

# 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 and BMD palm oil prices quoted sideways during the week. Coconut oil, Groundnut oil, Sunflower oil, rapeseed oil, traded up, While, Soy oil and Palm oil traded down.*

*On the currency front, Indian rupee is hovering near 72.90 against 72.92 previous weeks. Rupee expected to depreciate while crude oil prices expected to rise.*

*We expect Palm oil to rise and Soy oil to feature high trend on strong fundamentals.*

#### *Outlook:*

*Weekly Call -: In NCDEX, Market participants are advised to go long above 1110 levels for a target of 1135 and 1140 with a stop loss at 1100 on closing basis. We expect Refined soy oil Indore (without GST) is likely to stay in the range of Rs 1080-1170 per 10 Kg.*

*In MCX, Market participants are advised to go long in CPO above 985 for a target of 1010 and 1025 with a stop loss at 965 on closing basis. We expect, Crude palm oil (without GST) is likely to stay in the range of Rs 980-1050 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 have a sideways sentiment in 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 slow at high seas as its prices are traded sideways at high seas while CNF markets traded down compared to last week.

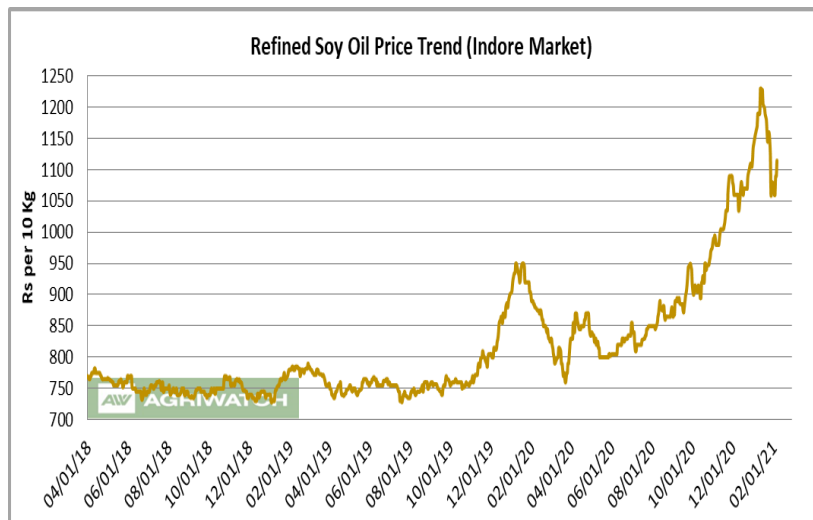
Demand of soybean in poultry is improving and resulted in high imports of Soymeal and Soy Oil on good demand from China.

CBOT SOY oil traded down in international market as traders expects tight supply in US and delay in harvesting in Brazil due to heavy rains.

Soy oil stocks in oil year 2019-20 was 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 oil market. Imports of soy oil rose in December due to low supply in market, negative import parity and refining margins in December. Imports of soy oil may fall in January as monthly stocks are high in ports and pipelines.

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 December edible oil imports rose 20 percent y-o-y to 13.56 lakh tons from 11.28 lakh tons in December 2019. Palm oil imports in December rose 3.33 percent y-o-y to 7.51 lakh tons from 7.27 lakh tons in December 2019. CPO imports rose 15.64 percent in December y-o-y to 7.48 lakh tons from 6.31 lakh tons in December 2019. RBD palmolein import fell 97.87 percent to 0.02 lakh tons in December vs. 0.94 lakh tons in December 2019. Soy oil imports rose 47.83 percent in December y-o-y to 3.22 lakh tons from 1.68 lakh tons in December 2019. Sunflower oil imports fell 2.60 percent y-o-y in December to 4.49 lakh tons from 4.61 lakh tons in December 2019. Rapeseed (canola) oil stood at 0 imports in December same as in December 2019.



- According to Solvent Extractors Association (SEA), India's January edible oil stocks at ports and pipelines rose 26.83 percent m-o-m to 18.15 lakh tons from 14.31 lakh tons in December 2020. Stocks of edible oil at ports in January estimated at 630,000 tons (CPO 325,000 tons, RBD Palmolein 10,000, Degummed Soybean Oil 140,000 tons and Crude Sunflower Oil 155,000) and about 1,185,000 tons in pipelines. (Stocks at ports were 581,000 tons and in pipelines were 850,000 tons in December 2020). India is presently holding 30 days of edible oil requirement on 1st January, 2021 at 18.15 lakh tons compared to 25 days of requirements of 14.31 lakh tons on 1st December, 2020. India held 18.60 lakh tons of stocks in ports and pipelines on 1st January 2020. India's monthly edible oil requirement is 19.0 lakh tons.
- Soy oil import scenario – According to SEA, Soy oil imports rose 47.83 percent in December y-o-y to 3.22 lakh tons from 1.68 lakh tons in December 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 1094 (USD 1072) per ton for Feb delivery, Mar delivery quoted at USD 1087 (USD 1037) per ton and Apr delivery quoted at USD 1021 (USD 1017) per ton. Values in brackets are figures of last week. Last month, CNF CDSO January average price was USD 1101.6 (USD 1068.54 per ton in December 2020) per ton. Soy refined (Indore) quoted at Rs 1120 (Rs 1065 last week) per 10 kg.
- On the parity front, margins fell during the week due to sideways trend in prices of soy oil in international markets. We expect margins to improve in coming days. Currently, refiners lose USD 15-20/ton v/s loss of USD 5-10/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 1080-1170 per 10 Kg in the near term.

### Palm oil Fundamental Analysis and Outlook -:

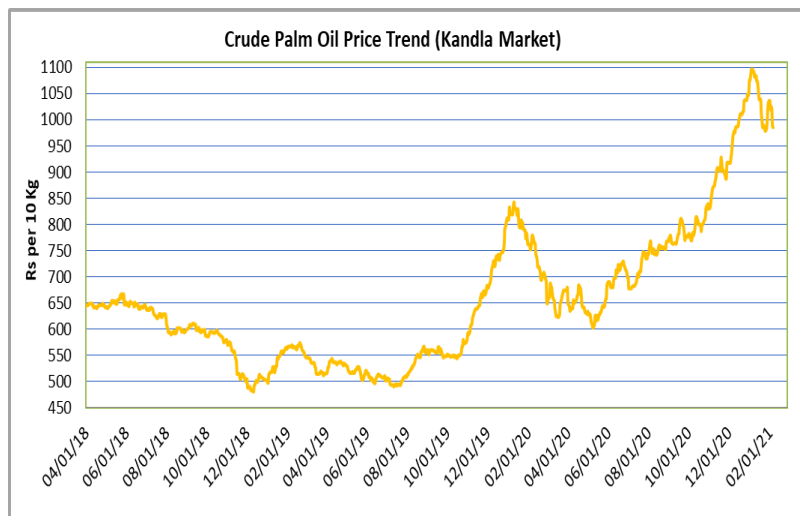
#### Domestic Front

- Crude palm oil (CPO) featured downtrend at its benchmark market at Kandla on cut in CPO import duty in India.

International prices also fell down amid tight supply and following CBOT Soy oil.

Government of India slashed CPO Import Duty from 37.5 percent to 27.5 percent amid surge in Palm Oil prices.

CPO price movement is impacted by lower import duty.



Demand of palmolein is improving after government's effort to open country. As it mainly used in street food, small eateries and restaurant chains, it will start opening progressively.

Imports of palm oil by India rise in December despite lower RBD palmolein imports. Imports of CPO were higher while RBD palmolein imports started after zero import in previous months. Imports of palm oil rose in Dec rose m-o-m due to low supply of palm oil in domestic market. Imports will rise in February on rise in demand, 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.

Demand of CPO was firm compared to RBD palmolein at high seas despite premium of RBD palmolein over CPO was at Rs 90 (Rs 8) 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 rise going ahead on firm demand and rise in prices of palm oil in international markets.

- According to Solvent Extractors Association (SEA), India's December edible oil imports rose 20 percent y-o-y to 13.56 lakh tons from 11.28 lakh tons in December 2019. Palm oil imports in December rose 3.33 percent y-o-y to 7.51 lakh tons from 7.27 lakh tons in December 2019. CPO imports rose 15.64 percent in December y-o-y to 7.48 lakh tons from 6.31 lakh tons in December 2019. RBD palmolein import fell 97.87 percent to 0.02 lakh tons in December vs. 0.94 lakh tons in December 2019. Soy oil imports rose 47.83 percent in December y-o-y

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- According to Solvent Extractors Association (SEA), India's January edible oil stocks at ports and pipelines rose 26.83 percent m-o-m to 18.15 lakh tons from 14.31 lakh tons in December 2020. Stocks of edible oil at ports in January estimated at 630,000 tons (CPO 325,000 tons, RBD Palmolein 10,000, Degummed Soybean Oil 140,000 tons and Crude Sunflower Oil 155,000) and about 1,185,000 tons in pipelines. (Stocks at ports were 581,000 tons and in pipelines were 850,000 tons in December 2020). India is presently holding 30 days of edible oil requirement on 1st January, 2021 at 18.15 lakh tons compared to 25 days of requirements of 14.31 lakh tons on 1st December, 2020. India held 18.60 lakh tons of stocks in ports and pipelines on 1st January 2020. India's monthly edible oil requirement is 19.0 lakh tons.
- Palm oil import scenario – According to Solvent Extractors Association (SEA), Palm oil imports in December rose 3.33 percent y-o-y to 7.51 lakh tons from 7.27 lakh tons in December 2019. Imports in the oil year 2019-20 (November 2019-October 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 15.64 percent y-o-y in December to 7.48 lakh tons from 6.31 lakh tons in December 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 97.87 percent in December to 0.02 lakh tons from 0.94 lakh tons in December 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 1060(USD 1065) per ton for Feb delivery and Mar delivery is quoted at USD 1020 (USD 1060) per ton. Last month, CNF CPO Jan average price is at 1043.28 per ton (USD 984.35 per ton in Dec 2020). Values in brackets are figures of last week. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 1005 (USD 1025) per ton for Feb delivery and Mar delivery is quoted at USD 960 (USD 960) per ton. Last month, CIF RBD palmolein Jan average price is USD 1028.52 (USD 988.76 in Dec 2020) per ton. Values in bracket depict last month quotes. Ready lift CPO duty paid prices quoted at Rs 985(Rs 1060) per 10 Kg and Jan delivery duty paid is offered at Rs 992 (Rs 1074 per 10 kg). Ready lift RBD palmolein is quoted at Rs 1075 (Rs 1045) per 10 kg as on February 6, 2020. Values in brackets are figures of last week.
- On the parity front, margins fell during this week with fall in prices of palm oil in India markets after lower import duty.



### International Front

Palm oil prices are likely to rise due to expectation of lower supply stock of palm oil, supply disruption due to heavy rains in Malaysia, Increase in demand from India and China, 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 rise 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.

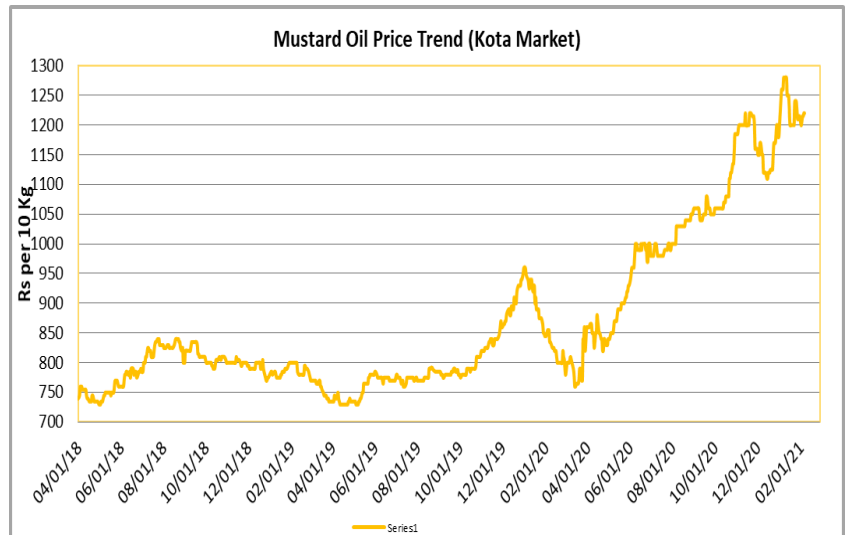
- According to Cargo Surveyor Intertek Testing Services (ITS), Malaysia's Jan palm oil exports fall 37.2 percent to 1,059,225 tons compared to 1,685,958 tons last month. Top buyers were India & subcontinent 190,765 tons (516,600 tons), European Union 308,455 tons (310,610 tons) and China at 131,450 tons (200,960 tons). Values in brackets are figures of last month.
- According to an independent inspection company AmSpec Agri, Malaysia's Jan palm oil exports fall 36.2 percent to 1,089,702 tons compared to 1,709,084 tons last month. Crude Palm Oil export fell by 69.55 percent to 225,421 tonnes from 740,263 tonnes compared to last month. RBD Palm oil export fell by 5.91 percent to 87,055 tonnes from 92,525 tonnes compared to last month. RBD Palm olein export fell by 5.77 percent to 331,770 tonnes from 352,092 tonnes compared to last month.
- According to Indonesia the trade ministry, Indonesia will charge an export duty of USD 93 per ton on crude palm oil for February, up from \$74/Ton tax in January. Reference price of February is set at USD 1026.78 per ton compared to USD 951.86 per ton 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.

**Price Outlook:** We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 980-1050 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 have stretched for year 2019-20 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.

NAFED and HAFED have been gradually disposing rapeseed-mustard. The Nafed has sold about 11.5 lakh tonnes of old and new stocks while Hafed has offloaded around 4.8 lakh tonnes of the seed of the total 5.30 lakh tonnes procured by the agency this year.

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

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 215 (Rs 250) per 10 kg which is higher than last week will cap gains in rapeseed oil prices.

Markets are expected to trade sideways to higher in coming days on falling stocks of rapeseed oil.

India has not imported any rape oil (canola) in December too and as in last several months, on higher domestic crushing and comfortable mustard oil stock. We expect, India will not import the rape oil in coming months too.

- 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.

- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,260 ( Rs 1,250) per 10 Kg, and at Kota market, it is offered at Rs 1,250 (Rs 1,240) per 10 kg as on January 29, 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 1220-1300 per 10 Kg.

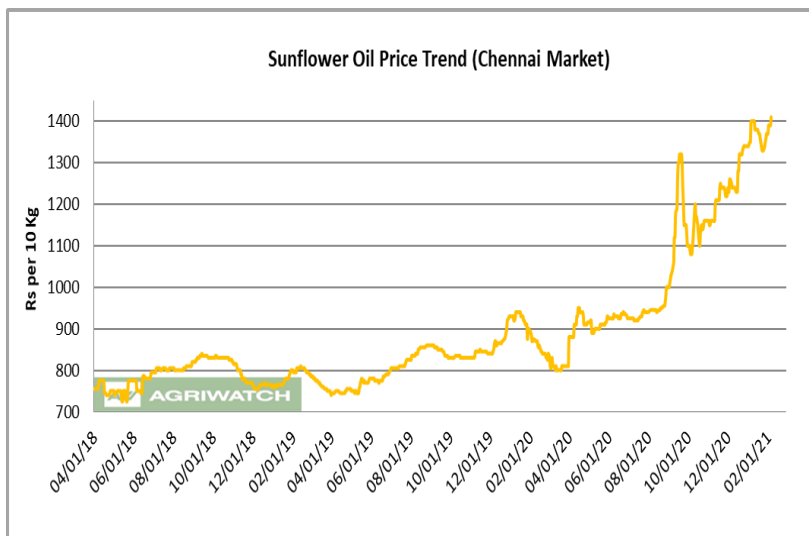
## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

- Sunflower oil price closed on high trend during the week in Chennai on account of tight supply of Sunflower oil in International market.

Prices of sunflower featured up tone at high seas same as CNF markets indicating rise in demand at high seas.

Prices of sunflower oil quoted up on rise in demand 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.

Import parity fell and refining margins are also low despite higher prices of sunflower oil in Indian markets.

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 310 (Rs 255 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 256(USD 262 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 330 (USD 295 last week) which will affect imports.

In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 335 (Rs 325) per 10 kg which is high will cap sunflower oil in domestic market.

In domestic market, Groundnut oil premium over Sunflower oil at Chennai market is at Rs 15 (Rs 30 last week) per 10 kg will lower sunflower oil prices.

Prices of sunflower oil expected to trade sideways as International prices are hiked up due to tight supply.

- Sunflower oil imports scenario- According to Solvent Extractors Association (SEA), Sunflower oil imports fell in

December to 4.49 lakh tons from 4.61 lakh tons in December 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.

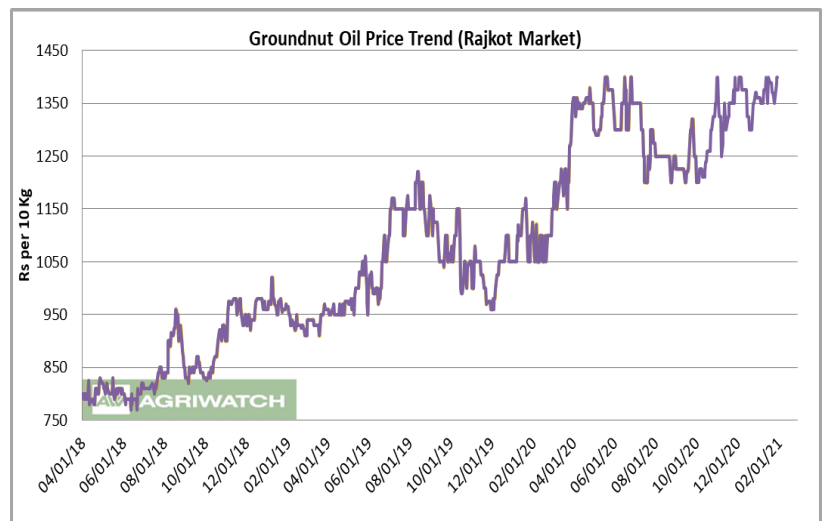
- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 1350(USD 1360 per ton for Feb delivery and Mar delivery quoted at USD 1350 (USD 1360) per ton. CNF sun oil (Ukraine origin) Jan monthly average was at USD 1321.2 per ton compared to USD 1210.81 per ton in Dec). Prices are likely to stay in the range of USD 1350-1420 per ton in the near term. Values in brackets are figures of last week.
- Currently, refined sunflower oil at Chennai market is Rs 1,410 (Rs 1,370) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1420 (Rs 1350) per 10 kg as on February 6, 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 1400-1460 per 10 Kg.

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

##### **Domestic Front**

- Groundnut oil market traded up amid slow supply in market.  
Groundnut oil prices closed up as of a Week's before. Groundnut oil prices will be underpinned by rise export and rise in competing oils prices.  
Groundnut oil prices in Gujarat has raised as supply is low and demand is firm.



In Gujarat, NAFED procured a total of 2.02 lakh tonnes of Groundnut seed from Gujarat lowest in six-year from October 26 to January 12, 2021. The procurement is below than the allotted quota i.e., 11 lakh tonnes. The procurement was happening in the backdrop of farmers' protests in New Delhi against the three new farm laws. Also, higher prevailing prices in the spot market prompted farmers to sell groundnut there.

Groundnut seed prices are high in Gujarat and Rajasthan thus, millers are procuring seeds from Saurashtra and Southern States.

Groundnut oil has good export demand specially from China.

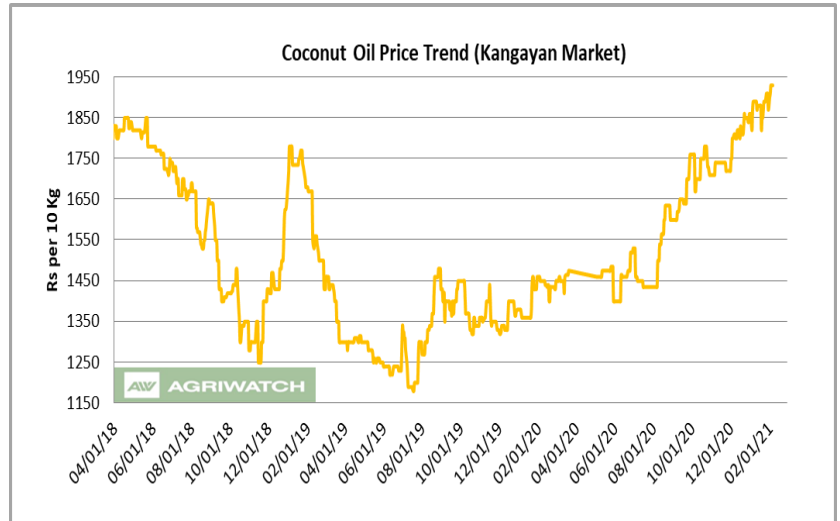
- NAFED has procured 2.85 lakh metric tons of R-20 crops under PSS including Gujarat (2,02,610 MT), Haryana (691 MT), Andhra Pradesh (254 MT), Rajasthan (74,492 MT) and UP (6,528 MT).
- Groundnut oil exports scenario- India exported 38,217 tons Groundnut oil in November 2020 v/s 912 tons export in November 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 14,250 (Rs 14,000) per quintal and it was Rs 14,800 (Rs 14,000) per quintal in Chennai market on February 6, 2021. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade up in the coming days.

#### **Price Outlook:**

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 1380-1450 per 10 Kg

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

- Coconut oil benchmark market of Kangayan showed up trend with rise in price of copra.  
Supply of coconut oil is rising as lockdown is opening in phases and demand is getting firm.  
In previous week, firm Coconut demand from Rajasthan, Madhya Pradesh and Uttar Pradesh resulted in rise in Copra prices.



Supply of coconut oil is rising slowly while Coconut oil prices are following competing edible oils.

Demand of coconut oil in home consumption is stable.

Demand of coconut oil in Cosmetic Industry are rising.

Millers operating capacity is improving due to improving demand in food and industrial segment and branded segment. Demand of coconut oil is firm, as competing oil prices are rising are competing for shares in market.

The country demand is reviving due to opening of the country

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.

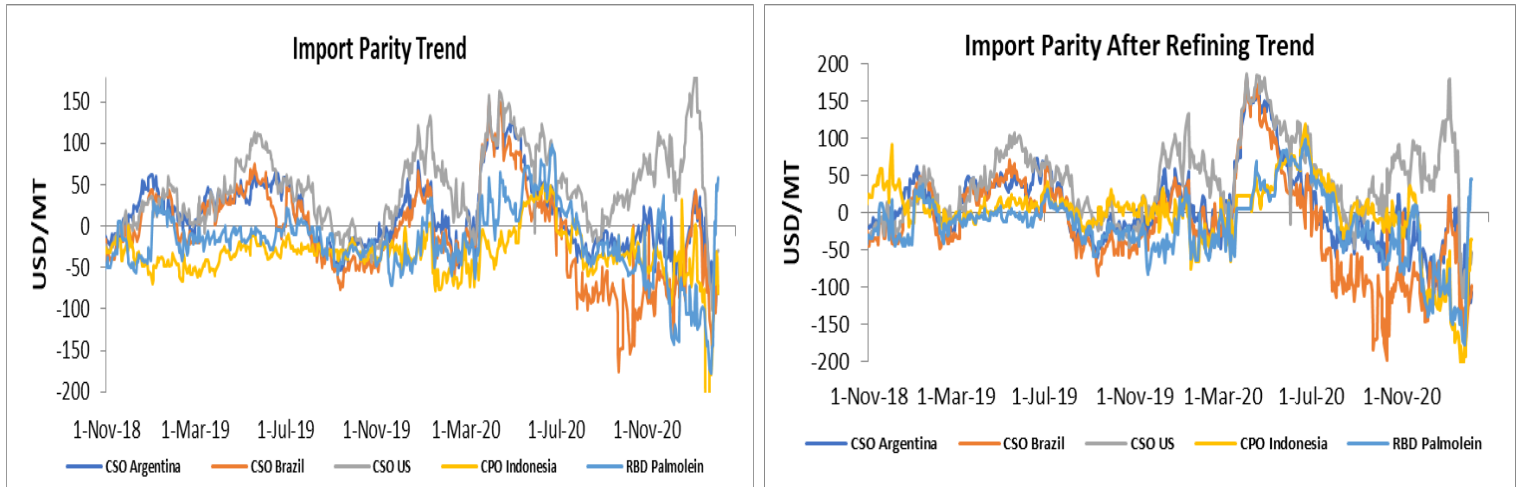
- Coconut oil exports scenario- India exported 1,139.56 tons Coconut oil in November 2020 v/s 789.79 tons export in November 2019. In the Financial year 2020-21 (April 2020 - November 2020) exports were 7,993.24 tons compared to 5,113.34 tons in last oil year, up 56.32 percent y-o-y.
- On the price front, currently the coconut oil prices in Kochi is hovering remain at Rs 20,000 (Rs 19,200) per quintal, and was quoted at 19,300 (Rs 18,700) per quintal in Erode market on February 6, 2021.

**Price Outlook:** Coconut oil (without GST) prices in Erode may stay in the range of Rs 1900-1960 per 10 Kg.



### Import Parity Trend

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



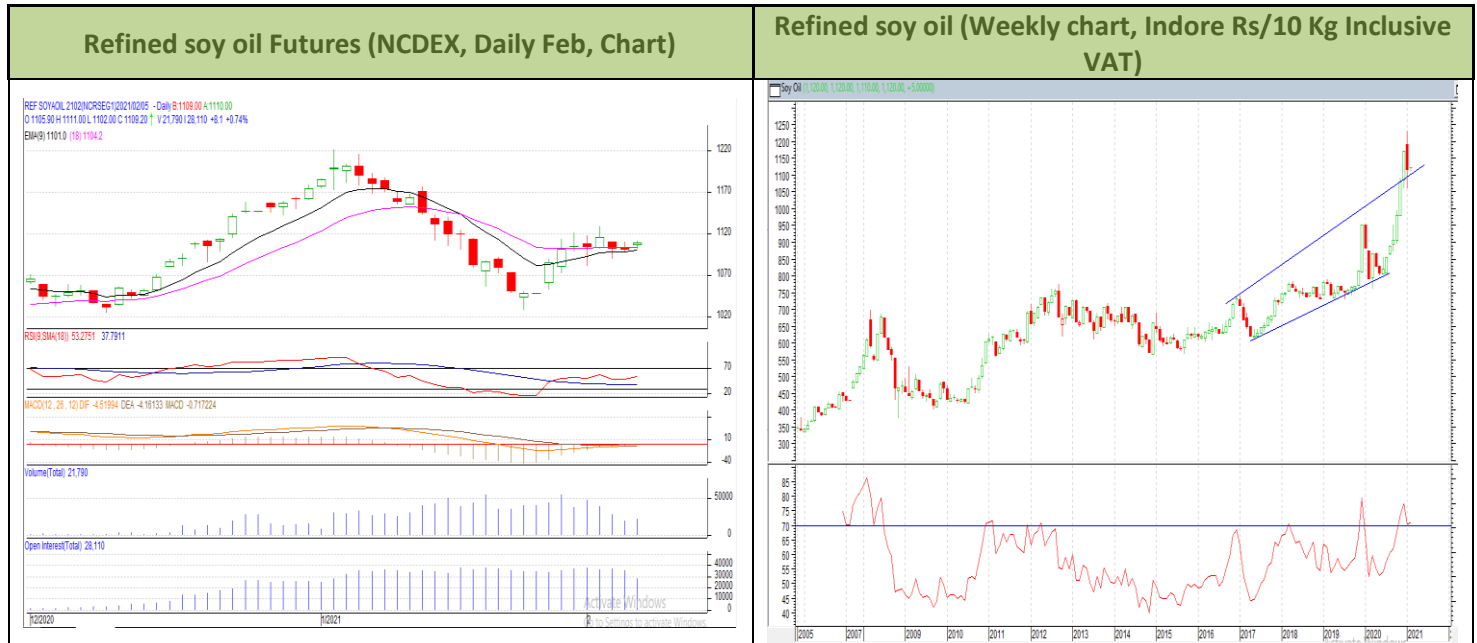
	CSO Argentina	CSO Brazil	CSO US	CPO Indonesia	RBD Palmolein
<b>Jan 17-Jan 23, 2021</b>	-45.90	-82.31	-16.07	-178.92	-136.27
<b>Jan 24-Jan 31, 2021</b>	-88.14	-158.69	-107.02	-190.62	-156.85
<b>Feb 1-Feb 6, 2021</b>	-106.64	-112.28	-64.09	-55.29	26.93

### Outlook-:

Refining margins disparity rose for crude soy oil from Argentina after sideways trend in prices of soy oil in international markets amid firm demand in tight supply. We expect soy oil refining disparity to fall in medium term due to expectation of higher prices of soy oil in Indian markets.

Refining margins disparity fell for CPO with cut in import duty by Government. RBD palmolein refining margin parity rose with rise in its prices of RBD palmolein in Indian markets. We expected CPO to retain disparity in medium term.

### Technical Analysis (Refined soy oil)



**Outlook – Refined soybean oil witnessed sideways trend during the week in review and is likely to trade firm in the coming days.**

- Daily chart of refined soy oil at NCDEX depicts up trend during the upcoming week in review. We expect prices to trade firm in the near term.
- Prices may hover between 1080-1170 levels.
- Expected price band for next week is 1100-1150 level in near to medium term. RSI and MACD are indicating sideways sentiments.

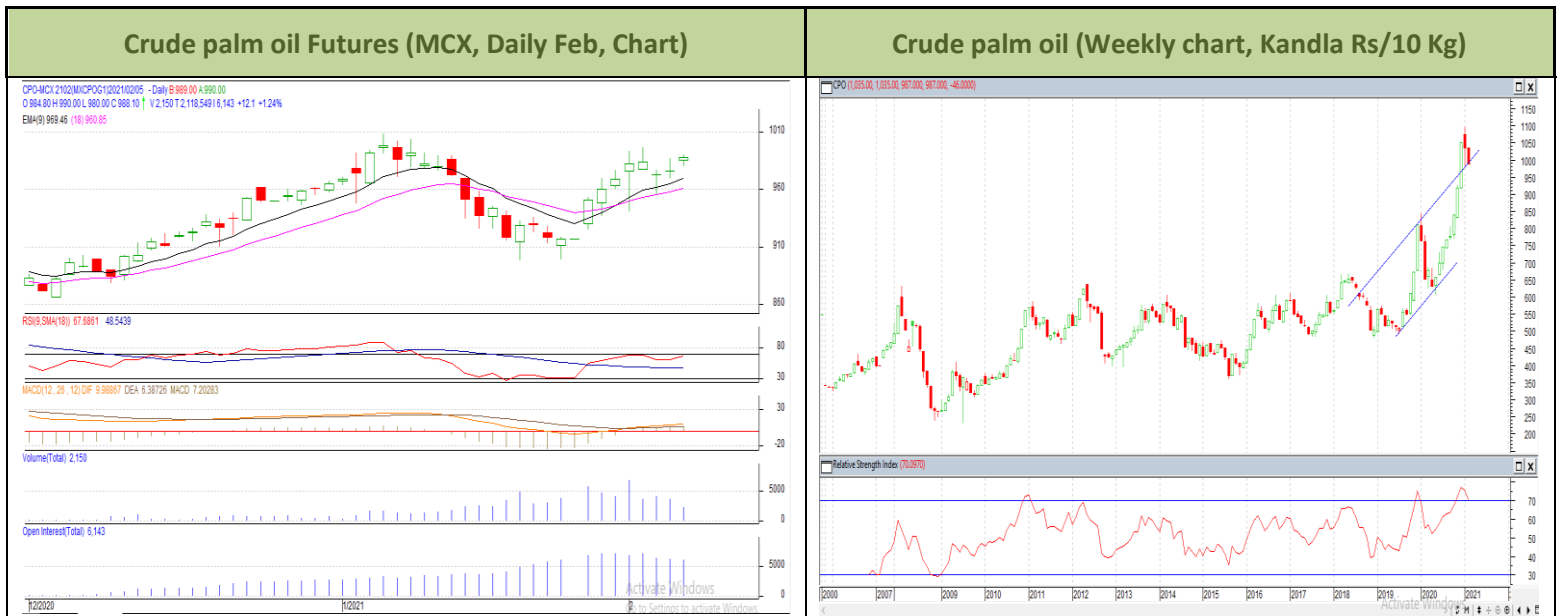
**Strategy:** Market participants are advised to go long above 1110 levels for a target of 1135 and 1140 with a stop loss at 1100 on closing basis.

### RSO NCDEX (Feb)

Support and Resistance				
S2	S1	PCP	R1	R2
1042.18	1072.54	1109.2	1158.95	1200.98

**Spot Market outlook:** Refined soy oil Indore (without GST) is likely to stay in the range of Rs 1080-1170 per 10 Kg.

### Technical Analysis (Crude Palm oil)



**Outlook – Kandla Daily CPO spot prices showed downtrend in prices during the week. We expect that CPO February contract to trade in firm note.**

- Candlestick in weekly chart of crude palm oil at MCX depicts up trend in the prices. We expect the commodity to trade up in the near term.
- Price may range from 980-1050.
- Expected price band for next week is 960-1010 level. RSI and MACD are indicating sideways sentiments.

**Strategy:** Market participants are advised to go long in CPO above 985 for a target of 1010 and 1025 with a stop loss at 965 on closing basis.

#### CPO MCX (Feb)

Support and Resistance				
S2	S1	PCP	R1	R2
918.50	953.30	988.1	1009.90	1031.70

**Spot Market outlook:** Crude palm oil (without GST) is likely to stay in the range of Rs 980-1050 per 10 Kg.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		06-Feb-21	30-Jan-21	
Refined Soybean Oil	Indore	1100	1115	-15
	Indore (Soy Solvent Crude)	1060	1065	-5
	Mumbai	1150	1060	90
	Mumbai (Soy Degum)	1120	1130	-10
	Kandla/Mundra	1120	1120	Unch
	Kandla/Mundra (Soy Degum)	1090	1085	5
	Kolkata	1160	1120	40
	Delhi	1175	1180	-5
	Nagpur	1108	1100	8
	Rajkot	1150	1140	10
	Kota	1115	1120	-5
	Hyderabad	-	0	-
	Akola	1125	1110	15
	Amrawati	1120	1105	15
	Bundi	1125	1130	-5
	Jalna	1098	1090	8
	Solapur	1103	1095	8
	Dhule	1088	1080	8
	Nanded	1093	1085	8
	Latur	1100	1100	Unch
	Argentina Crude Soya (CIF India) USD	1094	1098	-4
	Argentina Crude Soya (FOB)	1024	1025	-1
	Soya Oil(Rot.)( Euro/MT FOB) (1000) GMT	930	920	10
Palm Oil*	Kandla (Crude Palm Oil)	985	1033	-48
	Kandla (RBD Palm oil)	1025	1020	5
	Kandla RBD Pamolein	1075	1045	30
	Kakinada (Crude Palm Oil)	990	985	5
	Kakinada RBD Pamolein	1085	1065	20
	Haldia Pamolein	1085	1070	15
	Chennai RBD Pamolein	1090	1065	25
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1148	1115	33
	Krishnapattanam RBD Pamolein	1090	1065	25
	Mumbai RBD Pamolein	1110	1060	50
	Mangalore RBD Pamolein	1100	1060	40
	Tuticorin (RBD Palmolein)	1085	1070	15

	Mumbai (Refined)	1090	1060	30
	Rajkot (Refined)	1080	1070	10
	Chennai (Refined)	1090	1080	10
	Hyderabad (Refined)	1110	1090	20
	Delhi (Refined)	1143	1142	1
	PFAD (Kandla)	675	650	25
	RPS (Kandla)	800	780	20
	Superolien (Kandla)	1090	1065	25
	Superolien (Mumbai)	1130	1085	45
	Kochi (RBD Palmolein)	1105	1042	63
	Krishnapattanam (Crude Palm Oil)	990	985	5
	Mumbai (Crude Palm Oil)	1089	1025	64
	Kolkata (Crude Palm Oil)	1025	985	40
	Palm Kernel Oil (1000) GMT	1310	1330	-20
Refined Sunflower Oil	Chennai (Refined)	1410	1370	40
	Chennai (Crude )	1360	1350	10
	Mumbai (Refined)	1400	1360	40
	Mumbai (Expeller Oil)	1370	1350	20
	Kandla (Refined)	1420	1350	70
	Hyderabad (Refined)	1375	1400	-25
	Hyderabad (Expeller)	1320	1350	-30
	Latur (Refined)	1385	1395	-10
	Latur (Expeller Oil)	1315	1325	-10
	Chellakere (Expeller Oil)	1310	1320	-10
	Erode (Expeller Oil)	1420	1380	40
	Kakinada (Refined)	1360	1340	20
	Krishna Pattanam (Refined)	1360	1340	20
	Delhi (Refined)	-	0	-
	Sun Oil (Rotterdam)	1315	1320	-5
Groundnut Oil	Rajkot	1425	1400	25
	Chennai	1480	1400	80
	Delhi	1410	1410	Unch
	Hyderabad *	1460	1390	70
	Mumbai	1460	1415	45
	Gondal	1430	1400	30
	Jamnagar	1425	1400	25
	Gujarat GN Telia	2270	2220	50
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1290	1260	30
	Jaipur (Kacchi Ghani Oil)	1320	1290	30
	Kota (Expeller Oil)	1220	1215	5

	Kota (Kacchi Ghani Oil)	1290	1270	20
	Neewai (Expeller Oil)	1265	1240	25
	Neewai (Kacchi Ghani Oil)	1295	1270	25
	Bharatpur (Kacchi Ghani Oil)	1270	1210	60
	Sri-Ganga Nagar(Exp Oil)	1270	1240	30
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1300	1270	30
	Mumbai (Expeller Oil)	1250	1230	20
	Kolkata(Expeller Oil)	1310	1350	-40
	New Delhi (Expeller Oil)	1250	1190	60
	Hapur (Expeller Oil)	1270	1250	20
	Hapur (Kacchi Ghani Oil)	1300	1280	20
	Agra (Kacchi Ghani Oil)	1275	1215	60
	Nagpur (Expeller Oil)	1233	1233	Unch
Refined Cottonseed Oil	Rajkot	1085	1060	25
	Hyderabad	1115	1100	15
	Mumbai	1120	1080	40
	New Delhi	1060	1055	5
	Gujarat Cotton Wash	1065	1030	35
Coconut Oil	Kangayan (Crude)	1930	1870	60
	Cochin	1960	1880	80
	Coconut Oil(Rot.)(Phil/Indo)	1400	1500	-100
Vanaspati Oil	Uttar Pradesh	-	0	-
	Kolkata	1430	1370	60
	Rajkot	1523	1523	Unch
Sesame Oil	New Delhi	1350	1380	-30
	Mumbai	-	0	-
Kardi	Mumbai	-	0	-
Rice Bran Oil	New Delhi (40%)	845	832	13
	Punjab 4%)	990	970	20
	Bhatinda (Crude 4%)	795	740	55
	Bhatinda (Refined 4%)	910	855	55
	Hyderabad (Crude)	910	890	20
	Hyderabad (Refined)	1080	1060	20
	Kolkata (Crude)	865	820	45
	Kolkata (Refined)	990	920	70
	Raipur (Crude)	935	860	75
	Raipur (Refined)	1070	990	80
	Odisha (Refined)	1070	1000	70
	Vijayawada (Refined)	1000	950	50



Malaysia Palmolein USD/MT	FOB	1005	1025	-20
	CNF India	1008	1053	-45
Indonesia CPO USD/MT	FOB	1020	1050	-30
	CNF India	1020	1065	-45
RBD Palm oil (Malaysia Origin USD/MT)	FOB	1003	998	5
RBD Palm Stearin (Malaysia Origin USD/MT)	FOB	975	963	12
RBD Palm Kernel Oil (Malaysia Origin USD/MT)	FOB	1350	1355	-5
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	885	865	20
Crude palm Kernel Oil India (USD/MT)	CNF India	1465	1480	-15
Ukraine Origin CSFO USD/MT Kandla	CIF	1350	1360	-10
Rapeseed Oil Rotterdam Euro/MT	FOB	1010	1010	Unch
Argentina FOB (\$/MT)		5-Feb-21	29-Jan-21	Change
Crude Soybean Oil Ship		1042	1025	17
Refined Soy Oil (Bulk) Ship		1078	1061	17
Sunflower Oil Ship		1245	1245	Unch
Cottonseed Oil Ship		1022	1005	17
Refined Linseed Oil (Bulk) Ship		-	0	-
* indicates including GST				

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