

# Veg. Oil Weekly Research Report

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**Executive Summary****Domestic Veg. Oil Market Summary**

*Edible oil prices featured Mostly weak trend during this week in domestic market. CBOT soy oil and BMD palm oil declined during the week. Despite Mustered oil, all edible oil like Palm oil, sunflower oil, Soy oil and Groundnut oil closed in red.*

*On the currency front, Indian rupee is hovering near 69.65 against 70.13 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 fall in near-term.*

*We expect soy oil and Palm Oil to trade in steady to weak trend on weak sentiments.*

**Outlook:**

*Weekly Call -: In NCDEX, market participants are advised to go short below 742 levels for a target of 732 and 722 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. 730-800 per 10 Kg. in the near term.*

*In MCX, Market participants are advised to go short in CPO below 510 for a target of 500 and 485 with a stop loss at 520 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, 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 fall production of palm oil in Malaysia is expected to underpin CPO prices in near term. However, recent rise in exports of palm oil from Malaysia may limit any major fall.*

### Soy oil Fundamental Analysis and Outlook:-

#### Domestic Front

- Soy oil featured weak sentiment in domestic markets in the week in review 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 3.0-3.2 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 lower 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 declined in April 2019 compared to Mar 2018 and higher than Feb 2019. Imports declined at 248,851 tons in April compared to March 2019 while port stocks declined 120,000 tons indicating weak demand in April.

CDSO is trading at high premium over RBD palmolein at high seas at Rs 138 (Rs 117 last week) per 10 kg will decrease CDSO import demand.

Refined soy oil premium over RBD palmolein is unchanged at Rs 175 (Rs 155 last week) per 10 Kg, which is high and may cap soy oil prices in domestic markets. In USD terms, premium of CDSO CNF over CPO CNF was quoted at USD 205 (USD 204 last week) per ton for June delivery, which is higher and increase 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 19.2 percent y-o-y in April 2019 to 4.50 lakh tons from 5.57 lakh tons in April 2018. RBD palmolein imports rose y-o-y in April by 13 percent to 2.38 lakh tons from 2.09 lakh tons in April 2018. Sunflower oil imports declined 17.6 percent y-o-y in April 2019 to 2.42 lakh tons from 2.94 lakh tons in April 2018.



- According to Solvent Extractors Association (SEA), India's April edible oil stocks at ports and pipelines declined by 0.63 percent m-o-m to 23.55 lakh tons from 23.70 lakh tons in Mar 2019. Stocks of edible oil at ports in Apr fell to 875,000 tons (CPO 340,000 tons, RBD Palmolein 215,000 tons, Degummed Soybean Oil 120,000 tons, Crude Sunflower Oil 200,000 ton and about 1,480,000 tons in pipelines). Stocks at ports were 970,000 tons in March 2019. India is presently holding 37 days of edible oil requirement on 1st May, 2019 at 23.55 lakh tons compared to 30 days of requirements last month at 23.70 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.
- Soy oil import scenario – According to SEA, soy oil imports declined 6.06 percent y-o-y in Apr to 2.48 lakh tons from 2.64 lakh tons in Apr 2018. In the oil year 2018-19 (Nov 2018-Apr 2019), imports of soy oil were 12.37 lakh tons compared to 10.91 lakh tons in last oil year, higher by 13.38 percent in the corresponding period last oil year.
- Imported crude soy oil CNF at West coast port is offered at USD 653 (USD 676) per ton for May delivery, June delivery is quoted at USD 650 (USD 667) per ton and July delivery is quoted at USD 629 (USD 663) 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 765 (Rs 748 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 44-48/ton v/s gain of USD 45-50/ton (last month) margin in processing the imported Soybean Oil (Argentina Origin).

### International Front

Soy oil prices are expected to be fall in expectation of weak sentiments in the world. 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 curb any major hike in 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 felids leading to major shift towards soybean in coming days.

Soy oil stocks rose in US in April as reported by NOPA despite fall in crush of soybean in April. 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 curb soy oil prices hike.

All the above factors are weakening 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 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 which may push CBOT soy oil prices lower side.

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.

As per sources, China bought higher soybean by 10.7% to 7.64 million tonnes in April 2019 due to shipment delayed from March compared to last year in the corresponding period of time. It imported total 24.39 million tonnes of Soybean during Jan- April 2019.

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 higher side due to positive global cues, which may support 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 730-800 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 fall in international prices of palm oil.

RBD palmolein also decreased 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 declined at high seas compared to 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.

Any increase in parity is likely to increase imports of CPO.

Traders are expected to take advantage any fall in international prices of CPO by increasing buying.

Data from cargo surveyors show rise in imports of palm oil by India in May so far from Malaysia.

Imports of palm oil by India declined in April as reported by SEA on fall in imports compared to April 2018. CPO imports fell in April against March 2019. Fall in CPO imports came on high base y-o-y. RBD palmolein imports rose in April compared to April 2018.

Imports of CPO fell in April 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 April indicating weak demand

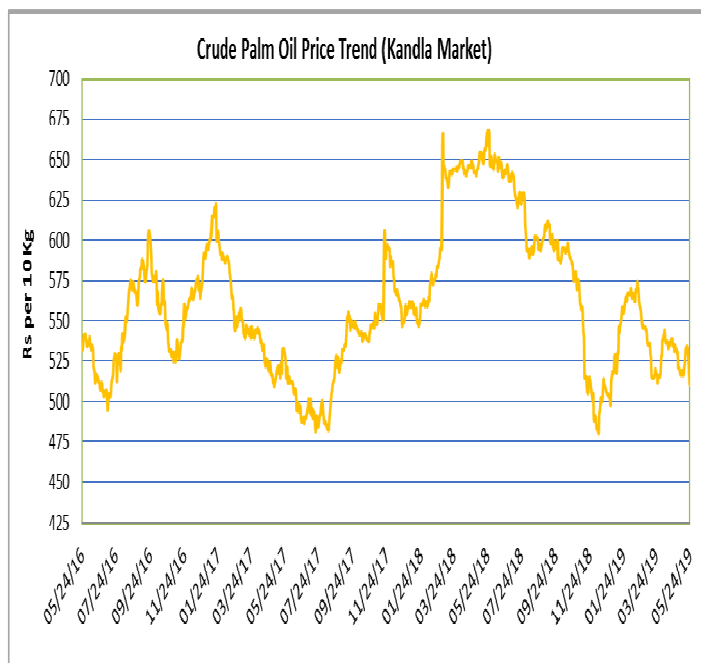
Demand of CPO is regular at CNF markets as prices fell equally at CNF markets and FOB markets compared to last week.

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

RBD palmolein prices improved above at high seas compared to CNF markets indicating firm demand at high seas.

Import demand of RBD palmolein rose in April 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 are cause to less parity due to rise in prices of palm products 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 71 (Rs 62) 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 205 (USD 185 last week) per 10 kg which is higher and may increase imports quantity of CPO. Premium of CDSO soy oil high seas over CPO high seas is at Rs. 194 (Rs 182 last week) per 10 Kg will decrease CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 175 (Rs 175 last week) per 10 kg. is same and will increase RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is at USD 243 (USD 240 last week) per ton. High premium of refined sunflower oil over RBD palmolein at Rs 190 (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 Apr fell 12% percent m-o-m to 7.07 lakh tons from 8.02 lakh tons in Mar 2019.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports fell 19.2 percent y-o-y in April 2019 to 4.50 lakh tons from 5.57 lakh tons in April 2018. Imports in oil year 2018-19 (November 2018-April 2019) were reported marginally lower y-o-y at 33.06 lakh tons compared to 35.35 lakh tons in last oil year, lower by 6.47 percent in the corresponding period last oil year.

RBD palmolein import scenario- RBD palmolein imports rose y-o-y in April by 13 percent to 2.38 lakh tons from 2.09 lakh tons in April 2018. Imports in oil year 2018-19 (November 2019-April 2019) were reported higher by 22.34 percent y-o-y at 11.99 lakh tons compared to 9.80 lakh tons in corresponding period last oil year.

On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 485 (USD 508) per ton for June 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 523 (USD 510) per ton for June 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 remain at Rs 532 per 10 Kg and June delivery duty paid is offered at Rs 536 (Rs 520) per 10 kg. Ready lift RBD palmolein is quoted at Rs 600 (Rs 588) per 10 kg as on May 24, 2019. Values in brackets are figures of last week.



- On the parity front, margins increased during this week due to rise 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 on less demand. lower fall in end stocks of palm oil in Malaysia and Indonesia and slow rise in exports of palm oil from Malaysia in May, slow fall in production of palm oil in Malaysia in May curb any major hike.

Palm oil stocks are expected to fall slowly in Malaysia in May due to slow rise in exports of palm oil from Malaysia in May 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 declined in April from Malaysia due to less demand from India and China. Imports from India declined due to rise in prices of palm oil in international markets. 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. 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 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 below 4.17/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 500-550 per 10 Kg in the near term.

### Rapeseed oil Fundamental Review and Analysis-

#### Domestic Front

- Mustard oil prices showed firm trend in benchmark market good demand. Arrivals of rapeseed fell last week.
- Agriwatch view: Prices of rapeseed oil expeller featured firm trend in its benchmark market on firm demand

Prices closed higher on rise in rapeseed prices. Rise in raw material prices led to support product 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 7.54 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 7.9 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.

Higher premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 35 (Rs 19) per 10 Kg will support rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 228 (Rs 197) per 10 kg will underpin rapeseed oil prices.

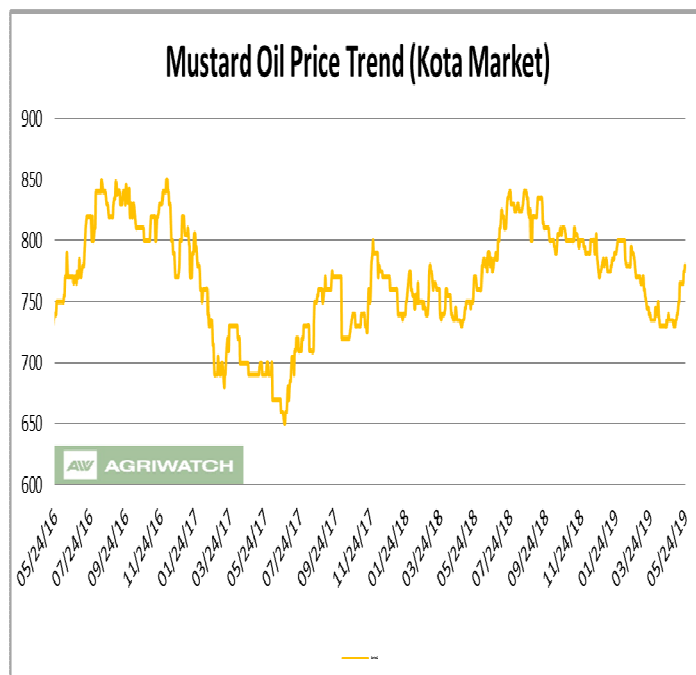
There was no import of canola oil in April. Imports of canola oil is weak in oil year 2018-19 (Nov 2018-Mar 2019) after weak oil year 2017-18 (Nov-Oct) indicating weak demand of canola oil. Hike in import duty on canola has slowed import demand. There are negligible stocks of canola oil at ports.

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 April. 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 Apr 2019 v/s 0.27 lakh tons in Apr 2018. In the oil year 2018-19 (Nov 2019-Apr 2019) imports were 0.44 lakh tons compared to 1.59 lakh tons in last oil year, lower by 72.32 percent y-o-y.
- CNF canola oil premium over CDSO is at USD 60 (USD 57 last week) per ton for ready delivery as on May 24, 2019.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 780 (Rs 765) per 10 Kg, and at Kota market, it is offered at Rs 780 (Rs 765) per 10 kg as on May 24, 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 720-830 per 10 Kg.

### Sunflower oil Fundamental Review and Analysis:-

#### Domestic Front

- Sunflower oil prices increased during the week in Chennai on firm demand.

Sunflower oil price rose at high seas while it remained rose at CNF markets indicating firm demand at high seas.

Prices rose on firm 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 10 (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 41 (USD 38 last week) per ton.

Demand of sunflower is likely to gain due to declining premium over RBD palmolein.

Sunflower oil premium over RBD palmolein at CNF India is at USD 240 (US 220 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is at Rs 190 (Rs 160 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 315 (Rs 305 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.

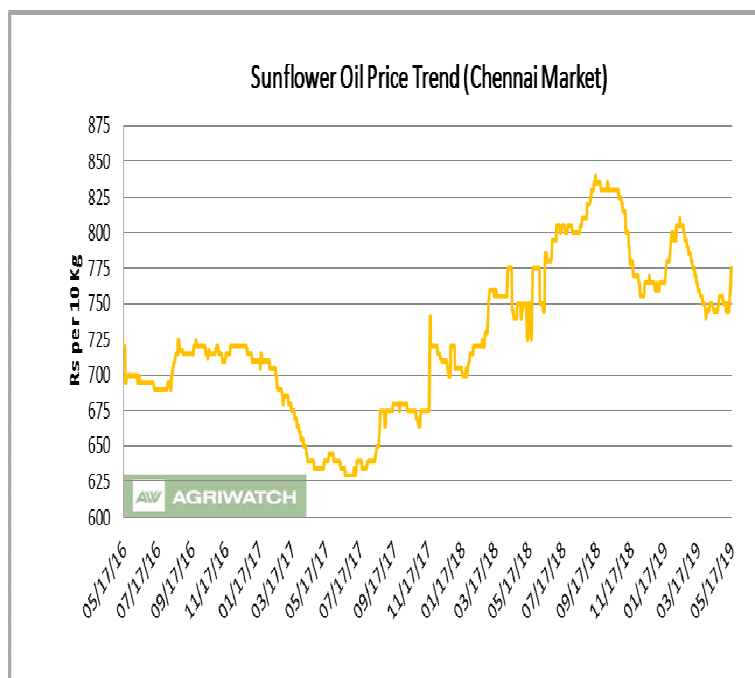
Imports of sunflower oil rose for fourth month in a row in Mar and port stocks has increased indicating restocking is taking place at ports.

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 rise by firm demand.

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports declined 17.6 percent y-o-y in April 2019 to 2.42 lakh tons from 2.94 lakh tons in April 2018. Imports in oil year



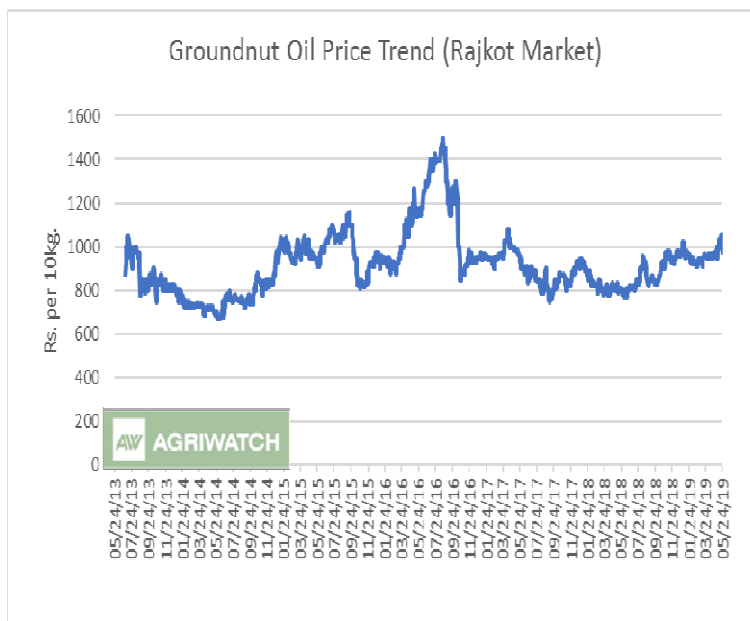
2018-19 (November 2018-April 2019) were reported higher by 1.82 percent y-o-y at 13.42 lakh tons compared to 13.18 lakh tons in last oil year.

- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted higher at USD 755 per ton for June delivery, July delivery was quoted at USD 755 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 730-800 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering at USD 41 (USD 38 last week) per ton for June delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 240 (USD 220) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 775 (Rs 745) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 765 per 10 kg as on May 17, 2019. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

**Price Outlook:** Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 730-800 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil prices featured weak trend in Rajkot on account of less demand. Prices of groundnut oil declined on lower demand. However, groundnut prices firmed up in physical market. Demand of groundnut oil declined due to weak retail demand. Retail demand decline due to higher prices of oil. Prices may go may trade in steady to weak tone in next week on poor demand. Seasonal demand is almost over.



Prices decreased following the trend 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 sale in 2018-19 is 2.04 lakh and balance quantity after sale is 4.98 lakh tons.

Total stocks of groundnut of 2017-18 season with NAFED is 1.27 lakh tons and sold total 8.89 lak tonnes so far. Therefore, total stock in NAFED is 6.25 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 rise on good demand.

- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 975 (10,500), per quintal and it was quoted at Rs 10,300 (Rs 10,900) per quintal in Chennai market on May 24, 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 900-1150 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.

Stuckists 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 underpinned 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.

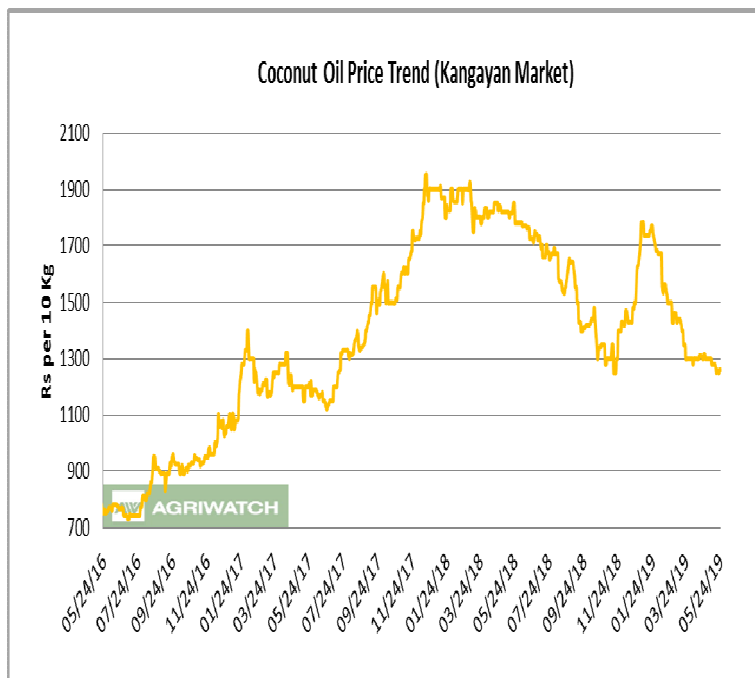
Demand of coconut oil has risen due to lower prices in 2019. Household consumption will rise due to higher prices of coconut oil.

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.

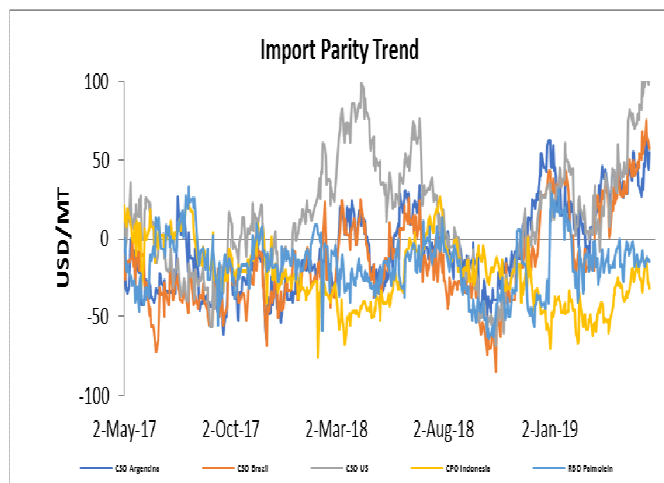
- On the price front, currently the coconut oil prices in Kochi is hovering near Rs 13,200 (13,200) per quintal, and was quoting Rs 12,600 (Rs 12,800) per quintal in Erode market on May 24, 2019.



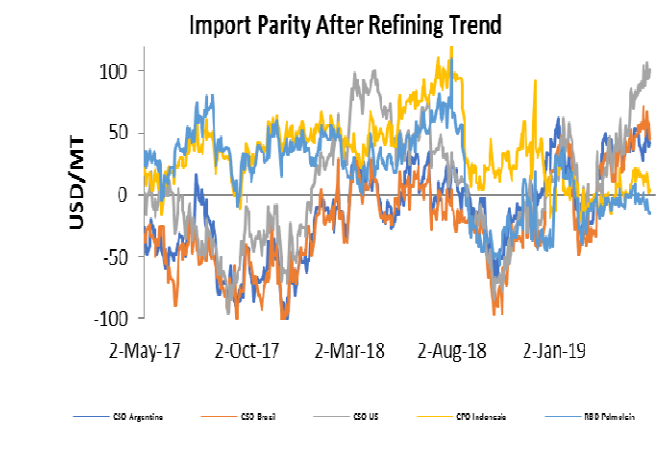
**Price Outlook:** Coconut oil (without GST) prices in Erode may stay in the range of Rs 1150-1300 per 10 Kg.



### Import Parity Trend



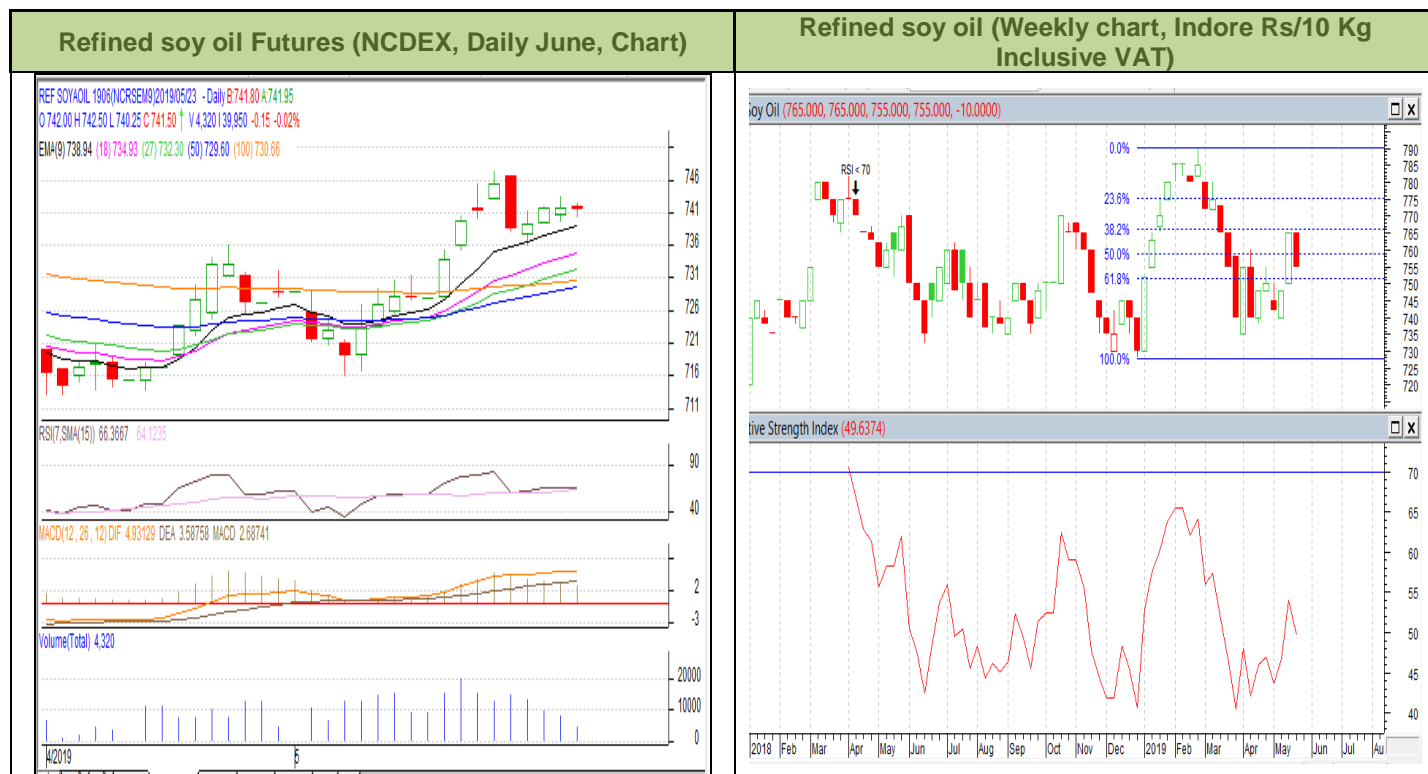
### Import Parity After Refining in US dollar per ton (Monthly Average)



	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 declined due to rise 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.**

- Daily chart of refined soy oil at NCDEX depicts weaktrend during the week in review. We expect prices to trade sideways to weak tone in the near term.
- Any close below 741.5 in weekly might take the prices above 752 levels.
- Expected price band for next week is 720-760 level in near to medium term. RSI and MACD is suggesting downtrend in the market.

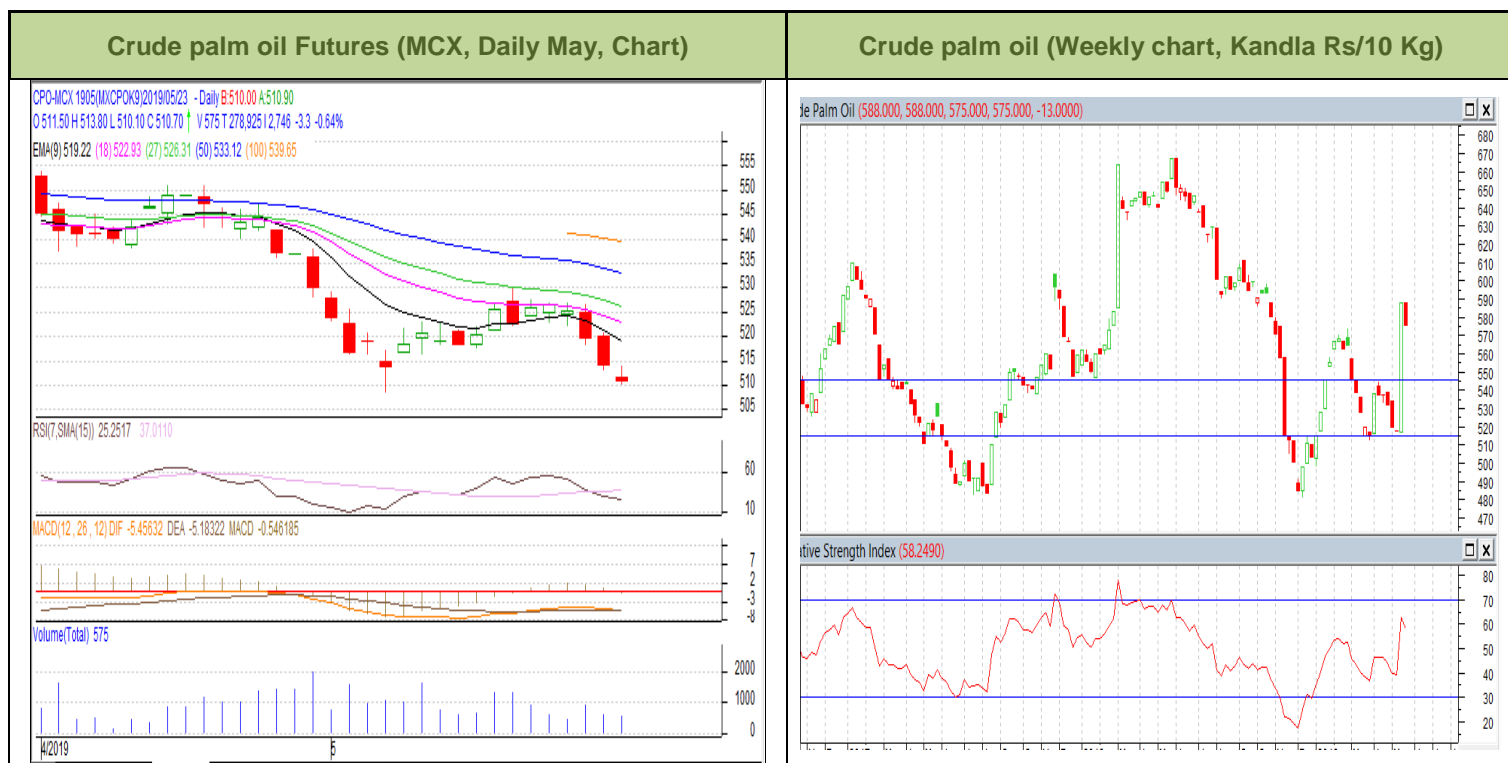
**Strategy:** Market participants are advised to go short below 742 levels for a target of 732 and 722 with a stop loss at 750 on closing basis.

**RSO NCDEX (May)**

Support and Resistance				
S2	S1	PCP	R1	R2
705	720	741.5	760	775.00

**Spot Market outlook:** Refined soy oil Indore (without GST) is likely to stay in the range of Rs 725-765 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 weak trend in the prices. We expect prices to trade with a sideways to weak note in the near term.
- Any close below 480 in weekly chart may bring the prices to 470 levels.
- Expected price band for next week is 510-558 level. RSI and MACD are suggesting uptrend in prices in the coming week.

**Strategy:** Market participants are advised to go short in CPO below 510 for a target of 500 and 485 with a stop loss at 520 on closing basis.

#### CPO MCX (May)

Support and Resistance				
S2	S1	PCP	R1	R2
470	480	510.7	535	550

**Spot Market outlook:** Crude palm oil (without GST) is likely to stay in the range of Rs 480-535 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices (Per 10 Kg)		Change
		24-May-19	17-May-19	
Refined Soybean Oil	Indore	755	765	-10
	Indore (Soy Solvent Crude)	725	735	-10
	Mumbai	745	750	-5
	Mumbai (Soy Degum)	705	715	-10
	Kandla/Mundra	745	740	5
	Kandla/Mundra (Soy Degum)	720	729	-9
	Kolkata	765	770	-5
	Delhi	791	805	-14
	Nagpur	747	759	-12
	Rajkot	740	755	-15
	Kota	755	765	-10
	Hyderabad	750	760	-10
	Akola	748	759	-11
	Amrawati	747	758	-11
	Bundi	760	770	-10
	Jalna	750	758	-8
	Solapur	750	758	-8
	Dhule	751	760	-9
Palm Oil*	Kandla (Crude Palm Oil)	537	560	-23
	Kandla (RBD Palm oil)	578	593	-15
	Kandla RBD Pamolein	611	625	-14
	Kakinada (Crude Palm Oil)	515	530	-15
	Kakinada RBD Pamolein	609	620	-11
	Haldia Pamolein	620	627	-7
	Chennai RBD Pamolein	609	620	-11
	KPT (krishna patnam) Pamolein	674	609	65
	Mumbai RBD Pamolein	625	630	-5
	Mangalore RBD Pamolein	611	625	-14
	Tuticorin (RBD Palmolein)	614	620	-6
	Delhi	641	660	-19
	Rajkot	604	620	-16
	Hyderabad	587	603	-16
	PFAD (Kandla)	352	368	-16
	Refined Palm Stearin (Kandla)	515	530	-15
	Superolien (Kandla)	656	667	-11
	Superolien (Mumbai)	662	677	-15

* inclusive of GST				
Refined Sunflower Oil	Chennai	770	775	-5
	Mumbai	785	780	5
	Mumbai (Expeller Oil)	730	730	0
	Kandla (Ref.)	775	765	10
	Hyderabad (Ref)	785	790	-5
	Latur (Expeller Oil)	790	770	20
	Chellakere (Expeller Oil)	730	710	20
	Erode (Expeller Oil)	820	800	20
Groundnut Oil	Rajkot	975	1050	-75
	Chennai	1030	1090	-60
	Delhi	1050	960	90
	Hyderabad *	1090	1110	-20
	Mumbai	1050	1085	-35
	Gondal	990	1020	-30
	Jamnagar	1025	1050	-25
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	780	765	15
	Jaipur (Kacchi Ghani Oil)	808	787	21
	Kota (Expeller Oil)	780	765	15
	Kota (Kacchi Ghani Oil)	790	780	10
	Neewai (Expeller Oil)	785	750	35
	Neewai (Kacchi Ghani Oil)	796	760	36
	Bharatpur (Kacchi Ghani Oil)	815	800	15
	Sri-Ganga Nagar (Exp Oil)	765	755	10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	795	780	15
	Mumbai (Expeller Oil)	780	770	10
	Kolkata (Expeller Oil)	890	880	10
	New Delhi (Expeller Oil)	800	787	13
	Hapur (Expeller Oil)	865	880	-15
	Hapur (Kacchi Ghani Oil)	900	915	-15
	Agra (Kacchi Ghani Oil)	820	805	15
Refined Cottonseed Oil	Rajkot	740	755	-15
	Hyderabad	717	725	-8
	Mumbai	750	762	-12
	New Delhi	713	725	-12
Coconut Oil	Kangayan (Crude)	1260	1260	Unch
	Cochin	1450	1450	Unch

Sesame Oil	New Delhi	1600	1750	-150
	Mumbai	Unq	Unq	Unq
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	590	600	-10
Rice Bran Oil (4%)	Punjab	605	605	Unch
Malaysia Palmolein USD/MT	FOB	505	523	-18
	CNF India	533	550	-17
Indonesia CPO USD/MT	FOB	463	478	-15
	CNF India	485	508	-23
RBD Palm oil (Malaysia Origin USD/MT)	FOB	500	515	-15
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	465	475	-10
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	655	680	-25
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	408	415	-7
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	Unq	Unq
Ukraine Origin CSFO USD/MT Kandla	CIF	743	753	-10
Rapeseed Oil Rotterdam Euro/MT	FOB	738	732	6
Argentina FOB (\$/MT)		23-May-19	16-May-19	
Crude Soybean Oil Ship		634	650	-16
Refined Soy Oil (Bulk) Ship		656	673	-17
Sunflower Oil Ship		680	666	14
Cottonseed Oil Ship		614	630	-16
Refined Linseed Oil (Bulk) Ship		Unq	Unq	Unq
* indicates including GST				

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