Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil witnessed weak trend in domestic market in the week in review. CBOT soy oil and BMD palm oil fell during the week. Soy oil, palm oil, rapeseed oil, sunflower oil and coconut oil prices fell while groundnut oil prices closed in green.

On the currency front, Indian rupee is hovering near 72.42, up by 103 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 appreciate and crude oil prices will fall 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 760 levels for a target of 745 and 740 with a stop loss at 770 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 570 for a target of 555 and 550 with a stop loss at 580 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 550-600 per 10 Kg in the near term.

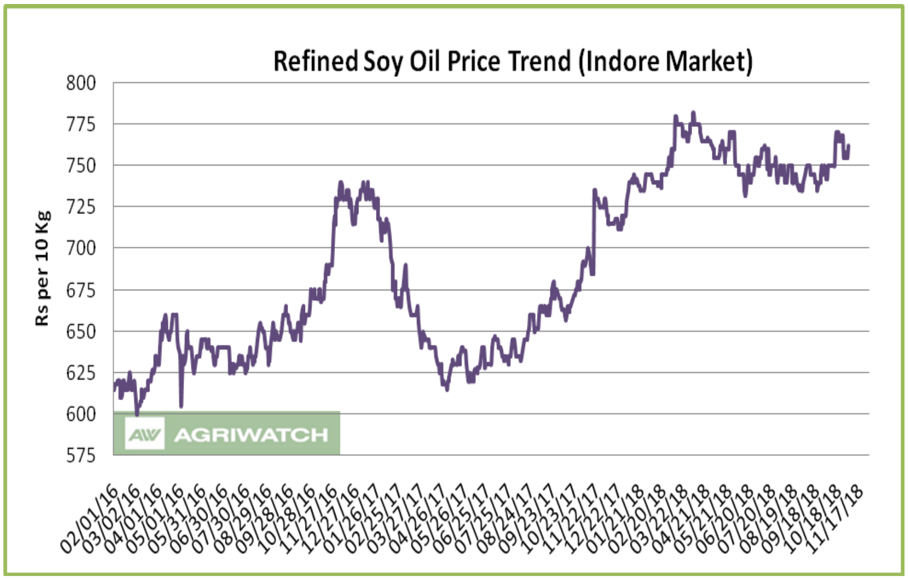
International Veg. Oil Market Summary

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, firm dollar and fall in crude oil prices 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 weak trend in domestic markets on weak demand.
- Soy oil prices closed lower during the week in Indore weak 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 1.5-2.0 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 fell at high seas while it rose at CNF markets compared to last week.

Soy oil demand is firm at CNF markets as prices rose more at CNF compared to FOB markets compared to last week.

Weakness in soy oil prices at CBOT due to fall in soybean complex prices owing to steady harvest of soybean area in US Midwest of record soybean crop coupled with higher than expected pace of planting of soybean in Brazil and weak demand of soybean from China.

Basis rose due to fall in prices of soy oil at CBOT markets leading to higher FOB soy oil prices. Its premium over CBOT has increased and supported prices.

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 73 (Rs 64 last week) per 10 kg will increase CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 120 (Rs 115 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 180 (USD 170 last week) per ton for Dec 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 698 (USD 680) per ton for Oct delivery, Nov delivery is quoted at USD 698 (USD 680) per ton and Dec delivery is quoted at USD 698 (USD 680) per ton. Values in brackets are figures of last week. Last month, CNF CDSO Oct average price was USD 706.48 (USD 687.87 per ton in Sep 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 20-25/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, firm dollar and weak crude oil prices.

Trade war between US and China has escalated with Trump Administration planning additional import duty on USD 270 billion goods. However, recent talks between Trump and Xi has raised expectation of restart of trade talks.

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.

Trade deficit of US with China is continuously increasing which has angered US.

There were reports of consignments of soybean from US to China.

China reduced protein requirement of soy meal used for swine and poultry feed in an effort to cut use of soy meal in protein sources to diversify from soybean use. More measures are expected in future.

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

China has allowed rapeseed meal imports from India to diversify its protein demand. Further, soymeal imports will also be allowed from India.

China has already opened imports of soybean and soy oil from Argentina after years of ban. It is has also allowed other destinations in Africa.

China has removed export incentives for exports of soy meal from the country. Last year China exported more than 1 MMT of soy meal.

Further, Chinese are enquiring on import of 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 the country 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 yields of soybean.

Planting of soybean has started at a rapid pace 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.

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.

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 which 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 in US and Brazil coupled with weak Chinese demand, is expected to reignite demand and support prices.

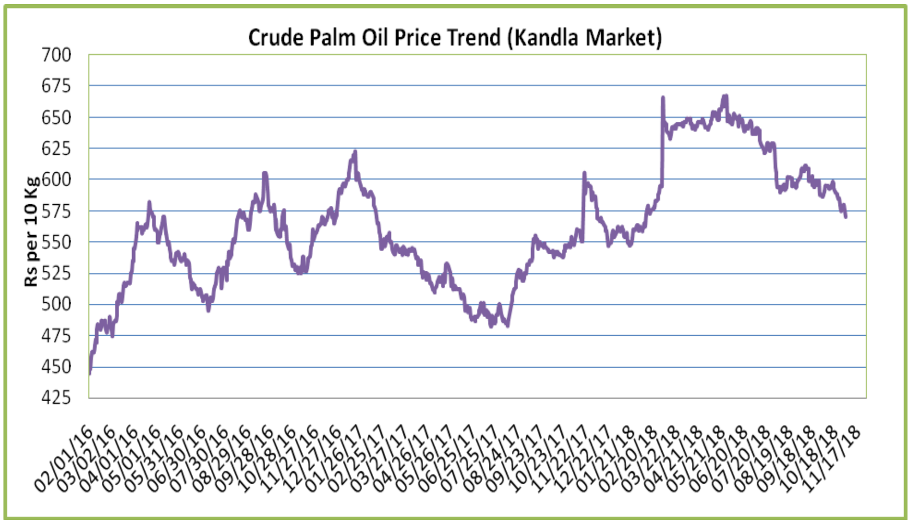
Dollar Index is expected to rise on higher than expected hike in interest rates by US FED in 2018 will weigh on soy oil prices in near term.

Global crude oil prices have cooled on expectation that US sanction on Iran will have limited effect in oil markets in 2018.

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 lower 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 increased on fall in prices of CPO in Indian markets, which stands at Rs 2.0-2.5 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 fall in 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, 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 weak at CNF markets as prices fell more 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 less at high seas compared to CNF markets indicating firm demand at high seas.

Import demand of RBD palmolein rose in Sep 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 3.0-3.5 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 weak compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 52 (Rs 75) 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 weak at CNF markets as prices fell more at CNF markets compared to 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 190 (USD 170 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 145 (Rs 139 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 120 (Rs 115 last week) per 10 kg is high and will increase RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is at USD 147.5 (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 140 (Rs 145) 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 507.5 (USD 510.5) per ton for Oct delivery and Nov delivery is quoted at USD 510 (USD 510) per ton. Last month, CNF CPO Oct average price was at USD 529.12 per ton (USD 548.5 per ton in Sep 2018). Values in brackets are figures of last week.

  Moreover,

  RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 557.5 (USD 550.5) per ton for Oct delivery and Nov delivery is quoted at USD 550 (USD 550) per ton. Last month, CIF RBD palmolein Sep average price was USD 542.32 (USD 570 in Aug 2018) per ton. Values in bracket depict last week quotes.

  Ready lift CPO duty paid prices quoted at Rs 573 (Rs 575) per 10 Kg and Nov delivery duty paid is offered at Rs 573 (Rs 575) per 10 kg. Ready lift RBD palmolein is quoted at Rs 645 (Rs 6650) per 10 kg as on Nov 2, 2018. Values in brackets are figures of last week.

- On the parity front, margins decreased during this week due to fall in prices of palm products in Indian markets. Currently refiners fetch USD 20-25/ton v/s gain of USD 20-25/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein lose USD 35-40/ton v/s loss of USD 35-40/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.

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

Production of palm oil is expected to rise more than demand in 2018 and growth will slow in 2019 on effect of El Nino.

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.

However, demand from China is expected remain firm due to lower supply of soy oil in China due to lower crush of soybean in the country due to outbreak of swine flu in the country. Till now more than 2 lakh swine have been slaughtered and about 40 cases of outbreak of swine flu is reported in China.

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 go above 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 2018.

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 palmolein 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 China due to outbreak of swine flu, lower palm oil prices, China looking for alternate sources to replace import of soybean from US.

However 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.

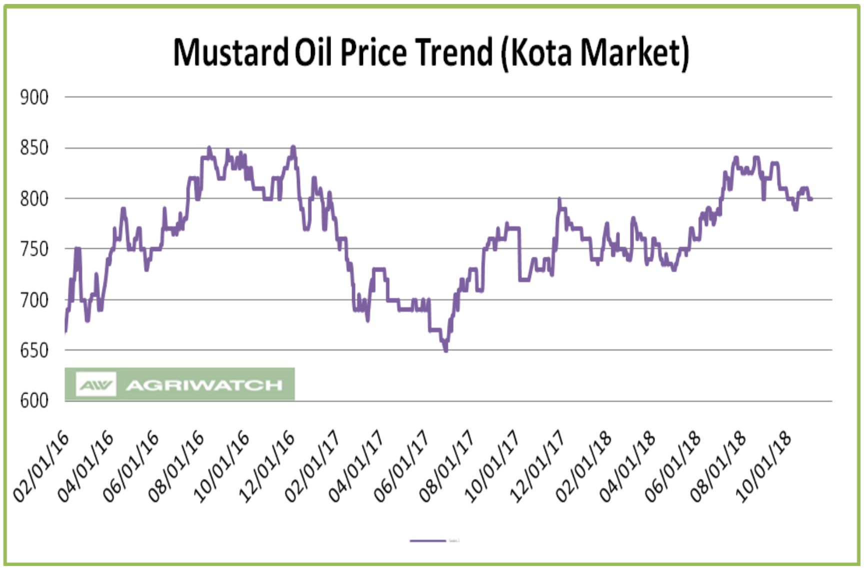
CBOT soy oil is expected to be underpinned by fall in soybean complex prices due to US and China trade dispute and higher soybean output in US.

Global crude oil prices are expected to cool on expectation that US sanction on Iran will have limited effect in oil markets in 2018. However, its impact on oil markets is not known in 2019 as alignment of OPEC, EU and Russia coupled with US waivers expiry in March 2019 will have its impact in 2019.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 550-600 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-:

Domestic Front



- Mustard oil prices featured weak trend in benchmark market on weak demand and fall in prices of rapeseed. 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 is continuing which has adverse affect on prices. NAFED is currently holding 6.11 lakh tons of rapeseed.

  Stock of rapeseed with NCDEX us 0.11 lakh tons. Stocks with trade are less.

  Demand of rapeseed oil has weakened against firm stock position. However, prices will be support due to stocking of rapeseed oil before winters 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 70 (Rs 87) per 10 Kg will support rapeseed oil prices.

  Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 190 (Rs 202) 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 37 (USD 45) per ton and 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.

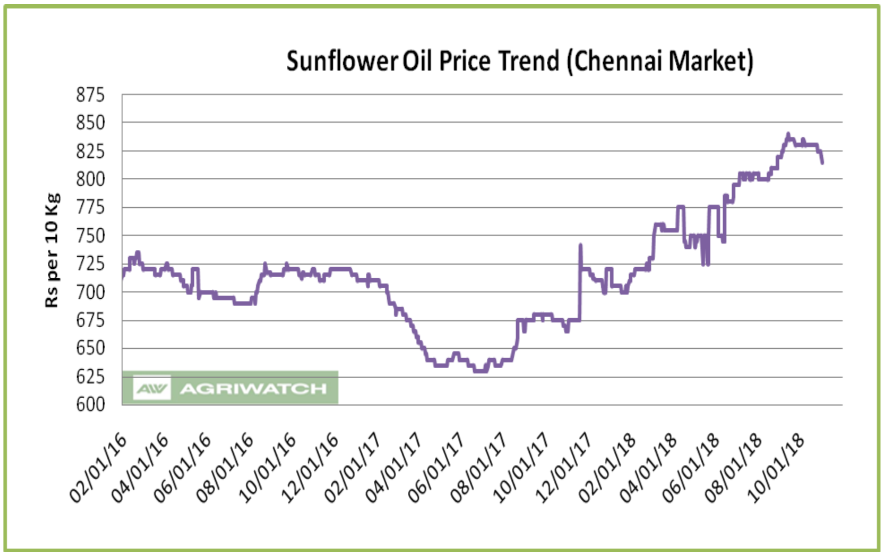
- Rapeseed oil import scenario- India imported 0.12 lakh tons of rapeseed (Canola) oil in September 2018 v/s 0.16 lakh tons in September 2017, lower by 25.0 percent y-o-y. In the period (Nov 2017-September 2018) imports were 2.41 lakh tons compared to 2.55 lakh tons in the corresponding period last oil year, lower by 5.9 percent y-o-y.
- CNF canola oil premium over CDSO is USD 37 (USD 45 last week) per ton for ready delivery as on Nov 2, 2018.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 820 (Rs 830) per 10 Kg, and at Kota market, it is offered at Rs 800 (Rs 810) per 10 kg as on Nov 2, 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 weak during the week in Chennai on weak demand and fall in international prices of sunflower oil.
- Prices of sunflower oil traded weak in Chennai on weak demand



Sunflower oil prices fell more at high seas compared to CNF markets indicting weak 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 -0.5 per ton. Since both the import duty on soy oil is same, falling sunflower oil premium will increase import demand.

Fall in palm oil prices supported the fall.

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 53 (Rs 60 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 147.5 (US 155 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 165 (Rs 145 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 155 (Rs 95 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 -0.5 (USD 25.0 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.

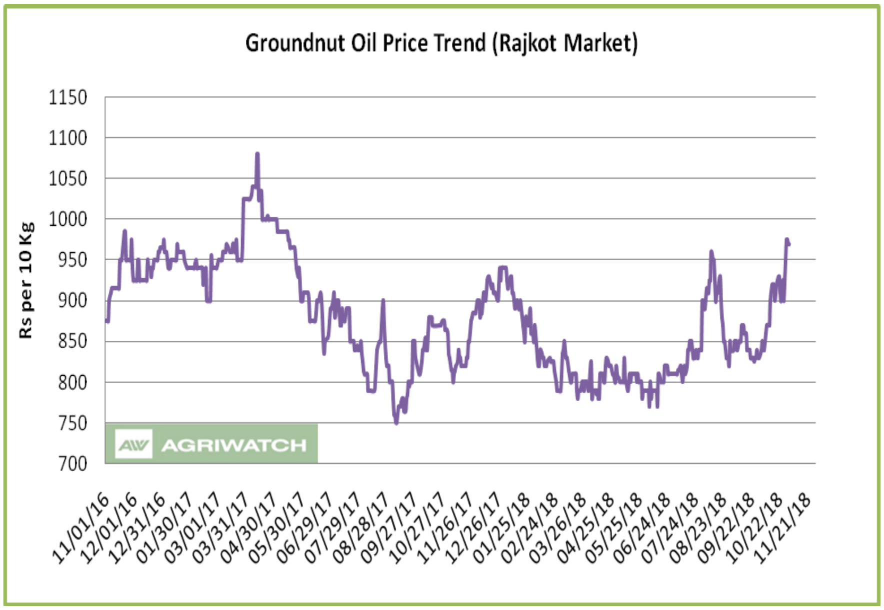
Refiners have increased purchase of crude sunflower oil from international markets as CIF sunflower oil premium over CNF soybean oil has fallen.

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 697.5 (USD 700) per ton for Dec delivery and JFM delivery is quoted at USD 697.5 (USD 700) per ton. CNF sun oil (Ukraine origin) Oct monthly average was at USD 714.36 per ton compared to USD 741.37 per ton in Sep. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 680-730 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD -0.5 (USD 25.0 last week) per ton for Nov delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 165 (USD 145) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 815 (Rs 825) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 810 (Rs 810) per 10 kg as on Nov 2, 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

However, demand may weaken at higher prices.

Groundnut prices have increased due to lower than expected crop due to dry conditions in groundnut growing areas leading to fall in yields will support groundnut oil prices.

Rise in groundnut prices will support groundnut oil prices.

Groundnut prices have driven higher due to announcement of NAFED to stop selling of groundnut from Nov 5. Moreover, NAFED will start procurement of groundnut from 15 Nov. This has let to bullish sentiment in groundnut prices. Gujarat government will procure at Rs 1001 per 20 kg this year.

Total carry out stocks of groundnut in India is 5 lakh tons.

Stocks with farmers and private traders are about 1 lakh tons while NAFED has 3.9 lakh tons of groundnut stock.

Parity in crush of groundnut on higher prices of groundnut oil will support groundnut demand.

Retail demand has increased due to stability in groundnut oil prices, which led to rise in retail demand. High volatility in groundnut oil prices leads to postponement of demand. However, demand arose due to lower volatility in prices.

Demand of groundnut oil will weaken at around Rs 980-100 per 10 kg levels. However, due to demand ahead of festivals prices will continue its uptrend.

Demand will moderate in November before picking up in demand season of December.

Harvest of export quality groundnut has started. Peak harvest will reach by Nov 15. In the South India (Rayalseema) groundnut crop is less 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.

Lower crop of groundnut will lead to higher product prices in coming months.

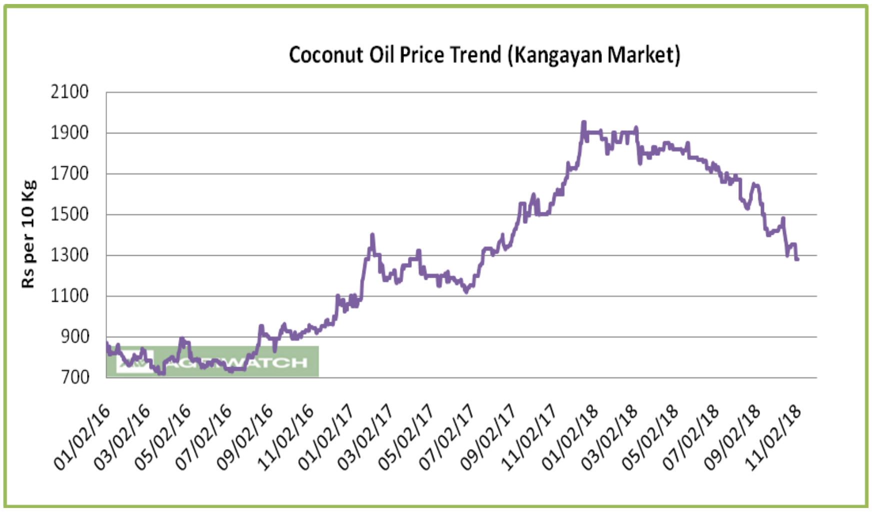
In Andhra Pradesh and Tamil Nadu prices of groundnut has increased with parity with Gujarat and weak stocks position. There is parity in crush of groundnut in south India. Groundnut arrivals are low and is expected to pick up in Nov.

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 9,700 (Rs 9,250) per quintal and it was quoted at Rs 9,700 (Rs 9,200) per quintal in Chennai market on Nov 2, 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 900-1050 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.
- Coconut oil prices featured weak trend during the week on weak demand.

  Coconut oil prices rose last week on weak demand as festive season is over market is well stocked against firm demand.

  Prices fell despite rise in price of copra indicating weak demand

  There is no fresh trigger of demand in near trend.

  Coconut oil prices fell on fall in palm oil prices.

  Also, winter is expected to arrive in North India which may weaken demand.

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

  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 are not confident about prices.

  Production will increase 10-15% in 2018-19 from initial estimate of 15-20% gain, 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.

  Prcies momentum of prices is biased towards downside.

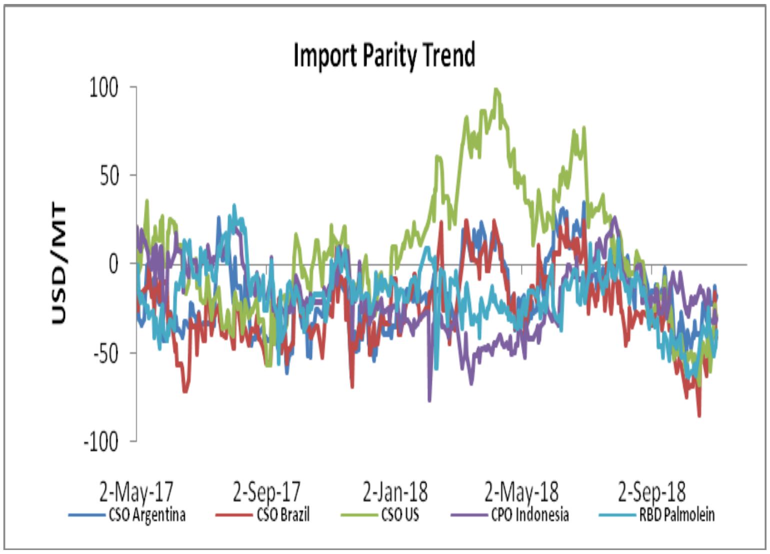
  Coconut oil prices are expected to fall on higher coconut oil production, weak demand, fall in copra prices and seasonal downtrend of prices.

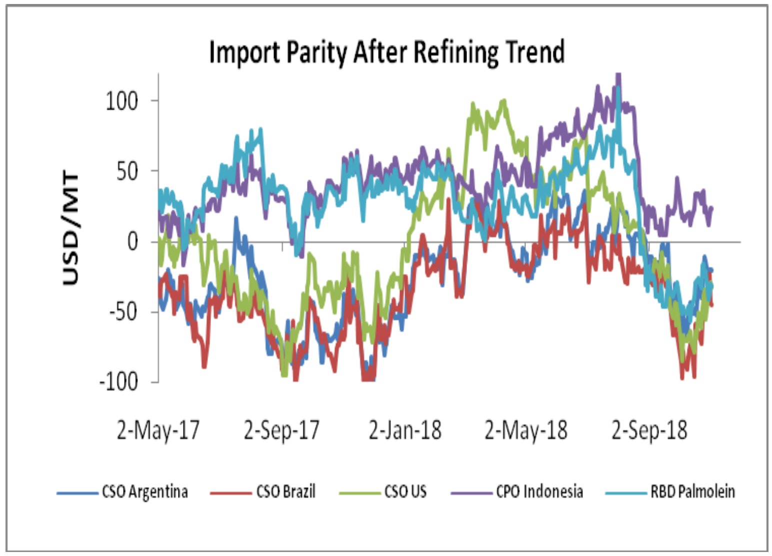
  Coconut oil prices are expected to be weak in days ahead.
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 16,000 (16,200) per quintal, and was quoting Rs 13,000 (Rs 13,500) per quintal in Erode market on Nov 2, 2018.

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
Sep, 2018	-20.38	-37.51	-28.41	18.53	-33.82
Oct, 2018	-42.70	-69.39	-60.07	20.03	-37.78

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 760 levels for a target of 745 and 740 with a stop loss at 770 on closing basis.

RSO NCDEX (Nov)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
730.00	740.00	757.87	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 Nov, Chart)	Crude palm oil (Weekly chart, Kandla Rs/10 Kg)
	

Outlook - Prices show downtrend in prices during the week. We expect that CPO Nov 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 560 in weekly chart may bring the prices to 550 levels.
- Expected price band for next week is 540-590 level. RSI and MACD are suggesting downtrend in prices in the coming week.

Strategy: Market participants are advised to go short in CPO below 570 for a target of 555 and 550 with a stop loss at 580 on closing basis.

CPO MCX (Nov)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
560.00	562.00	566.7	582.00	600.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 550-600 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		2-Nov-18	26-Oct-18	
Refined Soybean Oil	Indore	762	768	-6
	Indore (Soy Solvent Crude)	727	732	-5
	Mumbai	755	755	Unch
	Mumbai (Soy Degum)	716	715	1
	Kandla/Mundra	750	750	Unch
	Kandla/Mundra (Soy Degum)	718	720	-2
	Kolkata	765	775	-10
	Delhi	790	800	-10
	Nagpur	767	767	Unch
	Rajkot	750	745	5
	Kota	765	765	Unch
	Hyderabad	770	770	Unch
	Akola	767	768	-1
	Amrawati	767	768	-1
	Bundi	775	775	Unch
	Jalna	773	771	2
	Alwar	Unq	0	-
	Solapur	754	752	2
	Dhule	774	773	1
Palm Oil*	Kandla (Crude Palm Oil)	599	609	-11
	Kandla (RBD Palm oil)	646	651	-5
	Kandla RBD Pamolein	683	690	-7
	Kakinada (Crude Palm Oil)	609	607	2
	Kakinada RBD Pamolein	693	704	-11
	Haldia Pamolein	698	714	-16
	Chennai RBD Pamolein	709	714	-5
	Chennai RBD Pamolein (Vitamin A&D Fortified)	780	785	-5
	KPT (krishna patnam) Pamolein	693	704	-11
	Mumbai RBD Pamolein	704	714	-11
	Mangalore RBD Pamolein	704	717	-14
	Tuticorin (RBD Palmolein)	704	Closed	-
	Delhi	718	728	-10
	Rajkot	677	683	-5
	Hyderabad	712	720	-8
	PFAD (Kandla)	368	373	-5
	Refined Palm Stearin (Kandla)	504	509	-5
	Superolien (Kandla)	730	735	-5

	Superolien (Mumbai)	780	785	-5
* inclusive of GST				
Refined Sunflower Oil	Chennai	815	825	-10
	Mumbai	825	830	-5
	Mumbai(Expeller Oil)	745	745	Unch
	Kandla (Ref.)	810	810	Unch
	Kandla/Mundra (Crude)	Unq	0	-
	Hyderabad (Ref)	810	820	-10
	Latur (Expeller Oil)	770	780	-10
	Chellakere (Expeller Oil)	765	785	-20
	Erode (Expeller Oil)	850	870	-20
Groundnut Oil	Rajkot	970	925	45
	Chennai	970	920	50
	Delhi	925	925	Unch
	Hyderabad *	1000	950	50
	Mumbai	995	960	35
	Gondal	960	920	40
	Jamnagar	970	920	50
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	820	830	-10
	Jaipur (Kacchi Ghani Oil)	835	851	-16
	Kota (Expeller Oil)	800	810	-10
	Kota (Kacchi Ghani Oil)	830	835	-5
	Neewai (Expeller Oil)	790	810	-20
	Neewai (Kacchi Ghani Oil)	820	835	-15
	Bharatpur (Kacchi Ghani Oil)	830	855	-25
	Alwar (Expeller Oil)	Unq	0	-
	Alwar (Kacchi Ghani Oil)	Unq	0	-
	Sri-Ganga Nagar(Exp Oil)	815	825	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	830	840	-10
	Mumbai (Expeller Oil)	820	825	-5
	Kolkata(Expeller Oil)	950	980	-30
	New Delhi (Expeller Oil)	845	860	-15
	Hapur (Expeller Oil)	880	880	Unch
	Hapur (Kacchi Ghani Oil)	920	920	Unch
	Agra (Kacchi Ghani Oil)	835	860	-25
Refined Cottonseed Oil	Rajkot	745	750	-5
	Hyderabad	760	760	Unch
	Mumbai	778	780	-2
	New Delhi	710	730	-20

Coconut Oil	Kangayan (Crude)	1280	1350	**-70**
	Cochin	1600	1620	**-20**
	Trissur	Unq	0	**-**
Sesame Oil	New Delhi	1700	1500	**200**
	Mumbai	Unq	0	**-**
Kardi	Mumbai	840	840	**Unch**
Rice Bran Oil (40%)	New Delhi	725	700	**25**
Rice Bran Oil (4%)	Punjab	660	660	**Unch**
Rice Bran Oil (4%)	Uttar Pradesh	Unq	0	**-**
Malaysia Palmolein USD/MT	FOB	523	525	**-2**
	CNF India	540	558	**-18**
Indonesia CPO USD/MT	FOB	488	498	**-10**
	CNF India	505	518	**-13**
RBD Palm oil (Malaysia Origin USD/MT)	FOB	518	518	**Unch**
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	500	515	**-15**
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	845	880	**-35**
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	413	430	**-17**
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	830	**-**
Ukraine Origin CSFO USD/MT Kandla	CIF	695	703	**-8**
Rapeseed Oil Rotterdam Euro/MT	FOB	752	760	**-8**

Argentina FOB ($/MT)	**1-Nov-18**	**26-Oct-18**	**Change**
Crude Soybean Oil Ship	646	635	**11**
Refined Soy Oil (Bulk) Ship	669	657	**12**
Sunflower Oil Ship	665	670	**-5**
Cottonseed Oil Ship	626	615	**11**
Refined Linseed Oil (Bulk) Ship	Unq	0	**-**

**** indicates including GST***

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