

# 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 Soy oil, Sunflower oil, Groundnut oil and Mustard oil prices corrected downwards, while palm oil and Coconut oil traded steady at their respective bench markets.*

*On the currency front, Indian rupee is hovering near 77.69 against 77.82 last weeks. Rupee is expected to depreciate and crude oil is expected to trade up. Depreciating Indian currency will make the imports costly and will make exports cheaper.*

*We expect Palm oil and Soy oil to trade with weakness on weak fundamentals.*

**Outlook:**

*Weekly Call -: Market participants are recommended to book profit in Soy oil at the spot market, near the 1535-1550 level, and buy near the level of 1450-1480. 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**

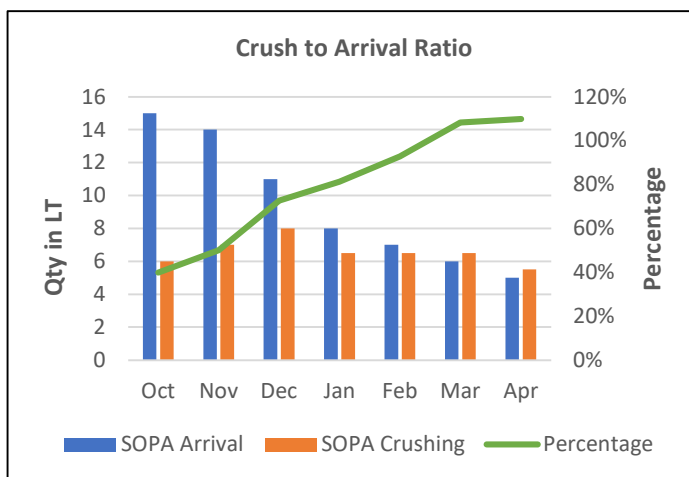
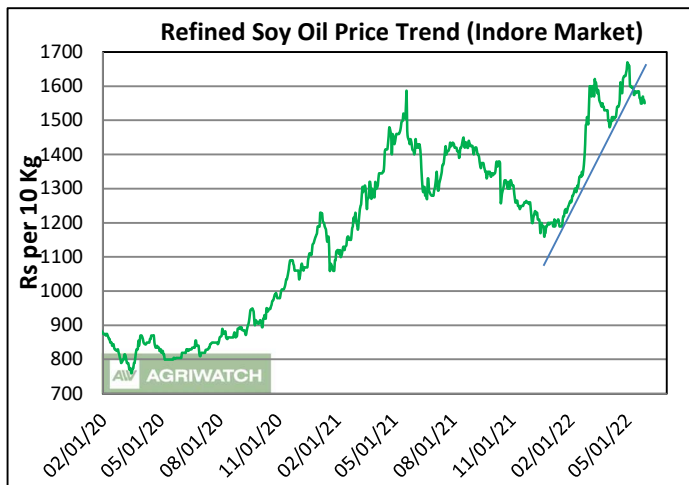
*On the international front, lower global Soy oil stocks, higher US Soybean crush, US's rising Soybean acreage, falling China's demand and sideways crude oil prices is likely to govern soy oil prices in the coming days.*

*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 as government made the import of 20 Lakh tonne of Soy oil free from any import duty.
- Government of India allotted Tariff Rate Quota (TRQ) for import of Soy oil for the above stated quantity, applicable from 25<sup>th</sup> May'22 onwards for the financial year 2022-23 and year 2023-24.
- The above news coupled with Indonesia's revoke of palm oil export ban, pressured the prices as supply side is likely to improve for the edible oils.
- Soy oil import for the current marketing year is already at higher side as domestic crush has lowered due to slow soy meal demand. According to SOPA, crushing for the April month stood at 5.5 lakh tonne down from the crushing of previous month of 6.5 lakh tonne.
- Agriwatch anticipates higher soy oil imports in May, which is likely to cross 5 year average of May month at 2.29 LT at higher side to 3.2-3.5 LT, backed by low domestic crushing.
- 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 releasing their produce as prices are declining from the upper band due to low plant crush demand and meal demand. Arrivals in May is likely to be at upper side as seed prices are declining. The prices on weekly average stood at Rs 7027/qrtl at Indore plant compared to Rs 7175/qrtl in previous week.



#### International Front

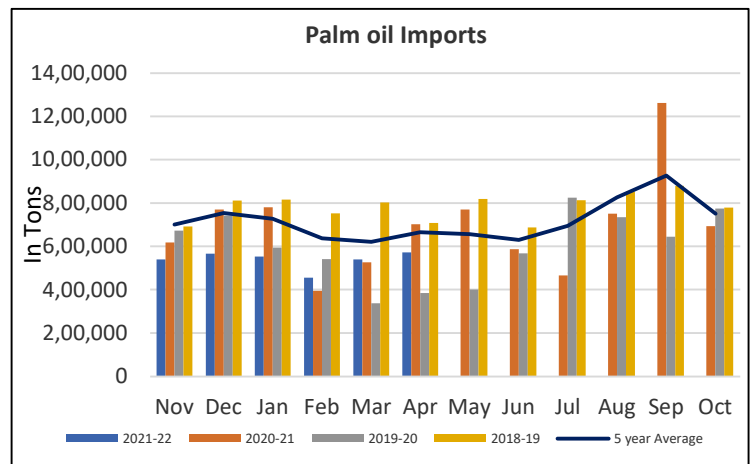
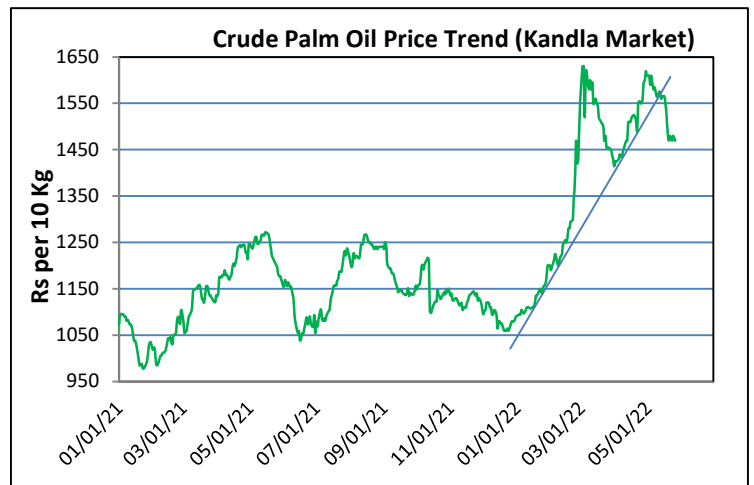
- CBOT soy oil prices traded down in the range of 78.58-84.64 cents per pound in most active June contract. Prices were pressured by revoke of Indonesia's palm oil export ban and slow demand from China amid covid lockdown. However, rising energy sector prices are likely to support the prices.
- US's 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 1450-1550 per 10 Kg in the near term.

### Palm oil Fundamental Analysis and Outlook -:

#### Domestic Front

- Crude palm oil (CPO) prices traded steady for the week in the benchmark market Kandla. Market already factored in the news of abrogation of Indonesia's Palm oil export ban.
- Domestic Palm oil prices are moving sideways in tandem with BMD Palm oil Malaysia prices. Prices were pressured as Indonesia's President announced to uplift ban on palm oil export, however rising crude oil prices supported the prices.
- Indonesia shipped 2 Lakh tonne of Palm oil to India after upliftment of ban on Indonesia's palm oil export which is likely to reach India in this week and may reach to consumer end by Mid-June.
- 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

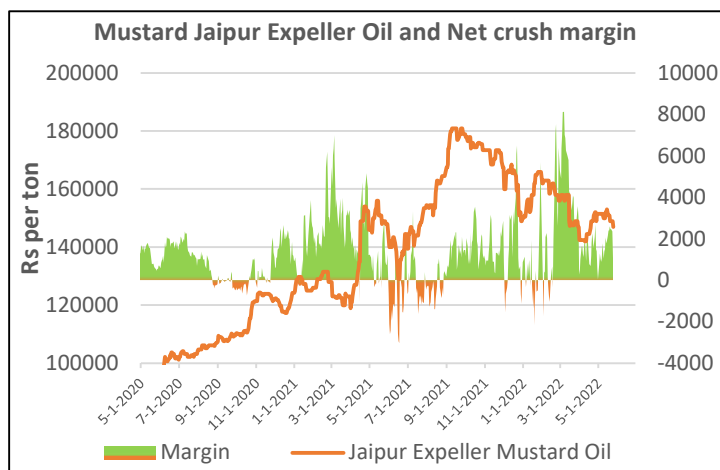
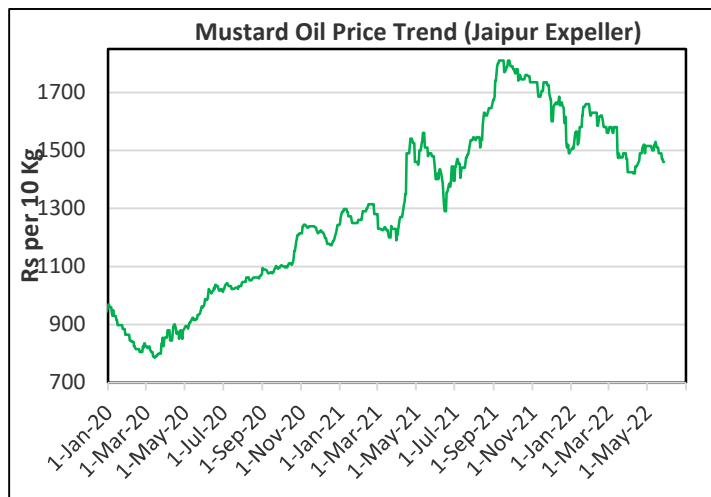
- BMD Palm oil Malaysia in past week traded up from 6705 to 6789 Ringgit per ton, however formed an inverted hammer candlestick pointing towards bearish market sentiment.
- Prices corrected downwards as Indonesia announced to lift ban on palm oil exports, while rising crude oil prices supported the movement.
- Indonesia has reinstated the previous policy of Domestic market Obligation (DMO) at 30%, and has planned to audit the palm oil industry, therefore the exports has not fully streamlined on anticipation of any added policy regarding palm oil exports.
- 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, following correction in competing oils.
- Prices weakened for the previous week, as market reacted to abrogation of Indonesia's Palm oil export ban and allotment of TRQ for imports of Sunflower oil and Soy oil.
- Mustard oil prices are expected to trade sideways as demand is good for mustard oil and it is at discount compared to Palm and Soy oil.
- Despite correction in mustard oil prices, crushing is in parity as prices for mustard seed and DOC are also under correction at the same time.
- Arrivals are declining in the market and is likely to support prices amid good demand. With arrival of monsoon and drop in temperature in the coming weeks, demand for the mustard oil is likely to improve further and support the prices.
- Jaipur Expeller rapeseed oil is at discount over refined soy oil in domestic market by Rs 90 per 10 kg compared to Rs. 60 per 10 kg in last week.
- Jaipur Expeller rapeseed oil discount over RBD palm olein is at Rs 65 per 10 kg compared to Rs 20 per 10 Kg last week.

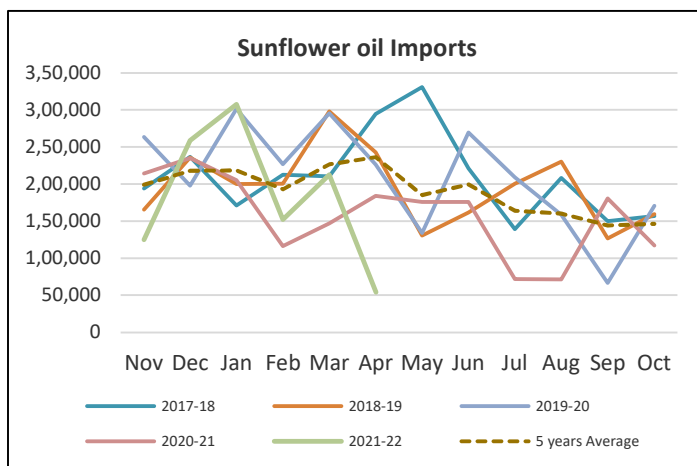
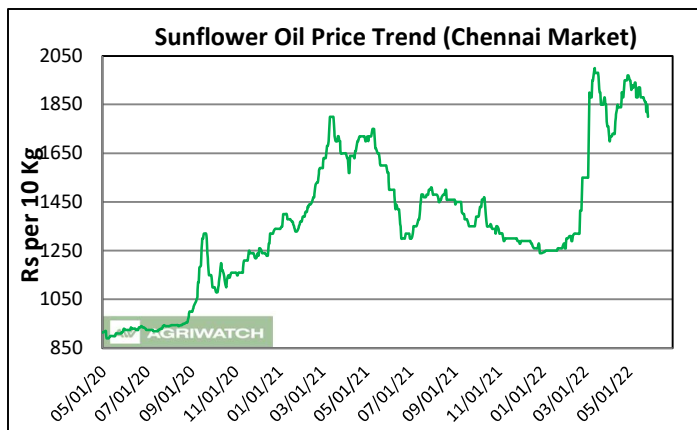


**Price Outlook:** Rapeseed Expeller oil (without GST) prices in Jaipur may stay in the range of Rs 1500-1580 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front

- Sunflower oil prices at Chennai weakened during the period under review from Rs. 1880 to Rs. 1800 per 10 Kg.
- Prices fell as government allotted Tariff Rte Quota (TRQ) for import of 20 Lakh tonnes of Sunflower oil for the financial year 2022-23 and 2023-24. Under TRQ, the import of specified quantity bears zero import duty hence, prices corrected downwards.
- Demand has also 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 250 over soy oil (premium of Rs 330 last week) per 10 kg. Meanwhile, refined sunflower oil (Chennai) premium over RBD palm olein (Kandla) is at Rs. 205 compared to premium of Rs 360 per 10 kg last week.  
In domestic market, Sunflower oil (Chennai) is at premium over groundnut oil by Rs. 225 compared to Rs. 305 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 pressured by allotment of TRQ and due to demand shift from Sunflower oil to other competing oils.

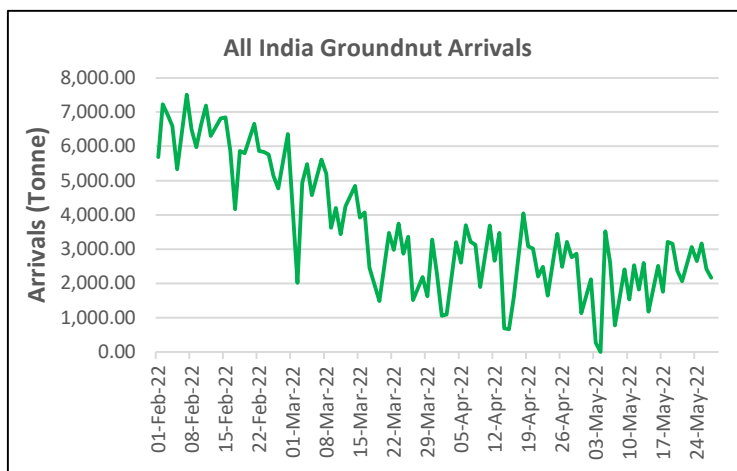
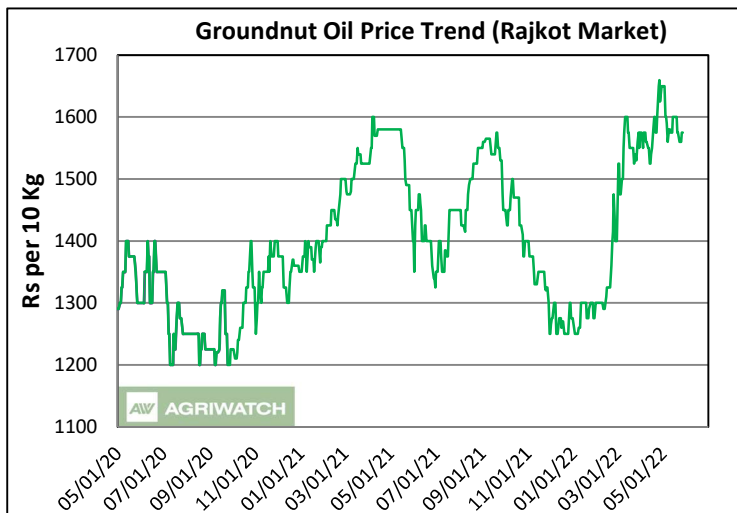


**Price Outlook:** Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 1800-1880 per 10 Kg

### Groundnut oil Fundamental Review and Analysis:-

#### Domestic Front

- Groundnut oil Rajkot market prices traded steady for the week in review, however prices in Chennai market corrected downwards following correction in competing oils.
- Allotment of TRQ for Sunflower oil import pressured the groundnut oil prices in Chennai Market. Import of Sunflower oil under TRQ is likely to correct the prices at downward side, and groundnut oil is likely to move in tandem with sunflower oil price movement.
- Seed arrivals for the period of 21<sup>st</sup>-27<sup>th</sup> May stood at 15,527.93 tonne compared to arrivals of 13,857.21 tonne in previous week. Arrivals increased in market amid good demand, however allotment of TRQ on import of Sunflower oil and Soy oil pressured the edible oil and oilseeds basket.
- Domestic groundnut oil prices at Rajkot market are trading at upper level, same as last year (highest price: Rs 1600/ 10 Kg) as low supply side for sunflower oil has supported its demand. High domestic prices for current year have also capped the gains in exports.
- 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 1,570 (Rs 1,570) per 10 Kg and it was Rs 1,600 (Rs 1,650) per 10 Kg in Chennai market on May 27, 2022. Values in brackets are figures of last week.



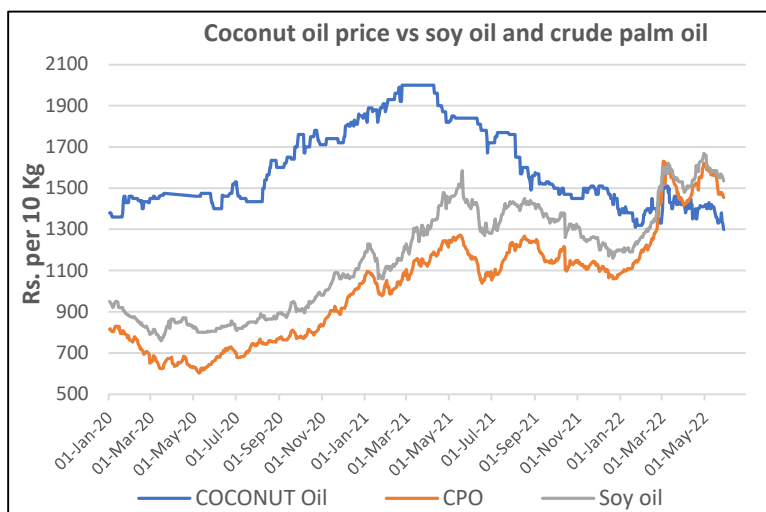
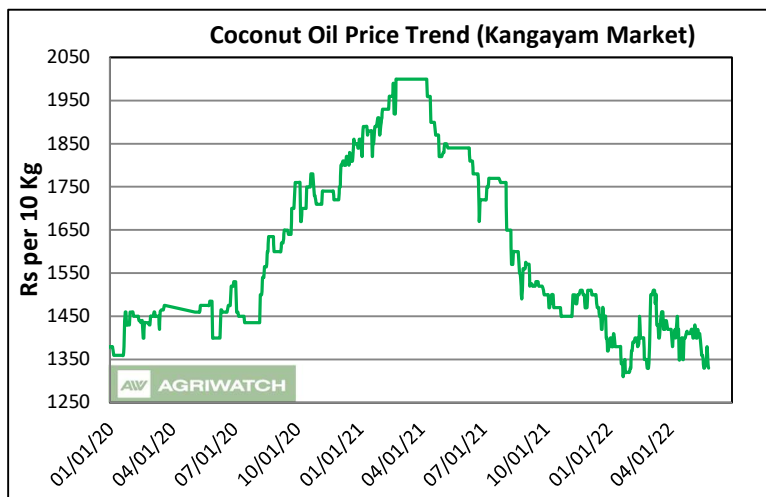
#### Price Outlook:

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 sideways, touching the high at Rs 1380 level and low of Rs 1330 level.
- The demand for the coconut oil is steady, however high supply side is pressuring prices.
- Correction in prices of competing oils also pressured the coconut oil prices in the past week.
- 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 5,780.72 tonnes of Coconut oil in March 2022 higher compared to 2,675.09 tonnes export in February 2022, and 939.58 tonnes in March 2021. Export demand in March month shot up and is likely to support the prices in near term.
- On the price front, currently the coconut oil prices in are being quoted at 1,330 (Rs 1,330) per 10 Kg in Kangeyam market on 27 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 in the neutral zone. MACD lines are converging pointing towards weak trend. Prices closed below the 9 DMA is an indication the short-term trend remains negative. 18 DMA can be characterized as immediate support at Rs 1500 level and next support is seen at Rs 1450 level.

**Spot Market outlook:** Market participants are recommended to book profit in Soy oil at the spot market, near the 1535-1550 level, and buy near the level of 1450-1480.

### Technical Analysis (Crude Palm oil)

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



#### Technical Commentary –

Stochastic Oscillators are declining from the overbought zone. MACD line has crossed the signal line from up pointing towards weak sentiments. Prices closed below the 9-day moving average, giving a bearish signal for short-term trend.

It is anticipated that Bearish reversal “double top pattern” is likely to form, however confirmation for the pattern is yet to form. The resistance is around Rs 1500-1520 level. 18 Days moving average is acting as the immediate support, and next support is seen at 1415-1430 level.

**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
		27-May-22	21-May-22	
Refined Soybean Oil	Indore	1550	1550	Unch
	Indore (Soy Solvent Crude)	1520	1530	-10
	Mumbai	1560	1580	-20
	Mumbai (Soy Degum)	1515	1505	10
	Kandla/Mundra	1535	1540	-5
	Kandla/Mundra (Soy Degum)	1495	1505	-10
	Kolkata	1570	1570	Unch
	Delhi	1505	1565	-60
	Nagpur	1565	1585	-20
	Rajkot	1500	1555	-55
	Kota	1510	1550	-40
	Akola	1555	1580	-25
	Amrawati	1555	1580	-25
	Bundi	1520	1560	-40
	Jalna	1575	1585	-10
	Solapur	1560	1580	-20
	Dhule	1580	1585	-5
	Nanded	1560	1580	-20
	Latur	1560	1580	-20
	Argentina Crude Soya (CIF India) USD	1856	1827	29
	Argentina Crude Soya (FOB)	1786	-	-
Palm Oil*	Kandla (Crude Palm Oil)	1470	1470	Unch
	Kandla (RBD Palm oil)	1520	1520	Unch
	Kandla RBD Pamolein	1525	1510	15
	Kakinada (Crude Palm Oil)	1460	1430	30
	Kakinada RBD Pamolein	1525	1510	15
	Haldia Pamolein	1520	1520	Unch
	Chennai RBD Pamolein	1595	1520	75
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1585	1580	5
	Krishnapattanam RBD Pamolein	1470	1470	Unch
	Mumbai RBD Pamolein	1525	1550	-25
	Mangalore RBD Pamolein	1540	1515	25
	Mumbai (Refined)	1525	1550	-25
	Rajkot (Refined)	1565	1525	40
	Chennai (Refined)	1540	1515	25
	Hyderabad (Refined)	1595	1520	75

	Delhi (Refined)*	1520	1440	80
	PFAD (Kandla)	1460	1430	30
	RPS (Kandla)	1460	1430	30
	Superolien (Kandla)	1555	1540	15
	Superolien (Mumbai)	1570	1580	-10
	Krishnapattanam (Crude Palm Oil)	1460	1430	30
Refined Sunflower Oil	Chennai (Refined)	1800	1880	-80
	Chennai (Crude )	1770	1840	-70
	Mumbai (Refined)	1850	1880	-30
	Mumbai(Expeller Oil)	1780	1820	-40
	Kandla (Refined)	1850	1880	-30
	Hyderabad (Refined)	1800	1840	-40
	Hyderabad (Expeller)	1720	1750	-30
	Latur (Refined)	1730	1770	-40
	Latur (Expeller Oil)	1655	1710	-55
	Chellakere (Expeller Oil)	1600	1680	-80
	Erode (Expeller Oil)	1830	1900	-70
	Kakinada (Refined)	1800	1840	-40
	Krishna Pattanam (Refined)	1800	1840	-40
Groundnut Oil	Rajkot	1575	1575	Unch
	Chennai	1600	1650	-50
	Delhi*	1650	1620	30
	Hyderabad *	1650	1690	-40
	Mumbai	1590	1610	-20
	Gondal	1575	1575	Unch
	Jamnagar	1575	1575	Unch
	Gujarat GN Telia	2480	2510	-30
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1460	1490	-30
	Jaipur (Kacchi Ghani Oil)	1510	1540	-30
	Kota (Expeller Oil)	1440	1470	-30
	Kota (Kacchi Ghani Oil)	1500	1525	-25
	Neewai (Expeller Oil)	1445	1485	-40
	Neewai (Kacchi Ghani Oil)	1510	1530	-20
	Bharatpur (Kacchi Ghani Oil)	1470	1480	-10
	Sri-Ganga Nagar(Exp Oil)	1470	1495	-25
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1490	1515	-25
	Mumbai (Expeller Oil)	1500	1500	Unch
	Kolkata(Expeller Oil)	1700	1700	Unch
	New Delhi (Expeller Oil)	1420	1460	-40

	Hapur (Expeller Oil)	1690	1690	Unch
	Hapur (Kacchi Ghani Oil)	1720	1720	Unch
	Agra (Kacchi Ghani Oil)	1475	1485	-10
Refined Cottonseed Oil	Rajkot	1550	1590	-40
	Hyderabad	1545	1595	-50
	Mumbai	1560	1600	-40
	New Delhi	1515	1550	-35
	Gujarat Cotton Wash	1500	1540	-40
Coconut Oil	Kangayan (Crude)	1330	1330	Unch
Sesame Oil	New Delhi	1490	1480	10
Rice Bran Oil	New Delhi (40%)	1410	1410	Unch
	Mumbai (Refined 4%)	1380	1350	30
	Bhatinda (Crude 4%)	1200	1180	20
	Bhatinda (Refined 4%)	1315	1295	20
	Hyderabad (Crude)	1270	1290	-20
	Hyderabad (Refined)	1470	1470	Unch
	Kolkata (Crude)	1260	1280	-20
	Kolkata (Refined)	1310	1350	-40
	Raipur (Crude)	1330	1380	-50
	Raipur (Refined)	1500	1510	-10
	Odisha (Refined)	1470	1490	-20
	Vijayawada (Refined)	1350	1370	-20
Malaysia Palmolein USD/MT	FOB	1770	1670	100
	CNF India	1740	1650	90
Indonesia CPO USD/MT	FOB	Unq	Unq	-
	CNF India	1790	1710	80
Crude palm Kernel Oil India (USD/MT)	CNF India	1525	1510	15
Ukraine Origin CSFO USD/MT Kandla	CIF	2100	2100	Unch
Argentina FOB (\$/MT)		27-May-22	21-May-22	Change
Crude Soybean Oil Ship		1759	1758	1
Refined Soy Oil (Bulk) Ship		1821	1820	1
Sunflower Oil Ship		2150	2150	Unch
Cottonseed Oil Ship		1739	1738	1
* 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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