

Veg. Oil Weekly Research Report

Contents

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

Executive Summary

Domestic Veg. Oil Market Summary

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

On the currency front, Indian rupee is hovering near 75.13 against 74.90 previous week. 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 825 levels for a target of 840 and 845 with a stop loss at 815 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 800-850 per 10 Kg. in the near term.

In MCX, market participants are advised to go long in CPO above 685 for a target of 700 and 705 with a stop loss at 675 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 670-720 per 10 Kg in the near term.

International Veg. Oil Market Summary

On the international front, lower stock of soy oil in US, uncondusive weather of soybean in US Midwest, demand at lower levels and rise in crude oil prices will support soy oil prices in coming days.

Fall in palm oil stocks in Malaysia, rise in exports of palm oil from Malaysia, rise in competing oils prices 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 firm sentiment in domestic markets in the week in review on rise in prices of soy oil in international markets.

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

Soy oil demand may rise due to arrival of festive season in India starting August.

Soy oil supply in India is constrained due to lower crush of soybean due to weak poultry

demand on coronavirus leading to higher stocks of soy meal with crushers led to lower supply of soy oil. However, demand of soybean in poultry is improving from the dip seen in April when demand fell to 45 percent of normal demand and is expected to rise 5 percent monthly if conditions remain favorable. This will stretch domestic soy oil balance sheet since the imports are not strong.

Demand for soy oil will rise due to opening of markets as India prepares to open in phases.

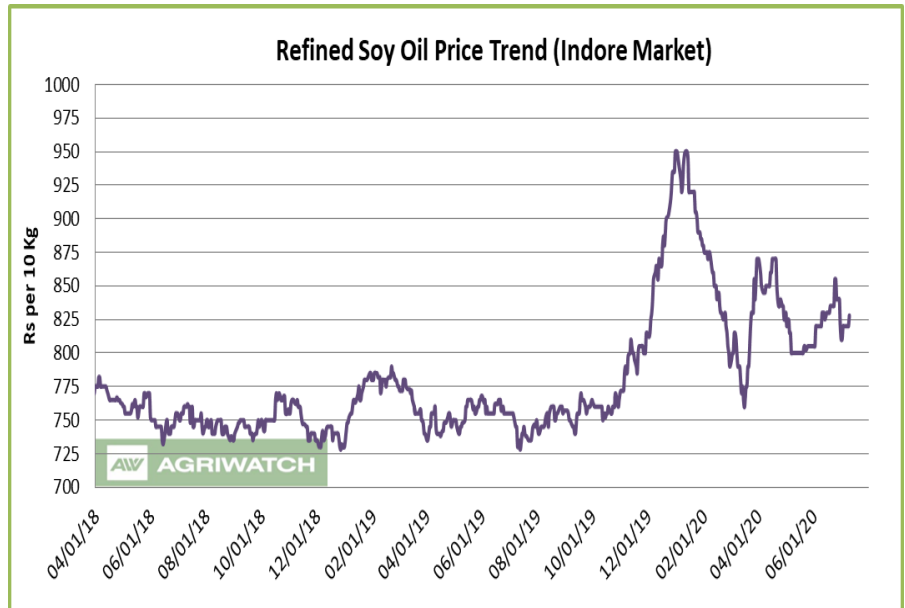
Rise in palm oil and rapeseed oil prices may support soy oil price.

Import parity fell during the week on rise in prices of soy oil in international markets and is quoted at parity of 0-5 per 10 kg compared to parity of Rs 10-15 per 10 kg last week. Import demand are likely to rise due to parity in imports and positive refining margins.

Imports of soy oil rose in June 2020 compared to June 2019 and May 2020. Stocks at ports increase if imports rises.

CDSO premium over CPO at high seas is high may cap gains while refined soy oil discount over rapeseed oil is high may increase demand. In USD terms, premium of CDSO CNF over CPO CNF is high and decrease demand of CDSO at CNF markets. Further, refined soy oil discount over refined sunflower and soy oil CNF discount over sunflower oil CNF is high may support soy oil prices. Moreover, refined soy oil premium over RBD palmolein is low may support soy oil prices in domestic markets.

- Soy oil import scenario – According to SEA, soy oil imports rose 48.43 percent y-o-y in June to 3.31 lakh tons from 2.23 lakh tons in June 2019. In the oil year 2019-20 (Nov 2019 -June 2020), imports of soy oil were 19.1 lakh tons compared to 16.92 lakh tons in corresponding period last oil year, higher by 12.88 percent compared to corresponding period last oil year.
- According to Ministry of Agriculture, sowing of soybean is reported at 101.46 lakh hectares as on 10.07. 2020 compared to 51.66 lakh hectares in corresponding period last year.



- Imported crude soy oil CNF at West coast port is offered at USD 756 (USD 734) per ton for July delivery, Aug delivery is quoted at USD 752 (USD 728) per ton and Sep delivery is quoted at USD 753 (USD 729) per ton. Values in brackets are figures of last week. Last month, CNF CDSO June average price was USD 723.57 (USD 661.11 per ton in May 2020) per ton. Soy refined (Indore) is quoted at Rs 828 (Rs 820 last week) per 10 kg.
- On the parity front, margins fell during the week due to rise in prices of soy oil in international markets. We expect margins to weaken in coming days. Currently, refiners fetch USD 0-5/ton v/s gain of USD 20-25/ton (last week) margin in processing the imported Soybean Oil (Argentina Origin).

International Front

Soy oil prices are expected to be supported by lower stocks of soy oil in US, uncondusive weather of soybean in US Midwest, demand at lower levels and rise in crude oil prices are expected to support soy oil prices.

However, second wave of coronavirus may cap gains.

Soybean weather in US Midwest unexpectedly worsened and forecast of dry weather raised concerns in important stage of development. Further, crop condition of soybean as reported by USDA slightly worsened last week with worsening crop condition across grains. This led to rally in soybean complex.

USDA report last week reported rise in soybean production of US and higher soy oil production. Both supply and use of soy oil were raised. Soybean complex changes include rise soybean exports of Brazil last year, higher imports of soybean by this year. Estimates of India were kept unchanged.

Second wave of coronavirus is spreading US leading China to plan to cancel licenses of meat exporters including big names like Tyson foods etc. has led to worries in global markets. China has already cancelled licenses of plants of JBS of Brazil. China has asked Brazil to guarantee that and agricultural product exports is free of coronavirus.

Fresh round of lockdowns could be seen in US and Brazil following second wave may cap gains of soybean.

Crude oil prices rose last week due to lower inventory of crude oil in US. However, OPEC+ is meet this week to scale back production cuts as prices have recovered from the lows seen in April.

- In the weekly USDA crop progress report released on 06 July 2020, The US Soybean is blooming 31% up from 8% same period last year and 24% from 5 year average. Soybeans setting pods at 2% up from 1% same period last year but down from 4% from 5 year average. About 57% of the crop is under good condition, 14% at excellent condition and 24% at fair condition.
- According to National Oilseed Processors Association (NOPA), U.S. May soybean crush fell by 1.26 percent m-o-m to 169.584 million bushels from 171.754 million bushels in April 2020, below market expectation. Crush of soybean in May was higher by 9.56 percent y-o-y compared to Apr 2019 figure of 154.795 million bushels. Soy oil stocks in U.S. at the end of May fell 10.94 percent m-o-m to 1.880 billion lbs compared to 2.111 billion lbs in end Apr 2020. Stocks of soy oil in end May was higher by 18.91 percent y-o-y compared to end May 2019, which was reported at 1.581 million lbs. Soy oil stocks was below trade expectation.
- According to United States Department of Agriculture (USDA) June estimate, U.S 2020/21 ending stocks of soy oil estimate has been increased to 2,00 million lbs compared to 1,865 million lbs in May estimate. Opening stocks are increased to 1,940 million lbs in 2020/21 from 1,880 million lbs in its earlier estimate. Production of soy oil in 2020/21 is increased to 24,860 million lbs from 24,685 million lbs in its earlier estimate. Imports in

2020/21 are kept unchanged at 400 million lbs compared to earlier estimate. Biodiesel use in 2020/21 is kept unchanged at 8,000 million lbs. Food, feed and other industrial use in 2020/21 is kept unchanged at 15,000 million lbs. Exports in 2020/21 are increased to 2,200 million lbs compared to 2,100 million lbs in its earlier estimate. Average price range estimate of 2020/21 is kept unchanged at 29.0 cents/lbs.

- The U.S. Department of Agriculture monthly supply and demand report for the month of June forecasts U.S. 2020/21 soybean stocks at 395 million bushels compared to 405 million bushels in its May estimate. Opening stocks in 2020/21 is raised to 585 million bushels compared to 580 million bushels in its earlier estimate. Soybean production in 2020/21 is kept unchanged at 4,125 million bushels. U.S. soybean exports estimate in 2020/21 are kept unchanged at 2,050 million bushels. Imports estimate in 2020/21 is unchanged 15 million bushels. Crush in 2020/21 is increased to 2,145 million bushels compared to 2,130 million bushels in its earlier estimate. Seed use in 2020/21 has been kept unchanged at 100 million bushels. Residual use in 2020/21 is kept unchanged at 35 million bushels. Average price range in 2020/21 is kept unchanged at 8.20 cents/bushel.
- USDA WASDE highlights:- The U.S. season-average soybean price for 2020/21 is forecast at \$8.50 per bushel, up \$0.30 partly reflecting higher price expectations following the June Acreage report. The soybean meal price is projected at \$300.00 per short ton, up \$10.00 from last month. The soybean oil price forecast is unchanged at 29.0 cents per pound.

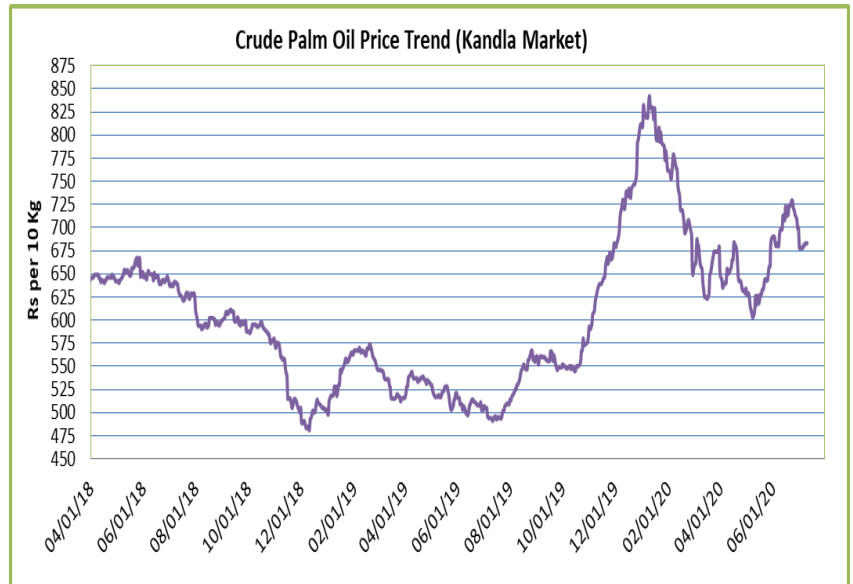
Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 800-850 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook :-

Domestic Front

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

Prices of RBD palmolein closed sideways due to weak demand. Demand of palmolein will stay moderated as it is mainly used in street food, joints and restaurant chains and its demand is weak. However, due to progressive opening of India demand may increase in coming days.



Progressive opening of countries locked globally will bring back lost demand of Malaysia and Indonesia's palm oil.

Prices of CPO rose less on high seas compared to CNF markets compared to last week indicating weak demand at high seas.

India is purchasing CPO from Malaysia after it reduced CPO export duty to zero to reduce their stocks and Malaysia's CPO began trading at discount over Indonesia's CPO.

Indonesia CPO had become uncompetitive compared to Malaysia CPO after it increased levy on CPO to fund its biodiesel program after 2020 and Malaysia removing export duty.

Data from cargo surveyors show rise in imports of palm oil by India in July from Malaysia.

Imports of palm oil by India fell in June compared to June 2019 while it rose compared to May 2020. Imports of CPO rose compared to June 2019 and May 2020. Rise in CPO imports came on high base y-o-y. However, imports of palm oil fell mainly due to fall in RBD palmolein imports that fell by more than 98 percent as India has restricted palmolein imports.

Imports of palm oil will rise in July m-o-m due to rise in demand, removal of lockdown progressively in India, festive season demand.

Import parity of CPO is negative while refining margins are positive which implying that refiners are running at good margins.

CPO imports returned to disparity during the week due rise in prices of CPO in international markets at Rs 0-5 per 10 kg this week compared to last week disparity at Rs 10-15 per 10 kg.

RBD palmolein prices remained unchanged at high seas while it rose at CNF markets indicating weak demand at high seas.

Port stocks of palm oil is expected to rise from July as imports are expected to continue even while demand is slow.

Demand of CPO was firm compared to RBD palmolein at high seas as premium of RBD palmolein over CPO was at Rs 82 (Rs 84) per 10 kg compared to last week.

CDSO CNF premium over CPO CNF and CDSO soy oil high seas over CPO high seas is high may increase CPO demand and imports. Premium of refined soy oil over RBD palmolein is low will decrease RBD palmolein demand. CPO discount over sunflower oil at CNF and domestic markets is high and may increase its demand and imports.

Prices of palm oil will fall going ahead on weak demand.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in June fell 18.05 percent y-o-y to 5.63 lakh tons from 6.87 lakh tons in June 2019. Imports in the oil year 2019-20 (November 2019-June 2020) are reported lower by 30.74 percent y-o-y at 42.15 lakh tons compared to 60.86 in last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports in rose 33.17 percent y-o-y in June to 5.60 lakh tons from 4.31 lakh tons in June 2019. Imports in oil year 2019-20 (November 2019-June 2019) were reported lower by 7.95 percent y-o-y at 38.35 lakh tons compared to 41.66 lakh tons in last oil year.

RBD palmolein import scenario- RBD palmolein imports fell 98.82 percent y-o-y in June to 0.03 lakh tons from 2.56 lakh tons in June 2019. Imports in oil year 2019-20 (November 2019-June 2020) were reported lower by 79.18 percent y-o-y at 3.80 lakh tons compared to 18.26 lakh tons in last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 620 (USD 625) per ton for July delivery and Aug delivery is quoted at USD 617.5 (USD 620) per ton. Last month, CNF CPO June average price was at 629.15 per ton (USD 558.57 per ton in May 2020). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 630 (USD 635) per ton for July delivery and Ag delivery is quoted at USD 627.5 (USD 630) per ton. Last month, CIF RBD palmolein June average price was USD 638.96 (USD 567.8 in May 2019) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 683 (Rs 681) per 10 Kg and July delivery duty paid is offered at Rs 675 (Rs 673) per 10 kg. Ready lift RBD palmolein is quoted at Rs 765 (Rs 765) per 10 kg as on July 10, 2020. 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 50-55/ton v/s gain of USD 65-70/ton (last week) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 40-45/ton v/s gain of USD 50-55/ton (last week) parity.

International Front

Palm oil prices are likely to rise due to fall in stocks of palm oil in Malaysia in June, rise in exports of palm oil from Malaysia in June, rise in competing oil prices and rise in crude oil prices.

Malaysia Palm Oil Board (MPOB) in its monthly palm oil industry data lowered the stocks of palm oil in Malaysia in June on higher exports of palm oil and lower rise of production of palm oil in June.

Further, exports to India was firm and is expected to remain firm in July due to festive season demand, opening of the country, lower stocks of palm oil at Indian ports and lower imports of palm oil in 2020.

Production of palm oil grew in Malaysia in June on seasonal uptrend of production. Production will rise in July on good weather conditions.

Soy oil prices rose last week supporting palm oil prices.

Crude oil prices may rise this week if OPEC+ countries agree to keep production cuts intact.

- According to Malaysia Palm Oil Board (MPOB), Malaysia's June palm oil stocks fell 6.33 percent to 19.01 lakh tons compared to 20.30 lakh tons in May 2020. Production of palm oil in June rose 14.19 percent to 18.86 lakh tons compared to 16.51 lakh tons in May 2020. Exports of palm oil in June rose 24.91 percent to 17.09 lakh tons compared to 13.69 lakh tons in May 2020. Imports of palm oil in June rose 31.64 percent to 0.49 lakh tons compared to 0.37 lakh tons in May 2020. End stocks of palm oil fell compared to trade expectation of rise in stocks. Fall in stocks was mainly due to higher exports.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's July 1-10 palm oil exports fell 29.1 percent to 448,516 tons compared to 545,360 tons in the corresponding period last month. Top buyers were China at 132,31 tons (166,980 tons), European Union 85,866 tons (184,480 tons) and India & subcontinent 83,775 tons (73,500 tons). Values in brackets are figures of corresponding period last month.
- According to Indonesia Palm Oil Association (GAPKI), exports of palm oil (CPO and PKO), biodiesel and oleochemical exports from Indonesia fell by 5.28 percent in May m-o-m to 2.43 MMT from 2.65 MMT in Apr 2020. Exports from Indonesia fell by 12.90 percent in May m-o-m from 2.79 MMT recorded in May 2019. Stocks of palm oil at the end of May was 3.53 MMT compared to Apr 2020 figure of 3.4 MMT, up 3.82 percent m-o-m. Stocks in May was unchanged from May 2019 which was reported at 3.53 MMT. Production of palm oil in May was recorded at 3.97 MMT.
- Policy review: Malaysian PM presented economic stimulus plan in Malaysian parliament, crude palm oil exports will be not be taxed in 2020. This will give boost to exports of palm oil struggling under rise in palm oil stocks. It is estimated that total of 1.0 MMT of extra shipments will be done by Malaysia in second half of 2020.

According to Indonesia trade ministry, Indonesia will not charge export duty on crude palm oil for July. Reference prices of July was set at USD 622.47 per ton compared to USD 568.94 per ton last month, below threshold price of USD 750 per ton. Export duty on CPO was brought down to zero ton in April due to fall in threshold price of USD 750 per ton. Indonesia charges export levy of USD 55 per ton on CPO prices above USD 570 per ton.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 670-720 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 fell in various mandis in India during the week.

Plants are running at full capacity and supplies of rapeseed are coming to plant in adequate quantity.

In retail markets stocks of rapeseed oil is weak and consumers are consuming more rapeseed oil as it is mainly used in home food and

most of the country has not opened. Moreover, demand of rapeseed oil rose as it is considered as an immunity booster which supported prices.

There is parity in crush of rapeseed.

NAFED is procuring rapeseed since 15 April for the MY 2020-21 to support market. Total progressive purchase has been 8.03 lakh tons and majority of the procurement is in Haryana and Rajasthan with progressive purchase of 3.09 lakh tons and 3.46 lakh tons respectively.

Total stocks after sale of mustard seed in MY 2019-20 is 3.30 lakh tons. Therefore, total stocks of rapeseed with NAFED stands at 11.33 lakh tons.

NAFED has fallen short of procurement target in Rajasthan.

Arrivals of rapeseed fell at various key markets during the week. Better crush margins have encouraged mills to crush more in last two months. Arrivals will slow going ahead.

COOIT estimated 77 lakh tons of rapeseed crop in MY 2020-21 compared to crop of 75 lakh tons last year. In the second advanced estimate rapeseed crop has been estimated at 87.03 lakh tons compared to 92.56 lakh tons last year.

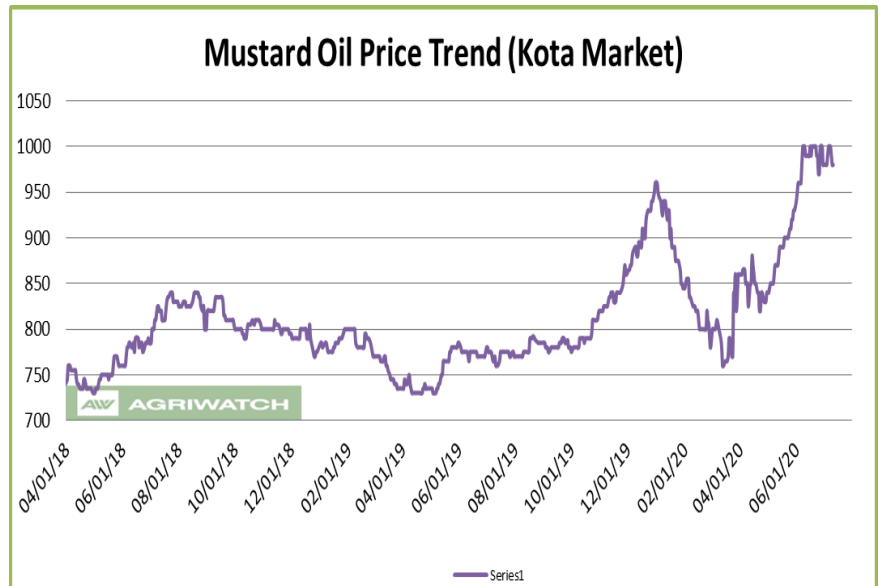
Rapeseed crop in MY 2020-21 was lower than last year at 72 lakh tons due to lower area and lower yield. Yield was lower due to lack of sunny days in growth phase. Seed size and seed numbers were lower leading to lower yields in many states. In addition, yield fell due to rains and hail before harvest.

Lower crop of rapeseed in MY 2020-21 will support rapeseed and rapeseed oil prices.

High premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 212 (Rs 215) per 10 Kg will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 265 (Rs 270) per 10 kg which is high will cap gains in rapeseed oil prices.

There was no import of canola oil in June. Imports of canola oil is 0.17 lakh tons in oil year 2019-20 (Nov-19-Oct-20) v/s 0.44 lakh tons last oil year indicating weak demand. There has been no imports of canola oil for last three months. Lower imports of canola oil will stretch rapeseed oil balance sheet on oil year 2019-20 (Nov-Oct).



Markets are expected to trade sideways to higher in coming days on firm demand.

- Rapeseed oil import scenario- India imported 0.0 lakh tons rapeseed (Canola) oil in June 2020 v/s 0.0 lakh tons imports in June 2019. In the oil year 2019-20 (Nov 2019-June 2020) imports were 0.17 lakh tons compared to 0.44 lakh tons in last oil year, down 61.36 percent y-o-y.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,032 (Rs 1,032) per 10 Kg, and at Kota market, it is offered at Rs 980 (Rs 980) per 10 kg as on July 10, 2020. 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 950-1020 per 10 Kg.

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

- Sunflower oil price fell during the week in Chennai on weak demand. Sunflower oil price remained unchanged at high seas while it fell at CNF markets indicating firm demand at high seas.

Demand of sunflower oil may fall due to the high premium of sunflower oil over soy oil and palm oil.

Demand of sunflower oil is expected to remain firm as replacement oil due to less use of palm oil in HoReCa segment leading to higher use of

sunflower oil at Indian homes. There may be demand gains in sunflower oil up to 20 percent in some states in oil year 2019-20. This will lead to higher imports of sunflower oil in coming months. Imports will rise by 20 percent from last year and will end the oil year above 2.7 MMT.

There is supply disruption from Ukraine due to quota system on exports of sunflower oil. Since India procures 95 percent of its imports from here, the move has supported domestic sunflower oil prices.

Import parity is negative and refining margins are negative due to higher prices of sunflower oil in international markets may lead to lower imports of sunflower oil in coming months. Rising premium of sunflower oil over soy oil and palm oil at CNF markets will slow imports.

In domestic market, sunflower oil prices premium over soy oil is at Rs 92 (Rs 105 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 79 (USD 116 last week) per ton which indicates that sunflower oil prices is converging at domestic markets and CNF markets.

High sunflower oil premium over RBD palmolein at CNF India is at USD 205 (USD 220 last week) which will decrease imports.

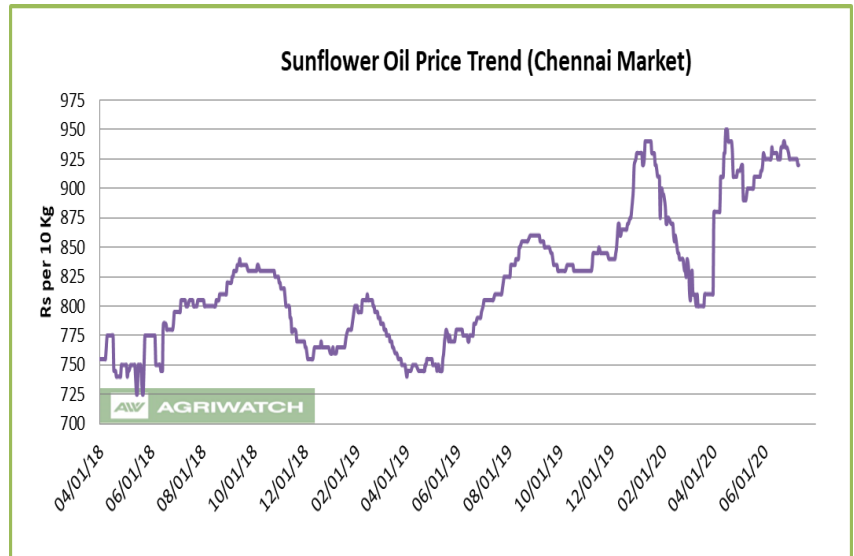
In domestic market refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 155 (Rs 160) per 10 kg which is high will underpin sunflower oil in domestic market.

In domestic market, high groundnut oil premium over sunflower oil at Chennai market is at Rs 380 (Rs 395 last week) per 10 kg will support sunflower oil prices.

In Ukraine, the Sunflower crop in 2020-21 is expected to be lower than last year. This will keep sunflower CNF prices supported in coming months.

Prices of sunflower oil are expected to fall on weak demand and fall in prices of sunflower oil in international markets.

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 66.46 percent y-o-y in June to 2.68 lakh tons from 1.62 lakh tons in June 2019. Imports in oil year 2019-20



(November 2019-June 2020) were reported higher by 16.77 percent y-o-y at 19.09 lakh tons compared to 16.34 lakh tons in last oil year.

- According to Ministry of Agriculture, sowing of sunflower is reported at 0.58 lakh hectares as on 10.07. 2020 compared to 0.31 lakh hectares in corresponding period last year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 835 (USD 840) per ton for July delivery and August delivery is quoted at USD 835 per ton. CNF sun oil (Ukraine origin) June monthly average was at USD 839.92 per ton compared to USD 789.73 per ton in May. Values in brackets are figures of last week.
- Prices are likely to stay in the range of USD 800-850 per ton in the near term. CNF Sunflower oil premium over CDSO is hovering remain at USD 79 (USD 116 last week) per ton for May delivery. CNF sunflower oil premium over RBD palmolein is hovering around USD 205 (USD 220) per ton.
- Currently, refined sunflower oil at Chennai market is Rs 920 (Rs 925) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 915 (Rs 900) per 10 kg as on July 10, 2020. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to weak tone in the coming days.

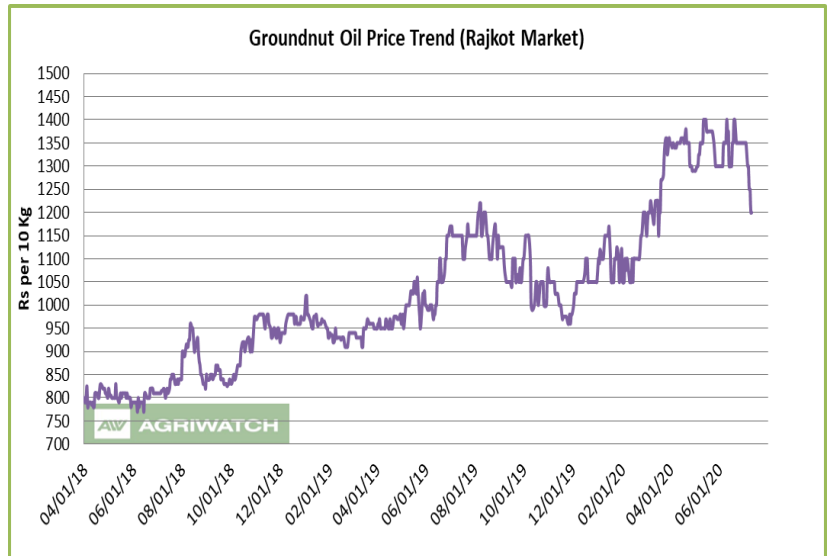
Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 900-950 per 10 Kg.

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

- Groundnut oil market traded lower on account weak demand.

Groundnut oil demand is weak as NAFED is quoting higher prices as auctions, which makes it difficult for processors to supply to market at a rate where there is demand.

Groundnut oil supply is constrained as stock of groundnut in the market is over due to higher crushing, exports, NAFED procurement, direct consumption and seed demand. Stock is only left with NAFED.



Supply of groundnut oil is constrained due to lower crush of groundnut as demand of groundnut meal is low.

Groundnut oil demand fell due to high premium over soy oil, sunflower oil and palm oil prices, which led to higher demand of these other oils. Groundnut oil demand is expected to fall due to higher imports of palm and sunflower oil leading to lower demand of groundnut oil as it was being used as substitute of these oils.

Limited numbers of crushers are working in market due to weak supply of groundnut and less demand of groundnut meal. There is disparity in crush at present prices of groundnut.

Groundnut sowing is progressing at a much higher pace compared to last year indicating that higher crop will be planted during this Kharif season. This will underpin groundnut oil prices in coming days.

Retail demand may weaken due to higher prices.

NAFED has procured 7.21 lakh tons of K-19 groundnut. NAFED stocks of K-18 groundnut is 1.38 lakh tons at the end of sale of groundnut. So, total stocks of groundnut after procurement is 8.59 lakh tons.

Exports of groundnut has resumed but exports are weak due to higher prices of groundnut leading to diversion of groundnut towards crushing.

In South India, prices fell on weak demand. As demand season is over in South India when pickles, chatni and other value added products demand is firm, prices may fall in South India during going ahead.

Groundnut oil prices are expected to fall on weak demand.

- According to Ministry of Agriculture, sowing of groundnut is reported at 32.80 lakh hectares as on 10.07. 2020 compared to 20.25 lakh hectares in corresponding period last year.
- On the price front, currently the groundnut oil prices in Rajkot is 12,000 (Rs 13,500) per quintal and it was 13,000 (Rs 13,200) per quintal in Chennai market on July 10, 2020. 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 Mumbai market is likely to trade in the price band of Rs 1100-1250 per 10 Kg

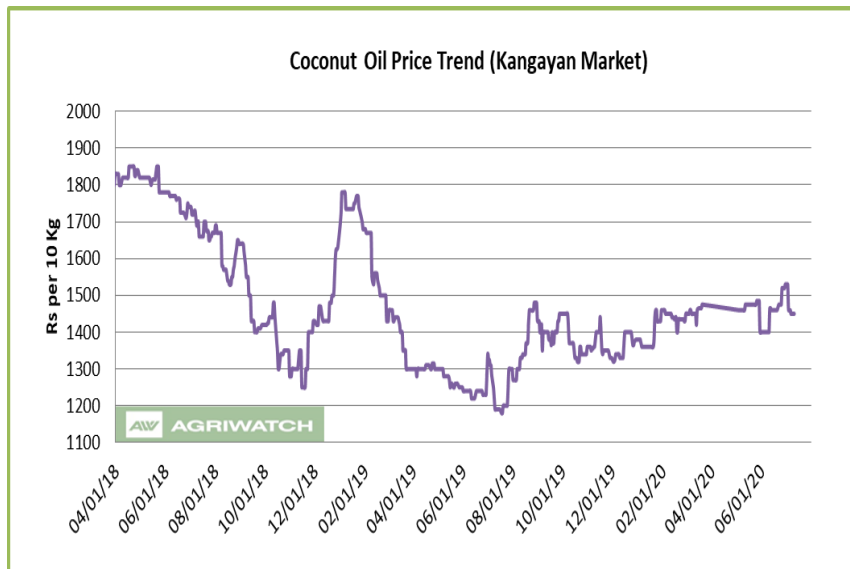
Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil benchmark market of Kangayam traded lower due to weak demand.

Demand weakened due to rise in prices. Weak upcountry demand has led to slow demand.

However, fresh demand due to festive season and Onam demand will support rise in prices.

Festive and Onam demand has partially offset fall in upcountry demand and fall in North India demand.



Prices are expected to remain firm in next few weeks on fresh demand.

Demand rose due to coconut oil distributed by civil supplies of various governments coupled with state agencies selling coconut oil at subsidized rates.

Prices may rise on rise in palm oil prices.

Retail demand may decrease due to rise in prices of coconut oil.

Demand of copra is improving due to opening of India in various phases. Copra prices will be supported by Tamil Nadu government procurement of copra at MSP.

Millers are operating at lower capacity due to weak demand in food and industrial segment. Mills are facing weak demand in branded segment, as demand is more in unbranded segment, has led to weak demand of copra from corporates, as they are major source of demand of coconut oil. Demand of coconut is low as there is demand destruction in costly oils like coconut oil, on weak sentiment and weak purchasing power in the country due to coronavirus. However, due to opening of the country demand may revive in coming days.

Traders are selling copra to international markets like Bangladesh as demand at home is less and stocks is high. Further, many consignments of coconut oil has been shipped to Middle East and Taiwan.

Corporate demand, which is one of the major contributors, is improving.

Traders and upcountry buyers demand is weak as they are not certain about prices.

Price trend is biased towards upside.

Prices of coconut oil may rise due to renewed demand. Household consumption will fall due to rise in prices during lockdown.

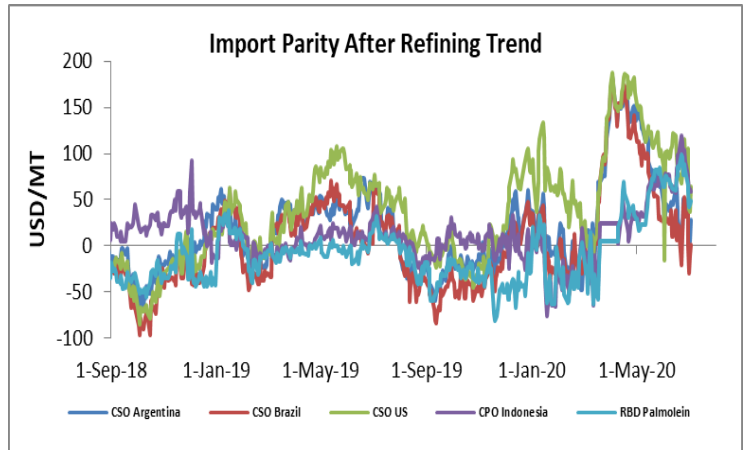
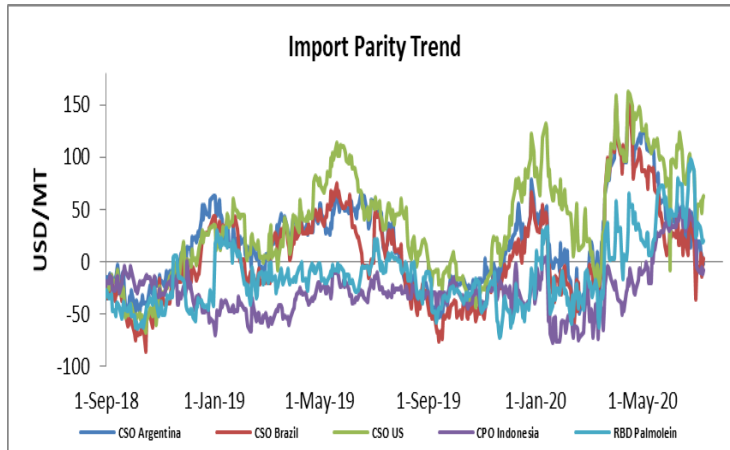
Coconut oil prices are expected to be firm in days ahead.

- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 14,600 (Rs 14,500) per quintal, and was quoted at 14,500 (Rs 14,750) per quintal in Erode market on July 10, 2020.

Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1500-1600 per 10 Kg.

Import Parity Trend

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



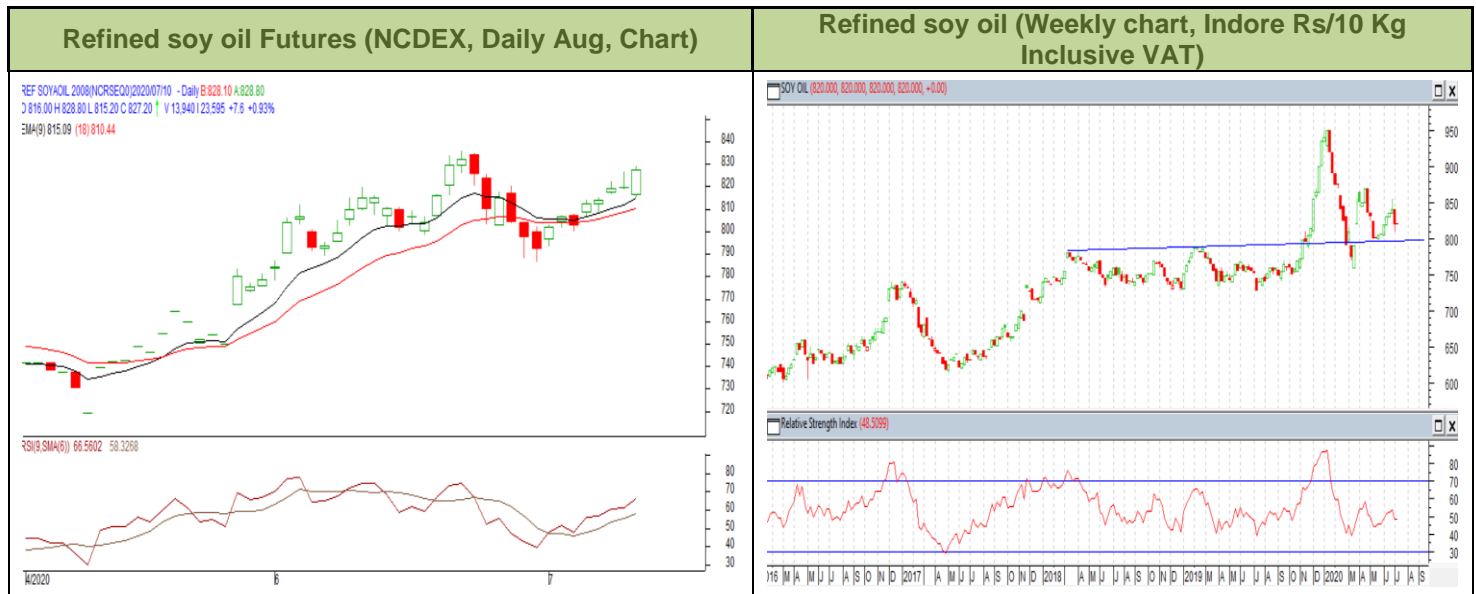
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
May 20-Jun 26, 2020	31.99	23.72	93.46	103.88	88.43
May 27-Jul 3, 2020	21.82	-1.07	62.94	65.29	51.96
May 4-Jul 11, 2020	1.08	-7.36	53.48	52.25	40.37

Outlook:-

Refining margins parity fell for crude soy oil from Argentina due to rise in prices of soy oil in international markets. We expect soy oil refining margins parity to weaken in medium term due to expectation of higher prices of soy oil in international markets.

Refining margins of CPO and RBD palmolein fell on rise in prices of palm oil in international market. We expected CPO parity to weaken in medium term due to rise in in prices of palm products in international markets.

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 above 820 in weekly might take the prices below 830 levels.
- Expected price band for next week is 790-840 level in near to medium term. RSI and MACD is suggesting uptrend in the market.

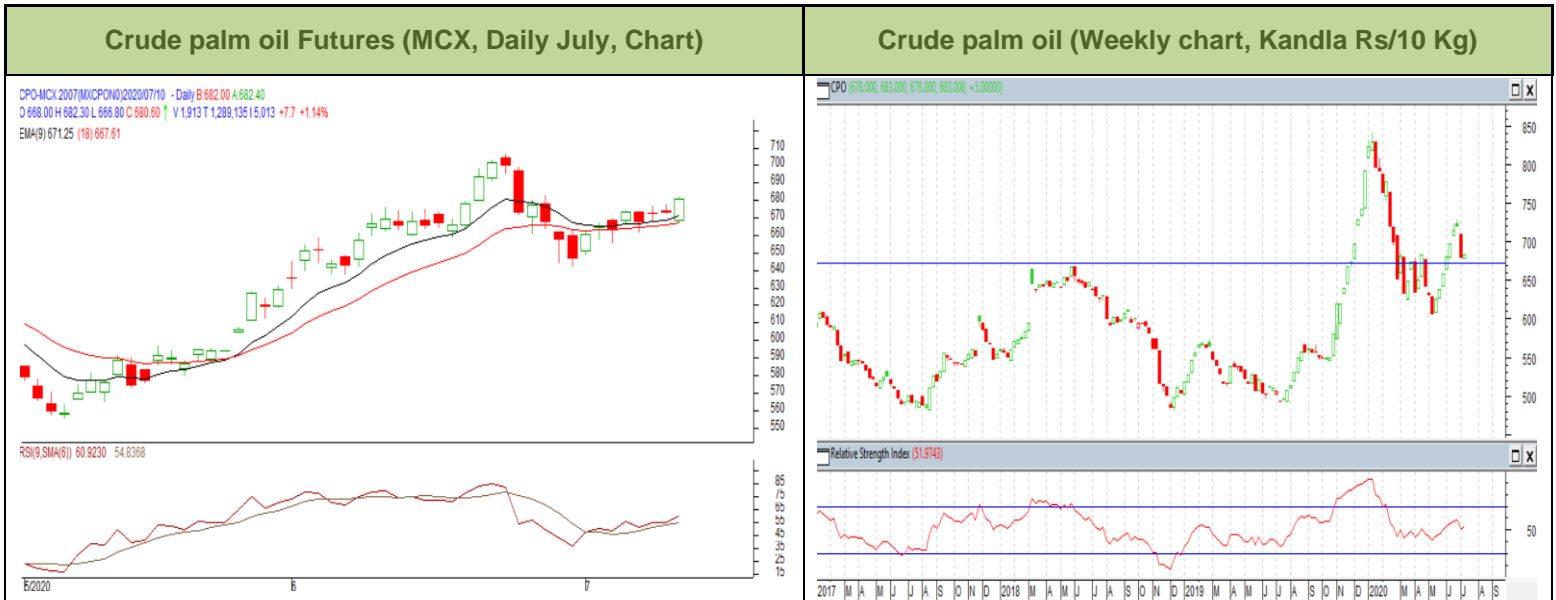
Strategy: Market participants are advised to go long above 825 levels for a target of 840 and 845 with a stop loss at 815 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
806.00	819.00	827.1	836.00	850.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 800-850 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 firm trend in the prices. We expect prices to trade with a sideways to firm note in the near term.
- Any close below 690 in weekly chart may bring the prices to 700 levels.
- Expected price band for next week is 670-720 level. RSI and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 685 for a target of 700 and 705 with a stop loss at 675 on closing basis.

CPO MCX (July)

Support and Resistance				
S2	S1	PCP	R1	R2
661.00	676.00	687.00	696.00	706.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 670-720 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		10-Jul-20	03-Jul-20	
Refined Soybean Oil	Indore	820	820	Unch
	Indore (Soy Solvent Crude)	785	785	Unch
	Mumbai	820	820	Unch
	Mumbai (Soy Degum)	785	775	10
	Kandla/Mundra	815	805	10
	Kandla/Mundra (Soy Degum)	785	770	15
	Kolkata	820	800	20
	Delhi	860	845	15
	Nagpur	905	900	5
	Rajkot	810	795	15
	Kota	830	830	Unch
	Hyderabad	NA	0	-
	Akola	835	830	5
	Amrawati	838	830	8
	Bundi	835	835	Unch
	Jalna	915	910	5
	Solapur	895	890	5
	Dhule	915	910	5
Palm Oil*	Kandla (Crude Palm Oil)	717	712	5
	Kandla (RBD Palm oil)	772	798	-26
	Kandla RBD Pamolein	798	803	-5
	Kakinada (Crude Palm Oil)	693	688	5
	Kakinada RBD Pamolein	777	777	Unch
	Haldia Pamolein	798	798	Unch
	Chennai RBD Pamolein	798	798	Unch
	KPT (krishna patnam) Pamolein	782	782	Unch
	Mumbai RBD Pamolein	822	822	Unch
	Mangalore RBD Pamolein	819	819	Unch
	Tuticorin (RBD Palmolein)	801	800	1
	Delhi	845	840	5
	Rajkot	798	788	11
	Hyderabad	765	765	Unch
	PFAD (Kandla)	473	509	-37
	Refined Palm Stearin (Kandla)	693	688	5
	Superolien (Kandla)	830	830	Unch
	Superolien (Mumbai)	840	840	Unch
* inclusive of GST				
Refined Sunflower Oil	Chennai	920	925	-5

	Mumbai	940	940	Unch
	Mumbai(Expeller Oil)	895	895	Unch
	Kandla (Ref.)	915	900	15
	Hyderabad (Ref)	925	925	Unch
	Latur (Expeller Oil)	875	875	Unch
	Chellakere (Expeller Oil)	885	885	Unch
	Erode (Expeller Oil)	950	960	-10
Groundnut Oil	Rajkot	1200	1350	-150
	Chennai	1300	1320	-20
	Delhi	1360	1400	-40
	Hyderabad *	1250	1300	-50
	Mumbai	1340	1370	-30
	Gondal	1300	1350	-50
	Jamnagar	1300	1350	-50
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1032	1032	Unch
	Jaipur (Kacchi Ghani Oil)	1060	1060	Unch
	Kota (Expeller Oil)	980	980	Unch
	Kota (Kacchi Ghani Oil)	1040	1030	10
	Neewai (Expeller Oil)	1025	1020	5
	Neewai (Kacchi Ghani Oil)	1035	1030	5
	Bharatpur (Kacchi Ghani Oil)	1030	1030	Unch
	Sri-Ganga Nagar(Exp Oil)	990	995	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1030	1035	-5
	Mumbai (Expeller Oil)	1000	970	30
	Kolkata(Expeller Oil)	1120	1050	70
	New Delhi (Expeller Oil)	985	970	15
	Hapur (Expeller Oil)	968	960	8
	Hapur (Kacchi Ghani Oil)	998	990	8
	Agra (Kacchi Ghani Oil)	1035	1035	Unch
Refined Cottonseed Oil	Rajkot	830	825	5
	Hyderabad	795	800	-5
	Mumbai	840	835	5
	New Delhi	795	770	25
Coconut Oil	Kangayan (Crude)	1450	1475	-25
	Cochin	1520	1530	-10
Sesame Oil	New Delhi	1450	1450	Unch
	Mumbai	-	0	-

Kardi	Mumbai	-	0	-
Rice Bran Oil (40%)	New Delhi	725	730	-5
Rice Bran Oil (4%)	Punjab	770	760	10
Malaysia Palmolein USD/MT	FOB	610	605	5
	CNF India	630	625	5
Indonesia CPO USD/MT	FOB	593	590	3
	CNF India	620	615	5
RBD Palm oil (Malaysia Origin USD/MT)	FOB	605	603	2
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	578	580	-2
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	695	700	-5
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	510	510	Unch
Crude palm Kernel Oil India (USD/MT)	CNF India	723	730	-7
Ukraine Origin CSFO USD/MT Kandla	CIF	835	840	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	777	765	12
Argentina FOB (\$/MT)		10-Jul-20	3-Jul-20	Change
Crude Soybean Oil Ship		-	655	-
Refined Soy Oil (Bulk) Ship		-	678	-
Sunflower Oil Ship		-	760	-
Cottonseed Oil Ship		-	635	-
Refined Linseed Oil (Bulk) Ship		-	0	-
* indicates including GST				

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