

Domestic Veg. Oil Market Summary:

- Edible oils prices featured mixed tone during the period of 4 to 12th July as a result of sluggish trading activities. Out of the entire edible oil basket, palm oil weakened the most and remains in tandem with the falling CPO prices at Malaysia. 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:

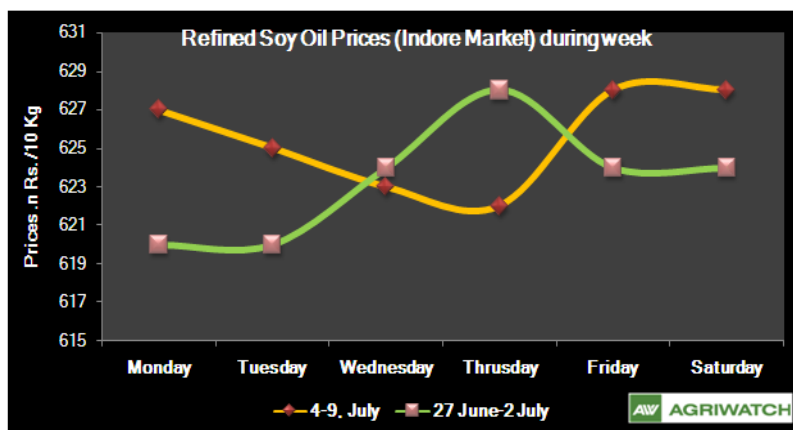
Malaysian palm oil futures hit their lowest in more than eight months during the previous week based on bearish Malaysian palm oil fundamentals and weak cues from US front after key US data showed better crop prospects and higher stock levels. USDA's annual acreage and quarterly grain stocks report released was quite positive in the prospects of soybean stocks and supplies.

However, international soy oil futures remained sideways with firm bias on dry weather concerns and derived additional support from outside commodity counters such as surging crude oil and weakening US dollar. At the same time lack luster international buying as revealed from US export sales and lower enquiry at Argentinean ports keep soy oil prices sideways.

Market Recap and Fundamental Analysis

Soy oil:

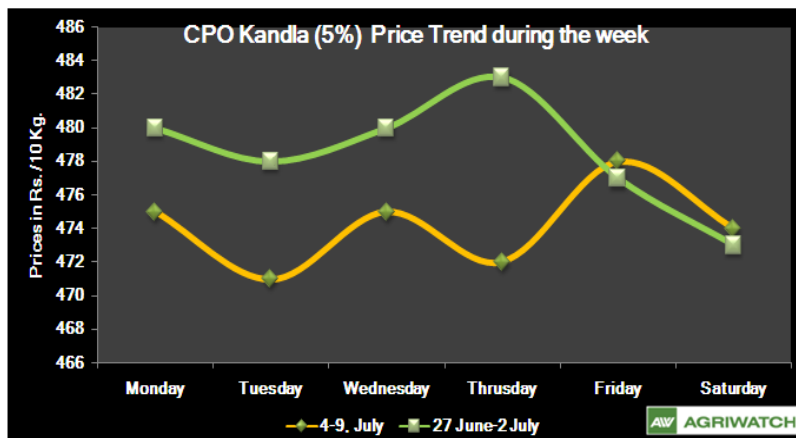
- Domestic market soy oil prices dropped initially during the week on sluggish trading activities and but pared its early losses. It re-gained strength backed by re-surfacing of demand with recent precipitation over central and western region of India.
- Traders are buying edible oils at lower levels to cater the demand for Muslim holy festival Ramadan.
- Indian state run trading firm PEC Ltd has bought 3000 tonnes 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.
- Dry weather concerns for US soy crop continue to lend underlying support to the soy oil prices. At the same time export from US and Argentina is likely to pick up as demand is expected from Asia including India and China. This might negate any near term sharp decline.



- Moving forward, we expect CBOT soy oil near month contract (August 2011) prices to remain range bound with lower level expected at 55.20 with higher side prices touching towards 56.80cents/pound.

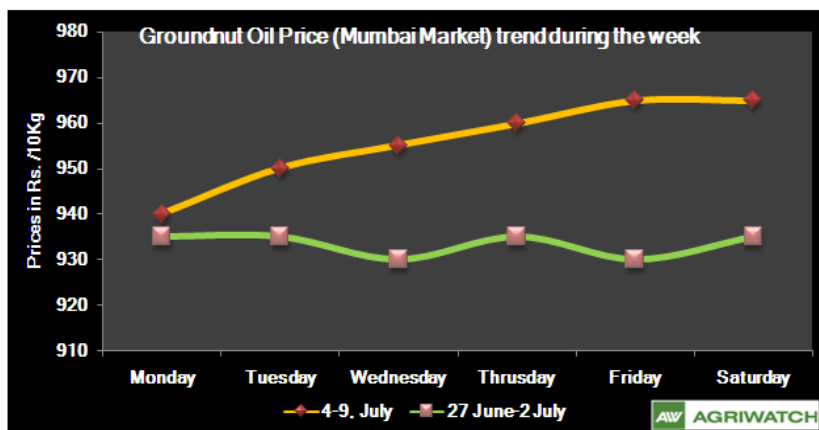
Palm Oil:

- Domestic market crude palm oil (CPO) prices at Kandla stayed in a tight range with marginal improvement during the week end. Improving demand from Hyderabad and other South Indian states continue to lend domestic palm oil prices at subdued price levels.
- While, at international front, Malaysian palm oil was at its eight month low on fundamental factor that output entered into a higher production cycle and lukewarm demand.
- Traders expected the Malaysian palm oil stocks to rise by 11.30% to near record levels in June as strong production and imports were to outpace local and overseas demand. Stocks were expected to be 2.13 million tonnes higher than a month ago as a result of favorable weather that aided yields in the major oil palm growing states of Malaysia.
- However, Malaysia's June month palm oil stocks rose only by 6.75 per cent to 2.05 million tonnes from May which remains the highest in 18 months as overall production was higher than exports. Higher production phase during the current period and moving forward till Sep might lead to relatively higher ending stocks y-o-y which might keep CPO prices range bound with limited upside in near term. However, demand from China, India and Pakistan is expected to improve from July end to Aug keeping in view the major festivals which might give some respite to the falling palm oil prices at immediate support level of 469.subdued levels.
- 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. The situation is likely to extend moving forward as the spread between palm and soy oil widens to tilt the trade in favour of palm.
- 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, the 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.



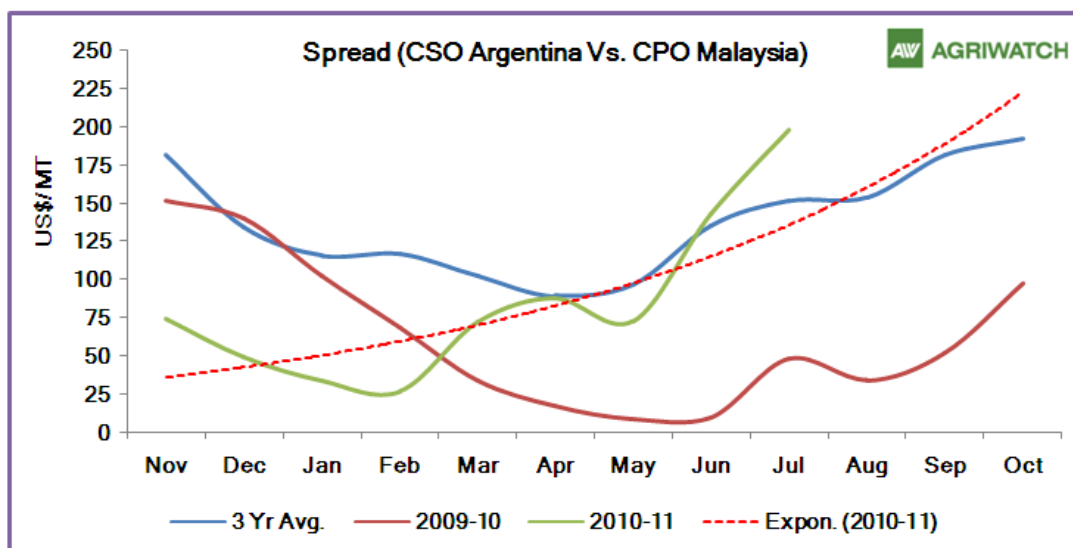
Groundnut Oil:

- Ground oil prices gained higher compared to other edible oil prices owing to higher demand amid concern of lower groundnut crop output in Kharif 2011 owing to lower groundnut acreage and initial dry weather after seeding. This prompted trade participants to talk about lower production and thereby lower availability for crushing. Preliminary estimates reveal groundnut production during Kharif is likely to down by nearly 10% which is likely to keep overall fundamentals on a firm note.
- Keeping in view possibility of lower groundnut production, groundnut oil firmed up by Rs. 35-50 per 10kg due to stockists buying Restricted supply noticed from producing regions like Gujarat, Tamil Nadu which lend additional support to the GN oil prices.
- For the coming week, groundnut oil price is likely to trade range bound with marginal improvement in near term.



Sunflower Oil

- Anticipation of higher imports for sunflower oil till September and lower domestic Rabi sun oil production during 2010 kept sun oil prices range bound. However, any sharp rise in sun oil prices might give exporters an opportunity to liquidate their stocks thereby 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. 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 has been the world's top sun oil exporter exporting 881,409 tonnes of crude sun oil which is up from 824,563 tonnes in the same period a year earlier.
- Any reduction in volume for Ukraine sun oil export (as expected 5% reduction) might lower the global supply. This might lead Argentina sun oil prices to inch up. This might result in Indian imports becoming more expensive. Keeping in view the above factors, Indian importers should start booking sun oil imports before official notification from Ukraine.

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


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 backed by higher demand prior to Ramadan and likely increase in consumption with active precipitation.

Vessel Stock Position:

VESSEL	PORT	QUANTITY (MT.)	EDIBLE OIL	ETA	ACTIVITY
Mississippi star	Tuticorin	10,499	Palm Oil	1/7/2011	Discharge
SICHEM MELBOURNE	Tuticorin	9500	Palm Oil	10/7/2011	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	8/7/2011	Discharge
M.T. Golden Dynasty	Kandla	13500	CPO	10/7/2011	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	12/7/2011	Discharge
M.T. Stx hero	Kandla	14000	CPO	12/7/2011	Discharge
M.T. ROYAL CRYSTAL 7	Kandla	9000	CPO	14/7/2011	Discharge
M.T. Chemroad vega	Kandla	5000	Palm Oil	7/7/2011	Discharge
M.T. Sunrise hamanasu	Kandla	9000	Palm Oil	12/7/2011	Discharge
M.T. Atlantic gemini	Kandla	11500	CDSBO	12/7/2011	Discharge
Titan peace	Chennai	5000	Palm Oil	9/7/2011	Load
Titan Vision	Chennai	3750	Palm Oil	15/7/2011	Discharge

YUE YOU	Chennai	6700	Palm Oil	9/7/2011	Discharge
Feng hai	Chennai	6000	Palm Oil	11/7/2011	Discharge
Sun Bridge	Chennai	9500	Palm Oil	7/7/2011	Discharge
Au aries	Chennai	8110	Palm Oil	11/7/2011	Discharge
World Bridge	Chennai	8100	CPO	11/7/2011	Discharge
Bunga Melati	Chennai	15000	CSFO	11/7/2011	Load
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
MT Dalian Glory	Mundra	282206	CPO	8/7/2011	Discharge
Stena Concert	Haldia	15000	CDSBO	10/7/2011	Discharge
Prita Dewi	Haldia	10600	CDSBO	6/7/2011	Discharge
Blue Green Tigre	Haldia	7200	CPO	8/7/2011	Discharge
Sichem Aneline	Haldia	7800	CPO	2/7/2011	Discharge
SICHEM PADUA	Haldia	7800	CPO	9/7/2011	Discharge
Fair Pigasos	Haldia	9500	CPO	2/7/2011	Discharge
Angel No.2	Haldia	7299	CPO	5/7/2011	Discharge
Eastern Glory	Krishnapatnam	6500	CPO	11/7/2011	Discharge
SUMATRA PALM	Krishnapatnam	5750	CPO	14/7/2011	Discharge
C.F.Zachary	Manglore	9500	CPO	10/7/2011	Load
CHEMROUTE SUN	Manglore	8500	CPO	11/7/2011	Discharge
HAPPY VENTURE	Mormugao	11000	CPO	15/7/2011	Discharge
Edible Oil Shipments for July 2011		673,663			
Edible Oil Imports (Oil year 2010-11 till date)		5,837,684			

Technical Analysis (Spot Market Weekly Chart)

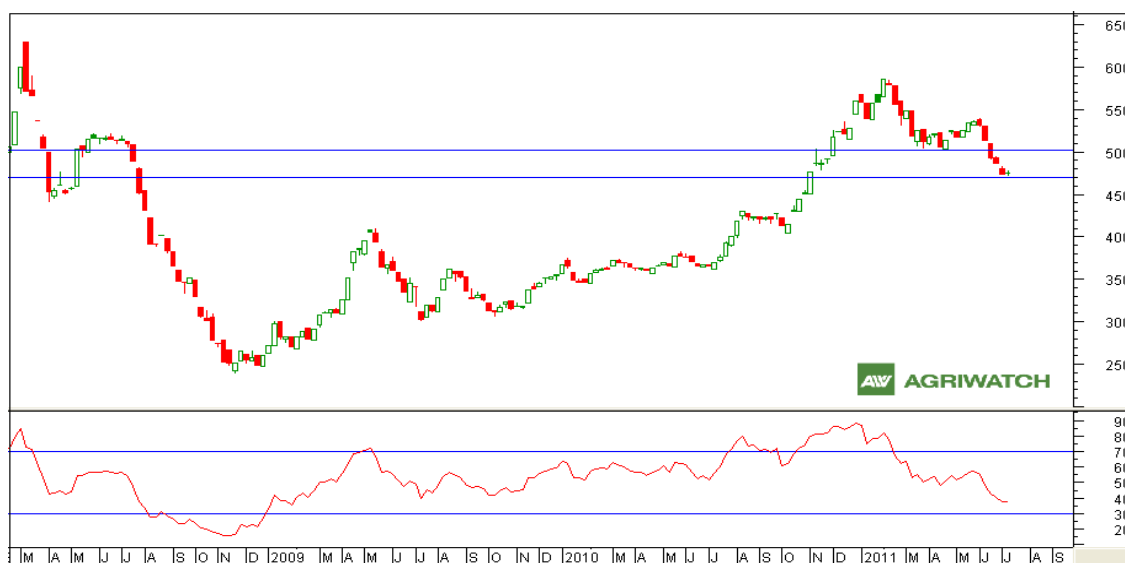
SOYOIL REFINED (INDORE Rs/10 Kg)



- ❖ 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.

Strategy: Buy Soy oil towards Rs 605 to 608/10 Kg and liquidate the same around 620 to 625 range for trading purpose.

CPO (KANDLA Rs/10 Kg)



- Crude Palm Oil price fell 10.73 per cent to 474 levels during the period of June month and prices are getting support at 474 levels.
- If the prices breach the level of nearby support level of 450, then the next level is 430. However, it is expected to get strong support from the level mentioned.
- Positioning of RSI at oversold zone might give some respite to the falling prices.
- Looking forward, a bounce back from current level is expected in the coming week period.

Strategy: Buying is desirable towards support. Cover half of Aug requirement towards Rs 450.

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, it 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.

RSO NCDEX (August)

Support & Resistance				
S2	S1	PCP	R1	R2
433.00	437.00	471.60	644.00	447.00

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


- ❖ **CPO price likely to remain range bound to firm from current level in the 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
Refined Sunflower Oil	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
Groundnut Oil	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
Rapeseed Oil	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	-	-	-
Refined Cottonseed Oil	Mumbai +VAT	645	635	+10
	Hyderabad (Loose)	635	630	+5
	Rajkot (Loose)	600	655	-55
	Delhi (Loose)	642	635	+7
Malaysia Palmolein USD/MT	FOB (Oct)	1130	1108	+22
	CNF (Oct) - India	1160	1138	+22
Indonesia/Malaysia CPO USD/MT	FOB (Oct)	1030	1028	+2
	CNF (Oct) - India	1060	1058	+2
Argentina FOB (\$/MT)		08-07-2011	30-06-2011	Change
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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