

## VEGOIL

18<sup>th</sup> August 2005

### MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Declined Marginally Amidst Improving Crop Weather
- South American Soybean Improved Marginally Amidst Increased Demand from Asian Countries
- BMD CPO Futures Closed Unchanged on Lack of Clear Trading Initiatives
- Soybean Oil Prices Traded Range Bound Amidst Increased Uncertainty in Retail Demand

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term  
NCDEX September Contract

The September contract closed at 366.00, which is marginally higher than yesterday's close. Market opened weak and continued range bound for most of the day and improved marginally towards the end of the final session amidst increased pressure of imports and declining retail demand.

The 7-day MA continued sharply downward hinting to the increasing weakness in market prices along with the 14-day MA.

Currently the MACD is bearish and is moving sharply lower indicating the declining strength in the market.

The 9-days Price ROC improved marginally to -2.569 (pointing upward) indicating the unsteadiness in the market prices. The 9-day RSI also moved up in the oversold region to a level of 20.67 indicating the increasing weakness in the prices.

The % K-line dipped further in the oversold region indicating the weakness in the price along with the % D-Line, which also moved lower entering the oversold region.

The candlestick is hinting at the weak and range bound trade for Friday.

#### Market advice:

Market is expected to open weak and continue trading in the range bound for Friday

Avoid new entry with medium and long-term outlook

Short-term selling would yield profit

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

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Sept' '05	363.20	362.50	365.70	366.20
NCDEX	Sept' '05	364.60	363.80	367.20	367.90

#### Abbreviations:

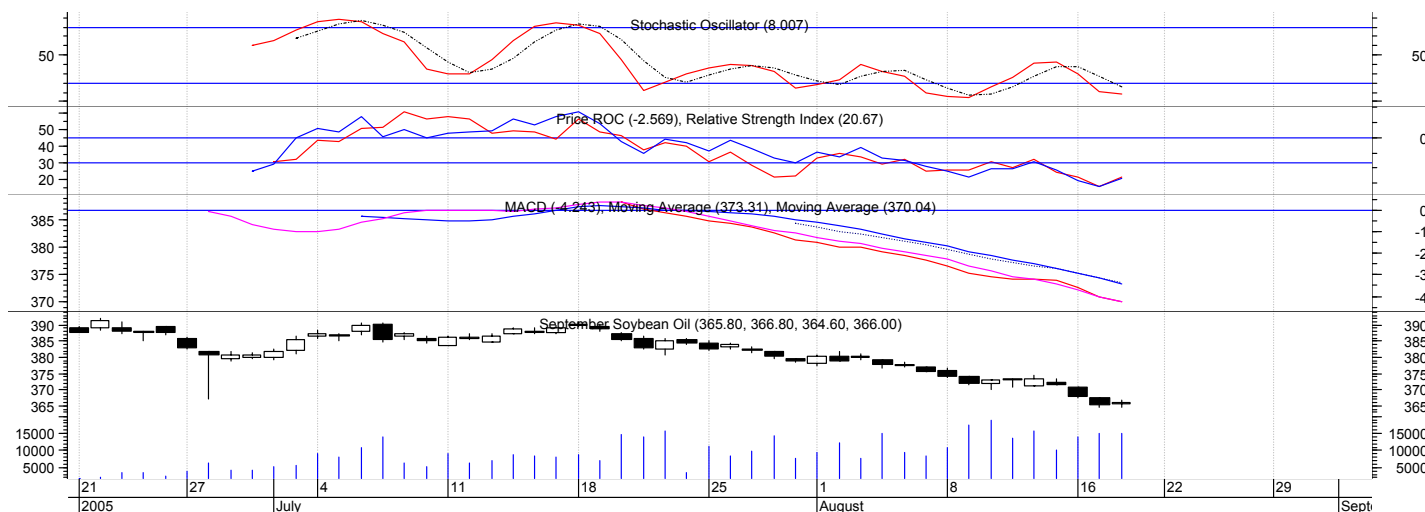
ROC - Rate of Change

MA - Moving Average

MACD - Moving Average Convergence Divergence

RSI - Relative Strength Index

% K-Line & % D-Line - Faster & Slower Lines of Stochastic Oscillators



## MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

### International:

#### CBOT (US Soybean Oil):

Chicago Board of Trade soybean futures ended mixed Wednesday, after a choppy, two-sided session, as the market continued its consolidation from Monday's speculative selloff.

Recent wet weather with moderating temperatures are expected to support improving crop conditions for the weekly crop report on Monday. This perception helped push the market lower early in the session.

However, strength in the other grains, a lack of new fund selling pressure after the lower opening and talk that some areas of the southern and eastern cornbelt along with the delta could remain dry into next week helped to provide support. Forecasts calling for a rain system to bring beneficial moisture to the Midwest Thursday through Saturday pressured futures initially.

Commercial buyers were active in oil, which supported moderate gains and helped lead soybeans and meal higher on the day before meal and soybeans moved lower on the day in the final minutes of trade.

South Korea bought 25,000 tonnes of US soybeans overnight. Iran bought 15,000 tonnes of soyoil from Brazil overnight.

For the weekly export sales report, released before the opening, traders are looking for higher soybean sales near 100,000-250,000 tonnes as compared with 154,000 tonnes last week. Meal sales are expected near 25,000-100,000 tonnes and oil sales near 0-5,000 tonnes.

In trades, Fimat bought 1,500 November, Rand Financial bought 500 November, RJ O'Brien and Refco each bought 600 November, and ADM Investor Services and Citigroup each bought 300 November. On the sell side, ABN Amro sold 400 September, Refco and Shatkin/Arbor each sold 500 November, and Citigroup and Iowa Grain each sold 200 November.

The US soybean is expected to trade marginally on the lower side on Thursday evening amidst continuously improving crop weather.

#### CBOT Soy oil futures as 16.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.30	22.21	22.95	0.00	-0.01	22.29
5-Oct	22.39	22.27	22.52	22.35	+0.00	22.39
5-Dec	22.47	22.47	22.70	22.42	+0.05	22.52
5-Jan	22.64	22.72	22.82	22.55	+0.01	22.65

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Market

November South American soybeans closed higher on the Thursday session. The tighter supply for the second half of the marketing year in Brazil could support a firm tone over the near-term for Brazil cash markets.

Uneasiness with the Brazil currency action and the political situation in Brazil triggered some selling over the past week, with cash markets at Paranagua still holding a stiff premium for October delivery (+45 to +36), which was steady to two cents lower on the session.

The market remains in a long liquidation mode with traders fearful that funds will continue to dump long positions and may begin to build a net short position. Demand factors look favorable, and there are still some areas in the Midwest and the delta, which

need rain and cooler temperatures to help stabilize or improve crop conditions.

While the futures market acts like the crop is made, there are still a few more weeks of key growing season ahead, and agronomists in Missouri, Arkansas and Iowa believe the rains last week may have come too late to significantly improve the crop yields.

In addition, Asia rust, aphid problems and dry weather problems such as soybean cyst nematodes are all factors, which could dent, yields in some areas.

There is also talk that China demand is surfacing for US soybeans for fall delivery, as US prices are somewhat competitive with South American soybeans, which is not normally the case at this time of the year.

The market seems to have already priced in a significant improvement in the soybean crop and an improving yield outlook for the next USDA report. If weather or disease problems do not cooperate with this idea, commercial buying could support a good bounce.

The Latin American soybean market is expected to trade higher on Thursday amidst improving export prospects.

#### KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended higher Thursday, boosted mainly by late buying on an otherwise range-bound and sluggish day.

The bulk of the trading came in the last half hour of the day, which traders attributed to short covering and speculative moves. The weakness in the ringgit is also providing some support to the market.

The ringgit's smaller-than-expected appreciation so far has sparked talk in financial markets that initial expectations of a major jump in the currency may have been overdone. A weaker ringgit is better for Malaysian palm oil prices as it increases the earnings from the export of the commodity.

CPO futures have been inching higher over the last few days as players that had earlier taken up short positions in anticipation of a big upward move in the ringgit bought back, traders said. Despite the late rash of buying interest Thursday, overall trading volume was still below average levels.

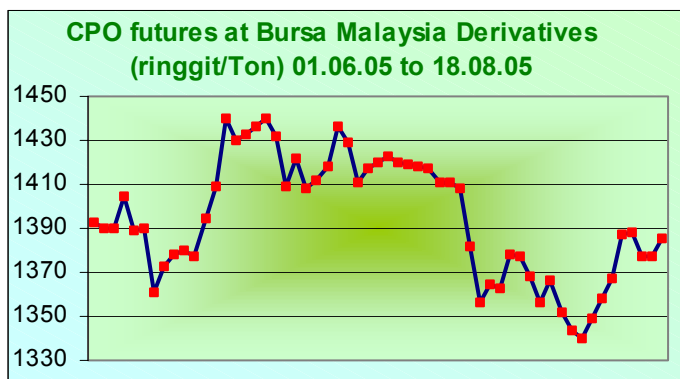
Without any fresh fundamental leads, it has been difficult for the market to move significantly. The next set of supply and demand data is due next week when cargo surveyors SGS (Malaysia) Bhd. and Intertek Agri Services issue Aug. 1-20 and Aug. 1-25 export estimates.

The soybean crop is currently in a crucial development stage, with any major changes in weather conditions likely to have a lasting impact on supply prospects for the coming year.

In the Malaysian cash market, palm oil products rose, following gains in the futures market. The Malaysian market is expected to trade range bound amidst continuing subdued trade in the global market.

#### KLCE CPO Futures (18.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1369	1369	1378	1369	+7	1376	394
Oct '05	1374	1377	1387	1377	+8	1382	449
Nov '05	1377	1378	1390	1378	+8	1385	1936



## Domestic:

### Palm oil

The domestic palm oil market continued range bound amidst growing weakness in the international markets and pressure of increased imports in the country.

The Malaysian market traded positive but is still indecisive amidst lack of clear indications from the global markets. The price uncertainty increased owing lack of import demands from China, India and other importing nations.

In the month of August, till 18.08.05 the country has imported about 2.75 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 365.00 per tonne and RBD Palmolein at \$ 397.50 per tonne.

The price for palm oil in the market is expected to continue range bound on the lower side amidst declining retail demand and uncertain global market.

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

Centres	18.08.05	17.08.05	Change
Kandla CPO (5 % FFA)	320	320	0
Mumbai CPO (5% FFA)	321	322	-1
Kandla RBD Palmolein	354	354	0
Mumbai RBD Palmolein	361	362	-1
Chennai RBD Palmolein	356	357	-1
Kakinada RBD Palmolein	356	358	-2

### Soy oil

The domestic market opened weak and continued range bound for the day amidst increased selling and pressure of increased imports.

The US soybean traded range bound yesterday evening amidst lack of clear directions and uncertainty in the crop weather. The news of improving crop weather in the major growing areas is still pressuring the US soybean market.

Following the increased uncertainty in the international markets the domestic market is also continued lower. The domestic market is also pressured by the sharp decline in the retail demand. At the time of closure the NBOT September contract closed range bound at Rs.364.90 (Up by Rs.0.10).

In the month of August, India has imported about 2.01 lakh tonnes of soybean oil till 18.08.05. The Hazir markets traded range bound amidst increased uncertainty at the futures and declining retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 332 per 10 kg. CNF prices for soy degum (July Shipment) at Kandla were quoted at \$ 502 per tonne.

The market is expected to open and continue weak for Friday amidst declining support from the buyers and lack of clear indication from the Indore Exchange (NBOT) as it would be closed on Raksha Bandhan. Selling with short-term outlook is advised.

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

Centres	18.08.05	17.08.05	Change
Mumbai (Soy ref)	351	352	-1
Indore (Soy Ref oil)	365	364	+1
Indore (Soy Solvent Ex. oil)	340	339	+1
Kota (Soy Ref. Oil)	363	364	-1
Jaipur (Soy Ref. Oil)	365	365	0

### NBOT Soy oil futures as on 18.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	364.80	365.10	365.70	363.30	+0.10	364.90	23320
Oct '05	366.70	367.30	367.60	365.40	+0.10	366.80	1620
Nov '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

### NCDEX Soy oil futures as on 17.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	365.75	365.00	365.00	362.10	362.55	5730	8790
Sep'05	367.95	367.50	367.50	364.75	365.15	14960	36090
Oct '05	370.20	369.75	369.75	366.50	366.85	10130	21470

### Rape oil

The rape oil market today traded marginally lower in the domestic markets and the futures amidst declining retail demand.

Today the mustard arrival was 0.15-0.20 lakh bags in Rajasthan.

The rape oil exchange market of Delhi, Hissar, Hapur and Bikaner is closed on Friday. The market at NCDEX is expected to trade range bound on the lower side, as most of the spot markets would be closed on Raksha Bandhan.

Avoid new entry, as the major spot markets would be closed for tomorrow. Short term selling can yield profit.

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

Centres	18.08.05	17.08.05	Change
Mumbai (Rape Expeller Oil)	393	392	+1
Kota (Rape Expeller Oil)	369	370	-1
Jaipur (Rape Expeller Oil)	374	375	-1
Neewai (Kacchi Ghani Rape Oil)	393	395	-2
Delhi (Rape Expeller Oil)	396	395	+1

### Groundnut oil

Groundnut oil today continued marginally lower amidst increased uncertainty in the other edible oil markets.

As per the latest sowing progress, groundnut sowing is 4 per cent lower at 52.5 lakh hectares. The data reveals that this is mainly due to lower coverage in Andhra Pradesh, Gujarat, Maharashtra and Tamil Nadu. However, sowing is still on in AP, Karnataka and Tamil Nadu, AP too is witnessing crop diversion this year. Sowing is almost completed in Gujarat and Maharashtra.

Till 18.08.05 the country has imported 4.76 lakh tonnes of edible oil (palm oil & soybean oil).

The domestic market is expected to continue trading range bound on the lower side on Thursday amidst growing uncertainty in edible oil markets and low retail demand.

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

Centres	18.08.05	17.08.05	Change
Mumbai (Excluding VAT)	495	497	-2
Rajkot	503	505	-2
Andhra Region	520	520	0
Chennai	522	520	+2

### LATEST WEATHER WATCH (18.08.2005)

#### Weather Forecast

In past 24 hours, heavy rainfall occurred at isolated places over East Rajasthan and Coastal Karnataka.

The upper air cyclonic circulation extending upto 1.5 km above sea level over central Pakistan and neighbourhood has become less marked.

The upper air cyclonic circulation extending between 2.1 & 5.8 km above sea level over Gujarat & neighbourhood persists.

Western end of the axis of monsoon lies close to the foothills of Himalayas and eastern end passes through Kanpur, Gaya, Dhanbad, Balasore and thence southeastwards into east central Bay of Bengal.

#### Forecast Valid for Next 72 hrs

Rain/thundershowers are likely at many places over northeastern States, West Bengal & Sikkim, Orissa, Jharkhand, Bihar, Madhya Pradesh, Chhattisgarh, Uttar Pradesh, Uttaranchal, Himachal Pradesh and Coastal Karnataka and at a few places over Andaman & Nicobar Islands, Jammu & Kashmir, East Rajasthan, Gujarat Region, Konkan & Goa, Madhya Maharashtra and Kerala. It may be isolated in the rest regions of the country.

**NORTH:** Rain/thundershowers likely at many places over Himachal Pradesh, Uttaranchal, East Uttar Pradesh and at a few places West Uttar Pradesh and Jammu & Kashmir and isolated in the rest region.

**EAST:** Rain/thundershowers likely at many places over Northeastern States, Sub-Himalayan West Bengal & Sikkim and Bihar and at a few places over the rest region.

**SOUTH:** Rain/thundershowers likely at many places over Coastal Karnataka at a few places over Kerala and Andaman and Nicobar Islands and isolated in the rest region.

**WEST:** Rain/thundershowers likely at a few places over West Madhya Pradesh, Gujarat Region, East Rajasthan, Konkan & Goa, Madhya Maharashtra and isolated in the rest region.

#### Outlook For Subsequent Two Days

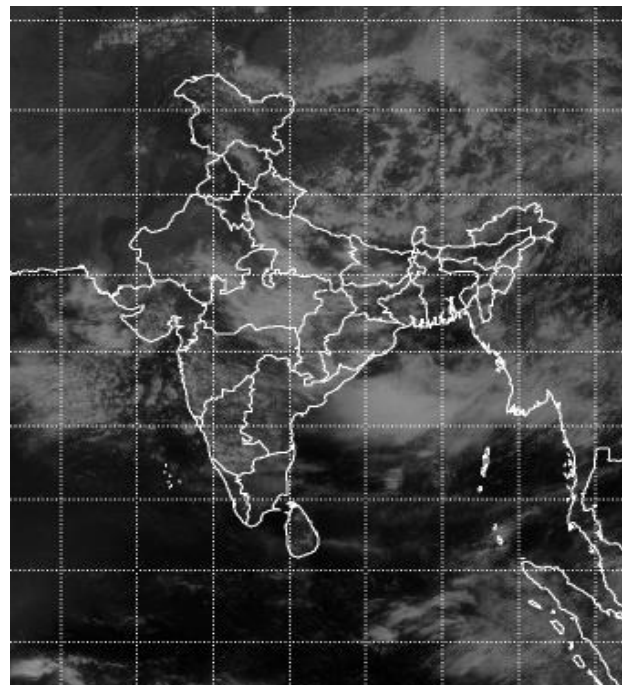
Subdued rainfall activity likely over northwest India.

#### Warning

Isolated heavy rainfall likely over Northeastern States, Sub-Himalayan West Bengal & Sikkim, Bihar, Uttaranchal and Himachal Pradesh.

### Latest satellite Image of Monsoon Progress

(18.08.2005, 03.30 PM)



### PORT-WATCH (Latest)

'Hartati' from Padang has berthed at Mumbai Port and continues to deliver 5,500 MT of palm oil. JM Baxi agents is handling the vessel. Delivery of 5,998 MT of palm oil is continuing at Mumbai Port from the vessel 'Samho Cyenus'. The cargo was loaded from Iran. The vessel is being handled by Interocean agents.

Kolkata Port is receiving 13,500 MT of SBO from the vessel 'Produce'. Seaport agents is handling the vessel. 'Monalisa' has berthed at Kolkata Port and continues to discharge 5,700 MT of CPO. Interocean agents is handling the vessel. Delivery of 6,000 MT of CPO is continuing at the port from the vessel 'Filma Satu'. Seaport agents is handling the vessel.

Chennai Port is receiving 3,000 MT of CPO from the vessel 'Sutra Tiga'.

'Aschiilesas' from Argentina is expected at Kandla Port to discharge 28,500 MT of SBO. Delivery of 5,000 MT of CPO is expected at the port from the vessel 'Samho Cyenus'. The port is expecting 'Bunga Siantan' from Indonesia to discharge 12,000 MT of palm oil. 'Bum Woo' from Belawan is expected at the port to deliver 9,500 MT of CPO. Interocean agents will be handling these vessels.

'Montana Star' has berthed at New Mangalore Port and is continuing to deliver 2,736 MT of SBO. JM Baxi agents is handling the vessel.

'Global Trader' is expected at Mundra Port to deliver 5,000 MT of SBO. Taurus agents will be handling the vessel.

'MMM Jackson' is expected at Kakinada Port to deliver 6,000 MT of CPO.



## Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Bom Woo	9500	CPO	Expected
	Aschiilesas	28500	SBO	Arrived
	Bunga Saitan	12000	Palm oil	Expected
	Sam ho Cyenus	5000	CPO	Expected
Chennai	Sutra Tiga	3000	CPO	Arrived
New Mangalore	Montana Star	2736	SBO	Arrived
Mumbai	Hartati	5500	Palm oil	Arrived
	Sam ho Cyenus	5998	Palm oil	Arrived
Kakinada	MMM Jackson	6000	CPO	Arrived
Mundra	Global Trader	5000	SBO	Expected
JN	Montana Star	10000	SBO	Arrived
	Aschiilesas	12000	SBO	Arrived
Kolkata	Produce	13500	SBO	Arrived
	Monalisa	5700	CPO	Arrived
	Filma Satu	6000	CPO	Arrived

## Forex Rates

(As on 18.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.56
Malaysia	Ringgit	11.54
European Union	Euro	53.47
United Kingdom	GBP	78.62
Japan	100 Yen	39.56

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