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 rose while BMD palm oil fell during the week. Soy oil, rapeseed oil and groundnut oil prices rose while sunflower oil closed sideways. Palm oil and coconut oil prices closed in red.

On the currency front, Indian rupee is hovering near 73.31, up by 24 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 - : In NCDEX, market participants are advised to go short below 770 levels for a target of 755 and 750 with a stop loss at 780 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs 740-790 per 10 Kg in the near term.

In MCX, Market participants are advised to go short in CPO below 595 for a target of 580 and 575 with a stop loss at 605 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.

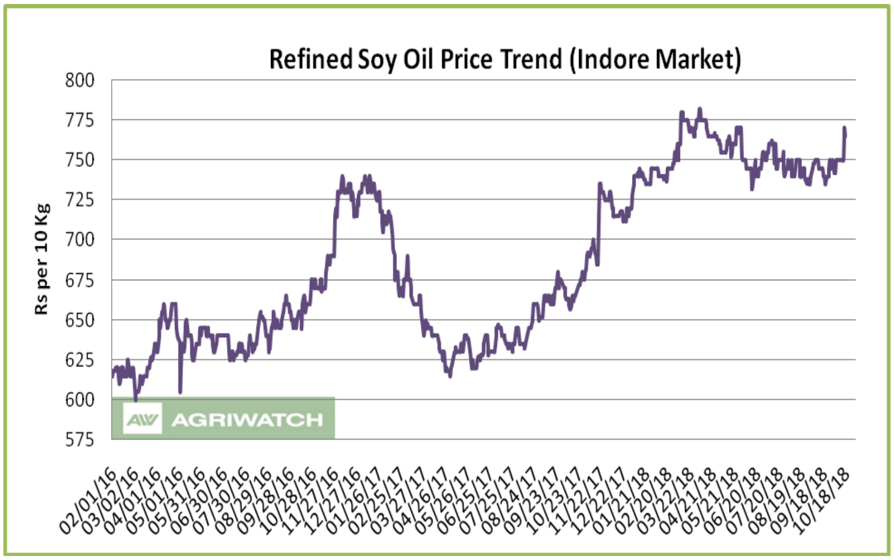
International Veg. Oil Market Summary

On the international front, trade dispute between US and China, record soybean crop in US, 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 higher 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 3.5-4.0 per kg. Prices are less unlikely to fall due to higher disparity in imports.

Soy oil demand is firm at high seas as its prices rose at high seas while it fell at CNF markets compared to last week.

Soy oil demand is weak at CNF markets as prices fell at CNF while prices rose FOB markets compared to last week.

Rebound in soy oil prices at CBOT due to rise in soybean complex prices due to rain in soybean area in US Midwast which has slowed harvesting of record soybean crop coupled with higher demand prospects.

Basis fell leading to lower FOB soy oil prices. Its premium over CBOT has decreased and brought prices lower.

Imports of soy oil fell in Sep 2018 compared to Sep 2017 while it was higher than Aug 2018. Imports rose 29,000 tons in Sep compared to Aug 2018 while port stocks rose 20,000 tons indicating firm demand in September.

CDSO is trading at low premium over RBD palmolein at high seas at Rs 67 (Rs 57 last week) per 10 kg will increase CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 110 (Rs 95 last week) per 10 Kg, which is high and may cap soy oil prices in domestic markets. In USD terms, premium of CDSO CNF over CPO CNF was quoted at USD 175.5 (USD 179.5 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 fell 1.68 percent y-o-y in September to 3.41 lakh tons from 3.57 lakh tons in September 2017. In the period (Nov 2017-Sep 2018), imports of soy oil were 27.83 lakh tons compared to 30.96 lakh tons in corresponding period last oil year, lower by 10.1 percent y-o-y.
- Imported crude soy oil CNF at West coast port is offered at USD 703 (USD 713) per ton for Oct delivery, Nov delivery is quoted at USD 703 (USD 712) per ton and Dec delivery is quoted at USD 703 (USD 715) per ton. Values in brackets are figures of last week. Last month, CNF CDSO Sep 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, near record soybean crop in US, better than expected planting progress in Brazil, high stock of soybean in China, weak demand of soybean in China, liquidation of soybean state reserve by China, weak competitive oils and firm dollar.

However, fall in stocks of soy oil in US in Sep as reported by NOPA will support soy oil prcies.

Trade war between US and China has escalated with Trump Administration planning additional import duty on USD 270 billion goods. 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.

However, there were reports of two consignments of soybean from US heading towards China has provided support to soybean complex prices.

China is expected to open more trade sources like import of soy meal from India and China buying more palm oil.

Chinese are enquiring on import of rape meal and cottonseed meal, sunflower meal, rapeseed meal from India, Ukraine and Canada respectively 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 soybean.

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 reduced US soybean crop from record levels in its October supply and demand estimates due to lower harvested area partially set off by higher yields of soybean.

Planting of soybean has started at a rapid pace, has reached 34 percent planted in Brazil, and weather is conducive for further planting to progress. Gains are in largest growing state of Mato Grosso. Brazil is expected to plant another near record soybean crop in 2018/19.

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 reduced soybean imports in September, most of it from Brazil due to slow restocking of soybean in the country.

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 740-790 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

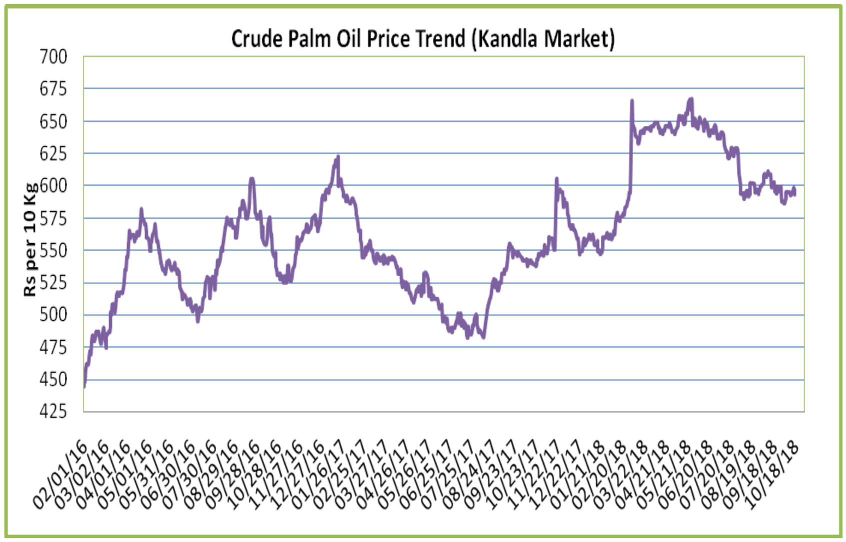
Domestic Front

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

  RBD palmolein closed sideways at its benchmark market of Kandla on weak demand.

- Prices of CPO closed lower at Kandla on weak demand

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



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

CPO import disparity decreased on fall in prices of CPO in internationla 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 has increased disparity and may lower imports. Lower Rupee increases import prices of palm oil, 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 fall in imports of palm oil by India in October.

Imports of palm oil by India in Sep as reported by SEA showed 1.4 percent fall in imports compared to Sep 2017. CPO imports surged were elevated in Sep after strong August. Rise in CPO imports came on big base y-o-y. RBD palmolein imports fell 6.0 percent in Sep compared to Sep 2017.

In oil year 2017-18 (Nov 2017-Sep 2018) palm oil imports have fallen 7.0 percent on lower imports of RBD palmolein compared to corresponding period last oil year.

MPOB Malaysian palm oil Sep stocks unexpected rose on better than expected rise in production of palm oil and lower rise in exports of palm oil from Malaysia.

Imports of CPO rose in Sep due to parity in imports of CPO in the month of 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 October due to disparity in imports.

Higher imports of CPO led to higher stocks of CPO at ports in September.

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

RBD palmolein featured weak tone in its benchmark market on depreciation of Rupee.

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

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-Sep 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 4.5-5.0 per kg due to tight conditions.

Stocks of RBD palmolein at Indian ports have increased in Sep 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 70 (Rs 62) 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 firm at CNF markets as prices rose at CNF markets while prices fell at FOB markets compared to last week.

Import of RBD palmolein in Sep was lower than Sep 2017 while it was lower compared to Aug 2018. Imports of RBD palmolein was fell in September compared to August while port stocks rose indicating restocking of RBD palmolein in September.

CDSO CNF premium over CPO CNF is at USD 175.5 (USD 179.5 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 127 (Rs 119 last week) per 10 Kg, will decrease CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 90 (Rs 90 last week) per 10 kg is low and will decrease RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is at USD 145 (USD 155 last week) per ton. Increasing premium of refined sunflower oil over RBD palmolein due to hike in import duty on sun oil at Rs 145 (Rs 155) 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 September fell 1.4 percent y-o-y to 9.19 lakh tons from 9.32 lakh tons in September 2017. Imports in the period (November 2017-September 2018) are reported lower by 7.0 percent y-o-y at 79.47 lakh tons compared to 85.45 in the corresponding period last oil year.

  Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 2.0 percent y-o-y in September to 6.65 lakh tons from 6.52 lakh tons in September 2017. Imports in the period (November 2017-September 2018) are reported higher by 1.95 percent y-o-y at 58.50 lakh tons compared to 57.38 lakh tons in the corresponding period last oil year.

  RBD palmolein import scenario- RBD palmolein imports fell y-o-y in September by 6.13 percent to 2.45 lakh tons from 2.61 lakh tons in September 2017. Imports in the period (November 2017-September 2018) are reported lower by 26.59 percent y-o-y at 19.99 lakh tons compared to 27.23 lakh tons in the corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 527.5 (USD 532.5) per ton for Oct delivery and Nov delivery is quoted at USD 530 (USD 532.5) 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 567.5 (USD 572.5) per ton for Oct delivery and Nov delivery is quoted at USD 572.5 (USD 572.5) per ton. Last month, CIF RBD palmolein Sep average price was USD 570 (USD 579.84 in Aug 2018) per ton. Values in bracket depict last week quotes.
  Ready lift CPO duty paid prices quoted at Rs 590 (Rs 593) per 10 Kg and Oct delivery duty paid is offered at Rs 590 (Rs 593) per 10 kg. Ready lift RBD palmolein is quoted at Rs 660 (Rs 660) per 10 kg as on Oct 19, 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 35-40/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 by December, expectation of higher production of palm oil in Malaysia and Indonesia and slow exports of palm oil from Malaysia and Indonesia in coming months.

Palm oil end stocks unexpectedly rose in September on higher than expected rise in production ad lower than expected rise in exports of palm oil from Malaysia in September.

Production of palm oil rose in September on seasonal uptrend of production. More rise in production is expected from Oct-Dec.

Exports grew September lower than expected. Further, exports fell 15 percent in first 20 days of October on lower buying by top importer EU and India.

India purchased less in October as it is adequately stocked and port stocks are higher. Further, India is buying more consignments from Indonesia as Malaysian palm oil is priced higher due to higher depreciation of Indonesia Rupiah which has made FOB prices difference between Malaysia and Indonesia at USD 40 per ton.

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.

However due to depreciating of Rupee demand could weaken in coming months. India is a price sensitive country which may buy if prices fall below 2,100 ringgit per ton.

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.

Production is expected to rise in both countries in 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.

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 of palm oil from China is expected to remain firm due to abolition of CPO export duty by Malaysia, thinning of expected supply of soy oil due to lower crush of soybean in Chijna due to outbreak of swine flu, 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.

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

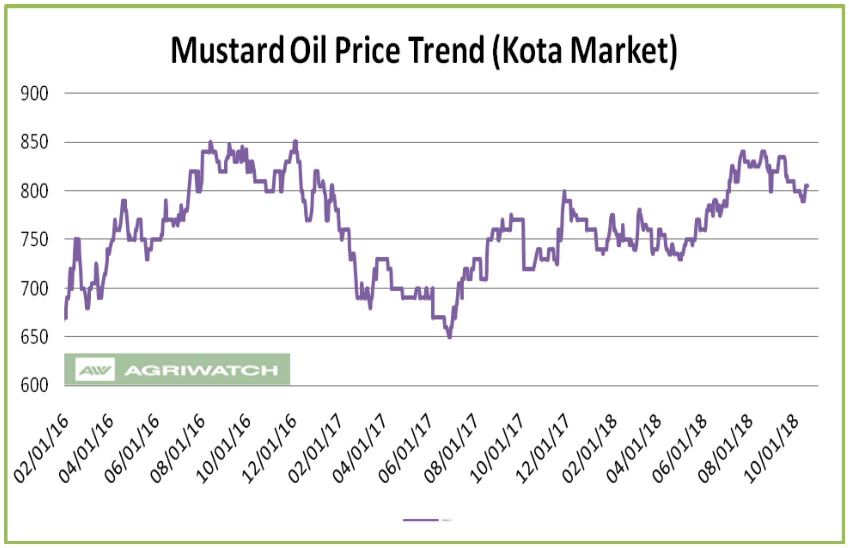
CBOT soy oil is expected to be underpinned by fall in soybean complex prices due to US and China trade dispute and higher soybean output in US.

Crude oil prices fell due to rise 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 firm trend in benchmark market on firm demand. Arrivals of rapeseed fell last week.
- Agriwatch view: Prices of rapeseed oil expeller featured firm trend in its benchmark market, on firm demand.

  Rise in rapeseed prices led to higher rapeseed oil prices. Rise in raw material prices led to higher product prices.

  Sale of rapeseed by NAFED was has started which has adverse affect on prices. NAFED is currently holding 6.93 lakh tons of rapeseed.

  Stock of rapeseed with NCDEX us 0.12 lakh tons. Stocks with trade are less.

  Demand of rapeseed oil is firm against weak stock position. Further, prices will be support due to stocking of rapeseed oil before festivals in East and North India.

  Rapeseed end stocks in MY 2018-19 is expected to be much lower than expected on account of limited crop 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 80 (Rs 90) per 10 Kg will support rapeseed oil prices.

  Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 190 (Rs 185) per 10 kg will cap gains in rapeseed oil prices.

  Import of canola is weak in oil year 2017-18 (Nov-Sep) 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 38) 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 0.12 lakh tons of rapeseed (Canola) oil in September 2018 v/s 0.16 lakh tons in September 2017, lower by 25.0 percent y-o-y. In the period (Nov 2017-September 2018)

imports were 2.41 lakh tons compared to 2.55 lakh tons in the corresponding period last oil year, lower by 5.9 percent y-o-y.

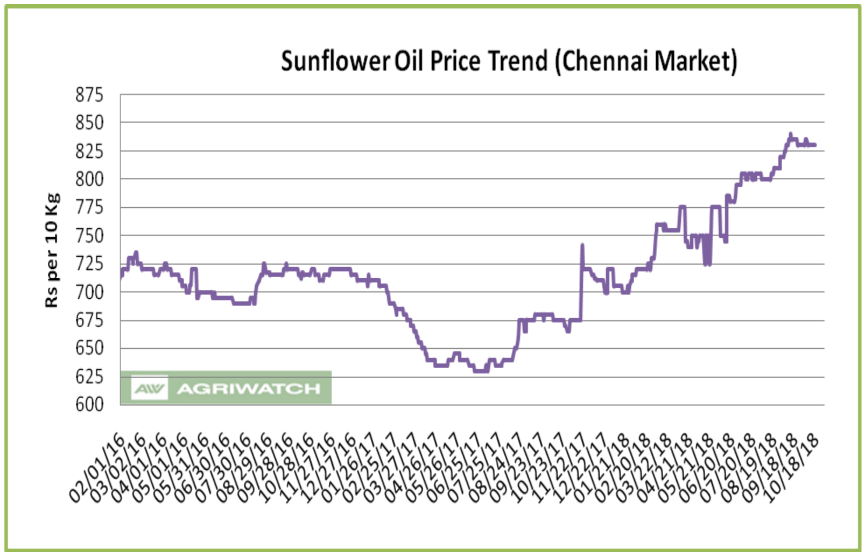
- CNF canola oil premium over CDSO is USD 42 (USD 38 last week) per ton for ready delivery as on Oct 19, 2018.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 825 (Rs 820) per 10 Kg, and at Kota market, it is offered at Rs 805 (Rs 790) per 10 kg as on Oct 18, 2018. Values in brackets 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 sideways during the week in its benchmark market Chennai on firm demand.
- Prices of sunflower oil traded sideways in Chennai on frim demand



Sunflower oil prices fell equally at high seas and CNF markets indicting regular demand at high seas.

Prices of sunflower oil are expected to be 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 -7.0 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 fell in September due to high sunflower oil premium over soy oil in August at CNF markets. Stocks of sunflower oil fell more at ports in September compared to fall in imports in September compared to August indicating firm demand.

In domestic market, sunflower oil prices premium over soy oil is at Rs 60 (Rs 80 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. However, rising discount over groundnut oil will support prices.

Sunflower oil premium over RBD palmolein at CNF India is at USD 145 (US 142.5 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 145 (Rs 150 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 100 (Rs 90 last week) per 10 kg will support 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-Sep).

Imports of sunflower oil rose in oil year 2017-18 (Nov 2017-Sep 2018) by 16 percent compared to corresponding period in last oil after rise of 43 percent in 2016-17 oil year. Imports of sunflower oil fell 58,000 tons in Sep while stock at ports has risen rose 95,000 tons indicating firm demand. At present destocking is taking place at ports, due to higher sunflower port stocks.

CSFO CNF premium over CDSO CNF markets is at USD -7.0 (USD 3.0 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.

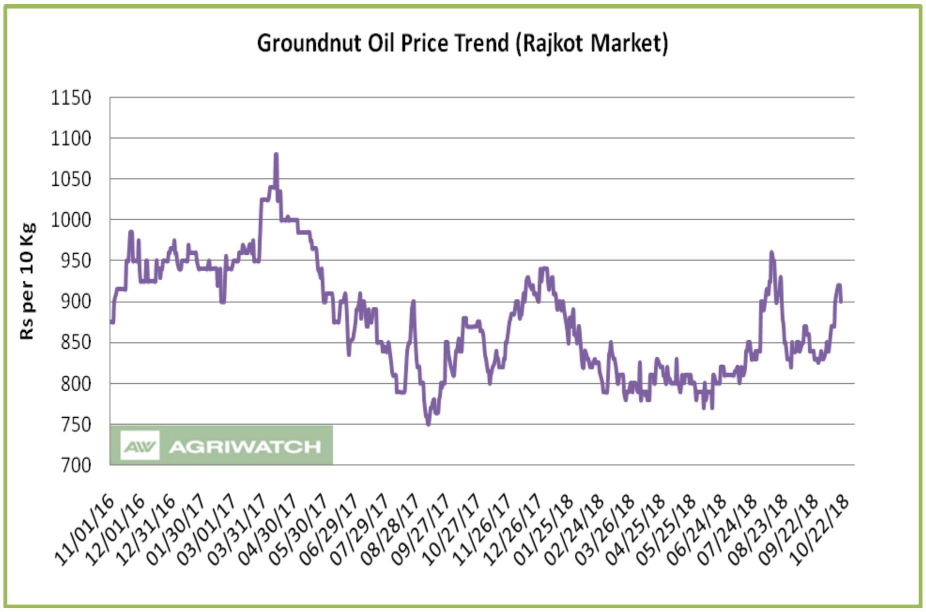
Refiners have increased purchase of crude sunflower oil from international markets as CIF sunflower oil premium over CNF soybean oil has fallen.

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 24.4 percent y-o-y in September to 1.50 lakh tons from 1.97 lakh tons in September 2017. Imports in the period (November 2017-September 2018) are reported higher by 16.4 percent y-o-y at 23.68 lakh tons compared to 20.40 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 715 (USD 715) per ton for Nov delivery, Dec delivery is quoted at USD 715 (USD 715) per ton and JFM delivery is quoted at USD 715 (USD 715) 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 -7.0 (USD 3.0 last week) per ton for Nov delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 145 (USD 142.5) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 830 (Rs 830) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 815 (Rs 815) per 10 kg as on Oct 18, 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.
- Prices of groundnut oil featured firm trend in Rajkot on firm demand.

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

Groundnut supply has increased on higher auction of groundnut by NAFED. There is parity crush of groundnut on higher prices of groundnut oil will support 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, now, as stocks with farmers are less than negligible lakh tons and negligible stocks with traders. About 4.2 lakh tons of groundnut is with NAFED and it intends to offload as much as possible as new groundnut crop arrival has started 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 pickup in groundnut demand.

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

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 prices.

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 buy 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.

Crushers have less stocks of groundnut 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 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 firm demand.

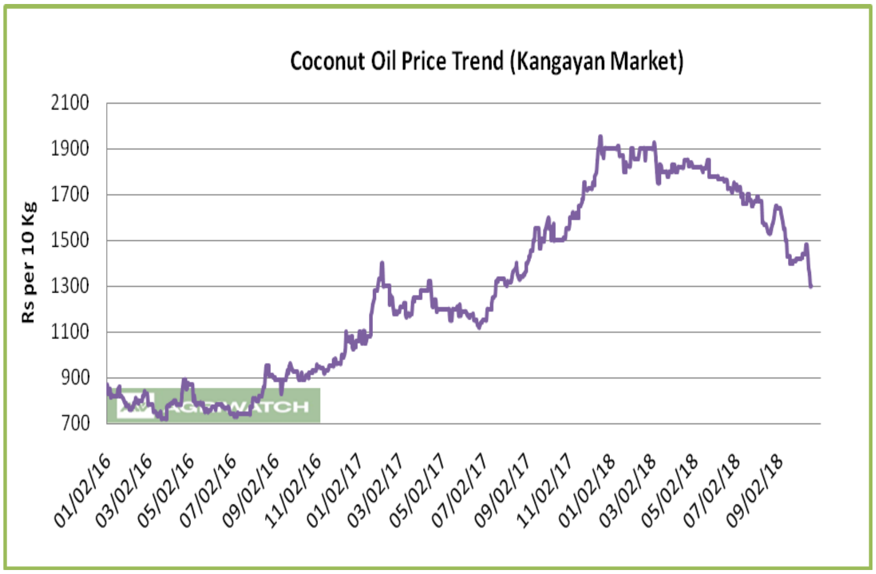
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,000 (Rs 8,700) per quintal and it was quoted at Rs 9,300 (Rs 9,200) per quintal in Chennai market on Oct 18, 2018. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to firm in the coming days.

Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 850-950 per 10 Kg.

Coconut Oil Fundamental Review and Analysis-:
Domestic Front

- Coconut oil featured weak trend in its benchmark market of Kangayam on weak demand and fall in prices of copra.
- Coconut oil prices featured weak trend during the week on weak demand and fall in prices of copra.



Coconut oil prices fell last week on weak demand as demand ahead of festive season is over and market is adequately stocked against weak demand.

Prices fell on fall in price of copra. Fall in raw material prices led to fall in product prices.

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.

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.

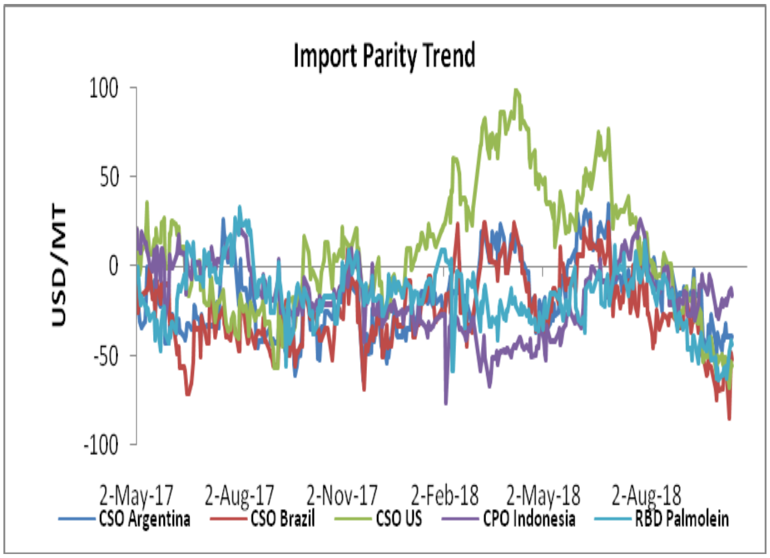
Coconut oil prices are expected to be weak in days ahead.

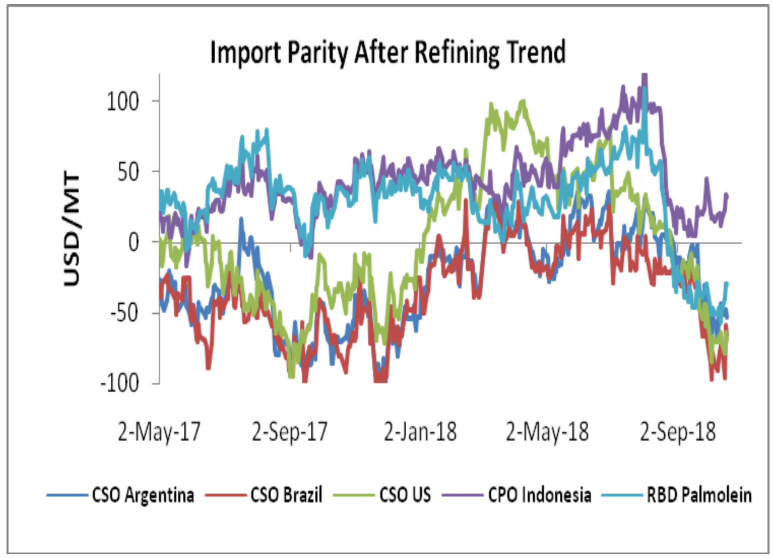
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 16,200 (16,700) per quintal, and was quoting Rs 13,000 (Rs 14,800) per quintal in Erode market on Oct 18, 2018.

Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1200-1500 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 is in 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 Nov, 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 750 in weekly might take the prices below 740 levels.
- Expected price band for next week is 740-790 level in near to medium term. RSI and MACD is suggesting downtrend in the market.

Strategy: Market participants are advised to go short below 770 levels for a target of 755 and 750 with a stop loss at 780 on closing basis.

RSO NCDEX (Nov)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
740.00	752.00	765.6	768.00	780.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 740-790 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 595 for a target of 580 and 575 with a stop loss at 605 on closing basis.

CPO MCX (Oct)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
570.00	585.00	589.8	600.00	613.00

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
		18-Oct-18	12-Oct-18	
Refined Soybean Oil	Indore	765	750	15
	Indore (Soy Solvent Crude)	730	710	20
	Mumbai	760	755	5
	Mumbai (Soy Degum)	720	705	15
	Kandla/Mundra	755	740	15
	Kandla/Mundra (Soy Degum)	728	712	16
	Kolkata	770	765	5
	Delhi	812	790	22
	Nagpur	770	754	16
	Rajkot	755	730	25
	Kota	765	745	20
	Hyderabad	Closed	765	-
	Akola	770	755	15
	Amrawati	769	755	14
	Bundi	775	755	20
	Jalna	765	745	20
	Alwar	Unq	0	-
	Solapur	755	745	10
	Dhule	765	745	20
Palm Oil*	Kandla (Crude Palm Oil)	620	623	-3
	Kandla (RBD Palm oil)	656	658	-2
	Kandla RBD Pamolein	693	693	Unch
	Kakinada (Crude Palm Oil)	620	620	Unch
	Kakinada RBD Pamolein	704	709	-5
	Haldia Pamolein	719	719	Unch
	Chennai RBD Pamolein	725	719	5
	Chennai RBD Pamolein (Vitamin A&D Fortified)	796	789	7
	KPT (krishna patnam) Pamolein	706	709	-3
	Mumbai RBD Pamolein	719	730	-11
	Mangalore RBD Pamolein	721	721	Unch
	Tuticorin (RBD Palmolein)	728	Closed	-
	Delhi	738	725	13
	Rajkot	698	688	11
	Hyderabad	Closed	725	-
	PFAD (Kandla)	389	389	Unch
	Refined Palm Stearin (Kandla)	520	536	-16

	Superolien (Kandla)	746	735	11
	Superolien (Mumbai)	796	789	7
* inclusive of GST				
Refined Sunflower Oil	Chennai	830	830	Unch
	Mumbai	825	825	Unch
	Mumbai(Expeller Oil)	765	770	-5
	Kandla (Ref.)	815	815	Unch
	Kandla/Mundra (Crude)	Unq	0	-
	Hyderabad (Ref)	Closed	825	-
	Latur (Expeller Oil)	780	780	Unch
	Chellakere (Expeller Oil)	775	780	-5
	Erode (Expeller Oil)	875	880	-5
Groundnut Oil	Rajkot	900	870	30
	Chennai	Closed	920	-
	Delhi	900	850	50
	Hyderabad *	Closed	930	-
	Mumbai	930	930	Unch
	Gondal	925	900	25
	Jamnagar	925	900	25
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	825	820	5
	Jaipur (Kacchi Ghani Oil)	851	841	10
	Kota (Expeller Oil)	805	790	15
	Kota (Kacchi Ghani Oil)	830	825	5
	Neewai (Expeller Oil)	808	805	3
	Neewai (Kacchi Ghani Oil)	835	825	10
	Bharatpur (Kacchi Ghani Oil)	850	845	5
	Alwar (Expeller Oil)	Unq	0	-
	Alwar (Kacchi Ghani Oil)	Unq	0	-
	Sri-Ganga Nagar(Exp Oil)	815	810	5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	830	820	10
	Mumbai (Expeller Oil)	830	840	-10
	Kolkata(Expeller Oil)	980	980	Unch
	New Delhi (Expeller Oil)	868	860	8
	Hapur (Expeller Oil)	880	885	-5
	Hapur (Kacchi Ghani Oil)	920	925	-5
	Agra (Kacchi Ghani Oil)	855	850	5
Refined Cottonseed Oil	Rajkot	775	760	15
	Hyderabad	Closed	775	-
	Mumbai	790	785	5

	New Delhi	735	725	10
Coconut Oil	Kangayan (Crude)	1300	1440	-140
	Cochin	1620	1660	-40
	Trissur	Unq	0	-
Sesame Oil	New Delhi	1500	1400	100
	Mumbai	Unq	0	-
Kardi	Mumbai	840	840	Unch
Rice Bran Oil (40%)	New Delhi	700	700	Unch
Rice Bran Oil (4%)	Punjab	660	660	Unch
Rice Bran Oil (4%)	Uttar Pradesh	Unq	Unq	-
Malaysia Palmolein USD/MT	FOB	545	548	-3
	CNF India	575	570	5
Indonesia CPO USD/MT	FOB	508	505	3
	CNF India	535	530	5
RBD Palm oil (Malaysia Origin USD/MT)	FOB	540	545	-5
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	523	518	5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	903	870	33
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	448	455	-7
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	830	-
Ukraine Origin CSFO USD/MT Kandla	CIF	715	715	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	763	765	-2

Argentina FOB ($/MT)	**17-Oct-18**	**12-Oct-18**	**Change**
Crude Soybean Oil Ship	668	666	2
Refined Soy Oil (Bulk) Ship	691	689	2
Sunflower Oil Ship	675	675	Unch
Cottonseed Oil Ship	648	646	2
Refined Linseed Oil (Bulk) Ship	Unq	0	-
***** indicates including GST**			

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