



Veg. Oil Weekly Research Report

Contents

- ❖ Executive Summary
- ❖ Recommendations
- ❖ International Veg. Oil Market Summary
- ❖ Domestic Market Fundamentals
- ❖ Technical Analysis (Spot Market)
- ❖ Technical Analysis (Futures Market)
- ❖ Veg. Oil Prices at Key Spot Markets

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

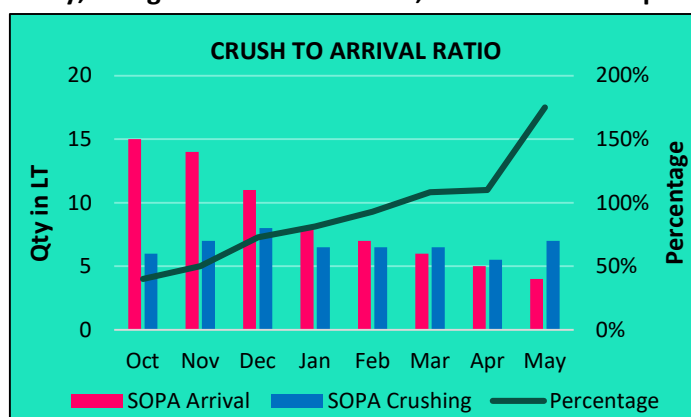
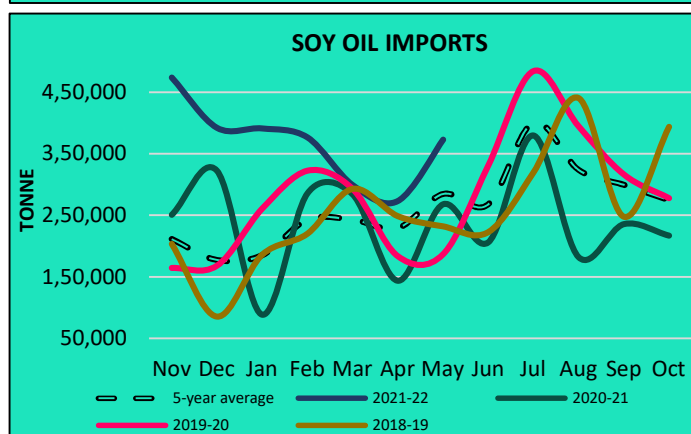
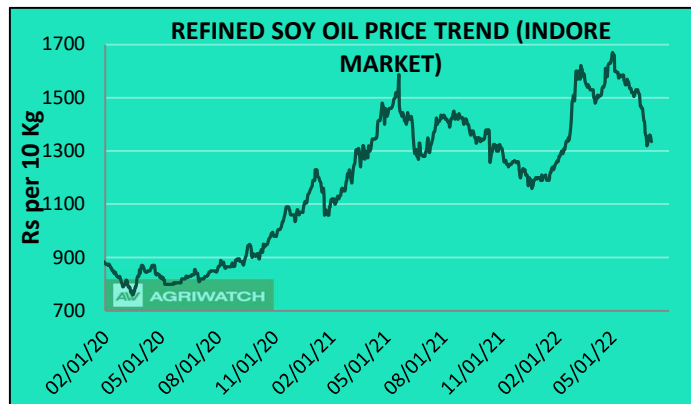
On the international front, lower global Soy oil stocks, higher US Soybean crush, US's rising Soybean acreage, falling China's demand and sideways crude oil prices is likely to govern soy oil prices in the coming days.

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 traded marginally up for the previous week in the benchmark market by 1.14 percent from Rs 1320 to Rs 1335 per 10 Kg. Domestic prices rebounded in tandem with CBOR Soy oil as well as reacting to the news of Solvent Extractor Association of India (SEA) and Soybean Processors Association of India (SOPA) wrote to Government to revise their decision on TRQ on Soy oil import.
- CBOT Soy oil prices rebounded on 'short covering' after sustaining the downfall of 12.27%.
- Domestic prices rebounded and is likely to remain range-bound as declining CBOT Soy oil is not supporting the price gains. TRQ allotment as well as Stock limit has pressured the prices.
- 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 6462/qrtl at Indore plant compared to Rs 6447/qrtl in previous week. Despite, the average weekly prices are marginally up, however arrival are down in market.



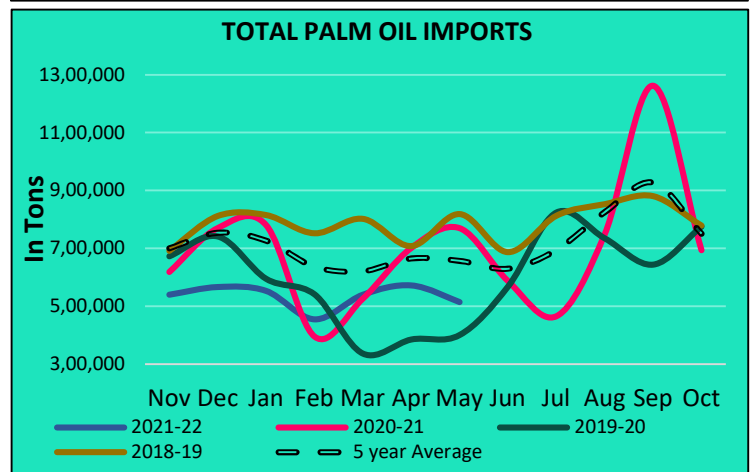
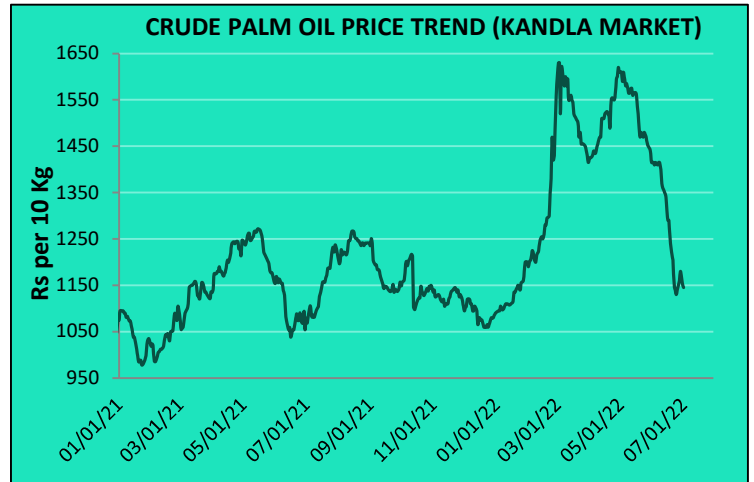
International Front

- CBOT soy oil prices are correcting down as fear of global recession pans out.
- USDA has announced to resurvey soybean acreage as they estimate the actual area may be down from their previous estimate, however recession fear weighed down the gains of the news.

Price Outlook: We expect refined soy oil (without GST) at Indore to stay in the range of Rs1300-1370 per 10 Kg in the near term.

Palm oil Fundamental Analysis and Outlook -:
Domestic Front

- Crude palm oil (CPO) prices edged up for the previous week in the benchmark market Kandla by 1.33%. Domestic prices traded up following BMD Malaysia Palm oil prices.
- BMD Palm oil prices took support at 4,702 MYR and rebounded on short covering. However, higher palm oil supply side is likely to pressure the prices.
- Indonesia is aggressively exporting Palm oil as they are short on storage capacity which is coinciding with the higher palm fruits bunch production.
- 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 are likely to trade sideways with weak bias as global supply side for Palm oil is high. Whereas, gains in Crude oil is likely to underpin international palm oil prices, which would extend the support to domestic palm oil prices.



International Front

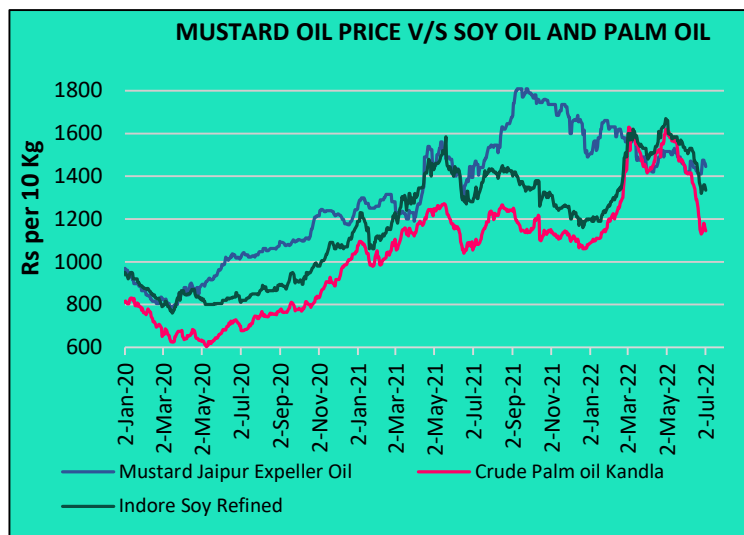
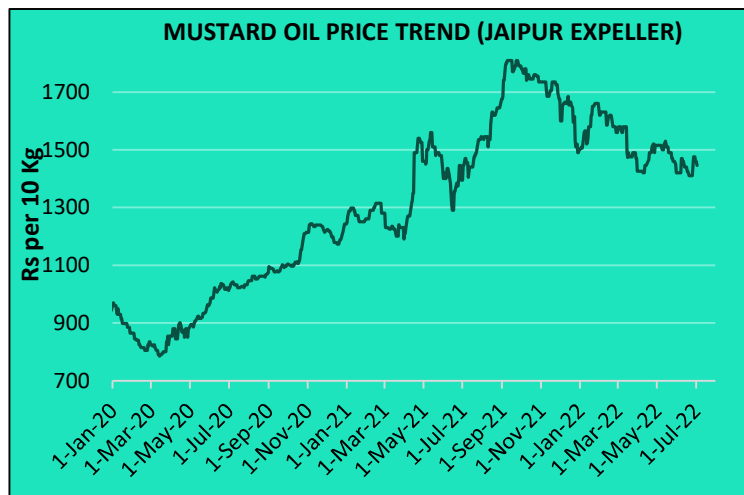
- BMD Palm oil Malaysia in past week traded steady taking support from rising crude oil prices and rival CBOT Soy oil prices.
- Aggressive exports of Palm oil from Indonesia have buildup the global palm oil supplies.
- Malaysia's exports for June are likely to fall as they are facing severe labour issues hampering with their harvesting processes. Processors in Malaysia have stopped procuring palm fruit bunches from farmers as prices plummeted sharply due to higher Palm oil supplies.

Price Outlook: We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 1080-1150 per 10 Kg in the near term.

Rapeseed oil Fundamental Review and Analysis-

Domestic Front

- Mustard oil prices strengthened at various markets for the week in review. Prices traded up from Rs 1410 to Rs 1445 per 10 Kg, up by 2.48%.
- Prices traded up taking support from rise in prices of competing oils.
- However, prices are likely to trade with weak bias in a range as Palm and Soy oil are in discount, which is likely to cap its gains.
- 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 also slowed down 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.



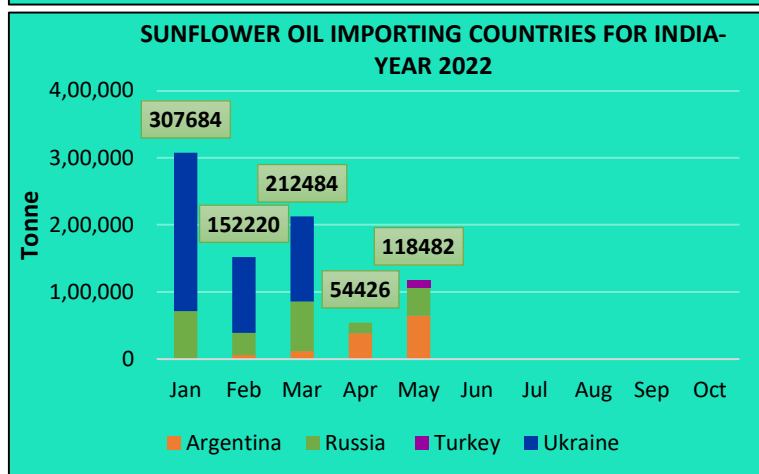
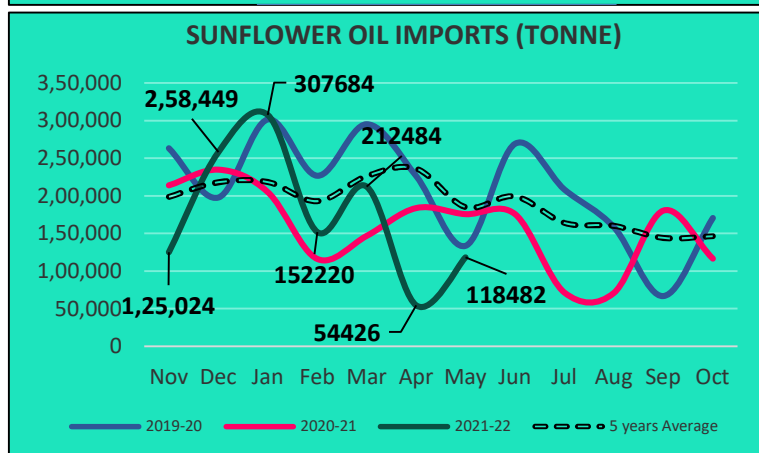
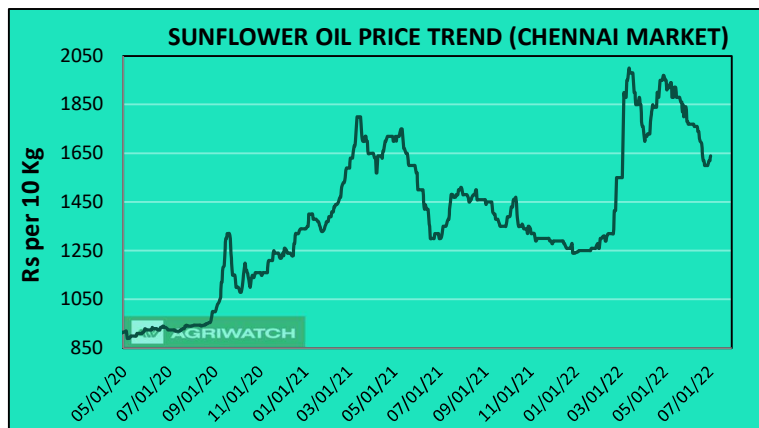
- Jaipur Expeller rapeseed oil has gained premium over refined soy oil in domestic market by Rs 110 per 10 kg compared to a discount of Rs. 90 per 10 kg in last week.
- Jaipur Expeller rapeseed oil regained its premium over RBD palm olein at Rs 225 per 10 kg compared to Rs 210 per 10 Kg last week.

Price Outlook: Rapeseed Expeller oil (without GST) prices in Jaipur may trade in the range of Rs 1420-1470 per 10 Kg.

Sunflower oil Fundamental Review and Analysis:-

Domestic Front

- Sunflower oil prices at Chennai edged up during week from Rs. 1600 to Rs. 1640 per 10 Kg, up by 2.50 percent., supported by price rise in competing oils.
- 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 305 compared to Rs 280 per 10 Kg last week. Meanwhile, refined sunflower oil (Chennai) premium over RBD palm olein (Kandla) is at Rs. 385 compared to premium of Rs 365 per 10 kg last week.



In domestic market, Sunflower oil (Chennai) is at premium over groundnut oil by Rs. 75 compared to Rs. 80 last week.

Sunflower oil's premium over competing Palm and Soy oil has rose compared to last week.

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 1600-1660 per 10 Kg

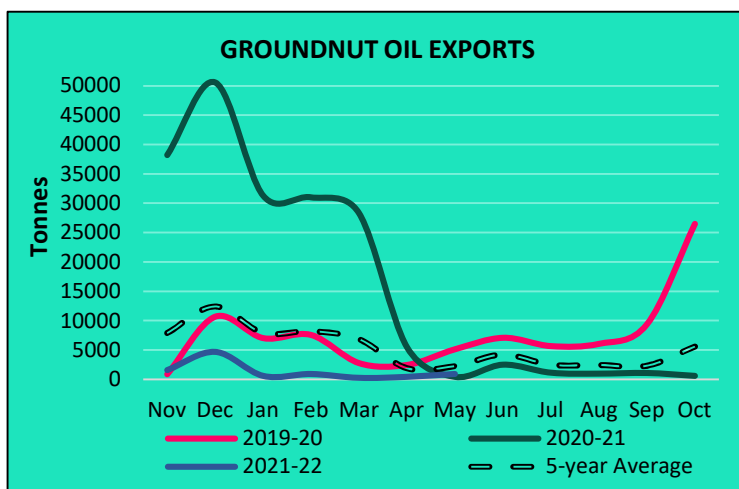
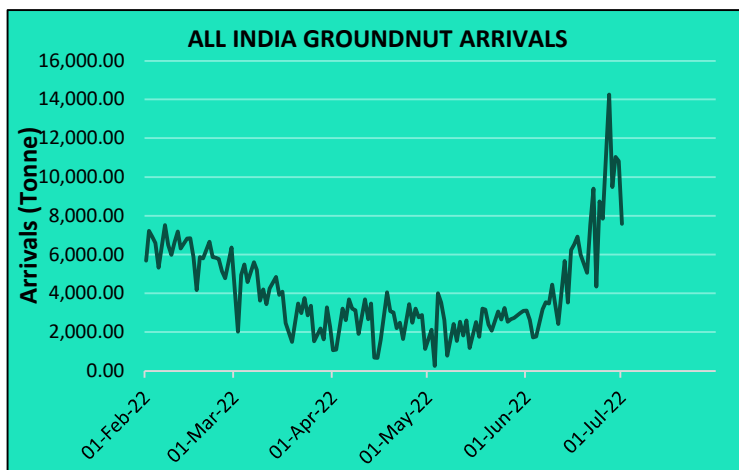
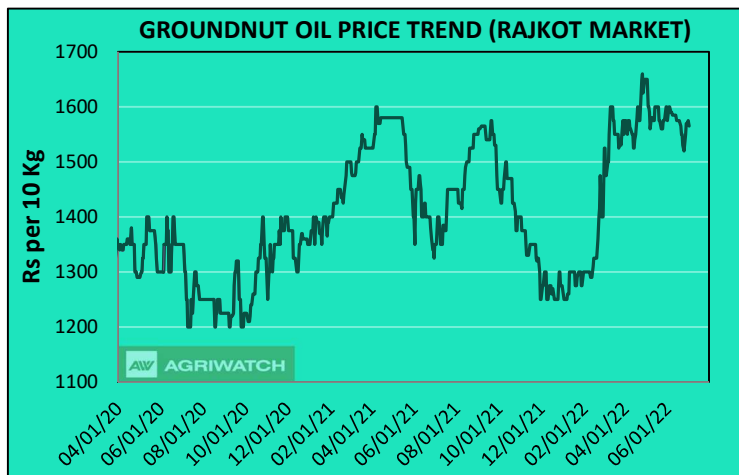
Groundnut oil Fundamental Review and Analysis:-

Domestic Front

- Groundnut oil prices traded up at various market for the week in review. Prices traded up by 2.96 percent from Rs 1520 to Rs 1565 per 10 Kg.
- Prices edged up taking support from rising prices of competing oils.
- Seed arrivals for the period of 26th-2th Jul stood at 53,176.97 tonne compared to arrivals of 42,136.77 tonne in the previous week. Increased arrivals of summer groundnut crop slackened 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 1,565 (Rs 1,520) per 10 Kg and it was Rs 1,570 (Rs 1,550) per 10 Kg in Chennai market on Jul 2, 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 1525-1575 per 10 Kg

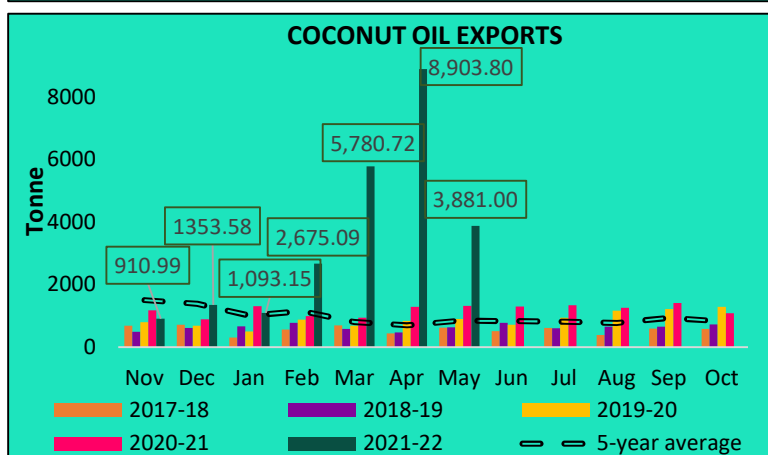
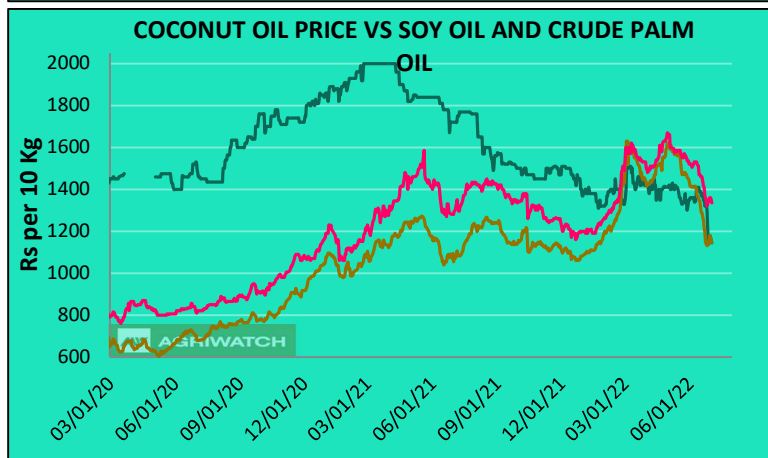
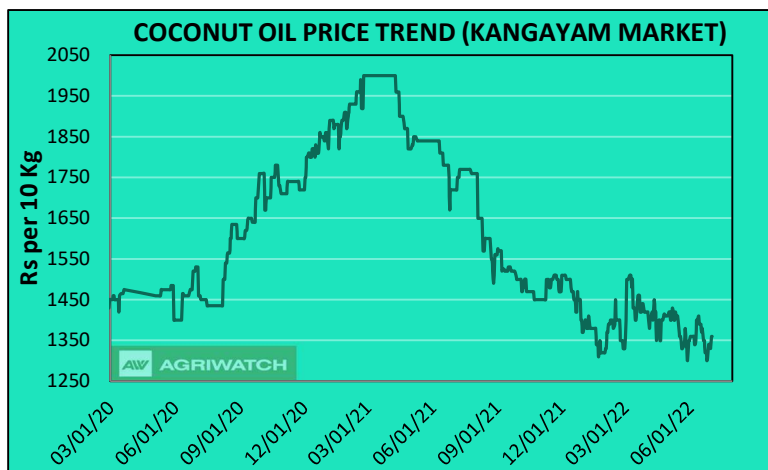


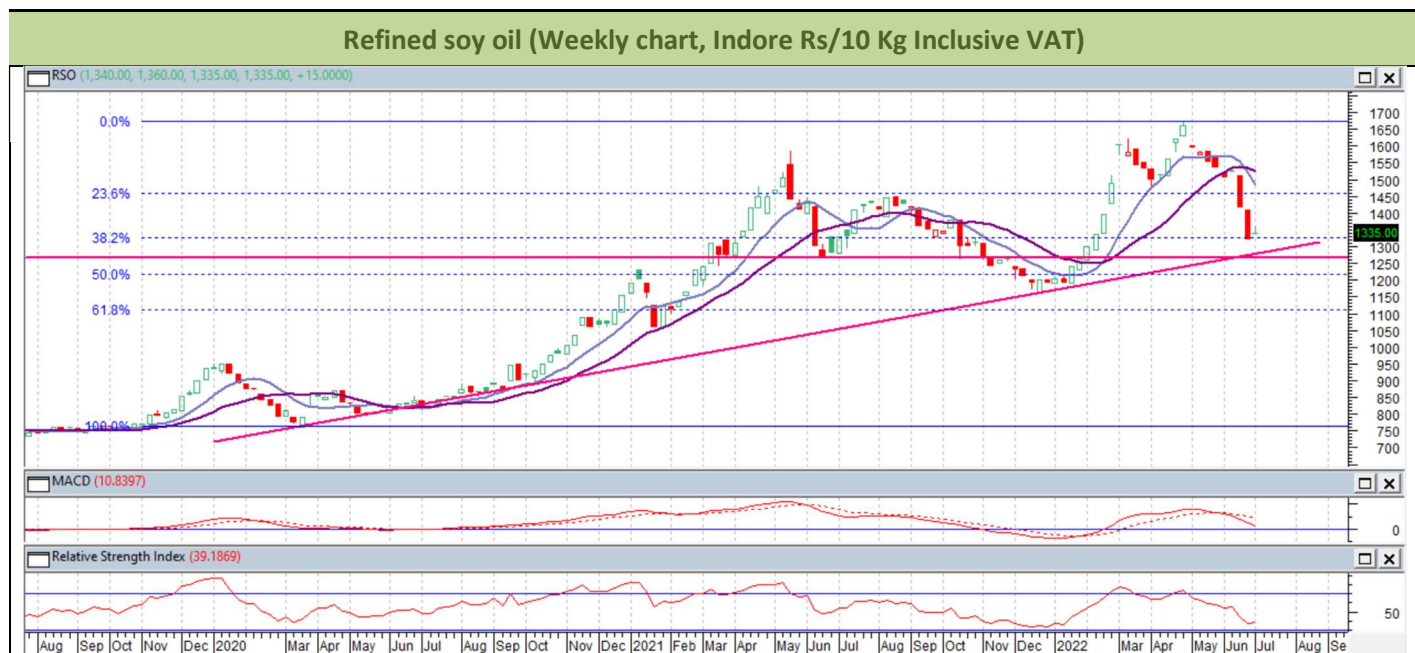
Coconut Oil Fundamental Review and Analysis:-

Domestic Front

- The Coconut oil prices at benchmark market Kangeyam rose sharply, from the level of Rs 1300 to Rs 1360 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 1,360 (Rs 1,300) 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 1300-1380 per 10 Kg.





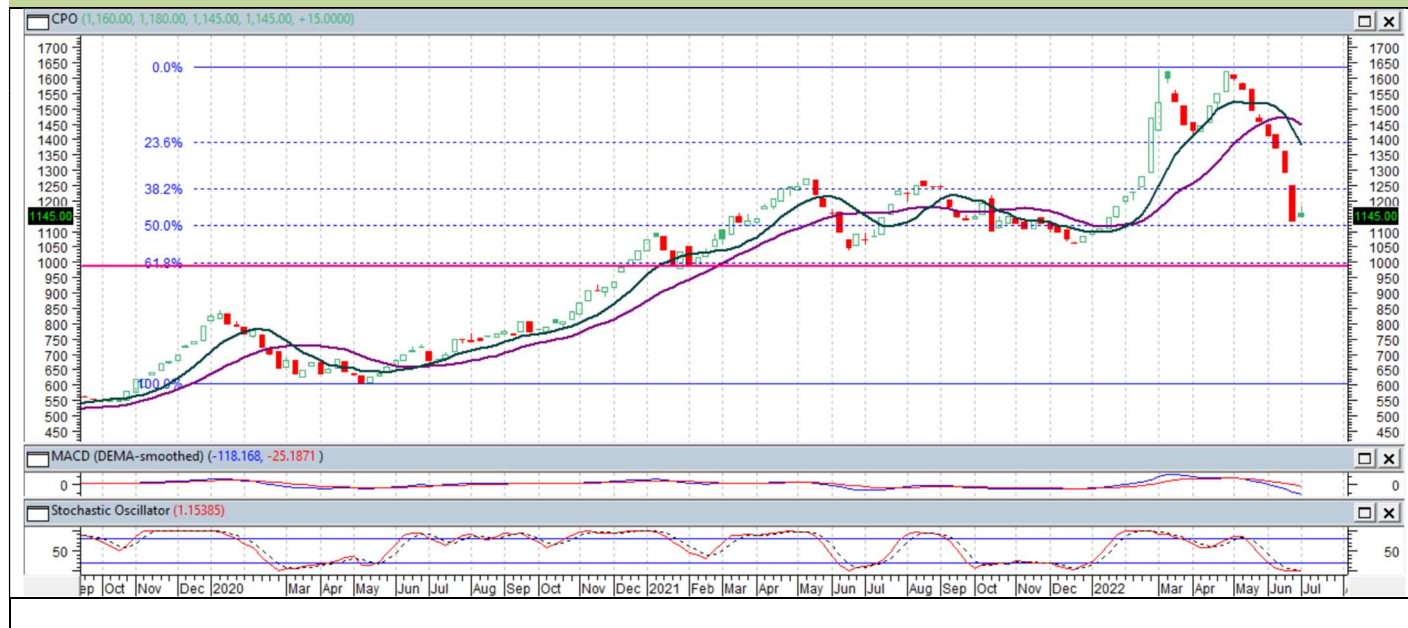
Technical Commentary –

As can be seen in the chart, prices rebounded after making low of Rs 1320/10 Kg. RSI is likely to rise in the neutral zone. MACD has crossed the signal line from upwards and is diverging, pointing towards weak sentiments. 9 DMA has crossed 18 DMA in previous week can be characterized as 'Death Crossover', indicating bearish sentiments. Prices have taken support of 38.2% 'Retracement level', backed by 'short recovery' in prices. However, CBOT Soy oil is under correction and domestic prices are likely to move in tandem with the same.

Spot Market outlook: Market participants are recommended to buy Soy oil at the spot market, near the 1300-1320 level.

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. 9 DMA has crossed the 18 DMA, as well as the prices are trading below 9DMA and 18DMA, giving a bearish signal for the coming term

Prices have taken support of 50% 'Retracement level' and rebounded from the recent low of Rs 1130/10 Kg, backed by 'short recovery' in prices.

Spot Market outlook: Market participants are advised to buy CPO at lower level at Rs 1120-1130/10 Kg.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		02-Jul-22	25-Jun-22	
Refined Soybean Oil	Indore	1335	1320	15
	Indore (Soy Solvent Crude)	1290	1280	10
	Mumbai	1340	1350	-10
	Mumbai (Soy Degum)	1270	1265	5
	Kandla/Mundra	1295	1285	10
	Kandla/Mundra (Soy Degum)	1265	1260	5
	Kolkata	1335	1320	15
	Delhi	1340	1350	-10
	Nagpur	1360	1370	-10
	Rajkot	1300	1280	20
	Kota	1320	1340	-20
	Akola	1355	1365	-10
	Amrawati	1355	1365	-10
	Bundi	1330	1350	-20
	Jalna	1370	1380	-10
	Solapur	1350	1360	-10
	Dhule	1355	1380	-25
	Nanded	1350	1360	-10
	Latur	1350	1360	-10
	Argentina Crude Soya (CIF India) USD	1487	1497	-10
	Argentina Crude Soya (FOB)	-	1425	-
Palm Oil	Kandla (Crude Palm Oil)	1145	1130	15
	Kandla (RBD Palm oil)	1200	1180	20
	Kandla RBD Pamolein	1220	1200	20
	Kakinada (Crude Palm Oil)	1115	1140	-25
	Kakinada RBD Pamolein	1230	1235	-5
	Haldia Pamolein	1250	1235	15
	Chennai RBD Pamolein	1255	1235	20
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1313	1303	10
	Krishnapattanam RBD Pamolein	1235	1235	Unch
	Mumbai RBD Pamolein	1265	1255	10
	Mangalore RBD Pamolein	1270	1250	20
	Mumbai (Refined)	1245	1270	-25
	Rajkot (Refined)	1210	1200	10
	Chennai (Refined)	1270	1250	20

	Hyderabad (Refined)	1235	1240	-5
	Delhi (Refined)*	1220	1240	-20
	PFAD (Kandla)	860	850	10
	RPS (Kandla)	1130	1120	10
	Superolien (Kandla)	1250	1250	Unch
	Superolien (Mumbai)	1295	1300	-5
	Kochi (RBD Palmolein)	Closed	1270	-
	Krishnapattanam (Crude Palm Oil)	1115	1140	-25
	Kolkata (Crude Palm Oil)	1245	1260	-15
Refined Sunflower Oil	Chennai (Refined)	1640	1600	40
	Chennai (Crude)	1580	1550	30
	Mumbai (Refined)	1650	1690	-40
	Mumbai(Expeller Oil)	1610	1660	-50
	Kandla (Refined)	1650	1690	-40
	Hyderabad (Refined)	1670	1600	70
	Hyderabad (Expeller)	1620	1530	90
	Latur (Refined)	1630	1620	10
	Latur (Expeller Oil)	1530	1520	10
	Chellakere (Expeller Oil)	1570	1510	60
	Erode (Expeller Oil)	1670	1650	20
	Kakinada (Refined)	1650	1610	40
	Krishna Pattanam (Refined)	1650	1610	40
Groundnut Oil	Rajkot	1565	1520	45
	Chennai	1570	1550	20
	Delhi*	1625	1630	-5
	Hyderabad *	1660	1620	40
	Mumbai	1610	1550	60
	Gondal	1565	1520	45
	Jamnagar	1565	1520	45
	Gujarat GN Telia	2500	2440	60
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1445	1410	35
	Jaipur (Kacchi Ghani Oil)	1475	1450	25
	Kota (Expeller Oil)	1380	1390	-10
	Kota (Kacchi Ghani Oil)	1470	1430	40
	Neewai (Expeller Oil)	1415	1370	45
	Neewai (Kacchi Ghani Oil)	1450	1415	35
	Bharatpur (Kacchi Ghani Oil)	1410	1430	-20
	Sri-Ganga Nagar(Exp Oil)	1420	1390	30
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1450	1420	30

	Mumbai (Expeller Oil)	1435	1400	35
	Kolkata(Expeller Oil)	1600	1600	Unch
	New Delhi (Expeller Oil)	1400	1400	Unch
	Hapur (Expeller Oil)	1650	1670	-20
	Hapur (Kacchi Ghani Oil)	1700	1720	-20
	Agra (Kacchi Ghani Oil)	1415	1435	-20
Refined Cottonseed Oil	Rajkot	1460	1410	50
	Hyderabad	1475	1400	75
	Mumbai	1465	1400	65
	New Delhi	1450	1400	50
	Gujarat Cotton Wash	1415	1350	65
Coconut Oil	Kangayan (Crude)	1360	1300	60
	Cochin	Closed	1400	-
Rice Bran Oil	New Delhi (40%)	-	1410	-
	Mumbai (Refined 4%)	1320	1280	40
	Bhatinda (Crude 4%)	1145	1130	15
	Bhatinda (Refined 4%)	1260	1245	15
	Hyderabad (Crude)	1150	1150	Unch
	Hyderabad (Refined)	1320	1320	Unch
	Kolkata (Crude)	1220	1200	20
	Kolkata (Refined)	1300	1280	20
	Raipur (Crude)	1220	1220	Unch
	Raipur (Refined)	1390	1390	Unch
	Odisha (Refined)	1420	1420	Unch
	Vijayawada (Refined)	1300	1300	Unch
Malaysia Palmolein USD/MT	FOB	1280	1280	Unch
	CNF India	1280	1300	-20
Indonesia CPO USD/MT	FOB	Unq	0	-
	CNF India	1310	1340	-30
Crude palm Kernel Oil India (USD/MT)	CNF India	1220	1200	20
Ukraine Origin CSFO USD/MT Kandla	CIF	1810	1750	60
Argentina FOB (\$/MT)		1-Jul-22	24-Jun-22	Change
Crude Soybean Oil Ship		1376	1441	-65
Refined Soy Oil (Bulk) Ship		1424	1491	-67
Sunflower Oil Ship		1675	1850	-175
Cottonseed Oil Ship		1356	1421	-65



*** 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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