



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 76.02 against 75.08 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.

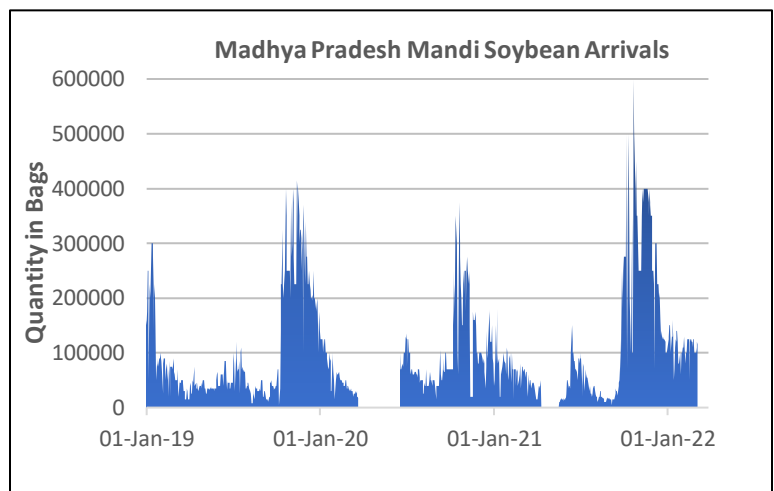
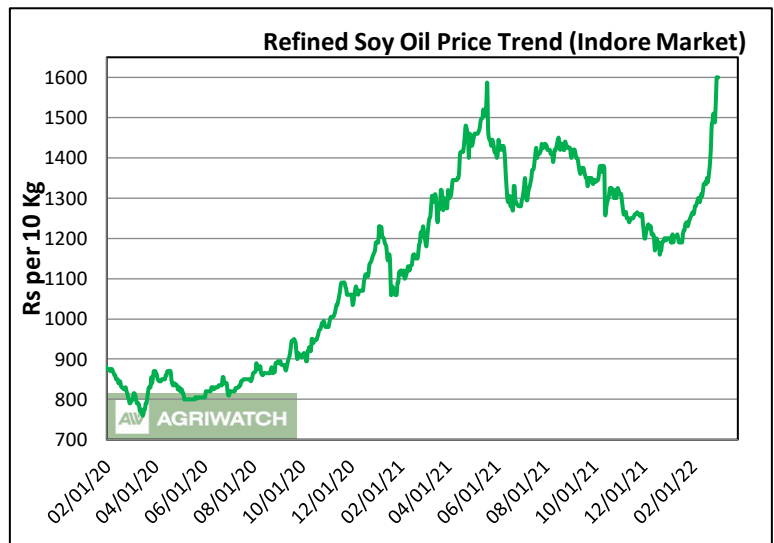
International Veg. Oil Market Summary

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

Rise in competing oil prices, lower production in Indonesia and Malaysia, Indonesia's new government policy affecting global supplies, labour problems in Malaysia 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 26 Feb to 4 Feb stood at 6,45,000 bags compared to 7,27,000 bags for the period of 19 Feb to 25 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 all time high of 77.33 cents per pound in May contract reacting to Ukraine-Russia conflict.

However, prices started correcting from 2nd March over profit booking.

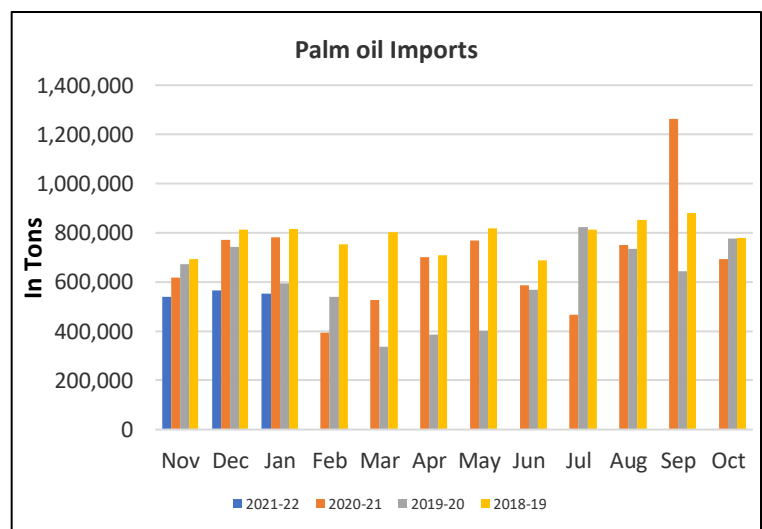
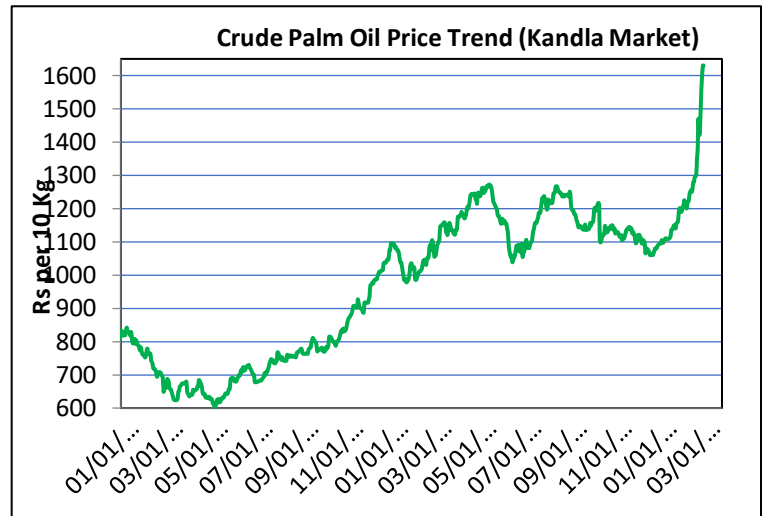
- Prices are expected to remain firm taking support from escalating tension between Ukraine and Russia, along with revision in soybean production in Argentina, Brazil and Paraguay.
- Argentina's weather forecast for coming 2 week is expected to receive rainfall which will improve crop conditions.
- AgRural 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 1500-1650 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 14.79 percent from Rs. 1420 to Rs. 1630 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.
- Prices are expected to correct downwards as palm oil is at premium over competing oils which will affect its market share. However, prices will remain elevated compared to last month.
- 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 February average price was at 1576.66 per ton (USD 1431.67 per ton in January 2022). 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 palm olein



February average price was USD 1548.75 (USD 1384.79 in January 2022) per ton. (Values in bracket depict last month quotes)

- CPO, duty paid prices quoted at Rs 1630 (Rs 1420) per 10. Ready lift RBD Palmolein is quoted at Rs 1550 (Rs 1450) per 10 kg as on March 5, 2022. (Values in brackets are figures of last week)
- The CPO and palm olein prices are expected to remain sideways with upward bias for the week following international palm oil prices.

International Front

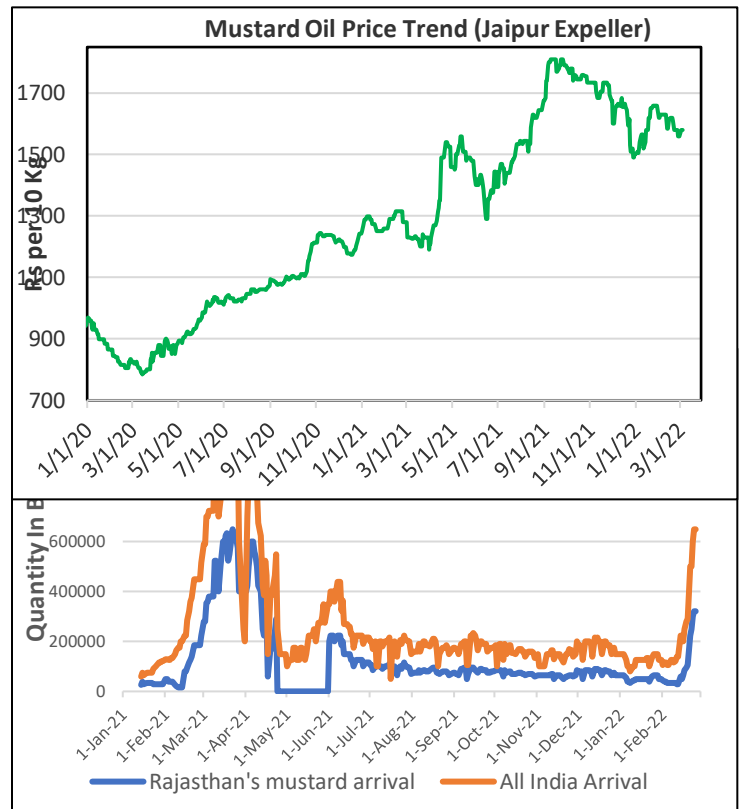
- BMD Palm oil Malaysia is trading in the range of 6504-to-8765-Ringgit levels. Prices started correcting from 2nd March onwards over profit book and following correction in competing oil. Rising crude oil prices and low palm oil stock will support prices.
- Escalating situation between Ukraine and Russia will push demand for palm oil, which may underpin the prices.
- 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.
- Countries are urging Indonesia to increase their palm oil exports to curb the skyrocketing prices for palm oil amid global food inflation. Indonesia's supply is impacted due to its new export policy.
- 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.
- 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.
- 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 1480-1600 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-

Domestic Front

- Mustard oil prices traded steady in the week in review.
- Prices rose by 1.28 percent from Rs. 1560 to Rs. 1580 at the end of week. However, prices were steady at 1580 level as mustard supply is higher at present.
- Arrivals of new mustard crop for the period of 26 Feb to 4 March 2022, All India's total mustard arrival stood at 42.00 lakh bags compared to arrival of 31.90 lakh bags in previous week.
- Tension between Ukraine and Russia has firmed up prices of edible oils over expectation of supply chain disruption. International edible oil prices have firm up. Domestic prices for Palm oil, Soy oil, Sunflower oil and groundnut oil is already firm taking support from rising edible oils' international price, which may lend support to Mustard oil prices as well and may curb the pressure on prices due to arrival of new crops.
- 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 100 per 10 compared to Rs. 210 in last week.
- Jaipur kacchi ghani rapeseed oil premium over RBD palm olein is at Rs 150 compared to Rs 230 per 10 kg last week.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,580 (Rs 1,560) per 10 Kg, and at Kota market, it is offered at Rs 1,510 (Rs 1,550) per 10 kg as on March 4, 2022. Values in brackets are figures of last week.

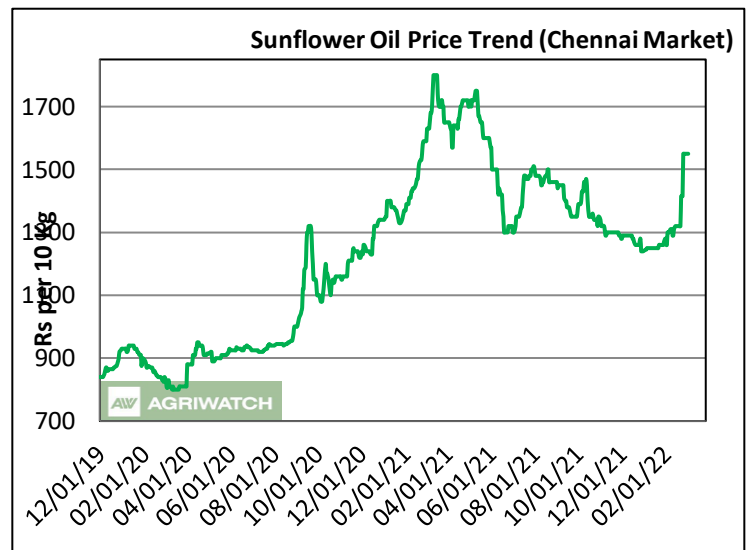


Price Outlook: Rapeseed Expeller oil (without GST) prices in Jaipur may stay in the range of Rs 1500-1620 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil price showed firm trend for the previous week in review in Chennai market. While, prices in various other markets rose sharply.
 - Domestic prices shot up 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.
 - In the domestic market, sunflower oil price is at discount of Rs 50 over soy oil (premium of Rs 60 last week) per 10 kg. Sunflower oil prices at CNF market are discounted over soy oil by USD 265 (discount of USD 52 last week) per ton which indicates that sunflower oil prices premium has reversed with soy oil at CNF markets, due to rising soy oil prices.
- Meanwhile, refined sunflower oil (Chennai) premium over RBD palmolein (Kandla) is at par compared to premium of Rs 80 per 10 kg compared to last week.
- In domestic market, Sunflower oil (Chennai) is at premium over groundnut oil by Rs. 75 compared to Rs. 150 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.





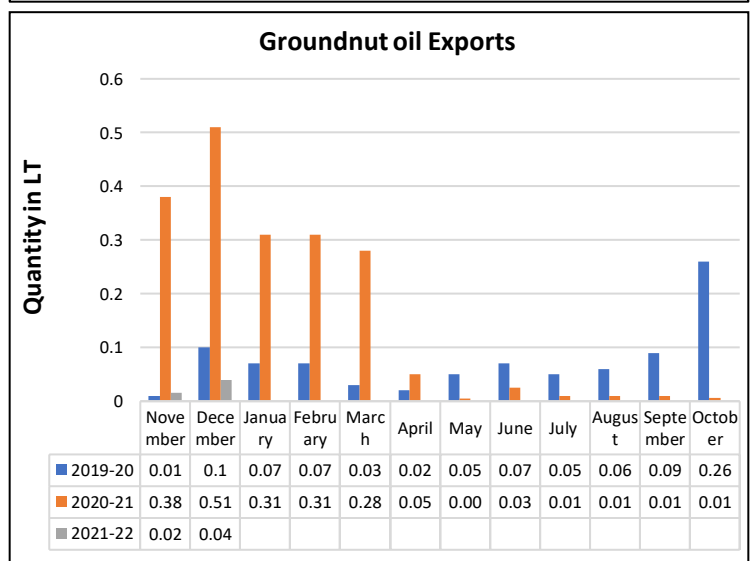
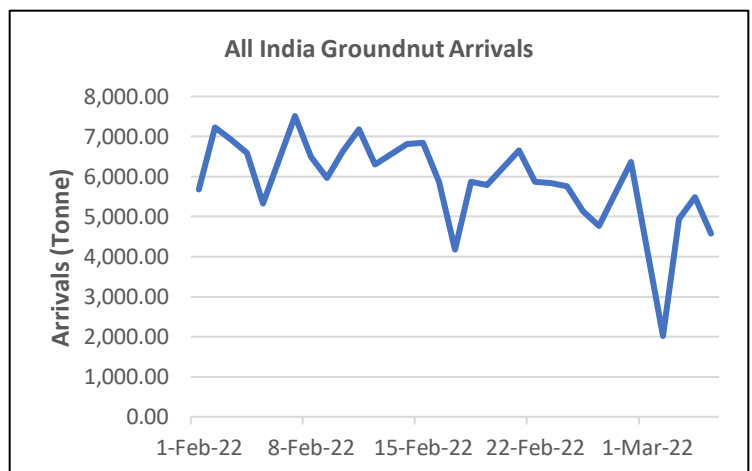
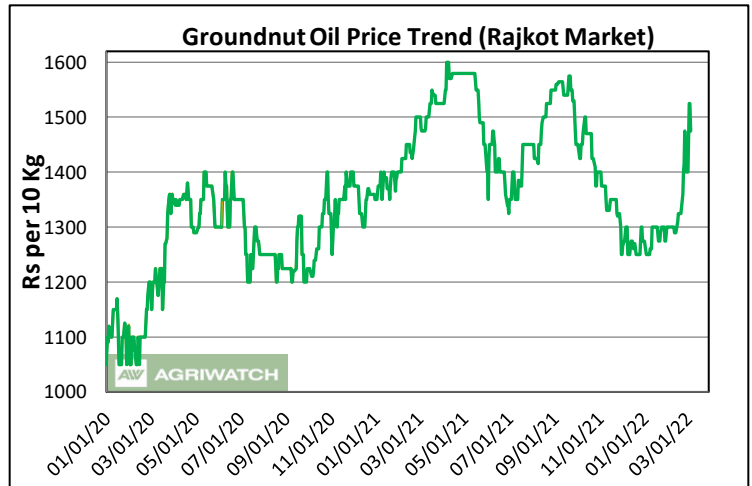
- On the trade front, CIF sunflower oil prices (Ukraine origin) at Kandla West coast of India is being quoted at USD 1510 (USD 1475) per ton for Mar delivery and Apr delivery is being quoted at USD 1505 (USD 1455) per ton. CNF sun oil (Ukraine origin) Feb monthly average was at USD 1512.17 per ton compared to USD 1430 per ton in Jan.
- Currently, refined sunflower oil at Chennai market is Rs 1,550 (Rs 1,550) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1690 (Rs 1520) per 10 kg as on March 4, 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 5.36 percent from Rs. 1400 to Rs. 1475.
- 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 period of 26 Feb to 4 Mar to 23,576 tonne compared 35,054 tonne for the period of 19 Feb to 25 Feb.
- 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.





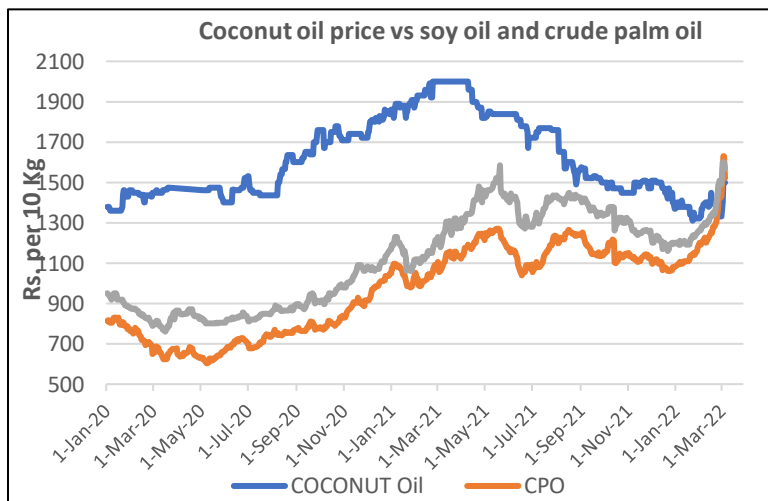
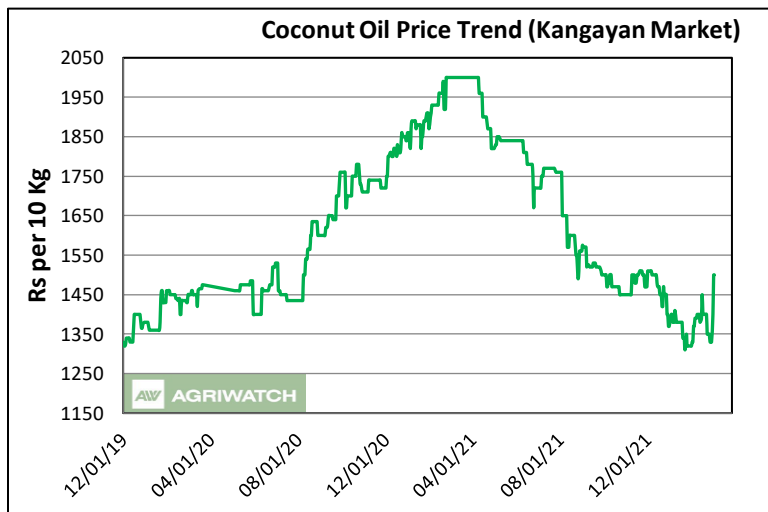
- On the price front, currently the groundnut oil prices in Rajkot are at Rs 1,475 (Rs 1,400) per 10 Kg and it was Rs 1,650 (Rs 1,550) per 10 Kg in Chennai market on March 4, 2022. Values in brackets are figures of last week.

Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade sideways in the price band of Rs 1450-1550 per 10 Kg

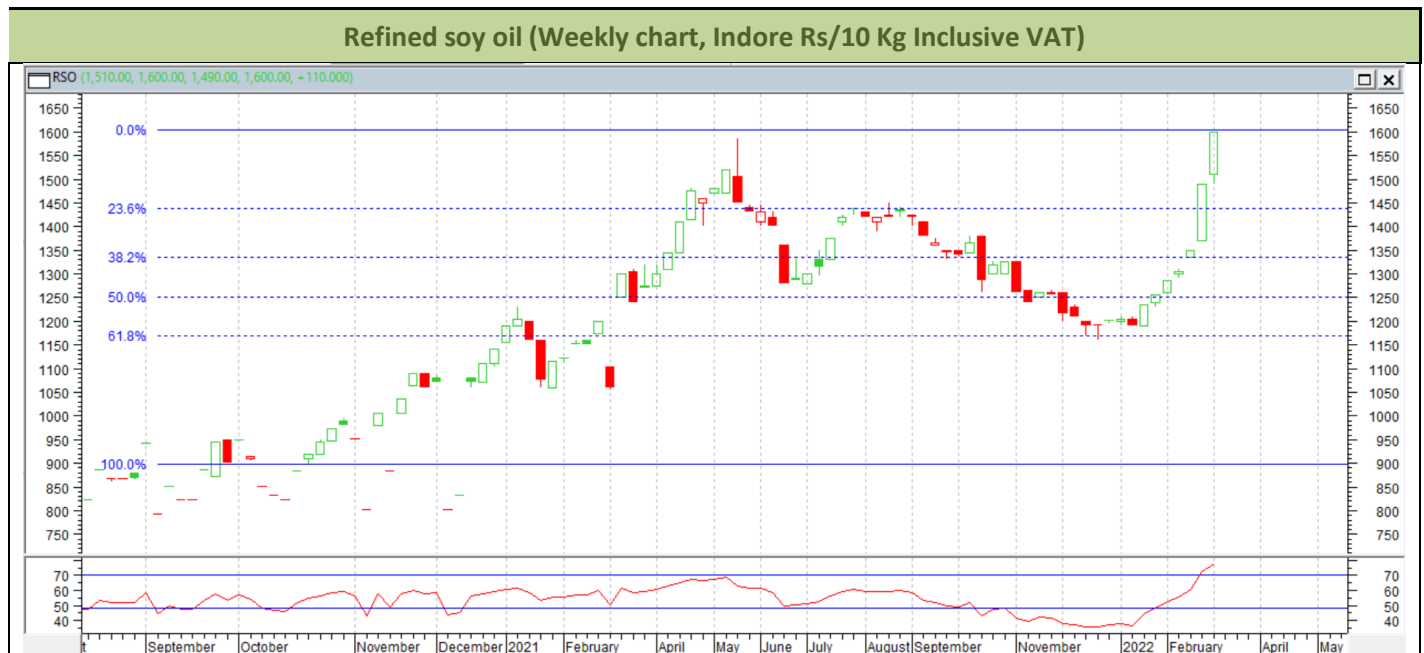
Coconut Oil Fundamental Review and Analysis:-
Domestic Front

- The Coconut oil prices at benchmark market Kangeyam featured firm trend for the review period of 26 Feb to 4 Mar. The price rose by 12.78 percent from Rs. 1330 to Rs. 1500.
- The demand for the coconut oil improved as the premium of coconut oil over competing oils has reversed to discount.
- Copra prices also improved from Rs. 1510 to Rs. 1640.
- 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 1,530 (Rs 1,480) per 10 Kg and was quoted at 1,500 (Rs 1,330) per 10 Kg in Kangeyam market on March 4, 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)

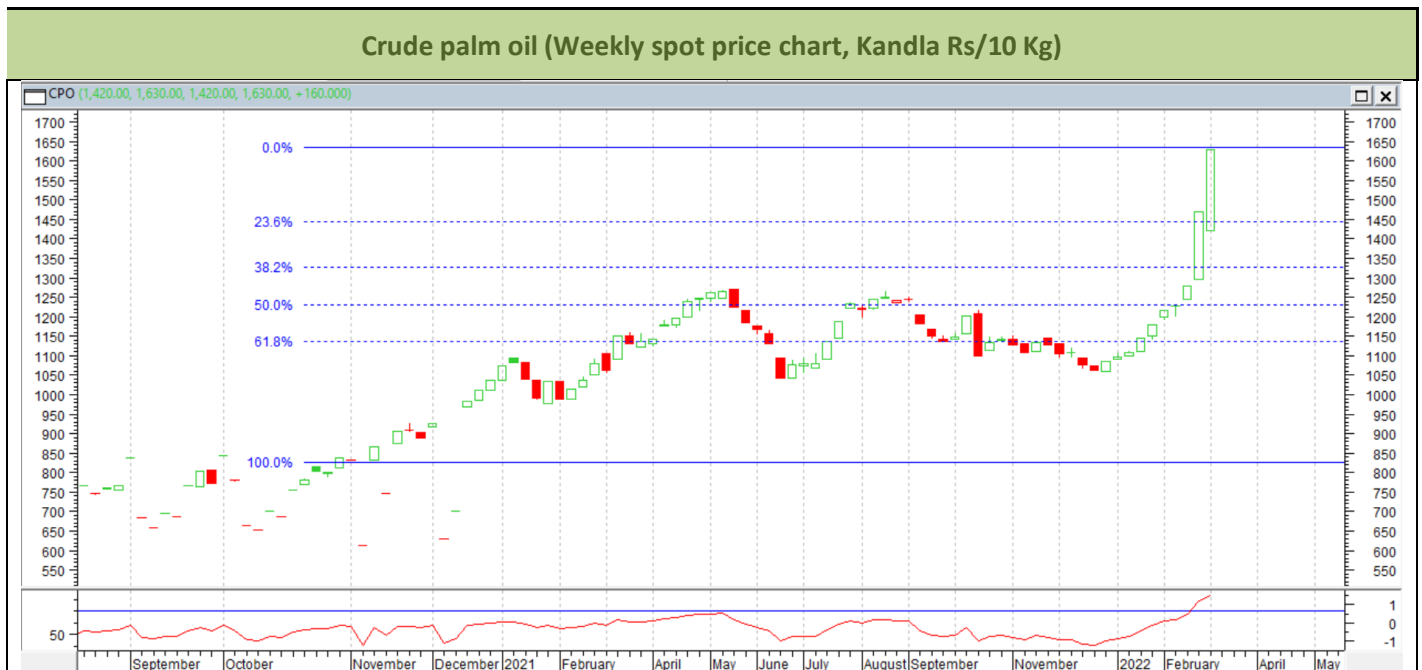


Technical Commentary –

- Previous week soybean oil prices at Indore mandi traded up in range of 1510 to 1600.
- Prices are expected to remain firm for the coming week.

Spot Market outlook: Market participants are recommended to Buy near 1500 level and sell near level of 1580-1650.

Technical Analysis (Crude Palm oil)



Technical Commentary –

- In previous week CPO prices at Kandla mandi traded firm from 1420 to 1630 level, up by 14.79 percent.
- Prices are expected to remain firm for the coming week.

Spot Market outlook: Market participants are recommended to Buy near Fibonacci support of 1550-1600 level and sell near 1700 level.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		4-Mar-22	26-Feb-22	
Refined Soybean Oil	Indore	1600	1510	90
	Indore (Soy Solvent Crude)	1550	1460	90
	Mumbai	1620	1510	110
	Mumbai (Soy Degum)	1600	1495	105
	Kandla/Mundra	1610	1510	100
	Kandla/Mundra (Soy Degum)	1580	1485	95
	Kolkata	1640	1530	110
	Delhi	1665	1580	85
	Nagpur	1625	1520	105
	Rajkot	1540	1500	40
	Kota	1570	1550	20
	Akola	1620	1480	140
	Amrawati	1620	1575	45
	Bundi	1580	1560	20
	Jalna	1640	1500	140
	Solapur	1620	1480	140
	Dhule	1635	1505	130
	Nanded	1620	1480	140
	Latur	1620	1480	140
	Argentina Crude Soya (CIF India) USD	1895	1682	213
	Argentina Crude Soya (FOB)	1847	1664	183
Palm Oil*	Kandla (Crude Palm Oil)	1630	1420	210
	Kandla (RBD Palm oil)	1580	1420	160
	Kandla RBD Pamolein	1550	1450	100
	Kakinada (Crude Palm Oil)	1580	1420	160
	Kakinada RBD Pamolein	1580	1465	115
	Haldia Pamolein	1590	1410	180
	Chennai RBD Pamolein	1600	1470	130
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1646	1516	130
	Krishnapattanam RBD Pamolein	1580	1465	115
	Mumbai RBD Pamolein	1580	1450	130
	Mangalore RBD Pamolein	1640	1490	150
	Mumbai (Refined)	1600	1430	170
	Rajkot (Refined)	1550	1430	120
	Chennai (Refined)	1600	1450	150

	Hyderabad (Refined)	1640	1450	190
	PFAD (Kandla)	1300	1240	60
	RPS (Kandla)	1570	1450	120
	Superolien (Kandla)	1580	1480	100
	Superolien (Mumbai)	1610	1480	130
	Kochi (RBD Palmolein)	1665	1520	145
	Krishnapattanam (Crude Palm Oil)	1580	1420	160
Refined Sunflower Oil	Chennai (Refined)	1550	1550	Unch
	Chennai (Crude)	1280	1280	Unch
	Mumbai (Refined)	1680	1540	140
	Mumbai (Expeller Oil)	1600	1460	140
	Kandla (Refined)	1690	1520	170
	Hyderabad (Refined)	1770	1520	250
	Hyderabad (Expeller)	1720	1470	250
	Latur (Refined)	1745	1550	195
	Latur (Expeller Oil)	1705	1490	215
	Chellakere (Expeller Oil)	1680	1520	160
	Erode (Expeller Oil)	1450	1450	Unch
	Kakinada (Refined)	1750	1520	230
	Krishna Pattanam (Refined)	1750	1520	230
Groundnut Oil	Rajkot	1475	1400	75
	Chennai	1650	1550	100
	Hyderabad *	1580	1530	50
	Mumbai	1560	1500	60
	Gondal	1450	1425	25
	Jamnagar	1450	1425	25
	Gujarat GN Telia	2440	2300	140
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1580	1560	20
	Jaipur (Kacchi Ghani Oil)	1700	1680	20
	Kota (Expeller Oil)	1510	1500	10
	Kota (Kacchi Ghani Oil)	1675	1655	20
	Neewai (Expeller Oil)	1600	1580	20
	Neewai (Kacchi Ghani Oil)	1685	1665	20
	Bharatpur (Kacchi Ghani Oil)	1530	1490	40
	Sri-Ganga Nagar (Exp Oil)	1565	1545	20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1680	1660	20
	Mumbai (Expeller Oil)	1550	1510	40
	Kolkata (Expeller Oil)	1760	1750	10
	New Delhi (Expeller Oil)	1560	1550	10

	Hapur (Expeller Oil)	1690	1670	20
	Hapur (Kacchi Ghani Oil)	1720	1700	20
	Agra (Kacchi Ghani Oil)	1535	1495	40
Refined Cottonseed Oil	Rajkot	1520	1460	60
	Hyderabad	1530	1450	80
	Mumbai	1570	1500	70
	Gujarat Cotton Wash	1480	1420	60
Coconut Oil	Kangayan (Crude)	1500	1330	170
	Cochin	1640	1510	130
Rice Bran Oil	Mumbai (Refined 4%)	1420	1310	110
	Bhatinda (Crude 4%)	1180	1170	10
	Bhatinda (Refined 4%)	1295	1285	10
	Hyderabad (Crude)	1280	1290	-10
	Hyderabad (Refined)	1450	1480	-30
	Raipur (Crude)	1300	1300	Unch
	Raipur (Refined)	1440	1440	Unch
	Odisha (Refined)	1420	1420	Unch
	Vijayawada (Refined)	1480	1480	Unch
Malaysia Palmolein USD/MT	FOB	1780	1680	100
	CNF India	1900	1730	170
Indonesia CPO USD/MT	FOB	1795	1680	115
	CNF India	1930	1760	170
Crude palm Kernel Oil India (USD/MT)	CNF India	2700	2650	50
Ukraine Origin CSFO USD/MT Kandla	CIF	1630	1630	Unch
Argentina FOB (\$/MT)		4-Mar-22	26-Feb-22	Change
Crude Soybean Oil Ship		1801	1635	166
Refined Soy Oil (Bulk) Ship		1864	1692	172
Sunflower Oil Ship		2100	1675	425
Cottonseed Oil Ship		1781	1615	166
* 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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