

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

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

On the currency front, Indian rupee is hovering near 69.95 against 70.14 paise 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 rise in near-term.

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

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. 700-750 per 10 Kg. in the near term.

In MCX, market participants are advised to go short in CPO below 515 for a target of 500 and 495 with a stop loss at 525 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, record soybean crop condition in Brazil, lower soybean demand from China, conducive soybean weather in Argentina and liquidation of soybean state reserve in China is expected to underpin soy oil prices in coming days.

Expected rise in palm oil stocks in Malaysia, higher production of palm oil in Malaysia, lower exports of palm oil from Malaysia, appreciation of ringgit and fall in competitive oils prices is expected to underpin CPO prices in near term.

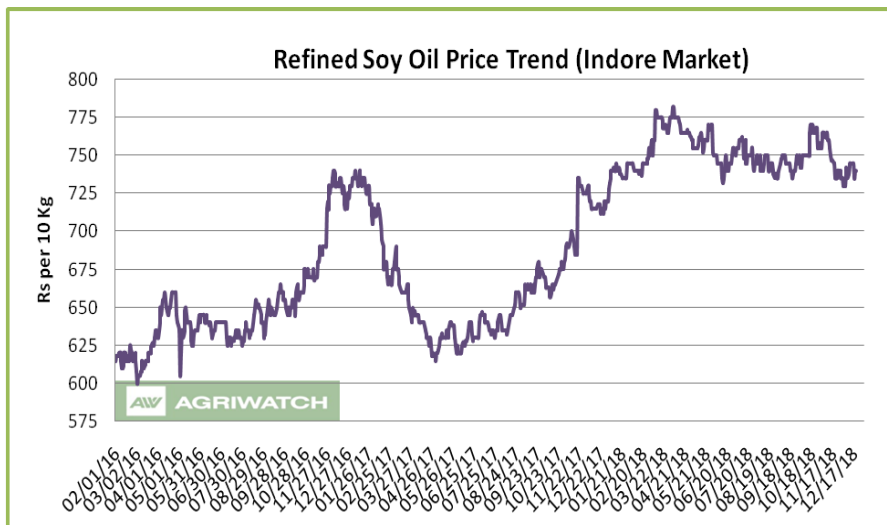
Soy oil Fundamental Analysis and Outlook:-

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 has failed to



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 3.0-3.5 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 weak at CNF markets as prices fell more 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 rains in Argentina's soybean belt despite fall 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 122 (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 150 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 158 (USD 169 last week) per ton for Jan 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 643 (USD 669) per ton for Dec delivery, Feb delivery is quoted at USD 643 (USD 690) per ton and Feb delivery is quoted at USD 643 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 increased during the week on fall in prices of soy oil in international markets, and we expect margins to remain firm in coming days. Currently refiners fetch USD 30-35/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 settlement US and China has temporary failed to support soybean complex prices. China has booked around 5 MMT of soybean until now.

However, 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 will start purchasing soybean from US in January thereby slowing exports of soybean from US.

Recent rise in soybean prices due to US-China trade settlement has made its soybean uncompetitive compared to 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 margins.

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 condition is in good condition and weather is conducive for record soybean harvest. 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 30 percent in four months due to trade dispute between US and China and record soybean crop in US and Brazil coupled with weak Chinese demand, is expected to reignite demand and support prices.

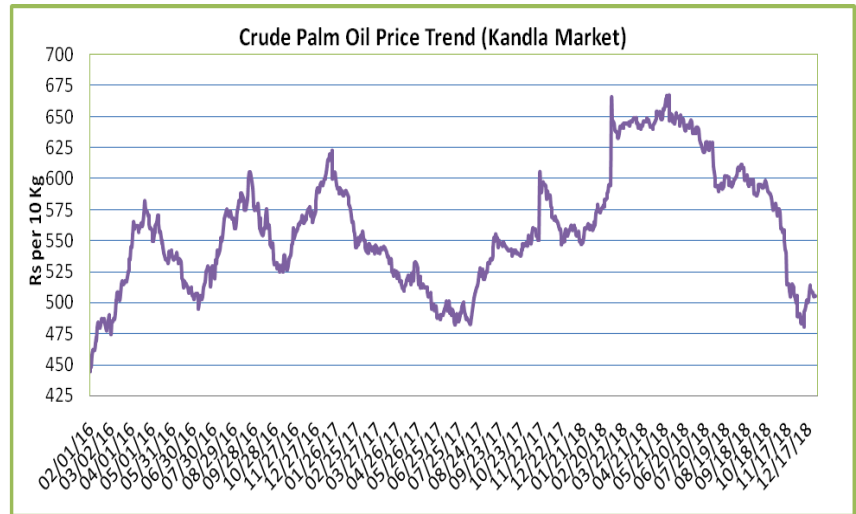
Dollar Index is expected to fall on realignment of US FED towards future rise in interest rates in 2018-19 will support on soy oil prices in near term.

Global crude oil prices have is expected to rise due to OPEC and Russia plan to cut crude oil production. 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 700-750 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 and fall in prices of CPO in international markets. RBD palmolein also fell at its benchmark market of Kandla on weak demand and fall in prices of RBD palmolein in international markets.
- Prices of CPO closed lower at Kandla on weak demand and fall in prices of CPO in international markets.



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 term may lead to rise in imports of CPO.

CPO import disparity increased on fall in prices of CPO in Indian markets, which stands at Rs 3.5-4.0 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. However, there have been recent indications by MPOA that production of palm oil rose in December 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 fell less at CNF compared to FOB markets compared to last week.

RBD palmolein showed lower prices in its benchmark market on weak demand and fall in RBD palmolein prices in international markets.

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 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 fall in prices of palm products in Indian 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 77 (Rs 79) 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 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 158 (USD 169 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. 199 (Rs 197 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 150 (Rs 150 last week) per 10 kg. is high and will increase RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is at USD 175 (USD 165 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 175) 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 507 (USD 510) per ton for Jan delivery. 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 540 (USD 540) per ton for Jan delivery. 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 503 (Rs 511) per 10 Kg and Jan delivery duty paid is offered at Rs 507 (Rs 511) per 10 kg. Ready lift RBD palmolein is quoted at Rs 585 (Rs 590) per 10 kg as on Dec 28, 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 lose USD 0-5/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 fall due to expectation of rise in end stocks of palm oil in Malaysia and Indonesia in December, rise in production of palm oil in Malaysia, lower exports of palm oil from Malaysia in December and appreciation of ringgit.

Palm oil end stocks are expected to rise in December after record November due to rise in production of palm oil in Malaysia in December and slow rise in exports of palm oil from Malaysia in December.

End stocks of palm oil are expected to rise after rising above 3 MMT to record in December and it will stay above 5 MMT in Indonesia in December.

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

Production of palm oil is expected to rise in Malaysia in December after data from Malaysia Palm Oil Association (MPOA) showed production rose 6.5 percent in first 20 days of December indicating that palm oil production will end December in green after fall in November.

Exports of palm oil is expected to remain show slow rise in Dec due to weak demand from EU due to winters and seasonal downtrend of exports. Data from cargo surveyors show weak exports of palm oil from Malaysia in December. However, exports to China and Malaysia showed firm trend.

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 25-30 per ton.

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.

Falling stocks of soybean in China and lower imports of soybean from China will prompt more imports from the country. However, liquidation of state reserves of soybean may lower imports.

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

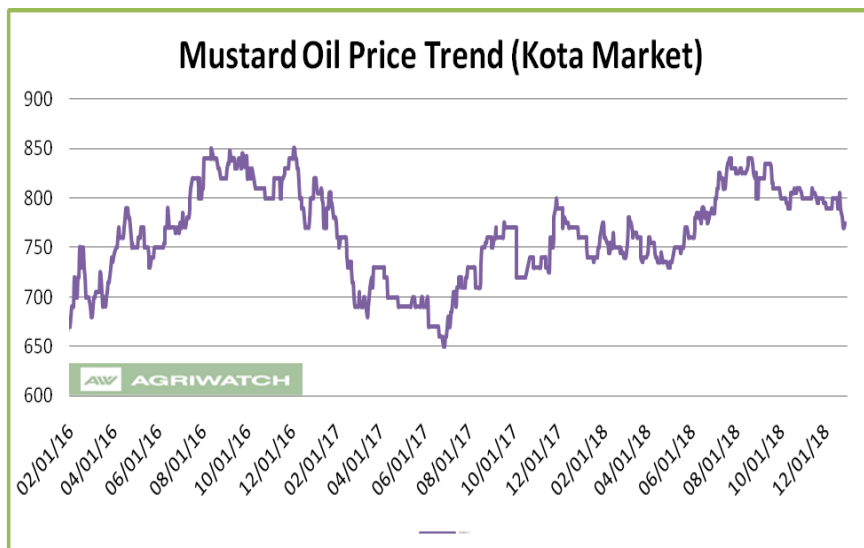
Global crude oil prices are expected to rise on expected cut on crude oil production by OPEC and Russia will support palm oil prices.

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



Collapse in palm oil prices in last three 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 4.21 lakh tons of rapeseed.

Stock of rapeseed with NCDEX is 0.05 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 MY 2018-19. 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 MY 2019-20 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 76 (Rs 78) per 10 Kg will cap rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 223 (Rs 228) 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 92 (USD 81) 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 weak tone in coming days on weak demand and fall 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 92 (USD 81 last week) per ton for ready delivery as on Dec 28, 2018.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 785 (Rs 795) per 10 Kg, and at Kota market, it is offered at Rs 775 (Rs 790) per 10 kg as on Dec 28, 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 720-840 per 10 Kg.

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

- Sunflower oil price traded sideways during the week in Chennai on weak demand.
- Prices of sunflower oil traded sideways in Chennai on weak demand
Sunflower oil price fell more at high seas compared to CNF markets indicating weak demand at high seas.
Fall in soy oil and palm oil prices supported the fall.

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 33 (Rs 25 last week) per 10 kg, which indicates that chance of correction of sunflower oil prices is more as prices have diverging at CNF markets.

Demand of sunflower oil is likely to capped due to high premium over RBD palmolein.

Sunflower oil premium over RBD palmolein at CNF India is at USD 167.5 (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 155 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 195 (Rs 175 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..

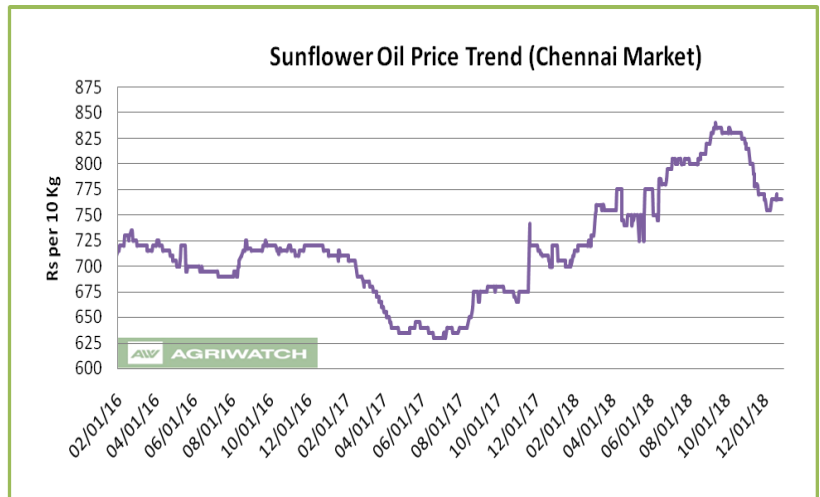
Imports of sunflower oil rose in oil year 2017-18 (Nov 2017-Oct 2018) by 16 percent compared to corresponding period in last oil after rise of 43 percent in 2016-17 oil year At present destocking is taking place at ports.

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 decreased on purchase of crude sunflower oil from international markets as CNF sunflower oil premium over CNF soybean oil has risen.

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

- 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



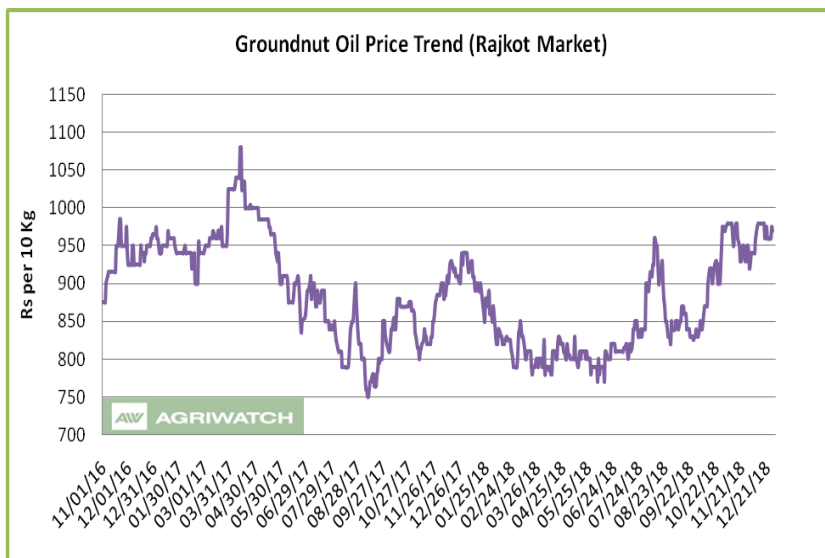
(November 2017-October 2018) were reported higher by 16.4 percent y-o-y at 25.25 lakh tons compared to 21.69 lakh tons in last oil year.

- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 697.5 (USD 700) per ton for Jan delivery, FMA delivery is quoted at USD 692.5 (USD 695) per ton and MJ delivery is quoted at USD 690 (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 40.0 (USD 31.0 last week) per ton for Jan delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 167.5 (USD 165) 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 760 (Rs 770) per 10 kg as on Dec 28, 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 weak trend in Rajkot on account of weak demand.
- Groundnut oil prices fell on weak demand and fall in prices of groundnut.
Prices are falling in December despite being peak demand season indicating weak demand. Prices are expected to taper in January as seasonal demand slows. However, net fortnight will be key for prices after unusual December.



Prices fell on fall in groundnut prices. Fall in raw material prices lead to fall in product prices.

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 3.20 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 6.8 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 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.

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.

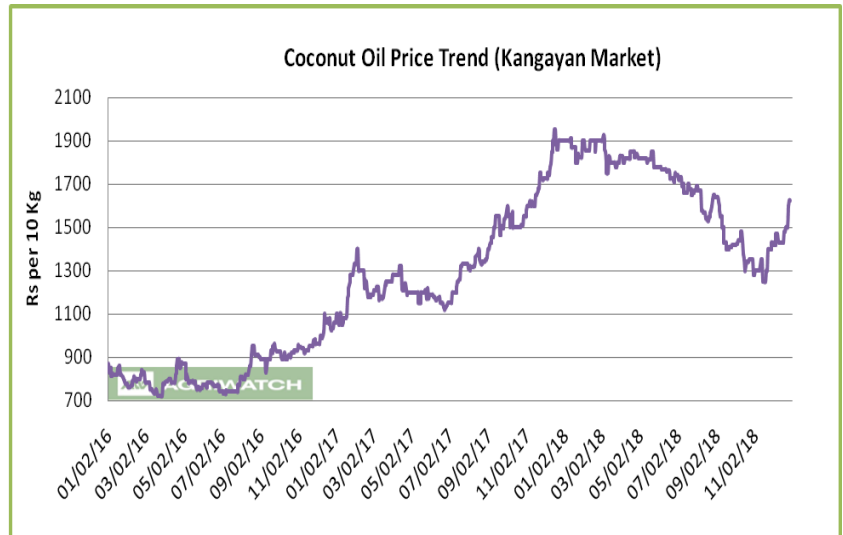
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,700 (9,750), per quintal and it was quoted at Rs 9,600 (Rs 9,300) per quintal in Chennai market on Dec 28, 2018. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to lower 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 firm.

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

Winter in North India, has weakened its demand.

Supply position is weak in the market, which has supported prices. 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. However, demand has increased on rise in demand of coconut oil.

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.

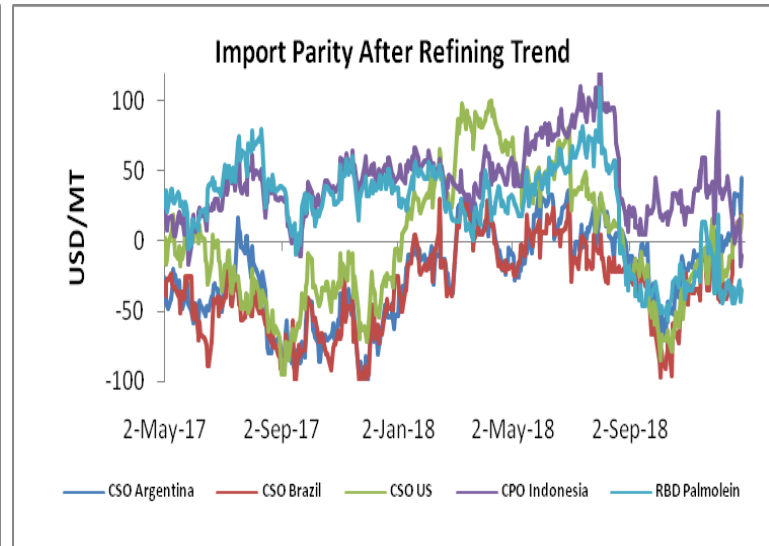
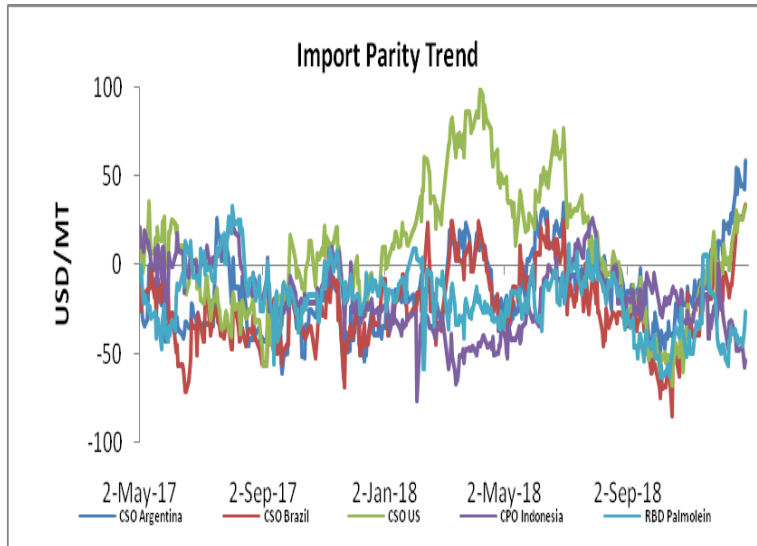
Coconut oil prices are expected to be firm in days ahead.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 14,700 (14,600) per quintal, and was quoting Rs 16,250 (Rs 14,800) per quintal in Erode market on Dec 28, 2018.

Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1400-1700 per 10 Kg.

Import Parity Trend

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

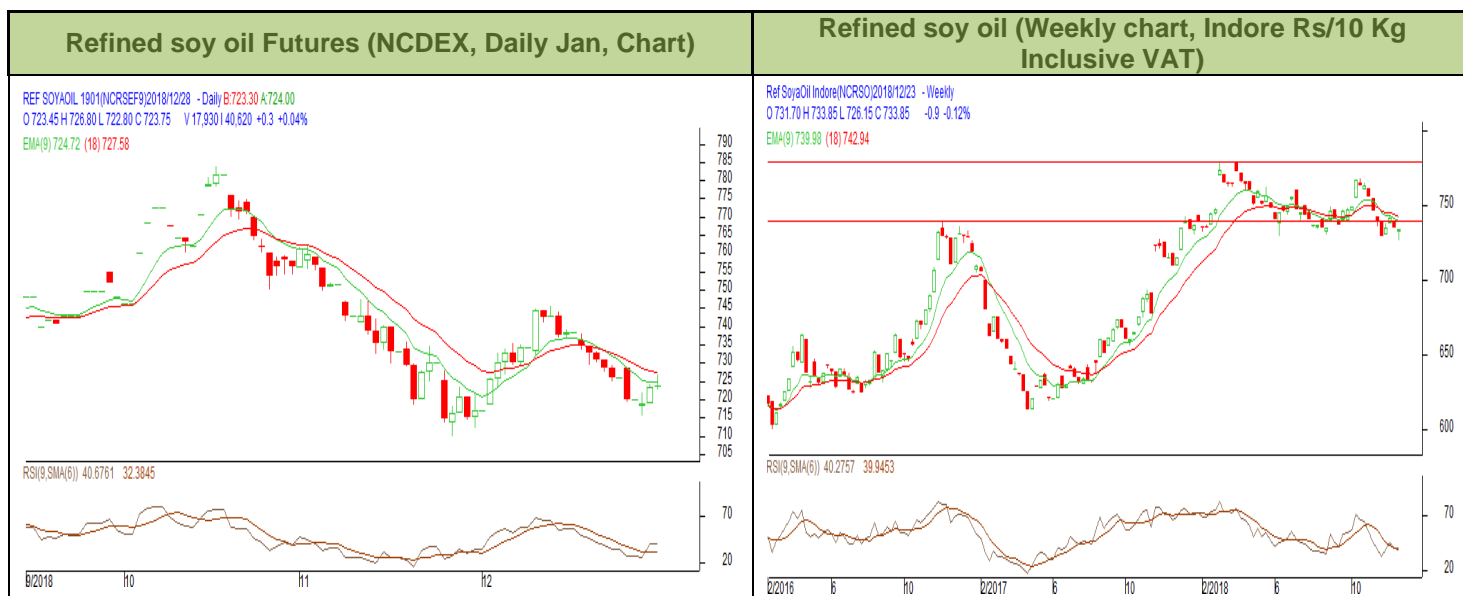


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Oct, 2018	-42.70	-69.39	-60.07	20.03	-37.78
Nov, 2018	-11.43	-27.88	-17.98	36.31	-16.08

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.

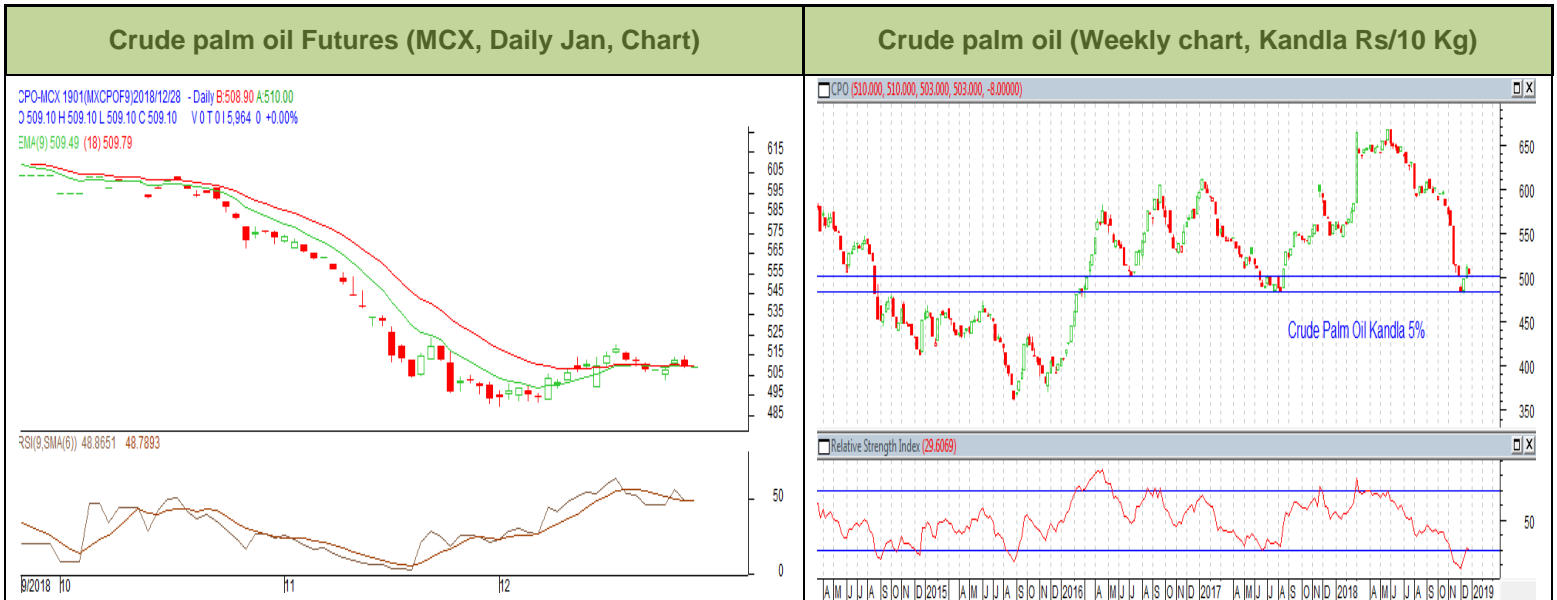
Strategy: Market participants are advised to go short below 730 levels for a target of 715 and 710 with a stop loss at 740 on closing basis.

RSO NCDEX (Jan)

Support and Resistance				
S2	S1	PCP	R1	R2
700.00	710.00	723.75	740.00	750.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 700-750 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show down in prices during the week. We expect that CPO Jan 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 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 short in CPO below 515 for a target of 500 and 495 with a stop loss at 525 on closing basis.

CPO MCX (Jan)

Support and Resistance				
S2	S1	PCP	R1	R2
480.00	495.00	509.1	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
		28-Dec-18	21-Dec-18	
Refined Soybean Oil	Indore	732	740	-8
	Indore (Soy Solvent Crude)	695	705	-10
	Mumbai	730	740	-10
	Mumbai (Soy Degum)	705	712	-7
	Kandla/Mundra	720	730	-10
	Kandla/Mundra (Soy Degum)	698	710	-12
	Kolkata	780	800	-20
	Delhi	775	785	-10
	Nagpur	728	730	-2
	Rajkot	722	735	-13
	Kota	735	735	Unch
	Hyderabad	750	750	Unch
	Akola	730	732	-2
	Amrawati	729	732	-3
	Bundi	745	745	Unch
	Jalna	728	732	-4
	Alwar	Unq	0	-
	Solapur	722	721	1
	Dhule	726	731	-5
Palm Oil*	Kandla (Crude Palm Oil)	530	537	-6
	Kandla (RBD Palm oil)	571	567	4
	Kandla RBD Pamolein	614	620	-5
	Kakinada (Crude Palm Oil)	541	541	Unch
	Kakinada RBD Pamolein	630	635	-5
	Haldia Pamolein	627	635	-8
	Chennai RBD Pamolein	630	641	-11
	Chennai RBD Pamolein (Vitamin A&D Fortified)	693	701	-8
	KPT (krishna patnam) Pamolein	625	630	-5
	Mumbai RBD Pamolein	630	651	-21
	Mangalore RBD Pamolein	630	641	-11
	Tuticorin (RBD Palmolein)	622	632	-11
	Delhi	640	650	-10
	Rajkot	609	609	Unch
	Hyderabad	606	617	-11
	PFAD (Kandla)	320	320	Unch
	Refined Palm Stearin (Kandla)	394	399	-5

	Superolien (Kandla)	688	693	-5
	Superolien (Mumbai)	693	701	-8
* inclusive of GST				
Refined Sunflower Oil	Chennai	765	765	Unch
	Mumbai	790	800	-10
	Mumbai(Expeller Oil)	705	715	-10
	Kandla (Ref.)	760	770	-10
	Kandla/Mundra (Crude)	Unq	0	-
	Hyderabad (Ref)	775	780	-5
	Latur (Expeller Oil)	750	750	Unch
	Chellakere (Expeller Oil)	710	710	Unch
	Erode (Expeller Oil)	800	800	Unch
Groundnut Oil	Rajkot	970	975	-5
	Chennai	960	930	30
	Delhi	950	950	Unch
	Hyderabad *	980	970	10
	Mumbai	985	985	Unch
	Gondal	985	965	20
	Jamnagar	970	960	10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	785	795	-10
	Jaipur (Kacchi Ghani Oil)	808	819	-11
	Kota (Expeller Oil)	775	790	-15
	Kota (Kacchi Ghani Oil)	785	790	-5
	Neewai (Expeller Oil)	780	790	-10
	Neewai (Kacchi Ghani Oil)	797	805	-8
	Bharatpur (Kacchi Ghani Oil)	810	810	Unch
	Alwar (Expeller Oil)	Unq	0	-
	Alwar (Kacchi Ghani Oil)	Unq	0	-
	Sri-Ganga Nagar(Exp Oil)	775	785	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	790	805	-15
	Mumbai (Expeller Oil)	830	835	-5
	Kolkata(Expeller Oil)	930	940	-10
	New Delhi (Expeller Oil)	830	843	-13
	Hapur (Expeller Oil)	905	900	5
	Hapur (Kacchi Ghani Oil)	945	940	5
	Agra (Kacchi Ghani Oil)	815	815	Unch
Refined Cottonseed Oil	Rajkot	690	695	-5
	Hyderabad	695	710	-15
	Mumbai	702	715	-13



	New Delhi	670	680	-10
Coconut Oil	Kangayan (Crude)	1625	1480	145
	Cochin	1470	1460	10
	Trissur	Unq	0	-
Sesame Oil	New Delhi	1600	1700	-100
	Mumbai	Unq	0	-
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	605	620	-15
Rice Bran Oil (4%)	Punjab	605	615	-10
Rice Bran Oil (4%)	Uttar Pradesh	Unq	0	-
Malaysia Palmolein USD/MT	FOB	500	508	-8
	CNF India	540	540	Unch
Indonesia CPO USD/MT	FOB	480	488	-8
	CNF India	507	510	-3
RBD Palm oil (Malaysia Origin USD/MT)	FOB	493	500	-7
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	490	488	2
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	870	880	-10
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	345	345	Unch
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	850	-
Ukraine Origin CSFO USD/MT Kandla	CIF	700	690	10
Rapeseed Oil Rotterdam Euro/MT	FOB	705	713	-8
Argentina FOB (\$/MT)		27-Dec-18	20-Dec-18	Change
Crude Soybean Oil Ship		592	614	-22
Refined Soy Oil (Bulk) Ship		613	635	-22
Sunflower Oil Ship		605	605	Unch
Cottonseed Oil Ship		572	594	-22
Refined Linseed Oil (Bulk) Ship		Unq	0	-
* indicates including GST				

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