

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, Mustard oil, and palm oil prices corrected downwards, while Groundnut oil and Coconut oil traded up at their respective bench markets.

On the currency front, Indian rupee is hovering near 77.57 against 77.69 last weeks. Rupee is expected to depreciate and crude oil is expected to trade sideways with upward biasness. 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 1510-1500 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 1410-1420 level and buy at 1350-1380 level.

International Veg. Oil Market Summary

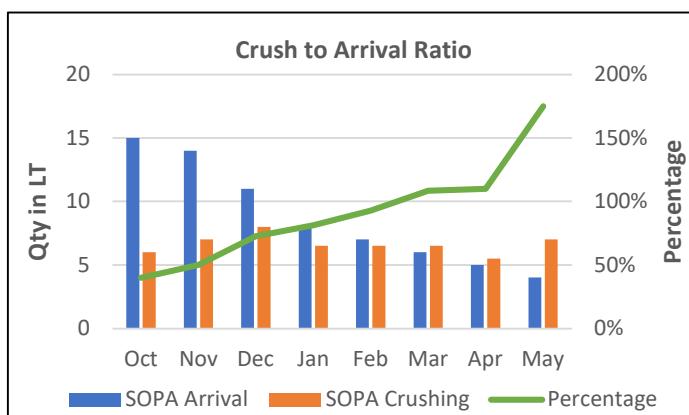
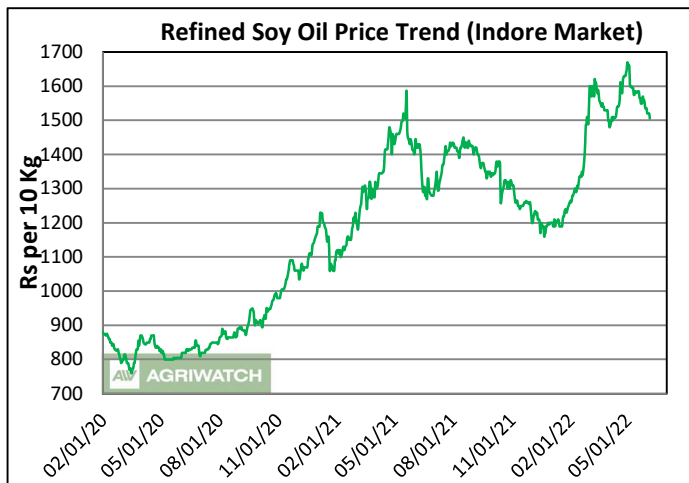
On the international front, lower global Soy oil stocks, higher US Soybean crush, US's rising Soybean acreage, falling China's demand and sideways crude oil prices is likely to govern soy oil prices in the coming days.

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 25th 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, May's 2022 new crop arrivals stood at 4 LT, while crushing stood at 7 LT. Higher crushing were done due to spill over of crop of previous season. Farmers are holding their stock as seed prices stooped below farmers expectation. The prices on weekly average stood at Rs 6775/qtl at Indore plant compared to Rs 6967/qtl in previous week.



International Front

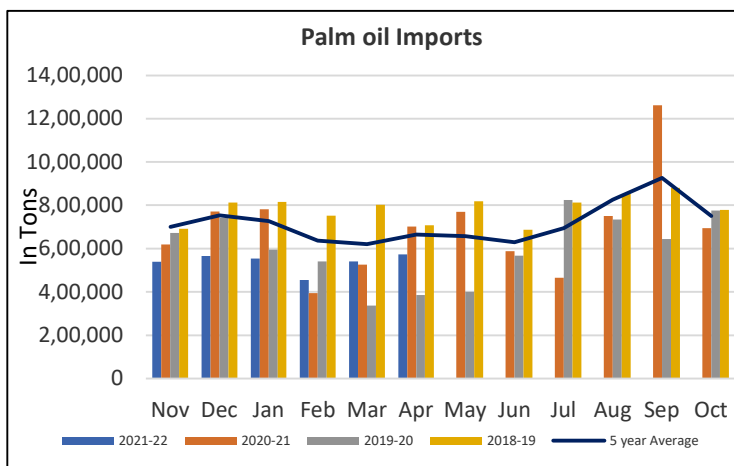
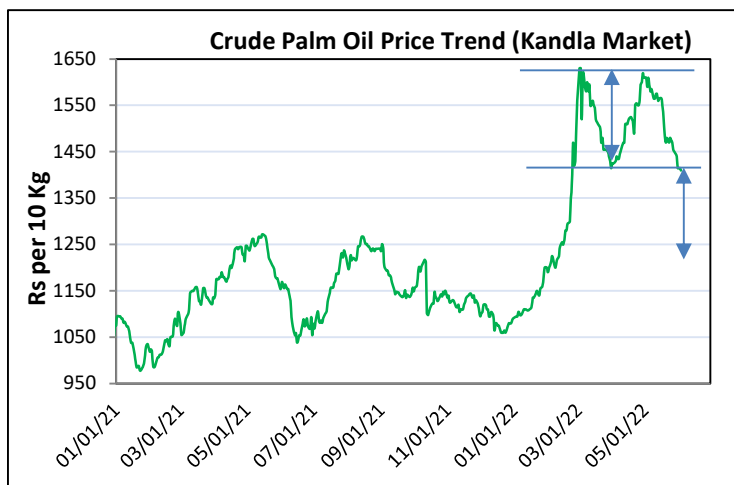
- CBOT soy oil prices traded up in the range of 80.14-81.85 cents per pound in most active July contract. Prices supported by heavy rains in US slowing down soybean planting progress and rising energy sector prices. Slow demand from China capped gains in prices.
- According to Buenos Aires Grain Exchange, Argentina's Soybean production is revised upwards to 43.3 million tonne from previous estimates of 42 million tonne on better yield expectation.
- According to Argentina's Ministry of Agriculture, Argentina's soybean crush in April 2022 stood at 3.93 million tons, a 34% increase from March. The crush rose backed by good global soybean oil demand.
- 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 1450-1520 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. Domestic prices are under downward correction as Indonesia revoked palm oil export ban easing the pressure on supply side for palm oil and with implementation of TRQ for import of Soy oil.
- Domestic Palm oil prices are anticipated to further correct downwards as higher imports for palm oil expected from Malaysia for May month. Stock limit on edible oil is also capping the gains on price movement.
- 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 down from 6830 to 6704 Ringgit per ton, however formed a bearish hammer candlestick pointing towards bearish market sentiment.
- Prices are trading sideways as Indonesia lifted ban on palm oil exports easing pressure on supply side while low end stock for Malaysia amid good export demand is supporting price movement.
- Malaysia's May month palm oil export is anticipated to be highest since December'21, as demand is good while production is slow due to low harvesting days after Ramazan. Trade participants have anticipated the production in May month to be at median of 1.403 million tonne (MT) and exports to lie in the range of 1.16-1.40 MT. Closing stocks are expected to lie in the range of 1.44-1.80 MT, with median of 1.54 MT, whereas last month's closing stock stood at 1.64 MT.
- Malaysia is likely to implement their national biofuel mandate after Indonesia revoke their ban on palm oil exports. Malaysia had earlier announced to ease use of edible oil in biofuel, when global supply was hit



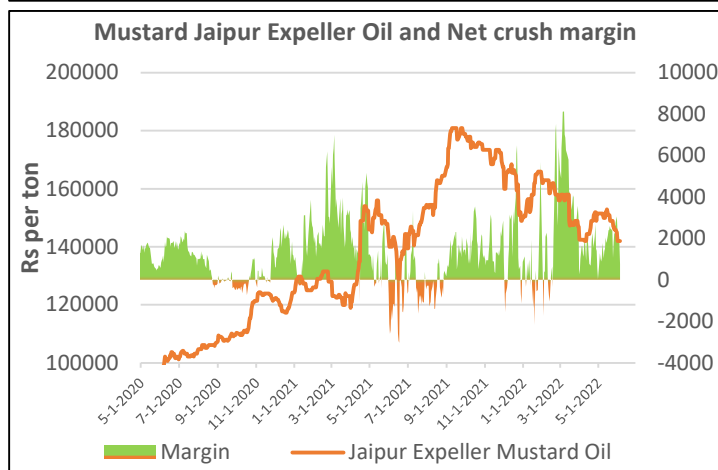
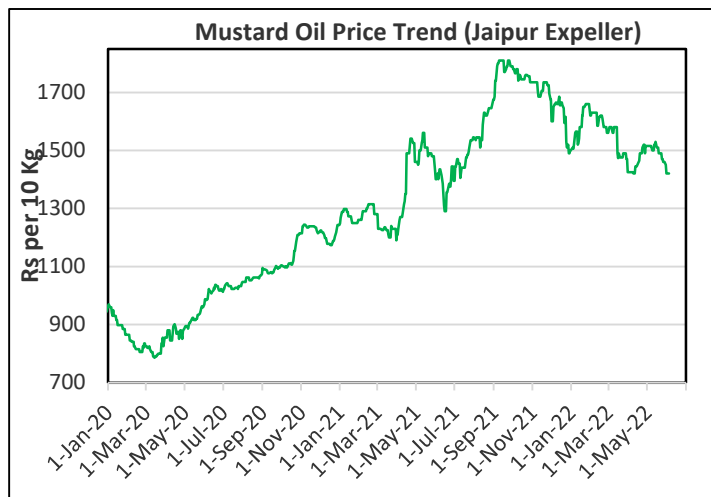
- BMD Palm oil prices are likely to be pressured for the month as Indonesia and Malaysia has entered high palm fruit bunch production season. However, labor problem still persists in Malaysia, which may limit rise in harvesting of palm fruit bunch.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 1350-1420 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.
- Domestic prices have been under correction as government is closely monitoring edible oil price movement and with stock limit on edible oils, stockiest demand is slow and millers are buying hand-to-mouth quantity.
- Mustard oil prices are expected to trade in tandem with price movement of competing oils.
- 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. However, price of seed at week end rose, while oil prices traded steady hence parity narrowed down to below 1000 Rs margin.
- Arrivals are declining in the market and is likely to support prices amid good demand. With arrival of monsoon and drop in temperature with the onset of monsoon, demand for the mustard oil is likely to improve and support the prices.
- Jaipur Expeller rapeseed oil is at discount over refined soy oil in domestic market by Rs 85 per 10 kg compared to Rs. 75 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 65 per 10 Kg last week.

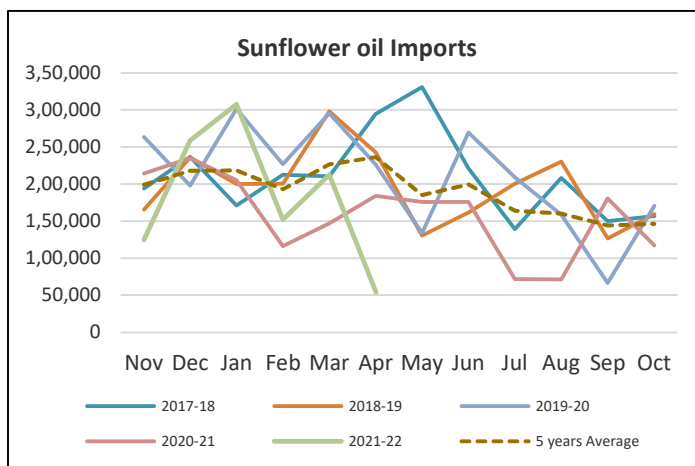
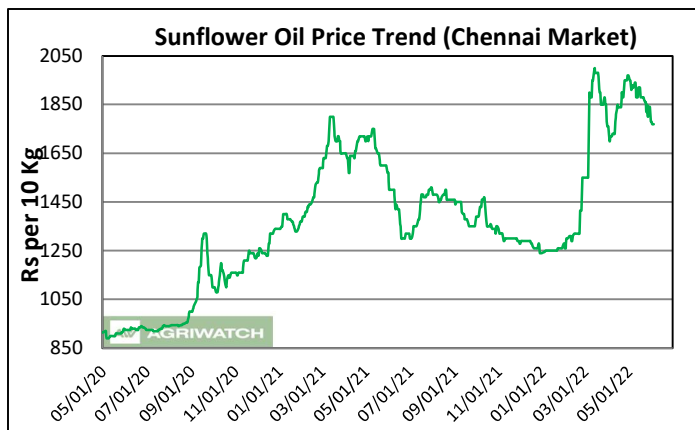


Price Outlook: Rapeseed Expeller oil (without GST) prices in Jaipur may stay in the range of Rs 1400-1470 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices at Chennai weakened during the period under review from Rs. 1840 to Rs. 1770 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.
- Russia agreed to UN's request to create channel for passing of grains shipments from Ukraine to export destination on Black Sea. This would release the shipments of Sun oil destined for India amounting to approx. 2.8 MT. This also pressured the prices for sunflower oil in domestic market.
- Higher imports may be seen for June month as stuck shipments in Ukraine of Sun oil for India is expected to resume. India is trying to source sunflower oil from Mercosur countries and is in talks to reduce their export duty. This would ease the pressure on supply side if India reaches the agreement.
- 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.
- In the domestic market, sunflower oil price is at premium of Rs 265 over soy oil (premium of Rs 305 last week) per 10 kg. Meanwhile, refined sunflower oil (Chennai) premium over RBD palm olein (Kandla) is at Rs. 275 compared to premium of Rs 245 per 10 kg last week.
In domestic market, Sunflower oil (Chennai) is at premium over groundnut oil by Rs. 170 compared to Rs. 260 last week.
Sunflower oil's premium over competing oils have lowered compared to previous week as sunflower oil prices corrected downwards after allotment of TRQ for imports.
- 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.

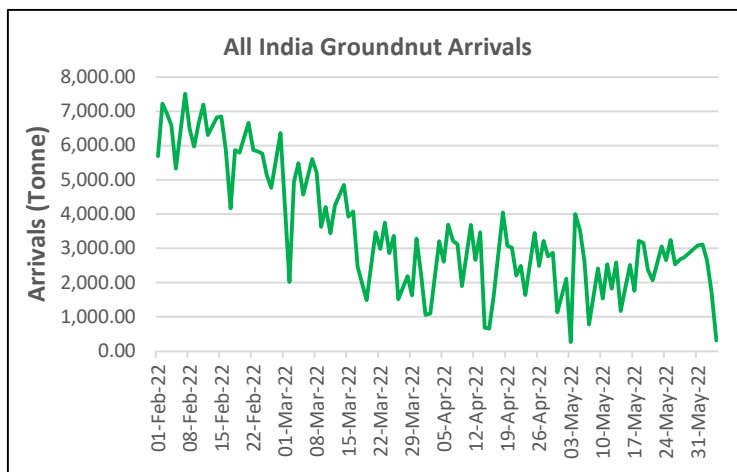
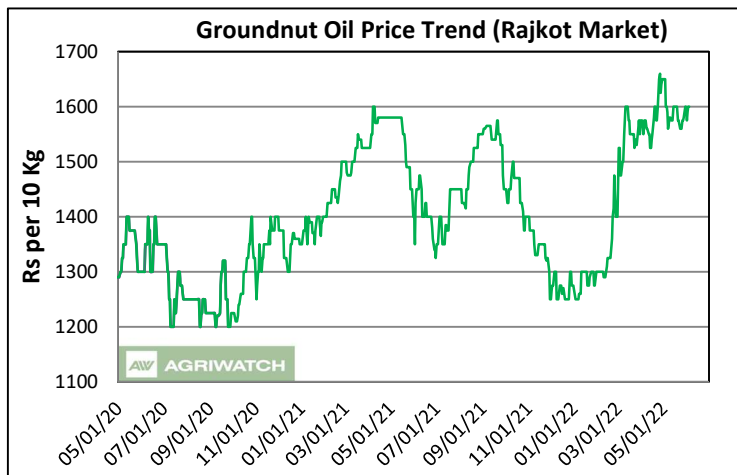


Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 1700-1780 per 10 Kg

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil Rajkot market prices traded slightly up by 1.27 percent for the week in review.
- Prices are moving sideways in the range of Rs 1560-1600 per 10 Kg for past 4 week, underpinned by good domestic demand and pressured by correction in competing oil's prices.
- Recently, Allotment of TRQ for Sunflower oil import pressured the groundnut oil prices in Chennai Market. As Sunflower oil is complementary commodity to Groundnut oil, latter is likely to move in tandem with sunflower oil price movement.
- Seed arrivals for the period of 28th May-3rd Jun stood at 16,264.06 tonne compared to arrivals of 16,223.50 tonne in previous week. Arrivals stood at same level compared to previous week, however on day-on-day basis the arrivals are declining, which is likely to underpin the price gains amid good domestic demand.
- 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 1,600 (Rs 1,575) per 10 Kg and it was Rs 1,610 (Rs 1,600) per 10 Kg in Chennai market on Jun 4, 2022. Values in brackets are figures of last week.



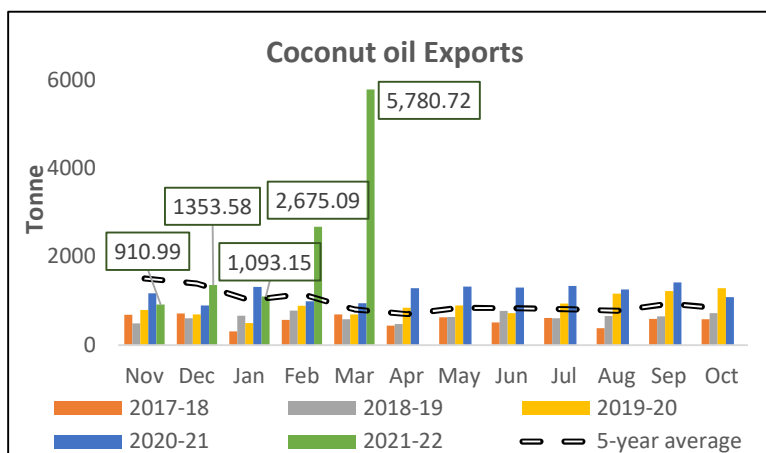
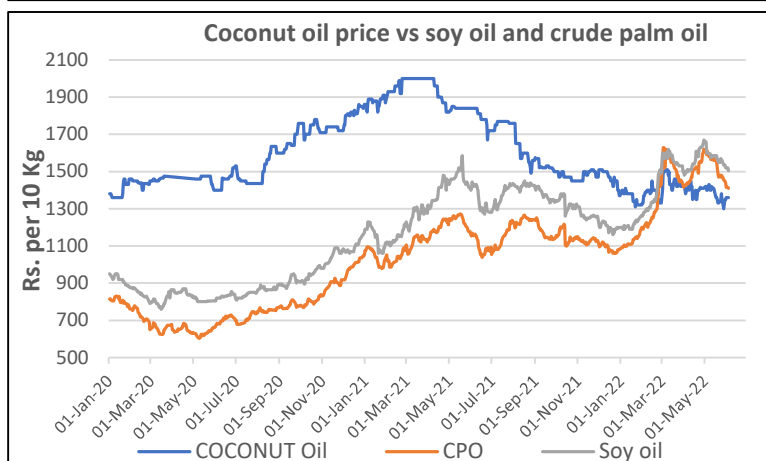
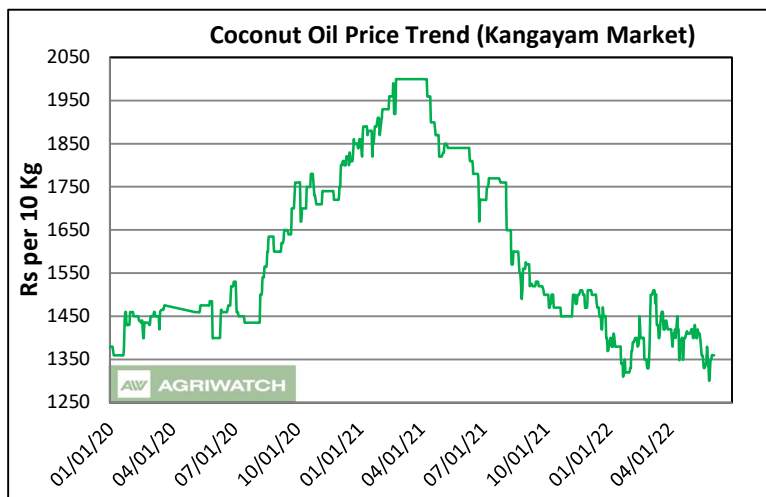
Price Outlook:

Groundnut oil (without GST) in Rajkot market is likely to trade sideways in the price band of Rs 1550-1600 per 10 Kg

Coconut Oil Fundamental Review and Analysis:-

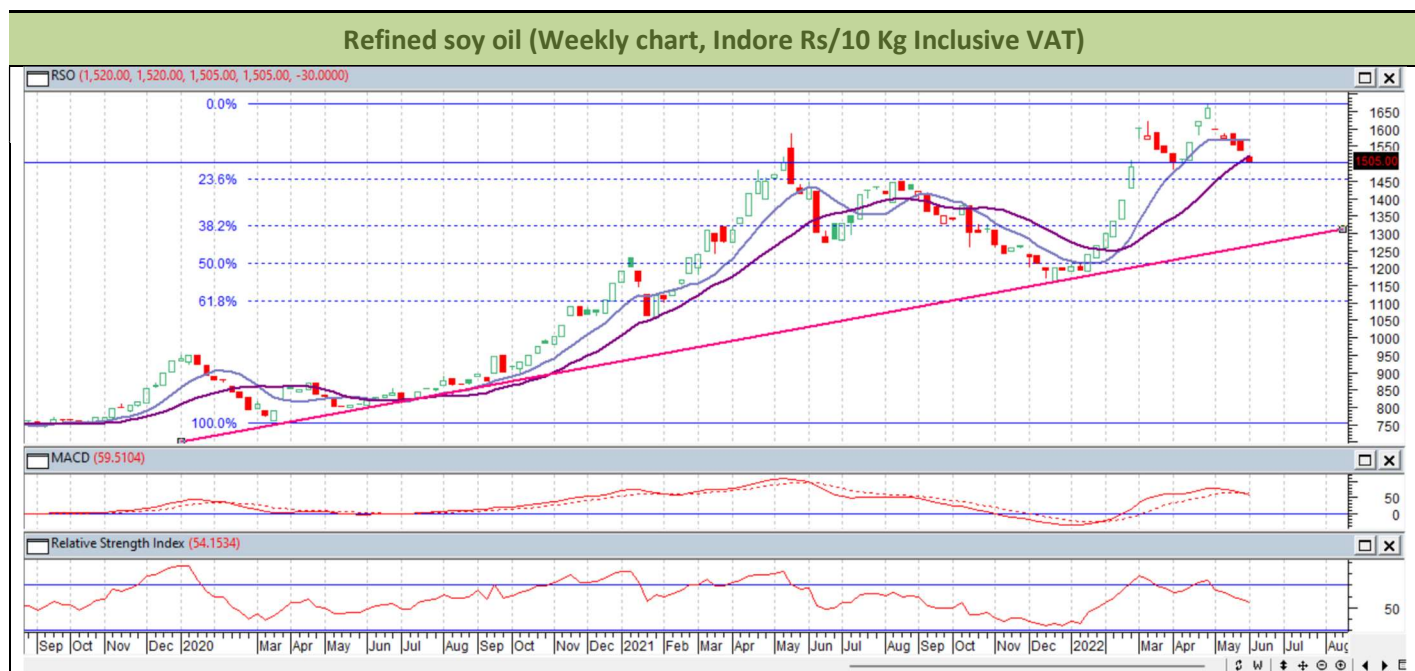
Domestic Front

- The Coconut oil prices at benchmark market Kangeyam traded up, touching the high at Rs 1360 level and low of Rs 1300 level.
- The demand for the coconut oil is steady, however high supply side has been pressuring prices.
- Correction in prices of competing oils also pressured the coconut oil prices in the past weeks. However, rise in export demand underpinned the price gains.
- 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.
- Export demand shot up from Dec'21 onwards. Exports for March'22 stood at 5,780.72 tonne, making a record high in past 5 years. Demand is mainly coming from Netherlands, Malaysia and Sri Lanka.
- 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 are being quoted at 1,360 (Rs 1,300) per 10 Kg in Kangeyam market on 4 Jun, 2022.



Price Outlook: Coconut oil (without GST) prices in Kangeyam may stay in the range of Rs 1350-1420 per 10 Kg.

Technical Analysis (Refined soy oil)

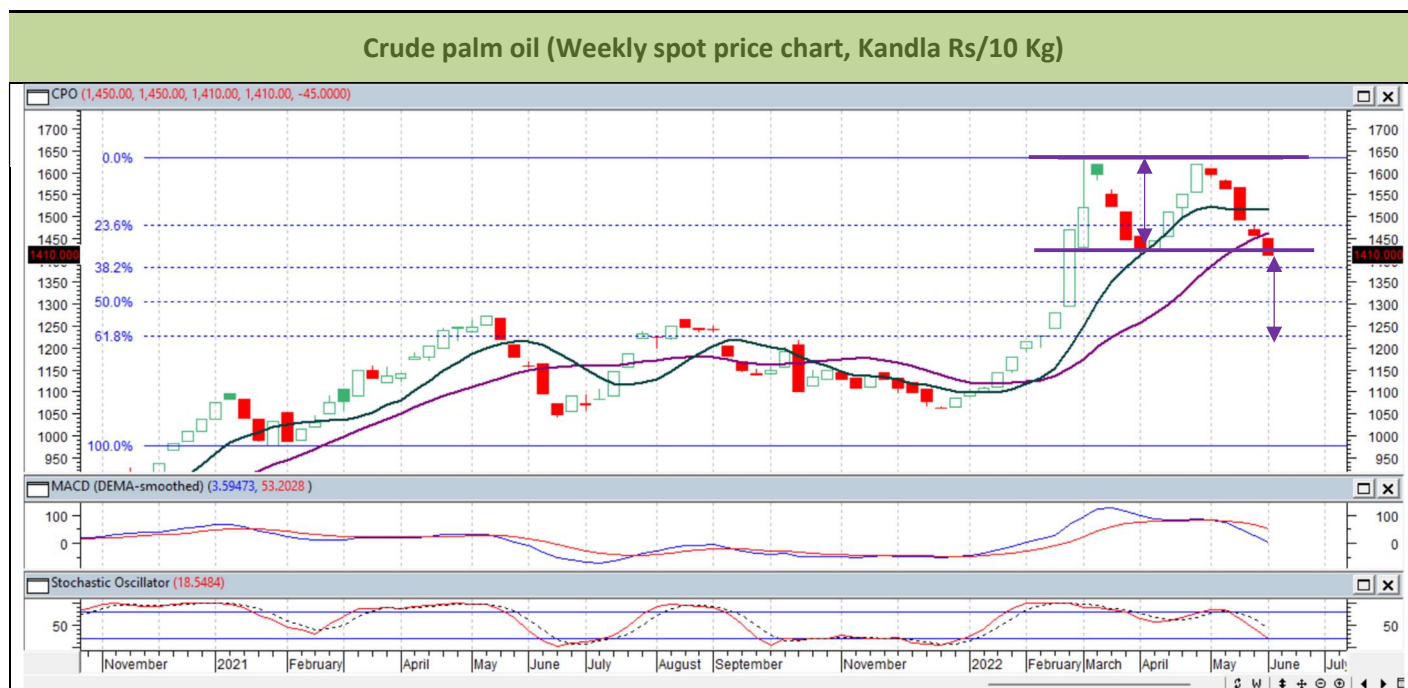


Technical Commentary –

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 and 18 DMA is indicating the short-term trend to remain negative. Prices are likely to take support at 23.6% level of Fibonacci retracement.

Spot Market outlook: Market participants are recommended to book profit in Soy oil at the spot market, near the 1510-1500 level, and buy near the level of 1450-1480.

Technical Analysis (Crude Palm oil)



Technical Commentary –

Stochastic Oscillators have declined into oversold zone, prices are likely to rebound from this level. MACD line has crossed the signal line from upwards, pointing towards weak sentiments. Prices have closed below the 9-day and 18-day moving average, giving a bearish signal for short-term trend.

Prices have formed Bearish reversal “double top pattern” indicating towards further correction in prices. Prices are likely to take support at 38.2% level of Fibonacci retracement and resistance can be seen at 23.6% level of Fibonacci retracement.

Spot Market outlook: Market participants are advised to book profit in CPO at spot market at 1410-1420 level and buy at 1350-1380 level.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		04-Jun-22	28-May-22	
Refined Soybean Oil	Indore	1505	1535	-30
	Indore (Soy Solvent Crude)	1465	1500	-35
	Mumbai	1520	1555	-35
	Mumbai (Soy Degum)	1480	1500	-20
	Kandla/Mundra	1490	1535	-45
	Kandla/Mundra (Soy Degum)	1470	1485	-15
	Kolkata	1525	1565	-40
	Delhi	1495	1505	-10
	Nagpur	1515	1565	-50
	Rajkot	1480	1500	-20
	Kota	1500	1500	Unch
	Akola	1510	1555	-45
	Amrawati	1510	1555	-45
	Bundi	1510	1510	Unch
	Jalna	1525	1575	-50
	Solapur	1510	1560	-50
	Dhule	1520	1580	-60
	Nanded	1510	1560	-50
	Latur	1510	1560	-50
	Argentina Crude Soya (CIF India) USD	1845	1852	-7
Palm Oil*	Kandla (Crude Palm Oil)	1410	1455	-45
	Kandla (RBD Palm oil)	1450	1520	-70
	Kandla RBD Pamolein	1470	1525	-55
	Kakinada (Crude Palm Oil)	1390	1450	-60
	Kakinada RBD Pamolein	1490	1535	-45
	Haldia Pamolein	1450	1520	-70
	Chennai RBD Pamolein	1495	1595	-100
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1548	1594	-46
	Krishnapattanam RBD Pamolein	1410	1455	-45
	Mumbai RBD Pamolein	1490	1520	-30
	Mangalore RBD Pamolein	1490	1540	-50
	Mumbai (Refined)	1490	1520	-30
	Rajkot (Refined)	1470	1560	-90
	Chennai (Refined)	1490	1540	-50
	Hyderabad (Refined)	1495	1595	-100
	Delhi (Refined)*	1475	1520	-45

	PFAD (Kandla)	1390	1450	-60
	RPS (Kandla)	1390	1450	-60
	Superolien (Kandla)	1500	1555	-55
	Superolien (Mumbai)	1530	1570	-40
	Krishnapattanam (Crude Palm Oil)	1390	1450	-60
Refined Sunflower Oil	Chennai (Refined)	1770	1840	-70
	Chennai (Crude)	1720	1800	-80
	Mumbai (Refined)	1810	1860	-50
	Mumbai (Expeller Oil)	1770	1780	-10
	Kandla (Refined)	1810	1850	-40
	Hyderabad (Refined)	1775	1800	-25
	Hyderabad (Expeller)	1690	1700	-10
	Latur (Refined)	1730	1750	-20
	Latur (Expeller Oil)	1650	1670	-20
	Chellakere (Expeller Oil)	1650	1630	20
	Erode (Expeller Oil)	1810	1830	-20
	Kakinada (Refined)	1800	1780	20
	Krishna Pattanam (Refined)	1800	1780	20
Groundnut Oil	Rajkot	1600	1580	20
	Chennai	1610	1600	10
	Delhi*	1640	1650	-10
	Hyderabad *	1670	1650	20
	Mumbai	1620	1590	30
	Gondal	1575	1600	-25
	Jamnagar	1580	1600	-20
	Gujarat GN Telia	2540	2480	60
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1420	1460	-40
	Jaipur (Kacchi Ghani Oil)	1495	1510	-15
	Kota (Expeller Oil)	1430	1450	-20
	Kota (Kacchi Ghani Oil)	1470	1500	-30
	Neewai (Expeller Oil)	1400	1445	-45
	Neewai (Kacchi Ghani Oil)	1460	1510	-50
	Bharatpur (Kacchi Ghani Oil)	1440	1460	-20
	Sri-Ganga Nagar (Exp Oil)	1440	1470	-30
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1460	1490	-30
	Mumbai (Expeller Oil)	1440	1500	-60
	Kolkata (Expeller Oil)	1650	1700	-50
	New Delhi (Expeller Oil)	1415	1420	-5
	Hapur (Expeller Oil)	1700	1690	10

	Hapur (Kacchi Ghani Oil)	1730	1720	10
	Agra (Kacchi Ghani Oil)	1445	1465	-20
Refined Cottonseed Oil	Rajkot	1550	1560	-10
	Hyderabad	1515	1545	-30
	Mumbai	1550	1560	-10
	New Delhi	1510	1515	-5
	Gujarat Cotton Wash	1460	1520	-60
Coconut Oil	Kangayan (Crude)	1360	1300	60
Sesame Oil	New Delhi	1490	1490	Unch
Rice Bran Oil	New Delhi (40%)	1410	1410	Unch
	Mumbai (Refined 4%)	1350	1380	-30
	Bhatinda (Crude 4%)	1130	1200	-70
	Bhatinda (Refined 4%)	1245	1315	-70
	Hyderabad (Crude)	1240	1270	-30
	Hyderabad (Refined)	1440	1470	-30
	Kolkata (Crude)	1260	1310	-50
	Kolkata (Refined)	1340	1380	-40
	Raipur (Crude)	1330	1330	Unch
	Raipur (Refined)	1500	1500	Unch
	Odisha (Refined)	1470	1470	Unch
	Vijayawada (Refined)	1330	1350	-20
Malaysia Palmolein USD/MT	FOB	1690	1750	-60
	CNF India	1710	1680	30
Indonesia CPO USD/MT	FOB	Unq	Unq	-
	CNF India	1740	1730	10
Crude palm Kernel Oil India (USD/MT)	CNF India	1470	1525	-55
Ukraine Origin CSFO USD/MT Kandla	CIF	2050	2070	-20
Argentina FOB (\$/MT)		3-Jun-22	27-May-22	Change
Crude Soybean Oil Ship		1757	1759	-2
Refined Soy Oil (Bulk) Ship		1819	1821	-2
Sunflower Oil Ship		2075	2150	-75
Cottonseed Oil Ship		1737	1739	-2
* 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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