

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

On the currency front, Indian rupee is hovering near 75.07 against 74.93 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 750 for a target of 765 and 770 with a stop loss at 740 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 740-790 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.

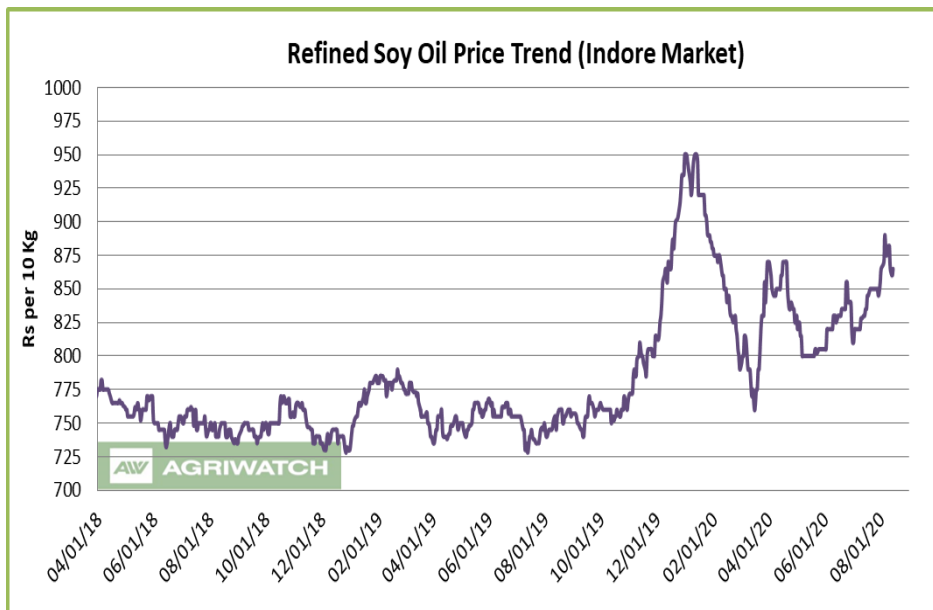
Fall in production of palm oil in Malaysia, rise in competing oils prices and rise in crude oil prices are all likely to support CPO prices in near term.

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

- Soy oil featured weak sentiment in domestic markets in the week in review on weak demand and fall in prices of soy oil in international markets.

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

Soy oil demand may rise in September 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 is opening in phases. Imports of soy oil rose in July 2020 compared to July 2019 and June 2020.

Imports of soy oil rose in July due to firm demand, positive import parity and refining margins in July, lower stocks of soy oil in ports and pipelines, lower supply of domestic crushed soy oil and high discount over rapeseed oil and sunflower oil.

Rise in palm oil prices may support soy oil price.

Import disparity fell during the week due to fall in prices of soy oil in international markets and the disparity stands at 25-30 per 10 kg compared to disparity of Rs 25-30 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.

- According to Solvent Extractors Association (SEA), India's July edible oil stocks at ports and pipelines rose 42.13 percent m-o-m to 15.35 lakh tons from 10.8 lakh tons in June 2020. Stocks of edible oil at ports in July rose to 765,000 tons (CPO 415,000 tons, RBD Palmolein 0 tons, Degummed Soybean Oil 150,000 tons and Crude Sunflower Oil 200,000 ton) and about 770,000 tons in pipelines. (Stocks at ports were 580,000 tons and in pipelines were 500,000 tons in June 2020). India is presently holding 27 days of edible oil requirement on 1st August, 2020 at 15.35 lakh tons compared to 17 days of requirements of 10.80 lakh tons on 1st July, 2020. India held 19.95 lakh tons of stocks in ports and pipelines on 1st Aug 2019. India's monthly edible oil requirement is 19.0 lakh tons.

- Soy oil import scenario – According to SEA, soy oil imports rose 51.46 percent y-o-y in July to 4.85 lakh tons from 3.2 lakh tons in July 2019. In the oil year 2019-20 (Nov 2019 -July 2020), imports of soy oil were 23.95 lakh tons compared to 20.12 lakh tons in corresponding period last oil year, higher by 19.04 percent compared to corresponding period last oil year.
- According to Ministry of Agriculture, sowing of soybean is reported at 118.995 lakh hectares as on 13.08. 2020 compared to 111.456 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 790 (USD 813) per ton for Aug delivery, Sep delivery is quoted at USD 788 (USD 801) per ton and OND delivery is quoted at USD 782 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 rose during the week due to fall in international prices of soy oil. We expect margins to weaken further in coming days. Currently, refiners lose USD 30-35/ton v/s loss of USD 35-40/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 has reported to be purchasing soybean in big quantities from US last week.

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. This comes before US-China trade talks. More purchases of soybean can be seen next week. Soybean exports have been firm in August despite US-China tensions.

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. This will cut soy oil stocks in coming months

Crude oil prices is 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 9 August 2020; The US Soybean is blooming 92% up from 79% same period last year and 89% from 5 year average. Soybeans setting pods at 75% up from 49% same period last year and 68% from 5 year average. About 74% of the crop is under good to excellent condition, compared to 54% in corresponding period last year.
- According to United States Department of Agriculture (USDA) August estimate, U.S 2020/21 ending stocks of soy oil estimate has been increased to 2,075 million lbs compared to 2,055 million lbs in July estimate. Opening stocks are increased to 2,060 million lbs in 2020/21 from 2,020 million lbs in its earlier estimate. Production of soy oil in 2020/21 is increased to 25,265 million lbs from 25,035 million lbs in its earlier estimate. Imports in

2020/21 are reduced to 350 million lbs compared to 400 million lbs 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 2,600 million lbs compared to 2,400 million lbs in its earlier estimate. Average price range estimate of 2020/21 is raised to 30.0 cents/lbs from 29.0 cents/lbs in its earlier estimate.

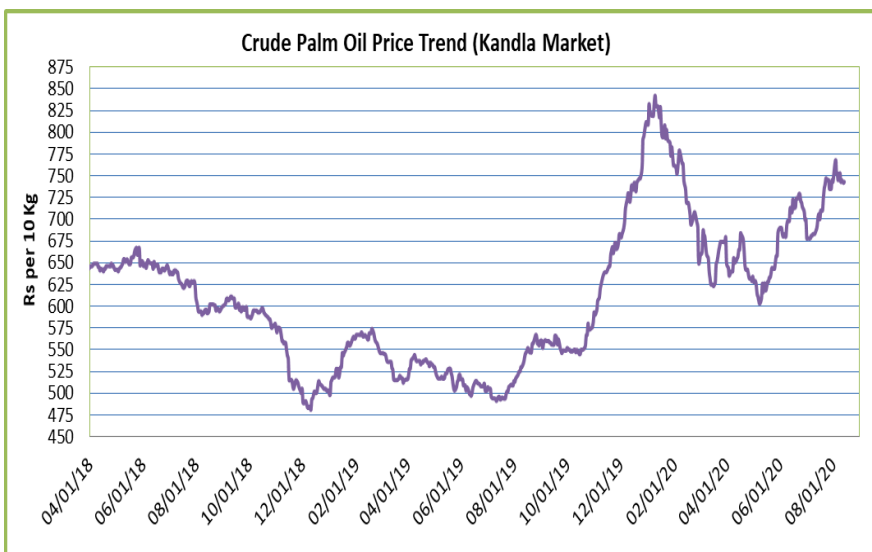
- The U.S. Department of Agriculture monthly supply and demand report for the month of August forecasts U.S. 2020/21 soybean stocks at 610 million bushels compared to 425 million bushels in its July estimate. Opening stocks in 2020/21 is reduced to 615 million bushels compared to 620 million bushels in its earlier estimate. Soybean production in increased in 2020/21 at 4,425 million bushels compared to 4,135 million bushels in its earlier estimate. U.S. soybean exports estimate in 2020/21 are raised to 2,125 million bushels from 2,050 million bushels in its earlier estimate. Imports estimate in 2020/21 is unchanged 15 million bushels. Crush in 2020/21 is increased to 2,180 million bushels compared to 2,160 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 raised to 40 million bushels from 35 million bushels in its earlier estimate. Average price range in 2020/21 is reduced to 8.35 cents/bushel compared to 8.50 cents/bushel in its earlier estimate.
- 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 China's General Administration of Customs (CNGOIC), 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.
- USDA WASDE highlights:- The U.S. season-average soybean price for 2020/21 is forecast at \$8.35 per bushel, down 15 cents from last month. The soybean meal price is forecast at \$290 per short ton, down 10 dollars. The soybean oil price is forecast at 30.0 cents per pound, up 1 cent.

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 weak trend at its benchmark market at Kandla on fall in prices of CPO in international markets. Prices of RBD palmolein closed lower due to weak demand and fall in prices of RBD palmolein in international markets. Palm oil international prices fell last week in fall in international markets on expectation weakening of demand from Malaysia and Indonesia in August.



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 will increase in coming days.

Imports of palm oil by India rose in July mainly due to rise in CPO imports while TBD palmolein imports were zero as India has restricted palmolein imports. Imports of palm oil rose in July m-o-m due to rise in demand, lower stocks of palm oil at ports and pipelines, positive import parity and refining margins, high discount over competing oils, removal of lockdown progressively in India.

Prices of CPO fell less on high seas compared to at CNF markets compared to last week indicating firm 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. However, imports of palm oil by India from Malaysia slowed in August due to rise in international prices of palm oil.

Import parity of CPO and refining margins are negative.

CPO imports disparity rose during the week due to 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 fell more at high seas compared to CNF markets indicating weak demand at high seas.

Port stocks of palm oil rose in July as imports firmed in July while demand was slow.

Demand of CPO was firm compared to RBD palmolein at high seas as premium of RBD palmolein over CPO was at Rs 70 (Rs 72) 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 July rose 1.48 percent y-o-y to 8.25 lakh tons from 8.13 lakh tons in July 2019. Imports in the oil year 2019-20 (November 2019-July 2020) are reported lower by 26.93 percent y-o-y at 50.39 lakh tons compared to 68.97 in last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports in rose 53.85 percent y-o-y in July to 8.20 lakh tons from 5.33 lakh tons in July 2019. Imports in oil year 2019-20 (November 2019-July 2019) were reported lower by 2.51 percent y-o-y at 45.81 lakh tons compared to 46.99 lakh tons in last oil year.

RBD palmolein import scenario- RBD palmolein imports were zero in July vs. 2.65 lakh tons in July 2019. Imports in oil year 2019-20 (November 2019-Jul 2020) were reported lower by 81.80 percent y-o-y at 3.80 lakh tons compared to 20.90 lakh tons in last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 715 (USD 730) per ton for Aug delivery and Sep delivery is quoted at USD 710 (USD 725) 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 725 (USD 740) per ton for Aug delivery and Sep delivery is quoted at USD 720 (USD 710) 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 740 (Rs 753) per 10 Kg and Aug delivery duty paid is offered at Rs 738 (Rs 748) per 10 kg. Ready lift RBD palmolein is quoted at Rs 810 (Rs 825) per 10 kg as on Aug 14, 2020. Values in brackets are figures of last week.

- On the parity front, margins fell during this week due to fall in prices of palm products in Indian markets. Currently refiners lose USD 20-25/ton v/s gain of USD 5-10/ton (last week) margin in processing the imported CPO and imports of ready to use palmolein lose USD 40-45/ton v/s loss of USD 15-20/ton (last week) parity.

International Front

Palm oil prices are likely to rise due to fall in production of palm oil in Malaysia and Indonesia, rise in competing oil prices and rise in crude oil prices will limit losses.

However, weakening of palm oil demand from importing nations due to rise in it prices last month.

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 is expected to rise 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 Aug 1-15 palm oil exports rose 16.5 percent to 694,402 tons compared to 831,155 tons in the corresponding period ast month. Top buyers were China at 180,305 tons (189,410 tons), European Union 146,650 tons (150,565 tons) and India & subcontinent 102,265 tons (178,595 tons). Values in brackets are figures of corresponding period last month.

- 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 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 740-790 per 10 Kg in the near term.

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

- Mustard oil prices showed weak trend in benchmark market on weak 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 0.80 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 rose at various key markets during the week. Better crush margins had encouraged mills to crush more in last four months. Arrivals will slow going ahead.

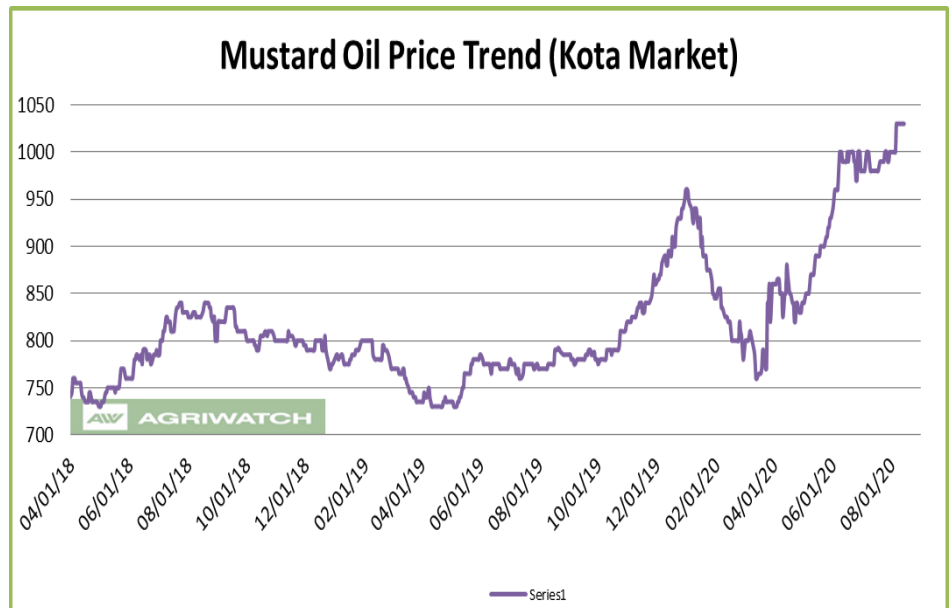
Rapeseed crop in MY 2020-21 was lower than last year at 72 lakh tons due to lower area and lower yield. Lower crop of rapeseed in MY 2020-21 will support rapeseed and rapeseed oil prices.

High premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 215 (Rs 194) per 10 Kg will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 265 (Rs 250) per 10 kg which is high will cap gains in rapeseed oil prices.

There was no import of canola oil in the last 4 months. Imports of canola oil is 0.17 lakh tons in oil year 2019-20 (Nov-19-Oct-20) v/s 0.59 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 July 2020 v/s 0.15 lakh tons imports in July 2019. In the oil year 2019-20 (Nov 2019-July 2020) imports were 0.17 lakh tons compared to 0.59 lakh tons in last oil year, down 71.18 percent y-o-y.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,062 (Rs 1,062) per 10 Kg, and at Kota market, it is offered at Rs 1,030 (Rs 1,030) per 10 kg as on Aug 14, 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 fell during the week in Chennai on weak demand and fall in prices of sunflower oil in international markets.

Prices of sunflower oil fell on rise in its prices and weak demand at higher levels.

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.

Imports of sunflower oil rise in July due to positive import party and positive refining margins and higher use due to replacement demand of palm oil as less use of palm oil in out of home use.

However, imports of sunflower oil may rise in oil year 2019-20 due to replacement demand of palm oil, lower stocks of sunflower oil in India in 2019-20 compared to last oil year and lower stocks of sunflower oil at India ports and pipelines. 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 80 (Rs 63 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 71 (USD 67 last week) per ton which indicates that sunflower oil prices is diverging with soy oil at domestic markets and CNF markets.

High sunflower oil premium over RBD palmolein at CNF India is at USD 135 (USD 140 last week) which will decrease imports.

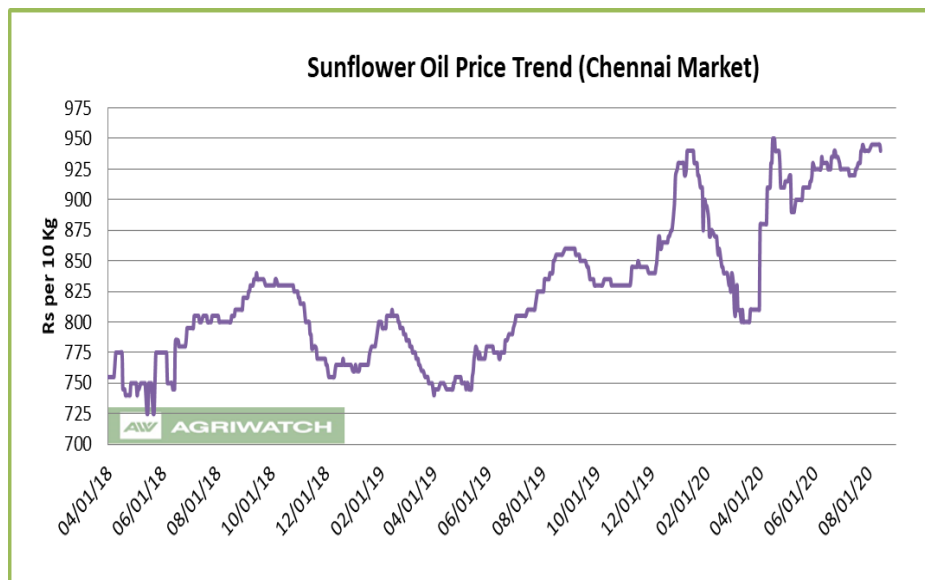
In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 130 (Rs 120) per 10 kg which is high will underpin sunflower oil in domestic market.

In domestic market, high groundnut oil premium over sunflower oil at Chennai market is at Rs 310 (Rs 295 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 3.98 percent y-o-y in July to 2.09 lakh tons from 2.01 lakh tons in July 2019. Imports in oil year 2019-20



(November 2019-July 2020) were reported higher by 15.36 percent y-o-y at 21.17 lakh tons compared to 18.35 lakh tons in last oil year.

- According to Ministry of Agriculture, sowing of sunflower is reported at 0.926 lakh hectares as on 13.08. 2020 compared to 0.78 lakh hectares in corresponding period last year. Sowing is higher across states.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 870 (USD 880) per ton for Aug delivery, Sep delivery is quoted at USD 860 (USD 875) per ton and Oct delivery is quoted at 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 840-900 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 940 (Rs 945) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 960 (Rs 970) per 10 kg as on Aug 14, 2020. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to lower tone in the coming days.

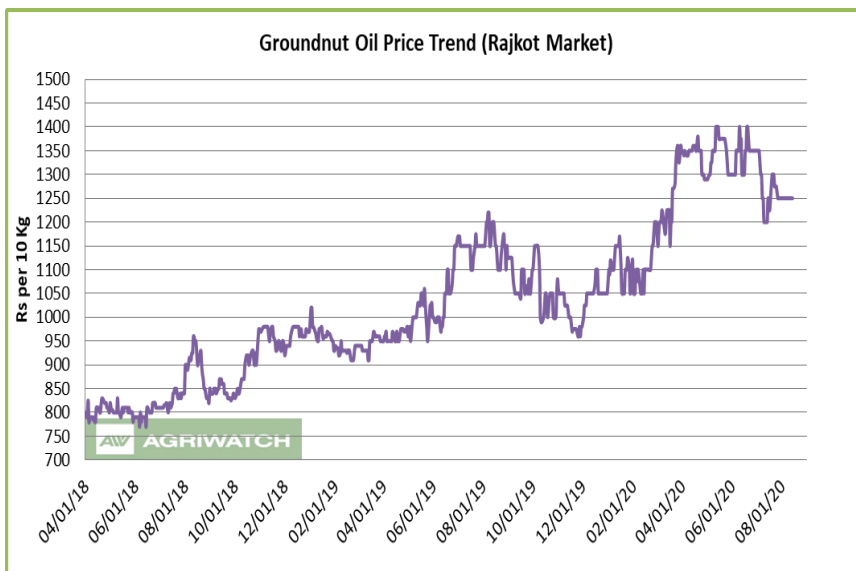
Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 920-970 per 10 Kg.

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 slowed on monsoons and seed demand was over during mid-July to mid-August. Sales may increase after mid-August.

Exports of groundnut oil has improved in June after firm April and May. Imports are mainly from China in Apr-June 2020. Moreover, the pace of exports of groundnut has increased due to strong demand from importing nations, mainly Indonesia.

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 49.366 lakh hectares as on 13.08. 2020 compared to 35.505 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 12,500 (Rs 12,400) per quintal in Chennai market on Aug 14, 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.

Harvest of coconut has slowed due to incessant rains in South India. Moreover, there is problem of drying of copra due to wet conditions.

Millers are operating capacity is improving due to improving demand in food and industrial segment and branded segment. Demand of coconut 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.

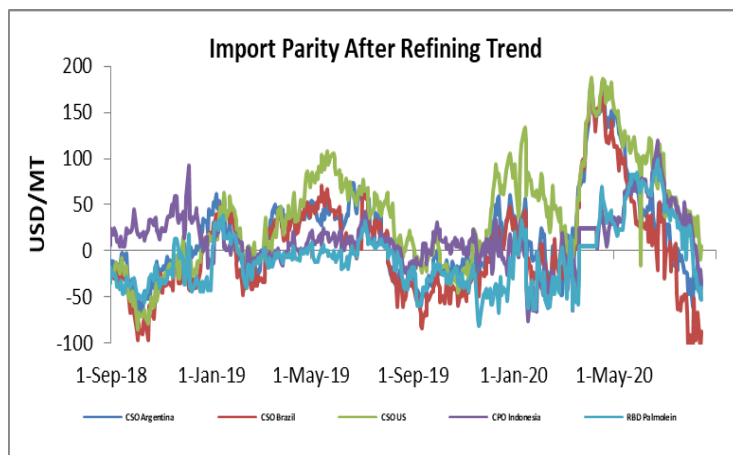
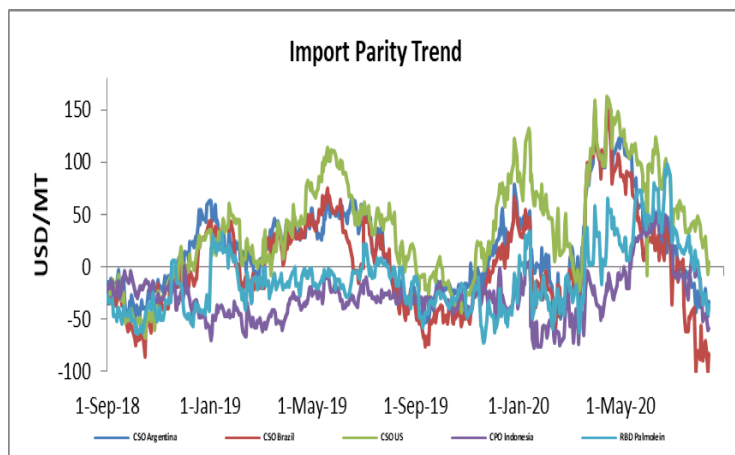
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 15,900 (Rs 14,900) per quintal, and was quoted at 14,350 (Rs 14,350) per quintal in Erode market on August 14, 2020.



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)

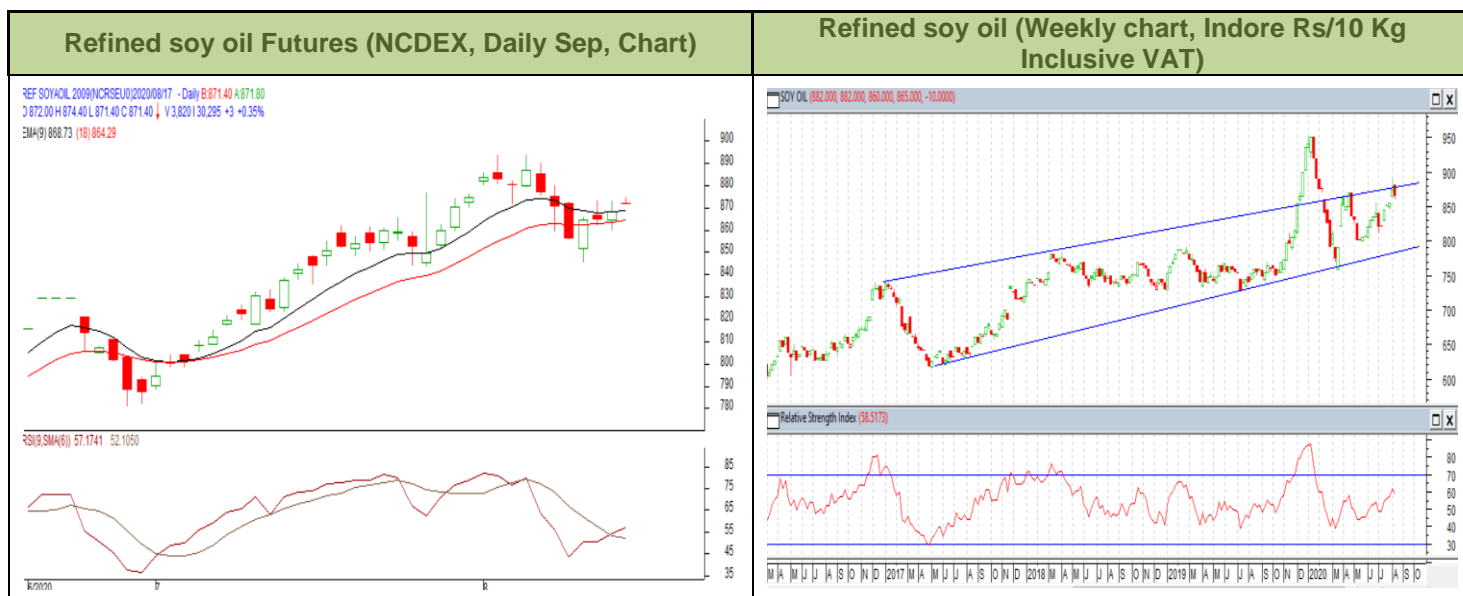


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Jul 27-Aug 2, 2020	-34.27	-81.12	41.50	32.55	16.79
Jul 3-Aug 9, 2020	-39.65	-87.08	25.00	7.54	18.96
Aug 10-Aug 16, 2020	-33.02	-85.49	12.82	-22.28	-44.22

Outlook:-

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

Refining margins of CPO and RBD palmolein fell to disparity on fall in prices of palm oil in Indian market. We expected CPO disparity to decrease in medium term due to rise in in prices of palm products in Indian 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.

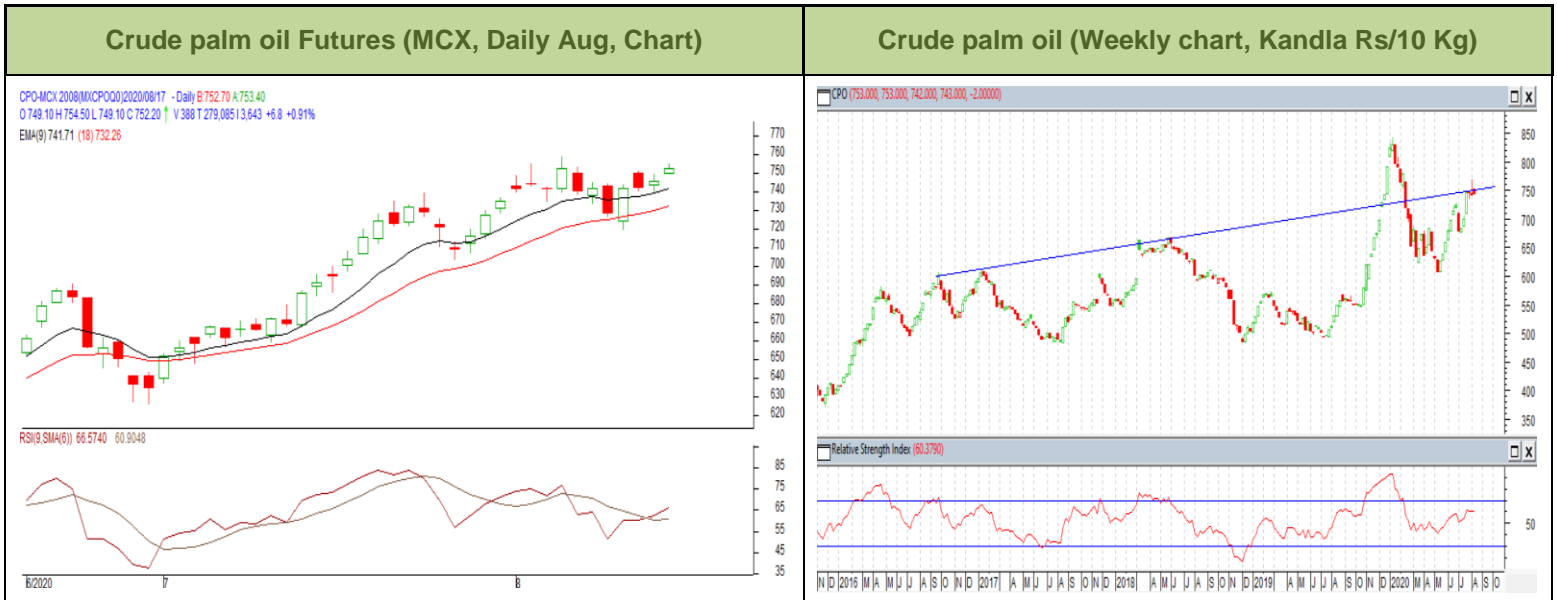
Strategy: Market participants are advised to go long above 865 levels for a target of 880 and 885 with a stop loss at 855 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
863.00	863.00	870.00	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 760 in weekly chart may bring the prices to 780 levels.
- Expected price band for next week is 730-790 level. RSI and MACD are suggesting uptrend in prices in the coming week.

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

CPO MCX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
721.00	739.00	754.00	770.00	790.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 740-790 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices(Per 10 Kg)		Change
		14-Aug-20	07-Aug-20	
Refined Soybean Oil	Indore	865	875	-10
	Indore (Soy Solvent Crude)	825	835	-10
	Mumbai	870	870	Unch
	Mumbai (Soy Degum)	820	835	-15
	Kandla/Mundra	870	870	Unch
	Kandla/Mundra (Soy Degum)	820	832	-12
	Kolkata	860	875	-15
	Delhi	895	915	-20
	Nagpur	884	890	-6
	Rajkot	Closed	870	-
	Kota	880	880	Unch
	Hyderabad	-	-	-
	Akola	880	890	-10
	Amrawati	880	888	-8
	Bundi	885	885	Unch
	Jalna	887	893	-6
	Solapur	873	880	-7
	Dhule	870	880	-10
Palm Oil*	Kandla (Crude Palm Oil)	780	782	-2
	Kandla (RBD Palm oil)	840	840	Unch
	Kandla RBD Pamolein	861	866	-5
	Kakinada (Crude Palm Oil)	751	756	-5
	Kakinada RBD Pamolein	851	851	Unch
	Haldia Pamolein	866	861	5
	Chennai RBD Pamolein	872	861	11
	KPT (krishna patnam) Pamolein	861	861	Unch
	Mumbai RBD Pamolein	882	887	-5
	Mangalore RBD Pamolein	877	882	-5
	Tuticorin (RBD Palmolein)	-	868	-
	Delhi	880	905	-25
	Rajkot	-	861	-
	Hyderabad	830	835	-5
	PFAD (Kandla)	520	536	-16
	Refined Palm Stearin (Kandla)	751	756	-5
	Superolien (Kandla)	882	882	Unch
	Superolien (Mumbai)	903	903	Unch
* inclusive of GST				
Refined Sunflower Oil	Chennai	940	945	-5

	Mumbai	960	960	Unch
	Mumbai(Expeller Oil)	925	925	Unch
	Kandla (Ref.)	960	970	-10
	Hyderabad (Ref)	955	960	-5
	Latur (Expeller Oil)	895	895	Unch
	Chellakere (Expeller Oil)	905	905	Unch
	Erode (Expeller Oil)	970	970	Unch
Groundnut Oil	Rajkot	Closed	1250	-
	Chennai	1250	1240	10
	Delhi	1250	1260	-10
	Hyderabad *	1350	1350	Unch
	Mumbai	1250	1260	-10
	Gondal	Closed	1240	-
	Jamnagar	Closed	1240	-
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1052	1062	-10
	Jaipur (Kacchi Ghani Oil)	1080	1090	-10
	Kota (Expeller Oil)	1030	1030	Unch
	Kota (Kacchi Ghani Oil)	1060	1075	-15
	Neewai (Expeller Oil)	1050	1055	-5
	Neewai (Kacchi Ghani Oil)	1060	1065	-5
	Bharatpur (Kacchi Ghani Oil)	1080	1080	Unch
	Sri-Ganga Nagar(Exp Oil)	1030	1040	-10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1070	1080	-10
	Mumbai (Expeller Oil)	1050	1060	-10
	Kolkata(Expeller Oil)	1130	1120	10
	New Delhi (Expeller Oil)	1050	1050	Unch
	Hapur (Expeller Oil)	1020	1020	Unch
	Hapur (Kacchi Ghani Oil)	1050	1050	Unch
	Agra (Kacchi Ghani Oil)	1085	1085	Unch
Refined Cottonseed Oil	Rajkot	Closed	865	-
	Hyderabad	825	825	Unch
	Mumbai	880	885	-5
	New Delhi	825	845	-20
Coconut Oil	Kangayan (Crude)	1435	1435	Unch
	Cochin	1490	1500	-10
Sesame Oil	New Delhi	1400	1500	-100
	Mumbai	-	-	-

Kardi	Mumbai	-	-	-
Rice Bran Oil (40%)	New Delhi	775	785	-10
Rice Bran Oil (4%)	Punjab	860	840	20
Malaysia Palmolein USD/MT	FOB	725	728	-3
	CNF India	730	740	-10
Indonesia CPO USD/MT	FOB	707	700	7
	CNF India	720	730	-10
RBD Palm oil (Malaysia Origin USD/MT)	FOB	718	723	-5
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	700	703	-3
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	780	800	-20
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	615	615	Unch
Crude palm Kernel Oil India (USD/MT)	CNF India	-	825	-
Ukraine Origin CSFO USD/MT Kandla	CIF	870	880	-10
Rapeseed Oil Rotterdam Euro/MT	FOB	775	785	-10
Argentina FOB (\$/MT)		13-Aug-20	6-Aug-20	Change
Crude Soybean Oil Ship		734	764	-30
Refined Soy Oil (Bulk) Ship		760	791	-31
Sunflower Oil Ship		790	785	5
Cottonseed Oil Ship		714	744	-30
Refined Linseed Oil (Bulk) Ship		-	-	-
* indicates including GST				

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> 2020 Indian Agribusiness Systems Ltd.