

News Highlights:

Domestic:

- *Edible oils continued their slide at the wholesale oils and oilseeds market for the second straight week largely in line with a weak global trend amid a subdued demand from millers and local parties. A few oils in the non-edible segment also showed weakness due to reduced off take by consuming industries. Trading sentiment in edible oils remained weak, after palm oil declined to the lowest level in six weeks on speculation that inventories in Malaysia, may expand to the highest level in 16 months as production accelerates.*
- *Edible oil imports in May increased 18% to 635,937 tons from 539,169 tons, but total imports during the first seven months of the marketing year were down 11% at 4.1 million tons. The trade body's data showed crude palm oil imports jumped 48% to 467,062 tons, while purchases of refined, bleached and deodorized palm olein rose 14% to 64,237 tons. Imports of soy oil nearly halved to 60,600 tons from 110,150 tons and sunflower oil fell to 40,040 tons from 53,761 tons.*

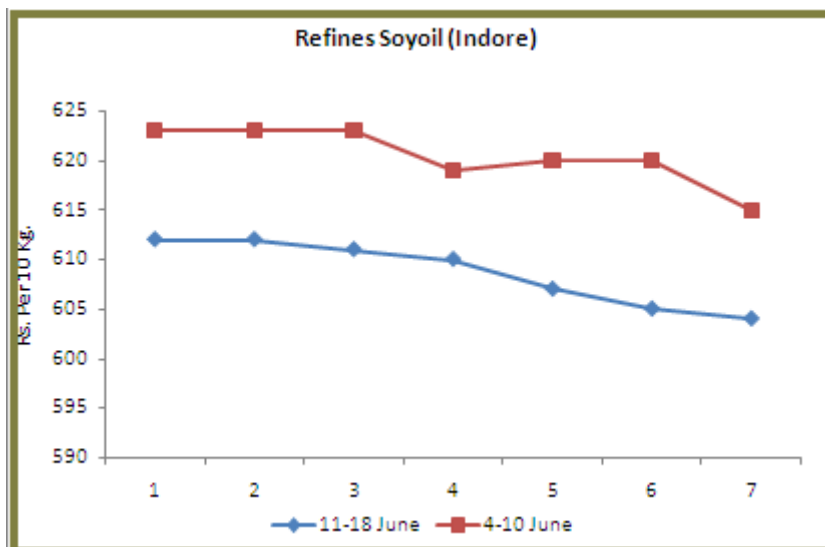
International:

- *Malaysian palm oil price extended its decline as traders cut back on worries that stocks could grow beyond two million tonnes this month. Although orders for the palm oil have grown in response to higher output in Malaysia and with a widening discount to competing soy oil, stocks are expected to rise above the 16-month high of 1.92 million tonnes it reached in May. If in the next few months Malaysian stocks rise above the record 2.3 million tonnes last seen in November 2008, palm oil prices could extend its 14 percent loss notched so far this year.*

Market Recap and Fundamental Analysis

Soy oil:

- **Price Movement:** Soy oil price (Indore) continues to slide and recorded declines of 1.31% in the week ended 18 June 2011 as compared to a week prior.
- However it recovered some of the loss, in the Benchmark Indore market after hitting the lows of 595 per Kg on June 17. Sources from the same region convey that price level of 600 (Rs. Per 10 Kg.) is likely to stimulate demand and with monsoon showers awaited in the next 10-15 days in parts of M.P, it may further pull up the demand for Soyoil. Sources in Maharashtra convey that sufficient rains that are pouring currently remain conducive to soy seeding, which is underway there, barring few planting delays due to the same.
- **Higher imports on the other hand make for the supply shortfall on account of lower crushing,** which is likely to cap the amount of recovery for the price, in the day's ahead. Going forward, while the lean season remain on in India, dependence on Imports will remain high which will keep the supplies thick, while pick up in demand is likely to offset the same, bearing a ranged impact on the price.



Vegoil Imports: Projected Vs. Actual

(Figures in MT.)					
	Apr-11	May-11	May-11		
Veg Oils	(Actual Imports)	(Projected)	Actual Imports	Projected % Change(MOM)	Actual % Change

CDSBO	31250	53750	60600	72	93.9
Palm Oil	342468	491876	531299	43.63	55.1
CSFO	76400	45540	40040	-40.39	-47.6

Projected Soy oil Parity Scenario for the Oil Year 2010-11

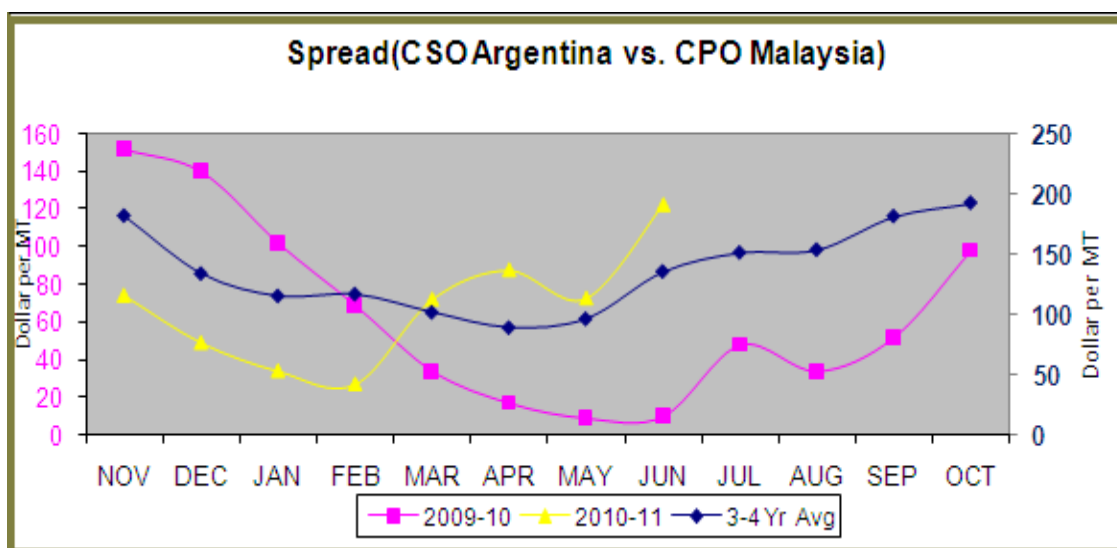
Soy oil Current and Likely Parity scenario based on Spread movement			
Average import spread current vs. previous and average 3 year (USD per MT.)			
	3 Yrs Average	2009-10	2010-11
NOV	17.5	1.33	36.32
DEC	-25.4	-11.58	50.63
JAN	-23.0	-0.37	28.70
FEB	11.5	-2.93	25.87
MAR	-26.7	-4.09	31.82
APR	-3.1	-6.16	3.09
MAY	9.6	-0.78	-30.01
JUN(1-13)	-8.0	-1.18	-22.95
JUL	-7.0	1.99	
AUG	-15.4	-0.24	
SEP	4.6	50.83	
OCT	36.4	75.59	

Spread between CSO Argentina and CPO Malaysia: Current and Projected scenario (USD Per MT.)

Month	3 Yrs Avg.	2009-10	2010-11
NOV	182	152	74
DEC	134	140	49
JAN	116	102	34
FEB	117	69	27
MAR	102	34	72

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APR	89	17	87.61
MAY	97	9	72.59
JUN(until month)	136	10	122
JUL	151	48	



- Price spread between CSO Argentina and CPO Malaysia has widened further to \$ 122(Average until 1-15 June2011) as compared to average spread of \$117.3 until a week prior. Marching ahead in June, differential is likely to hover around \$136 per MT, which remains a non conducive condition for CSO Imports and are likely to boost CPO Imports further in June and July month, instead.

INTERNATIONAL FRONT:
China: Soy oil Import Scenario and crush

	2011-12	Fig. in Million Tonnes.	
	June	July (Projection)	Likely % Change
Soy oil Imports	1.85	1.85	-
Crush	61.5	62.1	0.95

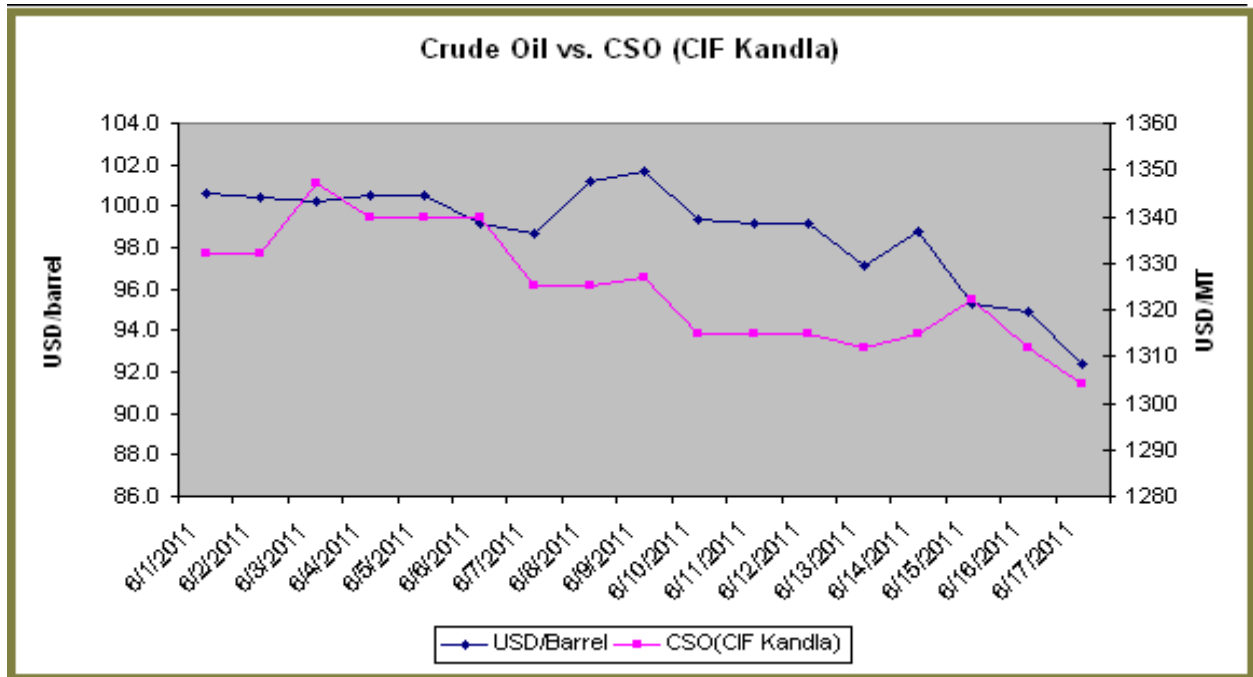
- Soy oil Imports by China remain may remain steady in July 2011 as compared to June 2011 if past experience recur which is likely as things have not changed much over the year. Also the higher soybean imports by China make for the import requirement. Crush rate of July however may continue to witness a marginal rise of 0.95% in July 2011-12 as compared to estimates made for June; the same is likely to remain facilitated by marginally higher meal consumption in July.
- Beijing - Soybean import prices are likely to fall in June, though crushing margins for foreign beans are likely to stay in negative territory according to China National Grain and Oil Information Center. Soybean import prices reached their highest levels in two-and-a-half years in March around \$593/ton, up from \$558/ton in January. However, prices have begun to erode as negative margins prompted Chinese soy crushers to suspend output and global commodities softened in the second quarter. Free-on-board soybean import prices eased to \$581/ton in May from \$585/ton in April. Soy crushers were still seeing losses of around CNY200/ton on foreign beans in May, though the negative margin has begun to shrink. Crushing margins for domestic soybeans began to enter positive territory around mid-May. The CNGOIC attribute still-rising soybean imports this year to previously booked cargoes.

Crude Oil: Contemporary Driver of the Vegoil Market and Its Way Ahead

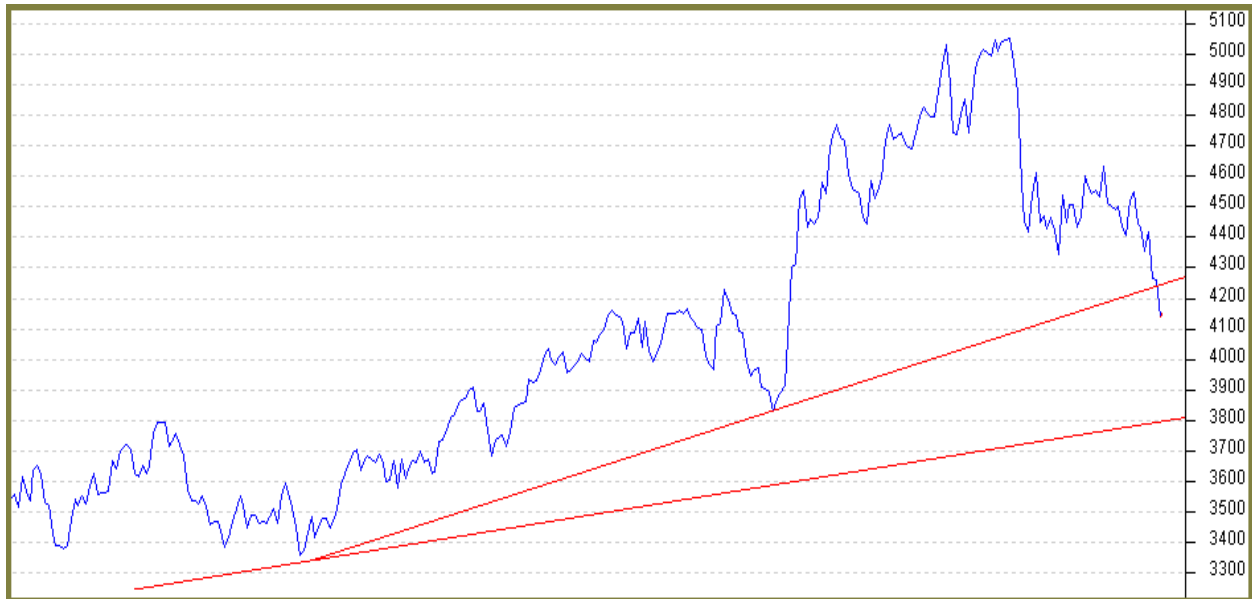
	USD/Barrel	CSO (CIF Kandla)
6/1/2011	100.6	1332
6/2/2011	100.4	1332
6/3/2011	100.3	1347
6/4/2011	100.5	1340
6/5/2011	100.5	1340
6/6/2011	99.2	1340
6/7/2011	98.7	1325
6/8/2011	101.2	1325
6/9/2011	101.7	1327
6/10/2011	99.4	1315
6/11/2011	99.1	1315
6/12/2011	99.1	1315

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6/13/2011	97.1	1312
6/14/2011	98.8	1315
6/15/2011	95.3	1322
6/16/2011	94.9	1312
6/17/2011	92.3	1304



Projection for the week ahead: Crude oil breaks below an important level of 4250, which is a breakdown below a significant trend line. Going forward, while 3900 is the next countable support juncture for crude oil, prior to this 4000 mark is likely to provide a psychological support for it. On the higher side, a close above 4250 can only build hopes of revival for crude. 4200-4000 is likely moving band for the crude oil price. Weakness in the crude oil price in the week ahead is likely to weigh on the CIF (Kandla) Rates.



Palm Oil:

- CPO Kandla rate plunged further by 3.95% in the week ended 18 June 2011 as compared to 3.6% a week earlier. Trend in the spot market remain directed by weakness in Malaysian Palm and higher Palm Oil Imports in May (as projected in the prior weekly reports), as the data (refer to the section on Vegoil imports in the report for the quantum of same) hit the market.
- Higher Stocks for Malaysian Palm weighed on the sentiment in Malaysia, negating any support from the improving Palm oil exports on rising differential with Soy oil. Going forward, trend in Malaysia is likely to stay directed by exports, production and stocks, for the month of June; projection for the same is made ahead in the report.

INTERNATIONAL SCENARIO:

- As per recent 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 1-15 rose 26 percent to 671,314 tonnes from 533,419 tonnes shipped during May 1-15 as put by cargo surveyor Intertek Testing Services. Exports to China and India record a noticeable surge in the mentioned period as compared to same period previous month. Palm Exports to European Union, on the other hand witness a major decline in the same period.

MPOB Monthly Supply and Demand Projection for June:

Figures in MT.	May-11	Jun-11	Likely Rise
Production	1740252	1971357	8.28-13.28
Exports	1402071	1752588.8	25

- Malaysian Palm was responsible for most of the decline. Despite pickup in demand from India and China, which facilitate higher exports, continuous rise in Palm Production lead to inflated stocks. While stock projections for Malaysian Palm for the month of May remain in line with our projections, going forward in June, we project CPO Production in Malaysia to surge by 8.28-13.28%, while exports are likely to grow by over 25% at the end of June. The same combined together with higher carry forward stock in the beginning of June are likely to result in about 10% rise in the ending stock at the end of June Month.

Stock Position:

Vegoil Stock at Indian Ports as on 11 June 2011			
Product	JNPT	Kandla	Mundra
Deg. Soybean Oil	6204	27097.37	2635.57
SFO	9784	3853.46	86.38
RBD Palmolein	12157	2196.43	
CPO	17916	68531.21	117.7
Total including other oils excl. other oils	46061	101678	2840

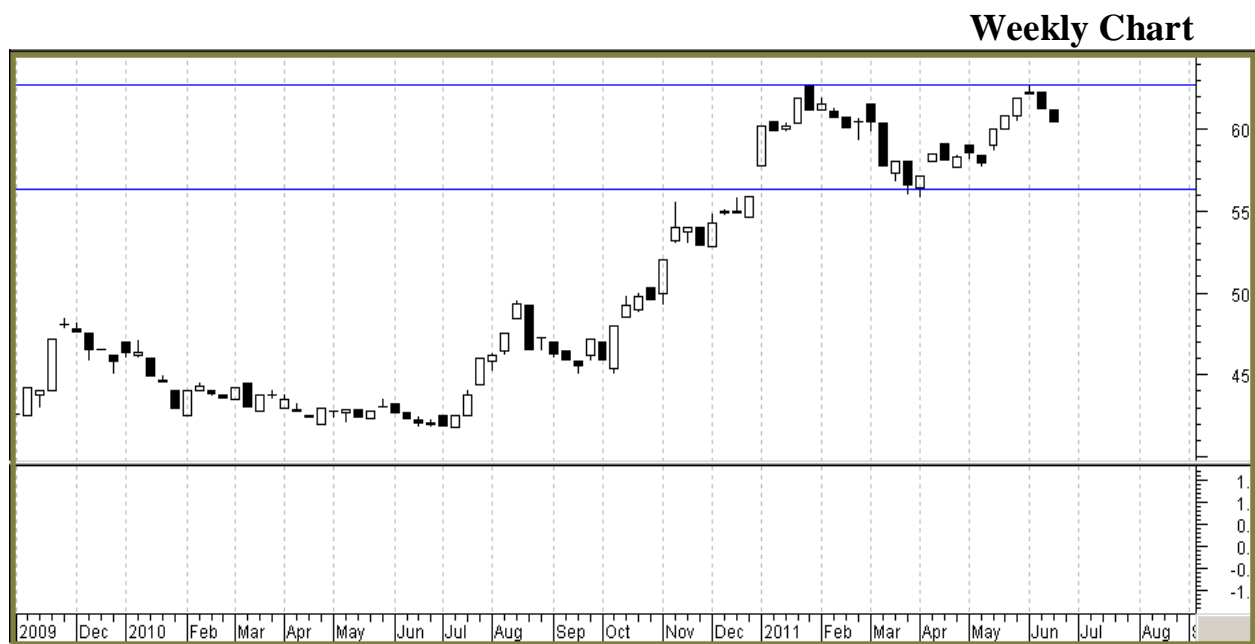
Groundnut Oil:

- **Domestic market sentiment:** Groundnut oil price hit the 1000 mark (Rs. per 10 Kg.) in Benchmark market Rajkot this week (as projected in the prior weekly report). Going forward from here on market awaits fresh cues and until then, ranged moves remain likely.
- **Export demand for groundnut still remain soaring leading to higher price of the same.** While parity of Rs. 5 per Kg. is seen in case of crushing for groundnut, there is break even situation in case of groundnut oil. While arrivals are heading towards end,

some stocking of the same at lower price levels still cause availability of raw material for crushing into oil thereby keeping availability normal.

- **Sources in Rajkot convey demand for groundnut oil remain almost negligible as against the same preference for cottonseed and palm oil remains.** Going forward, in the next week, groundnut oil price is likely to trade rangebound around current levels.

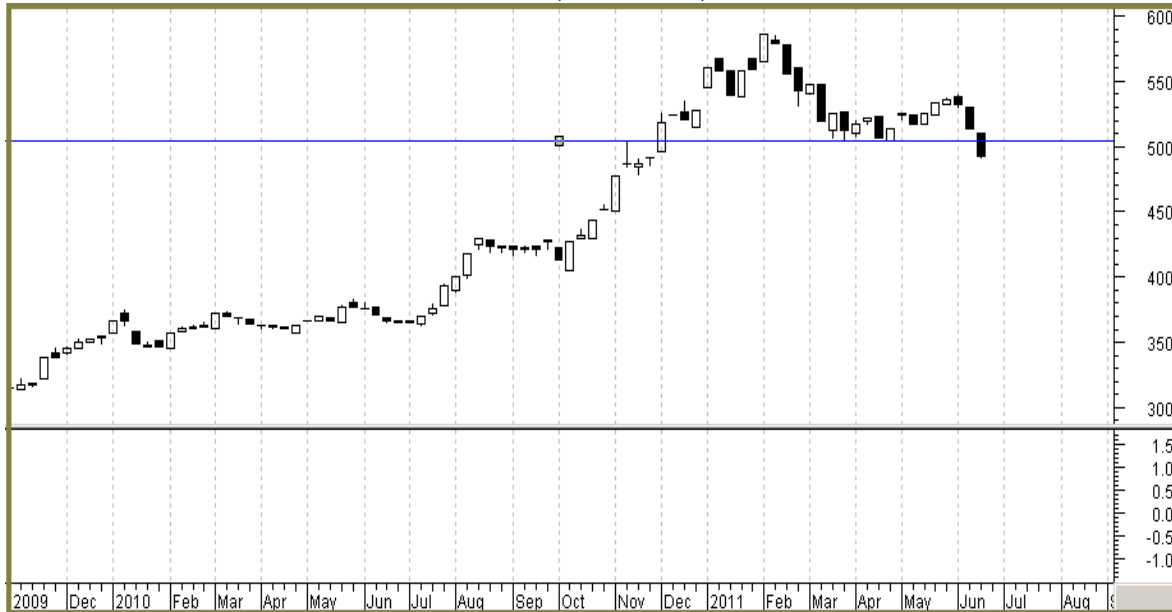
Technical Analysis (Spot Market)



SOYOIL REFINED (INDORE)

- ❖ Soy oil price, corrects further in the spot market, weakness likely to prevail but lower supports will act.
- ❖ 590 is the first support level, going ahead, and if the same breaks, 575 will be the next achievable level for the price but prior to these levels 600 may act as a support on closing basis.
- ❖ Bears however will continue to be in majority until 625 level on the higher side is taken, convincingly. Selling at higher levels is still the way to go.

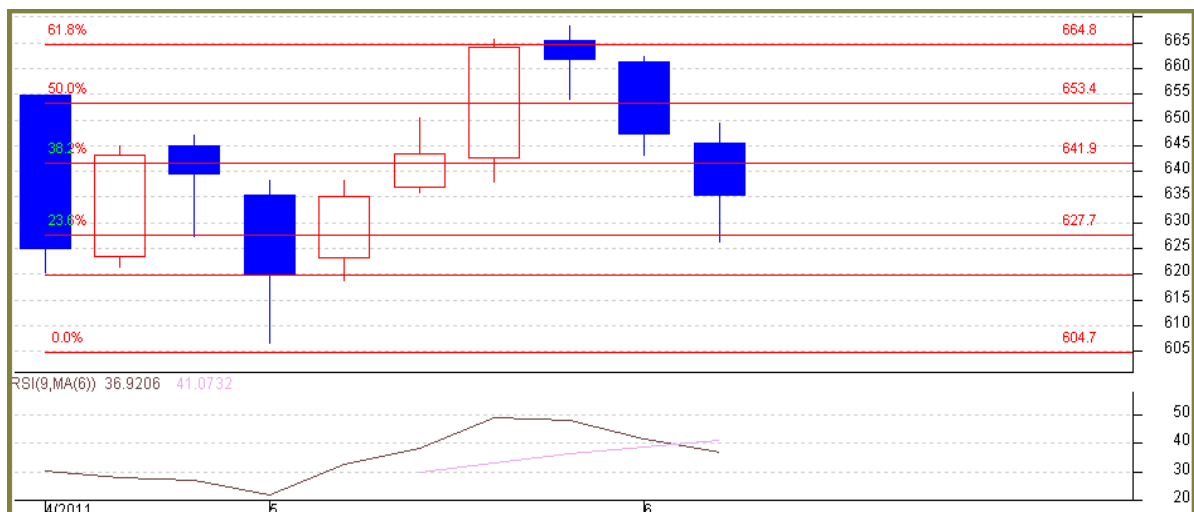
CPO (KANDLA)



- Crude Palm Oil price remain in short term downtrend and will continue to be in the same trend until 530 on the higher side is breached.
- 480 is the nearest support juncture, but the same may not be able to provide the same.
- On the Higher side 510 becomes the first resistance point around which, selling may be undertaken or around 525 to carry a more low risk trade.

Technical Analysis (Futures)

RSBO (Refined Soybean Oil): Weekly Chart



- ❖ 630 remains the nearest significant support and 650 level on the higher side stand as a resistance.
- ❖ Positioning of RSI in the weekly chart continue favor bears.
- ❖ **Strategy:** Sell on Rise near 645 can be the likely move until the above mentioned resistance is broken on closing basis, with target of 630/625 and a stop loss of 658.

CPO MCX (July)

Support & Resistance				
S2	S1	PCP	R1	R2
476	482	493.80	500	510

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


- ❖ **CPO price remain in short term downtrend. Bounce from oversold levels can not be ruled out.**
- ❖ 482 remains the nearest significant support and 500 level on the higher side stand as a resistance.

- ❖ Weakness may prevail but short covering may intervene. Strategy: Sell on rise near 505 for the target of 495/485 and a stop loss of 512

Edible Oil Prices at Key Markets (Week on Week)

Commodity	Centre	Prices(Per 10 Kg)		Change
		18-06-2011	11-06-2011	
Refined Soybean Oil	Mumbai +VAT	620	625	-5
	Delhi (Loose)	638	645	-7
	Indore (Loose)	604	612	-8
	Kota(Loose)	615	630	-15
	Hyderabad+VAT	685	680	+5
	Jaipur(Loose)	630	640	-10
	Rajkot(Loose)	620	630	-10
	Akola(Loose)	654	-	-
	Amrawati(Loose)	654	-	-
	Haldiya Port(Loose)	626	631	-5
	Jalna	659	661	-2
	Nagpur	651	656	-5
	Soy Degum Kandla/Mundra+VAT	595	605	-10
	Soy Degum Mumbai+VAT	595	600	-5
Palm Oil				

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	Kandla CPO (5%FFA)	492	512	-20
	Kandla RBD Palm Oil +VAT	520	532	-12
	Chennai RBD Palm Oil (Loose)	550	570	-20
	Kakinada RBD Palm Oil(Loose)	536	549	-13
	Mumbai RBD Palm oilien+ VAT	546	565	-19
	Hyd. RBD Palm Oil VAT	582	595	-13
	Delhi RBD Palm Oil (Loose)	572	590	-18
Refined Sunflower Oil				
	Hyderabad Exp +VAT	738	740	-2
	Bellary (Exp. Oil)+VAT	631	634	-3
	Chellakere (Exp. Oil)+VAT	656	636	+20
	Erode (Exp. Oil)+VAT	705	710	-5
	Latur (Exp. Oil)+VAT	658	661	-3
	Kandla/Mundra	635	640	-5
	Mumbai + VAT	680	690	-10
	Chennai (Loose)	695	690	+5
Groundnut Oil				
	Hyderabad +VAT	900	900	-
	Chennai (Loose)	880	870	+10

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	Delhi (Loose)	970	950	+20
	Gondal+VAT	995	950	+45
	Jamnagar +VAT	1000	950	+50
	Narsarropeth+VAT	911	871	+40
	Prodattour+VAT	891	901	-10
	Mumbai + VAT	960	960	-
	Rajkot (Loose)	975	950	+25
Rapeseed Oil				
	Alwar (Expeller Oil)(Loose)	596	611	-15
	Sri Ganga Nagar(Exp Oil-Loose)	600	610	-10
	Delhi (Exp. Oil) (Loose)	625	622	+3
	Jaipur (Expeller Oil) (Loose)	605	610	-5
	Kota (Expeller Oil) (Loose)	595	600	-5
	Mumbai (Exp. Oil) +VAT	633	635	-2
	Hapur+VAT	630	632	-2
	Agra (Kacchi Ghani Oil) +VAT	630	645	-15
Refined Cottonseed Oil				
	Mumbai +VAT	630	630	-

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	Hyderabad (Loose)	635	625	+10
	Rajkot (Loose)	650	650	-
	Delhi (Loose)	628	625	+3
Malaysia Palmolein USD/MT				
	FOB (Oct)	1145	1185	-40
	CNF (Oct) - India	1173	1212	-39
Indonesia/Malaysia CPO USD/MT	FOB (Oct)	1060	1110	-50
	CNF (Oct) - India	1088	1137	-49
Argentina FOB (\$/MT)		17-06-2011	10-06-2011	Change
Soybean Oil Ship(Sep)		1227	1240	-13
Refined Soy Oil (Bulk) Ship(Sep)		1269	1283	-14
Sunflower Oil Ship(Sep)		1310	1318	-8
Cottonseed Oil Ship(Sep)		1207	1220	-13
Refine Linseed Oil(Bulk) Ship(Sep)		1247	1260	-13

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