



Veg. Oil Weekly Research Report

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Executive Summary

Domestic Veg. Oil Market Summary

Edible oil prices featured sideways trend during this week in domestic markets. CBOT soy oil and BMD palm oil prices saw an uptrend while in the domestic market Palm oil, Soy oil, Groundnut oil, Sunflower oil and Coconut oil prices traded steady, while Mustard oil prices softened in the week.

On the currency front, Indian rupee is hovering near 75.64 against 74.67 last weeks. Rupee is expected to depreciate and crude oil prices expected to trade sideways.

We expect Palm oil and Soy oil to trade sideways on strong fundamentals.

Outlook:

Weekly Call -: SEBI has imposed ban on future trading of Soy oil and Crude palm oil hence there is no position to be taken.

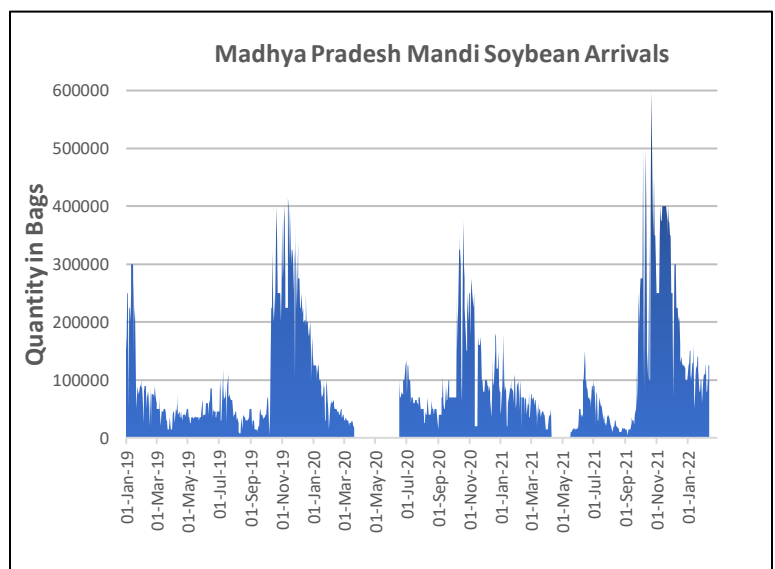
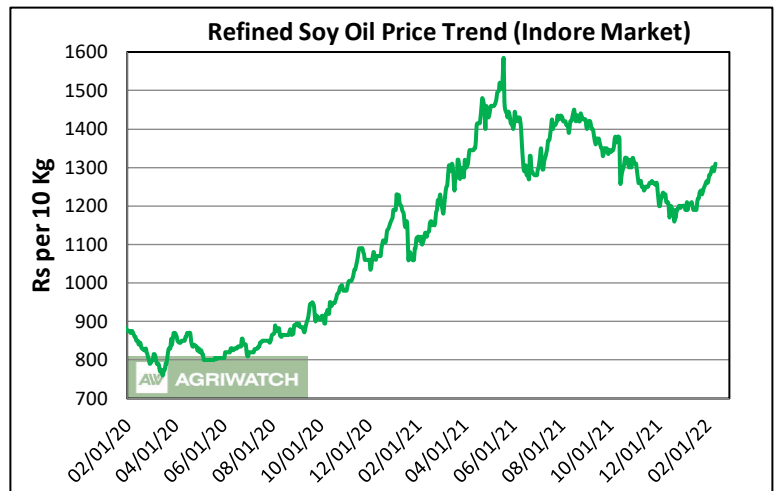
International Veg. Oil Market Summary

On the international front, US Soy oil stocks and crush, Soybean crop condition in Brazil and Argentina, crop production in Brazil and Argentina, China's demand and rising crude oil prices will underpin soy oil prices in the coming days.

Rise in competing oil prices, falling production in Indonesia and Malaysia, Indonesia's new government policy, supply chain interruption and labour problems in Malaysia, demand from China and India and rise in use of biofuel in crude oil are all likely to underpin CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:- Domestic Front

- Soy oil traded steady at its benchmark market for the week in review. Prices rose to Rs. 1310 from Rs. 1285, up by 1.95 percent.
- Prices are testing the level of Rs. 1300 as the discount of soy oil over premium oil has narrowed down in past month.
- Oil prices may take support from slow seed arrivals as farmers are releasing their stock slowing on anticipation of higher prices. This has led to higher supply side which will affect the seed prices in coming months.
- Soybean seed arrival for the period of 7 Feb to 11 Feb stood at 4,85,000 bags compared to 5,30,000 bags for the period of 31 Jan to 4 Feb.
- As soybean seed prices are high, demand for soybean has slowed down leading to lower soy oil production from domestic soybean crop and will lead to high imports of soy oil. If soybean seeds are not released gradually the higher buildup of domestic stocks will



- pressure the prices in coming months. The low demand for meal from the feed industry is also a key reason for the low crushing.
- International prices are rallying taking support from low soybean production in South America due to unfavorable weather condition. This is led to revision in crop production of both Argentina, Brazil and Paraguay as well.
- Imported crude soy oil CNF at Kandla West coast port offered at USD 1555 (USD 1511) per ton for Feb delivery, Mar is delivery is being quoted at USD 1555 (USD 1507) per ton. Values in brackets are figures of last week. Last month, CNF CDSO Jan average price was USD 1431.37 (USD 1410.81 per ton in Dec 2021) per ton.

International Front

- CBOT soy oil prices are trading in the range of 63-66.97 cents per pound and is expected to rallying backed by

revision in soybean production in Argentina, Brazil and Paraguay. Downgrading weather condition in January month has led many agencies in all these countries to lower their crop production estimates.

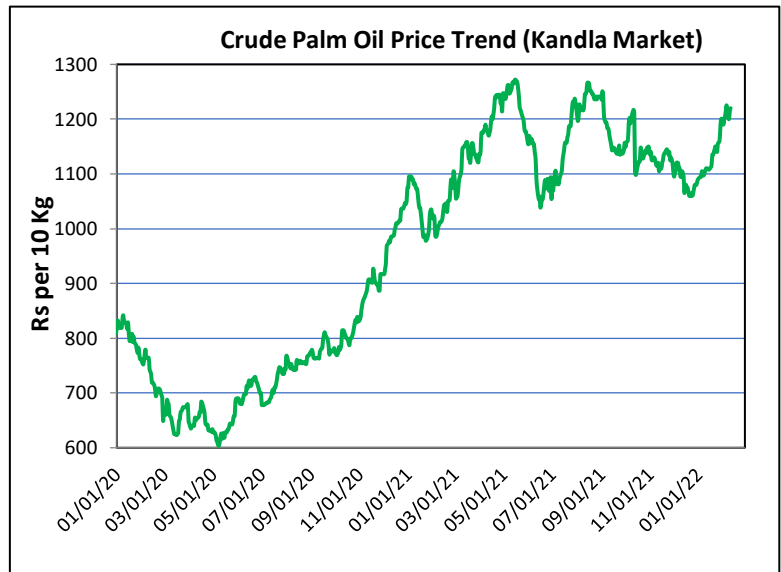
- Harvesting in Brazil has commenced and arrival is expected to pick up from March first week, while weather is now-a-day expected to get better and favor the crop growing conditions in Argentina.
- AgRural Agribusiness Research firm, had revised their Brazil's soybean crop in January forecast downwards from 144.7 MT to 133.4 MT for 2021-22. Further, it has slashed the production estimates by 3.4 MMT to 130 MMT.
- USDA has further revised down crop production estimates for both Brazil and Argentina in its February oilseed report. Brazil's production is cut down by 5MMT to 134 MMT compared to previous estimates of 139 MMT. And Argentina's production is cut down by 1.5 MMT to 45 MMT compared to previous estimates of 46.5 MMT.
- If the final soybean crop production in both the country is estimated way lower than current estimated figures, the prices will shoot up.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1270-1380 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

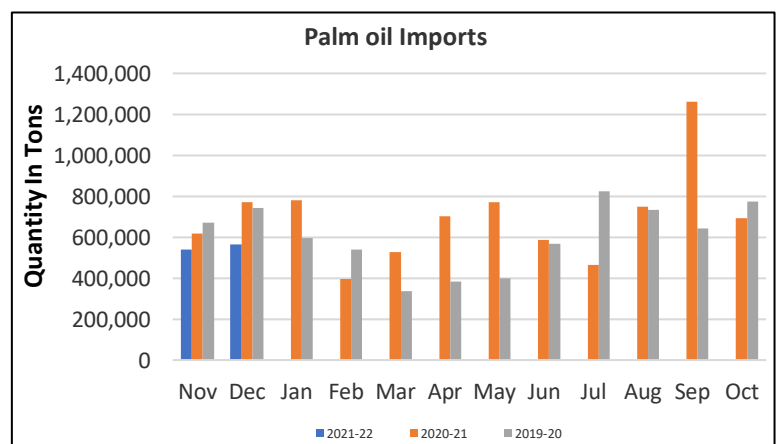
Domestic Front

- Crude palm oil (CPO) witnessed steady trend in prices at its benchmark market Kandla. Prices rose slightly by 0.41 percent from Rs. 1215 to Rs. 1220 at the end of week.
- Prices are testing the level of 1200 and trading in the range of 1200 to 1225. Prices are expected to move upwards taking support from rising international palm oil prices as well as rise in competing oil prices.
- GOI has revised down Agriculture Infrastructure and Development Cess (AIDC)



for CPO by 2.5% from 7.5% to 5%, making effective duty to stand at 5.5% compared to previous duty of 8.5%, applicable from 13th February 2022 to September 2022. Import duty on CPO was scrapped off on 13th October 2021, to control the Palm oil prices, however prices are back to higher levels taking support from rallying international prices.

- Palm oil imports for January 2022 is expected to be higher than of December 2021 as supply at ports and pipelines are at low 17.20 million metric tonnes (MMT) compared to last year at 18.15 MMT for same timeframe.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is being quoted at USD 1535 (USD 1485) per ton for Feb delivery and Mar delivery is being quoted at USD 1515 (USD 1475) per



Source: The Solvent Extractors' Association of India

ton. Last month, CNF CPO Jan average price was at 1431.67 per ton (USD 1355.37 per ton in Dec 2021). Values in brackets are figures of last week.

- Moreover, RBD Palmolein (Malaysian origin) CNF at Indian port, offered at USD 1515 (USD 1515) per ton for Feb delivery and Mar delivery is quoted at USD 1490 (USD 1475) per ton. Last month, CIF RBD Palmolein Jan average price was at USD 1384.79 (USD 1308.33 in Dec 2021) per ton. (Values in bracket depict last month quotes)

- CPO, duty paid prices quoted at Rs 1225 (Rs 1215) per 10. Ready lift RBD Palmolein is quoted at Rs 1255 (Rs 1235) per 10 kg as on February 5, 2022. (Values in brackets are figures of last week)
- The CPO and palm olein prices are expected to remain firm following rallying international palm oil prices.

International Front

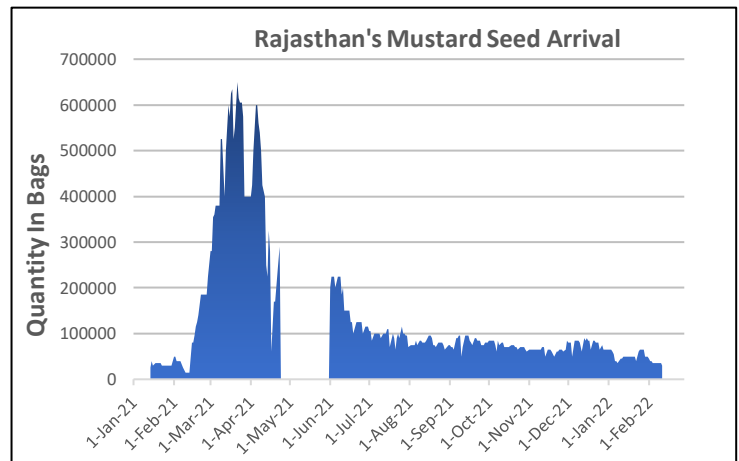
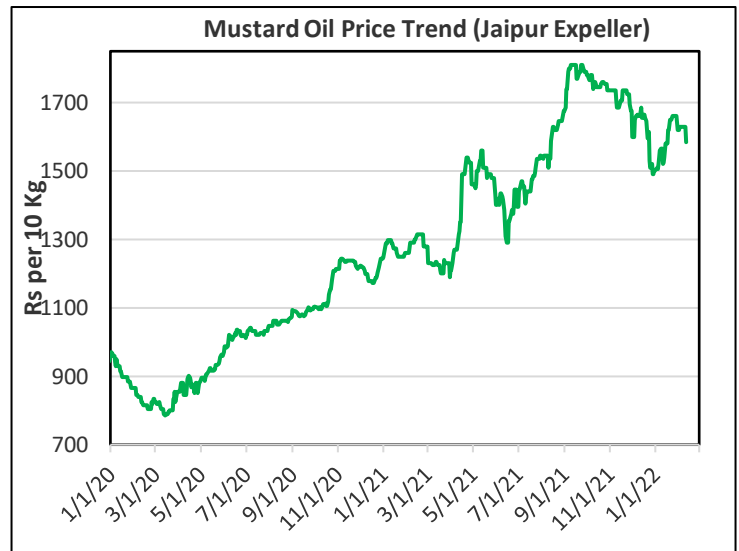
- BMD Palm oil Malaysia is trading in the range of 5550-to-5840-ringgit level. Prices in early days of week were corrected due to profit booking. Rising crude oil prices and low palm oil stock will support prices.
- According to MPOB, Malaysia's palm oil production in January fell by 13.54 percent to 12.53 lakh tonne compared to 14.49 LT in December. Crude palm oil stock also fell by 7.74 percent to 7.86 LT compared to 8.52 LT in previous month. And exports also fell by 18.67 percent to 11.57 LT compared to 14.23 LT in December. Prices may take support from low ending stock; however slow exports may cap gains.
- Palm oil prices were firm in the previous week supported by low production in Malaysia and firm global demand. The persistent problem of labour shortage in Malaysia has also supported rally in futures price, and the problem is expected to persist in coming months as Memorandums between Malaysia and various other countries for sending labour is still under discussion.
- Indonesia's new government policy for the palm oil exporters to declare their domestic sales and to gain approval for their shipments in advance to monitor the price rise and domestic supply for edible oil. This led to rally in BMD Malaysia as supply from Indonesia will be lowered.
- Malaysia and Indonesia were in talks to send 5000- 10000 Indonesian workers to Malaysia to curb labor shortages. Agreement was under scrutiny and till date Indonesia hasn't sent any workers to Malaysia.
- According to Malaysia Palm Oil Board (MPOB), Malaysia's December Crude palm oil stocks fell 11.89 percent to 8.30 lakh tons compared to 9.42 lakh tons in November 2021. Production of crude palm oil fell by 11.26 percent to 14.51 lakh tons compared to 16.34 lakh tons in November 2021. Exports of palm oil in November fell by 3.48 percent to 14.14 lakh tons compared to 14.65 lakh tons in November 2021. Imports of palm oil rose to 1.02 lakh tons from 0.98 lakh tons of imports in previous month. Stocks of palm oil fell as expected by trade participants due to fall in production affected by flooding situation.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 1200-1270 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-

Domestic Front

- Mustard oil prices corrected downwards in the week in review.
- Prices fell by 2.76 percent from Rs. 1630 to Rs. 1585 at the end of week. Correction in prices were seen on backed by arrival of new mustard crops in the markets.
- Weather has improved in mustard key growing areas which will help in faster drying of standing crops.
- Earlier in January, hailstorms in parts of Rajasthan, especially Jhalawar and high velocity winds in parts of Haryana especially Kurukshetra, Yamuna Nagar, Ambala, Karnal, Kaithal and Sonipat districts had impacted mustard standing crops.
- For the period of 7 Jan to 11 Feb 2022, Rajasthan's total mustard arrival stood at 6.25 lakh bags compared to arrival of 2.45 lakh bags in previous week. New mustard crop's arrivals have started while, arrivals are expected to pick up in markets by the February month's end.
- According to Solvent Extractor Association (SEA), India imported 0 tons of rapeseed (Canola) oil in January 2022 same as of that in December. Agriwatch expects import demand for canola to remain subdued backed by higher crop expectation for year 2021-22.
- According to GOI, the final acreage under Mustard sowing is up by 25.3% standing at 91.63 Lakh Ha compared with 73.12 Lakh Ha last year.
- According to Central Organization for Oil Industry and Trade (COOIT) production of the mustard to increase to a record 100-110 lakh tons this season, whereas, Solvent Extraction Association of India estimated mustard crop production at 120 lakh tons assuming favorable weather condition in rabi season. Agriwatch has estimated the RM seed production to be at 105.2 lakh tonnes for year 2021-22, However, weather concern in few pockets of Rajasthan, Haryana and Uttar Pradesh may drag yield on lower side.





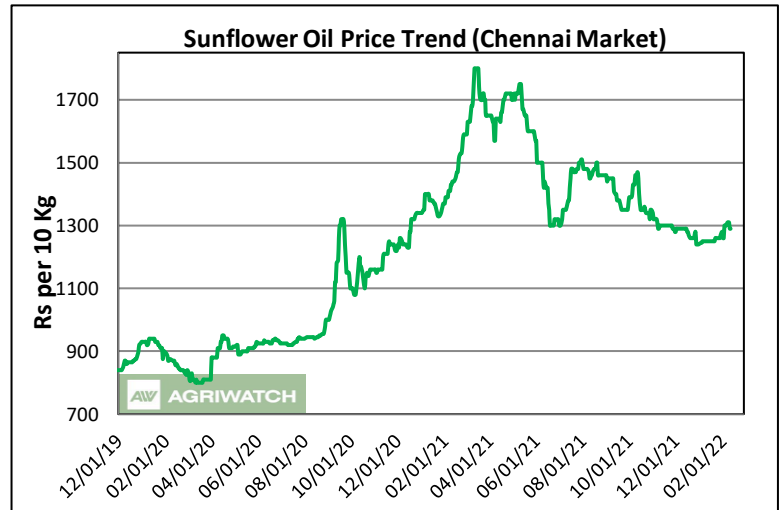
- Premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 395 per 10 Kg compared to Rs 460 per 10 Kg last week.
- Jaipur kacchi ghani rapeseed oil premium over RBD palm olein is at Rs 445 per 10 kg compared to premium of Rs 510 per 10 Kg last week.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,585 (Rs 1,630) per 10 Kg, and at Kota market, it is offered at Rs 1,550 (Rs 1,650) per 10 kg as on February 11, 2022. Values in brackets are figures of last week.

Price Outlook: Rapeseed Expeller oil (without GST) prices in Jaipur may stay in the range of Rs 1500-1580 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil price showed steady trend for the previous week in review in Chennai market.
- Domestic prices are retesting the Rs 1300 level and trading sideways in the range of 1290 to 1310 level. Its is expected to take support from rising international sun oil prices and rising prices of competing oils.
- Demand for sunflower oil is expected improve as its premium over competing oils narrowed with rise in prices of competing oils.
- International prices are rising taking support from rising canola oil prices in Europe and rising crude oil prices. Rising soy oil and palm oil prices are also supporting its prices. For the long term, prices are expected to be firm as global demand has increased for sun oil.
- According to Department of Agriculture and Farmers Welfare, the final acreage under sunflower seed in India for the rabi season, stands at 1.19 lakh ha compared to 1.09 lakh ha last year for same time period.
- At the international Middle East Grains Oils Congress, APK Inform, EFKO Group of Companies estimated Russia to export 3.7 MT of sunflower crude oil in 2021/22 year. India is expected to remain third highest importer of Russia's sun crude oil with estimated quantity at 4.8 MT.
- In the domestic market, sunflower oil price is at discount of Rs 15 over soy oil (premium of Rs 15 last week) per 10 kg. Sunflower oil prices at CNF market is also discount over soy oil by USD 90 (discount of USD 31 last week) per ton which indicates that sunflower oil prices premium has reversed with soy oil at domestic markets as well as at CNF markets, due to rising soy oil prices, which will support sun oil demand.
 Meanwhile, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 35 (Rs 65) per 10 kg which is lower compared to last week. Premium by small margin over palm oil will support sunflower oil's demand in domestic market.
 In domestic market, Sunflower oil (Chennai) is at par with Groundnut oil at Chennai market same as last week.
- For the oil year 2020-21 (Nov 2020 -October 2021), Sun oil for period of Nov.20- Sep'21 saw fall in imports to 17.76 lakh tons compared to 23.48 lakh tons in corresponding period last oil year, lower by 24.36 percent compared to corresponding period last oil year.

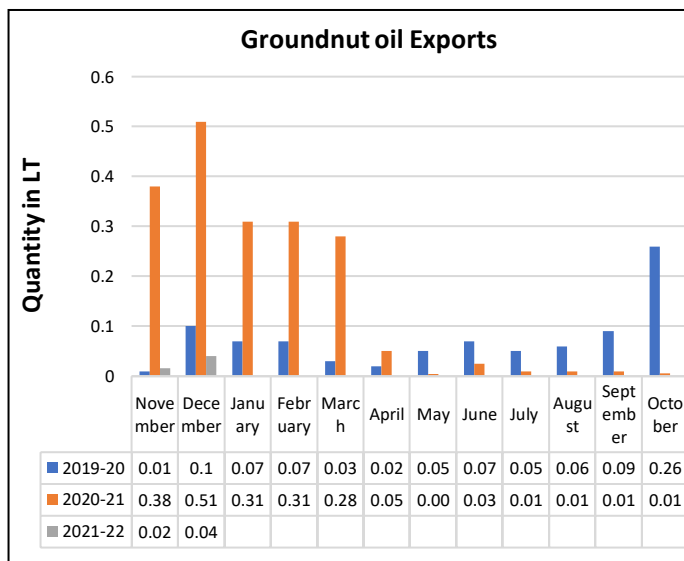
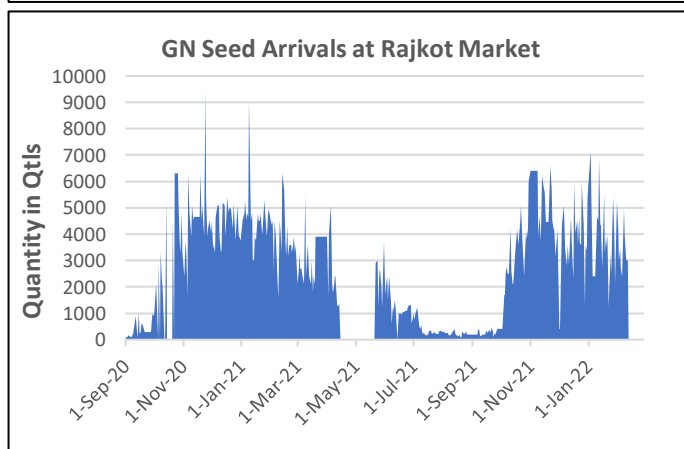
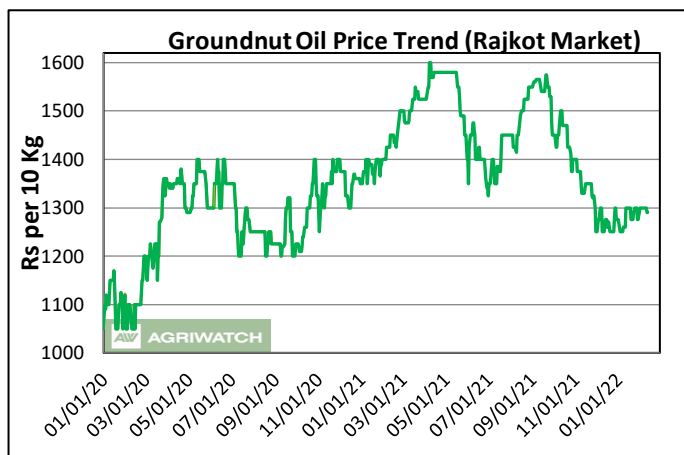


- On the trade front, CIF sunflower oil prices (Ukraine origin) at Kandla West coast of India is being quoted at USD 1475 (USD 1480) per ton for Feb delivery and Mar delivery is being quoted at USD 1465 (USD 1475) per ton. CNF sun oil (Ukraine origin) Jan monthly average was at USD 1430 per ton compared to USD 1419.81 per ton in Dec. Prices are likely to stay in the range of USD 1425-1500 per ton in the near term. (Values in brackets are figures of last week)
- Currently, refined sunflower oil at Chennai market is Rs 1,290 (Rs 1,300) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1300 (Rs 1290) per 10 kg as on February 11, 2022. Values in brackets are figures of last week.
- We expect sunflower oil prices to trade sideways with upwards bias in the coming days following international sun oil market.

Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 1280-1350 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:- Domestic Front

- Groundnut oil market prices showed steady trend in the previous week, trading in the range of 1250-1300 from the past months as seeds arrivals have been steady.
- Prices are expected to remain sideways as farmers are releasing their produce slowly.
- Groundnut seed arrivals are steady at Rajkot mandi and is expected to be steady for the February month. For the period of 7 Feb to 11 Feb 2022, groundnut seed arrival at Rajkot market stood at 18,100 quintals compared to arrival of 18,650 quintals in previous week
- The final acreage under groundnut rabi sowing stands at 5.27 lakh Ha compared to 5.18 La Ha last year for same timeframe.
- Groundnut oil exports scenario- India exported 4,702.53 tons Groundnut oil (mainly to China at 4,546.21 tons) in December 2021 v/s 50,506.06 tons export in November 2020 lowered by 87.64 percent.
- Exports to China of Indian Groundnut oil had increased in December month at 4,546.21 tonnes compared to 1,507.25 tonnes in November. Demand has raised from November onwards as expected by AgriWatch, backed by correction in India's GN oil prices compared to October months's prices. However, Groundnut oil exports quantities to China have been expected to remain subdued for



November, December and January months compared to last year as their domestic production for year 2021 is higher compared to year 2020. As per USDA Feb'22 report, China is estimated to harvest 18.2 million tons of peanuts against 17.99 million metric tons previous year.



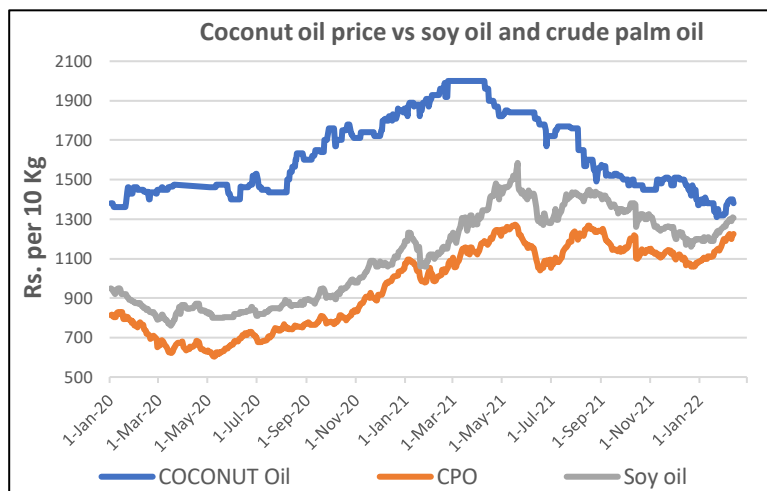
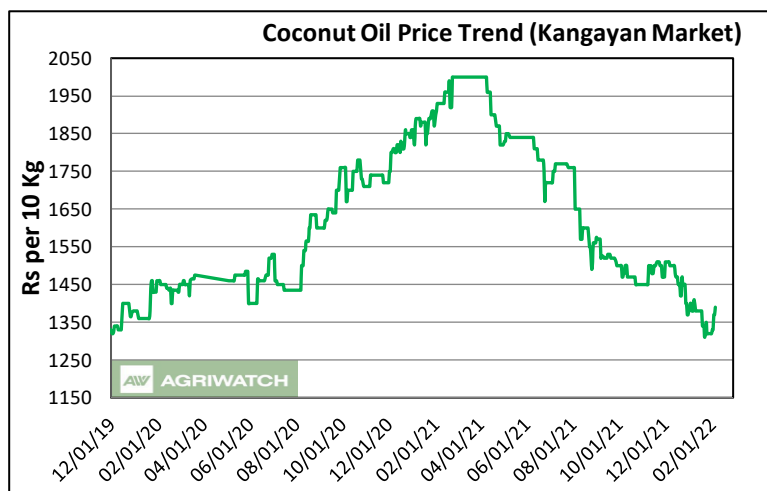
- On the price front, currently the groundnut oil prices in Rajkot are at Rs 1,290 (Rs 1,300) per 10 Kg and it was Rs 1,320 (Rs 1,320) per 10 Kg in Chennai market on February 11, 2022. Values in brackets are figures of last week.

Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade sideways in the price band of Rs 1250-1325 per 10 Kg

Coconut Oil Fundamental Review and Analysis:-
Domestic Front

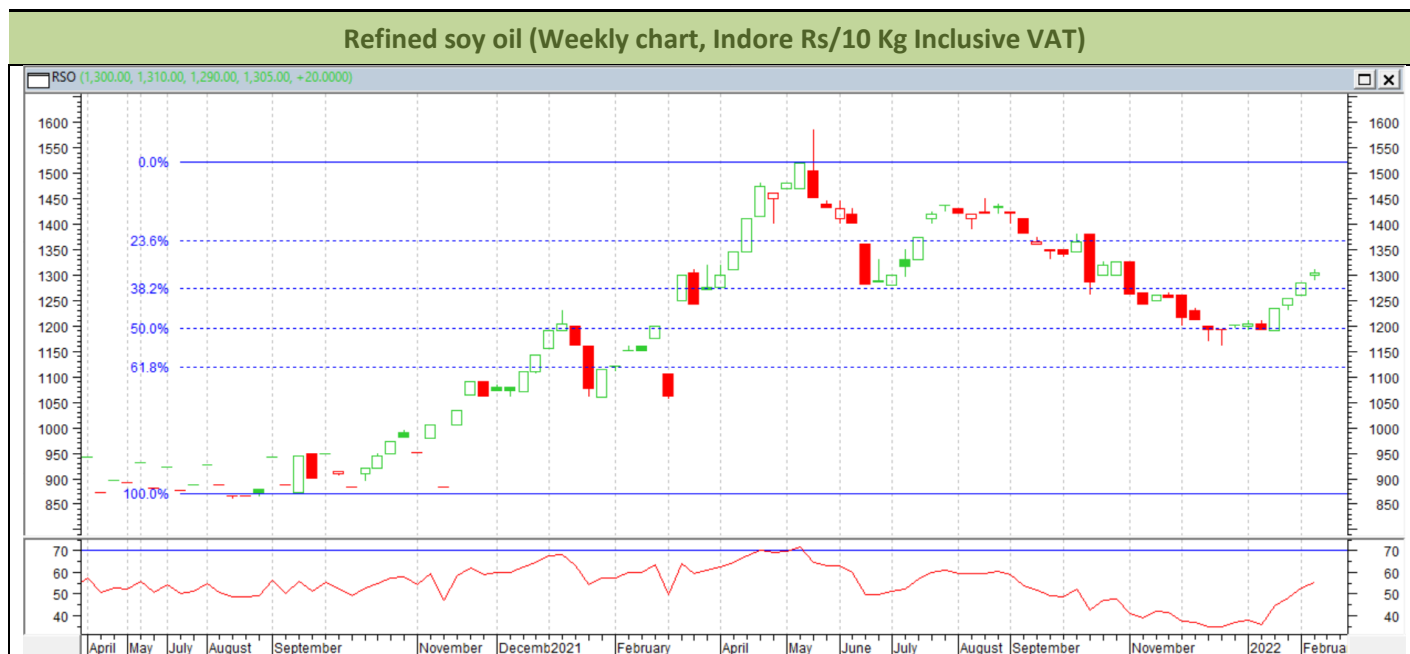
- The Coconut oil prices at benchmark market Kangeyam featured steady trend for the review period of 5 Feb to 11 Feb.
- The demand for the coconut oil rose as the premium of coconut oil over competing oils fell over the months.
- Copra prices fell at the end of the week to Rs. 1540 from Rs. 1500. Declining copra prices will pressure gains in oil prices.
- Oil prices rose by 0.72 percent from Rs. 1400 from Rs. 1390.
- Coconut oil demand are expected to be underpinned for the coming weeks as the prices of competing oil are rising.
- Coconut oil exports scenario- India exported 1,353.58 tonnes of Coconut oil in December 2021 higher compared to 910.99 tonnes export in November 2021, and 891.02 tonnes in December 2020.



- On the price front, currently the coconut oil prices in Kochi are hovering remain at Rs 1,510 (Rs 1,510) per 10 Kg and was quoted at 1,400 (Rs 1,390) per 10 Kg in Kangeyam market on February 11, 2022.

Price Outlook: Coconut oil (without GST) prices in Kangeyam may stay in the range of Rs 1350-1450 per 10 Kg.

Technical Analysis (Refined soy oil)

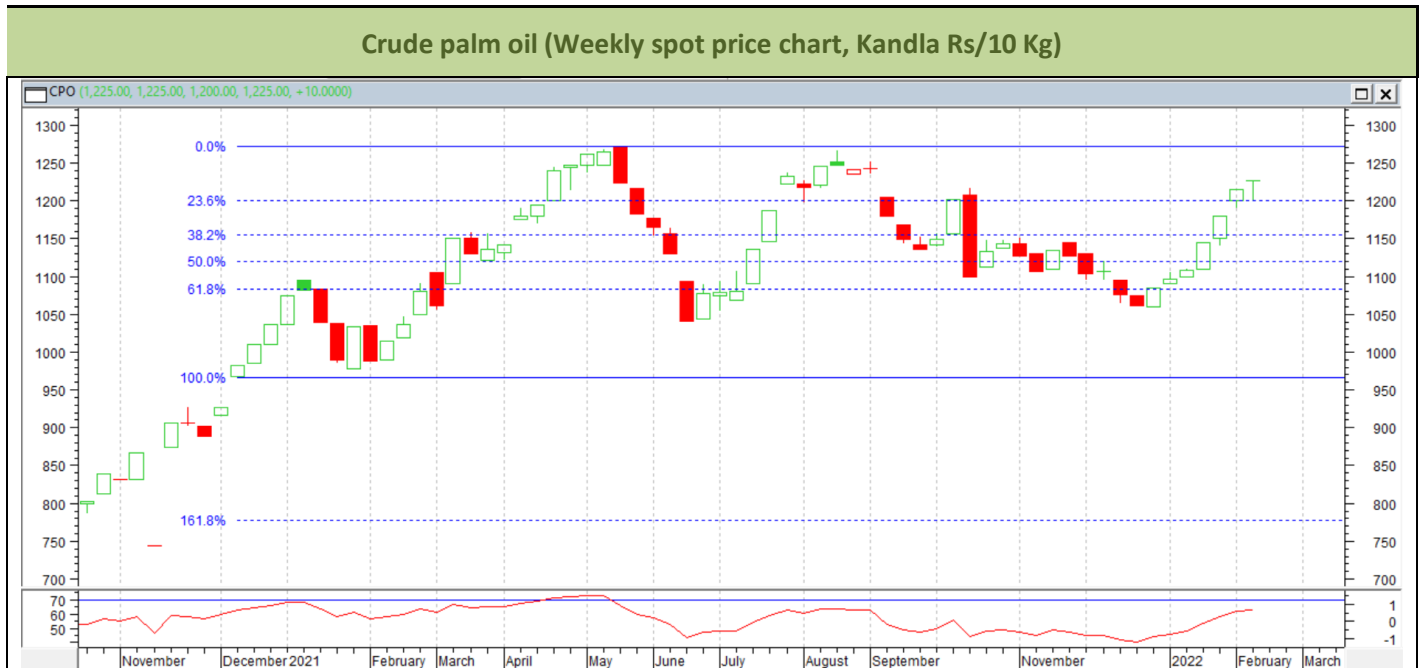


Technical Commentary –

- Previous week soybean oil prices at Indore mandi traded in range of 1290 to 1310. Prices are testing 1300 level.
- 50.0% Fibonacci level has emerged as a good support.
- Immediate resistance is seen at 1335, and the next resistance is seen at 1380.

Spot Market outlook: Market participants are recommended to Buy near Fibonacci support of 1270 level and sell near level of 1350-1380.

Technical Analysis (Crude Palm oil)



Technical Commentary –

- In previous week CPO prices at Kandla mandi traded sideways.
- Price took support at 1200 level, which was 23.6 Fibonacci level and bounced back to Rs 1225 level.
- Immediate resistance is seen at 1270, characterized by multiple recent tops, which is also a 0% Fibonacci retracement level.

Spot Market outlook: Market participants are recommended to Buy near Fibonacci support of 1200 level and sell near resistance level of 1260-1270.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		11-Feb-22	5-Feb-22	
Refined Soybean Oil	Indore	1310	1285	25
	Indore (Soy Solvent Crude)	1260	1230	30
	Mumbai	1300	1300	Unch
	Mumbai (Soy Degum)	1255	1235	20
	Kandla/Mundra	1285	1270	15
	Kandla/Mundra (Soy Degum)	1250	1235	15
	Kolkata	1315	1310	5
	Delhi	1497	1485	12
	Nagpur	1320	1305	15
	Rajkot	1290	1290	Unch
	Kota	1310	1310	Unch
	Akola	1330	1290	40
	Amrawati	1318	1300	18
	Bundi	1320	1320	Unch
	Jalna	1305	1295	10
	Solapur	1290	1280	10
	Dhule	1315	1300	15
	Nanded	1300	1285	15
	Latur	1315	1290	25
	Argentina Crude Soya (CIF India) USD	1537	1511	26
	Argentina Crude Soya (FOB)	1488	1445	43
Palm Oil*	Kandla (Crude Palm Oil)	1220	1215	5
	Kandla (RBD Palm oil)	1235	1240	-5
	Kandla RBD Pamolein	1260	1235	25
	Kakinada (Crude Palm Oil)	1200	1200	Unch
	Kakinada RBD Pamolein	1255	1250	5
	Haldia Pamolein	1255	1260	-5
	Chennai RBD Pamolein	1255	1245	10
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1315	1295	20
	Krishnapattanam RBD Pamolein	1255	1245	10
	Mumbai RBD Pamolein	1270	1250	20
	Mangalore RBD Pamolein	1270	1265	5
	Mumbai (Refined)	1235	1230	5
	Rajkot (Refined)	1260	1270	-10
	Chennai (Refined)	1250	1250	Unch

	Hyderabad (Refined)	1255	1280	-25
	PFAD (Kandla)	1100	1115	-15
	RPS (Kandla)	1270	1250	20
	Superolien (Kandla)	1290	1255	35
	Superolien (Mumbai)	1300	1265	35
	Kochi (RBD Palmolein)	1265	1200	65
	Krishnapattanam (Crude Palm Oil)	1200	1200	Unch
Refined Sunflower Oil	Chennai (Refined)	1290	1300	-10
	Chennai (Crude)	1230	1250	-20
	Mumbai (Refined)	1315	1310	5
	Mumbai (Expeller Oil)	1250	1230	20
	Kandla (Refined)	1305	1290	15
	Hyderabad (Refined)	1295	1300	-5
	Hyderabad (Expeller)	1240	1260	-20
	Latur (Refined)	1285	1280	5
	Latur (Expeller Oil)	1225	1230	-5
	Chellakere (Expeller Oil)	1245	1240	5
	Erode (Expeller Oil)	1330	1290	40
	Kakinada (Refined)	1280	1300	-20
	Krishna Pattanam (Refined)	1280	1300	-20
Groundnut Oil	Rajkot	1290	1300	-10
	Chennai	1320	1320	Unch
	Hyderabad *	1340	1330	10
	Mumbai	1330	1340	-10
	Gondal	1300	1320	-20
	Jamnagar	1300	1320	-20
	Gujarat GN Telia	2090	2100	-10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1585	1630	-45
	Jaipur (Kacchi Ghani Oil)	1700	1745	-45
	Kota (Expeller Oil)	1550	1650	-100
	Kota (Kacchi Ghani Oil)	1675	1735	-60
	Neewai (Expeller Oil)	1600	1640	-40
	Neewai (Kacchi Ghani Oil)	1685	1725	-40
	Bharatpur (Kacchi Ghani Oil)	1600	1630	-30
	Sri-Ganga Nagar (Exp Oil)	1565	1610	-45
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1680	1725	-45
	Mumbai (Expeller Oil)	1560	1670	-110
	Kolkata (Expeller Oil)	1740	1780	-40
	New Delhi (Expeller Oil)	1620	1660	-40

	Hapur (Expeller Oil)	1710	1670	40
	Hapur (Kacchi Ghani Oil)	1720	1700	20
	Agra (Kacchi Ghani Oil)	1605	1635	-30
Refined Cottonseed Oil	Rajkot	1300	1310	-10
	Hyderabad	1295	1300	-5
	Mumbai	1310	1320	-10
	Gujarat Cotton Wash	1235	1270	-35
Coconut Oil	Kangayan (Crude)	1400	1390	10
	Cochin	1500	1570	-70
Rice Bran Oil	Mumbai (Refined 4%)	1190	1180	10
	Bhatinda (Crude 4%)	1070	1060	10
	Bhatinda (Refined 4%)	1185	1175	10
	Hyderabad (Crude)	1090	1090	Unch
	Hyderabad (Refined)	1260	1260	Unch
	Raipur (Crude)	1150	1150	Unch
	Raipur (Refined)	1260	1260	Unch
	Odisha (Refined)	1260	1260	Unch
	Vijayawada (Refined)	1170	1170	Unch
Malaysia Palmolein USD/MT	FOB	1475	1470	5
	CNF India	1490	1485	5
Indonesia CPO USD/MT	FOB	1430	1480	-50
	CNF India	1520	1510	10
Crude palm Kernel Oil India (USD/MT)	CNF India	2630	2650	-20
Ukraine Origin CSFO USD/MT Kandla	CIF	1470	1480	-10
Argentina FOB (\$/MT)		10-Feb-22	4-Feb-22	Change
Crude Soybean Oil Ship		1485	1450	35
Refined Soy Oil (Bulk) Ship		1537	1501	36
Sunflower Oil Ship		1390	1395	-5
Cottonseed Oil Ship		1465	1430	35
* Indicates including GST				

Note - Domestic edible oil prices are in Indian rupees per 10 Kg, CNF/FOB/CIF prices are in USD per tons.
The prices are exclusive of GST duty.



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