

Domestic Veg. Oil Market Summary:

Edible oil basket witnessed firm tone during the week on better buying support and bullish oilseed fundamentals. However, groundnut oil featured weak tone on sporadic buying interest and good availability of groundnut oil at major physical counters.

India government approved a new import tax structure on refined palm oil to protect local refiners and makes palm oil imports costlier from Indonesia. The base import price would calculate on international prices rather than a fixed price.

RM seed oil was the top gainers among the edible oil complex due to improved buying in anticipation of good demand during Ramzan festival and good demand for RM seed from oil millers.

On currency front, INR against USD ended at 55.32. 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 during Ramadan festivals. Moreover, strong cues from global oil and fat market may lend underlying support to the domestic edible oil prices.

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 54.36 cents/pound (Aug'12 contract) on 20 July 2012. Moreover, Malaysian palm oil futures (Aug'12 contract) featured slightly weak tone and fell 52 MYR to 3007 MYR /MT (20 July 2012).

Oil world raised its world Rapeseed output estimate for 2012/13 by 0.3 million tons to 61.9 million tons compared to its previous estimate. As per the latest report of United States Department of Agriculture (USDA), 34 percent of the soybean crop was reported in good/excellent condition, down by 6 % compared to last week due to dry and warm weather over key soybean growing areas of the US.

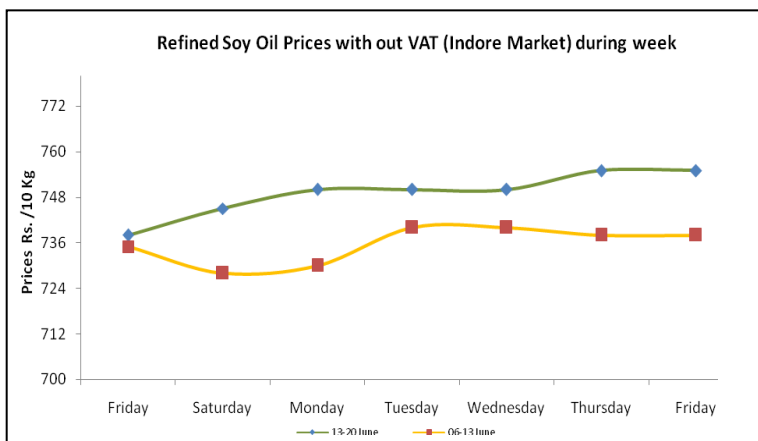
Fundamentally, tight global oilseed supplies and drought like conditions over US Midwest and inelastic nature of soybean demand could support soybean and canola prices in near to medium term.

As per SGS, Malaysian palm oil products exports for 1-20 July fell 22.9 percent to 768,555 tons from 996,662 tons shipped during 1-20 June. Palm oil products exports figures for 1-20 July for top major markets (Values in tons and 1-20 June import figures in parenthesis): China 83,400(232,109), EU 195,828(170,427), Pakistan 80,500(125,259), USA 82,134(107,640) and India 98,500(137,190).

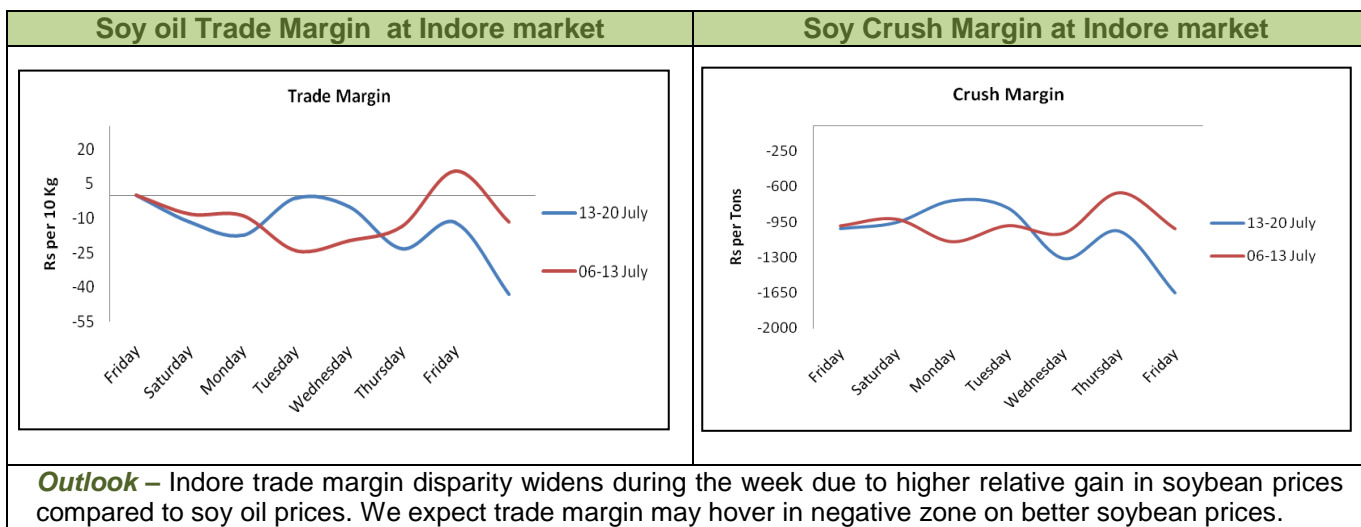
Soy oil:

Domestic Fundamentals:-

- Soy oil witnessed firm tone at its benchmark market Indore during the week on bullish domestic as well as international fundamentals and good demand for oil meal.
- According to the fourth advance estimates, soybean output is pegged at 12.28 million tons during 2011-12 compared to 12.66 million tons in the previous year.
- 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.
- 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 the latest report of United States Department of Agriculture (USDA), 34 percent of the soybean crop was reported in good/excellent condition, down by 6 % compared to last week and 30 % below the corresponding period last year.
- As per Safras & Mercado, Brazil's soybean crop seen at 82.3 million tons for 2012/13, up 24 percent from current crop and planted area for soy is likely to grow by 8.4 % to 27.22 million hectares in the next season.
- 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.
- Dry weather concern over the key soy growing areas of US could act as an encouraging factor for the markets in the coming week.

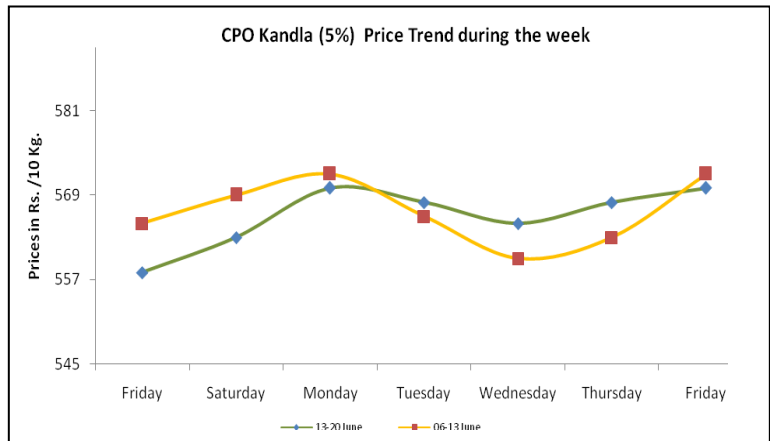
Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 749.00-767.00 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured steady to slightly firm tone during the week on bullish oil complex fundamentals. However, need based buying limit excessive gains.
- India government approved a new import tax structure on refined palm oil to protect local refiners and makes palm oil imports costlier from Indonesia. India's imports of refined palm oil from November to June nearly doubled compared with the corresponding period last year, to 1.2 million metric tons and the import of refined to crude edible oil (Ratio) had increased by 6% to 19% compared to Nov.'10-June'11. The base import price would calculate on international prices rather than a fixed price.
- India imported 4,677,609 tons of palm oil products in the current oil year (Nov.-Oct) out of totaled 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 20 July 2012. Discount rose by 9.35 per cent to Rs. 152 per 10 kg w-o-w basis (average prices of week).
- We expect CPO Kandla 5% may trade steady to slightly firm tone in the coming days in anticipation of good demand during Ramzan festival to meet domestic demand.



International Fundamentals:-

- As per SGS, Malaysian palm oil products exports for 1-20 July fell 22.9 percent to 768,555 tons from 996,662 tons shipped during 1-20 June.

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

Palm Products	1-20 July	1-20 June	%Change
Crude palm oil	190,815	293,432	-35.0
RBD palm oil	91,683	90,564	1.2
RBD palm olein	301,480	439,484	-31.4
RBD palm stearin	78,559	65,320	20.3
Crude palm kernel oil	2,500	7,000	-64.3
Processed palm kernel oil	20,570	31,944	-35.6
Oleochemicals	28,410	28,140	1.0

Importers	1-20 July	1-20 June	%Change
European Union	195,828	170,427	14.9
China	83,400	232,109	-64.1
Pakistan	80,500	125,259	-35.7
United States	82,134	107,640	-23.7
India	98,500	137,190	-28.2

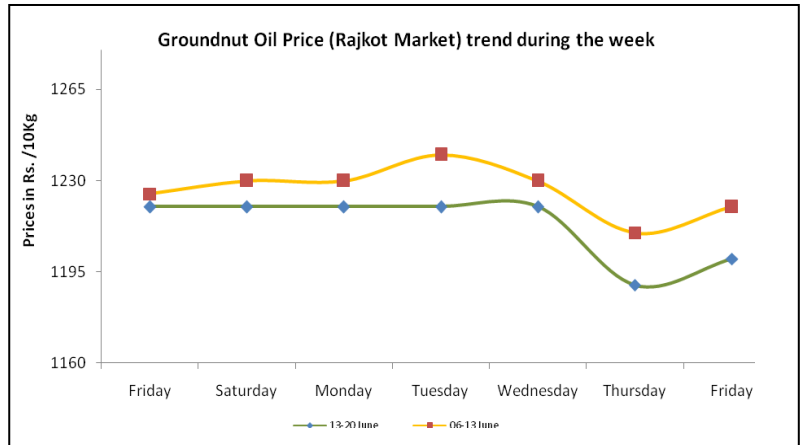
- As per MPOB's latest report, Malaysian palm oil ending stock for June fell by 4.9 percent to 1,699,117 tons from a revised 1,758,684 tons in May.
- As per Indonesia's trade ministry, Indonesia will cut its crude palm oil export tax by 4.5 percent to 15 percent for July as compared to previous month. The government will also cut its export tax for RBD palm olein to 7 percent.
- We expect tight global soybean supplies and dry weather over US key soybean growing belt and ongoing Ramzan festival could support international palm oil prices. However, weak Malaysian palm oil products export figures may limit upside.

Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 560-578 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 sporadic buying interest and good availability of groundnut oil.
- According to the government fourth advance estimates, Groundnut output is pegged at 6.93 million tons during 2011-12 compared to 7.54 million tons in the previous year.
- As per trade sources, G/N oil prices at Rajkot market are likely to trade sideways in the coming days on good availability of G/N oil and limited demand. However, good demand for G/N meal could limit downside.
- We expect G/N oil may trade sideways in days ahead due to dull demand at current higher quotes. However, better buying from re-packers could limit downside.

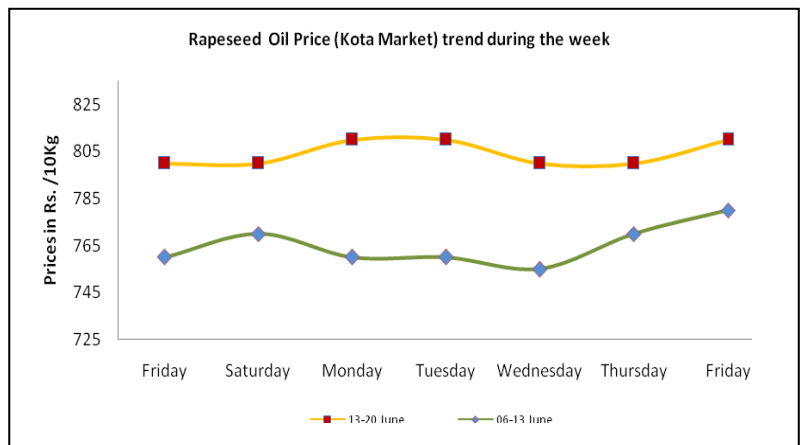


Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1175-1220 per 10 Kg.

Rapeseed oil: Domestic Market Fundamentals

- RM seed oil featured firm tone at Kota market during the week on strong buying support and bullish oilseed fundamentals. Domestic Kota mustard oil prices rose during the week and prices surge by 5.14 per cent to Rs. 804 per 10 kg w-o-w (average prices of week).
- According to the latest fourth advance estimates, Rapeseed output is pegged at 6.78 million tons during 2011-12 compared to 7.67 million tons in the previous year.
- We expect RM seed oil prices may trade sideways to positive tone in the days ahead on good demand for mustard oil wholesalers to meet the domestic demand during Ramzan festival and bullish oilseed fundamentals could act as an encouraging factor for the markets.



International Fundamentals:-

- Oil world raised its world Rapeseed output estimate for 2012/13 by 0.3 million tons to 61.9 million tons compared to its previous estimate. In previous year, global Rapeseed output was 59.63 million tons. Good recovery noticed in European Union's rapeseed crop primarily France, Ukraine, and Germany, which raises the global rapeseed output prospects for 2012/13.
- German Farm Cooperatives Association raised its Germany's rapeseed crop estimate for 2012 by 0.19 million tons to 4.70 million tons from its June estimate. Previous year Germany harvested 3.8 million tons of Rapeseed crop.
- Tighten South American soybean supply and dry weather concern over standing US soybean crop could lead to better buying interest for Canadian Rapeseed and expecting bulls rally stay intact in near to medium term.

Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 835-800 per 10 Kg.

Currency Technical Analysis



Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		55.13		54.13	
Technical Indicators		RSI (14)		SSTK/SSTD(9,3,3)	
		64.22		59.66/69.99	
Support and Resistance					
S2	S1	PCP		R1	R2
53.00	53.90	55.32		56.80	57.00

Expected Price Band and Outlook

Indian Rupee	We observed firmness 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 54.13.
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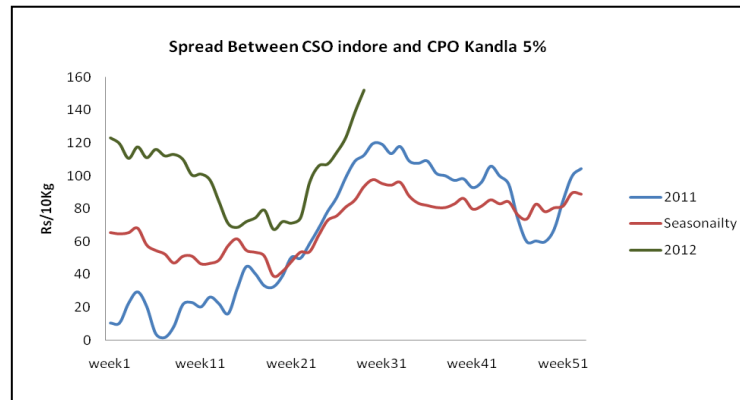
Edible oil vessel line up at Indian Ports
Product Wise

<i>Edible oil products in Tons for July</i>	<i>Veg. oil Vessel line up from up to 17/07/2012</i>
Crude Soybean Oil	20220
Crude Palm Oil	343969
RBD Palmolein	-----
Edible oil	60830
Palm Oil	123997
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 17/07/2012</i>	<i>Stock as on 28/06/2012</i>
Ennore	42000	72500
Chennai	62590	70859
Haldia	52647	131156
JNPT	21250	128712
Kandla	-----	159661
kakinada	39580	70744
Karaikal	-----	-----
Kolkata	13999	20336
Krishnapatnam	33200	70086
Mangalore	32636	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)

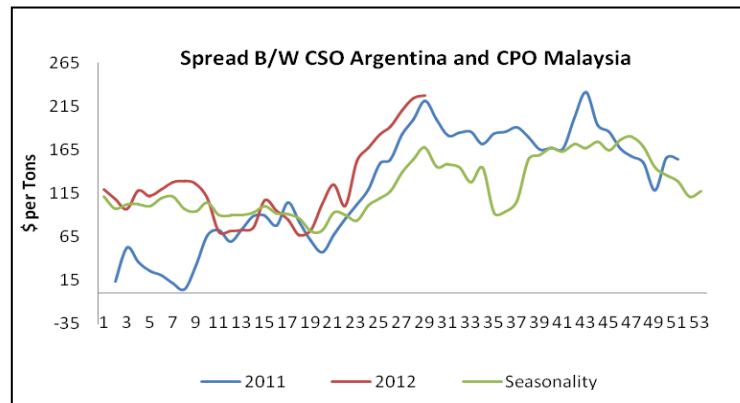


Average weekly spread between CSO Indore and CPO Kandla (5%) widened during the week and stood at Rs 152.2 per 10 Kg compared to 138.810 Kg during the previous week. Crude soy oil Indore prices rose relatively higher compared to crude palm oil kandla 5% on bullish domestic and international fundamentals. While, need based palm oil buying stood prices range bound.

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\$ 227 per MT compared to previous week average of US\$ 224 per MT. FOB quotes of CSO Argentina prices rose relatively higher compared to CPO Malaysia. We expect spread to hover between USD 245-225/MT.

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

Landed Cost Calculation as on 20/7/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1210	1221	1165
Freight (USD/MT)	65	55	50
C & F	1275.0	1276.0	1215.0
Weight loss (0.25% of FOB)	3.03	3.05	2.91
Finance charges (0.4% on CNF)	4.84	4.88	4.66
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1287	1288	1226
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	55.15	55.15	55.15
Landed cost without customs duty in INR per ton	70961	71020	67626
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	71397	71456	68062
Domestic Market price INR per ton Soy Degum Kandla	71500	71500	71500
Total landed cost USD per ton	1295	1296	1234
Domestic Market price USD per ton Soy Degum Kandla	1296	1296	1296
Parity INR/MT (Domestic - Landed)	103	44	3438
Parity USD/MT (Domestic - Landed)	1.87	0.79	62.34
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

Outlook:-

Import parity for crude soy oil from Argentina is hovering in positive territory due to higher domestic prices as compared to international prices. We expect import parity to continue to be in the positive 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 769-771, prices shall test 775.00 zones in medium term. RSI is in oversold zone and stayed in tune with the prices with no indication of any convergence/ divergence.
- ❖ Expected price band for next week is 749-767 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 768.

Support and Resistance				
S2	S1	PCP	R1	R2
740.00	744.00	755.00	771.00	775.00

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



- ❖ Candlesticks depict consolidation in the CPO prices during the week. Prices may trade sideways in the coming week.
- ❖ Rs 557 per 10 Kg levels could act as an immediate support; meanwhile we expect prices to stay in the range of 557-580 level in near term. However, breaching 575-577 levels prices may touch the 580-585 levels 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 580.00-585.00. Cautious traders can offload their CPO kandla 5% stocks at 575-578 level.

Support and Resistance				
S2	S1	PCP	R1	R2
552.00	557.00	570.00	580.00	585.00

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) on dips.

- ❖ 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 786.00 in weekly chart shall change the sentiments and might take the prices to a bearish phase.
- ❖ Expected price band for next week is 794-810 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 793.00-795.00 for a target of 807.00 and 810.00 with a stop loss at 786.5 on closing basis.

RSO NCDEX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
780.00	785.00	811.45	825.00	832.00

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 568.00 in weekly chart shall change the sentiments and might bring the prices to a bearish phase.
- ❖ Expected price band for next week is 573.00-586.00 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 573.00-575.00 for a target of 583.00 and 586.00 with a stop loss at 568.00 on closing basis.

CPO MCX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
562.00	568.00	583.80	595.00	600.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		20.7.2012	13.7.2012	
Refined Soybean Oil	Kota(Loose)	755	740	15
	Rajkot (Loose)	740	720	20
	Jaipur (Loose)	765	750	15
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	800	785	15
	Kakinada	-	-	-
	Mumbai +VAT	760	747	13
	Indore	755	738	17
	Soy Degum Mumbai+VAT	717	705	12
	SoyDegum Kandla/Mundra+VAT	715	700	15
	Haldiya Port (Loose)	758	753	5
	Akola (Loose)	801	783	18
	Amrawati (Loose)	801	783	18
	Jalna	797	779	18
	Nagpur	807	789	18
Palm Oil	Chennai.RBD.Palmolein.(Loose)	615	610	5
	Hyd. RBD Palmolein VAT	665	655	10
	Delhi RBD Palmolein (Loose)	710	665	45
	Kandla CPO (5%FFA)	570	558	12
	Kakinada.RBD.Palmolein(Loose)	611	601	10
	Mumbai RBD Pamolein+ VAT	624	612	12
	Kandla RBD Palmolein +VAT	615	600	15
Refined Sunflower Oil	Mumbai + VAT	760	748	12
	Kandla/Mundra	705	695	10
	Erode (Exp. Oil)+VAT	750	740	10
	Hyderabad Exp +VAT	751	736	15
	Chennai (Loose)	765	755	10
	Bellary (Exp. Oil)+VAT	656	-	-
	Latur (Exp. Oil)+VAT	716	701	15
	Chellakere (Exp. Oil)+VAT	711	701	10
Groundnut Oil	Rajkot (Loose)	1200	1220	-20
	Chennai (Loose)	1110	1110	Unch
	Delhi (Loose)	1225	1210	15
	Hyderabad Exp +VAT	1200	1120	80

	Mumbai + VAT	1185	1185	Unch
	Gondal+VAT	1200	1220	-20
	Jamnagar +VAT	1200	1220	-20
	Narsarropeth+VAT	1071	1091	-20
	Prodattour+VAT	1111	1126	-15
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	855	830	25
	Alwar (Expeller Oil)(Loose)	851	826	25
	Kota (Expeller Oil) (Loose)	810	800	10
	Jaipur (Expeller Oil) (Loose)	840	810	30
	Delhi (Exp. Oil) (Loose)	850	835	15
	SriGangaNagar(ExpOil-Loose)	826	811	15
	Hapur+VAT	850	840	10
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	880	870	10
Refined Cottonseed Oil	Mumbai +VAT	750	720	30
	Rajkot (Loose)	745	715	30
	Delhi (Loose)	725	685	40
	Hyderabad (Loose)	760	740	20
Sesame Oil	Delhi	925	900	25
	Mumbai	875	820	55
Coconut Oil	(Crude Rs/10kg) - Kangayan	620	610	10
Kardi	Mumbai	960	910	50
Rice Bran Oil (40%)	Delhi	660	640	20
	Punjab	630	595	35
Rice Bran Oil (70%)	Delhi	555	550	5
Malaysia Palmolein USD/MT	FOB (March Shipment)	1000	993	7
	CNF(March) - India	1040	1020	20
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	973	960	13
	CNF(March) - India	1005	985	20
Argentina FOB (\$/MT)		19.7.2012	12.7.2012	Change
Crude Soybean Oil Ship (June)		1210	1180	30
Refined Soy Oil (Bulk) Ship (June)		1252	1221	31
Sunflower Oil Ship (June)		1160	-	-
Cottonseed Oil Ship (June)		1190	1160	30
Refine Linseed Oil(Bulk) Ship (June)		1230	1200	30



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