

Veg. Oil Weekly Research Report

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

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

On the currency front, Indian rupee is hovering near 69.47 against 69.86 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 also decline in near-term.

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

Outlook:

Weekly Call -: In NCDEX, market participants are advised to go short below 740 levels for a target of 730 and 720 with a stop loss at 753 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 498 for a target of 480 and 470 with a stop loss at 512 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 480-520 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. However, slow sowing pace of Soybean in U.S. may support soy oil prices.

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.
- 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. However, lower sowing pace of Soybean in U.S. may support prices at some extent.

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 rose at high seas compared to CNF markets compared to last week.

Soy oil demand is higher at CNF markets as prices increased 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.

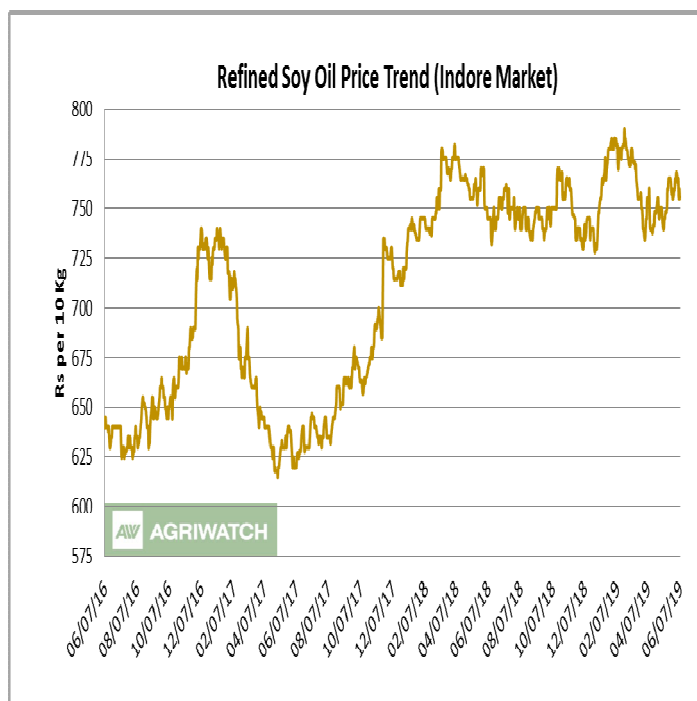
Basis fell due to improvement of weather conditions in Argentina leading to lower FOB soy oil prices. Its discount over CBOT has decreased.

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. 140 (Rs. 145 last week) per 10 kg will decrease CDSO import demand.

Refined soy oil premium over RBD palmolein is higher at Rs 175 (Rs 165 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 210 (USD 206 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 703 (USD 711) per ton for June delivery, July delivery is quoted at USD 682 (USD 689) per ton. Values in brackets are figures of last week. Last month, CNF CDSO May average price was USD 695.03 (USD 686.88 per ton in April 2019) per ton. Soy refined (Indore) is quoted at Rs 755 (Rs 768 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 46-57/ton v/s gain of USD 26-59/ton (May 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. However, slow sowing pace in U.S. may support prices from any major fall.

Improved export sales record of this week will lead a little support to reduce ample stocks availability of U.S.

USDA report, US has completed 39% of its Soybean acres as on 2nd June 2019 lower from previous year record i.e. 86%. It is also lower from 79% of average 5-year record as well. This represents an advance of 10% for the week. Approx. 51 million acres are left to plant. Farmers in U.S. may finish Soybean sowing more than 3 weeks later than last year.

As per IGC report, Soybean global production is likely to decline at 358 million tonnes in 2019/20 against 363 million tonnes in 2018/19. It expects global consumption at 359 million tonnes for 2019/20.

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 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 source Rifinitiv trade flows, China has imported total 7.8 million tons of Soybean in April 2019 from U.S, Brazil & Argentina which is very close to the 3 years average. China may import lower Soybean from these destinations in the range of 6.2- 7.5 million tonnes in May 2019 as compare to 10.4 million tons in previous year record during the corresponding period of time. China imported 2 million tons in April 2019 from U. S higher from 1.8 million tons from 2018 & 2017. However, U.S. Soybean arrivals are likely to decline in May 2019. The trade war between the U.S. and China has cut over 80% of US soybean exports to China so far this market year (September-August). On the other hand, Soybean arrivals of Brazil increased at 5.8 million tons as new crop started hitting in market. However, it is likely to decline and stand in the range of 5.2 to 6.6 million tonnes in May 2019 against 10 million tonnes in May 2018 due to the outbreak of African swine fever and resulting losses in Chinese demand.

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 730-780 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.

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 rose 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

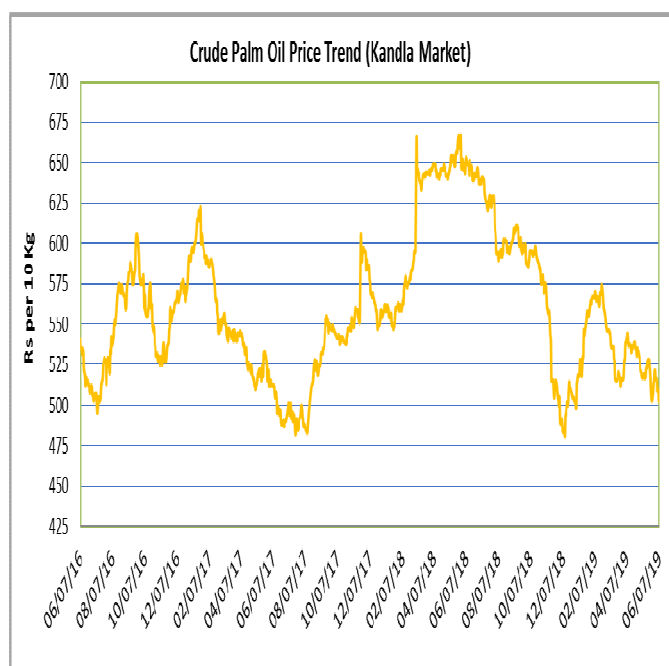
RBD palmolein prices fell less at high seas compared to CNF markets indicating firm demand at high seas.

Import demand of RBD palmolein rose in 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 42 (Rs 34) 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 high at CNF markets as prices rose more at CNF markets compared to FOB markets compared to last week.

Import of RBD palmolein in April was higher than Mar 2018 and Feb 2019. Imports of RBD palmolein rose in April 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 210 (USD 206 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. 181 (Rs 180 last week) per 10 Kg will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 175 (Rs 183 last week) per 10 kg. will increase RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is remain at USD 235 (USD 243 last week) per ton. High premium of refined sunflower oil over RBD palmolein remain at Rs 190 (Rs 190) 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 490 (USD 505) per ton for June delivery. Last month, CNF CPO May average price was at 498.28 per ton (USD 529.64 per ton in April 2019). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 540 (USD 545) per ton for June delivery. Last month, CIF RBD palmolein May average price was USD 514.96 (USD 539.76 in April 2019) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 516 per 10 Kg and June delivery duty paid is offered at Rs 518 (Rs 523) per 10 kg. Ready lift RBD palmolein is quoted at Rs 603 (Rs 614) per 10 kg as on June 7, 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 20-23/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 10-23/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 and slow rise in exports of palm oil from Malaysia in June, 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 June 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 were 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.

EU imported total 9% higher soybean at 13.4 million tonnes of the season 2018/19 so far (26th May 2019) against last year record. The country imported 6% lower to 15.9 million tonnes of Soymeal. It imported 1% higher palm oil at 5.7 million tonnes. as compared to last year record.

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 is expected to continue in coming months as demand is expected remain low.

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 lines 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 4.16/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 480-520 per 10 Kg in the near term.

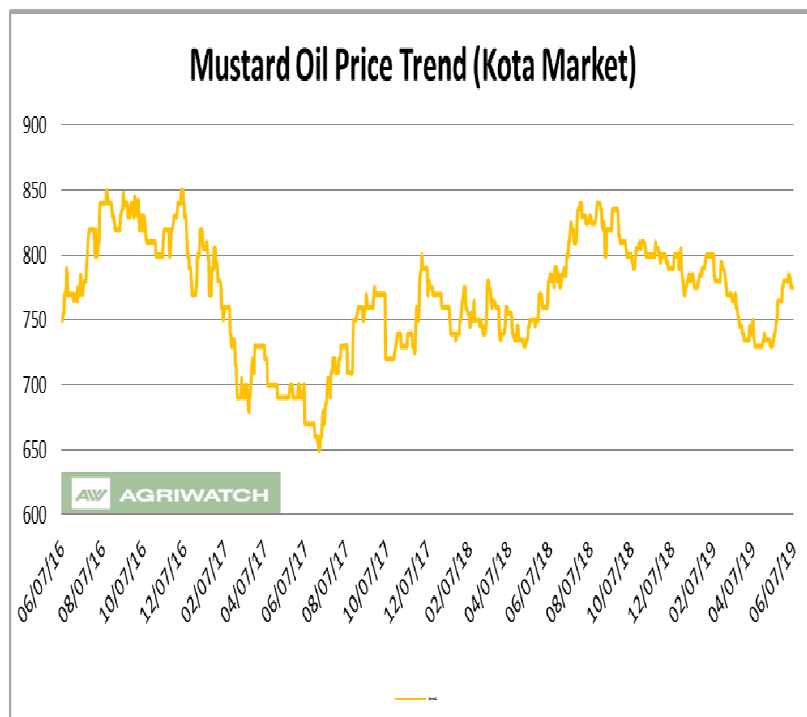
Rapeseed oil Fundamental Review and Analysis-

Domestic Front

- Mustard oil prices showed weak trend in benchmark market weak demand. Arrivals of rapeseed improved last week.

Agriwatch view: Prices of rapeseed oil expeller featured weak trend in its benchmark market on weak demand. High premium of rapeseed oil over palm oil led to weakening in rapeseed oil demand and prices.

Prices closed lower on fall in rapeseed prices. Fall in raw material prices led to lower 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 9.52 lakh tons of rapeseed in the current Rabi season. Stock with NCDEX is 0.67 lakh tons.

Arrivals of rapeseed are in mixed pace at 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.

In third advanced estimates, government estimates Mustard seed output at 87.82 lakh tonnes for 2018/19 higher by 4.2% from 84.3 lakh tonnes in 2017/18.

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 51 (Rs 45) per 10 Kg will support rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is remain at Rs 226 per 10 kg will improve 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 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 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 35 (USD 29 last week) per ton for ready delivery as on June 7, 2019.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 785(Rs 790) per 10 Kg, and at Kota market, it is offered at Rs 775 (Rs 785) per 10 kg as on June 7, 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 710-800 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 20 (Rs 35 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 45 (USD 44 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 246 (US 240 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is remain at Rs 195 per 10 kg which is same like last week will underpin sunflower oil in domestic market.

In domestic market rising groundnut oil premium over sunflower oil at Chennai market is at Rs 275 (Rs 250 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.

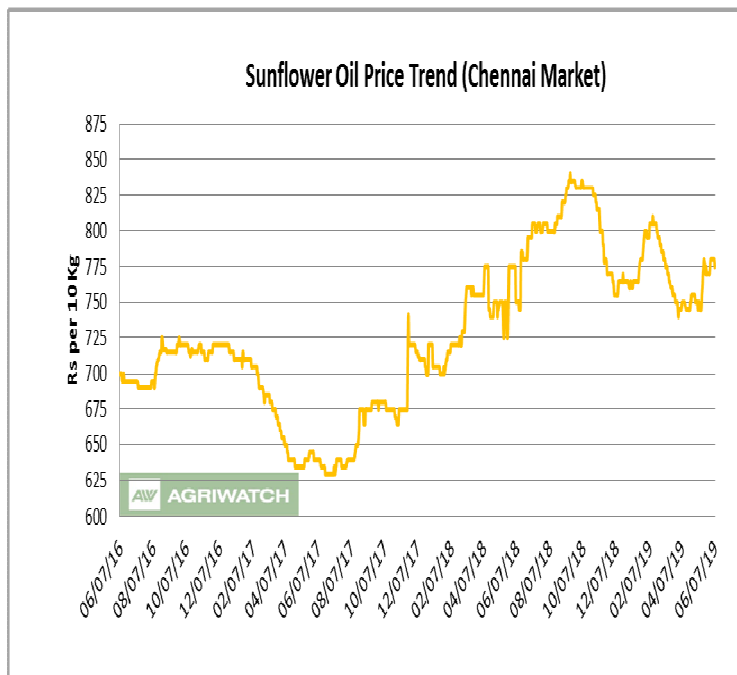
Prices of sunflower oil will be underpinned by rising stocks of sunflower oil at ports.

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

Improved domestic demand may firm 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 decline on weak 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 745 per ton for June delivery, July delivery was quoted at USD 745 per ton. CNF sun oil (Ukraine origin) May monthly average was at USD 739 per ton compared to USD 718 per ton in Apr. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 700-800 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering remain at USD 42 (USD 53 last week) per ton for June delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 235 (USD 243) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 775 (Rs 780) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 775 per 10 kg as on June 7, 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 700-800 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices featured steady trend in Rajkot on account of moderate demand. Prices of groundnut oil improved on higher demand. Groundnut firm prices in physical market supported groundnut oil in steady to firm zone.

Demand of groundnut oil increased due to strong retail demand.

Retail demand increased in fear of less availability.

Prices may trade higher side in next week on good demand.

Prices are steady and not following the lower trend of palm oil and sunflower oil.

NAFED is disposing groundnut K-18

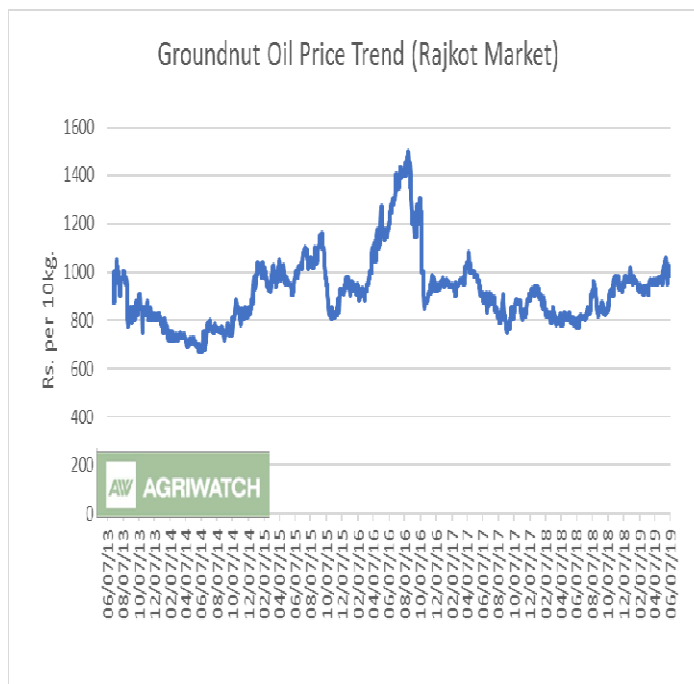
aggressively in Gujarat, Rajasthan, MP. It is also selling K-17 groundnut seed in Gujarat states. Total progressive sale in 2018-19 is 2.30 lakh and balance quantity after sale is 4.72 lakh tons. Total stocks of groundnut of 2017-18 season with NAFED is 1.10 lakh tons and sold total 9.06 lakh tonnes so far. Therefore, total stock in NAFED is 5.82 lakh tons apart from additional stocks with trade and farmers. Higher domestic disappearance of groundnut has led to strengthening of groundnut oil priced.

Nafed has started to procure groundnut seed of Rabi season 2019 in Orisha. It procured total 95.48 MT at MSP price Rs. 4890 per quintal from 39 farmers.

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 remain at Rs 10000, per quintal and it was quoted higher at Rs 10,500 (Rs 10,300) per quintal in Chennai market on June 7, 2019. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade higher side in the coming days.



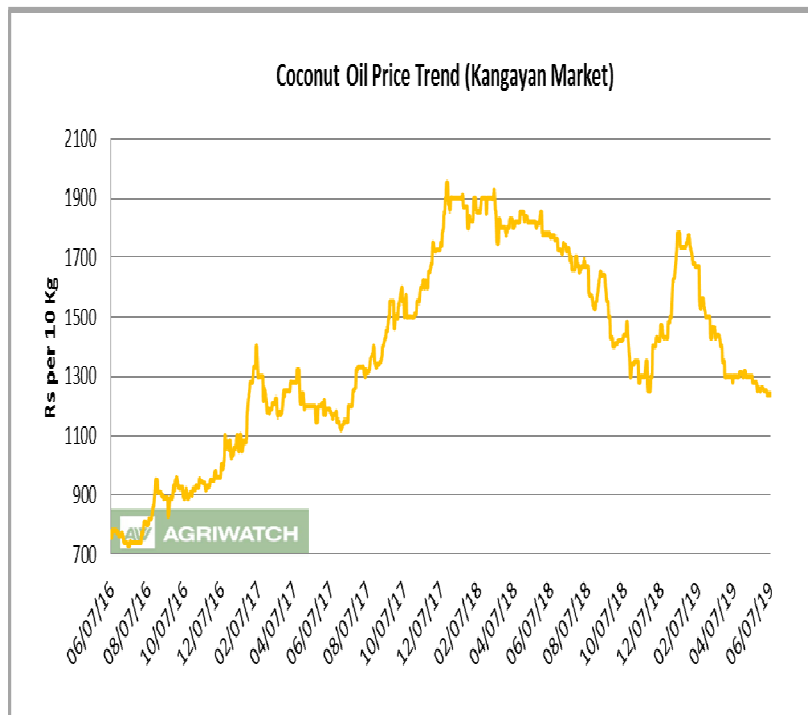
Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 900-1050 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.

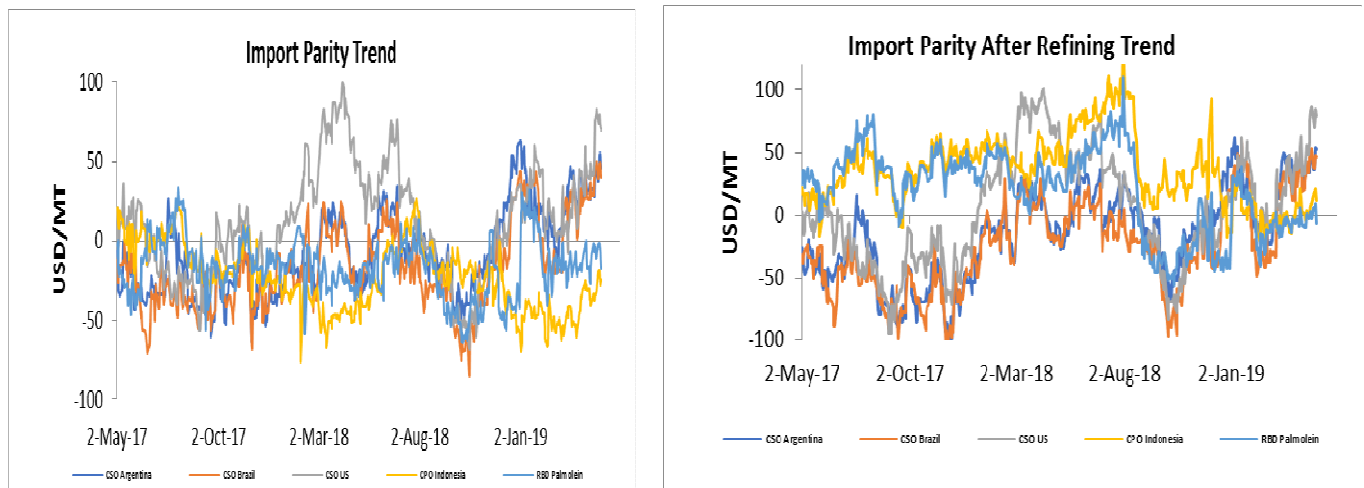
Coconut oil prices are expected to be weak in days ahead.

- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 12,900 per quintal, and was quoting Rs 12,400 (Rs 12,500) per quintal in Erode market on June 7, 2019.

Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1150-1200 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
Apr, 2019	36.56	37.62	69.42	19.27	5.81
May, 2019	35.86	41.16	83.55	5.25	-12.04

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 lower trend during the week in review. We expect prices to trade sideways to weak tone in the near term.
- Any close below 730 in weekly might take the prices below 720 levels.
- Expected price band for next week is 720-755 level in near to medium term. RSI and MACD is suggesting downtrend in the market.

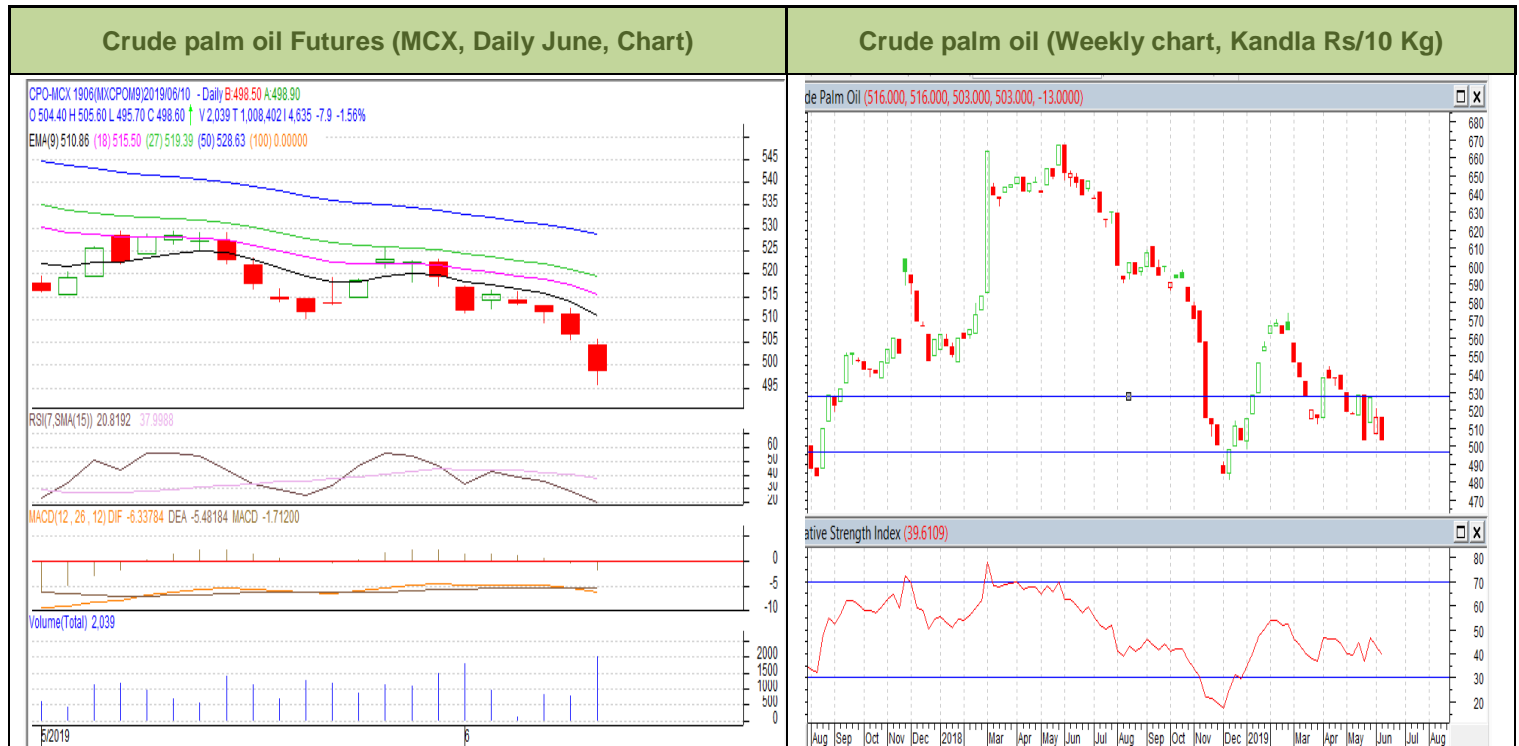
Strategy: Market participants are advised to go short below 740 levels for a target of 730 and 720 with a stop loss at 753 on closing basis.

RSO NCDEX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
705	720	744	760	770

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 730-780 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show downtrend in prices during the week. We expect that CPO June contract may trade sideways to weak note.

- Candlestick in weekly chart of crude palm oil at MCX depicts lower 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 490-530 level. RSI and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go short in CPO below 498 for a target of 480 and 470 with a stop loss at 512 on closing basis.

CPO MCX (June)

Support and Resistance				
S2	S1	PCP	R1	R2
455	465	498.6	530	540

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 480-520 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices (Per 10 Kg)		Change
		7-June-19	31-May-19	
Refined Soybean Oil	Indore	755	768	-13
	Indore (Soy Solvent Crude)	720	735	-15
	Mumbai	750	750	Unch
	Mumbai (Soy Degum)	710	725	-15
	Kandla/Mundra	750	750	Unch
	Kandla/Mundra (Soy Degum)	730	730	Unch
	Kolkata	750	760	-10
	Delhi	785	807	-22
	Nagpur	751	756	-5
	Rajkot	740	750	-10
	Kota	765	765	Unch
	Hyderabad	760	760	Unch
	Akola	752	754	-2
	Amrawati	751	754	-3
	Bundi	770	770	Unch
	Jalna	751	753	-2
	Solapur	752	756	-4
	Dhule	753	763	-10
Palm Oil*	Kandla (Crude Palm Oil)	528	550	-22
	Kandla (RBD Palm oil)	572	583	-11
	Kandla RBD Pamolein	609	614	-5
	Kakinada (Crude Palm Oil)	515	525	-10
	Kakinada RBD Pamolein	604	609	-5
	Haldia Pamolein	614	620	-6
	Chennai RBD Pamolein	609	612	-3
	KPT (krishna patnam) Pamolein	599	604	-5
	Mumbai RBD Pamolein	625	630	-5
	Mangalore RBD Pamolein	611	616	-5
	Tuticorin (RBD Palmolein)	607	617	-10
	Delhi	638	650	-12
	Rajkot	604	609	-5
	Hyderabad	592	592	Unch
	PFAD (Kandla)	336	347	-11
	Refined Palm Stearin (Kandla)	515	525	-10
	Superolien (Kandla)	656	662	-6

	Superolien (Mumbai)	662	667	-5
* inclusive of GST				
Refined Sunflower Oil	Chennai	775	780	-5
	Mumbai	785	785	Unch
	Mumbai (Expeller Oil)	750	745	5
	Kandla (Ref.)	775	775	Unch
	Hyderabad (Ref)	795	795	Unch
	Latur (Expeller Oil)	775	775	Unch
	Chellakere (Expeller Oil)	732	732	Unch
	Erode (Expeller Oil)	820	820	Unch
Groundnut Oil	Rajkot	1000	1000	Unch
	Chennai	1050	1030	20
	Delhi	950	1050	-100
	Hyderabad *	1040	1040	Unch
	Mumbai	1010	1020	-10
	Gondal	970	970	Unch
	Jamnagar	1000	1010	-10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	785	790	-5
	Jaipur (Kacchi Ghani Oil)	806	813	-7
	Kota (Expeller Oil)	775	785	-10
	Kota (Kacchi Ghani Oil)	800	800	Unch
	Neewai (Expeller Oil)	780	790	-10
	Neewai (Kacchi Ghani Oil)	797	800	-3
	Bharatpur (Kacchi Ghani Oil)	810	815	-5
	Sri-Ganga Nagar (Exp Oil)	780	780	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	800	800	Unch
	Mumbai (Expeller Oil)	780	785	-5
	Kolkata (Expeller Oil)	890	890	Unch
	New Delhi (Expeller Oil)	800	803	-3
	Hapur (Expeller Oil)	850	850	Unch
	Hapur (Kacchi Ghani Oil)	885	885	Unch
	Agra (Kacchi Ghani Oil)	815	820	-5
Refined Cottonseed Oil	Rajkot	750	745	5
	Hyderabad	715	715	Unch
	Mumbai	760	760	Unch
	New Delhi	712	725	-13
Coconut Oil	Kangayan (Crude)	1240	1240	0
	Cochin	1420	1450	-30

Sesame Oil	New Delhi	1300	1450	-150
	Mumbai	Unq	Unq	Unq
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	585	588	-3
Rice Bran Oil (4%)	Punjab	610	610	Unch
Malaysia Palmolein USD/MT	FOB	520	520	Unch
	CNF India	543	545	-2
Indonesia CPO USD/MT	FOB	475	478	-3
	CNF India	495	500	-5
RBD Palm oil (Malaysia Origin USD/MT)	FOB	515	Closed	Closed
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	478	Closed	Closed
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	650	Closed	Closed
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	405	Closed	Closed
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	Closed	Closed
Ukraine Origin CSFO USD/MT Kandla	CIF	750	763	-13
Rapeseed Oil Rotterdam Euro/MT	FOB	738	Closed	Closed
Argentina FOB (\$/MT)		6-Jun-19	30-May-19	
Crude Soybean Oil Ship		654	658	-4
Refined Soy Oil (Bulk) Ship		677	681	-4
Sunflower Oil Ship		685	680	5
Cottonseed Oil Ship		634	638	-4
Refined Linseed Oil (Bulk) Ship		Unq	Unq	Unq
<i>* indicates including GST</i>				

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