

Weekly Sunflower Oil Market Mentor

Decision enabling cash market analysis & price outlook

For the week beginning Apr 06, 2011

Report Summary				
Fundamental Summary	Price drivers	Impact	Weightage %	Score (1-5)
	Good sunflower yields at Argentina	Bearish	25	2.6
	Sunflower harvest picking up at Argentina	Bearish	35	2.5
	Increased demand of sun oil in EU-27	Marginally bullish	40	3.8
	Indexed score			3.04
*1 – Bearish; 2 – Marginal Bearish; 3 Consolidation; 4 Marginal Bullish; 5 – Bullish				
Technical Summary	<ul style="list-style-type: none"> ❖ Argentina sunflower oil prices could witness initial gains and subsequently prices are likely to stay subdued. ❖ Ukraine sunflower oil prices are likely to stay on a weak note. 			

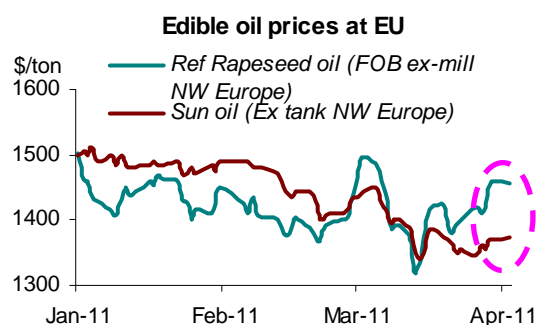
Fundamental Review and Analysis

- ✓ Sunflower oil markets reported positive trade during yester week on the back of increasing demand for the oil from India and European nations. Finally, sunflower oil prices at Argentina settled higher by 25\$/ton at 1285 \$/ton and Ukrainian sun oil at 1272.5/ton, higher by 5\$/ton.
- ✓ Sunflower harvest at Argentina gained momentum during yester week due to dry weather across growing belts of the nation. Harvest progressed by 23.2% during the week against just 15% during previous week.

	2007-08	2008-09	2009-10	2010-11
Santiago del Estero	1.83	0.80	0.70	1.80
Cordoba	2.10	2.31	1.29	1.88
Santa Fe	2.30	1.33	1.16	1.96
Buenos Aires and La Pampa	1.56	1.57	1.90	2.00
Argentina	1.88	1.54	1.72	1.94

Source: Bolsa de Cereales, Units: t/ha

- ✓ Sunflower yields across harvested belts have increased from 1.88 t/ha to 1.94 t/ha in this week. Major harvest progress in the week was seen in Buenos Aires and La Pampa which have yields of around 2 t/ha.
- ✓ Since, 75% of sunflower acreage lies in Buenos Aires and La Pampa region of the nation, higher yields in the belt has increased overall nation's average to such high levels. Overall output from the nation shall hover near 3.22 MT, 40% higher than last year.
- ✓ At EU-27, sun oil is available at a discount of around 82\$/ton vs. domestic rapeseed oil translating into increased demand for the former.

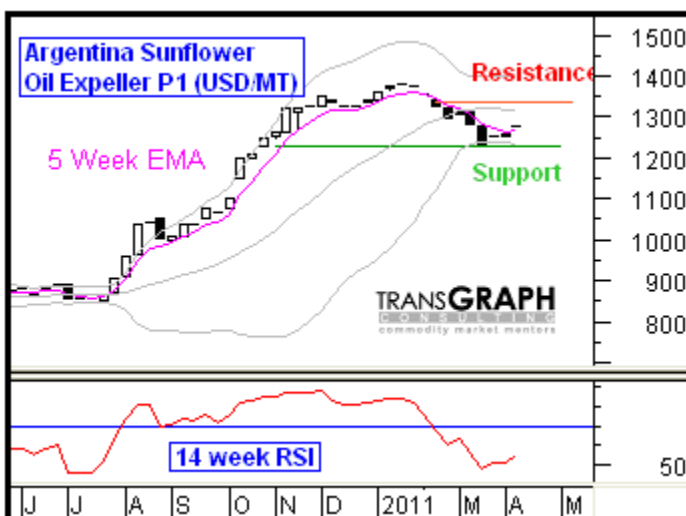


Considering overall scenario, look for sunflower oil prices to report mixed trade with positive bias in coming 2-3 weeks.

Argentina Sunflower 1M forward USD/Ton	Last closing: USD 1275 (+ 25) per MT as on April 05, 2011					
Technical Summary	<ul style="list-style-type: none"> ❖ Possibility of minor gains towards USD 1316 could remain open while forming part of the downside correction. ❖ The negative divergence in the oscillators is supporting subsequent weakness towards USD 1200. 					
Price Outlook Summary	Concisely prices are likely to test USD 1316 and turn lower towards USD 1250 in the coming 2-3 weeks.					
Price Ranges	0 - 2 weeks		0 - 1 month		0 - 2 months	
	IL	SL	IL	SL	IL	SL
	1290	1316	1316	1250	1316	1200
Strategy Review	50 % of April '11 Buying requirements were covered at USD 1250.					
Generic Procurement Strategy	50 % of April 11 buying requirement was covered at USD 1250 and cover remaining 50 % April '11 Buying requirements near USD 1275.					
Turnaround point	A close above USD 1325 could turn the sentiments mixed.					

Chartist View on Argentina Sun Oil 1-Month Forward (USD/MT)

- ✓ Prices witnessed minor gains during the last couple of weeks after finding support at USD 1230 forming a part of the downside corrective phase from the Jan'11 high of USD 1375.
- ✓ Prices are staying above 5 week EMA but above 21-Week EMA and have placed a lower low.
- ✓ On the weekly technical setup, the 14 week RSI is stationed above the equilibrium and the Stochastic (14/3/3) is hovering near oversold territory cautioning minor rebound.
- ✓ This shall keep prices on a sideways note and register minor gains towards USD 1290 and then USD 1316 in the coming weeks.
- ✓ However the presence of strong weak momentum in the said oscillators could



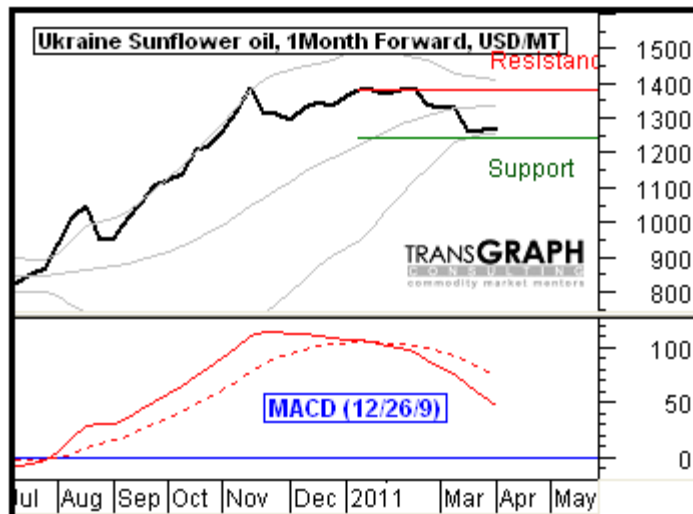
prompt renewed selling pressure to build around USD 1316 and prices could eventually turn lower eyeing USD 1250 in the month ahead.

Concisely prices are likely to test USD 1290 and close above USD 1316 and turn lower towards USD 1250 in the coming 2-3 weeks.

Ukraine Sunflower spot 1 month forward USD/T	Last closing: USD 1272.50 (+5.00)per MT as on April 05, 2011					
Technical Summary	<ul style="list-style-type: none"> ❖ Prices turned negative after retesting Nov 2010 highs of USD 1385. ❖ This current weakness could extend further towards USD 1250 and USD 1200 in coming weeks. 					
Price Outlook Summary	Concisely, prices are likely to witness further decline towards USD 1200 with any minor gains finding resistance near USD 1335 in the coming couple of weeks.					
Price Ranges	0 - 2 weeks		0 - 1 month		0 - 2 months	
	IL	SL	IL	SL	IL	SL
	1285	1250	1285	1200	1285	1185
Strategy Review	March'11 Buying requirements were completed at USD 1262.50.					
Generic Procurement Strategy	50 % of April '11 buying requirements was covered at USD 1267.50. Cover remaining 50 % of April'11 Buying requirement near USD 1272.50.					
Turnaround point	A close above USD 1385 shall turn the sentiments positive in the medium term.					

Chartist View on Ukraine Sunflower spot 1m forward (USD/MT)

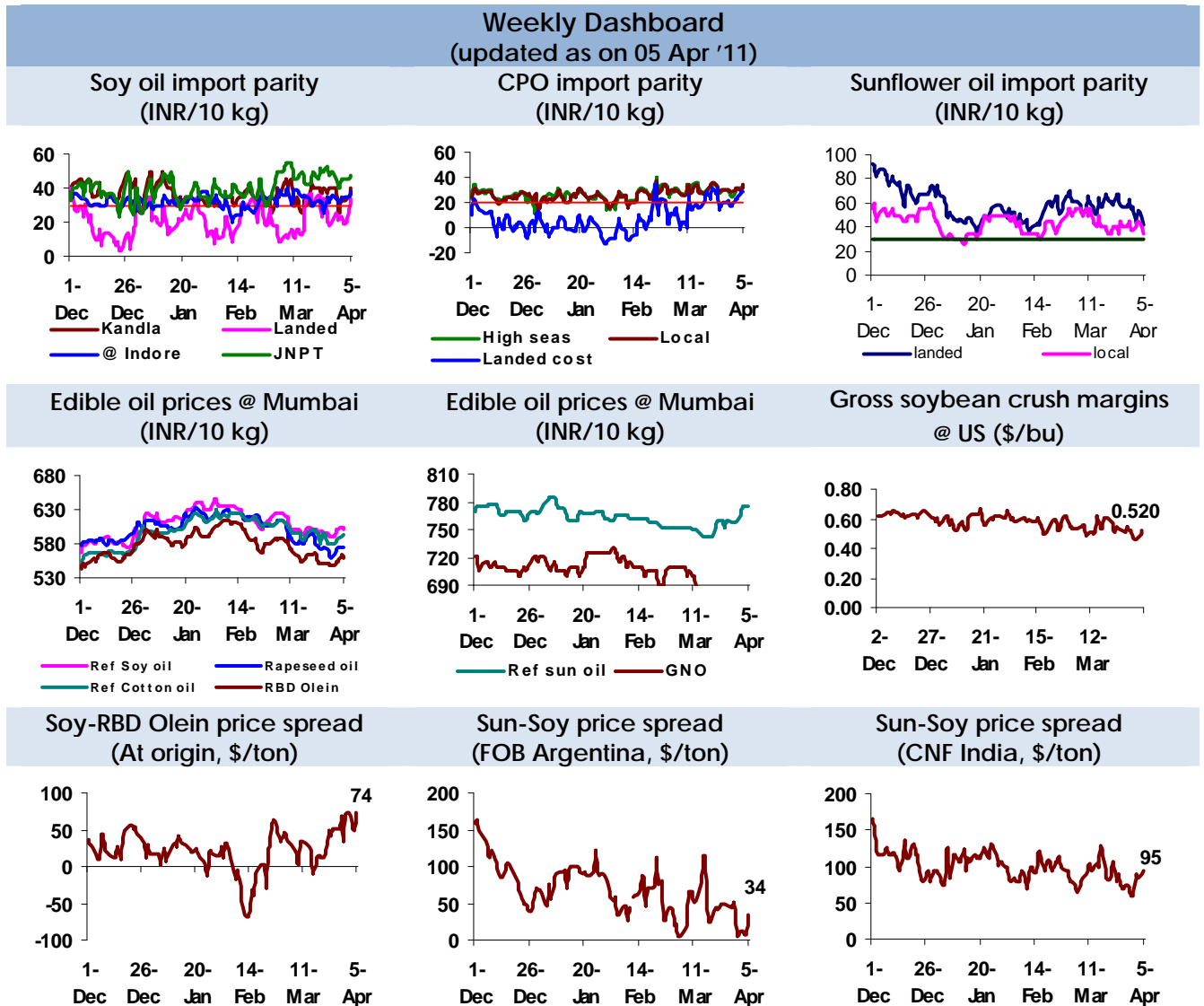
- ✓ Ukraine Sunflower prices, after retesting Nov '10 highs of USD 1385 turned weak since last two months and closed the week at USD 1272.50 with minor rebound of USD 5.0 as on 05 April '11.
- ✓ Prices closed and stayed below 8 and 20 week EMA in the last three weeks indicating weak momentum.
- ✓ The 14 week RSI and stochastic are turned down from over bought territory indicating weak momentum. More over Prices after breaking below middle Bollinger Band are in the process of approaching lower Bollinger Band at USD 1257 on the weekly chart



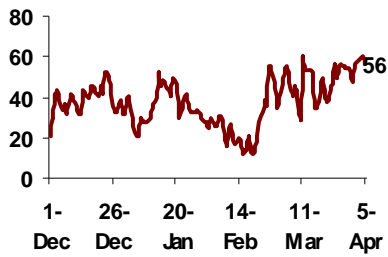
supporting weakness.

- ✓ On the down side the 23.6 % retracement level of the earlier rise from USD 800 to USD 1385 at USD 1250 shall offer some support to hold prices and fall through the same shall drift further towards 23.6% retracement level of the total rise from Dec 2008 lows of USD 590 to USD 1385 at USD 1200 which may act as strong support.
- ✓ On the higher side, middle Bollinger Band line at USD 1335 may act as immediate resistance and break above the same the recent high of USD 1385 may act as stiff resistance to keep the prices subdued in the medium term.

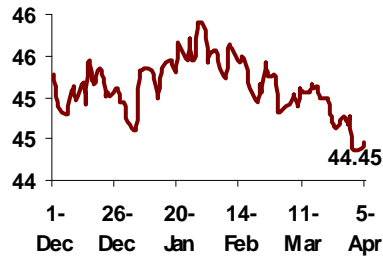
Concisely prices are likely to trade on weak note towards USD 1250 and then USD 1200 with any gains finding resistance near USD 1335 in the coming couple of weeks.



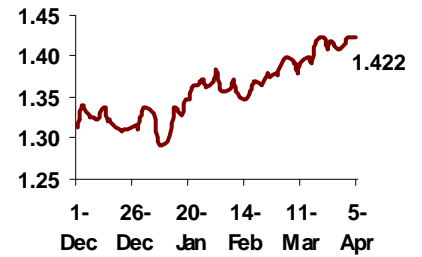
Deg. Soy-CPO price spread
(CNF India, Kandla, \$/ton)



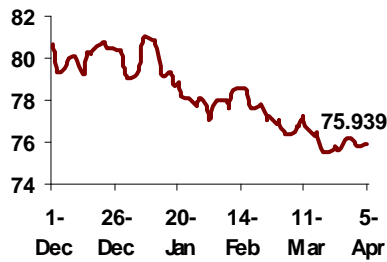
INR vs. USD



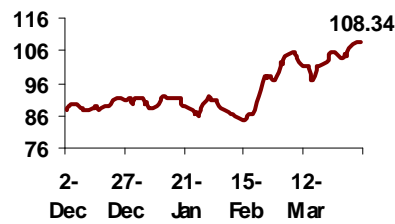
Euro vs. USD



Dollar Index



NYMEX Crude (\$/barrel)



Facts and Figures Digest

	Apr 05, 2011	Mar 29, 2011
Sunflower oil FOB, Argentina one month forward (US\$/MT)	1275	1260
Sunflower oil FOB, North European ports forward (US\$/MT)	1395	1360
Soy oil futures at CBOT, May'10 (cents / Lb) as on	58.85	57.02
Soy oil FOB, Argentina one month forward (US\$/MT)	1231	1211
Crude palm oil futures at BMD, Jun'11 (MYR/MT)	3366	3252

LEGAL INFORMATION

This document is the whole property of Transgraph Consulting Private Limited, Hyderabad, India (hereafter "TransGraph").

The following acts are strictly prohibited:

- Reproduction and/or forwarding for sale or any other uses
- Posting on any communication medium
- Transmittal via the Internet

Terms of usage

Upon receipt of this document either directly or indirectly, it is understood that the user will and must fully comply with the other terms and conditions of TransGraph. By accepting this document the user agrees to be bound by the foregoing limitations.

This publication is prepared by TransGraph and protected by copyright laws. Unless otherwise noted in the Service Agreement, the entire contents of this publication are copyrighted by TransGraph, and may not be reproduced, stored in another retrieval system, posted on any communication medium, or transmitted in any form or by any means without prior written consent of TransGraph. Unauthorized reproduction or distribution of this publication, or any portion of it, may result in severe civil and criminal penalties, and will be prosecuted to the maximum extent necessary to protect the rights of TransGraph.

The information and opinions contained in this report have been obtained from sources TransGraph believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate or complete and it should not be relied upon as such.

This report does not constitute a prospectus or other offering document or an offer or solicitation to buy or sell any assets (commodities, currencies, etc) or other investment. Information and opinions contained in the report are published for the assistance of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient; they are subject to change without any notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein. Any views expressed reflect the current views of the analysts, which do not necessarily correspond to the opinions of TransGraph or its affiliates. Opinions expressed may differ from views set out in other documents, including research, published by TransGraph.

Any reference to past performance should not be taken as an indication of future performance. No member in the public related to TransGraph accepts any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report.

Analyst Certification

Each analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the analyst's views about any and all of the factors and assets (commodities, currencies, etc) named in this report, and (ii) no part of the analyst's compensation is directly or indirectly, related to the execution of the specific recommendations or views expressed herein.