

Domestic Veg. Oil Market Summary:

Mixed tone witnessed in domestic edible oil basket during the week (29 Aug. - 5 Sept.) on varied fundamental factors. Soybean market witnessed weak tone on higher selling interest in the market amid nearing harvesting season of early sown soybean crop which added weakness. CPO crude palm oil prices remained range bound during the week on higher demand as of Ganesh chaturthi festival. Malaysian palm futures remained with weak tone but the festival season purchases hindered major fall in palm oil prices.

Meanwhile, groundnut oil prices peaked up during the week on higher demand for the festivities use amid lesser crop area under groundnut crop added bullish sentiment.

Acreage under sunflower crop (as on 8th Sept, 2011) lagging by 5.88 per cent to 2.56 lakh ha compared to same period last year. Meanwhile oil world mentions that India's sunflower oil imports likely to stay at 780,000 metric tonnes during 2011-12. Sunflower oil August month average prices stood at Rs. 698 per 10 kg which is up by Rs. 3.56 per 10 kg compared to July month average prices.

Eyeing on projections for soy oil production during 2011-12 season, total soybean extraction likely to stay at 15.58-16.37 lakh tonnes after considering sown acreage of 103.09 lakh ha and Agriwatch yield estimation figure of 1190 kg per ha. Total soybean production likely hover in the range of 122-123 lakh tonnes.

New crop arrivals likely to start from Sept. mid month onwards and trade sources; reveal that continuous rains over the soybean growing regions likely lead to delay in harvest which might add firmness to the soybean prices for short term.

Looking forward, domestic market edible oil prices are likely to remain range bound with weak bias in coming days. A marginal rise in edible oil prices can notice on any surge in demand from consumption side on upcoming festivities.

International Veg. Oil Market Summary:

International edible oil market remained with firm bias backed by weather worries which hurting US soy yields.

Market projections for soybean crop output remained down and expectations of tighter availability of new crop supplies for crushing were acted as bullish factors to weigh on market prices. CBOT soybean futures prices were marginally down by 0.92 per cent to 58.04 cents per pound (Dec'11 contract) during the week.

Malaysian palm oil futures remained range bound during the week as a result of inactive trade activities. On occasion of Muslim holy festival Ramadan market remained close for two days. Meanwhile firming CBOT futures likely added support to the palm oil prices to remain in range bound status. Malaysian palm harvests likely pick in the month of Sept. as workers/farmers start working after holidays on occasion of Ramadan festival. Market participants feel that August month ending stocks are likely to fall below 2 MMT on slower production/harvesting aspects.

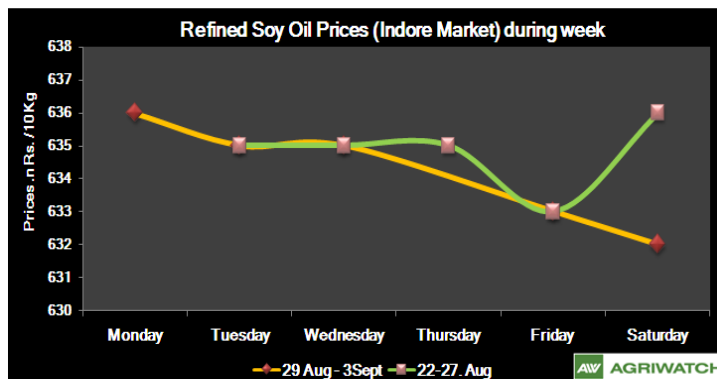
Indonesia palm oil producers association urged the govt. not to impose the higher export taxes on crude palm oil than refined products. To encourage palm oil producers Indonesia, world major palm oil producer taken decision to cut its export tax on crude palm to 22.50%, RBD palmolein to 13% and RBD palm oil to 10% from its earlier levels.

Considering market sentiments, CBOT soy oil prices is likely to remain steady to firm during coming week due to weather worries and soybean yield concerns. Malaysian palm futures likely remain range bound with weak bias as harvesting of palm likely to pick up in coming days.

Market Recap and Fundamental Analysis

Soy oil:

- A marginal fall of 0.09 per cent to Rs. 634 per 10 kg noticed in refined soy oil prices at indicative market Indore during the week. Bearish factor that nearing harvesting season of soybean kept prices in weak tone. Meanwhile, higher selling interest from traders amid lean buying from the retailers also added weakness to the soy oil prices.
- Better demand from the consumption side on festivities like Ramadan and Ganesh Chaturthi requirement restricted prices from a steep fall.
- Soybean sowing (as on 8 Sept. 2011) stood up by 10.67 per cent to 103.27 lakh ha compared to the previous year. And as per our estimates, soy oil production likely hovers around 1.58-1.64MMT. This could increase in domestic soy oil availability during the year which might cap excessive gain in prices and likely to keep long term fundamentals on a soft note.
- Meanwhile, USDA projects India's soy oil production likely to stay at 1.57 MMT which is down by 7.10 per cent compared to previous year.

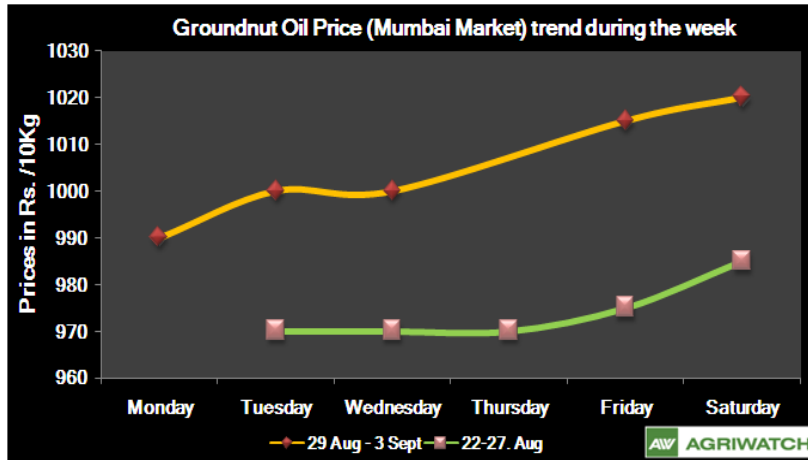


India Soybean Oil Supply and Demand Scenario			
Values in MMT	2010-11	2011-12	Y-O-Y % change
Beginning Stocks	0.279	0.267	-4.30
Production	1.690	1.570	-7.10
Imports	0.100	0.050	-50.00
Total Availability	2.069	1.887	-8.80
Exports	0.002	0.002	0.00
Consumption	2.600	2.550	-1.92
Ending Stocks	0.531	0.663	24.86

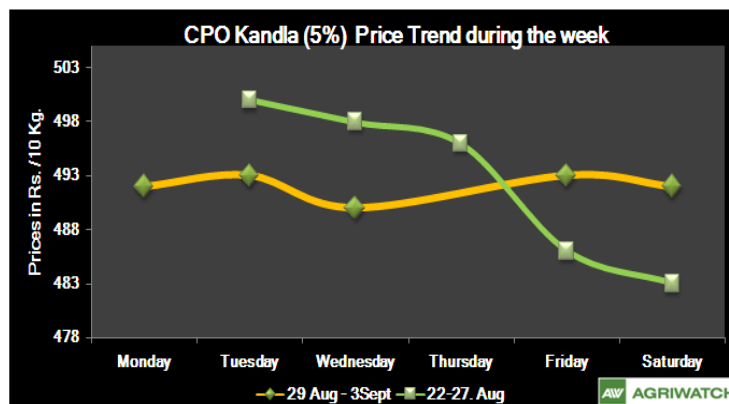
- Meanwhile, continuous rains over the major soybean growing regions likely to cause delay in maturity of the soybean crop which directly lead to late harvest and late arrivals to the mandies. The condition likely extends the firm tone in soy oil prices.
- CBOT soy oil futures prices were marginally down by down by 0.92 per cent to 58.04 cents per pound (Dec'11 contract) during the week.
- Falling soybean production outlooks and crop condition ratings are likely to lead to tighter availability of new crop supplies for crushing adding support to the soy oil prices. Any downward revision of US soy yield which is expected for Sep WASDE report might keep medium to long term fundamentals on a firm note.
- Considering current weather condition factor in US, soybean yields likely to stay around at 41.80 bushels per acre. Even pro-farmer survey also revealed the same figure. Considering the yield rate of 41.80 b/a, total soybean production likely to stay around 3105.74 million bushels and in that 1640 million bushels likely undergo for crushing.
- We expect CBOT soy oil prices to remain steady to firm during coming week due to the combination of factors discussed above.

Palm Oil:

- Domestic market crude palm oil (CPO Kandla) prices remained range bound with marginal fall of 0.12 per cent to Rs. 492 per 10 kg during the week in tandem with Malaysian palm futures.
- At the same time, RBD palm oil prices at Mumbai market further plunged by 0.41 per cent to Rs. 1165/MT during the week as compared to 3.08 % a week earlier.
- As per the seasonality index of CPO imports to India, Sept. Month imports likely remain on firm tone to meet the higher demand for RBD palm oil during nearing festivities like Navaratri and Dussera.
- Prevailing range bound prices of Malaysian palm oil at lower levels amid increase in production during the month Sept. likely gives an opportunity to import higher quantity to meet the domestic demand.
- Indonesia palm oil producers association urged the govt. not to impose the higher export taxes on crude palm oil than refined products. To encourage palm oil producers Indonesia, world major palm oil producer taken decision to cut its export tax on crude palm to 22.50%, RBD palmolein to 13% and RBD palm oil to 10% from its earlier levels.


Groundnut Oil:

- Groundnut oil prices further plunged up by 3.08 per cent to Rs. 1020per 10 kg during the week as compared to 1.25 per cent a week earlier.
- Lack of availability of groundnut seeds for oil extraction amid lag in sowing progress likely added bullish tone to groundnut oil prices for medium term.
- Any surge in demand in coming days amid concerns of lagging acreages under the groundnut crop along with purchase for upcoming festivities likely add firm tone to groundnut oil prices.


Edible oil Shipments at Indian Ports during Sept. month (as on Sept 7)

Product	Shipments (tonnes)
Crude Palm Oil	156149
Crude Sunflower Oil	8000
Palm Oil	48400
Sunflower Oil	8000
Crude palm Stearin	6500
Total edible oils	227,049

Source: Ben Line Agencies(India) Pvt Ltd.

Crude Soy Oil Import Landed Cost Calculation:

Particulars	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1271	1264	1257
Freight (USD/MT)	65	55	50
C & F	1335.8	1319.1	1306.6
Weight loss (0.25% of FOB)	3.18	3.16	3.14
Finance charges (0.4% on CNF)	5.08	5.06	5.03
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1348	1331	1319
CVD	0	0	0
Duty USD per ton	0	0	0
CVD value USD per ton	0	0	0
E cess (2% on duty) USD per ton	0	0	0
Exchange rate	46.02	46.02	46.02
Landed cost without customs duty in INR per ton	62036	61265	60687
Customs duty %	0%	0%	0%
Base import price	580	580	580
Fixed exchange rate by customs department	44.70	44.70	44.70
Duty component in INR per ton	0	0	0
Clearing charges INR per ton	353	353	353
Brokerage INR per ton	83	83	83
Total landed cost INR per ton	62472	61701	61123
Domestic Market price INR per ton Soy Degum Kandla	61500	61500	61500
Total landed cost USD per ton	1357	1341	1328
Domestic Market price USD per ton Soy Degum Kandla	1336	1336	1336
Parity INR/MT (Domestic - Landed)	-972	-201	377
ParityUSD/MT (Domestic - Landed)	-21.12	-4.37	8.19

Source: Agriwatch/ Reuters

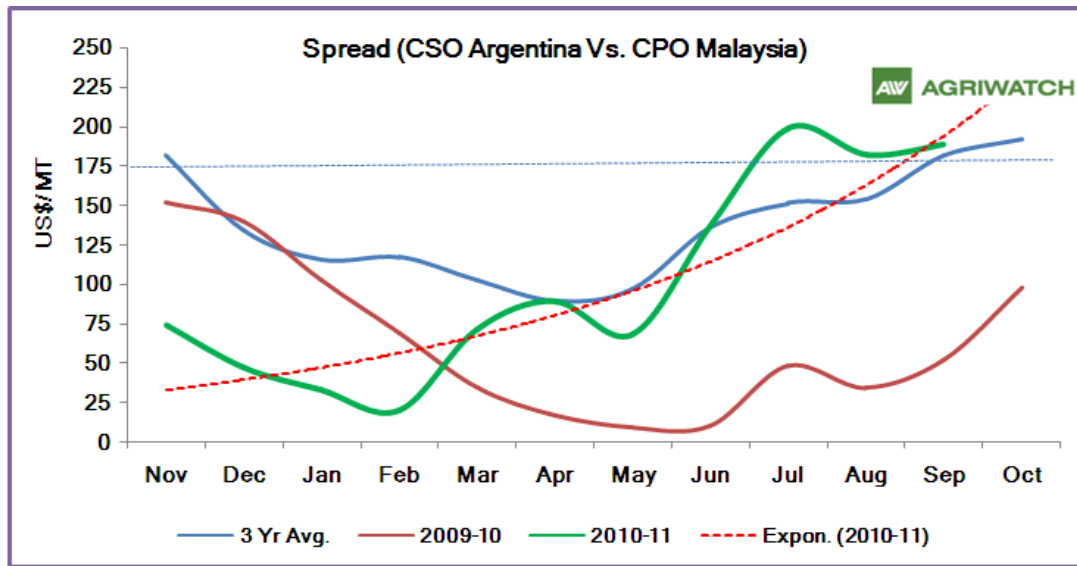
Rise in soybean and soyoil prices lead disparity to India in importing crude soyoil from Argentina and Brazil. Argentina and Brazil crude soy oil FOB quotes rose by US\$ 23/MT and US\$ 16/MT respectively during the week lead to disparity for India to go for importing. The prevailing disparity is US\$ 21.12 per MT. Meanwhile, US CSO is giving better parity for India to go for imports and is current parity stay at US\$ 8.19/MT

Meanwhile, CSO imports likely drop in coming days as domestic crop harvest period is nearing and imports remain with weak tone till Dec. end to Jan mid and later gradual increase likely happen.

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

August month ending average price spread between CSO Argentina and CPO Malaysia stood at US\$ 181.70 per MT which is down by US\$ 17 per MT compared to July month. Considering seasonality index of price spread between CSO Argentina and CPO Malaysia, spread difference remains range bound with marginal uptrend for the months of Sept., Oct. and Nov. However, August month ended with spread difference of US\$ 181.70 per MT and from this point onwards spread difference likely to remain range bound for the above mentioned months. Any considerable fall in CBOT futures soybean prices will likely ease pressure on Argentina soy oil.

FOB quotes of CSO Argentina remained with firm tone on firming global edible oil market sentiments as soybean crop as weather concern keeping the US soybean crop outlook on weak tone.



Technical Analysis (Spot Market Weekly Charts)

SOYOIL REFINED (INDORE Rs/10 Kg)



- ❖ Domestic spot market soy oil prices remained with weak tone on selling pressure during the week.
- ❖ Prices faced strong resistance at 637 levels and remained with bear run.
- ❖ 622 levels seems immediate support which likely to hold the falling prices for short term.
- ❖ Breaching the immediate support level likely lead to a fall up to 603 levels which seem strong support and likely hold the prices for short to medium term.
- ❖ Positioning of RSI depicts downtrend movement indicating the trend likely remains weak for short term.
- ❖ Looking forward, soy oil spot prices likely to remain range bound with weak bias in coming week.

Strategy: Selling of Soy oil is suggested towards Rs 625 to 627/10 Kg range for trading purpose.

CPO (KANDLA Rs/10 Kg)


- CPO spot market prices remained sideways with bearish candlestick during the week.
- Prices likely stay within the falling channel for the short to medium term.
- Prices finding stiff resistance at 492 level of upper line of falling channel.
- 485 levels seem immediate support level and breaching the level likely lead to a fall up to 471 levels in short to medium term.
- Positioning of RSI in chart depicts downtrend insisting weak movement in prices.

Strategy: Selling towards 490 to 492 levels is desirable.

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


- ❖ **Soy oil prices stay range bound with weak bias during the week.**
- ❖ Earlier support level of 658 likely act as resistance for the current price movement in coming week.
- ❖ Prices remain supported by immediate support level of 651.
- ❖ Breaching the level likely lead to a fall up to 642 levels which seems strong support to the falling prices for short to medium term.
- ❖ Prices closed below 9 and above 18 day's EMA suggesting range bound movement in prices.
- ❖ Positioning of RSI in chart is down which suggests weakness in prices for short term.
- ❖ However prices likely to remain range bound with weak bias movement in the week.

Strategy: Selling on rallies desirable towards 658-660 for a target of 650/647 with stop loss at 662.00 levels.

RSO NCDEX (Oct)

Support & Resistance				
S2	S1	PCP	R1	R2
642.00	649.00	655.60	664.00	667.00

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



- ❖ **Candlestick chart pattern reveal sideways movement.**
- ❖ Prices remained intact with upper line of falling channel during the week.
- ❖ Prices taking support at 486 levels and testing resistance level at 490 levels.
- ❖ From the level 490, prices likely to keep its bear run in coming week. Meanwhile, breaching the resistance likely keep the sideways with firm trend for medium term.
- ❖ Positioning of RSI in chart is up depicting firm bias movement in prices.
- ❖ Price is likely to remain range bound for short term.

Strategy: Market participants are suggested to wait for the direction which will be confirmed after breaching either side of support or resistance levels.

CPO MCX (Oct)

Support & Resistance				
S2	S1	PCP	R1	R2
474.00	482.00	491.00	495.00	504.00

Edible Oil Prices at Key Markets (Week on Week)

Commodity	Centre	Prices (Per 10 Kg)		Change
		27-08-2011	20-08-2011	
Refined Soybean Oil	Mumbai +VAT	637	634	+3
	Delhi (Loose)	670	667	+3
	Indore (Loose)	636	636	Unch
	Kota(Loose)	645	640	+5
	Hyderabad+ VAT	710	710	Unch
	Jaipur (Loose)	660	650	+10
	Rajkot (Loose)	635	630	+5
	Akola (Loose)	679	676	+3
	Amrawati (Loose)	679	676	+3
	Halidiya Port (Loose)	646	636	+10
	Jalna	681	673	+8
	Nagpur	676	673	+3
	Soy Degum Kandla/Mundra+VAT	615	610	+5
	Soy Degum Mumbai+VAT	615	608	+7
Palm Oil	Kandla CPO (5%FFA)	493	495	-2
	Kandla RBD Palmolein +VAT	540	540	Unch
	Chennai RBD Palmolein (Loose)	565	560	+5
	Kakinada RBD Palmolein (Loose)	556	556	Unch
	Mumbai RBD Pamolein+ VAT	554	553	+1
	Hyd. RBD Palmolein VAT	610	610	Unch
	Delhi RBD Palmolein (Loose)	580	580	Unch
Refined Sunflower Oil	Hyderabad Exp +VAT	765	755	+10
	Bellary (Exp. Oil)+VAT	644	636	+8
	Chellakere (Exp. Oil)+VAT	666	666	Unch
	Erode (Exp. Oil)+VAT	710	710	Unch
	Latur (Exp. Oil)+VAT	661	661	Unch
	Kandla/Mundra	655	660	-5
	Mumbai + VAT	700	700	Unch
	Chennai (Loose)	740	740	Unch
Groundnut Oil	Hyderabad +VAT	990	990	Unch
	Chennai (Loose)	870	870	Unch

	Delhi (Loose)	1010	990	+20
	Gondal+VAT	1010	-	-
	Jamnagar +VAT	1010	-	-
	Narsarropeth+VAT	841	811	+30
	Prodattour+VAT	876	861	+15
	Mumbai + VAT	985	965	+20
	Rajkot (Loose)	990	970	+20
Rapeseed Oil	Alwar (Expeller Oil)(Loose)	641	637	+4
	Sri Ganga Nagar(Exp Oil-Loose)	635	625	+10
	Delhi (Exp. Oil) (Loose)	660	657	+3
	Jaipur (Expeller Oil) (Loose)	645	630	+15
	Kota (Expeller Oil) (Loose)	625	620	+5
	Mumbai (Exp. Oil) +VAT	665	663	+2
	Hapur+VAT	675	670	+5
	Agra (Kacchi Ghani Oil) +VAT	680	667	+13
Refined Cottonseed Oil	Mumbai +VAT	665	655	+10
	Hyderabad (Loose)	690	685	+5
	Rajkot (Loose)	662	663	-1
	Delhi (Loose)	645	642	+3
Malaysia Palmolein USD/MT	FOB (Oct)	1143	1165	-22
	CNF (Oct) - India	1178	1200	-22
Indonesia/Malaysia CPO USD/MT	FOB (Oct)	1060	1055	+5
	CNF (Oct) - India	1095	1090	+5
Argentina FOB (\$/MT)		26-08-2011	18-08-2011	Change
Soybean Oil Ship(Sep)		1273	1240	+33
Refined Soy Oil (Bulk) Ship(Sep)		1317	1283	+34
Sunflower Oil Ship (Sep)		1215	-	-
Cottonseed Oil Ship(Sep)		1253	1220	+33
Refine Linseed Oil (Bulk) Ship(Sep)		1293	1260	+33

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