

# 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 up during the week. Sunflower oil, Soy oil, Palm oil, Groundnut oil and Coconut oil traded up, While, Mustard oil traded down.*

*On the currency front, Indian rupee is hovering near 73.59 against 72.55 previous weeks. Rupee expected to appreciate while crude oil prices expected to rise.*

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

#### *Outlook:*

*Weekly Call -: In NCDEX, Market participants are advised to go long above 1180 levels for a target of 1210 and 1230 with a stop loss at 1160 on closing basis. We expect Refined soy oil Indore (without GST) is likely to stay in the range of Rs 1200-1280 per 10 Kg.*

*In MCX, Market participants are advised to go long in CPO above 1060 for a target of 1080 and 1095 with a stop loss at 1040 on closing basis. We expect, Crude palm oil (without GST) is likely to stay in the range of Rs 1080-1200 per 10 Kg.*

#### *International Veg. Oil Market Summary*

*On the international front, rise in competing oils prices, higher demand from China, delay in harvesting Soy crop in Brazil and rise in crude oil prices will underpin 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 up trend in domestic markets in the week in review on firm 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 firm compared to last week.

Delay in harvesting of Soy crop in Brazil due to rains has favored US Soy Exports and also sustained high prices.

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

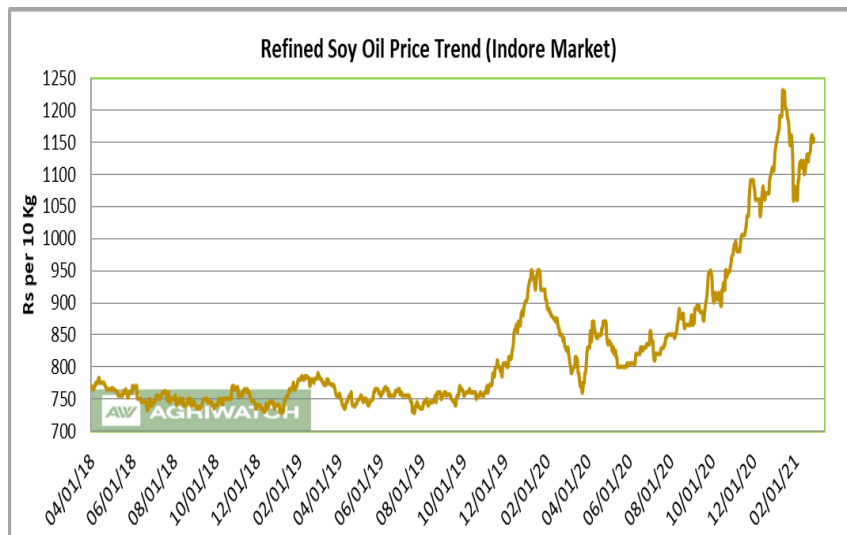
CBOT SOY oil traded up in international market as traders expects tight supply in US and delay in harvesting in Brazil due to heavy rains. US Soy oil stockpile may rise slightly for February.

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 rose during the week after sideways trend 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 60-65/ton (last week) margin in processing the imported Soybean Oil (Argentina Origin).

### International Front

Soy oil prices are expected to be firm after delay in Soy crop harvesting in Brazil and Low US Soy Stockpile.

Soybean harvest in Brazil has rose 10 10.4 percent compared to 7.1 percent last week but still is lower than 30.6 percent compared to last year for same period.

American soybean stockpiles were smaller than expected as China stepped up its purchases of U.S. supplies after delay in Brazil's Soy crop harvesting.

NOPA reported rise in stocks of soy oil in US in Jan.

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.

Rise 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. January soybean crush rose by 0.82 percent m-o-m to 184.654 million bushels from 183.159 million bushels in December 2020, above market expectation. Crush of soybean in January was higher by 4.36 percent y-o-y compared to January 2020 figure of 176.940 million bushels. Soy oil stocks in U.S. at the end of January rose 5.88 percent m-o-m to 1.799 billion lbs compared to 1.699 billion lbs in end December 2020. Stocks of soy oil in end January was up by 2.68 percent y-o-y compared to end January 2020, which was reported at 1.752 million lbs. Soy oil stocks are above 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.

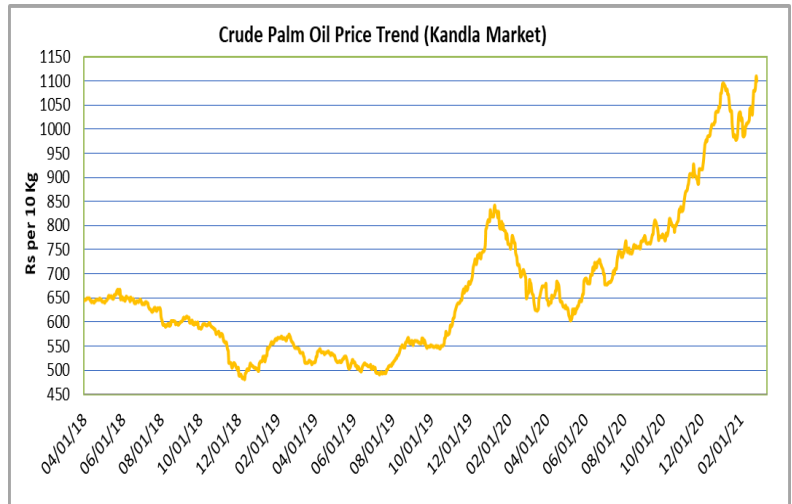
- USDA Attaché projected Brazil's 2020/21 Soybean sown area at 38.5 mln Ha and Soybean crop yields at 131.5 MMT. Dry weather conditions prevailing in Brazil has pressurized crops but it's still too early to re-access crop yield. Export is forecasted at 85 MMT. China has huge demand for Brazilian Soy 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 1200-1280 per 10 Kg in the near term.

### Palm oil Fundamental Analysis and Outlook -:

#### Domestic Front

- Crude palm oil (CPO) featured up trend at its benchmark market at Kandla even after hike in CPO import duty by \$32/T in India. India further revised import duty to \$1082/T with rise by \$37/T. International prices rose amid tight supply and following CBOT Soy oil. Low Soy oil stockpile in US further supported CPO prices.



India's February import according to Malaysia's ITS consultancy lowered down

by 1.04 percent to 188,780 tons. 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 January 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 Jan rose m-o-m after rise in import duties. Imports may lower further in March as there has been continuous rise in import duty. Whereas, firm demand positive refining margins, high discount over competing oils, removal of lockdown progressively in India will underpin palm oil prices.

Prices of CPO raised less on high seas and were reflected on CNF markets compared to last week indicating slow 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 75 (Rs 91) 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.

- 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.
- 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 1100 (USD 1085) per ton for Mar delivery and Apr delivery is quoted at USD 1085 (USD 1085) per ton. Last month, CNF CPO Feb average price is at 1062 per ton (USD 1043.28 per ton in Jan 2020). Values in brackets are figures of last week. Moreover, RBD palmolein (Malaysian origin) CNF at Indian port, offered at USD 1035.7 (USD 1025) per ton for Mar delivery and Apr delivery is quoted at USD 1025 (USD 980) per ton. Last month, CIF RBD palmolein Jan average price is USD 1043.75 (USD 1028.52 in Jan 2020) per ton. Values in bracket depict last month quotes. Ready lift CPO duty paid prices quoted at Rs 1080 (Rs 1036) per 10 Kg and Feb delivery duty paid is offered at Rs 977 (Rs 927 per 10 kg). Ready lift RBD palmolein is quoted at Rs 1170 (Rs 1125) per 10 kg as on February 27, 2020. Values in brackets are figures of last week.
- On the parity front, margins rose during this week with rose in prices of palm oil in India markets after hike in import duty.



### International Front

Palm oil prices are likely to rise as international CPO prices rose after rise in prices of crude oil, further following high Soy oil price to compete for market share, firm demand from India and China, rise in competitive oils prices and rise in global crude oil prices.

Palm oil followed soy oil prices in international market as US report suggest only a slight increase in US stockpile.

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 Feb palm oil exports fell 5.5 percent to 1,001,440 tons compared to 1,059,225 tons last month. Top buyers were India & subcontinent 188,780 tons (190,765 tons), European Union 248,385 tons (308,455 tons) and China at 97,610 tons (131,450 tons). Values in brackets are figures of last month.
- According to AmSpec Agri, Malaysia's Feb 1-20 palm oil exports rose 10.3 percent to 697,794 tons compared to 632,827 tons last month. Crude Palm Oil export fell by 10.74 percent to 128,961 tonnes from 144,492 tonnes compared to last month. RBD Palm oil export rose by 17.88 percent to 54,115 tonnes from 45,905 tonnes compared to last month. RBD Palm olein export rose by 24.92 percent to 224,230 tonnes from 179,500 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 1080-1200 per 10 Kg in the near term.

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

- Mustard oil prices showed sideways trend in benchmark market as mustard new crop arrives in market.

Increment in import duty of palm oil will help mustard farmers. Higher prices of palm oil may shift demand to mustard oil even after hiked prices.

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

Harvesting of mustard crops have

commenced but the pace is slow. The seed quality is average in Rajasthan.

Mustard oil prices in Jaipur (Expeller) traded on firm tone.

Nafed will commence procurement from mid of march for mustard new crop.

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.

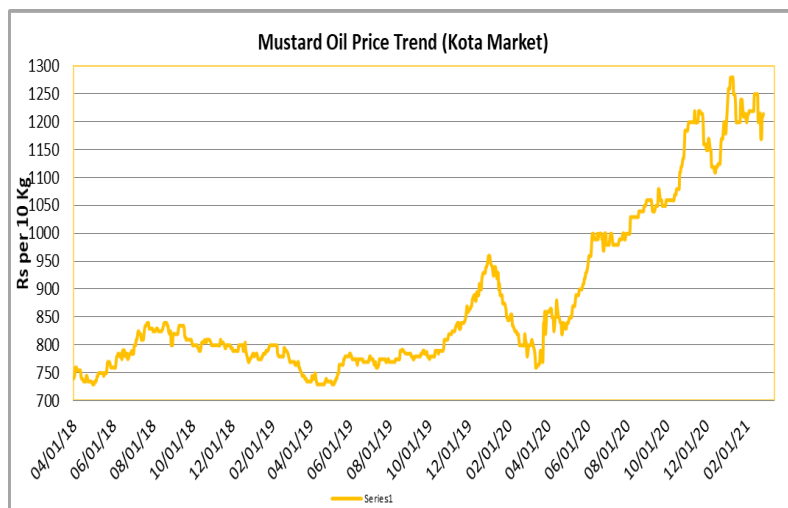
Premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 105 per 10 Kg compared to Rs 195 per 10 Kg last week.

Jaipur kacchi ghani rapeseed oil premium over RBD palmolein is at Rs 135 per 10 kg compared to Rs 225 per 10 Kg last week. The premium of Mustard oil lowered compared to last week on arrival of new crop.

Markets are expected to trade sideways in coming term.

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.

- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,280 ( Rs 1,315) per 10 Kg, and at Kota market, it is offered at Rs 12,15 (Rs 1,200) per 10 kg as on February 27, 2021. Values in brackets are figures of last week.
- We expect RM seed oil prices to trade sideways tone in the coming days.



**Price Outlook:** Rapeseed oil (without GST) prices in Kota may stay in the range of Rs 1150-1280 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.

Prices of sunflower featured up tone at international markets amid firm demand indicating rise in demand at high seas.

Prices of sunflower oil quoted up on slow supply amid firm demand.

Droughts conditions in sunflower belts

in Ukraine, Russia and Argentina has led to low crops hence cut global supply of sunflower in 2020 leading to higher prices and its effects can be seen in current year too. 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.

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

Imports of sunflower oil fell in Jan on negative import parity and negative refining margins, while, it has higher premium over competing oils and rise in its prices will slow its demand.

In domestic market, sunflower oil prices premium over soy oil is at Rs 365 (Rs 310 last week) per 10 kg, At present premium of sunflower oil over soy oil at CNF markets is at USD 335 (USD 268 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.

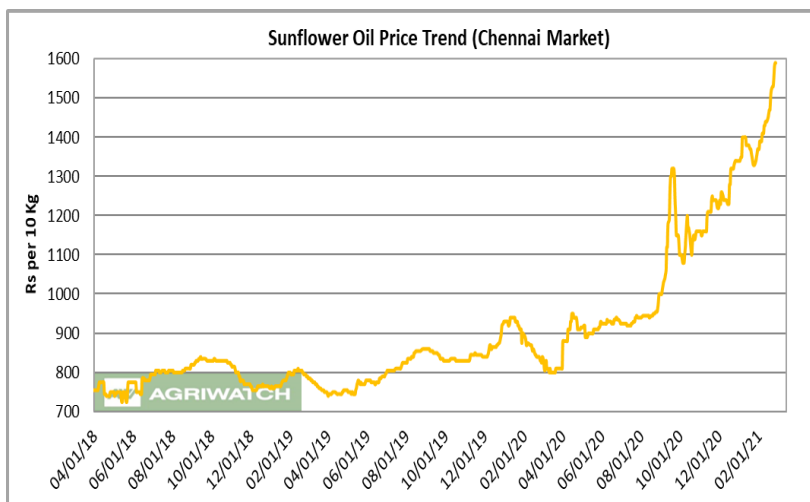
High sunflower oil premium over CPO at CNF India is at USD 370 (USD 295 last week) which will affect imports.

In domestic market, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 400 (Rs 340) per 10 kg which is high will cap sunflower oil in domestic market.

In domestic market, Groundnut oil (Chennai) premium over Sunflower oil at Chennai market is at Rs 60 (Rs 10 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.

- On the trade front, CIF sunflower oil prices (Ukraine origin) at West coast of India quoted at USD 1555 (USD 1440 per ton for Feb delivery and Mar delivery quoted at USD 1555 (USD 1440) per ton. CNF sun oil (Ukraine



origin) Feb monthly average was at USD 1407.08 per ton compared to USD 1321.2 per ton in Jan). Prices are likely to stay in the range of USD 1480-1620 per ton in the near term. Values in brackets are figures of last week.

- Currently, refined sunflower oil at Chennai market is Rs 1,590 (Rs 1,520) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1580 (Rs 1495) per 10 kg as on February 27, 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 1560-1660 per 10 Kg.

### Groundnut oil Fundamental Review and Analysis:-

#### Domestic Front

- Groundnut oil market traded up amid slow supply in market.

Groundnut oil prices rose as slow supply in market underpinned the prices. 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. For coming months groundnut

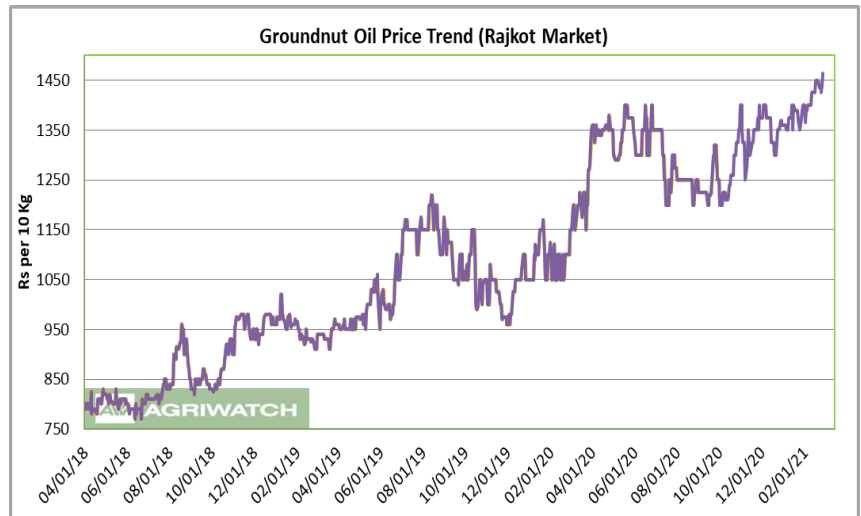
oil prices will trade firm amid good export demand and firm domestic demand.

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 50,560.06 tons Groundnut oil in December 2020 v/s 10,673.63 tons export in December 2019. In the Financial year 2020-21 (April 2020 - December 2020) rose to 151,129.30 tons in Apr-Dec 2020, from 20,984.60 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 15,000 (Rs 14,400) per quintal and it was Rs 15,500 (Rs 15,200) per quintal in Chennai market on February 27, 2021. Values in brackets are figures of last week.
- Groundnut oil prices are likely to trade firm in the coming days.



#### Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade in the price band of Rs 1460-1550 per 10 Kg

### Coconut Oil Fundamental Review and Analysis:-

#### Domestic Front

- Coconut oil benchmark market of Kangayan showed firm trend following copra prices and rise in prices for edible oils.

Prices are high as coconut oil fights for its market share among rising prices of competing edible oils.

Copra demand is firm but even at time arrival of new crops prices are

hiked due to hoarding of traders expecting further rise in prices. Relaxation in guidelines regarding storing cargo has resulted in hoarding of copra in huge quantities and hence hike in prices.

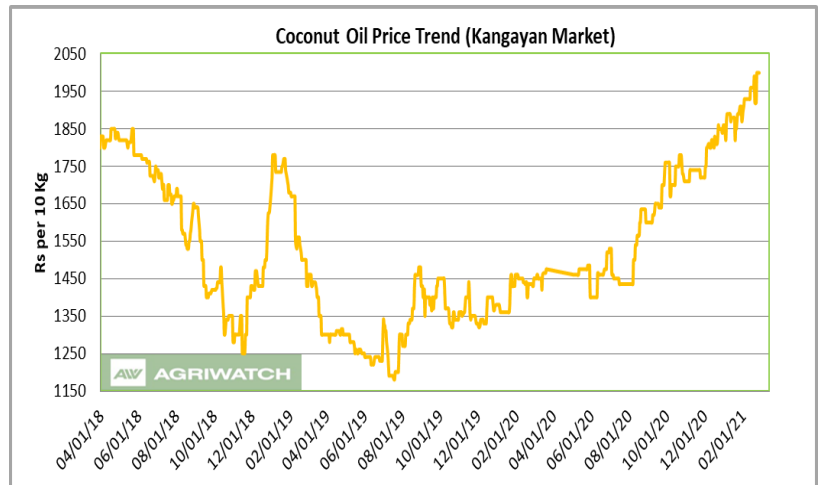
Demand of coconut oil in home consumption is stable but skyrocketed price may lead to substitution to cheaper oils.

Demand of coconut oil in Cosmetic Industry is 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 and are competing for shares in market. The demand is firm and prices of branded coconut oils and legal blended coconut oils are also increasing. Big companies are procuring coconuts from Tamil Nadu also where the prices are high.

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

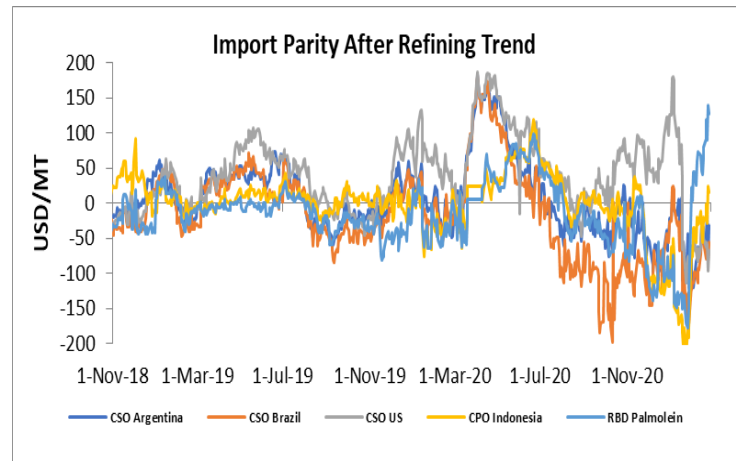
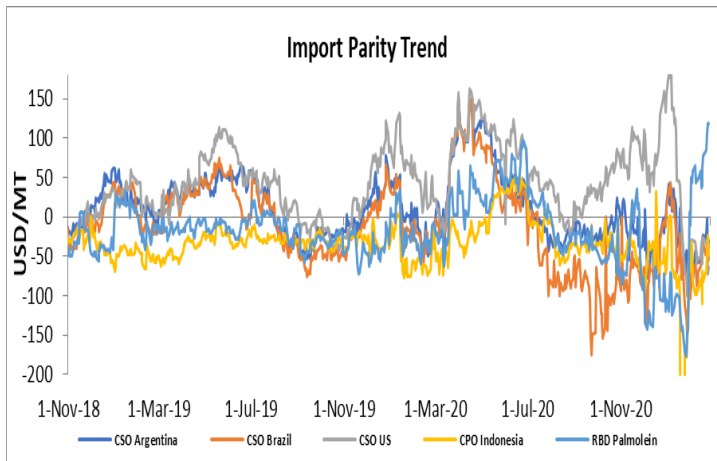
- Coconut oil exports scenario- India exported 686.47 tons Coconut oil in December 2020 v/s 891.02 tons export in December 2019. In the Financial year 2020-21 (April 2020 - December 2020) exports were 9,116.62 tons compared to 5,978.84 tons in last oil year, up 56.32 percent y-o-y.
- On the price front, currently the coconut oil prices in Kochi is hovering around Rs 21,050 (Rs 20,550) per quintal, and was quoted at 20,000 (Rs 19,200) per quintal in Erode market on February 27, 2021.



**Price Outlook:** Coconut oil (without GST) prices in Erode may stay in the range of Rs 1950-2030 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>Feb 7-Feb 13, 2021</b>  | -76.51        | -101.28    | -74.39 | -31.21        | 60.68         |
| <b>Feb 14-Feb 20, 2021</b> | -41.71        | -51.61     | -44.45 | -29.97        | 59.89         |
| <b>Feb 21-Feb 27, 2021</b> | -45.38        | -69.72     | -68.45 | -2.10         | 113.35        |

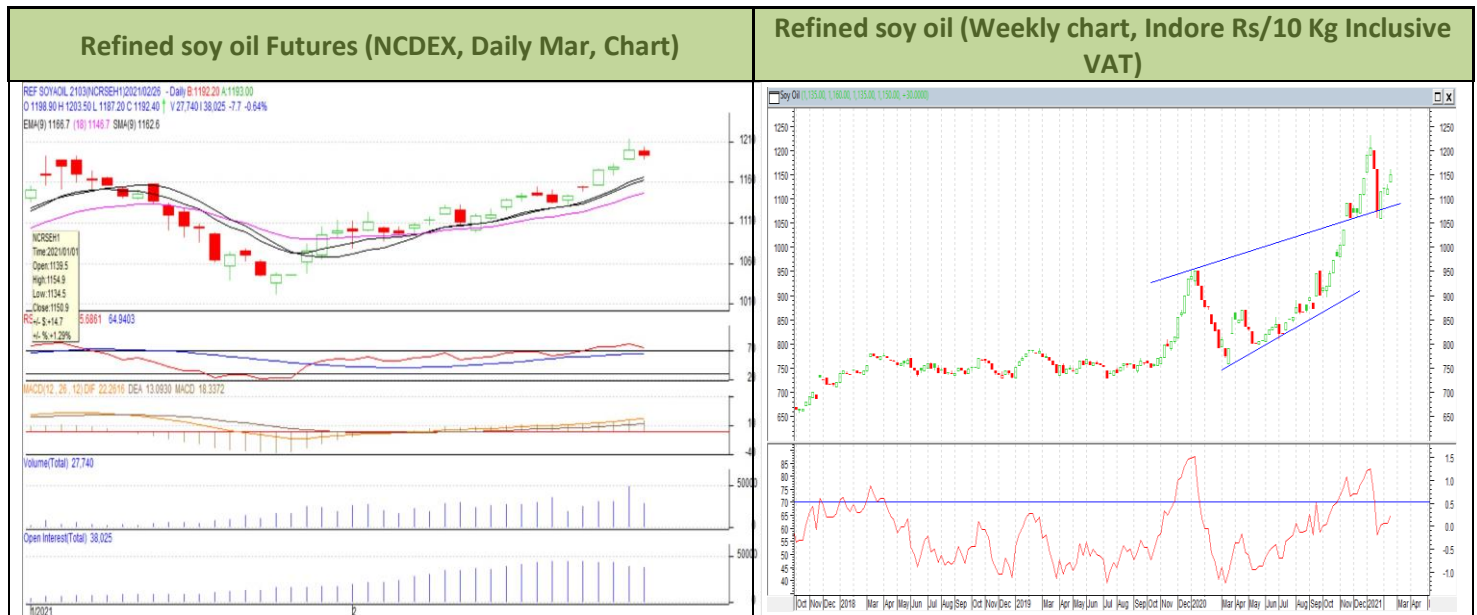
### Outlook:-

Refining margins disparity rose slightly for crude soy oil from Argentina after sideways trend in prices of soy oil in international markets amid Brazil soybean crop arrival in market. We expect soy oil refining disparity to remain sideways in medium term due to expectation of firm prices of soy oil in Indian markets.

Refining margins disparity fell for CPO with rise in domestic prices. RBD palmolein refining margin parity rose with rise in its prices of RBD palmolein in Indian markets. We expected CPO to achieve parity in medium term.



### Technical Analysis (Refined soy oil)



**Outlook – Refined soybean oil witnessed up 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 1200-1280 levels.
- Expected price band for next week is 1150-1280 level in near to medium term. RSI and MACD are indicating sideways sentiments.

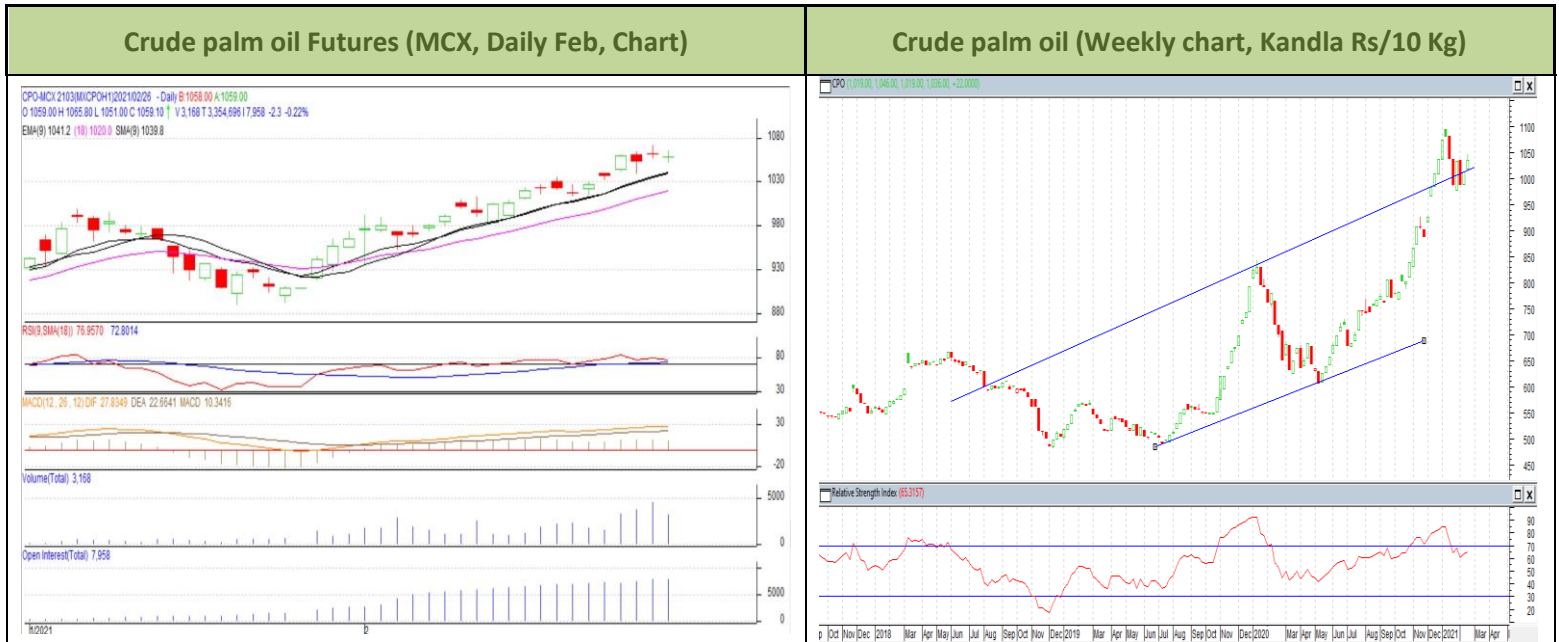
**Strategy:** Market participants are advised to go long above 1180 levels for a target of 1210 and 1230 with a stop loss at 1160 on closing basis.

#### RSO NCDEX (Mar)

| Support and Resistance |         |        |         |         |
|------------------------|---------|--------|---------|---------|
| S2                     | S1      | PCP    | R1      | R2      |
| 1119.13                | 1155.77 | 1192.4 | 1250.53 | 1287.17 |

**Spot Market outlook:** Refined soy oil Indore (without GST) is likely to stay in the range of Rs 1200-1280 per 10 Kg.

### Technical Analysis (Crude Palm oil)



**Outlook – Kandla Daily CPO spot prices showed uptrend in prices during the week. We expect that CPO March 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 1080-1200.
- Expected price band for next week is 1050-110 level. RSI and MACD are indicating sideways sentiments.

**Strategy:** Market participants are advised to go long in CPO above 1060 for a target of 1080 and 1095 with a stop loss at 1040 on closing basis.

#### CPO MCX (Feb)

| Support and Resistance |         |        |      |         |
|------------------------|---------|--------|------|---------|
| S2                     | S1      | PCP    | R1   | R2      |
| 1014.50                | 1036.80 | 1059.1 | 1115 | 1120.60 |

**Spot Market outlook:** Crude palm oil (without GST) is likely to stay in the range of Rs 1080-1200 per 10 Kg.

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

| Commodity           | Centre                                       | Prices (Per 10 Kg) |           | Change |
|---------------------|--|--------------------|-----------|--------|
|                     |  | 27-Feb-21          | 20-Feb-21 |        |
| Refined Soybean Oil | Indore                                       | 1205               | 1155      | 50     |
|                     | Indore (Soy Solvent Crude)                   | 1150               | 1095      | 55     |
|                     | Mumbai                                       | 1200               | 1160      | 40     |
|                     | Mumbai (Soy Degum)                           | 1175               | 1140      | 35     |
|                     | Kandla/Mundra                                | 1200               | 1140      | 60     |
|                     | Kandla/Mundra (Soy Degum)                    | 1170               | 1110      | 60     |
|                     | Kolkata                                      | 1230               | 1200      | 30     |
|                     | Delhi  | 1260               | 1200      | 60     |
|                     | Nagpur                                       | 1195               | 1135      | 60     |
|                     | Rajkot                                       | 1230               | 1150      | 80     |
|                     | Kota   | 1200               | 1120      | 80     |
|                     | Hyderabad                                    | -                  | 0         | -      |
|                     | Akola  | 1225               | 1170      | 55     |
|                     | Amrawati                                     | 1215               | 1151      | 64     |
|                     | Bundi  | 1210               | 1130      | 80     |
|                     | Jalna  | 1185               | 1125      | 60     |
|                     | Solapur                                      | 1190               | 1130      | 60     |
|                     | Dhule  | 1175               | 1115      | 60     |
|                     | Nanded                                       | 1180               | 1120      | 60     |
|                     | Latur  | 1205               | 1150      | 55     |
|                     | Argentina Crude Soya (CIF India) USD         | 1167               | 1120      | 47     |
|                     | Argentina Crude Soya (FOB)                   | 1127               | 1070      | 57     |
|                     | Soya Oil(Rot.)( Euro/MT FOB) (1000) GMT      | 995                | 960       | 35     |
| Palm Oil*           | Kandla (Crude Palm Oil)                      | 1075               | 1031      | 44     |
|                     | Kandla (RBD Palm oil)                        | 1100               | 1055      | 45     |
|                     | Kandla RBD Pamolein                          | 1175               | 1120      | 55     |
|                     | Kakinada (Crude Palm Oil)                    | 1070               | 1040      | 30     |
|                     | Kakinada RBD Pamolein                        | 1175               | 1130      | 45     |
|                     | Haldia Pamolein                              | 1170               | 1130      | 40     |
|                     | Chennai RBD Pamolein                         | 1190               | 1130      | 60     |
|                     | Chennai RBD Pamolein (Vitamin A&D Fortified) | 1238               | 1182      | 56     |
|                     | Krishnapattanam RBD Pamolein                 | 1180               | 1135      | 45     |
|                     | Mumbai RBD Pamolein                          | 1180               | 1150      | 30     |
|                     | Mangalore RBD Pamolein                       | 1195               | 1140      | 55     |
|                     | Tuticorin (RBD Palmolein)                    | 1165               | 1130      | 35     |
|                     | Mumbai (Refined)                             | 1185               | 1120      | 65     |

|                          |                                  |      |      |      |
|--------------------------|----------------------------------|------|------|------|
|                          | Rajkot (Refined)                 | 1165 | 1080 | 85   |
|                          | Chennai (Refined)                | 1180 | 1145 | 35   |
|                          | Hyderabad (Refined)              | 1185 | 1140 | 45   |
|                          | Delhi (Refined)                  | 1250 | 1210 | 40   |
|                          | PFAD (Kandla)                    | 725  | 705  | 20   |
|                          | RPS (Kandla)                     | 880  | 845  | 35   |
|                          | Superolien (Kandla)              | 1195 | 1135 | 60   |
|                          | Superolien (Mumbai)              | 1205 | 1155 | 50   |
|                          | Kochi (RBD Palmolein)            | 1200 | 1105 | 95   |
|                          | Krishnapattanam (Crude Palm Oil) | 1070 | 1040 | 30   |
|                          | Mumbai (Crude Palm Oil)          | 1100 | 1100 | Unch |
|                          | Kolkata (Crude Palm Oil)         | 1085 | 1080 | 5    |
|                          | Palm Kernel Oil (1000) GMT       | 1470 | 1380 | 90   |
|                          |                                  |      |      |      |
| Refined Sunflower Oil    | Chennai (Refined)                | 1590 | 1520 | 70   |
|                          | Chennai (Crude )                 | 1550 | 1490 | 60   |
|                          | Mumbai (Refined)                 | 1580 | 1450 | 130  |
|                          | Mumbai (Expeller Oil)            | 1550 | 1420 | 130  |
|                          | Kandla (Refined)                 | 1580 | 1460 | 120  |
|                          | Hyderabad (Refined)              | 1580 | 1495 | 85   |
|                          | Hyderabad (Expeller)             | 1530 | 1450 | 80   |
|                          | Latur (Refined)                  | 1600 | 1510 | 90   |
|                          | Latur (Expeller Oil)             | 1540 | 1450 | 90   |
|                          | Chellakere (Expeller Oil)        | 1510 | 1420 | 90   |
|                          | Erode (Expeller Oil)             | 1620 | 1520 | 100  |
|                          | Kakinada (Refined)               | 1560 | 1520 | 40   |
|                          | Krishna Pattanam (Refined)       | 1560 | 1520 | 40   |
|                          | Delhi (Refined)                  | 1530 | 1400 | 130  |
|                          | Sun Oil (Rotterdam)              | 1525 | 1415 | 110  |
|                          |                                  |      |      |      |
| Groundnut Oil            | Rajkot                           | 1500 | 1440 | 60   |
|                          | Chennai                          | 1550 | 1520 | 30   |
|                          | Delhi                            | 1540 | 1475 | 65   |
|                          | Hyderabad *                      | 1600 | 1520 | 80   |
|                          | Mumbai                           | 1530 | 1460 | 70   |
|                          | Gondal                           | 1500 | 1450 | 50   |
|                          | Jamnagar                         | 1490 | 1450 | 40   |
|                          | Gujarat GN Telia                 | 2390 | 2270 | 120  |
|                          |                                  |      |      |      |
| Rapeseed Oil/Mustard Oil | Jaipur (Expeller Oil)            | 1280 | 1315 | -35  |
|                          | Jaipur (Kacchi Ghani Oil)        | 1310 | 1345 | -35  |
|                          | Kota (Expeller Oil)              | 1215 | 1200 | 15   |
|                          | Kota (Kacchi Ghani Oil)          | 1290 | 1320 | -30  |

|                        |                                    |      |      |            |
|------------------------|------------------------------------|------|------|------------|
|                        | Neewai (Expeller Oil)              | 1260 | 1280 | -20        |
|                        | Neewai (Kacchi Ghani Oil)          | 1290 | 1310 | -20        |
|                        | Bharatpur (Kacchi Ghani Oil)       | 1250 | 1250 | Unch       |
|                        | Sri-Ganga Nagar(Exp Oil)           | 1270 | 1300 | -30        |
|                        | Sri-Ganga Nagar (Kacchi Ghani Oil) | 1300 | 1330 | -30        |
|                        | Mumbai (Expeller Oil)              | 1190 | 1240 | -50        |
|                        | Kolkata(Expeller Oil)              | 1340 | 1330 | 10         |
|                        | New Delhi (Expeller Oil)           | 1280 | 1310 | -30        |
|                        | Hapur (Expeller Oil)               | 1290 | 1310 | -20        |
|                        | Hapur (Kacchi Ghani Oil)           | 1320 | 1340 | -20        |
|                        | Agra (Kacchi Ghani Oil)            | 1255 | 1255 | Unch       |
|                        | Nagpur (Expeller Oil)              | 1300 | 1273 | 26.66<br>7 |
|                        |                                    |      |      |            |
| Refined Cottonseed Oil | Rajkot                             | 1170 | 1125 | 45         |
|                        | Hyderabad                          | 1230 | 1170 | 60         |
|                        | Mumbai                             | 1220 | 1155 | 65         |
|                        | New Delhi                          | 1170 | 1200 | -30        |
|                        | Gujarat Cotton Wash                | 1160 | 1095 | 65         |
|                        |                                    |      |      |            |
| Coconut Oil            | Kangayan (Crude)                   | 2000 | 1920 | 80         |
|                        | Cochin                             | 2100 | 2000 | 100        |
|                        | Coconut Oil(Rot.)(Phil/Indo)       | 1500 | 1450 | 50         |
|                        |                                    |      |      |            |
| Vanaspati Oil          | Uttar Pradesh                      | 1490 | 1465 | 25         |
|                        | Kolkata                            | 1485 | 1470 | 15         |
|                        | Rajkot                             | 1673 | 1553 | 120        |
|                        |                                    |      |      |            |
| Sesame Oil             | New Delhi                          | 1320 | 1320 | Unch       |
|                        | Mumbai                             | -    | 0    | -          |
| Kardi                  | Mumbai                             | -    | 0    | -          |
| Rice Bran Oil          | New Delhi (40%)                    | 880  | 865  | 15         |
|                        | Punjab 4%)                         | 1090 | 1060 | 30         |
|                        | Bhatinda (Crude 4%)                | 865  | 815  | 50         |
|                        | Bhatinda (Refined 4%)              | 980  | 930  | 50         |
|                        | Hyderabad (Crude)                  | 960  | 910  | 50         |
|                        | Hyderabad (Refined)                | 1180 | 1080 | 100        |
|                        | Kolkata (Crude)                    | 950  | 920  | 30         |
|                        | Kolkata (Refined)                  | 1100 | 1060 | 40         |
|                        | Raipur (Crude)                     | 960  | 950  | 10         |
|                        | Raipur (Refined)                   | 1150 | 1140 | 10         |
|                        | Odisha (Refined)                   | 1135 | 1140 | -5         |
|                        | Vijayawada (Refined)               | 1070 | 1070 | Unch       |

|   |           |           |           |        |
|---|-----------|-----------|-----------|--------|
| Malaysia Palmolein USD/MT                           | FOB       | 1030      | 1015      | 15     |
|   | CNF India | 1073      | 1063      | 10     |
| Indonesia CPO USD/MT                                | FOB       | 1080      | 1060      | 20     |
|   | CNF India | 1095      | 1085      | 10     |
| RBD Palm oil (Malaysia Origin USD/MT)               | FOB       | 1033      | 1023      | 10     |
| RBD Palm Stearin (Malaysia Origin USD/MT)           | FOB       | 1010      | 990       | 20     |
| RBD Palm Kernel Oil (Malaysia Origin USD/MT)        | FOB       | 1410      | 1370      | 40     |
| Palm Fatty Acid Distillate (Malaysia Origin USD/MT) | FOB       | 955       | 925       | 30     |
| Crude palm Kernel Oil India (USD/MT)                | CNF India | 1490      | 1490      | Unch   |
| Ukraine Origin CSFO USD/MT Kandla                   | CIF       | 1555      | 1455      | 100    |
| Rapeseed Oil Rotterdam Euro/MT                      | FOB       | 1060      | 1070      | -10    |
|   |           |           |           |        |
| Argentina FOB (\$/MT)                               |           | 26-Feb-21 | 19-Feb-21 | Change |
| Crude Soybean Oil Ship                              |           | 1168      | 1040      | 128    |
| Refined Soy Oil (Bulk) Ship                         |           | 1209      | 1076      | 133    |
| Sunflower Oil Ship                                  |           | 1415      | 1255      | 160    |
| Cottonseed Oil Ship                                 |           | 1148      | 1020      | 128    |
| Refined Linseed Oil (Bulk) Ship                     |           | -         | 0         | -      |
| * indicates including GST                           |           |           |           |        |

Note - Domestic edible oil prices are in Indian rupees per 10 Kg, CNF/FOB/CIF prices are in USD per tons except Rapeseed oil Rotterdam (Euro per tons).

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