

### **Domestic Veg. Oil Market Summary:**

*Edible oil basket traded with a steady to firm tone during the initial days of the week. However, gloomy global economic conditions limit excessive gains.*

*Groundnut oil prices stood firm at its benchmark market Rajkot on lower G/N seed arrivals. Meanwhile, new summer G/N seed arrival pressure noticed in southern Gujarat.*

*India imported 3.47 million tons of palm oil products in the current oil year (Nov.-Oct) out of total 4.6 million tons edible oil imported up to April 2012 – SEA of India.*

*We expect edible oil complex to trade range bound with a slightly negative bias in the coming week on dull demand at physical counters and sluggish global economic growth. However, demand for palm oil could pick up from Asian and Middle East countries ahead of Muslim festival in July.*

### **International Veg. Oil Market Summary:**

*Soy oil prices at the benchmark market of CBOT traded with a weak note during the week. CBOT soy oil closed at 48 cents/pound (Jul'12 contract) on 01 June 2012. Moreover, Malaysian palm oil futures traded with a weak tone and fell by 130 MYR to 2990MYR /MT (01 June 2012) on bearish US and Chinese macro economic data.*

*As per latest USDA crop progress report, US soybean planting progress is reported at 89 per cent ahead of 5-year average of 61 per cent.*

*As per MPOB's latest report, Malaysian palm oil ending stock for April fell by 5.4 percent to 1,848,368 tons from a revised 1,954,145 tons in March. Indonesia will keep its crude palm oil and RBD palm olein export tax for June unchanged from May at 19.5 percent and 10 percent respectively - Trade Ministry Officials*

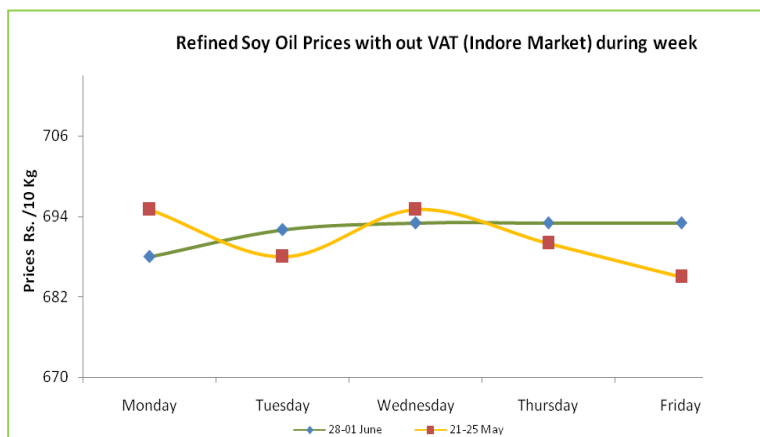
*Argentina harvested 89 percent of the estimated soy area seeded of 18.5 million hectares. Oil world slashed its world rapeseed output estimate by 1.3 million tons to 59.4 million tons for 2011/12.*

*Malaysian palm oil products exports for May fell 0.2 percent to 1,333,869 tons from 1,337,150 tons shipped during April – SGS. Palm oil products exports figures for May for top major markets (Values in tons and April import figures in parenthesis): China 250,500 (300,910) and India 228,095 (247,200).*

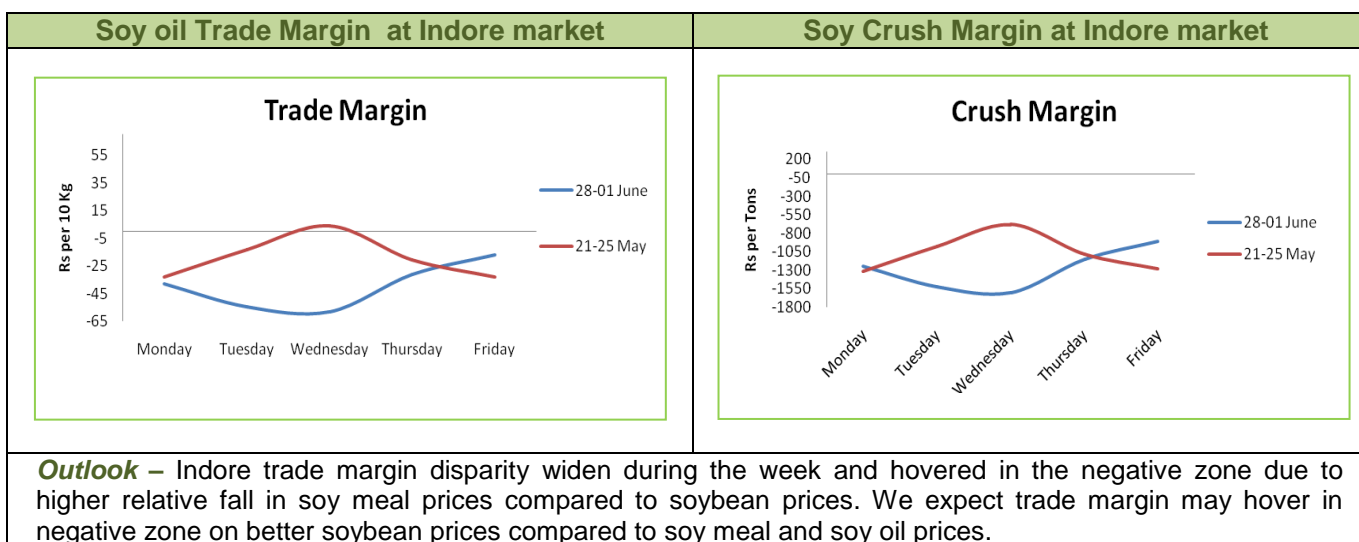
### Soy oil:

#### Domestic Fundamentals:-

- Soy oil witnessed steady to weak tone at its benchmark market Indore during the week on lackluster buying interest. However, thin domestic soybean supplies limit downside.
- Crushing plants are operating at lower capacity in MP and Rajasthan due to lower availability of soybean and negative crush margin. Moreover, market participants are expecting that only 20-25 percent of the total estimated soy output is in the supply pipeline for the current marketing year.
- Average trade margin (Indore Based) during the week under review was Rs -40/10Kg compared to -19/10Kg during previous week. We expect prices may trade lower in the coming days due to weak global economic conditions and dull demand for soy oil in major cash markets. However, thin domestic soy supplies may limit downside.



#### Soy crush margin and Soy oil Trade Margin analysis :-



#### International Fundamentals:-

- As per latest weekly USDA crop progress report, US soybean planting progress is reported at 89 per cent ahead of 5-year average of 61 per cent, which was just 48 per cent in the corresponding period last year.
- Soybean exports from Brazil for the month of May rose by 37 percent compared to same month previous year. Moreover, Brazil's soy oil exports for May stood at 289,200 from 165,200 compared to previous year same month.
- Higher pace of soy planting in US and ongoing soybean crop arrivals from South American countries might weigh on the markets. Market participants are watching dry U.S weather that could hurt the US soybean crop in medium term which may act as an encouraging factor for the international edible oil markets.

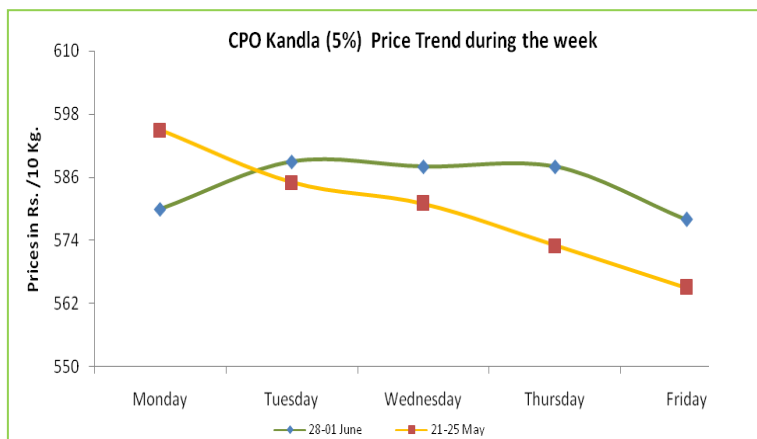
#### Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 680-695 per 10 Kg in the near term.

### Palm Oil:

#### Domestic Fundamentals:-

- CPO Kandla 5% traded with a weak tone during the week on bearish palm oil international markets and non-aggressive buying from vanaspati millers and stockists. However, demand may shift from premium edible oils to cheaper imported RBD palmolein in the medium term.
- India imported 3.47 million tons of palm oil products in the current oil year (Nov.-Oct) out of total 4.6 million tons edible oil imported up to April 2012 – SEA of India.
- Crude palm oil Kandla 5% price is at Rs 82 per 10Kg discount against crude soybean oil Indore price as on 01 June 2012. Discount rose by 4.2 per cent to Rs. 74 per 10 kg w-o-w basis (average prices of week).
- Palm oil is likely to trade with sideways to slightly weak tone in the coming week on bearish international palm oil markets. However, active buying by stockiest might witnessed ahead of Ramadan festivals, which could limit downside risk in palm oil prices.



#### International Fundamentals:-

- Malaysian palm oil products exports for May fell 0.2 percent to 1,333,869 tons from 1,337,150 tons shipped during April – SGS.

#### **Breakdown of SGS palm export figures for 1-25 May compared to a month ago (in tons):**

Palm Products	May	April	%Change
Crude palm oil	393,238	421,060	-6.6
RBD palm oil	177,493	79,622	122.9
RBD palm olein	445,217	562,687	-20.9
RBD palm stearin	126,91	73,075	-82
Crude palm kernel oil	8,500	14,400	-41.0
Processed palm kernel oil	51,725	42,611	21.4
Oleochemicals	33,794	44,110	-23.4

Importers	May	April	%Change
EU	261,637	267,949	-2.4
China	250,500	300,910	-16.8
Pakistan	145,050	77,200	87.9
US	124,965	83,430	49.8
India	228,095	247,200	-7.7

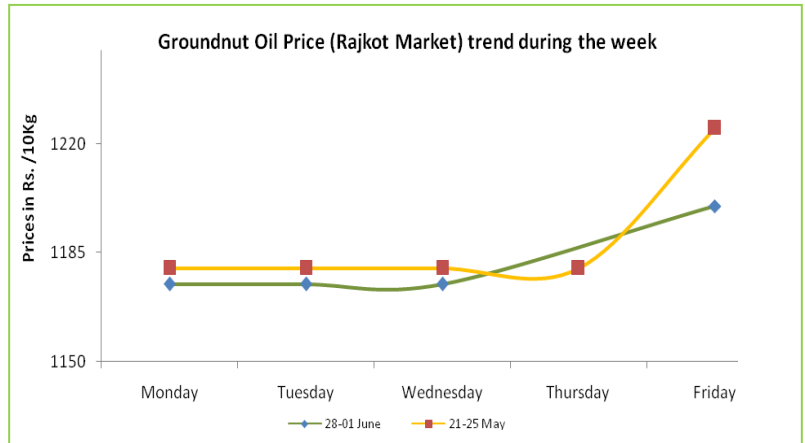
- As per Trade ministry official, Indonesia will keep, its crude palm oil export tax to 19.5 percent for June unchanged compared to previous month. The government will keep its export tax for RBD palm olein to 10 percent.
- Hot weather concern over US and good demand from Asian and Middle East countries due to Ramadan festival in July may act as an encouraging factor for the markets. However, Euro Zone jitters could limit upside.

#### **Price Outlook:**

We expect CPO Kandla 5% (without VAT) to stay in the range of 558-575 per 10 Kg in the near term.

### Groundnut Oil: Domestic Fundamentals:-

- Groundnut oil featured steady to weak tone at major markets of Gujarat on summer G/N seed arrivals. However, groundnut oil prices surge during the last days of the week because of low arrivals due to “Bharat Bandh”. Domestic Rajkot groundnut oil prices fell during the week and prices fell by 0.65 per cent to Rs. 1181 per 10 kg w-o-w (average prices of week).
- As per Indian Oilseed and Produce Export Promotion Council (IOPEPC), summer groundnut production in Gujarat is estimated 459,000 tons, 56 per cent higher compared to 294,000 tons previous year. However, market participants are expecting approximately 2.5-2.8 lakh tons of summer groundnut output in current year.
- As per trade sources, prices may trade sideways to weak bias in the coming days as retail demand may shift to cheaper cottonseed and palm oil. However, fair buying by re-packers may limit downside risk in the G/N oil prices.

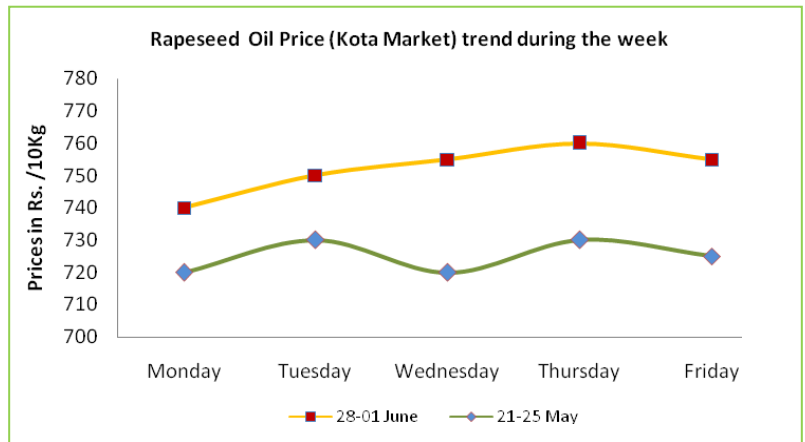


### **Price Outlook:**

Groundnut oil prices in Rajkot may stay in the range of Rs 1250-1190 per 10 Kg.

### Rapeseed oil: Domestic Market Fundamentals

- RM seed oil prices at Kota market rallied during the week despite of dullness in imported edible oils due to low RM seed arrivals and fair buying from wholesalers. However, crushing is on lean side due to higher RM seed prices.
- As per trade sources, high volatility in RM seed prices and dull demand in edible oil may weigh on the RM oil prices in the coming days. However, overall fundamentals remain bullish for oil complex due to thin domestic oilseed supplies and demands is also likely to emerge from pickle manufacturers may restrict excessive losses in the days ahead.
- Oil world cuts European Union's rapeseed output estimate by 0.10 million tons to 18.10 million tons. Previous year EU rapeseed output was 19.20 million tons. Moreover, oil world slashed its world rapeseed output estimate by 1.3 million tons to 59.4 million tons for 2011/12. Lower RM seed crop may crunch canola oil supply this may support canola oil prices in the medium term.



### **Price Outlook:**

Rapeseed oil in Kota market is likely to trade in the price band of Rs 730-750 per 10 Kg.

### Currency Technical Analysis



### Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		53.59		52.39	
Technical Indicators		RSI (14)		SSTK(9,3,3)	
		76.68		87.92	
Support and Resistance					
S2	S1	PCP		R1	R2
53.95	54.30	55.36		57.00	57.60

### Expected Price Band and Outlook

Indian Rupee	<p>We observed an indecision candlestick formation "Spinning Top" which is the indicating of weakness among the bulls. However, we see a range of 56.00-56.20 on the higher side in the coming week and lower level as 54.90 and below that, we may see selling pressure until 54.50.</p>
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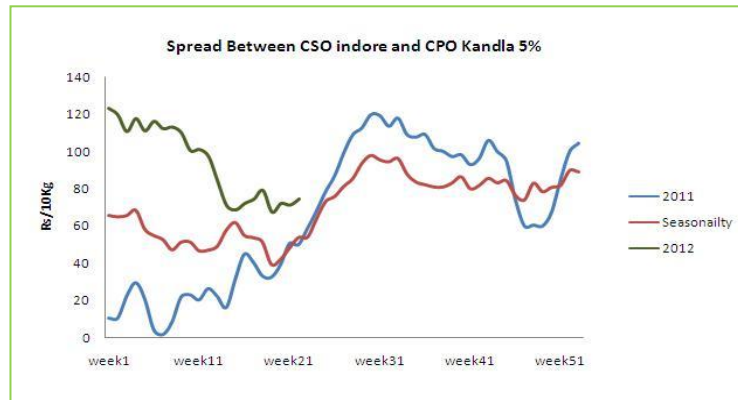
**Edible oil Stocks at Indian Ports**
**Product Wise**

<i>Edible oil products in Tons for June</i>	<i>Veg. oil Vessel line up from up to 2/06/2012</i>
Crude Soybean Oil	15000
Crude Palm Oil	30000
RBD Palm olein	-----
Palm Oil	7469
Crude Sunflower Oil	41000
PALM FATTY ACID	-----
<b>Total edible oils</b>	<b>93469</b>
Source: Ben Line Agencies(India) Pvt. Ltd.	

**Port Wise**

<i>Veg. oil Vessel line up in Tons.</i>	<i>Vessel line up for June (Till 2 /06/2012)</i>	<i>Vessel line up for May</i>
Ennore	5000	24970
Chennai	19500	101331
Haldia	22469	103682.38
JNPT	-----	2000
Kandla	29000	318179
Karaikal	-----	8040
Kolkata	-----	37852
Krishnapatnam	11500	126230
Mangalore	6000	37200
Mumbai	-----	26000
Mundra	-----	858039
Tuticorin	-----	21730
Source: Ben Line Agencies(India) Pvt. Ltd.		

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

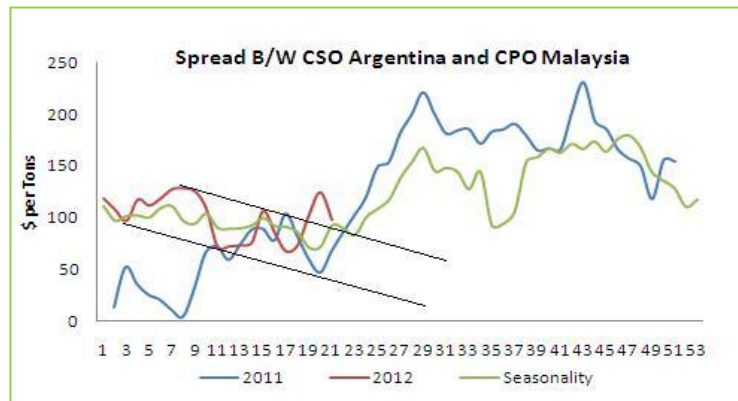


Average weekly spread between CSO Indore and CPO Kandla (5%) marginally widened during the week and stood at Rs 74 per 10 Kg compared to 71/10 Kg during the previous week. Crude palm oil Kandla 5% prices fell relatively higher compared to crude soy oil Indore on bearish palm oil international markets. Moreover, sporadic soybean supplies in domestic market limits downside risk in the soy oil prices.

#### Outlook and Strategy :-

We expect spread to widen to some extent in the coming week. Spread b/w CSO Indore and CPO Kandla 5% may hover between Rs 75/10Kg to 85/10 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\$ 98 per MT compared to previous week average of US\$ 125 per MT. FOB quotes of CPO Malaysia prices fell relatively higher compared to CSO Argentina. We expect spread to hover between Rs 97/MT and 111/MT. We expect CSO Argentina prices to trade with a steady to weak bias in the coming week due to ongoing South American soybean arrivals.

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

<b>Landed Cost Calculation as on 1/6/2012</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>
FOB USD per ton	1092.00	1101.20	1038.14
Freight (USD/MT)	65	55	50
C & F	1157.0	1156.2	1088.1
Weight loss (0.25% of FOB)	2.73	2.75	2.60
Finance charges (0.4% on CNF)	4.37	4.40	4.15
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1168	1167	1098
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	55.58	55.58	55.58
Landed cost without customs duty in INR per ton	64893	64852	61035
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	65329	65288	61471
Domestic Market price INR per ton Soy Degum Kandla	66500	66500	66500
Total landed cost USD per ton	1175	1175	1106
Domestic Market price USD per ton Soy Degum Kandla	1196	1196	1196
<b>Parity INR/MT (Domestic - Landed)</b>	<b>1171</b>	<b>1212</b>	<b>5029</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>21.06</b>	<b>21.80</b>	<b>90.48</b>
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

**Outlook:-**

Import parity for crude soy oil from Argentina is hovering in positive territory during the end of the week on higher domestic prices as compared to international prices. We expect import parity to continue to be in the positive side in the coming weeks with a recent signs of appreciating Indian rupee against US dollar. However if INR loses the gained ground against USD, the parity will not stay stronger.

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



- ❖ Domestic soy oil prices traded with a steady to weak note during the week. We expect RSO Indore prices to trade with a sideways in the coming week.
- ❖ Breaching the immediate zone of 690-693, prices shall test 697-699 zones. RSI is in neutral zone and stayed in tune with the prices with no indication of any convergence/ divergence.
- ❖ Expected price band for next week is 680-695 level in near to medium term.

**Strategy:** Market Participants can wait to offload Ref. soy oil (INDORE Rs/10 Kg without VAT) in cash markets.

Support and Resistance				
S2	S1	PCP	R1	R2
668.00	680.00	690.00	700.00	706.00

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



- ❖ Candlesticks depict bearishness in the CPO prices during the week. Prices may touch the lower level of the horizontal channel in the coming days.
- ❖ Rs 556 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 558.00-575.00 level in near term. However, breaching 558 levels may support bear.
- ❖ RSI stayed in tandem with the prices with no indication of any convergence/divergence.

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

Support and Resistance				
S2	S1	PCP	R1	R2
548.00	556.00	568.00	580.00	590.00

### Technical Analysis (Futures) RSO (Refined Soybean Oil Jul Contract)



**Outlook – Prices are likely to trade with a steady to slightly weak tone in the short term. Investors are advised to sell RSO Jul contract on rise.**

- ❖ Weekly chart of refined soy oil at NCDEX showed beariness in the prices. We expect sideways movement in the RSO Jul contract after a sharp decline in rates from past few weeks. Any rise in the prices may act as selling opportunity.
- ❖ Any close above 730 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 723.00-705.00 level in near to medium term. RSI is in neutral 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 721-723 for a target of 710.00 and 705.00 with a stop loss at 730 on closing basis.

#### RSO NCDEX (Jul)

Support and Resistance				
S2	S1	PCP	R1	R2
694.00	700.00	718.75	736.00	742.00

### Technical Analysis (Futures)

#### CPO (Crude Palm Oil Jul 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 significant fall in the prices. In addition to this, any technical rise in prices may act as a selling opportunity.
- ❖ Any close above 576.00 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 568.00-551.00 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence in line with the CPO prices.

**Strategy:** Sell CPO in MCX (Jul contract) in the range of 566.00-568.00 for a target of 551.00 and 548.00 with a stop loss at 576.00 on closing basis.

#### CPO MCX (Jul)

Support and Resistance				
S2	S1	PCP	R1	R2
535.00	540.00	555.10	571.00	575.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		1.6.2012	28.5.2012	
Refined Soybean Oil	Kota(Loose)	695	690	5
	Rajkot (Loose)	685	670	15
	Jaipur (Loose)	710	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	735	740	-5
	Kakinada	-	-	-
	Mumbai +VAT	700	700	Unch
	Indore	693	688	5
	Soy Degum Mumbai+VAT	665	665	Unch
	SoyDegum Kandla/Mundra+VAT	665	665	Unch
	Haldiya Port (Loose)	708	-	-
	Akola (Loose)	726	716	10
	Amrawati (Loose)	726	716	10
	Jalna	-	-	-
	Nagpur	739	726	13
Palm Oil	Chennai.RBD.Palmolein.(Loose)	620	620	Unch
	Hyd. RBD Palmolein VAT	660	-	-
	Delhi RBD Palmolein (Loose)	675	675	Unch
	Kandla CPO (5%FFA)	578	580	-2
	Kakinada.RBD.Palmolein(Loose)	611	606	5
	Mumbai RBD Pamolein+ VAT	635	626	9
	Kandla RBD Palmolein +VAT	615	610	5
Refined Sunflower Oil	Mumbai + VAT	730	735	-5
	Kandla/Mundra	665	665	Unch
	Erode (Exp. Oil)+VAT	715	705	10
	Hyderabad Exp +VAT	701	701	Unch
	Chennai (Loose)	730	730	Unch
	Bellary (Exp. Oil)+VAT	626	624	2
	Latur (Exp. Oil)+VAT	676	666	10
	Chellakere (Exp. Oil)+VAT	661	651	10
Groundnut Oil	Rajkot (Loose)	1200	1175	25
	Chennai (Loose)	1100	1080	20
	Delhi (Loose)	1215	1250	-35
	Hyderabad Exp +VAT	1188	1188	Unch
	Mumbai + VAT	1175	1190	-15

	Gondal+VAT	1175	1190	<b>-15</b>
	Jamnagar +VAT	1200	1200	<b>Unch</b>
	Narsarropeth+VAT	1131	1141	<b>-10</b>
	Prodattour+VAT	1126	1141	<b>-15</b>
<b>Rapeseed Oil</b>	Mumbai (Exp. Oil) +VAT	780	760	<b>20</b>
	Alwar (Expeller Oil)(Loose)	761	743	<b>18</b>
	Kota (Expeller Oil) (Loose)	755	740	<b>15</b>
	Jaipur (Expeller Oil) (Loose)	760	-	<b>-</b>
	Delhi (Exp. Oil) (Loose)	780	775	<b>5</b>
	SriGangaNagar(ExpOil-Loose)	756	741	<b>15</b>
	Hapur+VAT	815	805	<b>10</b>
	Kolkatta	-	-	<b>-</b>
	Agra (Kacchi Ghani Oil) +VAT	815	790	<b>25</b>
<b>Refined Cottonseed Oil</b>	Mumbai +VAT	672	660	<b>12</b>
	Rajkot (Loose)	660	650	<b>10</b>
	Delhi (Loose)	655	650	<b>5</b>
	Hyderabad (Loose)	690	685	<b>5</b>
<b>Sesame Oil</b>	Delhi	850	850	<b>Unch</b>
	Mumbai	770	815	<b>-45</b>
<b>Coconut Oil</b>	(Crude Rs/10kg) - Kangayan	570	560	<b>10</b>
<b>Kardi</b>	Mumbai	910	910	<b>Unch</b>
<b>Rice Bran Oil (40%)</b>	Delhi	625	625	<b>Unch</b>
	Punjab	570	570	<b>Unch</b>
<b>Rice Bran Oil (70%)</b>	Delhi	540	540	<b>Unch</b>
<b>Malaysia Palmolein USD/MT</b>	FOB (March Shipment)	995	1033	<b>-38</b>
	CNF(March) - India	1025	1060	<b>-35</b>
<b>Indonesia/Malaysia CPO USD/MT</b>	FOB (March Shipment)	983	1018	<b>-35</b>
	CNF(March) - India	1005	1045	<b>-40</b>
<b>Argentina FOB (\$/MT)</b>		<b>1.6.2012</b>	<b>29.5.2012</b>	<b>Change</b>
Crude Soybean Oil Ship (June)		1092	1120	<b>-28</b>
Refined Soy Oil (Bulk) Ship (June)		1130	1159	<b>-29</b>
Sunflower Oil Ship (June)		-	-	<b>-</b>
Cottonseed Oil Ship (June)		1072	1100	<b>-28</b>
Refine Linseed Oil(Bulk) Ship (June)		1112	1140	<b>-28</b>



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