A presentation by TransGraph Consulting

"Are We about to Start the Bull Run ? Mapping the Market Thought of Oil and Oilseeds Complex"

P.V.Murali Krishna

POTS – 2010

Long Term Perspective:

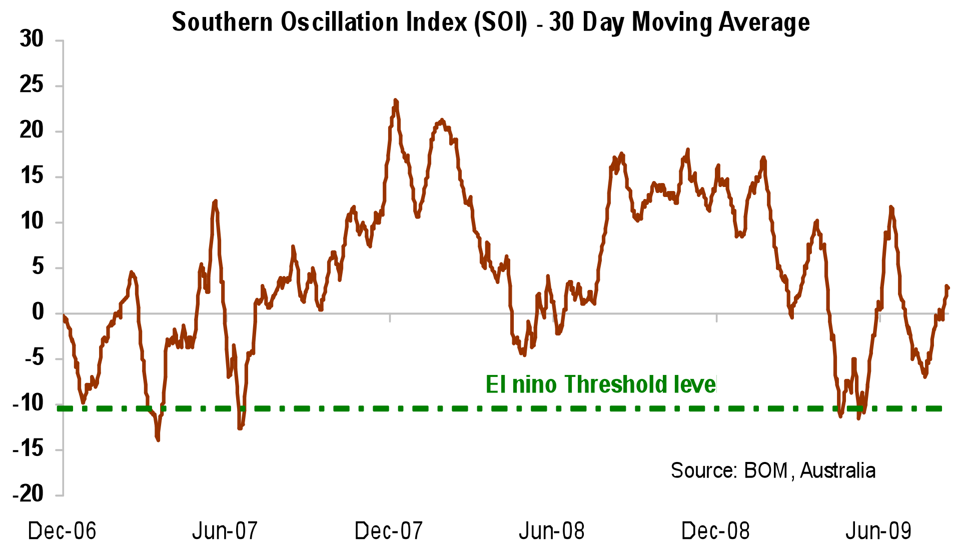
- Why Big Move?
- When and How it will happen

Medium Term Perspective:

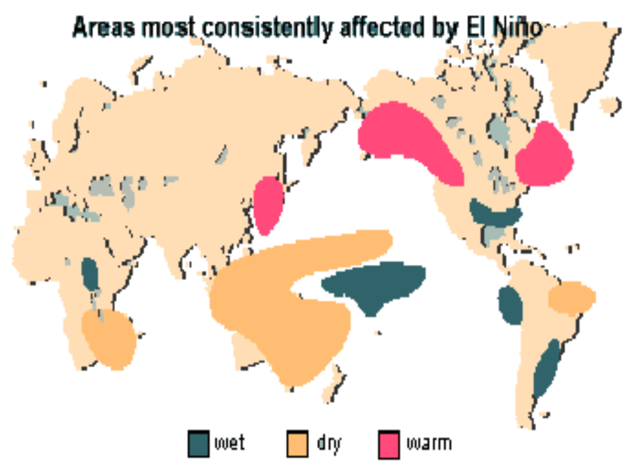
WHY ???

Vagaries and Extremities of Weather

No. Of Occurrences		
Decades	**El-Nino**	**La-Nina**
1970's	1	5
1980's	2	1
1990's	4	1
2000 onwards	4	3



- Rising instances of extreme dry/wet weather patterns since last decade.
- **CY oscillations shows a milder El-Nino extending till Q1 2010.**



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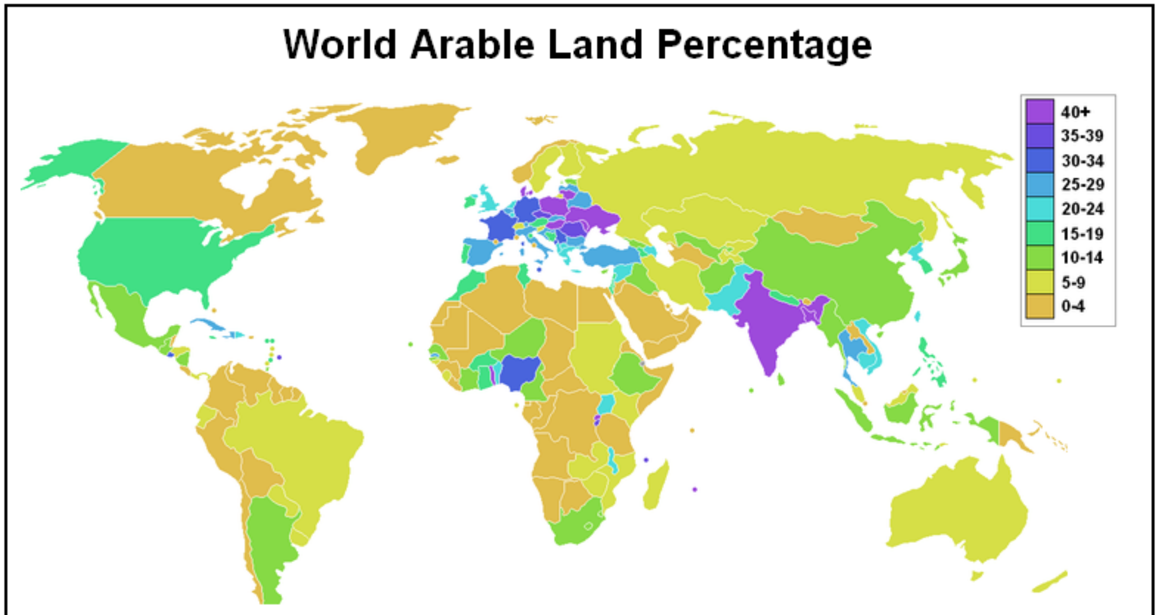
Land use patterns – major oilseed regions



Country	Arable Land as % of Total Land	Cultivable waste
USA	19.04%	0.83%
Argentina	10.19%	0.17%
Brazil	6.97%	0.04%
China	11.09%	0.09%
Canada	5.30%	0.15%
Ukraine	56.01%	0.71%
Russia	7.43%	0.15%

- More than land constraint, **it is labor shortage that will be more worrisome.**
- Especially in countries like India and China, where the duo standing to be major demand centers.
- Urbanization is pulling out agri-labor out of villages making these nations more import dependent.

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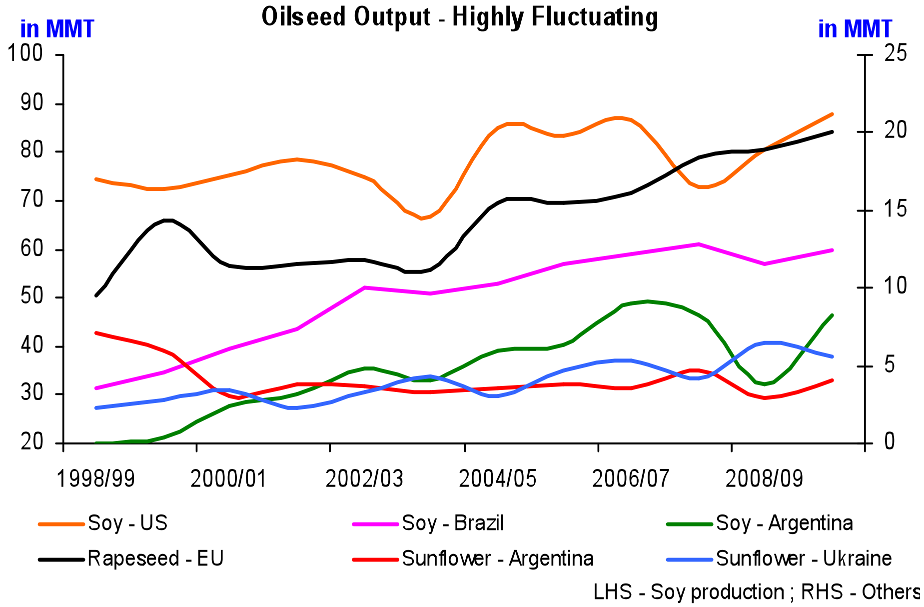
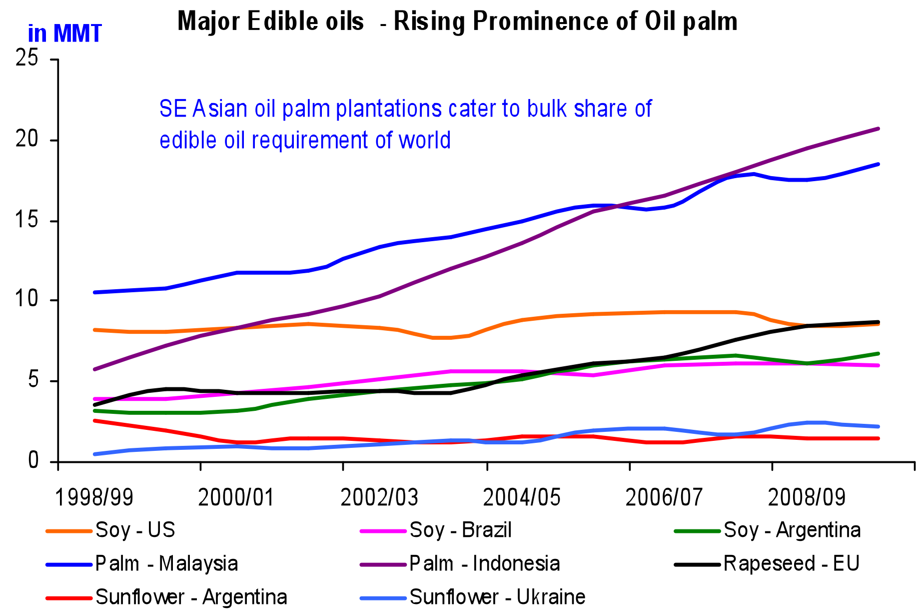
World Veg Oilseed and oil production trends – Turning palm centric



- Highly varying oilseed output
- **Yields at the mercy of erratic weather**
- Leading to unsustainable production growth

- Plantation expansions in Malaysia and Indonesia has led to Palm to emerge as the forerunner.



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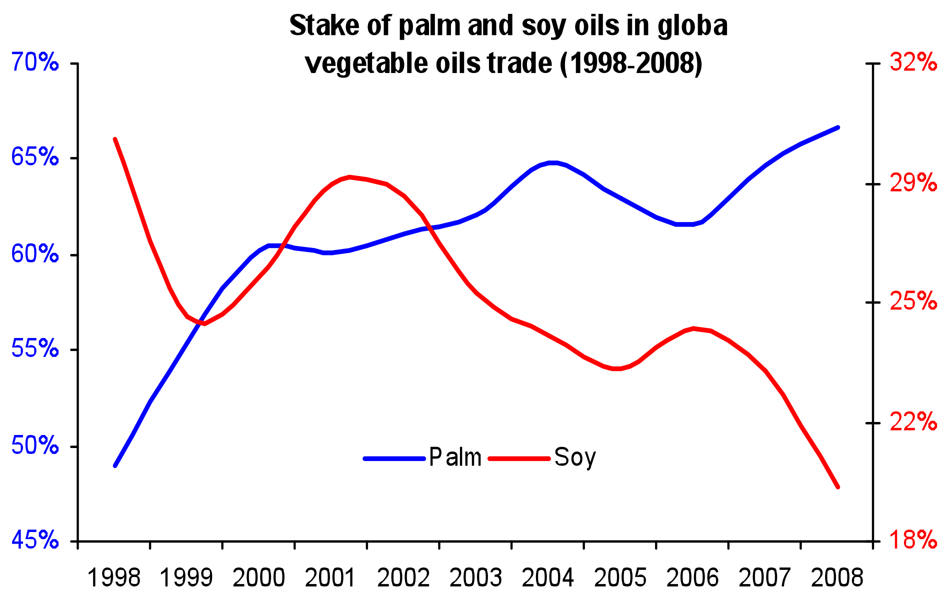
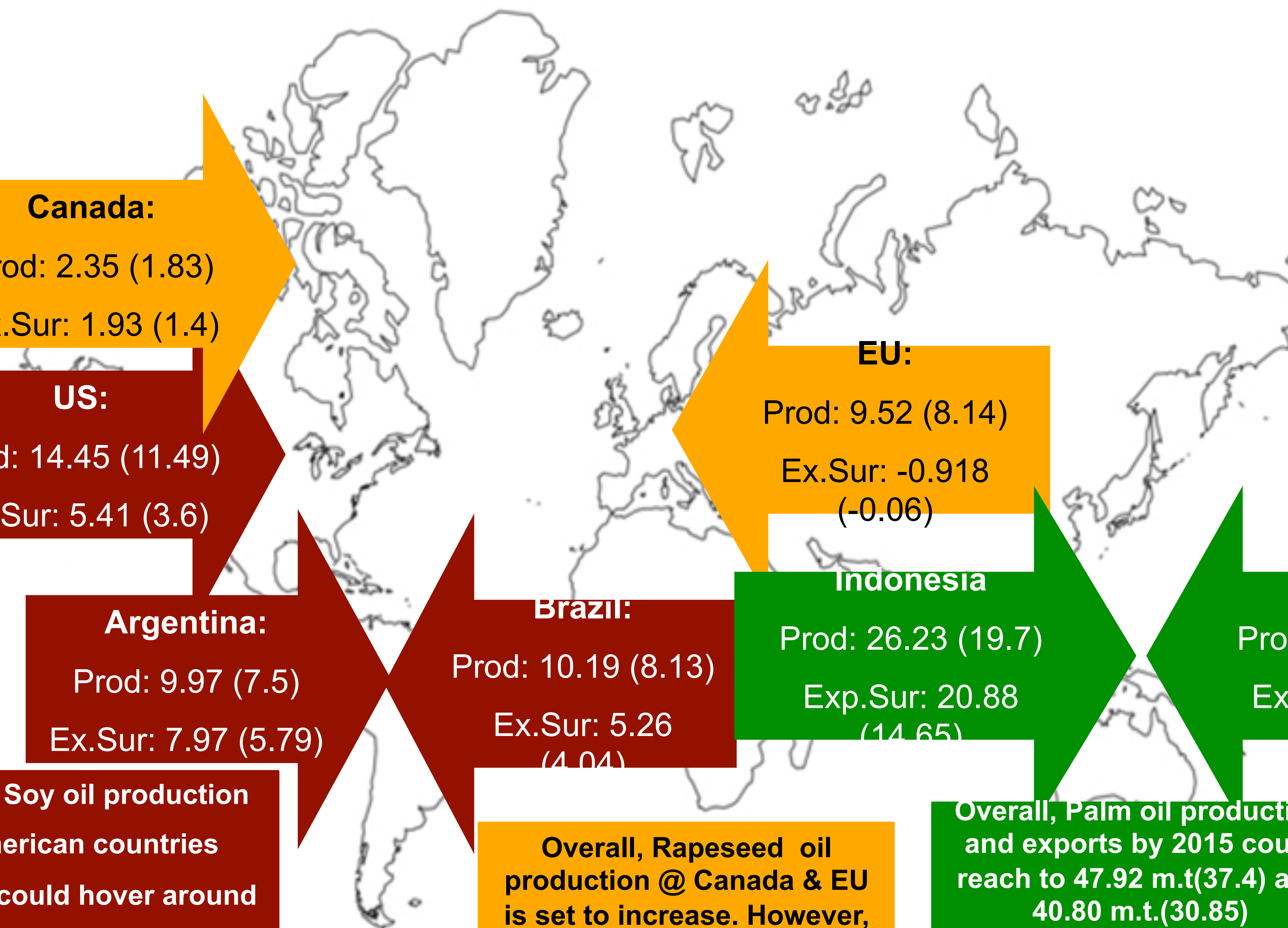
Veg oil trade shares– tilting towards Palm



- With soy and rapeseed oils finding their way into bio-diesel usage at US and EU respectively, palm oil is gaining prominence for edible consumption.
- **Rising share of palm oil in total veg. oil trade is evident.**

Forward Looking Supply Scenario 2015….



Overall, Soy oil production @ American countries by 2015 could hover around 34.61 m.t(27.12), while exp.sur stay Close to 18.92 m.t (15.18)

Overall, Rapeseed oil production @ Canada & EU is set to increase. However, trade shall stay trio-centric

Overall, Palm oil production and exports by 2015 could reach to 47.92 m.t(37.4) and 40.80 m.t.(30.85) respectively

**figures in parentheses are for CY, Ex.Sur = Exportable surplus*

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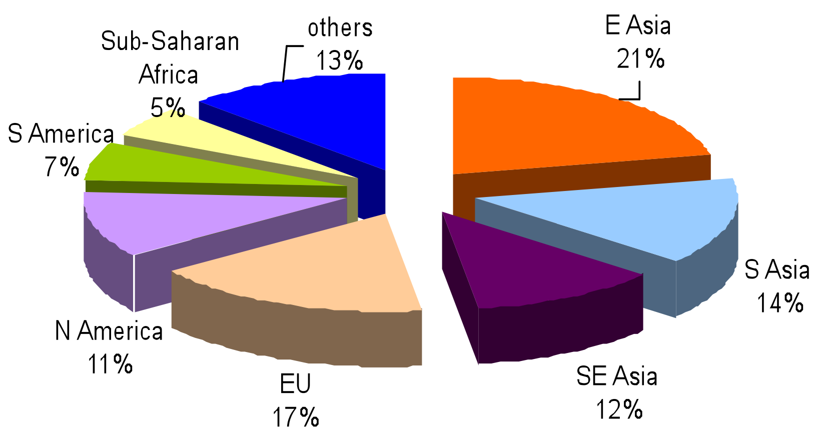
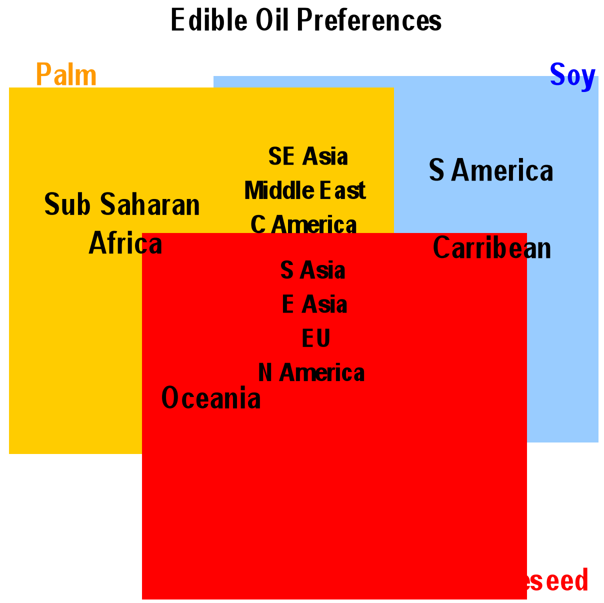
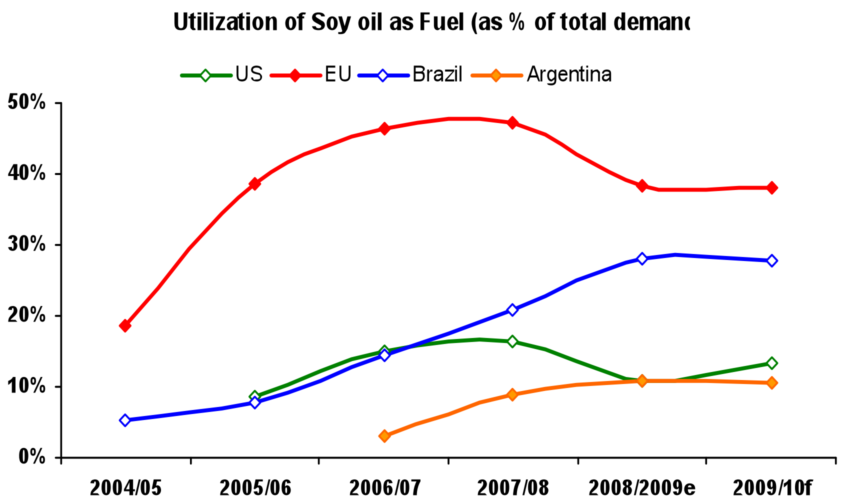
Global veg. oil demand at a glance

Regional trends in veg oil consumption – Asia the forerunner Soy preferred as Bio-Diesel







- Asian continent as a whole accounts for close to half of global edible oil consumption.
- Palm, soy and rapeseed (70%) are preferred in Asia.
- **China and India consume close to 64% or 40 m.t of Asian veg. oil consumption**

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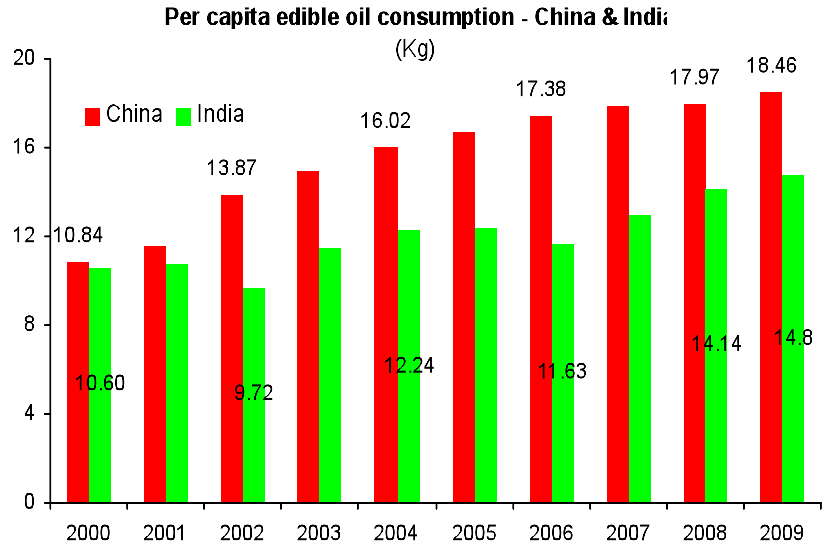
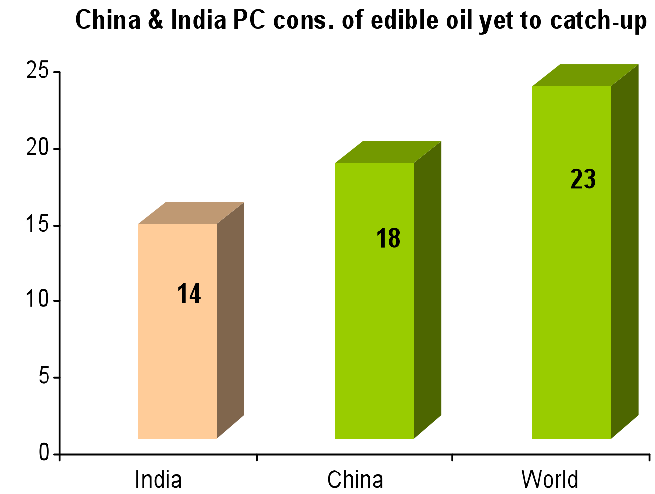
Regional Focus- Asia

Strong Per Capita Consumption

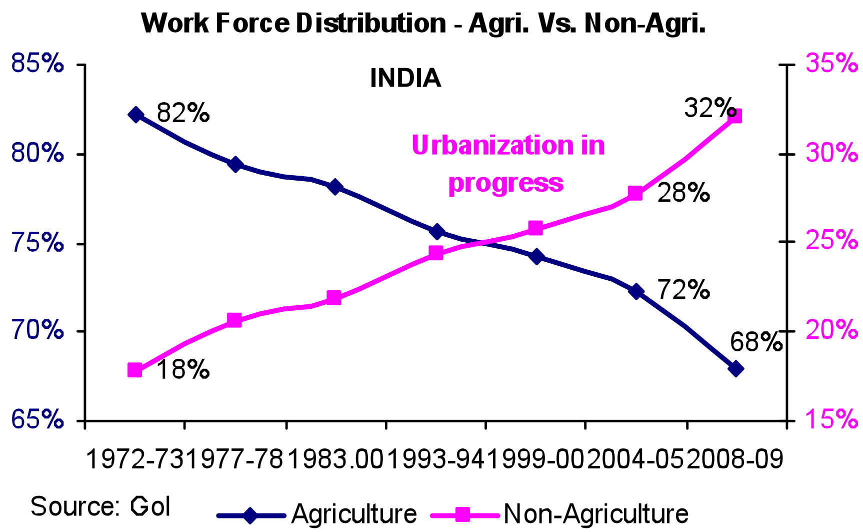




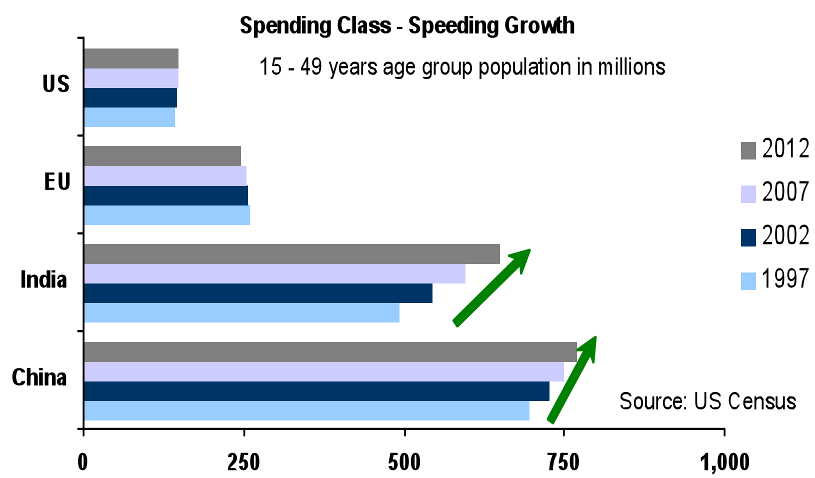
Source: China Govt. & CIA-US

- Rise in per capita veg oil consumption from 10 Kgs to 14 Kgs in India and 18 Kgs in China
- Though, major edible oil consumers, per capita consumption stands lower than world average

Consumer Anatomy - Asia



Per Capita Consumption across Food basket					
	1988	1993	1998	2003	2008
Rice	73.2	73.4	73.1	66.2	71.8
Wheat	49.5	51.2	55.3	65.8	57
Pulses	14.5	13.2	12	10.6	10.7
Edible oil	**5.3**	**6.1**	**9.75**	**11.6**	**14**
Eggs (No.s)	24	27	30	35	45
Poultry meat	0.55	0.63	0.72	1.42	2.17
All units in kg/pa ; Source: CLFMA, GOI & TransGraph Research					



- Bulging working group and non-agriculture Indian work force
- Edible oil, Eggs and Meat show high per capita growth vis a vis staples
- Incremental population in the spending age group in China and India
- **In 2020, the average Indian** will be **only 29 years old,** compared with the **average age of 37 years in China and the US, 45 in west Europe and 48 in Japan**

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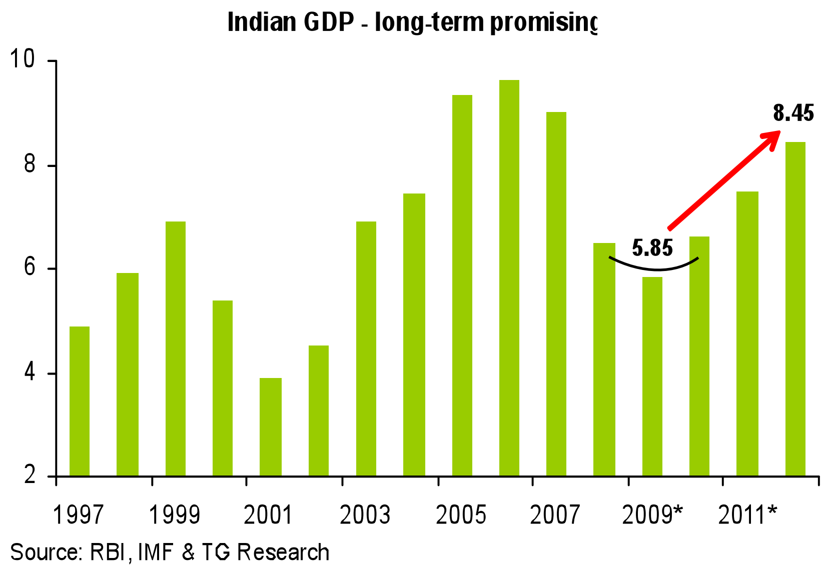
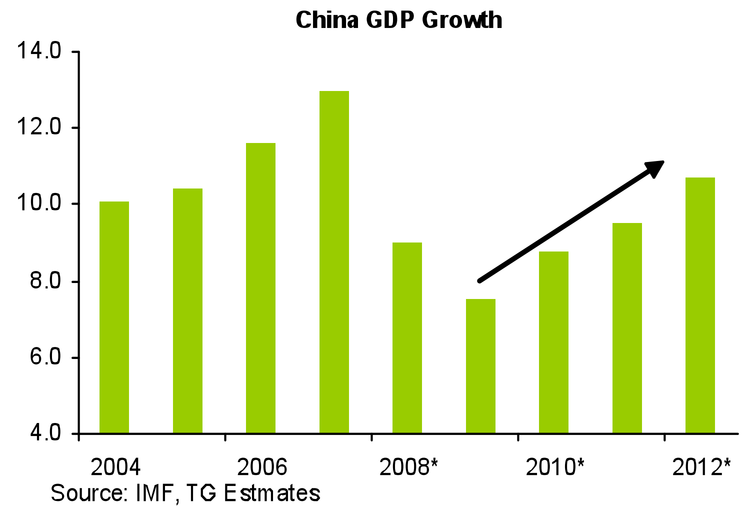
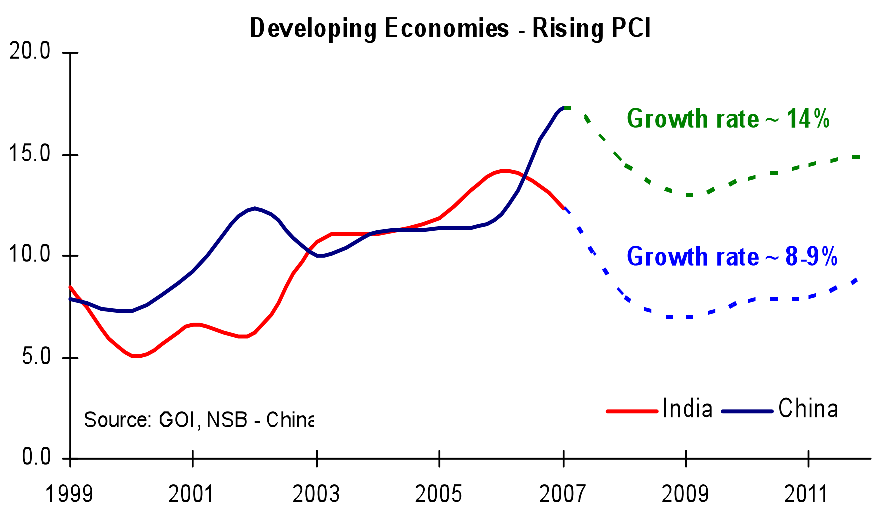
Economic Exuberance to return! – India and







- Current slow down well factored
- Recovery signals in GDP numbers to follow by the end of this fiscal.

By 2011/12

- **Indian GDP to cross 8+% and Chinese 2-digit growth to return**
- **PCI to follow suit**

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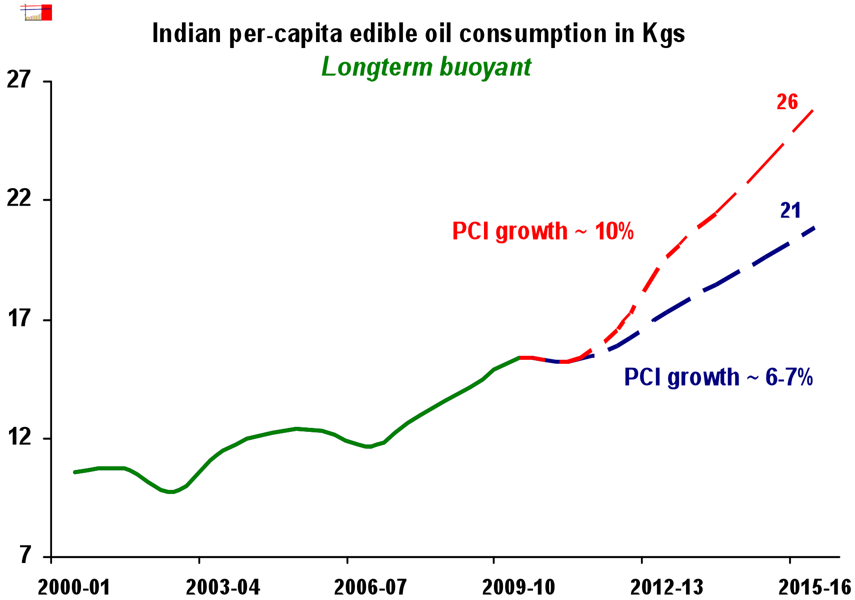
So how much would India gulp …5 years from now



- **Under case-1 PCI growth expected is 6-7%** leading to 21 Kgs per capita consumption and total demand of 26 m.t.
- **Under case-2 PCI growth expected is 10%** leading to 26 Kgs per capita consumption and total demand of 33 m.t.

Equation: $D_t = d_0 * N_t (1 + y * e)^t$

D_t - household demand for edible oil in year t

d_0 - per capita demand of the edible oil in base year

N_t - projected population for year t

y - growth in per capita income

e - expenditure elasticity of demand of the edible oil

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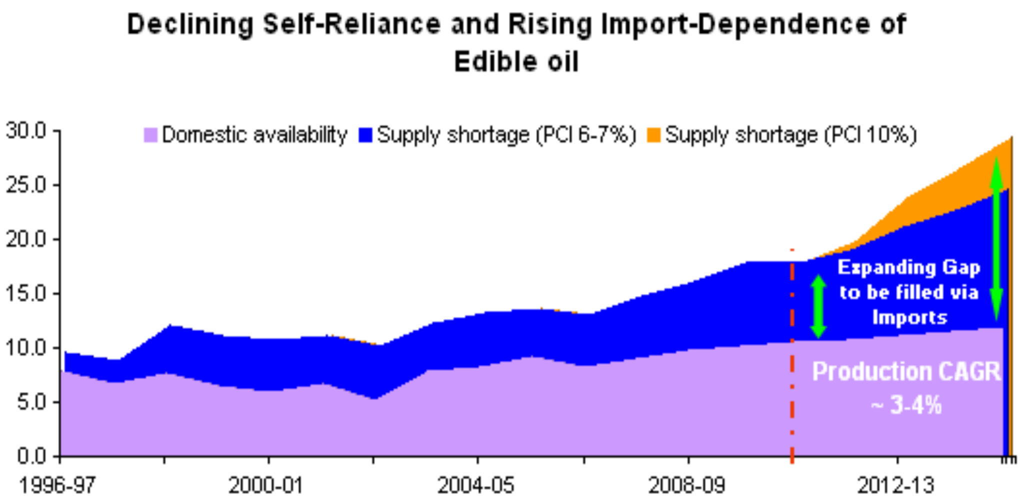
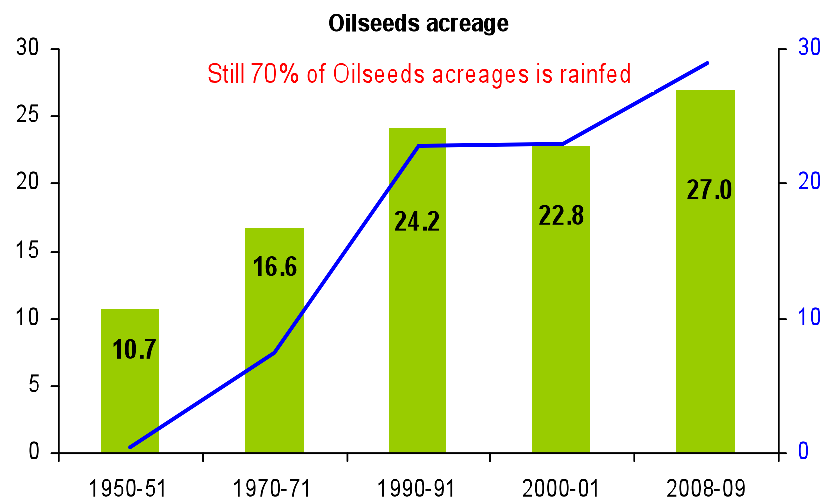
Is India Equipped to be self reliant??
..Import dependence to rise



- Limited Domestic production possibility with arable land as a constraint
- Imports to increase
- Larger degree of Domestic-Global price alignment
- **Revolutionary Agricultural Policy is the need of the hour**



Source: GOI

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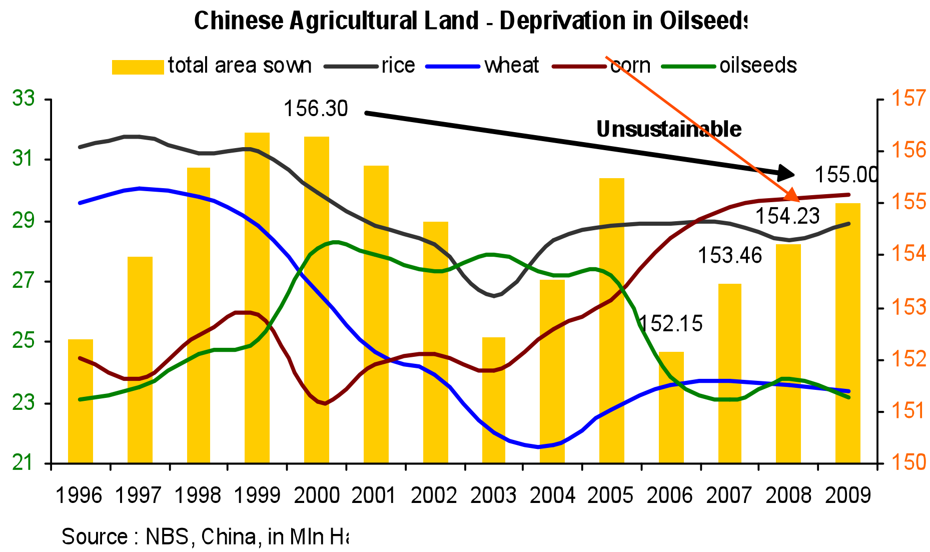
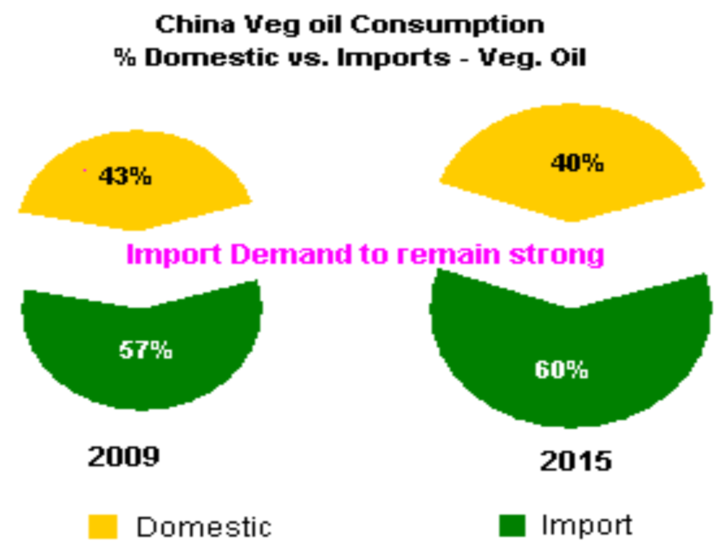
China too follows…. leading import surges





- Sub-optimal growth in total sown area over the decade
- Oilseed acreages on a falling trend
- Urbanization in the long run (towards 55-60%) might cap significant additions to acreages
- **Total veg. oil consumption to rise from 25 m.t. to 36 m.t.**
- **Consequent rise in import dependence, to begin with the CY soy production drop.**

Marshalling The balance Sheet

S'n'D Projections… 2015

Veg. oil exporta… …plus	…urren t	2015	Net change
Soy oil*		…2	5.28
			9.95
Sunflo…			0.77
Rap…		…24	…
Total (excl rap…	**47.94**	**…9 …4**	**16.00**
Import demand from China …d India	22.07	35.37	*13.30*
Rest of Asia	3.30	4.20	0.90
Total Asia	**25.37**	**39.57**	**14.20**
% Asian imports in total world veg. oil trade	**53%**	**61%**	

*includes bean exports in oil equivalent ALL UNITS in MMT

This means RoW should be contented with 1.8 m.t.

Then what happens to the bio diesel band wagon ?

Asia alone demands ~85 % of the fresh exportable surplus by 2015

- Collating the production and exportable surplus prospects across major veg. oils vis a vis projected Asian demand, the rise in share of Asian demand (India and China) from 53% to near 61% by 2015 shall create shortage elsewhere implying 'higher prices to ration demand'.

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So what about prices….

- Soy oil = Rising demand for bio-diesel, trouble-some SA supplies, Slow paced growth in exportable surplus
- Palm oil = Strong Asian Demand, growing demand from the west, Polarized SE Asian suppliers
- Rapeseed oil = region specific trade ties, bio-diesel thrust

So, Get ready for bullish sur'prices'

How and When

BMD CPO Futures Pitchfork

Medium Term Price Outlook – Oils and Oil Seeds

Presentation flow

➢World Economy	- Double Dip or Not??
➢Crude Oil	- Rise or Fall ?
➢Weather Risks	- A Concern !!!
➢Global Edible oils	- S n D
➢In focus	- India & China
➢Conclusion	- Bullish or Bearish or Dull
➢Chart Analysis	- Elliot Counts
➢ Price Outlook	

Recap of Last Globoil Outlook

Market	Current Price	Price movements expected....
BMD CPO Futures, (MYR/MT)	2181	Place bottom near MYR 2000/1800 and gradually bounce back towards MYR 2700
Malaysian RBD olein FOB USD/MT	680	Place bottom near USD 620/600 and stay positive towards USD 900
CBOT Soya Oil, (Cents/lb)	34	Place bottom near 33 cents and stay positive towards 40/41 cents
Argentina Soy oil Exp (USD/T)	770	Place bottom near USD 710 and stay positive towards USD 970
Argentina Sun oil Exp (USD/T)	735	Place bottom near USD 680 and stay positive towards USD 970
Crude Oil, (USD/Barrel)	73	Initial gains towards USD 80 and consolidate between 60-80

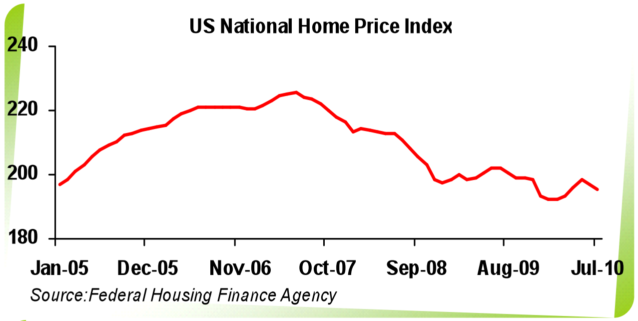
Fundamentally this year could be

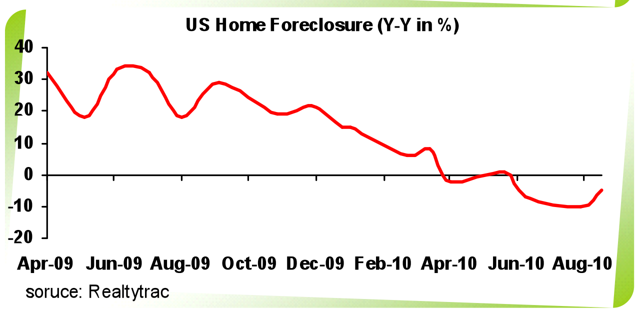
N shape

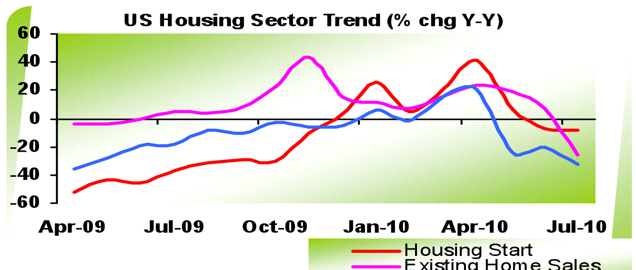
Judged from the recent price action, edible oil prices shown decent correction for the prior rise. From now prices should consolidate with initial weakness and form a base during the month of Oct - early Nov and trend up.

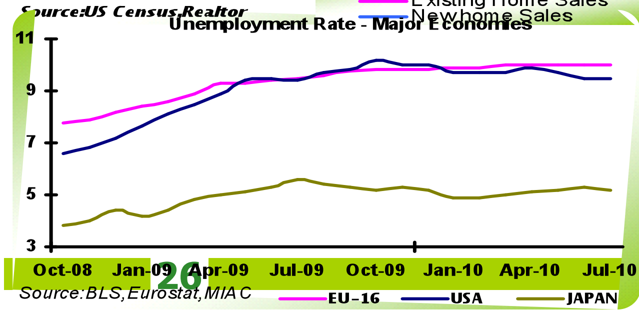
Global Economy : Will US has Double Dip???

Yes

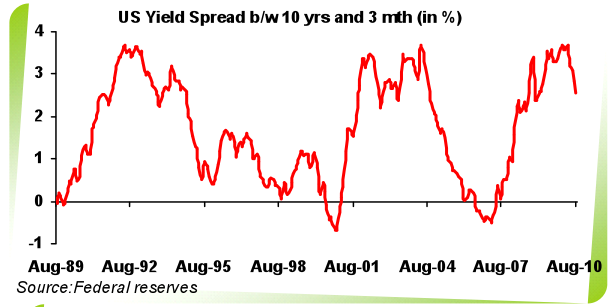


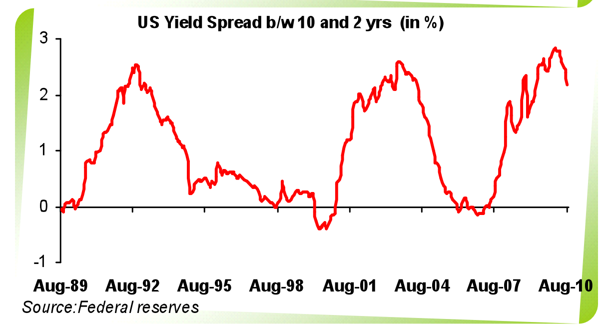






NO





Economists are

D I V I D E D

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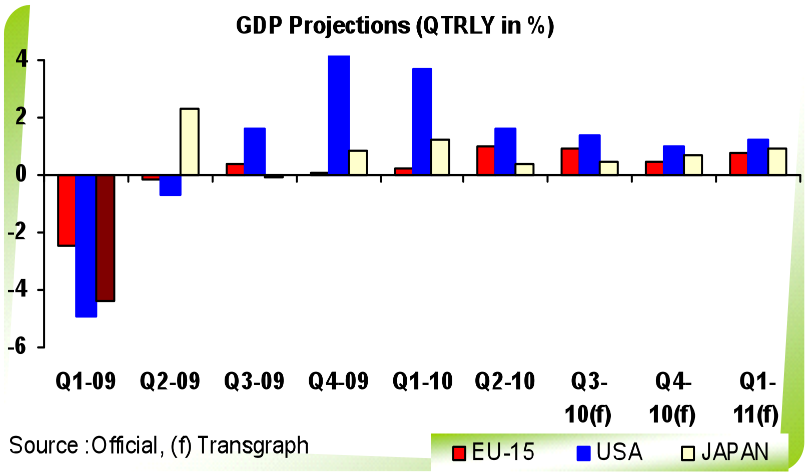
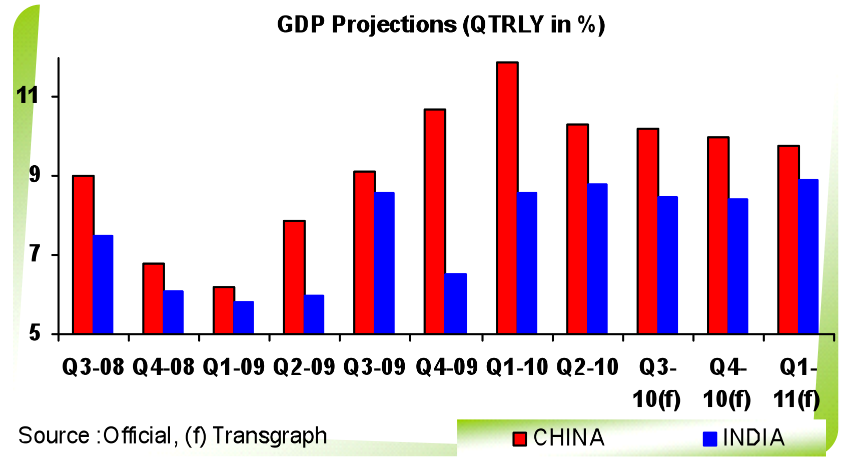
GDP Forecasts: Probable Growth …..





West → East

Matured → Emerging

1-1.5%

Double Digit

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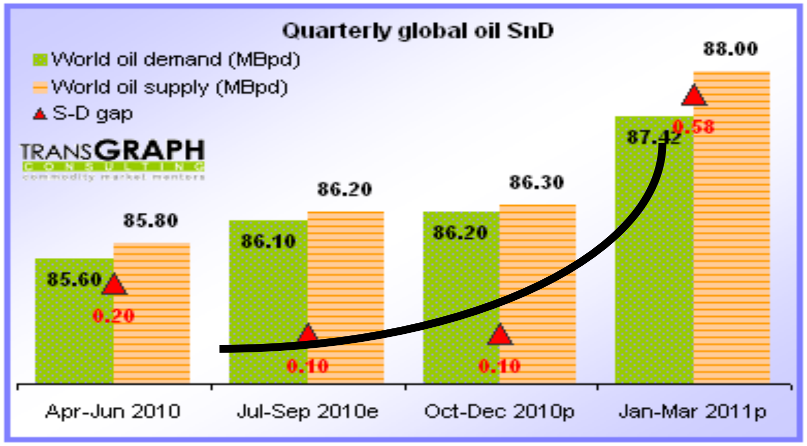
World Economy

World Economy will grow Despite US problems due to EMs and Asia…….

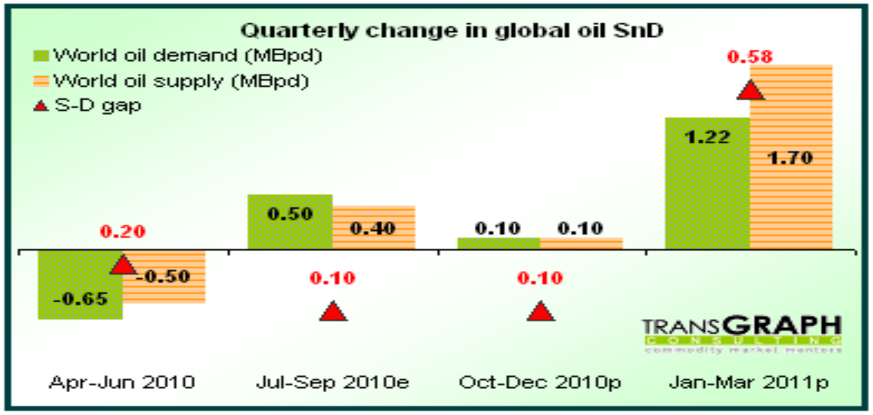
Double Dip concerns may not dictate trends in market, at best may induce more volatility …….

Future S'n'D making economic revival critical for demand

Bullish



Bearish

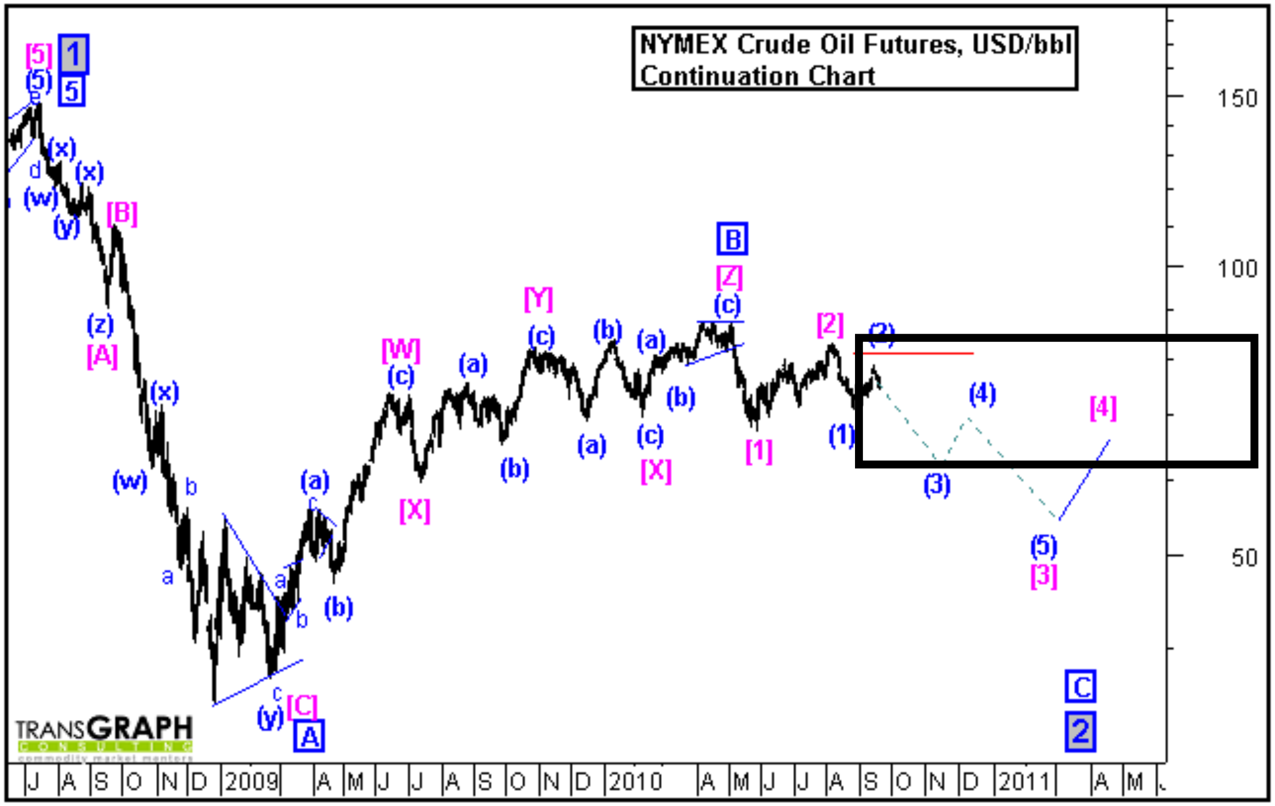


- **Rising Demand Due to Asia & EMs**
- **Geo Political Tensions**

- **Rising Visible Inventories**
- **Falling OPEC compliance**

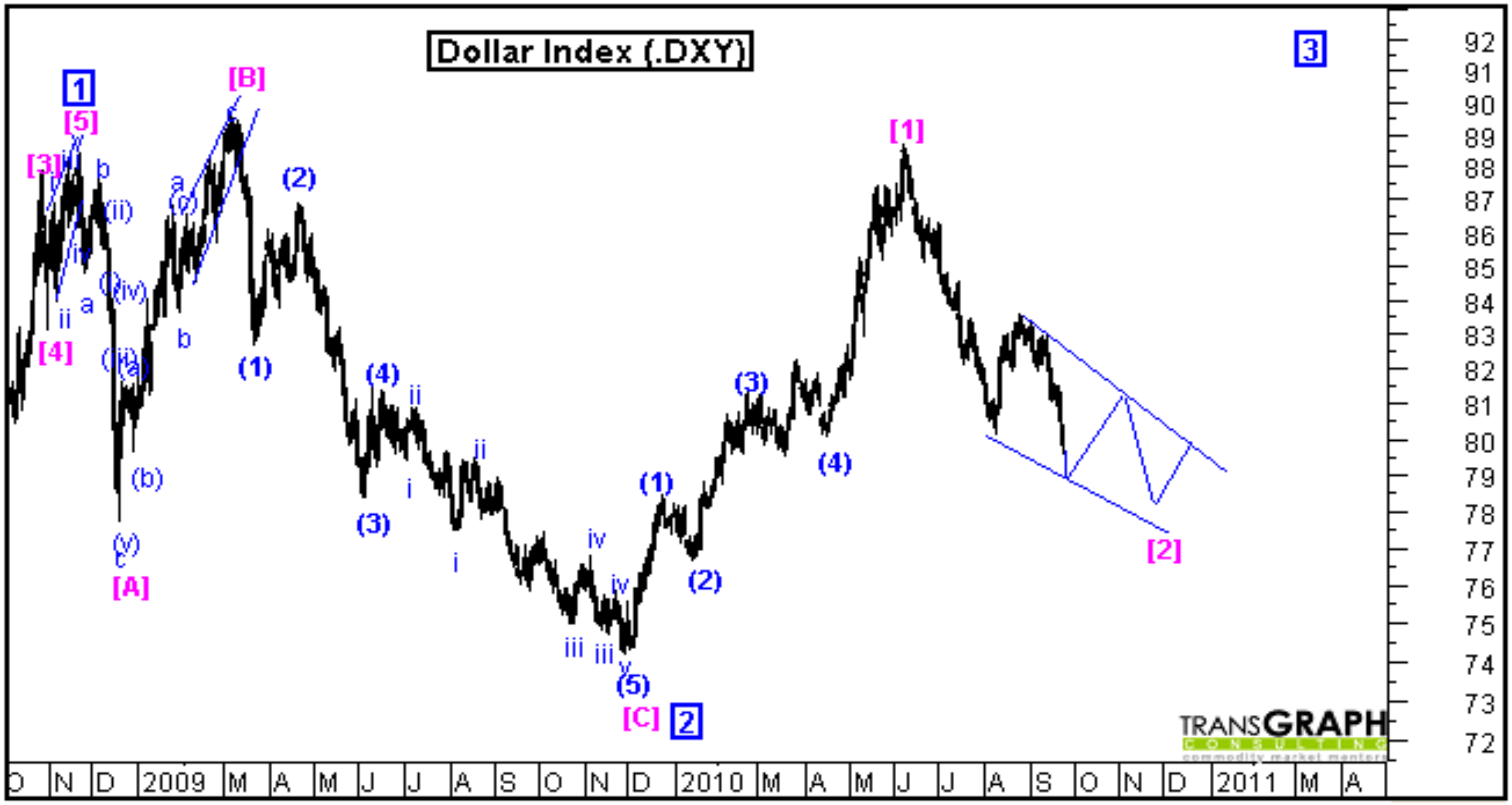
Market is trading both ways…….

NYMEX Crude oil Elliott wave applied…



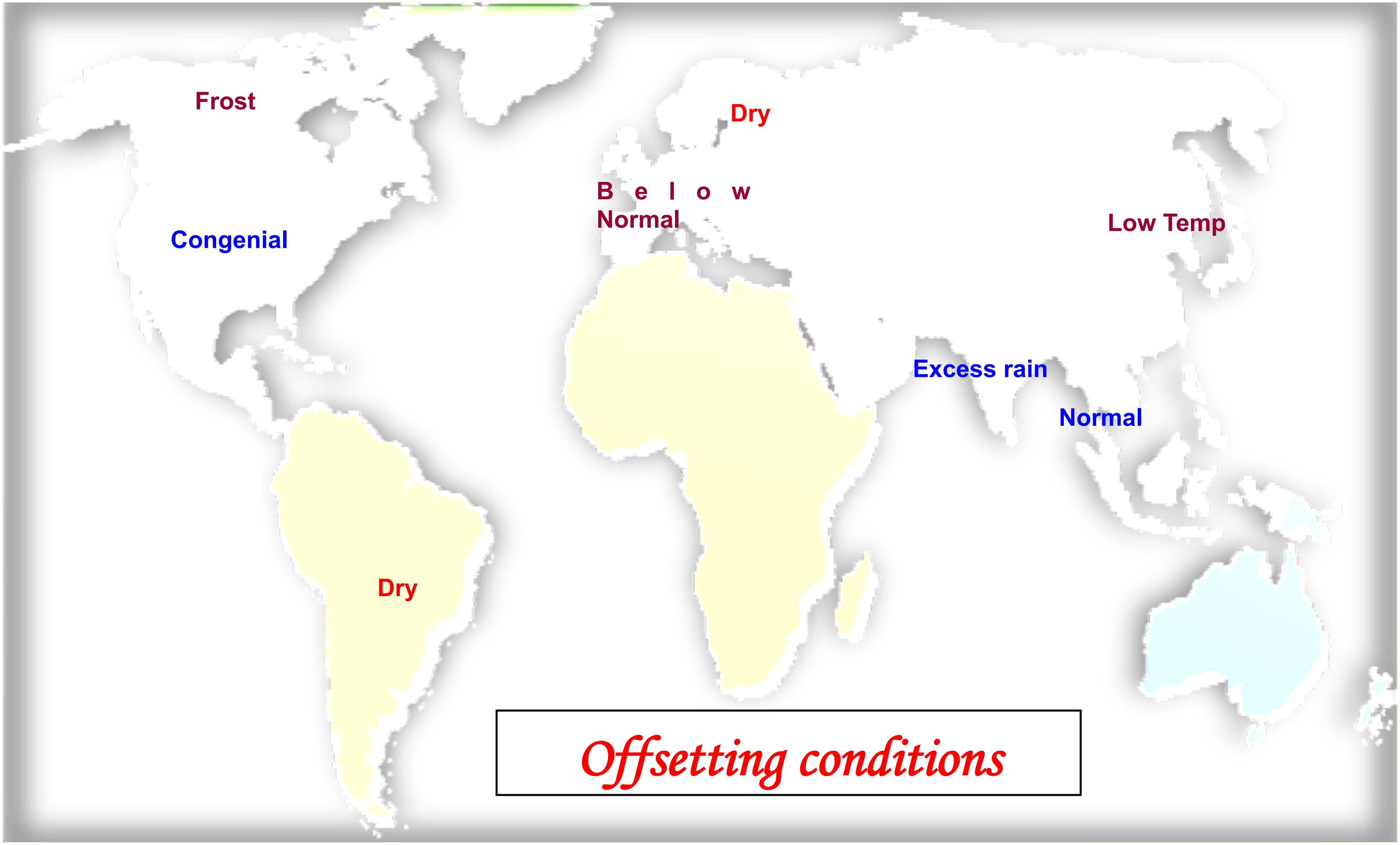
NYMEX Crude Oil Future prices witnessing gradual weakness from USD 82.97(posted in Aug'10) after a bounce from USD 67.15(i.e. posted in May'10), currently hovering at USD 76.19. From the Elliott wave perspective, Intermediate wave 1 and Intermediate wave 2 of Primary wave C of Cycle wave 2 are concluded at USD 67.15 and USD 82.97 respectively. At present prices in the process of Intermediate wave 3, within this minor wave 1 is concluded at USD 70.76, currently at maturity stage of minor wave 2. Any gains towards USD 81 cannot rule out and eventually turn weak towards USD 60/62 as Intermediate wave 3. Coming forward, prices are likely to trade with weak bias towards USD 58/60 while holding below the resistance of USD 81/82 on any bounce in the coming 5 – 6 months.

Dollar Index Preferred Elliott Wave Count



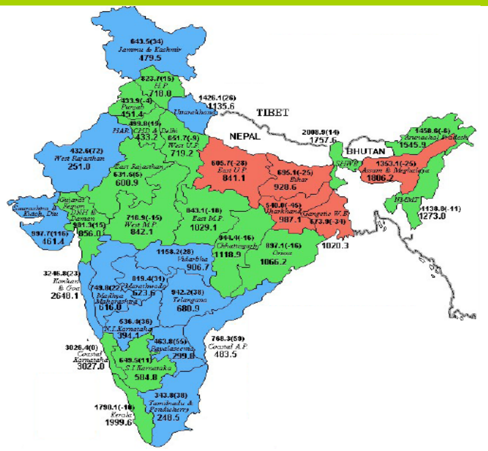
Dollar Index spot prices exhibiting weak momentum from 88.70(posted in Jun'10) after a steep rise from 74.17(i.e. posted in Nov'09), and currently hovering at 81.335. From Elliott wave perspective, the Primary wave 2 is concluded at 74.17 and Intermediate wave 1 of Primary wave 3 is concluded at 88.70. At present prices are in the process of Intermediate wave 2 in a triangle pattern, the downside target is limited towards 78/78.50.

World Weather Map now:



Offsetting conditions

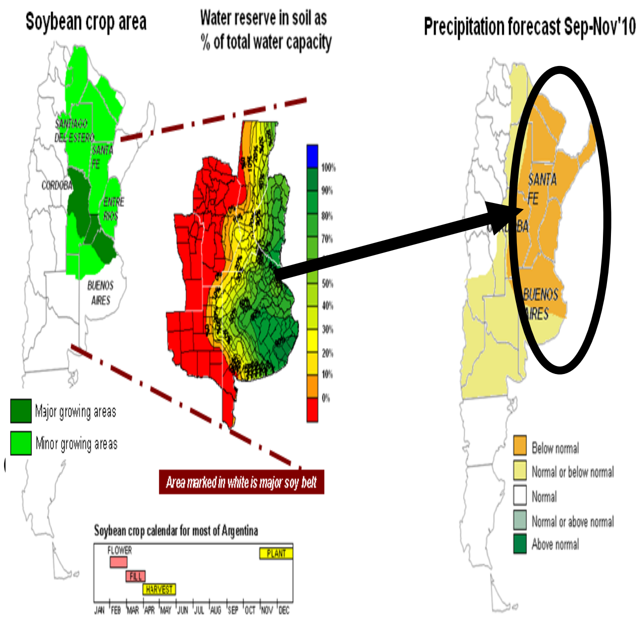
Weather Forecasts: Issues



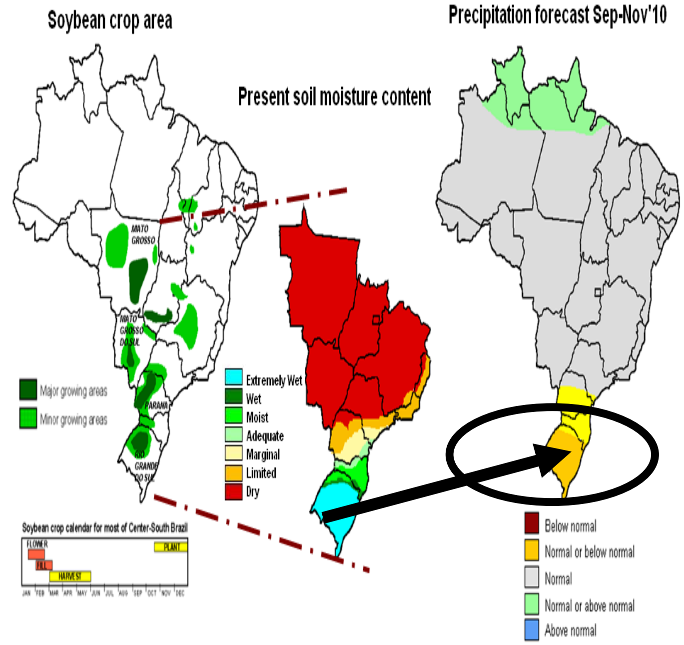
Seasonal rainfall departure from LPA

Northwest India	+10%
Central India	+5%
South Peninsula	+22%
East and NE India	-20%
India	***+2%***

Excess Rains



Forecasted Dry Conditions



Forecasted Dry Conditions

Soybeans – US Demand Understated, SA weather Risks

	2009/10e	2010/11f
Acreage Planted	77.5	78.9
acreage. Harvest	76.4	77.9
Yield	44.0	44.7
Beginning stocks	139.0	150.0
Production	3358.5	3482.7
Imports	14.5	10.0
Tot. Supply	3512.0	3642.8
Crushing	1750.0	1650.0
Exports	1495.0	1485.0
Seed and Residual	117.0	158.0
Total use	3362.0	3293.0
Ending stocks	150.0	349.8

Source: USDA; Units: million bushels

+50

+65

-105

SA soybean AYP			
	2009	***2010f***	y-o-y
Brazil			
Acreage (M ha)	**23.5**	**23.5**	**--**
Yield (T/ha)	**2.94**	**2.62**	
Production (MT)	**69**	**61.6**	**-7.4**
Argentina			
Acreage	**18.6**	**19.2**	
Yield	**2.93**	**2.65**	
Production	**54.5**	**51.01**	**-3.5**
			10.90
Source: USDA, TG Research			

- *US Demand understated*
  - *Bio Diesel to improve crush*
  - *Chinese Buying to improve exports*

- *Crop Development may get affected due to possible dry conditions…*
- *Weather Premiums shall be built in prices*

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Global Soybean B/S–ample stocks, trade to drive the prices

Global Soybean Balance Sheet

	2009/10e	2010/11f	Change (y-o-y%)
Beginning Stocks	43.97	62.85	42.93
Production	259.89 (48)	252.53 (-7.37)	-2.83
		(17.32)	4.43
Crush	207.92 (15.2)	221.19 (13.27)	6.38
Total demand	328.15 (30.1)	347.07 (18.9)	5.77
Ending Stocks	62.85 (18.8)	61.24 (-1.6)	-2.56

Source: USDA & TG Research; All units in Million tons (net change)

Global Bean trade dynamics (MMT)
(Exports/Imports) Change y-o-y

	2009/10 e	2010/11 f
Argentina	5.91	2.00
Brazil	-1.54	1.95
Paraguay	2.78	-0.57
USA	5.87	-0.27
Net Exports	***13.59***	***3.68***
China	6.90	7.00
EU	-0.31	0.10
Net Imports	***7.96***	***7.81***

Source: USDA

Bean Production

US → +4.5

India → +0.5

SA → - 10.9

Brazil and Argentina shipping incremental beans than LY despite expected production drop in 10/11 is skeptical.

This makes us feel that USA should be shipping 65 M bu or 1.769 MT of beans more than LY as against a moderate drop projected by USDA

Similar to 09/10, US could be forced to service growing Chinese demand in 10/11 too and the same shall drive the prices higher

Overall, trade balance likely to remain tight

+ Demand > + Supply

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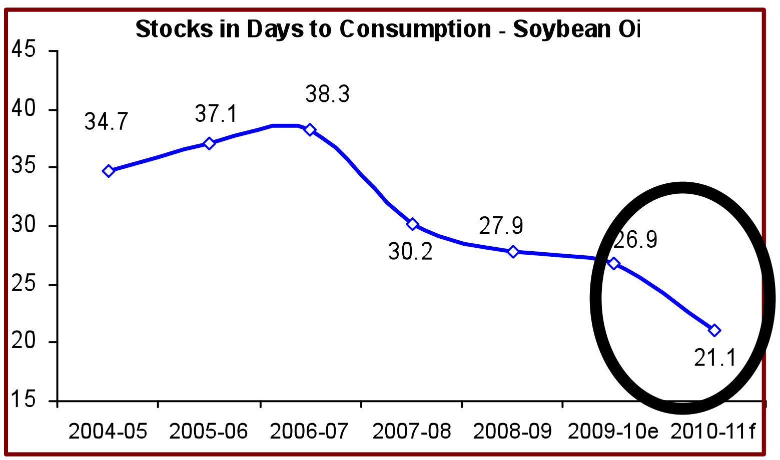
Soy Oil : Good Bio Diesel Demand to make tight balance Sheet

	Use	2009/10	2010/11	Change
Argentina	Bio-diesel	1.54	1.9	0.36
	Edible	0.372	0.382	0.01
Brazil	Bio-diesel	1.85	2.08	0.23
	Edible	3.2	3.25	0.05
USA	Bio-diesel	0.771	1.315	0.544
	Edible	6.464	6.577	0.113
Source: USDA and Industry; All units in MT				

Argentina will use more soy oil for bio-diesel production, and much of the produced diesel will find its **way to EU**, where rape oil diversion to the diesel industry is tight.

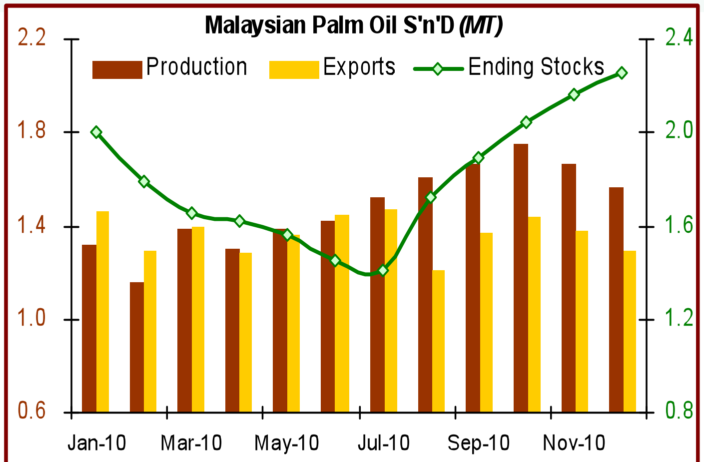
This depends purely on whether or not **tax credit** comes into picture, else one might not see this quantum jump in bio-diesel off-take of soy oil at USA.

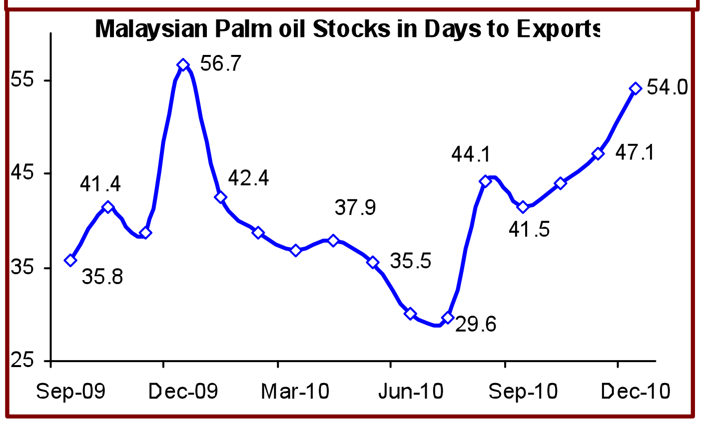


Palm – High Stocks, Higher Production

Palm Oil Production Estimates			
	2009	2010e	2011f
Malaysia	17.56	17.76 (0.19)	18.38 (0.62)
Indonesia	20.90	22.10 (1.2)	23.65 (1.55)
World total	44.76	46.66 (1.89)	49.06 (2.41)

Units in Million tons; (y-o-y net change)

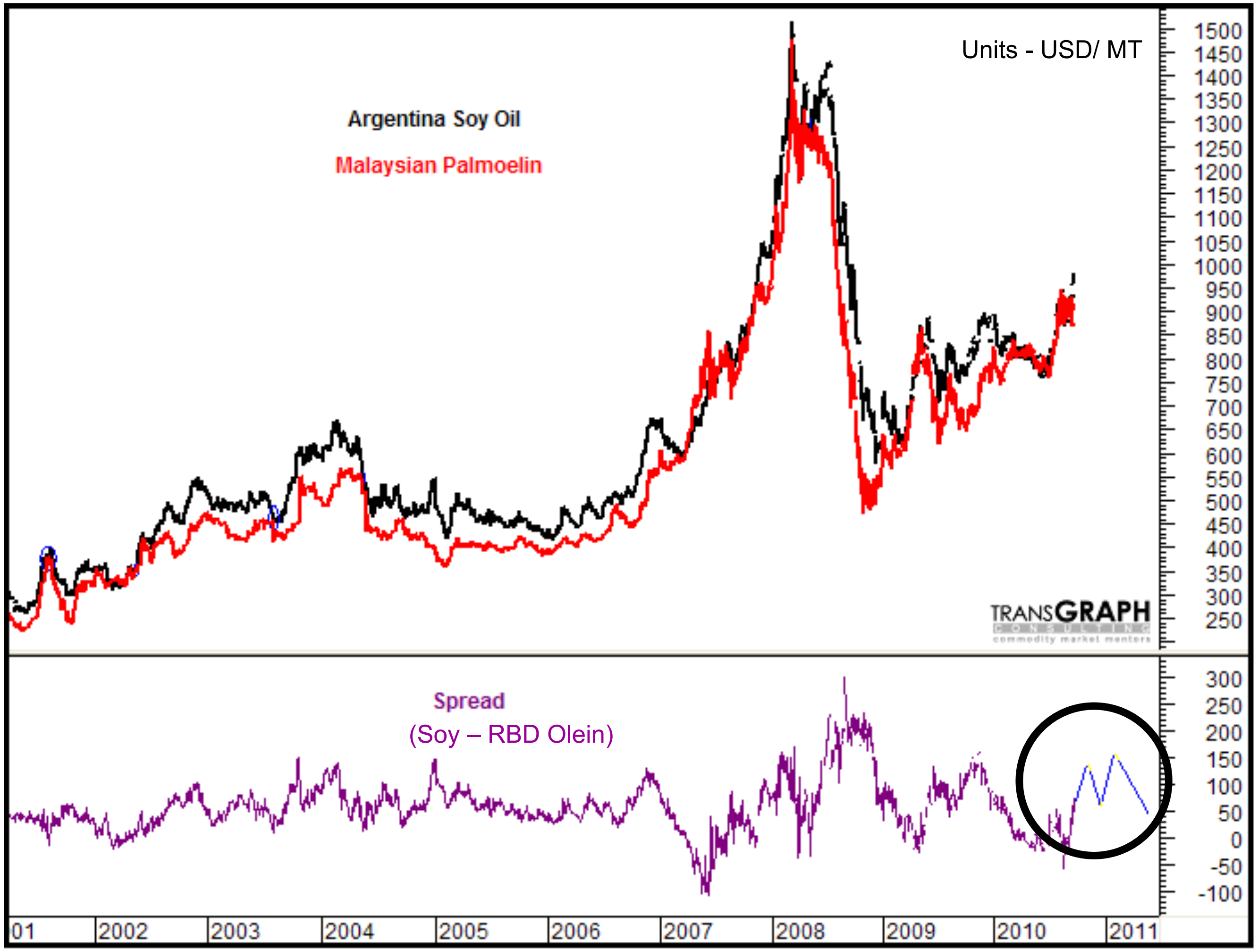




- Q 4 Production May not higher than LY.
- Q4 : India might import less due to better Crush
- Q4 : China to import less due to higher Bean imports
- ES → 2.26 By Dec 10

TRANSGRAPH CONSULTING commodity market mentors

Price Spreads – Soy to maintain premiums against palm



+ 70/100-130

Palm Oil Balance Sheet – '10/11

Global Palm Oil balance sheet				y-o-y % change
	2009	2010f	2011e	
Beg. Stocks	4.01	4.66	4.74	1.64
Production	44.76	46.66	49.06	5.16
Total Supply	**48.77**	**51.32**	**53.80**	**4.84**
Total Demand	44.11	46.58	48.91	5.00
Global Trade	34.43	35.82	36.78	2.67
End Stocks	***4.66***	***4.74***	***4.89***	3.24

Source: USDA, MPOB, TG Research; Units in Million tons; Jan -Dec

Malaysian Palm Oil Balance Sheet			
	2009	2010f	2011e
Beginning stocks	1.99	2.24	2.26
Production	**17.56**	**17.76**	**18.38**
Imports	0.93	0.95	0.9
Total Supply	20.48	20.95	21.54
Exports	15.88	16.41	17.07
Consumption	2.36	2.27	2.3
Total Demand	18.24	18.69	19.37
Ending Stocks	***2.24***	***2.26***	***2.17***

Source: MPOB, TG Research; Jan-Dec, All units in Million tons

- La Nina to augment the palm oil production in SE Asian origins during 2011.
- Together palm oil production to surge by 2.41 MT during 2011.
- ***Incremental demand to eat into the additional supplies, leaving the global palm oil ending stocks marginally higher by 3.2% towards 4.9 MT ending 2011.***

Global Rapeseed - Supply Squeezed

Global Rapeseed Production	2009-10	2010-11	Change
Opening stocks	6.76	6.63	-0.12
Production	**60.30**	**55.54**	**-4.76**
EU-27	21.40	19.50	-1.90
Canada	12.50	10.70	-1.80
China	13.70	12.30	-1.40
India	6.15	6.70	0.55
Australia	1.91	2.25	0.34
Others	4.64	4.09	-0.55
Total supplies	**67.06**	**62.17**	**-4.88**

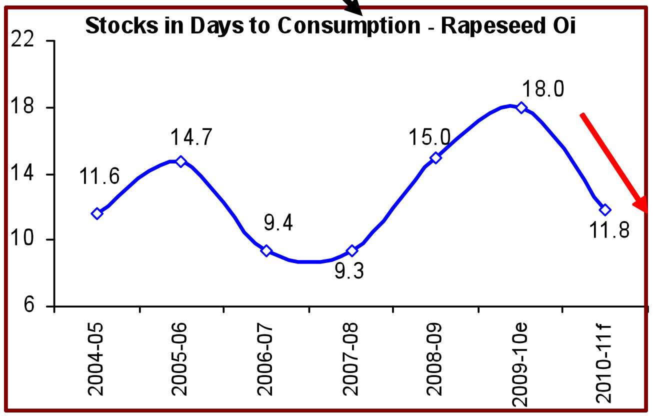
Source: USDA and TG research; Units: Million tons

- **Loss :**
  - **Canada : Floods and Frost**
  - **China : Extreme Cold**
  - **EU : Dry conditions**
- **Gains :**
  - **India & AU : Good Rains**

	Rapeseed Crush			Oil Production		
	2009-10	2010-11	Change	2009-10	2010-11	Change
EU-27	22.55	21.41	-1.14	8.88	8.43	-0.45
Canada	4.77	5.20	0.43	1.88	2.05	0.17
China	14.53	13.90	-0.63	5.72	5.48	-0.25
India	5.29	5.76	0.47	2.08	2.27	0.19
Australia	0.70	0.69	-0.01	0.28	0.27	-0.01
Others	8.22	7.90	-0.31	3.24	3.11	-0.12
World Total	**56.05**	**54.86**	**-1.19**	**22.08**	**21.61**	**-0.47**

Source: USDA and TG research, Units: Million tons

Oil Production → - 0.50 M Tons



TRANSGRAPH CONSULTING commodity market mentors

Canadian exports to drop, EU bio-diesel industry to feel the heat

Canada Rapeseed AYP			
	2009-10	2010-11	% change
Production (mt)	12.5*	10.7	-14.4
Exports	7.05	6	**-14.9**

Source: USDA, Canada Govt. Units in million tons;
* Adjusted 0.7 MT of higher carryover stocks in production

1 MT drop in Canada's rapeseed exports lead to tight supplies in EU, Mexico, China and USA

EU Rapeseed AYP			
	2009-10	2010-11	% change
Production (mt)	21.4	19.5	-9.1
Crush	22.55	21.41	-5.0
Oil production	8.88	8.43	-5.06
Bio-diesel diversion	6.56	6.59	0.45
Palm to Bio-diesel	1.85	2.1	13.5
Palm for edible use	3.17	3.28	3.6

Source: USDA ; Units in million tons

Drop in exportable surplus at Canada plus **decline in domestic production** leading to lower crush at EU

Average change in growth rate during last five years is 21.2%, hence growing bio-diesel demand has to be met by some other oils and this year it is soy & palm

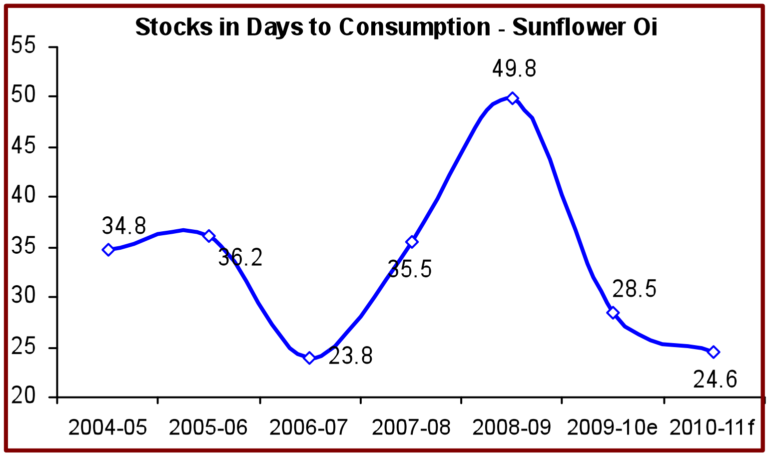
Palm diversion to bio-diesel expected to rise 13.5% vs. just 4.8% rise LY, meanwhile edible use up by 3.6% against 1.67% drop in 2009/10

To meet the incremental demand, **EU will import 0.3 MT more palm oil (total 5.4 MT)** vs. -0.28 MT drop LY

TRANSGRAPH CONSULTING commodity market mentors

Global Sunflower S'n'D

Global Sunflower Seed Supplies			
	2009-10	**2010-11**	**Change**
Opening stocks	**2.80**	**1.69**	**-1.11**
Production	**31.07**	**31.36**	**0.29**
Ukraine	***7.30***	***6.90***	***-0.40***
Russia	***6.40***	***6.20***	***-0.20***
EU-27	***6.99***	***6.85***	***-0.14***
Argentina	**2.15**	**2.60**	**0.45**
Others	**8.23**	**8.81**	**0.58**
Total supplies	**33.87**	**33.05**	**-0.82**
Source: USDA and TG research; Units: Million tons			



- Weather anomalies have taken a toll on sunflower production this season. Despite of increase in acreage by 4.4% in EU and CIS nations, lower productivity due to extreme drought have lowered sunflower seed output to an extent of 3.6% in all these nations on year basis.
- Argentinean production to combat for production loss in northern hemispheres.
- ***Overall, lower sun oil production this season coupled with firm demand shall mitigate the stocks in days to consumption in 10/11 towards 24.6 from 28.5 LY***
- ***In absolute terms, sunflower oil stocks shall reduce towards 0.75 MT against 0.88 MT LY.***

Soy taking gap bridging responsibility

	2008-09	2009-10	2010-11
Industrial Consumption			
Palm	9.20	9.68 (0.48)	10.18 (0.51)
Rapeseed	6.08	6.6 (0.52)	6.62 (0.02)
Soy	4.65	5.55 (0.9)	6.63 (1.09)
Edible Consumption			
Palm	32.45	34.45 (2.0)	36.40 (1.94)
Rapeseed	14.04	15.40 (1.36)	15.54 (0.14)
Soy	31.10	32.38 (1.28)	34.53 (2.14)
Sunflower	9.97	10.66 (0.7)	10.56 (-0.11)
Units in Million tons; (y-o-y net change)			

Major Incremental Demand is met thru Soy Oil

India - '10-11 Oilseed Carry in

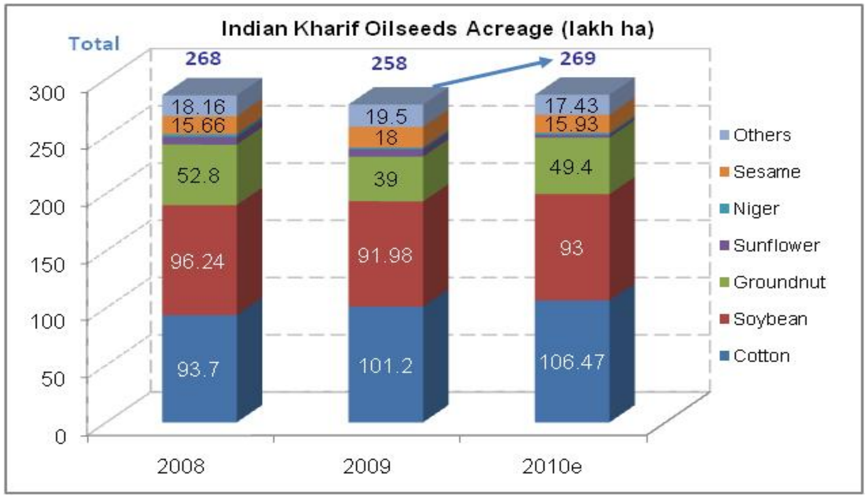
Indian edible oil seeds stocks as on 1st Oct 2010	
	Stocks
Soybean	1.33
Rapeseed	2.07
Cotton	0.18
Sunflower	0.02
Groundnut	Almost Nil
Total	***3.60***
Source: Industry & TG Research; Units in million tons	

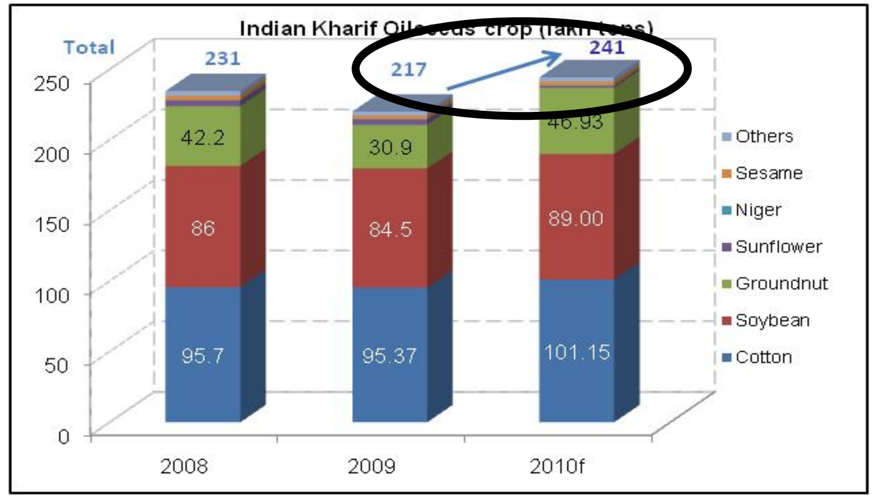
0.6 LY

2.72 LY

- India is closing 09/10 season by about **0.9 MT of higher stocks.**
- Crushing activities improved considerably since June'10 bringing down otherwise potential huge stocks of 5-5 to 6 million tons.

India – 2010/11 Kharif Oilseeds Output





Incremental Kharif AYP			
	Area (LHa)	Yield (T/ ha)	Productio n (LT)
Cotton	5.27	0.01 (0.95)	5.78
Soybean	1.02	0.04 (0.96)	4.50
Groundnut	10.4	0.16 (0.95)	16.03
Sunflower	-4	-0.06 (0.5)	-2.40
Kharif Total	***11***	***0.06 (0.9)***	***24.04***
Source: SEA of India, TG Research (absolute yield)			

- Acreage : 269 Vs 258 (+ 4.2%)
- Khariff P : 241 Vs 217 Lac T (+ 11%)
- Soy Bean : + 0.45 Mt
- **Gnut : + 1.63 Mt**
- Cotton : + 0.58 Mt

TRANSGRAPH CONSULTING commodity market mentors

Soy crop condition - Vegetative growth and pod formation good

Maharashtra crop condition

10/11 crop

09/10

10/11 sample from Indore

09/10 sample from Indore

10/11 sample from Ratlam

Indian edible oils balance sheet - 10/11

	2009/10e	2010/11f
Beginning stocks	1.15	1.21
Dom. Production	6.57 (-0.3)	7.24 (0.67)
Imports	8.62 (0.44)	8.66 (0.04)
Tot. supply	16.33 (0.71)	17.10 (0.77)
Demand	15.13 (0.65)	15.96 (0.83)
Ending stocks	1.21	1.15

Source: TG Research & Industry; All units in MMT. (change)

Better Crush due to margins and Meal demand

Moderation in imports

Higher Demand due to Economy growth

Monthly Veg oil Balance sheet				
	Nov	Dec	Jan	Feb
Beginning stocks	1.21	1.27	1.32	1.26
Dom. Production	0.71	0.69	0.61	0.53
Imports	0.67	0.68	0.72	0.62
Tot. supply	2.59	2.63	2.64	2.41
Demand	1.32	1.31	1.38	1.23
Ending stocks	1.27	1.32	1.26	1.18

Source: TG Research & Industry; Units in MMT

10/11 import basket – palm to regain its share

	2009/10e	2010/11f	Net Change
CPO	5.16 (59.9)	5.52 (63.8)	+0.36
RBD Olein	1.2 (13.9)	1.25 (14.4)	+0.05
Soy oil	1.5 (17.4)	1.01 (11.6)	-0.49
Sun oil	0.6 (7)	0.72 (8.3)	+0.12
Others	0.16 (1.9)	0.165 (1.9)	Flat
Total	8.62	8.66	+0.04

Source: TG Research & Industry; Units in MMT. (%share in total imports)

CPO Refining capacity

Port/hinterland	**TPD**
Kandla	9562
Haldia	5695
JNPT	4680
Kakinada	4050
Chennai	2800
Total	33787

Source: TG Field survey

- Soy Imports : fall due to **better crush**
- Palm Imports : rise due to **more refining capacities** and **Rising consumption share**

China- tight domestic supplies increase import dependency: Soy to fill the gap

China Soy Bean Scenario

	08-09	09-10e	10-11f	Change
Imported	42	48	55	
Domestic supply	16	15.5	14.8	
Total supply	58	63.5	69.8	
Crush	41	48.6	56.7	
Oil available from crush	7.4	8.7	10.2	1.5
Imported	2.5	1.6	2.0	0.4
Tot. Supply	9.9	10.3	12.2	
Soy oil demand	9.5	10.4	12.1	1.7
Supply - Demand	0.4	-0.1	0.1	

Source: USDA, TG Research; Units: Million tons

Chinese Edible oil Demand

	2009-10	2010-11	Y-o-Y % change 09-10	Y-o-Y % change 10-11
Soy oil	10.42	12.07	9.8	15.8
Palm oil	6.32	7.13	12.5	12.8
Rapeseed oil	5.47	5.68	12.67	3.9
Total veg. oils	27.11	29.77	9.57	9.8

Source: USDA, TG Research, Units-MT

Chinese Edible oil Incremental S'n'D

Y-o-Y Incremental Change	2009-10 Supply	2009-10 Demand	2010-11 Supply	2010-11 Demand
Soy oil	708	938	1617	1646
Palm oil	731	702	829	807
Rapeseed oil	946	615	199	214
Total veg. Oils	**2496**	**2369**	**2637**	**2659**

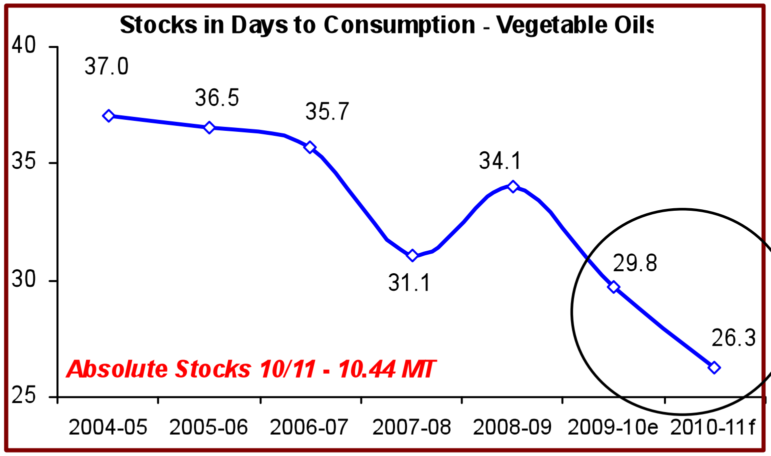
Source: USDA, TG Research, Units: '000 tons

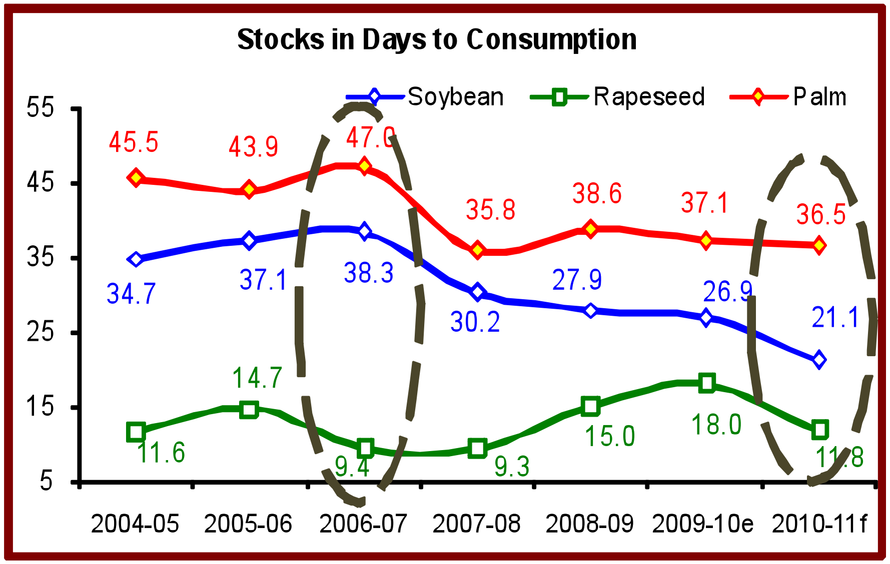
- **Lower Domestic Crop**
  - **Soy : - 0. 7 Mt**
  - **Rape Seed : - 1.0 Mt**
- **Higher Bean imports : 55 Vs 48 Mt**
- **Better Crush – rising Demand @ 10%**
- **Incremental demand → 2.7 Mt**
  - **Soy Oil → 1.7 : US & Brazil**
  - **Palm → 0.81**

Global Vegetable Oil Complex – In Crux

Global Vegetable Oil Ending Stocks (MMT)			
	09-10	10-11	% change
Palm	4.74	4.89	3.2
Soy	2.79	2.38	-14.9
Sun	0.88	0.75	-14.4
Rapeseed	1.08	0.72	-33.7
Others	1.83	1.70	-7.0
Total (9 oils)	11.32	10.44	-7.8

Source: MPOB, USDA, TG Research





- **Lower Stocks could keep prices firm…….**

Conclusion

Economy	*Crude Oil*	*Veg Oils*
Growing Asia & EMs and Double Dip Threat in US / EU	**Rising Demand amid ample supplies**	**Rising Demand amid lower production and weather risks**

Volatility

Support

Firmness

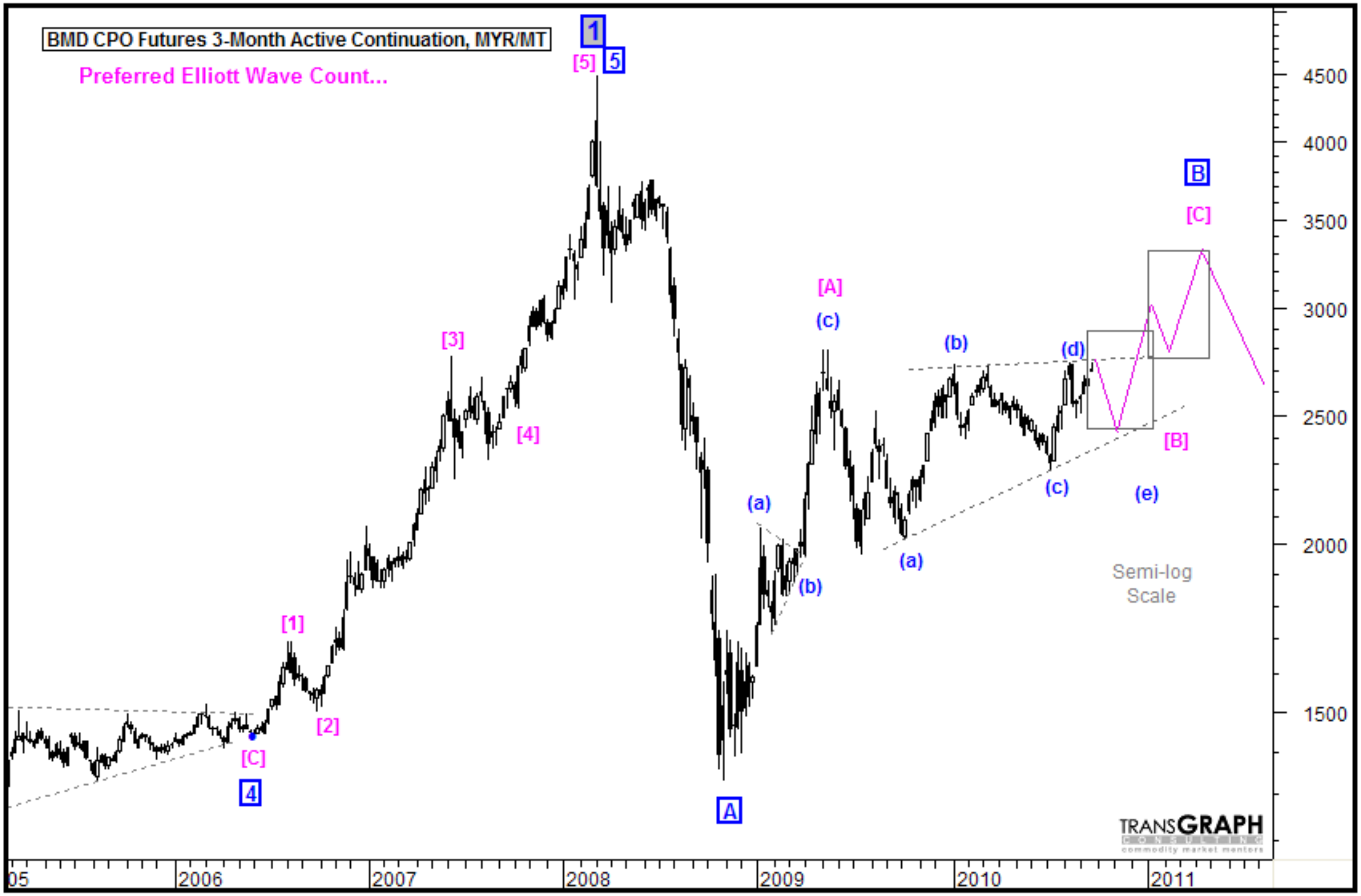
Bullish and Volatile

Technical Analysis

&

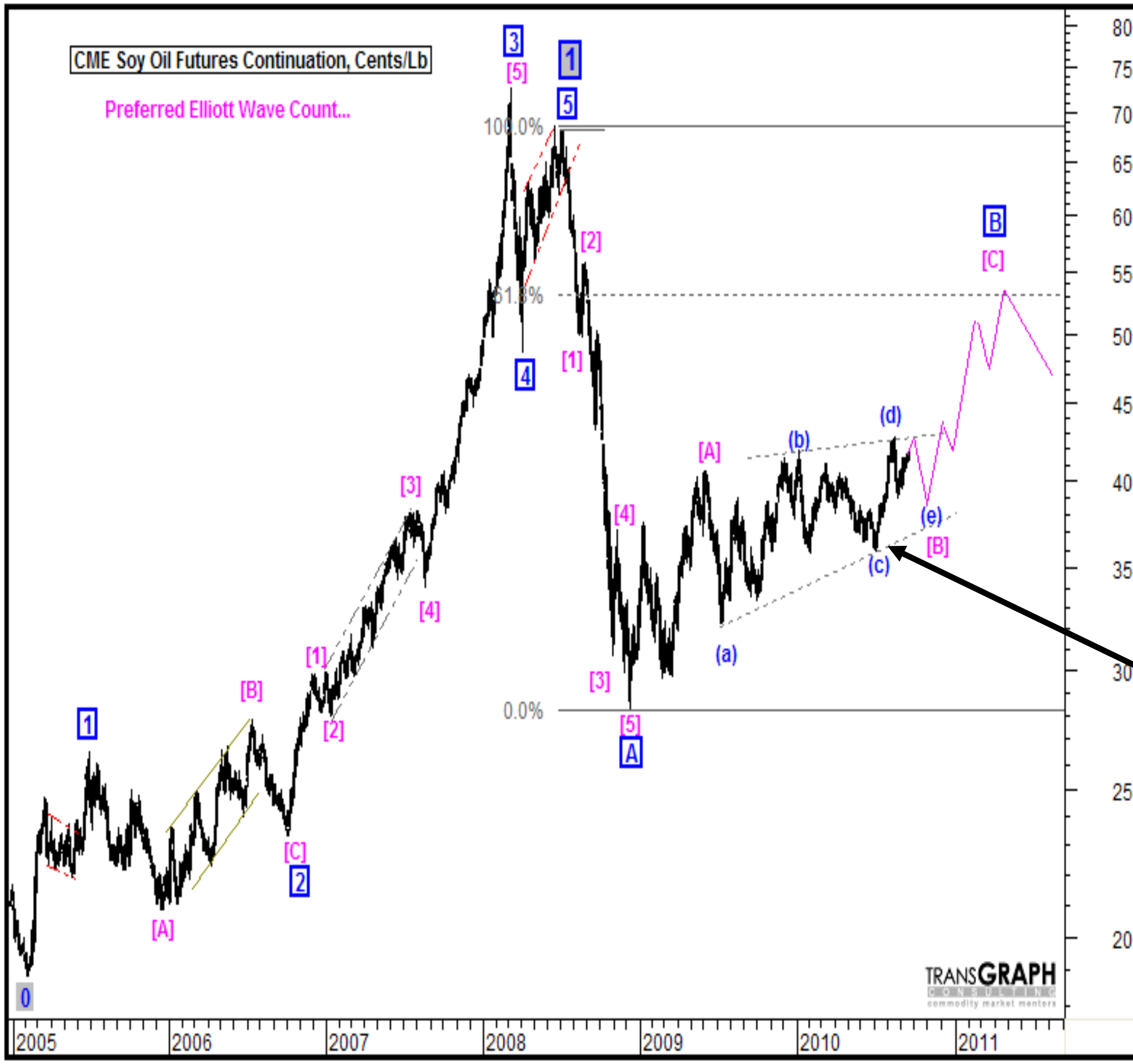
Price Outlook

BMD CPO 3-Month Active Futures Cont…



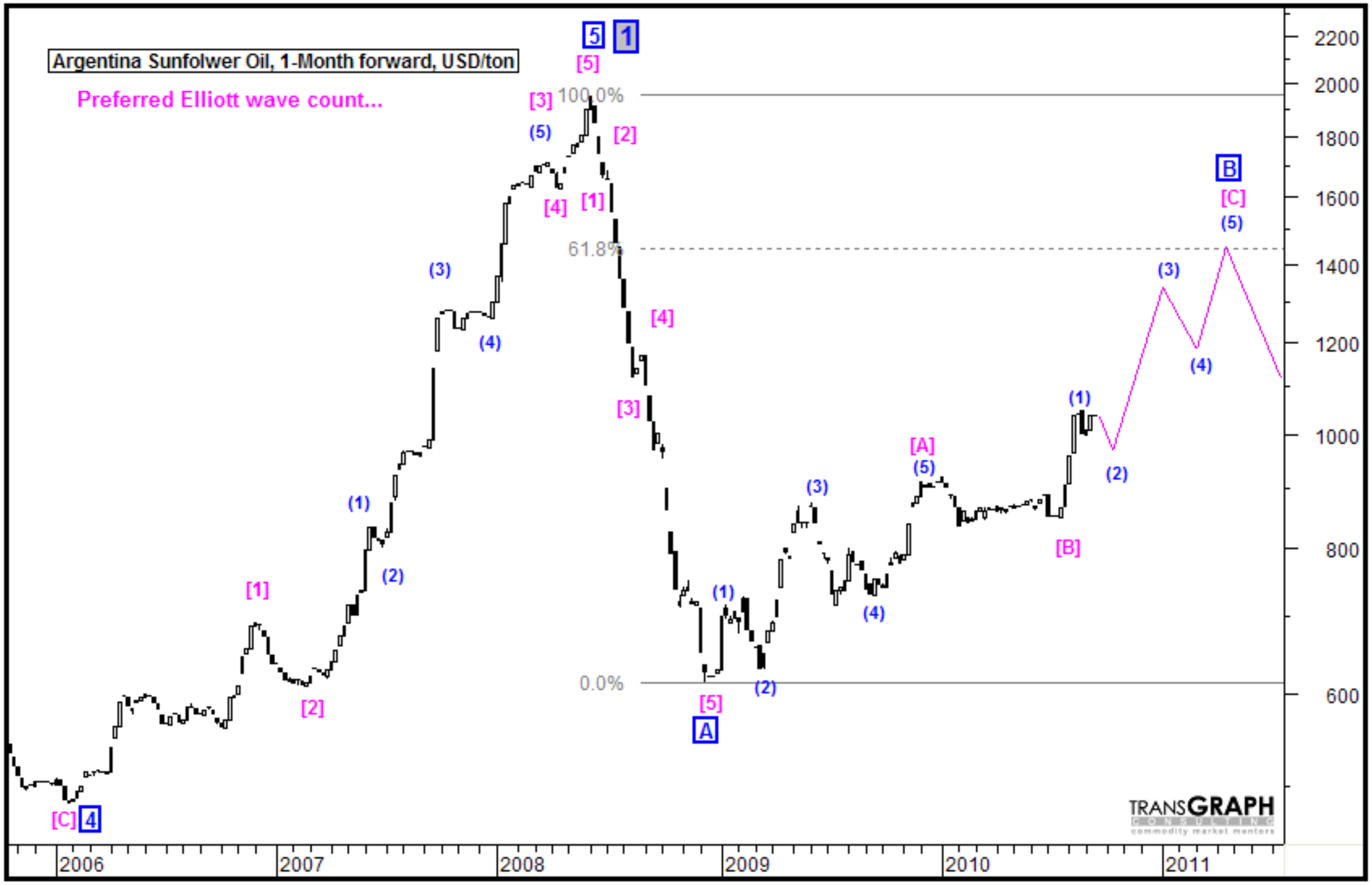
BMD CPO Futures prices are hovering within a broad consolidation below MYR 2750 for last 8-months and are depicting an ascending triangle. According to the preferred Elliott wave count prices are considered to be sill running as the Primary corrective wave B of the Cycle wave 2. Within the said wave prices are likely to conclude the Intermediate wave B near MYR 2500 and extend further gains towards MYR 3300 as Intermediate wave C in the coming 4-6 months time frame.

CME Soy Oil Futures (cents/lb) – Preferred Elliott Wave Count



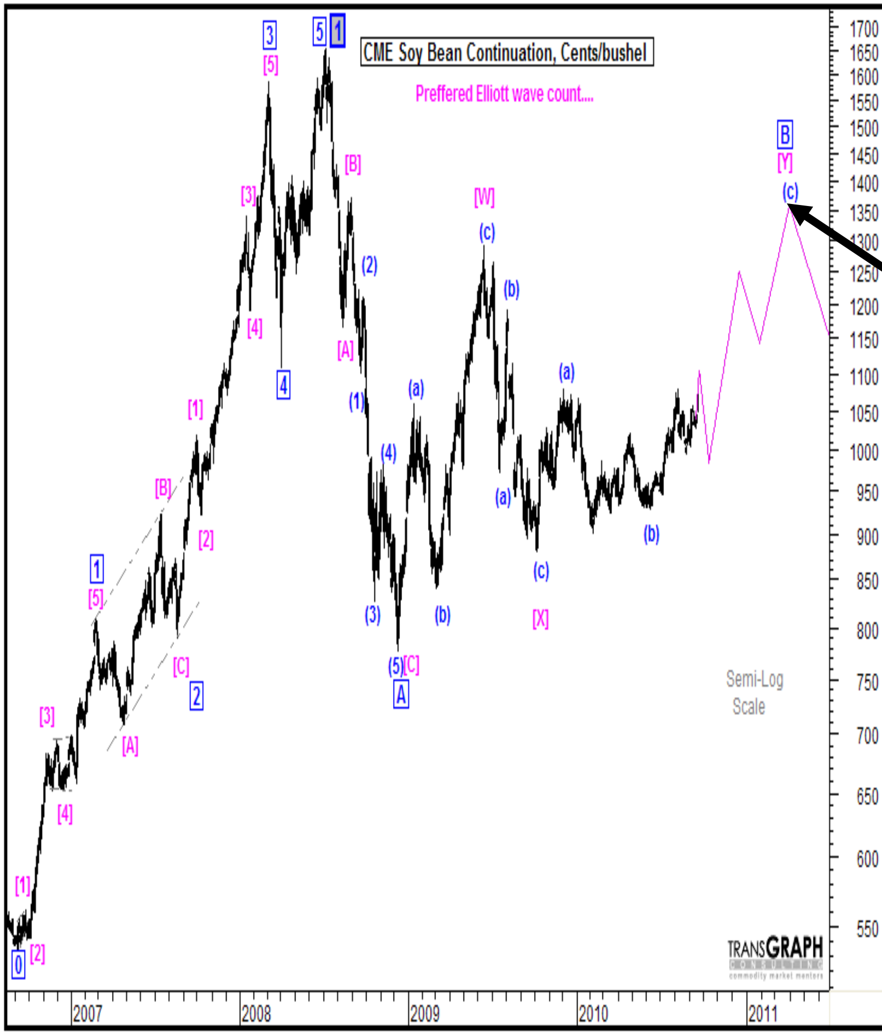
CME Soy oil prices are consolidating within a broad range below 44 cents for last 20 months. According to the Preferred Elliott wave count the recent triangle formation in prices is considered as the Intermediate wave B of Primary Wave B is underway. The said wave is likely to hold prices below 44 cents and call for a minor dip towards 39.50 cents in the short run. Subsequently prices could witness sharp gains towards 53/55 cents as the Intermediate wave C of Primary wave B. Concisely prices are likely to stay above 39.50 cents and rally towards 54 cents in the coming 4-6 months time frame.

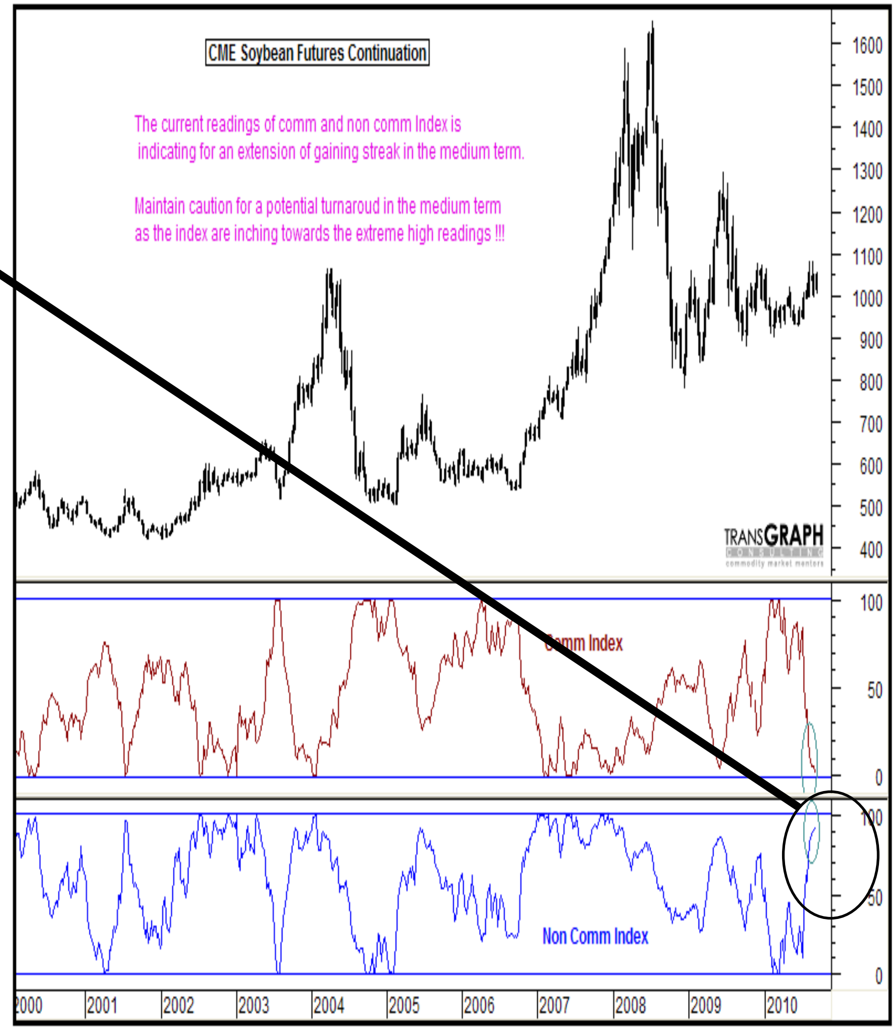
Argentina Sunflower oil 1-Month forward Preferred Elliot wave count



Argentina Sunflower oil 1 month forward prices are within a bull trend since the Dec'08 low of USD 612, consistently making higher highs and higher lows. According to the preferred Elliott wave count the Primary corrective wave B of Cycle wave 2 is currently underway. Within the same prices are likely to stay above USD 980/960 on any initial dips and extend higher towards USD 1400 in the coming 4-6 months time frame.

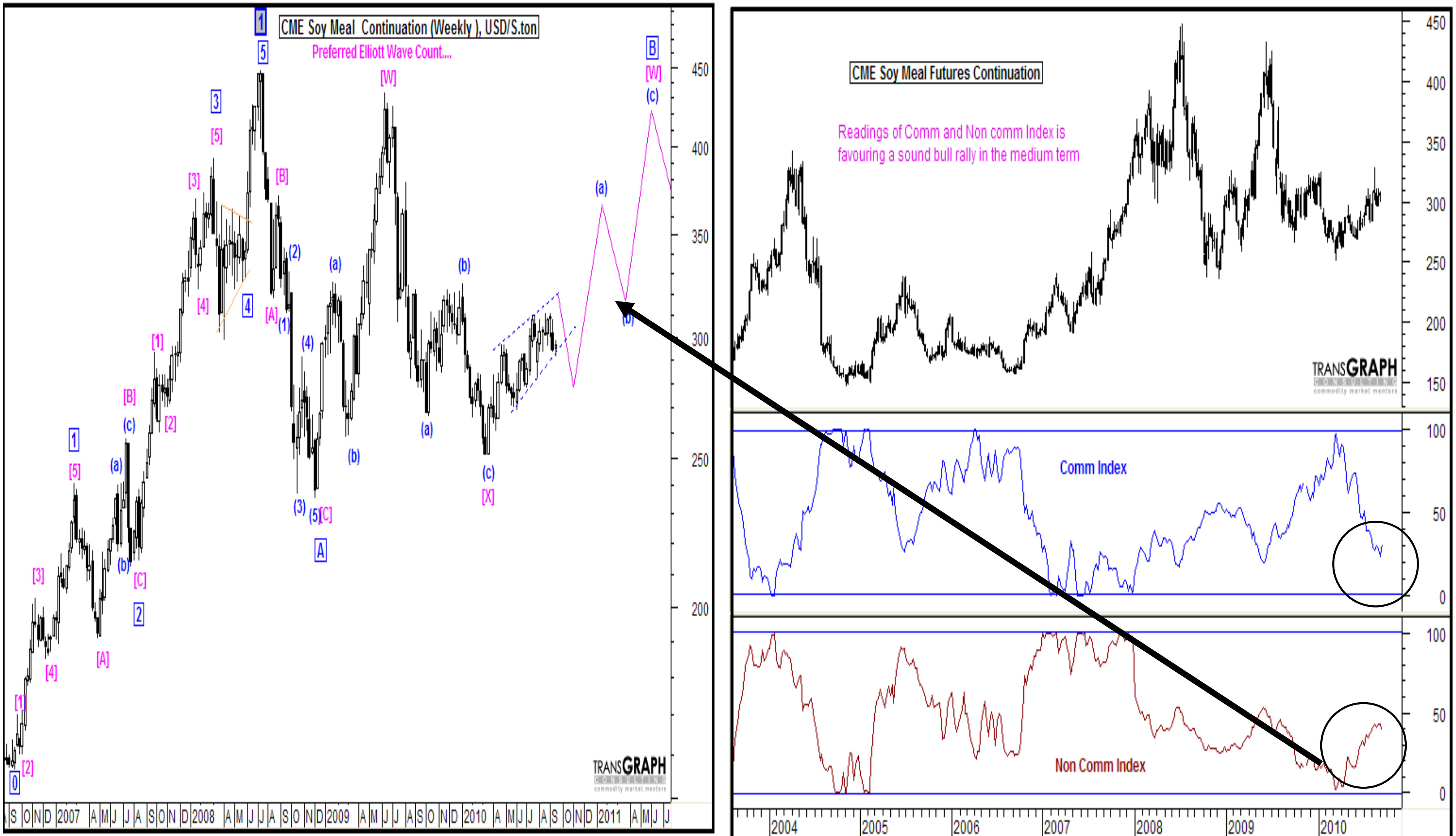
CME Soy beans Futures, Cents/Bu Preferred Wave Count……





The Soybeans futures are trending higher recently after a prolonged consolidation above 890 cents. The underlying price action is still considered as a corrective phase en-route. The preferred Elliott wave structure indicates the Primary wave B of the Cycle wave 2 is underway in form of a double combination. Within the same price are likely to witness a retest of 980/960 cents and extend further gains towards 1370 cents in the coming 3-6 months time frame.

CME Soy meal Futures, USD/ST Preferred Wave Count…..



CME Soy-meal futures prices are witnessing a consolidation for last couple of months below USD 310. The above shown preferred Elliott wave count indicates a double combination in form of Primary wave B of Cycle wave 2 is currently in process. Within the said wave prices are likely to extend further towards USD 420 in the coming 4-6 months with any initial weakness finding support at USD 280 in the short run.

Price Outlook (4-6 Months)

Markets	Last Closing (Sept 30,2010)	Price outlook (4-6 months)
BMD Palm Oil Futures, MYR/MT	2730	2500→3300
RBD Palm Olein Malaysia 2-M Fwd, USD/MT	917.50	860→1100
CME Soy Bean Futures, Cents/Bu	1106.75	970→1300
CME Soy Meal Futures, USD/short ton	306.90	280→400
CME Soy Oil Futures, Cents/lb	45.09	40→54
Argentina Sunflower Oil 1-M fwd. USD/MT	1060	990→1400

Rise in Prices with intermittent seasonal corrections due to arrival pressure …….

TRANSGRAPH CONSULTING commodity market mentors

Transgraph Consulting Pvt Limited

Thank you for your attention

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