



# 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 76.36 against 76.02 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.*

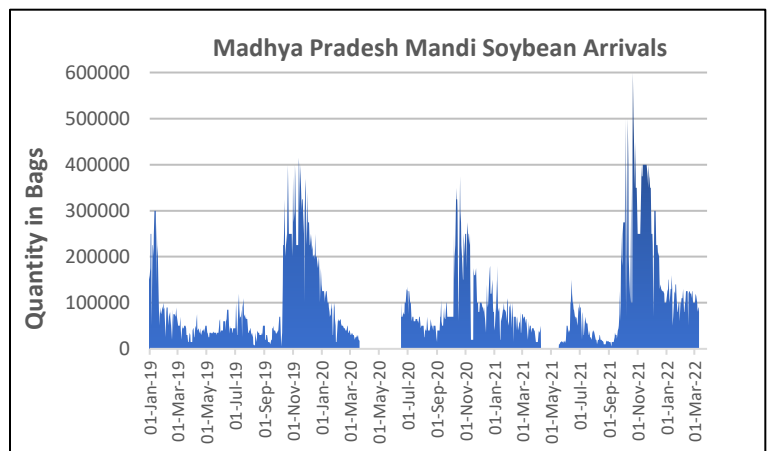
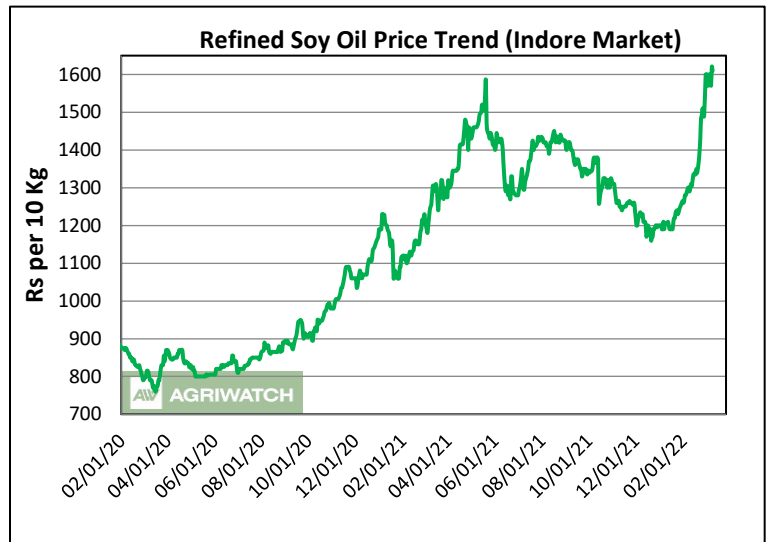
#### *International Veg. Oil Market Summary*

*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. 1610 from Rs. 1570, up by 2.55 percent.
- Prices shot up, following rising prices of sunflower oil, crude oil and taking support from global edible oil supply shortage. As both Ukraine and Russia are major supplier of sun oil, exports of sun oil are 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 5 Mar to 11 Feb stood at 5,55,000 bags compared to 6,45,000 bags for the period of 26 Feb to 4 Mar.
- 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 1861 (USD 1682) per ton for Mar delivery, Apr is delivery is being quoted at USD 1817 (USD 1682) 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 sideways in the range of 72.54-77.50 cents per pound in most active May contract reacting to Ukraine-Russia conflict.

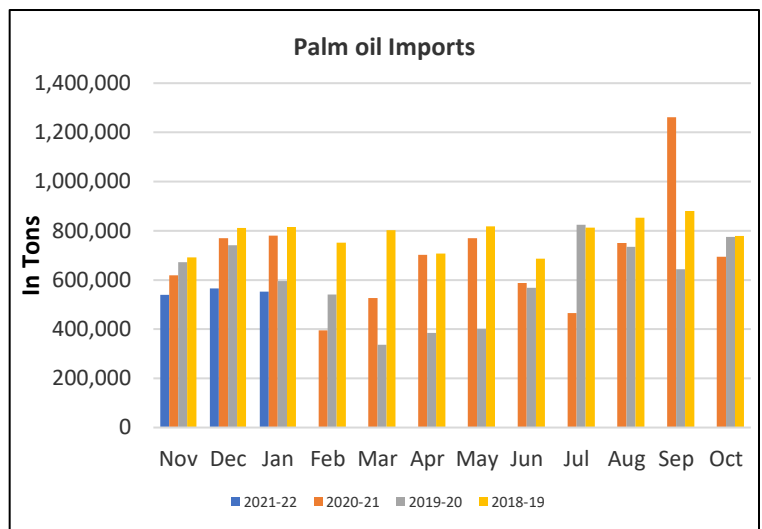
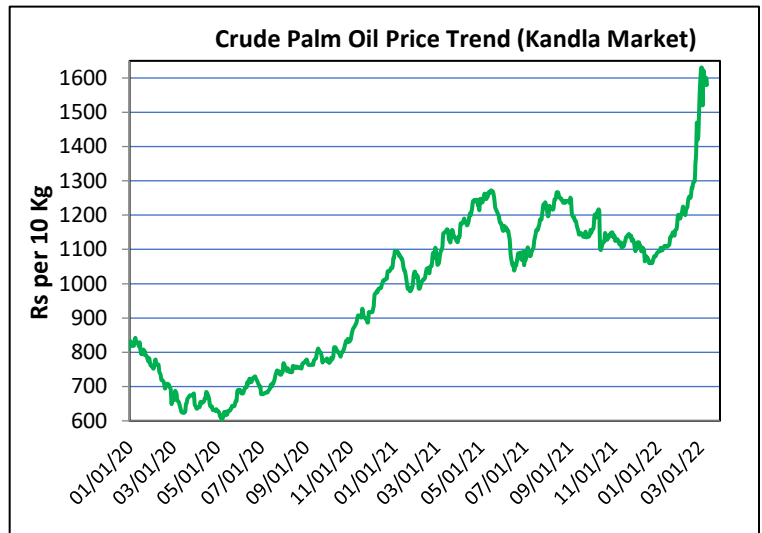
- USA lowered the volume of soy oil for biofuel production from 11,000 million pound to 10,700 million pound which may provide some slack to tightened supply side.
- Prices are expected to remain firm taking support from escalating tension between Ukraine and Russia, along with revision in soybean production in Argentina, Brazil and Paraguay.
- China is actively buying soybeans from US as harvesting in Brazil is hampered due to rains and currently US prices are lower than that of Brazil. China's Jan-Feb 2022 soybean import rose by 4.1 percent to 13.94 MMT compared to 13.41 MMT last year.
- Argentina's weather forecast for coming week is expected to receive rainfall which will improve crop conditions.

**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1500-1700 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 3.95 percent from Rs. 1520 to Rs. 1580 at the end of week.
- Prices moved upwards reacting to the news of tension between Ukraine and Russia. Global demand for palm oil increased as sun oil exports from Ukraine is affected.
- Prices are expected remain elevated as global palm oil supply is down. However, higher prices will affect its market share.
- 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 1960 (USD 1740) per ton for Mar delivery and Apr delivery is being quoted at USD 1935 (USD 1730) 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 1930 (USD 1740) per ton for Mar delivery and Apr delivery is quoted at USD 1905 (USD 1730) 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 Palm olein 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

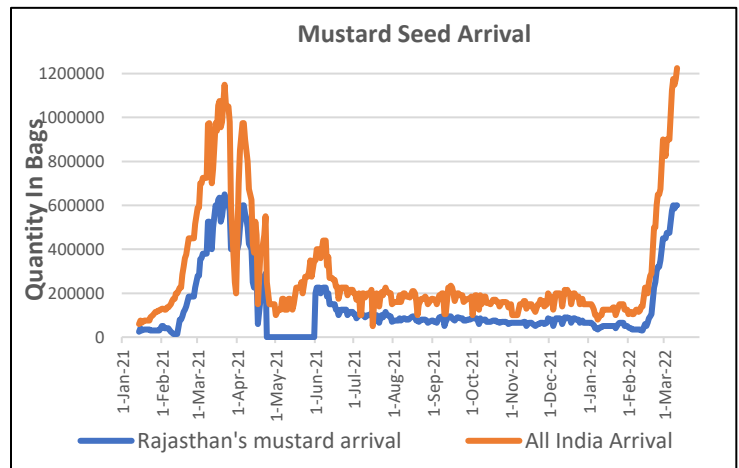
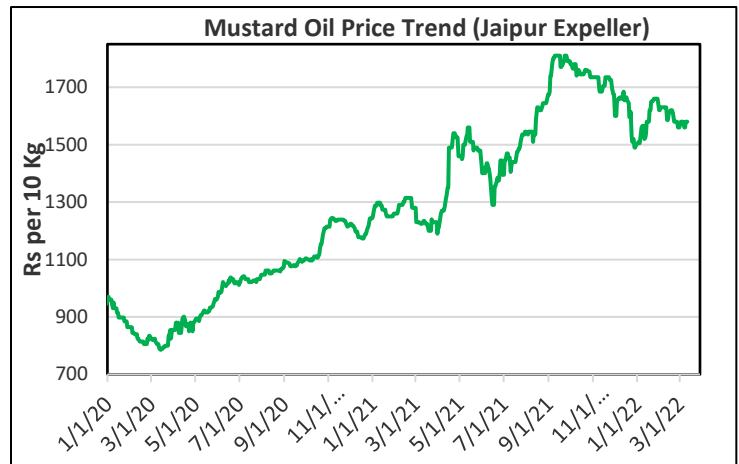
- BMD Palm oil Malaysia is trading in the range of 6504-to-8765-Ringgit levels. Prices are expected to remain firm amid global supply crunch.
- Escalating situation between Ukraine and Russia will push demand for palm oil, which may underpin the prices.
- Indonesia increased the reserve for domestic supply from total export volume to 30% from 20%, which will further lower the global palm oil supplies.
- 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.
- According to MPOB, Malaysia's palm oil production in February fell by 9.26 percent to 11.37 lakh tonne compare to 12.53 LT in January. Crude palm oil stock also fell by 0.28 percent to 7.84 LT compared to 7.86 LT in previous month. And exports also fell by 5.32 percent to 10.97 LT compared to 11.57 LT in December.
- 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 1480-1650 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 are rangebound to Rs. 1560 to Rs. 1580 level.
- Arrivals of new mustard crop for the period of 5 March to 11 March 2022, All India's total mustard arrival stood at 67.50 lakh bags compared to arrival of 42.00 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 stands at 109 lakh tons this season, whereas, Solvent Extraction Association of India estimated mustard crop production at 120 lakh tons. Agriwatch has estimated the RM seed production to be at 107 lakh tonnes for year 2021-22.
- USDA estimated India's mustard production at 108 lakh tons.
- Premium of Jaipur kacchi ghani rapeseed oil over refined soy oil in domestic market is at Rs 90 per 10 kg compared to Rs. 100 in last week.
- Jaipur kacchi ghani rapeseed oil premium over RBD palm olein is at Rs 140 compared to Rs 150 per 10 kg last week.
- Currently, RM oil at Jaipur market, (expeller) is offered at Rs 1,580 (Rs 1,580) per 10 Kg, and at Kota market, it is offered at Rs 1,550 (Rs 1,510) per 10 kg as on March 11, 2022. Values in brackets are figures of last week.

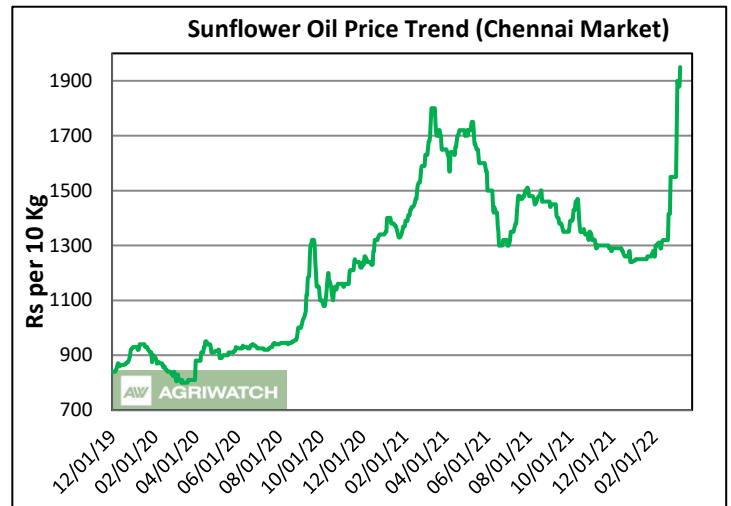


**Price Outlook:** Rapeseed Expeller oil (without GST) prices in Jaipur may stay in the range of Rs 1500-1620 per 10 Kg.

### 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 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 premium of Rs 340 over soy oil (discount of Rs 50 last week) per 10 kg. Meanwhile, refined sunflower oil (Chennai) premium over RBD palm olein (Kandla) is at Rs. 390 compared to premium of Rs 80 per 10 kg last week.  
In domestic market, Sunflower oil (Chennai) is at premium over groundnut oil by Rs. 350 compared to Rs. 75 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 had expected higher imports for February month if tension between Ukraine and Russia had not escalated, however at present, lower exports are expected as Ukraine's exports activities are affected due to war.
- Currently, refined sunflower oil at Chennai market is Rs 1,950 (Rs 1,550) per 10 Kg, and at Kandla/Mudra market, it is offered higher at Rs 1875 (Rs 1690) per 10 kg as on March 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.



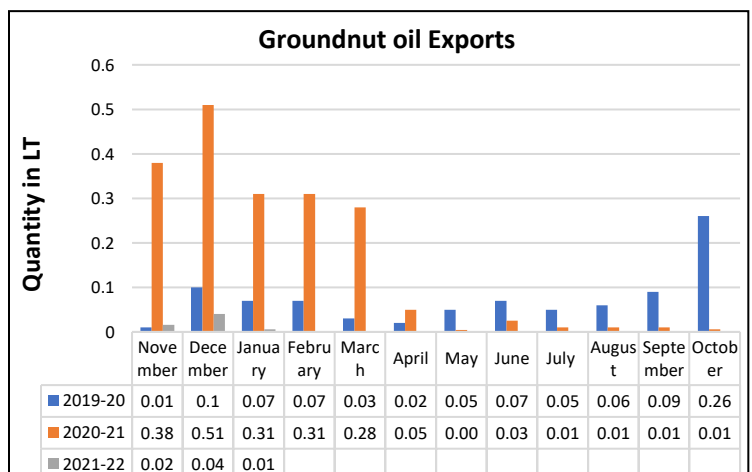
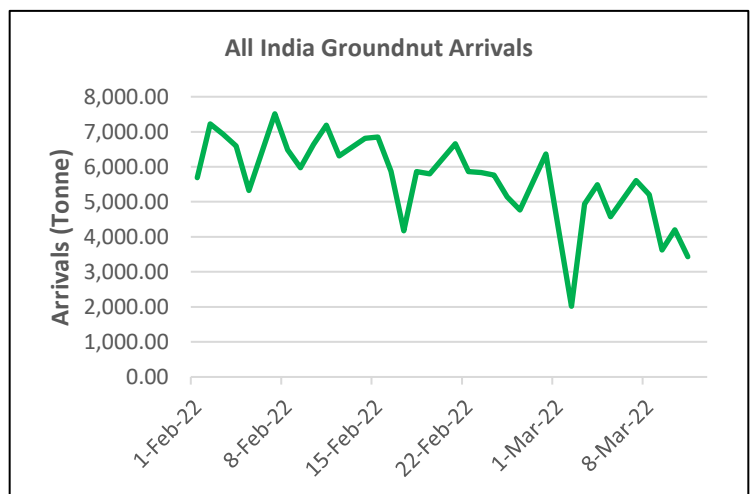
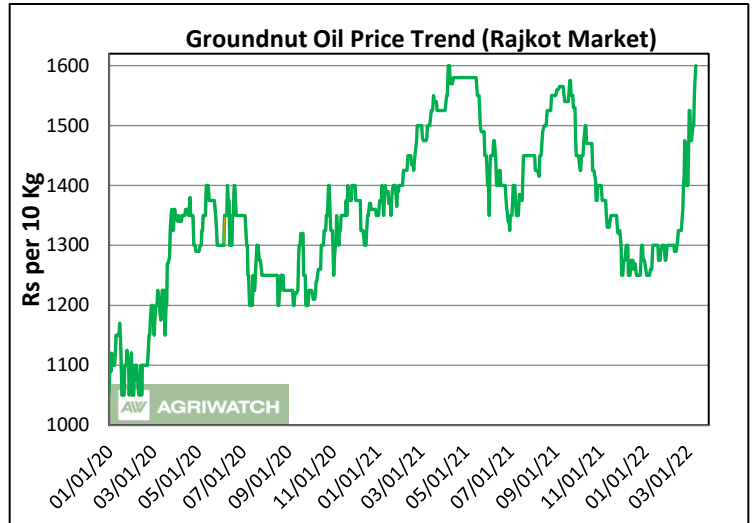
**Price Outlook:** Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 1900-2050 per 10 Kg



### Groundnut oil Fundamental Review and Analysis:-

#### Domestic Front

- Groundnut oil market prices showed firm trend in the previous week. Price rose by 8.47 percent from Rs. 1475 to Rs. 1600.
- 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 rose slightly for the period of 5 Mar to 11 March to 26,643 tonne compared 23,576 tonne for the period of 26 Feb to 4 Mar. Arrivals may increase as the seed prices also firmed up amid firm demand.
- Groundnut oil exports scenario- India exported 600.24 tons Groundnut oil (mainly to China at 431.44 tons) in January 2022 v/s 4,702.53 tons export in December 2021 lowered by 87.24 percent.
- Exports to China of Indian Groundnut oil lowered in January month at 600.24 tonnes compared to 31,277.88 tonnes last year. China's groundnut oil import demand from India is expected to remain subdued compared to last year due to their higher domestic production. As per USDA Mar'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 1,600 (Rs 1,475) per





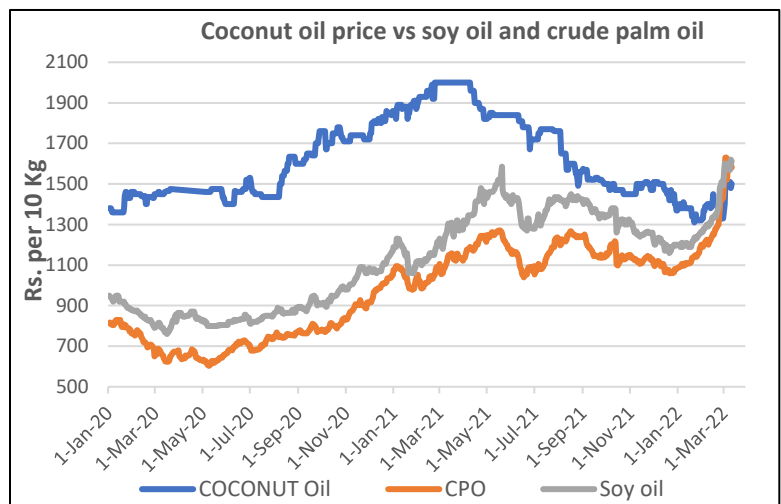
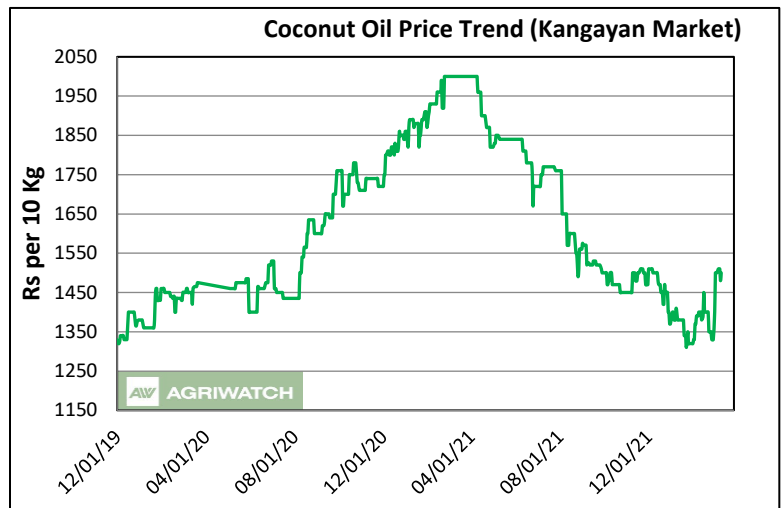
10 Kg and it was Rs 1,650 (Rs 1,650) per 10 Kg in Chennai market on March 11, 2022. Values in brackets are figures of last week.

**Price Outlook:**

Groundnut oil (without GST) in Rajkot market is likely to trade sideways in the price band of Rs 1550-1650 per 10 Kg

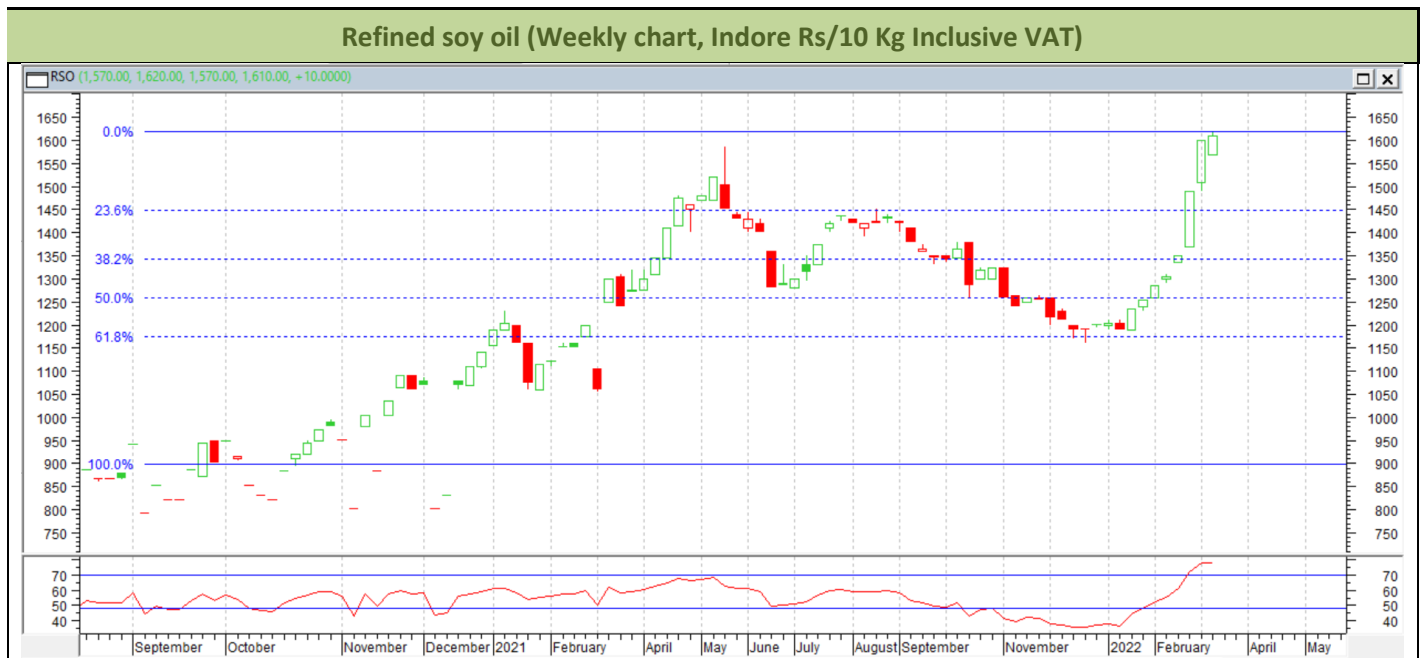
### Coconut Oil Fundamental Review and Analysis:- Domestic Front

- The Coconut oil prices at benchmark market Kangeyam featured steady trend for the review period of 5 Mar to 11 Mar. The prices were rangebound to Rs. 1480 to 1510 level.
- The demand for the coconut oil improved as the premium of coconut oil over competing oils has reversed to discount.
- Copra prices also traded steady in the range of Rs. 1630 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 1,550 (Rs 1,530) per 10 Kg and was quoted at 1,500 (Rs 1,500) 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)

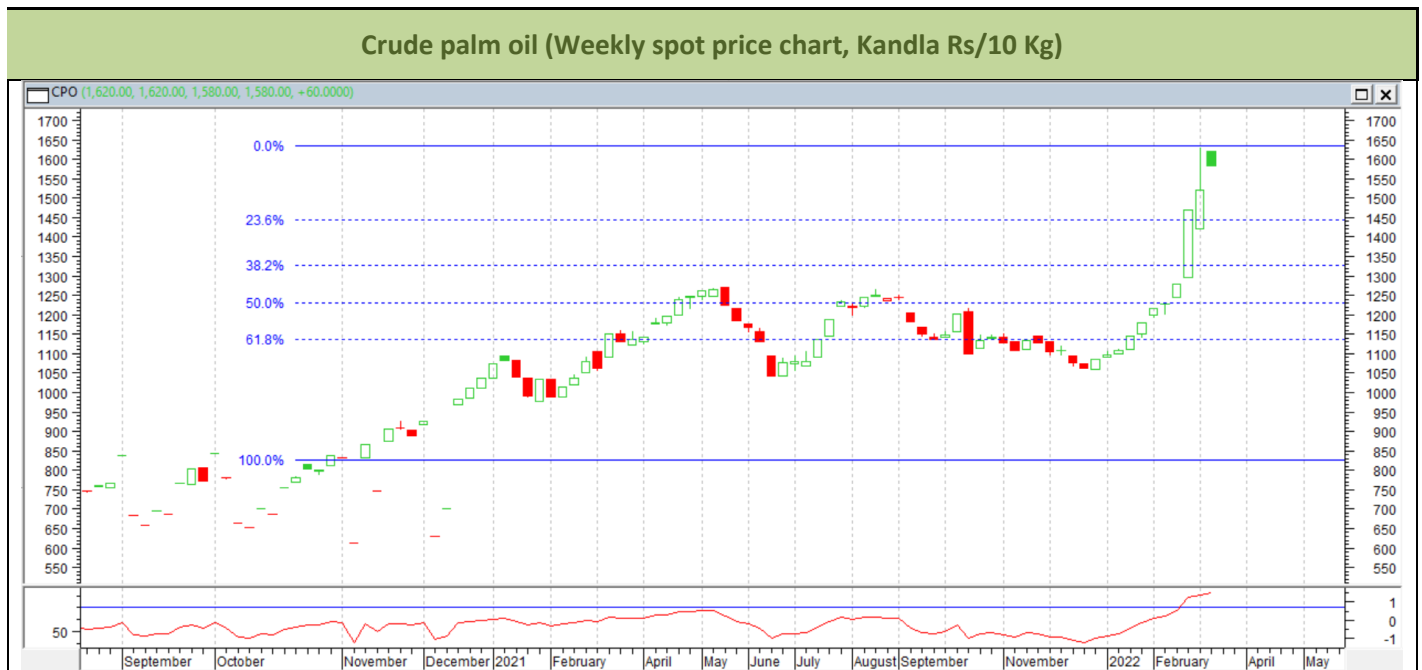


#### Technical Commentary –

- Previous week soybean oil prices at Indore mandi traded up in range of 1570 to 1610.
- Prices are expected to remain firm for the coming week.

**Spot Market outlook:** Market participants are recommended to Buy near 1500-1550 level and sell near level of 1650.

### Technical Analysis (Crude Palm oil)



#### Technical Commentary –

- In previous week CPO prices at Kandla mandi traded firm from 1520 to 1580 level, up by 3.95 percent.
- Prices are expected to remain firm for the coming week.

**Spot Market outlook:** Market participants are recommended to Buy near Fibonacci support of 1550-1650 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
		11-Mar-22	5-Mar-22	
Refined Soybean Oil	Indore	1610	1570	40
	Indore (Soy Solvent Crude)	1570	1530	40
	Mumbai	1620	1550	70
	Mumbai (Soy Degum)	1570	1540	30
	Kandla/Mundra	1610	1560	50
	Kandla/Mundra (Soy Degum)	1570	1530	40
	Kolkata	1620	1580	40
	Delhi	1665	1665	Unch
	Nagpur	1605	1625	-20
	Rajkot	1550	1540	10
	Kota	1600	1570	30
	Akola	1600	1620	-20
	Amrawati	1600	1620	-20
	Bundi	1610	1580	30
	Jalna	1630	1640	-10
	Solapur	1600	1620	-20
	Dhule	1615	1635	-20
	Nanded	1600	1620	-20
	Latur	1600	1620	-20
	Argentina Crude Soya (CIF India) USD	1865	1884	-19
	Argentina Crude Soya (FOB)	1767	1847	-80
Palm Oil*	Kandla (Crude Palm Oil)	1580	1520	60
	Kandla (RBD Palm oil)	1600	1580	20
	Kandla RBD Pamolein	1560	1490	70
	Kakinada (Crude Palm Oil)	1500	1500	Unch
	Kakinada RBD Pamolein	1580	1550	30
	Haldia Pamolein	1600	1560	40
	Chennai RBD Pamolein	1600	1540	60
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1654	1626	28
	Krishnapattanam RBD Pamolein	1580	1550	30
	Mumbai RBD Pamolein	1580	1530	50
	Mangalore RBD Pamolein	1600	1560	40
	Mumbai (Refined)	1610	1550	60
	Rajkot (Refined)	1520	1470	50
	Chennai (Refined)	1540	1550	-10

	Hyderabad (Refined)	1570	1580	-10
	PFAD (Kandla)	1380	1270	110
	RPS (Kandla)	1650	1550	100
	Superolien (Kandla)	1610	1645	-35
	Superolien (Mumbai)	1630	1650	-20
	Kochi (RBD Palmolein)	-	1665	-
	Krishnapattanam (Crude Palm Oil)	1500	1500	Unch
Refined Sunflower Oil	Chennai (Refined)	1950	1550	400
	Chennai (Crude )	1280	1280	Unch
	Mumbai (Refined)	1875	1700	175
	Mumbai(Expeller Oil)	1820	1650	170
	Kandla (Refined)	1875	1680	195
	Hyderabad (Refined)	2000	1770	230
	Hyderabad (Expeller)	1950	1720	230
	Latur (Refined)	1850	1710	140
	Latur (Expeller Oil)	1770	1650	120
	Chellakere (Expeller Oil)	1800	1680	120
	Erode (Expeller Oil)	1920	1450	470
	Kakinada (Refined)	1750	1750	Unch
	Krishna Pattanam (Refined)	1750	1750	Unch
Groundnut Oil	Rajkot	1600	1475	125
	Chennai	1650	1650	Unch
	Hyderabad *	1650	1580	70
	Mumbai	1650	1600	50
	Gondal	1600	1450	150
	Jamnagar	1600	1450	150
	Gujarat GN Telia	2550	2480	70
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1580	1580	Unch
	Jaipur (Kacchi Ghani Oil)	1700	1700	Unch
	Kota (Expeller Oil)	1550	1510	40
	Kota (Kacchi Ghani Oil)	1675	1675	Unch
	Neewai (Expeller Oil)	1600	1600	Unch
	Neewai (Kacchi Ghani Oil)	1685	1685	Unch
	Bharatpur (Kacchi Ghani Oil)	1560	1530	30
	Sri-Ganga Nagar(Exp Oil)	1565	1565	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1680	1680	Unch
	Mumbai (Expeller Oil)	1600	1540	60
	Kolkata(Expeller Oil)	1770	1760	10
	New Delhi (Expeller Oil)	1490	1560	-70

	Hapur (Expeller Oil)	1690	1690	Unch
	Hapur (Kacchi Ghani Oil)	1720	1720	Unch
	Agra (Kacchi Ghani Oil)	1565	1535	30
Refined Cottonseed Oil	Rajkot	1600	1540	60
	Hyderabad	1590	1530	60
	Mumbai	1610	1550	60
	Gujarat Cotton Wash	1520	1520	Unch
Coconut Oil	Kangayan (Crude)	1500	1500	Unch
	Cochin	1640	1630	10
Rice Bran Oil	Mumbai (Refined 4%)	1420	1410	10
	Bhatinda (Crude 4%)	1210	1180	30
	Bhatinda (Refined 4%)	1325	1295	30
	Hyderabad (Crude)	1350	1280	70
	Hyderabad (Refined)	1550	1450	100
	Raipur (Crude)	1300	1300	Unch
	Raipur (Refined)	1440	1440	Unch
	Odisha (Refined)	1420	1420	Unch
	Vijayawada (Refined)	1570	1480	90
Malaysia Palmolein USD/MT	FOB	1920	1760	160
	CNF India	1970	1750	220
Indonesia CPO USD/MT	FOB	1920	1775	145
	CNF India	2000	1780	220
Crude palm Kernel Oil India (USD/MT)	CNF India	-	2700	-
Ukraine Origin CSFO USD/MT Kandla	CIF	1630	1630	Unch
Argentina FOB (\$/MT)		10-Mar-22	4-Mar-22	Change
Crude Soybean Oil Ship		1837	1801	36
Refined Soy Oil (Bulk) Ship		1901	1864	37
Sunflower Oil Ship		2350	2100	250
Cottonseed Oil Ship		1817	1781	36
* 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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