

Veg. Oil Weekly Research Report

Contents

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

Executive Summary

Domestic Veg. Oil Market Summary

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

On the currency front, Indian rupee is hovering near 69.40 against 69.94 paise previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices. Rupee is expected to depreciate and crude oil prices will rise in near-term.

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

Outlook:

Weekly Call - : In NCDEX, market participants are advised to go short below 735 levels for a target of 720 and 715 with a stop loss at 745 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 short in CPO below 520 for a target of 505 and 500 with a stop loss at 530 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 480-550 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.

Lower than expected fall in palm oil stocks in Malaysia, lower rise in exports of palm oil from Malaysia, lower fall production of palm oil in Malaysia 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.

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 increased and is quoted at 3.0-3.5 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 more 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.

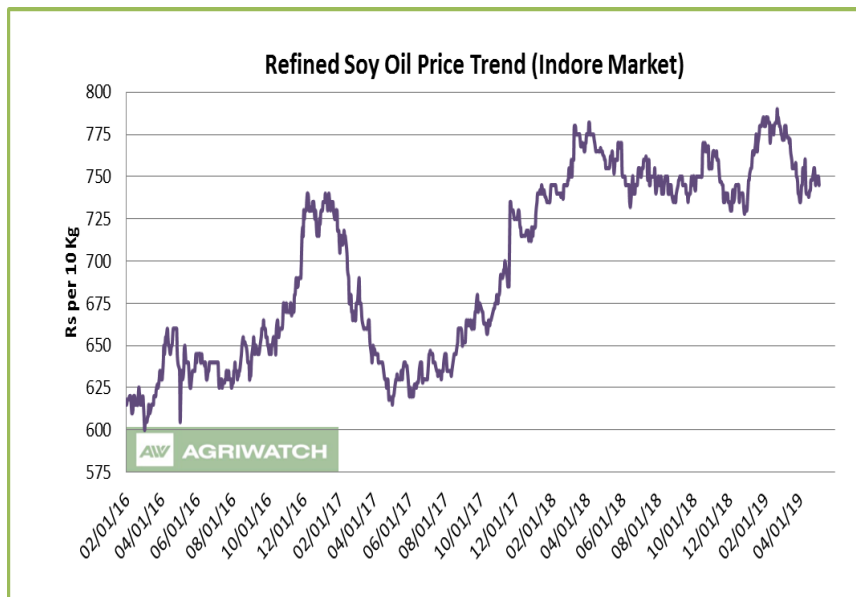
Basis fell due to improvement of weather conditions in Argentina leading to lower FOB soy oil prices. Its discount over CBOT has decreased.

Imports of soy oil rose in 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 117 (Rs 112 last week) per 10 kg will decrease CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 165 (Rs 160 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 181 (USD 171 last week) per ton for May 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 676 (USD 686) per ton for May delivery, June delivery is quoted at USD 667 (USD 670) per ton and July delivery is quoted at USD 663 (USD 683) per ton. Values in brackets are figures of last week. Last month, CNF CDSO Apr average price was USD 686.88 (USD 705.76 per ton in Mar 2019) per ton. Soy refined (Indore) is quoted at Rs 745 (Rs 740 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 45-50/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.

US-China trade talks are progressing and there are reports of progress of talks. US Treasury secretary has said that any breakthrough in talks will be reached in next two weeks. Both sides have expressed satisfaction in the talks and new round of talks are expected this week. However, US President has said that US may walk alone if no trade settlement is reached. There are major thorny issues, which are withholding any settlement. 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. Stocks of soybean with US is record at any point in history. This comes at a time when US farmers are planting new soybean crop for 2019/20.

Slow export sales of US in March and April has led to accumulation of record stocks in US. Further, demand from China is weak due to outbreak of swine flu in the country.

Further, farmers in US are expected to plant higher area of soybean as rains in much corn growing area has led to higher moisture in the fields leading to major shift towards soybean in coming days.

Soy oil stocks rose in US in Mar as reported by NOPA despite fall in crush of soybean in Mar. 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.

All the above factors are wakening soy oil CBOT prices.

Soybean harvest in Brazil is near completion. 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 1.0 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 is completed in 50 percent of area and progress is higher than 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 higher discount of Argentina soy oil over CBOT soy oil leading to lower FOB prices and fall in CBOT soy oil 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. Imports from Brazil picked up after 2 months of slow imports. China purchased from US as well as Brazil.

However, due to outbreak of swine flu in China has led to major slaughtering of swine and has led to lower imports of soybean by China leading to accumulation of soybean stocks in Brazil and US. Both Brazil and Argentina is looking to increase meat exports to China to make up for lower imports of soybean.

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. Swine flu outbreak in China has led to weak global soybean demand leading to lower prices of soybean complex globally. Lower import of soybean by China has let to shift of buyers to other competing oils like palm oil leading to fall in global soy oil prices.

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 weak due to firm global supply prospects, which underpin soy oil prices.

Dollar Index is expected to rise weakening of other currencies in Dollar Index basket leading to fall in interest rates in 2019-20 will underpin on soy oil prices in near term.



Global crude oil prices have is expected to rise due to OPEC cut in crude oil production and sanctions on Iran and Venezuela.

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 weak trend at its benchmark market at Kandla on fall in international prices of palm oil.

RBD palmolein also fell at its benchmark market of Kandla on fall in international prices in international markets

- Prices of CPO closed lower at Kandla on fall in international price of palm oil.

Prices of CPO fell less at high seas compared to CNF markets

compared to last week indicating firm demand at high seas.

Reduction in import duty on RBD palmolein will weaken CPO imports as duty differential between crude palm oil and RBD palmolein has fallen from 11 percent to 5 percent. Preferential treatment given to Malaysia in terms of lower RBD palmolein imports will lead to higher imports of RBD palmolein and lower imports of CPO from Indonesia.

CPO import returned to parity on fall in prices of CPO in international markets, which stands at Rs 1.0-1.5 per kg. Parity in imports will increase import demand and will let prices rise.

Any increase in parity is likely to increase 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 firm due to higher parity in imports. However, CPO imports will be firm compared to RBD palmolein due to higher refining margins compared to imported ready to use palmolein.

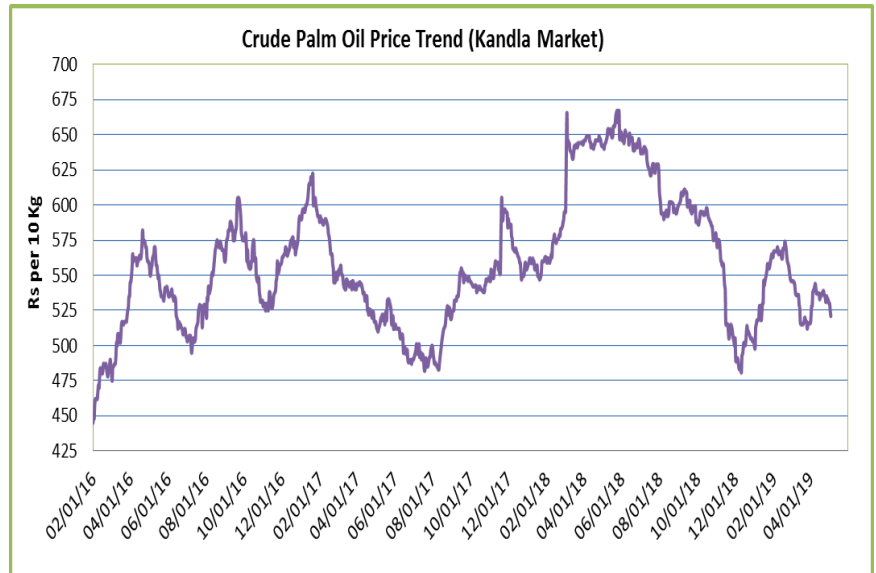
Rising premium of RBD palmolein over CPO at CNF markets will increase CPO imports.

Despite fall in imports of CPO, port stocks fell in Mar indicating weak demand

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

RBD palmolein showed lower prices in its benchmark market fall in prices of palm oil in international markets

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



Import demand of RBD palmolein rose in 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 of RBD palmolein returned to parity due to fall in prices of palm products in international markets.

At present there is parity of Rs 0.0-0.5 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 weak compared to CPO at high seas as premium of RBD palmolein over CPO was at Rs 59 (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 weak at CNF markets as prices fell more at CNF markets compared to 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 181 (USD 171 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. 176 (Rs 176 last week) per 10 Kg will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 165 (Rs 155 last week) per 10 kg. is high and will increase RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is at USD 190 (USD 165 last week) per ton. High premium of refined sunflower oil over RBD palmolein at Rs 170 (Rs 160) 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 2018-March 2019) were reported higher by 24.64 percent 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 495 (USD 515) per ton for May delivery. Last month, CNF CPO Apr average price was at 529.64 per ton (USD 521.36 per ton in Mar 2019). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 535 (USD 557.5) per ton for May delivery. Last month, CIF RBD palmolein Apr average price was USD 568.08 (USD 556.12 in Mar 2019) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 521 (Rs 531) per 10 Kg and May delivery duty paid is offered at Rs 524 (Rs 533) per 10 kg. Ready lift RBD palmolein is quoted at Rs 580 (Rs 595) per 10 kg as on May 3, 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 15-20/ton v/s loss of USD 5-10/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 0-5/ton v/s loss of USD 5-10/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 and Indonesia, slow rise in exports of palm oil from Malaysia in April, slow fall in production of palm oil in Malaysia in April.

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

Production of palm oil will fall slowly due to elevated production levels in first half of 2019. Palm oil production is expected to remain elevated due to higher fertilizer use and maturing of plants.

Exports of palm oil have remained unchanged in 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 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 outbreak of swine flu in the country. However, imports of palm oil are expected to slow as demand of palm oil remains seasonally low after Chinese New Year.

Higher imports by other destinations are due to Ramadan festival in various countries has supported exports of palm oil from Malaysia in April. However, demand of palm oil slows after Ramadan indicating that demand of palm oil from these countries will slow from end May.

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

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 of 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 line with import duty on palm oil on Malaysia by India in exchange of higher sugar imports from 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 below 4.10/USD. This will make exports of palm oil competitive compared to other oil and same oils with different destinations.

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 all 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 and sanction on Iran and Venezuela will support palm oil prices.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 480-550 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 fell last week.
- Agriwatch view: Prices of rapeseed oil expeller featured weak trend in its benchmark market on weak demand. Prices closed lower on fall in rapeseed prices. Fall in raw material prices led to lower product prices.

High premium of rapeseed oil

over palm oil led to weakening in rapeseed oil demand and prices.

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 4.14 lakh tons of rapeseed in the current Rabi season. Stock with NCDEX is 0.54 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 8 (Rs 17) per 10 Kg will support rapeseed oil prices.

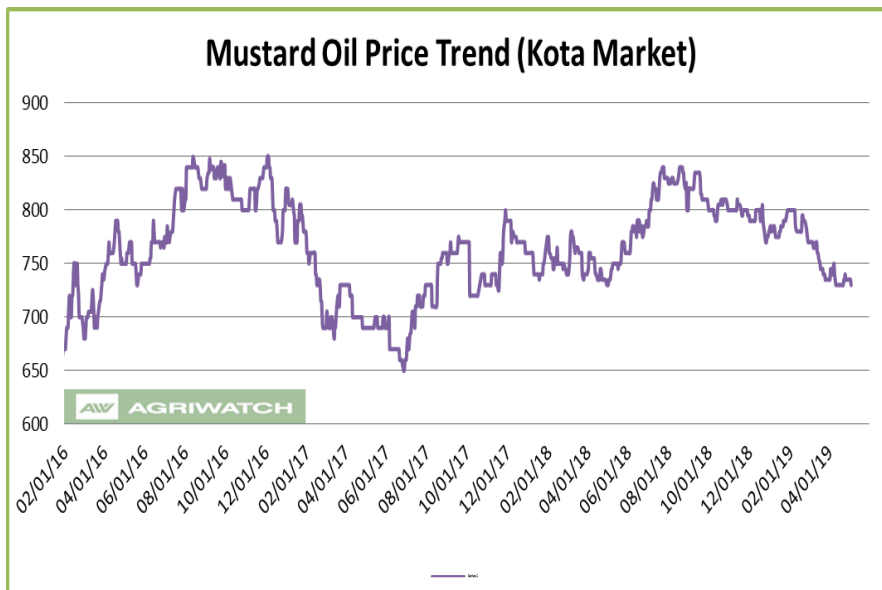
Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 173 (Rs 172) per 10 kg will underpin rapeseed oil prices.

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.

Canola oil prices are unquoted at Indian ports as there is no import demand. There were no imports in March. Hike in import duty on imports of canola oil has led to zero imports.

Markets are expected to trade sideways to weak tone in coming days on weak demand.

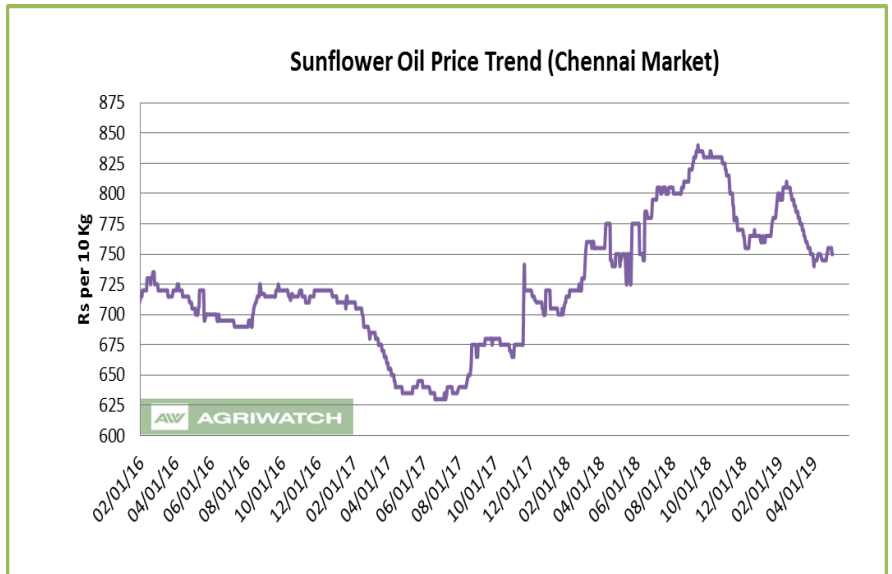


- According to United States Department of Agriculture (USDA) March estimate, India is estimated to import 2.5 LT of rapeseed oil in 2018/19 compared to earlier estimate of 3.5 LT, lower by 28.6 percent y-o-y. Production of rapeseed oil is increased to 21.28 LT in 2018/19 from earlier estimate of 19.19 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 0.0 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 at USD 74 (USD 60 last week) per ton for ready delivery as on May 3, 2019.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 735 (Rs 750) per 10 Kg, and at Kota market, it is offered at Rs 730 (Rs 735) per 10 kg as on May 3, 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 lower during the week in Chennai on weak demand.
- Prices of sunflower oil traded lower in Chennai on weak demand. Sunflower oil price fell at high seas while it remained rose at CNF markets indicating weak demand at high seas. Prices fell on fall in palm oil prices. There can be bargain buying at these levels. Demand may strengthen due to stability 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 5.0 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 58 (USD 36.5 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 190 (US 165 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 173 (Rs 157 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 250 (Rs 215 last week) per 10 kg will support sunflower oil prices.

There is import disparity in sunflower oil, and refining margins are in disparity, which will decrease import demand and underpin prices.

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 decreased purchase of crude sunflower oil from international markets as CNF sunflower oil premium over CNF soybean oil and palm oil has risen.

Prices of sunflower oil are expected to be underpinned by weak demand.

- 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 725 (USD 722.5) per ton for June delivery, July delivery was quoted at USD 730 (USD 730) per ton and AS delivery is quoted at USD 732.5 (USD 730) per ton . CNF sun oil (Ukraine origin) Apr monthly average was at USD 718 per ton compared to USD 718.6 per ton in Mar. 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 58 (USD 36.5 last week) per ton for June delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 190 (USD 165) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 750 (Rs 755) per 10 Kg, and at Kandla/Mudra market, it is offered at Rs 765 (Rs 770) per 10 kg as on May 3, 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.

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 decreased due to high volatility in prices and sudden surge in prices of groundnut oil prices. High volatility leads to weakening of demand.

Prices are will be capped in May as peak demand season is over. Prices will stay moderated as seasonal demand slows. Consumers decreases oil demand on higher volatility in prices.

Prices fell on fall in prices of palm oil and sunflower oil.

NAFED is disposing groundnut aggressively in Gujarat, Rajasthan and MP. Sale of Kharif 2018 groundnut crop has been started in Gujarat from last week due to political intervention. Sale of 2017 crop in Gujarat is progressing aggressively. Total progressive purchase in 2018-19 is 7.03 lakh and balance quantity after sale is 5.57 lakh tons.

Total stocks of groundnut of 2017-18 season with NAFED is 2.44 lakh tons.

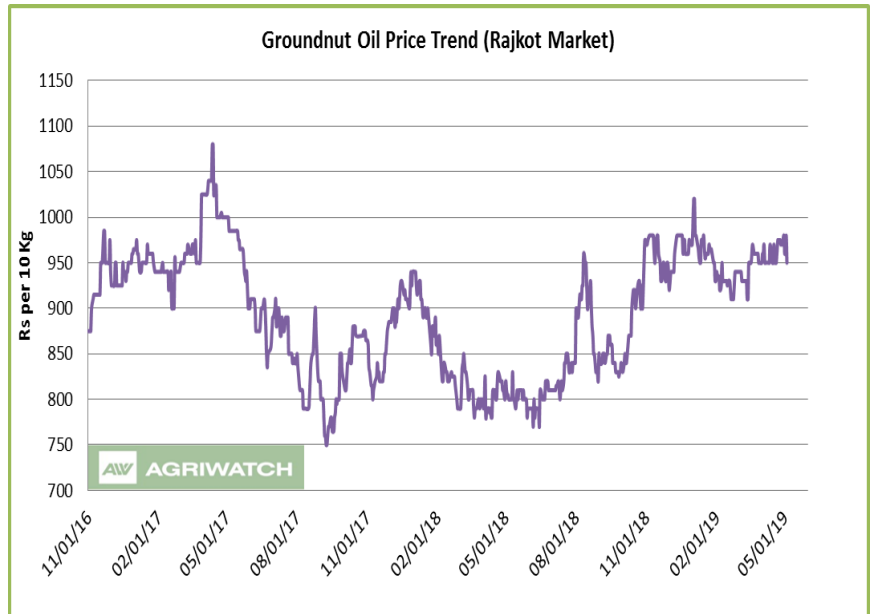
Therefore, total stock in NAFED is 8.01 lakh tons apart from additional stocks with trade and farmers. Higher domestic disappearance of groundnut has led to strengthening of groundnut oil priced

Exports of groundnut has increased due to firm demand from China and political unrest in Sudan, thereby there is no diversion of groundnut towards crushing thereby decreasing supply of groundnut oil and supporting prices.

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

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 9,500 (9,700), per quintal and it was quoted at Rs 10,000 (Rs 9,700) per quintal in Chennai market on May 3, 2019. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways to weak in the coming days.

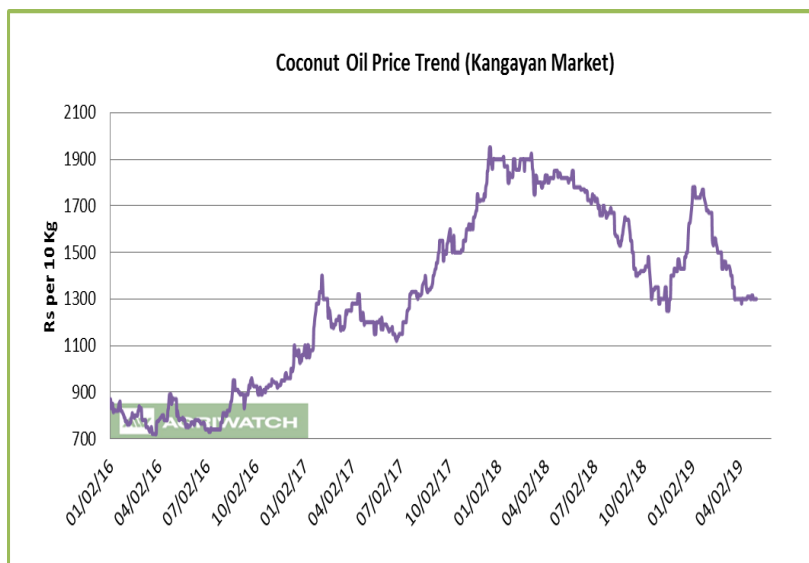


Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 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 despite flat prices of copra indicating weak demand. Prices fell on fall in palm oil prices. Retail demand has increased due to fall in prices of coconut oil. Stockists and retailers are waiting to stocking as the prices are falling. Corporate demand, which is one of the major contributors, is weak.



Traders and upcountry buyers are waiting to stock as they are not confident about prices.

Crushers has low stocks of coconut oil despite weak demand.

Due fall in prices of coconut oil demand will shift from other oils. Fresh demand is expected in lower 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 decreased due to regular fall in prices of coconut oil and high volatility in prices.

Consumers tend to postpone demand when the prices are falling and high volatility in prices.

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.

FSSAI has banned 14 brands of coconut oil as it was found to be adulterated. The department is taking strict action against various brands who are found to be adulterating.

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

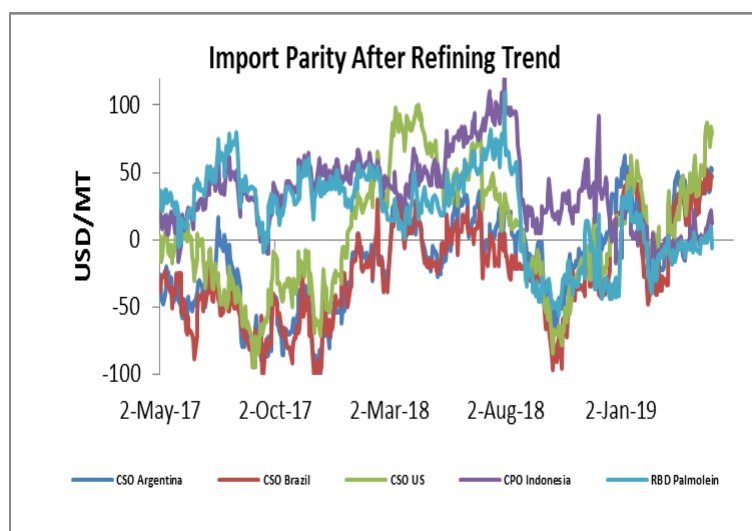
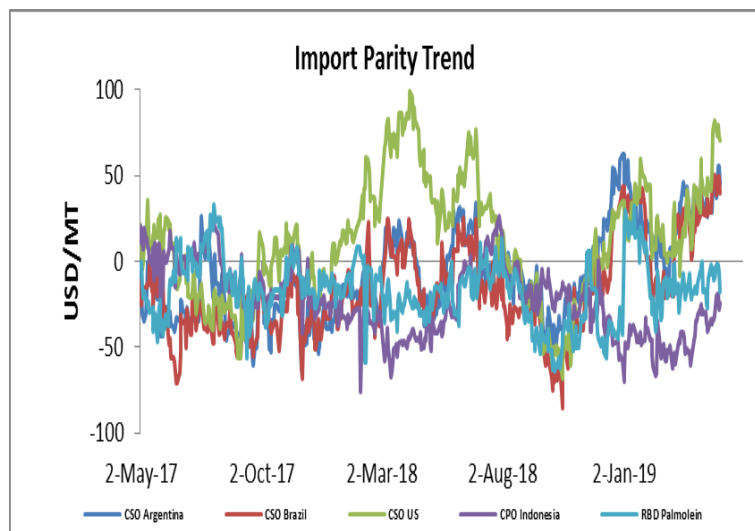
Coconut oil prices are expected to be weak in days ahead.

- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 14,500 (14,500) per quintal, and was quoting Rs 13,000 (Rs 13,150) per quintal in Erode market on May 3, 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)

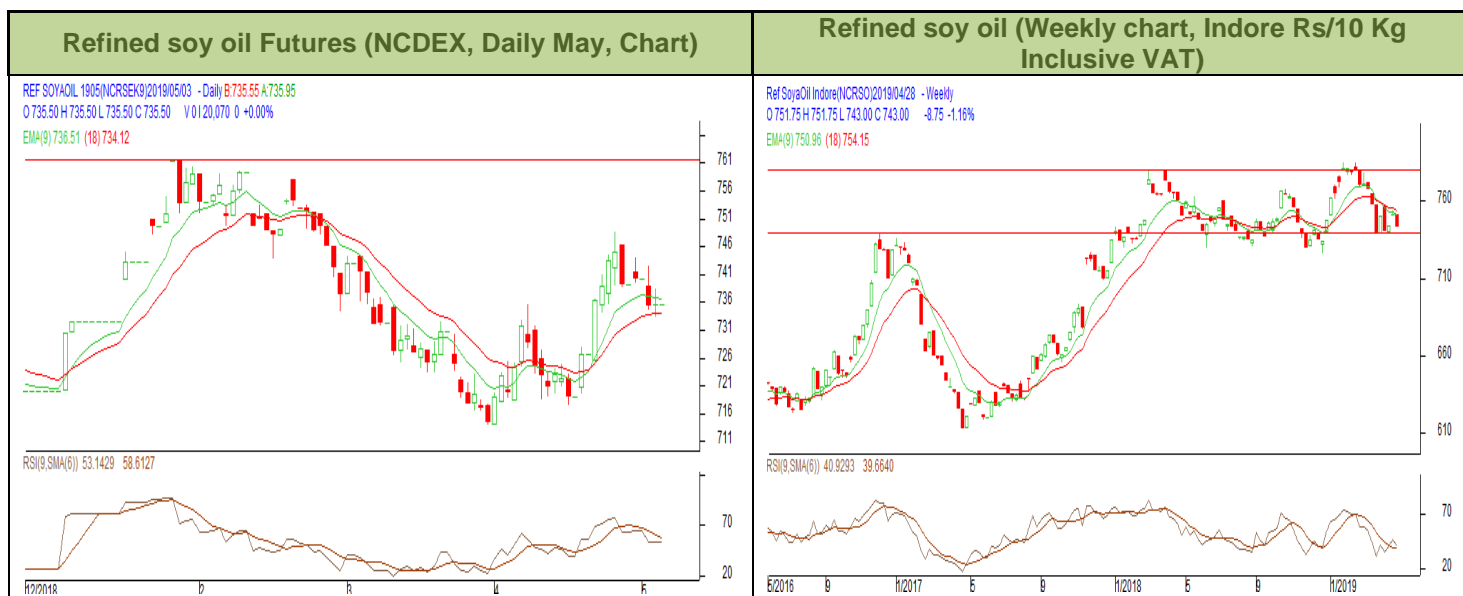


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Mar, 2019	27.38	13.76	17.55	-5.96	-7.78
Apr, 2019	37.28	33.94	52.18	5.50	-2.75

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 in 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 740 in weekly might take the prices below 750 levels.
- Expected price band for next week is 700-750 level in near to medium term. RSI and MACD is suggesting downtrend in the market.

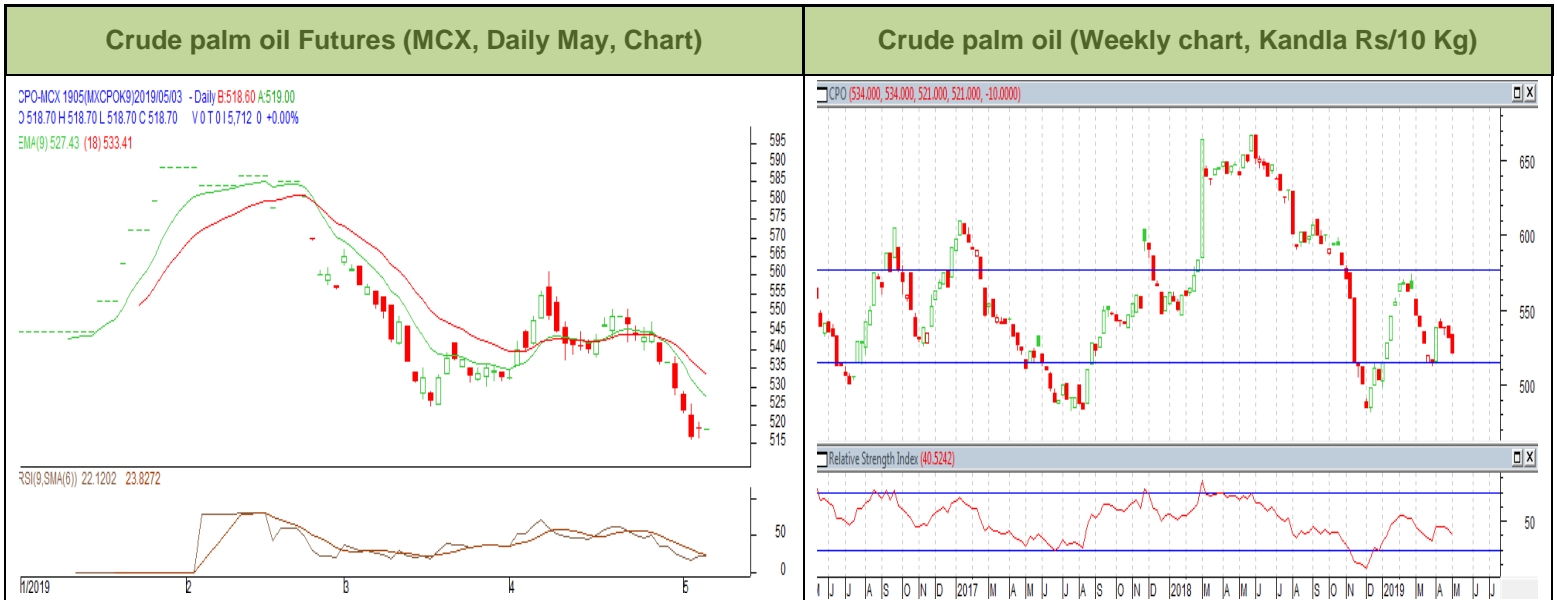
Strategy: Market participants are advised to go short below 735 levels for a target of 720 and 715 with a stop loss at 745 on closing basis.

RSO NCDEX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
700.00	720.00	731.3	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 downtrend in prices during the week. We expect that CPO may 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 520 in weekly chart may bring the prices to 530 levels.
- Expected price band for next week is 480-550 level. RSI and MACD are suggesting downtrend in prices in the coming week.

Strategy: Market participants are advised to go short in CPO below 520 for a target of 505 and 500 with a stop loss at 530 on closing basis.

CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
500.00	510.00	515.6	530.00	540.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 480-550 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		3-May-19	26-Apr-19	
Refined Soybean Oil	Indore	745	755	-10
	Indore (Soy Solvent Crude)	712	720	-8
	Mumbai	735	740	-5
	Mumbai (Soy Degum)	685	695	-10
	Kandla/Mundra	730	730	Unch
	Kandla/Mundra (Soy Degum)	697	710	-13
	Kolkata	765	770	-5
	Delhi	770	778	-8
	Nagpur	742	744	-2
	Rajkot	725	740	-15
	Kota	740	755	-15
	Hyderabad	745	750	-5
	Akola	742	744	-2
	Amrawati	743	745	-2
	Bundi	745	760	-15
	Jalna	748	750	-2
	Solapur	736	737	-1
	Dhule	752	754	-2
Palm Oil*	Kandla (Crude Palm Oil)	547	558	-11
	Kandla (RBD Palm oil)	588	599	-11
	Kandla RBD Pamolein	614	630	-16
	Kakinada (Crude Palm Oil)	525	541	-16
	Kakinada RBD Pamolein	614	628	-14
	Haldia Pamolein	625	635	-11
	Chennai RBD Pamolein	616	630	-14
	KPT (krishna patnam) Pamolein	611	625	-14
	Mumbai RBD Pamolein	641	651	-11
	Mangalore RBD Pamolein	625	631	-6
	Tuticorin (RBD Palmolein)	611	630	-19
	Delhi	652	665	-13
	Rajkot	609	625	-16
	Hyderabad	594	608	-14
	PFAD (Kandla)	352	357	-5
	Refined Palm Stearin (Kandla)	525	541	-16
	Superolien (Kandla)	662	672	-11
	Superolien (Mumbai)	667	683	-16
* inclusive of GST				
Refined Sunflower Oil	Chennai	750	755	-5

	Mumbai	780	785	-5
	Mumbai(Expeller Oil)	710	715	-5
	Kandla (Ref.)	765	770	-5
	Hyderabad (Ref)	757	765	-8
	Latur (Expeller Oil)	755	755	Unch
	Chellakere (Expeller Oil)	700	710	-10
	Erode (Expeller Oil)	780	780	Unch
Groundnut Oil	Rajkot	950	970	-20
	Chennai	1000	970	30
	Delhi	950	950	Unch
	Hyderabad *	1020	1000	20
	Mumbai	1020	990	30
	Gondal	950	950	Unch
	Jamnagar	975	975	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	735	750	-15
	Jaipur (Kacchi Ghani Oil)	753	768	-15
	Kota (Expeller Oil)	730	735	-5
	Kota (Kacchi Ghani Oil)	740	755	-15
	Neewai (Expeller Oil)	725	735	-10
	Neewai (Kacchi Ghani Oil)	738	752	-14
	Bharatpur (Kacchi Ghani Oil)	760	760	Unch
	Sri-Ganga Nagar(Exp Oil)	715	730	-15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	740	750	-10
	Mumbai (Expeller Oil)	745	755	-10
	Kolkata(Expeller Oil)	880	900	-20
	New Delhi (Expeller Oil)	740	750	-10
	Hapur (Expeller Oil)	865	850	15
	Hapur (Kacchi Ghani Oil)	900	885	15
	Agra (Kacchi Ghani Oil)	765	765	Unch
Refined Cottonseed Oil	Rajkot	730	735	-5
	Hyderabad	700	720	-20
	Mumbai	746	750	-4
	New Delhi	710	720	-10
Coconut Oil	Kangayan (Crude)	1300	1315	-15
	Cochin	1450	1450	Unch
Sesame Oil	New Delhi	1750	1750	Unch
	Mumbai	Unq	0	-

Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	582	595	-13
Rice Bran Oil (4%)	Punjab	605	605	Unch
Malaysia Palmolein USD/MT	FOB	515	530	-15
	CNF India	540	560	-20
Indonesia CPO USD/MT	FOB	473	493	-20
	CNF India	500	520	-20
RBD Palm oil (Malaysia Origin USD/MT)	FOB	510	525	-15
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	475	480	-5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	660	655	5
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	423	438	-15
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	680	-
Ukraine Origin CSFO USD/MT Kandla	CIF	728	723	5
Rapeseed Oil Rotterdam Euro/MT	FOB	725	740	-15
Argentina FOB (\$/MT)		2-May-19	25-Apr-19	Change
Crude Soybean Oil Ship		627	628	-1
Refined Soy Oil (Bulk) Ship		649	650	-1
Sunflower Oil Ship		655	650	5
Cottonseed Oil Ship		607	608	-1
Refined Linseed Oil (Bulk) Ship		Unq	0	-
* indicates including GST				

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