

## VEGOIL

6<sup>th</sup> October 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Crude Palm Oil Futures End Up
- Soyoil prices Slightly High

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term  
NCDEX October Contract

1. MACD is still in negative territory though it is above its signal line. The MACD is bullish though it may give clearer signals of divergence in a few days.

2. The stochastic oscillator is dipping sharply in neutral territory and the %K line has made a strong bearish crossover of the %D line. The stochastics has also dipped below the trendline of higher lows that it has been making recently. Weakness is indicated.

3. The price line is now well below both the 9-day and 18-day exponential moving averages. Both these EMAs will act as resistances (365.05 and 365.7).

Prices that were trapped in the tapering wedge between the stronger long term resistance trend line and the weaker short term support trend line dipped below the support line. Though the price closed above the support trend line, it now appears that the support trend line is less likely to withstand the downward price movement.

#### Market advice:

Prices are most likely to fall in the coming days. Better to trade on the short side by selling into technical rallies.

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

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NCDEX	Oct' '05	362.6	361.0	365.3	366.4

#### 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 Soy Futures Settle Mostly Higher

Soy futures at Chicago Board of Trade settled higher in tandem with increase in energy prices. November soybean futures settled up 1 cent at \$5.635 and January up 0.75 cents at \$5.75 per bushel. December soymeal future settled off \$0.6 at \$166.1 and December soyoil up 16 points at 24.16 cents per pound. Increase in energy prices triggered speculative buying in soyoil again in the early session. However, concerns over SND helped limiting the gains. Yield this year is expected to remain good owing to favorable weather through the season in all the soy growing belts. Weather is perfect for crop harvest in United State. Lull on export front also had negative impact on the market. Chinese markets are closed for national holidays. In news, Statistics Canada raised their estimate for canola production to 8.447 million ton, up against 7.728 million ton last year. Traders are expecting weekly export sale of US soybean to come in the range of 5-7 lakh ton against 675,900 ton last week. USDA will release its weekly export report on Thursday morning. Export sale of Soymeal is expected between 75,000-115,000 ton and soyoil to come between 5,000 -15,000 ton.

#### CBOT Soy oil futures as 06.10.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Oct	23.80	23.85	24.31	23.85	0.05	23.85
5-Dec	24.00	24.12	24.53	24.12	0.16	24.16
6-Jan	24.24	24.35	24.73	24.30	0.16	24.40
6-Mar	24.30	24.39	24.85	24.38	0.16	24.48

CBOT remains closed on Saturday and Sunday.

#### South America Soybean Ends Down

South American soybean closed lower on Wednesday. November soybean closed off 20 cents at \$6.32 per bushel. Concern over big size of US crop was the major ruling factor. United State is going to harvest more than 77 million ton of soybean this year. Demand for the Brazilian soy is low. Crushing in Brazilian plants has gone down. Traders are expecting that the USDA will raise its estimates for Soybean production in United State in its forthcoming report on October 12th. Weather in Brazil will be the key price-deriving factor in the coming weeks. Planting of soybean is in the progress. Recent rains are believed to have replenished required moisture to the soil in Brazil. Supportive feature now only is hopes for likely increase in soyoil demand for bio-fuel. As of now, soy prices are getting down following old adage, 'Buy the rumor and sell the fact'.

#### BMD Crude Palm Oil Futures End Up

Crude Palm oil futures at Bursa Malaysia Derivatives settled higher on fresh bout of buying from the regional trade houses. Benchmark December future settled up MYR15 at MYR1482 per

ton. Overnight firm closing of soyoil futures at Chicago Board of Trade also helped improving sentiments in the markets. Soy prices are firming up in US on hopes of likely increase in its consumption for bio-fuel as a consequence of rising prices of crude oil. Traders are expecting that prices of Malaysian palm oil be set to rise for lean season ahead. Production of palm oil traditionally declines during November to February. Status of demand in the international market will be cleared on Monday. Cargo surveyor, SGS will be releasing its export of Malaysian Palm oil in first 10 days of October on Monday. Also, Malaysian Palm oil Board will be releasing its SND estimates for Malaysian Palm oil on Monday.

#### KLCE CPO Futures (06.10.05) (In Ringgit /Ton)

Months	Previous	Open	High	Low	Change	Close
Oct '05	1461	1464	1479	1464	20	1479
Nov '05	1462	1465	1479	1465	17	1479
Dec '05	1467	1468	1483	1465	15	1482

BMD remain closed on Saturday and Sunday.

### Domestic:

#### Palm oil

The market sentiment of palm oil is likely unchanged. The CPO prices were increasing from past one month under impression of the concept of bio-diesel, but it is on paper yet. The prices of palmoil were expected to go down earlier but it is maintained only due to revive the concept of biofuel and increasing demand of oils in festivals like Navratri, Diwali and Ramzan.

FOB prices of CPO (Oct) were quoted at \$ 380 per tonne and RBD Palmolein at \$ 417.50 per tonne.

Sentiment of palm oil markets is likely unchanged.

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

Centres	06.10.05	05.10.05	Change
Kandla CPO (5 % FFA)	330	330	0
Kandla RBD Palmolein	359	360	-1
Mumbai RBD Palmolein	367	369	-2
Chennai RBD Palmolein	368	366	+2
Kakinada RBD Palmolein	375	375	0

#### New Tariff Values

S.No	Description of goods	Tariff value US\$ (Per Metric Tonne)
1	Crude Palm Oil	402
2	RBD Palm Oil	420
3	Others – Palm Oil	411
4	Crude Palmolein	418
5	RBD Palmolein	430
6	Others – Palmolein	424
7	Crude Soyabean Oil	508

#### Soy oil

The market sentiment of soyoil is continued slightly low. United State is going to harvest more than 77 million ton of soybean this year. The prices of soy oil is slightly down due to more arrival of

soybean M.P. it was 70,000 to 80,000 bags and 25,000-30,000 bags in Indore market.

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 \$ 510 per tonne.

The market of soy oil is expected bearish.

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

Centres	06.10.05	05.09.05	Change
Mumbai (Soy ref)	362	363	-1
Indore (Soy Ref oil)	362	365	-3
Indore (Soy Solvent Ex. oil)	339	344	-5
Kota (Soy Ref. Oil)	363	365	-2
Jaipur (Soy Ref. Oil)	368	370	-2

#### NBOT Soy oil futures as on 06.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Oct '05	363.40	362.80	363.90	362.90	+0.5	363.90	3170
Nov '05	363.70	363.00	364.80	362.50	+1.1	364.80	23370
Dec '05	N.A	N.A	N.A	N.A	0	N.A	N.A

#### NCDEX Soy oil futures as on 05.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Oct '05	365.60	365.00	366.65	363.55	364.35	5020	15980
Nov '05	364.80	364.45	365.70	363.25	364.45	9330	25330
Dec '05	365.65	365.75	367.50	364.40	365.35	2350	7640

#### Rape/Mustard oil

A market sentiment for rape/mustard oil is marginally low. The price of palm oil and soyoil is cheaper as compared to mustard oil. Due to this consumers are switching towards palm and soy oil from mustard oil. The arrival at shri ganganagar market was 250-300 bags. According to the traders, private stockist has possess the 15 lakh ton and NAFED has the stock of 20 lakhs tonne of mustard seeds. Prices are not going up due to huge stock of mustard oil.

The market sentiment is expected to bearish due to such huge stock of mustard seed.

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

Centres	06.10.05	05.09.05	Change
Mumbai (Rape Expeller Oil)	392	393	-1
Kota (Rape Expeller Oil)	375	375	0
Jaipur (Rape Expeller Oil)	382	380	+2
Neewai (Kacchi Ghani Rape Oil)	392	394	-2
Delhi (Rape Expeller Oil)	400	-	-

#### Groundnut oil

The market a sentiment of groundnut oil is continues moderately high. The arrival of groundnut is decreased due to little rain in

Gujarat. According to traders, the arrival of groundnut will increase in the next week, aftermath there is possibility to decrease the prices of groundnut. According to the traders the prices of groundnut is slightly high only for very short period.

The market sentiment of groundnut is expected to bearish.

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

Centres	06.10.05	05.09.05	Change
Mumbai (Normal)	502	502	0
Mumbai (Good Quality)	535	520	+15
Rajkot	520	511	+9
Andhra Region	525	520	+5
Chennai	449	449	0

#### LATEST WEATHER WATCH (06.10.2005)

##### Weather Forecast

Southwest monsoon has further withdrawn from many parts of Bihar & Jharkhand, some more parts of Chhattisgarh, parts of north Orissa & north Maharashtra and remaining parts of Madhya Pradesh & Gujarat. The withdrawal line passes through Forebaseganj, Dumka, Jamshedpur, Jharsugudha, Raipur, Wardha, Buldana, Nasik, 20° N/73° E and 20° N/60° E.

The upper air cyclonic circulation over Sub- Himalayan West Bengal & Sikkim extending upto 2.1 km a.s.l. persists. Under its influence fairly widespread rainfall with isolated heavy falls is likely over Sub-Himalayan West Bengal & Sikkim during next 24 hours.

The upper air cyclonic circulation over southwest Bay of Bengal persists and now extends upto middle tropospheric levels.

The other upper air cyclonic circulation over southeast Arabian Sea and neighbourhood extending between 1.5 and 4.5 km a.s.l. has become less marked.

#### Forecast valid for next 72 hours

**NORTH:** Isolated rain/thundershowers likely over East Uttar Pradesh. Mainly dry weather likely in the rest region.

**EAST:** Rain/thundershowers likely at many places over Sub-Himalayan West Bengal & Sikkim and isolated over the rest region outside Jharkhand, East Madhya Pradesh and Chhattisgarh where weather may be mainly dry.

**SOUTH:** Rain/thundershowers likely at a few places over Andaman & Nicobar Islands; Tamil Nadu & Pondicherry and isolated in the rest region outside Telangana and north Interior Karnataka where weather may be mainly dry.

**WEST:** Isolated rain/thundershowers likely over Konkan & Goa and Madhya Maharashtra. Mainly dry weather is likely in the rest region.

#### Warning

Isolated heavy rainfall likely over Sub-Himalayan West Bengal & Sikkim.

#### Outlook for subsequent two days based on NCMRWF and other numerical weather products :

1. Increase in rainfall activity is likely over south peninsula.
2. Dry weather conditions likely to continue over northwest & central India.

### PORT-WATCH (Latest) :

Delivery of 20,000 MT of SBO is continuing from the vessel 'Florida' at Kandla Port. The cargo was loaded from Argentina. Interocean agents is handling the vessel. The port is receiving 10,000 MT of CPO from the vessel 'Southern Unicorn'. The cargo was loaded from Dumai. Atlantic agents is handling the vessel. The port is expecting 'Florida' from Brazil to deliver 20,000 MT of SBO. Another vessel, 'Cretec' from Argentina is expected at the port to deliver 19,750 MT of SBO. These vessels will be handled by Interocean agents.

'Ocean Ace' has berthed at Kolkata Port and continues to discharge 3,875 MT of CPO. Atlantic agents is handling the vessel. 'MMM Jackson' delivered 6,000 MT of CPO at the port and sailed off. Seaport agents handled the vessel.

Kakinada Port is receiving 6,000 MT of CPO from the vessel 'L Star'.

Delivery of 6,000 MT of CPO is continuing at New Mangalore Port from the vessel 'Ace I'. The vessel is being handled by Interocean agents.

### Forex Rates (As on 06.10.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.23
Malaysia	Ringgit	11.72
European Union	Euro	53.58
United Kingdom	GBP	78.38
Japan	100 Yen	38.92

### Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Cretec	19750	SBO	Expected
	Florida	20000	SBO	Arrived
	Florida	20000	SBO	Expected
	Southern Unicorn	10000	CPO	Arrived
Kolkata	MMM Jackson	6000	CPO	Arrived
	Stlot Guardian	21000	SBO	Expected
	Ocean Ace	3875	CPO	Arrived
New Mangalore	Ace I	6000	CPO	Arrived
Kakinada	Spring Glory	7000	CPO	Expected
	L Star	6000	CPO	Arrived
Tuticorin	Khadijah	6300	Palm oil	Expected

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