



Veg. Oil Weekly Research Report

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

Edible oil prices featured weak trend during this week in domestic markets. CBOT soy oil and BMD Malaysia Palm oil prices witnessed down trend. In domestic market, Palm oil, Soy oil, Coconut oil, Sunflower oil, Groundnut oil and Mustard oil prices corrected downwards at their respective bench markets.

On the currency front, Indian rupee is hovering near 77.82 against 77.49 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 correct downwards on 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 1490-1500 level and buy at 1420-1430 level.

International Veg. Oil Market Summary

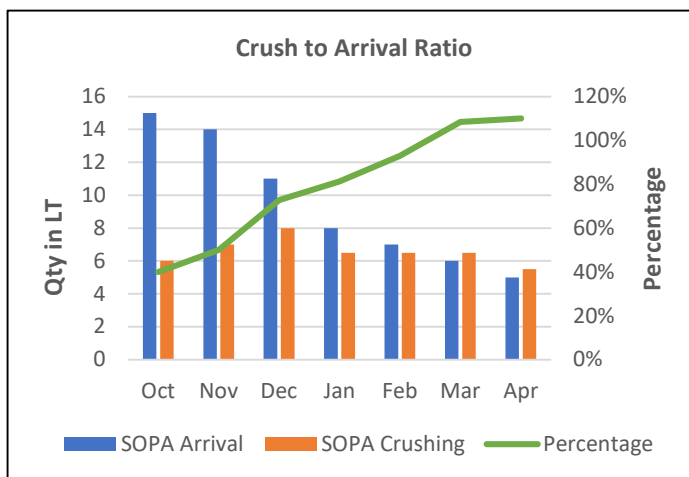
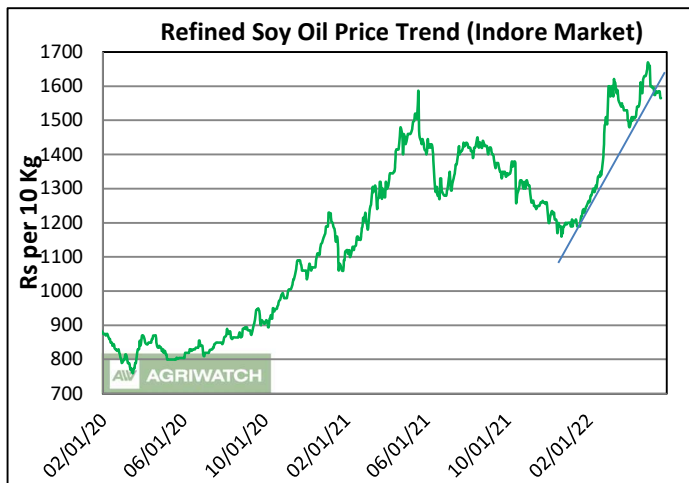
On the international front, lower global Soy oil stocks, higher US Soybean crush, US's rising Soybean acreage, falling China's demand and sideways crude oil prices is likely to govern soy oil prices in the coming days.

Rise in competing oil prices, production in Malaysia, Indonesia and Malaysia's firm biodiesel policy, Revoke of Indonesia's ban on palm oil exports, Malaysia's palm oil export policy 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 pressured by downward correction in prices of rival Palm oil.
- Indonesia revoke palm oil export ban, which is likely to increase Global palm oil supply side, hence Soy oil prices were pressured.
- Domestic demand was also seen to slack off due to its higher prices in past weeks.
- 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 were done as crop of previous season were 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 7175/qrtl at Indore plant compared to Rs 7185/qrtl in previous week.



International Front

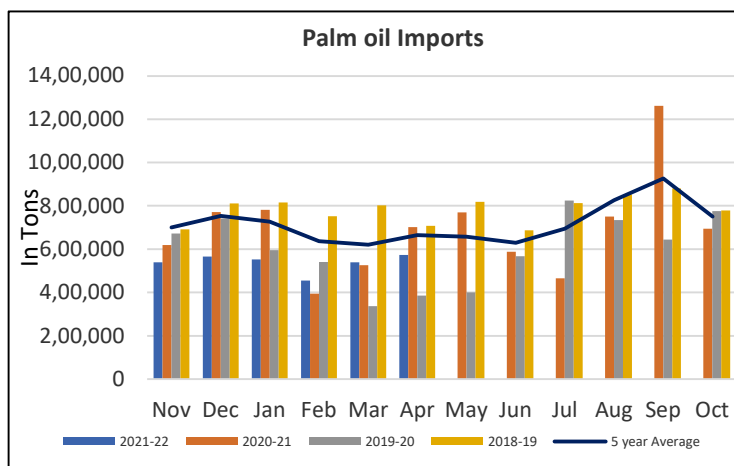
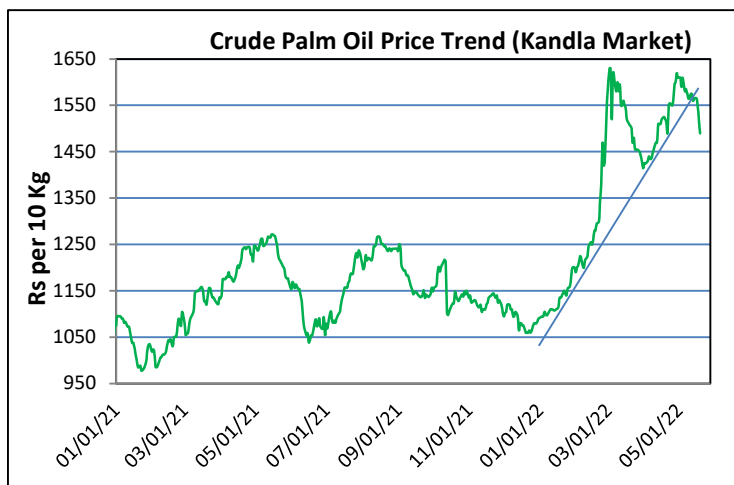
- CBOT soy oil prices traded down in the range of 78.58-84.64 cents per pound in most active June contract. Prices were pressured by revoke of Indonesia's palm oil export ban.
- US's Biofuel mandate is yet to be finalized by the EPA Agency, which is likely to govern the prices in near term.

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. 1560 to Rs. 1490 per 10 Kg at the end of week, down by 4.49 percent.
- Domestic Palm oil prices are correcting following correction in BMD Palm oil Malaysia prices. Prices were pressured as Indonesia's President announced to uplift ban on palm oil export.
- Upliftment of Ban on Indonesia's palm oil export will resume India's Palm oil import, however, lag of 24 days from 28th April to 23rd May has been created for imports.
- 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 5-6 LT as port loading was already completed before the Indonesia's palm oil ban.
- The CPO and palm olein prices are expected to trade with weakness as supply side is likely to increase as Indonesia and Malaysia has entered higher palm fruit production season.



International Front

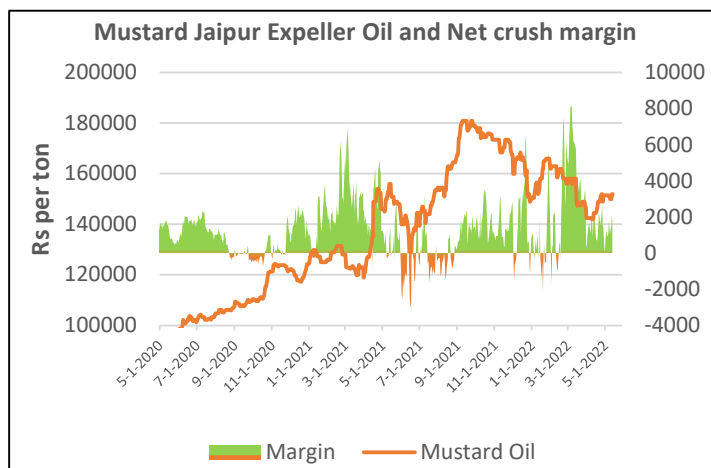
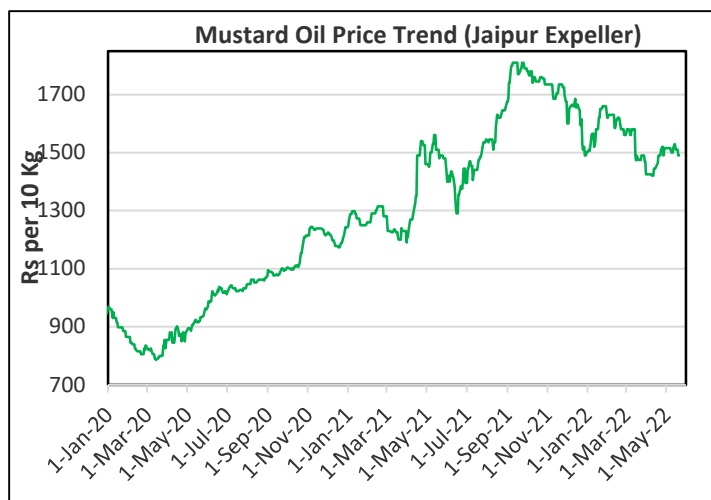
- BMD Palm oil Malaysia in past week traded down from 6719-6689 Ringgit per ton, down by 0.45 percent on w-o-w basis. Prices corrected downwards as Indonesia announced to lift ban on palm oil exports.
- Malaysia on 10 of May, had announced their plan to lower their palm oil export duty to prioritize palm oil supply to the world at the time, when Indonesia's palm oil exports were banned. However, for June, the export tax is set at 8% slab and raised palm oil reference price for June to 6,816.05 Ringgits per ton compared to the prices of 6,759.22 Ringgits per ton last month. The proposal of lowering export duty slab to 4-6% is under review, which AgriWatch expects is unlikely to happen as Indonesia's Palm oil exports is resumed.
- BMD Palm oil prices are likely to be pressured for the month as Indonesia and Malaysia has entered high palm fruit bunch production season.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 1420-1500 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:-

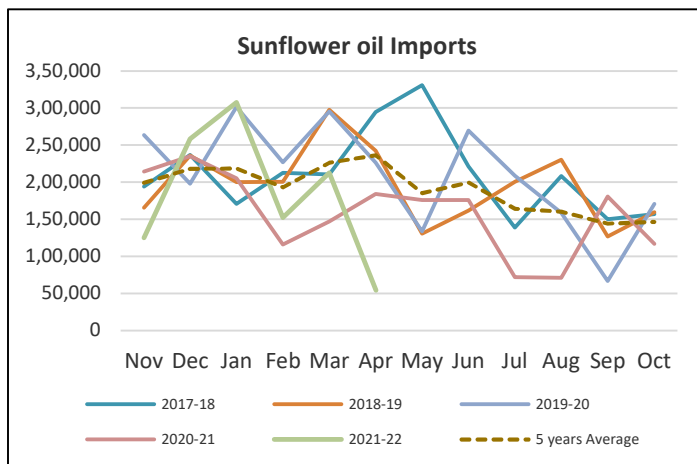
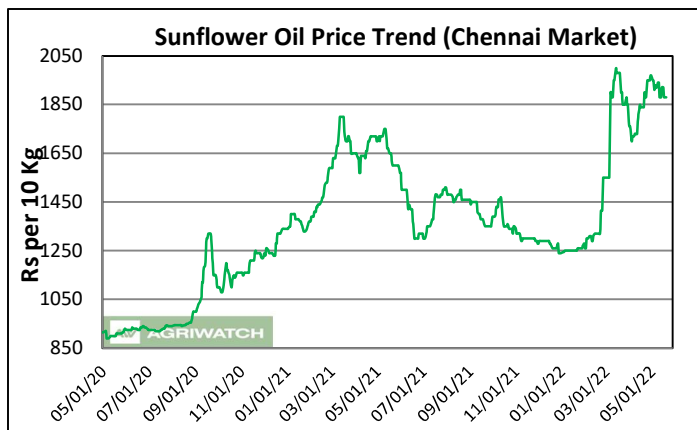
Domestic Front

- 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.
- In the domestic market, sunflower oil price is at premium of Rs 315 over soy oil (premium of Rs 340 last week) per 10 kg. Meanwhile, refined sunflower oil (Chennai) premium over RBD palm olein (Kandla) is at Rs. 360 compared to premium of Rs 350 per 10 kg last week.

In domestic market, Sunflower oil (Chennai) is at premium over groundnut oil by Rs. 305 compared to Rs. 320 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.

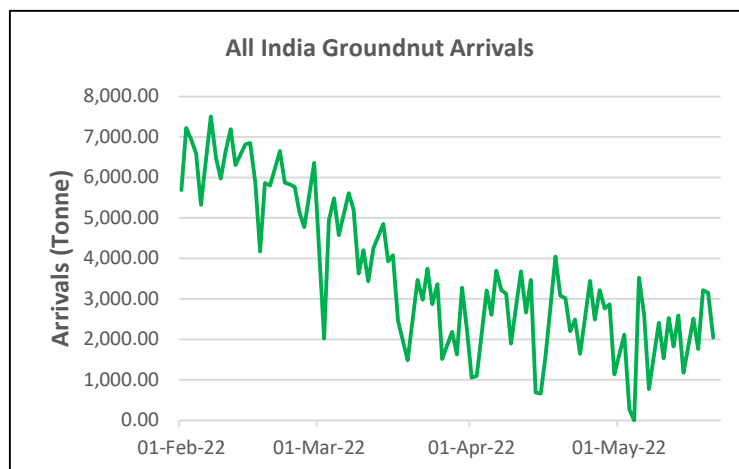
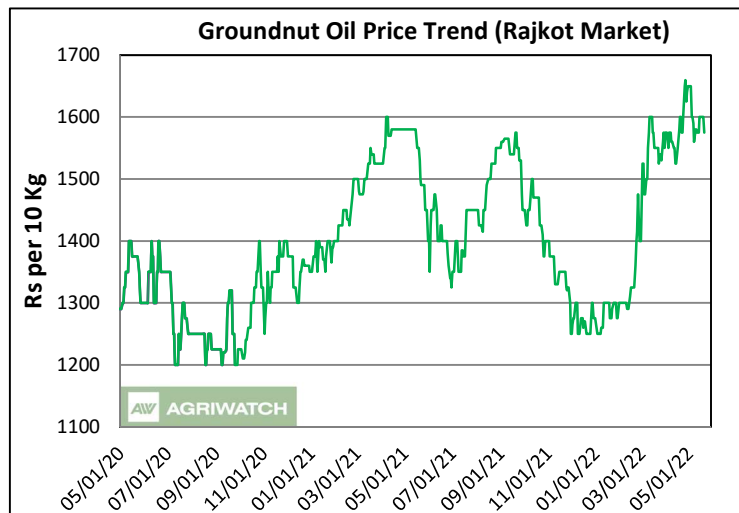


Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 1820-1920 per 10 Kg

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil Rajkot market prices weakened for the week in review. Prices weakened in tandem with correction prices of competing oils.
- As Indonesia has announced to uplift palm oil export ban, Palm oil imports are expected to be at its normal level, which provided slack to the tightened edible oil supply side. However, low imports of Sunflower oil are likely to support the demand for groundnut oil.
- Seed arrivals for the period of 14th-20th May stood at 13,857.21 tonne compared to arrivals of 11,659.03 tonne in previous week. Seed arrivals are due to new crop arrivals in the market; however, good demand is likely to support the prices.
- 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. Rise in price beyond Rs 1650 even as prices of competing oils shot up, was capped due to slow export demand.
- 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 1,650 (Rs 1,600) per 10 Kg and it was Rs 1,575 (Rs 1,600) per 10 Kg in Chennai market on May 20, 2022. Values in brackets are figures of last week.



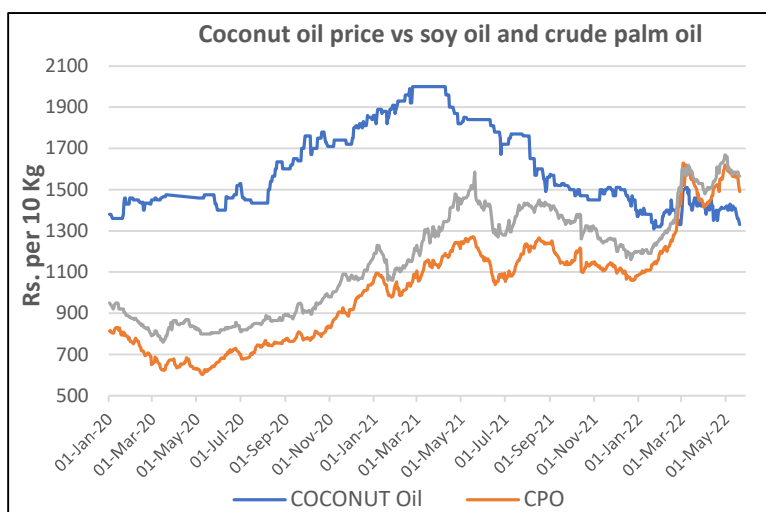
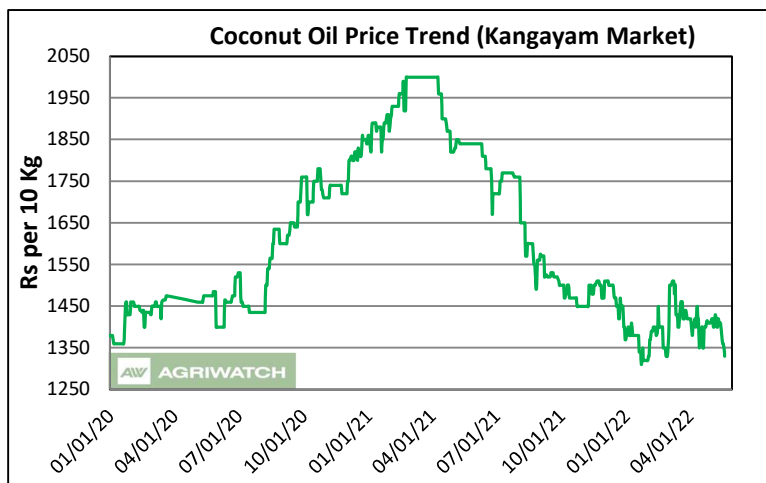
Price Outlook:

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:-

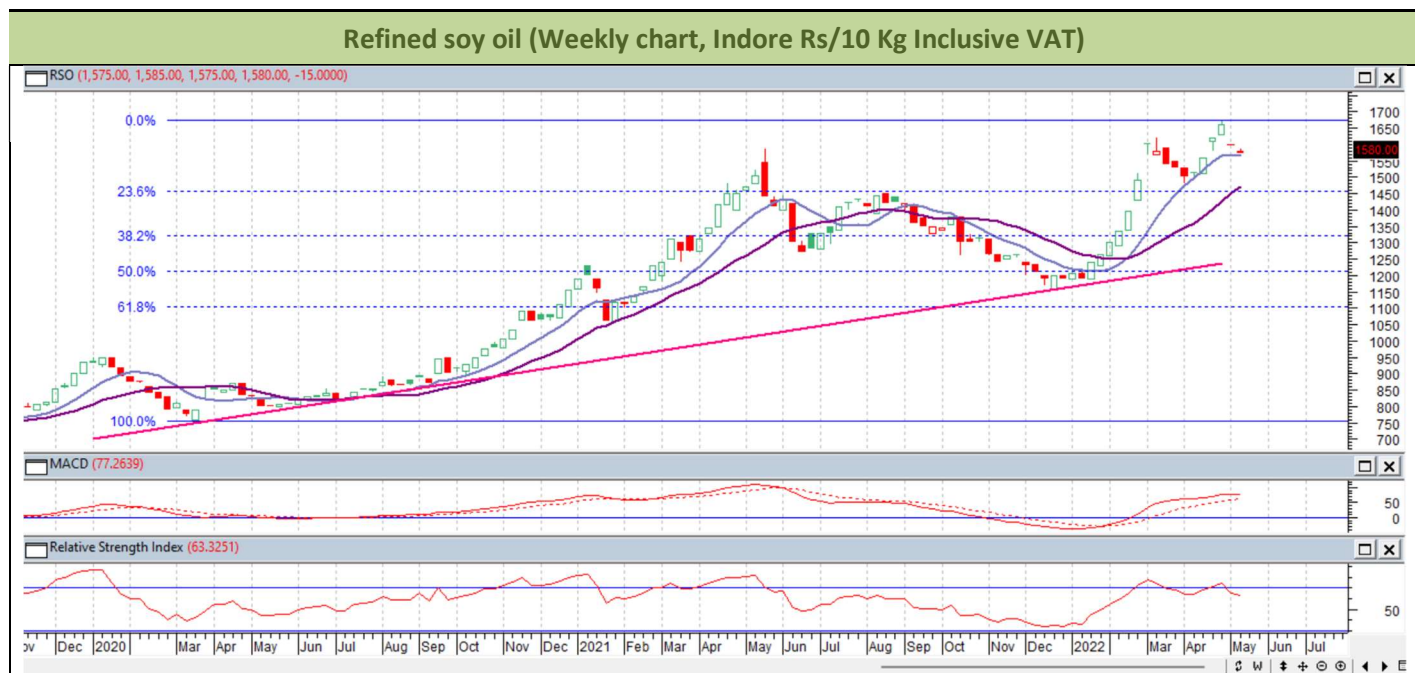
Domestic Front

- 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 prices were also pressured by correction in prices of competing oils.
- Coconut oil prices are at discount over Soy and palm oil, which may support demand for the same. However, consumption in northern India is comparatively small than Southern India demand, hence price rise is likely to 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 are being quoted at 1,330 (Rs 1,410) per 10 Kg in Kangeyam market on 20 May, 2022.



Price Outlook: Coconut oil (without GST) prices in Kangeyam may stay in the range of Rs 1300-1380 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 pointing towards 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 the level of 1500-1520 level. Next support is likely to be 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)

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



Technical Commentary –

Prices closed below the 9-day moving average, giving a bearish signal for short-term trend. Stochastic oscillator is at 65.05 value and moving towards neutral zone from overbought zone, pointing towards bearish market. MACD line crossed below the signal line, pointing towards weak market.

It is anticipated that Bearish reversal “double top pattern” is likely to form, however confirmation for the pattern is yet to form. Also, ‘bearish Harami’ candlestick pattern can be seen, which along with double top formation is confirming the weakness in the market.

Spot Market outlook: Market participants are advised to book profit in CPO at spot market at 1490-1500 level and buy at 1420-1430 level.

Veg. Oil Prices at Key Spot Market

Edible Oil Spot Prices at key Markets:

Commodity	Centre	Prices (Per 10 Kg)		Change
		20-May-22	14-May-22	
Refined Soybean Oil	Indore	1565	1580	-15
	Indore (Soy Solvent Crude)	1545	1555	-10
	Mumbai	1580	1585	-5
	Mumbai (Soy Degum)	1520	1550	-30
	Kandla/Mundra	1560	1585	-25
	Kandla/Mundra (Soy Degum)	1520	1550	-30
	Kolkata	1580	1605	-25
	Delhi	1565	1540	25
	Nagpur	1585	1590	-5
	Rajkot	1555	1550	5
	Kota	1550	1580	-30
	Akola	1580	1585	-5
	Amrawati	1580	1585	-5
	Bundi	1560	1590	-30
	Jalna	1585	1590	-5
	Solapur	1580	1585	-5
	Dhule	1585	1595	-10
	Nanded	1580	1585	-5
	Latur	1580	1585	-5
	Argentina Crude Soya (CIF India) USD	1822	1921	-99
	Argentina Crude Soya (FOB)	1742	1852	-110
Palm Oil*	Kandla (Crude Palm Oil)	1490	1560	-70
	Kandla (RBD Palm oil)	1550	1590	-40
	Kandla RBD Pamolein	1535	1565	-30
	Kakinada (Crude Palm Oil)	1430	1505	-75
	Kakinada RBD Pamolein	1520	1535	-15
	Haldia Pamolein	1550	1590	-40
	Chennai RBD Pamolein	1520	1570	-50
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1590	1607	-17
	Krishnapattanam RBD Pamolein	1490	1560	-70
	Mumbai RBD Pamolein	1550	1555	-5
	Mangalore RBD Pamolein	1515	1510	5
	Mumbai (Refined)	1550	1555	-5
	Rajkot (Refined)	1525	1550	-25
	Chennai (Refined)	1515	1510	5
	Hyderabad (Refined)	1520	1570	-50

	Delhi (Refined)*	1440	1450	-10
	PFAD (Kandla)	1430	1505	-75
	RPS (Kandla)	1430	1505	-75
	Superolien (Kandla)	1565	1595	-30
	Superolien (Mumbai)	1590	1610	-20
	Kochi (RBD Palmolein)	-	1545	-
	Krishnapattanam (Crude Palm Oil)	1430	1505	-75
Refined Sunflower Oil	Chennai (Refined)	1880	1920	-40
	Chennai (Crude)	1840	1870	-30
	Mumbai (Refined)	1880	1910	-30
	Mumbai (Expeller Oil)	1810	1840	-30
	Kandla (Refined)	1880	1900	-20
	Hyderabad (Refined)	1840	1875	-35
	Hyderabad (Expeller)	1750	1765	-15
	Latur (Refined)	1770	1810	-40
	Latur (Expeller Oil)	1710	1770	-60
	Chellakere (Expeller Oil)	1680	1710	-30
	Erode (Expeller Oil)	1900	1910	-10
	Kakinada (Refined)	1840	1910	-70
	Krishna Pattanam (Refined)	1840	1910	-70
Groundnut Oil	Rajkot	1575	1600	-25
	Chennai	1650	1600	50
	Delhi*	1620	1620	Unch
	Hyderabad *	1690	1650	40
	Mumbai	1630	1615	15
	Gondal	1575	1600	-25
	Jamnagar	1575	1600	-25
	Gujarat GN Telia	2510	2500	10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1490	1530	-40
	Jaipur (Kacchi Ghani Oil)	1525	1565	-40
	Kota (Expeller Oil)	1470	1510	-40
	Kota (Kacchi Ghani Oil)	1540	1560	-20
	Neewai (Expeller Oil)	1485	1525	-40
	Neewai (Kacchi Ghani Oil)	1530	1555	-25
	Bharatpur (Kacchi Ghani Oil)	1480	1560	-80
	Sri-Ganga Nagar (Exp Oil)	1495	1515	-20
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1515	1550	-35
	Mumbai (Expeller Oil)	1520	1540	-20
	Kolkata (Expeller Oil)	1700	1730	-30



	New Delhi (Expeller Oil)	1460	1530	-70
	Hapur (Expeller Oil)	1670	1690	-20
	Hapur (Kacchi Ghani Oil)	1700	1720	-20
	Agra (Kacchi Ghani Oil)	1485	1565	-80
Refined Cottonseed Oil	Rajkot	1590	1615	-25
	Hyderabad	1595	1610	-15
	Mumbai	1600	1620	-20
	New Delhi	1550	1560	-10
	Gujarat Cotton Wash	1530	1560	-30
Coconut Oil	Kangayan (Crude)	1330	1410	-80
	Cochin	-	1470	-
Sesame Oil	New Delhi	1480	1520	-40
Rice Bran Oil	New Delhi (40%)	1510	1410	100
	Mumbai (Refined 4%)	1350	1420	-70
	Bhatinda (Crude 4%)	1200	1250	-50
	Bhatinda (Refined 4%)	1315	1365	-50
	Hyderabad (Crude)	1290	1350	-60
	Hyderabad (Refined)	1490	1530	-40
	Kolkata (Crude)	1280	1350	-70
	Kolkata (Refined)	1350	1420	-70
	Raipur (Crude)	1410	1430	-20
	Raipur (Refined)	1540	1560	-20
	Vijayawada (Refined)	1370	0	-
Malaysia Palmolein USD/MT	FOB	1660	1705	-45
	CNF India	1700	1720	-20
Indonesia CPO USD/MT	FOB	Unq	Unq	-
	CNF India	1750	1800	-50
Crude palm Kernel Oil India (USD/MT)	CNF India	1535	1565	-30
Ukraine Origin CSFO USD/MT Kandla	CIF	2100	-	-
Argentina FOB (\$/MT)		19-May-22	13-May-22	Change
Crude Soybean Oil Ship		1747	1879	-132
Refined Soy Oil (Bulk) Ship		1808	1945	-137
Sunflower Oil Ship		2150	2150	Unch
Cottonseed Oil Ship		1727	1859	-132
* 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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