



Veg. Oil Monthly Research Report

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Outlook and Review:

Domestic Front

Edible oil basket featured rising trend during the month under review. Groundnut oil, Soy oil, Palm oil, Mustard oil and Sunflower oil prices showed rising trend while Coconut oil showed declining trend.

Sunflower oil was the best performer among the edible oil complex due to good domestic demand amid tight supply. Coconut Oil traded lower due to higher copra prices.

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

On the currency front, Indian rupee is hovering near 74.05 compared to 73.47 last month. Rupee is expected to appreciate in May. Crude oil prices are expected to rise to an extent in May.

Recommendation:

Market participants can buy refined soy oil in the cash markets at 1400-1600 for the target of 1360-1460 levels (Indore). Market participants can buy CPO Kandla 5% in the cash markets at 1300-1500 for the target of 1160-1250 levels.

International Veg. Oil Market Summary

CBOT soy oil (May is expected to stay in the range of 65.48 cents/lb to 72 cents/lb. CPO at BMD (April) is likely to stay in the range of 4045-5000 ringgits per ton. Focus during the coming days will be import demand of China, crude oil prices, soybean stock in US, soy oil stocks in US, Soybean harvesting in Argentina, and Biodiesel demand. BMD Malaysia will be impacted by palm oil stocks in Malaysia and Indonesia, palm oil production in Malaysia and Indonesia, palm oil exports from Malaysia and Indonesia, Palm oil stock in exporting countries, 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, harvesting in Argentina and Soy crop condition, 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

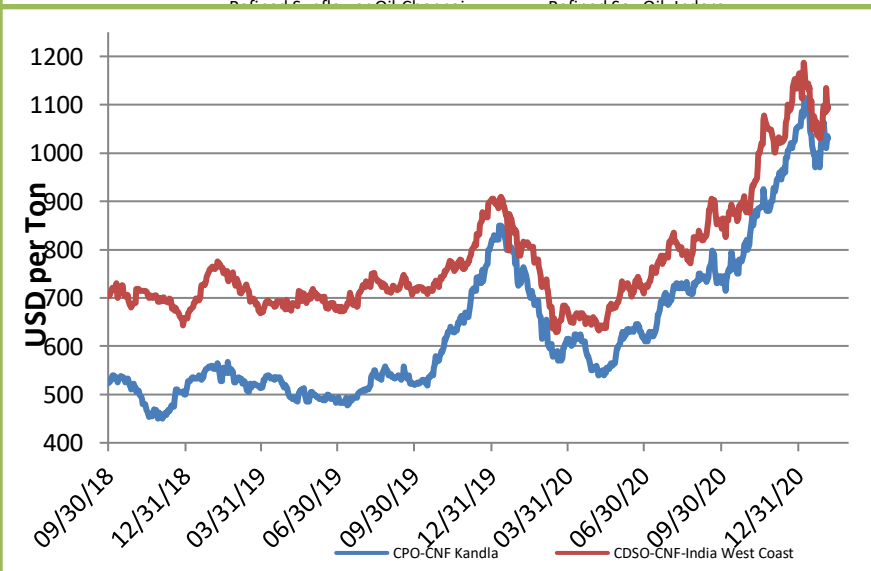
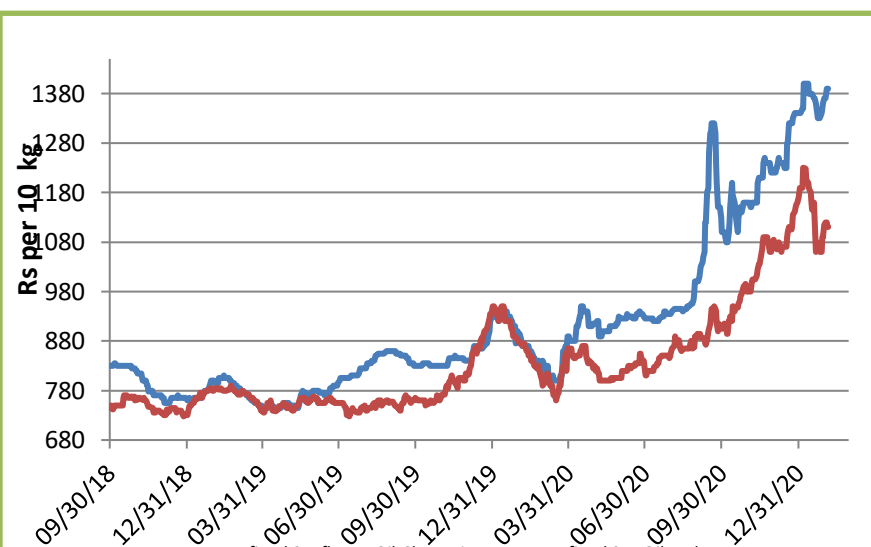
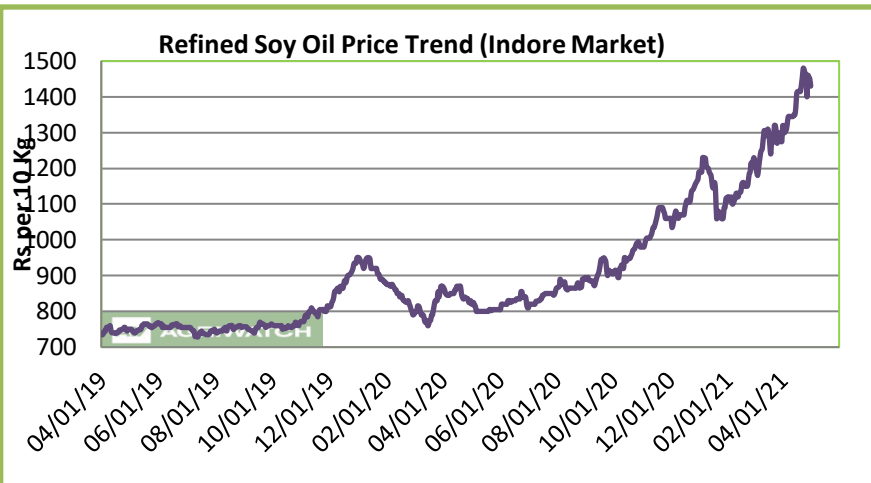
- Refined soybean oil prices featured rising trend at its benchmark market at Indore during the month of April on firm demand amid restrictions and lockdowns in various states.
- Covid second wave has hit the market and movement restrictions in various states led to supply shortages.

Import demand of soy oil lowered in March slightly compared to February as prices rose. The rise in prices of soy oil in international markets has led disparity to rise.

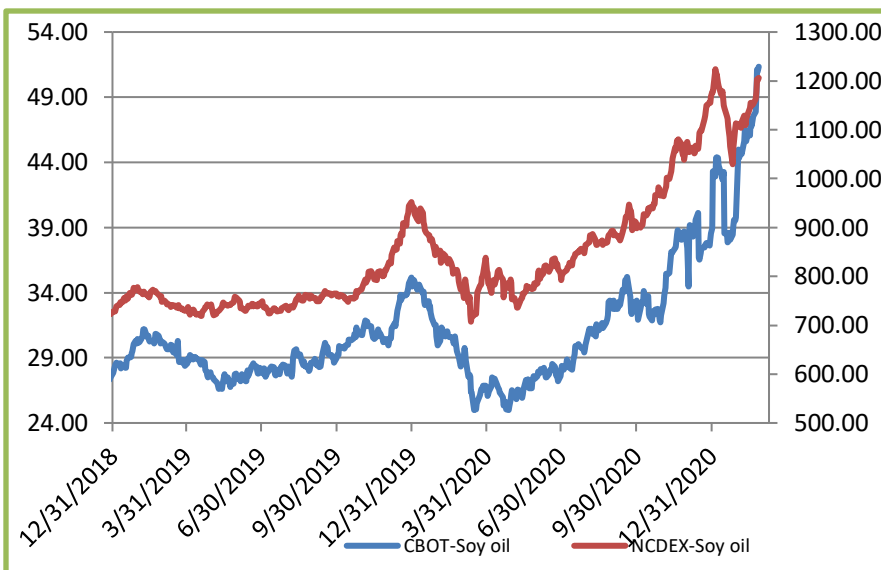
Supply of soy oil in India in April was expected to be firm and May shipments may lower down compared to March and April.

Stocks of soy oil in domestic market fell 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. If imports slow the prices will rise due to falling stocks. Stocks of soy oil at ports rose for January after on higher imports in December.

Supply of soy oil in international market was low from countries including Argentina and Brazil as harvesting in Brazil is hampered due to rains and in Argentina crops condition is affected by unfavorable weather.



Import parity of soy oil fell in March due to rise in prices of soy oil in international markets and is at disparity of Rs 15-20 per 10 kg compared to disparity of Rs 5-10 per 10 kg in Jan.



- Soy oil import scenario – According to SEA, Soy oil imports fell 11.31 percent in February y-o-y to 2.85 lakh tons from 3.22 lakh tons in February 2020. 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 March edible oil imports rose 2.6 percent y-o- y to 9.80 lakh tons from 9.55 lakh tons in March 2020. Palm oil imports in March rose 57.01 percent y-o-y to 5.26 lakh tons from 3.35 lakh tons in March 2020. CPO imports rose 71.52 percent in March y-o-y to 2.95 lakh tons from 5.06 lakh tons in March 2020. RBD palmolein import fell 93 percent to 0.02 lakh tons in March vs. 0.30 lakh tons in March 2020. Soy oil imports fell 2.73 percent in March y-o-y to 2.84 lakh tons from 2.92 lakh tons in March 2020. Sunflower oil imports fell 50.17 percent y-o-y in March to 1.47 lakh tons from 2.95 lakh tons in March 2020. Rapeseed (canola) oil stood at 0 imports in February compared to import of 0.17 lakh tons in March 2020.
- According to Solvent Extractors Association (SEA), India's April edible oil stocks at ports and pipelines fell 0.17 percent m-o-m to 16.87 lakh tons from 16.90 lakh tons in March 2021. Stocks of edible oil at ports in April estimated at 463,000 tons (CPO 180,000 tons, RBD Palmolein 3,000, Degummed Soybean Oil 140,000 tons and Crude Sunflower Oil 140,000) and about 1,224,000 tons in pipelines. (Stocks at ports were 760,000 tons and in pipelines were 470,000 tons, in March 2020). India is presently holding 19 days of edible oil requirement on 1st April, 2021 at 16.87 lakh tons compared to 17 days of requirements of 14.31 lakh tons on 1st March 2021. India held 18.60 lakh tons of stocks in ports and pipelines on 1st April 2020. India's monthly edible oil requirement is 26.0 lakh tons.
- Imported crude soy oil CIF at West coast port is offered at USD 1173 (USD 1164 per ton for May delivery, Jun delivery is quoted at USD 1173(USD 1164) per ton. Last month, CNF CDSO April average price was USD 1285.36 (USD 1259.28 per ton in Mar 2021) per ton. Refined soy oil (Indore) is quoted at Rs 1430 (Rs 1320) per 10 kg on May 1, 2021. Values in brackets are figures of last month.
- On the parity front, margins fell 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 10-15/ton v/s loss of USD 15-20/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).

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, delayed harvesting in Argentina, slow demand of soybean from China, rise in competing oil prices, biodiesel demand and rise in crude oil prices.

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 in South America whereas unexpected heavy rains delayed harvesting in Brazil. Brazil Soybean crop estimated at 132.6 Million Tons lower from previous estimate of 133.9 Million Tons according to Consultancy Stonex. Brazil Soybean crop area seen at 38.29 Million Ha compared to previous estimate of 38.32 Million Ha. While, yield is lowered to 3.46 Tons per Ha from previous estimate of 3.49 Tons per Ha.

Argentina's 2020/21 Soybean crop estimated at 46 Million Tons lower from previous estimate of 46.5 Million Tons according to the Buenos Aires Grains Exchange. Brazil Soybean crop area seen at 17.2 Million Ha. Dry and hot weather conditions affected the crops fields of world's top exporter of soymeal. If soil moisture in the coming weeks does not match the growing needs of crops, yields could be impacted," according to a report of the Geoglam global agriculture monitoring service in conjunction with the exchange.

- According to United States Department of Agriculture (USDA) January estimate, U.S 2020/21 ending stocks of soy oil estimate has been decreased to 1,814 million lbs compared to 1,889million lbs in December estimate. Opening stocks are kept unchanged to 1,849 million lbs in 2020/21. Production of soy oil in 2020/21 increased to 25,565 million lbs compared to 25,440 million lbs in previous estimate. Imports in 2020/21 are kept unchanged at 350 million lbs. Biodiesel use in 2020/21 increased to 8,200 million lbs compared to 8,100 million lbs in previous estimate. Food, feed and other industrial use in 2020/21 increased to 15,000 million lbs compared to 14,900 million lbs in previous estimate. Exports in 2020/21 is kept unchanged at 2,750 million lbs. Average price range estimate of 2020/21 is raised to 368.50 cents/lbs from 36.00 cents/lbs in its earlier estimate.
- The U.S. Department of Agriculture monthly supply and demand report for the month of January forecasts U.S. 2020/21 soybean stocks at 140 million bushels compared to 175 million bushels in its December estimate. Opening stocks in 2020/21 increased to 525 million bushels compared to 523 million bushels in previous estimate. Soybean production in 2020/21 decreased to 4,135 million bushels compared to 4,170 million bushels in previous estimate. U.S. soybean exports estimate in 2020/21 increased to 2,230 million bushels compared to 2,200 million bushels in previous estimate. Imports estimate in 2020/21 increased to 35 million bushels compared to 15 million bushels in previous estimate. Crush in 2020/21 increased to 2,200 million bushels compared to 2,195 million bushels. Seed use in 2020/21 has been kept unchanged at 130 million bushels. Residual use in 2020/21 decreased to 22 million bushels compared to 35 million bushels. Average price range in 2020/21 is increased to 11.15 cents/bushel compared to 10.55 cents/bushel in its earlier estimate.
- USDA Attaché projected Brazil's 2020/21 Soybean sown area at 38.5 mln Ha and Soybean crop yields at 131.5 MMT. Dry weather conditions prevailing in Brazil has pressurized crops but it's still too early to re-access crop yield. Export is forecasted at 85 MMT. China has huge demand for Brazilian Soy Stocks.



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- USDA Attaché projected Argentina's 2020/21 Soybean crops lowered to 50MMT and Sunflower seed to 2.9 MMT. Dry weather conditions prevailing in Argentina has pressurized crops as soil moisture is not significant for crop growth. Groundnut production is projected slightly high to 1.35 MMT due to higher sown area.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1400-1600 per 10 Kg in the near term.

Palm oil: Domestic Market Fundamentals

- CPO prices witnessed rising tone in the month of April at its benchmark market at Kandla on firm domestic demand amid lockdown fear.
- CPO import is slightly down and may affect the port and pipelines stocks.

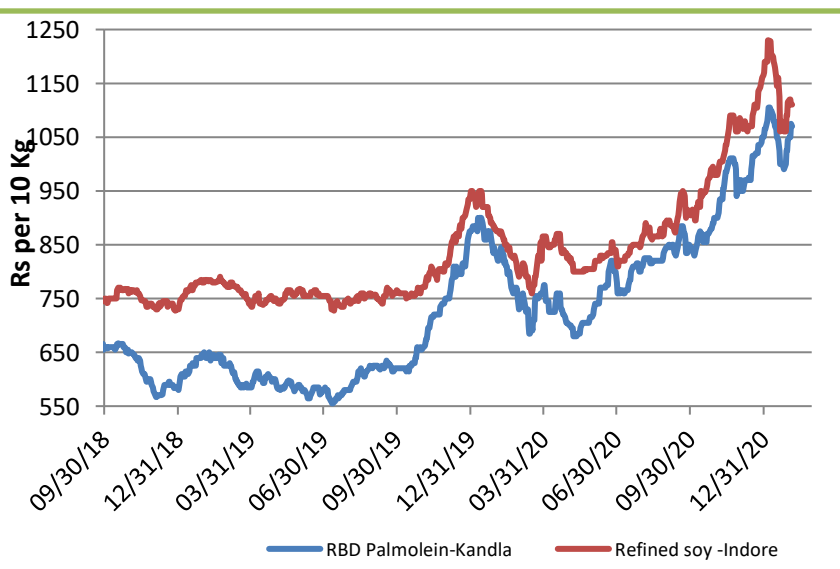
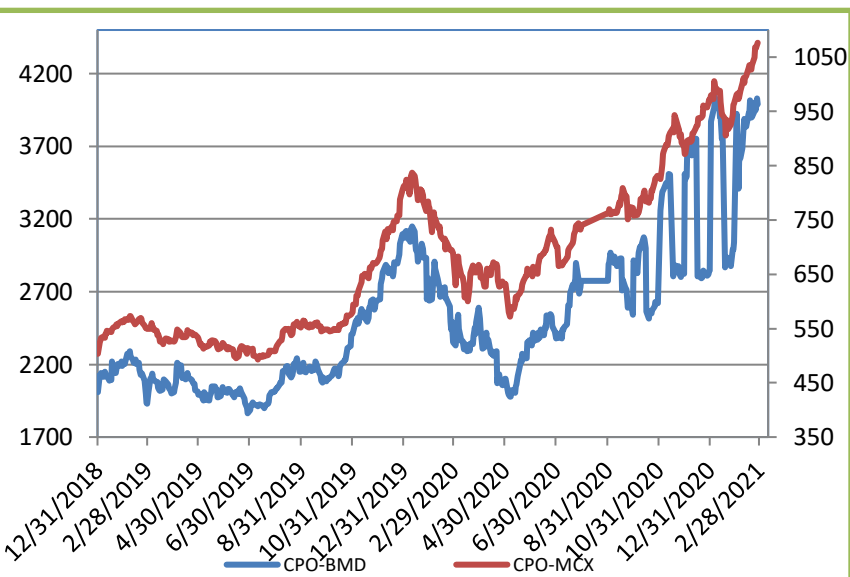
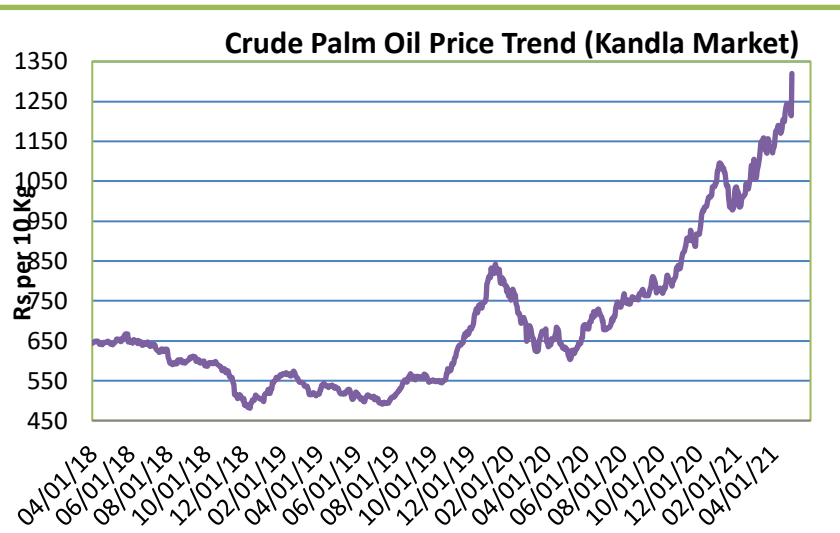
Prices of CPO rose less at high seas compared to CNF markets compared to last month indicating firm demand at high seas.

Demand of palm oil from households and biscuit sectors are normal. HoReCa demand may further hit as covid cases increases and various states imposed lockdown restrictions.

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 was lower for oil year 2019-20 and lead to lower carryout of palm oil in oil year 2019-20.

As on 26th November, 2020, Government of India lowered the CPO import duty from 37.5% to 27.5% amid rise in food inflation. Further, on 1 February, 2021 basic import duty lowered to 15.00% with additional levy of 17.50 % Agriculture Infrastructure and Development Cess. This Agriculture

Infrastructure and Development Cess will be directly used for development of edible oil industry.



Import's parity of CPO fell slightly due to sideways movements in prices of CPO in international markets

Appreciation of Rupee may increase palm oil to parity in May.

Data from cargo surveyor ITS shows a rise in imports of palm oil by India from Malaysia in April 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 December 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 November.

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. Government is prospecting for edible palm oil plantation in India to lower its import dependence.

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

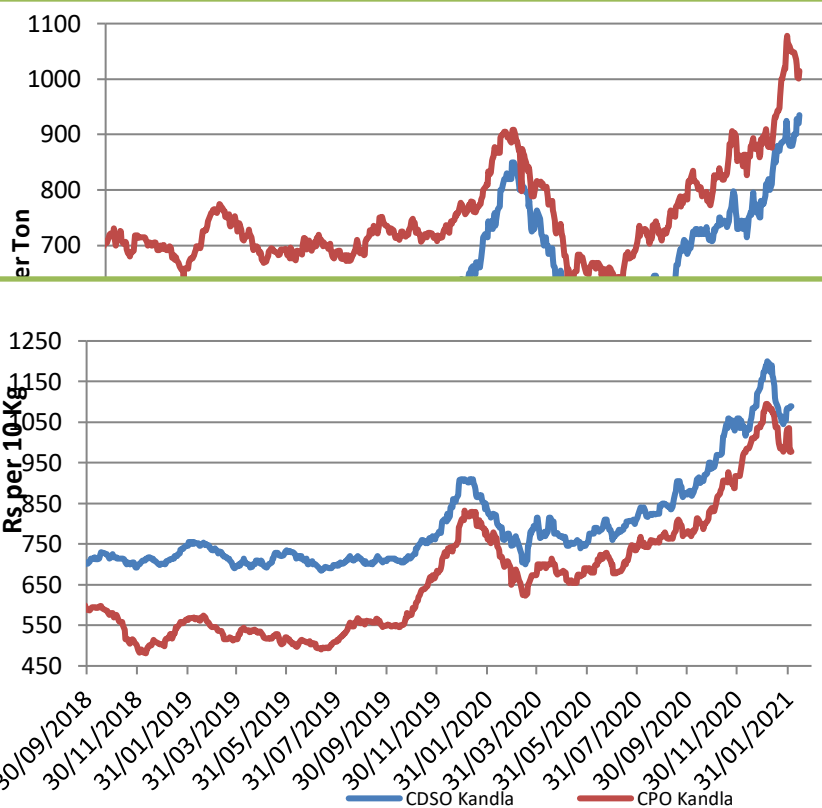
Expectation of rise in stocks of palm oil in Malaysia in coming months due to increase in production of palm oil and higher competing oils will support palm oil prices.

RBD palmolein premium over CPO decreased to Rs 88 (Rs 53 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.

Soy oil premium over crude palm oil which is hovering at Rs 133(Rs 263 last month) per 10 Kg has lowered over the months may lead to lower CPO imports.

Premium of soy oil over palm oil lowered in April at CNF and domestic markets. High premium of crude sunflower CNF India West coast and CPO CNF at USD 290(USD 320) per ton will increase CPO prices and RBD palmolein prices in medium term. Whereas, High premium of CSFO-CNF-India West coast over CPO-CNF indicates weak demand of CPO at CNF markets compared to CSFO-CNF.



CDSO CNF premium over CPO CNF has lowered over a period and will impact imports of CPO in medium term at USD 64 (USD 110 last 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 February fell 20 percent y-o-y to 3.94 lakh tons from 5.40 lakh tons in February 2020. 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 fell 21.37 percent y-o-y in February to 3.83 lakh tons from 4.88 lakh tons in February 2020. 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 93 percent in February to 0.21 lakh tons from 3.00 lakh tons in February 2020. 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 1245 (USD 1055) per ton for Apr delivery and May delivery is quoted at USD 1205 (USD 1055) per ton. Last month, CNF CPO April average price was at 1175.72per ton (USD 1121.2 per ton in Mar 2021). Values in brackets are figures of last week. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 1125 (USD 1025) per ton for May delivery and Jun delivery is quoted at USD 1055 (USD 1035) per ton. Last month, CIF RBD palmolein April average price was USD 1164.72 (USD 1099.2 in Mar 2021) per ton. Values in bracket depict last month quotes. Ready lift CPO duty paid prices quoted at Rs920 (Rs 880) per 10 Kg and Apr delivery duty paid is offered at Rs 910 (Rs 880) per 10 kg. Ready lift RBD palmolein is quoted at Rs 1325 (Rs 1280) per 10 kg as on April 30, 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 25-30-ton v/s gain of USD 20-25/ton (last week) margin in processing the imported CPO and imports of ready to use palmolein lose USD 45-50/ton v/s loss of USD 40-45/ton (last week) parity.

International Palm oil Market Fundamentals

- Palm oil prices are likely to rise due to expectation of firm demand 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 rose in Malaysia in March due to rise in production of palm oil.

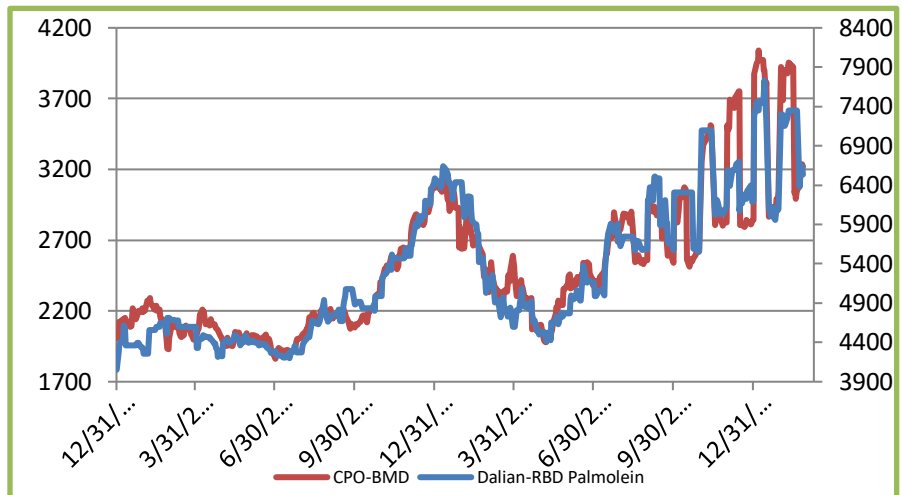
March end stock of Indonesia fell to 3.2 MT by 5.4 [ercent compared to last year and fell by 26.5 percent compared to February, 2021.

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.

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 cargo surveyor Intertek Testing Services (ITS), Malaysia's April palm oil exports rose 10.1 percent to 1,397,916 tons compared to 1,270,058 tons last month.
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's April palm oil exports rose 13.4 percent to 1,413,094 tons compared to 1,245,567 tons in March.



Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 1300-1400 per 10 Kg in the near term.



Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil traded higher at demand is firm amid lockdown fears. Movement restrictions due to lockdown has created supply shortages in mills.
- Surge in covid cases has further raised mustard oil demand and thus prices are rising

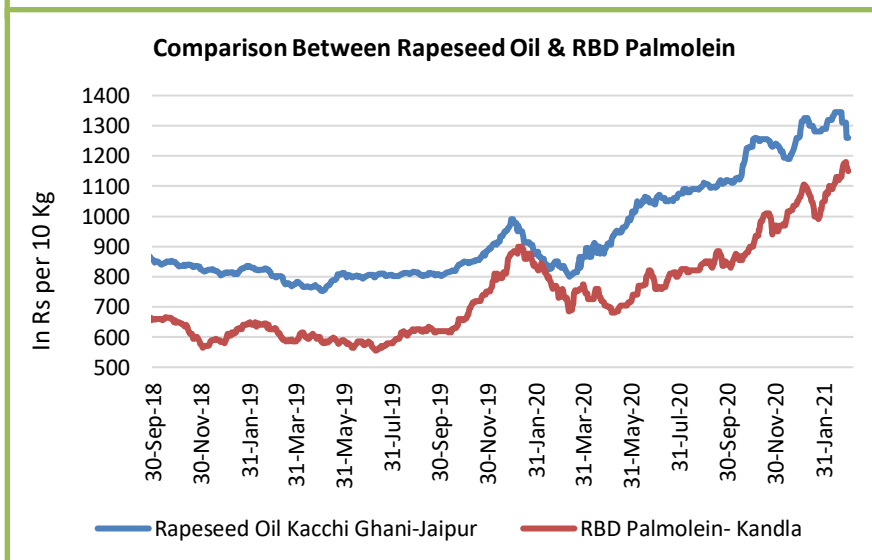
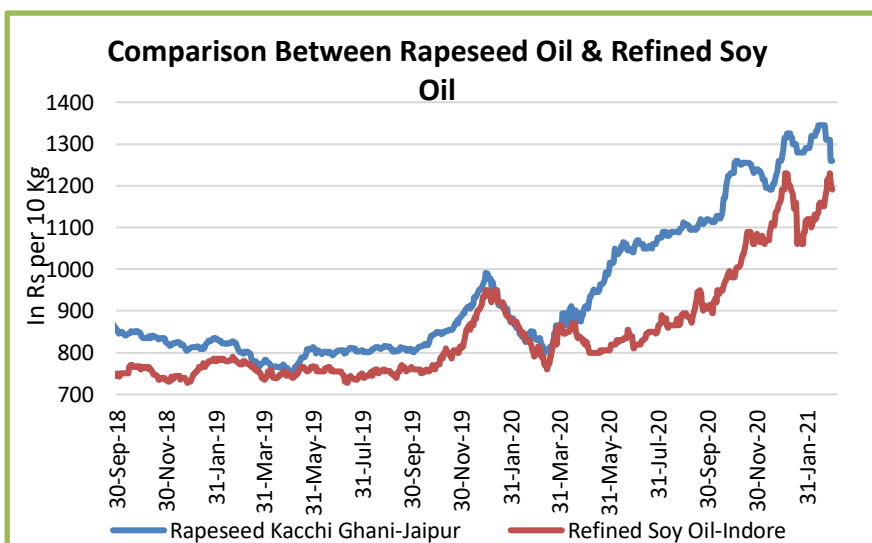
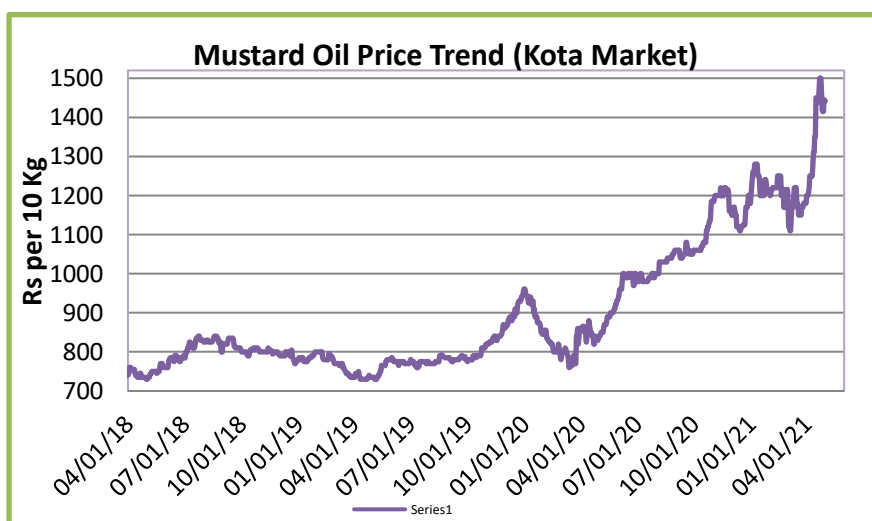
Stock position of rapeseed oil was tightened for year 2019-20 as firm demand draws down on stocks combined with lower imports of rapeseed oil and slow release of stocks from NAFED. Lower carryout of rapeseed oil in oil year 2019-20 will lead to higher prices of rapeseed oil in this oil year.

The Government estimation of mustard crop is high at 10.4 MT while the Agriwatch estimate is around 8.54 MT. The COOIT has estimated mustard production at 8.90 MT.

Discount of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 15 per 10 Kg compared to Rs15 per 10 Kg last week.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 70 per 10 kg compared to Rs 45 per 10 Kg last week. The premium of Mustard oil raised compared to last week on arrival of new crop.

Markets are expected to trade sideways in coming term.



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 0.55 lakh tons in oil year 2019-20 (Nov-19-Oct-20) v/s 0.59 lakh tons last oil

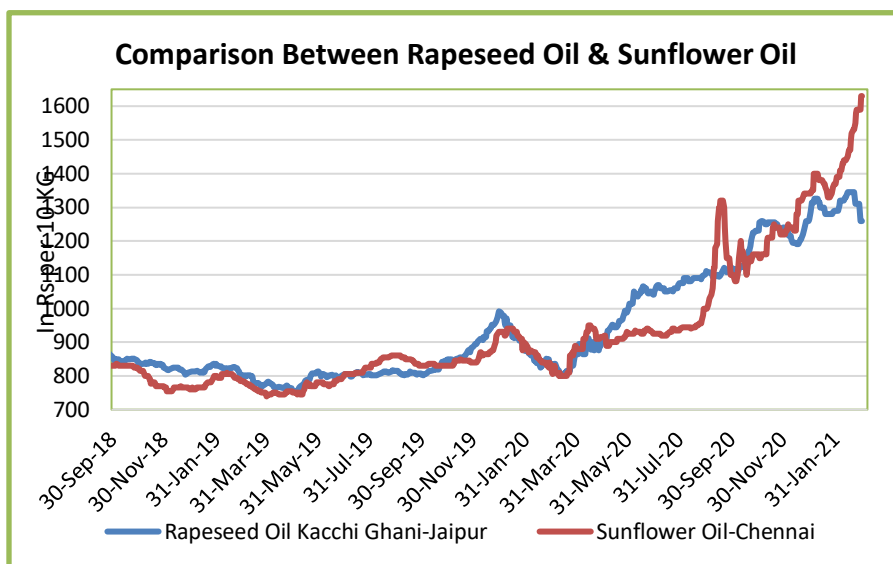
year indicating rise in demand as rapeseed supply is crunched. Imports of canola oil will stretch rapeseed oil balance sheet in oil year 2019-20 (Nov-Oct).

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 until arrival of new crops in market

- Rapeseed oil import scenario- India imported 0.00 lakh tons rapeseed (Canola) oil in February 2020 v/s 0.00 lakh tons imports in February 2021. 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 1,460 (Rs 1,210) per 10 Kg, and at Kota market, it is offered at Rs 1,442 (Rs 1,200) per 10 kg as on May 1, 2021. Values in brackets are figures of last month.
- We expect RM seed oil prices to trade sideways tone in the coming days.

Price Outlook: We expect Rapeseed oil (Kota) to trade in the price band of Rs 1450-1600 per 10 Kg.



Sunflower oil: Domestic Market Fundamentals

- Sunflower oil featured rising trend at its bench market Chennai in India during the month of April on lower supply and rise in prices of sunflower oil in international markets due to lower crop of sunflower in Ukraine.

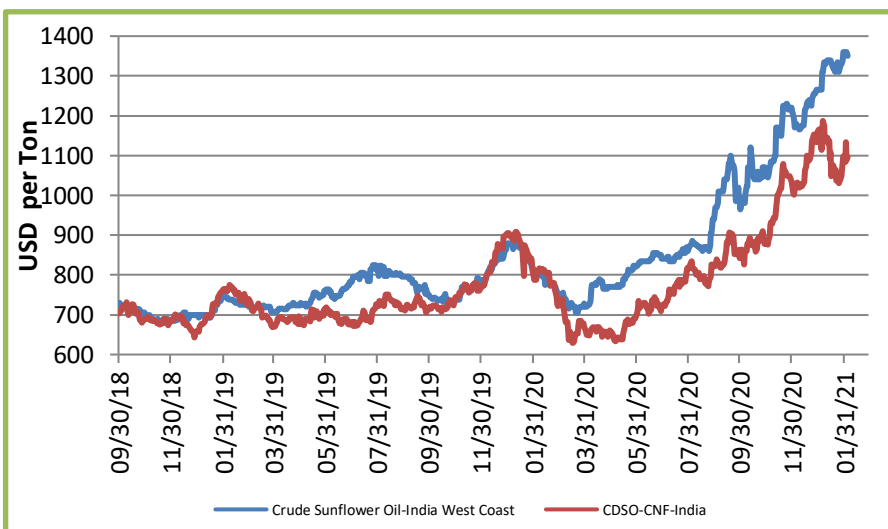
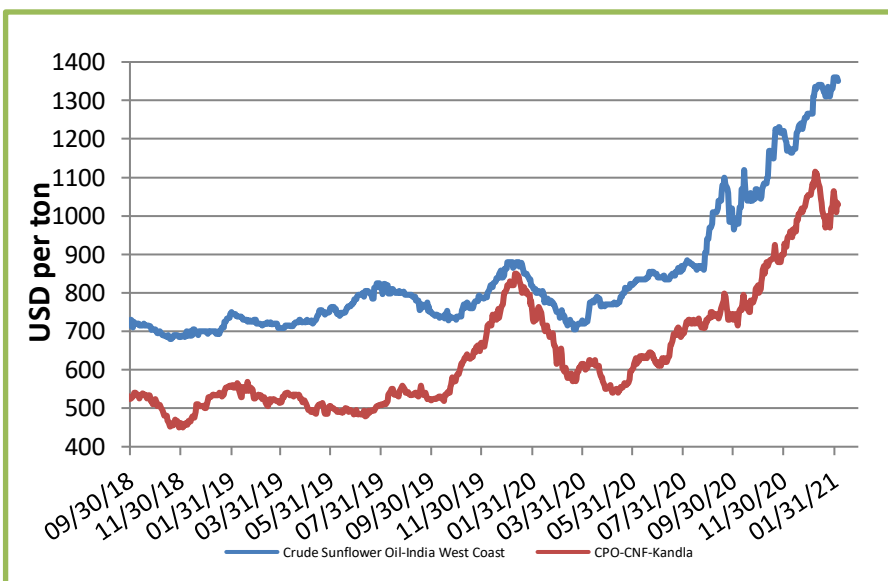
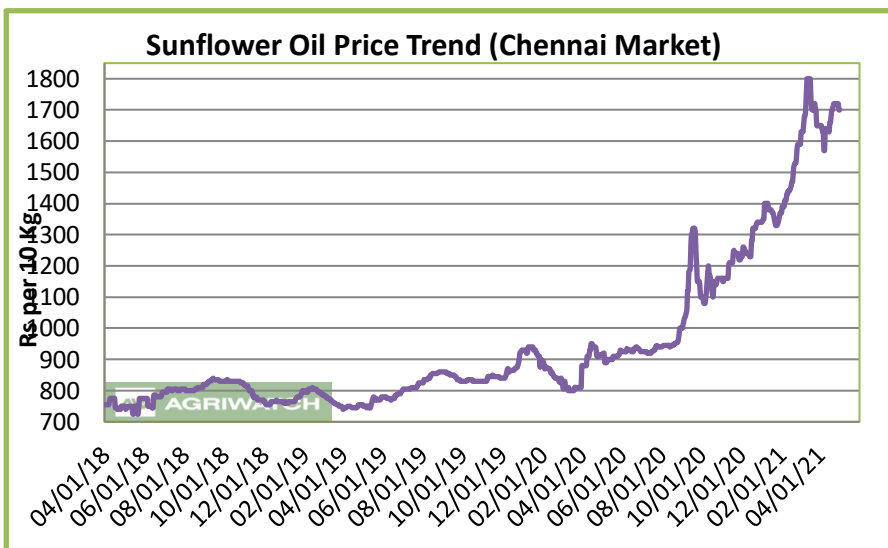
Sunflower oil prices rose more at high seas compared to CNF markets indicating weak supply at high seas.

Correction in Sunseed oil prices were seen but surge in covid cases supported the gains.

Sunflower oil is mainly used in home consumption and demand has risen in home consumption as during lockdown change towards use of soft oils been noticed.

Sunflower oil prices traded rising in April month as competing oil prices skyrocketed. 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 has fallen 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 showed strong trend in December due to tight supply international market and firm demand in domestic market.

Import demand of sunflower oil may slow down as Government are focusing to increase domestic oilseed production to reduce import dependence.

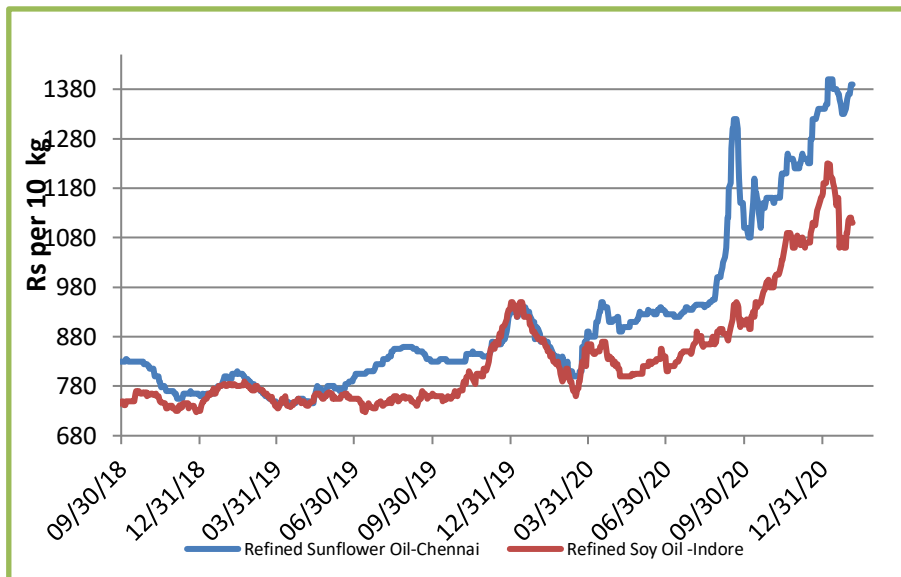
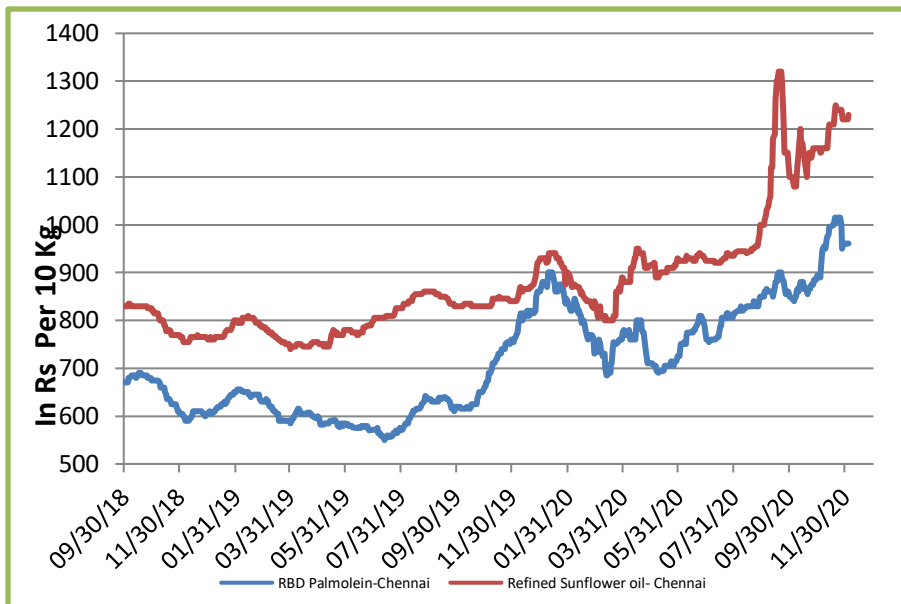
Changes in import duty as on 2 February saw impact on price movements of various edible oils.

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 and decision of lowering seed crush due to lower seed produce.

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 April.



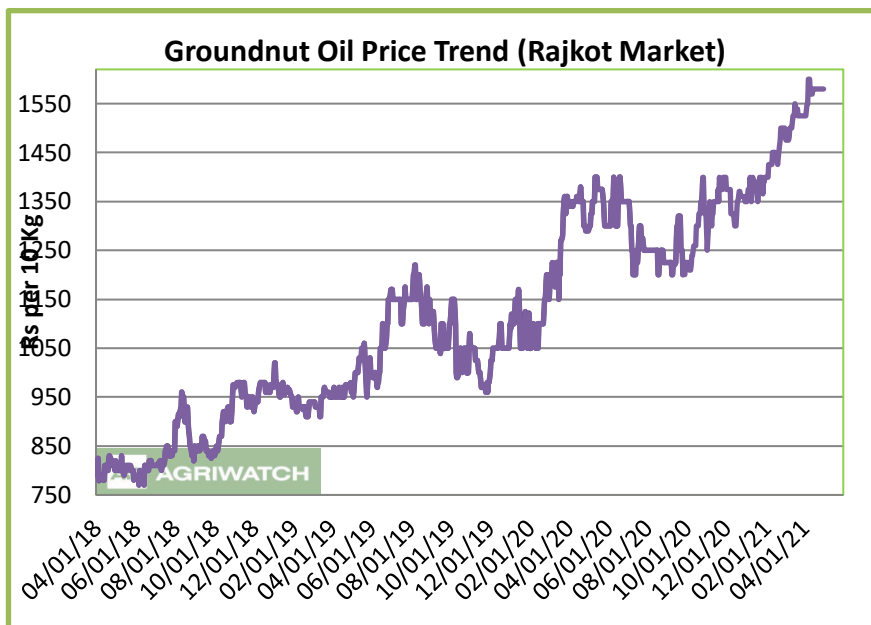
- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 48.17 percent y-o-y in February to 1.16 lakh tons from 2.26 lakh tons in February 2020. Imports in oil year 2019-20 (November 2019-October 2020) were reported higher by 7.14 percent y-o-y at 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 1360(USD 1265) per ton for Jan delivery, Feb delivery is quoted at USD 1360(USD 1265) per ton. CNF sun oil (Ukraine origin) January monthly average is at USD 1321.2 per ton compared to USD 1210.81 per ton in December. Values in brackets are figures of last month.
- Prices are likely to stay in the range of USD 1300-1450 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 276 (USD 100 last week) per ton for Jan delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 340(USD 110) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 1,700 (Rs 1,650) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 1,800(Rs 1690) per 10 kg as on May 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 1700-1850 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured firm up trend in Rajkot market during the month in review on firm demand and tight supply.
 - Covid cases surge resulted in rise in prices. Further closed markets due to movement restrictions has created supply shortages and thus rise in prices
- Groundnut oil demand in domestic market is firm but tight supply in market resulted in stable trading in market.



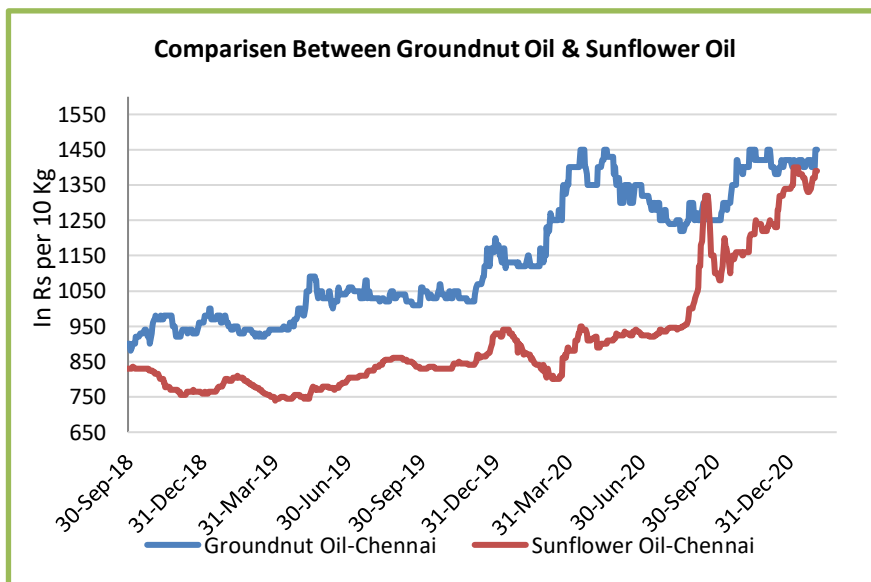
Groundnut oil crushers are berserk as the seed supply is low and demand is firm hence, they are procuring from Saurashtra and Southern states to fulfill the market demand.

Exports of groundnut oil have improved since Aug onwards as Indian prices where competitive Imports is mainly to China in Apr-Nov 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 procured 2.56 Metric tonnes of groundnut seed under PSS Scheme.

In South India, prices rose as demand is firm from northern states

and in parity with Gujarat. Stock position of groundnut oil is good. Groundnut export demand is good from China and will support its prices. Prices will remain firm in February as the demand is firm.



- Groundnut oil exports scenario- India exported 31,253.88 tons Groundnut oil in January 2021 v/s 7,035.79 tons export in January 2020. In the Financial year 2020-21 (April 2020 - January 2021) rose to 182,383.18 tons in Apr-Jan 2020, from 28,020.39 tons in corresponding period last year. It was mainly exported to China at 31,123.85 tons.



- In the latest official rabi oilseeds planting report, by the Ministry of Agriculture, the total coverage area under rabi oilseeds is reported at 83.60 lakh hectares, up 5% from 79.37 lakh ha in the corresponding period of last year. Groundnut sowing is reported at 4.57 lakh ha vs 4.65 lakh ha during the same period last year.
- On the price front, currently the groundnut oil prices in Rajkot are hovering near Rs 15,800 (15,250) per quintal and quoting at Rs 15,700 (Rs 15,500) per quintal in Chennai market, as on May 1, 2021.
- Groundnut oil prices are likely to trade with a firm tone in the coming days.

Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 1550-1650 per 10 Kg.

Coconut oil: Domestic Market Fundamentals

- Coconut oil benchmark market Kangayam prices were quoted down trend for the month on back of rise in prices of copra.

Supply of coconut oil is slow and thus rise in copra prices. Further already hiked prices are resulting in demand substitution.

Surge in covid cases and rising prices of competing oils will underpin coconut oil demand.

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

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. Firm demand from Madhya Pradesh, Gujarat, Rajasthan and Uttar Pradesh resulted in good market of Copra.

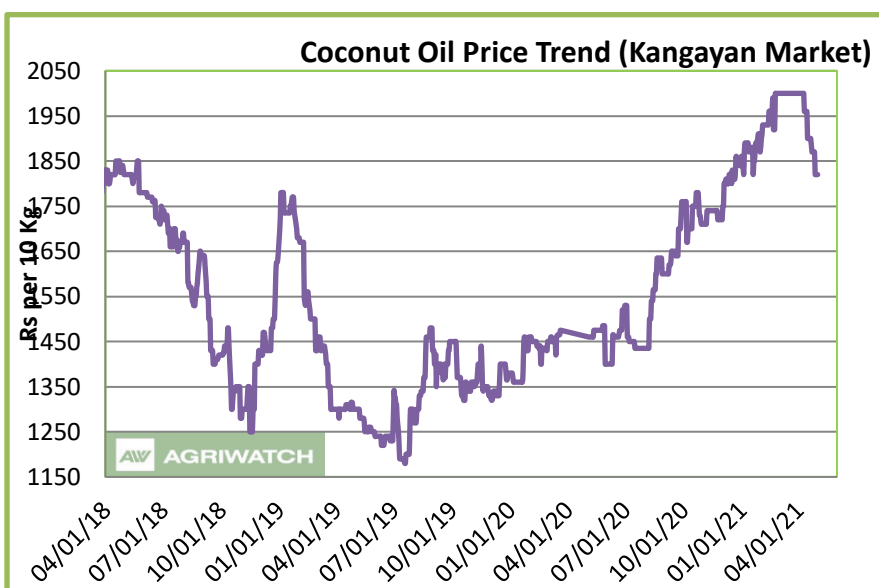
Traders and upcountry buyers are not stocking as they are not confident of prices.

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.

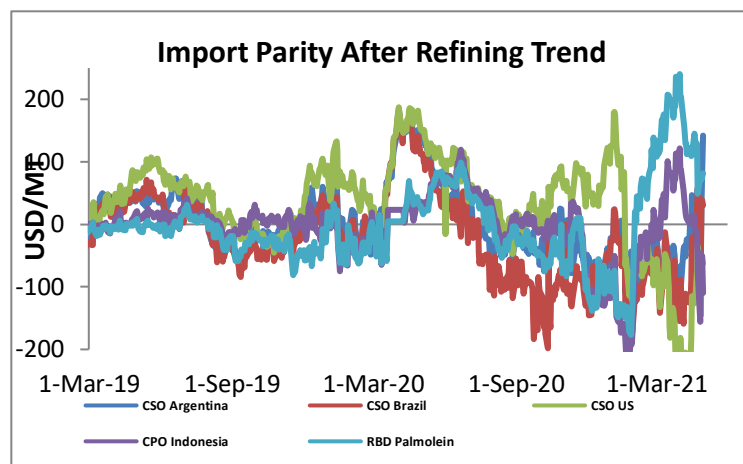
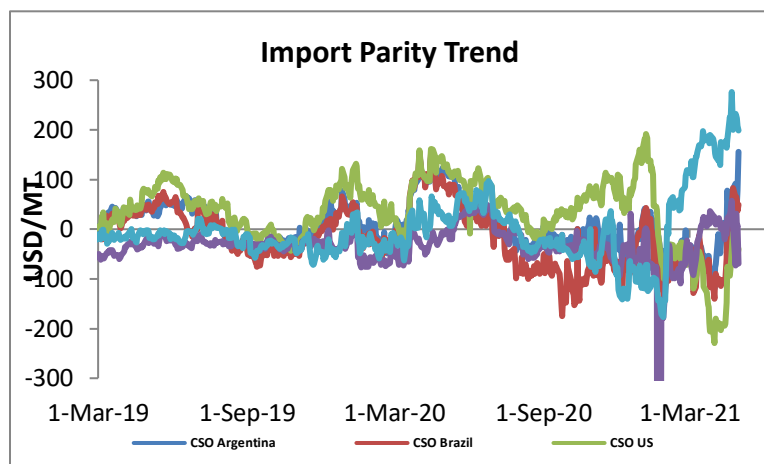
Prices are expected to remain sideways in February on slow rise in demand. Prices are expected to trade firm in medium term.

- On the price front, currently the coconut oil prices in Kochi are hovering near Rs 20,400 (20,800) per quintal and Rs 20,000 (20,000) per quintal in Erode market on May 1, 2021.
- Coconut oil prices to trade in firm tone tracking rise in prices of edible oils.

Price Outlook: We expect coconut oil (Erode) to trade in the price band of Rs 1800-1900 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
Feb, 2021	-67.56	-83.73	-62.84	-29.65	65.21
Mar, 2021	-73.65	-91.73	-128.68	53.76	175.64
Apr, 2021	-1.41	-58.45	-151.95	-7.74	119.41

Outlook:-

Import disparity for CDSO Argentina fell compared to previous month due to rise in prices of soy oil in international markets on delay of Brazil Soy crop hitting the market and further delay in harvesting of soy crop in Argentina. We expect CDSO import parity to remain firm in May due to expectation of firm prices of soy oil in Indian markets. Parity in CPO is lower than RBD palmolein. Parity in CPO fell due to sideways movement in prices and may remain firm for medium term on expectation of rise in prices.

Technical Analysis (Refined soy oil Monthly Charts)


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

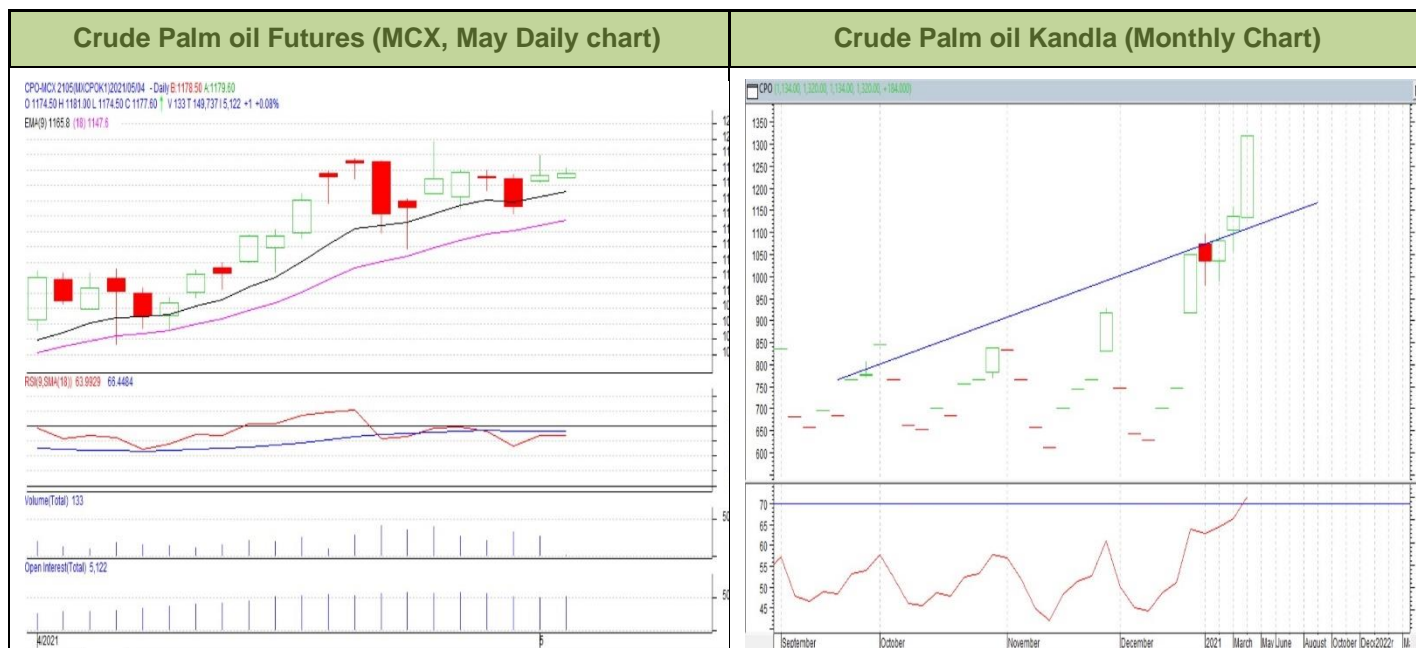
- Candlestick monthly chart of crude palm oil at MCX depicts rise in prices. We expect prices to feature sideways trend in the near term.
- Any close above 1450 in monthly chart might bring the prices to 1460 levels.
- Expected price band for next month is 1400-1600 level in near to medium term. RSI and MACD are indicating sideways sentiments

Strategy: Market participants are advised to go long in refined Soy oil above 1370 for a target of 1430 and 1460 with a stop loss at 1340 on closing basis.

RSO NCDEX

Support and Resistance				
S2	S1	PCP	R1	R2
1165.83	1263.27	1360.7	1538.43	1635.87

Spot Market outlook: Refined soy oil Indore (including VAT) is likely to stay in the range of 1400-1600 per 10 Kg.

Technical Analysis (Crude Palm oil Monthly Charts)


Outlook - Prices may trade in firm trend in the coming days. Investors are advised to buy MCX CPO (May contract) on dips.

- Candlestick monthly chart of crude palm oil at MCX depicts rise in prices. We expect prices to feature firm trend in the near term.
- Any close above 1235 in monthly chart might bring the prices to 1250 levels.
- Expected price band for next month is 1300-1500 level in near to medium term. RSI and MACD are in overbought zone

Strategy: Market participants are advised to go long in CPO above 1160 for a target of 1210 and 1230 with a stop loss at 1140 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
992.70	1074.20	1155.70	1280.30	1361.80

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 1300-1500 per 10 Kg.

Monthly spot prices comparison
Edible Oil Prices at key Markets:

Commodity	Centre	Prices (Per 10 Kg)		Change
		1-May-21	1-Apr-21	
Refined Soybean Oil	Indore	1430	1320	110
	Indore (Soy Solvent Crude)	1375	1250	125
	Mumbai	1440	1300	140
	Mumbai (Soy Degum)	1415	1270	145
	Kandla/Mundra	1440	1290	150
	Kandla/Mundra (Soy Degum)	1420	1265	155
	Kolkata	1430	1300	130
	Delhi	1347	1347	Unch
	Nagpur	1270	1270	Unch
	Rajkot	1330	1295	35
	Kota	1442	1280	162
	Hyderabad	0	0	Unch
	Akola	1320	1320	Unch
	Amrawati	1315	1315	Unch
	Bundi	1452	1290	162
	Jalna	1260	1260	Unch
	Solapur	1265	1265	Unch
	Dhule	1250	1250	Unch
	Nanded	1255	1255	Unch
	Latur	1315	1315	Unch
	Argentina Crude Soya (CIF India) USD	1300	1252	48
	Argentina Crude Soya (FOB)	1173	1210	-37
	Soya Oil(Rot.)(Euro/MT FOB) (1000) GMT	1155	1155	Unch
Palm Oil*	Kandla (Crude Palm Oil)	1320	1136	184
	Kandla (RBD Palm oil)	1330	1150	180
	Kandla RBD Pamolein	1325	1205	120
	Kakinada (Crude Palm Oil)	1220	1130	90
	Kakinada RBD Pamolein	1325	1190	135
	Haldia Pamolein	1335	1190	145
	Chennai RBD Pamolein	1325	1195	130
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1389	1255	134
	Krishnapattanam RBD Pamolein	1330	1195	135
	Mumbai RBD Pamolein	1320	1220	100
	Mangalore RBD Pamolein	1330	1200	130
	Tuticorin (RBD Palmolein)	1375	0	1375
	Mumbai (Refined)	1260	1200	60



	Rajkot (Refined)	1270	1210	60
	Chennai (Refined)	1335	1195	140
	Hyderabad (Refined)	1325	1215	110
	Delhi (Refined)	1326	1326	Unch
	PFAD (Kandla)	860	770	90
	RPS (Kandla)	1090	1010	80
	Superolien (Kandla)	1370	1220	150
	Superolien (Mumbai)	1380	1240	140
	Kochi (RBD Palmolein)	1285	1185	100
	Krishnapattanam (Crude Palm Oil)	1220	1130	90
	Mumbai (Crude Palm Oil)	1160	1160	Unch
	Kolkata (Crude Palm Oil)	1130	1130	Unch
	Palm Kernel Oil (1000) GMT	1470	1470	Unch
Refined Sunflower Oil	Chennai (Refined)	1700	1650	50
	Chennai (Crude)	1640	1580	60
	Mumbai (Refined)	1720	1700	20
	Mumbai (Expeller Oil)	1670	1650	20
	Kandla (Refined)	1800	1690	110
	Hyderabad (Refined)	1690	1610	80
	Hyderabad (Expeller)	1600	1520	80
	Latur (Refined)	1600	1590	10
	Latur (Expeller Oil)	1550	1530	20
	Chellakere (Expeller Oil)	1580	1500	80
	Erode (Expeller Oil)	1720	1670	50
	Kakinada (Refined)	1670	1650	20
	Krishna Pattanam (Refined)	1670	1650	20
	Delhi (Refined)	1700	1700	Unch
	Sun Oil (Rotterdam)	1620	1620	Unch
Groundnut Oil	Rajkot	1580	1525	55
	Chennai	1570	1550	20
	Delhi	1560	1560	Unch
	Hyderabad *	1580	1570	10
	Mumbai	1580	1560	20
	Gondal	1575	1530	45
	Jamnagar	1570	1525	45
	Gujarat GN Telia	2430	2430	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1460	1210	250
	Jaipur (Kacchi Ghani Oil)	1520	1265	255
	Kota (Expeller Oil)	1442	1200	242
	Kota (Kacchi Ghani Oil)	1460	1250	210
	Neewai (Expeller Oil)	1450	1225	225
	Neewai (Kacchi Ghani Oil)	1480	1255	225

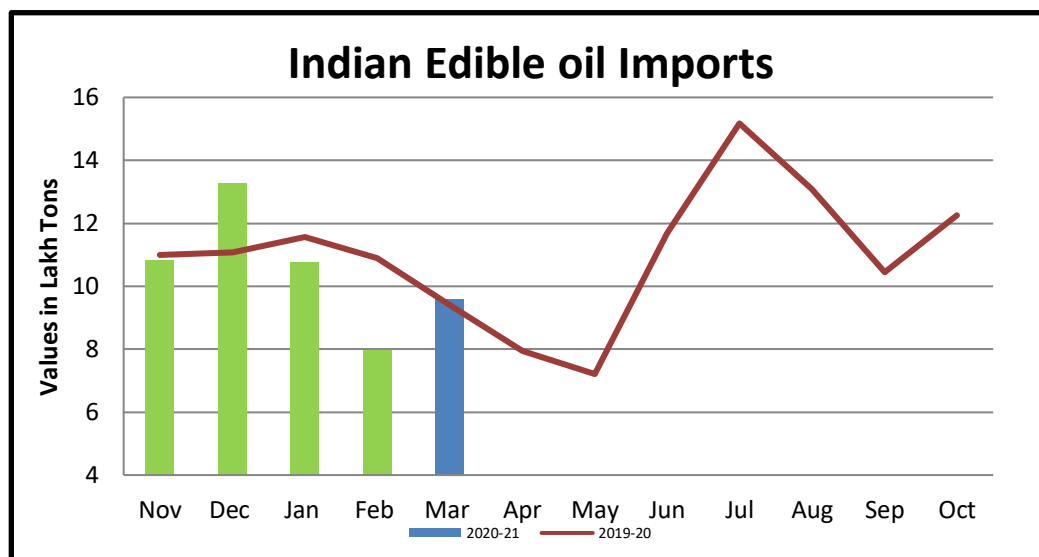


	Bharatpur (Kacchi Ghani Oil)	1490	1220	270
	Sri-Ganga Nagar(Exp Oil)	1500	1220	280
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1480	1250	230
	Mumbai (Expeller Oil)	1420	1240	180
	Kolkata(Expeller Oil)	1650	1450	200
	New Delhi (Expeller Oil)	1230	1230	Unch
	Hapur (Expeller Oil)	1390	1300	90
	Hapur (Kacchi Ghani Oil)	1420	1330	90
	Agra (Kacchi Ghani Oil)	1495	1225	270
	Nagpur (Expeller Oil)	1367	1367	Unch
Refined Cottonseed Oil	Rajkot	1390	1330	60
	Hyderabad	1440	1290	150
	Mumbai	1490	1330	160
	New Delhi	1260	1260	Unch
	Gujarat Cotton Wash	1425	1278	147
Coconut Oil	Kangayan (Crude)	1820	2000	-180
	Cochin	2230	2230	Unch
	Coconut Oil(Rot.)(Phil/Indo)	1480	1480	Unch
Vanaspati Oil	Uttar Pradesh	1690	1690	Unch
	Kolkata	1600	1600	Unch
	Rajkot	1823	1823	Unch
Sesame Oil	New Delhi	1410	1410	Unch
	Mumbai	0	0	Unch
Kardi	Mumbai	0	0	Unch
Rice Bran Oil	New Delhi (40%)	985	985	Unch
	Punjab 4%)	1190	1150	40
	Bhatinda (Crude 4%)	1140	940	200
	Bhatinda (Refined 4%)	1255	1055	200
	Hyderabad (Crude)	1200	1075	125
	Hyderabad (Refined)	1420	1250	170
	Kolkata (Crude)	1070	1070	Unch
	Kolkata (Refined)	1170	1170	Unch
	Raipur (Crude)	1290	960	330
	Raipur (Refined)	1430	1150	280
	Odisha (Refined)	1440	1135	305
	Vijayawada (Refined)	1350	1070	280
Malaysia Palmolein USD/MT	FOB	1125	1040	85
	CNF India	1263	1093	170
Indonesia CPO USD/MT	FOB	1245	1090	155
	CNF India	1255	1115	140



RBD Palm oil (Malaysia Origin USD/MT)	FOB	1068	1068	Unch
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	1055	1055	Unch
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1450	1450	Unch
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	980	980	Unch
Crude palm Kernel Oil India (USD/MT)	CNF India	1590	1530	60
Ukraine Origin CSFO USD/MT Kandla	CIF	1635	1570	65
Rapeseed Oil Rotterdam Euro/MT	FOB	1080	1080	Unch
Argentina FOB (\$/MT)		1-May-21	1-Apr-21	Change
Crude Soybean Oil Ship		1245	1215	30
Refined Soy Oil (Bulk) Ship		1289	1258	31
Sunflower Oil Ship		1525	1510	15
Cottonseed Oil Ship		1225	1195	30
Refined Linseed Oil (Bulk) Ship		NA	0	-
* indicates including GST				

Note - Domestic edible oil prices are in Indian rupees per 10 Kg, CNF/FOB/CIF prices are in USD per tons except Rapeseed oil Rotterdam (Euro per tons).

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	2018-19	2019-20	2020-21- F	% Change
Value in million tons				
Beginning Stock	6.65	4.37	2.16	-50.64%
Production	8.39	8.45	8.62	2.00%
Imports	14.91	13.46	14.30	6.22%
Total Supply	29.95	26.28	25.07	-4.60%
Exports	0.02	0.02	0.02	0.00%
Total Demand (Consumption)	25.56	24.10	24.14	0.16%
Ending Stock	4.37	2.16	0.91	-57.83%

* Value in million tons

Balance Sheet Highlights

Net edible oil output is likely to be 8.62 million tons (up 2 percent y-o-y basis) in 2019-20 led by higher oilseed sowing in Kharif and rabi season in the current oil year.

On import front, edible oil imports seen at 14.30 million tons for 2020/21 oil year v/s 13.46 million tons last year. On

the consumption side, India's edible oil consumption for 2020-21 oil year seen at 24.14 million tons, higher by 0.16 percent from last year. Ending stocks are projected lower compared to 2020-21 at 0.91 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 30/4/2021	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein Malaysia
FOB USD per ton	1173	1278	1366	1245	1125
Freight (USD/MT)	47	47	47	35	26.0
C & F	1220.0	1325.2	1413.4	1280.0	1151.0
Weight loss (0.25% of FOB)	2.93	3.20	3.42	3.11	2.81
Finance charges (0.4% on CNF)	4.88	5.30	5.65	5.12	4.60
Insurance (0.3% of C&F)	3.66	3.98	4.24	3.84	3.45
CIF (Indian Port - Kandla)	1231	1338	1427	1292	1162
Duty (Values in USD per tons)	497.42	497.42	497.42	386.46	398.26
GST (5% on duty) USD per ton	24.87	24.87	24.87	19.32	19.91
Exchange rate	74.05	74.05	74.05	74.05	74.05
Landed cost without customs duty in INR per ton	91191	99055	105649	95678	86036
Customs duty %	35.00%	35.00%	35.00%	32.50%	32.50%
Social Welfare Surcharge@10%	3.50%	3.50%	3.50%	3.25%	3.25%
Total Duty %	38.50%	38.50%	38.50%	35.75%	35.75%
Base import price	1292	1292	1292	1081	1114
Fixed exchange rate by customs department	76.15	76.15	76.15	76.15	76.15
Duty component in INR per ton	37878.53	37878.53	37878.53	29428.74	30327.12
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	130469	138333	144927	126507	117764
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	142000	142000	142000	121400	132500
Total landed cost USD per ton	1762	1868	1957	1708	1590
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1918	1918	1918	1639	1789
Parity INR/MT (Domestic - Landed)	11531	3667	-2927	-5107	14736
Parity USD/MT (Domestic - Landed)	155.72	49.52	-39.53	-68.96	199.01
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	134969.07	142833.14	149427.22	134006.71	120563.55
Soy/Palm oil imported Price (Including tax)	141717.53	149974.79	156898.58	140707.04	126591.73
Loose price of Soy/Palm in Indore and Delhi market	152250.00	152250.00	152250.00	132600.00	132600.00
Parity after processing and Taxes (Rs per MT)	10532.47	2275.21	4648.58	-8107.04	6008.27
Parity after processing and Taxes (USD per MT)	142.23	30.73	-62.78	-109.48	81.14
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	3.917	3.957	3.900	4.055	4.546
Production	53.814	55.151	55.823	57.873	60.302
Imports	10.980	9.832	10.628	11.235	11.440
Total Supply	68.711	68.940	70.351	73.163	76.288
Exports	11.328	10.561	11.174	11.950	12.120
Food Use Dom. Cons.	43.660	44.022	44.325	46.138	48.698
Domestic Consumption	53.426	54.479	55.122	56.667	59.585
Ending Stocks	3.957	3.900	4.055	4.546	4.583

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	0.838
Production	10.035	10.783	10.976	11.3	11.596
Imports	0.145	0.152	0.18	0.145	0.159
Total Supply	10.945	11.711	12.061	12.25	12.593
Exports	1.159	1.108	0.88	1.288	1.247
Industrial Dom. Cons.	2.812	3.236	3.567	3.564	3.765
Food Use Dom. Cons.	6.198	6.462	6.809	6.56	6.804
Domestic Consumption	9.01	9.698	10.376	10.124	10.569
Ending Stocks	0.776	0.905	0.805	0.838	0.777

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	14.276
Production	116.931	120.065	120.515	96.667	112.549
Imports	0.606	0.594	0.383	0.419	0.953
Total Supply	122.891	128.867	132.821	121.826	127.778
Exports	58.964	58.071	47.676	45.777	61.235
Domestic Consumption	55.719	58.873	60.405	61.773	63.289
Ending Stocks	8.208	11.923	24.74	14.276	3.254

Source: USDA

Balance Sheet (Annual) - Soybean, Brazil
Fig. in million tons

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Beginning Stocks	23.158	32.112	32.696	32.472	20.045
Production	114.900	123.400	119.700	126.000	133.000
Imports	0.252	0.175	0.140	0.549	0.400
Total Supply	138.310	155.687	152.536	159.021	153.445
Exports	63.137	76.136	74.887	92.126	85.000
Domestic Consumption	43.061	46.855	45.177	46.850	48.100
Ending Stocks	32.112	32.696	32.472	20.045	20.345

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	28.890	26.700
Production	55.000	37.800	55.300	48.800	48.000
Imports	1.674	4.703	6.408	4.882	4.500
Total Supply	83.830	69.499	85.442	82.572	79.200
Exports	7.025	2.132	9.104	10.002	7.000
Domestic Consumption	49.809	43.633	47.448	45.870	46.200
Ending Stocks	26.996	23.734	28.890	26.700	26.000

Source: USDA

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