

Domestic Veg. Oil Market Summary:

Edible oil basket traded with a weak tone during the week on lackluster buying interest at physical counters and increased scrutiny by FMC on manipulation in commodities market. Soy trade margin at Indore market disparity significantly widened during the week on higher soybean prices. We expect trade margin would remain in negative territory due to poor soy oil off takes.

G/N oil volumes were thin at major physical counters of Rajkot as traders were busy in the in election of Rajkot Chamber of Commerce. As per trade source, G/N seed peak arrivals likely to hit the cash market in the second week of May. Groundnut oil prices fell in major spot markets of Gujarat on commencement of G/N seed arrivals.

We expect edible oil complex to trade range bound with a slightly negative bias in the coming week on increased scrutiny by FMC and dull demand in cash markets. However, bullish global oilseed fundamentals might limit excessive losses.

International Veg. Oil Market Summary:

Edible oil prices at the benchmark market of CBOT traded with a weak tone during the week. CBOT closed at 53.21 cents/pound (May'12 contract) on 30 April 2012. Moreover, Malaysian palm oil futures traded with a weak bias and fell by MYR 101 from MYR 3456/MT (2 May2012) to MYR 3355/MT (7 May 2012).

According to USDA crop progress report, Soybean growers in US planted 24 percent of the estimated crop as of 06 April 2012 up by 12 percent compared to W-o-W basis. Moreover, soybean harvesting in Argentina has been completed by 68% of the estimated area (18.58 Mln. Ha) as of May 04 – Argentina Agriculture Ministry's report.

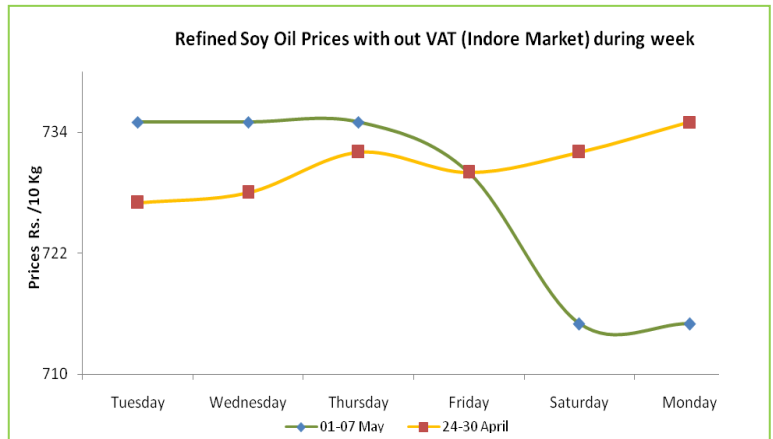
As per SGS, Palm oil products exports from Malaysia for the month of April rose by 10.4 per cent to 1,337,150 tons from 1,211,211 tons shipped during March. Market participants are expecting 1.83-1.90 million tons of Malaysian palm oil ending stock for the month of April lower as compared to previous month ending stock on better export figures.

As per Strategie Grains, European Union's rapeseed crop for 2011/12 is pegged at 17.6 million tons due to deep winter frosts. Oil world cuts European Union's rapeseed crop output estimate to 18.21 million tons from 19.1 million tons due to frost. Lower than expected RM seed crop may crunch canola oil supply this may support EU's canola oil prices in medium term.

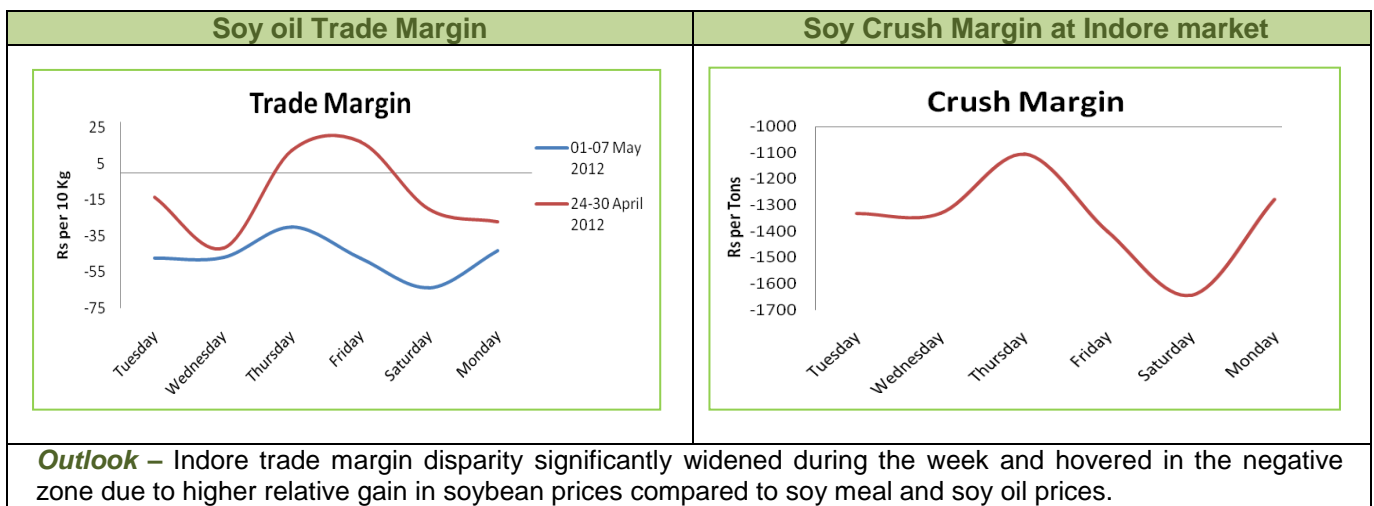
Soy oil:

Domestic Fundamentals:-

- Soy oil prices fell significantly at its benchmark market Indore during the week on lackluster buying interest and higher pace of US soybean crop planting progress.
- As per trade sources, buyers are shifted to cheap edible oils (Palm and cottonseed oil). Moreover, soybean crushing is on lean side due to lower trade margin fetched by the plants located in Indore region.
- Average trade margin (Indore Based) during the week under review was Rs -46/10Kg compared to -12/10Kg during previous week. We expect a trade margin likely to remain in the negative territory in the coming week due to higher soybean prices and poor off take in soy oil.



Soy crush margin and Soy oil Trade Margin analysis Indore Market :-



International Fundamentals:-

- Buenos Aires Grains Exchange cuts Argentina's soy output estimate for 2011/12 to 41 million tons due to poor yields. Previous Argentina's soy production estimate was 43 million tons in the month of April.
- As per latest Argentina's agriculture ministry report, soybean harvest in Argentina has been completed by 68% of the estimated area (18.58 Mln. Ha) as of May 04. Last year it was 74% complete compared to Y-o-Y basis.
- As of May 6, 2012, the 18 primary soy-producing states of US have planted 24% of the estimated soy crop higher as compared to week ago which was 12 percent.
- As per International Grain Council, World soybean output estimate for 2011/12 pegged at 238.4 million tons fell by 11% from the previous year's record due to lower South American soybean crop.

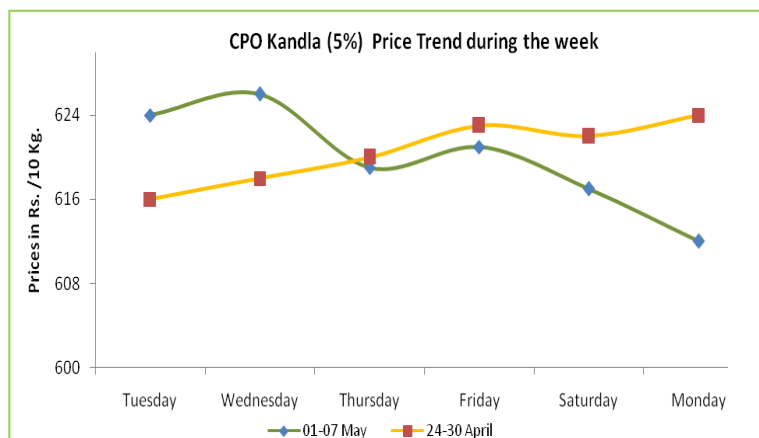
Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 708-722 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- Palm oil traded with a steady to weak note during the week on limited buying and bearish cues international markets. However, retail demand was need based.
- Sporadic buying interests from wholesalers and appreciation in INR against US dollar weigh on the market sentiments. However, demand shifted to ready to use palm oil products and fair buying by vanaspati miller limits excessive losses.
- Crude palm oil Kandla 5% price is at Rs 75 per 10Kg premium against crude soybean Oil Indore price as on 7 May 2012. Premium rose by 6.76 per cent to Rs. 79 per 10 kg w-o-w basis (average prices of week).
- Palm oil in cash market is likely to trade with sideways to slightly weak tone in the coming week on gloomy economic conditions. However, tight oilseed supply may limit downside.



International Fundamentals:-

- Palm oil products exports from Malaysia for the month of April rose by 10.4 per cent to 1,337,150 tons from 1,211,211 tons shipped during March - SGS.

Breakdown of SGS palm export figures for April compared to a month ago (in tons):

| Palm Products | April | March | %Change |
|---------------------------|--------|--------|--------------|
| Crude palm oil | 421060 | 316134 | +33.2 |
| RBD palm oil | 79622 | 89559 | -11.1 |
| RBD palm olein | 562687 | 463034 | +21.5 |
| RBD palm stearin | 73075 | 138821 | -47.4 |
| Crude palm kernel oil | 14400 | 16500 | -12.7 |
| Processed palm kernel oil | 42611 | 38998 | +9.3 |
| Oleochemicals | 44110 | 44200 | -0.2 |

| Importers | April | March | %Change |
|-----------|--------|--------|--------------|
| EU | 267949 | 243375 | +10.1 |
| China | 300910 | 259730 | +15.9 |
| Pakistan | 77200 | 60500 | +27.6 |
| US | 83430 | 114640 | -27.2 |
| India | 247200 | 127580 | +93.8 |

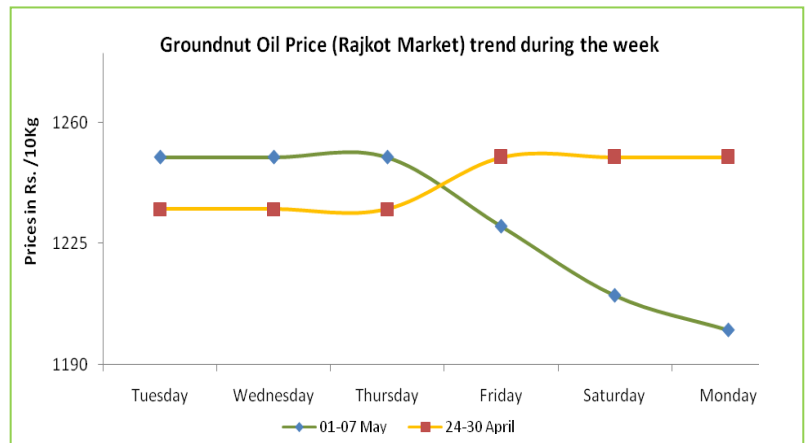
- As per Trade ministry officials, Indonesia will increase its crude palm oil export tax by 1.5 percent to 19.5 percent for May as compared to previous month due to higher international palm oil products prices. The government will also raise its export tax for RBD palm olein to 10 percent versus 9 percent in April. By this step, Indonesian government wants to encourage downstream industries, secure domestic supplies, and reduce volatility in cooking oil prices.
- As per MPOB's latest report, Malaysian palm oil ending stock for March dropped 5 percent to 1,959,240 tons from the 2,062,065 tons in February. Market participants are expecting 1.83-1.90 million tons of Malaysian palm oil ending stock for the month of April lower as compared to previous month ending stock on better export figures.

Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 610-620 per 10 Kg in the near term.

Groundnut Oil: Domestic Fundamentals:-

- G/N oil prices traded with a weak bias at Rajkot market on bearish edible oil basket and commencement of G/N seed arrivals in southern Gujarat. However, good demand for HPS noticed. Domestic Rajkot groundnut oil prices gained during the week and prices rose by 0.87 per cent to Rs. 1232 per 10 kg w-o-w (average prices of week).
- G/N oil volumes were thin at major physical counters of Rajkot as traders were busy in the election of Rajkot Chamber of Commerce. As per trade source, G/N seed peak arrivals likely to hit the cash market in the second week of May.



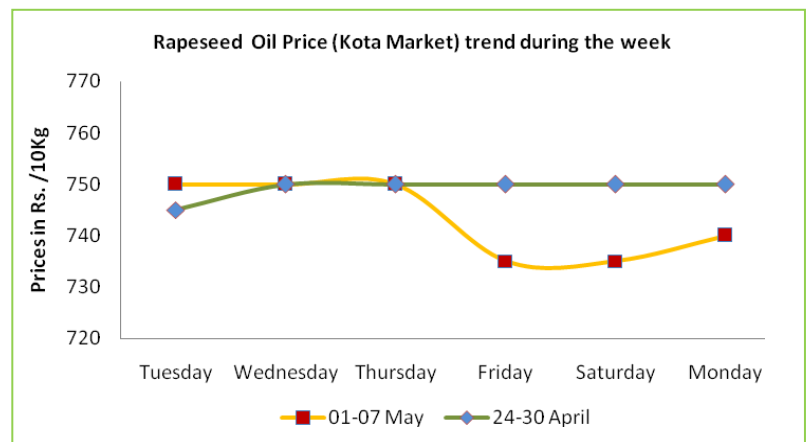
- G/N oil prices may further soften in the coming days on lackluster buying interest and new G/N seed arrivals might weigh on the sentiments. However, fair export demand for G/N seed in international markets limits downside risk in the G/N oil prices.

Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1245-1210 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

- RM seed oil prices traded with a weak tone during the week on bearish edible oil basket and non-aggressive buying at physical counters. However, higher RM seed prices limit excessive downside in RM oil prices.
- As per the third advanced crop estimate for 2011/12 by government of India, RM seed production is estimated to be 6.96 million tons during 2011-12 compared to 8.18 million tons in the previous year on lower yield. Significant decline in RM seed output will affect the domestic RM oil supply in current season.

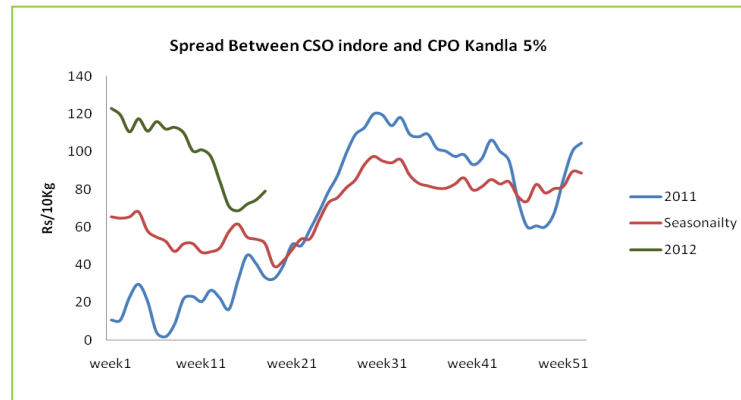


- Oil world cuts European Union's rapeseed crop output estimate to 18.21 million tons from 19.1 million tons due to frost. However, normal crop is expected from UK, oil world pegged UK's RM seed output estimate at 2.72 million tons. Lower than expected EU's RM seed crop may crunch canola oil supply this may support EU's canola oil prices in medium term.
- As per Strategie Grains, European Union's rapeseed crop for 2011/12 seen at 17.6 million tons due to deep winter frosts. Moreover, temperature swings in April add risks for standing crop. If unfavourable weather continue EU crop may further decline to 17.0 million tons.

Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 752-732 per 10 Kg.

Spread Status between CSO Indore and CPO Kandla 5%: (Rs/10 Kg)

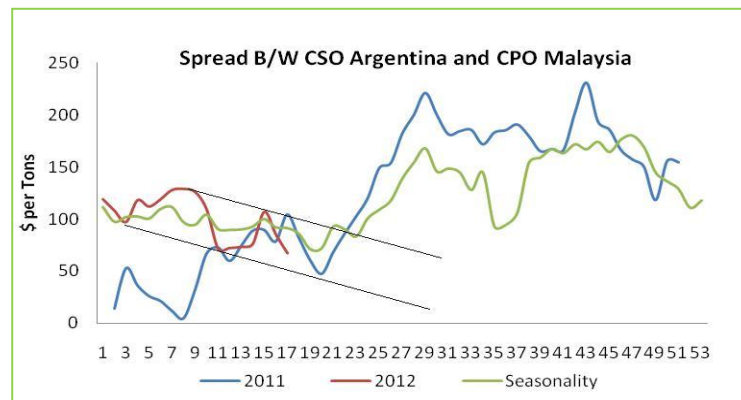


Average weekly spread between CSO Indore and CPO Kandla (5%) marginally widened during the week and stood at Rs 79 per 10 Kg compared to 74/10 Kg during the previous week. Crude soy oil Indore prices fell relatively higher compared to crude palm oil Kandla 5% on bearish international markets. However, overall oil complex fundamentals remain bullish.

Outlook and Strategy :-

We expect spread to narrow to some extent ahead of MPOB's report on Malaysian palm oil ending stock for the month of April. Spread b/w CSO Indore and CPO Kandla 5% may hover between Rs 76/10Kg to 83/10 Kg.

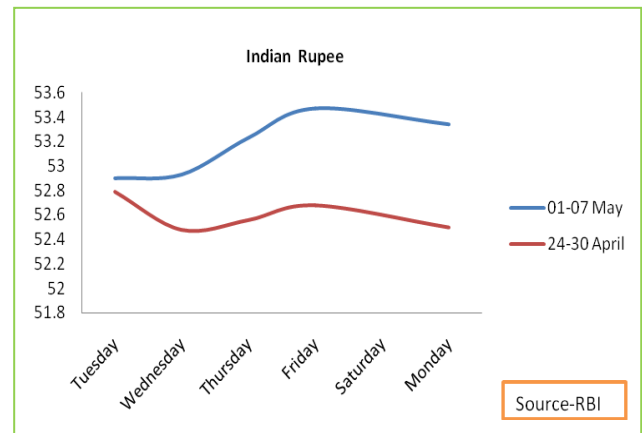
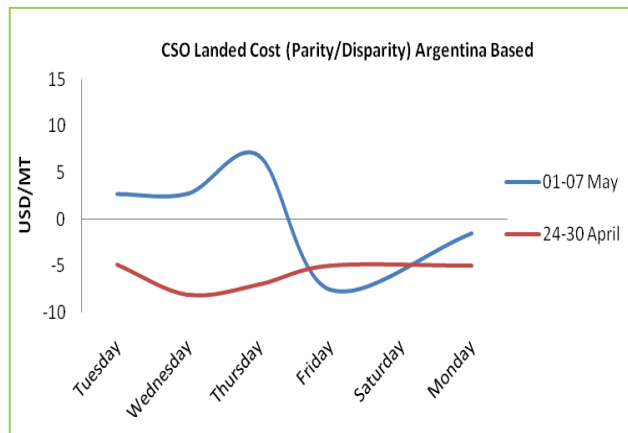
Spread Status between CSO Argentina and CPO Malaysia: (Rs/10 Kg)



Average price spread between CSO Argentina and CPO Malaysia during the week stood at US\$ 67 per MT compared to previous week average of US\$ 85 per MT. FOB quotes of CSO Argentina prices fell relatively higher compared to CPO Malaysia. We expect spread to hover between Rs 70/10Kg and 90/10 Kg. We expect CSO Argentina prices to trade with a steady to weak bias in the coming week due to new South American soy crop pressure and CPO Malaysia might trade sideways.

Crude Soy Oil Import Landed Cost Calculation (Parity/Disparity):

| Landed Cost Calculation as on 4/5/2012 | CSO Argentina | CSO Brazil | CSO US |
|---|---------------|--------------|--------------|
| FOB USD per ton | 1195.00 | 1197.10 | 1149.68 |
| Freight (USD/MT) | 65 | 55 | 50 |
| C & F | 1260.0 | 1252.1 | 1199.7 |
| Weight loss (0.25% of FOB) | 2.99 | 2.99 | 2.87 |
| Finance charges (0.4% on CNF) | 4.78 | 4.79 | 4.60 |
| Insurance (0.3% of C&F) | 4 | 4 | 4 |
| CIF (Indian Port - Kandla) | 1272 | 1264 | 1211 |
| 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 | 53.47 | 53.47 | 53.47 |
| Landed cost without customs duty in INR per ton | 67990 | 67567 | 64739 |
| Customs duty % | 0% | 0% | 0% |
| Base import price | 580 | 580 | 580 |
| Fixed exchange rate by customs department | 49.40 | 49.40 | 49.40 |
| 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 | 68426 | 68003 | 65175 |
| Domestic Market price INR per ton Soy Degum Kandla | 68000 | 68000 | 68000 |
| Total landed cost USD per ton | 1280 | 1272 | 1219 |
| Domestic Market price USD per ton Soy Degum Kandla | 1272 | 1272 | 1272 |
| Parity INR/MT (Domestic - Landed) | -426 | -3 | 2825 |
| Parity USD/MT (Domestic - Landed) | -7.96 | -0.05 | 52.84 |
| Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture | | | |

Landed Cost Parity/Disparity Argentina based and Indian rupee during the week.

Outlook:-

Import parity for crude soy oil from Argentina is hovering in negative territory during the week on lower domestic prices as compared to international prices. We expect import parity to continue to be in the negative side in the coming week.

Technical Analysis (Spot Market Weekly Charts)
SOYOIL REFINED (INDORE Rs/10 Kg Exclusive VAT)



- ❖ Domestic soy oil prices traded with a weak note during the week. We expect RSO Indore prices to trade with a sideways to downward bias in the coming week.
- ❖ Breaching the immediate zone of 700-703, prices shall test 695 zones. RSI is in overbought zone and stayed in tune with the prices with no indication of any convergence/ divergence.
- ❖ Expected price band for next week is 708-722 level in near to medium term.

Strategy: Market Participants can wait to liquidate Ref. soy oil (INDORE Rs/10 Kg without VAT) stocks.

| Support and Resistance | | | | |
|------------------------|--------|--------|--------|--------|
| S2 | S1 | PCP | R1 | R2 |
| 690.00 | 695.00 | 715.00 | 736.00 | 742.00 |

Technical Analysis (Spot Market Weekly Charts)
CPO (5%) KANDLA (Rs/10 Kg)


- ❖ Candlesticks depict correction in the CPO prices during the week. Prices may trade sideways in the coming week.
- ❖ Rs 607 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay on the range of 610-620 level in near term. However, breaching 623 levels may strengthen bulls rally.
- ❖ RSI stayed in tandem with the prices with no indication of any convergence/divergence.

Strategy: Investors can wait to liquidate CPO Kandla 5% in the coming week.

| Support and Resistance | | | | |
|------------------------|-----|-----|-----|-----|
| S2 | S1 | PCP | R1 | R2 |
| 601 | 607 | 612 | 623 | 629 |

Technical Analysis (Futures)
RSO (Refined Soybean Oil April Contract)



Outlook – Prices are likely to trade with a steady to slightly weak tone in the coming week. We recommend investors to go short in refined soy oil in June contract from higher levels.

- ❖ Weekly chart of refined soy oil at NCDEX showed a weakness in the prices. However, prices are likely to touch lower side of the narrow channel, which may act as selling opportunity.
- ❖ Any close above 769 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 764-750 level in near to medium term. RSI is in oversold zone and shows no evidence of divergence in line with the ref. soy oil prices.

Strategy: Market participants are advised to go short in RSO in the range of 762-764 for a target of 753 and 750 with a stop loss at 769 on closing basis.

RSO NCDEX (June)

| Support and Resistance | | | | |
|------------------------|--------|--------|--------|--------|
| S2 | S1 | PCP | R1 | R2 |
| 729.00 | 736.00 | 758.30 | 767.00 | 774.00 |

Technical Analysis (Futures)

CPO (Crude Palm Oil April Contract)



Outlook - Prices are likely to trade with a steady to weak tone in the short term. Investors are advised to sell on rise.

- ❖ Candlestick Weekly chart of crude palm oil at MCX shows a weakness in the prices. In addition to this, prices are likely to trade slightly weak in the initial days of the week.
- ❖ Any close above 625 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 621-610 level in near to medium term. RSI is in oversold zone and shows no evidence of divergence in line with the CPO prices.

Strategy: Sell CPO in MCX (June contract) in the range of 619-621 for a target of 612 and 610 with a stop loss at 625 on closing basis.

CPO MCX (June)

| Support and Resistance | | | | |
|------------------------|--------|--------|--------|--------|
| S2 | S1 | PCP | R1 | R2 |
| 596.00 | 600.00 | 614.30 | 630.00 | 635.00 |

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

| Commodity | Centre | Prices(Per 10 Kg) | | Change |
|-----------------------|-------------------------------|-------------------|-----------|--------|
| | | 7.5.2012 | 02.5.2012 | |
| Refined Soybean Oil | Kota(Loose) | 715 | 720 | -5 |
| | Rajkot (Loose) | 700 | 710 | -10 |
| | Jaipur (Loose) | - | 735 | - |
| | Hyderabad+ VAT | 726 | - | - |
| | Delhi (Loose) | 755 | 775 | -20 |
| | Kakinada | - | - | - |
| | Mumbai +VAT | 715 | 733 | -18 |
| | Indore | 715 | 735 | -20 |
| | Soy Degum Mumbai+VAT | 680 | 692 | -12 |
| | SoyDegum Kandla/Mundra+VAT | 680 | 692 | -12 |
| | Haldiya Port (Loose) | 711 | - | - |
| | Akola (Loose) | 748 | 761 | -13 |
| | Amrawati (Loose) | 748 | 761 | -13 |
| | Jalna | 736 | 756 | -20 |
| | Nagpur | 754 | 767 | -13 |
| Palm Oil | Chennai.RBD.Palmolein.(Loose) | 650 | 650 | Unch |
| | Hyd. RBD Palmolein VAT | 680 | 695 | -15 |
| | Delhi RBD Palmolein (Loose) | 705 | 715 | -10 |
| | Kandla CPO (5%FFA) | 612 | 626 | -14 |
| | Kakinada.RBD.Palmolein(Loose) | 641 | 646 | -5 |
| | Mumbai RBD Pamolein+ VAT | 658 | 660 | -2 |
| | Kandla RBD Palmolein +VAT | 645 | 655 | -10 |
| Refined Sunflower Oil | Mumbai + VAT | 735 | 740 | -5 |
| | Kandla/Mundra | 665 | 670 | -5 |
| | Erode (Exp. Oil)+VAT | 720 | 725 | -5 |
| | Hyderabad Exp +VAT | 691 | 701 | -10 |
| | Chennai (Loose) | 745 | 745 | Unch |
| | Bellary (Exp. Oil)+VAT | 651 | 659 | -8 |
| | Latur (Exp. Oil)+VAT | 671 | 681 | -10 |
| | Chellakere (Exp. Oil)+VAT | 666 | 671 | -5 |
| Groundnut Oil | Rajkot (Loose) | 1200 | 1250 | -50 |
| | Chennai (Loose) | 1100 | 1100 | Unch |
| | Delhi (Loose) | 1225 | 1300 | -75 |
| | Hyderabad Exp +VAT | 1114 | 1114 | Unch |
| | Mumbai + VAT | 1230 | 1260 | -30 |

| | | | | |
|---------------------------------------|-------------------------------|-----------------|------------------|---------------|
| | Gondal+VAT | 1225 | 1300 | -75 |
| | Jamnagar +VAT | 1200 | 1290 | -90 |
| | Narsarropeth+VAT | 1061 | 1071 | -10 |
| | Prodattour+VAT | 1061 | 1071 | -10 |
| | | | | |
| Rapeseed Oil | Mumbai (Exp. Oil) +VAT | 785 | 790 | -5 |
| | Alwar (Expeller Oil)(Loose) | 766 | 806 | -40 |
| | Kota (Expeller Oil) (Loose) | 740 | 750 | -10 |
| | Jaipur (Expeller Oil) (Loose) | - | 775 | - |
| | Delhi (Exp. Oil) (Loose) | 782 | 800 | -18 |
| | SriGangaNagar(ExpOil-Loose) | 746 | 771 | -25 |
| | Hapur+VAT | 800 | 825 | -25 |
| | Kolkatta | - | - | - |
| | Agra (Kacchi Ghani Oil) +VAT | 800 | 810 | -10 |
| | | | | |
| Refined Cottonseed Oil | Mumbai +VAT | 696 | 704 | -8 |
| | Rajkot (Loose) | 645 | 660 | -15 |
| | Delhi (Loose) | 665 | 685 | -20 |
| | Hyderabad (Loose) | 690 | 705 | -15 |
| Sesame Oil | Delhi | 850 | 875 | -25 |
| | Mumbai | 830 | 825 | 5 |
| Coconut Oil | (Crude Rs/10kg) - Erode | - | - | - |
| | (Refined Rs/15 kg) – Erode | - | - | - |
| | (Crude Rs/10kg) - Kangayan | 620 | 630 | -10 |
| | (Refined Rs/15 kg) – Kangayan | - | - | - |
| Kardi | Mumbai | 910 | 910 | Unch |
| Rice Bran Oil (40%) | Delhi | 610 | 625 | -15 |
| | Punjab | 590 | 595 | -5 |
| Rice Bran Oil (70%) | Delhi | 540 | 560 | -20 |
| | | | | |
| Malaysia Palmolein USD/MT | FOB (March Shipment) | 1120 | 1165 | -45 |
| | CNF(March) - India | 1155 | 1190 | -35 |
| Indonesia/Malaysia CPO USD/MT | FOB (March Shipment) | 1108 | 1150 | -42 |
| | CNF(March) - India | 1135 | 1170 | -35 |
| | | | | |
| Argentina FOB (\$/MT) | | 4.5.2012 | 02.5.2012 | Change |
| Crude Soybean Oil Ship (April) | | 1195 | 1220 | -25 |
| Refined Soy Oil (Bulk) Ship (April) | | 1236 | 1262 | -26 |
| Sunflower Oil Ship (April) | | - | - | - |
| Cottonseed Oil Ship (April) | | 1175 | 1200 | -25 |
| Refine Linseed Oil(Bulk) Ship (April) | | 1215 | 1240 | -25 |



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