



		MCX CPO							
Market View		Moving Averages	SMA	EMA	SMA SIGNAL	EMA SIGNAL	Price Performance		
							Period	Performance	
Open	731.10	5 Days	696.4	697.3	BUY	BUY			
High	735.80	10 Days	684.8	691.3	BUY	BUY	1 Week	8.30	
Low	728.60	20 Days	691.9	687.4	BUY	BUY	1 Month	5.52	
Ltp*	733.80	50 Days	667.4	676.3	BUY	BUY	3 Month	9.12	
Pr. Close	730.10	100 Days	658.1	671.4	BUY	BUY	6 Month	-7.10	
Value Change	3.70	200 Days	676.9	657.7	BUY	BUY	1 Year	31.98	
% Change	0.51								
52 Week High	739	Technical Indicator				Pivot Points Classic			
52 Week Low	555	Name	Value	Name	Value	Resistance	Support		
Volume	587	RSI(14)	62.09	Williams%R	-5.57	756.3	695.4		
Value	430	CCI(14)	53.77	UltimateOsc	64.53	778.6	656.8		
Open Interest	2461	ATR(14)	13.70	Stochastic		817.2	634.5		
Net Cng in OI	-11	MACD(12,26)	5.42	%K	82.54	Pivot Point	717.7		
% Cng in OI	-0.44	ADX(14)	18.22	%D	57.94				

## Strengths

- ❑ CPO prices remained supported amid hopes for lower output in July as heavy rains hit top producers Indonesia and Malaysia, also due to a pickup in bulk demand in wholesale markets
- ❑ The benchmark CPO futures in Malaysia are hovering around their 5 months high as Malaysia hiked its CPO export duty to 4.5 % in August after keeping it at zero per cent for June and July.
- ❑ The Malaysian Palm Oil Association claims CPO production during July 1-20 to have fallen 8.9% from the month before
- ❑ CPO Exports to India slumped to a record low of 397,151MT over the same period compared to 2.59 million MT the year prior following a diplomatic row between the two countries.

## Weaknesses

- ❑ Domestic traders are expecting that it will keep the imports of CPO limited over coming weeks as the demand remains steady in retail end-user markets.
- ❑ A fall in demand in India for CPO on rising coronavirus cases and failing demand across the globe.
- ❑ Malaysia's palm oil exports in July 1-20 fell 10.5% from the month before to 1,089,021 tonnes
- ❑ The EU imposed trade restrictions on palm oil biofuel with Malaysia, Indonesia.
- ❑ India has since resumed its purchase of Malaysian palm oil after Putrajaya agreed to buy 100,000 tonnes of rice from India for shipment in May and June.



## Opportunities

- ❑ Palm oil output in top producers Indonesia and Malaysia is expected to fall in 2020 due to last year's dry weather and lower fertiliser use.
- ❑ The industry needs more palm oil to produce hand sanitisers and soap, thanks to the Covid-19 outbreak.
- ❑ The Malaysian Meteorological Department predicted a wet spell in the country to last until the end of July as heavy rains caused flash floods, forcing the evacuation of hundreds of villagers.
- ❑ The CPOPC said the prospect of a La Nina weather pattern bringing wetter-than-normal weather to Indonesia and Malaysia could hit crop production.
- ❑ Malaysia is losing up to 25% of its potential palm oil yield due to a labour shortage that is expected to worsen in the coming months
- ❑ CPOPC forecast Indonesia's CPO production in 2020 would be 1-2 million tonnes below last year's 44 million tonnes, while output in Malaysia is expected to drop 4.3% to 19 million tonnes.
- ❑ There is a possibility of a rebound in the market given the ultra-loose monetary policies of many central bankers and the government's stimulus package.

## Threats

- ❑ There will be an expected reduction in edible oil demand by the HORECA business in the home country.
- ❑ China's Palm oil is affected by price movements in related oils as they compete for a share in the global vegetable oils market.
- ❑ Considerable demand would also be underpinned by the implementation of biodiesel blending mandates in major palm oil-producing countries.
- ❑ The global biodiesel demand may suffer post Covid-19 as movements are restricted



**India's palm oil imports in June fell 18% from a year ago** to 562,932 tonnes as imports of refined palmolein plunged after New Delhi restricted overseas purchases of the grade earlier this year, a leading trade body said. The country's imports of soy oil in June rose 49% from a year ago to 331,264 tonnes, while sunflower oil imports rose 66% to 268,128 tonnes, according to provisional data compiled by the Solvent Extractors' Association.

**Indonesian state oil company PT Pertamina is set to test the production of jet fuel made up of 3%** palm oil by the end of the year, Chief Executive Nicke Widyawati said. The comments come a week after the company announced its first batch of biodiesel using a feedstock of 100% palm (D100) in its Dumai refinery, saying it would produce 1,000 barrels per day (bpd). "The green jet fuel trial is part of the roadmap for Pertamina's biorefinery development in order to realise green energy in Indonesia," Widyawati said in a statement. The new jet fuel will be made in Pertamina's existing facilities in Cilacap by "co-processing" crude oil with 3% refined, bleached and deodorised palm oil (RBDO), she said. Like Pertamina's D100, Indonesia plans to eventually produce "green" jet fuel made up of 100% palm oil through processing RBDO straight into its refineries using catalytic cracking and hydrogen gas.

**Total palm oil output in top producers Indonesia and Malaysia is expected to fall in 2020** hampered by a labour shortage, and last year's dry weather and lower fertiliser application, the Council of Palm Oil Producing Countries (CPOPC) said. The prospect of a La Nina weather pattern bringing wetter-than-normal weather to Indonesia and Malaysia could also adversely affect crop production and harvesting, it said. "The potential of La Nina in the second half of the year will dampen any prospects of increased production," CPOPC, a palm oil board led by Indonesia and Malaysia, said in a report. CPOPC forecast Indonesia's crude palm oil production this year would be 1-2 million tonnes below last year's 44 million tonnes. Output in neighbouring Malaysia is expected to drop by 4.3% to 19 million tonnes.

**Edible oil refiners in Nepal have all but stopped buying crude palm oil** amid surging domestic stockpiles after top buyer India suspended most imports of refined oil from the country, industry officials told. New Delhi in May suspended 39 oil import licences to slow duty-free shipments from neighbouring nations, disrupting refiners in Nepal which had thrived thanks to preferential access to India's huge market. "Refiners are not importing fresh crude palm oil but we have to take (delivery) of the stock which is in transit," said Amit Sarada, director at Pashupati Oil Industries, a leading refiner and exporter based at Nepal's industrial town of Biratnagar. Palm oil stockpiles in Nepal have swelled to 70,000 tonnes, overwhelming local demand needs, he said. As a result, Nepal's crude palm imports had plunged to less than 7,000 tonnes per month by mid-June from around 21,000 tonnes earlier in 2020, according to government data. India accounts for nearly two-thirds of Nepal's trade and is its sole fuel supplier. The ties between Nepal and India have strained lately following a territorial dispute.



**Asian palm oil producers, long at loggerheads with the European Union over curbs on imports** of the edible oil, have offered to "work together" with the European Commission in drafting rules for the EU's latest 'Farm to Fork' food supply policy. The EU, a major palm importer, has already decided to phase out palm-based transport fuels from its renewable energy sector by 2030, citing the environmental impact of the oil's production, and is expected to set new limits on food contaminant 3-MCPD esters, found in refined fats and oils. In a statement late on Thursday, the Council of Palm Oil Producing Countries (CPOPC), led by top producers Indonesia and Malaysia, said, "The Farm to Fork strategy recently launched by the European Commission offers a major opportunity for us all to work together and further improve sustainability standards." "We want to be part of this discussion, not mere spectators," it said. Neighbours Indonesia and Malaysia produce 85% of the world's palm oil, and have been battling criticism of rampant clearing of tropical forests for palm cultivation.

**The world's second largest palm oil producer Malaysia has estimated its total palm oil export value this year at 65-70 billion ringgit** (\$15.24 billion-\$16.41 billion), the Plantation Industries and Commodities Ministry said. This is up from 63.73 billion ringgit in palm oil exports achieved last year, minister Mohd Khairuddin Aman Razali told parliament. "The Ministry is optimistic that this target can be achieved, taking into account the current export value from January to June 2020, which is 32.47 billion ringgit," he said.

**Indonesia's state oil company PT Pertamina produced its first successful batch of biodiesel made up of 100% palm oil (D100)** in its Dumai refinery last week and is set to produce 1,000 barrels per day (bpd), the company said. Indonesia, which has one of the world's most ambitious biodiesel programmes, raised the bio-content in its biodiesel mandate to 30% (B30) late last year from 20% (B20) before, and is planning to upgrade the bio-content gradually to 100%. "This trial shows that our refinery and catalysts are ready. Next, we have to think how to make the economic side work too," Pertamina CEO Nicke Widyawati said in a statement. In Indonesia – the world's largest palm oil producer – the bio portion of biodiesel is made with fatty acid methyl esters (FAME) from palm oil, but efforts to increase FAME concentrations in biodiesel have faced resistance from users. While biodiesel can cut fuel costs and reduce emissions, higher blends of FAME require special handling and equipment as the fuel has a solvent effect that can corrode engine seals and gasket materials, and it can solidify at cold temperatures.



## CHART





**Chart Reading:**

Crude Palm Oil on BMD has formed an inverted head and shoulder pattern which suggests a strong upcoming bullish trend. Crude Palm Oil on MCX took a steep fall in the last week of June from 733.5 levels touching its 200 days moving average low of around 650. After that prices have been in a continuous bullish trend reaching two months high of 733. Prices are expected to be range-bound for the next few trading sessions. It faces important resistance of 740 level and support of 718.6 level. If it manages to break resistance it can see 800 levels in prices. If prices fall and break support of 719 prices can again touch 200 DMA levels. RSI is above 80 levels which suggest CPO is slightly overbought. MACD gives a bullish signal. Super Trend made a crossover at around 680 levels suggesting a bullish outlook ahead. Choppiness suggests markets to be range-bound in the coming days.

**ACTION:**

**OUTLOOK**

1 months	Holding above 718 can see prices going forward till 800 level.
2 Months	Range for 2months weill 660 and 840



## CPO PRICE MOVEMENT SINCE 2011

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Growth
2011	559.50	539.80	510.70	521.20	535.80	478.40	487.40	490.20	480.80	475.70	508.90	545.40	0.60
	2.70	-3.52	-5.39	2.06	2.80	-10.71	1.88	0.57	-1.92	-1.06	6.98	7.17	0.11
2012	514.20	536.20	592.30	621.50	585.90	566.40	564.40	551.60	446.20	425.20	423.20	417.90	-127.50
	-5.72	4.28	10.46	4.93	-5.73	-3.33	-0.35	-2.27	-19.11	-4.71	-0.47	-1.25	-23.38
2013	438.20	450.80	454.90	464.90	480.50	502.20	496.60	568.70	532.40	557.20	558.30	540.20	122.30
	4.86	2.88	0.91	2.20	3.36	4.52	-1.12	14.52	-6.38	4.66	0.20	-3.24	29.27
2014	524.00	590.00	569.70	567.70	524.90	535.00	539.10	439.60	474.50	457.20	439.50	460.60	-79.60
	-3.00	12.60	-3.44	-0.35	-7.54	1.92	0.77	-18.46	7.94	-3.65	-3.87	4.80	-14.74
2015	425.00	466.10	434.40	435.40	456.80	451.40	417.60	360.50	425.70	400.80	382.40	411.00	-49.60
	-7.73	9.67	-6.80	0.23	4.92	-1.18	-7.49	-13.67	18.09	-5.85	-4.59	7.48	-10.77
2016	432.50	481.90	532.20	564.00	537.00	506.80	524.70	559.10	581.60	514.90	554.70	582.70	171.70
	5.23	11.42	10.44	5.98	-4.79	-5.62	3.53	6.56	4.02	-11.47	7.73	5.05	41.78
2017	587.50	544.90	538.80	516.80	512.70	490.80	488.70	518.20	547.80	545.30	589.60	554.60	-28.10
	0.82	-7.25	-1.12	-4.08	-0.79	-4.27	-0.43	6.04	5.71	-0.46	8.12	-5.94	-4.82
2018	560.60	587.50	651.80	642.60	653.10	643.40	616.80	599.50	594.00	593.50	500.70	511.60	-43.00
	1.08	4.80	10.94	-1.41	1.63	-1.49	-4.13	-2.80	-0.92	-0.08	-15.64	2.18	-7.75
2019	569.40	550.10	525.90	529.70	519.30	515.80	513.60	522.20	546.60	587.90	680.00	795.20	283.60
	11.30	-3.39	-4.40	0.72	-1.96	-0.67	-0.43	1.67	4.67	7.56	15.67	16.94	55.43
2020	771.80	648.60	663.50	609.00	658.20	646.20							-149.00
	-2.94	-15.96	2.30	-8.21	8.08	-1.82							-18.74
Average	0.66	1.55	1.39	0.21	0.00	-2.27	-0.86	-0.87	1.35	-1.67	1.57	3.69	Average

## USDINR PRICE MOVEMENT SINCE 2012

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Growth
2012	49.75	49.37	51.22	53.03	56.42	56.11	55.84	55.79	53.05	54.08	54.61	55.15	1.66
	-7.00	-0.76	3.76	3.53	6.39	-0.55	-0.49	-0.09	-4.90	1.93	0.98	0.99	3.11
2013	53.39	54.74	54.67	53.95	56.79	59.75	61.06	66.73	63.21	61.81	62.91	62.16	7.01
	-3.19	2.51	-0.11	-1.33	5.27	5.20	2.19	9.29	-5.27	-2.22	1.78	-1.20	12.71
2014	63.08	62.22	60.17	60.56	59.32	60.57	60.85	60.95	62.10	61.64	62.39	63.47	1.32
	1.49	-1.37	-3.29	0.65	-2.05	2.12	0.47	0.16	1.89	-0.74	1.21	1.74	2.12
2015	62.24	62.22	62.83	63.81	64.20	64.01	64.49	66.84	65.90	65.61	66.98	66.39	2.92
	-1.95	-0.03	0.98	1.55	0.62	-0.30	0.75	3.64	-1.40	-0.44	2.08	-0.87	4.60
2016	68.10	68.77	66.51	66.67	67.60	67.77	67.29	67.27	66.88	67.08	68.56	68.10	1.71
	2.58	0.98	-3.29	0.24	1.40	0.26	-0.71	-0.03	-0.59	0.30	2.22	-0.67	2.58
2017	68.06	66.94	65.08	64.53	64.88	64.82	64.64	64.08	63.89	64.98	64.65	64.06	-4.04
	-0.06	-1.65	-2.78	-0.85	0.54	-0.09	-0.28	-0.87	-0.30	1.71	-0.51	-0.91	-5.94
2018	63.79	65.32	65.36	66.90	67.63	68.73	68.79	71.19	72.76	74.20	69.85	69.94	5.88
	-0.43	2.39	0.07	2.35	1.09	1.63	0.09	3.49	2.21	1.98	-5.86	0.13	9.18
2019	71.29	71.10	69.51	69.85	69.90	69.30	68.98	71.62	71.07	71.12	71.90	71.54	1.60
	1.93	-0.27	-2.24	0.49	0.07	-0.86	-0.46	3.83	-0.77	0.08	1.09	-0.50	2.29
2020	71.56	72.41	75.82	75.28	75.79	75.78							4.24
	0.03	1.18	4.72	-0.72	0.68	-0.01							5.93
Average	-0.38	0.16	-0.38	0.53	1.58	0.66	0.06	2.58	-0.28	0.25	1.14	0.06	Average



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