

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

On the currency front, Indian rupee is hovering near 71.04 against 71.22 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 to trade firm on strong fundamentals and palm oil to trade weak on weak 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 short in CPO below 565 for a target of 550 and 545 with a stop loss at 575 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, weak soybean crop 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.

Lower than expected fall in palm oil stocks in Malaysia, lower than expected fall in production of palm oil in Malaysia, fall in exports of palm oil from Malaysia and firm ringgit is expected to underpin CPO prices in near term.

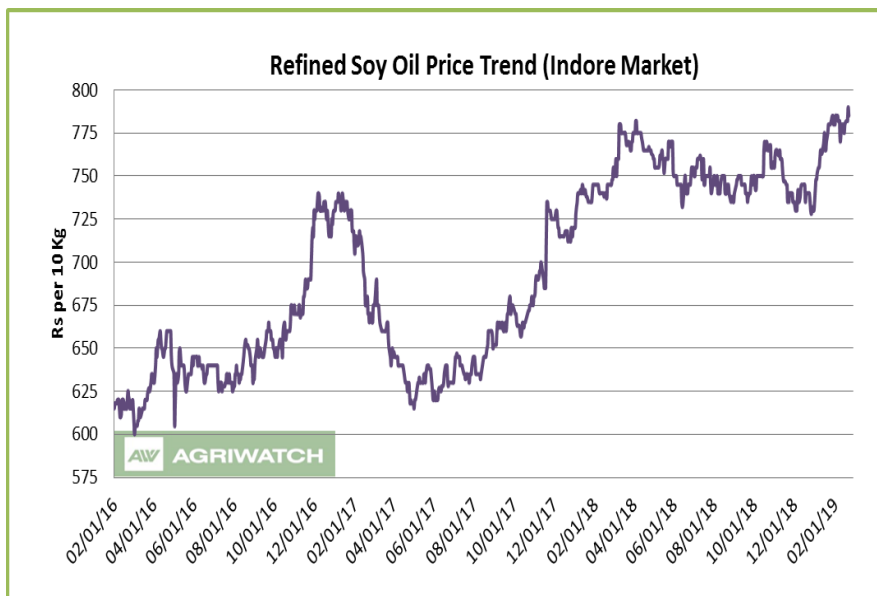
Soy oil Fundamental Analysis and Outlook:-

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.

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 0.0-0.5 per kg. Prices are more likely to rise due to parity in imports.



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

Soy oil demand is weak at CNF markets as prices fell at CNF while it rose at 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 117 (Rs 110 last week) per 10 kg will decrease CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 155 (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 217 (USD 205 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 762 (USD 750) per ton for Feb delivery, Mar delivery is quoted at USD 746 (USD 730) per ton and Apr delivery is quoted at USD 729 (USD 717) 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. US President extended date of expiry of trade settlement when higher import duties were expected to be imposed on China by US. This is a boost to trade negotiations which are expected to yield positive results for soybean. Trade talks were held last week between US and China in China and both sides expressed satisfaction on talks. 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.

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.

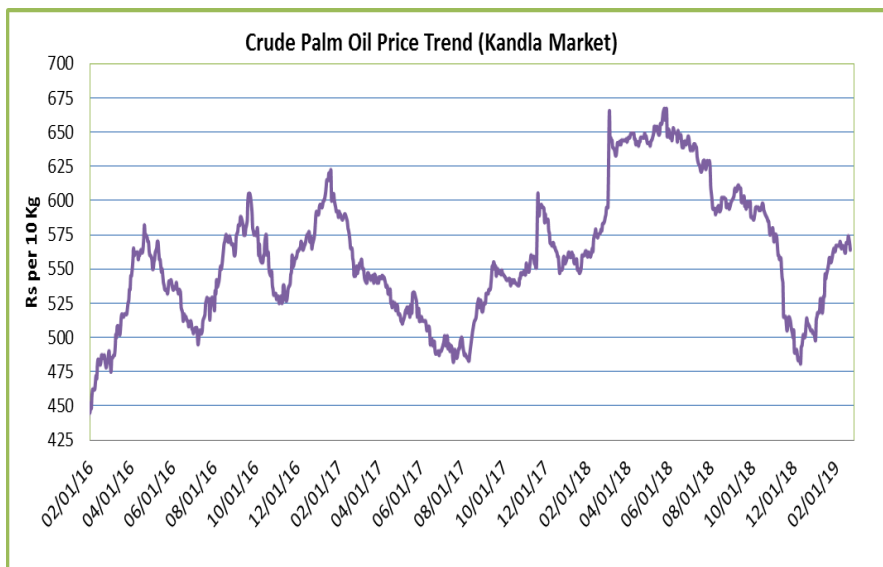
Global crude oil prices have is expected to rise due to OPEC cut in crude oil production. Resumption of US crude imports by China will support crude oil prices.

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 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 less at high seas while it remained unchanged at 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.

CPO import disparity increased on rise 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.

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 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.

Falling premium of RBD palmolein over CPO at CNF markets will decrease CPO imports.

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

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 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 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 1.0-1.5 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 weak compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 68 (Rs 73) 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 rose more 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 217 (USD 205 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. 185 (Rs 183 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 155 (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 150 (USD 130 last week) per ton. High premium of refined sunflower oil over RBD palmolein due to hike in import duty on sun oil at Rs 165 (Rs 170) per 10 kg, will increase RBD palmolein imports. Values in brackets are figures of last week.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in 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 2019-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 545) per ton for Feb delivery and Mar delivery is quoted at USD 552.5 (USD 5760) 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 575 (USD 585) per ton for Feb delivery and Mar delivery is quoted at USD 582.5 (USD 600) 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 564 (Rs 562) per 10 Kg and Feb delivery duty paid is offered at Rs 564 (Rs 562) per 10 kg. Ready lift RBD palmolein is quoted at Rs 645 (Rs 635) per 10 kg as on Feb 22, 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 10-15/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 15-20/ton (last month) parity.

International Front

Palm oil prices are likely to fall due to expectation of lower fall in end stocks of palm oil in Malaysia February, slow fall in production of palm oil in Malaysia, fall in exports of palm oil from Malaysia in February, US-China trade deal and appreciation of Ringgit..

Palm oil end stocks fell in Feb is expected to fall below 3 MMT but at a lower rate than previously expected due to slow fall in production of palm oil in Malaysia in Feb and weak exports of palm oil in Feb.

Production of palm oil is expected to fall in Malaysia in Feb on seasonal downtrend of production. However, fall will be limited due to maturing plants and production in Jan was record Jan in history.

Exports of palm oil were has weakened in Feb due to weak demand from EU and China. However, imports from India was firm in Feb.

Exports rose in fell 5.5 percent in first 25 days of Feb days of Feb, according to cargo surveyor SGS.

Imports from EU is weak in Feb due to seasonally weak Feb, weak demand due to winters and rise in palm oil prices in Jan and Feb.

China is expected to import in smaller quantities in Feb-Mar due to trade weak demand post Chinese New Year when demand remain seasonally slow.

US-China trade settlement is expected in coming weeks and will be bearish for palm oil as US is buying record soybean from China to quench its hunger of soybean which is in short supply in the country. China has committed 10 MMT of soybean imports on Sunday in trade talks with US. Higher imports of soybean by China will lead to lower imports of palm oil by country. However, swine flu case in China is expected to keep demand of soybean under check.

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 palmoelin, low stocks of RBD palmoelin at Indian ports and positive import parity of RBD palmoelin on imports by India.

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

Indonesia has asked India to cut import duty on palm oil to bring it in lines with import duty on palm oil on Malaysia by India in exchange of higher sugar imports from in India by Indonesia.

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

Appreciation of Ringgit is expected to underpin palm oil prices. Ringgit has appreciated above 4.10/USD and is expected to touch 4.0/USD. This will make exports of palm oil uncompetitive compared to other oil and same oils with different destinations.

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.

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 weak demand. Export demand will rise due to falling premium of Malaysian palmolein.

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

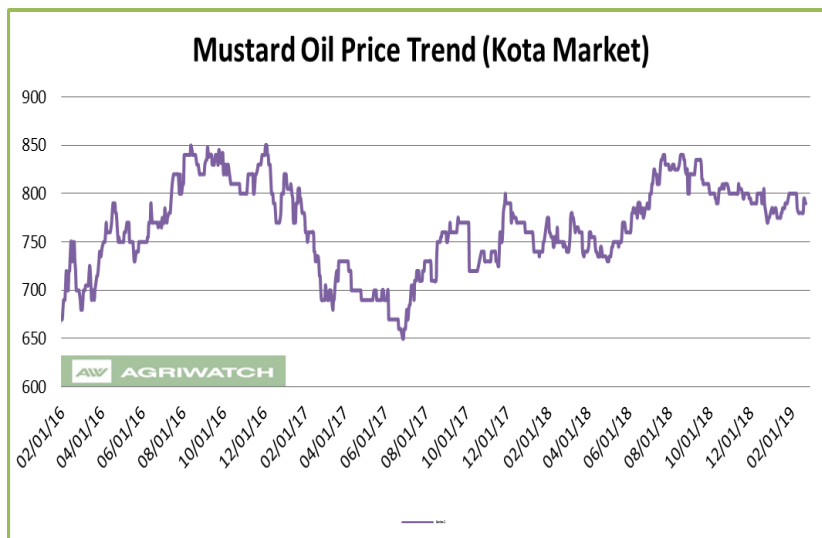
Global crude oil prices are expected to rise on expected cut on crude oil production by OPEC and Russia will support palm oil prices.

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. Arrivals of rapeseed rose last week.
- Agriwatch view: Prices of rapeseed oil expeller featured sideways to firm trend in its benchmark market on firm demand. Prices rose despite fall in rapeseed prices indicating firm 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 less than 1.00 lakh tons of rapeseed.

Stock of rapeseed with NCDEX is 0.06 lakh tons. Stocks with trade are less.

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

Prices are rising on stocking of rapeseed oil ahead of festivals.

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 has started from last week and arrivals are picking up.

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

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 195 (Rs 188) 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 4 (USD 30) 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.

- 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 4 (USD 30 last week) per ton for ready delivery as on Feb 22, 2019.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 808 (Rs 800) per 10 Kg, and at Kota market, it is offered at Rs 790 (Rs 780) per 10 kg as on Feb 22, 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 weak during the week in Chennai on weak demand.
- Prices of sunflower oil traded weak in Chennai on weak demand. Sunflower oil price fell more at high seas compared to CNF markets indicating weak demand at high seas. Prices fell despite rise in soy oil and palm oil prices indicating weak 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 10 (Rs 2 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 -21 per ton.

Demand of sunflower is likely to be underpinned due to high premium over RBD palmolein.

High sunflower oil premium over RBD palmolein at CNF India is at USD 150 (US 130 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 150 (Rs 165 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 115 last week) per 10 kg will underpin 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.

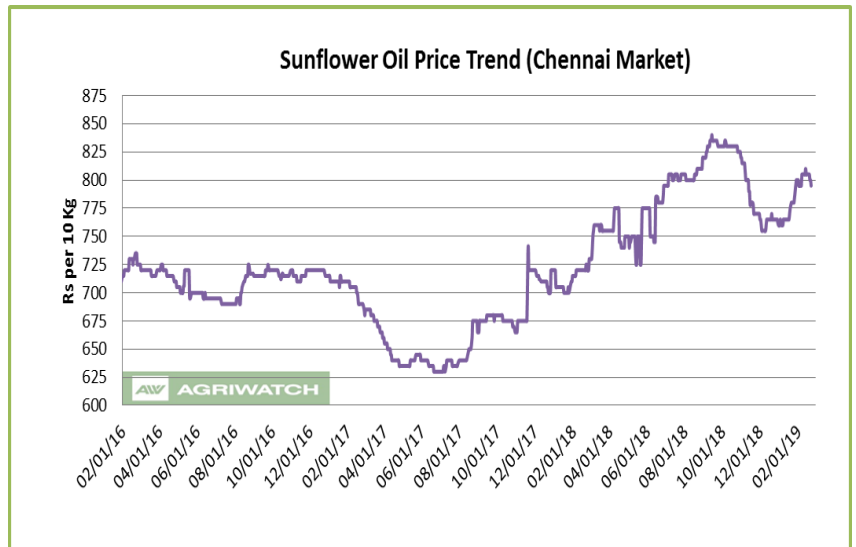
Imports of sunflower oil rose in Jan after weak imports for past 4 months which has decreased port stocks. At present destocking is taking place at ports.

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 underpinned by weak demand and high 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



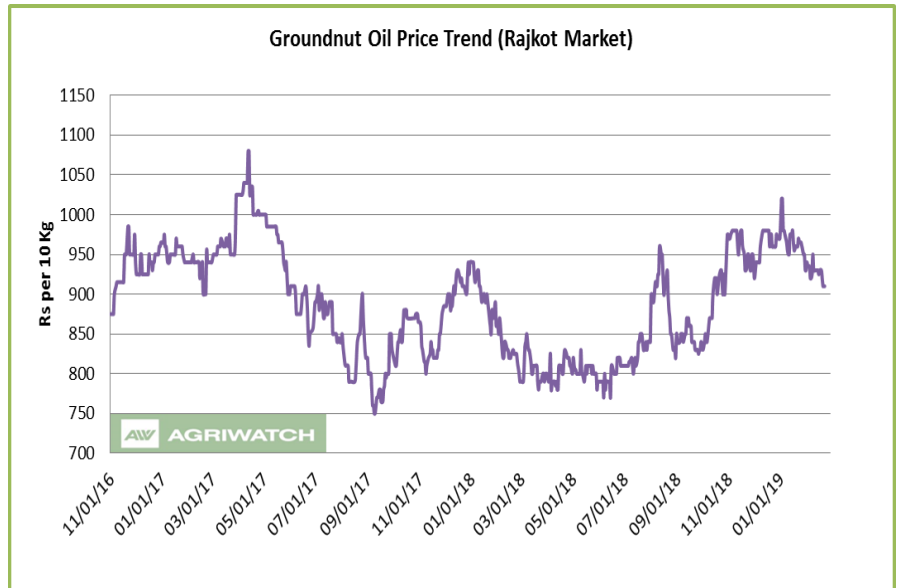
(November 2018-January 2019) were reported marginally higher y-o-y at 6.014 lakh tons compared to 6.013 lakh tons in last oil year.

- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 725 (USD 730) per ton for Mar delivery and AMJ delivery is quoted at USD 720 (USD 725) 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 700-750 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD -21 (USD 0 last week) per ton for Mar delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 150 (USD 130) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 795 (Rs 805) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 800 (Rs 800) per 10 kg as on Feb 22, 2019. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to weak tone in the coming days.

Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 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 and fall in groundnut prices. Prices of groundnut oil fell on fall in groundnut prices. Fall in raw material prices led to fall in product prices. Demand of groundnut oil feel due to regular fall in groundnut oil prices. However, there is demand at lower levels.



Retail demand has weakened due to regular fall in prices which leads to postponement of demand.

Prices are have fallen in February as peak demand season is over. Prices are expected to remain stable to lower as seasonal demand slows. Consumers increase oil demand on lower volatility in prices.

Nafed is disposing groundnut in Gujarat, Rajasthan and MP. Total progressive purchase is 7.03 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 10.63 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 fall on weak demand.

- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,100 (9,250), per quintal and it was quoted at Rs 9,400 (Rs 9,300) per quintal in Chennai market on Feb 22, 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 850-950 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 and fall in prices of copra.
- Overall coconut oil prices show weak trend during the week on weak demand and fall in copra prices.

Prices fell on fall in prices of copra. Fall in raw material lead weak product 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 are falling.

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. Demand destruction has happened due to surge in prices of coconut oil.

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

Demand will decreased on due to regular fall 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.

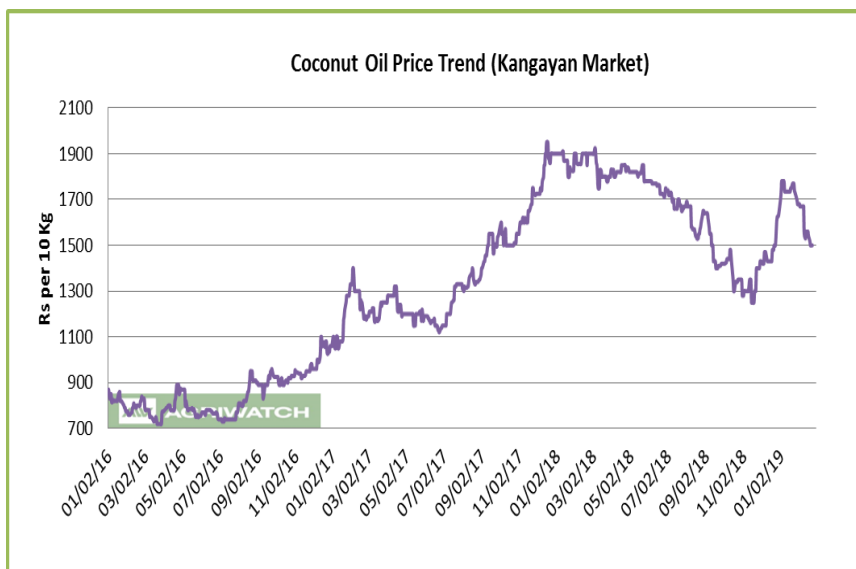
Demand of coconut oil may weaken due to rise in prices by more than 30 percent in second half of 2018.

Household consumption will weaken at higher prices of coconut oil.

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

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

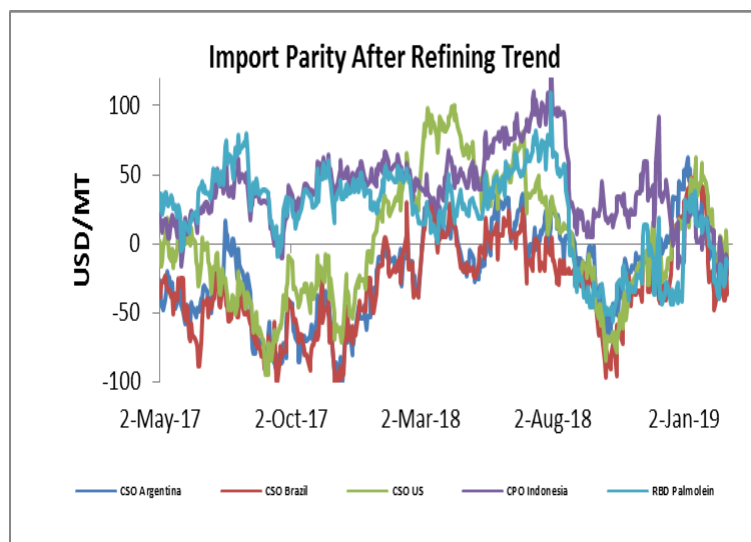
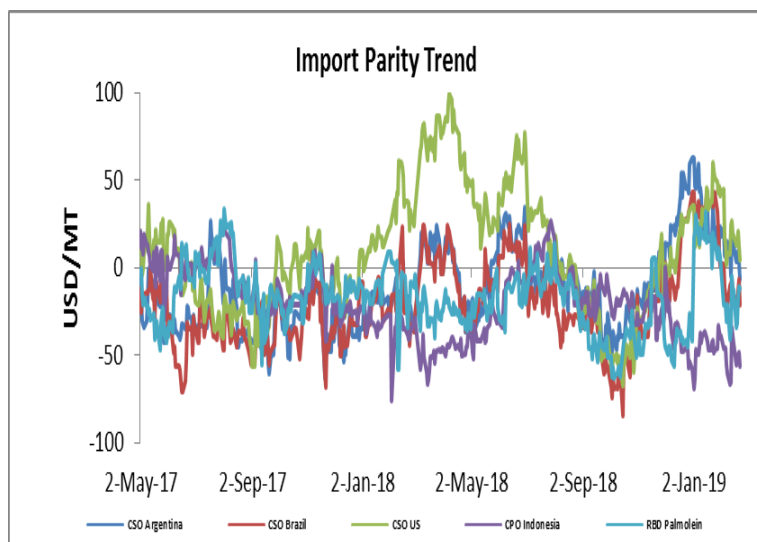
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 15,400 (15,300) per quintal, and was quoting Rs 15,000 (Rs 15,600) per quintal in Erode market on Feb 22, 2019.



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)

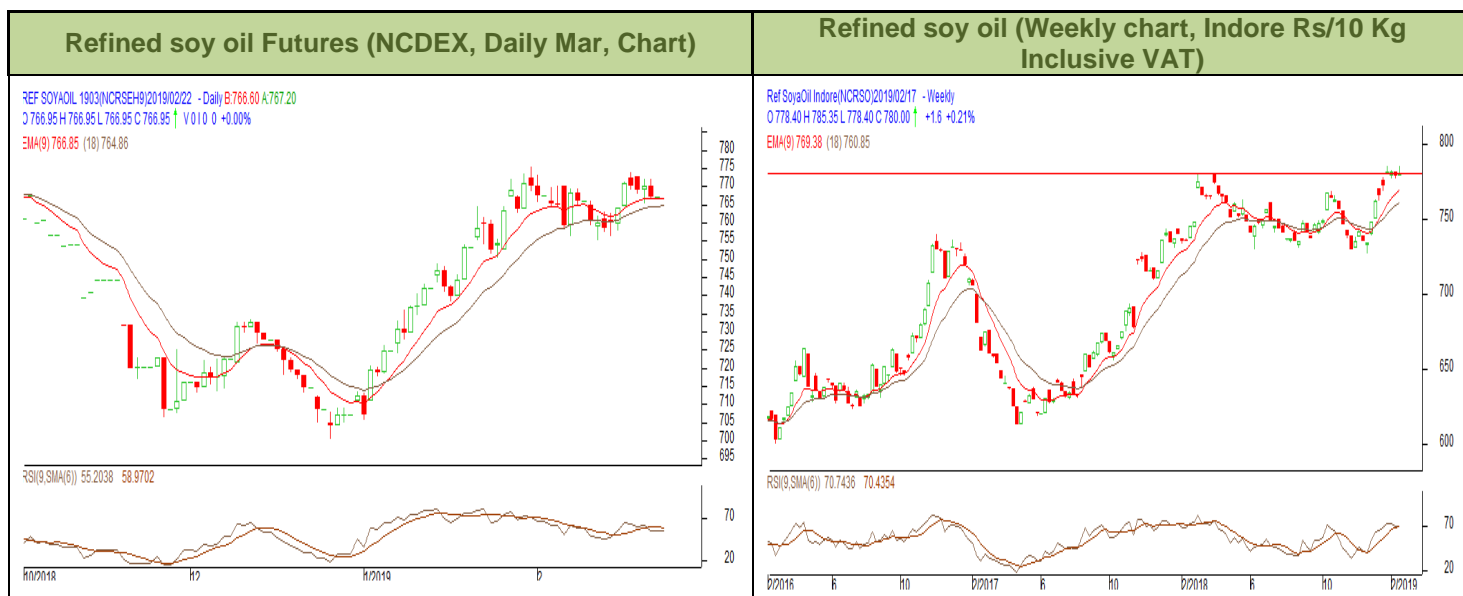


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Dec, 2018	10.54	-16.33	-8.87	27.63	-32.68
Jan, 2019	32.50	32.12	36.83	11.58	19.22

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 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 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.

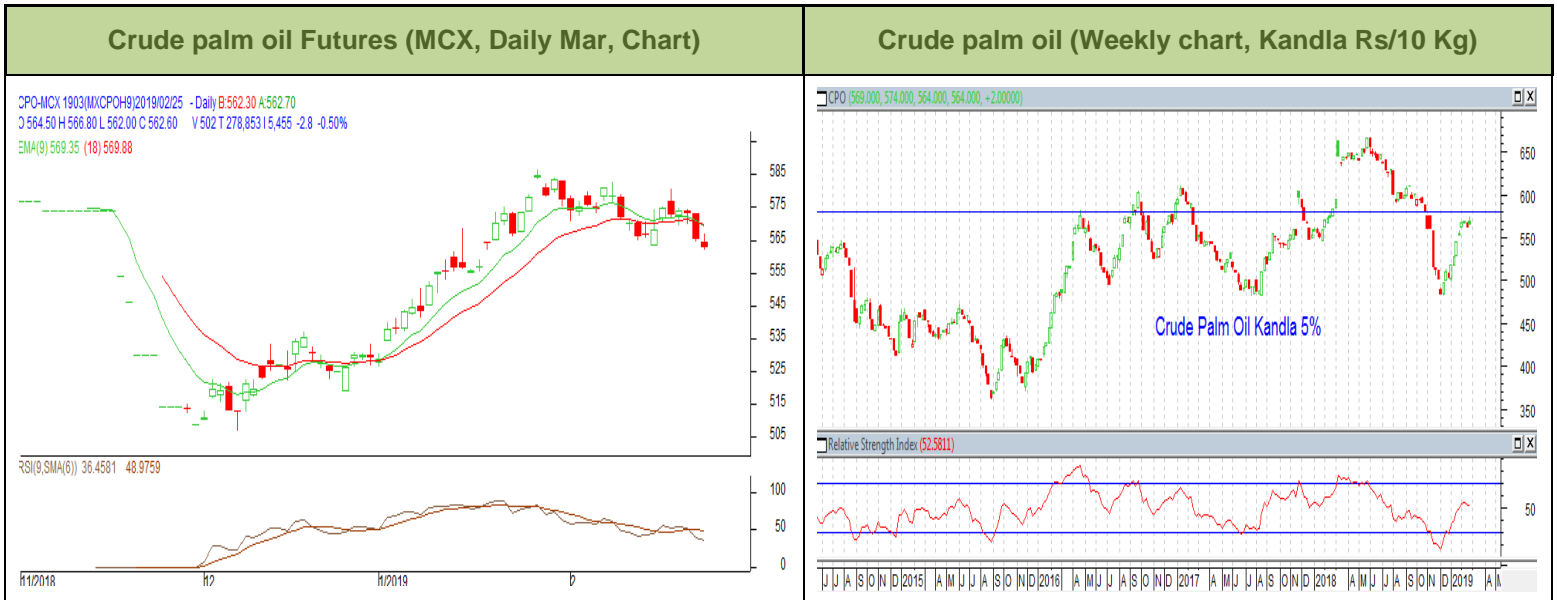
Strategy: Market participants are advised to go long above 760 levels for a target of 775 and 780 with a stop loss at 750 on closing basis.

RSO NCDEX (Mar)

Support and Resistance				
S2	S1	PCP	R1	R2
735.00	750.00	767.85	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 Mar contract may trade sideways to weak note.

- Candlestick in weekly chart of crude palm oil at MCX depicts downtrend in the prices. We expect prices to trade with a sideways to weak note in the near term.
- Any close above 560 in weekly chart may bring the prices to 550 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 short in CPO below 565 for a target of 550 and 545 with a stop loss at 575 on closing basis.

CPO MCX (Feb)

Support and Resistance				
S2	S1	PCP	R1	R2
540.00	550.00	562.5	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
Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		22-Feb-19	15-Feb-19	
Refined Soybean Oil	Indore	785	780	5
	Indore (Soy Solvent Crude)	752	750	2
	Mumbai	775	775	Unch
	Mumbai (Soy Degum)	745	745	Unch
	Kandla/Mundra	775	775	Unch
	Kandla/Mundra (Soy Degum)	750	745	5
	Kolkata	790	795	-5
	Delhi	825	825	Unch
	Nagpur	775	778	-3
	Rajkot	775	770	5
	Kota	785	780	5
	Hyderabad	760	760	Unch
	Akola	777	781	-4
	Amrawati	776	780	-4
	Bundi	795	795	Unch
	Jalna	783	783	Unch
	Solapur	773	770	3
	Dhule	778	775	3
Palm Oil*	Kandla (Crude Palm Oil)	592	590	2
	Kandla (RBD Palm oil)	625	625	Unch
	Kandla RBD Pamolein	677	672	5
	Kakinada (Crude Palm Oil)	586	578	8
	Kakinada RBD Pamolein	667	667	Unch
	Haldia Pamolein	680	672	8
	Chennai RBD Pamolein	677	677	Unch
	Chennai RBD Pamolein (Vitamin A&D Fortified)	730	730	Unch
	KPT (krishna patnam) Pamolein	662	662	Unch
	Mumbai RBD Pamolein	693	693	Unch
	Mangalore RBD Pamolein	677	677	Unch
	Tuticorin (RBD Palmolein)	674	672	2
	Delhi	705	700	5
	Rajkot	667	667	Unch
	Hyderabad	651	644	7
	PFAD (Kandla)	341	362	-21
	Refined Palm Stearin (Kandla)	586	578	8
	Superolien (Kandla)	714	714	Unch
	Superolien (Mumbai)	725	725	Unch

* inclusive of GST				
Refined Sunflower Oil	Chennai	795	805	-10
	Mumbai	820	820	Unch
	Mumbai(Expeller Oil)	735	740	-5
	Kandla (Ref.)	800	800	Unch
	Hyderabad (Ref)	810	815	-5
	Latur (Expeller Oil)	775	775	Unch
	Chellakere (Expeller Oil)	750	765	-15
	Erode (Expeller Oil)	840	835	5
Groundnut Oil	Rajkot	910	925	-15
	Chennai	940	930	10
	Delhi	950	950	Unch
	Hyderabad *	960	965	-5
	Mumbai	960	960	Unch
	Gondal	910	920	-10
	Jamnagar	910	930	-20
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	808	800	8
	Jaipur (Kacchi Ghani Oil)	827	823	4
	Kota (Expeller Oil)	790	780	10
	Kota (Kacchi Ghani Oil)	810	797	13
	Neewai (Expeller Oil)	800	795	5
	Neewai (Kacchi Ghani Oil)	812	808	4
	Bharatpur (Kacchi Ghani Oil)	820	820	Unch
	Sri-Ganga Nagar(Exp Oil)	800	800	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	810	805	5
	Mumbai (Expeller Oil)	795	800	-5
	Kolkata(Expeller Oil)	940	950	-10
	New Delhi (Expeller Oil)	837	835	2
	Hapur (Expeller Oil)	895	895	Unch
	Hapur (Kacchi Ghani Oil)	935	935	Unch
	Agra (Kacchi Ghani Oil)	825	825	Unch
Refined Cottonseed Oil	Rajkot	735	743	-8
	Hyderabad	720	715	5
	Mumbai	750	752	-2
	New Delhi	742	740	2
Coconut Oil	Kangayan (Crude)	1500	1560	-60
	Cochin	1540	1530	10
Sesame Oil	New Delhi	1700	1650	50

	Mumbai	Unq	0	-
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	630	635	-5
Rice Bran Oil (4%)	Punjab	605	605	Unch
Malaysia Palmolein USD/MT	FOB	555	563	-8
	CNF India	585	585	Unch
Indonesia CPO USD/MT	FOB	530	525	5
	CNF India	550	545	5
RBD Palm oil (Malaysia Origin USD/MT)	FOB	548	558	-10
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	548	550	-2
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	785	800	-15
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	468	448	20
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	790	-
Ukraine Origin CSFO USD/MT Kandla	CIF	728	730	-2
Rapeseed Oil Rotterdam Euro/MT	FOB	715	720	-5
Argentina FOB (\$/MT)		21-Feb-19	14-Feb-19	Change
Crude Soybean Oil Ship		693	690	3
Refined Soy Oil (Bulk) Ship		717	714	3
Sunflower Oil Ship		650	655	-5
Cottonseed Oil Ship		673	670	3
Refined Linseed Oil (Bulk) Ship		Unq	0	-
<i>* indicates including GST</i>				

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