Veg. Oil Weekly Research Report

Contents

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil witnessed mixed trend in domestic market in the week in review. CBOT soy oil and BMD palm oil rose during the week. Soy oil, sunflower oil, groundnut oil and coconut oil closed higher while palm oil and rapeseed oil prices closed in red.

On the currency front, Indian rupee is hovering near 73.75, down by 127 paise compared to previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices. Rupee is expected to depreciate and crude oil prices will rise in near-term.

We expect soy oil and palm oil to trade weak. Higher stocks at ports and pipeline may underpin prices in near term.

Outook:

Weekly Call - : At NCDEX, market participants are advised to go short below 755 levels for a target of 740 and 735 with a stop loss at 765 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs 720-770 per 10 Kg in the near term.

At MCX, market participants are advised to go short in CPO below 600 for a target of 585 and 580 with a stop loss at 610 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 570-630 per 10 Kg in the near term.

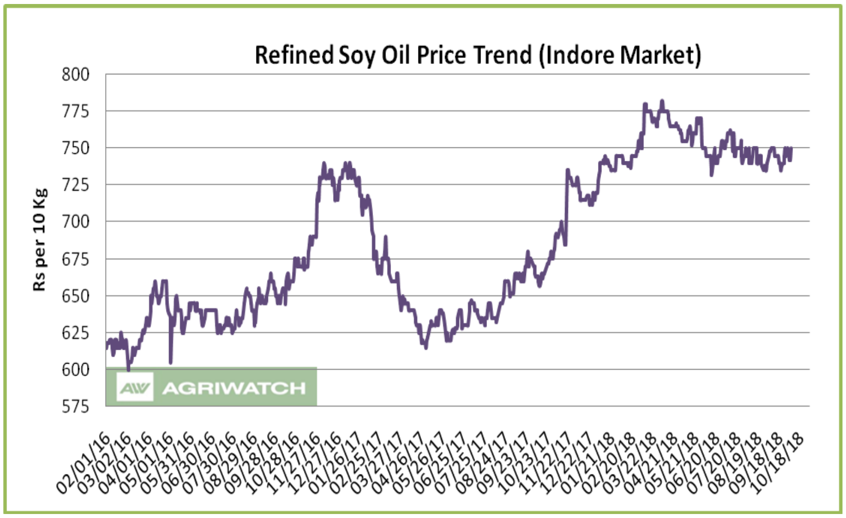
International Veg. Oil Market Summary

On the international front, trade dispute between US and China, record soybean crop in US, better than expected soybean crop condition in US, faster planting progress in Brazil, lower soybean demand from China, high stocks of soybean in China, liquidation of soybean state reserve in China and firm dollar is expected to underpin soy oil prices in coming days.

Expected rise in palm oil end stocks in Malaysia and Indonesia, rise in production of palm oil in Malaysia and Indonesia, slow rise in exports of palm oil from Malaysia and Indonesia and fall in competitive oil is expected to underpin CPO prices in near term.

Soy oil Fundamental Analysis and Outlook-:

Domestic Front



- Soy oil featured firm trend in domestic markets on firm demand.
- Soy oil prices closed higher during the week in Indore firm demand.

Increase in import disparity and depreciation of Rupee likely to weaken demand.

Fall of Rupee from 68 to 74 per USD has led to weak demand at high seas.

Imports of soy oil are in disparity due depreciation of Rupee.

Trade dispute between US, China and bearish international soybean complex situation on record soybean crop in US and expectation of higher soybean crop in Brazil and Argentina in 2018/19 and weak demand of soybean by China will be bearish for price.

Further, due to disparity in imports of soy oil, depreciation of Rupee is expected to decrease imports. Presently disparity at ports is at 3.0-4.0 per kg. Prices are less unlikely to fall due to higher disparity in imports.

Soy oil demand is weak at high seas as its prices rose less at high seas compared to CNF markets where prices rose more compared to last week.

Soy oil demand is regular at CNF markets as prices rose equally at CNF and FOB markets compared to last week.

Rebound in soy oil prices at CBOT due to demand prospects and rise in crude oil prices led to higher FOB prices.

Basis too rose leading to rise in FOB soy oil prices. Its premium over CBOT has increased and brought prices higher.

Imports of soy oil increased in August 2018 compared to August 2017 while it was lower than July 2018. Imports fell 40,000 tons in June compared to May 2018 while port stocks fell 80,000 tons indicating firm demand in August.

CDSO is trading at low premium over RBD palmolein at high seas at Rs 52 (Rs 40 last week) per 10 kg will increase CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 90 (Rs 83 last week) per 10 Kg, which is low and may support soy oil prices in domestic markets. In USD terms, premium of CDSO CNF over CPO CNF was quoted at USD 179.5 (USD 183 last week) per ton for Oct delivery, which is high and decrease demand of CDSO at CNF markets compared to CPO CNF. Values in brackets are figures of last week.

- Soy oil import scenario – According to SEA, soy oil imports rose 7.59 percent y-o-y in August to 3.12 lakh tons from 2.90 lakh tons in August 2017. In the period (Nov 2017-Augsut 2018), imports of soy oil were 24.42 lakh tons compared to 27.39 lakh tons in corresponding period last oil year, lower by 10.8 percent y-o-y.
- Imported crude soy oil CNF at West coast port is offered at USD 717 (USD 708) per ton for Oct delivery, Nov delivery is quoted at USD 717 (USD 681) per ton and Dec delivery is quoted at USD 717 per ton. Values in brackets are figures of last week. Last month, CNF CDSO Aug average price was USD 687.87 (USD 691.58 per ton in Aug 2018) per ton.
- On the parity front, margins were in disparity during the week on rise in prices of soy oil in international markets, and we expect margins to remain in disparity in coming days. Currently refiners lose USD 50-55/ton v/s gain of USD 0-5/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).

International Front

Soy oil prices are expected to be underpinned by trade dispute between US and China, record soybean crop in US, better than expected planting progress in Brazil, high stock of soybean in China, weak demand of soybean in China due to outbreak of swine flu, liquidation of soybean state reserve by China, weak competitive oils and firm dollar.

Trade war between US and China has escalated with Trump Administration putting additional import duties on import of Chinese goods worth USD 200 billion, US has threatened additional import duty on USD 270 billion goods. Trump administration has stated that it is time to take action against China as it is hurting US. US has imposed sanctions on China's defense on it purchase of Russian defense equipments.

US has asked China to reduce trade deficit with US, open Chinese markets for US companies, provide level playing field for American companies, reform various industries and end subsidies to various industries including technology companies.

In return China has imposed import duty on US goods worth USD 100 billion. This has led to fall in soybean complex prices globally as US is the largest producer and China is largest importer. Trump administration has threatened China of dire consequences if it targets US farmers.

With escalation of hostilities with China, soybean stock situation will tighten in Brazil. This will lead to imports to the tune of 1 MMT from US to meet its crushing demand. It is unlikely that Chinese might purchase US cargoes due to hostilities between both countries. Instead, it is looking at other option to replace soybean imports. China has imported first soy oil consignment from Argentina after a break of 3 years and another consignment of Argentina soybean has left its port. Higher demand of soybean from China will prompt Argentina to imports US soybeans to the tune of 2 MMT as supply will thin in coming months. China is expected to open more trade sources like import of soy meal from India and China is buying more palm oil.

Chinese are enquiring on import of rape meal, sunflower meal, cottonseed meal from Europe, Ukraine and India to tide over tight situation, which will arise in fourth quarter of 2018.

Trade dispute has led to lower sales of US soybean in MY 2018/19 leading to record soybean stocks in a year when US is expected to harvest record stocks.

However, soybean exports from US is expected to pickup due to fall in prices of soybean from US origin due to trade dispute which may prompt major buyers to buy more soybean from US as current prices of US soybean will give crushers big margins.

China is aggressively buying soybean from Brazil as Brazil is reporting 70 percent of exports of soybean in MY 2017/18 going to China.

USDA raised US soybean crop to record levels in its September supply and demand estimates due to higher yields of soybean due to better than expected soybean crop condition in US. More rise in soybean crop is not ruled out and exact amount of soybean produced in US will be known by December when harvest ends in November.

Planting of soybean has started at a rapid pace, has reached 10 percent planted in Brazil, and weather is conducive for further planting to progress. Brazil is expected to plant another record soybean crop in 2018/19.

Argentina is expected to import US soybean to supply soy oil and soy meal to China. US and China trade dispute has opened trade opportunity for Argentina.

Soybean crop condition in US has improved last week. Crop condition better than corresponding period last year and 5-year average, leading USDA to rise yields to record and raise 2018/19 soybean crop to record levels. Harvest of soybean has started in US and above last year and 5-year average.

Soybean disappearance in domestic market in US is strong due to fall in prices of soybean, which has led to record margins for crushers. Companies are recording record margins. This will lead to higher supply of soy oil in US, which will raise soy oil stocks in US in coming months, will underpin soy oil prices.

China increased soybean imports in August, most of it from Brazil due to restocking of soybean in the country to hedge its demand in fourth quarter of 2018 as Brazilian and Argentina supplies thin.

Crushers of soybean in China are struggling from weak demand due to low growth rate of livestock herd. Outbreak of swine flu has affected demand of feed, which has led to lower soybean demand, leading to shutdown of many crushers. This may prompt China to import lower amount of soybean in coming months as present stocks will offset lower imports in coming months.

China is liquidating soybean state reserves in an effort to loosen any tightness in soybean markets. Currently China is liquidating 2013 soybean stocks. China is also liquidating state soy oil stocks to loosen any tightness in edible oils markets. These steps have led to lower prices of soybean complex in China, which will underpin prices.

Competitive oils like BMD palm oil and DALIAN RBD palmolein is expected to trade weak due to strong supply concerns will underpin soy oil prices.

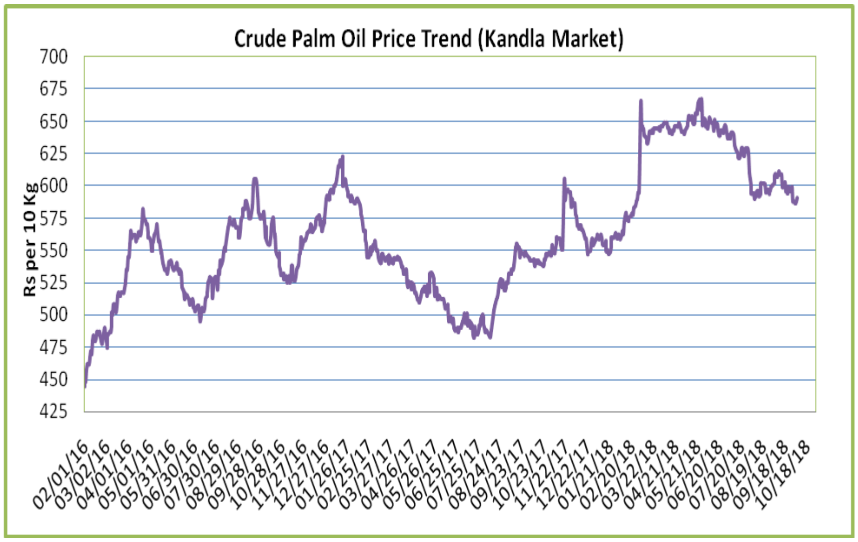
Soy oil prices corrected more than 25 percent in last couple of months due to trade dispute between US and China and good soybean crop condition, is expected to reignite demand and support prices.

Dollar Index is expected to rise on higher than expected hike in interest rates by US FED in 2018 will weigh on soy oil prices in near term.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 720-770 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front



- Crude palm oil featured weak trend at its benchmark market at Kandla on weak demand.

  RBD palmolein closed lower at its benchmark market of Kandla on weak demand.
- Prices of CPO closed lower at Kandla on weak demand.

  Prices of CPO fell at high seas while prices rose at CNF markets compared to last week indicating weak demand at high seas.

  Rupee depreciated from 68 to 74 last six weeks, which has led to disparity in imports of CPO.

  CPO import disparity decreased on fall in prices of CPO in international markets, which stands at Rs 1.5-2.0 per kg. Higher disparity will weaken import demand and will not let prices fall.

  Any increase in disparity is likely to decrease imports of CPO.

  Traders are expected to take advantage of international prices of CPO by increasing buying at lower levels.

  Depreciation of Rupee will increase disparity and lower imports. Lower Rupee increases import prices of palm oil and which in turn increases disparity if domestic prices do not rise, which in turn dents demand.

  However, due to fall in international prices of CPO and reduction of export duty by Malaysia on exports of crude palm oil will increase imports by India.

  Data from cargo surveyors show rise in imports of palm oil by India in September.

  Imports of palm oil by India in August as reported by SEA showed 6.1 percent increase in imports compared to August 2017. CPO imports surged in August by increasing 8.33 percent compared to Aug 2017. Rise in CPO imports came on big base y-o-y. RBD palmolein imports fell 1.93 percent in August compared to Aug 2017.

  In oil year 2017-18 (Nov 2017-Aug 2018) palm oil imports have fallen 7.7 percent on lower imports of RBD palmolein compared to corresponding period last oil year.

  MPOB Malaysian palm oil Sep stocks are expected to fall on lhigher than expected rise in exports of palm oil from Malaysia.

  Imports of CPO rose in August due to parity in imports of CPO in the month of July and August, rise in demand at lower levels, higher premium of RBD palmolein over CPO at CNF markets, higher premium over soy oil over CPO at CNF markets, restocking before festive season demand, weak oilseed crop in India especially groundnut crop whose oil recovery is much higher and expected depreciation of Rupee. Import demand of CPO will decrease in September due to disparity in imports.

  Higher imports of CPO lead to higher stocks of CPO at ports in August.

  Demand of CPO is weak at CNF markets as prices rose less at CNF compared to FOB markets compared to last week.

  RBD palmolein featured weak tone in its benchmark market on weak demand.

RBD palmolein prices fell at high seas while it rose at CNF markets indicating weak demand.

Import demand of RBD palmolein rose in August due to import parity; fall in price of RBD palmolein in international markets, higher discount of RBD palmolein over soy oil and sunflower oil and expected depreciation of Rupee.

Import demand of RBD palmolein is weak in oil year 2017-18 (Nov 2017-Aug 2018) due to hike in import duty on RBD palmolein, higher differential of RBD palmolein import duty over CPO, depreciation of Rupee, premium of RBD palmolein over CPO at CNF markets, lower margins in imports of ready to use palmolein compared to domestic refined CPO.

Imports of RBD palmolein are in disparity due to fall in prices of palm products in domestic market.

At present there is disparity of Rs 5.0-6.0 per kg due to tight conditions.

Stocks of RBD palmolein at Indian ports have increased in August due to restocking at ports.

Demand of RBD palmolein was firm compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 69 (Rs 63) per 10 kg compared to last week.

Margins are higher in importing CPO and selling refined oil in domestic markets, than selling ready to use RBD palmolein in domestic markets.

Higher refining margins in domestic refined palmolein compared to imported ready to use palmolein will encourage imports of CPO compared to RBD palmolein.

Demand of RBD palmolein is frim at CNF markets as prices rose more at CNF compared to FOB markets compared to last week.

Import of RBD palmolein in August was lower than August 2017 while it surged compared to July 2018. Imports of RBD palmolein surged in August compared to July while port stocks rose indicating restocking of RBD palmolein in August.

CDSO CNF premium over CPO CNF is at USD 179.5 (USD 183 last week) per 10 kg which is high and will increase imports of CPO. Premium of CDSO soy oil high seas over CPO high seas is at Rs 122 (Rs 103 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 90 (Rs 83 last week) per 10 kg is low and will decrease RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is at USD 142.5 (USD 157.5 last week) per ton. Increasing premium of refined sunflower oil over RBD palmolein due to hike in import duty on sun oil at Rs 155 (Rs 168) per 10 kg, will increase RBD palmolein imports. Values in brackets are figures of last week.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in August rose 6.1 percent y-o-y to 9.22 lakh tons from 8.69 lakh tons in August 2017. Imports in the period (November 2017-August 2018) are reported lower y-o-y at 70.28 lakh tons compared to 76.14 in the corresponding period last oil year, down 7.7 percent y-o-y.

  Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 8.33 percent y-o-y in August to 6.50 lakh tons from 6.0 lakh tons in August 2017. Imports in the period (November 2017-August 2018) are reported higher by 1.93 percent y-o-y at 51.85 lakh tons compared to 50.87 lakh tons in the corresponding period last oil year.

  RBD palmolein import scenario- RBD palmolein imports fell y-o-y in August by 1.93 percent to 2.59 lakh tons from 2.64 lakh tons in August 2017. Imports in the period (November 2017-August 2018) are reported lower by 28.76 percent y-o-y at 17.54 lakh tons compared to 24.62 lakh tons in the corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 537.5 (USD 527.5) per ton for Oct delivery and Nov delivery is quoted at USD 537.5 per ton. Last month, CNF CPO Sep average price was at USD 548.5 per ton (USD 565.19 per ton in Aug 2018). Values in brackets are figures of last week.
  Moreover,
  RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 577.5 (USD 557.5) per ton for Oct delivery and Nov delivery is quoted at USD 577.5 per ton. Last month, CIF RBD palmolein Sep average price was USD 574.63 (USD 579.84 in Aug 2018) per ton. Values in bracket depict last week quotes.
  Ready lift CPO duty paid prices quoted at Rs 591 (Rs 599) per 10 Kg and Oct delivery duty paid is offered at Rs 591 (Rs 599) per 10 kg. Ready lift RBD palmolein is quoted at Rs 660 (Rs 662) per 10 kg as on Oct 5, 2018. Values in brackets are figures of last week.
- On the parity front, margins increased during this week due to fall in prices of palm products in international markets. Currently refiners fetch USD 25-30/ton v/s gain of USD 90-95/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein lose USD 40-45/ton v/s gain of USD 65-70/ton (last month) parity.

International Front

Palm oil prices are expected to fall on expectation of rise in stocks of palm oil in Malaysia and Indonesia until December, expectation of higher production of palm oil in Malaysia and Indonesia until, lower rise exports of palm oil from Malaysia in coming months, lower supply of palm to biodiesel units due to infrastructure problems in Indonesia.

Palm oil end stocks is expected to rise in Malaysia and Indonesia until December due to surge in production of palm oil in both countries outpacing demand.

Palm oil end stocks are expected to reach 3-3.3 MMT in Malaysia by December, which are record highs. Same is with Indonesia where stocks of palm oil are expected to reach 5 MMT by December.

Primary cause of rise in stocks of palm oil is higher production outpacing demand.

However, palm oil end stocks are expected to fall in September in Malaysia on surge in exports in September from Malaysia and slow rate of growth of production in Malaysia in September.

Production is expected to rise in both countries on third and fourth quarter on seasonal uptrend of production. Production of palm oil is expected to rise above 40 MMT in Indonesia in 2018/19 on higher produce from maturing plantations.

Production of palm oil will rise slower than expected in Malaysia due to weak plant profile, shortage of labor and lower fertilizer use and production will not cross 20 MMT in 20181/9.

Exports of palm oil will rise in September and October due to removal of export duty on exports of CPO by Malaysia. India will purchase more in October ahead of Diwali festival.

However, demand in all major locations will decrease from November due to seasonal downtrend of demand due to winters in North Hemisphere.

Exports of palm oil are rose 51-55 percent in Malaysia September on higher imports by EU, China and India. Rise in imports of palm oil from Malaysia in September is due to zero of export duty on export of crude palm oil from Malaysia from September.

RBD palmolein Malaysia premium has increased over Indonesia CPO due to higher depreciation of Indonesia Rupiah compared to Ringgit with USD. Export demand will weaken due to high premium of Malaysian olein and buyers will shift to Indonesia.

Demand from India is firm due to restocking by India ahead of festivals, removal of export duty on exports of CPO by Malaysia, fall in prices of palm oil and depreciation of Ringgit. However, demand over longer horizon is likely to weaken due to depreciation of Rupee, high stocks of palm oil at ports and disparity in imports of palm oil.

However, India is a price sensitive country and will import in higher amount if prices fall. Festive season demand will keep imports higher in October.

Demand of palm oil from China is expected to remain firm due to abolition of CPO export duty by Malaysia, thinning of expected supply of soybean in fourth quarter of 2018 from Brazil, lower palm oil prices, China looking for alternate sources to replace import of soybean from US.

However, outbreak of swine flu in China, record stocks of soybean and soy meal in China and liquidation of state reserves of soybean may prompt lower imports of palm oil in coming months.

Abolition of export duty on exports of CPO from Malaysia from September has yielded good results for exports of palm oil from Malaysia. This will lead to lowering of higher stocks of palm oil in Malaysia, which is struggling from higher stocks of palm oil.

With removal of export duty on exports of crude palm oil by Malaysia has led to increase in exports of palm oil from Malaysia.

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

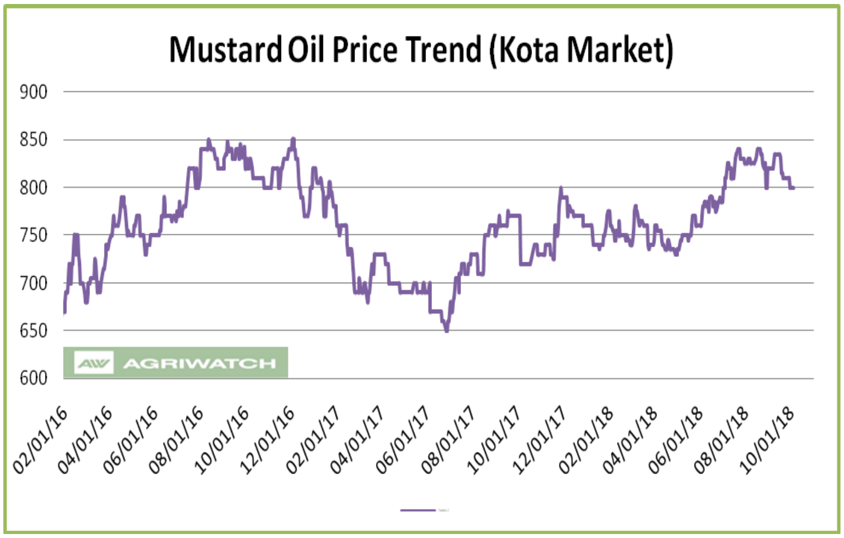
CBOT soy oil is expected to be underpinned by fall in soybean complex prices due to US and China trade dispute and higher soybean output in US will underpin palm oil prices.

Crude oil prices rose due to fall in crude oil inventories in US. Due to sanctions on Iran and lower crude oil production hike by Saudi Arabia fell leading to higher crude oil prices supporting palm oil prices.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 570-630 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-:

Domestic Front



- Mustard oil prices featured sideways trend in benchmark market on weak demand and fall in prices of rapeseed. Arrivals of rapeseed rose last week.
- Agriwatch view: Prices of rapeseed oil expeller featured sideways trend in its benchmark market, on weak demand.

Fall in rapeseed prices led to lower rapeseed oil prices. Fall in raw material prices led to lower product prices. Supply of rapeseed oil rose due to higher supply of rapeseed for crushing against weak demand.

Sale of rapeseed by NAFED was has started which has adverse affect on prices. NAFED is currently holding 8.0 lakh tons of rapeseed.

Stock of rapeseed with NCDEX us 0.18 lakh tons. Stocks with trade are less.

Fall in rapeseed prices will benefit crushing.

Demand of rapeseed oil is weak against good stocks position. However, prices will find support due to stocking of rapeseed oil before festivals in East and North India.

Rise in soy oil and palm oil prices supported.

Rapeseed end stocks in MY 2018-19 is expected to be much lower than expected on account of limited stocks of rapeseed. Agriwatch estimated rapeseed crop at 6.45 MMT in the current marketing year. There is shortage of rapeseed in market due to lower crop and higher demand of rapeseed. There are limited supply of rapeseed which will limit fall rapeseed oil prices in coming months.

Rapeseed crop in 2018-19 is expected to be higher than last year. Area is expected to be higher.

High discount of RBD palmolein and soy oil prices to rapeseed kacchi ghani prices is likely cap rapeseed oil prices.

Falling premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 98 (Rs 116) per 10 Kg will support rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 188 (Rs 203) per 10 kg will cap gains in rapeseed oil prices.

Import of canola is weak in oil year 2017-18 (Nov-August) while stocks at ports rose indicating weak demand of canola oil. Hike in import duty on canola oil slow import demand.

Kacchi Ghani and refined soy oil trading range is high, which will slow demand of rapeseed oil.

Premium of canola oil compared to CDSO has decreased to USD 42 (USD 59) per ton will increase imports. Due to increase in prices of rapeseed oil, imports of canola oil are expected to rise in coming months. Stocks of canola oil at ports have increased due to restocking at ports.

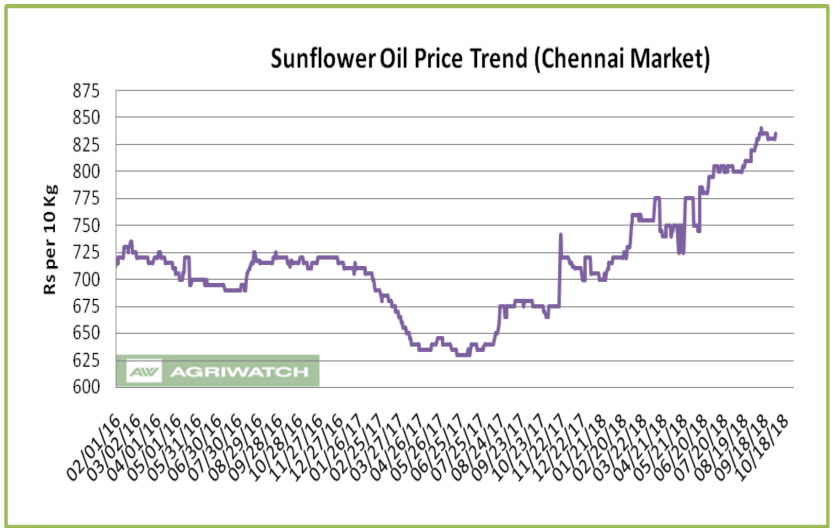
Markets are expected to trade sideways to firm tone in coming days on firm demand and rise in rapeseed prices.

- Rapeseed oil import scenario- India imported 0.25 lakh tons of rapeseed (Canola) oil in August 2018 v/s 0.45 lakh tons in August 2017, lower by 44.44 percent y-o-y. In the period (Nov 2017-August 2018) imports were 2.22 lakh tons compared to 2.40 lakh tons in the corresponding period last oil year, lower by 7.5 percent y-o-y.
- CNF canola oil premium over CDSO is USD 33 (USD 42 last week) per ton for ready delivery as on Oct 5, 2018.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 830 (Rs 850) per 10 Kg, and at Kota market, it is offered at Rs 800 (Rs 810) per 10 kg as on Oct 5, 2018. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 780-850 per 10 Kg.

Sunflower oil Fundamental Review and Analysis-:

Domestic Front



- Sunflower oil price traded firm during the week in its benchmark market Chennai on firm demand.
- Prices of sunflower oil traded higher in Chennai on firm demand

Sunflower oil prices rose more at high seas compared to CNF markets indicting firm demand at high seas.

Prices of sunflower oil are supported by fall in sunflower oil premium over soy oil at CNF markets. Premium of sunflower oil over soy oil fell from above USD 100 per ton to current USD 3 per ton. Since both the import duty on soy oil is same, falling sunflower oil premium will increase import demand.

Import demand of sunflower oil rose in August due to fall in sunflower oil prices at CNF markets, parity in import of sunflower oil in July-August and lower premium of sunflower oil over soy oil at CNF markets.

In domestic market, sunflower oil prices premium over soy oil is at Rs 85 (Rs 85 last week) per 10 kg, which indicates that chance of correction of sunflower oil prices as prices are converging at CNF markets..

Demand of sunflower oil is likely to capped due to high premium over RBD palmolein and falling discount over groundnut oil.

Sunflower oil premium over RBD palmolein at CNF India is at USD 142.5 (US 157.5 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 155 (Rs 162 last week) per 10 kg which is high and cap gains in domestic market

In domestic market groundnut oil premium over sunflower oil at Chennai market is at Rs 65 (Rs 70 last week) per 10 kg will cap gains in sunflower oil prices.

There is parity in imports of sunflower oil, which will increase import demand.

Hike in import duty on sunflower oil has increased its premium over RBD palmolein in domestic markets.

Prices of sunflower oil will be capped by higher supply due to higher imports of sunflower oil in oil year 2017-18 (Nov-August).

Imports of sunflower oil rose in oil year 2017-18 (Nov 2017-Aug 2018) by 20 percent compared to corresponding period in last oil after rise of 43 percent in 2016-17 oil year. Imports of sunflower oil rose 68,000 tons in August while stock at ports has risen rose 50,000 tons indicating firm supply. At present restocking is taking place at ports, which has increased sunflower port stocks in last two months.

CSFO CNF premium over CDSO CNF markets is at USD 3.0 (USD 7 last week) per ton for Nov delivery, indicating space for prices to rise.

Higher stocks of sunflower oil at ports and pipelines were due to higher imports of sun oil in oil year 2017-18 and 2016-17 will cap gains on sun oil prices. Higher supply in domestic market will keep lid on prices.

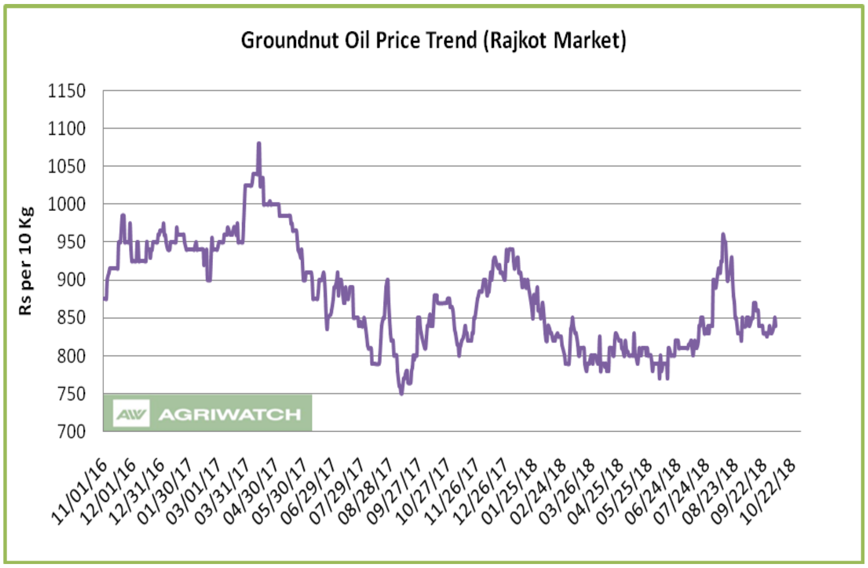
Refiners have increased purchase of crude sunflower oil from international markets as CIF sunflower oil premium over CNF soybean oil has fallen.

Prices of sunflower oil are expected to be supported by firm demand and seasonal uptrend of prices.

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 55.22 percent y-o-y in August to 2.08 lakh tons from 1.33 lakh tons in August 2017. Imports in the period (November 2017-August 2018) are reported higher by 20.34 percent y-o-y at 22.18 lakh tons compared to 18.43 lakh tons in the corresponding period last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 720 (USD 717.5) per ton for Nov delivery and Dec delivery is quoted at USD 720 per ton. CNF sun oil (Ukraine origin) Sep monthly average was at USD 741.37 per ton compared to USD 761.54 per ton in August. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 700-750 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 3.0 (USD 7 last week) per ton for Oct delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 142.5 (USD 157.5) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 835 (Rs 830) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 810 (Rs 805) per 10 kg as on Oct 5, 2018. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 800-860 per 10 Kg.

Groundnut oil Fundamental Review and Analysis-:
Domestic Front



- Groundnut oil prices featured firm trend in Rajkot due to firm demand.
- Agriwatch view: Prices of groundnut oil featured firm trend in Rajkot on firm demand.

Groundnut prices rose due to festival season demand and demand at lower levels.

Groundnut supply has increased on higher auction of groundnut by NAFED. However, disparity in groundnut on higher prices of groundnut will weaken groundnut demand.

Groundnut supply has improved as prices offered by NAFED on groundnut auction has stabilized which has led to higher demand in auction as traders are able to trade due to stable reserve prices of groundnut auction.

NAFED is the sole supplier of groundnut in Gujarat, at the moment, as stocks with farmers are less than 1 lakh tons and negligible stocks with traders. About 5.5 lah tons of groundnut is with NAFED and it intends to offload as much as possible before new groundnut crop arrives in Gujarat. This has raised expectation of higher supply of groundnut in the market.

Auctions of NAFED groundnut has increased last week due to improving demand of groundnut. Demand of groundnut in auction increased due to weakness in pickup in demand.

Crushing has increased due to stable prices of groundnut, which has led to improve in supply of groundnut.

Retail demand has increased due to stability in groundnut oil prices which led to rise in retail demand. High volatility in groundnut oil prices lead to postponement of demand. However, demand arose due to lower volatility in prcies. There is demand at lower levels.

Groundnut crop is expected to be lower as there has been negligible rains in Gujarat. Production is expected to fall more than 20 percent in Gujarat which will lead to high prices.

There is expectation in market that due to lower crop of groundnut NAFED will not by in current marketing season.

Harvest of export quality groundnut has started. Harvest will pickup from mid October, then only actual crops will be known. In the South India (Rayalseema) groundnut crop is facing dry condition due to severe deficit of rains.

Exports of 2017 crop were less and most of groundnut is diverted towards crushing.

Groundnut exports are very less, as prices of groundnut is higher than international markets.

Crushers have no stocks and are dependent on ready markets. Groundnut oil and groundnut trade has improved. However, the groundnuts arriving in mandis are consumed in ready markets.

There is limited stock of groundnut with farmers across India which may support higher prices.

Demand of groundnut oil will rise due to festive season from Oct-Nov. Lower crop of groundnut will lead to higher product prices in coming months.

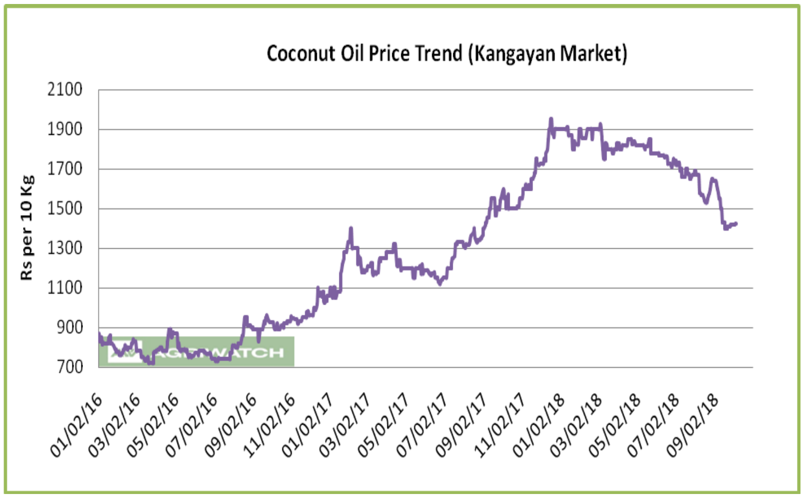
Groundnut oil prices are expected to trade sideways to firm on expectation of rise in groundnut prices and weak supply.

- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 8,400 (Rs 8,300) per quintal and it was quoted at Rs 9,000 (Rs 9,000) per quintal in Chennai market on Oct 5, 2018. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to firm in the coming days.

Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 800-950 per 10 Kg.

Coconut Oil Fundamental Review and Analysis-:
Domestic Front



- Coconut oil featured firm trend in its benchmark market of Kangayam on buying at lower quotes.
- Coconut oil prices featured firm trend during the week on rise in buying at lower quotes.

  Coconut oil prices rose last week on buying at lower quotes and demand ahead of festive season.

  Markets found support on bargain buying.

  With sharp fall in prices of coconut oil, demand came to market at lower levels. Most of the demand was to cover stocks, which was due on higher prices of coconut oil.

  Demand of coconut oil weakened on rise in prices of coconut oil in last one and half year.

  Retail demand has weakened due to fall in prices of coconut oil, which has led to postponement of demand.

  Stockists and retailers are not stocking in anticipation of weak demand.

  Corporate demand, which is one of the major contributors, is weak.

  Traders and upcountry buyers are dependent on ready market as they do not feel confident on prices.

  Fall in palm oil prices have underpin coconut oil prices.

  Production will increase 10-15% in 2018-19 from initial estimate of 15-20% gain in coconut oil production on account of production loss due to floods in Kerala. Yield will remain higher in Tamil Nadu, Karnataka and Andhra Pradesh compared to last three years.

  Copra supply is improving, as stocks buildup has started in the market despite higher exports and diversion of coconut products to other value added products.

  Demand of coconut oil has shrunk due to higher prices of coconut oil 2017-18. Household consumption contracted and no other oil has replaced the gap.

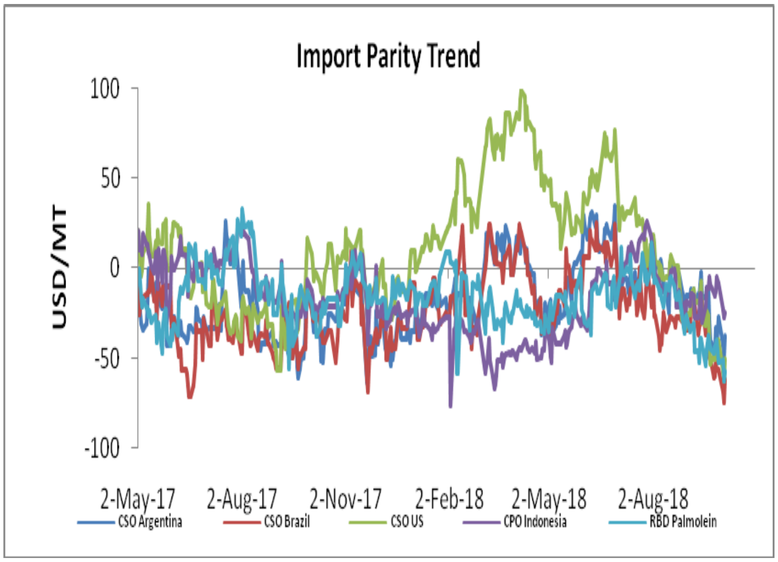
  Coconut oil prices are expected to fall on higher coconut oil production, weak demand, fall in copra prices and seasonal downtrend of prices.

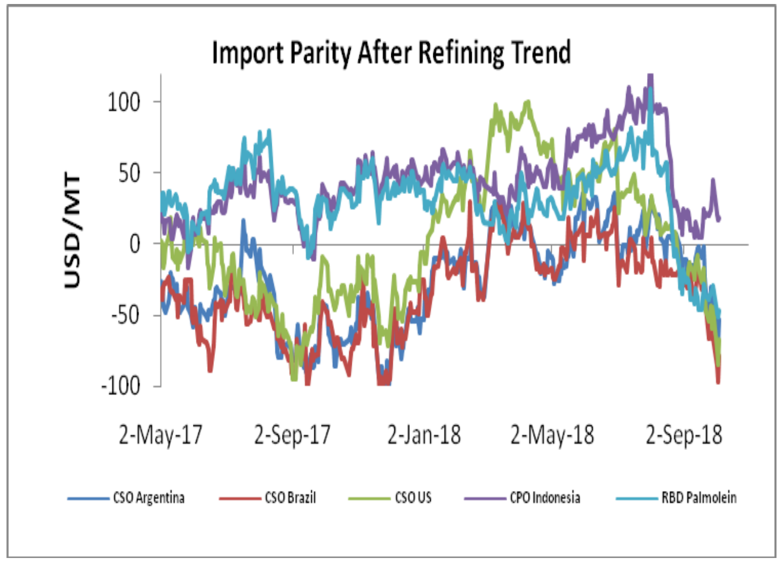
  Coconut oil prices are expected to be weak in days ahead.
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 16,700 (16,700) per quintal, and was quoting Rs 14,250 (Rs 14,200) per quintal in Erode market on Oct 5, 2018.

Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1300-1600 per 10 Kg.

Import Parity Trend

Import Parity After Refining in US dollar per ton (Monthly Average)





	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Aug, 2018	7.38	-18.86	8.84	68.70	32.82
Sep, 2018	-20.38	-37.51	-28.41	18.53	-33.82

Outlook-:

Import parity for crude soy oil from Argentina has returned to disparity due to depreciation of Rupee. We expect CDSO import parity to remain in disparity in medium term. Parity on import of CPO from Indonesia is higher than import of RBD palmolein from Malaysia.

Technical Analysis (Refined soy oil)

Refined soy oil Futures (NCDEX, Daily Oct, Chart)	Refined soy oil (Weekly chart, Indore Rs/10 Kg Inclusive VAT)
	

Outlook – Refined soybean oil witnessed uptrend during the week in review and is likely to trade with a sideways to weak tone in the coming days.

- Weekly chart of refined soy oil at NCDEX depicts downtrend during the week in review. We expect prices to trade sideways to weak tone in the near term.
- Any close below 740 in weekly might take the prices below 730 levels.
- Expected price band for next week is 730-770 level in near to medium term. RSI and MACD is suggesting downtrend in the market.

Strategy: Market participants are advised to go short below 755 levels for a target of 740 and 735 with a stop loss at 765 on closing basis.

RSO NCDEX (Oct)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
700.00	720.00	752.85	756.00	768.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 720-770 per 10 Kg.

Technical Analysis (Crude Palm oil)

Crude palm oil Futures (MCX, Daily Oct, Chart)	Crude palm oil (Weekly chart, Kandla Rs/10 Kg)
	

Outlook - Prices show uptrend in prices during the week. We expect that CPO Oct contract may trade sideways to weak note.

- Candlestick in weekly chart of crude palm oil at MCX depicts downtrend in the prices. We expect prices to trade with a sideways to weak note in the near term.
- Any close below 580 in weekly chart may bring the prices to 570 levels.
- Expected price band for next week is 560-630 level. RSI and MACD are suggesting downtrend in prices in the coming week.

Strategy: Market participants are advised to go short in CPO below 600 for a target of 585 and 580 with a stop loss at 610 on closing basis.

CPO MCX (Oct)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
570.00	585.00	594.9	626.00	635.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 570-630 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		5-Oct-18	28-Sep-18	
Refined Soybean Oil	Indore	750	745	5
	Indore (Soy Solvent Crude)	710	715	-5
	Mumbai	760	745	15
	Mumbai (Soy Degum)	702	700	2
	Kandla/Mundra	740	735	5
	Kandla/Mundra (Soy Degum)	715	705	10
	Kolkata	755	750	5
	Delhi	790	780	10
	Nagpur	757	765	-8
	Rajkot	755	730	25
	Kota	745	740	5
	Hyderabad	765	775	-10
	Akola	754	764	-10
	Amrawati	755	763	-8
	Bundi	755	750	5
	Jalna	751	759	-8
	Alwar	Unq	0	-
	Solapur	745	756	-11
	Dhule	748	750	-2
Palm Oil*	Kandla (Crude Palm Oil)	621	629	-8
	Kandla (RBD Palm oil)	662	662	Unch
	Kandla RBD Pamolein	693	698	-5
	Kakinada (Crude Palm Oil)	625	625	Unch
	Kakinada RBD Pamolein	698	698	Unch
	Haldia Pamolein	714	711	3
	Chennai RBD Pamolein	714	704	11
	Chennai RBD Pamolein (Vitamin A&D Fortified)	785	779	6
	KPT (krishna patnam) Pamolein	698	695	3
	Mumbai RBD Pamolein	725	719	5
	Mangalore RBD Pamolein	725	716	8
	Tuticorin (RBD Palmolein)	730	Closed	-
	Delhi	732	735	-3
	Rajkot	691	695	-4
	Hyderabad	725	715	10
	PFAD (Kandla)	389	389	Unch
	Refined Palm Stearin (Kandla)	536	536	Unch
	Superolien (Kandla)	735	735	Unch

	Superolien (Mumbai)	785	779	6
* inclusive of GST				
Refined Sunflower Oil	Chennai	835	830	5
	Mumbai	825	820	5
	Mumbai(Expeller Oil)	775	780	-5
	Kandla (Ref.)	810	805	5
	Kandla/Mundra (Crude)	Unq	0	-
	Hyderabad (Ref)	825	825	Unch
	Latur (Expeller Oil)	790	790	Unch
	Chellakere (Expeller Oil)	800	800	Unch
	Erode (Expeller Oil)	880	880	Unch
Groundnut Oil	Rajkot	840	830	10
	Chennai	900	900	Unch
	Delhi	925	925	Unch
	Hyderabad *	930	940	-10
	Mumbai	875	870	5
	Gondal	840	830	10
	Jamnagar	840	825	15
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	830	850	-20
	Jaipur (Kacchi Ghani Oil)	848	861	-13
	Kota (Expeller Oil)	800	810	-10
	Kota (Kacchi Ghani Oil)	835	845	-10
	Neewai (Expeller Oil)	815	820	-5
	Neewai (Kacchi Ghani Oil)	835	850	-15
	Bharatpur (Kacchi Ghani Oil)	862	862	Unch
	Alwar (Expeller Oil)	Unq	0	-
	Alwar (Kacchi Ghani Oil)	Unq	0	-
	Sri-Ganga Nagar(Exp Oil)	810	825	-15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	830	845	-15
	Mumbai (Expeller Oil)	840	845	-5
	Kolkata(Expeller Oil)	980	980	Unch
	New Delhi (Expeller Oil)	850	850	Unch
	Hapur (Expeller Oil)	895	900	-5
	Hapur (Kacchi Ghani Oil)	935	940	-5
	Agra (Kacchi Ghani Oil)	867	867	Unch
Refined Cottonseed Oil	Rajkot	770	780	-10
	Hyderabad	775	775	Unch
	Mumbai	785	800	-15
	New Delhi	745	750	-5

Coconut Oil	Kangayan (Crude)	1425	1420	**5**
	Cochin	1670	1670	**Unch**
	Trissur	Unq	0	**-**
Sesame Oil	New Delhi	1350	1300	**50**
	Mumbai	Unq	0	**-**
Kardi	Mumbai	840	840	**Unch**
Rice Bran Oil (40%)	New Delhi	680	670	**10**
Rice Bran Oil (4%)	Punjab	660	660	**Unch**
Rice Bran Oil (4%)	Uttar Pradesh	Unq	0	**-**
Malaysia Palmolein USD/MT	FOB	555	545	**10**
	CNF India	580	560	**20**
Indonesia CPO USD/MT	FOB	513	500	**13**
	CNF India	540	530	**10**
RBD Palm oil (Malaysia Origin USD/MT)	FOB	553	543	**10**
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	528	525	**3**
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	925	930	**-5**
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	460	465	**-5**
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	880	**-**
Ukraine Origin CSFO USD/MT Kandla	CIF	720	715	**5**
Rapeseed Oil Rotterdam Euro/MT	FOB	768	738	**30**
Argentina FOB ($/MT)		**4-Oct-18**	**28-Sep-18**	**Change**
Crude Soybean Oil Ship		672	662	**10**
Refined Soy Oil (Bulk) Ship		696	685	**11**
Sunflower Oil Ship		680	680	**Unch**
Cottonseed Oil Ship		652	642	**10**
Refined Linseed Oil (Bulk) Ship		Unq	0	**-**
				**** indicates including GST***

******