

### **Domestic International Veg. Oil Market Summary:**

*Edible oil basket witnessed weak tone during the week on bearish cues from international market and non-aggressive buying from wholesalers at major physical counters. However, groundnut oil featured gains on better buying from re-packers and lack of rains over key groundnut growing areas of Gujarat and Saurashtra.*

*As per Ministry of Agriculture, Sown area for Kharif Groundnut stood at 101.54 lakh hectares as on 26 July 2012 up 7.6 % as compared to corresponding period last year, which was 94.34 lakh hectares. Moreover, sown area for Kharif Groundnut stood at 25.46 lakh hectares as on 26 July 2012 down 23.08 % as compared to corresponding period last year, which was 33.10 lakh hectares.*

*On currency front, INR against USD ended at 55.33. We expect edible oil complex may trade steady to weak tone in the coming week on bearish international edible oil market and forecast of rains over key soybean growing areas of MP and Maharashtra that could strengthen sowing prospects. However, in anticipating of good buying during Ramadan and upcoming Hindu's festivals may limit downside.*

### **International Veg. Oil Market Summary:**

*Soy oil prices at the benchmark market of CBOT traded steady to weak tone during the week. CBOT soy oil closed at 52.04 cents/pound (Aug'12 contract) as on 27 July 2012. Moreover, Malaysian palm oil futures (Aug'12 contract) featured weak tone and fell 101 MYR to 2906 MYR /MT (27 July 2012).*

*As per International Grain Council report, World soybean output estimate for 2012/13 pegged at 259 million tons, up 9% compared to last year. Good demand for soybean mainly from China could support world soybean trade for 2012/13. Moreover, world canola trade is seen at 12.5 million tons, up 7% on Y-o-Y basis in anticipation of larger shipments to the EU and Asia.*

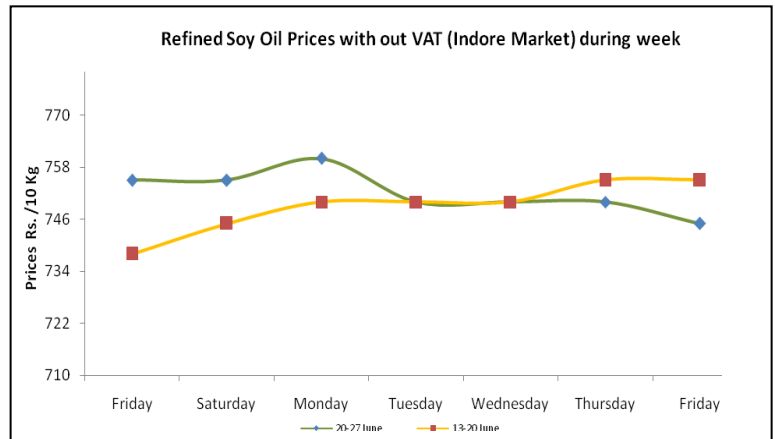
*Fundamentally, tight global oilseed supplies and drought like conditions over US Midwest and inelastic nature of soybean demand could support soybean and canola prices in near to medium term. However, forecast of rains over US Midwest if materialize could dampens the bullish sentiments in the market.*

*As per SGS, Malaysian palm oil products exports for 1-25 July fell 18.8 percent to 986,829 tons from 1,212,262 tons shipped during 1-25 June. Palm oil products exports figures for 1-25 July for top major markets (Values in tons and 1-25 June import figures in parenthesis): China 142,900 (276,674), EU 224,428 (193,427), Pakistan 105,500 (159,569), USA 89,734 (124,680) and India 113,410 (194,065).*

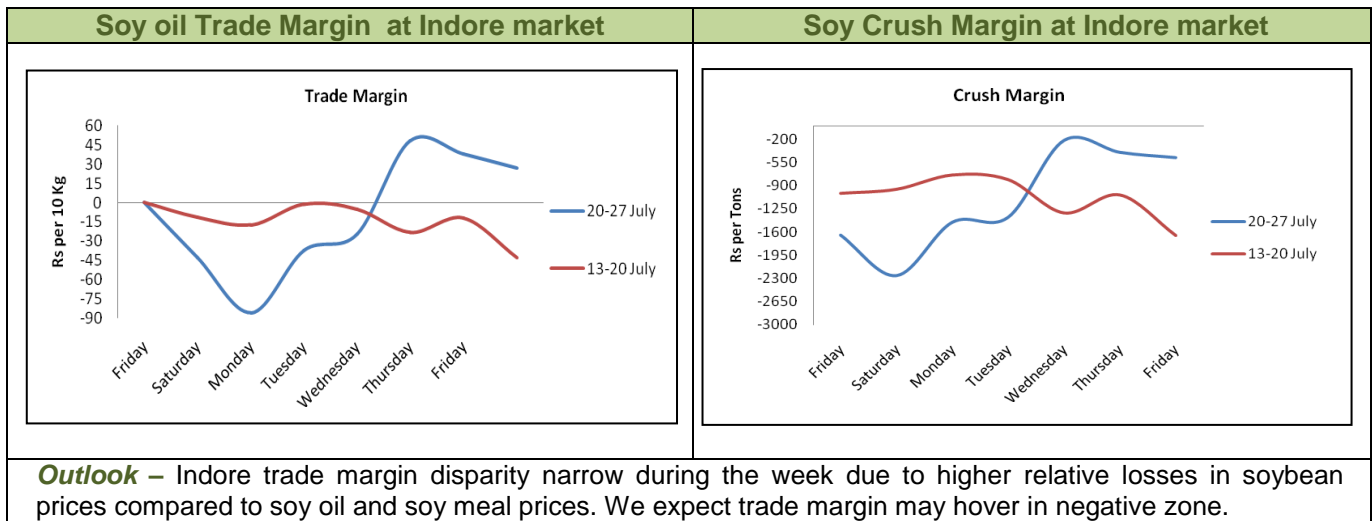
### Soy oil:

#### Domestic Fundamentals:-

- Soy oil witnessed steady tone at its benchmark market Indore during the week on lackluster buying interest. However, bullish oilseed fundamentals limit downside.
- As per Ministry of Agriculture, Sown area for Kharif Groundnut stood at 101.54 lakh hectares as on 26 July 2012 up 7.6 % as compared to corresponding period last year, which was 94.34 lakh hectares.
- 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.
- We expect refined soy oil may trade steady to slightly weak bias in the coming day on sporadic buying. However, bullish oilseed fundamentals and firm demand for oil meals in overseas market could limit downside.



#### Soy crush margin and Soy oil trade margin analysis :-



#### International Fundamentals:-

- As per International Grain Council's report, World soybean output estimate for 2012/13 pegged at 259 million tons up 9% compared to 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.
- Forecasts of rain in the U.S. Midwest may relief to the standing soybean crop to some extent, which could lead to a higher supply of soybean oil in medium term.

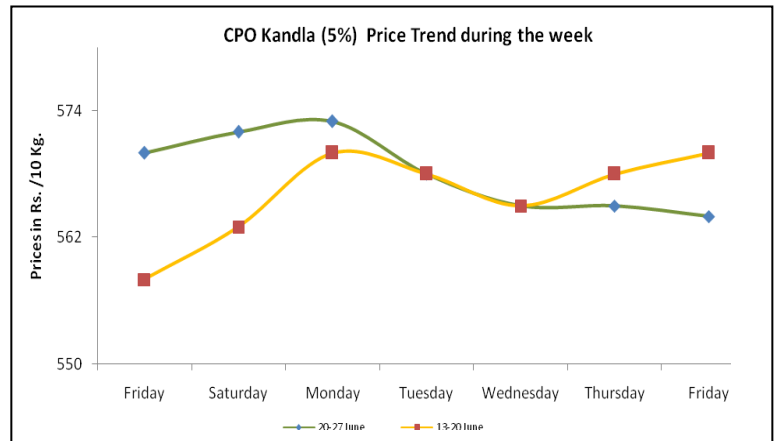
#### Price Outlook:

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 weak tone during the week on sporadic buying interest. However, ongoing festivals and need based buying limit excessive losses.
- Crude palm oil Kandla 5% price is at Rs 181 per 10 Kg discount against crude soybean oil Indore price on 27 July 2012. Discount rose by 21.05 per cent to Rs. 184 per 10 kg w-o-w basis (average prices of week).
- We expect CPO Kandla 5% may trade steady to slightly weak tone in the coming days on non-aggressive buying from wholesalers. However, upcoming festivals in the month of August could limit excessive downside.



#### International Fundamentals:-

- As per SGS, Malaysian palm oil products exports for 1-25 July fell 18.8 percent to 986,829 tons from 1,212,262 tons shipped during 1-25 June.

#### Breakdown of SGS palm export figures for 1-25 July compared to a month ago (in tons):

Palm Products	1-25 July	1-25 June	%Change
Crude palm oil	226,675	385,207	-41.2
RBD palm oil	118,617	108,464	9.4
RBD palm olein	427,804	505,544	-15.4
RBD palm stearin	88,877	93,720	-5.2
Crude palm kernel oil	8,500	13,000	-34.6
Processed palm kernel oil	21,873	34,369	-36.4
Oleochemicals	29,451	30,180	-2.4

Importers	1-25 July	1-25 June	%Change
European Union	224,428	193,427	16.0
China	142,900	276,674	-48.4
Pakistan	105,500	159,569	-33.9
United States	89,734	124,680	-28.0
India	113,410	194,065	-41.6

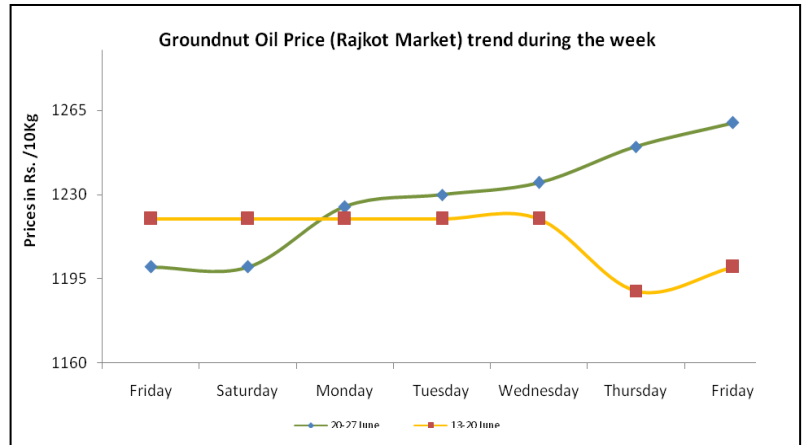
- As per MPOB's latest report, Malaysian palm oil ending stock for June fell by 4.9 percent to 1,699,117 tons from a revised 1,758,684 tons in May.
- As per Indonesia's trade ministry, Indonesia will cut its crude palm oil export tax by 4.5 percent to 15 percent for July as compared to previous month. The government will also cut its export tax for RBD palm olein to 7 percent.
- We expect lower Malaysian palm oil products export figures might weigh on international crude palm oil prices in the coming days.

#### Price Outlook:

We expect CPO Kandla 5% (without VAT) to stay in the range of 557-575 per 10 Kg in the near term.

### Groundnut Oil: Domestic Fundamentals:-

- Groundnut oil featured firm tone at its benchmark Rajkot market during the week on better buying interest from re-packers and slow progress of monsoon over key producing region of Gujarat. Market participants are worried on slow progress of monsoon over Gujarat, which could affect sowing in the current season, leads to lower output.
- As per Ministry of Agriculture, Sown area for Kharif Groundnut stood at 25.46 lakh hectares as on 26 July 2012 down 23.08 % as compared to corresponding period last year, which was 33.10 lakh hectares.
- As per trade sources, festive demand and uptrend in G/N meal prices may support G/N oil prices in near term.
- We expect G/N oil may trade sideways to slightly firm tone in the days ahead on better buying slow progress of monsoon over key G/N seed producing areas.

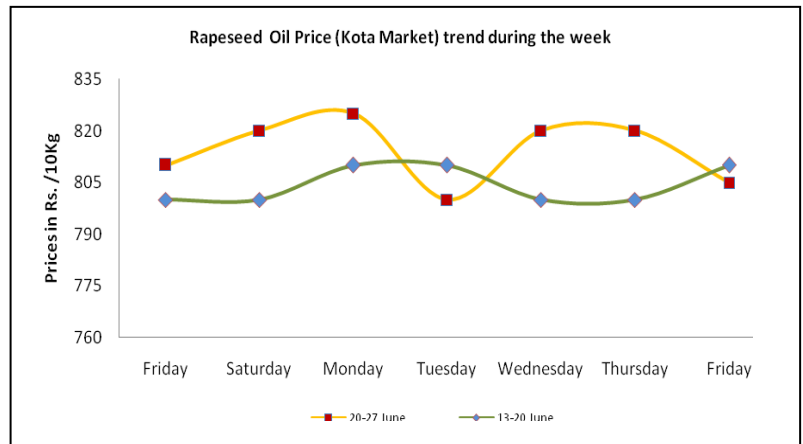


### Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1250-1275 per 10 Kg.

### Rapeseed oil: Domestic Market Fundamentals

- RM seed oil featured steady to firm tone at Kota market during the week on bullish oilseed fundamentals. Domestic Kota mustard oil prices rose during the week and prices surge by 1.4 per cent to Rs. 814 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 7.67million tons in the previous year.
- As per trade sources, demand for mustard oil was need based during the week and prices may trade sideways in the coming week until aggressive demand picks up.
- 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 and upcoming Hindu's festival, which could act as an encouraging factor for the markets.



### International Fundamentals:-

- As per International Grain Council, World canola output estimate for 2012/13 is more or less same compared to last due to good Canadian canola output offsets the lower EU's canola crop this year. World canola trade is seen at 12.5 million tons, up 7% on Y-o-Y basis in anticipation of larger shipments to the EU and Asia.

### Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 790-810 per 10 Kg.

### Currency Technical Analysis



### Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		55.21		54.37	
Technical Indicators		RSI (14)		SSTK/SSTD(9,3,3)	
		64.69		41.33/49.33	
Support and Resistance					
S2	S1	PCP		R1	R2
53.00	53.90	55.33		56.80	57.00

### Expected Price Band and Outlook

Indian Rupee	We observed "Gravestone Doji" in the weekly INR against USD technical chart. Besides, we see a range of 56.10-56.50 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**

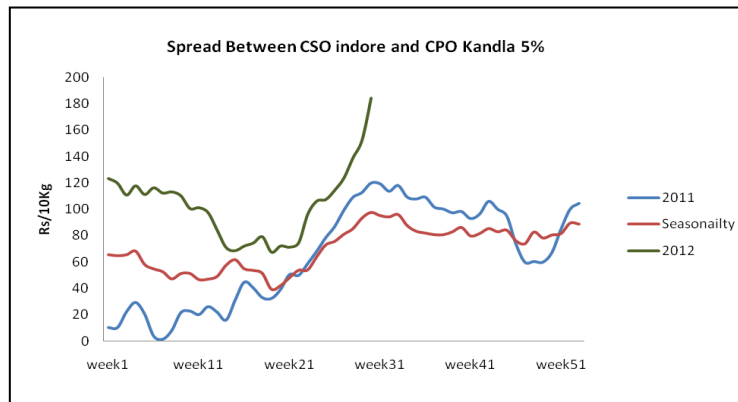
<i>Edible oil products in Tons for July</i>	<i>Veg. oil Vessel line up from up to 25/07/2012</i>
Crude Soybean Oil	32050
Crude Palm Oil	390405
Edible oil	75330
Palm Oil	185695
Crude Sunflower Oil	46420
PALM FATTY ACID	-----
<b>Total edible oils</b>	<b>729900</b>
Source: Ben Line Agencies(India) Pvt. Ltd.	

**Port Wise**

<i>Veg. oil Vessel line up in Tons.</i>	<i>Stock as from 1/07/2012 to 25/07/2012</i>	<i>Stock as on 1/06/2012 to 28/06/2012</i>
Ennore	47500	72500
Chennai	89790	70859
Haldia	74976	131156
JNPT	28250	128712
Kandla	-----	159661
kakinada	47080	70744
Karaikal	-----	-----
Kolkata	37886	20336
Krishnapatnam	42450	70086
Mangalore	42436	45886
Mumbai	-----	23999
Mormugao	-----	3000
Paradip	-----	8000
Mundra	270035	141647
Tuticorin	49497	10800
Source: Ben Line Agencies(India) Pvt. Ltd.		

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

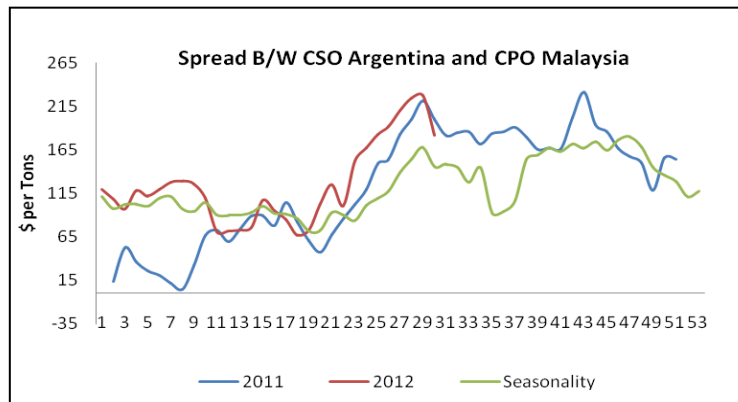
Average weekly spread between CSO Indore and CPO Kandla (5%) widened during the week and stood at Rs 184 per 10 Kg compared to 152.2 Kg during the previous week. Crude soy oil Indore prices rose relatively higher compared to crude palm oil kandla 5% on bullish domestic and international fundamentals. While, need based palm oil buying and sideways movement in international palm oil market 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 188-175/10 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\$ 182 per MT compared to previous week average of US\$ 227 per MT. FOB quotes of CPO Malaysia prices fell relatively higher compared to CSO Argentina. We expect spread to hover between USD 160-180/MT.

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

<b>Landed Cost Calculation as on 27/7/2012</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>
FOB USD per ton	1153	1161	1120
Freight (USD/MT)	65	55	50
C & F	1218.0	1216.0	1170.0
Weight loss (0.25% of FOB)	2.88	2.90	2.80
Finance charges (0.4% on CNF)	4.61	4.64	4.48
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1229	1227	1181
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	55.413	55.413	55.413
Landed cost without customs duty in INR per ton	68111	68003	65431
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	68547	68439	65867
Domestic Market price INR per ton Soy Degum Kandla	70200	70200	70200
Total landed cost USD per ton	1237	1235	1189
Domestic Market price USD per ton Soy Degum Kandla	1267	1267	1267
<b>Parity INR/MT (Domestic - Landed)</b>	<b>1653</b>	<b>1761</b>	<b>4333</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>29.83</b>	<b>31.79</b>	<b>78.19</b>
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 weak note during the week. We expect RSO Indore prices to fall further in the coming days.
- ❖ Breaching the immediate zone of 727-730, prices shall test 720-722 zones in medium term. RSI is in between oversold and neutral 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 wait to buy Ref. soy oil (INDORE Rs/10 Kg without VAT) in cash markets.

Support and Resistance				
S2	S1	PCP	R1	R2
720.00	727.00	745.00	758.00	764.00

**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 557-575 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 buy Crude palm oil Kandla 5% in cash markets from 557-558 level for the target of 575-577 level.**

Support and Resistance				
S2	S1	PCP	R1	R2
552.00	557.00	564.00	575.00	580.00

### Technical Analysis (Futures)

#### RSO (Refined Soybean Oil Aug Contract)



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

- ❖ Weekly chart of refined soy oil at NCDEX showed weakness in the prices. We expect sideways to negative movement in the RSO Aug contract. Any rise in the prices may act as selling opportunity.
- ❖ Any close above 798.00 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 793.00-770 level in near to medium term. RSI is in between neutral and oversold zone and shows evidence of bearish divergence with the ref. soy oil prices.

**Strategy:** Market participants are advised to go short in RSO in the range of 790.00-793.00 for a target of 780.00 and 775.00 with a stop loss at 798.00 on closing basis.

#### RSO NCDEX (Aug)

Support and Resistance				
S2	S1	PCP	R1	R2
748.00	753.00	781.80	801.00	805.00

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



**Outlook - Prices may trade with a steady tone in the coming days. Investors are advised to sell MCX CPO Aug contract from higher levels.**

- ❖ We observed consolidation in the markets. Candlestick Weekly chart of crude palm oil at MCX shows range bound movement in the prices.
- ❖ Any close above 578 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 573-560 level in near to medium term. RSI is in neutral zone and shows no evidence of divergence in line with the CPO prices.

**Strategy:** Market participants are advised to go short in CPO in the range of 571-573 for a target of 562 and 560 with a stop loss at 578 on closing basis.

**CPO MCX (Aug)**

Support and Resistance				
S2	S1	PCP	R1	R2
550.00	556.00	565.60	580.00	585.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		27.7.2012	20.7.2012	
Refined Soybean Oil	Kota(Loose)	745	755	-10
	Rajkot (Loose)	740	740	Unch
	Jaipur (Loose)	760	765	-5
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	790	800	-10
	Kakinada	-	-	-
	Mumbai +VAT	745	760	-15
	Indore	745	755	-10
	Soy Degum Mumbai+VAT	708	717	-9
	SoyDegum Kandla/Mundra+VAT	702	715	-13
	Haldiya Port (Loose)	736	758	-22
	Akola (Loose)	798	801	-3
	Amrawati (Loose)	798	801	-3
	Jalna	794	797	-3
	Nagpur	806	807	-1
Palm Oil	Chennai.RBD.Palmolein.(Loose)	608	615	-7
	Hyd. RBD Palmolein VAT	660	665	-5
	Delhi RBD Palmolein (Loose)	680	710	-30
	Kandla CPO (5%FFA)	564	570	-6
	Kakinada.RBD.Palmolein(Loose)	601	611	-10
	Mumbai RBD Pamolein+ VAT	620	624	-4
	Kandla RBD Palmolein +VAT	610	615	-5
Refined Sunflower Oil	Mumbai + VAT	760	760	Unch
	Kandla/Mundra	700	705	-5
	Erode (Exp. Oil)+VAT	755	750	5
	Hyderabad Exp +VAT	741	751	-10
	Chennai (Loose)	775	765	10
	Bellary (Exp. Oil)+VAT	656	656	Unch
	Latur (Exp. Oil)+VAT	711	716	-5
	Chellakere (Exp. Oil)+VAT	706	711	-5
Groundnut Oil	Rajkot (Loose)	1260	1200	60
	Chennai (Loose)	1115	1110	5
	Delhi (Loose)	1230	1225	5
	Hyderabad Exp +VAT	1200	1200	Unch
	Mumbai + VAT	1200	1185	15

	Gondal+VAT	1250	1200	50
	Jamnagar +VAT	1250	1200	50
	Narsarropeth+VAT	1071	1071	Unch
	Prodattour+VAT	1096	1111	-15
<b>Rapeseed Oil</b>	Mumbai (Exp. Oil) +VAT	865	855	10
	Alwar (Expeller Oil)(Loose)	843	851	-8
	Kota (Expeller Oil) (Loose)	805	810	-5
	Jaipur (Expeller Oil) (Loose)	850	840	10
	Delhi (Exp. Oil) (Loose)	880	850	30
	SriGangaNagar(ExpOil-Loose)	841	826	15
	Hapur+VAT	858	850	8
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	900	880	20
<b>Refined Cottonseed Oil</b>	Mumbai +VAT	755	750	5
	Rajkot (Loose)	755	745	10
	Delhi (Loose)	740	725	15
	Hyderabad (Loose)	750	760	-10
<b>Sesame Oil</b>	Delhi	930	925	5
	Mumbai	880	875	5
<b>Coconut Oil</b>	(Crude Rs/10kg) - Kangayan	615	620	-5
<b>Kardi</b>	Mumbai	1110	960	150
<b>Rice Bran Oil (40%)</b>	Delhi	655	660	-5
	Punjab	645	630	15
<b>Rice Bran Oil (70%)</b>	Delhi	555	555	Unch
<b>Malaysia Palmolein USD/MT</b>	FOB (March Shipment)	955	1000	-45
	CNF(March) - India	1010	1040	-30
<b>Indonesia/Malaysia CPO USD/MT</b>	FOB (March Shipment)	945	973	-28
	CNF(March) - India	980	1005	-25
<b>Argentina FOB (\$/MT)</b>		<b>26.7.2012</b>	<b>19.7.2012</b>	<b>Change</b>
Crude Soybean Oil Ship (June)		1138	1210	-72
Refined Soy Oil (Bulk) Ship (June)		1177	1252	-75
Sunflower Oil Ship (June)		-	1160	-
Cottonseed Oil Ship (June)		1118	1190	-72
Refine Linseed Oil(Bulk) Ship (June)		1158	1230	-72



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