



# **EDIBLE OIL WEEKLY RESEARCH REPORT**

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## Executive Summary

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

*Edible oil prices featured sideways sentiments during this week in domestic markets. CBOT soy oil and BMD Malaysia Palm oil traded marginally up. In domestic market, Soy oil market closed on weak tone. While, Palm oil, Coconut oil, Sunflower, Mustard oil, and Groundnut oil market traded up at various markets.*

*On the currency front, Indian rupee is hovering near 82.58 against 82.58 last weeks. Rupee is trading sideways, while Crude oil prices are gradually trading up. Depreciating Indian currency will make the imports costly and will make exports cheaper.*

*We expect Palm oil to trade up and Soy oil to trade sideways for the coming term.*

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

*On the international front, anticipation of higher global soybean stock, US Soybean crush, US's Soy oil stock and EPA policy, China's soybean demand, Brazil's increase in Soybean acreage, crude oil prices and La Nina's impact on Argentina's Soybean crop is likely to govern soy oil prices in the coming days.*

*Competing oil prices, Malaysia and Indonesia's firm biodiesel policy and Palm fruit bunch production, Indonesia's palm oil exports policy and domestic consumption, Malaysia's palm oil export policy and Malaysia's Palm oil export demand are all likely to govern CPO prices in near term.*

Acreage StatisticsFinal Rabi 2022-23 acreage statistics

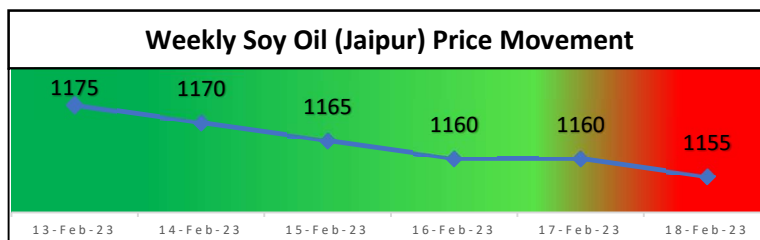
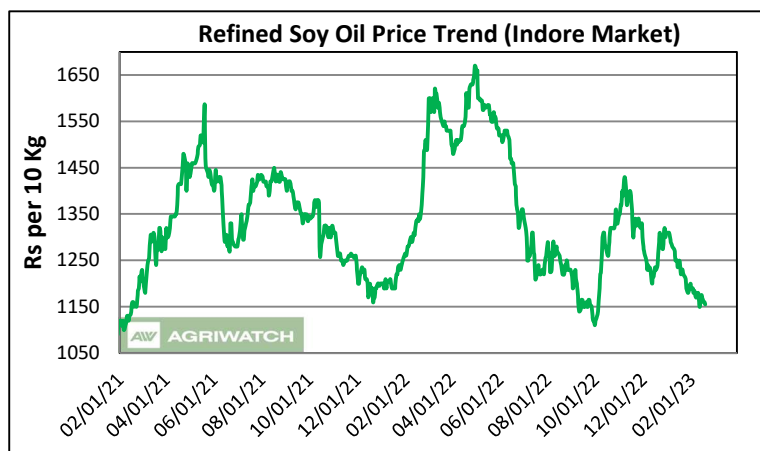
Rabi 2022-23 acreage statistics			
Area Covered (Lakh Ha) as of 3 February 2023			
Crop	2022	2021	% Change
Rapeseed and Mustard	98.02	91.25	7.42%
Groundnut	5.67	5.23	8.41%
Safflower	0.87	0.75	16.00%
Sunflower	0.91	1.17	-22.22%
Sesamum	0.51	0.53	-3.77%
Linseed	3.27	2.92	11.99%
Other Oilseeds	0.59	0.5	18.00%
<b>Total Oilseeds</b>	<b>109.84</b>	<b>102.35</b>	<b>7.32%</b>

According to the recent release by Department of Agriculture & Farmers Welfare, farmers have covered 109.84 lakh ha area under Rabi oilseeds as on 3rd February 2023, up by 7.32% from 102.35 lakh ha. same time last year. Under the major oilseeds, mustard seed has been sown in 98.02 lakh ha, up by 7.42% from 91.25 lakh ha. Rabi Groundnut acreage stands at 5.67 lakh ha, up by 8.41% from 5.23 lakh ha, Rabi Sunflower acreage stands at 0.91 lakh ha, down by 22.22% from 1.17 lakh ha., Sesamum acreage stands at 0.51 lakh ha, up by 3.77% from 1.17 lakh ha. same time last year.

### Soy oil Fundamental Analysis and Outlook:-

#### Key Highlights

- Soy oil at bench market Indore witnessed weak momentum in prices which closed down by 1.70% from Rs 1175 to Rs 1155 per 10 Kg.
- Prices declined amid sluggish demand from buyers.
- Higher supply side is also weighing on domestic market.
- Higher Soy oil imports in December and improved domestic crushing buildup higher supply side.
- Soybean net crush margin declined in the past week with correction in soy oil prices and soybean seed prices.
- However, rising prices of rival palm oil are likely to underpin the soy oil prices.

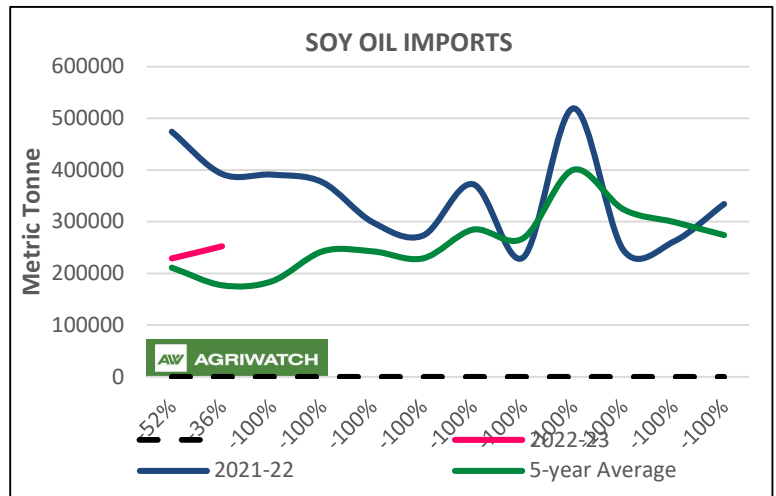


#### International Front

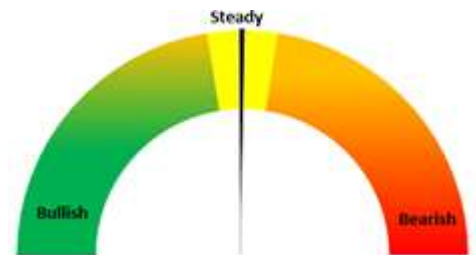
- CBOT Soy oil most active 'May' contract traded up by 1.80% for the period of 13<sup>th</sup>-18<sup>th</sup> February, following rising rival palm oil prices.
- Argentina's soybean crop conditions are declining to the poor/very poor category. As of 16th February, 9% of the Soybean crop is in excellent/good condition, 35% is in fair condition and 56% is in poor/very poor condition. Whereas, in the previous report 48% of the crop was in poor/very poor condition. High temperatures and drought have impacted the yield all over the country. Argentina's national agency Buenos Aires grains exchange said that "another downward revision in the crop outlook can be expected, citing the combined impact of a recent heat wave and a prolonged drought". The crop's current outlook stands at 38 million tonnes, down from the 48 million tonnes expected at the season's start.
- The Rosario Grains Exchange of Argentina (BCR) has already revised its forecast for 2022/23 soybean harvest to 34.5 million tonnes, down from its earlier prediction of 37 million tonnes. This would be the lowest soybean production in the last 14 years.
- According to USDA Jan'23 report, 2022/23 Argentina soybean production is lowered 4.0 million tons to 45.5 million on drought conditions straining yields.
- Despite a cut in soybean production in Argentina, South American supplies in 2022/23 are still forecast at a record predominantly due to record Brazil production.

### Exports

- Soy oil imports in January rose to 3.67 LT compared to 2.53 LT in previous month and 3.91 LT in previous year, for the same month.
- Soy oil imports rose January as in domestic market crushing is in disparity



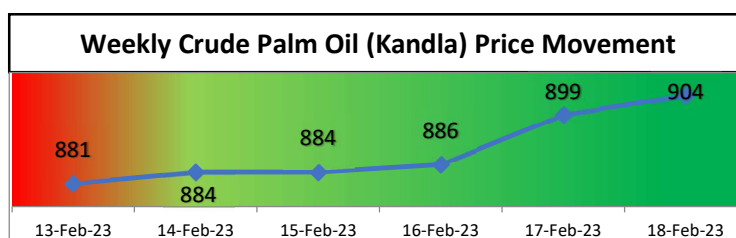
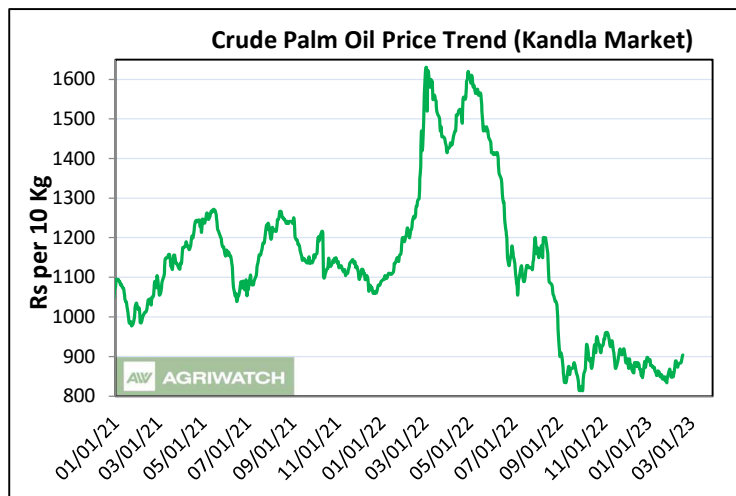
**Price Outlook:** We expect refined soy oil (without GST) at Indore to stay in the range of Rs 1120-1200 per 10 Kg in the near term.



### Palm oil Fundamental Analysis and Outlook -:

#### Key Highlights

- Crude palm oil (CPO) prices witnessed sideways movement in prices for the previous week at various markets. Prices in the benchmark market Kandla traded up by 2.84%.
- Palm oil market ascended following rising international palm oil prices.
- Indonesia's measure to secure ample amount of palm oil for domestic usage has impacted the global palm oil supply side, which underpinned the rising prices.
- Imports in January is down at 8.33 LT, as anticipated by Agriwatch.
- Improvement in Vanaspati demand due to marriage festivities tilted palm oil prices towards higher side.



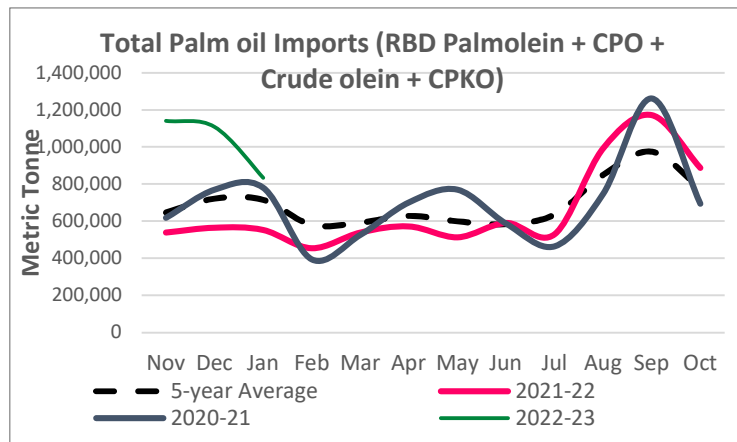
#### International Front

- BMD Palm oil Malaysia futures April Contract traded up by 199 points for the past week. Prices rose as Indonesia is taking various steps to ensure enough domestic supply ahead of Islamic festivals. Indonesia plans to raise Crude Palm oil export tax to \$74/T from \$52/T and exports levy to \$95/ton from \$90/ton, as reference prices to set at \$880.03/Ton for Feb 16 - 28 shipments, up from previously set at \$879.31/Ton.
- USDA expects 400,000 to 800,000 tonnes of Indonesian palm oil to be blocked after Indonesia suspends Palm oil export permits. On Feb. 6, Indonesia's minister for Maritime and Investment Affairs had appraised that 66% of palm oil export permits (export permits already issued to companies that complied with the government's Domestic Market Obligation policy) will be suspended immediately until May 1.
- Indonesia plans to review the ratio of its palm oil export quota amid rising prices of domestic cooking oil, the Coordinating Ministry of Maritime and Investment Affairs said. Indonesia imposes a Domestic Market Obligation (DMO) on palm oil whereby companies are allowed to export only after they have sold a portion of their production at home.
- Malaysia's Palm oil export is likely to boost as buyers are turning towards Malaysia after Indonesia tightens its palm oil exports.
- BMD Palm oil futures prices are anticipated to trade up as buyers shift to Malaysia for Palm oil export amid Indonesia tightens Palm oil export. According to the export agencies Malaysia's 1-10th February exports rose

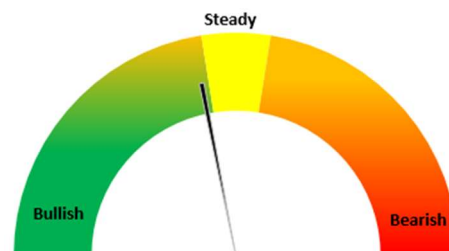
Agency	1-10 <sup>th</sup> February	1-10 <sup>th</sup> January	%Change
ITS	345,080	247,550	39.31%
AmSpec	312,092	235,529	32.51%

### Exports

- Total Palm oil imports in January stood at 8.33 Lakh Tonnes (LT) compared to 11.09 LT in previous month.
- Higher palm oil imports from Malaysia are expected for February as Indonesia is limiting its palm oil exports.



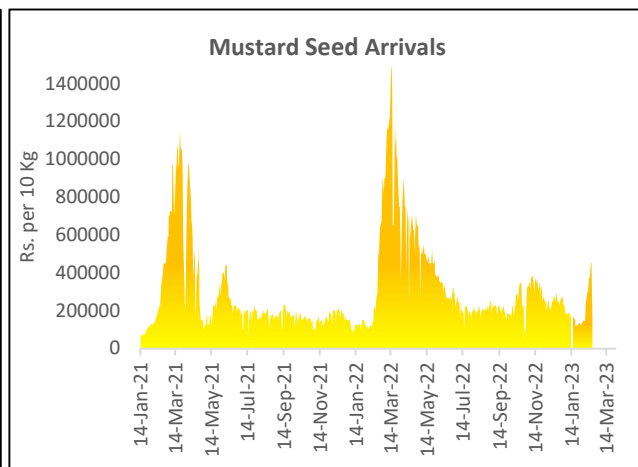
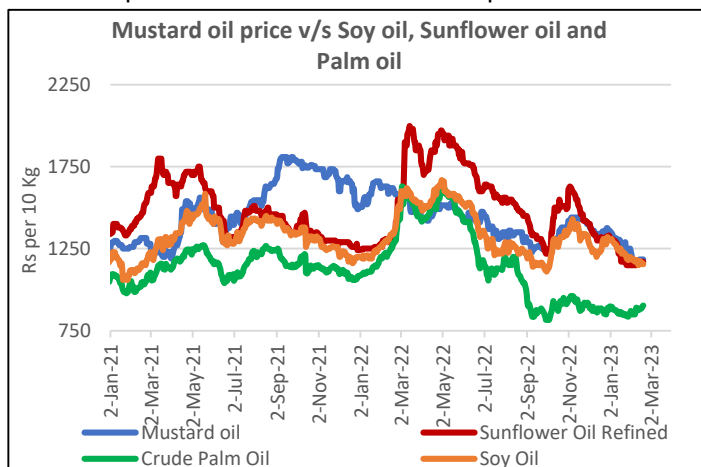
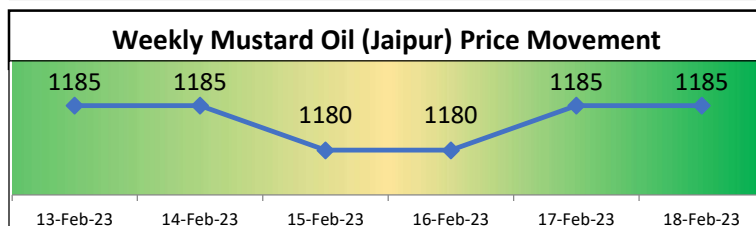
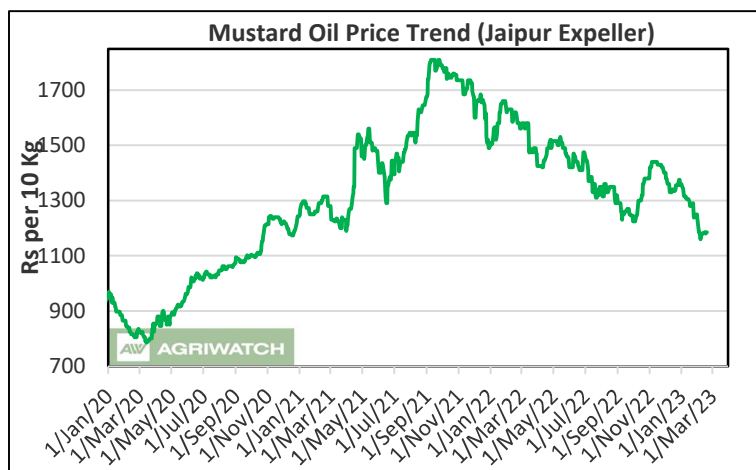
**Price Outlook:** We expect CPO Kandla 5 percent (without GST) to stay in the range of Rs 870-970 per 10 Kg in the near term.



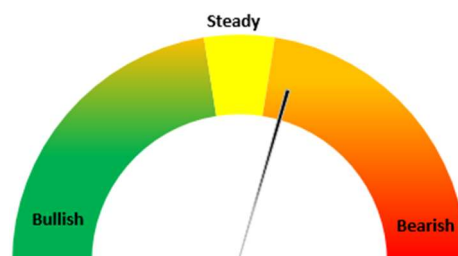
## Rapeseed oil Fundamental Review and Analysis-

### Key Highlights

- Mustard oil prices traded sideways at various markets for the week in review. Prices of expeller oil at bench market Jaipur traded sideways in the range of 1180-1185.
- Mustard seed and oil prices are taking support from rising prices of Palm oil.
- Correction in mustard oil led to nominal premium over soy oil which in turn supported the mustard oil's demand from the buyers.
- Moisture content in crop has significantly lowered down as weather improves in Rajasthan.
- Arrivals for the period of 13<sup>th</sup> - 18<sup>th</sup> February stood at 22.30 Lakh Tonne (LT) compared to 15.20 LT arrivals of last week. Arrivals were up for the past week as new mustard crop hit the market



**Price Outlook:** Rapeseed Expeller oil (without GST) prices in Jaipur may trade in the range of Rs 1120-1225 per 10 Kg with weak bias.

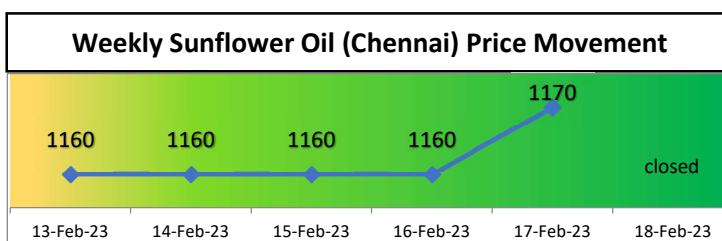
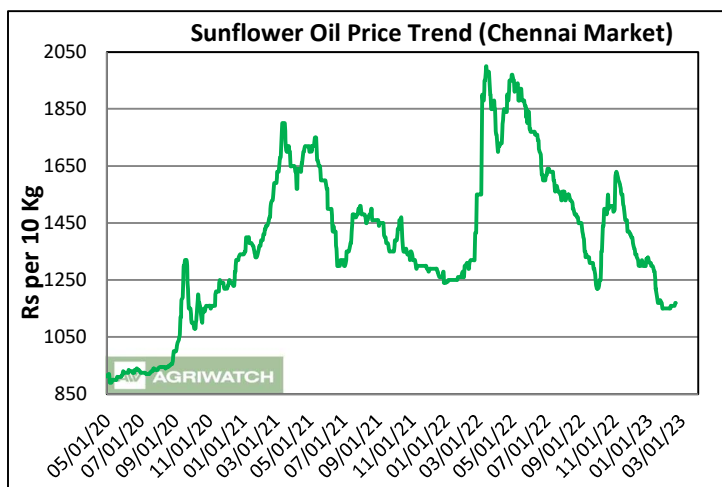




### Sunflower oil Fundamental Review and Analysis:-

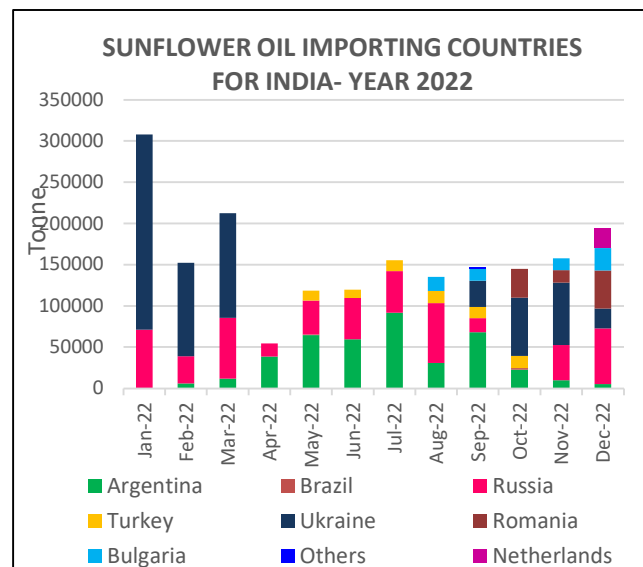
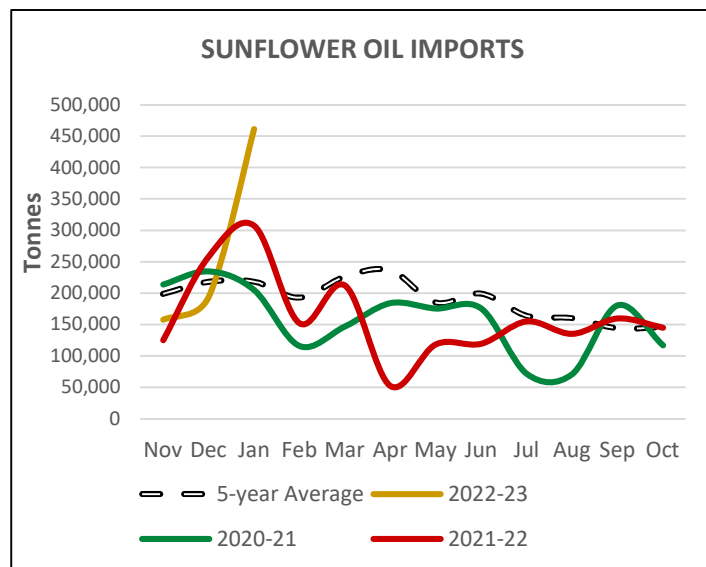
#### Key Highlights

- Sunflower oil prices traded sideways at various markets. Prices at Bench market Chennai for Sun oil traded up from Rs 1160 to Rs 1170/10 Kg.
- Market rebounded from the level of Rs 1150 as Sun oil is discounted compared to other rival oils.
- However, International sun oil prices are declining with arrival of new crop in the markets.
- Higher supply side due to record high imports of Sun oil is likely to limit its gains. Prices are likely to traded range-bound in Rs 1150-1180 level.
- The surge in imports is seen mainly from Ukraine as shipments were stuck in black corridor due to late inspection. Thus, a spillover of orders placed in October can be seen in January. The amount of tonnage from Ukraine is likely to be at 3.5-3.75 LT.



#### Exports

- Sunflower oil imports in January'23 stood at 4.61 LT compared to 1.94 LT in previous month. India imported 24,000 tonnes of sun oil from Netherlands for the first time in past 3 years.



- Ukraine Sun oil prices have gained premium over Russia's Sun oil prices. This is likely to underpin the higher export demand from Russia.

FOB Price Black Sea	Ukraine's Prices (\$/MT)	Russia's Prices (\$/MT)	% Change (RUS/UA)
Prices as on 18th Feb for Feb/Mar	1157.5	1144.5	-1.12%
Prices as on 18th Feb for Apr	1157.5	1126.75	-2.66%

FOB Price Black Sea	Ukraine's Prices (\$/MT)	Russia's Prices (\$/MT)	% Change (RUS/UA)
Prices as on 11th Feb for Feb/Mar	1107.5	1130.75	2.10%
Prices as on 11th Feb for Apr	1107.5	1110.25	0.25%

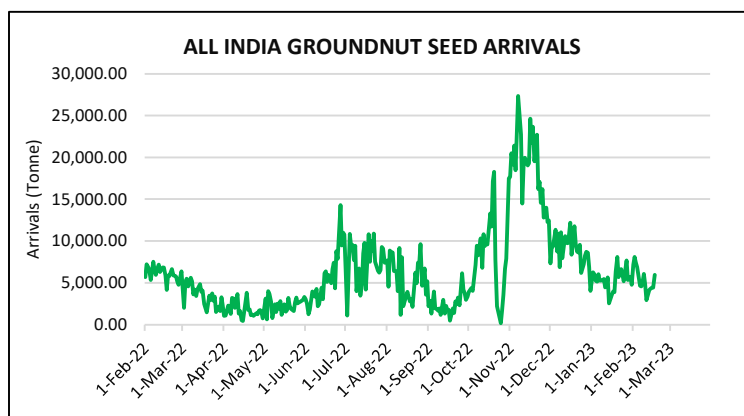
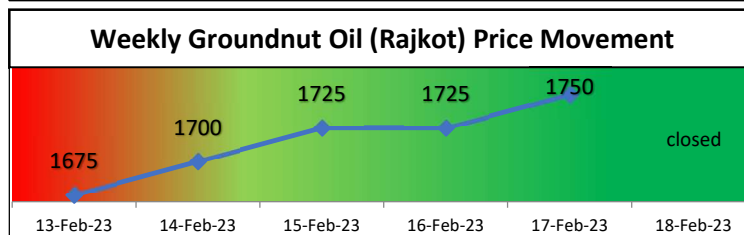
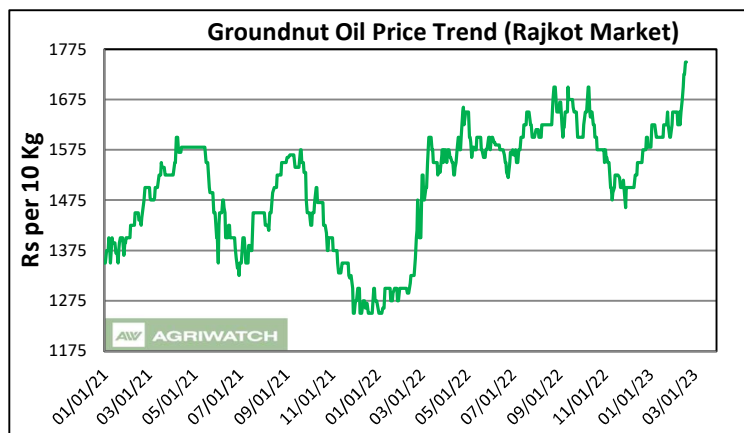
**Price Outlook:** Sunflower oil (without GST) prices in Chennai may stay in the range of Rs 1150-1200 per 10 Kg. It is anticipated that, sunflower oil prices are likely to trade with sideways in tandem with sideways international prices of Sun oil.



### Groundnut oil Fundamental Review and Analysis:-

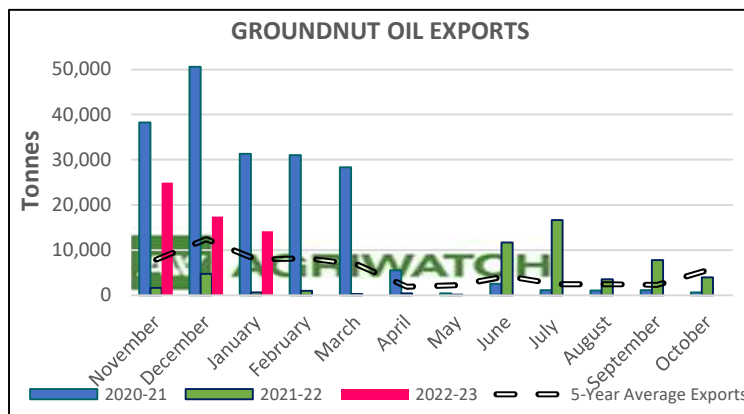
#### Key Highlights

- Groundnut (GN) oil market prices at Rajkot market shot up from Rs 1675 to Rs 1750/10 Kg.
- GN oil market is firm due to lower supply side amid good export demand.
- Arrivals has slowed down at various markets.
- Stockiest have aggressively stocked Groundnut (GN) seeds after the abolition of the stock limit on oilseeds and edible oils. The stocks that have been cornered is likely to limit the fall in prices.
- Arrivals for the period of 13th – 17th February stood at 23,304.26 tonnes, lower compared to 26,618.83 tonnes in the previous week, which is likely to underpin the prices of seeds and oil.
- Exports in February is likely to surpass January exports as demand is booming, mainly from China.



#### Exports

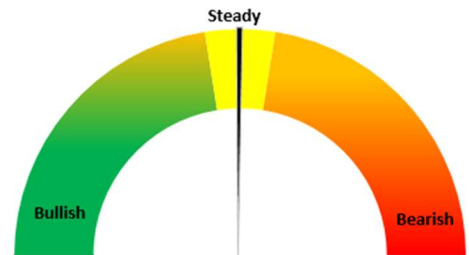
- Export demand lowered down in January as expected by AgriWatch.
- Exports in January stood at 14,132.64 Tonnes compared to the export of 17,444.69 Tonnes in previous month. China's export demand made 94.54% of the total exports at 13,361.58 tonnes. However, on Y-o-Y comparison exports are up from the exports of 602.4 tonnes.



**Rabi GN Crop Sowing Progress**

- Low Kharif GN production has underpinned the seed and oil prices. Hence, Rabi GN acreage saw significantly increment in area coverage. However, Rabi crop is anticipated to hit the markets in 2<sup>nd</sup> to 3<sup>rd</sup> week of February. Thus, low supply side has uplifted the seed and oil prices.
- As of 3<sup>rd</sup> February 2023, All Final India acreage under rabi groundnut stood at 5.678 Lakh Ha. compared to 5.228 lakh Ha. last year, which is up by 8.60%

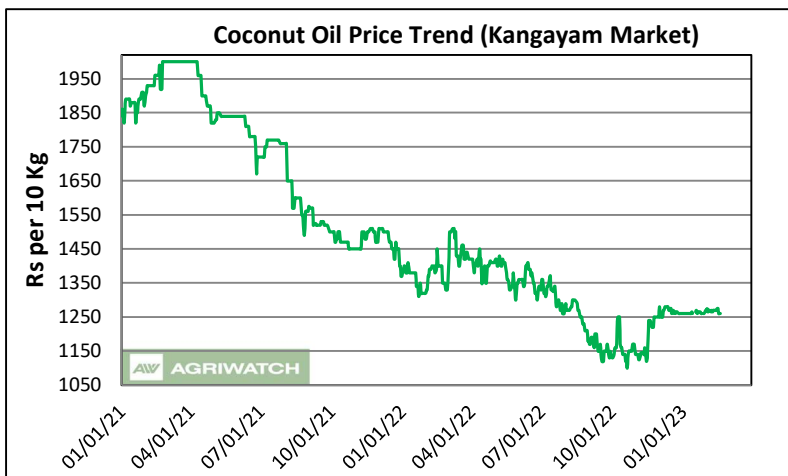
**Price Outlook:** Groundnut oil (without GST) prices in Rajkot is likely to trade sideways in the range of Rs 1675-1775 per 10 Kg. However, higher premium of GN oil over competing oils might impact its demand.



### Coconut Oil Fundamental Review and Analysis:-

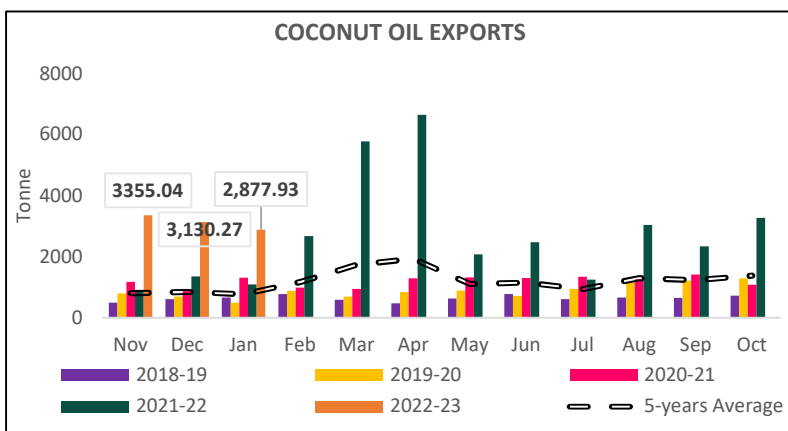
#### Key Highlights

- The Coconut oil prices traded rangebound at benchmark market Kangeyam in the range of Rs 1260-1270/10 Kg level.
- Domestic demand is normal. Whereas, higher supply is offsetting the gains.
- Industrial demand for coconut oil is also good.
- Coconut oil export demand has picked up. However, higher supply side is offsetting any gains in the prices.



#### Exports

- Export demand in January came mainly from Kuwait, UAE, making 26.45% of total exports, followed by UAE (25.49%) and Oman (9.46%).
- Coconut oil exports scenario- India 2,877.93 tonnes of Coconut oil in January 2023 lower compared to 3,130.27 tonnes export in December 2022, and higher compared to 1,093.15 tonnes last year.
- Export demand is good. However, higher supply side is offsetting the gains in prices.

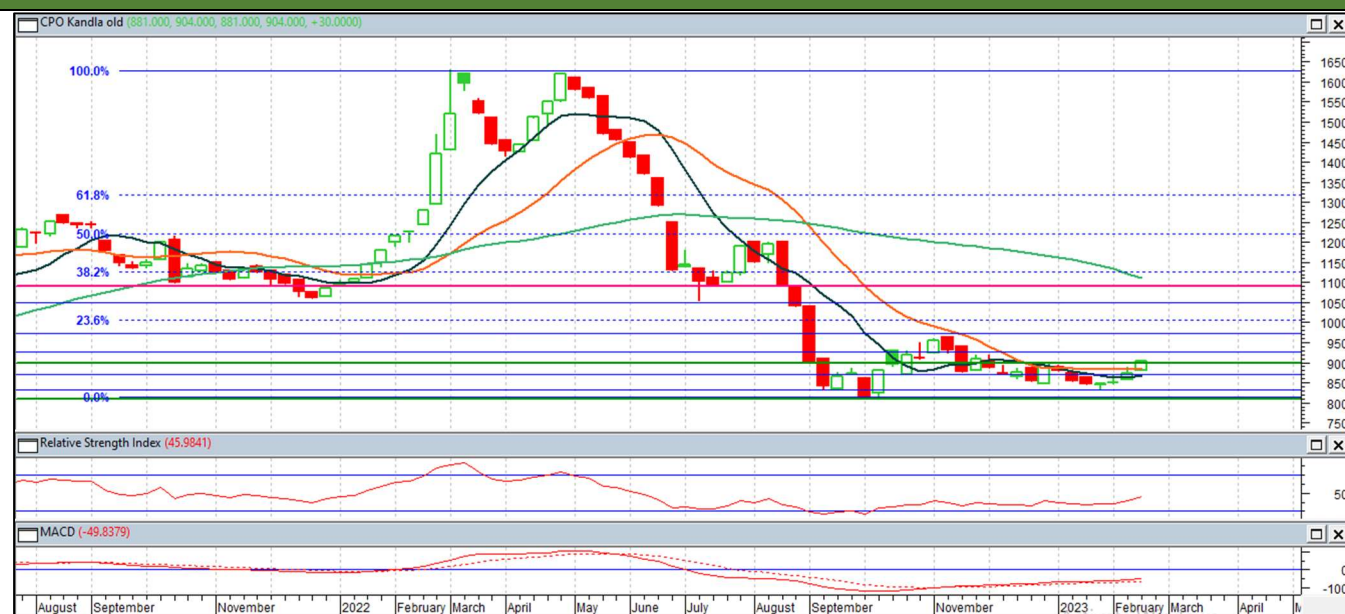


**Price Outlook:** Coconut oil (without GST) prices in Kangeyam is likely to trade sideways in the range of Rs 1250-1300 per 10 Kg.

## Technical Analysis- Spot Market



### Technical Analysis CPO (Kandla)- Weekly Timeframe



#### Technical Commentary

- As can be seen in the above chart, market prices traded up in the past week.
- Prices also closed above 9DMA and 18DMA, indicating towards positive sentiments.
- MACD line has crossed the signal line from below showing positive sentiments.
- RSI is above 40 and is rising in the neutral zone, indicating towards positive sentiments.
- In upcoming week, market is expected to trade sideways with upwards bias.

#### Weekly Outlook

Prices are likely to trade in the range of Rs 870-970/10 Kg. 980 level can be seen as immediate resistance, and 850-870 range can be seen as immediate support level.



### Technical Analysis Mustard Expeller Oil (Jaipur)- Weekly Timeframe



#### Technical Commentary

- As can be seen in the above chart, market prices traded up in the past week.
- Prices are trading below 9 and 18 DMA indicating towards weak sentiments.
- MACD line has crossed the signal line from above showing weak sentiments.
- RSI is below 40, indicating towards weak sentiments.
- In upcoming week, market is expected to trade with weak bias.

#### Weekly Outlook

Prices are likely to trade in the range of Rs 1120-1225/10 Kg. 1250 level can be seen as immediate resistance. 1180 level can be seen as immediate support level and next level is seen at 1100-1120 range.



### Technical Analysis Sunflower Oil (Chennai)- Weekly Timeframe



#### Technical Commentary

- As can be seen in the above chart, market prices traded up in the past week, breaking out from the downward falling channel.
- Prices are trading well below 9 and 18 DMA indicating towards weak sentiments.
- MACD line has crossed the signal line from above showing weak sentiments.
- RSI is below 40, indicating towards weak sentiments.
- In upcoming week, market is expected to trade sideways.

#### Weekly Outlook

Prices are likely to trade in the range of Rs 1150-1200/10 Kg. 1230 level can be seen as immediate resistance. 1150 level can be seen as immediate strong support level and next level is seen at 1070-1090 range.

### Technical Analysis Groundnut Oil (Rajkot)- Weekly Timeframe



#### Technical Commentary

- As can be seen in the above chart, market prices traded up for the past week.
- Prices are trading at par with 9 and 18 DMA indicating towards positive sentiments.
- MACD line has crossed the signal line from below, indicating towards positive sentiment in the trend.
- RSI is rising in the neutral zone, indicating towards positive sentiments.
- In upcoming week, market is expected to trade sideways with upward bias.

#### Weekly Outlook

Prices are likely to trade in the range of Rs 1675-1775/10 Kg.

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

Commodity	Centre	Prices (Per 10 Kg)		Change
		18-Feb-23	13-Feb-23	
Refined Soybean Oil	Indore	1155	1175	-20
	Indore (Soy Solvent Crude)	1150	1165	-15
	Mumbai	1180	1190	-10
	Mumbai (Soy Degum)	1075	1090	-15
	Kandla/Mundra	1165	1175	-10
	Kandla/Mundra (Soy Degum)	1060	1075	-15
	Kolkata	1195	1215	-20
	Nagpur	1155	1170	-15
	Rajkot	Closed	1145	-
	Kota	Closed	1160	-
	Akola	1150	1165	-15
	Amrawati	1150	1165	-15
	Bundi	Closed	1170	-
	Jalna	1140	1170	-30
	Solapur	1140	1150	-10
	Dhule	1170	1170	Unch
	Nanded	1140	1150	-10
	Latur	1140	1150	-10
	Argentina Crude Soya (CIF India) USD	1240	1271	-31
	Argentina Crude Soya (FOB)	1153	1184	-31
Palm Oil	Kandla (Crude Palm Oil)	904	881	23
	Kandla (RBD Palm oil)	925	930	-5
	Kandla RBD Pamolein	955	950	5
	Kakinada (Crude Palm Oil)	900	880	20
	Kakinada RBD Pamolein	960	965	-5
	Haldia Pamolein	960	965	-5
	Chennai RBD Pamolein	955	965	-10
	Chennai RBD Pamolein (Vitamin A&D Fortified)	1020	1010	10
	Krishnapattanam RBD Pamolein	955	965	-10
	Mumbai RBD Pamolein	975	970	5
	Mangalore RBD Pamolein	960	970	-10
	Tuticorin (RBD Palmolein)	1023	1025	-2
	Mumbai (Refined)	950	950	Unch
	Rajkot (Refined)	Closed	945	-
	Chennai (Refined)	Closed	960	-

	Hyderabad (Refined)	Closed	950	-
	PFAD (Kandla)	712	690	22
	RPS (Kandla)	685	670	15
	Superolien (Kandla)	1002	1000	2
	Superolien (Mumbai)	1002	1000	2
	Kochi (RBD Palmolein)	960	960	Unch
	Krishnapattanam (Crude Palm Oil)	900	880	20
	Kolkata (Crude Palm Oil)	950	940	10
Refined Sunflower Oil	Chennai (Refined)	Closed	1160	-
	Chennai (Crude)	1080	1090	-10
	Mumbai (Refined)	1200	1210	-10
	Mumbai (Expeller Oil)	1080	1075	5
	Kandla (Refined)	1210	1220	-10
	Hyderabad (Refined)	Closed	1175	-
	Hyderabad (Expeller)	Closed	1100	-
	Latur (Refined)	1190	1190	Unch
	Latur (Expeller Oil)	1100	1110	-10
	Chellakere (Expeller Oil)	1060	1040	20
	Erode (Expeller Oil)	Closed	1200	-
	Kakinada (Refined)	1170	1170	Unch
	Krishna Pattanam (Refined)	Closed	1170	-
Groundnut Oil	Rajkot	Closed	1675	-
	Chennai	Closed	1660	-
	Hyderabad *	Closed	1670	-
	Mumbai	1710	1670	40
	Gondal	Closed	1700	-
	Jamnagar	Closed	1650	-
	Gujarat GN Telia	2715	2620	95
Rapeseed Oil/Mustard Oil	Jaipur (Expeller Oil)	1185	1185	Unch
	Jaipur (Kacchi Ghani Oil)	1195	1195	Unch
	Kota (Expeller Oil)	Closed	1180	-
	Kota (Kacchi Ghani Oil)	Closed	1190	-
	Neewai (Expeller Oil)	Closed	1160	-
	Neewai (Kacchi Ghani Oil)	Closed	1190	-
	Bharatpur (Kacchi Ghani Oil)	Closed	1200	-
	Sri-Ganga Nagar (Exp Oil)	Closed	1180	-
	Sri-Ganga Nagar (Kacchi Ghani Oil)	Closed	1200	-
	Mumbai (Expeller Oil)	1190	1190	Unch
	Kolkata (Expeller Oil)	1450	1450	Unch

	Hapur (Expeller Oil)	Closed	1200	-
	Hapur (Kacchi Ghani Oil)	Closed	1220	-
	Agra (Kacchi Ghani Oil)	Closed	1210	-
Refined Cottonseed Oil	Rajkot	Closed	1120	-
	Mumbai	1135	1135	Unch
	Gujarat Cotton Wash	1075	1050	25
Coconut Oil	Kangayam (Crude)	Closed	1270	-
	Cochin	1330	1330	Unch
Vanaspati Oil	Kolkata	1390	1400	-10
Rice Bran Oil	Mumbai (Refined 4%)	970	970	Unch
	Bhatinda (Crude 4%)	795	815	-20
	Bhatinda (Refined 4%)	910	930	-20
	Hyderabad (Crude)	890	880	10
	Hyderabad (Refined)	1050	1050	Unch
	Kolkata (Crude)	865	870	-5
	Kolkata (Refined)	950	970	-20
	Raipur (Crude)	910	940	-30
	Vijayawada (Refined)	1050	1050	Unch
Malaysia Palmolein USD/MT	FOB	973	945	28
	CNF India	1010	975	35
Indonesia CPO USD/MT	FOB	972	960	12
	CNF India	1020	985	35
RBD Palm Stearin (Malaysia Origin Rs./10Kg)	FOB	820	815	5
Palm Fatty Acid Distillate (Malaysia Origin USD/MT)	FOB	712	690	22
Crude palm Kernel Oil India (USD/MT)	CNF India	1010	990	20
Ukraine Origin CSFO USD/MT Kandla	CIF	1200	1230	-30
Argentina FOB (\$/MT)		18-Feb-23	13-Feb-23	Change
Crude Soybean Oil Ship		1141	1172	-31
Refined Soy Oil (Bulk) Ship		1181	1213	-32
Sunflower Oil Ship		1085	1110	-25
* 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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