

Domestic Veg. Oil Market Summary:

Edible oil basket witnessed firm tone during the week on bullish cues from international oil and fat markets and better buying interest.

Soy and palm oil featured firm due to optimistic Malaysian palm oil export figures and bullish oilseed fundamentals. However, groundnut oil featured losses in major cash markets due to dull demand and ongoing summer groundnut arrivals. India imported 5,486,553 tons of edible oil in the current oil year (Nov.-Oct) up to May 2012. However, edible oil imports were 4,118,552 tons in the corresponding period last year – SEA of India.

On currency front, INR against USD touches lifetime low of 57.30 due to funds outflow and sluggish Indian economic growth.

We expect edible oil complex may trade steady to firm bias in the coming week on strong global cues and anticipating good buying ahead of Ramadan festival in mid July. However, weak global macroeconomic factors may restrict excessive gains.

International Veg. Oil Market Summary:

Soy oil prices at the benchmark market of CBOT traded with a steady to firm tone during the week. CBOT soy oil closed at 49.74 cents/pound (Jul'12 contract) as on 22 June 2012. Moreover, Malaysian palm oil futures (Jul'12 contract) traded with a steady to firm tone and surge by 55 MYR to 2926 MYR /MT (22 June 2012).

As per by SAFRAS and Mercado, global soybean production in 2011/12 is expected at 237.35 million tons. As per IPOC, Indonesian palm oil output seen at 23-24 million tons. Moreover, palm oil plantation area is likely to rise 300,000 hectares in 2012.

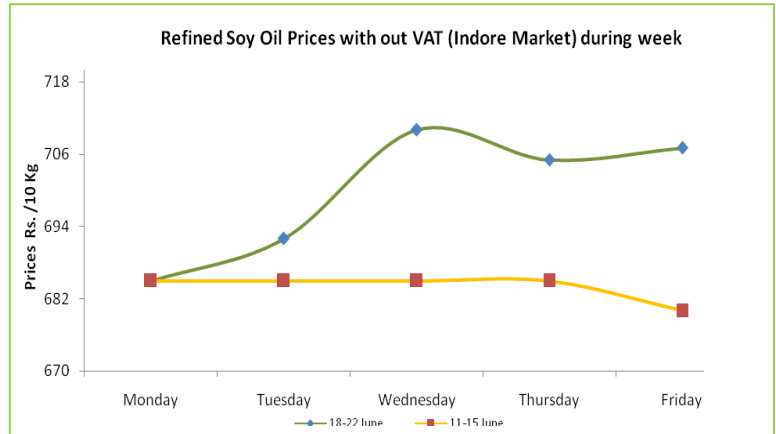
As per MPOB's latest report, Malaysian palm oil ending stock for May fell by 4.5 percent to 1,764,788 tons from a revised 1,847,156 tons in April. Indonesia will keep its crude palm oil and RBD palm olein export tax for June unchanged from May at 19.5 percent and 10 percent respectively - Trade Ministry Officials

As per SGS, Malaysian palm oil products exports for June 1-20 rose 15.1 percent to 996,662 tons from 865,570 tons shipped during May 1-20. Palm oil products exports figures for 1-20 June for top major markets (Values in tons and 1-20 May import figures in parenthesis): China 232,109 (187,150), EU 170,427(186,555), Pakistan 125,259 (82,500), USA 107,640 (86,743) and India 137,190 (85,100).

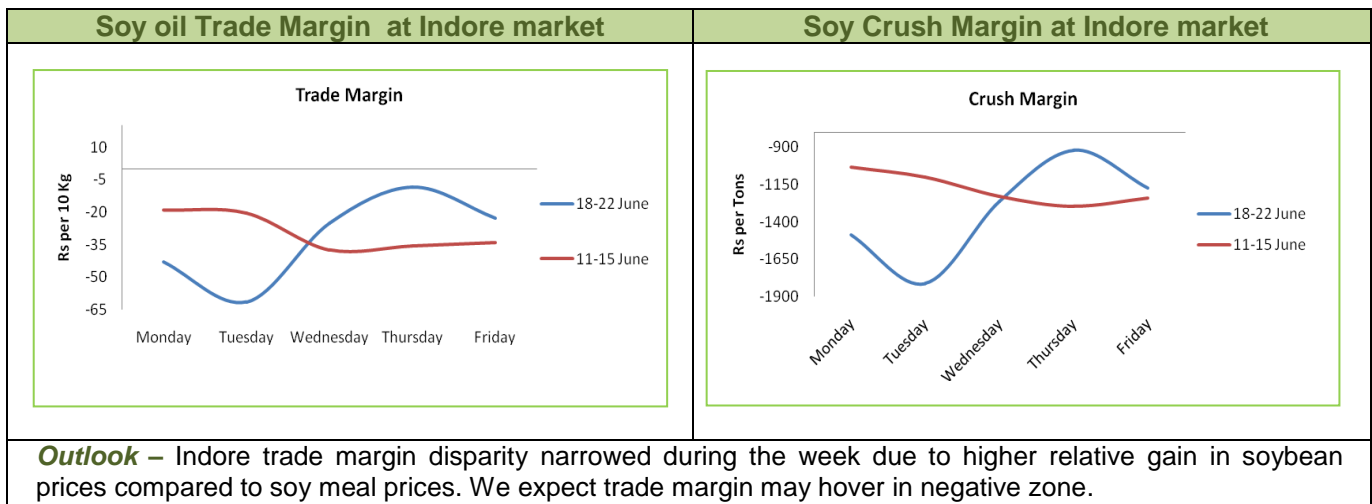
Soy oil:

Domestic Fundamentals:-

- Soy oil traded with a steady to firm tone at its benchmark market Indore during the week due to bullish oilseed fundamentals and firm cues from international edible oil markets.
- India imported 5,486,553 tons of edible oil in the current oil year (Nov.-Oct) up to May 2012. However, edible oil imports were 4,118,552 tons in the corresponding period last year – SEA of India.
- Average trade margin (Indore Based) during the week under review was Rs - 32/10Kg compared to - 29/10Kg during previous week.
- We expect bullish cues from international markets and tight soybean supply may support domestic soy oil prices further to some extent.



Soy crush margin and Soy oil Trade Margin analysis :-



International Fundamentals:-

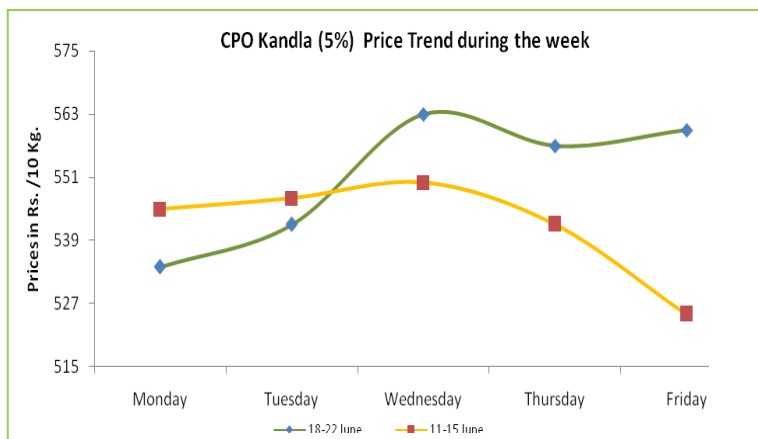
- As per by SAFRAS and Mercado, global soybean production in 2011/12 is expected at 237.35 million tons. However, United States Department of Agriculture global soybean output estimate for 2011/12 is 236.38 million tons. In the previous year, global soybean production was 264.69 million tons.
- Rosario grains exchange cuts its Argentina's soybean output estimate for 2011/12 by 0.4 million tons to 40.5 million tons due to poor yield. Growers have gathered 98 percent of the estimated soybean crop for 2011/12.
- Chinese soy oil imports in May stood at 60,331 tons, a significant rise witnessed in soy oil imports from Brazil during the month of May.
- Dry weather concern over the key soy growing areas of US may support the soy oil in the days ahead. However, sluggish global economic growth may limit excessive gains.

Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 707-718 per 10 Kg in the near term.

Palm Oil:
Domestic Fundamentals:-

- CPO Kandla 5% featured steady to firm tone during the week on bullish cues from international markets and depreciating INR against US dollar add fuel to the bullish sentiments.
- Demand from wholesalers was need based against good availability of ready to use palm oil in spot market. However, weak rupee against USD and delayed in monsoon support spot markets.
- On currency front, Rupee against US dollar hit a lifetime low of 57.32 due to funds outflow and sluggish Indian economic growth.
- Crude palm oil Kandla 5% price is at Rs 107 per 10Kg discount against crude soybean oil Indore price as on 23 June 2012. Discount rose by 1.13 per cent to Rs. 107.20 per 10 kg w-o-w basis (average prices of week).
- We expect CPO kandla 5% may trade higher in anticipation of good buying from stockist ahead of Ramadan festival.


International Fundamentals:-

- As per SGS, Malaysian palm oil products exports for June 1-20 rose 15.1 percent to 996,662 tons from 865,570 tons shipped during May 1-20.

Breakdown of SGS palm export figures for 1-20 June compared to a month ago (in tons):

Palm Products	1-20 June	1-20 May	%Change
Crude palm oil	293,432	219,203	33.9
RBD palm oil	90,564	115,993	-21.9
RBD palm olein	439,484	321,127	36.9
RBD palm stearin	65,320	85,342	-23.5
Crude palm kernel oil	7,000	7,000	0.0
Processed palm kernel oil	31,944	28,530	12.0
Oleochemicals	28,140	25,344	11.0

Importers	1-20 June	1-20 May	%Change
European Union	170,427	186,555	-8.6
China	232,109	187,150	24.0
Pakistan	125,259	82,500	51.8
United States	107,640	86,743	24.1
India	137,190	85,100	61.2

- Indonesian palm oil output will be between 23-24 million tons in 2012 higher as compared to previous year due to maturing plantation areas and higher yield. Moreover, plantation areas is expected to rise by 0.3 million Ha in 2012 to 8.5 million Hectare - IPOC
- 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:
- 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.
- Bullish Malaysian palm oil export figures and prevailing dry weather spell in the key soybean growing areas of the US might support international palm oil prices in the coming days.

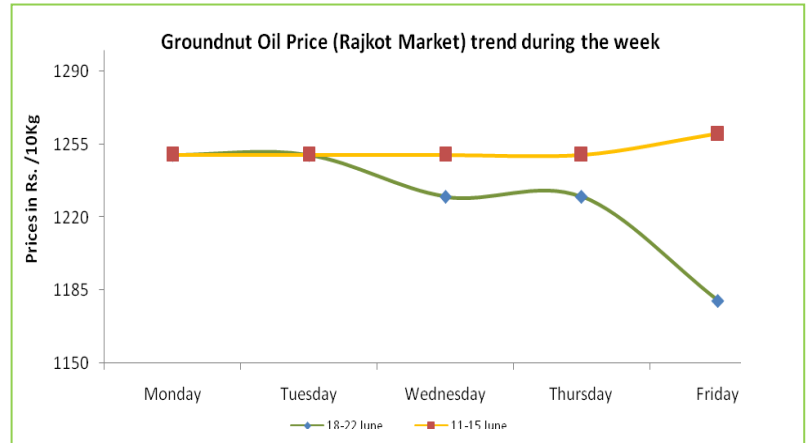
Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 560-575 per 10 Kg in the near term.

Groundnut Oil:

Domestic Fundamentals:-

- Groundnut oil featured losses at its benchmark Rajkot market during the week due to dull demand and ongoing summer groundnut arrivals. Domestic Rajkot groundnut oil prices fell during the week and prices fell by 1.92 per cent to Rs. 1228 per 10 kg w-o-w (average prices of week).
- As per trade source, 50-60 percent of the total summer groundnut crop has arrived in the market. Moreover, demand for groundnut oil has been shifted to cottonseed and palm oil due to better availability and low price.
- 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 and ongoing summer groundnut arrivals.



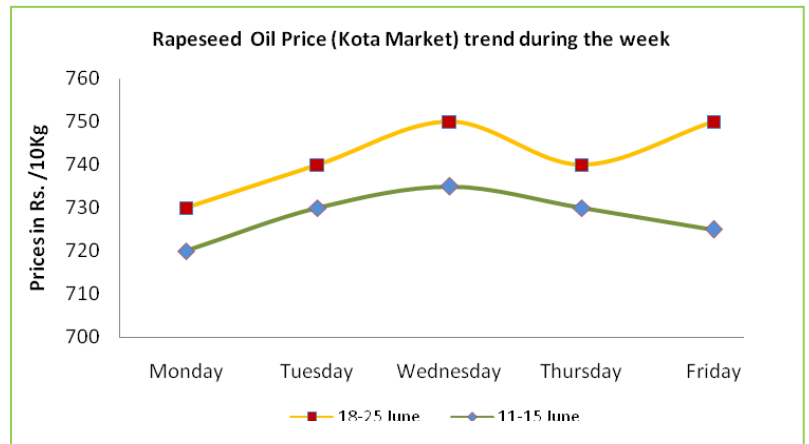
Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1155-1210 per 10 Kg.

Rapeseed oil:

Domestic Market Fundamentals

- RM seed oil featured firm tone at Kota market during the week due to bullish trend in domestic soy and palm oil and better buying interest from wholesalers.
- Strong global cues and better buying support mustard oil prices. Moreover, lower RM seed output and slow RM seed offloading by farmers act as an encouraging factor for the markets.
- We expect RM seed oil prices may trade sideways to positive tone in the days ahead due to good demand from pickle manufacturers and bullish oilseed fundamentals.



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 765-745 per 10 Kg.

Currency Technical Analysis



Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		55.17		53.76	
Technical Indicators		RSI (14)		SSTK(9,3,3)	
		75.00		84.13	
Support and Resistance					
S2	S1	PCP	R1	R2	
54.93	55.20	57.12	58.00	59.00	

Expected Price Band and Outlook

Indian Rupee	We observed a weakness in INR against US dollar. However, we see a range of 58.00-58.60 on the higher side in the coming week and lower level as 55.95 and below that, we may see selling pressure until 55.20.
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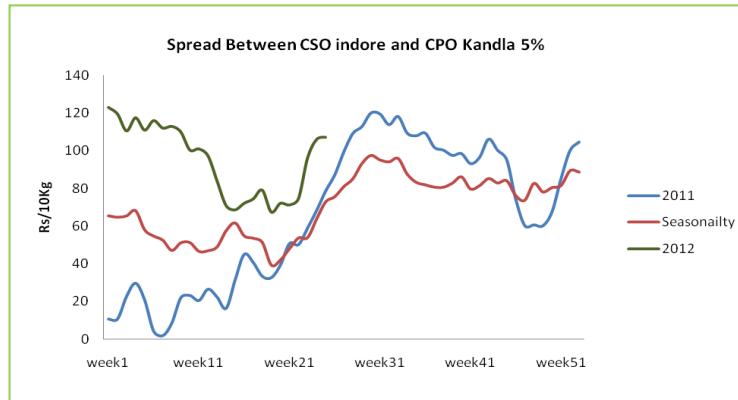
Edible oil vessel line up at Indian Ports
Product Wise

<i>Edible oil products in Tons for June</i>	<i>Veg. oil Vessel line up from up to 23/06/2012</i>
Crude Soybean Oil	107454
Crude Palm Oil	376743
RBD Palmolein	12140
Edible oil	182696
Palm Oil	128075
Crude Sunflower Oil	83826
PALM FATTY ACID	3000
Total edible oils	893934
Source: Ben Line Agencies(India) Pvt. Ltd.	

Port Wise

<i>Veg. oil Vessel line up in Tons.</i>	<i>Stock as on 23/06/2012</i>	<i>Stock as on 31/05/2012</i>
Ennore	45500	24970
Chennai	54859	101331
Haldia	132099	103682.38
JNPT	128712	2000
Kandla	171661	318179
kakinada	68984	-----
Karaikal		8040
Kolkata	20336	37852
Krishnapatnam	46086	126230
Mangalore	40250	37200
Mumbai	22000	26000
Mormugao	3000	-----
Paradip	8000	-----
Mundra	141647	858039
Tuticorin	10800	21730
Source: Ben Line Agencies(India) Pvt. Ltd.		

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

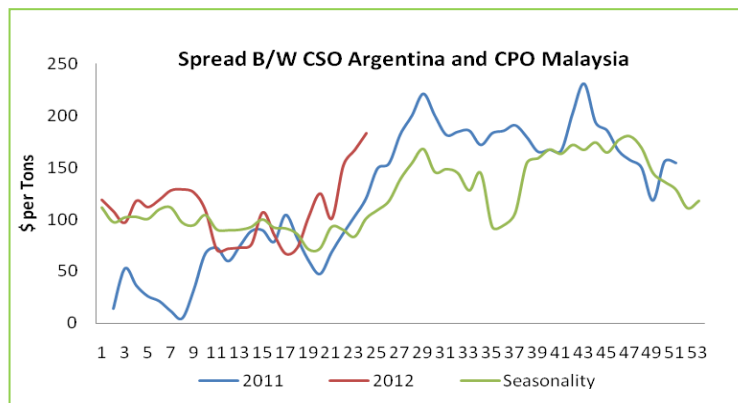


Average weekly spread between CSO Indore and CPO Kandla (5%) widened during the week and stood at Rs 107 per 10 Kg compared to 106/10 Kg during the previous week. Crude soy oil Indore prices rose relatively higher compared to crude palm oil kandla 5% on bullish cues from international markets. Moreover, sporadic soybean supplies in domestic market add on bullish sentiments to the markets.

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 115-105/10 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\$ 183 per MT compared to previous week average of US\$ 167 per MT. FOB quotes of CSO Argentina prices rose relatively higher compared to CPO Malaysia. We expect spread to hover between USD 185-210/MT. We expect CSO Argentina prices to trade with a steady to firm tone in the coming week.

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

Landed Cost Calculation as on 22/6/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1120	1118	1058
Freight (USD/MT)	65	55	50
C & F	1185.0	1173.0	1108.0
Weight loss (0.25% of FOB)	2.80	2.80	2.65
Finance charges (0.4% on CNF)	4.48	4.47	4.23
Insurance (0.3% of C&F)	4	4	3
CIF (Indian Port - Kandla)	1196	1184	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	57.15	57.15	57.15
Landed cost without customs duty in INR per ton	68342	67653	63905
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	68778	68089	64341
Domestic Market price INR per ton Soy Degum Kandla	68000	68000	68000
Total landed cost USD per ton	1203	1191	1126
Domestic Market price USD per ton Soy Degum Kandla	1190	1190	1190
Parity INR/MT (Domestic - Landed)	-778	-89	3659
Parity USD/MT (Domestic - Landed)	-13.61	-1.56	64.02
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

Outlook:-

Import parity for crude soy oil from Argentina is hovering in negative territory due to 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 firm note during the week. We expect RSO Indore prices to trade with a firm bias in the coming week.
- ❖ Breaching the immediate zone of 721-723, prices shall test 727-730 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 707-718 level in near to medium term.

Strategy: Market Participants can buy Ref. soy oil (INDORE Rs/10 Kg without VAT) in cash markets near to CMP for the target of 718-720.

Support and Resistance				
S2	S1	PCP	R1	R2
670.00	677.00	707.00	721.00	727.00

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



- ❖ Candlesticks depict bullishness in the CPO prices during the week. Prices may trade with a positive note in the coming week.
- ❖ Rs 528 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 560-575 level in near term. However, breaching 575 levels prices may touch the first resistance level in the coming days.
- ❖ RSI is in neutral zone and stayed in tandem with the prices with no indication of any convergence/divergence.

Strategy: Investors can buy CPO Kandla 5% at 560-565 level for the target of 572 and 578 in the coming week.

Support and Resistance				
S2	S1	PCP	R1	R2
517.00	528.00	560.00	584.00	597.00

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



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

- ❖ Weekly chart of refined soy oil at NCDEX showed firmness in the prices. We expect sideways to slightly firm tone movement in the RSO Jul contract. Any dips in the prices may act as buying opportunity.
- ❖ Any close below 744.00 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 750.00-768.00 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 long in RSO in the range of 750.00-754.00 for a target of 766.00 and 768.00 with a stop loss at 744.00 on closing basis.

RSO NCDEX (Jul)

Support and Resistance				
S2	S1	PCP	R1	R2
735.00	742.00	756.55	773.00	780.00

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



Outlook - Prices may trade with a firm tone in the coming days. Investors are advised to buy CPO July contract on dips.

- ❖ Candlestick Weekly chart of crude palm oil at MCX shows a significant rise in the prices. In addition to this, any technical dip in prices may act as a buying opportunity.
- ❖ Any close below 560 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 566-583 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence in line with the CPO prices.

Strategy: Buy CPO in MCX (Jul contract) in the range of 566-568 for a target of 579 and 583 with a stop loss at 560 on closing basis.

CPO MCX (Jul)

Support and Resistance				
S2	S1	PCP	R1	R2
545.00	550.00	568.00	585.00	592.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		22.6.2012	18.6.2012	
Refined Soybean Oil	Kota(Loose)	705	685	20
	Rajkot (Loose)	680	680	Unch
	Jaipur (Loose)	-	690	-
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	750	730	20
	Kakinada	-	-	-
	Mumbai +VAT	715	693	22
	Indore	707	685	22
	Soy Degum Mumbai+VAT	680	660	20
	SoyDegum Kandla/Mundra+VAT	680	665	15
	Haldiya Port (Loose)	726	701	25
	Akola (Loose)	746	726	20
	Amrawati (Loose)	746	726	20
	Jalna	-	-	-
	Nagpur	751	732	19
Palm Oil	Chennai.RBD.Palmolein.(Loose)	605	583	22
	Hyd. RBD Palmolein VAT	635	620	15
	Delhi RBD Palmolein (Loose)	655	635	20
	Kandla CPO (5%FFA)	560	534	26
	Kakinada.RBD.Palmolein(Loose)	599	571	28
	Mumbai RBD Pamolein+ VAT	605	585	20
	Kandla RBD Palmolein +VAT	595	570	25
Refined Sunflower Oil	Mumbai + VAT	725	715	10
	Kandla/Mundra	660	652	8
	Erode (Exp. Oil)+VAT	715	700	15
	Hyderabad Exp +VAT	706	686	20
	Chennai (Loose)	735	735	Unch
	Bellary (Exp. Oil)+VAT	621	616	5
	Latur (Exp. Oil)+VAT	-	666	-
	Chellakere (Exp. Oil)+VAT	671	661	10
Groundnut Oil	Rajkot (Loose)	1180	1250	-70
	Chennai (Loose)	1120	1110	10
	Delhi (Loose)	1225	1250	-25
	Hyderabad Exp +VAT	1061	1073	-12

	Mumbai + VAT	1190	1190	Unch
	Gondal+VAT	1200	1250	-50
	Jamnagar +VAT	1200	1250	-50
	Narsarropeth+VAT	1051	1061	-10
	Prodattour+VAT	1061	1061	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	782	772	10
	Alwar (Expeller Oil)(Loose)	776	766	10
	Kota (Expeller Oil) (Loose)	750	730	20
	Jaipur (Expeller Oil) (Loose)	780	760	20
	Delhi (Exp. Oil) (Loose)	780	775	5
	SriGangaNagar(ExpOil-Loose)	751	736	15
	Hapur+VAT	810	790	20
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	810	800	10
Refined Cottonseed Oil	Mumbai +VAT	690	670	20
	Rajkot (Loose)	670	655	15
	Delhi (Loose)	660	640	20
	Hyderabad (Loose)	690	670	20
Sesame Oil	Delhi	825	795	30
	Mumbai	725	740	-15
Coconut Oil	(Crude Rs/10kg) - Kangayan	655	660	-5
Kardi	Mumbai	910	910	Unch
Rice Bran Oil (40%)	Delhi	610	600	10
	Punjab	575	570	5
Rice Bran Oil (70%)	Delhi	540	540	Unch
Malaysia Palmolein USD/MT	FOB (March Shipment)	970	955	15
	CNF(March) - India	1005	985	20
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	937	920	17
	CNF(March) - India	970	945	25
Argentina FOB (\$/MT)		21.6.2012	18.6.2012	Change
Crude Soybean Oil Ship (June)		1120	1095	25
Refined Soy Oil (Bulk) Ship (June)		1159	1133	26
Sunflower Oil Ship (June)		1100	1080	20
Cottonseed Oil Ship (June)		1065	1075	-10
Refine Linseed Oil(Bulk) Ship (June)		1140	1115	25



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