



# **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, and Rapeseed oil up. While, coconut oil traded down, at their respective bench markets.*

*On the currency front, Indian rupee is hovering near 82.76 against 82.37 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**

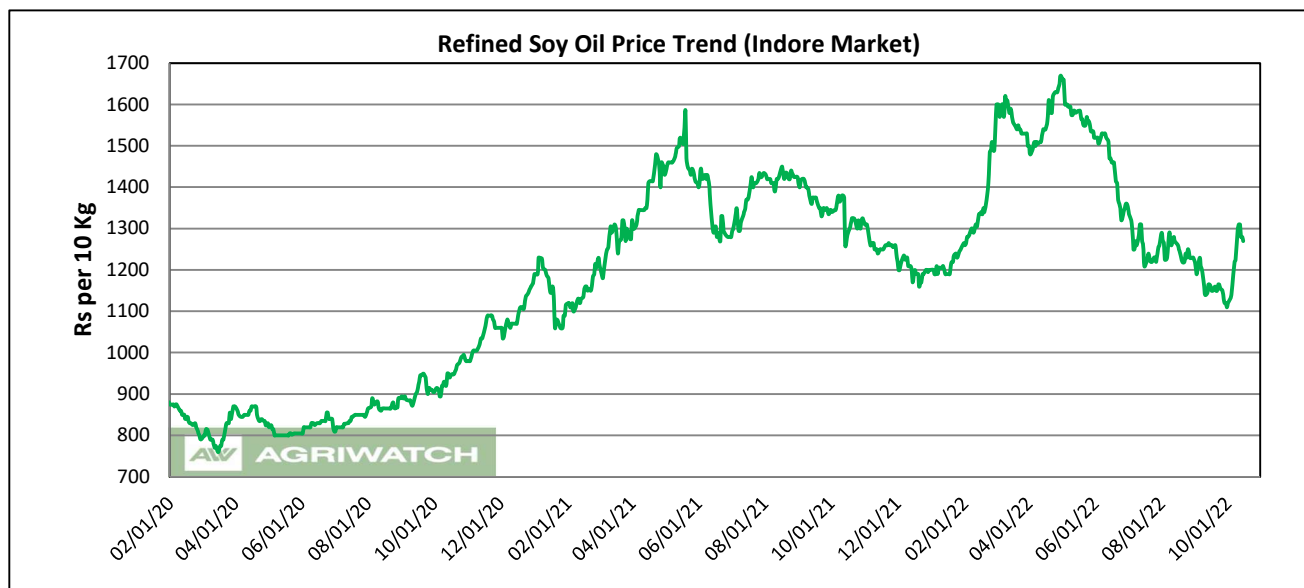
*On the international front, anticipation of higher global soybean stock, US Soybean crush, US's Soybean harvesting and production, US's Mississippi river's water level, China's falling soybean demand, Brazil's increase in Soybean acreage and rising crude oil prices is likely to govern soy oil prices 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 StatisticsRabi 2022-23 acreage statistics

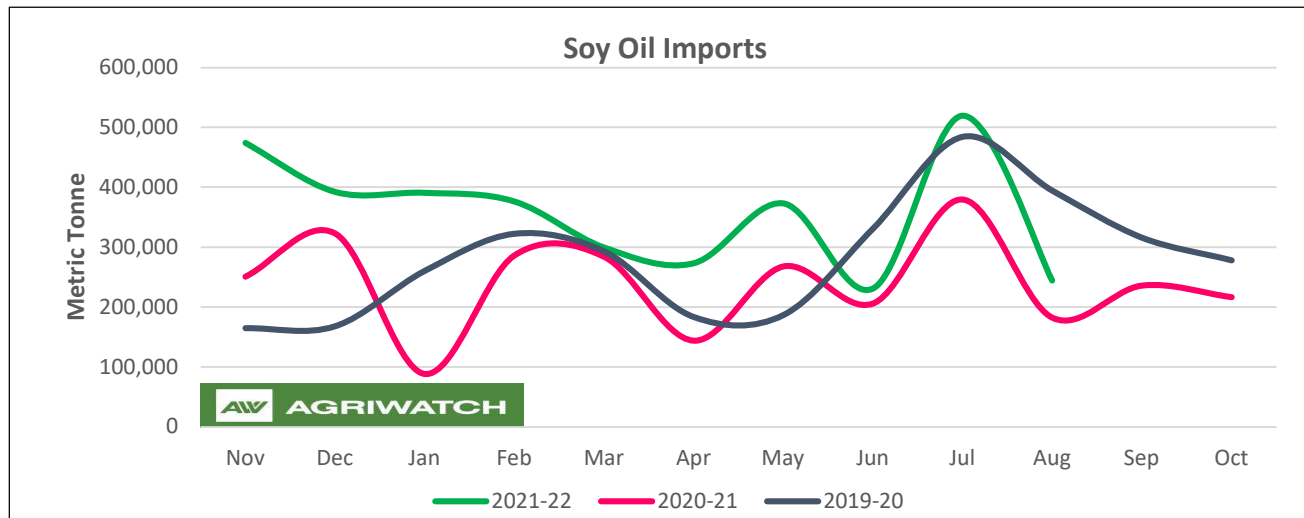
Rabi 2022-23 acreage statistics			
Area Covered (Lakh Ha) as of 21 October 2022			
Crop	2022	2021	% Change
Rapeseed and Mustard	15.11	10.79	40.04%
Groundnut	0.22	0.14	57.14%
Safflower	0.01	0.01	0.00%
Sesamum	0	0	
Sunflower	0.01	0.26	-96.15%
Linseed	0.01	0.01	0.00%
Other Oilseeds	0.01	0	
Total	15.36	11.22	36.90%

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



- Soy oil prices at bench market Indore, traded up by 3.13% from Rs 1280 to Rs 1320 per 10 Kg.
- Domestic Prices shot up following rising CBOT Soy oil Prices. Low supply side is also supportive of the price gains as soy oil imports in August slumped compared to July.

- 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%.
- 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 amid rising soy oil prices. Soy meal 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, taking support of rising CBOT Soy Oil.

### International Front

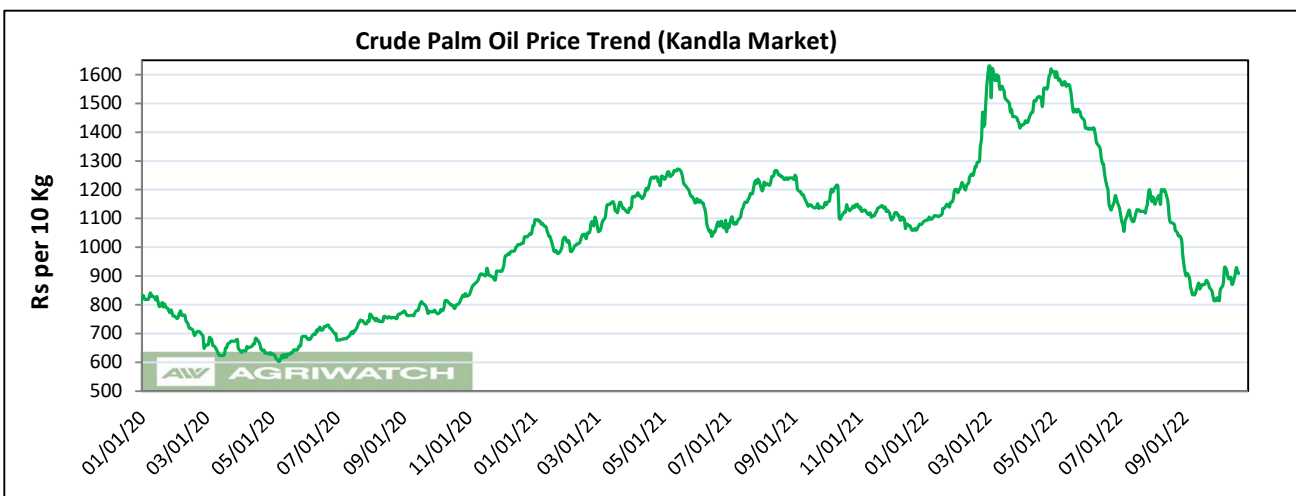
- CBOT soy oil prices for the active contract 'Dec' witnessed upward movement for the past week. US's Mississippi river is facing historically low water level, which led to increased prices of barges and impacted exports as well.
- The NOPA monthly update showed 165.5 million bushels were crushed in 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.



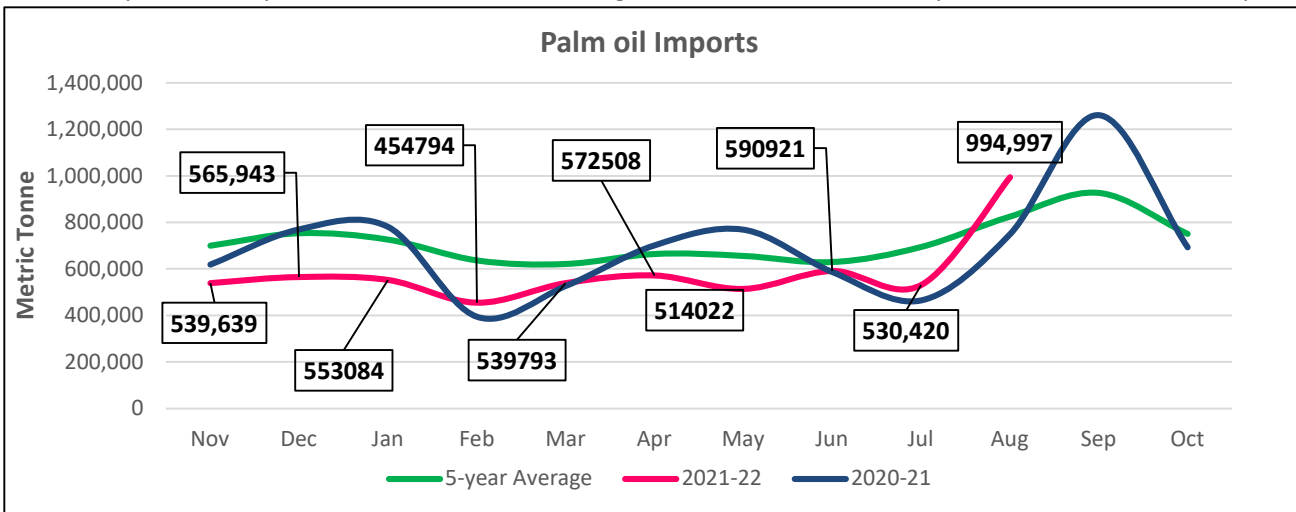
**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1300-1380 per 10 Kg in the near term.

## 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 2.79%.
- Prices are supported by festival demand and support from rise in competing oils' prices as well.
- Good demand amid discounted prices over competing oils was the major factor for prices rise. However, Palm oil demand declined in winter season, which is likely to curb on the prices gains.
- 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



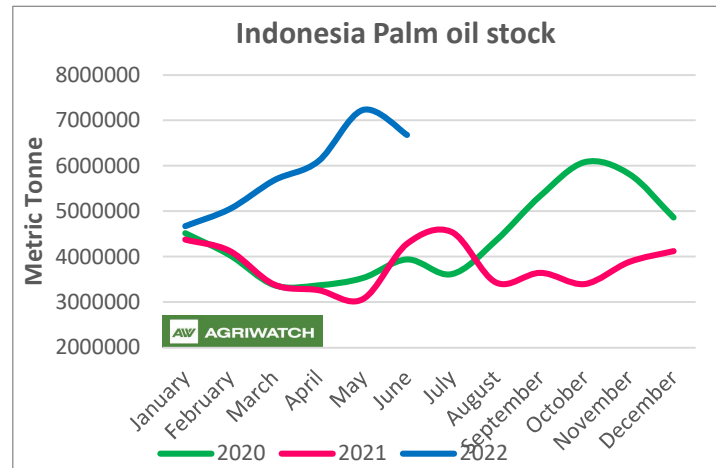
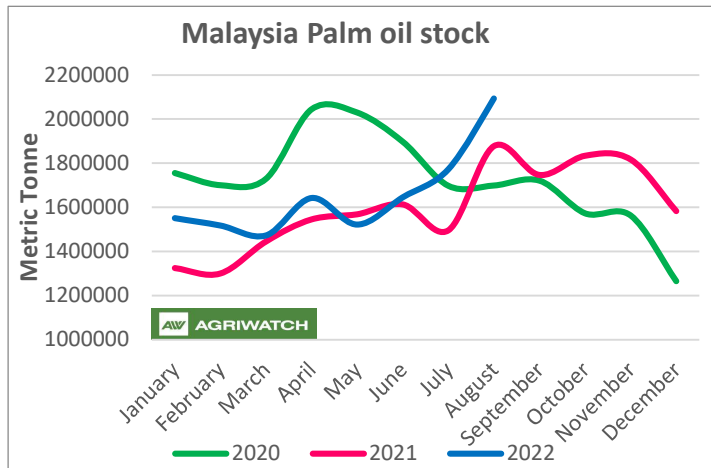
Nov'20-Aug'21. In August, Palm oil imports were highest for the current marketing year Nov-Oct 2021-22.

- 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.
- Malaysia's Palm oil stock in September rose to 2.3 MMT compared to 2.1 MMT in previous month. Compared to last year same timeframe, stocks are too higher compared to 1.74MMT in September'21.

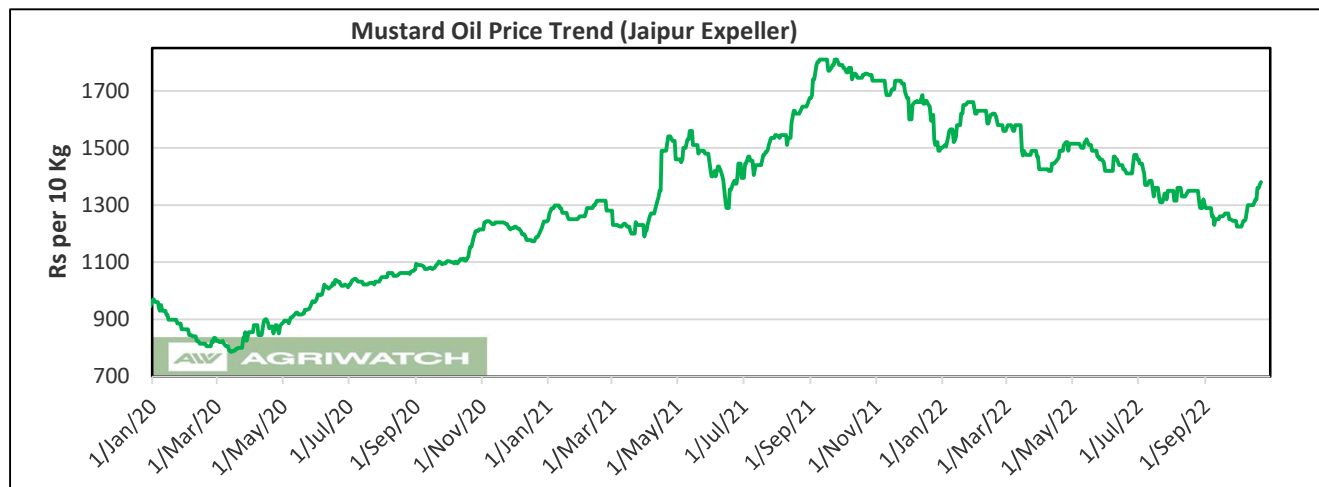
- Indonesia's Palm oil stock for August'22 is lower at 4.04 MMT compared to previous month of stock of 5.9 MMT. Indonesia's Palmoil stock declining from June'22. However, Palmoil stock is still higher than last year.
- Indonesia has revised down the reference price at \$792.19/tonne for palm oil export 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.



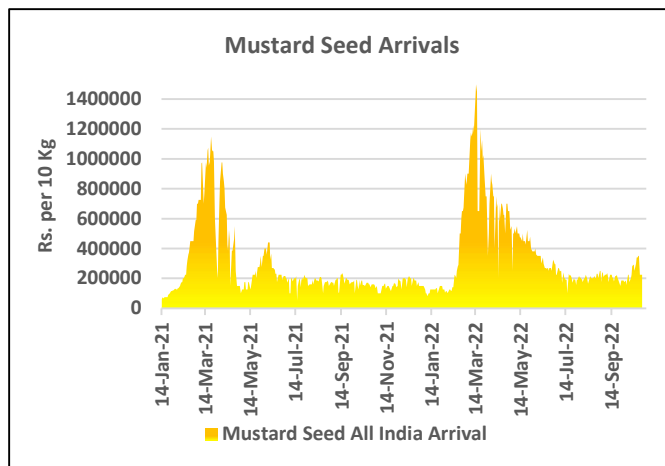
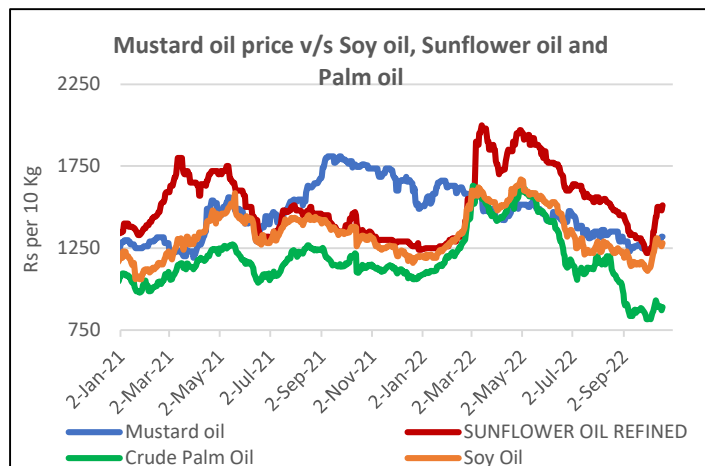
**Price Outlook:** We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 920-1020 per 10 Kg in the near term.

### 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 5.39% from Rs 1300/10 Kg to 1370/10 Kg.
- Mustard oil prices are rising amid improvement in demand as winter season is approaching.



- Recent surge in Soy and sun oil has rendered mustard oil at discount, which is likely to support a firm momentum in prices for the coming near term.
- Seeds arrivals improved in the past week, mainly due to improved oil demand.
- At present the crush parity is negative as seed prices also rose with rising oil prices.
- As of 21<sup>st</sup> October 2022, All India acreage under rabi Mustard stood at 15.11 Lakh Ha. compared to 10.79 lakh Ha. last year, same time period

<b>Mustard and Rapeseed</b>			
<b>Area Covered (Lakh Ha) as of 21 October 2022</b>			
State	2022	2021	% Change
Assam	0.004	0.019	-78.95%
Chhattisgarh	0.007	-	-
Nagaland	0.011	0.038	-71.05%
Rajasthan	11.906	7.458	59.64%
Uttar.Pradesh	2.808	3.208	-12.47%
West.Bengal	0.375	0.07	435.71%
Total	<b>15.11</b>	<b>10.79</b>	<b>40.00%</b>

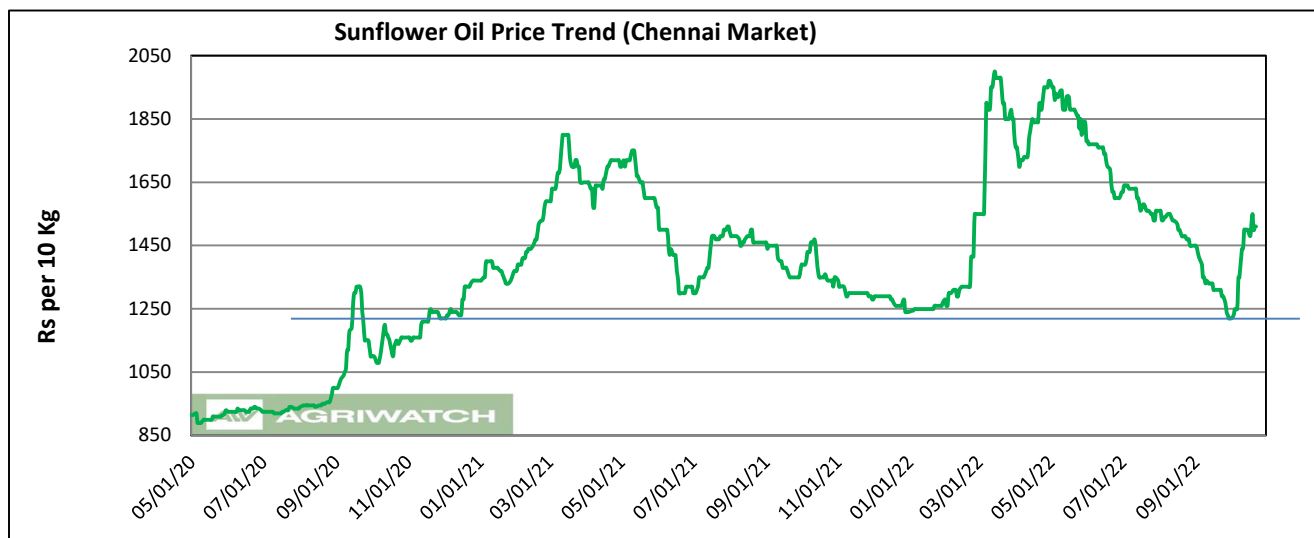


- Jaipur Expeller rapeseed oil premium over refined soy oil in domestic market by Rs 50 per 10 kg compared to Rs 20 per 10 Kg last week.
- Jaipur Expeller rapeseed oil has premium over RBD palm olein by Rs 380 per 10 kg compared to Rs 370 per 10 Kg last week.

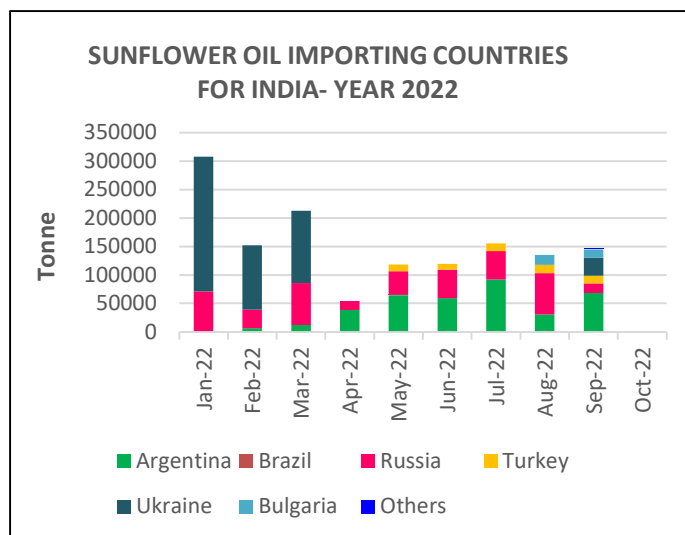
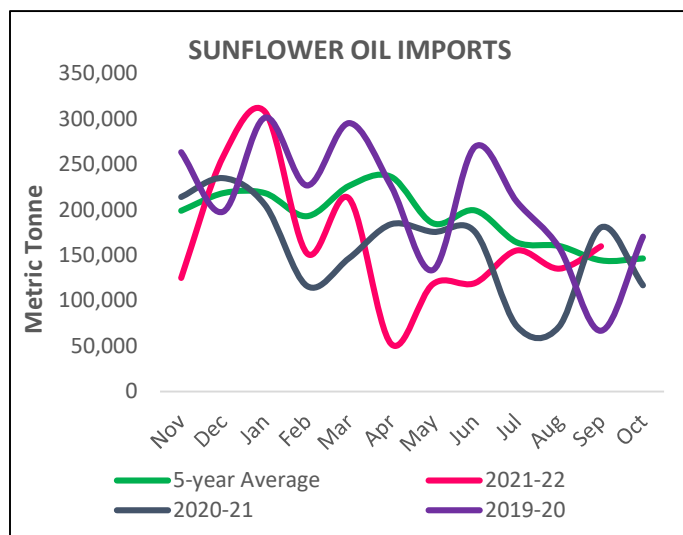
**Price Outlook:** Rapeseed Expeller oil (without GST) prices in Jaipur may trade in the range of Rs 1350-1450 per 10 Kg.

### Sunflower oil Fundamental Review and Analysis:-

#### Domestic Front



- Sunflower oil prices at Chennai traded up at various markets. Prices traded up at benchmark Chennai from Rs. 1500 to Rs. 1510 per 10 Kg, up by 0.66 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. Expensive logistics along with good sun oil export demand is also supportive of the prices.



- 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.

- Rabi Sunflower sowing has commenced in Karnataka, Maharashtra, and Tamil Nadu. As of 21<sup>st</sup> October 2022, All India acreage under rabi Sunflower seed stood at 0.012 Lakh Ha. compared to 0.264 lakh Ha. last year, same time period.

Rabi Sunflower			
Area Covered (Lakh Ha) as of 21 October 2022			
State	2022	2021	% Change
Karnataka	0.01	0.26	-96.15%
Tamil Nadu	0.001	0.004	-75.00%
Telangana	0	0	
Maharashtra	0.001	0	
Total	0.012	0.264	-95.45%

- In the domestic market, sunflower oil price is at premium over Soy oil by Rs 190 compared to Rs 220 per 10 Kg last week. Meanwhile, refined sunflower oil (Chennai) premium over RBD palm olein (Kandla) is at Rs. 520 compared to premium of Rs 570 per 10 kg last week.

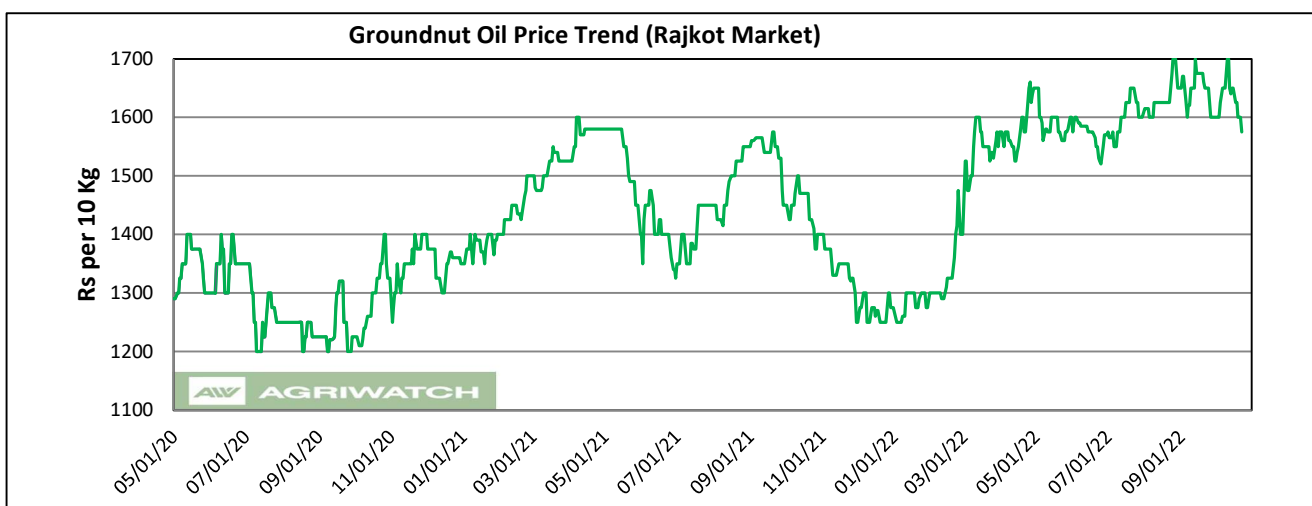
In domestic market, Sunflower oil's (Chennai) is at discount over groundnut oil by Rs. 90 compared to Rs 150 per 10 Kg last week.

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



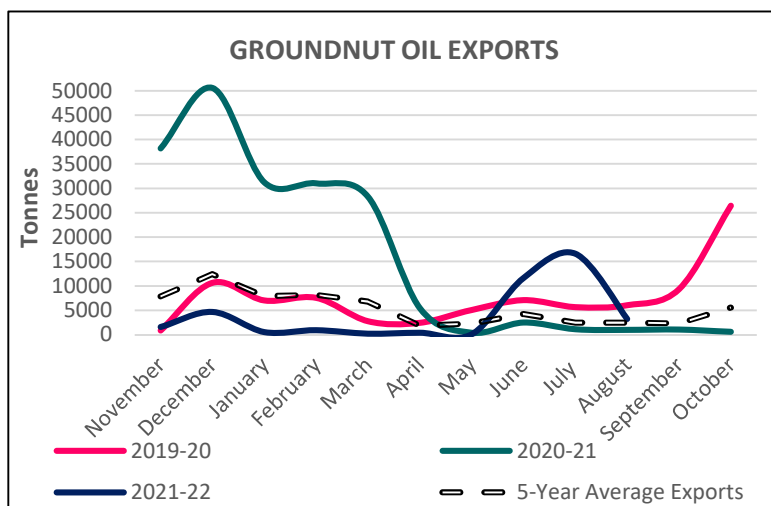
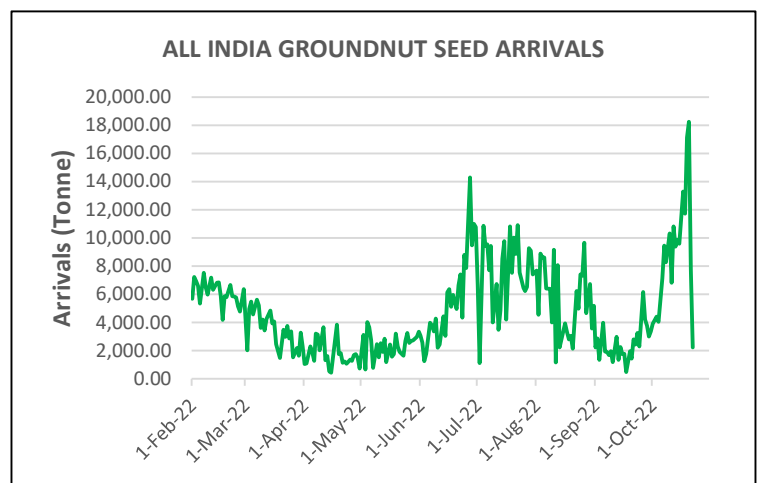
- Groundnut (GN) oil prices traded weakened at various market for the week in review. Prices has been range bound from Rs 1600- 1700/10 Kg in the bench market Rajkot since last week of August. At present, GN oil prices are trading at the lower level of the range, at Rs 1600/10 Kg.
- Demand for GN oil is also weakened as festival demand is over.
- Arrival of new GN kharif crop in the markets is also weighing on the oils' prices gains.
- Rabi Groundnut sowing has commenced in Karnataka, Tamil Nadu and Telangana. As of 21<sup>st</sup> October 2022, All India acreage under rabi groundnut stood at 0.219 Lakh Ha. compared to 0.139 lakh Ha. last year, same time period.

<b>Rabi Groundnut</b>			
<b>Area Covered (Lakh Ha) as of 21 October 2022</b>			
<b>State</b>	<b>2022</b>	<b>2021</b>	<b>% Change</b>
Karnataka	0.15	0.04	275.00%
Tamil Nadu	0.022	0.021	4.76%
Telangana	0.047	0.078	-39.74%
<b>Total</b>	<b>0.219</b>	<b>0.139</b>	<b>57.55%</b>

- According to Solvent Extractor association of India, Gujarat's overall Kharif 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 Kharif 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 Kharif 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 rose for the last week, as arrival of new Kharif GN crop has started. Arrivals declined at the end of the past week, ahead of Diwali festival.



- GN oil Exports demand has declined in August compared to the previous month, mainly due to week China's GN oil import demand.

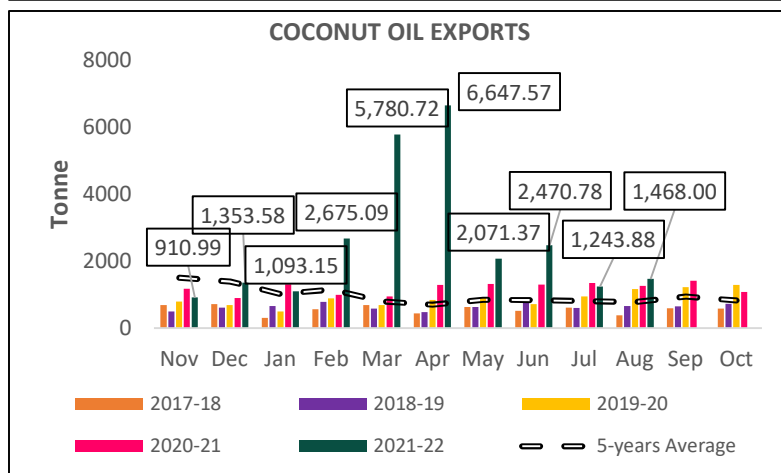
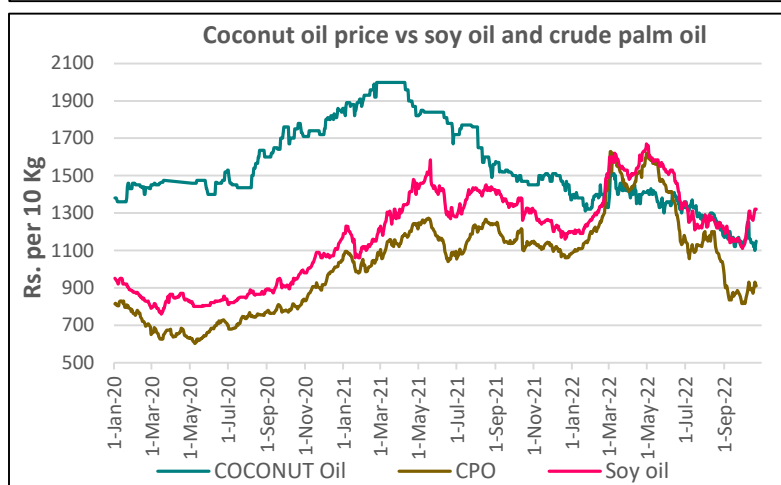
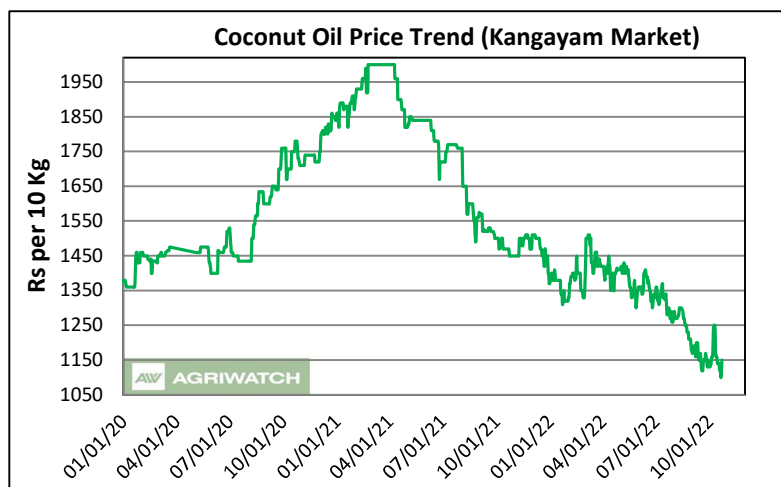
**Price Outlook:** Groundnut oil (without GST) prices in Rajkot is likely to trade sideways in the range of Rs 1500-1600 per 10 Kg.

## Coconut Oil Fundamental Review and Analysis:-

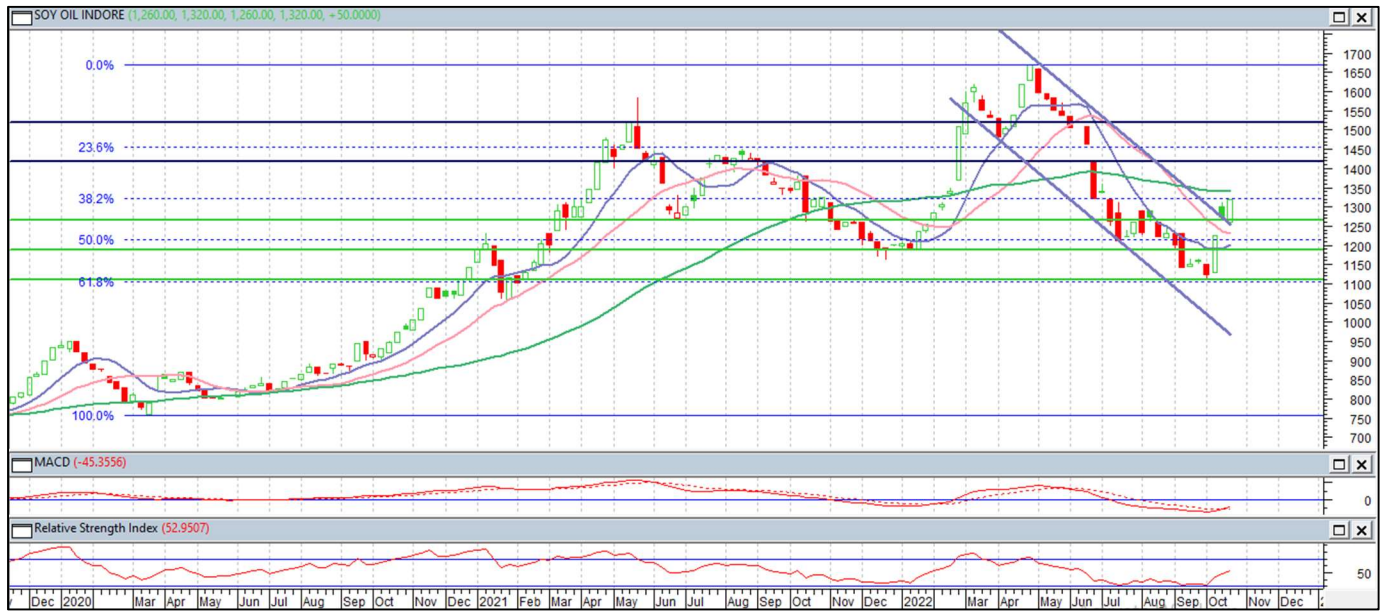
### Domestic Front

- The Coconut oil prices at benchmark market Kangeyam declined marginally from Rs 1140 per 10 Kg level, down by 0.87% to Rs 1130/10 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 recent past.
- 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. Export demand from Indonesia and Malaysia is down as their domestic Palm oil stock is piling up.
- 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)



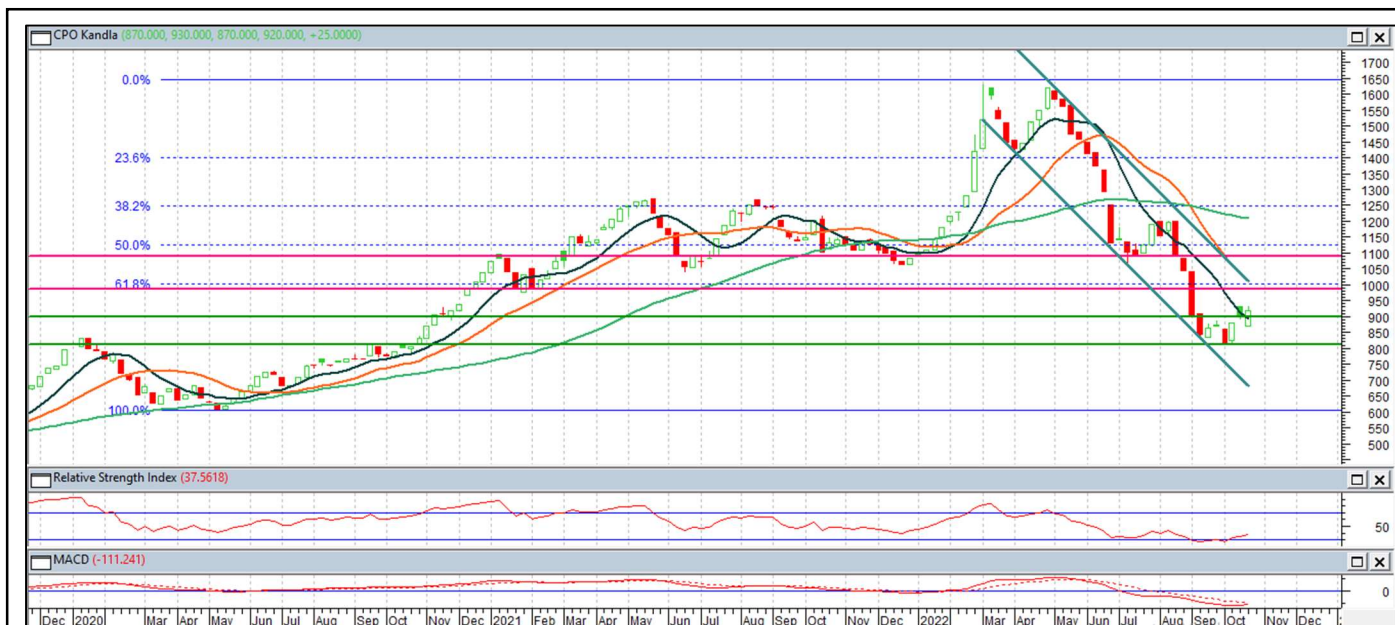
#### Technical Commentary

- As can be seen in the above chart, market has given break-out of upper channel, which can be characterized as support and Market is trading above 9 and above 18 DMA.
- Immediate resistance can be seen at 38.2% Fibonacci level and 50 DMA.
- RSI rose in the neutral zone indicating improving buying strength.
- MACD lines are converging with rising prices, pointing towards trend reversal.

#### Weekly Outlook

Prices are likely to trade sideways in the range of Rs 1280-1380/10 Kg.

### Technical Analysis (Crude Palm oil)



#### Technical Commentary

- Market opened gap down. However, prices traded up as buyers were more active.
- Prices are above 9DMA indicating positive sentiment.
- Market is trading in a falling channel, where lower band can be characterized as immediate support and upper band can be characterized as resistance.
- 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
		21-Oct-22	14-Oct-22	
Refined Soybean Oil	Indore	1320	1280	40
	Indore (Soy Solvent Crude)	1280	1240	40
	Mumbai	1340	1310	30
	Mumbai (Soy Degum)	1270	1200	70
	Kandla/Mundra	1290	1260	30
	Kandla/Mundra (Soy Degum)	1260	1190	70
	Kolkata	1300	1285	15
	Nagpur	1360	1290	70
	Rajkot	1305	1230	75
	Kota	1340	1300	40
	Akola	1360	1285	75
	Amrawati	1360	1285	75
	Bundi	1350	1310	40
	Jalna	1340	1285	55
	Solapur	1380	1280	100
	Dhule	1350	1280	70
	Nanded	1360	1280	80
	Latur	1380	1280	100
	Argentina Crude Soya (CIF India) USD	1400	1346	54
	Argentina Crude Soya (FOB)	1318	1264	54
Palm Oil*	Kandla (Crude Palm Oil)	920	895	25
	Kandla (RBD Palm oil)	940	915	25
	Kandla RBD Pamolein	990	930	60
	Kakinada (Crude Palm Oil)	850	860	-10
	Kakinada RBD Pamolein	990	970	20
	Haldia Pamolein	995	980	15
	Chennai RBD Pamolein	995	970	25
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1045	1010	35
	Krishnapattanam RBD Pamolein	995	960	35
	Mumbai RBD Pamolein	995	935	60
	Mangalore RBD Pamolein	1010	970	40
	Mumbai (Refined)	945	910	35
	Rajkot (Refined)	960	915	45
	Chennai (Refined)	1010	955	55
	Hyderabad (Refined)	940	925	15
	PFAD (Kandla)	650	660	-10

	RPS (Kandla)	840	840	Unch
	Superolien (Kandla)	1010	960	50
	Superolien (Mumbai)	1015	965	50
	Kochi (RBD Palmolein)	-	985	-
	Krishnapattanam (Crude Palm Oil)	850	860	-10
Refined Sunflower Oil	Chennai (Refined)	1510	1500	10
	Chennai (Crude)	1460	1450	10
	Mumbai (Refined)	1560	1485	75
	Mumbai (Expeller Oil)	1460	1400	60
	Kandla (Refined)	1540	1480	60
	Hyderabad (Refined)	1550	1500	50
	Hyderabad (Expeller)	1430	1400	30
	Latur (Refined)	1500	1470	30
	Latur (Expeller Oil)	1410	1380	30
	Chellakere (Expeller Oil)	1390	1360	30
	Erode (Expeller Oil)	1510	1380	130
	Kakinada (Refined)	1550	1500	50
	Krishna Pattanam (Refined)	1550	1500	50
Groundnut Oil	Rajkot	1600	1650	-50
	Chennai	1650	1630	20
	Hyderabad *	1650	1650	Unch
	Mumbai	1630	1670	-40
	Gondal	1600	1650	-50
	Jamnagar	1600	1650	-50
	Gujarat GN Telia	2540	2650	-110
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1370	1300	70
	Jaipur (Kacchi Ghani Oil)	1460	1425	35
	Kota (Expeller Oil)	1370	1330	40
	Kota (Kacchi Ghani Oil)	1430	1410	20
	Neewai (Expeller Oil)	1310	1280	30
	Neewai (Kacchi Ghani Oil)	1430	1410	20
	Bharatpur (Kacchi Ghani Oil)	1430	1380	50
	Sri-Ganga Nagar (Exp Oil)	1350	1290	60
	Sri-Ganga Nagar (Kacchi Ghani Oil)	1440	1405	35
	Mumbai (Expeller Oil)	1340	1320	20
	Kolkata (Expeller Oil)	1520	1460	60
	Hapur (Expeller Oil)	1400	1430	-30
	Hapur (Kacchi Ghani Oil)	1450	1480	-30
	Agra (Kacchi Ghani Oil)	1435	1385	50

Refined Cottonseed Oil	Rajkot	1415	1265	150
	Hyderabad	1430	1290	140
	Mumbai	1380	1350	30
	Gujarat Cotton Wash	1330	1275	55
Coconut Oil	Kangayan (Crude)	1130	1140	-10
	Cochin	1310	1350	-40
Rice Bran Oil	Mumbai (Refined 4%)	1220	1120	100
	Bhatinda (Crude 4%)	1050	1010	40
	Bhatinda (Refined 4%)	1165	1125	40
	Hyderabad (Crude)	1090	1090	Unch
	Hyderabad (Refined)	1250	1250	Unch
	Raipur (Crude)	1160	1160	Unch
	Vijayawada (Refined)	1250	1250	Unch
Malaysia Palmolein USD/MT	FOB	935	885	50
	CNF India	975	940	35
Indonesia CPO USD/MT	FOB	Unq	0	-
	CNF India	985	950	35
Crude palm Kernel Oil India (USD/MT)	CNF India	-	1010	-
Ukraine Origin CSFO USD/MT Kandla	CIF	1425	1450	-25
Argentina FOB (\$/MT)		20-Oct-22	13-Oct-22	Change
Crude Soybean Oil Ship		1299	1272	27
Refined Soy Oil (Bulk) Ship		1344	1317	27
Sunflower Oil Ship		1330	1300	30
Cottonseed Oil Ship		1279	1252	27
* 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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