

Domestic Veg. Oil Market Summary:

Edible oil basket witnessed firm tone during the week on better buying support and strong global cues. However, palm oil featured weak tone on lackluster buying interest and good availability of ready to use palm oil at physical counters.

RM seed oil traded firm tone on improved buying and bullish oilseed fundamentals. Moreover, bull rally in RM seed oil stay intact on good demand for RM seed from oil mills. On currency front, INR against USD ended at 55.15.

As per the Solvent Extractors Association of India, Vegetable oils (edible and non-edible) imports of during June 2012 is reported at 783,315 tons compared to 925,334 tons in May 2012, down 12.6 percent comprising of 769,885 tons of edible oils and 13,430 tons of non-edible oils.

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

International Veg. Oil Market Summary:

Soy oil prices at the benchmark market of CBOT traded steady to firm tone during the week. CBOT soy oil closed at 53.7 cents/pound (Aug'12 contract) on 13 July 2012. Moreover, Malaysian palm oil futures (Aug'12 contract) featured slightly weak tone and fell 51 MYR to 3059 MYR /MT (13 July 2012).

USDA cuts its US soybean yield estimate for 2012/13 by 3.4 bushels to 40.5 bushels per acre compared to previous estimates. Dry and warm weather over key soybean growing areas of the US and spread between CSO Argentina and CPO Malaysia prices hover near to \$225/Tons this may shift the premium edible oil demand to cheap palm oil in the coming weeks.

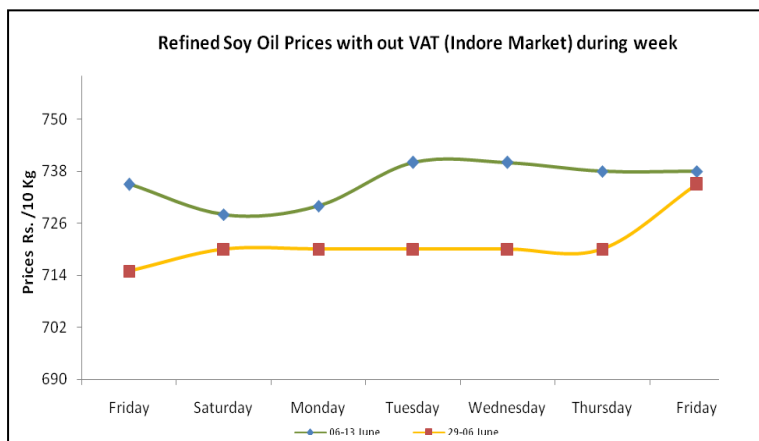
As per MPOB's latest report, Malaysian palm oil ending stock for June fell by 4.9 percent to 1,699,117 tons from a revised 1,758,684 tons in May.

As per SGS, Malaysian palm oil products exports for 1-10 July fell 22.2 percent to 331,978 tons from 426,914 tons shipped during 1-10 June. Palm oil products exports figures for 1-10 July for top major markets (Values in tons and 1-10 June import figures in parenthesis): China 52,500 (114,698), EU 45,290 (60,357), Pakistan 10,000 (41,000), USA 54,840 (61,655) and India 62,500 (45,200).

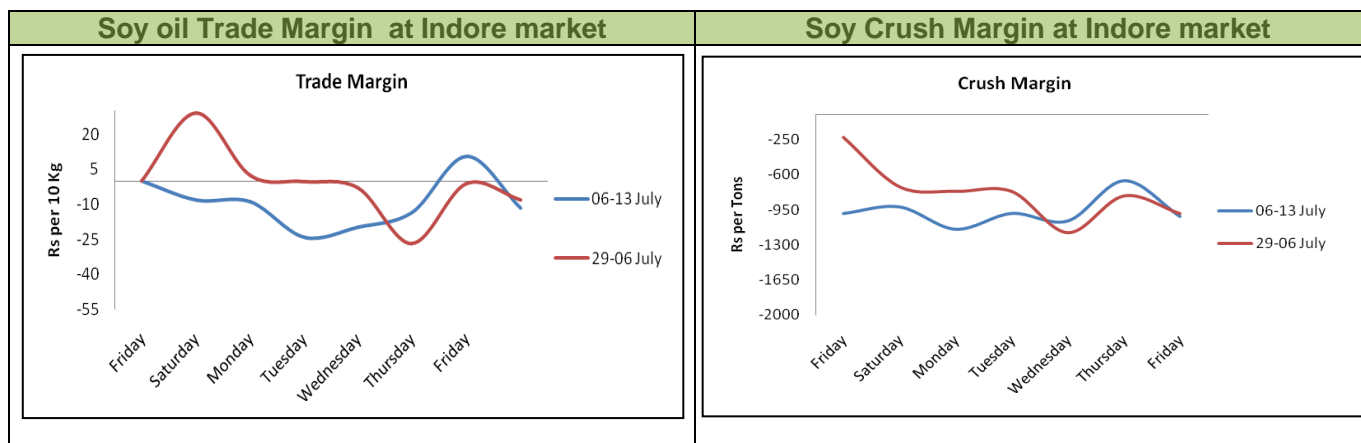
Soy oil:

Domestic Fundamentals:-

- Soy oil witnessed firm tone at its benchmark market Indore during the week on better buying support and good demand for oil meal add underlying support to the bullish sentiments.
- As per the Solvent Extractors Association of India, Vegetable oils (edible and non-edible) imports of during June 2012 is reported at 783,315 tons compared to 925,334 tons in May 2012, down 12.6 percent comprising of 769,885 tons of edible oils and 13,430 tons of non-edible oils.
- India imported 0.66 million tons of crude soy degummed oil in the current oil year (Nov.-Oct) up to June 2012. However, crude soy degummed oil imports were 0.48 million tons in the corresponding period last year – SEA of India.
- As per Ministry of Agriculture as on 12 July 2012, soybean had sown in 54.51 lakh hectares, down 12.8 percent compared to the corresponding period last year.
- 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 :-



Outlook – Indore trade margin disparity widens during the week due to higher relative gain in soybean prices compared to soy meal prices. We expect trade margin may hover in negative zone on better soybean prices.

International Fundamentals:-

- The USDA, in the monthly supply-and-demand report, lowered its US soybean yield estimate for 2012/13 by 3.4 bushels to 40.5 bushels per acre compared to previous estimates. Moreover, US soybean output for 2012 seen at 3050 million bushels due to dry and warm weather conditions over key soy growing areas of US.
- China has reportedly imported 5.62 million tonnes of soybeans in June, up 6.4 per cent from 5.28 million tons in May, General Administration of Customs of China. Imports of vegetable oils in June were 540,000 tonnes, up 17.4 percent from the previous month.
- Dry weather concern over the key soy growing areas of US could act as an encouraging factor for the markets in the coming week.

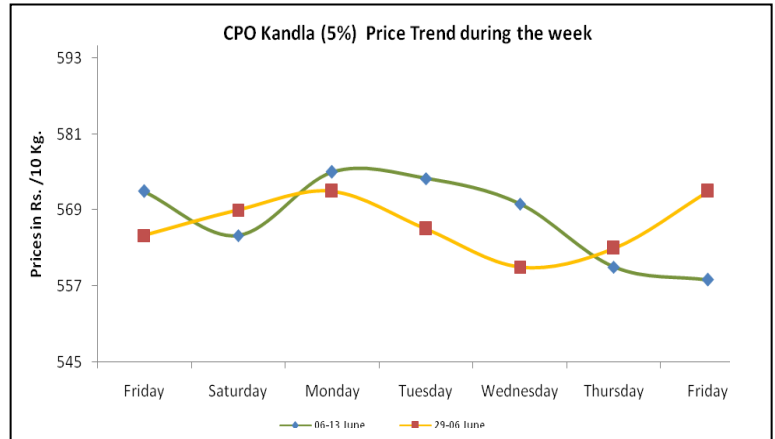
Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 750.00-738.00 per 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured steady to weak tone during the week on thin trading activities and good availability of ready to use palm oil in spot markets.
- India imported 4,677,609 tons of palm oil products in the current oil year (Nov.-Oct) out of totalled 6,256,438 tons up to June 2012. In the previous year palm oil products imports were 3,959,300 tons until May – SEA of India.
- Crude palm oil Kandla 5% price is at Rs 152 per 10 Kg discount against crude soybean oil Indore price on 14 July 2012. Discount rose by 11.9 per cent to Rs. 138.8 per 10 kg w-o-w basis (average prices of week).
- We expect CPO Kandla 5% may trade steady to slightly firm tone in anticipation of good buying from stockist ahead of Ramadan festival in the coming days.



International Fundamentals:-

- As per SGS, Malaysian palm oil products exports for 1-10 July fell 22.2 percent to 331,978 tons from 426,914 tons shipped during 1-10 June.

Breakdown of SGS palm export figures for 1-10 July compared to a month ago (in tons):

Palm Products	1-10 July	1-10 June	%Change
Crude palm oil	75,215	115,552	-34.9
RBD palm oil	35,173	51,515	-31.7
RBD palm olein	139,455	182,428	-23.6
RBD palm stearin	33,850	34,120	-0.8
Crude palm kernel oil	0	2,000	-100.0
Processed palm kernel oil	11,250	15,330	-26.6
Oleochemicals	13,710	12,015	14.1

Importers	1-10 July	1-10 June	%Change
European Union	45,290	60,357	-25.0
China	52,500	114,698	-54.2
Pakistan	10,000	41,000	-75.6
United States	54,840	61,655	-11.1
India	62,500	45,200	38.3

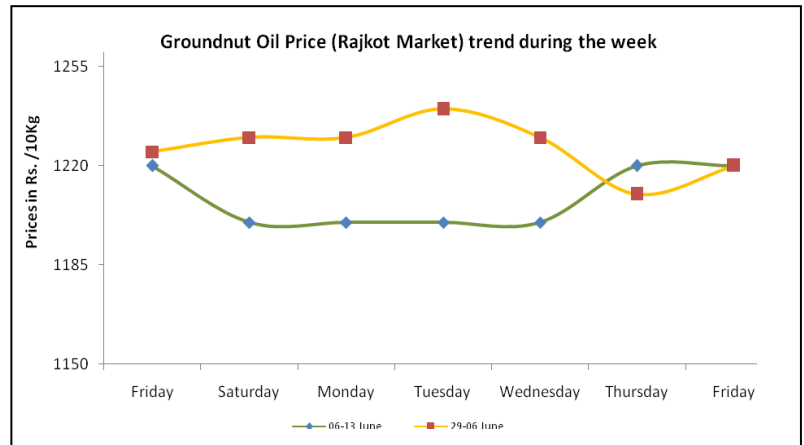
- As per MPOB's latest report, Malaysian palm oil ending stock for June fell by 4.9 percent to 1,699,117 tons from a revised 1,758,684 tons in May.
- As per Indonesia's trade ministry, Indonesia will cut its crude palm oil export tax by 4.5 percent to 15 percent for July as compared to previous month. The government will also cut its export tax for RBD palm olein to 7 percent.
- We expect unfavorable weather over US key soybean growing belt and more than \$ 225/tons spread between CSO Argentina and CPO Malaysia prices could 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 a bull rally remain intact at BMD.

Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 558.00-574.00 per 10 Kg in the near term.

Groundnut Oil: Domestic Fundamentals:-

- Groundnut oil traded steady to weak bias at its benchmark Rajkot market during the week on lull demand and good availability of groundnut seed for crushing.
- As per trade sources, G/N oil prices are likely to trade steady to slightly weak tone in the coming days due to good availability of groundnut stock for crushing and cheap cottonseed oil would add more pressure to the G/N oil prices.
- As per Ministry of Agriculture as on 12 July 2012, groundnut had sown in 10.7 lakh hectares, down 10.22 percent compared to corresponding period last year.
- 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.

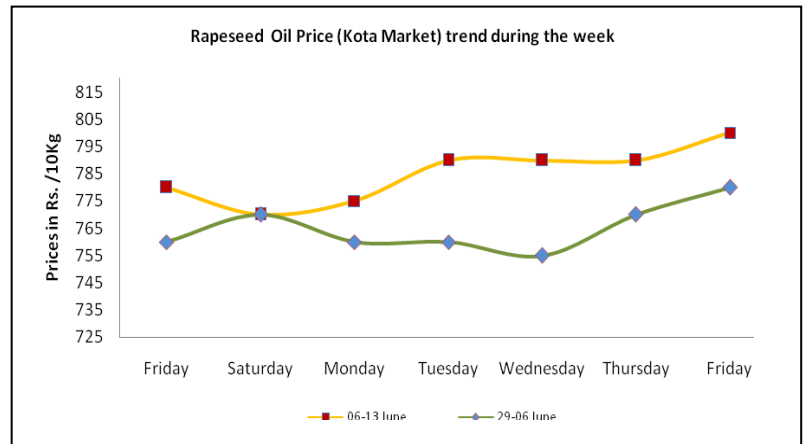


Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1240-1190 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

- RM seed oil featured firm tone at Kota market during the week on improved buying and bullish oilseed fundamentals. Domestic Kota mustard oil prices rose during the week and prices surge by 2.61 per cent to Rs. 785 per 10 kg w-o-w (average prices of week).
- Bullish oilseed fundamentals and strong global cues add underlying support to the domestic mustard oil prices. Moreover, upcoming slew of Muslim festival in mid July could act as an encouraging factor for the markets.
- As per trade sources, mustard oil likely to gain further in the coming week on good demand for RM seed from crushing plants at Kota division and better buying support.
- We expect RM seed oil prices may trade sideways to positive tone in the days ahead on improved buying and good demand from pickle manufacturers.



International Fundamentals:-

- As per International Grain Council, world rapeseed production is projected at 60.2 million tons for 2012/13. Moreover, world rapeseed trade seen at 12.4 million tons, up 6 percent compared to previous year due to lower European RM seed crop, which leads to higher imports and large number of deliveries to China.

Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 820-790 per 10 Kg.

Currency Technical Analysis



Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		55.03		54.00	
Technical Indicators		RSI (14)		SSTK/SSTD(9,3,3)	
		61.15		58.34/69.54	
Support and Resistance					
S2	S1	PCP	R1	R2	
53.00	53.90	55.15	56.80	57.00	

Expected Price Band and Outlook

Indian Rupee	We observed weakness in the weekly INR against USD technical chart. Besides, we see a range of 56.80-57.00 on the higher side in the coming week and lower level as 54.40 and below that, we may see selling pressure until 54.15.
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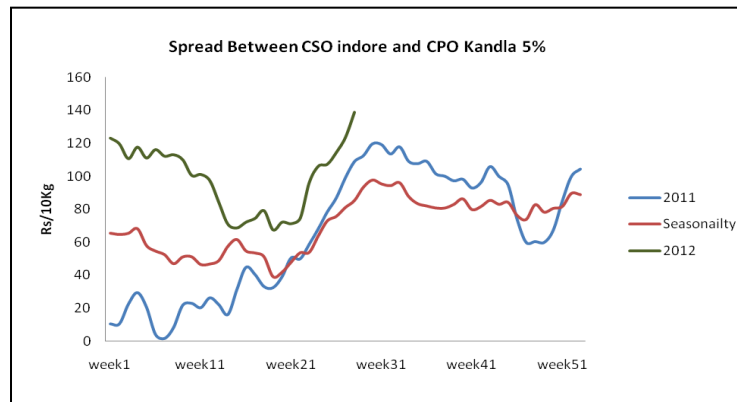
Edible oil vessel line up at Indian Ports
Product Wise

<i>Edible oil products in Tons for July</i>	<i>Veg. oil Vessel line up from up to 12/07/2012</i>
Crude Soybean Oil	20220
Crude Palm Oil	325470
RBD Palmolein	----
Edible oil	56750
Palm Oil	115327
Crude Sunflower Oil	37420
PALM FATTY ACID	----
Total edible oils	555187
Source: Ben Line Agencies(India) Pvt. Ltd.	

Port Wise

<i>Veg. oil Vessel line up in Tons.</i>	<i>Stock as on 12/07/2012</i>	<i>Stock as on 28/06/2012</i>
Ennore	42000	72500
Chennai	53920	70859
Haldia	46148	131156
JNPT	21250	128712
Kandla	-----	159661
kakinada	35500	70744
Karaikal	-----	-----
Kolkata	13999	20336
Krishnapatnam	-----	70086
Mangalore	20636	45886
Mumbai	-----	23999
Mormugao	-----	3000
Paradip	-----	8000
Mundra	270035	141647
Tuticorin	18499	10800
Source: Ben Line Agencies(India) Pvt. Ltd.		

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

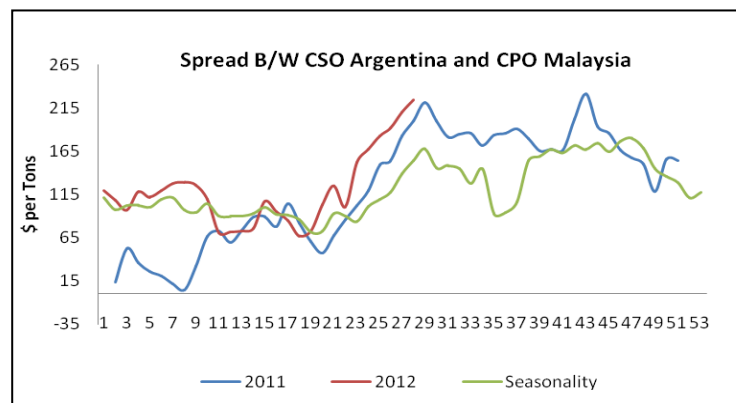


Average weekly spread between CSO Indore and CPO Kandla (5%) widened during the week and stood at Rs 138.8 per 10 Kg compared to 124/10 Kg during the previous week. Crude soy oil Indore prices rose relatively higher compared to crude palm oil kandla 5% on bullish domestic and international fundamentals.

Outlook and Strategy :-

We expect spread to consolidate in near term. Spread b/w CSO Indore and CPO Kandla 5% may hover in between Rs 155-145/10 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\$ 224 per MT compared to previous week average of US\$ 210 per MT. FOB quotes of CSO Argentina prices rose relatively higher compared to CPO Malaysia. We expect spread to hover between USD 238-225/MT.

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

Landed Cost Calculation as on 13/7/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1192	1192	1151
Freight (USD/MT)	65	55	50
C & F	1257.0	1246.6	1200.8
Weight loss (0.25% of FOB)	2.98	2.98	2.88
Finance charges (0.4% on CNF)	4.77	4.77	4.60
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1269	1258	1212
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	55.65	55.65	55.65
Landed cost without customs duty in INR per ton	70593	70012	67441
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	71029	70448	67877
Domestic Market price INR per ton Soy Degum Kandla	70000	70000	70000
Total landed cost USD per ton	1276	1266	1220
Domestic Market price USD per ton Soy Degum Kandla	1258	1258	1258
Parity INR/MT (Domestic - Landed)	-1029	-448	2123
Parity USD/MT (Domestic - Landed)	-18.49	-8.06	38.14
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 745.00-748.00, prices shall test 755.00-758.00 zones in medium term. 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 750.00-738.00 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 748.

Support and Resistance				
S2	S1	PCP	R1	R2
718.00	725.00	738.00	748.00	755.00

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



- ❖ Candlesticks depict losses in the CPO prices during the week. Prices may trade sideways in the coming week.
- ❖ Rs 550 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 558-574 level in near term. However, breaching 574 levels prices may touch the second 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
545.00	550.00	558.00	574.00	580.00

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 firmness in the prices. We expect sideways to positive movement in the RSO Aug contract. Any dips in the prices may act as buying opportunity.
- ❖ Any close below 788.00 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 793.00-808.00 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 793-797 for a target of 806.00 and 808.00.00 with a stop loss at 788.00 on closing basis.

RSO NCDEX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
770.00	778.00	796.00	815.00	822.00

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 consolidation 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 552.00 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 558.00-578.00 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 558.00-562.00 for a target of 574.00 and 578.00 with a stop loss at 552.00 on closing basis.

CPO MCX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
545.00	550.00	566.50	580.00	585.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		13.7.2012	6.7.2012	
Refined Soybean Oil	Kota(Loose)	740	735	5
	Rajkot (Loose)	720	700	20
	Jaipur (Loose)	750	735	15
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	785	775	10
	Kakinada	-	-	-
	Mumbai +VAT	747	755	-8
	Indore	738	735	3
	Soy Degum Mumbai+VAT	705	705	Unch
	SoyDegum Kandla/Mundra+VAT	700	700	Unch
	Haldiya Port (Loose)	753	746	7
	Akola (Loose)	783	778	5
	Amrawati (Loose)	783	778	5
	Jalna	779	774	5
	Nagpur	789	783	6
Palm Oil	Chennai.RBD.Palmolein.(Loose)	610	615	-5
	Hyd. RBD Palmolein VAT	655	660	-5
	Delhi RBD Palmolein (Loose)	665	670	-5
	Kandla CPO (5%FFA)	558	572	-14
	Kakinada.RBD.Palmolein(Loose)	601	606	-5
	Mumbai RBD Pamolein+ VAT	612	622	-10
	Kandla RBD Palmolein +VAT	600	607	-7
Refined Sunflower Oil	Mumbai + VAT	748	755	-7
	Kandla/Mundra	695	680	15
	Erode (Exp. Oil)+VAT	740	735	5
	Hyderabad Exp +VAT	736	731	5
	Chennai (Loose)	755	750	5
	Bellary (Exp. Oil)+VAT	-	-	-
	Latur (Exp. Oil)+VAT	701	701	Unch
	Chellakere (Exp. Oil)+VAT	701	696	5
Groundnut Oil	Rajkot (Loose)	1220	1220	Unch
	Chennai (Loose)	1110	1110	Unch
	Delhi (Loose)	1210	1240	-30
	Hyderabad Exp +VAT	1120	1120	Unch

	Mumbai + VAT	1185	1190	-5
	Gondal+VAT	1220	1205	15
	Jamnagar +VAT	1220	1210	10
	Narsarropeth+VAT	1091	1091	Unch
	Prodattour+VAT	1126	1091	35
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	830	805	25
	Alwar (Expeller Oil)(Loose)	826	811	15
	Kota (Expeller Oil) (Loose)	800	780	20
	Jaipur (Expeller Oil) (Loose)	810	805	5
	Delhi (Exp. Oil) (Loose)	835	820	15
	SriGangaNagar(ExpOil-Loose)	811	791	20
	Hapur+VAT	840	830	10
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	870	845	25
Refined Cottonseed Oil	Mumbai +VAT	720	710	10
	Rajkot (Loose)	715	695	20
	Delhi (Loose)	685	680	5
	Hyderabad (Loose)	740	720	20
Sesame Oil	Delhi	900	880	20
	Mumbai	820	800	20
Coconut Oil	(Crude Rs/10kg) - Kangayan	610	615	-5
Kardi	Mumbai	910	910	Unch
Rice Bran Oil (40%)	Delhi	640	625	15
	Punjab	595	575	20
Rice Bran Oil (70%)	Delhi	550	540	10
Malaysia Palmolein USD/MT	FOB (March Shipment)	993	1028	-35
	CNF(March) - India	1020	1055	-35
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	960	998	-38
	CNF(March) - India	985	1020	-35
Argentina FOB (\$/MT)		12.7.2012	6.7.2012	Change
Crude Soybean Oil Ship (June)		1180	1190	-10
Refined Soy Oil (Bulk) Ship (June)		1221	1232	-11
Sunflower Oil Ship (June)		-	1140	-
Cottonseed Oil Ship (June)		1160	1170	-10
Refine Linseed Oil(Bulk) Ship (June)		1200	1210	-10



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