

Domestic Veg. Oil Market Summary:

Firming international edible oil market prices kept domestic edible oil market in steady to firm tone during the week (8-15th Aug). Demand from the retailers end remained sluggish in the week. Weak tones price level at international market amid higher demand in domestic market led higher imports in the month of July.

Eyeing on sowing progress of oilseed (as on 4th Aug, 2011), the area covered under Kharif oilseeds stood at 157.92 lakh ha which is up by 3.18 per cent compared to same period last year. Better oilseeds sowing progress likely to add bearish tone to edible oil prices in medium term. Meanwhile, reduced sowing status in groundnut likely keep the groundnut oil prices in steady to firm tone.

As per SEA's of India import data, total *imports of edible oil for the month of July stood* at 881,762 tons which is up by 13.37 per cent to 881,762 MT compared to last year. As on 16th Aug, total of 442,134 MT edible oil shipments were recorded at ports and likely keep the higher shipments in coming days to meet the likely increasing demand at domestic market on upcoming festivities. As per seasonality index, August month edible oil imports likely to remain on higher note.

Looking forward, domestic market edible oil prices likely to pick up in coming days in tandem with firming global edible oil prices, and any surge in domestic demand for upcoming festivities to add further support.

International Veg. Oil Market Summary:

International edible oil market remained with firm tone during the week on varied bullish factors which supported prices to remain with bulls run. Malaysian palm oil futures fell initially during the week to its more than nine month low as a result of US debt crisis concern. But prices gained in later period on higher export demand and reduced stocks of palm products which supported prices. However, exports of Malaysian palm products during the period of 1-15 stood at 947594 tonnes.

Going ahead, slow down in harvest during the month of August as farmers/workers holidays on occasion of Muslim holy festival Ramadan likely keep the production in weak tone which likely to impact on month ending stocks. Demand from China, India and Pakistan and Middle East countries likely remain strong in coming week.

CBOT soy oil futures fell to its 5 months low initial days of week at 53.60 cents per pound (Dec'11 contract) on improvement in weather condition which could favor the soybean crop development. But USDA's bullish report supported the prices considerably to take bulls run.

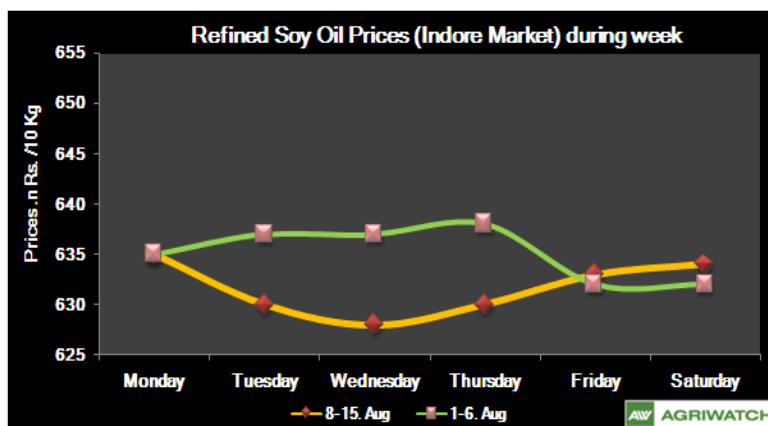
USDA reduced the oilseed production projections for 2011-12 down by 4.1MMT to 451.40 MMT from last month. The reduction is mainly accounted by down projections for US soybean crop production by 4.7 MMT from July month projections. Meanwhile, world production for canola and sunflower seed also projected lower. The bullish sentiments likely to keep the edible oil prices in firm tone for medium tone.

We feel CBOT soy oil prices likely to stay range bound with firm bias in coming couple of weeks.

Market Recap and Fundamental Analysis

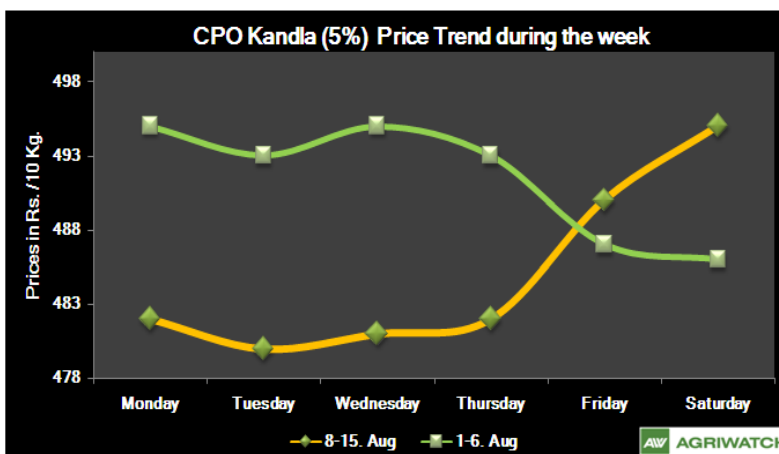
Soy oil:

- Domestic market soy oil prices at indicative market Indore remained range bound with marginal improvement of 0.32 per cent to Rs. 634 per 10 kg during the week. Continued sporadic demand from retailers as well as vanaspati millers kept the prices mostly in previous week levels.
- Fall in palm oil prices helped retailers to go for higher purchases to meet the demand for Muslim holy festival Ramadan in south India. South based traders were quite inactive in purchase of soyoil during the week.
- Soybean sowing progress at domestic remained higher side at week ending period and total sowing acreage stood at 100.13 lakh ha which is up by 11.60 per cent compared to previous year same period sowing status.
- CBOT soy oil futures fell to its 5 months low during initial days of week at 53.60 cents per pound (Dec'11 contract) and recovered in remaining days by gaining 2.62 points to settle at 56.24 cents per pound. US debt crisis as well as lean export demand factors acted for bearish movement and USDA's projections which cut the oilseeds production and availability in current year as bullish factors.
- We expect CBOT soy oil prices to remain with steady to firm trend in coming week on pressure from smaller soybean availability in medium term.



Palm Oil:

- Domestic market crude palm oil (CPO) prices mostly remained range bound during the week but rose by Rs. 5 per 10kg in tandem with Malaysian palm futures in week ending period noticed. RBD palm oil prices at Mumbai market were fell by 0.72 per cent initially and remained flat during the week at Rs. 550 per 10kg.
- Demand from Vanaspati makers' as well as demand from domestic consumption side remained good for the palm oil which maintained the prices in steady levels. CPO (5%) Kandla prices rose in tandem with Malaysian palm futures.
- Good demand prospects for palm oil from southern parts of India kept the prices sideways during the week.
- Malaysian palm futures remained with bearish note during initial days of week and took bounce at MYR 2895 per tonnes by which rallied in remaining days. Higher exports amid market projections that slow down in palm harvest during the month of August due farmers/workers holidays on occasion of Muslim holy festival Ramadan. Slow down in harvesting likely to keep the Malaysian palm prices in strong note.
- Bulls run over the CBOT soyoil prices also added support to the palm prices.

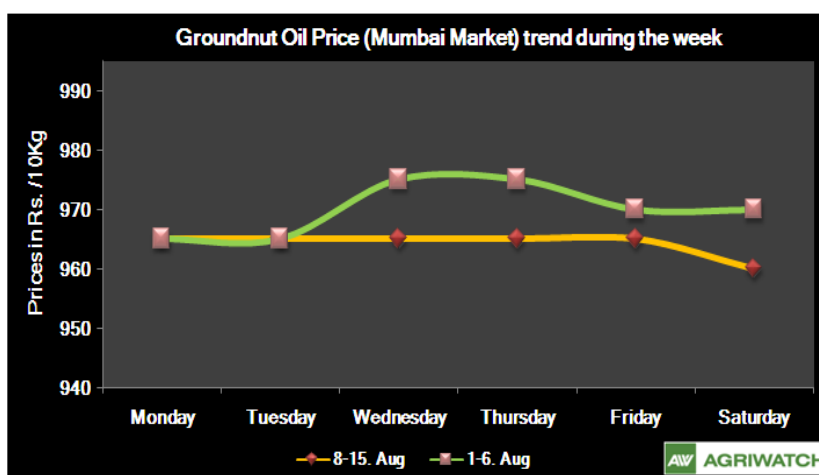


- However, exports of Malaysian palm products during the period of 1-15 stood at 947594 tonnes which is up by 29.48 per cent compared to month ago exports of same period.
- As per SGS data, exports of Malaysian palm oil products for Aug 1-15 rose by 29.50 per cent to 9.47 MMT from 7.32 MMT shipped during Aug 1-15. Breakdown of SGS palm export figures for Aug 1-15 is shown in the following table (in tonnes):

Palm Products	Aug 1-15	July 1-15	Current Vs. Prior month
Crude Palm Oil	289289	109300	164.70%
RBD Palm Oil	56081	55127	1.70%
RBD Palmolein	363604	423597	-14.20%
RBD Palm Stearin	101842	59489	71.20%
Total	947594	731842	29.50%

Groundnut Oil:

- Groundnut oil prices remained range bound during the week as a result of lack of demand from the retailers on prevailing higher prices.
- Fall in other edible oils like soy and palm led to consumer's preference moving to them. Meanwhile, the lack of buying interest at higher prices for groundnut oil kept the prices in range bound trend at Rs. 965-970 per 10kg in the week.
- Going ahead, any further fall in prices amid strong demand in the market likely keep the prices in range bound to marginal improvement.



India's Edible Oil Imports during the Month of July 2011

Edible Oil (Quantity in MT)	July 2011	July 2010	% change over 2010
RBD Palmolein	98270	73785	33.18
Crude Palm Oil	521052	410604	26.90
Crude Sunflower Oil	88938	57837	53.77
Crude Soybean Oil	163650	220070	-25.64
Crude Palm Kernel Oil	9852	15491	36.40
Total	881672	777787	13.36

Crude Sunflower oil imports were considerably high during the month of July compared to year ago imports. Total import of edible oils for the month period from Nov'2010 to July'2011(9 months), stood at 736,985 tonnes, which is down by 13.15 per cent compared to same period imports during last year.

Vessel Stock Position:

Vegoil Stocks at Indian Ports as on 15 Aug 2011	
Product	Stocks (tonnes)
Deg. Soybean Oil	45004
SFO	206764
Crude Sunflower Oil	34175
Crude Palm Oil	129991
RBD Palmolein	18700
Other veg. oils	7500
Total veg. oils	442134
Source: Ben Line Agencies(India) Pvt Ltd	

Global Soybean Crop Demand and Supply Analysis:

Parameters	2009-10	2010-11 Est.	2011-12 proj.		%change over prev. month
			July'11	Aug'11	
US					
Soybean planted acreage m.a.	77.5	77.4	75.2	75	-0.27%
Soybean Harvested acreage m.a.	76.4	76.6	74.3	73.8	-0.67%
Soybean yield, in b / a	44.0	43.5	43.4	41.4	-4.61%
Beginning Stocks, in m.b.	138	151	200	230	15.00%
Soybean production, in m.b.	3359	3329	3225	3056	-5.24%
Soybean imports, in m.b.	15	15	15	15	0.00%
Soybean crush, in m.b.	1752	1650	1655	1635	-1.21%
Soybean exports, in m.b.	1501	1520	1495	1400	-6.35%
Residual, in m.b	18	38	25	21	-16.00%
Soybean ending stocks, in m.b.	151	200	175	155	-11.43%
Soy meal production, in '000 short tons	41707	39683	39285	38885	-1.02%
Soy meal ending stocks, in '000 short tons	302	300	300	300	0.00%
Soy oil production, in million lbs	19615	19090	18900	18670	-1.22%
Soy oil for Bio-diesel, in million lbs	1680	2300	3500	3500	0.00%
Soy oil ending stocks, in million lbs	3406	2871	2206	1971	-10.65%
At other origins					
Soybean production in Argentina, in m.t.	54.5	49.5	53	53	0.00%
Argentina soybean beginning stock m.t.	16.59	22.28	22.85	22.85	0.00%
Soybean production in Brazil, in m.t.	69	74.5	72.5	73.5	1.38%
Brazil soybean beginning stock m.t.	12.04	15.84	20.31	22.16	9.11%
Soybean import in China, in m.t.	50.34	52	56.5	56.5	0.00%
Chinese soybean ending stock, in m.t.	13.26	14.21	13.11	12.81	-2.29%
Global soybean ending stocks in m.t.	59.35	65.88	61.97	60.95	-1.65%
Global soy oil ending stocks, in m.t.	3.18	3.07	2.48	2.47	-0.40%
Global veg oil ending stocks in m.t.	12.93	11.23	10.17	10.18	0.10%
Global soy meal ending stocks in m.t.	6.12	6.57	6.6	6.6	0.00%

USDA's crop report (WASDE) for the month of August remained mostly bullish by down projecting global oilseed production for 2011-12 at 451.4 million tons which is down by 4.1 million tons from last month. US weather worries are likely to keep soy oil prices steady to firm for short to medium term.

U.S. soybean crushing for June totaled 124.3 million bushels which is down from 129.5 million a year earlier. It is the ninth consecutive month that the soybean crush has declined against the previous year. The 2010-11 estimate of the soybean crush was trimmed 5 million bushels this month to 1.645 billion.

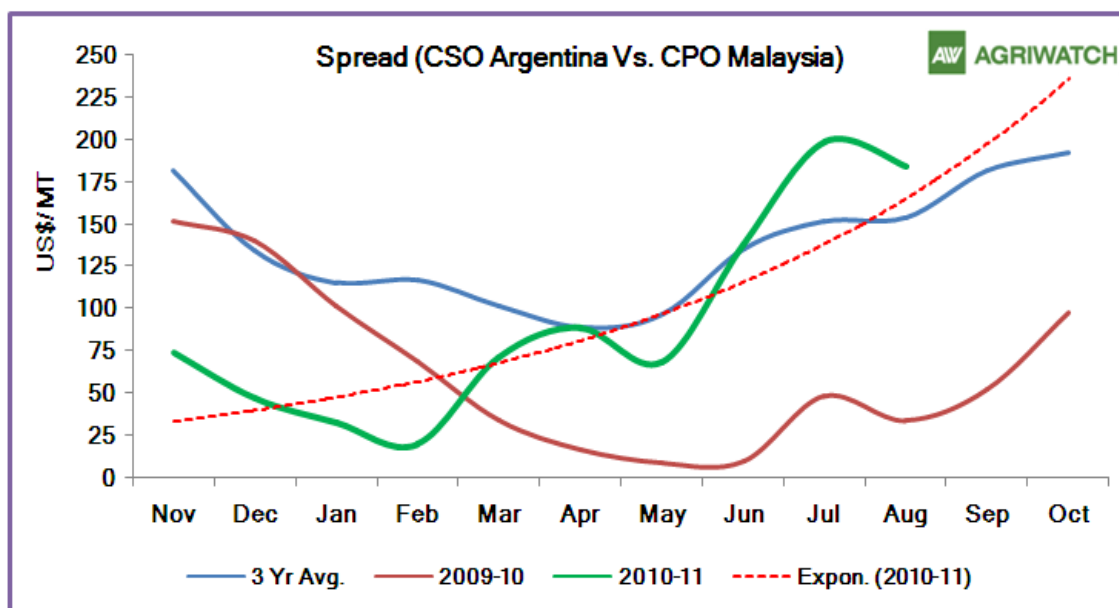
Despite lower Chinese demand for short term, we expect demand from the Asian giant might improve during medium to long term. Chinese ending stock forecasted to decline by 7.48 per cent to 60.95 MT compared to previous year's ending stock of 65.88 MT. Any major decline for Chinese soy ending stock might prompt China to book fresh order which is likely to lend lateral support to international soy prices.

WASDE August month projections for 2011-12 World Soybean Oil Supply and Use							
<i>Values in MMT</i>	Month	Beginning Stocks	Production	Imports	Domestic Total	Exports	Ending Stocks
World Total	Jul	3.07	43.29	8.76	43.27	9.36	2.48
	Aug	3	43.24	8.67	43.16	9.3	2.47
% change over prev. month proj.		-2.33%	-0.12%	-1.04%	-0.25%	-0.65%	-0.40%

USDA's reduced the world beginning stocks of soyoil by 2.33 per cent to 43.24MMT compared to July month projections.

Global demand to stay strong this season and is likely to keep medium to long term fundamentals on encouraging note. Domestic US soy oil price is projected at 54.50 to 58.50 cents per pound, up 5 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. Brazil stands to be the major beneficiary of a gain in China's soybean imports, given the likely reduction in U.S. supplies.

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



Average price spread between CSO Argentina and CPO Malaysia during the week stood at US\$ 183.75 per MT which is marginally down US\$ 0.75 per MT compared to previous week average of US\$ 184.50 per MT.

Marginal fall in FOB quotes of CSO Argentina and firming FOB quotes for CPO Malaysia mostly maintained the spread difference to hover around last week levels. Argentine FOB quotes for CSO fell by US\$ 9 per MT to US\$ 1228/MT and Malaysian FOB quotes rose by US\$ 20/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 firm bias during the week.
- ❖ 636 levels seem immediate support level where in it likely extend its bulls run to test the resistance level of 665 in medium term.
- ❖ 632 levels seem strong support and 665 as resistance on higher side.
- ❖ Breaching the nearby support level of 636 may lead the prices to fall up to the level of 632 for short term.
- ❖ Positioning of RSI depicts sideways movement in short term.
- ❖ Looking forward, soy oil spot prices likely to remain range bound with bullish bias in the coming week.

Strategy: Buy Soy oil towards Rs 634 to 635/10 Kg.

CPO (KANDLA Rs/10 Kg)


- CPO spot market prices remained range bound with firm bias in during the week.
- 494 level likely to act as strong support for the prices to extend its bulls run. Any near term decline might find buying support near the strong support level of 489.
- 503 levels seems strong resistance on higher side and prices likely to test the resistance level in short term.
- Positioning of RSI in chart depicts up trend in the medium term.
- Considering the above technical factors, palm oil price is likely to stay with firm bias for short term.

Strategy: Buying towards 489 to 493 levels is desirable.

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


- ❖ Soy oil prices stay with firm bias during the week.
- ❖ 663 levels acting as immediate support for the prices and likely it extend the bulls run to test the resistance level at 675 on higher side.
- ❖ If prices breach the immediate support, then a fall up to 653 levels is expected.
- ❖ Positioning of RSI in chart depicts up trend.
- ❖ 9 & 18 Day EMA closed above the closing prices likely to support the bull's trend.
- ❖ However prices likely extend its firm bias movement in the week.

Strategy: Buying from support level is desirable towards 663 for a target of 666/670 with stop loss at 661.50 levels.

RSO NCDEX (August)

Support & Resistance				
S2	S1	PCP	R1	R2
649.00	663.00	662.10	673.00	680.00

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



- ❖ CPO price likely to stay range bound within the falling channel during week.
- ❖ 483 levels acting as a strong support where prices are likely to extend its consolidation.
- ❖ 495 levels seems resistance on higher side and prices likely to test the level in short term.
- ❖ Positioning of RSI in chart depicts up trend.
- ❖ Breaching support level at 483 is likely to keep the trend bearish till it touches the level of 447.
- ❖ Price is likely to continue within its falling channel.

Strategy: Buy on dips near 485-487 levels for the target of 489/492 and a stop loss of 483.

CPO MCX (August)

Support & Resistance				
S2	S1	PCP	R1	R2
477.00	487.00	482.00	495.00	504.00

Edible Oil Prices at Key Markets (Week on Week)

Commodity	Centre	Prices(Per 10 Kg)		Change
		16- 08- 2011	06- 08- 2011	
Refined Soybean Oil	Mumbai +VAT	634	635	-1
	Delhi (Loose)	672	668	+4
	Indore (Loose)	637	632	+5
	Kota(Loose)	645	640	+5
	Hyderabad+ VAT	710	-	
	Jaipur (Loose)	655	650	+5
	Rajkot (Loose)	630	630	Unch
	Akola (Loose)	679	676	+3
	Amrawati (Loose)	679	676	+3
	Haldiya Port (Loose)	635	631	+4
	Jalna	676	674	+2
	Nagpur	676	679	-3
	Soy Degum Kandla/Mundra+VAT	608	605	+3
	Soy Degum Mumbai+VAT	607	600	+7
Palm Oil	Kandla CPO (5%FFA)	495	486	+9
	Kandla RBD Palmolein +VAT	542	535	+7
	Chennai RBD Palmolein (Loose)	560	555	+5
	Kakinada RBD Palmolein (Loose)	551	551	Unch
	Mumbai RBD Pamolein+ VAT	551	557	-6
	Hyd. RBD Palmolein VAT	600	-	
	Delhi RBD Palmolein (Loose)	585	580	+5
Refined Sunflower Oil	Hyderabad Exp +VAT	755	-	
	Bellary (Exp. Oil)+VAT	634	643	-9
	Chellakere (Exp. Oil)+VAT	666	671	-5
	Erode (Exp. Oil)+VAT	710	715	-5
	Latur (Exp. Oil)+VAT	661	657	+4
	Kandla/Mundra	655	655	Unch
	Mumbai + VAT	695	695	Unch
	Chennai (Loose)	735	735	Unch
Groundnut Oil	Hyderabad +VAT	990	-	
	Chennai (Loose)	890	890	Unch
	Delhi (Loose)	985	980	+5
	Gondal+VAT	980	955	+25
	Jamnagar +VAT	980	955	+25
	Narsarropeth+VAT	811	821	-10
	Prodattour+VAT	861	861	Unch
	Mumbai + VAT	960	970	-10

	Rajkot (Loose)	970	960	+10
Rapeseed Oil	Alwar (Expeller Oil)(Loose)	631	631	Unch
	Sri Ganga Nagar(Exp Oil-Loose)	630	-	
	Delhi (Exp. Oil) (Loose)	662	650	+12
	Jaipur (Expeller Oil) (Loose)	635	635	Unch
	Kota (Expeller Oil) (Loose)	625	625	Unch
	Mumbai (Exp. Oil) +VAT	660	662	-2
	Hapur+VAT	665	652	+13
	Agra (Kacchi Ghani Oil) +VAT	672	665	+7
Refined Cottonseed Oil	Mumbai +VAT	655	668	+13
	Hyderabad (Loose)	670	-	-
	Rajkot (Loose)	665	665	Unch
	Delhi (Loose)	650	645	+5
Malaysia Palmolein USD/MT	FOB (Oct)	-	1160	-
	CNF (Oct) - India	-	1195	-
Indonesia/Malaysia CPO USD/MT	FOB (Oct)	-	1050	-
	CNF (Oct) - India	-	1085	-
Argentina FOB (\$/MT)		15-08-2011	05-08-2011	Change
Soybean Oil Ship(Sep)		1244	1243	+1
Refined Soy Oil (Bulk) Ship(Sep)		1287	1286	+1
Sunflower Oil Ship(Sep)		-	1270	-
Cottonseed Oil Ship(Sep)		1224	1223	+1
Refine Linseed Oil(Bulk) Ship(Sep)		1264	1263	+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	16/8/2011	Discharge
M.T.GOLDEN BLESSING	Kandla	13515	CPO	13/8/2011	Discharge
M.T. CHAMPION STAR	Kandla	10500	CDSBO	17/8/2011	Discharge
M.T. SEMUA PERKASA	Kandla	7500	PALM PRODUCTS	21/8/2011	Discharge
M.T.SC DALIAN	Kandla	3500	Palm Oil	17/8/2011	Discharge
M.T.SKY DREAM	Kandla	15000	Palm Oil	5/8/2011	Discharge
M.T. CHEMROAD SEA	Kandla	12000	Palm Oil	10/8/2011	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	17/8/2011	Discharge
M.T.BUNGA ALLIUM	Kandla	11500	RBD PALMOLEIN	22/8/2011	Discharge
SC NINGBO	Manglore	7200	RBD PALMOLEIN	5/8/2011	Discharge
ASIA ADVENTURER	Manglore	6000	CPO	15/8/2011	Discharge
C.M MAYA	Manglore	8250	CPO	14/8/2011	Discharge
SEMUHA PERDENA	Manglore	12000	CPO	14/8/2011	Discharge
FENG HAI- II	Manglore	6500	CPO	15/8/2011	Discharge
SOUTHERN HAWK	Manglore	9000	CPO	1/8/2011	Discharge
OZAY 6	Krishnapatnam	2800	CSFO	9/8/2011	Discharge
MT.ARMADA GEMA	Krishnapatnam	8300	CPO	1/8/2011	Discharge
MT.GLOBAL VIKA	Krishnapatnam	5750	CPO	15/8/2011	Discharge
WORLD BRIDGE	Krishnapatnam	9500	CPO	14/8/2011	Discharge
MT. PALMA PRIMA	Krishnapatnam	8300	CPO	3/8/2011	Discharge
SICHEM PANDORA	Chennai	4000	CPO	1/8/2011	Discharge
PALCHEM 1	Chennai	8500	CSFO	17/8/2011	Discharge
NORLAKE	Chennai	15000	CSFO	3/8/2011	Discharge
CAPE BANK	Chennai	7875	CSFO	3/8/2011	Discharge
Cf ZACHARY	Chennai	7000	Palm Oil	15/8/2011	Discharge
UBT OCEAN	Chennai	8500	Palm Oil	17/8/2011	Discharge
GOLDEN BRILLIANCE	Chennai	9500	Palm Oil	9/8/2011	Discharge
FENG HAI 22	Chennai	7500	Palm Oil	20/8/2011	Discharge
SICHEM PANDORA	Chennai	5750	Palm Oil	20/8/2011	Discharge
HAPPY VENTURE	Mormugao	11000	CPO	2/8/2011	Discharge
GLOBAL VIKA	Tuticorin	7241	Palm Oil	12/8/2011	Discharge
YUE YOU 902	Tuticorin	6000	Palm Oil	4/8/2011	Discharge
FENG HAI 15	Tuticorin	3000	Palm Oil	7/8/2011	Discharge
TITAN VISION	Haldia	7504	CDSBO	17/8/2011	Discharge
AINAZI	Haldia	15000	CDSBO	3/8/2011	Discharge



ANGEL NO 2	Haldia	7300	CPO	17/8/2011	Discharge
SP AMSTERDAM	Haldia	8000	CPO	9/8/2011	Discharge
AU ARIES	Haldia	7999	CPO	6/8/2011	Discharge
LIQUID SUCCESS	Kolkata	7500	CPO	10/8/2011	Discharge
DORIS	Kolkata	9000	CPO	9/8/2011	Discharge
FAIR PIGASOS	Kolkata	4500	CPO	10/8/2011	Discharge
Edible Oil Shipments for Aug 2011		442,134			
Edible Oil Imports (Oil year 2010-11 till date)		6,068,039			
Source: Ben Line Agencies(India) Pvt Ltd					

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