

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 prices traded up and BMD Malaysia Palm oil prices witnessed down trend. In domestic market Groundnut oil, Sunflower oil, Mustard oil, and palm oil prices corrected downwards, while Soy oil and Coconut oil traded up at their respective bench markets.

On the currency front, Indian rupee is hovering near 78.18 against 77.57 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 1370-1390 level and buy at 1280-1300 level.

International Veg. Oil Market Summary

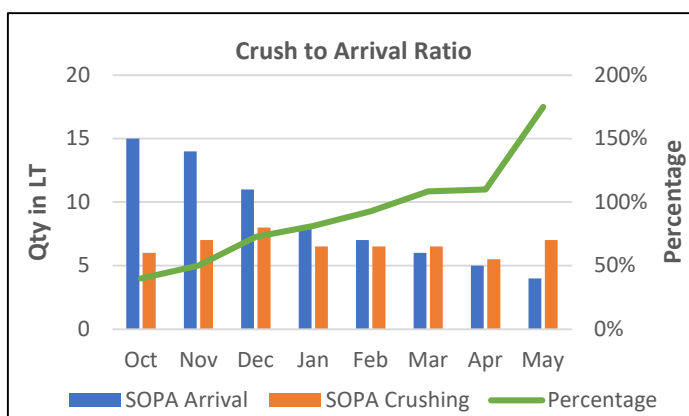
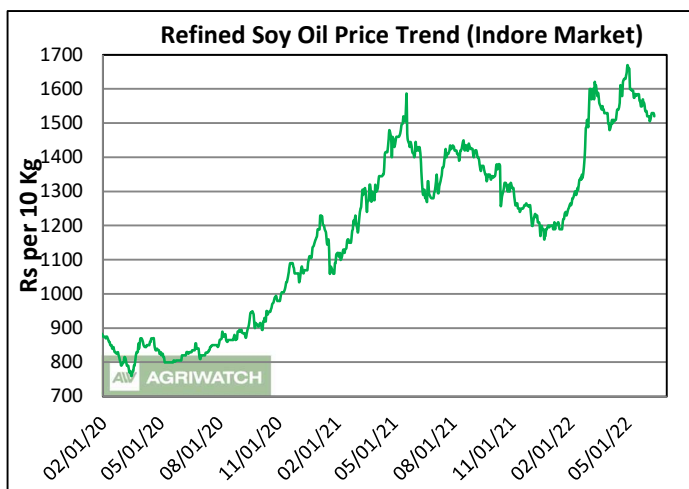
On the international front, lower global Soy oil stocks, higher US Soybean crush, US's rising Soybean acreage, falling China's demand and sideways crude oil prices is likely to govern soy oil prices in the coming days.

Rise in competing oil prices, production in Malaysia, Indonesia and Malaysia's firm biodiesel policy, Indonesia's scheme to revive its 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 are trading steady for the week in the benchmark market in the range of Rs 1500-1520 per 10 Kg. Domestic prices are down pressured as government made the import of 20 Lakh tonne of Soy oil free from any import duty, however its taking support from rising international Soy oil prices.
- 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.
- 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.
- Domestic Soy oil prices may see correction for the short-term following weak sentiments in rival palm oil.



International Front

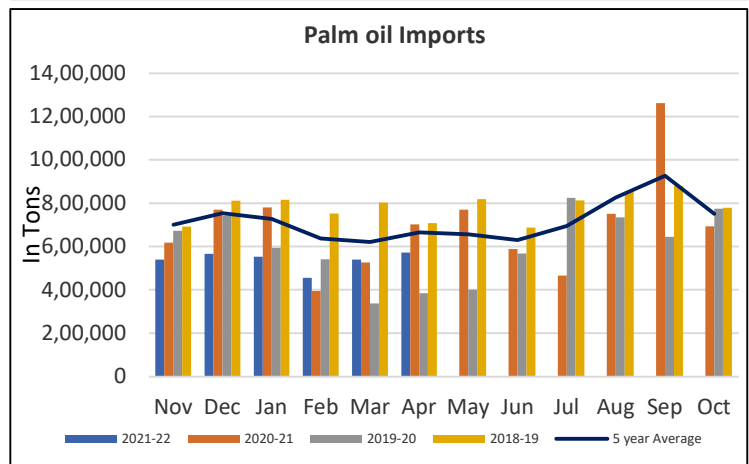
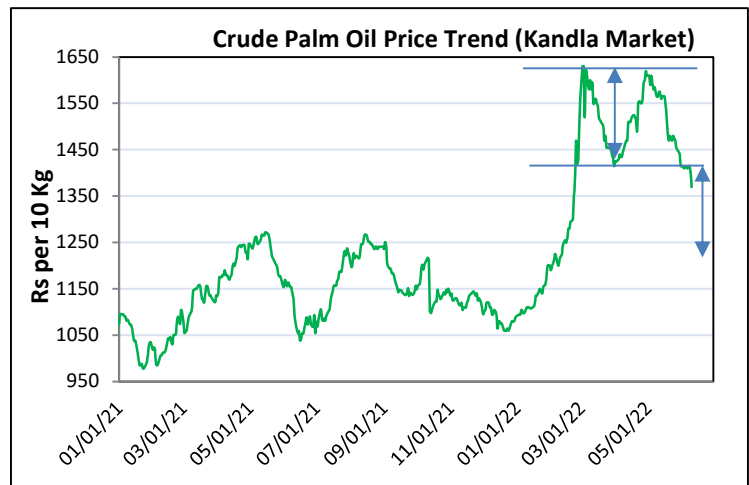
- CBOT soy oil prices traded up as previous marketing year soybean crop supply has tightened backed by good demand. Traded participants are expecting further tight position in soybean and oil stock as crush margin is good overseas.
- Rain deficit in Soybean growing region is delaying planting progress has also underpinned the price movement.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1400-1520 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 by 2.84%. Domestic prices are under downward correction as Indonesia announced scheme to boost their Palm oil exports.
- Indonesia lowered its Palm oil export duty to 488 USD per ton from previous high of 575 USD per ton. However, Labour problem in Malaysia is likely to support the price correction.
- 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

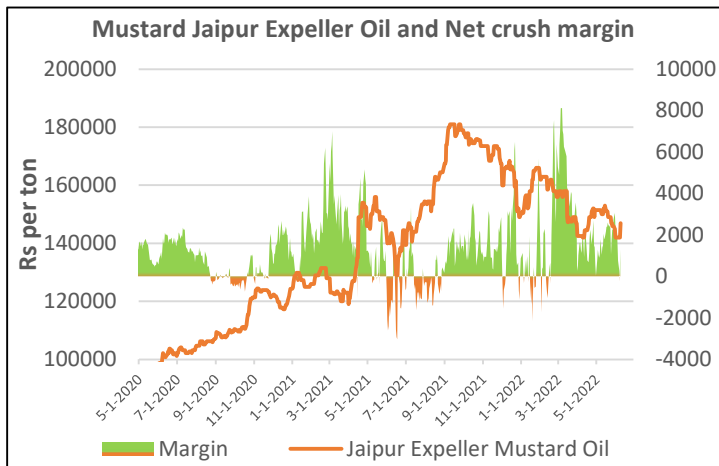
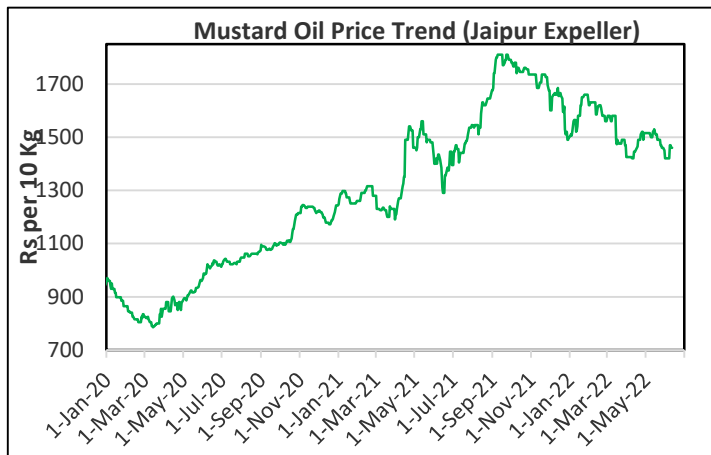
- BMD Palm oil Malaysia in past week traded down from 6281 to 6750 Ringgit per ton.
- Prices were pressured and sustained more than 4% fall as Indonesia plans to increase their palm oil exports.
- Malaysia's May month palm oil export is anticipated to be highest since December'21, as demand is good while production is slow due to low harvesting days after Ramadan. 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 1280-1390 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-

Domestic Front

- Mustard oil prices strengthened at various markets, backed by improved demands.
- Declined stocks at the mills led to prices gains for mustard oil.
- Recently, 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.
- Prices are likely to be pressured by price correction in competing oils for the coming term.
- 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 have declined in the market and is likely to support prices amid good demand. Arrivals fell by 4% in Rajasthan and by 9% in All India.
- Jaipur Expeller rapeseed oil is at discount over refined soy oil in domestic market by Rs 60 per 10 kg compared to Rs. 85 per 10 kg in last week.
- Jaipur Expeller rapeseed oil regained its premium over RBD palm olein at Rs 22 per 10 kg compared to the discount of Rs 61 per 10 Kg last week.

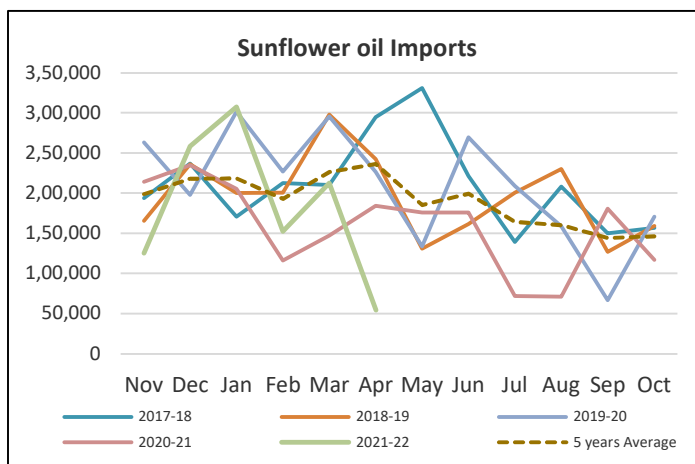
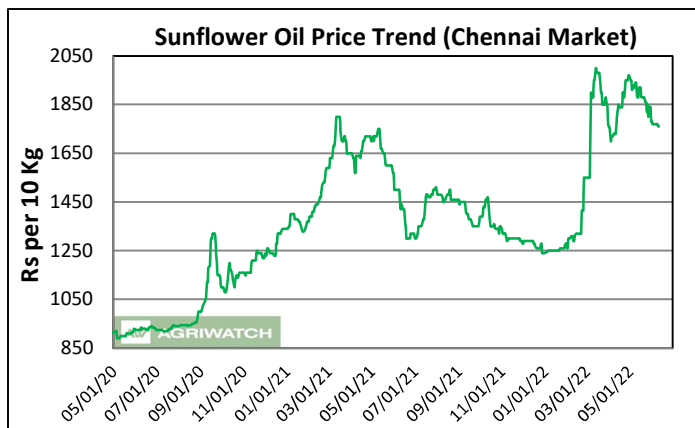


Price Outlook: Rapeseed Expeller oil (without GST) prices in Jaipur may stay in the range of Rs 1400-1480 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices at Chennai weakened during the period under review from Rs. 1770 to Rs. 1760 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 240 over soy oil (premium of Rs 265 last week) per 10 kg. Meanwhile, refined sunflower oil (Chennai) premium over RBD palm olein (Kandla) is at Rs. 238 compared to premium of Rs 227 per 10 kg last week.
In domestic market, Sunflower oil (Chennai) is at premium over groundnut oil by Rs. 175 compared to Rs. 170 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.

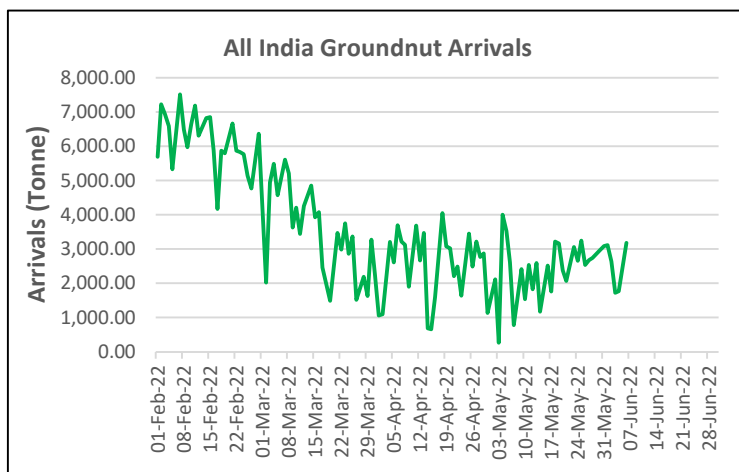
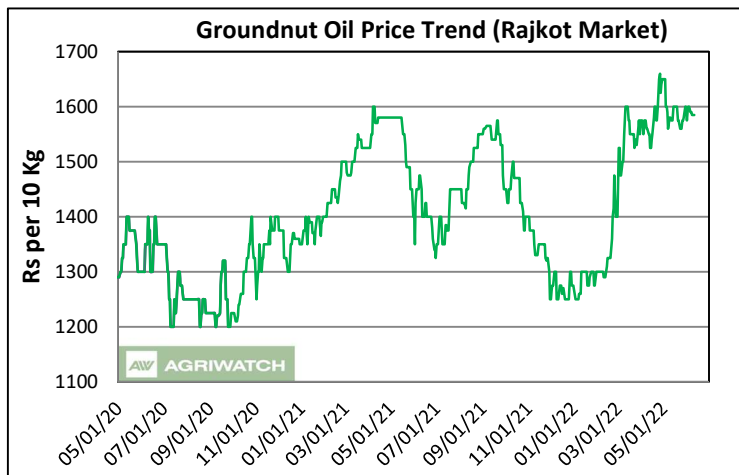


Price Outlook: Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 1700-1780 per 10 Kg

Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices traded sideways at various market for the week in review. Whereas, prices fell slightly by 0.94 percent from Rs 1600 to Rs 1585 per 10 Kg.
- 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.
- Recent correction in Palm oil prices as Indonesia lowered its palm oil export duty is likely to pressure groundnut oil prices as well. 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 6th-11th Jun stood at 19,300.06 tonne compared to arrivals of 15,296.12 tonne in previous week. Arrivals increased compared to previous week backed by good domestic demand.



- Domestic groundnut oil prices at Rajkot market are trading at upper-level band, 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 1,585 (Rs 1,600) per 10 Kg and it was Rs 1,610 (Rs 1,610) per 10 Kg in Chennai market on Jun 11, 2022. Values in brackets are figures of last week.

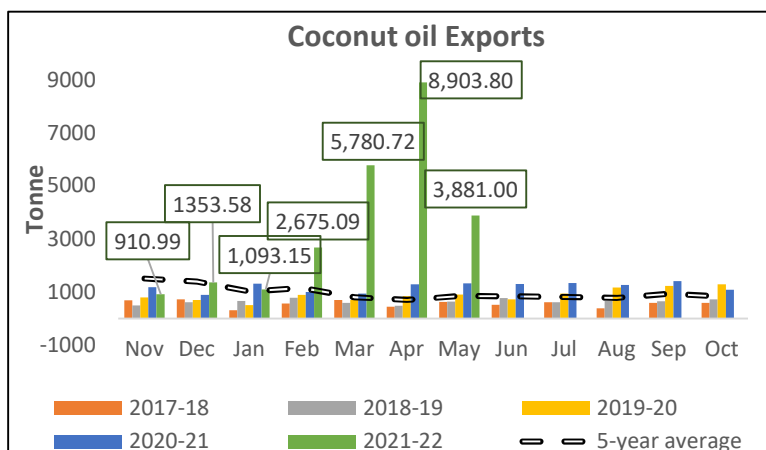
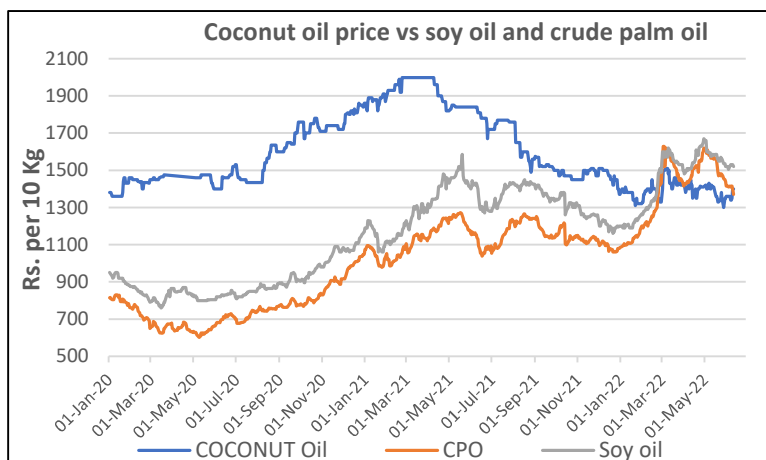
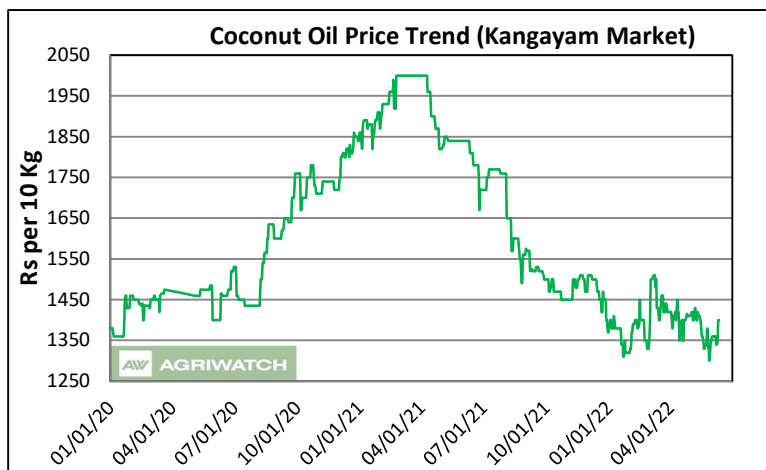
Price Outlook:

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:-

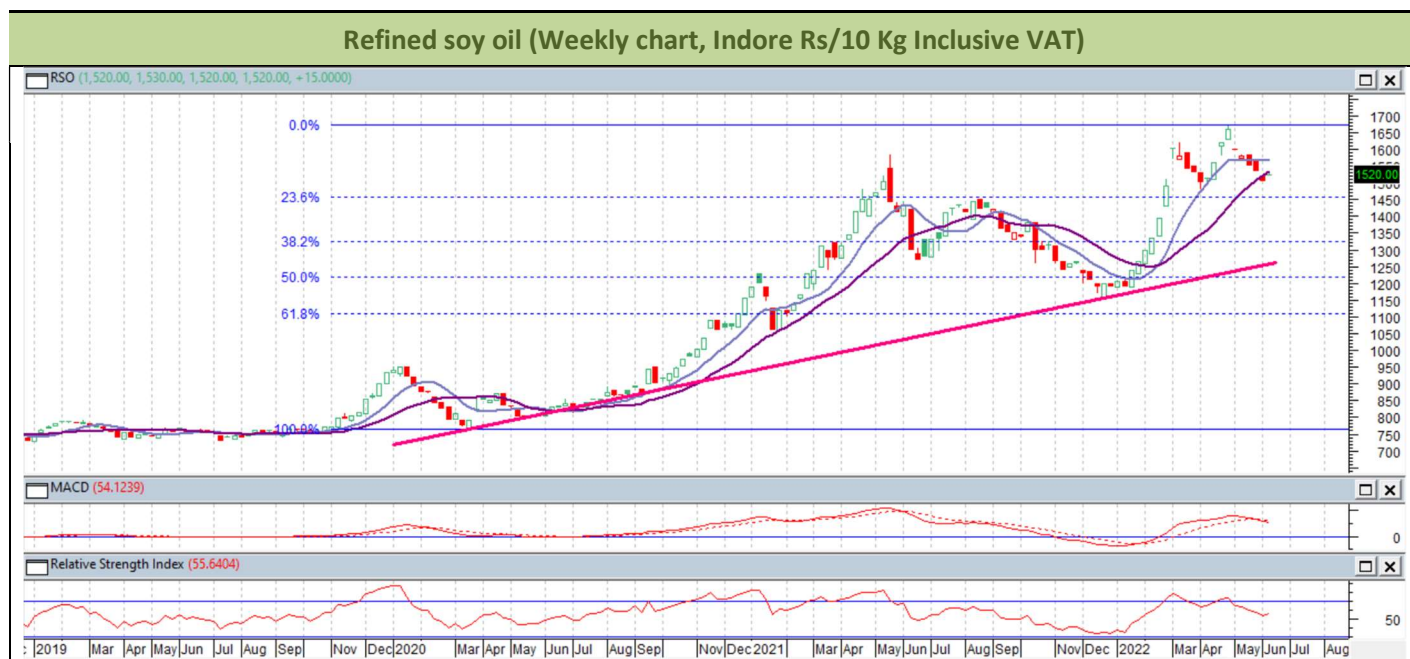
Domestic Front

- The Coconut oil prices at benchmark market Kangeyam traded up, touching the high at Rs 1400 level and low of Rs 1360 level.
- The demand for the coconut oil is steady, however rise in export demand supported price rise.
- Correction in prices of competing oils is likely to pressure the coconut oil prices for the coming term. However, improving export demand may underpin the price gains.
- Coconut oil prices are at discount over Soy oil, which may support demand for the same. However, consumption in northern India is comparatively small than Southern India demand, hence price gains are likely to be capped.
- Export demand lowered in May compared to April'22. Demand is mainly coming from Netherlands, Malaysia and Sri Lanka.
- Coconut oil exports scenario- India exported 3,881 tonnes of Coconut oil in May 2022 higher compared to 8,903.80 tonnes export in April 2022, and 1,317.83 tonnes in May 2021. Good export demand in June month is likely to support the prices in near term.
- On the price front, currently the coconut oil prices are being quoted at 1,400 (Rs 1,360) per 10 Kg in Kangeyam market on 11 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 sentiments. Prices closed below the 9 DMA and 18 DMA is indicating the short-term trend to remains 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)

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



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 and is diverging along with fall in prices, pointing towards weak sentiments. Prices have closed below the 9-day and 18-day moving average, giving a bearish signal.

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 level of Rs. 1510-1520 per 10 Kg.

Spot Market outlook: Market participants are advised to book profit in CPO at spot market at 1390-1370 level and buy at 1280-1300 level.

Veg. Oil Prices at Key Spot Market

Edible Oil Prices at Key Market:

Commodity	Centre	Prices(Per 10 Kg)		Change
		11-Jun-22	04-Jun-22	
Refined Soybean Oil	Indore	1520	1505	15
	Indore (Soy Solvent Crude)	1470	1465	5
	Mumbai	1525	1520	5
	Mumbai (Soy Degum)	1460	1480	-20
	Kandla/Mundra	1500	1490	10
	Kandla/Mundra (Soy Degum)	1455	1470	-15
	Kolkata	1525	1525	Unch
	Delhi	1500	1495	5
	Nagpur	1530	1515	15
	Rajkot	1495	1480	15
	Kota	1515	1500	15
	Akola	1535	1510	25
	Amrawati	1535	1510	25
	Bundi	1525	1510	15
	Jalna	1540	1525	15
	Solapur	1535	1510	25
	Dhule	1540	1520	20
Palm Oil	Kandla (Crude Palm Oil)	1439	1481	-42
	Kandla (RBD Palm oil)	1502	1523	-21
	Kandla RBD Pamolein	1523	1544	-21
	Kakinada (Crude Palm Oil)	1449	1460	-11
	Kakinada RBD Pamolein	1533	1565	-32
	Haldia Pamolein	1538	1565	-26
	Chennai RBD Pamolein	1549	1565	-16
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1603	1625	-22
	KPT (krishna patnam) Pamolein	1528	1565	-37
	Mumbai RBD Pamolein	1544	1575	-32
	Mangalore RBD Pamolein	1565	1586	-21
	Delhi	1460	1475	-15
	Rajkot	1523	1544	-21
	Hyderabad	1465	1495	-30
	PFAD (Kandla)	1176	1234	-58
	Refined Palm Stearin (Kandla)	1449	1460	-11
	Superolien (Kandla)	1554	1575	-21
	Superolien (Mumbai)	1575	1607	-32

Refined Sunflower Oil	Chennai	1760	1770	-10
	Mumbai	1770	1810	-40
	Mumbai(Expeller Oil)	1740	1770	-30
	Kandla (Ref.)	1770	1810	-40
	Hyderabad (Ref)	1765	1775	-10
	Latur (Expeller Oil)	1660	1650	10
	Chellakere (Expeller Oil)	1680	1650	30
	Erode (Expeller Oil)	1770	1810	-40
Groundnut Oil	Rajkot	1585	1600	-15
	Chennai	1610	1610	Unch
	Delhi	1640	1640	Unch
	Hyderabad *	1680	1670	10
	Mumbai	1625	1620	5
	Gondal	1590	1575	15
	Jamnagar	1590	1580	10
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1460	1420	40
	Jaipur (Kacchi Ghani Oil)	1515	1495	20
	Kota (Expeller Oil)	1440	1430	10
	Kota (Kacchi Ghani Oil)	1500	1470	30
	Neewai (Expeller Oil)	1430	1400	30
	Neewai (Kacchi Ghani Oil)	1485	1460	25
	Bharatpur (Kacchi Ghani Oil)	1480	1440	40
	Sri-Ganga Nagar(Exp Oil)	1465	1440	25
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1495	1460	35
	Mumbai (Expeller Oil)	1480	1440	40
	Kolkata(Expeller Oil)	1650	1650	Unch
	New Delhi (Expeller Oil)	1450	1415	35
	Hapur (Expeller Oil)	1690	1700	-10
	Hapur (Kacchi Ghani Oil)	1720	1730	-10
	Agra (Kacchi Ghani Oil)	1485	1445	40
Refined Cottonseed Oil	Rajkot	1570	1550	20
	Hyderabad	1530	1515	15
	Mumbai	1560	1550	10
	New Delhi	1525	1510	15
Coconut Oil	Kangayan (Crude)	1400	1360	40
	Cochin	1390	1420	-30

Sesame Oil	New Delhi	1490	1490	Unch
Rice Bran Oil (40%)	New Delhi	1410	1410	Unch
Rice Bran Oil (4%)	Punjab	1370	1350	20
Malaysia Palmolein USD/MT	FOB	1620	1690	-70
	CNF India	1630	1710	-80
Indonesia CPO USD/MT	FOB	1690	1695	-5
	CNF India	1660	1740	-80
Crude palm Kernel Oil India (USD/MT)	CNF India	1690	1850	-160
Ukraine Origin CSFO USD/MT Kandla	CIF	2000	2050	-50
Argentina FOB (\$/MT)		10-Jun-22	3-Jun-22	Change
Crude Soybean Oil Ship		1677	1757	-80
Refined Soy Oil (Bulk) Ship		1736	1819	-83
Sunflower Oil Ship		2075	2075	Unch
Cottonseed Oil Ship		1657	1737	-80
* 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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