

## VEGOIL

22<sup>nd</sup> August 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Crude Palm Oil Futures Traded Range Bound Amidst Lack of Increased Export Demand
- Soybean Oil Prices Continued Rising on Increased Retail Demand

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term  
NCDEX September Contract

The September contract closed at 369.20, which is notably higher than yesterday's close. Market opened range bound but continued higher for the day amidst increased buyers demand at the retail end.

The 7-day MA improved along with the 14-day MA hinting to the recovery in the price trends.

Currently the MACD is significantly bullish and is moving up indicating the growing strength in the market.

The 9-days Price ROC improved significantly to -0.4558 (pointing upward) indicating the improving trend in the market prices. The 9-day RSI also moved up in the oversold region to a level of 45.84 indicating the rising strength in the prices.

The % K-line improved sharply in the neutral region indicating the rising strength in the price and the % D-Line also moved up in the oversold region supporting the improving trend.

The candlestick is hinting at the firm trade for Tuesday.

#### Market advice:

Market is expected to open firm and trade positive for Tuesday

Avoid new entry with medium and long-term outlook

Short term buying would yield profit

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

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Sept' '05	369.10	368.50	371.50	372.90
NCDEX	Sept' '05	366.00	364.90	372.90	374.20

#### Abbreviations:

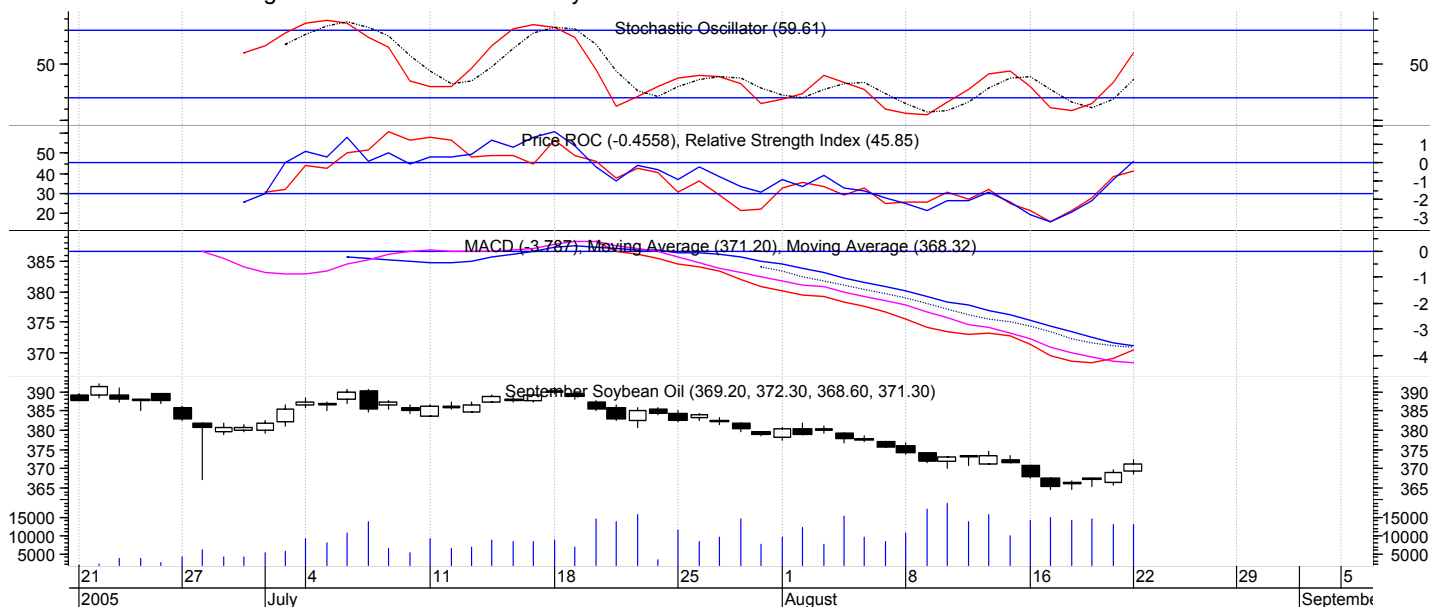
ROC - Rate of Change

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):

CBOT remained closed during the weekend holiday. Market will reopen on Monday's evening (22.08.05).

#### CBOT Soy oil futures as 19.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.51	22.30	22.37	22.20	-0.23	22.28
5-Oct	22.62	22.43	22.48	22.30	-0.27	22.35
5-Dec	22.81	22.65	22.65	22.47	-0.29	22.52
5-Jan	22.96	22.77	22.80	22.60	-0.30	22.66

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Market

South American Soybean Market trend at CBOT remained closed during the weekend holiday. Market will reopen on Monday's evening (22.08.05).

#### KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended marginally lower Monday after another sluggish trading day as uncertainties about the longer-term market outlook continued to keep participants in a cautious mood.

Monday's dull tone was a continuation of the range-bound, lackluster trading that prevailed last week. Export estimates for the first 20 days of August failed to breathe much life into the market.

Cargo surveyor Intertek Agri Services estimated Saturday that exports rose 14.6% on month to 747,111 tons. SGS, which is more influential, issued its estimates Monday, pegging exports at a lower 716,690 tons, up 11.6% on month. Traders said the figures were considered slightly disappointing, as market speculation was for exports of around 750,000 to 800,000 tons.

Talk of lower production in August and optimism that demand would improve in coming weeks because of major festivals in key consuming countries like India and China and in the Middle East later this year also helped limit the downside despite the weaker-than-expected Aug. 1-20 export figures.

There have been some rumors circulating lately that output may be lower. Historical trends suggest that an on-month decline in CPO production in August would be unusual. According to data from the Malaysian Palm Oil Board, the last time August output was lower than in July was in 1980 and 1981.

Traders said wariness continues to dominate market sentiment, with participants reluctant to push prices in either direction. Participants are mostly still waiting for a clearer indication on the supply and demand prospects for global oilseeds and edible oils for the next 6-12 months.

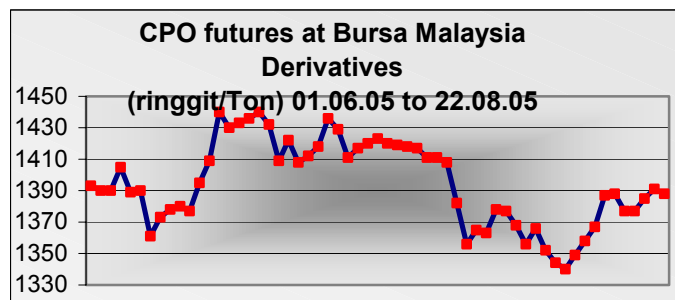
The U.S. soybean crop is currently in a crucial growing period. A dry spell had triggered concerns about a drop in production for the 2005/06 season, but rains returned recently, though it remains to be seen whether the moisture will be enough to provide a late boost to crop yields.

In the Malaysian cash market, palm oil products were little changed, mirroring CPO futures. RBD palmolein for October/November/December delivery was offered unchanged at \$400.00/ton. No trades were reported as buyers remained on the

sidelines, waiting for lower prices. The trade is expected to improve further on expected supportive trade at the CBOT.

#### KLCE CPO Futures (22.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1376	1380	1381	1375	+4	1380	168
Oct '05	1382	1388	1391	1381	+2	1384	458
Nov '05	1387	1390	1393	1383	+1	1388	1784



### Domestic:

#### Palm oil

The domestic palm oil market continued range bound amidst pressure of increased imports.

The Malaysian market traded range bound in spite of the report of the increased imports, as the traders are mostly concerned about the crop prospects of the US soybean crop, which is improving day by day.

The expected increase in import demand from China and India ahead of the long festive season is expected to support the upsurge in prices at the Malaysian market.

In the month of August, till 22.08.05 the country has imported about 3.01 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 362.50 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 increased pressure of imports.

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

Centres	22.08.05	20.08.05	Change
Kandla CPO (5 % FFA)	320	321	-1
Mumbai CPO (5% FFA)	322	322	0
Kandla RBD Palmolein	354	355	-1
Mumbai RBD Palmolein	363	363	0
Chennai RBD Palmolein	357	357	0
Kakinada RBD Palmolein	358	356	+2

#### Soy oil

The domestic market opened range bound and traded sharply positive for the day amidst steep rise in buyers support.

The US soybean continued on the lower side yesterday evening amidst continuing improving crop weather in spite of marginal support from the weekly export sales report.

Following the increased uncertainty in the international markets and increased demand at the retail end, the domestic market traded on the higher side. It received major support from the

soybean oil traders at NBOT, Indore as the September Contract closed on a very high level at 370.50 (Up By Rs. 2.60) and the newly opened October Contract also close higher by Rs. 2.80 at Rs. 372.20.

In the month of August, India has imported about 2.24 lakh tonnes of soybean oil till 20.08.05. The Hazir markets traded on the higher side amidst increased support at the futures.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 328 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 498 per tonne.

The market is expected to open and continue on the positive side for Tuesday amidst increased support from the retail traders. Buying with short-term outlook is advised.

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

Centres	22.08.05	20.08.05	Change
Mumbai (Soy ref)	352	354	-2
Indore (Soy Ref oil)	363	364	-1
Indore (Soy Solvent Ex. oil)	340	340	0
Kota (Soy Ref. Oil)	368	368	0
Jaipur (Soy Ref. Oil)	372	370	+2

#### NBOT Soy oil futures as on 22.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	367.90	368.50	371.00	367.30	2.60	370.50	31320
Oct '05	369.40	369.50	372.30	369.40	2.80	372.20	2920
Nov '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

#### NCDEX Soy oil futures as on 20.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Sep'05	367.05	366.55	369.90	365.80	369.15	13210	36010
Oct '05	368.90	368.35	372.50	367.50	371.55	7910	24290

#### Rape oil

The rape oil prices increased significantly amidst increased buyers support.

Today the mustard arrival was 0.20 lakh bags in Rajasthan.

The rape oil exchange market of Delhi, Hissar, Hapur and Bikaner continued sharply higher amidst increased retail demand. Traders are expecting this rising trend to continue amidst increased retail demand.

The rape market is expected to trade range bound on the higher side on Tuesday. Buy with short and medium outlook.

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

Centres	22.08.05	20.08.05	Change
Mumbai (Rape Expeller Oil)	389	390	-1
Kota (Rape Expeller Oil)	371	368	+3
Jaipur (Rape Expeller Oil)	375	372	+3
Neewai (Kacchi Ghani Rape Oil)	397	394	+3
Delhi (Rape Expeller Oil)	398	395	+3

#### Groundnut oil

As per the latest report, the sowing of groundnut is lower by 4 per cent 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.

The lower production estimate was expected to impart bullishness in the market but sharp increase in the imports to the tune of 5.13 lakh tonnes is pressuring the market and not allowing the price to improve significantly.

The domestic market is expected to continue trading range bound on Tuesday amidst growing uncertainty in edible oil markets and pressure of increased imports.

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

Centres	22.08.05	20.08.05	Change
Mumbai (Excluding VAT)	497	505	-8
Rajkot	500	515	-15
Andhra Region	520	525	-5
Chennai	523	525	-2

#### LATEST WEATHER WATCH (22.08.2005)

##### Weather Forecast

Fairly widespread rain with isolated heavy rainfall has occurred over northeastern states, Sub-Himalayan West Bengal & Sikkim, Bihar, East Uttar Pradesh, East Madhya Pradesh and Nepal. Chief amounts of rainfall (in cms) are: Cooch Behar-10, Allahabad-9, Khajuraho-8, Satara-7 and Pokhra Airport (Nepal)-9.

Axis of the monsoon trough passes through Ferozepur, Ambala, Bareilly, Varanasi, Gaya, Kharagpur thence east-southeast into northeast Bay of Bengal.

Yesterday's upper air cyclonic circulation over central Uttar Pradesh has become less marked.

The other upper air cyclonic circulation over Bihar and neighbourhood persists and extends upto mid-tropospheric levels

Under this scenario enhanced rainfall activity over northeastern States, Sub-Himalayan West Bengal & Sikkim, Bihar, north Madhya Pradesh and East Uttar Pradesh is likely to continue during next 2-3 days.

##### Forecast Valid For Next 72 Hours

Rain/thundershowers are likely at many places over Andaman & Nicobar Islands, northeastern States, Sub-Himalayan West Bengal & Sikkim, Jharkhand, Bihar, East Madhya Pradesh, north Chhattisgarh and East Uttar Pradesh and at a few places over Gangetic West Bengal, Orissa, south Chhattisgarh, West Madhya Pradesh, Konkan & Goa, Madhya Maharashtra and Coastal Karnataka. It may be isolated in the rest regions of the country outside West Rajasthan, Saurashtra & Kutch and interior Tamil Nadu where weather may be mainly dry.

**NORTH:** Rain/thundershowers likely at many places over East Uttar Pradesh and isolated in the rest region.

**EAST:** Rain/thundershowers likely at many places northeastern states, Bihar, Sub-Himalayan West Bengal & Sikkim, Jharkhand, East Madhya Pradesh and north Chhattisgarh and at a few places in the rest region.

**SOUTH:** Rain/thundershowers likely at a few places over Andaman and Nicobar Islands and Coastal Karnataka and

isolated in the rest region outside Tamil Nadu & Pondicherry and south Andhra Pradesh where weather may be mainly dry.

**WEST:** Rain/thundershowers likely at a few places over West Madhya Pradesh, Konkan & Goa and Madhya Maharashtra and isolated in the rest region outside West Rajasthan and Saurashtra & Kutch where weather may be mainly dry.

#### Outlook For Subsequent Two Days

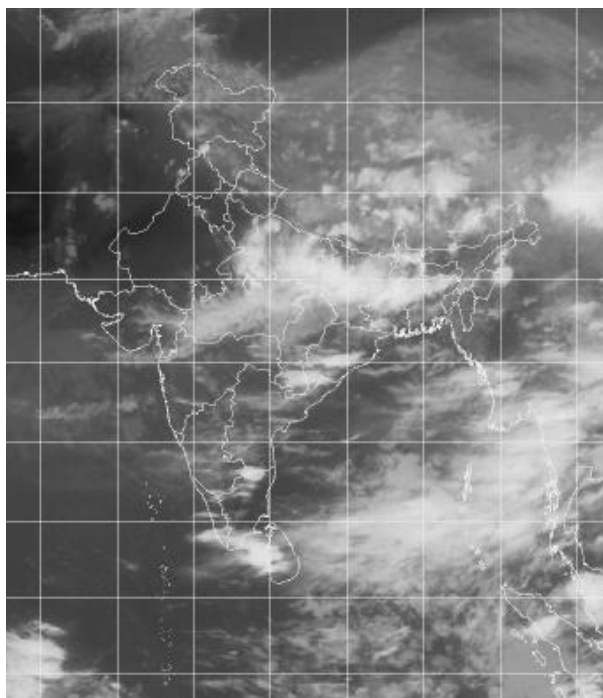
Subdued rainfall activity is likely to continue over northwest India.

#### Warning

Heavy to very heavy rainfall is likely at a few places in East Uttar Pradesh and Bihar. Isolated heavy rainfall also likely over northeastern States, Sub-Himalayan West Bengal & Sikkim and East Madhya Pradesh.

#### Latest satellite Image of Monsoon Progress

(22.08.2005, 07.30 PM)



#### PORT-WATCH (Latest)

Kandla Port is receiving 12,000 MT of palm oil from the vessel 'Bunga Siantan'. The cargo was loaded from Indonesia. The vessel is being handled by Interocean agents. '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'. 'Bum Woo' from Belawan is expected at the port to deliver 9,500 MT of CPO. Interocean agents will be handling these vessels.

'Golden Noori' has berthed at Mumbai Port and continues to deliver 8,000 MT of palm oil. James Mackintosh agents is handling the vessel. Delivery of 2,000 MT of palm oil is expected

at Mumbai Port from the vessel 'Marine Pioneer'. The vessel will be handled by Seaworld agents.

'Antea' has berthed at Mundra Port and is continuing to deliver 11,000 MT of SBO. Interocean 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.

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 6,500 MT of CPO from the vessel 'Bum Ik'. JM Baxi agents is 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	Arrived
	Sam ho Cyenus	2000	Palm oil	Expected
Chennai	Bum Ik	6500	CPO	Arrived
Mumbai	Golden Noori	8000	Palm oil	Arrived
	Sam ho Cyenus	2000	Palm oil	Expected
Kakinada	MMM Jackson	6000	CPO	Arrived
Mundra	Global Trader	5000	SBO	Expected
	Antea	11000	SBO	Arrived
Kolkata	Produce	13500	SBO	Arrived
	Monalisa	5700	CPO	Arrived
	Filma Satu	6000	CPO	Arrived

#### Forex Rates

(As on 22.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.59
Malaysia	Ringgit	11.59
European Union	Euro	53.06
United Kingdom	GBP	78.35
Japan	100 Yen	39.56

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