

Domestic Veg. Oil Market Summary:

Edible oil basket witnessed weak tone during the week on lackluster buying interest from stockist and wholesalers. Palm oil featured losses in major cash markets on weak international palm oil markets and sporadic buying against good availability of ready to use palm olein at domestic front.

As per Solvent Extractors Association of India, Vegetable oils (edible and non-edible) imports during May 2012 is reported at 896,921 tons compared to 925,334 tons in April 2012, down 3 percent comprising of 883,410 tons of edible oils and 13,511 tons of non-edible oils. Moreover, 0.80 million tons of edible oil is in pipeline.

As per Ministry of Agriculture as on 15 June 2012, groundnut had sown in 88,700 hectares. In Andhra Pradesh and Tamil Nadu 36,000 and 21,800 hectares respectively had sown under the crop.

We expect edible oil complex may trade range bound with a slightly weak bias in the coming week on sluggish macroeconomic factors and good availability of imported edible oils at physical counters against need based buying. However, demand for edible oils could pick up ahead of Muslim festival in July, which may restrict excessive losses.

International Veg. Oil Market Summary:

Soy oil prices at the benchmark market of CBOT traded with a slightly weak note during the week. CBOT soy oil closed at 48.44 cents/pound (Jul'12 contract) as on 15 June 2012. Moreover, Malaysian palm oil futures (Jul'12 contract) traded with a weak tone and fell by 146 MYR to 2843 MYR /MT (15 June 2012).

As per latest USDA crop progress report, US soybean planting progress is reported at 97 per cent ahead of 5-year average of 85 per cent.

As per MPOB's latest report, Malaysian palm oil ending stock for May fell by 4.5 percent to 1,764,788 tons from a revised 1,847,156 tons in April. As per French farm ministry, France's rapeseed crop seen at 4.8 million tons, down 9.7 percent compared to previous year due to frost condition.

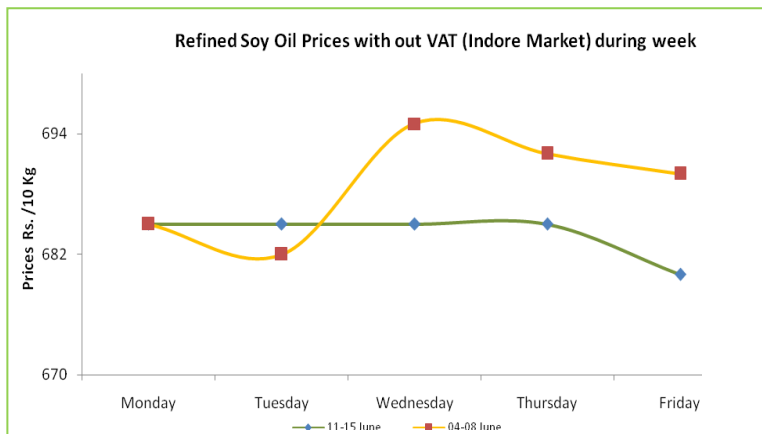
Indonesia will keep its crude palm oil and RBD palm olein export tax for June unchanged from May at 19.5 percent and 10 percent respectively - Trade Ministry Officials

As per SGS, Malaysian palm oil products exports for June 1-15 rose 28 percent to 722,455 tons from 564,477 tons shipped during May 1-15. Palm oil products exports figures for 1-15 June for top major markets (Values in tons and 1-15 May import figures in parenthesis): China 162,109 (88,950), EU 133,027 (149,197), Pakistan 83,129 (42,500), USA 90,015 (28,238) and India 83,850 (64,800).

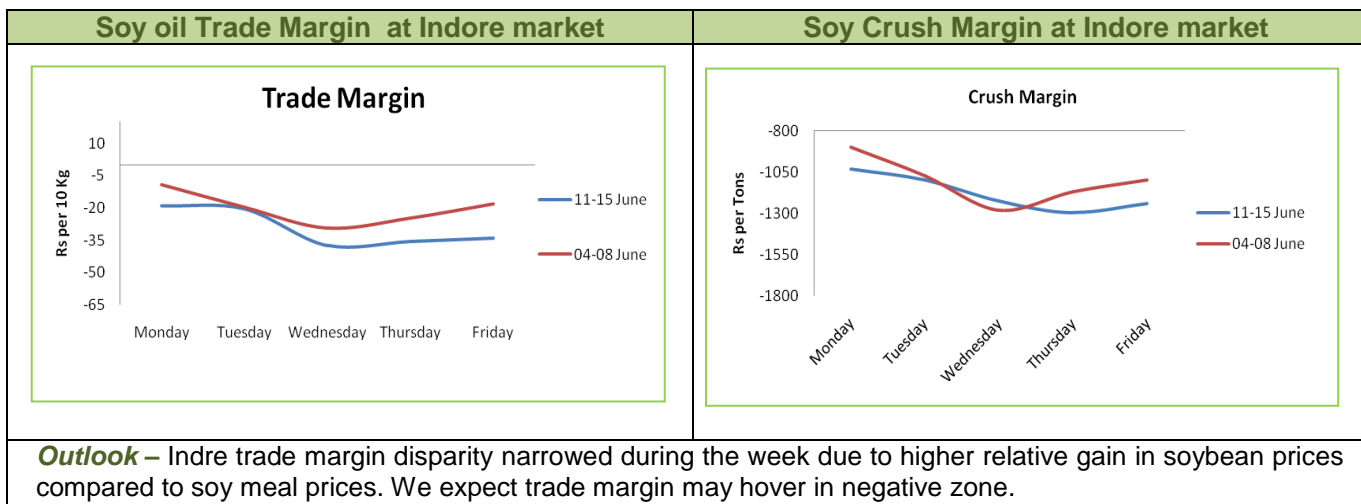
Soy oil:

Domestic Fundamentals:-

- Soy oil traded with a steady to weak tone at its benchmark market Indore during the week due to non-aggressive buying from wholesalers and stockists.
- As per Solvent Extractors Association of India, Vegetable oils (edible and non-edible) imports during May 2012 is reported at 896,921 tons compared to 925,334 tons in April 2012, down 3 percent comprising of 883410 tons of edible oils and 13,511 tons of non-edible oils.
- Average trade margin (Indore Based) during the week under review was Rs - 29/10Kg compared to - 20/10Kg during previous week.
- We expect slack demand at spot markets and good availability of imported edible oil stocks may weigh on the refined soy oil prices. Meanwhile, recovery in international edible oil markets from lower levels and in anticipating good buying from wholesalers due to Ramadan festival in July may limit downside.



Soy crush margin and Soy oil Trade Margin analysis :-



International Fundamentals:-

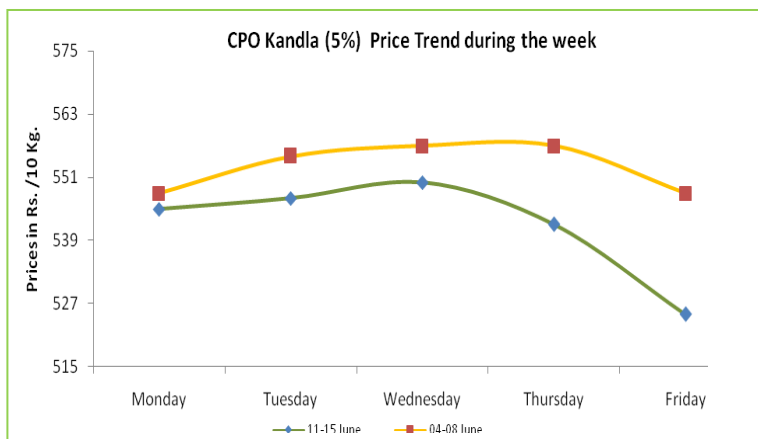
- As per latest USDA crop progress report, US soybean planting progress reported at 97 per cent ahead of 5-year average of 85 per cent, which was just 81 per cent previous year in the corresponding period last year.
- As per Chinese customs department, China imported 5.28 million tons of soy in the month of May, up by 8.2 percent compared to previous month, which was 4.88 million tons. However, Chinese veg. oil imports down 9.8 percent to 0.46 million tons compared to April.
- As per Argentina's government report, farmers have harvested 97 percent of the estimated 18.5 million hectares of soybean planted area for 2011/12 as on 14 June 2012.

Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 677-687 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 availability at spot markets.
- India imported 4.16 million tons of palm oil products in the current oil year (Nov.-Oct) out of totaled 5.48 million tons up to May 2012. In the previous year palm oil products imports were 3.23 million tons in the corresponding period last year – SEA of India.
- Crude palm oil Kandla 5% price is at Rs 120 per 10Kg discount against crude soybean oil Indore price as on 15 June 2012. Discount rose by 10.4 per cent to Rs. 106 per 10 kg w-o-w basis (average prices of week).
- We expect good availability of ready to use palm oil in spot markets might weigh on the palm oil prices. However, pickup in buying could be witness from stockist ahead of Ramadan festival which may limit excessive losses in the days ahead.


International Fundamentals:-

- As per SGS, Malaysian palm oil products exports for June 1-15 rose 28 percent to 722,455 tons from 564,477 tons shipped during May 1-15 – SGS.

Breakdown of SGS palm export figures for 1-15 May compared to a month ago (in tons):

Palm Products	1-15 May	1-15 April	%Change
Crude palm oil	216,542	175,530	23.4
RBD palm oil	79,865	76,738	4.1
RBD palm olein	293,966	174,522	68.4
RBD palm stearin	55,920	58,942	-5.1
Crude palm kernel oil	4,500	7,000	-35.7
Processed palm kernel oil	21,694	19,260	12.6
Oleochemicals	18,940	7,702	145.9

Importers	1-15 May	1-15 April	%Change
European Union	133,027	149,197	-10.8
China	162,109	88,950	82.2
Pakistan	83,129	42,500	95.6
United States	83,129	42,500	95.6
India	83,850	64,800	29.4

- As per MPOB's latest report, Malaysian palm oil ending stock for May fell by 4.5 percent to 1,764,788 tons from a revised 1,847,156 tons in April. Detail of the Malaysian palm oil board figures as follows:

MPOB Figures for May (2012)			
(Quantity in tons)	May	April	% Change
Production	1,383,735	1,272,622	8.73
Import	40,690	40,616	0.18
Export	1,398,367	1,333,757	4.84
Ending Stock	1,764,788	1,847,156	-4.46

- 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.

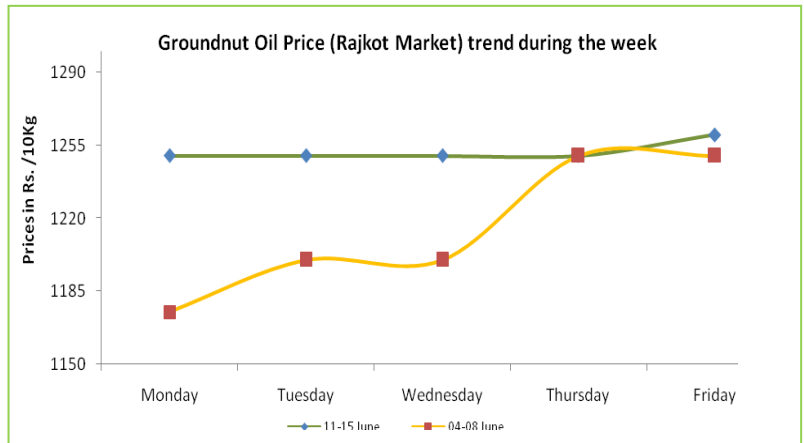
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 521-533 per 10 Kg in the near term.

Groundnut Oil:

Domestic Fundamentals:-

- Groundnut oil witnessed steady tone at its benchmark Rajkot market due to sporadic buying interest from wholesalers and retailers. However, lower availability of groundnut seed for crushing limit downside. Domestic Rajkot groundnut oil prices rose during the week and prices rose by 3.05 per cent to Rs. 1252 per 10 kg w-o-w (average prices of week).
- As per Ministry of Agriculture as on 15 June 2012, groundnut had sown in 88,700 hectares. In Andhra Pradesh and Tamil Nadu 36, 000 and 21,800 hectares respectively had sown under the crop.
- We expect G/N oil may trade steady to weak tone in days ahead on dull demand from retail side at current higher quotes and ongoing summer G/N seed arrivals.



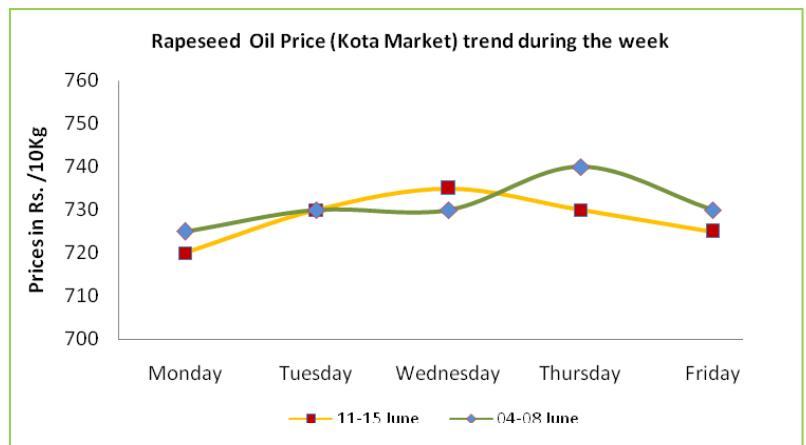
Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1265-1235 per 10 Kg.

Rapeseed oil:

Domestic Market Fundamentals

- RM seed oil featured steady tone at Kota market during the week on thin trading activities and poor demand against adequate stocks positions.
- As per trade sources, crushing plants at Kota division are operating at 35-45 percent of the install capacity, RM seed oil prices may trade sideways to slightly weak note in the coming days on good availability of cheap imported ready to use palm olein in the spot markets.
- We expect RM seed oil prices may trade sideways in the days ahead. However, demand from pickle manufacturers may restrict excessive losses in the days ahead.



International Fundamentals:-

- Oil world slashed its world rapeseed output estimate by 1.3 million tons to 59.4 million tons for 2011/12. As per farm ministry, France's rapeseed crop seen at 4.8 million tons, down 9.7 percent compared to previous year due to frost condition.

Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 745-725 per 10 Kg.

Currency Technical Analysis



Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		54.24		52.99	
Technical Indicators		RSI (14)		SSTK(9,3,3)	
		75.10		82.80	
Support and Resistance					
S2	S1	PCP	R1	R2	
53.95	54.40	55.40	56.50	57.00	

Expected Price Band and Outlook

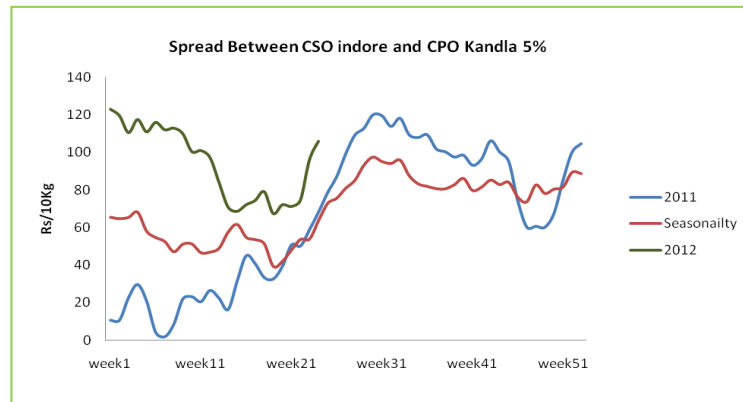
Indian Rupee	We observed a consolidation in INR against US dollar. However, we see a range of 56.10-56.80 on the higher side in the coming week and lower level as 54.40 and below that, we may see selling pressure until 53.90.
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Edible oil vessel line up at Indian Ports
Product Wise

<i>Edible oil products in Tons for June</i>	<i>Veg. oil Vessel line up from up to 16/06/2012</i>
Crude Soybean Oil	108454
Crude Palm Oil	202935
RBD Palmolein	20280
Edible oil	161309
Palm Oil	117491
Crude Sunflower Oil	103000
PALM FATTY ACID	3000
Total edible oils	716469
Source: Ben Line Agencies(India) Pvt. Ltd.	

Port Wise

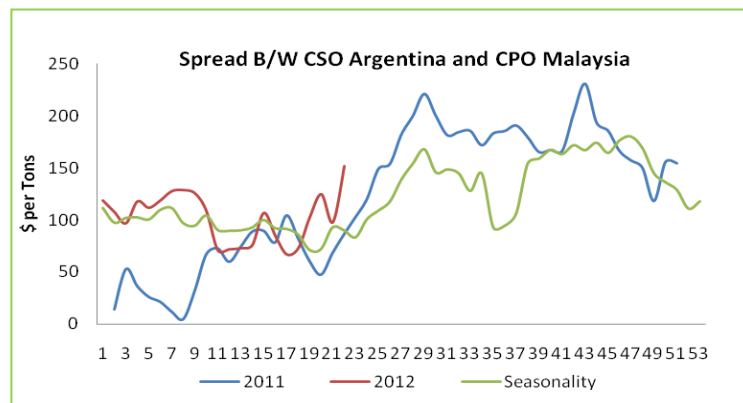
<i>Veg. oil Vessel line up in Tons.</i>	<i>Stock as on 16/06/2012</i>	<i>Stock as on 31/05/2012</i>
Ennore	24000	24970
Chennai	93120	101331
Haldia	123954	103682.38
JNPT	102006	2000
Kandla	188161	318179
kakinada	74303	-----
Karaikal		8040
Kolkata	12175	37852
Krishnapatnam	49700	126230
Mangalore	30750	37200
Mumbai	10000	26000
Mormugao	3000	-----
Mundra	-----	858039
Tuticorin	5300	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 106 per 10 Kg compared to 96/10 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, thin 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 115/10Kg to 135/10 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\$ 164 per MT compared to previous week average of US\$ 152 per MT. FOB quotes of CPO Malaysia prices fell relatively higher compared to CSO Argentina. We expect spread to hover between Rs 154/MT and 182/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 15/6/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1088	1078	1029
Freight (USD/MT)	65	55	50
C & F	1153.0	1133.1	1079.3
Weight loss (0.25% of FOB)	2.72	2.70	2.57
Finance charges (0.4% on CNF)	4.35	4.31	4.12
Insurance (0.3% of C&F)	3	3	3
CIF (Indian Port - Kandla)	1164	1144	1089
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	55.76	55.76	55.76
Landed cost without customs duty in INR per ton	64878	63762	60736
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	65314	64198	61172
Domestic Market price INR per ton Soy Degum Kandla	65000	65000	65000
Total landed cost USD per ton	1171	1151	1097
Domestic Market price USD per ton Soy Degum Kandla	1166	1166	1166
Parity INR/MT (Domestic - Landed)	-314	802	3828
Parity USD/MT (Domestic - Landed)	-5.64	14.38	68.64
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 to weak note during the week. We expect RSO Indore prices to trade sideways in the coming week.
- ❖ Breaching the immediate zone of 673-675, prices shall test 665-666 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 677-687 level in near to medium term.

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

Support and Resistance				
S2	S1	PCP	R1	R2
665.00	674.00	682.00	695.00	705.00

**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 channel in the coming days.
- ❖ Rs 519 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 521.00-535.00 level in near term. However, breaching 540 levels may support bulls.
- ❖ RSI is in neutral zone and 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
512.00	519.00	528.00	538.00	545.00

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



Outlook – Prices are likely to trade with a steady tone in the days ahead. Investors are advised to sell refined soy oil (Jul contract) on rise.

- ❖ Weekly chart of refined soy oil at NCDEX showed consolidation 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 741.50 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 736.00-720.00 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 734-736 for a target of 724.00 and 720.00 with a stop loss at 741.50 on closing basis.

RSO NCDEX (Jul)

upport and Resistance				
S2	S1	PCP	R1	R2
		727.85		

Technical Analysis (Futures) CPO (Crude Palm Oil Jul Contract)



Outlook - Prices may consolidate in the coming days after a sharp decline. 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 557.00 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 552.00-532.00 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 550-552 for a target of 540 and 536.00 with a stop loss at 557.50 on closing basis.

CPO MCX (Jul)

Support and Resistance				
S2	S1	PCP	R1	R2
503.00	512.00	537.80	570.00	581.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		15.6.2012	11.6.2012	
Refined Soybean Oil	Kota(Loose)	680	685	-5
	Rajkot (Loose)	680	685	-5
	Jaipur (Loose)	700	700	Unch
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	730	735	-5
	Kakinada	-	-	-
	Mumbai +VAT	690	695	-5
	Indore	680	685	-5
	Soy Degum Mumbai+VAT	655	660	-5
	SoyDegum Kandla/Mundra+VAT	650	660	-10
	Haldiya Port (Loose)	-	708	-
	Akola (Loose)	718	718	Unch
	Amrawati (Loose)	718	718	Unch
	Jalna	-	-	-
	Nagpur	718	723	-5
Palm Oil	Chennai.RBD.Palmolein.(Loose)	585	600	-15
	Hyd. RBD Palmolein VAT	-	630	-
	Delhi RBD Palmolein (Loose)	630	645	-15
	Kandla CPO (5%FFA)	525	545	-20
	Kakinada.RBD.Palmolein(Loose)	576	581	-5
	Mumbai RBD Pamolein+ VAT	590	597	-7
	Kandla RBD Palmolein +VAT	575	585	-10
Refined Sunflower Oil	Mumbai + VAT	715	715	Unch
	Kandla/Mundra	650	655	-5
	Erode (Exp. Oil)+VAT	700	700	Unch
	Hyderabad Exp +VAT	686	691	-5
	Chennai (Loose)	735	735	Unch
	Bellary (Exp. Oil)+VAT	616	616	Unch
	Latur (Exp. Oil)+VAT	661	661	Unch
	Chellakere (Exp. Oil)+VAT	656	661	-5
Groundnut Oil	Rajkot (Loose)	1260	1250	10
	Chennai (Loose)	1110	1110	Unch
	Delhi (Loose)	1225	1250	-25
	Hyderabad Exp +VAT	1083	1114	-31
	Mumbai + VAT	1190	1180	10

	Gondal+VAT	1240	1250	-10
	Jamnagar +VAT	1250	1260	-10
	Narsarropeth+VAT	1081	1101	-20
	Prodattour+VAT	1061	1091	-30
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	762	767	-5
	Alwar (Expeller Oil)(Loose)	766	761	5
	Kota (Expeller Oil) (Loose)	725	720	5
	Jaipur (Expeller Oil) (Loose)	750	755	-5
	Delhi (Exp. Oil) (Loose)	765	755	10
	SriGangaNagar(ExpOil-Loose)	731	741	-10
	Hapur+VAT	800	800	Unch
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	795	800	-5
Refined Cottonseed Oil	Mumbai +VAT	670	675	-5
	Rajkot (Loose)	650	650	Unch
	Delhi (Loose)	630	640	-10
	Hyderabad (Loose)	-	675	-
Sesame Oil	Delhi	790	810	-20
	Mumbai	740	735	5
Coconut Oil	(Crude Rs/10kg) - Kangayan	650	600	50
Kardi	Mumbai	910	910	Unch
Rice Bran Oil (40%)	Delhi	590	605	-15
	Punjab	570	590	-20
Rice Bran Oil (70%)	Delhi	530	540	-10
Malaysia Palmolein USD/MT	FOB (March Shipment)	935	978	-43
	CNF(March) - India	965	1010	-45
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	913	958	-45
	CNF(March) - India	935	990	-55
Argentina FOB (\$/MT)		15.6.2012	11.6.2012	Change
Crude Soybean Oil Ship (June)		1088	1115	-27
Refined Soy Oil (Bulk) Ship (June)		1126	1154	-28
Sunflower Oil Ship (June)		1085	-	-
Cottonseed Oil Ship (June)		1068	1095	-27
Refine Linseed Oil(Bulk) Ship (June)		1108	1135	-27



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