

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

*Edible oil basket witnessed mixed tone during the week on sporadic buying and bearish cues from international market. However tight supply limit excessive losses. Groundnut oil was the top loser among the edible oil pack due to limited buying at current higher quotes. Moreover, palm oil traded with the positive tone on better buying and surge in base import price makes palm oil costlier.*

*Indian government change base import price for RBD palm olein to \$1053/Ton, up \$569/Ton compared to previous base import price for RBD palm olein to curb cheaper Ready to use palm oil imports from South East Asian countries.*

*On currency front, INR against USD ended at 55.75. We expect edible oil complex may trade steady to slightly weak tone in the coming week on bearish international palm oil market and non-aggressive buying. However, ongoing festival would restrict downside risk in the prices.*

**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 03 Aug 2012. Moreover, Malaysian palm oil futures (Aug'12 contract) featured steady tone and rose one MYR to 2907 MYR /MT (03 Aug 2012).*

*As per International Grain Council report, world soybean output projections for 2012/13 pegged at 259 million tons, up 9% compared to last year.*

*Oil world raised its EU's rapeseed output estimate by 0.8 million tons to 19 million tons for 2012 due to favorable weather over France and Germany.*

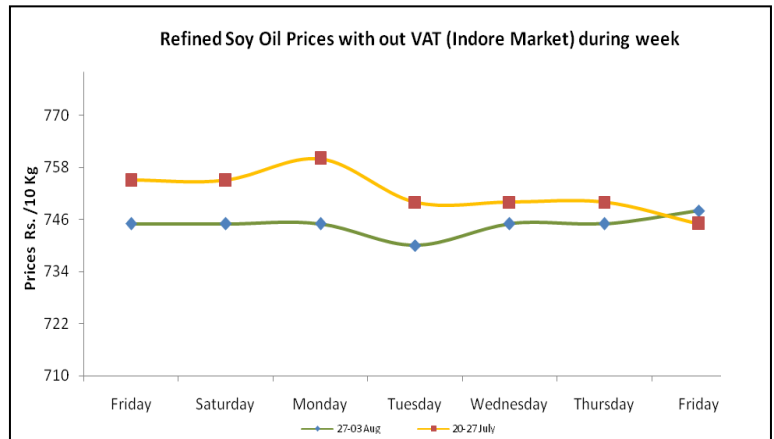
*Rising Malaysian palm oil ending stock and weak export figures reflecting slowing demand from top importers like China and India could hurt the market sentiments in the coming days. However, market participants await USDA demand and supply report which may confirm fresh directional moves.*

*As per SGS, Malaysian palm oil products exports for 1-30 July fell 18.5 percent to 1,193,227 tons from 1,463,864 tons shipped during 1-30 June. Palm oil products exports figures for July for top major markets (Values in tons and June import figures in parenthesis): China 186,460 (323,474), EU 247,601 (236,711), Pakistan 115,500 (196,229), USA 116,079 (124,680) and India 155,760 (257,507).*

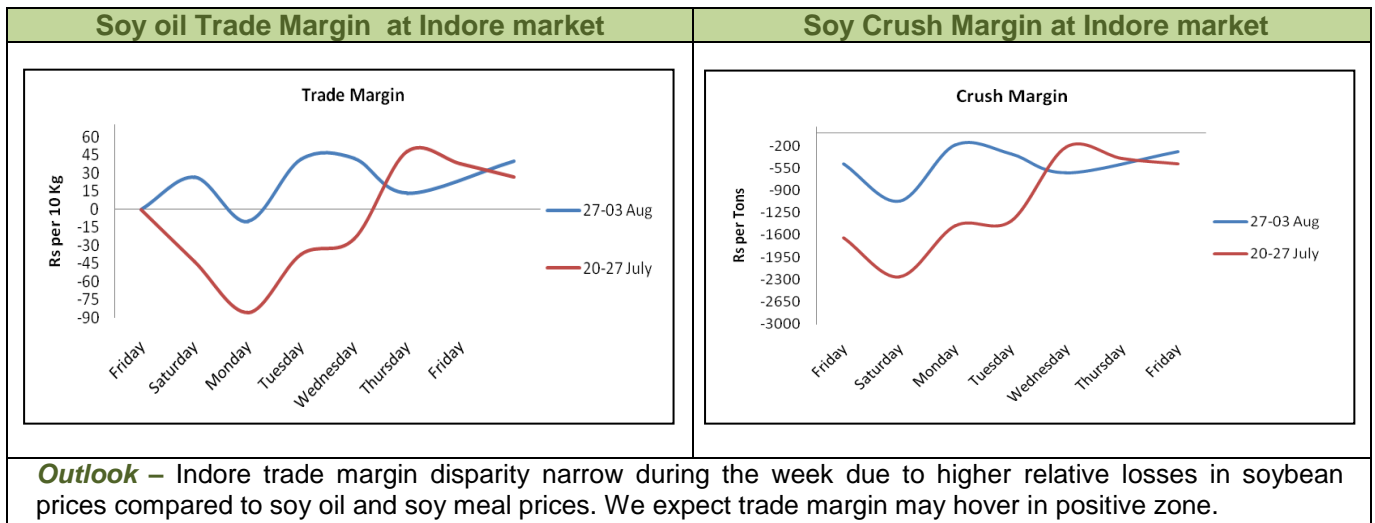
### Soy oil:

#### 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 soybean stood at 103.2 lakh hectares up 5.8 % as on 03 Aug 2012 against the same period a year ago.
- 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.
- PEC has tender to buy 7,500 tons (+/- 2%) of Crude degummed Soybean Oil (CDSO) in Bulk)to be imported for the port of Kandla sourced from Argentina, bidding closed on 09 Aug, 2012.
- 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:-

- Informa Economics lowers its U.S. soybean yield projection by 1.3 bushels/acre to 37.2 bushels/acre and cut its soy production projection to 2.791 billion bushels from the previous estimates of 2.9 billion bushels.
- USDA has again slashed the rating of soybean crop condition in its recent crop progress report. The crop is rated at 29 per cent in Good to Excellent condition against 60 per cent during the same period last year. The lower crop rating is due to dry weather in US mid-west in previous weeks.
- 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.

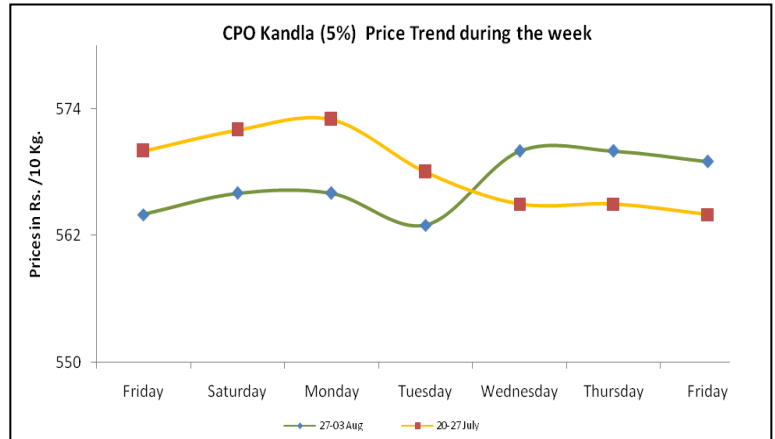
#### Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 733-753 10 Kg in the near term.

### Palm Oil:

#### Domestic Fundamentals:-

- CPO Kandla 5% featured steady to slightly firm tone during the week on fair buying during the first week of August to meet domestic festival demand and lower edible oil stocks add underlying support to the spot market. However, weak cues from international palm oil market limit upside.
- Trade sources reveal that the current palm oil stocks and supplies in India are lower due to decline in vessel line up from Malaysia and Indonesia, the phenomena will persist for a couple of days ahead. This is likely to support the palm oil prices at higher levels. However, need based buying is featured in the cash market.
- Indian government change base import price for RBD palm olein to \$1053/Ton, up \$569/Ton compared to previous base import price for RBD palm olein to curb cheaper Ready to use palm oil imports from South East Asian countries.
- Crude palm oil Kandla 5% price is at Rs 142 per 10 Kg discount against crude soybean oil Indore price on 04 Aug 2012. Discount fell by 7.2 per cent to Rs. 140 per 10 kg w-o-w basis (average prices of week).



#### International Fundamentals:-

- As per SGS, Malaysian palm oil products exports for July fell 18.5 percent to 1,193,227 tons from 1,463,864 tons shipped during June

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

Palm Products	July	June	%Change
Crude palm oil	297,025	486,520	-38.9
RBD palm oil	120,517	120,464	0.04
RBD palm olein	512,569	604,870	-15.3
RBD palm stearin	109,697	103,060	6.4
Crude palm kernel oil	8,500	13,000	-34.6
Processed palm kernel oil	28,413	37,269	-23.8
Oleochemicals	33,091	37,603	-12.0

Importers	July	June	%Change
European Union	247,601	236,711	4.6
China	186,460	323,474	-42.4
Pakistan	115,500	196,229	-41.1
United States	116,079	124,680	-6.9
India	155,760	257,507	-39.5

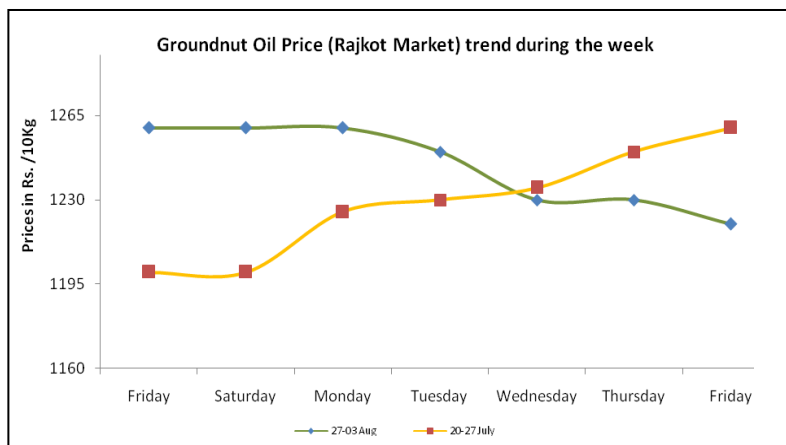
- As per MPOB's latest report, Malaysian palm oil ending stock for June fell by 4.9 percent to 1,699,117 tons from a revised 1,758,684 tons in May.
- As per Indonesia's trade ministry, Indonesia will cut its crude palm oil export tax by 4.5 percent to 15 percent for July as compared to previous month. The government will also cut its export tax for RBD palm olein to 7 percent.
- South East Asian countries entering into high palm oil output phase and rising Malaysian palm oil stocks could weigh on the market.

### 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 weak tone at its benchmark Rajkot market during the week on lackluster buying interest and good availability of G/N oil. However, lower sown groundnut sown area due to scanty rainfall over key producing region of Gujarat and Saurashtra could lead to lower output in the current season.
- According to the 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 Ministry of Agriculture, Sown area for Kharif Groundnut stood at 28.8 lakh hectares as on 03 Aug 2012 down 18.6 % compared to corresponding period last year, which was 35.4 lakh hectares
- As per trade source, G/N oil prices may soften further in the coming week on lackluster buying at current higher quotes and in anticipation of sporadic trade activities ahead of Hindu's festival.
- We expect G/N oil may trade sideways to slightly weak tone in the days ahead on limited buying at current higher quotes.

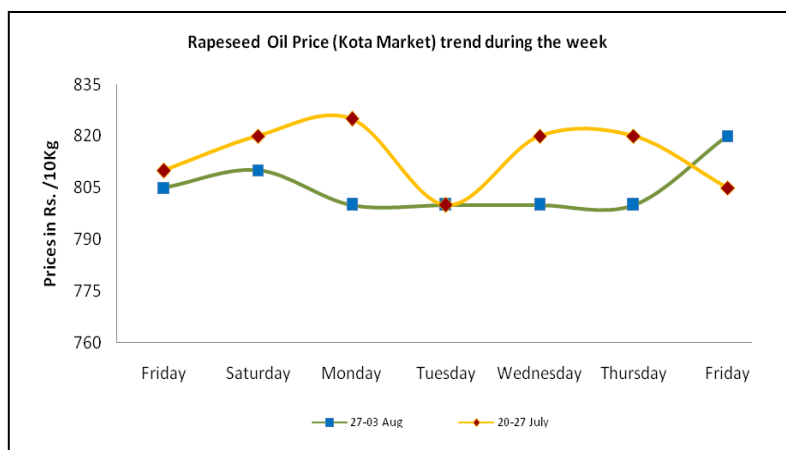


### Price Outlook:

Groundnut oil prices in Rajkot may stay in the range of Rs 1200-1240 per 10 Kg.

### Rapeseed oil: Domestic Market Fundamentals

- RM seed oil featured steady to weak tone at Kota market during the week on sporadic buying interest. However, bullish RM seed fundamentals limit excessive losses. Domestic Kota mustard oil prices rose during the week and prices fell by 1.1 per cent to Rs. 805 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.
- We expect RM seed oil prices may trade sideways to slightly weak tone in the days ahead on dull demand at physical counters. However, ongoing festivals could limit downside.



### 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.
- Oil world also raised its EU's rapeseed output estimate by 0.8 million tons to 19 million tons for 2012 due to favorable weather over France and Germany. In the previous year EU's rapeseed output was 19.2 million tons.

### Price Outlook:

Rapeseed oil in Kota market is likely to trade in the price band of Rs 796-820 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)	
		63.88		40.99/43.80	
Support and Resistance					
S2	S1	PCP		R1	R2
53.80	54.15	55.75		56.75	57.10

### Expected Price Band and Outlook

Indian Rupee	We observed sideways movement in the weekly INR against USD technical chart. Besides, we see a range of 56.75-57.10 on the higher side in the coming week and lower level at 54.15 and below that, we may see selling pressure until 53.80.
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**Edible oil Stocks at Indian Ports**
**Product Wise**

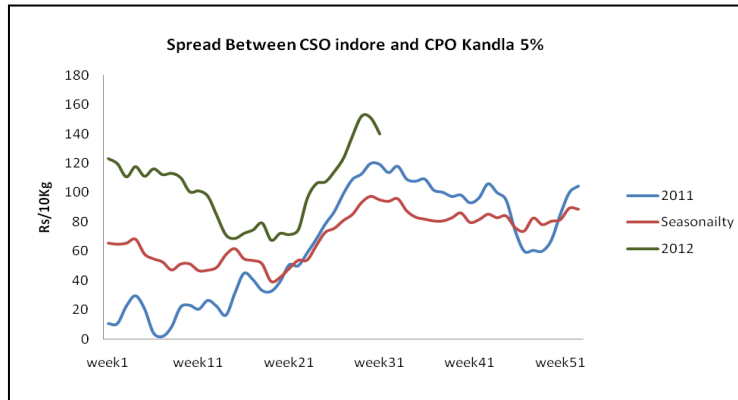
<i>Edible oil products</i>	<i>Veg. oil Vessel line up from 01/07/2012 to 31/07/2012</i>
Crude Soybean Oil	61850
Crude Palm Oil	960940
RBD Palm olein	4000
Palm Oil	175136
Crude Sunflower Oil	46420
Edible oil	75330
<b>Total edible oils</b>	<b>1323676</b>
Source: Ben Line Agencies(India) Pvt. Ltd.	

**Port Wise**

<i>Veg. oil Vessel line up in Tons.</i>	<i>Veg. oil Vessel line up for July</i>	<i>Veg. oil Vessel line up for June</i>
Ennore	47500	45500
Chennai	76290	70859
Haldia	100276	131156
JNPT	28250	128712
Kakinada	47080	66244
Kandla	46000	159661
Karaikal	.....	.....
Kolkata	37886	20336
Krishnapatnam	46450	70086
Mangalore	42436	45886
Murmugoa	.....	3000
Mumbai	.....	23999
Paradip	.....	8000
Mundra	817570	141647
Tuticorin	33938	10800
Source: Ben Line Agencies(India) Pvt. Ltd.		

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

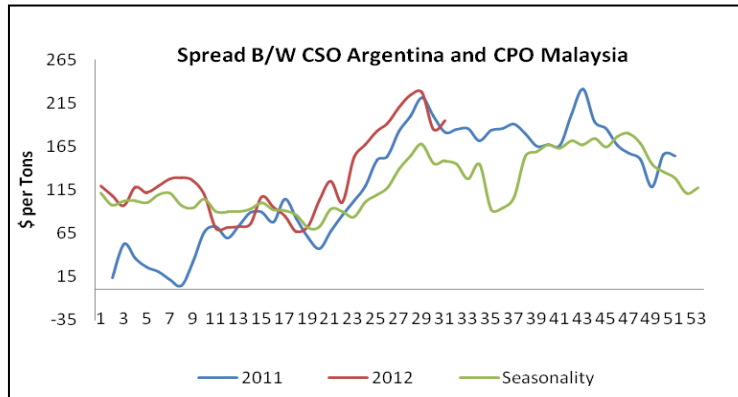
Average weekly spread between CSO Indore and CPO Kandla (5%) narrow during the week and stood at Rs 140 per 10 Kg compared to 151 Kg during the previous week. Crude soy oil Indore prices fell relatively higher compared to crude palm oil kandla 5%. While, need based palm oil buying and lower stocks at domestic front support palm oil prices.



### Outlook and Strategy :-

We expect spread to further narrow in near term. Spread b/w CSO Indore and CPO Kandla 5% may hover in between Rs 129-138/10 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\$ 195 per MT compared to previous week average of US\$ 185 per MT. FOB quotes of CPO Malaysia prices fell relatively higher compared to CSO Argentina. We expect spread to hover between USD 180-200/MT.



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

<b>Landed Cost Calculation as on 3/8/2012</b>	<b>CSO Argentina</b>	<b>CSO Brazil</b>	<b>CSO US</b>
FOB USD per ton	1161	1170	1114
Freight (USD/MT)	65	55	50
C & F	1226.0	1225.0	1164.0
Weight loss (0.25% of FOB)	2.90	2.93	2.79
Finance charges (0.4% on CNF)	4.64	4.68	4.46
Insurance (0.3% of C&F)	4	4	3
CIF (Indian Port - Kandla)	1237	1236	1175
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	56.0845	56.0845	56.0845
Landed cost without customs duty in INR per ton	69389	69336	65884
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	69825	69772	66320
Domestic Market price INR per ton Soy Degum Kandla	70000	70000	70000
Total landed cost USD per ton	1245	1244	1183
Domestic Market price USD per ton Soy Degum Kandla	1248	1248	1248
<b>Parity INR/MT (Domestic - Landed)</b>	<b>175</b>	<b>228</b>	<b>3680</b>
<b>Parity USD/MT (Domestic - Landed)</b>	<b>3.12</b>	<b>4.06</b>	<b>65.61</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 steady to slightly weak note during the week. We expect RSO Indore prices may consolidate 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 733-753 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 offload crude palm oil Kandla 5% in cash markets at 575-577 level.**

Support and Resistance				
S2	S1	PCP	R1	R2
552.00	557.00	568.00	577.00	582.00

**Technical Analysis (Futures)**  
**RSO (Refined Soybean Oil Sept 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 (Sept contract) on rise.**

- ❖ Weekly chart of refined soy oil at NCDEX showed weakness in the prices. We expect sideways to negative movement in the RSO sept contract. Any rise in the prices may act as selling opportunity.
- ❖ Any close above 800 in weekly chart shall change the sentiments and might take the prices to a bullish phase.
- ❖ Expected price band for next week is 796-778 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 792-796 for a target of 782.00 and 778.00 with a stop loss at 800.00 on closing basis.

**RSO NCDEX (Sept)**

Support and Resistance				
S2	S1	PCP	R1	R2
765.00	770.00	789.00	800.00	805.00

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



**Outlook - Prices may trade with a steady to weak tone in the coming days. Investors are advised to sell MCX CPO Sept 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 577 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 573-562 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 564 and 562 with a stop loss at 577 on closing basis.

**CPO MCX (Sept)**

Support and Resistance				
S2	S1	PCP	R1	R2
550.00	553.00	563.20	575.00	580.00

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		3/8/2012	27.7.2012	
Refined Soybean Oil	Kota(Loose)	745	745	Unch
	Rajkot (Loose)	730	740	-10
	Jaipur (Loose)	760	760	Unch
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	788	790	-2
	Kakinada	-	-	-
	Mumbai +VAT	747	745	2
	Indore	748	745	3
	Soy Degum Mumbai+VAT	710	708	2
	SoyDegum Kandla/Mundra+VAT	700	702	-2
	Haldiya Port (Loose)	756	736	20
	Akola (Loose)	793	798	-5
	Amrawati (Loose)	793	798	-5
	Jalna	789	794	-5
	Nagpur	799	806	-7
Palm Oil	Chennai.RBD.Palmolein.(Loose)	620	608	12
	Hyd. RBD Palmolein VAT	655	660	-5
	Delhi RBD Palmolein (Loose)	665	680	-15
	Kandla CPO (5%FFA)	569	564	5
	Kakinada.RBD.Palmolein(Loose)	611	601	10
	Mumbai RBD Pamolein+ VAT	627	620	7
	Kandla RBD Palmolein +VAT	610	610	Unch
Refined Sunflower Oil	Mumbai + VAT	760	760	Unch
	Kandla/Mundra	705	700	5
	Erode (Exp. Oil)+VAT	755	755	Unch
	Hyderabad Exp +VAT	741	741	Unch
	Chennai (Loose)	780	775	5
	Bellary (Exp. Oil)+VAT	661	656	5
	Latur (Exp. Oil)+VAT	716	711	5
	Chellakere (Exp. Oil)+VAT	711	706	5
Groundnut Oil	Rajkot (Loose)	1220	1260	-40
	Chennai (Loose)	1115	1115	Unch
	Delhi (Loose)	1240	1230	10
	Hyderabad Exp +VAT	1250	1200	50
	Mumbai + VAT	1220	1200	20

	Gondal+VAT	1230	1250	-20
	Jamnagar +VAT	1230	1250	-20
	Narsarropeth+VAT	1091	1071	20
	Prodattour+VAT	1096	1096	Unch
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	855	865	-10
	Alwar (Expeller Oil)(Loose)	851	843	8
	Kota (Expeller Oil) (Loose)	820	805	15
	Jaipur (Expeller Oil) (Loose)	835	850	-15
	Delhi (Exp. Oil) (Loose)	880	880	Unch
	SriGangaNagar(ExpOil-Loose)	843	841	2
	Hapur+VAT	860	858	2
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	900	900	Unch
Refined Cottonseed Oil	Mumbai +VAT	755	755	Unch
	Rajkot (Loose)	750	755	-5
	Delhi (Loose)	740	740	Unch
	Hyderabad (Loose)	760	750	10
Sesame Oil	Delhi	925	930	-5
	Mumbai	890	880	10
Coconut Oil	(Crude Rs/10kg) - Kangayan	610	615	-5
Kardi	Mumbai	1110	1110	Unch
Rice Bran Oil (40%)	Delhi	640	655	-15
	Punjab	650	645	5
Rice Bran Oil (70%)	Delhi	540	555	-15
Malaysia Palmolein USD/MT	FOB (March Shipment)	970	955	15
	CNF(March) - India	1010	1010	Unch
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	955	945	10
	CNF(March) - India	988	980	8
<b>Argentina FOB (\$/MT)</b>		<b>2/8/2012</b>	<b>26.7.2012</b>	<b>Change</b>
Crude Soybean Oil Ship (Aug)		1150	1138	12
Refined Soy Oil (Bulk) Ship (Aug)		1190	1177	13
Sunflower Oil Ship (Aug)		-	-	-
Cottonseed Oil Ship (Aug)		1130	1118	12
Refine Linseed Oil(Bulk) Ship (Aug)		1170	1158	12



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