.94	1.85	1.86
CIF (Indian Port - Kandla)	706	723	651	621	627
Duty (Values in USD per tons)	256.41	256.41	256.41	226.88	282.65
GST (5% on duty) USD per ton	12.82	12.82	12.82	11.34	14.13
Exchange rate	75.54	75.54	75.54	75.54	75.54
Landed cost without customs duty in INR per ton	53295	54592	49177	46892	47351
Customs duty %	35.00%	35.00%	35.00%	37.50%	45.00%
Social Welfare Surcharge@10%	3.50%	3.50%	3.50%	3.75%	4.50%
Total Duty %	38.50%	38.50%	38.50%	41.25%	49.50%
Base import price	666	666	666	550	571
Fixed exchange rate by customs department	76.45	76.45	76.45	76.45	76.45
Duty component in INR per ton	19602.54	19602.54	19602.54	17344.59	21608.21
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	74298	75594	70180	65636	70359
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	77500	77500	77500	68300	74000
Total landed cost USD per ton	984	1001	929	869	931
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1026	1026	1026	904	980
Parity INR/MT (Domestic - Landed)	3202	1906	7320	2664	3641
Parity USD/MT (Domestic - Landed)	42.39	25.23	96.90	35.26	48.20
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	78797.75	80094.13	74679.84	73136.43	73159.29
Soy/Palm oil imported Price (Including tax)	82737.64	84098.84	78413.83	76793.25	76817.25
Loose price of Soy/Palm in Indore and Delhi market	86100.00	86100.00	86100.00	82500.00	82500.00
Parity after processing and Taxes (Rs per MT)	3362.36	2001.16	7686.17	5706.75	5682.75
Parity after processing and Taxes (USD per MT)	44.51	26.49	101.75	75.55	75.23
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	Feb-Apr	May-July-F	Aug-Oct-F
Opening Stock	24.32	16.63	16.63	11.52	11.45	9.56
Production (Domestic)	14.28	11.90	5.95	1.43	2.14	2.38
Imports	31.00	33.00	5.94	8.14	9.00	9.92
Total Supply	69.60	61.53	28.52	21.09	22.59	21.86
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	52.97	56.68	17.00	9.64	13.04	17.00
Ending Stock	16.63	4.86	11.52	11.45	9.56	4.86

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.
- Lower carry out in Nov-Jan is due to higher consumption.
- Carryout stocks of oil year 2019-20 is 4.86 lakh tons due to lower soy oil production.
- Carry out of oil 2018-19 is 16.63 lakh tons and carryout of oil year 2019-20 is 4.86 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	Feb-Apr	May-July-F	July-Oct-F
Opening Stock	1.57	1.04	1.04	1.18	0.94	0.83
Production	0.20	0.25	0.06	0.06	0.06	0.07
Imports	9.48	8.53	1.96	1.11	2.64	2.82
Total Supply	11.25	9.82	3.06	2.35	3.65	3.71
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	10.21	9.39	1.88	1.41	2.82	3.29
Ending Stocks	1.04	0.43	1.18	0.94	0.83	0.43

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 lower in 2019-20 compared to last year oil year 2018-19.
- Carryout stocks of oil year 2018-19 are 1.04 million tons fall in imports.
- Carryout of 2019-20 is lower than 2018-19 due to lower imports of palm oil.
- Carry out of third quarter of oil year 2019-20 will be lower 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	Feb-Apr	May-July-F	Aug-Oct-F
Opening Stock	7.13	4.78	4.78	5.30	4.96	4.48
Production	0.60	0.50	0.09	0.08	0.17	0.17
Imports	23.50	27.03	7.57	7.30	6.49	5.68
Total Supply	31.23	32.31	12.44	12.67	11.62	10.32
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	26.44	28.56	7.14	7.71	7.14	6.57
Ending Stocks	4.78	3.75	5.30	4.96	4.48	3.75

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 4.78 lakh tons on higher sunflower oil imports.
- Carryout of 2019-20 is lower than 2018-19 due to higher consumption.
- 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	Feb-Apr	May-July-F	Aug-Oct-F
Opening Stock	4.63	4.14	4.14	0.92	2.27	7.42
Production	30.66	30.24	4.23	9.1	12.10	4.84
Imports	0.59	1.37	0.00	0.37	0.50	0.50
Total Supply	35.88	35.75	8.37	10.37	14.87	12.76
Exports	0.00	0.00	0.00	0.00	0.00	0.00
Consumption	31.74	32.37	7.45	8.09	7.45	9.39
Ending Stocks	4.14	3.37	0.92	2.27	7.42	3.37

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 4.14 lakh tons on higher rapeseed oil production.
- Carryout of 2019-20 is lower than 2018-19 due to higher consumption of rapeseed oil.
- Carryout in third 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	0.15	0.70
Oil availability (Production)	9.24	10.50	3.85	2.45	2.45	1.75
Imports	0	0	0	0	0	0
Total Supply	9.71	10.90	4.25	3.28	2.60	2.45
Exports	0.10	0.09	0.01	0.02	0.03	0.03
Consumption	9.21	10.36	3.42	3.11	1.86	1.97
End stocks	0.40	0.45	0.83	0.15	0.70	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.

- Higher 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.

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Beginning Stocks	3.838	3.982	3.831	3.806	4.118
Production	53.823	55.088	55.644	56.516	58.533
Imports	10.971	9.858	10.431	10.759	11.122
Total Supply	68.632	68.928	69.906	71.081	73.773
Exports	11.357	10.542	11.178	11.5	11.752
Food Use Dom. Cons.	43.626	43.996	44.174	44.808	46.766
Domestic Consumption	53.293	54.555	54.922	55.463	57.882
Ending Stocks	3.982	3.831	3.806	4.118	4.139

Balance Sheet (Annual) - Soy Oil, United States

Fig. in million tons

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Beginning Stocks	0.765	0.776	0.905	0.805	0.853
Production	10.035	10.783	10.976	11.104	11.197

Imports	0.145	0.152	0.18	0.17	0.181
Total Supply	10.945	11.711	12.061	12.079	12.231
Exports	1.159	1.108	0.881	1.157	0.953
Industrial Dom. Cons.	6.198	6.462	6.808	6.667	6.803
Food Use Dom. Cons.	9.01	9.698	10.375	10.069	10.432
Domestic Consumption	0.776	0.905	0.805	0.853	0.846
Ending Stocks	0.765	0.776	0.905	0.805	0.853

Source: USDA

Balance Sheet (Annual) - Soybean, United States

Fig. in million tons

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Beginning Stocks	5.354	8.208	11.923	24.74	15.787
Production	116.931	120.065	120.515	96.793	112.264
Imports	0.606	0.594	0.383	0.408	0.408
Total Supply	122.891	128.867	132.821	121.941	128.459
Exports	58.963	58.071	47.564	45.586	55.792
Domestic Consumption	55.72	58.873	60.517	60.568	61.639
Ending Stocks	8.208	11.923	24.74	15.787	11.028

Source: USDA

Balance Sheet (Annual) - Soybean, Brazil

Fig. in million tons

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Beginning Stocks	24.558	33.212	32.74	32.481	25.731
Production	114.6	122	119	124	131
Imports	0.252	0.175	0.14	0.15	0.15
Total Supply	139.41	155.387	151.88	156.631	156.881
Exports	63.137	76.136	74.594	84	83
Domestic Consumption	43.061	46.511	44.805	46.9	47.65
Ending Stocks	33.212	32.74	32.481	25.731	26.231

Source: USDA

Balance Sheet (Annual) - Soybean, Argentina

Fig. in million tons

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Beginning Stocks	27.156	26.996	23.734	28.89	27
Production	55	37.8	55.3	51	53.5
Imports	1.674	4.703	6.408	3.8	3.6
Total Supply	83.83	69.499	85.442	83.69	84.1
Exports	7.025	2.132	9.104	8	6.5
Domestic Consumption	49.809	43.633	47.448	48.69	50.2



Ending Stocks	26.996	23.734	28.89	27	27.4
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Source: USDA

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