



Veg. Oil Monthly Research Report

Contents

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

Outlook and Review:
Domestic Front

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

Palm oil (Kandla) was the best performer among the edible oil complex due to rise in prices of palm oil in international markets. Groundnut oil (Rajkot) 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 74.94 compared to 74.40 last month. Rupee is expected to depreciate in Augsut. Crude oil prices are expected to rise in Augsut.

Recommendation:

Market participants can buy refined soy oil in the cash markets at 870-880 for the target of 910-920 levels (Indore), if needed. Market participants can buy CPO Kandla 5% in the cash markets at 740-750 for the target of 770-780 levels, if needed.

International Veg. Oil Market Summary

CBOT soy oil (September) is expected to stay in the range of 29 cents/lb to 34 cents/lb. CPO at BMD (September) is likely to stay in the range of 2600-3100 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, palm oil stocks in Malaysia and Indonesia, palm oil production in Malaysia and Indonesia, palm oil exports from Malaysia and Indonesia, biodiesel use of palm oil in Indonesia and Malaysia and India and China palm oil demand.

On the international front, rise in crude prices, opening of economies of world, lower stocks of soy oil in US, higher use of soy oil in biodiesel in US, firm demand of soybean by China and rise in competing oil prices is expected to support soy oil prices in coming days.

Fall in palm oil stocks in Malaysia and Indonesia, fall in production of palm oil in Malaysia and Indonesia, 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 July on firm demand and rise in prices of soy oil in international markets.

Demand of soy oil rose in July on demand at lower levels. Due to rise in prices of soy oil in international markets has led parity to fall.

Supply of soy oil rose in India in July to surge in imports amid lower supply of soy oil due to lower demand of soymeal.

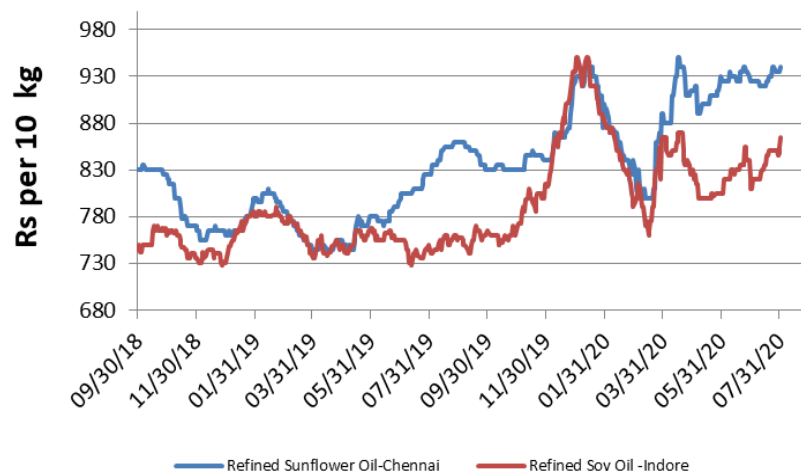
Supply of soy oil in international market was normal across countries including Argentina and Brazil.

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

Import prices of soy oil rose on lower supply of soy oil in domestic market and expectation of demand season starting August. Rise in crude oil prices, lower stock of soy oil in US, opening of various economies of world, firm demand of soybean in China and higher global demand soy oil will support international soy oil prices.

Higher demand of soy oil from Argentina and rising basis in soy

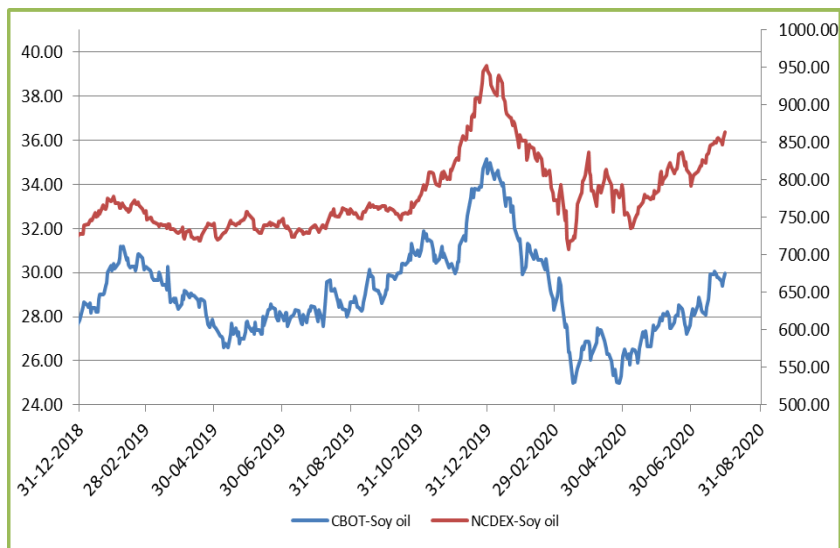
Refined Soy Oil Price Trend (Indore Market)



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.

Import parity of soy oil fell in July due to rise in prices of soy oil in international markets and is at disparity of Rs 5-10 per 10 kg compared to parity of Rs 25-30 per 10 kg in Mar.



Refining margins fell in July and is at Rs 5-10 per 10 kg compared to parity of Rs 25-30 per kg in Apr.

Negative import parity and weakening refining margins may decrease import demand of soy oil.

Refined soy oil premium over CPO has increased to Rs 122 (Rs 142 last month) per 10 Kg which is high and will cap soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 50 (Rs 60 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.

Import demand of soy oil will rise in July-August due to lower stocks of soy oil in India, low port stocks, higher seasonal import demand and lower imports of palm oil in 2020.

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 supported in oil year 2019-20.

Prices of soy oil may rise due to firm demand. High premium over palm oil will cap gains.

- Soy oil import scenario – According to SEA, soy oil imports rose 48.43 percent y-o-y in June to 3.31 lakh tons from 2.23 lakh tons in June 2019. In the oil year 2019-20 (Nov 2019 -June 2020), imports of soy oil were 19.1 lakh tons compared to 16.92 lakh tons in corresponding period last oil year, higher by 12.88 percent compared to corresponding period last oil year.
- According to Solvent Extractors Association (SEA), India's April edible oil stocks at ports and pipelines fell 25.61 percent m-o-m to 9.15 lakh tons from 12.30 lakh tons in March 2020. Stocks of edible oil at ports in April fell to 545,000 tons (CPO 230,000 tons, RBD Palmolein 40,000 tons, Degummed Soybean Oil 100,000 tons and Crude Sunflower Oil 175,000 ton) and about 370,000 tons in pipelines. (Stocks at ports were 760,000 tons and in pipelines were 470,000 tons in March 2020). India is presently holding 15 days of edible oil requirement on 1st May, 2020 at 9.15 lakh tons compared to 19 days of requirements of 12.30 lakh tons on 1st April, 2020.

India held 23.55 lakh tons of stocks in ports and pipelines on 1st May 2019. India's monthly edible oil requirement is 19.0 lakh tons.

- The Solvent Extractors' Association of India (SEA) has said India's edible oil exports rose 54 percent to 80,765 tons in the financial year 2019-20, as against 52,490 tons during the previous year 2018-19, on a sharp increase in shipment of groundnut oil especially to China. In value terms, the edible oil shipments increased 52.36 percent to Rs 955.51 crore, against Rs 627.11 crore in 2018-19. The country exports edible oils in small quantities to meet expatriate demand. Otherwise, edible oil is India's third-biggest import item after crude oil and gold. Soybean oil exports rose to 9,822 tons from 4,245 tons, while that of coconut oil exports to 7,870 tons from 6,814 tons and sesame oil to 5,618 tons from 4,984 tons in the said period. Soybean oil was mainly exported to Bhutan (5,708 tons), USA (1,140 tons) and Canada (2,193 tons).
- Imported crude soy oil CIF at West coast port is offered at USD 837 (USD 718) per ton for Aug delivery, Sep delivery is quoted at USD 815 (USD 719) per ton and Oct delivery is quoted at USD 795 per ton. Last month, CNF CDSO July average price was USD 765.85 (USD 723.57 per ton in June 2020) per ton. Refined soy oil (Indore) is quoted at Rs 875 (Rs 820) per 10 kg on Aug 4, 2020. Values in brackets are figures of last month.
- 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 lose USD 10-15/ton v/s gain of USD 35-40/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- All India Kharif sowing reached 116.62 lakh hectares as on 31.07.2020 compared to 107.64 lakh hectares in corresponding period last year. Sowing is higher in MP, Maharashtra, Karnataka and Gujarat while it is lower in Rajasthan and Telangana.

International Soy oil Market Fundamentals

- Soy oil prices are expected to be supported due to lower stocks of soy oil in US, firm global demand, firm demand of soybean from China, higher use of soy oil in biodiesel in US, rise in competing oil prices and rise in crude oil prices.

However, 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 19 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 imports of soy oil as domestic crushed soy oil is in short supply.

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.

Soy oil stocks fell in US in June 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.

US recorded record use of soy oil in biodiesel on lower use of corn in biodiesel indicating that USDA will increase US domestic disappearance of soy oil by hiking biodiesel use. This will cut stocks of soy oil in US and prompt USDA to hike price expectation in 2020/21.

Soybean crop condition is better than expected in US and is more than last year and 5-year average, indicating US farmers will harvest record soybean crop. 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 will rise to record on higher area and higher yields. However, stocks of soybean is lower due to higher exports especially to China and improving US global share of soybean exports.

Chinese economy is has picked up pace after opening from coronavirus closure. This has led to increase in meat consumption increasing demand of soybean in the country. Further, China has vowed to increase swine count in the country by providing incentives to farmers. Despite record shrinkage of swine count in China, it is stocking soybean to meet its needs in future. It is importing record amount of soybean from Brazil and Argentina. Also, it has increased purchases of soybean from US despite it being locked with US on its handling of coronavirus and closure of Chinese and US consulates in both countries fueled tensions between both countries. However, China is sticking with its commitment to purchase US agricultural goods as it promised in US-China trade settlement. Further, China is buying record meats from US and South America to meet its needs as it lost meat output due to swine flu. 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.

Brazil is expected to plant record soybean as it increases area and conditions are conducive for plantation. This comes after record soybean crop last year. Soybean crop of Brazil on 2020/21 is expected at 131 MMT as per USDA. USDA put soybean crop of the country to 126 MMT making this year crop in Brazil to record in history.

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

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.

Competitive oil like palm oil, rapeseed oil and sunflower oil prices are expected to rise in coming months supporting global soy oil prices.

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. June soybean crush fell by 1.37 percent m-o-m to 167.263 million bushels from 169.584 million bushels in May 2020, above market expectation. Crush of soybean in June was higher by 13.08 percent y-o-y compared to June 2019 figure of 148.843 million bushels. Soy oil stocks in U.S. at the end of June fell 5.43 percent m-o-m to 1.778 billion lbs compared to 1.880 billion lbs in end May 2020. Stocks of soy oil in end June was higher by 15.83 percent y-o-y compared to end June 2019, which was reported at 1.535 million lbs. Soy oil stocks was below trade expectation.
- In the weekly USDA crop progress report released on 03 August 2020; The US Soybean is blooming 85% up from 68% same period last year and 82% from 5 year average. Soybeans setting pods at 59% up from 32% same period last year and 54% from 5 year average. About 58% of the crop is under good condition, 15% at excellent condition and 22% at fair condition.
- According to United States Department of Agriculture (USDA) July estimate, U.S 2020/21 ending stocks of soy oil estimate has been increased to 2,055 million lbs compared to 2,000 million lbs in June estimate. Opening stocks are increased to 2,020 million lbs in 2020/21 from 1,940 million lbs in its earlier estimate. Production of soy oil in 2020/21 is increased to 25,035 million lbs from 24,860 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 2,400 million lbs compared to 2,200 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 July forecasts U.S. 2020/21 soybean stocks at 425 million bushels compared to 395 million bushels in its June estimate. Opening stocks in 2020/21 is raised to 620 million bushels compared to 585 million bushels in its earlier estimate. Soybean production in increased in 2020/21 at 4,135 million bushels compared to 4,125 million bushels in its earlier estimate. 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 2,160 million bushels compared to 2,145 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 raised to 8.50 cents/bushel compared to 8.20 cents/bushel in its earlier estimate.
- According to China's General Administration of Customs (CNGOIC), China's June edible vegetable oils imports rose 53.31 percent m-o-m to 10.18 LT compared to 6.64 LT in May 2020. Imports rose 26.46 percent y-o-y in June from 8.05 LT in June 2019. Year to date imports of edible vegetable oil rose 1 percent to 40.34 lakh tons.
- According to China's General Administration of Customs (CNGOIC), China's June soybean imports rose 19.01 percent m-o-m to 11.16 MMT from 9.38 MMT in May 2020. Imports rose 71.43 percent y-o-y from June 2019 imports at 6.51 MMT. Year to date soybean imports rose 17.9 percent to 45.04 MMT.



- USDA WASDE highlights:- The U.S. season-average soybean price for 2020/21 is forecast at \$8.50 per bushel, up \$0.30 partly reflecting higher price expectations following the June Acreage report. The soybean meal price is projected at \$300.00 per short ton, up \$10.00 from last month. The soybean oil price forecast is unchanged at 29.0 cents per pound.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 840-940 per 10 Kg in the near term.

Palm oil: Domestic Market Fundamentals

- CPO prices witnessed firm tone in the month of June at its benchmark market at Kandla on rise in prices of palm oil in international markets..

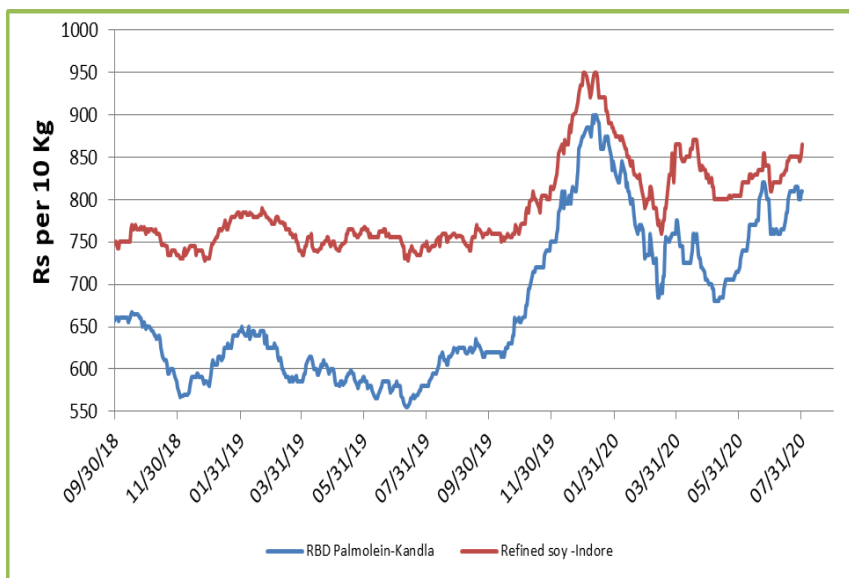
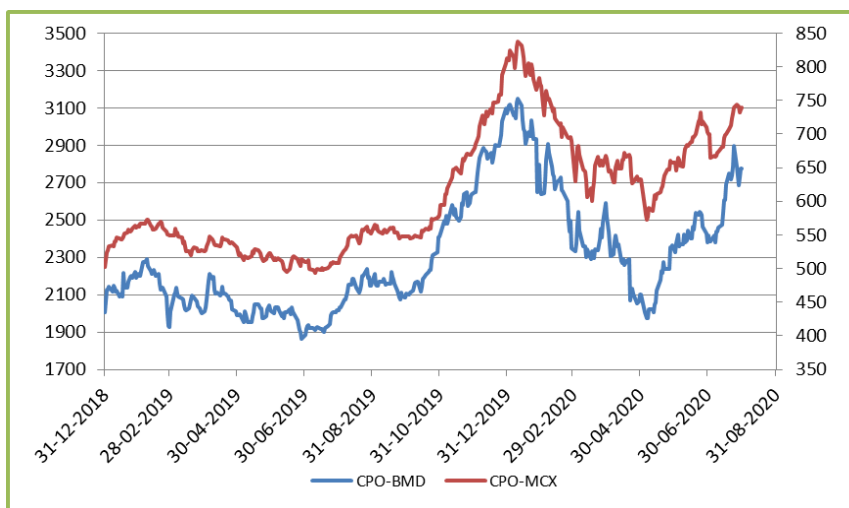
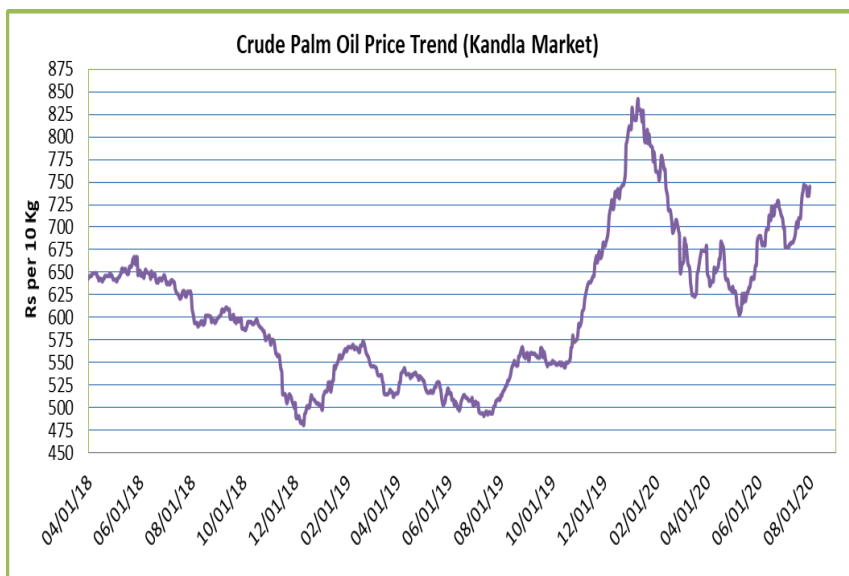
Prices of CPO rose less at high seas compared to CNF markets compared to last month indicating weak demand at high seas.

Demand of palm oil from household is normal and biscuit is normal. HoReCa demand has fallen while demand from bakery and shortening has fallen. These fall in demand 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 is coming back especially HoReCa demand.

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

Demand of palm oil in India rose due to fall in palm oil prices in 2020 stroking demand at lower levels. Further, due to opening of Indian economy sentiment is improving and leading 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 demand loss during 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. However, port and pipelines stocks are expected to rise from July due to rise in imports of palm oil from June. Supply of labor, raw material, packaging material and availability of trucks is normal.

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

Imports parity of CPO fell due to rise in prices of CPO in international markets. In Rupee terms, disparity currently stands at Rs 0-5 per 10 kg compared to parity of Rs 25-30 per 10 kg last month.

Rise in Indian prices of CPO in international markets will make imports costlier will decrease imports in coming months. Depreciation of Rupee may decrease palm oil to parity in August.

CPO trade has improved due to rise in prices of CPO in July and improving palm oil demand from the country. Forward prices of CPO and RBD palmolein is quoting at high premium in expectation of higher demand and prices going ahead.

Data from cargo surveyor ITS shows a higher imports of palm oil by India from Malaysia in July due to 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.

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 rise in prices of RBD palmolein in international markets, demand at lower levels and gradual opening of India has improved sentiment and may improve demand.

Refiners of palm oil are enjoying healthy margins and are not ready to lower prices.

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

Expectation of fall in stocks of palm oil in Malaysia in coming months due to fall in production of palm oil, rise in exports and higher domestic demand of palm oil in Malaysia will support palm oil prices.

RBD palmolein premium over CPO decreased to Rs 72 (Rs 82 last month) per 10 kg indicating weak demand of RBD palmolein compared to CPO at high seas.

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

High soy oil premium over crude palm oil which is hovering at Rs 122 (Rs 142 last month) per 10 Kg will increase demand of CPO and increase imports.

Premium of soy oil over palm oil has decreased in July at CNF and domestic markets. High premium of crude sunflower CNF India West coast and CPO CNF at USD 150 (USD 230) 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 112 last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 92 (Rs 92 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 50 (Rs 60 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 June fell 18.05 percent y-o-y to 5.63 lakh tons from 6.87 lakh tons in June 2019. Imports in the oil year 2019-20 (November 2019-June 2020) are reported lower by 30.74 percent y-o-y at 42.15 lakh tons compared to 60.86 in last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports in rose 33.17 percent y-o-y in June to 5.60 lakh tons from 4.31 lakh tons in June 2019. Imports in oil year 2019-20

(November 2019-June 2019) were reported lower by 7.95 percent y-o-y at 38.35 lakh tons compared to 41.66 lakh tons in last oil year.

RBD palmolein import scenario- RBD palmolein imports fell 98.82 percent y-o-y in June to 0.03 lakh tons from 2.56 lakh tons in June 2019. Imports in oil year 2019-20 (November 2019-June 2020) were reported lower by 79.18 percent y-o-y at 3.80 lakh tons compared to 18.26 lakh tons in last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port quoted at USD 725 (USD 607.5) per ton for Aug delivery and Sep delivery is quoted at USD 722.5 per ton. Last month, CNF CPO July average price was at USD 658.11 per ton (USD 629.15 per ton in June 2020). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 735 (USD 617.5) per ton for Aug delivery and Sep delivery is quoted at USD 732.5 per ton. Last month, CIF RBD palmolein July average price was USD 668.03 (USD 638.96 in June 2020) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 753 (Rs 678) per 10 Kg and Aug delivery duty paid is offered at Rs 751 (Rs 673) per 10 kg. Ready lift RBD palmolein is quoted at Rs 825 (Rs 760) per 10 kg as on Aug 3, 2020. Values in brackets are figures of last month.

- On the parity front, margins rose during the month of July on higher price of palm oil products in international markets and we expect margins to remain firm in coming days. Currently refiners fetch USD 40-45/ton (July average) v/s gain of USD 80-85/ton (June average) margin in processing the imported CPO but on the imports of ready to use palmolein fetch USD 25-30/ton (July average) v/s gain of USD 70-55 (June average).

International Palm oil Market Fundamentals

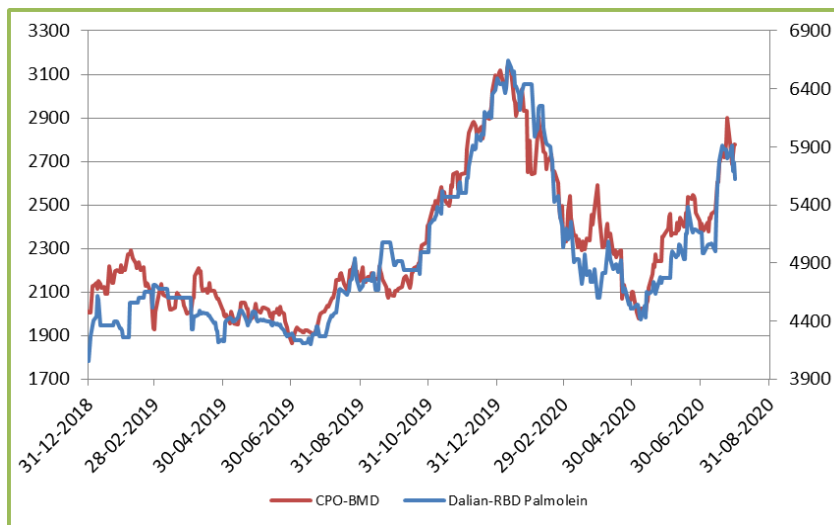
- Palm oil prices are likely to rise due to expectation of fall in end stocks of palm oil in Malaysia and Indonesia, firm global demand, fall of production of palm oil in Malaysia and Indonesia, higher use of palm oil in biodiesel, rise in competing oils and rise in crude oil prices.

Palm oil stocks fell in Malaysia in June 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 fall in July and August in Malaysia on fall production of palm oil, and higher rate of growth of exports.

Palm oil production is expected to fall in Malaysia in July and August due to flooding and shortage of labor.

Due to heavy rains in East Malaysia and Kalimantan, Indonesia has slowed down harvesting of fresh fruit bunches. This rain is due to the La Nina pattern emerging in the second half of 2020 in Southeast Asia. This pattern is expected to last 2020. This will effectively cut palm oil production in both countries.



Further, Malaysia is grappling with labor shortage due to coronavirus effectively cutting resources to harvest palm leading to lower production. This trend may continue in August.

Palm oil global demand is expected to rise in August 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 10 percent in Malaysia in July due to firm demand from India and China.

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

China has started to stock palm oil after opening of country from coronavirus. This is broader trend in many commodities as it is stocking almost all commodity it trades. China has indicated in past that it will try to stock to ensure food security as it is net importer commodities and its relations are worsening across world.

Palm oil demand by India from Malaysia has increased in July compared to June 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 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 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.

Further, stocks of palm oil is running low in India due to low imports in 2020 and restricting RBD palmolein imports which is indicated in stocks at ports and pipelines.

Exports of palm oil in 2019-20 will increase from Malaysia and Indonesia on higher demand from importing nations 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 outpace production in Malaysia and Indonesia in 2020, which will cut stock of palm 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.

Malaysia decreased export duty on crude palm oil exports to zero as international prices fell and stocks of palm oil grew in the country.

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 June palm oil stocks fell 6.33 percent to 19.01 lakh tons compared to 20.30 lakh tons in May 2020. Production of palm oil in June rose 14.19 percent to 18.86 lakh tons compared to 16.51 lakh tons in May 2020. Exports of palm oil in June rose 24.91 percent to 17.09 lakh tons compared to 13.69 lakh tons in May 2020. Imports of palm oil in June rose 31.64 percent to 0.49 lakh tons compared to 0.37 lakh tons in May 2020. End stocks of palm oil fell compared to trade expectation of rise in stocks. Fall in stocks was mainly due to higher exports.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's July palm oil exports rose 5.8 percent to 1,716,980 tons compared to 1,622,432 tons last month. Top buyers were India & subcontinent 507,520 tons (349,725 tons), European Union 364,195 tons (420,065 tons) and China at 316,075 tons (365,300 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 5.28 percent in May m-o-m to 2.43 MMT from 2.65 MMT in Apr 2020. Exports from Indonesia fell by 12.90 percent in May m-o-m from 2.79 MMT recorded in May 2019. Stocks of palm oil at the end of May was 3.53 MMT compared to Apr 2020 figure of 3.4 MMT, up 3.82 percent

m-o-m. Stocks in May was unchanged from May 2019 which was reported at 3.53 MMT. Production of palm oil in May was recorded at 3.97 MMT.

- 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 August. Reference prices of August was set at USD 656.89 per ton compared to USD 622.47 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 percent (without GST) to stay in the range of Rs 800-900 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 fell in July.

Demand rose in the month of July 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.

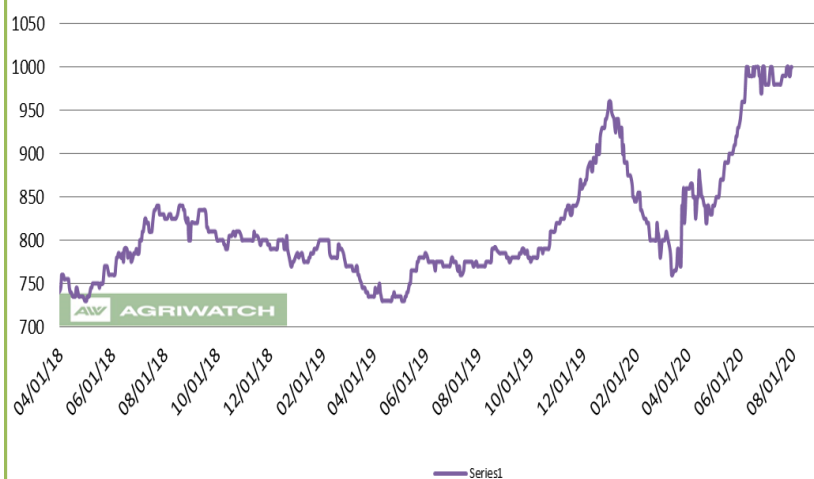
Stock position of rapeseed oil is expected to tighten in coming months as firm demand draws down on stocks. Further, lower imports of rapeseed oil will lead to lower stocks. Moreover, as the rapeseed arrivals fall in coming months and demand stays strong stocks position of rapeseed oil will worsen. Lower carryout of rapeseed oil in oil year 2019-20 will lead to higher prices of rapeseed oil in this oil year.

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.

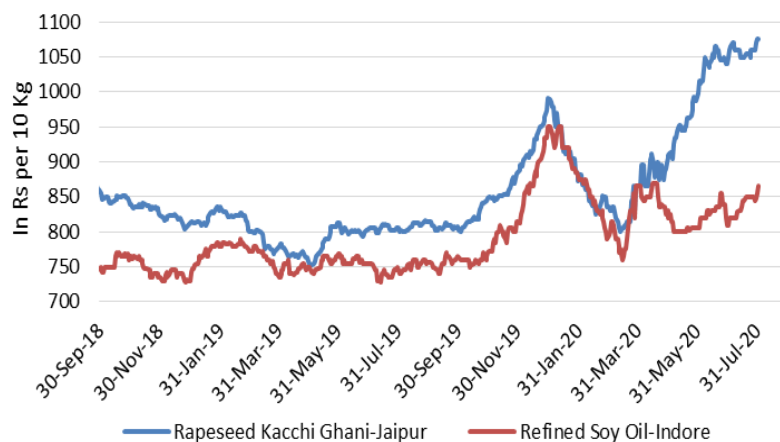
Further, palm oil is used in outside home and most of the population is confined at home leading to higher demand of rapeseed oil.

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

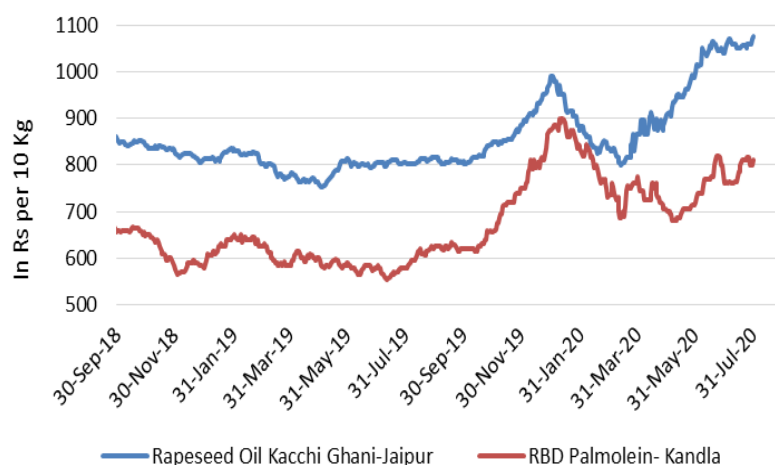
Mustard Oil Price Trend (Kota Market)



Comparison Between Rapeseed Oil & Refined Soy Oil

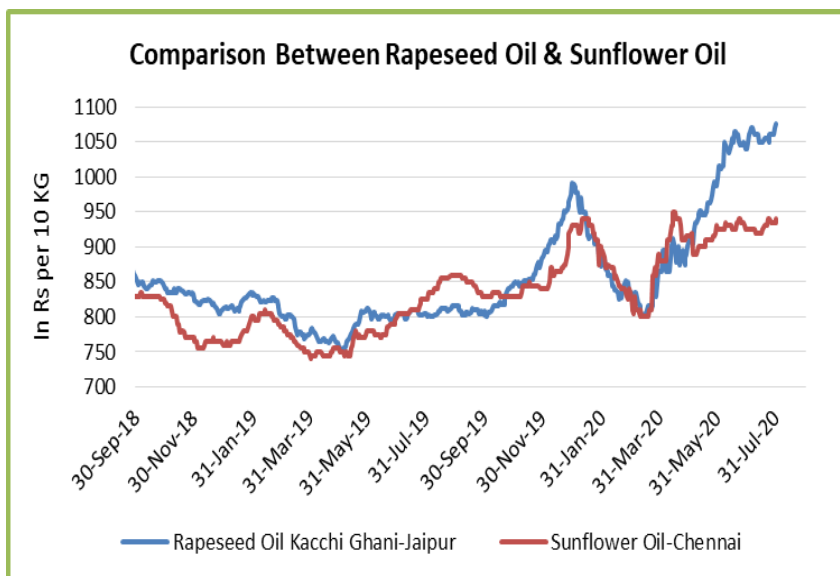


Comparison Between Rapeseed Oil & RBD Palmolein



packaging material and trucks.

Cumulative purchase of K-19 rapeseed by NAFED has been 8.03 lakh tons and majority of the procurement is in Haryana and Rajasthan of 3.09 lakh tons and 3.46 lakh tons respectively. Total stocks after sale of mustard seed in MY 2019-20 is 3.30 lakh tons. Therefore, total stocks of rapeseed with NAFED stood at 11.33 lakh tons after the procurement.



Sale of mustard has started in Haryana and Rajasthan. Haryana has sold 0.65 lakh tons of rapeseed starting June 11. Rajasthan is disposing K-18 stocks and around 0.50 lakh tons of old crop is left with NAFED. It will start K-19 sale after disposing K-18 stocks.

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. 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.

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.

High premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in and RBD palmolein in domestic market will cap rapeseed oil prices in medium term.

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 June 2020 v/s 0.0 lakh tons imports in June 2019. In the oil year 2019-20 (Nov 2019-June 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 1047 (Rs 1022) per 10 Kg and at Kota market is quoted around Rs 1000 (Rs 980) per 10 kg as on Aug 3, 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 950-1100 per 10 Kg.

Sunflower oil: Domestic Market Fundamentals

- Sunflower oil featured firm trend at its various markets in India during the month of July on firm demand and rise in prices of sunflower oil in international markets.

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 many states in India will lead to higher imports in oil year 2019-20.

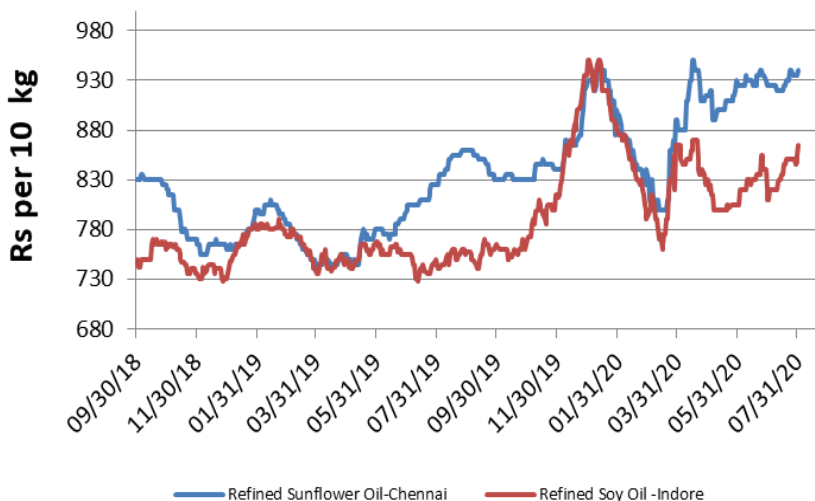
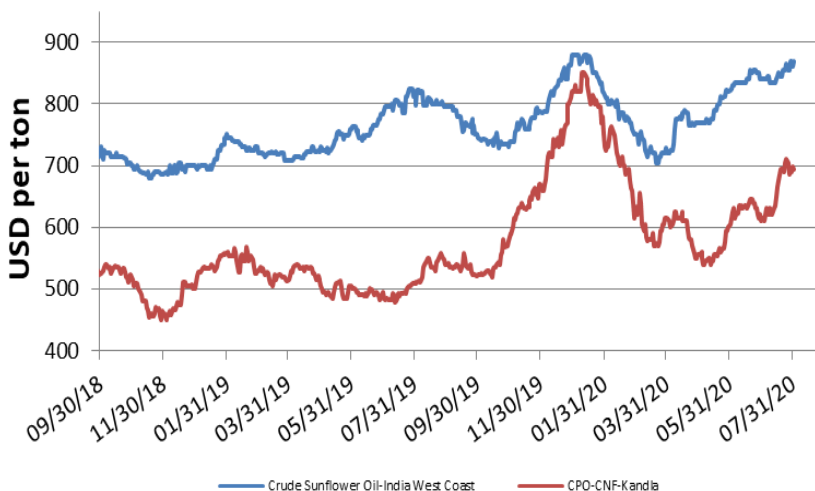
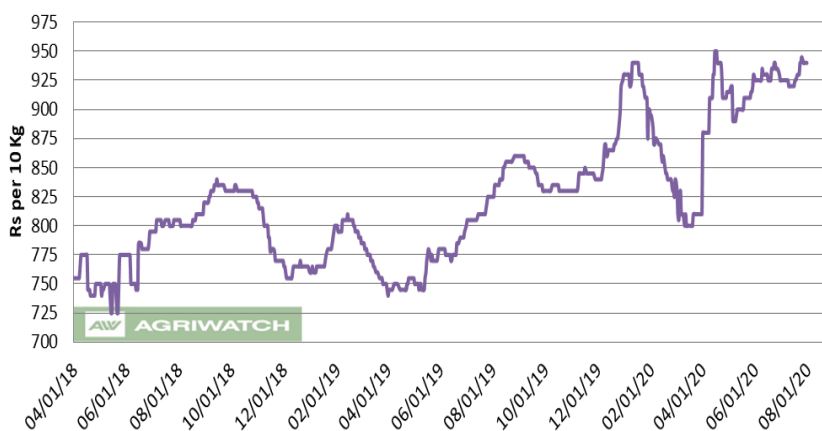
Sunflower oil prices rose in July on rise palm oil and soy oil prices.

Prices of sunflower oil rose in July due to rise in prices of sunflower oil international markets due to lower crop in Ukraine.

Demand of sunflower oil may slow due to rise in its prices.

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

Sunflower Oil Price Trend (Chennai Market)



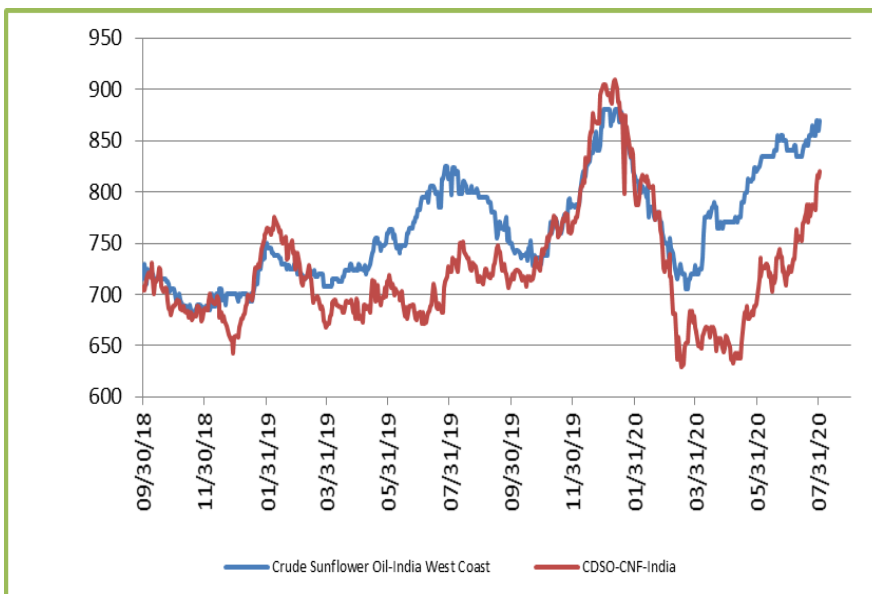
stocks.

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

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

Imports will rise in July-August 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.

Sunflower oil prices are mostly correlated to soy oil prices in domestic market. CNF prices of sunflower oil and soy oil are converging. However, the prices have diverging in domestic market from March.



Further, 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 rise in competing oils and rise in prices of sunflower oil in international markets. Prices of sunflower oil are expected to remain in a range with upward bias in August.

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 66.46 percent y-o-y in June to 2.68 lakh tons from 1.62 lakh tons in June 2019. Imports in oil year 2019-20 (November 2019-June 2020) were reported higher by 16.77 percent y-o-y at 19.09 lakh tons compared to 16.34 lakh tons in last oil year.

- All India Kharif sowing reached 0.76 lakh hectares as on 31.07.2020 compared to 0.73 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 885 (USD 840) per ton for Aug delivery, Sep delivery is quoted at USD 875 per ton and Oct delivery is quoted at USD 860 per ton. CNF sun oil (Ukraine origin) July monthly average was at USD 847.22 per ton compared to USD 839.92 per ton in June. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 840-930 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 65 (USD 118 last week) per ton for Apr delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 160 (USD 215) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 945 (Rs 925) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 970 (Rs 900) per 10 kg as on Aug 4, 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 900-1000 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

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

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

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

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

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

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 prices.

Groundnut oil supply is constrained as groundnut has been consumed

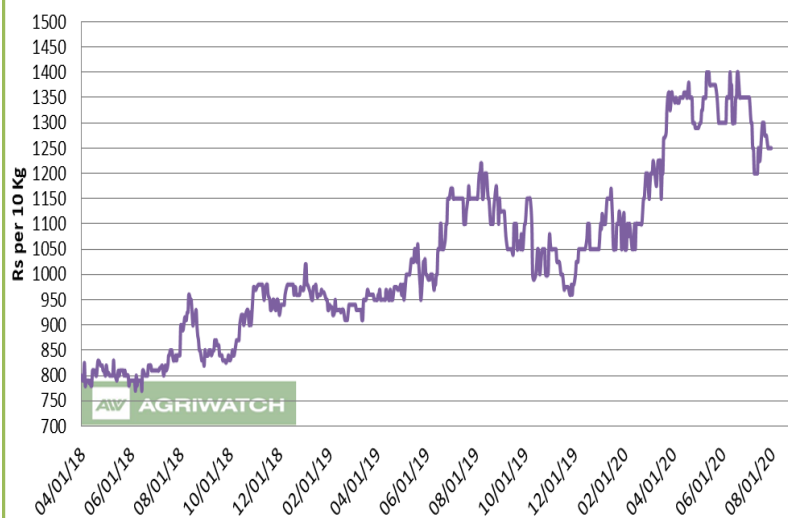
either in crushing, NAFED auctions, crushing, direct consumption and exports. Moreover, additional groundnut will be used for seed (around 15 percent). Only stock with NAFED is left for consumption. This will support groundnut oil prices.

Exports of groundnut oil has increased due to firm demand from China in 2019-20 as Indian prices were competitive. Further, exports of groundnut has firmed after bottoming out in April due to lower prices quoted at India FOB mostly on higher demand from Indonesia.

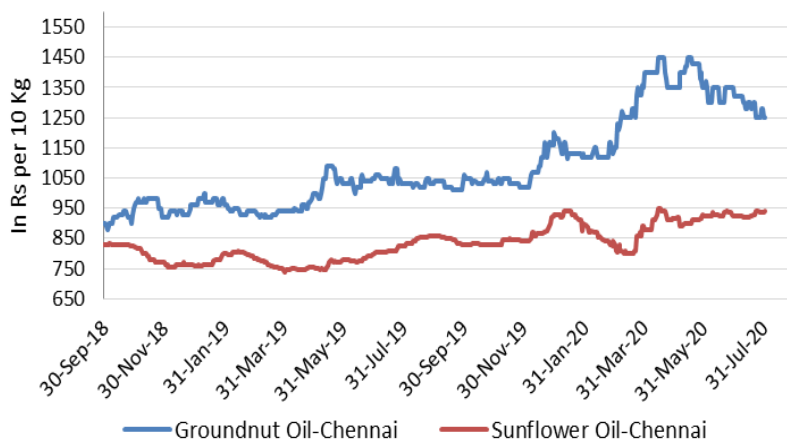
Due to rise in prices of groundnut oil retail demand will weaken.

Sowing of groundnut is 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.

Groundnut Oil Price Trend (Rajkot Market)



Comparisen Between Groundnut Oil & Sunflower Oil



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.

Total sales in Gujarat is around 1.2 lakh tons. So, total stocks of groundnut after procurement is 7.39 lakh tons.

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

In Andhra Pradesh and Tamil Nadu prices weekend on weak demand and parity with Gujarat. Prices of groundnut fell as demand season in South India is over. Stock position of groundnut oil is firm in the market. Groundnut arrivals are slowing as mandis. Prices may fall in August as the peak demand season has ended. Further, prices of groundnut oil is higher will slow its demand in retail markets.

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

- All India Kharif sowing reached 45.45 lakh hectares as on 31.07.2020 compared to 30.53 lakh hectares in corresponding period last year. Sowing is higher in across states.
- On the price front, currently the groundnut oil prices in Rajkot is hovering near Rs 12,500 (13,500) per quintal and quoting at Rs 12,400 (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 1150-1350 per 10 Kg.

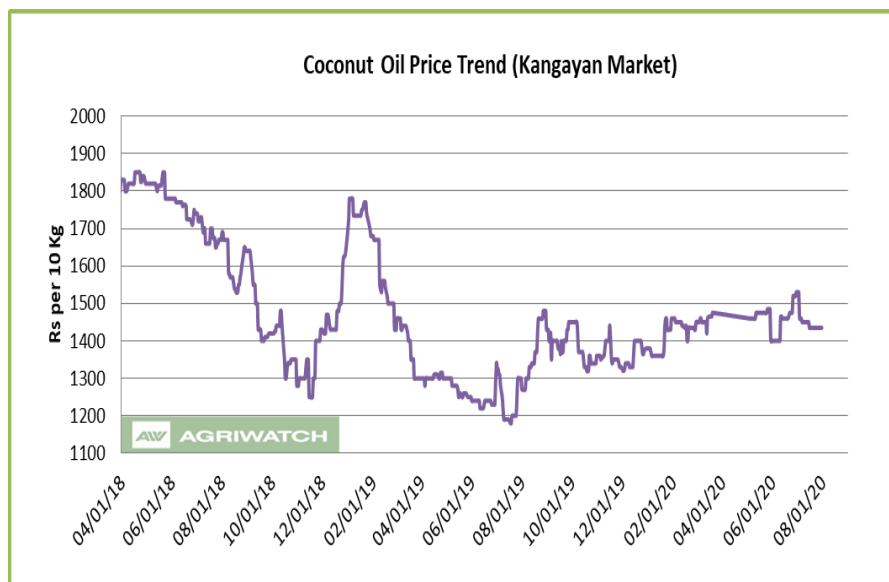
Coconut oil: Domestic Market Fundamentals

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

Weak upcountry demand led to fall in prices.

Demand fell due to rise in its prices and high premium over palm oil and sunflower oil.

Higher imports of palm oil and sunflower oil will lead to lower demand of coconut oil.



However, prices rose in Kerala on demand ahead of Onam. Demand from upcountry buyers and North India is less but is fully set off by rise in festive and Onam demand.

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

Retail demand is firm in Kerala.

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.

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

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.

Lower 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.

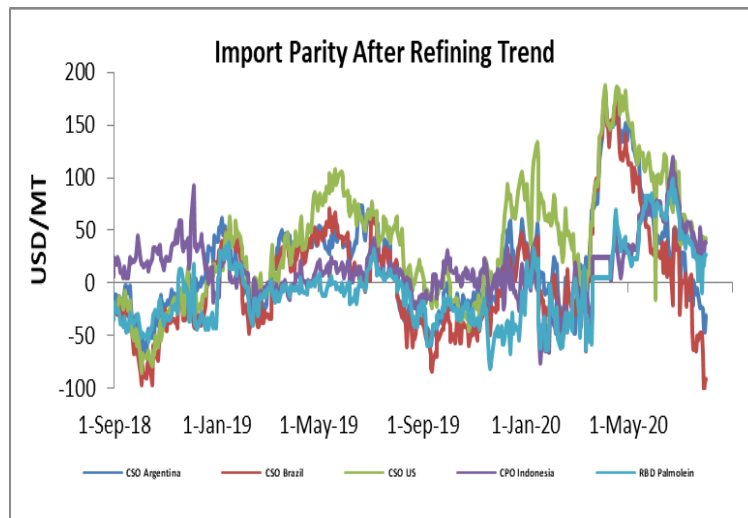
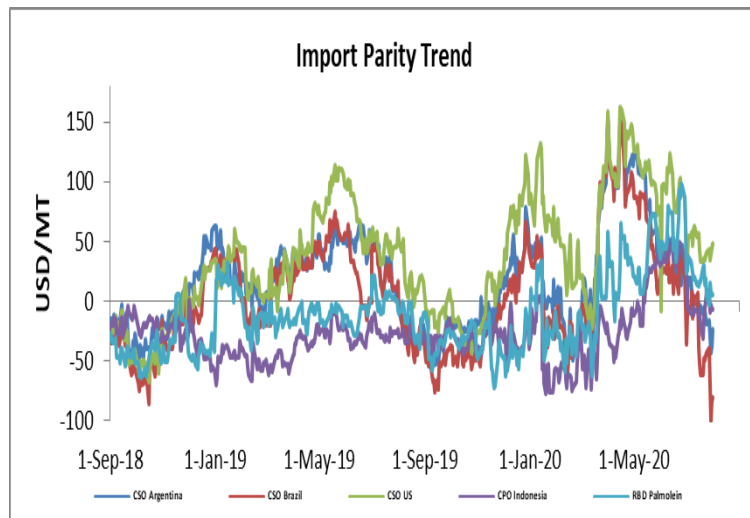
Prices are expected to be fall in August on weak demand. Prices are expected to trade sideways to weak in medium term.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 14,900 (14,500) per quintal, and Rs 14,350 (15,300) per quintal in Erode market on July 31, 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 1350-1500 per 10 Kg.

Import Parity Trend

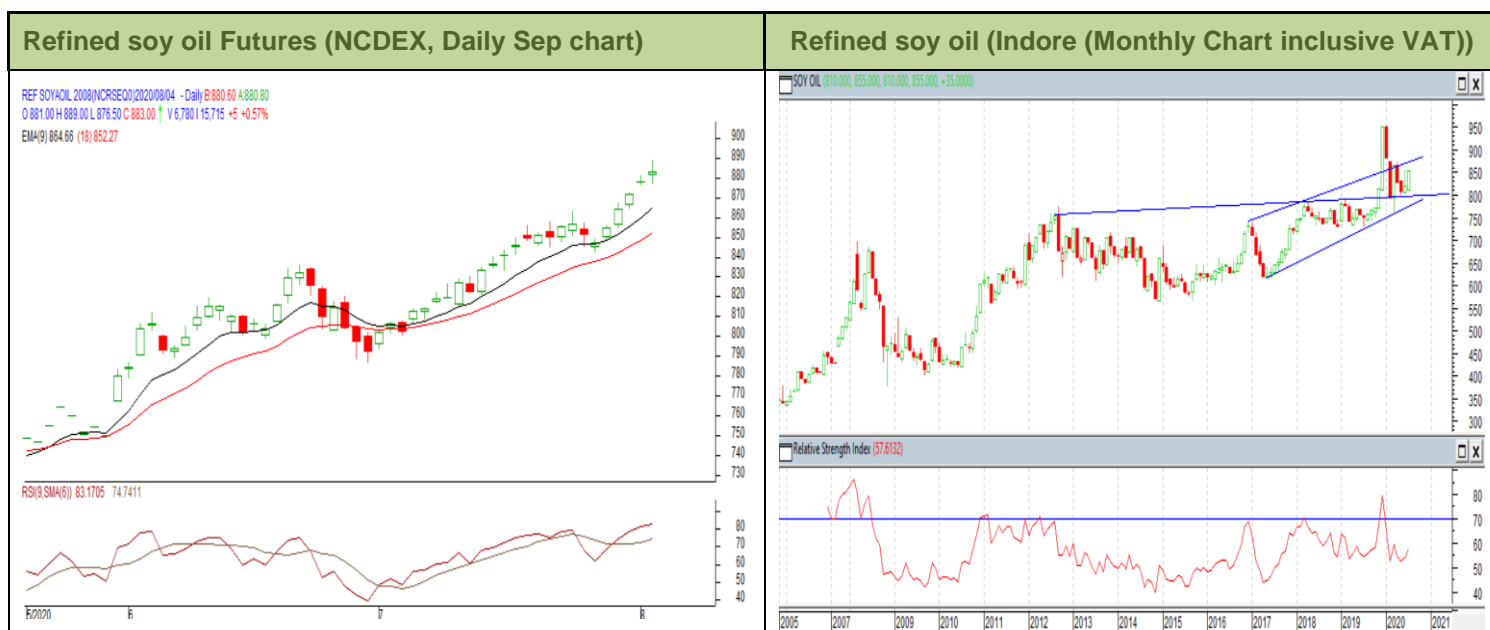
Import Parity after Refining in US dollar per tons (Monthly Average)



	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
May, 2020	102.22	76.42	123.05	53.36	51.68
June, 2020	38.97	22.94	90.91	81.54	73.90
July, 2020	-10.86	-39.27	45.52	43.63	29.19

Outlook:-

Import parity for CDSO Argentina fell due to rise in prices of soy oil in international markets. We expect CDSO import parity to weaken in August 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 rise in prices of palm oil in international markets.

Technical Analysis (Refined soy oil Monthly Charts)


Outlook – Prices are likely to trade sideways to firm tone in the days ahead. Investors are advised to buy refined soy oil (September 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 900 in monthly chart will bring prices to 940 levels.
- Expected price band for next month is 860-950 level in near to medium term. RSI and MACD are indicating uptrend at current levels.

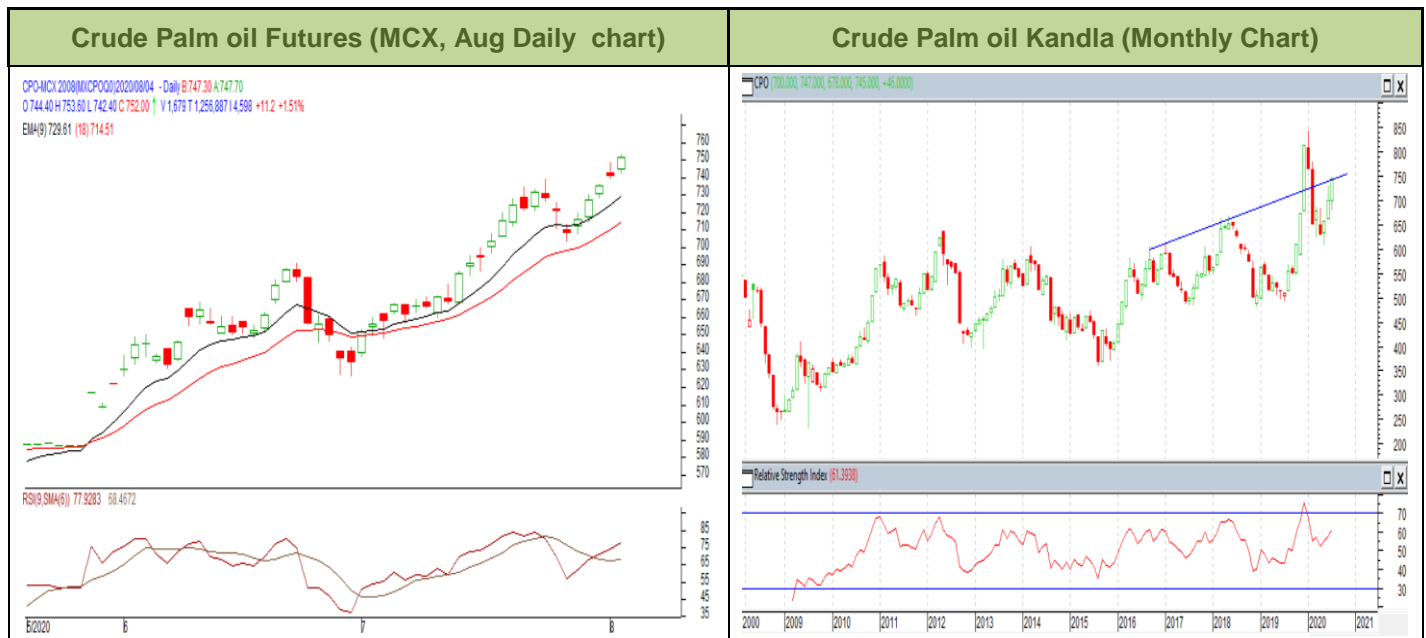
Strategy: Market participants are advised to go long in RSO above 885 for a target of 905 and 910 with a stop loss at 875 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
862.00	871.00	890.40	900.00	920.00

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 840-940 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 (August 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 750 in monthly chart might bring the prices to 780 levels.
- Expected price band for next month is 700-800 level in near to medium term. RSI and MACD are indicating uptrend.

Strategy: Market participants are advised to go long in CPO above 740 for a target of 760 and 765 with a stop loss at 730 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
721.00	734.00	745.20	755.00	770.00

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 700-800 per 10 Kg.



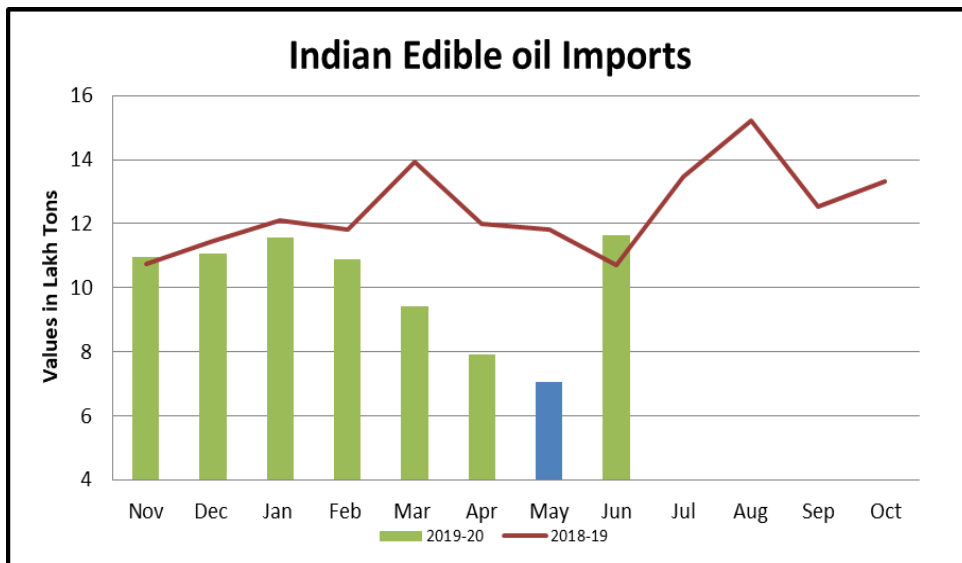
Monthly spot prices comparison

Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Jul-20	30-Jun-20	
Refined Soybean Oil	Indore	855	820	35
	Indore (Soy Solvent Crude)	815	785	30
	Mumbai	850	820	30
	Mumbai (Soy Degum)	815	780	35
	Kandla/Mundra	855	805	50
	Kandla/Mundra (Soy Degum)	815	772	43
	Kolkata	850	800	50
	Delhi	905	840	65
	Nagpur	930	904	26
	Rajkot	845	795	50
	Kota	855	830	25
	Hyderabad	-	-	-
	Akola	870	837	33
	Amrawati	868	842	26
	Bundi	860	835	25
	Jalna	940	914	26
	Solapur	920	894	26
	Dhule	940	914	26
Palm Oil*	Kandla (Crude Palm Oil)	782	734	48
	Kandla (RBD Palm oil)	830	814	16
	Kandla RBD Pamolein	851	819	32
	Kakinada (Crude Palm Oil)	730	688	42
	Kakinada RBD Pamolein	840	793	47
	Haldia Pamolein	851	809	42
	Chennai RBD Pamolein	856	809	47
	KPT (krishna patnam) Pamolein	845	798	47
	Mumbai RBD Pamolein	877	835	42
	Mangalore RBD Pamolein	866	830	37
	Tuticorin (RBD Palmolein)	858	800	58
	Delhi	890	845	45
	Rajkot	845	793	53
	Hyderabad	807	775	32
	PFAD (Kandla)	525	509	16
	Refined Palm Stearin (Kandla)	730	688	42
	Superolien (Kandla)	872	830	42
	Superolien (Mumbai)	882	840	42
* inclusive of GST				
Refined Sunflower Oil	Chennai	935	925	10



	Mumbai	950	940	10
	Mumbai(Expeller Oil)	910	895	15
	Kandla (Ref.)	960	900	60
	Hyderabad (Ref)	940	935	5
	Latur (Expeller Oil)	890	875	15
	Chellakere (Expeller Oil)	900	885	15
	Erode (Expeller Oil)	975	960	15
Groundnut Oil	Rajkot	1250	1350	-100
	Chennai	1250	1350	-100
	Delhi	1260	1400	-140
	Hyderabad *	1300	1350	-50
	Mumbai	1280	1370	-90
	Gondal	1250	1350	-100
	Jamnagar	1250	1350	-100
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1047	1012	35
	Jaipur (Kacchi Ghani Oil)	1075	1040	35
	Kota (Expeller Oil)	1000	980	20
	Kota (Kacchi Ghani Oil)	1060	1025	35
	Neewai (Expeller Oil)	1045	1005	40
	Neewai (Kacchi Ghani Oil)	1055	1015	40
	Bharatpur (Kacchi Ghani Oil)	1060	1010	50
	Sri-Ganga Nagar(Exp Oil)	1025	980	45
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1065	1020	45
	Mumbai (Expeller Oil)	1020	980	40
	Kolkata(Expeller Oil)	1120	1050	70
	New Delhi (Expeller Oil)	1040	960	80
	Hapur (Expeller Oil)	1020	938	82
	Hapur (Kacchi Ghani Oil)	1050	968	82
	Agra (Kacchi Ghani Oil)	1065	1015	50
Refined Cottonseed Oil	Rajkot	850	810	40
	Hyderabad	815	800	15
	Mumbai	870	835	35
	New Delhi	830	785	45
Coconut Oil	Kangayan (Crude)	1435	1530	-95
	Cochin	1500	1530	-30
Sesame Oil	New Delhi	1470	1550	-80
	Mumbai	-	-	-

Kardi	Mumbai	-	-	-
Rice Bran Oil (40%)	New Delhi	765	725	40
Rice Bran Oil (4%)	Punjab	790	760	30
Malaysia Palmolein USD/MT	FOB	Closed	608	-
	CNF India	708	630	78
Indonesia CPO USD/MT	FOB	Closed	588	-
	CNF India	698	620	78
RBD Palm oil (Malaysia Origin USD/MT)	FOB	Closed	603	-
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	Closed	590	-
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	Closed	690	-
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	Closed	515	-
Crude palm Kernel Oil India (USD/MT)	CNF India	770	735	35
Ukraine Origin CSFO USD/MT Kandla	CIF	860	840	20
Rapeseed Oil Rotterdam Euro/MT	FOB	790	765	25
Argentina FOB (\$/MT)		31-Jul-20	30-Jun-20	Change
Crude Soybean Oil Ship		771	659	112
Refined Soy Oil (Bulk) Ship		798	682	116
Sunflower Oil Ship		780	760	20
Cottonseed Oil Ship		751	639	112
Refined Linseed Oil (Bulk) Ship		-	-	-
* 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 June is pegged at 11.62 lakh tons. Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for (Nov 2019-June 2020) is pegged at 80.52 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 04/08/2020	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein Indonesia
FOB USD per ton	770	820	694	690	708
Freight (USD/MT)	47	47	47	35	26.0
C & F	817.0	867.0	741.0	725.0	734.0
Weight loss (0.25% of FOB)	1.93	2.05	1.74	1.73	1.77
Finance charges (0.4% on CNF)	3.27	3.47	2.96	2.90	2.94
Insurance (0.3% of C&F)	2.45	2.60	2.22	2.18	2.20
CIF (Indian Port - Kandla)	825	875	748	732	741
Duty (Values in USD per tons)	309.16	309.16	309.16	280.50	351.45
GST (5% on duty) USD per ton	15.46	15.46	15.46	14.03	17.57
Exchange rate	75.06	75.06	75.06	75.06	75.06
Landed cost without customs duty in INR per ton	61898	65686	56139	54929	55613
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	803	803	803	680	710
Fixed exchange rate by customs department	76.10	76.10	76.10	76.10	76.10
Duty component in INR per ton	23526.70	23526.70	23526.70	21346.05	26745.35
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	86824	90613	81066	77675	83758
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	84000	84000	84000	75000	82500
Total landed cost USD per ton	1157	1207	1080	1035	1116
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1119	1119	1119	999	1099
Parity INR/MT (Domestic - Landed)	-2824	-6613	2934	-2675	-1258
Parity USD/MT (Domestic - Landed)	-37.63	-88.10	39.09	-35.64	-16.76
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	91324.47	95113.13	85565.72	85174.96	86557.90
Soy/Palm oil imported Price (Including tax)	95890.70	99868.78	89844.01	89433.71	90885.79
Loose price of Soy/Palm in Indore and Delhi market	91350.00	91350.00	91350.00	90500.00	90500.00
Parity after processing and Taxes (Rs per MT)	-4540.70	-8518.78	1505.99	1066.29	-385.79
Parity after processing and Taxes (USD per MT)	-60.49	-113.49	20.06	14.21	-5.14
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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> 2020 Indian Agribusiness Systems Ltd.