

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, rapeseed oil and groundnut oil closed lower while palm oil, sunflower oil and coconut oil prices closed in green.

On the currency front, Indian rupee is hovering near 70.14 against 71.89 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 to trade weak while 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 short below 730 levels for a target of 715 and 710 with a stop loss at 740 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 720-770 per 10 Kg. in the near term.

In MCX, market participants are advised to go long in CPO above 505 for a target of 520 and 525 with a stop loss at 495 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 480-540 per 10 Kg in the near term.

International Veg. Oil Market Summary

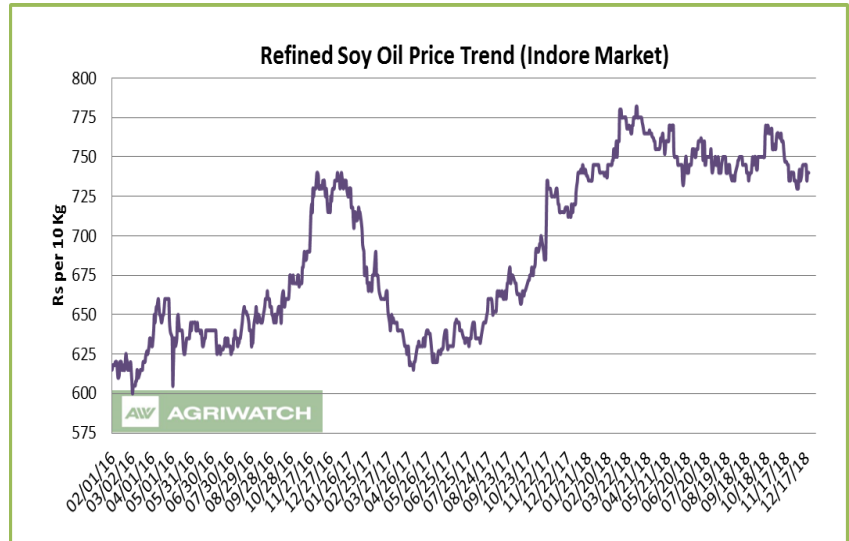
On the international front, near record soybean crop in US, better than expected soybean crop condition in Brazil, lower soybean demand from China, high stocks of soybean in China, liquidation of soybean state reserve in China, firm dollar is expected to underpin soy oil prices in coming days.

Expected fall in palm oil production in Malaysia, higher demand from China and India, depreciation of ringgit, rise in competitive oils and rise in crude oil prices is expected to support CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-**Domestic Front**

- Soy oil featured weak sentiments in domestic markets in the week in review on weak demand.
- Soy oil prices closed lower during the week in Indore on weak demand. However, recent appreciation of Rupee may induce 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. Presently parity at ports is at 2.5-3.0 per kg. Prices are more likely to rise due to parity in imports.

Soy oil demand is firm at high seas as its prices fell less 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 lower FOB soy oil prices. Its premium over CBOT has decreased.

Imports of soy oil fell in Nov 2018 compared to Nov 2017 while it was lower than Oct 2018. Imports fell 60,000 tons in Nov compared to Oct 2018 while port stocks fell 5,000 tons indicating weak demand in Nov.

CDSO is trading at low premium over RBD palmolein at high seas at Rs 118 (Rs 118 last week) per 10 kg will decrease CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 150 (Rs 165 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 169 (USD 211 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 25.55 percent y-o-y in Nov to 2.04 lakh tons from 2.74 lakh tons in Nov 2017. In the oil year 2017-18 (Nov 2017-Oct 2018), imports of soy oil were 30.47 lakh tons compared to 33.16 lakh tons in last oil year, lower by 8.1 percent y-o-y.
- Imported crude soy oil CNF at West coast port is offered at USD 669 (USD 692) per ton for Dec delivery, Jan delivery is quoted at USD 669 (USD 686) per ton and Feb delivery is quoted at USD 675 (USD 690) 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 parity during the week on fall in prices of soy oil in international markets, and we expect margins to remain in parity in coming days. Currently refiners fetch USD 15-20/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 underpinned by expectation of record end stocks of soybean in US, record soybean crop in Brazil, normal soybean crop in Argentina and weak demand from China.

Trade war between US and China has temporary been settled with Trump-Xi meeting at G-20 where 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.

China has started purchasing soybean from US but despite its purchases, soybean stocks in 2018/19 in US will be at record levels. This has led to weak sentiment in soybean complex.

Soybean crop harvest has started in Brazil, which will adversely affect soybean sales by US.

China purchased 30 percent less soybean in November due to receding supply of soybean from Brazil and Argentina and increased edible vegetable oils imports in November to keep its oil market in check. However, China has to import more soybeans to control soy meal prices in the country which is reeling due to outbreak of swine flu and negative crush markens,

USDA reduced 2018/19 China's soybean import estimate to 90 MMT in an effort by Beijing to move away from US soybean imports. Further cut in imports by China is not 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.

China is evaluating various sources of protein to diversify away from dependence of protein from soybean.

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.

Soybean crop in Brazil is in good condition and weather is conducive for improvement of yields. Brazil is expected to harvest another record soybean crop in 2018/19.

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.

Argentina is expected to plant normal soybean crop in 2018/19 after severe drought in 2017/18. Recent rains has ensured good moisture which will lead to fast progress of planting. This has led to fall in basis of soy oil which has underpinned Argentina soy oil FOB prices.

Competitive oils like BMD palm oil and DALIAN RBD palmolein is expected to trade weak due to firm supply prospects, 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 720-770 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil featured firm trend at its benchmark market at Kandla on rise in prices of CPO in international markets. RBD palmolein also rose at its benchmark market of Kandla on rise in prices of RBD palmolein in international markets.
- Prices of CPO closed higher at Kandla on rise in prices of CPO in international markets.

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

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

CPO import disparity increased on rise in prices of CPO in international markets, which stands at Rs 3.0-3.5 per kg. Higher disparity in imports will decrease 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.

Disparity has increased despite appreciation of Rupee indicating weak demand and may decrease imports. Higher Rupee decreases import prices of palm oil, which in turn decreases disparity if domestic prices do not fall, which in turn increases demand.

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

Imports of palm oil by India fell in Nov as reported by SEA showed 1.07 percent fall in imports compared to Nov 2017. CPO imports fell elevated in Nov after strong Oct, Sep and Aug. Rise in CPO imports came on low base y-o-y. RBD palmolein imports fell 35 percent in Nov compared to Nov 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.

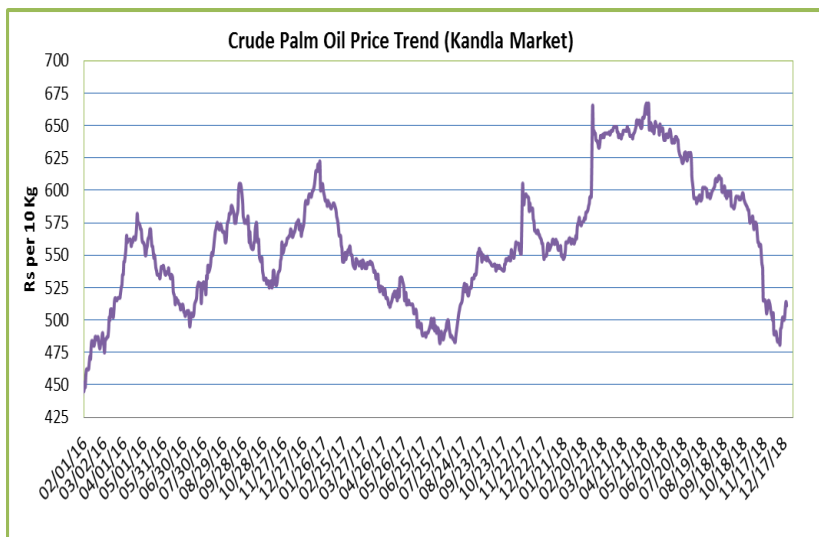
MPOB Malaysian palm oil Nov stocks rose to record in two decade on lower exports of palm oil in November despite fall in production of palm oil in Malaysia.

Imports of CPO fell in Nov due to continuous fall of CPO prices in international markets, higher stocks of CPO at ports.

However, higher premium of RBD palmolein over CPO at CNF markets, higher premium over soy oil over CPO at CNF markets, weak oilseed crop in India will keep imports elevated.

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

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



RBD palmolein showed higher prices in its benchmark market on rise in RBD palmolein prices in international markets.

RBD palmolein prices rose less at high seas compared to CNF markets indicating weak demand at high seas.

Import demand of RBD palmolein fell in Nov due to high premium over CPO at CNF markets, 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, higher 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 rise in prices of palm products in international market.

At present there is disparity of Rs 2.5-3.0 per kg due to tight conditions.

Stocks of RBD palmolein at Indian ports have decreased in Nov due to destocking at ports.

Demand of RBD palmolein was weak compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 79 (Rs 86) 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 more at CNF markets compared to FOB markets compared to last week.

Import of RBD palmolein in Nov was lower than Nov 2017 while it was lower compared to Oct 2018. Imports of RBD palmolein fell in Nov compared to Oct and port stocks fell indicating destocking of RBD palmolein in November.

CDSO CNF premium over CPO CNF is at USD 169 (USD 211 last week) per 10 kg which is high and may increase marginal imports quantity of CPO. Premium of CDSO soy oil high seas over CPO high seas is at Rs. 197 (Rs 205 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 150 (Rs 160 last week) per 10 kg. is high and will increase RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is at USD 165 (USD 190 last week) per ton. Increasing premium of refined sunflower oil over RBD palmolein due to hike in import duty on sun oil at Rs 175 (Rs 180) 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 Nov fell 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 3.9 percent y-o-y in Oct to 6.89 lakh tons from 7.17 lakh tons in Nov 2017. Imports in oil year 2017-18 (November 2017-October 2018) were 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 Nov by 34.86 percent to 1.09 lakh tons from 1.47 lakh tons in Nov 2017. Imports in oil year 2017-18 (November 2017-October 2018) were 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 500 (USD 475) per ton for Dec delivery and Jan delivery is quoted at USD 505 (USD 480) 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 530 (USD 515) per ton for Dec delivery and Jan delivery is quoted at USD 535 (USD 520) 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 511 (Rs 499) per 10 Kg and Dec delivery duty paid is offered at Rs 511 (Rs 499) per 10 kg. Ready lift RBD palmolein is quoted at Rs 590 (Rs 585) per 10 kg as on Dec 21, 2018. Values in brackets are figures of last week.

- On the parity front, margins decreased during this week due to rise in prices of palm products in international markets. Currently refiners fetch USD 15-20/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 35-40/ton v/s loss of USD 15-20/ton (last month) parity.

International Front

Palm oil prices are likely to rise due to fall in production of palm oil in Malaysia, higher demand from China and India, depreciation of ringgit and rise in crude oil prices.

Production of palm oil fell in Malaysia, Indonesia in November indicating peak production has reached, and production of palm oil will fall from here.

Production will fall on seasonal downtrend of production from here.

However, higher than expected palm oil end stocks in Malaysia and Indonesia by December will cap gains.

Exports of palm oil is expected to remain firm in Dec. Data from cargo surveyors show firm exports of palm oil from Malaysia in December on firm demand from China and India.

Demand from China and India firmed in December due to fall in prices of palm oil.

China is buying more palm oil due to lower production of soy oil in China due to lower imports of soybean in November. China imported fewer soybeans due to outbreak of swine flu in the country and negative crush margins of soybean. This has led to lower supply of soy oil leading to higher imports of palm oil.

Further, China will import more in Dec and Jan on demand ahead of Chinese New Year.

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 are expected to remain above 3 MMT in Malaysia in December, which are record highs. Same is with Indonesia where stocks of palm oil are expected to go above 5 MMT in 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.

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.

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.

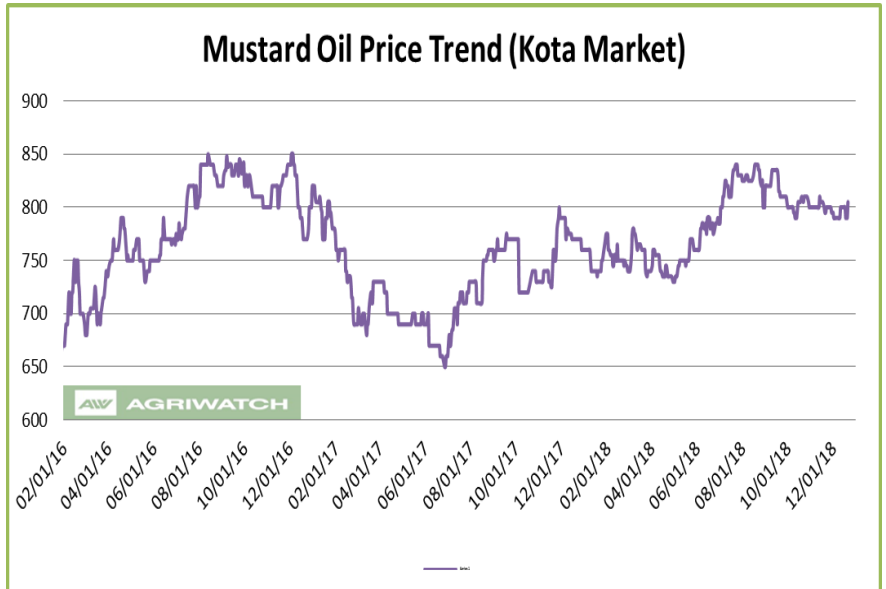
Competitive oils like RBD palmolein DALIAN is expected to support palm oil prices.

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 480-540 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 rise in prices of rapeseed. Arrivals of rapeseed rose 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 fall rapeseed oil prices. Fall in raw material prices led to lower product prices.



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

Sale of rapeseed by NAFED is progressing at slow pace. NAFED is currently holding 4.5 lakh tons of rapeseed. Stock of rapeseed with NCDEX is 0.049 lakh tons. Stocks with trade are less.

Demand of rapeseed oil has strengthened. Prices will be supported due to stocking of rapeseed oil on winters in East and North India.

Rapeseed end stocks in MY 2018-19 are 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 a shortage of rapeseed in the market due to lower crop and higher demand of rapeseed. There is a limited supply of rapeseed which will limit a fall in 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 to cap rapeseed oil prices.

High premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in the domestic market is at Rs 78 (Rs 80) per 10 Kg will cap rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 228 (Rs 280) per 10 kg will underpin rapeseed oil prices.

Import of canola is weak in Nov after weak oil year 2017-18 (Nov-Oct) indicating weak demand of canola oil. Hike in import duty on canola has slowed import demand. There are negligible stocks of canola oil at ports.

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 81 (USD 54) per ton and will decrease imports. Due to a 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 firm tone in coming days on firm demand and rise in rapeseed prices.

- Rapeseed oil import scenario- India imported 0.12 tons of rapeseed (Canola) oil in Nov 2018 v/s 0.41 lakh tons in Nov 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 81 (USD 54 last week) per ton for ready delivery as on Dec 21, 2018.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 795 (Rs 810) per 10 Kg, and at Kota market, it is offered at Rs 805 (Rs 800) per 10 kg as on Dec 21, 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 760-840 per 10 Kg.

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

- Sunflower oil price traded sideways during the week in Chennai on firm demand.
- Prices of sunflower oil traded sideways in Chennai on firm demand

Sunflower oil price high seas and at CNF markets traded sideways indicating normal demand at high seas.

Rise in soy oil and palm oil prices supported the rise.

Import demand of sunflower oil

rose in Nov compared to Oct due to low sunflower oil premium over soy oil in Oct at CNF markets. Stocks of sunflower oil fell at ports in Nov compared to rise in imports in Nov indicating destocking at ports.

In domestic market, sunflower oil prices premium over soy oil is at Rs 25 (Rs 20 last week) per 10 kg, which indicates that chance of correction of sunflower oil prices is less as prices have converged 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 165 (US 190 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 155 (Rs 160 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 175 (Rs 185 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 and fall in prices of palm oil has increased its premium over RBD palmolein in domestic markets.

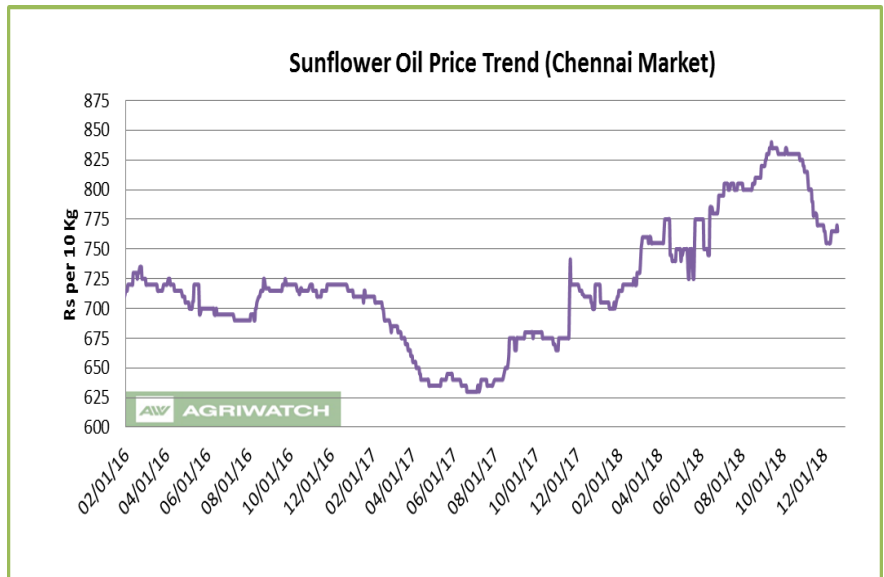
Prices of sunflower oil will be supported by lower stocks of sunflower oil at ports..

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.

Lower stocks of sunflower oil at ports and pipelines were due to lower imports of sun oil in last three months which will support prices. Lower domestic supply will support 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 supported by firm demand and lower stocks position.

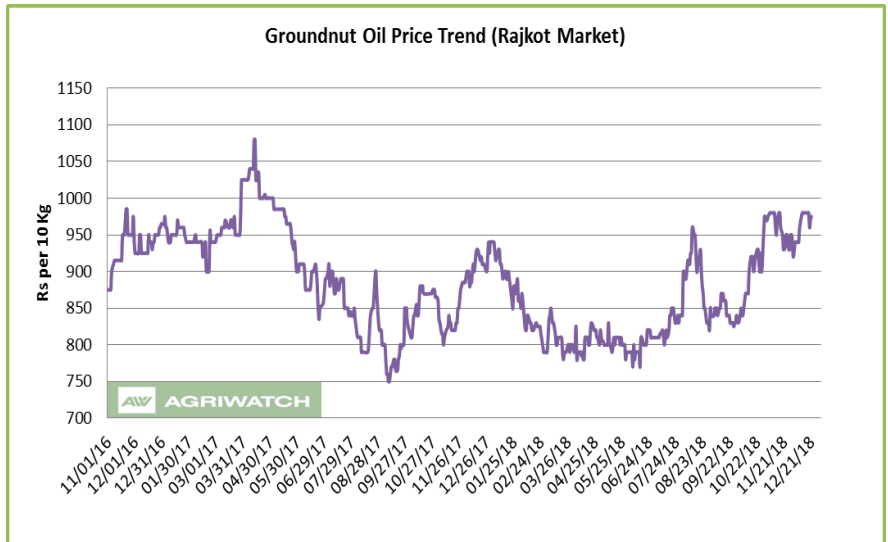


- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 14.4 percent y-o-y in Nov to 1.66 lakh tons from 1.94 lakh tons in Nov 2017. Imports in oil year 2017-18 (November 2017-October 2018) were reported higher by 16.4 percent y-o-y at 25.25 lakh 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 700 (USD 695) per ton for Jan delivery, FM delivery is quoted at USD 695 (USD 695) per ton, April delivery is quoted at USD 690 per ton and MJ delivery is quoted at USD 692.5 per ton. 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 670-730 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 31.0 (USD 19.0 last week) per ton for Jan delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 165 (USD 190) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 765 (Rs 765) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 770 (Rs 770) per 10 kg as on Dec 21, 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 700-800 per 10 Kg.

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

- Groundnut oil prices featured weak trend in Rajkot on account of weak demand.
- Groundnut oil prices fell on weak demand.
Prices fell despite rise in prices of groundnut indicating weak demand.
Prices have started to rise in December after lull Nov due to peak demand season in December.



However, demand has weakened

at higher prices as consumers are buying less groundnut oil as they expect prices to fall or buy palm oil.

Rural demand is weak, as farmers have not received full payment of crop so they are purchasing less.

Nafed is aggressively procuring groundnut in Gujarat, Rajasthan and MP. Total progressive purchase is 2.45 lakh in current season.

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

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

So, total stock in NAFED is 6.05 lakh tons apart from additional stocks with trade and farmers. High stocks are weighing on prices of groundnut.

Exports of groundnut is less due to higher prices of groundnut in domestic market.

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

Retail demand has weakened due sudden rise in prices of groundnut oil. Higher volatility in prices of groundnut oil leads to postponement of demand.

Demand of groundnut oil is will weaken around Rs 980-1000 per 10 kg levels.

Peak harvest is over in Gujarat.

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.

Groundnut oil prices are expected to fall on weak demand and weak competitive oils.

- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,750 (9,800), per quintal and it was quoted at Rs 9,300 (Rs 9,400) per quintal in Chennai market on Dec 21, 2018. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to lower 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

- Firm 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 and rise in prices of copra.

Coconut oil prices rose last week on firm demand against weak stock position.

Prices rose on rise prices of copra. Rise in raw material prices led to higher product prices,

Retail demand has firmed due to stability in prices of coconut oil.

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 on rise in palm oil prices.

Winter in North India, has weakened its demand.

Supply position is good in the market, which has weakened prices. However, price trend is biased towards upside.

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.

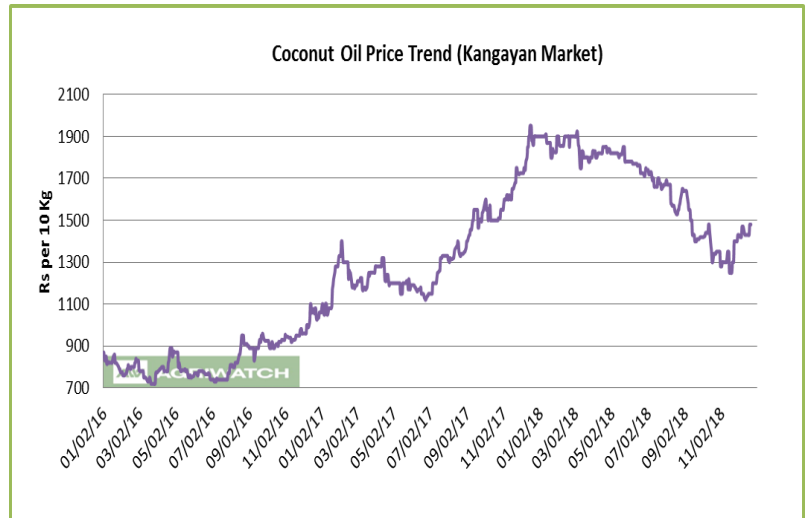
Copra supply is improving, as stocks buildup has started in the market despite higher exports and diversion of coconut products to other value added products.

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.

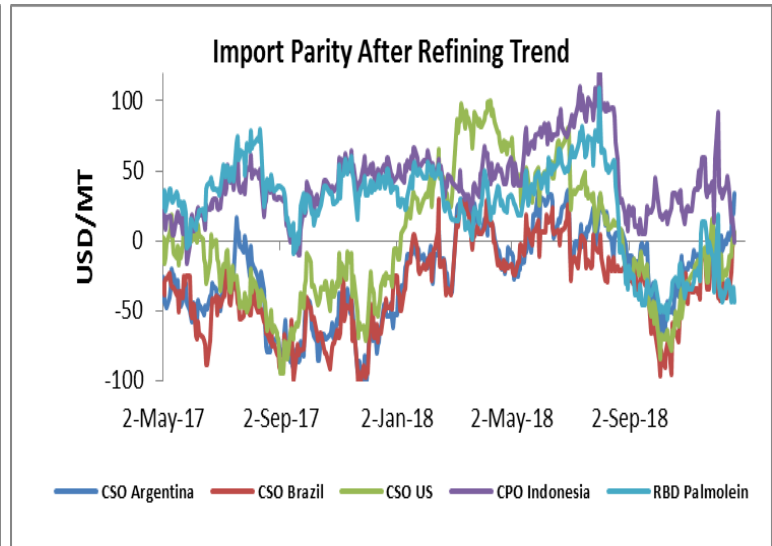
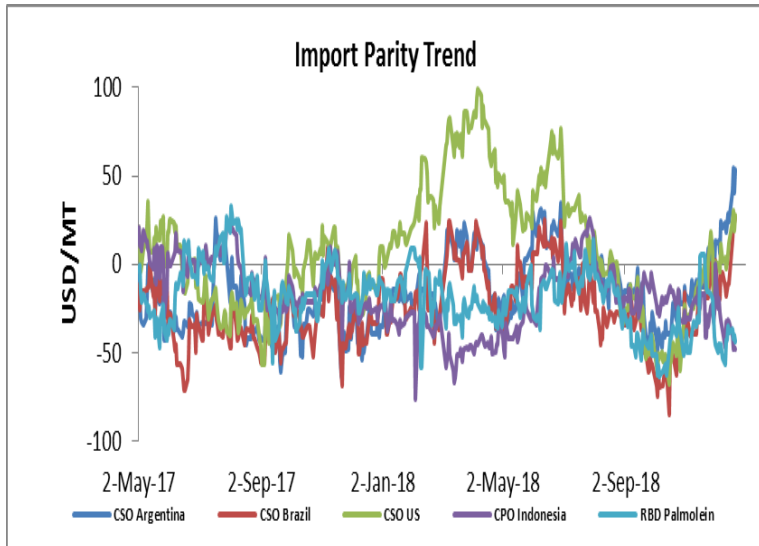
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 14,600 (14,800) per quintal, and was quoting Rs 14,800 (Rs 14,300) per quintal in Erode market on Dec 21, 2018.



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

Import Parity Trend

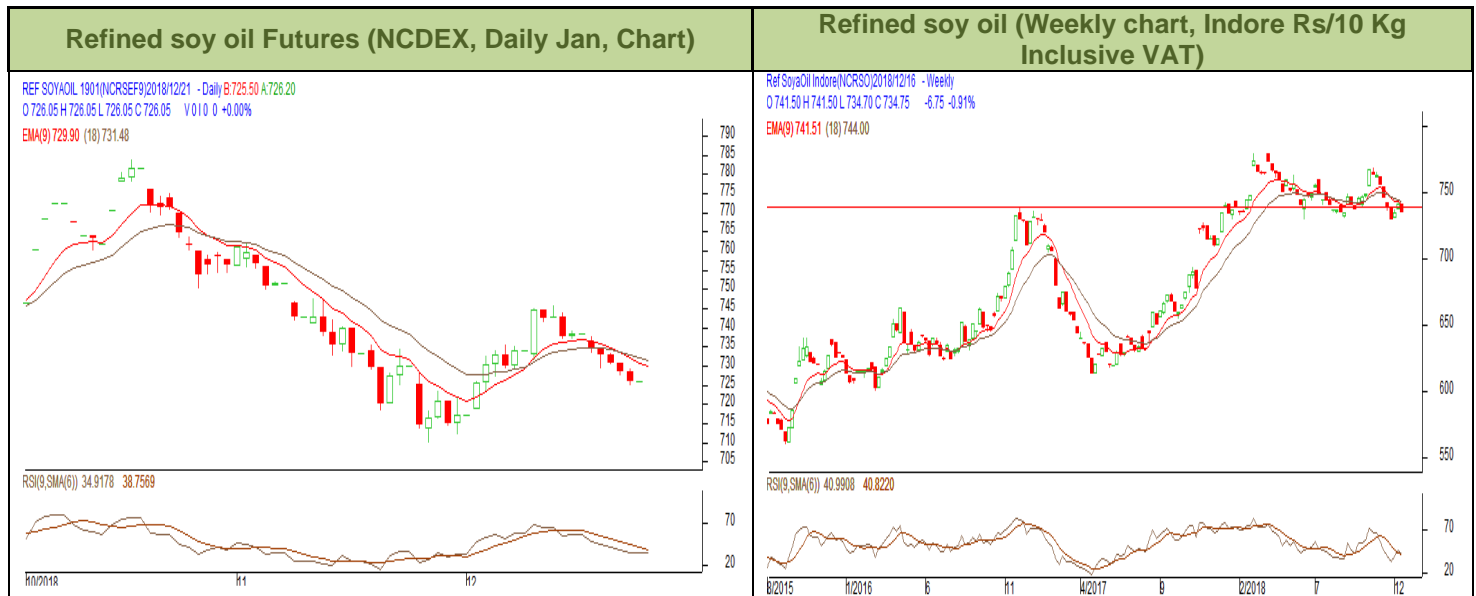
Import Parity After Refining in US dollar per ton (Monthly Average)



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

Outlook:-

Import parity for crude soy oil from Argentina have returned to parity due to appreciation of Rupee. We expect CDSO import parity to remain in parity 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 downtrend 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 above 720 in weekly might take the prices below 710 levels.
- Expected price band for next week is 700-740 level in near to medium term. RSI and MACD is suggesting downtrend in the market.

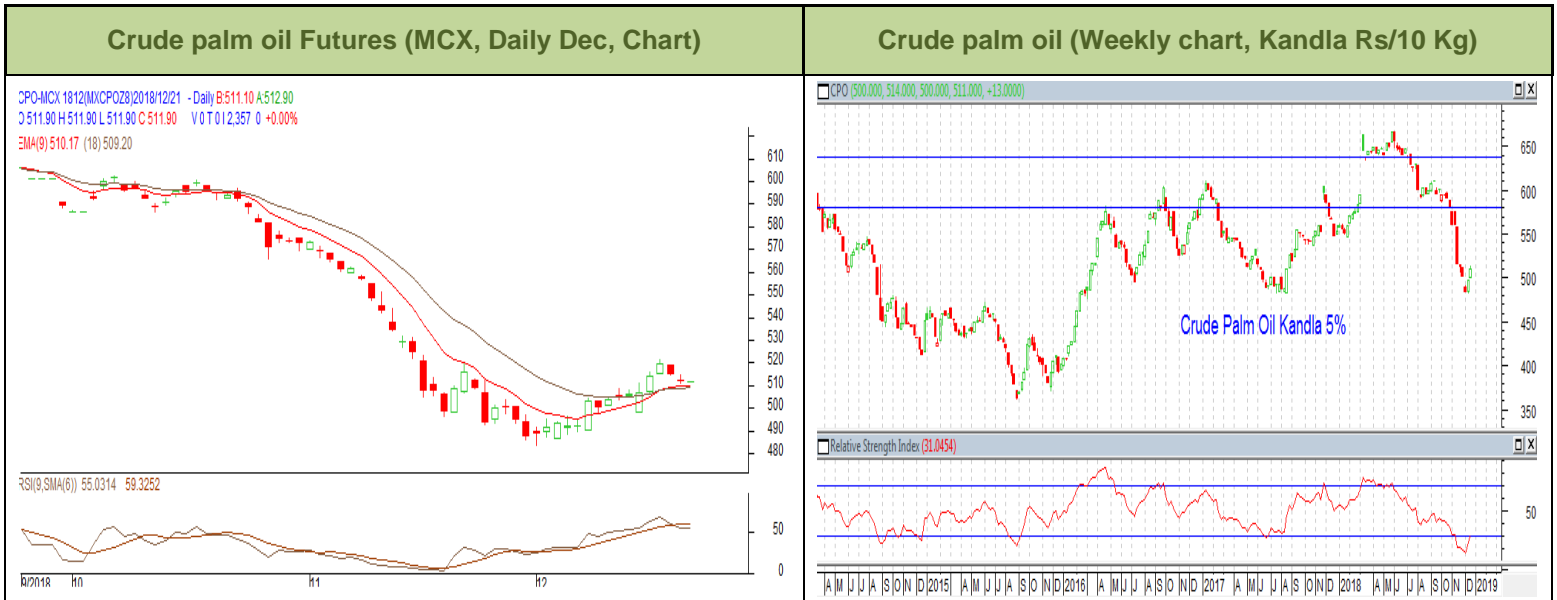
Strategy: Market participants are advised to go short below 730 levels for a target of 715 and 710 with a stop loss at 740 on closing basis.

RSO NCDEX (Jan)

Support and Resistance				
S2	S1	PCP	R1	R2
700.00	710.00	724.2.	740.00	750.00

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

Technical Analysis (Crude Palm oil)



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 below 500 in weekly chart may bring the prices to 490 levels.
- Expected price band for next week is 480-530 level. RSI and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 505 for a target of 520 and 525 with a stop loss at 495 on closing basis.

CPO MCX (Dec)

Support and Resistance				
S2	S1	PCP	R1	R2
480.00	495.00	509.30	510.00	520.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 480-540 per 10 Kg.

Veg. Oil Prices at Key Spot Markets
Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		21-Dec-18	14-Dec-18	
Refined Soybean Oil	Indore	740	745	-5
	Indore (Soy Solvent Crude)	705	705	Unch
	Mumbai	740	750	-10
	Mumbai (Soy Degum)	712	715	-3
	Kandla/Mundra	730	750	-20
	Kandla/Mundra (Soy Degum)	710	717	-7
	Kolkata	800	780	20
	Delhi	785	790	-5
	Nagpur	730	742	-12
	Rajkot	735	745	-10
	Kota	735	750	-15
	Hyderabad	750	750	Unch
	Akola	732	742	-10
	Amrawati	732	742	-10
	Bundi	745	760	-15
	Jalna	732	738	-6
	Alwar	Unq	0	-
	Solapur	721	725	-4
	Dhule	731	738	-7
Palm Oil*	Kandla (Crude Palm Oil)	537	523	14
	Kandla (RBD Palm oil)	567	578	-11
	Kandla RBD Pamolein	620	620	Unch
	Kakinada (Crude Palm Oil)	541	536	5
	Kakinada RBD Pamolein	635	625	11
	Haldia Pamolein	635	635	Unch
	Chennai RBD Pamolein	641	635	5
	Chennai RBD Pamolein (Vitamin A&D Fortified)	701	700	1
	KPT (krishna patnam) Pamolein	630	625	5
	Mumbai RBD Pamolein	651	651	Unch
	Mangalore RBD Pamolein	641	635	5
	Tuticorin (RBD Palmolein)	632	Closed	-
	Delhi	Closed	655	-
	Rajkot	Closed	609	-
	Hyderabad	617	630	-13
	PFAD (Kandla)	320	305	16
	Refined Palm Stearin (Kandla)	399	410	-11

	Superolien (Kandla)	693	683	11
	Superolien (Mumbai)	701	700	1
* inclusive of GST				
Refined Sunflower Oil	Chennai	765	765	Unch
	Mumbai	800	810	-10
	Mumbai(Expeller Oil)	715	712	3
	Kandla (Ref.)	770	770	Unch
	Kandla/Mundra (Crude)	Unq	0	-
	Hyderabad (Ref)	780	780	Unch
	Latur (Expeller Oil)	750	770	-20
	Chellakere (Expeller Oil)	710	720	-10
	Erode (Expeller Oil)	800	790	10
Groundnut Oil	Rajkot	975	980	-5
	Chennai	930	940	-10
	Delhi	950	950	Unch
	Hyderabad *	970	990	-20
	Mumbai	985	985	Unch
	Gondal	965	975	-10
	Jamnagar	960	970	-10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	795	810	-15
	Jaipur (Kacchi Ghani Oil)	819	824	-5
	Kota (Expeller Oil)	805	800	5
	Kota (Kacchi Ghani Oil)	790	810	-20
	Neewai (Expeller Oil)	790	795	-5
	Neewai (Kacchi Ghani Oil)	805	810	-5
	Bharatpur (Kacchi Ghani Oil)	810	840	-30
	Alwar (Expeller Oil)	Unq	0	-
	Alwar (Kacchi Ghani Oil)	Unq	0	-
	Sri-Ganga Nagar(Exp Oil)	785	810	-25
	Sri-Ganga Nagar (Kacchi Ghani Oil)	805	815	-10
	Mumbai (Expeller Oil)	835	830	5
	Kolkata(Expeller Oil)	940	940	Unch
	New Delhi (Expeller Oil)	843	852	-9
	Hapur (Expeller Oil)	900	905	-5
	Hapur (Kacchi Ghani Oil)	940	945	-5
	Agra (Kacchi Ghani Oil)	815	845	-30
Refined Cottonseed Oil	Rajkot	695	710	-15
	Hyderabad	710	705	5
	Mumbai	715	725	-10

	New Delhi	680	685	-5
Coconut Oil	Kangayan (Crude)	1480	1430	50
	Cochin	1460	1480	-20
	Trissur	Unq	0	-
Sesame Oil	New Delhi	1700	1750	-50
	Mumbai	Unq	0	-
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	620	635	-15
Rice Bran Oil (4%)	Punjab	615	620	-5
Rice Bran Oil (4%)	Uttar Pradesh	Unq	0	-
Malaysia Palmolein USD/MT	FOB	508	488	20
	CNF India	540	518	22
Indonesia CPO USD/MT	FOB	488	443	45
	CNF India	510	478	32
RBD Palm oil (Malaysia Origin USD/MT)	FOB	500	478	22
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	488	455	33
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	880	820	60
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	345	323	22
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	780	-
Ukraine Origin CSFO USD/MT Kandla	CIF	690	690	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	713	730	-17
Argentina FOB (\$/MT)		20-Dec-18	13-Dec-18	Change
Crude Soybean Oil Ship		614	632	-18
Refined Soy Oil (Bulk) Ship		635	654	-19
Sunflower Oil Ship		605	622	-17
Cottonseed Oil Ship		594	612	-18
Refined Linseed Oil (Bulk) Ship		Unq	0	-
<i>* indicates including GST</i>				

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