



# EDIBLE OIL MONTHLY 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.*

### Acreage and Rainfall Statistics

#### Acreage

Oil seed Acreage as on 08th July'22 ( Area in Lakh Ha)			
Oil seed crops	2022	2021	% Change
Soyabean	54.43	69.54	-22%
Groundnut	20.51	25.31	-19%
Sesamum	1.53	1.71	-11%
Sunflower	1.16	0.8	45%
Castor	0.07	0.12	-42%
Other Oilseeds	0.06	0.04	50%
Niger	0.03	0.04	-25%
<b>Total Oilseeds</b>	<b>77.8</b>	<b>97.56</b>	<b>-20%</b>

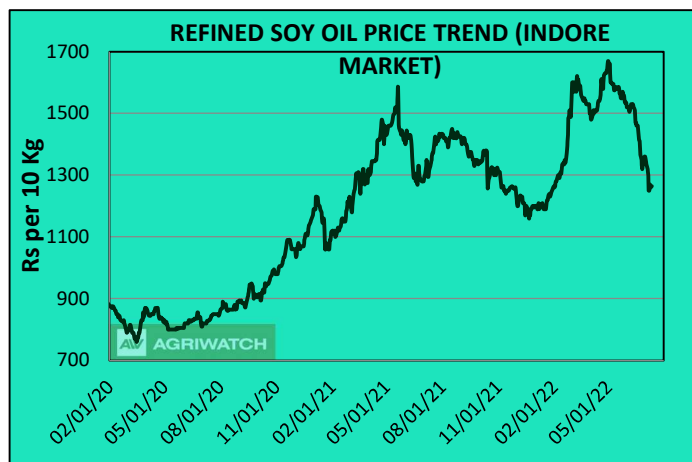
#### Rainfall

Madhya Pradesh	Cumulative Rainfall Departure (%) 1st June to 10th July'22	Maharashtra	Cumulative Rainfall Departure (%) 1st June to 10th July'22	Rajasthan	Cumulative Rainfall Departure (%) 1st June to 10th July'22
Ujjain	11%	Nagpur	8%	Kota	57%
Indore	4%	Amaravati	-3%	Bundi	31%
Dewas	33%	Akola	-9%	Baran	54%
Dhar	-28%	Buldhana	-2%	Jhalawar	25%
Ratlam	-7%	Washim	-20%	Chittaurgarh	-14%
Mandsaur	-12%	Yavatmal	0%	Pratapgarh	-31%
Shajahpur	-51%	Hingoli	-6%	Rajasthan	44%
Rajgah	-7%	Jalna	5%		
Ashok nagar	11%	Parbhani	55%		
Videsha	46%	Latur	50%		
MP	1%	Maharashtra	14%		

### Soy oil Fundamental Analysis and Outlook:-

#### Domestic Front

- Soy oil prices plummeted sharply for the previous week in the benchmark market by 5.62 percent from Rs 1335 to Rs 1260 per 10 Kg. Domestic prices are under correction backed by weak fundamentals.
- Higher domestic port and pipeline supplies are pressuring price gains.
- Bearish international Soy oil market fundamentals also pressured domestic market as well.
- Previous month, 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 as market has already witnessed heavy correction in Soybean complex.
- Soy oil import for the current marketing year is already at higher side as domestic crush has lowered due to slow soy meal demand.
- Prices are anticipated to trade sideways with weak bias in coming term in tandem with bearish Soy oil international market.



#### International Front

- CBOT soy oil prices witness price correction by 2.86% from 63.63 to 62.59 cents per pound backed by weak fundamentals in international Soy oil market.
- Energy prices rose by the week's end and is likely to support edible oil price in coming term.
- Dry weather is anticipated to prevail for the coming two weeks in major Soybean sown area in US, which may strengthen price movement.

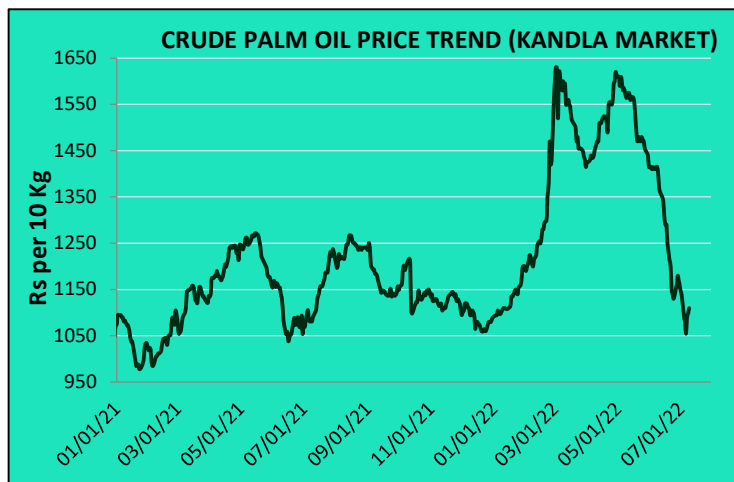
**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1200-1300 per 10 Kg in the near term.

State wise Soybean sowing progress as on 08th July'22 (Lakh Ha)				
State	2022	2021	% Change	Cumulative Rainfall Departure (%) 1st June to 10th July'22
Maharashtra	32.173	34.783	-8%	14%
Madhya Pradesh	10.7	24.21	-56%	1%
Rajasthan	5.669	4.113	38%	44%
Karnataka	3.386	3.427	-1%	26%
Telangana.	1.216	1.06	15%	85%
Others	1.283	1.951	-34%	
Total	54.42	69.54	-22%	

### **Palm oil Fundamental Analysis and Outlook -:**

#### **Domestic Front**

- Crude palm oil (CPO) prices edged down for the previous week in the benchmark market Kandla by 3.93%. Domestic prices are pressured following bearish tone in international Palm oil market.
- High global 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.
- Indonesian is increasing its biofuel mandate from 30% to 35% from 20 July'22 onwards which is estimated to absorb around 2.5 MMT of palm oil in diesel mix. This factor is likely to support palm oil prices.
- 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**

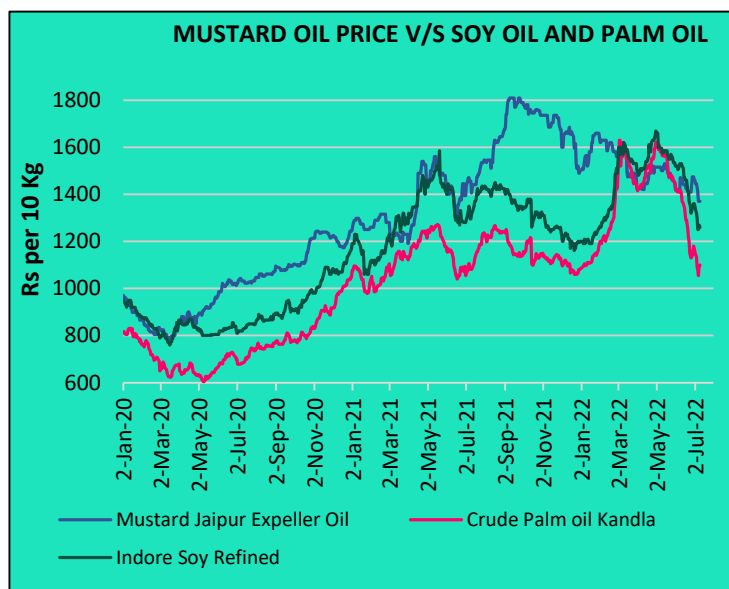
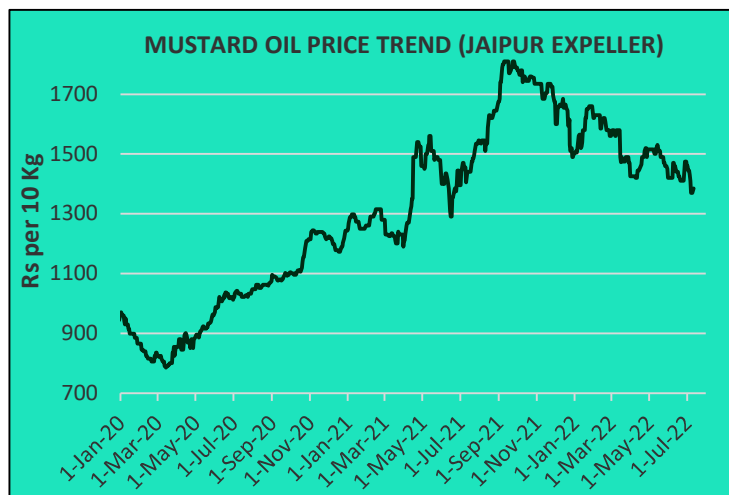
- BMD Palm oil Malaysia in past week traded steady taking support from rising crude oil prices and rival CBOT Soy oil prices.
- Aggressive exports of Palm oil from Indonesia have buildup the global palm oil supplies.
- Malaysia's exports for June fell by around 10% confirmed by various agencies. ITS estimated 10.39% decline, and 13.37%, 7.40% decline is anticipated by Amspec and SGS, respectively. MPOB official report is yet to be released.

**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 witnessed sharp decline at various markets for the week in review. Prices traded up from Rs 1445 to Rs 1370 per 10 Kg, down by 5.19%.
- Prices weakened by bearish sentiments in competing oils.
- 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 same as last week.
- Jaipur Expeller rapeseed oil regained its premium over RBD palm olein at Rs 200 per 10 kg compared to Rs 225 per 10 Kg last week.

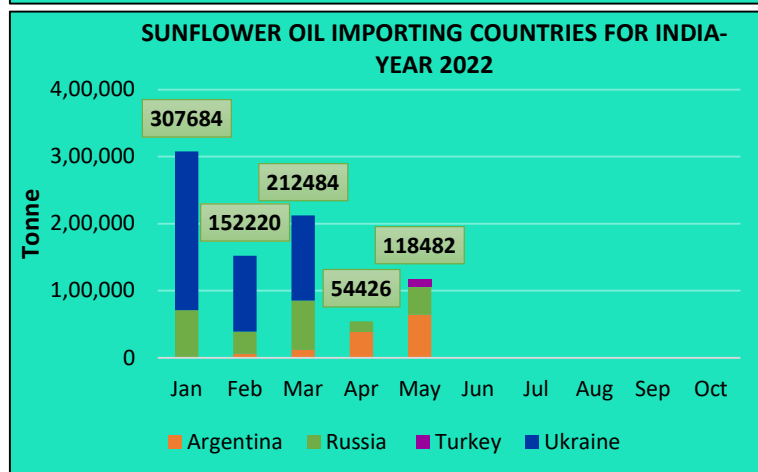
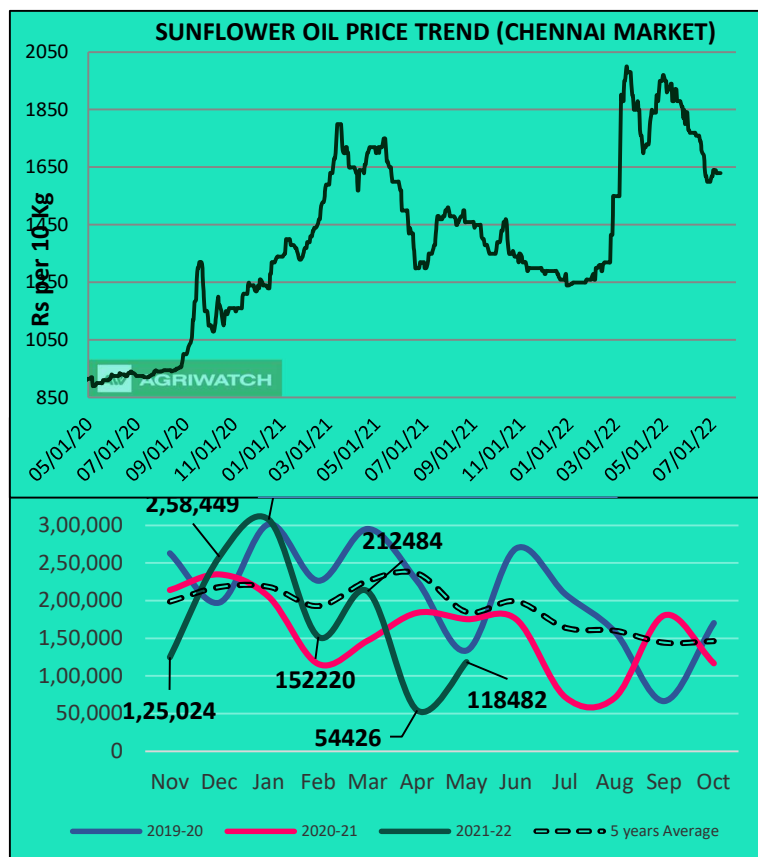


**Price Outlook:** Rapeseed Expeller oil (without GST) prices in Jaipur may trade in the range of Rs 1330-1420 per 10 Kg.

### Sunflower oil Fundamental Review and Analysis:-

#### Domestic Front

- Sunflower oil prices at Chennai traded slightly down during week from Rs. 1640 to Rs. 1630 per 10 Kg, down by 0.61 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 23<sup>rd</sup> 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 370 compared to Rs 305 per 10 Kg last week. Meanwhile, refined sunflower oil (Chennai) premium over RBD palm olein (Kandla) is at Rs. 390 compared to premium of Rs 385 per 10 kg last week.



In domestic market, Sunflower oil (Chennai) is at premium over groundnut oil by Rs. 55 compared to Rs. 75 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



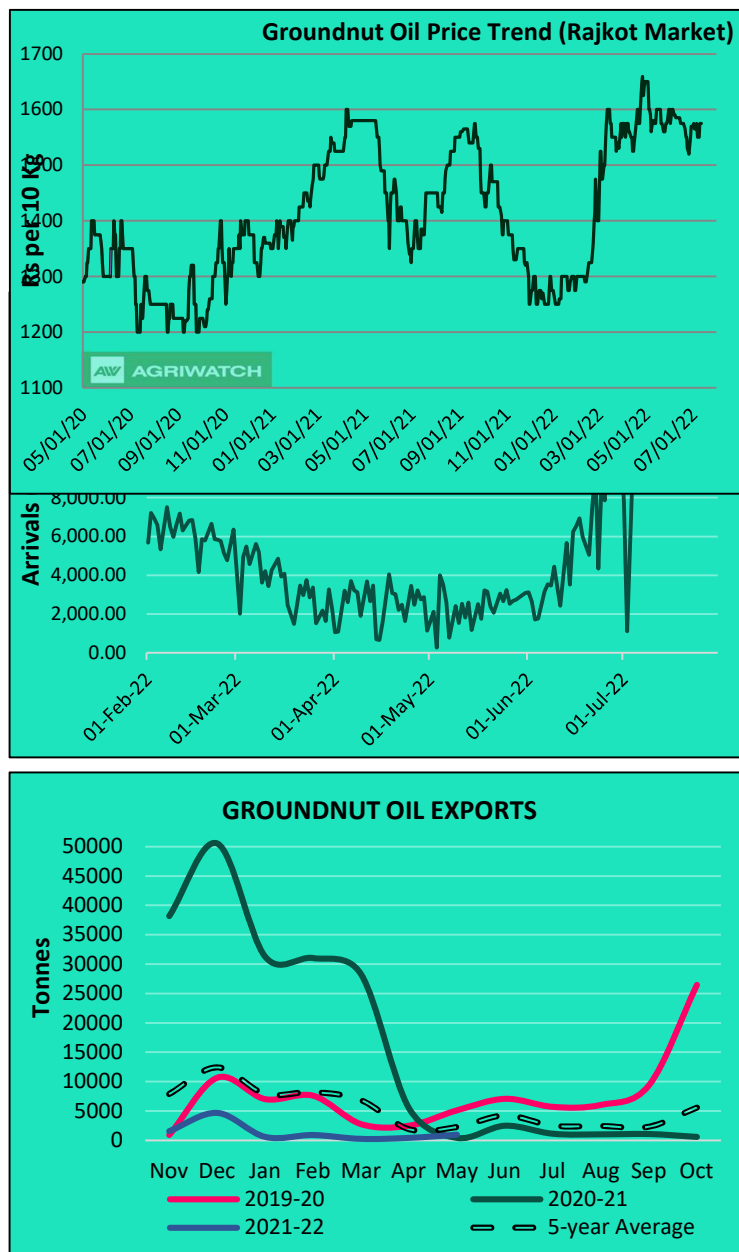
### Groundnut oil Fundamental Review and Analysis:-

#### Domestic Front

- Groundnut oil prices traded up at various market for the week in review. Prices traded up by 0.64 percent from Rs 1565 to Rs 1575 per 10 Kg.
- Prices edged up taking support from improve in demand.
- 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

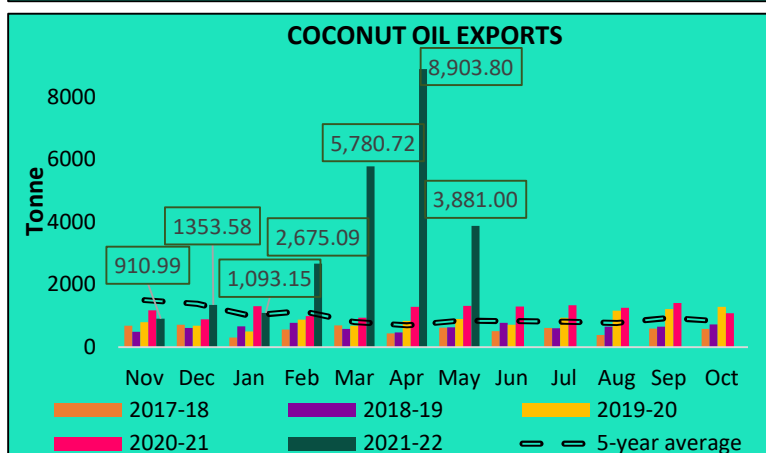
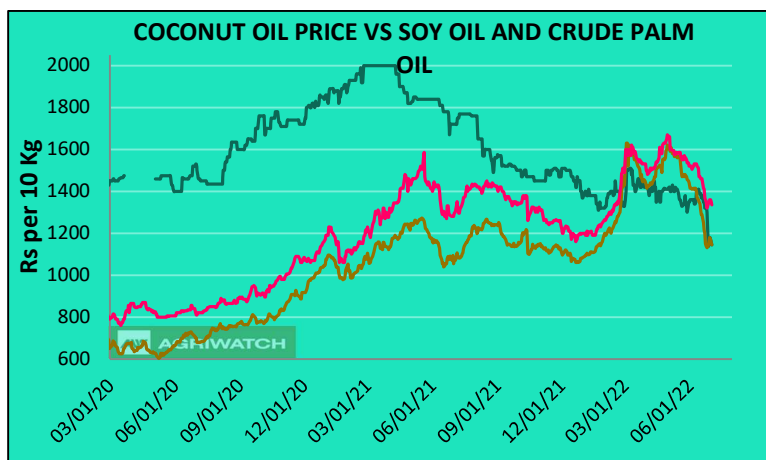
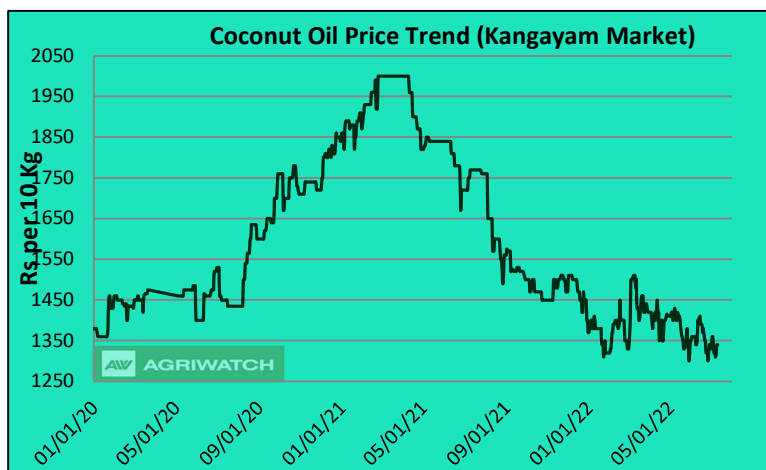


### Coconut Oil Fundamental Review and Analysis:-

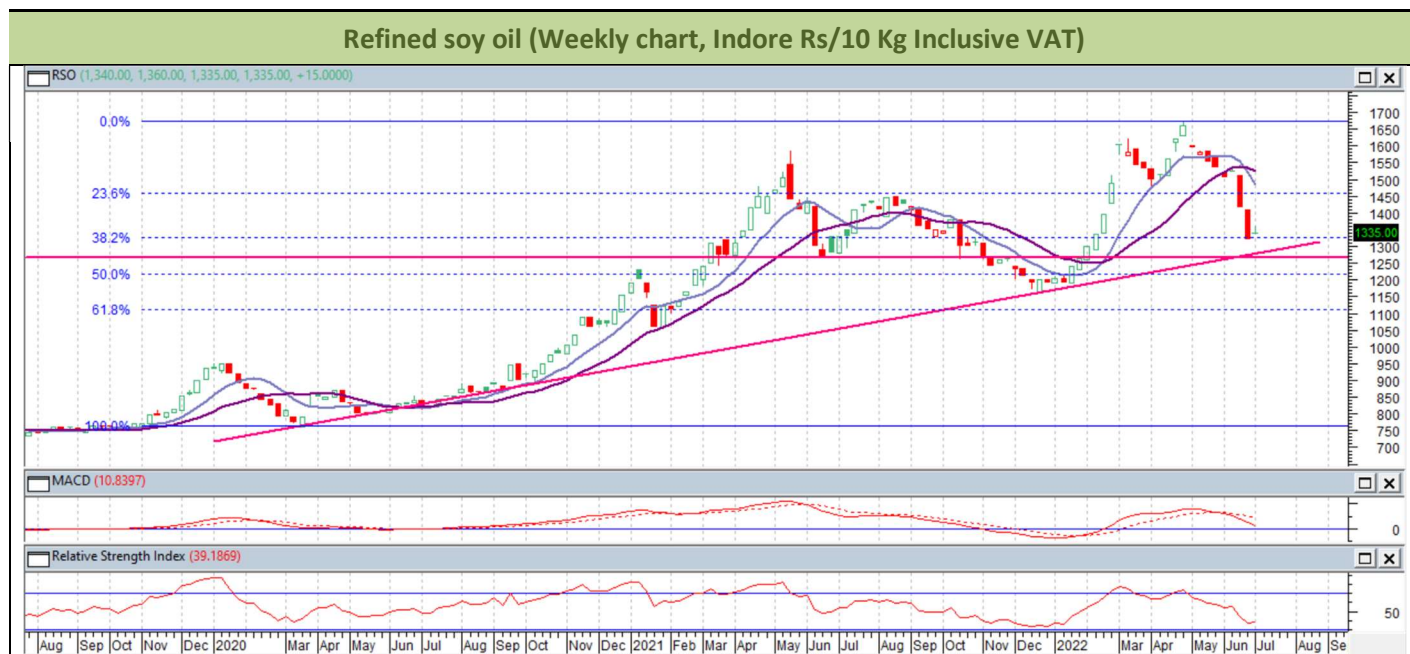
#### Domestic Front

- The Coconut oil prices at benchmark market Kangeyam declined, from the level of Rs 1360 to Rs 1340 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 Analysis (Refined soy oil)

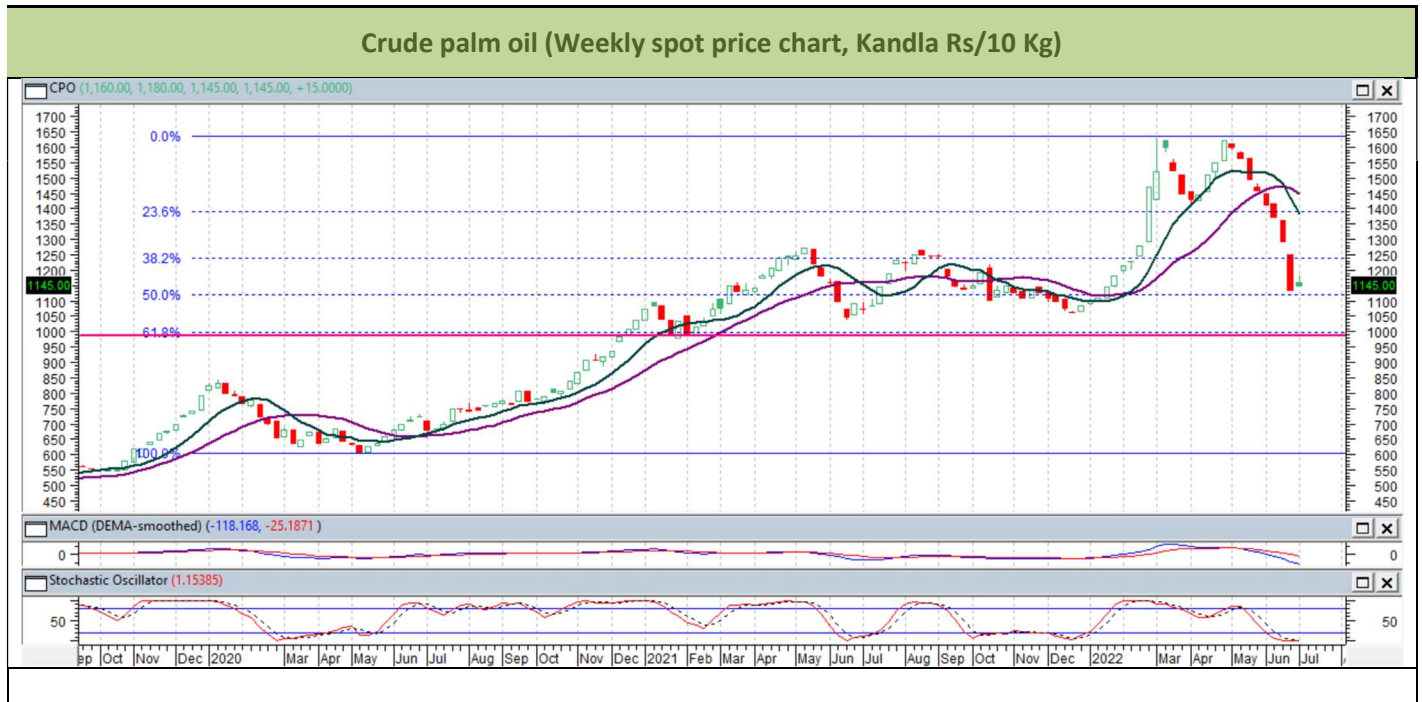


#### Technical Commentary –

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)



#### 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
		09-Jul-22	02-Jul-22	
Refined Soybean Oil	Indore	1260	1335	-75
	Indore (Soy Solvent Crude)	1220	1290	-70
	Mumbai	1270	1340	-70
	Mumbai (Soy Degum)	1270	1270	Unch
	Kandla/Mundra	1245	1295	-50
	Kandla/Mundra (Soy Degum)	1230	1265	-35
	Kolkata	1260	1335	-75
	Delhi	1260	1340	-80
	Nagpur	1280	1360	-80
	Rajkot	1240	1300	-60
	Kota	1280	1320	-40
	Akola	1255	1355	-100
	Amrawati	1255	1355	-100
	Bundi	1290	1330	-40
	Jalna	1270	1370	-100
	Solapur	1260	1350	-90
	Dhule	1265	1355	-90
	Nanded	1260	1350	-90
	Latur	1260	1350	-90
	Argentina Crude Soya (CIF India) USD	1425	1487	-62
Palm Oil	Kandla (Crude Palm Oil)	1100	1145	-45
	Kandla (RBD Palm oil)	1150	1200	-50
	Kandla RBD Pamolein	1170	1220	-50
	Kakinada (Crude Palm Oil)	1050	1115	-65
	Kakinada RBD Pamolein	1210	1230	-20
	Haldia Pamolein	1220	1250	-30
	Chennai RBD Pamolein	1240	1255	-15
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1278	1313	-35
	Krishnapattanam RBD Pamolein	1220	1235	-15
	Mumbai RBD Pamolein	1200	1265	-65
	Mangalore RBD Pamolein	1230	1270	-40
	Mumbai (Refined)	1170	1245	-75
	Rajkot (Refined)	1155	1210	-55
	Chennai (Refined)	1230	1270	-40
	Hyderabad (Refined)	1230	1235	-5

	Delhi (Refined)*	1180	1220	-40
	PFAD (Kandla)	790	860	-70
	RPS (Kandla)	980	1130	-150
	Superolien (Kandla)	1200	1250	-50
	Superolien (Mumbai)	1230	1295	-65
	Kochi (RBD Palmolein)	Closed	1265	-
	Krishnapattanam (Crude Palm Oil)	1050	1115	-65
	Kolkata (Crude Palm Oil)	1200	1245	-45
Refined Sunflower Oil	Chennai (Refined)	1630	1640	-10
	Chennai (Crude )	1580	1580	Unch
	Mumbai (Refined)	1590	1650	-60
	Mumbai (Expeller Oil)	1550	1610	-60
	Kandla (Refined)	1590	1650	-60
	Hyderabad (Refined)	1600	1670	-70
	Hyderabad (Expeller)	1530	1620	-90
	Latur (Refined)	1580	1630	-50
	Latur (Expeller Oil)	1500	1530	-30
	Chellakere (Expeller Oil)	1530	1570	-40
	Erode (Expeller Oil)	1660	1670	-10
	Kakinada (Refined)	1590	1650	-60
	Krishna Pattanam (Refined)	1590	1650	-60
Groundnut Oil	Rajkot	1575	1565	10
	Chennai	1550	1570	-20
	Delhi*	1600	1625	-25
	Hyderabad *	1580	1660	-80
	Mumbai	1590	1610	-20
	Gondal	1570	1565	5
	Jamnagar	1570	1565	5
	Gujarat GN Telia	2470	2500	-30
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1370	1445	-75
	Jaipur (Kacchi Ghani Oil)	1410	1475	-65
	Kota (Expeller Oil)	1380	1380	Unch
	Kota (Kacchi Ghani Oil)	1400	1470	-70
	Neewai (Expeller Oil)	1345	1415	-70
	Neewai (Kacchi Ghani Oil)	1380	1450	-70
	Bharatpur (Kacchi Ghani Oil)	1400	1410	-10
	Sri-Ganga Nagar (Exp Oil)	1365	1420	-55
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1395	1450	-55
	Mumbai (Expeller Oil)	1390	1435	-45





	Kolkata(Expeller Oil)	1630	1600	30
	New Delhi (Expeller Oil)	1330	1400	-70
	Hapur (Expeller Oil)	1670	1650	20
	Hapur (Kacchi Ghani Oil)	1720	1700	20
	Agra (Kacchi Ghani Oil)	1405	1415	-10
Refined Cottonseed Oil	Rajkot	1375	1460	-85
	Hyderabad	1420	1475	-55
	Mumbai	1410	1465	-55
	New Delhi	1395	1450	-55
	Gujarat Cotton Wash	1400	1415	-15
Coconut Oil	Kangayan (Crude)	1340	1360	-20
	Cochin	Closed	1400	-
Rice Bran Oil	Mumbai (Refined 4%)	1210	1320	-110
	Bhatinda (Crude 4%)	1075	1145	-70
	Bhatinda (Refined 4%)	1190	1260	-70
	Hyderabad (Crude)	1080	1150	-70
	Hyderabad (Refined)	1270	1320	-50
	Kolkata (Crude)	1110	1220	-110
	Kolkata (Refined)	1190	1300	-110
	Raipur (Crude)	1160	1220	-60
	Raipur (Refined)	1330	1390	-60
	Odisha (Refined)	-	1420	-
	Vijayawada (Refined)	1180	1300	-120
Malaysia Palmolein USD/MT	FOB	1085	1280	-195
	CNF India	1155	1280	-125
Indonesia CPO USD/MT	FOB	Unq	0	-
	CNF India	1130	1310	-180
Crude palm Kernel Oil India (USD/MT)	CNF India	1170	1220	-50
Ukraine Origin CSFO USD/MT Kandla	CIF	1720	1810	-90
Argentina FOB (\$/MT)		8-Jul-22	1-Jul-22	Change
Crude Soybean Oil Ship		1362	1376	-14
Refined Soy Oil (Bulk) Ship		1410	1424	-14
Sunflower Oil Ship		1550	1675	-125
Cottonseed Oil Ship		1342	1356	-14
* 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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