

Domestic Veg. Oil Market Summary:

Edible oil basket witnessed firm tone during the week on bullish domestic oilseed fundamentals and slow progress of monsoon over key soybean growing belts of MP and Maharashtra. Meanwhile, groundnut oil featured weak tone on lackluster buying at current higher quotes.

As per Ministry of Agriculture as on 05 July 2012, soybean had sown in 18.99 lakh hectares, down 25.50 percent compared to corresponding period last year.

RM seed oil witnessed firm tone on improved buying and good demand for RM seed from oil millers in anticipation of good demand in days ahead. On currency front, INR against USD ended higher at 55.45.

We expect edible oil complex may trade steady to firm bias in the coming week on bullish oilseed fundamental and in anticipating good buying ahead of Ramadan festival in mid July.

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 53.27 cents/pound (Jul'12 contract) on 06 July 2012. Moreover, Malaysian palm oil futures (Jul'12 contract) traded with a steady to firm tone and rose by 115 MYR to 3115 MYR /MT (06 July 2012).

Informa Economics cuts its US soybean yield for 2012 by 0.7 bushels to 42.0 bushels per acre compared to previous estimates.

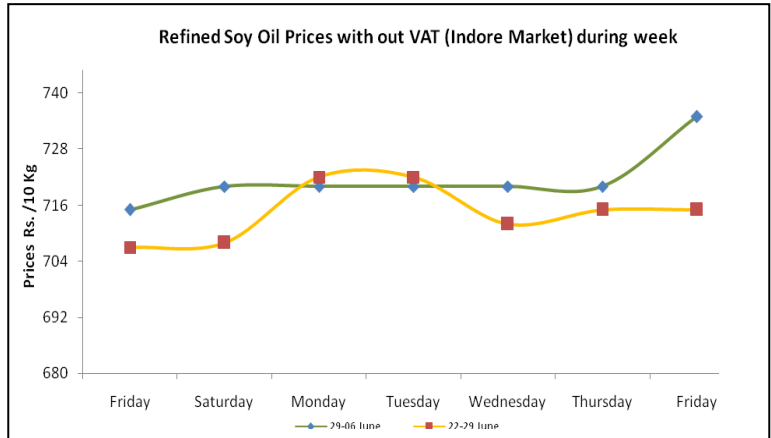
As per Indonesia's trade ministry, Indonesia will cut its crude palm oil export tax by 4.5 percent to 15 percent for July as compared to previous month. The government will also cut its export tax for RBD palm olein to 7 percent.

As per SGS, Malaysian palm oil products exports for June rose 9.7 percent to 1,463,864 tons from 1,333,869 tons shipped during May. Palm oil products exports figures for June for top major markets (Values in tons and May import figures in parenthesis): China 323,474 (250,500), EU 236,711 (261,637), Pakistan 196,229 (145,050), USA 124,680 (124,965) and India 257,507 (228,095).

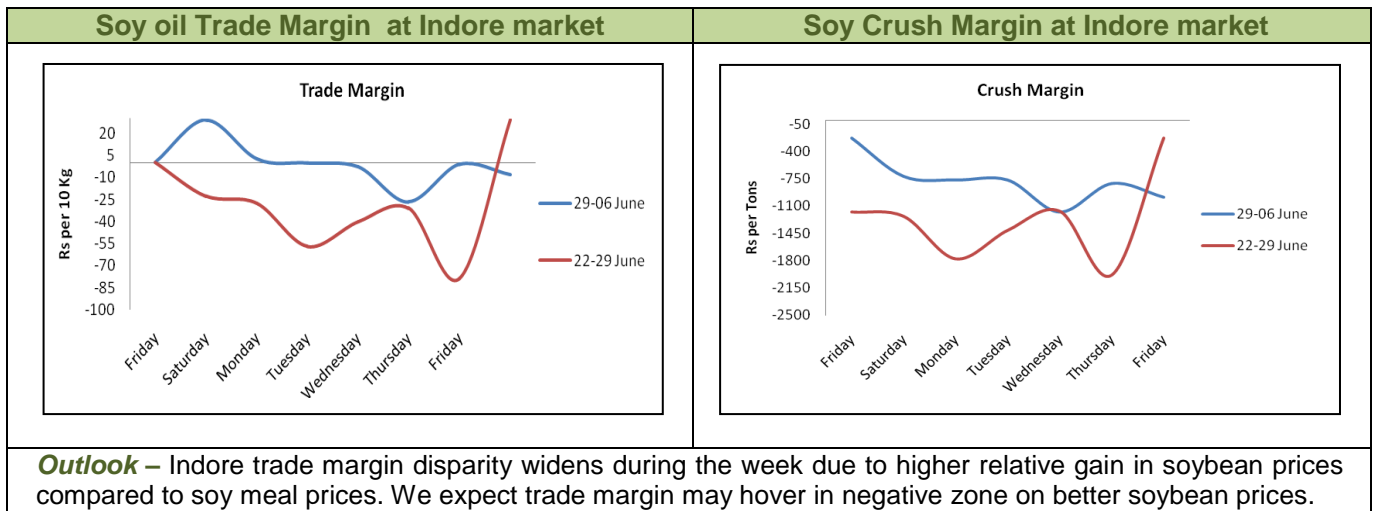
Soy oil:

Domestic Fundamentals:-

- Soy oil traded with a steady to firm tone at its benchmark market Indore during the week due to thin soybean supply and need based buying.
- As per Ministry of Agriculture as on 05 July 2012, soybean had sown in 18.99 lakh hectares, down 25.50 percent compared to corresponding period last year.
- India imported 0.58 million tons of crude soy degummed oil in the current oil year (Nov.-Oct) up to May 2012. However, crude soy degummed oil imports were 0.43 million tons in the corresponding period last year – SEA of India.
- We expect bullish oilseed fundamentals and firm demand for oil meals in overseas market would lend underlying support to the refined soy oil in the coming days.



Soy crush margin and Soy oil trade margin analysis :-



International Fundamentals:-

- As per International Grain Council, world soybean output is projected at 266 million tons up 12 percent compared to 2011/12. Moreover, World soybean trade is likely to rise in 2012/13 to 96.4 Mln T due to increase delivery to China.
- Informa Economics cuts its US soybean yield for 2012 by 0.7 bushels to 42.0 bushels per acre compared to previous estimates. Moreover, US soybean output for 2012 seen at 3.161 billion bushels due to dry and warm weather conditions over key soy growing areas of US.
- Dry weather concern over the key soy growing areas of US could act as an encouraging factor for the markets.

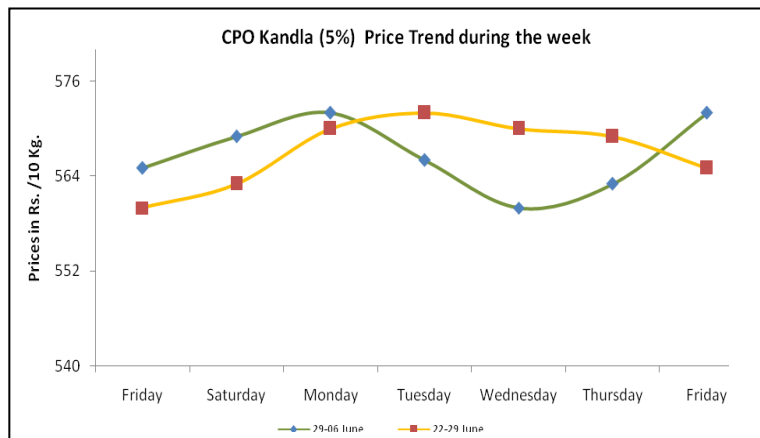
Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 735-725 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured steady to slightly weak tone during the week on lackluster buying interest and good availability of ready to use palm oil in spot markets.
- Crude palm oil Kandla 5% price is at Rs 126 per 10 Kg discount against crude soybean oil Indore price on 06 July 2012. Discount rose by 8.77 per cent to Rs. 124 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 and depreciating INR against USD would make edible oil imports costlier in the coming days.



International Fundamentals:-

- As per SGS, Malaysian palm oil products exports for June rose 9.7 percent to 1,463,864 tons from 1,333,869 tons shipped during May.

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

Palm Products	June	May	%Change
Crude palm oil	486,520	393,238	23.7
RBD palm oil	20,464	177,493	-88.5
RBD palm olein	604,870	445,217	35.9
RBD palm stearin	103,060	126,911	-18.8
Crude palm kernel oil	13,000	8,500	52.9
Processed palm kernel oil	37,269	51,725	-27.9
Oleochemicals	37,603	33,794	11.3

Importers	June	May	%Change
European Union	236,711	261,637	-9.5
China	323,474	250,500	29.1
Pakistan	196,229	145,050	35.3
United States	124,680	124,965	-0.2
India	257,507	228,095	12.9

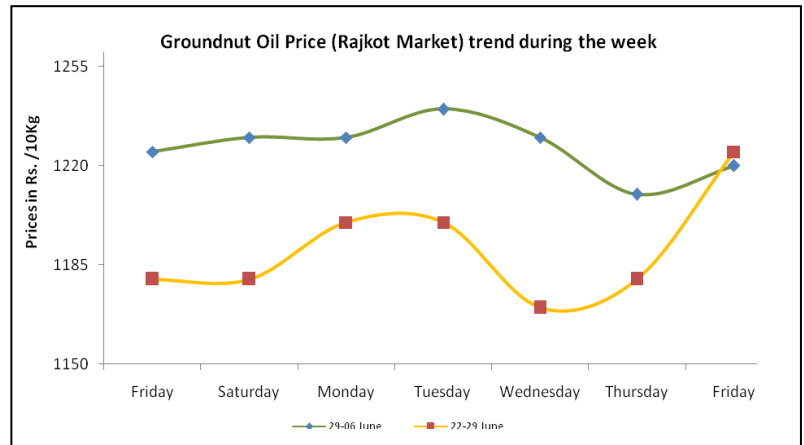
- As per Reuter's survey Malaysian palm oil ending stock for the month of June seen at 1.73 million tons, down 2.2 percent compared to previous month owing to better Malaysian export figures.
- As per Indonesia's trade ministry, Indonesia will cut its crude palm oil export tax by 4.5 percent to 15 percent for July as compared to previous month. The government will also cut its export tax for RBD palm olein to 7 percent.
- We expect lower world soybean supply would shift the edible oil demand to cheap palm oil and in anticipation of better buying ahead of Ramadan festival in mid July could lead to bulls rally remain intact.

Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 560-579 per 10 Kg in the near term.

Groundnut Oil: Domestic Fundamentals:-

- Groundnut oil traded with a steady to firm bias at its benchmark Rajkot market during the week due to good demand from wholesalers and fallen G/N seed arrivals.
- Most of the summer groundnut crop has been arrived in the spot market of Gujarat. Moreover, good demand for G/N seed from oil millers and active resellers support the G/N oil prices.
- As per Ministry of Agriculture as on 05 July 2012, groundnut had sown in 5.88 lakh hectares. In Andhra Pradesh, Gujarat, and Rajasthan 1.16, 2.20 and 1.25 lakh hectares respectively had sown under the crop.
- We expect G/N oil may trade sideways in days ahead due to active buying from re-packers. However, retail demand was thin owing to higher quotes.

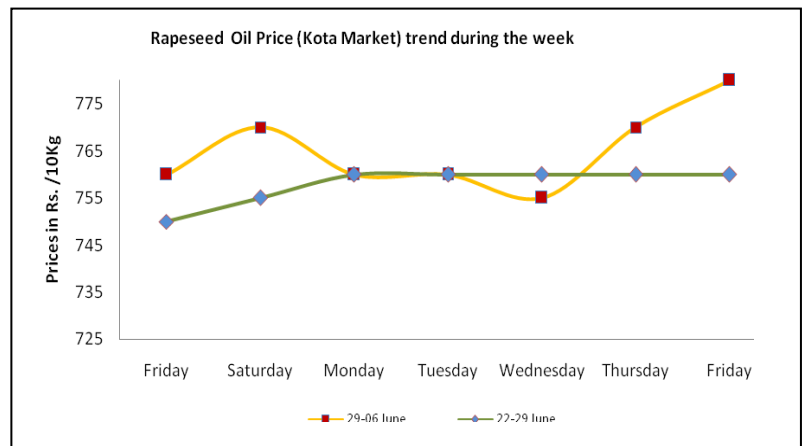


Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1190-1230 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

- RM seed oil featured steady to firm tone at Kota market during the week on renewed buying and good demand for RM seed by oil millers. Moreover, slow progress of soybean sowing in the key growing belts of MP and Maharashtra add underlying support to the RM seed and RM oil. Domestic Kota mustard oil prices rose during the week and prices surge by 0.94 per cent to Rs. 765 per 10 kg w-o-w (average prices of week).
- As per trade sources, crushing plants at Alwar division are operating at 60-70 percent of the install capacity. Moreover, RM seed oil prices may trade sideways to positive tone in the coming in anticipation of good demand in the days ahead.
- We expect RM seed oil prices may trade sideways to positive tone in the days ahead on improved buying. Moreover, slow RM seed offloading by farmers and emerging demand from pickle manufacturers may act as an encouraging factor for the markets in medium term.



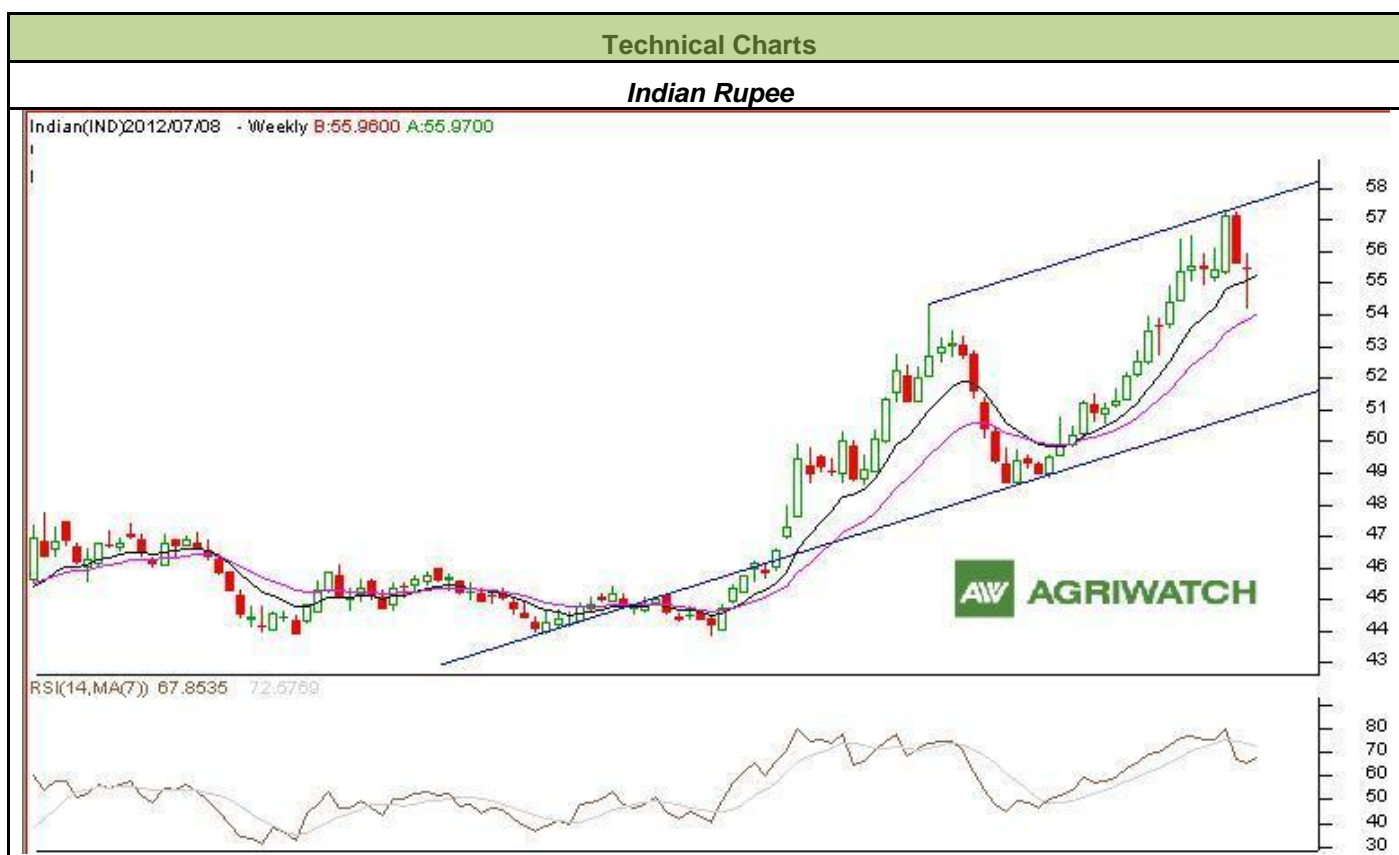
International Fundamentals:-

- 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 785-770 per 10 Kg.

Currency Technical Analysis



Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		55.25		54.07	
Technical Indicators		RSI (14)		SSTK(9,3,3)	
		67.85		72.50	
Support and Resistance					
S2	S1	PCP		R1	R2
53.00	53.90	55.45		56.80	57.30

Expected Price Band and Outlook

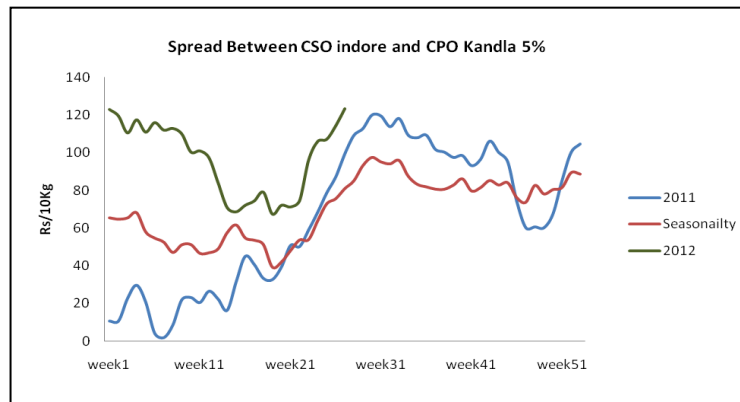
Indian Rupee	We observed Doji candlestick, which indicates firmness in the chart and INR against USD could touch 56.80 in near term. Besides, we see a range of 56.80-57.30 on the higher side in the coming week and lower level as 54.15 and below that, we may see selling pressure until 53.90.
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Edible oil vessel line up at Indian Ports
Product Wise

<i>Edible oil products in Tons for July</i>	<i>Veg. oil Vessel line up from up to /07/2012</i>
Crude Soybean Oil	-----
Crude Palm Oil	38836
RBD Palmolein	-----
Edible oil	4500
Palm Oil	86027
Crude Sunflower Oil	15500
PALM FATTY ACID	-----
Total edible oils	144863
Source: Ben Line Agencies(India) Pvt. Ltd.	

Port Wise

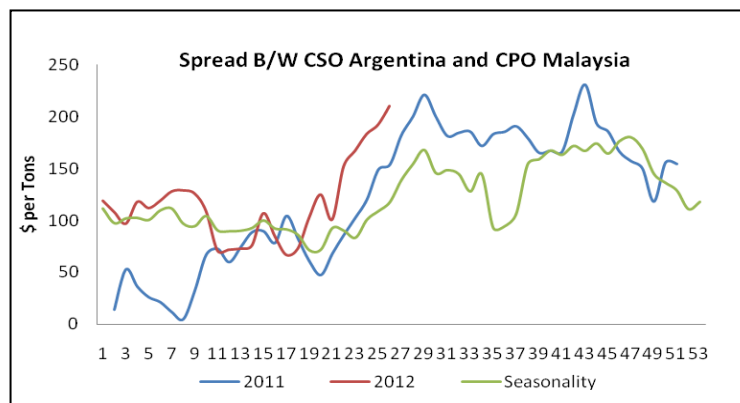
<i>Veg. oil Vessel line up in Tons.</i>	<i>Stock as on 07/07/2012</i>	<i>Stock as on 28/06/2012</i>
Ennore	27000	72500
Chennai	31500	70859
Haldia	23528	131156
JNPT	-----	128712
Kandla	-----	159661
kakinada	4500	70744
Karaikal	-----	-----
Kolkata	7500	20336
Krishnapatnam	18700	70086
Mangalore	20636	45886
Mumbai	-----	23999
Mormugao	-----	3000
Paradip	-----	8000
Mundra	-----	141647
Tuticorin	11499	10800
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 124 per 10 Kg compared to 114/10 Kg during the previous week. Crude soy oil Indore prices rose relatively higher compared to crude palm oil kandla 5% on bullish domestic and international fundamentals.

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 130-118/10 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\$ 210 per MT compared to previous week average of US\$ 192 per MT. FOB quotes of CSO Argentina prices rose relatively higher compared to CPO Malaysia. We expect spread to hover between USD 220-190/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 6/7/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1190	1209	1145
Freight (USD/MT)	65	55	50
C & F	1255.0	1264.0	1195.0
Weight loss (0.25% of FOB)	2.98	3.02	2.86
Finance charges (0.4% on CNF)	4.76	4.84	4.58
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1267	1276	1206
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	55.41	55.41	55.41
Landed cost without customs duty in INR per ton	70177	70684	66826
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	70613	71120	67262
Domestic Market price INR per ton Soy Degum Kandla	70000	70000	70000
Total landed cost USD per ton	1274	1284	1214
Domestic Market price USD per ton Soy Degum Kandla	1263	1263	1263
Parity INR/MT (Domestic - Landed)	-613	-1120	2738
Parity USD/MT (Domestic - Landed)	-11.06	-20.21	49.41
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 gain further in the coming days.
- ❖ Breaching the immediate zone of 733-735, prices shall test 738-740 zones. RSI is in between neutral and oversold zone and stayed in tune with the prices with no indication of any convergence/ divergence.
- ❖ Expected price band for next week is 735-725 level in near to medium term.

Strategy: Market Participants can hold long position in Ref. soy oil (INDORE Rs/10 Kg without VAT) in cash markets for the target of 735.

Support and Resistance				
S2	S1	PCP	R1	R2
715.00	720.00	728.00	738.00	745.00

**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 sideways to slightly positive note in the coming week.
- ❖ Rs 554 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 560-579 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: Market Participants can hold long position in Crude palm oil Kandla 5% in cash markets for the target of 575-578.

Support and Resistance				
S2	S1	PCP	R1	R2
549	554	565	578	590

Technical Analysis (Futures)

RSO (Refined Soybean Oil Aug 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 (Aug contract).

- ❖ Weekly chart of refined soy oil at NCDEX showed slightly firmness in the prices. We expect sideways to positive movement in the RSO Jul contract. Any dips in the prices may act as buying opportunity.
- ❖ Any close below 773.00 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 778-794 level in near to medium term. RSI is in between neutral and oversold 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 778-781 for a target of 790 and 794.00 with a stop loss at 773 on closing basis.

RSO NCDEX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
759.00	765.00	779.75	797.00	803.00

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



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

- ❖ We observed doji candlestick, which depicts indecision in the markets. Candlestick Weekly chart of crude palm oil at MCX shows range bound movement in the prices. In addition to this, any technical dip in prices may act as a buying opportunity.
- ❖ Any close below 565.50 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 573.00-587.00 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence in line with the CPO prices.

Strategy: Buy CPO in MCX (Aug contract) in the range of 573-575 for a target of 583 and 587 with a stop loss at 568.50 on closing basis.

CPO MCX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
559.00	564.00	573.30	589.00	590.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		6.7.2012	29.6.2012	
Refined Soybean Oil	Kota(Loose)	735	720	15
	Rajkot (Loose)	700	725	-25
	Jaipur (Loose)	735	730	5
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	775	765	10
	Kakinada	-	-	-
	Mumbai +VAT	755	740	15
	Indore	735	715	20
	Soy Degum Mumbai+VAT	705	700	5
	SoyDegum Kandla/Mundra+VAT	700	690	10
	Haldiya Port (Loose)	746	-	-
	Akola (Loose)	778	763	15
	Amrawati (Loose)	778	763	15
	Jalna	774	-	-
	Nagpur	783	764	19
Palm Oil	Chennai.RBD.Palmolein.(Loose)	615	615	Unch
	Hyd. RBD Palmolein VAT	660	650	10
	Delhi RBD Palmolein (Loose)	670	660	10
	Kandla CPO (5%FFA)	572	565	7
	Kakinada.RBD.Palmolein(Loose)	606	599	7
	Mumbai RBD Pamolein+ VAT	622	615	7
	Kandla RBD Palmolein +VAT	607	605	2
Refined Sunflower Oil	Mumbai + VAT	755	745	10
	Kandla/Mundra	680	670	10
	Erode (Exp. Oil)+VAT	735	735	Unch
	Hyderabad Exp +VAT	731	731	Unch
	Chennai (Loose)	750	750	Unch
	Bellary (Exp. Oil)+VAT	-	641	-
	Latur (Exp. Oil)+VAT	701	-	-
	Chellakere (Exp. Oil)+VAT	696	691	5
Groundnut Oil	Rajkot (Loose)	1220	1225	-5
	Chennai (Loose)	1110	1110	Unch
	Delhi (Loose)	1240	1175	65
	Hyderabad Exp +VAT	1120	1130	-10
	Mumbai + VAT	1190	1180	10

	Gondal+VAT	1205	1200	5
	Jamnagar +VAT	1210	1200	10
	Narsarropeth+VAT	1091	1061	30
	Prodattour+VAT	1091	1081	10
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	805	800	5
	Alwar (Expeller Oil)(Loose)	811	786	25
	Kota (Expeller Oil) (Loose)	780	760	20
	Jaipur (Expeller Oil) (Loose)	805	785	20
	Delhi (Exp. Oil) (Loose)	820	785	35
	SriGangaNagar(ExpOil-Loose)	791	766	25
	Hapur+VAT	830	805	25
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	845	835	10
Refined Cottonseed Oil	Mumbai +VAT	710	705	5
	Rajkot (Loose)	695	678	17
	Delhi (Loose)	680	660	20
	Hyderabad (Loose)	720	715	5
Sesame Oil	Delhi	880	850	30
	Mumbai	800	750	50
Coconut Oil	(Crude Rs/10kg) - Kangayan	615	625	-10
Kardi	Mumbai	910	910	Unch
Rice Bran Oil (40%)	Delhi	625	615	10
	Punjab	575	575	Unch
Rice Bran Oil (70%)	Delhi	540	540	Unch
Malaysia Palmolein USD/MT	FOB (March Shipment)	1028	980	48
	CNF(March) - India	1055	1020	35
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	998	950	48
	CNF(March) - India	1020	980	40
Argentina FOB (\$/MT)		6.7.2012	29.6.2012	Change
Crude Soybean Oil Ship (June)		1190	1172	18
Refined Soy Oil (Bulk) Ship (June)		1232	1213	19
Sunflower Oil Ship (June)		1140	-	-
Cottonseed Oil Ship (June)		1170	1152	18
Refine Linseed Oil(Bulk) Ship (June)		1210	1192	18



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