

Veg. Oil Weekly Research Report

Contents

- ❖ Executive Summary
- ❖ Recommendations
- ❖ International Veg. Oil Market Summary
- ❖ Domestic Market Fundamentals
- ❖ Technical Analysis (Spot Market)
- ❖ Technical Analysis (Futures Market)
- ❖ Veg. Oil Prices at Key Spot Markets

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, groundnut oil and coconut oil prices fell while sunflower oil prices closed in green.

On the currency front, Indian rupee is hovering near 71.22 against 71.30 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.

Outlook:

Weekly Call - : In NCDEX, market participants are advised to go long above 760 levels for a target of 775 and 780 with a stop loss at 750 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 740-820 per 10 Kg. in the near term.

In MCX, market participants are advised to go long in CPO above 560 for a target of 575 and 580 with a stop loss at 550 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, rise in crude oil prices and weak dollar is expected to support soy oil prices in coming days.

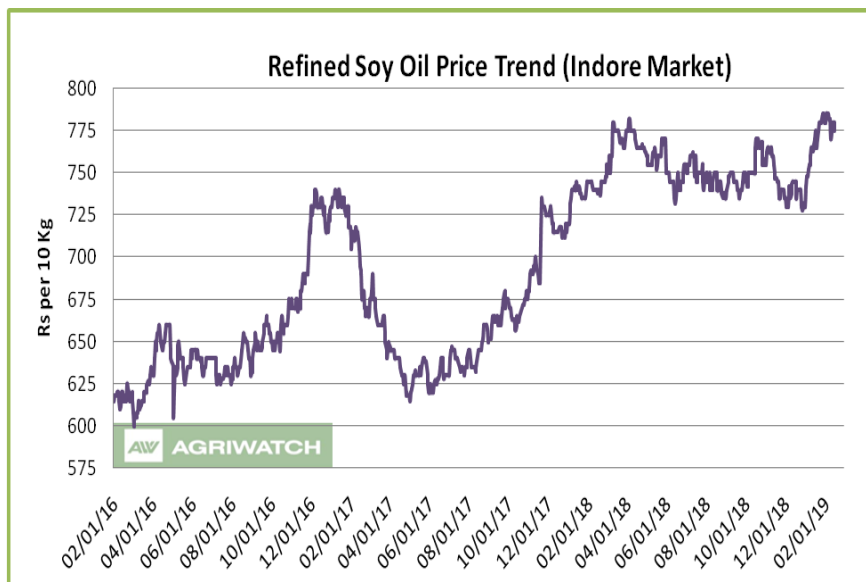
Expected fall in palm oil stocks in Malaysia and Indonesia, lower production of palm oil in Malaysia, rise in exports of palm oil from Malaysia, rise in competitive oils and rise in crude oil prices is expected to support CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soy oil featured firm sentiment in domestic markets in the week in review on weak demand.
- Soy oil prices closed lower during the week in Indore on weak demand.

Trade settlement between US and China has supported international soybean complex situation amid weak demand of soybean by China. Presently parity at ports is at 0.5-1.0 per kg. Prices are more likely to rise due to parity in imports.



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

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

US-China trade settlement and will support soy oil prices in domestic market.

Basis fell due to improvement of weather conditions in Argentina leading to lower FOB soy oil prices. Its discount over CBOT has decreased.

Imports of soy oil rose in Jan 2018 compared to Jan 2018 and higher than Dec 2018. Imports fell 100,000 tons in Jan compared to Dec 2018 while port stocks fell 10,000 tons indicating firm demand in Jan.

CDSO is trading at high premium over RBD palmolein at high seas at Rs 110 (Rs 115 last week) per 10 kg will decrease CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 145 (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 205 (USD 216 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.

- According to Solvent Extractors Association (SEA), India's January edible oil imports fell 2.9 percent y-o-y to 12.11 lakh tons from 12.47 lakh tons in Jan 2018. Palm oil imports in Jan fell 2.3 percent y-o-y to 8.15 lakh tons from 8.34 lakh tons in Jan 2018. CPO imports fell 4.17 percent in Jan y-o-y to 6.45 lakh tons from 6.73 lakh tons in Jan 2018. RBD palmolein imports rose 11.13 percent in Jan y-o-y to 1.67 lakh tons from 1.51 lakh tons in Jan 2018. Soy oil imports fell 17.33 percent in Jan y-o-y to 1.86 lakh tons from 2.25 lakh tons in Jan 2018. Sunflower oil imports rose 16.96 y-o-y in Jan to 2.00 lakh tons from 1.71 lakh tons in Jan 2018. Rapeseed (canola) oil import fell 47.06 percent y-o-y in Jan to 0.09 tons compared 0.17 imports in Jan 2018.
- According to Solvent Extractors Association (SEA), India's January edible oil stocks at ports and pipelines rose 4.20 percent m-o-m to 21.10 lakh tons from 20.25 lakh tons in Dec 2018. Stocks of edible oil at ports in Jan fell

to 805,000 tons (CPO 445,000 tons, RBD Palmolein 160,000 tons, Degummed Soybean Oil 70,000 tons, Crude Sunflower Oil 130,000 ton and about 1,305,000 tons in pipelines. (Stocks at ports were 805,000 tons in Dec 2018). India is presently holding 33 days of edible oil requirement on 1st Feb, 2019 at 21.10 lakh tons compared to 32 days of requirements last month at 20.25 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.

- Soy oil import scenario – According to SEA, soy oil imports fell 17.33 percent y-o-y in Jan to 1.86 lakh tons from 2.25 lakh tons in Jan 2018. In the oil year 2018-19 (Nov 2018-Jan 2019), imports of soy oil were 4.75 lakh tons compared to 5.78 lakh tons in last oil year, lower by 17.82 percent y-o-y.
- Imported crude soy oil CNF at West coast port is offered at USD 750 (USD 771) per ton for Feb delivery, Mar delivery is quoted at USD 730 (USD 745) per ton and Apr delivery is quoted at USD 717 (USD 719) per ton. Values in brackets are figures of last week. Last month, CNF CDSO Jan average price was USD 709 (USD 679.24 per ton in Dec 2018) per ton.
- On the parity front, margins decreased during the week on fall in prices of soy oil in Indian markets, and we expect margins to remain weak in coming days. Currently refiners lose USD 10-15/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 supported by US and China trade talks, fall in production of soybean in Brazil, firm demand of soybean by China from US, weak dollar and rise in crude oil prices.

Renewed optimism in global market of trade settlement between US and China US-China trade talks are on. Trade talks were held last week between US and China in China and both sides expressed satisfaction on talks. Fresh round of talks are expected to take place in US next week. Trade is watching China buying intentions. Trade settlement US and China is expected to support soybean complex prices.

Soybean crop harvest in Brazil is progressing at good pace which is higher than last year and higher than 5 year average. Weather conditions has improved indicating that harvest will progress swiftly. Brazil is facing drought in central and south regions of the country, which is expected to reduce soybean crop of the country due to fall in yields in drought-affected areas. Some center and west Brazil soybean areas especially in Parana and Mato Grosso is facing dry conditions. USDA reduced soybean production estimate of Brazil by 5 MMT to 117 MMT in 2018/19 and reduced estimate of soybean to 79.5 MMT from 81 MMT in 2018/19.

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

Soybean crop in Argentina has improved in last one month when weather conditions improved. Argentina soybean faced flooding due to rains, which has reduced its planted area. However, yields are expected to be higher than previously expected due to improving yields due to improved weather conditions. This has led to higher than expected production of soybean in Argentina in 2018/19. USDA cut soybean crop by 0.5 MMT to 55 MMT. Initially soybean crop was expected around 50-52 MMT due to flooding conditions.

China purchased 13 percent less soybean in January. However, January imports were 29 percent higher than Dec 2018. China has brought 10 MMT of soybean from US for deliver in first 3 months of 2019. China brought most of soybean in January from Brazil in January. Imports of soybean have been weak from US 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 January 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.

USDA reduced 2018/19 China's soybean import estimate to 88 MMT from 90 MMT in 2018/19 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. 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.

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 risen 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.

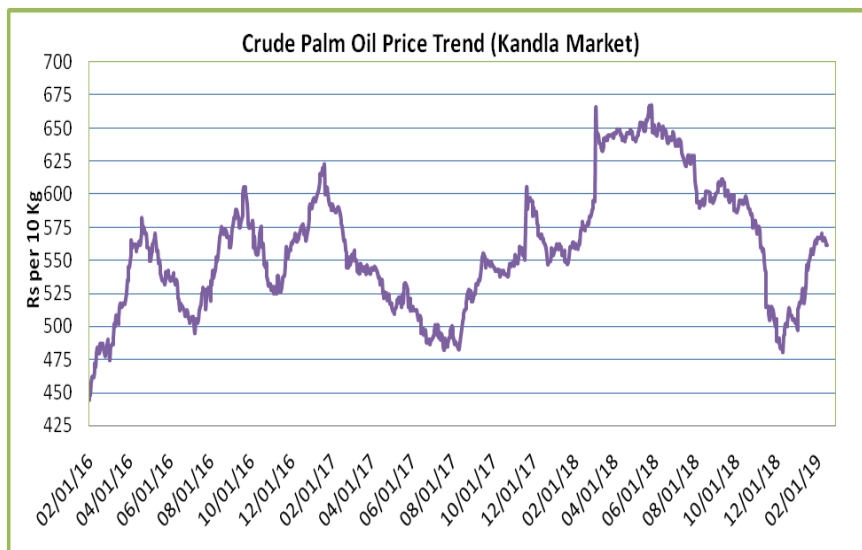
Global crude oil prices have is expected to rise due to OPEC and Russia plan to cut crude oil production. Resumption of US crude imports by China will support crude oil prices.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 740-820 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil featured weak trend at its benchmark market at Kandla on weak demand.
RBD palmolein also fell at its benchmark market of Kandla on weak demand.
- Prices of CPO closed lower at Kandla on weak demand.
Prices of CPO fell less at high seas compared to CNF markets compared to last week indicating firm 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.

Recent Rupee depreciation in near term may lead to fall in imports of CPO.

CPO import disparity decreased on fall in prices of CPO in International markets, which stands at Rs 3.5-4.0 per kg. High 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 depreciation of Rupee indicating weak demand and may decrease imports. Lower Rupee increases import prices of palm oil, which in turn increases disparity if domestic prices do not rise, which in turn dents demand.

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

Imports of palm oil by India fell in Jan as reported by SEA showed 4.17 percent fall in imports compared to Jan 2018. CPO imports rose in fell in Jan after firm Nov-Dec 2018. Fall in CPO imports came on high base y-o-y. RBD palmolein imports rose 11.13 percent in Jan compared to Jan 2018.

Imports of CPO fell in Jan due to weak demand of CPO in Indian markets, disparity in refining and higher stocks of CPO at ports.

Imports of CPO will firm due to higher refining margins compared to imported ready to use palmolein.

Rising premium of RBD palmolein over CPO at CNF markets will increase CPO imports.

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

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

RBD palmolein showed lower prices in its benchmark market weak demand.

RBD palmolein prices fell less at high seas compared to CNF markets indicating firm demand at high seas.

Import demand of RBD palmolein rose in Jan due to lower prices of RBD palmolein in international markets and lowering of import duty on RBD palmolein which led to lowering of duty differential between CPO and RBD palmolein leading to higher RBD palmolein imports.

Import demand of RBD palmolein is expected to firm in oil year 2018-19 (Nov 2018-Oct 2019) due to reduction import duty on RBD palmolein, lower differential of RBD palmolein import duty over CPO.

Imports of RBD palmolein have returned to disparity due to rise in prices of palm products in international markets.

At present there is disparity of Rs 1.5-2.0 per kg due to rise in premium of RBD palmolein over CPO and rise in prices of RBD palmolein in international markets.

Stocks of RBD palmolein at Indian ports have increased due to restocking at ports.

Demand of RBD palmolein was firm compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 73 (Rs 67) 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 increase 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 Jan was higher than Jan 2018 and Dec 2018. Imports of RBD palmolein rose in Jan compared to Dec 2018 and port stocks rose indicating restocking of RBD palmolein in Jan.

CDSO CNF premium over CPO CNF is at USD 205 (USD 216 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. 183 (Rs 184 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 145 (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 130 (USD 137.5 last week) per ton. High premium of refined sunflower oil over RBD palmolein due to hike in import duty on sun oil at Rs 170 (Rs 170) 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 Jan fell 2.3 percent y-o-y to 8.15 lakh tons from 8.34 lakh tons in Jan 2019. Imports in the oil year 2018-19 (November 2018-January 2019) are reported higher by 1.93 percent y-o-y at 23.19 lakh tons compared to 22.75 in last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports fell 4.17 percent y-o-y in Jan to 6.45 lakh tons from 6.73 lakh tons in Jan 2019. Imports in oil year 2018-19 (November

2018-January 2019) were reported higher by 2.34 percent y-o-y at 18.84 lakh tons compared to 18.41 lakh tons in last oil year.

RBD palmolein import scenario- RBD palmolein imports rose y-o-y in Jan by 11.13 percent to 1.68 lakh tons from 1.51 lakh tons in Jan 2018. Imports in oil year 2018-19 (November 2018-January 2019) were reported marginally higher y-o-y at 4.07 lakh tons compared to 4.05 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 555) per ton for Feb delivery and Mar delivery is quoted at USD 560 (USD 575) per ton. Last month, CNF CPO Jan average price was at USD 539.2 per ton (USD 482.2 per ton in Dec 2018). Values in brackets are figures of last week. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 585 (USD 600) per ton for Feb delivery and Mar delivery is quoted at USD 600 (USD 615) per ton. Last month, CIF RBD palmolein Jan average price was USD 575.4 (USD 517.4 in Dec 2018) per ton. Values in bracket depict last month quotes. Ready lift CPO duty paid prices quoted at Rs 562 (Rs 567) per 10 Kg and Feb delivery duty paid is offered at Rs 562 (Rs 571) per 10 kg. Ready lift RBD palmolein is quoted at Rs 635 (Rs 635) per 10 kg as on Feb 15, 2019. 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 5-10/ton v/s gain of USD 25-30/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein lose USD 20-25/ton v/s loss of USD 10-15/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 February, fall in production of palm oil in Malaysia and Indonesia, rise in exports of palm oil from Malaysia in February, rise in competing oils and rise in crude oil prices. .

Palm oil end stocks fell in January after record December due to firm exports of palm oil and weak production of palm oil in the country.

Production of palm oil fell in Malaysia in January on seasonal downtrend of production. Production will fall until summer when seasonal downtrend of production ends.

Production will fall in February on seasonal downtrend of production and sleeping period of palm trees after record year.

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

Exports rose in first 15 days of Feb from Malaysia on strong buying from India, according to cargo surveyor SGS.

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

However, imports of palm oil from China weakens after Chinese New Year.

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 40 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 are expected to fall below 3 MMT in Indonesia in 2019 after reaching 5 MMT in July 2018, 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 increased over Indonesia CPO due to firm demand. Export demand will falter due to rising premium of Malaysian palmolein and buyers will shift back to Indonesia 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.

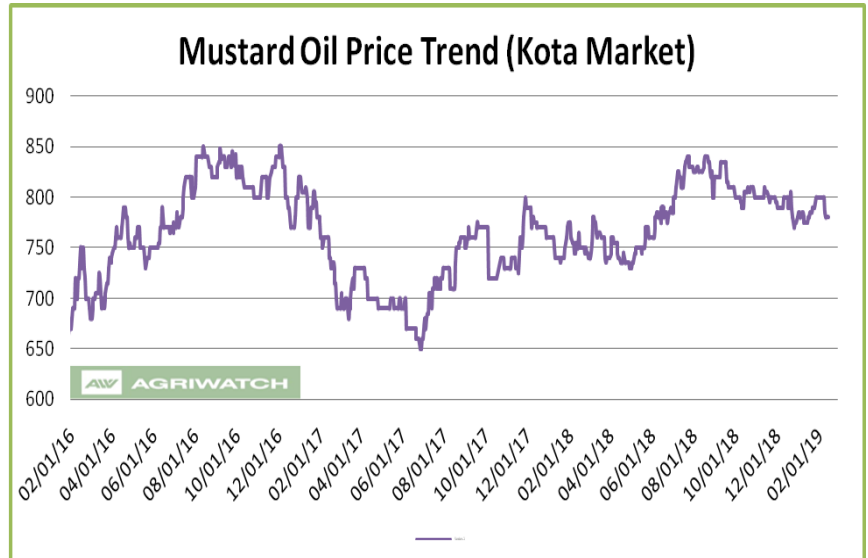
Global crude oil prices are expected to rise on expected cut on crude oil production by OPEC and Russia will support palm oil prices.

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 sideways to weak trend in benchmark market weak demand. Arrivals of rapeseed rose last week.
- Agriwatch view: Prices of rapeseed oil expeller featured sideways to weak trend in its benchmark market on weak demand.
Prices fell despite rise in rapeseed prices indicating weak demand.
Falling premium of rapeseed oil over soy oil and palm oil prices may led to rise in rapeseed oil prices.



Sale of rapeseed by NAFED is progressing at good pace. NAFED is currently holding 1.07 lakh tons of rapeseed.

Stock of rapeseed with NCDEX is 0.04 lakh tons. Stocks with trade are less.

Higher liquidation of rapeseed by NAFED is weighing on prices of rapeseed.

Prices are weakening as stocking of rapeseed oil is falling as winters demand will be over in East and North India by March.

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 oil prices. New rapeseed crop harvest will start from next week.

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 43 (Rs 35) per 10 Kg will support rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 188 (Rs 185) per 10 kg will underpin rapeseed oil prices.

Import of canola is weak in Jan 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 30 (USD -1) 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.

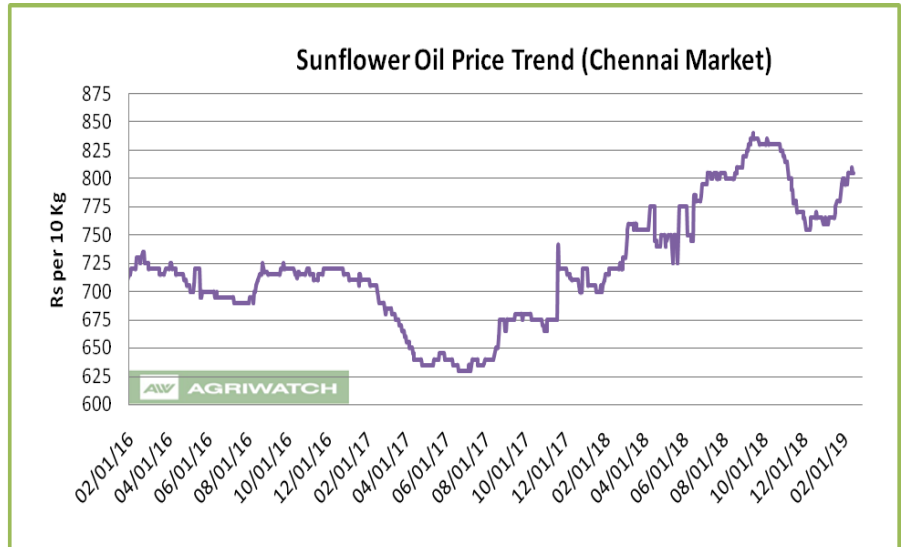
- Rapeseed oil import scenario- India imported 0.09 lakh tons of rapeseed (Canola) oil in Jan 2019 v/s 0.17 lakh tons in Jan 2018, lower by 47.06 percent y-o-y. In the oil year 2018-19 (Nov 2019-Jan 2019) imports were 0.35 lakh tons compared to 0.77 lakh tons in last oil year, lower by 54.55 percent y-o-y.
- CNF canola oil premium over CDSO is USD 30 (USD -1 last week) per ton for ready delivery as on Feb 15, 2019.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 800 (Rs 810) per 10 Kg, and at Kota market, it is offered at Rs 780 (Rs 800) per 10 kg as on Feb 15, 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 750-850 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil price traded sideways during the week in Chennai on firm demand.
 - Prices of sunflower oil traded sideways in Chennai on firm demand.
- Sunflower oil price remained unchanged at high seas while it fell at CNF markets indicating firm demand at high seas.
- Prices rose despite fall in soy oil and palm oil prices indicating firm demand.



Import demand of sunflower oil rose in Jan compared to Dec due to low sunflower oil premium over soy oil in Dec at CNF markets. Stocks of sunflower oil fell at ports in Jan compared to Dec indicating firm demand and destocking at ports.

In domestic market, sunflower oil prices premium over soy oil is at Rs 25 (Rs 20 last week) per 10 kg, which indicates that chance of correction of sunflower oil prices is less as prices have converged at domestic and at CNF markets. At present premium of sunflower oil over soy oil at CNF markets is at USD 0.0 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 130 (US 137.5 last week) which will increase imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 165 (Rs 148 last week) per 10 kg which is high and cap gains in domestic market

In domestic market falling groundnut oil premium over sunflower oil at Chennai market is at Rs 115 (Rs 145 last week) per 10 kg will cap gains sunflower oil prices.

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

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 Jan after weak imports for past 4 months which has decreased port stocks. At present destocking 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.

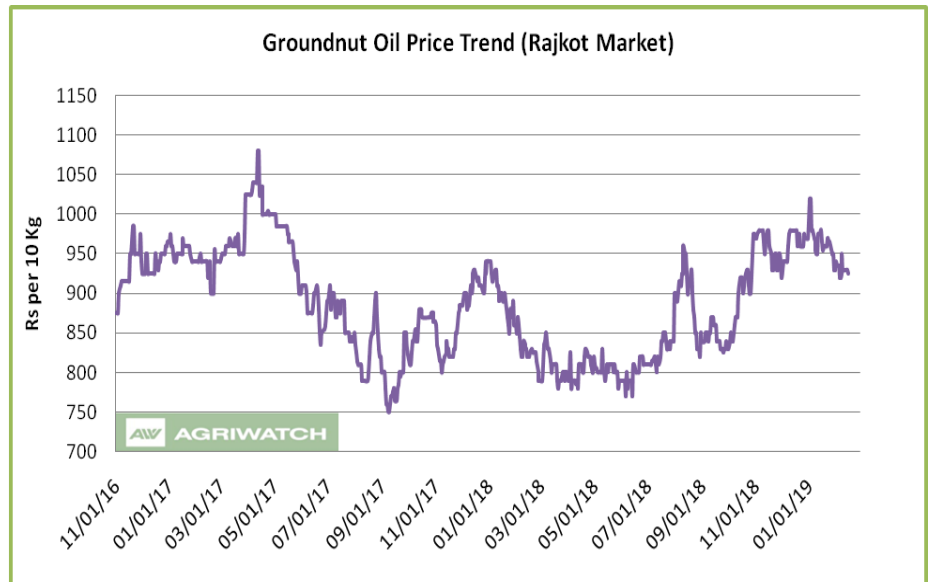
Prices of sunflower oil are expected to be supported by fresh demand at present levels and falling premium over competitive oils.

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 16.96 percent y-o-y in Jan to 2.00 lakh tons from 1.71 lakh tons in Jan 2018. Imports in oil year 2018-19 (November 2018-January 2019) were reported marginally higher y-o-y at 6.014 lakh tons compared to 6.013 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 (USD 735) per ton for Mar delivery and Apr delivery is quoted at USD 725 (USD 727.5) per ton. CNF sun oil (Ukraine origin) Jan monthly average was at USD 711.12 per ton compared to USD 695.4 per ton in Dec. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 720-770 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD -0 (USD -33.5 last week) per ton for Mar delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 130 (USD 137.5) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 805 (Rs 805) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 815 (Rs 815) per 10 kg as on Feb 15, 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 780-840 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 of groundnut oil rose despite fall in groundnut prices indicating firm demand.
Demand of groundnut oil rose at lower levels. There is demand at these levels.
Retail demand firms at lower levels.



Prices have fallen in February as peak demand season is over. Prices are expected to remain stable to lower as seasonal demand slows. However, demand of groundnut oil may firm due to low volatility in prices. Consumers increase oil demand on lower volatility in prices.

Nafed is procuring groundnut in Gujarat, Rajasthan and MP. Total progressive purchase is 6.98 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 10.58 lakh tons apart from additional stocks with trade and farmers. Farmers have around 2 lakh tons of groundnut stocks with factory is around 1 lakh tons. High stocks are weighing on prices of groundnut.

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 at current 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 9,250 (9,500), per quintal and it was quoted at Rs 9,300 (Rs 9,500) per quintal in Chennai market on Feb 15, 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 price 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.

Prices fell despite rise in prices of copra indicating weak demand.

Prices fell on fall in palm oil prices

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 if present price trend continues.

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

However, demand has decreased on rise in prices of coconut oil.

Coconut oil prices have sustained due to higher MSP of copra. Coconut oil 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.

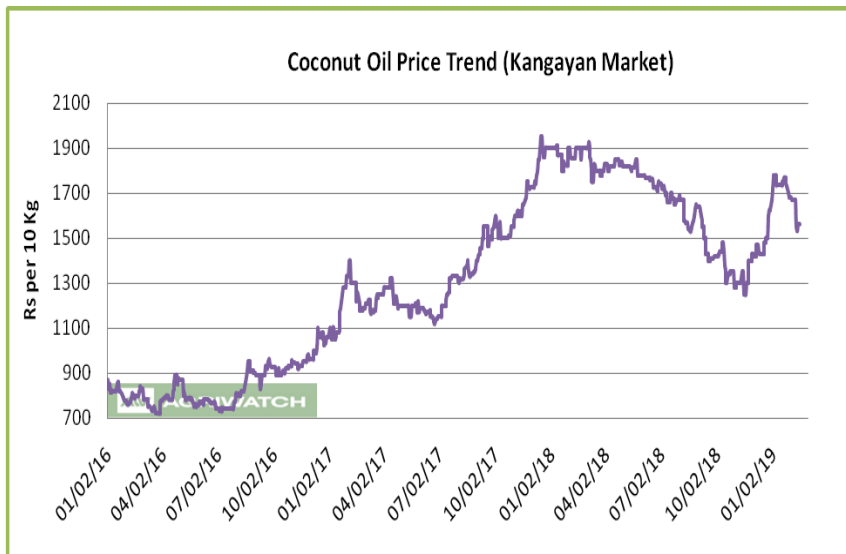
Demand of coconut oil may weaken due to rise in prices by more than 30 percent in second half of 2018.

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.

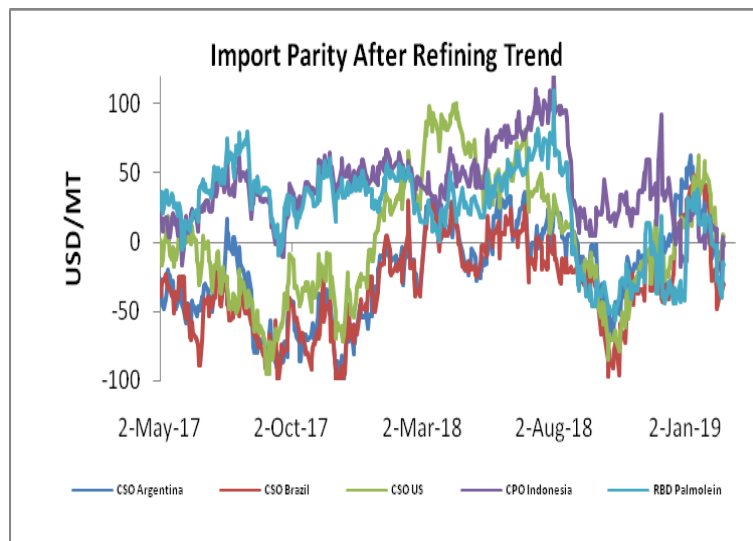
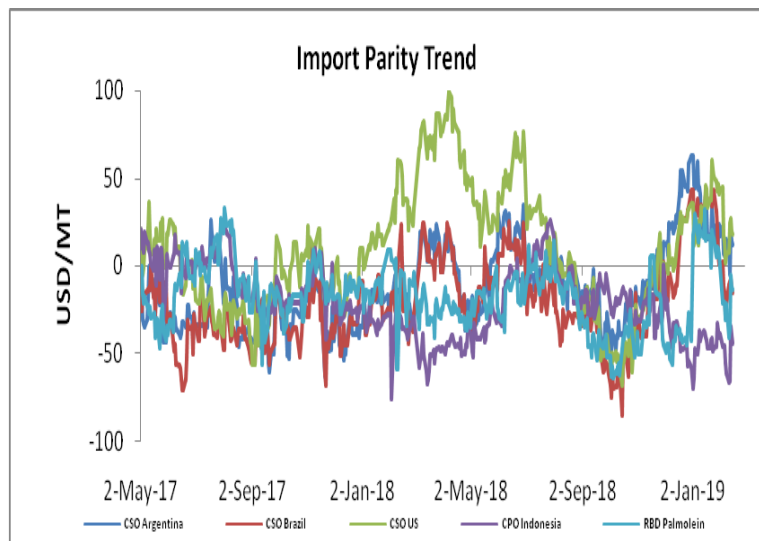
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 15,300 (15,300) per quintal, and was quoting Rs 15,600 (Rs 16,700) per quintal in Erode market on Feb 15, 2019.



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)

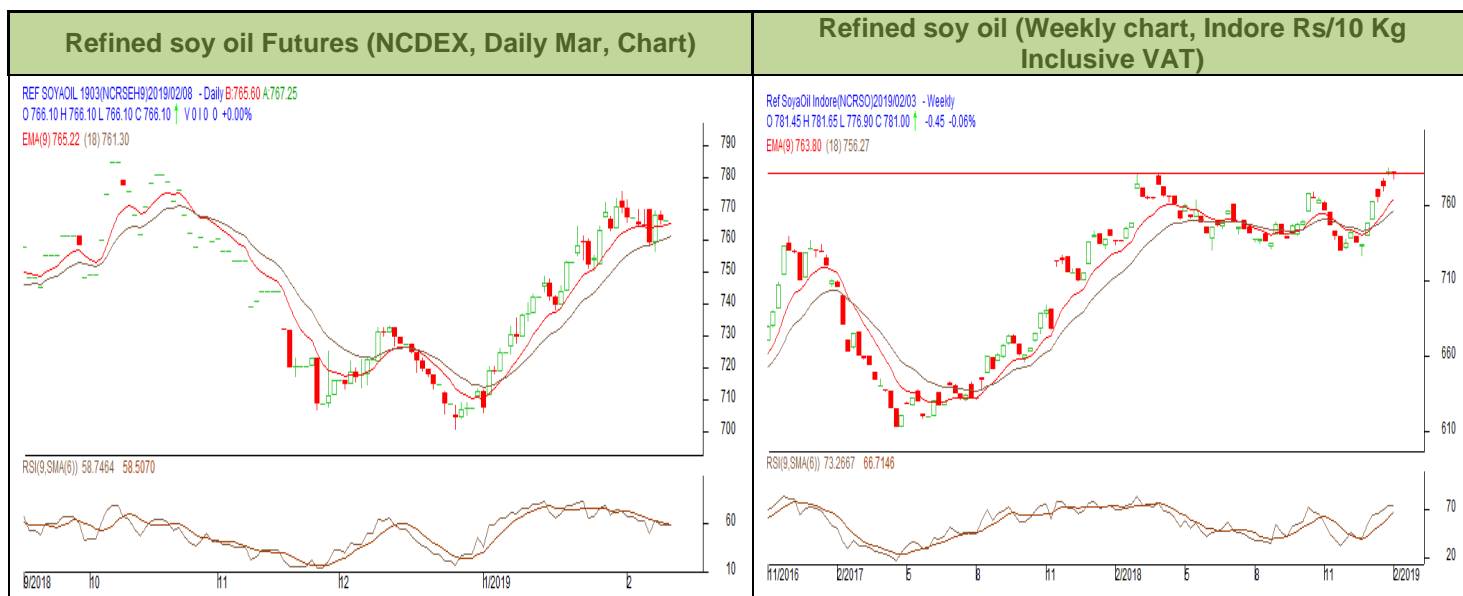


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Dec, 2018	10.54	-16.33	-8.87	27.63	-32.68
Jan, 2019	32.50	32.12	36.83	11.58	19.22

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 higher than parity on 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 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 770 in weekly might take the prices below 780 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.

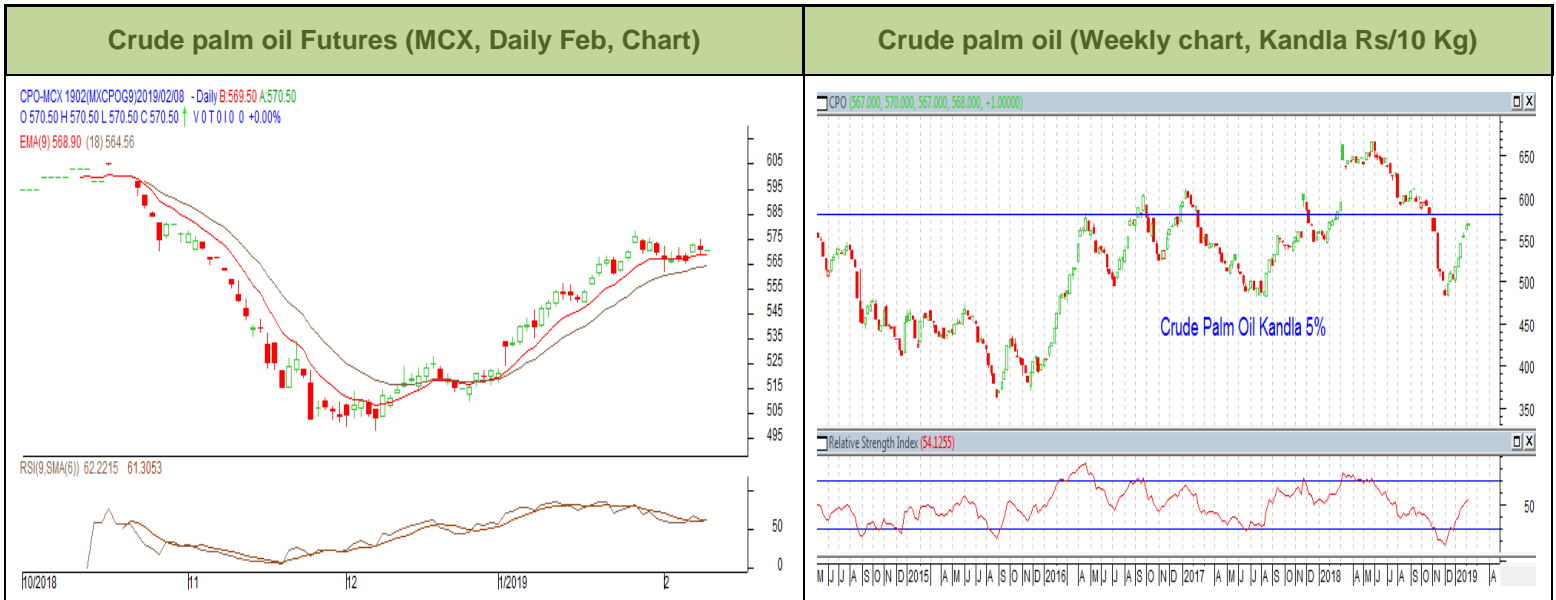
Strategy: Market participants are advised to go long above 760 levels for a target of 775 and 780 with a stop loss at 750 on closing basis.

RSO NCDEX (Mar)

Support and Resistance				
S2	S1	PCP	R1	R2
735.00	750.00	766.20	780.00	800.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 740-820 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show downtrend in prices during the week. We expect that CPO Feb 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 570 in weekly chart may bring the prices to 580 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 560 for a target of 575 and 580 with a stop loss at 550 on closing basis.

CPO MCX (Feb)

Support and Resistance				
S2	S1	PCP	R1	R2
540.00	550.00	563.90	580.00	590.00

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
		15-Feb-19	8-Feb-19	
Refined Soybean Oil	Indore	780	782	-2
	Indore (Soy Solvent Crude)	750	752	-2
	Mumbai	775	785	-10
	Mumbai (Soy Degum)	745	750	-5
	Kandla/Mundra	775	780	-5
	Kandla/Mundra (Soy Degum)	745	752	-7
	Kolkata	795	805	-10
	Delhi	825	825	Unch
	Nagpur	778	781	-3
	Rajkot	770	775	-5
	Kota	780	780	Unch
	Hyderabad	760	760	Unch
	Akola	781	781	Unch
	Amrawati	780	780	Unch
	Bundi	795	793	2
	Jalna	783	785	-2
	Solapur	770	770	Unch
	Dhule	775	780	-5
Palm Oil*	Kandla (Crude Palm Oil)	590	596	-6
	Kandla (RBD Palm oil)	625	635	-11
	Kandla RBD Pamolein	672	683	-11
	Kakinada (Crude Palm Oil)	578	593	-16
	Kakinada RBD Pamolein	667	683	-16
	Haldia Pamolein	672	683	-11
	Chennai RBD Pamolein	677	685	-7
	Chennai RBD Pamolein (Vitamin A&D Fortified)	730	734	-4
	KPT (krishna patnam) Pamolein	662	677	-16
	Mumbai RBD Pamolein	693	693	Unch
	Mangalore RBD Pamolein	677	685	-7
	Tuticorin (RBD Palmolein)	672	685	-13
	Delhi	700	710	-10
	Rajkot	667	667	Unch
	Hyderabad	644	650	-6
	PFAD (Kandla)	362	362	Unch
	Refined Palm Stearin (Kandla)	578	593	-16
	Superolien (Kandla)	714	714	Unch

	Superolien (Mumbai)	725	725	Unch
* inclusive of GST				
Refined Sunflower Oil	Chennai	805	805	Unch
	Mumbai	820	825	-5
	Mumbai(Expeller Oil)	740	750	-10
	Kandla (Ref.)	800	800	Unch
	Hyderabad (Ref)	815	815	Unch
	Latur (Expeller Oil)	775	775	Unch
	Chellakere (Expeller Oil)	765	745	20
	Erode (Expeller Oil)	835	835	Unch
Groundnut Oil	Rajkot	925	950	-25
	Chennai	930	950	-20
	Delhi	950	940	10
	Hyderabad *	965	960	5
	Mumbai	960	965	-5
	Gondal	920	930	-10
	Jamnagar	930	925	5
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	800	810	-10
	Jaipur (Kacchi Ghani Oil)	823	822	1
	Kota (Expeller Oil)	780	800	-20
	Kota (Kacchi Ghani Oil)	797	810	-13
	Neewai (Expeller Oil)	795	804	-9
	Neewai (Kacchi Ghani Oil)	808	814	-6
	Bharatpur (Kacchi Ghani Oil)	820	820	Unch
	Sri-Ganga Nagar(Exp Oil)	800	800	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	805	810	-5
	Mumbai (Expeller Oil)	800	800	Unch
	Kolkata(Expeller Oil)	950	930	20
	New Delhi (Expeller Oil)	835	830	5
	Hapur (Expeller Oil)	895	885	10
	Hapur (Kacchi Ghani Oil)	935	925	10
	Agra (Kacchi Ghani Oil)	825	825	Unch
Refined Cottonseed Oil	Rajkot	743	745	-2
	Hyderabad	715	725	-10
	Mumbai	752	760	-8
	New Delhi	740	738	2
Coconut Oil	Kangayan (Crude)	1560	1670	-110
	Cochin	1530	1530	Unch

Sesame Oil	New Delhi	1650	1560	90
	Mumbai	Unq	0	-
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	635	632	3
Rice Bran Oil (4%)	Punjab	605	605	Unch
Malaysia Palmolein USD/MT	FOB	563	585	-22
	CNF India	585	605	-20
Indonesia CPO USD/MT	FOB	525	550	-25
	CNF India	545	560	-15
RBD Palm oil (Malaysia Origin USD/MT)	FOB	558	568	-10
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	550	555	-5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	800	855	-55
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	448	440	8
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	810	-
Ukraine Origin CSFO USD/MT Kandla	CIF	730	738	-8
Rapeseed Oil Rotterdam Euro/MT	FOB	720	735	-15
Argentina FOB (\$/MT)		14-Feb-19	7-Feb-19	Change
Crude Soybean Oil Ship		690	710	-20
Refined Soy Oil (Bulk) Ship		714	735	-21
Sunflower Oil Ship		655	655	Unch
Cottonseed Oil Ship		670	690	-20
Refined Linseed Oil (Bulk) Ship		Unq	0	-
* indicates including GST				

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