

## News &amp; Development

MCX CPO prices had traded lower during month of March month, as there had been decreased buying in the domestic market for vegetable oils including Mustard and Refined Soy Oil. Stronger rupee with respect to dollar had led to support higher imports of vegetable oil. According to Solvent Extractors Association (SEA), Palm Oil Imports fell by 97.96% in Feb'21 to 3.94 lakh tons from 7.80 lakh tons in Jan'21. Similarly, imports in Crude Palm Oil for the year (November 2020-February 2021) were reported higher by 7.96% at 25.64 lakh tons compared to 25.49 lakh tons in corresponding period last year. Moreover, the Government of India had reduced the import duties on Crude Palm Oil which had improved the domestic demand. By 31st March, MCX CPO futures closed at Rs.1132.8/kg, higher by 0.50% compared to Rs.1076.5/kg reported on 26th February.

Fundamentally for the coming month, we expect MCX CPO futures to be bullish as firm demand from India and China and rise in crude oil prices are expected to support CPO prices in coming days. Global Crude prices is expected to rise as OPEC is likely to maintain supply cuts that support prices of the vegetable oil complex. Elsewhere, there is slow rise in palm oil stocks and production in Malaysia, with greater rise in exports of palm oil in Malaysia and Indonesia; which could be the key factor to help support the prices. As per MPOB data, CPO production has been reported at 1,105,690 tonnes for Feb'21, lower compared to 1,126,457 tonnes reported in Jan'21. Crude Palm Oil exports from Malaysia during Feb'21 has been reported at 211,780 tonnes, higher compared to 192,935 tonnes of Jan'21, but lower compared to Dec'20 of 744,698 tonnes. Higher domestic demand for Mustard oil and Soy oil, which happens to be premium oil as compared to crude palm oil is expected to support prices. However, rising US Dollar index could also dampen demand in Europe could limit extreme bullishness. Overall, we expect bullish trend in MCX Crude Palm Oil prices for the coming month.



On the daily time frame, MCX CPO (Apr) future has been trading in **Rising Channel** pattern with Higher Highs & Higher Lows formation, which indicates continue bullish tend in the counter. Moreover, the price has also traded above "Ichimoku Cloud" and "Lower Bollinger Band" support, which suggests a bullish rally for the upcoming sessions. However, a momentum indicator RSI (14) and Stochastic is showing some weakness, which may drive the prices lower for the near term. **So based on the above mixed technical structure, we are recommending buy on dips strategy in MCX CPO one can initiate a long position around 1085 or a fall in the prices till 1080 levels for the upside target of 1160. However, the bullish view will be negated if MCX CPO (Apr) closes below the support of 1030.**