

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 prices featured sideways trend and BMD palm oil prices rise during the week. Soy oil, palm oil and groundnut oil close lower while rapeseed oil and coconut oil prices closed higher.

On the currency front, Indian rupee is hovering near 74.45 against 73.44 previous weeks. Rupee expected to depreciate while crude oil prices 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 965 levels for a target of 970 and 972 with a stop loss at 962 on closing basis. We expect Refined soy oil Indore (without GST) is likely to stay in the range of Rs 955-990 per 10 Kg.

In MCX, Market participants are advised to go short in CPO above 817 for a target of 822 and 824 with a stop loss at 814 on closing basis. We expect Crude palm oil (without GST) is likely to stay in the range of Rs 800-845 per 10 Kg.

International Veg. Oil Market Summary

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

Rise in competing oil prices, low supply stock, travelling restrictions in Malaysia, flooding in Indonesia and fall in crude oil prices are all likely to underpin CPO prices in near term.

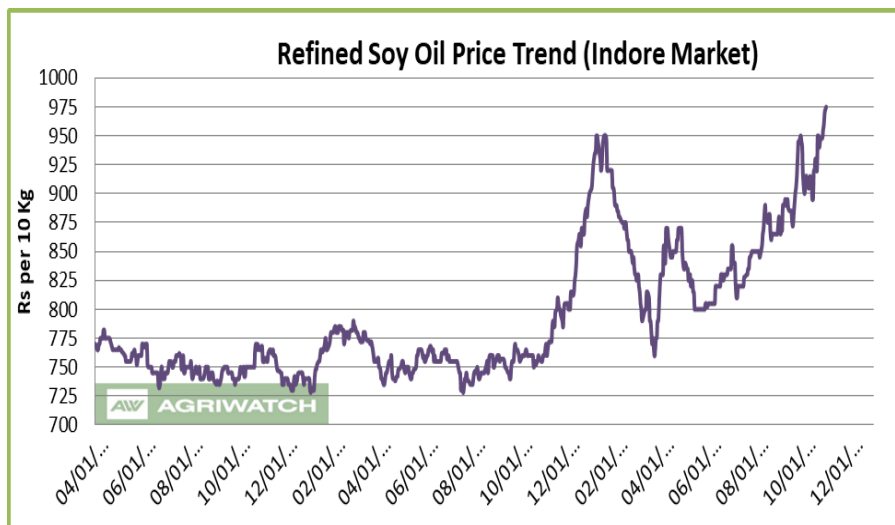
Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soy oil featured 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 877 (USD 894) per ton for Sep delivery, Oct delivery quoted at USD 877 (USD 894) per ton and OND delivery quoted at USD 877 (USD 894) per ton. Values in brackets are figures of last week. Last month, CNF CDSO Oct average price was USD 908.57 (USD 855 per ton in Sep 2020) per ton. Soy refined (Indore) quoted at Rs 980 (Rs 975 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.



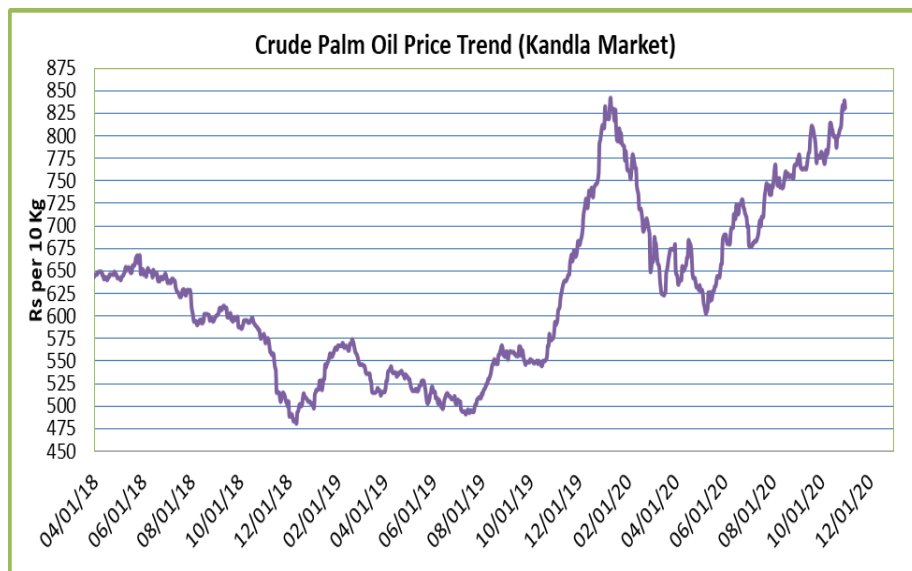
- USDA WASDE highlights:- The U.S. season-average soybean price for 2020/21 is forecast at \$9.80 per bushel, up 55 cents reflecting smaller supplies and higher exports. The soybean meal price is forecast at \$335.00 per short ton, up \$20.00. The soybean oil price forecast is raised 0.5 cents to 32.5 cents per pound.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 950-990 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 81 (Rs 69) 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 830 (USD 785) per ton for Oct delivery and Nov delivery is quoted at USD 820 (USD 775) 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 Oct average price was USD 781.23 (USD 759.30 in Sep 2019) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 831 (Rs 806) per 10 Kg and Oct delivery duty paid is offered at Rs 836 (Rs 804 per 10 kg. Ready lift RBD palmolein is quoted at Rs 910 (Rs 890) per 10 kg as on Oct 30, 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 Nov 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.

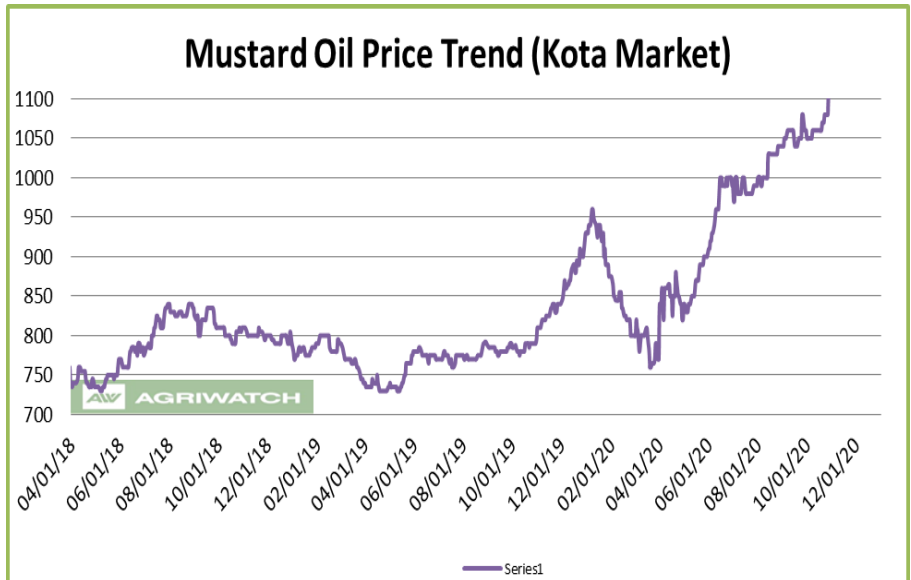
- According to Malaysia Palm Oil Board (MPOB), Malaysia's September palm oil stocks rose 1.24 percent to 17.25 lakh tons compared to 17.04 lakh tons in Aug 2020. Production of palm oil in Sep rose 0.32 percent to 18.69 lakh tons compared to 18.63 lakh tons in Aug 2020. Exports of palm oil in Sep rose 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 800-860 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 234(Rs 225) per 10 Kg will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 314 (Rs 325) 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 1,185 (Rs 1,120) per 10 Kg, and at Kota market, it is offered at Rs 1,214 (Rs 1,184 per 10 kg as on Oct 31, 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 1110-1200per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

Sunflower oil price closed firm 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 were firm as international prices of sunflower oil

rose 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.

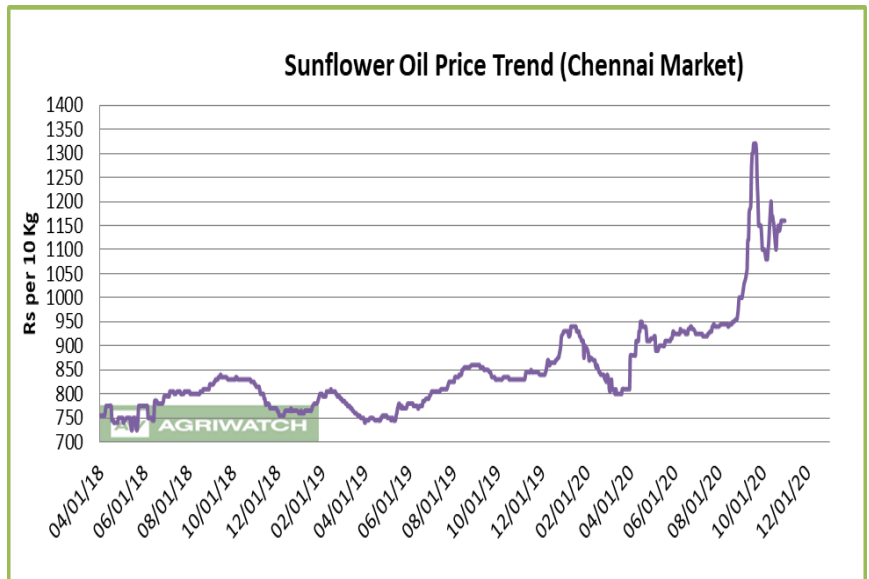
Imports of sunflower oil fell in Sep due to negative import parity and negative refining margins, higher premium over competing oils and on rise in its prices slowing demand.

In domestic market, sunflower oil prices premium over soy oil is at Rs 180 (Rs 195 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 170 (USD 207 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 250 (USD 275 last week) which will affect imports.

In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 260 (Rs 265) 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 165 (Rs 210 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 1070 (USD 1060 per ton for Oct delivery and Nov/Dec delivery quoted at USD 1055 (USD 1050) 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 1000-1080 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 1160 (Rs 1140) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1190 (Rs 1220) per 10 kg as on October 31, 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.

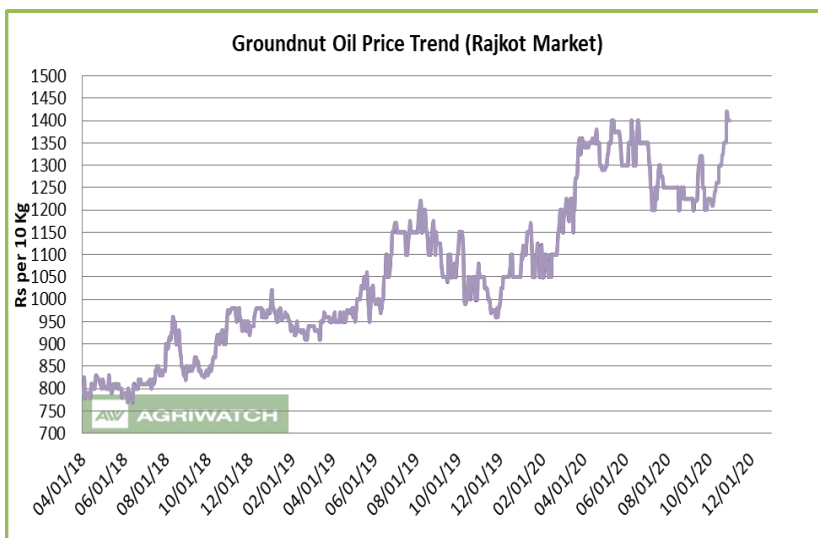
Groundnut oil Fundamental Review and Analysis:-
Domestic Front

- Groundnut oil market traded lower on account of slow rise in supply ahead of festival season demand and firm prices of competing oils.

Groundnut oil demand was weak despite upcoming festival season.

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

Groundnut oil prices closed lower last weeks as sunflower oil, soy oil and palm oil prices are firm sharply.



Groundnut oil prices in last week closed higher at Rs 1325 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 13,250 (Rs 13,500) per quintal and it was Rs 14,000 (Rs 13,500) per quintal in Chennai market on October 31, 2020. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade higher in the coming days.

Price Outlook:

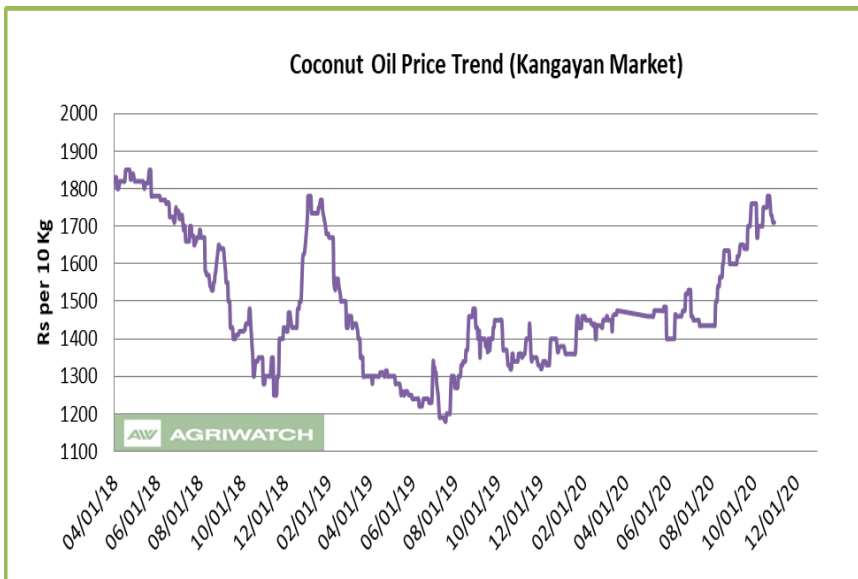
Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 1320-1380 per 10 Kg

Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil benchmark market of Kangayan traded lower 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.

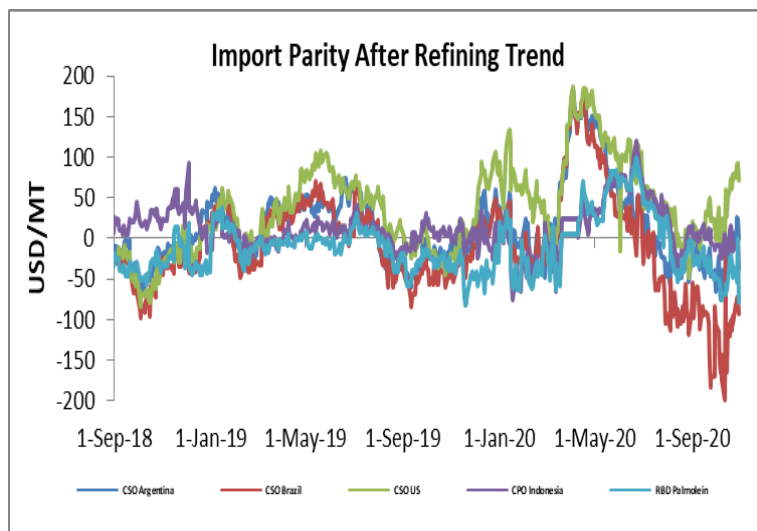
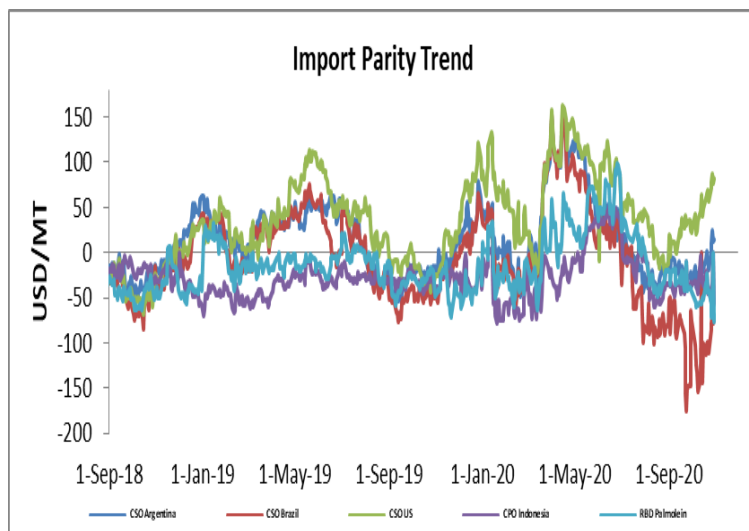
Millers operating capacity is improving due to improving demand in food and industrial segment and branded segment. Demand of coconut oil may fall, as there is demand destruction in costly oils like coconut oil, on weak sentiment and weak purchasing power in the country due to coronavirus. However, due 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 16,900 (Rs 16,800) per quintal, and was quoted at 17,100 (Rs 17,800) per quintal in Erode market on October 31, 2020.

Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1690-1750 per 10 Kg.

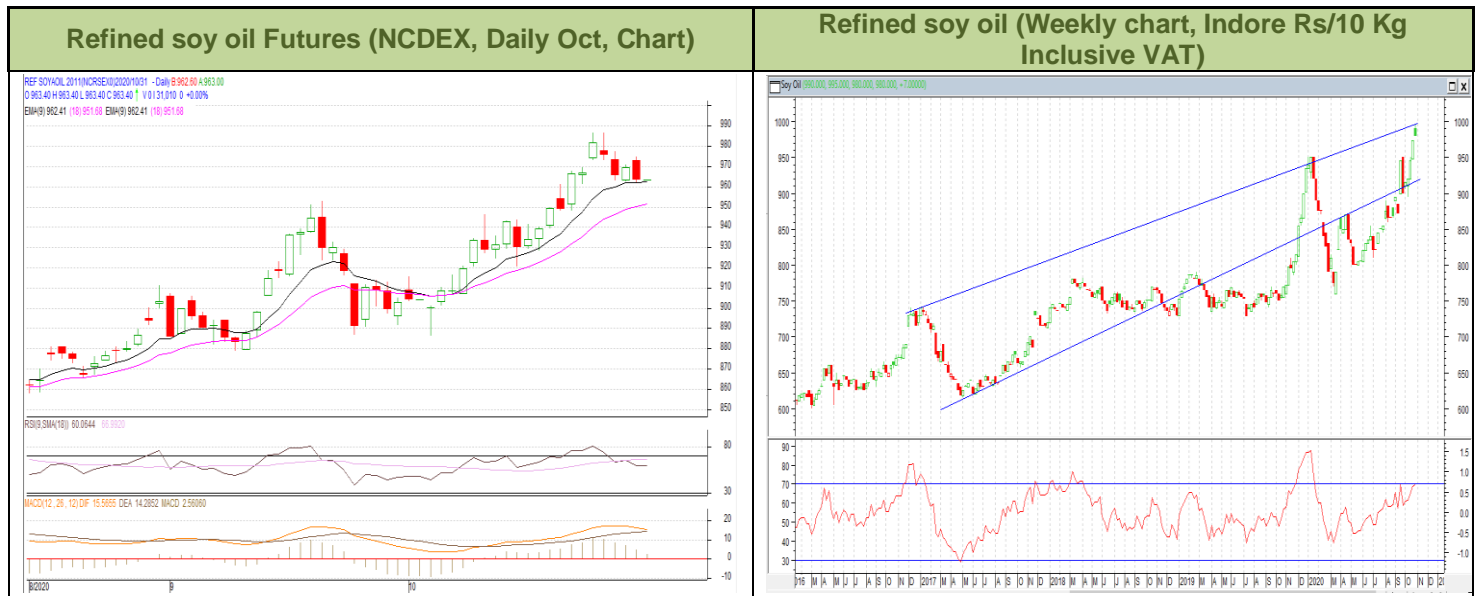
Import Parity After Refining in US dollar per ton (Weekly Average)


	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
Oct 11-Oct 17, 2020	-34.54	-153.70	37.32	-12.63	-61.52
Oct 18-Oct 24, 2020	-5.31	-107.201	69.25	2.67	-31.54
Oct 25-Oct 31, 2020	12.73	-81.01	82.52	-17.99	-55.22

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 firm in medium term due to expectation of higher prices of soy oil in Indian markets.

Refining margins parity fall for CPO on rise in prices of CPO in Indian markets. RBD palmolein refining margins disparity fall 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 downtrend during the week in review. We expect prices to trade sideways in the near term.
- Prices may hover between 955 to 990 levels.
- Expected price band for next week is 950-980 level in near to medium term. RSI and MACD is suggesting sideways trend in the market.

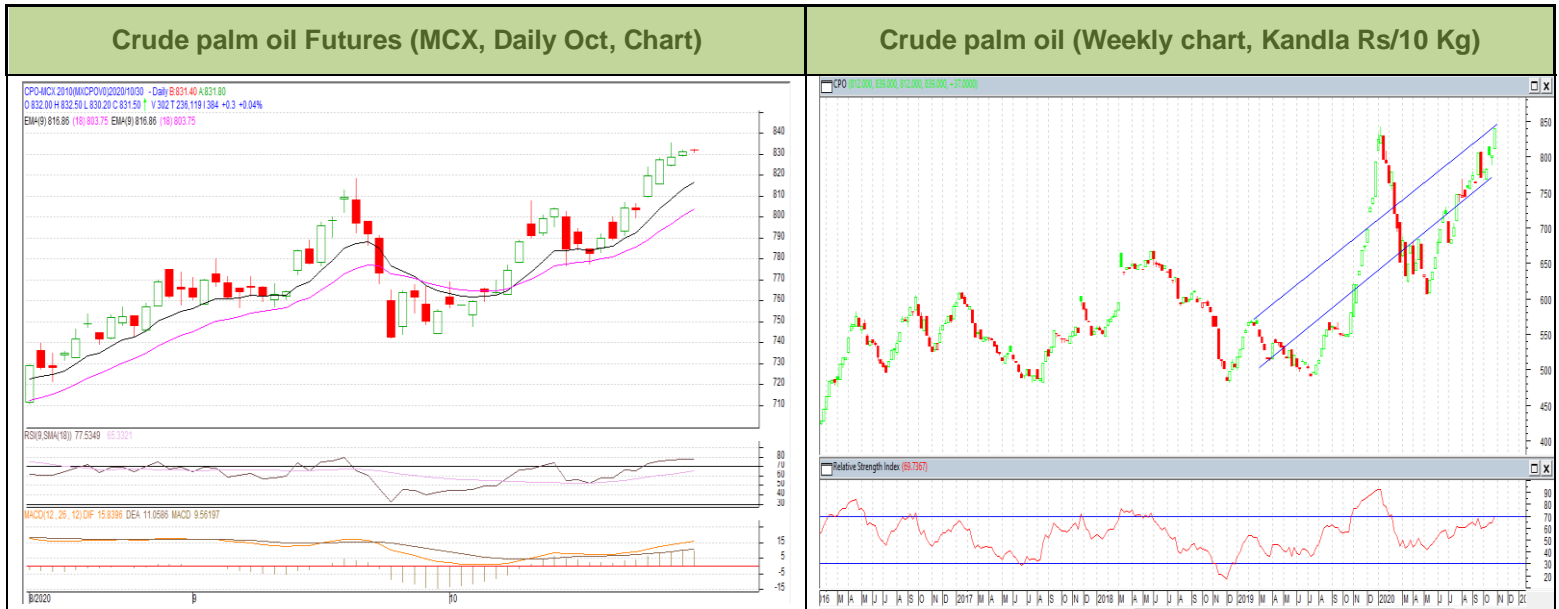
Strategy: Market participants are advised to go short above 965 levels for a target of 970 and 972 with a stop loss at 962 on closing basis.

RSO NCDEX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
929.00	949.00	963.4	980	982

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 955-990 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show uptrend in prices during the week. We expect that CPO November 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 845.
- Expected price band for next week is 800-840 level. RSI and MACD are in overbought zone.

Strategy: Market participants are advised to go short in CPO above 817 for a target of 822 and 824 with a stop loss at 814 on closing basis.

CPO MCX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
802.00	805.00	817.5	825	827

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 800-845 per 10 Kg.

Edible Oil Prices at Key Market:

Commodity	Centre	Prices (Per 10 Kg)		Change
		31-Oct-20	24-Oct-20	
Refined Soybean Oil	Indore	980	975	5
	Indore (Soy Solvent Crude)	935	925	10
	Mumbai	990	975	15
	Mumbai (Soy Degum)	940	935	5
	Kandla/Mundra	980	965	15
	Kandla/Mundra (Soy Degum)	938	924	14
	Kolkata	995	960	35
	Delhi	1022	1006	16
	Nagpur	994	984	10
	Rajkot	955	950	5
	Kota	980	970	10
	Hyderabad	-	0	-
	Akola	998	985	13
	Amrawati	995	980	15
	Bundi	985	975	10
	Jalna	998	988	10
	Solapur	984	974	10
	Dhule	980	970	10
	Nanded	982	972	10
	Latur	975	975	Unch
	Argentina Crude Soya (CIF India) USD	880	894	-14
	Argentina Crude Soya (FOB)	830	843	-13
	Soya Oil(Rot.)(Euro/MT FOB) (1000) GMT	Closed	782	-
Palm Oil*	Kandla (Crude Palm Oil)	831	806	25
	Kandla (RBD Palm oil)	860	850	10
	Kandla RBD Pamolein	900	875	25
	Kakinada (Crude Palm Oil)	805	785	20
	Kakinada RBD Pamolein	880	855	25
	Haldia Pamolein	895	880	15
	Chennai RBD Pamolein	895	875	20
	Chennai RBD Pamolein (Vitamin A&D Fortified)	945	931	14
	Krishnapattanam RBD Pamolein	890	865	25
	Mumbai RBD Pamolein	910	890	20
	Mangalore RBD Pamolein	900	880	20
	Tuticorin (RBD Palmolein)	892	865	27
	Mumbai (Refined)	895	862	33
	Rajkot (Refined)	875	855	20

	Chennai (Refined)	900	870	30
	Hyderabad (Refined)	900	880	20
	Delhi (Refined)	965	950	15
	PFAD (Kandla)	575	575	Unch
	RPS (Kandla)	705	695	10
	Superolien (Kandla)	905	895	10
	Superolien (Mumbai)	915	910	5
	Kochi (RBD Palmolein)	-	895	-
	Krishnapattanam (Crude Palm Oil)	805	785	20
	Mumbai (Crude Palm Oil)	-	780	-
	Kolkata (Crude Palm Oil)	-	810	-
	Palm Kernel Oil (1000) GMT	-	815	-
Refined Sunflower Oil	Chennai (Refined)	1160	1140	20
	Chennai (Crude)	1100	1070	30
	Mumbai (Refined)	1150	1170	-20
	Mumbai (Expeller Oil)	1120	1110	10
	Kandla (Refined)	1190	1220	-30
	Hyderabad (Refined)	1140	1135	5
	Hyderabad (Expeller)	1100	1135	-35
	Latur (Refined)	1060	1080	-20
	Latur (Expeller Oil)	1000	1020	-20
	Chellakere (Expeller Oil)	1020	1040	-20
	Erode (Expeller Oil)	1180	1160	20
	Kakinada (Refined)	1140	1125	15
	Krishna Pattanam (Refined)	1140	1125	15
	Delhi (Refined)	Closed	1100	-
	Sun Oil (Rotterdam)	Closed	1030	-
Groundnut Oil	Rajkot	1325	1350	-25
	Chennai	1400	1350	50
	Delhi	1420	1340	80
	Hyderabad *	1320	1300	20
	Mumbai	1350	1350	Unch
	Gondal	1325	1350	-25
	Jamnagar	1325	1350	-25
	Gujarat GN Telia	2190	2100	90
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1214	1184	30
	Jaipur (Kacchi Ghani Oil)	1230	1200	30
	Kota (Expeller Oil)	1185	1120	65
	Kota (Kacchi Ghani Oil)	1240	1190	50
	Neewai (Expeller Oil)	1195	1165	30

	Neewai (Kacchi Ghani Oil)	1215	1185	30
	Bharatpur (Kacchi Ghani Oil)	1220	1190	30
	Sri-Ganga Nagar(Exp Oil)	1220	1190	30
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1230	1200	30
	Mumbai (Expeller Oil)	1170	1100	70
	Kolkata(Expeller Oil)	1200	1200	Unch
	New Delhi (Expeller Oil)	1195	1170	25
	Hapur (Expeller Oil)	1100	1095	5
	Hapur (Kacchi Ghani Oil)	1130	1125	5
	Agra (Kacchi Ghani Oil)	1225	1195	30
	Nagpur (Expeller Oil)	1133.333 3	1120	13.333
Refined Cottonseed Oil	Rajkot	970	965	5
	Hyderabad	960	955	5
	Mumbai	980	960	20
	New Delhi	955	950	5
	Gujarat Cotton Wash	943	915	28
Coconut Oil	Kangayan (Crude)	1710	1780	-70
	Cochin	1690	1680	10
	Coconut Oil(Rot.)(Phil/Indo)	Closed	1160	-
Vanaspati Oil	Uttar Pradesh	Closed	1280	-
	Kolkata	Closed	1200	-
	Rajkot	Closed	1373	-
Sesame Oil	New Delhi	1315	1350	-35
	Mumbai	-	0	-
Kardi	Mumbai	-	0	-
Rice Bran Oil	New Delhi (40%)	835	835	Unch
	Punjab 4%)	990	900	90
	Bhatinda (Crude 4%)	800	760	40
	Bhatinda (Refined 4%)	915	875	40
	Hyderabad (Crude)	830	785	45
	Hyderabad (Refined)	970	935	35
	Kolkata (Crude)	Closed	830	-
	Kolkata (Refined)	Closed	900	-
	Raipur (Crude)	890	855	35
	Raipur (Refined)	990	950	40
	Odisha (Refined)	985	955	30
	Vijayawada (Refined)	895	870	25



Malaysia Palmolein USD/MT	FOB	820	775	45
	CNF India	810	785	25
Indonesia CPO USD/MT	FOB	793	753	40
	CNF India	800	775	25
RBD Palm oil (Malaysia Origin USD/MT)	FOB	Closed	775	-
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	Closed	783	-
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	Closed	880	-
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	Closed	690	-
Crude palm Kernel Oil India (USD/MT)	CNF India	Closed	875	-
Ukraine Origin CSFO USD/MT Kandla	CIF	1050	1050	Unch
Rapeseed Oil Rotterdam Euro/MT	FOB	Closed	785	-
Argentina FOB (\$/MT)		30-Oct-20	29-Oct-20	Change
Crude Soybean Oil Ship		833	822	11
Refined Soy Oil (Bulk) Ship		862	851	11
Sunflower Oil Ship		970	970	Unch
Cottonseed Oil Ship		813	802	11
Refined Linseed Oil (Bulk) Ship		-	-	-
* indicates including GST				

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