Veg. Oil Weekly Research Report

Contents

Executive Summary

Domestic Veg. Oil Market Summary

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

On the currency front, Indian rupee is hovering near 71.15 against 71.16 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 on strong fundamentals.

Outook:

Weekly Call - : In NCDEX, market participants are advised to go long above 770 levels for a target of 785 and 790 with a stop loss at 760 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 in CPO above 570 for a target of 585 and 590 with a stop loss at 560 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 530-590 per 10 Kg in the near term.

International Veg. Oil Market Summary

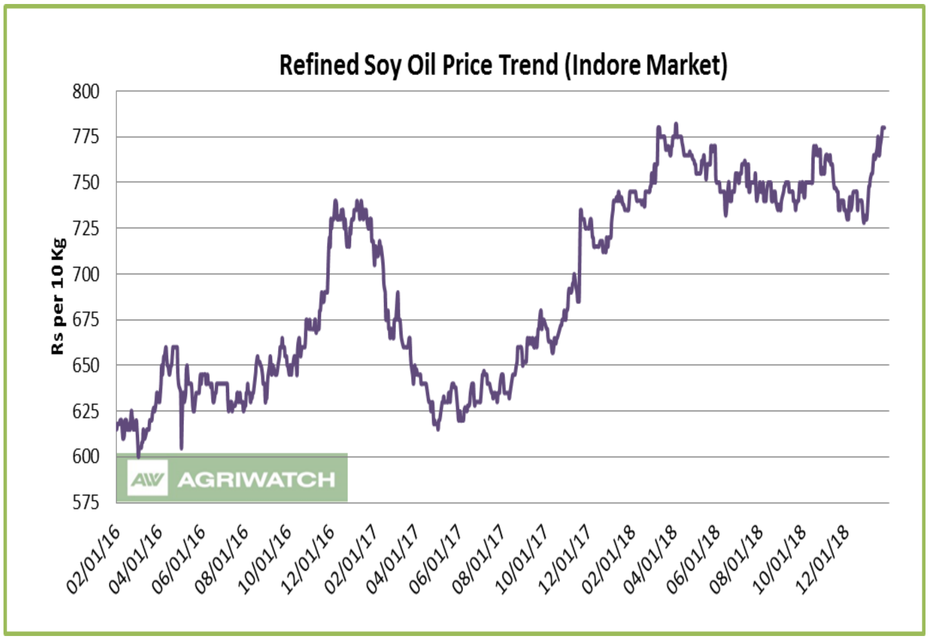
On the international front, US-China trade settlement, drought in soybean crop areas in Brazil, higher soybean demand by China from US, bad soybean weather in Argentina, rise in crude oil prices and weak dollar is expected to support soy oil prices in coming days.

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 sentiment 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 depreciation of Rupee may slow 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 1.5-2.0 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 weak 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 rose in Dec 2018 compared to Dec 2017 while it was lower than Nov 2018. Imports fell 115,000 tons in Dec compared to Nov 2018 while port stocks fell 120,000 tons indicating firm demand in Dec.

  CDSO is trading at high premium over RBD palmolein at high seas at Rs 110 (Rs 105 last week) per 10 kg will decrease CDSO import demand.

  Refined soy oil premium over RBD palmolein is unchanged at Rs 142 (Rs 145 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 200 (USD 195 last week) per ton for Feb 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 7.6 percent y-o-y in Dec to 0.85 lakh tons from 0.79 lakh tons in Dec 2017. In the oil year 2018-19 (Nov 2018-Dec 2018), imports of soy oil were 2.89 lakh tons compared to 3.53 lakh tons in last oil year, lower by 18.13 percent y-o-y.
- Imported crude soy oil CNF at West coast port is offered at USD 745 (USD 724) per ton for Jan delivery, Feb delivery is quoted at USD 745 (USD 724) per ton, Mar delivery is quoted at USD 729 (USD 713) per ton and

April delivery is quoted at USD 714 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 decreased during the week on rise in prices of soy oil in international markets, and we expect margins to remain firm in coming days. Currently refiners fetch USD 20-25/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, fall in production of soybean in Brazil, bad weather in soybean growing regions in Argentina, weak dollar and rise in crude oil prices. Renewed optimism in global market of trade settlement between US and China as China indicated six year buying spree in return for lowering of trade restrictions imposed by US. Trade talks between US and China is expected to start on Jan 30. Though, US commerce ministry has denied any compromise.

Trade is watching China buying intentions after trade truce of 90 days were made. 5 MMT of soybean have been booked by China in Dec but it has not booked any significant cargo in Jan.

Trade settlement US and China is expected to support soybean complex prices.

However, China has not removed 25 percent import duty on imports of soybean from US.

Soybean crop harvest has started in Brazil. Harvest has reached 7.0 percent of total area.

However, Brazil is facing drought in many areas and flooding in some regions, which is expected to reduce soybean crop of the country due to fall in yields in drought-affected areas. Some center ad west Brazil soybean areas especially in Parana and Mato Grosso is facing dry conditions. South Brazil is facing flooding in many areas similar to Argentina weather thereby slowing harvesting and reducing yields. 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 70 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 has reduced its planted area. Planting are have been reduced by Buenos Aires Grains Exchange. There is potential loss in soybean crop or may reduce yields in various areas.

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 it 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 Bejing 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.

China imported 88 MMT of soybean in 2018, according to CNGOIC, much lower than 95 MMT in 2017.

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 65 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 have rise after correcting more than 30 percent in 2018 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.

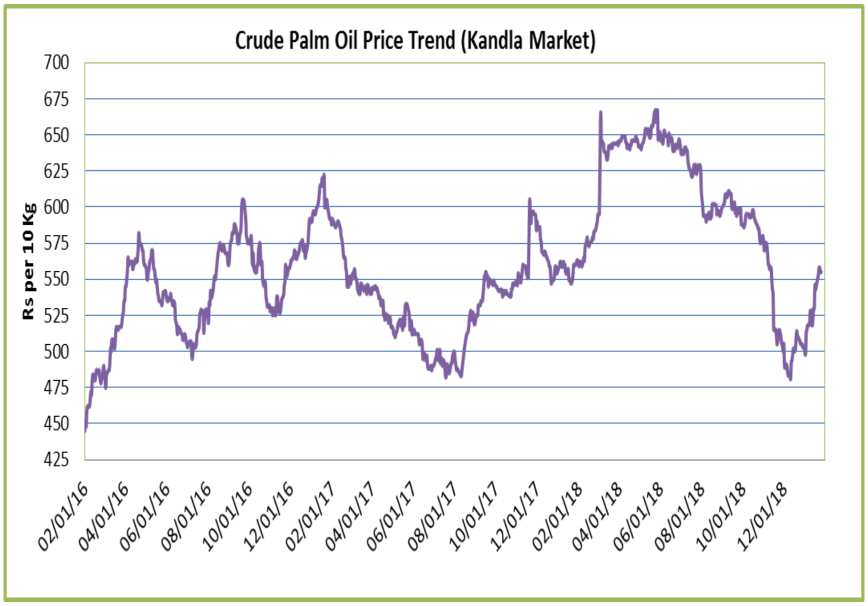
Dollar Index is expected to fall on realignment of US FED towards future rise in interest rates in 2018-19 will support on soy oil prices in near term.

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 rise in international prices of CPO.
  RBD palmolein also rose at its benchmark market of Kandla on rise in international 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.
  Reduction in import duty on RBD palmolein will weaken CPO imports as duty differential between crude palm oil and RBD palmolein has fallen from 11 percent to 5 percent. Preferential treatment given to Malaysia in terms of lower RBD palmolein imports will lead to higher imports of RBD palmolein and lower imports of CPO from Indonesia. This has led to higher import parity and higher parity in imports than domestic refined RBD palmolein.
  Recent Rupee depreciation in near tear may lead to fall 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. Rising 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 expected rally in international prices of CPO by increasing buying.
  Disparity has increased on fresh depeciation of Rupee indicating weak demand and may decrease imports. Lower Rupee increases import prices of palm oil, which in turn increased disparity if domestic prices do not rise, which in turn dents demand.
  Data from cargo surveyors show fall in imports of palm oil by India in January from Malaysia
  Imports of palm oil by India rose in Dec as reported by SEA showed 12.3 percent rise in imports compared to Dec 2017. CPO imports rose in Dec after weak Nov. Rise in CPO imports came on high base y-o-y. RBD palmolein imports rose 22 percent in Dec compared to Dec 2017.
  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 rose in Dec due to fall of CPO prices in international markets, firm demand and high refining margins despite higher stocks of CPO at ports.
  However, imports of CPO will slow due to lower refining margins compared to imported ready to use palmolein.
  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 Dec.

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 international prices of RBD palmolein.

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

Import demand of RBD palmolein rose in Dec due to lower prices of RBD palmolein in international markets and firm demand.

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 0.5-1.0 per kg due to reduction in import duty.

Stocks of RBD palmolein at Indian ports have decreased in increase due to restocking at ports.

Demand of RBD palmolein was weak compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 72 (Rs 74) 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. This will lead to surge in imports of 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 Dec was higher than Dec 2017 and Nov 2018. Imports of RBD palmolein rose in Dec compared to Nov and port stocks rose indicating restocking of RBD palmolein in November.

CDSO CNF premium over CPO CNF is at USD 200 (USD 194 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. 182 (Rs 179 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 142 (Rs 145 last week) per 10 kg. is high and will increase RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is at USD 145 (USD 150 last week) per ton. High premium of refined sunflower oil over RBD palmolein due to hike in import duty on sun oil at Rs 150 (Rs 145) 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 Dec rose 12.3 percent y-o-y to 8.12 lakh tons from 7.23 lakh tons in Dec 2017. Imports in the oil year 2018-19 (November

2018-December 2018) are reported higher by 4.44 percent y-o-y at 15.04 lakh tons compared to 14.4 in last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 10.2 percent y-o-y in Dec to 6.70 lakh tons from 6.08 lakh tons in Dec 2017. Imports in oil year 2018-19 (November 2018-December 2018) were reported higher by 6.08 percent y-o-y at 12.39 lakh tons compared to 11.68 lakh tons in last oil year.

RBD palmolein import scenario- RBD palmolein imports rose y-o-y in Dec by 22.43 percent to 1.30 lakh tons from 1.06 lakh tons in Dec 2017. Imports in oil year 2018-19 (November 2019-December 2018) were reported lower by 5.90 percent y-o-y at 2.39 lakh tons compared to 2.54 lakh tons in corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 545 (USD 530) per ton for Feb delivery and Mar delivery is quoted at USD 560 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 585 (USD 560) per ton for Feb delivery and Mar delivery is quoted at USD 600 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 558 (Rs 546) per 10 Kg and Feb delivery duty paid is offered at Rs 563 (Rs 551) per 10 kg. Ready lift RBD palmolein is quoted at Rs 630 (Rs 620) per 10 kg as on Jan 25, 2019. 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 0-5/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 15-20/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 on lower rate of growth of exports 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 in Malaysia is higher production outpacing demand.

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

Production will fall in January on seasonal downtrend of production and sleeping period of palm trees after record year. Production will fall until summer when seasonal downtrend of production ends.

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.

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

Malaysia RBD palmolein is priced higher despite appreciation of Indonesia Rupiah which has made FOB prices difference between Malaysia and Indonesia at USD 10 per ton from USD 25-30 per ton.

Production of palm oil is expected to rise 10 percent in Indonesia in 2019 on higher produce from maturing plantations, according to GAPKI.

Production of palm oil will rise in Malaysia in 2019 and exports will rise in 2019 compared to 2018. Higher plant cycle and increasing use of fertilizer due to rise in prices of palm oil will support production.

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.

Stocks of palm oil fell below 4 MMT in Indonesia in Nov after reaching 5 MMT in July will support palm oil prices. Removal of export levy will clear extra stocks of palm oil in the country.

Increasing use of biodiesel in Indonesia will reduce palm oil stocks in the country. The country has mandated 20 percent bio content in any type of gasoline use in the country.

Malaysia has unveiled plans to double biodiesel production in the country in an effort to clear stocks of palm oil in the country.

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.

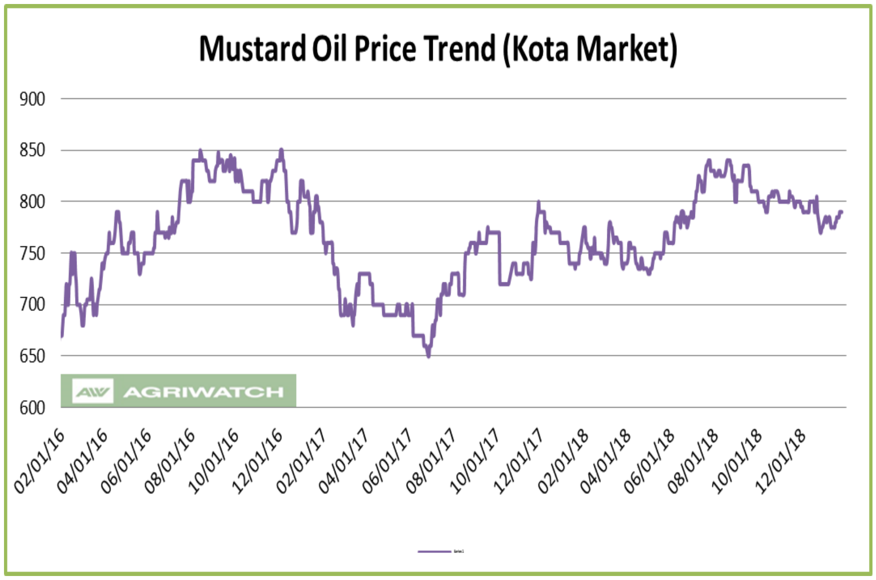
Global crude oil prices are expected to rise on expected cut on crude oil production by OPEC and Russia will support palm oil prices.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 530-590 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-:

Domestic Front

- Mustard oil prices showed firm trend in benchmark market firm demand and rise in prices of rapeseed. Arrivals of rapeseed rose last week.



- Agriwatch view: Prices of rapeseed oil expeller featured firm trend in its benchmark market on firm demand.

Rise in rapeseed prices led to rise rapeseed oil prices. Rise in raw material prices led to higher product prices.

Falling premium of rapeseed oil over soy oil and palm oil prices has led to rise in rapeseed oil prices.

Sale of rapeseed by NAFED is progressing at good pace. NAFED is currently holding 2.28 lakh tons of rapeseed.

Stock of rapeseed with NCDEX us 0.07 lakh tons. Stocks with trade are less.

Demand of rapeseed oil has firm. However, prices are 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 lower on account of limited crop of rapeseed last year. 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.

However, new rapeseed crop is estimated higher due to higher rapeseed sown area and conducive weather has increased yields. This will lead to lower rapeseed prices thereby adversely affecting rapeseed prices. New rapeseed crop harvest will start from February.

Falling discount of soy oil prices to rapeseed kacchi ghani prices is likely support rapeseed oil prices.

Falling premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 53 (Rs 50) per 10 Kg will support rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 195 (Rs 195) per 10 kg will underpin rapeseed oil prices.

Import of canola is weak in Dec 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 5 (USD 21) per ton and will increase 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.

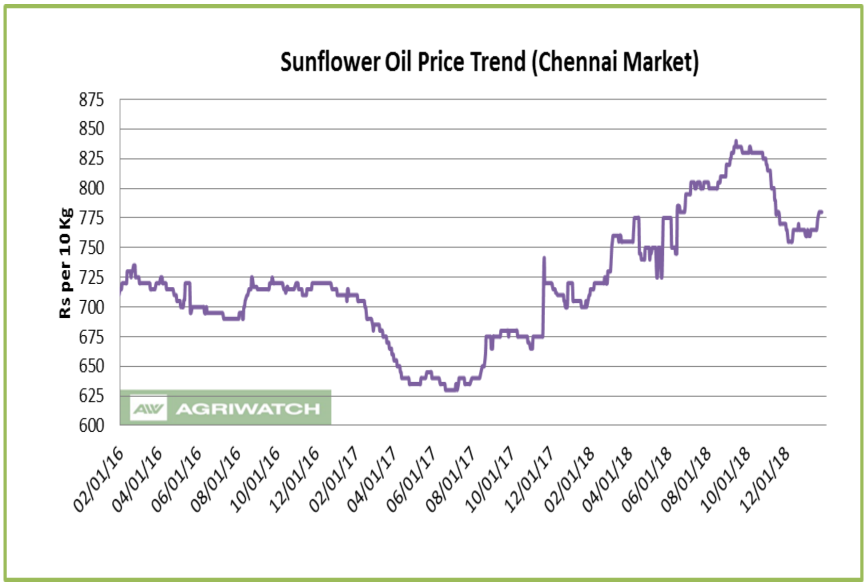
Markets are expected to trade sideways to firm tone in coming days on firm demand and rise in rapeseed prices.

- Rapeseed oil import scenario- India imported 0.13 lakh tons of rapeseed (Canola) oil in Dec 2018 v/s 0.20 lakh tons in Dec 2017, lower by 25 percent y-o-y. In the oil year 2018-19 (Nov 2019-Dec 2018) imports were 0.25 lakh tons compared to 0.60 lakh tons in last oil year, lower by 58.6 percent y-o-y.
- CNF canola oil premium over CDSO is USD 5 (USD 21 last week) per ton for ready delivery as on Jan 25, 2019.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 810 (Rs 790) per 10 Kg, and at Kota market, it is offered at Rs 790 (Rs 785) per 10 kg as on Jan 25, 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 less more at high seas compared to CNF markets indicting weak demand at high seas.

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

Import demand of sunflower oil rose in Dec compared to Nov due to low sunflower oil premium over soy oil in Nov at CNF markets. Stocks of sunflower oil rose at ports in Dec compared to Nov indicating restocking at ports.

In domestic market, sunflower oil prices premium over soy oil is at Rs 8 (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. At present premium of sunflower oil over soy oil at CNF markets is at USD -10 per ton.

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 160 (US 150 last week) which will increase imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 138 (Rs 140 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 180 (Rs 190 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 rose in Dec after 3 months which has decreased port stocks. At present restocking is taking place at ports.

Higher domestic demand may support prices.

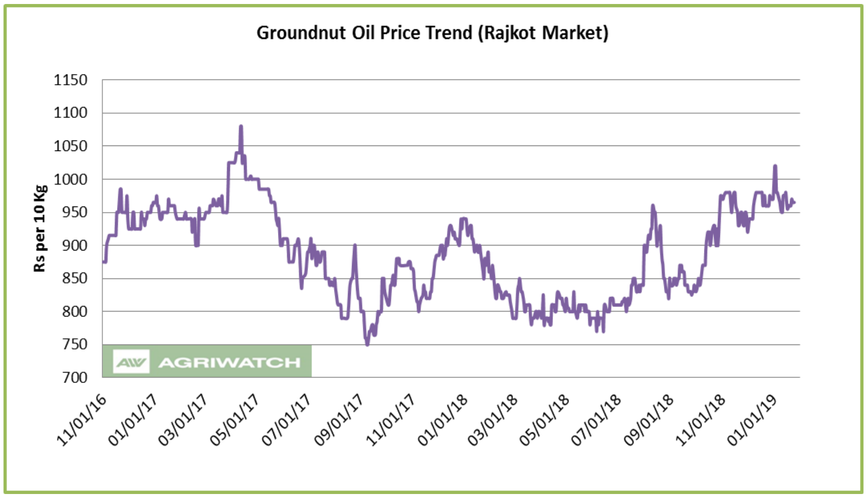
Refiners have increase purchase of crude sunflower oil from international markets as CNF sunflower oil premium over CNF soybean oil and palm oil has fallen.

Prices of sunflower oil are expected to be supported by fresh demand at present levels and falling premium over competitive oils.

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell marginally y-o-y in Dec to 2.36 lakh tons from 2.37 lakh tons in Dec 2017. Imports in oil year 2018-19 (November 2018-December 2018) were reported lower by 6.74 percent y-o-y at 4.01 lakh tons compared to 4.30 lakh tons in last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 730 per ton for Feb delivery, March delivery is quoted at USD 727.5 (USD 710) per ton and AMJ delivery is quoted at USD 725 (USD 705) 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 700-760 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD -10.0 (USD -3.0 last week) per ton for Mar delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 160 (USD 150) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 780 (Rs 770) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 805 (Rs 780) per 10 kg as on Jan 25, 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 firm trend in Rajkot on account of firm demand.
- Groundnut oil prices rose in the week in review on firm demand
  Prices rebounded after stabilizing at lower levels.
  There is demand at these levels.
  Rise in soy oil and palm oil prices supported the rise.
  Prices are have in January as peak demand season is over. Prices are expected to remain stable to lower as seasonal demand slows.
  Prices rose on rise in groundnut prices.
  Demand of groundnut oil will strengthen if low volatility in prices continue. Consumers increase demand in anticipation of rise in prices of groundnut oil.
  Nafed is aggressively procuring groundnut in Gujarat, Rajasthan and MP. Total progressive purchase is 5.96 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 9.56 lakh tons apart from additional stocks with trade and farmers. Farmers have around 3 lakh tons of groundnut stocks with factory is around 1 lakh tons. High stocks are weighing on prices of groundnut.
  Oil stocks in markets is less which may weigh on prices.
  Exports of groundnut is less due to higher prices of groundnut in domestic market and is diverted towards crushing thereby increasing supply of groundnut oil.
  Disparity in crush of groundnut on higher prices of groundnut will weaken groundnut demand.
  Demand of groundnut oil is will strengthen around Rs 920-930 per 10 kg levels.
  Crushers have lower stocks of groundnut and are not confident of prices and are active dependent on ready markets.
  Groundnut oil prices are expected to rise on firm demand.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,650 (9,600), per quintal and it was quoted at Rs 9,600 (Rs 9,800) per quintal in Chennai market on Jan 25, 2019. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to firm in the coming days.

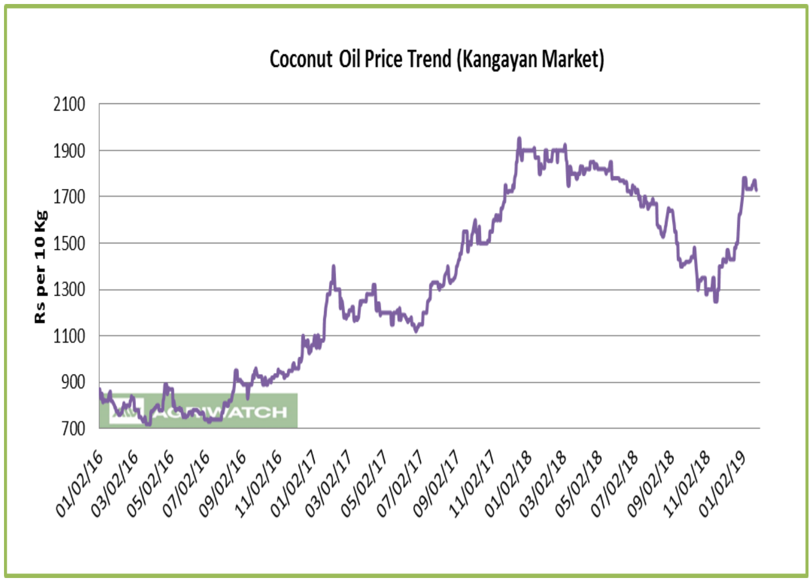
Price Outlook:
Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 900-1000 per 10 Kg.

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.

  Prices fell on fall in prices of copra. Fall in raw material prices led to lower product prices.

  Hike in MSP of copra has led to rise in prices of copra coupled with lower production of copra in Kerala has supported its prices.



  Prices fell despite rise in palm oil prices indicating weak demand.

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

  Stockists and retailers are waiting to stock in as the prices have shot up.

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

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

  Crushers has low stocks of coconut oil as demand is weak. Due rise in prices of coconut oil demand has shifted to other oils. There could be demand destruction seen in coming days of present price trend continues.

  Supply position is weak in the market, which has supported prices. Price trend is biased towards upside.

  However, demand has increased on rise in demand of coconut oil.

  Coconut pries 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 may weaken due to 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.

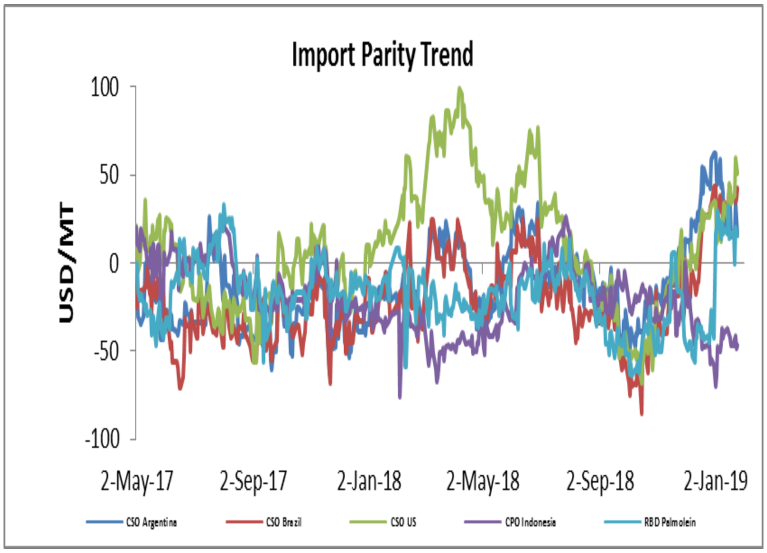
  Coconut oil prices are expected to be weak in days ahead.

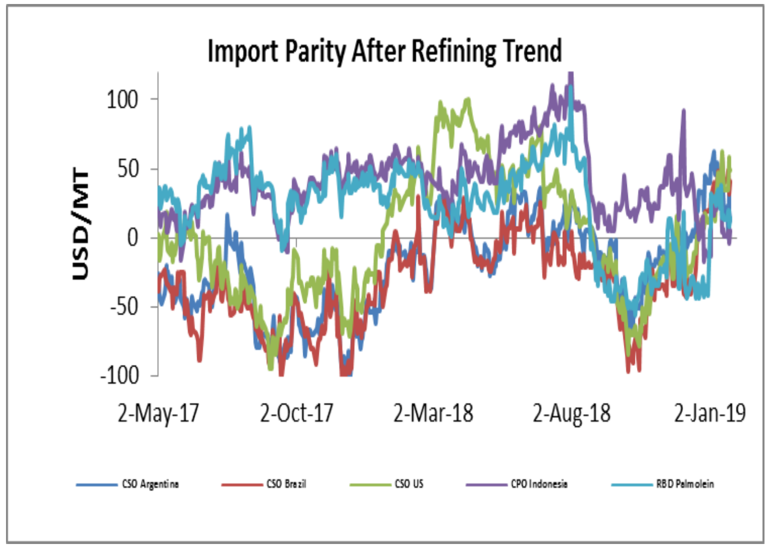
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 15,300 (15,300) per quintal, and was quoting Rs 17,300 (Rs 17,500) per quintal in Erode market on Jan 25, 2019.

Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1600-1900 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
Nov, 2018	-11.43	-27.88	-17.98	36.31	-16.08
Dec, 2018	10.54	-16.33	-8.87	27.63	-32.68

Outlook-:

Import parity for crude soy oil from Argentina parity decreased due to depreciation of Rupee. We expect CDSO import parity to remain in parity in medium term. Parity on import of CPO from Indonesia is lower than import of RBD palmolein from Malaysia.

Technical Analysis (Refined soy oil)

Refined soy oil Futures (NCDEX, Daily Feb, Chart)	Refined soy oil (Weekly chart, Indore Rs/10 Kg Inclusive VAT)

Outlook – Refined soybean oil witnessed uptrend during the week in review and is likely to trade with a sideways to 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 780 in weekly might take the prices below 790 levels.
- Expected price band for next week is 740-790 level in near to medium term. RSI and MACD is suggesting uptrend in the market.

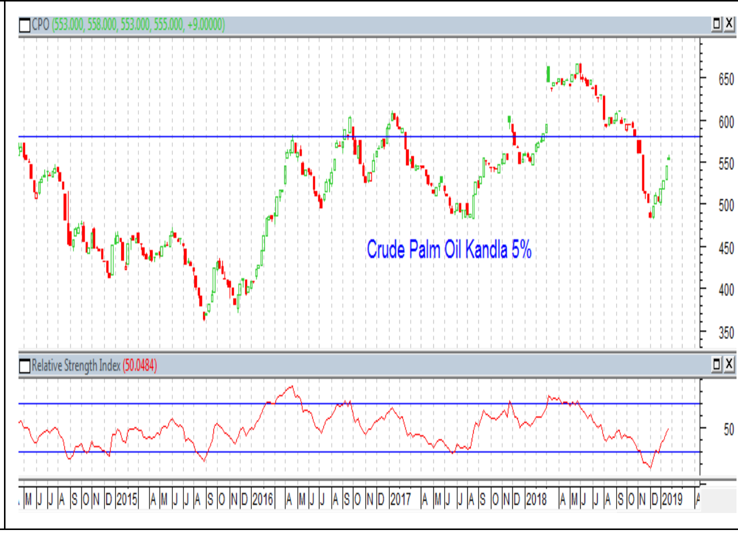
Strategy: Market participants are advised to go long above 770 levels for a target of 785 and 790 with a stop loss at 760 on closing basis.

RSO NCDEX (Feb)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
735.00	750.00	776.00	780.00	800.00

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)

Crude palm oil Futures (MCX, Daily Feb, Chart)	Crude palm oil (Weekly chart, Kandla Rs/10 Kg)
	

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 above 580 in weekly chart may bring the prices to 590 levels.
- Expected price band for next week is 540-590 level. RSI and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 570 for a target of 585 and 590 with a stop loss at 560 on closing basis.

CPO MCX (Jan)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
520.00	540.00	575.70	565.00	580.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 530-590 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		25-Jan-19	18-Jan-19	
Refined Soybean Oil	Indore	780	765	15
	Indore (Soy Solvent Crude)	740	735	5
	Mumbai	770	760	10
	Mumbai (Soy Degum)	735	720	15
	Kandla/Mundra	770	750	20
	Kandla/Mundra (Soy Degum)	738	720	18
	Kolkata	820	820	Unch
	Delhi	815	803	12
	Nagpur	773	766	7
	Rajkot	763	740	23
	Kota	775	775	Unch
	Hyderabad	760	760	Unch
	Akola	777	768	9
	Amrawati	776	767	9
	Bundi	788	788	Unch
	Jalna	775	772	3
	Solapur	762	761	1
	Dhule	775	772	3
Palm Oil*	Kandla (Crude Palm Oil)	583	573	9
	Kandla (RBD Palm oil)	625	609	16
	Kandla RBD Pamolein	672	662	11
	Kakinada (Crude Palm Oil)	580	562	18
	Kakinada RBD Pamolein	672	653	19
	Haldia Pamolein	667	662	5
	Chennai RBD Pamolein	677	662	16
	Chennai RBD Pamolein (Vitamin A&D Fortified)	728	714	14
	KPT (krishna patnam) Pamolein	667	651	16
	Mumbai RBD Pamolein	677	667	11
	Mangalore RBD Pamolein	677	662	16
	Tuticorin (RBD Palmolein)	677	662	16
	Delhi	700	688	12
	Rajkot	656	656	Unch
	Hyderabad	651	635	16
	PFAD (Kandla)	347	336	11
	Refined Palm Stearin (Kandla)	580	562	18
	Superolien (Kandla)	693	683	11
	Superolien (Mumbai)	704	693	11

* inclusive of GST

Refined Sunflower Oil	Chennai	780	770	10
	Mumbai	815	805	10
	Mumbai(Expeller Oil)	720	705	15
	Kandla (Ref.)	790	775	15
	Hyderabad (Ref)	805	780	25
	Latur (Expeller Oil)	765	760	5
	Chellakere (Expeller Oil)	720	715	5
	Erode (Expeller Oil)	830	805	25
Groundnut Oil	Rajkot	965	960	5
	Chennai	960	980	-20
	Delhi	950	950	Unch
	Hyderabad *	970	970	Unch
	Mumbai	975	980	-5
	Gondal	950	965	-15
	Jamnagar	950	965	-15
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	810	790	20
	Jaipur (Kacchi Ghani Oil)	830	816	14
	Kota (Expeller Oil)	790	785	5
	Kota (Kacchi Ghani Oil)	810	795	15
	Neewai (Expeller Oil)	805	793	12
	Neewai (Kacchi Ghani Oil)	814	802	12
	Bharatpur (Kacchi Ghani Oil)	820	800	20
	Sri-Ganga Nagar(Exp Oil)	810	785	25
	Sri-Ganga Nagar (Kacchi Ghani Oil)	820	795	25
	Mumbai (Expeller Oil)	805	800	5
	Kolkata(Expeller Oil)	940	930	10
	New Delhi (Expeller Oil)	845	832	13
	Hapur (Expeller Oil)	875	880	-5
	Hapur (Kacchi Ghani Oil)	915	920	-5
	Agra (Kacchi Ghani Oil)	825	805	20
Refined Cottonseed Oil	Rajkot	730	717	13
	Hyderabad	735	700	35
	Mumbai	750	735	15
	New Delhi	724	705	19
Coconut Oil	Kangayan (Crude)	1730	1750	-20
	Cochin	1530	1530	Unch
Sesame Oil	New Delhi	1560	1550	10

	Mumbai	Unq	0	-
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	633	625	8
Rice Bran Oil (4%)	Punjab	605	605	Unch
Malaysia Palmolein USD/MT	FOB	555	543	12
	CNF India	595	575	20
Indonesia CPO USD/MT	FOB	525	515	10
	CNF India	553	535	18
RBD Palm oil (Malaysia Origin USD/MT)	FOB	550	538	12
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	548	545	3
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	870	875	-5
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	405	400	5
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	830	-
Ukraine Origin CSFO USD/MT Kandla	CIF	733	705	28
Rapeseed Oil Rotterdam Euro/MT	FOB	760	725	35

Argentina FOB ($/MT)	24-Jan-19	17-Jan-19	Change
Crude Soybean Oil Ship	678	646	32
Refined Soy Oil (Bulk) Ship	702	669	33
Sunflower Oil Ship	630	615	15
Cottonseed Oil Ship	658	626	32
Refined Linseed Oil (Bulk) Ship	Unq	0	-

**** indicates including GST***

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