



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 down trend during this week in domestic markets. CBOT soy oil and BMD palm oil prices witnessed down trend. Domestic market moved in tandem with international market. Palm oil, Soy oil, Sunflower oil, and Groundnut oil prices corrected down in the week. Mustard oil prices traded steady and Coconut oil prices traded slightly up in the market.

On the currency front, Indian rupee is hovering near 76.95 against 76.52 last weeks. Rupee is expected to depreciate and crude oil is expected to trade firm. Depreciating Indian currency will make the imports costly.

We expect Palm oil and Soy oil to trade down on weak fundamentals.

Outlook:

Weekly Call -: Market participants are recommended to sell Soy oil at spot market, near 1580-1600 level and book profit near level of 1500-1520. And for Palm Oil, Market participants are advised to sell CPO at spot market at 1580-1600 level and book profit at 1500-1520 level.

International Veg. Oil Market Summary

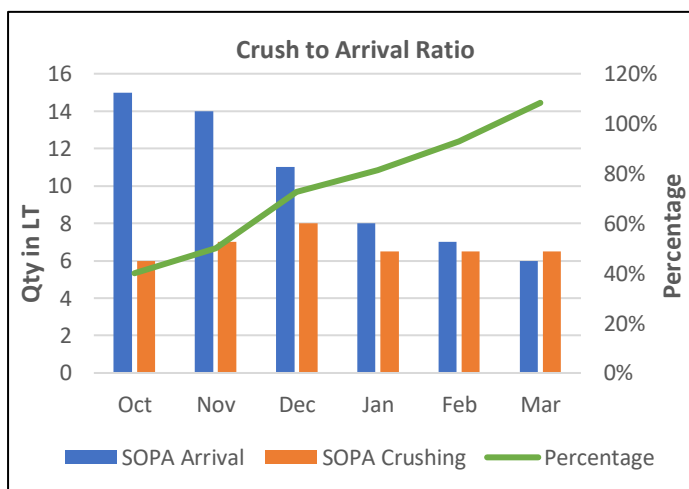
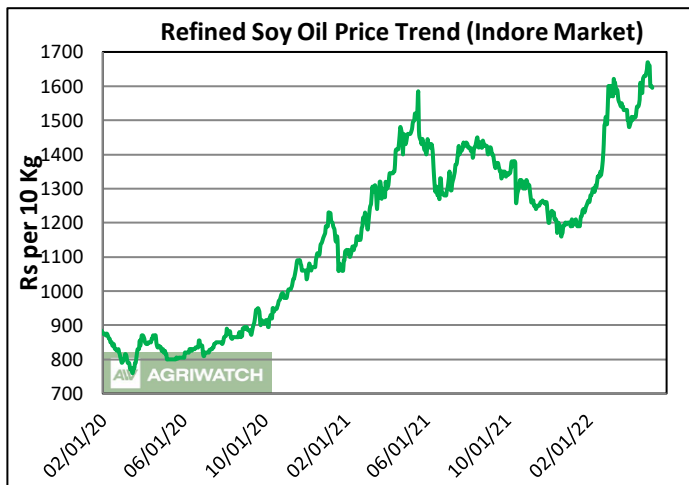
On the international front, lower global Soy oil stocks, lower US Soybean crush, lower crop production in Brazil and Argentina, falling China's demand and sideways crude oil prices will govern soy oil prices in the coming days.

Rise in competing oil prices, production in Malaysia, Indonesia and Malaysia's firm biodiesel policy, Indonesia's ban on palm oil exports, labour problems in Malaysia and sideways prices of crude oil are all likely to govern CPO prices in near term.

Soy oil Fundamental Analysis and Outlook:-

Domestic Front

- Soy oil prices weakened for the week in the benchmark market. Domestic prices are down as market participants are speculating downward revision in effective duty of edible oils.
- Demand has also slack due to its higher prices. However, domestic demand is expected to shift to Soy oil and other discounted competing oils in near term due to shortfall in domestic edible oil supply side.
- Domestic edible oil supply side is already tightened because of Sunflower oil and now news of Palm oil has also impacted the supply side.
- Soy oil import for the current marketing year is already at higher side as domestic crush has lowered due to slow soy meal demand.
- Agriwatch anticipates higher soy oil imports in April's and May's, which is likely to cross 5 year average of May month at 2.29 LT at higher side to 3.2-3.5 LT.
- According to SOPA, March's 2022 new crop arrivals stood at 6 LT, while crushing stood at 6.5 LT. Higher crushing was done as crop of previous season was carried forward. Farmers are slowly releasing their produce and for April higher arrivals may be seen as seed prices are steady at weekly average of 7827/qtl at Indore plant.



International Front

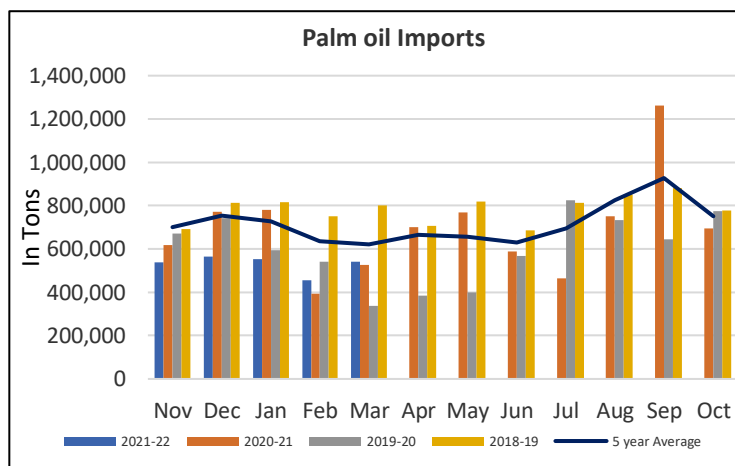
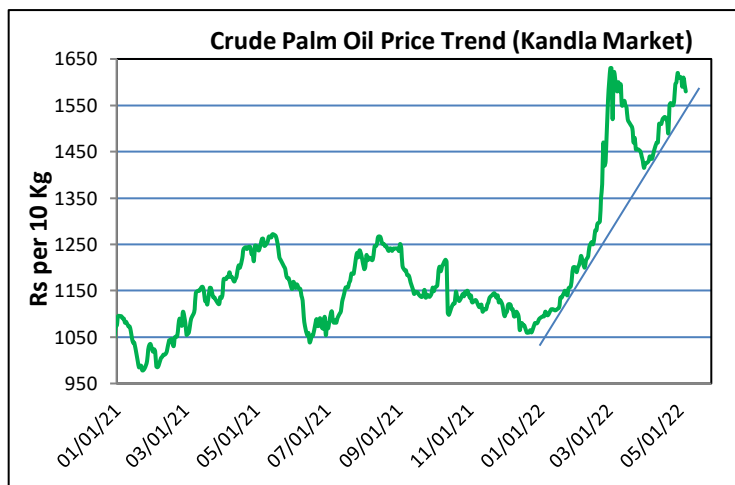
- CBOT soy oil prices traded down in the range of 80.90-84.53 cents per pound in most active June contract. Prices corrected downwards on profit booking. Market also turned bearish as US's Soybean acreage is expected to be higher this year.
- US's Biofuel mandate is yet to be finalized by the EPA Agency, which is likely to govern the prices in near term.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1500-1600 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil (CPO) prices weakened for the week in the benchmark market Kandla. Prices fell from Rs. 1620 to Rs. 1580 per 10 Kg at the end of week, down by 2.47 percent.
- Domestic Palm oil prices are correcting following correction in BMD Palm oil Malaysia prices. Expectation of revision in effective duty of edible oil has pressured the prices.
- Demand is also likely to shift from palm to competing oils as palm oil discount over some competing oils is reversed to premium and for some oils discounts has been narrowed down.
- India's palm oil import for April and May month is expected to remain at the range of 6 LT as port loading was already completed before the Indonesia's palm oil ban.
- The CPO and palm olein prices are expected to correct downwards for the week, backed by higher prices.



International Front

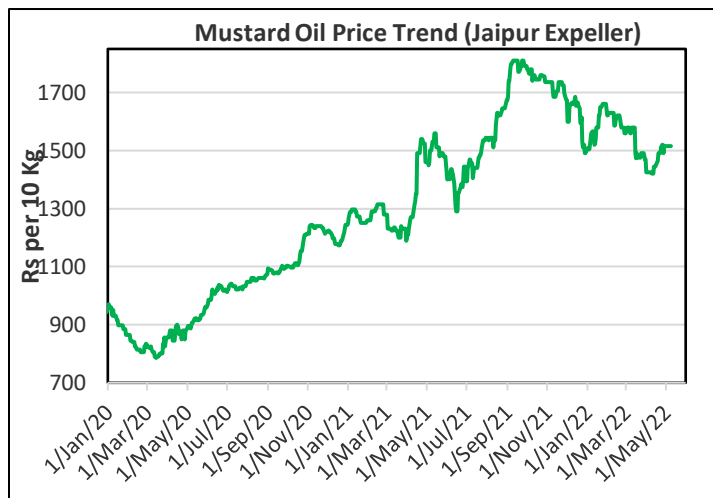
- BMD Palm oil Malaysia in past week traded upwards from 7382-7470 Ringgit per ton, down by 3.92 percent on w-o-w basis. Prices are expected to correct downwards on profit booking as trade participants are expecting the Indonesia's palm oil ban to not last for longer period.
- Some talks of Malaysia to ban palm oil exports are taking rounds in the market. NO news is confirmed on this. However, Agriwatch expects that the move will not benefit Malaysia as domestic consumption amount only to 25% approx. Malaysia has entered higher palm fruits production months and considering Indonesia's ban, Malaysia could easily gain the market profit.
- Agriwatch speculates that Malaysia may revise their biofuel mandates lower to take price benefit of being major palm oil supplier at current times.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 1500-1600 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-

Domestic Front

- Mustard Expeller oil prices traded steady in the Jaipur market for the past week.
- Mustard oil prices are trading steady as demand is steady for mustard oil and it is at discount compared to Palm and Soy oil.
- Higher prices of Palm, Soy, Groundnut, and Sunflower oil has rendered the steady prices for mustard oil.
- Demand for mustard oil is steady as crushing moved into parity as seed prices also moved upwards.
- Domestic Balance sheet is expected to be stretched for the current year due to demand shift from Palm to mustard as Palm oil supply side would lower down for the coming months.
- Arrivals are also declining in the market and will continue to support prices amid firm demand. Mustard Jaipur Expeller oil prices are at discount compared to Palm and Soy oil which will also underpin the prices.
- Jaipur Expeller rapeseed oil is at discount over refined soy oil in domestic market by Rs 80 per 10 kg compared to Rs. 155 per 10 kg in last week.
- Jaipur Expeller rapeseed oil discount over RBD palm olein is at Rs 60 per 10 kg compared to Rs 135 per 10 Kg last week.

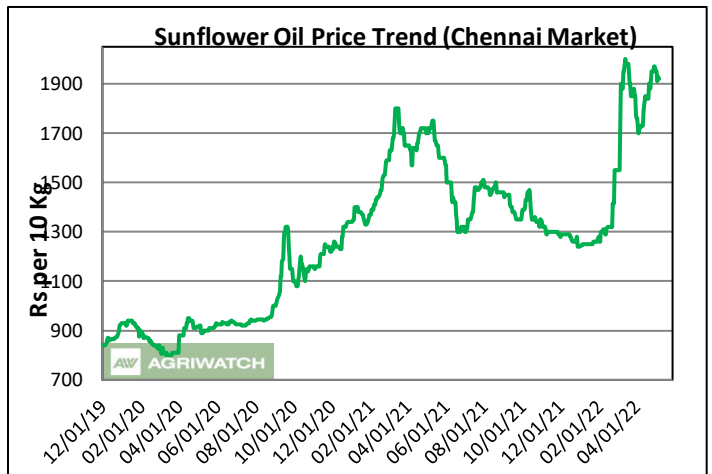


Price Outlook: Rapeseed Expeller oil (without GST) prices in Jaipur may stay in the range of Rs 1500-1580 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices at Chennai weakened during the period under review from Rs. 1970 to Rs. 1920 per 10 Kg.
- Demand has weakened as prices are at premium over all the competing oils. Prices correction in competing oils like Palm and Soy oil also pressured the sunflower oil prices.
- The imports of sunflower oil is expected to dip from May month onwards as exports from Ukraine and Russia is affected. India is trying to source sunflower oil from Mercosur countries and is in talks to reduce their export duty.



Previous news affecting market

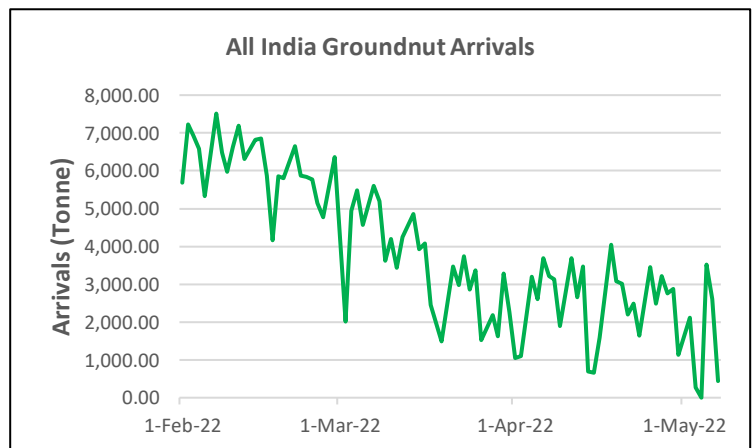
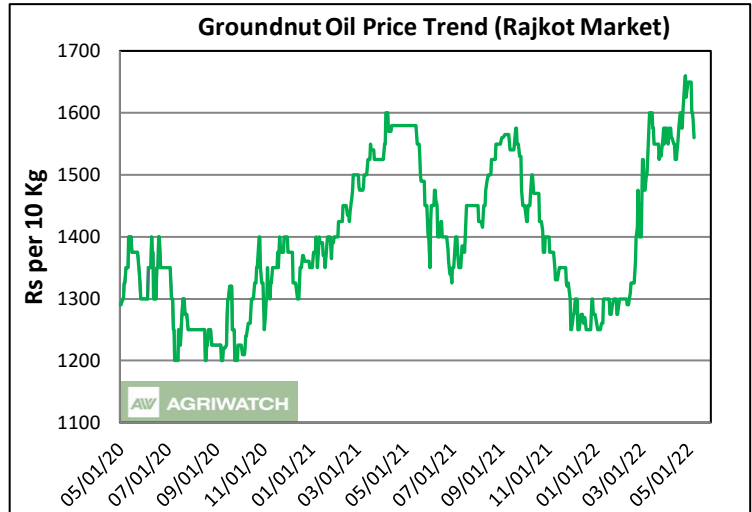
- Domestic edible oil supply side is already tightened with low Sun oil imports. Low Palm oil supplies from Indonesia has further pressured the supply side.
- Russian Government had announced quota of 1.5 million metric tonnes for Sunflower oil and 700,000 mt for Soymeal, applicable from 15th April to 31st August 2022. Global Sun oil supplies are already affected resulting in demand substitution to competing oils.
- Global supply side for Sunflower oil is already tightened as exports from Ukraine is limited and Russia has announced export quota. Countries have turned to Argentina for Sunflower oil imports and FOB price benchmark has also been shifted to Argentina port from Black Sea.
- In the domestic market, sunflower oil price is at premium of Rs 325 over soy oil (premium of Rs 300 last week) per 10 kg. Meanwhile, refined sunflower oil (Chennai) premium over RBD palm olein (Kandla) is at Rs. 320 compared to premium of Rs 315 per 10 kg last week.
 In domestic market, Sunflower oil (Chennai) is at premium over groundnut oil by Rs. 360 compared to Rs. 320 last week.
 Higher premium over competing oil along with slow demand is expected to pressure prices in long term.
- We expect sunflower oil prices to correct downwards in the coming days due to demand shift from Sunflower oil to other competing oils.

Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 1820-1920 per 10 Kg

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil Rajkot market prices traded down for the week in review. Prices are correcting as demand has slowed down as prices shot up to all time high.
- Correction in prices of Palm and Soy oil pressured the prices in groundnut oil too.
- Seed arrivals for the period of 2-7th May stood at 8942.51 tonne compared to arrivals of 15,908.67 tonne in previous week. Seed arrivals were down as markets were closed due to festivities. However, new local crop arrivals have started in Southern states; however, the pace is slow.
- Slow seed arrivals are likely to support the oil prices.
- Export demand is slow, despite that firm domestic demand is supporting the prices.
- Around 12.35 LT of Sunflower oil demand gap has been created in domestic market, as exports have halted from Ukraine and Russia. Groundnut oil is being substituted for sunflower oil and demand is likely to remain strong, hence prices are expected to remain inflated.
- On the price front, currently the groundnut oil prices in Rajkot are at Rs 1,560 (Rs 1,650) per 10 Kg and it was Rs 1,600 (Rs 1,670) per 10 Kg in Chennai market on May 7, 2022. Values in brackets are figures of last week.



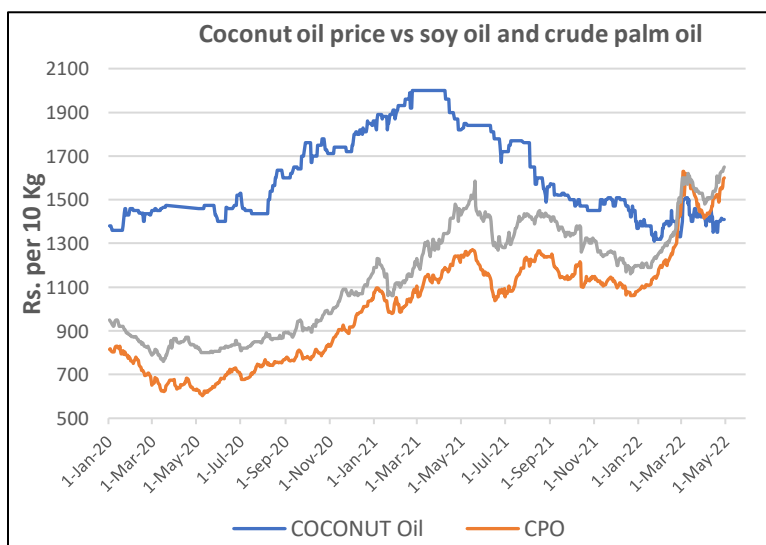
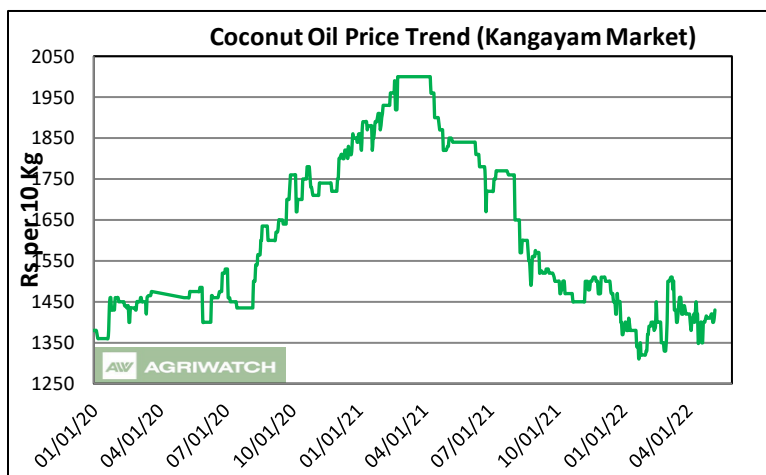
Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade sideways in the price band of Rs 1520-1600 per 10 Kg

Coconut Oil Fundamental Review and Analysis:-

Domestic Front

- The Coconut oil prices at benchmark market Kangeyam traded up to Rs 1430 from Rs 1410 per 10 Kg, where it was trading sideways since past 4 weeks.
- The demand for the coconut oil is steady, however high supply side is pressuring prices.
- Coconut oil demand are expected to be underpinned taking support from discounted price compared to competing oils.
- Rising prices of Palm and Soy oil is expanding discounts over the coconut oil. However, coconut oil consumption in northern India is comparatively small than Southern India demand, hence price rise will be limited.
- Coconut oil exports scenario- India exported 2,675.09 tonnes of Coconut oil in February 2022 higher compared to 1,093.16 tonnes export in January 2022, and 988.94 tonnes in February 2021. Export demand for current year has slowed down, hence high supply side has resulted in rangebound movement of prices.
- On the price front, currently the coconut oil prices in Kochi are hovering at Rs 1,480 (Rs 1,480) per 10 Kg and was quoted at 1,430 (Rs 1,410) per 10 Kg in Kangeyam market on 7 May, 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)

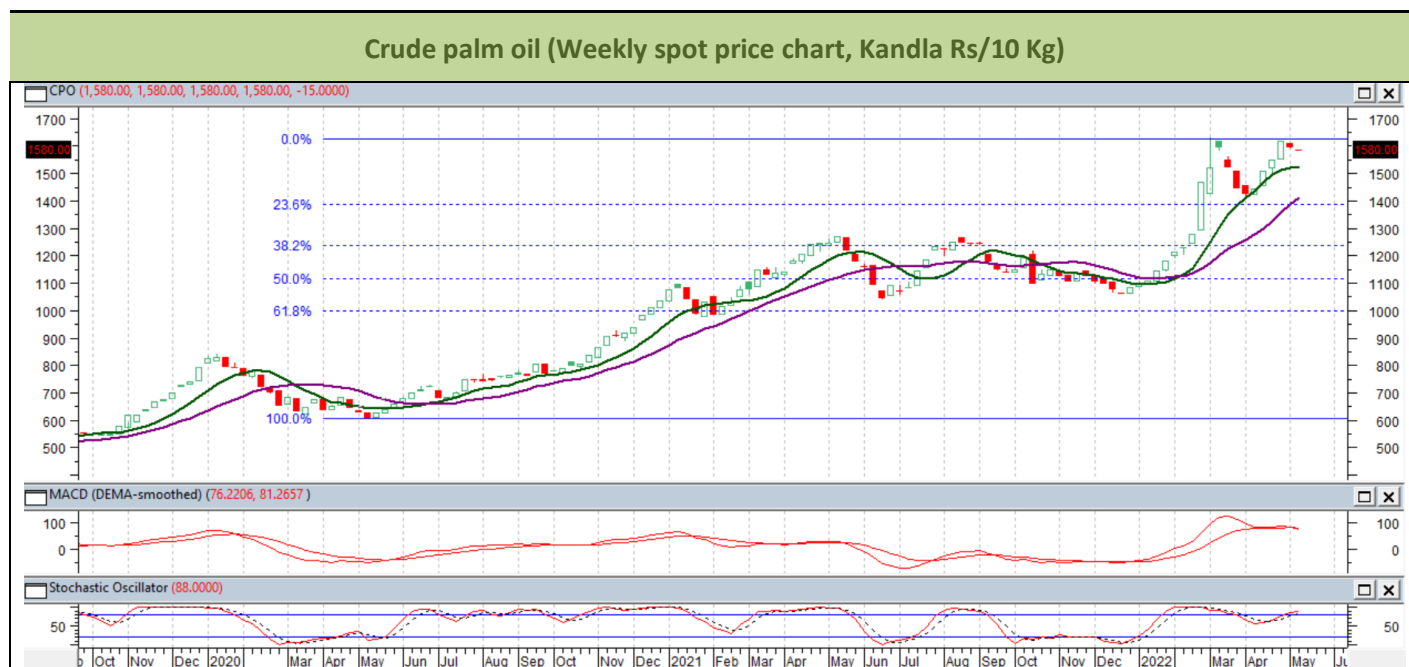


Technical Commentary –

Prices open with gap down in the market, pointing towards selling pressure. RSI Oscillator is declining from overbought zone on profit booking. MACD lines are giving a positive signal for uptrend. Prices are trading above both the long- and short-term DMAs, showing uptrend sentiments. Prices have taken support from 9 DMA, which can be seen as an immediate support.

Spot Market outlook: Market participants are recommended to Sell Soy oil at spot market, near 1580-1600 level and book profit near level of 1500-1520.

Technical Analysis (Crude Palm oil)



Technical Commentary –

Prices are trading above 9 DMA can be characterized as immediate support level. Stochastic oscillator is at 88.0 value in the overbought zone; prices are likely to correct downwards in coming days. MACD is pointing towards weak market, suggesting price correction in near term.

On above Weekly chart, a ‘bearish Harami’ candlestick pattern can be seen confirming, trend reversal.

Spot Market outlook: Market participants are advised to Sell CPO at spot market at 1580-1600 level and book profit at 1500-1520 level.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		07-May-22	30-Apr-22	
Refined Soybean Oil	Indore	1595	1670	-75
	Indore (Soy Solvent Crude)	1560	1620	-60
	Mumbai	1590	1670	-80
	Mumbai (Soy Degum)	1560	1655	-95
	Kandla/Mundra	1590	1670	-80
	Kandla/Mundra (Soy Degum)	1560	1650	-90
	Kolkata	1620	1700	-80
	Delhi	1580	1580	Unch
	Nagpur	1650	1630	20
	Rajkot	1610	1585	25
	Kota	1620	1600	20
	Akola	1570	1560	10
	Amrawati	1570	1555	15
	Bundi	1630	1610	20
	Jalna	1515	1505	10
	Solapur	1650	1665	-15
	Dhule	1580	1585	-5
	Nanded	1620	1600	20
	Latur	1540	1540	Unch
	Argentina Crude Soya (CIF India) USD	1887	2013	-126
	Argentina Crude Soya (FOB)	1815	-	-
Palm Oil*	Kandla (Crude Palm Oil)	1580	1620	-40
	Kandla (RBD Palm oil)	1600	1600	Unch
	Kandla RBD Pamolein	1575	1650	-75
	Kakinada (Crude Palm Oil)	1500	1550	-50
	Kakinada RBD Pamolein	1575	1630	-55
	Haldia Pamolein	1600	1600	Unch
	Chennai RBD Pamolein	1600	1655	-55
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1637	1692	-55
	Krishnapattanam RBD Pamolein	1580	1620	-40
	Mumbai RBD Pamolein	1600	1655	-55
	Mangalore RBD Pamolein	1560	1630	-70
	Mumbai (Refined)	1600	1655	-55
	Rajkot (Refined)	1580	1600	-20
	Chennai (Refined)	1560	1630	-70
	Hyderabad (Refined)	1600	1655	-55

	Delhi (Refined)*	1430	1430	Unch
	PFAD (Kandla)	1500	1550	-50
	RPS (Kandla)	1500	1550	-50
	Superolien (Kandla)	1605	1680	-75
	Superolien (Mumbai)	1610	1680	-70
	Kochi (RBD Palmolein)	-	1665	-
	Krishnapattanam (Crude Palm Oil)	1500	1550	-50
Refined Sunflower Oil	Chennai (Refined)	1920	1970	-50
	Chennai (Crude)	1890	1900	-10
	Mumbai (Refined)	1880	1950	-70
	Mumbai (Expeller Oil)	1800	1900	-100
	Kandla (Refined)	1880	1930	-50
	Hyderabad (Refined)	1900	2020	-120
	Hyderabad (Expeller)	1780	1920	-140
	Latur (Refined)	1900	1940	-40
	Latur (Expeller Oil)	1850	1890	-40
	Chellakere (Expeller Oil)	1850	1860	-10
	Erode (Expeller Oil)	1970	1960	10
	Kakinada (Refined)	1880	2000	-120
	Krishna Pattanam (Refined)	1880	2000	-120
Groundnut Oil	Rajkot	1560	1650	-90
	Chennai	1600	1670	-70
	Delhi*	1620	1620	Unch
	Hyderabad *	1580	1670	-90
	Mumbai	1650	1675	-25
	Gondal	1550	1650	-100
	Jamnagar	1550	1650	-100
	Gujarat GN Telia	2580	2590	-10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1515	1515	Unch
	Jaipur (Kacchi Ghani Oil)	1615	1615	Unch
	Kota (Expeller Oil)	1520	1520	Unch
	Kota (Kacchi Ghani Oil)	1580	1585	-5
	Neewai (Expeller Oil)	1500	1500	Unch
	Neewai (Kacchi Ghani Oil)	1605	1605	Unch
	Bharatpur (Kacchi Ghani Oil)	1550	1570	-20
	Sri-Ganga Nagar (Exp Oil)	1510	1510	Unch
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1590	1590	Unch
	Mumbai (Expeller Oil)	1550	1540	10
	Kolkata (Expeller Oil)	1740	1720	20

	New Delhi (Expeller Oil)	1530	1550	-20
	Hapur (Expeller Oil)	1700	1670	30
	Hapur (Kacchi Ghani Oil)	1730	1700	30
	Agra (Kacchi Ghani Oil)	1555	1575	-20
Refined Cottonseed Oil	Rajkot	1650	1655	-5
	Hyderabad	1640	1635	5
	Mumbai	1670	1700	-30
	New Delhi	1520	1520	Unch
	Gujarat Cotton Wash	1625	1650	-25
Coconut Oil	Kangayan (Crude)	1430	1410	20
	Cochin	Closed	1480	-
Sesame Oil	New Delhi	1530	1550	-20
Rice Bran Oil	New Delhi (40%)	1410	1410	Unch
	Mumbai (Refined 4%)	1440	1440	Unch
	Bhatinda (Crude 4%)	1280	1300	-20
	Bhatinda (Refined 4%)	1395	1415	-20
	Hyderabad (Crude)	-	1350	-
	Hyderabad (Refined)	-	1520	-
	Kolkata (Crude)	-	1400	-
	Kolkata (Refined)	-	1490	-
	Raipur (Crude)	-	1390	-
	Raipur (Refined)	-	1530	-
	Odisha (Refined)	-	1520	-
	Vijayawada (Refined)	-	1350	-
Malaysia Palmolein USD/MT	FOB	1760	1930	-170
	CNF India	Unq	1930	-
Indonesia CPO USD/MT	FOB	Unq	-	-
	CNF India	Unq	1970	-
Crude palm Kernel Oil India (USD/MT)	CNF India	1575	1650	-75
Argentina FOB (\$/MT)		6-May-22	29-Apr-22	Change
Crude Soybean Oil Ship		1831	1915	-84
Refined Soy Oil (Bulk) Ship		1895	1982	-87
Sunflower Oil Ship		2100	2010	90
Cottonseed Oil Ship		1811	1895	-84
* Indicates including GST				

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

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