

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 and coconut oil prices closed sideways.

On the currency front, Indian rupee is hovering near 73.42 against 73.53 previous week. Rupee is expected to appreciate while crude oil prices is expected to fall.

We expect soy oil and palm oil to rise on strong fundamentals.

Outlook:

Weekly Call -: In NCDEX, market participants are advised to go long above 880 levels for a target of 895 and 900 with a stop loss at 870 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 860-940 per 10 Kg. in the near term.

In MCX, market participants are advised to go long in CPO above 760 for a target of 775 and 780 with a stop loss at 750 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 worsening condition of soybean crop in US will support soy oil prices in coming days.

Rise in competing oil prices, expectation of firm exports of palm oil in Malaysia and firm demand from India and China 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.

Soy oil stocks in oil year 2019-20 will be under pressure on lower supply of soy oil and higher use of soy oil. This will support soy oil prices in coming months.

Demand for soy oil will rise due to seasonal uptrend of demand and demand ahead of festivals.

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.

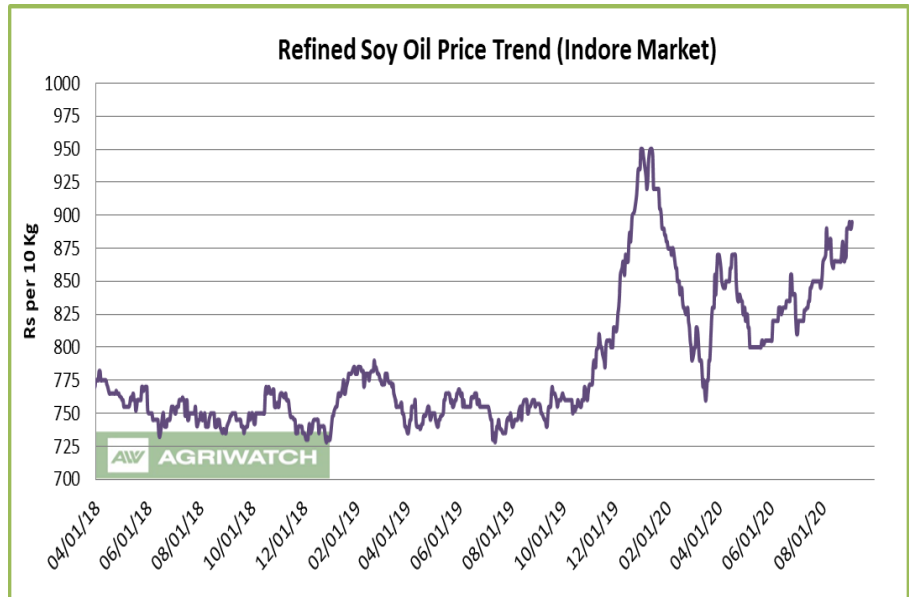
Soy oil import in Aug by India will be lower compared to July due to negative import parity and negative refining margins and high prices of soy oil in international markets. Imports will rise from Sep on demand ahead of festivals.

Rise in palm oil and sunflower 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 5-10 per 10 kg compared to disparity of Rs 15-20 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 120.624 lakh hectares as on 5.09. 2020 compared to 112.767 lakh hectares in corresponding period last year. Sowing was reported higher in all states except Telangana⁸²⁰.
- Imported crude soy oil CNF at West coast port is offered at USD 828 (USD 820) per ton for Aug delivery, Sep delivery is quoted at USD 828 (USD 820) per ton and OND delivery is quoted at USD 828 (USD 825) per ton. Values in brackets are figures of last week. Last month, CNF CDSO Aug average price was USD 802.30 (USD 765.85 per ton in July 2020) per ton. Soy refined (Indore) is quoted at Rs 887 (Rs 868 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 10-15/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, worsening condition of soybean in US, firm demand of soybean by China and rise in competitive oils prices.

However, fall in crude oil prices will cap gains.

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 66% from 69% 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 Aug.-Sep. Soybean exports have been firm despite US-China tensions.

US and China has agreed to implement Phase-1 of trade deal between both countries. According to trade estimates, China need to but at least 40 MMT of US soybean to comply partially with Phase 1 deal. Therefore, more big soybean purchases will be reported in coming weeks from US. Palm oil prices rose last week underpinning soy oil prices.

Crude oil prices is expected to fall on Saudi Arabia cutting its prices to gains market share despite weak global demand growth. This will slow global rebalancing of crude oil market.

- In the weekly USDA crop progress report released on 30 August 2020; The US Soybean is setting pods 95% up from 84% same period last year and 93% from 5 year average. Soybeans dropping leaves at 8% up from 3%

same period last year and 8% from 5 year average. About 66% of the crop is under good to excellent condition, compared to 54% in corresponding period last year.

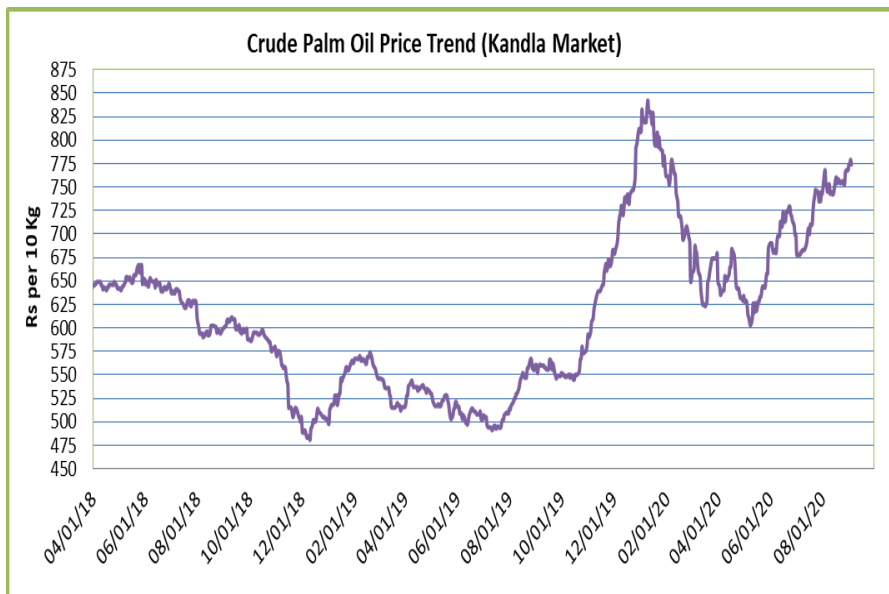
- According to National Oilseed Processors Association (NOPA), U.S. July soybean crush rose by 3.31 percent m-o-m to 172.794 million bushels from 167.263 million bushels in June 2020, above market expectation. Crush of soybean in July was higher by 2.80 percent y-o-y compared to July 2019 figure of 168.093 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 rise in prices of palm oil in international markets. Prices of RBD palmolein closed higher due rise in prices of RBD palmolin in international markets. Palm oil international prices rose last week in rise in 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 25-30 per 10 kg.

RBD palmolein prices rose less at high seas compared to CNF markets indicating weak demand at high seas.

Port stocks of palm oil rose in July as imports firmed in July while demand was slow. Port stocks of palm oil will rise in Aug and Sep due to higher imports of palm oil.

Demand of CPO was weak compared to RBD palmolein at high seas as premium of RBD palmolein over CPO was at Rs 71 (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 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 745 (USD 730) per ton for Aug delivery and Sep delivery is quoted at USD 737.5 (USD 725) per ton. Last month, CNF CPO Aug average price was at 720.52 per ton (USD 658.11 per ton in July 2020). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 755 (USD 740) per ton for Aug delivery and Sep delivery is quoted at USD 747.5 (USD 735) per ton. Last month, CIF RBD palmolein Aug average price was USD 730.52 (USD 668.03 in July 2019) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 774 (Rs 768) per 10 Kg and Aug delivery duty paid is offered at Rs 779 (Rs 766) per 10 kg. Ready lift RBD palmolein is quoted at Rs 845 (Rs 840) per 10 kg as on Sep 4, 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 5-10/ton v/s gain of USD 0-5/ton (last week) margin in processing the imported CPO and imports of ready to use palmolein lose USD 15-20/ton v/s loss of USD 10-15/ton (last week) parity.

International Front

Palm oil prices are likely to rise due to expectation of higher exports of palm oil from Malaysia, firm buying by India and China and firm competitive oils prices.

However, higher palm oil production in Malaysia and fall in crude oil prices will cap gains.

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

Palm oil exports in Malaysia in Sep is expected to report higher number due to higher buying by importing countries.

Production of palm oil will show moderate rise in Malaysia in Aug-Sep on labor shortage despite seasonal uptrend of production.

Big buyers like India and China has been active in market will lead to higher export numbers from Malaysia.

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 fall this week on prices cuts by Saudi Arabia amid weak global demand threatening rebalancing global crude oil market will underpin palm oil prices.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's Aug palm oil exports fell 13.7 percent to 1,442,905 tons compared to 1,671,656 tons last month. Top buyers were China at 320,265 tons (301,131 tons), India at 308,500 tons (423,015 tons), European Union 254,535 tons (282,476 tons), United States at 45,480 tons (89,705 tons) and Pakistan at 0 tons (68,002 tons). Values in brackets are figures of last month.
- According of Indonesia Palm Oil Association (GAPKI), Indonesia palm oil exports in 2020 including refined palm oil exports is expected at 24.92 MMT from 30.63 MMT last year. Production of palm oil in 2020 is estimated at 46.02 MMT compared to 47.11 last year due to lower use on fertilizer on lower palm oil prices. Indonesia is estimated to export 33-35 MMT of palm oil in 2020.
- 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-

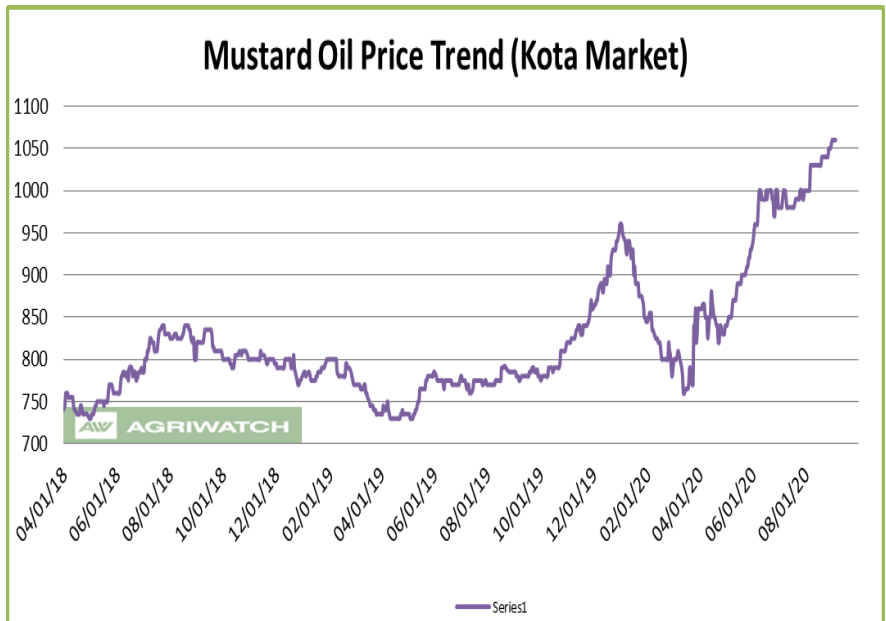
Domestic Front

- Mustard oil prices showed firm trend in benchmark market on firm demand. Arrivals of rapeseed rose in various mandis in India during the week.

Demand of rapeseed oil may rise on seasonal uptrend of demand and stocking ahead of festivals.

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.

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.

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

NAFED will try to sell maximum stocks of rapeseed ahead of festivals on seasonal uptrend of demand of rapeseed oil. Further, surge in prices of rapeseed will lead to high sale of rapeseed by NAFED.

Arrivals of rapeseed rose at various key markets during the week. Expectation of higher seasonal demand ahead of festivals has encouraged mills to crush. However, 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 243 (Rs 195) per 10 Kg will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 285 (Rs 245) 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 1,090 (Rs 1,069) per 10 Kg, and at Kota market, it is offered at Rs 1,060 (Rs 1,050) per 10 kg as on Sep 4 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 1000-1120 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

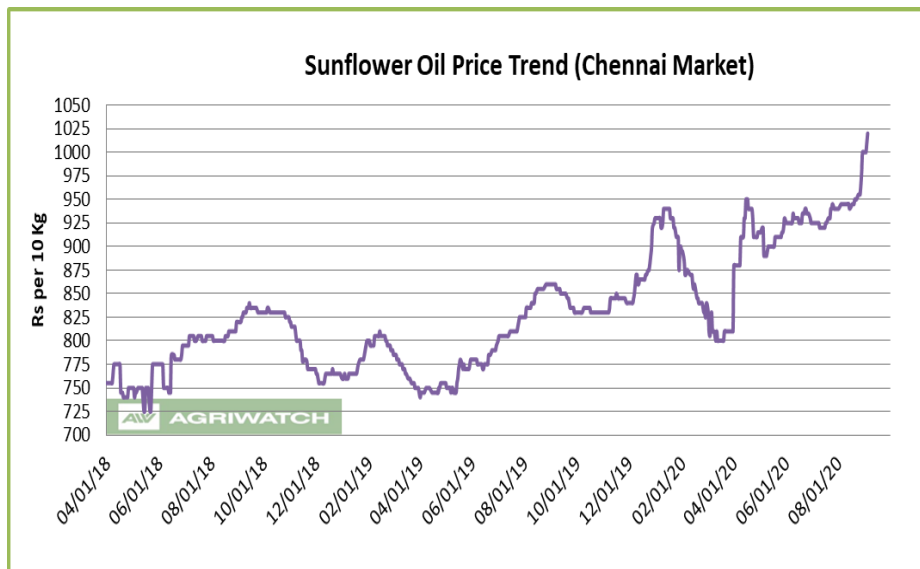
Domestic Front

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

Prices of sunflower oil rose less at high seas compared to CNF markets indicating weak demand at high seas.

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 143 (Rs 90 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 190 (USD 120 last week) per ton which 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 255 (USD 200 last week) which will decrease imports.

In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 170 (Rs 140) per 10 kg which is high will cap sunflower oil in domestic market.

In domestic market, falling groundnut oil premium over sunflower oil at Chennai market is at Rs 220 (Rs 270 last week) per 10 kg will cap 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 1.174 lakh hectares as on 5.09. 2020 compared to 0.947 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 1010 (USD 940) per ton for Sep delivery, Oct delivery is quoted at USD 965 (USD 920) per ton and Nov delivery is quoted at USD 945 (USD 910) per ton. CNF sun oil (Ukraine origin) Aug monthly average was at USD 880.87 per ton compared to USD 847.22 per ton in July). Prices are likely to stay in the range of USD 970-1070 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 1030 (Rs 980) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1010 (Rs 990) per 10 kg as on Sep 4, 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 980-1100 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

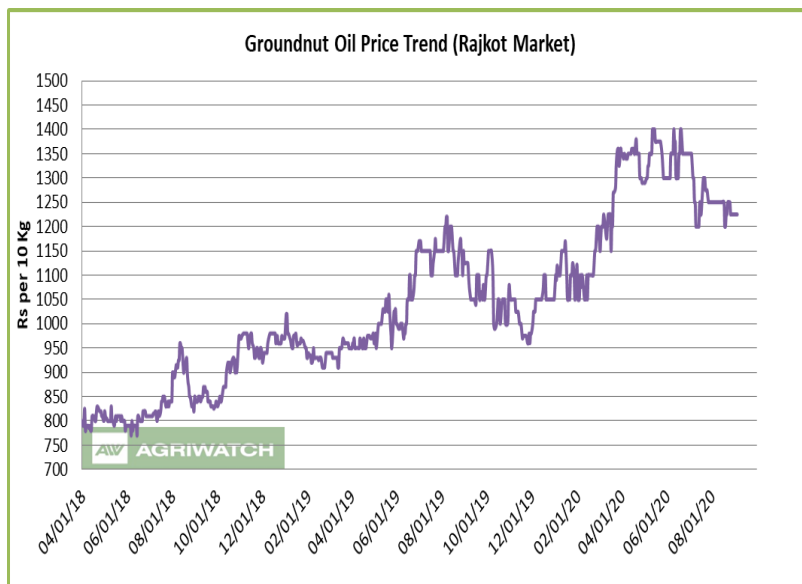
- Groundnut oil market traded sideways on account of weak demand.

Groundnut oil demand may rise due to fall in its prices.

Groundnut oil demand is expected to rise due to its falling premium over soy oil, sunflower oil and palm oil prices.

Groundnut oil demand will rise in on stocking ahead of festivals in next fortnight.

Demand of groundnut oil has increased as NAFED is offering groundnut at lower prices. There is parity in crushing.



Supply of groundnut oil is low due to lower supply of groundnut after crushing, NAFED procurement, direct consumption, exports and seed use prices of groundnut. Only NAFED has stocks of groundnut in the market and auctions have increased leading to increase in number of mills are running. However, there is less supply of labour. Further, demand of groundnut meal is improving leading to higher crush of groundnut.

Groundnut crop condition in Gujarat has worsened in last two weeks due to heavy rains in the state leading to losses in crop and expectation of worsening of quality of crop. However, crop size will be higher than last year despite yield loss on higher sowing 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.

Groundnut oil prices are expected to rise on firm 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 50.728 lakh hectares as on 5.09. 2020 compared to 38.139 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 12,250) per quintal and it was 12,500 (Rs 12,200) per quintal in Chennai market on Sep 4, 2020. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade higher 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 sideways 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.

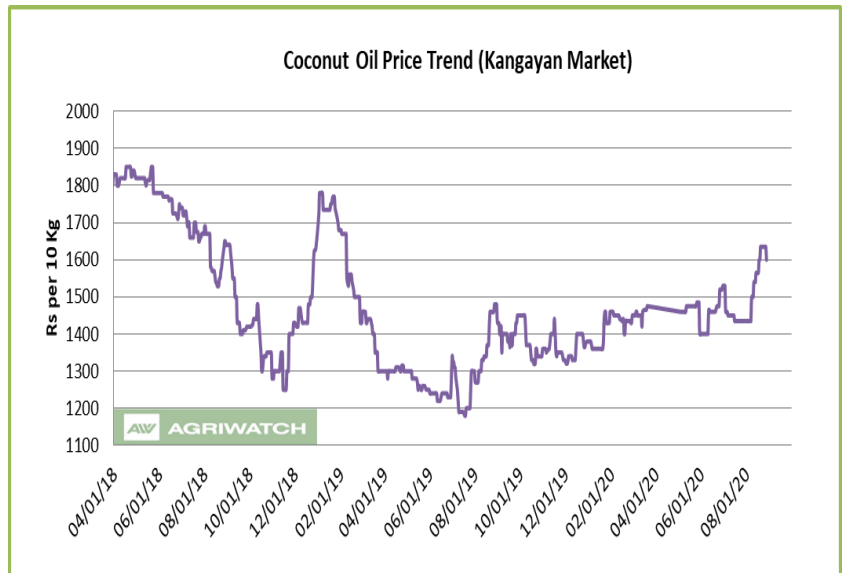
Demand of copra is improving due to opening of India in various phases. Copra prices will be supported by Tamil Nadu government procurement of copra at MSP.

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.

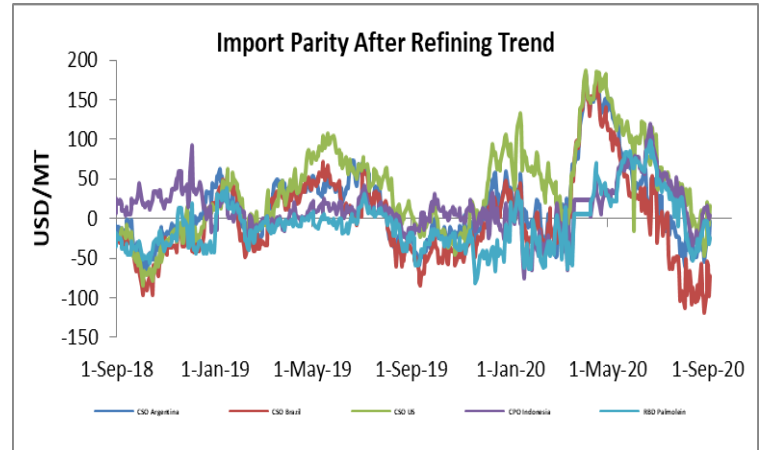
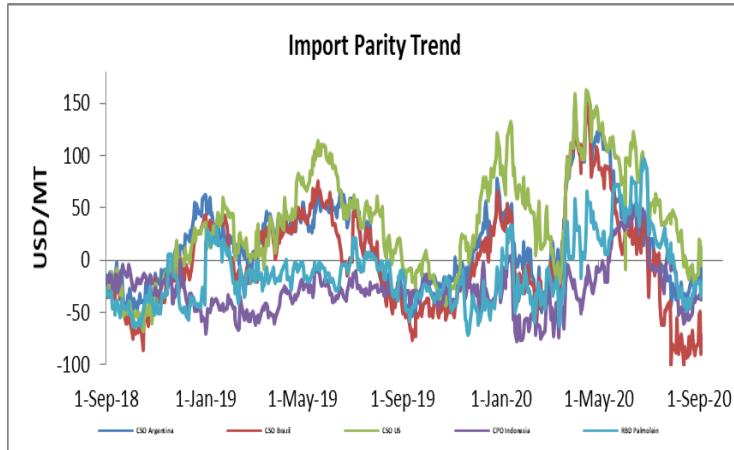
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 15,700 (Rs 15,600) per quintal, and was quoted at 16,000 (Rs 16,000) per quintal in Erode market on September 4, 2020.



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)



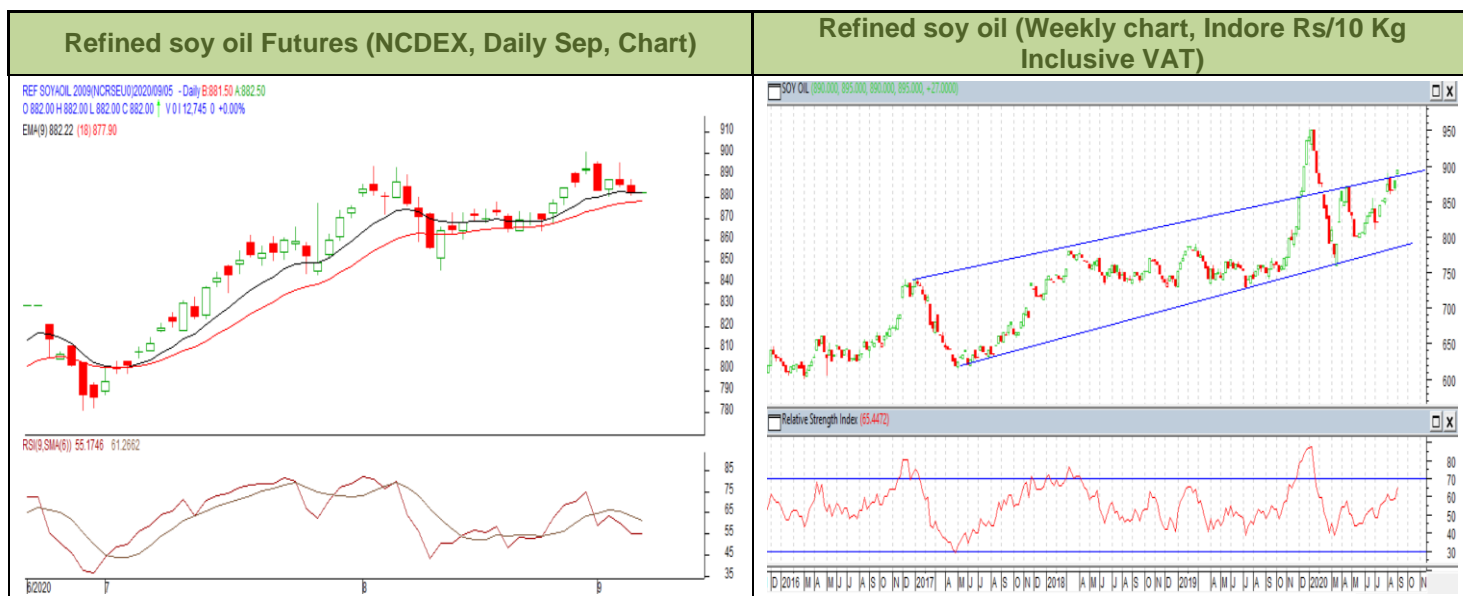
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Aug 16-Aug 22, 2020	-41.79	-97.88	-16.48	-24.84	-34.75
Aug 22-Aug 29, 2020	-30.87	-90.86	-23.03	2.41	-14.14
Aug 30-Sep 5, 2020	-11.08	-74.67	3.76	7.58	-16.11

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 parity rose of CPO on rise in prices of CPO in Indian markets and appreciation of Rupee. RBD palmolein refining margins disparity rose on rise in its prices of RBD palmolein in international. 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 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 downtrend 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.

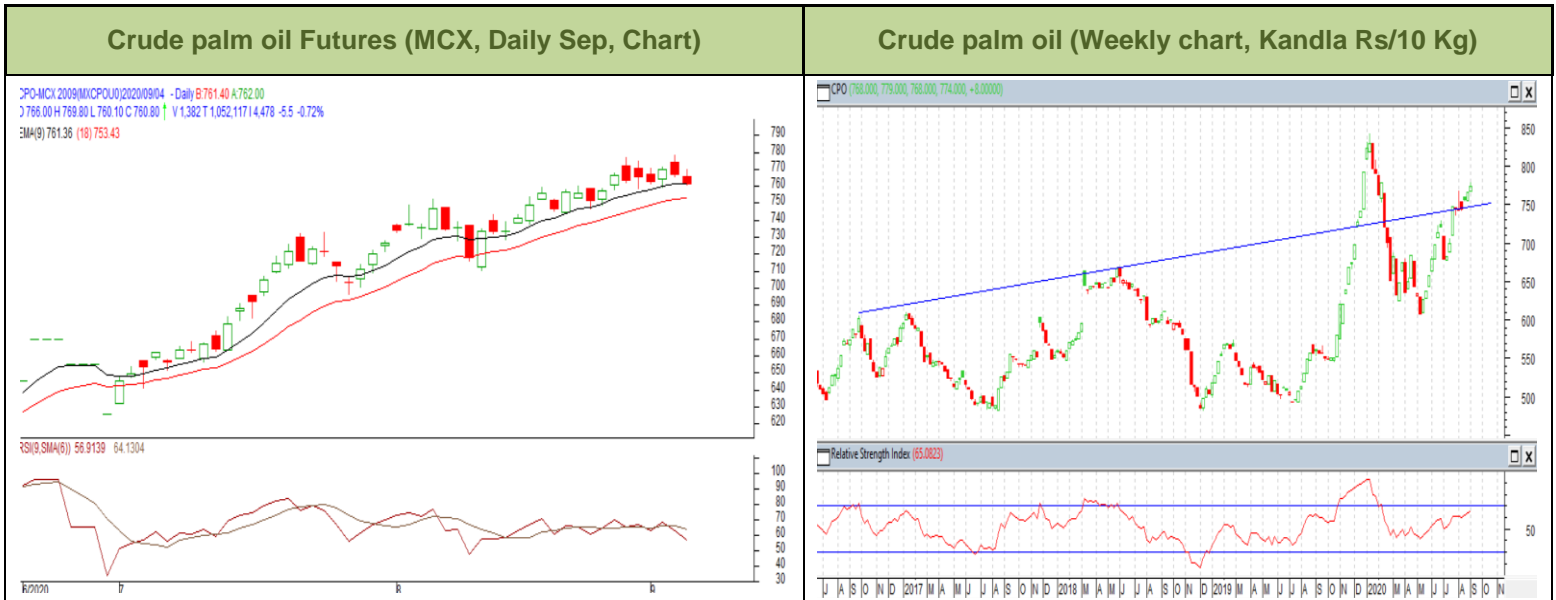
Strategy: Market participants are advised to go long above 880 levels for a target of 895 and 900 with a stop loss at 870 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
850.00	863.00	881.9	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 downtrend 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 weak trend in the prices. We expect the commodity to trade sideways with a firm note in the near term.
- Any close above 770 in weekly chart may bring the prices to 790 levels.
- Expected price band for next week is 720-790 level. RSI and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 760 for a target of 775 and 780 with a stop loss at 750 on closing basis.

CPO MCX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
732.00	750.00	764.4	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
		04-Sep-20	28-Aug-20	
Refined Soybean Oil	Indore	895	868	27
	Indore (Soy Solvent Crude)	855	835	20
	Mumbai	895	870	25
	Mumbai (Soy Degum)	850	850	Unch
	Kandla/Mundra	885	875	10
	Kandla/Mundra (Soy Degum)	848	845	3
	Kolkata	890	880	10
	Delhi	927	922	5
	Nagpur	907	894	13
	Rajkot	880	860	20
	Kota	890	870	20
	Hyderabad	-	-	-
	Akola	908	891	17
	Amrawati	903	890	13
	Bundi	895	875	20
	Jalna	910	897	13
	Solapur	897	883	14
	Dhule	893	880	13
Palm Oil*	Kandla (Crude Palm Oil)	813	804	8
	Kandla (RBD Palm oil)	866	851	16
	Kandla RBD Pamolein	893	877	16
	Kakinada (Crude Palm Oil)	791	777	14
	Kakinada RBD Pamolein	887	872	16
	Haldia Pamolein	898	893	5
	Chennai RBD Pamolein	903	887	16
	KPT (krishna patnam) Pamolein	893	882	11
	Mumbai RBD Pamolein	919	908	11
	Mangalore RBD Pamolein	919	898	21
	Tuticorin (RBD Palmolein)	903	895	8
	Delhi	920	920	Unch
	Rajkot	887	872	16
	Hyderabad	865	860	5
	PFAD (Kandla)	541	541	Unch
	Refined Palm Stearin (Kandla)	791	777	14
	Superolien (Kandla)	914	903	11
	Superolien (Mumbai)	940	924	16
* inclusive of GST				
Refined Sunflower Oil	Chennai	1020	980	40

	Mumbai	1030	995	35
	Mumbai(Expeller Oil)	985	960	25
	Kandla (Ref.)	1020	990	30
	Hyderabad (Ref)	1025	1000	25
	Latur (Expeller Oil)	950	910	40
	Chellakere (Expeller Oil)	960	920	40
	Erode (Expeller Oil)	1040	1000	40
Groundnut Oil	Rajkot	1225	1225	Unch
	Chennai	1250	1250	Unch
	Delhi	1260	1260	Unch
	Hyderabad *	1250	1200	50
	Mumbai	1260	1260	Unch
	Gondal	1230	1230	Unch
	Jamnagar	1230	1230	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1090	1069	21
	Jaipur (Kacchi Ghani Oil)	1108	1097	11
	Kota (Expeller Oil)	1060	1050	10
	Kota (Kacchi Ghani Oil)	1120	1085	35
	Neewai (Expeller Oil)	1090	1060	30
	Neewai (Kacchi Ghani Oil)	1110	1070	40
	Bharatpur (Kacchi Ghani Oil)	1120	1100	20
	Sri-Ganga Nagar(Exp Oil)	1070	1035	35
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1110	1075	35
	Mumbai (Expeller Oil)	1090	1075	15
	Kolkata(Expeller Oil)	1170	1170	Unch
	New Delhi (Expeller Oil)	1080	1072	8
	Hapur (Expeller Oil)	1070	1060	10
	Hapur (Kacchi Ghani Oil)	1100	1090	10
	Agra (Kacchi Ghani Oil)	1125	1105	20
Refined Cottonseed Oil	Rajkot	915	885	30
	Hyderabad	835	840	-5
	Mumbai	925	910	15
	New Delhi	860	855	5
Coconut Oil	Kangayan (Crude)	1600	1600	Unch
	Cochin	1530	1520	10
Sesame Oil	New Delhi	1200	1400	-200
	Mumbai	-	-	-



Kardi	Mumbai	-	-	-
Rice Bran Oil (40%)	New Delhi	810	800	10
Rice Bran Oil (4%)	Punjab	880	885	-5
Malaysia Palmolein USD/MT	FOB	748	720	28
	CNF India	760	740	20
Indonesia CPO USD/MT	FOB	725	710	15
	CNF India	750	730	20
RBD Palm oil (Malaysia Origin USD/MT)	FOB	743	718	25
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	745	713	32
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	860	805	55
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	668	640	28
Crude palm Kernel Oil India (USD/MT)	CNF India	NA	840	-
Ukraine Origin CSFO USD/MT Kandla	CIF	980	905	75
Rapeseed Oil Rotterdam Euro/MT	FOB	795	790	5
Argentina FOB (\$/MT)		3-Sep-20	27-Aug-20	Change
Crude Soybean Oil Ship		772	764	8
Refined Soy Oil (Bulk) Ship		799	791	8
Sunflower Oil Ship		835	805	30
Cottonseed Oil Ship		752	744	8
Refined Linseed Oil (Bulk) Ship		-	-	-
* indicates including GST				

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