



Veg. Oil Weekly Research Report

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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 75.08 against 74.99 last weeks. Rupee is expected to depreciate and crude oil is expected to trade firm.

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.

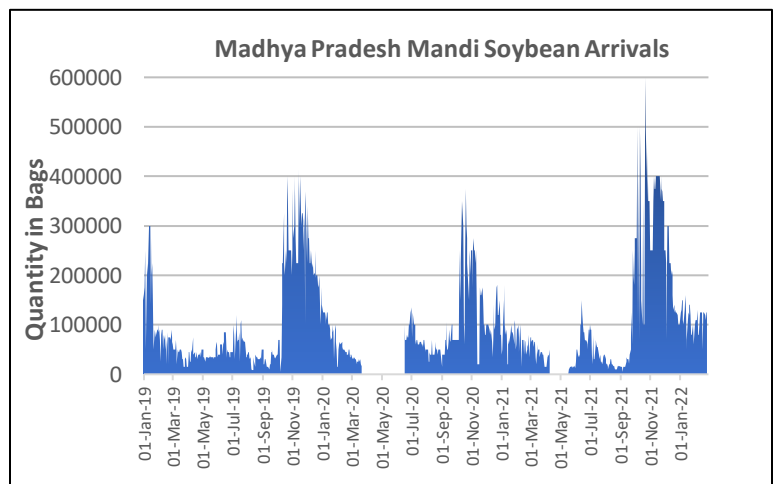
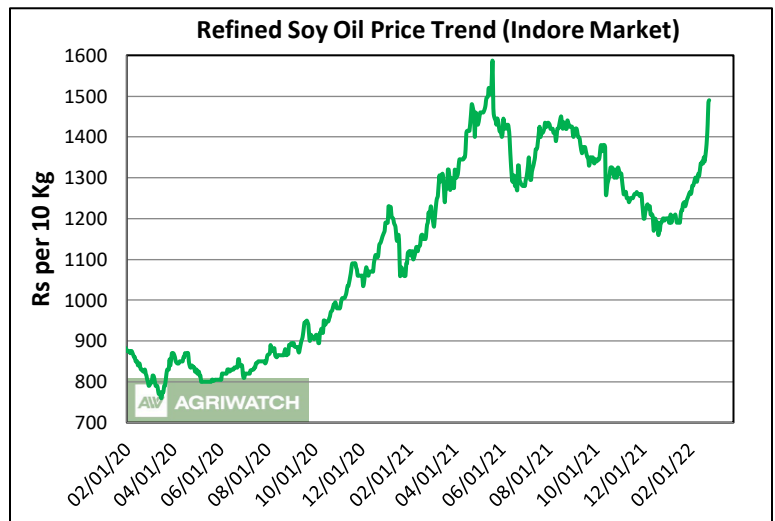
International Veg. Oil Market Summary

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. 1490 from Rs. 1350, up by 10.37 percent.
- Prices shot up, reacting to the news of geopolitical war between Ukraine and Russia. As both these countries are major supplier of sun oil, exports of sun oil will be affected due to present situation, which will eventually lead to demand soy oil and other competing oils.
- Soy oil prices were already firm taking support from lower soybean production in South American countries.
- Soybean seed arrival for the period of 19 Feb to 25 Feb stood at 7,27,000 bags compared to 7,95,000 bags for the period of 11 Feb to 18 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 1682 (USD 1627) per ton for Feb delivery, Mar is delivery is being quoted at USD 1682 (USD 1623) 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 66-74 cents per pound. Prices may take support from escalating

tension between Ukraine and Russia, along with 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.

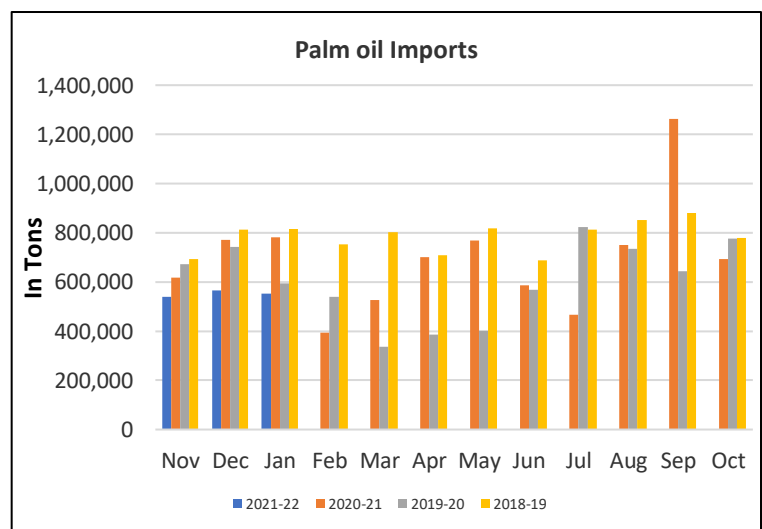
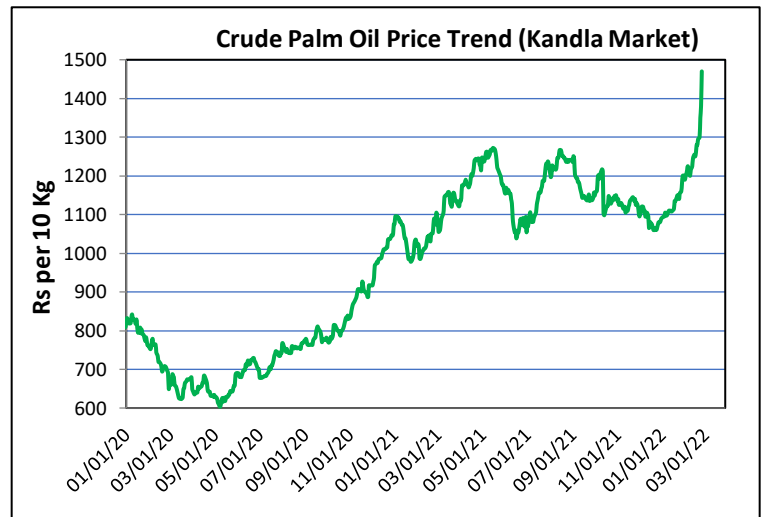
- Argentina's weather forecast for coming 2 week is expected to receive rainfall which will improve crop conditions.
- AgRural Agribusiness Research firm, had revised their Brazil's soybean crop in January forecast downwards from 144.7 MT to 133.4 MT for 2021-22. Further, it has slashed the production 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 1490-1600 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 by 14.84 percent from Rs. 1280 to Rs. 1470 at the end of week.
- Prices have crossed the higher level which was last hit during covid 2021. Prices moved upwards reacting to the news of tension between Ukraine and Russia. Demand for palm oil expected to increase as sun oil exports from Ukraine is affected.
- GOI had 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.
- 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 1740 (USD 1590) per ton for Feb delivery and Mar delivery is being quoted at USD 1730 (USD 1580) 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 1740 (USD 1560) per ton for Feb delivery and Mar delivery is quoted at USD 1730 (USD 1550) 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 1470 (Rs 1280) per 10. Ready lift RBD Palmolein is quoted at Rs 1400 (Rs 1290) per 10 kg as on February 25, 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

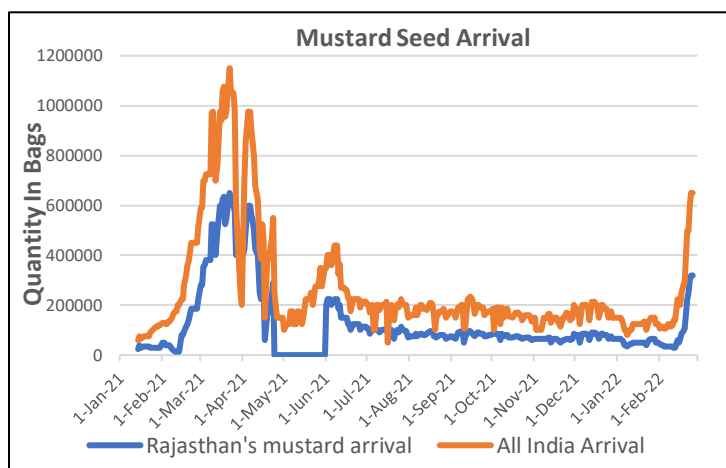
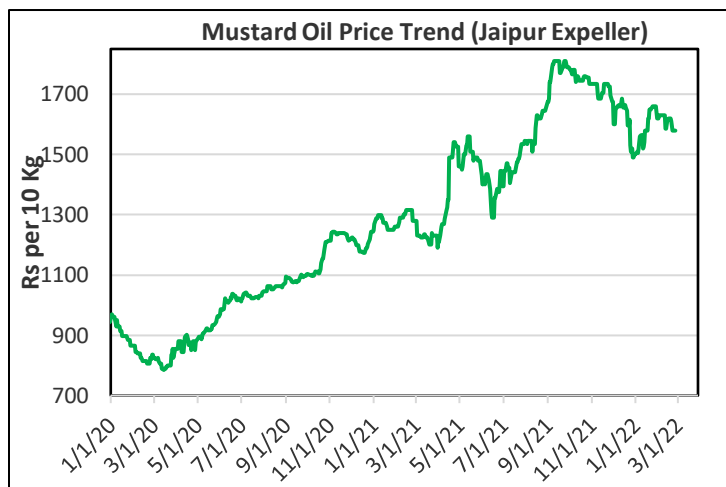
- BMD Palm oil Malaysia is trading in the range of 6500-to-7000-Ringgit levels. Rising crude oil prices and low palm oil stock will support prices.
- Escalating situation between Ukraine and Russia will push demand for palm oil, which may underpin the prices.
- Palm oil prices were firm in the previous 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 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.
- 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 1450-1550 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-

Domestic Front

- Mustard oil prices softened in the week in review.
- Prices fell by 2.47 percent from Rs. 1620 to Rs. 1580 at the end of week. However, prices were steady at 1580 level 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 19 Jan to 25 Feb 2022, All India's total mustard arrival stood at 31.90 lakh bags compared to arrival of 14.50 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 210 per 10 compared to Rs. 395 in last week.
- Jaipur kacchi ghani rapeseed oil premium over RBD palm olein is at Rs 230 compared to Rs 445 per 10 kg last week.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,580 (Rs 1,620) per 10 Kg, and at Kota market, it is offered at Rs 1,550 (Rs 1,580) per 10 kg as on February 25, 2022. Values in brackets are figures of last week.

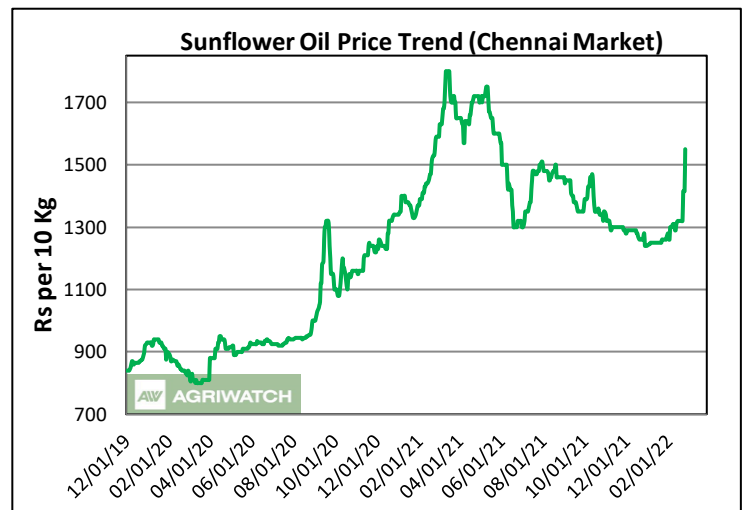


Price Outlook: Rapeseed Expeller oil (without GST) prices in Jaipur may stay in the range of Rs 1500-1580 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil price showed firm trend for the previous week in review in Chennai market.
- Domestic prices shot up from Rs. 1320 to Rs. 1550, up by 17.42 percent, following firm sun oil international prices.
- International sun oil prices rose as the Major sun oil producing countries Ukraine and Russia are under war for geo-political issues affecting exports and all related activities.
- Prices of competing oils viz., Soy oil, Palm Oil, Canola oil as well as crude oil prices shot up reacting to the supply chain disruption following present situation in Ukraine and Russia.
- As Ukraine's sun oil shipments are at halt the demand is expected to shift towards competing oils, which will further fuel the edible oil basket prices.
- 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 premium of Rs 60 over soy oil (discount of Rs 30 last week) per 10 kg. Sunflower oil prices at CNF market are discounted over soy oil by USD 52 (discount of USD 101 last week) per ton which indicates that sunflower oil prices premium has reversed with soy oil at at CNF markets, due to rising soy oil prices.



Meanwhile, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at Rs 80 (Rs 30) 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 premium over groundnut oil by Rs. 150 compared to Rs. 5 discount 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.

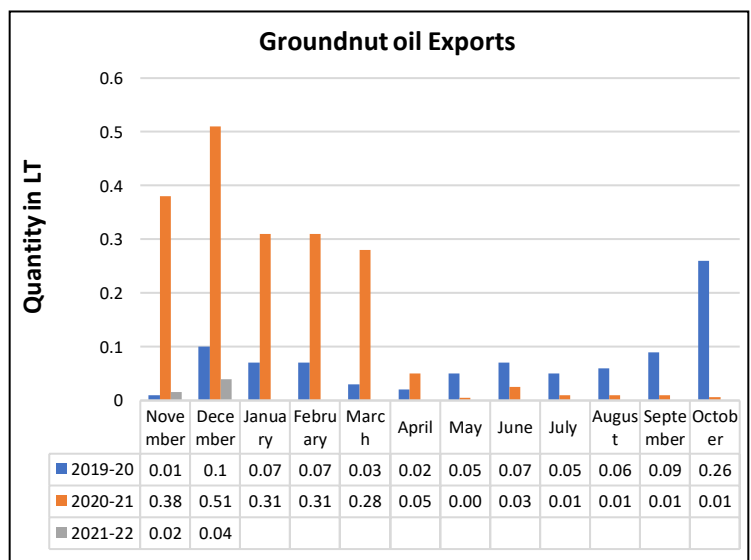
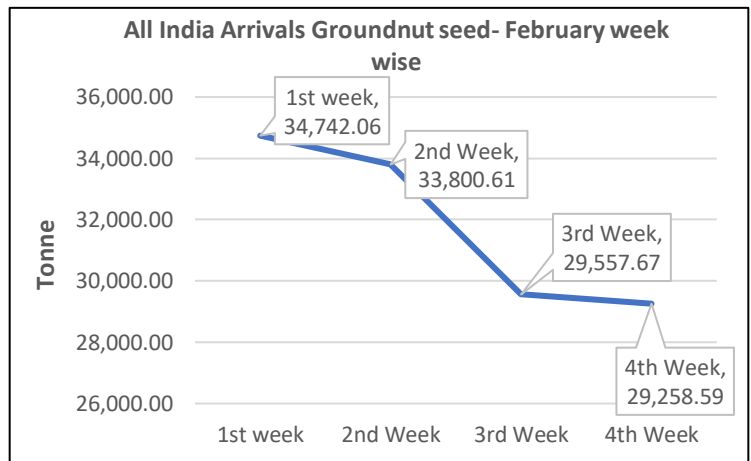
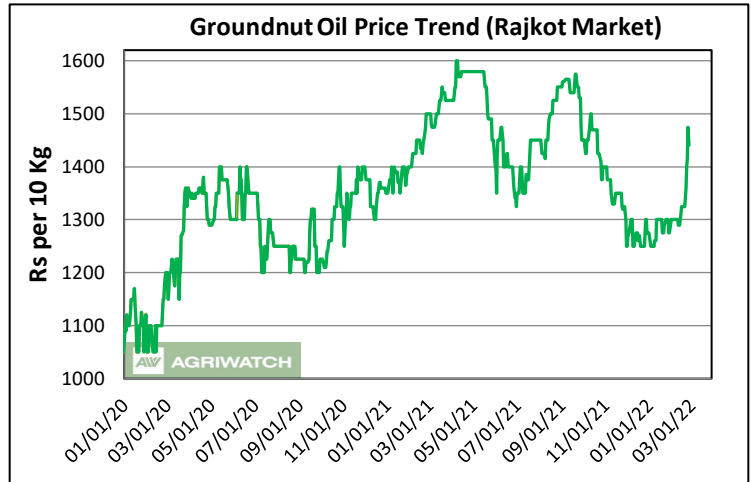
- On the trade front, CIF sunflower oil prices (Ukraine origin) at Kandla West coast of India is being quoted at USD 1510 (USD 1475) per ton for Mar delivery and Apr delivery is being quoted at USD 1505 (USD 1455) per ton. CNF sun oil (Ukraine origin) Jan monthly average was at USD 1430 per ton compared 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 1,550 (Rs 1,320) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1650 (Rs 1320) per 10 kg as on February 25, 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 1480-1600 per 10 Kg.

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil market prices showed firm trend in the previous week. Price rose by 8.68 percent from Rs. 1325 to Rs. 1440.
- Prices rose backed by decrease in arrivals of seeds. It also took support from rising prices of competing oils.
- All India arrivals for groundnut seeds fell for the fourth week to 29,258 tonne compared 29,557 tonne in third week of February.
- 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.





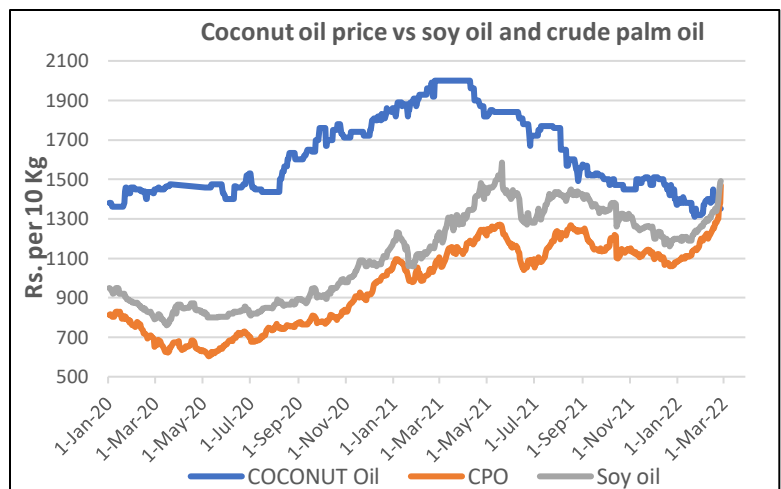
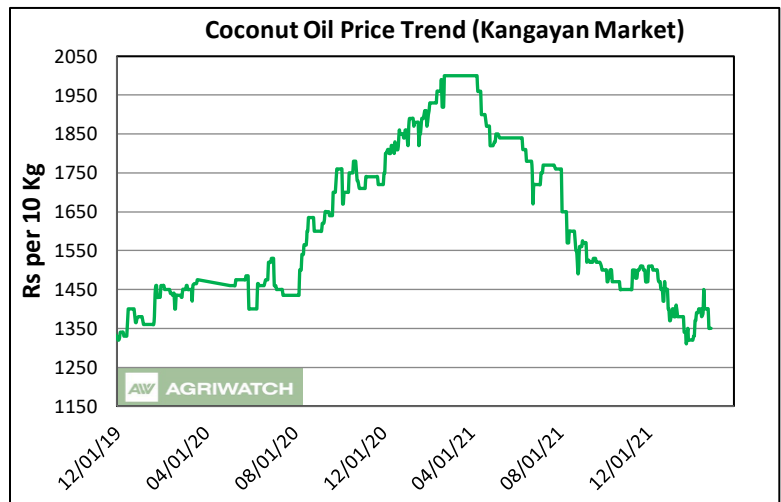
- On the price front, currently the groundnut oil prices in Rajkot are at Rs 1,440 (Rs 1,325) per 10 Kg and it was Rs 1,550 (Rs 1,380) per 10 Kg in Chennai market on February 25, 2022. Values in brackets are figures of last week.

Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade sideways in the price band of Rs 1380-1480 per 10 Kg

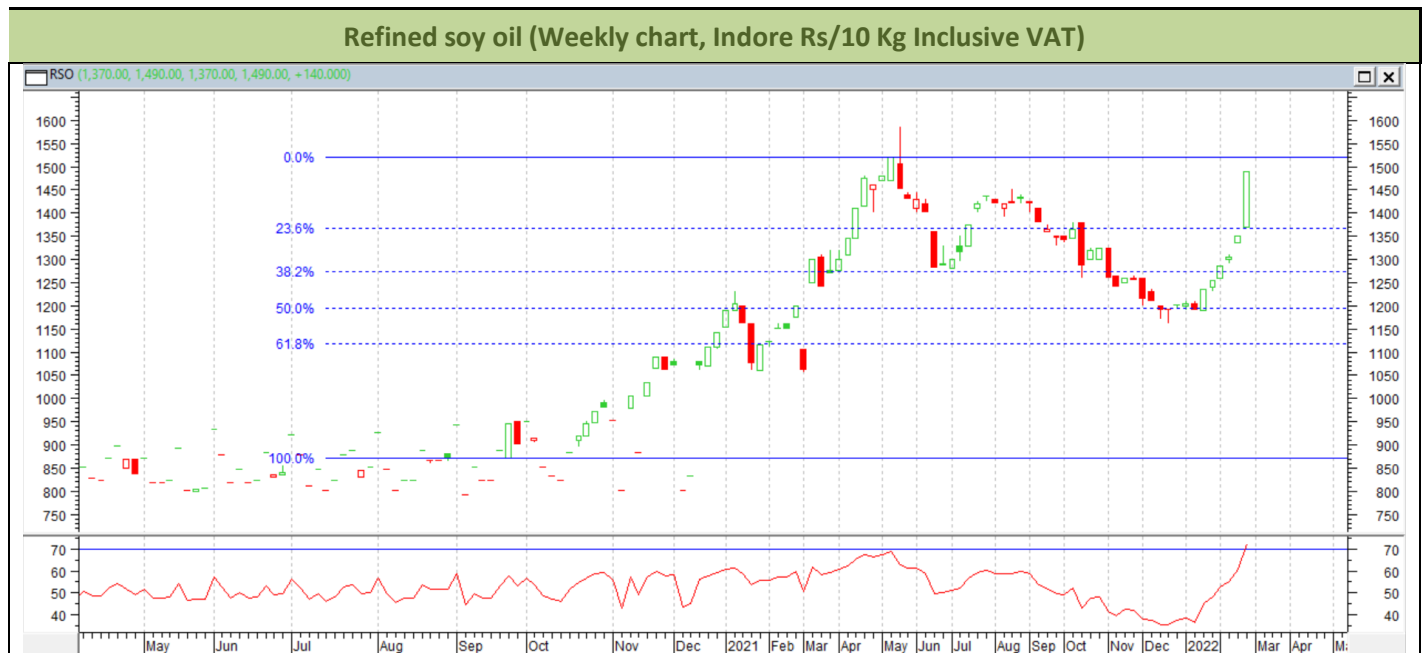
Coconut Oil Fundamental Review and Analysis:-
Domestic Front

- The Coconut oil prices at benchmark market Kangeyam featured downtrend for the review period of 18 Feb to 25 Feb. The price fell by 3.57 percent from Rs. 1400 to Rs. 1350.
- The demand for the coconut oil is expected to improve as the premium of coconut oil over competing oils has reversed to discount.
- Copra prices also corrected from Rs. 1510 to Rs. 1480 compared to previous week.
- Coconut oil demand are expected to be underpinned taking support from rising prices of competing oils.
- 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 1,480 (Rs 1,510) per 10 Kg and was quoted at 1,350 (Rs 1,400) per 10 Kg in Kangeyam market on February 25, 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)



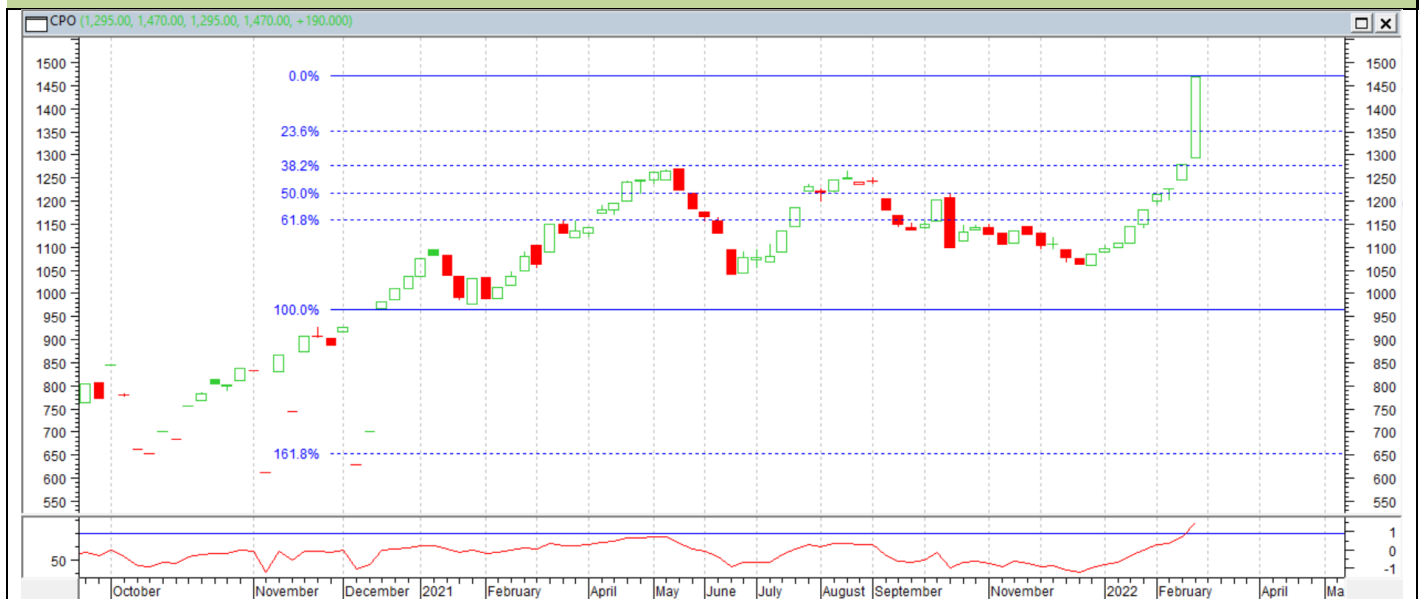
Technical Commentary –

- Previous week soybean oil prices at Indore mandi traded in range of 1370 to 1490.
- 23.6% Fibonacci level has emerged as a good support.
- Immediate resistance is seen at 1580.

Spot Market outlook: Market participants are recommended to Buy near 1500 level and sell near level of 1580-1600.

Technical Analysis (Crude Palm oil)

Crude palm oil (Weekly spot price chart, Kandla Rs/10 Kg)



Technical Commentary –

- In previous week CPO prices at Kandla mandi traded firm, rose by 14.84 percent.
- Immediate resistance is seen at 1550-1580 level.

Spot Market outlook: Market participants are recommended to Buy near Fibonacci support of 1450-1470 level and sell near resistance level of 1550-1580.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		25-Feb-22	18-Feb-22	
Refined Soybean Oil	Indore	1490	1350	140
	Indore (Soy Solvent Crude)	1480	1300	180
	Mumbai	1550	1350	200
	Mumbai (Soy Degum)	1530	1300	230
	Kandla/Mundra	1530	1335	195
	Kandla/Mundra (Soy Degum)	1520	1295	225
	Kolkata	1530	1410	120
	Delhi	1580	1515	65
	Nagpur	1520	1360	160
	Rajkot	1520	1340	180
	Kota	1550	1345	205
	Akola	1545	1355	190
	Amrawati	1575	1345	230
	Bundi	1560	1355	205
	Jalna	1530	1335	195
	Solapur	1545	1330	215
	Dhule	1525	1335	190
	Nanded	1510	1340	170
	Latur	1520	1350	170
	Argentina Crude Soya (CIF India) USD	1721	1621	100
	Argentina Crude Soya (FOB)	1664	1572	92
Palm Oil*	Kandla (Crude Palm Oil)	1470	1280	190
	Kandla (RBD Palm oil)	1400	1270	130
	Kandla RBD Pamolein	1470	1290	180
	Kakinada (Crude Palm Oil)	1440	1240	200
	Kakinada RBD Pamolein	1450	1285	165
	Haldia Pamolein	1420	1290	130
	Chennai RBD Pamolein	1460	1285	175
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1522	1345	177
	Krishnapattanam RBD Pamolein	1450	1285	165
	Mumbai RBD Pamolein	1480	1300	180
	Mangalore RBD Pamolein	1500	1295	205
	Mumbai (Refined)	1450	1295	155
	Rajkot (Refined)	1450	1290	160
	Chennai (Refined)	1480	1285	195

	Hyderabad (Refined)	1490	1300	190
	PFAD (Kandla)	1250	1130	120
	RPS (Kandla)	1450	1310	140
	Superolien (Kandla)	1500	1320	180
	Superolien (Mumbai)	1510	1330	180
	Kochi (RBD Palmolein)	1520	1295	225
	Krishnapattanam (Crude Palm Oil)	1440	1240	200
Refined Sunflower Oil	Chennai (Refined)	1550	1320	230
	Chennai (Crude)	1280	1280	Unch
	Mumbai (Refined)	1540	1360	180
	Mumbai (Expeller Oil)	1480	1290	190
	Kandla (Refined)	1650	1320	330
	Hyderabad (Refined)	1540	1360	180
	Hyderabad (Expeller)	1485	1310	175
	Latur (Refined)	1555	1320	235
	Latur (Expeller Oil)	1495	1260	235
	Chellakere (Expeller Oil)	1515	1280	235
	Erode (Expeller Oil)	1460	1370	90
	Kakinada (Refined)	1520	1330	190
	Krishna Pattanam (Refined)	1520	1330	190
Groundnut Oil	Rajkot	1440	1325	115
	Chennai	1550	1380	170
	Hyderabad *	1570	1410	160
	Mumbai	1500	1365	135
	Gondal	1450	1325	125
	Jamnagar	1450	1325	125
	Gujarat GN Telia	2330	2140	190
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1580	1620	-40
	Jaipur (Kacchi Ghani Oil)	1700	1745	-45
	Kota (Expeller Oil)	1550	1580	-30
	Kota (Kacchi Ghani Oil)	1675	1735	-60
	Neewai (Expeller Oil)	1600	1640	-40
	Neewai (Kacchi Ghani Oil)	1685	1725	-40
	Bharatpur (Kacchi Ghani Oil)	1500	1650	-150
	Sri-Ganga Nagar (Exp Oil)	1565	1610	-45
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1680	1725	-45
	Mumbai (Expeller Oil)	1520	1540	-20
	Kolkata (Expeller Oil)	1750	1750	Unch
	New Delhi (Expeller Oil)	1570	1600	-30

	Hapur (Expeller Oil)	1670	1690	-20
	Hapur (Kacchi Ghani Oil)	1700	1720	-20
	Agra (Kacchi Ghani Oil)	1505	1655	-150
Refined Cottonseed Oil	Rajkot	1490	1340	150
	Hyderabad	1470	1335	135
	Mumbai	1520	1350	170
	Gujarat Cotton Wash	1400	1290	110
Coconut Oil	Kangayan (Crude)	1350	1400	-50
	Cochin	1520	1500	20
Rice Bran Oil	Mumbai (Refined 4%)	1300	1250	50
	Bhatinda (Crude 4%)	1170	1100	70
	Bhatinda (Refined 4%)	1285	1215	70
	Hyderabad (Crude)	1230	1090	140
	Hyderabad (Refined)	1400	1260	140
	Raipur (Crude)	1300	1210	90
	Raipur (Refined)	1440	1340	100
	Odisha (Refined)	1420	1330	90
	Vijayawada (Refined)	1340	1220	120
Malaysia Palmolein USD/MT	FOB	1715	1550	165
	CNF India	1780	1530	250
Indonesia CPO USD/MT	FOB	1690	1528	162
	CNF India	1810	1560	250
Crude palm Kernel Oil India (USD/MT)	CNF India	2650	2600	50
Ukraine Origin CSFO USD/MT Kandla	CIF	1630	1520	110
Argentina FOB (\$/MT)		25-Feb-22	18-Feb-22	Change
Crude Soybean Oil Ship		1635	1578	57
Refined Soy Oil (Bulk) Ship		1692	1633	59
Sunflower Oil Ship		1675	1470	205
Cottonseed Oil Ship		1615	1558	57
* 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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