

VEGOIL

22nd September 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Surged Ahead on Increasing Crude Oil Prices
- South American Soybean Declined Marginally on Subdued Trading
- Crude Palm Oil Futures Improved Marginally on Expectation of Increased Demand
- Soybean Oil Prices Traded further Lower Amidst Increased Speculative Selling

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX October Contract

The October contract closed at 362.15, which is marginally lower from yesterday's close. Bears still dominated overall trade fundamentals soybean oil market and the declining prices are just the clear indication of it.

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

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

The 9-days Price ROC improved marginally to -1.295 (pointing upward) indicating the improving and gripping sentiments in the prices. The 9-day RSI also turned upward marginally towards the end of the session in the neutral region to a level of 30.49 supporting the steadying sentiments in the market prices.

The % K-line moved up in the neutral hinting to the partial strength in the prices. The % D-Line also improved marginally indicating the steadiness in the prices.

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

Market advice:

Market is expected to open range bound but trade lower
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	360.40	359.50	362.80	363.40
NCDEX	Oct' '05	360.90	359.30	362.90	363.80

Abbreviations:

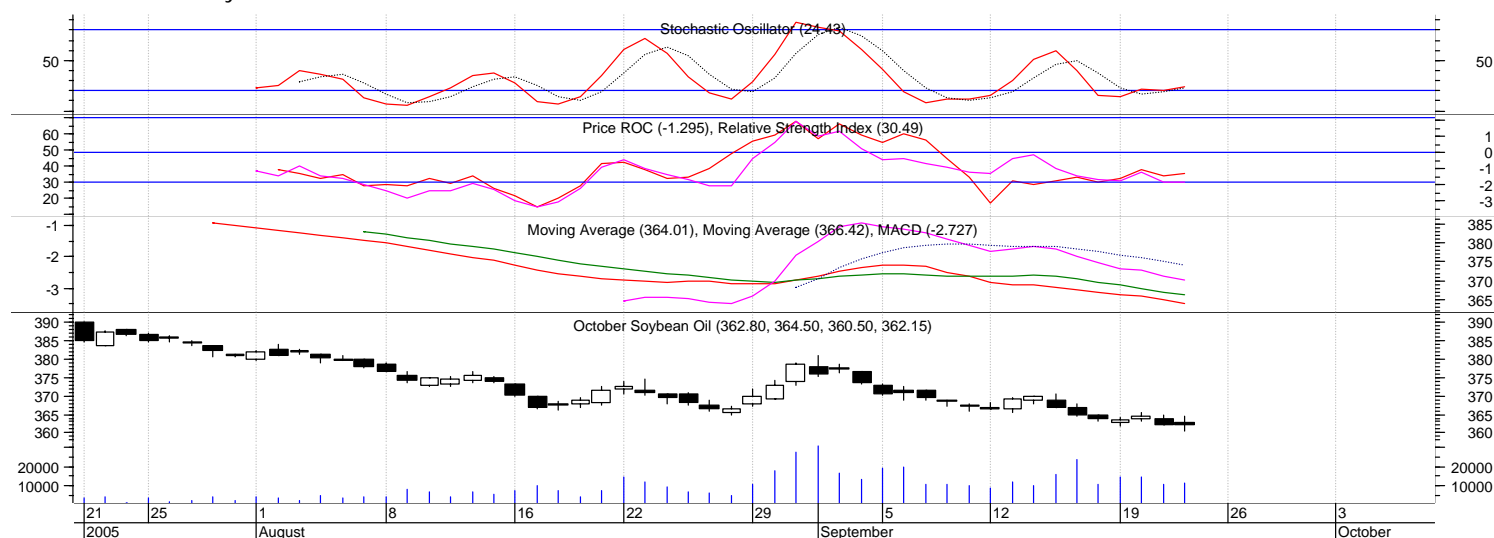
ROC - Rate of Change

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):

Another surge in crude oil and diesel prices triggered another run higher in soyoil futures, which supported the soybean market rally. The spreading of oil/meal pushed December meal down to the lowest level since February 17th. In addition to the support from the energy sector, talk that China may be buying US soybeans on the recent break provided support.

Another hurricane in the gulf to threaten energy production was enough to support more of an inflationary concern for commodity traders and fund buying appeared to be more active as well which helped push November soybeans to a new high for the week and ran some stops.

Israel is tendering to buy 7000 tonnes of US meal and also tendering to buy 14000 tonnes of US or South America meal.

Increased speculative buying is expected to induce partial bullishness in the soybean market today evening.

CBOT Soy oil futures as 21.09.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.45	22.60	23.20	22.60	+0.47	22.92
5-Oct	22.70	22.70	23.50	22.70	+0.51	23.21
5-Dec	22.81	22.86	23.62	22.86	+0.54	23.35
5-Jan	22.98	23.25	23.75	23.25	+0.54	23.52

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

Cheap prices leave the Brazil producer in a tough position ahead of the planting season, as input and energy prices are high, fuel costs are soaring and government subsidized bank credit is tight. With another hurricane moving into the Gulf of Mexico, further problems with obtaining US soybeans could cause some crossover business to Brazil from the US.

The market seems to be digging itself into a deeper hole as the port activity is just slowly picking up in New Orleans and the export pipeline is still clogged, but at the same time supply is on a sharp rise as harvest pushes into a higher gear.

Meal demand from Indonesia is expected to remain steady over the near-term in spite of bird flu problems, but the trade remains nervous, as the bird flu situation has not gone away as quickly as poultry operators had believed.

Longer-term fundamentals for the soybean market are still in question, as a shift to more soybeans/less corn in the US and good weather in Brazil this year could cause enormous supply pressures.

The South American market is expected to open and continue range bound amidst increased uncertainty in the global edible oil market.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended slightly higher Thursday, aided by rising crude oil prices, with the benchmark contract touching a new 2 1/2-month high.

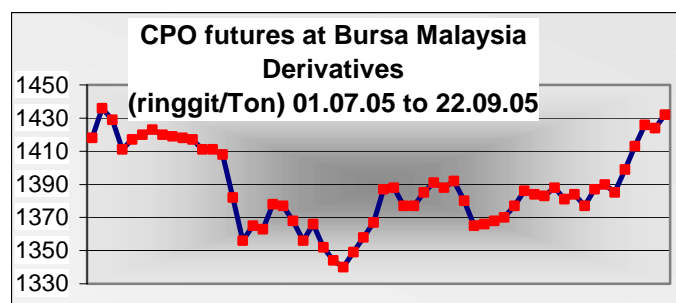
There has been no major change in the supply and demand fundamentals for palm oil to warrant such an increase in prices. Instead, the market rally has been due to external factors such as talk of increased demand for edible oils as a substitute for petroleum diesel.

Surging oil prices have spurred optimism that demand for alternative sources of energy including biodiesel would rise. Traders are mostly expecting Malaysian CPO production to grow strongly in September, potentially outpacing demand and resulting in a further build-up in stocks by month-end. So far, market players are estimating an on-month growth in production of 5%-8%. In August, CPO output totaled 1.36 million tons.

With no fresh supply and demand indicators expected this week, Friday's CPO price direction will depend largely on the performance of overnight soyoil and crude oil markets. In the Malaysian cash market, palm oil products were steady, with some nearby covering interest from trading houses reported for RBD palmolein.

KLCE CPO Futures (22.09.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1408	1415	1427	1415	+18	1426	856
Oct '05	1419	1421	1432	1421	+11	1430	1694
Nov '05	1424	1428	1436	1424	+8	1432	3228



Domestic:

Palm oil

The domestic palm oil market today traded range bound amidst continued low retail demand increased uncertainty in the other edible oil markets.

In the month of September, till 22.09.05 the country has imported about 1.18 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 365.00 per tonne and RBD Palmolein at \$ 407.50 per tonne.

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

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

Centres	22.09.05	21.09.05	Change
Kandla CPO (5 % FFA)	324	322	+2
Mumbai CPO (5% FFA)	325	322	+3
Kandla RBD Palmolein	350	350	0
Mumbai RBD Palmolein	357	357	0
Chennai RBD Palmolein	352	354	-2
Kakinada RBD Palmolein	350	353	-3

Soy oil

The oil market declined significantly towards the end of the day in spite of the firm opening on reduced retail demand and increased speculative selling.

In the month of September, India has imported about 1.52 lakh tonnes of soybean oil till 22.09.05. The Hazir markets traded marginally lower amidst falling prices in the futures market and declining retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 324 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 510 per tonne.

The market is expected to open range bound and trade further lower as the day progresses on Friday amidst increased speculative selling. Sell with short-term outlook at the higher prices.

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

Centres	22.09.05	21.09.05	Change
Mumbai (Soy ref)	342	342	0
Indore (Soy Ref oil)	357	358	-1
Indore (Soy Solvent Ex. oil)	338	336	+2
Kota (Soy Ref. Oil)	361	362	-1
Jaipur (Soy Ref. Oil)	364	365	-1

NBOT Soy oil futures as on 22.09.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Oct '05	361.90	363.20	363.60	360.60	-0.30	361.60	32400
Nov '05	361.50	362.80	363.00	358.10	-2.20	359.30	1640
Dec '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 21.09.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Oct '05	364.90	364.00	364.90	362.00	362.25	10830	23850
Nov '05	364.75	364.00	364.40	361.10	361.55	7780	24810
Dec '05	364.75	364.75	365.00	362.50	363.95	600	410

Rape oil

The rape oil prices continued further lower amidst growing uncertainty in the edible oil markets and lack of retail demand.

Today the mustard arrival was 0.10 lakh bags in Rajasthan. The rapeseed exchange market of Delhi, Hissar, Hapur and the Bikaner continued on the negative side amidst low support in retail demand.

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

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

Centres	22.09.05	21.09.05	Change
Mumbai (Rape Expeller Oil)	395	395	0
Kota (Rape Expeller Oil)	375	377	-2
Jaipur (Rape Expeller Oil)	376	378	-2
Neewai (Kacchi Ghani Rape Oil)	382	382	0
Delhi (Rape Expeller Oil)	395	394	-1

Groundnut oil

The groundnut market improved marginally in the southern markets amidst increased uncertainty in supplies in the edible oil markets. The lack of retail demand is still the major concerns for the unsteady of prices.

The sharp increase in the imports to about 2.82 lakh tonnes (till 22.09.2005) is pressuring the market and not allowing the price to improve significantly.

The domestic market is expected to continue trading range bound on Friday amidst low retail off take.

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

Centres	22.09.05	21.09.05	Change
Mumbai (Excluding VAT)	495	495	0
Rajkot	530	530	0
Andhra Region	500	512	-12
Chennai	508	515	-7

LATEST WEATHER WATCH (22.09.2005)

Weather Forecast

During past 24 hours, fairly widespread rains with heavy to very heavy rainfall at a few places have occurred over Konkan & Goa, Madhya Maharashtra, Gujarat region and north Karnataka. Scattered light to moderate rainfall have also occurred over northeastern States and Sub-Himalayan West Bengal & Sikkim, Orissa, Himachal Pradesh, Uttaranchal, Haryana, Madhya Pradesh, Marathwada and Vidarbha. Chief amounts of rainfall recorded (in cms) are: Panjim-17, Mahabaleshwar-17, Dhanu-15, Nasik-11, Belgaum, Bhira and Ambala-9 each, Mumbai-8, Aurangabad-4 and Ratnagiri-3.

Yesterday's depression over Vidarbha close to Buldana moved west northwestwards and lay near Lat. 21.0° N/ Long. 76.0 °E close to Jalgaon in north Madhya Maharashtra at 1730 hours IST of 21 September 2005. It has now weakened into a well marked low pressure area and lies over north Madhya Maharashtra and neighbourhood. The associated upper air cyclonic circulation extends upto mid-tropospheric levels tilting southwestwards with height. The system is likely to move north-northwestwards for another 24 hours and then may move north-northeastwards. Under its influence widespread rainfall with heavy to very heavy falls at a few places is likely over Konkan & Goa, Madhya Maharashtra and south Gujarat during next two days. Subsequently the rainfall activity likely to increase over north Gujarat, West Madhya Pradesh and east Rajasthan.

The trough in lower tropospheric levels from centre of above system now runs upto Bihar. It is likely to cause scattered rain over east and northeast parts of the country.

A western disturbance as an upper air system lies over north Pakistan and neighbourhood. Under its influence scattered to fairly widespread rains are likely over Western Himalayan region and adjoining Plains during next 2-3 days.

Forecast Valid For Next 72 Hours

NORTH: Rain/thundershowers likely at many places over Himachal Pradesh and at a few places in the rest region outside Uttar Pradesh where it may be isolated during next 24 hours. Increase in rainfall is likely over the region from 23rd.

SOUTH: Rain/thundershowers likely at many places over Himachal Pradesh and at a few places in the rest region outside Uttar Pradesh where it may be isolated during next 24 hours. Increase in rainfall is likely over the region from 23rd.

WEST: Rain/thundershowers likely at most places over Konkan & Goa, north Madhya Maharashtra and south Gujarat; at many places over south Madhya Maharashtra, north Gujarat and West Madhya Pradesh and at a few places over the rest region outside West Rajasthan where it may be isolated. Increase is likely over West Madhya Pradesh and East Rajasthan; and decrease over south Madhya Maharashtra after 24 hours.

Warning

Heavy to very heavy rainfall likely at a few places over Konkan & Goa, north Madhya Maharashtra and Gujarat Region. Isolated heavy rainfall also likely over Saurashtra & Kutch, south Madhya Maharashtra, and Coastal Karnataka. Isolated very heavy rainfall also likely over Western Himalayan region from 23rd onwards.

Outlook For The Next Two Days

Increase in rainfall is likely over Northwest India and Gangetic plains.

Rainfall activity over Maharashtra, Gujarat and Karnataka is likely to decrease.

PORT-WATCH (Latest)

Delivery of 1,855 MT of palm oil is continuing at Chennai Port from the vessel 'Mega Crown'. Seaport agents is handling the vessel. Chennai Port is expecting 'Ace I' to deliver 5,998 MT of CPO. Interocean agents will be handling the vessel. 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.

'Spring Wind' from Dumai has berthed at Mumbai Port and continues to discharge 2,505 MT of palm oil. Interocean agents is handling the vessel.

Delivery of 22,500 MT of SBO is continuing from the vessel 'Integrity' at Kandla Port. The cargo was loaded from Brazil. Interocean agents is handling the vessel. Delivery of 4,750 MT of CPO is expected at Kandla Port from the vessel 'Spring Wind'. The cargo was loaded from Dumai. The vessel will be handled by Interocean agents. 'Global Eos' from Malaysia is expected at the port to discharge 5,500 MT of CPO. Forbes Gokak agents will be handling the vessel.

JN Port is expecting 'Storm' to deliver 6,000 MT of SBO.

New Mangalore Port is expecting 'Bumik' to discharge 6,500 MT of CPO. The vessel will be handled by Interocean agents.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Integrity	22500	SBO	Arrived
	Spring Wind	4750	SBO	Expected
	Global Eos	5500	CPO	Expected
Mumbai	Spring Wind	2505	Palm oil	Arrived
JN	Storm	6000	Palm oil	Expected
Chennai	Ace I	6000	CPO	Expected
	Chem Botima	6000	Palm oil	Expected
	Mega Crown	1855	Palm oil	Arrived
New Mangalore	Bumik	6500	CPO	Expected

Forex Rates

(As on 22.09.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.90
Malaysia	Ringgit	11.66
European Union	Euro	53.62
United Kingdom	GBP	79.43
Japan	100 Yen	39.38

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