

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 down trend during this week in domestic market. CBOT soy oil and BMD palm oil prices quoted down during the week. Sunflower oil, Coconut oil, and rapeseed oil, Soy oil, Palm oil and Groundnut oil traded down.

On the currency front, Indian rupee is hovering near 73.16 against 73.37 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 trend on strong fundamentals.

Outlook:

Weekly Call -: In NCDEX, Market participants are advised to go short below 1135 levels for a target of 1110 and 1095 with a stop loss at 1150 on closing basis. We expect Refined soy oil Indore (without GST) is likely to stay in the range of Rs 1100-1170 per 10 Kg.

In MCX, Market participants are advised to go short in CPO below 945 for a target of 920 and 905 with a stop loss at 960 on closing basis. We expect, Crude palm oil (without GST) is likely to stay in the range of Rs 1020-1080 per 10 Kg.

International Veg. Oil Market Summary

On the international front, rise in competing oils prices, higher demand from China, better condition of soybean crop in South America and rise in crude oil prices will lower soy oil prices in coming days.

Rise in competing oil prices, low supply stock, demand from China and India and rise in crude oil prices are all likely to underpin CPO prices in near term.

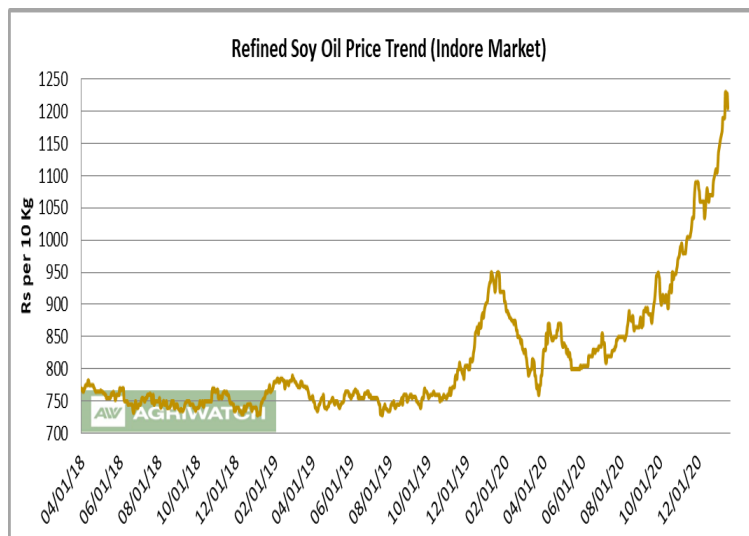
Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soy oil featured sideways trend in domestic markets in the week in review on sideways trend in prices of soy oil in international markets.

Soy oil demand is steady 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 on good demand from China.



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 2.51lakh 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 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 45-50/ton v/s loss of USD 35-40/ton (last week) margin in processing the imported Soybean Oil (Argentina Origin).

International Front

Soy oil prices are expected to be lower by improving crops 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 Dec due to higher crush of soybean leading to higher 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 National Oilseed Processors Association (NOPA), U.S. December soybean crush rose by 1.18 percent m-o-m to 183.159 million bushels from 181.018 million bushels in November 2020, above market expectation. Crush of soybean in December was higher by 2.43 percent y-o-y compared to December 2019 figure of 178.812 million bushels. Soy oil stocks in U.S. at the end of December rose 9.08 percent m-o-m to 1.699 billion lbs compared to 1.558 billion lbs in end November 2020. Stocks of soy oil in end December was down by 3.30 percent y-o-y compared to end December 2019, which was reported at 1.757 million lbs. Soy oil stocks was below trade expectation.

According to China's General Administration of Customs (CNGOIC), China's December Soybeans imports fell 21 percent m-o-m to 7.524 MT compared to 9.59 MT in November 2020. Imports rose 13 percent y-o-y in December from 88.51 MT in December 2019.

According to United States Department of Agriculture (USDA) January estimate, U.S 2020/21 ending stocks of soy oil estimate has been decreased to 1,814 million lbs compared to 1,889million lbs in December estimate. Opening stocks are kept unchanged to 1,849 million lbs in 2020/21. Production of soy oil in 2020/21 increased to 25,565 million lbs compared to 25,440 million lbs in previous estimate. Imports in 2020/21 are kept unchanged at 350 million lbs. Biodiesel use in 2020/21 increased to 8,200 million lbs compared to 8,100 million lbs in previous estimate. Food, feed and other industrial use in 2020/21 increased to 15,000 million lbs compared to 14,900 million lbs in previous estimate. Exports in 2020/21 is kept unchanged at 2,750 million lbs. Average price range estimate of 2020/21 is raised to 368.50 cents/lbs from 36.00 cents/lbs in its earlier estimate.

The U.S. Department of Agriculture monthly supply and demand report for the month of January forecasts U.S. 2020/21 soybean stocks at 140 million bushels compared to 175 million bushels in its December estimate. Opening stocks in 2020/21 increased to 525 million bushels compared to 523 million bushels in previous estimate. Soybean production in 2020/21 decreased to 4,135 million bushels compared to 4,170

million bushels in previous estimate. U.S. soybean exports estimate in 2020/21 increased to 2,230 million bushels compared to 2,200 million bushels in previous estimate. Imports estimate in 2020/21 increased to 35 million bushels compared to 15 million bushels in previous estimate. Crush in 2020/21 increased to 2,200 million bushels compared to 2,195 million bushels. Seed use in 2020/21 has been kept unchanged at 130 million bushels. Residual use in 2020/21 decreased to 22 million bushels compared to 35 million bushels. Average price range in 2020/21 is increased to 11.15 cents/bushel compared to 10.55 cents/bushel in its earlier estimate.

- USDA Attaché projected Brazil's 2020/21 Soybean sown area at 38.5 mln Ha and Soybean crop yields at 131.5 MMT. Dry weather conditions prevailing in Brazil has pressurized crops but it's still too early to re-access crop yield. Export is forecasted at 85 MMT. China has huge demand for Brazilian Soy Stocks.
- USDA Attaché projected Argentina's 2020/21 Soybean crops lowered to 50MMT and Sunflower seed to 2.9 MMT. Dry weather conditions prevailing in Argentina has pressurized crops as soil moisture is not significant for crop growth. Groundnut production is projected slightly high to 1.35 MMT due to higher sown area.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1100-1170 per 10 Kg in the near term.

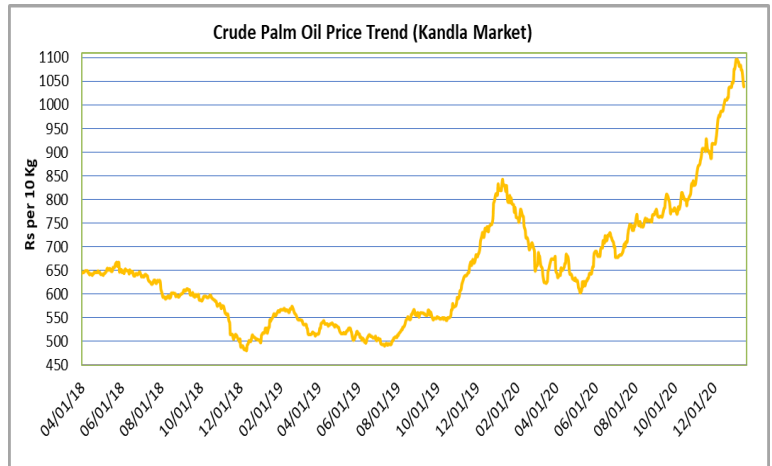
Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil (CPO) featured downtrend at its benchmark market at Kandla on fall in prices of palm oil in international markets following lower CBOT soy oil prices.

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

Palm oil international prices fell last week following Soy oil as strike in Argentina ended



which had paralyzed Soy demand of world and thus demand had shifted to Palm oil.

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.

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

Port stocks of palm oil rose in November compared to October as imports rose slowly while demand was firm.

Port stocks of palm oil will rise in Jan 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 32 (Rs 30) 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.

- According to Solvent Extractors' Association of India (SEA), India's December 2020, palm oil imports rose 18.38 per cent to 7,48,006 tonnes compared to 6,31,824 tonnes during December 2019. The overall import of vegetable oils during December 2020 was up 20 percent at 13,56,585 tonnes, compared with 11,28,281 tonnes in December 2019. It consisted of 13,28,161 tonnes of edible oils and 28,424 tonnes of non-edible oils. The overall import of vegetable oils during November-December 2020 was up by 9 per cent at 24,59,484 tonnes, compared with 22,55,501 tonnes in the year-ago period. As per the data, during November-December 2020, Malaysia was the major supplier of CPO (7,36,180 tonnes) followed by Indonesia (5,81,128 tonnes), while in case of crude soybean degummed oil, India mainly imported this from Argentina (5,51,558 tonnes), while crude sunflower oil was mainly imported from Ukraine (3,84,408 tonne) followed by Russia (64,629 tonnes). The stock of edible oils as on January 1, 2021, at various ports is estimated at 6,30,000 tonnes, including 3,25,000 tonnes CPO, 10,000 tonne RBD palmolein, 1,40,000 tonnes degummed soybean oil and 1,55,000 tonnes crude sunflower oil. The total pipeline was at 18,15,000 tonnes.
- 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 1025(USD 1105) per ton for Jan delivery and Feb delivery is quoted at USD 1015 (USD 1111) per ton. Last month, CNF CPO Dec average price was at 877.5 per ton (USD 745.27 per ton in Nov 2020). Values in brackets are figures of last week.

Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 1025 (USD 1040) per ton for Jan delivery and Feb delivery is quoted at USD 975(USD 1025) per ton. Last month, CIF RBD palmolein Dec average price was USD 887.29 (USD 759.30 in Nov 2020) per ton. Values in bracket depict last month quotes.

Ready lift CPO duty paid prices quoted at Rs 1038 (Rs 1037) per 10 Kg and Dec delivery duty paid is offered at Rs 1033 (Rs 1030 per 10 kg). Ready lift RBD palmolein is quoted at Rs 1050 (Rs 1000) per 10 kg as on Jan 15, 2020. Values in brackets are figures of last week.

- On the parity front, margins rose during this week with fall 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 Societe Generale de Surveillance (SGS), Malaysia's Jan 1-15 palm oil exports fall 44.4 percent to 403,255 tons compared to 725,380 tons last month. Top buyers were European Union 96,199 tons (139,925 tons), India at 43,692 tons (123,400 tons), China at 42,240 tons (51,550 tons), Pakistan at 0 tons (17,500 tons) and United States at 42,490 tons (35,900 tons). Values in brackets are figures of last month.
- According to cargo surveyor Intertek Testing Services (ITS), Malaysia's Jan 1-15 palm oil exports fall 42.0 percent to 416,565 tons compared to 717,660 tons last month. Top buyers were India & subcontinent 56,190 tons (131,920 tons), European Union 134,595 tons (165,990 tons) and China at 53,050 tons (56,800 tons). Values in brackets are figures of last month.
- 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.

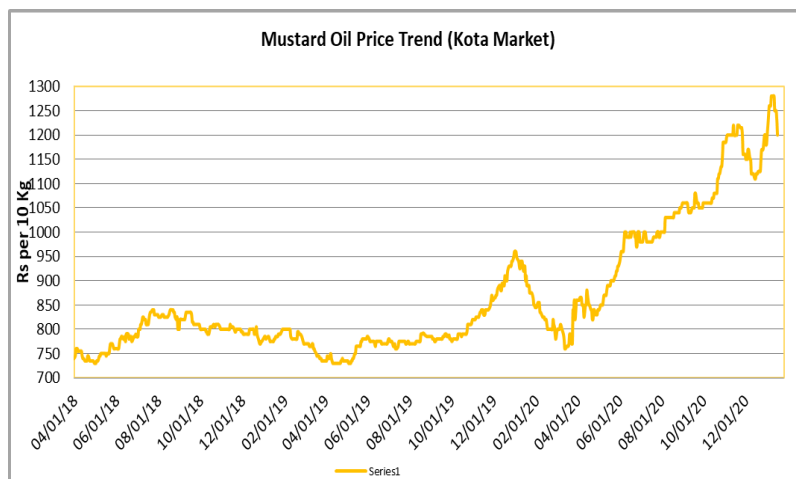
Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 1020-1080 per 10 Kg in the near term.

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

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 215 (Rs 220) 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 1260-1320 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

Sunflower oil price closed on down tone during the week in Chennai on account of hiked prices amid firm demand.

Prices of sunflower featured down tone at high seas same as CNF markets indicating slow demand at high seas.

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

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.

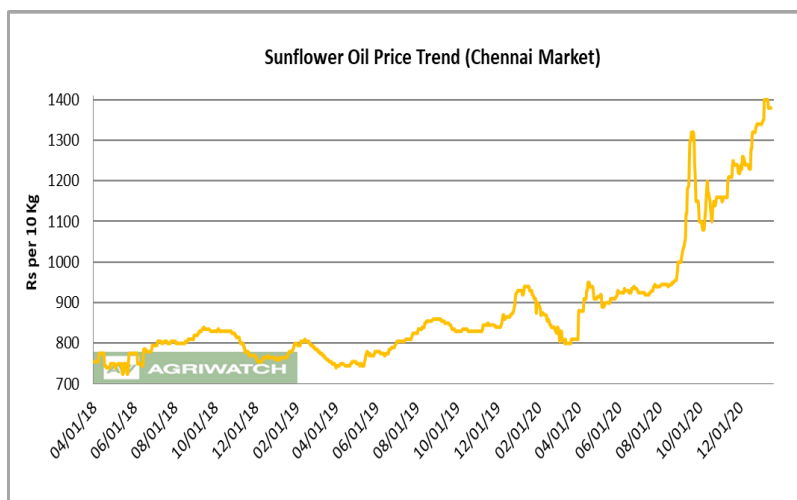
Import parity fell and refining margins are positive due to higher prices of sunflower oil in Indian markets and may lead to higher imports of sunflower oil in coming months.

Imports of sunflower oil rose in Dec despite negative import party and negative refining margins, while, it has higher premium over competing oils and rise in its prices are slowing demand.

In domestic market, sunflower oil prices premium over soy oil is at Rs 235 (Rs 195 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 287 (USD 190 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 USD320 (USD 219 last week) which will affect imports.

In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 330 (Rs 300) per 10 kg which is high will cap sunflower oil in domestic market.



In domestic market, Sunflower oil premium over Groundnut oil at Chennai market is at Rs 10 (Rs 00 last week) per 10 kg will lower sunflower oil prices.

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

- 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 1335 (USD 1300 per ton for Dec delivery and Jan delivery quoted at USD 1335 (USD 1300) 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 1300-1380 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 1380 (Rs 1400) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1350 (Rs 1370) per 10 kg as on January 16, 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 1350-1430 per 10 Kg.

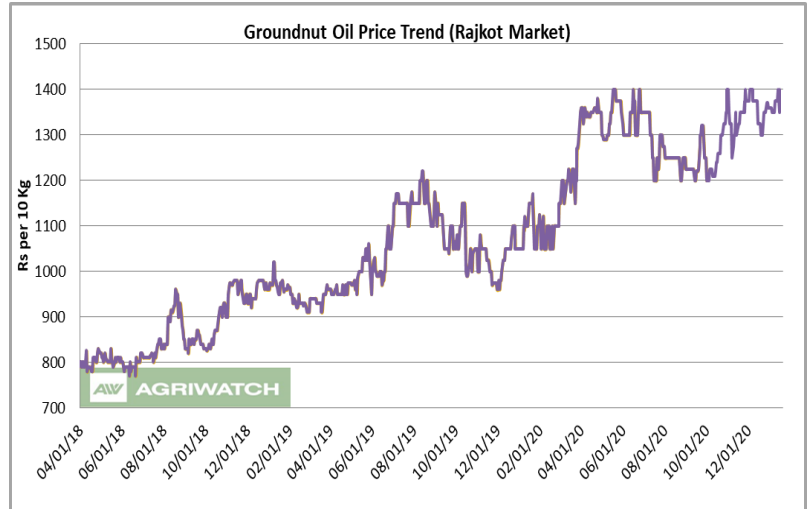
Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil market traded down due to hiked prices amid firm demand.

Groundnut oil prices closed down last week followed by sunflower oil prices falling down. Groundnut oil prices will be underpinned by rise export and rise in competing oils prices.

Groundnut oil prices in last week closed lower at Rs 1370 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 2.67 lakh metric tons of R-20 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 13,700 (Rs 13,500) per quintal and it was Rs 14,200 (Rs 14,000) per quintal in Chennai market on January 16, 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 1350-1400 per 10 Kg

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

- Coconut oil benchmark market of Kanganayan showed down trend with fall 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 will support coconut oil prices.

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

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.

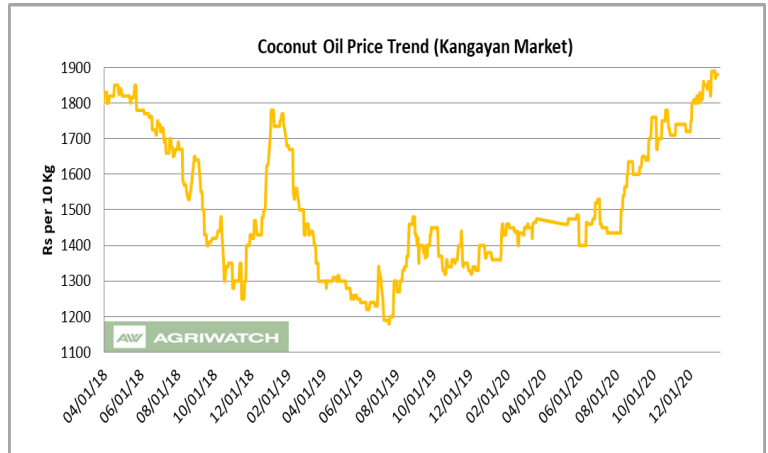
Demand of coconut oil in Cosmetic Industry fell down due to restricted opening of cosmetic Industry due to COVID-19.

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.

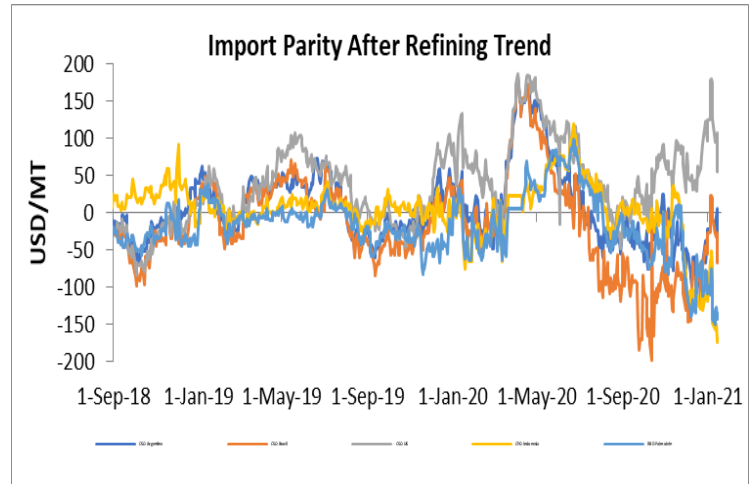
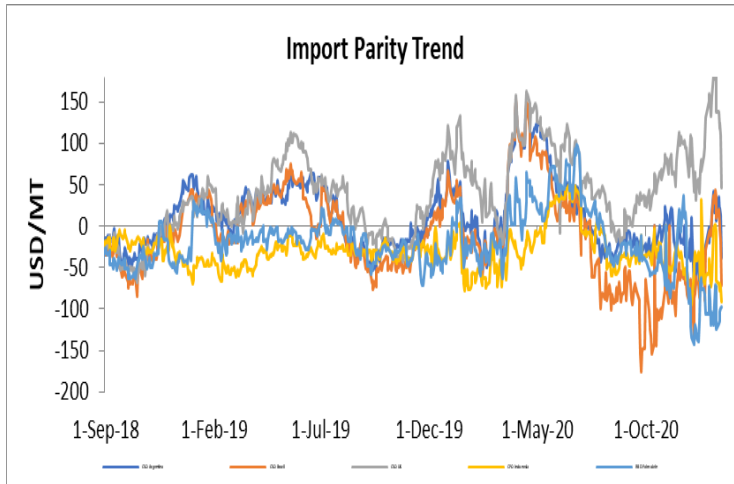
- Coconut oil exports scenario- India exported 12.44 lakh tons Coconut oil in October 2020 v/s 7.12 lakh tons export in October 2019. In the Financial year 2020-21 (April 2020 - October 2020) exports were 68.53 lakh tons compared to 43.26 lakh tons in last oil year, up 58.41 percent y-o-y.
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 18,800 (Rs 19,000) per quintal, and was quoted at 18,800 (Rs 18,900) per quintal in Erode market on January 16, 2021.



Price Outlook: Coconut oil (without GST) prices in Erode may stay in the range of Rs 1850-1930 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
Dec 28-Jan 3, 2021	-45.72	-46.96	115.16	-110.46	-93.48
Jan 4-Jan 9, 2021	-0.54	6.92	157.40	-83.93	-103.58
Jan 10-Jan 16, 2021	-12.53	-36.36	91.24	-159.39	-136.63

Outlook-:

Refining margins disparity fell for crude soy oil from Argentina after fall in prices of soy oil in international markets and firm demand in domestic market. We expect soy oil refining disparity to rise in medium term due to expectation of lower prices of soy oil in Indian markets.

Refining margins disparity rose for CPO with fall in prices of CPO in Indian markets. RBD palmolein refining margin disparity fell with fall in its prices of RBD palmolein in Indian markets. We expected CPO to retain disparity in medium term due to fall 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 in the coming days.

- Daily chart of refined soy oil at NCDEX depicts downtrend during the upcoming week in review. We expect prices to trade down to sideways in the near term.
- Prices may hover between 1100-1170 levels.
- Expected price band for next week is 1100-1270 level in near to medium term. RSI and MACD are indicating sideways sentiments.

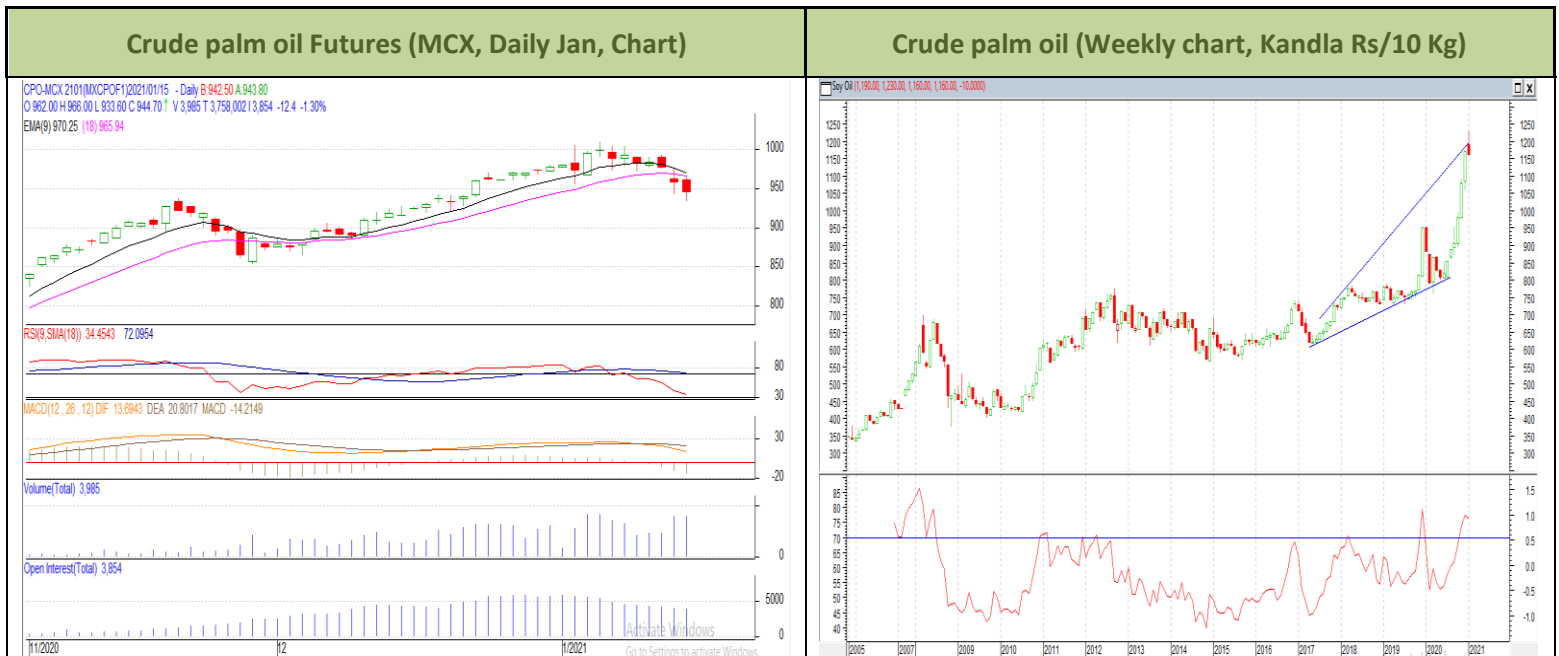
Strategy: Market participants are advised to go short below 1135 levels for a target of 1110 and 1095 with a stop loss at 1150 on closing basis.

RSO NCDEX (Jan)

Support and Resistance				
S2	S1	PCP	R1	R2
1078.78	1118.92	1133	1183.15	1204.00

Spot Market outlook: Refined soy oil Indore (without GST) is likely to stay in the range of Rs 1100-1170 per 10 Kg.

Technical Analysis (Crude Palm oil)



Outlook - Prices show downtrend in prices during the week. We expect that CPO January contract to trade in sideways note.

- Candlestick in weekly chart of crude palm oil at MCX depicts down trend in the prices. We expect the commodity to trade down to sideways in the near term.
- Price may range from 1020-1080.
- Expected price band for next week is 920-990 level. RSI and MACD are indicating sideways sentiments.

Strategy: Market participants are advised to go short in CPO below 945 for a target of 920 and 905 with a stop loss at 960 on closing basis.

CPO MCX (Jan)

Support and Resistance				
S2	S1	PCP	R1	R2
897.97	921.33	944.7	980.33	1015.97

Spot Market outlook: Crude palm oil (without GST) is likely to stay in the range of Rs 1020-1080 per 10 Kg.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		16-Jan-21	09-Jan-21	
Refined Soybean Oil	Indore	1145	1205	-60
	Indore (Soy Solvent Crude)	1090	1160	-70
	Mumbai	1170	1250	-80
	Mumbai (Soy Degum)	1135	1220	-85
	Kandla/Mundra	1140	1240	-100
	Kandla/Mundra (Soy Degum)	1100	1175	-75
	Kolkata	1170	1270	-100
	Delhi	1195	1270	-75
	Nagpur	1150	1190	-40
	Rajkot	1180	1200	-20
	Kota	1130	1220	-90
	Hyderabad	-	0	-
	Akola	1160	1215	-55
	Amrawati	1155	1200	-45
	Bundi	1120	1230	-110
	Jalna	1140	1180	-40
	Solapur	1135	1175	-40
	Dhule	1130	1170	-40
	Nanded	1132	1172	-40
	Latur	1145	1200	-55
	Argentina Crude Soya (CIF India) USD	1048	1140	-92
	Argentina Crude Soya (FOB)	1022	1093	-71
	Soya Oil(Rot.)(Euro/MT FOB) (1000) GMT	945	945	Unch
Palm Oil*	Kandla (Crude Palm Oil)	1038	1081	-43
	Kandla (RBD Palm oil)	1045	1075	-30
	Kandla RBD Pamolein	1050	1100	-50
	Kakinada (Crude Palm Oil)	1000	1010	-10
	Kakinada RBD Pamolein	1070	1105	-35
	Haldia Pamolein	1090	1120	-30
	Chennai RBD Pamolein	1090	1120	-30
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1138	1162	-24
	Krishnapattanam RBD Pamolein	1075	1110	-35
	Mumbai RBD Pamolein	1080	1130	-50
	Mangalore RBD Pamolein	1075	1125	-50
	Tuticorin (RBD Palmolein)	1090	1105	-15
	Mumbai (Refined)	1050	1120	-70

	Rajkot (Refined)	1090	1110	-20
	Chennai (Refined)	1100	1115	-15
	Hyderabad (Refined)	1100	1105	-5
	Delhi (Refined)	1125	1155	-30
	PFAD (Kandla)	650	700	-50
	RPS (Kandla)	815	835	-20
	Superolien (Kandla)	1080	1130	-50
	Superolien (Mumbai)	1105	1120	-15
	Kochi (RBD Palmolein)	1095	1115	-20
	Krishnapattanam (Crude Palm Oil)	1000	1010	-10
	Mumbai (Crude Palm Oil)	1080	1100	-20
	Kolkata (Crude Palm Oil)	1000	1040	-40
	Palm Kernel Oil (1000) GMT	1350	1420	-70
Refined Sunflower Oil	Chennai (Refined)	1380	1400	-20
	Chennai (Crude)	1340	1360	-20
	Mumbai (Refined)	1330	1380	-50
	Mumbai (Expeller Oil)	1300	1350	-50
	Kandla (Refined)	1350	1370	-20
	Hyderabad (Refined)	1365	1390	-25
	Hyderabad (Expeller)	1310	1330	-20
	Latur (Refined)	1385	1385	Unch
	Latur (Expeller Oil)	1315	1315	Unch
	Chellakere (Expeller Oil)	1310	1310	Unch
	Erode (Expeller Oil)	1430	1430	Unch
	Kakinada (Refined)	1350	1370	-20
	Krishna Pattanam (Refined)	1350	1370	-20
	Delhi (Refined)	1310	1315	-5
	Sun Oil (Rotterdam)	1280	1315	-35
Groundnut Oil	Rajkot	1370	1350	20
	Chennai	1420	1400	20
	Delhi	1410	1410	Unch
	Hyderabad *	1420	1430	-10
	Mumbai	1400	1410	-10
	Gondal	1375	1380	-5
	Jamnagar	1375	1380	-5
	Gujarat GN Telia	2170	2200	-30
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1273	1298	-25
	Jaipur (Kacchi Ghani Oil)	1300	1325	-25
	Kota (Expeller Oil)	1200	1280	-80
	Kota (Kacchi Ghani Oil)	1290	1315	-25

	Neewai (Expeller Oil)	1250	1275	-25
	Neewai (Kacchi Ghani Oil)	1280	1305	-25
	Bharatpur (Kacchi Ghani Oil)	1220	1300	-80
	Sri-Ganga Nagar(Exp Oil)	1250	1285	-35
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1280	1315	-35
	Mumbai (Expeller Oil)	1265	1300	-35
	Kolkata(Expeller Oil)	1330	1340	-10
	New Delhi (Expeller Oil)	1230	1300	-70
	Hapur (Expeller Oil)	1220	1225	-5
	Hapur (Kacchi Ghani Oil)	1250	1255	-5
	Agra (Kacchi Ghani Oil)	1225	1305	-80
	Nagpur (Expeller Oil)	1273.33 33	1286.66 67	- 13.33 3
Refined Cottonseed Oil	Rajkot	1085	1155	-70
	Hyderabad	1145	1185	-40
	Mumbai	1140	1175	-35
	New Delhi	1050	1140	-90
	Gujarat Cotton Wash	1090	1120	-30
Coconut Oil	Kangayan (Crude)	1880	1890	-10
	Cochin	1870	1900	-30
	Coconut Oil(Rot.)(Phil/Indo)	1440	1500	-60
Vanaspati Oil	Uttar Pradesh	1460	1505	-45
	Kolkata	1425	1450	-25
	Rajkot	1623	1623	Unch
Sesame Oil	New Delhi	0	1400	-1400
	Mumbai	-	0	-
Kardi	Mumbai	-	0	-
Rice Bran Oil	New Delhi (40%)	0	895	-895
	Punjab 4%)	1030	1120	-90
	Bhatinda (Crude 4%)	785	860	-75
	Bhatinda (Refined 4%)	900	975	-75
	Hyderabad (Crude)	900	900	Unch
	Hyderabad (Refined)	-	1050	-
	Kolkata (Crude)	870	950	-80
	Kolkata (Refined)	1050	1120	-70
	Raipur (Crude)	840	945	-105
	Raipur (Refined)	1050	1130	-80
	Odisha (Refined)	1020	1120	-100



	Vijayawada (Refined)	960	1020	-60
Malaysia Palmolein USD/MT	FOB	975	1040	-65
	CNF India	1003	1094	-91
Indonesia CPO USD/MT	FOB	1025	1072	-47
	CNF India	1015	1111	-96
RBD Palm oil (Malaysia Origin USD/MT)	FOB	998	1035	-37
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	980	1018	-38
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1490	1540	-50
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	865	898	-33
Crude palm Kernel Oil India (USD/MT)	CNF India	1480	1560	-80
Ukraine Origin CSFO USD/MT Kandla	CIF	1335	1330	5
Rapeseed Oil Rotterdam Euro/MT	FOB	960	890	70
Argentina FOB (\$/MT)		15-Jan-21	8-Jan-21	Change
Crude Soybean Oil Ship		1050	1110	-60
Refined Soy Oil (Bulk) Ship		1087	1149	-62
Sunflower Oil Ship		1260	1236	24
Cottonseed Oil Ship		1030	1090	-60
Refined Linseed Oil (Bulk) Ship		-	0	-
* 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> 2021 Indian Agribusiness Systems Ltd.