

Domestic Veg. Oil Market Summary:

Edible oil basket witnessed weak tone during the week on dull demand and bearish cues from international market. However, thin soybean supplies limit excessive losses.

As per Ministry of Agriculture, sown area for Kharif soybean stood at 105.41 lakh hectares up 5.29 % as on 07 Aug 2012 against the same period a year ago, which was 100.13 lakh hectares. Moreover, sown area for Kharif Groundnut stood at 31.48 lakh hectares down 5.61 % compared to corresponding period last year.

RM seed oil was the top loser among the edible oil pack due to non-aggressive buying and weak rapeseed meal exports. Beside, groundnut oil featured steady tone, as major markets of Gujarat were inactive due to Janmashtami.

On currency front, INR against USD ended at 55.28 and likely to trade sideways in the coming week.

We expect edible oil complex may trade steady to slightly weak tone in the coming week on bearish international palm oil market and better soybean crop prospects at domestic front. However, tighten US soybean crop and ongoing festival would restrict downside risk in the prices.

International Veg. Oil Market Summary:

Soy oil prices at the benchmark market of CBOT traded with a steady tone during the week. CBOT soy oil closed at 53.6 cents/pound (Aug'12 contract) as on 10 Aug 2012. Moreover, Malaysian palm oil futures (Sept'12 contract) featured weak tone and fell 105 MYR to 2827 MYR /MT (09 Aug 2012).

As per General Administration of Customs of China, China has reportedly imported 5.87 million tonnes of soybeans in July, up 4.4 per cent from 5.62 million tons in June.

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.

Bearish MPOB's report on Malaysian palm oil ending stock and rising palm oil yield in South East Asian countries could dampen the market sentiments. On the other side, USDA lower its US soybean production estimate by 358 million bushels to 2692 million bushels as compared to its previous month estimate.

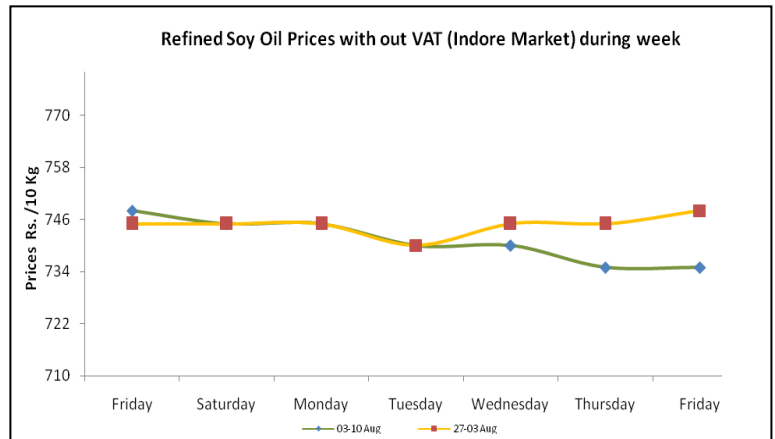
Developing El Nino weather pattern over Southeast Asian countries and tighten soybean supply may lift palm oil prices in medium term.

As per SGS, Malaysian palm oil products exports for 1-10 Aug rose 6.8 percent to 354,614 tons from 331,978 tons shipped during 1-10 July. Palm oil products exports figures for 1-10 Aug for top major markets (Values in tons and June import figures in parenthesis): China 62,850 (52,500), EU 67,711 (45,290), Pakistan 10,700 (10,000), USA 60,159 (54,840) and India 40,297 (62,500).

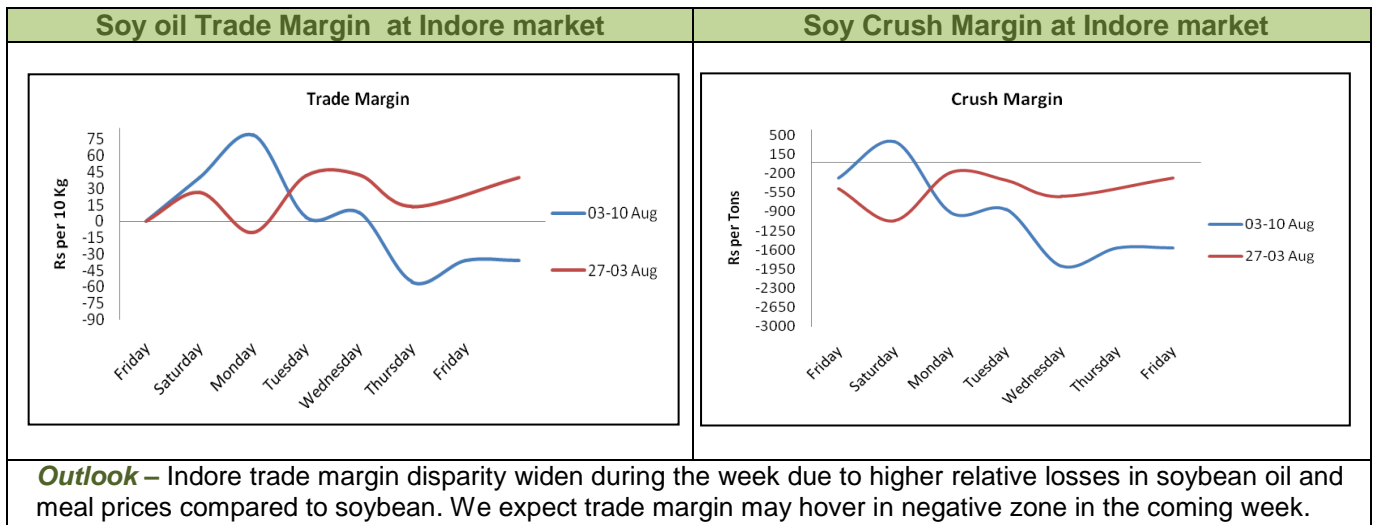
Soy oil:

Domestic Fundamentals:-

- Soy oil witnessed steady to weak tone at its benchmark market Indore during the week on sporadic buying interest. However, bullish oilseed fundamentals limit downside.
- As per Ministry of Agriculture, sown area for Kharif soybean stood at 105.41 lakh hectares up 5.29 % as on 07 Aug 2012 against the same period a year ago, which was 100.13 lakh hectares.
- NCDEX change the near month limit for Refined Soy Oil contracts will be applicable from first of every month in which the contract is due to expire. The above-mentioned changes will be applicable for all contracts expiring in January 2013 and thereafter.
- 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 General Administration of Customs of China, China has reportedly imported 5.87 million tonnes of soybeans in July, up 4.4 per cent from 5.62 million tons in June. Moreover, vegetable oils imports in the month of July were 0.73 million tonnes, up 35.2 percent as compared to the previous month.
- USDA lowers its U.S. soybean yield projection 36.1 bushels/acre, down 10.6 percent compared to its previous estimate and cut its soy production projection to 2692 million bushels from the previous estimates of 3050 million bushels.
- 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.

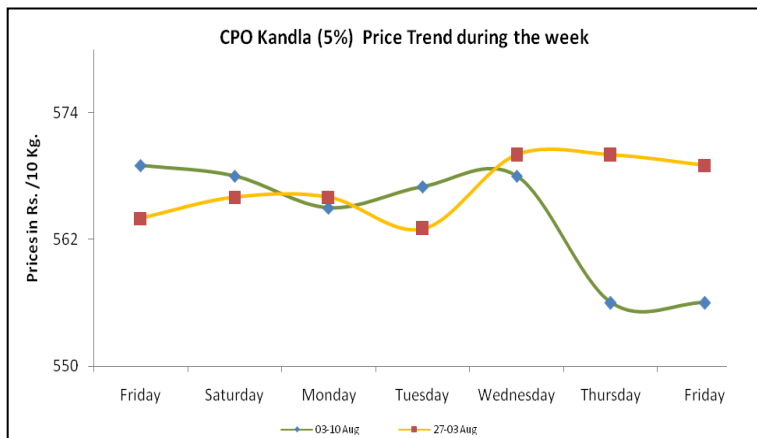
Price Outlook:

We expect refined soy oil at Indore (without VAT) to stay in the range of 730-745 10 Kg in the near term.

Palm Oil:

Domestic Fundamentals:-

- CPO Kandla 5% featured weak tone during the week on bearish cues from international palm oil market and dull demand in the falling price trend.
- PEC has tender to buy 3,000-6,000 tons (+/- 2%) of crude palm oil (CPO) in Bulk) to be imported for the port of Haldia sourced from Indonesia and/or Malaysia, bidding closed on 13 Aug, 2012.
- Crude palm oil Kandla 5% price is at Rs 140.4 per 10 Kg discount against crude soybean oil Indore price on 13 Aug 2012. Discount rose by 0.28 per cent to Rs. 140 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 1-10 Aug rose 6.8 percent to 354,614 tons from 331,978 tons shipped during 1-10 July.

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

Palm Products	1-10 Aug	1-10 July	%Change
Crude palm oil	71,550	75,215	-4.9
RBD palm oil	43,296	35,173	23.09
RBD palm olein	132,071	139,455	-5.3
RBD palm stearin	45,378	33,850	34.1
Crude palm kernel oil	3,000	0	-
Processed palm kernel oil	20,538	11,250	82.6
Oleochemicals	17,741	13,710	29.4

Importers	1-10 Aug	1-10 July	%Change
European Union	67,711	45,290	49.5
China	62,850	52,500	19.7
Pakistan	10,700	10,000	7.0
United States	60,159	54,840	9.7
India	40,297	62,500	-35.5

- As per MPOB's latest report, Malaysian palm oil ending stock for July rose by 17.6 percent to 1,998,870 tons from a revised 1,699,117 tons in June.

Malaysian Palm Oil Balance Sheet (2012)			
(Quantity in tons)	July	June	% Change
Production	1,691,947	1,470,648	15.0
Import	9,193	24,794	-62.9
Export	1,296,655	1,531,366	-15.3
Ending Stock	1,998,870	1,699,117	17.6

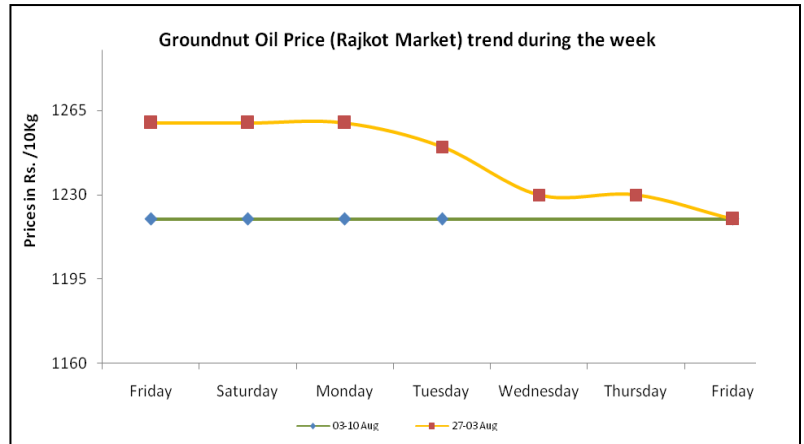
- As per Ganling plantation advisory firm, world palm oil production for 2012 seen at 45 million tons, up 5 percent compared to the previous year, which is below than average rate due to tepid output in Malaysia and Indonesia. Moreover, developing El Nino weather pattern over Southeast Asia could lead to lower yields and may lift palm oil prices in medium term.
- 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 550-570 per 10 Kg in the near term.

Groundnut Oil:
Domestic Fundamentals:-

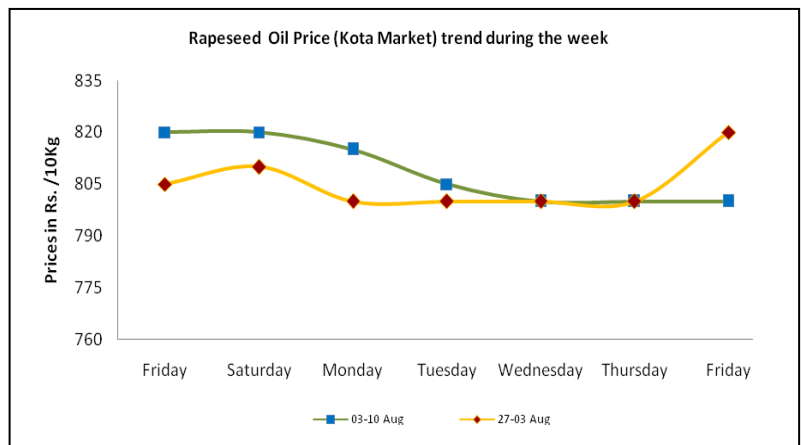
- Groundnut oil featured steady tone at its benchmark Rajkot market during the week on lackluster buying interest and major markets were inactive due to Hindu festivals.
- As per Ministry of Agriculture, sown area for Kharif Groundnut stood at 31.48 lakh hectares as on 07 Aug 2012 down 5.61 % compared to corresponding period last year, which was 37.09 lakh hectares.
- As per trade source, G/N oil prices may trade range bound in the coming days on dull demand and non-aggressive buying. However, scanty rainfall over key producing region of Gujarat and Saurashtra could limit downside.
- We expect G/N oil may trade sideways to slightly weak tone in the days ahead on limited buying at current higher quotes and demand may shift to cheap substitutes. However, overall groundnut seed fundamentals are bullish due to lower crop in the current season, which may support G/N oil prices in the medium term.


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 recovered modestly at Kota market during the week on bullish oilseed fundamentals. However, weak edible oil complex weigh on the sentiments. Domestic Kota mustard oil prices fell during the week and prices rose by 0.4 per cent to Rs. 809 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 and scanty rainfall over Rajasthan and Gujarat could limit downside.


International Fundamentals:-

- 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 798-815 per 10 Kg.

Currency Technical Analysis



Technical Summary for INR

Moving Averages		MA (9)		MA(18)	
Exponential		55.29		54.59	
Technical Indicators		RSI (14)		SSTK/SSTD(9,3,3)	
		62.3		40.8/41.2	
Support and Resistance					
S2	S1	PCP		R1	R2
53.80	54.15	55.28		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 01/08/2012 to 11/08/2012</i>
Crude Soybean Oil	64130
Crude Palm Oil	158292
RBD Palm olein	-----
Palm Oil	188995
Crude Sunflower Oil	17400
Edible oil	-----
Total edible oils	428817
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 Aug till 11/08/2012</i>	<i>Veg. oil Vessel line up for July</i>
Ennore	43000	47500
Chennai	31500	76290
Haldia	51229	100276
JNPT	.....	28250
Kakinada	.....	47080
Kandla	224599	46000
Karaikal	.....	.....
Kolkata	15898	37886
Krishnapatnam	18960	46450
Mangalore	5636	42436
Murmugoa	.....	.....
Mumbai	15995	.....
Paradip	.....	.....
Mundra	22000	817570
Tuticorin	.....	33938
Source: Ben Line Agencies(India) Pvt. Ltd.		

US Supply and Demand Scenario:

SOYBEANS	2010/11	2011/12 Est.	2012/13 Proj.	2012/13 Proj.	% Change
			July	August	
			<i>Million Acres</i>		
Area Planted	77.4	75	76.1	76.1*	0.0
Area Harvested	76.6	73.6	75.3	74.6*	-0.9
			<i>Bushels</i>		
Yield per Harvested Acre	43.5	41.5	40.5	36.1*	-10.9
			<i>Million Bushels</i>		
Beginning Stocks	151	215	170	145	-14.7
Production	3329	3056	3050	2692	-11.7
Imports	14	15	15	20	33.3
Supply, Total	3495	3286	3235	2857	-11.7
Crushing	1648	1690	1610	1515	-5.9
Exports	1501	1350	1370	1110	-19.0
Seed	87	88	89	89	0.0
Residual	44	13	35	27	-22.9
Use, Total	3280	3141	3105	2742	-11.7
Ending Stocks	215	145	130	115	-11.5

SOYBEAN OIL	2010/11	2011/12 Est.	2012/13 Proj.	2012/13 Proj.	% Change
			July	August	
			<i>Million Pounds</i>		
Beginning Stocks	3406	2425	2660	2585	-2.8
Production 3/	18888	19625	18400	17315	-5.9
Imports	159	185	195	195	0.0
Supply, Total	22453	22235	21255	20095	-5.5
Domestic Disappearance	16795	18300	18000	17600	-2.2
Exports	3233	1350	1250	1200	-4.0
Use, Total	20028	19650	19250	18800	-2.3
Ending stocks	2425	2585	2005	1295	-35.4

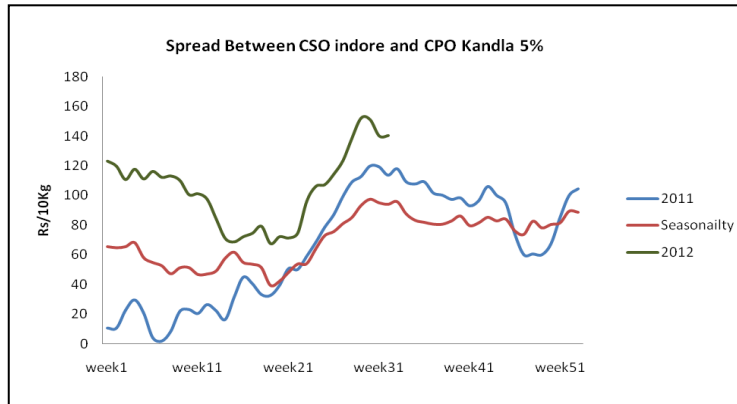
(Source – USDA) *Planted and harvested acres from the June 29 Acreage report. Projected yield based on 1989 - 2010 trend analysis adjusted for weather and crop conditions through early July.

Balance Sheet Highlights

U.S. soybean production for 2012/13 is projected at 2692 million bushels, down 358 million bushels from last month estimates, with lower soybean yield accounting for most of the change. Moreover, soybean yield is projected at 36.1 bushels per acre, down 10.8 % from last month estimate.

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

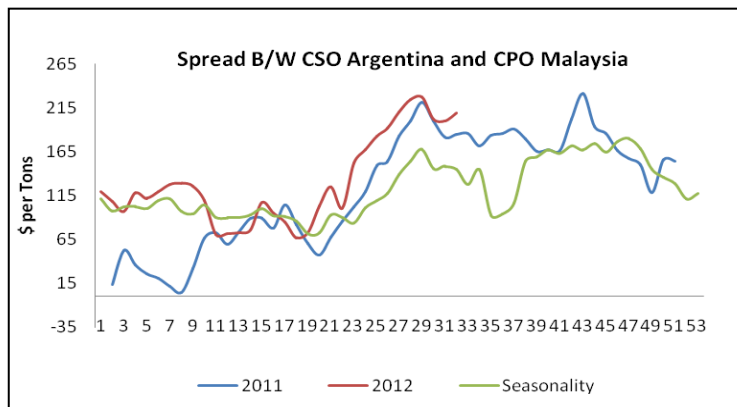
Average weekly spread between CSO Indore and CPO Kandla (5%) slightly widen during the week and stood at Rs 140.4 per 10 Kg compared to 140 Kg during the previous week. Crude palm oil Kandla 5% prices fell relatively higher compared to crude soy oil Indore on bearish cues from international palm market.



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\$ 209 per MT compared to previous week average of US\$ 200 per MT. FOB quotes of CPO Malaysia prices fell relatively higher compared to CSO Argentina. We expect spread to hover between USD 190-215/MT.

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

Landed Cost Calculation as on 10/8/2012	CSO Argentina	CSO Brazil	CSO US
FOB USD per ton	1200	1172	1158
Freight (USD/MT)	65	55	50
C & F	1265.0	1227.0	1208.0
Weight loss (0.25% of FOB)	3.00	2.93	2.90
Finance charges (0.4% on CNF)	4.80	4.69	4.63
Insurance (0.3% of C&F)	4	4	4
CIF (Indian Port - Kandla)	1277	1238	1219
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	55.1715	55.1715	55.1715
Landed cost without customs duty in INR per ton	70432	68319	67262
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	70868	68755	67698
Domestic Market price INR per ton Soy Degum Kandla	69500	69500	69500
Total landed cost USD per ton	1284	1246	1227
Domestic Market price USD per ton Soy Degum Kandla	1260	1260	1260
Parity INR/MT (Domestic - Landed)	-1368	745	1802
Parity USD/MT (Domestic - Landed)	-24.79	13.51	32.65
Source: Agriwatch/ Reuters , Argentina prices - Ministry of Agriculture			

Outlook:-

Import parity for crude soy oil from Argentina is hovering in negative territory due to higher international prices as compared to domestic prices. We expect import parity to be in the neagtive 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 727-729, 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 730-745 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	725.00	740.00	755.00	762.00

**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 to weak tone 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 550-570 level in near term. However, breaching 550-548 levels prices may touch the 543-545 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 565-570 level.

Support and Resistance				
S2	S1	PCP	R1	R2
545.00	550.00	562.00	575.00	580.00

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 804 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 no evidence of divergence with the ref. soy oil prices.

Strategy: Market participants are advised to go short in RSO in the range of 794-796 for a target of 778 and 775 with a stop loss at 804 on closing basis.

RSO NCDEX (Sept)

Support and Resistance				
S2	S1	PCP	R1	R2
762.00	768.00	787.20	805.00	810.00

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.

- ❖ Candlestick Weekly chart of crude palm oil at MCX shows weakness in the market.
- ❖ Any close above 564 in weekly chart shall change the sentiments and might bring the prices to a bullish phase.
- ❖ Expected price band for next week is 560-548 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 558-560 for a target of 550 and 548 with a stop loss at 564 on closing basis.

CPO MCX (Sept)

Support and Resistance				
S2	S1	PCP	R1	R2
530.00	535.00	550.20	565.00	570.0

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

Commodity	Centre	Prices(Per 10 Kg)		Change
		9/8/2012	3/8/2012	
Refined Soybean Oil	Kota(Loose)	737	745	-8
	Rajkot (Loose)	-	730	-
	Jaipur (Loose)	750	760	-10
	Hyderabad+ VAT	-	-	-
	Delhi (Loose)	775	788	-13
	Kakinada	-	-	-
	Mumbai +VAT	735	747	-12
	Indore	735	748	-13
	Soy Degum Mumbai+VAT	695	710	-15
	SoyDegum Kandla/Mundra+VAT	695	700	-5
	Haldiya Port (Loose)	738	756	-18
	Akola (Loose)	786	793	-7
	Amrawati (Loose)	786	793	-7
	Jalna	782	789	-7
	Nagpur	792	799	-7
Palm Oil	Chennai.RBD.Palmolein.(Loose)	612	620	-8
	Hyd. RBD Palmolein VAT	650	655	-5
	Delhi RBD Palmolein (Loose)	655	665	-10
	Kandla CPO (5%FFA)	556	569	-13
	Kakinada.RBD.Palmolein(Loose)	606	611	-5
	Mumbai RBD Pamolein+ VAT	605	627	-22
	Kandla RBD Palmolein +VAT	615	610	5
Refined Sunflower Oil	Mumbai + VAT	760	760	Unch
	Kandla/Mundra	700	705	-5
	Erode (Exp. Oil)+VAT	755	755	Unch
	Hyderabad Exp +VAT	780	741	39
	Chennai (Loose)	780	780	Unch
	Bellary (Exp. Oil)+VAT	661	661	Unch
	Latur (Exp. Oil)+VAT	701	716	-15
	Chellakere (Exp. Oil)+VAT	716	711	5
Groundnut Oil	Rajkot (Loose)	-	1220	-
	Chennai (Loose)	1115	1115	Unch
	Delhi (Loose)	1225	1240	-15
	Hyderabad Exp +VAT	-	1250	-
	Mumbai + VAT	1220	1220	Unch

	Gondal+VAT	-	1230	-
	Jamnagar +VAT	-	1230	-
	Narsarropeth+VAT	1071	1091	-20
	Prodattour+VAT	1101	1096	5
Rapeseed Oil	Mumbai (Exp. Oil) +VAT	852	855	-3
	Alwar (Expeller Oil)(Loose)	833	851	-18
	Kota (Expeller Oil) (Loose)	800	820	-20
	Jaipur (Expeller Oil) (Loose)	830	835	-5
	Delhi (Exp. Oil) (Loose)	860	880	-20
	SriGangaNagar(ExpOil-Loose)	821	843	-22
	Hapur+VAT	888	860	28
	Kolkatta	-	-	-
	Agra (Kacchi Ghani Oil) +VAT	893	900	-7
Refined Cottonseed Oil	Mumbai +VAT	740	755	-15
	Rajkot (Loose)	-	750	-
	Delhi (Loose)	730	740	-10
	Hyderabad (Loose)	-	760	-
Sesame Oil	Delhi	890	925	-35
	Mumbai	880	890	-10
Coconut Oil	(Crude Rs/10kg) - Kangayan	-	610	-
Kardi	Mumbai	1110	1110	Unch
Rice Bran Oil (40%)	Delhi	625	640	-15
	Punjab	645	650	-5
Rice Bran Oil (70%)	Delhi	525	540	-15
Malaysia Palmolein USD/MT	FOB (March Shipment)	960	970	-10
	CNF(March) - India	995	1010	-15
Indonesia/Malaysia CPO USD/MT	FOB (March Shipment)	935	955	-20
	CNF(March) - India	975	988	-13
Argentina FOB (\$/MT)		8/8/2012	2/8/2012	Change
Crude Soybean Oil Ship (June)		1155	1150	5
Refined Soy Oil (Bulk) Ship (June)		1195	1190	5
Sunflower Oil Ship (June)		-	-	-
Cottonseed Oil Ship (June)		1135	1130	5
Refine Linseed Oil(Bulk) Ship (June)		1175	1170	5



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