

# 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 rose during the week. Soy oil, palm oil and sunflower oil prices rose while rapeseed oil, groundnut oil and coconut oil closed in red.*

*On the currency front, Indian rupee is hovering near 70.76 against 69.71 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 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 750 levels for a target of 765 and 770 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. 700-800 per 10 Kg. in the near term.*

*In MCX, market participants are advised to go long above 750 levels for a target of 765 and 770 with a stop loss at 740 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 500-560 per 10 Kg in the near term.*

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

*On the international front, US-China trade settlement, drought soybean crop condition in Brazil, higher soybean demand by China from US, bad soybean weather in Argentina, rise in crude oil prices and weak dollar is expected to support soy oil prices in coming days.*

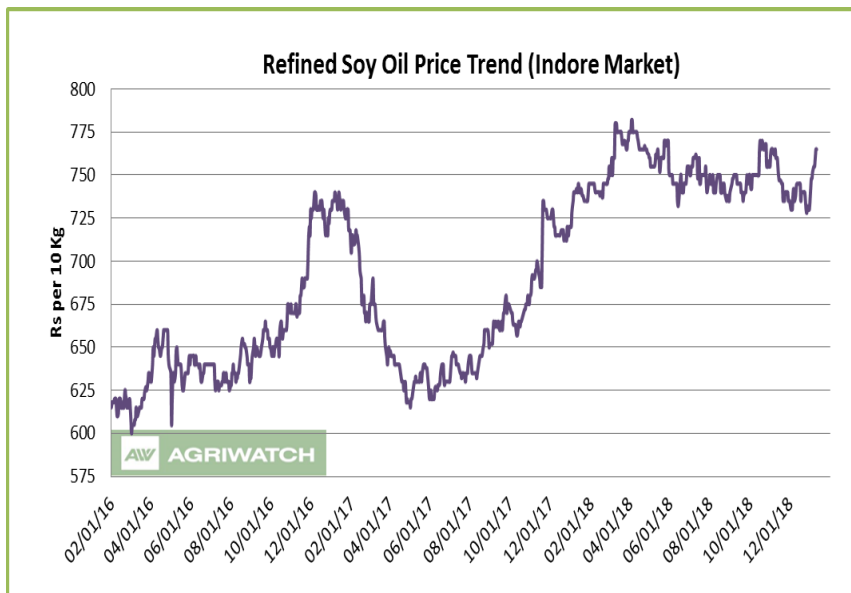
*Expected fall in palm oil stocks in Malaysia and Indonesia, lower production of palm oil in Malaysia, rise in exports of palm oil from Malaysia, rise in competitive oils and rise in crude oil prices is expected to support CPO prices in near term.*

## Soy oil Fundamental Analysis and Outlook:-

### Domestic Front

- Soy oil featured 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. Recent appreciation of Rupee may induce fresh buying activities of oil importers.

Trade settlement between US and China, drought conditions in Brazil and flooding in Argentina has supported international soybean complex situation amid 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 weak at high seas as its prices rose less at high seas compared to CNF markets compared to last week.

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

Drought conditions in soybean areas in Brazil, US-China trade settlement and adverse conditions in soybean areas of Argentina will support soy oil prices in domestic market.

Basis rose due to rains in Argentina's soybean belts despite rise in prices of soy oil at CBOT leading to higher 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 high premium over RBD palmolein at high seas at Rs 105 (Rs 108 last week) per 10 kg will decrease CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 153 (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 174 (USD 150 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 699 (USD 677) per ton for Jan delivery, Feb delivery is quoted at USD 699 (USD 677) per ton and Mar delivery is quoted at USD 692 (USD 672) per ton.

Values in brackets are figures of last week. Last month, CNF CDSO Dec average price was USD 679.24 (USD 685.12 per ton in Nov 2018) per ton.

- On the parity front, margins increased during the week on rise in prices of soy oil in Indian markets, and we expect margins to remain firm in coming days. Currently refiners fetch USD 45-50/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 expectation US and China trade talks, of fall in production of soybean in Brazil, bad weather in soybean growing regions in Argentina, weak dollar and rise in crude oil prices. Trade settlement US and China is expected to support soybean complex prices. China is continuing booking cargoes of soybean. US has said that trade talks were fruitful and was across sectors. China is expected to resume US crude oil imports. However, China has not removed 25 percent import duty on imports of soybean from US.

Soybean crop harvest has started in Brazil. However, Brazil is facing severe drought in many areas, which is expected to reduce soybean crop of the country due to fall in yields in drought-affected areas. Around 5-10 MMT of soybean crop is estimated to be lost due to drought. This will reduce exportable surplus of soybean from Brazil.

Exports from Brazil is set to fall to 72 MMT in 2018/19 from 80 MMT in 2017/18.

This may cut soybean imports by China leading to higher buying of US and Argentina's soybean in 2019.

Soybean crop in Argentina faced flooding due to rains which caused delay in planting in many areas. More rains are forecast this week which will lead to potential loss in soybean crop or may reduce yields in various areas. Exact impact will be evident in next couple of weeks.

China purchased 40 percent less soybean in December due to trade war between US and China. Weak demand from China due to weak demand from feed sector due to lowering of protein feed quality, outbreak of swine flu, alternate source of protein and liquidation of soybean state reserves by China. Receding supply of soybean from Brazil and Argentina and increased edible vegetable oils imports in December to keep its oil market in check. However, China must import more soybeans to control soy meal prices in the country, which is reeling due to outbreak of swine flu and negative crush margins.

China purchased 97 percent of soybean exported from Brazil indicating tight condition of soybean globally which has forced Beijing to resume talks with US.

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 expected in coming months.

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.

China is liquidating soybean state reserves, 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.

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 are 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 firm due to firm demand prospects, which will support 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.

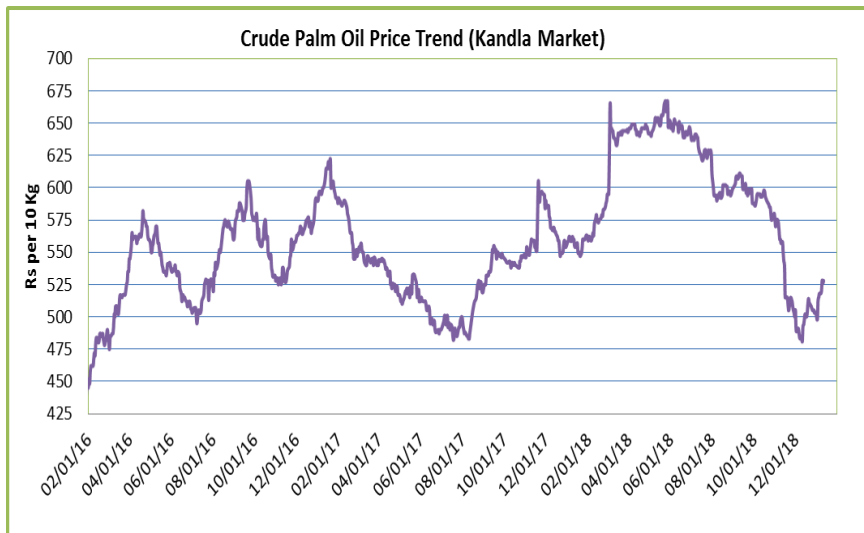
Global crude oil prices have is expected to rise due to OPEC and Russia plan to cut crude oil production. Resumption of US crude imports by China will support crude oil prices.

**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 700-800 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 firm demand.  
RBD palmolein also rose at its benchmark market of Kandla on firm demand.
- Prices of CPO closed higher at Kandla on firm demand.  
Prices of CPO rose more at high seas compared to CNF markets compared to last week indicating firm demand at high seas.



Reduction in import duty on CPO will weaken CPO imports as duty differential between crude palm oil and refined palm oil has fallen from 11 percent to 5 percent. Preferential treatment to Malaysia in terms of lower RBD palmolein imports will lead to higher imports of refined palm oil and lower imports of CPO from Indonesia. This has led to higher import parity and higher parity in imports than domestic refined RBD palmolein. This step will destroy domestic refining industry already struggling under NPA and payment crisis.

Government of India should reconsider this step as this step is not out of logic. India is not responsible to deplete palm oil stocks in Malaysia. India is not protecting its interest before taking such irresponsible decisions. Rupee appreciation in near term may lead to rise in imports of CPO.

CPO import disparity decreased on rise in prices of CPO in Indian markets, which stands at Rs 2.5-3.0 per kg. Falling 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.

Disparity has decreased on appreciation of Rupee indicating firm demand 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 increases demand.

Data from cargo surveyors show fall in imports of palm oil by India in January 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 Dec stocks rose to record in two decades, on lower rise in exports of palm oil in December 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, falling premium of RBD palmolein over CPO at CNF markets, falling premium over soy oil over CPO at CNF markets, will slow CPO imports.

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 firm demand.

RBD palmolein prices rose more at high seas compared to CNF markets indicating firm 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 expected to firm in oil year 2018-19 (Nov 2018-Oct 2019) due to reduction in import duty on RBD palmolein, lower differential of RBD palmolein import duty over CPO, falling premium of RBD palmolein over CPO at CNF markets, higher margins in imports of ready to use palmolein compared to domestic refined CPO.

Imports of RBD palmolein have returned to parity due to rise in prices of palm products in Indian market.

At present there is parity of Rs 1.0-1.5 per kg due to reduction in import duty.

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 82 (Rs 85) per 10 kg compared to last week.

Margins are lower in importing CPO and selling refined oil in domestic markets, than selling ready to use RBD palmolein in domestic markets.

Lower refining margins in domestic refined palmolein compared to imported ready to use palmolein will discourage 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 174 (USD 150 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. 187 (Rs 193 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 153 (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 142.5 (USD 140 last week) per ton. High premium of refined sunflower oil over RBD palmolein due to hike in import duty on sun oil at Rs 155 (Rs 160) per 10 kg, will increase RBD palmolein imports. Values in brackets are figures of last week.

- According to Government of India (GOI) notification number 84/2018-Customs dated 31 December 2018, import duty on crude palm oil is reduced to 40 percent from 44 percent while on refined palm oil is reduced to 50 percent from 54 percent. This makes total import duty on crude palm oil to 44 percent and 55 percent on refined palm oil after applying all taxes. However, refined palm oil origin from Malaysia will be charged 45 percent

import duty sourced from Malaysia. So, total import duty on imports of refined palm oil from Malaysia works out at 49.5 percent including all taxes.

- 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 525 (USD 527.5) per ton for Jan delivery And Feb delivery is quoted at USD 527.5 per ton. Last month, CNF CPO Dec average price was at USD 482.2 per ton (USD 474.84 per ton in Nov 2018). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 550 (USD 550) per ton for Jan delivery and Feb delivery is quoted at USD 552.5 per ton. Last month, CIF RBD palmolein Dec average price was USD 517.04 (USD 512.12 in Nov 2018) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 528 (Rs 515) per 10 Kg and Jan delivery duty paid is offered at Rs 530 (Rs 520) per 10 kg. Ready lift RBD palmolein is quoted at Rs 610 (Rs 600) per 10 kg as on Jan 11, 2019. Values in brackets are figures of last week.

- On the parity front, margins increased during this week due to rise in prices of palm products in Indian markets. Currently refiners fetch USD 20-25/ton v/s gain of USD 25-30/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 25-30/ton v/s loss of USD 30-35/ton (last month) parity.

### **International Front**

Palm oil prices are likely to rise due to expectation of fall in end stocks of palm oil in Malaysia and Indonesia in January, fall in production of palm oil in Malaysia and Indonesia, rise in exports of palm oil from Malaysia in January, rise in competing oils and rise in crude oil prices. .

Palm oil end stocks are expected to fall in January after record December due to weak exports of palm oil from Malaysia in December.

End stocks of palm oil rose to 3.22 MMT in December while stocks of palm oil fell in Indonesia below 4 MMT on higher exports and lower rise in production.

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

Production of palm oil fell in Malaysia in December by 2 percent indicating that production will dip from present levels in coming months.

Exports of palm oil is expected firm in Jan due to firm demand from China ahead of Chinese New Year and due to lower imports of soybean by China.



Exports of palm oil to India is expected to show firm trend in January due to import duty reduction on palm oil and preferential treatment given to Malaysia on imports of RBD palmoelin, low stocks of RBD palmoelin at Indian ports and positive import parity of RBD palmoelin on imports by India.

China is buying more palm oil due to lower production of soy oil in China due to lower imports of soybean in December. 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.

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

India will cut consignments from Indonesia as Malaysian RBD palmolein will attract Indian buyers.

Malaysia RBD palmolein 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 fall in Malaysia due to weak plant profile, shortage of labor and lower fertilizer use and production will not cross 21 MMT in 2019.

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 decreased over Indonesia CPO due to appreciation of Indonesia Rupiah compared to Ringgit with USD. Export demand will firm due to falling premium of Malaysian palmolein and buyers will shift back to Malaysia at opportune moment.

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.

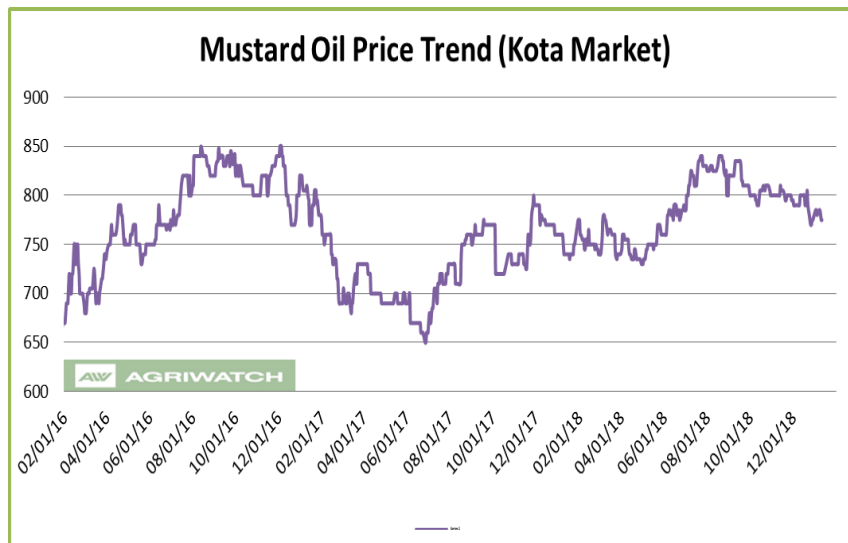
Competitive oils like RBD palmolein DALIAN and CBOT soy oil is expected to support palm oil prices.

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 500-560 per 10 Kg in the near term.

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

- Mustard oil prices showed weak trend in benchmark market weak demand and fall 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.



Higher premium of rapeseed oil over palm oil prices has led to fall in rapeseed oil prices as they are competitive oils.

Sale of rapeseed by NAFED is progressing at good pace. NAFED is currently holding 3.34 lakh tons of rapeseed.

Stock of rapeseed with NCDEX is 0.08 lakh tons. Stocks with trade are less.

Demand of rapeseed oil has weakened. However, prices will be supported due to stocking of rapeseed oil on 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 MY 2018-19. There is shortage of rapeseed in market due to lower crop and higher demand of rapeseed. There is limited supply of rapeseed which will limit fall 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 cap rapeseed oil prices.

Falling premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 52 (Rs 57) per 10 Kg will support rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 205 (Rs 212) 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 falling, which will improve demand of rapeseed oil.

Premium of canola oil compared to CDSO has decreased to USD 41 (USD 63) 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 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 41 (USD 63 last week) per ton for ready delivery as on Jan 11, 2019.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 795 (Rs 795) per 10 Kg, and at Kota market, it is offered at Rs 775 (Rs 785) per 10 kg as on Jan 11, 2019. 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 740-840 per 10 Kg.

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

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

- Prices of sunflower oil traded firm in Chennai on firm demand.

Sunflower oil price rose more at high seas compared to CNF markets indicating firm 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 2 (Rs 5 last week) per 10 kg, which indicates that chance of correction of sunflower oil prices is less as prices have converged at domestic and at CNF markets.

Demand of sunflower oil is likely to be supported due to falling premium over RBD palmolein.

Falling sunflower oil premium over RBD palmolein at CNF India is at USD 142.4 (US 140 last week) which will increase imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 155 (Rs 165 last week) per 10 kg which is high and cap gains in domestic market

In domestic market high groundnut oil premium over sunflower oil at Chennai market is at Rs 185 (Rs 220 last week) per 10 kg will support sunflower oil prices.

There is parity in imports of sunflower oil, which will increase import demand.

Recent cut in import duty on palm oil and fall in sunflower oil prices will decrease its premium over RBD palmolein in domestic markets.

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

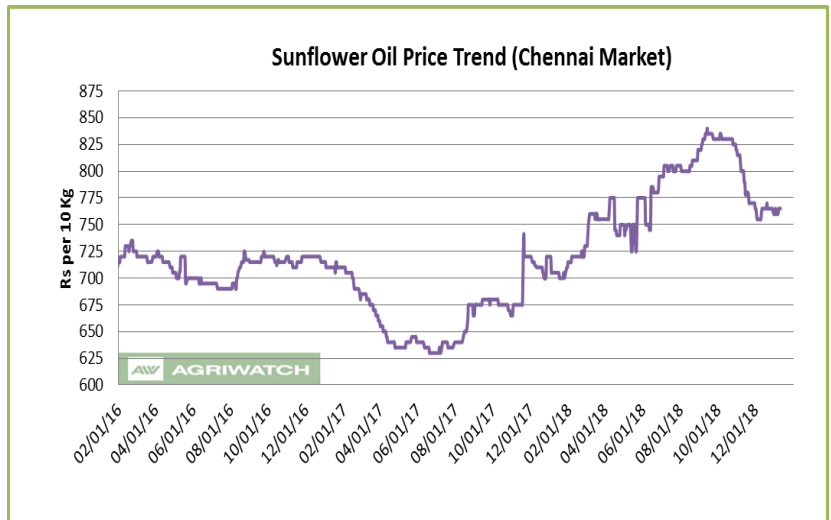
Imports of sunflower oil have been low since last 3 months which has decreased port stocks. At present destocking is taking place at ports.

Higher domestic supply may support prices.

Refiners may increase purchase of crude sunflower oil from international markets as CNF sunflower oil premium over CNF soybean oil and palm oil has fallen.

Prices of sunflower oil are expected to be supported by fresh demand at lower levels and falling 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



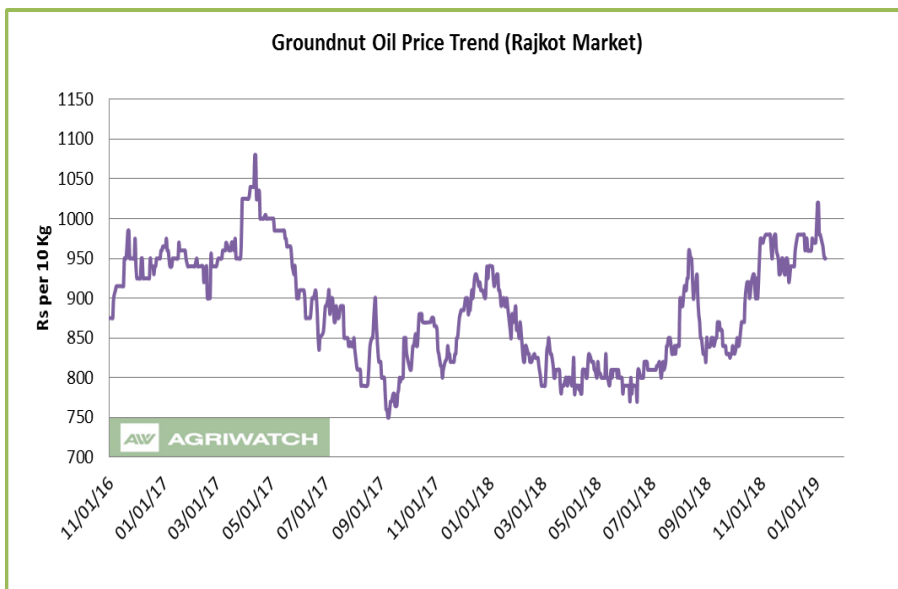
(November 2017-October 2018) were reported higher by 16.4 percent y-o-y at 25.25 lakh tons compared to 21.69 lakh tons in last oil year.

- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 692.5 (USD 690) per ton for Feb delivery and Mar delivery is quoted at USD 692.5 (USD 685) per ton. CNF sun oil (Ukraine origin) Dec monthly average was at USD 695.4 per ton compared to USD 688.76 per ton in Nov. 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 -6.50 (USD 13 last week) per ton for Feb delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 142.5 (USD 140) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 765 (Rs 760) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 770 (Rs 770) per 10 kg as on Jan 11, 2019. 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 in the week in review on weak demand. Prices are falling in January as peak demand season is over. Prices are expected to taper in later part of January as seasonal demand slows. Prices fell despite rise in groundnut prices indicating weak demand.



Demand has fallen at higher prices.

Demand of groundnut oil has weakened due to high volatility in prices. Consumers have postponed demand in anticipation of further fall in prices of groundnut oil.

Nafed is aggressively procuring groundnut in Gujarat, Rajasthan and MP. Total progressive purchase is 4.79 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 8.40 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 fallen due to sudden rise in prices of groundnut oil. High volatility in prices of groundnut oil led to weak demand.

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

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

Groundnut oil prices are expected to rise on weak demand.

- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,500 (9,800), per quintal and it was quoted at Rs 10,000 (Rs 9,800) per quintal in Chennai market on Jan 11, 2019. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to weak in the coming days.

### Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 900-1000 per 10 Kg.

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

- Weak prices trend was seen in its benchmark market of Kangayam on weak demand.
- Overall Coconut oil prices show weak trend during the week on weak demand and fall in prices of copra. Coconut oil prices fell last week on weak demand against firm stock position. Prices fell on fall prices of copra. Fall in raw material prices led to lower product prices.

Retail demand has weakened due to high volatility in prices of coconut oil.

Stockists and retailers are waiting to stock in anticipation of weak demand.

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

Traders and upcountry buyers are not stocking as they are not confident about prices.

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, because 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.

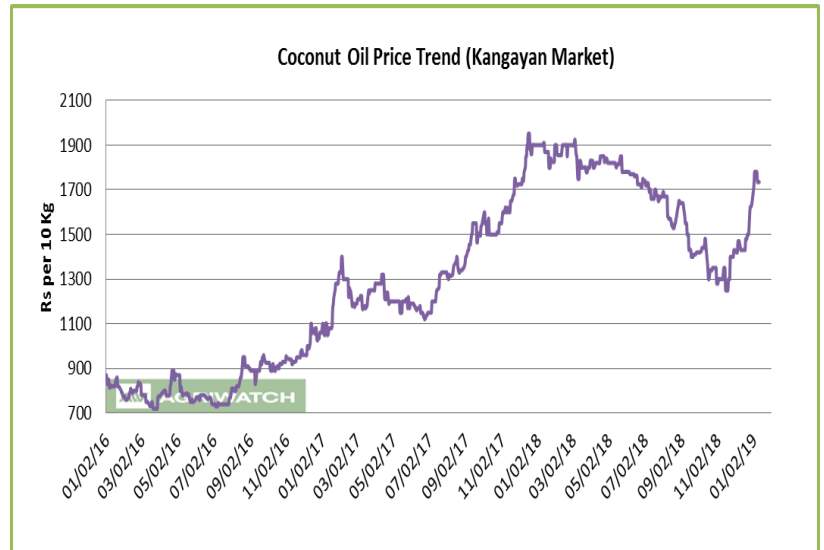
Coconut prices have sustained due to higher MSP of copra. Coconut consumers are loyal consumers and do not shift to other oils on higher prices but demand destruction takes place at higher levels. Palm oil is cheap alternative in South India.

Demand of coconut oil has weakened in 2019 after rise in prices by more than 30 percent in second half of 2018. Household consumption will weaken at higher prices of coconut oil.

Coconut oil prices are expected to fall on weak demand, fall in copra prices.

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

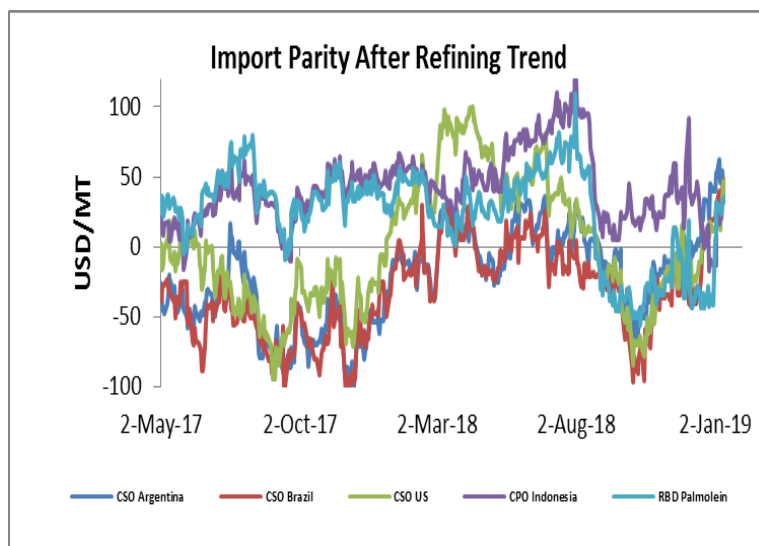
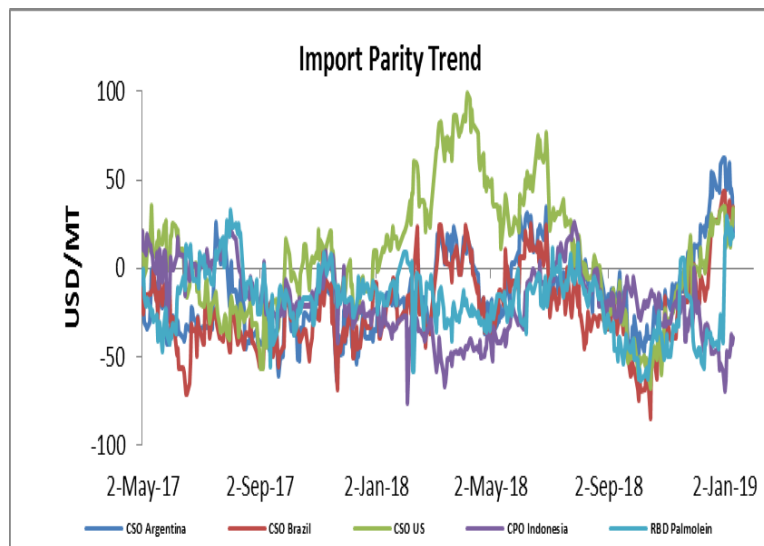
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 15,100 (14,800) per quintal, and was quoting Rs 17,350 (Rs 17,800) per quintal in Erode market on Jan 11, 2019.



**Price Outlook:** Coconut oil (without GST) prices in Erode may stay in the range of Rs 1500-1900 per 10 Kg.

### Import Parity Trend

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



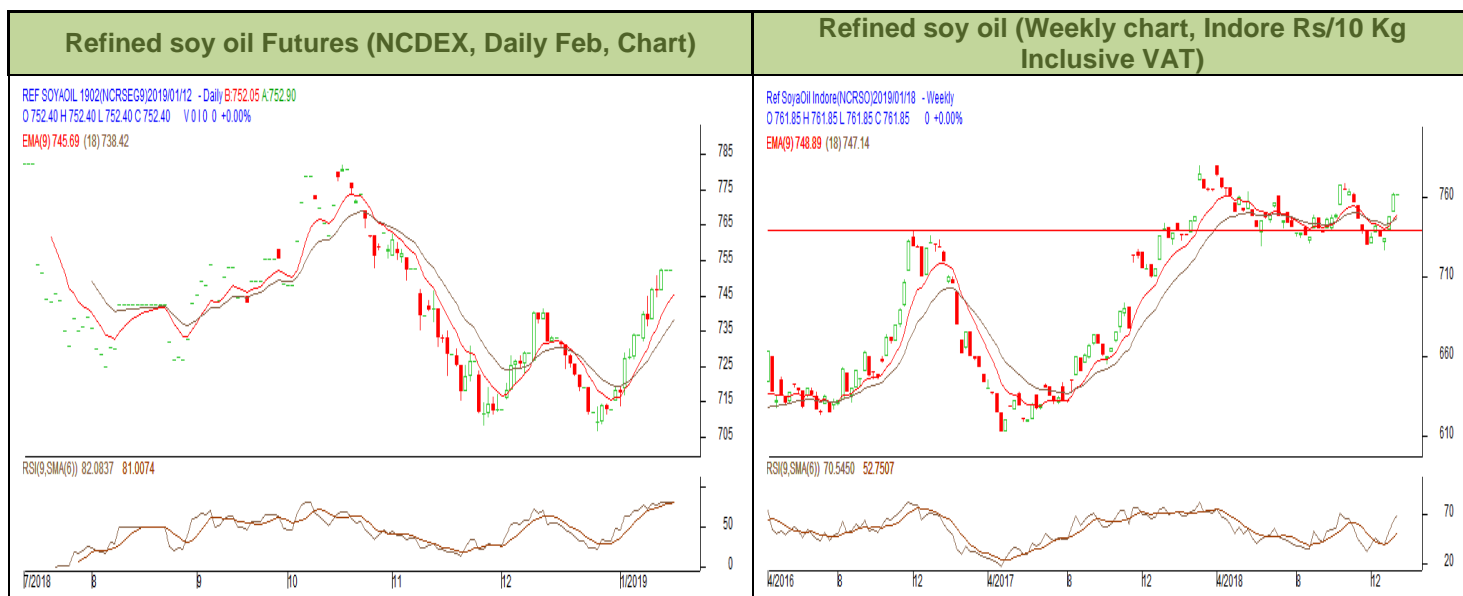
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Nov, 2018</b>	-11.43	-27.88	-17.98	36.31	-16.08
<b>Dec, 2018</b>	10.54	-16.33	-8.87	27.63	-32.68

### 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 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 750 in weekly might take the prices below 770 levels.
- Expected price band for next week is 720-770 level in near to medium term. RSI and MACD is suggesting uptrend in the market.

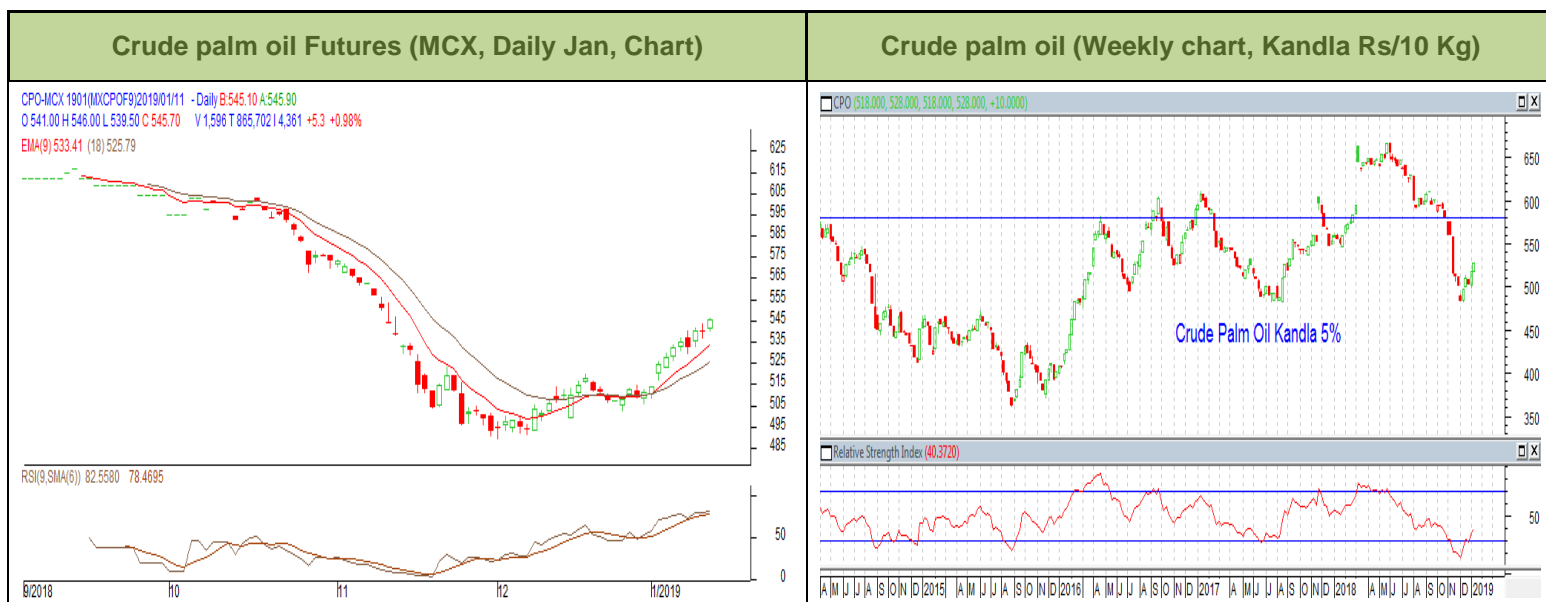
**Strategy:** Market participants are advised to go long above 750 levels for a target of 765 and 770 with a stop loss at 740 on closing basis.

#### RSO NCDEX (Feb)

Support and Resistance				
S2	S1	PCP	R1	R2
735.00	750.00	756.6	765.00	780.00

**Spot Market outlook:** Refined soy oil Indore (without GST) is likely to stay in the range of Rs 700-800 per 10 Kg.

### Technical Analysis (Crude Palm oil)



**Outlook -** Prices show uptrend in prices during the week. We expect that CPO Jan 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 545 for a target of 560 and 565 with a stop loss at 535 on closing basis.

#### CPO MCX (Jan)

Support and Resistance				
S2	S1	PCP	R1	R2
520.00	540.00	548.5	550.00	565.00

**Spot Market outlook:** Crude palm oil (without GST) is likely to stay in the range of Rs 500-560 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

## Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		11-Jan-19	4-Jan-19	
Refined Soybean Oil	Indore	765	748	17
	Indore (Soy Solvent Crude)	730	715	15
	Mumbai	755	745	10
	Mumbai (Soy Degum)	712	705	7
	Kandla/Mundra	745	735	10
	Kandla/Mundra (Soy Degum)	712	702	10
	Kolkata	805	795	10
	Delhi	790	790	Unch
	Nagpur	761	746	15
	Rajkot	750	730	20
	Kota	760	745	15
	Hyderabad	760	750	10
	Akola	763	746	17
	Amrawati	763	745	18
	Bundi	773	755	18
	Jalna	769	742	27
	Alwar	Unq	0	-
	Solapur	755	727	28
	Dhule	770	742	28
Palm Oil*	Kandla (Crude Palm Oil)	554	541	14
	Kandla (RBD Palm oil)	599	583	16
	Kandla RBD Pamolein	646	641	5
	Kakinada (Crude Palm Oil)	551	546	5
	Kakinada RBD Pamolein	646	632	14
	Haldia Pamolein	656	638	18
	Chennai RBD Pamolein	651	635	16
	Chennai RBD Pamolein (Vitamin A&D Fortified)	706	692	14
	KPT (krishna patnam) Pamolein	635	625	11
	Mumbai RBD Pamolein	651	646	5
	Mangalore RBD Pamolein	651	635	16
	Tuticorin (RBD Palmolein)	649	Closed	-
	Delhi	Closed	670	-
	Rajkot	Closed	622	-
	Hyderabad	616	620	-4
	PFAD (Kandla)	331	326	5
	Refined Palm Stearin (Kandla)	431	399	32
	Superolien (Kandla)	688	677	11

	Superolien (Mumbai)	706	692	14
<b>* inclusive of GST</b>				
<b>Refined Sunflower Oil</b>	Chennai	765	760	5
	Mumbai	800	790	10
	Mumbai(Expeller Oil)	700	700	Unch
	Kandla (Ref.)	770	770	Unch
	Kandla/Mundra (Crude)	Unq	0	-
	Hyderabad (Ref)	775	775	Unch
	Latur (Expeller Oil)	760	750	10
	Chellakere (Expeller Oil)	715	710	5
	Erode (Expeller Oil)	795	795	Unch
<b>Groundnut Oil</b>	Rajkot	950	980	-30
	Chennai	1000	980	20
	Delhi	1000	1000	Unch
	Hyderabad *	980	980	Unch
	Mumbai	970	1015	-45
	Gondal	965	985	-20
	Jamnagar	960	980	-20
<b>Rapeseed Oil/Mustard Oil</b>	Jaipur (Expeller Oil)	795	795	Unch
	Jaipur (Kacchi Ghani Oil)	812	813	-1
	Kota (Expeller Oil)	775	780	-5
	Kota (Kacchi Ghani Oil)	795	795	Unch
	Neewai (Expeller Oil)	785	790	-5
	Neewai (Kacchi Ghani Oil)	796	798	-2
	Bharatpur (Kacchi Ghani Oil)	810	820	-10
	Alwar (Expeller Oil)	Unq	0	-
	Alwar (Kacchi Ghani Oil)	Unq	0	-
	Sri-Ganga Nagar(Exp Oil)	785	780	5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	795	800	-5
	Mumbai (Expeller Oil)	815	825	-10
	Kolkata(Expeller Oil)	940	940	Unch
	New Delhi (Expeller Oil)	830	835	-5
	Hapur (Expeller Oil)	895	897	-2
	Hapur (Kacchi Ghani Oil)	935	937	-2
	Agra (Kacchi Ghani Oil)	815	825	-10
<b>Refined Cottonseed Oil</b>	Rajkot	710	700	10
	Hyderabad	710	690	20
	Mumbai	730	715	15
	New Delhi	705	690	15

<b>Coconut Oil</b>	Kangayan (Crude)	1735	1780	<b>-45</b>
	Cochin	1510	1480	<b>30</b>
	Trissur	Unq	0	<b>-</b>
<b>Sesame Oil</b>	New Delhi	1600	1600	<b>Unch</b>
	Mumbai	Unq	0	<b>-</b>
<b>Kardi</b>	Mumbai	880	880	<b>Unch</b>
<b>Rice Bran Oil (40%)</b>	New Delhi	625	615	<b>10</b>
<b>Rice Bran Oil (4%)</b>	Punjab	605	605	<b>Unch</b>
<b>Rice Bran Oil (4%)</b>	Uttar Pradesh	Unq	0	<b>-</b>
<b>Malaysia Palmolein USD/MT</b>	FOB	533	520	<b>13</b>
	CNF India	575	550	<b>25</b>
<b>Indonesia CPO USD/MT</b>	FOB	505	498	<b>7</b>
	CNF India	533	528	<b>5</b>
<b>RBD Palm oil (Malaysia Origin USD/MT)</b>	FOB	528	510	<b>18</b>
<b>RBD Palm Stearin (Malaysia Origin USD/MT)</b>	FOB	538	505	<b>33</b>
<b>RBD Palm Kernel Oil (Malaysia Origin USD/MT)</b>	FOB	885	880	<b>5</b>
<b>Palm Fatty Acid Distillate (Malaysia Origin USD/MT)</b>	FOB	388	358	<b>30</b>
<b>Crude palm Kernel Oil India (USD/MT)</b>	CNF India	Unq	850	<b>-</b>
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	700	698	<b>2</b>
<b>Rapeseed Oil Rotterdam Euro/MT</b>	FOB	725	711	<b>14</b>
<b>Argentina FOB (\$/MT)</b>		<b>10-Jan-19</b>	<b>3-Jan-19</b>	<b>Change</b>
Crude Soybean Oil Ship		630	612	<b>18</b>
Refined Soy Oil (Bulk) Ship		652	633	<b>19</b>
Sunflower Oil Ship		613	610	<b>3</b>
Cottonseed Oil Ship		610	592	<b>18</b>
Refined Linseed Oil (Bulk) Ship		Unq	0	<b>-</b>
<b>* indicates including GST</b>				

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