

## VEGOIL

13<sup>th</sup> September 2005

### MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Continued Lower on Increased Short Coverings
- South American Soybean Declined Marginally on Improved Production Prospects in US
- Crude Palm Oil Futures Improved Amidst Expectation of Increased Demand from Middle East
- Soybean Oil Prices Improved Marginal Amidst Increased Buyers in Indore Market

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term  
NCDEX October Contract

The October contract closed at 369.35, which is higher from yesterday's close. Market opened weak but moved higher pressured by the buyers at major exchanges.

The 7-day MA continued further down along with the 14-day MA hinting to the weakness in the price trends.

MACD moved marginally up with a declining slope indicating the improving trends in the market, though it is expected to be of very short run.

The 9-days Price ROC moved up to -1.716 (pointing upward) indicating the improving strength in the prices. The 9-day RSI also moved marginally higher in the neutral region to a level of 35.70 supporting the improvement in the prices.

The % K-line improved entering the neutral region hinting to the steadiness along with the % D-Line.

The candlestick is hinting at the firm opening and improved trade for Wednesday.

#### Market advice:

Market is expected to open range bound and trade higher for Wednesday amidst heavy rains and increased buyers support at Indore Exchange

Buying with short-term outlook would yield profit

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

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Oct' '05	366.60	365.40	368.90	370.40
NCDEX	Oct' '05	368.30	366.80	370.10	371.70

#### Abbreviations:

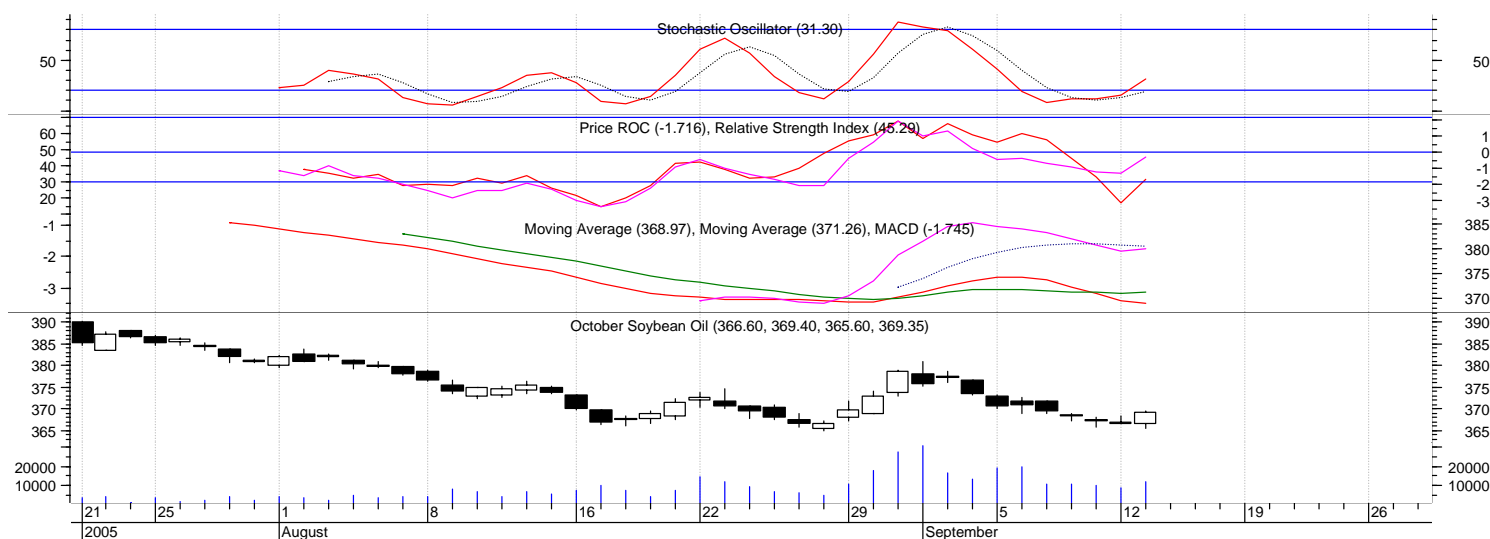
ROC - Rate of Change

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):

The USDA pegged soybean Crop Production at 2.856 billion bushels as compared with trade expectations at 2.814 billion bushels (range 2.768-2.895) and compared with 2.791 billion bushels.

Ending stocks for the 2005/2006 seasons were pegged at 205 million bushels as compared with the average trade estimate at 185 million bushels (range 163-220) and compared with 180 million bushels.

Total world usage was revised higher by nearly 1.5 million tonnes to 215.2 million tonnes and Brazil production was revised lower by 2 million tonnes to 60 million tonnes.

Weekly export inspections came in at just 3.97 million bushels due to the closing of the port in New Orleans for the week ending September 8th. While closing lower on the session, the close was above the opening and near the highs of the day, which might entice some short covering ahead.

Consistent domination of the bears is expected to continue amidst increasing prospects of good crops in the US.

#### CBOT Soy oil futures as 12.09.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.17	22.00	22.04	21.85	-0.13	22.04
5-Oct	22.23	22.04	22.14	21.90	-0.09	22.14
5-Dec	22.49	22.25	22.32	22.11	-0.17	22.32
5-Jan	22.67	22.65	22.65	22.20	-0.18	22.49

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Market

World ending stocks for the 2005/2006 season were pegged at 44.92 million tonnes from 48.27 million tonnes last months forecast and from 44.46 (revised from 45.98) million tonnes this past season.

Brazil production was revised lower to 60 million tonnes from 62 million tonnes last month.

The recovery in New Orleans continues with talk that grain elevators are already running near 85% of normal.

Export sales were better than expected with China booking 228,000 tonnes of the total. China imported 2.65 million tonnes in August, which brought the January to August cumulative imports to 17.65 million tonnes, up 41.2% from last year.

The Commitment-of-Traders report with options showed the market in a classic bullish set-up with non-commercial traders (funds) long and non-reportable (small traders) net short 20,740 contracts.

Expected decline in the trade prospects and increased planting cost is expected to help the bears in the South American Soybean market.

#### KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended higher Tuesday on improved demand in the cash market. The market's surprising strength, coming on the heels of weaker overnight soyoil futures, triggered some late short covering and speculative buying to further lift prices.

Signs of increased demand from Middle East isn't surprising, as buyers typically stock up ahead of the Muslim fasting month of

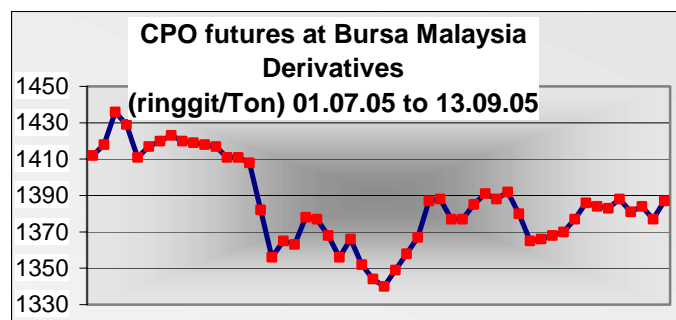
Ramadan, which starts in October. Expectations that exports to other major consuming markets would also improve in the coming weeks are also lending support to palm oil prices.

China will have weeklong holidays for National Day in October while India will celebrate several religious festivals, including Diwali in November. Both countries are among the world's biggest users of palm oil.

In the Malaysian cash market, palm oil products were higher amid improved buying interest from major trading houses.

#### KLCE CPO Futures (13.09.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1361	1356	1360	1356	-1	1360	45
Oct '05	1372	1370	1381	1367	+7	1379	1080
Nov '05	1377	1375	1387	1372	+10	1387	2496



### Domestic:

#### Palm oil

The domestic palm oil market continued range bound amidst low retail demand and declining sentiments in other edible oil markets.

In the month of September, till 13.09.05 the country has imported about 0.28 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 355.00 per tonne and RBD Palmolein at \$ 400.00 per tonne.

The price for palm oil in the market is expected to continue range bound on lower side on Wednesday amidst increased rainfall activity in most parts of the country.

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

Centres	13.09.05	12.09.05	Change
Kandla CPO (5 % FFA)	323	323	0
Mumbai CPO (5% FFA)	324	324	0
Kandla RBD Palmolein	354	352	+2
Mumbai RBD Palmolein	361	359	+2
Chennai RBD Palmolein	355	355	0
Kakinada RBD Palmolein	355	354	-1

#### Soy oil

The domestic market improved marginally as traders in the Indore market resorted to increased buying amidst expectation of good prices as the September Contract end (On 15.09.05).

Bears were seen losing grip in the prices amidst increased buyer's activity at the retail market.

In the month of September, India has imported about 1.12 lakh tonnes of soybean oil till 13.09.05. The Hazir markets declined marginally seeing the uncertain retail market and declining retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 327 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 499 per tonne.

The market is expected to open range bound and trade positive as the day progresses on Wednesday amidst approach of first cut at the Indore exchange. buy with short-term outlook to book profit.

Soybean oil - Spot Market Price (Rs. per 10 kg)			
Centres	13.09.05	12.09.05	Change
Mumbai (Soy ref)	348	347	+1
Indore (Soy Ref oil)	360	357	+3
Indore (Soy Solvent Ex. oil)	338	336	+2
Kota (Soy Ref. Oil)	365	364	+1
Jaipur (Soy Ref. Oil)	367	365	+2

#### NBOT Soy oil futures as on 13.09.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	360.30	360.20	361.10	360.00	+0.80	361.10	2440
Oct '05	365.80	365.30	367.80	365.00	+1.60	367.40	23300
Nov '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

#### NCDEX Soy oil futures as on 12.09.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Sep'05	363.10	362.75	364.00	362.60	362.80	2720	14760
Oct '05	367.25	366.60	368.35	366.55	366.90	8870	22080
Dec '05	367.75	367.35	368.55	366.80	367.10	4480	17120

#### Rape oil

The rape oil prices improved marginally amidst increased buyers support as the supply got disrupted owing to heavy rains in Rajasthan.

Today the mustard arrival was 0.12 lakh bags in Rajasthan. Heavy rains in most parts of MP Rajasthan and Maharastra has led to increased uncertainty in the mustard oil markets.

The rape oil exchange market of Delhi, Hissar, Hapur and the Bikaner traded positive amidst support in retail demand.

The rape market is expected to continue on the lower side on Wednesday. Buy with short-term outlook.

Rape oil - Spot Market Price (Rs. per 10 kg)			
Centres	13.09.05	12.09.05	Change
Mumbai (Rape Expeller Oil)	393	392	+1
Kota (Rape Expeller Oil)	375	370	+5
Jaipur (Rape Expeller Oil)	376	372	+4
Neewai (Kacchi Ghani Rape Oil)	382	380	+2
Delhi (Rape Expeller Oil)	394	392	+2

#### Groundnut oil

The groundnut market continued on declining path amidst heavy rains in major growing areas, which improved the crop prospects in Gujarat, Maharashtra and Madhya Pradesh.

The sharp increase in the imports to about 1.62 lakh tonnes (till 12.09.2005) is pressuring the market and not allowing the price to improve significantly. Lack of increased retail demand and declining

The domestic market is expected to continue trading range bound on the lower side on Wednesday amidst increased rains expected in the near days.

Groundnut oil - Spot Market Price (Rs. per 10 kg)			
Centres	13.09.05	12.09.05	Change
Mumbai (Excluding VAT)	500	507	-7
Rajkot	520	522	-2
Andhra Region	505	500	+5
Chennai	515	515	0

#### LATEST WEATHER WATCH (13.09.2005)

##### Weather Forecast

During last 24 hours, fairly widespread rainfall with heavy to very heavy rains at a few places have occurred over Orissa, Chhattisgarh, Konkan & Goa, Madhya Maharashtra, Gujarat and Haryana including Delhi. Scattered light to moderate rainfall has also occurred over remaining parts of India outside Tamil Nadu & Pondicherry, interior Andhra Pradesh, Bihar, East Uttar Pradesh and north-eastern States where isolated light rainfall occurred. Chief amounts of the rainfall (in cms.) are: Paradip-12, Mahabaleshwar-12, Chandbali-10, Jagdalpur-10, Porbandar-8, Raipur-7, Delhi (Palam)-9, Delhi (Safdarjung), Diamond Harbour and Balasore-6 each.

Under influence of the upper air cyclonic circulation over south Gujarat coast and adjoining Konkan & Goa a low pressure area has formed over south Gujarat coast & adjoining Saurashtra. The offshore trough at sea level now runs from above system to Karnataka coast. The Western Disturbance as an upper air system over Jammu & Kashmir and neighbourhood persists.

Under the influence of above systems, fairly widespread rains with heavy to very heavy falls are likely over Orissa, Chhattisgarh, Gujarat, Konkan & Goa, Madhya Maharashtra, Gangetic West Bengal, Jharkhand, Chhattisgarh, Vidarbha, East Madhya Pradesh, Himachal Pradesh and Uttaranchal.

##### Forecast Valid For Next 72 Hours

Rain/thundershowers are likely at most places over Orissa, Chhattisgarh, south Gujarat, Konkan & Goa and north Coastal Andhra Pradesh; at many places over Andaman & Nicobar Islands, Gangetic West Bengal, Jharkhand, Uttaranchal, Haryana, Chandigarh & Delhi, Punjab, Himachal Pradesh, Madhya Pradesh, north Gujarat, Madhya Maharashtra, Vidarbha, Telangana, Karnataka, Kerala and Lakshadweep and at a few places over the rest regions of the country outside north-eastern States, north Bihar and Tamil Nadu & Pondicherry where it may be isolated.

**NORTH:** Rain/thundershowers likely at many places over the region outside Uttar Pradesh where it may be at a few places.

**SOUTH:** Rain/thundershowers likely at most places over north Coastal Andhra Pradesh and Telangana; at many places over Andaman & Nicobar Islands and Coastal Karnataka and at a few places over the rest region outside Tamil Nadu & Pondicherry where it may be isolated.

**WEST:** Rain/thundershowers likely at most places over Gujarat and Konkan & Goa; at many places over Madhya Maharashtra and Vidarbha and at a few places over rest region.

#### Warning

Heavy To Very Heavy Rainfall Likely At A Few Places Over Orissa, Chhattisgarh, South Gujarat And Konkan & Goa. Isolated Heavy Rain Also Likely Over Gangetic West Bengal, Himachal Pradesh, Uttaranchal Madhya Maharashtra, East Madhya Pradesh And Andaman & Nicobar Islands.

#### Outlook For The Next Two Days

Ongoing rainfall activity is likely to continue over Maharashtra and Gujarat.

Decrease in rainfall likely over east central India and adjoining peninsular India.

### PORT-WATCH (Latest)

Delivery of 7,775 MT of CPO is continuing from the vessel 'Suta Tiga' at Kandla Port. The cargo was loaded from Indonesia. Interocean agents is handling the vessel. The port is receiving 6,250 MT of CPO from the vessel 'Khadijah'. The cargo was loaded from Malaysia. The vessel is being handled by Atlantic agents.

Mundra Port is receiving 20,000 MT of SBO from the vessel 'Bow Maastroom'. The vessel was handled by Interocean agents. The port is expecting 'Gemini' to discharge 10,257 MT of CPO. Patvolk agents will be handling the vessel.

Cochin Port is receiving 3,000 MT of palm oil from the vessel 'Siam Pavinee'. Seaworld agents is handling the vessel. Delivery of 3,000 MT of palm oil is expected at Cochin Port from the vessel 'MMM Kingston'. GAC agents is handling the vessel.

JN Port is received 10,000 MT of CPO from the vessel 'Marine Champion'. The vessel was handled by Interocean agents. Delivery of 15,000 MT of SBO is expected at JN Port from the vessel 'Integrity'. Interocean 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	Suta Tiga	7775	CPO	Arrived
	Khadijah	6250	CPO	Arrived
Kolkata	Ocean Ace	6000	CPO	Arrived
Kakinada	MMM Jackson	6000	CPO	Expected
Mundra	Bow Maastroom	20000	SBO	Arrived
	Gemini	10257	CPO	Expected
Cochin	MMM Kingston	3000	Palm oil	Expected
	Siam Pavinee	3000	Palm oil	Arrived
JN	Marine Champion	10000	CPO	Arrived
	Integrity	15000	SBO	Expected

### Forex Rates

(As on 13.09.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.88
Malaysia	Ringgit	11.64
European Union	Euro	53.92
United Kingdom	GBP	79.89
Japan	100 Yen	39.69

#### Disclaimer

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