

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, sunflower oil, groundnut oil and coconut oil prices closed higher.

On the currency front, Indian rupee is hovering near 73.52 against 73.49 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 925 levels for a target of 940 and 945 with a stop loss at 915 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 900-1000 per 10 Kg. in the near term.

In MCX, market participants are advised to go long in CPO above 785 for a target of 800 and 805 with a stop loss at 775 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 770-850 per 10 Kg in the near term.

International Veg. Oil Market Summary

On the international front, lower stock of soy oil in US, rise in soybean demand from China, rise in competing oils prices, 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 firm exports of palm oil in Malaysia, firm demand from India and rise in crude oil prices are all likely to support CPO prices in near term.

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

- Soy oil featured weak sentiment in domestic markets in the week in review on 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 seas compared to CNF markets compared to last week.

Soy oil demand may rise in Oct 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.

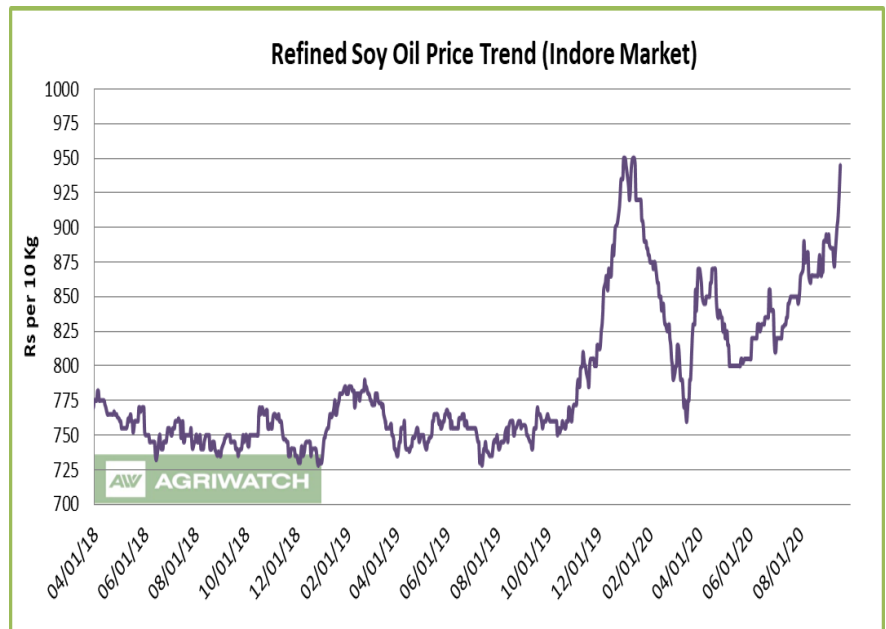
Imports of soy oil fell in Aug due to higher prices of soy oil in international markets, negative import parity and refining margins in Aug. However, imports of soy oil will rise in Sep due to high seasonal demand, demand ahead of festivals, lower stocks of soy oil in ports and pipelines, lower supply of domestic crushed soy oil and high discount over rapeseed oil and sunflower oil.

Rise in palm oil and sunflower oil prices may support soy oil price.

Import disparity rose during the week due to rise in prices of soy oil in international markets and the disparity stands at 15-20 per 10 kg compared to disparity of Rs 10-15 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 August edible oil imports fell 14.12 percent y-o-y to 13.08 lakh tons from 15.23 lakh tons in Aug 2019. Palm oil imports in Aug fell 13.95 percent y-o-y to 7.34 lakh tons from 8.53 lakh tons in Aug 2019. CPO imports rose 23.34 percent in Aug y-o-y to 7.24 lakh tons from 5.87 lakh tons in Aug 2019. RBD palmolein was zero in Aug vs. 2.58 lakh tons in Aug 2019. Soy oil imports fell 10.43 percent in Aug y-o-y to 3.95 lakh tons from 4.41 lakh tons in Aug 2019. Sunflower oil imports fell 30.87 percent



y-o-y in Aug to 1.59 lakh tons from 2.30 lakh tons in Aug 2019. Rapeseed (canola) oil imports in Aug was 0.21 lakh tons compared to 0 imports in Aug 2019.

- According to Solvent Extractors Association (SEA), India's August edible oil stocks at ports and pipelines rose 12.77 percent m-o-m to 17.31 lakh tons from 15.35 lakh tons in July 2020. Stocks of edible oil at ports in Aug fell to 751,000 tons (CPO 350,000 tons, RBD Palmolein 0 tons, Degummed Soybean Oil 175,000 tons, Crude Sunflower Oil 205,000 tons and Rapeseed oil 21,000 tons) and about 980,000 tons in pipelines. (Stocks at ports were 765,000 tons and in pipelines were 770,000 tons in July 2020). India is presently holding 27 days of edible oil requirement on 1st September, 2020 at 17.31 lakh tons compared to 24 days of requirements of 15.35 lakh tons on 1st August, 2020. India held 20.42 lakh tons of stocks in ports and pipelines on 1st September 2019. India's monthly edible oil requirement is 19.0 lakh tons.
- Soy oil import scenario – According to SEA, soy oil imports fell 10.43 percent y-o-y in Aug to 3.95 lakh tons from 4.41 lakh tons in Aug 2019. In the oil year 2019-20 (Nov 2019 -Aug 2020), imports of soy oil were 27.90 lakh tons compared to 24.52 lakh tons in corresponding period last oil year, higher by 13.78 percent compared to corresponding period last oil year.
- According to Ministry of Agriculture, sowing of soybean is reported at 121.214 lakh hectares as on 17.09.2020 compared to 113.408 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 903 (USD 830) per ton for Sep delivery, Oct delivery is quoted at USD 903 (USD 832) per ton and OND delivery is quoted at USD 905 (USD 832) 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 945 (Rs 882 last week) per 10 kg.
- On the parity front, margins fell during the week due to fall in prices of soy oil in Indian markets. We expect margins to improve in coming days. Currently, refiners lose USD 30-35/ton v/s loss of USD 20-25/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, worsening condition of soybean in US, firm demand of soybean by China, rise in competitive oils prices and rise in crude oil prices.

NOPA reported lower stocks of soy oil in US in Aug due to lower crush of soybean leading to lower production of soy oil and higher domestic disappearance of soy oil leading to higher prices of soy oil.

USDA reported lower stocks of soy oil in US in 2020/21 due to lower opening stocks of soy oil would support soy oil prices in medium term.

Soybean weather in US Midwest has worsened and has remained dry in last three weeks. Weather is forecasted to remain dry next week. Dry weather will adversely affect soybean yields. Good to excellent crop condition fell to 63% from 65% 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 buy 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.

Rise in sunflower oil and palm oil prices will support palm oil prices.

Crude oil prices is expected to rise on lower inventory of crude oil in US and expectation of revival of global demand growth leading to earlier rebalancing of crude oil market.

- In the weekly USDA crop progress report released on 13 September 2020; The US Soybean is dropping leaves at 37% up from 13% in the corresponding period last year and 31% from 5 year average. About 63% of the crop is under good to excellent condition, compared to 65% last week and 54% in the corresponding period last year.
- According to National Oilseed Processors Association (NOPA), U.S. Aug soybean crush fell by 4.48 percent m-o-m to 165.055 million bushels from 172.794 million bushels in July 2020, below market expectation. Crush of soybean in Aug was lower by 1.80 percent y-o-y compared to Aug 2019 figure of 168.085 million bushels. Soy oil stocks in U.S. at the end of Aug fell 6.18 percent m-o-m to 1.519 billion lbs compared to 1.619 billion lbs in end July 2020. Stocks of soy oil in end Aug was higher by 8.42 percent y-o-y compared to end Aug 2019, which was reported at 1.401 million lbs. Soy oil stocks was in line with trade expectation.
- According to United States Department of Agriculture (USDA) September estimate, U.S 2020/21 ending stocks of soy oil estimate has been reduced to 1,860 million lbs compared to 2,075 million lbs in Aug estimate. Opening stocks are reduced to 1,845 million lbs in 2020/21 from 2,060 million lbs in its earlier estimate. Production of soy oil in 2020/21 is kept unchanged at 25,265 million lbs. Imports in 2020/21 are kept unchanged at 350 million lbs. 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 kept unchanged at 2,600 million lbs. Average price range estimate of 2020/21 is raised to 32.0 cents/lbs from 30.0 cents/lbs in its earlier estimate.
- The U.S. Department of Agriculture monthly supply and demand report for the month of September forecasts U.S. 2020/21 soybean stocks at 460 million bushels compared to 610 million bushels in its Aug estimate. Opening stocks in 2020/21 is reduced to 575 million bushels compared to 615 million bushels in its earlier estimate. Soybean production is reduced in 2020/21 at 4,313 million bushels compared to 4,425 million bushels in its earlier estimate. U.S. soybean exports estimate in 2020/21 are kept unchanged at 2,125 million bushels. Imports estimate in 2020/21 is unchanged 15 million bushels. Crush in 2020/21 is kept unchanged at 2,180 million bushels. Seed use in 2020/21 has been kept unchanged at 100 million bushels. Residual use in 2020/21 is reduced to 38 million bushels from 40 million bushels in its earlier estimate. Average price range in 2020/21 is increased to 9.25 cents/bushel compared to 8.35 cents/bushel in its earlier estimate.
- According to China's General Administration of Customs (CNGOIC), China's Aug edible vegetable oils imports rose 2.1 percent m-o-m to 9.76 LT compared to 9.56 LT in July 2020. Imports rose 7.6 percent y-o-y in Aug from 9.07 LT in Aug 2019. Year to date imports of edible vegetable oil rose 2.6 percent to 59.66 lakh tons.

- According to China's General Administration of Customs (CNGOIC), China's Aug soybean imports fell 4.8 percent m-o-m to 9.6 MMT from 10.09 MMT in July 2020. Imports rose 1.3 percent in Aug y-o-y from Aug 2019 imports at 9.48 MMT. Year to date soybean imports rose 15.0 percent to 64.74 MMT.
- USDA WASDE highlights:- The U.S. season-average soybean price is forecast at \$9.25 per bushel, up 90 cents from last month. The soybean meal price is projected at \$315 per short ton, up 25 dollars. The soybean oil price forecast is 32.0 cents per pound, up 2 cents.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 900-1000 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook :-

Domestic Front

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

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

Palm oil international prices rose last week on expectation of higher exports and slowdown of production in Malaysia and rise in crude oil prices.

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 fell in Aug mainly due to lower RBD palmolein imports. Imports of CPO were higher while RBD palmolein imports were zero as India has restricted palmolein imports. Imports of palm oil rose in Aug fell m-o-m due to higher prices of palm oil in global markets. Imports will rise in Sep on higher seasonal demand, demand ahead of festivals and lower stocks of palm oil at ports and pipelines, positive 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 fell from Malaysia in Aug due to higher prices of CPO in international markets. However, the market share if imports from Malaysia rose in Aug compared to Indonesia CPO. 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 may slow by India in Sep due to higher prices of palm oil. However, import demand of palm oil will rise in Sep on demand ahead of festivals.

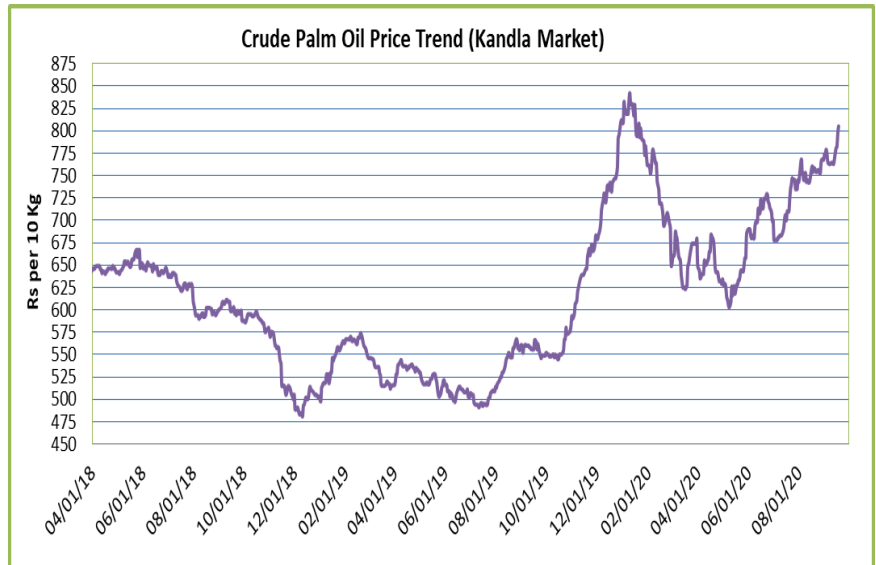
Data from cargo surveyors show rise in imports of palm oil by India in Sep from Malaysia.

CPO imports disparity fell during the week due rise in prices of CPO in Indian markets at Rs 25-30 per 10 kg this week compared to last week disparity at Rs 30-35 per 10 kg.

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

Port stocks of palm oil fell in Aug as imports slowed in Aug while demand was firm. Port stocks of palm oil will rise in 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 74 (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 rise in prices of palm oil in international markets.

- Palm oil import scenario – According to Solvent Extractors Association (SEA), palm oil imports in Aug fell 13.95 percent y-o-y to 7.34 lakh tons from 8.83 lakh tons in Aug 2019. Imports in the oil year 2019-20 (November 2019-August 2020) are reported lower by 25.20 percent y-o-y at 57.97 lakh tons compared to 77.51 in last oil year.

Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports in rose 23.34 percent y-o-y in Aug to 7.24 lakh tons from 5.87 lakh tons in Aug 2019. Imports in oil year 2019-20 (November 2019-August 2019) were reported higher by 0.19 percent y-o-y at 52.97 lakh tons compared to 52.87 lakh tons in last oil year.

RBD palmolein import scenario- RBD palmolein imports were zero in Aug vs. 2.57 lakh tons in Aug 2019. Imports in oil year 2019-20 (November 2019-August 2020) were reported lower by 82.79 percent y-o-y at 4.04 lakh tons compared to 23.48 lakh tons in last oil year.

- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 797.5 (USD 732.5) per ton for Sep delivery and Oct delivery is quoted at USD 790 (USD 742.5) 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 807.5 (USD 742.5) per ton for Sep delivery and Oct delivery is quoted at USD 800 (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 811 (Rs 763) per 10 Kg and Sep delivery duty paid is offered at Rs 813 (Rs 761) per 10 kg. Ready lift RBD palmolein is quoted at Rs 885 (Rs 830) per 10 kg as on Sep 18, 2020. Values in brackets are figures of last week.

- On the parity front, margins fell during this week due to fall in prices of palm oil in India markets. Currently refiners fetch USD 10-15/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 25-30/ton (last week) parity.

International Front

Palm oil prices are likely to rise due to expectation of higher exports of palm oil from Malaysia, lower expected rise in production of palm oil in Malaysia in Sep, firm buying by India, firm competitive oils prices and rise in global crude oil prices.

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 especially India and China.

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

Big buyers like India 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 rise this week on falling crude oil inventory in US and improving global demand thereby earlier rebalancing global crude oil market will support palm oil prices.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's Sep 1-15 palm oil exports rose 12.2 percent to 745,565 tons compared to 664,392 tons in corresponding period last month. Top buyers were India at 164,510 tons (102,265 tons), European Union 151,760 tons (127,870 tons), China at 111,350 tons (181,005 tons), Pakistan at 23,300 tons (0 tons) and United States at 19,685 tons (12,170 tons). Values in brackets are figures of corresponding period last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's August palm oil stocks rose 0.06 percent to 16.98 lakh tons compared to 18.98 lakh tons in July 2020. Production of palm oil in Aug rose 3.07 percent to 18.63 lakh tons compared to 18.07 lakh tons in July 2020. Exports of palm oil in Aug fell 11.30 percent to 15.81 lakh tons compared to 17.83 lakh tons in July 2020. Imports of palm oil in Aug fell 38.68 percent to 0.32 lakh tons compared to 0.53 lakh tons in July 2020. End stocks of palm oil rose less compared to trade expectation of rise in stocks. Rise in stocks was mainly due to lower exports and higher production.
- 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 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 770-850 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 and rise in competing oils prices. Arrivals of rapeseed fell in various mandis in India during the week.

Prices of rapeseed oil rose due to rise in competing oils prices like soy oil and palm oil.

Lower arrivals in last week and led to tight position in the market where demand is firm and arrivals are decreasing.

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

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 five months may lead to oil substitution to cheaper oils like palm, soy oil.

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.

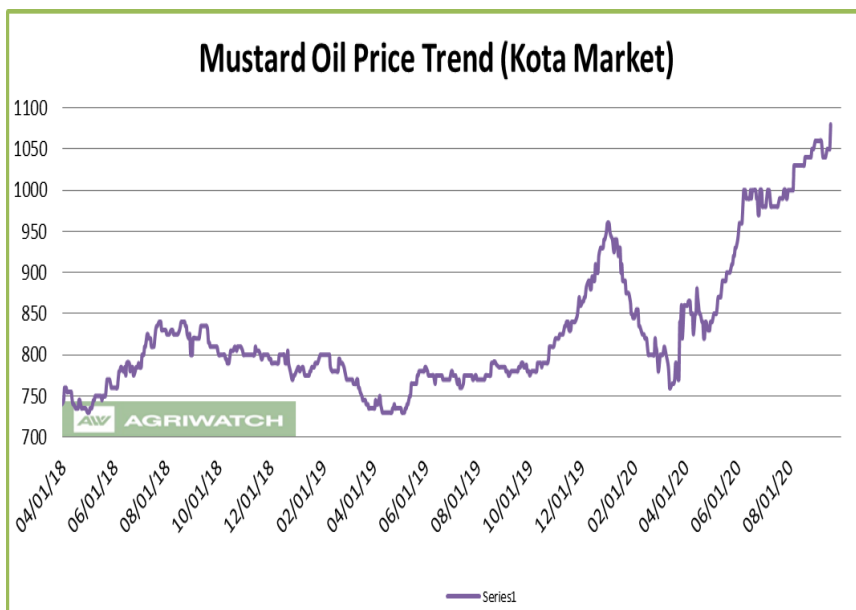
MP has sold 0.15 lakh tons of new crop and 0.50 lakh tons procured.

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 fell at various key markets during the week. Expectation of higher seasonal demand ahead of festivals will encourage mills to crush. Further, 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 170 (Rs 203) per 10 Kg will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 235 (Rs 255) per 10 kg which is high will cap gains in rapeseed oil prices.

There was first import of canola oil for the first time in 5 months. Imports of canola oil is 0.37 lakh tons in oil year 2019-20 (Nov-19-Oct-20) v/s 0.59 lakh tons last oil year indicating weak demand. All the import of canola oil is stocked at port and have not been discharged. 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 0.21 lakh tons rapeseed (Canola) oil in Aug 2020 v/s 0 imports in Aug 2019. In the oil year 2019-20 (Nov 2019-Aug 2020) imports were 0.38 lakh tons compared to 0.59 lakh tons in last oil year, down 35.59 percent y-o-y.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,080 (Rs 1,076) per 10 Kg, and at Kota market, it is offered at Rs 1,098 (Rs 1,090) per 10 kg as on Sep 18, 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:-

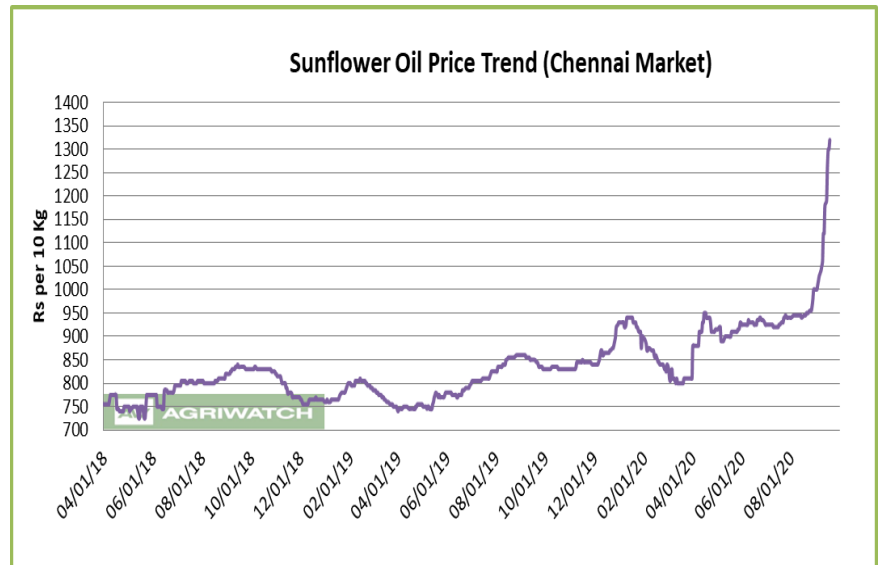
Domestic Front

- Sunflower oil price surged during the week in Chennai on weak supply and rise in prices of sunflower oil in international markets.

Prices of sunflower oil rose more at high seas compared to CNF markets indicating weak supply at high seas.

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

Old stock of sunflower has been discharged and fresh stocking has not started on lower imports in last one month leading to surge in its prices.



Further, there has been surge in CNF prices of sunflower oil due to drought in sunflower belts in Ukraine, Russia and Argentina, will cut global supply of sunflower oil in 2020 leading to higher prices in coming months. Further, demand of sunflower oil is high globally. These will keep sunflower CNF prices supported in coming months.

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 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 fell in Aug due to negative import parity and negative refining margins, higher premium over competing oils and on rise in its prices slowing demand.

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 370 (Rs 238 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 197 (USD 210 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 300 (USD 297.5 last week) which will decrease imports.

In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 430 (Rs 270) 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 0 (Rs 130 last week) per 10 kg will cap sunflower oil prices.

Prices of sunflower oil are expected to rise on weak supply and rise in prices of sunflower oil in international markets.

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 30.87 percent y-o-y in Aug to 1.59 lakh tons from 2.30 lakh tons in Aug 2019. Imports in oil year 2019-20 (November 2019-August 2020) were reported higher by 10.51 percent y-o-y at 22.82 lakh tons compared to 20.65 lakh tons in last oil year.
- According to Ministry of Agriculture, sowing of sunflower is reported at 1.225 lakh hectares as on 17.09.2020 compared to 0.985 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 1100 (USD 1025 per ton for Oct delivery and Nov/Dec delivery is quoted at USD 1090 (USD 1000) 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 1000-1200 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 1320 (Rs 1120) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1300 (Rs 1100) per 10 kg as on Sep 18, 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 1200-1400 per 10 Kg.

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

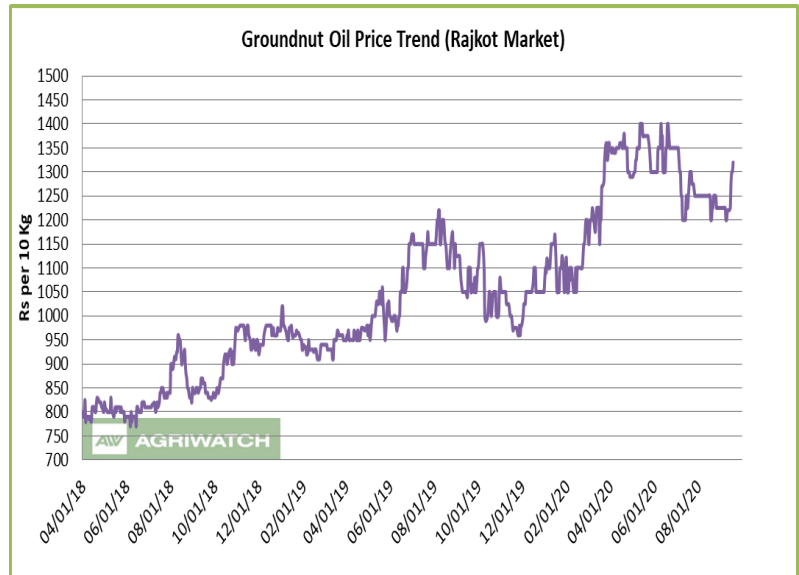
- Groundnut oil market traded higher on account of firm demand and rise in prices of .

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 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 improved in last two weeks after heavy rains in the state led to losses in crop and 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 50.96 lakh hectares as on 17.09. 2020 compared to 39.13 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 13,200 (Rs 12,200) per quintal and it was 13,200 (Rs 12,500) per quintal in Chennai market on Sep 18, 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 1250-1400 per 10 Kg

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil benchmark market of Kangayam traded firm due to weak supply and rise in competing oil prices.

Supply of coconut oil is weak as heavy rains led to slowdown of coconut harvest and millers were facing difficulty in drying of copra leading to lower crush of copra.

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

Further, rise in prices of copra supported coconut oil prices.

Rise in palm and sunflower oil prices supported prices.

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.

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.

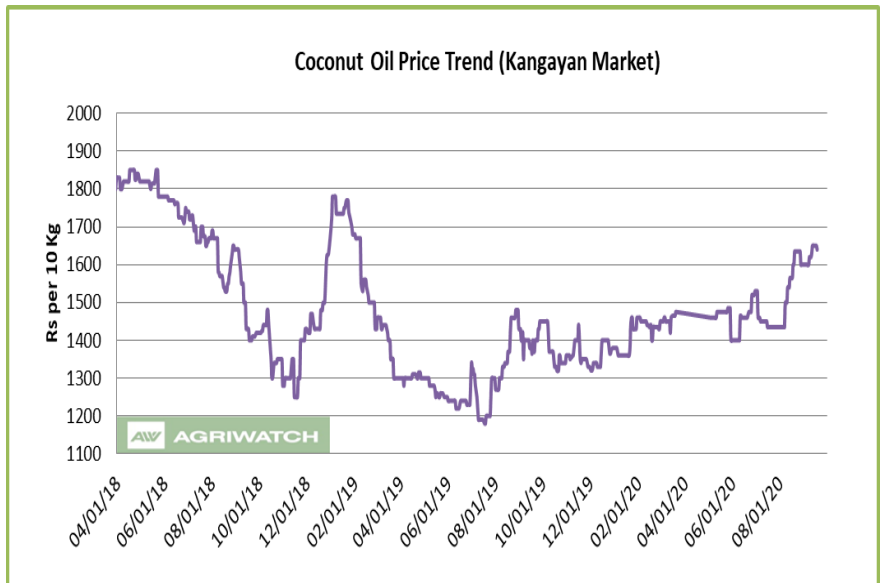
Demand of copra is improving due to opening of India in various phases. Copra prices will be supported by Tamil Nadu government procurement of copra at MSP.

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.

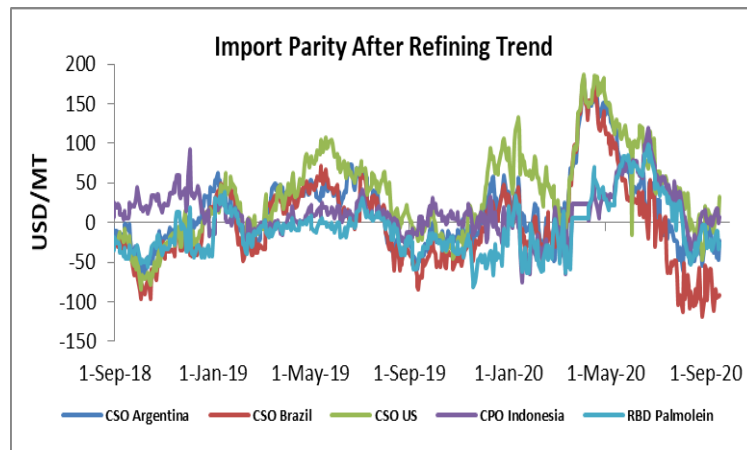
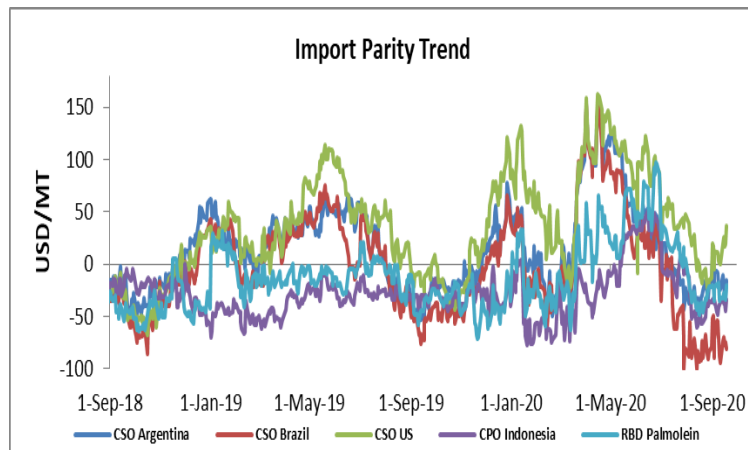
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 16,300 (Rs 16,000) per quintal, and was quoted at 16,400 (Rs 16,300) per quintal in Erode market on September 18, 2020.



Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1580-1700 per 10 Kg.

Import Parity Trend

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

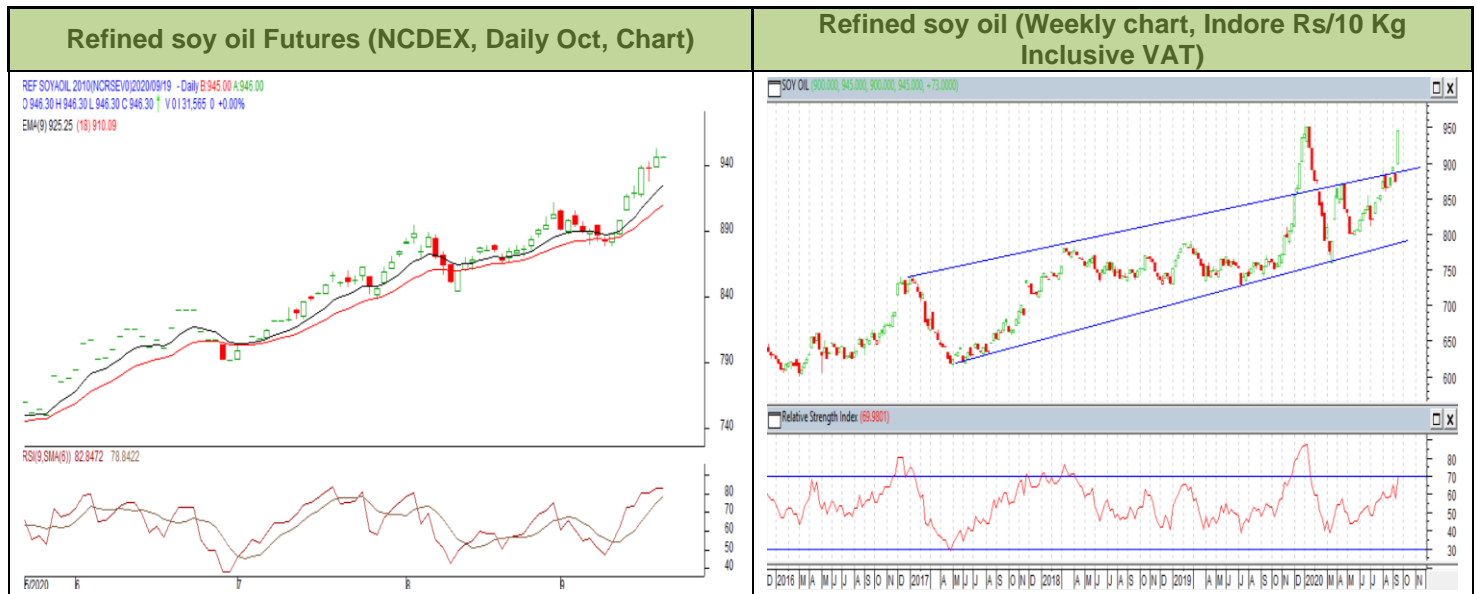


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Aug 30-Sep 5, 2020	-11.08	-74.67	3.76	7.58	-16.11
Sep 6-Sep 12, 2020	-22.82	-81.72	-0.53	1.54	-29.02
Sep 13-Sep 19, 2020	-34.66	-91.27	12.82	11.06	-19.21

Outlook:-

Refining margins disparity rose for crude soy oil from Argentina due to rise in prices of soy oil in international markets. We expect soy oil refining 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. RBD palmolein refining margins disparity fell on rise in its prices of RBD palmolein in Indian markets. We expected CPO parity to rise 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 960 in weekly might take the prices above 980 levels.
- Expected price band for next week is 900-1000 level in near to medium term. RSI and MACD is suggesting uptrend in the market.

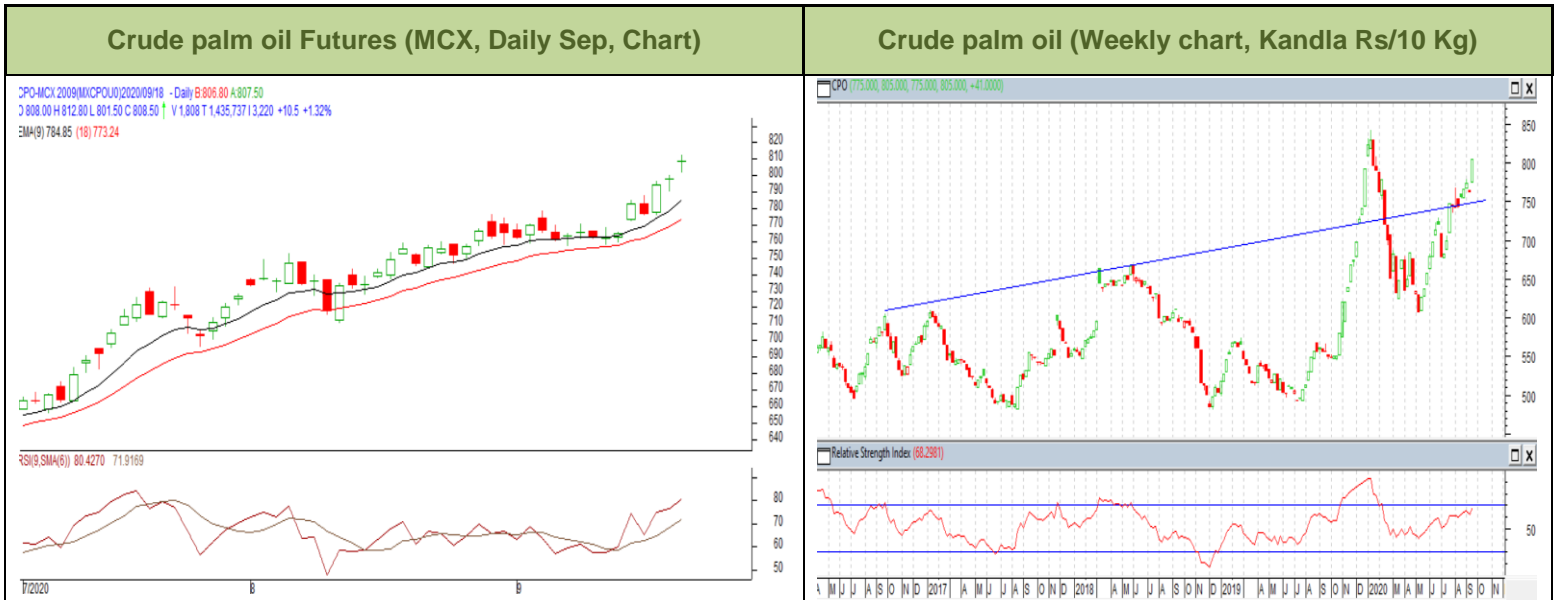
Strategy: Market participants are advised to go long above 925 levels for a target of 940 and 945 with a stop loss at 915 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
928.00	941.00	931.50	960.00	980.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 900-1000 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 810 in weekly chart may bring the prices to 830 levels.
- Expected price band for next week is 750-850 level. RSI and MACD are suggesting uptrend in prices in the coming week.

Strategy: Market participants are advised to go long in CPO above 785 for a target of 800 and 805 with a stop loss at 775 on closing basis.

CPO MCX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
770.00	788.00	789.10	813.00	830.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 770-850 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices (Per 10 Kg)		Change
		18-Sep-20	11-Sep-20	
Refined Soybean Oil	Indore	945	872	73
	Indore (Soy Solvent Crude)	900	832	68
	Mumbai	950	880	70
	Mumbai (Soy Degum)	915	840	75
	Kandla/Mundra	935	870	65
	Kandla/Mundra (Soy Degum)	905	836	69
	Kolkata	945	880	65
	Delhi	985	920	65
	Nagpur	944	894	50
	Rajkot	920	865	55
	Kota	930	875	55
	Hyderabad	-	-	-
	Akola	948	895	53
	Amrawati	945	895	50
	Bundi	935	880	55
	Jalna	947	897	50
	Solapur	934	884	50
	Dhule	930	880	50
	Nanded	932	882	50
	Latur	935	883	52
	Argentina Crude Soya (CIF India) USD	906	827	79
	Argentina Crude Soya (FOB)	839	772	67
	Soya Oil(Rot.)(Euro/MT FOB) (1000) GMT	790	748	42
Palm Oil*	Kandla (Crude Palm Oil)	805	764	41
	Kandla (RBD Palm oil)	850	810	40
	Kandla RBD Pamolein	885	835	50
	Kakinada (Crude Palm Oil)	795	750	45
	Kakinada RBD Pamolein	880	835	45
	Haldia Pamolein	900	850	50
	Chennai RBD Pamolein	900	860	40
	Chennai RBD Pamolein (Vitamin A&D Fortified)	954	910	44
	Krishnapattanam RBD Pamolein	890	840	50
	Mumbai RBD Pamolein	910	865	45
	Mangalore RBD Pamolein	910	865	45
	Tuticorin (RBD Palmolein)	880	842	38
	Mumbai (Refined)	895	860	35
	Rajkot (Refined)	870	835	35

	Chennai (Refined)	890	850	40
	Hyderabad (Refined)	895	853	42
	Delhi (Refined)	955	912	43
	PFAD (Kandla)	570	530	40
	RPS (Kandla)	730	680	50
	Superolien (Kandla)	905	855	50
	Superolien (Mumbai)	930	880	50
	Kochi (RBD Palmolein)	-	-	-
	Krishnapattanam (Crude Palm Oil)	795	750	45
	Mumbai (Crude Palm Oil)	770	745	25
	Kolkata (Crude Palm Oil)	800	770	30
	Palm Kernel Oil (1000) GMT	835	745	90
Refined Sunflower Oil	Chennai (Refined)	1320	1120	200
	Chennai (Crude)	1280	1080	200
	Mumbai (Refined)	1300	1100	200
	Mumbai (Expeller Oil)	1210	1070	140
	Kandla (Refined)	1300	1100	200
	Hyderabad (Refined)	1250	1130	120
	Hyderabad (Expeller)	1190	1080	110
	Latur (Refined)	1220	1110	110
	Latur (Expeller Oil)	1160	1050	110
	Chellakere (Expeller Oil)	1170	1060	110
	Erode (Expeller Oil)	1330	1180	150
	Kakinada (Refined)	1200	1050	150
	Krishna Pattanam (Refined)	1200	1050	150
	Delhi (Refined)	1200	1010	190
	Sun Oil (Rotterdam)	1130	930	200
Groundnut Oil	Rajkot	1320	1220	100
	Chennai	1320	1250	70
	Delhi	1310	1250	60
	Hyderabad *	1280	1270	10
	Mumbai	1300	1250	50
	Gondal	1275	1225	50
	Jamnagar	1275	1225	50
	Gujarat GN Telia	2000	1930	70
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1080	1076	4
	Jaipur (Kacchi Ghani Oil)	1098	1094	4
	Kota (Expeller Oil)	1080	1040	40
	Kota (Kacchi Ghani Oil)	1125	1085	40
	Neewai (Expeller Oil)	1060	1060	Unch

	Neewai (Kacchi Ghani Oil)	1080	1080	Unch
	Bharatpur (Kacchi Ghani Oil)	1100	1090	10
	Sri-Ganga Nagar(Exp Oil)	1090	1025	65
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1115	1075	40
	Mumbai (Expeller Oil)	1075	1080	-5
	Kolkata(Expeller Oil)	1170	1170	Unch
	New Delhi (Expeller Oil)	1070	1060	10
	Hapur (Expeller Oil)	1070	1070	Unch
	Hapur (Kacchi Ghani Oil)	1100	1100	Unch
	Agra (Kacchi Ghani Oil)	1105	1095	10
	Nagpur (Expeller Oil)	1100	1080	20
Refined Cottonseed Oil	Rajkot	985	885	100
	Hyderabad	990	885	105
	Mumbai	980	922	58
	New Delhi	950	878	72
	Gujarat Cotton Wash	938	883	55
Coconut Oil	Kangayan (Crude)	1640	1630	10
	Cochin	1620	1570	50
	Coconut Oil(Rot.)(Phil/Indo)	1070	1000	70
Vanaspati Oil	Uttar Pradesh	1180	1165	15
	Kolkata	1150	1140	10
	Rajkot	1333	1293	40
Sesame Oil	New Delhi	1250	1200	50
	Mumbai	-	-	-
Kardi	Mumbai	-	-	-
Rice Bran Oil	New Delhi (40%)	845	800	45
	Punjab 4%)	910	890	20
	Bhatinda (Crude 4%)	775	740	35
	Bhatinda (Refined 4%)	890	855	35
	Hyderabad (Crude)	820	815	5
	Hyderabad (Refined)	965	940	25
	Kolkata (Crude)	845	815	30
	Kolkata (Refined)	908	885	23
	Raipur (Crude)	885	870	15
	Raipur (Refined)	955	935	20
	Odisha (Refined)	950	935	15
	Vijayawada (Refined)	880	860	20
Malaysia Palmolein USD/MT	FOB	780	735	45



	CNF India	790	750	40
Indonesia CPO USD/MT	FOB	760	710	50
	CNF India	780	740	40
RBD Palm oil (Malaysia Origin USD/MT)	FOB	790	733	57
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	785	730	55
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	860	830	30
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	710	655	55
Crude palm Kernel Oil India (USD/MT)	CNF India	-	820	-
Ukraine Origin CSFO USD/MT Kandla	CIF	1080	1020	60
Rapeseed Oil Rotterdam Euro/MT	FOB	810	785	25
Argentina FOB (\$/MT)		17-Sep-20	10-Sep-20	Change
Crude Soybean Oil Ship		835	769	66
Refined Soy Oil (Bulk) Ship		864	796	68
Sunflower Oil Ship		960	875	85
Cottonseed Oil Ship		815	749	66
Refined Linseed Oil (Bulk) Ship		-	-	-
* indicates including GST				

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