

## VEGOIL

15<sup>th</sup> September 2005

### MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Dipped Significantly on Increased Deliveries
- South American Soybean Improved on Increased Bearishness in US Soybean Market
- Crude Palm Oil Futures Lowered on Increased Short Coverings
- Soybean Oil Prices Declined Sharply on Lack of Retail Demand

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term  
NCDEX October Contract

The October contract closed at 367.00, which is significantly lower from yesterday's close. Market opened range bound, traded steady for the first half of the trade but declined sharply after the expiry price for the September contract was announced at the Indore's exchange.

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

MACD moved lower with a declining slope indicating the existing weakness in the market.

The 9-days Price ROC lowered marginally to -1.740 (pointing downward) indicating the unsteadiness in the prices. The 9-day RSI moved lower in the neutral region to a level of 38.83 supporting the declining sentiments in the market prices.

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

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

#### Market advice:

Market is expected to open weak and continue lower for Friday amidst heavy rains and increased selling

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 | 365.20  | 364.40 | 367.60     | 368.50 |
| NCDEX    | Oct' '05 | 366.60  | 365.10 | 368.00     | 369.20 |

#### Abbreviations:

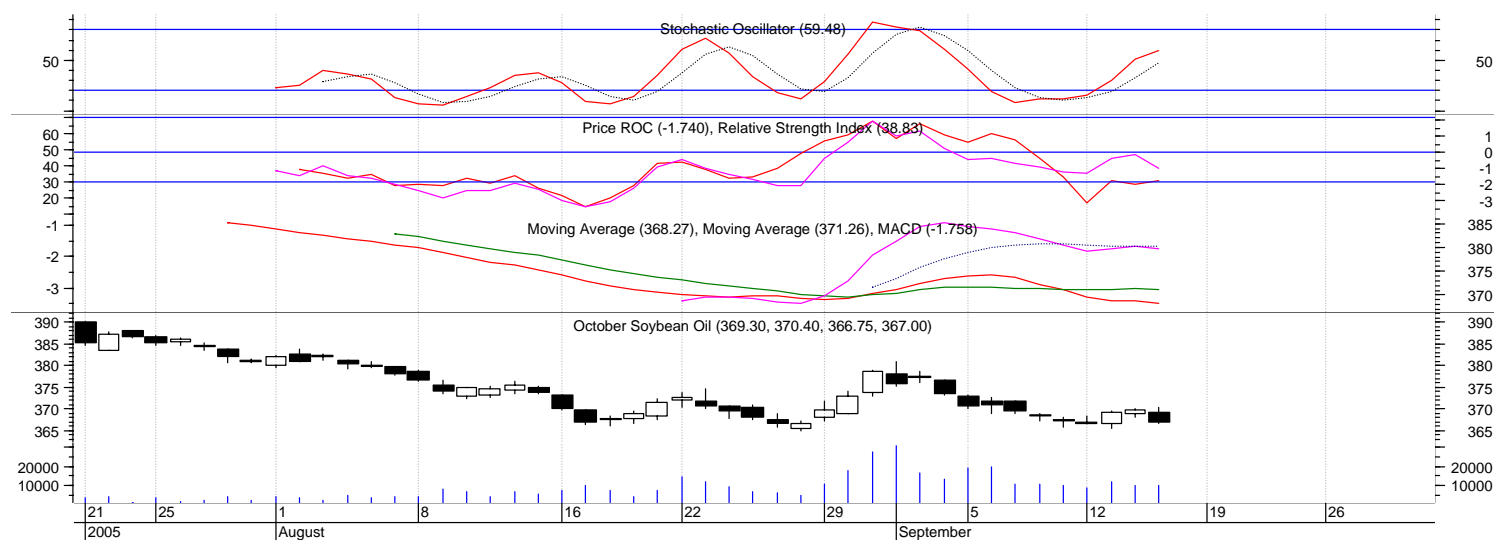
ROC - Rate of Change

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):

Hefty deliveries, a weak tone for the cash basis levels and continued reaction to Monday's bearish supply news helped pressure the market this morning.

The NOPA crush report showed the August crush at 123.2 million bushels as compared with trade expectations at 128.2 million bushels and the July crush at 133.7 million bushels. Meal led the market lower with December meal moving to the lowest level since February 24th.

Oil stocks were initially pegged at 1.153 billion pounds as compared with 1.575 billion last month and 871,460 pounds last year. At the end of the 2004/2005 season (October 1st) the USDA pegged oil stocks at 1.721 billion pounds as compared with 1.076 billion last year.

NOPA announced that they were reviewing the stocks number in Iowa, which dropped to 212.2 million pounds from 494 million last months. In to the mid-session NOPA announced a revision in oil stocks to 1.421 billion pounds.

Increased deliveries pressure is expected to pull down the prices further in the coming days.

#### CBOT Soy oil futures as 14.09.2005 (Cents/pound)

| Months | Previous Settle | Open  | High  | Low   | Change | Close |
|--------|-----------------|-------|-------|-------|--------|-------|
| 5-Sep  | 21.97           | 21.90 | 22.16 | 21.90 | +0.10  | 22.07 |
| 5-Oct  | 22.04           | 22.05 | 22.26 | 22.00 | +0.13  | 22.17 |
| 5-Dec  | 22.27           | 22.30 | 22.49 | 22.21 | +0.14  | 22.41 |
| 5-Jan  | 22.45           | 22.52 | 22.68 | 22.39 | +0.15  | 22.60 |

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Market

The lack of movement of cash soybeans in Brazil continues to provide some underlying support to futures, as the trade is uncertain on just how far the cash will need to be bid higher in order to attract some producer selling.

The USDA pegged Brazil soybean production at 60 million tonnes for the coming season, which was down 2 million from last month but up 9 million from last year's drought impacted crop.

Early maturing soybeans are ready for harvest and as harvest increases, the pipeline will fill up quickly. The USDA Secretary of Agriculture yesterday indicated that conditions at the Port of New Orleans are quickly improving and that the port should be in good shape for harvest.

There are some concerns that a wetter pattern may develop for the Midwest next week and the following week that might slow harvest.

The South American market is expected to open and trade slightly amidst prolonged weakness in the US soybean trade.

#### KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives mostly ended lower Thursday, paring gains made earlier as profit-taking set in, traders.

They were further lifted in the afternoon by stronger-than-expected export estimates from cargo surveyor SGS (Malaysia) Bhd. Malaysia's palm oil exports in the first 15 days of September totaled 608,419 metric tons, up 6.6% on month, SGS said.

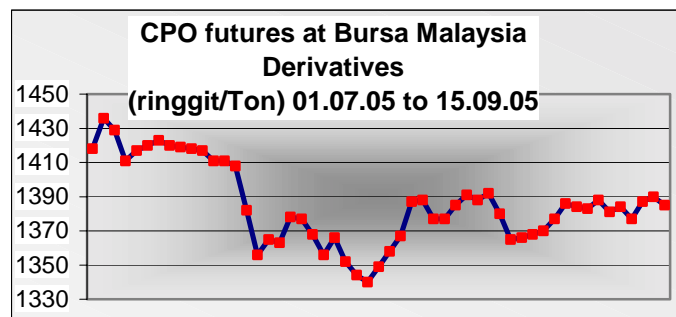
Another surveyor, Intertek Agri Services also released estimates Thursday.

Malaysian palm oil exports in the first 15 days of September totaled 566,782 metric tons, down 2.9% from the same period in August. While the number was slightly below market expectations, the drop wasn't significant enough to have much impact on prices, said a KL-based trader.

However, other traders note that the seasonal pickup in demand expected from China, India and the Middle East may finally lift CPO futures out of their range bound trade in the coming sessions. In the Malaysian cash market, palm oil products were mostly unchanged amid slow buying interest.

#### KLCE CPO Futures (15.09.05) (In Ringgit /T)

| Months  | Previous | Open | High | Low  | Change | Close | Volume (*lots) |
|---------|----------|------|------|------|--------|-------|----------------|
| Sep '05 | 1367     | 1370 | 1370 | 1370 | +3     | 1370  | 10             |
| Oct '05 | 1378     | 1378 | 1383 | 1370 | -4     | 1374  | 1115           |
| Nov '05 | 1390     | 1389 | 1396 | 1382 | -5     | 1385  | 2416           |



### Domestic:

#### Palm oil

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

In the month of September, till 14.09.05 the country has imported about 0.42 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 357.50 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 Friday amidst increased rainfall activity in most parts of the country and declining supplies.

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

| Centres                | 15.09.05 | 14.09.05 | Change |
|------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA)   | 326      | 325      | -1     |
| Mumbai CPO (5% FFA)    | 327      | 325      | -2     |
| Kandla RBD Palmolein   | 356      | 354      | -2     |
| Mumbai RBD Palmolein   | 364      | 361      | +3     |
| Chennai RBD Palmolein  | 356      | 358      | -2     |
| Kakinada RBD Palmolein | 355      | 357      | -2     |

#### Soy oil

Bears once again dominated the soybean oil trade, after the September contract ended marginally higher at Rs. 362.20 per 10

Kg, as the overall situation in the market is quite subdued and the traders are mostly lacking support from the retail buyers.

In the month of September, India has imported about 1.32 lakh tonnes of soybean oil till 15.09.05. The Hazir markets improved marginally amidst increased uncertainty in the futures market 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 (September Shipment) at Kandla were quoted at \$ 500 per tonne.

The market is expected to open range bound and trade lower as the day progresses on Friday amidst increased buyers support. Sell with short-term outlook.

| <b>Soybean oil - Spot Market Price (Rs. per 10 kg)</b> |          |          |        |
|--|----------|----------|--------|
| Centres  | 15.09.05 | 14.09.05 | Change |
| Mumbai (Soy ref)                                       | 347      | 348      | -1     |
| Indore (Soy Ref oil)                                   | 364      | 362      | +2     |
| Indore (Soy Solvent Ex. oil)                           | 342      | 340      | +2     |
| Kota (Soy Ref. Oil)                                    | 368      | 367      | -1     |
| Jaipur (Soy Ref. Oil)                                  | 372      | 370      | +2     |

| <b>NBOT Soy oil futures as on 15.09.2005 (Rs/10 kg)</b> |                  |            |            |           |        |             |        |
|---|------------------|------------|------------|-----------|--------|-------------|--------|
| Months  | Previous Closing | Open Price | High Price | Low Price | Change | Close Price | Volume |
| Sept'05   | 361.50           | N.A        | 362.20     | N.A       | +0.70  | 362.20      | N.A    |
| Oct '05   | 368.50           | 369.00     | 369.20     | 366.80    | -1.70  | 366.80      | 25480  |
| Nov '05   | 368.60           | 368.50     | 368.50     | 366.50    | -2.10  | 366.50      | 1250   |

| <b>NCDEX Soy oil futures as on 14.09.2005 (Rs/10 kg)</b> |                  |            |            |           |             |        |               |
|--|------------------|------------|------------|-----------|-------------|--------|---------------|
| Months   | Previous Closing | Open Price | High Price | Low Price | Close Price | Volume | Open Interest |
| Sep'05   | 364.50           | 364.05     | 365.30     | 363.75    | 365.15      | 4660   | 12580         |
| Oct '05  | 369.15           | 369.00     | 370.00     | 368.00    | 369.75      | 9970   | 23940         |
| Dec '05  | 369.45           | 369.00     | 370.10     | 368.50    | 369.85      | 8900   | 19310         |

#### Rape oil

The rape oil prices continued declining amidst increased uncertainty and low retail demand in the domestic market.

Today the mustard arrival was 0.20 lakh bags in Rajasthan. Heavy rains in most parts of MP Rajasthan and Maharashtra has led to increased uncertainty in the mustard oil markets.

The rape exchange market of Delhi, Hissar, Hapur and the Bikaner traded further lower amidst declining support in retail demand.

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

| <b>Rape oil - Spot Market Price (Rs. per 10 kg)</b> |          |          |        |
|---|----------|----------|--------|
| Centres   | 15.09.05 | 14.09.05 | Change |
| Mumbai (Rape Expeller Oil)                          | 395      | 393      | +2     |
| Kota (Rape Expeller Oil)                            | 377      | 375      | +2     |
| Jaipur (Rape Expeller Oil)                          | 378      | 376      | +2     |
| Neewai (Kacchi Ghani Rape Oil)                      | 386      | 382      | +4     |
| Delhi (Rape Expeller Oil)                           | 396      | 394      | +2     |

#### Groundnut oil

The groundnut market improved marginally in the western markets amidst heavy rains and declining supplies, but declined in the southern market owing to declining retail demand.

The sharp increase in the imports to about 1.96 lakh tonnes (till 15.09.2005) is pressuring the market and not allowing the price to improve significantly. Lack of increased retail demand is keeping the prices under tight check.

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

| <b>Groundnut oil - Spot Market Price (Rs. per 10 kg)</b> |          |          |        |
|--|----------|----------|--------|
| Centres  | 15.09.05 | 14.09.05 | Change |
| Mumbai (Excluding VAT)                                   | 505      | 500      | +5     |
| Rajkot   | 528      | 525      | +8     |
| Andhra Region  | 505      | 510      | -5     |
| Chennai  | 512      | 520      | -8     |

#### LATEST WEATHER WATCH (15.09.2005)

##### Weather Forecast

During past 24 hours, fairly widespread rainfall with heavy to very heavy rainfall have occurred over Madhya Pradesh, Orissa and Vidarbha. Scattered light to moderate rainfall has also occurred over remaining parts of India outside north-eastern States, Andhra Pradesh, Tamil Nadu and interior Karnataka. Chief amounts of the rainfall (in cms) are: Jabalpur-15, Bhopal-9, Nagpur-9, Indore-9, Paradip-8, Pachmarhi-8 and Mahabaleshwar-7.

Yesterday's depression over northeast Arabian Sea remained practically stationery with its centre near Lat. 20.5° N/ Long. 68° E about 250 km west-southwest of Veraval. The system is likely to move in a west-north westerly direction slowly.

The well marked low pressure area over East Madhya Pradesh & neighbourhood now lies over northwest Madhya Pradesh and adjoining southwest Uttar Pradesh. Associated upper air cyclonic circulation extends upto mid tropospheric levels. The system is likely to move in a north westerly direction and weaken further.

Under the influence of above systems, fairly widespread rains with heavy to very heavy falls are likely over Madhya Pradesh, south Uttar Pradesh, Vidarbha and East Rajasthan for next 2 days.

A cyclonic circulation extending upto mid-trpospheric levels lies over north Andaman Sea and adjoining east central Bay of Bengal where a low-pressure area is likely to form during next 24 hours. System is likely to move in west-north westerly direction and may cause heavy to very heavy rainfall over Orissa and Coastal Andhra Pradesh after 18th.

##### Forecast Valid For Next 72 Hours

Rain/thundershowers likely at many places over the region including Delhi outside Jammu & Kashmir where it may be isolated. Rain/thundershowers likely at most places over East Madhya Pradesh and at a few places over the rest region outside north-eastern States where it may be isolated. Rain/thundershowers likely at most places over Andaman & Nicobar Islands and at a few places over the rest region. Rain/thundershowers likely at most places over West Madhya Pradesh; at many places over Gujarat Region, north Maharashtra and Rajasthan and at a few places over the rest region.

**NORTH:** Rain/thundershowers likely at many places over the region outside Jammu & Kashmir where it may be isolated.

**SOUTH:** Rain/thundershowers likely at most places over Andaman & Nicobar Islands and at a few places over the rest region.

**WEST:** Rain/thundershowers likely at most places over West Madhya Pradesh; at many places over Gujarat Region, north Maharashtra and Rajasthan and at a few places over the rest region.

#### Warning

Heavy to very heavy rainfall likely at a few places over Andaman & Nicobar Islands and Madhya Pradesh. Isolated heavy rain also likely over East Rajasthan, Vidarbha and south Uttar Pradesh.

#### Outlook For The Next Two Days

Decrease in rainfall over central and Northwest India. Increase in rainfall over east coast of India.

### PORT-WATCH (Latest)

Delivery of 8,550 MT of CPO is continuing at New Manglore Port from the vessel 'Global Venus'. Patvolk agents will be handling the vessel.

JN Port is receiving 15,000 MT of SBO from the vessel 'Integrity'. The cargo was loaded from Brazil. The vessel will be handled by Interocean agents. Delivery of 13,000 MT of SBO is expected at JN Port from the vessel 'Bow Maatroom'.

'L Star' has berthed at Kolkatta Port and continues to deliver 6,000 MT of CPO. Seaworld agents is handling the vessel. The port is expecting 'Isokaze' to deliver 10,196 MT of CPO. Seaport agents will be handling the vessel.

Delivery of 22,500 MT of SBO is expected from the vessel 'Integrity' at Kandla Port. The cargo was loaded from Brazil. Interocean agents will be handling the vessel. The port is expecting 'Marine Pioneer' from Indonesia to deliver 9,500 MT of CPO. The vessel will be handled by Interocean agents.

Mundra Port is expecting 'Gemini' to discharge 10,257 MT of CPO. Patvolk agents will be 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.

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

Chennai Port is expecting 'Spring Glory' and 'Ace I' to deliver 6,000 MT of palm oil and 5,998 MT of CPO respectively. James Mackintosh and Interocean agents will be handling these vessels. Delivery of 6,000 MT of palm oil is expected at the port from the vessel 'Chem Botima'. The vessel will be handled by Seaport agents.

### Current Vessels Positions

| Ports         | Vessels        | Volume (Ton) | Carrying | Status   |
|---------------|----------------|--------------|----------|----------|
| Kandla        | Integrity      | 22500        | SBO      | Expected |
|               | Marine Pioneer | 9500         | CPO      | Expected |
| Kolkata       | L Star         | 6000         | CPO      | Arrived  |
|               | Isokage        | 10196        | CPo      | Expected |
| Kakinada      | MMM Jackson    | 6000         | CPO      | Expected |
| Mundra        | Gemini         | 10257        | CPO      | Expected |
| Cochin        | MMM Kingston   | 3000         | Palm oil | Expected |
| JN            | Bow Maatroom   | 13000        | SBO      | Expected |
|               | Integrity      | 15000        | SBO      | Arrived  |
| New Mangalore | Global Venus   | 8550         | CPO      | Arrived  |
| Chennai       | Spring Glory   | 6000         | CPO      | Expected |
|               | Ace I          | 6000         | CPO      | Expected |
|               | Chem Botima    | 6000         | Palm oil | Expected |

### Forex Rates

(As on 15.09.2005)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA                | Dollar   | 43.94           |
| Malaysia           | Ringgit  | 11.66           |
| European Union     | Euro     | 53.70           |
| United Kingdom     | GBP      | 79.86           |
| Japan              | 100 Yen  | 39.74           |

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