

### **Domestic Veg. Oil Market Summary:**

*Edible oils market remained with firm sentiment during the week (11<sup>th</sup> to 18<sup>th</sup> July) as a result of pick up in buying interests from the retailers to meet the increasing demand in the market amid nearing Muslim holy festival Ramadan which supported prices to gain considerably. On an average, all of the edible oils prices rose by Rs. 10-15 per 10 kg during the week.*

*Recent import data released by the Solvent Extractors' Association of India shows total vegetable oils (edible & non-edible) imports were up by 17.80 per cent to 862,550 tons compared with June 2010 imports. Edible oil imports for the month of June 2011 were up by 19.63 per cent to 828, 959 MT compared to last year.*

*Moving forward, demand for edible oil gaining momentum prior to start of the festivals as mentioned in last week report. And we expect soy oil and palm oil demand might pick up further with active precipitation across India during amid increased purchases from stockists and traders in nearing Muslim holy festival Ramadan. Groundnut oil prices reached once again peak level of approx. Rs. 1000/ 10 kg wherein it may get correct here once again but the lean availability of groundnut seeds for crushing to millers may keep the prices in firm trend.*

### **International Veg. Oil Market Summary:**

*Internationally, Malaysian crude palm oil futures remained with firm trend and hit a near three-week high on Thursday to MYR 3144 per metric tonnes on the back of firmer grains complex and crude oil, despite growing stocks in No.2 producer Malaysia. SGS survey details that Malaysian palm oil products exports for July 1-15 rose by 4.6 per cent to 752,047 tonnes from 671,314 tonnes shipped during June 1-15. Export data remained bullish but the traders given more focus to debt crisis in the euro zone which may slow down the US economic growth.*

*Malaysian exporters feel that, palm oil stocks are likely to rise further in July, as major importers from Pakistan, the Middle East and India have more or less completed their requirements ahead of the fasting month (on Ramadan occasion).*

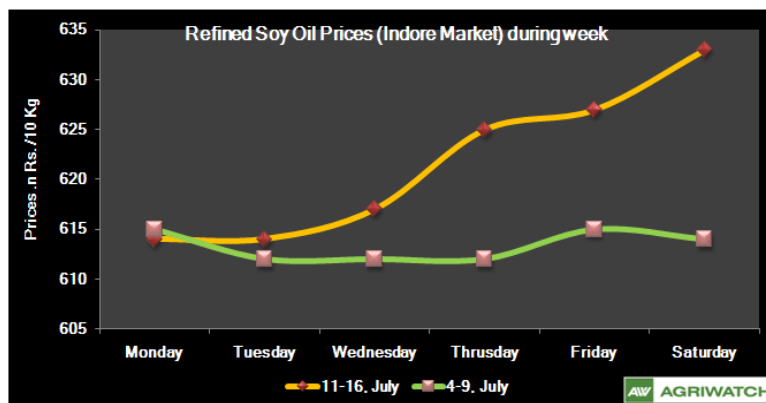
*CBOT soy oil futures remained with firm sentiment and gained by 1.75 per cent to Usc 58.26 per pound (Dec'11 contract) which drawn support from strong gains in crude oil futures amid threats to the soybean crop at US provided support to underpin prices. Lackluster demand also supported prices to gain firmly during the week. Looking forward, optimistic outlooks for a pick-up in world veg. oil demand amid soybean crop concern may keep the soyoil prices in steady to firm trend for the short to medium term.*

*As per the USDA's outlook report, the slowdown in China's soybean imports is affecting U.S. exports to some degree, with repercussions for Brazil and Argentina as well. For 2010-11, soybean exports from Brazil are forecast 1 million tons lower this month to 30.85 million tons, while shipments from Argentina are forecast down 500,000 tons to 8.5 million. The drop in trade from Brazil is likely to push that country's September stocks to an all-time high of 20.3 million tons.*

## Market Recap and Fundamental Analysis

### Soy oil:

- As shown in graph, domestic market soy oil prices sturdily up during the week on pickup in demand. Higher demand from the retailers amid lean availability of soybean at higher prices for crushing supported the prices to gain by Rs. 10-20 per 10kg.
- Continued precipitation over central and western region of India re-surfaced the demand for oil which also helped to re-gain in soy oil prices.
- South based traders were found more active in Madhya Pradesh and are continued to buy edible oils to cater the demand for Muslim holy festival Ramadan.
- US soy oil futures mostly moving in unison with soybean futures and followed the ups and downs of soybeans. Uncertainty of soybean crop weather on which created fears of fewer soybeans for crushing remained supporting factor for the firm trend move in prices during the week. Spillover support from crude and optimistic outlooks for a pick-up in world veg. oil demand also helped in advancing the soy oil prices.
- CBOT Dec soy oil (Dec'11 contract) finished up by 1.76 per cent to USc 58.26 per pound. Moving forward, we expect CBOT soy oil prices to remain range bound with firm level at 57.20cents/pound to 59 cents/pound.

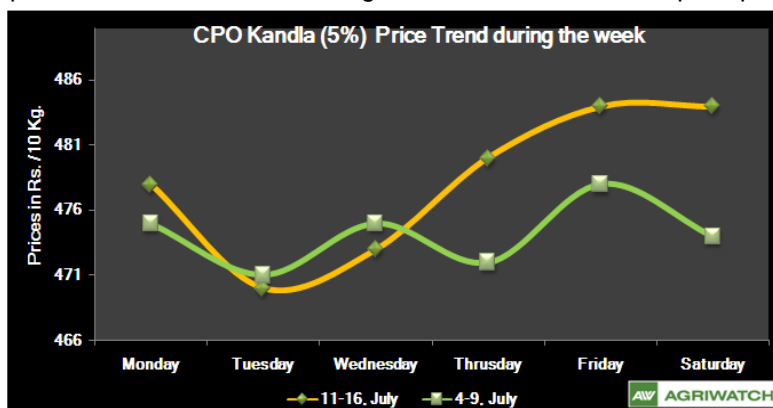


**USDA's crop report (WASDE) released current month remained mostly neutral, and assumptions that it's too early to be concerned about soy yields until August. Global soybean production is projected at 261.5 million tons, down 1.3 million mostly due to lower production in the United States. Uncertainties of a long growing season limited downside potential, allowing soybeans gather support from neighboring grain futures. In unison with soybean, soy oil prices getting the heat of weather concern where in crushers feeling the lesser availability of soybean stocks for crushing in the current year.**

**Global demand is very strong this season and likely to continue to expand sizably in the 2011/12 season, unless insufficient world production of oilseeds and USDA projects, domestic soy oil prices at 54 to 58 cents per pound, down 4 cents on both ends of the range. Meanwhile, farmers in Brazil and Argentina are likely to strongly expand soybean sowings for the 2012 harvest as global soy demand grows.**

### Palm Oil:

- Domestic market crude palm oil (CPO) prices at Kandla firmed during the week as a result of pickup in demand from the traders as well as vanaspati millers.
- South based traders were actively purchasing palm oil to meet the demand during nearing Muslim holy festival Ramadan as well as continued precipitation over the central and west India remained supportive to the palm oil prices.
- Tamil Nadu state government revised tax rates on certain products including edible oils in order to generate

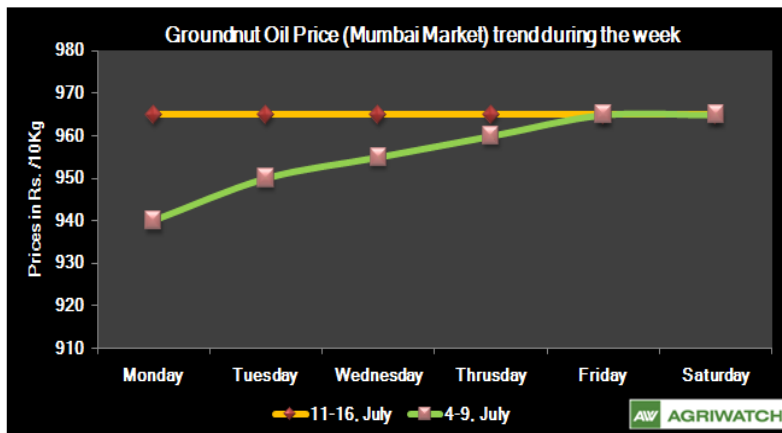


additional revenue of Rs. 3900 crore per annum. All edible oil prices rose in Tamil Nadu state on Tuesday after implementation of revised tax rates of 5% (earlier tax rate was 4%).

- While, at international front, Malaysian palm oil futures remained weak during the initial days of week as higher stock levels amid uncertain global outlook impacted the prices. But at the week end, prices firmed up to MYR 3144 per MT on back of firmer grains complex and crude oil. As USDA showing tight grain stocks owing to rising bio-fuel use spurred concerns over the prospect of limited food supplies wherein corn stocks have hovered near 15-year lows for longer than expected due to its use to make ethanol, lifting vegetable oils that are also used in other competing renewable fuels.
- Malaysian CPO prices traded in the range of MYR 3073-3144 per tonnes during the week.
- As per SGS data, exports of Malaysian palm oil products for July 1-15 rose 4.6 percent to 731,842 tonnes from 699,674 tonnes shipped during June 1-15. European Union, China, US, Pakistan and India remained top palm markets for Malaysian CPO.
- Trade sources feel that, Malaysian palm oil may come under pressure in coming week as players believe the already large palm oil stocks will grow even further in July, while exports were only a little up in the first 15 days of July. 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.

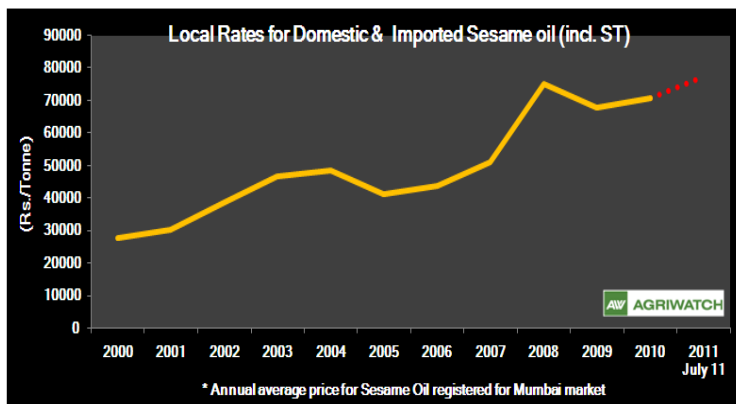
#### Groundnut Oil:

- Ground oil prices mostly remained range bound at higher price level of 965 per 10 kg (Mumbai market) during the week on higher demand amid continued concern of lower groundnut crop output in Kharif 2011 owing to lower groundnut acreage.
- In overall markets, ground oil prices reached the higher level of Rs. 1000 per 10 kg wherein its likely to get correction but the higher demand amid restricted supply from the producing regions may keep the prices in check.
- For the coming week, groundnut oil price is likely to continue to trade range bound with marginal improvement in near term. Key groundnut areas of west-central India in and around Gujarat have received much needed rains since about the middle of week. This should allow for more widespread planting of this crop and it should improve prospects somewhat and likely to ease the concern of groundnut seed availability for crushers in medium term.



#### Sesame Oil

- Domestic sesame oil prices are in firm trend from the year 2000 and prevailing prices for domestic as well as imported sesame oil at Mumbai market recorded at Rs. 77,500 per tonnes (incl. ST) and is steady from the month of June 2011 onwards.
- Sesame seed exports doubled in current year (Apr'10-Jan'11) stood at 0.32 MMT compared to 0.16 MMT during same period last year. Sesame oil and its



fractions export from India stood at 3.3 MMT tonnes till Dec'10. And year-wise export details were furnished in table below:

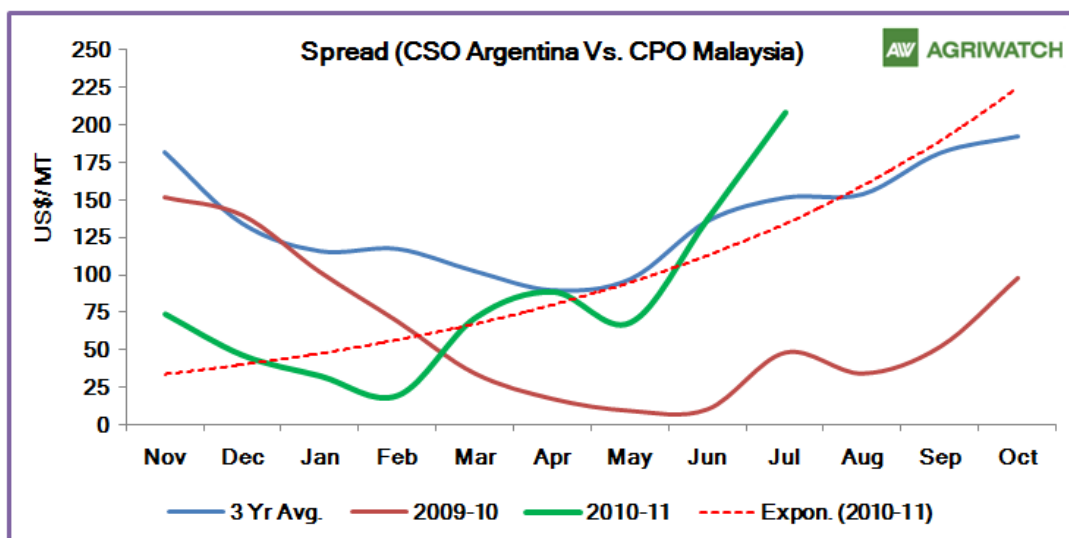
<i>Sesame Oil and Its Fractions Export from India</i>	
<b>Year</b>	<b>Quantity in MMT</b>
2004-05	2.59
2005-06	8.38
2006-07	3.85
2007-08	5.46
2008-09	1.69
2009-10	3.51
2010-11*	3.31
* till Dec 2010.	

### Edible Oil Imports during the Month of June 2011

<b>Edible Oil (Quantity in MT)</b>	<b>June 2011</b>	<b>June 2010</b>	<b>% change over 2010</b>
RBD Palmolein	87388	42282	106.68
Crude Palm Oil	624968	421468	48.28
Crude Sunflower Oil	50560	34559	46.30
Crude Soybean Oil	50616	192649	-73.73
Crude Coconut Oil	999	-	-
Crude Palm Kernel Oil	14428	2000	621.40
<b>Total</b>	<b>828959</b>	<b>692952</b>	<b>19.63</b>

Total import of edible oils for the month period from Nov'2010 to June'2011(8 months), stood at 4,947,511 metric tonnes, which is down by 7.03 per cent compared to same period imports during last year.

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



Average price spread between CSO Argentina and CPO Malaysia continued to widen by US\$ 71 per MT to US\$ 208 (average until 1-16 July) per MT during the month of July compared to June month average spread of US\$ 138 MT. During the week, spread widened by US\$ 23.70 per MT (compared to previous week) as a result of firming Argentina's crude soy oil prices amid weakening Malaysian CPO prices. If we consider the seasonality

price spread between CSO Argentina and CPO Malaysia, spread likely to start its falling trend from the July month end onwards but the higher stocks level of Malaysian CPO amid climbing soybean prices at US on fears of fewer soybeans for crushing in the current year may keep the spread in check.

**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
PALMA PRIMA	Tuticorin	8300	Palm Oil	16/7/2011	Discharge
M.T. MALPENSA	Kandla	7000	CPO	24/7/2011	Discharge
MT.CF ZACHARY	Kandla	6959	CPO	16/7/2011	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	13/7/2011	Discharge
M.T. ROYAL CRYSTAL 7	Kandla	9000	CPO	15/7/2011	Discharge
M.T. Chemroad vega	Kandla	5000	Palm Oil	7/7/2011	Discharge
M.T. Sunrise hamanasu	Kandla	9000	Palm Oil	13/7/2011	Discharge
M.T. Atlantic gemini	Kandla	11500	CDSBO	13/7/2011	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
FENGA HAI 22	Chennai	7500	Palm Oil	16/7/2011	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	16/7/2011	Discharge
Bunga Melati	Chennai	15000	CSFO	15/7/2011	Discharge
Titan Vision	Chennai	3750	Palm Oil	9/7/2011	Discharge
SICHEM ANELINE	Kolkata	5500	CPO	15/7/2011	Discharge
DOLPHINA	Kolkata	7000	CPO	15/7/2011	Discharge
FENG HAI 21	Kolkata	7500	CPO	13/7/2011	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 YANGTZE STAR	Mundra	268717	CPO	15/7/2011	Discharge
M.T.THERESA GEMINI	Mundra	6999.62	CPO	18/7/2011	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	15/7/2011	Discharge
SUMATRA PALM	Krishnapatnam	5750	CPO	14/7/2011	Discharge
BUNGA MELATI	Krishnapatnam	6998.49	CPO	16/7/2011	Discharge
C.F.Zachary	Manglore	9500	CPO	10/7/2011	Load
CHEMROUTE SUN	Manglore	8500	CPO	14/7/2011	Load
HAPPY VENTURE	Mormugao	11000	CPO	15/7/2011	Discharge
<b>Edible Oil Shipments for July 2011</b>		<b>1,006,137</b>			
<b>Edible Oil Imports (Oil year 2010-11 till date)</b>		<b>6,170,158</b>			

### Technical Analysis (Spot Market Weekly Chart)

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



- ❖ Domestic spot market soy oil prices remained with firm movement after taking support at 611 levels and remained with bullish bias during the week.
- ❖ 611 levels acted as a strong support level which helped prices to breach the resistance level of 625 (as mentioned in previous report) and remained firm during the week to reach the level of 633. Prices likely to firm up till it reaches the strong resistance level of 642 on higher side.
- ❖ 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 635-642 levels.



**CPO (KANDLA Rs/10 Kg)**


- Crude Palm Oil price rose by 2.11 per cent to 484 levels compared to the week ending prices and prices strongly supported by level of 469.
- CPO prices likely to remain firm in coming week from current levels and 502 levels seems resistance higher side. If the prices breach the level of nearby support level of 469, then the next level is 442. However, it is expected to get strong support from the level mentioned.
- Positioning of RSI nearby oversold zone giving some respite to the falling prices and likely to remain rising to support the prices for firm move.
- Looking forward, firm movement from current level is expected in the coming week period.

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


- ❖ Soy oil prices remained range bound with firm bias after taking a bounce at 639 levels to remain with firm movement during the week.
- ❖ 639 levels acting as immediate strong support level and prices likely remain in the range of 639-667 levels. If prices breach the support level of 639, then 626 may act as support level for the short term.
- ❖ 667 levels acting as long term resistance. If price 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 remained down and favoring bears and likely to remain range bound with weak bias.

**Strategy:** Wait till the price direction by breaching action either higher or lower side. If the prices breach level of 658 on lower side may give an opportunity for selling from 658 levels with a target of 652/645 with a stop loss at 663.

If prices breach the level of 661 on higher side, then the level will act as support to the prices for firm trend. And the condition may give an opportunity for market participants to for buying from 661 levels with a target of 667/672 with stop loss at 657 levels.

### RSO NCDEX (August)

Support & Resistance				
S2	S1	PCP	R1	R2
626.00	639.00	661.50	667.00	681.00

### 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.
- ❖ 468 levels acting as strong support which holding the prices from the couple of weeks and continued to support the prices to remain in the range of 468-485 levels during the week.
- ❖ At present 468 remains the immediate support and a technical bounce is expected from the support zone. If prices breach the level of 468, then 454 level likely to act as support level where price may sustain.
- ❖ However, it might get cap at 485 levels on the higher side which shall act as a strong resistance.
- ❖ Positioning of RSI remained flat near oversold zone and favoring bears for the short term.



❖ **Strategy:** Buy on dips near 468-470 levels for the target of 476/479 and a stop loss of 463.

#### CPO MCX (August)

Support & Resistance				
S2	S1	PCP	R1	R2
450.00	468.00	482.2	481.00	493.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		16- 07- 2011	09- 07- 2011	
Refined Soybean Oil	Mumbai +VAT	640	628	+12
	Delhi (Loose)	667	650	+17
	Indore (Loose)	633	614	+19
	Kota(Loose)	635	618	+17
	Hyderabad+ VAT	700	690	+10
	Jaipur (Loose)	645	630	+15
	Rajkot (Loose)	627	615	+12
	Akola (Loose)	681	667	+14
	Amrawati (Loose)	681	667	+14
	Haldiya Port (Loose)	636	621	+15
	Jalna	674	661	+13
	Nagpur	686	672	+14
	Soy Degum Kandla/Mundra+VAT	608	595	+13
	Soy Degum Mumbai+VAT	605	595	+10
Palm Oil	Kandla CPO (5%FFA)	484	474	+10
	Kandla RBD Palmolein +VAT	510	500	+10
	Chennai RBD Palmolein (Loose)	540	535	+5
	Kakinada RBD Palmolein (Loose)	531	521	+10
	Mumbai RBD Pamolein+ VAT	545	533	+12
	Hyd. RBD Palmolein VAT	585	565	+20
	Delhi RBD Palmolein (Loose)	575	565	+10
Refined Sunflower Oil	Hyderabad Exp +VAT	755	735	+20
	Bellary (Exp. Oil)+VAT	633	636	-3
	Chellakere (Exp. Oil)+VAT	656	656	Unch
	Erode (Exp. Oil)+VAT	690	693	-3
	Latur (Exp. Oil)+VAT	666	656	+10
	Kandla/Mundra	655	645	+10

	Mumbai + VAT	655	645	+10
	Chennai (Loose)	715	675	+40
<b>Groundnut Oil</b>	Hyderabad +VAT	970	955	+15
	Chennai (Loose)	890	890	Unch
	Delhi (Loose)	1000	990	+10
	Gondal+VAT	980	970	+10
	Jamnagar +VAT	980	970	+10
	Narsarropeth+VAT	881	891	-10
	Prodattour+VAT	891	896	-5
	Mumbai + VAT	965	965	Unch
	Rajkot (Loose)	970	970	Unch
<b>Rapeseed Oil</b>	Alwar (Expeller Oil)(Loose)	626	600	+26
	Sri Ganga Nagar(Exp Oil-Loose)	615	600	+15
	Delhi (Exp. Oil) (Loose)	660	635	+25
	Jaipur (Expeller Oil) (Loose)	618	612	+6
	Kota (Expeller Oil) (Loose)	620	603	+17
	Mumbai (Exp. Oil) +VAT	645	632	+13
	Hapur+VAT	665	640	+25
	Agra (Kacchi Ghani Oil) +VAT	-	-	-
<b>Refined Cottonseed Oil</b>	Mumbai +VAT	653	645	+8
	Hyderabad (Loose)	665	635	+30
	Rajkot (Loose)	607	600	+7
	Delhi (Loose)	662	642	+20
<b>Malaysia Palmolein USD/MT</b>	FOB (Oct)	1145	1130	+15
	CNF (Oct) - India	1175	1160	+15
<b>Indonesia/Malaysia CPO USD/MT</b>	FOB (Oct)	1043	1030	+13
	CNF (Oct) - India	1073	1060	+13
<b>Argentina FOB (\$/MT)</b>		<b>14-07-2011</b>	<b>08-07-2011</b>	<b>Change</b>
Soybean Oil Ship(Sep)		1265	1252	+13
Refined Soy Oil (Bulk) Ship(Sep)		1309	1296	+13
Sunflower Oil Ship(Sep)		1285	1295	-10
Cottonseed Oil Ship(Sep)		1245	1235	+10
Refine Linseed Oil(Bulk) Ship(Sep)		1285	1275	+10



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