

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

On the currency front, Indian rupee is hovering near 74.90 against 75.07 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 865 levels for a target of 880 and 885 with a stop loss at 855 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 840-900 per 10 Kg. in the near term.

In MCX, market participants are advised to go long in CPO above 735 for a target of 750 and 755 with a stop loss at 725 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.

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

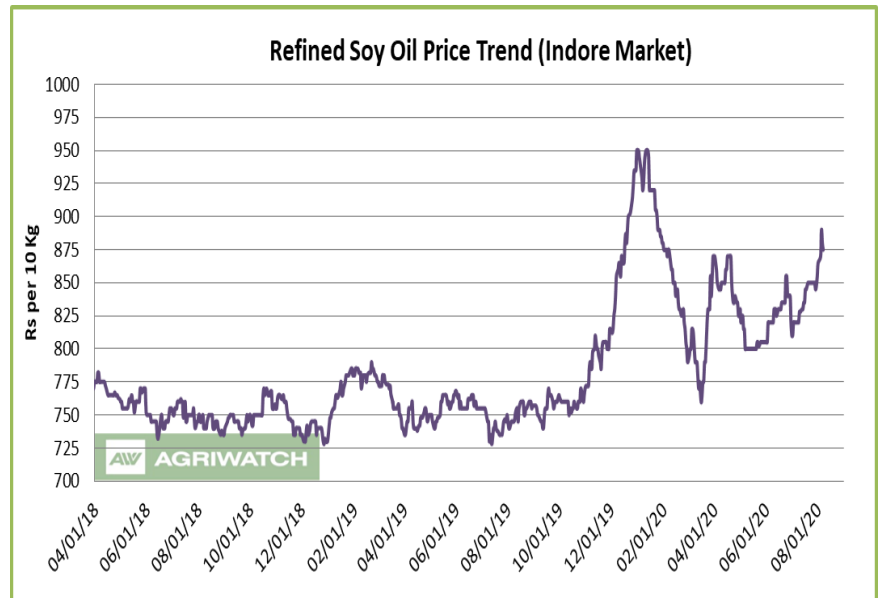
- Soy oil featured firm sentiment in domestic markets in the week in review on firm demand.

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

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

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 due to hike in base import price and the disparity stands at 25-30 per 10 kg compared to disparity of Rs 20-25 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 118.072 lakh hectares as on 6.08. 2020 compared to 109.842 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 813 (USD 820) per ton for Aug delivery, Sep delivery is quoted at USD 801 (USD 814) per ton and Oct delivery is quoted at USD 778 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 882 (Rs 865 last week) per 10 kg.
- On the parity front, margins fell during the week due to hike in base import prices of soy oil. We expect margins to weaken further in coming days. Currently, refiners lose USD 35-40/ton v/s loss of USD 30-35/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

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 fall in imports of soybean in July due to slow shipments as coronavirus affected supplies. However, US recorded record sales of soybean to China last week, according to USDA. Imports of soybean by China from US has been firm in August. Soybean exports have been firm in August despite US-China tensions. China reported higher imports of meat in July as domestic production of meats including pork, beef, mutton and poultry fell. 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.

Palm oil prices rose last week supporting soy oil prices.

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

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

- In the weekly USDA crop progress report released on 03 August 2020; The US Soybean is blooming 85% up from 68% same period last year and 82% from 5 year average. Soybeans setting pods at 59% up from 32% same period last year and 54% from 5 year average. About 58% of the crop is under good condition, 15% at excellent condition and 22% at fair condition.
- According to China's General Administration of Customs (GACC), China's July edible vegetable oils imports fell 6.09 percent m-o-m to 9.56 LT compared to 10.18 LT in June 2020. Imports rose 4.25 percent y-o-y in July from 9.17 LT in July 2019. Year to date imports of edible vegetable oil rose 1.60 percent to 49.90 lakh tons.

- According to China's General Administration of Customs (CNGOIC), China's July soybean imports fell 9.58 percent m-o-m to 10.09 MMT from 11.16 MMT in June 2020. Imports rose 16.79 percent y-o-y from July 2019 imports at 8.64 MMT. Year to date soybean imports rose 17.7 percent to 55.135 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 840-900 per 10 Kg in the near term.

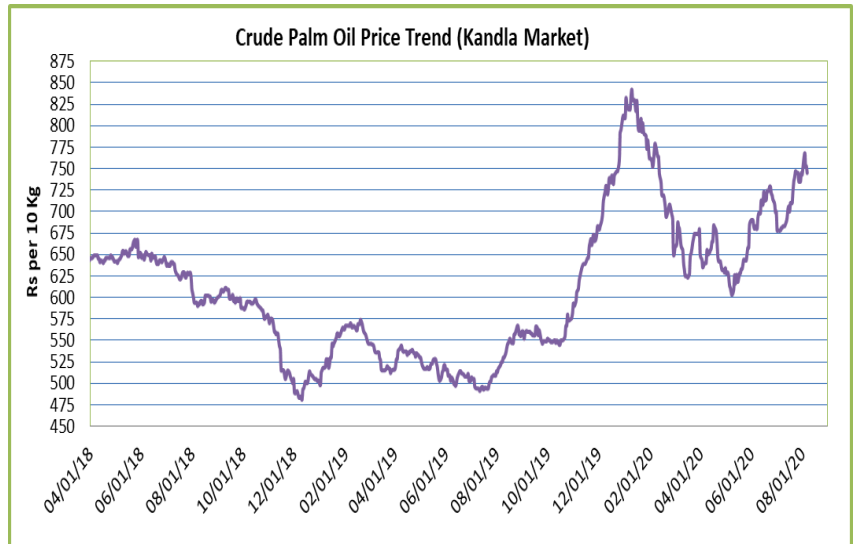
Palm oil Fundamental Analysis and Outlook :-

Domestic Front

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

Prices of RBD palmolein closed higher due to rise in prices of RBD palmolein in international markets.

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, lower stocks of palm oil at ports and pipelines, removal of lockdown progressively in India and festive season demand.

Prices of CPO rose less on high seas compared to 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 20-25 per 10 kg this week compared to last week disparity at Rs 0-5 per 10 kg.

RBD palmolein prices rose less at high seas compared to 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 weak compared to RBD palmolein at high seas as premium of RBD palmolein over CPO was at Rs 72 (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 high 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 730 (USD 700) per ton for Aug delivery and Sep delivery is quoted at USD 725 (USD 695) 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 740 (USD 710) per ton for Aug delivery and Sep delivery is quoted at USD 735 (USD 705) 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 753 (Rs 745) per 10 Kg and Aug delivery duty paid is offered at Rs 748 (Rs 730) per 10 kg. Ready lift RBD palmolein is quoted at Rs 825 (Rs 810) per 10 kg as on Aug 7, 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 5-10/ton v/s gain of USD 30-35/ton (last week) margin in processing the imported CPO and imports of ready to use palmolein lose 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 booted 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 Malaysia Palm Oil Board (MPOB), Malaysia's July palm oil stocks fell 10.55 percent to 16.98 lakh tons compared to 18.98 lakh tons in June 2020. Production of palm oil in July fell 4.14 percent to 18.8 lakh tons compared to 18.86 lakh tons in June 2020. Exports of palm oil in July rose 4.19 percent to 17.82 lakh tons compared to 17.10 lakh tons in June 2020. Imports of palm oil in July rose 7.88 percent to 0.53 lakh tons

compared to 0.49 lakh tons in June 2020. End stocks of palm oil fell less compared to trade expectation of rise in stocks. Fall in stocks was mainly due to higher exports and lower production.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's July palm oil exports rose 10.7 percent to 1,671,656 tons compared 1,510,023 tons last month. Top buyers were India at 423,015 tons (203,625 tons), China at 301,131 tons (310,649 tons), European Union 282,476 tons (331,675 tons), United States at 89,705 tons (58,000 tons) and Pakistan at 68,002 tons (82,000 tons). Values in brackets are figures of 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.

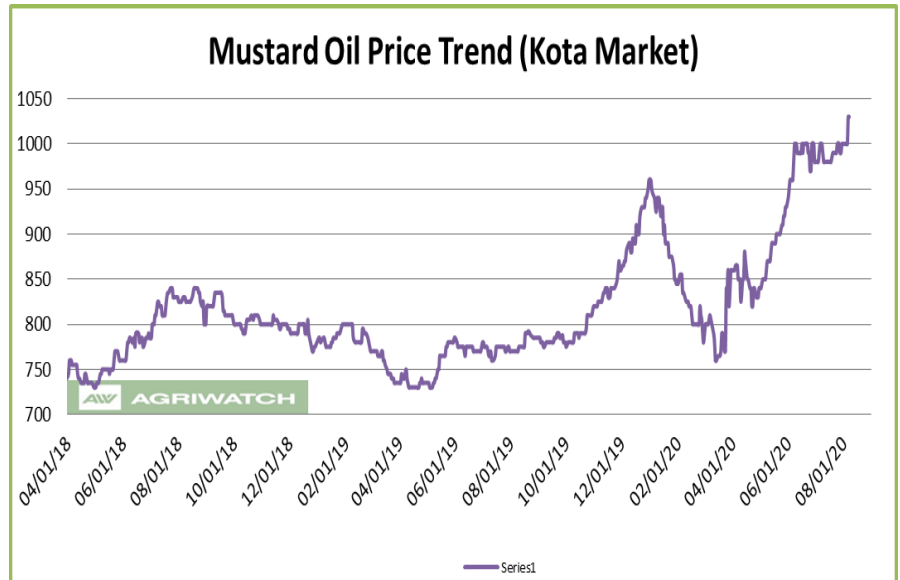
.Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 720-770 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-**Domestic Front**

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

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.

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 194 (Rs 205) per 10 Kg will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 250 (Rs 260) 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 higher in coming days on falling stocks of rapeseed oil.

- 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 1,062 (Rs 1,047) per 10 Kg, and at Kota market, it is offered at Rs 1030 (Rs 1000) per 10 kg as on Aug 6, 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 980-1060 per 10 Kg.

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

- Sunflower oil price rose during the week in Chennai on firm demand and rise in prices of sunflower oil in international markets.

Prices of sunflower oil rose on rise in international prices of sunflower oil.

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 63 (Rs 70 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 67 (USD 56 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 140 (USD 160 last week) which will decrease imports.

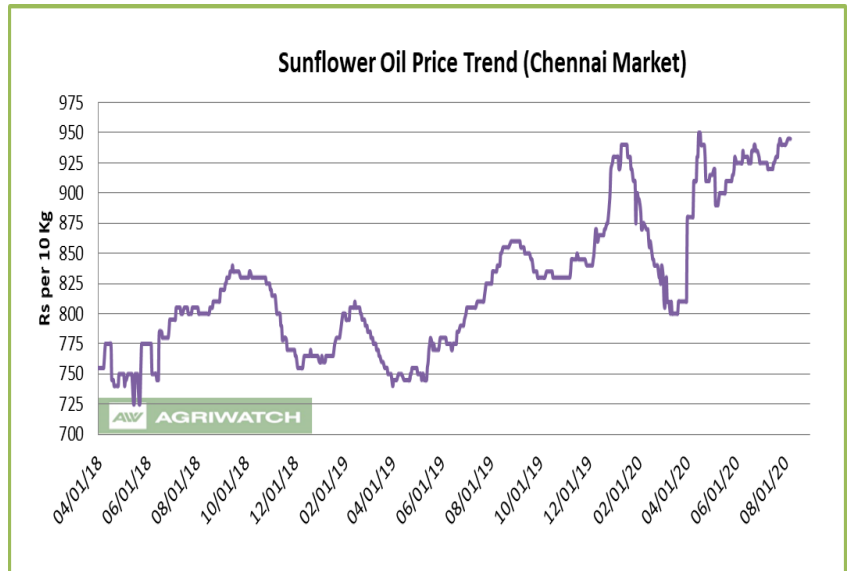
In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 120 (Rs 125) per 10 kg which is high will underpin sunflower oil in domestic market.

In domestic market, high groundnut oil premium over sunflower oil at Chennai market is at Rs 295 (Rs 315 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 0.785 lakh hectares as on 6.08. 2020 compared to 0.744 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 880 (USD 875) per ton for Aug delivery and Sep delivery is quoted at USD 875 (USD 855) 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 840-900 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 945 (Rs 935) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 970 (Rs 960) per 10 kg as on Aug 6, 2020. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to higher tone in the coming days.

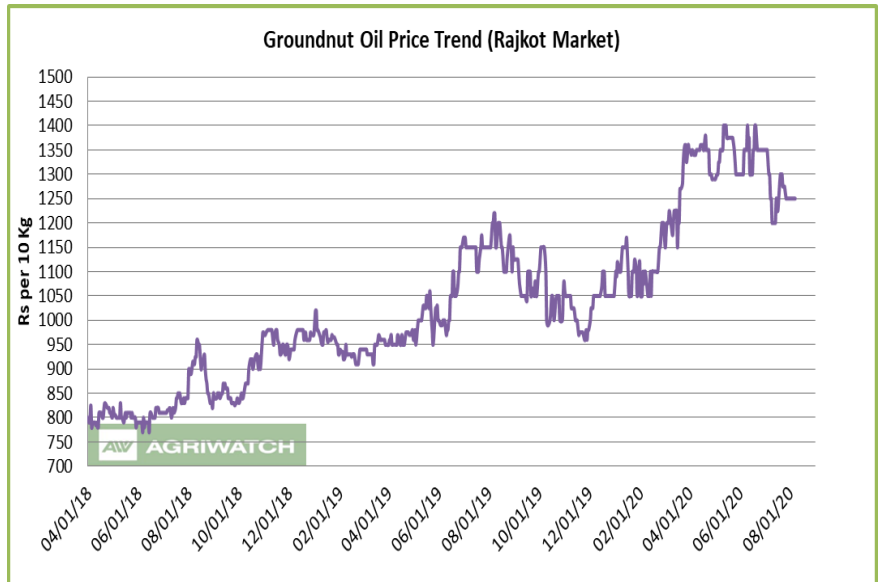
Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 920-970 per 10 Kg.

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

- Groundnut oil market traded sideways to 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 47.29 lakh hectares as on 6.08. 2020 compared to 32.855 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 12,500) per quintal and it was 12,400 (Rs 12,500) per quintal in Chennai market on Aug 7, 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 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.

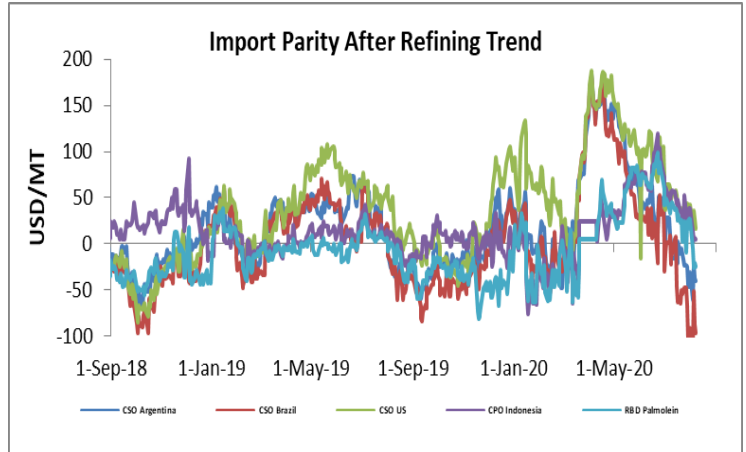
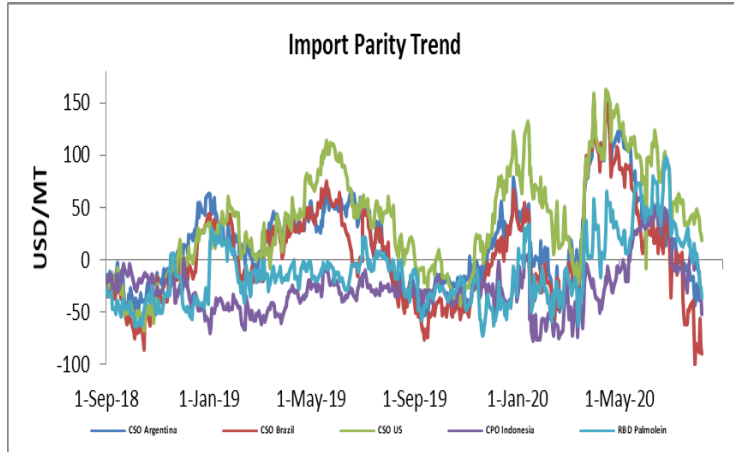
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 14,900 (Rs 14,900) per quintal, and was quoted at 14,350 (Rs 14,350) per quintal in Erode market on August 7, 2020.



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)



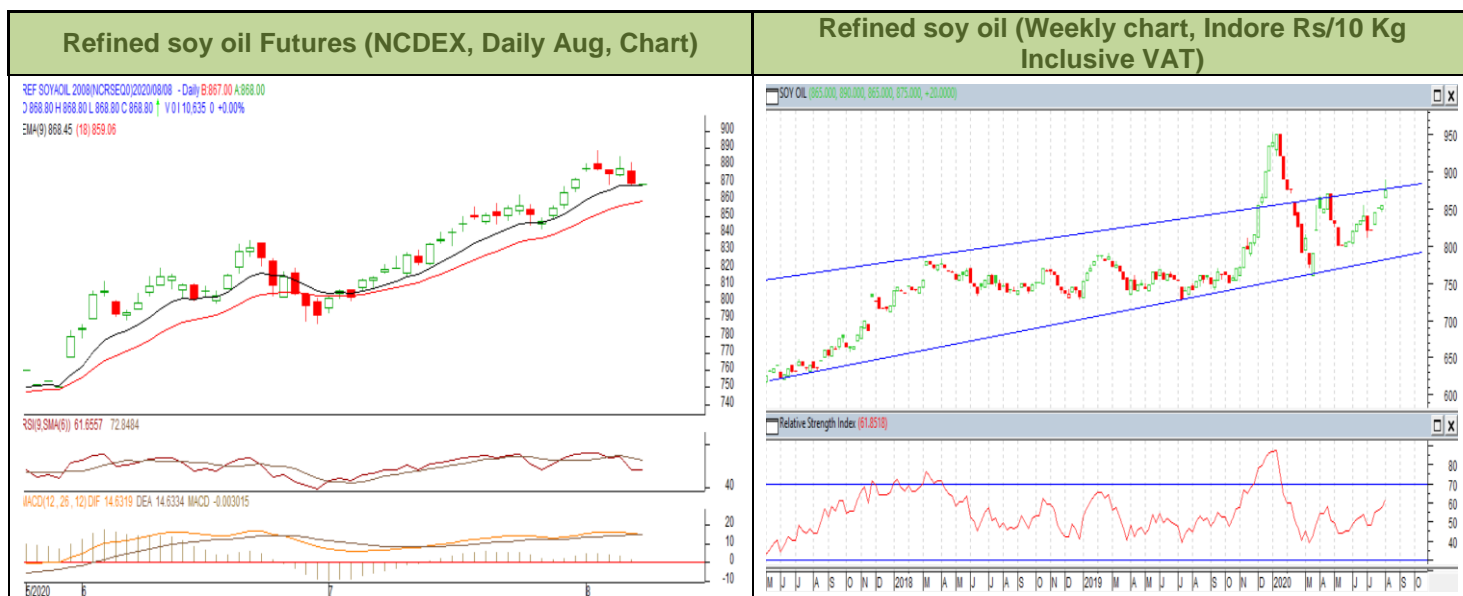
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Jul 19-Jul 26, 2020	-13.44	-53.30	37.00	32.28	16.32
Jul 27-Aug 2, 2020	-34.27	-81.12	41.50	32.55	16.79
Jul 3-Aug 9, 2020	-39.65	-87.08	25.00	7.54	18.96

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 downtrend 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 880 in weekly might take the prices below 900 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.

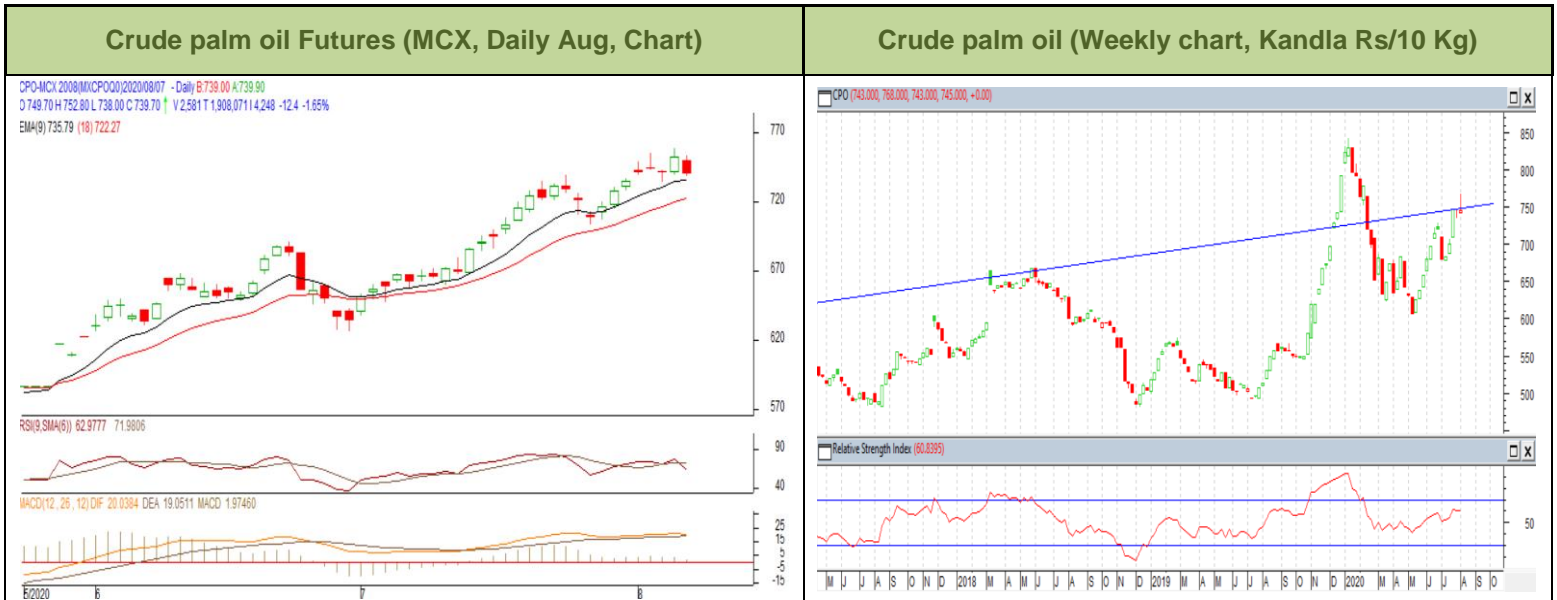
Strategy: Market participants are advised to go long above 865 levels for a target of 880 and 885 with a stop loss at 855 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
863.00	863.00	872.20	900.00	920.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 840-900 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 735 for a target of 750 and 755 with a stop loss at 725 on closing basis.

CPO MCX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
721.00	739.00	741.60	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
		07-Aug-20	31-Jul-20	
Refined Soybean Oil	Indore	875	855	20
	Indore (Soy Solvent Crude)	835	815	20
	Mumbai	870	850	20
	Mumbai (Soy Degum)	835	815	20
	Kandla/Mundra	870	855	15
	Kandla/Mundra (Soy Degum)	832	815	17
	Kolkata	875	850	25
	Delhi	915	905	10
	Nagpur	890	930	-40
	Rajkot	870	845	25
	Kota	880	855	25
	Hyderabad	-	-	-
	Akola	890	870	20
	Amrawati	888	868	20
	Bundi	885	860	25
	Jalna	893	940	-47
	Solapur	880	920	-40
	Dhule	880	940	-60
Palm Oil*	Kandla (Crude Palm Oil)	782	782	Unch
	Kandla (RBD Palm oil)	840	830	11
	Kandla RBD Pamolein	866	851	16
	Kakinada (Crude Palm Oil)	756	730	26
	Kakinada RBD Pamolein	851	840	11
	Haldia Pamolein	861	851	11
	Chennai RBD Pamolein	861	856	5
	KPT (krishna patnam) Pamolein	861	845	16
	Mumbai RBD Pamolein	887	877	11
	Mangalore RBD Pamolein	882	866	16
	Tuticorin (RBD Palmolein)	868	858	11
	Delhi	905	890	15
	Rajkot	861	845	16
	Hyderabad	835	807	28
	PFAD (Kandla)	536	525	11
	Refined Palm Stearin (Kandla)	756	730	26
	Superolien (Kandla)	882	872	11
	Superolien (Mumbai)	903	882	21
* inclusive of GST				
Refined Sunflower Oil	Chennai	945	935	10

	Mumbai	960	950	10
	Mumbai(Expeller Oil)	925	910	15
	Kandla (Ref.)	970	960	10
	Hyderabad (Ref)	960	940	20
	Latur (Expeller Oil)	895	890	5
	Chellakere (Expeller Oil)	905	900	5
	Erode (Expeller Oil)	970	975	-5
Groundnut Oil	Rajkot	1250	1250	Unch
	Chennai	1240	1250	-10
	Delhi	1260	1260	Unch
	Hyderabad *	1350	1300	50
	Mumbai	1260	1280	-20
	Gondal	1240	1250	-10
	Jamnagar	1240	1250	-10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1062	1047	15
	Jaipur (Kacchi Ghani Oil)	1090	1075	15
	Kota (Expeller Oil)	1030	1000	30
	Kota (Kacchi Ghani Oil)	1075	1060	15
	Neewai (Expeller Oil)	1055	1045	10
	Neewai (Kacchi Ghani Oil)	1065	1055	10
	Bharatpur (Kacchi Ghani Oil)	1080	1060	20
	Sri-Ganga Nagar(Exp Oil)	1040	1025	15
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1080	1065	15
	Mumbai (Expeller Oil)	1060	1020	40
	Kolkata(Expeller Oil)	1120	1120	Unch
	New Delhi (Expeller Oil)	1050	1040	10
	Hapur (Expeller Oil)	1020	1020	Unch
	Hapur (Kacchi Ghani Oil)	1050	1050	Unch
	Agra (Kacchi Ghani Oil)	1085	1065	20
Refined Cottonseed Oil	Rajkot	865	850	15
	Hyderabad	825	815	10
	Mumbai	885	870	15
	New Delhi	845	830	15
Coconut Oil	Kangayan (Crude)	1435	1435	Unch
	Cochin	1500	1500	Unch
Sesame Oil	New Delhi	1500	1470	30
	Mumbai	-	-	-



Kardi	Mumbai	-	-	-
Rice Bran Oil (40%)	New Delhi	785	765	20
Rice Bran Oil (4%)	Punjab	840	790	50
Malaysia Palmolein USD/MT	FOB	728	685	43
	CNF India	740	708	32
Indonesia CPO USD/MT	FOB	700	668	32
	CNF India	730	698	32
RBD Palm oil (Malaysia Origin USD/MT)	FOB	723	683	40
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	703	658	45
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	800	760	40
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	615	575	40
Crude palm Kernel Oil India (USD/MT)	CNF India	-	770	-
Ukraine Origin CSFO USD/MT Kandla	CIF	880	860	20
Rapeseed Oil Rotterdam Euro/MT	FOB	785	790	-5
Argentina FOB (\$/MT)		6-Aug-20	30-Jul-20	Change
Crude Soybean Oil Ship		764	756	8
Refined Soy Oil (Bulk) Ship		791	782	9
Sunflower Oil Ship		785	770	15
Cottonseed Oil Ship		744	736	8
Refined Linseed Oil (Bulk) Ship		-	-	-
<i>* indicates including GST</i>				

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