

Domestic Veg. Oil Market Summary:

Edible oil basket witnessed mixed tone during the week. Soy and groundnut oil featured firm on thin oilseed supplies while RM seed and palm oil stood weak in major cash markets on sporadic buying interest and weak international palm oil markets.

Groundnut oil prices stood firm at its benchmark market Rajkot on lower availability of G/N seed for crushing as most of the arrivals procured by exporters and stockists. Meanwhile, demand may shift to cheaper palm and cotton oil in Gujarat, which might weigh on G/N seed oil prices in the days ahead.

Crushing plants at Agra are operating for 15-18 days in the month. In the adjoining areas of Agra, rice bran oil and mustard oil are blended; this has led to increase in rice bran oil prices during the week. However, dull demand at spot markets for RM seed oil limit upside.

We expect edible oil complex to trade range bound with a slightly weak bias in the coming week on dull demand at physical counters and uncertainty related to Euro zone. However, demand for edible oils could pick up from Asian countries ahead of Muslim festival in July, which may limit excessive losses.

International Veg. Oil Market Summary:

Soy oil prices at the benchmark market of CBOT traded with a slightly firm note during the week. CBOT soy oil closed at 49.16 cents/pound (Jul'12 contract) on 01 June 2012. Moreover, Malaysian palm oil futures traded with a weak tone and fell by 20 MYR to 2925MYR /MT (08 June 2012) on gloomy economic outlook.

As per latest USDA crop progress report, US soybean planting progress is reported at 94 per cent ahead of 5-year average of 74 per cent.

Bearish outlook for Malaysian palm oil for the third quarter 2012 by Dorab Mistry and James Fry weigh on the international palm oil markets during the week. Moreover, falling price trend in crude oil and crimping commodity demand added further pressure to the markets. However, top analysts expecting palm oil prices to recover, if crude oil prices gains and recovery in global economy.

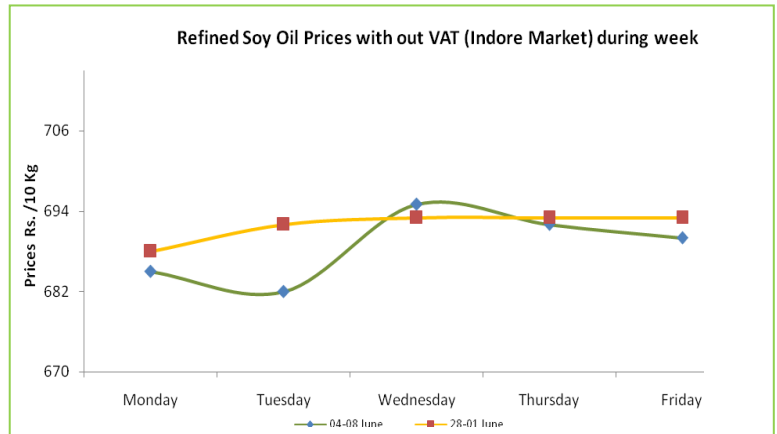
Indonesia will keep its crude palm oil and RBD palm olein export tax for June unchanged from May at 19.5 percent and 10 percent respectively - Trade Ministry Officials

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).

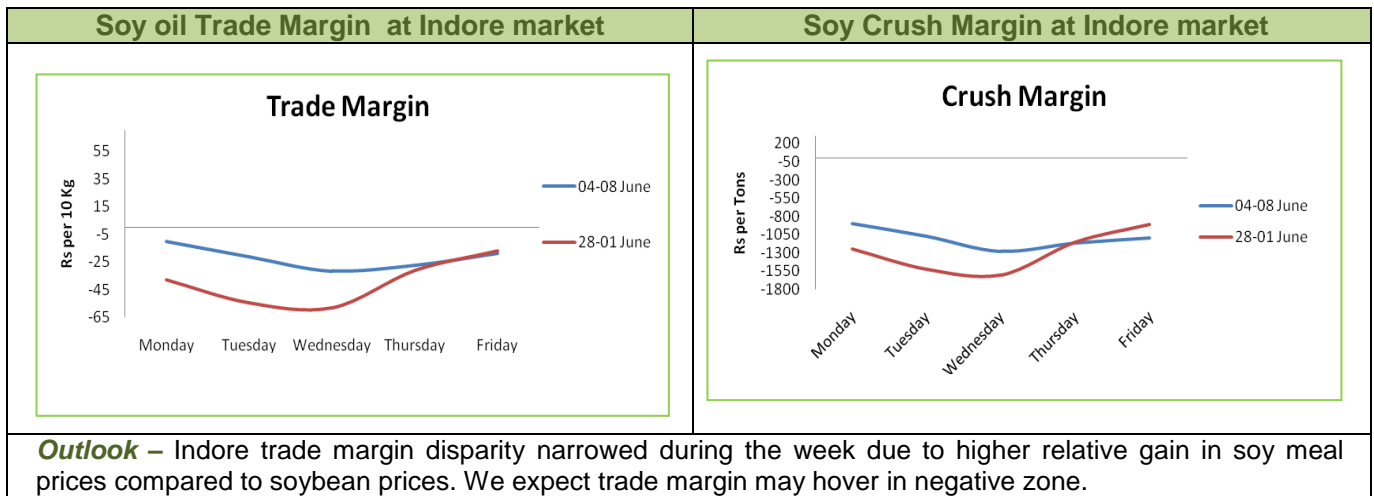
Soy oil:

Domestic Fundamentals:-

- Soy oil witnessed steady to firm tone at its benchmark market Indore during the week on need based buying despite of dullness in imported ready to use palm oil.
- As per trade sources, crushing plants at Indore are operating for 6-8 days in the month due to lower soybean supplies. We expect sluggish global economic growth and weakness in overseas markets could pressure on the spot markets. However, bullish oilseed fundamentals and need based buying might cushion the price fall in the coming days.
- Average trade margin (Indore Based) during the week under review was Rs - 20/10Kg compared to - 40/10Kg during previous week. We expect prices may trade sideways in the coming days. However, non-aggressive buying may limit upside.



Soy crush margin and Soy oil Trade Margin analysis :-



International Fundamentals:-

- As per latest USDA crop progress report, US soybean planting progress is reported at 94 per cent ahead of 5-year average of 75 per cent, which was just 63 per cent previous year in the corresponding period last year.
- Brazil government cuts its soybean output estimate to 66.37 million tons due to drought. Last month soy output estimate was 66.68 million tons.
- Gloomy economic outlook and ongoing soybean crop arrivals from South American countries might weigh on the markets. However, dry U.S weather could hurt the standing US soybean crop; this may support bulls in medium term, if dry weather persists.

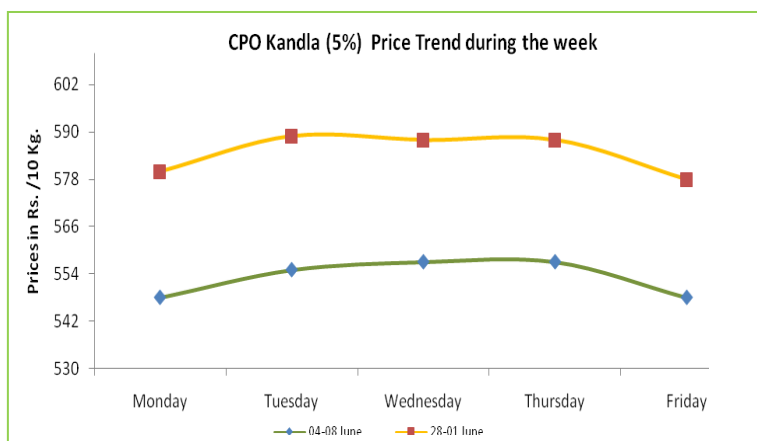
Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 699-684 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured weak tone during the week on bearish cues from international markets and good stocks at domestic markets. Moreover, demand may shift from premium edible oils to cheaper imported RBD palmolein in the medium term, which could limit downside.
- Crude palm oil Kandla 5% price is at Rs 103 per 10Kg discount against crude soybean oil Indore price as on 09 June 2012. Discount rose by 29.7 per cent to Rs. 96 per 10 kg w-o-w basis (average prices of week).
- We expect better availability of ready to use palm oil in spot markets and need based buying may curb excessive gains. However, active buying by stockists witnessed ahead of Ramadan festivals and in anticipation of demand might shift to cheap imported oils from premium edible oil could act as an encouraging factor for the markets.



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 1-30 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

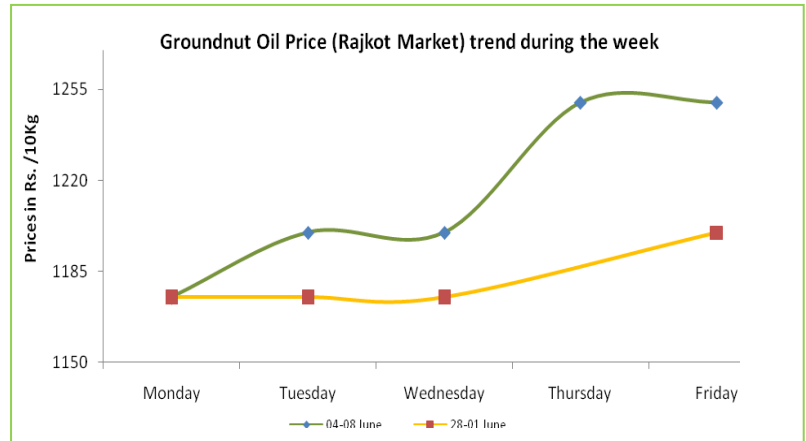
- Malaysian palm oil futures could fall up to 2,700 ringgit-2,800 ringgit (\$854-\$886) per ton on Euro debt crisis, gloomy economic conditions, and crimping commodity demand. However, El Nino weather conditions over South East Asian countries or stimulus from the United States, Europe or China could encourage the speedier recovery - Dorab Mistry
- Malaysian crude palm oil could fall by 17.5 percent to 2450 per ton, if Brent crude oil prices come down to \$80 per barrel. For the 3rd Quarter of 2012, CPO prices may witness lower from current levels due to rising output in the coming months, despite the fact that demand should rise during the Ramadan. He expects the CPO prices in the third quarter (July-September) to be 2,700 ringgits on average if the crude price is \$80 per barrel while it would be 2,900 ringgits in the third quarter if the crude oil price hits \$95 a barrel – James Fry.
- 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.
- Good demand from Asian 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 540-560 per 10 Kg in the near term.

Groundnut Oil: Domestic Fundamentals:-

- Groundnut oil featured firm tone at its benchmark Rajkot on lower availability of groundnut seed for crushing as most of the summer groundnut seed arrivals procured by exporters and stockist. In addition to this, re-packers were also active during the week. Domestic Rajkot groundnut oil prices rose during the week and prices fell by 2.86 per cent to Rs. 1215 per 10 kg w-o-w (average prices of week).
- As per trade sources, most of the G/N seed stock has been procured by exporters due to good demand from China and South East Asian countries to be shipped from Haldia port. Market participants are expecting approximately 2.5-2.8 lakh tons of summer groundnut output in current year.
- We expect prices may witness sideways to slightly weak note in the coming days as retail demand may shift to cheaper cottonseed and palm oil.

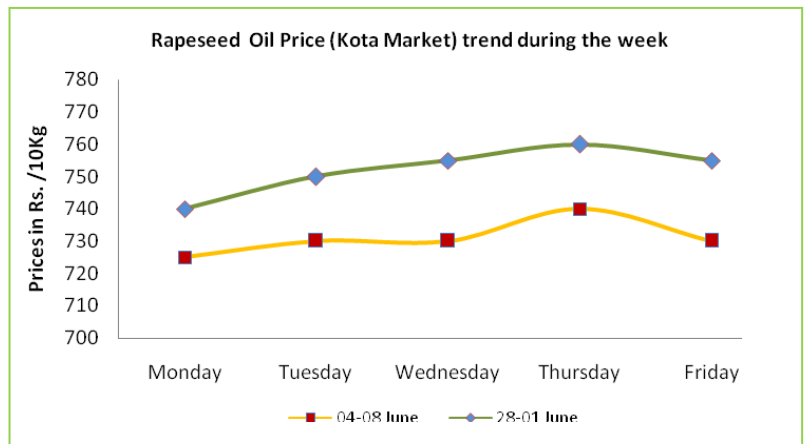


Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1270-1235 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

- RM seed oil prices at Kota market featured weak tone during the week on sporadic buying interest and subdued demand against adequate stocks positions.
- As per trade sources, crushing plants at Agra are operating for 15-18 days in the month. In the adjoining areas of Agra, rice bran oil and mustard oil are blended; this has led to increase in rice bran oil prices during the week. However, dull demand at spot markets for RM seed oil limit upside.
- We expect demand is also likely to emerge from pickle manufacturers, which may restrict excessive losses in the days ahead.



International Fundamentals:-

- 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 740-720 per 10 Kg.

Currency Technical Analysis



Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		53.99		52.73	
Technical Indicators		RSI (14)		SSTK(9,3,3)	
		76.70		85.30	
Support and Resistance					
S2	S1	PCP	R1	R2	
53.95	54.30	55.55	57.00	57.60	

Expected Price Band and Outlook

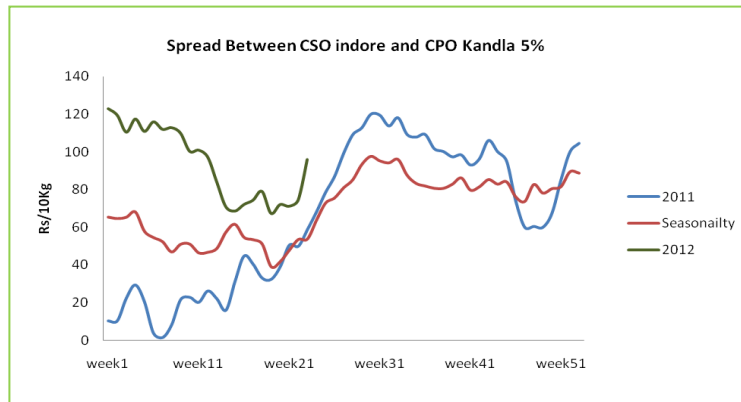
Indian Rupee	<p>We observed an indecision candlestick formation "Doji" which is the indicating indecision in the market. However, we see a range of 56.20-56.90 on the higher side in the coming week and lower level as 54.45 and below that, we may see selling pressure until 53.90.</p>
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Edible 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 07/06/2012</i>
Crude Soybean Oil	106954
Crude Palm Oil	61920
Edible oil	38714
Palm Oil	63119
Crude Sunflower Oil	54000
PALM FATTY ACID	3000
Total edible oils	327707
Source: Ben Line Agencies(India) Pvt. Ltd.	

Port Wise

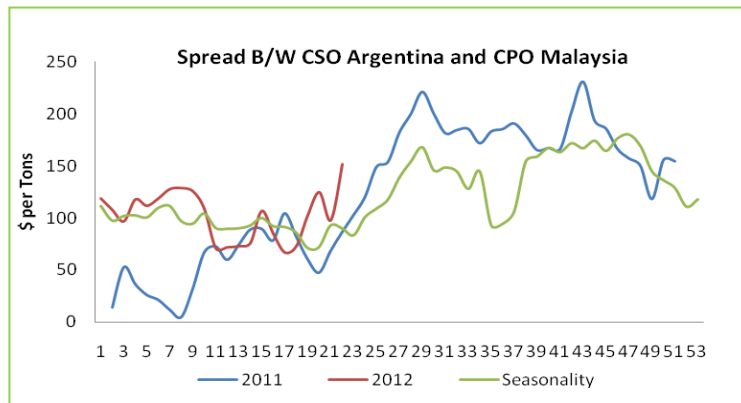
<i>Veg. oil Vessel line up in Tons.</i>	<i>Stock as on 7/06/2012</i>	<i>Stock as on 31/05/2012</i>
Ennore	10000	24970
Chennai	19500	101331
Haldia	114502	103682.38
JNPT	15000	2000
Kandla	81571	318179
kakinada	38714	-----
Karaikal	-----	8040
Kolkata	-----	37852
Krishnapatnam	22420	126230
Mangalore	13000	37200
Mumbai	10000	26000
Mormugao	3000	-----
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%) widened during the week and stood at Rs 96 per 10 Kg compared to 74/10 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 90/10Kg to 110/10 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\$ 152 per MT compared to previous week average of US\$ 101 per MT. FOB quotes of CPO Malaysia prices fell relatively higher compared to CSO Argentina. We expect spread to hover between Rs 139/MT and 165/MT. We expect CSO Argentina prices to trade with a steady tone in the coming week. However, weakness in palm oil still intact.

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

Landed Cost Calculation as on 8/6/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1108	1130.8	1057.3
Freight (USD/MT)	65	55	50
C & F	1173.0	1185.8	1107.3
Weight loss (0.25% of FOB)	2.77	2.83	2.64
Finance charges (0.4% on CNF)	4.43	4.52	4.23
Insurance (0.3% of C&F)	4	4	3
CIF (Indian Port - Kandla)	1184	1197	1118
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	55.36	55.36	55.36
Landed cost without customs duty in INR per ton	65531	66250	61866
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	65967	66686	62302
Domestic Market price INR per ton Soy Degum Kandla	65200	65200	65200
Total landed cost USD per ton	1192	1205	1125
Domestic Market price USD per ton Soy Degum Kandla	1178	1178	1178
Parity INR/MT (Domestic - Landed)	-767	-1486	2898
Parity USD/MT (Domestic - Landed)	-13.85	-26.84	52.36
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

Outlook:-

Import parity for crude soy oil from Argentina is hovering in negative territory during the end of 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 weeks.

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



- ❖ Domestic soy oil prices traded with a steady note during the week. We expect RSO Indore prices to trade sideways in the coming week.
- ❖ Breaching the immediate zone of 699-700, prices shall test 705-707 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 699-684 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, which could act as a buying opportunity for short term.
- ❖ Rs 538 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 540.00-560.00 level in near term. However, breaching 560 levels may support bulls.
- ❖ RSI stayed in tandem with the prices with no indication of any convergence/divergence.

Strategy: Investors can buy CPO Kandla 5% in the coming week at 540 levels.

Support and Resistance				
S2	S1	PCP	R1	R2
530.00	538.00	548.00	565.00	571.00

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



Outlook – Prices are likely to trade with a steady to slightly weak tone in the days ahead. 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 to slightly weak tone movement in the RSO Jul contract. Any rise in the prices may act as selling opportunity.
- ❖ Any close above 737.50 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 732.00-712.00 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 730.00-732.00 for a target of 720.00 and 716.00 with a stop loss at 737.50 on closing basis.

RSO NCDEX (Jul)

Support and Resistance				
S2	S1	PCP	R1	R2
701.40	707.10	723.90	743.60	749.30

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 570.00 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 564.00-548.00 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 562.00-564.00 for a target of 551.00 and 548.00 with a stop loss at 570.00 on closing basis.

CPO MCX (Jul)

Support and Resistance				
S2	S1	PCP	R1	R2
531.40	538.30	550.70	573.60	580.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		8.6.2012	4.6.2012	
Refined Soybean Oil	Kota(Loose)	685	680	5
	Rajkot (Loose)	680	680	Unch
	Jaipur (Loose)	705	-	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	740	730	10
	Kakinada	-	-	-
	Mumbai +VAT	695	690	5
	Indore	690	685	5
	Soy Degum Mumbai+VAT	652	650	2
	SoyDegum Kandla/Mundra+VAT	652	650	2
	Haldiya Port (Loose)	701	-	-
	Akola (Loose)	727	721	6
	Amrawati (Loose)	727	721	6
	Jalna	-	-	-
	Nagpur	723	716	7
Palm Oil	Chennai.RBD.Palmolein.(Loose)	600	610	-10
	Hyd. RBD Palmolein VAT	635	640	-5
	Delhi RBD Palmolein (Loose)	650	655	-5
	Kandla CPO (5%FFA)	548	548	Unch
	Kakinada.RBD.Palmolein(Loose)	591	591	Unch
	Mumbai RBD Pamolein+ VAT	608	620	-12
	Kandla RBD Palmolein +VAT	590	585	5
Refined Sunflower Oil	Mumbai + VAT	720	720	Unch
	Kandla/Mundra	652	660	-8
	Erode (Exp. Oil)+VAT	705	710	-5
	Hyderabad Exp +VAT	696	686	10
	Chennai (Loose)	735	735	Unch
	Bellary (Exp. Oil)+VAT	621	621	Unch
	Latur (Exp. Oil)+VAT	666	661	5
	Chellakere (Exp. Oil)+VAT	661	651	10
Groundnut Oil	Rajkot (Loose)	1250	1175	75
	Chennai (Loose)	1110	1100	10
	Delhi (Loose)	1250	1200	50
	Hyderabad Exp +VAT	1114	1156	-42

	Mumbai + VAT	1180	1170	10
	Gondal+VAT	1250	1200	50
	Jamnagar +VAT	1225	1200	25
	Narsarropeth+VAT	1101	1131	-30
	Prodattour+VAT	1091	1111	-20
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	772	770	2
	Alwar (Expeller Oil)(Loose)	764	770	-6
	Kota (Expeller Oil) (Loose)	730	770	-40
	Jaipur (Expeller Oil) (Loose)	760	770	-10
	Delhi (Exp. Oil) (Loose)	780	770	10
	SriGangaNagar(ExpOil-Loose)	741	770	-29
	Hapur+VAT	810	770	40
	Kolkatta	-	770	-
	Agra (Kacchi Ghani Oil) +VAT	795	770	25
Refined Cottonseed Oil	Mumbai +VAT	670	668	2
	Rajkot (Loose)	650	640	10
	Delhi (Loose)	645	630	15
	Hyderabad (Loose)	675	675	Unch
Sesame Oil	Delhi	815	840	-25
	Mumbai	735	740	-5
Coconut Oil	(Crude Rs/10kg) - Kangayan	595	560	35
Kardi	Mumbai	910	910	Unch
Rice Bran Oil (40%)	Delhi	610	610	Unch
	Punjab	590	565	25
Rice Bran Oil (70%)	Delhi	540	535	5
Malaysia Palmolein USD/MT	FOB (March Shipment)	975	960	15
	CNF(March) - India	995	995	Unch
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	945	940	5
	CNF(March) - India	975	975	Unch
Argentina FOB (\$/MT)		7.6.2012	4.6.2012	Change
Crude Soybean Oil Ship (June)		1129	1085	44
Refined Soy Oil (Bulk) Ship (June)		1168	1123	45
Sunflower Oil Ship (June)		1105	1105	Unch
Cottonseed Oil Ship (June)		1109	1065	44
Refine Linseed Oil(Bulk) Ship (June)		1149	1105	44



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