

# 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 mixed trend during this week in domestic market. CBOT soy oil and BMD palm oil fell during the week. Soy oil and coconut oil closed higher while rapeseed oil and palm oil closed sideways. Sunflower oil and groundnut oil prices closed in red.*

*On the currency front, Indian rupee is hovering near 69.74 against 69.26 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 and palm oil to is expected to trade firm on strong fundamentals.*

### **Outlook:**

*Weekly Call - : In NCDEX, market participants are advised to go long above 725 levels for a target of 740 and 745 with a stop loss at 715 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 720-800 per 10 Kg. in the near term.*

*In MCX, market participants are advised to go long in CPO above 540 for a target of 555 and 560 with a stop loss at 530 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 500-570 per 10 Kg in the near term.*

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

*On the international front, US-China trade uncertainty, rise in soy oil stocks in US, expected rise in production of soybean in Argentina, expected rise in production of soybean in Brazil and weak demand of soybean from China will underpin soy oil prices in coming days.*

*Expected fall in palm oil stocks in Malaysia, firm demand from India and China, rise in exports of palm oil from Malaysia, depreciation of ringgit and rise in crude oil prices is expected to support CPO prices in near term.*

## Soy oil Fundamental Analysis and Outlook:-

### Domestic Front

- Soy oil featured firm sentiment in domestic markets in the week in review on firm demand.
- Soy oil prices closed higher during the week in Indore on firm demand. Higher expected crop of soybean in Argentina, higher than expected soybean crop in Brazil and weak demand of soybean from China has led to weakening of soy oil international prices.

Import parity decreased and is at 2.0-2.5 per kg. Import demand are likely to rise due to parity in imports.

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

Soy oil demand is regular at CNF markets as prices rose equally at CNF and 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.

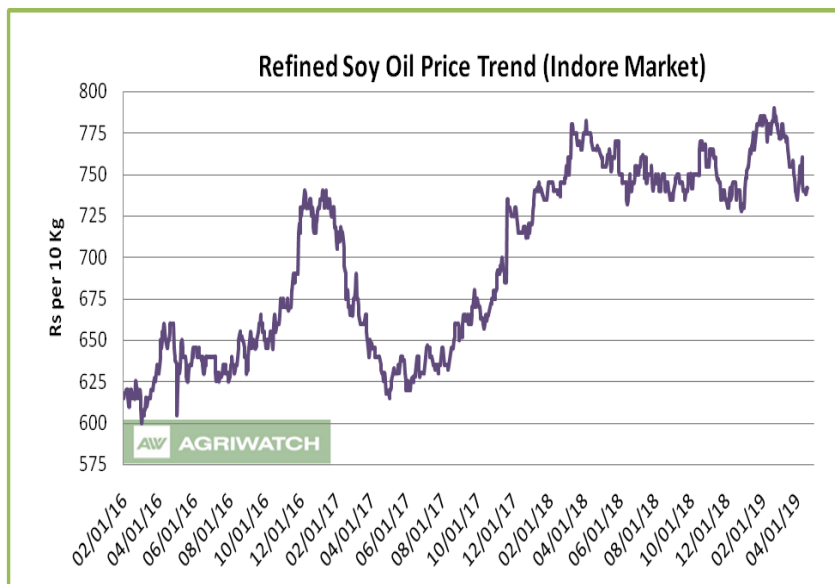
Basis fell due to improvement of weather conditions in Argentina leading to lower FOB soy oil prices. Its discount over CBOT has decreased.

Imports of soy oil rose in Mar 2019 compared to Mar 2018 and higher than Feb 2019. Imports rose 72,000 tons in Mar compared to Feb 2019 while port stocks rose 50,000 tons indicating firm demand in Mar.

CDSO is trading at high premium over RBD palmolein at high seas at Rs 100 (Rs 105 last week) per 10 kg will decrease CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 140 (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 160.5 (USD 157.5 last week) per ton for Apr 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 March edible oil imports rose 24 percent y-o-y to 13.93 lakh tons from 11.23 lakh tons in March 2018. Palm oil imports in Mar rose 5.52 percent y-o-y to 8.03 lakh tons from 7.61 lakh tons in Mar 2018. CPO imports fell 19.8 percent in Mar y-o-y to 4.75 lakh tons from 5.92 lakh tons in Mar 2018. RBD palmolein imports rose 92 percent in Mar y-o-y to 3.13 lakh tons from 1.63 lakh tons in Mar 2018. Soy oil imports rose 155 percent in Mar y-o-y to 2.93 lakh tons from 1.15 lakh tons in Mar 2018. Sunflower oil imports rose 41.9 y-o-y in Mar to 2.98 lakh tons from 2.10 lakh tons in Mar 2018. Rapeseed (canola) oil imports were zero in Mar compared 0.37 imports in Mar 2018.



- According to Solvent Extractors Association (SEA), India's March edible oil stocks at ports and pipelines rose 7.98 percent m-o-m to 23.70 lakh tons from 21.95 lakh tons in Feb 2019. Stocks of edible oil at ports in Mar fell to 915,000 tons (CPO 410,000 tons, RBD Palmolein 250,000 tons, Degummed Soybean Oil 140,000 tons, Crude Sunflower Oil 170,000 ton and about 1,400,000 tons in pipelines. (Stocks at ports were 915,000 tons in Feb 2019). India is presently holding 37 days of edible oil requirement on 1st Apr, 2019 at 23.70 lakh tons compared to 35 days of requirements last month at 21.95 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.
- Soy oil import scenario – According to SEA, soy oil imports rose 155 percent y-o-y in Mar to 2.93 lakh tons from 1.15 lakh tons in Mar 2018. In the oil year 2018-19 (Nov 2018-Mar 2019), imports of soy oil were 9.88 lakh tons compared to 8.27 lakh tons in last oil year, higher by 19.47 percent in the corresponding period last oil year.
- Imported crude soy oil CNF at West coast port is offered at USD 693 (USD 694) per ton for Apr delivery, May delivery is quoted at USD 693 (USD 685) per ton and June delivery is quoted at USD 683 (USD 681) per ton. Values in brackets are figures of last week. Last month, CNF CDSO Mar average price was USD 705.76 (USD 755.13 per ton in Feb 2019) per ton. Soy refined (Indore) is quoted at Rs 740 (Rs 745 last week) per 10 kg.
- 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 35-40/ton v/s gain of USD 25-30/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).

### International Front

Soy oil prices are expected to be underpinned by uncertainty of US-China trade settlement, rise in stocks of soy oil in US, good condition of soybean crop in Argentina, higher soybean crop in Brazil, weak demand of soybean from China may keep the prices in check.

US-China trade talks are progressing and there are reports of progress of talks. However, there are reports that any settlement will be reached in end May or June. Details of trade talks are not yet known. There are fresh round of talks are going on. US President has said that it might take at least four weeks for trade talks to conclude. Due to lack of breakthrough in talks market is worried whether any fresh development is made. This has led to weakness in global markets and has underpinned global soybean complex prices.

US reported record stocks of soybean in the country as reported by USDA due to weak demand from China and record crop in 2018/19. This comes at a time when US farmers are expected to plant new soybean crop for 2019/20.

US is expected to plant lower area of soybean in 2019/20 due to record stocks of soybean in the country due to US-China trade dispute. However, due to recent rains and flooding in US Midwest there are chances of major shift of area from corn to soybean as corn cannot be grown in wetter areas.

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. Yields reported is estimated to be higher than previous

estimates. This has led various agencies including Brazil state agency CONAB to revise soybean crop higher from previous estimate. USDA revised soybean crop higher from Brazil by 0.5 MMT to 117 MMT in 2018/19.

Higher crop 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. Better weather led to improvement of yield and ultimately lead to higher soybean crop in the country. Harvest has started and is above last year and 5-year average. Weather is conducive for further progress of harvest. This has led to surge in global supplies. This has led to lower premium of Argentina soy oil over CBOT soy oil leading to lower FOB prices.

Bunions Aires Exchange has hiked soybean crop estimate of Argentina to 56 MMT from 53 MMT in its earlier estimate. USDA kept Argentina soybean crop estimate unchanged at 55 MMT in its April estimate.

China purchased 13 percent lower soybean in March y-o-y. March imports were 10 percent higher than Feb 2019. China brought soybean from US in March while Brazilian supplies increased during the month. Imports of soybean have been weak 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.

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 firm due to firm demand prospects, which will support 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.

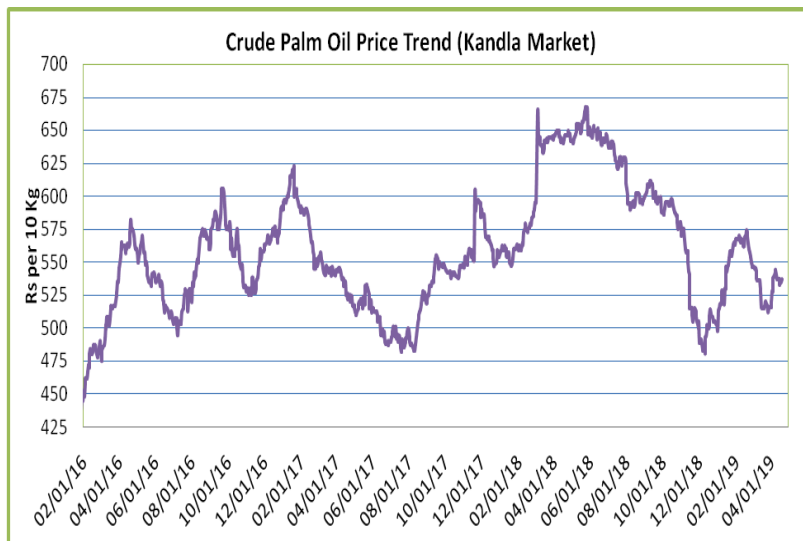
Global crude oil prices have is expected to rise due to OPEC cut in crude oil production. Resumption of US crude imports by China will support crude oil prices.

**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 700-780 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 at high seas while it fell 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 2.5-3.0 per kg. Higher 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 rise in imports of palm oil by India in April from Malaysia

Imports of palm oil by India fell in Mar as reported by SEA on fall in imports compared to Mar 2018. CPO imports fell in Mar after weak Feb 2019. Fall in CPO imports came on high base y-o-y. RBD palmolein imports rose in Mar compared to Mar 2018.

Imports of CPO fell in Mar due to weak demand of CPO in Indian markets, high import disparity, 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 fell in Mar 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 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 Mar 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 disparity of RBD palmolein has decreased due to fall in prices of palm products in international markets.

At present there is disparity of Rs 1.1.5 per kg due to fall in prices of RBD palmolein in international 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 of RBD palmolein over CPO was at Rs 63 (Rs 58) 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 at CNF markets while it fell at FOB markets compared to last week.

Import of RBD palmolein in Mar was higher than Mar 2018 and Feb 2019. Imports of RBD palmolein rose in Mar compared to Feb 2019 and port stocks rose more indicating firm demand and restocking of RBD palmolein in Mar.

CDSO CNF premium over CPO CNF is at USD 160.5 (USD 156.5 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. 163 (Rs 163 last week) per 10 Kg will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 140 (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 137.5 last week) per ton. High premium of refined sunflower oil over RBD palmolein at Rs 155 (Rs 155) 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 Mar fell 5.52 percent y-o-y to 8.03 lakh tons from 7.61 lakh tons in Mar 2019. Imports in the oil year 2018-19 (November 2018-March 2019) are reported higher by 2.03 percent y-o-y at 38.73 lakh tons compared to 37.96 in corresponding period last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports fell 19.8 percent y-o-y in Mar to 4.75 lakh tons from 5.92 lakh tons in Mar 2019. Imports in oil year 2018-19 (November 2018-March 2019) were reported marginally lower y-o-y at 28.56 lakh tons compared to 29.79 lakh tons in last oil year, lower by 4.13 percent in the corresponding period last oil year.

RBD palmolein import scenario- RBD palmolein imports rose y-o-y in Mar by 92 percent to 3.13 lakh tons from 1.63 lakh tons in Mar 2018. Imports in oil year 2018-19 (November 2019-March 2019) were reported higher by 24.64 perecent y-o-y at 9.61 lakh tons compared to 7.71 lakh tons in corresponding period last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 532.5 (USD 537.5) per ton for May delivery. Last month, CNF CPO Mar average price was at USD 521.36 per ton (USD 547.91 per ton in Feb 2019). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 572.5 (USD 575) per ton for Apr delivery. Last month, CIF RBD palmolein Mar average price was USD 556.12 (USD 588.37 in Feb 2019) per ton. Values in bracket depict last month quotes.



Ready lift CPO duty paid prices quoted at Rs 537 (Rs 537) per 10 Kg and Apr delivery duty paid is offered at Rs 538 (Rs 539) per 10 kg. Ready lift RBD palmolein is quoted at Rs 600 (Rs 595) per 10 kg as on Apr 19, 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 fetch USD 0-5/ton v/s loss of USD 5-10/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 5-10/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, rise in exports of palm oil from Malaysia in April, depreciation of Ringgit and rise in crude oil prices.

Palm oil stocks are expected to fall in Malaysia in April on due to rise in exports of palm oil from Malaysia in April and fall in palm oil production.

Production of palm oil will fall on seasonal downtrend of production and sleeping period of palm trees before seasonal uptrend picks up in second half of 2019. Production in Mar rose as plants are maturing and higher fertilizer use led to rise in production of palm oil in Malaysia.

Exports of palm oil have risen in first half of April from Malaysia due to firm demand from India and China. Imports from India rose due to fall in prices of palm oil in international markets and lower import duty on imports of RBD palmolein from Malaysia compared to other destination and positive refining margins. However, high stocks of palm oil at Indian ports and to higher oilseed crop in the country especially rapeseed and soybean will slow imports of palm oil in coming months.

Demand of palm oil rose from China rose 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, firm demand of palm oil in from India and China in April and from Malaysia will lead to lower stocks of palm oil in April and will support 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.

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. 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.

Palm oil stocks in Indonesia fell below 3 MMT in March due to surge in exports of palm oil, fall in production of palm oil and removal of levy of exports of palm oil leading to rise in discount of CPO over RBD palmolein.

Higher use if palm oil in biodiesel in the country contributed to fall in stocks of palm oil in last six months.

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.

Depreciation of Ringgit is expected to support palm oil prices. Ringgit has depreciated around 4.10/USD. This will make exports of palm oil competitive 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 increased over Indonesia CPO due to firm demand. Export demand will fall from Malaysia due to rising 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 500-570 per 10 Kg in the near term.

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

- Mustard oil prices showed sideways trend in benchmark market weak demand. Arrivals of rapeseed fell last week.
- Agriwatch view: Prices of rapeseed oil expeller featured sideways trend in its benchmark market on weak demand  
Prices closed sideways despite rise in rapeseed prices indicating weak demand.

High premium of rapeseed oil over palm oil led to fall in rapeseed oil demand.

NAFED has started purchase of rapeseed for the MY 2019-20 and has stated that it will score record procurement if rapeseed in current marketing year.

Sale of rapeseed by NAFED has culminated and. NAFED has sold all the rapeseed stocks.

NAFED has procured 2.89 lakh tons of rapeseed in the current Rabi season. Stock with NCDEX is 0.35 lakh tons.

Arrivals of rapeseed in decreased 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 7.1 MMT in MY 2018-19.

However, new rapeseed crop is estimated to be 7.6 MMT, which is above last year 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 peaked and arrivals are expected to fall 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 25 (Rs 25) per 10 Kg will support rapeseed oil prices.

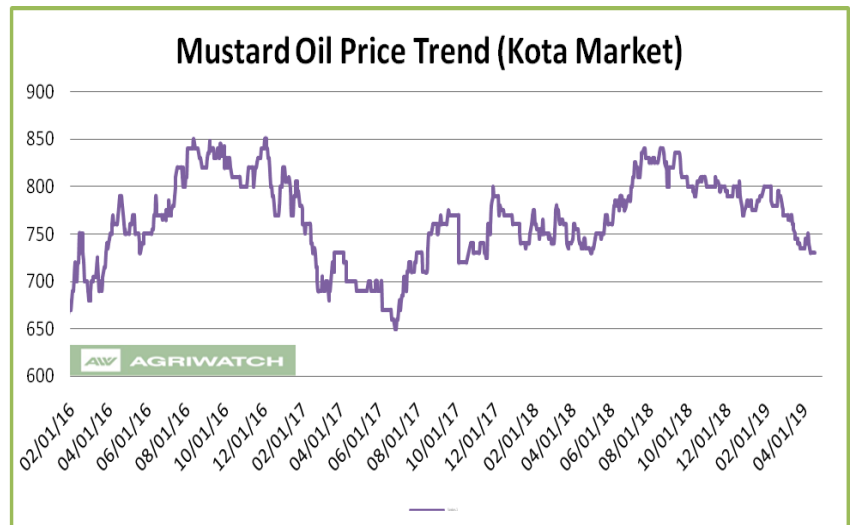
Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 165 (Rs 170) per 10 kg will underpin rapeseed oil prices.

There was no import of canola oil in March. Imports of canola oil is weak in oil year 2018-19 (Nov 2018-Mar 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 increased to USD 47 (USD 60) 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.



- 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 0.0 lakh tons of rapeseed (Canola) oil in Mar 2019 v/s 0.37 lakh tons in Mar 2018. In the oil year 2018-19 (Nov 2019-Mar 2019) imports were 0.44 lakh tons compared to 1.32 lakh tons in last oil year, lower by 66.66 percent y-o-y.
- CNF canola oil premium over CDSO is USD 47 (USD 60 last week) per ton for ready delivery as on Apr 19, 2019.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 745 (Rs 745) per 10 Kg, and at Kota market, it is offered at Rs 730 (Rs 730) per 10 kg as on Apr 19, 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 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 at high seas while it rose at CNF markets indicating weak demand at high seas.

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

There can be bargain buying at

these levels. Demand has weakened due to regular fall in prices of sunflower oil.

Import demand of sunflower oil is expected to fall due to high sunflower oil premium over palm oil. Stocks of sunflower oil rose at ports on rise in imports indicating restocking at ports.

In domestic market, sunflower oil prices premium over soy oil is at Rs 5.0 (Rs 10.0 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 29.5 (USD 27 last week) per ton.

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

Sunflower oil premium over RBD palmolein at CNF India is at USD 150 (US 137.5 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 145 (Rs 145 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 215 (Rs 200 last week) per 10 kg will support sunflower oil prices.

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

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

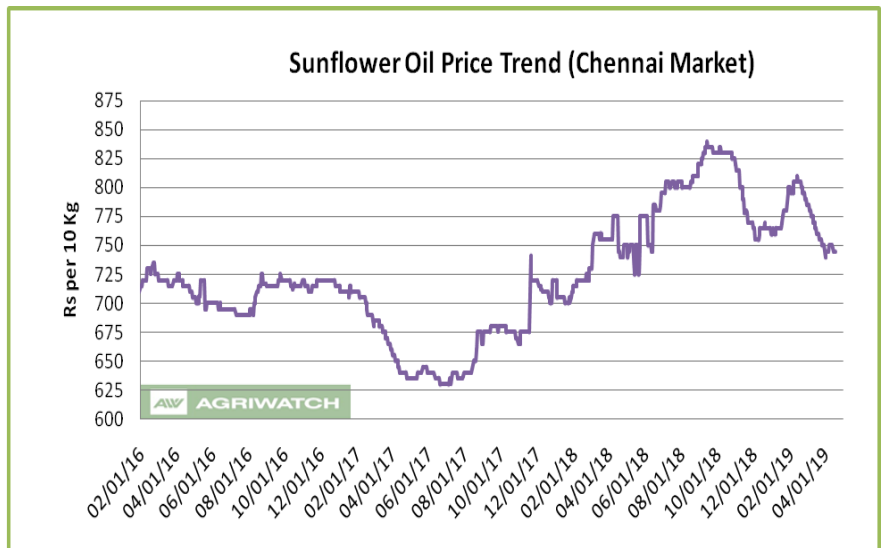
Prices of sunflower oil will be underpinned by rising stocks of sunflower oil at ports.

Imports of sunflower oil rose for fourth month in a row in Mar and port stocks has increased indicating restocking 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.

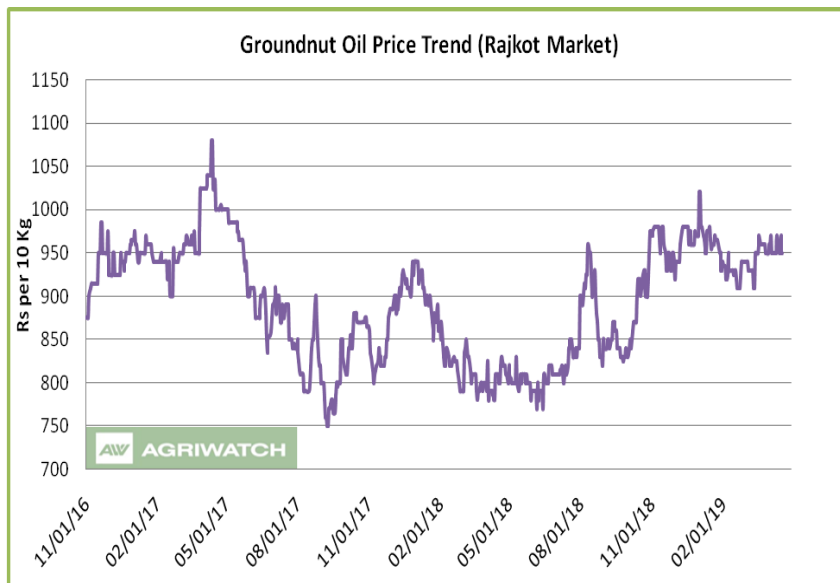


- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 41.9 percent y-o-y in Mar to 2.98 lakh tons from 2.11 lakh tons in Mar 2018. Imports in oil year 2018-19 (November 2018-March 2019) were reported higher by 7.42 percent y-o-y at 11.00 lakh tons compared to 10.24 lakh tons in last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 722.5 (USD 712.5) per ton for MJ delivery. CNF sun oil (Ukraine origin) Mar monthly average was at USD 718.6 per ton compared to USD 733.25 per ton in Feb. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 680-750 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 29.5 (USD 27 last week) per ton for May delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 150 (USD 137.5) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 745 (Rs 750) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 770 (Rs 770) per 10 kg as on Apr 19, 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 weak trend in Rajkot on account of weak demand.
- Groundnut oil prices featured weak trend in the week in review on weak demand and rise in groundnut prices. Prices of groundnut oil fell despite rise in groundnut prices indicating weak demand. Demand of groundnut oil weakened due to weak retail demand. Retail demand weakened due to high volatility in prices. High volatility leads to firm demand.



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

Prices fell on fall in demand at higher price levels.

Groundnut prices fell on fall in prices of sunflower oil indicating weak demand.

NAFED is disposing groundnut aggressively in Rajasthan and MP. However, there have been no sale of groundnut by NAFED in Gujarat. This has led to strengthening of groundnut prices leading to higher groundnut oil prices. Total progressive purchase in 2018-19 is 7.03 lakh and balance quantity after sale is 6.07 lakh tons. Total stocks of groundnut of 2017-18 season with NAFED is 2.94 lakh tons.

So, total stock in NAFED is 9.03 lakh tons apart from additional stocks with trade and farmers. Farmers have around 1 lakh tons of groundnut stocks with factory is around 1 lakh tons.

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 is due to higher prices of groundnut will weaken groundnut demand. However, there is parity in crush of old groundnut crop.

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.

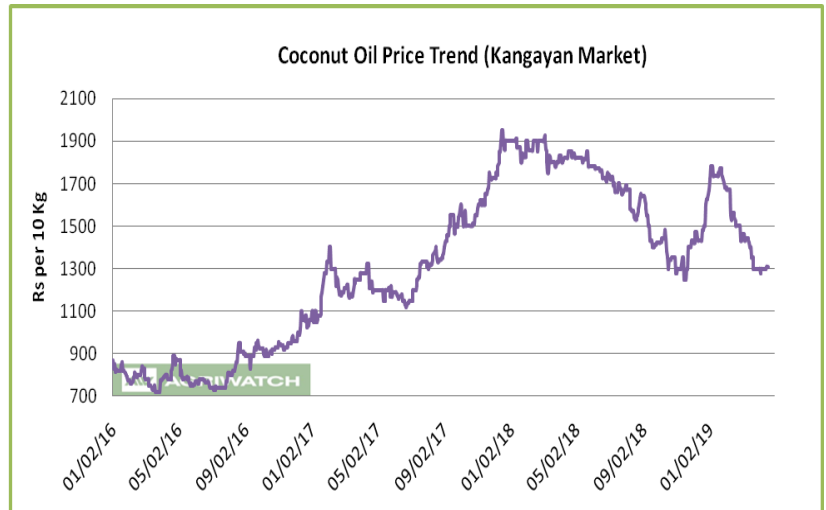
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 9,700 (9,500), per quintal and it was quoted at Rs 9,600 (Rs 9,500) per quintal in Chennai market on Apr 19, 2019. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to firm 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**

- Firm price trend was seen in its benchmark market of Kangayam on firm demand.
- Overall coconut oil prices showed firm trend during the week on firm demand. Prices rose on rise in prices of copra. Rise in raw material lead rise in product prices. Prices rose on rise 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 fall in prices of coconut oil demand will shift from other oils. Fresh demand is expected in current levels due to fall in prices of coconut oil.

Supply position has improved in the market, which has underpin prices. Price trend is biased towards downside. Demand increased due to 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 risen due to lower prices in 2019. Household consumption will rise due to higher prices of coconut oil.

Coconut oil prices are expected to rise on firm demand and rise in copra prices.

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

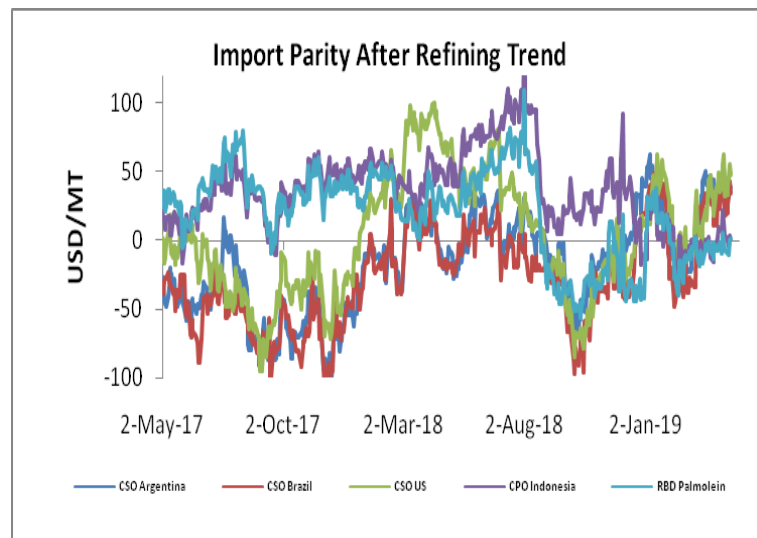
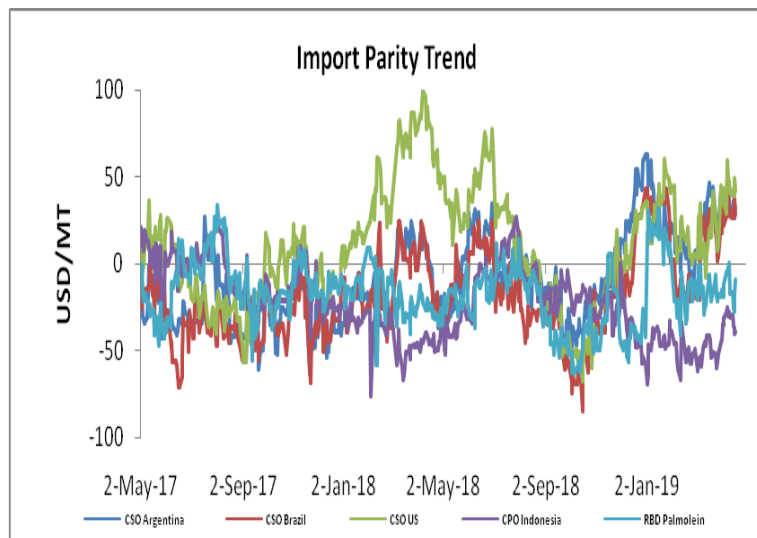
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 14,300 (14,300) per quintal, and was quoting Rs 13,100 (Rs 13,000) per quintal in Erode market on Apr 19, 2019.

**Price Outlook:** Coconut oil (without GST) prices in Erode may stay in the range of Rs 1200-1400 per 10 Kg.



### Import Parity Trend

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

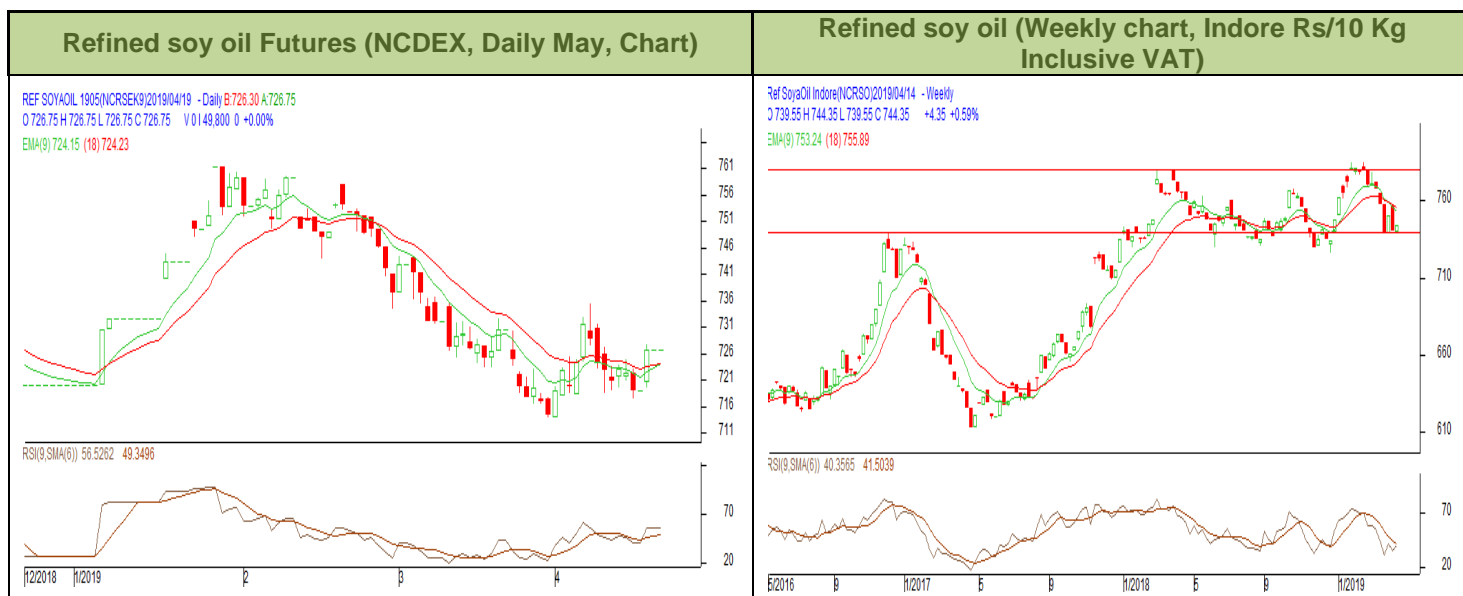


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Feb, 2019</b>	-13.55	-33.11	-3.01	-6.55	-16.06
<b>Mar, 2019</b>	27.38	13.76	17.55	-5.96	-7.78

### Outlook:-

Import parity for crude soy oil from Argentina rose due to fall in prices of soy oil in international markets. We expect CDSO import parity to remain firm 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.**

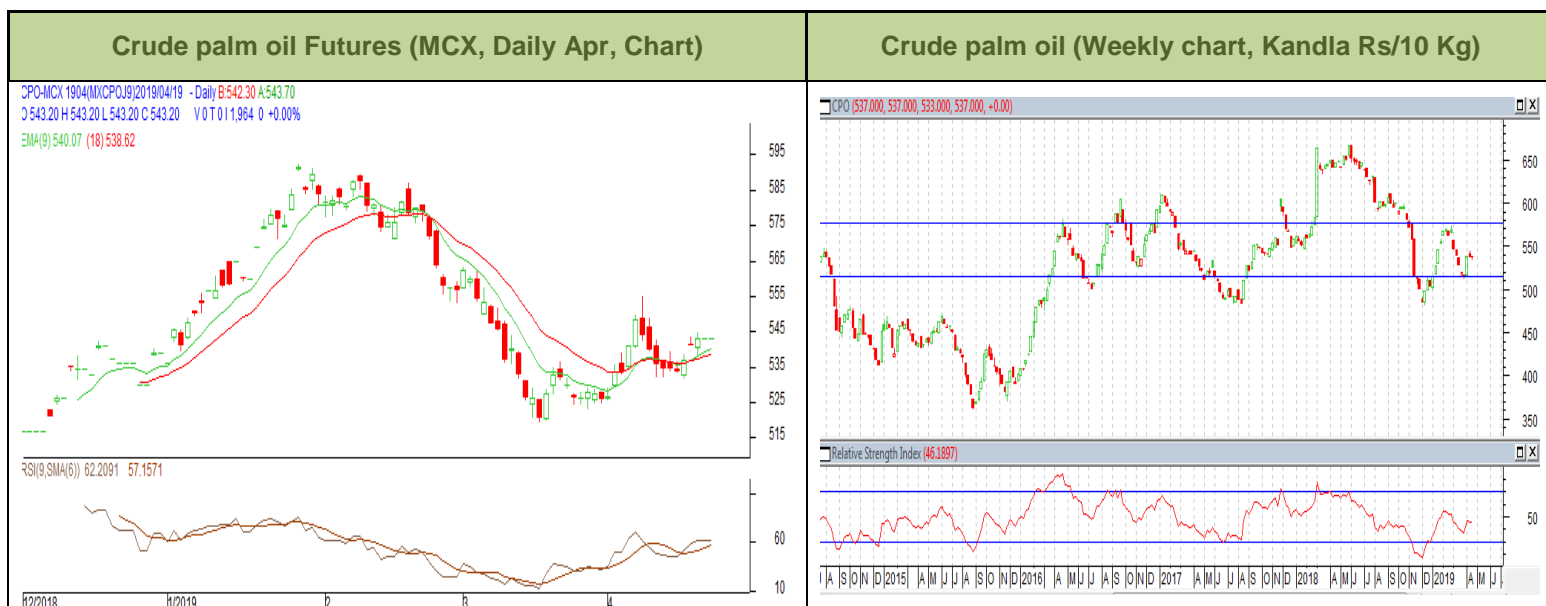
- Weekly chart of refined soy oil at NCDEX depicts uptrend during the week in review. We expect prices to trade sideways to firm tone in the near term.
- Any close above 730 in weekly might take the prices below 740 levels.
- Expected price band for next week is 700-750 level in near to medium term. RSI and MACD is suggesting uptrend in the market.

**Strategy:** Market participants are advised to go long above 725 levels for a target of 740 and 745 with a stop loss at 715 on closing basis.

#### RSO NCDEX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
700.00	720.00	729.25	740.00	750.00

**Spot Market outlook:** Refined soy oil Indore (without GST) is likely to stay in the range of Rs 720-800 per 10 Kg.

**Technical Analysis (Crude Palm oil)**


**Outlook - Prices show uptrend in prices during the week. We expect that CPO Apr 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 550 in weekly chart may bring the prices to 560 levels.
- Expected price band for next week is 520-570 level. RSI and MACD are suggesting uptrend in prices in the coming week.

**Strategy:** Market participants are advised to go long in CPO above 540 for a target of 555 and 560 with a stop loss at 530 on closing basis.

**CPO MCX (Apr)**

Support and Resistance				
S2	S1	PCP	R1	R2
500.00	520.00	543.9	550.00	565.00

**Spot Market outlook:** Crude palm oil (without GST) is likely to stay in the range of Rs 500-570 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		19-Apr-19	12-Apr-19	
Refined Soybean Oil	Indore	742	740	2
	Indore (Soy Solvent Crude)	700	700	Unch
	Mumbai	740	750	-10
	Mumbai (Soy Degum)	697	700	-3
	Kandla/Mundra	725	735	-10
	Kandla/Mundra (Soy Degum)	694	702	-8
	Kolkata	760	755	5
	Delhi	770	771	-1
	Nagpur	Closed	744	-
	Rajkot	725	730	-5
	Kota	740	740	Unch
	Hyderabad	750	755	-5
	Akola	Closed	743	-
	Amrawati	Closed	744	-
	Bundi	745	745	Unch
	Jalna	Closed	746	-
	Solapur	Closed	736	-
	Dhule	Closed	750	-
Palm Oil*	Kandla (Crude Palm Oil)	564	564	Unch
	Kandla (RBD Palm oil)	599	604	-5
	Kandla RBD Pamolein	635	630	5
	Kakinada (Crude Palm Oil)	557	546	11
	Kakinada RBD Pamolein	633	632	1
	Haldia Pamolein	643	635	7
	Chennai RBD Pamolein	635	635	Unch
	KPT (krishna patnam) Pamolein	630	630	Unch
	Mumbai RBD Pamolein	646	646	Unch
	Mangalore RBD Pamolein	635	635	Unch
	Tuticorin (RBD Palmolein)	635	635	Unch
	Delhi	672	667	5
	Rajkot	630	627	3
	Hyderabad	605	617	-12
	PFAD (Kandla)	352	352	Unch
	Refined Palm Stearin (Kandla)	557	546	11
	Superolien (Kandla)	662	662	Unch
	Superolien (Mumbai)	672	672	Unch
* inclusive of GST				
Refined Sunflower Oil	Chennai	745	750	-5

	Mumbai	790	790	Unch
	Mumbai(Expeller Oil)	705	705	Unch
	Kandla (Ref.)	770	770	Unch
	Hyderabad (Ref)	745	750	-5
	Latur (Expeller Oil)	755	755	Unch
	Chellakere (Expeller Oil)	700	700	Unch
	Erode (Expeller Oil)	770	775	-5
Groundnut Oil	Rajkot	950	970	-20
	Chennai	960	950	10
	Delhi	950	950	Unch
	Hyderabad *	950	950	Unch
	Mumbai	985	990	-5
	Gondal	950	940	10
	Jamnagar	970	960	10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	745	745	Unch
	Jaipur (Kacchi Ghani Oil)	766	765	1
	Kota (Expeller Oil)	730	730	Unch
	Kota (Kacchi Ghani Oil)	750	750	Unch
	Neewai (Expeller Oil)	740	735	5
	Neewai (Kacchi Ghani Oil)	748	748	Unch
	Bharatpur (Kacchi Ghani Oil)	785	775	10
	Sri-Ganga Nagar(Exp Oil)	730	735	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	750	750	Unch
	Mumbai (Expeller Oil)	755	760	-5
	Kolkata(Expeller Oil)	900	900	Unch
	New Delhi (Expeller Oil)	732	730	2
	Hapur (Expeller Oil)	895	910	-15
	Hapur (Kacchi Ghani Oil)	930	945	-15
	Agra (Kacchi Ghani Oil)	790	780	10
Refined Cottonseed Oil	Rajkot	735	730	5
	Hyderabad	725	720	5
	Mumbai	750	755	-5
	New Delhi	705	710	-5
Coconut Oil	Kangayan (Crude)	1310	1300	10
	Cochin	1430	1430	Unch
Sesame Oil	New Delhi	1750	1750	Unch
	Mumbai	Unq	0	-



Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	595	588	7
Rice Bran Oil (4%)	Punjab	605	605	Unch
Malaysia Palmolein USD/MT	FOB	543	545	-2
	CNF India	573	570	3
Indonesia CPO USD/MT	FOB	515	510	5
	CNF India	535	533	2
RBD Palm oil (Malaysia Origin USD/MT)	FOB	538	540	-2
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	498	510	-12
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	680	670	10
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	460	460	Unch
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	680	-
Ukraine Origin CSFO USD/MT Kandla	CIF	723	713	10
Rapeseed Oil Rotterdam Euro/MT	FOB	Unq	707	-
Argentina FOB (\$/MT)		17-Apr-19	11-Apr-19	Change
Crude Soybean Oil Ship		621	633	-12
Refined Soy Oil (Bulk) Ship		643	655	-12
Sunflower Oil Ship		646	640	6
Cottonseed Oil Ship		601	613	-12
Refined Linseed Oil (Bulk) Ship		Unq	0	-
* indicates including GST				

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