

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

*Edible oil market sentiment further improved during the week (18<sup>th</sup> to 25<sup>th</sup> July) owing to resurfacing retailers demand amid firming global trend. Domestic edible oil prices mostly hovered around last levels in absence of any worthwhile moving factors amid dwindled overseas oil prices reported higher at week end days, no trader was in mood for any commitment, adopted 'wait and watch' policy. Better buying support against limited selling at prevailing prices scenario continued to support domestic market oil prices. Nearing Muslim holy festival Ramadan as well as precipitation over the central India continued to lend additional support to the prices.*

*Among edible oils, soy oil prices were gained much as arrivals found lean to market during the week due to heavy rains as well as offseason of soybean made lean availability of soybean for crushing mills. Reduced market arrivals of soybeans amid higher demand in the market kept the soy oil prices in firm tone. Groundnut oil prices reached the peak level waiting for correction, but the higher demand in the market for groundnut seeds as well as oil added further support to the prices to maintain its firm trend. Moving forward, demand for edible oil gained momentum and likely remain firm from the current levels in coming week period on neared festivities.*

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

*Malaysian palm oil futures were fall by MYR 31per MT during initial period of the week as a result of weaker overseas soy complex which weighed on market sentiment at the time when palm oil stocks were growing. Lately, Malaysian palm oil futures rose considerably by MYR 56 per MT on expectations of higher export demand lifted sentiment.*

*SGS survey reveal Malaysian palm oil products exports for July 1-20 rose by 5.7 per cent to 1.028 MMT from 0.97 MMT shipped during June 1-20. And 1-25 exports rose by 1.9 per cent to 1.29 MMT compared to June 1-25 shipments of 1.27MMT.*

*Fall in international prices for palm oil forcing Indonesia, the world's largest palm oil producer to cut its crude palm oil export tax to 15 percent in August down from 20 percent in July. Trade sources expecting that the tax to be capped at 15 percent next month because the average price of CPO was \$1,090 in the first 20 days of July.*

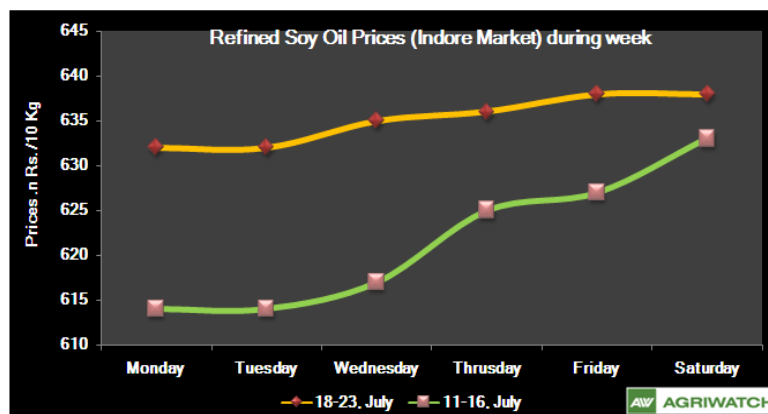
*CBOT soy oil futures fall by 0.60 per cent to 57.48 cents per pound (Dec'11 contract) as less-threatening weather forecasts for soybeans reduced the risk of smaller soy-production potential. Ample supplies of soy oil and sluggish export demand made soy oil to draw downward pressure during the week.*

*Moving forward, palm oil prices likely to remain range bound as most of the requirements for upcoming festivities completed and soy oil consumption and imports were lower than expected due to the price advantage of competing oils.*

## Market Recap and Fundamental Analysis

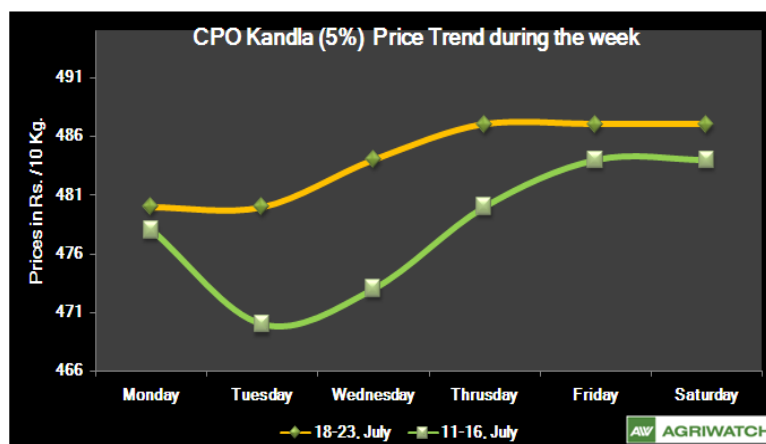
### Soy oil:

- As shown in graph, domestic market soy oil prices continued to maintain its firm trend in the week on lower selling activities amid buying support in the market.
- Notable rise in demand from millers and retailers against inadequate stocks continued to support the soybean oil prices to remain with firm trend.
- Meanwhile, Soy oil prices were sturdily up especially in south and central India on active precipitation over these regions amid nearing festivities which added further support.
- Looking forward, domestic market soy oil prices are likely remain range bound to firm following overseas markets, although higher acreage and good rainfall in growing areas could limit the upside movement.
- Internationally, Argentina's government revealed, China plans to buy more soyoil and soybeans from Argentina in the future which may slow down imports from US.
- US soy oil futures waited for clarity on weather forecasts which caused concern over the soybean productivity. Outlook for week remained mixed following unfavorably high temperatures, with cooler, wetter conditions expected early in the week before heat returns. Market participants finally drawn perception that weather won't have its biggest impact on the soy crop until August which weighed on soy oil prices to drop considerably.
- CBOT Dec soy oil (Dec'11 contract) finished down by 0.60 per cent to USc 57.48 per pound. Moving forward, we expect CBOT soy oil prices to remain range bound with firm level at 56.80 cents/pound to 58.40 cents/pound during coming week.



### Palm Oil:

- Domestic market crude palm oil (CPO) prices at Kandla continued to maintain its firm trend during the week in tandem with firming prices at Malaysian palm oil futures amid pickup in domestic demand from the traders as well as vanaspati millers.
- Continued precipitation over the central and west India remained supportive to the palm oil prices.
- While, at international front, Malaysian palm oil futures remained bearish in initial days of week on after hitting a one-month high earlier in the session as weak economic Chinese data erased gains made on higher export hopes amid concerns over the U.S. and euro debt crisis deepened this week. But Malaysian palm oil futures bounced on week end as firmer overseas markets and fresh talk of a dip in production lifted sentiment.



- As per market information, the weather is bringing bad yields wherein production in July is down slightly. Traders also expected output to fall even more next month as plantation workers in major producing countries will take long break for a Muslim fasting observance, limiting supply and boosting prices.
- Malaysian palm oil futures seen one month high of MYR 3155 per MT during the week and settled at MYR 3141 per MT during week end trading session.
- As per SGS data, exports of Malaysian palm oil products for July 1-20 rose by 5.7 percent to 1,028,352 tonnes from 973,211 tonnes shipped during June 1-20. India imported total of 102,689 MT of palm oil products during the period of July 1-20 among which crude palm oil constitutes 67,200MT and 27,000MT of RBD palm oil. Breakdown of SGS palm export figures for July 1-20 compared to a month ago (in tonnes):

<b>Palm Products</b>	<b>July 1-20</b>	<b>June 1-20</b>
Crude Palm Oil	188,750	251,153
RBD Palm Oil	79,132	99,317
RBD Palmolein	544,872	390,032
RBD Palm Stearin	80,619	111,560
Crude Palm Kernal Oil	14,770	2,000
Processed palm kernel oil	21,099	34,186
Oleochemicals	36,290	21,085

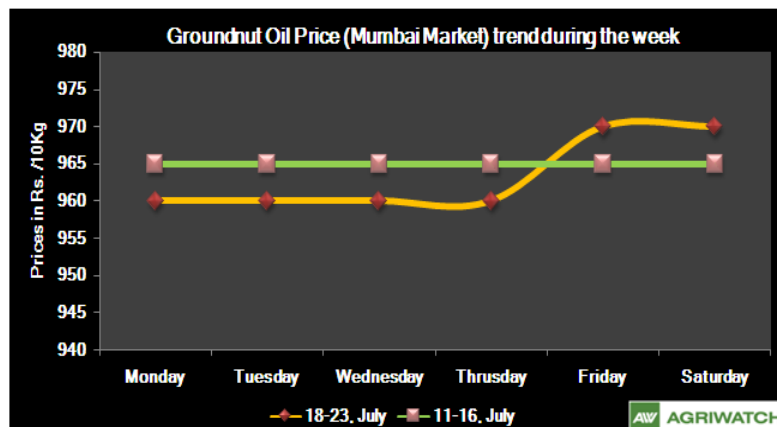
- As per SGS data, exports of Malaysian palm oil products for July 1-25 rose by 1.9 percent to 1.29 MMT from 1.27 MMT shipped during June 1-20. Breakdown of SGS palm export figures for July 1-25 compared to a month ago (in tonnes):

<b>Palm Products</b>	<b>July 1-25</b>	<b>June 1-25</b>
Crude Palm Oil	240,550	344,835
RBD Palm Oil	112,952	117,270
RBD Palmolein	626,464	511,984
RBD Palm Stearin	123,039	131,167
<b>Total</b>	<b>1,294,428</b>	<b>1,270,888</b>

- However, exports of Malaysian palm oil products for July month total to stand at 1.54-1.56 MMT as traders fulfilled the requirements to meet the demand during the Muslim holy festival Ramadan.
- As per Indonesian Palm Oil Producers Association (GAPKI), Indonesia's crude palm oil output for 2011 is estimated at 22.5- 23 million tonnes, up from 21.6 million tonnes in 2010. GAPKI officials expect Indonesia's year-end crude palm oil stocks to be at a normal level of 1.5 million tonnes to 2.0 million tonnes.
- Meanwhile, higher production amid fall in international prices for palm oil forcing Indonesia to cut its crude palm oil export tax to 15 percent in August down from 20 percent in July.
- Looking forward, higher demand comes as supply in top producers Indonesia and Malaysia are expected to rise on the back of better yields and larger oil palm growing areas coming into maturity. This might further help to build up palm oil inventories and likely to keep palm oil prices under pressure. However, any near term significant decline in palm oil prices might encourage Asian nations to start booking fresh orders which is likely to keep palm oil prices in a tight range. Consolidation in CPO price is expected at Malaysian front going ahead with the peak production period till September.

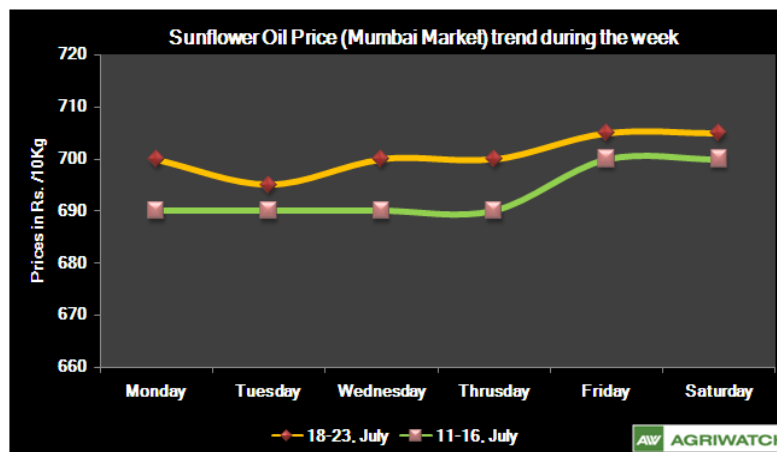
### Groundnut Oil:

- Groundnut oil prices opened at Rs. 960 per 10 kg (Mumbai market) during the week and maintained its prices at peak level during the week with firm trend to settle at Rs. 970 per 10kg. Better precipitation over the major groundnut growing regions eased concern of groundnut crop sowing to marginal extent but the higher demand for groundnut oil in market added prices to be in firm trend.
- For the coming week, groundnut oil price is likely to continue to trade range bound with marginal improvement in near term.



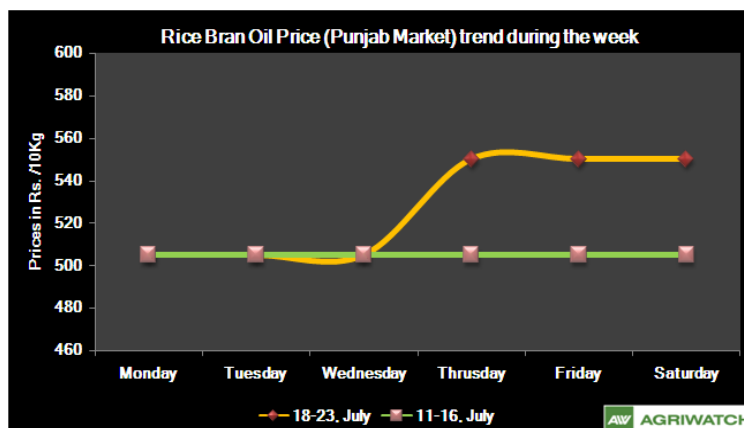
### Sunflower Oil

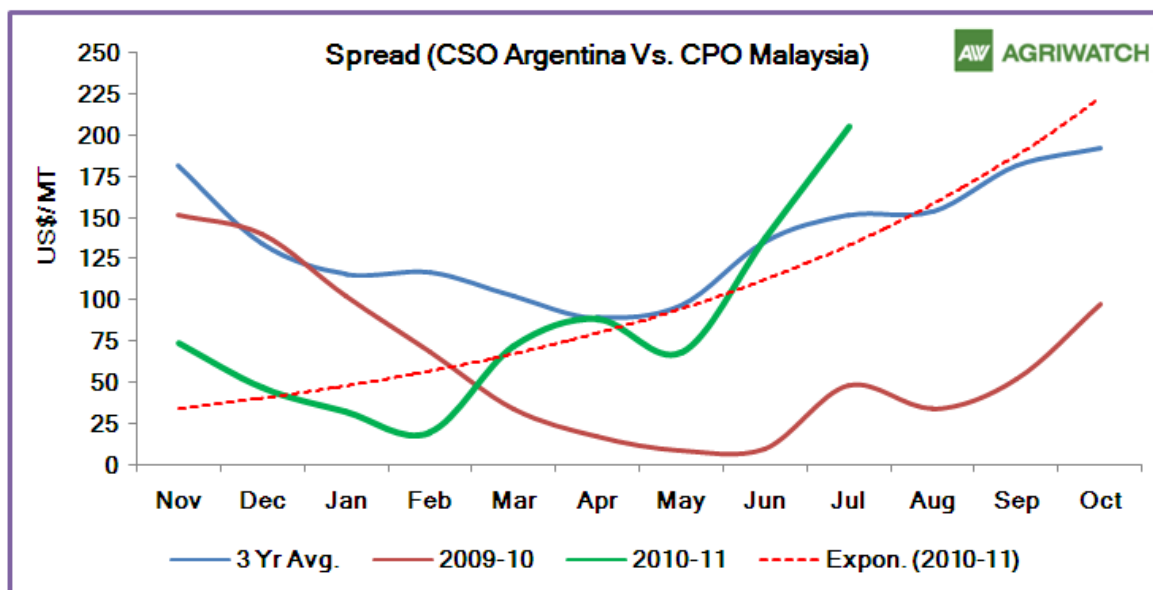
- Domestic market sunflower oil prices remained range bound with firm trend compared to week-on-week basis prices as a result of pickup in demand from retailers. Domestic market prices for local as well as imported sun oil reported at Rs. 660 per 10 kg. And crude sun oil FOB quotes at Kandla stood at US\$ 1425 per MT.
- Current stock of refined sunflower oil as on 23<sup>rd</sup> July, 2011 at various ports is estimated at 15000 tonnes.
- Prevailing prices for Sunflower seed at Latur market recorded Rs. 29000-3200 per MT, sunflower meal at Rs. 13800 per MT and sun oil prices (Exp. oil) Rs. 671 per 10 kg. Considering processing cost of refining i.e., Rs. 26 per 10 kg, the cost of sun refine from Latur regions is Rs. 726 per 10 kg. At the current prices, margin for sunflower crushing seems favorable for crushers and margin is calculated at Rs. 656 per MT of crushing. Meanwhile, the imported sunflower is available at market in cheaper rate compared to domestically crushed sunflower oil.



### Rice Bran Oil:

- Domestic market rice bran oil prices remained range bound with firm trend compared to previous week prices. Currently, rice bran oil prices at Punjab market hovering at Rs. 505-550 per 10 kg (rice bran 4%).
- Domestic rice production for the year 2010-11 reached a level of 95.32 MMT which may result in higher availability of rice bran oil as well it may put downward pressure on the domestic market prices in short term.



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


Average price spread between CSO Argentina and CPO Malaysia narrowed by US\$ 21 per MT to US\$ 200 (average between 18-23 July) per MT during the week compared to previous week average of US 221 per MT as a result of rising Malaysian CPO FOB quotes. Meanwhile, spread remained up by US\$ 68 per MT (average until 1-23 July) compared to June month average spread.

During the week, Malaysian CPO FOB quotes were up by US\$ 27 per MT as traders expecting palm oil output to decline by about 2% in July from 1.75 million tons a month earlier due to heavy rains in Sabah state, a major oil palm producer which supporting prices. Meanwhile Argentina CSO FOB quotes remained range bound during the week.

Therefore, seasonality price spread between CSO Argentina and CPO Malaysia depicts, spread is usually narrow down from July end onwards and is on the way with the historic trend. Hence, narrowing of spread differential is likely to stop from this point onwards which may not favor the CPO imports in medium term. Importers may go for higher imports of CPO within short term period.

**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	18/7/2011	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	20/7/2011	Discharge
M.T.PITALOKA	Kandla	13000	CPO	24/7/2011	Discharge
M.T. MALPENSA	Kandla	7000	CPO	26/7/2011	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.CHEMBULK SINGAPORE	Kandla	19000	Palm Oil	24/7/2011	Discharge
M.T.GINGA BOBCAT	Kandla	6000	Palm Oil	29/7/2011	Discharge
M.T.HORIZON	Kandla	30000	Palm Oil	31/7/2011	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	17/7/2011	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	22/7/2011	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
SICHEM ANELINE	Kolkata	5500	CPO	15/7/2011	Discharge
DOLPHINA	Kolkata	7000	CPO	15/7/2011	Discharge
FENG HAI 21	Kolkata	7500	CPO	19/7/2011	Discharge
SUMATRA PALM	Kolkata	10000	CPO	23/7/2011	Discharge
FLORES PALM	Kolkata	9650	CPO	23/7/2011	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	22/7/2011	Discharge



MT BUNGA ANGELICA	Mundra	7999.29	CPO	24/7/2011	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
GLOBAL SEA	Haldia	4724	Palm Oil	16/7/2011	Discharge
SP AMSTERDAM	Haldia	7999	Palm Oil	14/7/2011	Discharge
FENG HAI 21	Haldia	1500	Palm Oil	16/7/2011	Discharge
SINAR BUSAN	Haldia	7500	Palm Oil	21/7/2011	Discharge
ANGEL NO.2	Haldia	7500	Palm Oil	20/7/2011	Discharge
TORM GERTRUD	Haldia	16500	CDSBO	20/7/2011	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	18/7/2011	Discharge
WORLD BRIDGE	Krishnapatnam	9500	CPO	31/7/2011	Discharge
GOLDEN BRILLIANCE	Manglore	4500	CPO	22/7/2011	Discharge
ASIA ADVENTURER	Manglore	6000	CPO	23/7/2011	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	27/7/2011	Discharge
<b>Edible Oil Shipments for July 2011</b>		<b>1,141,759</b>			
<b>Edible Oil Imports (Oil year 2010-11 till date)</b>		<b>6,305,781</b>			

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


- ❖ Domestic spot market soy oil prices improved further during the week. Prices mostly hovering near to 642 levels which is strong resistance on higher side.
- ❖ 632 levels acted as a strong support level which helped prices to continue its uptrend. Prices likely to touch the resistance level of 642 during the week and may remain in the range of 632-642 levels.
- ❖ If prices breach the level of 642, then it may act as support level to the prices to keep its bullish trend for short to medium term. If prices breach the support level of 632, then 622 likely act as immediate support level.
- ❖ 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 632-642 levels.

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


- After taking bounce at 472 levels, Crude Palm Oil prices remained with its bullish trend from the couple of weeks.

- 478 levels acting as strong support to the prevailing CPO prices and likely to remain with firm trend till it touches the level of 508 which seems resistance higher side.
- If the prices breach the nearby support level of 472, then the next level is 455. However, it is expected to get strong support from the level mentioned.
- Positioning of RSI is rising in neutral zone giving some respite to the falling prices.
- Looking forward, firm movement from current level is expected in the coming week period.

**Strategy: Buying is desirable towards support. Cover the requirement towards Rs 470-475.**

### Technical Analysis (Futures)

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



- ❖ Soy oil prices remained with bullish bias during the week and current prices are at immediate resistance level of 666.
- ❖ If prices breach the 666 levels, likely to act as strong support for the prices to continue its bullish trend for the short to medium term.
- ❖ If prices take 666 levels as strong resistance, then prices likely to fall up to 633 levels where it may get support.

**Strategy:** Market waiting for direction and wait till the price direction by breaching action either higher or lower side. If the prices breach level of 666 on lower side may give an opportunity for selling from 665 levels with a target of 656/648 with a stop loss at 669.

If prices breach the level of 666 on higher side, then this level will act as support to the prices for medium to long term. And the condition may give an opportunity for market participants to go for buying from 665 levels with a target of 667/672 with stop loss at 657 levels.

#### RSO NCDEX (August)

Support & Resistance				
S2	S1	PCP	R1	R2
645.00	666.00	665.55	687.00	-

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


- ❖ **CPO price likely to remain sideways to firm from current level in the short term.**
- ❖ 477 levels acting as strong support from where prices took bounce. 495 levels is acting as immediate resistance.
- ❖ However, breaching 495 levels may support the prices to take its rally up to 511 levels.
- ❖ **Strategy:** Buy on dips near 477-480 levels for the target of 495/497 and a stop loss of 463.

**CPO MCX (August)**

Support & Resistance				
S2	S1	PCP	R1	R2
426.00	477.00	484.50	502.00	511.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		23- 07- 2011	16- 07- 2011	
Refined Soybean Oil	Mumbai +VAT	645	640	+5
	Delhi (Loose)	675	667	+8
	Indore (Loose)	638	633	+5
	Kota(Loose)	645	635	+10
	Hyderabad+ VAT	720	700	+20
	Jaipur (Loose)	660	645	+15
	Rajkot (Loose)	645	627	+18
	Akola (Loose)	688	681	+7
	Amrawati (Loose)	688	681	+7
	Haldiya Port (Loose)	638	636	+2
	Jalna	678	674	+4
	Nagpur	689	686	+3
	Soy Degum Kandla/Mundra+VAT	610	608	+2
	Soy Degum Mumbai+VAT	610	605	+5
Palm Oil	Kandla CPO (5%FFA)	487	484	+3
	Kandla RBD Palmolein +VAT	515	510	+5
	Chennai RBD Palmolein (Loose)	550	540	+10
	Kakinada RBD Palmolein (Loose)	539	531	+8
	Mumbai RBD Pamolein+ VAT	552	545	+7
	Hyd. RBD Palmolein VAT	580	585	-5
	Delhi RBD Palmolein (Loose)	580	575	+5
Refined Sunflower Oil	Hyderabad Exp +VAT	760	755	+5
	Bellary (Exp. Oil)+VAT	641	633	+8
	Chellakere (Exp. Oil)+VAT	661	656	+5
	Erode (Exp. Oil)+VAT	715	690	+25
	Latur (Exp. Oil)+VAT	671	666	+5
	Kandla/Mundra	660	655	+5
	Mumbai + VAT	660	655	+5
	Chennai (Loose)	725	715	+10
Groundnut Oil	Hyderabad +VAT	990	970	+20
	Chennai (Loose)	890	890	Unch
	Delhi (Loose)	1005	1000	+5
	Gondal+VAT	990	980	+10
	Jamnagar +VAT	990	980	+10
	Narsarropeth+VAT	861	881	-20
	Prodattour+VAT	871	891	-20

	Mumbai + VAT	970	965	+5
	Rajkot (Loose)	990	970	+20
<b>Rapeseed Oil</b>	Alwar (Expeller Oil)(Loose)	636	626	+10
	Sri Ganga Nagar(Exp Oil-Loose)	625	615	+10
	Delhi (Exp. Oil) (Loose)	658	660	-2
	Jaipur (Expeller Oil) (Loose)	640	618	+22
	Kota (Expeller Oil) (Loose)	630	620	+10
	Mumbai (Exp. Oil) +VAT	662	645	+17
	Hapur+VAT	671	665	+6
	Agra (Kacchi Ghani Oil) +VAT	-	-	-
<b>Refined Cottonseed Oil</b>	Mumbai +VAT	664	653	+11
	Hyderabad (Loose)	670	665	+5
	Rajkot (Loose)	615	607	+8
	Delhi (Loose)	665	662	+3
<b>Malaysia Palmolein USD/MT</b>	FOB (Oct)	1173	1145	+28
	CNF (Oct) - India	1203	1175	+28
<b>Indonesia/Malaysia CPO USD/MT</b>	FOB (Oct)	1070	1043	+27
	CNF (Oct) - India	1100	1073	+27
<b>Argentina FOB (\$/MT)</b>		<b>22-07-2011</b>	<b>14-07-2011</b>	<b>Change</b>
Soybean Oil Ship(Sep)		1257	1265	-8
Refined Soy Oil (Bulk) Ship(Sep)		1301	1309	-8
Sunflower Oil Ship(Sep)		1260	1285	-25
Cottonseed Oil Ship(Sep)		1237	1245	-8
Refine Linseed Oil(Bulk) Ship(Sep)		1277	1285	-8

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