

Domestic:

- Edible oils prices featured mixed trend during the period of 27th June to 1st July as a result of lackluster demand and restricted off-take of edible oil across India. Out of the total edible oil, significant weakness could be seen for imported palm oil which remains in-tune with the falling Malaysian palm oil prices. However, demand of palm slowly gaining momentum prior to start of the festivals.
- Soy oil prices seen mixed on lower off take from the spot coupled with lack luster demand from its benchmark market of Indore. Off-take of domestic soy oil in major trading centers seen lower. Moving forward, we expect soy oil demand might pick up with active precipitation across India during mid July.
- Similar steady to weak trend could be seen for groundnut oil as the prices enter into a corrective phase. Traders are waiting for prices to cool down from the record higher levels during recent past.
- In addition, lowering of soy oil quotes by Argentina during recent past helped to soften domestic sun oil prices at ports.

International:

Malaysian palm oil futures hit their lowest in more than eight months on Friday, tracking falling overseas markets after key US data showed higher-than-expected crop prospects and stock levels. USDA's annual acreage and quarterly grain stocks report released was quite friendly towards the prospects of soybean stocks and supplies.

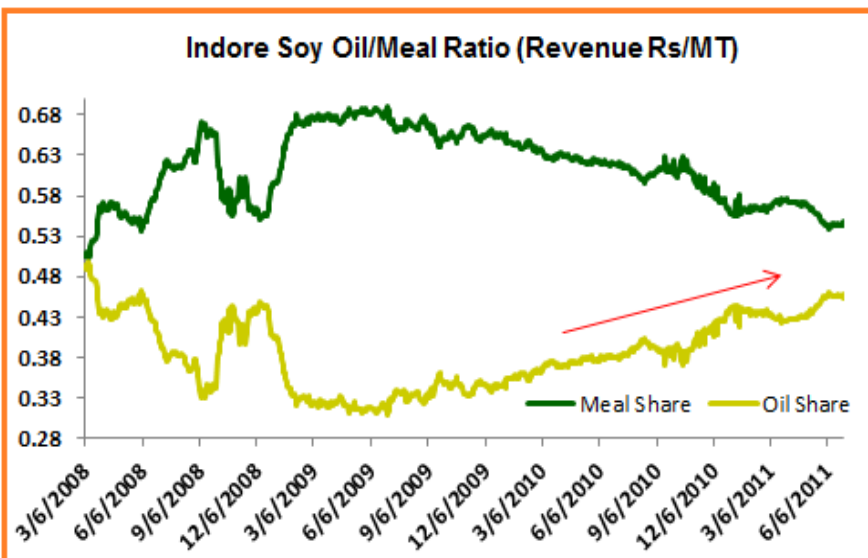
Market Recap and Fundamental Analysis**Soy oil:**

- In the medium term scenario, final acreage, standing crop condition and the overall productivity numbers at US for the forthcoming season remain the major thrust for the soy complex. Looks remain favorable for crop with optimistic production for bean and thereby soy oil.
- Weather forecasts for the coming 1-2 months remain favorable with moderate temperatures and soil moisture for the growing crop. Caution remains essential over likely occurrences of flood till mid-July and frost towards the end of August which might have a significant impact on the total yield.
- Overall demand remaining on a strong foot in the coming months, soy oil stocks at US for 2011-12 are anticipated to remain in the tight at 0.979 million tonnes against 1.28 million tonnes during 2010-11. However, the same staying at significantly lower levels y-o-y shall remain supportive for the overall market sentiments on long term basis.
- Moving forward, we expect CBOT soy oil prices to start improving from Aug with initial short term decline in CBOT. However, buying is expected towards 53 cents/pound.
- Meanwhile, oil world forecast Brazil shipment of soy oil to tune 1.5 million tonnes during 2011 compared with 1.56 million tonnes sold previous year despite surge in soy oil production in Brazil. This decline is primarily attributed to growing domestic demand for biodiesel which is expected to rise to 2.4 million tonnes during 2011 from 2.11 million tonnes during 2010.
- The situation is similar in Argentina, where 2011 biodiesel output is also forecast by Oil World to rise to 2.3 million tonnes from 1.81 million tonnes last year. Growing biodiesel demand shall stand supportive for soy oil prices for medium to long term which is likely to aggravate with surging crude oil prices moving forward.
- On the other side, Brazil's soybean exports dipped to 4 million metric tons in June from 6.1 million tons a year earlier. The latest figures were lower than the strong performance of 5.7 million tons of soybeans exported in May. Weakness in Brazilian export owing to higher offered prices and cancellation of few consignments by China might help to ease the global prices for short term.
- However, any significant fall is likely to lend underlying support to bean in general and soy oil in specific going ahead with the US planting. It is important to keep close watch on weather and crop condition and sharp variation might lead to significant deviation in prices moving forward.

Soy– Revenue to improve from oil days ahead:

Soy oil share to the total revenue generation starts declining from March, 2008 and it made a bottom at 0.31 during May, 2009 indicating lower share of revenue generated from oil during the crushing period. However, it starts improving from Sep, 2009 and gaining momentum year on year with improvement of demand for domestic soy oil thereby greater share of revenue from soy oil. Historical oil/meal share in the total revenue generated in Indore ex-plant is shown in the adjacent chart.

Moving forward, we expect revenue from oil share to gain momentum further backed by expectation of strong demand prior to festivals which might bring the oil share to nearly 50% of the total revenue generated which is currently stay in the range of 40 to 45%.



For short to very short term, we expect revenue generated from oil might take a marginal dip towards 0.42 compared with current 0.46 levels till 15th of July. It is expected to inch up from 15th of July onwards indicating demand to pick up during the period under review.

Palm Oil:

- At Malaysian front, CPO prices traded lower this week by RM81.50/tonnes to RM3, 169.50 against RM3, 251.00 tonnes recorded during previous week. The highest and lowest traded prices were at RM3, 250.00 and RM3, 035.00 respectively. Meanwhile, RBD palmolein prices stay weak during the same period and down by US\$24/MT to US\$1120.50.
- Palm oil prices traded lower due to building up palm oil stocks in Malaysia even though cargo surveyors reported a strong growth in export demand. Resurfacing economic crisis in Europe and therefore might continue to weigh on the market sentiments.
- However, recent consensus on the Greek bailout packages and positive indications from EU to strengthen its economy though might lend underlying support to the CPO prices at subdued levels. At the same time demand from Middle East, China and India is likely to improve from mid-July onwards.
- Chinese buying for CPO/RBD starts picking up from 1st July with significant decline in palm oil prices indicating Malaysian export during the period of 1-10th July might stay firm. Any significant growth in palm oil export might lend underlying support to the palm oil prices which is likely to get reflected in the domestic market.

Malaysian Export Prices (USD/MT)			
Weekly Average Prices	Present	Previous	Change
RBD Palm Oil (FOB)	1112.50	1133.00	-20.50
RBD Palmolein (FOB)	1120.50	1144.50	-24.00
RBD Palmolein (CIF Rott)	1148.50	1188.00	-39.50
RBD Palm Oil (CIF Rott)	1138.50	1177.50	-39.00
CPO (CIF Rott)	1087.00	1125.00	-38.00

Vessel Stock Position:

Vessel	Port	Quantity (MT.)	Edible Oil	ETA	Activity
Mississippi star	Tuticorin	10,499	Palm Oil	1/7/2011	Discharge
M.T. Argent bloom	Kandla	24018	CPO	2/7/2011	Discharge
M.T. Argent aster	Kandla	5000	CPO	2/7/2011	Discharge
Titan peace	Chennai	5000	Palm Oil	4/7/2011	Load
Feng hai	Chennai	6000	Palm Oil	7/7/2011	Discharge
Total Quantity		50, 517			

Technical Analysis (Spot Market Weekly Chart)
SOYOIL REFINED (INDORE Rs/10 Kg)


- ❖ Domestic spot soy oil price stay range bound with bullish bias and gets technical bounce at Rs. 600/10kg. Price is likely to stay steady to firm during coming week.
- ❖ Rs. 600/10 kg is acting as a strong support with limited possibility for any sharp fall. However any bounce from its support region could bring the prices to touch towards Rs 625 where liquidation is expected.
- ❖ Look for medium to long term is intact indicating bulls continue to dominate in the spot market.
- ❖ However, breaching the crucial support of Rs 600/10 kg during two trading days in a row might change the sentiments weak.

CPO (KANDLA Rs/10 Kg)


- Crude Palm Oil price extended its previous week weakness and able to close below its neck line break out i.e. Rs 500/10 Kg.
- Immediate weakness is likely to continue during initial trading days, however it might recover back from its near term support towards Rs 462.
- However, any sharp fall towards its immediate support or towards its rising trend line support might find buying support which might results into technical bounce at these levels.

Technical Analysis (Futures)
RSBO (Refined Soybean Oil): Weekly Chart


- ❖ Soy oil short term prices bounce back from its support at 632 levels and likely to trade with bullish bias.
- ❖ 632 remains the nearest strong support and 650 might act as a good resistance.
- ❖ Positioning of RSI in the weekly chart favoring bulls and likely to continue with uptrend.

- ❖ **Strategy:** Buy on dips near 632 can be the likely move until the above mentioned resistance is broken on closing basis, with target of 632/645 and a stop loss of 626.

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



- ❖ **CPO price likely to remain steady to firm from current level for short term.**
- ❖ At present 471 remains the immediate support and a technical bounce is expected from the support zone.
- ❖ However, it might get cap at 482 level on the higher side which shall act as a strong resistance.
- ❖ RSI is at consolidation phase and likely to rise in short term.
- ❖ **Strategy:** Buy on dips near 471 for the target of 475/477 and a stop loss of 467.

CPO MCX (July)

Support & Resistance				
S2	S1	PCP	R1	R2
469	471	474	477	479

Edible Oil Prices at Key Markets (Week on Week)

Commodity	Centre	Prices(Per 10 Kg)		Change
		1/7/2011	24-06-2011	
Refined Soybean Oil	Mumbai +VAT	624	623	+1
	Delhi (Loose)	645	645	Unch
	Indore (Loose)	607	607	Unch
	Kota(Loose)	612	615	-3
	Hyderabad+ VAT	680	680	Unch
	Jaipur (Loose)	620	630	-10
	Rajkot (Loose)	615	618	-3
	Akola (Loose)	658	-	-
	Amrawati (Loose)	658	-	-
	Haldiya Port (Loose)	621	616	+5
	Jalna	661	-	-
	Nagpur	659	-	-
	Soy Degum Kandla/Mundra+VAT	600	594	+6
	Soy Degum Mumbai+VAT	595	593	+2
Palm Oil	Kandla CPO (5%FFA)	477	485	-8
	Kandla RBD Palmolein +VAT	500	515	-15
	Chennai RBD Palmolein (Loose)	550	535	+15
	Kakinada RBD Palmolein (Loose)	528	520	+8
	Mumbai RBD Pamolein+ VAT	542	537	+5
	Hyd. RBD Palmolein VAT	580	572	+8
	Delhi RBD Palmolein (Loose)	570	570	Unch
Refined Sunflower Oil	Hyderabad Exp +VAT	735	740	-5
	Bellary (Exp. Oil)+VAT	633	633	Unch
	Chellakere (Exp. Oil)+VAT	646	646	Unch
	Erode (Exp. Oil)+VAT	-	-	
	Latur (Exp. Oil)+VAT	651	661	-10
	Kandla/Mundra	637	645	-8
	Mumbai + VAT	645	635	+10
	Chennai (Loose)	675	690	-15
Groundnut Oil	Hyderabad +VAT	900	900	Unch
	Chennai (Loose)	880	890	-10
	Delhi (Loose)	940	975	-35
	Gondal+VAT	925	925	Unch
	Jamnagar +VAT	930	925	+5
	Narsarropeth+VAT	891	906	-15

	Prodattour+VAT	891	891	Unch
	Mumbai + VAT	930	950	-20
	Rajkot (Loose)	925	925	Unch
Rapeseed Oil	Alwar (Expeller Oil)(Loose)	606	-	-
	Sri Ganga Nagar(Exp Oil-Loose)	601	610	-9
	Delhi (Exp. Oil) (Loose)	630	635	-5
	Jaipur (Expeller Oil) (Loose)	617	610	+7
	Kota (Expeller Oil) (Loose)	607	605	+2
	Mumbai (Exp. Oil) +VAT	630	638	-8
	Hapur+VAT	640	642	-2
	Agra (Kacchi Ghani Oil) +VAT	-	-	-
Refined Cottonseed Oil	Mumbai +VAT	635	655	-20
	Hyderabad (Loose)	630	635	-5
	Rajkot (Loose)	655	660	-5
	Delhi (Loose)	635	645	-10
Malaysia Palmolein USD/MT	FOB (Oct)	1108	1118	-10
	CNF (Oct) - India	1138	1145	-7
Indonesia/Malaysia CPO USD/MT	FOB (Oct)	1028	1053	-25
	CNF (Oct) - India	1058	1088	-30
Argentina FOB (\$/MT)		30-06-2011	23-06-2011	Change
Soybean Oil Ship(Sep)		1220	1220	Unch
Refined Soy Oil (Bulk) Ship(Sep)		1263	1263	Unch
Sunflower Oil Ship(Sep)		1295	1305	-10
Cottonseed Oil Ship(Sep)		1200	1200	Unch
Refine Linseed Oil(Bulk) Ship(Sep)		1240	1240	Unch

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