
News Analysis

Domestic:

- **Edible oil prices continued to rise for the third straight week at the oils and oilseeds market on continued buying by vanaspati millers and retailers for the ongoing marriage season amid a firming global trend.** However, non-edible oils moved in a narrow range in restricted buying activity and settled around the previous levels. Trading sentiment remained firm as palm oil gained for a third week in Malaysia, the longest streak in six months, as buyers in Europe boosted imports to replenish stockpiles and as an increase in crude oil prices lifted the demand for biofuel.
- **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:

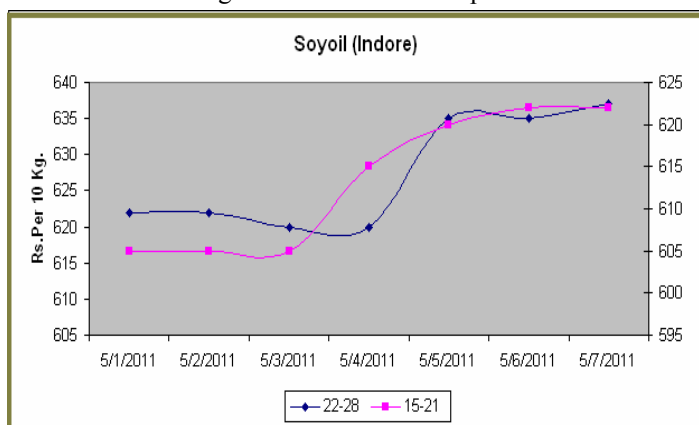
- **China plans to sell 2.12 million metric tons of soybeans from state reserves to five crushers at CNY 3,300 to CNY3, 500 a metric ton to increase domestic supply, industry website Cnyouzhi.com, which is owned by China Grain Reserves Corp. mentioned.** The government will also sell 100,000 tons of soy oil at CNY8,900/ton to Cofco Group and Jiusan, and 60,000 tons of rapeseed oil from reserves to Cofco Group at CNY8, 900/ton. Sales of the reserves are expected to be complete by the end of June.
- **US, Soybean oil exports poised To drop sharply with lower supply, gains in domestic use even with a higher crush in 2011/12, domestic production of soybean oil may fall if extraction rates do not climb quite as high as they have this year.** But the steepest reduction in supply could stem from next fall's stock carryover, which could be slashed, compared to the start of the current season. That outcome, however, is highly contingent on acceleration in domestic use (particularly for biodiesel) over the second half of 2010/11.

- **Global ending stocks of vegetable oil are expected to plunge 16 percent in 2010/11 to 11 million tons.** The supply scarcity may worsen next year, even when assuming normal development for the world's oil crops. At only 7.6 percent of total use, the projected 2011/12 global carryout at 10.1 million tons could be one of the tightest ever.

Fundamental Analysis

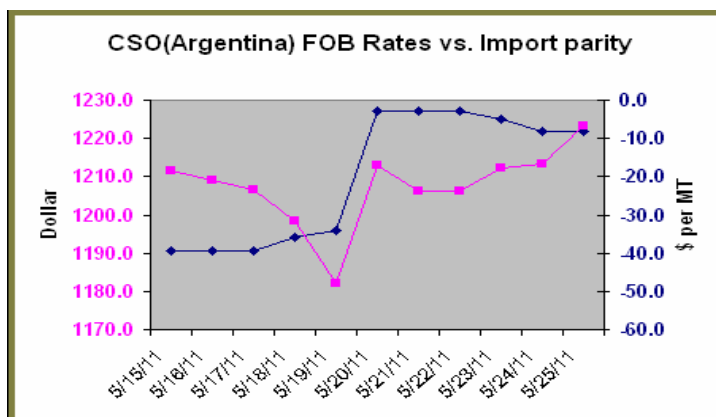
Soy oil:

- Soy oil refined Price at Indore continue to surge higher in the last week of May 2011, as it did in the prior week, however the rate of growth marginally slower to 2.4% from 2.8% in the prior week.
- Much of the optimism remain derived from international markets, while domestically, lower availability on reduction in crushing and lower stock at ports continue to lend support to the price while demand still remain sluggish at the consumer front. Going forward in June, while demand and imports are likely to catch up but weather will impact the direction as development on the same front will keep



on affecting the price of the soybeans and the corresponding release of stocks of the same, out of the hands of the farmer, which will inturn affect the crushing activity until the new crop build up. About 60-65% of the seed has been crushed so far and market anticipates it to hit around 80-85% for the old crop.

- Soy oil Import Parity Prevail despite recovery seen in FOB (Argentina) Rates in the last week of

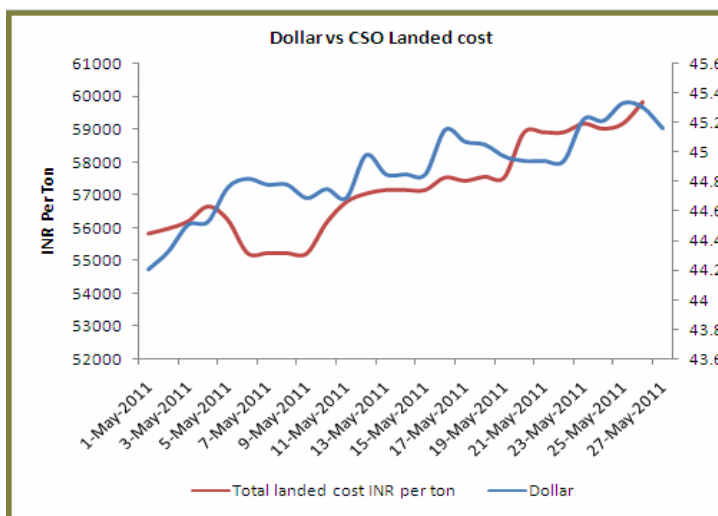


May: Soy oil imports continue to remain viable as average spread reach at negative \$(28.56) per MT in May 2011 (Average until 25th). Spread remains better than last year when it stood at Negative \$(0.78) per MT. As against the same, 3 years average spread in May 2011 remain at \$9.6 per MT, while the spread may align towards the same, going forward in May.

- **Surge in Dollar against Indian Rupee, led to Incremental effect on the landed cost in the month of May.**

Going forward in June, dollar may further strengthen to 45.70-46 levels, however from these levels it may start to loose strength. On the lower side 44.50 level may act as a resting point for it. Dollar is anticipated to trade in range between 44.50-46. And the same shall

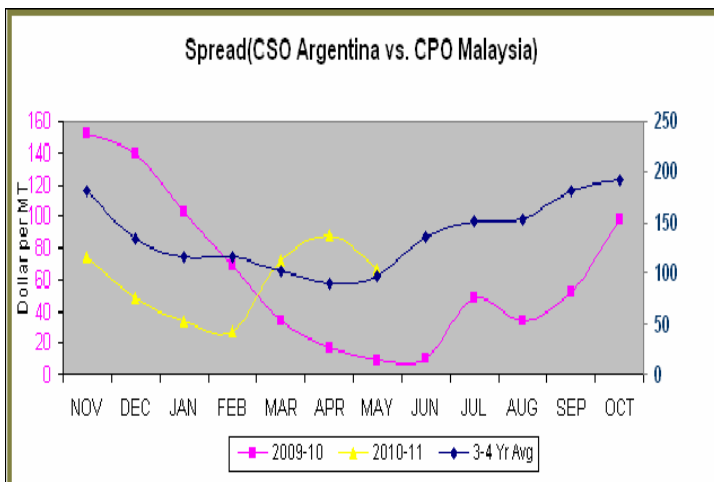
most likely help in bringing down the Import cost for Vegoils at the Indian front.



DOLLAR CHART



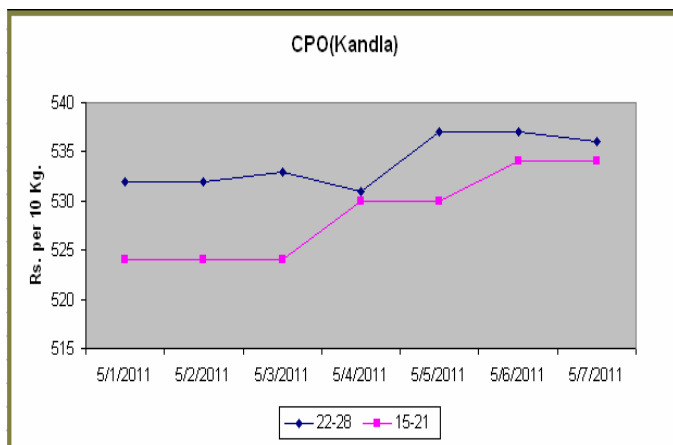
- **Average price spread between CSO Argentina and CPO Malaysia widen in the last week of May to \$ 65.92 per MT from \$ 60 a week earlier** which remain higher than the last year's level of \$ 9 per MT until same time previous year. The spread hovered at \$87.61 per MT in April 2011. The same imply that CPO Imports continue to remain more



favourable than soy oil 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.

Palm Oil:

- **Price behaviour:** CPO(Kandla) price surged higher in the spot market but the gains gathered were less as that in the previous week. While it recorded a rise of 0.8% in the week until 28 May 2011, the rate of growth remained at 1.9% in the prior month.
- Gains continue to remain directed by strength in Malaysian palm which confided in the surge in exports on improved demand for China. Spread with soyoil widened back and also helped in revival in demand for Palm. Going forward likely surge in palm oil month end(May 2011) stocks in Malaysian is likely to limit the gains.

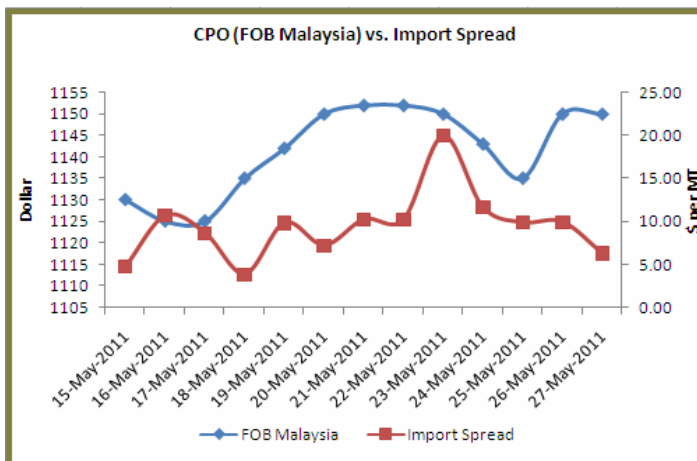


- **FOB Malaysia rates depicted an increasing trend in from Mid-end May 2011 which**

led to widening of CPO imports spread, however off late domestic prices also recouped back thereby offsetting the growth in the spread.

- **India, Palm Oil Parity current and likely scenario:** CPO Imports which remain viable in April 2011 continue to be

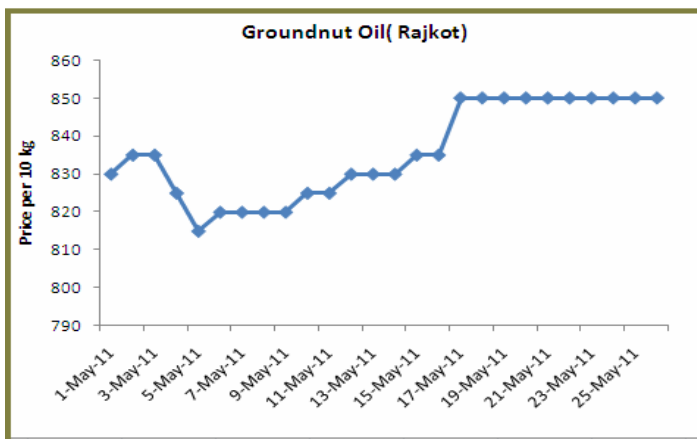
unviable as average spread widens in May 2011 to \$ 5.6 per MT. **Going forward in June the spread may continue to hover around the current levels and Gradually is likely to narrow down in the further months, signifying that current disparity situation should not prevail for long.**



Groundnut Oil

- **Ground nut oil Price remain upward surging in May 2011,however it stagnates towards the later part of the month. Price continue to be expensive in 2011 May at price level of Rs 850 per 10 Kg., while it hovered at around Rs 700 per 10 Kg in May a year back.**

- Groundnut oil price trend become steady from middle to end of May as crushers manage to catch hold of seed for crushing as they get diverted



towards summer crop arrivals, which builds up the supply. This brings down the cost of crushing and lead to reduction in disparity to just Rs. 5-10 per MT.

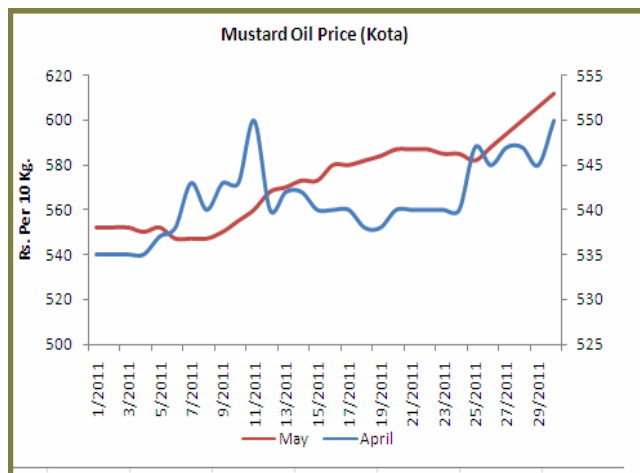
- **According to market sources in Rajkot, groundnut oils price is likely to remain range bound for another 20-25 days due to the above mentioned reason, however after that price is likely to shoot up** as higher Export of Groundnut to countries like Malaysia, Thailand, is likely to lead towards shortage of seed for crushing eventually and the consequent surge in the price of the later will pull the cost of crushing higher, leading to higher disparity. Exports of Groundnut are projected higher at 3.5-4 lakh in 2010-11 as compared to 2.5 Lakh tonnes, last year.
- Internal market sources convey that groundnut oil is likely to reach at a whopping level of Rs.1000 per 10 Kg within next three months. Demand for Groundnut oil remain routine, a little pick up in the same shall give a sudden push to the prices, which is being seen at around Rs 900-1000 per 10 Kg. in the short to medium term.

Mustard Oil

- **Mustard Oil price (Kota) posts a noticeable recovery in the month of May 2011 as compared to April 2011.**

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.

- In a current development, market sources in Rajasthan convey that demand for Mustard oil Expeller and Kachchi Ghani remain on surge and buying orders are being received from places like Himachal (for expeller oil) and Bengal, Bihar for (Kachchi Ghani).
- Also, crushing activity has reduced in the recent time on lower arrivals and disparity which currently hovers at Rs. 100 per MT.





- On the supply and demand front 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 but the same has already been discounted as an anticipation by the market in Price and currently the rise in the Soyoil spot price, remain a driver for mustard oil demand.

Technical Analysis (Spot)

SOYOIL REFINED (INDORE)

- Scenario has barely shifted, below mentioned strategy remains still applicable.
- 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.



Weekly Chart

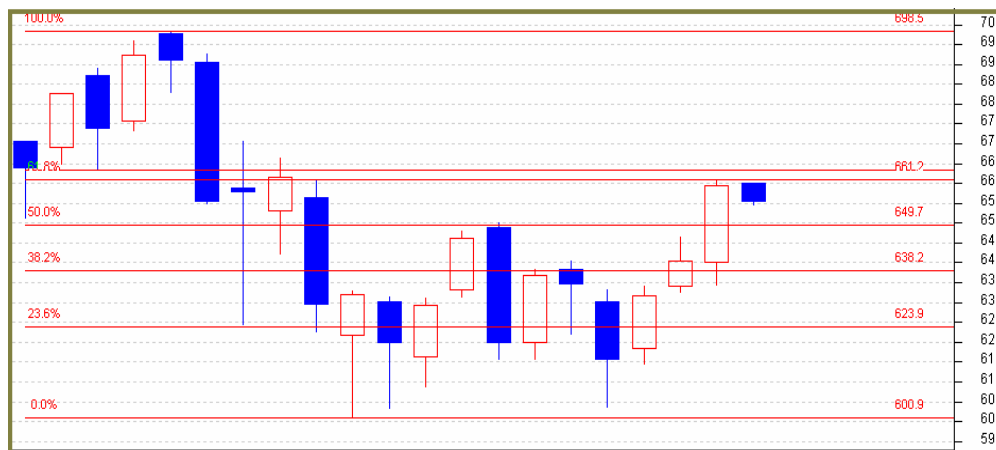
CPO (KANDLA)

- 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): NCDEX



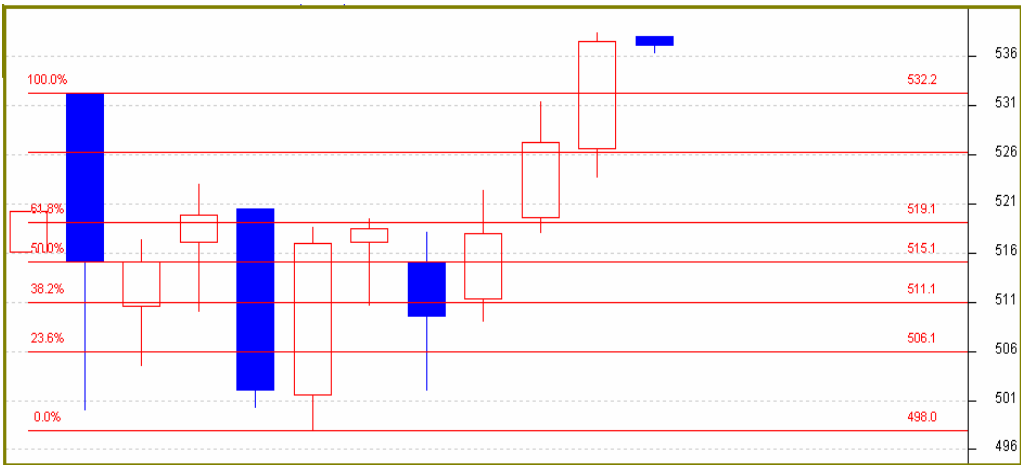
Weekly Chart

- ❖ Soy Oil price trend remains bullish. Although, caution is also advised as price enters overbought territory. Dips until supports, likely.
- ❖ 650 remains the nearest significant support and 665 level on the higher side stand as a resistance.
- ❖ Bulls may hold on to strength but may locate hurdles ahead as well.
- ❖ Strategy: Buy on dips near 650 with a stop loss of 645 and target of 660/670

RSBO NCDEX (June)

Support & Resistance				
S2	S1	PCP	R1	R2
645	650	659.40	665	670

Technical Analysis:
CPO (Crude Palm Oil): MCX



Weekly chart

- ❖ CPO price remain in the short term uptrend. Overbought conditions may lead to intermediate dips.
- ❖ 530 remains the nearest significant support and 545 level on the higher side stand as a resistance.
- ❖ Bulls are likely to maintain the charge. Buy at dips to remain low risk.
- ❖ Fibonacci retracement tool indicate, price has recovered more than 100% of the last fall.
- ❖ 530 is the first significant retracement support and 520 is the second after that.
- ❖ Strategy: Buying on dips near 530 with a stop loss of 523 for targets of 538/548

CPO MCX (June)

Support & Resistance				
S2	S1	PCP	R1	R2
524	530	537.40	544	550

Edible Oil Prices at Key Markets (Week On Week)

Commodity	Centre	Prices(Per 10 Kg)		Change
		28-05-11	21-05-11	
Refined Soybean Oil	Mumbai +VAT	637	622	+15
	Delhi (Loose)	655	645	+10
	Indore (Loose)	619	608	+11
	Kota(Loose)	635	615	+20
	Hyderabad+VAT	680	665	+15
	Jaipur(Loose)	640	625	+15
	Rajkot(Loose)	635	615	+20
	Akola(Loose)	-	651	-
	Amrawati(Loose)	-	651	-
	Halidiya Port(Loose)	641	626	+25
	Jalna	-	656	-
	Kakinada	656	636	+20
	Nagpur	-	649	-
	Soy Degum Kandla/ Mundra+ VAT	610	600	+10
	Soy Degum Mumbai+VAT	610	596	+14
Palm Oil	Kandla CPO (5%FFA)	536	534	+2
	Kandla RBD Palmolein +VAT	561	567	-6
	Chennai RBD Palmolein (Loose)	590	580	+10
	Kakinada RBD Palmolein (Loose)	584	580	+4
	Mumbai RBD Pamolein+ VAT	585	580	+5
	Hyd. RBD Palmolein VAT	620	620	-
	Delhi RBD Palmolein (Loose)	615	610	+5
Refined Sunflower Oil				
	Hyderabad Exp +VAT	750	725	+25
	Bellary (Exp. Oil)+VAT	633	634	-1
	Chellakere (Exp. Oil)+VAT	635	636	+1
	Erode (Exp. Oil)+VAT	697	685	+12



VEGOIL WEEKLY 30 MAY-06 JUNE

	Latur (Exp. Oil)+VAT	653	641	+12
	Kandla/Mundra	640	635	+5
	Mumbai + VAT	690	685	+5
	Chennai (Loose)	680	670	+10
Groundnut Oil				
	Hyderabad +VAT	870	860	+10
	Chennai (Loose)	850	840	+10
	Delhi (Loose)	875	885	-10
	Gondal+VAT	850	850	-
	Jamnagar +VAT	850	850	-
	Narsarropeth+VAT	-	845	
	Prodattour+VAT	826	831	-5
	Mumbai + VAT	860	865	-5
	Rajkot (Loose)	850	850	-
Rapeseed Oil				
	Alwar (Expeller Oil)(Loose)	618	598	+20
	Sri Ganga Nagar(Exp Oil-Loose)	-	587	
	Delhi (Exp. Oil) (Loose)	640	623	-
	Jaipur (Expeller Oil) (Loose)	601	597	+4
	Kota (Expeller Oil) (Loose)	605	587	+18
	Mumbai (Exp. Oil) +VAT	630	620	+10
	Hapur+VAT	638	628	+10
	Agra (Kacchi Ghani Oil) +VAT	650	640	+10
Refined Cottonseed Oil				
	Mumbai +VAT	637	630	+7
	Hyderabad (Loose)	645	635	+10
	Rajkot (Loose)	645	625	+20
	Delhi (Loose)	630	615	+15
Malaysia Palmolein USD/MT				
	FOB (Oct)	1230	1227	+3
	CNF (Oct) - India	1257	1255	+2

VEGOIL WEEKLY 30 MAY-06 JUNE

Indonesia/Malaysia CPO USD/MT	FOB (Oct)	1150	1152	-2
	CNF (Oct) - India	1177	1180	-3
Argentina FOB (\$/MT)		26-05-2011	19-05-2011	Change
Soybean Oil Ship(Sep)	Feb/Mar	1257	1225	+32
Refined Soy Oil (Bulk) Ship(Sep)	Feb/Mar	1301	1267	+34
Sunflower Oil Ship(Sep)	Feb/Mar	1346	1330	+16
Cottonseed Oil Ship(Sep)	Feb/Mar	1237	1205	+32
Refine Linseed Oil(Bulk) Ship(Sep)	Feb/Mar	1277	1245	+32

*Indicates all paid price

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