

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, Groundnut oil, Sunflower oil, Mustard oil, palm oil prices, Soy oil, and Coconut oil corrected downwards at their respective bench markets.

On the currency front, Indian rupee is hovering near 78.25 against 77.96 last weeks. Rupee is expected to depreciate and crude oil is expected to trade sideways. Depreciating Indian currency will make the imports costly and will make exports cheaper.

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

Outlook:

Weekly Call -: *Market participants are recommended to book profit in Soy oil at the spot market, near the 1300-1320 level, and buy near the level of 1270-1280. And for Palm Oil, Market participants are advised to book profit in CPO at spot market at 1100-1130 level and buy at 1050-1060 level.*

International Veg. Oil Market Summary

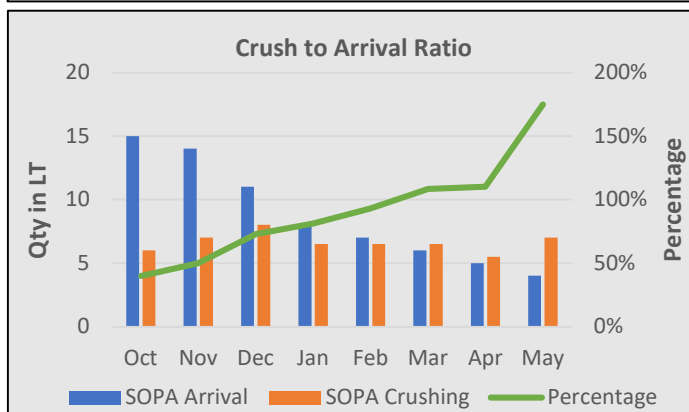
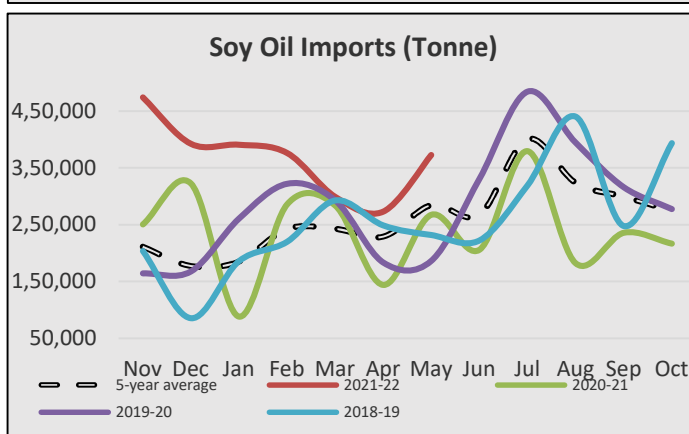
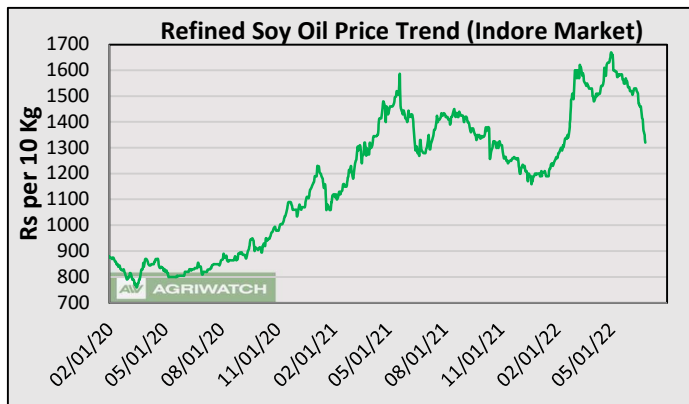
On the international front, lower global Soy oil stocks, higher US Soybean crush, US's rising Soybean acreage, falling China's demand and sideways crude oil prices is likely to govern soy oil prices in the coming days.

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 declined for the previous week in the benchmark market by 9.59 percent in the range of Rs 1320-1460 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, as well as pressured from declining CBOT Soy oil prices.
- CBOT Soy oil prices are under pressure as USDA forecast higher soybean and soy oil supplies for the marketing year 2022-23.
- Government is closely monitoring the edible oil prices and recent policies have curbed the price gains as well.
- 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 May month stood at 5.5 lakh tonne down from the crushing of previous month of 6.5 lakh tonne.
- **Agriwatch had anticipated higher soy oil imports in May, at higher side to 3.2-3.5 LT, and the actual imports for May month stood at 3.73 LT.**
- 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 6447/qtl at Indore plant compared to Rs 6743/qtl in previous week.
- Domestic Soy oil prices may see correction for the short-term following weak sentiments in rival palm oil and week international CBOT Oil.



International Front

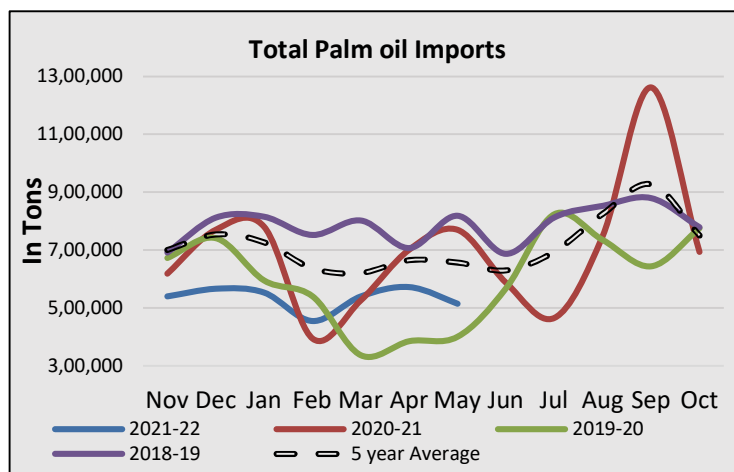
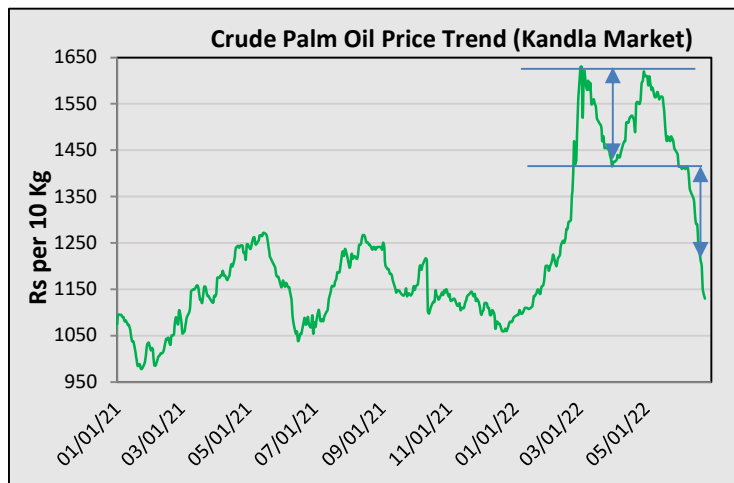
- CBOT soy oil prices are correcting down with weakness in rival palm oil and crude oil as well. Lockdown in China has pushed the demand side at low while, supply side is good, hence prices are correcting.
- USDA in its May'22 Report, has estimated Soybean supplies to increase by 43.37 MMT to 395.37 MMT and Soy oil supplies to rise by 2.08 MMT to 61.509 MMT for the year 2022-23.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1270-1350 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:

Domestic Front

- Crude palm oil (CPO) prices weakened for the previous week in the benchmark market Kandla by 12.40%. Domestic prices are under downward correction driven by bearish Palm oil market sentiment due to increased supply side.
- Indonesia is aggressively exporting Palm oil as they are short on storage capacity which is coinciding with the higher palm fruits bunch production.
- Domestic prices are under correction as stocks buildup at ports and pipelines.
- India's palm oil import for May stood at 5.14 LT compared to 5.72 LT in April. **AgriWatch had anticipated May month imports to remain in the range of 5-6 LT as port loading was already completed before the Indonesia's palm oil ban.**
- Imports may drop for June month as at the time of booking Indonesia's Palm oil export ban was active. June imports may lie in the range of 4.5-5.25 LT.
- Domestic prices have crossed Rs 1200 per 10 kg level as anticipated in previous week and touched Rs 1130 per 10 Kg level. It is expected the prices to trade in the range of 1100-1150 for short term before rebounding from the same level.



International Front

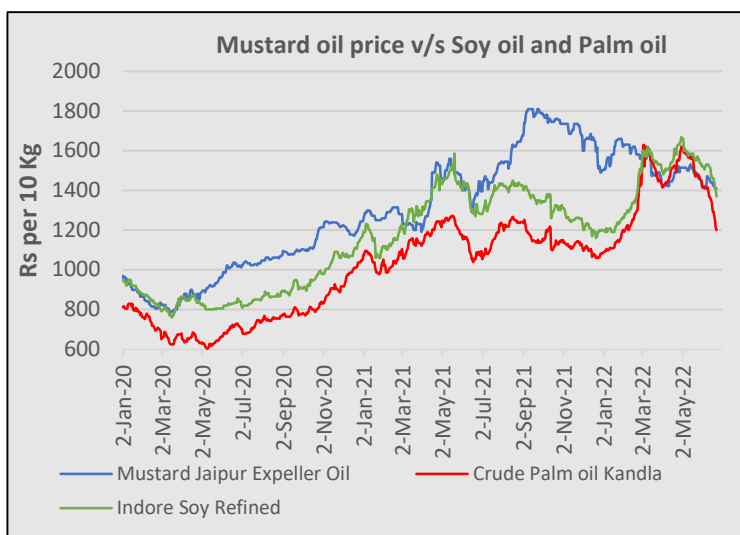
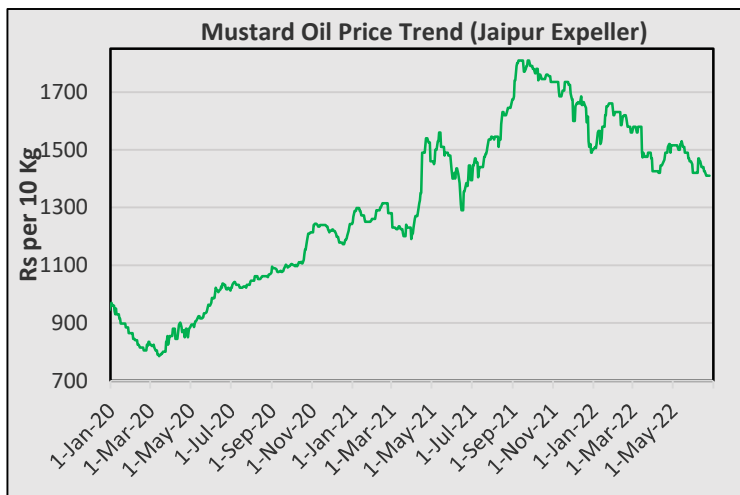
- BMD Palm oil Malaysia in past week traded with weak bias from 5460 to 4798 Ringgit per ton, down by 15.51 percent.
- Aggressive exports of Palm oil from Indonesia have increased the global palm oil supplies.
- Malaysia's exports for June are likely to fall as they are facing severe labour issues hampering with their harvesting processes.
- 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 1050-1150 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-

Domestic Front

- Mustard oil prices weakened slightly at various markets for the week in review. However, it saw the least correction in prices by 1.05 percent from Rs 1425-1410 per 10 Kg.
- Prices are trading steady in the range of Rs 1400-1440 per 10 Kg backed by declined in stocks at the mills and slow demand for mustard oil.
- Weak price momentum in competing oils has pressured the price gains. Along with this, government is closely monitoring edible oil price movement and with stock limit on edible oils and seeds, due to which stockiest demand is slow and millers are buying hand-to-mouth quantity.
- Demand for mustard oil is slow as it has gained premium compared to palm and Soy oil, diverting the demand towards cheaper available oils.
- Arrivals have also declined to the lower levels in the various markets while the demand is slow, thus prices are anticipated to steady sideways. However, it is expected that with increased frequency of rains in north India and drop in temperature, demand would approve for the same.
- Jaipur Expeller rapeseed oil has gained premium over refined soy oil in domestic market by Rs 90 per 10 kg compared to a discount of Rs. 35 per 10 kg in last week.
- Jaipur Expeller rapeseed oil regained its premium over RBD palm olein at Rs 210 per 10 kg compared to Rs 65 per 10 Kg last week.

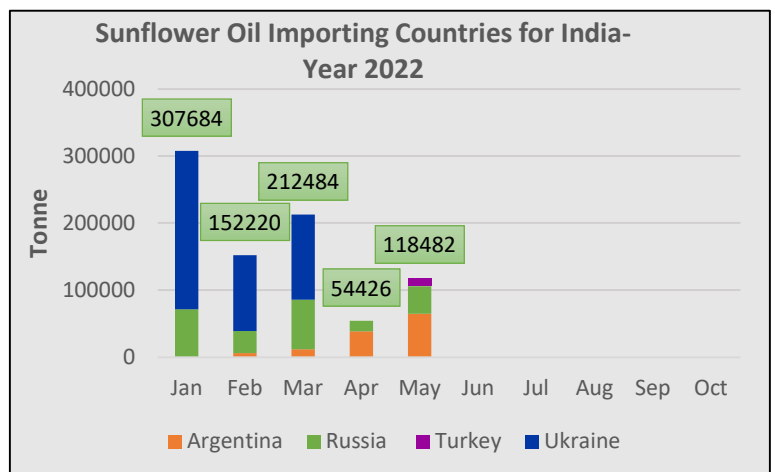
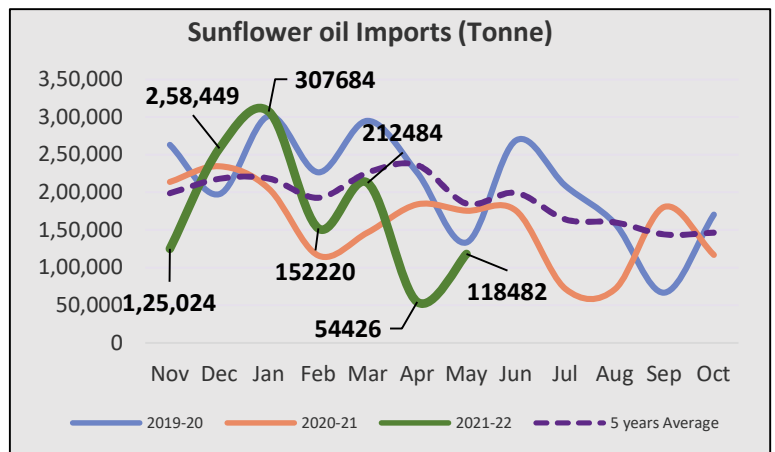
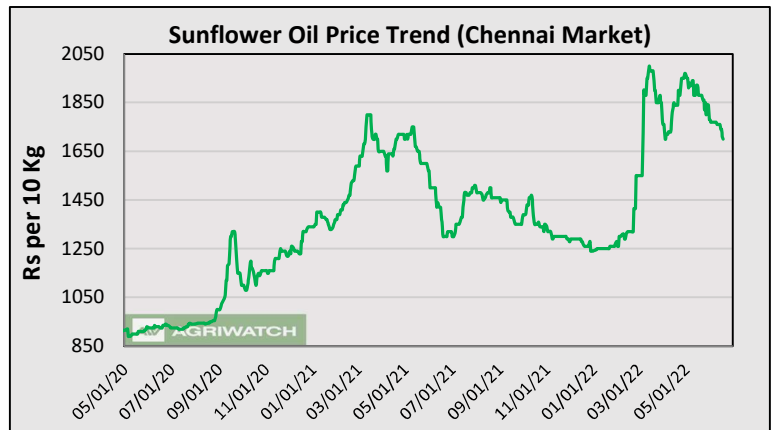


Price Outlook: Rapeseed Expeller oil (without GST) prices in Jaipur may stay in the range of Rs 1400-1450 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices at Chennai edged lower during week from Rs. 1700 to Rs. 1600 per 10 Kg, down by 5.88 percent.
- Prices have been under correction since the government allowed Tariff Rate Quota (TRQ) for the Sunflower oil imports for the financial year 2022-23 and 2023-24. Under TRQ, imports of 20Lakh tonne of Sun oil would bear zero import duty.
- Ukraine is exporting higher volumes of sunflower seed instead of Sunflower oil. Ukraine saw 352 thsd tonne of exports in May'22 and has seen the exports of 365 thsd tonnes till 23rd of June'22. It is expected that June'22 exports is likely to be multiyear month high. The exports are being done through railroads.
- Russia's Sun oil prices are declining amid slow demand from importing countries as cheaper alternative oils are available in ample supply. Higher freight charges through Black Sea is also adding to the cost. According to sources, Russian crude sunflower oil decreased by 95-110 USD/t to 1805-1845 USD/t FOB (June-July).
- As sun oil imports ceased from Ukraine, India is sourcing Sun oil from countries like Argentina, and Turkey. It is clearly visible from the chart named 'Sunflower Oil Importing Countries for India- Year 2022', that India turned Argentina for the imports of Sun oil since Ukraine-Russian conflict started rising.
- May's Sun oil import stood at 1.18 LT compared to m-o-m at 0.54 LT and y-o-y at 1.75 LT. India sourced 0.65 LT and 0.41 LT from Argentina and Russia respectively.
- In the domestic market, sunflower oil price is at premium of Rs 280 compared to Rs 240 per 10 Kg last week. Meanwhile, refined sunflower oil (Chennai) premium over RBD palm olein (Kandla) is at Rs. 365 compared to premium of Rs 290 per 10 kg last week.



In domestic market, Sunflower oil (Chennai) is at premium over groundnut oil by Rs. 80 compared to Rs. 125 last week.

Sunflower oil's premium over competing Palm and Soy oil has rose compared to last week as prices of all the edible oils are under correction.

- 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 1550-1620 per 10 Kg

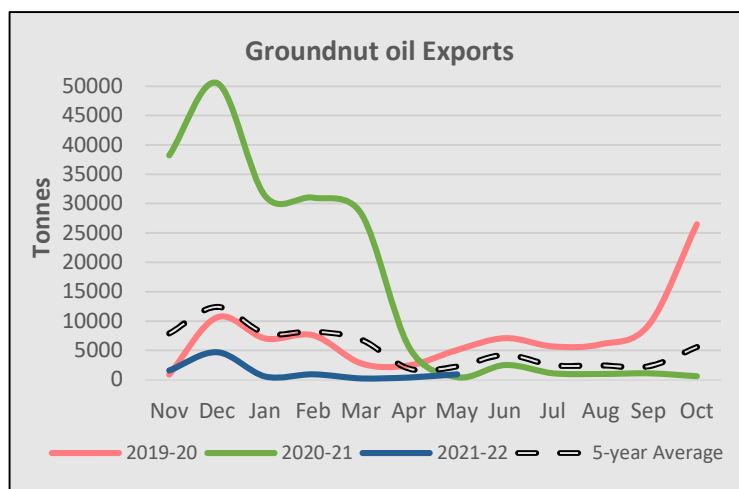
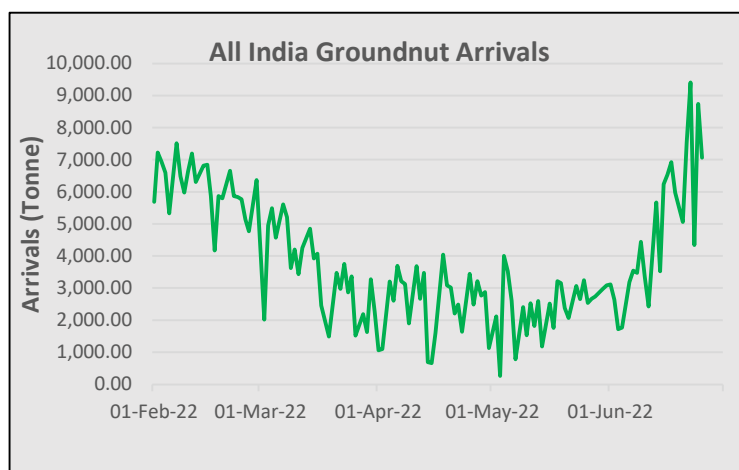
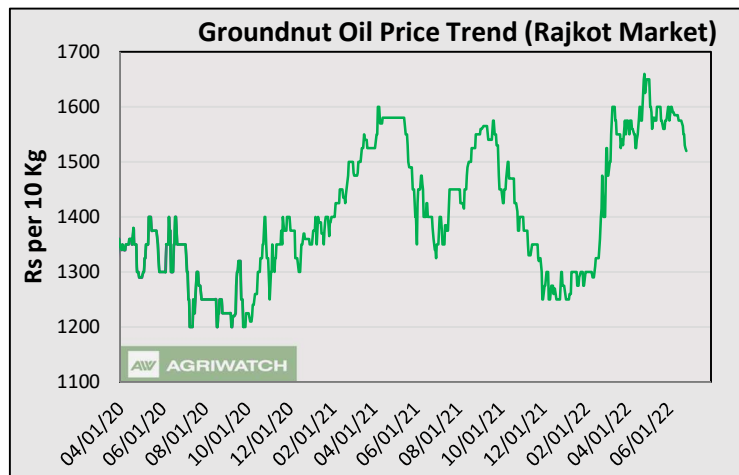
Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices declined at various market for the week in review. Prices slumped by 3.49 percent from Rs 1575 to Rs 1520 per 10 Kg.
- Prices saw declining momentum pressured by correction in competing oil's prices coupled with increased arrivals of summer groundnut seed crop. Prior to the last week, prices were trading range-bound in the level of Rs 1550-1600 per 10 Kg, supported by normal domestic demand.
- Seed arrivals for the period of 20th-25th Jun stood at 42,136.77 tonne compared to arrivals of 35,053.31 tonne in the previous week. Increased arrivals of summer groundnut crop slacked the pressure on the supply side.
- Groundnut oil has gained its premium over competing Palm and Soy oil. Declining prices of Sunflower oil are narrowing down the discount of groundnut oil over the same, which is likely to weigh in the gains of groundnut oil prices.
- High groundnut oil prices in the domestic market have lowered the export demand for the same for the current marketing year 2021-22. GN Oil exports in May stood at 962.03 tonne compared to 439.79 tonne in April'22 and 450.12 tonne last year same timeframe.
- On the price front, currently the groundnut oil prices in Rajkot are at Rs 1,520 (Rs 1,575) per 10 Kg and it was Rs 1,550 (Rs 1,600) per 10 Kg in Chennai market on Jun 25, 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 1500-1550 per 10 Kg

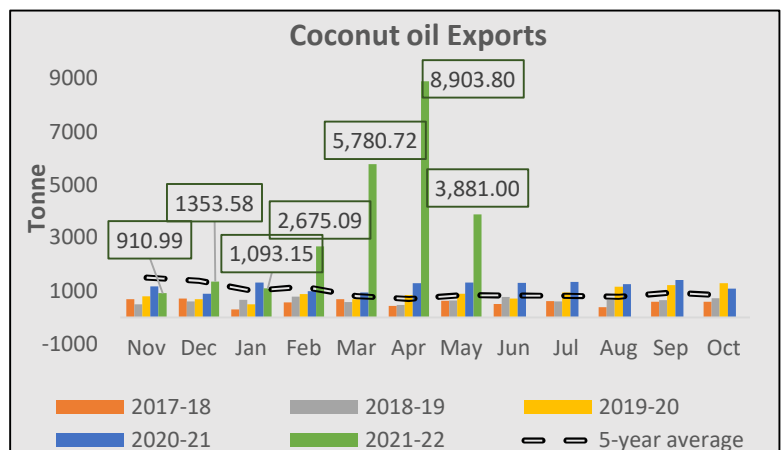
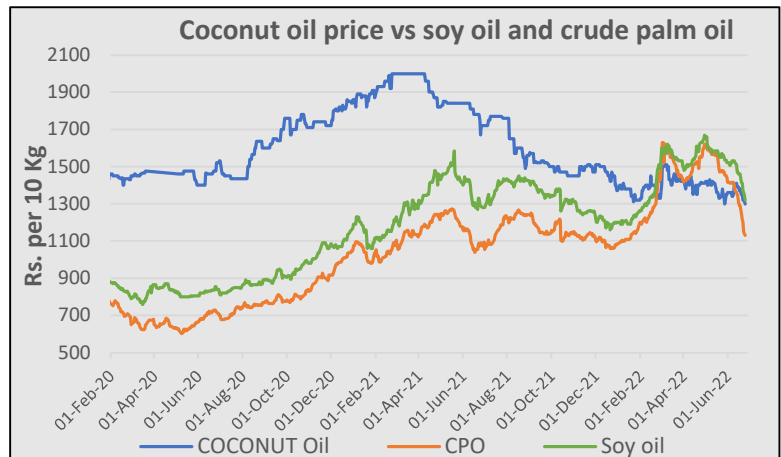
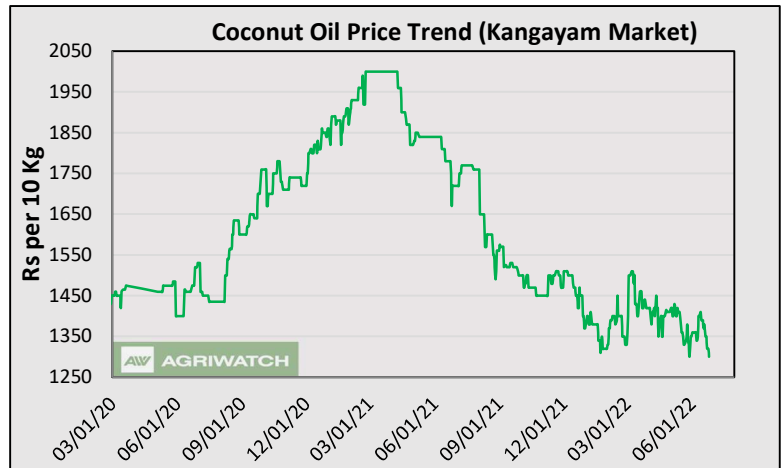


Coconut Oil Fundamental Review and Analysis:-

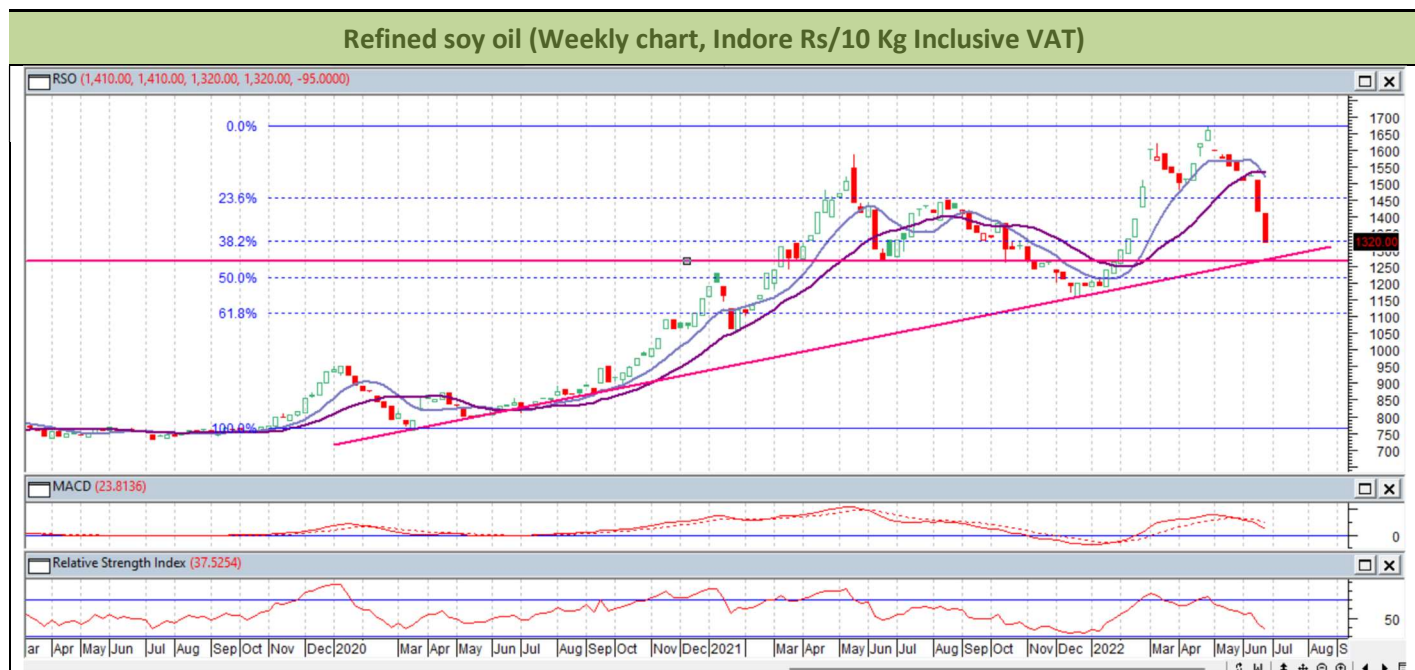
Domestic Front

- The Coconut oil prices at benchmark market Kangeyam saw sharp correction, from the high at Rs 1380 level to the low of Rs 1300 per 10 Kg level.
- The demand for the coconut oil is steady, however declining price momentum was mainly due to the correction in competing oils' prices. Coconut oil has gained premium over competing CPO and is almost at par with Soy oil prices, which pressured the price momentum for the coconut oil in the past week.
- Export demand is also declining, which is likely to cap the gains in prices.
- 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. If export demand arises from the importing countries in June, it is likely to limit the fall in prices.
- On the price front, currently the coconut oil prices are being quoted at 1,300 (Rs 1,380) per 10 Kg in Kangeyam market on 25 Jun, 2022.

Price Outlook: Coconut oil (without GST) prices in Kangeyam is likely to trade sideways with weak bias in the range of Rs 1280-1350 per 10 Kg.



Technical Analysis (Refined soy oil)



Technical Commentary –

As can be seen in the chart, prices are under downward correction. RSI is indicating weak sentiment and is declining in the neutral zone towards oversold zone. MACD has crossed the signal line from upwards and is diverging with fall in prices, pointing towards weak sentiments. 9 DMA has crossed 18 DMA in previous week can be characterized as ‘Death Crossover’, indicating bearish sentiments for the coming term.

Spot Market outlook: Market participants are recommended to book profit in Soy oil at the spot market, near the 1300-1320 level, and buy near the level of 1270-1280.

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 may 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. 9 DMA has crossed the 18 DMA giving a bearish signal for the coming term.

Prices are under correction as confirmation was given by Bearish reversal “**double top pattern**”. Prices have declined and cover the distance of baseline to head level in the declining momentum and touched the level of Rs. 1200-1220 per 10 Kg and corrected beyond the level to Rs 1130 per 10 Kg.

Spot Market outlook: Market participants are advised to buy at 1050-1060 level.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		25-Jun-22	18-Jun-22	
Refined Soybean Oil	Indore	1320	1460	-140
	Indore (Soy Solvent Crude)	1280	1420	-140
	Mumbai	1350	1480	-130
	Mumbai (Soy Degum)	1265	1385	-120
	Kandla/Mundra	1285	1430	-145
	Kandla/Mundra (Soy Degum)	1260	1380	-120
	Kolkata	1320	1460	-140
	Delhi	1350	1450	-100
	Nagpur	1370	1500	-130
	Rajkot	1280	1450	-170
	Kota	1340	1440	-100
	Akola	1365	1485	-120
	Amrawati	1365	1485	-120
	Bundi	1350	1445	-95
	Jalna	1380	1505	-125
	Solapur	1360	1475	-115
	Dhule	1380	1510	-130
	Nanded	1360	1475	-115
	Latur	1360	1475	-115
	Argentina Crude Soya (CIF India) USD	1497	1646	-149
	Argentina Crude Soya (FOB)	1425	1579	-154
Palm Oil	Kandla (Crude Palm Oil)	1130	1290	-160
	Kandla (RBD Palm oil)	1180	1350	-170
	Kandla RBD Palm olein	1200	1360	-160
	Kakinada (Crude Palm Oil)	1140	1290	-150
	Kakinada RBD Palm olein	1235	1395	-160
	Haldia Palm olein	1235	1375	-140
	Chennai RBD Palm olein	1235	1410	-175
	Chennai RBD Palm olein (Vitamin A&D Fortified)	1303	1464	-161
	Krishnapattanam RBD Palm olein	1235	1390	-155
	Mumbai RBD Palm olein	1255	1410	-155
	Mangalore RBD Palm olein	1250	1420	-170
	Mumbai (Refined)	1270	1400	-130
	Rajkot (Refined)	1200	1400	-200
	Chennai (Refined)	1250	1420	-170
	Hyderabad (Refined)	1240	1400	-160

	Delhi (Refined)*	1240	1390	-150
	PFAD (Kandla)	850	970	-120
	RPS (Kandla)	1120	1350	-230
	Super olein (Kandla)	1250	1380	-130
	Super olein (Mumbai)	1300	1440	-140
	Krishnapattanam (Crude Palm Oil)	1140	1290	-150
	Kolkata (Crude Palm Oil)	1260	1480	-220
Refined Sunflower Oil	Chennai (Refined)	1600	1700	-100
	Chennai (Crude)	1550	1650	-100
	Mumbai (Refined)	1690	1740	-50
	Mumbai (Expeller Oil)	1660	1715	-55
	Kandla (Refined)	1690	1750	-60
	Hyderabad (Refined)	1600	1700	-100
	Hyderabad (Expeller)	1530	1640	-110
	Latur (Refined)	1620	1710	-90
	Latur (Expeller Oil)	1520	1640	-120
	Chellakere (Expeller Oil)	1510	1600	-90
	Erode (Expeller Oil)	1650	1760	-110
	Kakinada (Refined)	1610	1700	-90
	Krishna Pattanam (Refined)	1610	1700	-90
Groundnut Oil	Rajkot	1520	1575	-55
	Chennai	1550	1600	-50
	Delhi*	1630	1630	Unch
	Hyderabad *	1620	1650	-30
	Mumbai	1550	1600	-50
	Gondal	1520	1575	-55
	Jamnagar	1520	1575	-55
	Gujarat GN Telia	2440	2530	-90
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1410	1425	-15
	Jaipur (Kachhi Ghani Oil)	1450	1475	-25
	Kota (Expeller Oil)	1390	1400	-10
	Kota (Kachhi Ghani Oil)	1430	1460	-30
	Neewai (Expeller Oil)	1370	1390	-20
	Neewai (Kachhi Ghani Oil)	1415	1445	-30
	Bharatpur (Kachhi Ghani Oil)	1430	1430	Unch
	Sri-Ganga Nagar (Exp Oil)	1390	1420	-30
	Sri-Ganga Nagar (Kachhi Ghani Oil)	1420	1450	-30
	Mumbai (Expeller Oil)	1400	1440	-40
	Kolkata (Expeller Oil)	1600	1600	Unch

	New Delhi (Expeller Oil)	1400	1415	-15
	Hapur (Expeller Oil)	1670	1690	-20
	Hapur (Kachhi Ghani Oil)	1720	1720	Unch
	Agra (Kachhi Ghani Oil)	1435	1435	Unch
Refined Cottonseed Oil	Rajkot	1410	1535	-125
	Hyderabad	1400	1520	-120
	Mumbai	1400	1540	-140
	New Delhi	1400	1500	-100
	Gujarat Cotton Wash	1350	1480	-130
Coconut Oil	Kangayan (Crude)	1300	1380	-80
Sesame Oil	New Delhi	1490	1490	Unch
Rice Bran Oil	New Delhi (40%)	1410	1410	Unch
	Mumbai (Refined 4%)	1280	1330	-50
	Bhatinda (Crude 4%)	1130	1180	-50
	Bhatinda (Refined 4%)	1245	1295	-50
	Hyderabad (Crude)	1150	1230	-80
	Hyderabad (Refined)	1320	1430	-110
	Kolkata (Crude)	1200	1260	-60
	Kolkata (Refined)	1280	1350	-70
	Raipur (Crude)	1220	1305	-85
	Raipur (Refined)	1390	1475	-85
	Odisha (Refined)	1420	1450	-30
	Vijayawada (Refined)	1300	1320	-20
Malaysia Palm olein USD/MT	FOB	1280	1465	-185
	CNF India	1300	1440	-140
Indonesia CPO USD/MT	FOB	1320	-	-
	CNF India	1340	1480	-140
Crude palm Kernel Oil India (USD/MT)	CNF India	1200	1360	-160
Ukraine Origin CSFO USD/MT Kandla	CIF	1750	1930	-180
Argentina FOB (\$/MT)		24-Jun-22	17-Jun-22	Change
Crude Soybean Oil Ship		1441	1591	-150
Refined Soy Oil (Bulk) Ship		1491	1647	-156
Sunflower Oil Ship		1850	2000	-150
Cottonseed Oil Ship		1421	1571	-150
<i>* Indicates including GST</i>				



**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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