Veg. Oil Monthly Research Report

Contents

Outlook and Review:

Domestic Front

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

Rapeseed oil (Jaipur) was the best performer among the edible oil complex due to firm demand.Sunflower oil (Chennai) 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 74.70 compared to 75.65 last month. Rupee is expected to depreciate in July. Crude oil prices are expected to rise in July.

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 (August) is expected to stay in the range of 26 cents/lb to 32 cents/lb. CPO at BMD (August) 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 and India and China palm oil demand.

On the international front, rise in crude prices, demand at lower levels, opening of economies of world, lower stocks of soy oil in US, 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 uptrend at its benchmark market at Indore during the month of June on firm demand.

  Demand of soy oil rose in June on fall in prices amid weak supply of soy oil. Due to fall in prices of soy oil in Indian markets has led parity to fall.

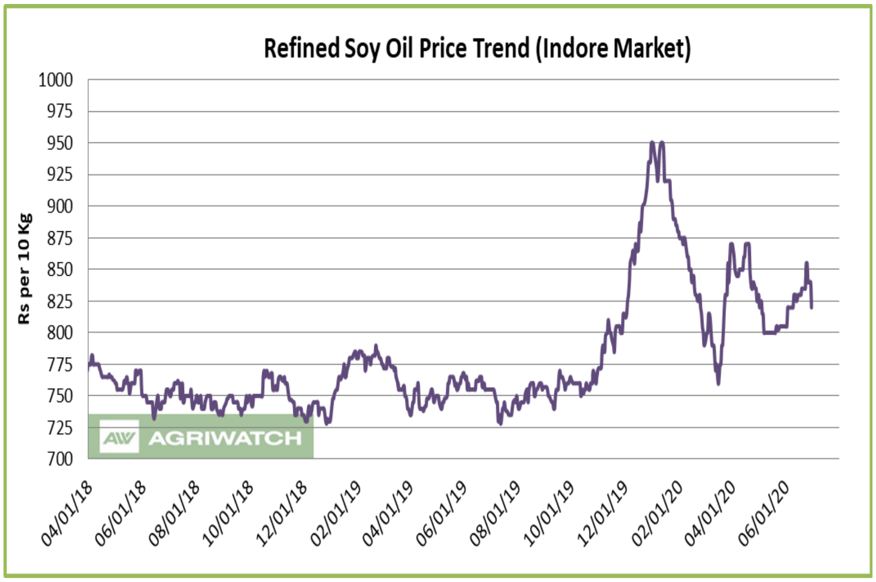
  Supply of soy oil fell in India in June due to lower demand of soymeal on weak poultry demand leading to lower crush of soybean leading to lower supply of domestic refined soy oil.

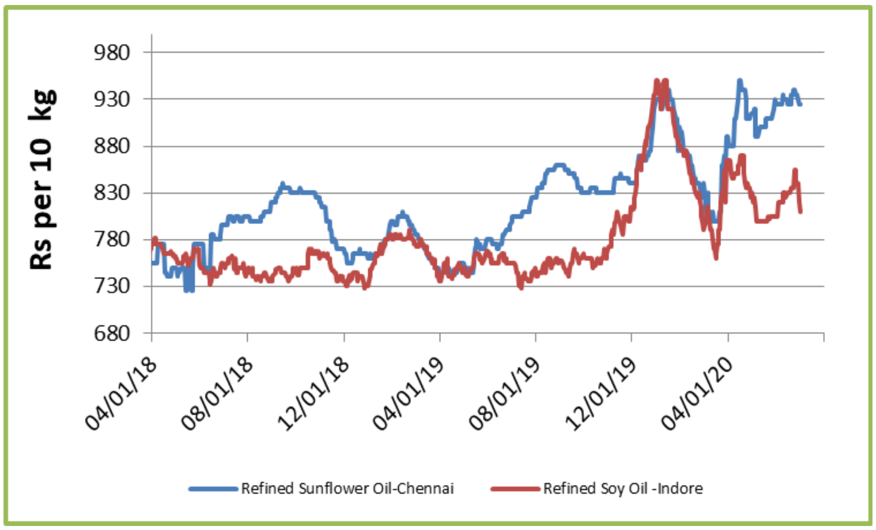
  Supply of soy oil in international market was normal across countries including Argentina and Brazil.

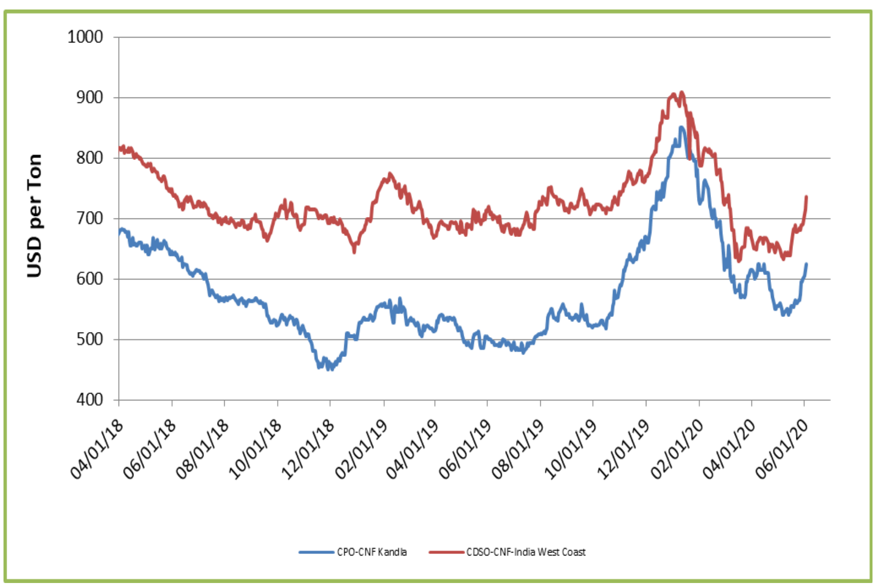
  Soy oil refineries are not facing supply problems of raw materials, labor, and packaging material.

  Import prices of soy oil rose on rise in soy oil prices in international markets. Rise in crude oil prices, demand at lower levels, opening of various 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 will lead to higher FOB prices







of soy oil.

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 firm demand at CNF markets.

Import parity of soy oil fell in June due to rise in prices of soy oil in international markets and is at Rs 25-30 per 10 kg compared to parity of Rs 45-50 per 10 kg in Mar.

Refining margins fell in June and is at Rs 25-30 per 10 kg compared to parity of Rs 75-80 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 142 (Rs 135 last month) per 10 Kg which is high and will cap soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 60 (Rs 80 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 45 (Rs 40) per 10 kg indicating firm 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 in May fell compared to May 2019 while it rose compared to Apr 2020. Import demand will rise in June due to firm demand.

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 rise due to firm demand. High premium over palm oil will underpin prices.

- Soy oil import scenario – According to SEA, soy oil imports fell 19.39 percent y-o-y in May to 1.87 lakh tons from 2.32 lakh tons in May 2019. In the oil year 2019-20 (Nov 2019 -May 2020), imports of soy oil were 15.79 lakh tons compared to 14.69 lakh tons in corresponding period last oil year, higher by 7.49 percent compared to corresponding period last oil year.

- According to Solvent Extractors Association (SEA), India's May edible oil imports fell 4.014 percent y-o-y to 7.07 lakh tons from 11.81 lakh tons in May 2019. Palm oil imports in May fell 52.74 percent y-o-y to 3.87 lakh tons from 8.19 lakh tons in May 2019. CPO imports fell 15.9 percent in May y-o-y to 3.70 lakh tons from 4.40 lakh tons in May 2019. RBD palmolein imports fell by 95.68 percent in May y-o-y to 0.16 lakh tons from 3.71 lakh tons in May 2019. Soy oil imports fell 19.39 percent in May y-o-y to 1.87 lakh tons from 2.32 lakh tons in

May 2019. Sunflower oil imports rose 1.5 percent y-o-y in May to 1.33 lakh tons from 1.33 lakh tons in May 2019. Rapeseed (canola) oil imports in May was zero compared to zero imports in May 2019. Sharp fall in imports in May was majorly led by palm oil especially RBD palmolein followed by soy oil. Fall in RBD palmolein imports were due to India restricting refined palm oil imports by cancelling all licenses.

- Imported crude soy oil CIF at West coast port is offered at USD 722 (USD 721) per ton for July delivery, Aug delivery is quoted at USD 718 (USD 713) per ton and Sep delivery is quoted at USD 719 per ton. Values in brackets are figures of last month. Last month, CNF CDSO June average price was USD 723.57 (USD 661.11 per ton in May 2020) per ton. Refined soy oil (Indore) is quoted at Rs 820 (Rs 805) per 10 kg on July 3, 2020.
- On the parity front, margins fell 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 35-40/ton v/s gain of USD 100-105/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- All India Kharif sowing reached 81.815 lakh hectares as on 2.07.2020 compared to 16.436 lakh hectares in corresponding period last year. Sowing is higher in MP, Maharashtra, Karnataka and Telangana while it is lower in Rajasthan.

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 weak tone in the month of June at its benchmark market at Kandla on weak demand and fall in prices of palm oil in international markets..

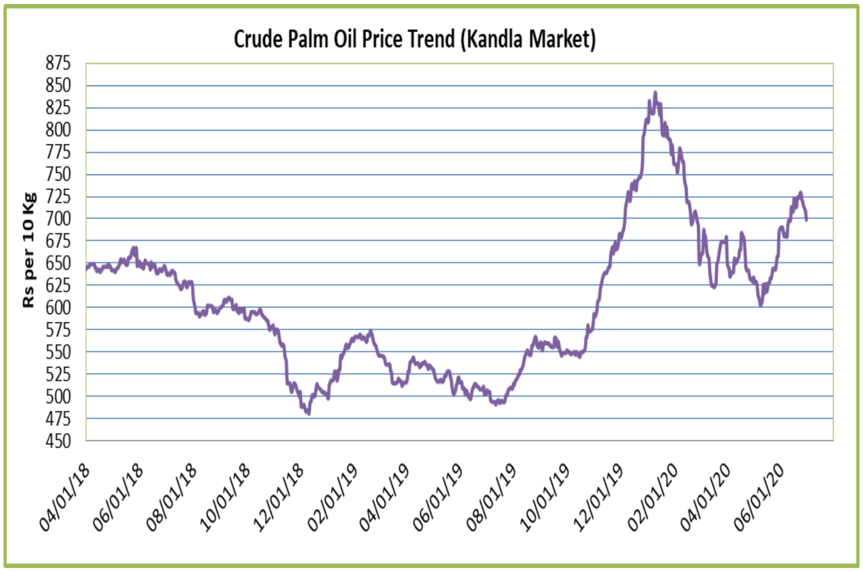
  Prices of CPO rose less at high seas compared to CNF markets compared to last month indicating weak supply at high seas.

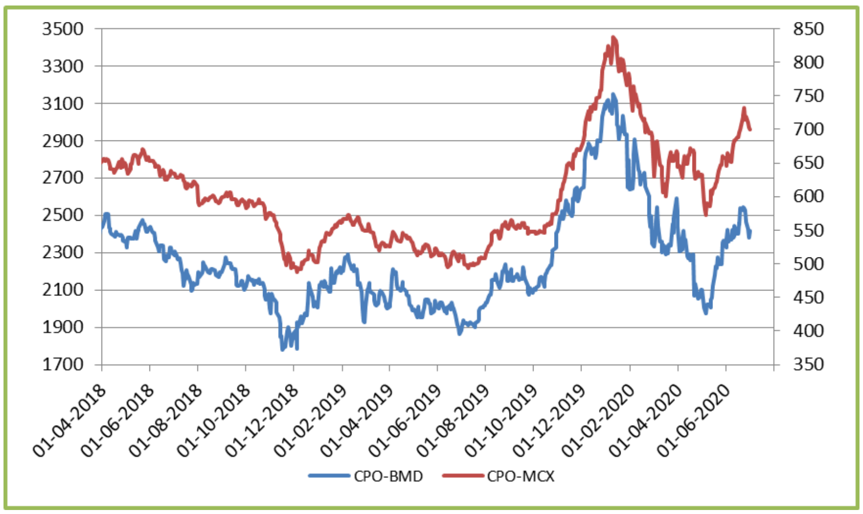
  Supply of CPO is weak at CNF markets as prices fell less at CNF compared to FOB markets.

  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.

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

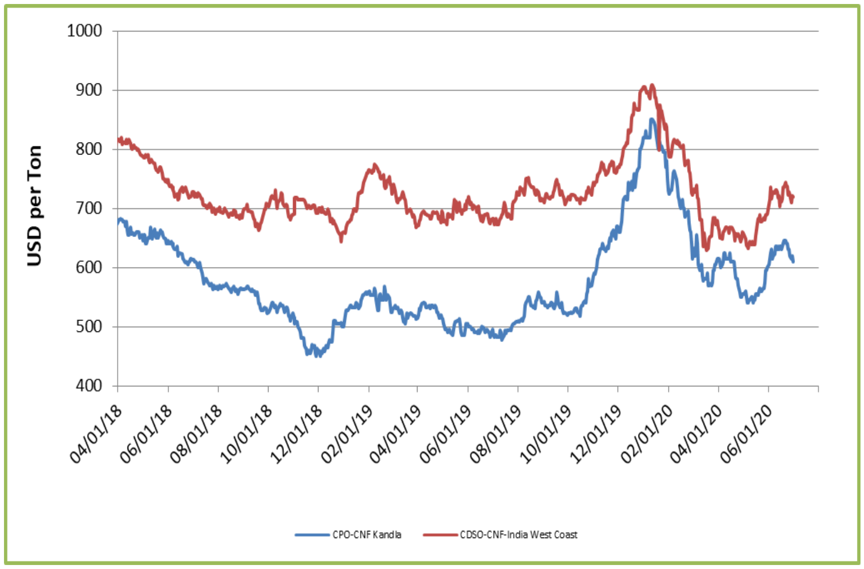
  Demand of palm oil may in India due to fall in palm oil prices in 2020 by more than 25 percent stroking demand at lower levels. Further, due to opening of Indian economy sentiment will improve and leding to



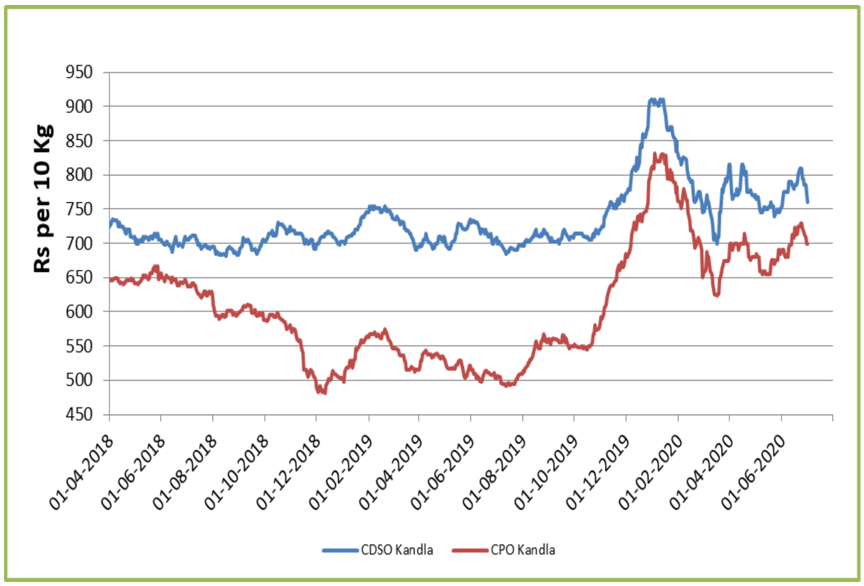


higher demand.

Demand was low in HoReCa segment 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 lower imports of palm oil in oil year 2019-20. 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.

Imports parity of CPO rose due to fall in prices of CPO in international markets. In Rupee terms, parity currently stands at Rs 25-30 per 10 kg compared to disparity of Rs 5-10 per 10 kg last month.

Fall in Indian prices of CPO in international markets will make imports costlier will increase imports in coming months. Appreciation of Rupee may increase palm oil to parity in July.

CPO trade is slow as traders stuck at higher prices of CPO a due to fall in prices if CPO in June and lower palm oil demand from the country and they are not able to offload stocks. They have to offer at discount to offload stocks.

Data from cargo surveyor SGS shows a higher imports of palm oil by India from Malaysia in June due to Malaysia removing export duties on CPO, lower prices of CPO from Malaysia compared to Indonesia and 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 in under capacity and debt.

RBD palmolein featured firm tone in its benchmark market on demand at lower levels and gradual opening of India has improved sentiment and may improve demand.

Refieners of palm oil are enjoying healthy margins and are not ready to lower prices. Prices of RBD palmolein rose in India in June due to lower supply of palmolein due to lower imports in oil year 2019-20 and India restricting refined palm oil imports.

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 82 (Rs 71 last month) per 10 kg indicating firm demand of RBD palmolein compared to CPO at high seas.

Import of CPO in May was lower than that of May 2019 but was higher than Apr 2020. Stocks at ports will fall in May-June due to 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 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 142 (Rs 135 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 June at CNF and domestic markets. High premium of crude sunflower CNF India West coast and CPO CNF at USD 230 (USD 188) 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 112 (USD 100 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 92 (Rs 95 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 60 (Rs 80 last week) per 10 kg is low and will decrease RBD palmolein demand in near term. Values in brackets are figures of last week.

- 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 8'" 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 12' 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 12'" 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 610 (USD 630) per ton for July delivery and Aug delivery is quoted at USD 607.5 per ton. Last month, CNF CPO June average price was at USD 629.15 per ton (USD 558.76 per ton in May 2020). Values in brackets are figures of last week.

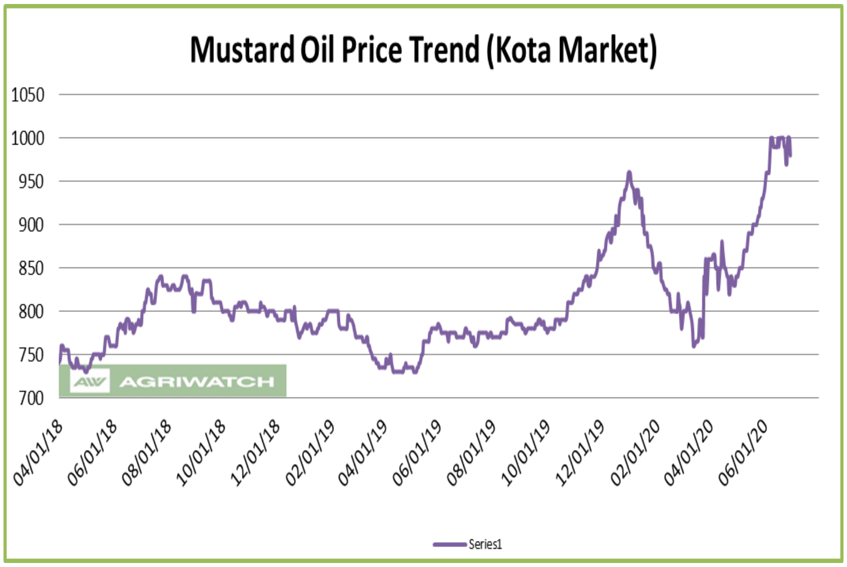
Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 620 (USD 640) per ton for July delivery and Aug delivery is quoted at USD 617.5 per ton. Last month, CIF RBD palmolein June average price was USD 638.96 (USD 567.80 in May 2020) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 678 (Rs 685) per 10 Kg and July delivery duty paid is offered at Rs 673 (Rs 676) per 10 kg. Ready lift RBD palmolein is quoted at Rs 760 (Rs 740) per 10 kg as on July 3, 2020. Values in brackets are figures of last month.

- On the parity front, margins rose during the month of June on higher price of palm oil products in Indian markets and we expect margins to remain firm in coming days. Currently refiners fetch USD 80-85/ton (June average) v/s gain of USD 50-55/ton (May average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 70-75/ton (June average) v/s gain of USD 50-55 (May 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 June due to firm demand of rapeseed on surge in demand of rapeseed oil.

  Demand rose in the month of June 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.

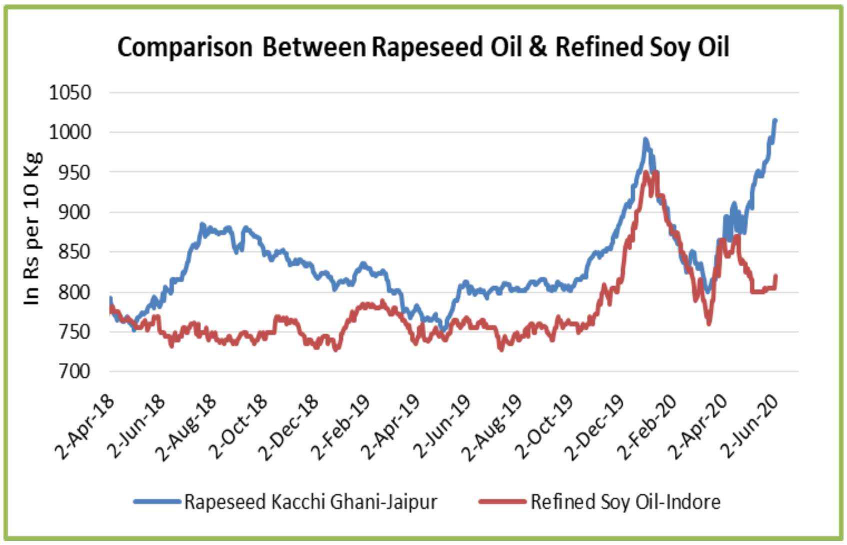
  Due to exceptional lockdown of India retail demand firmed as most of the population were confined at home and it is mostly used in home food. Rapeseed oil also substituted due to lower supply of domestic crushed soy oil as soy meal demand has waned on lower poultry demand leading to lower crush of soybean.

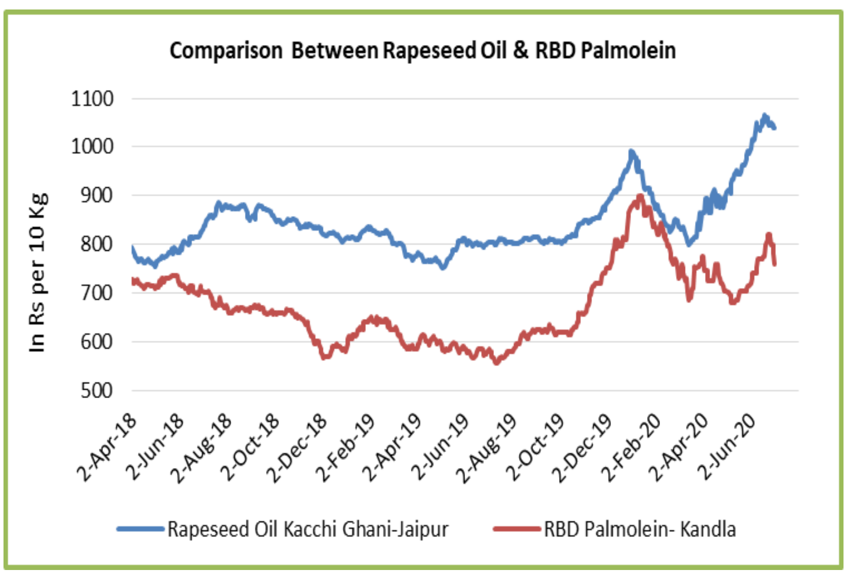
  Further, palm oil is used in outside home and most of the population is confined at home leading to higher demand of rapeseed oil.

  Supply of rapeseed oil has are firm in the mandis.

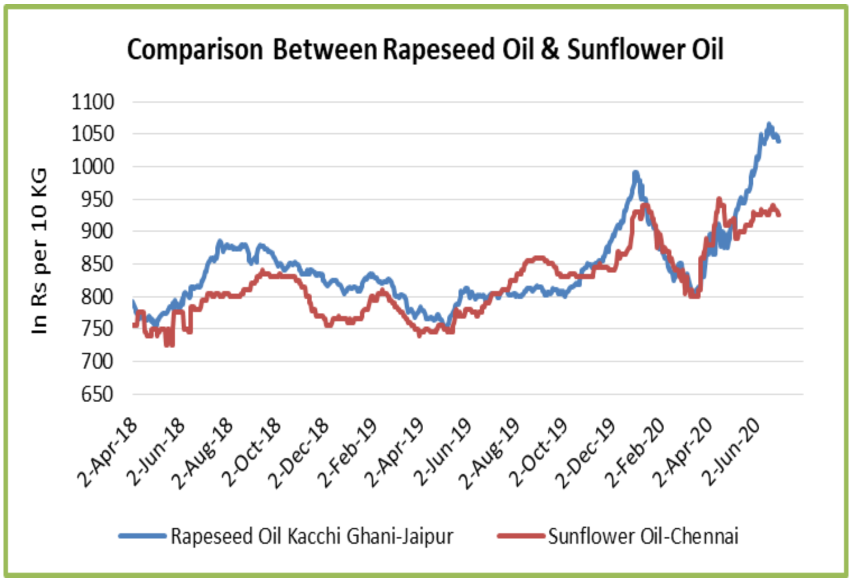
  Mills are running properly and there is no shortage of raw material, labor, packaging material and trucks.

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





NAFED is procuring rapeseed in MY 2020-21 to support market. Total progressive purchase has been 7.96 lakh tons and most of the procurement is in Haryana and Uttar Pradesh with progressive purchase of 3.08 lakh tons and 3.39 lakh tons respectively. Rajasthan has stopped short of procurement target set by the state.



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 11.26 lakh tons. Stock with NCDEX is 0.05 lakh tons.

Agriwatch estimated rapeseed crop in MY 2020-21 at 72 lakh tons compared to last year crop at 79 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 may states. In addition, yield fell due to rains and hail before hail

COOIT has estimated 77 lakh tons of rapeseed crop in MY 2020-21 compared to crop of 75 lakh tons last year. In the third advanced estimate rapeseed crop has been estimated at 87.03 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.

High premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market at Rs 220 (Rs 180) per 10 Kg, will cap rapeseed oil prices in medium term.

There was no import of canola oil in May. Imports of canola oil is 0.17 lakh tons in oil year 2019-20 (Nov-19-May-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. Lower carryout of rapeseed oil in oil year 2019-20 will lead to higher prices of rapeseed oil in this oil year.

High premium of rapeseed expeller oil (Jaipur) over RBD palmolein (Kandla) at Rs 280 (Rs 260) per 10 kg will underpin 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 0.0 lakh tons rapeseed (Canola) oil in May 2020 v/s 0.0 lakh tons imports in May 2019. In the oil year 2019-20 (Nov 2019-May 2020) imports were 0.17 lakh tons compared to 0.44 lakh tons in last oil year, down 61.36 percent y-o-y.
- Currently, RM oil at Jaipur market (expeller) is offered at Rs 1022 (Rs 984) per 10 Kg and at Kota market is quoted around Rs 980 (Rs 960) per 10 kg as on July 2, 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 various markets in India during the month of June on firm demand.

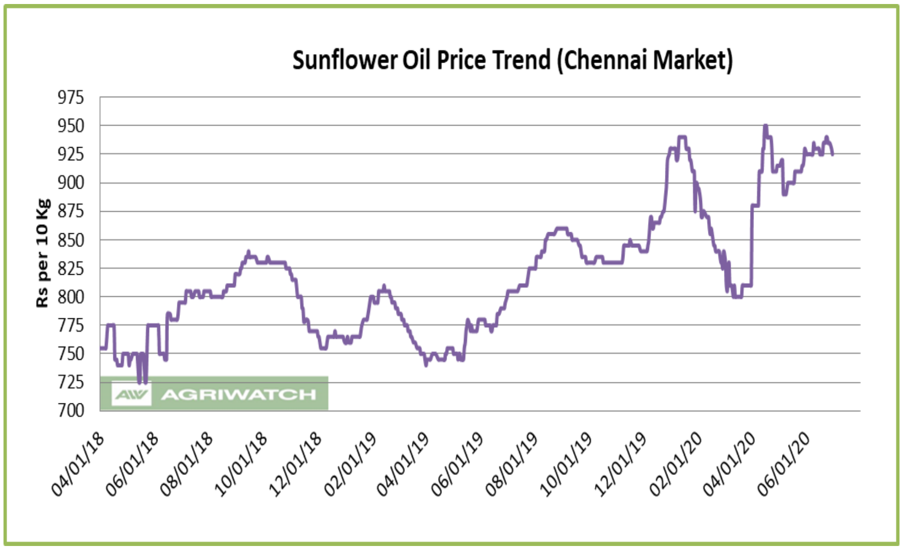
  Sunflower oil prices rose more at high seas compared to CNF markets indicating firm demand at high seas.

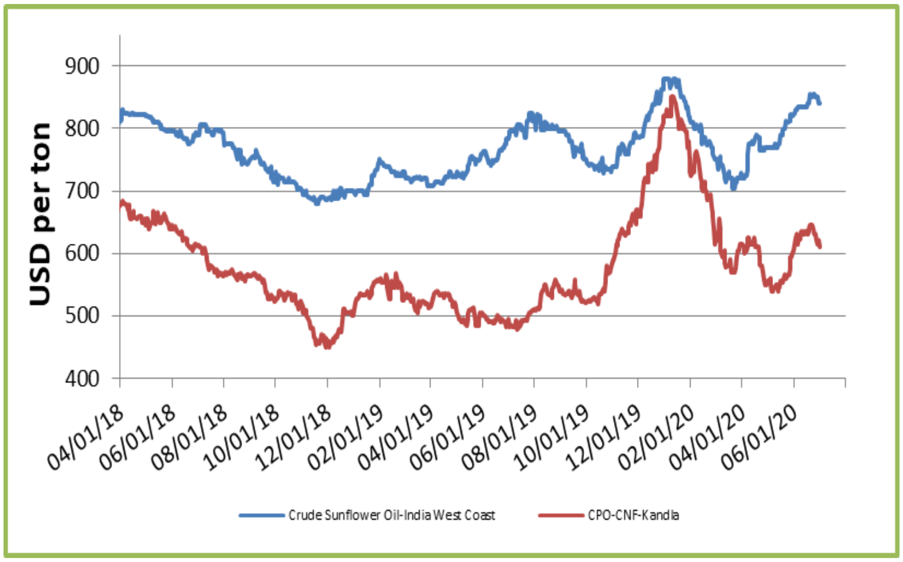
  Demand of sunflower oil rose as palm oil demand fell due to closure of markets. Household demand rise of sunflower oil fully offset loss in HoReCa segment demand. Demand of sunflower oil rose by almost 20% in India will lead to higher imports in coming months if situation remains conducive.

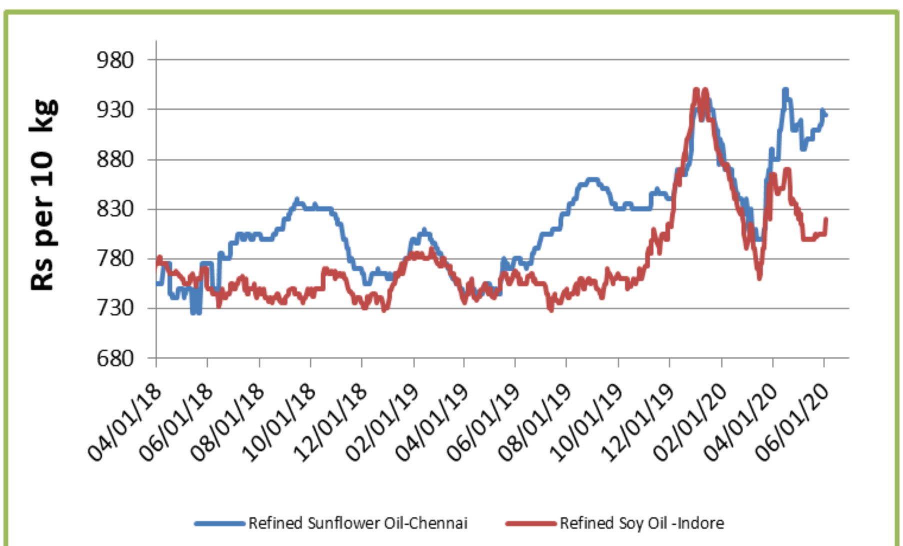
  Sunflower oil prices rose in June on rise palm oil and soy oi prices.

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

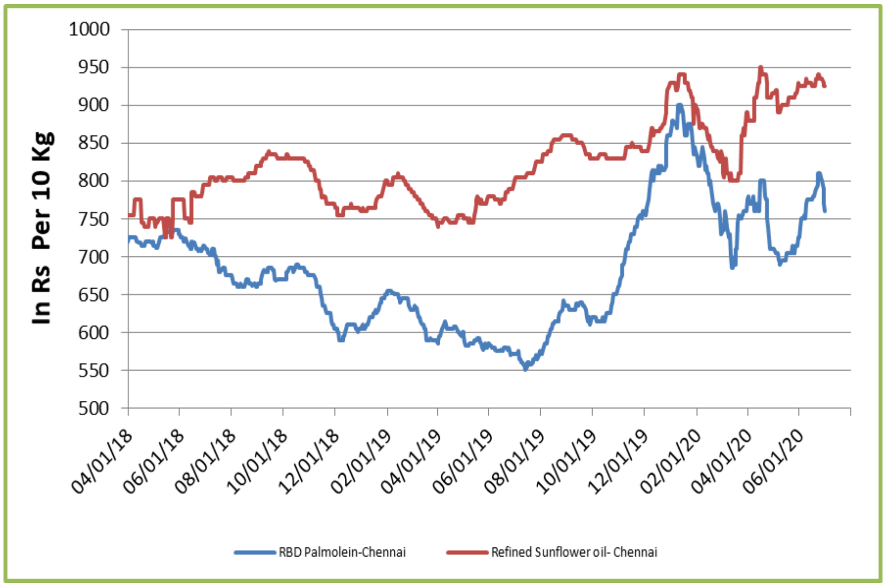
  Demand of sunflower oil may slow due to rise in its prices. Supply of sunflower oil in normal and all the operations on ports have been restored. Labor and trucks shortage have been

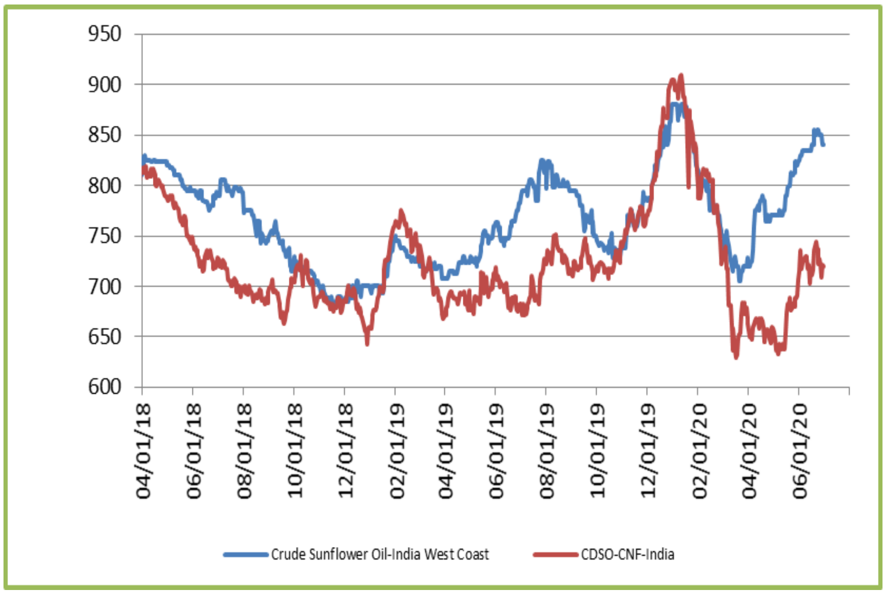






resolved and normal operation is expected soon.





Carryout of sunflower oil will fall in oil year 2019-20 due to rise in consumption. Further, imports may capped 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 rise due to positive import parity and positive refining margins. Import parity and refining margins parity rose last month on rise in prices of sunflower oil in Indian 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 July.

Appreciation of Rupee in coming months will make imports cheaper and will limit sunflower oil imports in coming months.

Imports of sunflower oil fell in May compared to April 2020 m-o-m. Imports of sunflower oil rose in May compared to May 2019 y-o-y. Imports will rise in July due to higher prices of sunflower oil in international markets, high premium over palm oil and soy oil.

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

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 July.

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

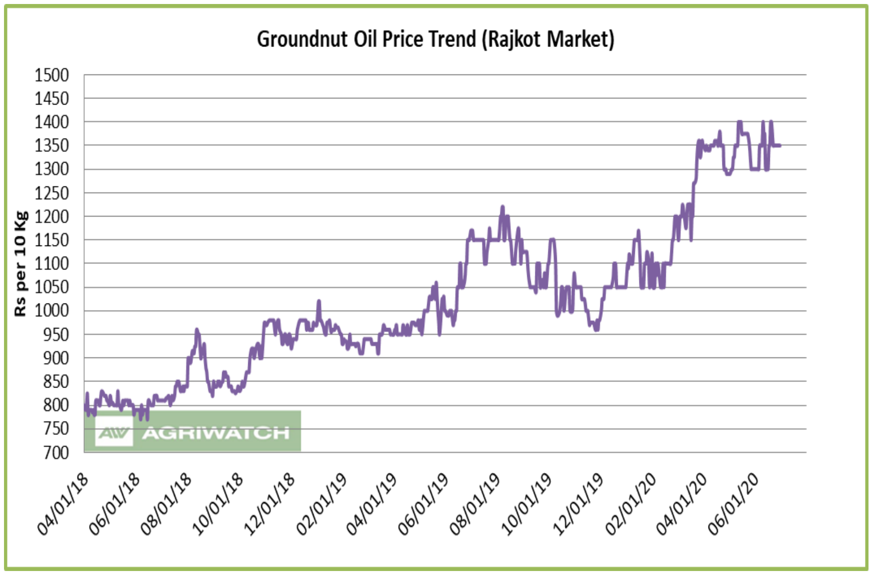
- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 1.5 percent y-o-y in May to 1.33 lakh tons from 1.31 lakh tons in May 2019. Imports in oil year 2019-20 (November 2019-May 2020) were reported higher by 11.33 percent y-o-y at 16.4 lakh tons compared to 14.73 lakh tons in last oil year.
- All India Kharif sowing reached 0.363 lakh hectares as on 2.07.2020 compared to 0.254 lakh hectares in corresponding period last year. Sowing is higher in Karnataka and Maharashtra.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 840 (USD 835) per ton for JAS delivery. CNF sun oil (Ukraine origin) June monthly average was at USD 839.92 per ton compared to USD 789.73 per ton in May. 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 118 (USD 111 last week) per ton for Apr delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 215 (USD 210) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 925 (Rs 930) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 900 (Rs 870) per 10 kg as on June 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 weak supply.

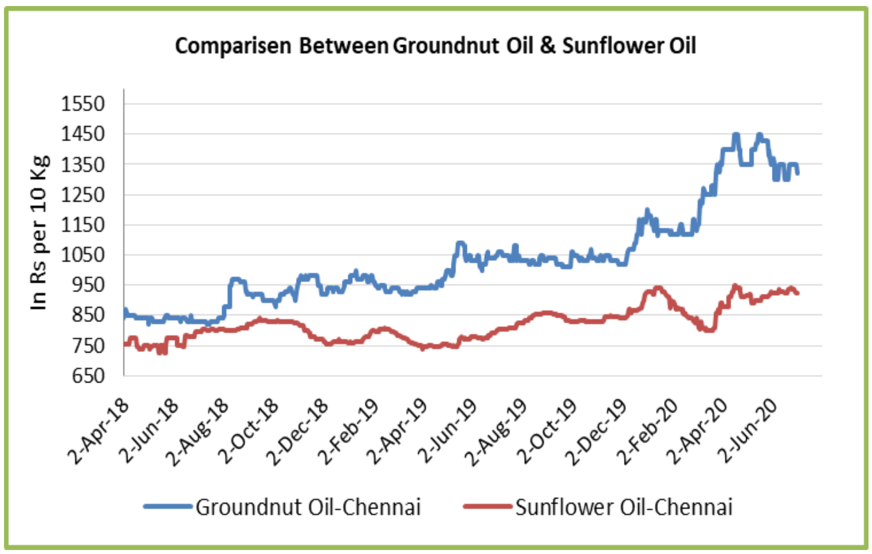
  Price will be may be supported as groundnut has been consumed either in crushing, NAFED auctions, crushing, direct consumption and exports. Moreover, additional groundnut will be used for seed (around 15 percent). So stock with NAFED is left for consumption. This will support groundnut oil prices.



  Demand of groundnut oil is low as NAFED is quoting higher prices of groundnut at auctions making it unviable to process.

  Demand has wakened as prices of palm oil, soy oil and sunflower oil is much higher.

  There are less numbers of mills operating due to low stocks of groundnut and labor shortage.



  Crushing is less as demand of groundnut meal is less supporting groundnut oil prcies.

  Exports of groundnut is less as supply of groundnut is weak and prices of groundnut is higher which makes Indian groundnut unviable to export.

  Demand of groundnut oil may decrease as prices of groundnut oil has surged.

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

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

  Sowing of groundnut has started as much higher pace compared to last year and 5 year average in all states leading to expectation of higher crop this year. This will has effect on prices of groundnut oil in coming months.

  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.

In Andhra Pradesh and Tamil Nadu prices remained firm on firm demand and parity with Gujarat. Prices of groundnut will rose 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 are slowing as mandis. Prices may fall in July as the peak demand season will end by mid of July. Further, prices of groundnut oil is higher will slow its demand in retail markets.

Prices are expected to trade rise on weak supply in cash markets. Prices are expected to trade sideways to higher.

- All India Kharif sowing reached 25.052 lakh hectares as on 2.07.2020 compared to 15.587 lakh hectares in corresponding period last year. Sowing is higher in Gujarat, Maharashtra and Andhra Pradesh while it is lower in Rajasthan.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 13,500 (13,000) 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 firm 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.

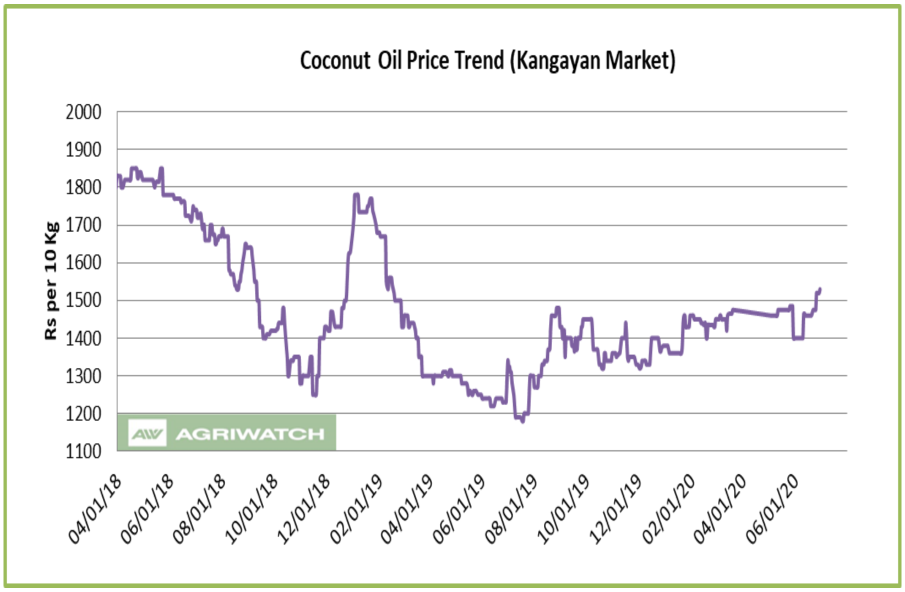
Coconut oil:
Domestic Market Fundamentals

- Coconut oil benchmark market Kangayam prices were quoted higher for the month due to firm demand.

  Demand ahead of festive season and Onam demand has supported prices.

  Demand from upcountry buyers and North India is less but is fully set off by rise in festive and Onam demand.

  Retail demand is firm.



  Governments in South India are providing coconut oil through civil supply free of cost to people. Further, many state agencies are selling at subsidized rates leading to higher demand of coconut oil.

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

  Prices of coconut oil prices rose on rise in prices of copra.

  Prices of coconut oil rose on rise in palm oil and sunflower oil prices.

  Supply chain bottlenecks of coconut oil has improved as coconut harvesting, trading and aggregation near normal. Some crushing units are facing labor problem but mills activity is near normal.

  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 normal capacity due to normal demand in food and industrial segment. However, Mills are facing weak demand in branded segment as demand is more in unbranded segment which are generally adulterated and priced dearly.

  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.

  Higher palmolein prices may increase 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 higher trade of coconut products due to higher demand from importing countries. Regular supply by Indian companies to international markets during COVID lockdown has won them international buyers.

  India has imposed higher import duty on desiccated coconut (DC) to stop surge in imports of desiccated coconut (DC), which has improved demand of domestic 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.

India is importing 15000 tons of copra under license to export coconut oil derived from such copra. However, Indian importers are selling coconut oil derived from copra imported from Indonesia in domestic market as it is of high quality and exporting Indian coconut oil. So, good quality coconut oil in Indian market is from imported copra.

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

Prices are expected to be rise in July on firm demand. Prices are expected to trade sideways to firm in medium term.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 14,500 (14,200) per quintal, and Rs 15,300 (14,000) per quintal in Erode market on April 30, 2020.
- Coconut oil prices may trade sideways to firm tone tracking firm demand in ready markets.

Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 1400-1700 per 10 Kg.

International Soy oil Market Fundamentals

- Soy oil prices are expected to be supported due to demand at lower levels, firm global demand, lower stocks of soy oil in US, supply disruption in Argentina die to less water in Parana river, firm demand of soybean from China and rise in crude oil prices.

  Better than expected condition of US soybean crop and conducive weather in US Midwest will cap gains of soy oil.

  Second wave of coronavirus eruption especially in US has led to worries in global markets. Coronavirus cases have risen above 10 million and led to death of more than half a million cases have led to worries that coronavirus upward cycle has not been contained.

  However, coronavirus lockdown is being lifted in various countries in the world including India. Many economies are opening their countries partially to save themselves from economic disaster after health disaster. However, agricultural services like harvesting, processing and transit are normal. India opened from June 8 gradually after the lockdown after more than 70 days of lockdown will increase demand of soy oil imports as domestic crushed soy oil is in short supply.

  Soy oil prices have fallen by more than 20 percent in 2020 will lead to demand at lower levels and bargain buying will support soy oil prices.

  Rise in prices of commodities in the world have been due to extreme monetary and fiscal stimulus across the world. Total stimulus both monetary and fiscal has exceed USD 20 trillion.

  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. This has lead to shortage of soy products in global markets supporting prices and led soy oil basis of Argentina to surge from CBOT soy oil.

  Soy oil stocks fell in US in May as reported by NOPA on lower crush of soybean and higher domestic disappearance leading to lower supply of soy oil. Fall was more than trade estimate. This will support global soy oil prices.

  Soybean planting is progressing swiftly in US and is more than last year and 5-year average, indicating US farmers will plant higher soybean crop and area will be higher than estimated. Crop condition is reported to be good will increase yields. Weather in US Midwest is conducive to increase yields. USDA has estimated US soybean crop at 112 MMT in 2020/21 compared to 96.6 MMT in 2019/20. Soybean crop of US in 2020/21 rose on higher area and higher yields. Crop size is higher than 2019/20 crop by 16 percent. However, stocks of soybean is lower due to higher exports especially to China and improving US global share of soybean exports.

  Soybean harvest in Argentina harvest is over. Dry weather led to reduction in yields and will lead to lower soybean crop. USDA cut soybean production forecast of Argentina to 50 MMT from 51 MMT for 2019/20. Buenos Aires Grains exchange has cut soybean crop to 49.5 MMT from 54 MMT citing dry conditions. USDA has quoted soybean crop of Argentina for 2020/21 higher at 53.5 MMT.

China lockup was lifted last month. With lifting of lockdown and fiscal stimulus measures, Chinese economy is expected to pickup pace when most of the world is still in partial lockdown. 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.

US-China trade settlement has been applicable from Feb 15 and major purchase of US soybean has started in May. China is expected to buy 30 MMT of US soybean to refurbish stocks. China has purchased record meat from US at a time many plants are shutting down in US due to coronavirus. However, tensions between both countries with later handling of coronavirus has led to worries in the market about the longevity of trade settlement.

There has been surge in exports of soybean from Brazil especially import demand from China. Brazil exported record soybeans in April and May is also expected to be strong in June.

USDA increased soybean import estimate of China at 96 MMT in 2020/21 and 92 MMT in 2019/20 from 85 MMT in 2019/20. This is due to China restocking soybeans and rise in demand from feed sector as the country looks to increase herd count of swine and poultry.

Due to new crop harvest in Brazil and sharp depreciation of Real, Brazilian soybean is quoted competitively to US origin has led to surge in demand from Brazil. This has led to record shipment of soybean to China in April and May is strong. If US-China tensions escalate then more imports of soybean will take place from Brazil.

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. Soybean crop of Brazil on 2020/21 is expected at 131 MMT as per USDA.

USDA has hiked exports of soybean from Brazil to 85 MMT from 78.5 MMT on in 2019/20 higher global demand especially demand from China. However, 2020/21 exports of Brazil is quoted lower by USDA at 83 MMT due to competition from US as higher crop of soybean in US will prompt higher exports to global market.

Soy oil prices are supported by rise in crude oil prices on OPEC and Russia going for deeper cuts in production to rebalance global crude oil market.

- According to National Oilseed Processors Association (NOPA), U.S. May soybean crush fell by 1.26 percent m-o-m to 169.584 million bushels from 171.754 million bushels in April 2020, below market expectation. Crush of soybean in May was higher by 9.56 percent y-o-y compared to Apr 2019 figure of 154.795 million bushels. Soy oil stocks in U.S. at the end of May fell 10.94 percent m-o-m to 1.880 billion lbs compared to 2.111 billion lbs in end Apr 2020. Stocks of soy oil in end May was higher by 18.91 percent y-o-y compared to end May 2019, which was reported at 1.581 million lbs. Soy oil stocks was below 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) June estimate, U.S 2020/21 ending stocks of soy oil estimate has been increased to 2,00 million lbs compared to 1,865 million lbs in May estimate. Opening stocks are increased to 1,940 million lbs in 2020/21 from 1,880 million lbs in its earlier estimate. Production of soy oil in 2020/21 is increased to 24,860 million lbs from 24,685 million lbs in its earlier estimate. Imports in 2020/21 are kept unchanged at 400 million lbs compared to earlier estimate. Biodiesel use in 2020/21 is kept unchanged at 8,000 million lbs. Food, feed and other industrial use in 2020/21 is kept unchanged at 15,000 million lbs. Exports in 2020/21 are increased to 2,200 million lbs compared to 2,100 million lbs in its earlier estimate. Average price range estimate of 2020/21 is kept unchanged at 29.0 cents/lbs.

- The U.S. Department of Agriculture monthly supply and demand report for the month of June forecasts U.S. 2020/21 soybean stocks at 395 million bushels compared to 405 million bushels in its May estimate. Opening stocks in 2020/21 is raised to 585 million bushels compared to 580 million bushels in its earlier estimate. Soybean production in 2020/21 is kept unchanged at 4,125 million bushels. U.S. soybean exports estimate in 2020/21 are kept unchanged at 2,050 million bushels. Imports estimate in 2020/21 is unchanged 15 million bushels. Crush in 2020/21 is increased to 2,145 million bushels compared to 2,130 million bushels in its earlier estimate. Seed use in 2020/21 has been kept unchanged at 100 million bushels. Residual use in 2020/21 is kept unchanged at 35 million bushels. Average price range in 2020/21 is kept unchanged at 8.20 cents/bushel.

- According to China's General Administration of Customs (CNGOIC), China's May edible vegetable oils imports was unchanged m-o-m at 6.64 LT compared to April 2020. Imports fell 6.21 percent y-o-y in May from 7.08 LT in May 2019. Year to date imports of edible vegetable oil fell 5.4 percent to 30.16 lakh tons.

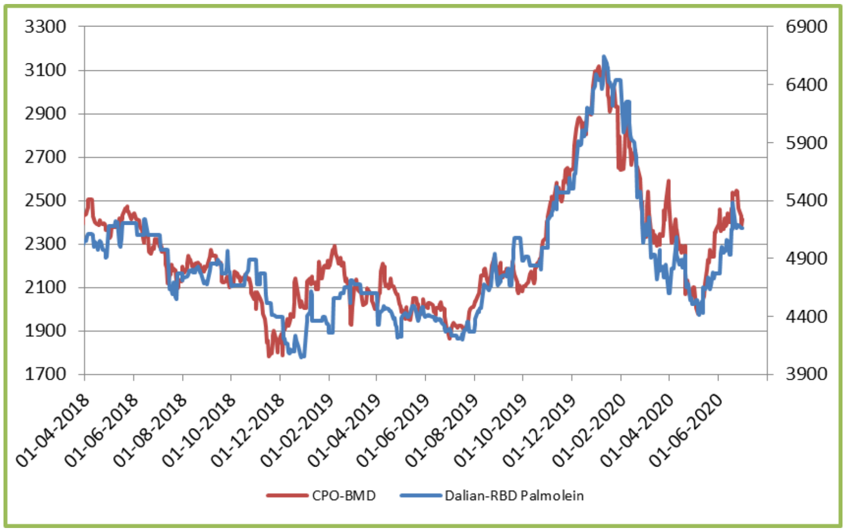
- According to China's General Administration of Customs (CNGOIC), China's May soybean imports rose 39.66 percent m-o-m to 9.38 MMT from 6.61 MMT in Apr 2020. Imports rose 27.40 percent y-o-y from May 2019 imports at 7.36 MMT. Year to date soybean imports rose 6.80 percent to 33.88 MMT.

- 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 fell in Malaysia in May due to slow rise in production of palm, and higher rate of growth of palm oil exports from Malaysia and higher domestic demand of Malaysia.

Palm oil stocks are expected to rise slowly in June and July in Malaysia on slow rise production of palm oil, and higher rate of growth of exports.

Palm oil production is expected to rise in Malaysia in June due to seasonal uptrend of production. Southern Peninsular Palm Oil Millers Association estimates palm oil production to rise during June 1-20 which indicates that production will rise in June.

Palm oil global demand is expected to rise in coming weeks on firm demand on opening of various countries after lockdown.

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

Exports of palm oil rose 21 percent in Malaysia in June due to firm demand from EU, 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 June compared to May 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 export CPO and that will net benefit refiners in Malaysia and Indonesia.

Demand of palm oil is expected to rise in India due to 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. Supply constrains 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 20 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 rise in Indonesia in coming months due to improving crop conditions in the country. Production of palm oil will rise slowly in 2020 when standing fruits mature and yield will be higher. Production of palm oil will rise sharply in 2021 due to adequate condition of crop.

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 Malaysian 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 cut in production by OPEC and Russia to rebalance global crude oil markets.

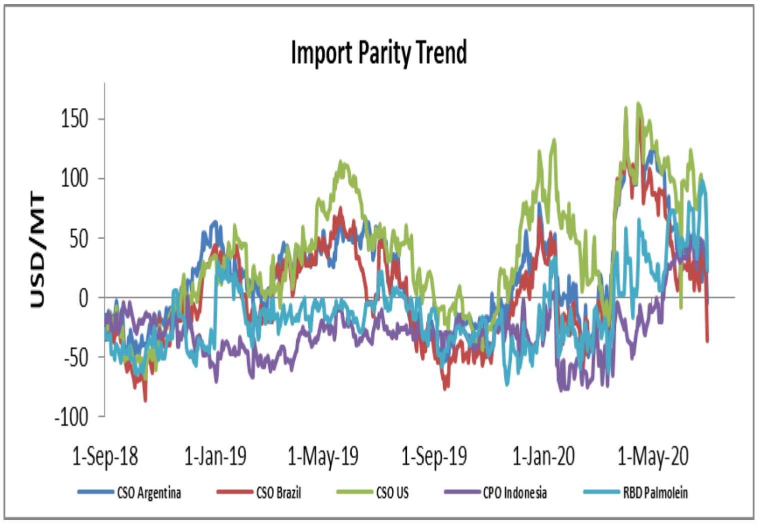
- According to Malaysia Palm Oil Board (MPOB), Malaysia's May palm oil stocks fell 0.49 percent to 20.35 lakh tons compared to 20.45 lakh tons in Apr 2020. Production of palm oil in May fell 0.09 percent to 16.51 lakh tons compared to 16.53 lakh tons in Apr 2020. Exports of palm oil in May rose 10.69 percent to 13.69 lakh tons compared to 12.36 lakh tons in Apr 2020. Imports of palm oil in May fell 34.45 percent to 0.37 lakh tons compared to 0.57 lakh tons in Apr 2020. End stocks of palm oil fell compared to trade expectation of rise in stocks. Fall in stocks was mainly due to higher Malaysian domestic consumption and higher exports.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's June palm oil exports rose 21.1 percent to 1,510,023 tons compared to 1,246,988 tons last month. Top buyers were European Union 331,675 tons (329,052 tons), China at 310,649 tons (240,116 tons), India at 203,625 tons (57,550 tons), Pakistan at 82,000 tons (65,700 tons) and United States at 58,000 tons (42,770 tons) and. Values in brackets are figures of last month
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's June palm oil exports rose 29.1 percent to 1,622,432 tons compared to 1,256,395 tons last month. Top buyers were European Union 420,065 tons (269,125 tons), China at 365,300 tons (233,015 tons) and India & subcontinent 349,725 tons (197,600 tons). Values in brackets are figures of last month.
- According to Indonesia Palm Oil Association (GAPKI), exports of palm oil (CPO and PKO), biodiesel and oleochemical exports from Indonesia fell by 2.57 percent in Apr m-o-m to 2.65 MMT from 2.72 MMT in Mar 2020. Stocks of palm oil at the end of Apr was 3.4 MMT compared to Mar 2020 figure of 3.42 MMT, down 0.58 percent m-o-m.
- Indonesia increased palm oil export levy by USD 5 per ton to finance it 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: Malaysian PM presented economic stimulus plan in Malaysian parliament, crude palm oil exports will be not be taxed in 2020. This will give boost to exports of palm oil struggling under rise in palm oil stocks. It is estimated that total of 1.0 MMT of extra shipments will be done by Malaysia in second half of 2020.

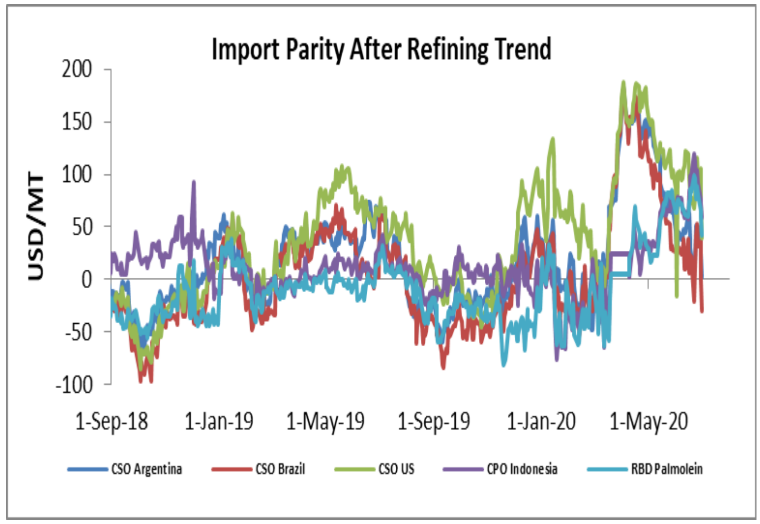
According to Indonesia trade ministry, Indonesia will not charge export duty on crude palm oil for July. Reference prices of July was set at USD 622.47 per ton compared to USD 568.94 per ton last month, below threshold price of USD 750 per ton. Export duty on CPO was brought down to zero ton in April due to fall in threshold price of USD 750 per ton. Indonesia charges export levy of USD 55 per ton on CPO prices above USD 570 per ton.

- ***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
Apr, 2020	150.20	144.04	167.41	25.36	30.44
May, 2020	102.22	76.42	123.05	53.36	51.68
June, 2020	38.97	22.94	90.91	81.54	73.90

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 July 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 weaken due to fall in prices of palm oil in Indian markets.

Technical Analysis (Refined soy oil Monthly Charts)

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

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

- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close above 820 in monthly chart will bring prices to 840 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 805 for a target of 825 and 830 with a stop loss at 795 on closing basis.

RSO NCDEX

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
769.00	788.00	810.00	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)

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

Outlook - Prices may trade with a sideways to firm tone in the coming days. Investors are advised to buy MCX CPO (July contract) on dips.

- Candlestick monthly chart of crude palm oil at MCX depicts rise in prices. We expect prices to feature sideways to firm tone in the near term.
- Any close above 680 in monthly chart might bring the prices to 700 levels.
- Expected price band for next month is 600-700 level in near to medium term. RSI and MACD are indicating uptrend.

Strategy: Market participants are advised to go long in CPO above 665 for a target of and 685 and 690 with a stop loss at 655 on closing basis.

CPO MCX

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
642.00	661.00	669.90	683.00	706.00

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-Jun-20	30-May-20	
Refined Soybean Oil	Indore	820	805	15
	Indore (Soy Solvent Crude)	785	770	15
	Mumbai	820	800	20
	Mumbai (Soy Degum)	780	760	20
	Kandla/Mundra	805	790	15
	Kandla/Mundra (Soy Degum)	772	750	22
	Kolkata	800	785	15
	Delhi	840	860	-20
	Nagpur	904	880	24
	Rajkot	795	775	20
	Kota	830	790	40
	Hyderabad	NA	0	-
	Akola	837	820	17
	Amrawati	842	820	22
	Bundi	835	795	40
	Jalna	914	890	24
	Solapur	894	870	24
	Dhule	914	890	24
Palm Oil*	Kandla (Crude Palm Oil)	734	696	38
	Kandla (RBD Palm oil)	814	719	95
	Kandla RBD Pamolein	819	751	68
	Kakinada (Crude Palm Oil)	688	683	5
	Kakinada RBD Pamolein	793	751	42
	Haldia Pamolein	809	751	58
	Chennai RBD Pamolein	809	761	47
	KPT (krishna patnam) Pamolein	798	761	37
	Mumbai RBD Pamolein	835	767	68
	Mangalore RBD Pamolein	830	761	68
	Tuticorin (RBD Palmolein)	800	777	23
	Delhi	845	795	50
	Rajkot	793	761	32
	Hyderabad	775	785	-10
	PFAD (Kandla)	509	462	47
	Refined Palm Stearin (Kandla)	688	683	5
	Superolien (Kandla)	830	767	63
	Superolien (Mumbai)	840	777	63
* inclusive of GST				
Refined Sunflower Oil	Chennai	925	930	-5

	Mumbai	940	910	30
	Mumbai(Expeller Oil)	895	870	25
	Kandla (Ref.)	900	870	30
	Hyderabad (Ref)	935	925	10
	Latur (Expeller Oil)	875	865	10
	Chellakere (Expeller Oil)	885	875	10
	Erode (Expeller Oil)	960	940	20
Groundnut Oil	Rajkot	1350	1300	50
	Chennai	1350	1350	Unch
	Delhi	1400	1400	Unch
	Hyderabad *	1350	1350	Unch
	Mumbai	1370	1410	-40
	Gondal	1350	1300	50
	Jamnagar	1350	1300	50
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1012	960	52
	Jaipur (Kacchi Ghani Oil)	1040	987	53
	Kota (Expeller Oil)	980	930	50
	Kota (Kacchi Ghani Oil)	1025	990	35
	Neewai (Expeller Oil)	1005	965	40
	Neewai (Kacchi Ghani Oil)	1015	975	40
	Bharatpur (Kacchi Ghani Oil)	1010	980	30
	Sri-Ganga Nagar(Exp Oil)	980	925	55
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1020	965	55
	Mumbai (Expeller Oil)	980	850	130
	Kolkata(Expeller Oil)	1050	1000	50
	New Delhi (Expeller Oil)	960	945	15
	Hapur (Expeller Oil)	938	915	23
	Hapur (Kacchi Ghani Oil)	968	945	23
	Agra (Kacchi Ghani Oil)	1015	985	30
Refined Cottonseed Oil	Rajkot	810	800	10
	Hyderabad	800	815	-15
	Mumbai	835	825	10
	New Delhi	785	775	10
Coconut Oil	Kangayan (Crude)	1530	1400	130
	Cochin	1530	1530	Unch
Sesame Oil	New Delhi	1550	1150	400
	Mumbai	Unq	0	-

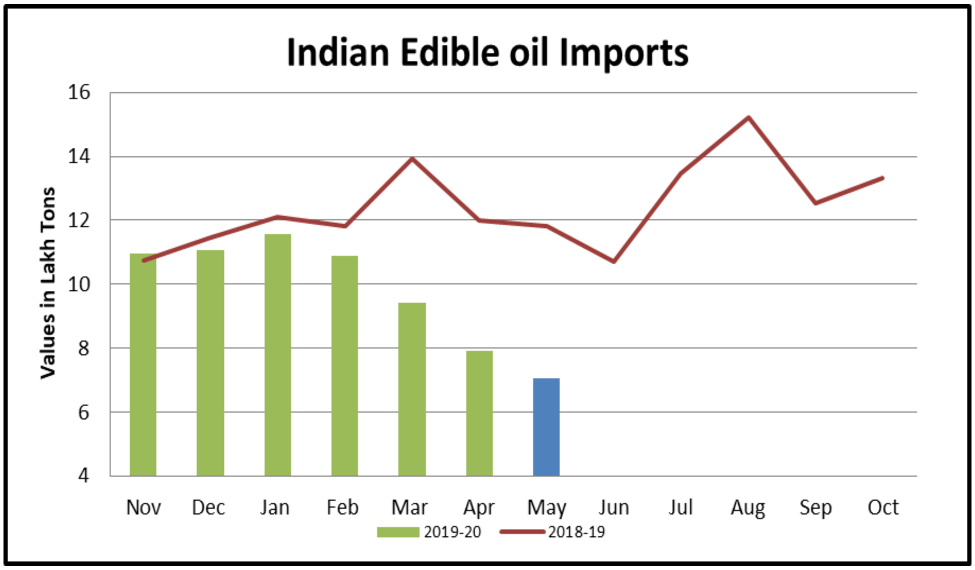
Kardi	Mumbai	Unq	0	**-**
Rice Bran Oil (40%)	New Delhi	725	685	**40**
Rice Bran Oil (4%)	Punjab	760	750	**10**
Malaysia Palmolein USD/MT	FOB	608	565	**43**
	CNF India	630	610	**20**
Indonesia CPO USD/MT	FOB	588	550	**38**
	CNF India	620	600	**20**
RBD Palm oil (Malaysia Origin USD/MT)	FOB	603	558	**45**
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	590	550	**40**
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	690	710	**-20**
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	515	510	**5**
Crude palm Kernel Oil India (USD/MT)	CNF India	735	710	**25**
Ukraine Origin CSFO USD/MT Kandla	CIF	840	820	**20**
Rapeseed Oil Rotterdam Euro/MT	FOB	765	734	**31**

Argentina FOB ($/MT)	**30-Jun-20**	**30-May-20**	**Change**
Crude Soybean Oil Ship	659	629	**30**
Refined Soy Oil (Bulk) Ship	682	651	**31**
Sunflower Oil Ship	760	720	**40**
Cottonseed Oil Ship	639	609	**30**
Refined Linseed Oil (Bulk) Ship	NA	0	**-**

**** 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 7.07 lakh tons. Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for (Nov 2019-May 2020) is pegged at 68.89 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	13.68	-8.23%
Total Supply	30.79	29.95	26.50	-11.52%
Exports	0.02	0.02	0.02	0.00%
Total Demand(Consumption)	24.12	25.56	24.54	-4.00%
Ending Stock	6.65	4.37	1.94	-55.53%

* 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 13.68 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 24.54 million tons, lower by 4.0 percent from last year. Ending stocks are projected higher compared to 2019-20 at 1.94 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 01/06/2020	**CSO Argentina**	**CSO Brazil**	**CSO US**	**CPO Indonesia**	**RBD Palmolein**
FOB USD per ton	652	683	617	580	600
Freight (USD/MT)	47	47	47	35	26.0
C & F	699.0	730.0	664.0	615.0	626.0
Weight loss (0.25% of FOB)	1.63	1.71	1.54	1.45	1.50
Finance charges (0.4% on CNF)	2.80	2.92	2.66	2.46	2.50
Insurance (0.3% of C&F)	2.10	2.19	1.99	1.85	1.88
CIF (Indian Port - Kandla)	706	737	670	621	632
Duty (Values in USD per tons)	280.28	280.28	280.28	259.05	324.72
GST (5% on duty) USD per ton	14.01	14.01	14.01	12.95	16.24
Exchange rate	75.55	75.55	75.55	75.55	75.55
Landed cost without customs duty in INR per ton	53302	55667	50633	46898	47739
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	728	728	728	628	656
Fixed exchange rate by customs department	77.05	77.05	77.05	77.05	77.05
Duty component in INR per ton	21595.57	21595.57	21595.57	19959.80	25019.68
Clearing charges INR per ton	1200	1200	1200	1200	1200
Brokerage INR per ton	200	200	200	200	200
Total landed cost INR per ton	76298	78662	73628	68258	74158
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	76000	76000	76000	70000	76000
Total landed cost USD per ton	1010	1041	975	903	982
Domestic Market price USD/tons Soy Degum Kandla/ CPO Kandla 5%	1006	1006	1006	927	1006
Parity INR/MT (Domestic - Landed)	**-298**	**-2662**	**2372**	**1742**	**1842**
Parity USD/MT (Domestic - Landed)	**-3.94**	**-35.24**	**31.39**	**23.06**	**24.38**
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	80797.84	83162.14	78128.47	75757.84	76958.36
Soy/Palm oil imported Price (Including tax)	84837.73	87320.24	82034.89	79545.73	80806.28
Loose price of Soy/Palm in Indore and Delhi market	85050.00	85050.00	85050.00	84000.00	84000.00
Parity after processing and Taxes (Rs per MT)	**212.27**	**-2270.24**	**3015.11**	**4454.27**	**3193.72**
Parity after processing and Taxes (USD per MT)	**2.81**	**-30.05**	**39.91**	**58.96**	**42.27**
Source: Agriwatch					

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

Source: USDA