

News Highlights:

Domestic:

- *India's vegetable oil imports may have risen by 37 percent in May, the second straight monthly rise, as local supply dropped on depleting oilseeds stocks ahead of the summer planting season, a trend that is likely to continue next month as depicted by Reuters survey. Palm oil imports, which account for the bulk of India's cooking purchases, are expected to have risen 50 percent in May over the previous month, according to a survey of eight traders.*

International:

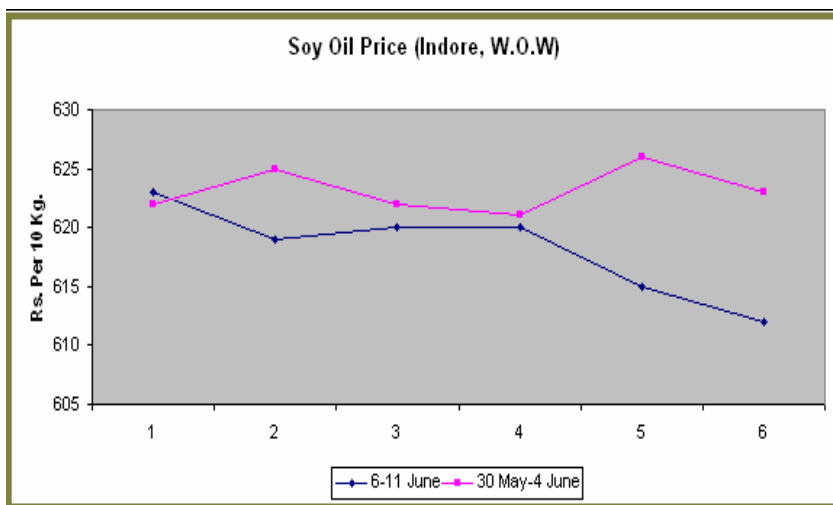
- *Malaysian palm oil futures on Bursa Malaysia Derivatives exchange ended lower in the latest week ended Friday, as a flurry of bearish data weighed on prices. Malaysia's May palm oil stocks were reported up 14.8 per cent to 1,918,023 tonnes from a revised 1,671,108 tonnes in April as put by industry regulator Malaysian Palm Oil Board.*
- *The USDA report release was less bullish for soybeans, as it suggested there were adequate supplies of the commodity. In other data, exports of Malaysian palm oil products for June 1-10 rose 22 per cent to 395,041 tonnes from 323,655 tonnes shipped during May 1-10, cargo surveyor ITS estimated.*
- *China is forecast to buy 6 million tons of palm oil in 2011-12 [crop year] and this is supporting palm prices as referred to a oilseed output and import outlook by China's National Grain and Oil Information Center. The state-linked grain research arm also estimated 2010-11 palm oil imports will reach 5.8 million tons.*

Market Recap and Fundamental Analysis

Soy oil:

- **Price Movement:** Refined Soyoil price at the Benchmark market Indore, dropped by 1.76% in the week ended 11 June 2011 as compared to recorded gains of 0.16%, a week earlier.

- **Domestic Sentiment:** Market sources in Indore convey that soyoil demand continue to be sluggish as Rs. 630 (per 10 Kg.) level, act as strict restriction

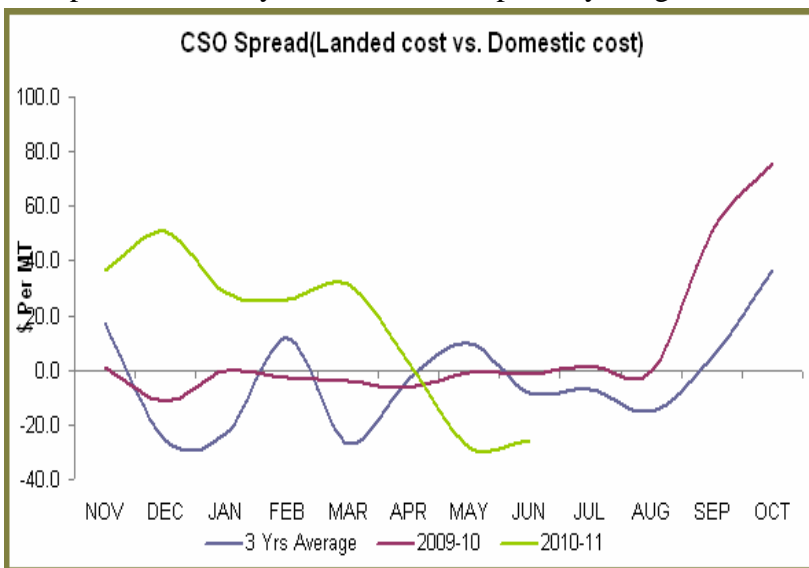


that cap the same, however lower stock at ports, induce demand from Maharashtra and Gujarat. Level of Rs. 610-615 (per 10 Kg.) is a supportive level that may stimulate more of same, going forward. Market remains watchful of the further developments on the weather front, which will direct the price walk a head.

- **Brokers in Indore, second the fact, that the demand for soy oil remains weak in the spot market.** They convey that both, higher price level (Rs. 620) per 10 Kg and hot weather restrict the same. Demand also gets diverted to other lower priced substitutes. Soybean Stock offloading by farmer, also boost availability which also weigh on the price sentiment. Improvement in monsoon is eyed, that may induce demand at lower levels.
- **Development, Likely on the Import Front:** CSO Imports in May (figures awaited by market) are likely to witness a surge on development of parity in CSO that happened in May 2011, for the first time since the start of Oil year 10-11, also supported by the fact that differential between CSO Argentina and CPO Malaysia witnessed a decline to \$ 72 per MT in May as compared to \$87.6 per MT in April. Moreso, reduction in domestic crushing on lesser seed availability as the new crop season starts, lead to shortfall in domestic availability. Above factors combined together are likely to cause a rise in CSO Imports in May 2011.

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- Going forward in June, While CSO Imports may increase at a steady rate, likely higher spread with CPO of around \$136 per MT is likely to boost CPO Imports by a higher rate.
- Total Edible Oil Imports in the oil year(Nov 2010-June 2011 till date) hover near 4277379 MT as against import of 5321811 MT witnessed in the oil year 2009-10 until June end. So the lag in imports this year remains of 1044432 MT, which is yet to be covered in June to match upto last years Imports.



VegOil Shipments/ Imports: Actual vs. Likely

(Figures in MT.)			
Veg Oils	April-2011 (Actual Imports)	May-2011 (Shipments)	% Change(MOM)
CDSBO	31250	53750	72
Palm Oil	342468	491876	43.63
CSFO	76400	45540	-40.39
Other Edible Oils	-	67100	-

(Figures in MT.)			
Imports	Nov 09-May 10	Nov 10- May 11	% Change YOY
CDSBO	722027	425986	-41.0
Palm Oil	3457255	3151028	-8.9
CSFO	355700	457701	28.7
Total Edible oil Imports incl. other Oils	4628859	4155881	-10.2

International Front:

➤ **FOB Rates in Argentina/Brazil/US: Comparative Scenario:**

FOB Rates in Argentina Brazil and US witnessed a declining trend since the start of June 2011 until 7th. The

rate of fall remains the

highest in case of US i.e 1.31%

whereas rate of fall remain lowest

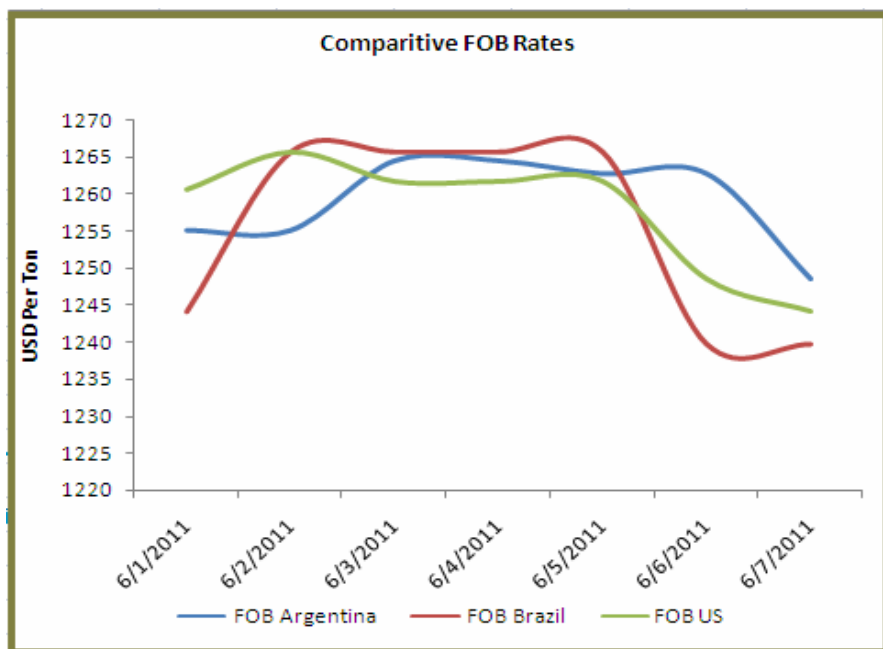
in case of Brazil i.e 0.35%. FOB

Rates in Brazil hover at a lower

rate as compared to Argentina and

US, where the price stay inflated

to strike at port and slow seeding progress in US.



Date	FOB Argentina	FOB Brazil	FOB US
6/1/2011	1255.1	1244.1	1260.6
6/2/2011	1255.1	1265.7	1265.7
6/3/2011	1264.58	1265.7	1261.7
6/4/2011	1264.58	1265.7	1261.7
6/5/2011	1262.81	1265.7	1261.7
6/6/2011	1262.81	1239.7	1248.5
6/7/2011	1248.48	1239.7	1244.1
% Change in the Week	-0.53	-0.35	-1.31

Argentina (FOB Rate, USD per ton)

Weekly Chart



Brazil (FOB Rate, USD per ton)

Weekly Chart



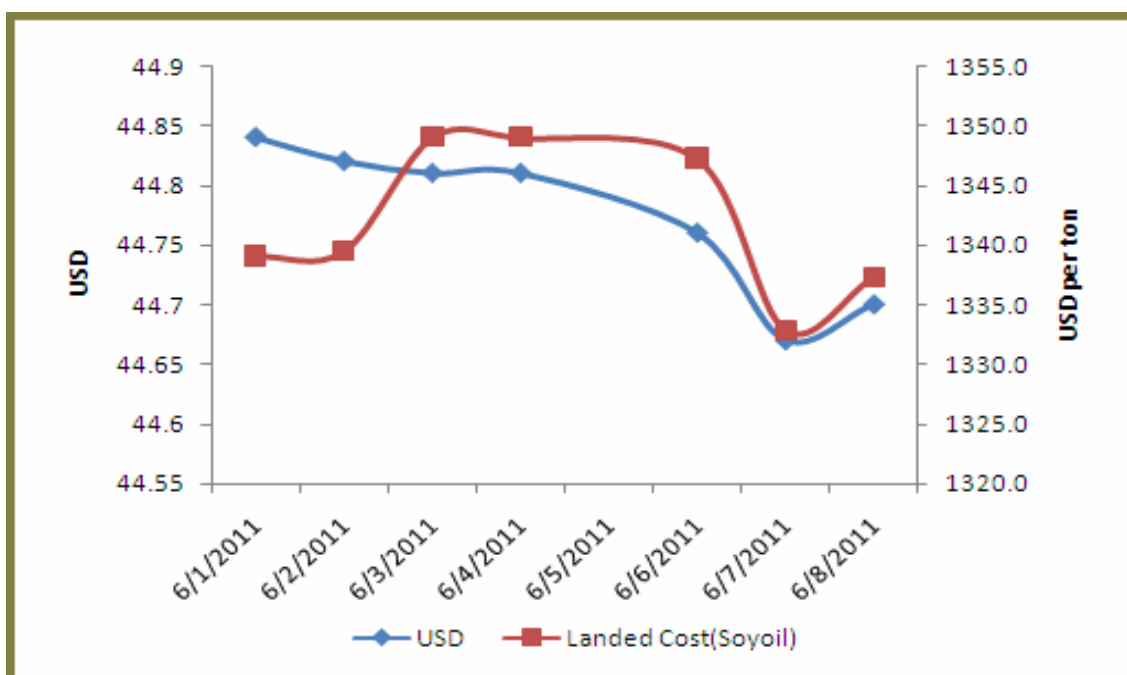
US (FOB Rate, USD per ton)

Weekly Chart



Likely Landed cost and Import Scenario from Major Import Sources:

	(June Ahead)		
	FOB Argentina	FOB Brazil	FOB US
FOB Rate Range USD per MT	1180-1290	1180-1285	1203.71-1296
Average FOB Rate	1235	1232.5	1249.85
Range for Dollar in June (Projected)	45.42-43.80		
Average USD Rate (Projected in June)	44.61		
Range for Soy degum(Mumbai)	565-625		
Soy degum(Mumbai) Average Rate	595		
Landed cost at Lower FOB Rate (Projection)INR per ton	56382.73	56239.4	57314.30
Landed cost at Higher FOB Rate (Projection)INR per ton	61321.73	61000.9	61499.77
Spread at Lower Levels USD per ton	-2.63	-5.84	18
Spread at Higher Levels USD per ton	-26	-33.6	-22.42

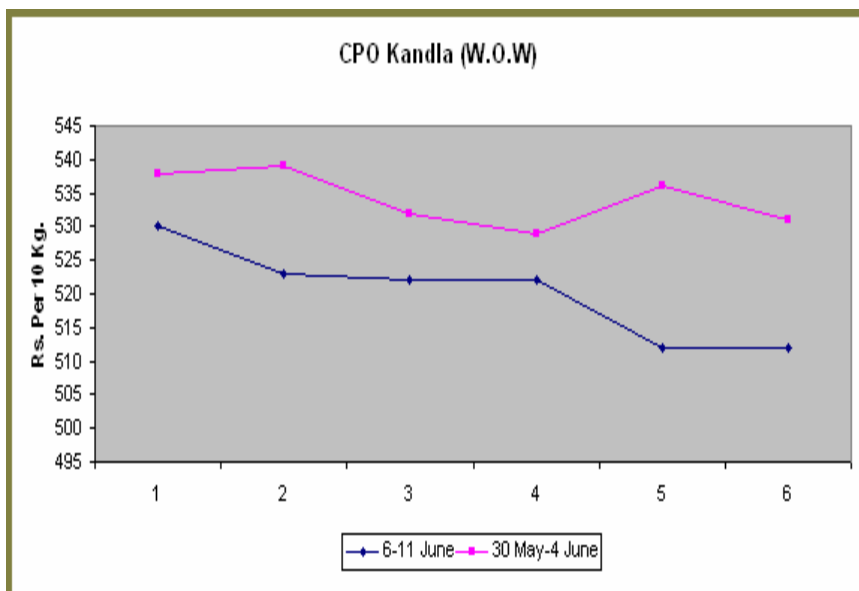
USD Vs. Import Cost


USD Projection ahead and likely impact on Import Cost



Palm Oil:

- CPO Kandla Price recorded a fall of 3.39% in the week ended June 11 as compared to a drop of 1.3%, a week earlier. Much Of the Impact remains derived from weakness in Malaysian Palm.
- Wider spread with soy oil and developing parity remain favorable factors for Palm oil that are likely to favor Palm Imports by India thereby giving a further boost to its Price in Malaysia.
- **Price Scenario in Malaysian Palm remain directed by Production and Stock Figures for May that defined the course of its**



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walk. As per Latest set of Data, CPO production in Malaysia grew at rate of 13.74% which remain close to the projected rate of 13.01 and ending stocks inflated by 14.07% in May 2011 as compared to April 2010, which also remained close to our projection of 19.1%.

- **Exports of Malaysian palm oil products for June 1 -10 rose 27.2 percent** to 411,852 tonnes from 323,664 tonnes shipped during May 1-10 as put by the cargo surveyor Societe Generale de Surveillance. Exports to China, US and India improved while the

(Fig. in MT.)	April 2011	May 2011	Projected Rate	May(Actual)	Actual Rate
Production	1530009	1729063	13.01	1740252	13.74
Exports	1331742	1506200	13.1	1402071	5.28
Ending Stocks	943822	-	19.1	1076608	14.07

same to European Union declined in the mentioned period .

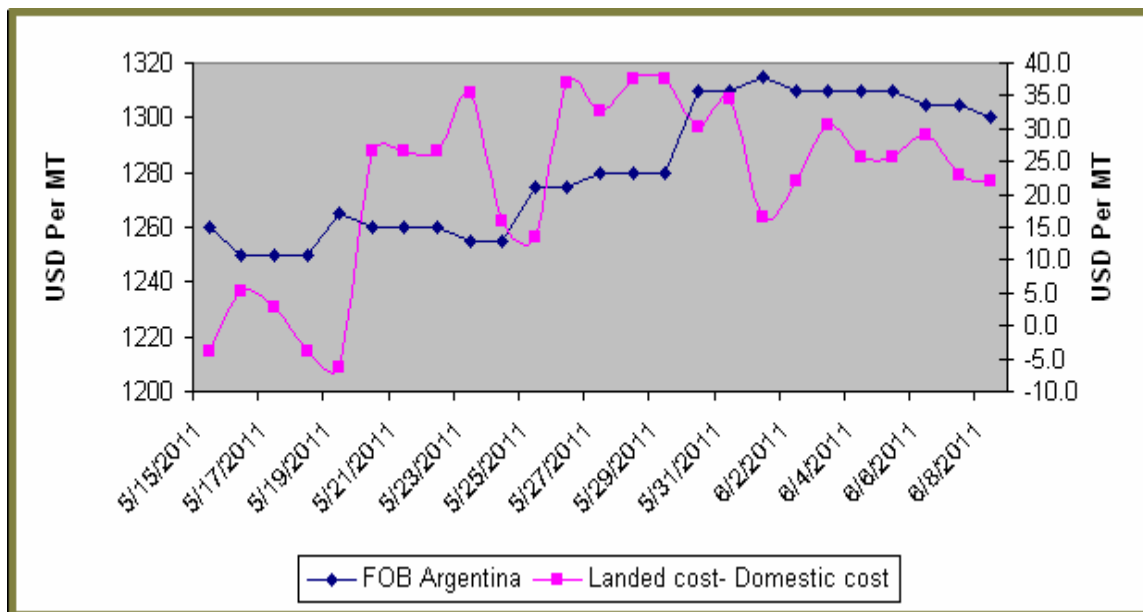
- **Going forward, price will take directional cues from Export figures (1-20 June).** Exports are most likely set for a rise within the same period , on higher projection of Indian as well as Chinese Imports, coming from widened differential between CSO Argentina and CPO Malaysia rate that makes Palm relatively attractive. Also the stock at ports run lower in both the countries as disparity in CPO until May restricted the Imports in the prior months. Last year, exports grew by a flat rate of 1.5% in June (1 -20) as compared to May (1-20), but this year a surge above 20% can not be ruled out within the stated duration in June 2011(MOM Basis).

Sunflower Oil

- **Market Sentiment:** Sunflower oil prices have risen further in June, carrying forward the uptrend from the last month. Continuous demand from places like Bangalore, Hyderabad, support the prices, along with nearing end, production of summer crop arrival of seed which lead to crush disparity of Rs. 20 -25 per Quintal.
- **Likely Production scenario:** In the upcoming Kharif season, farmers anticipate a rise in sunflower sowing by 30-40% as compared to last season. Shift in acreage in Tur remains a likely possibility on account of lower prices of Tur, higher crop duration of six months as compared to 3 months in sunflower.
- **Import Parity:** Market anticipates lower imports of sunflower oil as imports of other oils like soy and palm are likely to rise. Also, Sunflower Oil Fob Rates have been on a rise as

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witnessed from Mid May(2011) which remains the case until June till date, which is likely to restrict Sunflower Oil Imports in May and June(MOM) .



Technical Analysis (Spot Market)



SOYOIL REFINED (INDORE)

- ❖ Soy oil price, slip lower from around significant resistance level of Rs.630 per 10 Kg. as indicated in the prior weekly reports.

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- ❖ Going forward, more correction is likely until lower support s of 600/570, around which support exist. Strategy: Selling around current levels can remain a trading strategy.
- ❖ Bears may capture the short term trend but they will encounter bulls nears supports.

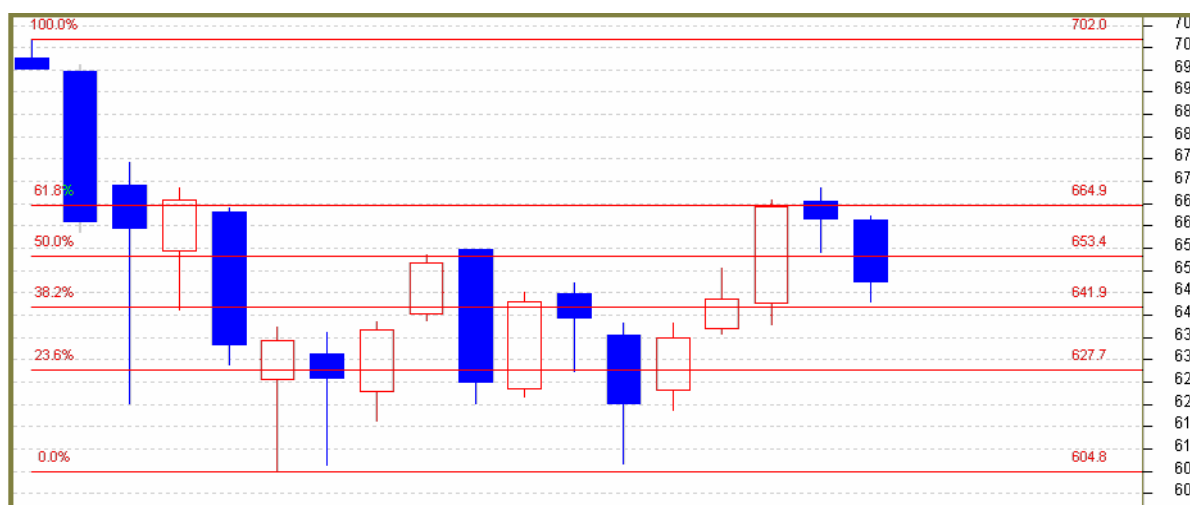
CPO (KANDLA)



- CPO Price trend becomes range bound with weak bias. 500 is the nearest support juncture, around which some bounce might happen.
- On the Higher side 530 becomes the first resistance point around which, selling may be undertaken. Or the the same may now be carried below 500, as a strategy.

Technical Analysis (Futures)

RSBO (Refined Soybean Oil): Weekly Chart



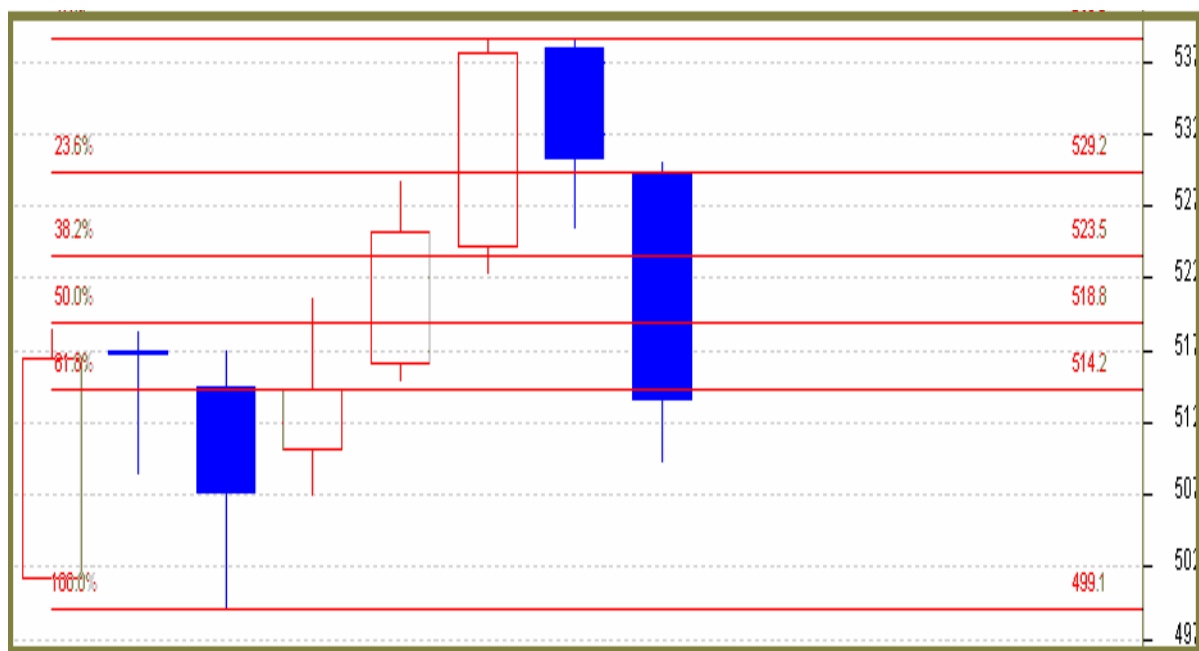
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- ❖ 640 remains the nearest significant support and 660 level on the higher side stand as a resistance.
- ❖ 640 remains a significant Fibonacci support level, which may cause a lift in the price, but bears are likely to keep the charge until 665 on the higher side is broken convincingly.
- ❖ **Strategy:** Sell on Rise near 655
can be the likely move until the above mentioned resistance is broken on closing basis, with target of 645/640 and a stop loss of 660.

RSBO NCDEX (July)

Support & Resistance				
S2	S1	PCP	R1	R2
635	640	647.10	655	660

Technical Analysis: CPO (Crude Palm Oil): Weekly Chart



- ❖ CPO price remain in short term downtrend. Bounce from oversold levels can not be ruled out.

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- ❖ 506 remains the nearest significant support and 525 level on the higher side stand as a resistance.
- ❖ Weakness may prevail but short covering may intervene.
- ❖ Strategy: Sell on rise near 523 for the target of 513/506 and a stop loss of 529

CPO MCX (July)

Support & Resistance				
S2	S1	PCP	R1	R2
498	506	513.40	523	530

Edible Oil Prices at Key Markets (Week On Week)

Commodity	Centre	Prices(Per 10 Kg)		Change
		10-06-2011	03-06-2011	
Refined Soybean Oil	Mumbai +VAT	625	640	-15
	Delhi (Loose)	645	662	-17
	Indore (Loose)	612	626	-14
	Kota(Loose)	630	640	-10
	Hyderabad+VAT	680	680	-
	Jaipur(Loose)	640	650	-10
	Rajkot(Loose)	630	630	-
	Akola(Loose)	-	661	-
	Amrawati(Loose)	-	661	-
	Haldiya Port(Loose)	631	646	-15
	Jalna	661	669	-8
	Nagpur	656	661	-5



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	Soy Degum Kandla/Mundra+VAT	605	615	-10
	Soy Degum Mumbai+VAT	600	612	-12
Palm Oil				
	Kandla CPO (5%FFA)	512	536	-24
	Kandla RBD Palmolein +VAT	552	560	-8
	Chennai RBD Palmolein (Loose)	570	590	-20
	Kakinada RBD Palmolein (Loose)	549	576	-27
	Mumbai RBD Pamolein+ VAT	565	580	-15
	Hyd. RBD Palmolein VAT	595	620	-25
	Delhi RBD Palmolein (Loose)	590	605	-15
Refined Sunflower Oil				
	Hyderabad Exp +VAT	740	750	-10
	Bellary (Exp. Oil)+VAT	634	633	+1
	Chellakere (Exp. Oil)+VAT	636	636	
	Erode (Exp. Oil)+VAT	710	710	
	Latur (Exp. Oil)+VAT	661	666	-5
	Kandla/Mundra	640	645	-5
	Mumbai + VAT	690	695	-5
	Chennai (Loose)	690	685	+5

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Groundnut Oil				
	Hyderabad +VAT	900	900	
	Chennai (Loose)	870	850	+20
	Delhi (Loose)	950	875	+75
	Gondal+VAT	950	850	+100
	Jamnagar +VAT	950	850	+100
	Narsarropeth+VAT	871	881	-10
	Prodattour+VAT	901	826	+75
	Mumbai + VAT	960	860	+100
	Rajkot (Loose)	950	860	+90
Rapeseed Oil				
	Alwar (Expeller Oil)(Loose)	611	633	-22
	Sri Ganga Nagar(Exp Oil-Loose)	610	635	-25
	Delhi (Exp. Oil) (Loose)	622	637	-15
	Jaipur (Expeller Oil) (Loose)	610	620	-10
	Kota (Expeller Oil) (Loose)	600	610	-10
	Mumbai (Exp. Oil) +VAT	635	632	+3
	Hapur+VAT	632	650	-18



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	Agra (Kacchi Ghani Oil) +VAT	645	665	-20
Refined Cottonseed Oil				
	Mumbai +VAT	630	635	-5
	Hyderabad (Loose)	625	640	-15
	Rajkot (Loose)	650	650	-
	Delhi (Loose)	625	625	-
Malaysia Palmolein USD/MT				
	FOB (Oct)	1185	1238	-53
	CNF (Oct) - India	1212	1265	-53
Indonesia/Malaysia CPO USD/MT	FOB (Oct)	1110	1155	-45
	CNF (Oct) - India	1137	1183	-46
Argentina FOB (\$/MT)		10-06-2011	02-06-2011	Change
Soybean Oil Ship(Sep)		1240	1270	-30
Refined Soy Oil (Bulk) Ship(Sep)		1283	1314	-31
Sunflower Oil Ship(Sep)		1318	1325	-7
Cottonseed Oil Ship(Sep)		1220	1250	-30
Refine Linseed Oil(Bulk) Ship(Sep)		1260	1290	-30

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