

## News Analysis

### Domestic:

- **Buoyed by a firming global trend and pick-up in demand from millers and local parties, edible oil prices strengthened at the wholesale oils and oilseeds market during the past week.** A few oils in the non-edible section also saw increased demand from consuming industries and recorded gains. Market analysts said increased buying by vanaspati millers and retailers for the ongoing marriage season amid a firming global trend mainly pushed up wholesale edible oil prices.
- **On the Import Front: Total Edible oil imports declined by 14.8% to 3482615 MT in (Nov 2010-April 2011) as compared to 4089690 MT in 2009-10.** Palm oil Imports declined 13.8% in the same period, while the CSO Imports plunge lower by 39.2% in oil year until April 2011 vis a vis last year. On Monthly basis, total edible oil imports grew by 11.2% in April as Palm oil imports grew by 35% to 342468 MT in April 2011 as compared to 253727 MT in March 2011. CSO Imports witnessed a dip of 61.5% in April 2011 vis a vis March 2011.

Veg oil Imports (MT.)	Mar-11	Apr-11	Nov-April 2010-11	Nov-April 2009-10	% Change YOY (Nov-April)	% Change MOM(March-April)
<b>RBD</b>	73768	26056	487090	676127	-28.0	-64.7
<b>CPO</b>	179959	316412	2172062	2410263	-9.9	75.8
<b>Total Palm Oil</b>	253727	342468	2659152	3086390	-13.8	35.0
<b>CSO</b>	81131	31250	372236	611877	-39.2	-61.5
<b>Sunflower Oil</b>	76230	76400	412161	301939	36.5	0.2
<b>Total Edible Oil Imports</b>	412088	458119	3482615	4089690	-14.8	11.2

Vegoil Imports took a plunge on YOY Basis, as higher domestic availability for soy oil led by improved crushing along with import disparity in soy oil that existed this year in comparison to parity, last year.

- **India's edible oil imports could drop 9 percent in the year upto October due to higher domestic oilseed output** as put by the managing director of Ruchi Soya Industries. India, bought 3.5 million tonnes of edible oils in the first half of 2010/11, down from 4.1



million tonnes in the year ago period. Ruchi Soya itself hopes to import 1.6-2.0 million tonnes of edible oils in 2010/11 against 1.9 million tonnes bought in the previous year.

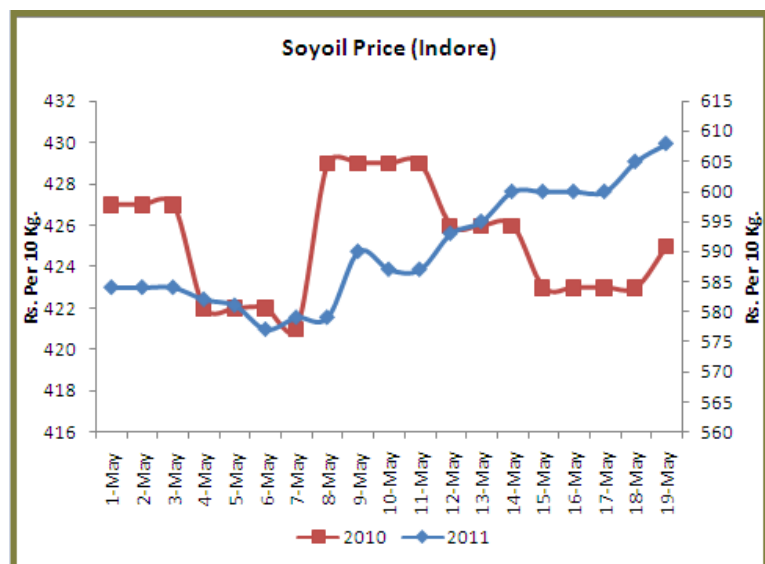
### International:

- **Malaysian crude palm oil remains upward trending as a jump in exports and strong prices in competing soy oil markets boost the same.** Weather developments in the United States need to be watched where there was rain and flooding has slowed the pace of corn planting and may affect soybean seeding, potentially boosting grain markets and the vegetable oil complex. Malaysian palm oil futures have fallen 14.1 percent so far this year on growing stocks although strong export data from a cargo surveyor showed that top buyers China and India will take up more, erasing earlier losses. The market is getting some support from exports, which is expected but the real dodging is likely from the U.S. weather.
- **China, import palm oil cargoes at higher prices compared to existing commercial stocks of the vegetable oil to cater for the upcoming summer peak in demand.** Traders struck deals to buy refined, bleached and deodorized (RBD) palm olein. That signals demand is intact even after Beijing announced plans to buy 500,000 tonnes of Argentine soy oil. China will continue to import palm oil in the next two to three months. The commercial stocks have increased from last month's 300,000 tonnes to a current level of 450,000 tonnes. China's palm oil imports will continue to rise despite Beijing efforts to dampen inflation by hiking interest rates and bank reserve requirements as well as selling vegetable oil and oilseed reserves at regular auctions.

## Fundamental Analysis

### Soy oil:

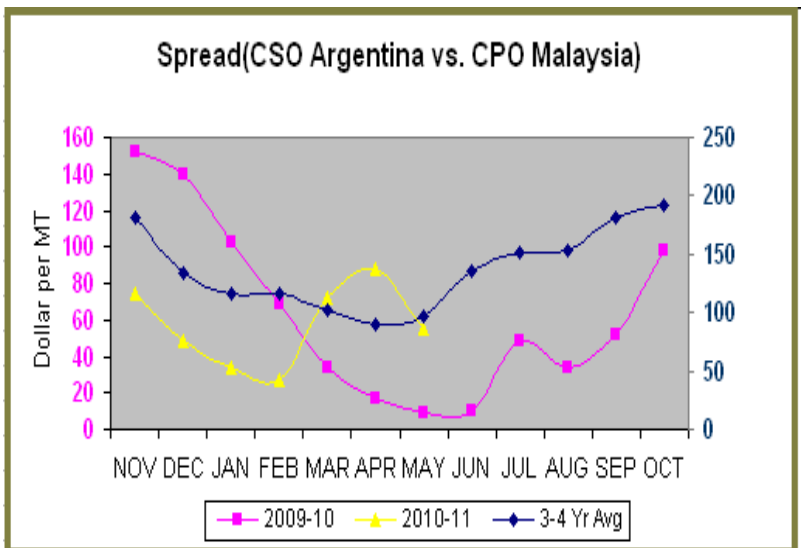
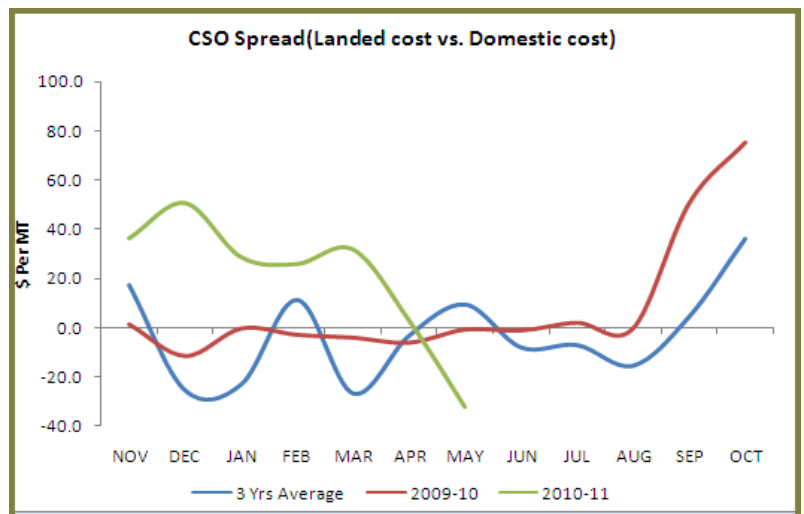
- **Soy oil Refined Price (Indore) surged higher in the spot market in May 2011(until May 19th), posting a recovery from a month earlier. Price remains upward trending as against the trend seen in May 2010 when it moved in a formed range. Soy oil continues to be expensive at Rs. 608 per 10 Kg vs. last**





year's levels of Rs. 425 per Kg.

- According to Market sources, Lower crushing activity, diminishing stock at ports and improved prospects for demand from July to October; lend support to the Soy oil price. Reduction in Mustard oil availability and the consequent surge in price, also improve prospects for Soy oil. However demand may get capped at higher prices (Rs. 650 per 10 Kg.) Also the likely improvement in MOM Imports may also contain the upside.
- **Soy oil Import Parity likely Scenario:** Soy oil imports remain viable as average spread hover at negative \$(32.22) per MT in May 2011 (Average until mid May). Spread remains better than last year when it stood at Negative \$(2.93) per MT. As against the same, 3 years average spread in May 2011 remain at \$9.6 per MT, while the spread may align towards the same, going forward in May.
- **Average price spread between CSO Argentina and CPO Malaysia remain at \$ 54.94 per MT in May (until mid May)** which remain higher than the last year's level of \$ 8.45 per MT until same time previous year. The spread hovered at \$87.61 per MT in April 2011. The same imply that CPO Imports remain more favourable than soyoil in May 2011 in comparison to last year, Also spread has potential to widen upto \$ 97 per MT( Average 3 yrs.), going forward in May.

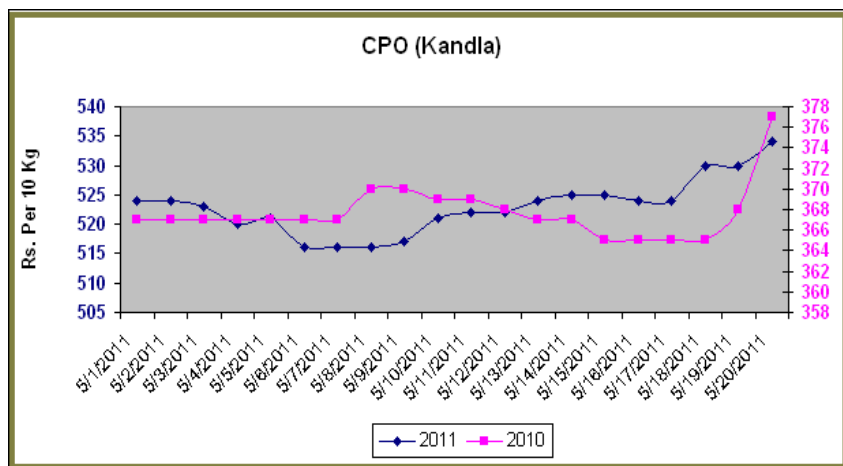




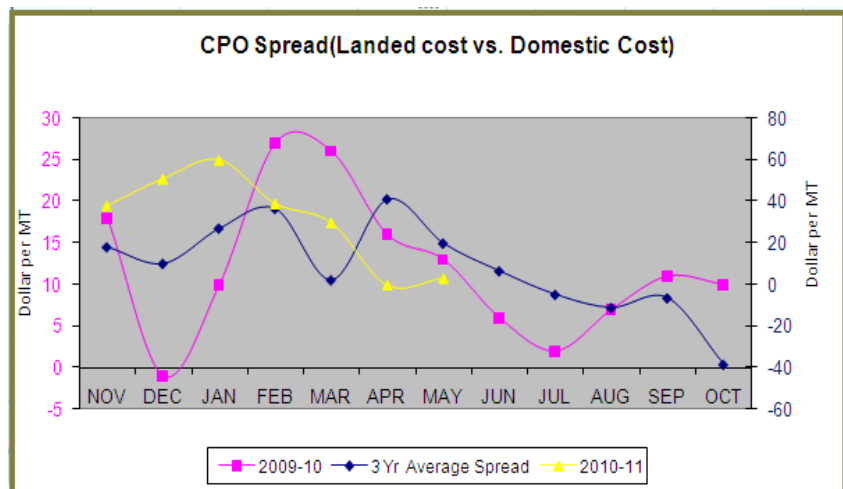
- **Imports Projection:** Better import Parity vis a vis last year favor CSO Imports while higher price spread with Palm will continue to offset the quantity. Also given the higher domestic availability of both Soy oil and Mustard oil, imports of CSO may continue to remain lower in May in comparison to last year.
- On MOM Basis, In May 2011, CSO Imports may improve based on improved import parity and narrowing spread with Palm Oil. While the same kind of scenario, historically indicate that CSO Imports may grow by about 29.75% in May 2011 as compared to April 2011, the same is further subject to development in the parity and spread with CPO, going forward in May.

### Palm Oil:

- **Price Behaviour:** Palm oil price surged higher in the spot market in May. While price remain upward trending in May this as well as last year 2010, CPO is highly priced in the current year same month as compared to a year back. Much of the same is derived from optimism in Malaysian Palm. Under the current situation, lower stock at ports makes availability tight while consumption remains high as it remain cheapest of the substitute oils.



- **India, Palm Oil Parity:** CPO Imports which remain viable in April 2011 have started to become unviable as spread widens towards Mid May 2011, led by recovery in FOB Rates. Further the import spread has a potential to widen further to \$ 20 per MT from current levels of \$ 3.1 per MT until Mid May. On YOY basis in

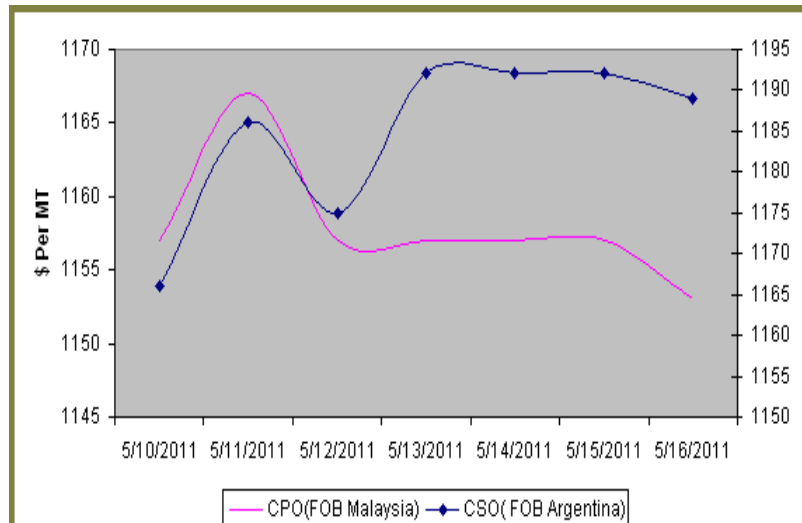


May 2011, the situation had improved but it has again started to become adverse as compared to April 2011 when the average import spread hovered at negative \$(0.2) per MT.

➤ **Imports Projection:**

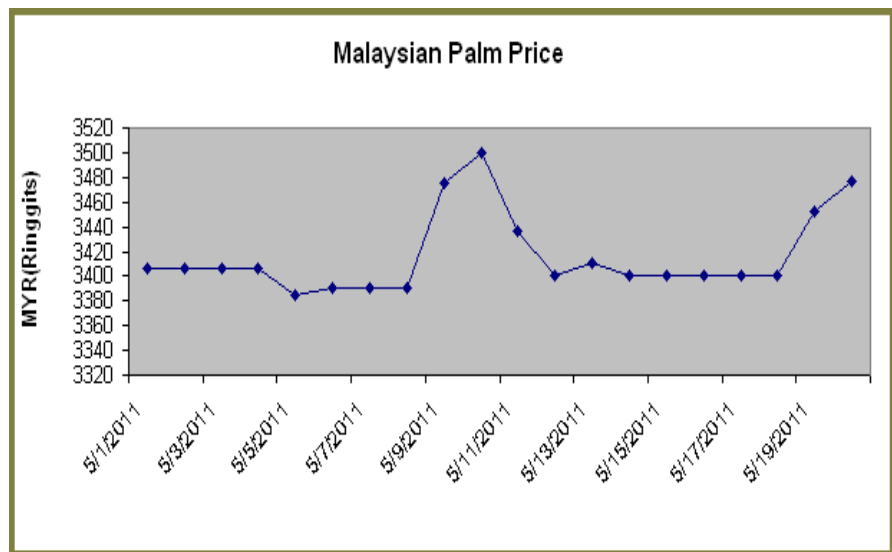
Spread with soy oil remain better placed in May 2011, vis a vis last year, this combined with

parity situation indicate while CPO imports may increase as compared to last year, they may plunge on MOM basis in May 2011 as compared to April 2011. While a similar kind of scenario historically, resulted in a surge of 3.12% , in CPO Imports in May 2010 on MOM Basis, while the same happen this time as well, it remains subject to further development in the Parity.



- **Malaysian Palm price behavior:** Malaysian Palm surged higher by 2.26% in the week ending 20th May 2011. Upward movement was directed by improvement in export demand while ending stocks continue to rise but at a less than expected rate. Higher Production that thickens the stock, continue to remain the price controlling driver.

- Malaysia's April palm oil stocks rose 3.5 as compared to March as put by Malaysian Palm Oil Board. April's rise missed market expectations that



stocks likely rose nine percent to 1.76 million tonnes. Palm output in Malaysia rose by 8.02% to 1530009 tons in April 2011 as compared to 1416440 tons in March 2011, whereas exports surged higher by 7.81% to 1331742 tons in April 2011 as depicted by the MPOB Data.

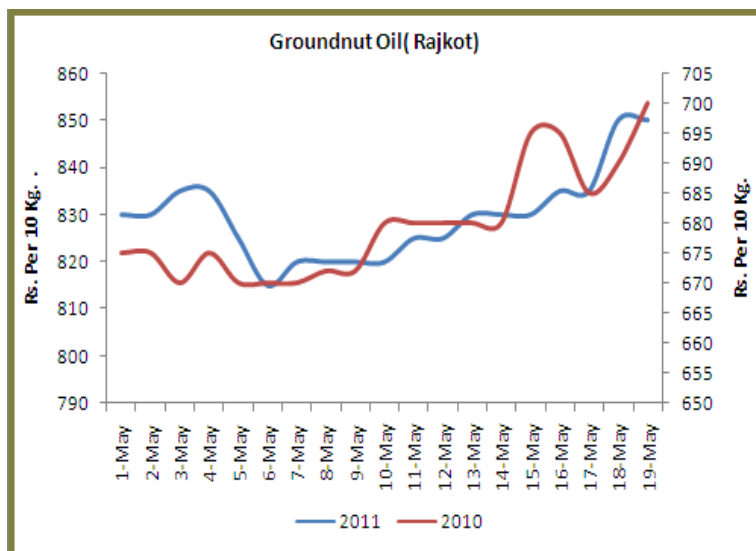
- Exports of Malaysian palm oil products for May 1-20 rose 29.7 percent to 794,322 tonnes from 612,342 tonnes shipped during April 1-20 as put by the cargo surveyor Intertek Testing Services. Exports to China, India and European Union surged higher in the mentioned period as compared to same duration last month.
- Going Forward in May, CPO Production in Malaysia is projected to surge from 8-13% as compared to April. While exports are also likely to grow on continuous demand from India and China and mwy witness a jump of 13.1%. The ending stocks may grow by 19.1% in May, as a likely result. The same is likely to contain the upside of the palm oil price in Malaysia and may keep the trend ranged.

**(Figures in Metric Tonnes)**

	<b>Apr-11</b>	<b>May 2011(Projection)</b>	<b>% Change MOM</b>
<b>Production</b>	1530009	1729063	13.01
<b>Exports</b>	1331742	1506200	13.1

### Groundnut Oil

- Ground nut oil Price remain upward surging both in May 2011(Until 19 May) and in 2010, however price hover at much higher levels of Rs. 850 Per 10 Kg. in as on May 19 as compared to Rs. 700 Per 10 Kg until same date in 2010. Following are the current and likely drivers of the price.
- Higher Export of Groundnut to countries like Malaysia, Thailand, led to shortage of seed for crushing and the consequent surge in the price of the later, pull the cost of crushing higher, leading to disparity (Rs 15-20 per MT) as on 20 th May.
- Exports of Groundnut are projected higher at 3.5-4 lakh in 2010-11 as compared to 2.5 Lakh tonnes, last year.
- Summer crop arrivals are being quoted higher in the spot market as it has greater demand in comparison to the old crop. Also the Old crop availability is likely to end soon for little of it is left.
- Demand for Groundnut oil remain low at such higher price levels, which is causing a steady rise, a little pick up in the same shall give a sudden push to the prices, which is being seen at around Rs 900-950 per 10 Kg. in the short to medium term.



### Mustard Oil

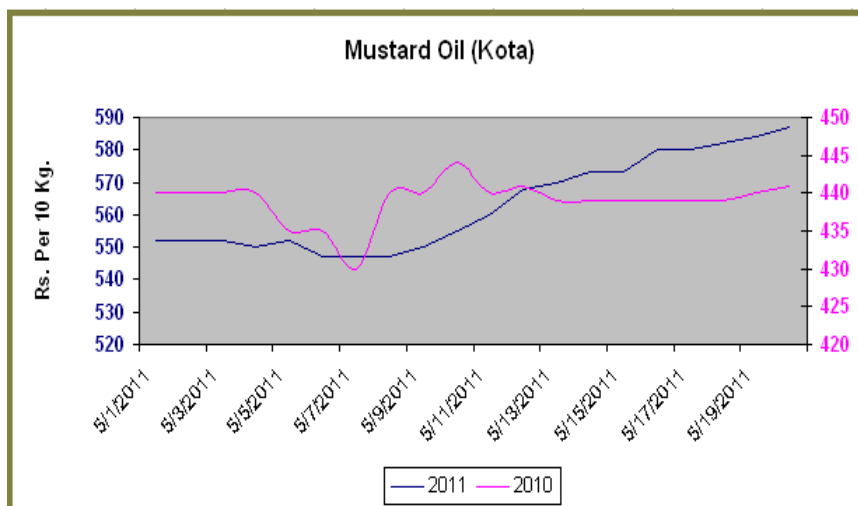
- Mustard Oil Prices have been on a rise in the week until 20 May 2011, while at the same time last year (2010) price depicted a flat movement.
- Optimism in the price was led by increased demand from retailers/Stockists as they stocked the oil. Demand improved from places like Bengal, Bihar, UP, Rajasthan.

### ➤ Fundamentals

scenario is likely to weigh on the prices, as demand bubble has started to burst and it has started weakening once again, however lower arrivals are likely to provide support to the price also, on its way down. Mustard oil expeller price in

Jaipur currently at Rs 594 per 10 Kg, may reduce until 580 level, around which it might stabilise. Price of Kachchi ghani Mustard Oil, currently at Rs 615 is likely to stabilise around 600.

- Mustard oil production is likely to rise by 15.52% to 25.5 lakh tonnes in 2010-11 as compared to 22 lakh tonnes in 2009-10.



### Weekly Port stocks Position at Indian Ports:

Vegoil Stocks at port decline as on 16 May 2011 as compared to a week back. While the same indicates improvement in consumption, it also affected availability Total Vegoil stocks at all ports reduced by 13711.03 MT as on end of latest week. Major decline is seen in Crude Palm oil and Crude degummed soyoil stocks. Stocks at Kandla, Mundra and Haldia ports witness a reduction week on week.





VEGOIL STOCK POSITION AS ON 16-05-2011(IN MT.)							
	CRUDE SUNOIL	CRUDE DEG SOYOIL	RBD PALMOLEIN	CRUDE PALM OIL	TOTAL STOCK INCL.OTHER OILS	STOCK AS ON 09-05- 11	DIFF. AGAINST LAST WEEK'S STOCK
MUMBAI	-	-	-	-	-	-	-
JNPT	24607	18259.99	-	1884	59173.58	47676.85	11496.73
KANDLA	3995.31	32593.77	301.78	25556.79	72161.48	103708.88	-31547.4
MUNDRA	1528.96	11569.5	-	319.17	13574.67	19278.03	-5703.36
KAKINADA	7900	-	-	12000	21350	21420	-70
CHENNAI	20585	1657	-	11482	55592	48640	6952
HALDIA	-	4379	-	-	4379	8923	-4544
KOLKATA	-	-	-	-	-	-	-
MANGLORE	13274	-	-	15101	29363	19658	9705
GOA	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>71890.27</b>	<b>68459.26</b>	<b>301.78</b>	<b>66342</b>	<b>255593.74</b>	<b>269304.77</b>	<b>-13711.03</b>
Last Week's stock as on 09-05-2011	71112.02	76140.46	35402.85	80803.16	269304.77		
Difference Ag. Last week stock	778.24	-7681.199	8189.73	-14460.2			

### Technical Analysis (Spot)



#### SOYOIL REFINED (INDORE)

- Soy oil refined price (Indore) recover back from the recent low made at Rs. 550 per 10 Kg. Going ahead, Rs. 620 per 10 Kg and 630 are the two resistance points, on the higher side. While the price may likely hit these levels in the week ahead, some stoppage around the same also remains a possibility.
- On the lower side Rs. 575 per 10 Kg remains a support, which should hold for the rest of the month (In the short term).
- Strategy: Buying near above mentioned support can be the likely trading strategy, while caution should be exhibited near upside resistances. Trend is likely to remain positively skewed in the next week.

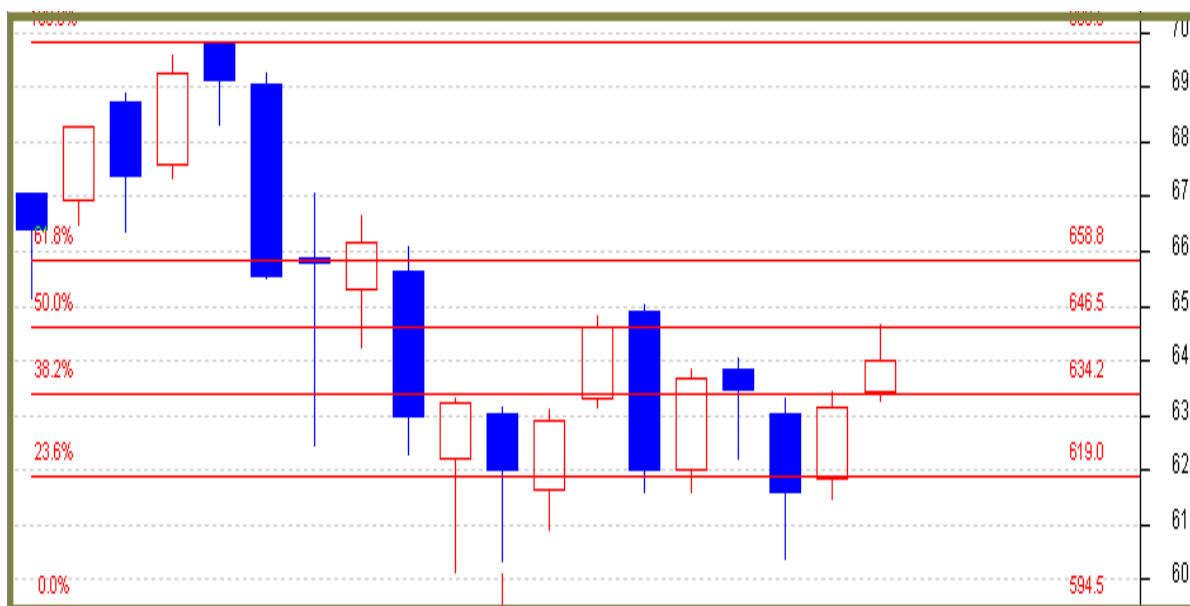


### CPO (KANDLA)

- CPO Kandla price recoup higher in the Spot, however trend is yet to turn bullish. Higher Resistances are capable of acting. Rs. 550/580 per 10 Kg are the significant resistance points for the market, while on the lower side Rs. 500 per 10 Kg. is an important support juncture, until it sustains, price is likely to recover more. However below the same weakness will re-emerge.
- Strategy: Trend remains range bound. Buying may be avoided until 550 on the higher side is broken. Selling pressure may be captured below 500 Level.

## Technical Analysis (Futures)

### Technical Analysis: RSBO (Refined Soybean Oil)

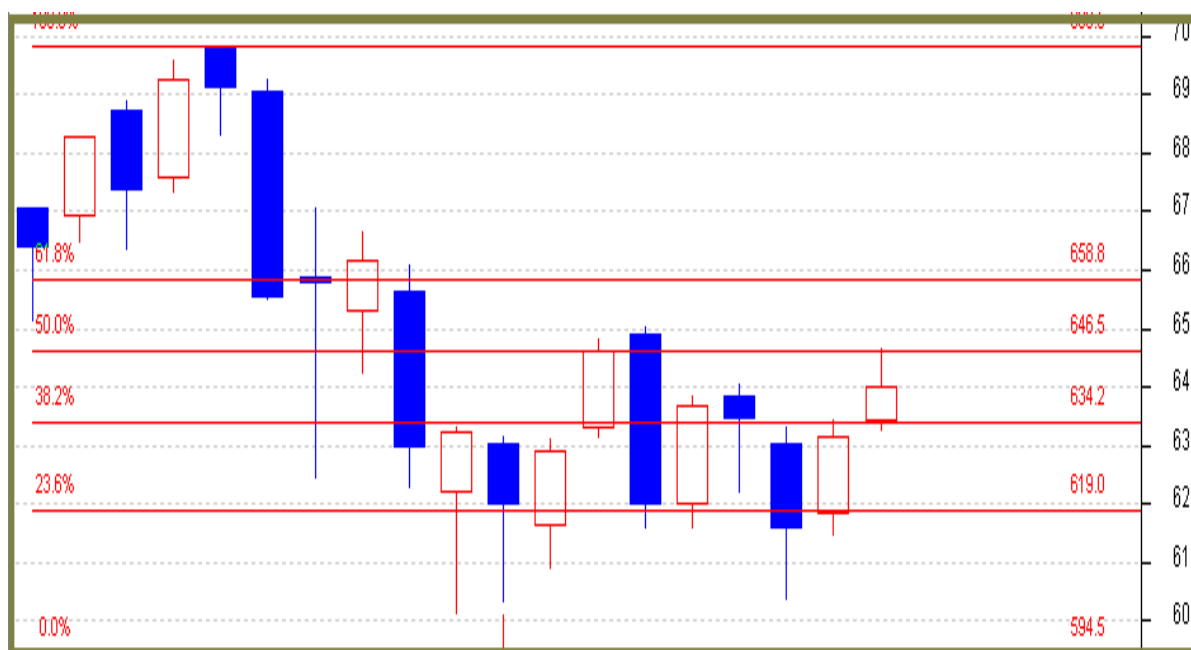


- ❖ Soy Oil price trend remains positively skewed. 630-660 is the likely trading band in the week ahead.
- ❖ 630 remains the nearest significant support and 650 level on the higher side stand as a resistance.
- ❖ Bulls may hold on to strength but may locate hurdles ahead as well.
- ❖ Positioning of RSI backs the optimism.
- ❖ Strategy: Buying on Dips until supports remain fruitful.

#### RSBO NCDEX (June)

Support & Resistance				
S2	S1	PCP	R1	R2
615	630	640	650	660

### Technical Analysis: CPO (Crude Palm Oil)



- ❖ CPO price remain in the short term uptrend. Nearness to significant resistance may lead to intermediate dips.
- ❖ 520 remains the nearest significant support and 535 level on the higher side stand as a resistance.
- ❖ Bulls are likely to maintain the charge. Buy at dips to remain low risk.
- ❖ Positioning of Moving average signals buy mode.
- ❖ Strategy: Buying on Dips until supports remain fruitful.

#### CPO MCX (June)

Support & Resistance				
S2	S1	PCP	R1	R2
515	520	527.20	535	540



### Edible Oil Prices at Key Markets (Week On Week)

Commodity	Centre	Prices(Per 10 Kg)		Change
		21-05-11	14-05-11	
Refined Soybean Oil	Mumbai +VAT	622	602	+20
	Delhi (Loose)	645	630	+15
	Indore (Loose)	608	600	+8
	Kota(Loose)	615	610	+5
	Hyderabad+VAT	665	655	+10
	Jaipur(Loose)	625	620	+5
	Rajkot(Loose)	615	600	+15
	Akola(Loose)	651	641	+10
	Amrawati(Loose)	651	641	+10
	Haldiya Port(Loose)	621	606	+15
	Jalna	656	643	+13
	Kakinada	641	621	+20
	Nagpur	649	641	+8
	Soy Degum Kandla/Mundra+VAT	600	580	+20
	Soy Degum Mumbai+VAT	596	580	+16
Palm Oil				
	Kandla CPO (5%FFA)	534	525	+9
	Kandla RBD Palmolein +VAT	567	554	+13
	Chennai RBD Palmolein (Loose)	580	570	+10
	Kakinada RBD Palmolein (Loose)	580	570	+10
	Mumbai RBD Pamolein+ VAT	580	570	+10
	Hyd. RBD Palmolein VAT	620	605	+15
	Delhi RBD Palmolein (Loose)	610	605	+5



Refined Sunflower Oil				
	Hyderabad Exp +VAT	725	710	+15
	Bellary (Exp. Oil)+VAT	634	626	+8
	Chellakere (Exp. Oil)+VAT	636	629	+7
	Erode (Exp. Oil)+VAT	685	680	+5
	Latur (Exp. Oil)+VAT	-	626	-
	Kandla/Mundra	635	625	+10
	Mumbai + VAT	685	670	+15
	Chennai (Loose)	670	670	-
Groundnut Oil				
	Hyderabad +VAT	860	870	-10
	Chennai (Loose)	840	840	-
	Delhi (Loose)	885	870	+15
	Gondal+VAT	850	835	+15
	Jamnagar +VAT	850	835	+15
	Narsarropeth+VAT	845	-	-
	Prodattour+VAT	831	826	+5
	Mumbai + VAT	865	835	+30
	Rajkot (Loose)	850	830	+20
Rapeseed Oil				
	Alwar (Expeller Oil)(Loose)	598	583	+15
	Sri Ganga Nagar(Exp Oil-Loose)	587	576	+11
	Delhi (Exp. Oil) (Loose)	623	602	+21
	Jaipur (Expeller Oil) (Loose)	597	585	+12
	Kota (Expeller Oil) (Loose)	587	573	+14
	Mumbai (Exp. Oil) +VAT	620	607	+13
	Kolkata	-	-	-

	Hapur+VAT	628	610	+18
	Agra (Kacchi Ghani Oil) +VAT	640	620	+20
Refined Cottonseed Oil				
	Mumbai +VAT	630	615	+15
	Hyderabad (Loose)	635	605	+30
	Rajkot (Loose)	625	610	+15
	Delhi (Loose)	615	600	+15
Malaysia Palmolein USD/MT				
	FOB (Oct)	1227	1207	+20
	CNF (Oct) - India	1255	1235	+20
Indonesia/Malaysia CPO USD/MT	FOB (Oct)	1152	1130	+22
	CNF (Oct) - India	1180	1157	+13
Argentina FOB (\$/MT)		19-05-2011	12-05-2011	Change
Soybean Oil Ship(Sep)	Feb/Mar	1225	1191	+34
Refined Soy Oil (Bulk) Ship(Sep)	Feb/Mar	1267	1233	+34
Sunflower Oil Ship(Sep)	Feb/Mar	1330	1341	-11
Cottonseed Oil Ship(Sep)	Feb/Mar	1205	1171	+34
Refine Linseed Oil(Bulk) Ship(Sep)	Feb/Mar	1205	1171	+34

\*Indicates all paid price

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