

# Veg. Oil Weekly Research Report

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## **Executive Summary**

### **Domestic Veg. Oil Market Summary**

*Edible oil prices featured uptrend during this week in domestic market. CBOT soy oil and BMD palm oil rise during the week. Sunflower oil close lower while groundnut oil and Soy oil, palm oil, rapeseed oil and coconut oil prices closed higher.*

*On the currency front, Indian rupee is hovering near 73.83 against 73.44 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 short above 975 levels for a target of 980 and 982 with a stop loss at 972 on closing basis. We expect Refined soy oil Indore (without GST) is likely to stay in the range of Rs 900-980 per 10 Kg.*

*In MCX, Market participants are advised to go short in CPO above 807 for a target of 812 and 814 with a stop loss at 804 on closing basis. We expect Crude palm oil (without GST) is likely to stay in the range of Rs 800-850 per 10 Kg.*

### **International Veg. Oil Market Summary**

*On the international front, rise 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.*

*Rise in competing oil prices, low supply stock, flooding in Indonesia and rise 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 uptrend sentiment in domestic markets in the week in review on rise in prices of soy oil in international markets.

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

Soy oil demand may rise in Oct-Nov 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 and closed Indore mandi due to protest.

However, demand of soybean in poultry is improving and 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. New crop arrival has started, in coming weeks will lower the pressure on low supply.

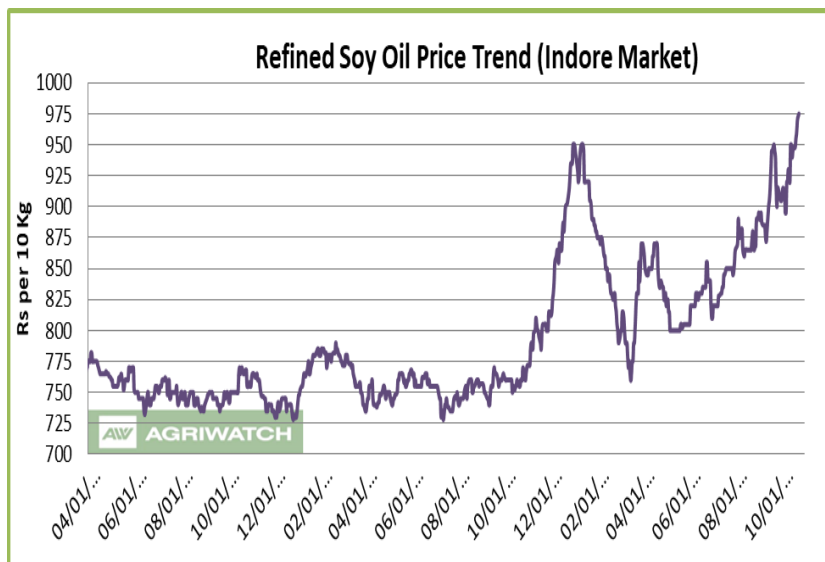
Demand for soy oil will rise due to seasonal uptrend of demand and demand ahead of festivals.

Imports of soy oil fell in sep due to higher prices of soy oil in international markets, negative import parity and refining margins in Sep. However, imports of soy oil will rise in Oct 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.

Import disparity rose during the week with rise in prices of soy oil in Indian markets and the disparity stands at 25-30 per 10 kg compared to disparity of Rs 20-25 per 10 kg last week. Import demand is likely to rise ahead of festival season and low supply stock.

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 September edible oil imports fell 19 percent y-o-y to 10.61 lakh tons from 13.03 lakh tons in Sep 2019. Palm oil imports in Sep fell 25.37 percent y-o-y to 6.44 lakh tons from 8.63 lakh tons in Sep 2019. CPO imports rose 2.65 percent in Sep y-o-y to 6.15 lakh tons from 5.99 lakh tons in Sep 2019. RBD palmolein import fell 95.45 percent to 0.12 lakh tons in Sep vs. 2.64 lakh tons in Sep 2019. Soy oil imports rose 27.41 percent in Sep y-o-y to 3.16 lakh tons from 2.48 lakh tons in Sep 2019. Sunflower oil imports fell 47.61 percent y-o-y in Sep to 0.66 lakh tons from 1.26 lakh tons in Sep 2019.



Rapeseed (canola) oil imports in Sep were 0.1 lakh tons compared to 0 imports in Sep 2019.

- According to Solvent Extractors Association (SEA), India's September edible oil stocks at ports and pipelines fell 7.45 percent m-o-m to 16.02 lakh tons from 17.31 lakh tons in August 2020. Stocks of edible oil at ports in Sep fell to 582,000 tons (CPO 270,000 tons, RBD Palmolein 10,000, Degummed Soybean Oil 210,000 tons, Crude Sunflower Oil 75,000 and Rapeseed Oil 17,000) and about 1,020,000 tons in pipelines. (Stocks at ports were 751,000 tons and in pipelines were 980,000 tons in Aug 2020). India is presently holding 25 days of edible oil requirement on 1st October, 2020 at 16.02 lakh tons compared to 27 days of requirements of 17.31 lakh tons on 1st September, 2020. India held 18.02 lakh tons of stocks in ports and pipelines on 1st October 2019. India's monthly edible oil requirement is 19.0 lakh tons.
- Soy oil import scenario – According to Solvent Extractors Association (SEA), India's September edible oil imports fell 19 percent y-o- y to 10.61 lakh tons from 13.03 lakh tons in Sep 2019.. Soy oil imports rose 27.41 percent in Sep y-o-y to 3.16 lakh tons from 2.48 lakh tons in Sep 2019.
- According to Ministry of Agriculture, sowing of soybean reported at 121.214 lakh hectares as on 17.09.2020 compared to 113.408 lakh hectares in corresponding period last year. Sowing reported higher in all states except Telangana.
- Imported crude soy oil CNF at West coast port offered at USD 894 (USD 882) per ton for Sep delivery, Oct delivery quoted at USD 894 (USD 882) per ton and OND delivery quoted at USD 894 (USD 878) per ton. Values in brackets are figures of last week. Last month, CNF CDSO Sep average price was USD 855 (USD 802.30 per ton in Aug 2020) per ton. Soy refined (Indore) quoted at Rs 930 (Rs 915 last week) per 10 kg.
- On the parity front, margins rose during the week due to rise in prices of soy oil in international markets. We expect margins to improve in coming days. Currently, refiners lose USD 35-40/ton v/s loss of USD 45-50/ton (last week) margin in processing the imported Soybean Oil (Argentina Origin).

### **International Front**

Soy oil prices are expected to be underpinned by better-expected yields on harvest of soybean in US, rise in competitive oils prices and rise in crude oil prices.

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

American soybean stockpiles were smaller than expected as China stepped up its purchases of U.S. supplies during the summer

NOPA reported lower stocks of soy oil in US in Sep 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.

US recorded record sales of soybean to China last week, according to USDA. Imports of soybean by China from US have 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 soybeans to comply partially with Phase 1 deal. Therefore,

bigger soybean purchases will report 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 are 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 13 October 2020; The US Soybean is dropping leaves at 93% up from 81% in the corresponding period last year and 90% from 5 year average. About 61% soybean crop is harvested up from 23% in corresponding period last year and 42% from 5-year average. About 63% of the crop is under good to excellent condition, compared to 64% 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 for 2020/21 is forecast at \$9.80 per bushel, up 55 cents reflecting smaller supplies and higher exports. The soybean meal price is forecast at \$335.00 per short ton, up \$20.00. The soybean oil price forecast is raised 0.5 cents to 32.5 cents per pound.

**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 930-990 per 10 Kg in the near term.

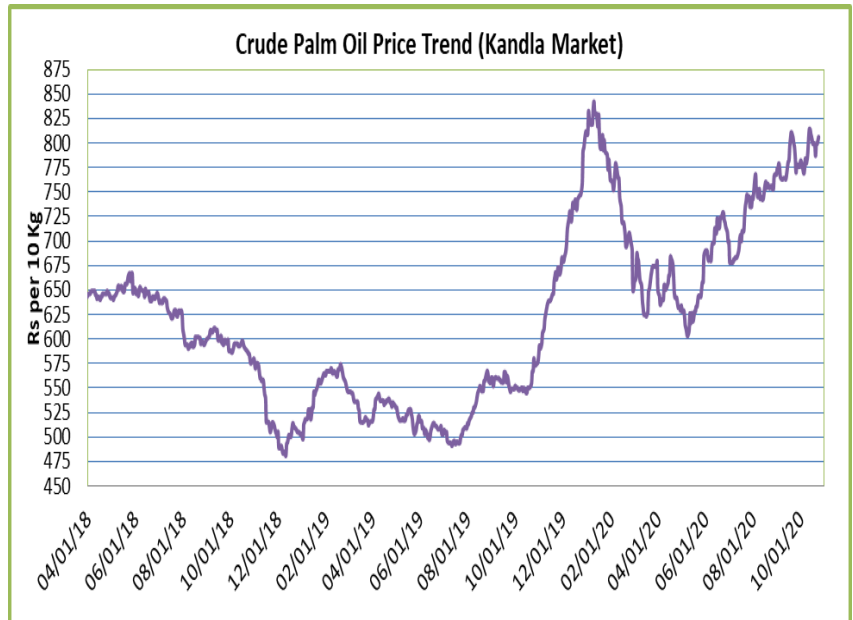
**Palm oil Fundamental Analysis and Outlook :-****Domestic Front**

- Crude palm oil (CPO) featured uptrend 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 lower supply of palm oil due to La Nina effect and rise in competing oils prices.

Demand of palmolein will improve due to government's effort to open country. As it mainly used in street



food, joints and restaurant chains, it will start opening progressively. The various moves 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 rise in Sep despite lower RBD palmolein imports. Imports of CPO were higher while RBD palmolein imports started after zero import in previous two months. Imports of palm oil rose in Sep fell m-o-m due to higher prices of palm oil in global markets. Imports will rise in Oct 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 raised 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 Sep due to higher prices of CPO in international markets. However, the market share of imports from Malaysia rose in Sep compared to Indonesia CPO. 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 rise by India in Oct ahead of festival season demand and rise in competing oils prices.

Data from cargo surveyors ITS show rise in imports of palm oil by India in Oct 1-20, to 261,325 Tonnes compared to Sep of 224,310 Tonnes from Malaysia.

CPO imports disparity fell during the week due rise in prices of CPO in international markets at Rs 10-15 per 10 kg this week compared to last week disparity at Rs 15-20 per 10 kg.

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

Port stocks of palm oil fell in Sep as imports slowed in Sep while demand was firm. Port stocks of palm oil will rise in Oct 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 69 (Rs 61) 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 Sep fell 25.37 percent y-o-y to 6.44 lakh tons from 8.63 lakh tons in Sep 2019. CPO imports rose 2.65 percent in Sep y-o-y to 6.15 lakh tons from 5.99 lakh tons in Sep 2019. RBD palmolein import fell 95.45 percent to 0.12 lakh tons in Sep vs. 2.64 lakh tons in Sep 2019. Crude
- RBD palmolein import scenario- RBD palmolein imports were 0.12 lakh tons in Sep vs. 2.64 lakh tons in Sep 2019. Imports in oil year 2019-20 (November 2019-August 2020) were reported lower by 84.07 percent y-o-y at 4.16 lakh tons compared to 26.12 lakh tons in last oil year.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 785 (USD 760) per ton for Oct delivery and Nov delivery is quoted at USD 775 (USD 760) per ton. Last month, CNF CPO Sep average price was at 741.62 per ton (USD 720.52 per ton in Aug 2020). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 795 (USD 770) per ton for Oct delivery and Nov delivery is quoted at USD 785 (USD 742.5) per ton. Last month, CIF RBD palmolein Sep average price was USD 759.30 (USD 730.52 in Aug 2019) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 806 (Rs 796) per 10 Kg and Oct delivery duty paid is offered at Rs 804 (Rs 792) per 10 kg. Ready lift RBD palmolein is quoted at Rs 890 (Rs 860) per 10 kg as on Oct 23, 2020. Values in brackets are figures of last week.

- On the parity front, margins fell during this week with rise in prices of palm oil in India markets.

### International Front

Palm oil prices are likely to rise due to expectation of lower supply stock of palm oil, restrictions due to Covid 19, Increase in demand from India ahead of festival season, rise in competitive oils prices and rise in global crude oil prices.

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

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

Production of palm oil will be affected due to La Nina effect in Malaysia and Indonesia.

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



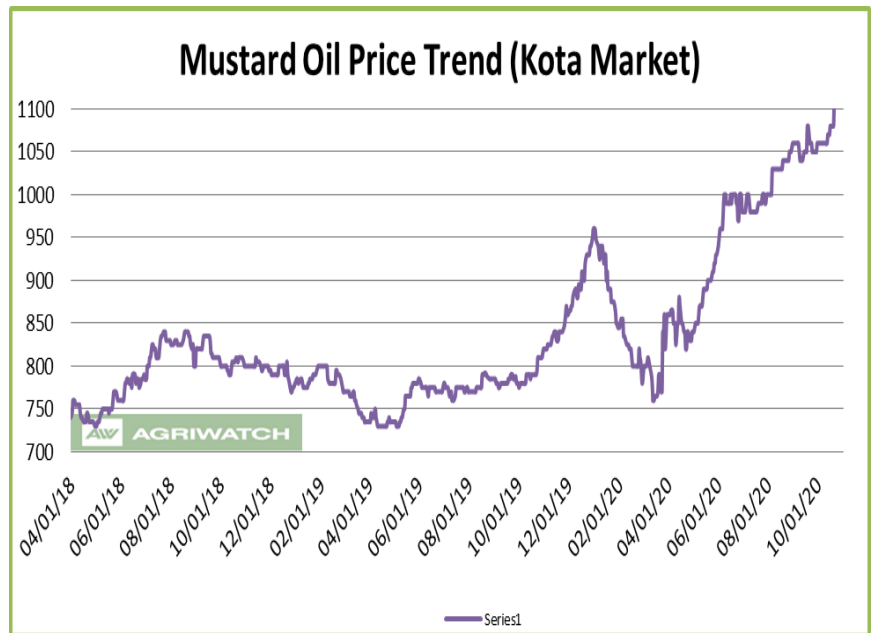
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia Palm oil products export for October 1-15 fall 2.5 Percent to 760,082 tonnes compared to 779,160 tonnes last month. Top buyers were India & subcontinent 225,445 tons (215,910 tons), European Union 124,240 tons (166,160 tons) and China at 87,005 tons (130,310 tons). Values in brackets are figures of last month.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's September palm oil stocks rose 1.24 percent to 17.25 lakh tons compared to 17.04 lakh tons in Aug 2020. Production of palm oil in Sep rose 0.32 percent to 18.69 lakh tons compared to 18.63 lakh tons in Aug 2020. Exports of palm oil in Sep rose 1.88 percent to 16.12 lakh tons compared to 15.82 lakh tons in Aug 2020. Imports of palm oil in Sep rose 49.40 percent to 0.48 lakh tons compared to 0.32 lakh tons in Sep 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, for October shipments Indonesia will charge export duty at \$3 per ton on crude palm oil. Reference prices of October are set at USD 768.98 per ton compared to USD 738.07 per ton last month, above 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 790-820 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-Domestic Front

- Mustard oil prices showed up trend in benchmark market on account of no blending oil with mustard news. 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.

NAFED procured cumulative 19.45 lakh tons of R-20 mustard and majority of the procurement is from Haryana and Rajasthan of 4.5 lakh tons and 10 lakh tons respectively. Rajasthan is disposing R-19 stocks and around 5 lakh tons of new crop is sold. MP has sold 0.70 lakh tons of new crop out of 1.15 lakh tons procured. Haryana has sold 3.0 lakh tons of new crop after disposing old crop. HAFED has sold 1.5 lakh tons from procured quantity of 4.5 lakh tons.

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 225(Rs 171) per 10 Kg will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 325 (Rs 270) per 10 kg which is higher than last week 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 0.55 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 has 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.

- The Government set a record high target at 7.5 M Ha for mustard crop in 2020-21 (Rabi), under newly launched Mustard Mission. This mission aims to achieve self-sufficiency in producing oilseeds to reduce hefty import of edible oils. The Government has aimed to harvest record high 12.5 MT of mustard crop, which accounts for over 80% of total Rabi edible oil complex. Measures are adopted to increase the area from 6.9 M Ha previous year to 7.5 M Ha. Government will provide 26,700 tons of certified mustard seeds for Rabi 20-21, 6.4 percent higher quantity than required. Rajasthan, Gujarat, Uttar Pradesh and Madhya Pradesh are the major producers of mustard in the country.
- Rapeseed oil import scenario- India imported 0.17 lakh tons rapeseed (Canola) oil in Sep 2020 v/s 0 imports in Sep 2019. In the oil year 2019-20 (Nov 2019-Aug 2020) imports were 0.55 lakh tons compared to 0.59 lakh tons in last oil year, down 7.27 percent y-o-y.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,184 ( Rs 1,106) per 10 Kg, and at Kota market, it is offered at Rs 1,120 (Rs 1,080) per 10 kg as on Oct 24, 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 1080-1150per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

- Sunflower oil price closed lower during the week in Chennai on low supply and rise in prices of sunflower oil in international markets.

Prices of sunflower featured lower trend at high seas compared to CNF markets indicating slow demand at high seas.

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

Further, prices fell as international

prices of sunflower oil fall last week on global demand due to low stock 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.

Ukraine's economy ministry said that sunflower seed production could lower by 8.5% to 14 MT from 15.3 MT due to drought; this will affect the sunflower oil prices in international market as the import demand is increasing.

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.

Demand of Sunflower oil has lowered on back of rise in prices. Festive demand is also weak due to lockdown restrictions. Demand may improve as groundnut oil prices premium over sunflower oil.

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

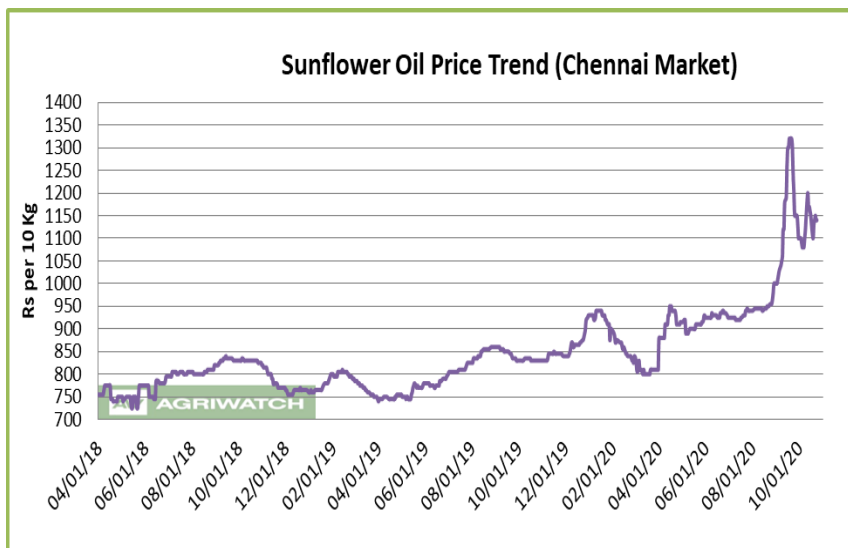
In domestic market, sunflower oil prices premium over soy oil is at Rs 195 (Rs 182 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 207 (USD 158 last week) per ton which indicates that sunflower oil prices is converging with soy oil at domestic markets and CNF markets but the premium is still high.

High sunflower oil premium over CPO at CNF India is at USD 275 (USD 380 last week) which will affect imports.

In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 265 (Rs 270) per 10 kg which is high will cap sunflower oil in domestic market.

In domestic market, high groundnut oil premium over sunflower oil at Chennai market is at Rs 210 (Rs 170 last week) per 10 kg will underpin sunflower oil prices.

Prices of sunflower oil expected to rise on back of festival demand.

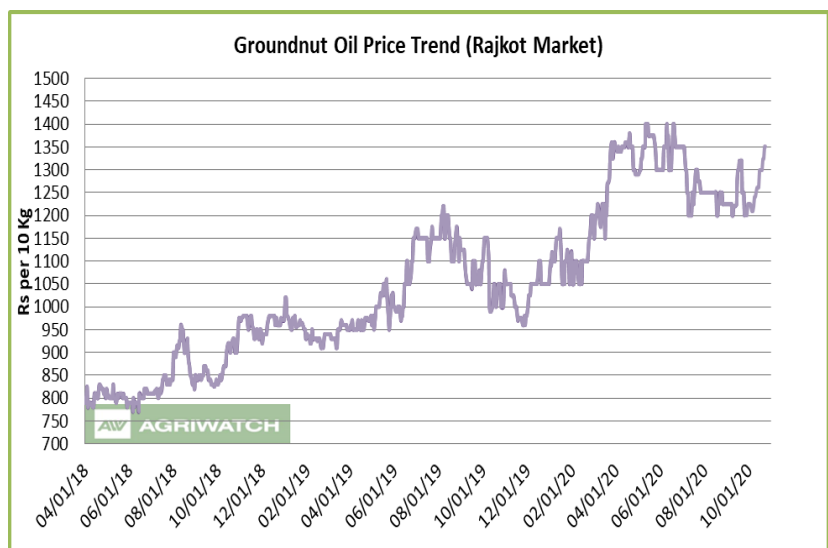


- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell 47.61 percent y-o-y in Sep to 0.66 lakh tons from 1.26 lakh tons in Sep 2019. Imports in oil year 2019-20 (November 2019-September 2020) were reported higher by 7.16 percent y-o-y at 23.48 lakh tons compared to 21.91 lakh tons in last oil year.
- According to Ministry of Agriculture, sowing of sunflower 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 1065 (USD 1040 per ton for Oct delivery and Nov/Dec delivery quoted at USD 1050 (USD 1040) per ton. CNF sun oil (Ukraine origin) Sep monthly average was at USD 1021.96 per ton compared to USD 880.87 per ton in Aug). Prices are likely to stay in the range of USD 1070-1150 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 1140 (Rs 1130) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1220 (Rs 1250) per 10 kg as on Oct 24, 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 1110-1160 per 10 Kg.

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

- Groundnut oil market traded higher on account of slow rise in supply ahead of



festival season demand and rise in prices of competing oils.

Groundnut oil demand rise on back of upcoming festival season.

Groundnut oil demand rise due to seasonal uptrend of demand and rise in competing oils prices.

Groundnut oil prices closed higher last weeks as sunflower oil, soy oil and palm oil rose sharply.

Groundnut oil prices in last week closed higher at Rs 1350 per 10 Kg as new crop arrival started in market.

Gujarat and Rajasthan, expected to have bumper harvest of crops. Groundnut crop conditions in Gujarat weaken after heavy rains in the state led to losses in crop. However, size will be higher than last year despite yield loss on higher sowing area.

Arrival of new crop in market has resulted in rise in supply stock and thus number of millers functioning have raised. However, there is less supply of labor. Further, demand of groundnut meal is improving leading to higher crush of groundnut. Sales of groundnut picked up due to millers stocking ahead of festivals. Groundnut oil prices are expected to rise on back of festival demand.

- NAFED has procured 7.21 lakh tons of K-19 groundnut. NAFED has sold the entire stock of K-18 crop. Further, sales of K-19 crop in Gujarat is around 3.7 lakh tons and that in Rajasthan is 1.2 lakh tons. Stocks currently held by NAFED in Gujarat and Rajasthan are around 1.5 lakh tons and 0.6 lakh tons respectively. So total stock left with NAFED is 2.1 lakh tons. NAFED's procurement of new crop will start from 21st October, 2020.
- Groundnut oil exports rose to 20,415.43 tons in Apr-Jul 2020, from 8,171.30 tons in corresponding period last year. It was mainly exported to China at 18,593 tons.
- According to Ministry of Agriculture, sowing of groundnut reported at 50.96 lakh hectares as on 17.09.2020 compared to 39.13 lakh hectares in corresponding period last year. Sowing reported higher in all the states.
- On the price front, currently the groundnut oil prices in Rajkot is Rs 13,500 (Rs 13,000) per quintal and it was Rs 13,500 (Rs 13,000) per quintal in Chennai market on Oct 24, 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 1320-1380 per 10 Kg

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

- Coconut oil benchmark market of Kangayan traded higher due to slow rise in 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 and labor shortage faced in refineries.

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 of coconut oil in home consumption is stable.

Demand of coconut oil in Cosmetic Industry fell down due to restricted opening of cosmetic Industry due to COVID-19.

Demand of coconut oil from North India is affected.

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

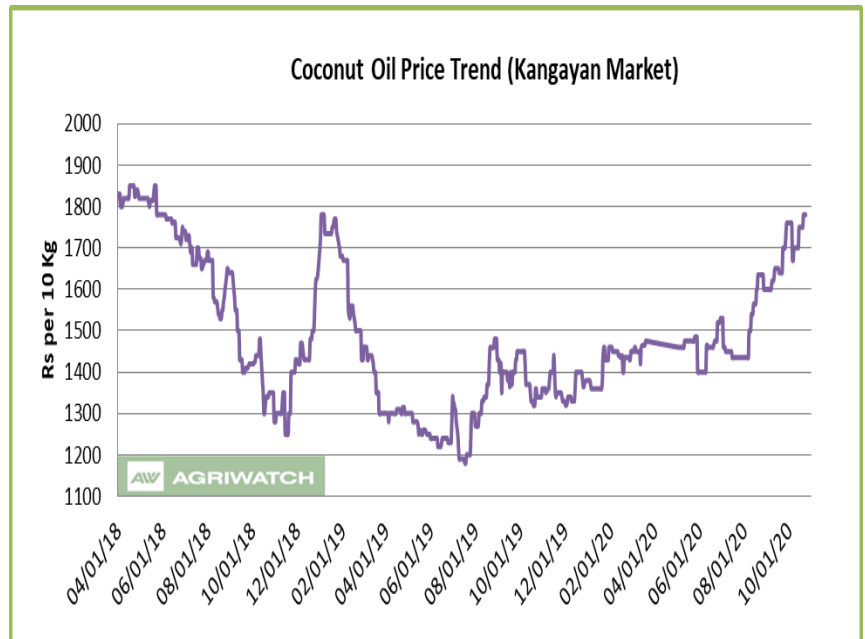
Demand of copra is improving due to opening of India in various phases. Copra prices will be supported by Tamil Nadu government procurement of copra at MSP.

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 16,800 (Rs 16,800) per quintal, and was quoted at 17,800 (Rs 17,500) per quintal in Erode market on October 24, 2020.

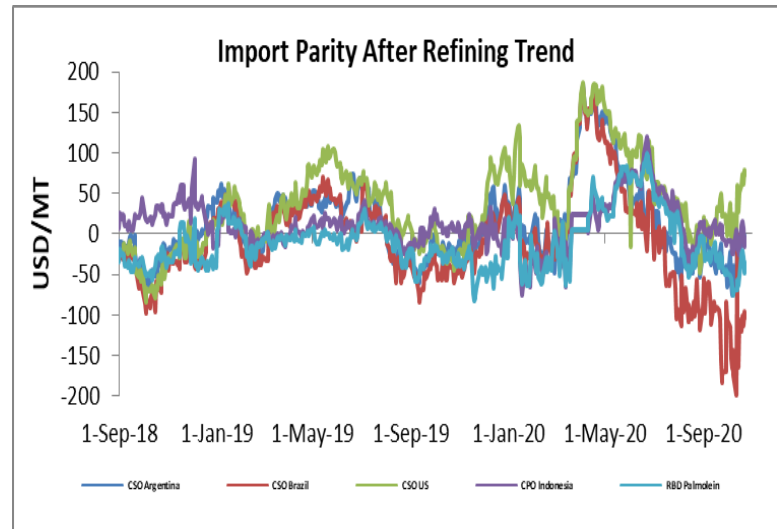
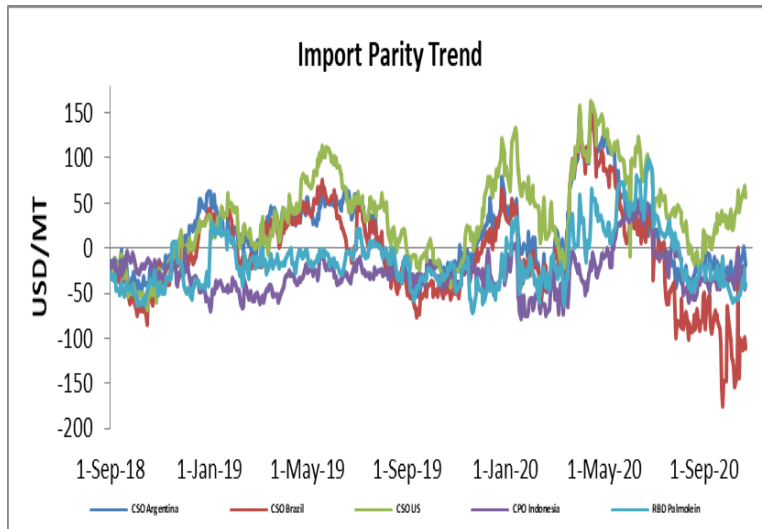


**Price Outlook:** Coconut oil (without GST) prices in Erode may stay in the range of Rs 1750-1800 per 10 Kg.



### Import Parity Trend

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



	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Oct 4-Oct 10, 2020</b>	-48.89	-150.52	13.06	-17.01	-62.99
<b>Oct 11-Oct 17, 2020</b>	-34.54	-153.70	37.32	-12.63	-61.52
<b>Oct 18-Oct 24, 2020</b>	-5.31	-107.201	69.25	2.67	-31.54

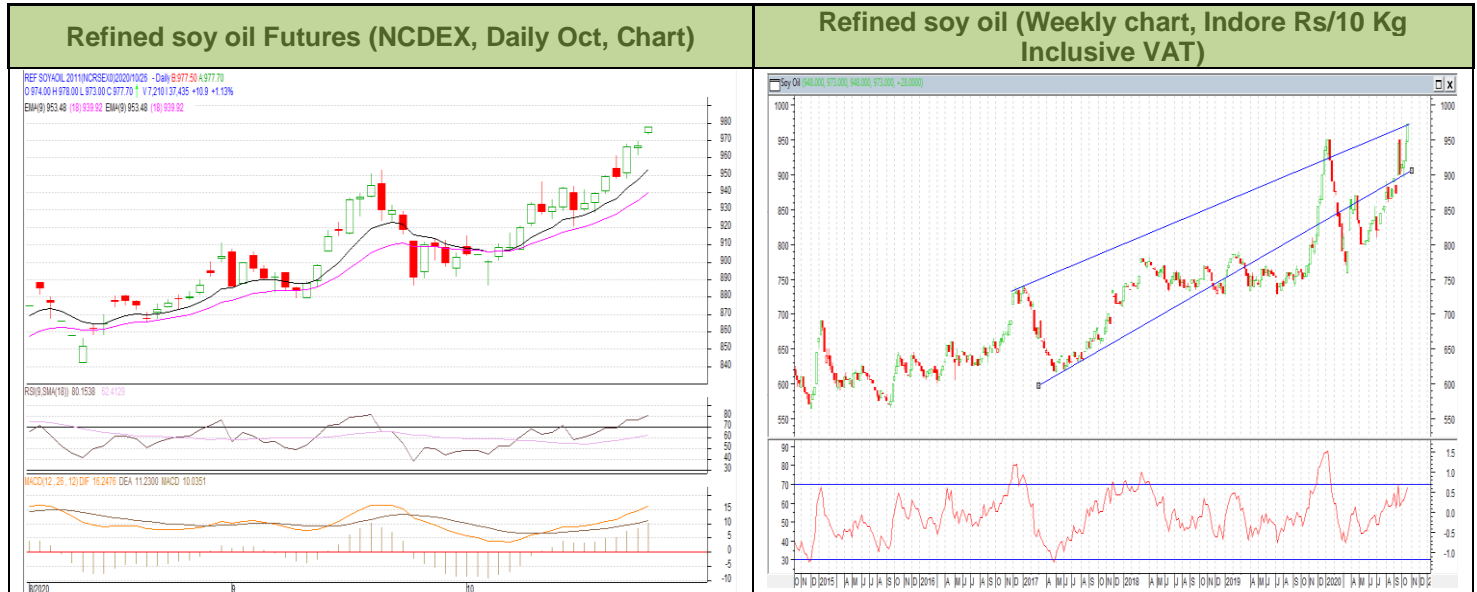
### Outlook:-

Refining margins disparity fell for crude soy oil from Argentina due to rise in prices of soy oil in international markets. We expect soy oil refining disparity to remain firm 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 rise on rise 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 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.
- Prices may hover between 950 to 990 levels.
- Expected price band for next week is 920-980 level in near to medium term. RSI and MACD is suggesting sideways trend in the market.

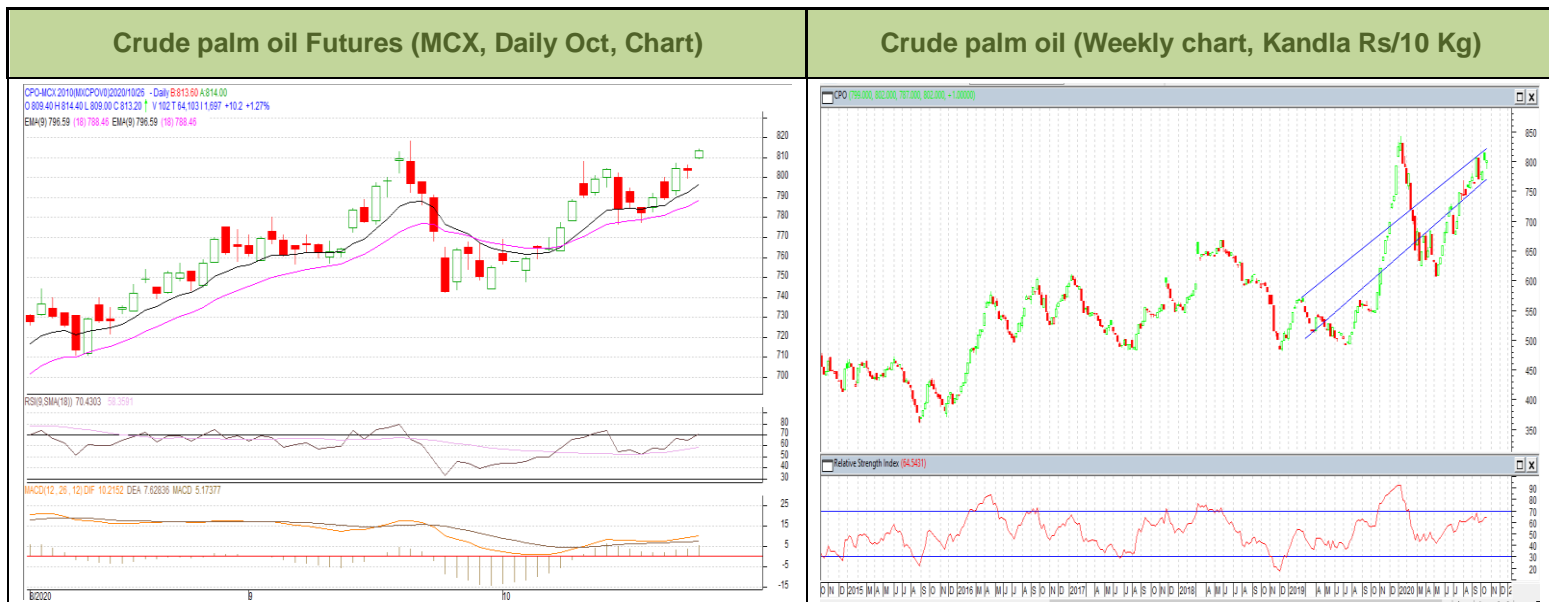
**Strategy:** Market participants are advised to go short above 975 levels for a target of 980 and 982 with a stop loss at 972 on closing basis.

#### RSO NCDEX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
954	960	974	980	982

**Spot Market outlook:** Refined soy oil Indore (without GST) is likely to stay in the range of Rs 900-980 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 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.
- Price may range from 800 to 850.
- Expected price band for next week is 790-850 level. RSI and MACD are suggesting uptrend in prices in the coming week.

**Strategy:** Market participants are advised to go short in CPO above 807 for a target of 812 and 814 with a stop loss at 804 on closing basis.

#### CPO MCX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
800.00	808.00	805	819.00	821.00

**Spot Market outlook:** Crude palm oil (without GST) is likely to stay in the range of Rs 800-850 per 10 Kg.

**Veg. Oil Prices at Key Spot Markets**
**Edible Oil Prices at Key Market:**

Commodity	Centre	Prices (Per 10 Kg)		Change
		24-Oct-20	17-Oct-20	
Refined Soybean Oil	Indore	975	948	27
	Indore (Soy Solvent Crude)	925	895	30
	Mumbai	975	945	30
	Mumbai (Soy Degum)	935	900	35
	Kandla/Mundra	965	950	15
	Kandla/Mundra (Soy Degum)	924	905	19
	Kolkata	960	940	20
	Delhi	1006	990	16
	Nagpur	984	948	36
	Rajkot	950	930	20
	Kota	970	950	20
	Hyderabad	0	0	Unch
	Akola	985	952	33
	Amrawati	980	947	33
	Bundi	975	955	20
	Jalna	988	952	36
	Solapur	974	938	36
	Dhule	970	934	36
	Nanded	972	936	36
	Latur	975	936	39
	Argentina Crude Soya (CIF India) USD	894	882	12
	Argentina Crude Soya (FOB)	843	810	33
	Soya Oil(Rot.)( Euro/MT FOB) (1000) GMT	782	765	17
Palm Oil*	Kandla (Crude Palm Oil)	806	799	7
	Kandla (RBD Palm oil)	850	840	10
	Kandla RBD Pamolein	875	860	15
	Kakinada (Crude Palm Oil)	785	765	20
	Kakinada RBD Pamolein	855	855	Unch
	Haldia Pamolein	880	875	5
	Chennai RBD Pamolein	875	870	5
	Chennai RBD Pamolein (Vitamin A&D Fortified)	931	928	3
	Krishnapattanam RBD Pamolein	865	860	5
	Mumbai RBD Pamolein	890	885	5
	Mangalore RBD Pamolein	880	880	Unch

	Tuticorin (RBD Palmolein)	865	857	8
	Mumbai (Refined)	862	858	4
	Rajkot (Refined)	855	848	7
	Chennai (Refined)	870	860	10
	Hyderabad (Refined)	880	895	-15
	Delhi (Refined)	950	940	10
	PFAD (Kandla)	575	565	10
	RPS (Kandla)	695	700	-5
	Superolien (Kandla)	895	890	5
	Superolien (Mumbai)	910	910	Unch
	Kochi (RBD Palmolein)	895	895	Unch
	Krishnapattanam (Crude Palm Oil)	785	765	20
	Mumbai (Crude Palm Oil)	780	775	5
	Kolkata (Crude Palm Oil)	810	800	10
	Palm Kernel Oil (1000) GMT	815	785	30
Refined Sunflower Oil	Chennai (Refined)	1140	1130	10
	Chennai (Crude )	1070	1060	10
	Mumbai (Refined)	1170	1150	20
	Mumbai(Expeller Oil)	1110	1130	-20
	Kandla (Refined)	1220	1250	-30
	Hyderabad (Refined)	1135	1150	-15
	Hyderabad (Expeller)	1135	1070	65
	Latur (Refined)	1080	1150	-70
	Latur (Expeller Oil)	1020	1090	-70
	Chellakere (Expeller Oil)	1040	1100	-60
	Erode (Expeller Oil)	1160	1180	-20
	Kakinada (Refined)	1125	1130	-5
	Krishna Pattanam (Refined)	1090	1130	-40
	Delhi (Refined)	1100	1130	-30
	Sun Oil (Rotterdam)	1030	1000	30
Groundnut Oil	Rajkot	1350	1300	50
	Chennai	1350	1300	50
	Delhi	1340	1320	20
	Hyderabad *	1300	1250	50
	Mumbai	1350	1320	30
	Gondal	1350	1280	70
	Jamnagar	1350	1280	70
	Gujarat GN Telia	2100	2070	30
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1184	1106	78

	Jaipur (Kacchi Ghani Oil)	1200	1122	78
	Kota (Expeller Oil)	1120	1080	40
	Kota (Kacchi Ghani Oil)	1190	1130	60
	Neewai (Expeller Oil)	1165	1093	72
	Neewai (Kacchi Ghani Oil)	1185	1113	72
	Bharatpur (Kacchi Ghani Oil)	1190	1130	60
	Sri-Ganga Nagar(Exp Oil)	1190	1090	100
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1200	1100	100
	Mumbai (Expeller Oil)	1100	1080	20
	Kolkata(Expeller Oil)	1200	1200	Unch
	New Delhi (Expeller Oil)	1170	1110	60
	Hapur (Expeller Oil)	1095	1070	25
	Hapur (Kacchi Ghani Oil)	1125	1100	25
	Agra (Kacchi Ghani Oil)	1195	1135	60
	Nagpur (Expeller Oil)	1120	1113.333 3	6.6667
Refined Cottonseed Oil	Rajkot	965	950	15
	Hyderabad	955	940	15
	Mumbai	960	965	-5
	New Delhi	950	915	35
	Gujarat Cotton Wash	915	895	20
Coconut Oil	Kangayan (Crude)	1780	1750	30
	Cochin	1680	1680	Unch
	Coconut Oil(Rot.)(Phil/Indo)	1160	1085	75
Vanaspati Oil	Uttar Pradesh	1280	1280	Unch
	Kolkata	1200	1200	Unch
	Rajkot	1373	1373	Unch
Sesame Oil	New Delhi	1350	1350	Unch
	Mumbai	0	0	Unch
Kardi	Mumbai	0	0	Unch
Rice Bran Oil	New Delhi (40%)	835	815	20
	Punjab 4%)	900	884	16
	Bhatinda (Crude 4%)	760	730	30
	Bhatinda (Refined 4%)	875	845	30
	Hyderabad (Crude)	785	785	Unch
	Hyderabad (Refined)	935	920	15
	Kolkata (Crude)	830	800	30
	Kolkata (Refined)	900	880	20

	Raipur (Crude)	855	845	10
	Raipur (Refined)	950	940	10
	Odisha (Refined)	955	940	15
	Vijayawada (Refined)	870	850	20
Malaysia Palmolein USD/MT	FOB	775	758	17
	CNF India	785	770	15
Indonesia CPO USD/MT	FOB	753	745	8
	CNF India	775	760	15
RBD Palm oil (Malaysia Origin USD/MT)	FOB	775	758	17
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	783	775	8
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	880	840	40
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	690	695	-5
Crude palm Kernel Oil India (USD/MT)	CNF India	875	870	5
Ukraine Origin CSFO USD/MT Kandla	CIF	1050	1040	10
Rapeseed Oil Rotterdam Euro/MT	FOB	785	777	8
<b>Argentina FOB (\$/MT)</b>		<b>26-Oct-20</b>	<b>24-Oct-20</b>	<b>Change</b>
Crude Soybean Oil Ship		854	Closed	-
Refined Soy Oil (Bulk) Ship		884	Closed	-
Sunflower Oil Ship		975	Closed	-
Cottonseed Oil Ship		834	Closed	-
Refined Linseed Oil (Bulk) Ship		NA	Closed	-
<b>* indicates including GST</b>				

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