

# Veg. Oil Weekly Research Report

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### *Executive Summary*

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

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

*On the currency front, Indian rupee is hovering near 73.05 against 73.52 previous weeks. Rupee expected to depreciate while crude oil prices expected to rise.*

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

#### *Outlook:*

*Weekly Call -: In NCDEX, Market participants are advised to go long above 1195 levels for a target of 1220 and 1235 with a stop loss at 1180 on closing basis. We expect Refined soy oil Indore (without GST) is likely to stay in the range of Rs 1190-1250 per 10 Kg.*

*In MCX, Market participants are advised to go long in CPO above 980 for a target of 995 and 1005 with a stop loss at 970 on closing basis. We expect, Crude palm oil (without GST) is likely to stay in the range of Rs 1070-1120 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 uptrend 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.

Demand of soybean in poultry is improving and resulted in high exports of Soymeal and Soy Oil.

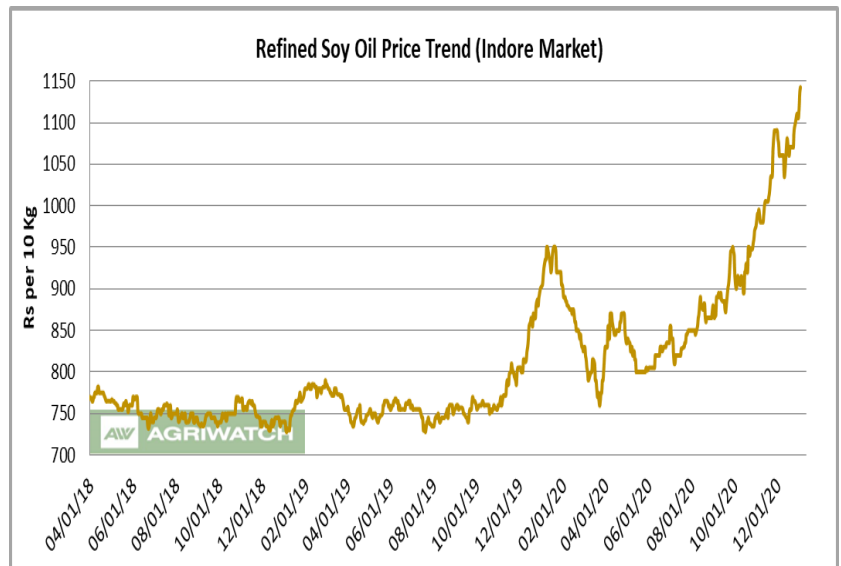
Soy oil stocks in oil year 2019-20 will

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 November edible oil imports fell 1.55 percent y-o-y to 10.83 lakh tons from 11.00 lakh tons in November 2019. Palm oil imports in November fell 8.01 percent y-o-y to 6.18 lakh tons from 6.72 lakh tons in November 2019. CPO imports rose 9.04 percent in November y-o-y to 5.89 lakh tons from 5.40 lakh tons in November 2019. RBD palmolein import fell 91.83 percent to 0.10 lakh tons in November vs. 1.22 lakh tons in November 2019. Soy oil imports rose 52.22 percent in November y-o-y to 2.51 lakh tons from 1.64 lakh tons in November 2019. Sunflower oil imports fell 18.69 percent y-o-y in November to 2.14 lakh tons from 2.63 lakh tons in November 2019. Rapeseed (canola) oil stood at 0 imports in November same as in November 2019.



- According to Solvent Extractors Association (SEA), India's December edible oil stocks at ports and pipelines fell 9.32 percent m-o-m to 14.31 lakh tons from 15.78 lakh tons in October 2020. Stocks of edible oil at ports in November fell to 581,000 tons (CPO 260,000 tons, RBD Palmolein 10,000, Degummed Soybean Oil 170,000 tons, Crude Sunflower Oil 140,000 and Rapeseed Oil 1,000) and about 850,000 tons in pipelines. (Stocks at ports were 558,000 tons and in pipelines were 1,020,000 tons in November 2020). India is presently holding 25 days of edible oil requirement on 1st December, 2020 at 14.31 lakh tons compared to 23 days of requirements of 15.78 lakh tons on 1st November, 2020. India held 15.11 lakh tons of stocks in ports and pipelines on 1st December 2019. India's monthly edible oil requirement is 19.0 lakh tons.
- Soy oil import scenario – According to SEA, Soy oil imports fell 52.22 percent in November y-o-y to 2.51 lakh tons from 1.64 lakh tons in November 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 1091(USD 1052) per ton for Dec delivery, Jan delivery quoted at USD 1086 (USD 1020) per ton and Feb delivery quoted at USD 1045 (USD 973) 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 October 2020) 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 10-15/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 have 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 NOPA, U.S. November soybean crush fell by 2.28 percent m-o-m to 181.018 million bushels from 185.245 million bushels in October 2020, below market expectation. Crush of soybean in November was higher by 9.76 percent y-o-y compared to November 2019 figure of 164.909 million bushels. Soy oil stocks in U.S. at the end of November rose 4.77 percent m-o-m to 1.558 billion lbs compared to 1.487 billion lbs in end October 2020. Stocks of soy oil in end Aug was higher by 7.59 percent y-o-y compared to end November 2019, which was reported at 1.448 million lbs. Soy oil stocks were in line with trade expectation.
- According to United States Department of Agriculture (USDA) December estimate, U.S 2020/21 ending stocks of soy oil estimate has been increased to 1,889 million lbs compared to 1,864 million lbs in November estimate. Opening stocks are kept unchanged to 1,849 million lbs in 2020/21. Production of soy oil in 2020/21 increased to 25,440 million lbs compared to 25,265 million lbs in previous estimate. Imports in 2020/21 are kept unchanged at 350 million lbs. Biodiesel use in 2020/21 is kept unchanged at 8,100 million lbs. Food, feed and other industrial use in 2020/21 is kept unchanged at 14,900 million lbs. Exports in 2020/21 increased to 2,750 million lbs to at 2,600 million lbs in previous month. Average price range estimate of 2020/21 is raised to 36.0 cents/lbs from 34.50 cents/lbs in its earlier estimate.
- The U.S. Department of Agriculture monthly supply and demand report for the month of December forecasts U.S. 2020/21 soybean stocks at 175 million bushels compared to 190 million bushels in its November estimate. Opening stocks in 2020/21 is kept unchanged at 523 million bushels. Soybean production in 2020/21 is kept unchanged at 4,170 million bushels. U.S. soybean exports estimate in 2020/21 are kept unchanged at 2,200 million bushels. Imports estimate in 2020/21 is unchanged 15 million bushels. Crush in 2020/21 increased to 2,195 million bushels compared to 2,180 million bushels. Seed use in 2020/21 has been kept unchanged at 130 million bushels. Residual use in 2020/21 is unchanged at 35 million bushels. Average price range in 2020/21 is increased to 10.55 cents/bushel compared to 10.40 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.

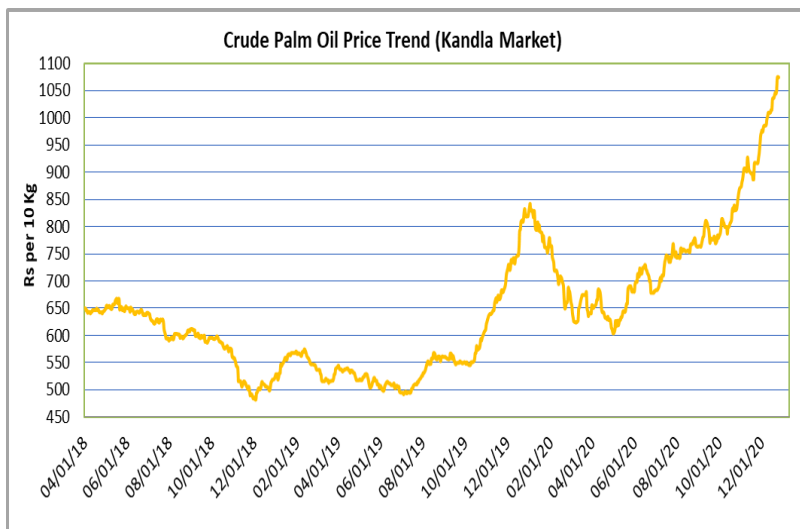
**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1190-1250 per 10 Kg in the near term.

**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 firm 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 30 (Rs 58) 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 November fell 8.01 percent y-o-y to 6.18 lakh tons from 6.72 lakh tons in November 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 9.07 percent y-o-y in November to 5.89 lakh tons from 5.40 lakh tons in November 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 91.8 percent in November to 0.01 lakh tons from 1.22 lakh tons in November 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 1040(USD 955) per ton for Dec delivery and Jan delivery is quoted at USD 1050 (USD 970) 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 978.5 (USD 902.5) per ton for Jan delivery and Feb delivery is quoted at USD 957.5 (USD 910) 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 1037 (Rs 1010) per 10 Kg and Dec delivery duty paid is offered at Rs 1030 (Rs 978 per 10 kg). Ready lift RBD palmolein is quoted at Rs 1040 (Rs 950) per 10 kg as on Dec 26, 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 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.

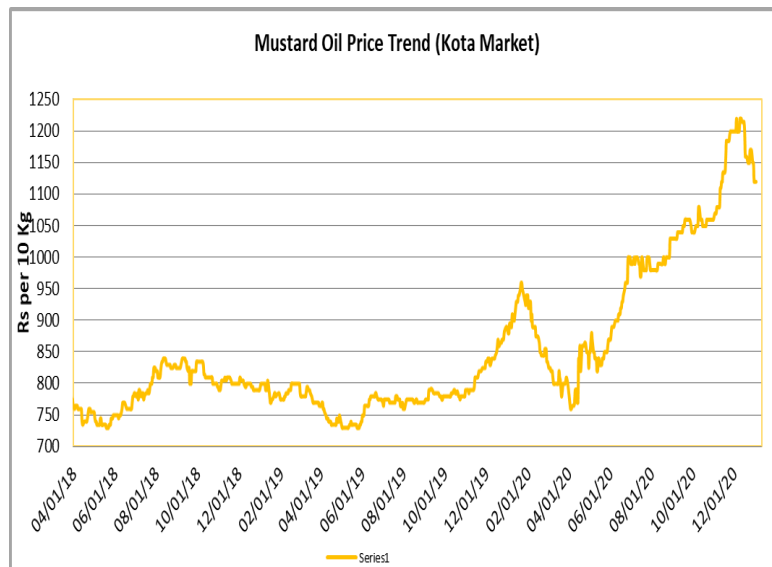
**Price Outlook:** We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 1070-1120 per 10 Kg in the near term.

### Rapeseed oil Fundamental Review and Analysis- Domestic Front

- Mustard oil prices showed up trend in benchmark market on account of tight supply and firm demand. Arrivals of rapeseed fell in various mandis in India during the week.

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

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



Demand of rapeseed oil 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 was from Haryana and Rajasthan of 4.5 lakh tons and 10 lakh tons respectively. Rajasthan has cleared out all the procured stocks. As on 15 Dec, NAFED is left with approximately 6,000 tons of R-20 mustard stock.

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 95(Rs 63) per 10 Kg will cap gains in rapeseed oil prices.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 220 (Rs 158) 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 6.15 lakh tons rapeseed (Canola) oil in October 2020 v/s 3.12 lakh tons imports in October 2019. In the oil year 2019-20 (Nov 2019-October 2020) imports 47.76 lakh tons compared to 24.44 lakh tons in last oil year, down 95.41 percent y-o-y.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,268 ( Rs 1,218) per 10 Kg, and at Kota market, it is offered at Rs 1,220 (Rs 1,170) per 10 kg as on January 2, 2021. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade firm tone in the coming days.

**Price Outlook:** Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 1200-1250 per 10 Kg.

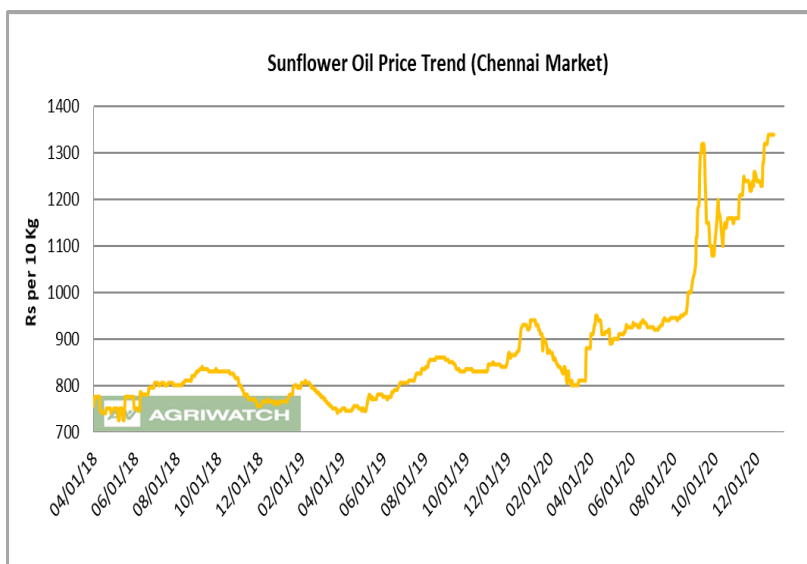
## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

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

Prices of sunflower featured firm tone at high seas same as 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 rose in Oct due to negative import party 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 150 (Rs 218 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 100 (USD 102 last week) per ton which indicates that sunflower oil prices is diverging 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 210 (USD 235 last week) which will affect imports.

In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 295 (Rs 325) per 10 kg which is high will cap sunflower oil in domestic market.

In domestic market, low groundnut oil premium over sunflower oil at Chennai market is at Rs 10(Rs 20 last week) per 10 kg will underpin sunflower oil prices.

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

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports rose in October to 11.15 lakh tons from 2.95 lakh tons in October 2019. Imports in oil year 2019-20 (November 2019-October 2020) were reported higher by 13.79 percent y-o-y at 29.87 lakh tons compared to 26.25 lakh tons in last oil year.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 1265 (USD 1235 per ton for Dec delivery and Jan delivery quoted at USD 126 (USD 1235) per ton. CNF sun oil (Ukraine origin) Dec monthly average was at USD 1210.84 per ton compared to USD 1154.58 per ton in Nov). Prices are likely to stay in the range of USD 1250-1300 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 1340 (Rs 1340) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1350 (Rs 1310) per 10 kg as on January 2, 2021. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade of firm tone in the coming days.

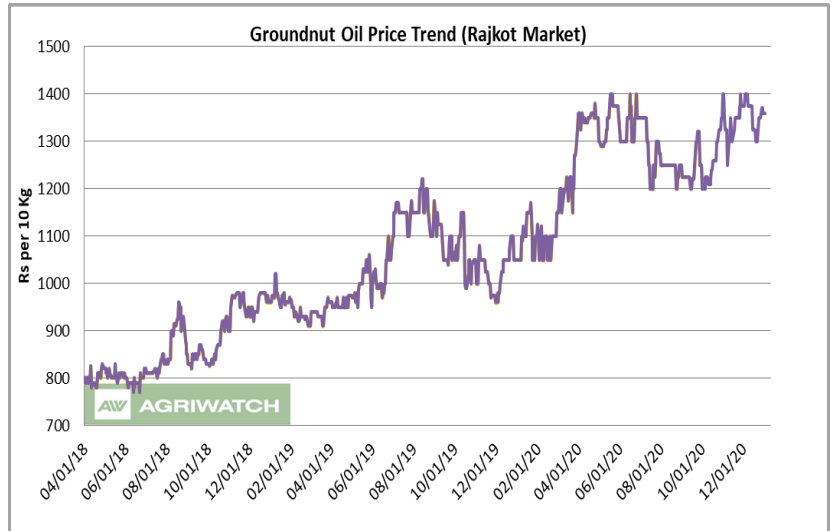
**Price Outlook:** Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 1330-1380per 10 Kg.

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

- Groundnut oil market traded sideways as demand is rising slowly and firm prices of competing oils.

Groundnut oil prices closed down last week as sunflower oil prices rose slowly. Groundnut oil prices may be underpinned by rise in competing oils prices.

Groundnut oil prices in last week closed lower at Rs 1350 per 10 Kg as supply increases 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 1.85 lakh metric tons of new crops.
- Groundnut oil exports scenario- India exported 264.88 lakh tons Groundnut oil in October 2020 v/s 4.53 lakh tons export in October 2019. In the Financial year 2020-21 (April 2020 - October 2020) rose to 623.53 lakh tons in Apr-Oct 2020, from 93.98 lakh tons in corresponding period last year. It was mainly exported to China at 576.94 lakh tons.
- On the price front, currently the groundnut oil prices in Rajkot is Rs 13,500 (Rs 13,600) per quintal and it was Rs 14,200 (Rs 14,200) per quintal in Chennai market on January 2, 2021. 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 1330-1380 per 10 Kg

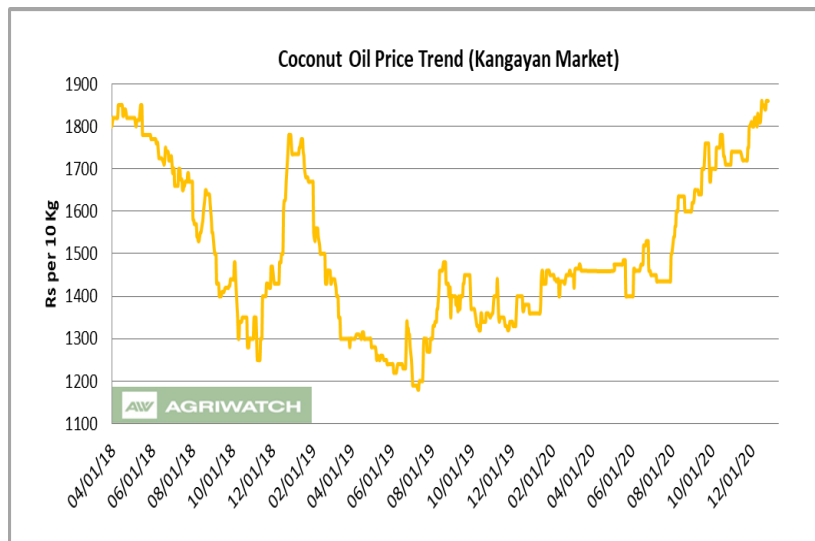
**Coconut Oil Fundamental Review and Analysis:-**  
**Domestic Front**

- Coconut oil benchmark market of Kangayan showed up trend due to rise in prices of copra.

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

Further, rise in prices of copra due to labor shortage 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, 2020, 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.

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.

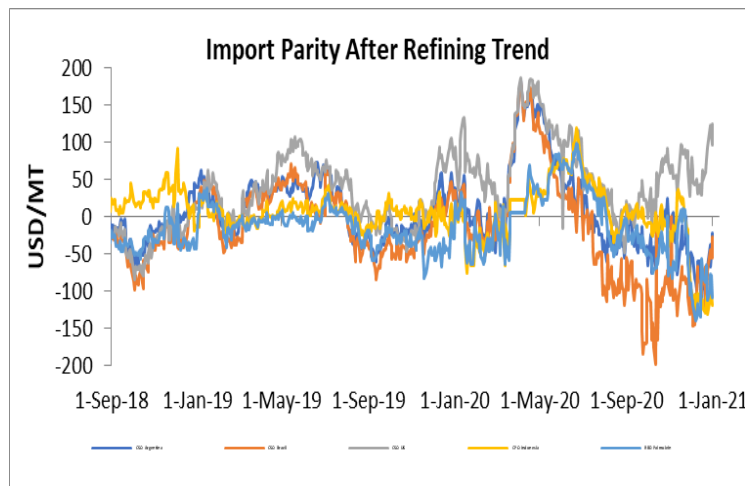
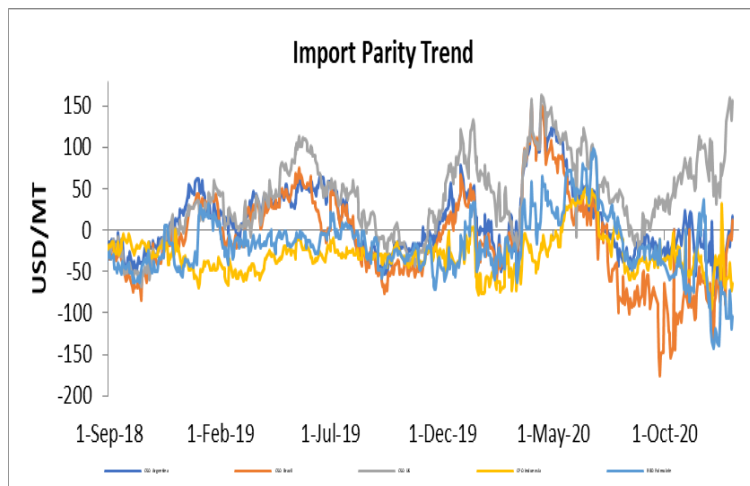
- Coconut oil exports scenario- India exported 12.44 lakh tons Coconut oil in October 2020 v/s 7.12 lakh tons export in October 2019. In the Financial year 2020-21 (April 2020 - October 2020) exports were 68.53 lakh tons compared to 43.26 lakh tons in last oil year, up 58.41 percent y-o-y.
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 18,900 (Rs 18,800) per quintal, and was quoted at 18,600 (Rs 18,500) per quintal in Erode market on January 2, 2021.

**Price Outlook:** Coconut oil (without GST) prices in Erode may stay in the range of Rs 1850-1880 per 10 Kg.



### Import Parity Trend

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



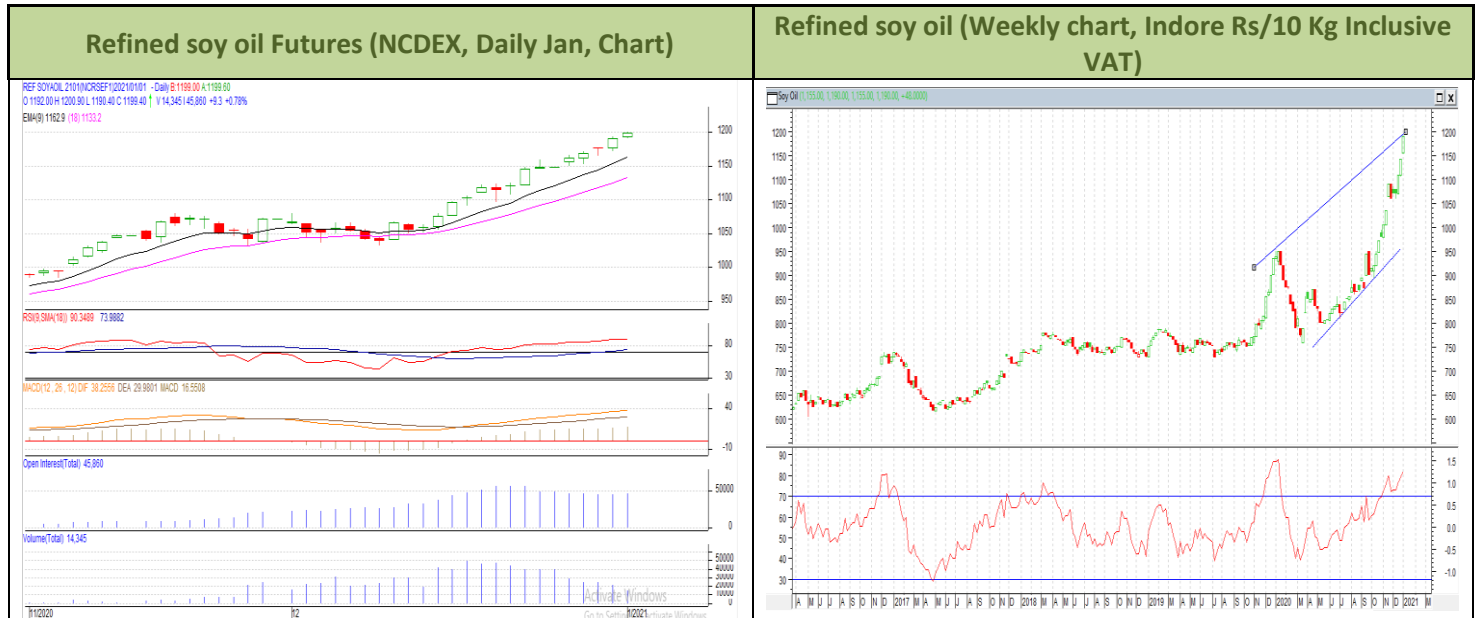
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Dec 13-Dec 20, 2020</b>	-89.28	-90.29	43.38	-111.73	-92.51
<b>Dec 21-Dec 27, 2020</b>	-72.65	-96.79	73.00	-122.79	-85.87
<b>Dec 28-Jan 4, 2021</b>	-45.72	-46.96	115.16	-110.46	-93.48

### Outlook-:

Refining margins disparity rose for crude soy oil from Argentina after rise in prices of soy oil in international markets and rise in demand in domestic market. 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 slightly for CPO with rise in prices of CPO in Indian markets. RBD palmolein refining margin disparity fell with steady 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 firm in the coming days.**

- Daily chart of refined soy oil at NCDEX depicts uptrend during the upcoming week in review. We expect prices to trade firm in the near term.
- Prices may hover between 1190-1250 levels.
- Expected price band for next week is 1195-1240 level in near to medium term. RSI and MACD are in overbought zone and may undergo price correction.

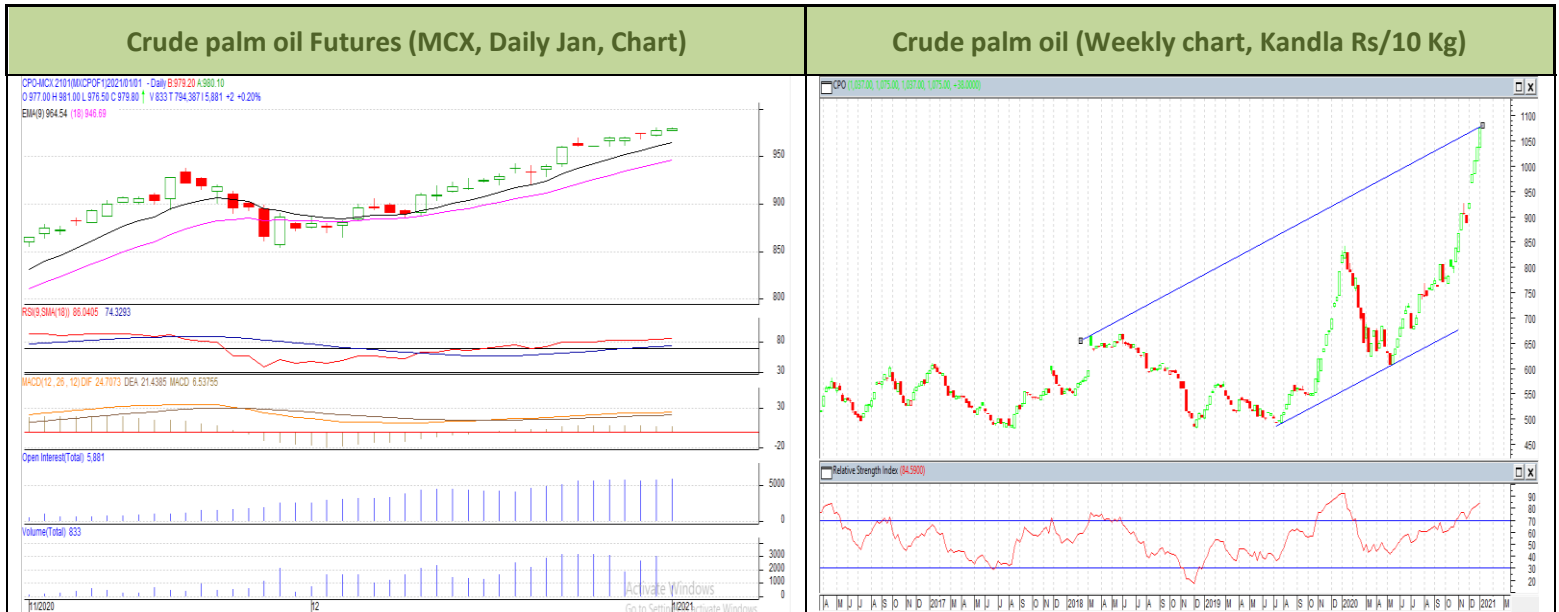
**Strategy:** Market participants are advised to go long above 1195 levels for a target of 1220 and 1235 with a stop loss at 1180 on closing basis.

#### RSO NCDEX (Oct)

Support and Resistance				
S2	S1	PCP	R1	R2
1131.47	1165.43	1199.4	1236.87	1268.83

**Spot Market outlook:** Refined soy oil Indore (without GST) is likely to stay in the range of Rs 1190-1250 per 10 Kg.

### Technical Analysis (Crude Palm oil)



**Outlook -** Prices show uptrend in prices during the week. We expect that CPO January contract to trade in firm note.

- Candlestick in weekly chart of crude palm oil at MCX depicts firm trend in the prices. We expect the commodity to trade firm in the near term.
- Price may range from 1070-1120.
- Expected price band for next week is 975-1010 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 980 for a target of 995 and 1005 with a stop loss at 970 on closing basis.

#### CPO MCX (Dec)

Support and Resistance				
S2	S1	PCP	R1	R2
953.27	966.53	979.8	1007.53	1010.87

**Spot Market outlook:** Crude palm oil (without GST) is likely to stay in the range of Rs 1070-1120 per 10 Kg.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		02-Jan-21	26-Dec-20	
Refined Soybean Oil	Indore	1190	1142	48
	Indore (Soy Solvent Crude)	1130	1085	45
	Mumbai	1200	1160	40
	Mumbai (Soy Degum)	1200	1150	50
	Kandla/Mundra	1195	1145	50
	Kandla/Mundra (Soy Degum)	1172	1125	47
	Kolkata	1220	1170	50
	Delhi	1269	1225	44
	Nagpur	1184	1155	29
	Rajkot	1180	1160	20
	Kota	1210	1150	60
	Hyderabad	-	0	-
	Akola	1200	1160	40
	Amrawati	1190	1150	40
	Bundi	1220	1160	60
	Jalna	1174	1145	29
	Solapur	1169	1140	29
	Dhule	1164	1135	29
	Nanded	1170	1140	30
	Latur	1186	1165	21
	Argentina Crude Soya (CIF India) USD	1165	1153	12
	Argentina Crude Soya (FOB)	1111	1064	47
	Soya Oil(Rot.)( Euro/MT FOB) (1000) GMT	905	890	15
Palm Oil*	Kandla (Crude Palm Oil)	1075	1037	38
	Kandla (RBD Palm oil)	1020	1000	20
	Kandla RBD Pamolein	1065	1035	30
	Kakinada (Crude Palm Oil)	980	980	Unch
	Kakinada RBD Pamolein	1075	1045	30
	Haldia Pamolein	1090	1055	35
	Chennai RBD Pamolein	1080	1055	25
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1130	1095	35
	Krishnapattanam RBD Pamolein	1080	1045	35
	Mumbai RBD Pamolein	1095	1060	35
	Mangalore RBD Pamolein	1085	1060	25
	Tuticorin (RBD Palmolein)	1075	1060	15

	Mumbai (Refined)	1090	1050	40
	Rajkot (Refined)	1080	1050	30
	Chennai (Refined)	1080	1065	15
	Hyderabad (Refined)	1110	1075	35
	Delhi (Refined)	1158	1130	28
	PFAD (Kandla)	675	680	-5
	RPS (Kandla)	810	810	Unch
	Superolien (Kandla)	1080	1040	40
	Superolien (Mumbai)	1100	1050	50
	Kochi (RBD Palmolein)	1020	1020	Unch
	Krishnapattanam (Crude Palm Oil)	980	980	Unch
	Mumbai (Crude Palm Oil)	1040	995	45
	Kolkata (Crude Palm Oil)	985	955	30
	Palm Kernel Oil (1000) GMT	1335	1325	10
Refined Sunflower Oil	Chennai (Refined)	1340	1340	Unch
	Chennai (Crude )	1280	1280	Unch
	Mumbai (Refined)	1330	1300	30
	Mumbai (Expeller Oil)	1300	1270	30
	Kandla (Refined)	1350	1310	40
	Hyderabad (Refined)	1345	1360	-15
	Hyderabad (Expeller)	1300	1310	-10
	Latur (Refined)	1350	1350	Unch
	Latur (Expeller Oil)	1280	1280	Unch
	Chellakere (Expeller Oil)	1275	1275	Unch
	Erode (Expeller Oil)	1360	1360	Unch
	Kakinada (Refined)	1330	1330	Unch
	Krishna Pattanam (Refined)	1330	1330	Unch
	Delhi (Refined)	1250	1240	10
	Sun Oil (Rotterdam)	1200	1240	-40
Groundnut Oil	Rajkot	1350	1360	-10
	Chennai	1420	1420	Unch
	Delhi	1390	1390	Unch
	Hyderabad *	1420	1420	Unch
	Mumbai	1400	1390	10
	Gondal	1360	1370	-10
	Jamnagar	1350	1365	-15
	Gujarat GN Telia	2160	2170	-10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1268	1218	50
	Jaipur (Kacchi Ghani Oil)	1285	1235	50
	Kota (Expeller Oil)	1220	1170	50

	Kota (Kacchi Ghani Oil)	1275	1225	50
	Neewai (Expeller Oil)	1245	1195	50
	Neewai (Kacchi Ghani Oil)	1265	1215	50
	Bharatpur (Kacchi Ghani Oil)	1250	1210	40
	Sri-Ganga Nagar(Exp Oil)	1255	1210	45
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1265	1220	45
	Mumbai (Expeller Oil)	1210	1190	20
	Kolkata(Expeller Oil)	1340	1340	Unch
	New Delhi (Expeller Oil)	1240	1200	40
	Hapur (Expeller Oil)	1250	1250	Unch
	Hapur (Kacchi Ghani Oil)	1280	1280	Unch
	Agra (Kacchi Ghani Oil)	1255	1215	40
	Nagpur (Expeller Oil)	1253.33 33	1233.33 33	20
Refined Cottonseed Oil	Rajkot	1140	1090	50
	Hyderabad	1150	1100	50
	Mumbai	1145	1085	60
	New Delhi	1100	1200	-100
	Gujarat Cotton Wash	1075	1040	35
Coconut Oil	Kangayan (Crude)	1860	1850	10
	Cochin	1890	1880	10
	Coconut Oil(Rot.)(Phil/Indo)	1470	1505	-35
Vanaspati Oil	Uttar Pradesh	1450	1445	5
	Kolkata	1400	1350	50
	Rajkot	1598	1553	45
Sesame Oil	New Delhi	1400	1390	10
	Mumbai	-	0	-
Kardi	Mumbai	-	0	-
Rice Bran Oil	New Delhi (40%)	860	845	15
	Punjab 4%)	1060	1000	60
	Bhatinda (Crude 4%)	835	790	45
	Bhatinda (Refined 4%)	950	905	45
	Hyderabad (Crude)	900	900	Unch
	Hyderabad (Refined)	1050	1050	Unch
	Kolkata (Crude)	900	900	Unch
	Kolkata (Refined)	1060	1035	25
	Raipur (Crude)	945	950	-5
	Raipur (Refined)	1130	1070	60
	Odisha (Refined)	1120	1080	40



	Vijayawada (Refined)	1020	990	30
Malaysia Palmolein USD/MT	FOB	990	990	Unch
	CNF India	1035	1035	Unch
Indonesia CPO USD/MT	FOB	1028	1020	8
	CNF India	1055	1025	30
RBD Palm oil (Malaysia Origin USD/MT)	FOB	988	978	10
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	975	940	35
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1435	1400	35
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	860	835	25
Crude palm Kernel Oil India (USD/MT)	CNF India	1485	1455	30
Ukraine Origin CSFO USD/MT Kandla	CIF	1265	1255	10
Rapeseed Oil Rotterdam Euro/MT	FOB	890	885	5
Argentina FOB (\$/MT)		30-Dec-20	24-Dec-20	Change
Crude Soybean Oil Ship		1111	1069	42
Refined Soy Oil (Bulk) Ship		1150	1106	44
Sunflower Oil Ship		1160	1160	Unch
Cottonseed Oil Ship		1091	1049	42
Refined Linseed Oil (Bulk) Ship		0	0	Unch
* indicates including GST				

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