

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

*On the currency front, Indian rupee is hovering near 74.41 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 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 and rise in crude oil prices will support soy oil prices in coming days.*

*Fall in export demand of palm oil from Malaysia, rise in production of palm oil in Indonesia and fall in competing oils prices are all likely to underpin CPO prices in near term.*

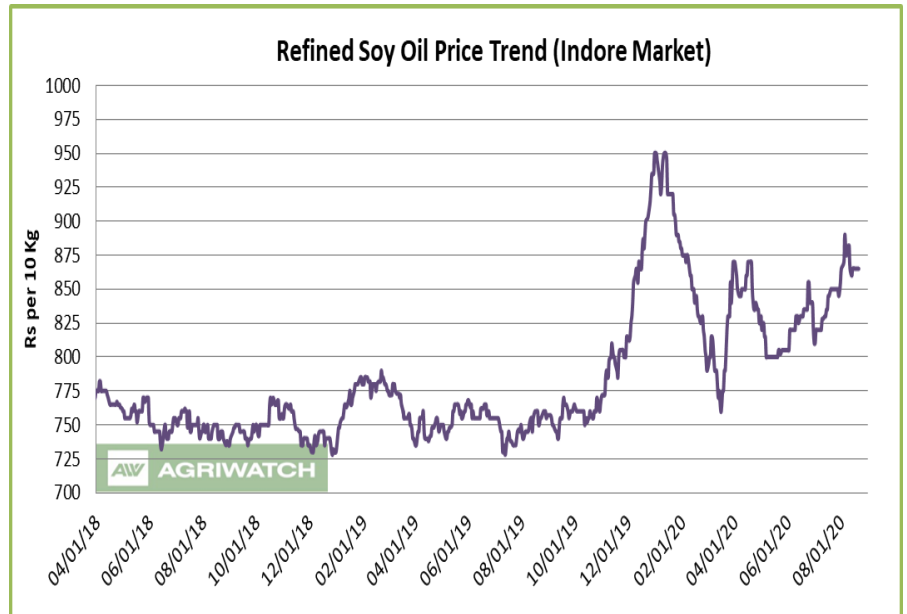
**Soy oil Fundamental Analysis and Outlook:-****Domestic Front**

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

Soy oil demand is firm at high seas as its prices rose at high while it fell 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.

Soy oil import in Aug by India will be lower compared to July due to negative import parity and negative refining margins and high prices of soy oil in international markets. Imports will rise from Sep on demand ahead of festivals.

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 777 (USD 790) per ton for Aug delivery, Sep delivery is quoted at USD 777 (USD 788) per ton and OND delivery is quoted at USD 780 (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 865 (Rs 882 last week) per 10 kg.
- On the parity front, margins fell during the week due to hike in base import price of soy oil. We expect margins to weaken further in coming days. Currently, refiners lose USD 40-45/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, firm demand of soybean by China and rise in crude oil prices

However, better than expected crop condition of soybean in US and lower competitive oil 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 firm US has been firm in August. More purchases of soybean can be seen going ahead. Soybean exports have been firm in August despite US-China tensions.

China faced setback on trade as US state department said that there will be no US-China trade talks as expected by market and US will try to implement Phase-1 of trade deal.

Palm oil prices fell last week underpinning 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 and better compliance to planned cuts. In addition, consumption is rising globally rebalancing global crude oil market.

- According to National Oilseed Processors Association (NOPA), U.S. July soybean crush rose by 3.31 percent m-o-m to 172.794 million bushels from 167.263 million bushels in June 2020, above market expectation. Crush of soybean in July was higher by 2.80 percent y-o-y compared to July 2019 figure of 168.093 million bushels. Soy oil stocks in U.S. at the end of July fell 8.94 percent m-o-m to 1.619 billion lbs compared to 1.778 billion lbs

in end June 2020. Stocks of soy oil in end July was higher by 10.64 percent y-o-y compared to end July 2019, which was reported at 1.467 million lbs. Soy oil stocks was below trade expectation.

- In the weekly USDA crop progress report released on 16 August 2020; The US Soybean is blooming 96% up from 88% same period last year and 94% from 5 year average. Soybeans setting pods at 84% up from 64% same period last year and 79% from 5 year average. About 72% of the crop is under good to excellent condition, compared to 53% 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 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.

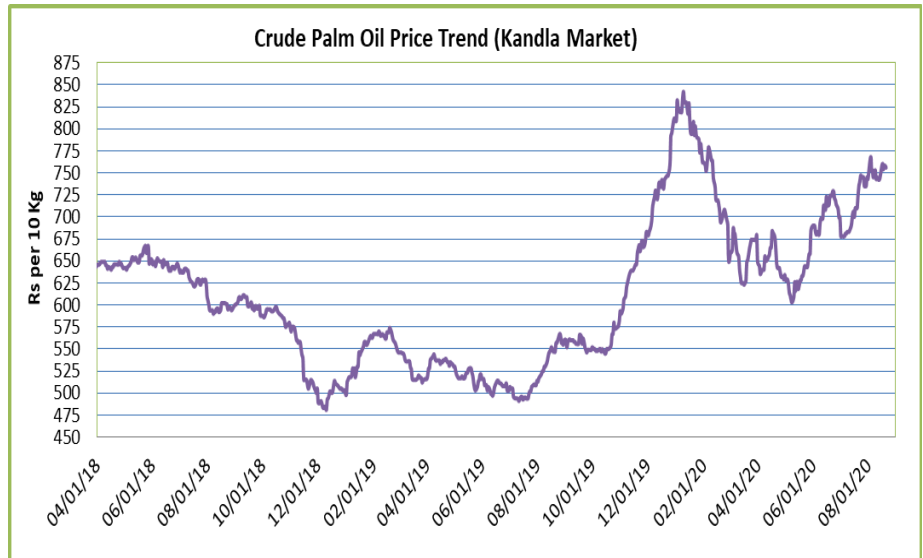
**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 840-900 per 10 Kg in the near term.

## Palm oil Fundamental Analysis and Outlook -:

### Domestic Front

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

Prices of RBD palmolein closed higher due to firm demand. Palm oil international prices fell last week in fall in international markets on expectation weakening of palm oil demand from Malaysia and Indonesia in August and expectation of rise in production of palm oil in Indonesia.



Demand of palmolein will still moderate 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.

Demand of pre COVID levels will be reached in second half of oil year 2020-21

Imports of palm oil by India rose in July mainly due to rise in CPO imports while RBD 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 rose on high seas while it fell at CNF markets compared to last week indicating firm demand at high seas. India imports of CPO rose 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.

Imports of palm oil will be lower by India in Aug due to higher prices of palm oil. However, import demand of palm oil will rise in Sep on demand ahead of festivals. Uncertainty of palm oil demand will be there in India with many state governments imposing lockdown in various states.

Data from cargo surveyors show fall in imports of palm oil by India in Aug from Malaysia.

CPO imports disparity rose during the week due hike in base import price of CPO at Rs 40-45 per 10 kg this week compared to last week disparity at Rs 20-25 per 10 kg.

RBD palmolein prices rose at high seas while it fell at CNF markets indicating firm 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 66 (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 firm demand.

- 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 712.5 (USD 715) per ton for Aug delivery and Sep delivery is quoted at USD 710 (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 722.5 (USD 725) per ton for Aug delivery and Sep delivery is quoted at USD 720 (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 754 (Rs 740) per 10 Kg and Aug delivery duty paid is offered at Rs 753 (Rs 738) per 10 kg. Ready lift RBD palmolein is quoted at Rs 820 (Rs 810) per 10 kg as on Aug 21, 2020. Values in brackets are figures of last week.

- On the parity front, margins fell during this week due to hike in base import price of palm oil in Indian markets. Currently refiners lose USD 20-25/ton v/s gain of USD 20-25/ton (last week) margin in processing the imported CPO and imports of ready to use palmolein lose USD 30-35/ton v/s loss of USD 40-45/ton (last week) parity.

### **International Front**

Palm oil prices are likely to fall due to weak import demand of palm oil from importing nations from Malaysia and rise in production of palm oil in Indonesia. Fall in competing oil prices will support losses.

However, rise in crude oil prices will limit losses.

Exports to India is expected to firm from Sep 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 1-20 palm oil exports fell 16.5 percent to 946,338 tons compared to 1,157,020 tons in the corresponding period last month. Top buyers were China at 235,105 tons (273,125 tons), European Union 185,286 tons (226,830 tons) and India & subcontinent 174,415 tons (281,695 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 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.

Demand of rapeseed oil has

increased due to low availability of soybean in market and disparity in imports and refining margins of soybean oil.

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.

Demand of rapeseed oil will rise ahead of festivals in North and East India. However, lockdown imposed by West Bengal and Bihar may impact demand adversely.

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.

Haryana, MP and Rajasthan has sold 3.3 lakh tons of old crop. Rajasthan is disposing K-19 stocks and around 0.40 lakh tons of new crop is sold. It will start K-19 sale after disposing K-18 stocks.

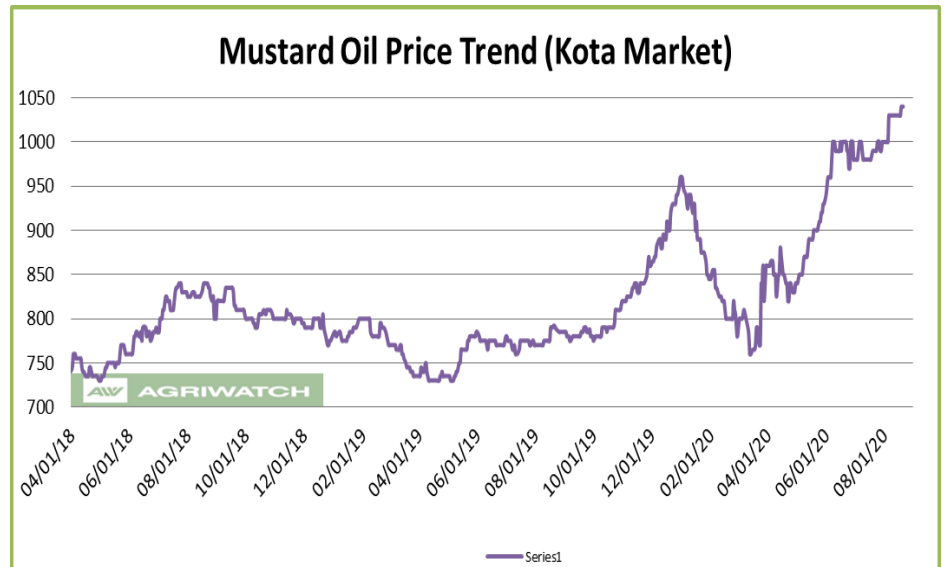
MP has sold 0.15 lakh tons of new crop and 0.50 lakh tons procured.

Haryana has sold 1.0 lakh tons of new crop after disposing old crop. Around 2.1 lakh tons of new stock is left after sale. HAFED has sold 1.5 lakh tons from procured quantity of 4.5 lakh tons.

So, stock left with NAFED is 5.51 lakh tons plus 3.0 lakh tons with HAFED.

Arrivals of rapeseed fell 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 210 (Rs 215) per 10 Kg will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 255 (Rs 265) 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 1,040 (Rs 1,030) per 10 kg as on Aug 21, 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 1000-1100 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-Domestic Front

- Sunflower oil price rose during the week in Chennai on firm demand

Prices of sunflower oil may fall on rise in its prices and high premium over competing oils.

Old stock of sunflower is discharged and fresh stocking has not started.

Sunflower oil is mainly used in home consumption and demand has risen in in home consumption due to less out of home

consumption especially palm oil. Consumption has risen about 20 percent in some states.

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 rose 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 85 (Rs 80 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 93 (USD 71 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 147.5 (USD 135 last week) which will decrease imports.

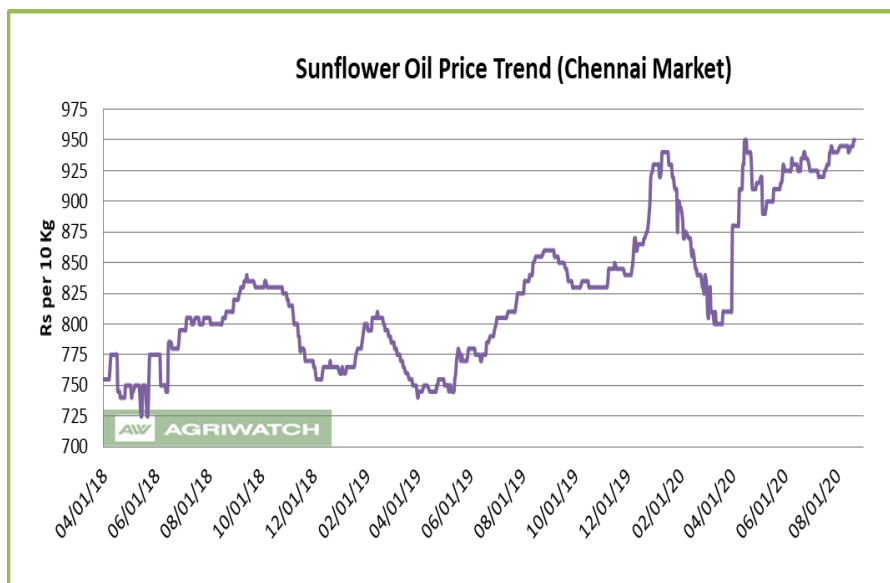
In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 130 (Rs 130) per 10 kg which is high will underpin sunflower oil in domestic market.

In domestic market, high groundnut oil premium over sunflower oil at Chennai market is at Rs 270 (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 fall on weak demand and high premium over competing oils.

- 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 870) per ton for Aug delivery, Sep delivery is quoted at USD 870 (USD 860) 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 950 (Rs 940) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 960 (Rs 960) per 10 kg as on Aug 21, 2020. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to lower tone in the coming days.

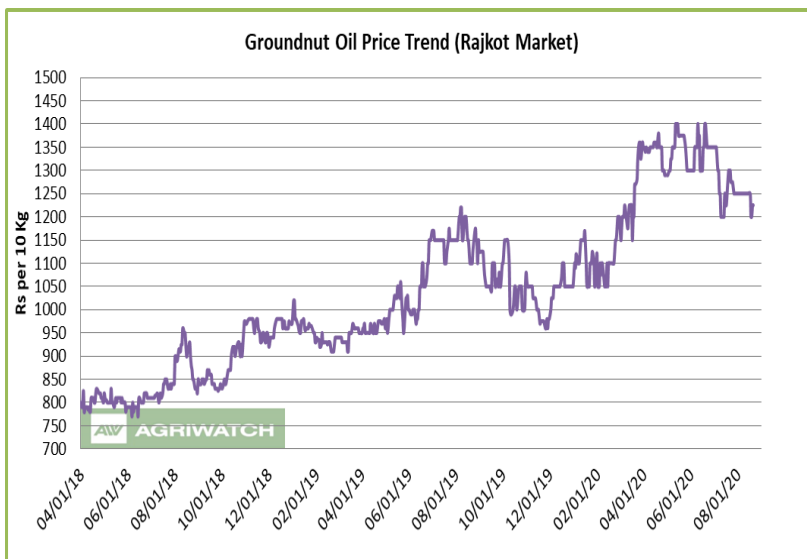
**Price Outlook:** Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 920-970 per 10 Kg.

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

- Groundnut oil market traded 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 demand will rise in October ahead of festivals. Need based demand of groundnut oil is from outside Gujarat.

Groundnut sowing is higher 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. NAFED has sold total stock of whole K-18 crop. Further, sales of K-19 in Gujarat is around 2.0 lakh tons in Gujarat and 0.5 lakh tons in Rajasthan. Therefore, stocks left in Gujarat and Rajasthan is around 2.8 lakh tons and 1.9 lakh tons respectively. So total stock left with NAFED is 4.7 lakh tons. Sales of groundnut picked up due to millers stocking ahead of festivals and NAFED quoting lower rates. Further, arrivals has decreased leading to higher demand from NAFED.

However, if rains adversely affect groundnut crop then NAFED demand will rise.

Exports of groundnut oil has improved in July firm weak May and June. Imports are mainly to China in Apr-July 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 12,250 (Rs 12,500) per quintal and it was 12,200 (Rs 12,500) per quintal in Chennai market on Aug 21, 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 1150-1300 per 10 Kg

### Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil benchmark market of Kangayam traded higher due to weak supply.

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

Supply of coconut oil is weak due to lower crush of copra on labor shortage.

Harvest of coconut has slowed due to incessant rains in South India.

Moreover, there is problem of drying of copra due to wet conditions leading to lower crush of copra.

However, demand of coconut oil from North India is weak.

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

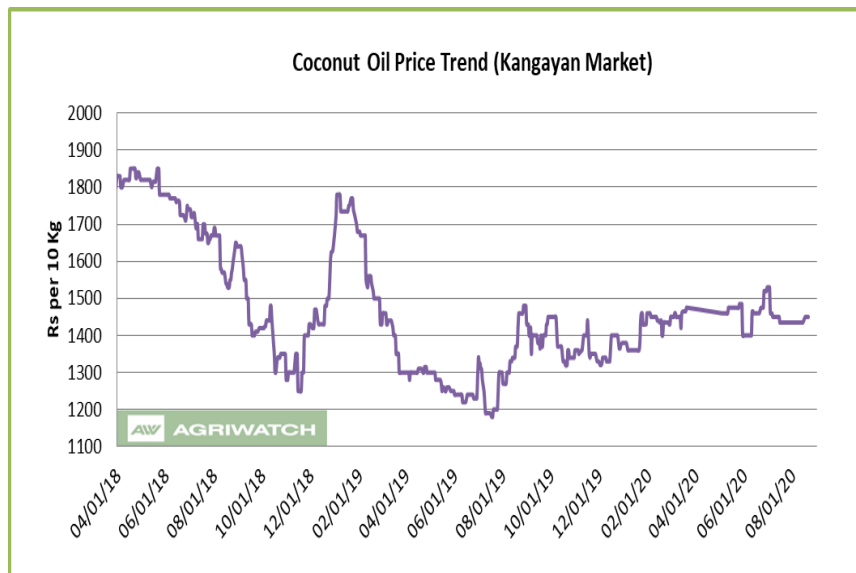
Demand of copra is improving due to opening of India in various phases. Copra prices will be supported by Tamil Nadu government procurement of copra at MSP.

Millers 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.

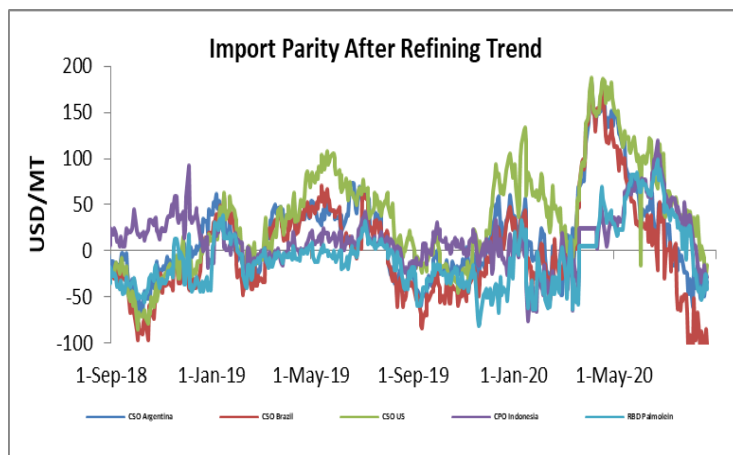
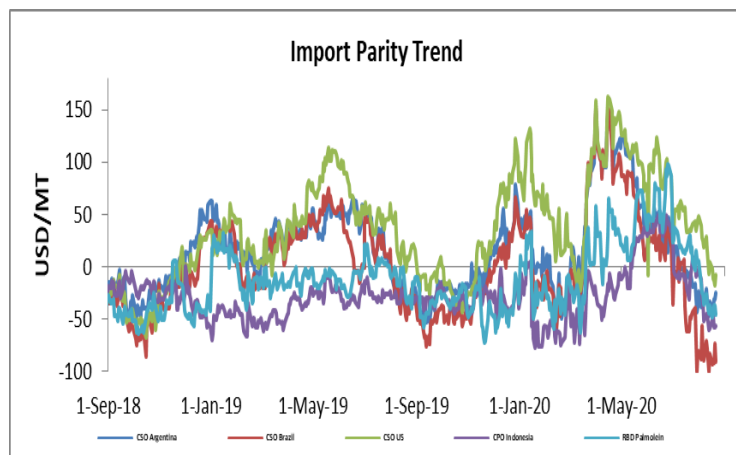
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 15,300 (Rs 15,000) per quintal, and was quoted at 14,500 (Rs 14,350) per quintal in Erode market on August 21, 2020.



**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
<b>Jul 2-Aug 8, 2020</b>	-39.65	-87.08	25.00	7.54	18.96
<b>Aug 9-Aug 15, 2020</b>	-33.02	-85.49	12.82	-22.28	-44.22
<b>Aug 16-Aug 22, 2020</b>	-41.79	-97.88	-16.48	-24.84	-34.75

### Outlook:-

Refining margins disparity rose for crude soy oil from Argentina due to hike in base import prices. We expect soy oil refining disparity to rise in medium term due to expectation of higher prices of soy oil in Indian markets.

Refining margins disparity of CPO and RBD palmolein rose on hike in base import price in prices of palm oil. We expected CPO disparity to fall 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 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 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.

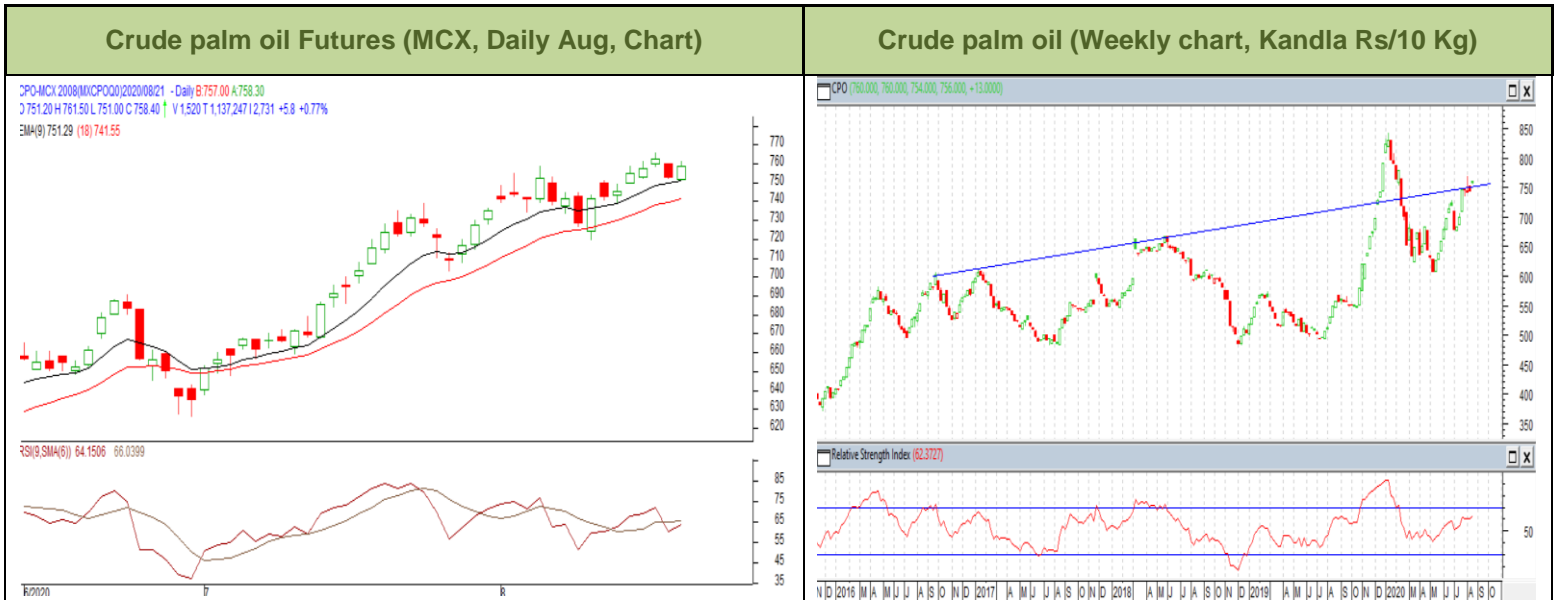
**Strategy:** Market participants are advised to go long above 865 levels for a target of 880 and 885 with a stop loss at 855 on closing basis.

#### RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
863.00	863.00	870.10	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	756.50	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
		21-Aug-20	14-Aug-20	
Refined Soybean Oil	Indore	865	865	Unch
	Indore (Soy Solvent Crude)	830	825	5
	Mumbai	870	870	Unch
	Mumbai (Soy Degum)	825	820	5
	Kandla/Mundra	860	870	-10
	Kandla/Mundra (Soy Degum)	825	820	5
	Kolkata	860	860	Unch
	Delhi	897	895	2
	Nagpur	884	884	Unch
	Rajkot	840	870	-30
	Kota	870	880	-10
	Hyderabad	-	-	-
	Akola	881	880	1
	Amrawati	880	880	Unch
	Bundi	875	885	-10
	Jalna	887	887	Unch
	Solapur	873	873	Unch
	Dhule	870	870	Unch
Palm Oil*	Kandla (Crude Palm Oil)	794	780	14
	Kandla (RBD Palm oil)	835	840	-5
	Kandla RBD Pamolein	861	861	Unch
	Kakinada (Crude Palm Oil)	764	751	14
	Kakinada RBD Pamolein	851	851	Unch
	Haldia Pamolein	866	866	Unch
	Chennai RBD Pamolein	872	872	Unch
	KPT (krishna patnam) Pamolein	861	861	Unch
	Mumbai RBD Pamolein	887	882	5
	Mangalore RBD Pamolein	877	877	Unch
	Tuticorin (RBD Palmolein)	882	868	14
	Delhi	895	880	15
	Rajkot	861	861	Unch
	Hyderabad	845	830	15
	PFAD (Kandla)	520	520	Unch
	Refined Palm Stearin (Kandla)	764	751	14
	Superolien (Kandla)	882	882	Unch
	Superolien (Mumbai)	908	903	5
* inclusive of GST				
Refined Sunflower Oil	Chennai	950	940	10

	Mumbai	960	960	Unch
	Mumbai(Expeller Oil)	925	925	Unch
	Kandla (Ref.)	960	960	Unch
	Hyderabad (Ref)	955	955	Unch
	Latur (Expeller Oil)	890	895	-5
	Chellakere (Expeller Oil)	900	905	-5
	Erode (Expeller Oil)	970	970	Unch
Groundnut Oil	Rajkot	1225	1250	-25
	Chennai	1220	1250	-30
	Delhi	1230	1250	-20
	Hyderabad *	1250	1350	-100
	Mumbai	1250	1250	Unch
	Gondal	1220	1240	-20
	Jamnagar	1220	1240	-20
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1062	1052	10
	Jaipur (Kacchi Ghani Oil)	1090	1080	10
	Kota (Expeller Oil)	1040	1030	10
	Kota (Kacchi Ghani Oil)	1075	1060	15
	Neewai (Expeller Oil)	1055	1050	5
	Neewai (Kacchi Ghani Oil)	1065	1060	5
	Bharatpur (Kacchi Ghani Oil)	1075	1080	-5
	Sri-Ganga Nagar(Exp Oil)	1040	1030	10
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1080	1070	10
	Mumbai (Expeller Oil)	1060	1050	10
	Kolkata(Expeller Oil)	1170	1130	40
	New Delhi (Expeller Oil)	1055	1050	5
	Hapur (Expeller Oil)	1050	1020	30
	Hapur (Kacchi Ghani Oil)	1080	1050	30
	Agra (Kacchi Ghani Oil)	1080	1085	-5
Refined Cottonseed Oil	Rajkot	870	865	5
	Hyderabad	835	825	10
	Mumbai	890	880	10
	New Delhi	832	825	7
Coconut Oil	Kangayan (Crude)	1450	1435	15
	Cochin	1510	1490	20
Sesame Oil	New Delhi	1400	1400	Unch
	Mumbai	-	-	-

Kardi	Mumbai	-	-	-
Rice Bran Oil (40%)	New Delhi	785	775	10
Rice Bran Oil (4%)	Punjab	875	860	15
Malaysia Palmolein USD/MT	FOB	710	725	-15
	CNF India	730	730	Unch
Indonesia CPO USD/MT	FOB	703	707	-4
	CNF India	720	720	Unch
RBD Palm oil (Malaysia Origin USD/MT)	FOB	708	718	-10
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	708	700	8
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	790	780	10
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	630	615	15
Crude palm Kernel Oil India (USD/MT)	CNF India	-	830	-
Ukraine Origin CSFO USD/MT Kandla	CIF	865	870	-5
Rapeseed Oil Rotterdam Euro/MT	FOB	780	775	5
Argentina FOB (\$/MT)		20-Aug-20	13-Aug-20	Change
Crude Soybean Oil Ship		725	734	-9
Refined Soy Oil (Bulk) Ship		750	760	-10
Sunflower Oil Ship		785	790	-5
Cottonseed Oil Ship		705	714	-9
Refined Linseed Oil (Bulk) Ship		-	-	-
* indicates including GST				

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