

## VEGOIL

16<sup>th</sup> September 2005

### MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Continued Lower on Improving Crop Weather
- South American Soybean Declined Marginally on Uncertain Production Prospects in Brazil
- Crude Palm Oil Futures Improved on Expectation of Increased Demand from India
- Soybean Oil Prices Lowered Further on Reduction Of Tariff Duty

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term  
NCDEX October Contract

The October contract closed at 364.90, which is significantly lower from yesterday's close. Market opened range bound, traded steady for the first half of the trade but declined sharply in the second half amidst reduction of Tariff Duty on import of soybean and palm oil.

The 7-day MA progressed 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 improved marginally to -1.525 (pointing upward) indicating the unsteadiness in the prices. The 9-day RSI, on the other hand continued lower in the neutral region to a level of 33.88 supporting the declining sentiments in the market prices.

The % K-line dipped lower in the neutral region hinting to the steadiness while the % D-Line continued upward indicating the unsteadiness in the prices.

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

#### Market advice:

Market is expected to open weak and continue lower for Saturday 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	363.50	362.10	365.40	366.40
NCDEX	Oct' '05	364.20	363.40	366.20	367.60

#### Abbreviations:

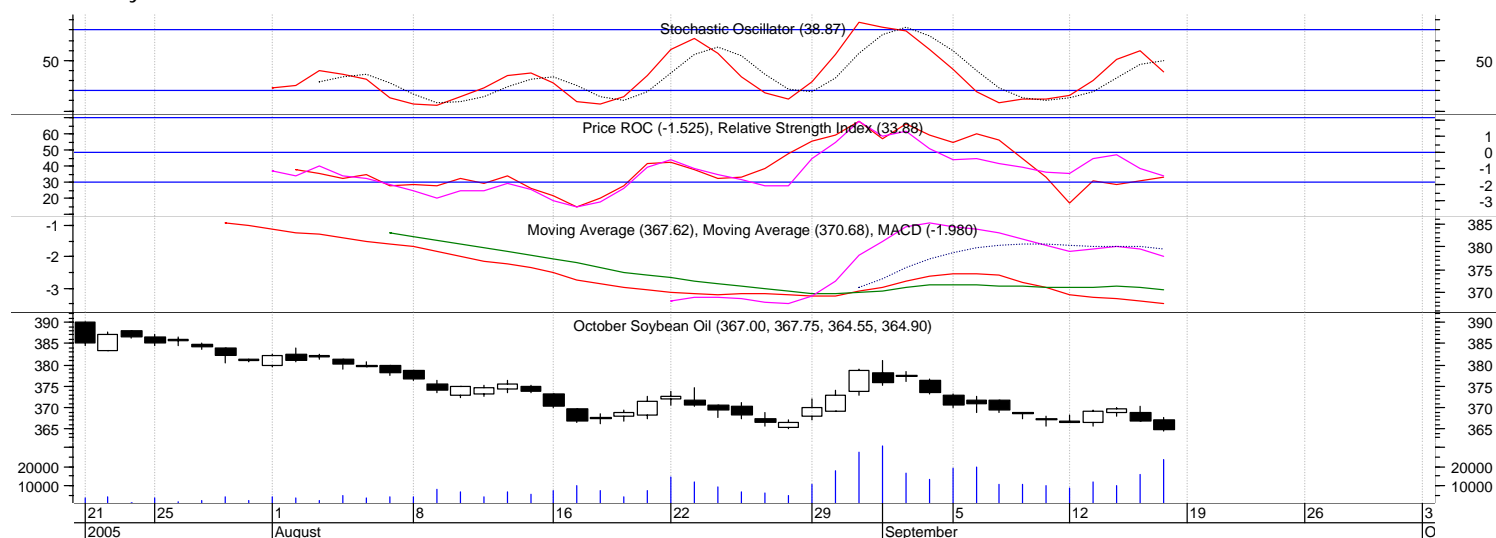
ROC - Rate of Change

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):

Talk of better than expected yields and slow export movement at the gulf helped pressure the market early in the session. Fund selling was active which kept the tone bearish into late in the day.

Traders are nervous that the cash selling will increase with the harvest progressing and the slow movement to the gulf will clog up the export pipeline.

For the weekly export sales report, released before the opening, soybean exports came in at 595,300 tonnes from 450,000-650,000 tonnes expected. Of the total, 152,000 tonnes was to unknown destination. Meal sales were 72,400 tonnes from expectations of 75,000-150,000 tonnes. Oil sales were 9100 tonnes from expectations at 2,000-8,000 tonnes.

Continuous improvement in the crop weather has increased the prospects of US soybean crop.

#### CBOT Soy oil futures as 15.09.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.17	22.10	22.25	0.00	-0.04	22.13
5-Oct	22.41	22.32	22.49	22.17	-0.06	22.35
5-Dec	22.60	22.63	22.68	22.32	-0.09	22.51
5-Jan	22.77	22.80	22.80	22.55	-0.12	22.65

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Market

The Brazil market should be able to benefit from crossover business to importers who are frustrated with the slow movement from New Orleans, however, there is still very slow producer selling from Brazil and no evidence that buyers have switched origin.

The export pipeline is clogged enough to keep demand slow and while there is progress at the gulf in restoring grain flow, the progress may not be fast enough to offset the increased flow of grain from harvest. South Korea bought 46,000 tonnes of meal from South America overnight. While the port of New Orleans opened for business yesterday, operations this week are at 10-20% of a normal pace.

China imported 2.78 million tonnes of soybeans in August with brought cumulative imports for the January to August period to 17.65 million tonnes, up 41.2% from last year. Cumulative soyoil imports are down 36.8% from last year but palm oil imports are running 20% over last year as the price discount to soyoil has helped entice better demand.

The South American market is expected to open and trade slightly lower amidst increased uncertainty in the Brazilian soybean production.

#### KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended slightly higher in active trade Friday, but the benchmark contract still failed to break a key resistance level.

Although prices have been generally firm this week, momentum hasn't been strong, as participants still generally lack conviction about the sustainability of any uptrend. Uncertainty about the longer-term outlook for global edible oil prices and an absence of major bullish developments continue to encourage participants to sell at higher levels.

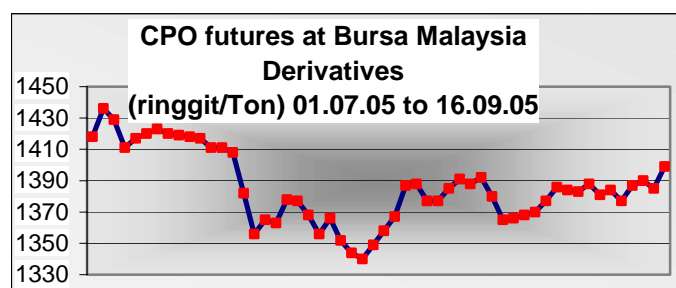
The market drew support from rumors that India was planning to reduce base prices on edible oil imports, a move that could help boost demand for palm oil products.

Soy oil's base price in India was reduced by around 10% to \$506/ton. The base price for CPO was cut by around 6% to \$397/ton, and for RBD palmolein by about 3% to \$427/ton. Malaysia mainly exports RBD palmolein compared with Indonesia, which is the major exporter of CPO to India.

In the Malaysian cash market, palm oil products were offered higher, following the gains in CPO futures.

#### KLCE CPO Futures (16.09.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1374	1371	1382	1369	+6	1380	956
Oct '05	1385	1384	1395	1380	+5	1390	1648
Nov '05	1391	1390	1404	1387	+8	1399	3617



### Domestic:

#### Palm oil

The domestic palm oil market continued range bound on the lower side amidst prolonged low retail demand and lowering of tariff duty.

In the month of September, till 16.09.05 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 Saturday amidst increased rainfall activity in most parts of the country and lower retail demand.

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

Centres	16.09.05	15.09.05	Change
Kandla CPO (5 % FFA)	325	326	-1
Mumbai CPO (5% FFA)	325	327	-2
Kandla RBD Palmolein	355	356	-1
Mumbai RBD Palmolein	362	364	-2
Chennai RBD Palmolein	355	356	-1
Kakinada RBD Palmolein	355	355	0

#### Soy oil

Bears are clearly having a firm grip on the soybean oil trade, as the overall situation in the market is very indecisive amidst lack of retail demand support and increased supply from imports. The reduction in the Import tariff is also one of the causes resulting in the downward trend in the prices.

In the month of September, India has imported about 1.42 lakh tonnes of soybean oil till 16.09.05. 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 331 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 Saturday amidst increased speculative selling. Sell with short-term outlook.

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

Centres	16.09.05	15.09.05	Change
Mumbai (Soy ref)	346	347	-1
Indore (Soy Ref oil)	362	364	-2
Indore (Soy Solvent Ex. oil)	341	342	-1
Kota (Soy Ref. Oil)	365	368	-3
Jaipur (Soy Ref. Oil)	370	372	-2

#### NBOT Soy oil futures as on 16.09.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	362.20	N.A	N.A	N.A	0.00	N.A	N.A
Oct '05	367.10	366.20	367.10	363.80	-2.00	365.10	40280
Nov '05	366.80	N.A	364.70	N.A	-2.10	364.70	N.A

#### NCDEX Soy oil futures as on 15.09.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Sep'05	365.15	365.50	365.70	362.85	363.15	5360	10250
Oct '05	369.75	369.00	370.40	366.75	366.95	16010	25480
Dec '05	369.85	369.70	370.45	366.55	366.90	12880	18310

#### Rape oil

The rape oil prices improved marginally amidst increased uncertainty and low retail supply of rapeseed in the domestic market.

Today the mustard arrival was 0.15 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 rapeseed exchange market of Delhi, Hissar, Hapur and the Bikaner traded marginally lower amidst declining support in retail demand.

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

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

Centres	16.09.05	15.09.05	Change
Mumbai (Rape Expeller Oil)	395	395	0
Kota (Rape Expeller Oil)	376	377	-1
Jaipur (Rape Expeller Oil)	378	378	0
Neewai (Kacchi Ghani Rape Oil)	384	386	-2
Delhi (Rape Expeller Oil)	394	396	-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 2.10 lakh tonnes (till 16.09.2005) 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 Saturday amidst increased rains expected in the near days.

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

Centres	16.09.05	15.09.05	Change
Mumbai (Excluding VAT)	515	505	+10
Rajkot	545	528	+17
Andhra Region	505	505	0
Chennai	514	512	+2

#### LATEST WEATHER WATCH (16.09.2005)

##### Weather Forecast

During past 24 hours, fairly widespread rainfall with heavy to very heavy rainfall have occurred over Uttar Pradesh and West Madhya Pradesh. Scattered light to moderate rainfall have also occurred over Orissa, Bihar, Jharkhand, Gujarat, Konkan & Goa, Coastal Karnataka and parts of Tamil Nadu. Chief amounts of rainfall recorded (in cms) are: Lucknow-13, Bareilly-9, Jhalawar-9, Deesa-8, Imphal-7 and Delhi (Safdarjung)-2.

Yesterday's depression over northeast Arabian Sea has now weakened into a well marked low pressure area at 0830 hours IST of 16th and lies over the same area. The system is likely to move in a northerly direction.

The well marked low pressure area over northwest Madhya Pradesh and adjoining southwest Uttar Pradesh has re-intensified into a depression and now lies today at 0830 hours IST over southwest Uttar Pradesh with its center closed to Agra. The system is likely to move in a north- north northwesterly direction and weaken gradually.

Under the influence of above systems, fairly widespread rains with heavy to very heavy falls are likely over entire northwest India, Uttar Pradesh, Gujarat and Konkan & Goa.

Under the influence of upper air circulation, a low pressure area has formed over East Central Bay of Bengal. Associated cyclonic circulation extends upto mid-tropospheric levels. System is likely become more marked and moves in west-northwesterly direction and may cause heavy to very heavy rainfall over Orissa and Coastal Andhra Pradesh after 18th.

##### Forecast Valid For Next 72 Hours

**NORTH:** Rain/thundershowers likely at most places over Haryana including Delhi & Chandigarh, Uttar Pradesh and Uttaranchal and many places in the rest region outside Jammu & Kashmir where it may be at a few places.

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

**WEST:** Rain/thundershowers likely at many places over Gujarat, Konkan & Goa, northwest Madhya Pradesh and Rajasthan and at a few places over the rest region.

## Warning

Heavy to very heavy rainfall likely at a few places over Himachal Pradesh, Uttaranchal, Haryana included Delhi & Chandigarh and West Uttar Pradesh. Isolated heavy rain also likely over Rajasthan, East Uttar Pradesh, Punjab, Gujarat, Konkan & Goa and Andaman & Nicobar Islands.

## 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 9,500 MT of CPO is continuing at Kandla Port from the vessel 'Marine Pioneer'. The cargo was loaded from Indonesia. The vessel is being handled by Interocean agents. 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.

JN Port is receiving 13,000 MT of SBO from the vessel 'Bow Maastroom'. The vessel is being handled by Interocean agents.

'Spring Glory' has berthed at Chennai Port and continues to deliver 6,004 MT of palm oil. James Mackintosh 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.

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

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

Kakinada Port is receiving 5,000 MT of SBO from the vessel 'Stolt Guardian'. 'MMM Jackson' delivered 6,000 MT of CPO at Kakinada Port and sailed off.

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.

## Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Integrity	22500	SBO	Expected
	Marine Pioneer	9500	CPO	Arrived
Kolkata	L Star	6000	CPO	Arrived
	Isokage	10196	CPO	Arrived
Kakinada	MMM Jackson	6000	CPO	Arrived
	Stolt Guardian	5000	SBO	Arrived
Mundra	Gemini	10257	CPO	Expected
Cochin	MMM Kingston	3000	Palm oil	Expected
JN	Bow Maastroom	13000	SBO	Arrived
New Mangalore	Global Venus	8550	CPO	Arrived
Chennai	Spring Glory	6000	CPO	Arrived
	Ace I	6000	CPO	Expected
	Chem Botima	6000	Palm oil	Expected

## Forex Rates

(As on 16.09.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.87
Malaysia	Ringgit	11.65
European Union	Euro	53.91
United Kingdom	GBP	79.44
Japan	100 Yen	39.37

## Disclaimer

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