

**Domestic Veg. Oil Market Summary:**

Edible oil market sentiment extended its previous gains during the week (18<sup>th</sup> to 25<sup>th</sup> July) owing to resurfacing retailers demand amid firming global trend. Better buying support against limited selling at prevailing prices scenario continued to support domestic edible oil market prices. Improvement in edible oil demand m-o-m as backed by approaching Ramadan and better precipitation in the central region of India are the factors which supported domestic edible oil prices for short term.

Among entire edible oil basket, soy oil prices recorded the sharpest gain which is in unison with surging soy oil prices at CBOT. At the same time improved buying interest at spot market lends underlying support to the market prices. At other edible oil front, groundnut oil prices continue to stay firm with marginal correction in few South Indian trading centers. Ruling firm G/N oil prices might lower its demand at higher levels which is likely to limit excessive gains. However, higher demand for groundnut seeds and relatively lower seed availability might keep its prices in tight range.

***Moving forward, demand for edible oil is likely remain firm during coming week on account of approaching festivals.***

**International Veg. Oil Market Summary:**

With initial decline in CPO at BMD during initial trading days, it moved up by MYR 56 per MT during later part of the trading days on expectations of higher export demand. Expectation of surge in demand from Asia (China, India and Pakistan) with buying inquiries from the Middle East such as Egypt continue to lend underlying support to the palm oil prices for short term.

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. At the same time, July 1-25 exports rose by 1.9 per cent to 1.29 MMT compared to previous month when the shipment recorded at 1.27MMT. This indicates surging up of Malaysian palm oil demand which is likely to keep its prices on firm note going ahead with the festival season.

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. Any slash in export tax by Indonesia might attract buyer's thereby boosting export from Indonesian ports. This might lend support to the CPO for short to medium term perspective.

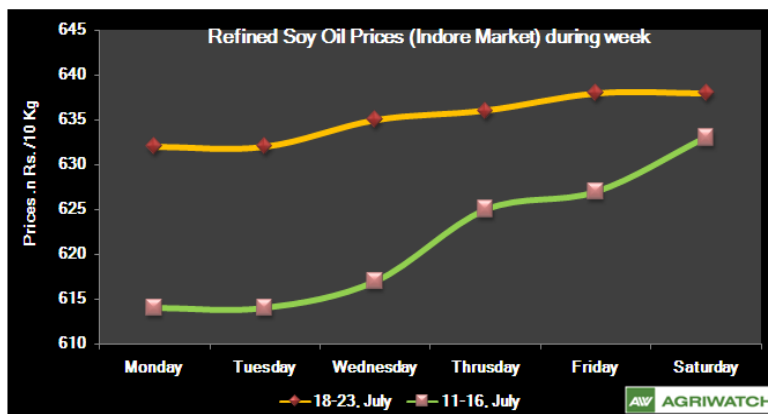
CBOT soy oil futures fall by 0.60 per cent to 57.48 cents per pound (Dec'11 contract) as less-threatening weather forecasts for soybeans reduced the production risk by lowering the apprehension for any sharp drop in yield. At the same time sluggish demand for US soy oil weighs on market sentiments during the week. However, domestic soy oil prices stay firm with resurfacing domestic demand.

***Moving forward, considering the international spread advantage between soy oil and palm, we expect palm oil import to surge in near term. Other edible oil consumption is likely to stay at higher levels which might keep edible oil prices on encouraging note going ahead with the festival demand.***

## Market Recap and Fundamental Analysis

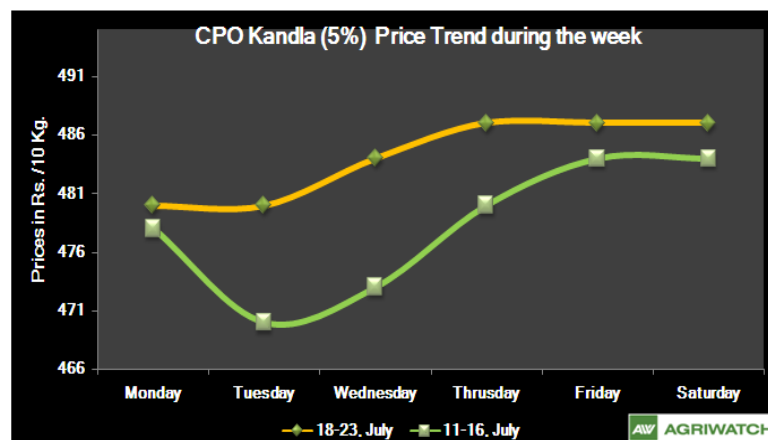
### Soy oil:

- As shown in graph, domestic market soy oil prices continued to stay firm and extend its bullish trend during the week under review on renewed buying support from spot. Congenial weather and intermittent rainfall raises the consumption of edible oil during recent past.
- Notable rise in demand from retailers and wholesalers couple with seller's un-willingness to liquidate stocks in anticipation of further surge in edible oil prices before festivals continued to support the soybean oil prices in near term.
- 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.
- Considering the above factors and favourable weather forecast for coming week we expect soy oil demand to stay steady to firm which might keep soy oil prices at current firm levels.
- International soy oil price show lack luster trade at CBOT on easing weather concern. At the same time expectation of demand from Asian nations prior to festivals might lend underlying support to soy oil prices at CBOT.
- However, market participants are closely watching the Chinese factor as China plans to buy more soy oil from Argentina. With any major shift in Chinese demand towards Argentina might weigh on the soy oil prices at US. Better demand expectation from Middle East and other Asian nations will keep soy oil prices in a tight range at CBOT.
- There is no clarity on US soy yield as of now and weather is likely to play a key role during August. Weather outlook for week remained mixed following 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 might keep soy oil prices to stay range bound during coming week.
- CBOT Dec soy oil (Dec'11 contract) finished down by 0.60 per cent to USc 57.48 per pound during previous week. We expect CBOT soy oil prices to remain range bound with firm level at 56.50 cents/pound to 58.15 cents/pound during coming week.



### Palm Oil:

- Domestic market crude palm oil (CPO) prices at Kandla maintain its firm trend during the week under review and remain in unison with Malaysian palm oil futures. Buying support at spot amid pickup in domestic demand lends underlying support to the palm oil prices. Demand is expected to stay firm for coming week which is likely to keep palm oil prices on encouraging note moving forward.



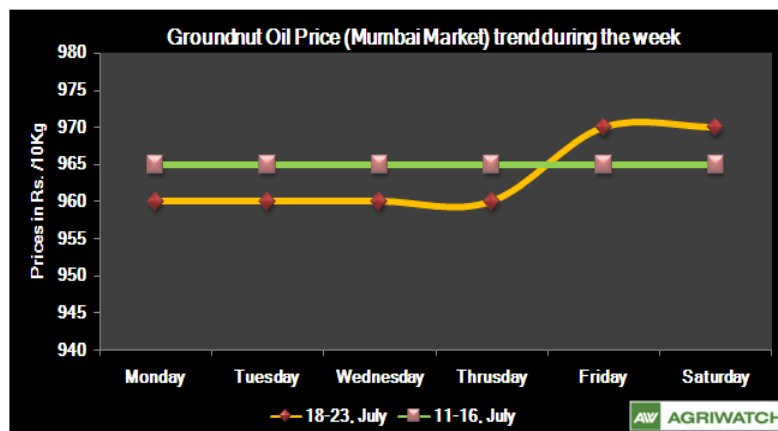
- Continued precipitation over the central and west India remained supportive to the palm oil prices. Favorable outlook of weather for coming week might keep demand intact for short term.
- Initial weakness at Malaysian front owing to recent weak indication from Chinese economy and surging stocks m-o-m is off-set by higher Malaysian palm oil export and better demand pared its early losses. Better demand expectation before the holy festival of Ramadan is likely to keep palm oil prices on firm note during coming couple of weeks.
- 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 1-25. Breakdown of SGS palm export figures for July 1-25 is shown in the following table (in tonnes):

Palm Products	July 1-25	June 1-25
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
Total	1,294,428	1,270,888

- However, final export figure for Malaysian palm oil and its products for the month of July is projected to stay close to 1.54-1.56 MMT as traders are expected to book palm to meet festival requirements before Muslim holy festival Ramadan. Any near term surge (which is expected) in export of palm oil from Malaysia might underpin the market sentiments for short term.
- 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 to 2.0 million tonnes.
- 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. Slashing 5% export duty means lowering of Indonesian palm oil prices by USD 52.75 per MT (current Indonesian CPO price is at USD 1055/MT). This shows better palm oil export potential of Indonesia. Higher availability and lower export tax regime might attract buyers to book export orders.

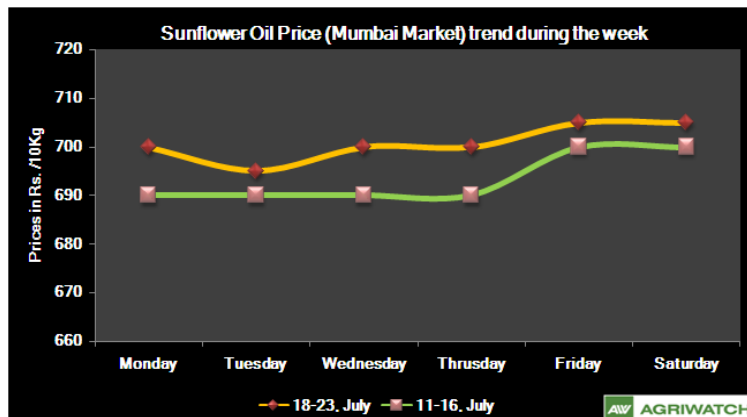
### Groundnut Oil:

- Groundnut oil prices stay in a tight range with bullish bias and remain in the range of Rs. 960 to Rs. 970 per 10kg. Relatively higher demand for G/N oil, lower kharif acreage anticipation and lower seed stocks are the factors seen positive for G/N oil prices.
- Groundnut oil price is expected to stay steady to firm for coming couple of weeks on account of tight supply and approaching festivals.



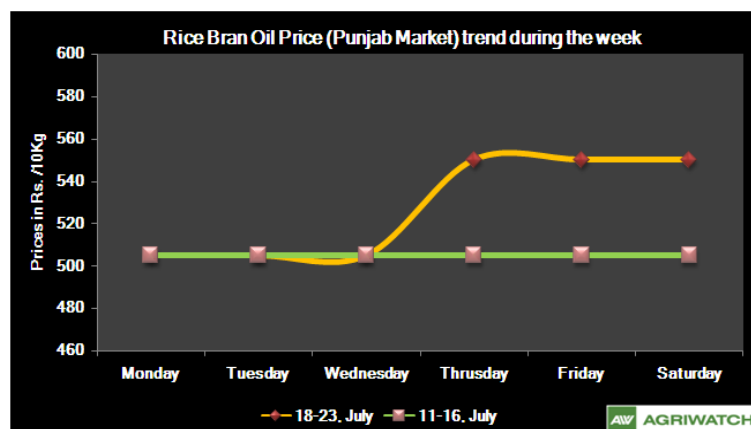
### Sunflower Oil

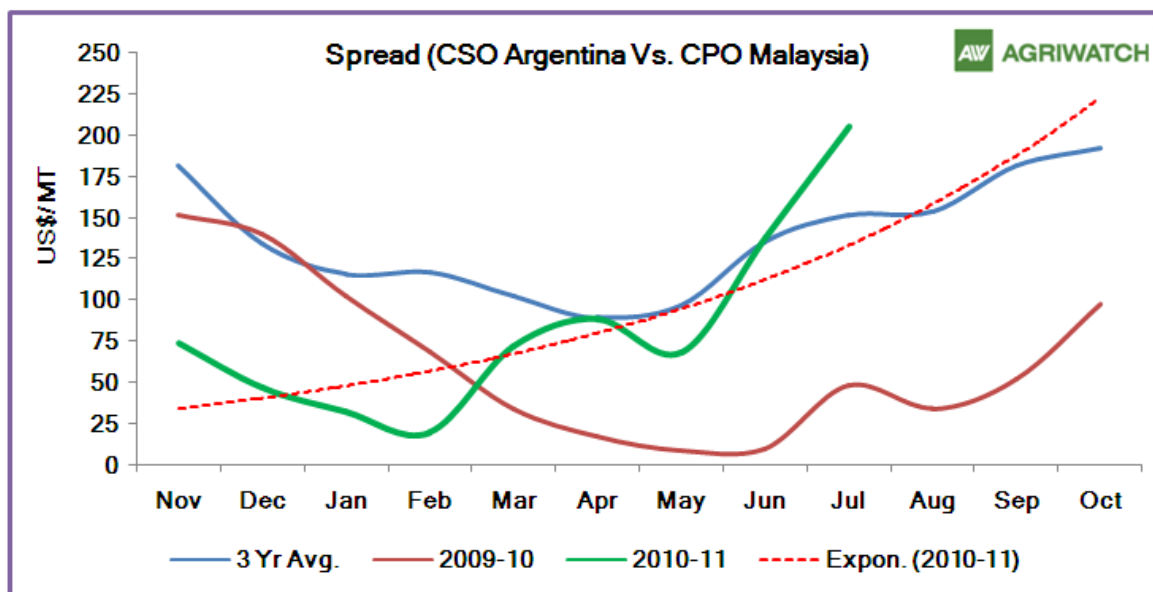
- Domestic market sunflower oil prices remained range bound with bullish bias w-o-w as it found buying support from the spot. Domestic market prices for local/imported sun oil stay near Rs. 660 per 10 kg. However, crude sun oil (FOB) quoted US\$ 1425 per MT at Kandla.
- Current stock of refined sunflower oil as on 23<sup>rd</sup> July, 2011 at various ports is estimated at 15000 tonnes. Stock of sun oil at ports are comfortable to meet the demand for coming week which might keep sun oil prices range bound moving forward with expectation of intermittent spike with approaching festivals.
- On the other facet, sunflower seed prices at Latur market was offered at Rs. 29000-3200 per MT, sunflower meal at Rs. 13800 per MT and sun oil prices (Exp. oil) Rs. 671 per 10 kg while refined domestic sun oil prices was seen at Rs 700/10 kg. Considering processing cost of refining i.e., Rs. 26 per 10 kg, the cost of sun refine from Latur region could be near Rs. 726 per 10 kg.
- While current prices stays lower compared to the domestically available sun oil, it would be hard time for the refiners to refine sun oil from the sunflower seed as seed prices stay comparatively higher raising the cost of sun oil production.
- Wholesale and retail demand for sun oil is likely to shift towards imported sun oil which might find buying support. Higher anticipation of sun oil demand at ports might lend support to the sun oil prices at Mumbai and thereby spill over support to other neighbouring destinations.



### Rice Bran Oil:

- Domestic market rice bran oil prices remained range bound with bullish bias on stable demand. Since paddy would start coming from Sep onwards, we expect rice bran prices to rule firm for coming couple of week and likely to enjoy off-season premiums.
- Currently, rice bran oil prices at Punjab stay in the range of Rs. 505-550 per 10 kg (rice bran 4%).



**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 18-23 July) per MT during the week compared to previous week average of US 221 per MT owing to relatively lower CPO quotes when compared with soy oil and nearly stable soy oil prices.

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. Meanwhile Argentina CSO (FOB) quotes remained in a tight range which results into narrowing down of the spread.

Considering the historical price spread we expect spread to narrow further till Aug which might stand supportive for palm oil import in India. 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. Price is likely to test towards 642 levels which might act as a strong resistance.
- ❖ 632 levels acted as a strong support and any near term decline towards its support might find technical buying support. Price might stay in the range of 632-642 levels.
- ❖ Breaching the level of 642 might initiate a bull run towards 670. If prices breach the support level of 632, then 622 might act as immediate support level.
- ❖ Looking forward, soy oil spot prices likely to remain range bound with bullish bias in the coming week..

**Strategy: Buy Soy oil on dips.**

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


- After taking bounce from its support zone of 472 it moved up during the week under review., CPO prices continue to stay in the falling channel as depicted in the above chart.



- Fair chances are there for prices to test towards its key resistance zone towards 508 while 478 might act as a strong support zone.
- Breaching the upper falling channel line can lead a bull run but might find stiff resistance towards 508.
- Indicators and prices are complementary to each other as of now negating any immediate sharp surge in palm oil prices. However, breaching its key resistance might initiate a bull run.
- Considering the above technical factors, palm oil price is likely to stay range bound for short term and waiting for indication to breach any of the support or resistance levels. .

**Strategy: Buying towards support is desirable.**

### Technical Analysis (Futures) RSBO (Refined Soybean Oil): Daily Chart



- ❖ Soy oil prices stay firm during the week and breached its immediate resistance of 664.
- ❖ This signifies possibility of Bull Run during the current week but needs two consecutive day closing above the said levels.
- ❖ 657 might act as a strong support for short term from which technical bounce is expected in case of sharp decline.

**Strategy:** Buying near support is desirable towards 660 for a target of 668/672 with stop loss at 656 levels.

#### RSO NCDEX (August)

Support & Resistance				
S2	S1	PCP	R1	R2
657.00	660.00	665.55	687.00	-

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


- ❖ **CPO price likely to stay range bound with marginal spike for short term.**
- ❖ 477 might act as strong support zone from where price is likely to get a technical bounce. Meanwhile, 495 might act 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 472.

**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

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.