

## VEGOIL

10<sup>th</sup> September 2005

### MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Dipped Significantly on Increased Production
- South American Soybean Fell on Increased Planting Cost in Brazil
- Soybean Oil Prices Continued Lower Amidst Heavy Rains in Growing Areas

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term  
NCDEX October Contract

The October contract closed at 367.60, which is marginally lower from yesterday's close. Market opened weak and continued lower pressured by the sellers and declining buyers support.

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

Currently the MACD continued further lower with a declining slope indicating the existence of weakness in the market.

The 9-days Price ROC continued lower to -0.435 (pointing downward) indicating the declining strength in the prices. The 9-day RSI also dipped lower in the neutral region to a level of 37.27 supporting the declining strength in the prices.

The % K-line moved slightly higher marginally in the oversold region hinting to the steadiness but the % D-Line continued further downward hinting to the declining strength.

The candlestick is hinting at the weak opening and lower trade for Monday.

#### Market advice:

Market is expected to open weak and trade range bound for Monday amidst consistent decline in the retail demand

Selling with short-term outlook would yield profit

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

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Oct' '05	365.40	364.20	367.30	368.70
NCDEX	Oct' '05	365.60	364.90	368.60	369.10

#### Abbreviations:

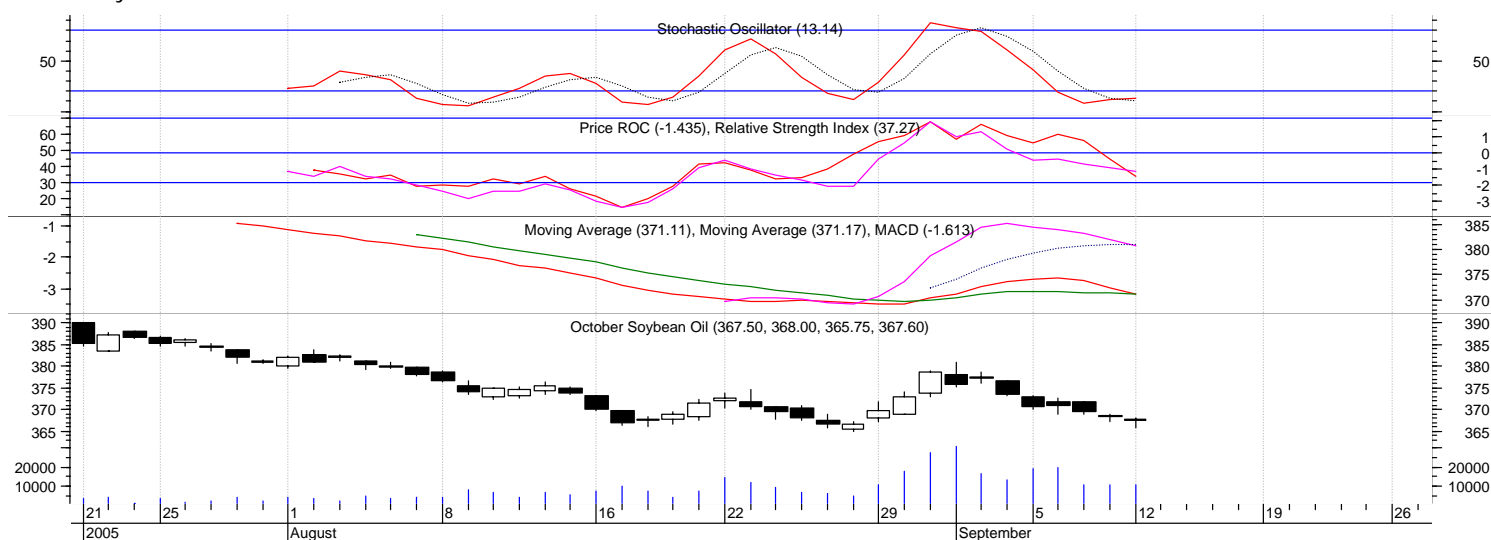
ROC - Rate of Change

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):

Short covering ahead of the key USDA reports for Monday morning and much better than expected export news this morning helped support higher trade into the mid-session.

Weekly US export sales for beans came in at 423,600 metric tonnes as compared to trade expectations between 200,000-400,000. Cumulative sales, however, have reached just 13.4% of the USDA forecast for the entire season as compared to 22.7% on average over the last five years. Sales of 495,200 metric tonnes per week are needed to reach the USDA estimate.

For Monday morning's reports, the average trade estimate for 2005/2006 ending stocks is at 185 million bushels (range 163-220) as compared with 180 million bushels in the August 12th report. The average trade estimate for production is at 2.814 billion bushels (range 2.768-2.895) as compared with 2.791 billion bushels reported on August 12th.

Consistent domination of the bears in the market is expected to restrict bulls in the coming days.

#### CBOT Soy oil futures as 09.09.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.40	22.48	22.59	22.17	-0.23	22.17
5-Oct	22.45	22.44	22.68	22.23	-0.22	22.23
5-Dec	22.67	22.65	22.91	22.49	-0.18	22.49
5-Jan	22.86	22.98	23.10	22.66	-0.19	22.67

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Market

The export news seems to be more favourable to US exporters as compared with Brazilian exporters, which is somewhat surprising given the recent shutdown of the New Orleans port.

Traders are expecting an increase in production of about 25 million bushels for the USDA Crop Production Report for Monday morning. As of Sunday 12% of Iowa fields were dropping leaves as compared with 2% last year and 8% as the 5-year average, and informal reports early this week had many reports of fields turning brown quickly.

In last month's Supply/Demand report, the USDA lowered usage (exports and crush) by 59 million bushels due to hefty production estimates for South America.

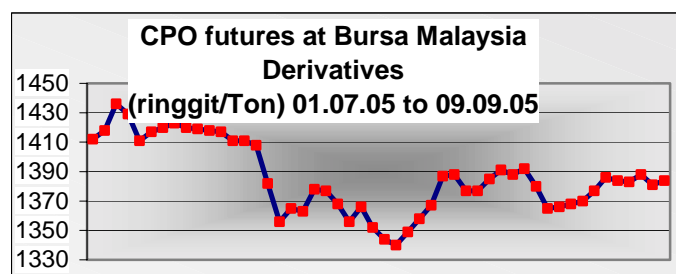
Expected decline in the trade prospects and increased planting cost is expected to help the bears in the South American Soybean market.

#### KLCE (Malaysian Palm Oil):

KLCE market remained closed on regular weekend holiday. It will reopen on Monday (12.09.05).

#### KLCE CPO Futures (09.09.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1365	1361	1368	1360	+1	1366	287
Oct '05	1376	1371	1378	1371	+2	1378	357
Nov '05	1381	1384	1384	1376	+3	1384	2066



### Domestic:

#### Palm oil

The domestic palm oil market traded range bound amidst lack of retail demand and declining sentiments in other edible oil markets.

In the month of September, till 10.09.05 the country has imported about 0.28 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 357.50 per tonne and RBD Palmolein at \$ 395.00 per tonne.

The price for palm oil in the market is expected to continue range bound on lower side on Monday amidst consistently low retail demand.

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

Centres	10.09.05	09.09.05	Change
Kandla CPO (5 % FFA)	324	322	+2
Mumbai CPO (5% FFA)	325	324	+1
Kandla RBD Palmolein	354	355	-1
Mumbai RBD Palmolein	361	361	0
Chennai RBD Palmolein	355	354	+1
Kakinada RBD Palmolein	355	355	0

#### Soy oil

The domestic market continued lower amidst declining retail demand and increased rains in the major growing areas.

Continued heavy rains in most parts of Maharashtra, Madhya Pradesh and Gujarat have improved the prospects of the good soybean crop in the area, giving the bears a chance to grip the market.

In the month of September, India has imported about 0.86 lakh tonnes of soybean oil till 10.09.05. 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 329 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 500 per tonne.

The market is expected to open weak and trade further lower as the day progresses on Monday. Sell with short-term outlook to book profit.

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

Centres	10.09.05	09.09.05	Change
Mumbai (Soy ref)	349	348	+1
Indore (Soy Ref oil)	360	361	-1
Indore (Soy Solvent Ex. oil)	337	337	0
Kota (Soy Ref. Oil)	365	365	0
Jaipur (Soy Ref. Oil)	365	364	+1

**NBOT Soy oil futures as on 10.09.2005 (Rs/10 kg)**

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	362.80	361.50	361.50	360.40	-1.90	360.90	10900
Oct '05	367.60	366.70	366.80	364.80	-1.00	366.60	18010
Nov '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

**NCDEX Soy oil futures as on 09.09.2005 (Rs/10 kg)**

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Sep'05	365.60	364.60	365.10	363.80	364.50	6740	15800
Oct '05	369.40	368.50	369.00	367.35	368.45	10750	23140
Dec '05	370.10	369.85	370.00	368.25	368.60	5220	16710

**Rape oil**

The rape oil prices traded range bound amidst lack of retail support both at the futures as well as the spot markets.

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

The rape oil exchange market of Delhi, Hissar, Hapur and the Bikaner continued lower amidst continuous decline in retail demand.

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

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

Centres	10.09.05	09.09.05	Change
Mumbai (Rape Expeller Oil)	396	395	+1
Kota (Rape Expeller Oil)	375	375	0
Jaipur (Rape Expeller Oil)	376	376	0
Neewai (Kacchi Ghani Rape Oil)	382	384	-2
Delhi (Rape Expeller Oil)	394	395	-1

**Groundnut oil**

The groundnut market improved marginally on declining supplies amidst heavy rains in major growing areas, which has led to the improving of the crop prospects in Gujarat, Maharashtra and Madhya Pradesh.

The sharp increase in the imports to about 1.24 lakh tonnes (till 10.09.2005) is pressuring the market and not allowing the price to improve significantly.

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

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

Centres	10.09.05	09.09.05	Change
Mumbai (Excluding VAT)	505	507	+1
Rajkot	520	515	+5
Andhra Region	515	510	+5
Chennai	520	515	+5

**LATEST WEATHER WATCH (10.09.2005)****Weather Forecast**

During last 24 hours, moderate rainfall occurred at many places with heavy to very falls over Konkan & Goa, Madhya

Maharashtra, Gujarat, Orissa, Gangetic West Bengal, Jammu division, Punjab, Haryana, Himachal Pradesh and Coastal Andhra Pradesh. Chief amounts of the rainfall (in cms.) are: Mumbai-22, Tuni-16, Mahabaleshwar, Alibag, Digha & Balaosre-11 each, Chandbali-9, Bhubaneshwar, Diamond Harbour & Dahanu-8 each, Rajkot, Ludhiana & Katra-7 each, Kakinada, Cuttack & Veraval-6 each.

Yesterday's low pressure area over west central Bay of Bengal off Coastal Andhra Pradesh has weakened. However associated upper air cyclonic circulation extending upto mid-tropospheric levels now lies over westcentral & adjoining northwest Bay of Bengal.

Under the influence of above systems, fairly wide spread rain with isolated heavy to very heavy falls likely over Orissa, north Coastal Andhra Pradesh, Gujarat, Konkan & Goa and Madhya Maharashtra during next 2 days.

The cyclonic circulation over central Pakistan and adjoining northwest Rajasthan now lies over Punjab and adjoining north Rajasthan and extends upto 3.1 km a.s.l. The other upper air cyclonic circulation extending upto 2.1 km a.s.l. over north Pakistan and adjoining Jammu & Kashmir has merged with the above system. Under this scenario scattered moderate rainfall likely to continue for another 24 hours over northwest India outside Uttar Pradesh where rainfall is likely to remain subdued.

**Forecast Valid For Next 72 Hours**

Rain/thundershowers are likely at most places over coastal Orissa, at many places over Andaman & Nicobar Islands, rest Orissa, Chhattisgarh, Uttaranchal, Haryana, Punjab, Himachal Pradesh, Gujarat Region, Konkan & Goa, Madhya Maharashtra, Andhra Pradesh, Kerala and Lakshadweep and at a few places over Gangetic West Bengal, Madhya Pradesh, West Uttar Pradesh, Jammu & Kashmir, Rajasthan, Saurashtra & Kutch, Marathwada, Vidarbha, Tamil Nadu & Pondicherry and Karnataka. It may be isolated over the rest regions of the country. Rainfall activity is likely to increase over Chhattisgarh, Madhya Pradesh, Gujarat, Marathwada, Vidarbha and interior Andhra Pradesh after 10th.

**NORTH:** Rain/thundershowers likely at many places with one or two spells of heavy rain over Uttaranchal, Punjab, Himachal Pradesh, and Haryana; at a few places over West Uttar Pradesh and Jammu & Kashmir and isolated over East Uttar Pradesh.

**SOUTH:** Rain/thundershowers likely at many places over Andaman & Nicobar Islands, Andhra Pradesh, Coastal Karnataka, Kerala and Lakshadweep and at a few places over the rest region.

**WEST:** Rain/thundershowers likely at many places over Gujarat, Konkan & Goa and Madhya Maharashtra and at a few places over rest region. Rainfall activity likely to increase over Vidarbha, Marathwada and West Madhya Pradesh after 11<sup>th</sup>

**Warning**

Heavy to very heavy rainfall at a few places over coastal Orissa, Coastal Andhra Pradesh and Konkan & Goa. Isolated heavy rain also likely over Gangetic West Bengal, interior Orissa, interior Andhra Pradesh, Gujarat, Madhya Maharashtra and Coastal Karnataka.

**Outlook For The Next Two Days**

Ongoing rainfall activity is likely to continue over Peninsular India, Maharashtra & Goa and Gujarat.

Increase in rainfall over Madhya Pradesh, Chhattisgarh, Jharkhand and Bihar.

## PORT-WATCH (Latest)

'Ocean Ace' has berthed at Kolkata Port and continues to deliver 6,014 MT of CPO. Atlantic agents is handling these vessels.

Delivery of 27,250 MT of SBO is continuing from the vessel 'Fedelity' at Kandla Port. The cargo was loaded from Brazil. Shantilal agents is handling the vessel. The port is expecting 'Khadijah' from Malaysia to deliver 6,250 MT of CPO. The vessel will be handled by JM Baxi agents.

Delivery of 3,000 MT of palm oil is expected at Cochin Port from the vessel 'MMM Kingston'. GAC agents is handling the vessel. The port is expecting 'Siam Pavinee' to deliver 3,000 MT of palm oil. Seaworld agents will be handling the vessel.

JN Port is expecting 'Marine Champion' to deliver 10,000 MT of CPO. Delivery of 15,000 MT of SBO is expected at the port from the vessel 'Integrity'.

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

Mundra Port is expecting 'Bow Maastroom' to deliver 20,000 MT of SBO.

## Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Fedelity	27250	SBO	Arrived
	Khadijah	6250	CPO	Expected
Kolkata	Ocean Ace	6000	CPO	Arrived
Kakinada	MMM Jackson	6000	CPO	Expected
Mundra	Bow Maastroom	20000	SBO	Expected
Cochin	MMM Kingston	3000	Palm oil	Expected
	Siam Pavinee	3000	Palm oil	Expected
JN	Marine Champion	10000	CPO	Expected
	Integrity	15000	SBO	Expected

## Forex Rates

(As on 10.09.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.87
Malaysia	Ringgit	11.63
European Union	Euro	54.47
United Kingdom	GBP	80.71
Japan	100 Yen	39.99

## Disclaimer

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