



Veg. Oil Monthly Research Report

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**Outlook and Review:
Domestic Front**

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

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

On the currency front, Indian rupee is hovering near 72.78 compared to 74.05 last month. Rupee is expected to appreciate in June. Crude oil prices are expected to rise to an extent in June.

Recommendation:

Market participants can buy refined soy oil in the cash markets at 1400-1600 for the target of 1340-1460 levels (Indore). Market participants can buy CPO Kandla 5% in the cash markets at 1150-1300 for the target of 1050-1200 levels.

International Veg. Oil Market Summary

CBOT soy oil (June is expected to stay in the range of 70 cents/lb to 724 cents/lb. CPO at BMD (June) is likely to stay in the range of 4000-4200 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 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

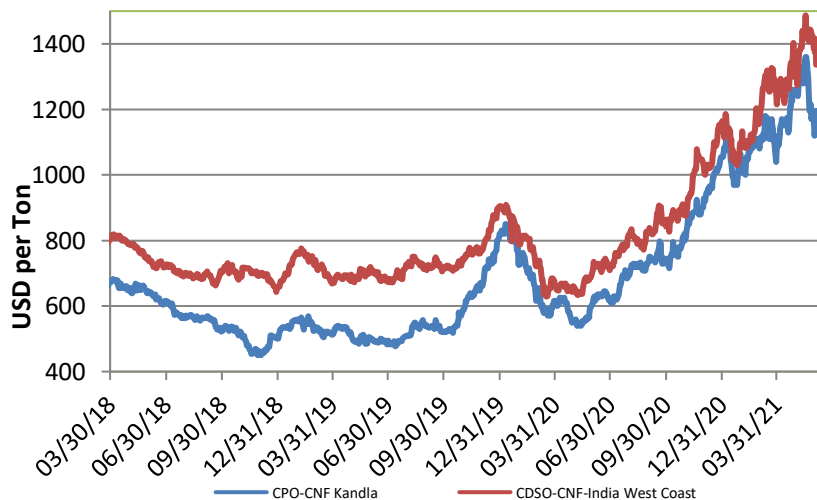
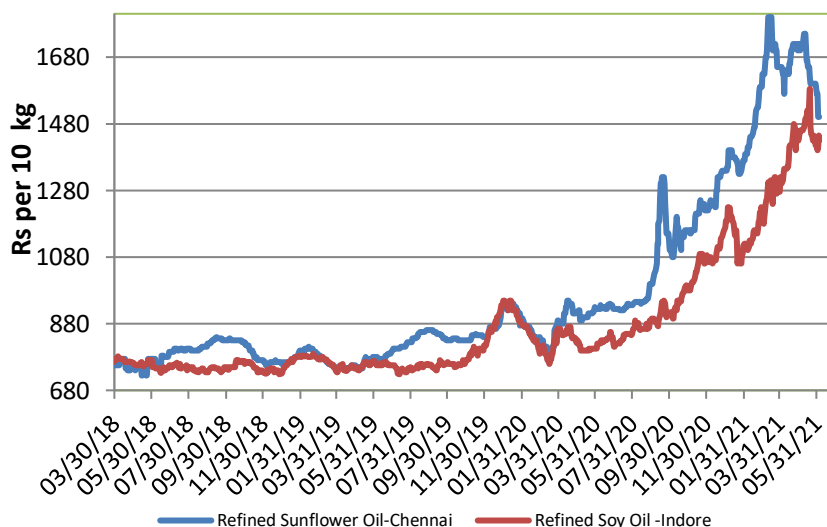
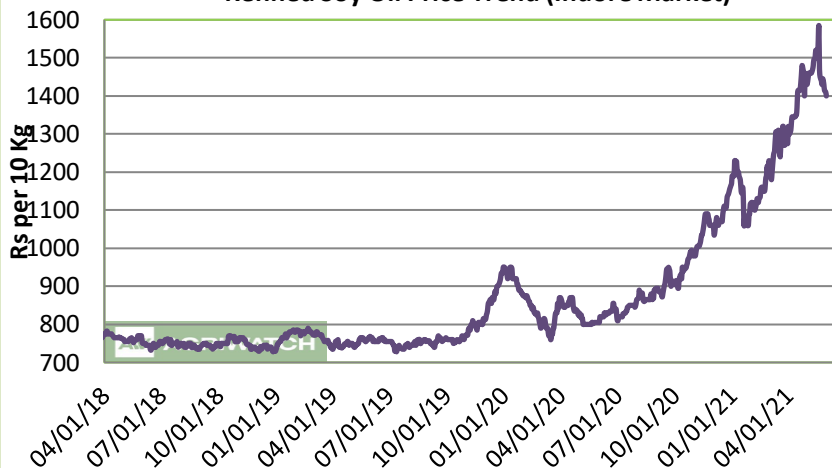
- Refined soybean oil prices featured falling trend at its benchmark market at Indore during the month of April hiked prices amid restrictions and lockdowns in various states.
- Covid second wave has hit the market and movement restrictions in various states led to supply shortages.
- Import of Soy oil from Nepal at Zero import duty has concerned the Solvent Extractor Association of India which raised this matter to the government stating that it will affect domestic farmers and refiners.

Import demand of soy oil lowered in April to 144,020 MT compared to 284,200 MT in March as prices rose. The rise in prices of soy oil in international markets has rose disparity in mid of the month in review.

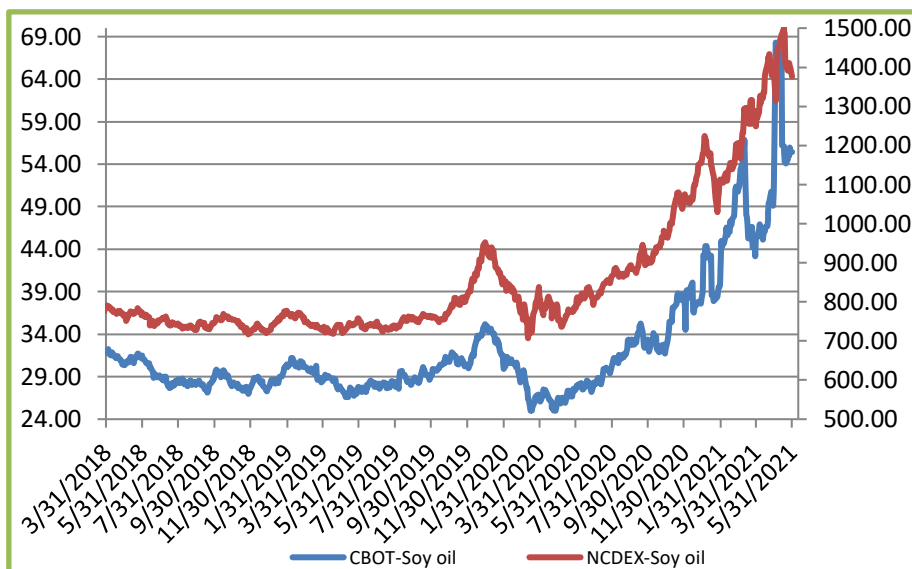
Supply of soy oil in India in April was low and May shipments may lower down compared to March and April. While, June shipments will rise on firm demand.

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.

Refined Soy Oil Price Trend (Indore Market)



- 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 rose during the month on sideways trend in prices of soy oil in international markets, and we expect margins to remain firm in coming days. Currently refiners gain USD 50-55/ton v/s gain 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, and dry weather concern, firm global demand, 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.



- 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.

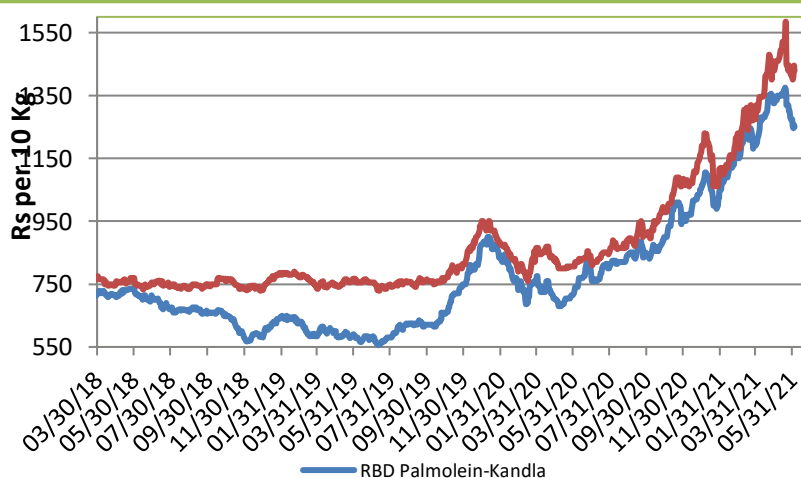
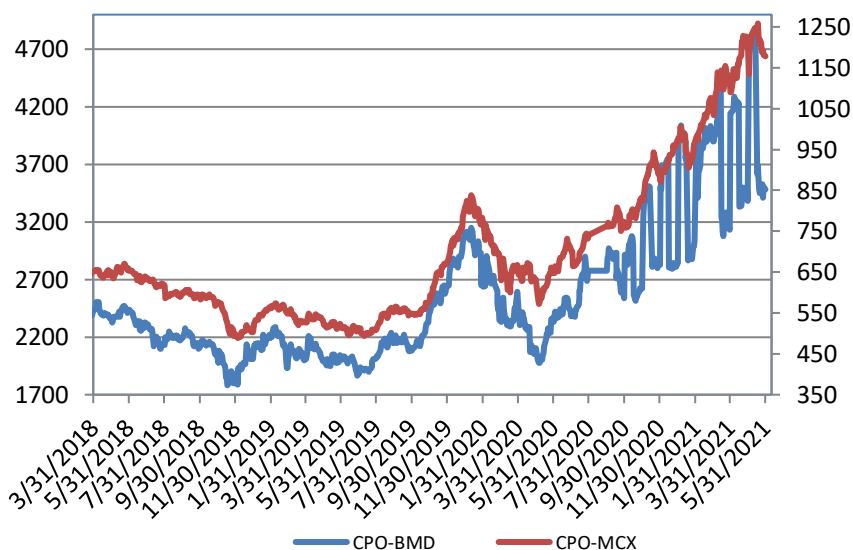
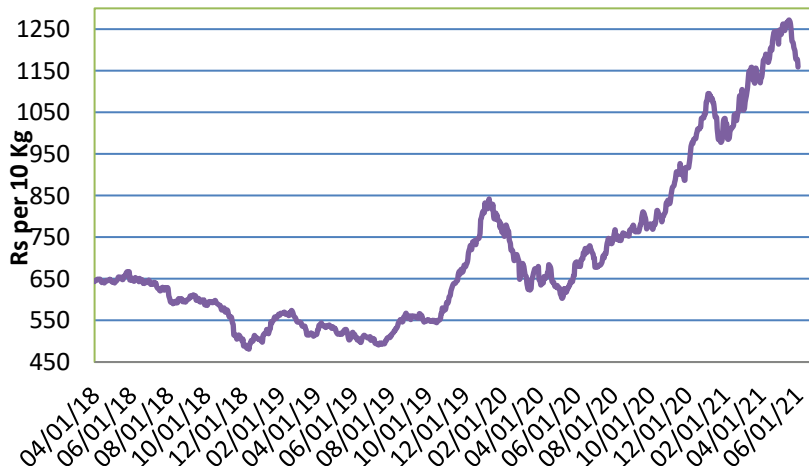
Palm oil: Domestic Market Fundamentals

- CPO prices witnessed falling trend in the month of May at its benchmark market at Kandla on low domestic demand as lockdown affected the HoReCa palm oil demand.
- The rumor of Government of India lowering import duty corrected the prices as food inflation is affecting the consumers.
- Palm oil stocks in ports and pipelines are high as restrictions limited the palm oil demand.
- Imports of palmolein has increased from Nepal at Zero duty is concerning and this issue is raised by Solvent Extractor Association of India to Indian Government.

Demand of palm oil from households and biscuit sectors are down. HoReCa demand is hit as second corona wave resulted in various states imposing lockdown and 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.

Crude Palm Oil Price Trend (Kandla Market)



Import's parity of CPO fell due to sideways movements in prices of CPO in international markets
Appreciation of Rupee may increase palm oil to parity in June.

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 sideways tone in its benchmark market on rise

in prices of RBD palmolein in international markets, demand at lower levels.

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.

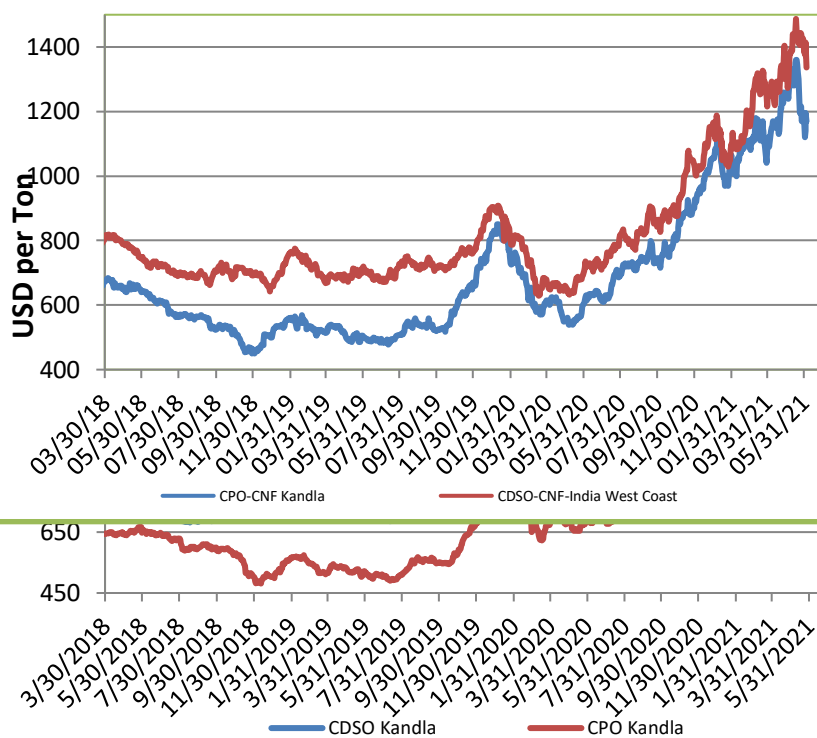
Expectation of rise in stocks of palm oil in Malaysia in coming months due to increase in production of palm oil and higher competing oils will support palm oil prices.

RBD palmolein premium over CPO decreased to Rs 86 (Rs 78 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.

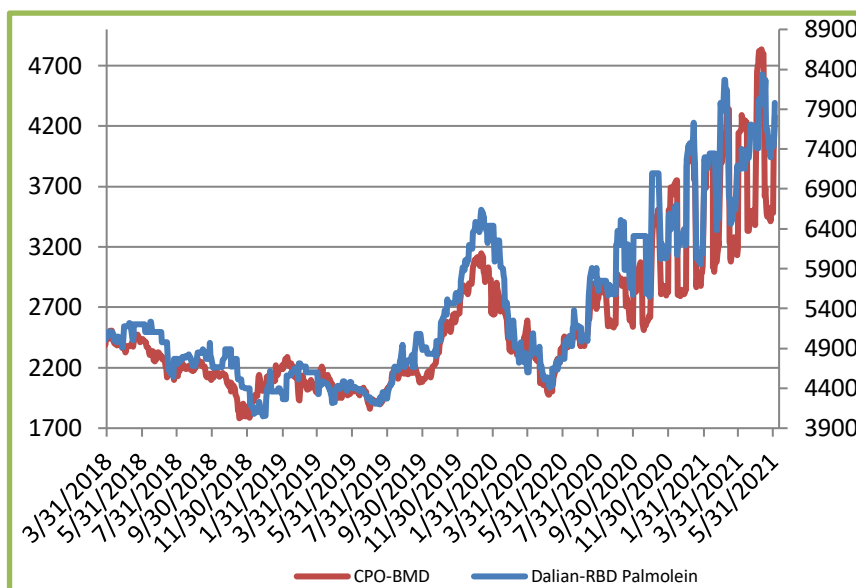
- Palm oil import scenario – According to Solvent Extractors Association (SEA), Palm oil imports in March rose 57.48 percent y-o-y to 5.26 lakh tons from 3.34 lakh tons in March 2020. Imports in the oil year 2019-20 (November 2019-October 2020) are reported lower by 23.51 percent y-o-y at 70.87 lakh 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 71.53 percent y-o-y in March to 5.06 lakh tons from 2.95 lakh tons in March 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 fell to 93.54 percent in March to 0.02 lakh tons from 0.31 lakh tons in March 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 1150 (USD 1055) per ton for June delivery and July delivery is quoted at USD 1120 (USD 1055) per ton. Last month, CNF CPO May average price was at 1267.32 per ton (USD 1175.72 per ton in April 2021). Values in brackets are figures of last week. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 1060 (USD 1025) per ton for May delivery and Jun delivery is quoted at USD 1045 (USD 1055) per ton. Last month, CIF RBD palmolein April average price was USD 1212.48 (USD 1164.72 in April 2021) per ton. Values in bracket depict last month quotes.
Ready lift CPO duty paid prices quoted at Rs835 + GST (Rs 920+ GST) per 10 Kg and MAYdelivery duty paid is offered at Rs 835 + GST (Rs 910+ GST) per 10 kg. Ready lift RBD palmolein is quoted at Rs 1250 (Rs 1280) per 10 kg as on June 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 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 trade sideways as demand from India is down due to lockdown and Restrictions and Indonesia and Malaysia are entering in high palm oil production months.
- Palm oil stocks rose in Malaysia in April due to rise in production of palm oil.

China demand for palm oil is also slowed down as China has stocked in previous months.

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 and demand for biodiesel.

- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's May 1-20 palm oil exports rose 17.14 percent to 953,474 tons compared to 813,946 tons last month for same period.
- According to Amspec, Malaysia's May 1-20 palm oil exports rose 16.19 percent to 953,860 tons compared to 820,946 tons last month for same period.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's April palm oil stocks rose 5.80 percent to 7.85 lakh tons compared to 7.42 lakh tons in March 2021. Production of palm oil in April rose 6.98 percent to 15.22 lakh tons compared to 14.23 lakh tons in March 2021. Exports of palm oil in April rose 12.62 percent to 13.38 lakh tons compared to 11.88 lakh tons in March 2021. Imports of palm oil in April rose 64.13 percent to 8,046 tons compared to 4,903 tons in March 2021. End stocks of palm oil rose compared to trade expectation of rise in stocks. Rise in stocks was mainly due to higher production.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 1150-1300 per 10 Kg in the near term.

Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil traded down as demand lowered due to hiked prices. Demand is getting firm and will be supported by discount over competing oils..
- 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.

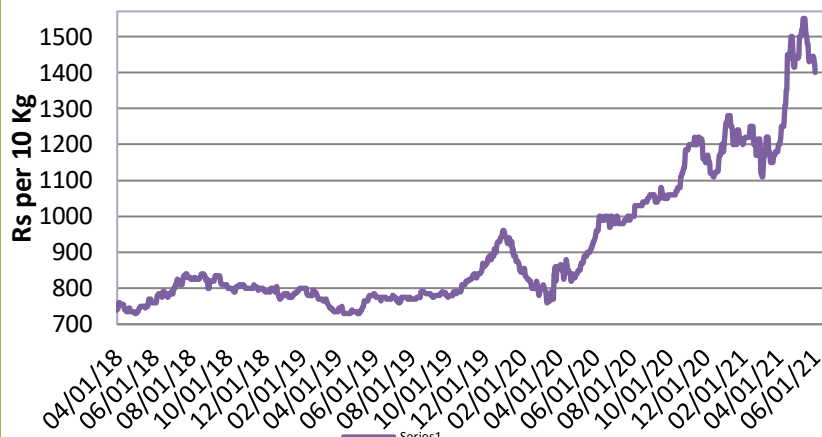
The Government estimation of mustard crop is high at 10.4 MT while the Agriwatch estimate is around 8.54 MT. The COOIT has estimated mustard production at 8.90 MT.

Discount of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 80 per 10 Kg compared to Rs 10 per 10 Kg last week.

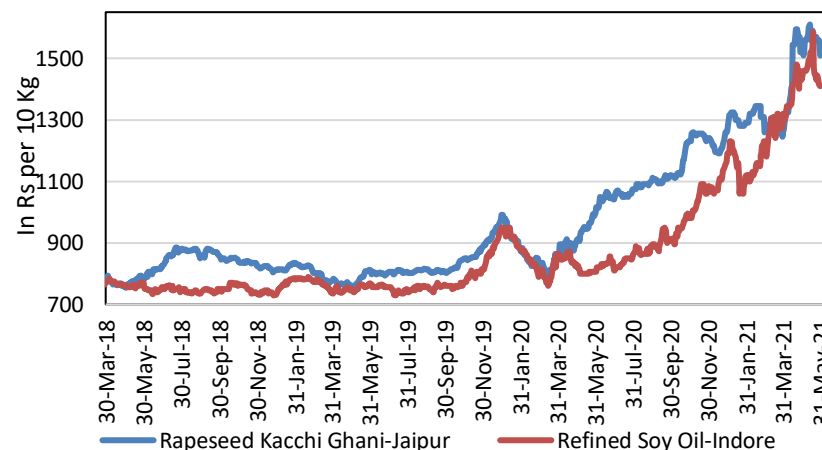
Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 260 per 10 kg compared to Rs 195 per 10 Kg last week. The premium of Mustard oil raised compared to last month on firm demand.

Markets are expected to trade sideways in coming term.

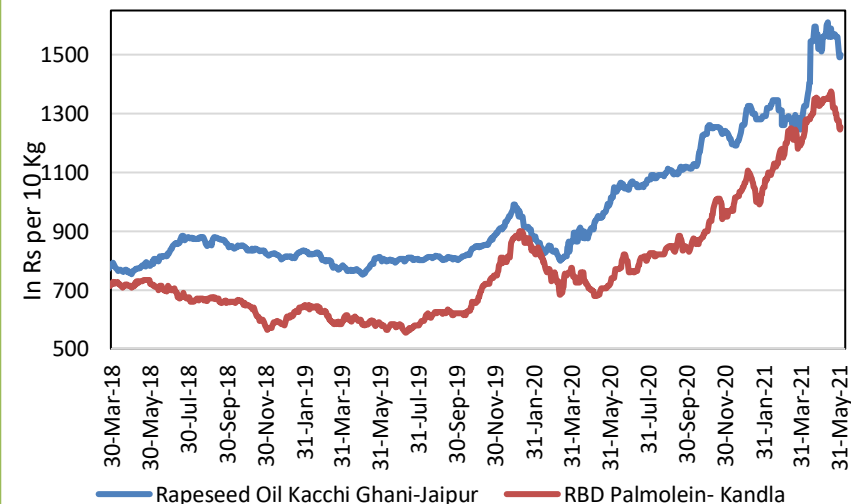
Mustard Oil Price Trend (Kota Market)



Comparison Between Rapeseed Oil & Refined Soy Oil



Comparison Between Rapeseed Oil & RBD Palmolein



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

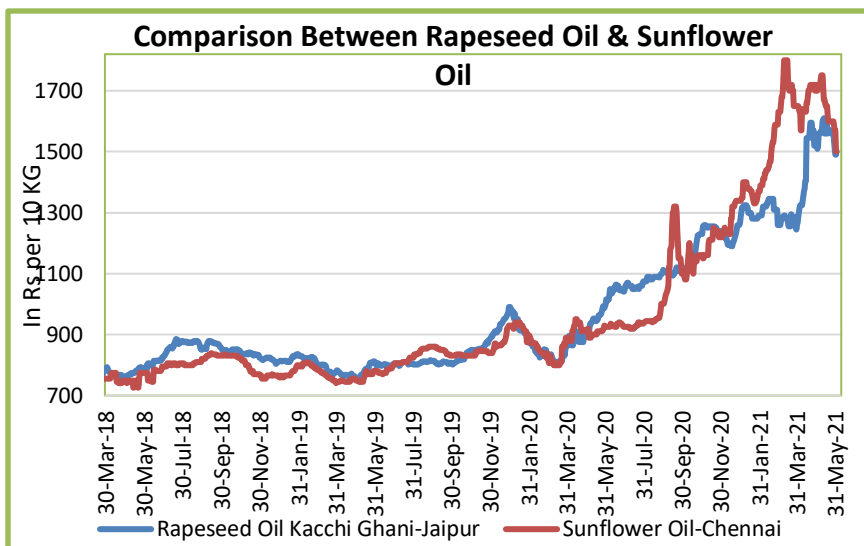
rapeseed supply is crunched. Imports of canola oil will stretch rapeseed oil balance sheet in oil year 2019-20 (Nov-Oct).

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 355.09 tons rapeseed (Canola) oil in February 2021 v/s 2,817.78 tons imports in February 2020. In the financial year 2020-21 (April 2020-February 2021) imports were 41,990.56 tons compared to 37,865.36 tons in last oil year.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,400 (Rs 1,460) per 10 Kg, and at Kota market, it is offered at Rs 1,400 (Rs 1,442) per 10 kg as on June 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 1400-1550 per 10 Kg.



Sunflower oil: Domestic Market Fundamentals

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

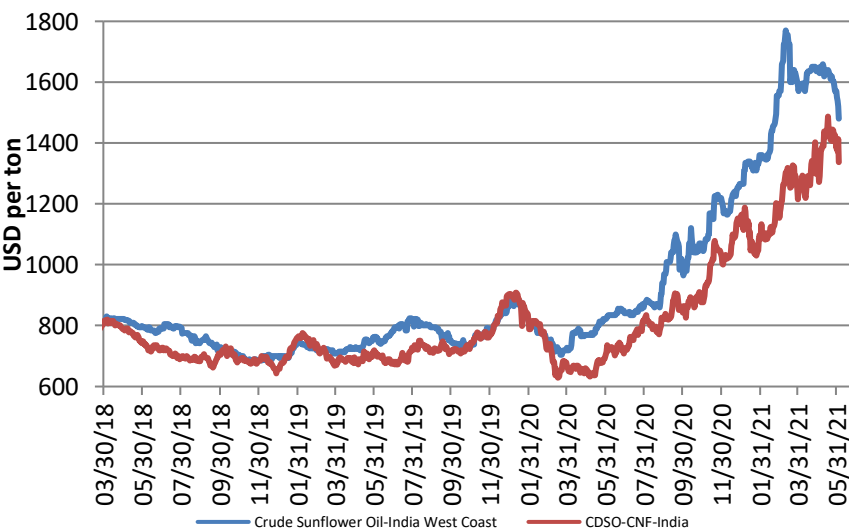
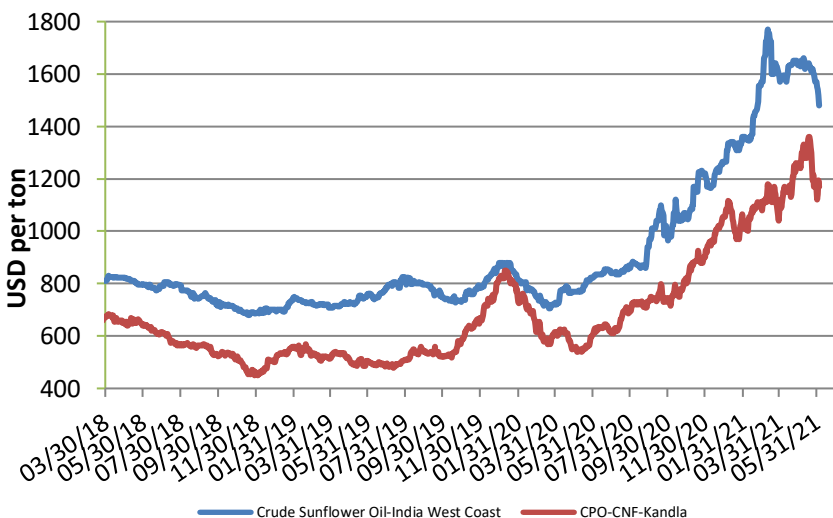
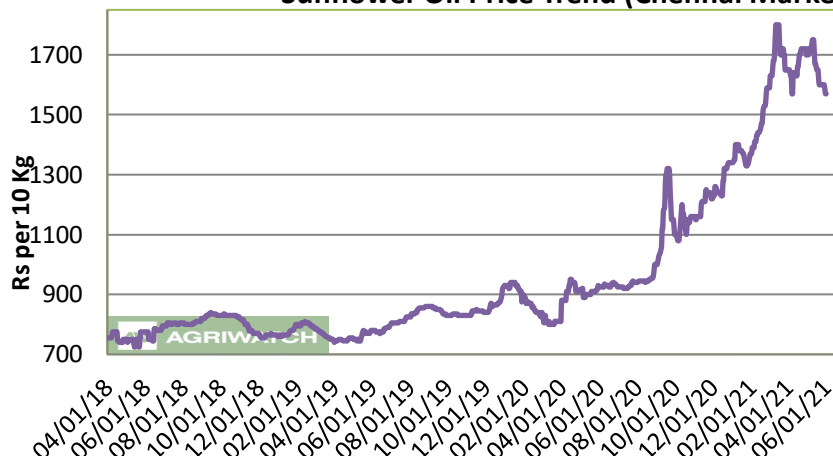
Sunflower oil prices corrected by 150 Rs margin as the demand slowed down amid skyrocketed price.

Sunflower oil is mainly used in home consumption and demand has slowed down in home consumption as consumer purchasing power has decreased over the months due to food inflation amid pandemic.

Sunflower oil prices traded down in May month as competing oil prices also corrected. Sunflower oil prices are mostly correlated to soy oil prices in domestic market. CNF prices of sunflower oil and soy oil are converging. Further, the prices have converged in domestic market amid high edible oil prices.

Sunflower oil and RBD Palmolein are also converging as high sunflower oil prices led to its substitution.

Sunflower Oil Price Trend (Chennai Market)



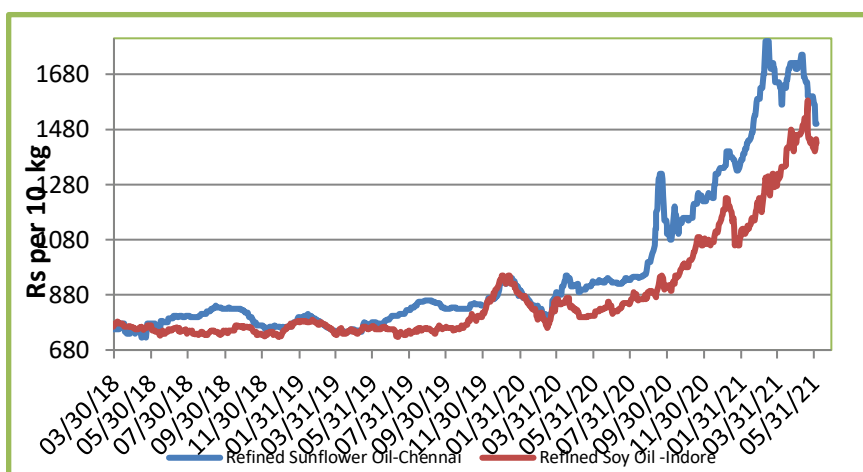
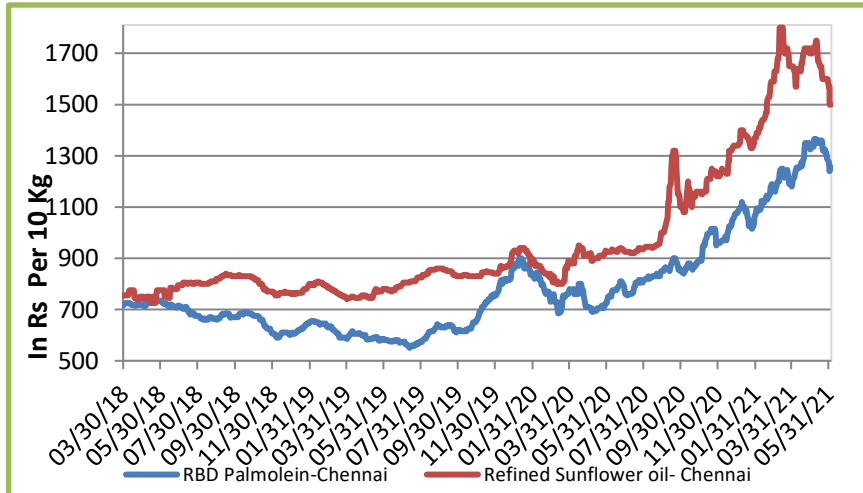
prices

Imports of sunflower oil slowed down in May due to tight supply international market and slow domestic demand.

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

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.

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.



- Groundnut oil exports scenario- India imported 109,578.94 tons Groundnut oil in February 2021 v/s 234,617.53 tons export in February 2020. In the Financial year 2020-21 (April 2020 - February 2021) imports rose to 2,034,145.18 tons, from 2,229,798.45 tons in corresponding period last 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 1400-1500 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 213 (USD 276 last week) per ton for Jan delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 465 (USD 340) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 1,500 (Rs 1,700) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 1,580 (Rs 1700) per 10 kg as on June 1, 2021. Values in brackets are figures of last month.
- We expect sunflower oil prices to trade sideways in the coming days.

Price Outlook: We expect sunflower oil (Chennai) to trade in the price band of Rs 1400-1550 per 10 Kg.

Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured down trend in Rajkot market during the month in review on slow demand and slow supply.
- Covid cases surge resulted in rise in prices. Further hiked prices due to supply crunch in lockdown limited the demand.

Groundnut oil demand in domestic market is slow and tight supply in market resulted in stable trading in market.

Groundnut oil export demand has also slowed down over the months.

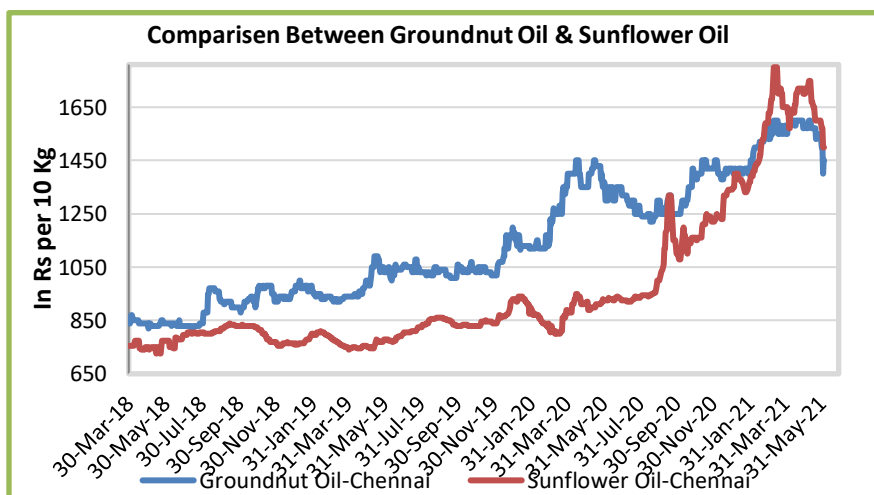
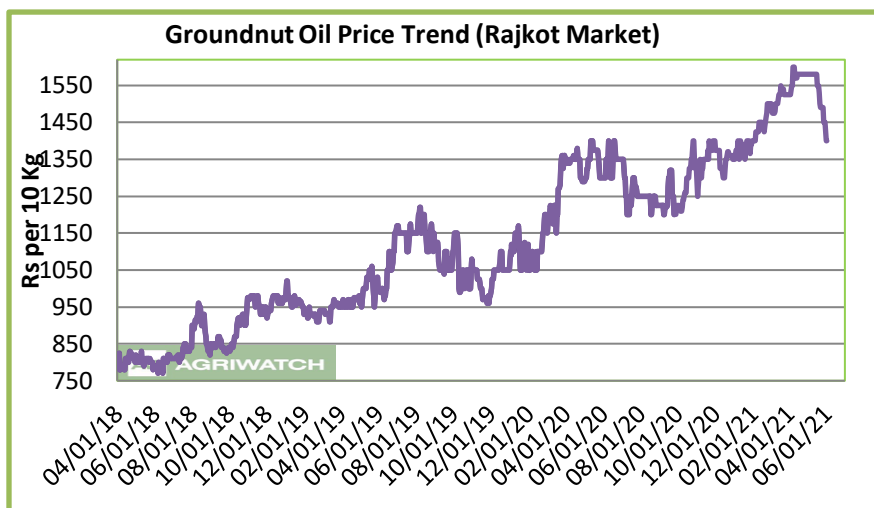
Groundnut oil premium over Sunflower oil reversed from 15 February and currently sunflower oil is at premium of Rs. 50 per 10 Kg. Sunflower oil gained premium over Groundnut oil due to its tight supply in domestic as well as international market leading to high prices.

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 31,041.03 tons Groundnut oil in February 2021 v/s 7,609.12 tons export in February 2020. In the Financial year 2020-21 (April 2020 - February 2021) rose to 213,448.21 tons in Apr-Jan 2020, from 35,629.51 tons in corresponding period last year. It was mainly exported to China at 206,459.06 tons.
- On the price front, currently the groundnut oil prices in Rajkot are hovering near Rs 14,500 (15,800) per quintal and quoting at Rs 14,500 (Rs 15,700) per quintal in Chennai market, as on June 1, 2021.
- Groundnut oil prices are likely to trade with a down tone in the coming days.

Price Outlook: We expect Groundnut oil (Rajkot) to trade in the price band of Rs 1350-1500 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.

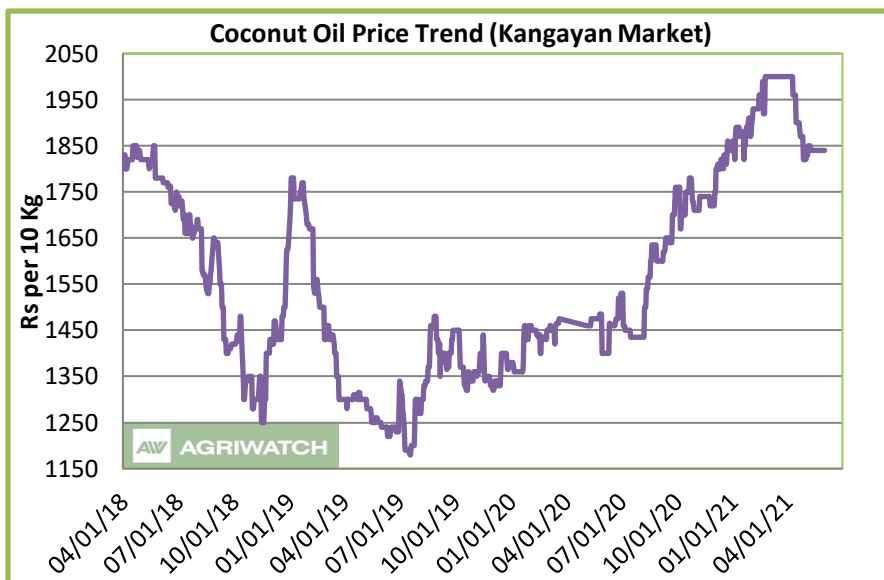
Traders and upcountry buyers are not stocking as they are not confident of prices.

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.

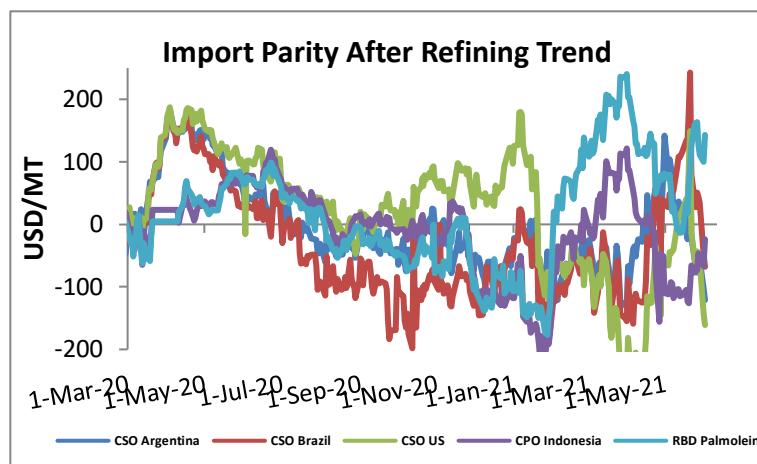
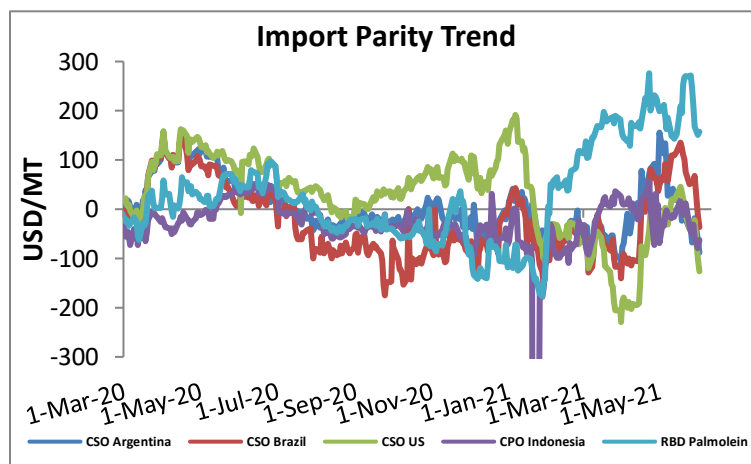
Prices are expected to remain sideways in February on slow rise in demand. Prices are expected to trade firm in medium term.

- On the price front, currently the coconut oil prices in Kochi are hovering near Rs 17,700 (20,400) per quintal and Rs 18,400 (20,000) per quintal in Erode market on June 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 1750-1850 per 10 Kg.

Import Parity Trend

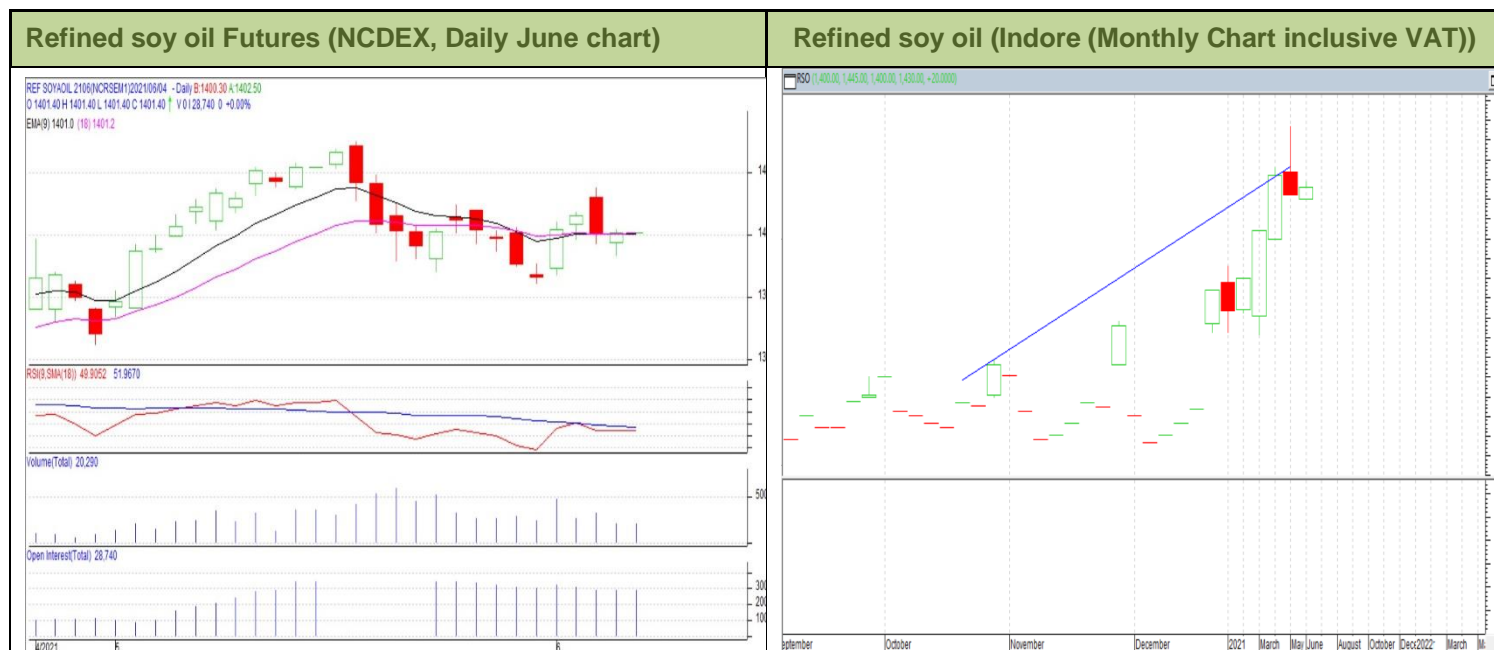
Import Parity after Refining in US dollar per tons (Monthly Average)



	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Mar, 2021	-73.65	-91.73	-128.68	53.76	175.64
Apr, 2021	-1.41	-58.45	-151.95	-7.74	119.41
May, 2021	8.52	78.53	-14.96	-93.39	68.57

Outlook:-

Import parity is achieved for CDSO Argentina rose 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 amid low US soy stock. We expect CDSO import parity to remain firm in June due to expectation of firm prices of soy oil in Indian markets. Parity in CPO is lower than RBD palmolein. Disparity in CPO rose due to low domestic demand of CPO and may achieve parity 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 (June contract) on dips.

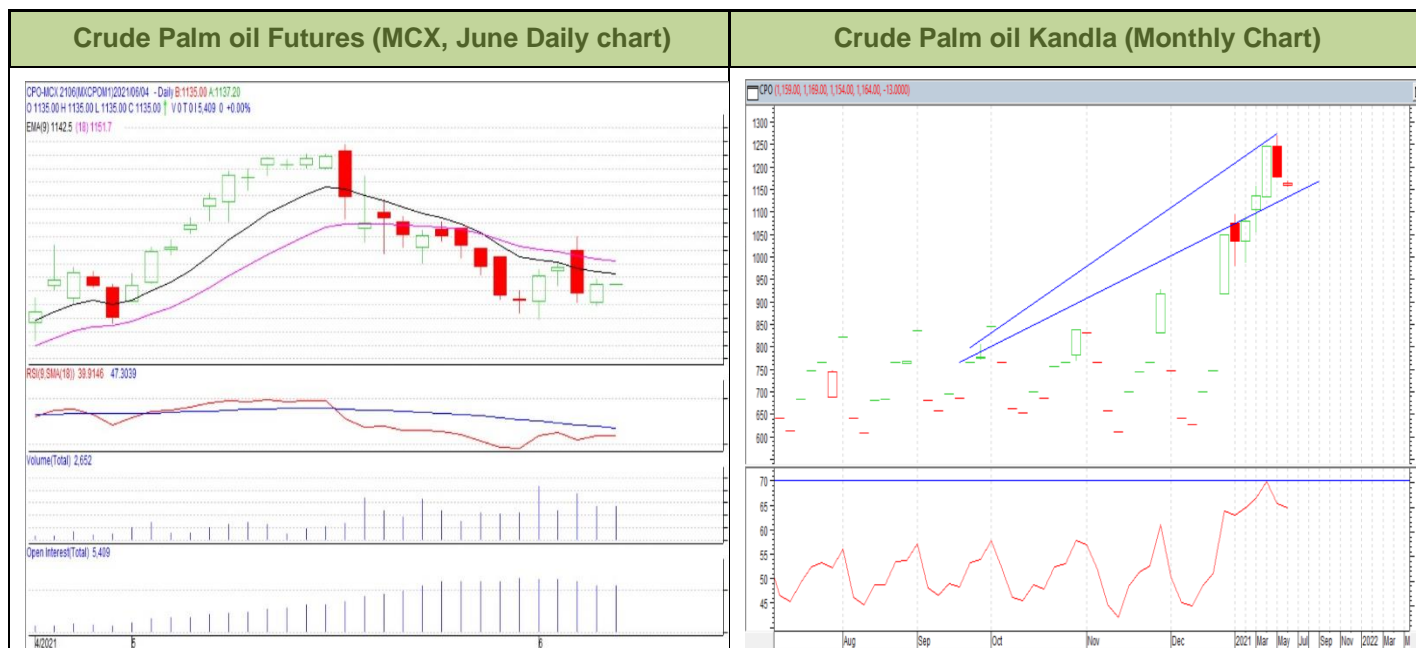
- Candlestick monthly chart of refined soy oil at NCDEX depicts rise in prices. We expect prices to feature sideways trend in the near term.
- Any close above 1450 in monthly chart might bring the prices to 1460 levels.
- Expected price band for next month is 1400-1600 level in near to medium term. RSI 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	1365.5	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 (June 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 1200 in monthly chart might bring the prices to 1220 levels.
- Expected price band for next month is 1150-1300 level in near to medium term. RSI and MACD are indicating sideways sentiments
- **Strategy:** Market participants are advised to go long in CPO above 1120 for a target of 1150 and 1170 with a stop loss at 1080 on closing basis.

CPO MCX

Support and Resistance				
S2	S1	PCP	R1	R2
1032.90	1077.80	1122.70	1202.80	1282.90

Spot Market outlook: Crude palm oil Kandla is likely to stay in the range of 1150-1300 per 10 Kg.

Monthly spot prices comparison

Edible Oil Prices at key Markets:

Commodity	Centre	Prices (Per 10 Kg)		Change
		1-Jun-21	1-May-21	
Refined Soybean Oil	Indore	1400	1430	-30
	Indore (Soy Solvent Crude)	1345	1375	-30
	Mumbai	1420	1440	-20
	Mumbai (Soy Degum)	1390	1415	-25
	Kandla/Mundra	1410	1440	-30
	Kandla/Mundra (Soy Degum)	1375	1420	-45
	Kolkata	1420	1430	-10
	Delhi	1347	1347	Unch
	Nagpur	1270	1270	Unch
	Rajkot	1410	Closed	-
	Kota	1400	1442	-42
	Hyderabad	0	0	Unch
	Akola	1320	1320	Unch
	Amrawati	1315	1315	Unch
	Bundi	1410	1452	-42
	Jalna	1260	1260	Unch
	Solapur	1265	1265	Unch
	Dhule	1250	1250	Unch
	Nanded	1255	1255	Unch
	Latur	1315	1315	Unch
Palm Oil*	Argentina Crude Soya (CIF India) USD	1394	1300	94
	Argentina Crude Soya (FOB)	1329	1173	156
	Soya Oil(Rot.)(Euro/MT FOB) (1000) GMT	1155	1155	Unch
	Kandla (Crude Palm Oil)	1159	1247	-88
	Kandla (RBD Palm oil)	1220	1330	-110
	Kandla RBD Pamolein	1250	1325	-75
	Kakinada (Crude Palm Oil)	1120	1220	-100
	Kakinada RBD Pamolein	1245	1325	-80
	Haldia Pamolein	1255	1335	-80
	Chennai RBD Pamolein	1250	1325	-75
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1308	1389	-81
	Krishnapattanam RBD Pamolein	1250	1330	-80
	Mumbai RBD Pamolein	1270	1320	-50
	Mangalore RBD Pamolein	1265	1330	-65
	Tuticorin (RBD Palmolein)	1375	1375	Unch
	Mumbai (Refined)	1240	1260	-20



	Rajkot (Refined)	1260	Closed	-
	Chennai (Refined)	1270	1335	-65
	Hyderabad (Refined)	1260	1325	-65
	Delhi (Refined)	1326	1326	Unch
	PFAD (Kandla)	810	860	-50
	RPS (Kandla)	1000	1090	-90
	Superolien (Kandla)	1270	1370	-100
	Superolien (Mumbai)	1290	1380	-90
	Kochi (RBD Palmolein)	1250	1285	-35
	Krishnapattanam (Crude Palm Oil)	1120	1220	-100
	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)	1570	1700	-130
	Chennai (Crude)	1450	1640	-190
	Mumbai (Refined)	1600	1720	-120
	Mumbai (Expeller Oil)	1540	1670	-130
	Kandla (Refined)	1650	1800	-150
	Hyderabad (Refined)	1580	1690	-110
	Hyderabad (Expeller)	1500	1600	-100
	Latur (Refined)	1480	1600	-120
	Latur (Expeller Oil)	1390	1550	-160
	Chellakere (Expeller Oil)	1420	1580	-160
	Erode (Expeller Oil)	1680	1720	-40
	Kakinada (Refined)	1570	1670	-100
	Krishna Pattanam (Refined)	1570	1670	-100
	Delhi (Refined)	1700	1700	Unch
	Sun Oil (Rotterdam)	1620	1620	Unch
Groundnut Oil	Rajkot	1400	Closed	-
	Chennai	1500	1570	-70
	Delhi	1560	1560	Unch
	Hyderabad *	1520	1580	-60
	Mumbai	1420	1580	-160
	Gondal	1375	Closed	-
	Jamnagar	1350	Closed	-
	Gujarat GN Telia	2270	2430	-160
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1400	1460	-60
	Jaipur (Kacchi Ghani Oil)	1490	1520	-30
	Kota (Expeller Oil)	1400	1442	-42
	Kota (Kacchi Ghani Oil)	1480	1460	20
	Neewai (Expeller Oil)	1475	1450	25
	Neewai (Kacchi Ghani Oil)	1500	1480	20

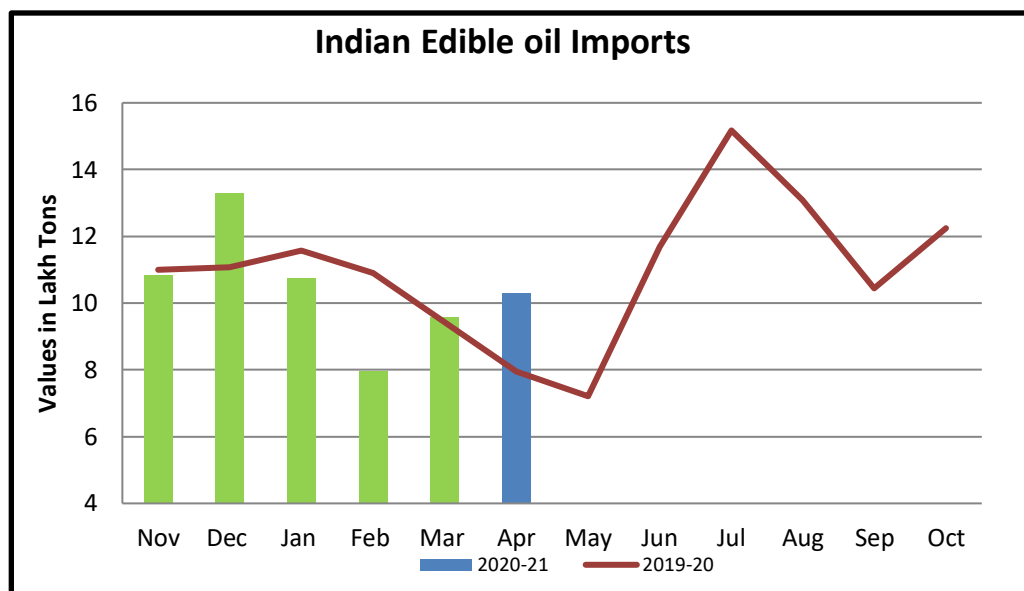


	Bharatpur (Kacchi Ghani Oil)	1480	1485	-5
	Sri-Ganga Nagar(Exp Oil)	1440	1500	-60
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1460	1480	-20
	Mumbai (Expeller Oil)	1440	1420	20
	Kolkata(Expeller Oil)	1760	1650	110
	New Delhi (Expeller Oil)	1230	1230	Unch
	Hapur (Expeller Oil)	1570	1390	180
	Hapur (Kacchi Ghani Oil)	1600	1420	180
	Agra (Kacchi Ghani Oil)	1485	1490	-5
	Nagpur (Expeller Oil)	1367	1367	Unch
Refined Cottonseed Oil	Rajkot	1400	Closed	-
	Hyderabad	1410	1440	-30
	Mumbai	1395	1490	-95
	New Delhi	1260	1260	Unch
	Gujarat Cotton Wash	1320	1425	-105
Coconut Oil	Kangayan (Crude)	1840	1820	20
	Cochin	1800	2230	-430
	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%)	1300	1420	-120
	Bhatinda (Crude 4%)	1050	1140	-90
	Bhatinda (Refined 4%)	1165	1255	-90
	Hyderabad (Crude)	1280	1200	80
	Hyderabad (Refined)	1480	1420	60
	Kolkata (Crude)	1070	1070	Unch
	Kolkata (Refined)	1170	1170	Unch
	Raipur (Crude)	1210	1290	-80
	Raipur (Refined)	1360	1430	-70
	Odisha (Refined)	1350	1440	-90
	Vijayawada (Refined)	1250	1350	-100
Malaysia Palmolein USD/MT	FOB	1045	1125	-80
	CNF India	1035	1263	-228
Indonesia CPO USD/MT	FOB	1145	1245	-100
	CNF India	1120	1255	-135



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	1550	1560	-10
Ukraine Origin CSFO USD/MT Kandla	CIF	1550	1635	-85
Rapeseed Oil Rotterdam Euro/MT	FOB	1080	1080	Unch
Argentina FOB (\$/MT)		1-Jun-21	1-May-21	Change
Crude Soybean Oil Ship		1345	1245	100
Refined Soy Oil (Bulk) Ship		1392	1289	103
Sunflower Oil Ship		1475	1525	-50
Cottonseed Oil Ship		1325	1225	100
Refined Linseed Oil (Bulk) Ship		0	0	Unch
<i>* indicates including GST</i>				

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 1/6/2021	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein Malaysia
FOB USD per ton	1329	1278	1366	1145	1045
Freight (USD/MT)	47	47	47	35	26.0
C & F	1376.0	1325.2	1413.4	1180.0	1071.0
Weight loss (0.25% of FOB)	3.32	3.20	3.42	2.86	2.61
Finance charges (0.4% on CNF)	5.50	5.30	5.65	4.72	4.28
Insurance (0.3% of C&F)	4.13	3.98	4.24	3.54	3.21
CIF (Indian Port - Kandla)	1389	1338	1427	1191	1081
Duty (Values in USD per tons)	559.02	559.02	559.02	436.87	452.24
GST (5% on duty) USD per ton	27.95	27.95	27.95	21.84	22.61
Exchange rate	72.78	72.78	72.78	72.78	72.78
Landed cost without customs duty in INR per ton	101088	97356	103837	86690	78683
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	1452	1452	1452	1222	1265
Fixed exchange rate by customs department	74.10	74.10	74.10	74.10	74.10
Duty component in INR per ton	41423.38	41423.38	41423.38	32371.70	33510.80
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	143911	140179	146660	120462	113594
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	137500	137500	137500	115900	125000
Total landed cost USD per ton	1977	1926	2015	1655	1561
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1889	1889	1889	1592	1718
Parity INR/MT (Domestic - Landed)	-6411	-2679	-9160	-4562	11406
Parity USD/MT (Domestic - Landed)	-88.09	-36.81	-125.86	-62.68	156.72
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	148411.49	144679.14	151160.14	127961.59	116393.95
Soy/Palm oil imported Price (Including tax)	155832.07	151913.10	158718.14	134359.67	122213.65
Loose price of Soy/Palm in Indore and Delhi market	147000.00	147000.00	147000.00	132600.00	132600.00
Parity after processing and Taxes (Rs per MT)	-8832.07	-4913.10	11718.14	-1759.67	10386.35
Parity after processing and Taxes (USD per MT)	-121.35	-67.51	-161.01	-24.18	142.71
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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