

## VEGOIL

16<sup>th</sup> July 2005

### MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Traded Range Bound on Indecisive Sentiments and Expected Dry Weather
- South American Soybean Futures Traded Marginally Lower On Indecisive Export Demand
- Soybean Oil Prices Traded on the High Amidst Support From Domestic Buyers

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term

#### NCDEX JULY Contract

The July contract closed at 376.60, which is marginally down than yesterday's close. Market opened almost steady and traded marginally higher for the day amidst increased uncertainty in the market and growing buyers demand. The retail market is still not supporting the futures market adequately.

The 7-day MA today moved marginally lower hinting to the unsteadiness in market prices. On the other hand 14-day MA continued upward indicating the increase in the strength of the current price trends.

Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 3 period(s) ago. Since the MACD crossed its moving average, Soy oil July's price has increased 0.17% and has ranged from a high of 377.90 to a low of 374.15.

The 9-days Price ROC declined further entering the negative region to the level of -0.4757 pointing downward, indicating weakness in the market prices. The 9-day RSI, on hand moved down in the neutral region to a level of 51.86 confirming the existing unsteadiness.

The % K-line turned lower in the neutral region indicating the possible change in the sentiments in near days while the % D-Line, which is still in the neutral region, is hinting to the existing strength.

The candlestick is indicating at the steady opening and range bound trade for Monday.

#### Market advice:

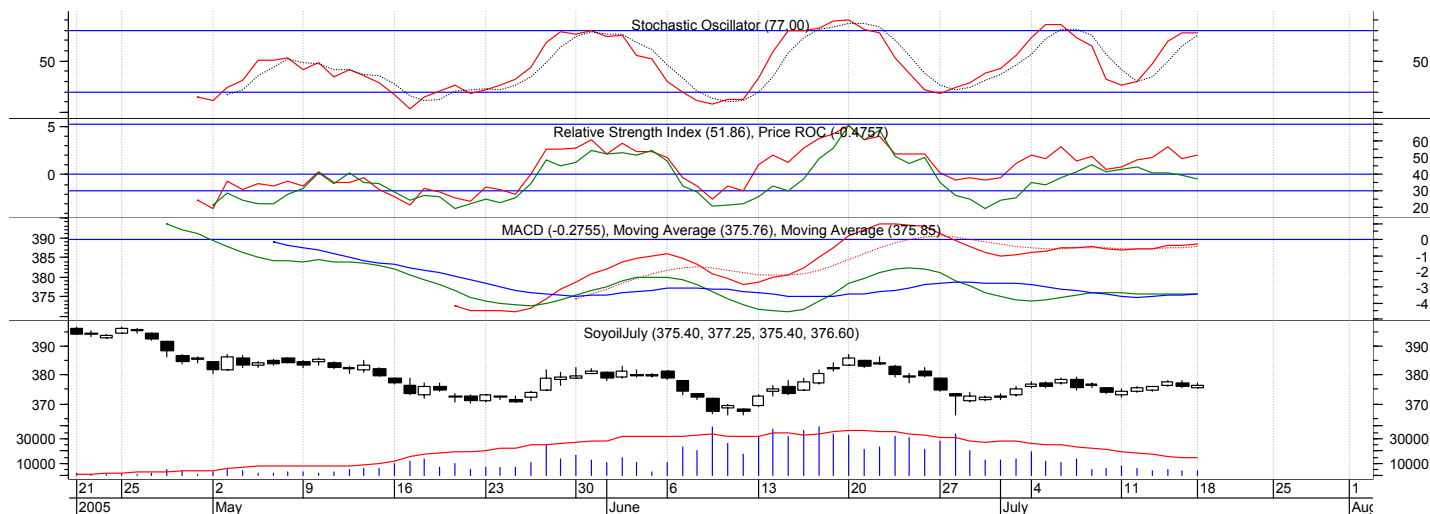
Market is expected to open steady and trade range bound on Monday amidst pressure of uncertain international markets and low retail demand.

Carefully see the opening before indulging in intra-day trade.

Long-term sentiments continue to be bullish.

#### Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Aug' '05	381.80	380.50	383.80	385.20
NCDEX	July '05	373.50	372.20	377.60	378.90



## MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

### International:

#### CBOT (US Soybean Oil):

The market continues to find support from the 10-day weather outlook for hot and dry weather for most of the Midwest. A chance of some scattered rains for early next week, ideas that the market is overbought and continued favorable weather for Indiana and Ohio for the next few days has kept traders quick to take profits and has kept the trade very volatile.

DTN Meteorlogix said a drier- and hotter-than-normal weather pattern is on tap for the western Midwest. There will be some chances for thundershowers Sunday into Monday, but it will be hot until then and will likely get hot again after that period. A similar pattern is on tap for moisture- starved areas of central and northwest Illinois with no significant rains forecasts for the next 10 days.

Demand concerns are also surfacing from China with talk of poor crush margins and some crush plants even shutting down in the short-term which might slow demand for imports which typically come from Brazil at this time of the year.

In trades, ADM Investor Services, Citigroup, Fimat and Rand Financial each bought 300 November, Refco bought 700 November and DT Trading bought 800 November. On the sell side, Cargill sold 300 August and 500 November, Cargill Investor Services sold 700 November, Fimat sold 300 November, and Rand Financial, Refco and Shatkin/Arbor each sold 200 November. Commodity funds were estimated buyers 1,000 contracts, and commercial firms were net sellers.

The US soybean is expected to remain bullish on expectation of continuing dry and warm weather.

#### Continuation chart of CBOT (Soybean Oil)



#### CBOT Soy oil futures as 15 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	25.50	26.00	26.08	25.41	-0.02	25.48
Aug'05	25.59	26.02	26.15	25.50	+0.03	25.62
Sep'05	25.65	26.15	26.23	25.60	0.00	25.65

CBOT remains closed on Saturday and Sunday.

### South American Soybean Market

August South American soybeans closed lower. The focus of attention is still on threatening weather in the US, but news of weakening demand from China due to declining crush margins which might cause some crush plants to shut down temporarily could cause Brazil soybeans to weaken relative to US prices.

A slower China demand tone is coming at a time when China demand is usually focused on Brazil soybeans. Producer selling in South America has also increased significantly on the recent rally.

Talks that the new hurricane, Emily, could bring rains to the Midwest helped trigger aggressive long liquidation selling from funds and speculators late in the session yesterday.

Trade is expected to be extremely volatile, as the hot and dry forecast for the central and western US Corn Belt for the next 10 days could cause deteriorating crop conditions for soybeans going into the key reproductive time frame in August.

Demand news appears weak and could be limiting the impact of the threatening weather, but the commercial buying interest on the break yesterday was impressive. A commercial field in Alabama has reportedly been found with the Asia rust fungus, which would be the first this year, according to the USDA.

The central and western regions of the US Corn Belt look to see much above normal temperatures (mid to upper 90's) and below normal precipitation in the next 10 days, with 0.25 to 0.75 inches of scattered rains with a cold front called for early next week before the heat returns later in the week.

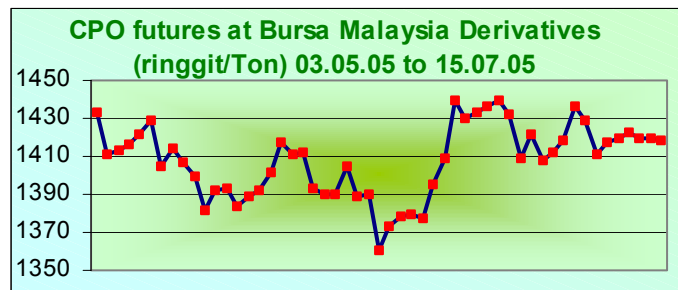
The Latin American soybean market is expected to continue on the high amidst the weather models for the Midwest predictions of dry and warm cropping weather.

#### KLCE (Malaysian Palm Oil):

KLCE market remained closed on regular weekend holiday. It will reopen on Monday (18.07.05).

#### KLCE CPO Futures (15.07.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1408	1405	1406	1405	-2	1406	44
Sep '05	1420	1415	1419	1414	-2	1418	267
Oct '05	1419	1416	1421	1415	-1	1418	648



### Domestic:

#### Palm oil

The domestic palm oil market today traded range bound amidst absence of international support and declining retail demand.

The Malaysian markets today remained closed on the weekend holiday. In the absence of support from the export figures, which shows over 20 per cent decline from the last month, the Malaysian trade is not expected to support the domestic

sentiments in a big way resulting the continuing range bound trade in the domestic markets.

The import quantum has increased almost gradually. In the month of July (till 16.07.05) the country has imported about 1.31 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 367.50 per tonnes and RBD Palmolein at \$ 400.00 per tonne.

The price for palm oil in the market is expected to continue range bound on Monday with marginal decline as the market is expected to get no support from the other edible oils.

#### **Palm oil - Spot Market Price (Rs. per 10 kg)**

Centres	16.07.05	15.07.05	Change
Kandla CPO (5 % FFA)	330	330	0
Mumbai CPO (5% FFA)	331	330	+1
Kandla RBD Palmolein	360	360	0
Mumbai RBD Palmolein	369	367	+2
Chennai RBD Palmolein	365	368	-3
Kakinada RBD Palmolein	367	368	-1

#### **Soy oil**

The domestic market opened range bound but continued upward for the day amidst increased buyer's support and absence of indications from the international markets.

The international market traded range bound at the CBOT amidst wide spread uncertainty in the weather and declining export demand. As per NOPA, the US crush report is more than the expected quantum, which is expected to impart slight bearishness in the market. The long-term prospect in the US market is still expected to be bullish as the warm weather is predicted in the coming week. At the time of closure the NBOT august Contract was at Rs. 384.70 (Up by Rs. 2.20) and the September contract ended at Rs. 388.50 (Up by Rs. 1.00).

The Hazir market traded range bound in the positive region amidst uncertain sentiments at the futures and partial support from the international markets.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 342 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 514 per tonne.

The market is expected to open steady for Monday and trade range bound on the lower side as the day progresses.

#### **Soybean oil - Spot Market Price (Rs. per 10 kg)**

Centres	16.07.05	15.07.05	Change
Mumbai (Soy ref)	364	364	0
Indore (Soy Ref oil)	375	375	0
Indore (Soy Solvent Ex. oil)	354	352	+2
Kota (Soy Ref. Oil)	383	380	+3
Jaipur (Soy Ref. Oil)	385	380	+5

#### **NBOT Soy oil futures as on 16.07.2005 (Rs/10 kg)**

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Jul'05	382.50	382.40	385.20	382.40	2.20	384.70	16840
Aug'05	387.50	386.50	389.10	386.40	1.00	388.50	180
Sep'05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

#### **NCDEX Soy oil futures as on 15.07.2005 (Rs/10 kg)**

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul'05	377.70	377.20	377.90	375.55	375.95	4510	14850
Aug'05	385.15	385.00	385.80	383.50	383.95	17320	33280
Sep'05	388.80	388.20	389.30	387.25	387.85	8290	28250

#### **Rape oil**

The rape oil market today improved marginally at the futures amidst increased support from the buyers.

The traders are still expressing their concern over the declining supply in the retail market. The regular miller's demand is keeping the market tight.

The policy of the NAFED regarding the mustard seed sale is not yet clear.

Today, the rape oil found increased support from the buyers at major exchanges amidst the unsteady progress of sowing of other oilseed crops and declining weather in major growing areas. In the spot markets the prices moved marginally ahead on amidst increasing demand.

Today the new crop arrival reached 0.15 lakh bags in Rajasthan.

The rape oil market is expected to continue trading range bound for Monday as the buyers' support is expected to be on the rise further.

#### **Rape oil - Spot Market Price (Rs. per 10 kg)**

Centres	16.07.05	15.07.05	Change
Mumbai (Rape Expeller Oil)	398	395	+3
Kota (Rape Expeller Oil)	390	391	-1
Jaipur (Rape Expeller Oil)	395	394	+1
Neewai (* Kacchi Ghani Rape Oil)	405	400	+5
Delhi (Rape Expeller Oil)	418	416	+2

#### **Groundnut oil**

Groundnut oil today traded mixed at various centres. In the southern markets the prices increased marginally amidst stable demand while the demand in the western markets is still indecisive and is based on the progress on the monsoon and the ongoing sowing process.

The Gujarat market lowered marginally amidst wide spread uncertainty while the Hyderabad and Chennai market witnessed significant improvement.

The progress of the current monsoon is still the main cause of the increase in the prices, which is hindering the smooth sowing of the new crop.

The domestic market is expected to continue trading range bound on Monday amidst growing uncertainty and delay in the sowing of the new crop.

#### **Groundnut oil - Spot Market Price (Rs. per 10 kg)**

Centres	16.07.05	15.07.05	Change
Mumbai	485	485	0
Rajkot	526	533	-7
Andhra Region	520	505	+12
Chennai	518	508	+10

## LATEST WEATHER WATCH (16.07.2005)

### Progress of Monsoon

Yesterday's cyclonic circulation over Bangladesh and neighbourhood persists and now extends upto 3.1 km above sea level.

The other upper air cyclonic circulation over southwest Bay of Bengal persists and extends upto mid-tropospheric level. The upper air cyclonic circulation over northwest Rajasthan and adjoining Pakistan persists and now extends upto 3.1 km above sea level. Yesterday's upper air cyclonic circulation over West Uttar Pradesh and neighbourhood has merged with the seasonal trough. The axis of the monsoon trough at sea level passes through Anoopgarh, Alwar, Kanpur, Gaya, Calcutta and thence southeastwards to eastcentral Bay of Bengal.

Southwest monsoon has been vigorous over East Rajasthan, Interior Karnataka, Rayalaseema & Jharkhand and active over Nagaland, Manipur, Mizoram & Tripura, Orissa, Himachal Pradesh and Coastal Andhra Pradesh. Rain/thundershowers occurred at most places over Arunachal Pradesh, Uttaranchal & Chhattisgarh; at many places over Uttar Pradesh, Madhya Pradesh, Tamilnadu & Pondicherry, Interior Karnataka, Kerala & Lakshadweep and at a few places over Assam & Meghalaya, Bihar, Haryana, Chandigarh & Delhi, Jammu & Kashmir, Gujarat region, Maharashtra state and Telangana. It was isolated over the rest regions of the country.

### Forecast for next 24 hours

**North:** Rain/thundershowers likely at many places over Jammu & Kashmir, Uttaranchal, east Uttar Pradesh and Himachal Pradesh and at few places in the rest region.

**East:** Rain/thundershowers likely at most places over northeastern states, Bihar and West Bengal & Sikkim and at many places in the rest of the region.

**South:** Rain/thundershowers likely at a many places in the region.

**West:** Rain/thundershowers likely at many places over east Rajasthan and west Madhya Pradesh at a few places in the rest region outside west Rajasthan where it may be isolated.

### Outlook for subsequent two days

Ongoing rainfall activity over northeastern states, West Bengal & Sikkim, Bihar, east Uttar Pradesh and peninsular India is likely to continue. Current rainfall activity over plains of northwest India and western himalayan region likely to decrease.

### Warning

Heavy to very heavy rainfall likely at a few places over West Bengal & Sikkim. Isolated heavy rainfall also likely over northeastern states, Uttaranchal, Himachal Pradesh, Bihar, Jharkhand, Orissa, west Madhya Pradesh, east Rajasthan, Kerala, Lakshadweep and coastal Karnataka.

Light rainfall has been recorded in isolated areas in most of districts of Rayalaseema region. In north coastal zone of Andhra Pradesh moderate rainfall has been recorded during the last week. In Anantapur, Kurnool and Kadapa crop condition is good under irrigated dry conditions. Groundnut crop experiences moisture stress in Anantapur and Chittoor districts, wherever sowing was already done during last week of June. Crop

condition is satisfactory in north coastal zone of Andhra Pradesh due to receipt of moderate rains during the week.

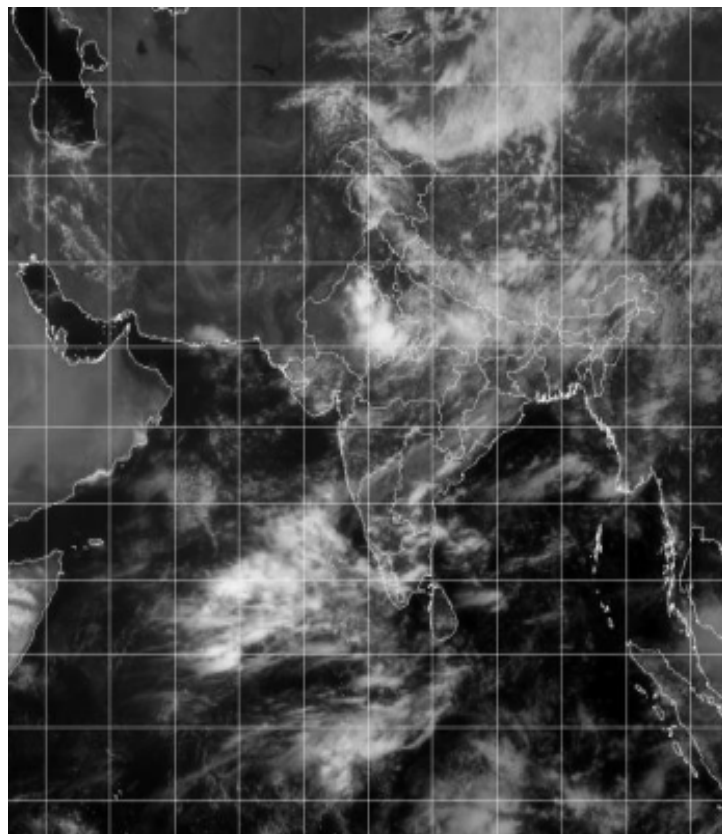
### Agricultural Activities

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The districts, in eastern parts of state, Sahebganj, Godda, Pakur, Deoghar, Dumka, parts of Dhanbad, Ranchi received rainfall of 100-140 mm during 1-12 July. On 13th July also widespread rainfall occurred in the state. Cropping operations are in full swing in these districts. In upland and medium lands crops like upland paddy, urd, maize and groundnut are sown.

### Latest satellite Image of Monsoon Progress

(16.07.2005, 03.30 PM)





## PORT-WATCH (Latest)

Kandla Port is receiving 12,000 MT of SBO from the vessel 'EW Hasting'. The cargo was loaded from Brazil. Interocean agents is handling the vessel. Delivery of 24,300 MT of SBO is continuing at Kandla Port from the vessel 'Laertis'. The cargo was loaded from Brazil. Shantilal agents is handling the vessel. 'Zhong Hua 6' from Indonesia is expected at the port to discharge 5,850 MT of CPO. Atlantic agents will be handling the vessel. Delivery of 4,000 MT of CPO is expected at the port from the vessel 'Star Dream'. The cargo was loaded from Dumai. Interocean agents will be handling the vessel.

Mumbai Port is receiving 6,200 MT of palm oil from the vessel 'Star Dream'. The cargo was loaded from Dumai. Interocean agents is handling the vessel. 'Zhong Hua 6' from Indonesia has berthed at Mumbai Port and continues to discharge 5,000 MT of CPO. Atlantic agents is handling the vessel. The port is expecting 'Thressa II' to deliver 6,400 MT of palm oil. Interocean agents will be handling the vessel.

Delivery of 4,000 MT of CPO is continuing at JN Port from the vessel 'Global Venus'. Patvolk agents is handling the vessel. 'Bow Maastad' has berthed at JN Port and continues to deliver 13,000 MT of SBO. Intra Trade agents is handling the vessel.

Kolkata Port is receiving 19,174 MT of SBO from the vessel 'Kuldiga'. Seaport agents is handling the vessel.

'Hua Yun 4' has berthed at Kakinada Port and continues to discharge 3,000 MT of CPO.

Delivery of 7,250 MT of palm oil is continuing at Tuticorin Port from the vessel 'Spring Glory'. Tuticorin Port is receiving 6,900 MT of palm oil from the vessel 'Global Mars'. St.John agents is handling these vessels.

Delivery of 6,000 MT of palm oil is expected at Chennai Port from the vessel 'Siam Bhawas'. The vessel will be handled by Seaworld agents.

Mundra Port is expecting 'Red Point' to deliver 27,000 MT of SBO. The vessel will be handled by Interocean agents.

## Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Laertis	24300	SBO	Arrived
	EW Hasting	12000	SBO	Arrived
	Zhong Hua 6	5850	CPO	Expected
	Star Dream	4000	CPO	Expected
Kolkata	Kuldiga	19174	SBO	Arrived
JN	Bow Maastad	13000	SBO	Arrived
	Global Venus	4000	CPO	Arrived
Tuticorin	Global Mars	6900	Palm oil	Arrived
	Spring Glory	7250	Palm oil	Arrived
Mumbai	Zhong Hua 6	5000	CPO	Arrived
	Thressa II	6400	Palm oil	Expected
	Star Dream	6200	Palm oil	Arrived
Chennai	Siam Bhawas	6000	Palm oil	Expected
Mundra	Red Point	27000	SBO	Expected
Kakinada	Hua Yun 4	3000	CPO	Arrived

## Forex Rates

(As on 16.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.51
Malaysia	Ringgit	11.47
European Union	Euro	52.37
United Kingdom	GBP	76.27
Japan	100 Yen	38.79

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