

Veg. Oil Weekly Research Report

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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 closed sideways. Coconut oil prices closed in red.

On the currency front, Indian rupee is hovering near 73.53 against 74.41 previous week. Rupee is expected to appreciate 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 890 levels for a target of 905 and 910 with a stop loss at 880 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 860-940 per 10 Kg. in the near term.

In MCX, market participants are advised to go long in CPO above 770 for a target of 785 and 790 with a stop loss at 760 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, worsening condition of soybean crop in US and rise in crude oil prices will support soy oil prices in coming days.

Rise in competing oil prices, expectation of weak production of palm oil in Malaysia, firm demand from India and China 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 and rise in prices of soy oil in international markets.

Soy oil demand is weak at high seas as its prices rose less at high 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.

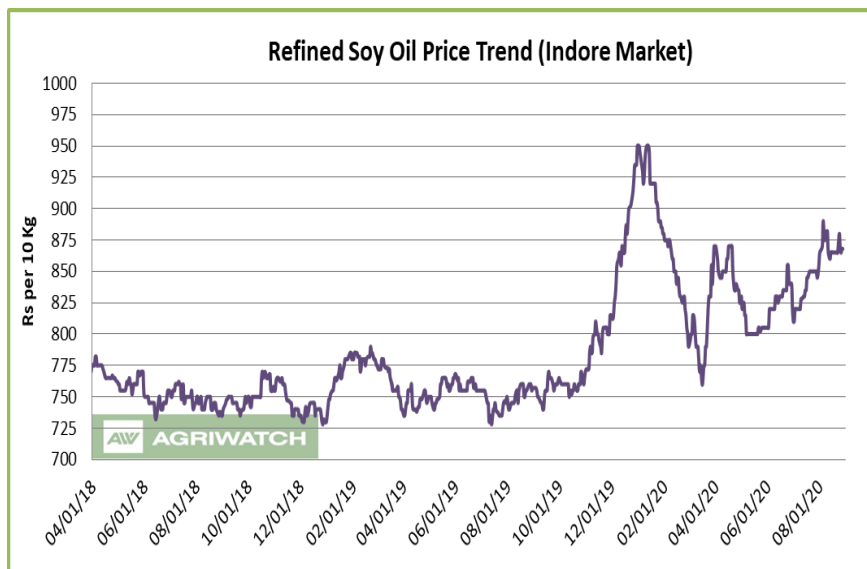
Soy oil import in Aug by India will be lower compared to July due to negative import parity and negative refining margins and high prices of soy oil in international markets. Imports will rise from Sep on demand ahead of festivals.

Rise in palm oil prices may support soy oil price.

Import disparity fell during the week due to rise in prices of soy oil in Indian markets and the disparity stands at 15-20 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 high may cap 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



Augst, 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 120 lakh hectares as on 21.08. 2020 compared to 112.47 lakh hectares in corresponding period last year. Sowing was reported higher in all states except Telangana.
- Imported crude soy oil CNF at West coast port is offered at USD 820 (USD 777) per ton for Aug delivery, Sep delivery is quoted at USD 820 (USD 777) per ton and OND delivery is quoted at USD 825 (USD 780) 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 890 (Rs 865 last week) per 10 kg.
- On the parity front, margins rose during the week due to rise in prices of soy oil in India markets and appreciation of Rupee. We expect margins to improve further in coming days. Currently, refiners lose USD 30-35/ton v/s loss of USD 40-45/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, worsening condition of soybean in US, firm demand of soybean by China, rise in completion oils prices and rise in crude oil prices

Soybean weather in US Midwest has worsened and has remained dry in last two weeks. Weather is forecasted to remain dry next week. Dry weather will adversely affect soybean yields. Good to excellent crop condition fell to 69% from 74% indicating worsening of soybean crop condition. This will support prices of soy oil.

China has reported to be purchasing soybean in big quantities from US last week and is forecast to purchase 40 MMT of soybean in 2020/21 from US.

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. 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 rose 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.

- In the weekly USDA crop progress report released on 23 August 2020; The US Soybean is setting pods 92% up from 76% same period last year and 87% from 5 year average. Soybeans dropping leaves at 4% up from 2%

same period last year and 4% from 5 year average. About 69% of the crop is under good to excellent condition, compared to 54% in corresponding period last year.

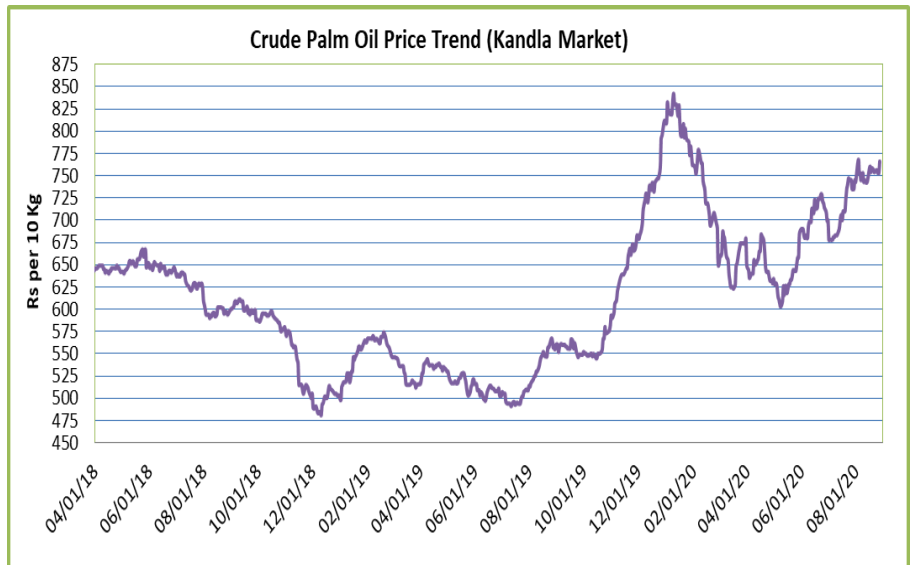
- According to National Oilseed Processors Association (NOPA), U.S. July soybean crush rose by 3.31 percent m-o-m to 172.794 million bushels from 167.263 million bushels in June 2020, above market expectation. Crush of soybean in July was higher by 2.80 percent y-o-y compared to July 2019 figure of 168.093 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.
- 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 860-940 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 and rise in prices of palm oil in international markets. Prices of RBD palmolein closed higher due to firm demand and rise in prices of RBD palmolin in international markets. Palm oil international prices rose last week in fall in international markets on rise in prices of competing oils and expectation of fall in production of palm oil in Malaysia in August.



Demand of palmolein will improve due to government's effort to open country. As it is mainly used in street food, joints and restaurant chains, it will start opening progressively. The various move by central government to use various acts to stop lockdown by states without its permission will improve sentiment in market.

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 less on high seas compared to CNF markets compared to last week indicating weak demand at high seas. India imports of CPO rose from Malaysia in July 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.

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

CPO imports disparity fell during the week due rise in prices of CPO in Indian markets and appreciation of Rupee at Rs 25-30 per 10 kg this week compared to last week disparity at Rs 40-45 per 10 kg.

RBD palmolein prices rose more at high seas compared to 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 weak compared to RBD palmolein at high seas as premium of RBD palmolein over CPO was at Rs 72 (Rs 66) 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 increase 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 730 (USD 712.5) per ton for Aug delivery and Sep delivery is quoted at USD 725 (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 740 (USD 722.5) per ton for Aug delivery and Sep delivery is quoted at USD 735 (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 768 (Rs 754) per 10 Kg and Aug delivery duty paid is offered at Rs 766 (Rs 753) per 10 kg. Ready lift RBD palmolein is quoted at Rs 840 (Rs 820) per 10 kg as on Aug 28, 2020. Values in brackets are figures of last week.

- On the parity front, margins rose during this week due to rise in prices of palm oil in India markets and appreciation of Rupee. Currently refiners fetch USD 0-5/ton v/s loss of USD 20-25/ton (last week) margin in processing the imported CPO and imports of ready to use palmolein lose USD 10-15/ton v/s loss of USD 30-35/ton (last week) parity.

International Front

Palm oil prices are likely to rise due to rise in competing oil prices, expectation of lower palm oil production in Malaysia in Aug, rise in import demand of palm oil from on fresh buying reported by India and China from Malaysia and rise in crude oil prices.

Competing oil prices like soy oil and sunflower oil prices surged last week supporting palm oil prices. More rise in competing oils prices can be seen in coming weeks.

Palm oil production in Malaysia in Aug is expected to report lower number due to labor shortage on COVID and harvest delay caused by rains in Aug.

Big buyers like India and China has been active in market after weak imports in first 20 days of 2020.

Exports to India is expected to rise 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.

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 Societe Generale de Surveillance (SGS), Malaysia's Aug 1-25 palm oil exports fell 16.4 percent to 1,158,013 tons compared to 1,385,186 tons in corresponding period last month. Top buyers were India at 253,080 tons (344,065 tons), China at 229,165 tons (280,131 tons), European Union 223,461 tons (238,761 tons), United States at 40,380 tons (63,205 tons) and Pakistan at 0 tons (55,002 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 September. Reference prices of September was set at USD 738.07 per ton compared to USD 656.89 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.

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 disparity 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.

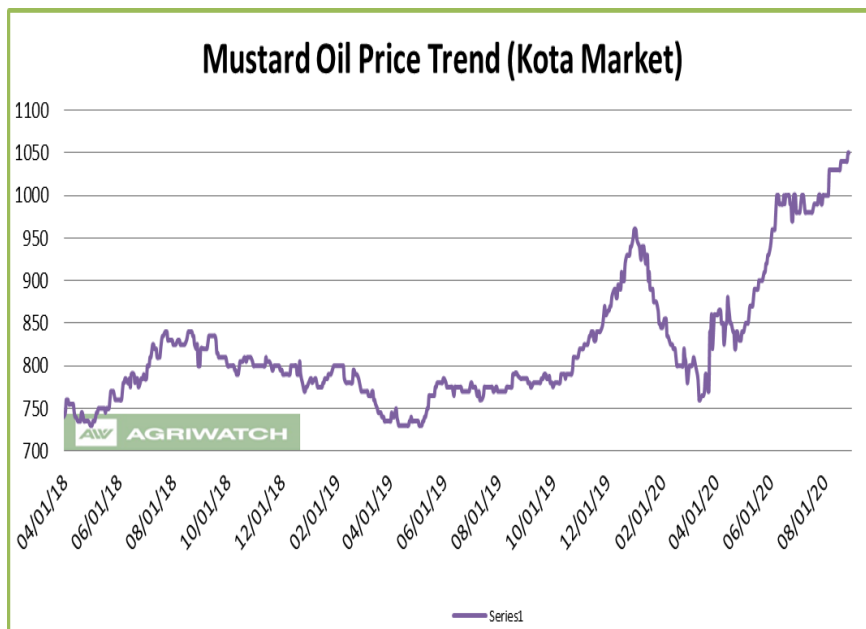
Haryana has sold 1.0 lakh tons of new crop after disposing old crop. Around 2.1 lakh tons of new stock is left after sale. HAFED has sold 1.5 lakh tons from procured quantity of 4.5 lakh tons.

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 195 (Rs 210) per 10 Kg will cap gains in rapeseed oil prices.



Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 245 (Rs 255) 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 1,069 (Rs 1,062) per 10 Kg, and at Kota market, it is offered at Rs 1,050 (Rs 1,040) per 10 kg as on Aug 28, 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 and rise in prices of sunflower oil in international markets.

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 positive and refining margins are positive due to higher prices of sunflower oil in Indian markets and may lead to higher 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 90 (Rs 85 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 120 (USD 93 last week) per ton which indicates that sunflower oil prices is diverging with soy oil at domestic markets and CNF markets.

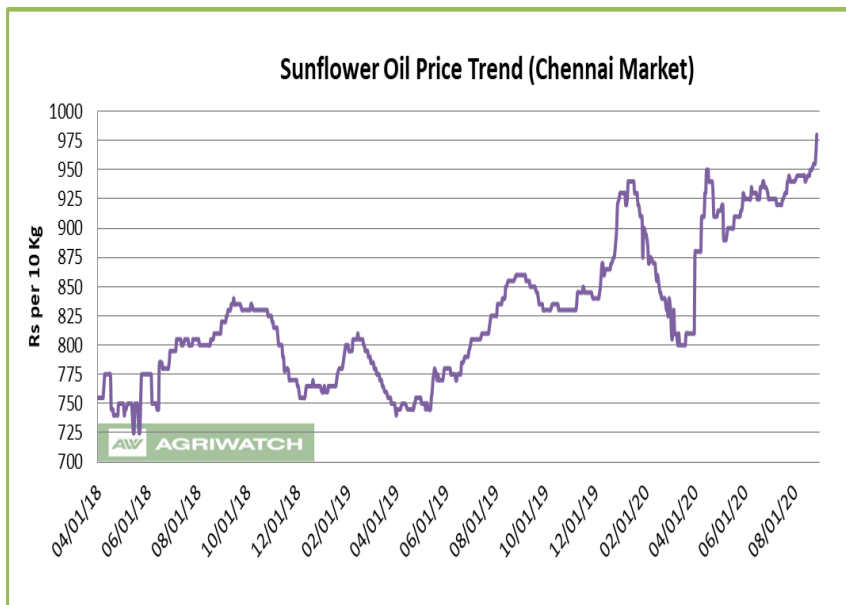
High sunflower oil premium over RBD palmolein at CNF India is at USD 200 (USD 147.5 last week) which will decrease imports.

In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 140 (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 270 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 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 1.02 lakh hectares as on 21.08. 2020 compared to 0.81 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 940 (USD 870) per ton for Sep delivery, Oct delivery is quoted at USD 920 (USD 845) per ton and Nov delivery is quoted at USD 910 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 990-980 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 980 (Rs 950) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 990 (Rs 960) per 10 kg as on Aug 28, 2020. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 950-1050 per 10 Kg.

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

- Groundnut oil market traded sideways 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. However, due to incessant rains in Gujarat will affect groundnut crop adversely. However, despite fall in the yield this crop will be higher than last year due to higher area.

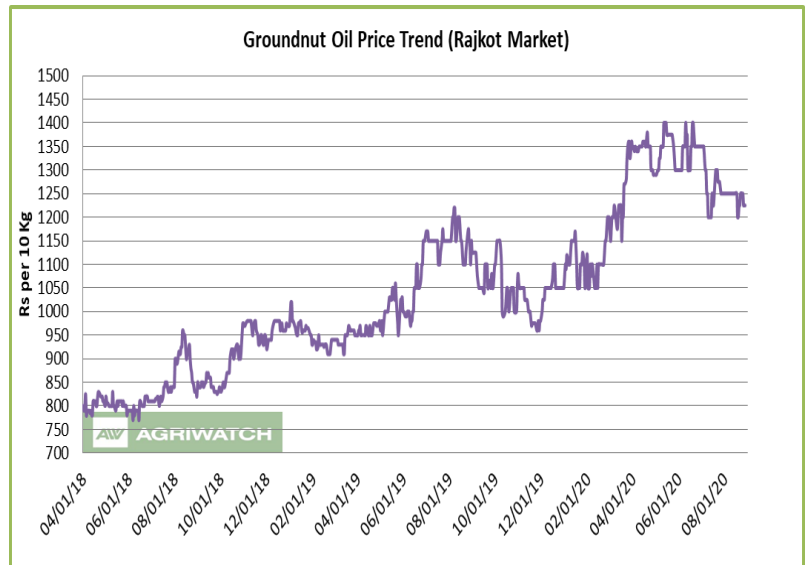
NAFED has procured 7.21 lakh tons of K-19 groundnut. NAFED stocks of K-18 groundnut is 1.38 lakh tons at the end of sale of groundnut. NAFED has sold total stock of whole K-18 crop. Further, sales of K-19 in Gujarat is around 2.0 lakh tons in Gujarat and 0.5 lakh tons in Rajasthan. Therefore, stocks 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 7,611 tons in Apr-May 2020, from 2,954 tons in corresponding period last year. It was mainly exported to China at 7,266 tons.
- According to Ministry of Agriculture, sowing of groundnut is reported at 50.03 lakh hectares as on 21.08. 2020 compared to 35.79 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 lower due to weak demand.

Demand has weakened as festive demand is over and upcountry demand is weak due to COVID-19.

Demand of coconut oil fell due to rise in its prices.

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.

Demand of coconut oil from North India is weak.

Demand is supported by coconut oil distributed by civil supplies of various governments coupled with state agencies selling coconut oil at subsidized rates.

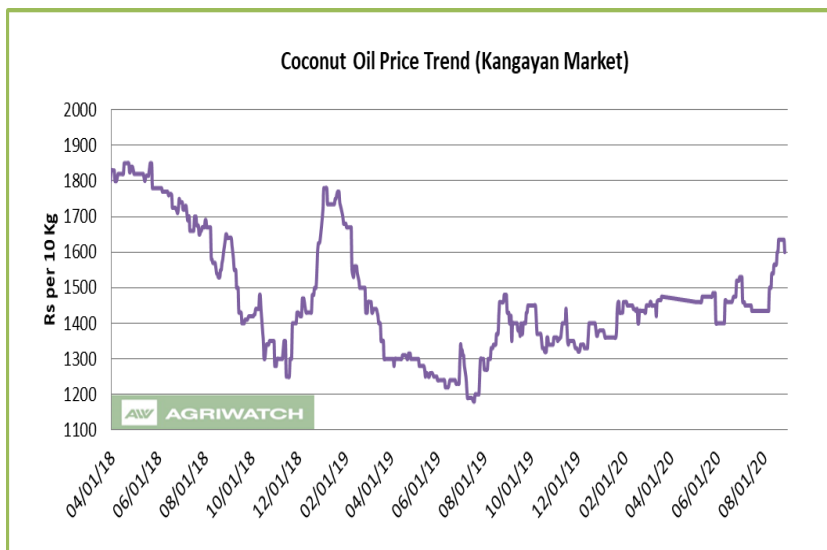
Demand of copra is improving due to opening of India in various phases. Copra prices will be supported by Tamil Nadu government procurement of copra at MSP.

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.

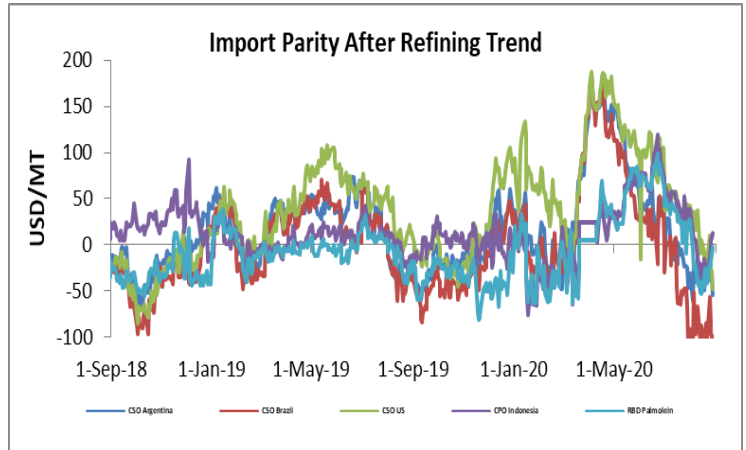
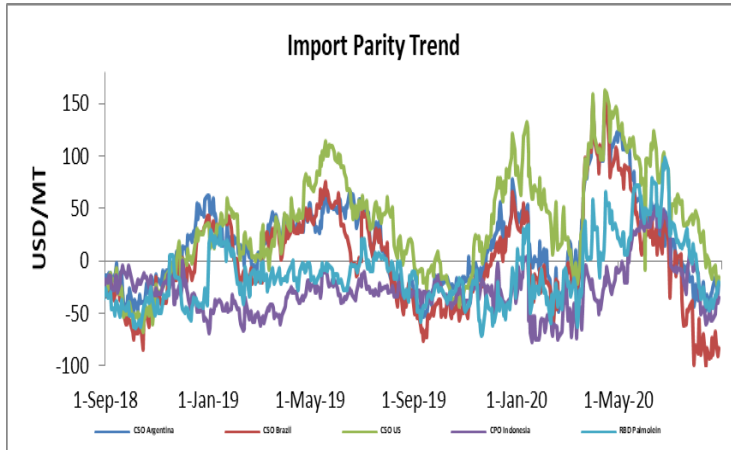
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 15,600 (Rs 15,300) per quintal, and was quoted at 16,000 (Rs 16,350) per quintal in Erode market on August 28, 2020.



Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1550-1650 per 10 Kg.

Import Parity Trend

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



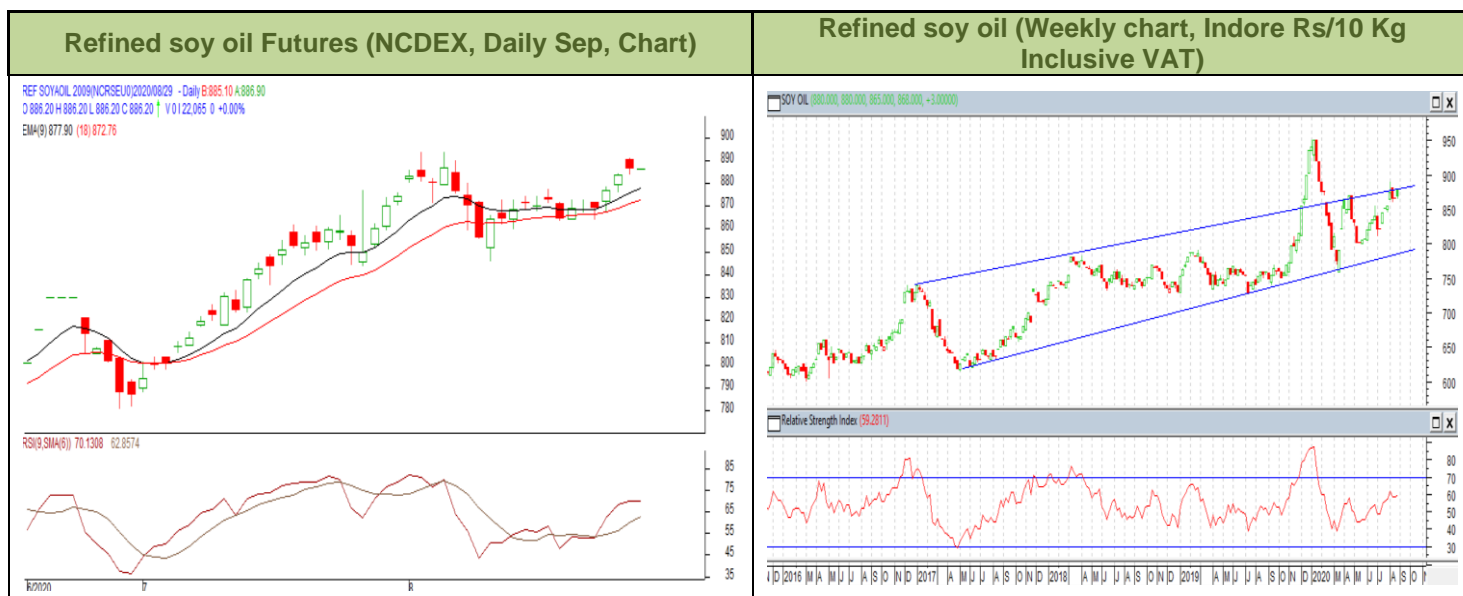
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Aug 9-Aug 15, 2020	-33.02	-85.49	12.82	-22.28	-44.22
Aug 16-Aug 22, 2020	-41.79	-97.88	-16.48	-24.84	-34.75
Aug 22-Aug 29, 2020	-30.87	-90.86	-23.03	2.41	-14.14

Outlook:-

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

Refining margins disparity returned to parity of CPO on rise in prices of CPO in Indian markets and appreciation of Rupee. RBD palmolein refining margins disparity fell on rise in its prices in Indian markets and on appreciation of Rupee. We expected CPO parity to rise in medium term due to rise 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 900 in weekly might take the prices below 920 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.

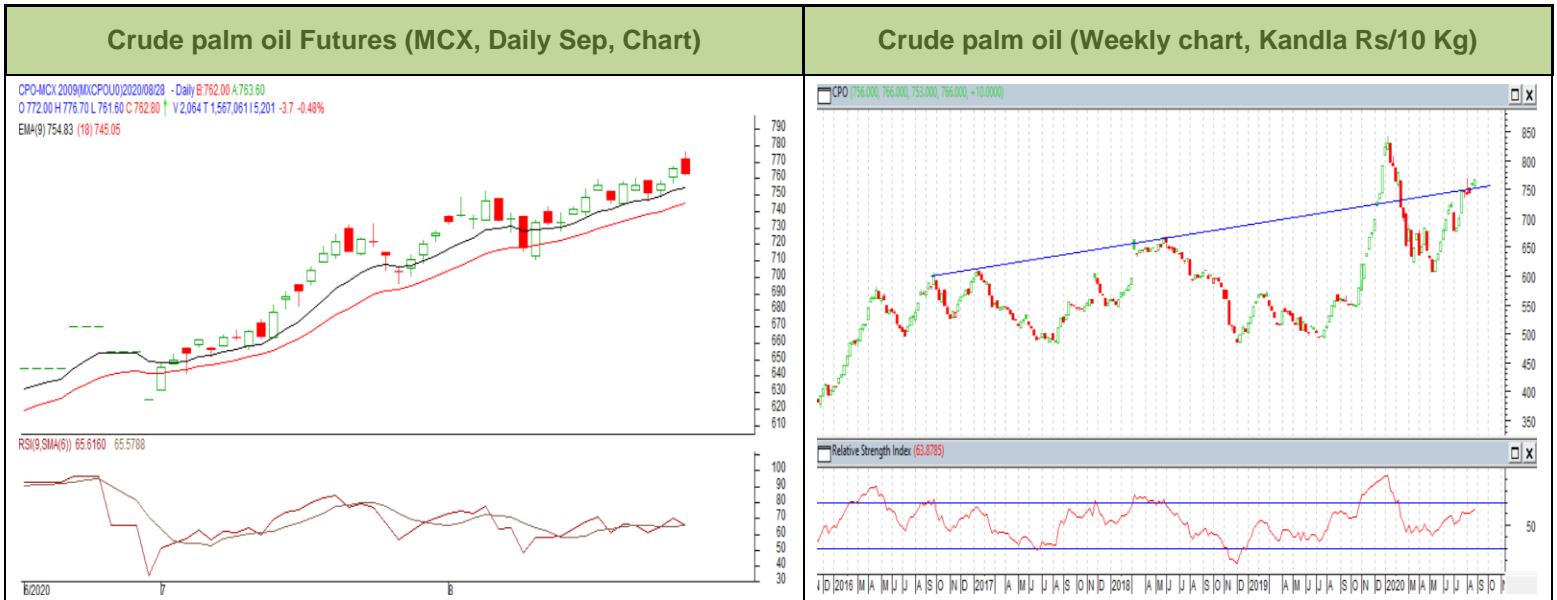
Strategy: Market participants are advised to go long above 890 levels for a target of 905 and 910 with a stop loss at 880 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
863.00	878.00	896.2	900.00	920.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 860-940 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show uptrend in prices during the week. We expect that CPO September 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 780 in weekly chart may bring the prices to 800 levels.
- Expected price band for next week is 740-800 level. RSI and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 770 for a target of 785 and 790 with a stop loss at 760 on closing basis.

CPO MCX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
744.00	759.00	774.00	780.00	800.00

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
		28-Aug-20	21-Aug-20	
Refined Soybean Oil	Indore	868	865	3
	Indore (Soy Solvent Crude)	835	830	5
	Mumbai	870	870	Unch
	Mumbai (Soy Degum)	850	825	25
	Kandla/Mundra	875	860	15
	Kandla/Mundra (Soy Degum)	845	825	20
	Kolkata	880	860	20
	Delhi	922	897	25
	Nagpur	894	884	10
	Rajkot	860	840	20
	Kota	870	870	Unch
	Hyderabad	-	-	-
	Akola	891	881	10
	Amrawati	890	880	10
	Bundi	875	875	Unch
	Jalna	897	887	10
	Solapur	883	873	10
	Dhule	880	870	10
Palm Oil*	Kandla (Crude Palm Oil)	804	794	11
	Kandla (RBD Palm oil)	851	835	16
	Kandla RBD Pamolein	877	861	16
	Kakinada (Crude Palm Oil)	761	764	-3
	Kakinada RBD Pamolein	872	851	21
	Haldia Pamolein	893	866	26
	Chennai RBD Pamolein	887	872	16
	KPT (krishna patnam) Pamolein	882	861	21
	Mumbai RBD Pamolein	908	887	21
	Mangalore RBD Pamolein	898	877	21
	Tuticorin (RBD Palmolein)	895	882	13
	Delhi	920	895	25
	Rajkot	872	861	11
	Hyderabad	860	845	15
	PFAD (Kandla)	541	520	21
	Refined Palm Stearin (Kandla)	761	764	-3
	Superolien (Kandla)	903	882	21
	Superolien (Mumbai)	924	908	16
* inclusive of GST				
Refined Sunflower Oil	Chennai	980	950	30

	Mumbai	995	960	35
	Mumbai(Expeller Oil)	960	925	35
	Kandla (Ref.)	990	960	30
	Hyderabad (Ref)	1000	955	45
	Latur (Expeller Oil)	910	890	20
	Chellakere (Expeller Oil)	920	900	20
	Erode (Expeller Oil)	1000	970	30
Groundnut Oil	Rajkot	1225	1225	Unch
	Chennai	1250	1220	30
	Delhi	1260	1230	30
	Hyderabad *	1200	1250	-50
	Mumbai	1260	1250	10
	Gondal	1230	1220	10
	Jamnagar	1230	1220	10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1069	1062	7
	Jaipur (Kacchi Ghani Oil)	1097	1090	7
	Kota (Expeller Oil)	1050	1040	10
	Kota (Kacchi Ghani Oil)	1085	1075	10
	Neewai (Expeller Oil)	1060	1055	5
	Neewai (Kacchi Ghani Oil)	1070	1065	5
	Bharatpur (Kacchi Ghani Oil)	1100	1075	25
	Sri-Ganga Nagar(Exp Oil)	1035	1040	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1075	1080	-5
	Mumbai (Expeller Oil)	1075	1060	15
	Kolkata(Expeller Oil)	1170	1170	Unch
	New Delhi (Expeller Oil)	1072	1055	17
	Hapur (Expeller Oil)	1060	1050	10
	Hapur (Kacchi Ghani Oil)	1090	1080	10
	Agra (Kacchi Ghani Oil)	1105	1080	25
Refined Cottonseed Oil	Rajkot	885	870	15
	Hyderabad	840	835	5
	Mumbai	910	890	20
	New Delhi	855	832	23
Coconut Oil	Kangayan (Crude)	1600	1635	-35
	Cochin	1520	1510	10
Sesame Oil	New Delhi	1400	1400	Unch
	Mumbai	-	-	-

Kardi	Mumbai	-	-	-
Rice Bran Oil (40%)	New Delhi	800	785	15
Rice Bran Oil (4%)	Punjab	885	875	10
Malaysia Palmolein USD/MT	FOB	720	710	10
	CNF India	740	730	10
Indonesia CPO USD/MT	FOB	710	703	7
	CNF India	730	720	10
RBD Palm oil (Malaysia Origin USD/MT)	FOB	718	708	10
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	713	708	5
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	805	790	15
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	640	630	10
Crude palm Kernel Oil India (USD/MT)	CNF India	-	835	-
Ukraine Origin CSFO USD/MT Kandla	CIF	905	865	40
Rapeseed Oil Rotterdam Euro/MT	FOB	790	780	10
Argentina FOB (\$/MT)		27-Aug-20	20-Aug-20	Change
Crude Soybean Oil Ship		764	725	39
Refined Soy Oil (Bulk) Ship		791	750	41
Sunflower Oil Ship		805	785	20
Cottonseed Oil Ship		744	705	39
Refined Linseed Oil (Bulk) Ship		-	-	-
* indicates including GST				

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