

Domestic Veg. Oil Market Summary:

Domestic edible oil market sentiment remained steady to weak during the week (1-8th Aug) in tandem with falling international market prices. Weak tone at international market kept retailers in dilemma whether to go for higher purchasing or not and they remained inactive to get price direction which likely to pressurize the domestic prices downside in meantime. Therefore, lack luster trading activities in the spot kept domestic edible oil prices to stay sideways with marginal fall during most part of the trading. Groundnut oil prices remained range bound with marginal increase as it facing lack of buyers at prevailing higher prices.

Meanwhile improved sowing status at domestic level also remained bearish factor for the edible oil prices. As per the latest data (as on 5th Aug), oilseeds have been sown in 157.92 lakh ha. which is higher by 4.86 per cent compared to same period previous year. Better sowing progress likely drawing prices oilseeds down and 2011 oilseed crop output will keep the oilseed availability in well proportion to meet the crushing mills demand for medium term.

Looking forward, bearish factors like falling international market amid better sowing progress at domestic level likely to keep prices in range bound with weak bias for the coming week. Any surge in domestic market demand likely keeps the trend slightly firm for the coming week. Falling prices at international market likely gives an opportunities for higher edible oil import in coming days to meet the inline festivities demand.

International Veg. Oil Market Summary:

International veg. oil market remained with weak tone during the week on varied bearish factors which pulled prices down considerably. Malaysian palm oil futures sturdily fell during the week as a result of US debt crisis amid fall in crude oil prices. Higher exports sales during the month remained as supportive the falling prices. For the July month ending, total palm oil products exports from Malaysia stood at 1,633,186 metric tonnes up by nearly 14% m-o-m. Malaysian palm oil futures fall by 3.40 per cent to MYR 3015 per MT (Sept. month contract) compared to week beginning prices of MYR 3121 per MT.

Moving forward, we expect prices to get buying support at lower levels with expectation of improved demand from China, India and Pakistan while Egypt and other Middle East countries continue to buy palm to meet festival needs. At the same time market expects marginal decline in palm oil output during Aug as harvest of fresh mature bunches might get delayed amid farmers/workers holidays on occasion of Muslim holy festival Ramadan. Decline in palm oil prices likely give an opportunity for the importers to go for increased quantity imports during coming period and likely reduce the pressure of higher stocks level.

As per news source, edible-oil producers revealed that, Chinese authorities have sanctioned a rise in the retail prices they charge and prices on supermarket shelves of China for cooking oil are jumping by 5%. The permission to raise prices granted by the National Development and Reform Commission, the government planning agency of China to oil producers.

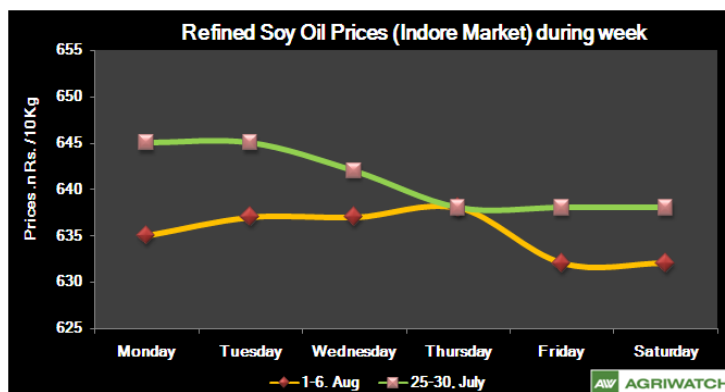
CBOT soy oil futures slumped near 5-month and fell by 2.39 per cent to 55.55 cents per pound (Dec'11 contract) during the week under review on optimistic weather outlook conducive for crop growth and development. Improved weather for crops moving through their critical reproductive phase and a shifting to demand to new crop from old crop inventories added bear pressure on soy oil prices. Major concentration of exporters remained on soymeal on higher demand for meal and slower demand for soy oil noticed. Meanwhile, sharp losses in crude oil and ongoing economic worries pressured commodities.

Considering the above factors we expect CBOT soy oil prices to stay range bound with marginal improvement is expected during coming couple of weeks.

Market Recap and Fundamental Analysis

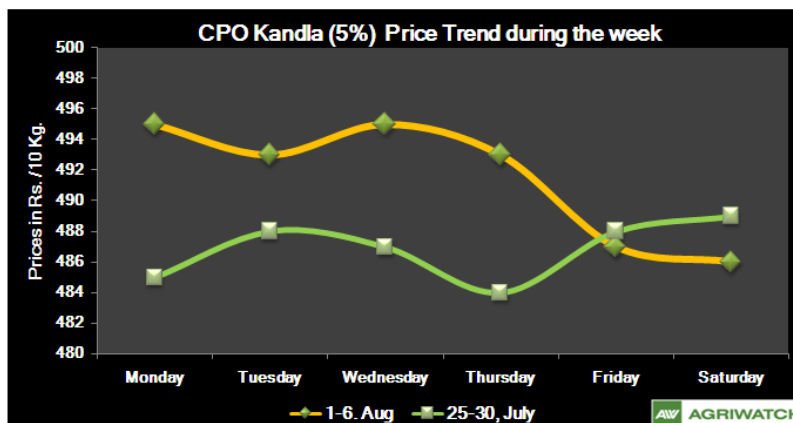
Soy oil:

- Domestic market soy oil prices at indicative market Indore remained range bound with marginal fall of 0.94 per cent to Rs. 632 per 10 kg during the week. Continued lack luster demand from the North and higher imports continue to keep soy oil prices under pressure. Meanwhile, improved sowing progress of oilseeds at domestic amid fall in US soy oil prices kept market in weak tone during the week.
- As discussed above the major bearish factors impacting soy oil prices in domestic market. Crushers were active in crushing of soybean on existing higher demand for oil meals from overseas market. Therefore, the edible oil supply also increases considerably in tandem with higher crushing's.
- Falling crude soy oil prices at Argentine likely give an opportunity for the importers to go for higher imports. Argentine FOB quotes for Argentine CSO fall by US\$ 12 per MT to US\$ 1242/MT during the week.
- CBOT Dec soy oil (Dec'11 contract) finished down by 2.39 per cent to US\$ 55.55 per pound during the week. Improvement in weather condition which helping soybean crop which is in pod setting stage. Soybean crop conditions improved by 1 percentage point, bringing the crop to a rating of 61 percent good to excellent, compared to 60 percent a week ago and 71 percent a year ago. Amid concern of US debt crisis also remained bearish factor for fall in soyoil prices during the week.
- We expect CBOT soy oil prices to remain in falling trend till it touches the level of 52 in medium term and for short term to stay in the range of 53.50 cents/pound to 55.00 cents/pound.



Palm Oil:

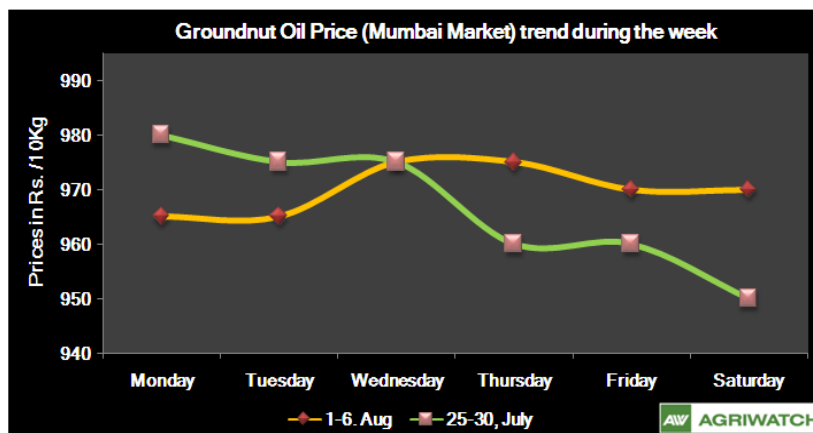
- Domestic market crude palm oil (CPO) prices mostly remained range bound during the week but sturdy fall in week ending period noticed. Domestic market palm oil prices fall in tandem with falling Malaysian palm oil futures.
- Demand from Vanaspati makers' as well demand from domestic consumption side remained good for the palm oil which restricted the sturdy fall.
- Being cheap availability drawn consumer's interest towards palm oil especially from southern parts of India kept the prices in sideways by offsetting the considerable drop in Malaysian palm futures prices.
- CPO prices at Kandla fall by Rs. 9 per 10kg (or 1.85 per cent) to Rs. 486 per 10kg noticed during the week.
- Meanwhile, palm oil imports likely to go up during coming week to meet the surging demand condition on occasion of upcoming festivities and also falling Malaysian palm futures prices to its 9 month lows could support to go for higher imports.



- Malaysian palm oil futures prices remained with weak tone during the week and prices fall by 3.40 per cent to MYR 3015 per MT. Broad-based sell-off in commodities, as risk-averse investors worried about the health of the U.S. economy remained as the bearish factor for the drop in Malaysian palm futures. Higher stocks amid better production prospects during the July month added to the falling prices.
- Falling price trend at Malaysian palm products importers an opportunity to go for active palm oil booking from Malaysia and Indonesia. Any near term jump in its bench mark market might get translated to the domestic market prices during the period.
- Exports of Malaysian palm oil and its products for the period of August 1-10, is projected to stay close to 449658 MT up by 12.9 per cent as compared to the same period in the previous month.

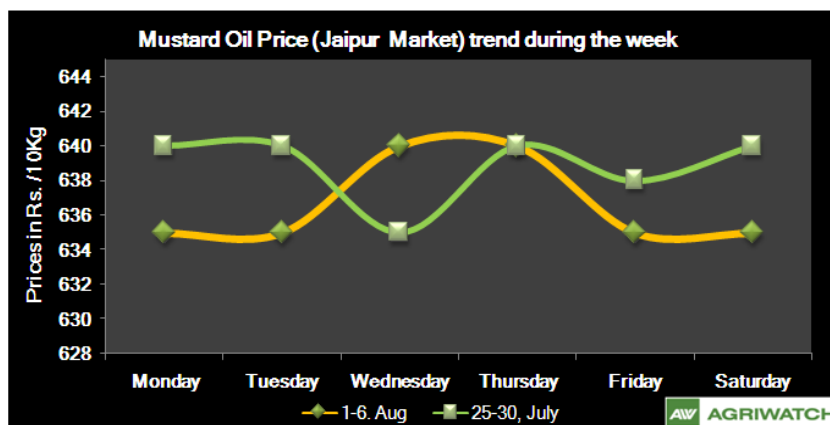
Groundnut Oil:

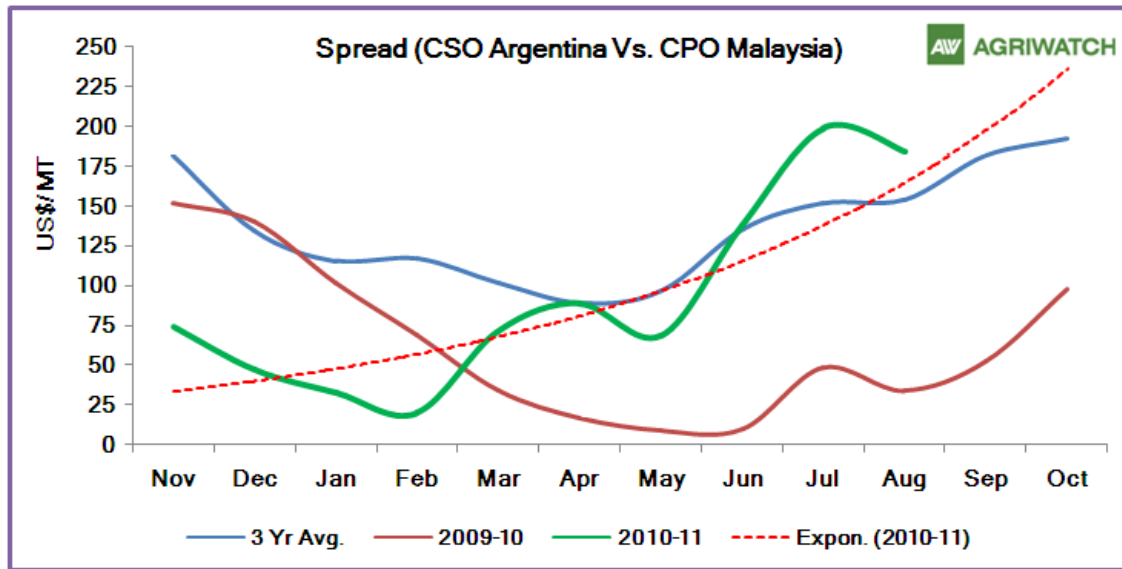
- Groundnut oil prices remained range bound during the week after taking correction from higher levels a couple of week ago.
- Fall in other edible oils like soy and palm drawn consumer's preference. Meanwhile, lack of buying interest at higher prices for groundnut oil kept the prices in range bound trend at Rs. 965-975 per 10kg in the week.
- Any further correction might bring back G/N oil demand as it would then be more competitive against other oils in the current period.
- Tight fundamentals for groundnut as a whole especially the low availability of groundnut seeds for crushing is likely to keep G/N oil prices in range bound with firm bias as ahead with the festival season.
- Going ahead, any further decline in soy and palm oil prices may create lean demand for the groundnut oil owing to higher prices.



Rape/Mustard seed Oil:

- Rape/Mustard seed oil prices mostly hovered around previous week levels at Rs. 635-640 per 10kg.
- Local prices of expeller oil are at Rs. 641 per 10 kg and the crush disparity likely keep the crushers in slow crushing activities.
- Considerable fall in soy and palm prices at domestic market likely keep the demand absorbed. Consumers likely prefer the cheap edible oil availability in economic point of view.
- Moving ahead, off-season demand for seed and oil shall keep RM oil prices on encouraging note and upcoming festival likely support the prices in short term.



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


Average price spread between CSO Argentina and CPO Malaysia for the month of July stood at US\$ 199.0 per MT which is up by US\$ 61per MT compared to previous months average of US\$ 138 per MT. Spread further narrowed in first week of August by US\$ 15 per MT to 184.50 per MT compared to July month total average spread.

Falling FOB quotes of CSO Argentina and CPO Malaysia lead to drop in spread difference. Argentine FOB quotes for CSO fall by US\$ 12 per MT to US\$ 1242/MT and Malaysian FOB quotes for US\$ 25/MT during the week.

Falling trend is in line with the historical price spread we expect the spread to narrow further in Aug and till mid of Sept. which would support soy oil imports into India.

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

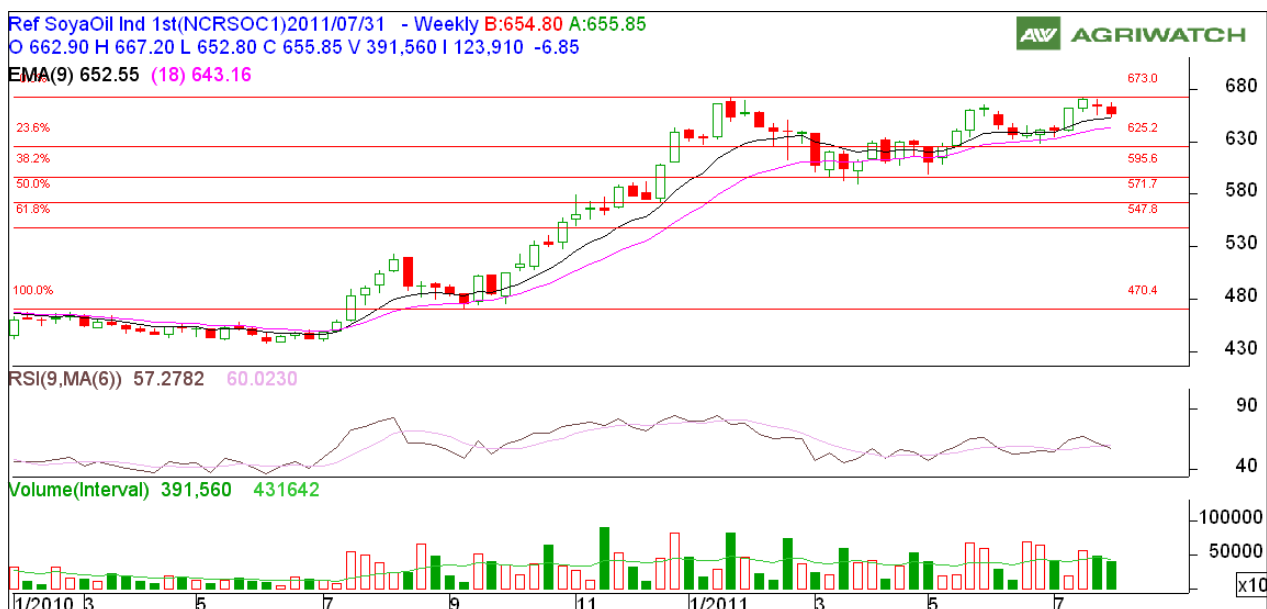

- ❖ Domestic spot market soy oil prices remained range bound with weak bias during the week.
- ❖ After testing resistance at 645 levels, prices remained with bearish run and likely take support at 631 levels.
- ❖ 645 levels acting as nearby resistance for the prices, breaching the level likely give the strength to test the level of 660 on higher side.
- ❖ Breaching the nearby support level of 631 may lead the prices to fall up to the level of 609.
- ❖ Looking forward, soy oil spot prices likely to remain range bound with bearish bias in the coming week.

CPO (KANDLA Rs/10 Kg)


- CPO spot market prices remained range bound with firm bias during the week.
- 485 level acting as strong support level and any near term decline might find buying support near the support zone.
- Technical bounce might lead prices to test 503 levels which is likely to act as resistance in short term.
- Positioning of RSI in chart depicts down trend in the medium term.
- Considering the above technical factors, palm oil price is likely to stay range bound for short term.

Technical Analysis (Futures)

RSBO (Refined Soybean Oil): Weekly Continuous Chart



- ❖ **Soy oil prices stay range bound with bearish bias during the week.**
- ❖ After facing the stiff resistance towards 670 levels, prices extended its bearish trend to the second consecutive week.
- ❖ The levels 654 seems nearby support for the falling prices and likely support the prices to regain strength to breach the resistance level of 670 on higher side.
- ❖ If prices breach the nearby support level of 654, then likely a fall up to 645 levels is expected.
- ❖ 9 & 18 Day EMA closed above the closing prices likely to support the bull's trend.
- ❖ However any bounce from its support zone shall keep soy oil prices to extend its steady to firm movement for short term.
- ❖ Soy oil price is expected to stay range bound during coming week.

Strategy: Selling from resistance level is desirable towards 665.

RSO NCDEX (August)

| Support & Resistance | | | | |
|----------------------|--------|--------|--------|--------|
| S2 | S1 | PCP | R1 | R2 |
| 645.00 | 654.00 | 655.85 | 665.00 | 672.00 |

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



- ❖ **CPO price likely to stay range bound within the falling channel during week.**
- ❖ 475 levels might act as a strong support where price is likely continued to consolidate.
- ❖ Any bounce from current level likely to keep the prices in firm trend to test towards falling channel upper level of 502.
- ❖ Breaching support level at 475 likely keeps the trend to remain bearish till it touches the level of 447.
- ❖ Price is likely to continue within its falling channel.

Strategy: Buy on dips near 468-472 levels.

CPO MCX (August)

| Support & Resistance | | | | |
|----------------------|--------|--------|--------|--------|
| S2 | S1 | PCP | R1 | R2 |
| 447.00 | 475.00 | 474.80 | 502.00 | 513.00 |

Edible Oil Prices at Key Markets (Week on Week)

| Commodity | Centre | Prices(Per 10 Kg) | | Change |
|-----------------------|--------------------------------|-------------------|--------------|--------|
| | | 06- 08- 2011 | 30- 07- 2011 | |
| Refined Soybean Oil | Mumbai +VAT | 635 | 638 | -3 |
| | Delhi (Loose) | 668 | 668 | Unch |
| | Indore (Loose) | 632 | 635 | -3 |
| | Kota(Loose) | 640 | 641 | -1 |
| | Hyderabad+ VAT | - | 715 | - |
| | Jaipur (Loose) | 650 | 650 | Unch |
| | Rajkot (Loose) | 630 | 620 | +10 |
| | Akola (Loose) | 676 | 682 | -6 |
| | Amrawati (Loose) | 676 | 682 | -6 |
| | Haldiya Port (Loose) | 631 | 636 | -5 |
| | Jalna | 674 | 677 | -3 |
| | Nagpur | 679 | 676 | +3 |
| | Soy Degum Kandla/Mundra+VAT | 605 | 606 | -1 |
| | Soy Degum Mumbai+VAT | 600 | 606 | -6 |
| Palm Oil | Kandla CPO (5%FFA) | 486 | 489 | -3 |
| | Kandla RBD Palmolein +VAT | 535 | 515 | +20 |
| | Chennai RBD Palmolein (Loose) | 555 | 555 | Unch |
| | Kakinada RBD Palmolein (Loose) | 551 | 546 | +5 |
| | Mumbai RBD Pamolein+ VAT | 557 | 554 | -3 |
| | Hyd. RBD Palmolein VAT | - | 590 | - |
| | Delhi RBD Palmolein (Loose) | 580 | 580 | Unch |
| Refined Sunflower Oil | Hyderabad Exp +VAT | - | 765 | |
| | Bellary (Exp. Oil)+VAT | 643 | 643 | Unch |
| | Chellakere (Exp. Oil)+VAT | 671 | 671 | Unch |
| | Erode (Exp. Oil)+VAT | 715 | 715 | Unch |
| | Latur (Exp. Oil)+VAT | 657 | 666 | -9 |
| | Kandla/Mundra | 655 | 655 | Unch |
| | Mumbai + VAT | 695 | 655 | +40 |
| | Chennai (Loose) | 735 | 735 | Unch |
| Groundnut Oil | Hyderabad +VAT | - | 990 | |
| | Chennai (Loose) | 890 | 890 | Unch |
| | Delhi (Loose) | 980 | 980 | Unch |
| | Gondal+VAT | 955 | 995 | -40 |
| | Jamnagar +VAT | 955 | 955 | Unch |
| | Narsarropeth+VAT | 821 | 801 | +20 |
| | Prodattour+VAT | 861 | 861 | Unch |
| | Mumbai + VAT | 970 | 965 | +5 |

| | | | | |
|--------------------------------------|--------------------------------|-------------------|-------------------|---------------|
| | Rajkot (Loose) | 960 | 950 | +10 |
| Rapeseed Oil | Alwar (Expeller Oil)(Loose) | 631 | 641 | -10 |
| | Sri Ganga Nagar(Exp Oil-Loose) | - | 627 | |
| | Delhi (Exp. Oil) (Loose) | 650 | 655 | -5 |
| | Jaipur (Expeller Oil) (Loose) | 635 | 640 | -5 |
| | Kota (Expeller Oil) (Loose) | 625 | 625 | Unch |
| | Mumbai (Exp. Oil) +VAT | 662 | 667 | -5 |
| | Hapur+VAT | 652 | 670 | -18 |
| | Agra (Kacchi Ghani Oil) +VAT | 665 | 675 | -10 |
| Refined Cottonseed Oil | Mumbai +VAT | 668 | 658 | +10 |
| | Hyderabad (Loose) | - | 680 | - |
| | Rajkot (Loose) | 665 | 665 | Unch |
| | Delhi (Loose) | 645 | 648 | -3 |
| Malaysia Palmolein USD/MT | FOB (Oct) | 1160 | 1165 | -5 |
| | CNF (Oct) - India | 1195 | 1200 | -5 |
| Indonesia/Malaysia CPO USD/MT | FOB (Oct) | 1050 | 1070 | -20 |
| | CNF (Oct) - India | 1085 | 1105 | -20 |
| Argentina FOB (\$/MT) | | 05-08-2011 | 29-07-2011 | Change |
| Soybean Oil Ship(Sep) | | 1243 | 1242 | +1 |
| Refined Soy Oil (Bulk) Ship(Sep) | | 1286 | 1285 | +1 |
| Sunflower Oil Ship(Sep) | | 1270 | - | - |
| Cottonseed Oil Ship(Sep) | | 1223 | 1222 | +1 |
| Refine Linseed Oil(Bulk) Ship(Sep) | | 1263 | 1262 | +1 |

Vessel Stock Position (August Month):

| VESSEL | PORT | QUANTITY (MT.) | EDIBLE OIL | ETA | ACTIVITY |
|-------------------|--------|----------------|------------|-----------|-----------|
| M.T. GINGA FALCON | Kandla | 5350 | CPO | 6/8/2011 | Discharge |
| M.T. MALPENSA | Kandla | 7000 | CPO | 1/8/2011 | Discharge |
| M.T.ROYAL EMERALD | Kandla | 12000 | CPO | 16/8/2011 | Discharge |
| M.T. BUNGA ASTER | Kandla | 12000 | CPO | 6/8/2011 | Discharge |
| M.T.FENG HAI 11 | Kandla | 12000 | CPO | 18/8/2011 | Discharge |
| M.T.ROYAL JASPER | Kandla | 12000 | CPO | 12/8/2011 | Discharge |
| M.T.SKY DREAM | Kandla | 15000 | Palm Oil | 5/8/2011 | Discharge |
| M.T. CHEMROAD SEA | Kandla | 12000 | Palm Oil | 6/8/2011 | Discharge |
| M.T.HORIZON | Kandla | 30000 | Palm Oil | 4/8/2011 | Discharge |
| M.T.SKY DREAM | Kandla | 15000 | Palm Oil | 4/8/2011 | Discharge |
| M.T.PILTENE | Kandla | 12000 | CDSBO | 14/8/2011 | Discharge |

| | | | | | |
|--|---------------|------------------|---------------|-----------|-----------|
| SC NINGBO | Manglore | 7200 | RBD PALMOLEIN | 5/8/2011 | Discharge |
| SOUTHERN HAWK | Manglore | 9000 | CPO | 1/8/2011 | Discharge |
| MT.ARMADA GEMA | Krishnapatnam | 8300 | CPO | 1/8/2011 | Discharge |
| WORLD BRIDGE | Krishnapatnam | 9500 | CPO | 12/8/2011 | Discharge |
| MT. PALMA PRIMA | Krishnapatnam | 8300 | CPO | 3/8/2011 | Discharge |
| SICHEM PANDORA | Chennai | 4000 | CPO | 1/8/2011 | Discharge |
| NORLAKE | Chennai | 15000 | CSFO | 3/8/2011 | Discharge |
| CAPE BANK | Chennai | 7875 | CSFO | 3/8/2011 | Discharge |
| FENG HAI 22 | Chennai | 5500 | Palm Oil | 3/8/2011 | Discharge |
| HAPPY VENTURE | Mormugao | 11000 | CPO | 2/8/2011 | Discharge |
| YUE YOU 902 | Tuticorin | 6000 | Palm Oil | 4/8/2011 | Discharge |
| FENG HAI 15 | Tuticorin | 3000 | Palm Oil | 5/8/2011 | Discharge |
| AINAZI | Haldia | 15000 | CDSBO | 3/8/2011 | Discharge |
| AU ARIES | Haldia | 7999 | CPO | 6/8/2011 | Discharge |
| Edible Oil Shipments for July 2011 | | 262,024 | | | |
| Edible Oil Imports (Oil year 2010-11 till date) | | 6,949,938 | | | |

Source: Ben Line Agencies(India) Pvt Ltd.

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