

Veg. Oil Weekly Research Report

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Executive Summary**Domestic Veg. Oil Market Summary**

Edible oil prices featured mixed trend during this week in domestic markets. CBOT soy oil traded up, while BMD palm oil prices witnessed down trend. In domestic market, Palm oil, Soy oil, Coconut oil and Sunflower oil prices corrected downwards at their respective bench markets. While, Groundnut oil and Mustard oil prices traded slightly up in the market.

On the currency front, Indian rupee is hovering near 77.49 against 76.95 last weeks. Rupee is expected to depreciate and crude oil is expected to trade firm. Depreciating Indian currency will make the imports costly and will make exports cheaper.

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

Outlook:

Weekly Call -: Market participants are recommended to book profit in Soy oil at the spot market, near the 1580-1600 level, and buy near the level of 1500-1520. And for Palm Oil, Market participants are advised to book profit in CPO at spot market at 1560-1580 level and buy at 1520-1530 level.

International Veg. Oil Market Summary

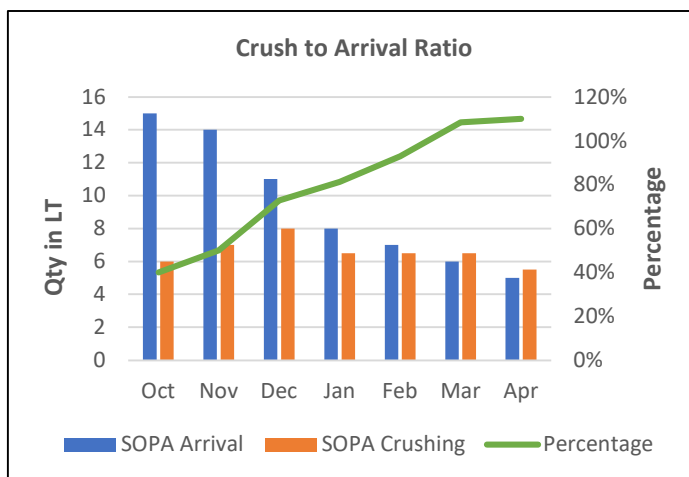
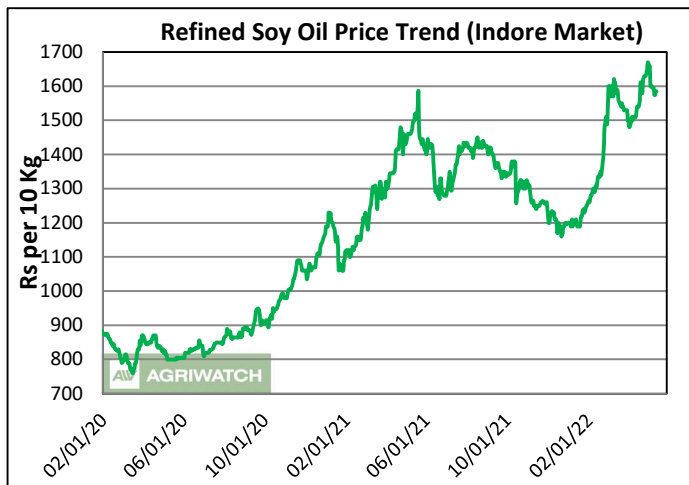
On the international front, lower global Soy oil stocks, higher US Soybean crush, US's rising Soybean acreage, falling China's demand and rising crude oil prices will govern soy oil prices in the coming days.

Rise in competing oil prices, production in Malaysia, Indonesia and Malaysia's firm biodiesel policy, Indonesia's ban on palm oil exports, Malaysia's palm oil export policy and rising 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, April's 2022 new crop arrivals stood at 5 LT, while crushing stood at 5.5 LT. Higher crushing was done as crop of previous season was carried forward. Farmers are slowly releasing their produce and for May, arrivals may be seen at steady pace as seed prices are steady at weekly average of Rs 7191/qlt at Indore plant compared to Rs 7398/qlt in previous week.



International Front

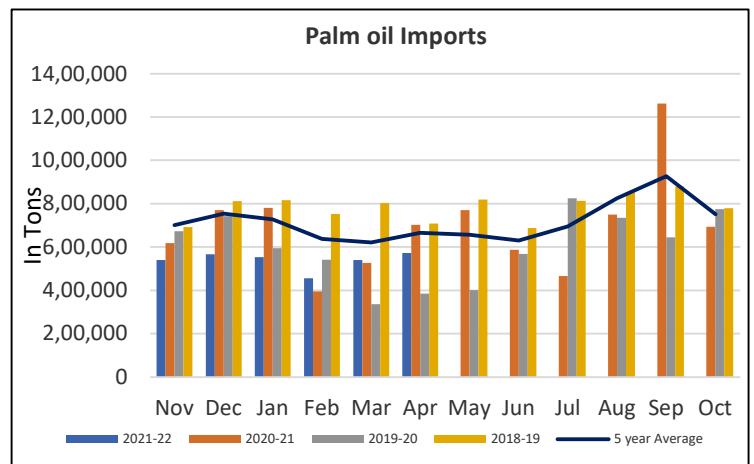
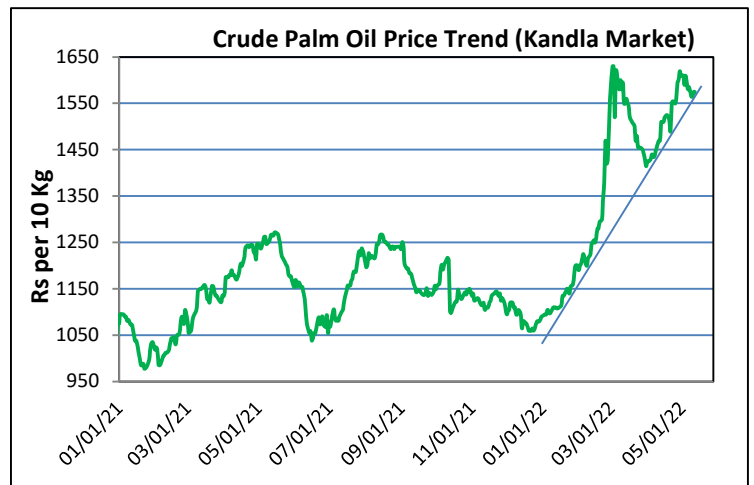
- CBOT soy oil prices traded up in the range of 81.09-83.79 cents per pound in most active June contract. Prices traded up taking support from rally in crude oil prices. Market is expected to be pressured by high US's Soybean acreage.
- US's Biofuel mandate is yet to be finalized by the EPA Agency, which 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 1550-1650 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. 1580 to Rs. 1575 per 10 Kg at the end of week, down by 0.32 percent.
- Domestic Palm oil prices are correcting following correction in BMD Palm oil Malaysia prices. Expectation of revision in effective duty of edible oil also 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 stood at 5.72 LT compared to 5.39 LT in March. May month imports are 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 trade sideways for the week, backed by higher prices.



International Front

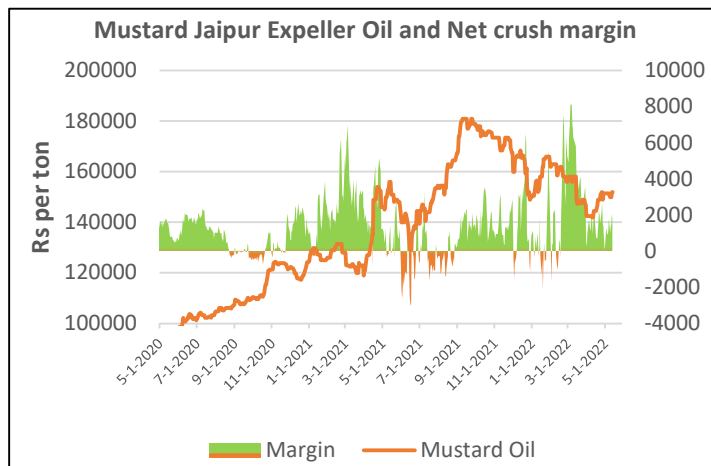
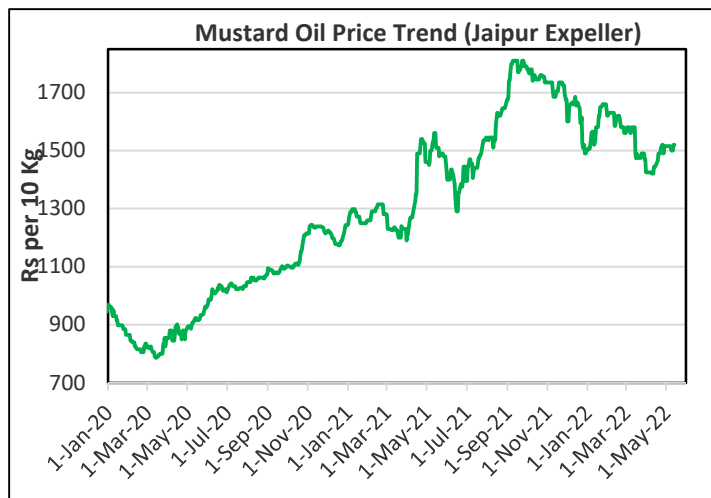
- BMD Palm oil Malaysia in past week traded down from 6950-7050 Ringgit per ton, down by 0.57 percent on w-o-w basis. Prices corrected downwards as Malaysia announced their plan to lower their palm oil export duty.
- Malaysia officials announced that they might lower the palm oil export duty from current level of 8% slab to 4-6% slab to prioritize global palm oil supply and local usage. They also said that they might slow down their pace for the implementation of biodiesel mandate. The duty cut is likely to be effective from June month onwards.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 1550-1630 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-

Domestic Front

- Mustard oil prices corrected downwards at various markets, however mustard expeller oil prices traded slightly up at bench market Jaipur.
- Mustard oil prices are expected to trade steady as demand is good 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 are also trading steady. However, parity has lowered down compared to previous week.
- 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 65 per 10 kg compared to Rs. 85 per 10 kg in last week.
- Jaipur Expeller rapeseed oil discount over RBD palm olein is at Rs 50 per 10 kg compared to Rs 60 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. 1920 to Rs. 1880 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 are 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.
- April's Sun oil import stood at 0.54 LT compared to m-o-m at 2.12 LT and y-o-y at 1.84 LT. India sourced 0.38 LT and 0.16 LT from Argentina and Russia respectively. Logistics from Ukraine are affected due to on-going war.

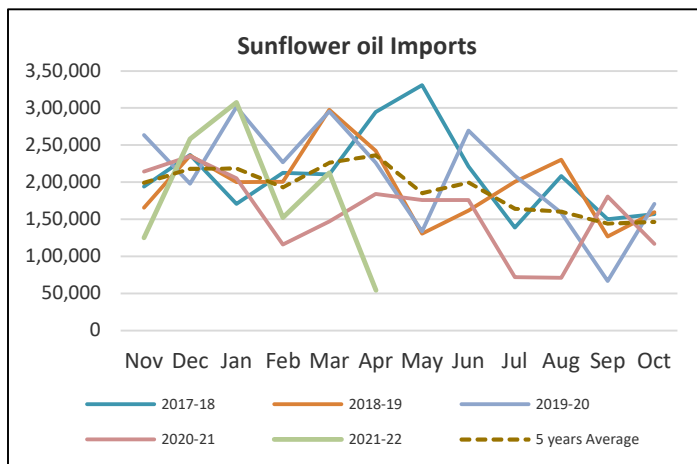
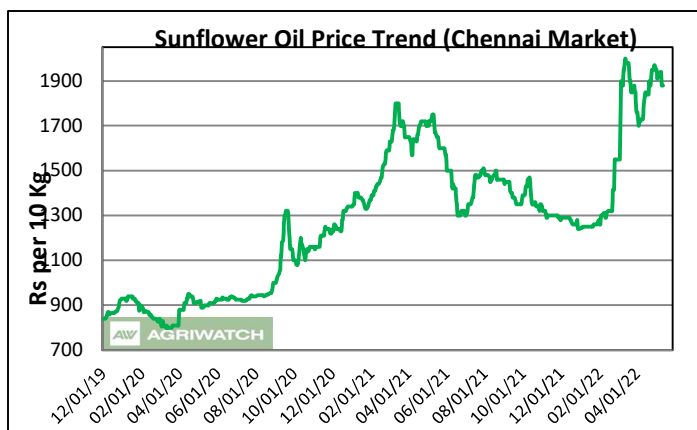
Previous news affecting market

- 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 Soy meal, 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 295 over soy oil (premium of Rs 325 last week) per 10 kg. Meanwhile, refined sunflower oil (Chennai) premium over RBD palm olein (Kandla) is at Rs. 280 compared to premium of Rs 320 per 10 kg last week.

In domestic market, Sunflower oil (Chennai) is at premium over groundnut oil by Rs. 305 compared to Rs. 360 last week.

Higher premium over competing oil along with slow demand is likely 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.

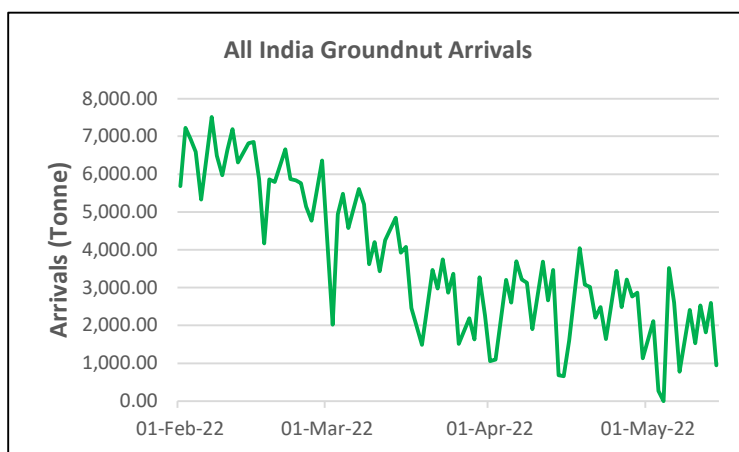
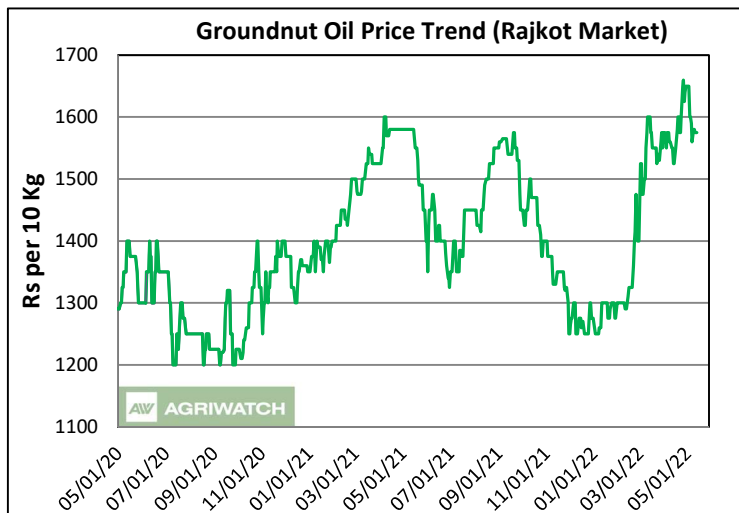


Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 1820-1920 per 10 Kg

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil Rajkot market prices traded up for the week in review. Prices are up as a shift from sunflower oil to groundnut oil has been seen.
- Rising prices of competing oils like sunflower oil, Palm oil and Soy oil are supporting the groundnut oil demand.
- Seed arrivals for the period of 7-13th May stood at 11,659.03 tonne compared to arrivals of 9,640.99 tonne in previous week. Seed arrivals are up as new local crop arrivals have started in Southern states; however, the pace is slow.
- Export demand for the current marketing year is slow, despite that firm domestic demand amid higher prices of competing oil and shortfall in competing oil are 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 1,575 (Rs 1,560) per 10 Kg and it was Rs 1,600 (Rs 1,600) per 10 Kg in Chennai market on May 13, 2022. Values in brackets are figures of last week.

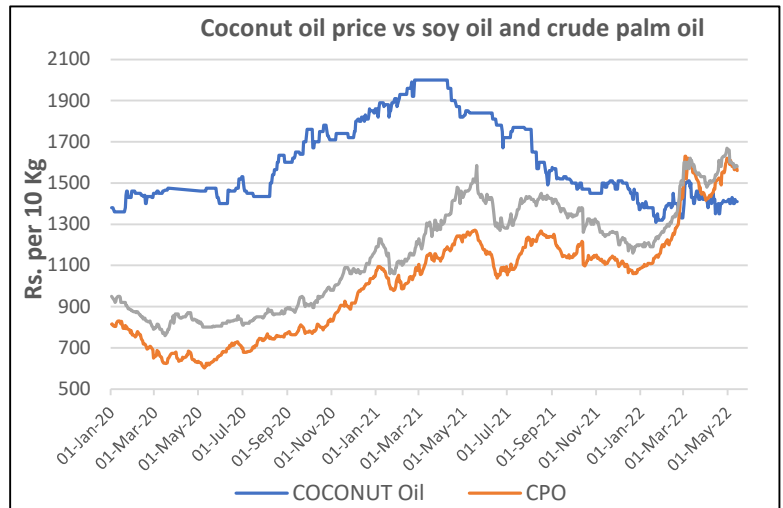
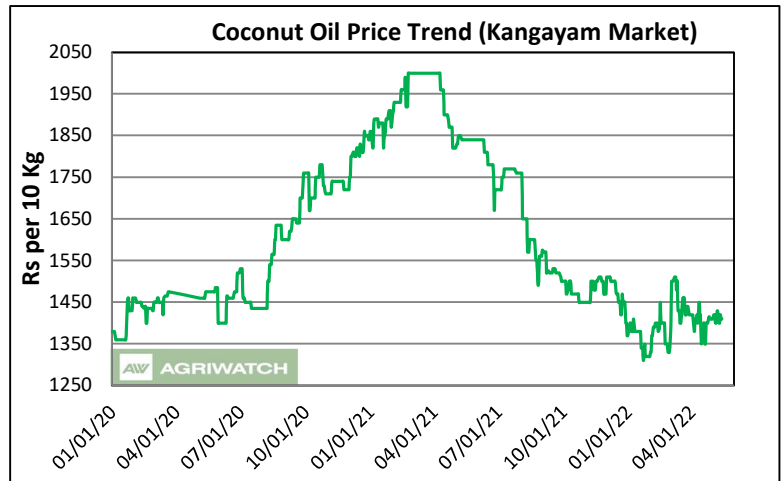
Price Outlook:

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:-

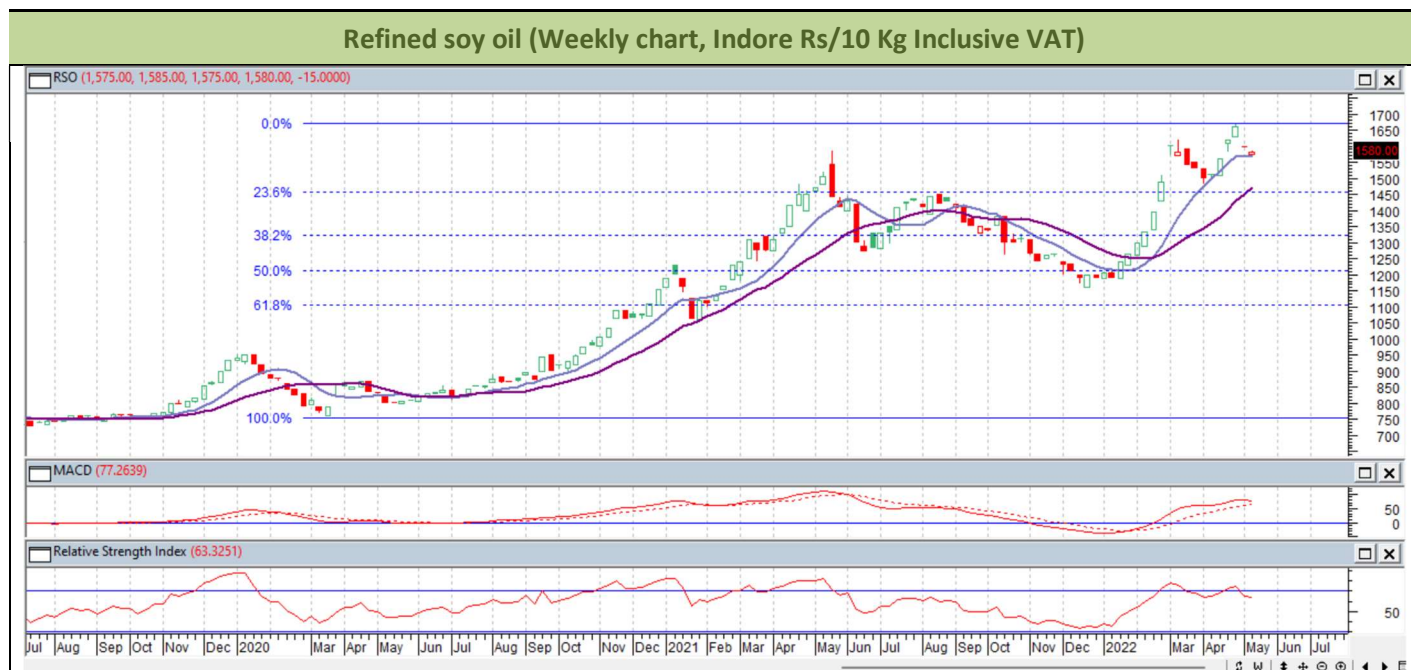
Domestic Front

- The Coconut oil prices at benchmark market Kangeyam traded down to Rs 1410 from Rs 1430 per 10 Kg.
- 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 1,470 (Rs 1,480) per 10 Kg and was quoted at 1,410 (Rs 1,430) per 10 Kg in Kangeyam market on 13 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)

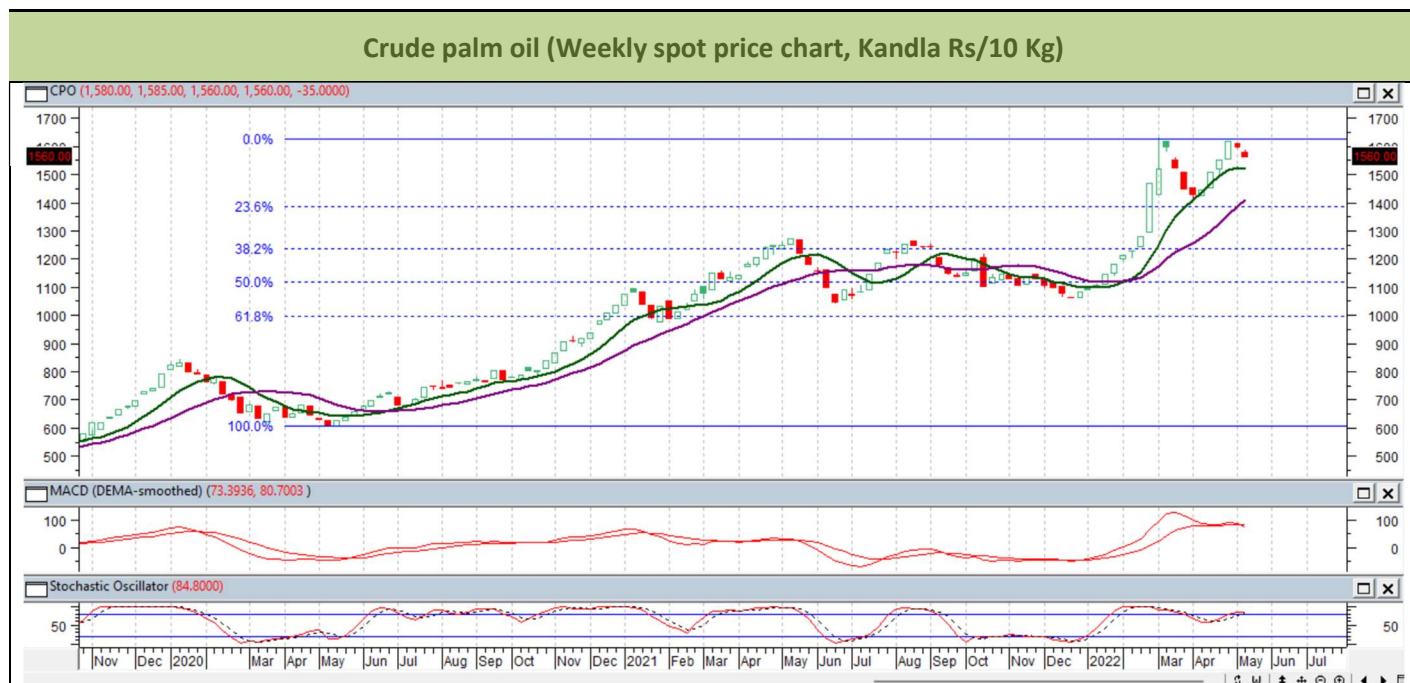


Technical Commentary –

As can be seen in the chart, prices are correcting downwards. RSI Oscillator is indicating weak sentiment and is declining from overbought zone. MACD lines are converging indicating weak trend. Market can be seen taking support from 9 DMA, however if it breaks the support level prices are likely to take support at 23.6% Fibonacci level and 18 DMA.

Spot Market outlook: Market participants are recommended to book profit in Soy oil at the spot market, near the 1580-1600 level, and buy near the 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 84.8 value in the overbought zone; prices are likely to correct downwards in coming days. MACD is pointing towards weak market, indicating 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 book profit in CPO at spot market at 1560-1580 level and buy at 1520-1530 level.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		13-May-22	07-May-22	
Refined Soybean Oil	Indore	1585	1595	-10
	Indore (Soy Solvent Crude)	1560	1560	Unch
	Mumbai	1610	1590	20
	Mumbai (Soy Degum)	1560	1560	Unch
	Kandla/Mundra	1590	1590	Unch
	Kandla/Mundra (Soy Degum)	1555	1560	-5
	Kolkata	1610	1620	-10
	Delhi	1550	1580	-30
	Nagpur	1585	1650	-65
	Rajkot	1570	1610	-40
	Kota	1610	1620	-10
	Akola	1580	1570	10
	Amrawati	1580	1570	10
	Bundi	1620	1630	-10
	Jalna	1590	1515	75
	Solapur	1585	1650	-65
	Dhule	1595	1580	15
	Nanded	1585	1620	-35
	Latur	1585	1540	45
	Argentina Crude Soya (CIF India) USD	1936	1887	49
	Argentina Crude Soya (FOB)	1852	1815	37
Palm Oil*	Kandla (Crude Palm Oil)	1575	1580	-5
	Kandla (RBD Palm oil)	1600	1600	Unch
	Kandla RBD Pamolein	1570	1575	-5
	Kakinada (Crude Palm Oil)	1525	1500	25
	Kakinada RBD Pamolein	1550	1575	-25
	Haldia Pamolein	1600	1600	Unch
	Chennai RBD Pamolein	1600	1600	Unch
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1620	1637	-17
	Krishnapattanam RBD Pamolein	1575	1580	-5
	Mumbai RBD Pamolein	1565	1600	-35
	Mangalore RBD Pamolein	1530	1560	-30
	Mumbai (Refined)	1565	1600	-35
	Rajkot (Refined)	1570	1580	-10
	Chennai (Refined)	1530	1560	-30
	Hyderabad (Refined)	1600	1600	Unch

	Delhi (Refined)*	1480	1430	50
	PFAD (Kandla)	1525	1500	25
	RPS (Kandla)	1525	1500	25
	Superolien (Kandla)	1600	1605	-5
	Superolien (Mumbai)	1620	1610	10
	Kochi (RBD Palmolein)	-	1665	-
	Krishnapattanam (Crude Palm Oil)	1525	1500	25
Refined Sunflower Oil	Chennai (Refined)	1880	1920	-40
	Chennai (Crude)	1850	1890	-40
	Mumbai (Refined)	1890	1880	10
	Mumbai (Expeller Oil)	1830	1800	30
	Kandla (Refined)	1890	1880	10
	Hyderabad (Refined)	1850	1900	-50
	Hyderabad (Expeller)	1740	1780	-40
	Latur (Refined)	1800	1900	-100
	Latur (Expeller Oil)	1750	1850	-100
	Chellakere (Expeller Oil)	1690	1850	-160
	Erode (Expeller Oil)	1900	1970	-70
	Kakinada (Refined)	1870	1880	-10
	Krishna Pattanam (Refined)	1870	1880	-10
Groundnut Oil	Rajkot	1575	1560	15
	Chennai	1600	1600	Unch
	Delhi*	1620	1620	Unch
	Hyderabad *	1650	1580	70
	Mumbai	1615	1650	-35
	Gondal	1575	1550	25
	Jamnagar	1575	1550	25
	Gujarat GN Telia	2500	2580	-80
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1520	1515	5
	Jaipur (Kacchi Ghani Oil)	1535	1615	-80
	Kota (Expeller Oil)	1500	1520	-20
	Kota (Kacchi Ghani Oil)	1540	1580	-40
	Neewai (Expeller Oil)	1510	1500	10
	Neewai (Kacchi Ghani Oil)	1535	1605	-70
	Bharatpur (Kacchi Ghani Oil)	1540	1550	-10
	Sri-Ganga Nagar (Exp Oil)	1505	1510	-5
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1530	1590	-60
	Mumbai (Expeller Oil)	1540	1550	-10
	Kolkata (Expeller Oil)	1730	1740	-10

	New Delhi (Expeller Oil)	1510	1530	-20
	Hapur (Expeller Oil)	1690	1700	-10
	Hapur (Kacchi Ghani Oil)	1720	1730	-10
	Agra (Kacchi Ghani Oil)	1545	1555	-10
Refined Cottonseed Oil	Rajkot	1615	1650	-35
	Hyderabad	1610	1640	-30
	Mumbai	1620	1670	-50
	New Delhi	1560	1520	40
	Gujarat Cotton Wash	1560	1625	-65
Coconut Oil	Kangayan (Crude)	1410	1430	-20
	Cochin	-	1480	-
Sesame Oil	New Delhi	1520	1530	-10
Rice Bran Oil	New Delhi (40%)	1410	1410	Unch
	Mumbai (Refined 4%)	1420	1440	-20
	Bhatinda (Crude 4%)	1250	1280	-30
	Bhatinda (Refined 4%)	1365	1395	-30
	Kolkata (Crude)	1350	1400	-50
	Kolkata (Refined)	1420	1490	-70
Malaysia Palmolein USD/MT	FOB	1730	1760	-30
	CNF India	Unq	0	-
Indonesia CPO USD/MT	FOB	Unq	0	-
	CNF India	1800	1840	-40
Crude palm Kernel Oil India (USD/MT)	CNF India	1570	1575	-5
Argentina FOB (\$/MT)		12-May-22	6-May-22	Change
Crude Soybean Oil Ship		1851	1831	20
Refined Soy Oil (Bulk) Ship		1916	1895	21
Sunflower Oil Ship		2150	2100	50
Cottonseed Oil Ship		1831	1811	20
* 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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