

**News Highlights:**

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**Domestic:**

- *Edible oils continued to slide for the third straight week on the wholesale oils and oilseeds market on subdued demand from vanaspati millers and retailers amid weak global cues. A few oils in the non-edible segment remained under pressure largely owing to reduced off take by consuming industries amid increased stocks position. Trading sentiments in edible oils remained weak as palm oil dropped in global markets after a plunge in crude oil prices reduced the appeal of vegetable oils as biofuel feedstock and on speculation that Malaysian production will continue to grow. The palm oil fell 2.5% at \$1,024 per metric tonne on the Malaysia Derivatives Exchange this week, the worst losing run since January 2010. Also, sluggish demand from millers as well as local parties too weighed on the edible oil prices.*

**International:**

- *Malaysian palm oil futures on Bursa Malaysia Derivatives exchange dropped to a seven-month low on Friday on fears that a higher output cycle will lead to rise in stocks. Markets expect production to rise in the second half in South-East Asian producing countries that make up over 90 per cent of global output. Stocks in Malaysia are expected to rise above a 16-month high of 1.92 million tonnes hit last month. This was despite robust export figures estimated by cargo surveyors during June 1-25. Falling energy prices further dented sentiment.*
- *Crude oil breaks below an important level of 94 USD per barrel, which is a breakdown below a significant trend line. Going forward, while 86 USD per barrel is the next countable support juncture for crude oil, prior to this 88 USD per barrel mark is likely to provide a psychological support for it. On the higher side, a close above 94 USD per barrel can only build hopes of revival for crude. 94-88 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.*

## ***Market Recap and Fundamental Analysis***

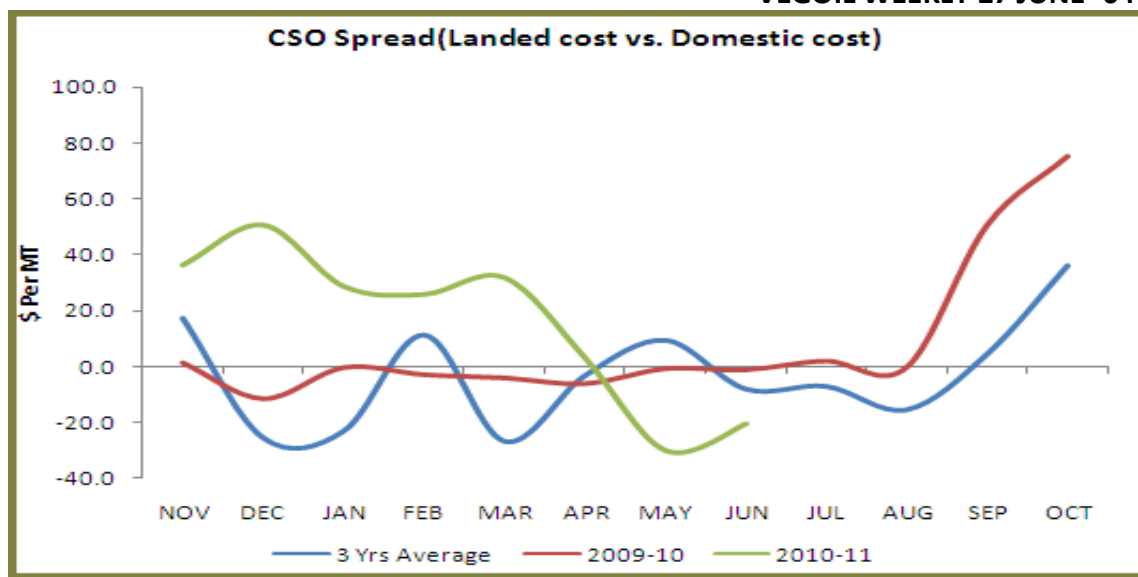
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### **Soy oil:**

- **Price Movement:** Soy oil price (Indore) recorded a decline of 2.41% in the in June until 24 as compared to a recorded surge of 7% in the prior month. While higher imports kept the availability high, as against the same absence of demand led to weakness on one side and progressive monsoon in Soy regions of Maharashtra and Madhya Pradesh acted a negative cue for the overall market.
- Refined Soyoil price, 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. Weakness in international markets continue to suppress the domestic sentiment, while going forward the same is also likely to improve as lean season remain on in US as well but weather scenario will hold the moving key and alter the price walk, accordingly.

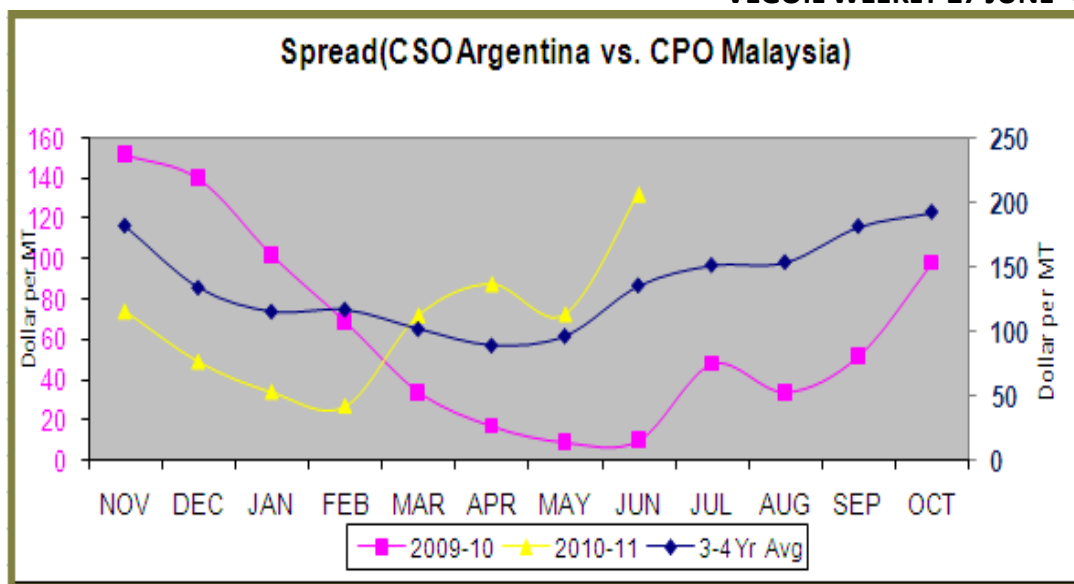
### **Actual Imports in May vs. Shipments in June**

<b>(Figures in MT.)</b>	<b>2011</b>	
	<b>May</b>	<b>June(Until 23rd)</b>
<b>Veg Oils</b>	<b>Actual Imports</b>	<b>Shipments</b>
<b>CDSBO</b>	60600	16,216
<b>Palm Oil</b>	531299	912,513
<b>CSFO</b>	40040	45,600



**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
APR	89	17	87.61
MAY	97	9	72.59
JUN(until month)	<b>136</b>	10	<b>132.23</b>
JUL	151	48	



- **Soy oil Import Projection for July:** Soy oil Imports by India may remain subdued going forward in July, as maintained viability on the parity front will support while higher differential with CPO until date and ahead is likely to divert the same to CPO, instead. As inferred by a similar kind of scenario in the past. Soy oil imports may even post a decline of about 47% in July 2011 as compared to June 2011.
- **CPO Import Projection:** CPO Imports by India are likely to witness a surge, going forward in July on likely shaping up of parity in favor of the same and also the higher spread between it and CSO is going to facilitate more CPO Imports in July on YOY basis and MOM basis.
- **Projected percentage Change in July:** CPO Imports are projected to rise by about 5.6% YOY basis in July 2011, as inferred by same kind of scenario in the past, while this surge can be about 33.97% in July 2011 as compared to a month back.

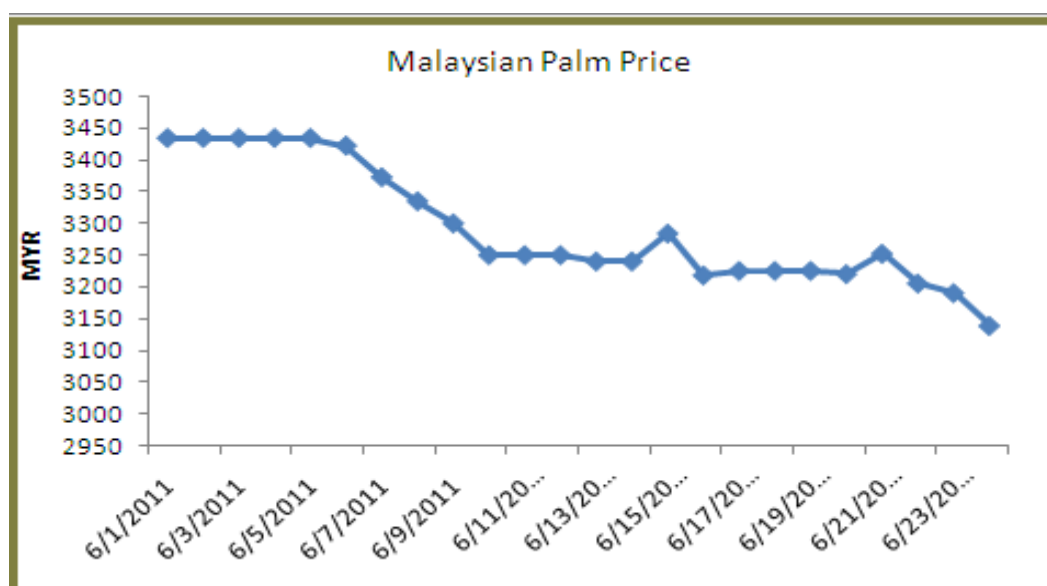
### **Projected Landed cost and Import Scenario from Major Import Sources:**

	Argentina	Brazil	US
<b>FOB Rate Range USD per MT</b>	1160-1270	1190-1265	1168- 1246
<b>Average FOB Rate</b>	1215	1227.5	1207
<b>Range for Dollar in June (Projected)</b>	44.50-45.50		
<b>Average USD Rate (Projected in July)</b>	45		
<b>Range for Soy degum(Kandla)</b>	570-630		

Soy degum(Mumbai) Average Rate	600		
Landed cost at Lower FOB Rate (Projection)INR per ton	55966	57184.72	56178.34
Landed cost at Higher FOB Rate (Projection)INR per ton	60948	60615.54	59746.4
Spread at Lower Levels USD per ton	-22.98	4.1	-18.26
Spread at Higher Levels USD per ton	-45.6	-52.99	-72.3

## Palm Oil

- **Malaysian Palm price behavior:** Malaysian Palm price remain in downtrend with a posted decline of 4.51% in June until 24 as compared to a positive change of 1.6%, a month back. Continuous pick up in the Chinese exports lifted the demand and provided support. Looming concerns of growth in ending stocks, likely at the end of June, despite the noticed rise in exports, affected the price walk.



## INTERNATIONAL SCENARIO:

- Exports of Malaysian palm oil products for June 1-25 rose 17.3 percent to 1,252,780 tons from 1,068,050 tons shipped during May 1 and 25 as put by the cargo surveyor Intertek Testing Services. While exports to China improved marginally in the mentioned period, major surge was recorded in exports to India in the mentioned period as compared to a month back.



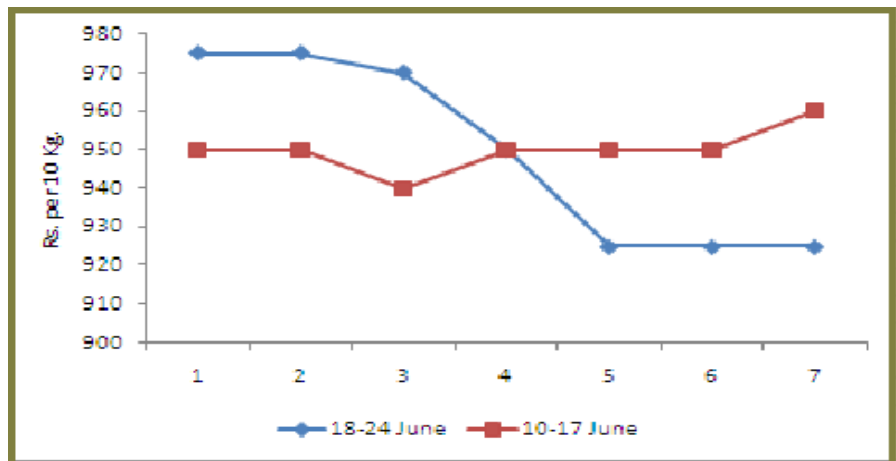
## MPOB Monthly Supply and Demand Projection for June:

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

- Malaysian Palm remains the prominent price dragger. 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.

## Groundnut Oil:

- Groundnut oil price recorded a noticeable decline of 5.13% in the week ending June 24 as against posted gains of 1.05%, week ago. It drifted lower recently after hitting 1000 mark (Rs.10 Kg.) as export of groundnut got restricted due to operational reasons, while demand for the oil remained weak.
- Going forward, market sources in Rajkot suggest the exports have resumed and that will again direct seed towards groundnut crushing and lift the oil price higher.
- Rests of the fundamentals have not seen a major shift apart from the parity front for both groundnut and groundnut oil. Mills are operating at breakeven at the moment. Old crop supply, stocked at lower price levels is still keeping the oil availability going.

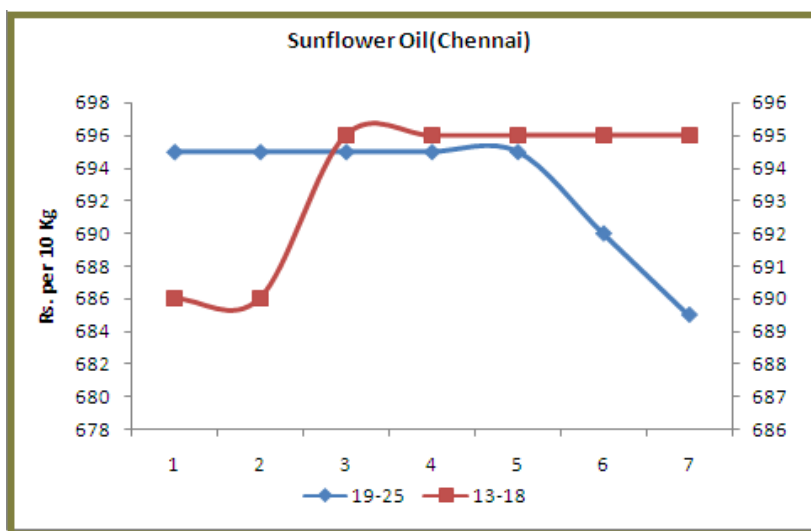


- Export demand for groundnut is likely to maintain at higher levels, leading to higher price of the same. Sources in Rajkot convey demand for groundnut oil remains almost negligible as against the same preference for cottonseed and palm oil remains.

## Sunflower Oil:

- **Price move:** Sunflower oil price slipped lower in the spot market by 1.4% in the week ending June 25 as compared to rise of 0.72% witnessed a week earlier. Market attributes, weakness in other oils as the cause of the drift while according to the information provided by the sources, fundamentals continue to remain supportive.

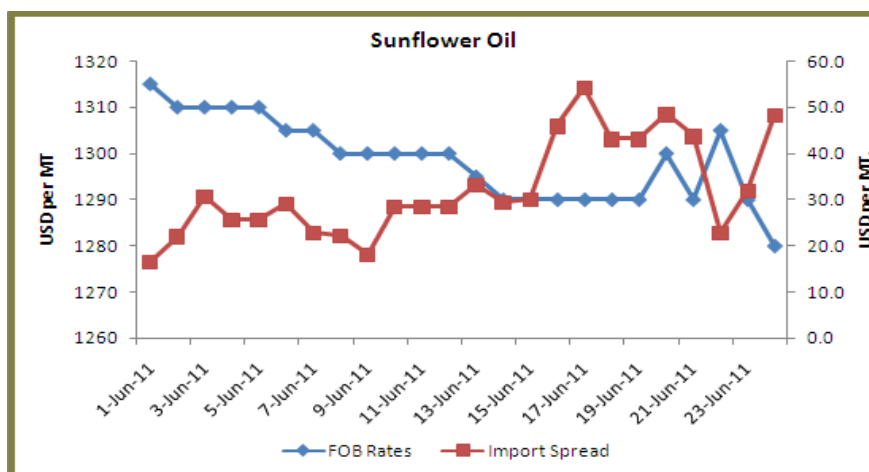
- Domestic market fundamentals: Sources in Maharashtra convey that, while seed arrivals stay almost negligible and dependence remain on stocked quantity, some improvement in demand is also seen as festivity in south in the nearby month, keep up the same.



- Lesser supply that fetch up the seed prices, lead to crushing disparity which currently hover at Rs.100 per quintal.
- On the Import front Higher Import cost lead to disparity which is also restricting the oil imports.

This combined together with lesser availability on the domestic front is likely to keep the availability lower and thereby lifting up the price sentiment.

- However, under the



**VEGOIL WEEKLY 27 JUNE- 04 JULY**

impact of current weakness in the Vegoil market, traders see consumer preference shifting towards other oils like Palm oil due to its rate attractiveness, while the demand from the niche sunflower oil market remain constrained.

- **Going forward, sunflower oil price is likely to recover back and surge once again led by lesser availability and other above mentioned factors but the anticipations of growth in Sunflower area by 25-30% in Karnataka and Andhra, for the upcoming crop remains indicative of cool prospective cooling impact on the price.**

### *Technical Analysis (Spot Market)*



### **SOYOIL REFINED (INDORE)**

- ❖ **Soy oil price trend remain range bound. Price is unable to cross above recent peak level.**
- ❖ **600 prevail as a current support juncture. While until it sustains, price is likely to recoup, while below this levels, bulls will be in trouble once again.**
- ❖ **Bears however will remain active until 625 level on the higher side in taken, convincingly.**
- ❖ **Strategy: new trend is yet to be formed so trading along with support and resistance levels will be a prudent move. While buying risk can be taken around current levels with strict stop loss below 600, the trade should be reversed if the same level is breached.**



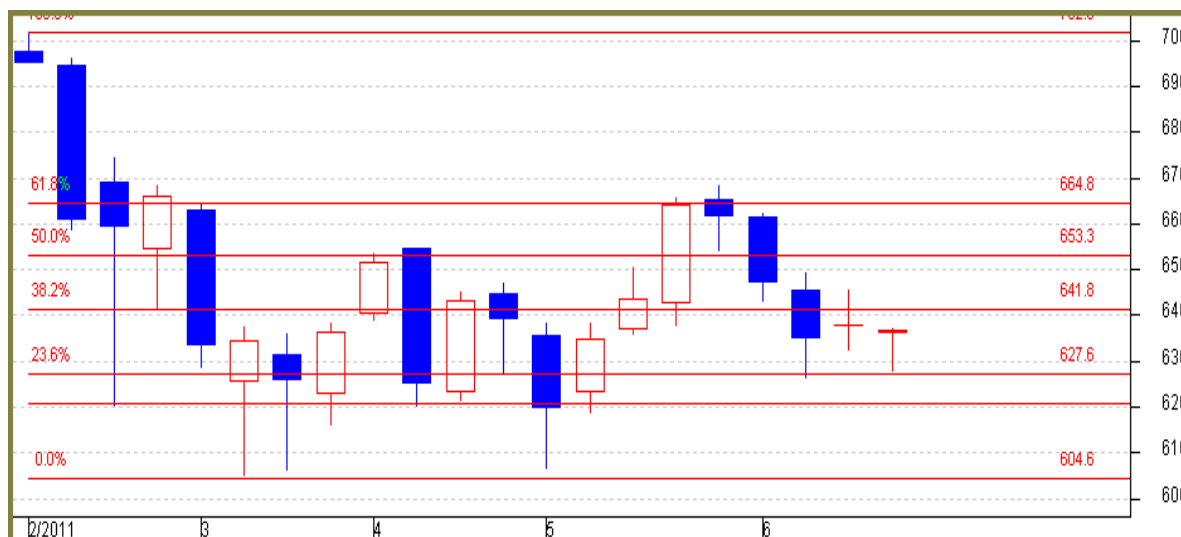
### CPO (KANDLA)



- Crude Palm Oil price continue to be in short term downtrend and will continue to be in the same trend until 530 on the higher side is breached.
- 475 remains the nearest support juncture. On the higher side 510 is the first resistance point around which, selling may be undertaken at a high near 500 with a view to reverse the trade above 510.

### Technical Analysis (Futures)

#### RSBO (Refined Soybean Oil): Weekly Chart



- ❖ **Soy oil price trend remain range bound. Correction took place, bounce back from supports cannot be ruled out, now**
- ❖ Price is trying to locate bottom near 625 levels and it holds as supports, price is likely to walk towards higher levels.
- ❖ On the higher side, 650 will act as a significant resistance juncture, while below 625 also bears will take over once again.
- ❖ Strategic trade should be incorporated, while price stand at a trend deciding juncture. **Strategy: Buying risk near current levels with a stop loss of 625 can be taken, while selling should now only be considered below 625 or near higher levels(with subject to indication of the same, going forward.)**

**RSBO NCDEX (July)**

Support & Resistance				
S2	S1	PCP	R1	R2
605	625	632.15	645	655

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



- ❖ **CPO price remain in short term downtrend. Bounce from oversold levels can not be ruled out.**
- ❖ 465 remains the nearest significant support and 485 level on the higher side stand as a resistance.
- ❖ Buying opportunity from oversold levels remains likely
- ❖ Strategy: While low risk traders can wait for a low risk trade, high risk takers can avail shorting opportunity at a high near 500 with a stop loss of 510. Bulls will remain under pressure until 530 on the higher side is broken on closing basis.

**CPO MCX (July)**

Support & Resistance				
S2	S1	PCP	R1	R2
450	465	474.90	485	500

**Edible Oil Prices at Key Markets (Week on Week)**

Commodity	Centre	Prices(Per 10 Kg)		Change
		25-06-2011	18-06-2011	
Refined Soybean Oil	Mumbai +VAT	620	620	-
	Delhi (Loose)	642	638	+4
	Indore (Loose)	608	604	+4
	Kota(Loose)	614	615	-1
	Hyderabad+VAT	680	685	-5
	Jaipur(Loose)	620	630	-10
	Rajkot(Loose)	625	620	+5
	Akola(Loose)	656	654	+2
	Amrawati(Loose)	656	654	+2
	Haldiya Port(Loose)	626	626	-
	Jalna	656	659	-3

**VEGOIL WEEKLY 27 JUNE- 04 JULY**

	<b>Nagpur</b>	659	651	+8
	<b>Soy Degum Kandla/Mundra+VAT</b>	594	595	-1
	<b>Soy Degum Mumbai+VAT</b>	592	595	-3
<b>Palm Oil</b>				
	<b>Kandla CPO (5%FFA)</b>	485	492	-7
	<b>Kandla RBD Palm Oil +VAT</b>	510	520	-10
	<b>Chennai RBD Palm Oil (Loose)</b>	545	550	-5
	<b>Kakinada RBD Palm Oil(Loose)</b>	530	536	-6
	<b>Mumbai RBD Pamolein+ VAT</b>	537	546	-9
	<b>Hyd. RBD Palm Oil VAT</b>	580	582	-2
	<b>Delhi RBD Palm Oil (Loose)</b>	570	572	-2
<b>Refined Sunflower Oil</b>				
	<b>Hyderabad Exp +VAT</b>	735	738	-3
	<b>Bellary (Exp. Oil)+VAT</b>	631	631	-
	<b>Chellakere (Exp. Oil)+VAT</b>	646	656	-10
	<b>Erode (Exp. Oil)+VAT</b>	703	705	-2
	<b>Latur (Exp. Oil)+VAT</b>	661	658	+3
	<b>Kandla/Mundra</b>	635	635	-
	<b>Mumbai + VAT</b>	685	680	+5

**VEGOIL WEEKLY 27 JUNE- 04 JULY**

	<b>Chennai (Loose)</b>	685	695	-10
<b>Groundnut Oil</b>				
	<b>Hyderabad +VAT</b>	900	900	-
	<b>Chennai (Loose)</b>	900	880	+20
	<b>Delhi (Loose)</b>	960	970	-10
	<b>Gondal+VAT</b>	925	995	-70
	<b>Jamnagar +VAT</b>	925	1000	-75
	<b>Narsarropeth+VAT</b>	906	911	-5
	<b>Prodattour+VAT</b>	891	891	-
	<b>Mumbai + VAT</b>	935	960	-25
	<b>Rajkot (Loose)</b>	925	975	-50
<b>Rapeseed Oil</b>				
	<b>Alwar (Expeller Oil)(Loose)</b>	619	596	+23
	<b>Sri Ganga Nagar(Exp Oil-Loose)</b>	606	600	+6
	<b>Delhi (Exp. Oil) (Loose)</b>	632	625	+7
	<b>Jaipur (Expeller Oil) (Loose)</b>	615	605	+10
	<b>Kota (Expeller Oil) (Loose)</b>	605	595	+10
	<b>Mumbai (Exp. Oil) +VAT</b>	635	633	+2



## VEGOIL WEEKLY 27 JUNE- 04 JULY

	Hapur+VAT	642	630	+12
	Agra (Kacchi Ghani Oil) +VAT	640	630	+10
Refined Cottonseed Oil				
	Mumbai +VAT	630	630	-
	Hyderabad (Loose)	630	635	-5
	Rajkot (Loose)	660	650	+10
	Delhi (Loose)	640	628	+12
Malaysia Palmolein USD/MT				
	FOB (Oct)	1113	1145	-32
	CNF (Oct) - India	1141	1173	-32
Indonesia/Malaysia CPO USD/MT	FOB (Oct)	1040	1060	-20
	CNF (Oct) - India	1068	1088	-20
Argentina FOB (\$/MT)		27-06-2011	23-06-2011	Change
Soybean Oil Ship(Sep)		1212	1220	-8
Refined Soy Oil (Bulk) Ship(Sep)		1254	1263	-9
Sunflower Oil Ship(Sep)		1477	1483	-6
Cottonseed Oil Ship(Sep)		1192	1200	-8
Refine Linseed Oil(Bulk) Ship(Sep)		1232	1240	-8

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