

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

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

On the currency front, Indian rupee is hovering near 69.03 against 68.60 paise previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices. Rupee is expected to appreciate and crude oil prices will rise in near-term.

We expect soy oil and palm oil to trade weak on weak fundamentals.

Outlook:

Weekly Call - : In NCDEX, market participants are advised to go short below 740 levels for a target of 725 and 720 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. 740-800 per 10 Kg. in the near term.

In MCX, market participants are advised to go short in CPO below 525 for a target of 510 and 505 with a stop loss at 535 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 500-550 per 10 Kg in the near term.

International Veg. Oil Market Summary

On the international front, uncertainty in US-China trade talks, higher stocks of soy oil in US, lower demand of soybean by China, better than expected soybean crop condition in Argentina, higher rate of harvest of soybean in Brazil will underpin soy oil prices in coming days.

Lower than expected fall in palm oil stocks in Malaysia, weak demand from India and China, fall in exports of palm oil from Malaysia, weak competitive oils and firm ringgit is expected to underpin CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soy oil featured weak 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.

Good crop condition in Argentina and weak China demand has led to weakening of soy oil international prices.

Import parity has returned to parity and parity at ports is at 2.5-3.0 per kg. Import demand are 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.

USDA reported lower soy oil end stocks in US in 2018/19 on higher biodiesel use partially set-off by higher production of soy oil. US-China trade settlement and will support soy oil prices in domestic market.

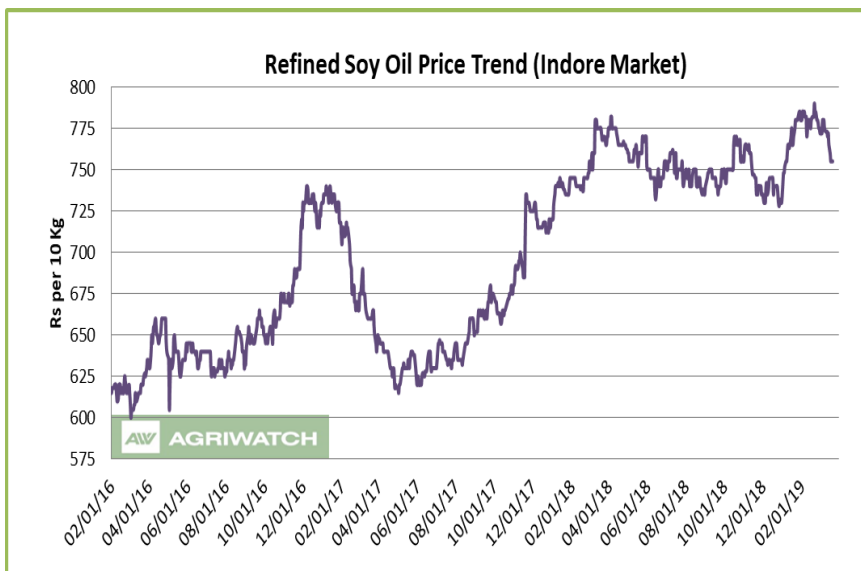
Basis fell due to improvement of weather conditions in Argentina leading to lower FOB soy oil prices. Its discount over CBOT has decreased.

Imports of soy oil rose in Feb 2019 compared to Feb 2018 and higher than Jan 2019. Imports fell 35,000 tons in Feb compared to Jan 2019 while port stocks rose 20,000 tons indicating firm demand in Feb.

CDSO is trading at high premium over RBD palmolein at high seas at Rs 125 (Rs 135 last week) per 10 kg will decrease CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 170 (Rs 175 last week) per 10 Kg, which is high and may cap soy oil prices in domestic markets. In USD terms, premium of CDSO CNF over CPO CNF was quoted at USD 174 (USD 215 last week) per ton for Mar 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 February edible oil imports rose 5.07 percent y-o-y to 11.82 lakh tons from 11.25 lakh tons in Feb 2018. Palm oil imports in Feb fell 1.05 percent y-o-y to 7.52 lakh tons from 7.60 lakh tons in Feb 2018. CPO imports fell 8.80 percent in Feb y-o-y to 4.98 lakh tons from 5.46 lakh tons in Feb 2018. RBD palmolein imports rose 19.30 percent in Feb y-o-y to 2.41 lakh tons from 2.02 lakh tons in Feb 2018. Soy oil imports rose 64.20 percent in Feb y-o-y to 2.20 lakh tons from 2.13 lakh tons in Feb 2018. Sunflower oil imports fell 6.13 y-o-y in Feb to 2.00 lakh tons from 1.71 lakh tons in Feb 2018. Rapeseed (canola) oil import fell 44.44 percent y-o-y in Feb to 0.10 tons compared 0.18 imports in Feb 2018.



- According to Solvent Extractors Association (SEA), India's February edible oil stocks at ports and pipelines rose 4.03 percent m-o-m to 21.95 lakh tons from 21.10 lakh tons in Jan 2019. Stocks of edible oil at ports in Feb fell to 915,000 tons (CPO 470,000 tons, RBD Palmolein 235,000 tons, Degummed Soybean Oil 90,000 tons, Crude Sunflower Oil 120,000 ton and about 1,280,000 tons in pipelines. (Stocks at ports were 805,000 tons in Jan 2019). India is presently holding 35 days of edible oil requirement on 1st Mar, 2019 at 21.95 lakh tons compared to 33 days of requirements last month at 21.10 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.
- Soy oil import scenario – According to SEA, soy oil imports rose 64.20 percent y-o-y in Feb to 2.20 lakh tons from 1.34 lakh tons in Feb 2018. In the oil year 2018-19 (Nov 2018-Feb 2019), imports of soy oil were 6.95 lakh tons compared to 7.12 lakh tons in last oil year, lower by 2.39 percent y-o-y.
- Imported crude soy oil CNF at West coast port is offered at USD 696 (USD 697) per ton for Apr delivery, May delivery is quoted at USD 673 (USD 682) per ton and June delivery is quoted at USD 681 (USD 689) per ton. Values in brackets are figures of last week. Last month, CNF CDSO Feb average price was USD 755.13 (USD 709 per ton in Jan 2019) per ton.
- On the parity front, margins increased during the week on fall in prices of soy oil in international markets, and we expect margins to remain firm in coming days. Currently refiners fetch USD 45-50/ton v/s loss of USD 10-15/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).

International Front

Soy oil prices are expected to be underpinned by rise in stocks of soy oil in US, good condition of soybean crop in Argentina, higher pace of harvest of soybean in Brazil and weak demand of soybean and uncertainty in US-China trade talks.

US-China trade talks are progressing and new round of trade talks are proposed as trade negotiations are continuing and major breakthrough has still not been made. US President has said that it might take until April for trade talks to continue. However, there were news that China is backtracking on its commitments in trade talks due to which US has said that it will continue import duties after trade settlement to see that China complies with its commitment. This uncertainty has led to fall in prices of soybean complex.

Soy oil stocks rose in US in Feb as reported by NOPA despite fall in crush of soybean in Feb. Stocks of soy oil rises seasonally, but the rise was larger than trade estimates. However, stocks were still lower compared to corresponding period last year. Surging stocks of soy oil in US will underpin soy oil prices.

Soybean harvest in Brazil is progressing at much higher pace than expected. Harvest above compared to corresponding period last year and 5-year average.

Higher rate of harvest of soybean in Brazil will mean that global soybean supplies are surging much faster which will lead to additional bargaining tool for China in US-China trade settlement. China will look for higher purchase of soybean from Brazil leading to higher than expected soybean stock in US.

Soybean crop condition in Argentina has improved due to conducive weather in the country after flooding led to lower planted area. Better weather led to improvement of yield and ultimately lead to higher soybean crop in the country. This has led to lower premium of Argentina soy oil over CBOT soy oil leading to lower FOB prices.

China purchased 18 percent less soybean in February. February imports were 39 percent lower than Jan 2019. 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. 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. 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.

Soy oil end stocks in US in 2018/19 was cut by USDA on higher use of soy oil in biodiesel partially set off by higher production of soy oil. Further, soybean stocks of US was also revised lower by higher crush of soybean due to higher use. Strong soybean disappearance will support soybean complex prices.

Soybean exports from Argentina is expected to rise in 2019 to 13-14 MMT, especially to China on strong demand from the country. Argentina's crushers operate at 65 percent of capacity, which leads to higher disposable soybean.

Competitive oils like BMD palm oil and DALIAN RBD palmolein is expected to trade weak due to weak demand prospects, which will underpin soy oil 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.

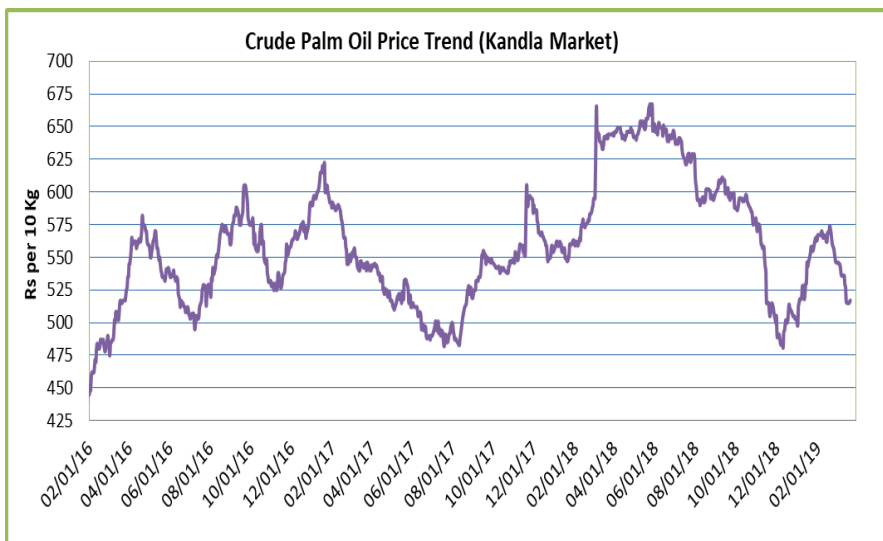
Global crude oil prices have is expected to rise due to OPEC cut in crude oil production. Resumption of US crude imports by China will support crude oil prices.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 740-800 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 at high seas while it rose at 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.

CPO import disparity increased on fall in prices of CPO in Indian markets, which stands at Rs 3.0-3.5 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 recent fall in international prices of CPO by increasing buying.

Data from cargo surveyors show fall in imports of palm oil by India in March from Malaysia

Imports of palm oil by India fell in Feb as reported by SEA showed 8.80 percent fall in imports compared to Feb 2018. CPO imports rose in Feb after firm Nov 2018-Jan 2019. Fall in CPO imports came on high base y-o-y. RBD palmolein imports rose 19.3 percent in Feb compared to Feb 2018.

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

Imports of CPO will remain weak due to higher disparity in imports. However, CPO imports will be firm compared to RBD palmolein 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.

Despite fall in imports of CPO, port stocks rose in Feb indicating weak demand

Demand of CPO is regular at CNF markets as prices rose equally at CNF markets and FOB markets compared to last week.

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

RBD palmolein prices fell at high seas while it rose at CNF markets indicating weak demand at high seas.

Import demand of RBD palmolein rose in Feb 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 disparity has increased due to fall in prices of palm products in Indian markets.

At present there is disparity of Rs 0.5-1.0 per kg due to rise in premium of RBD palmolein over CPO and fall in prices of RBD palmolein in Indian markets.

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

Demand of RBD palmolein was firm compared to CPO at high seas as premium RBD palmolein over CPO was at Rs 65 (Rs 64) 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 Feb was higher than Feb 2018 and Jan 2019. Imports of RBD palmolein rose in Feb compared to Jan 2018 and port stocks rose more indicating weak demand and restocking of RBD palmolein in Feb.

CDSO CNF premium over CPO CNF is at USD 173.5 (USD 215 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. 190 (Rs 199 last week) per 10 Kg, will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 170 (Rs 180 last week) per 10 kg. is high and will increase RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is at USD 180 (USD 180 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 175) per 10 kg, will increase RBD palmolein imports. Values in brackets are figures of last week.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in Feb fell 1.05 percent y-o-y to 7.52 lakh tons from 7.60 lakh tons in Feb 2019. Imports in the oil year 2018-19 (November 2018-February 2019) are reported higher by 1.22 percent y-o-y at 30.71 lakh tons compared to 30.34 in last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports fell 8.80 percent y-o-y in Feb to 4.98 lakh tons from 5.46 lakh tons in Feb 2019. Imports in oil year 2018-19 (November 2018-February 2019) were reported marginally lower y-o-y at 23.82 lakh tons compared to 23.87 lakh tons in last oil year.

RBD palmolein import scenario- RBD palmolein imports rose y-o-y in Feb by 19.30 percent to 2.41 lakh tons from 2.02 lakh tons in Feb 2018. Imports in oil year 2018-19 (November 2019-February 2019) were reported higher by 6.75 percent y-o-y at 6.48 lakh tons compared to 6.07 lakh tons in corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 522.5 (USD 512.5) per ton for Apr delivery. Last month, CNF CPO Feb average price was at USD 547.91 per ton (USD 539.2 per ton in Jan 2019). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 557.5 (USD 542.5) per ton for Apr delivery. Last month, CIF RBD palmolein Feb average price was USD 588.37 (USD 574.4 in Jan 2019) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 517 (Rs 526) per 10 Kg and Apr delivery duty paid is offered at Rs 519 (Rs 526) per 10 kg. Ready lift RBD palmolein is quoted at Rs 585 (Rs 590) per 10 kg as on Mar 22, 2019. Values in brackets are figures of last week.

- On the parity front, margins improved during this week due to fall in prices of palm products in Indian markets. Currently refiners lose USD 0-5/ton v/s gain of USD 25-30/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein lose USD 0-5/ton v/s loss of USD 15-20/ton (last month) parity.

International Front

Palm oil prices are likely to fall due to rise in end stocks of palm oil in Malaysia and Indonesia, fall in exports of palm oil from Malaysia in February and US-China trade deal.

Palm oil end stocks rose in Feb and remained above 3 MMT as reported by MPOB, due to weaker than expected exports of palm oil from Malaysia amid falling palm oil production in Malaysia in Feb.

Production of palm oil fell in Malaysia in Feb as reported by MPOB on seasonal downtrend of production. Production fell in Feb. Fall will be limited in Mar as maturing plants and higher fertilizer use will lead to lower fall in production of palm oil in coming months.

Exports of palm oil have remained weakened in Mar due to weak demand from India. Imports from India fell due to negative import parity, high stocks of palm oil at India ports and lower margins by selling imported ready to use palmolein compared to domestic refined RBD palmolein.

Demand of palm oil rose from China due to fall in prices of palm oil and lower supply of soy oil in China due to lower imports of soybean by China which has led to lower crush of soybean in the country leading to lower supply of soy oil leading to higher imports of palm oil. Lower imports of soybean are due to US-China trade dispute and lower supply of soybean from South America. However, imports of palm oil are expected to slow as demand of palm oil remains seasonally low after Chinese New Year.

Imports from EU is expected to remain weak as EU banned use of palm oil in biodiesel due to deforestation by Indonesia and Malaysia.

So with low demand of palm oil in March and from Malaysia will lead to lower decrease stocks of palm oil in March and will underpin palm oil prices in medium term.

Global demand of palm oil is expected to fall in 2019 for the first time since trade data is collected indicating that buildup of palm oil stocks are expected to continue in coming months as demand is expected remain low. Imports from India is expected to fall due to higher oilseed crop in the country especially rapeseed and soybean. 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.

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 and is working to increase usage to 30 percent in 2019-20.

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 underpin palm oil prices.

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

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 500-550 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis:-

Domestic Front

- Mustard oil prices showed weak trend in benchmark market weak demand. Arrivals of rapeseed rose last week.
- Agriwatch view: Prices of rapeseed oil expeller featured weak trend in its benchmark market on weak demand and fall in prices of rapeseed.

Prices fell on fall in rapeseed prices indicating weak demand.

Falling premium of rapeseed oil over soy oil may led to rise in rapeseed oil demand.

Sale of rapeseed by NAFED has culminated and. NAFED has sold all the rapeseed stocks and its procurement of rapeseed is expected to start by end of Marchs.

Prices are falling on firm arrivals of rapeseed in various key markets.

Rapeseed end stocks in MY 2018-19 was higher on account of higher crop of rapeseed last year. Agriwatch estimated rapeseed crop at 6.9 MMT in MY 2018-19.

However, new rapeseed crop is estimated above 7.0 MMT higher due to higher rapeseed sown area and higher yields. This will lead to lower rapeseed prices thereby adversely affecting rapeseed oil prices. New rapeseed crop harvest has started and arrivals are picking up and is expected peak in coming weeks

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 24 (Rs 28) per 10 Kg will support rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 194 (Rs 208) per 10 kg will underpin rapeseed oil prices.

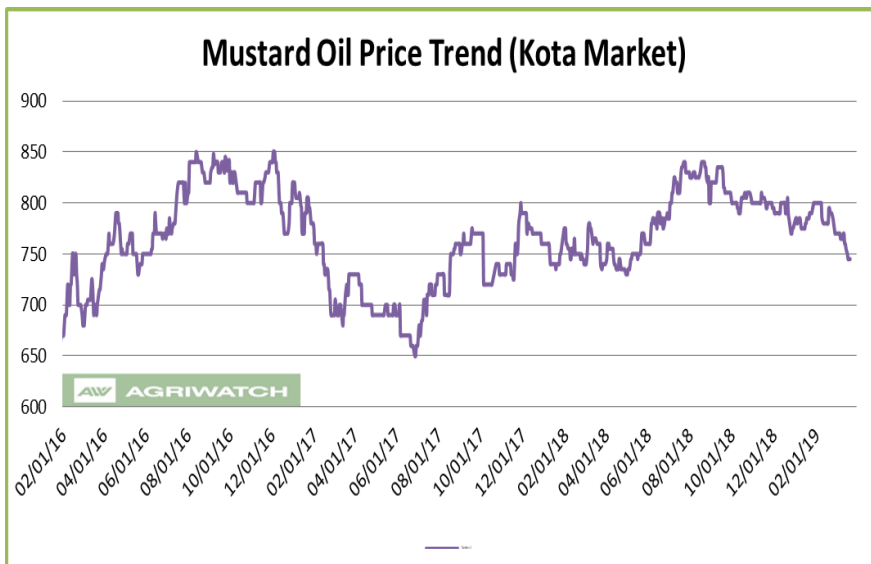
Import of canola is weak in Feb. Imports of canola oil is weak in oil year 2018-19 (Nov 2018-Feb 2019) after weak oil year 2017-18 (Nov-Oct) indicating weak demand of canola oil. Hike in import duty on canola has slowed import demand. There are negligible stocks of canola oil at ports.

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 34 (USD 10) 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 weak tone in coming days on weak demand.

- According to United States Department of Agriculture (USDA) March estimate, India is estimated to import 2.5 LT of rapeseed oil in 2018/19 compared to earlier estimate of 3.5 LT, lower by 28.6 percent y-o-y. Production of



rapeseed oil is increased to 21.28 LT in 2018/19 from earlier estimate of 19.19 LT, higher by 10.9 percent. Consumption of rapeseed oil is increased to 24.3 LT from 23.1 LT from its earlier estimate, up 5.2 percent y-o-y. End stocks of rapeseed oil are lowered to 1.96 LT from 2.08 LT in its earlier estimate, down by 5.77 percent y-o-y. Fall in imports of rapeseed oil in India is due to higher production of rapeseed oil.

- Rapeseed oil import scenario- India imported 0.10 lakh tons of rapeseed (Canola) oil in Feb 2019 v/s 0.18 lakh tons in Feb 2018, lower by 44.44 percent y-o-y. In the oil year 2018-19 (Nov 2019-Feb 2019) imports were 0.44 lakh tons compared to 0.95 lakh tons in last oil year, lower by 54.70 percent y-o-y.
- CNF canola oil premium over CDSO is USD 34 (USD 10 last week) per ton for ready delivery as on Mar 22, 2019.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 762 (Rs 782) per 10 Kg, and at Kota market, it is offered at Rs 745 (Rs 760) per 10 kg as on Mar 22, 2019. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to weak tone in the coming days.

Price Outlook: Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 700-800 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 on fall in palm oil prices.

Import demand of sunflower oil

is expected to fall due to high sunflower oil premium over palm oil. Stocks of sunflower oil fell at ports despite flat exports indicating destocking at ports will increase import demand.

In domestic market, sunflower oil prices premium over soy oil is at Rs 0.0 (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 19 (USD 18 last week) 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 157.5 (US 172.5 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 163 (Rs 165 last week) per 10 kg which is high will underpin sunflower oil in domestic market

In domestic market rising groundnut oil premium over sunflower oil at Chennai market is at Rs 175 (Rs 155 last week) per 10 kg will support sunflower oil prices.

There is disparity in imports of sunflower oil, which will decrease import demand.

Cut in import duty on palm oil has increased sunflower oil premium over palm oil in domestic markets.

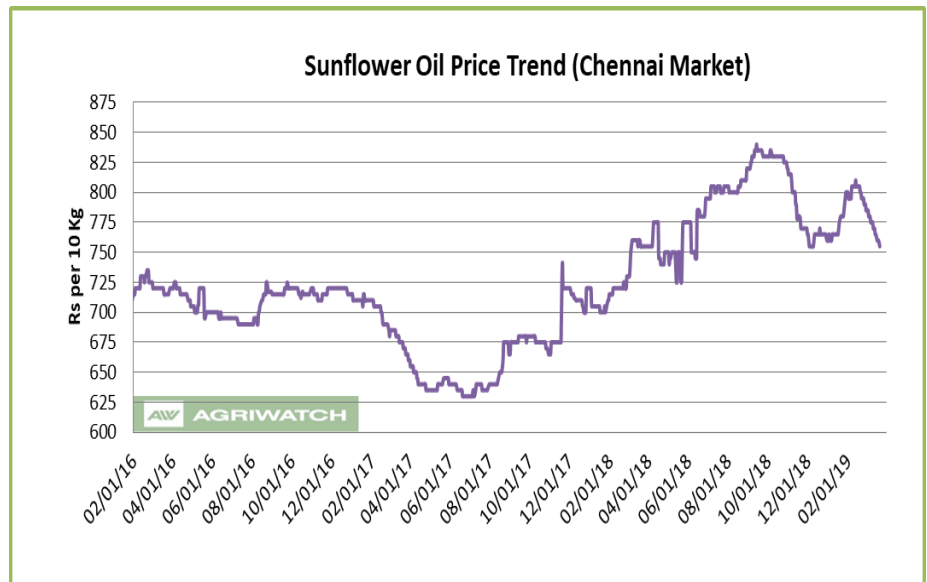
Prices of sunflower oil will be supported by lower stocks of sunflower oil at ports.

Imports of sunflower oil rose for third month in a row in Feb despite that port stocks has decreased indicating destocking is taking place at ports.

Weak domestic demand may underpin prices.

Refiners have increased 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 premium over competitive oils.



- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 6.13 percent y-o-y in Feb to 2.00 lakh tons from 2.13 lakh tons in Feb 2018. Imports in oil year 2018-19 (November 2018-February 2019) were reported lower by 1.47 percent y-o-y at 8.02 lakh tons compared to 8.14 lakh tons in last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 715 (USD 715) per ton for AMJ delivery, JAS delivery is quoted at USD 722.50 (USD 725) per ton and OND delivery is quoted at USD 725 (USD 735) per ton. CNF sun oil (Ukraine origin) Feb monthly average was at USD 733.25 per ton compared to USD 711.12 per ton in Jan. 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 19 (USD 18 last week) per ton for April delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 155 (USD 172.5) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 755 (Rs 765) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 775 (Rs 780) per 10 kg as on Mar 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 730-780 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 firm trend in the week in review on firm demand and rise in groundnut prices.

Prices of groundnut oil rose on rise in groundnut prices. Rise in raw material prices led to rise in product prices.

Demand of groundnut oil rose due to firm retail demand.

Retail demand has strengthened due to low volatility in prices. Low volatility leads to firm demand.

Prices are will be capped in rest of March as peak demand season is over. Prices will stay moderated as seasonal demand slows. Consumers increases oil demand on lower volatility in prices.

Prices rose on rise in demand at lower price levels.

Groundnut prices rose despite fall in prices of sunflower oil and palm oil indicating firm demand.

Nafed is disposing groundnut aggressively in Gujarat, Rajasthan and MP. Total progressive purchase is 7.03 lakh in current season. Balance quantity after sale is 6.49 lakh tons.

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 10.09 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.

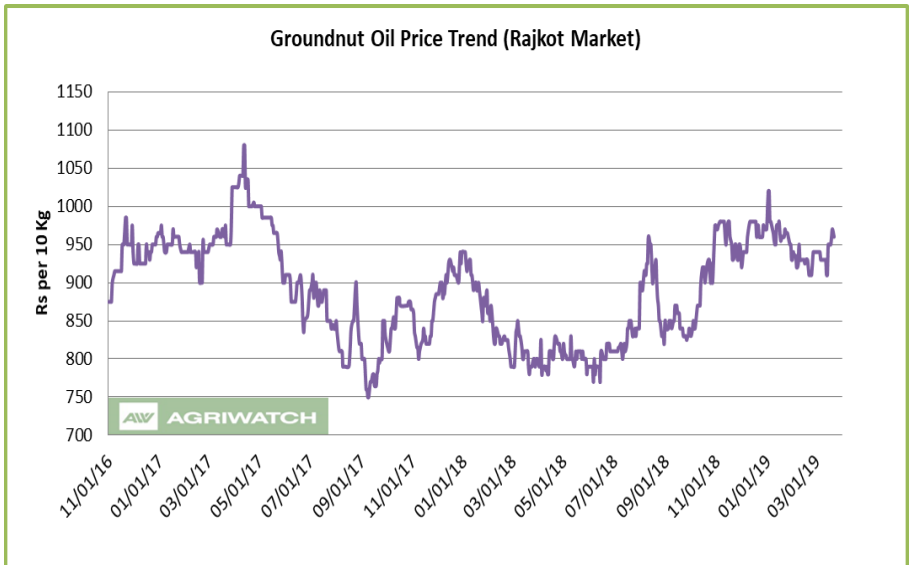
Exports of groundnut is less due to higher prices of groundnut in domestic market and is diverted towards crushing thereby increasing supply of groundnut oil.

Disparity in crush of groundnut on higher prices of groundnut will weaken groundnut demand.

Crushers have lower stocks of groundnut oil 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 9,600 (9,500), per quintal and it was quoted at Rs 9,300 (Rs 9,200) per quintal in Chennai market on Mar 22, 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 showed weak trend during the week on weak demand.
Prices fell on fall in prices of copra.
Fall in raw material lead weak product prices.
Prices fall is supported by 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 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 decreased due to regular fall in prices of coconut oil.

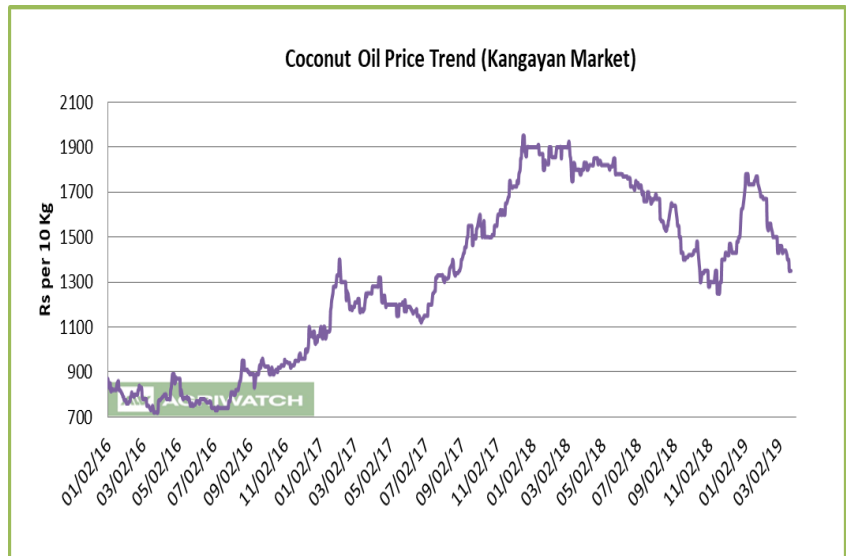
Coconut oil consumers are loyal consumers and do not shift to other oils on higher prices but demand destruction takes place at higher levels. Palm oil is cheap alternative in South India.

Demand of coconut oil has weakened due to higher prices in 2018. Household consumption has weakened due to 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.

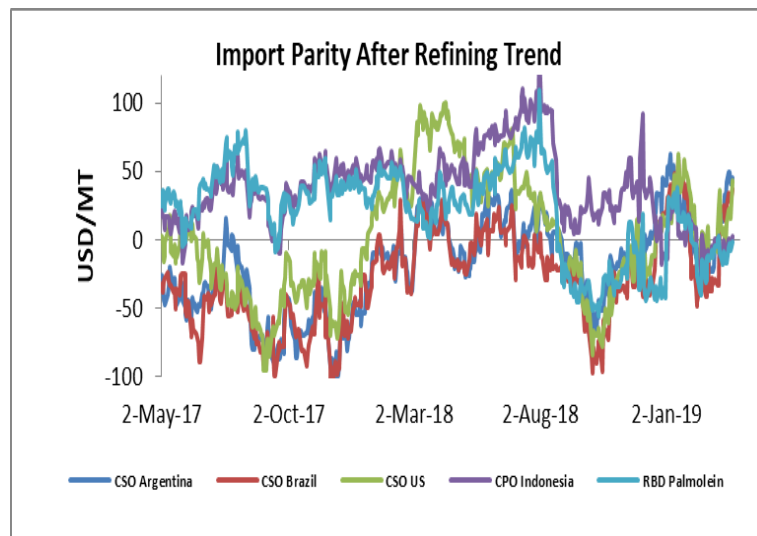
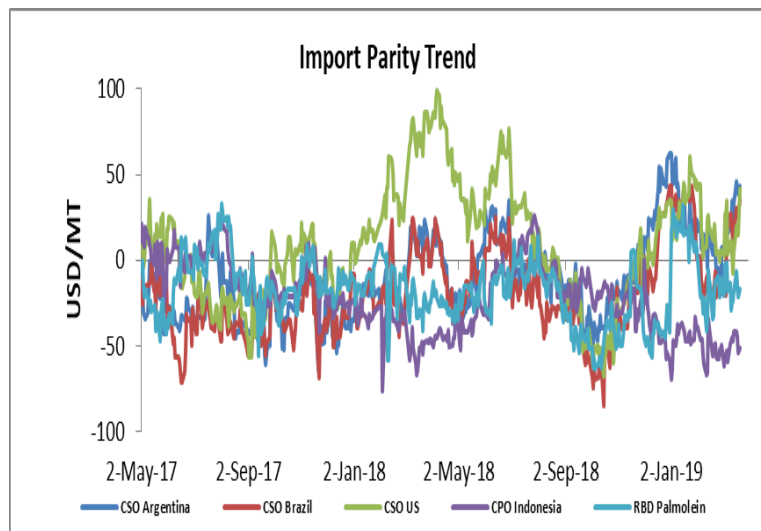
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 15,400 (15,400) per quintal, and was quoting Rs 13,500 (Rs 14,200) per quintal in Erode market on Mar 22, 2019.



Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1200-1500 per 10 Kg.

Import Parity Trend

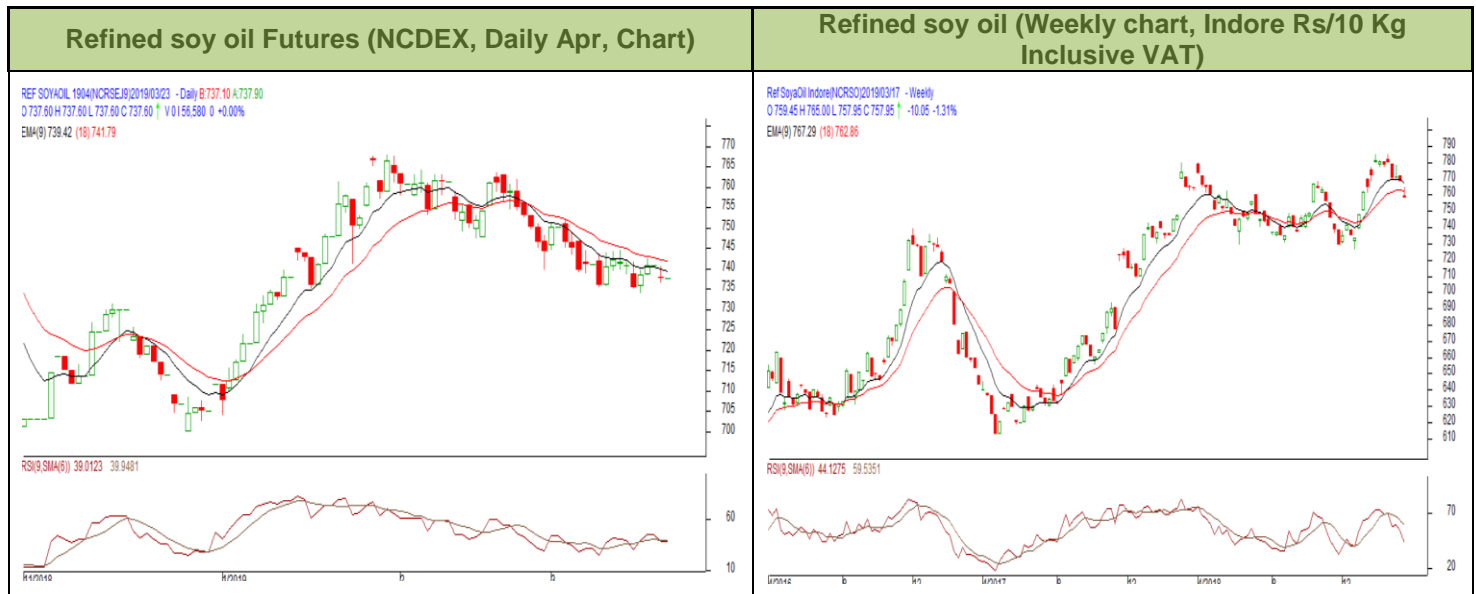
Import Parity After Refining in US dollar per ton (Monthly Average)



	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Jan, 2019	32.50	32.12	36.83	11.58	19.22
Feb, 2019	-13.55	-33.11	-3.01	-6.55	-16.06

Outlook-:

Import parity for crude soy oil from Argentina has returned to parity due to fall in prices of soy oil in international markets. 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 weak tone in the coming days.

- Weekly chart of refined soy oil at NCDEX depicts downtrend during the week in review. We expect prices to trade sideways to weak tone in the near term.
- Any close above 730 in weekly might take the prices below 720 levels.
- Expected price band for next week is 720-770 level in near to medium term. RSI and MACD is suggesting downtrend in the market.

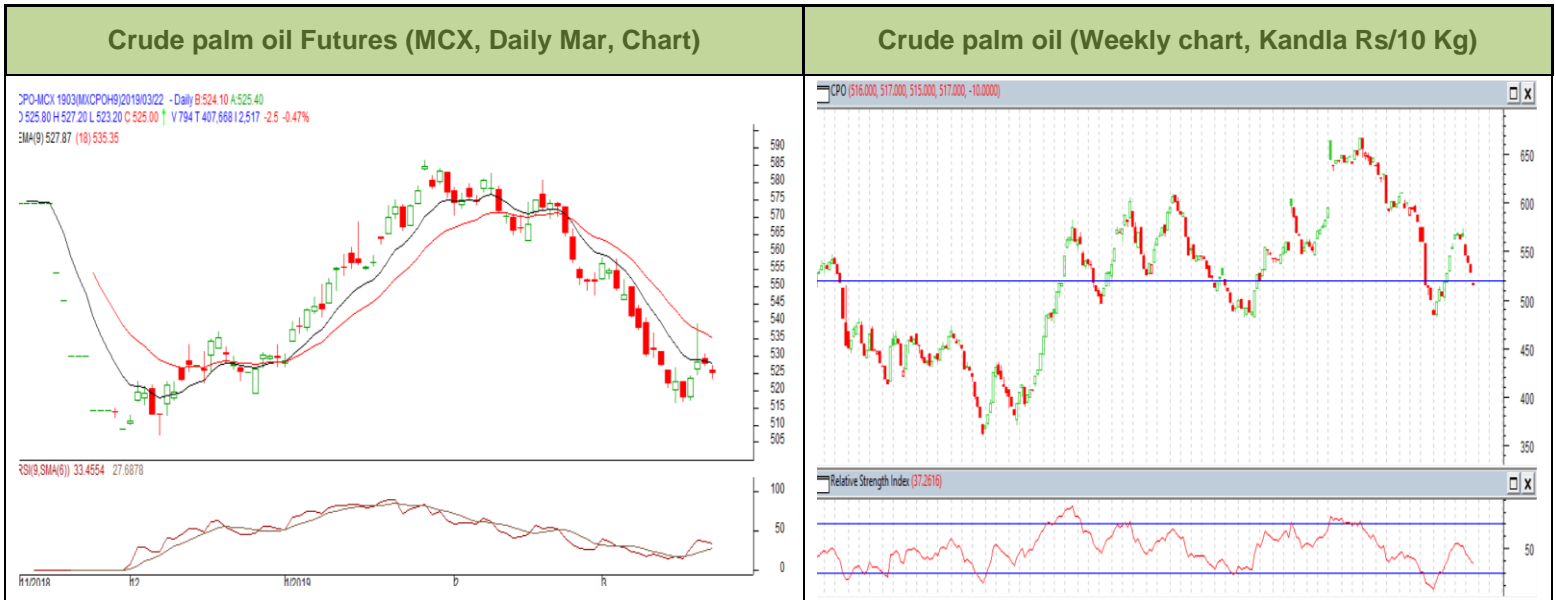
Strategy: Market participants are advised to go short below 740 levels for a target of 725 and 720 with a stop loss at 750 on closing basis.

RSO NCDEX (Apr)

Support and Resistance				
S2	S1	PCP	R1	R2
720.00	735.00	733.6	748.00	759.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 740-800 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 530 in weekly chart may bring the prices to 540 levels.
- Expected price band for next week is 500-560 level. RSI and MACD are suggesting downtrend in prices in the coming week.

Strategy: Market participants are advised to go short in CPO below 525 for a target of 510 and 505 with a stop loss at 535 on closing basis.

CPO MCX (Mar)

Support and Resistance				
S2	S1	PCP	R1	R2
500.00	510.00	520.3	538.00	548.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 500-550 per 10 Kg.

Veg. Oil Prices at Key Spot Markets
Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		22-Mar-19	15-Mar-19	
Refined Soybean Oil	Indore	760	772	-12
	Indore (Soy Solvent Crude)	725	740	-15
	Mumbai	750	755	-5
	Mumbai (Soy Degum)	697	710	-13
	Kandla/Mundra	745	755	-10
	Kandla/Mundra (Soy Degum)	715	722	-7
	Kolkata	755	765	-10
	Delhi	780	790	-10
	Nagpur	750	761	-11
	Rajkot	740	750	-10
	Kota	755	770	-15
	Hyderabad	755	755	Unch
	Akola	751	761	-10
	Amrawati	751	761	-10
	Bundi	765	780	-15
	Jalna	764	771	-7
	Solapur	764	770	-6
	Dhule	761	769	-8
Palm Oil*	Kandla (Crude Palm Oil)	543	553	-11
	Kandla (RBD Palm oil)	588	583	5
	Kandla RBD Pamolein	620	625	-5
	Kakinada (Crude Palm Oil)	546	557	-11
	Kakinada RBD Pamolein	617	635	-18
	Haldia Pamolein	625	641	-16
	Chennai RBD Pamolein	620	641	-21
	Chennai RBD Pamolein (Vitamin A&D Fortified)	685	701	-17
	KPT (krishna patnam) Pamolein	614	630	-16
	Mumbai RBD Pamolein	630	646	-16
	Mangalore RBD Pamolein	620	641	-21
	Tuticorin (RBD Palmolein)	623	630	-7
	Delhi	660	656	4
	Rajkot	620	620	Unch
	Hyderabad	598	617	-19
	PFAD (Kandla)	320	326	-5
	Refined Palm Stearin (Kandla)	546	557	-11
	Superolien (Kandla)	667	677	-11
	Superolien (Mumbai)	672	683	-11

* inclusive of GST				
Refined Sunflower Oil	Chennai	755	765	-10
	Mumbai	800	815	-15
	Mumbai(Expeller Oil)	715	720	-5
	Kandla (Ref.)	775	780	-5
	Hyderabad (Ref)	755	765	-10
	Latur (Expeller Oil)	775	775	Unch
	Chellakere (Expeller Oil)	710	730	-20
	Erode (Expeller Oil)	Closed	810	-
Groundnut Oil	Rajkot	960	950	10
	Chennai	930	920	10
	Delhi	920	920	Unch
	Hyderabad *	950	960	-10
	Mumbai	985	970	15
	Gondal	930	920	10
	Jamnagar	935	950	-15
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	762	782	-20
	Jaipur (Kacchi Ghani Oil)	779	797	-18
	Kota (Expeller Oil)	745	760	-15
	Kota (Kacchi Ghani Oil)	765	780	-15
	Neewai (Expeller Oil)	752	765	-13
	Neewai (Kacchi Ghani Oil)	765	780	-15
	Bharatpur (Kacchi Ghani Oil)	780	780	Unch
	Sri-Ganga Nagar(Exp Oil)	765	785	-20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	775	795	-20
	Mumbai (Expeller Oil)	770	770	Unch
	Kolkata(Expeller Oil)	930	900	30
	New Delhi (Expeller Oil)	795	820	-25
	Hapur (Expeller Oil)	910	905	5
	Hapur (Kacchi Ghani Oil)	945	940	5
	Agra (Kacchi Ghani Oil)	785	785	Unch
Refined Cottonseed Oil	Rajkot	750	730	20
	Hyderabad	715	705	10
	Mumbai	755	745	10
	New Delhi	715	717	-2
Coconut Oil	Kangayan (Crude)	Closed	1420	-
	Cochin	1540	1540	Unch
Sesame Oil	New Delhi	1750	1750	Unch



	Mumbai	Unq	0	-
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	615	625	-10
Rice Bran Oil (4%)	Punjab	605	605	Unch
Malaysia Palmolein USD/MT	FOB	533	518	15
	CNF India	558	538	20
Indonesia CPO USD/MT	FOB	500	485	15
	CNF India	523	508	15
RBD Palm oil (Malaysia Origin USD/MT)	FOB	523	513	10
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	515	498	17
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	735	675	60
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	473	468	5
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	690	-
Ukraine Origin CSFO USD/MT Kandla	CIF	718	723	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	712	717	-5
Argentina FOB (\$/MT)		21-Mar-19	14-Mar-19	Change
Crude Soybean Oil Ship		649	658	-9
Refined Soy Oil (Bulk) Ship		672	681	-9
Sunflower Oil Ship		642	645	-3
Cottonseed Oil Ship		629	638	-9
Refined Linseed Oil (Bulk) Ship		Unq	0	-
* indicates including GST				

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