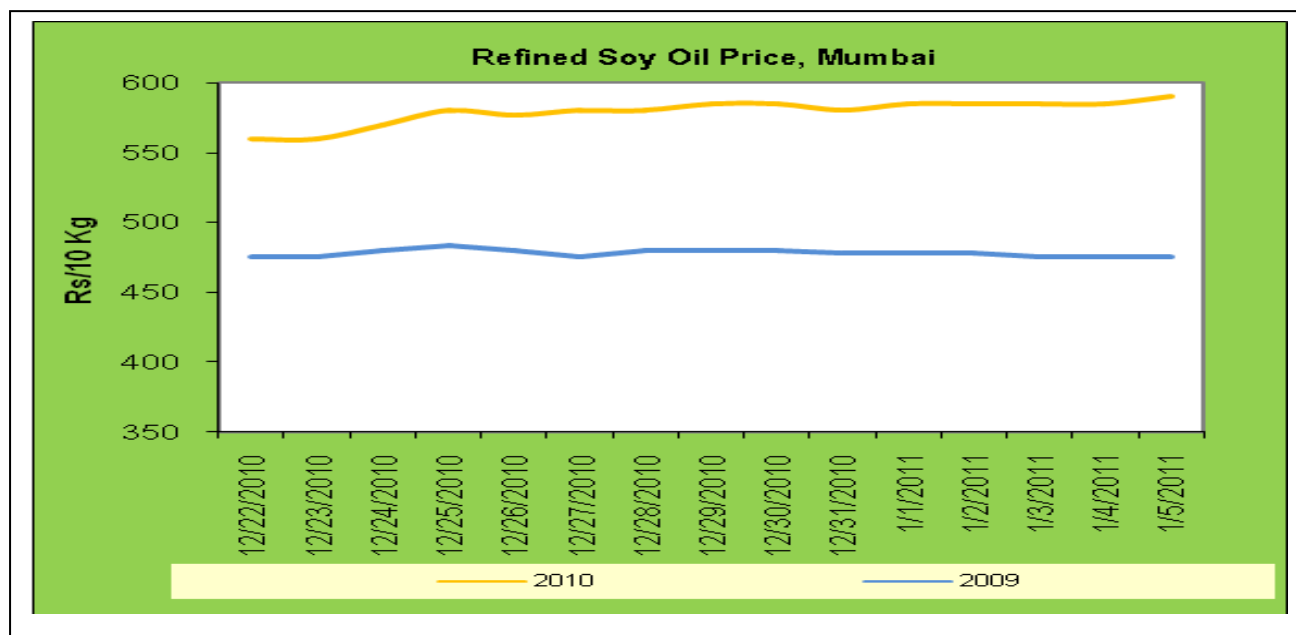


12 January- 26 January 2011

Fundamental Highlights**Refined Soy oil:**

- ✓ Soy oil price depicted higher trend in the spot market. Major Strength was derived from international markets, which confided in dry weather concerns in Argentina. Rains remain welcomed in South America, however concerns over impact of earlier dryness still considered prominent.
- ✓ Domestically, Soy oil prices confide in better demand outlook and deteriorating Soybean arrivals along with incorporating international price trend however higher Soy crop for this season and better crush margins boost the supplies as well.
- ✓ Soybean arrivals in Madhya Pradesh declined to 1 lakh 50 until this time of the year. While arrival slips lower as peak season passes by. It hovered lower at 70 thousand bags, around this time of the year last year.
- ✓ Upbeat Soy meal export demand as depicted by the recent data is a supportive factor for the Soy market. Squeezed differential between Soy oil and Palm oil, increase prospects for Soy oil imports, although better import parity is eyed.
- ✓ India's vegetable oil imports in December rose 8.3 percent from November as per the Reuters survey. Further, India doesn't have any plan to impose an import duty on crude edible oils or to raise the tax on refined edible oils as put by a senior food ministry official. India import nearly 50% of edible oil requirement.
- ✓ India's vegetable oil imports in November fell 11% from a year earlier to 668,917 metric tons due to higher availability of domestic oilseed crop and rising global prices, as put by the Solvent Extractors' Association of India. Edible oil imports during the first month of the marketing year that began Nov. 1 totaled 652,262 tons, down from 712,677 tons.
- ✓ Soy oil Imports plunged lower to 31970 Metric tonnes in November 2010 as compared to 78000 Metric Tonnes in the same month, last year.
- ✓ Vegetable oils production from kharif oilseeds is estimated nearly 10 per cent higher in 2010-11 at 54.46 lakh tonnes. According to projections put by the Central Organisation for Oilseeds and Oil Trade, oilseeds availability for crushing will be 214.35 lakh tonnes from a total crop of 262.85 lakh tonnes. Last year, oilseeds availability was 235 lakh tonnes leading to edible oils production of 49.8 lakh tonnes.



Prices for Soy (Ref)

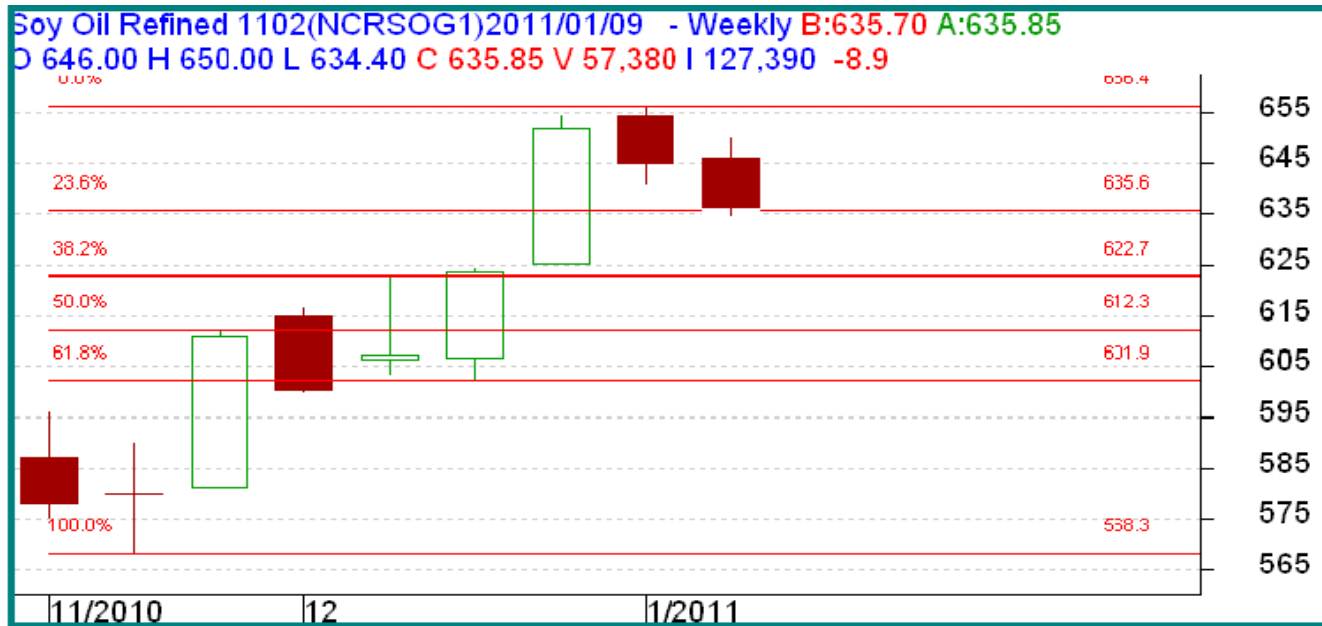
(Rs/ 10 kg)

| Center | 05.01.11 | 22.12.10 | Chg |
|----------------------------------|----------|----------|-----|
| Mumbai +VAT | 615 | 575 | +40 |
| Indore +VAT | 600 | 549 | +51 |
| Kota +VAT | 610 | 556 | +54 |
| Rajkot +VAT | 610 | 565 | +45 |
| Soy Oil (CIF, Kandla -US \$/ton) | 1320 | 1302 | +18 |

Price Outlook:

- ❖ **Vegetable oil market takes a breather and resurrect. Correction hinder as demand gets confronted by higher price level, however going forward, imports are likely to affect as the price walk as the same may pick up in comparison to recent months.**
- ❖ **Recently developed, Indecision in International markets creates skepticism. Rains eyed in Brazil and Argentina but effect of the same, to be derived gradually. Domestically, demand stays supportive but fluctuating as well.**
- ❖ **Trend in Malaysian Palm confides in weather disruptions in Malaysia but slip in exports affects otherwise. Its price walk ahead is likely to bear impact.**
- ❖ **Soy oil prices confide in better demand outlook and deteriorating Soybean arrivals along with incorporating international price trend however higher Soy crop for this season and better crush margins boost the supplies as well. Price might follow a ranged path but is likely to remain positively skewed.**

Technical Analysis: RSBO (Refined Soybean Oil)



- ❖ Soy oil price trend inhibit medium term strength. Short term corrections are likely to remain inherent.
- ❖ Overbought conditions drag the price lower.
- ❖ 625 is the nearest significant support and 650-660 zone on the higher side stand as resistance.
- ❖ 600-610 is another capable support zone. While a slip below the same will intensify weakness, until it sustains, bulls may regain charge.
- ❖ Traders may grab profit taking by taking selling chance near mentioned resistances; at the same time keeping in mind the importance of 625/600 levels as strong support.
- ❖ Longs should get active only above 650 or near 610(wait for the confirmation around that)

RSBO NCDEX (February)

| Support & Resistance | | | | |
|----------------------|-----|-----|-----|-----|
| S2 | S1 | PCP | R1 | R2 |
| 610 | 625 | 635 | 645 | 655 |

International Market Highlights

- ❖ China, the world's largest soy buyer, imported 5.43 million tonnes of soybeans in December, down 0.9 percent from 5.48 million tonnes in November as suggested by figures from the General Administration of Customs of China. Imports of vegetable oils in December were 790,000 tonnes, up 31.7 percent from the previous month.

- ❖ Brazil 10/11 soy crop is in good shape. After an uneasy start of the season due to below-average rains, Brazil's 2010/11 soy crop is developing fine and could exceed last season's record output as put by the government's crop supply agency Conab. The crop was estimated at 68.55 million tonnes, unchanged from a previous forecast.
- ❖ Scattered showers in Argentina's farming belt brought some relief soy crop last week, but not enough to revert the damage done by deep-seated dryness as put by a meteorologist. The South American country is the third-biggest exporter of uncrushed beans and the No. 2 exporter of corn after the United States and markets are watching for any signs that rains may help repair the damage to crops made by weeks of dryness. The rains have brought a little relief, but yields are going to be below what's considered normal. The Agriculture Ministry on Wednesday said recent rainfall should allow farmers to plant some 18.5 million hectares with the oilseed this season, down from the 18.7 million hectares estimated previously.
- ❖ U.S. farmers will plant more corn and wheat in 2011 and slightly fewer soybeans as growers may stick to more traditional crop rotation patterns, instead of favoring one more lucrative crop over another. Prices for major crops are trading at the highest levels since the run to record values in 2008, enjoying big year-end rallies. As a result, farmers appear to be reluctant to make major adjustments to their well-established cropping patterns. Instead, they stand ready to use this unique window of profitability to return their fields to historic rotations.
- ❖ For soybeans, acreage was seen slipping to 77.42 million, below the U.S. Agriculture Department's latest 2010 plantings estimate of 77.7 million acres, which the Farm Futures survey indicated was too high. Soybeans may lose some acres in the South as record-high cotton prices encourage more cotton seeding.

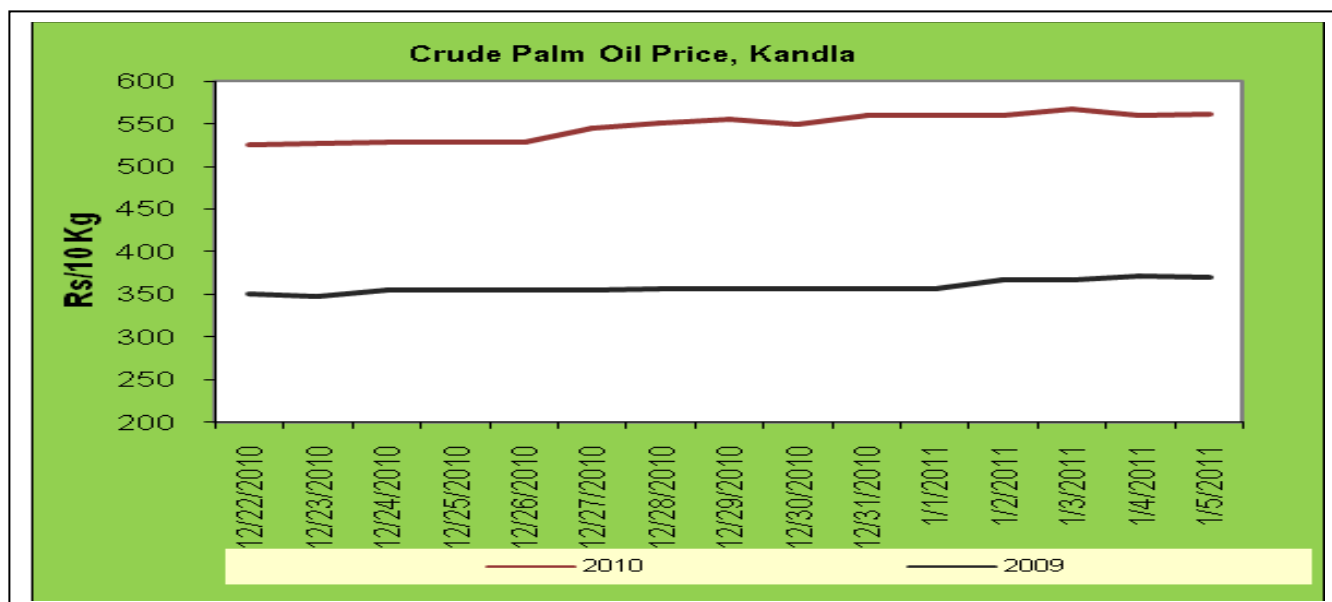
Fundamental Highlights:

Palm Oil

- ✓ **Palm Oil depicted strength in the spot market. Strength in Malaysian Palm affected the domestic price walk as the same confided in lowering month on month (December) production and ending stocks, despite fall in exports.**
- ✓ India is in the market for about 500,000 tonnes of palm oil in February it looks to restock after months of lower imports and strong domestic consumption. Indian vegetable oil stocks at ports now stand at about 500,000 to 600,000 tonnes, slightly lower than usual 700,000 tonnes.
- ✓ Differential between Palm and Soy faced a reduction in December 2010 as compared to same month year back. It continue to remain lower in January 2011

(average price calculated until Jan 10) as compared to same duration last year, which may offset part of the imports as soy oil appear more attractive.

- ✓ Palm oil imports in India faced a reduction of 2.8 percent in November 2010 and remain at 547127 Metric Tonnes as compared to same month last year. Major reduction is witnessed in imports of RBD Palm oil whereas crude palm oil imports surged a 5.9% higher in Nov 2010 to 476611 Metric tonnes.



International Market Highlights

- ❖ Exports of Malaysian palm oil products for Jan. 1-10 rose 0.75 percent to 300,250 tonnes from 298,005 tonnes shipped during Dec. 1-10 as put by cargo surveyor Intertek Testing Services. However it fell 5.7 percent to 331,655 tonnes from 351,598 tonnes shipped during Dec. 1-10 as put by another cargo surveyor Societe Generale de Surveillance. Exports to European Union slipped lower according to the data depicted by the later
- ❖ Malaysia's December palm oil stocks fell 1.3 percent to 1,614,671 tonnes from a revised 1,635,685 tonnes in November as put by industry regulator Malaysian Palm Oil Board. December's fall missed market expectations that stocks in the world's No.2 palm oil producer likely dropped 4.7 percent to 1.56 million tonnes. Malaysian Palm December Palm oil exports plunged by 14.6 percent as compared to a month earlier. Output also slipped 15.5 percent in the given month as compared to last month.
- ❖ Indonesia expects palm oil exports to grow by 16 percent by value in 2011 as new investment in the sector is expected to boost output as put by Trade Minister.

Strong demand from the Middle East will also help boost exports from the world's top palm oil producer.

- ❖ Indonesia expects output of key plantation crops, including palm oil, to increase next year on the back of expanded acreage, improving yields and expected good weather, a senior agriculture official. An unusually long rainy season this year has wreaked havoc on most of the country's plantation crops, tightening supply to global markets and driving up prices palm oil. Palm oil production from the world's top producer is expected to increase by 5.3 percent to 24.43 million tonnes in 2011 from an estimated of 23.2 million tonnes this year as put by Gamal Nasir, director general of plantation crops at the agriculture ministry.

Prices for CPO

(Rs/ 10 kg)

| Center | 05.01.11 | 22.12.10 | Chg |
|--------|----------|----------|-----|
| Kandla | 562 | 525 | +37 |

Prices for RBD Palmolein

(Rs/ 10 kg)

| Center | 05.01.11 | 22.12.10 | Chg |
|--------------|----------|----------|-----|
| Kandla +VAT | 580 | 545 | +35 |
| Mumbai +VAT | 590 | 558 | +32 |
| Chennai +VAT | 600 | 563 | +37 |
| Delhi | 625 | 575 | +50 |

Prices for FOB (Kandla)

(US \$ / MT)

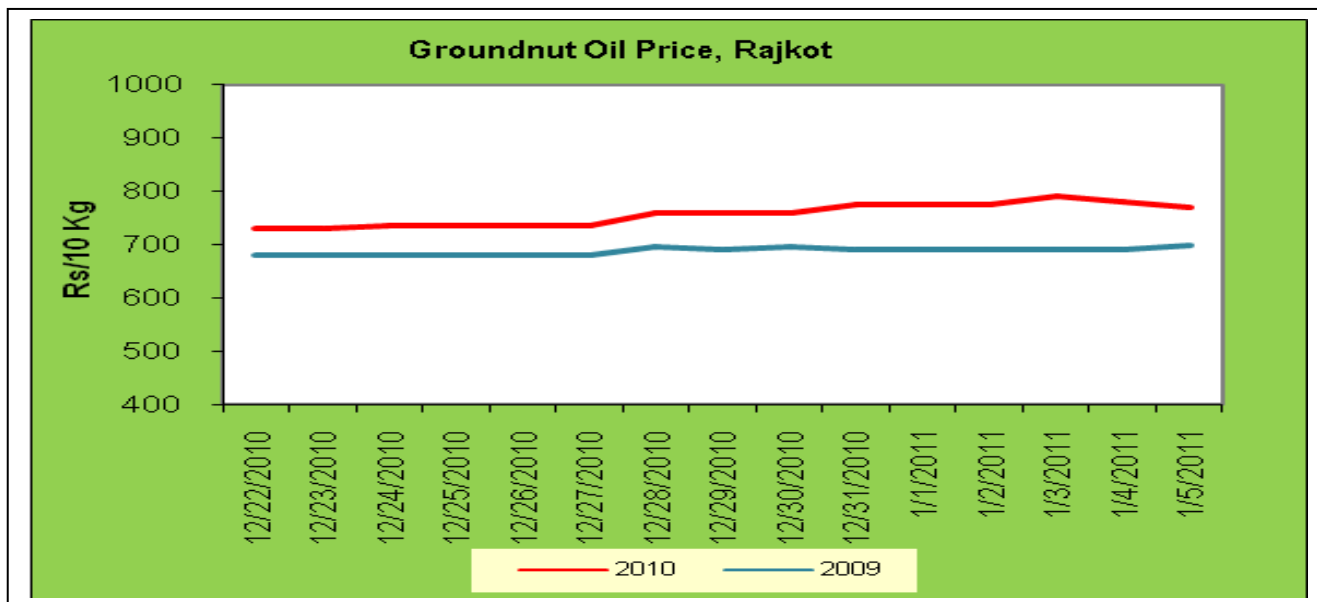
| Center | 05.01.11 | 22.12.10 | Chg |
|---------------|----------|----------|-----|
| CPO | 1240 | 1177 | +63 |
| RBD Palmolein | 1275 | 1210 | +65 |

Fundamental Highlights:

Groundnut Oil

- ✓ Groundnut oil price trend stay range bound with positive bias in the spot market. Demand remains medium, which lead to the same. Groundnut arrivals hover in a range of 20000-25000 bags in Rajkot.
- ✓ Groundnut rabi sowing reached 4.18 lakh hectares as reported until 30th December as compared to 4.28 lakh hectares, last year.
- ✓ Groundnut production this kharif is estimated at 41 lakh tonnes against 32.9 lakh tonnes last year. Initially, groundnut production was estimated at 18.7 lakh tonnes in Gujarat but due to rains in early November, it is lowered at 17.7 lakh tonnes.

- ✓ Groundnut oil availability is projected at 3.48 Lakh tonnes for 2010-11 as compared to 1.8 lakh tonnes in 2009-10. The same is attributed to anticipated increase in crush to 8.70 lakh tonnes in 2010-11 as compared to 4.4 lakh tonnes in 2009-10.



Prices for Groundnut Oil

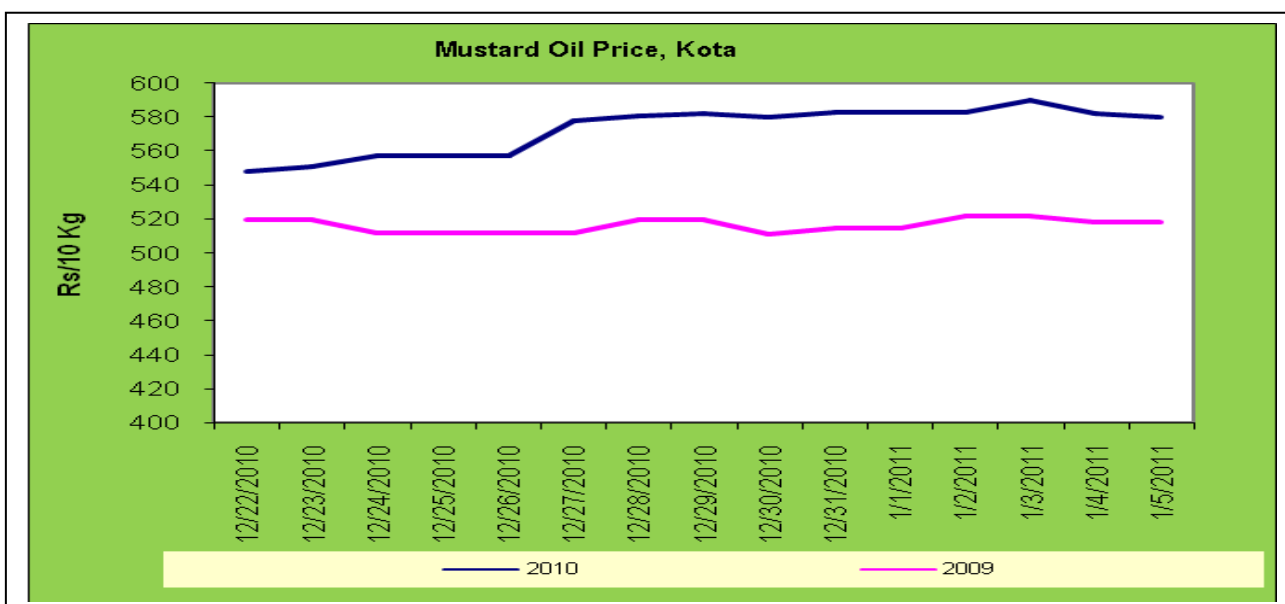
(Rs/10 kg)

| Center | 05.01.11 | 22.12.10 | Chg |
|---------------|----------|----------|-----|
| Mumbai +VAT | 785 | 760 | +25 |
| Rajkot +VAT | 770 | 730 | +40 |
| Hyderabad+VAT | 700 | 710 | -10 |
| Chennai +VAT | 720 | 720 | - |
| Delhi | 800 | 750 | +50 |

Fundamental Highlights:

Mustard Oil

- ✓ Mustard oil price remain steady to higher in the spot market. While demand perks up the same, arrival did not reduce from the earlier levels. Going forward price may ease, as crop enters the market around February.
- ✓ Arrivals in Rajasthan continue to hover around the band of 35000-40000 bags in January.
- ✓ Sustenance in Demand for mustard oil on increased buying by millers for the marriage season and prevailing winters, remain supportive.
- ✓ Higher area sown under mustard, this year suggests better production is likely.
- ✓ The total area sown with mustard as of December 30, 2010, stood at 70.44 lakh hectares as against 63.39 lakh hectares last year.



Prices for Rape Expeller Oil

(Rs/ 10 kg)

| Center | 05.01.11 | 22.12.10 | Chg |
|--------------|----------|----------|-----|
| Mumbai + VAT | 608 | 589 | +19 |
| Kota +VAT | 580 | 548 | +32 |
| Jaipur +VAT | 590 | 550 | +40 |
| Delhi | 626 | 590 | +36 |
| Neewai +VAT | - | - | - |

Fundamental Highlights:

Other Edible Oils

- ✓ **Sunflower oil prices and cotton seed oil prices remain broadly higher in the spot market**
- ✓ World Vegoil stocks are projected to decline 13.45% in 2010-11, they are projected to reach at 10.1 MMT as compared to 11.67 MMT IN 2009-10. Supplies are also projected to grow in the mentioned time frame, but the growth in total use is projected to outpace in 2010-11.
- ✓ Global oilseed stocks are projected to plunge lower by 2.61% at 70.28 MMT in 2010-11 as compared to 72.16 MMT in 2009-10. Total oilseed output is projected to grow 0.36 percent in 2010-11, whereas use is projected to grow by 5.58 percent in 2010-11. The same contributes to the upward movement in the prices until now, however total supplies still remain higher than the corresponding usage.
- ✓ As per the COOIT's projections: Sunflower seed crop is projected to decline at 1.35 lakh tonnes in 2010-11 as compared to 3.2 lakh tonnes in 2009-10. The same is likely to result in lower oil availability in 2010-11 at 0.47 lakh tonnes as compared to 1.1 lakh tonnes in 2009-10.

- ✓ Cotton seed oil availability is projected at 11.68 lakh tonnes in 2010-11 as compared to 10.8 lakh tonnes in 2009-10.

Prices for Refined Sunflower and Cottonseed Oil

(Rs/ 10 kg)

| Center | 05.01.11 | 22.12.10 | Chg |
|-------------------------------|----------|----------|-----|
| Refined Sunflower Oil | | | |
| Mumbai +VAT | 705 | 705 | - |
| Chennai +VAT | 725 | 710 | +15 |
| Hyderabad +VAT | 780 | 750 | +30 |
| Kandla, CIF (USD/Ton) | 1445 | 1410 | +35 |
| Refined Cottonseed Oil | | | |
| Mumbai +VAT | 598 | 565 | +33 |
| Delhi+VAT | 580 | 550 | +30 |
| Rajkot +VAT | 600 | 557 | +3 |

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