

Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

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

On the currency front, Indian rupee is hovering near 73.66 against 73.52 previous week. Rupee is expected to depreciate while crude oil prices is expected to fall.

We expect soy oil and palm oil to fall on weak fundamentals.

Outlook:

Weekly Call -: In NCDEX, market participants are advised to go short below 920 levels for a target of 905 and 900 with a stop loss at 930 on closing basis. We expect refined soy oil at Indore (without GST) to stay in the range of Rs. 880-980 per 10 Kg. in the near term.

In MCX, market participants are advised to go short in CPO below 765 for a target of 750 and 745 with a stop loss at 775 on closing basis. We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 750-830 per 10 Kg in the near term.

International Veg. Oil Market Summary

On the international front, fall in competing oils prices, higher yields of soybean crop in US and fall in crude oil prices will underpin soy oil prices in coming days.

Fall in competing oil prices, expectation of slowdown exports of palm oil in Malaysia, rise in production of palm oil in Malaysia, weak demand from India and fall in crude oil prices are all likely to underpin CPO prices in near term.

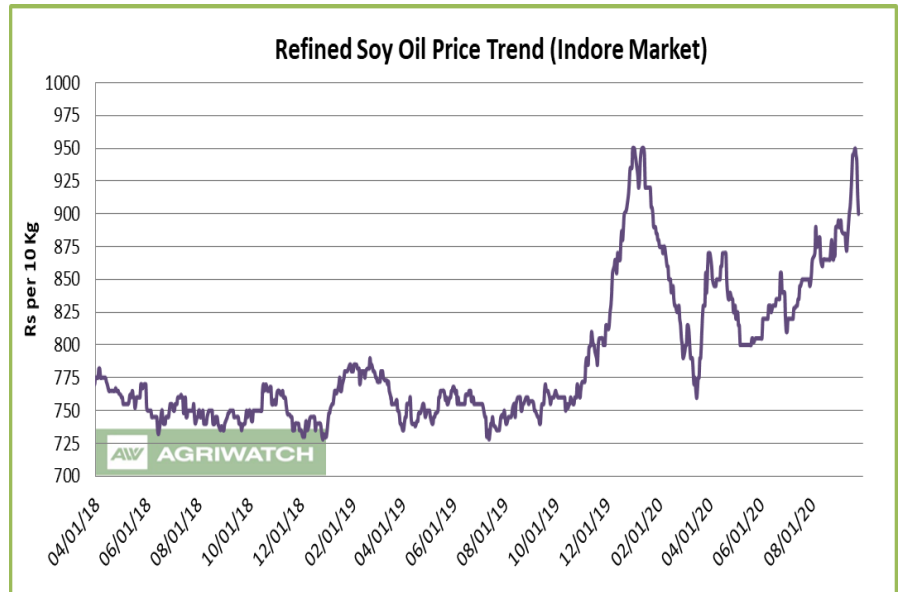
Soy oil Fundamental Analysis and Outlook:-**Domestic Front**

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

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

Soy oil demand may rise in 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 fall in prices of soy oil in Indian markets and the disparity stands at 20-25 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 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 862 (USD 903) per ton for Sep delivery, Oct delivery is quoted at USD 862 (USD 903) per ton and OND delivery is quoted at USD 862 (USD 905) 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 915 (Rs 945 last week) per 10 kg.
- On the parity front, margins rose during the week due to fall in prices of soy oil in international markets. We expect margins to improve in coming days. Currently, refiners lose USD 25-30/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 underpinned by better than expected yields on harvest of soybean in US, fall in competitive oils prices and fall in crude oil prices.

Soybean harvest in US has should unexpectedly higher yields. This may increase soybean crop in US and underpin prices.

However, lower stocks of soy oil in US and higher demand of soybean by China will limit losses.

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.

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 from 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.

Fall in sunflower oil and palm oil prices will underpin soy oil prices.

Crude oil prices is expected to weak global economic recovery tempering crude oil demand thereby delaying rebalancing of crude oil market.

- In the weekly USDA crop progress report released on 20 September 2020; The US Soybean is dropping leaves at 57% up from 61% in the corresponding period last year and 55% from 5 year average. About 6% soybean crop is harvested up from 2% in corresponding period last year and 6% from 5-year average. About 63% of the crop is under good to excellent condition, compared to 63% 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 880-980 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook :-

Domestic Front

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

Prices of RBD palmolein closed lower due to fall in prices of RBD palmolein in international markets.

Palm oil international prices fell last week on expectation of higher production of palm oil in Malaysia and fall in competing oils 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 palm oil in out of home consumption has fallen by 40 percent in current year due to COVID. Demand will stay moderated for a prolonged period, as adverse effect of COVID will take time to subside.

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 fell less on high seas compared to CNF markets compared to last week indicating firm 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 may find support in Sep on demand ahead of festivals.

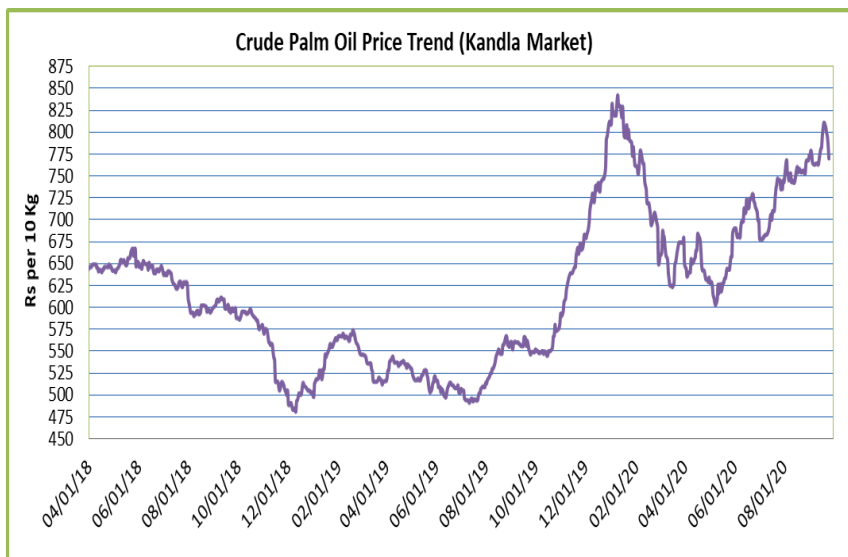
Data from cargo surveyors show fall in imports of palm oil by India in Sep from Malaysia.

CPO imports disparity fell during the week due fall in prices of CPO in international markets at Rs 20-25 per 10 kg this week compared to last week disparity at Rs 25-30 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 firm compared to RBD palmolein at high seas as premium of RBD palmolein over CPO was at Rs 57 (Rs 74) 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 fall going ahead on weak demand and fall 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 745 (USD 797.5) per ton for Sep delivery and Oct delivery is quoted at USD 740 (USD 790) 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 807.5) per ton for Sep delivery and Oct delivery is quoted at USD 750 (USD 800) 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 578 (Rs 811) per 10 Kg and Sep delivery duty paid is offered at Rs 573 (Rs 813) per 10 kg. Ready lift RBD palmolein is quoted at Rs 835 (Rs 885) per 10 kg as on Sep 25, 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 0-5/ton v/s gain of USD 10-15/ton (last week) margin in processing the imported CPO and imports of ready to use palmolein lose USD 30-35/ton v/s loss of USD 15-20/ton (last week) parity.

International Front

Palm oil prices are likely to fall due to expectation of higher production of palm oil in Malaysia, slowdown of global demand of palm oil, weak buying by India, weak competitive oils prices and fall in global crude oil prices. Competing oil prices like soy oil and sunflower oil prices fell last week underpinning palm oil prices. More fall in competing oils prices can be seen in coming weeks.

Palm oil exports in Malaysia is expected to slow due to lower buying by importing countries especially India and China.

Production of palm oil will rise in Malaysia in Sep on seasonal uptrend of production.

Big buyers like India has been inactive in market will lead to lower export numbers from Malaysia.

Exports to India is expected may 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 slow global economy recovery thereby delaying rebalancing global crude oil market will support palm oil prices.

- According to cargo surveyor Societe Generale de Surveillance (SGS), Malaysia's Sep 1-25 palm oil exports rose 14.1 percent to 1,320,949 tons compared to 1,158,013 tons in corresponding period last month. Top buyers were European Union 300,721 tons (223,461 tons), India at 250,910 tons (253,080 tons), China at 227,900 tons (229,165 tons), United States at 42,245 tons (40,380 tons) and Pakistan at 23,300 tons (0 tons) and. 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 750-830 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.

Mustard oil demand is firm as it being perceived as immunity booster.

However, lower arrivals last week 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.

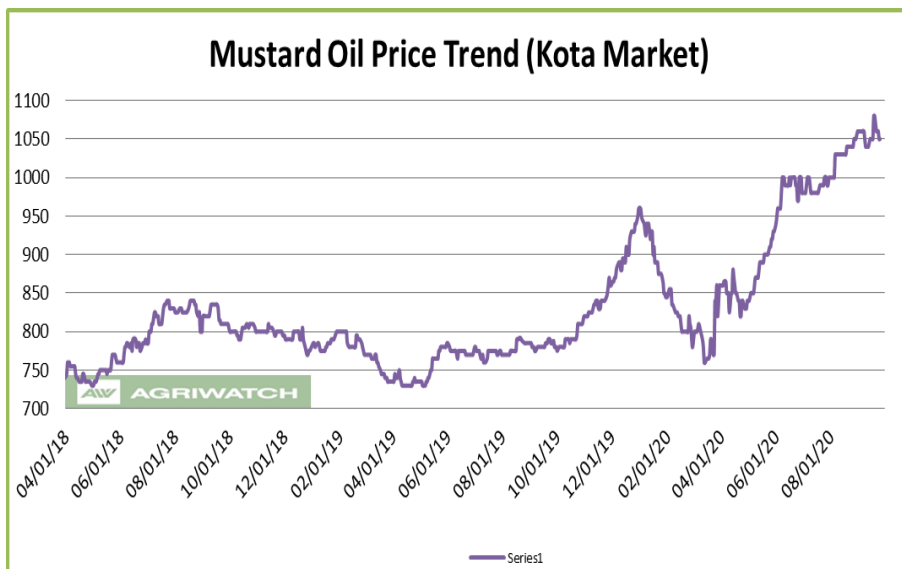
Haryana has sold 1.0 lakh tons of new crop after disposing old crop. Around 2.1 lakh tons of new stock is left after sale. HAFED has sold 1.5 lakh tons from procured quantity of 4.5 lakh tons.

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 200 (Rs 170) per 10 Kg will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 280 (Rs 235) 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 1,096 (Rs 1,080) per 10 Kg, and at Kota market, it is offered at Rs 1,050 (Rs 1,080) per 10 kg as on Sep 25, 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.

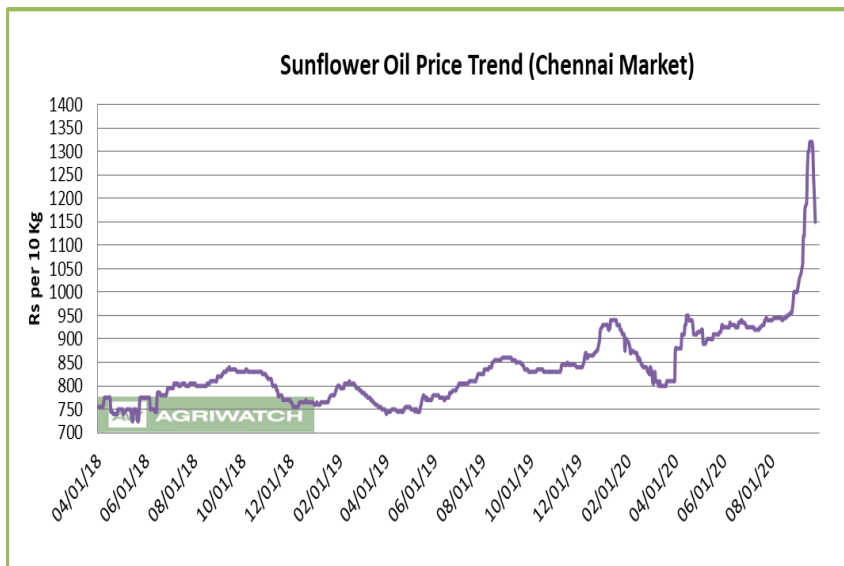
Sunflower oil Fundamental Review and Analysis:-**Domestic Front**

- Sunflower oil price fell during the week in Chennai on weak demand and fall in prices of sunflower oil in international markets.

Prices of sunflower oil fell more at high seas compared to CNF markets indicating weak demand at high seas.

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

Further, prices fell as international prices of sunflower oil fell last week



on global slowdown of demand due to surge in prices of sunflower oil.

Rise in CNF prices of sunflower oil in last 2-3 months is due to drought in sunflower belts in Ukraine, Russia and Argentina, has cut global supply of sunflower oil in 2020 leading to higher prices. These will keep sunflower CNF prices supported in coming months.

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.

Sunflower oil is mainly used in home consumption and demand had risen in home consumption due to less out of home consumption especially palm oil. Consumption has rose about 20 percent in some states. However, due to surge in prices of sunflower oil demand will slow going ahead.

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 will lead to higher imports of sunflower oil in coming months. However, imports will not rise by 20 percent from last year as expected and will end the oil year below 2.7 MMT.

In domestic market, sunflower oil prices premium over soy oil is at Rs 235 (Rs 370 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 123 (USD 197 last week) per ton which indicates that sunflower oil prices is converging with soy oil at domestic markets and CNF markets but the premium is still high.

High sunflower oil premium over CPO at CNF India is at USD 240 (USD 310 last week) which will decrease imports.

In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 295 (Rs 430) per 10 kg which is high will cap sunflower oil in domestic market.

In domestic market, low groundnut oil premium over sunflower oil at Chennai market is at Rs 100 (Rs 0 last week) per 10 kg will underpin sunflower oil prices.

Prices of sunflower oil are expected to fall on weak demand

- 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 985 (USD 1100 per ton for Oct delivery and Nov/Dec delivery is quoted at USD 975 (USD 1090) 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 900-1100 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 1150 (Rs 1320) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 129 (Rs 1300) per 10 kg as on Sep 25, 2020. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to weak 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 lower on account of weak demand and fall in prices of competing oils.

Groundnut oil demand fell due to rise in its prices.

Groundnut oil demand fell due to seasonal slowdown of demand and expectation of fall in its prices.

Groundnut oil prices fell last weeks as sunflower oil, soy oil and palm oil fell sharply.

Groundnut oil prices fell on expectation of higher crop of groundnut. Groundnut crop

condition in Gujarat has improved in last two weeks after heavy rains in the state led to losses in However, crop size will be higher than last year despite yield loss on higher sowing area.

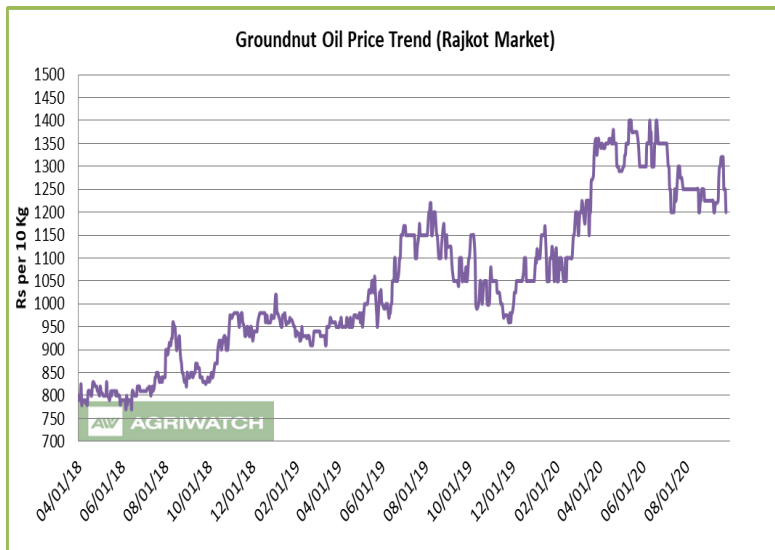
Groundnut oil demand will rise on stocking ahead of festivals.

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.

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 3.1 lakh tons in Gujarat and 0.5 lakh tons in Rajasthan. Therefore, stocks left in Gujarat and Rajasthan is around 1.7 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 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 50.96 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 12,000 (Rs 13200) per quintal and it was 12,500 (Rs 13,200) per quintal in Chennai market on Sep 25, 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 1150-1250 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 prices of copra.

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.

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.

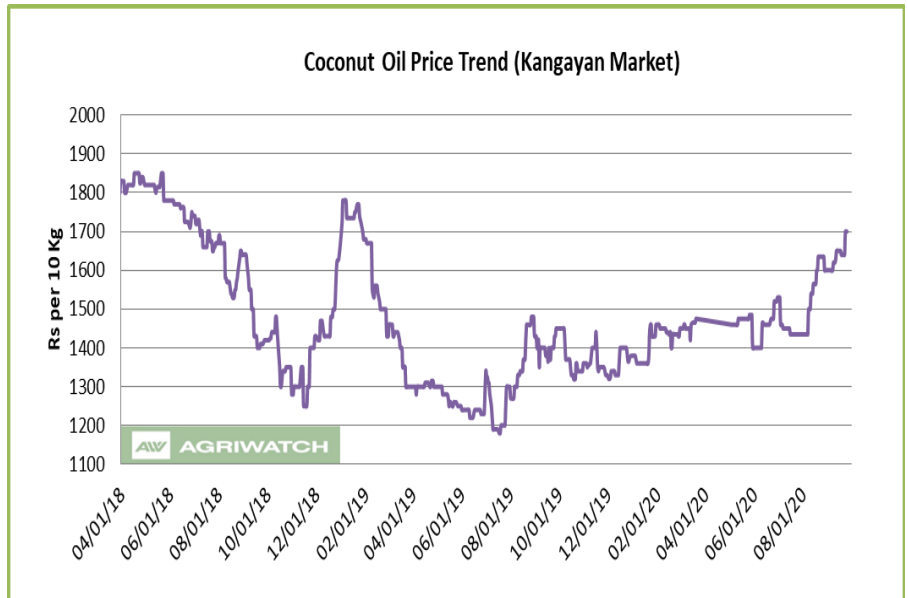
Demand of copra is improving due to opening of India in various phases. Copra prices will be supported by Tamil Nadu government procurement of copra at MSP.

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

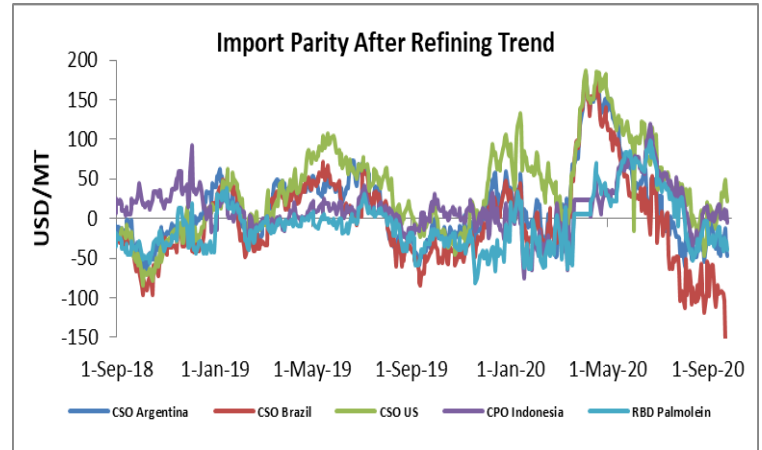
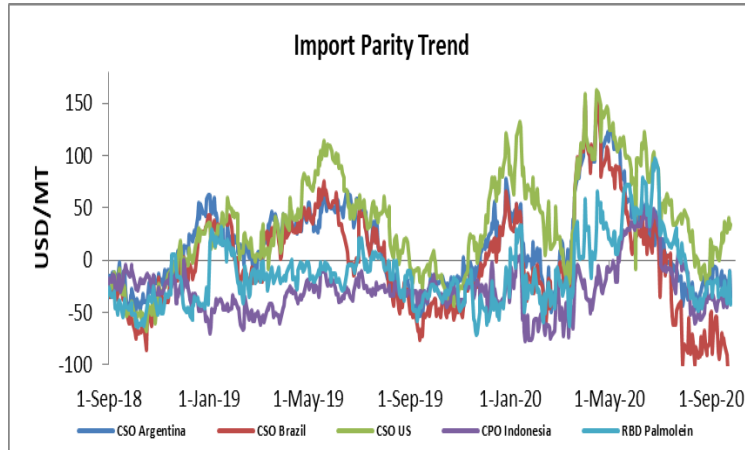
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 17,000 (Rs 16,400) per quintal, and was quoted at 16,900 (Rs 16,400) per quintal in Erode market on September 25, 2020.



Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1600-1800 per 10 Kg.

Import Parity Trend

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



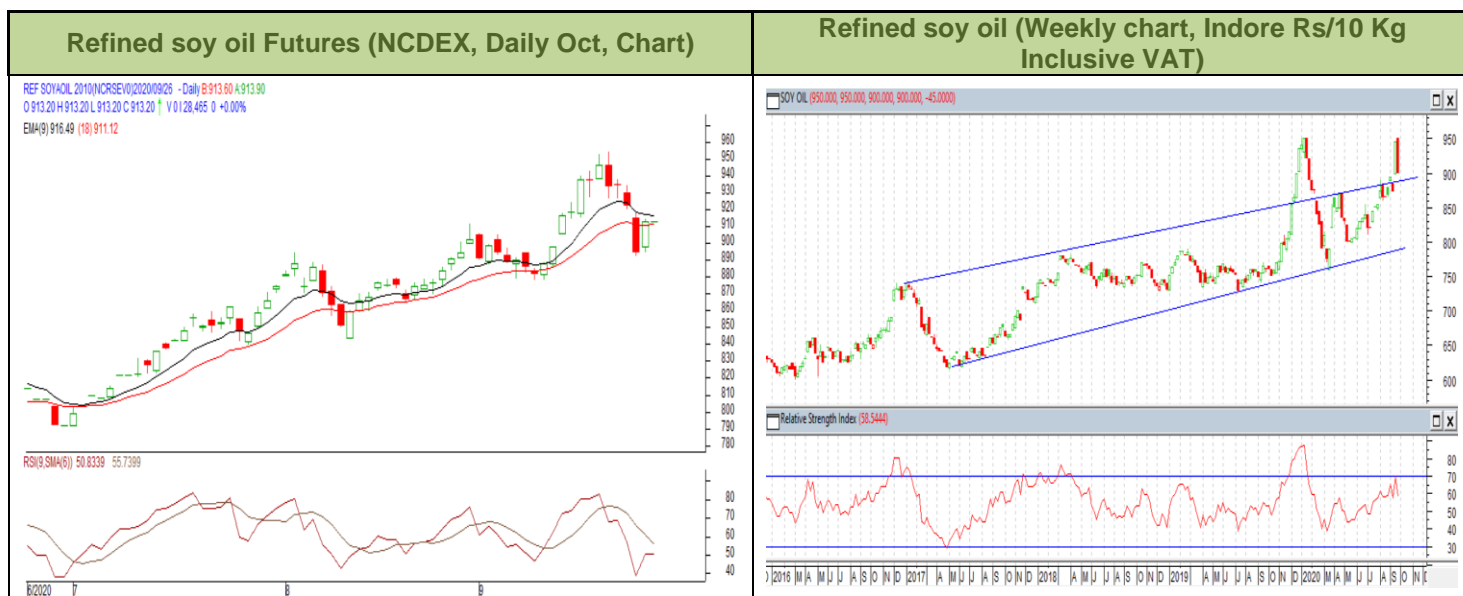
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Sep 6-Sep 12, 2020	-22.82	-81.72	-0.53	1.54	-29.02
Sep 13-Sep 19, 2020	-34.66	-91.27	12.82	11.06	-19.21
Sep 20-Sep 26, 2020	-29.44	-141.58	35.00	3.31	-33.89

Outlook:-

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

Refining margins parity fell of CPO on fall in prices of CPO in Indian markets. RBD palmolein refining margins disparity fell on fall in its prices of RBD palmolein in Indian markets. 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 weak 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 weak tone in the near term.
- Any close below 900 in weekly might take the prices below 880 levels.
- Expected price band for next week is 900-1000 level in near to medium term. RSI and MACD is suggesting downtrend in the market.

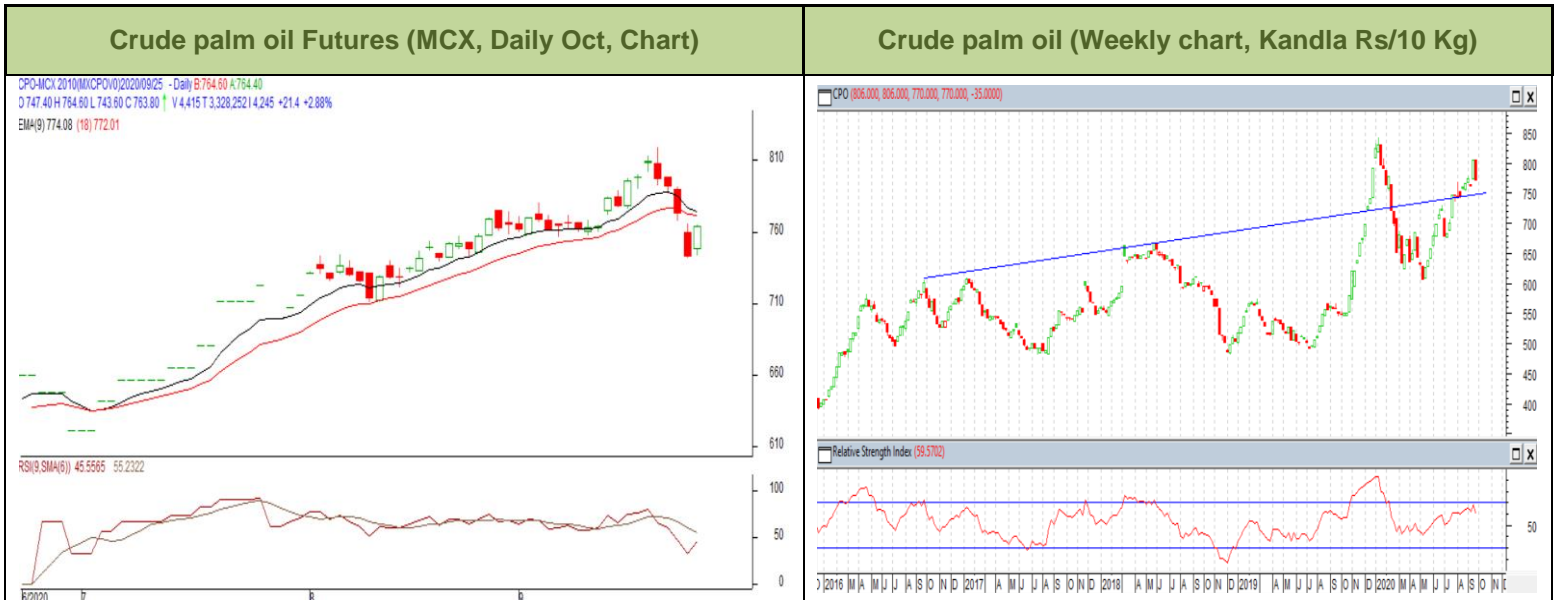
Strategy: Market participants are advised to go short below 920 levels for a target of 905 and 900 with a stop loss at 930 on closing basis.

RSO NCDEX (August)

Support and Resistance				
S2	S1	PCP	R1	R2
880.00	900.00	914.00	926.00	940.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 880-980 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show downtrend in prices during the week. We expect that CPO October contract may trade sideways to weak 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 weak note in the near term.
- Any close below 750 in weekly chart may bring the prices to 730 levels.
- Expected price band for next week is 750-850 level. RSI and MACD are suggesting downtrend in prices in the coming week.

Strategy: Market participants are advised to go short in CPO below 765 for a target of 750 and 745 with a stop loss at 775 on closing basis.

CPO MCX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
736.00	753.00	761.30	772.00	792.00

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 750-830 per 10 Kg.

Veg. Oil Prices at Key Spot Markets

Commodity	Centre	Prices (Per 10 Kg)		Change
		25-Sep-20	18-Sep-20	
Refined Soybean Oil	Indore	900	945	-45
	Indore (Soy Solvent Crude)	875	900	-25
	Mumbai	915	950	-35
	Mumbai (Soy Degum)	870	915	-45
	Kandla/Mundra	900	935	-35
	Kandla/Mundra (Soy Degum)	865	905	-40
	Kolkata	915	945	-30
	Delhi	950	985	-35
	Nagpur	921	944	-23
	Rajkot	895	920	-25
	Kota	920	930	-10
	Hyderabad	-	-	-
	Akola	930	948	-18
	Amrawati	925	945	-20
	Bundi	925	935	-10
	Jalna	924	947	-23
	Solapur	911	934	-23
	Dhule	907	930	-23
	Nanded	909	932	-23
	Latur	913	935	-22
	Argentina Crude Soya (CIF India) USD	856	906	-50
	Argentina Crude Soya (FOB)	802	839	-37
	Soya Oil(Rot.)(Euro/MT FOB) (1000) GMT	783	790	-7
Palm Oil*	Kandla (Crude Palm Oil)	770	805	-35
	Kandla (RBD Palm oil)	810	850	-40
	Kandla RBD Pamolein	835	885	-50
	Kakinada (Crude Palm Oil)	755	795	-40
	Kakinada RBD Pamolein	850	880	-30
	Haldia Pamolein	870	900	-30
	Chennai RBD Pamolein	870	900	-30
	Chennai RBD Pamolein (Vitamin A&D Fortified)	924	954	-30
	Krishnapattanam RBD Pamolein	860	890	-30
	Mumbai RBD Pamolein	875	910	-35
	Mangalore RBD Pamolein	870	910	-40
	Tuticorin (RBD Palmolein)	852	880	-28
	Mumbai (Refined)	845	895	-50
	Rajkot (Refined)	825	870	-45

	Chennai (Refined)	850	890	-40
	Hyderabad (Refined)	860	895	-35
	Delhi (Refined)	910	955	-45
	PFAD (Kandla)	540	570	-30
	RPS (Kandla)	700	730	-30
	Superolien (Kandla)	880	905	-25
	Superolien (Mumbai)	900	930	-30
	Kochi (RBD Palmolein)	-	907	-
	Krishnapattanam (Crude Palm Oil)	755	795	-40
	Mumbai (Crude Palm Oil)	725	770	-45
	Kolkata (Crude Palm Oil)	775	800	-25
	Palm Kernel Oil (1000) GMT	790	835	-45
Refined Sunflower Oil	Chennai (Refined)	1150	1320	-170
	Chennai (Crude)	1120	1280	-160
	Mumbai (Refined)	1270	1300	-30
	Mumbai (Expeller Oil)	1200	1210	-10
	Kandla (Refined)	1290	1300	-10
	Hyderabad (Refined)	1220	1250	-30
	Hyderabad (Expeller)	1140	1190	-50
	Latur (Refined)	1210	1220	-10
	Latur (Expeller Oil)	1150	1160	-10
	Chellakere (Expeller Oil)	1160	1170	-10
	Erode (Expeller Oil)	1250	1330	-80
	Kakinada (Refined)	1200	1200	Unch
	Krishna Pattanam (Refined)	1200	1200	Unch
	Delhi (Refined)	1150	1200	-50
	Sun Oil (Rotterdam)	985	1130	-145
Groundnut Oil	Rajkot	1200	1320	-120
	Chennai	1250	1320	-70
	Delhi	1300	1310	-10
	Hyderabad *	1280	1280	Unch
	Mumbai	1270	1300	-30
	Gondal	1230	1275	-45
	Jamnagar	1230	1275	-45
	Gujarat GN Telia	1950	2000	-50
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1092	1080	12
	Jaipur (Kacchi Ghani Oil)	1108	1098	10
	Kota (Expeller Oil)	1050	1080	-30
	Kota (Kacchi Ghani Oil)	1080	1125	-45
	Neewai (Expeller Oil)	1070	1060	10

	Neewai (Kacchi Ghani Oil)	1090	1080	10
	Bharatpur (Kacchi Ghani Oil)	1120	1100	20
	Sri-Ganga Nagar(Exp Oil)	1070	1090	-20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1095	1115	-20
	Mumbai (Expeller Oil)	1080	1075	5
	Kolkata(Expeller Oil)	1200	1170	30
	New Delhi (Expeller Oil)	1085	1070	15
	Hapur (Expeller Oil)	1070	1070	Unch
	Hapur (Kacchi Ghani Oil)	1100	1100	Unch
	Agra (Kacchi Ghani Oil)	1125	1105	20
	Nagpur (Expeller Oil)	1120	1100	20
Refined Cottonseed Oil	Rajkot	955	985	-30
	Hyderabad	945	990	-45
	Mumbai	960	980	-20
	New Delhi	927	950	-23
	Gujarat Cotton Wash	905	938	-33
Coconut Oil	Kangayan (Crude)	1700	1640	60
	Cochin	1580	1620	-40
	Coconut Oil(Rot.)(Phil/Indo)	1070	1070	Unch
Vanaspati Oil	Uttar Pradesh	1260	1180	80
	Kolkata	1190	1150	40
	Rajkot	1353	1333	20
Sesame Oil	New Delhi	1400	1250	150
	Mumbai	-	-	-
Kardi	Mumbai	-	-	-
Rice Bran Oil	New Delhi (40%)	835	845	-10
	Punjab (Refined 4%)	885	910	-25
	Bhatinda (Crude 4%)	780	775	5
	Bhatinda (Refined 4%)	895	890	5
	Hyderabad (Crude)	820	820	Unch
	Hyderabad (Refined)	970	965	5
	Kolkata (Crude)	800	845	-45
	Kolkata (Refined)	880	908	-28
	Raipur (Crude)	885	885	Unch
	Raipur (Refined)	950	955	-5
	Odisha (Refined)	950	950	Unch
	Vijayawada (Refined)	870	880	-10
Malaysia Palmolein USD/MT	FOB	730	780	-50



	CNF India	740	790	-50
Indonesia CPO USD/MT	FOB	710	760	-50
	CNF India	730	780	-50
RBD Palm oil (Malaysia Origin USD/MT)	FOB	728	790	-62
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	730	785	-55
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	820	860	-40
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	678	710	-32
Crude palm Kernel Oil India (USD/MT)	CNF India	-	895	-
Ukraine Origin CSFO USD/MT Kandla	CIF	985	1080	-95
Rapeseed Oil Rotterdam Euro/MT	FOB	772	810	-38
Argentina FOB (\$/MT)		24-Sep-20	17-Sep-20	Change
Crude Soybean Oil Ship		798	835	-37
Refined Soy Oil (Bulk) Ship		826	864	-38
Sunflower Oil Ship		940	960	-20
Cottonseed Oil Ship		778	815	-37
Refined Linseed Oil (Bulk) Ship		-	-	-
* indicates including GST				

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