

Veg. Oil Weekly Research Report

Contents

- ❖ Executive Summary
- ❖ Recommendations
- ❖ International Veg. Oil Market Summary
- ❖ Domestic Market Fundamentals
- ❖ Technical Analysis (Spot Market)
- ❖ Technical Analysis (Futures Market)
- ❖ Veg. Oil Prices at Key Spot Markets

Executive Summary

Domestic Veg. Oil Market Summary

Edible oil prices featured firm 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, Coconut oil and Mustard oil prices firmed up in the week.

On the currency front, Indian rupee is hovering near 74.99 against 75.64 last weeks. Rupee is expected to depreciate and crude oil is expected to trade sideways.

We expect Palm oil and Soy oil to trade firm 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.

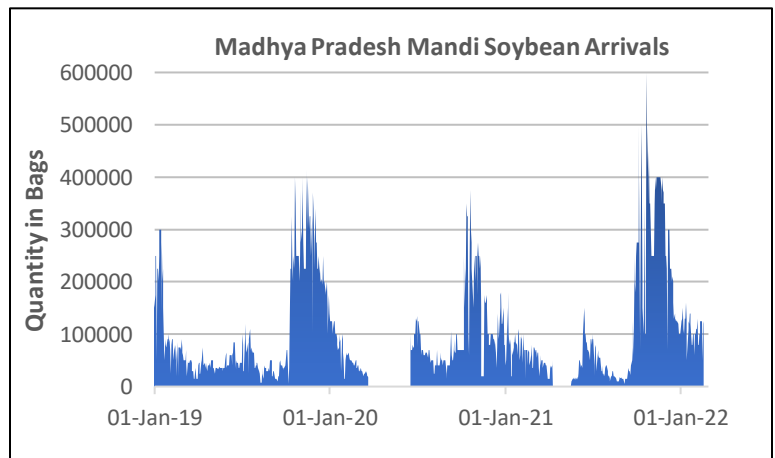
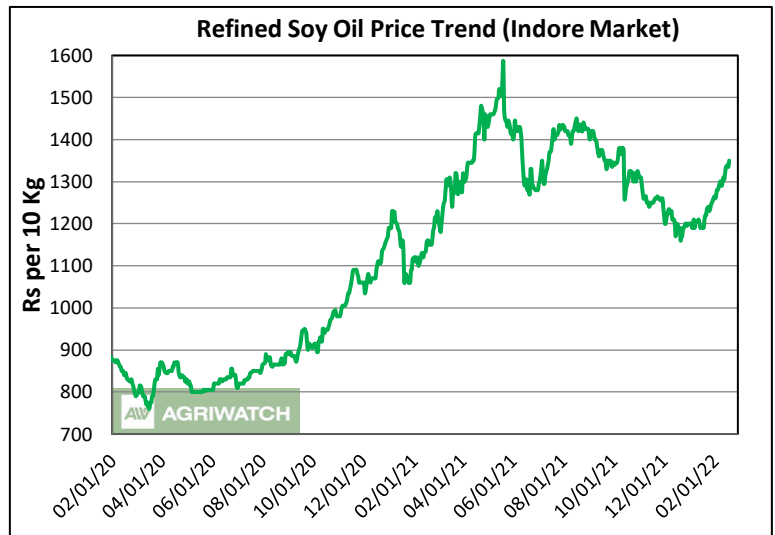
International Veg. Oil Market Summary

On the international front, US Soy oil stocks and crush, weather 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, production in Indonesia and Malaysia, Indonesia's new government policy, labour problems in Malaysia, demand from China and India and rising prices of crude oil are all likely to underpin CPO prices in near term.

Soy oil Fundamental Analysis and Outlook-: Domestic Front

- Soy oil traded firm at its benchmark market for the week in review. Prices rose to Rs. 1350 from Rs. 1310, up by 3.05 percent.
- Prices rose through the level of Rs. 1300 taking support from rallying international soy oil prices.
- Oil prices may take support from slow seed arrivals as farmers are releasing their stock slowly on anticipation of higher prices. This has led to tight availability which will affect the seed prices in coming months.
- Soybean seed arrival for the period of 14 Feb to 18 Feb stood at 5,45,000 bags compared to 4,85,000 bags for the period of 7 Feb to 11 Feb.
- As soybean seed prices are high, demand for soybean has slowed down leading to lower soy oil production from domestic soybean crop and high imports of soy oil. If soybean



- seeds are not released gradually the higher buildup of domestic stocks will pressure the seed 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 conditions. This is led to downward revision of the crop estimates for Argentina, Brazil and Paraguay.
- Imported crude soy oil CNF at Kandla West coast port is offered at USD 1627 (USD 1555) per ton for Feb delivery, Mar is delivery is being quoted at USD 1623 (USD 1555) 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 63-67.86 cents per pound and is expected to rally backed by revision in soybean production in Argentina, Brazil and Paraguay. Poor weather condition in January month has led many agencies to lower their crop production estimates.



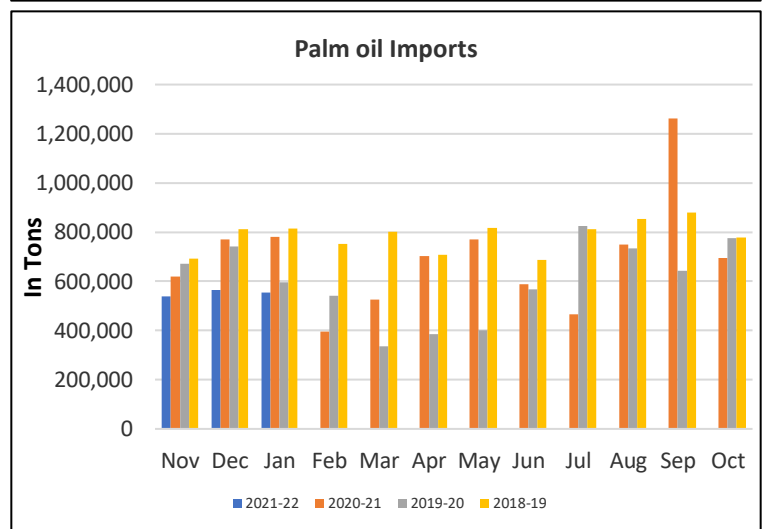
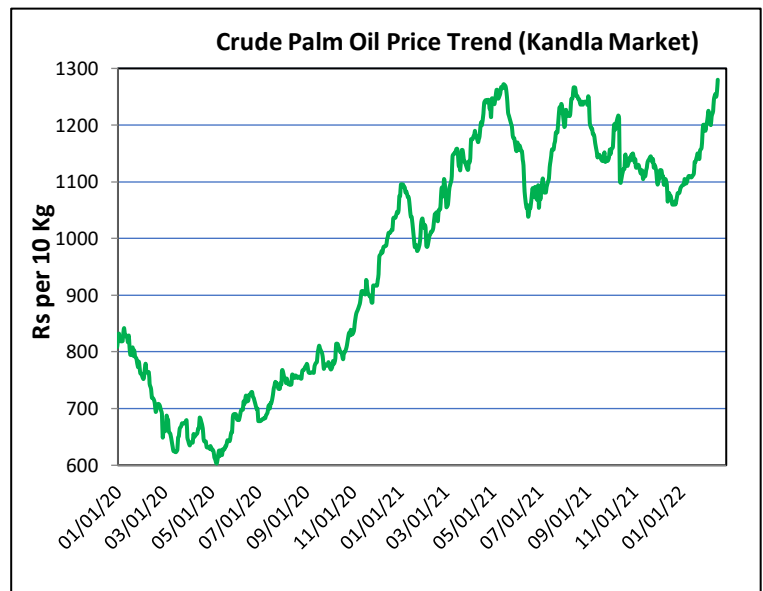
- Harvesting in Brazil has commenced and arrival is expected to pick up from March first week.
- Argentina's weather forecast for coming 2 week is prevalent as hot and dry condition will greatly impact the crop as they've entered critical growth stage of pod setting.
- AgRural Agribusiness Research firm, 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 1330-1400 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil (CPO) witnessed firm trend in prices at its benchmark market Kandla. Prices rose slightly by 4.92 percent from Rs. 1220 to Rs. 1280 at the end of week.
- Prices have touched the higher level which was last hit during covid 2021. Prices are expected to move upwards taking support from rising international palm oil prices as well as rise in competing oil prices. However, prices are expected to rebound from Rs. 1350-1400 level.
- 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. This policy may limit the firm trend in domestic palm oil prices.
- Total Palm oil imports for January 2022 stood at 5.53 lakh tonne compared to 5.66 LT in previous month, down by 2.29 percent, as predicted by AgriWatch.



Source: The Solvent Extractors' Association of India

- CPO imports were down by 22.92 percent at 4.07 LT compared to 5.28 LT in previous month. However, RBD palm oil import shot up significantly to 1.34 LT compared to 0.24 LT in previous month.
- AgriWatch expects fall in Palm oil imports for February month as prices have risen significantly lowering its discount over competing oils.
- On the trade front, CNF CPO (Indonesian origin) at Indian port is being quoted at USD 1590 (USD 1535) per ton for Feb delivery and Mar delivery is being quoted at USD 1580 (USD 1515) per 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 1560 (USD 1515) per ton for Feb delivery and Mar delivery is quoted at USD 1550 (USD 1490) 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 1280 (Rs 1220) per 10. Ready lift RBD Palmolein is quoted at Rs 1290 (Rs 1255) 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 for the week following rallying international palm oil prices.

International Front

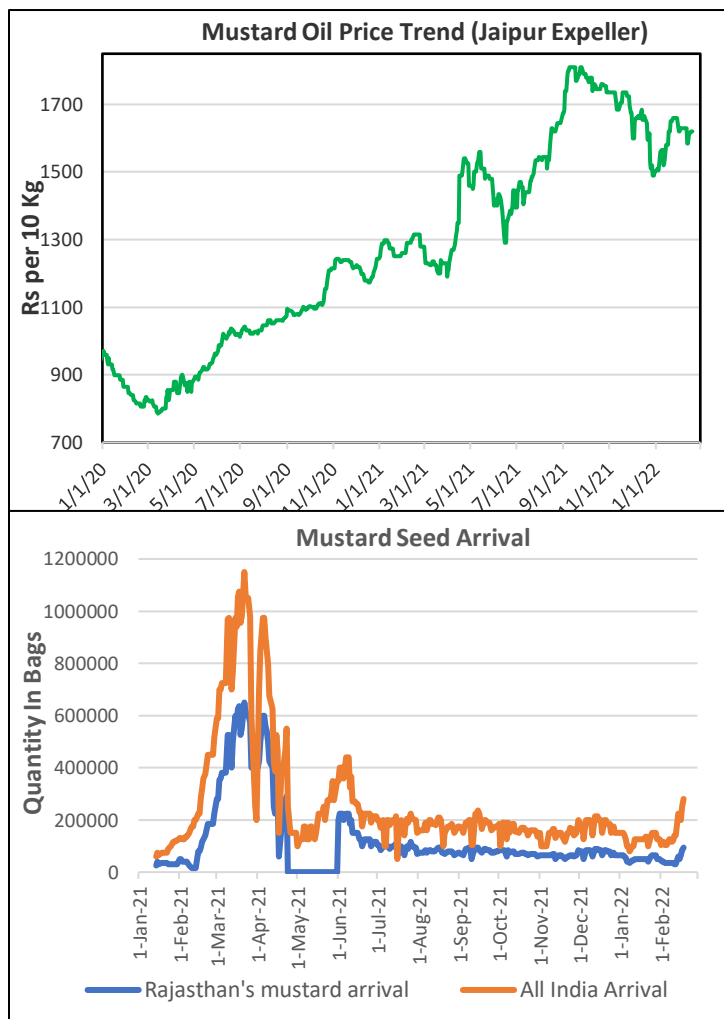
- BMD Palm oil Malaysia is trading in the range of 5760-to-600-Ringgit levels. Rising crude oil prices and low palm oil stock will support prices.
- Palm oil prices were firm in the previous week supported by low palm oil end stock in Malaysia contrary to the expectation of trade participants. The persistent 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.
- However, prices are expected to trade sideways in the coming week before correction as both Malaysia and Indonesia will enter high palm oil production months. Higher prices of palm oil have minimized its discount over competing oils will affect its market share.
- According to MPOB, Malaysia's palm oil production in January fell by 13.54 percent to 12.53 lakh tonne compare 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.
- 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.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 1250-1350 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-

Domestic Front

- Mustard oil prices traded firm in the week in review.
- Prices rose by 2.21 percent from Rs. 1585 to Rs. 1620 at the end of week backed by firm demand from crushing mills to replenish their stocks.
- Arrivals of new mustard crop is gradually rising and is expected to pick up from last week of February or by first week of March.
- For the period of 14 Jan to 18 Feb 2022, All India's total mustard arrival stood at 11.70 lakh bags compared to arrival of 6.25 lakh bags in previous week.
- According to Solvent Extractor Association (SEA), India imported no 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 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 same as of last week.
- Jaipur kacchi ghani rapeseed oil premium over RBD palm olein is at Rs 445 per 10 kg same as of last week.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,620 (Rs 1,585) per 10 Kg, and at Kota market, it is offered at Rs 1,580 (Rs 1,550) per 10 kg as on February 11, 2022. Values in brackets are figures of last week.

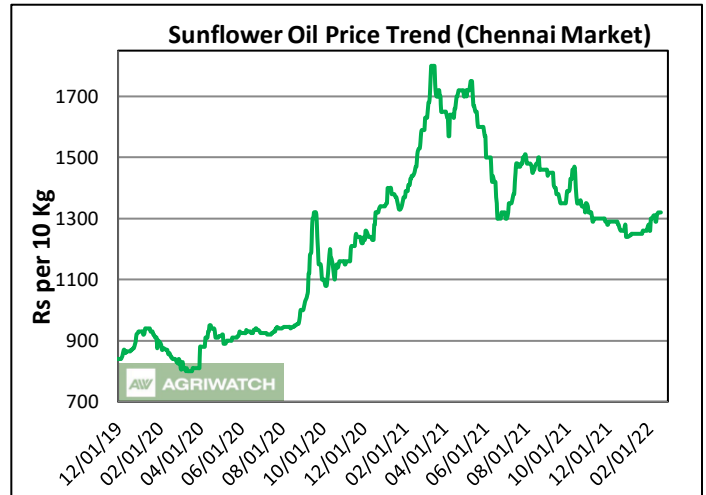


Price Outlook: Rapeseed Expeller oil (without GST) prices in Jaipur may stay in the range of Rs 1500-1620 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil price showed firm trend for the previous week in review in Chennai market.
- Domestic prices were testing the Rs 1300 level and move through the level to Rs 1320, up by 2.33 percent. 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.
- The geo-political issue between Ukraine and Russia if escalated will impact the sunflower oil export from these two countries to rest of the world and will impact the prices as well.
- 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 30 over soy oil (discount of Rs 15 last week) per 10 kg. Sunflower oil prices at CNF market are also discount over soy oil by USD 101 (discount of USD 90 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 30 (Rs 35) 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.

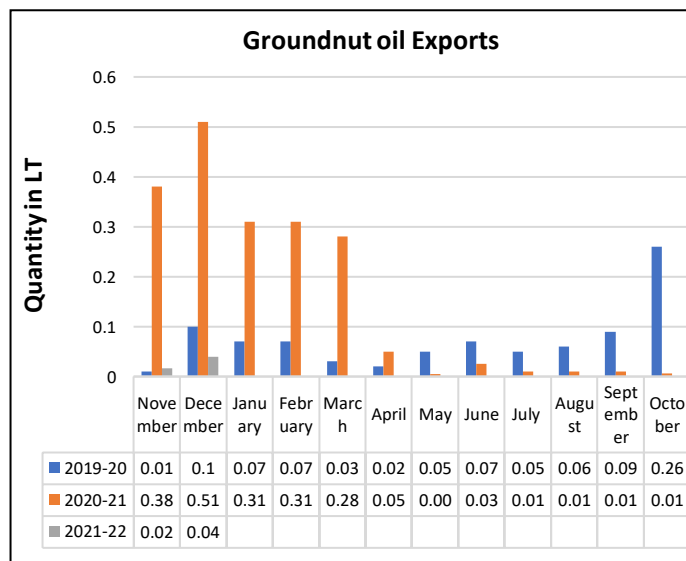
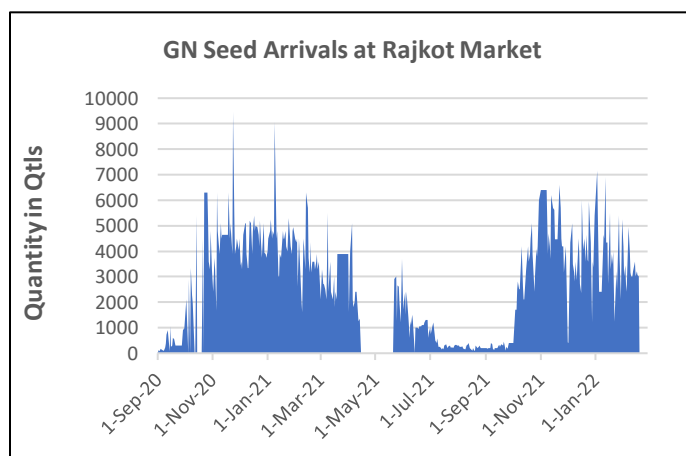
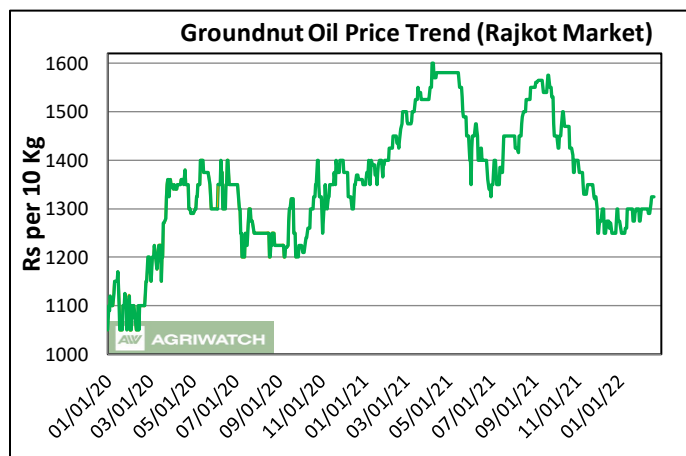
In domestic market, Sunflower oil (Chennai) is at discount over groundnut oil by Rs. 5 compared to at par with Groundnut oil at Chennai market last week.

- According to Solvent Extractor Association of India, Sunflower oil imports for the month of January 2022 rose to 3.07 lakh tonne compared to 2.58 LT in previous month. Higher imports were seen as sunflower oil's premium over competing oil has narrowed down significantly over past months. AgriWatch expects higher imports for February month as well, if tension between Ukraine and Russia is not escalated.
- On the trade front, CIF sunflower oil prices (Ukraine origin) at Kandla West coast of India is being quoted at USD 1510 (USD 1475) per ton for Mar delivery and Apr delivery is being quoted at USD 1505 (USD 1455) 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 1,320 (Rs 1,290) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1320 (Rs 1300) per 10 kg as on February 18, 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 firm trend in the previous week. Price rose to Rs. 1325 level through previous level of 1250-1300 where it was trading since November 2021.
- Prices are expected to firm up as arrivals have declined compared to last week.
- Groundnut seed arrivals are expected to gradually decline from March month. For the period of 14 Feb to 18 Feb 2022, groundnut seed arrival at Rajkot market stood at 15,850 quintals compared to arrival of 18,100 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 month's prices. However, Groundnut oil exports quantities to China were subdued in 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.



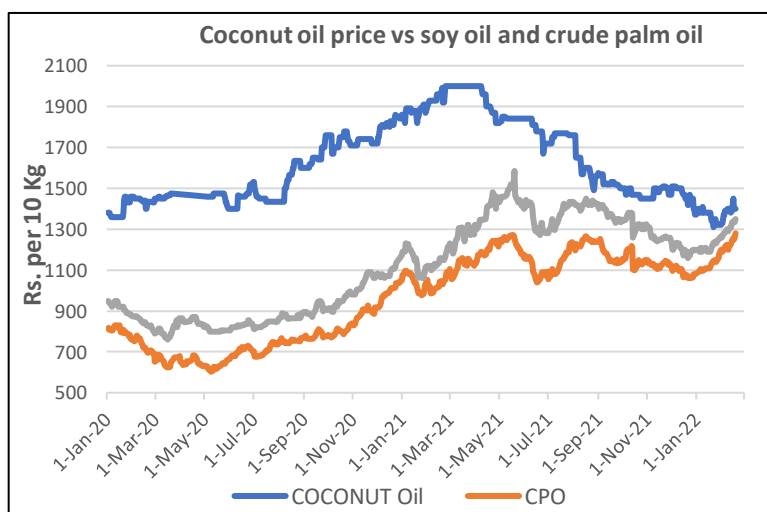
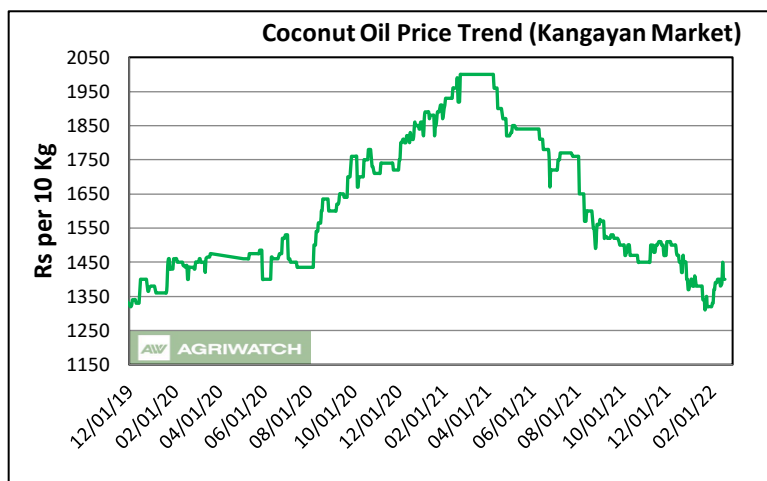
- On the price front, currently the groundnut oil prices in Rajkot are at Rs 1,325 (Rs 1,290) per 10 Kg and it was Rs 1,380 (Rs 1,320) per 10 Kg in Chennai market on February 18, 2022. Values in brackets are figures of last week.

Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade sideways in the price band of Rs 1300-1350 per 10 Kg

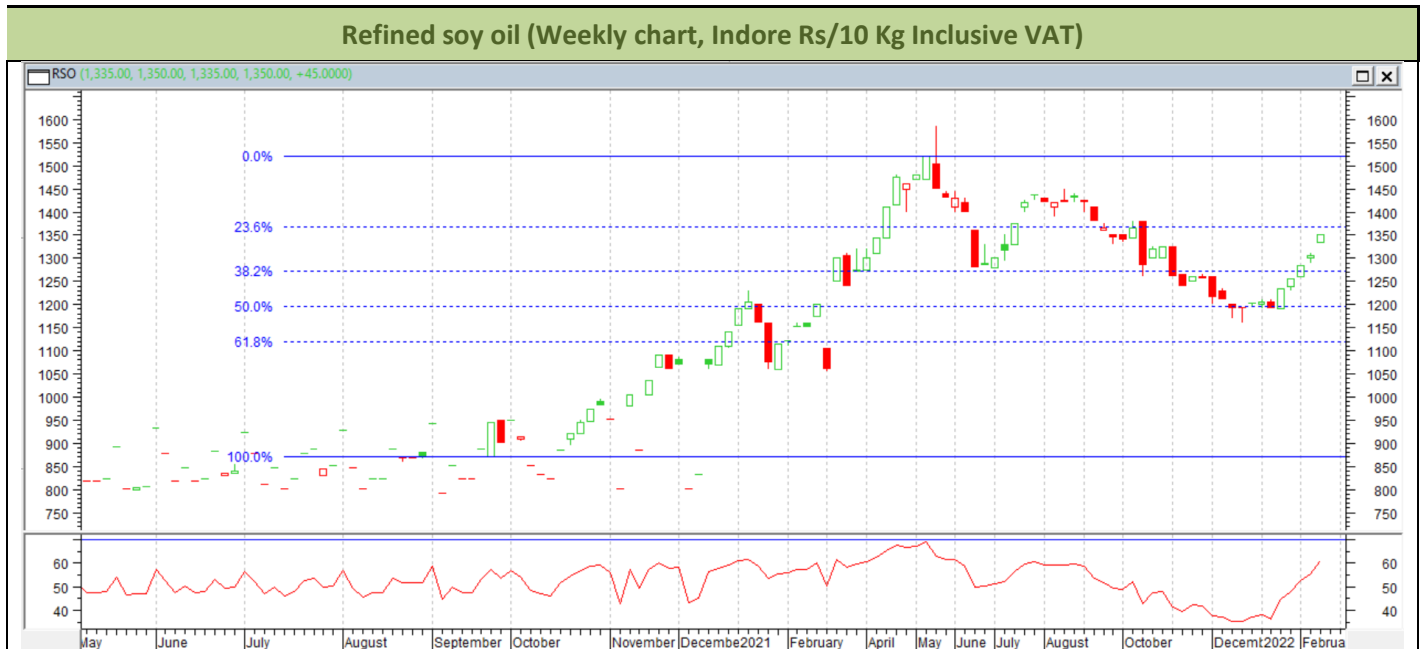
Coconut Oil Fundamental Review and Analysis:-
Domestic Front

- The Coconut oil prices at benchmark market Kangeyam featured sideways trend for the review period of 14 Feb to 18 Feb. The price were rangebound at the 1380 to 1450 level, however closed on same level of Rs.1400 same as of last week.
- The demand for the coconut oil is improving as the premium of coconut oil over competing oils fell over the last few months.
- Copra prices are also steady for the previous week at Rs. 1500.
- 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 1,400) per 10 Kg in Kangeyam market on February 18, 2022.



Price Outlook: Coconut oil (without GST) prices in Kangeyam may stay in the range of Rs 1380-1450 per 10 Kg.

Technical Analysis (Refined soy oil)

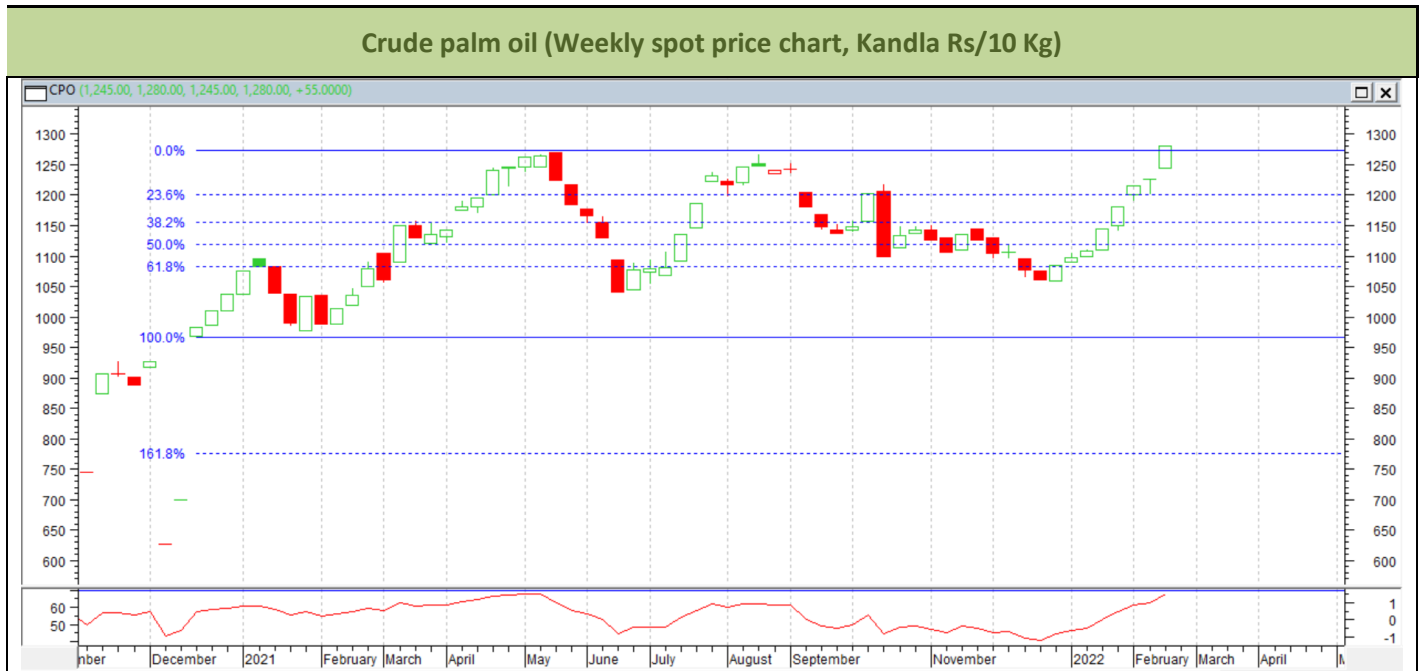


Technical Commentary –

- Previous week soybean oil prices at Indore mandi traded in range of 1335 to 1350. Prices are rose through the 1300 level.
- 50.0% Fibonacci level has emerged as a good support.
- Immediate resistance is seen at 1380, and the next resistance is seen at 1400-1410.

Spot Market outlook: Market participants are recommended to Buy near 1350 level and sell near level of 1380-1400.

Technical Analysis (Crude Palm oil)



Technical Commentary –

- In previous week CPO prices at Kandla mandi traded firm.
- Price took support at 1200 level, which was 23.6 Fibonacci level and rose to Rs 1280 level.
- Immediate resistance is seen at 1300, and next resistance may be seen at 1340-1350 level.

Spot Market outlook: Market participants are recommended to Buy near Fibonacci support of 1280 level and sell near resistance level of 1340-1350.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		18-Feb-22	11-Feb-22	
Refined Soybean Oil	Indore	1350	1310	40
	Indore (Soy Solvent Crude)	1300	1260	40
	Mumbai	1350	1300	50
	Mumbai (Soy Degum)	1300	1255	45
	Kandla/Mundra	1335	1285	50
	Kandla/Mundra (Soy Degum)	1295	1250	45
	Kolkata	1410	1315	95
	Delhi	1515	1497	18
	Nagpur	1360	1320	40
	Rajkot	1340	1290	50
	Kota	1345	1310	35
	Akola	1355	1330	25
	Amrawati	1345	1318	27
	Bundi	1355	1320	35
	Jalna	1335	1305	30
	Solapur	1330	1290	40
	Dhule	1335	1315	20
	Nanded	1340	1300	40
	Latur	1350	1315	35
	Argentina Crude Soya (CIF India) USD	1621	1537	84
	Argentina Crude Soya (FOB)	1572	1488	84
Palm Oil*	Kandla (Crude Palm Oil)	1280	1220	60
	Kandla (RBD Palm oil)	1270	1235	35
	Kandla RBD Pamolein	1290	1260	30
	Kakinada (Crude Palm Oil)	1240	1200	40
	Kakinada RBD Pamolein	1285	1255	30
	Haldia Pamolein	1290	1255	35
	Chennai RBD Pamolein	1285	1255	30
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1345	1315	30
	Krishnapattanam RBD Pamolein	1285	1255	30
	Mumbai RBD Pamolein	1300	1270	30
	Mangalore RBD Pamolein	1295	1270	25
	Mumbai (Refined)	1295	1235	60
	Rajkot (Refined)	1290	1260	30
	Chennai (Refined)	1285	1250	35

	Hyderabad (Refined)	1300	1255	45
	PFAD (Kandla)	1130	1100	30
	RPS (Kandla)	1310	1270	40
	Superolien (Kandla)	1320	1290	30
	Superolien (Mumbai)	1330	1300	30
	Kochi (RBD Palmolein)	-	1265	-
	Krishnapattanam (Crude Palm Oil)	1240	1200	40
Refined Sunflower Oil	Chennai (Refined)	1320	1290	30
	Chennai (Crude)	1280	1230	50
	Mumbai (Refined)	1360	1315	45
	Mumbai (Expeller Oil)	1290	1250	40
	Kandla (Refined)	1320	1305	15
	Hyderabad (Refined)	1360	1295	65
	Hyderabad (Expeller)	1310	1240	70
	Latur (Refined)	1320	1285	35
	Latur (Expeller Oil)	1260	1225	35
	Chellakere (Expeller Oil)	1280	1245	35
	Erode (Expeller Oil)	1370	1330	40
	Kakinada (Refined)	1330	1280	50
	Krishna Pattanam (Refined)	1330	1280	50
Groundnut Oil	Rajkot	1325	1290	35
	Chennai	1380	1320	60
	Hyderabad *	1410	1340	70
	Mumbai	1365	1330	35
	Gondal	1325	1300	25
	Jamnagar	1325	1300	25
	Gujarat GN Telia	2140	2090	50
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1620	1585	35
	Jaipur (Kacchi Ghani Oil)	1745	1700	45
	Kota (Expeller Oil)	1580	1550	30
	Kota (Kacchi Ghani Oil)	1735	1675	60
	Neewai (Expeller Oil)	1640	1600	40
	Neewai (Kacchi Ghani Oil)	1725	1685	40
	Bharatpur (Kacchi Ghani Oil)	1650	1600	50
	Sri-Ganga Nagar (Exp Oil)	1610	1565	45
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1725	1680	45
	Mumbai (Expeller Oil)	1540	1560	-20
	Kolkata (Expeller Oil)	1750	1740	10
	New Delhi (Expeller Oil)	1600	1620	-20

	Hapur (Expeller Oil)	1690	1690	Unch
	Hapur (Kacchi Ghani Oil)	1720	1720	Unch
	Agra (Kacchi Ghani Oil)	1655	1605	50
Refined Cottonseed Oil	Rajkot	1340	1300	40
	Hyderabad	1335	1295	40
	Mumbai	1350	1310	40
	Gujarat Cotton Wash	1290	1235	55
Coconut Oil	Kangayan (Crude)	1400	1400	Unch
	Cochin	1500	1500	Unch
Rice Bran Oil	Mumbai (Refined 4%)	1250	1190	60
	Bhatinda (Crude 4%)	1100	1070	30
	Bhatinda (Refined 4%)	1215	1185	30
	Hyderabad (Crude)	1090	1090	Unch
	Hyderabad (Refined)	1260	1260	Unch
	Raipur (Crude)	1210	1150	60
	Raipur (Refined)	1340	1260	80
	Odisha (Refined)	1330	1260	70
	Vijayawada (Refined)	1220	1170	50
Malaysia Palmolein USD/MT	FOB	1550	1475	75
	CNF India	1530	1490	40
Indonesia CPO USD/MT	FOB	1528	1430	98
	CNF India	1560	1520	40
Crude palm Kernel Oil India (USD/MT)	CNF India	NA	2630	-
Ukraine Origin CSFO USD/MT Kandla	CIF	1520	1470	50
Argentina FOB (\$/MT)		17-Feb-22	10-Feb-22	Change
Crude Soybean Oil Ship		1566	1485	81
Refined Soy Oil (Bulk) Ship		1621	1537	84
Sunflower Oil Ship		1410	1390	20
Cottonseed Oil Ship		1546	1465	81
* 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.



Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness, and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed, or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> 2022 Indian Agribusiness Systems Ltd.