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# **Veg. Oil Monthly Research Report**

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## **Outlook and Review:**

### **Domestic Front**

*Edible oil basket featured mixed trend during the month under review. Soy oil, Palm oil, Coconut oil, and Sunflower oil prices closed higher, while, rapeseed oil prices closed sideways and Groundnut oil closed lower.*

*Palm oil was the best performer among the edible oil complex due to good domestic demand. Groundnut Oil traded lower.*

*We expect soy oil to trade firm and palm oil to trade firm to sideways on strong fundamentals.*

*On the currency front, Indian rupee is hovering near 74.23 compared to 74.96 last month. Rupee is expected to appreciate in January. Crude oil prices are expected to rise to an extent in January.*

### **Recommendation:**

*Market participants can buy refined soy oil in the cash markets at 1150-1300 for the target of 1190-1235 levels (Indore). Market participants can buy CPO Kandla 5% in the cash markets at 1050-1200 for the target of 980-1025 levels.*

### **International Veg. Oil Market Summary**

*CBOT soy oil (January) is expected to stay in the range of 41 cents/lb to 46 cents/lb. CPO at BMD (January) is likely to stay in the range of 3900-4500 ringgits per ton. Focus during the coming days will be status of coronavirus in world, import demand of China, crude oil prices, soybean stock 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, lower stocks of soy oil in US, good crop condition of soybean in South America, 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.*

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

## Soy oil: Domestic Market Fundamentals

- Refined soybean oil prices featured sideways trend at its benchmark market at Indore during the month of November on firm demand and rise in prices of soy oil in international markets.

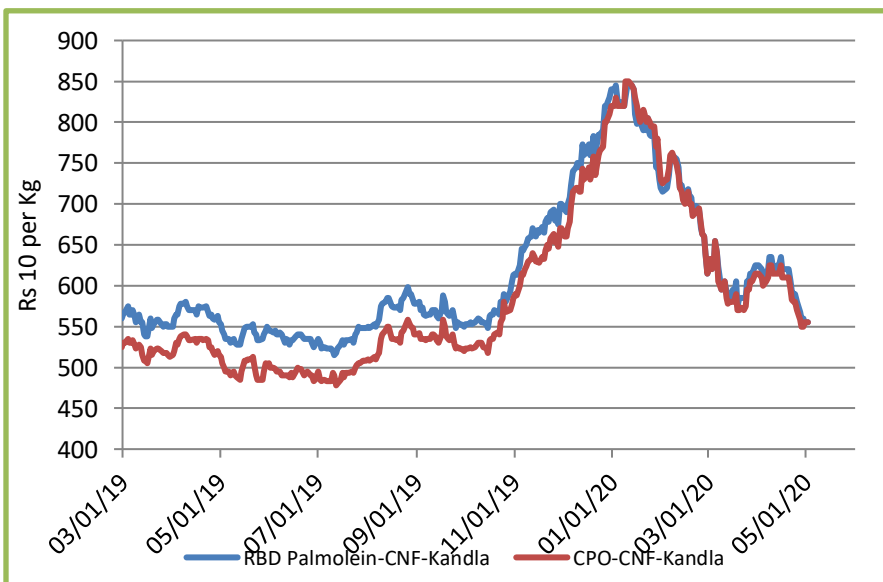
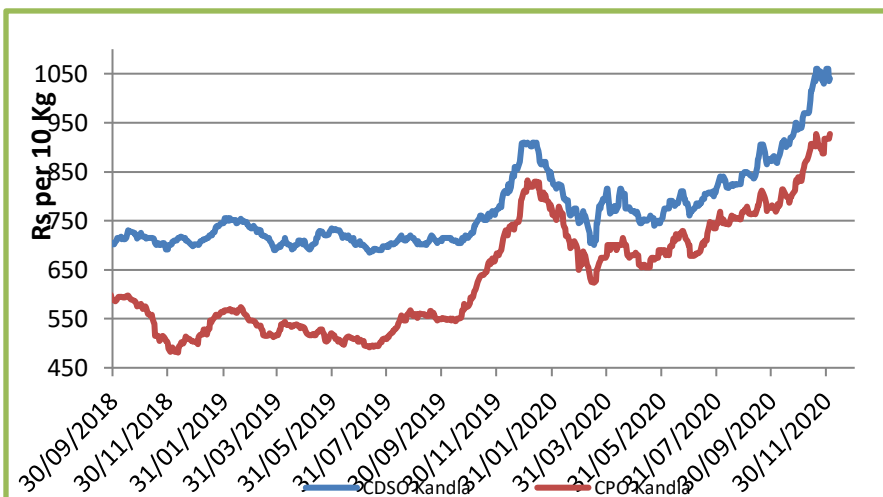
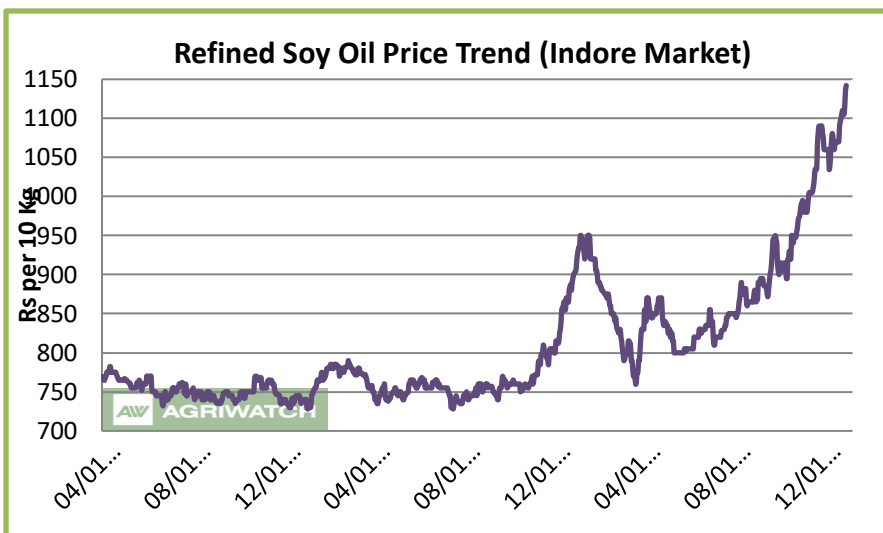
Demand of soy oil rose in November on demand at firm levels. The rise in prices of soy oil in international markets has led parity to fall.

Supply of soy oil rose in India in November after a surge in imports following lower domestic supply of soy oil due to lower demand of soymeal.

Stocks of soy oil in domestic market will fall in oil year 2019-20 on lower domestic soy oil production and high domestic demand. Balance sheet of soy oil is stretched despite firm imports in last two months. If imports slow the prices will rise due to falling stocks. Stocks of soy oil at ports fall in October after on higher imports in September.

Imports of soy oil will be higher in oil year 2019-20 compared to last oil year due to lower domestic production and higher consumption.

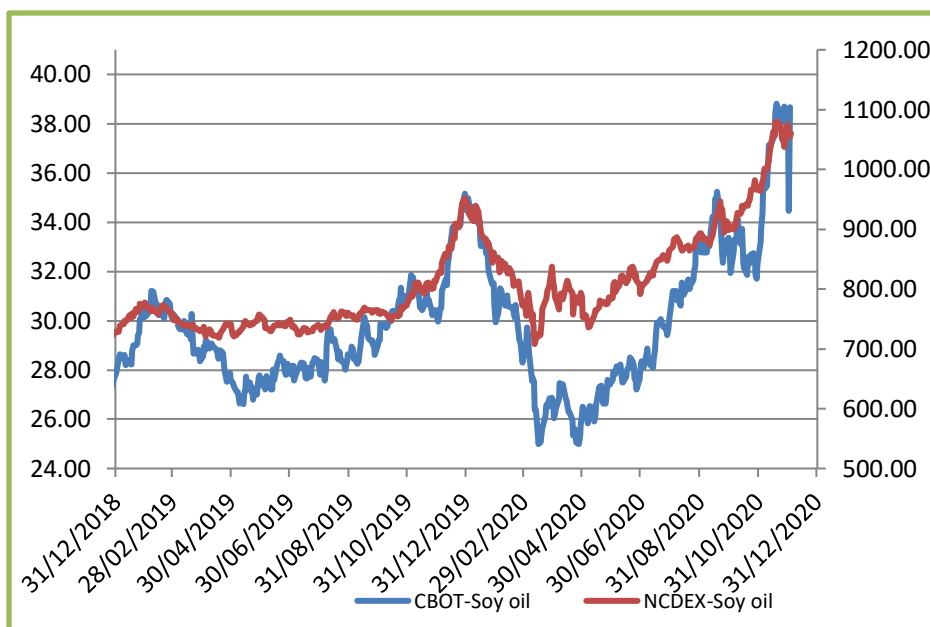
Consumption remained firm during lockdown as soy oil is mostly used in home consumption and which rose due to fall in out of home consumption mainly dominated by



palm oil whose demand fell during lockdown.

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

Import demand of soy oil rose on higher prices of soy oil in the domestic market and stocking ahead of festival season. Imports rose on seasonal uptrend of imports when arrivals of soybean dip in the market.



Higher demand of soy oil from Argentina and lower basis in soy oil will lead to higher FOB prices of soy oil.

Prices of CDSO fell more at high seas compared to CNF markets indicating weak demand at high seas.

Import parity of soy oil fell in Nov due to rise in prices of soy oil in international markets and is at disparity of Rs 35-30 per 10 kg compared to disparity of Rs 20-25 per 10 kg in Sep.

Refining margins fell in Nov and is at disparity of Rs 15-20 per 10 kg compared to disparity of Rs 10-15 per kg in Sep.

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

Refined soy oil premium over CPO is at Rs 163 (Rs 120 last month) per 10 Kg which is low and will support soy oil prices. Refined soy oil premium over RBD palmolein was at Rs 110(Rs 80 last month) per 10 Kg, which is high and may lower soy oil prices in domestic markets.

Refined soy oil premium over CDSO high seas is at Rs 20(Rs 53) 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 fell due to fall in basis (spot prices – futures prices) due to lower demand of soy oil from Argentina.

Import demand of soy oil will rise in Dec-Jan due to low stocks of soy oil in India, low port stocks, higher seasonal import demand and lower imports of palm oil in 2020 and higher deliveries as traders switched over CPO to Soy Oil as discount of Soy oil over CPO was lowered in November.

Prices of soy oil may rise due to firm demand and falling stocks of soy oil in domestic markets. High premium over palm oil will cap gains.

- Soy oil import scenario – According to SEA, Soy oil imports fell 29.69 percent in October y-o-y to 2.77 lakh tons from 3.94 lakh tons in October 2019. In the oil year 2019-20 (Nov 2019 -October 2020), imports of soy oil were 30.94 lakh tons compared to 33.84 lakh tons in corresponding period last oil year, higher by 9.37 percent compared to corresponding period last oil year.

- According to Solvent Extractors Association (SEA), India's October edible oil imports fell 8.03 percent y-o-y to 12.25 lakh tons from 13.32 lakh tons in October 2019. Palm oil imports in October rose 1.04 percent y-o-y to 7.59 lakh tons from 7.67 lakh tons in October 2019. CPO imports rose 13.94 percent in October y-o-y to 7.53 lakh tons from 6.48 lakh tons in October 2019. RBD palmolein import fell 95.76 percent to 0.05 lakh tons in October vs. 1.18 lakh tons in October 2019. Soy oil imports fell 29.69 percent in October y-o-y to 2.77 lakh tons from 3.94 lakh tons in October 2019. Sunflower oil imports rose 7.55 percent y-o-y in October to 1.71 lakh tons from 1.59 lakh tons in October 2019. Rapeseed (canola) oil stood at 0 imports in October same as in October 2019.
- According to Solvent Extractors Association (SEA), India's November edible oil stocks at ports and pipelines fell 1.49 percent m-o-m to 15.78 lakh tons from 16.02 lakh tons in October 2020. Stocks of edible oil at ports in November fell to 558,000 tons (CPO 295,000 tons, RBD Palmolein 13,000, Degummed Soybean Oil 151,000 tons, Crude Sunflower Oil 91,000 and Rapeseed Oil 8,000) and about 1,020,000 tons in pipelines. (Stocks at ports were 582,000 tons and in pipelines were 1,020,000 tons in October 2020). India is presently holding 25 days of edible oil requirement on 1st November, 2020 at 15.78 lakh tons compared to 25 days of requirements of 16.02 lakh tons on 1st October, 2020. India held 17.77 lakh tons of stocks in ports and pipelines on 1st November 2019. India's monthly edible oil requirement is 19.0 lakh tons.
- Imported crude soy oil CIF at West coast port is offered at USD 935 (USD 926) per ton for Dec delivery, Oct/Nov/Dec delivery is quoted at USD 937(USD 936) per ton. Last month, CNF CDSO Nov average price was USD 993.25 (USD 867.76 per ton in Oct 2020) per ton. Refined soy oil (Indore) is quoted at Rs 1085(Rs 980) per 10 kg on December 1, 2020. Values in brackets are figures of last month.
- On the parity front, margins rise during the month on fell in prices of soy oil in international markets, and we expect margins to remain firm in coming days. Currently refiners lose USD 25-30/ton v/s loss of USD 35-40/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).
- According to Ministry of Agriculture, sowing of soybean is reported at 121.214 lakh hectares as on 17.09.2020 compared to 113.408 lakh hectares in corresponding period last year. Sowing was reported higher in all states except Telangana.

### International Soy oil Market Fundamentals

- According to AmSpec Inspection Company, Malaysia Palm oil products export for October rise 4.32 Percent to 1,701,436 tonnes compared to 1,631,015 tonnes last month. Crude Palm Oil export increase by 7.99 percent to 543,596 tonnes from 503,350 tonnes compared to last month. RBD Palm oil export decreased by 19.11 percent to 93,060 tonnes from 115,045 tonnes compared to last month. RBD Palm olein export increase by 9.34 percent to 477,275 tonnes from 436,500 tonnes compared to last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia Palm oil products export for October rise 5.6 Percent to 1,690,237 tonnes compared to 1,600,981 tonnes last month. Top buyers were India & subcontinent 444,725 tons (430,585 tons), European Union 344,165 tons (355,026 tons) and China at 238,135 tons (282,860 tons). Values in brackets are figures of last month.

- In the weekly USDA crop progress report released on 26 October 2020; about 85% soybean crop is harvested up from 42% in corresponding period last year and 73% from 5-year average.
- Soy oil prices are expected to be supported due to lower stocks of soy oil in US, firm global demand, weak crop condition of soybean in US, firm demand of soybean from China, rise in competing oil prices and rise in crude oil prices as Argentina plans to raise export duty gradually to 31 percent till Jan.

Second wave of coronavirus eruption especially in US has led to worries in global markets. Coronavirus cases globally have risen above 20 million and led to death of more than half a million individuals, 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 have opened their countries partially to save themselves from economic disaster after health disaster. 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 of over USD 20 trillion across the world leading to weaker dollar in which most commodities are priced in the world. Improving global economic sentiment led by US and China will add to prices.

Soy oil stocks in US in Aug were in line with trade expectations as reported by NOPA on higher crush of soybean. Soy oil supplies among NOPA members at the end of August declined to a nine-month low of 1.519 billion lbs, from 1.619 billion lbs at the end of July but up from 1.401 billion lbs at the end of August 2019

US has shown record use of soy oil in biodiesel, on lower use of corn in biodiesel. This will cut stocks of soy oil in US and prompt USDA to hike price expectation in 2020/21.

Soybean crop condition improved from worsens to good after showering in various states in US. Good to excellent crop condition raise to 64 percent compared to 53 percent in previous year. Estimates show lower Soybean yield this due to dry spell. However, area recorded this year was much higher than last year. Soybean crop harvest has been up to 20 percent compared to 6 percent of same period last year, reported on 27 September 2020.

USA's lower crop yields this month are expected to scale back the 2020/21 soybean crop by 112million bushels to 4.313 billion. Beginning soybean stocks are also trimmed 40 million bushels on account of increases for 2019/20 exports and domestic use. With USDA's forecasts of 2020/21 soybean demand unchanged this month, the entire supply reduction cuts the outlook for season-ending stocks by 150 million bushels to 460 million.

Chinese economy 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. Moreover, China is expected stock 2 MMT of soy oil in its strategic reserve, according to trade sources. However, there has not been official confirmation on this update.

US refused to hold next levels of trade talks as was expected in Aug and said that it will focus on implementation of Phase 1 of trade deal. China is much below in purchases of US agricultural commodities as was promised in

trade deal. However, China has increased purchases of soybean from US despite it being locked with US on its handling of coronavirus. According to trade estimated, China is expected to purchase 40 MMT of US soybean to bridge its deficit of trade deal with US and increase supply of soybean in its country. 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 99 MMT in 2020/21 and 98 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 in 2020/21 is expected to be 133 MMT, up from 126 MMT last year, making this year crop in Brazil to record in history.

There has been surge in exports of soybean from Brazil, since April especially due to demand from China. Due to sharp depreciation of Real, Brazilian soybean is quoted competitively. If US-China tensions escalate then more imports of soybean will take place from Brazil.

Competitive oil like palm oil, rapeseed oil and sunflower oil prices are expected to trade sideways 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.

- In the weekly USDA crop progress report released on 28 September 2020; The US Soybean harvest is 20% up from 6 percent same period last year and 15 percent from 5 year average. Soybeans dropping leaves at 74 percent up from 49 percent same period last year and 69 percent from 5 year average. About 64 percent of the crop is under good to excellent condition, compared to 53 percent in corresponding period last year.
- According to National Oilseed Processors Association (NOPA), U.S. August soybean crush dropped to 9 month low from 172.794 million bushels in July to 168.085 million bushels processed in August 2019. Crush of soybean in July was higher by 2.80 percent y-o-y compared to July 2019 figure of 168.093 million bushels. Soy oil stocks in U.S. at the end of July fell 8.94 percent m-o-m to 1.619 billion lbs compared to 1.778 billion lbs in end June 2020. Stocks of soy oil in end July was higher by 10.64 percent y-o-y compared to end July 2019, which was reported at 1.467 million lbs. Soy oil stocks was below trade expectation.
- According to United States Department of Agriculture (USDA) August estimate, Soybeans crushed for crude oil was 5.24 million tons (175 million bushels) in August 2020, compared with 5.54 million tons (185 million bushels) in July 2020 and 5.33 million tons (178 million bushels) in August 2019. Crude oil produced was 2.01 billion pounds down 5percent from July 2020 and down 2percent from August 2019. Soybean once refined oil production at 1.55 billion pounds during August 2020 decreased 2percent from July 2020 but increased 2percent from August 2019.
- According to United States Department of Agriculture (USDA) September estimate, Lower crop yields this month are expected to scale back the 2020/21 soybean crop by 112million bushels to 4.313 billion. Beginning soybean stocks are also trimmed 40 million bushels on account of increases for 2019/20 exports and domestic use. With USDA's forecasts of 2020/21 soybean demand unchanged this month, the entire supply reduction cuts the outlook for season-ending stocks by 150 million bushels to 460 million.
- The U.S. Department of Agriculture monthly supply and demand report for the month of September forecast,



U.S. soybean supply and use changes for 2020/21 include lower beginning stocks, production, and ending stocks. Lower beginning stocks reflect increases in exports and crush for 2019/20. Soybean production is projected at 4.3 billion bushels, down 112 million on a lower yield forecast of 51.9 bushels per acre. Yield is down 1.4 bushels per acre from the August forecast. With soybean crush and exports unchanged, ending stocks are projected at 460 million bushels, down 150 million from last month. The U.S. season-average soybean price is forecast at \$9.25 per bushel, up 90 cents from last month. The soybean meal price is projected at \$315 per short ton, up 25 dollars. The soybean oil price forecast is 32.0 cents per pound, up 2 cents.

- According to China's General Administration of Customs (CNGOIC), According to China's General Administration of Customs (CNGOIC), China's Aug edible vegetable oils imports rose 2.1 percent m-o-m to 9.76 LT compared to 9.56 LT in July 2020. Imports rose 7.6 percent y-o-y in Aug from 9.07 LT in Aug 2019. Year to date imports of edible vegetable oil rose 2.6 percent to 59.66 lakh tons.
- According to China's General Administration of Customs (CNGOIC), China's Aug soybean imports fell 4.8 percent m-o-m to 9.6 MMT from 10.09 MMT in July 2020. Imports rose 1.3 percent in Aug y-o-y from Aug 2019 imports at 9.48 MMT. Year to date soybean imports rose 15.0 percent to 64.74 MMT.
- USDA WASDE highlights:- The U.S. season-average soybean price for 2020/21 is forecast at \$8.35 per bushel, down 15 cents from last month. The soybean meal price is forecast at \$290 per short ton, down 10 dollars. The soybean oil price is forecast at 30.0 cents per pound, up 1 cent.

**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1150-1300 per 10 Kg in the near term.



## Palm oil: Domestic Market Fundamentals

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

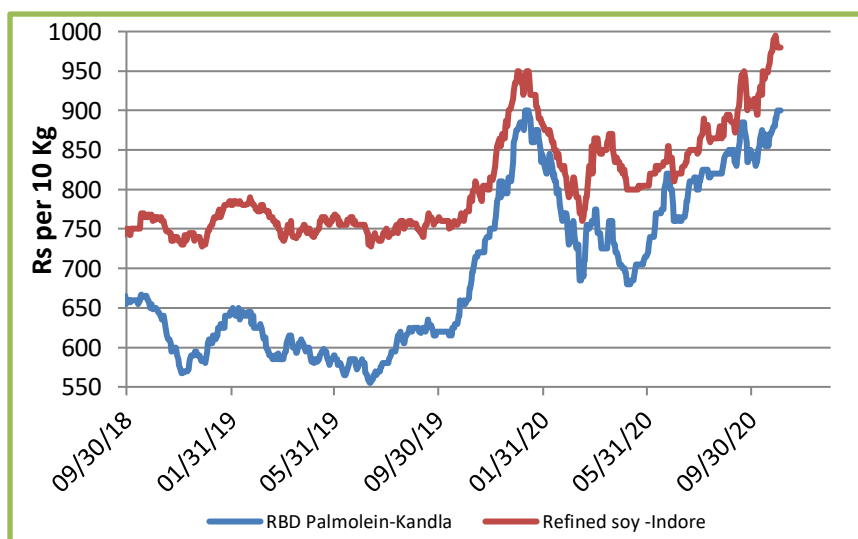
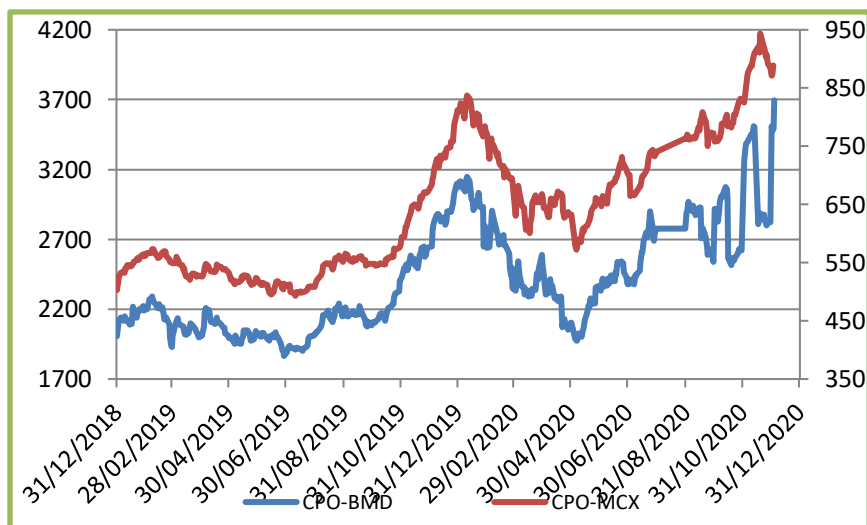
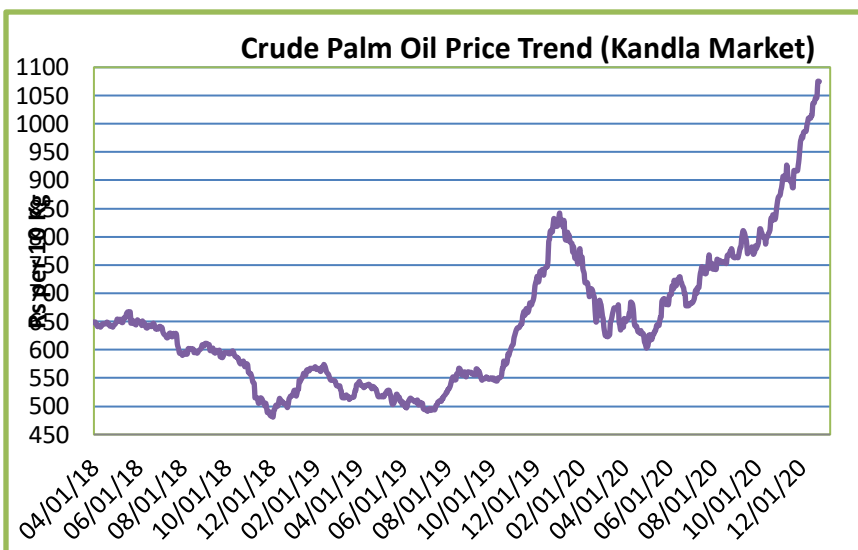
Prices of CPO rose less at high seas compared to CNF markets compared to last month indicating firm demand at high seas.

Demand of palm oil from households and biscuit sectors are normal. HoReCa demand was fallen and demand from bakery and shortening is rising slowly. 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, depending on if and when demand increases substantially.

Demand is improving in HoReCa segment due to opening of India demand will improve in this segment. Palm oil is mainly used in street food, joints and restaurant chains and all of them were closed during the lockdown of India. However, due to opening of India demand will improve in this segment.

Palm oil consumption fell 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 and could lead to lower carryout of palm oil in oil year 2019-20.



As on 26<sup>th</sup> November, 2020, Government of India lowered the CPO import duty from 37.5% to 27.5% amid rise in food inflation. 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 decrease in November Compared to October. The lowered import duty will result in higher import of CPO.

Imports parity of CPO rose due to rise in prices of CPO in international markets. In Rupee terms, disparity currently stands at Rs 10-15 per 10 kg compared to disparity of Rs 25-30 per 10 kg last month.

Rise in prices of CPO in international markets will make imports costlier will decrease imports in coming months.

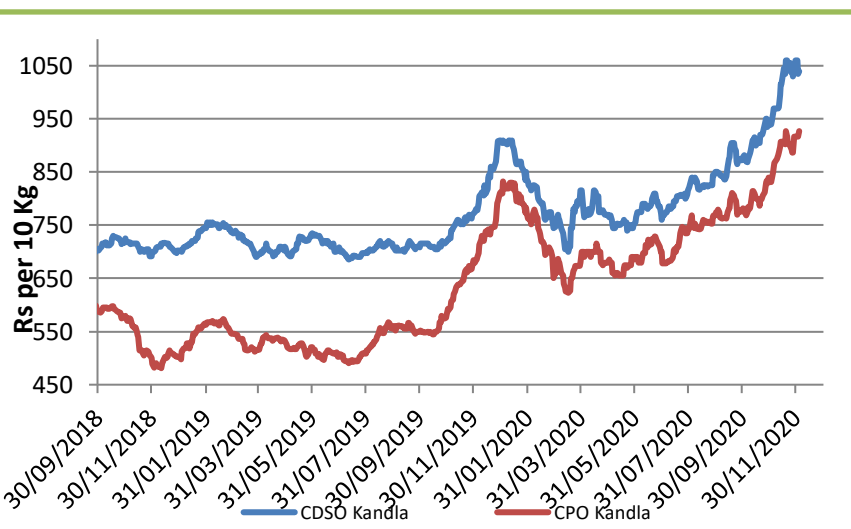
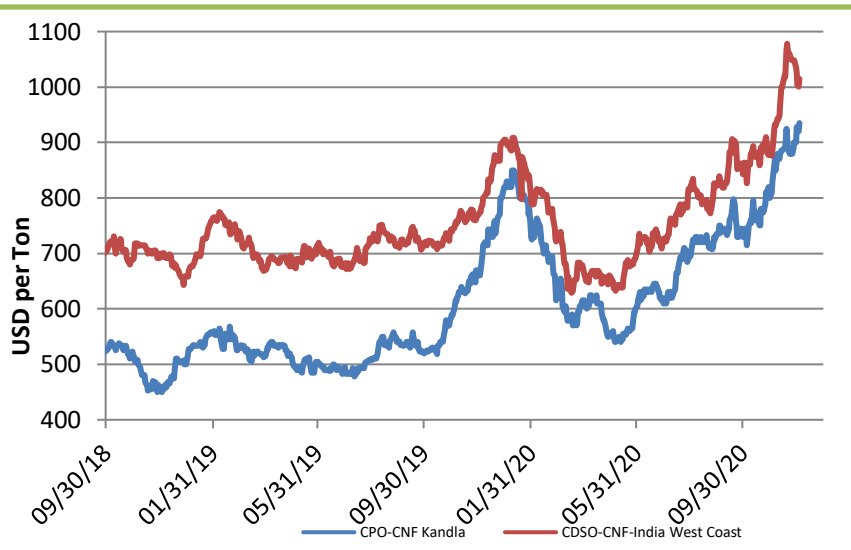
Depreciation of Rupee may increase palm oil to parity in October. Further, fall in prices of palm oil in international markets will increase parity in imports and refining margins.

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

Data from cargo surveyor ITS shows a rise in imports of palm oil by India from Malaysia in October despite to higher prices of CPO in international markets due to higher demand.

RBD palmolein import resumed in September month after ban on importing palm oil was announced. In November 0.01 MT was imported compared to 0.12 MT import last year. Total imports for Nov, 19- Oct, 20 is 0.42 MT compared to 2.73 MT last year for same period. Imports for palm oil on m-o-m saw fall compared to August.

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 rise in stocks of palm oil in Malaysia in coming months due to increase in production of palm oil and higher competing oils will support palm oil prices.

RBD palmolein premium over CPO decreased to Rs 53 (Rs 37 last month) per 10 kg indicating firm 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 263(Rs 149 last month) per 10 Kg will increase demand of CPO and increase imports.

Premium of soy oil over palm oil lowered in Nov at CNF and domestic markets. High premium of crude sunflower CNF India West coast and CPO CNF at USD 320(USD 215) 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.

Rising CDSO CNF premium over CPO CNF will increase imports of CPO in medium term at USD 135 (USD 66last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 143 (Rs 154 last week) per 10 Kg, which is high and increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 110(Rs 80 last week) per 10 kg is raise 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 October fell 1.04 percent y-o-y to 7.59 lakh tons from 7.67 lakh tons in October 2019. Imports in the oil year 2019-20 (November 2019-July 2020) are reported lower by 23.51 percent y-o-y at 70.87 lakh tons compared to 92.65 lakh tons in last oil year.
- Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 16.20 percent y-o-y in October to 7.53 lakh tons from 6.48 lakh tons in October 2019. Imports in oil year 2019-20 (November 2019-October 2020) were reported higher by 2.02 percent y-o-y at 66.66 lakh tons compared to 65.34 lakh tons in last oil year.
- RBD palmolein import scenario- RBD palmolein Imports fall to 95.6 percent in November to 0.01 lakh tons from 0.12lakh tons in November 2019. Imports in oil year 2019-20 (November 2019-October 2020) were reported lower by 84.58 percent y-o-y at 4.21 lakh tons compared to 27.30 lakh tons in last oil year.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 1040 (USD 935) per ton for Dec delivery and Jan delivery is quoted at USD 1055 (USD 937) per ton. Last month, CNF CPO Dec average price was at 984.35 per ton (USD 877.5 per ton in Nov 2020). Values in brackets are figures of last week. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 1025 (USD 900) per ton for Dec delivery and Jan delivery is quoted at USD 1000 (USD 890) per ton. Last month, CIF RBD palmolein Dec average price was USD 988.77 (USD 887.29 in Nov 2020) per ton. Values in bracket depict last month quotes. Ready lift CPO duty paid prices quoted at Rs790 (Rs 685) per 10 Kg and Dec delivery duty paid is offered at Rs 780 (Rs 680) per 10 kg. Ready lift RBD palmolein is quoted at Rs 1080 (Rs 950) per 10 kg as on Jan 1, 2021. Values in brackets are figures of last week.

- On the parity front, margins fell during this week due to fall in prices of palm oil in India markets. Currently refiners fetch USD 5-10/ton v/s gain of USD 15-20/ton (last week) margin in processing the imported CPO and imports of ready to use palmolein lose USD 25-30/ton v/s loss of USD 20-25/ton (last week) parity.

### International Palm oil Market Fundamentals

- Palm oil prices are likely to rise due to expectation of tight supply due to restrictions in Malaysia and La Nina effect in Indonesia, slow rise in production of palm oil in Malaysia, rise in exports of palm oil from Malaysia, firm demand by China and India, rise in competing oils and rise in crude oil prices.

Palm oil stocks fall in Malaysia in Oct due to rise in exports and rise in production of palm oil and higher domestic demand of Malaysia.

Palm oil stocks are expected to fall in Jan in Malaysia on slow increase production of palm oil and increases rate of growth of exports.

Due to heavy rains in East Malaysia and Kalimantan, Indonesia harvesting of fresh fruit bunches has slowed. These rains are due to La Nina pattern emerging in second half of 2020 in Southeast Asia. This pattern is expected to last through rest of 2020 will hamper 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 Oct on firm demand on opening of various countries after especially from India and China.

Exports of palm oil fell 11.31 percent in Malaysia in September due to weak demand from India and EU while imports from China rose.

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

Palm oil demand by India from Malaysia had increased in Oct compared to Sep due to lower supply stocks of palm oil.

Imports of palm oil from Malaysia by India rise in October due tight supply and slow rise in demand in HoReCa. 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. But, India saw import of RBD palmolein in September after months of no import.

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. However, Indonesia will fall short of biodiesel target due to higher prices of palm oil has led to lower Palm-Crude spread, pricing out palm oil compared to crude oil.

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 August palm oil stocks rose 0.06 percent to 16.98 lakh tons compared to 18.98 lakh tons in July 2020. Production of palm oil in Aug rose 3.07 percent to 18.63 lakh tons compared to 18.07 lakh tons in July 2020. Exports of palm oil in Aug fell 11.30 percent to 15.81 lakh tons compared to 17.83 lakh tons in July 2020. Imports of palm oil in Aug fell 38.68 percent to 0.32 lakh tons compared to 0.53 lakh tons in July 2020. End stocks of palm oil rose less compared to trade expectation of rise in stocks. Rise in stocks was mainly due to lower exports and higher production.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia Palm oil products export for October rise 5.6 Percent to 1,690,237 tonnes compared to 1,600,981 tonnes last month. Top buyers were India & subcontinent 444,725 tons (430,585 tons), European Union 344,165 tons (355,026 tons) and China at 238,135 tons (282,860 tons). Values in brackets are figures of last month.
- According of Indonesia Palm Oil Association (GAPKI), Indonesia palm oil exports in 2020 including refined palm

oil exports is expected at 24.92 MMT from 30.63 MMT last year. Production of palm oil in 2020 is estimated at 46.02 MMT compared to 47.11 last year due to lower use on fertilizer on lower palm oil prices. Indonesia is estimated to export 33-35 MMT of palm oil in 2020.

- According to Indonesia Palm Oil Association (GAPKI), exports of palm oil (CPO and PKO), biodiesel and oleochemical exports from Indonesia rose by 13.99 percent in June m-o-m to 2.77 MMT from 2.43 MMT in May 2020. Exports from Indonesia fell by 1.1 percent in June y-o-y from 2.80 MMT recorded in June 2019. In the period Jan-June 2020 exports fell by 11.7 percent to 15.5 MMT from 17.55 MMT. Stocks of palm oil at the end of June was 3.95 MMT compared to May 2020 figure of 3.53 MMT, up 11.89 percent m-o-m. Stocks in June was higher by 11.27 percent from June 2019 which was reported at 3.55 MMT. Palm oil production in Jan-June 2020 is at 23.5 MMT vs. 25.8 MMT in corresponding period last year. Biodiesel production in Jan- June 2020 is reported at 4.88 Million KL while consumption was 4.18 Million KL. Exports of palm oil from Indonesia fell due to adverse effect of coronavirus faced by consuming countries.
- 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, for October shipments Indonesia will charge export duty at \$3 per ton on crude palm oil. Reference prices of October are set at USD 768.98 per ton compared to USD 738.07 per ton last month, above 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 1050-1200 per 10 Kg in the near term.

## Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil closed down at various markets due to hiked prices. All India arrivals of rapeseed fell in December.

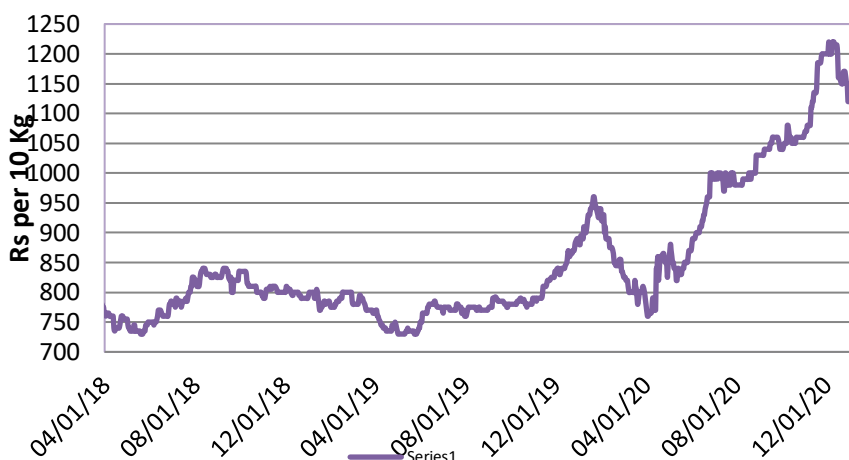
Demand remained firm in the month of December on firm buying in cash markets due to rapeseed oil seen as immunity booster even as India opens its economy and people realize that they have to learn to live with coronavirus before vaccines arrive.

Demand of rapeseed oil is firm despite rise in its prices. Further prices of rapeseed have surged leading disparity in crushing of rapeseed oil. This may lead to lower production of rapeseed oil while demand of rapeseed oil remains firm. This will lend support to rapeseed oil.

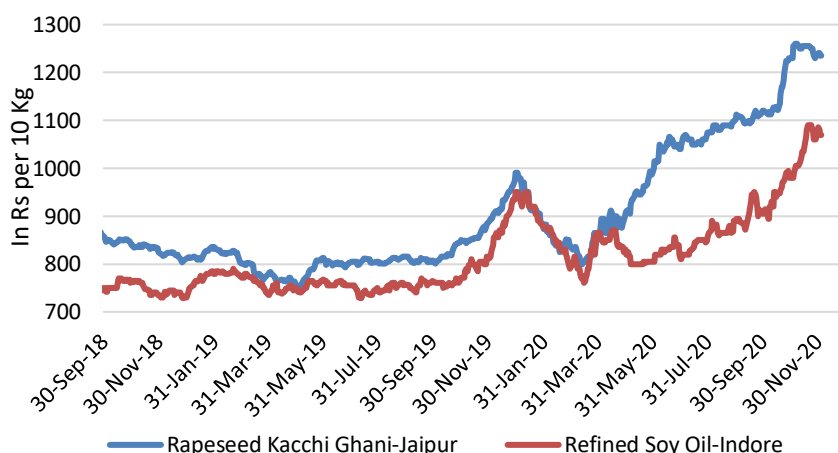
Stock position of rapeseed oil is tightening as firm demand draws down on stocks combined with lower imports of rapeseed oil and slow released of stocks from NAFED. Lower carryout of rapeseed oil in oil year 2019-20 will lead to higher prices of rapeseed oil in this oil year.

Rapeseed oil has surged in last three months may lead to oil substitution to cheaper oils like palm, soy and sun oils.

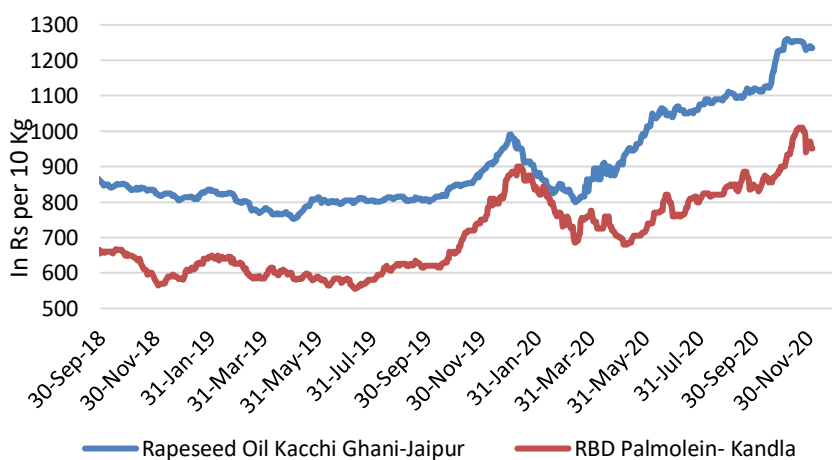
### Mustard Oil Price Trend (Kota Market)



### Comparison Between Rapeseed Oil & Refined Soy Oil



### Comparison Between Rapeseed Oil & RBD Palmolein





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. However, due to opening of India in passed will increase demand of palm oil as more people go outside home. So consumption of rapeseed oil may slow in coming months.

Agriwatch estimates rapeseed crop in MY 2020-21 at 72 lakh tons compared to last year crop

at 79 lakh tons. Lower crop of rapeseed in MY 2020-21 will support rapeseed and rapeseed oil prices

Arrivals of rapeseed fell at various key markets during the week. Better crush margins had encouraged mills to crush more in last five months. Arrivals will slow going ahead.

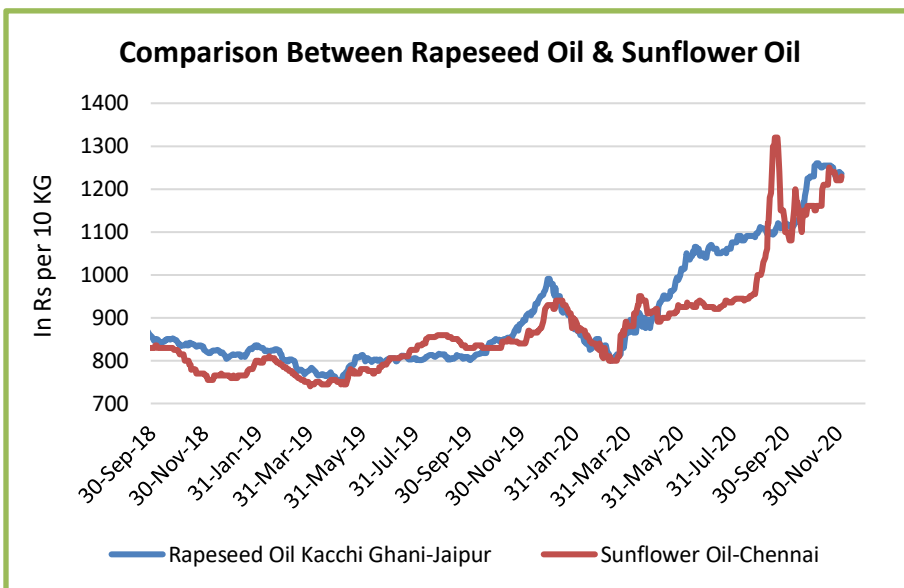
High premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is high will cap gains in rapeseed oil prices.

Imports of canola oil is 0.59 lakh tons in oil year 2019-20 (Nov-19-Oct-20) v/s 0.59 lakh tons last oil year indicating rise in demand as rapeseed supply is crunched. All the import of canola oil is stocked at port and has not been discharged. Imports of canola oil will stretch rapeseed oil balance sheet in oil year 2019-20 (Nov-Oct).

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 firm.





- Rapeseed oil import scenario- India imported 0.00 lakh tons rapeseed (Canola) oil in November 2020 v/s 0.00 lakh tons imports in November 2019. In the oil year 2019-20 (Nov 2019-October 2020) imports 0.55 lakh tons compared to 0.59 lakh tons in last oil year, down 6.77 percent y-o-y.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,248 (Rs 1,224) per 10 Kg, and at Kota market, it is offered at Rs 1,200 (Rs 1,150) per 10 kg as on January 1, 2021. Values in brackets are figures of last month.
- We expect RM seed oil prices to trade firm tone in the coming days.

**Price Outlook:** We expect Rapeseed oil (Kota) to trade in the price band of Rs 1250-1350 per 10 Kg.

## Sunflower oil: Domestic Market Fundamentals

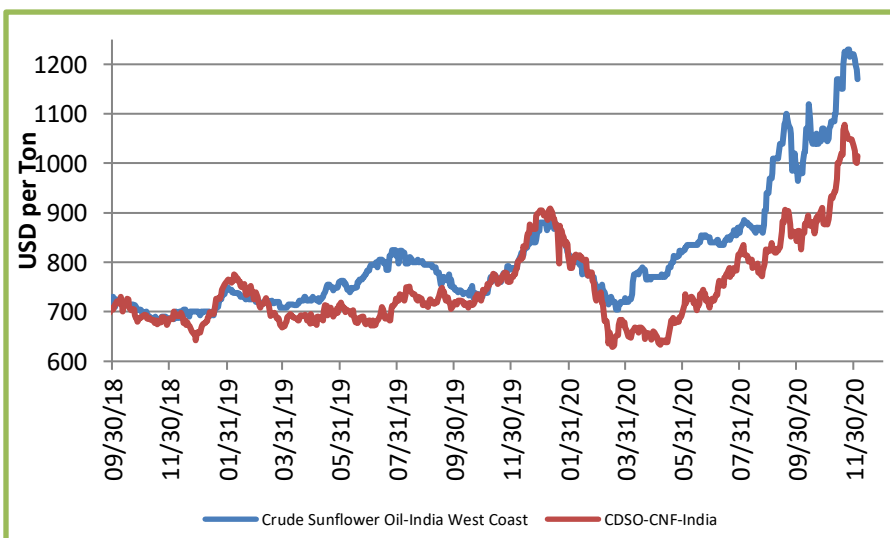
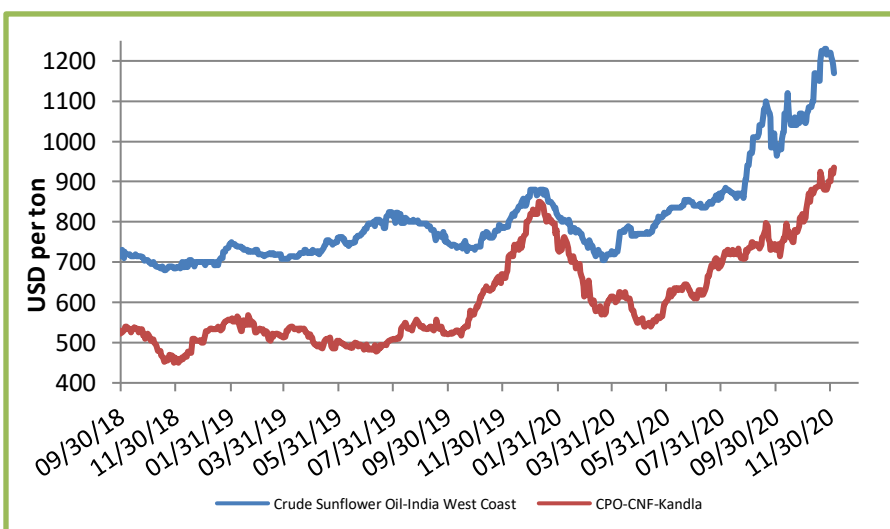
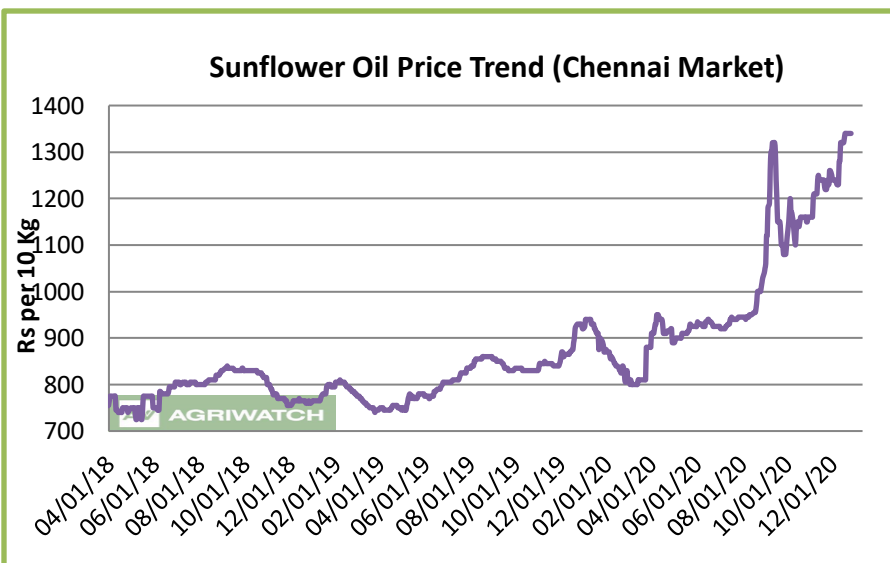
- Sunflower oil featured up trend at its various markets in India during the month of December on lower supply and rise in prices of sunflower oil in international markets due to lower crop of sunflower in Ukraine.

Sunflower oil prices rose more at high seas compared to CNF markets indicating weak supply at high seas.

Sunflower oil is mainly used in home consumption and demand has risen in home consumption due to less out of home consumption especially palm oil. Consumption has risen about 20 percent in some states.

Sunflower oil prices rose in December on rise palm oil and soy oil prices. Sunflower oil prices are mostly correlated to soy oil prices in domestic market. CNF prices of sunflower oil and soy oil are diverging. Further, the prices have diverging in domestic market.

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

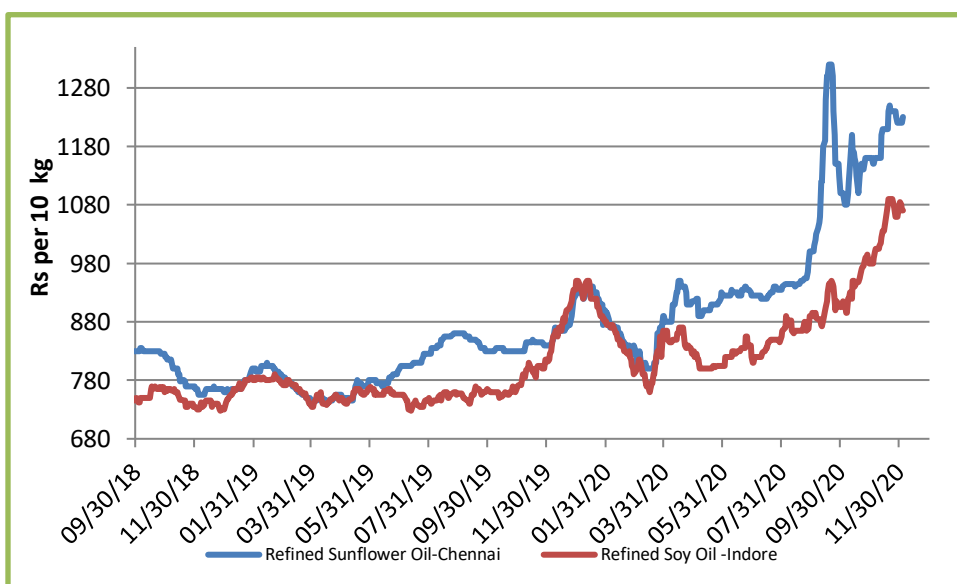
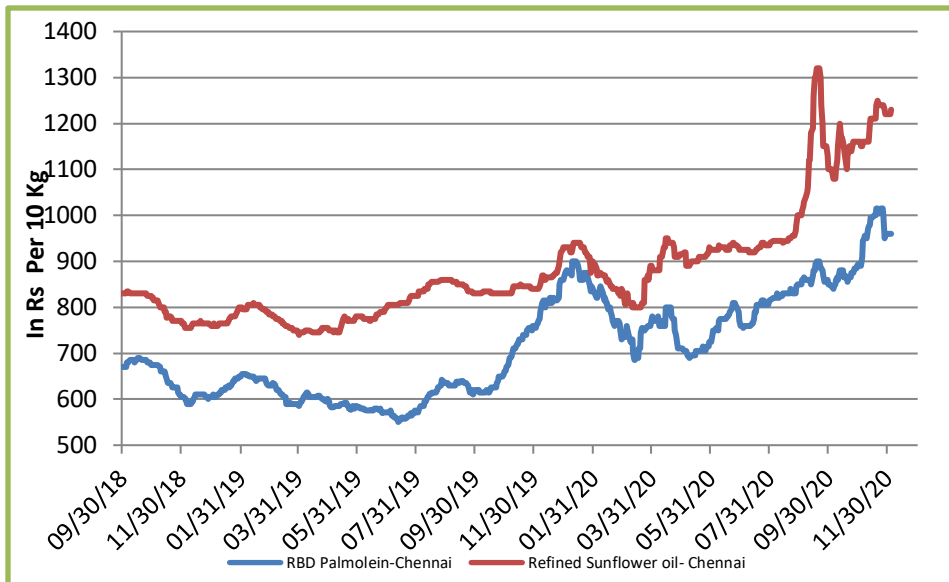


Imports of sunflower oil shows weak trend in December due to high price in international market and replacement demand of palm oil as less use of palm oil in out of home use.

Import demand of sunflower oil may slow down 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.

In Ukraine, the Sunflower crop in 2020-21 is expected to be 8.5% lower than last year, according to Ukraine's economy ministry. This will keep sunflower CNF prices supported in coming months.



Prices of sunflower oil are expected to rise on firm demand and rise in prices of sunflower oil in international markets as Ukraine's production is lowered due to drought condition.

Rising premium of CSFO over CDSO in CNF markets and domestic markets coupled with rising premium of sunflower oil at CNF markets and domestic market will cap its prices in medium term. Further, falling discount of sunflower oil over groundnut will cap gains in its prices.

Prices of sunflower oil are expected to remain in a range with upward bias in December.

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 6.92 percent y-o-y in October to 1.70 lakh tons from 1.59 lakh tons in October 2019. Imports in oil year 2019-20 (November 2019-October 2020) were reported higher by 7.14 percent y-o-y at 25.18 lakh tons compared to 23.50 lakh tons in last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 1265(USD 1170) per ton for Dec delivery, Jan delivery is quoted at USD 1265 (USD 1170) per ton. CNF sun oil (Ukraine origin) December monthly average was at USD 1210.80 per ton compared to USD 1154.58 per ton in November. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 1250-1350 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 104 (USD 155 last week) per ton for Dec delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 200(USD 270) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 1,340 (Rs 1,220) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 1,350(Rs 1280) per 10 kg as on January 1, 2021. Values in brackets are figures of last month.
- We expect sunflower oil prices to trade sideways to firm in the coming days.

**Price Outlook:** We expect sunflower oil (Chennai) to trade in the price band of Rs 1350-1450 per 10 Kg.

## Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured lower trend in Rajkot market during the month in review on low demand.

Groundnut oil demand is low may underpin by rise in prices of edible oils.

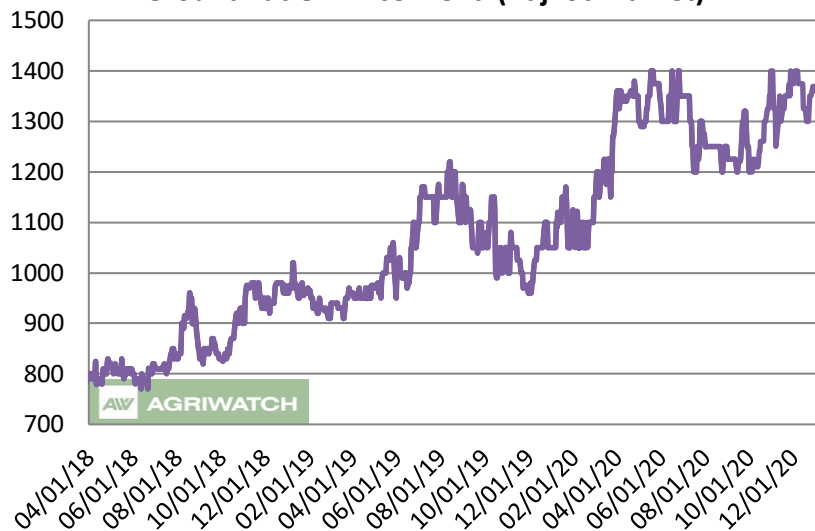
Groundnut oil demand was expected fall also due to its high premium over soy oil and palm oil prices, which led to higher demand of these other oils and hence higher imports of palm.

Groundnut oil demand may lower due to lower purchasing power with consumers on COVID may lead to oil substitution.

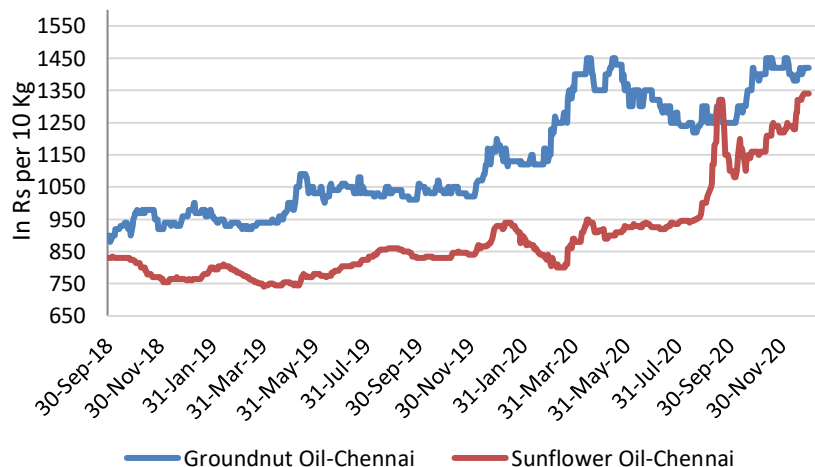
Groundnut oil demand will rise in winters. Need based demand of groundnut oil is from outside Gujarat.

There are rise in numbers of mills operating due to arrival of new stocks of groundnut crop.

**Groundnut Oil Price Trend (Rajkot Market)**



**Comparisen Between Groundnut Oil & Sunflower Oil**



Demand for groundnut meal is also low. There is parity in crush of groundnut.

Exports of groundnut oil have improved in Aug from July and June as Indian prices were competitive Imports is mainly to China in Apr-July 2020. Moreover, the pace of exports of groundnut has increased due to strong demand from importing nations, mainly Indonesia due to lower prices quoted at India FOB mostly on higher demand from Indonesia.

NAFED Ahmedabad procured 20,000 Metric tonnes of new crop.

In South India, prices weakened 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 good. Groundnut export demand is good from China will support its prices. Prices may fall in Oct as the peak demand season has ended and arrival of new crop will start.

Prices are expected to trade sideways on weak demand in cash markets. Groundnut oil exports more than doubled to 0.765 tons in Apr-July 2020, from 0.216 tons in corresponding period last year. It was mainly



exported to China.

- According to Ministry of Agriculture, as on 1 January, sowing of groundnut reported down by 8.6% at 3.61 lakh hectares compared to 3.95 lakh hectares at the same period last year. The total sown area under kharif oilseeds, as on 1 January, is higher compared to the previous year's level which is up by 6.2% at 80.61 lakh hectares compared to 75.93 lakh hectares during the corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot are hovering near Rs 13,500 (14,000) per quintal and quoting at Rs 14,200 (Rs 14,200) per quintal in Chennai market, as on January 1, 2021.
- 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 1350-1450 per 10 Kg.

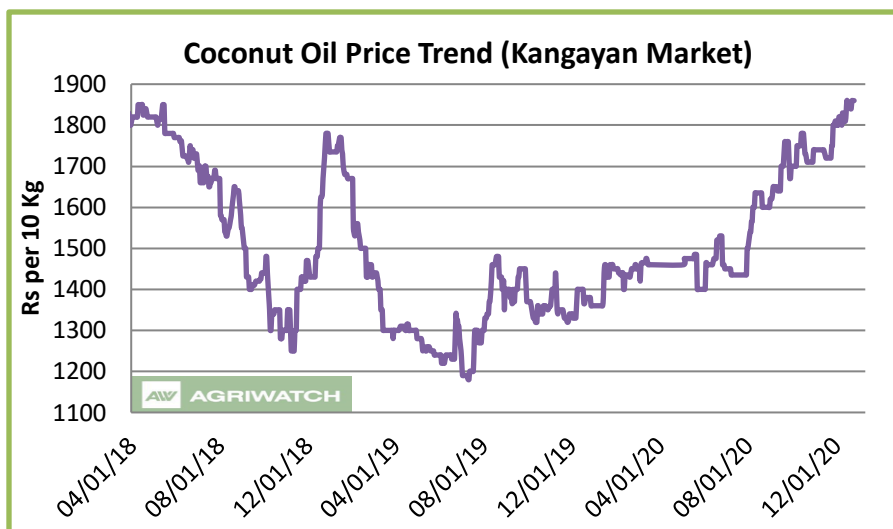


## Coconut oil: Domestic Market Fundamentals

- Coconut oil benchmark market Kangayam prices were quoted sideways for the month due to slow rise in demand.

Supply of coconut oil is rising slowly while rise in prices of edible oils have resulted in rise of Coconut oil too.

Commencement of harvest in mid-December will arrest rise in prices.



As on 1 December, NAFED has progressively procured 35.58 tons of milling copra in Tamil Nadu at an MSP of Rs 9,960 per quintal.

Rise in prices of palm oil and sunflower oil supported prices.

Demand of coconut oil may fall due to rise in its prices.

Retail demand is firm in Kerala. While, Demand from North India is stable.

However, demand is supported by coconut oil distributed by civil supplies of various governments coupled with state agencies selling coconut oil at subsidized rates.

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

Demand of copra is improving due to opening of India in various phases.

Millers operating capacity is improving due to improving demand in food and industrial segment and branded segment. Demand of coconut may fall, as there is demand destruction in costly oils like coconut oil, on weak sentiment and weak purchasing power in the country due to coronavirus. However, due to opening of the country demand may revive in coming days.

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

Higher coconut oil prices may increase RBD palmolein 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.

Coconut importers are dependent on domestic Coconut supply as State Trading Corporation has refrained from issuing NOC to import copra from December.

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 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.

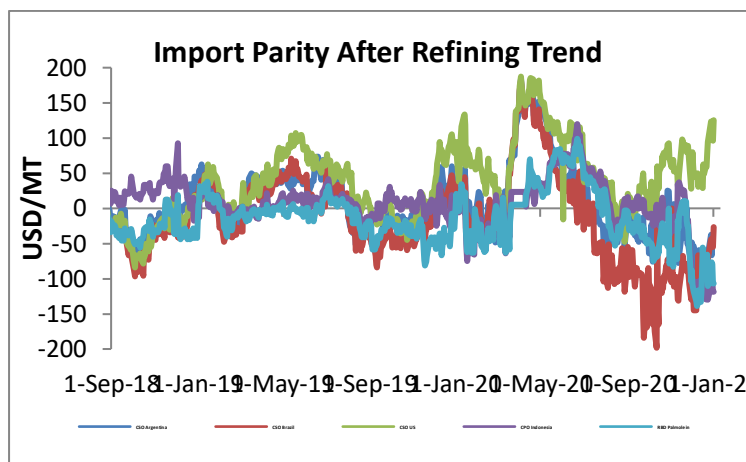
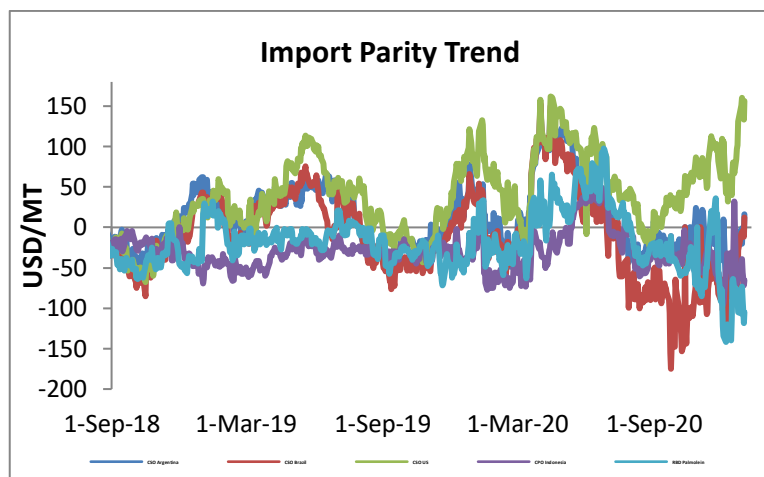
Prices are expected to remain sideways in January on slow rise in demand. Prices are expected to trade sideways to firm in medium term.

- On the price front, currently the coconut oil prices in Kochi are hovering near Rs 19,800 (17,300) per quintal and Rs 18,600 (17,200) per quintal in Erode market on January 2, 2021.
- Coconut oil prices may trade sideways to firm tone tracking rise in prices of edible oils.

**Price Outlook:** We expect coconut oil (Erode) to trade in the price band of Rs 1840-1900 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
<b>Oct, 2020</b>	-20.49	-120.74	48.05	-10.5	-52.45
<b>Nov, 2020</b>	-35.44	-98.69	67.40	-6.7	-37.89
<b>Nov, 2020</b>	-70.47	-92.07	64.65	-112.09	-102.67

### Outlook:-

Import parity for CDSO Argentina fell due to rise in prices of soy oil in international markets. We expect CDSO import parity to improve in January due to higher prices of soy oil in Indian markets. Parity in CPO is lower than RBD palmolein. Disparity in CPO may decrease its imports. Palm oil parity will rise due to rise in prices of palm oil in Indian markets.

### Refined soy oil Futures (NCDEX, Daily Jan chart)

REF SOYNOIL2101NCRSEP120210104 - Daily B 1195.20 A 1197.00  
O 1208.80 H 1234.00 L 1184.00 C 1208.20 T V 27.795 I 42.045 +8.8 -0.73%

EMA(9) 1171.9 (10) 1141.1

RSI(9, SMA(14)) 91.200 76.5999

MACD(12, 26, 12) DIF 39.8285 DEA 31.5106 MACD 16.8266

Open Interest(Total) 42,045

Volume(Total) 27,795

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### Refined soy oil (Indore (Monthly Chart inclusive VAT))

Key OH 1,190.00; 1,190.00; 1,190.00; 1,190.00; <20.0000

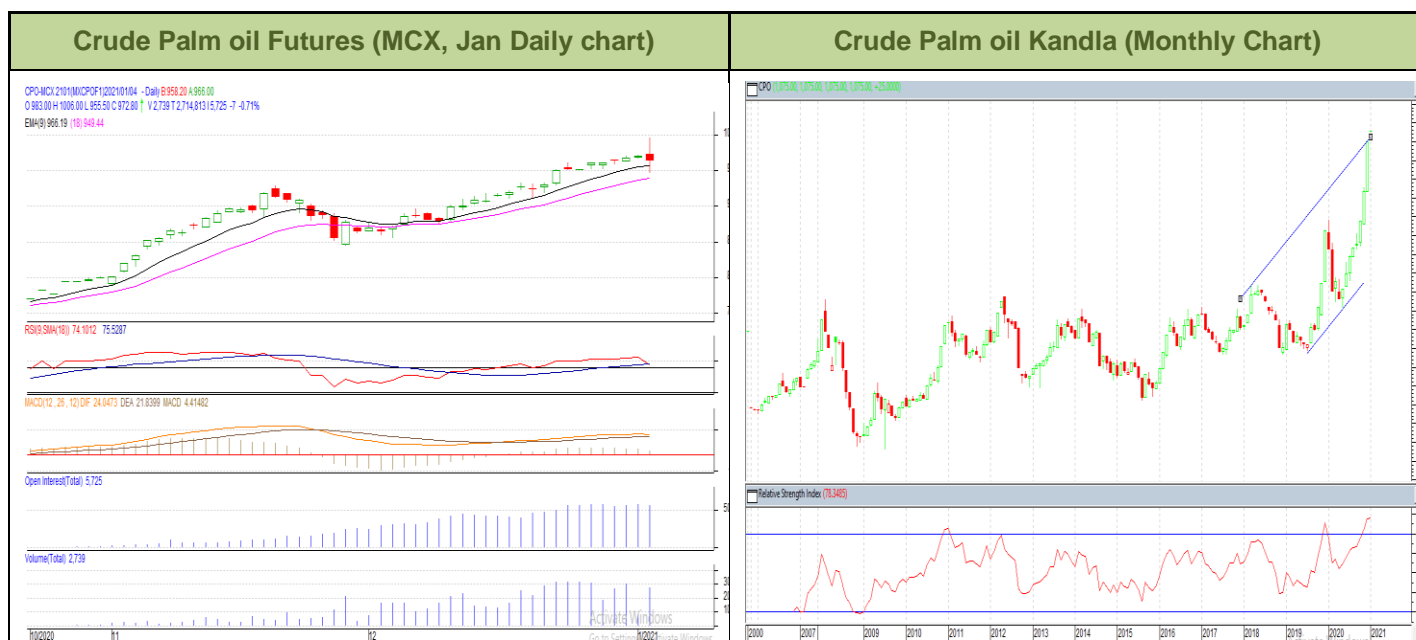
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- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close above 1220 in monthly chart will bring prices to 1250 levels.
- Expected price band for next month is 1150-1300 level in near to medium term. RSI and MACD are in overbought zone may go for price correction.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
976.70	1083.40	1190.1	1300.70	1407.40

**Spot Market outlook:** Refined soy oil Indore (including VAT) is likely to stay in the range of 1150-1300 per 10 Kg.

**Technical Analysis (Crude Palm oil Monthly Charts)**


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

- Candlestick monthly chart of crude palm oil at MCX depicts rise in prices. We expect prices to feature firm to sideways tone in the near term.
- Any close above 1020 in monthly chart might bring the prices to 1050 levels.
- Expected price band for next month is 980-1080 level in near to medium term. RSI and MACD are in overbought zone may go for price correction.

**Strategy:** Market participants are advised to go long in CPO above 980 for a target of and 1010 and 1025 with a stop loss at 940 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
824.67	901.23	977.8	1056.87	1133.43

**Spot Market outlook:** Crude palm oil Kandla is likely to stay in the range of 1050- 1200 per 10 Kg.

**Monthly spot prices comparison**
**Edible Oil Prices at key Markets:**

Commodity	Centre	Prices (Per 10 Kg)		Change
		31-Dec-20	30-Nov-20	
Refined Soybean Oil	Indore	1170	1080	90
	Indore (Soy Solvent Crude)	1120	1035	85
	Mumbai	1140	1100	40
	Mumbai (Soy Degum)	1170	1075	95
	Kandla/Mundra	1185	1090	95
	Kandla/Mundra (Soy Degum)	1155	1060	95
	Kolkata	1200	1090	110
	Delhi	1253	1121	132
	Nagpur	1160	1065	95
	Rajkot	1170	1070	100
	Kota	1180	1080	100
	Hyderabad	0	0	Unch
	Akola	1180	1085	95
	Amrawati	1166	1080	86
	Bundi	1190	1090	100
	Jalna	1150	1069	81
	Solapur	1145	1055	90
	Dhule	1140	1050	90
	Nanded	1145	1053	92
	Latur	1160	1065	95
	Argentina Crude Soya (CIF India) USD	1161	1035	126
	Argentina Crude Soya (FOB)	1099	990	109
	Soya Oil(Rot.)( Euro/MT FOB) (1000) GMT	905	860	45
Palm Oil*	Kandla (Crude Palm Oil)	1050	917	133
	Kandla (RBD Palm oil)	1020	950	70
	Kandla RBD Pamolein	1055	970	85
	Kakinada (Crude Palm Oil)	980	920	60
	Kakinada RBD Pamolein	1070	945	125
	Haldia Pamolein	1080	965	115
	Chennai RBD Pamolein	1075	960	115
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1127	1022	105
	Krishnapattanam RBD Pamolein	1075	950	125
	Mumbai RBD Pamolein	1085	990	95
	Mangalore RBD Pamolein	1080	985	95
	Tuticorin (RBD Palmolein)	1065	975	90
	Mumbai (Refined)	1080	960	120



	Rajkot (Refined)	1065	945	120
	Chennai (Refined)	1070	980	90
	Hyderabad (Refined)	1085	987	98
	Delhi (Refined)	1150	1042	108
	PFAD (Kandla)	685	610	75
	RPS (Kandla)	815	775	40
	Superolien (Kandla)	1080	990	90
	Superolien (Mumbai)	1100	1010	90
	Kochi (RBD Palmolein)	1020	910	110
	Krishnapattanam (Crude Palm Oil)	980	920	60
	Mumbai (Crude Palm Oil)	1045	890	155
	Kolkata (Crude Palm Oil)	985	880	105
	Palm Kernel Oil (1000) GMT	1335	1150	185
Refined Sunflower Oil	Chennai (Refined)	1340	1220	120
	Chennai (Crude )	1280	1150	130
	Mumbai (Refined)	1330	1240	90
	Mumbai (Expeller Oil)	1300	1200	100
	Kandla (Refined)	1350	1280	70
	Hyderabad (Refined)	1345	1220	125
	Hyderabad (Expeller)	1300	1170	130
	Latur (Refined)	1350	1215	135
	Latur (Expeller Oil)	1280	1155	125
	Chellakere (Expeller Oil)	1275	1180	95
	Erode (Expeller Oil)	1360	1280	80
	Kakinada (Refined)	1330	1200	130
	Krishna Pattanam (Refined)	1330	1200	130
	Delhi (Refined)	1280	1220	60
	Sun Oil (Rotterdam)	1200	1170	30
Groundnut Oil	Rajkot	1350	1400	-50
	Chennai	1420	1420	Unch
	Delhi	1400	1400	Unch
	Hyderabad *	1420	1400	20
	Mumbai	1400	1430	-30
	Gondal	1360	1400	-40
	Jamnagar	1350	1400	-50
	Gujarat GN Telia	2160	2230	-70
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1243	1219	24
	Jaipur (Kacchi Ghani Oil)	1260	1235	25
	Kota (Expeller Oil)	1180	1160	20
	Kota (Kacchi Ghani Oil)	1265	1220	45
	Neewai (Expeller Oil)	1215	1195	20
	Neewai (Kacchi Ghani Oil)	1235	1215	20

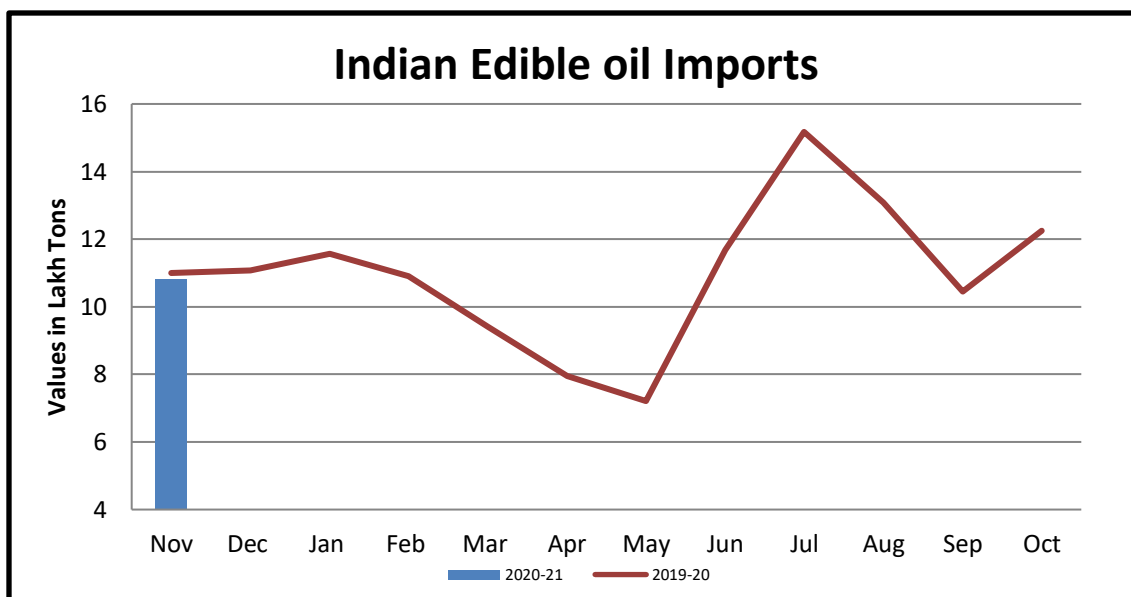




	Bharatpur (Kacchi Ghani Oil)	1220	1200	20
	Sri-Ganga Nagar(Exp Oil)	1225	1200	25
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1235	1210	25
	Mumbai (Expeller Oil)	1210	1200	10
	Kolkata(Expeller Oil)	1340	1300	40
	New Delhi (Expeller Oil)	1240	1180	60
	Hapur (Expeller Oil)	1250	1200	50
	Hapur (Kacchi Ghani Oil)	1280	1230	50
	Agra (Kacchi Ghani Oil)	1225	1205	20
	Nagpur (Expeller Oil)	1233.333 3	1220	13.333
Refined Cottonseed Oil	Rajkot	1130	1035	95
	Hyderabad	1145	1050	95
	Mumbai	1125	1065	60
	New Delhi	1150	1000	150
	Gujarat Cotton Wash	1050	1005	45
Coconut Oil	Kangayan (Crude)	1860	1720	140
	Cochin	1880	1740	140
	Coconut Oil(Rot.)(Phil/Indo)	1470	1460	10
Vanaspati Oil	Uttar Pradesh	1460	1420	40
	Kolkata	1400	1315	85
	Rajkot	1598	1503	95
Sesame Oil	New Delhi	1400	1400	Unch
	Mumbai	0	0	Unch
Kardi	Mumbai	0	0	Unch
Rice Bran Oil	New Delhi (40%)	860	845	15
	Punjab 4%)	1060	1000	60
	Bhatinda (Crude 4%)	815	805	10
	Bhatinda (Refined 4%)	930	920	10
	Hyderabad (Crude)	900	900	Unch
	Hyderabad (Refined)	1050	1050	Unch
	Kolkata (Crude)	910	900	10
	Kolkata (Refined)	1060	990	70
	Raipur (Crude)	945	975	-30
	Raipur (Refined)	1130	1080	50
	Odisha (Refined)	1120	1080	40
	Vijayawada (Refined)	1020	1020	Unch
Malaysia Palmolein USD/MT	FOB	990	880	110
	CNF India	1035	910	125
Indonesia CPO USD/MT	FOB	1028	875	153



	CNF India	1055	900	155
RBD Palm oil (Malaysia Origin USD/MT)	FOB	988	873	115
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	975	885	90
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1435	1180	255
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	860	765	95
Crude palm Kernel Oil India (USD/MT)	CNF India	1485	1250	235
Ukraine Origin CSFO USD/MT Kandla	CIF	1265	1220	45
Rapeseed Oil Rotterdam Euro/MT	FOB	890	858	32
Argentina FOB (\$/MT)		30-Dec-20	30-Nov-20	Change
Crude Soybean Oil Ship		1111	975	136
Refined Soy Oil (Bulk) Ship		1150	1009	141
Sunflower Oil Ship		1160	1125	35
Cottonseed Oil Ship		1091	955	136
Refined Linseed Oil (Bulk) Ship		0	0	Unch
* indicates including GST				

**Annexure:**
**Indian Edible Oil Imports Scenario –:**


As per Solvent Extractors' Association of India, India imported 131.54 million tons of veg. oils in the 2019-20 oil year. Edible oils imports were 149.13 million tons 2019-20 (November 2019-October 2020). Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for November is pegged at 12.25 lakh tons. Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for (Nov 2019-Oct 2020) is pegged at 119.50 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 1/1/2021	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein Malaysia
FOB USD per ton	1091	1095	952	1028	990
Freight (USD/MT)	47	47	47	35	26.0
C & F	1137.9	1142.0	998.7	1063.0	1016.0
Weight loss (0.25% of FOB)	2.73	2.74	2.38	2.57	2.48
Finance charges (0.4% on CNF)	4.55	4.57	3.99	4.25	4.06
Insurance (0.3% of C&F)	3.41	3.43	3.00	3.19	3.05
CIF (Indian Port - Kandla)	1149	1153	1008	1073	1026
Duty (Values in USD per tons)	433.90	433.90	433.90	306.43	316.72
GST (5% on duty) USD per ton	21.69	21.69	21.69	15.32	15.84
Exchange rate	73.05	73.05	73.05	73.05	73.05
Landed cost without customs duty in INR per ton	83901	84207	73641	78383	74919
Customs duty %	35.00%	35.00%	35.00%	27.50%	27.50%
Social Welfare Surcharge@10%	3.50%	3.50%	3.50%	2.75%	2.75%
Total Duty %	38.50%	38.50%	38.50%	30.25%	30.25%
Base import price	1127	1127	1127	1013	1047
Fixed exchange rate by customs department	73.85	73.85	73.85	73.85	73.85
Duty component in INR per ton	32043.15	32043.15	32043.15	22630.04	23389.59
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	117344	117650	107085	102413	99709
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	117200	117200	117200	105500	106500
Total landed cost USD per ton	1606	1611	1466	1402	1365
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1604	1604	1604	1444	1458
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-144</b>	<b>-450</b>	<b>10115</b>	<b>3087</b>	<b>6791</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-1.97</b>	<b>-6.16</b>	<b>138.47</b>	<b>42.25</b>	<b>92.97</b>
Source: Agriwatch					
Refining/ Processing Cost per MT	2000.00	2000.00	2000.00	4700.00	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	121844.14	122150.18	111584.57	109913.49	102508.72
Soy/Palm oil imported Price (Including tax)	127936.35	128257.69	117163.80	115409.17	107634.15
Loose price of Soy/Palm in Indore and Delhi market	124950.00	124950.00	124950.00	115000.00	115000.00
<b>Parity after processing and Taxes (Rs per MT)</b>	<b>-2986.35</b>	<b>-3307.69</b>	<b>7786.20</b>	<b>-409.17</b>	<b>7365.85</b>
<b>Parity after processing and Taxes (USD per MT)</b>	<b>-40.88</b>	<b>-45.28</b>	<b>106.59</b>	<b>-5.60</b>	<b>100.83</b>
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	3.902	3.937	3.897	4.142	4.844
Production	53.816	55.147	55.878	57.918	60.265
Imports	10.979	9.868	10.683	11.385	11.177
Total Supply	68.697	68.952	70.458	73.445	76.286
Exports	11.331	10.565	11.177	11.925	11.995
Food Use Dom. Cons.	43.662	44.031	44.341	46.137	48.567
Domestic Consumption	53.429	54.490	55.139	56.676	59.482
Ending Stocks	3.937	3.897	4.142	4.844	4.809

### 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	0.839
Production	10.035	10.783	10.976	11.300	11.539
Imports	0.145	0.152	0.180	0.145	0.159
Total Supply	10.945	11.711	12.061	12.250	12.537
Exports	1.159	1.108	0.880	1.288	1.247
Industrial Dom. Cons.	2.812	3.236	3.567	3.564	3.674
Food Use Dom. Cons.	6.198	6.462	6.809	6.559	6.759
Domestic Consumption	9.010	9.698	10.376	10.123	10.433
Ending Stocks	0.776	0.905	0.805	0.839	0.857

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	24.740	14.247
Production	116.931	120.065	120.515	96.667	113.496
Imports	0.606	0.594	0.383	0.419	0.408
Total Supply	122.891	128.867	132.821	121.826	128.151
Exports	58.964	58.071	47.676	45.620	59.874
Domestic Consumption	55.719	58.873	60.405	61.959	63.514
Ending Stocks	8.208	11.923	24.740	14.247	4.763

Source: USDA

### Balance Sheet (Annual) - Soybean, Brazil

*Fig. in million tons*

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
<b>Beginning Stocks</b>	23.158	32.112	32.696	32.472	20.400
<b>Production</b>	114.900	123.400	119.700	126.000	133.000
<b>Imports</b>	0.252	0.175	0.140	0.549	0.400
<b>Total Supply</b>	138.310	155.687	152.536	159.021	153.800
<b>Exports</b>	63.137	76.136	74.887	92.130	85.000
<b>Domestic Consumption</b>	43.061	46.855	45.177	46.491	48.100
<b>Ending Stocks</b>	32.112	32.696	32.472	20.400	20.700

Source: USDA

### Balance Sheet (Annual) - Soybean, Argentina

*Fig. in million tons*

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
<b>Beginning Stocks</b>	27.156	26.996	23.734	28.890	26.800
<b>Production</b>	55.000	37.800	55.300	48.800	50.000
<b>Imports</b>	1.674	4.703	6.408	4.882	4.000
<b>Total Supply</b>	83.830	69.499	85.442	82.572	80.800
<b>Exports</b>	7.025	2.132	9.104	9.973	7.000
<b>Domestic Consumption</b>	49.809	43.633	47.448	45.799	46.200
<b>Ending Stocks</b>	26.996	23.734	28.890	26.800	27.600

Source: USDA

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