



# EDIBLE OIL WEEKLY RESEARCH REPORT

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## CONTENTS

- ❖ EXECUTIVE SUMMARY
- ❖ RECOMMENDATIONS
- ❖ INTERNATIONAL VEG. OIL MARKET SUMMARY
- ❖ ACREAGE STATISTICS
- ❖ DOMESTIC MARKET FUNDAMENTALS
- ❖ TECHNICAL ANALYSIS (SPOT MARKET)
- ❖ VEG. OIL PRICES AT KEY SPOT MARKETS

### Executive Summary

#### **Domestic Veg. Oil Market Summary**

*Edible oil prices featured rising trend during this week in domestic markets. CBOT soy oil and BMD Malaysia Palm oil prices also witnessed uptrend. In domestic market, palm oil, Soy oil, Sunflower oil, Groundnut oil, Rapeseed oil, and Coconut oil traded up at their respective bench markets.*

*On the currency front, Indian rupee is hovering near 82.37 against 81.96 last weeks. Rupee and crude oil are expected to trade sideways with upward bias. Depreciating Indian currency will make the imports costly and will make exports cheaper.*

*We expect Palm oil and Soy oil to trade sideways with upward bias for the coming term.*

#### **International Veg. Oil Market Summary**

*On the international front, anticipation of higher global soybean stock, US Soybean crush, US's Soybean harvesting and production, US's Mississippi river's water level, China's falling soybean demand, Brazil's increase in Soybean acreage and rising crude oil prices is likely to govern soy oil prices in the coming days.*

*Rise in competing oil prices, Malaysia and Indonesia's firm biodiesel policy and Palm fruit bunch production, Indonesia's scheme to revive its palm oil exports, Malaysia's palm oil export policy and rising prices of crude oil are all likely to govern CPO prices in near term.*

Acreage Statistics
Rabi 2022-23 acreage statistics

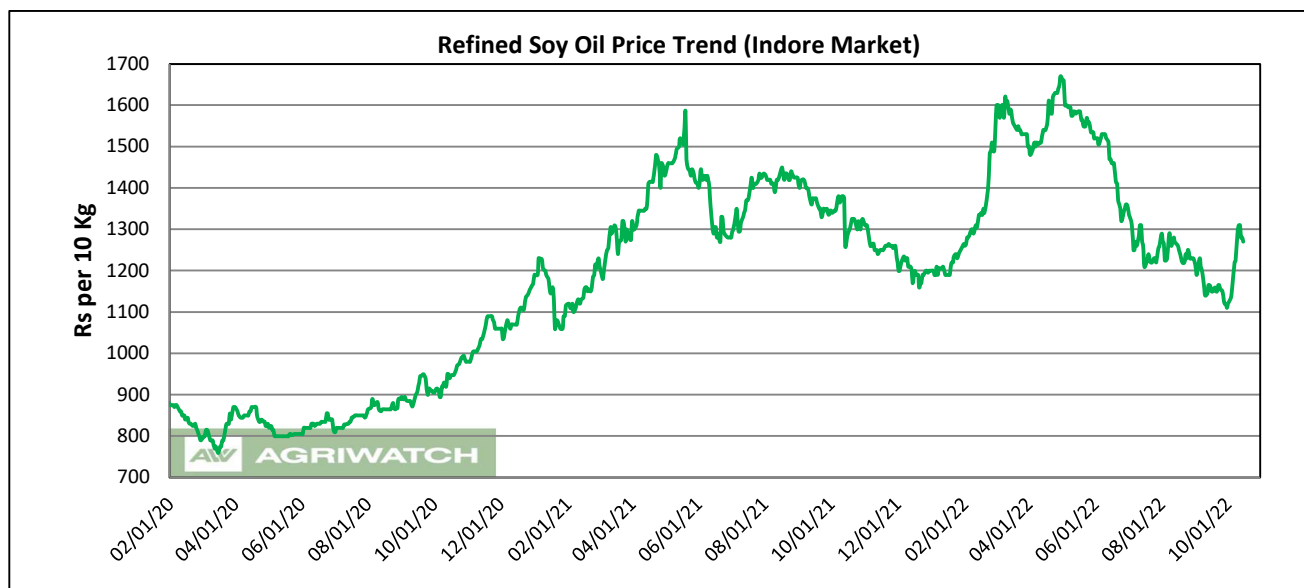
<b>Area Covered (Lakh Ha) as of 14 October 2022</b>			
<b>Crop</b>	<b>2022</b>	<b>2021</b>	<b>% Change</b>
Rapeseed and Mustard	4.3	0.669	542.75%
Groundnut	-	-	-
Safflower	-	-	-
Sesamum	-	-	-
Sunflower	-	-	-
Linseed	-	-	-
Other Oilseeds	-	-	-

Kharif 2022-23 acreage statistics

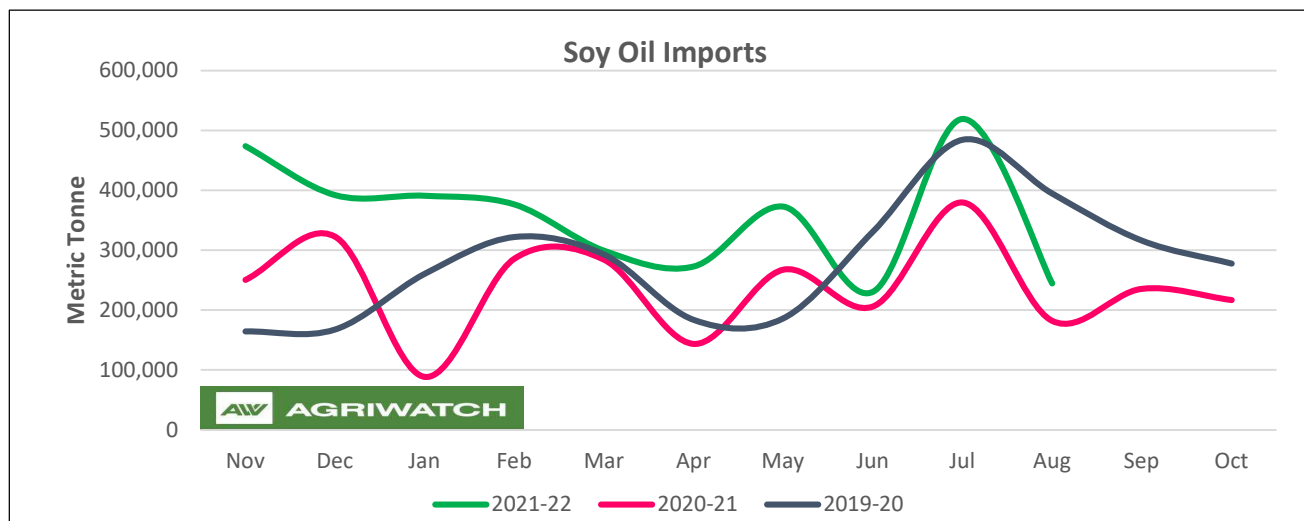
Final acreage under Kharif 2022-23 for oilseed crops

<b>Area Covered (Lakh Ha) as of 30 September 2022</b>			
<b>Crop</b>	<b>2022</b>	<b>2021</b>	<b>% Change</b>
Soybean	120.9	120.87	0.02%
Groundnut	45.59	49.44	-7.79%
Sunflower	2.02	1.54	31.17%
Sesamum	13.46	13.37	0.67%
Niger	1.13	1.09	3.67%
Castor	8.92	7.55	18.15%
Other Oilseeds	0.12	0.13	-7.69%
<b>Total Oilseeds</b>	<b>192.14</b>	<b>193.99</b>	<b>-0.95%</b>

**Soy oil Fundamental Analysis and Outlook-:**  
**Domestic Front**

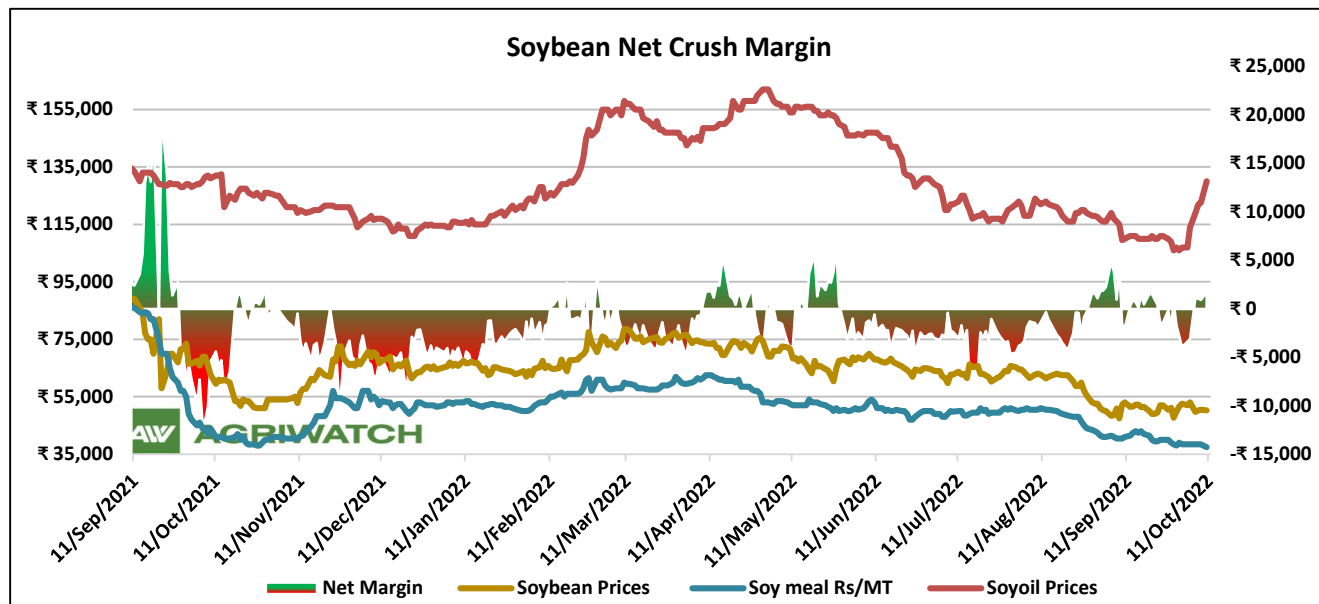


- Soy oil prices at bench market Indore, traded up by 1.59% from Rs 1260 to Rs 1280 per 10 Kg.
- Domestic Prices shot up following rising CBOT Soy oil Prices. Festival demand is also supportive of the prices.
- Prices are also supported by low soy oil imports in August as anticipated in previous reports.
- Soy oil imports in August stood at 2.45 LT compared to 5.19 LT in previous month and 1.82 LT in previous year, for the same month.



- Total acreage under Kharif soybean sowing stood at 120.9 lakh ha., up by 0.03% compared to 120.86 lakh ha, last year for the same period. Present year's acreage is almost at par with last year as farmers has fetched higher prices for soybean seeds last year.
- Untimely heavy rains in top 3 soybean growing states is likely to render crop losses, and might impact yield and crop quality as well.

- As per sources, due to heavy rains in Rajasthan Soybean crop loss is witnessing crop loss. In Baran crop loss is estimated to be at 30-40%, in Jhalawar at 10-25%, in Kota at 10-30%, in Bundi at 30-40%. Currently, soybean mandi prices is trading at 3 day high at 4,650/qlt.
- From 1st Oct'22- 11th Oct'22, cumulative rainfall departure recorded at 26% in Maharashtra, 301% in MP, in Rajasthan at 381%. Heavy unseasonal rain in MP and Rajasthan has stalled harvesting , damaged soybean and raising risks of pest attacks.



- Soy oil import for the current marketing year is already at higher side as domestic crush has lowered due to slow soy meal demand. Soybean net crush margin recorded negative and improved on rebound in soy oil prices, during the week under review, weekly average soybean net crush margin improved to INR -693/ MT as compared to previous week at INR -1616/MT. Soymeal demand may improve as its prices has corrected down significantly, which if happens would improve the crush margin along with rising soy oil prices.
- Prices are anticipated to trade upward in coming term on the back of festival demand and taking support of rising CBOT Soy Oil.

### International Front

- CBOT soy oil prices for the active contract 'Dec' witnessed upward movement for the past week. US's Mississippi river is facing historically low water level, which led to increased prices of barges and impacted exports as well.
- The NOPA monthly update showed 165.5 million bushels were crushed in August from 158.8 million last year and compared with trade expectations for 166.1 million bushels. Soybean oil stocks came in at 1.565 billion pounds from 1.668 billion last year. That is the lowest since June 2021 and below the average survey estimate of 1.651 billion pounds.
- US's weekly soybean exports have surged for MY 2022-23 started from September. The demand came mainly from China. China's reviving demand for Soybean would be a supporting factor for prices in the coming days.
- Argentina's National agency Buenos Aires Graine Exchange (BAGE) has forecasted higher soybean production for year 2022-23 at 48MMT, up by 15.5% from last year.

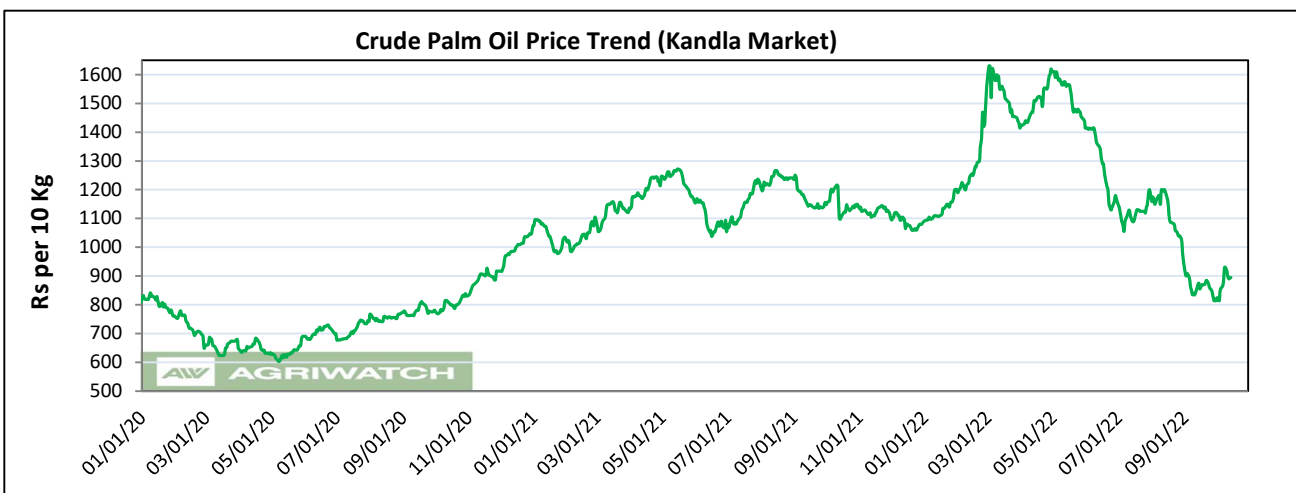


- Anticipation of higher acreage in Brazil for soybean crop is likely to weigh down the prices for CBOT soybean and Soy oil prices.

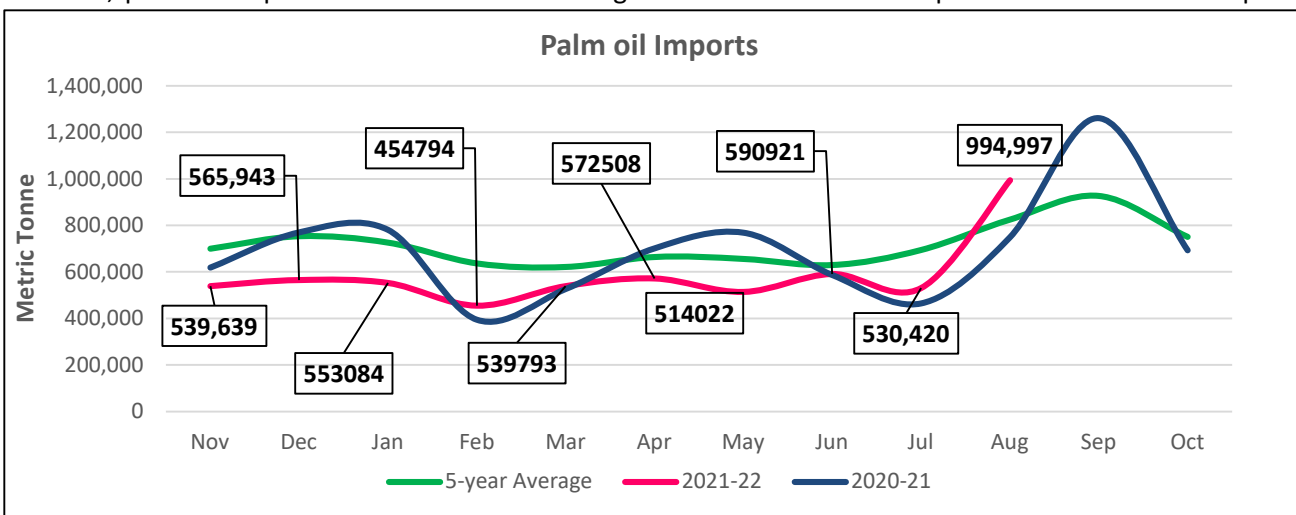
**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1250-1380 per 10 Kg in the near term.

## Palm oil Fundamental Analysis and Outlook :-

### Domestic Front



- Crude palm oil (CPO) prices witnessed rise in prices for the previous week in the benchmark market Kandla by 2.3%.
- Prices are supported by festival demand and support from rise in competing oils' prices as well.
- Domestic prices have already corrected sharply and have been lucrative since past two months, as it is discounted compared to all the major oils.
- It is anticipated that, Palm oil Imports in September and October may increase according to import seasonality. However, palm oil imports lowered for Nov'21-Aug'22 stood at 5.85 LT compared to 6.36 LT for the period



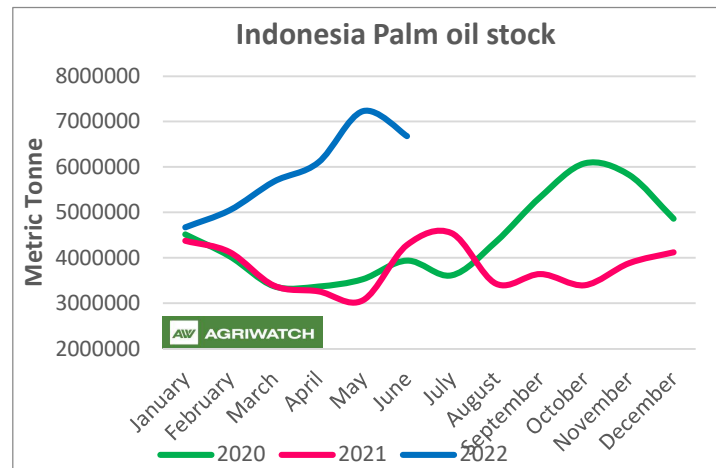
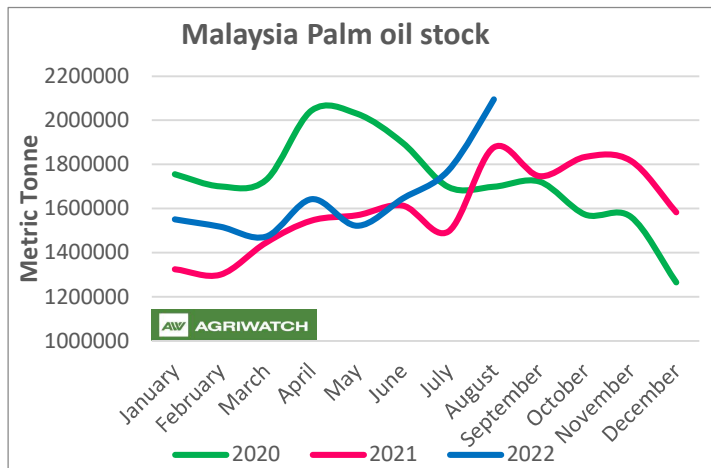
Nov'20-Aug'21. In August, Palm oil imports were highest for the current marketing year Nov-Oct 2021-22.

- Importers demand shot up for Palm oil as international prices are also down and Indonesia lowered the reference price for palm oil export tax, lowering the tax to \$33 per ton.

### International Front

- BMD Palm oil Malaysia in past week traded up, backed by higher export demand.
- Indonesia to reinstate palm export levy with lower the threshold from 1st November.

- Indonesia has revised down the reference price at \$792.19/tonne for palm oil export levy for period of October 1- 15, compared to \$846.21/tonne for period September 16-30. This would set the export tax of CPO at \$33/tonne lower from previous level of \$124/tonne.
- Malaysia and Indonesia both have witnessed higher end stock for Palm oil, however with good export demand prices are likely trade sideways for the near term.

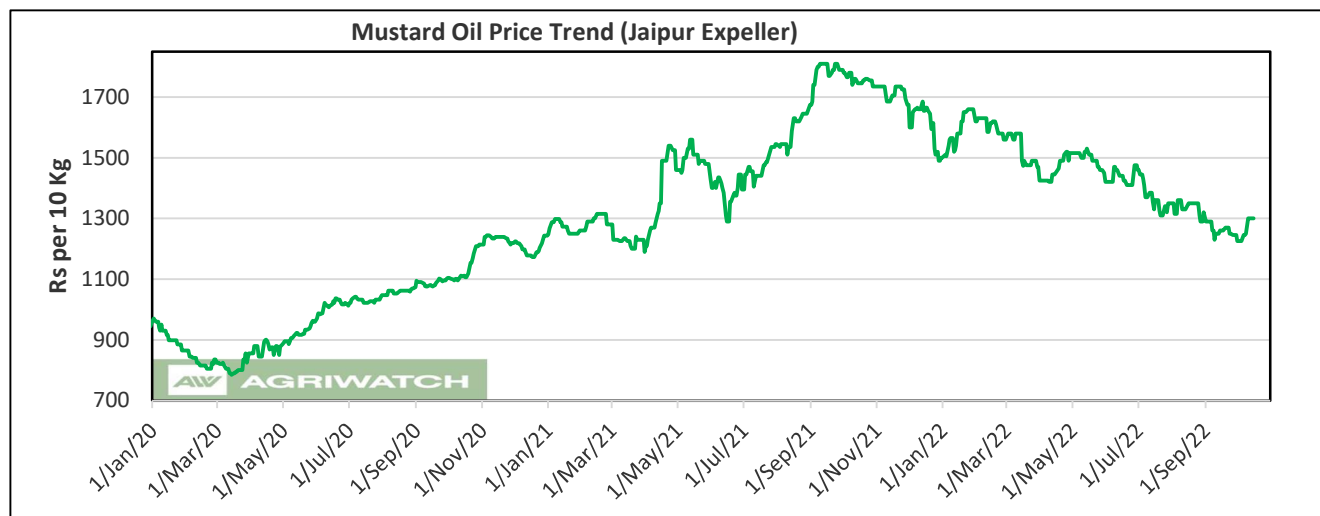


**Price Outlook:** We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 850-950 per 10 Kg in the near term.

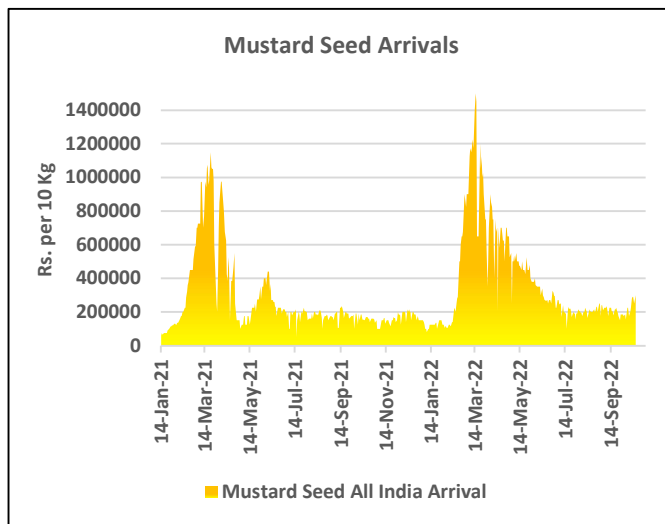
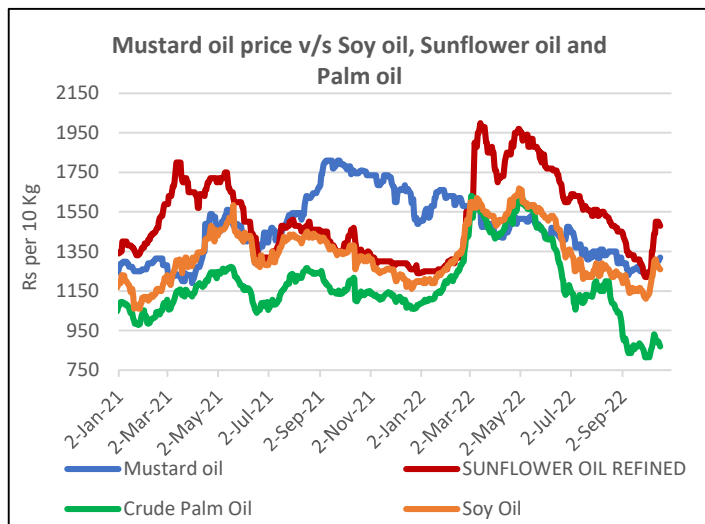


## Rapeseed oil Fundamental Review and Analysis-

### Domestic Front



- Mustard oil prices witnessed upward movement at various markets for the week in review. Prices jumped by 4.0% from Rs 1250/10 Kg to 1300/10 Kg.
- Mustard oil prices are rising amid improvement in demand as winter season is approaching.
- Cool weather in north India due to heavy rainfall is likely to support mustard oil demand along with its festival demand.



- Recent surge in Soy and sun oil has rendered mustard oil at discount, which is likely to support affirm momentum in prices for the coming near term.
- Seeds arrivals have declined to the lower levels in the various markets thus prices are anticipated to steady sideways.
- At present the crush parity is negative as oil prices were under sharp correction compared to seed prices. However, improvement in mustard oil prices is likely to turn crush disparity to parity.
- Jaipur Expeller rapeseed oil premium over refined soy oil in domestic market by Rs 30 per 10 kg compared to Rs 25 per 10 Kg last week.

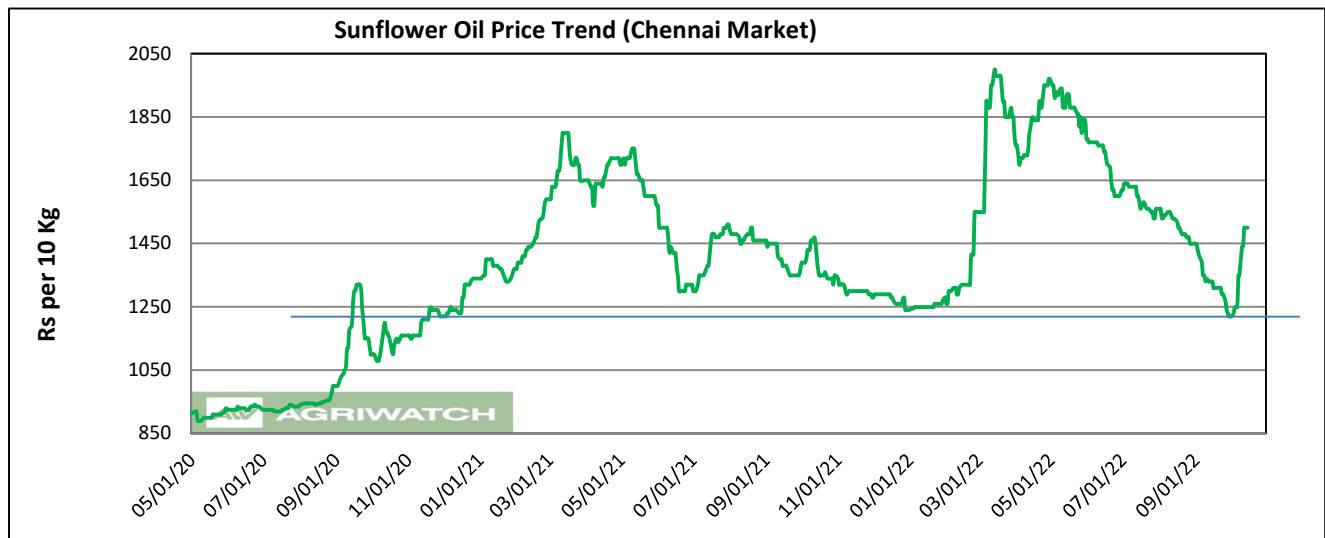


- Jaipur Expeller rapeseed oil has premium over RBD palm olein by Rs 375 per 10 kg compared to Rs 330 per 10 Kg last week.

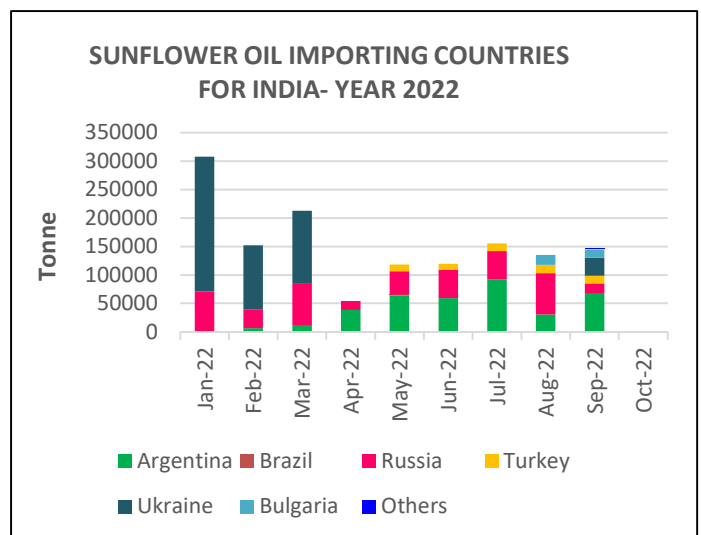
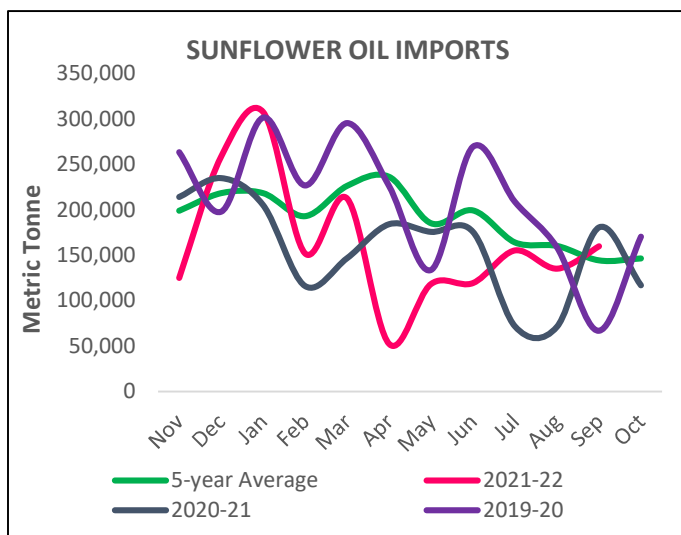
**Price Outlook:** Rapeseed Expeller oil (without GST) prices in Jaipur may trade in the range of Rs 1250-1380 per 10 Kg.

## Sunflower oil Fundamental Review and Analysis:-

### Domestic Front



- Sunflower oil prices at Chennai shot up at various markets. Prices traded up at benchmark Chennai from Rs. 1350 to Rs. 1500 per 10 Kg, up by 11.11 percent.
- Prices are mainly supported by rising international sun oil prices. Late sun seed harvesting in Ukraine and low seed quality is supporting the price rise. Russo-Ukraine war escalation has impacted sun oil supply as well. Europe is focusing on sun seed import amid declining sun oil imports.



- As sun oil imports ceased from Ukraine, India is sourcing Sun oil from countries like Argentina, Turkey, Russia and Bulgaria. 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.
- Ukraine's sun oil shipments resumed after opening of Ukraine grain export corridor, which would add to the global sun oil supply side. However, escalating tension between Ukraine and Russia may impact sun oil exports agains and prices would shoot up.
- As anticipated in pervious reports, India imported Sun oil in September from Ukraine, after 5months which was halted due to war.

- In the domestic market, sunflower oil price is at premium over Soy oil by Rs 230 compared to Rs 125 per 10 Kg last week. Meanwhile, refined sunflower oil (Chennai) premium over RBD palm olein (Kandla) is at Rs. 575 compared to premium of Rs 430 per 10 kg last week.

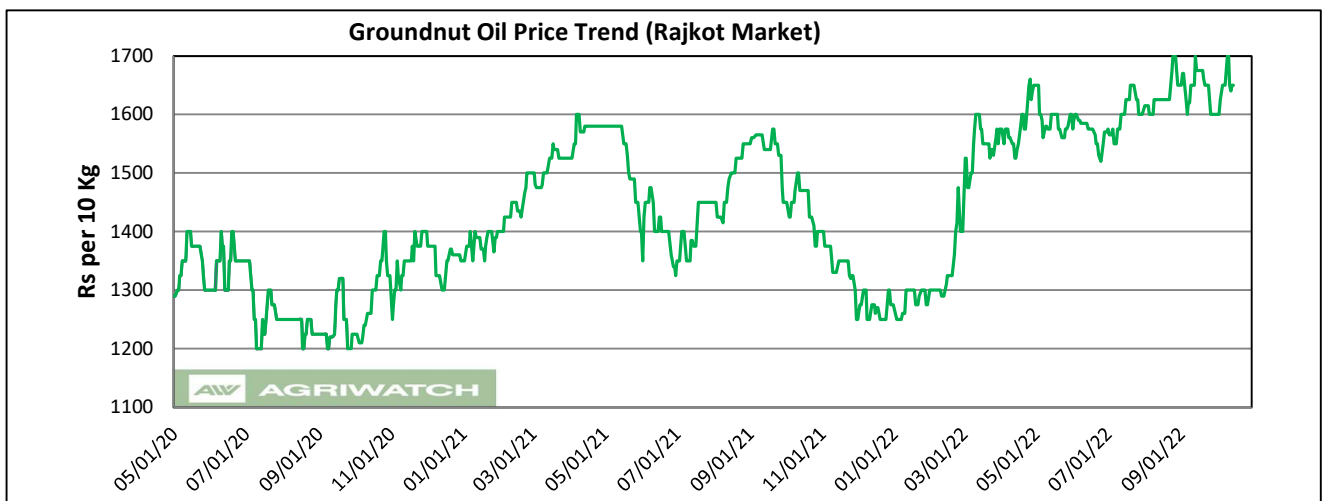
In domestic market, Sunflower oil's (Chennai) is at discount over groundnut oil by Rs. 150 compared to Rs 300 per 10 Kg last week.

We expect sunflower oil prices to trade with firm sentiment backed by rising international sunflower oil prices.

**Price Outlook:** Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 1450-1600 per 10 Kg

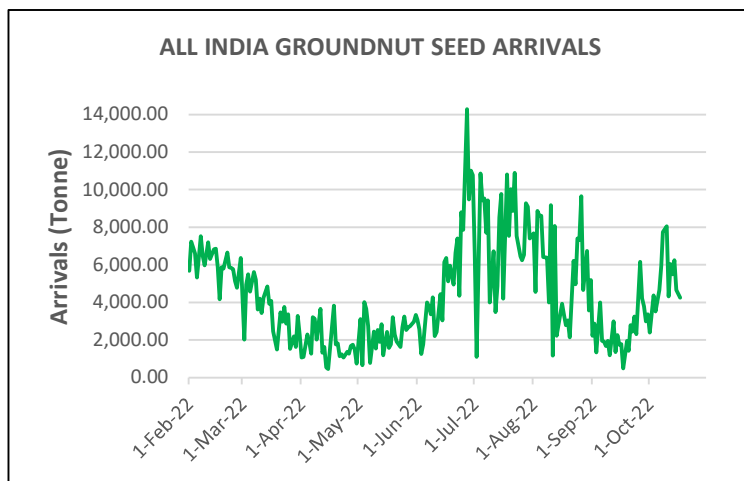
### **Groundnut oil Fundamental Review and Analysis:-**

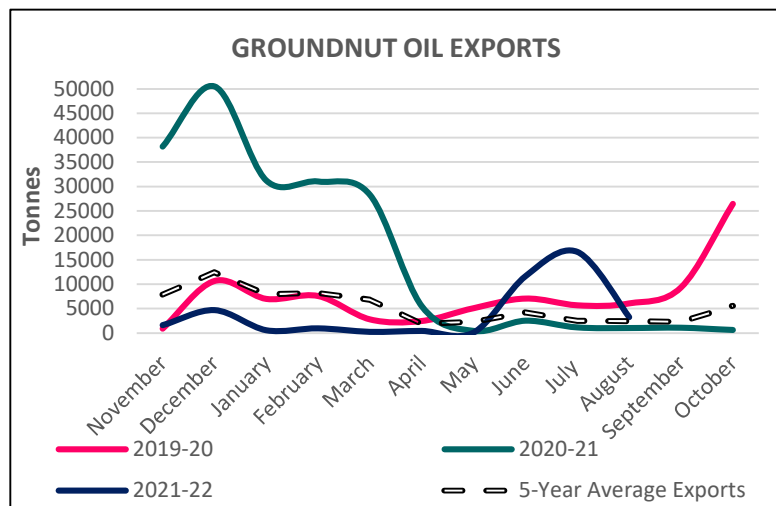
#### **Domestic Front**



- Groundnut (GN) oil prices traded sideways at various market for the week in review. Prices has been range bound from Rs 1600- 1700/10 Kg in the bench market Rajkot since last week of August.

- Demand for GN oil is good and added demand due to festivities supported the price rise.
- However, arrival of new GN kharif crop in the markets is weighing the oils' prices gains.
- Final Kharif Groundnut acreage is lagging by 7.8% to 45.58 Lakh hectare as compared to 49.44 Lakh hectare last year in the same period.
- According to Solvent Extractor association of India, Gujarat's overall groundnut sowing area has declined by 10.52% compared to last year, taken away by cotton and soybean. This year due to excess rain damaged the crop in certain area led to reduction of yield by 22.18%. The total production is reported at 30.0 lakh MT compared to last year record production of 38.55 lakh tonnes. The last five-year average production is about 30.5 lakh tonne. Lower production estimates likely to support Groundnut prices this year.
- Lower GN production in Gujarat is likely to support oil prices for long term as major demand of GN oil and seed exports arises from Gujarat.
- Crop loss along with low GN seed acreage for the marketing year (MY) 2022-23 may remain supportive of prices for long term, especially if export demand picks up prices are expected to remain elevated with low ending stock in the MY 2021-22. AgriWatch has estimated 2-5% crop loss for Kharif 2022-23 backed by low acreage and impact of heavy rains in Saurashtra region.
- As per sources, China's GN seed production for the current year is impacted by high temperature and low precipitation. Argentina's GN seed production is also down for the current year as their input cost were high. It is likely that India might see export demand for the coming market year mainly from China.
- As can be seen in the chart named '**ALL INDIA GROUNDNUT ARRIVALS**', All India GN seed arrivals fell for the last week, mainly due to festival holidays. Arrival of new Kharif GN crop has started. However, high moisture content in seed is weighing on seed prices.





- GN oil Exports demand has picked up from June. Good export volume is anticipated for July mainly from China as their fall festival is round the corner, when the demand increases.

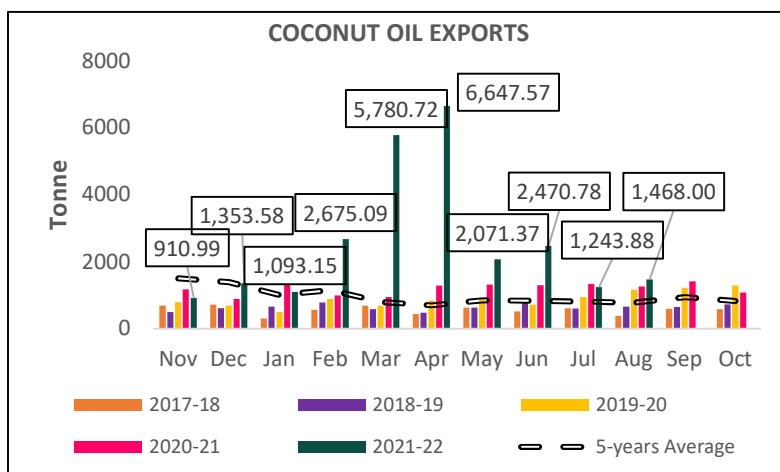
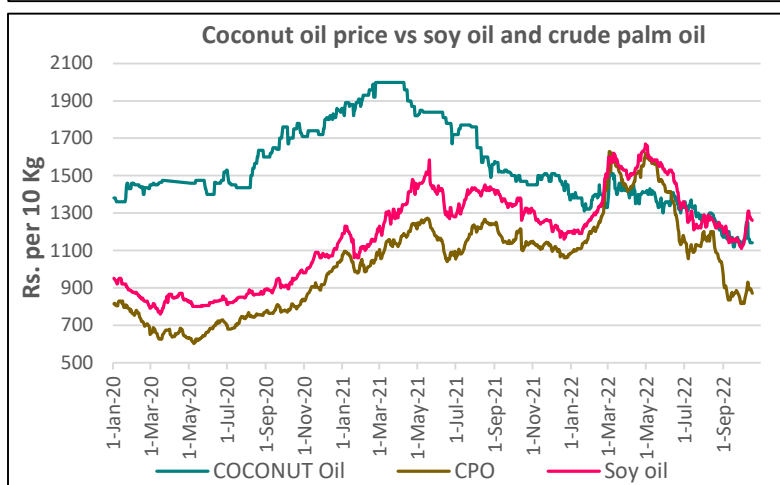
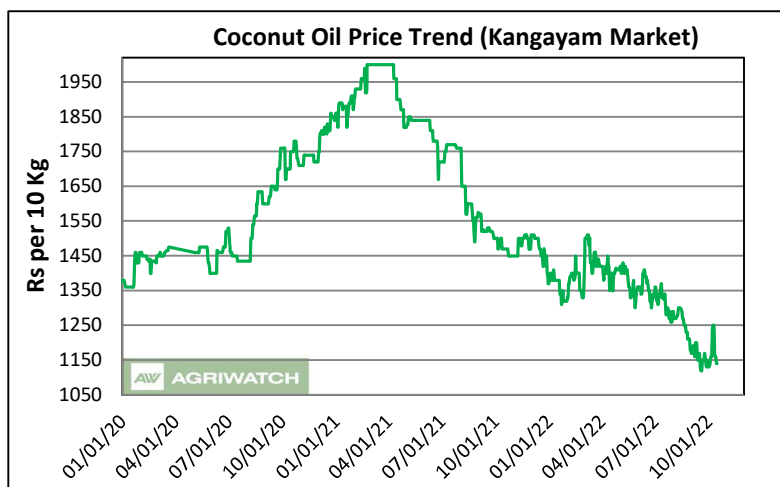
**Price Outlook:** Groundnut oil (without GST) prices in Rajkot is likely to trade sideways in the range of Rs 1600-1700 per 10 Kg.

## Coconut Oil Fundamental Review and Analysis:-

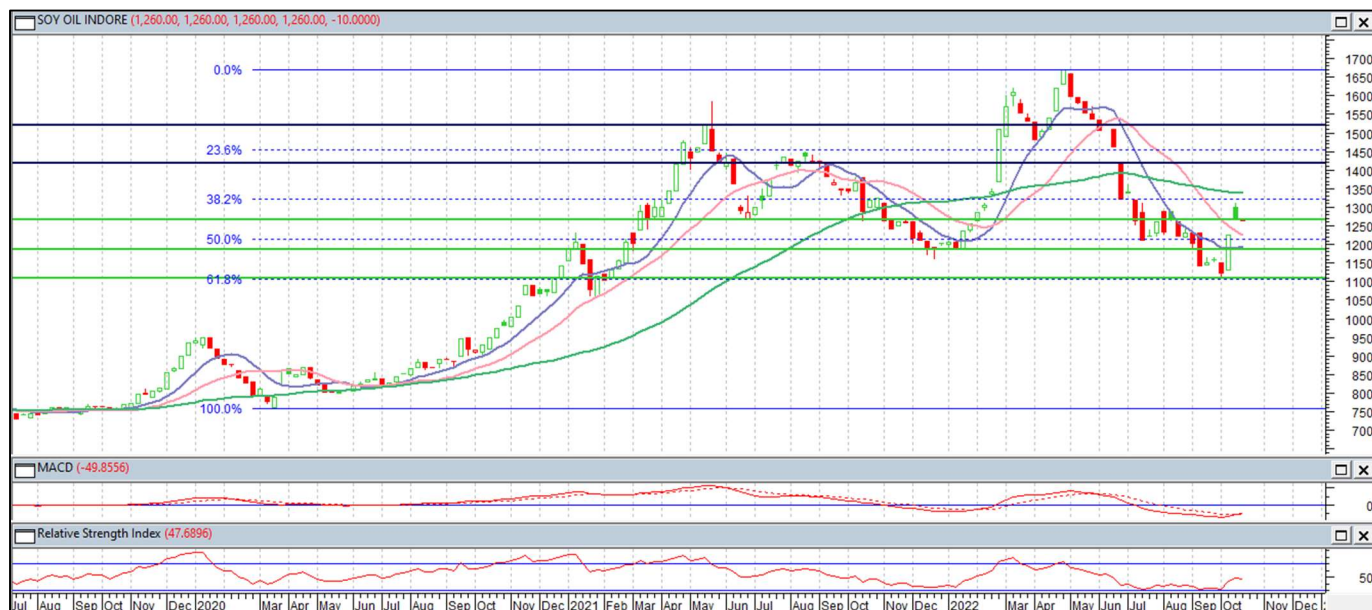
### Domestic Front

- The Coconut oil prices at benchmark market Kangeyam declined sharply from Rs 1250 per 10 Kg level, down by 8.8% to Rs 1140/10 Kg.
- Prices broke down amid increased arrivals of coconut in the markets. Higher supply side has been weighing on the price gains since January 2022. However, rising prices of competing oils' supported coconut oil in the past two weeks.
- Coconut oil is discounted over soy oil and has premium over Palm oil.
- Export demand slightly improved in August. Demand is mainly coming from UAE, Saudi Arab and Vietnam.
- Coconut oil exports scenario- India exported 1,468.0 tonnes of Coconut oil in August 2022 higher compared to 1,243.88 tonnes export in July 2022, and 1,256.71 tonnes in August 2021. If export demand arises from the importing countries in coming months, it is likely to extend the gains in prices.

**Price Outlook:** Coconut oil (without GST) prices in Kangeyam is likely to trade sideways with weak bias in the range of Rs 1120-1220 per 10 Kg.



### Technical Analysis (Refined soy oil)



### Technical Commentary

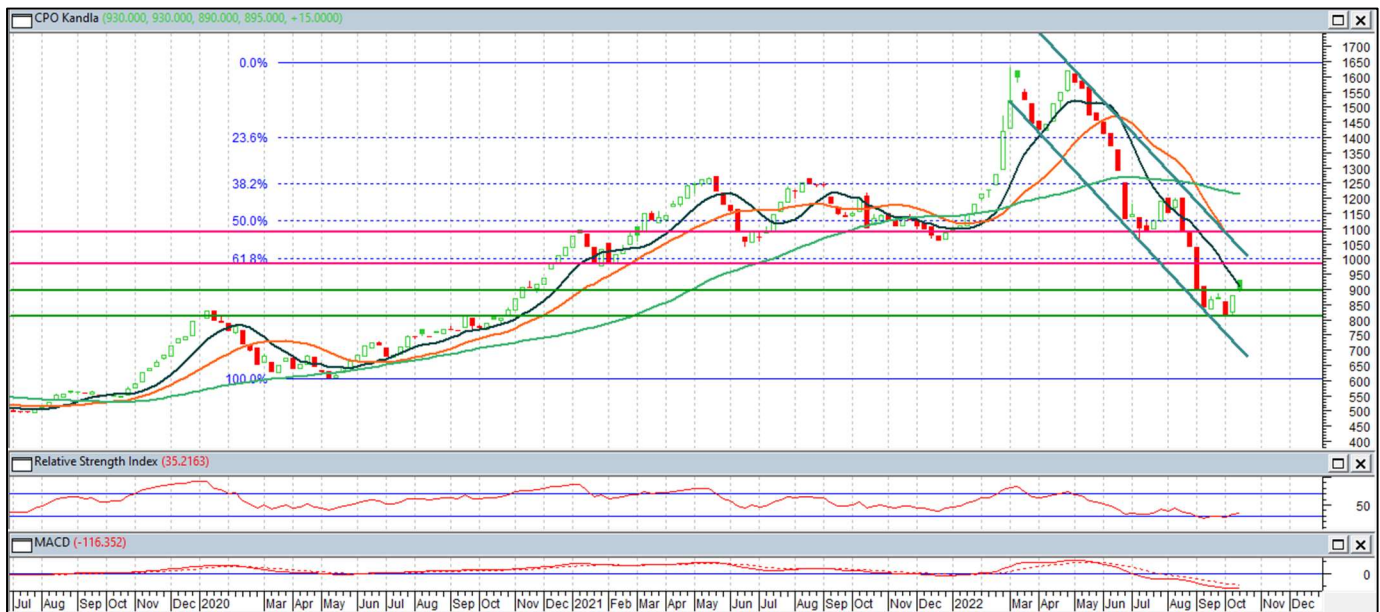
- As can be seen in the above chart, Prices opened with gap up.
- Market is trading above 9 and above 18 DMA which can be characterized as immediate supports.
- RSI rose in the neutral zone indicating improving buying strength.
- MACD lines are converging with rising prices, pointing trend reversal.

### Weekly Outlook

Prices are likely to trade sideways in the range of Rs 1220-1330/10 Kg. Fibonacci level at 38.2% can be seen as immediate resistance, and 50.0% fibonacci level can be seen as immediate support.



### Technical Analysis (Crude Palm oil)



### Technical Commentary

- Market opened gap up after rebounding from support level of 810 during the week under review.
- MACD is converging with signal line, indicating change in momentum.
- RSI is rising in the neutral zone, indicating improvement in buying strength.
- In upcoming week, market is expected to trade rangebound at the level of 900-1000 level.

### Weekly Outlook

Prices are likely to trade firm in the range of Rs 900-1000/10 Kg. Fibonacci level at 61.8% can be seen as immediate resistance, and 820 level can be seen as immediate support.

Veg. Oil Prices at Key Spot Market

## Edible Oil Spot Prices at key Markets:

Commodity	Centre	Prices (Per 10 Kg)		Change
		15-Oct-22	8-Oct-22	
Refined Soybean Oil	Indore	1270	1225	45
	Indore (Soy Solvent Crude)	1230	1190	40
	Mumbai	1300	1250	50
	Mumbai (Soy Degum)	1205	1185	20
	Kandla/Mundra	1250	1205	45
	Kandla/Mundra (Soy Degum)	1195	1155	40
	Kolkata	1285	1200	85
	Nagpur	1290	1235	55
	Rajkot	1230	1170	60
	Kota	1300	1220	80
	Akola	1285	1220	65
	Amrawati	1285	1220	65
	Bundi	1310	1230	80
	Jalna	1285	1235	50
	Solapur	1280	1220	60
	Dhule	1280	1260	20
	Nanded	1280	1210	70
	Latur	1280	1215	65
	Argentina Crude Soya (CIF India) USD	1343	1353	-10
	Argentina Crude Soya (FOB)	1261	1243	18
Palm Oil*	Kandla (Crude Palm Oil)	895	880	15
	Kandla (RBD Palm oil)	905	900	5
	Kandla RBD Pamolein	925	920	5
	Kakinada (Crude Palm Oil)	860	825	35
	Kakinada RBD Pamolein	965	910	55
	Haldia Pamolein	975	940	35
	Chennai RBD Pamolein	965	920	45
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1011	982	29
	Krishnapattanam RBD Pamolein	960	910	50
	Mumbai RBD Pamolein	945	940	5
	Mangalore RBD Pamolein	970	925	45
	Mumbai (Refined)	910	930	-20
	Rajkot (Refined)	915	895	20
	Chennai (Refined)	955	925	30

	Hyderabad (Refined)	925	930	-5
	PFAD (Kandla)	630	670	-40
	RPS (Kandla)	825	825	Unch
	Superolien (Kandla)	955	950	5
	Superolien (Mumbai)	975	970	5
	Kochi (RBD Palmolein)	-	935	-
	Krishnapattanam (Crude Palm Oil)	860	825	35
Refined Sunflower Oil	Chennai (Refined)	1500	1350	150
	Chennai (Crude)	1450	1280	170
	Mumbai (Refined)	1500	1370	130
	Mumbai (Expeller Oil)	1400	1270	130
	Kandla (Refined)	1485	1380	105
	Hyderabad (Refined)	1500	1350	150
	Hyderabad (Expeller)	1400	1250	150
	Latur (Refined)	1470	1380	90
	Latur (Expeller Oil)	1380	1300	80
	Chellakere (Expeller Oil)	1360	1300	60
	Erode (Expeller Oil)	1380	1320	60
	Kakinada (Refined)	1500	1350	150
	Krishna Pattanam (Refined)	1500	1350	150
Groundnut Oil	Rajkot	1650	1650	Unch
	Chennai	1630	1600	30
	Hyderabad *	1650	1630	20
	Mumbai	1670	1670	Unch
	Gondal	1650	1675	-25
	Jamnagar	1650	1675	-25
	Gujarat GN Telia	2650	2620	30
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1300	1250	50
	Jaipur (Kacchi Ghani Oil)	1425	1380	45
	Kota (Expeller Oil)	1330	1280	50
	Kota (Kacchi Ghani Oil)	1410	1350	60
	Neewai (Expeller Oil)	1280	1225	55
	Neewai (Kacchi Ghani Oil)	1410	1350	60
	Bharatpur (Kacchi Ghani Oil)	1380	1290	90
	Sri-Ganga Nagar (Exp Oil)	1290	1250	40
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1405	1360	45
	Mumbai (Expeller Oil)	1320	1300	20
	Kolkata (Expeller Oil)	1460	1480	-20
	Hapur (Expeller Oil)	1430	1490	-60

	Hapur (Kacchi Ghani Oil)	1480	1540	<b>-60</b>
	Agra (Kacchi Ghani Oil)	1385	1295	<b>90</b>
<b>Refined Cottonseed Oil</b>	Rajkot	1265	1315	<b>-50</b>
	Hyderabad	1290	1310	<b>-20</b>
	Mumbai	1350	1340	<b>10</b>
	Gujarat Cotton Wash	1280	1285	<b>-5</b>
<b>Coconut Oil</b>	Kangayan (Crude)	1140	1250	<b>-110</b>
	Cochin	1350	1350	<b>Unch</b>
<b>Rice Bran Oil</b>	Mumbai (Refined 4%)	1200	1120	<b>80</b>
	Bhatinda (Crude 4%)	1000	935	<b>65</b>
	Bhatinda (Refined 4%)	1115	1050	<b>65</b>
	Hyderabad (Crude)	1090	1020	<b>70</b>
	Hyderabad (Refined)	1250	1170	<b>80</b>
	Raipur (Crude)	1160	1050	<b>110</b>
	Vijayawada (Refined)	1250	1030	<b>220</b>
<b>Malaysia Palmolein USD/MT</b>	FOB	885	895	<b>-10</b>
	CNF India	955	945	<b>10</b>
<b>Indonesia CPO USD/MT</b>	FOB	Unq	-	-
	CNF India	945	935	<b>10</b>
<b>Crude palm Kernel Oil India (USD/MT)</b>	CNF India	-	1115	-
<b>Ukraine Origin CSFO USD/MT Kandla</b>	CIF	1440	1375	<b>65</b>
<b>Argentina FOB (\$/MT)</b>		<b>15-Oct-22</b>	<b>8-Oct-22</b>	<b>Change</b>
<b>Crude Soybean Oil Ship</b>		1236	1263	<b>-27</b>
<b>Refined Soy Oil (Bulk) Ship</b>		1279	1307	<b>-28</b>
<b>Sunflower Oil Ship</b>		1300	1250	<b>50</b>
<b>Cottonseed Oil Ship</b>		1216	1243	<b>-27</b>
<b>* Indicates including GST</b>				

**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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