

Veg. Oil Weekly Research Report

Contents

- ❖ Executive Summary
- ❖ Recommendations
- ❖ International Veg. Oil Market Summary
- ❖ Domestic Market Fundamentals
- ❖ Technical Analysis (Spot Market)
- ❖ Technical Analysis (Futures Market)
- ❖ Veg. Oil Prices at Key Spot Markets

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil prices featured sideways trend during this week in domestic market. CBOT soy oil prices featured down to uptrend and BMD palm oil prices rose during the week. Coconut oil, Sunflower oil and Palm oil prices closed higher while Soy oil, Groundnut oil and rapeseed oil prices closed lower.

On the currency front, Indian rupee is hovering near 73.7 against 73.98 previous weeks. Rupee expected to appreciate while crude oil prices expected to rise.

We expect soy oil to rise and Palm oil to feature sideways to firm tone on strong fundamentals.

Outlook:

Weekly Call -: Market participants are advised to go long above 1065 levels for a target of 1080 and 1090 with a stop loss at 1055 on closing basis. We expect Refined soy oil Indore (without GST) is likely to stay in the range of Rs 1065-1100 per 10 Kg.

In MCX, Market participants are advised to go long in CPO above 895 for a target of 910 and 920 with a stop loss at 885 on closing basis. We expect, Crude palm oil (without GST) is likely to stay in the range of Rs 920-945 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 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 downtrend sentiment in domestic markets in the week in review on sideways trend 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 fell as after Diwali demand is low.

Demand of soybean in poultry is improving and expected to cover the

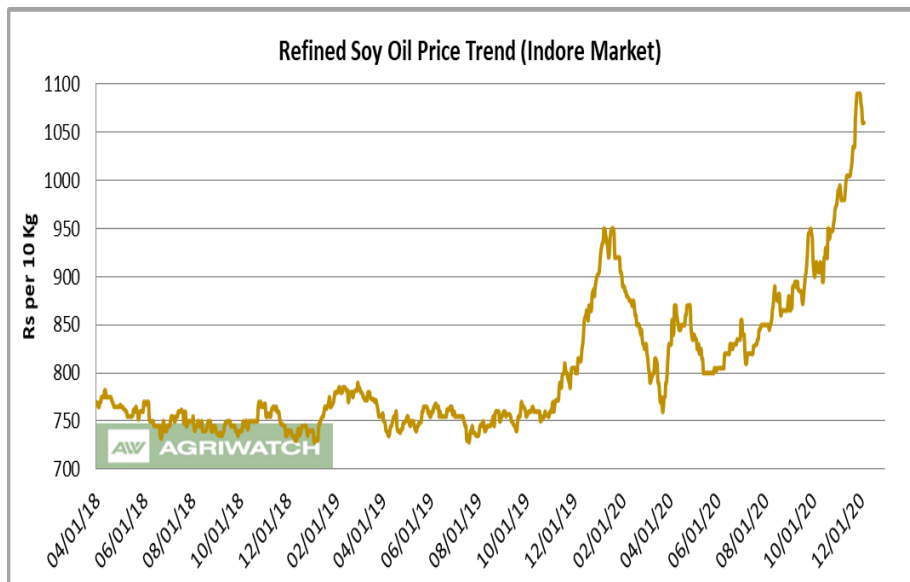
45% loss in demand in April, soon if conditions remain favorable.

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. Increase in domestic supply has lower the pressure on low market.

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

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 October edible oil imports fell 8.03 percent y-o-y to 12.25 lakh tons from 13.32 lakh tons in October 2019. Palm oil imports in October rose 1.04 percent y-o-y to 7.59 lakh tons from 7.67 lakh tons in October 2019. CPO imports rose 13.94 percent in October y-o-y to 7.53 lakh tons from 6.48 lakh tons in October 2019. RBD palmolein import fell 95.76 percent to 0.05 lakh tons in October vs. 1.18 lakh tons in October 2019. Soy oil imports fell 29.69 percent in October y-o-y to 2.77 lakh tons from 3.94 lakh tons in October 2019. Sunflower oil imports rose 7.55 percent y-o-y in October to 1.71 lakh tons from 1.59 lakh tons in October 2019. Rapeseed (canola) oil stood at 0 imports in October same as in October 2019.
- According to Solvent Extractors Association (SEA), India's November edible oil stocks at ports and pipelines fell 1.49 percent m-o-m to 15.78 lakh tons from 16.02 lakh tons in October 2020. Stocks of edible oil at ports in November fell to 558,000 tons (CPO 295,000 tons, RBD Palmolein 13,000, Degummed Soybean Oil 151,000



tons, Crude Sunflower Oil 91,000 and Rapeseed Oil 8,000) and about 1,020,000 tons in pipelines. (Stocks at ports were 582,000 tons and in pipelines were 1,020,000 tons in October 2020). India is presently holding 25 days of edible oil requirement on 1st November, 2020 at 15.78 lakh tons compared to 25 days of requirements of 16.02 lakh tons on 1st October, 2020. India held 17.77 lakh tons of stocks in ports and pipelines on 1st November 2019. India's monthly edible oil requirement is 19.0 lakh tons.

- Soy oil import scenario – According to SEA, Soy oil imports fell 29.69 percent in October y-o-y to 2.77 lakh tons from 3.94 lakh tons in October 2019. In the oil year 2019-20 (Nov 2019 -October 2020), imports of soy oil were 30.94 lakh tons compared to 33.84 lakh tons in corresponding period last oil year, higher by 9.37 percent compared to corresponding period last oil year.
- Imported crude soy oil CNF at West coast port offered at USD 1052(USD 1048) per ton for Dec delivery, Jan delivery quoted at USD 1020 (USD 1048) per ton and Feb delivery quoted at USD 973 (USD 1038) per ton. Values in brackets are figures of last week. Last month, CNF CDSO November average price was USD 993.25 (USD 876.77 per ton in October2020) per ton. Soy refined (Indore) quoted at Rs 1065 (Rs 1090 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 25-30/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, Improving crop conditions in Argentina and Brazil, 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.

- 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 1065-1100 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 as Government of India slashed CPO import Duty .

Prices of RBD palmolein closed steady 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 in

Malaysia and reduced CPO import duty by India.

Government of India slashed CPO Import Duty from 37.5 percent to 27.5 percent amid surge in Palm Oil prices. Malaysia prices will jump after slashed import duty. Demand of palmolein will improve due to government's effort to open country. As it mainly used in street food, small eateries 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 will stay moderated for a prolonged period, as adverse effect of COVID will take time to subside.

Speculations of reduce in import duty of exile oils have positively reacted in market and saw uptrend in edible oil basket.

Imports of palm oil by India rise in October 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.

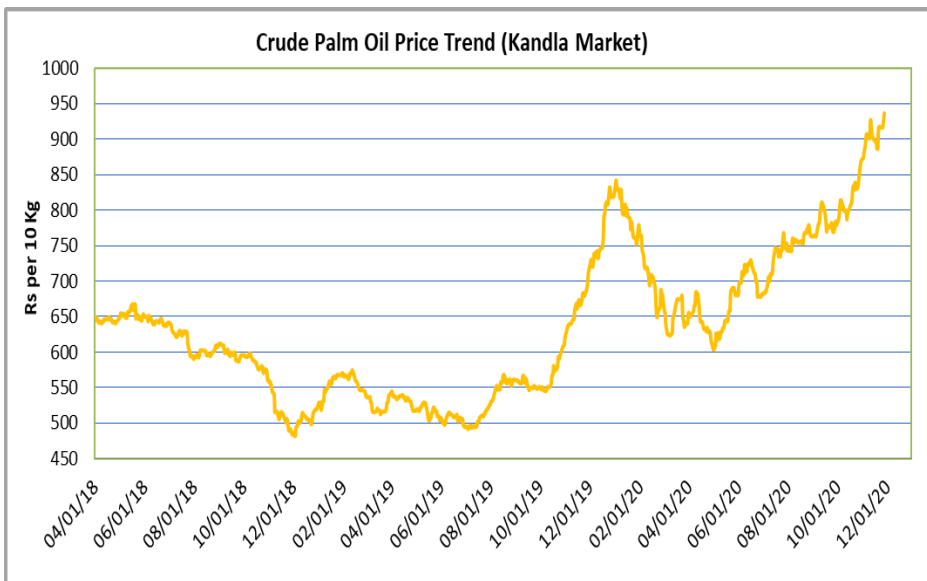
Imports of palm oil may rise by India in Oct ahead of festival season demand and rise in competing oils prices.

Data from cargo surveyors ITS show rise in imports of palm oil by India in Oct, to 444,725 tons Tonnes compared to Sep of 430,585 Tonnes from Malaysia.

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

Port stocks of palm oil rose in October compared to September as imports rose slowly 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 despite premium of RBD palmolein over CPO was at Rs 105 (Rs 78) 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 October fell 1.04 percent y-o-y to 7.59 lakh tons from 7.67 lakh tons in October 2019. Imports in the oil year 2019-20 (November 2019-July 2020) are reported lower by 23.51 percent y-o-y at 70.87 lakh tons compared to 92.65 lakh tons in last oil year.
- Crude Palm oil import scenario- According to Solvent Extractors Association (SEA), CPO Imports rose 16.20 percent y-o-y in October to 7.53 lakh tons from 6.48 lakh tons in October 2019. Imports in oil year 2019-20 (November 2019-October 2020) were reported higher by 2.02 percent y-o-y at 66.66 lakh tons compared to 65.34 lakh tons in last oil year.
- RBD palmolein import scenario- RBD palmolein Imports fall to 95.6 percent in October to 0.05 lakh tons from 1.18 lakh tons in October 2019. Imports in oil year 2019-20 (November 2019-October 2020) were reported lower by 84.58 percent y-o-y at 4.21 lakh tons compared to 27.30 lakh tons in last oil year.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is quoted at USD 945(USD 890) per ton for Dec delivery and Jan delivery is quoted at USD 940 (USD 890) per ton. Last month, CNF CPO Nov average price was at 877.5 per ton (USD 745.27 per ton in Oct 2020). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 935 (USD 862) per ton for Dec delivery and Jan delivery is quoted at USD 910 (USD 855) per ton. Last month, CIF RBD palmolein Nov average price was USD 887.29 (USD 759.30 in Oct 2020) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 973 (Rs 887) per 10 Kg and Nov delivery duty paid is offered at Rs 968 (Rs 812 per 10 kg). Ready lift RBD palmolein is quoted at Rs 950 (Rs 960) per 10 kg as on Dec 4, 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.

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 November 1-20 fall 16.6 Percent to 897,986 tonnes compared to 1,076,557 tonnes last month. Top buyers were India & subcontinent 145,750 tons (264,325 tons), European Union 226,236 tons (219,015 tons) and China at 222,570 tons (142,505 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 to 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 920-945 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-

Domestic Front

- Mustard oil prices showed down trend in benchmark market on account of tight supply and hiked prices. 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 is firm on seasonal uptrend of demand while higher prices are leading to Oil substitution.

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 has risen ahead of Diwali 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.

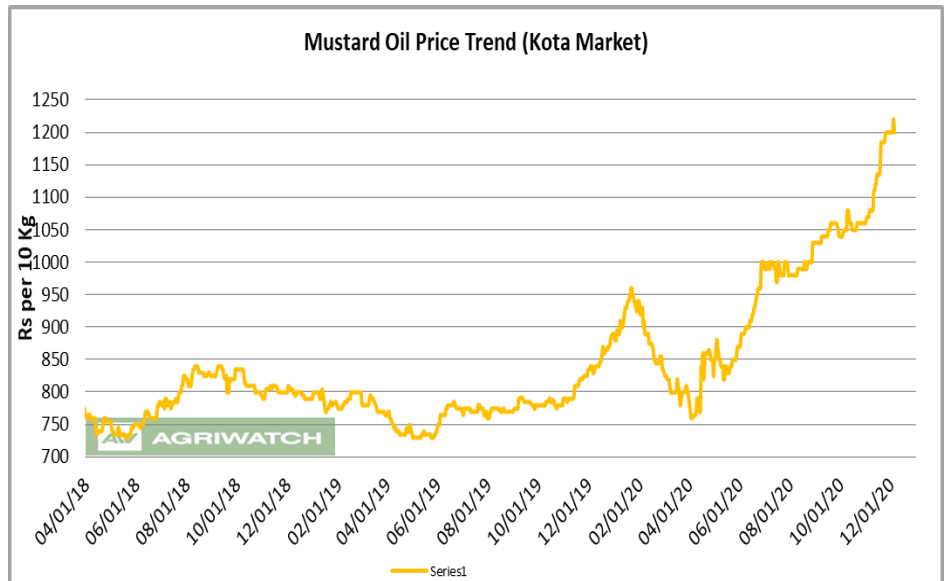
NAFED will try to sell maximum stocks of rapeseed ahead of festivals on seasonal uptrend of demand of rapeseed oil. Further, surge in prices of rapeseed will lead to high sale of rapeseed by NAFED.

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 175(Rs 165) per 10 Kg will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 285 (Rs 245) per 10 kg which is higher than last week will cap gains in rapeseed oil prices.



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. 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 0.00 lakh tons rapeseed (Canola) oil in October 2020 v/s 0.00 lakh tons imports in October 2019. In the oil year 2019-20 (Nov 2019-October 2020) imports 0.55 lakh tons compared to 0.59 lakh tons in last oil year, down 6.77 percent y-o-y.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,218 (Rs 1,219) per 10 Kg, and at Kota market, it is offered at Rs 1,170 (Rs 1,160) per 10 kg as on December 5, 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 1140-1200 per 10 Kg.

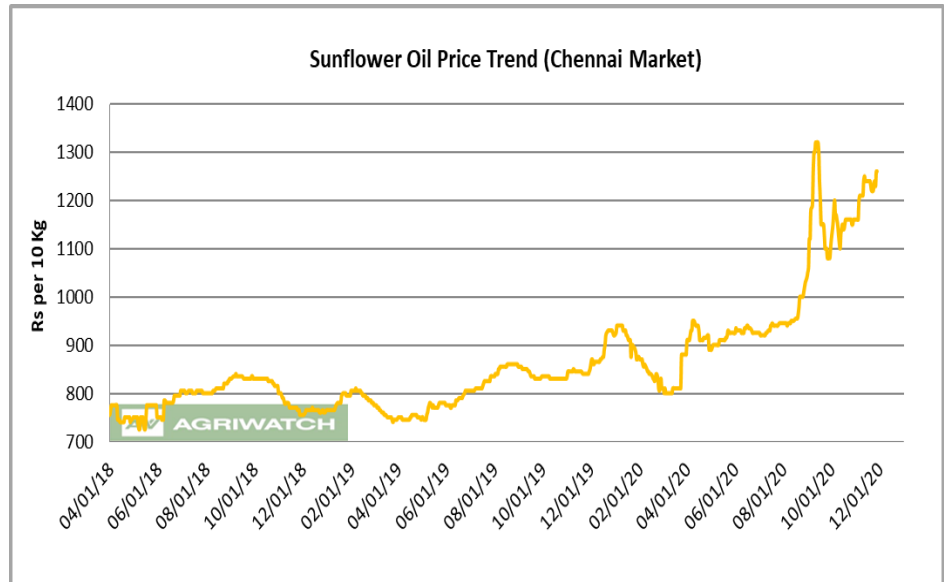
Sunflower oil Fundamental Review and Analysis:-

Domestic Front

Sunflower oil price closed up during the week in Chennai on account of low supply and rise in prices of sunflower oil in international.

Prices of sunflower featured sideways to uptrend at high seas compared to CNF markets indicating slow rise in 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 is low leading to surge in its prices.

Demand of Sunflower oil has lowered on back of rise in prices. 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 165 (Rs 160 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 155 (USD 172 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 235 (USD 303 last week) which will affect imports.

In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 280 (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 145 (Rs 180 last week) per 10 kg will underpin sunflower oil prices.

Prices of sunflower oil expected to as International prices are rallying.

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose 6.92 percent y-o-y in October to 1.70 lakh tons from 1.59 lakh tons in October 2019. Imports in oil year 2019-20 (November 2019-October 2020) were reported higher by 7.14 percent y-o-y at 25.18 lakh tons compared to 23.50 lakh tons in last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 11800 (USD 1120 per ton for Nov delivery and Dec delivery quoted at USD 1180 (USD 1220) per ton. CNF sun oil (Ukraine origin) Nov monthly average was at USD 1154.58 per ton compared to USD 1040.92 per ton in Oct). Prices are likely to stay in the range of USD 1200-1230 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 1230 (Rs 1220) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1270 (Rs 1270) per 10 kg as on December 5, 2020. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways to firm tone in the coming days.

Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 1220-1260per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil market traded down as demand is slowing down after Diwali and firm prices of competing oils.

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

Groundnut oil prices closed down last week as sunflower oil prices rose slowly.

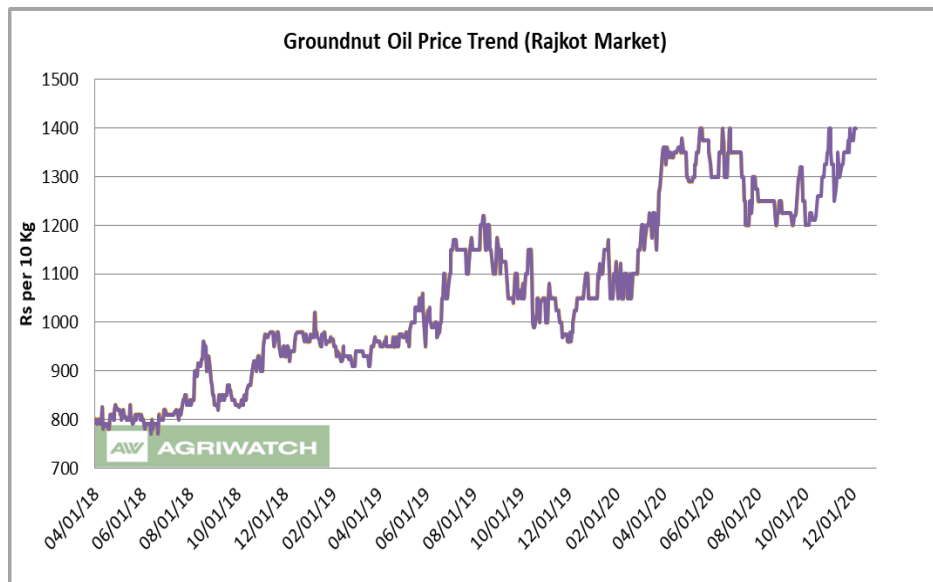
Groundnut oil prices in last week closed higher at Rs 1375

per 10 Kg as new crop arrival started in market.

Arrival of new crop in market has resulted in rise in supply stock and thus number of millers functioning have risen. However, there is less supply of labor. Further, demand of groundnut meal is improving leading to higher crush of groundnut.

Groundnut oil has good export demand specially from China.

- NAFED has procured 20 Thousand tons of new crops.
- Groundnut oil exports rose to 35,864.03 thousand tons in Apr-Sep 2020, from 8,945.65 thousand tons in corresponding period last year. It was mainly exported to China at 32,330.94 thousand tons.
- On the price front, currently the groundnut oil prices in Rajkot is Rs 13,750 (Rs 14,000) per quintal and it was Rs 14,500 (Rs 14,200) per quintal in Chennai market on December 5, 2020. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade sideways in the coming days.



Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 1350-1420 per 10 Kg

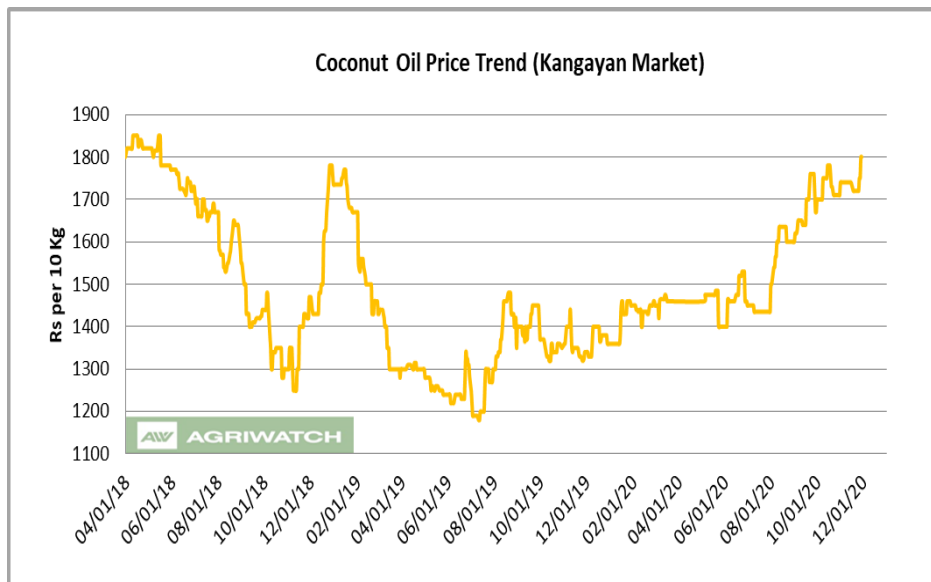
Coconut Oil Fundamental Review and Analysis:- Domestic Front

- Coconut oil benchmark market of Kangayan showed firm to uptrend due to rise in prices of copra.

Supply of coconut oil is rising slowly as lockdown is opening in phases and demand is getting firm.

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

Supply of coconut oil is rising slowly while rise in prices of edible oils have resulted in rise of Coconut oil too.



Commencement of harvest in mid-December will arrest rise in prices.

As on 1 December, NAFED has progressively procured 35.58 tons of milling copra in Tamil Nadu at an MSP of Rs 9,960 per quintal.

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 affected amid lockdown restrictions.

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.

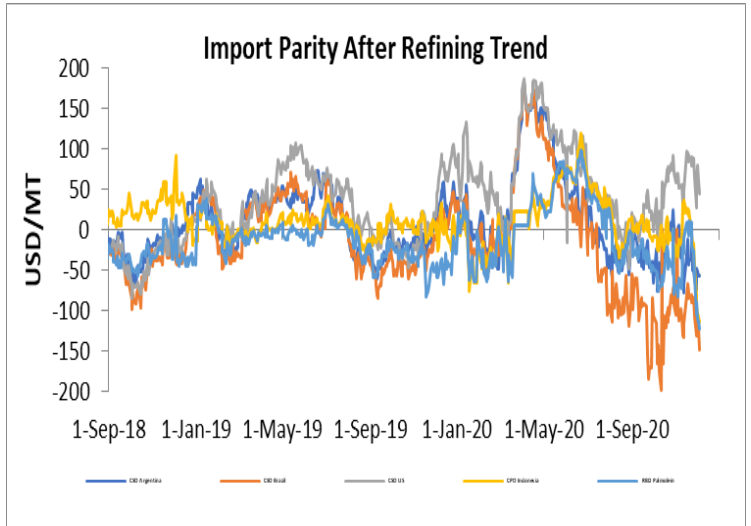
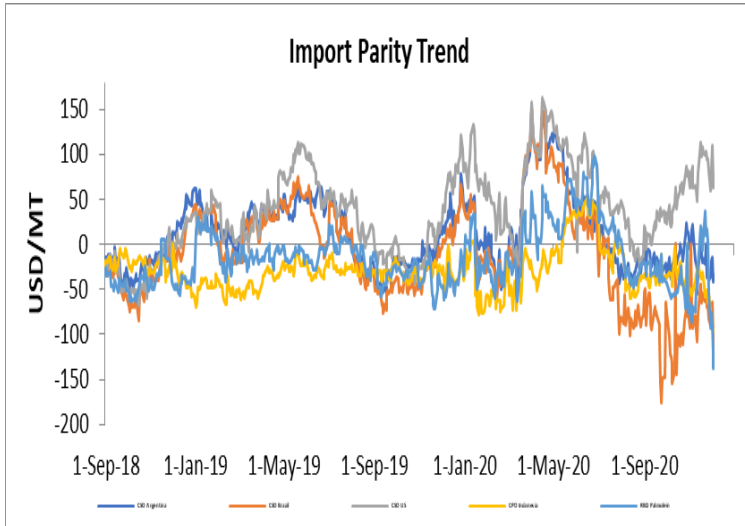
Coconut oil prices are expected to be firm in days ahead.

- Coconut oil exports scenario- India exported 12.19 lakh tons Coconut oil in September 2020 v/s 6.48 lakh tons export in September 2019. In the Financial year 2020-21 (April 2020 -September 2020) exports were 57.70 lakh tons compared to 37.80 lakh tons in last oil year, up 52.63 percent y-o-y.
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 18,200 (Rs 17,600) per quintal, and was quoted at 18,000 (Rs 17,200) per quintal in Erode market on December 5, 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
Nov 15-Nov 21, 2020	-30.75	-77.43	92.64	22.85	3.91
Nov 22-Nov 28, 2020	-49.56	-89.02	82.11	-18.95	-22.99
Nov 29-Dec 05, 2020	-56.91	-120.97	55.42	-99.39	-106.91

Outlook:-

Refining margins disparity rose for crude soy oil from Argentina after 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 disparity rose sharply for CPO with rise in prices of CPO in Indian markets. RBD palmolein refining margin disparity rose with 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 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 1065-1100 levels.
- Expected price band for next week is 1065-1095 level in near to medium term. RSI and MACD are in overbought zone and may undergo price correction.

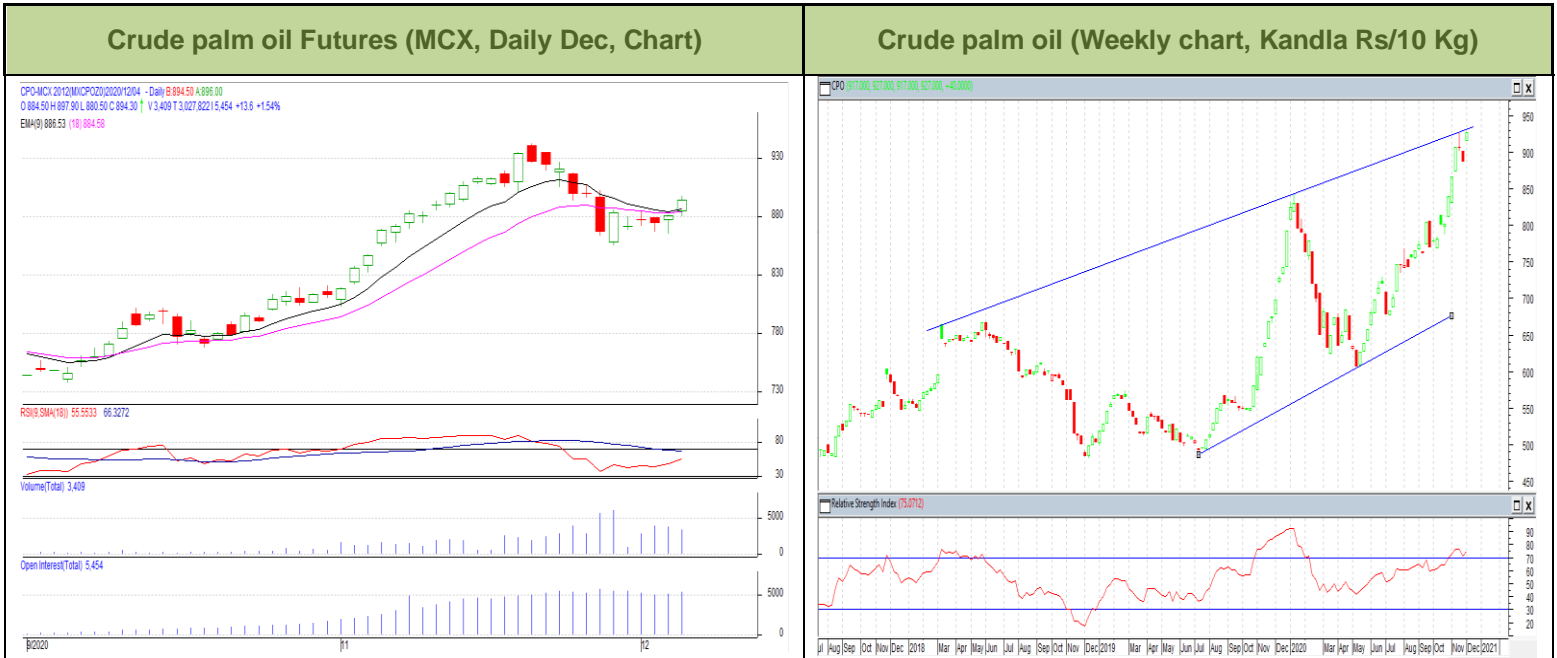
Strategy: Market participants are advised to go long above 1065 levels for a target of 1080 and 1090 with a stop loss at 1055 on closing basis.

RSO NCDEX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
1024.73	1043.47	1062.2	1079.97	1097.73

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 1065-1100 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show uptrend in prices during the week. We expect that CPO December contract may trade in firm note.

- Candlestick in weekly chart of crude palm oil at MCX depicts sideways to firm trend in the prices. We expect the commodity to trade firm in the near term.
- Price may range from 920-945.
- Expected price band for next week is 885-920 level. RSI and MACD are in overbought zone and may go for price correction.

Strategy: Market participants are advised to go long in CPO above 895 for a target of 910 and 920 with a stop loss at 885 on closing basis.

CPO MCX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
852.97	873.63	894.3	918.57	939.23

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 920-945 per 10 Kg.

Veg. Oil Prices at Key Spot Markets
Edible Oil Prices at key Markets:

Commodity	Centre	Prices (Per 10 Kg)		Change
		05-Dec-20	28-Nov-20	
Refined Soybean Oil	Indore	1065	1060	5
	Indore (Soy Solvent Crude)	1025	1015	10
	Mumbai	1080	1080	Unch
	Mumbai (Soy Degum)	1070	1050	20
	Kandla/Mundra	1065	1075	-10
	Kandla/Mundra (Soy Degum)	1055	1038	17
	Kolkata	1075	1080	-5
	Delhi	1130	1121	9
	Nagpur	1070	1065	5
	Rajkot	1060	1070	-10
	Kota	1080	1080	Unch
	Hyderabad	0	0	Unch
	Akola	1080	1085	-5
	Amrawati	1080	1080	Unch
	Bundi	1090	1090	Unch
	Jalna	1074	1069	5
	Solapur	1060	1055	5
	Dhule	1055	1050	5
	Nanded	1058	1053	5
	Latur	1070	1065	5
	Argentina Crude Soya (CIF India) USD	1025	1048	-23
	Argentina Crude Soya (FOB)	987	977	10
	Soya Oil(Rot.)(Euro/MT FOB) (1000) GMT	848	860	-12
Palm Oil*	Kandla (Crude Palm Oil)	937	917	20
	Kandla (RBD Palm oil)	965	975	-10
	Kandla RBD Pamolein	950	950	Unch
	Kakinada (Crude Palm Oil)	900	920	-20
	Kakinada RBD Pamolein	955	950	5
	Haldia Pamolein	965	960	5
	Chennai RBD Pamolein	965	955	10
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1027	1007	20
	Krishnapattanam RBD Pamolein	960	955	5
	Mumbai RBD Pamolein	980	965	15
	Mangalore RBD Pamolein	975	960	15

	Tuticorin (RBD Palmolein)	1000	975	25
	Mumbai (Refined)	985	960	25
	Rajkot (Refined)	970	945	25
	Chennai (Refined)	1005	980	25
	Hyderabad (Refined)	990	987	3
	Delhi (Refined)	1048	1042	6
	PFAD (Kandla)	600	600	Unch
	RPS (Kandla)	760	760	Unch
	Superolien (Kandla)	985	970	15
	Superolien (Mumbai)	1015	980	35
	Kochi (RBD Palmolein)	995	910	85
	Krishnapattanam (Crude Palm Oil)	900	920	-20
	Mumbai (Crude Palm Oil)	910	875	35
	Kolkata (Crude Palm Oil)	900	905	-5
	Palm Kernel Oil (1000) GMT	1185	1160	25
Refined Sunflower Oil	Chennai (Refined)	1230	1220	10
	Chennai (Crude)	1170	1150	20
	Mumbai (Refined)	1250	1250	Unch
	Mumbai (Expeller Oil)	1200	1200	Unch
	Kandla (Refined)	1270	1270	Unch
	Hyderabad (Refined)	1260	1220	40
	Hyderabad (Expeller)	1215	1170	45
	Latur (Refined)	1215	1215	Unch
	Latur (Expeller Oil)	1155	1155	Unch
	Chellakere (Expeller Oil)	1180	1180	Unch
	Erode (Expeller Oil)	1260	1280	-20
	Kakinada (Refined)	1250	1200	50
	Krishna Pattanam (Refined)	1250	1200	50
	Delhi (Refined)	1200	1220	-20
	Sun Oil (Rotterdam)	1165	1170	-5
Groundnut Oil	Rajkot	1375	1400	-25
	Chennai	1450	1420	30
	Delhi	1450	1400	50
	Hyderabad *	1380	1400	-20
	Mumbai	1400	1390	10
	Gondal	1370	1400	-30
	Jamnagar	1350	1400	-50
	Gujarat GN Telia	2120	2120	Unch
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1218	1219	-1
	Jaipur (Kacchi Ghani Oil)	1235	1235	Unch

	Kota (Expeller Oil)	1170	1160	10
	Kota (Kacchi Ghani Oil)	1220	1220	Unch
	Neewai (Expeller Oil)	1200	1195	5
	Neewai (Kacchi Ghani Oil)	1220	1215	5
	Bharatpur (Kacchi Ghani Oil)	1190	1190	Unch
	Sri-Ganga Nagar(Exp Oil)	1200	1200	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1210	1210	Unch
	Mumbai (Expeller Oil)	1200	1200	Unch
	Kolkata(Expeller Oil)	1340	1300	40
	New Delhi (Expeller Oil)	1170	1180	-10
	Hapur (Expeller Oil)	1220	1150	70
	Hapur (Kacchi Ghani Oil)	1250	1180	70
	Agra (Kacchi Ghani Oil)	1195	1195	Unch
	Nagpur (Expeller Oil)	1220	1220	Unch
Refined Cottonseed Oil	Rajkot	1045	1035	10
	Hyderabad	1045	1050	-5
	Mumbai	1055	1050	5
	New Delhi	1000	1000	Unch
	Gujarat Cotton Wash	995	995	Unch
Coconut Oil	Kangayan (Crude)	1800	1720	80
	Cochin	1820	1760	60
	Coconut Oil(Rot.)(Phil/Indo)	1475	1485	-10
Vanaspati Oil	Uttar Pradesh	1420	1420	Unch
	Kolkata	1335	1310	25
	Rajkot	1503	1573	-70
Sesame Oil	New Delhi	1400	1400	Unch
	Mumbai	0	0	Unch
Kardi	Mumbai	0	0	Unch
Rice Bran Oil	New Delhi (40%)	835	845	-10
	Punjab 4%)	980	1000	-20
	Bhatinda (Crude 4%)	820	805	15
	Bhatinda (Refined 4%)	935	920	15
	Hyderabad (Crude)	890	870	20
	Hyderabad (Refined)	1040	1030	10
	Kolkata (Crude)	900	905	-5
	Kolkata (Refined)	990	1000	-10
	Raipur (Crude)	930	975	-45
	Raipur (Refined)	1030	1080	-50
	Odisha (Refined)	1060	1080	-20

	Vijayawada (Refined)	950	1020	-70
Malaysia Palmolein USD/MT	FOB	935	863	72
	CNF India	945	910	35
Indonesia CPO USD/MT	FOB	920	870	50
	CNF India	945	900	45
RBD Palm oil (Malaysia Origin USD/MT)	FOB	898	860	38
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	900	878	22
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1210	1165	45
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	775	755	20
Crude palm Kernel Oil India (USD/MT)	CNF India	1250	1270	-20
Ukraine Origin CSFO USD/MT Kandla	CIF	1180	1220	-40
Rapeseed Oil Rotterdam Euro/MT	FOB	855	900	-45
Argentina FOB (\$/MT)		4-Dec-20	28-Nov-20	Change
Crude Soybean Oil Ship		981	1000	-19
Refined Soy Oil (Bulk) Ship		1015	1035	-20
Sunflower Oil Ship		1115	1135	-20
Cottonseed Oil Ship		961	980	-19
Refined Linseed Oil (Bulk) Ship		0	0	Unch
* indicates including GST				

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> 2020 Indian Agribusiness Systems Ltd.