

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

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

On the currency front, Indian rupee is hovering near 68.94 against 69.58 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 rise in near-term.

We expect soy oil and palm oil to trade firm on strong fundamentals.

Outlook:

Weekly Call -: In NCDEX, market participants are advised to go long above 745 levels for a target of 760 and 765 with a stop loss at 735 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 730-790 per 10 Kg. in the near term.

In MCX, Market participants are advised to go long in CPO above 515 for a target of 530 and 535 with a stop loss at 505 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 480-530 per 10 Kg in the near term.

International Veg. Oil Market Summary

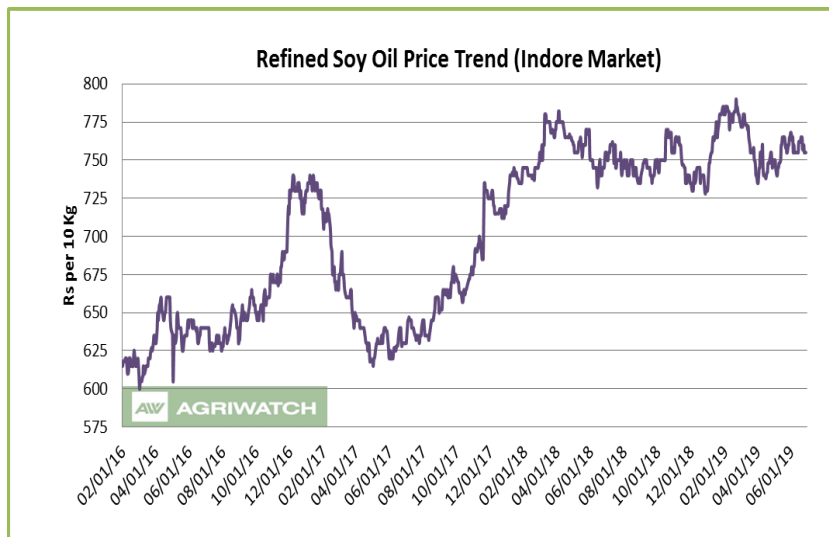
On the international front, fall in soy oil stocks in US, lower planting area of soybean crop in US, lower stocks of soybean in US, fall in production of soy oil in Argentina, US-China trade settlement optimism and rise in crude oil prices will support soy oil prices in coming days.

Expectation of fall in palm oil stocks in Malaysia, fall in production of palm oil in Malaysia, rise in competitive oils and rise in crude oil prices is expected to support CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soy oil featured 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. Improved weather of soybean in US, weak demand of soybean from China, higher soybean crop in Argentina and Brazil amid trade settlement optimism between US and China has led to weakening of soy oil international prices.



Import parity decreased during the week and is quoted at 2.5-3.0 per kg compared to Rs 4.0-4.5 per kg. Import demand are likely to rise due to parity in imports.

Soy oil demand is firm at high seas as its prices fell less at high seas compared to CNF markets compared to last week.

Soy oil demand is firm at CNF markets as prices fell less at CNF compared to FOB markets compared to last week.

USDA reported higher soy oil end stocks in US in 2019/20 on higher opening stocks of soy oil. Biodiesel use was increased in 2019/20 compared to 2018/19, soy oil production in US was increased in 2019/20 compared to 2018/19 and exports of soy oil was increased in 2019/20 compared to 2018/19.

Basis fell due to higher soybean crop in Argentina leading to lower FOB soy oil prices. Its discount over CBOT has increased.

Imports of soy oil declined in May 2019 compared to May 2018 and lower than Apr 2019. Imports declined at 16,000 tons in May compared to Apr 2019 while port stocks declined 40,000 tons indicating firm demand in May.

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

Refined soy oil premium over RBD palmolein is higher at Rs 177 (Rs 172 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 187 (USD 199 last week) per ton for July delivery, which is higher 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 May edible oil imports fell 5.30 percent y-o-y to 11.81 lakh tons from 12.47 lakh tons in May 2018. Palm oil imports in May rose 64.8 percent y-o-y to 8.19 lakh tons from 4.97 lakh tons in May 2018. CPO imports rose 32.53 percent in May y-o-y to 4.40 lakh tons from 3.32 lakh tons in May 2018. RBD palmolein imports rose 134.8 percent in May y-o-y to 3.71 lakh tons from 1.58 lakh tons in May 2018. Soy oil imports fell 41.56 percent in May y-o-y to 2.32 lakh tons from 3.97 lakh tons in May 2018.

Sunflower oil imports fell 60.4 y-o-y in May to 1.31 lakh tons from 3.31 lakh tons in May 2018. Rapeseed (canola) oil imports were zero in May compared 0.22 imports in May 2018.

- According to Solvent Extractors Association (SEA), India's May edible oil stocks at ports and pipelines fell 6.58 percent m-o-m to 22.0 lakh tons from 23.55 lakh tons in Apr 2019. Stocks of edible oil at ports in May fell to 820,000 tons (CPO 380,000 tons, RBD Palmolein 240,000 tons, Degummed Soybean Oil 80,000 tons, Crude Sunflower Oil 120,000 ton and about 1,380,000 tons in pipelines. (Stocks at ports were 875,000 tons in Apr 2019). India is presently holding 35 days of edible oil requirement on 1st June, 2019 at 22.0 lakh tons compared to 37 days of requirements last month at 23.55 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.
- Soy oil import scenario – According to SEA, soy oil imports fell 41.56 percent y-o-y in May to 2.32 lakh tons from 3.97 lakh tons in May 2018. In the oil year 2018-19 (Nov 2018-May 2019), imports of soy oil were 14.69 lakh tons compared to 14.89 lakh tons in last oil year, lower by 1.34 percent in the corresponding period last oil year.
- Imported crude soy oil CNF at West coast port is offered at USD 672 (USD 689) per ton for July delivery, Aug delivery is quoted at USD 668 (USD 683) per ton and Sep delivery is quoted at USD 670 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 765 (Rs 755 last week) per 10 kg.
- On the parity front, margins decreased during the week on fall in prices of soy oil in Indian markets, and we expect margins to remain firm in coming days. Currently, refiners fetch USD 50-55/ton v/s gain of USD 40-45/ton (May month) margin in processing the imported Soybean Oil (Argentina Origin).

International Front

Soy oil prices are expected to be rise due to US China trade settlement optimism, lower area of soybean in US, lower stocks of soybean in US, fall in stocks of soy oil in US and rise in crude oil prices.

Soybean crop in US is much below expectation at 80.0 million acres compared to previous estimate of 84.6 million acres in March estimate, reported USDA in its quarterly planting report. Wet and cold spring in US slowed planting and stopped farmers from planting additional acres. Weather have been bed for most of June. Due to dry weather from last week planting have progressed rapidly and more dry weather is expected in coming days will let farmers finish planting. Crop condition of soybean is weakest in last 10 years with condition much below last year and 5-year average. Good to excellent percentage of soybean is much below past year and 5-year average. This will decrease soybean crop in US than previously expected.

Soybean stocks in US on 1st June was much below trade expectations leading to expectation that USDA will reduce soybean stocks in US in its July estimate.

US and China struck a deal on the sidelines of G-20 to start trade talks to iron out differences between both countries. Both US President and Chinese premier expressed that fresh round of talks will iron out differences. US wants a deal, which gives it fair trade terms. US President has already expressed that new tariffs are planned on additional Chinese goods if talks fail. China was backtracking to its commitments made during the start of talks. Trade will keep its eye on progress of talks.

Soy oil stocks in US fell in May as reported by NOPA due to lower crush of soybean in US and higher domestic disappearance of soy oil in domestic market. Soy oil stocks was majorly lower than previous year. Stocks of soy oil falls seasonally, but the fall was larger than trade estimates. Falling stocks of soy oil in US will support soy oil prices.

USDA increased soy oil stocks in US on higher opening stocks in 2019/20 despite rise in exports and higher biodiesel use because of higher opening stocks for 2019/20.

Soybean crop in Argentina is expected to be higher than expected due to higher yields in soybean belts. Further, with higher soybean exports is expected higher due to higher Chinese demand.

Bunions Aires Exchange has hiked soybean crop estimate of Argentina to 57 MMT from 56 MMT in its earlier estimate.

However, soy oil exports from Argentina is facing major hurdle due to competition from US, which is sitting on record soybean stocks. This has led to fall in basis over CBOT soy oil due to weak demand from the country.

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.

All the above factors are strengthen soy oil CBOT prices.

Weak demand from China due to weak demand from feed sector due to outbreak of swine flu has led to more than 20 percent cut in swine stocks in China. This has led to sudden slowdown of soybean demand from China. This comes after trade dispute with US, which led China to shift to South America for soybean supplies and lowered protein requirements in feed sector in the country. This will lead to lower demand of soybean from China.

However, China will start to restock swine in coming months when swine flu is controlled. So, China has started to increase its strategic stocks of soybean will increase in imports of soybean in coming months.

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 85 MMT in 2019/20 from 87 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 87 MMT of soybean in 2018, according to CNGOIC, much lower than 95 MMT in 2017.

Soybean crop in Brazil is higher than previously expected due to favorable weather during harvest leading to higher soybean crop in the country.

Competitive oils like BMD palm oil and DALIAN RBD palmolein is expected to trade higher due to falling supply position.

Global crude oil prices have is expected to rise due to OPEC cut in crude oil production and sanctions on Iran and Venezuela and rise in tensions between US and Iran due to tanker blats in Persian Gulf.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 730-790 per 10 Kg in the near term.

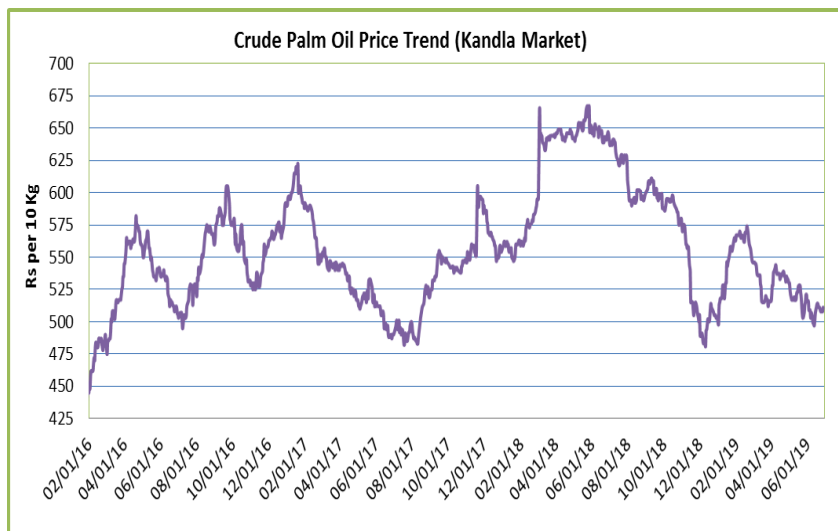
Palm oil Fundamental Analysis and Outlook :-

Domestic Front

- Crude palm oil featured weak trend at its benchmark market at Kandla on fall of CPO in international markets.. RBD palmolein also fell at its benchmark market of Kandla on fall in prices of RBD palmolein in international markets.

- Prices of CPO closed lower at Kandla on fall in prices of CPO in international markets.

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 has weakened 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 has led to higher imports of RBD palmolein and lower imports of CPO from Indonesia.

Traders are taking advantage of fall in international prices of CPO by increasing buying and are expected to continue bargain buying.

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

Imports of palm oil by India increased in May compared to May 2018 and April 2019. Rise in CPO imports came on high base y-o-y. RBD palmolein imports rose in May compared to May 2018.

Imports of CPO rose in May due to firm demand of CPO in Indian markets, low import disparity, parity in refining and bargain buying at lower levels.

Imports of CPO will remain firm due to parity in imports. However, CPO imports will be weak compared to RBD palmolein due to lower import parity compared to imported ready to use palmolein.

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

CPO import disparity decreased during the week and is quoted at Rs 1.5-2.0 per kg compared to Rs 2.0-2.5 per kg last week.

Port stocks rose in May despite fall in imports m-o-m indicating weak demand.

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

RBD palmolein showed lower prices in its benchmark market on fall in prices of RBD palmolein 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 May due to lower prices of RBD palmolein in international markets, higher import parity compared to CPO 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 rose due to fall 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 firm compared to CPO at high seas as premium of RBD palmolein over CPO was at Rs 73 (Rs 68) per 10 kg compared to last week.

RBD palmolein import disparity increased during the week and is quoted at Rs 0.0-0.5 per kg compared to 0.0-0.5 per kg 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.

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 May was higher than May 2018 and Apr 2019. Imports of RBD palmolein rose in May compared to Apr 2019 and port stocks rose less indicating firm demand and restocking of RBD palmolein in Mar.

CDSO CNF premium over CPO CNF is at USD 187 (USD 199 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. 198 (Rs 199 last week) per 10 Kg will increase CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 177 (Rs 172 last week) per 10 kg. will increase RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is remain at USD 255 (USD 230 last week) per ton. High premium of refined sunflower oil over RBD palmolein remain at Rs 210 (Rs 200) 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 May rose 64.8 percent y-o-y to 8.19 lakh tons from 4.97 lakh tons in May 2019. Imports in the oil year 2018-19 (November 2018-May 2019) are reported higher by 6.49 percent y-o-y at 53.99 lakh tons compared to 50.70 in corresponding period last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 32.53 percent y-o-y in May to 4.40 lakh tons from 3.32 lakh tons in May 2019. Imports in oil year 2018-19 (November 2018-May 2019) were reported lower by 3.10 percent y-o-y at 37.45 lakh tons compared to 38.67 lakh tons in corresponding period last oil year.

RBD palmolein import scenario- RBD palmolein imports rose y-o-y in Apr 13.4.8 percent to 3.71 lakh tons from 1.58 lakh tons in May 2018. Imports in oil year 2018-19 (November 2019-May 2019) were reported higher by 37.96 percent y-o-y at 15.70 lakh tons compared to 11.38 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 490) per ton for July delivery and Aug delivery is quoted at USD 490 (USD 495) per ton. 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 527.5 (USD 535) per ton for July delivery and Aug delivery is quoted at USD 532.5 (USD 540) per ton. 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 507 (Rs 511) per 10 Kg and July delivery duty paid is offered at Rs 509 (Rs 511) per 10 kg. Ready lift RBD palmolein is quoted at Rs 580 (Rs 585) per 10 kg as on June 28, 2019. Values in brackets are figures of last week.

- On the parity front, margins increased during this week due to fall in prices of palm products in international markets. Currently refiners fetch USD 10-15/ton v/s loss of USD 10-15/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 0-5/ton (last month) parity.

International Front

Palm oil prices are likely to rise due to expectation of fall in end stocks of palm oil in Malaysia and Indonesia, fall in production of palm oil, buying at lower levels, rise in competitive oils prices, from Malaysia and rise in crude oil prices.

Palm oil stocks are expected to fall in Malaysia in June due to fall in production of palm oil from Malaysia in June.

Palm oil end stocks are expected to fall below 2.4 MMT on lower than expected production of palm oil amid fall in exports of palm oil.

Production of palm oil will fall due seasonal downtrend of production and on low fertilizer use due to lower prices of palm oil. Production is expected to remain weak as producers curtail production due to lower prices.

Exports of palm oil has fallen by 19 percent until 25 days of June due to low demand from India and China as reported by cargo surveyor ITS.

Imports from India declined in June due to weak demand in the country and record stocks of palm oil at Indian ports. Ramadan demand is over and severe summer has led to fall in demand of palm oil in the country. Import parity has also worsened in June and ready to use palmolein demand is less than domestic refined RBD palmolein. High stocks of palm oil at Indian ports and higher oilseed crop in the country, especially rapeseed and soybean will slow imports of palm oil in coming months.

Demand of palm oil fell from China due to regular fall in prices of palm oil and higher imports of edible vegetable oil in 2019 till date. Palm oil demand seasonally slows from China until July.

This comes amid 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.

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

Indonesia imposed import duty of 5 percent on import of sugar from India as it 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 3.5 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 4.15/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 support palm oil prices.

Global crude oil prices are expected to rise on expected cut on crude oil production by OPEC , sanction on Iran and Venezuela and rise in tension between US and Iran over tanker blast in Persian Gulf will support palm oil prices.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 480-530 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 decreased last week.
- 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 procurement of mustard is still going on for the MY 2019-20.

NAFED has procured 10.79 lakh tons of rapeseed in the current Rabi season. Stock with NCDEX is 0.65 lakh tons.

Arrivals of rapeseed has fallen 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, MY 2019-20 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 arrivals have peaked and arrivals have fallen.

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.

Lower premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 40 (Rs 43) per 10 Kg will support rapeseed oil prices.

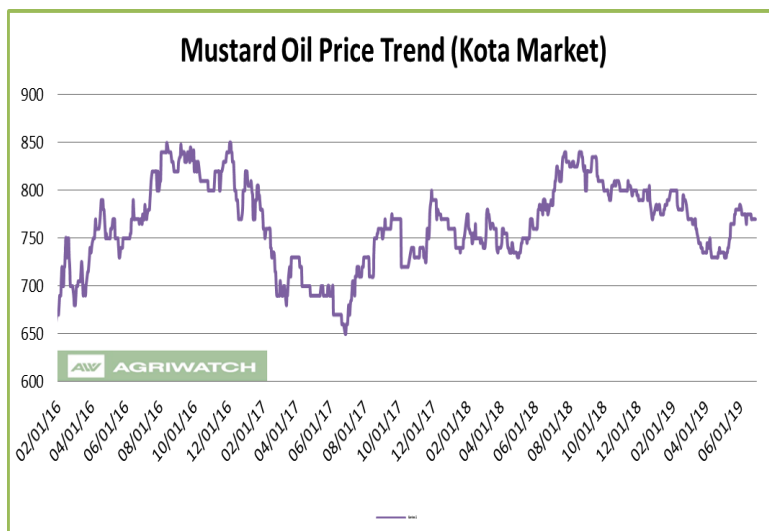
Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is remain at Rs 217 (Rs 215) per 10 kg will decrease rapeseed oil prices.

There was no import of canola oil in May. Imports of canola oil is weak in oil year 2018-19 (Nov 2018-May 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 low, 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 May. 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.



- Rapeseed oil import scenario- India imported 0.0 lakh tons of rapeseed (Canola) oil in May 2019 v/s 0.22 lakh tons in May 2018. In the oil year 2018-19 (Nov 2019-May 2019) imports were 0.44 lakh tons compared to 1.81 lakh tons in last oil year, lower by 75.69 percent y-o-y.
- CNF canola oil premium over CDSO is at USD 68 (USD 51 last week) per ton for ready delivery as on June 28, 2019.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 777 (Rs 780) per 10 Kg, and at Kota market, it is offered at Rs 770 (Rs 770) per 10 kg as on June 28, 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.

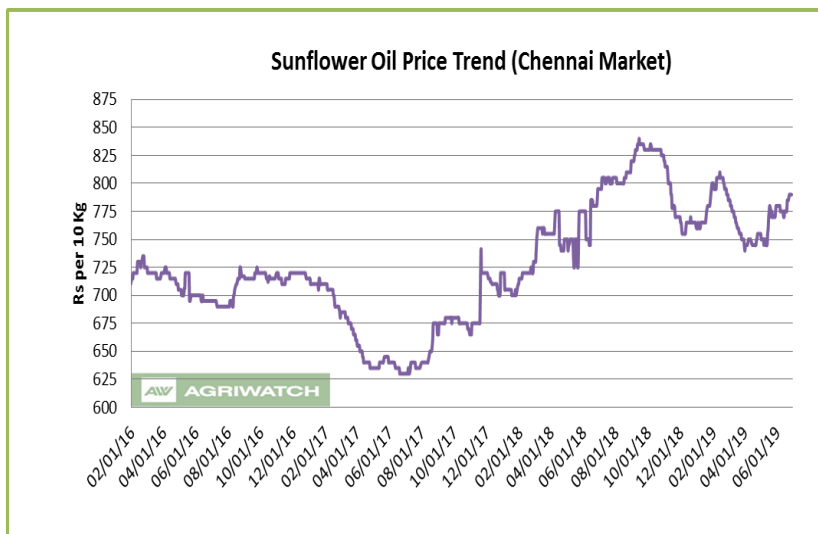
Price Outlook: Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 740-800 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil price traded higher during the week in Chennai on firm demand.
- Prices of sunflower oil traded higher in Chennai on firm demand
Sunflower oil price rose less at high seas compared to CNF markets indicating weak demand at high seas.
Prices rose despite fall palm oil prices indicating firm demand.

There can be more buying at these levels. Demand will 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 and soy oil. Stocks of sunflower oil fell at ports on fall in imports indicating destocking at ports.

In domestic market, sunflower oil prices premium over soy oil is at Rs 33 (Rs 20 last week) per 10 kg, which indicates that chance of correction of sunflower oil prices is there as prices have diverged at domestic and at CNF markets. At present premium of sunflower oil over soy oil at CNF markets is at USD 110 (USD 76 last week) per ton.

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

Sunflower oil premium over RBD palmolein at CNF India is at USD 255 (US 230 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is remain at Rs 220 (Rs 208) 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 265 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 supported by falling stocks of sunflower oil at ports.

Imports of sunflower oil fell after rise for four month in May and port stocks has decreased indicating destocking is taking place at ports.

Firm domestic demand may support 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 on firm demand.

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 60.4 percent y-o-y in May to 1.31 lakh tons from 3.31 lakh tons in May 2018. Imports in oil year 2018-19

(November 2018-May 2019) were reported lower by 10.73 percent y-o-y at 14.73 lakh tons compared to 16.50 lakh tons in corresponding period last oil year.

- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted higher at USD 782 (USD 765) per ton for July delivery, AS delivery was quoted at USD 775 (USD 745) per ton and OND delivery is quoted at USD 747.5 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 740-800 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering remain at USD 110 (USD 76 last week) per ton for July delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 255 (USD 230) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 790 (Rs 785) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 785 (Rs 775) per 10 kg as on June 28, 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 750-820 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices featured firm trend in Rajkot on account weak supply along with firm demand.
- Prices of groundnut oil traded firm on weak supply and firm demand. Groundnut oil prices are steady due to higher prices of groundnut in physical market and lower supply of groundnut oil.

Supply of groundnut oil is weak due to weak supply of groundnut due to lower auction by NAFED. Only NAFED is having stock of groundnut

in the markets with fewer stocks with trade and farmers. Therefore, due to higher price of auction of groundnut there is no sale of groundnut, which has led to lower supply of groundnut oil.

Demand of groundnut oil increased due to postponement of demand due to expectation of rise in prices.

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.

Prices of groundnut oil may fall due to high volatility in its prices. High volatility leads to fall in demand.

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 2.78 lakh and balance quantity after sale is 4.25 lakh tons. Total stocks of groundnut of 2017-18 season with NAFED is 0.76 lakh tons and sold total 9.47 lakh tonnes so far. Therefore, total stock in NAFED is 5.01 lakh tons apart from additional stocks with trade and farmers. Higher domestic disappearance of groundnut has led to strengthening of groundnut oil priced.

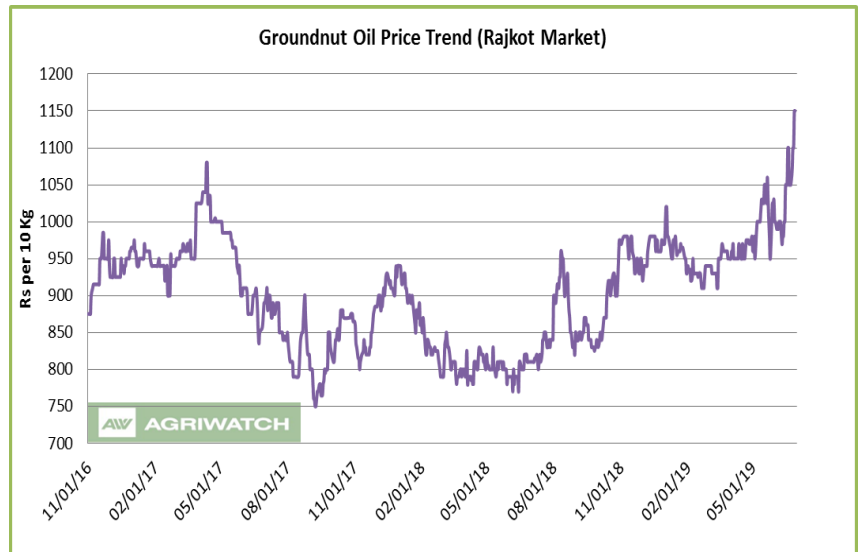
Nafed has started to procure groundnut seed of Rabi season 2019 in Orisha.

Exports of groundnut had increased due to firm demand from China and political unrest in Sudan, thereby there was no diversion of groundnut towards crushing thereby decreasing supply of groundnut oil and supporting prices. However, due to rise in prices of groundnut exports have slowed down

Disparity in crush of groundnut is due to higher prices of groundnut will weaken groundnut oil demand.

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 11,500 (Rs 10,500) per quintal and it was quoted at Rs 10,400 (Rs 10,400) per quintal in Chennai market on June 28, 2019. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade higher in the coming days.

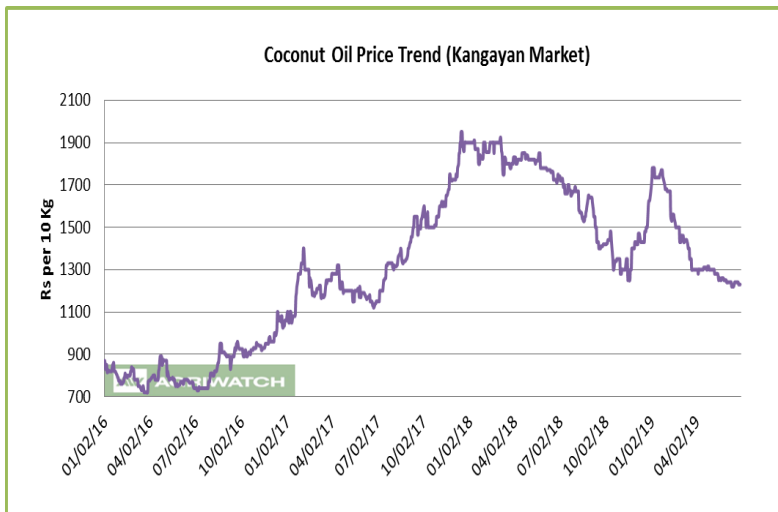


Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 1050-1250 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 rise prices of copra indicating weak demand. Prices fell on fall in palm oil prices. Retail demand has is weak due to regular fall in prices of coconut oil.



Stuckists and retailers are waiting to stocking as the prices have not stabilized.

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 on 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 upside.

Demand is weak due to regular fall in prices of coconut oil. However, low volatility in prices will support 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 fallen due to higher prices in 2019. Household consumption will rise due to lower prices of coconut oil.

There has been surge in imports of desiccated coconut (DC) from Sri Lanka, which has adversely affected demand of coconut as it is used in various industrial applications and feed industry prompting higher supply of coconut towards crushing, thereby increasing supply of coconut oil.

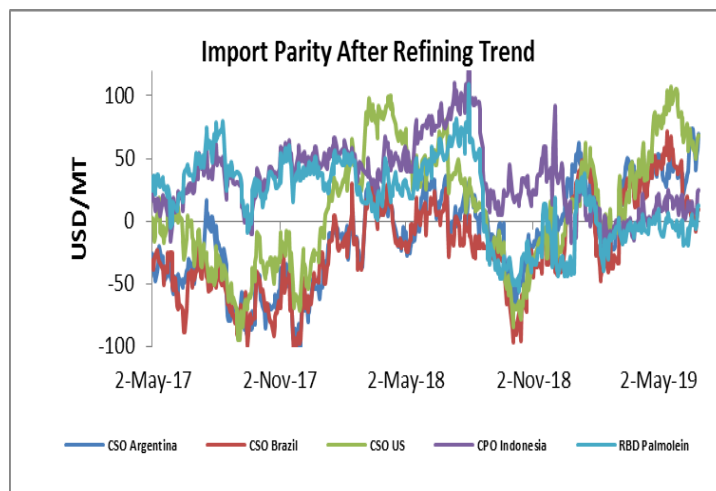
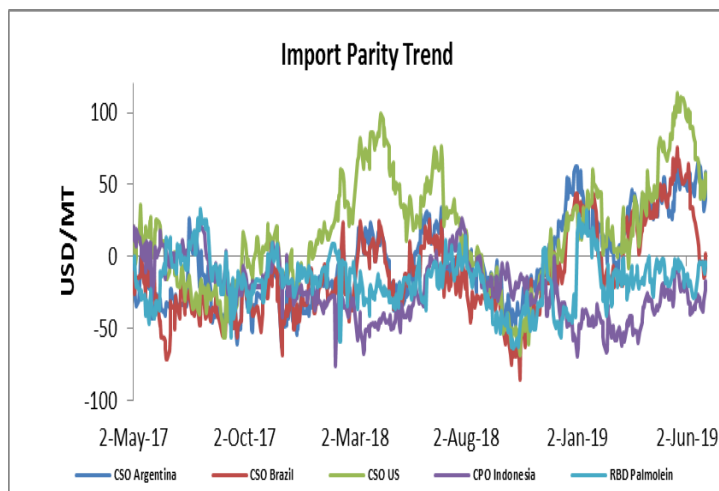
Coconut oil prices are expected to be weak in days ahead.

- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 13,900 (Rs 14,100) per quintal, and was quoting Rs 12,300 (Rs 12,400) per quintal in Erode market on June 28, 2019.

Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1150-1350 per 10 Kg.

Import Parity Trend

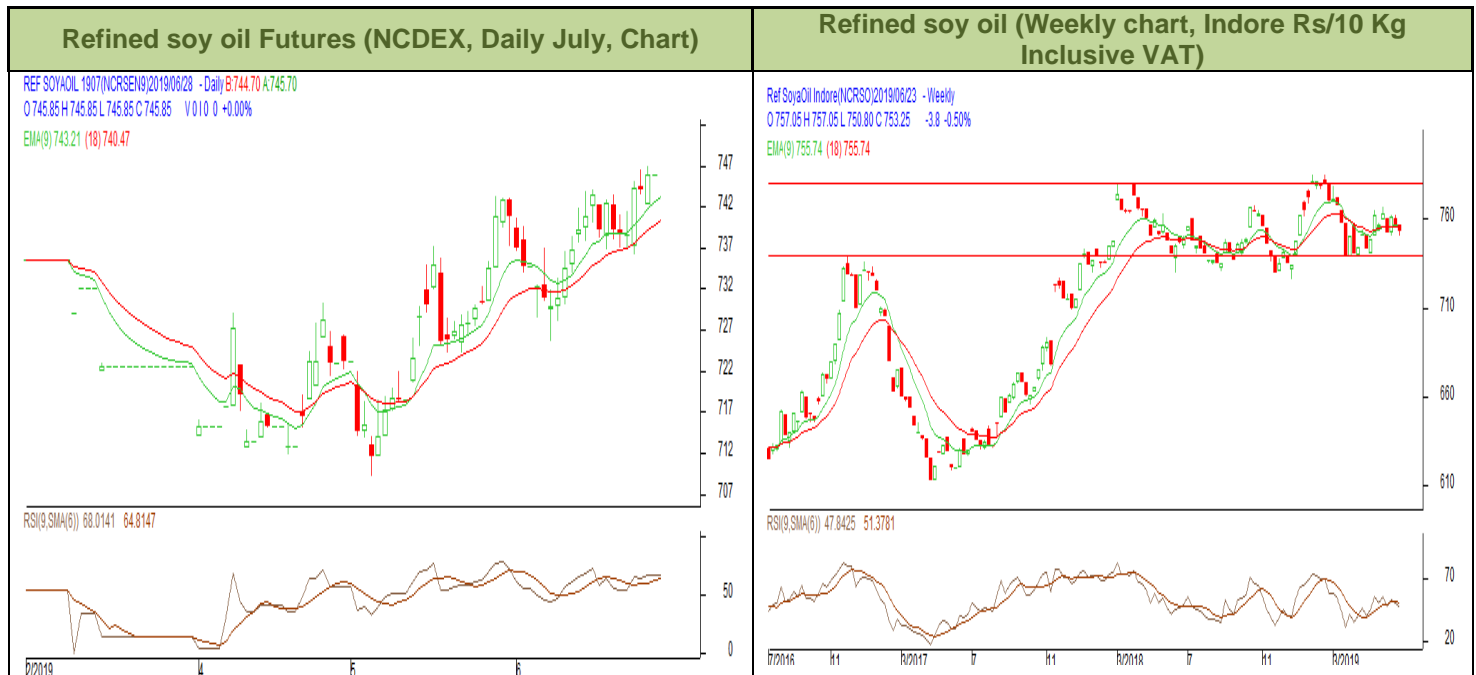
Import Parity After Refining in US dollar per ton (Monthly Average)



	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Apr, 2019	37.28	33.93	52.18	5.50	-2.75
May, 2019	41.91	50.60	91.57	14.58	-3.53

Outlook:-

Import parity for crude soy oil from Argentina increased due to rise in prices of soy oil in Indian 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 uptrend during the week in review and is likely to trade with a sideways to firm tone in the coming days.

- Daily chart of refined soy oil at NCDEX depicts uptrend during the week in review. We expect prices to trade sideways to firm tone in the near term.
- Any close below 750 in weekly might take the prices below 730 levels.
- Expected price band for next week is 720-760 level in near to medium term. RSI and MACD is suggesting uptrend in the market.

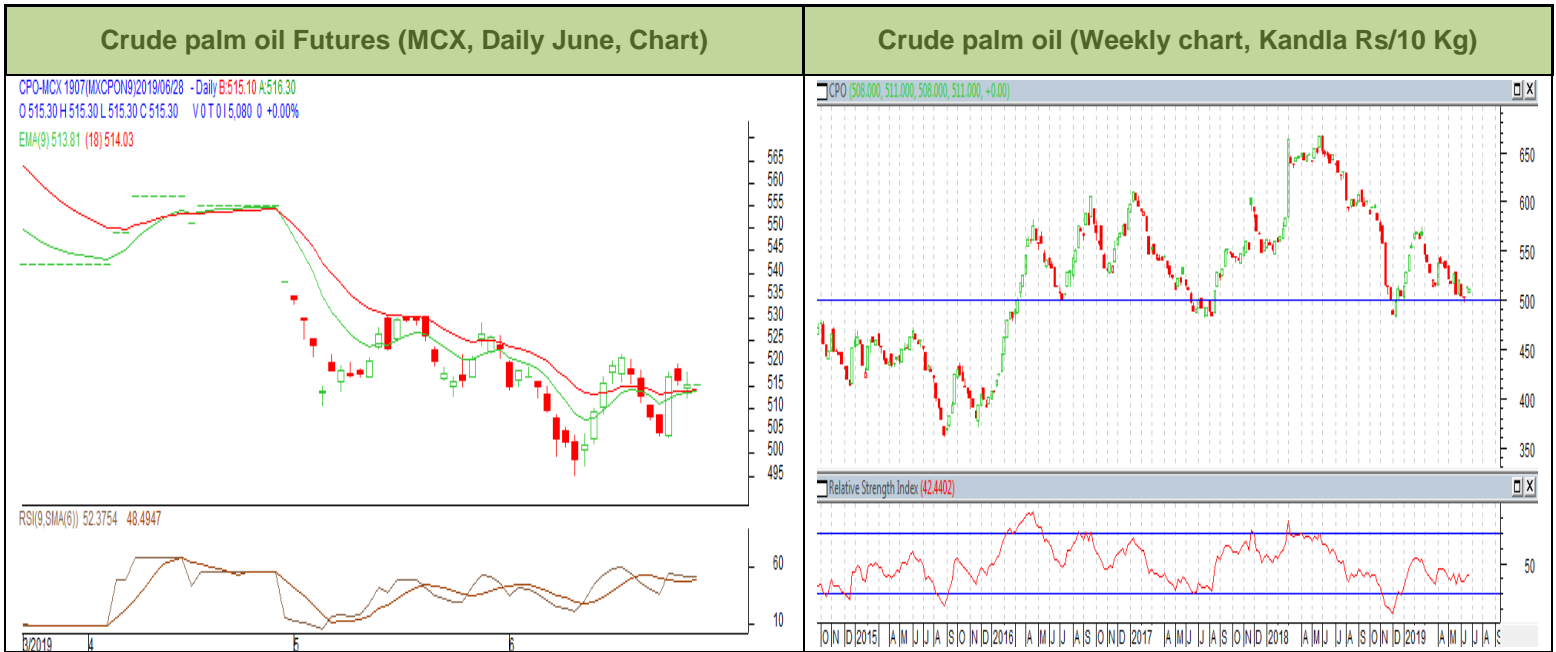
Strategy: Market participants are advised to go long above 745 levels for a target of 760 and 765 with a stop loss at 735 on closing basis.

RSO NCDEX (July)

Support and Resistance				
S2	S1	PCP	R1	R2
710.00	726.00	748.8	750.00	770.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 730-790 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show uptrend in prices during the week. We expect that CPO July contract may trade sideways to firm note.

- Candlestick in weekly chart of crude palm oil at MCX depicts higher trend in the prices. We expect prices to trade with a sideways to firm note in the near term.
- Any close below 510 in weekly chart may bring the prices to 500 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 long in CPO above 515 for a target of 530 and 535 with a stop loss at 505 on closing basis.

CPO MCX (July)

Support and Resistance				
S2	S1	PCP	R1	R2
500.00	510.00	518.6	520.00	530.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 480-530 per 10 Kg.

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		28-Jun-19	21-Jun-19	
Refined Soybean Oil	Indore	755	765	-10
	Indore (Soy Solvent Crude)	720	728	-8
	Mumbai	745	750	-5
	Mumbai (Soy Degum)	702	705	-3
	Kandla/Mundra	738	745	-7
	Kandla/Mundra (Soy Degum)	705	710	-5
	Kolkata	740	745	-5
	Delhi	775	773	2
	Nagpur	757	757	Unch
	Rajkot	735	740	-5
	Kota	750	755	-5
	Hyderabad	750	755	-5
	Akola	756	758	-2
	Amrawati	757	758	-1
	Bundi	755	760	-5
	Jalna	770	765	5
	Solapur	746	758	-12
	Dhule	769	768	1
Palm Oil*	Kandla (Crude Palm Oil)	537	537	Unch
	Kandla (RBD Palm oil)	572	578	-5
	Kandla RBD Pamolein	604	614	-11
	Kakinada (Crude Palm Oil)	520	520	Unch
	Kakinada RBD Pamolein	599	607	-8
	Haldia Pamolein	609	620	-11
	Chennai RBD Pamolein	601	609	-8
	KPT (krishna patnam) Pamolein	588	599	-11
	Mumbai RBD Pamolein	614	614	Unch
	Mangalore RBD Pamolein	609	614	-5
	Tuticorin (RBD Palmolein)	606	607	-1
	Delhi	645	647	-2
	Rajkot	609	609	Unch
	Hyderabad	575	584	-9
	PFAD (Kandla)	331	331	Unch
	Refined Palm Stearin (Kandla)	520	520	Unch
	Superolien (Kandla)	630	630	Unch
	Superolien (Mumbai)	651	651	Unch

* inclusive of GST

Refined Sunflower Oil	Chennai	790	785	5
	Mumbai	790	785	5
	Mumbai(Expeller Oil)	755	740	15
	Kandla (Ref.)	785	775	10
	Hyderabad (Ref)	805	800	5
	Latur (Expeller Oil)	775	770	5
	Chellakere (Expeller Oil)	730	725	5
	Erode (Expeller Oil)	825	815	10
Groundnut Oil	Rajkot	1150	1050	100
	Chennai	1040	1040	Unch
	Delhi	950	950	Unch
	Hyderabad *	1050	1050	Unch
	Mumbai	1100	1090	10
	Gondal	1080	1040	40
	Jamnagar	1150	1070	80
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	777	780	-3
	Jaipur (Kacchi Ghani Oil)	800	802	-2
	Kota (Expeller Oil)	770	770	Unch
	Kota (Kacchi Ghani Oil)	790	790	Unch
	Neewai (Expeller Oil)	770	770	Unch
	Neewai (Kacchi Ghani Oil)	788	785	3
	Bharatpur (Kacchi Ghani Oil)	805	805	Unch
	Sri-Ganga Nagar(Exp Oil)	765	770	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	790	790	Unch
	Mumbai (Expeller Oil)	795	785	10
	Kolkata(Expeller Oil)	910	910	Unch
	New Delhi (Expeller Oil)	791	795	-4
	Hapur (Expeller Oil)	875	860	15
	Hapur (Kacchi Ghani Oil)	910	895	15
	Agra (Kacchi Ghani Oil)	810	810	Unch
Refined Cottonseed Oil	Rajkot	780	760	20
	Hyderabad	733	722	11
	Mumbai	768	768	Unch
	New Delhi	740	725	15
Coconut Oil	Kangayan (Crude)	1230	1240	-10
	Cochin	1390	1410	-20
Sesame Oil	New Delhi	1130	1140	-10

	Mumbai	Unq	0	-
Kardi	Mumbai	880	880	Unch
Rice Bran Oil (40%)	New Delhi	578	582	-4
Rice Bran Oil (4%)	Punjab	620	620	Unch
Malaysia Palmolein USD/MT	FOB	500	510	-10
	CNF India	525	538	-13
Indonesia CPO USD/MT	FOB	463	475	-12
	CNF India	483	495	-12
RBD Palm oil (Malaysia Origin USD/MT)	FOB	493	505	-12
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	473	475	-2
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	630	650	-20
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	363	380	-17
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	610	-
Ukraine Origin CSFO USD/MT Kandla	CIF	775	765	10
Rapeseed Oil Rotterdam Euro/MT	FOB	730	730	Unch
Argentina FOB (\$/MT)		27-Jun-19	20-Jun-19	Change
Crude Soybean Oil Ship		620	641	-21
Refined Soy Oil (Bulk) Ship		642	663	-21
Sunflower Oil Ship		705	690	15
Cottonseed Oil Ship		600	621	-21
Refined Linseed Oil (Bulk) Ship		Unq	0	-
* indicates including GST				

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