

Veg. Oil Weekly Research Report

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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 and rapeseed oil prices closed higher while coconut oil closed sideways. Palm oil, sunflower oil and groundnut oil prices closed in red.

On the currency front, Indian rupee is hovering near 75.07 against 74.84 previous week. Rupee is expected to depreciate while crude oil prices is expected to rise.

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 880 levels for a target of 895 and 900 with a stop loss at 870 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 820-880 per 10 Kg. in the near term.

In MCX, market participants are advised to go long in CPO above 745 for a target of 760 and 765 with a stop loss at 735 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 720-770 per 10 Kg in the near term.

International Veg. Oil Market Summary

On the international front, lower stock of soy oil in US, higher use of soy oil in biodiesel in US, rise in soybean demand from China, rise in competing oils and rise in crude oil prices will support soy oil prices in coming days.

Expect fall in palm oil stocks along with fall in production of palm oil in Malaysia, rise in exports from Malaysia, rise in competing oils prices and rise in crude oil prices are all likely to support CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-

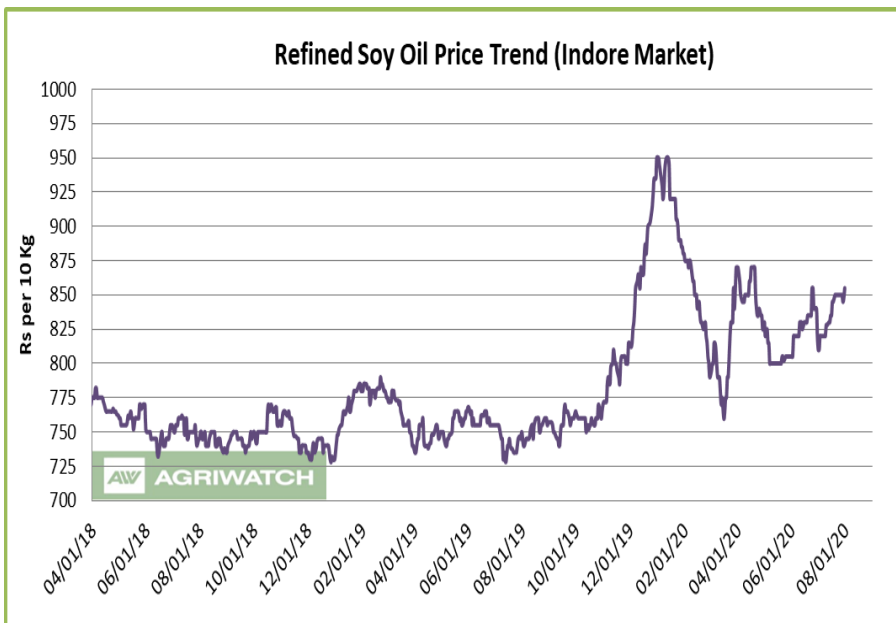
Domestic Front

- 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 following weak



poultry demand. However, demand of soybean in poultry is improving and is expected to cover the 45% loss in demand in April, soon if conditions remain favorable. Demand for soy oil will rise due to opening of markets as India prepares to open in phases. Imports of soy oil rose in June 2020 compared to June 2019 and May 2020.

Rise in palm oil prices may support soy oil price.

Import disparity rose during the week with rise in prices of soy oil in international markets and the disparity stands at 25-30 per 10 kg compared to parity of Rs 5-10 per 10 kg last week. Import demand is likely to fall due to disparity in imports and negative refining margins.

CDSO premium over CPO at high seas is high and may cap gains while refined soy oil discount over rapeseed oil is high so 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.

- India, July 17 -- The Solvent Extractors' Association of India (SEA) has said India's edible oil exports rose 54 percent to 80,765 tons in the financial year 2019-20, as against 52,490 tons during the previous year 2018-19, on a sharp increase in shipment of groundnut oil especially to China. In value terms, the edible oil shipments increased 52.36 percent to Rs 955.51 crore, against Rs 627.11 crore in 2018-19. The country exports edible oils in small quantities to meet expatriate demand. Otherwise, edible oil is India's third-biggest import item after crude oil and gold. Soybean oil exports rose to 9,822 tons from 4,245 tons, while that of coconut oil exports to 7,870 tons from 6,814 tons and sesame oil to 5,618 tons from 4,984 tons in the said period. Soybean oil was mainly exported to Bhutan (5,708 tons), USA (1,140 tons) and Canada (2,193 tons).
- 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 116.62 lakh hectares as on 31.07. 2020 compared to 107.64 lakh hectares in corresponding period last year. Sowing was reported higher in MP, Maharashtra, Karnataka and Gujarat while it was reported lower in Rajasthan and Telangana.
- Imported crude soy oil CNF at West coast port is offered at USD 820 (USD 788) per ton for Aug delivery, Sep delivery is quoted at USD 814 (USD 784) per ton and Oct delivery is quoted at USD 792 per ton. Values in brackets are figures of last week. Last month, CNF CDSO July average price was USD 765.85 (USD 723.57 per ton in June 2020) per ton. Soy refined (Indore) is quoted at Rs 865 (Rs 850 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 further in coming days. Currently, refiners lose USD 30-35/ton v/s loss of USD 10-55/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, higher use of soy oil in biodiesel, rise in competing oils, firm demand of soybean by China and rise in crude oil prices are expected to support soy oil prices.

However, better than expected crop condition of soybean in US will cap gains.

Soybean weather in US Midwest is forecast to remain conducive during the important stage of development. Further, crop condition of soybean as reported by USDA is expected to show improvement. This will cap prices of soy oil.

China reported surge in imports of soybean in June on delayed arrival of soybean from Brazil. Imports from US too rose in June. Further, soybean exports have been firm in July despite US-China tensions. Higher imports of soybean by China is aimed at increasing buffer stock of soybean for expected increase in piggyery.

China reported higher imports of meat in June as domestic production of meats including pork beef, mutton and poultry fell 11 percent y-o-y. Its pork output has slid for seven straight quarters due to swine flu in 2019 cut the swine count by 50-60 percent. However, China providing incentives to increase production of meat, will increase imports of soybean in 2020/21.

Energy Information Agency (EIA) reported surge in production of soy oil based biodiesel in US supporting soy oil prices.

Crude oil prices is expected to rise on OPEC+ cuts. Also, consumption is rising globally rebalancing global crude oil market.

- In the weekly USDA crop progress report released on 27 July 2020; The US Soybean is blooming 76% up from 52% same period last year and 72% from 5 year average. Soybeans setting pods at 43% up from 36% same period last year and 36% from 5 year average. About 72% of the crop is under good and excellent condition, compared to 54% in corresponding period last year..
- According to China's General Administration of Customs (CNGOIC), China's June edible vegetable oils imports rose 53.31 percent m-o-m to 10.18 LT compared to 6.64 LT in May 2020. Imports rose 26.46 percent y-o-y in June from 8.05 LT in June 2019. Year to date imports of edible vegetable oil rose 1 percent to 40.34 lakh tons.

China's June soybean imports rose 19.01 percent m-o-m to 11.16 MMT from 9.38 MMT in May 2020. Imports rose 71.43 percent y-o-y from June 2019 imports at 6.51 MMT. Year to date soybean imports rose 17.9 percent to 45.04 MMT.

- According to National Oilseed Processors Association (NOPA), U.S. June soybean crush fell by 1.37 percent m-o-m to 167.263 million bushels from 169.584 million bushels in May 2020, above market expectation. Crush of soybean in June was higher by 13.08 percent y-o-y compared to June 2019 figure of 148.843 million bushels. Soy oil stocks in U.S. at the end of June fell 5.43 percent m-o-m to 1.778 billion lbs compared to 1.880 billion lbs in end May 2020. Stocks of soy oil in end June was higher by 15.83 percent y-o-y compared to end June 2019, which was reported at 1.535 million lbs. Soy oil stocks was below trade expectation.
- According to United States Department of Agriculture (USDA) July estimate, U.S 2020/21 ending stocks of soy oil estimate has been increased to 2,055 million lbs compared to 2,000 million lbs in June estimate. Opening stocks are increased to 2,020 million lbs in 2020/21 from 1,940 million lbs in its earlier estimate. Production of soy oil in 2020/21 is increased to 25,035 million lbs from 24,860 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 2,400 million lbs compared to 2,200 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 July forecasts U.S. 2020/21 soybean stocks at 425 million bushels compared to 395 million bushels in its June estimate. Opening stocks in 2020/21 is raised to 620 million bushels compared to 585 million bushels in its earlier estimate. Soybean production in increased in 2020/21 at 4,135 million bushels compared to 4,125 million bushels in its earlier estimate. 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 2,160 million bushels compared to 2,145 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 raised to 8.50 cents/bushel compared to 8.20 cents/bushel in its earlier estimate.
- 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 820-880 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook :-**Domestic Front**

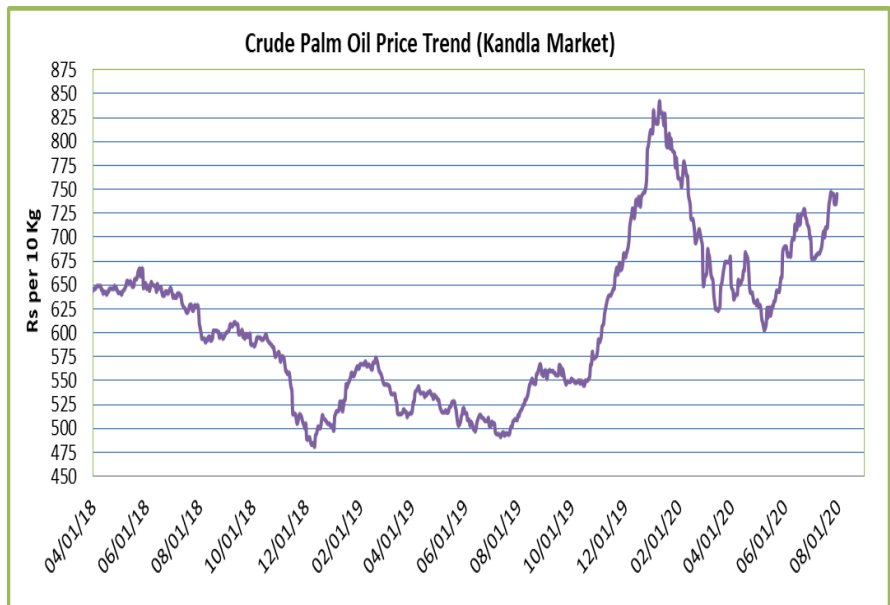
- Crude palm oil (CPO) featured weak trend at its benchmark market at Kandla on weak demand.

Prices of RBD palmolein closed lower due to weak demand.

Palm oil international prices had strong run last week in international markets on expectation of more fall in stocks of palm oil in Malaysia in July after fall in June, mostly on lower production of palm oil.

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. Imports of palm oil by India fell in June mainly due to fall in RBD palmolein imports as India has restricted palmolein imports. Imports of palm oil should rise in July m-o-m due to rise in demand, removal of lockdown progressively in India and festive season demand.



Prices of CPO fell on high seas while it rose at CNF markets compared to last week indicating weak demand at high seas. India increased imports of CPO from Malaysia after it reduced CPO export duty to zero to reduce their stocks While Indonesia CPO had become uncompetitive compared to Malaysia CPO after it increased levy on CPO to fund its biodiesel program after 2020.

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

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

CPO imports disparity rose 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 0-5 per 10 kg.

RBD palmolein prices fell 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 37 (Rs 70) 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 and 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 rise going ahead on rise in prices of palm oil in international markets.

- 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 700 (USD 710) per ton for Aug delivery and Sep delivery is quoted at USD 695 (USD 710) per ton. Last month, CNF CPO July average price was at 658.11 per ton (USD 629.15 per ton in June 2020). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 710 (USD 720) per ton for Aug delivery and Sep delivery is quoted at USD 705 (USD 720) per ton. Last month, CIF RBD palmolein July average price was USD 668.03 (USD 638.96 in June 2019) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 745 (Rs 745) per 10 Kg and Aug delivery duty paid is offered at Rs 730 (Rs 730) per 10 kg. Ready lift RBD palmolein is quoted at Rs 810 (Rs 815) per 10 kg as on July 31, 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 30-35/ton v/s gain of USD 30-35/ton (last week) margin in processing the imported CPO and imports of ready to use palmolein fetch USD 15-20/ton v/s gain of USD 15-20/ton (last week) parity.

International Front

Palm oil prices are likely to rise due to fall in stocks of palm oil in Malaysia in July, fall in production of palm oil in Malaysia in July, rise in exports of palm oil from Malaysia in July, rise in competing oil prices and rise in crude oil prices. Market sentiment was bootied by optimism of Indonesia biodiesel plans coming on track.

Further, exports to India is expected to firm 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.

Soy oil prices rose last week supporting palm oil prices.

Crude oil prices may rise this week on OPEC+ production cuts rebalancing global crude oil market will support palm oil prices.

- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's July 1-25 palm oil exports rose 4.6 percent to 1,454,925 tons compared to 1,390,860 tons in the corresponding period last month. Top buyers were India & subcontinent 388,790 tons (281,425 tons), European Union 330,980 tons (385,915 tons) and China at 285,075 tons (337,200 tons). Values in brackets are figures of corresponding period last month.

- 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 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 720-770 per 10 Kg in the near term.

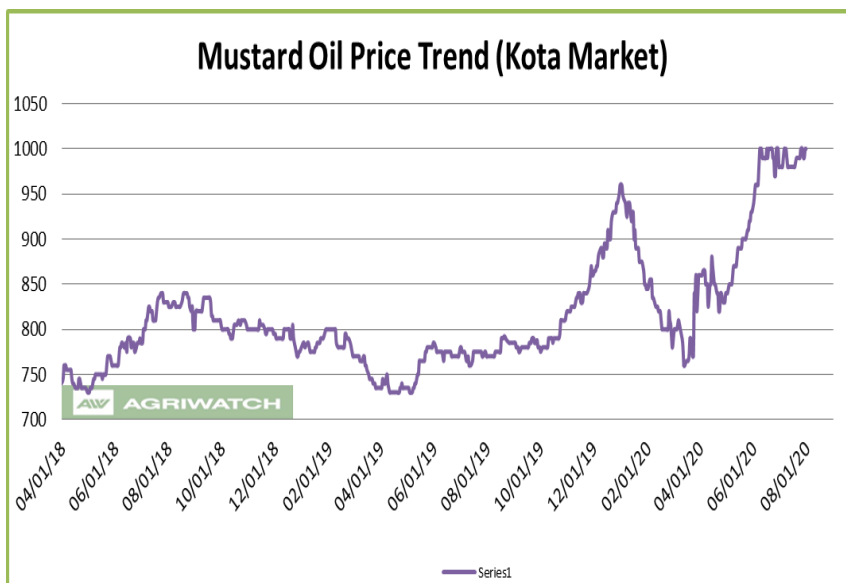
Rapeseed oil Fundamental Review and Analysis-

Domestic Front

- Mustard oil prices showed firm trend in benchmark market on firm demand. Arrivals of rapeseed rose 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.

Demand of rapeseed oil may fall due to rise in its prices. Rapeseed oil has surged in last three months may lead to oil substitution to cheaper oils like palm, soy and sun oils.



Balance sheet of rapeseed oil will be stretched this year due to higher consumption of rapeseed oil in the past quarter. In retail markets, stocks of rapeseed oil are low as consumers consumed more rapeseed oil due to increased home consumption under lockdown and for perceived health benefits.

There is parity in crush of rapeseed.

Cumulative purchase of K-19 rapeseed by NAFED has been 8.03 lakh tons and majority of the procurement is in Haryana and Rajasthan 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 stood at 11.33 lakh tons after the procurement.

Sale of mustard has started in Haryana and Rajasthan. Haryana has sold 0.65 lakh tons of rapeseed starting June 11. Rajasthan is disposing K-18 stocks and around 0.50 lakh tons of old crop is left with NAFED. It will start K-19 sale after disposing K-18 stocks.

Arrivals of rapeseed fell at various key markets during the week. Better crush margins had encouraged mills to crush more in last three 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. 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 205 (Rs 195) per 10 Kg will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 260 (Rs 230) per 10 kg which is high will cap gains in rapeseed oil prices.

There was no import of canola oil in the last 3 months. 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. Lower imports of canola oil will stretch rapeseed oil balance sheet in oil year 2019-20 (Nov-Oct).

Markets are expected to trade sideways to lower in coming days on weak 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 1,047 (Rs 1,022) per 10 Kg, and at Kota market, it is offered at Rs 1000 (Rs 990) per 10 kg as on July 31, 2020. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways to weak tone in the coming days.

Price Outlook: Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 950-1020 per 10 Kg.

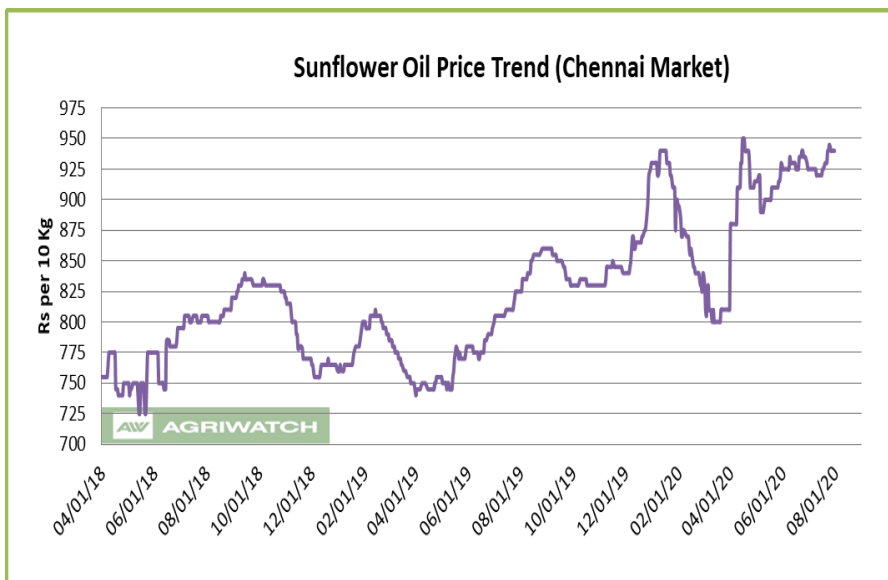
Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil price fell during the week in Chennai on weak demand.

Prices of sunflower oil fell despite rise in international prices of sunflower oil indicating weak demand.

Import parity is negative and refining margins are negative due to higher prices of sunflower oil in international markets and may lead to lower imports of sunflower oil in coming months.



However, 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 may 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.

In domestic market, sunflower oil prices premium over soy oil is at Rs 70 (Rs 90 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 56 (USD 66 last week) per ton which indicates that sunflower oil prices is converging with soy oil at domestic markets and CNF markets.

High sunflower oil premium over RBD palmolein at CNF India is at USD 160 (USD 145 last week) which will decrease imports.

In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 125 (Rs 125) 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 315 (Rs 310 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 rise on firm demand and rise 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 0.76 lakh hectares as on 30.07. 2020 compared to 0.73 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 875 (USD 865) per ton for Aug delivery and Sep delivery is quoted at USD 855 (USD 845) per ton. CNF sun oil (Ukraine origin) July monthly average was at USD 847.22 per ton compared to USD 839.92 per ton in June. Prices are likely to stay in the range of USD 840-890 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 935 (Rs 945) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 960 (Rs 930) per 10 kg as on July 31, 2020. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to higher 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.

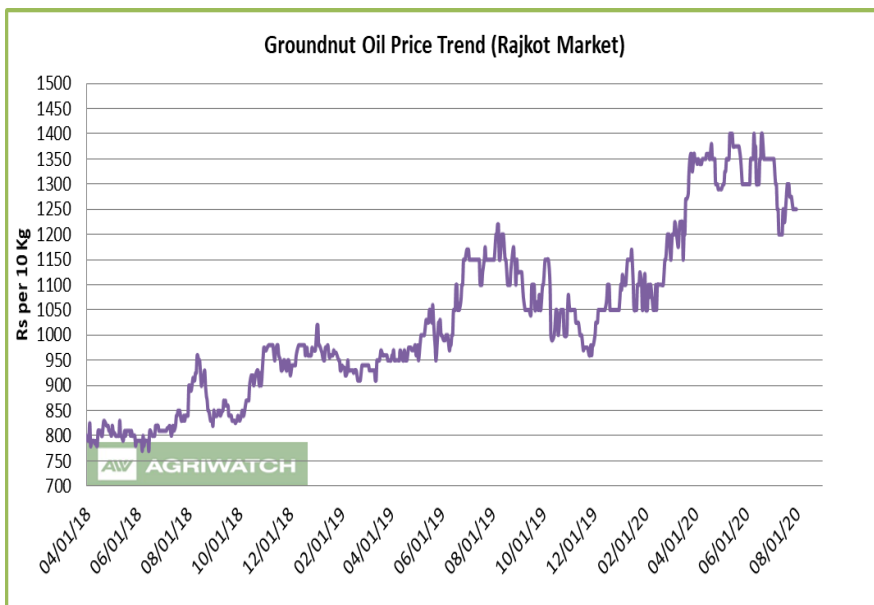
Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil market traded lower on account of weak demand.

Groundnut oil demand has weakened due to seasonal slowdown of demand and expectation of fall in its prices in coming days.

Groundnut oil demand was expected fall also due to its high premium over soy oil, sunflower oil and palm oil prices, which led to higher demand of these other oils and hence higher imports of palm and sunflower oil



Groundnut oil supply is constrained as stocks of groundnut in the market are low, higher crushing, exports, NAFED procurement, direct consumption and seed demand. Stock is only left with NAFED, which has a high base price at their auctions.

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 though the final acreage may or may not be larger. This will underpin groundnut oil prices in coming days.

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.

Total sales in Gujarat is around 1.2 lakh tons. So, total stocks of groundnut after procurement is 7.39 lakh tons.

Sales of groundnut has slowed due to monsoons and seed demand is over. Sales may increase after mid August.

The pace of exports of groundnut has increased due to strong demand from importing nations.

Groundnut oil prices are expected to fall on weak demand.

- Groundnut oil exports more than doubled to 38,225 tons in 2019-20, from 15,532 tons last year. It was mainly exported to China at 33,505 tons.
- According to Ministry of Agriculture, sowing of groundnut is reported at 45.45 lakh hectares as on 31.07. 2020 compared to 30.53 lakh hectares in corresponding period last year. Sowing is reported higher in all the states.
- On the price front, currently the groundnut oil prices in Rajkot is 12,500 (Rs 12,750) per quintal and it was 12,500 (Rs 12,500) per quintal in Chennai market on July 31, 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 Rajkot market is likely to trade in the price band of Rs 1200-1350 per 10 Kg

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil benchmark market of Kangayam traded sideways due to firm demand.

Demand has firmed due to festive demand ahead of Onam while upcountry demand is weak due to COVID-19.

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

Demand of copra is improving due to opening of India in various

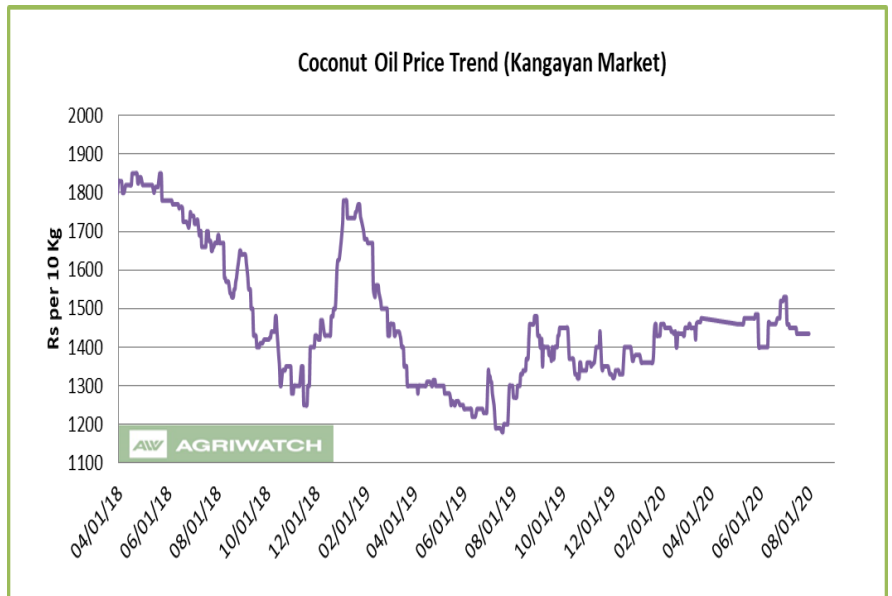
phases. Copra prices will be supported by Tamil Nadu government procurement of copra at MSP.

Millers are operating capacity is improving due to improving in demand in food and industrial segment and branded segment. Demand of coconut is may fall 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 have been shipped to Middle East and Taiwan.

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

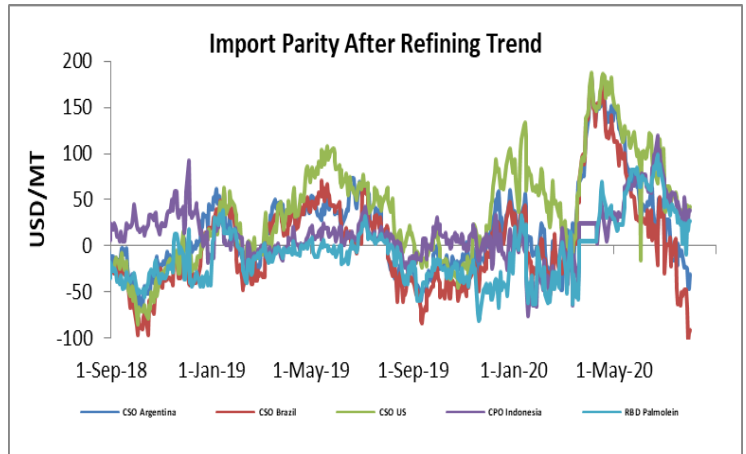
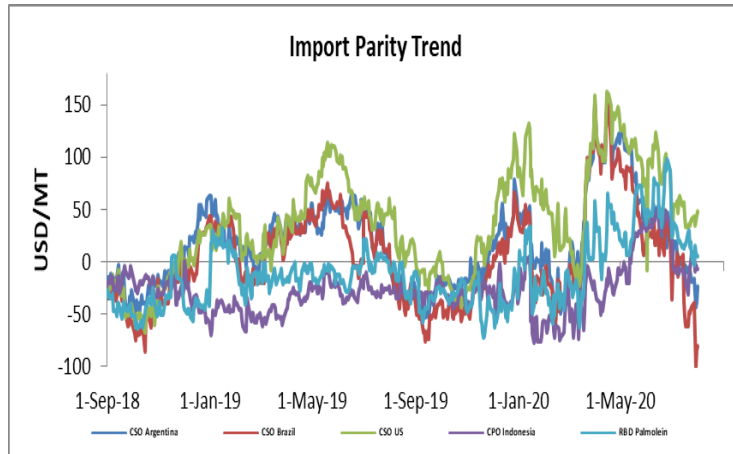
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 14,900 (Rs 14,700) per quintal, and was quoted at 14,350 (Rs 14,350) per quintal in Erode market on July 31, 2020.



Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1350-1500 per 10 Kg.

Import Parity Trend

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

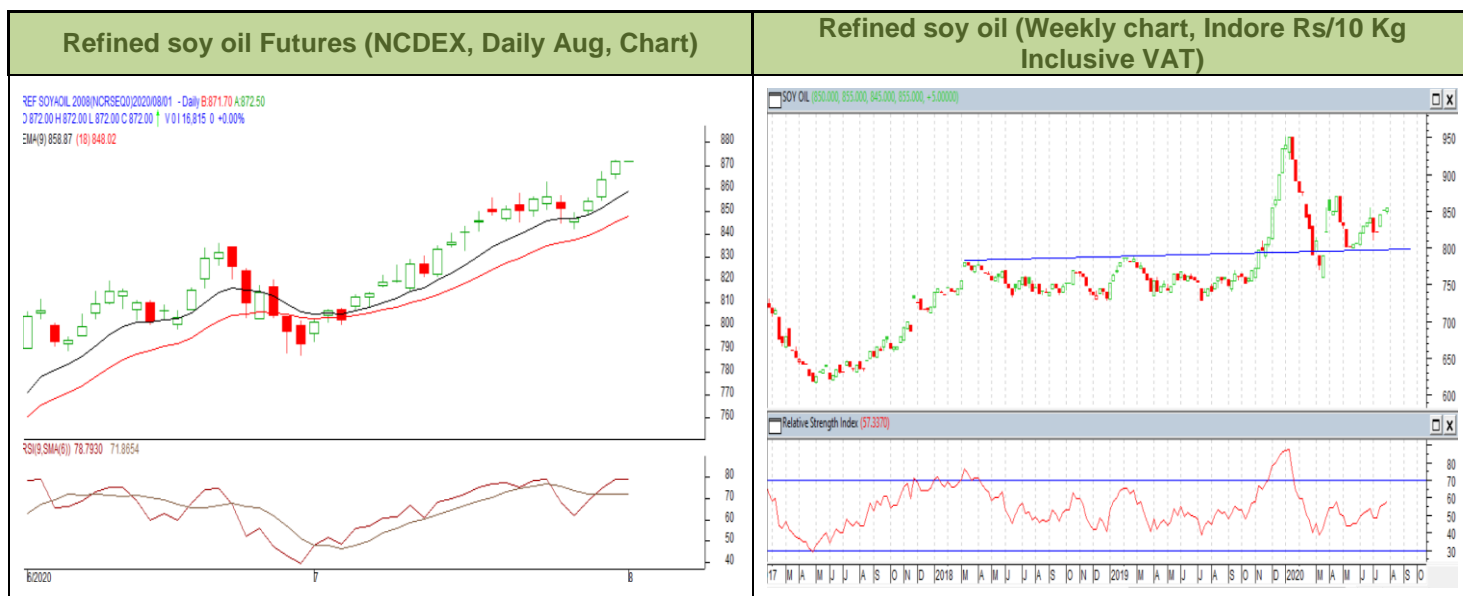


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Jul 12-Jul 18, 2020	-10.42	-30.91	49.36	47.69	33.75
Jul 19-Jul 26, 2020	-13.44	-53.30	37.00	32.28	16.32
Jul 27-Aug 2, 2020	-34.27	-81.12	41.50	32.55	16.79

Outlook:-

Refining margins disparity rose 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 sideways with a 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 890 in weekly might take the prices below 910 levels.
- Expected price band for next week is 840-920 level in near to medium term. RSI and MACD is suggesting uptrend in the market.

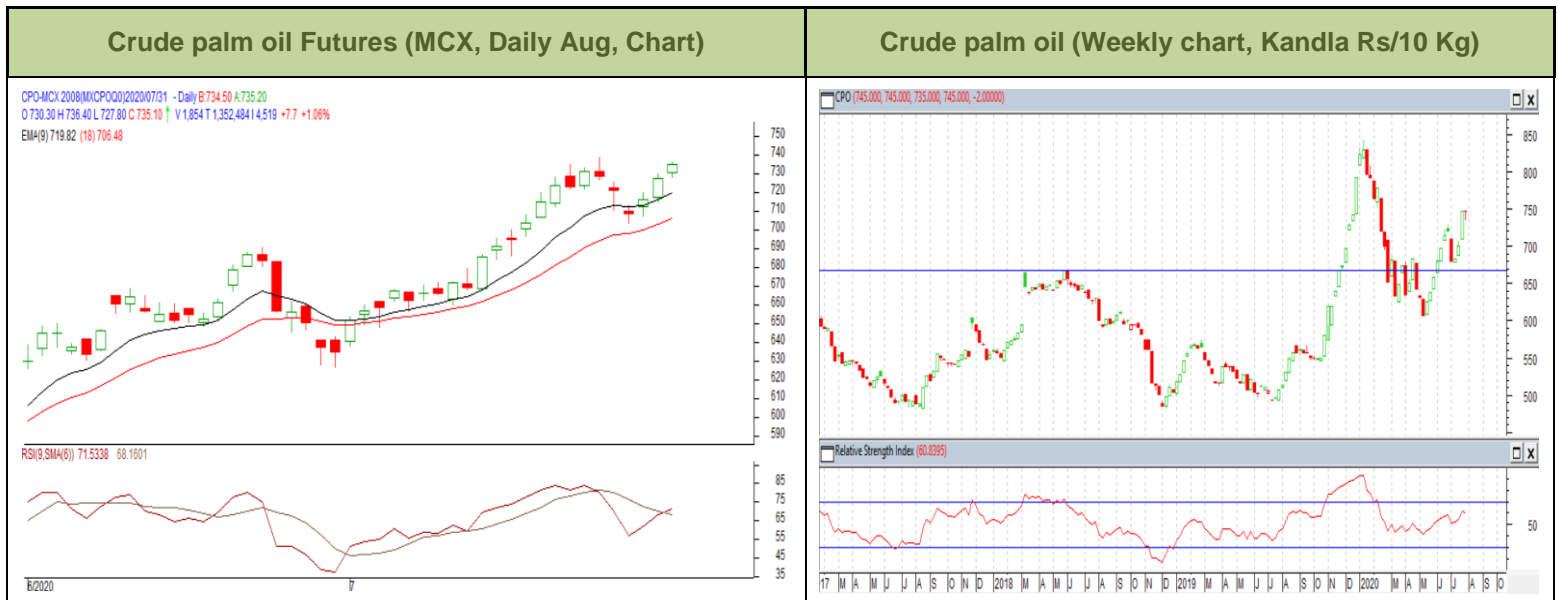
Strategy: Market participants are advised to go long above 880 levels for a target of 895 and 900 with a stop loss at 870 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
863.00	863.00	886.00	900.00	920.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 820-880 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show uptrend in prices during the week. We expect that CPO August 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 the commodity to trade sideways with a firm note in the near term.
- Any close above 750 in weekly chart may bring the prices to 770 levels.
- Expected price band for next week is 710-760 level. RSI and MACD are suggesting uptrend in prices in the coming week.

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

CPO MCX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
721.00	739.00	748.00	750.00	770.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 720-770 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		31-Jul-20	24-Jul-20	
Refined Soybean Oil	Indore	855	850	5
	Indore (Soy Solvent Crude)	815	817	-2
	Mumbai	850	850	Unch
	Mumbai (Soy Degum)	815	810	5
	Kandla/Mundra	855	845	10
	Kandla/Mundra (Soy Degum)	815	807	8
	Kolkata	850	850	Unch
	Delhi	905	885	20
	Nagpur	930	913	17
	Rajkot	845	835	10
	Kota	855	850	5
	Hyderabad	-	-	-
	Akola	870	850	20
	Amrawati	868	851	17
	Bundi	860	855	5
	Jalna	940	923	17
	Solapur	920	903	17
	Dhule	940	923	17
Palm Oil*	Kandla (Crude Palm Oil)	782	784	-2
	Kandla (RBD Palm oil)	830	830	Unch
	Kandla RBD Pamolein	851	851	Unch
	Kakinada (Crude Palm Oil)	730	735	-5
	Kakinada RBD Pamolein	840	830	11
	Haldia Pamolein	851	851	Unch
	Chennai RBD Pamolein	856	845	11
	KPT (krishna patnam) Pamolein	845	840	5
	Mumbai RBD Pamolein	877	866	11
	Mangalore RBD Pamolein	866	866	Unch
	Tuticorin (RBD Palmolein)	845	853	-7
	Delhi	890	895	-5
	Rajkot	845	851	-5
	Hyderabad	807	775	32
	PFAD (Kandla)	525	473	53
	Refined Palm Stearin (Kandla)	730	735	-5
	Superolien (Kandla)	872	872	Unch
	Superolien (Mumbai)	882	882	Unch
* inclusive of GST				
Refined Sunflower Oil	Chennai	935	940	-5

	Mumbai	950	950	Unch
	Mumbai(Expeller Oil)	910	900	10
	Kandla (Ref.)	960	940	20
	Hyderabad (Ref)	940	945	-5
	Latur (Expeller Oil)	890	885	5
	Chellakere (Expeller Oil)	900	895	5
	Erode (Expeller Oil)	975	975	Unch
Groundnut Oil	Rajkot	1250	1275	-25
	Chennai	1250	1250	Unch
	Delhi	1260	1310	-50
	Hyderabad *	1300	1300	Unch
	Mumbai	1280	1300	-20
	Gondal	1250	1275	-25
	Jamnagar	1250	1275	-25
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1047	1022	25
	Jaipur (Kacchi Ghani Oil)	1075	1050	25
	Kota (Expeller Oil)	1000	990	10
	Kota (Kacchi Ghani Oil)	1060	1040	20
	Neewai (Expeller Oil)	1045	1020	25
	Neewai (Kacchi Ghani Oil)	1055	1030	25
	Bharatpur (Kacchi Ghani Oil)	1060	1040	20
	Sri-Ganga Nagar(Exp Oil)	1025	990	35
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1065	1030	35
	Mumbai (Expeller Oil)	1020	1000	20
	Kolkata(Expeller Oil)	1120	1120	Unch
	New Delhi (Expeller Oil)	1040	1000	40
	Hapur (Expeller Oil)	1020	1010	10
	Hapur (Kacchi Ghani Oil)	1050	1040	10
	Agra (Kacchi Ghani Oil)	1065	1045	20
Refined Cottonseed Oil	Rajkot	850	845	5
	Hyderabad	815	810	5
	Mumbai	870	865	5
	New Delhi	830	805	25
Coconut Oil	Kangayan (Crude)	1435	1435	Unch
	Cochin	1500	1520	-20
Sesame Oil	New Delhi	1470	1450	20
	Mumbai	-	-	-

Kardi	Mumbai	-	-	-
Rice Bran Oil (40%)	New Delhi	765	755	10
Rice Bran Oil (4%)	Punjab	790	780	10
Malaysia Palmolein USD/MT	FOB	Closed	700	-
	CNF India	708	715	-7
Indonesia CPO USD/MT	FOB	Closed	668	-
	CNF India	698	705	-7
RBD Palm oil (Malaysia Origin USD/MT)	FOB	Closed	698	-
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	Closed	665	-
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	Closed	785	-
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	Closed	585	-
Crude palm Kernel Oil India (USD/MT)	CNF India	-	805	-
Ukraine Origin CSFO USD/MT Kandla	CIF	860	855	5
Rapeseed Oil Rotterdam Euro/MT	FOB	790	780	10
Argentina FOB (\$/MT)		30-Jul-20	23-Jul-20	Change
Crude Soybean Oil Ship		756	728	28
Refined Soy Oil (Bulk) Ship		782	753	29
Sunflower Oil Ship		770	770	Unch
Cottonseed Oil Ship		736	708	28
Refined Linseed Oil (Bulk) Ship		-	-	-
* indicates including GST				

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