

### Domestic Veg. Oil Market Summary:

- Edible oils prices featured mixed tone during the period of 4 to 11<sup>th</sup> July as a result of sluggish trading activities amid improving demand in the market of edible oil across India. Out of the total edible oil, palm oil continued remain under significant weakness which remains in-tune with the falling Malaysian palm oil prices. Meanwhile, rapeseed oil also remained under pressure shown weakness in prices.
- Soy oil prices rose significantly during the week as a result of notable demand from millers and retailers against inadequate stocks amid upward trend in international edible oil market boosted the domestic soy oil prices.
- Sharp rise in price among the edible oils is noticed in groundnut oil as a result of poor rainfall delayed groundnut sowing in key growing areas weighed on prices. Groundnut oil prices may enter into corrective phase as prevailing prices are higher.
- Cottonseed and refined sunflower oils remained steady to slight firm in sluggish trading activity.

***Moving forward, demand for edible oil is slowly gaining momentum prior to start of the festivals. And we expect soy oil and palm oil demand might pick up with active precipitation across India during mid July amid increased purchases from stockists and traders in nearing Muslim holy festival Ramadan.***

### International Veg. Oil Market Summary:

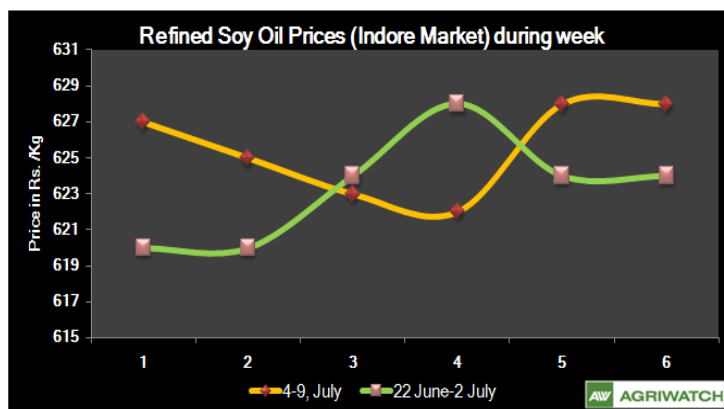
Malaysian palm oil futures hit their lowest in more than eight months during week ago as tracking falling overseas markets after key US data showed higher-than-expected crop prospects and stock levels. USDA's annual acreage and quarterly grain stocks report released was quite friendly towards the prospects of soybean stocks and supplies. But, during current week end, Malaysian palm oil futures extended gains, supported by technical buying and investor positioning ahead of key stock data next week, with gains capped by a rate hike in top palm importer China. Higher prices for comparative oils ahead of industry data from No. 2 producer Malaysia next week supported the prices significantly.

International soy oil futures remained sideways movement with firm bias on concerns about dry conditions hampering crop development this summer and a rally in the crude oil market as well as weakness in the US dollar were other supportive factors added further support. Lackluster export demand condition kept prices in a sideways trading pattern. Meanwhile, traders were unwilling to aggressively push prices in the absence of fresh directive news.

### Market Recap and Fundamental Analysis

#### Soy oil:

- Domestic market soy oil prices dropped initially during the week on sluggish trading activities and but at the week ending period prices gained considerably on set up of rains in various parts of the country wherein demand rose considerably amid restricted supplies.
- Traders are buying edible oils at lower levels to cater the demand for Muslim holy festival Ramadan.
- However, fresh showers in key soybean growing Maharashtra state, easing concerns on production after a lag in sowing, could weigh on market sentiment in coming week.
- Indian state run trading firm PEC Ltd has bought 3000tonnes of crude soy oil at

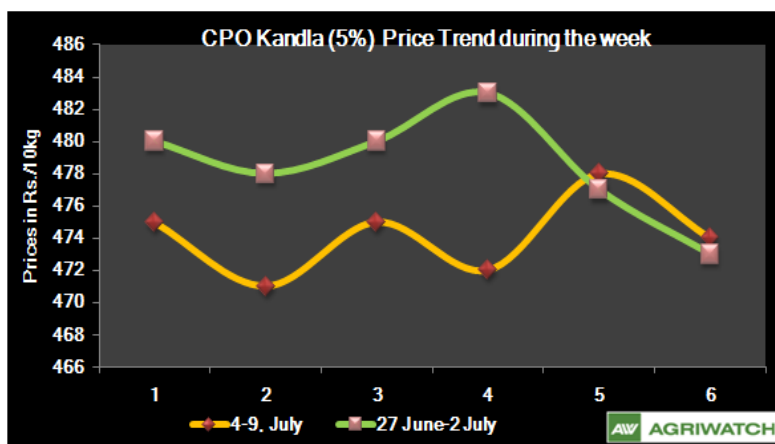


US\$ 1329 per tonne and the cargoes were delivered at Kandla on the west coast. The cargoes were bought for Himachal Pradesh government for subsidized sale.

- The advances in CBOT soy oil futures were driven by traders returning to the market amid the risk of tighter soybean supplies in the next marketing year in the face of smaller acreage. During the week CBOT soy oil futures (near month contract) rose by 1.89 per cent to 56.20 cents/pound compared to week ending prices.
- Moving forward, we expect CBOT soy oil near month contract (August 2011) prices to remain range bound with firm bias in the range of 55.20 to 56.80cents/pound.

### **Palm Oil:**

- Domestic market crude palm oil (CPO) Kandla prices remained range bound with slight firm bias and 0.21 per cent to 374 per 10Kg. rise in prices found in comparison to week ending prices. Higher demand from the southern India states kept prices higher side and not allowed to fall in tandem with Malaysian CPO prices.
- Malaysian palm oil futures bounced back from touching a fresh eight-month low and gained late in mid week as technical buying supported and investor positioning ahead of key stock data in current week, with gains capped by a rate hike in top palm importer China. Malaysian palm oil was at its eight month low on fundamental factor that output entered into a higher production cycle and lukewarm demand.
- Traders were in expectation that, Malaysian palm oil stocks likely rose 11.30% to near record levels in June as strong production and imports outpaced local and overseas demand. Stocks mount to 2.13 million tonnes from a month ago as a result of favorable weather that aided yields in the major oil palm growing states of Malaysia.
- Malaysia's June month palm oil stocks rose by 6.75 per cent to 2.05 million tonnes from May month which is highest in 18 months as overall production was higher than exports. As above said, the market expectations were at 11.30 per cent jump to 2.13 million tonnes.
- Malaysian exports in June month rose by 12.4 percent to 1.58 million tonnes as importers took advantage of palm oil's steep price declines and growing discount to competing soy oil to lock in orders.
- Malaysian CPO prices traded lower this week by RM 5/ tonnes to RM 3, 080.00 against RM 3, 075.00 tonnes recorded during previous week. The lowest traded prices during the week were at RM 3, 039.00 and highest was RM 3, 080.00.
- Palm oil prices fell almost 20 percent in the first half of this year, pressured by expectations for stocks to soar above 2 million tonnes at a time when output in Southeast Asia is growing and overseas demand is likely to slow.
- Trade sources feel that, likely record Asian palm oil stocks this year can comfortably bridge gaps in global cooking oil output, giving South America more leeway to pump competing soy oil into the biodiesel sector and cut dependence on crude.
- As per the sources, exports of Malaysian palm oil products for July 1-10 fell 3.3 percent to 398,280 tonnes from 411,852 tonnes shipped during June 1-10 and China, EU, Pakistan, US and India remained top palm markets.
- However, investors expect further weakness in Malaysian palm oil futures due to likely higher output cycle in the second half. Looking forward, exports may slowdown as the bulk demand buying enquiries for the Muslim holi Ramadan have been met so far and likely to slow down in medium term. The favoring weather

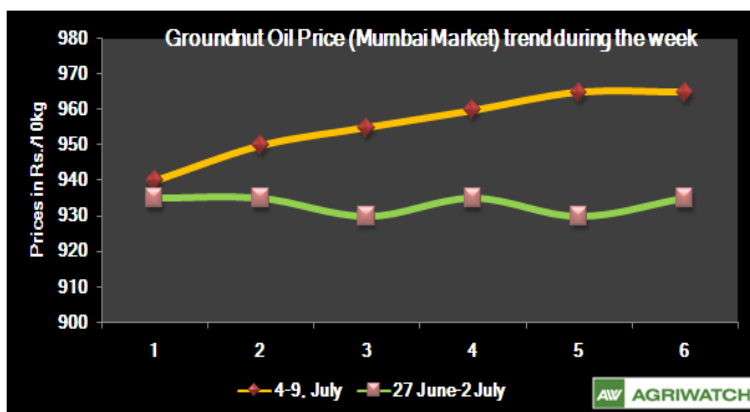


in main planting areas continue to support the production activities wherein increase in stock levels may expected in further days which will pressurize (weak) the palm oil prices.

- Looking forward, strong export growth may limit any expected declines in benchmark palm oil futures as this has slowed stocks in the world's no. 2 producer from hitting a record last seen in December 2009.

### Groundnut Oil:

- Ground oil prices gained higher compared to other edible oil prices as of higher demand amid concern of groundnut crop output from Kharif 2011 is dwindling due to prevailing drier weather in groundnut belt in India due to delayed rains.
- Prices of Groundnut oil firmed up by Rs. 35-50 per 10kg due to stockists buying triggered by a surge in oil prices in global market. This edible oil was in keen demand among vanaspati millers and retailers on account of the marriage season. Restricted supply condition noticed from producing regions like Gujarat, Tamil Nadu because of rains which helped in boosting prices.
- For the coming week, groundnut oil price is likely to trade range bound around current levels.

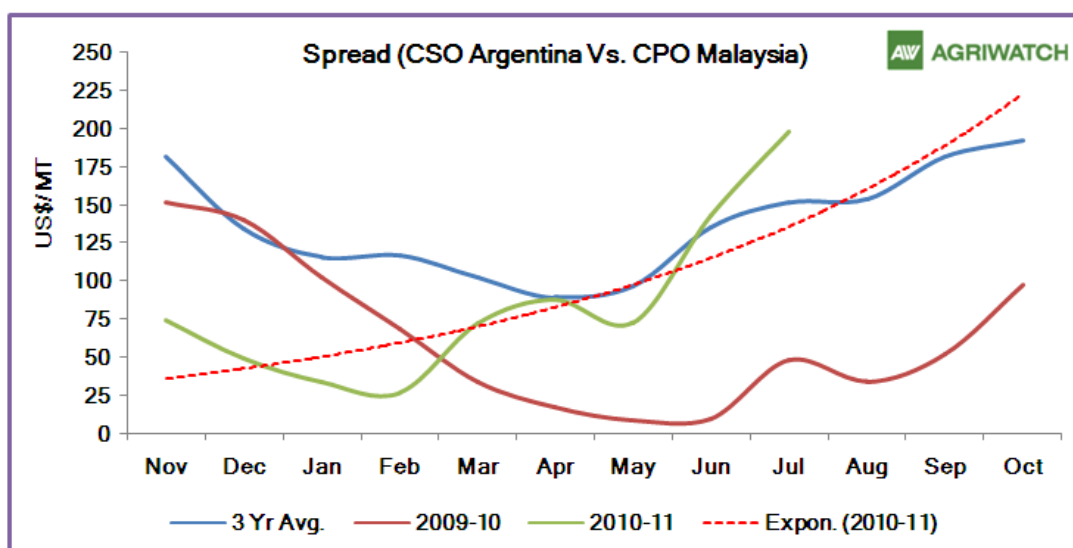


### Sunflower Oil

- Anticipation of higher imports for sunflower oil till September and subsequent higher availability will keep sun oil prices range bound. However, any sharp rise in sun oil prices might give exporters an opportunity to liquidate their stocks their by increasing the sun oil availability.
- To increase the supply to domestic markets, Ukraine sunflower oil exporters were ready to cut their shipments by 5 per cent in a bid. As per Ukraine's sun oil producers' association, producers planned to avoid a rise in prices for bottled sun oil. During the first four months of the season 2010-11, Ukraine is the world's top sun oil exporter sold abroad 881,409 tonnes of crude sun oil to abroad which is up from 824,563 tonnes in the same period a year earlier.

**Spread Status between CSO Argentina and CPO Malaysia: (USD/MT)**

Month	3-4 Yr Avg.	2009-10	2010-11
November	182	152	74
December	134	140	49
January	116	102	34
February	117	69	27
March	102	34	72
April	89	17	88
May	97	9	73
June	136	10	143
July (till date 9/07/2011)	151	48	199
August	154	34	
September	181	52	
October	192	98	



Average price spread between CSO Argentina and CPO Malaysia remained US\$ 143 per MT during the month of June and continued to widen further to US\$ 199 per MT (average until 1-8 July 2011). Price spread between CSO Argentina and CPO Malaysia is likely to remain in tandem with the 3 year average as shown in above chart. Considerable widening of spread differential is likely to favor the CPO imports as higher demand in the market on occasion of Muslim holy festival Ramadan and likely increase in consumption as rainy season is in progress throughout the country.

**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
M.T.Horizan Ammonia	Kandla	16000	CPO	1/7/2011	Discharge
M.T. Au leo	Kandla	6250	CPO	7/7/2011	Discharge
M.T. Golden Dynasty	Kandla	13500	CPO	5/7/2011	Discharge
M.T. Chemroad Fuji	Kandla	20000	Palm Oil	4/7/2011	Discharge
M.T. DI Diamond	Kandla	7500	Palm Oil	4/7/2011	Discharge
M.T. Horizon	Kandla	12750	CPO	8/7/2011	Discharge
M.T. Crystal dream	Kandla	10000	CPO	5/7/2011	Discharge
M.T. Stx hero	Kandla	14000	CPO	7/7/2011	Discharge
M.T. Chemroad vega	Kandla	5000	Palm Oil	7/7/2011	Discharge
M.T. Sunrise hamanasu	Kandla	9000	Palm Oil	6/7/2011	Discharge
M.T. Atlantic gemini	Kandla	11500	CDSBO	6/7/2011	Discharge
Titan peace	Chennai	5000	Palm Oil	9/7/2011	Load
Titan Vision	Chennai	3750	Palm Oil	9/7/2011	Discharge
YUE YOU	Chennai	6700	Palm Oil	9/7/2011	Discharge
Feng hai	Chennai	6000	Palm Oil	8/7/2011	Discharge
Sun Bridge	Chennai	9500	Palm Oil	7/7/2011	Discharge
Au aries	Chennai	8110	Palm Oil	7/7/2011	Discharge
World Bridge	Chennai	9480	CPO	8/7/2011	Discharge
Bunga Melati	Chennai	15000	CSFO	8/7/2011	Discharge
Titan Vision	Chennai	3750	Palm Oil	9/7/2011	Discharge
Star Asia	Kolkata	6000	CPO	4/7/2011	Discharge
Doris	Kolkata	7040	CPO	4/7/2011	Discharge
Java Palm	Kolkata	9801	CPO	1/7/2011	Discharge
MT Atlantic Gemini	Mundra	12740	CSBO	6/7/2011	Discharge
Stena Concert	Haldia	15000	CDSBO	2/7/2011	Discharge
PRITA DEWI	Haldia	10600	CDSBO	6/7/2011	Discharge
Blue Green Tigre	Haldia	7200	CPO	1/7/2011	Discharge
Sichem Aneline	Haldia	7800	CPO	2/7/2011	Discharge
Fair Pigasos	Haldia	9500	CPO	2/7/2011	Discharge
Angel No.2	Haldia	7299	CPO	5/7/2011	Discharge
<b>Edible Oil Shipments for July 2011</b>		<b>325,287</b>			
<b>Edible Oil Imports (Oil year 2010-11 till date)</b>		<b>5,489,308</b>			

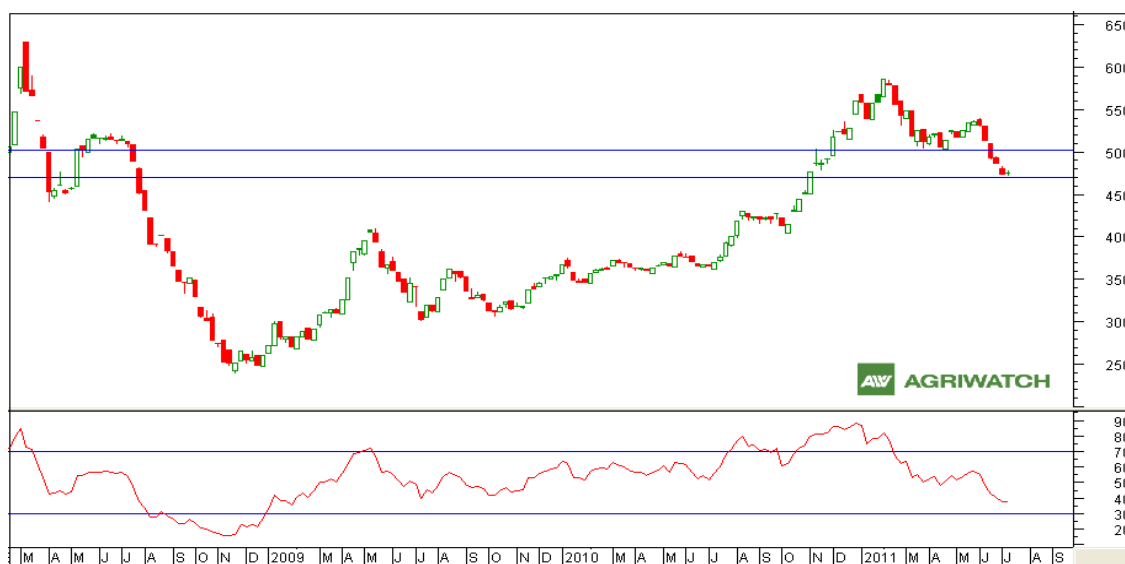
## Technical Analysis (Spot Market Weekly Chart)

### SOYOIL REFINED (INDORE Rs/10 Kg)



- ❖ Domestic spot market soy oil prices bounced back from 608 levels and remained with bullish bias during the week period.
- ❖ 608 levels acted as a strong support level for the prices and prices likely to touch the nearby resistance at 623-625.
- ❖ Looking forward, soy oil spot prices likely to remain range bound with bullish bias in the coming week and bulls continue to dominate in the market. However, liquidation is expected at 625 levels.

### CPO (KANDLA Rs/10 Kg)



- Crude Palm Oil price fall mostly 10.73 per cent to 474 levels during the period of June month and prices getting support at 474 levels.
- If the prices breach the level of nearby support level of 469, then it likely to fall to up to 430 level where it may get strong support for the medium term.

- Positioning of RSI at oversold zone continue to favor bears.
- Looking forward, likely bounce back from current level is expected in the coming week period.

### Technical Analysis (Futures)

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



- ❖ Soy oil prices remained range bound with firm bias and prices took bounce at 633 levels to remain with firm movement.
- ❖ 639 levels is acting as immediate support level and 633 as strong support level.
- ❖ 650 levels acting as medium term resistance. If prices breaches the level will act as support for the prices in firm movement for the medium period.
- ❖ Positioning of RSI in the weekly chart favoring bulls and likely to continue with uptrend.
- ❖ **Strategy:** Buy on dips near 637 can be the likely move until the above mentioned resistance is broken on closing basis, with target of 643/650 and a stop loss of 633.

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



- ❖ **CPO price likely to remain range bound 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 483 levels on the higher side which shall act as a strong resistance.
- ❖ Positioning of RSI is flat and favoring bears for the short term.
- ❖ **Strategy:** Buy on dips near 470 for the target of 475/477 and a stop loss of 467.

**CPO MCX (August)**

Support & Resistance				
S2	S1	PCP	R1	R2
469.00	471.00	471.60	477.00	479.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		09- 07- 2011	01-07- 2011	
Refined Soybean Oil	Mumbai +VAT	628	624	+4
	Delhi (Loose)	650	645	+5
	Indore (Loose)	614	607	+7
	Kota(Loose)	618	612	+6
	Hyderabad+ VAT	690	680	+10
	Jaipur (Loose)	630	620	+10
	Rajkot (Loose)	615	615	Unch
	Akola (Loose)	667	658	+9
	Amrawati (Loose)	667	658	+9
	Haldiya Port (Loose)	621	621	Unch
	Jalna	661	661	Unch
	Nagpur	672	659	+13
	Soy Degum Kandla/Mundra+VAT	595	600	-5
	Soy Degum Mumbai+VAT	595	595	Unch
Palm Oil	Kandla CPO (5%FFA)	474	477	-3
	Kandla RBD Palmolein +VAT	500	500	Unch
	Chennai RBD Palmolein (Loose)	535	550	-15
	Kakinada RBD Palmolein (Loose)	521	528	-7
	Mumbai RBD Pamolein+ VAT	533	542	-9
	Hyd. RBD Palmolein VAT	565	580	-15
	Delhi RBD Palmolein (Loose)	565	570	-5



<b>Refined Sunflower Oil</b>	Hyderabad Exp +VAT	735	735	Unch
	Bellary (Exp. Oil)+VAT	636	633	+3
	Chellakere (Exp. Oil)+VAT	656	646	+10
	Erode (Exp. Oil)+VAT	693	697	-4
	Latur (Exp. Oil)+VAT	656	651	+5
	Kandla/Mundra	645	645	Unch
	Mumbai + VAT	645	645	Unch
	Chennai (Loose)	675	675	Unch
<b>Groundnut Oil</b>	Hyderabad +VAT	955	900	+55
	Chennai (Loose)	890	880	+10
	Delhi (Loose)	990	940	+50
	Gondal+VAT	970	925	+45
	Jamnagar +VAT	970	930	+40
	Narsarropeth+VAT	891	891	Unch
	Prodattour+VAT	896	891	+5
	Mumbai + VAT	965	930	+35
	Rajkot (Loose)	970	925	+45
<b>Rapeseed Oil</b>	Alwar (Expeller Oil)(Loose)	600	606	-6
	Sri Ganga Nagar(Exp Oil-Loose)	600	601	-1
	Delhi (Exp. Oil) (Loose)	635	630	+5
	Jaipur (Expeller Oil) (Loose)	612	617	-5
	Kota (Expeller Oil) (Loose)	603	607	-4
	Mumbai (Exp. Oil) +VAT	632	630	+2
	Hapur+VAT	640	640	Unch
	Agra (Kacchi Ghani Oil) +VAT	-	-	-
<b>Refined Cottonseed Oil</b>	Mumbai +VAT	645	635	+10
	Hyderabad (Loose)	635	630	+5
	Rajkot (Loose)	600	655	-55
	Delhi (Loose)	642	635	+7
<b>Malaysia Palmolein USD/MT</b>	FOB (Oct)	1130	1108	+22
	CNF (Oct) - India	1160	1138	+22
<b>Indonesia/Malaysia CPO USD/MT</b>	FOB (Oct)	1030	1028	+2
	CNF (Oct) - India	1060	1058	+2
<b>Argentina FOB (\$/MT)</b>		<b>08-07-2011</b>	<b>30-06-2011</b>	<b>Change</b>
Soybean Oil Ship(Sep)		1252	1220	+32
Refined Soy Oil (Bulk) Ship(Sep)		1296	1263	+33
Sunflower Oil Ship(Sep)		1295	1295	Unch
Cottonseed Oil Ship(Sep)		1235	1200	+35
Refine Linseed Oil(Bulk) Ship(Sep)		1275	1240	+35



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