Veg. Oil Weekly Research Report

Contents

Executive Summary

Domestic Veg. Oil Market Summary

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

On the currency front, Indian rupee is hovering near 71.14 against 71.05 previous week. Factors to watch in the coming weeks will be movement of Indian rupee against US dollar and crude oil prices. Rupee is expected to depreciate and crude oil prices will rise in near-term.

We expect soy oil and palm oil to rise on strong fundamentals.

Outlook:

Weekly Call -: In NCDEX, market participants are advised to go long above 750 levels for a target of 765 and 770 with a stop loss at 740 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 720-780 per 10 Kg. in the near term.

In MCX, market participants are advised to go long in CPO above 550 for a target of 565 and 570 with a stop loss at 540 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 530-590 per 10 Kg in the near term.

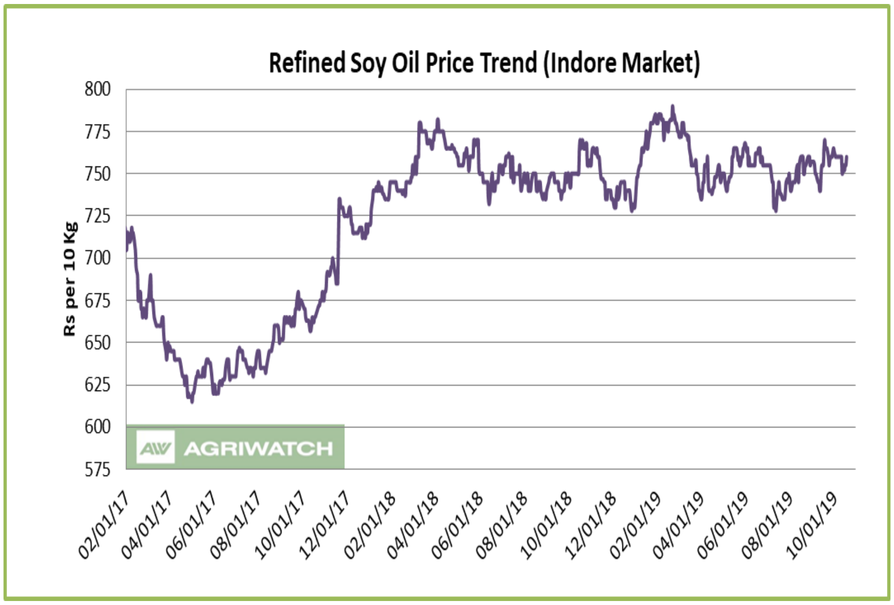
International Veg. Oil Market Summary

On the international front, US-China trade uncertainty, higher stock of soy oil in US, weak demand of soybean from China and higher crop of soybean in South America will underpin soy oil prices in coming days.

Expectation of fall in palm oil stocks in Malaysia, expectation of slow rise in production of palm oil in Malaysia and Indonesia, drought conditions in Indonesia, rise in exports of palm oil Malaysia and Indonesia, rise in competitive oils and rise in crude oil prices, are expected to support CPO prices in near term.

Soy oil Fundamental Analysis and Outlook-:

Domestic Front



- Soy oil featured sideways sentiment in domestic markets in the week in review on weak demand.
- Soy oil prices closed sideways during the week in Indore on weak demand.

Rise is stocks of soy oil in US, US-China trade uncertainty, lower demand of soybean from China, higher crop of soybean in South America will lead to weakening of soy oil international soy oil prices.

Import disparity increased during the week on fall in prices of soy oil in Indian markets and is quoted at disparity of 15-20 per 10 kg compared to parity of Rs 10-15 per 10 kg. Import demand are likely to fall due to disparity in imports and negative refining margins.

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

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

Trade settlement was reached between US and China on the weekend and it's a mini trade settlement in which China will purchase USD 50-60 billon of US farm products in return of removal of import duty imposed on USD 250 billion goods. Trade representatives met in Washington last week to iron out differences. This comes after trade tensions rose between the countries leading both sides to come at small compromise.

Soybean demand from China has fallen in September due to outbreak of swine flu leading to 41 percent fall in swine counts in the country.

Soy oil stocks rose in US in September on lower crush of soybean due to decrease in disappearance of soy oil in US will lead to weakening of soy oil international prices.

Basis of soy oil (Argentina) fell over soy oil CBOT on expectation of higher soybean crop in Argentina leading to lower FOB soy oil (Argentina) prices. Its premium over CBOT has decreased.

Imports of soy oil fell in September 2019 compared to September 2018 and August 2019. Imports fell in September compared to August 2019 while port stocks rose indicating weak demand in September.

CDSO is trading at high premium over RBD palmolein at high seas at Rs. 80 (Rs. 90 last week) per 10 kg will decrease CDSO import demand. CDSO premium over CPO at high seas is at Rs 152 (Rs 163) per 10 kg. Refined soy oil discount over rapeseed oil Rs 58 (Rs 55) per 10 kg while refined soy oil discount over refined sunflower is at Rs 70 (Rs 85) per 10 kg. Sunflower oil CNF premium over soy oil CNF is at USD 5.5 (USD 20.5) per ton. Values in brackets are figures of last month.

Refined soy oil premium over RBD palmolein is higher at Rs 135 (Rs 135 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 178 (USD 192 last week) per ton for Nov 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 September edible oil imports fell 11.81 percent y-o-y to 12.54 lakh tons from 14.22 lakh tons in Sep 2018. Palm oil imports in Sep fell 11.4 percent y-o-y to 8.8 lakh tons from 9.2 lakh tons in Sep 2018. CPO imports fell 9.77 percent in Sep y-o-y to 6.00 lakh tons from 6.65 lakh tons in Sep 2018. RBD palmolein imports rose by 7.76 percent in Sep y-o-y to 2.64 lakh tons from 2.45 lakh tons in Sep 2018. Soy oil imports fell 27.3 percent in Sep y-o-y to 2.48 lakh tons from 3.41 lakh tons in Sep 2018. Sunflower oil imports fell 15.33 percent y-o-y in Sep to 1.27 lakh tons from 1.50 lakh tons in Sep 2018. Rapeseed (canola) oil imports in Sep was zero compared 0.12 lakh tons imports in Sep 2018.
- According to Solvent Extractors Association (SEA), India's September edible oil stocks at ports and pipelines fell 11.75 percent m-o-m to 18.02 lakh tons from 20.42 lakh tons in August 2019. Stocks of edible oil at ports in September rose to 1,062,000 tons (CPO 380,000 tons, RBD Palmolein 255,000 tons, Degummed Soybean Oil 275,000 tons, Crude Sunflower Oil 150,000 ton and Rapeseed Oil 2,000 tons) and about 740,000 tons in pipelines. (Stocks at ports were 882,000 tons in August 2019). India is presently holding 28 days of edible oil requirement on 1st Oct, 2019 at 18.02 lakh tons compared to 32 days of requirements last month at 20.42 lakh tons. India's monthly edible oil requirement is 19.0 lakh tons.
- Soy oil import scenario – According to SEA, soy oil imports fell 27.3 percent y-o-y in September to 2.48 lakh tons from 3.41 lakh tons in September 2018. In the oil year 2018-19 (Nov 2018-Sep 2019), imports of soy oil were 27.00 lakh tons compared to 27.83 lakh tons in last oil year, lower by 2.98 percent compared to corresponding period last oil year.
- All India sowing of soybean has reached 114.24 lakh hectares compared to 113.10 lakh hectares as on 04.10.2019. Sowing of soybean is higher in Madhya Pradesh and Rajasthan.
- Imported crude soy oil CNF at West coast port is offered at USD 716 (USD 717) per ton for Oct delivery, Nov delivery is quoted at USD 718 (USD 717) per ton, Dec delivery is quoted at USD 722 (USD 721) per ton and Jan delivery is quoted at USD 722 (USD 717) per ton. Values in brackets are figures of last week. Last month, CNF CDSO Sep average price was USD 723.84 (USD 729.64 per ton in Aug 2019) per ton. Soy refined (Indore) is quoted at Rs 760 (Rs 760 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 weak in coming days. Currently, refiners lose USD 20-25/ton v/s loss of USD 35-40/ton (Sep month) margin in processing the imported Soybean Oil (Argentina Origin).

International Front

Soy oil prices are expected to fall due to US-China trade uncertainty, rise in stocks of soy oil in US, better condition of soybean in US, weak demand of soybean from China, lower demand from China and higher crop of soybean in Brazil and Argentina.

Trade settlement was reached between US and China lat weekend and it is a mini trade settlement in which China will purchase big amount of US farm products in return of postponement of import duty imposed on USD

250 billion goods. Trade representatives met in Washington last week to iron out differences. However, there was skepticism of trade deal coming through due to amount of purchases quoted by China cannot be finished if natural gas, coal and crude oil are not added. Therefore, any trade deal cannot come through without inclusion of energy component in trade deal.

This trade deal is not a comprehensive trade deal and there are possibility of various such trade deals. There are major differences between both sides as US wants a comprehensive trade deal while China wants blanket removal of import duties.

Soy oil stocks rose in US in September as reported by NOPA on lower crush of soybean and lower disappearance of soy oil due to reduced soy oil domestic disappearance. This will underpin soy oil prices. Lower domestic disappearance of soy oil on lower use in biodiesel. Stocks of soy oil falls seasonally, the fall was larger than trade estimates.

USDA increased 2019/20 soy oil end stocks in its October estimate on lower biodiesel use and higher production of soy oil partially set off by lower opening stocks due to higher domestic disappearance in 2018/19 leading to lower opening stocks in 2019/20.

USDA reduced soybean yield estimate of US due to weak crop condition in US in its Oct review. Soybean stocks estimate fell due to lowering of soybean crop in US and lower opening stocks. Soybean crop in US is weakest in years and all the crop parameters are at multi year lows. Soybean crop fell below was reported at 96 MMT due to wet and cool spring, which stopped farmers plant soybean and adverse condition during crop progress. This led to fall in soybean area and delayed planting which led to weak condition of crop.

Soybean weather has improved in US Midwest last week with improved conditions expected to support standing crops. Expectation of dry weather and forecast that soybean crop in US will not face frost helped soybean crop. USDA forecast soybean crop in US at 96 MMT in Oct review against previous estimate of 99 MMT.

China reported lower soybean import demand in September due to weak crush margins due to swine fle outbreak leading to 41 percent fall in swine count y-o-y in the and most of soybean came from Brazil. Premium of Brazil's soybean has risen above US soybean due to US-China trade dispute stroking expectation of record demand of soybean by China.

However, with trade settlement between US and China will lower premium over US soybean.

China is giving incentive of swine farmers like insurance and machinery incentive to increase swine count in the country after swine flu led to 41 percent contraction of swine count due to culling of swine to stop the spread of swine flu. This led to lower demand of soybean feed in the country in longer term. Lower feed demand will let China choose options from various destinations. This has led to surge in imports of edible vegetable oil by China in 2019. However, when China will start to build swine count demand of soybean will surge and source of soybean will be limited given the global soybean trade.

China has opened soy meal market for imports from Argentina and Ukraine in an effort to improve supply of soy meal in the country. Supplies of Argentina meal will start from the harvest of its crop in 2020.

China started liquidating soybean state reserves and meat reserves to ease pressure of soybean and meat in the country.

Lower import of soybean by China will lead to shift of buyers from competing oils like palm oil leading to weakening of global soy oil prices.

Argentina's soybean exports is expected higher due to be higher Chinese demand.

Soy oil exports from Argentina are expected to accelerate due to firm demand from importing destinations and lower soybean crop in US, which will cut soy oil supplies in US. This has led to rise in basis over CBOT soy oil due to firm demand from the country.

Soybean planting has started in Brazil but is lagging its average corresponding period due to dry condition in the country, which has prevented planting.

Soybean crop area is expected to be higher Brazil in 2019/20 leading to higher soybean in Brazil in 2019/20. USDA has estimated Brazil's soybean crop for 2019/20 at 123 MMT making Brazil as top soybean producer in the world. USDA kept soybean crop in Brazil for 208/19 at 117 MMT.

Competitive oils like BMD palm oil and DALIAN RBD palmolein is expected to trade higher due to rising demand scenario.

Global crude oil prices are expected to rise on heightened tensions in Middle East. Further, oil prices are expected to rise due to OPEC cut in crude oil production, sanctions on Iran and rise in tensions between US will support soy oil prices.

- The newly planted US soybean is 85% soybean dropping leaves which is down from 94% in corresponding period last year and 5-year average of 93%. About 26% soybean has been harvested compared to 37% in corresponding period last year and 5-year average of 49%. Good to excellent condition at 54% compared to 66% in corresponding period last year reported in the US crop progress report dated 13 October 2019 by United States Department of Agriculture (USDA).
- According to National Oilseed Processors Association (NOPA), U.S. September soybean crush fell by 9.19 percent to 152.566 million bushels from 168.085 million bushels in August 2019, below market expectation. Crush of soybean in Sep was lower by 5.11 percent compared to Sep 2018 figure of 160.779 million bushels. Soy oil stocks in U.S. at the end of Sep rose 2.93 percent to 1.442 billion lbs compared to 1.401 billion lbs in end Aug 2019. Stocks of soy oil in end Sep was lower by 5.81 percent compared to end Sep 2018, which was reported at 1.531 million lbs. Soy oil stocks was above trade expectation.
- According to United States Department of Agriculture (USDA) Oct estimate, U.S 2019/20 ending stocks of soy oil estimate has been increased to 1,525 million lbs from 1,485 million lbs in its earlier estimate. Opening stocks are decreased to 1,710 million lbs from 1,725 million bushels in its earlier estimate. Production of soy oil in 2019/20 is hiked to 24,590 million lbs from 24,535 million lbs in its earlier estimate. Imports in 2019/20 are kept unchanged at 450 million lbs. Biodiesel use in 2019/20 is lowered to 8,500 million lbs from 8,600 million lbs in its earlier estimate. Food, feed and other industrial use in 2019/20 is hiked to 15,000 million lbs from 14,900 million lbs in its earlier estimate. Exports in 2019/20 are kept unchanged at 1,725 million lbs. Average price range estimate of 2019/20 is hiked to 30.00 cents/lbs from 29.50 cents/lbs in its earlier estimate.
- The U.S. Department of Agriculture monthly supply and demand report for the month of Oct forecasts U.S. 2019/20 soybean stocks at 460 million bushels from 640 million bushels in its earlier estimate. Opening stocks in 2019/20 is decreased to 913 million bushels from 1,005 million bushels in its earlier estimate. Soybean production is estimate is lowered to 3,550 million bushels from 3,633 million bushels in its earlier estimate. U.S. soybean exports estimate are unchanged at 1,775 million bushels. Imports estimate is unchanged 20 million bushels. Crush in 2019/20 is hiked to 2,120 million bushels from 2,115 million bushels in its earlier estimate. Seed use in 2019/20 has been kept unchanged at 96 million bushels. Residual use is increased to 32 million

bushels from 30 million bushels in its earlier estimate. Average price range in 2019/20 is hiked to 9.00 cents/bushel from 8.50 cents/bushel in its earlier estimate.

- According to China's General Administration of Customs (CNGOIC), China's September edible vegetable oils imports fell 7.4 percent m-o-m to 8.40 LT from 9.07 LT in August 2019. Imports in Sep was higher by 44.3 percent compared to Sep 2018 which was reported at 5.82 LT. Year to date imports of edible vegetable oil rose 49.4 percent to 66.58 lakh tons.
- According to China's General Administration of Customs (CNGOIC), China's Sep soybean imports fell 13.5 percent to 8.2 MMT from 9.48 MMT in August 2019. Imports in Sep are 2.3 percent higher than Sep 2018 import of 8.01 MMT. Year to date soybean imports fell 7.9 percent to 64.51 MMT.
- USDA WASDE highlights: The U.S. season-average soybean price for 2019/20 is forecast at $9.00 per bushel, up 50 cents reflecting smaller supplies. The soybean meal price is forecast at $325.00 per short ton, up $20.00. The soybean oil price forecast is raised 0.5 cents to 30.0 cents per pound.

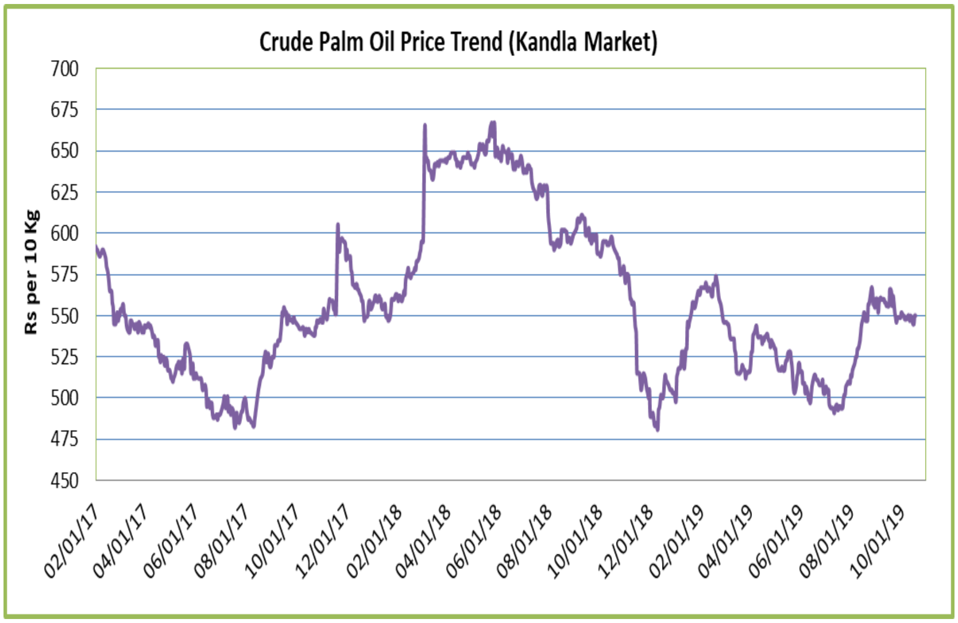
Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 720-780 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil (CPO) featured firm trend at its benchmark market at Kandla on firm demand and rise in prices of CPO in international markets.

  RBD palmolein closed higher at its benchmark market of Kandla on firm demand and rise in prices of RBD palmolein in international markets.



- Prices of CPO closed higher at Kandla on firm demand and rise in prices of CPO international markets.

  Prices of CPO rose less at high seas compared to CNF markets compared to last week indicating firm supply at high seas.

  Hike in import duty on RBD palmolein by 5 percent sourced from Malaysia will weaken RBD palmolein imports as duty differential between crude palm oil and RBD palmolein has doubled from 5.5 percent to 11 percent. With this hike in import total effective import duty on RBD palmolein imports from Malaysia and Indonesia stands at 50 percent plus 10 percent cess making effective duty at 55 percent. With end of preferential treatment given to Malaysia in terms of lower RBD palmolein imports will lead to lower imports of RBD palmolein from Malaysia. This will encourage Indian refiners to import more CPO to refine and import party of this oil will be above import parity of ready to use imported palmolein. This will slow RBD palmolein imports and CPO imports will rise from September.

  Indian traders have stopped booking Malaysian palm oil cargoes due to news of Indian government plan to restrict palm oil imports from Malaysia in retaliation against Kashmir issue raised at UN by Malaysia.

  Traders are expected to buy at current international prices of CPO due to expectation of higher prices in coming months especially due to drought conditions in Indonesia.

  Data from cargo surveyors show fall in imports of palm oil by India, in October from Malaysia and further fall in imports from Malaysia is expected in coming weeks.

  Imports of palm oil by India fell in September compared to September 2018 while it rose compared to August 2019. Fall in CPO imports came on high base y-o-y. RBD palmolein imports rose in September compared to September 2018.

  Imports of CPO rose in September m-o-m due to positive refining margins and expectation or rise in palm oil prices in coming months. Stocks of CPO surged at ports in India in September despite modest rise in imports indicating weak demand in September.

Imports of CPO will weaken due to negative parity. However, positive margins may encourage CPO imports. CPO imports will strengthen compared to RBD palmolein due to higher import parity compared to imported ready to use palmolein and higher refining margins of CPO compared to RBD palmolein.

Falling premium of RBD palmolein over CPO at CNF markets will decrease CPO imports.

CPO import disparity decreased during the week due to fall in prices of palm oil in Indian markets and is quoted at Rs 25-30 per 10 kg compared to Rs 25-30 per 10 kg last week.

Port stocks rose in Sep on rise in imports m-o-m and rise in port stocks was higher than rise in imports indicating weak demand in Sep and restocking at ports.

Demand of CPO is firm at CNF markets as prices rose more at CNF markets compared to FOB markets compared to last week.

RBD palmolein showed higher prices in its benchmark market on firm demand and rise in prices of RBD palmolein in international markets.

RBD palmolein prices rose more at high seas compared to CNF markets indicating firm demand at high seas.

Import demand of RBD palmolein rose marginally in September y-o-y. Rise y-o-y was despite higher base of last year. Imports was high in September due to rising 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.

However, hike in import duty on imports of RBD palmolein from Malaysia the duty differential between CPO and RBD palmolein has doubled and will lead to lower RBD palmolein imports.

Import demand of RBD palmolein is expected to slow in rest of oil year 2018-19 (Nov 2018-Oct 2019) due to hike in import duty on RBD palmolein and higher differential of RBD palmolein import duty over CPO.

Stocks of RBD palmolein at Indian ports have risen m-o-m on higher imports and restocking at ports. Rise in port stocks was less than rise in imports of RBD palmolein m-o-m indicating firm demand in September.

Demand of RBD palmolein was firm compared to CPO at high seas as premium of RBD palmolein over CPO was at Rs 72 (Rs 68) per 10 kg compared to last week.

RBD palmolein import disparity decreased during the week and is quoted at Rs 20-25 per 10 kg compared to disparity of 25-30 per 10 kg last week.

Import parity of RBD palmolein is higher than CPO will increase imports of RBD palmolein compared to CPO.

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 firm at CNF markets as prices rose more at CNF markets compared to FOB markets compared to last week.

CDSO CNF premium over CPO CNF is at USD 178 (USD 192 last week) per 10 kg which is high and may increase imports quantity of CPO. Premium of CDSO soy oil high seas over CPO high seas is at Rs. 152 (Rs 163 last week) per 10 Kg increased CPO demand at high seas. Premium of refined soy oil over RBD palmolein at Rs 135 (Rs 135 last week) per 10 kg. will increase RBD palmolein demand. RBD palmolein discount over sunflower at CNF markets is remain at USD 157.5 (USD 177.5 last week) per ton. High premium of refined sunflower oil over RBD palmolein remain at Rs 205 (Rs 220) per 10 kg will increase RBD palmolein imports. Values in brackets are figures of last week.

- According to United States Department of Agriculture (USDA) September estimate, India's 2019/20 palm oil imports estimate have been increased to 10.0 MMT from 9.75 MMT in its earlier estimate, higher by 2.56 percent. Palm oil consumption have been increased to 10.185 MMT from 9.925 MMT in its earlier estimate, higher by 2.62 percent. Further, palm oil import estimate of 2018/19 have been increased to 9.7 MMT from 9.5 MMT in its earlier estimate, higher by 2.11 percent. Consumption of palm oil have been increased to 9.805 MMT from 9.6 MMT in its earlier estimate, higher by 2.14 percent.
- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in September fell 11.4 percent y-o-y to 8.8 lakh tons from 9.2 lakh tons in September 2019. Imports in the oil year 2018-19 (November 2018-September 2019) are reported higher by 8.59 percent y-o-y at 86.30 lakh tons compared to 79.47 in corresponding period last oil year.

  Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports fell 9.77 percent y-o-y in September to 6.00 lakh tons from 6.65 lakh tons in September 2019. Imports in oil year 2018-19 (November 2018-September 2019) were reported higher by 0.6 percent y-o-y at 58.86 lakh tons compared to 58.50 lakh tons in corresponding period last oil year.

  RBD palmolein import scenario- RBD palmolein imports rose 7.76 percent y-o-y in September to 2.64 lakh tons from 2.45 lakh tons in September 2018. Imports in oil year 2018-19 (November 2019-September 2019) were reported higher by 30.67 percent y-o-y at 26.12 lakh tons compared to 19.99 lakh tons in corresponding period last oil year.
- According to Ministry of Finance (MOF), Government of India Notification number 29/2019-Customs dated 4th September 2019, India increased import duty on RBD palmolein imports by 5% sourced from Malaysia for a period of 180 days imported under India-Malaysia Comprehensive Economic Cooperation Agreement. After the hike import duty on imports of RBD palmolein from Malaysia stands at 50 percent plus 10 percent cess which makes effective duty at 55 percent. This brings import duty on Malaysian RBD Palmolein at par with other destinations and import duty differential between CPO and RBD palmolein imports stands at 11 percent.

  This hike in import duty has been done as imports of RBD palmolein surged from Malaysia in 2019 hurting Indian refining industry. Lower price imports led to idling of plants add domestic refining industry was not able to increase production despite significant capacities. Further, the market share of Indian refined RBD palmolein decreased significantly compared to imported RBD palmolein from Malaysia. The ministry quoted that any delay in imposing import duty will cause irreparable damage to the industry.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 540 (USD 530) per ton for Nov delivery. Last month, CNF CPO Sep average price was at 534.68 per ton (USD 533.96 per ton in Aug 2019). Values in brackets are figures of last week.

  Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 570 (USD 560) per ton for Oct delivery. Last month, CIF RBD palmolein Sep average price was USD 565.4 (USD 572.72 in Aug 2019) per ton. Values in bracket depict last month quotes.

  Ready lift CPO duty paid prices quoted at Rs 553 (Rs 547) per 10 Kg and Sep delivery duty paid is offered at Rs 555 (Rs 549) per 10 kg. Ready lift RBD palmolein is quoted at Rs 625 (Rs 615) per 10 kg as on Oct 18, 2019. Values in brackets are figures of last week.

- On the parity front, margins fell during this week due to rise in prices of palm products in international markets. Currently refiners fetch USD 0-5/ton v/s loss of USD 0-5/ton (last month) margin in processing the imported CPO and imports of ready to use palmolein lose USD 25-30/ton v/s loss of USD 35-40/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, slowdown in production of palm oil in Malaysia, rise in global palm oil demand, drought conditions in Indonesia, and rise in crude oil prices.

Indian palm oil buyers have stopped booking palm oil cargoes from Malaysia on reports that India may restrict palm oil imports from Malaysia in retaliation for its support on Kashmir issue ay United Nations. This has led Malaysia on back foot and has vowed to solve the issue diplomatically if India restricts palm oil imports. Further, Malaysia has said that it will purchase more sugar and buffalo meat for concession on palm oil import restrictions. However, there has been no official statement issued by Indian Government on issue of import restriction on palm oil from Malaysia.

Palm oil stocks rose in Malaysia in September due to higher production and lower exports. Lower exports was the prime reason of rise in stock of palm oil in September. Exports fell on weak demand from India and China in September.

However, stocks are expected to fall in Malaysia in October on slowdown of production and rise in exports from Malaysia.

End stocks of palm oil in Malaysia and Indonesia will fall in 2019.

Palm oil plants are faced unusual threat in production in Indonesia due to haze, which has erupted due to undue burning of forest pits in Indonesia. This has led to widespread haze in South East Asia extending to Malaysia and Singapore. This is similar to 2015 when major haze in Indonesia and Malaysia and El Nino disrupted production led to fall in stocks and rise in palm oil prices, which reached cost of production. Haze has led to international condemnation of Indonesia and Malaysia and both countries are blaming each other for the condition. This year dry conditions has prevailed in Indonesia, which has encouraged plantations to burn down forests illegally to clear it for palm plantation. However, with showers arriving in most parts of Southeast Asia, burning will stop.

Haze is prime reason of slowdown of production as fruits need oxygen to mature while dry condition in January and August in Indonesia has slowed fruit development. Further, lower fertilizer use due to low prices is also blamed for lower production of palm oil. Production rise will slow in 2020 due to above conditions. Production in Malaysia is expected to rise in 2019 and fall in 2020. However, high plant cycle may increase production in 2019.

Further, production of palm oil will fall in Indonesia due to drought conditions in the country. Production of palm oil will rise in 2019 and will only fall in 2020 when standing fruits mature and yield will be lower. Production of palm oil will rise in 2019 due to high production cycle.

Exports of palm oil will increase from Malaysia and Indonesia on higher demand from India and China. India imports will rise around 4 percent to 9.7-10 MMT due to lower soybean crop in the country. Exports to China will increase in 2019 due to lower imports of soybean by the country due to contraction of swine herd count due to deadly swine flu. Further, removal of import quota of palm oil by China will increase palm oil imports.

However, rise in global demand will outpace rise in production in Malaysia and Indonesia in rest of 2019.

Exports of palm oil from Indonesia will increase in medium term. Record use of palm oil in biodiesel in Indonesia due to higher fuel standards will lead to lower stocks of palm oil in the country. This will decrease end stocks of palm oil in the country and supporting prices.

Exports of palm oil has fallen 6-8 percent in Malaysia October due to weak demand from India and exports are expected to remain subdued due to lower buying of palm oil by India due to tensions between both countries.

Imports from India is expected to weaken due to lower in import parity of RBD palmolein compared to CPO, hike in import duty on imports of RBD palmolein from Malaysia compared to other destinations and higher stocks at ports will cap gains. However, firm demand ahead of festivals will support demand.

Imported ready to use palmolein demand is less than domestic refined RBD palmolein due to higher refining margins. High stocks of palm oil at Indian ports will slow imports of palm oil in coming months.

Demand of palm oil from China will rise due to fall in soybean imports by China has led to decrease in soy oil supply leading to higher palm oil demand. Due outbreak of swine flu in the country has led to higher imports of edible vegetable oil in 2019 until date.

China has reduced quota restrictions on imports of palm oil from Malaysia and Indonesia will increase exports from both countries.

Trade settlement between US and China may lead to lower demand of palm oil by China due to higher soybean imports from US. This comes amid lower imports of soybean by China in 2019, 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.

Palm oil stocks in Indonesia are rose to 3.8 MMT in August due to fall in exports from the country and rise in production of palm oil in the country. However, palm oil stocks will fall in coming months with slowdown of production, rise in exports and higher use of palm oil in biodiesel .

Production of palm oil is expected to rise 3.5 percent in Indonesia in 2019 on higher produce from maturing plantations, according to GAPKI. Any bad effect of drought will only be visible in 2020.

Depreciation of Ringgit is expected to support palm oil prices. Ringgit has depreciated around 4.20/USD. This will make exports of palm oil competitive compared to other oil and same oils with different destinations.

Malaysia intends to reduce palm oil export duty on crude palm oil from the country in an effort to decrease stocks of palm oil in the country.

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. Further, Indonesia plans to remove palm oil export duty.

Palm oil consumption in 2019 and 2020 will outstrip rise in production in both year mainly due to higher biodiesel demand from Indonesia, Malaysia, and rise in import demand from India and China.

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 30-100 percent in 2019-20.

Malaysia has unveiled plans to double biodiesel production in the country and increase to 20 percent bio content in gasoline, in an effort to clear stocks of palm oil in the country. Palm oil based biodiesel production will rise in Malaysia from 1.3 MMT to 1.6 MMT on higher biodiesel blending norms.

RBD Palmolein Malaysia premium has decreased over Indonesia CPO will increase demand. Export demand will rise from Malaysia due to decreasing premium of Malaysian palmolein over Indonesia CPO.
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 Middle East tensions. Further, expected cut on crude oil production by OPEC, sanction on Iran and rise in tension between US and Iran will support palm oil prices.

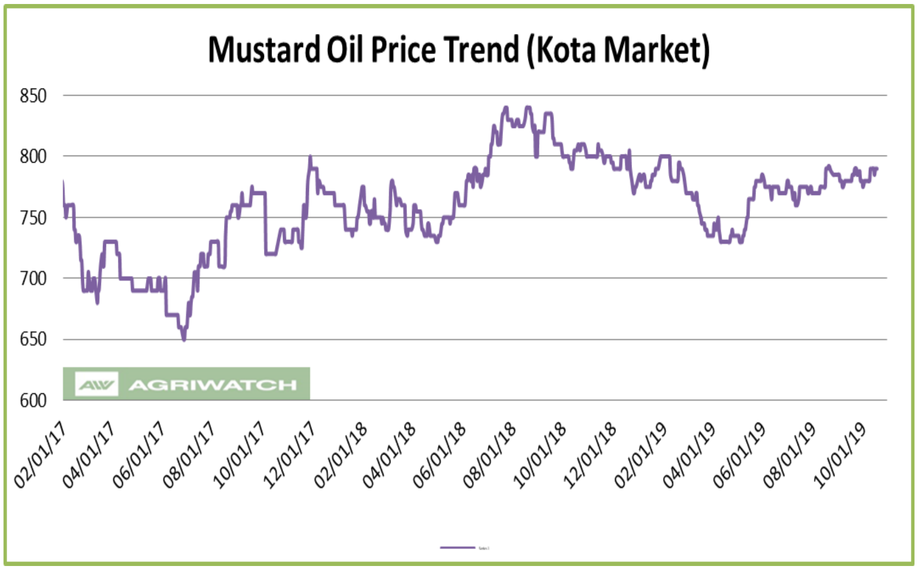
- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's Oct 1-15 palm oil exports fell 5.9 percent to 659,437 tons compared from 700,935 tons in corresponding period last month. Top buyers were China at 127,573 tons (115,970 tons), India at 113,350 tons (157,450 tons), European Union 100,260 tons (144,760 tons), Pakistan at 40,000 tons (18,000 tons) and United States at 38,200 tons (50,862 tons). Values in brackets are figures of corresponding period last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's Oct 1-15 palm oil exports fell 7.7 percent to 659,550 tons compared to 714,215 tons in corresponding period last month. Top buyers were India & subcontinent 210,600 tons (188,150 tons), China at 122,210 tons (161,760 tons) and European Union 102,950 tons (118,480 tons). Values in brackets are figures of corresponding period last month.
- Malaysia has planned to cut export duty on exports of crude palm oil from 2020, according to Malaysian Finance ministry. Export duty will start from 3 percent in place of 4.5 percent when prices are between RM 2,250 (USD 538.54) to RM 2,400 per ton. Export duty will rise to 4.5 percent in prices between RM 2,401 to RM 2,550 per ton and prices will rise by 0.5 percent incrementally to maximum of 8 percent until the prices reach RM 3,450 per ton. This measure has been taken to reduce rising palm oil stocks in Malaysia and compete with Indonesia CPO in global market.
- According to Indonesia Palm Oil Association (GAPKI), exports of palm oil (CPO and PKO) from Indonesia fell 15.38 percent in August y-o-y to 2.53 MMT from 2.99 MMT in August 2018. Exports of palm oil (CPO and PKO) rose marginally m-o-m in Aug at 2.53 MMT compared to July 2019 at 2.51 MMT. Stocks of palm oil in Aug 2019 rose to 3.8 MMT from 3.51 MMT in July 2019, higher by 8.26 percent m-o-m.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's September palm oil stocks rose 9.27 percent to 24.48 lakh tons compared to 22.41 lakh tons in August 2019. Production of palm oil in Sep rose 1.15 percent to 18.42 lakh tons compared to 18.22 lakh tons in Aug 2019. Exports of palm oil in Sep fell 18.77 percent to 14.10 lakh tons compared to 17.36 lakh tons in Aug 2019. Imports of palm oil in Sep rose 39.28 percent to 0.71 lakh tons compared to 0.51 lakh tons in Aug 2019. End stocks of palm oil rose more than trade expectation on lower exports.
- According to Chief Economic Minister of Indonesia, Indonesia will not charge and levies on export of palm oil until Jan 1, 2020. At present Indonesia charges USD 10-15 per ton as export levy on palm exports above reference price above USD 570 per ton and levy increase if prices exceed USD 619 per ton.
- Policy review: According to Malaysia Palm Oil Board (MPOB), Malaysia kept Oct crude palm oil export tax unchanged at 0.0 percent. Export duty of palm oil is calculated at reference price of 2145.75 ringgit per ton. Tax is calculated above 2,250 ringgit starting from 4.5 percent to a maximum of 8.5 percent.

According to Indonesia trade ministry, Indonesia kept Oct crude palm oil export duty unchanged at zero. The reference price is set at USD 575.9 per ton, lower than lower threshold for export duty below USD 570 to calculate export levy. Indonesia taxes palm oil above trigger price of USD 750 per ton. Indonesia has kept crude palm oil export duty at zero since May 2017.

.***Price Outlook:*** We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 530-590 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-

Domestic Front



- Mustard oil prices showed firm trend in benchmark market on firm demand. Arrivals of rapeseed rose last week.
- Prices of rapeseed oil expeller featured firm trend in its benchmark market on firm demand and rise in price of rapeseed.

  Demand will firm due to festive demand.

  Rapeseed oil is moving out of Rajasthan at Rs 800 per 10 kg.

  There is disparity in crush of rapeseed.

  NAFED has started sale of mustard procured in MY 2019-20 and it is expected that it will try to dispose all the stocks of mustard by Feb 2020. Total progressive purchase by NAFED have been 10.89 lakh tons with good stocks with traders and farmers. Total sale have been 0.87 lakh tons. So, total stock of rapessed with NAFED stands at 10.02 lakh tons. Stock with NCDEX is 0.07 lakh tons.

  Arrivals of rapeseed rose at various key markets.

  Agriwatch estimated in MY 2019-20 rapeseed crop is to be 7.9 MMT, which is above last year crop of 7.1 MMT due to higher rapeseed sown area and higher yields. This will lead to lower rapeseed prices thereby adversely affecting rapeseed oil prices.

  In fourth advanced estimates, government estimates Mustard seed output at 93.4 lakh tons for 2018/19 from 84.3 lakh tonnes in 2017/18.

  Falling discount of soy oil prices to rapeseed kacchi ghani prices is likely to support rapeseed oil prices.

  Low premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 58 (Rs 55) per 10 Kg will support rapeseed oil prices.

  Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is remain at Rs 203 (Rs 200) per 10 kg will decrease rapeseed oil prices.

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

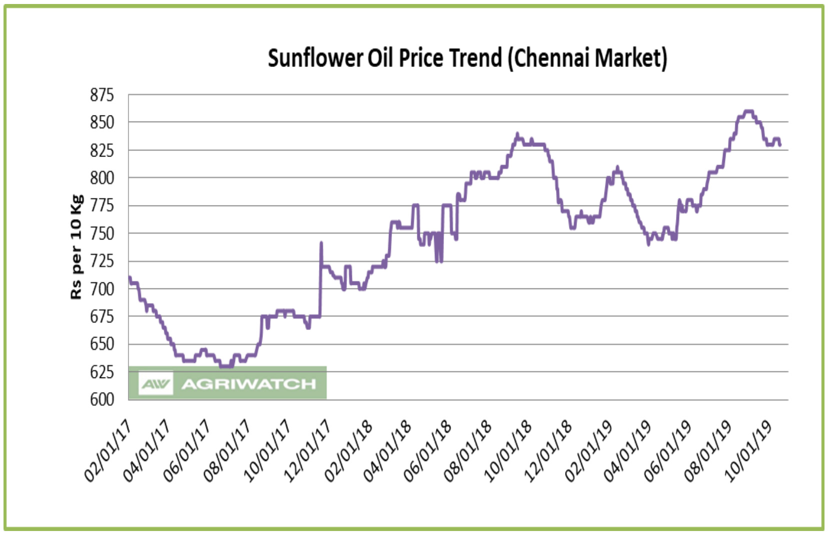
  Markets are expected to trade sideways to firm tone in coming days on firm demand on festivals.
- Rapeseed oil import scenario- India imported zero rapeseed (Canola) oil in September 2019 v/s 0.12 lakh tons in September 2018. In the oil year 2018-19 (Nov 2019-September 2019) imports were 0.59 lakh tons compared to 2.41 lakh tons in last oil year, lower by 75.52 percent y-o-y.

- According to United States Department of Agriculture (USDA) September estimate, India's 2019/20 rapeseed oil import estimates have revised lower to 1.5 lakh tons from 2.0 lakh tons in its earlier estimate, lower by 33 percent. Domestic consumption have been lowered to 27.30 lakh tons from 27.80 lakh tons in its earlier estimate, lower by 1.8 percent. End stocks have been lowered to 1.44 lakh tons from 1.69 lakh tons in its earlier estimate, lower by 15.4 percent. Further, India's 2018/19 rapeseed oil import estimates have revised lower to 1.25 lakh tons from 1.5 lakh tons in its earlier estimate, lower by 16.7 percent. Domestic consumption have been unchanged at 27.30 lakh tons. End stocks have been lowered to 1.43 lakh tons from 1.68 lakh tons in its earlier estimate, lower by 14.9 percent.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 799 (Rs 795) per 10 Kg, and at Kota market, it is offered at Rs 790 (Rs 790) per 10 kg as on Oct 18, 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 750-850 per 10 Kg.

Sunflower oil Fundamental Review and Analysis-:

Domestic Front



- Sunflower oil price traded lower during the week in Chennai on weak demand and fall in prices of sunflower oil in international markets..
- Prices of sunflower oil traded lower in Chennai on weak demand and fall in prices of sunflower oil in international markets.

Sunflower oil price fell more at high seas compared to CNF markets indicating weak demand at high seas.

Demand may weakened due to rise in prices of sunflower oil.

Import demand of sunflower oil is expected to rise due to falling sunflower oil premium over palm oil and soy oil.

Stocks of sunflower oil fall less at ports while imports fell more than fall in stocks indicating weak demand in September.

In domestic market, sunflower oil prices premium over soy oil is at Rs 70 (Rs 80 last week) per 10 kg, which indicates chance of correction of sunflower oil prices, as prices are converging at domestic and at CNF markets.

At present premium of sunflower oil over soy oil at CNF markets is at USD 5.5 (USD 20.5 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 157.5 (USD 182.5 last week) which will decrease imports.

In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Chennai) is remain at Rs 205 (Rs 220) per 10 kg which is high will underpin sunflower oil in domestic market.

In domestic market, high groundnut oil premium over sunflower oil at Chennai market is at Rs 200 (Rs 205 last week) per 10 kg will support sunflower oil prices.

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

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

Prices will fall on seasonal downtrend of prices.

Imports of sunflower oil fell in September after rise for three month in a row and port stocks has decreased indicating destocking is taking place at ports. Restocking at ports can be seen due to parity in imports.

Weak domestic demand may underpin prices.

India imported one third of sunflower imported by Ukraine in 2018-19. Sunflower harvest and yield is higher than last year in current year. This is despite record sunflower crop in 2017-18. This will keep sunflower CNF prices capped in coming months.

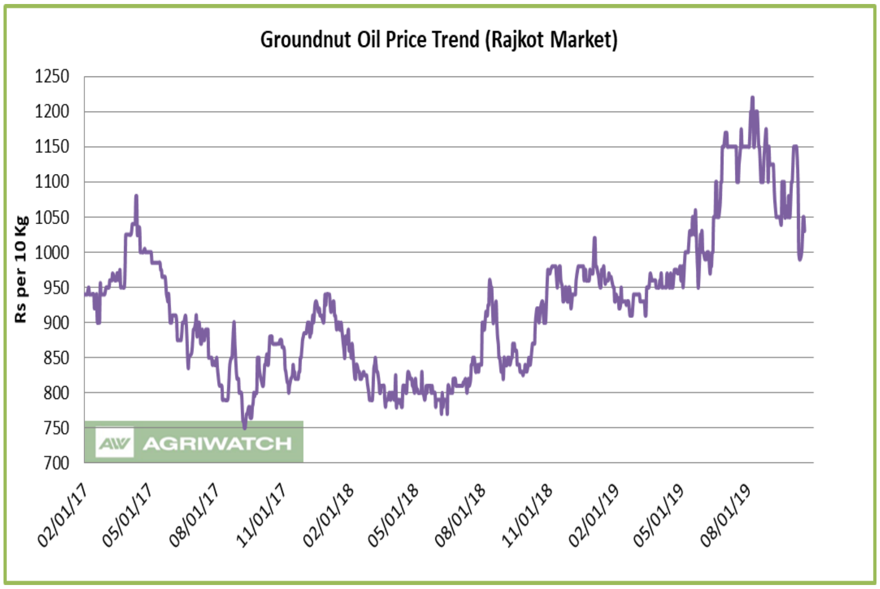
Refiners purchase of crude sunflower oil from international markets will increase as CNF sunflower oil premium over CNF soybean oil and palm oil has fallen.

Prices of sunflower oil are expected to fall on weak demand.

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 15.33 percent y-o-y in September to 1.27 lakh tons from 1.50 lakh tons in September 2018. Imports in oil year 2018-19 (November 2018-September 2019) were reported lower by 7.43 percent y-o-y at 21.92 lakh tons compared to 23.68 lakh tons in corresponding period last oil year.
- All India progressive sowing of sunflower oil has reached 1.12 lakh hectares as on 04.10.2019 compared to 1.17 lakh hectares in corresponding period last year. Sowing is slow in state of Karnataka on account of late rains.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 727.5 (USD 732.5) per ton form Dec delivery and Jan delivery is quoted at USD 725 (USD 730) per ton. CNF sun oil (Ukraine origin) Sep monthly average was at USD 774.96 per ton compared to USD 805.24 per ton in Aug. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 700-780 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering remain at USD 5.5 (USD 20.5 last week) per ton for Nov delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 157.5 (USD 182.5) per ton.
- Currently, refined sunflower oil at Chennai market is offered at Rs 830 (Rs 835) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 820 (Rs 835) per 10 kg as on Oct 18, 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 800-860 per 10 Kg.

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



- Groundnut oil prices featured firm trend in Rajkot on account firm demand.
- Prices of groundnut oil traded higher during the week on firm demand.

Demand firmed due demand ahead of festivals.

Prices fell on fall in groundnut prices.

Prices may fall in expectation of fall in prices of groundnut oil due to good crop of groundnut in Gujarat and South India. Though, harvest is delayed due to late planting and higher moisture. However, yields are expected to be higher than median averages. Crop harvest is expected to start in next week and supply pressure will buildup in November. This will keep pressure on groundnut oil prices.

Further, demand will weaken as rains in groundnut growing areas of Gujarat and Karnataka leading to expectation of fall in prices of groundnut leading to fall in prices of groundnut oil leading to postponement of demand, denting demand.

Rains in key growing areas in Gujarat and Karnataka has led to expectation of higher than expected crop on higher yields of groundnut crop may underpin prices.

Retail demand may improve ahead of festive demand.

Supply of groundnut oil decreased due to lower supply of groundnut due to lower auction by NAFED on higher prices quoted at auctions. Groundnut auction has especially slowed in Gujarat. Only NAFED is having stock of groundnut in the markets.

Demand of groundnut oil may fall due to sharp rise in prices of groundnut oil.

Retail demand may decrease due to higher volatility in prices.

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

There is disparity in all quality of groundnut oil while most of the trade is in medium quality. Groundnut oil is going out of Gujarat at Rs 950-970 per 10 kg.

In South India, prices may rise on demand ahead of festivals.

Demand season of groundnut oil is over. Since the demand season is over, prices will remain moderated.

In South India groundnut, sowing is less in Andhra Pradesh while it is higher in Karnataka. The planting is lower and yield will improve on standing crop as rains have been good.

NAFED is disposing groundnut K-18 aggressively. NAFED is also selling K-17 groundnut seed in Gujarat. Total progressive sale in 2018-19 is 5.64 lakh and balance quantity after sale is 1.51 lakh tons. Total stocks of groundnut of 2017-18 season with NAFED is 0.16 lakh tons and sold total 10.29 lakh tons so far. Therefore, total stock in NAFED is 1.66 lakh tons, while there are little stocks with trade and farmers. Lower domestic disappearance of groundnut may lead to weakening of groundnut oil prices.

Due to higher rate of auction of groundnut due to lower prices quoted at auctions will lead to higher supply of groundnut leading to higher supply of groundnut oil thereby underpin prices.

Exports of groundnut had decreased due to rise in prices of groundnut leading to diversion of groundnut towards crushing weakening prices.

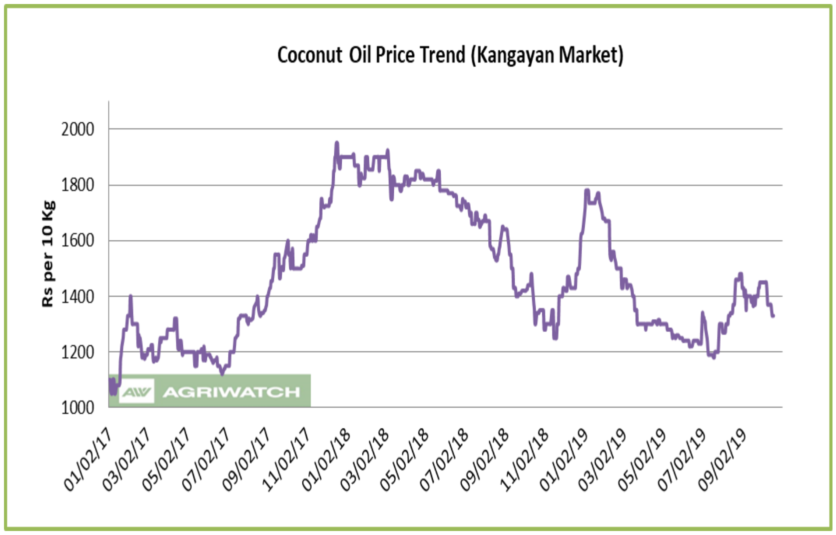
Groundnut oil prices are expected to fall on weak demand.

- All India progressive sowing of groundnut as on 04.10.2019 has reached 39.40 lakh hectares compared to 40.49 lakh hectares in corresponding period last year. Sowing is higher than corresponding period last year in Gujarat. However, sowing is lagging in Andhra Pradesh and Rajasthan.
- On the price front, currently the groundnut oil prices in Rajkot is quoted at Rs 10,300 (Rs 9,900) per quintal and it was quoted at Rs 10,300 (Rs 10,400) per quintal in Chennai market on Oct 18, 2019. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade lower in the coming days.

Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 900-1100 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 of coconut oil fell on fall in prices of copra.

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

Palm oil is cheap alternative in South India.

Retail demand has decreased due to rise in prices of coconut oil.

In addition, demand has will weaken on low demand at higher prices.

Prices fell on seasonal downtrend of prices.

Government is procuring coconut to support falling prices, may support prices in coming days. Tamil Nadu government is procuring 50 thousand tons of copra procurement.

Further, supply of copra is expected to decline due to low harvesting of coconut on monsoons and difficulty in drying of copra due to wet monsoon.

Demand from North India is weak.

Demand of domestic coconut oil is less due to higher imports of copra under advance authorization license where imports of copra are made from Indonesia and Philippines and coconut oil is exported. Therefore, domestic coconut oil exports are negligible.

In addition, coconut oil cake is imported from Indonesia, which is having 10-12 percent oil content compared to 6 percent oil content in India coconut oil cake. The oil from imported oilcake is refined, bleached, deodorized, and mixed into edible coconut oil despite it being non-edible, which makes prices of local coconut oil uncompetitive.

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.

Stockists and retailers are not stocking, as the prices have not stabilized.

Corporate demand, which is one of the major contributors, has weakned.

Traders and upcountry buyers are not stocking as they are not confident about prices.

Crushers have low stocks of coconut oil on weak demand.

Due to rise in prices of coconut oil, demand may shift to other oils from coconut oil. Fresh demand is expected in lower levels.

Price trend is biased towards downside.

Demand will weaken due to high volatility in prices of coconut oil.

Consumers tend to decrease demand when the prices are falling and there is high volatility in prices.

Demand of coconut oil has fallen due to higher prices in second half of 2019. Household consumption will fall due to higher prices of coconut oil.

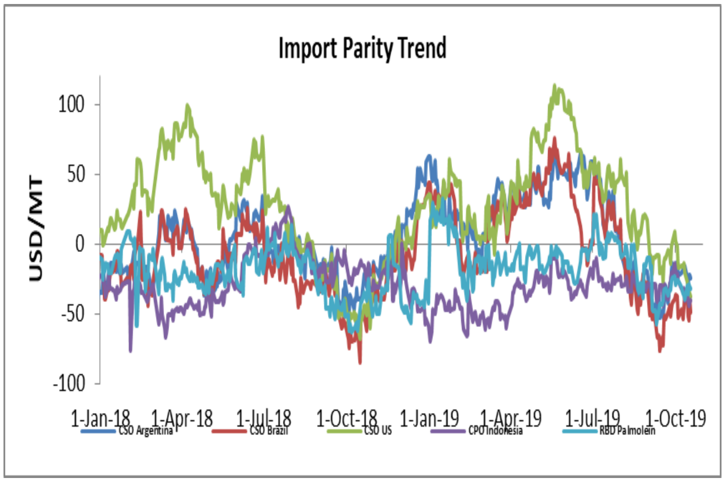
Coconut oil prices are expected to be weak in days ahead.

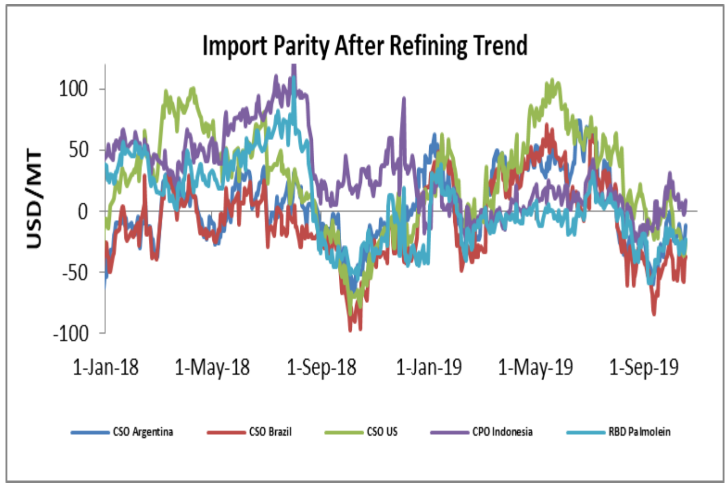
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 14,100 (Rs 14,100) per quintal, and was quoting Rs 13,300 (Rs 13,700) per quintal in Erode market on Oct 18, 2019.

Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1300-1500 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
Sep 28-Oct 04, 2019	-12.34	-36.31	3.28	21.78	-17.61
Oct 5-Oct 11, 2019	-17.36	-45.71	-16.04	9.07	-27.69
Oct 12-Oct 18, 2019	-23.12	-46.43	-31.80	2.99	-27.95

Outlook-:

Import disparity for crude soy oil from Argentina increased due to fall in prices of soy oil in Indian markets. We expect CDSO import parity to weak in medium term due to expectation of lower prices of soy oil in Indian markets.

Import of CPO is in parity will increase imports while RBD palmolein is in disparity will lead to lower imports. We expected CPO parity to fall to disparity in medium term due to rise in prices of CPO in international markets. RBD palmolein import parity will remain in disparity in medium term due to high premium of RBD palmolein over CPO at CNF markets and higher duty differential between CPO and RBD palmolein. Margins on imports of CPO is higher than parity in import of RBD palmolein.

Technical Analysis (Refined soy oil)

Refined soy oil Futures (NCDEX, Daily Nov, Chart)	Refined soy oil (Weekly chart, Indore Rs/10 Kg Inclusive VAT)
	

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 740 levels.
- Expected price band for next week is 730-780 level in near to medium term. RSI and MACD is suggesting uptrend in the market.

Strategy: Market participants are advised to go long above 750 levels for a target of 765 and 770 with a stop loss at 740 on closing basis.

RSO NCDEX (November)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
725.00	741.00	755.85	765.00	780.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 720-780 per 10 Kg.

Technical Analysis (Crude Palm oil)

Crude palm oil Futures (MCX, Daily Oct, Chart)	Crude palm oil (Weekly chart, Kandla Rs/10 Kg)
	

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

- Candlestick in weekly chart of crude palm oil at MCX depicts firm trend in the prices. We expect prices to trade with a sideways to firm note in the near term.
- Any close below 540 in weekly chart may bring the prices to 530 levels.
- Expected price band for next week is 520-580 level. RSI and MACD are suggesting downtrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 550 for a target of 565 and 570 with a stop loss at 540 on closing basis.

CPO MCX (October)

Support and Resistance				
S2	**S1**	**PCP**	**R1**	**R2**
532.00	544.00	555.80	563.00	580.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 530-590 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		18-Oct-19	11-Oct-19	
Refined Soybean Oil	Indore	760	760	Unch
	Indore (Soy Solvent Crude)	720	720	Unch
	Mumbai	755	755	Unch
	Mumbai (Soy Degum)	710	712	-2
	Kandla/Mundra	735	740	-5
	Kandla/Mundra (Soy Degum)	705	711	-6
	Kolkata	750	748	2
	Delhi	777	780	-3
	Nagpur	765	764	1
	Rajkot	740	735	5
	Kota	755	765	-10
	Hyderabad	Unq	0	-
	Akola	768	766	2
	Amrawati	768	766	2
	Bundi	760	770	-10
	Jalna	769	760	9
	Solapur	765	760	5
	Dhule	767	756	11
Palm Oil*	Kandla (Crude Palm Oil)	578	574	3
	Kandla (RBD Palm oil)	614	609	5
	Kandla RBD Pamolein	656	651	5
	Kakinada (Crude Palm Oil)	567	557	11
	Kakinada RBD Pamolein	643	641	2
	Haldia Pamolein	654	651	3
	Chennai RBD Pamolein	656	646	11
	KPT (krishna patnam) Pamolein	646	641	5
	Mumbai RBD Pamolein	672	667	5
	Mangalore RBD Pamolein	662	656	5
	Tuticorin (RBD Palmolein)	662	656	5
	Delhi	693	685	8
	Rajkot	656	646	11
	Hyderabad	670	660	10
	PFAD (Kandla)	362	368	-5
	Refined Palm Stearin (Kandla)	567	557	11
	Superolien (Kandla)	688	688	Unch
	Superolien (Mumbai)	693	693	Unch
* inclusive of GST				
Refined Sunflower Oil	Chennai	830	835	-5

	Mumbai	825	840	-15
	Mumbai(Expeller Oil)	770	770	Unch
	Kandla (Ref.)	820	835	-15
	Hyderabad (Ref)	825	820	5
	Latur (Expeller Oil)	795	790	5
	Chellakere (Expeller Oil)	772	795	-23
	Erode (Expeller Oil)	855	855	Unch
Groundnut Oil	Rajkot	1030	990	40
	Chennai	1030	1040	-10
	Delhi	1100	1100	Unch
	Hyderabad *	1020	1020	Unch
	Mumbai	1030	1030	Unch
	Gondal	1040	1000	40
	Jamnagar	1025	980	45
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	798	795	3
	Jaipur (Kacchi Ghani Oil)	818	815	3
	Kota (Expeller Oil)	790	790	Unch
	Kota (Kacchi Ghani Oil)	805	800	5
	Neewai (Expeller Oil)	795	785	10
	Neewai (Kacchi Ghani Oil)	806	800	6
	Bharatpur (Kacchi Ghani Oil)	820	810	10
	Sri-Ganga Nagar(Exp Oil)	805	790	15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	815	805	10
	Mumbai (Expeller Oil)	800	790	10
	Kolkata(Expeller Oil)	910	930	-20
	New Delhi (Expeller Oil)	806	792	14
	Hapur (Expeller Oil)	885	865	20
	Hapur (Kacchi Ghani Oil)	920	900	20
	Agra (Kacchi Ghani Oil)	825	815	10
Refined Cottonseed Oil	Rajkot	810	782	28
	Hyderabad	Unq	0	-
	Mumbai	815	802	13
	New Delhi	755	750	5
Coconut Oil	Kangayan (Crude)	1330	1370	-40
	Cochin	1410	1410	Unch
Sesame Oil	New Delhi	1480	1480	Unch
	Mumbai	Unq	0	-

Kardi	Mumbai	880	880	**Unch**
Rice Bran Oil (40%)	New Delhi	602	608	**-6**
Rice Bran Oil (4%)	Punjab	620	620	**Unch**
Malaysia Palmolein USD/MT	FOB	540	538	**2**
	CNF India	565	555	**10**
Indonesia CPO USD/MT	FOB	515	505	**10**
	CNF India	535	530	**5**
RBD Palm oil (Malaysia Origin USD/MT)	FOB	535	533	**2**
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	535	530	**5**
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	660	645	**15**
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	435	430	**5**
Crude palm Kernel Oil India (USD/MT)	CNF India	Unq	590	**-**
Ukraine Origin CSFO USD/MT Kandla	CIF	745	738	**7**
Rapeseed Oil Rotterdam Euro/MT	FOB	812	840	**-28**
Argentina FOB ($/MT)		**17-Oct-19**	**10-Oct-19**	**Change**
Crude Soybean Oil Ship		660	659	**1**
Refined Soy Oil (Bulk) Ship		683	682	**1**
Sunflower Oil Ship		670	690	**-20**
Cottonseed Oil Ship		640	639	**1**
Refined Linseed Oil (Bulk) Ship		Unq	0	**-**
				**** indicates including GST***

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