

# Veg. Oil Weekly Research Report

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## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

*Edible oil prices featured mixed trend during this week in domestic market. CBOT soy oil and BMD palm oil fell during the week. Soy oil and coconut oil prices rose while groundnut oil prices closed sideways. Palm oil, rapeseed oil and sunflower oil prices closed in red.*

*On the currency front, Indian rupee is hovering near 70.80 against 70.36 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 firm. Higher stocks at ports and pipeline may underpin prices in near term.*

### **Outlook:**

*Weekly Call - : In NCDEX, market participants are advised to go long above 730 levels for a target of 745 and 750 with a stop loss at 720 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 710-750 per 10 Kg. in the near term.*

*In MCX, market participants are advised to go long in CPO above 490 for a target of 505 and 510 with a stop loss at 480 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 460-530 per 10 Kg in the near term.*

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

*On the international front, near record soybean crop in US, better than expected soybean crop condition in Brazil, lower soybean demand from China, high stocks of soybean in China, liquidation of soybean state reserve in China, 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 sentiments in domestic markets in the week in review on firm demand.

- Soy oil prices closed higher during the week in Indore on firm demand.

However, recent appreciation of Rupee may curb price in expectation of fresh buying activities of oil importers.

Whereas, trade settlement between US, China will support international soybean complex

situation amid 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. However, prices trend is still bearish.

Presently parity at ports is at 0.5-1.0 per kg. Prices are less likely to fall due to parity in imports.

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

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

Record soybean crop in Brazil and near record crop area in US and weak demand of soybean from China will pressurize soy oil prices in domestic market.

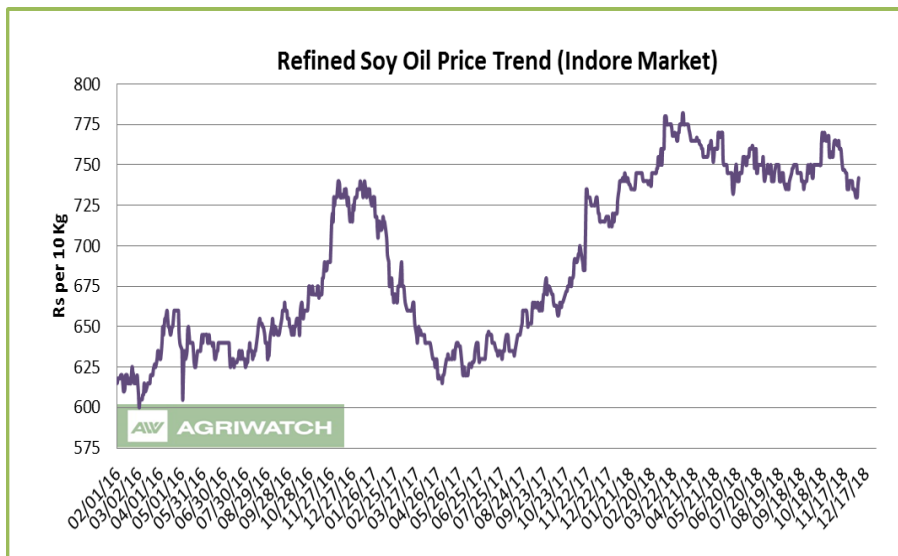
Basis fell due to rise in prices of soy oil at CBOT markets leading to higher FOB soy oil prices. Its premium over CBOT has decreased.

Imports of soy oil rose in Oct 2018 compared to Oct 2017 while it was lower than Sep 2018. Imports fell 77,000 tons in Oct compared to Sep 2018 while port stocks fell 15,000 tons indicating weak demand in Oct.

CDSO is trading at low premium over RBD palmolein at high seas at Rs 112 (Rs 98 last week) per 10 kg will decrease CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 165 (Rs 155 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 235 (USD 217 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 692 (USD 682) per ton for Dec delivery, Jan delivery is quoted at USD 692 (USD 680) per ton and Feb delivery is quoted at USD 694 (USD 683) per ton.



Values in brackets are figures of last week. Last month, CNF CDSO Nov average price was USD 685.12 (USD 706.48 per ton in Oct 2018) per ton.

- On the parity front, margins returned to 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 5-10/ton v/s loss of USD 10-15/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).

### International Front

Soy oil prices are expected to be supported by temporary settlement if by trade dispute between US and China and rise in crude oil prices

However, near record soybean crop in US, better than expected planting progress in Brazil, weak demand of soybean in China, liquidation of soybean state reserve by China and weak competitive oils

Trade war between US and China has temporary been settled with Trump-Xi meeting at G-20 where temporary solution of trade dispute was chalked out. US administration will not put any additional duty on Chinese goods for next 90 days and same will be adhered by China. China has agreed to most of US demands of access to US goods in China, opening of Chinese economy to US companies, bringing down tariff barriers for US goods, resume US agricultural goods including soybean and crude oil imports along with many other products.

This has given support to soybean complex prices as this will again open soybean imports to China but details are still awaited and market do not expect any immediate change in China's stand on US agricultural goods.

USDA reduced 2018/19 China's soybean import estimate to 90 MMT from 90 MMT in an effort by Beijing to move away from US soybean imports. Further cut in imports by China is expected in coming months.

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 harvested near record soybean.

However, soybean exports from US will remain weak due to lower buying by China.

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 November supply and demand estimates due to lower yields of soybean.

Soybean crop in Brazil is in good condition and weather is conducive for improvement of yields. Gains are in largest growing state of Mato Grosso. Brazil is expected to harvest another record soybean crop in 2018/19.

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

Crush margins of soybean has turned negative in China as crushers of soybean in China are struggling from weak demand, 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.

Soybean exports from Argentina is expected to rise in 2019 to 13-14 MMT, especially to China on strong demand from the country. Argentina's crushers operate at 55 percent of capacity which leads to higher disposable soybean.

However, exports of soy meal is expected to fall from Argentina as US soy meal is attractively priced due to lower soybean 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 fall on realignment of US FED towards future rise in interest rates in 2018-19 will support on soy oil prices in near term.

Global crude oil prices have is expected to rise due to Saudi-Russia plan to cut crude oil production and expected meeting of OPEC on Dec 6 in Vienna. US sanction on Iran had no effect in oil markets in 2018 as all major producers of crude oil including Saudi Arabia ramping up production.

**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 710-750 per 10 Kg in the near term.

## **Palm oil Fundamental Analysis and Outlook -:**

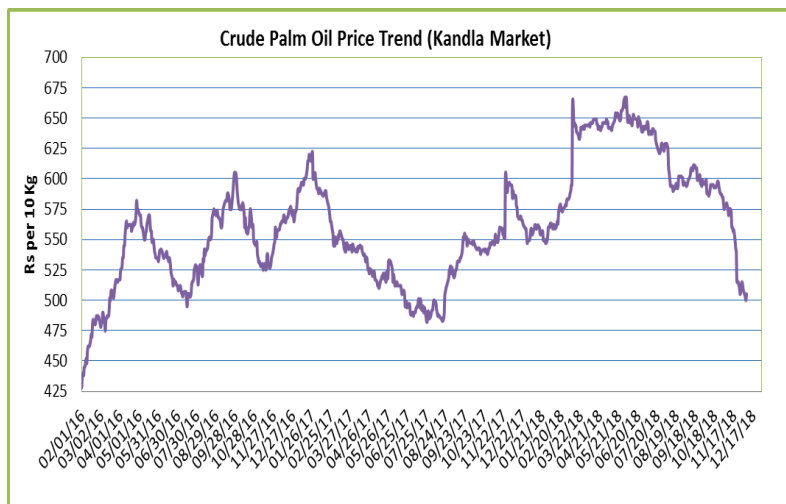
### **Domestic Front**

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

RBD palmolein also declined at its benchmark market of Kandla on weak demand.

- Prices of CPO closed lower at Kandla on weak demand

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



Rupee appreciation in near tear may lead to rise in imports of CPO.

CPO import disparity decreased on fall in prices of CPO in international markets, which stands at Rs 1.0-1.5 per kg. Lower disparity in imports will increase import demand and will let prices fall.

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

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

Appreciation of Rupee has decreased disparity and may increase imports. Higher Rupee decreases import prices of palm oil, which in turn decreases disparity if domestic prices do not fall, which in turn improves demand.

Data from cargo surveyors show rise in imports of palm oil by India in November from Malaysia

Imports of palm oil by India in Oct as reported by SEA showed 1.7 percent fall in imports compared to Oct 2017.

CPO imports were elevated in Oct after strong Sep and Aug. 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-Oct 2018) palm oil imports have fallen 6.0 percent on lower imports of RBD palmolein compared to corresponding period last oil year.

MPOB Malaysian palm oil Oct stocks are expected to rise on higher production of palm oil and fall in exports of palm oil from Malaysia.

Imports of CPO rose in Oct due to low prices of CPO in international markets, 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. 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 Oct.

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

RBD palmolein show remain lower prices in its benchmark market on lackluster trading activities..

RBD palmolein prices fell more at high seas compared to CNF markets indicating weak demand at high seas.

Import demand of RBD palmolein fell in Oct due to import disparity; fall in price of RBD palmolein in international markets, higher discount of RBD palmolein over soy oil and sunflower oil.

Import demand of RBD palmolein is weak in oil year 2017-18 (Nov 2017-Oct 2018) due to hike in import duty on RBD palmolein, higher differential of RBD palmolein import duty over CPO, 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 decreased in Oct due to destocking at ports.

Demand of RBD palmolein was firm compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 84 (Rs 80) 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 fell less at CNF markets compared to FOB markets compared to last week.

Import of RBD palmolein in Oct was lower than Oct 2017 while it was lower compared to Sep 2018. Imports of RBD palmolein fell in October compared to September and port stocks rose indicating destocking of RBD palmolein in October.

CDSO CNF premium over CPO CNF is at USD 235 (USD 217 last week) per 10 kg which is slightly down and may increase marginal imports quantity of CPO. Premium of CDSO soy oil high seas over CPO high seas is at Rs. 226 (Rs 192 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 165 (Rs 155 last week) per 10 kg. is high and will increase RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is at USD 183 (USD 180 last week) per ton. Increasing premium of refined sunflower oil over RBD palmolein due to hike in import duty on sun oil at Rs 185 (Rs 190) 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 Oct rose 1.07 percent y-o-y to 7.55 lakh tons from 7.47 lakh tons in Oct 2017. Imports in the oil year 2017-18 (November 2017-October 2018) are reported lower by 6.37 percent y-o-y at 87.01 lakh tons compared to 92.93 in last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 2.18 percent y-o-y in Oct to 6.10 lakh tons from 5.97 lakh tons in Oct 2017. Imports in oil year 2017-18 (November 2017-October 2018) are reported higher by 1.97 percent y-o-y at 64.60 lakh tons compared to 63.35 lakh tons in last oil year.

RBD palmolein import scenario- RBD palmolein imports fell y-o-y in Oct by 6.1 percent to 1.37 lakh tons from 1.47 lakh tons in Oct 2017. Imports in oil year 2017-18 (November 2017-October 2018) are reported lower by 25.64 percent y-o-y at 21.35 lakh tons compared to 28.71 lakh tons in last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 457.5 (USD 465) per ton for Dec delivery and Jan delivery is quoted at USD 467.5 (USD 465) per ton. Last month, CNF CPO Nov average price was at USD 474.84 per ton (USD 529.12 per ton in Oct 2018). Values in brackets are figures of last week.



Moreover,

RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 497.5 (USD 505) per ton for Dec delivery and Jan delivery is quoted at USD 505 (USD 505) per ton. Last month, CIF RBD palmolein Nov average price was USD 512.12 (USD 574.62 in Oct 2018) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 484 (Rs 500) per 10 Kg and Dec delivery duty paid is offered at Rs 484 (Rs 500) per 10 kg. Ready lift RBD palmolein is quoted at Rs 570 (Rs 580) per 10 kg as on Nov 30, 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 50-55/ton v/s gain of USD 35-40/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein lose USD 20-25/ton v/s loss of USD 15-20/ton (last month) parity.

### International Front

Palm oil prices are likely to fall due to higher than expected palm oil end stocks 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.

Indonesia removed export levy on exports of palm products from the country due to fall in prices of palm oil and record stocks of palm oil in the country. Plantations are bleeding due to fall in prices of palm oil and Indonesia intends to clear extra stocks of palm oil due to record production of palm oil.

Production of palm oil is expected to rise on seasonal uptrend of production. More rise in production is expected from 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.

Exports of palm oil is expected to remain weak in Nov-Dec. Data from cargo surveyors show weak exports of palm oil from Malaysia in November on weak demand from EU and China.

Demand of India increased due to bargain buying as it is a price sensitive country.

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 45 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.

India is a price sensitive country, is buying as the prices have fallen below 2,000 ringgit per ton.

Demand from China is expected remain low due to higher supply of soy oil in China due to higher crush of soybean in the country due to liquidation of soybean state reserves.

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 41 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.

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 supported by rise in soybean complex prices due to US and China trade settlement amid higher soybean output in US and Brazil.

Global crude oil prices are expected to rise on expected cut on crude oil production by OPEC and Russia will support palm oil prices.

**Price Outlook:** We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 460-530 per 10 Kg in the near term.

## Rapeseed oil Fundamental Review and Analysis:-

### Domestic Front

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

Fall in rapeseed prices led to rise rapeseed oil prices. Fall in raw material prices led to lower product prices.

Fall in palm oil prices supported the

rise. Collapse in palm oil prices in last two months has led to fall in rapeseed oil prices as they are competitive oils.

Sale of rapeseed by NAFED in Rajasthan have been stopped. NAFED is currently holding 5.0 lakh tons of rapeseed.

Stock of rapeseed with NCDEX us 0.055 lakh tons. Stocks with trade are less.

Demand of rapeseed oil has weakened against good stock position. 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 2018-19 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.

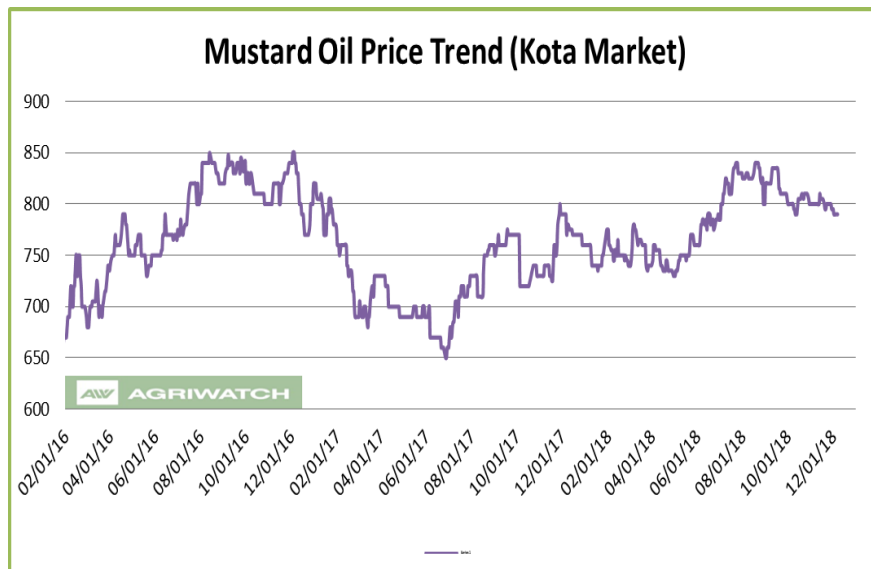
Rising premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 83 (Rs 93) per 10 Kg will cap rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 248 (Rs 250) per 10 kg will underpin rapeseed oil prices.

Import of canola is weak in oil year 2017-18 (Nov-Oct) 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 38 (USD 53) per ton and will decrease imports. Due to fall in prices of rapeseed oil, imports of canola oil are expected to fall in coming months. Stocks of canola oil at ports have decreased due to destocking at ports.



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

- Rapeseed oil import scenario- India imported 0 tons of rapeseed (Canola) oil in Oct 2018 v/s 0.37 lakh tons in Oct 2017. In the oil year 2017-18 (Nov 2017-Oct 2018) imports were 2.41 lakh tons compared to 2.93 lakh tons in last oil year, lower by 17.75 percent y-o-y.
- CNF canola oil premium over CDSO is USD 38 (USD 53 last week) per ton for ready delivery as on Dec 7, 2018.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 800 (Rs 810) per 10 Kg, and at Kota market, it is offered at Rs 790 (Rs 795) per 10 kg as on Dec 7, 2018. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to weak tone in the coming days.

**Price Outlook:** Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 760-840 per 10 Kg.

**Sunflower oil Fundamental Review and Analysis:-****Domestic Front**

- Sunflower oil price traded weak during the week in Chennai on weak demand.

- Prices of sunflower oil traded weak in Chennai on weak demand

Sunflower oil prices fell at high seas while it rose at CNF markets indicating weak demand at high seas.

Fall in palm oil prices supported the fall.

Import demand of sunflower oil rose in October due to low sunflower oil premium over soy oil in Sep at CNF markets. Stocks of sunflower oil fell at ports in Oct

compared to rise in imports in Sept indicating destocking at ports.

In domestic market, sunflower oil prices premium over soy oil is at Rs 20 (Rs 35 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 185 (US 165 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 165 (Rs 165 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 185 (Rs 160 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.

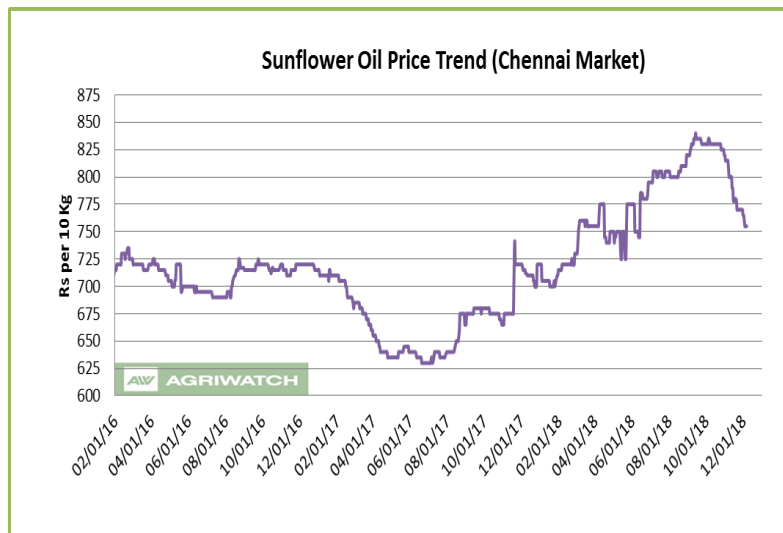
Prices of sunflower oil will be underpinned by higher supply due to higher imports of sunflower oil in oil year 2017-18 (Nov-Sep).

Imports of sunflower oil rose in oil year 2017-18 (Nov 2017-Oct 2018) by 16 percent compared to corresponding period in last oil after rise of 43 percent in 2016-17 oil year At present destocking is taking place at ports, due to higher sunflower port stocks.

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 CNF sunflower oil premium over CNF soybean oil has fallen.

Prices of sunflower oil are expected to be underpinned by weak demand and high premium over competing oils.



- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 21.7 percent y-o-y in Oct to 1.57 lakh tons from 1.29 lakh tons in Oct 2017. Imports in oil year 2017-18 (November 2017-October 2018) are reported higher by 16.4 percent y-o-y at 25.25 lakh tons compared to 21.69 lakh tons in last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 687.5 (USD 680) per ton for Dec delivery. CNF sun oil (Ukraine origin) Nov monthly average was at USD 688.76 per ton compared to USD 714.36 per ton in Oct. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 660-720 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 5.0 (USD 3.0 last week) per ton for Nov delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 185 (USD 165) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 755 (Rs 770) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 780 (Rs 770) per 10 kg as on Dec 7, 2018. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to weak tone in the coming days.

**Price Outlook:** Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 700-800 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices featured sideways trend in Rajkot on account of firm demand.
- Groundnut oil prices rose on firm demand and rise in prices of groundnut. Groundnut oil prices have risen despite fall in prices of palm oil. Prices rose on rise in prices of groundnut. Rise in raw material prices led to higher product prices.

Prices have started to rise in December after lull Nov due to peak demand season in December.

In the previous two week, groundnut prices have driven higher due to procurement by NAFED. This has let to bullish sentiment in groundnut prices.

Total carry out stocks of groundnut inn 2017-18 in India is 4.6 lakh tons.

Stocks with farmers and private traders are about 1.0 lakh tons while NAFED has 3.6 lakh tons of groundnut stock.

Disparity in crush of groundnut on higher prices of groundnut oil will weaken groundnut demand.

Retail demand is expected to firm. If volatility in groundnut oil will increase then it will lead to rise in fresh demand. Higher volatility in prices of groundnut oil leads to postponement of demand.

There is demand at lower levels.

Demand of groundnut oil is around Rs 900-920 per 10 kg levels.

Harvest of export quality groundnut is progressing at full swing. Peak harvest is over. In the South India (Rayalseema) groundnut crop is less due to severe deficit of rains.

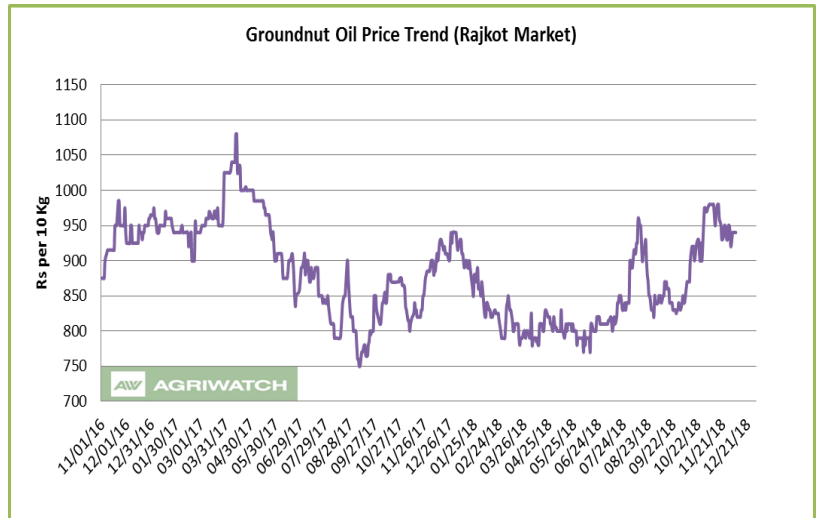
Crushers have higher stocks of groundnut but are not confident of prices and are dependent on ready markets.

Large amount of groundnuts are arriving in mandis, may adversely affected prices.

Lower crop of groundnut will lead to higher product prices in the long run.

Groundnut oil prices are expected to rise on firm demand, rise in groundnut prices and seasonal uptrend of prices.

- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,400 (9,400), per quintal and it was quoted at Rs 9,400 (Rs 9,200) per quintal in Chennai market on Dec 7, 2018. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to higher in the coming days.

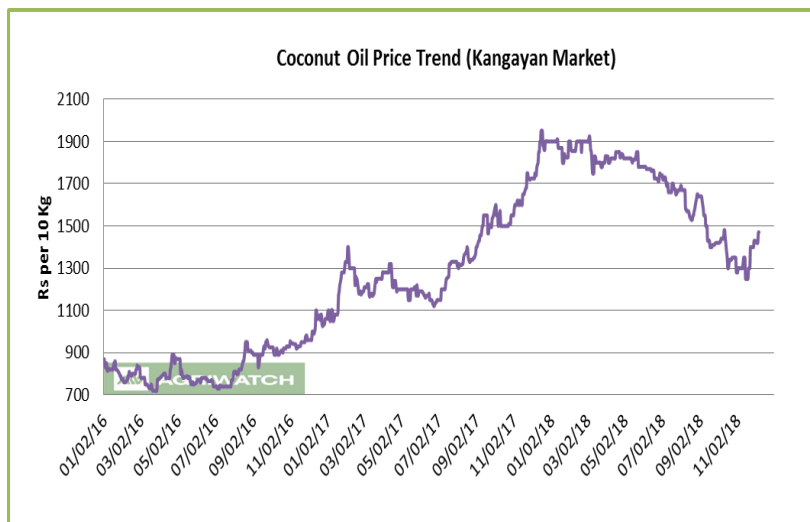


### Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 900-1100 per 10 Kg.

### Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Higher prices trend was seen in its benchmark market of Kangayam on firm demand.
- Overall Coconut oil prices show firm trend during the week on firm demand. Coconut oil prices rose last week on firm against weak stocks position. Prices rose on despite fall prices of copra indicating firm demand. Retail demand has firmed due to stability in prices of coconut oil, which has led to improvement.



Stockists and retailers are stocking in anticipation of firm demand.

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

Traders and upcountry buyers are stocking as they are confident about prices.

Prices have risen in near term despite fall in palm oil prices indicating firm demand.

Prices rose on seasonal uptrend of prices.

Winter in North India, which may weaken demand.

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 risen in 2018 after long weak demand due to fall in its prices by more than 40 percent in 2018. Household consumption improved as lower prices of coconut oil increased demand.

Coconut oil prices are expected to rise on firm demand, rise in copra prices and seasonal uptrend of prices.

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

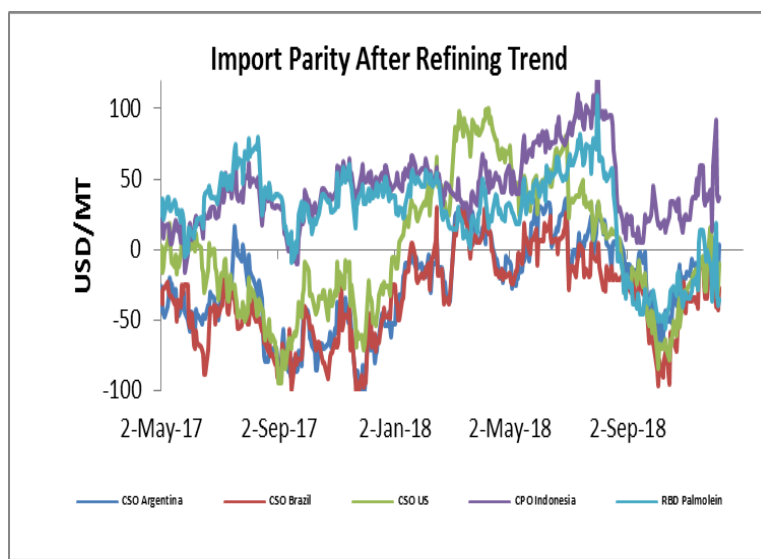
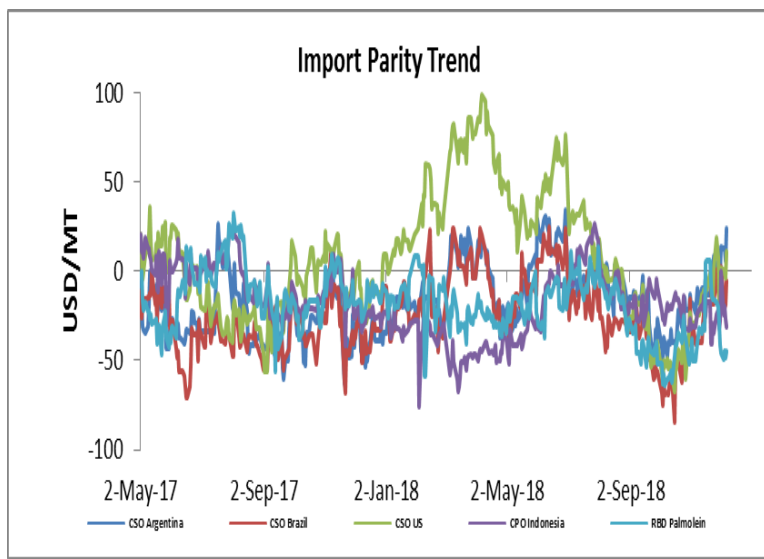
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 14,900 (15,400) per quintal, and was quoting Rs 14,700 (Rs 14,300) per quintal in Erode market on Dec 7, 2018.

**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)

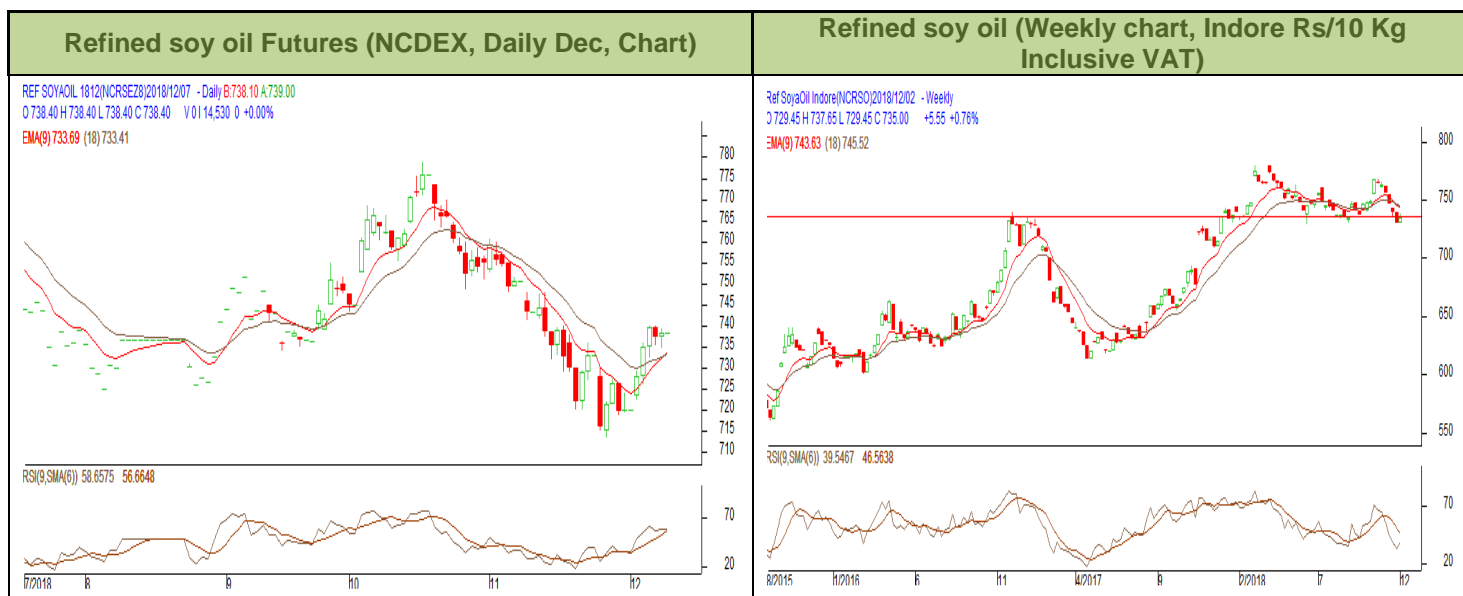


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Oct, 2018</b>	-42.70	-69.39	-60.07	20.03	-37.78
<b>Nov, 2018</b>	-11.43	-27.88	-17.98	36.31	-16.08

### Outlook:-

Import parity for crude soy oil from Argentina have returned to disparity due to appreciation 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)



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

- Weekly chart of refined soy oil at NCDEX depicts uptrend during the week in review. We expect prices to trade sideways to firm tone in the near term.
- Any close above 740 in weekly might take the prices below 750 levels.
- Expected price band for next week is 720-760 level in near to medium term. RSI and MACD is suggesting uptrend in the market.

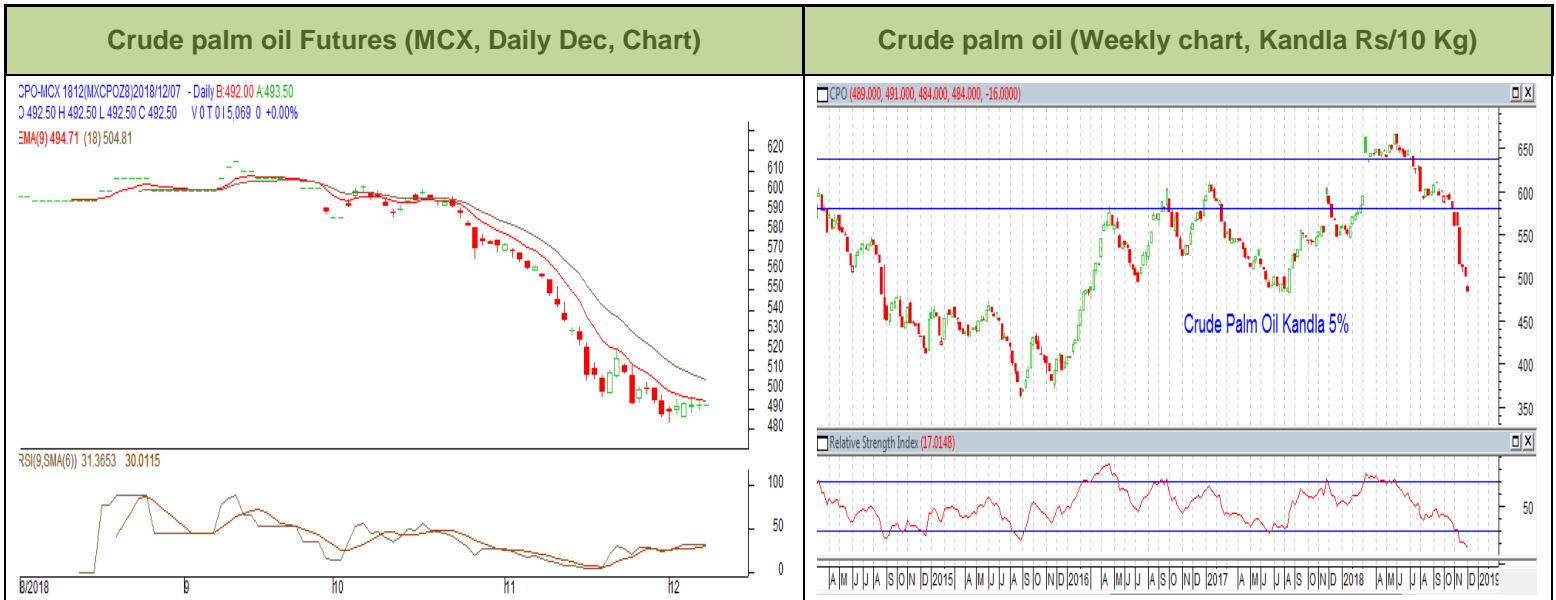
**Strategy:** Market participants are advised to go long above 730 levels for a target of 745 and 750 with a stop loss at 720 on closing basis.

#### RSO NCDEX (Dec)

Support and Resistance				
S2	S1	PCP	R1	R2
690	700	734.1	740	750

**Spot Market outlook:** Refined soy oil Indore (without GST) is likely to stay in the range of Rs 710-750 per 10 Kg.

### Technical Analysis (Crude Palm oil)



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

- Candlestick in weekly chart of crude palm oil at MCX depicts uptrend in the prices. We expect prices to trade with a sideways to firm note in the near term.
- Any close above 500 in weekly chart may bring the prices to 510 levels.
- Expected price band for next week is 470-520 level. RSI and MACD are suggesting uptrend in prices in the coming week.

**Strategy:** Market participants are advised to go long in CPO above 490 for a target of 505 and 510 with a stop loss at 480 on closing basis.

#### CPO MCX (Dec)

Support and Resistance				
S2	S1	PCP	R1	R2
465	475	492.5	510	520

**Spot Market outlook:** Crude palm oil (without GST) is likely to stay in the range of Rs 460-530 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

## Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		7-Dec-18	30-Nov-18	
Refined Soybean Oil	Indore	742	735	7
	Indore (Soy Solvent Crude)	700	695	5
	Mumbai	740	735	5
	Mumbai (Soy Degum)	705	705	Unch
	Kandla/Mundra	730	720	10
	Kandla/Mundra (Soy Degum)	710	692	18
	Kolkata	755	738	17
	Delhi	785	760	25
	Nagpur	728	729	-1
	Rajkot	732	720	12
	Kota	735	730	5
	Hyderabad	750	760	-10
	Akola	731	731	Unch
	Amrawati	730	730	Unch
	Bundi	745	740	5
	Jalna	728	728	Unch
	Alwar	Unq	Unq	-
	Solapur	710	718	-8
	Dhule	730	728	2
Palm Oil *	Kandla (Crude Palm Oil)	508	525	-17
	Kandla (RBD Palm oil)	551	572	-21
	Kandla RBD Pamolein	599	606	-7
	Kakinada (Crude Palm Oil)	520	523	-3
	Kakinada RBD Pamolein	609	630	-21
	Haldia Pamolein	620	635	-16
	Chennai RBD Pamolein	620	635	-16
	Chennai RBD Pamolein (Vitamin A&D Fortified)	683	709	-26
	KPT (krishna patnam) Pamolein	604	623	-19
	Mumbai RBD Pamolein	620	635	-16
	Mangalore RBD Pamolein	620	635	-16
	Tuticorin (RBD Palmolein)	623	641	-18
	Delhi	636	640	-4
	Rajkot	599	604	-5
	Hyderabad	620	615	5
	PFAD (Kandla)	305	315	-11
	Refined Palm Stearin (Kandla)	410	420	-11

	Superolien (Kandla)	662	662	Unch
	Superolien (Mumbai)	683	709	-26
* Inclusive of GST				
Refined Sunflower Oil	Chennai	755	770	-15
	Mumbai	800	810	-10
	Mumbai(Expeller Oil)	712	715	-3
	Kandla	770	780	-10
	Kandla/Mundra (Crude)	Unq	Unq	-
	Hyderabad (Ref)	765	775	-10
	Latur (Expeller Oil)	770	770	Unch
	Chellakere (Expeller Oil)	700	705	-5
	Erode (Expeller Oil)	800	810	-10
Groundnut Oil	Rajkot	940	940	Unch
	Chennai	940	920	20
	Delhi	950	950	Unch
	Hyderabad *	960	1000	-40
	Mumbai	970	960	10
	Gondal	950	940	10
	Jamnagar	950	940	10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	800	810	-10
	Jaipur (Kacchi Ghani Oil)	818	825	-7
	Kota (Expeller Oil)	790	795	-5
	Kota (Kacchi Ghani Oil)	805	820	-15
	Neewai (Kacchi Ghani Oil)	805	790	15
	Neewai (Expeller Oil)	790	810	-20
	Bharatpur (Kacchi Ghani Oil)	815	810	5
	Alwar (Kacchi Ghani Oil)	Unq	Unq	-
	Alwar (Expeller Oil)	Unq	Unq	-
	Sri-Ganga Nagar(Exp Oil)	800	815	-15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	810	825	-15
	Mumbai (Expeller Oil)	810	810	Unch
	Kolkata(Expeller Oil)	930	970	-40
	New Delhi (Expeller Oil)	840	840	Unch
	Hapur (Expeller Oil)	895	890	5
	Hapur (Kacchi Ghani Oil)	935	930	5
	Agra (Kacchi Ghani Oil)	820	815	5
Refined Cottonseed Oil	Rajkot	685	675	10
	Hyderabad	690	690	Unch
	Mumbai	705	710	-5

	New Delhi	675	678	-3
Coconut Oil	Kangayan (Crude)	1470	1430	40
	Cochin	1490	1540	-50
	Trissur	Unq	Unq	-
Sesame Oil	New Delhi	1750	1700	50
	Mumbai	Unq	Unq	-
Kardi	Mumbai	880	870	10
Rice Bran Oil (40%)	New Delhi	635	620	15
Rice Bran Oil (4%)	Punjab	640	640	Unch
Rice Bran Oil (4%)	Uttar Pradesh	Unq	Unq	-
Malaysia Palmolein USD/MT	FOB	478	485	-7
	CNF India	503	500	3
Indonesia CPO USD/MT	FOB	430	428	2
	CNF India	463	460	3
RBD Palm oil (Malaysia Origin USD/MT)	FOB	473	480	-7
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	448	443	5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	785	800	-15
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	315	318	-3
Crude palm Kernel Oil India (USD/MT)	CNF India	750	740	10
Ukraine Origin CSFO USD/MT Kandla	CIF	700	685	15
Rapeseed Oil Rotterdam Euro/MT	FOB	740	740	Unch
Argentina FOB (\$/MT)		6-Dec-18	29-Nov-18	Change
Crude Soybean Oil Ship		635	628	7
Refined Soy Oil (Bulk) Ship		657	650	7
Sunflower Oil Ship		625	638	-13
Cottonseed Oil Ship		615	608	7
Refined Linseed Oil (Bulk) Ship		Unq	Unq	-
* indicates including GST				

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