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# **Veg. Oil Monthly Research Report**

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## **Outlook and Review:**

### **Domestic Front**

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

*Groundnut oil was the best performer among the edible oil complex due to good export demand and firm domestic supply in cash markets. Palm Oil traded sideways.*

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

*On the currency front, Indian rupee is hovering near 74.94 compared to 74.55 last month. Rupee is expected to depreciate in December. Crude oil prices are expected to rise to an extent in December.*

### **Recommendation:**

*Market participants can buy refined soy oil in the cash markets at 1050-1150 for the target of 1060-1100 levels (Indore). Market participants can buy CPO Kandla 5% in the cash markets at 910-940 for the target of 880-930 levels.*

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

*CBOT soy oil (November) is expected to stay in the range of 37 cents/lb to 40 cents/lb. CPO at BMD (December) is likely to stay in the range of 3200-3500 ringgits per ton. Focus during the coming days will be status of coronavirus in world, US-China trade tensions, crude oil prices, soybean harvest in US, soy oil stocks in US, soybean demand by China, palm oil stocks in Malaysia and Indonesia, palm oil production in Malaysia and Indonesia, palm oil exports from Malaysia and Indonesia, biodiesel use of palm oil in Indonesia and Malaysia and India and China palm oil demand.*

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

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

## Soy oil: Domestic Market Fundamentals

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

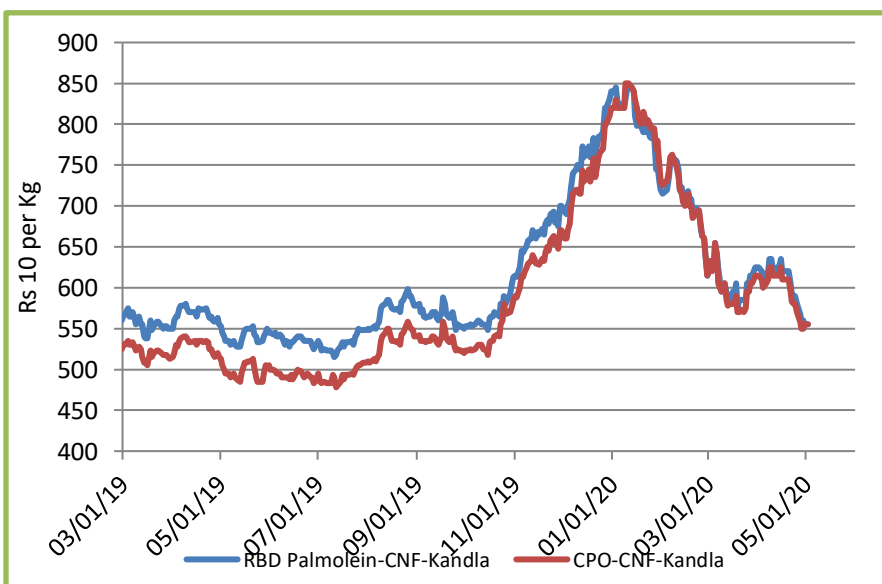
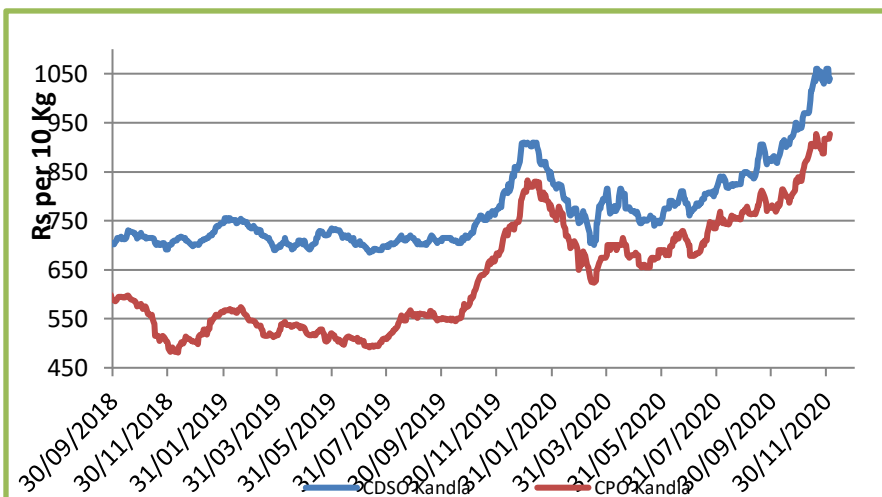
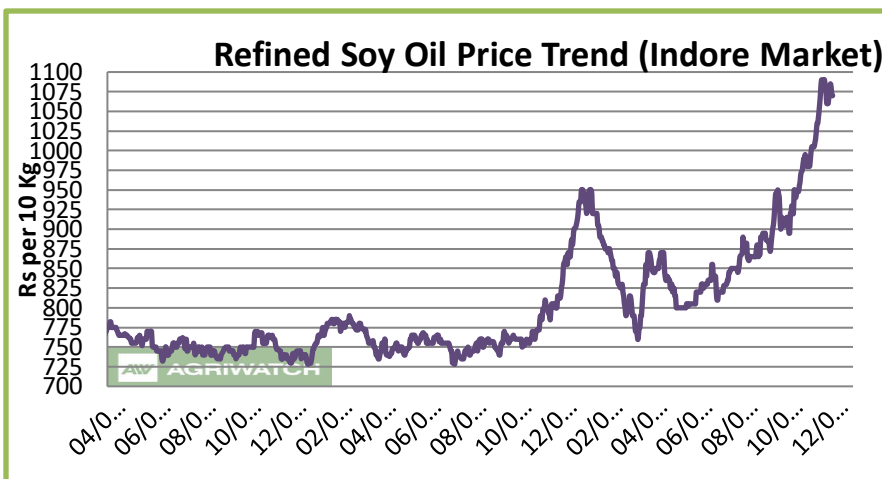
Demand of soy oil rose in November on demand at firm levels. The rise in prices of soy oil in international markets has led parity to fall.

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

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

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

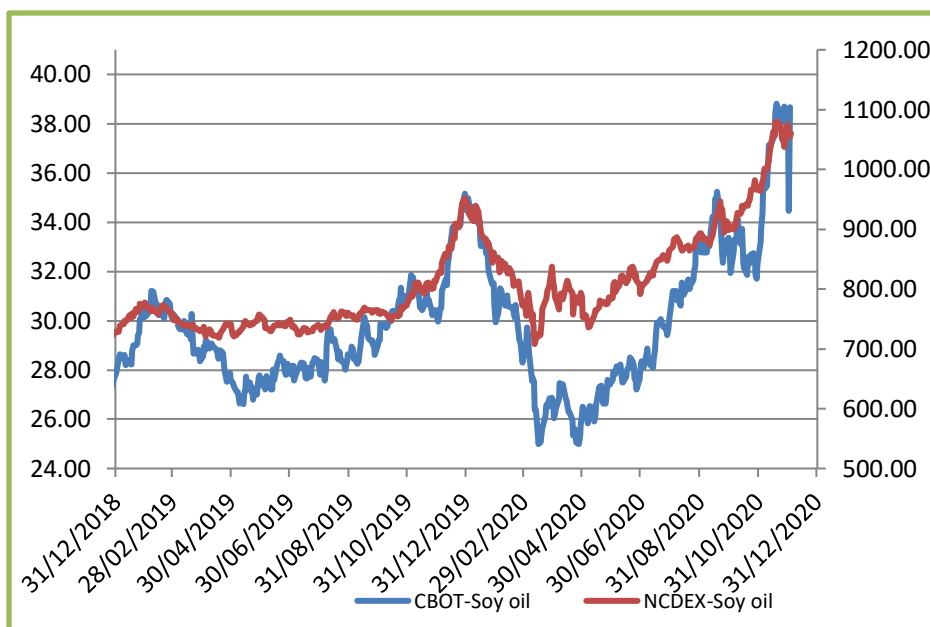
Consumption remained firm during lockdown as soy oil is mostly used in home consumption and which rose due to fall in out of home consumption mainly dominated by



palm oil whose demand fell during lockdown.

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

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



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

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

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

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

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

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

Refined soy oil premium over CDSO high seas is at Rs 20(Rs 53) per 10 kg indicating firm demand of refined soy oil compared to CDSO in domestic markets.

Difference increased between CDSO-CNF-India West coast and Soy oil CBOT fell due to fall in basis (spot prices – futures prices) due to lower demand of soy oil from Argentina.

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

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

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

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

### **International Soy oil Market Fundamentals**

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

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

Second wave of coronavirus eruption especially in US has led to worries in global markets. Coronavirus cases globally have risen above 20 million and led to death of more than half a million individuals, have led to worries that coronavirus upward cycle has not been contained.

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

Rise in prices of commodities in the world have been due to extreme monetary and fiscal stimulus of over USD 20 trillion across the world leading to weaker dollar in which most commodities are priced in the world. Improving global economic sentiment led by US and China will add to prices.

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

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

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

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

Chinese economy has picked up pace after opening from coronavirus closure. This has led to increase in meat consumption increasing demand of soybean in the country. Further, China has vowed to increase swine count in the country by providing incentives to farmers. Despite record shrinkage of swine count in China, it is stocking soybean to meet its needs in future. It is importing record amount of soybean from Brazil and Argentina. Moreover, China is expected stock 2 MMT of soy oil in its strategic reserve, according to trade sources. However, there has not been official confirmation on this update.

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

trade deal. However, China has increased purchases of soybean from US despite it being locked with US on its handling of coronavirus. According to trade estimated, China is expected to purchase 40 MMT of US soybean to bridge its deficit of trade deal with US and increase supply of soybean in its country. Further, China is buying record meats from US and South America to meet its needs as it lost meat output due to swine flu. USDA increased soybean import estimate of China at 99 MMT in 2020/21 and 98 MMT in 2019/20 from 85 MMT in 2019/20.

Brazil is expected to plant record soybean as it increases area and conditions are conducive for plantation. This comes after record soybean crop last year. Soybean crop of Brazil in 2020/21 is expected to be 133 MMT, up from 126 MMT last year, making this year crop in Brazil to record in history.

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

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

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

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



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

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

**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1065-1100 per 10 Kg in the near term.



## Palm oil: Domestic Market Fundamentals

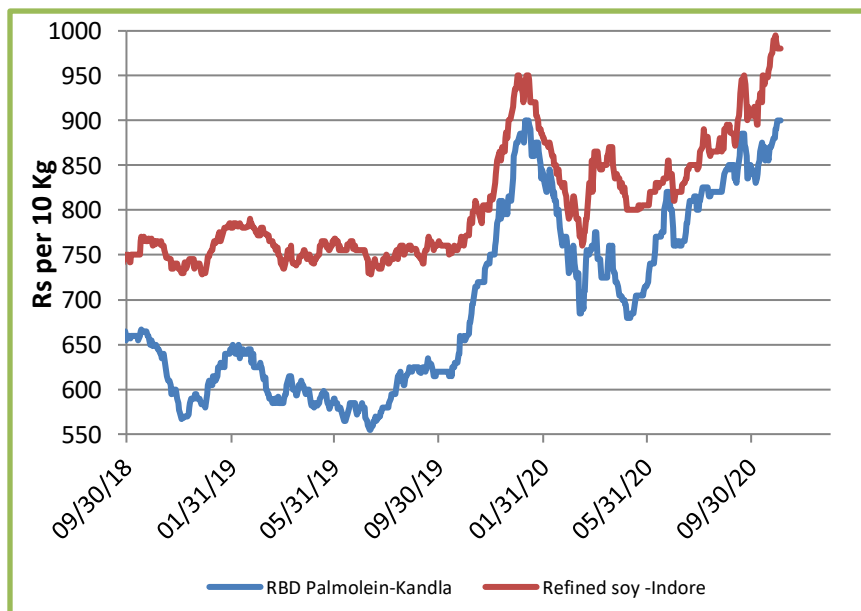
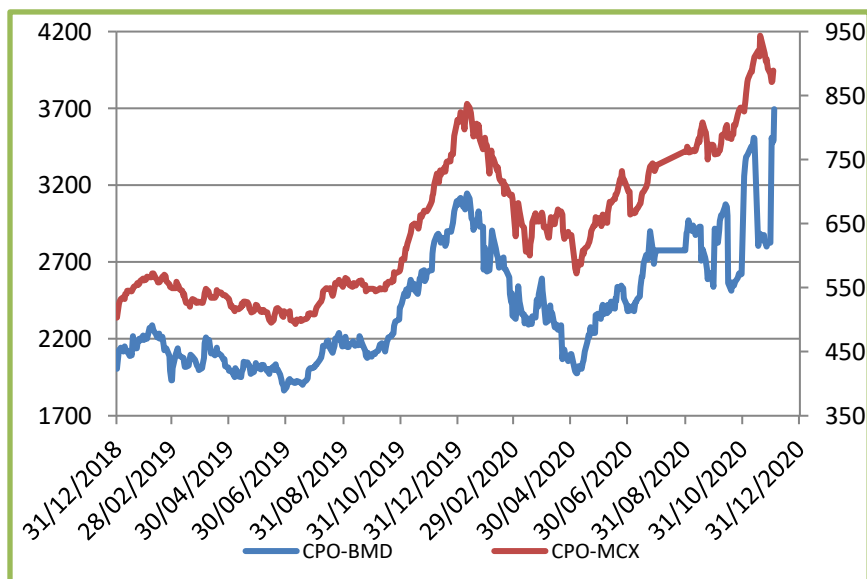
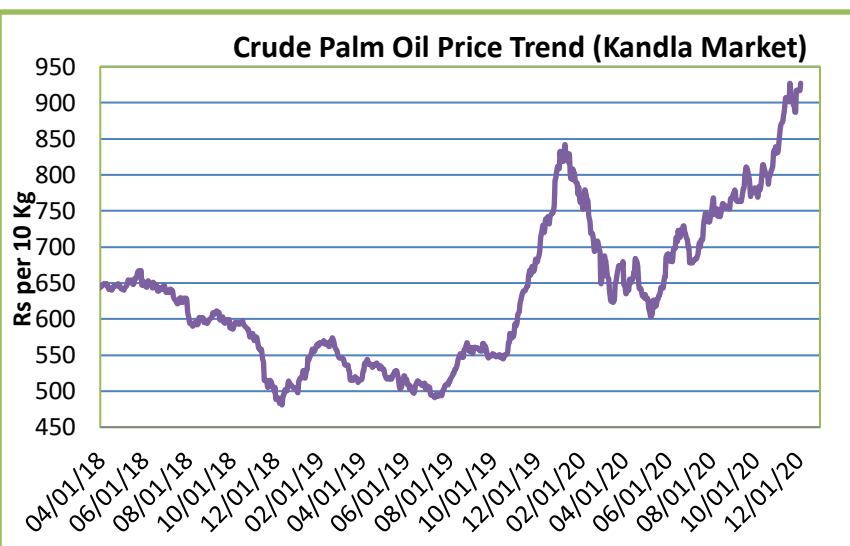
- CPO prices witnessed firm tone in the month of November at its benchmark market at Kandla on firm demand and rise in prices of palm oil in international markets.

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

Demand of palm oil from households and biscuit sectors are normal. HoReCa demand has fallen and demand from bakery and shortening has fallen. These fall in demand will effectively cut demand of palm oil by 1.5-2 MMT in oil year 2019-20 leading lower imports of palm oil in this oil year, depending on if and when demand increases substantially.

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

Palm oil consumption will fell in India in oil year 2019-20 from its earlier consumption estimate due to demand loss during lockdown. Consumption will fall in 2019-20 from its previous year in more than two and half decades. Imports of palm oil will also be lower in oil year 2019-20 and could lead to lower carryout of palm oil in oil year 2019-



20.

As on 26<sup>th</sup> November, 2020, Government of India lowered the CPO import duty from 37.5% to 27.5% amid rise in food inflation. There is short supply of palm oil in Indian market due to lower imports of palm oil in oil year 2019-20. However, port and pipelines stocks decrease in November Compared to October. The lowered import duty will result in higher import of CPO.

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

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

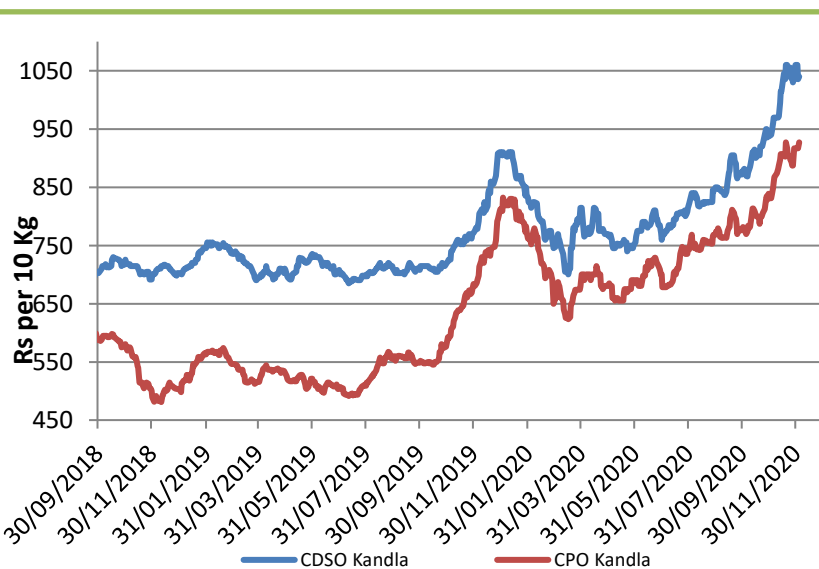
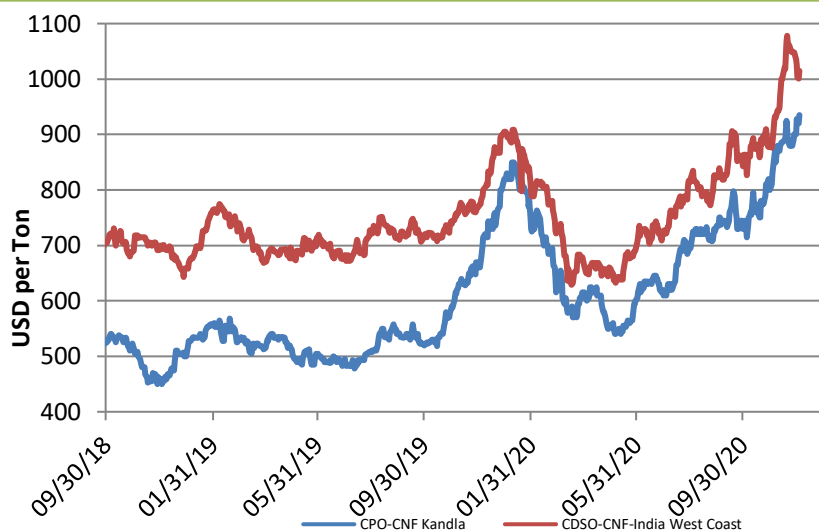
Depreciation of Rupee may increase palm oil to parity in October. Further, fall in prices of palm oil in international markets will increase parity in imports and refining margins.

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

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

RBD palmolein imported in September months after ban on importing palm oil was announced. In September 0.12 MT was imported compared to 2.64 MT import last year. Total imports for Nov, 19- Sep, 20 is 6.44 MT compared to 8.63 MT last year for same period. Imports for palm oil on m-o-m saw fall compared to August.

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



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

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

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

RBD palmolein premium over CPO decreased to Rs 53 (Rs 37 last month) per 10 kg indicating firm demand of RBD palmolein compared to CPO at high seas.

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

High soy oil premium over crude palm oil which is hovering at Rs 263(Rs 149 last month) per 10 Kg will increase demand of CPO and increase imports.

Premium of soy oil over palm oil lowered in Nov at CNF and domestic markets. High premium of crude sunflower CNF India West coast and CPO CNF at USD 320(USD 215) per ton will increase CPO prices and RBD palmolein prices in medium term. High premium of CSFO-CNF-India West coast over CPO-CNF indicates weak demand of CPO at CNF markets compared to CSFO-CNF.

Rising CDSO CNF premium over CPO CNF will increase imports of CPO in medium term at USD 135 (USD 66last month) per 10 kg. Premium of CDSO soy oil high seas over CPO high seas is at Rs 143 (Rs 154 last week) per 10 Kg, which is high and increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein is Rs 110(Rs 80 last week) per 10 kg is raise and will increase RBD palmolein demand in near term. Values in brackets are figures of last week.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), Palm oil imports in October fell 1.04 percent y-o-y to 7.59 lakh tons from 7.67 lakh tons in October 2019. Imports in the oil year 2019-20 (November 2019-July 2020) are reported lower by 23.51 percent y-o-y at 70.87 lakh tons compared to 92.65 lakh tons in last oil year.
- Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 16.20 percent y-o-y in October to 7.53 lakh tons from 6.48 lakh tons in October 2019. Imports in oil year 2019-20 (November 2019-October 2020) were reported higher by 2.02 percent y-o-y at 66.66 lakh tons compared to 65.34 lakh tons in last oil year.
- RBD palmolein import scenario- RBD palmolein Imports fall to 95.6 percent in October to 0.05 lakh tons from 1.18 lakh tons in October 2019. Imports in oil year 2019-20 (November 2019-October 2020) were reported lower by 84.58 percent y-o-y at 4.21 lakh tons compared to 27.30 lakh tons in last oil year.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 935 (USD 860) per ton for Dec delivery and Jan delivery is quoted at USD 937 (USD 750) per ton. Last month, CNF CPO Nov average price was at 877.5 per ton (USD 771.23 per ton in Oct 2020). Values in brackets are figures of last week.  
Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 900 (USD 860) per ton for Dec delivery and Jan delivery is quoted at USD 890 (USD 830) per ton. Last month, CIF RBD palmolein Nov average price was USD 887.29 (USD 781.23 in Oct 2020) per ton. Values in bracket depict last month quotes.  
Ready lift CPO duty paid prices quoted at Rs685 (Rs 620) per 10 Kg and Nov delivery duty paid is offered at Rs 680 (Rs 610) per 10 kg. Ready lift RBD palmolein is quoted at Rs 950 (Rs 900) per 10 kg as on Dec 1, 2020. Values in brackets are figures of last week.

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

### International Palm oil Market Fundamentals

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

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

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

Palm oil production is expected to rise slowly in Malaysia in Nov due to flooding and shortage of labor on COVID. However, production of palm oil will rise from Oct on seasonal uptrend of production on both Malaysia and Indonesia.

Due to heavy rains in East Malaysia and Kalimantan, Indonesia harvesting of fresh fruit bunches has slowed. These rains are due to La Nina pattern emerging in second half of 2020 in Southeast Asia. This pattern is expected to last through rest of 2020 will hamper palm oil production in both countries.

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



Palm oil global demand is expected to rise in Oct on firm demand on opening of various countries after especially from India and China.

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

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

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

Imports of palm oil from Malaysia by India rise in October due tight supply and slow rise in demand in HoReCa. Also, Malaysia reduced CPO export duty to zero and Malaysia's CPO consignments are trading at discount to Indonesia's consignments. Further, Indonesia increasing export levy on exports of CPO has made its shipments of CPO uncompetitive.

However, India has restricted refined palm oil imports indicating Malaysia and Indonesia will only be able export CPO and that will net benefit refiners in Malaysia and Indonesia. But, India saw import of RBD palmolein in September after months of no import.

Use of biodiesel in Malaysia will rise in 2021 on Malaysia commitment to start B20 biodiesel norms from Sep. This will increase use of palm oil in biodiesel. Palm oil based biodiesel production will increase in Malaysia at 1.6 MMT in 2021 from 1.3 MMT in 2020. This will cut palm oil end stocks in Malaysia.

Indonesia has stuck with its biodiesel program despite fall in crude oil prices. The country has mandated 30 percent bio content in all type of gasoline and has planned 40 percent bio content by 2021 and has increased levy on CPO export to fund the program after 2020. However, Indonesia will fall short of biodiesel target due to higher prices of palm oil has led to lower Palm-Crude spread, pricing out palm oil compared to crude oil.

Competitive oils like RBD palmolein DALIAN and CBOT soy oil is expected to support palm oil prices.

Palm oil prices are supported by rise in crude oil prices due to cut in production by OPEC and Russia to rebalance global crude oil markets.

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

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

- According to Indonesia Palm Oil Association (GAPKI), exports of palm oil (CPO and PKO), biodiesel and oleochemical exports from Indonesia rose by 13.99 percent in June m-o-m to 2.77 MMT from 2.43 MMT in May 2020. Exports from Indonesia fell by 1.1 percent in June y-o-y from 2.80 MMT recorded in June 2019. In the period Jan-June 2020 exports fell by 11.7 percent to 15.5 MMT from 17.55 MMT. Stocks of palm oil at the end of June was 3.95 MMT compared to May 2020 figure of 3.53 MMT, up 11.89 percent m-o-m. Stocks in June was higher by 11.27 percent from June 2019 which was reported at 3.55 MMT. Palm oil production in Jan-June 2020 is at 23.5 MMT vs. 25.8 MMT in corresponding period last year. Biodiesel production in Jan- June 2020 is reported at 4.88 Million KL while consumption was 4.18 Million KL. Exports of palm oil from Indonesia fell due to adverse effect of coronavirus faced by consuming countries.
- Policy review: Malaysian PM presented economic stimulus plan in Malaysian parliament, crude palm oil exports will be not be taxed in 2020. This will give boost to exports of palm oil struggling under rise in palm oil stocks. It is estimated that total of 1.0 MMT of extra shipments will be done by Malaysia in second half of 2020.
- According to Indonesia trade ministry, for October shipments Indonesia will charge export duty at \$3 per ton on crude palm oil. Reference prices of October are set at USD 768.98 per ton compared to USD 738.07 per ton last month, above threshold price of USD 750 per ton. Export duty on CPO was brought down to zero ton in April due to fall in threshold price of USD 750 per ton. Indonesia charges export levy of USD 55 per ton on CPO prices above USD 570 per ton.

**Price Outlook:** We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 890-920 per 10 Kg in the near term.

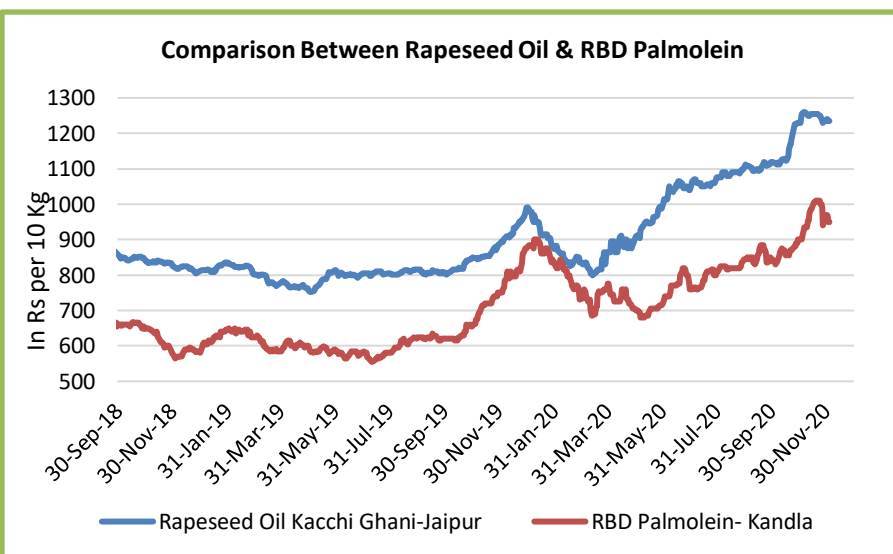
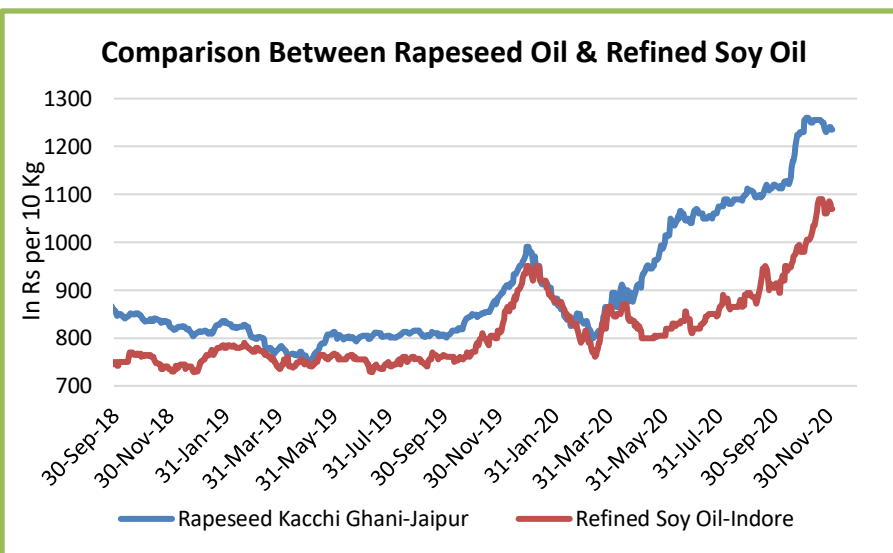
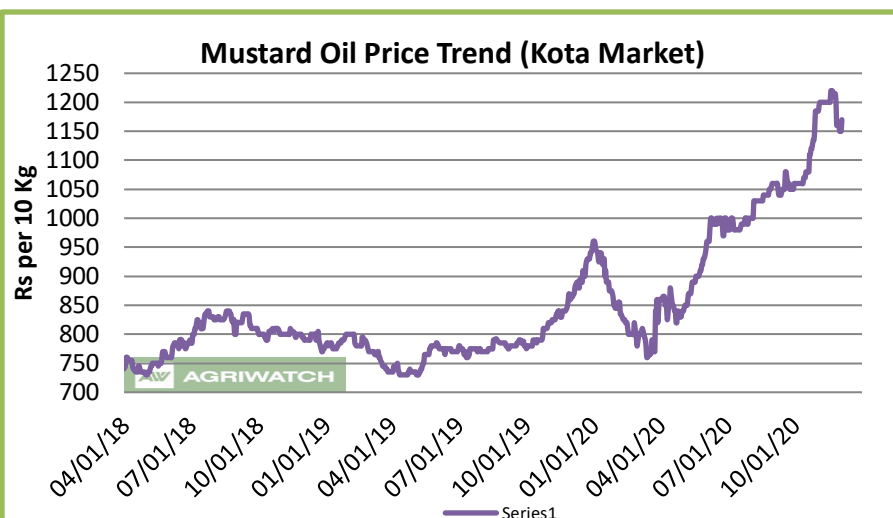
## Rapeseed oil: Domestic Market Fundamentals

- Rapeseed oil featured sideways trend at various markets on firm demand. All India arrivals of rapeseed fell in November.
- Demand remained firm in the month of November on firm buying in cash markets due to rapeseed oil seen as immunity booster even as India opens its economy and people realize that they have to learn to live with coronavirus before vaccines arrive.

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

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

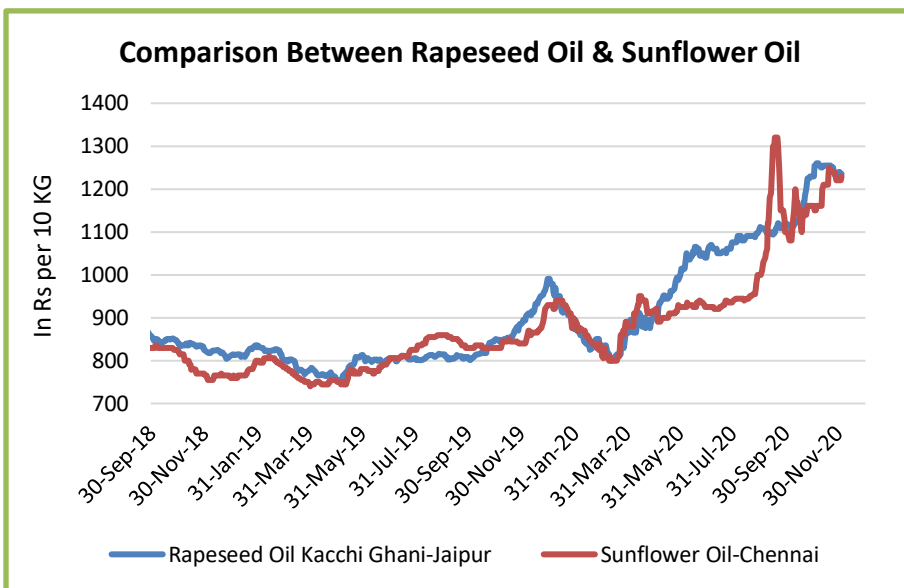
Rapeseed oil has surged in last three months may lead to oil substitution to cheaper oils like palm, soy and sun oils.





Due to exceptional lockdown of India retail demand firmed as most of the population were confined at home and it is mostly used in home food. However, due to opening of India in passed will increase demand of palm oil as more people go outside home. So consumption of rapeseed oil may slow in coming months.

Rapeseed oil also substituted due to lower supply of domestic crushed soy oil as soy meal demand has waned.



Agriwatch estimates rapeseed crop in MY 2020-21 at 72 lakh tons compared to last year crop at 79 lakh tons. Lower crop of rapeseed in MY 2020-21 will support rapeseed and rapeseed oil prices

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

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

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

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

Prices of rapeseed oil will remain be supported owing to falling stocks of rapeseed oil in domestic market.

Prices of rapeseed oil are expected to firm.



- Rapeseed oil import scenario- India imported 0.00 lakh tons rapeseed (Canola) oil in October 2020 v/s 0.00 lakh tons imports in October 2019. In the oil year 2019-20 (Nov 2019-October 2020) imports 0.55 lakh tons compared to 0.59 lakh tons in last oil year, down 6.77 percent y-o-y.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,224(Rs 1,214) per 10 Kg, and at Kota market, it is offered at Rs 1,150 (Rs 1,185) per 10 kg as on December 2, 2020. Values in brackets are figures of last month.
- We expect RM seed oil prices to trade firm tone in the coming days.

**Price Outlook:** We expect Rapeseed oil (Kota) to trade in the price band of Rs 1150-1250 per 10 Kg.

## Sunflower oil: Domestic Market Fundamentals

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

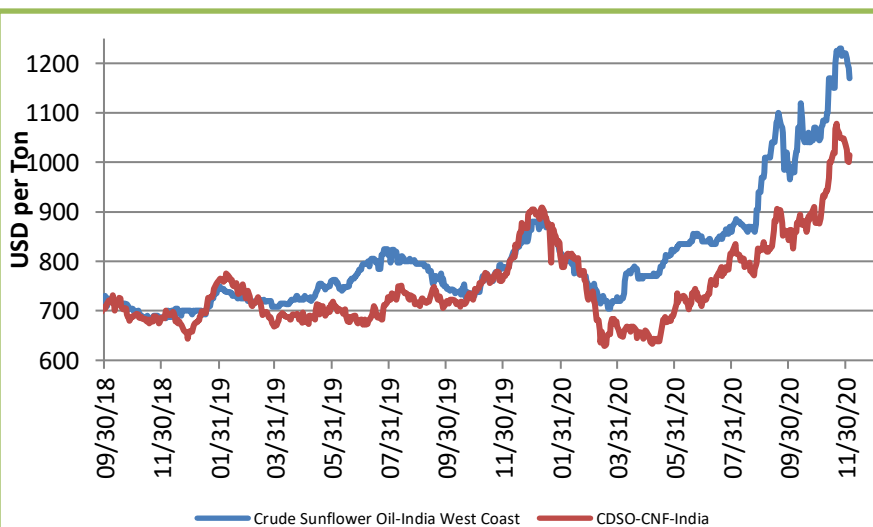
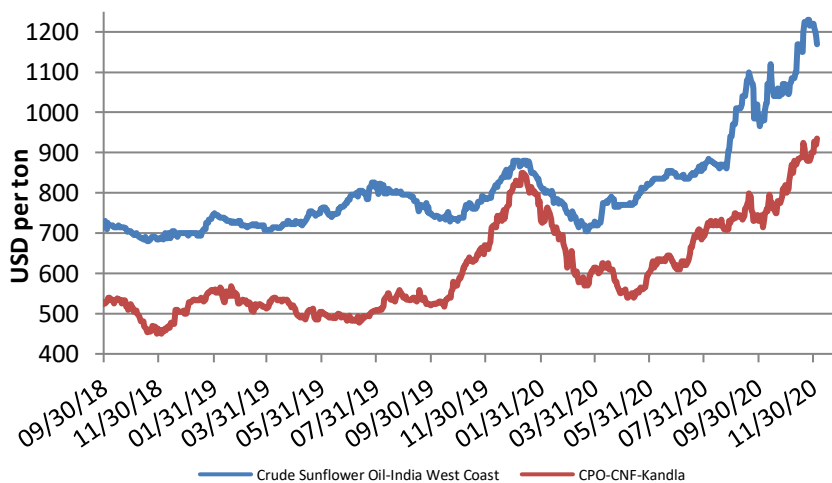
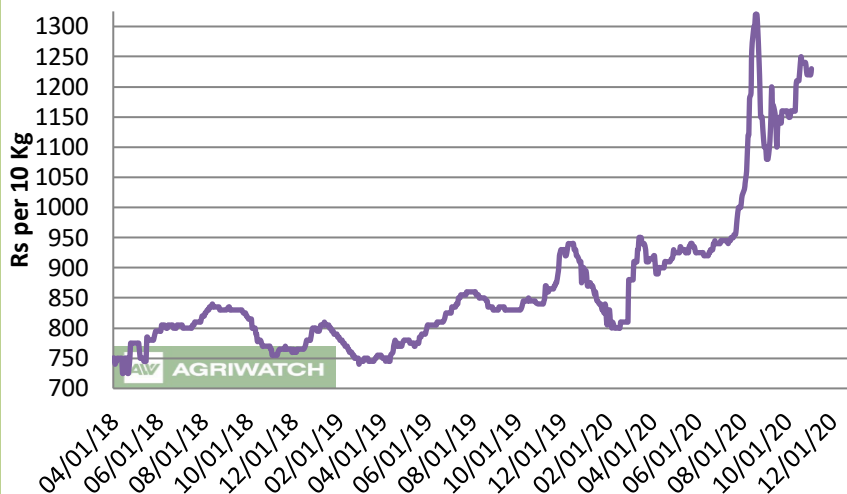
Sunflower oil prices rose more at high seas compared to CNF markets indicating weak supply at high seas.

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

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

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

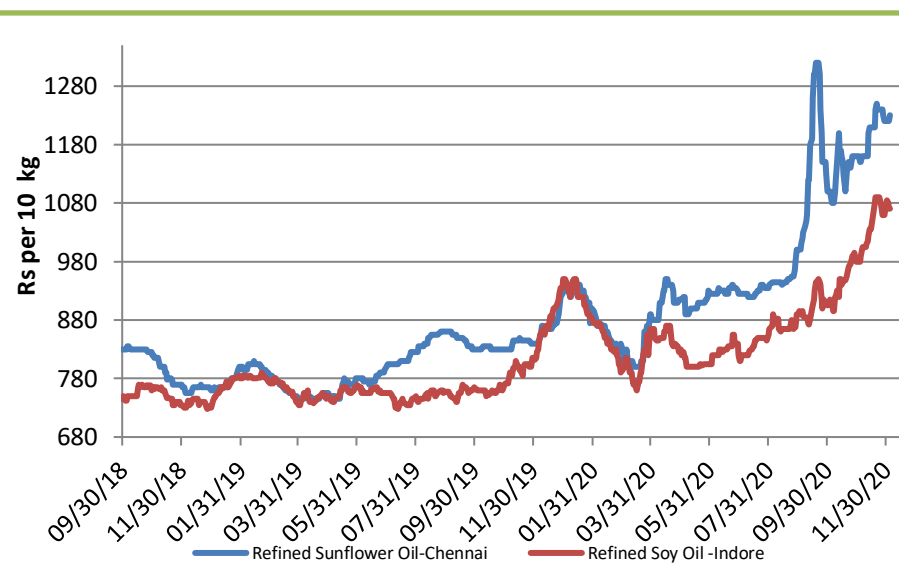
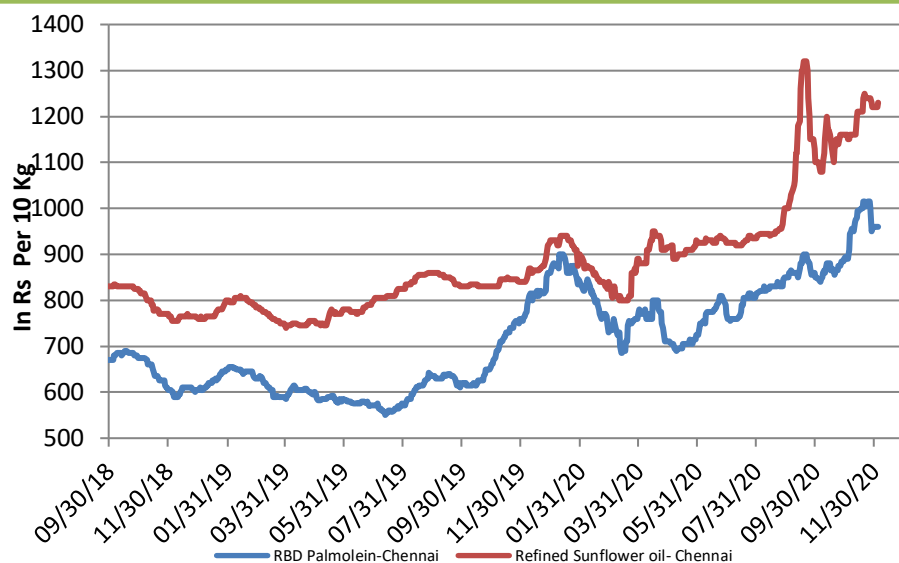
**Sunflower Oil Price Trend (Chennai Market)**



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

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

However, imports of sunflower oil may rise in oil year 2019-20 due to replacement demand of palm oil, lower stocks of sunflower oil in India in 2019-20 compared to last oil year and lower stocks of sunflower oil at India ports and pipelines. This may lead to higher imports of sunflower oil in coming months. Imports will rise from last year and will end the oil year above 2.7 MMT.



Depreciation of Rupee in coming

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

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

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

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

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

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

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 6.92 percent y-o-y in October to 1.70 lakh tons from 1.59 lakh tons in October 2019. Imports in oil year 2019-20 (November 2019-October 2020) were reported higher by 7.14 percent y-o-y at 25.18 lakh tons compared to 23.50 lakh tons in last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 1170(USD 1075) per ton for Dec delivery, JFM delivery is quoted at USD 1170 (USD 1065) per ton. CNF sun oil (Ukraine origin) November monthly average was at USD 1154.58 per ton compared to USD 1042.92 per ton in October. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 1150-1200 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 155 (USD 149 last week) per ton for Dec delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 270(USD 235) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 1,200 (Rs 1,160) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 1,280(Rs 1200) per 10 kg as on December 2, 2020. 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 1200-1270 per 10 Kg.

## Groundnut oil: Domestic Market Fundamentals

- Groundnut oil featured up to firm trend during the month in review on firm demand as prices of edible oils has surged.

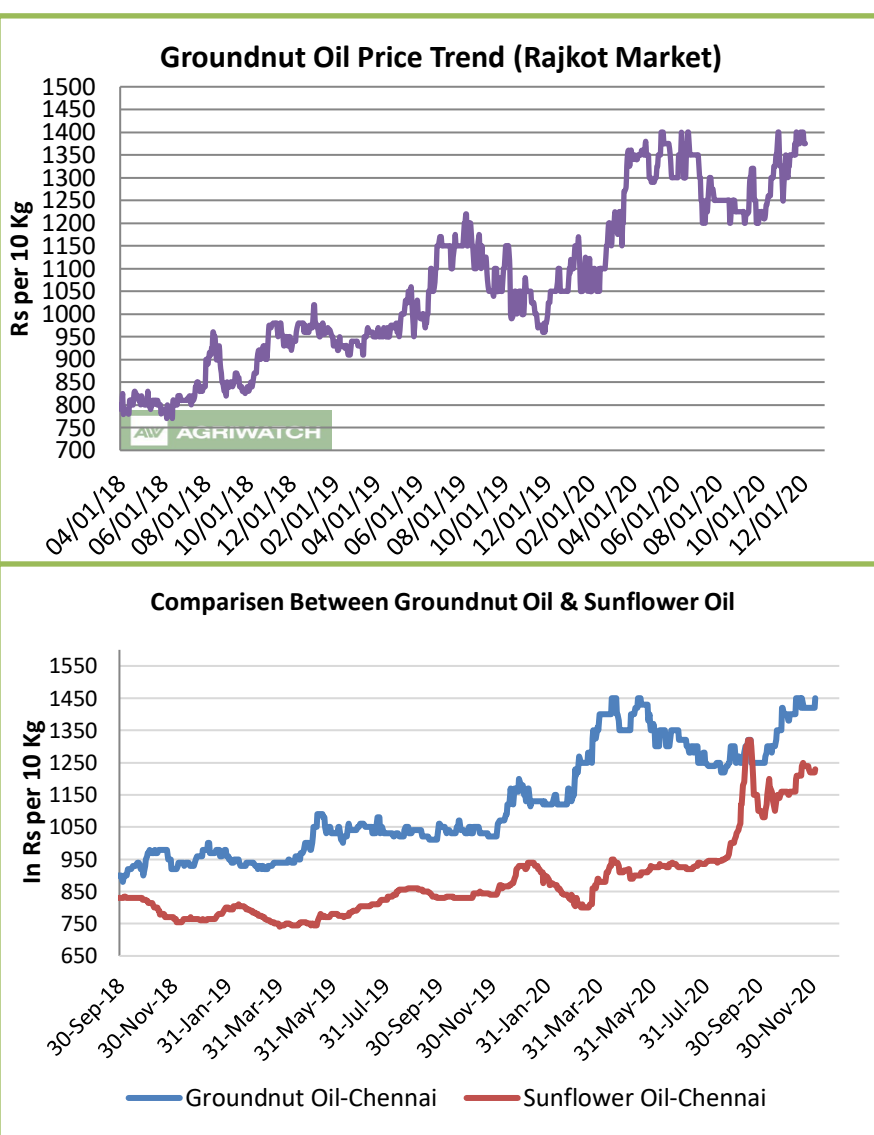
Groundnut oil demand is firm after Diwali and rise in prices of edible oils are supporting it.

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

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

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

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



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

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

Groundnut sowing is higher compared to last year. However, due to incessant rains in Gujarat will affect groundnut crop adversely. Heavy rains in Anantpur has heavily damaged groundnut crop. However, despite fall in the yield this crop will be higher than last year due to higher area.

Cyclone Nivar heavily affected the standing crops in Andhra Pradesh. Groundnut crops were damaged heavily in Prakasam, Chittoor, Guntur and Kurnool Districts of Andhra Pradesh. Around 1940 hectares area of groundnut crops were affected due to Nivar Cyclone.

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

In South India, prices weakened on weak demand and parity with Gujarat. Prices of groundnut fell as demand season in South India is over. Stock position of groundnut oil is good. Groundnut export demand is good from China will support its prices. Prices may fall in Oct as the peak demand season has ended and arrival of new crop will start.

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

- Groundnut oil exports more than doubled to 0.765 tons in Apr-July 2020, from 0.216 tons in corresponding period last year. It was mainly exported to China.
- According to Ministry of Agriculture, sowing of groundnut reported at 1.68 lakh hectares as on 27.11.2020 compared to 1.87 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot are hovering near Rs 14,000 (12,500) per quintal and quoting at Rs 14,200 (Rs 14,000) per quintal in Chennai market, as on December 1, 2020.
- Groundnut oil prices are likely to trade with a sideways to firm tone in the coming days.

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



## Coconut oil: Domestic Market Fundamentals

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

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

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

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

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

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

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

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

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

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

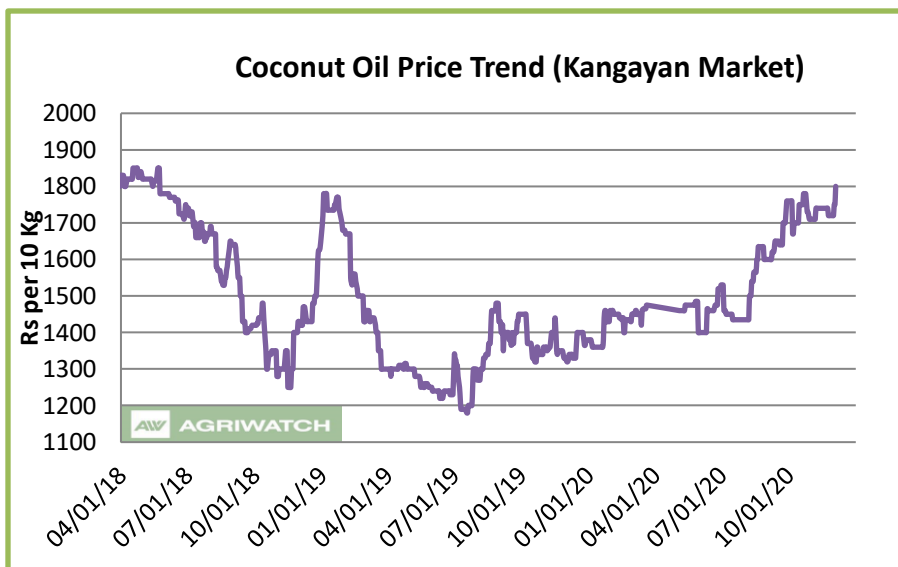
Millers operating capacity is improving due to improving demand in food and industrial segment and branded segment. Demand of coconut may fall, as there is demand destruction in costly oils like coconut oil, on weak sentiment and weak purchasing power in the country due to coronavirus. However, due to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

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

Higher coconut oil prices may increase RBD palmolein consumption. Prices of RBD palmolein is competitive compared to coconut oil. However, coconut consumers generally do not shift out of its consumption irrespective of prices.

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

There is higher trade of coconut products due to higher demand from importing countries. Regular supply by Indian companies to international markets during COVID lockdown has won them international buyers.



India has imposed higher import duty on desiccated coconut (DC) to stop surge in imports of desiccated coconut (DC), which has improved demand of domestic coconut as it is used in various industrial applications and feed industry, prompting higher supply of coconut towards crushing, thereby increasing supply of coconut oil. Import above Rs 150 per kg is free while below these prices imports are restricted.

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

Adulteration of coconut oil is rampant in Kerala and the prices at which adulterated coconut oil sold is less than sales prices of coconut oil. However, FSSAI has banned various brands of coconut oil to control rampant adulteration.

There are more than 250 brands in market and competition is high.

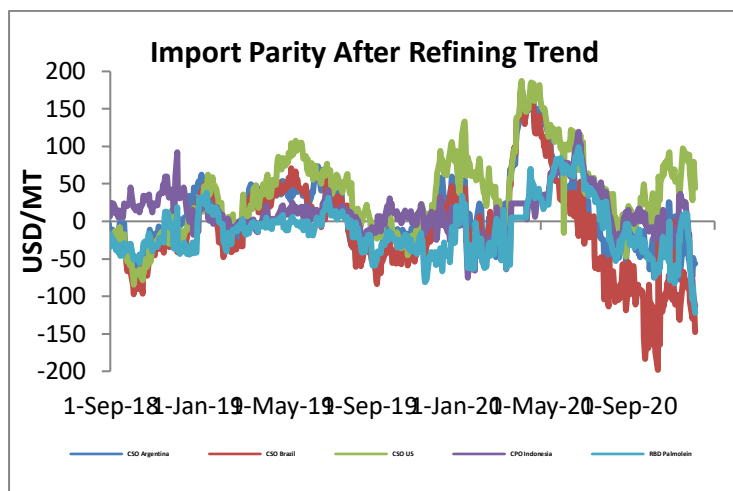
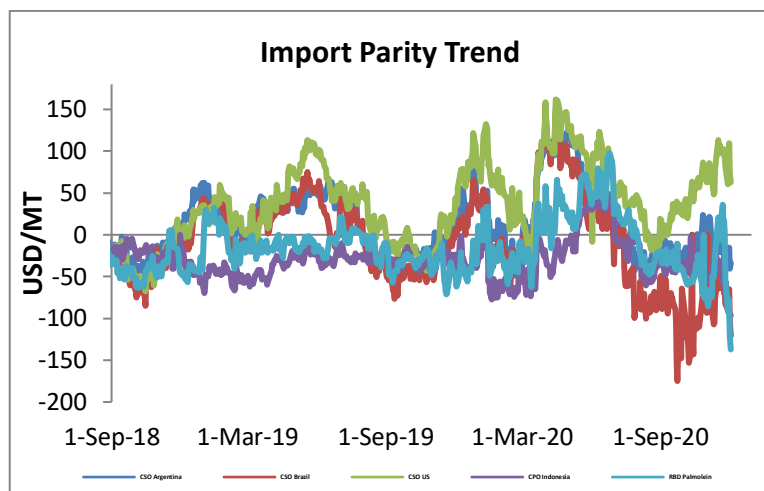
Prices are expected to be rise in December on slow rise in demand. Prices are expected to trade sideways to firm in medium term.

- On the price front, currently the coconut oil prices in Kochi are hovering near Rs 17,300 (16,700) per quintal and Rs 17,200 (17,100) per quintal in Erode market on December 1, 2020.
- Coconut oil prices may trade sideways to firm tone tracking rise in prices of edible oils.

**Price Outlook:** We expect coconut oil (Erode) to trade in the price band of Rs 1770-1840 per 10 Kg.

### Import Parity Trend

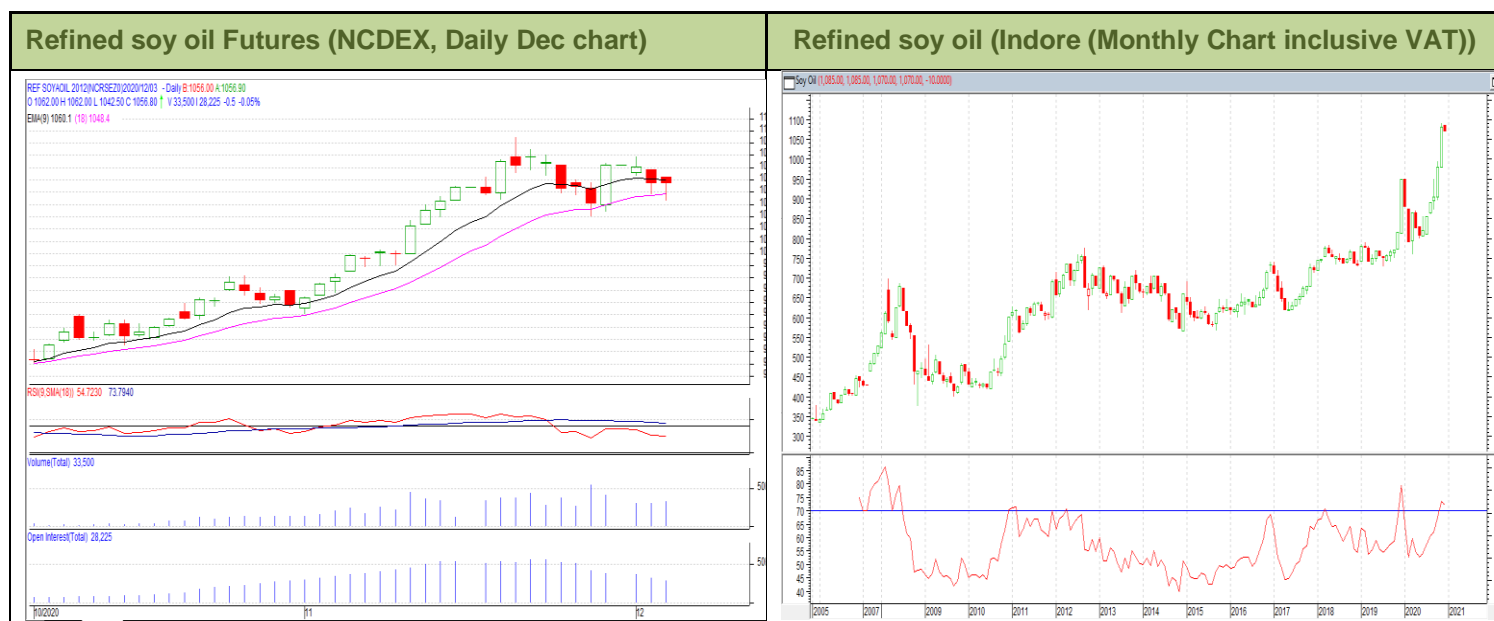
### Import Parity after Refining in US dollar per tons (Monthly Average)



	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Sep, 2020</b>	-26.73	-103.56	14.99	3.29	-28.76
<b>Oct, 2020</b>	-20.49	-120.74	48.05	-10.5	-52.45
<b>Nov, 2020</b>	-35.44	-98.69	67.40	-6.7	-37.89

### Outlook:-

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

**Technical Analysis (Refined soy oil Monthly Charts)**


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

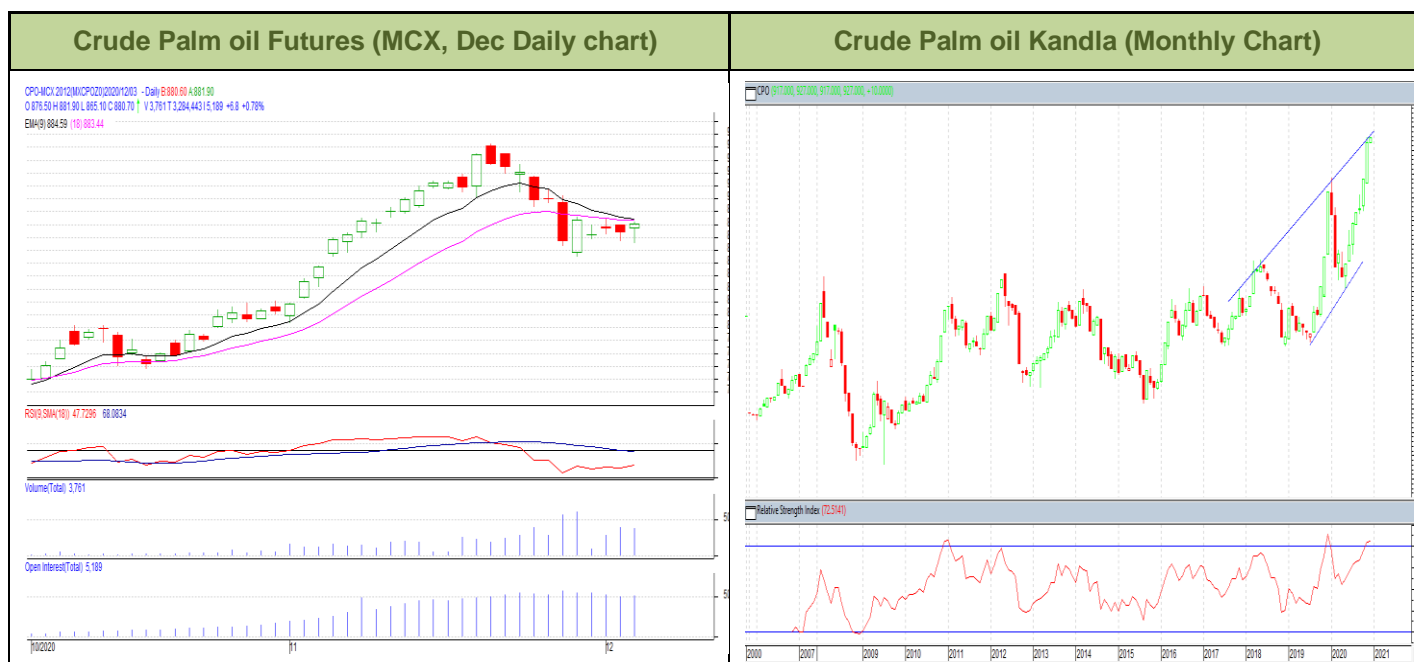
- Monthly chart of refined soy oil at NCDEX featured gains in the prices. We expect sideways to firm movement in the coming days.
- Any close above 1080 in monthly chart will bring prices to 1100 levels.
- Expected price band for next month is 1060-1100 level in near to medium term. RSI and MACD are indicating sideways sentiment.

**Strategy:** Market participants are advised to go long in RSO above 1072 for a target of 1080 and 1095 with a stop loss at 1060 on closing basis.

**RSO NCDEX**

Support and Resistance				
S2	S1	PCP	R1	R2
894.90	983.60	1072.3	1128.00	1183.70

**Spot Market outlook:** Refined soy oil Indore (including VAT) is likely to stay in the range of 1050-1150 per 10 Kg.

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


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

- Candlestick monthly chart of crude palm oil at MCX depicts fall in prices. We expect prices to feature firm to sideways tone in the near term.
- Any close above 950 in monthly chart might bring the prices to 930 levels.
- Expected price band for next month is 880-930 level in near to medium term. RSI and MACD are indicating sideways sentiment.

**Strategy:** Market participants are advised to go short in CPO above 940 for a target of and 925 and 910 with a stop loss at 860 on closing basis.

**CPO MCX**

Support and Resistance				
S2	S1	PCP	R1	R2
732.67	802.33	872	942.33	1012.67

**Spot Market outlook:** Crude palm oil Kandla is likely to stay in the range of 910- 940per 10 Kg.

**Monthly spot prices comparison**
**Edible Oil Prices at Key Market:**

Commodity	Centre	Prices (Per 10 Kg)		Change
		01-Dec-20	31-Oct-20	
Refined Soybean Oil	Indore	1085	980	105
	Indore (Soy Solvent Crude)	1035	935	100
	Mumbai	1080	990	90
	Mumbai (Soy Degum)	1075	940	135
	Kandla/Mundra	1090	980	110
	Kandla/Mundra (Soy Degum)	1060	938	122
	Kolkata	1090	995	95
	Delhi	1120	1022	98
	Nagpur	1075	994	81
	Rajkot	1080	955	125
	Kota	1090	980	110
	Hyderabad	0	0	Unch
	Akola	1090	998	92
	Amrawati	1088	995	93
	Bundi	1100	985	115
	Jalna	1079	998	81
	Solapur	1065	984	81
	Dhule	1060	980	80
	Nanded	1063	982	81
	Latur	1070	975	95
	Argentina Crude Soya (CIF India) USD	1025	880	145
	Argentina Crude Soya (FOB)	963	830	133
	Soya Oil(Rot.)( Euro/MT FOB) (1000) GMT	860	780	80
Palm Oil*	Kandla (Crude Palm Oil)	917	831	86
	Kandla (RBD Palm oil)	950	860	90
	Kandla RBD Pamolein	970	900	70
	Kakinada (Crude Palm Oil)	930	805	125
	Kakinada RBD Pamolein	945	880	65
	Haldia Pamolein	965	895	70
	Chennai RBD Pamolein	960	895	65
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1022	945	77
	Krishnapattanam RBD Pamolein	950	890	60
	Mumbai RBD Pamolein	990	910	80
	Mangalore RBD Pamolein	985	900	85
	Tuticorin (RBD Palmolein)	975	892	83
	Mumbai (Refined)	965	895	70



	Rajkot (Refined)	950	875	75
	Chennai (Refined)	980	900	80
	Hyderabad (Refined)	995	900	95
	Delhi (Refined)	1042	965	77
	PFAD (Kandla)	610	575	35
	RPS (Kandla)	775	705	70
	Superolien (Kandla)	990	905	85
	Superolien (Mumbai)	1010	915	95
	Kochi (RBD Palmolein)	910	910	Unch
	Krishnapattanam (Crude Palm Oil)	930	805	125
	Mumbai (Crude Palm Oil)	890	820	70
	Kolkata (Crude Palm Oil)	885	840	45
	Palm Kernel Oil (1000) GMT	1150	875	275
Refined Sunflower Oil	Chennai (Refined)	1220	1160	60
	Chennai (Crude )	1150	1090	60
	Mumbai (Refined)	1240	1150	90
	Mumbai (Expeller Oil)	1200	1120	80
	Kandla (Refined)	1280	1190	90
	Hyderabad (Refined)	1235	1140	95
	Hyderabad (Expeller)	1190	1100	90
	Latur (Refined)	1215	1060	155
	Latur (Expeller Oil)	1155	1000	155
	Chellakere (Expeller Oil)	1180	1020	160
	Erode (Expeller Oil)	1280	1180	100
	Kakinada (Refined)	1220	1140	80
	Krishna Pattanam (Refined)	1220	1140	80
	Delhi (Refined)	1220	1130	90
	Sun Oil (Rotterdam)	1165	1005	160
Groundnut Oil	Rajkot	1400	1325	75
	Chennai	1420	1400	20
	Delhi	1400	1420	-20
	Hyderabad *	1400	1320	80
	Mumbai	1420	1350	70
	Gondal	1400	1325	75
	Jamnagar	1400	1325	75
	Gujarat GN Telia	2160	2190	-30
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1224	1214	10
	Jaipur (Kacchi Ghani Oil)	1240	1230	10
	Kota (Expeller Oil)	1150	1185	-35
	Kota (Kacchi Ghani Oil)	1230	1240	-10
	Neewai (Expeller Oil)	1205	1195	10
	Neewai (Kacchi Ghani Oil)	1225	1215	10





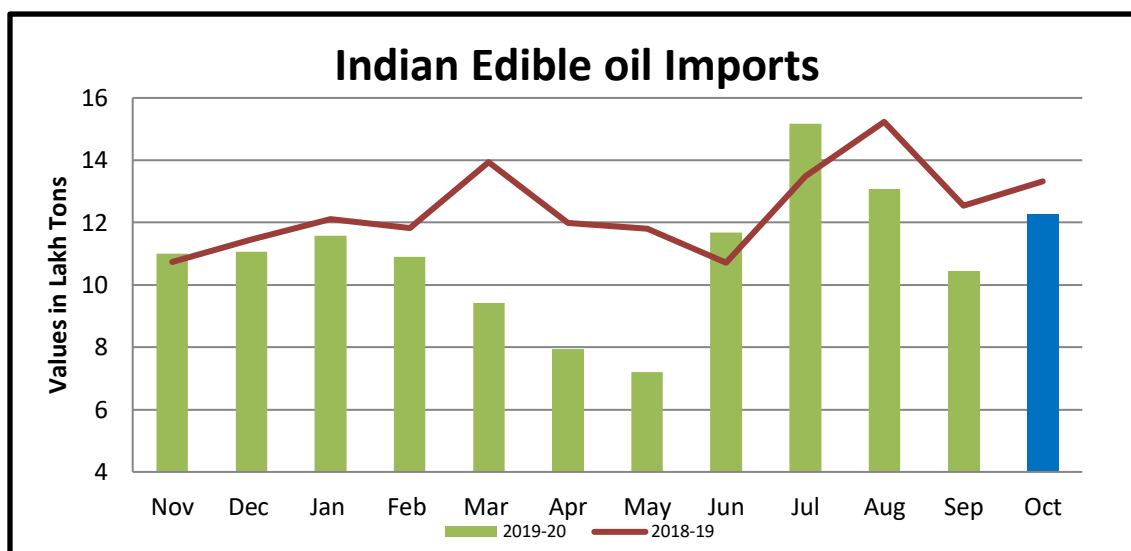
	Bharatpur (Kacchi Ghani Oil)	1200	1220	-20
	Sri-Ganga Nagar(Exp Oil)	1210	1220	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1220	1230	-10
	Mumbai (Expeller Oil)	1200	1170	30
	Kolkata(Expeller Oil)	1300	1200	100
	New Delhi (Expeller Oil)	1170	1195	-25
	Hapur (Expeller Oil)	1200	1100	100
	Hapur (Kacchi Ghani Oil)	1230	1130	100
	Agra (Kacchi Ghani Oil)	1205	1225	-20
	Nagpur (Expeller Oil)	1220	1133.333 3	86.667
Refined Cottonseed Oil	Rajkot	1050	970	80
	Hyderabad	1055	960	95
	Mumbai	1060	980	80
	New Delhi	1010	955	55
	Gujarat Cotton Wash	1005	943	62
Coconut Oil	Kangayan (Crude)	1720	1710	10
	Cochin	1730	1690	40
	Coconut Oil(Rot.)(Phil/Indo)	1470	1217	253
Vanaspati Oil	Uttar Pradesh	1420	1310	110
	Kolkata	1325	1225	100
	Rajkot	1503	1373	130
Sesame Oil	New Delhi	1400	1315	85
	Mumbai	0	0	Unch
Kardi	Mumbai	0	0	Unch
Rice Bran Oil	New Delhi (40%)	845	835	10
	Punjab 4%)	1000	990	10
	Bhatinda (Crude 4%)	820	800	20
	Bhatinda (Refined 4%)	935	915	20
	Hyderabad (Crude)	900	830	70
	Hyderabad (Refined)	1050	970	80
	Kolkata (Crude)	900	880	20
	Kolkata (Refined)	990	990	Unch
	Raipur (Crude)	930	890	40
	Raipur (Refined)	1030	990	40
	Odisha (Refined)	1060	985	75
	Vijayawada (Refined)	950	895	55
Malaysia Palmolein USD/MT	FOB	870	820	50
	CNF India	938	810	128
Indonesia CPO USD/MT	FOB	895	793	102



	CNF India	928	800	128
RBD Palm oil (Malaysia Origin USD/MT)	FOB	868	828	40
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	885	823	62
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1180	990	190
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	765	715	50
Crude palm Kernel Oil India (USD/MT)	CNF India	1250	950	300
Ukraine Origin CSFO USD/MT Kandla	CIF	1210	1050	160
Rapeseed Oil Rotterdam Euro/MT	FOB	930	805	125
Argentina FOB (\$/MT)		1-Dec-20	31-Oct-20	Change
Crude Soybean Oil Ship		960	833	127
Refined Soy Oil (Bulk) Ship		994	862	132
Sunflower Oil Ship		1115	970	145
Cottonseed Oil Ship		940	813	127
Refined Linseed Oil (Bulk) Ship		0	0	Unch
* indicates including GST				

### Annexure:

#### Indian Edible Oil Imports Scenario –:



As per Solvent Extractors' Association of India, India imported 131.54 million tons of veg. oils in the 2019-20 oil year. Edible oils imports were 149.13 million tons 2018-19 (November 2018-October 2019). Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for October is pegged at 12.25 lakh tons. Edible oils (including CPO, CDSO, CSFO, and RBD Palmolein imports for (Nov 2019-Oct 2020) is pegged at 119.50 lakh tons.

#### Indian Supply and Demand Scenario:

Balance sheet of Indian Edible Oil	2017-18	2018-19	2019-20-F	% Change
Value in million tons				
Beginning Stock	7.77	6.65	4.37	-34.31%
Production	8.50	8.39	8.45	0.72%
Imports	14.52	14.91	13.68	-8.23%
Total Supply	30.79	29.95	26.50	-11.52%
Exports	0.02	0.02	0.02	0.00%
Total Demand(Consumption)	24.12	25.56	24.54	-4.00%
Ending Stock	6.65	4.37	1.94	-55.53%

\* Value in million tons

#### Balance Sheet Highlights

Net edible oil output is likely to be 8.45 million tons (up 0.72 percent y-o-y basis) in 2019-20 led by higher oilseed sowing in Kharif and rabi season in the current oil year.

On import front, edible oil imports seen at 13.68 million tons for 2019/20 oil year v/s 14.91 million tons last year. On

the consumption side, India's edible oil consumption for 2019-20 oil year seen at 24.54 million tons, lower by 4.0 percent from last year. Ending stocks are projected higher compared to 2019-20 at 1.94 million tons.

**Note** - Values in Mln. Tons, Oil year (Nov.-Oct.) \*Including Production of Groundnut, Soy, Mustard, Sunflower, Sesame, Niger, Safflower, Cottonseed, Copra, Rice bran Oils. \*\* 2019-19- SEA of India & 2019-20 Agriwatch Estimates, \*\*\* (USDA estimates).

**Landed Cost at the Indian Ports - Crude soy oil and Crude palm oil**

<b>Landed Cost Calculation as on 1/12/2020</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>	<b>CPO Indonesia</b>	<b>RBD Palmolein Malaysia</b>
FOB USD per ton	965	1018	863	895	870
Freight (USD/MT)	47	47	47	35	26.0
C & F	1012.1	1065.1	909.7	930.0	896.0
Weight loss (0.25% of FOB)	2.41	2.55	2.16	2.24	2.18
Finance charges (0.4% on CNF)	4.05	4.26	3.64	3.72	3.58
Insurance (0.3% of C&F)	3.04	3.20	2.73	2.79	2.69
CIF (Indian Port - Kandla)	1022	1075	918	939	904
Duty (Values in USD per tons)	433.90	433.90	433.90	362.15	374.30
GST (5% on duty) USD per ton	21.69	21.69	21.69	18.11	18.72
Exchange rate	73.50	73.50	73.50	73.50	73.50
Landed cost without customs duty in INR per ton	75087	79020	67487	68998	66477
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	1127	1127	1127	1013	1047
Fixed exchange rate by customs department	73.85	73.85	73.85	73.85	73.85
Duty component in INR per ton	32043.15	32043.15	32043.15	26744.59	27642.24
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	108530	112463	100930	97143	95519
Domestic Market price INR/ton Soy Degum Kandla/CPO Kandla/RBD Kandla	106000	106000	106000	97000	91700
Total landed cost USD per ton	1477	1530	1373	1322	1300
Domestic Market price USD/tons Soy Degum Kandla/CPO Kandla 5%	1442	1442	1442	1320	1248
<b>Parity INR/MT (Domestic - Landed)</b>	<b>-2530</b>	<b>-6463</b>	<b>5070</b>	<b>-143</b>	<b>-3819</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>-34.42</b>	<b>-87.93</b>	<b>68.98</b>	<b>-1.94</b>	<b>-51.96</b>
Source: Agriwatch					
Refining/ Processing Cost per MT	2000.00	2000.00	2000.00	4700.00	4700.00
Freight to Inland location (Indore for soy and Delhi for Palm oil)	2500.00	2500.00	2500.00	2800.00	2800.00
Cost of Imported oil after refining/Processing	113029.82	116963.07	105429.69	104642.53	98319.09
Soy/Palm oil imported Price (Including tax)	118681.31	122811.22	110701.17	109874.66	103235.05
Loose price of Soy/Palm in Indore and Delhi market	113925.00	113925.00	113925.00	104200.00	104200.00
<b>Parity after processing and Taxes (Rs per MT)</b>	<b>-4756.31</b>	<b>-8886.22</b>	<b>3223.83</b>	<b>-5674.66</b>	<b>964.95</b>
<b>Parity after processing and Taxes (USD per MT)</b>	<b>-64.71</b>	<b>-120.90</b>	<b>43.86</b>	<b>-77.21</b>	<b>13.13</b>
Source: Agriwatch					

International Balance Sheets
Balance Sheet (Annual) - Soy Oil, Global
*Fig in million tons.*

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Beginning Stocks	3.838	3.982	3.831	3.806	4.118
Production	53.823	55.088	55.644	56.516	58.533
Imports	10.971	9.858	10.431	10.759	11.122
Total Supply	68.632	68.928	69.906	71.081	73.773
Exports	11.357	10.542	11.178	11.5	11.752
Food Use Dom. Cons.	43.626	43.996	44.174	44.808	46.766
Domestic Consumption	53.293	54.555	54.922	55.463	57.882
Ending Stocks	3.982	3.831	3.806	4.118	4.139

Balance Sheet (Annual) - Soy Oil, United States
*Fig. in million tons*

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Beginning Stocks	0.765	0.776	0.905	0.805	0.853
Production	10.035	10.783	10.976	11.104	11.197
Imports	0.145	0.152	0.18	0.17	0.181
Total Supply	10.945	11.711	12.061	12.079	12.231
Exports	1.159	1.108	0.881	1.157	0.953
Industrial Dom. Cons.	6.198	6.462	6.808	6.667	6.803
Food Use Dom. Cons.	9.01	9.698	10.375	10.069	10.432
Domestic Consumption	0.776	0.905	0.805	0.853	0.846
Ending Stocks	0.765	0.776	0.905	0.805	0.853

Source: USDA

Balance Sheet (Annual) - Soybean, United States
*Fig. in million tons*

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Beginning Stocks	5.354	8.208	11.923	24.74	15.787
Production	116.931	120.065	120.515	96.793	112.264
Imports	0.606	0.594	0.383	0.408	0.408
Total Supply	122.891	128.867	132.821	121.941	128.459
Exports	58.963	58.071	47.564	45.586	55.792
Domestic Consumption	55.72	58.873	60.517	60.568	61.639
Ending Stocks	8.208	11.923	24.74	15.787	11.028

Source: USDA

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

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
<b>Beginning Stocks</b>	24.558	33.212	32.74	32.481	25.731
<b>Production</b>	114.6	122	119	124	131
<b>Imports</b>	0.252	0.175	0.14	0.15	0.15
<b>Total Supply</b>	139.41	155.387	151.88	156.631	156.881
<b>Exports</b>	63.137	76.136	74.594	84	83
<b>Domestic Consumption</b>	43.061	46.511	44.805	46.9	47.65
<b>Ending Stocks</b>	33.212	32.74	32.481	25.731	26.231

Source: USDA

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

*Fig. in million tons*

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
<b>Beginning Stocks</b>	27.156	26.996	23.734	28.89	27
<b>Production</b>	55	37.8	55.3	51	53.5
<b>Imports</b>	1.674	4.703	6.408	3.8	3.6
<b>Total Supply</b>	83.83	69.499	85.442	83.69	84.1
<b>Exports</b>	7.025	2.132	9.104	8	6.5
<b>Domestic Consumption</b>	49.809	43.633	47.448	48.69	50.2
<b>Ending Stocks</b>	26.996	23.734	28.89	27	27.4

Source: USDA

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