

VEGOIL

7th October 2005

MAJOR ACTIVITY HIGHLIGHTS

- Crude Palm Oil Futures End Down
- Soyoil Future End Mixed

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX October Contract

1. The MACD is in negative territory and though it is above its signal line, it is beginning to dip lower. Indications are inconclusive to slightly bearish short term.

2. The stochastic oscillator continues to dip sharply in neutral territory indicating strong short term weakness. The negative divergence appears to have correctly predicted the current weakness in prices. Further short term weakness is expected.

3. The price line is moving further below both the 9-day and 18-day exponential moving averages (EMAs). Both these EMAs will act as resistances (currently at 364.7 and 365.3). Weakness is expected.

Prices have finally broken below the short-term support trend line and it appears that the resistance trend line has won the battle (Note the wedge in the chart). Further short term weakness is expected. The longer term support trend line (dotted line) should provide stronger support, but it lies well below current prices.

Market advice:

Prices are likely to continue falling in the coming days. Continue to remain short.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NCDEX	Oct' '05	362.30	361.60	364.50	365.95

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 End Mixed

Soy futures at Chicago Board of Trade settled mixed on Thursday. November soybean future settled up 0.75 cents at \$5.6425 and January up 1.5 cents at \$5.765 per bushel. December soybean future settled up \$1.2 at \$167.3 per ton. December soybean future settled off 12 points at 24.04 cents per pound. Expectation of bearish crop figures to be released by US Department of Agriculture next week weighed on values. Ease in energy prices also weighed on values. Weekly export sale came close to lower range of trade expectations. The United States Department of Agriculture estimated the weekly export sale of US soybean at 541,200 ton against earlier expectations of 5-7 lakh ton. Weekly export sale of soybean was estimated at 1.15 lakh ton against earlier expectations of 0.75-1.15 lakh ton. USDA estimated weekly export sale of US soybean at 7700 ton against 5000-15000 ton.

CBOT Soy oil futures as 06.10.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Oct	23.85	23.40	24.22	23.52	-0.03	23.82
5-Dec	24.16	23.93	24.43	23.75	-0.12	24.04
6-Jan	24.40	24.12	24.68	23.90	-0.12	24.28
6-Mar	24.48	24.17	24.79	24.08	-0.08	24.40

CBOT remains closed on Saturday and Sunday.

South American Soybean End Marginally Up

November South American soybean settled up 0.5 cents at \$6.325 per bushel. Tight supply in the South American market has been blamed for increase in its prices. Last year stock is low. Focus of market is turning to weather situation and planting perspectives in Brazil. Planting of soybean has already been started. Traders are expecting decline in its acreage owing to lack of funds for crop input. There were unconfirmed reports from the overseas that Indonesia might restrict export of palm oil to ensure sufficient supply during the festivity. Rumor although has no official backup, but helped boosting the market.

BMD Crude Palm oil Futures Settle Lower Ahead of MPOB Crop Data

Crude Palm oil Futures settled lower ahead of release of key SND data due on Monday. Benchmark December future settled off MYR16 at MYR1465 per ton. Cargo Surveyor SGS will be releasing its estimates for MPO export during first 10 days of October on Monday. Traders are expecting export figures to come close to 4 lakh ton, up against 3.76-3.92 lakh ton exported during the corresponding period last month. However, traders are not expecting any support from the SND data to be released by Malaysian Palm Oil Board on the Same day. Traders are expecting MPOB to raise its estimates of MPO production by 5-7% against last month's production of 1.36 million ton, which eventually will result in higher stocks. Traders are expecting carry-over stock to increase to 1.40-1.45 million ton compared to 1.33 million ton at the end of August.

KLCE CPO Futures (07.10.05) (In Ringgit /Ton)

Months	Previous	Open	High	Low	Change	Close
Oct '05	1476	1477	1479	1465	-11	1465
Nov '05	1479	1480	1480	1465	-14	1465
Dec '05	1482	1479	1484	1465	-16	1466

BMD remain closed on Saturday and Sunday.

Domestic:

Palm oil

The market sentiment of palm oil is marginally low. The prices of palm oil were expected to go down earlier but it is maintained only due to revive the concept of biofuel. According to traders, there is no expectation of increase in price due to huge stock of palm oil with stockists and availability of vanaspati oil at low price. Vanaspati oil comes from Sri Lanka and Nepal at very low prices. There is extensive use of vanaspati oil in local hotels, dhaba, sweet making, marriage party and any big functions.

FOB prices of CPO (Oct) were quoted at \$ 382.50 per tonne and RBD Palmolein at \$ 417.50 per tonne.

The market sentiment of palm oil is expected to bearish.

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

Centres	07.10.05	06.10.05	Change
Kandla CPO (5 % FFA)	330	330	0
Kandla RBD Palmolein	359	359	0
Mumbai RBD Palmolein	367	367	0
Chennai RBD Palmolein	366	368	-2
Kakinada RBD Palmolein	374	375	-1

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 prices of soybean are mixed at spot market. Expectation of bearish crop figures to be released by US Department of Agriculture next week weighed on values. There is no major demand of soybean in the market. There is low crushing of soybean only because the stockist is using old stock of soybean. According to local traders, there is no possibility to hike the soy oil prices due to enough stock with private stockist.

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 \$ 517 per tonne.

The market sentiment of soy oil is expected bearish due to more stock of soybean with private stockist.

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

Centres	07.10.05	06.09.05	Change
Mumbai (Soy ref)	361	362	-1
Indore (Soy Ref oil)	363	362	+1
Indore (Soy Solvent Ex. oil)	337	339	-2
Kota (Soy Ref. Oil)	364	363	+1
Jaipur (Soy Ref. Oil)	368	368	0

NBOT Soy oil futures as on 07.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Oct '05	363.70	363.00	363.20	362.30	-0.9	362.80	2740
Nov '05	364.60	363.50	364.40	363.20	-1.0	363.60	18220
Dec '05	N.A	N.A	N.A	N.A	0	N.A	N.A

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

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Oct '05	364.35	364.15	364.75	362.05	364.50	3740	15510
Nov '05	364.45	364.15	365.35	363.00	363.15	8700	25210
Dec '05	365.35	365.50	366.45	364.5	366.30	2900	7280

Rape/Mustard oil

A market sentiment for mustard oil is slightly low. The arrival of mustard seeds at shri ganganagar market is 300-400 bags and rate of mustard seed was Rs. 1500/qrt. The arrival of muasrad seeds at Neewai market was 1000 bags and rate of mustard seed was Rs. 1600-1690 per quintal at Neewai market. The price of mustard oil is remain unchanged and no more demand for mustard oil is expected due to availability of other vegetable oil at low prices in the market like soy oil and palm oil etc.

The market sentiment is expected to bearish due to huge stock of mustard seed with NAFED and private stockist.

Spot Market Price (Rs. per 10 kg)

Centres	07.10.05	06.09.05	Change
Mumbai (Rape Expeller Oil)	390	392	-2
Kota (Rape Expeller Oil)	374	375	-1
Jaipur (Rape Expeller Oil)	381	382	-1
Delhi (Rape Expeller Oil)	400	400	0
Neewai (Kacchi Ghani Rape Oil)	392	392	0

Groundnut oil

The market sentiment of groundnut oil is mixed. The arrival of groundnut is 18000-20000 bags in Gujarat. According to traders, the arrival of groundnut will increase in the next 8-10 days. The price of groundnut oil in Rajkot market is slightly high while in Mumbai and Andhra region the price is unchanged. At present

the groundnut seeds is not fit for crushing due to high moisture contents in seeds. It would be fit for crushing after one or two week, after that there is possibility to decrease in the groundnut oil prices.

The market sentiment of groundnut oil is expected to bearish.

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

Centres	07.10.05	06.09.05	Change
Mumbai (Normal)	502	502	0
Mumbai (Good Quality)	535	535	0
Rajkot	525	520	+5
Andhra Region	525	525	0
Chennai	498	500	-2

LATEST WEATHER WATCH (07.10.2005)

Weather Forecast

Southwest monsoon has further withdrawn from, some more parts of Chhattisgarh and Maharashtra. The withdrawal line passes through Forbesganj, Dumka, Jamshedpur, Jharsuguda, Chanderpur, Wardha, Nanded, Ahmednagar, Mumbai, 19° N/73° E and 19° N/60° E.

The upper air cyclonic circulation over Sub- Himalayan West Bengal & Sikkim has become less marked.

The upper air cyclonic circulation over southwest Bay of Bengal now lies over Tamil Nadu & neighbourhood and now extends upto 0.9 km a.s.l.

Another upper air cyclonic circulation has formed over southeast Bay of extending between 1.5 & 4.5 km a.s.l.

Under the influence of these systems scattered light to moderate rainfall is likely over south Peninsula during next 3 days.

Forecast valid for next 72 hours

NORTH: Mainly dry weather likely in the region.

EAST: Isolated rain/thundershowers likely over northeastern States, West Bengal & Sikkim and Orissa. Mainly dry weather in the rest region.

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

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

Warning;

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) :

Mundra Port is receiving 35,000 MT of SBO from the vessel 'Skawhegan'. Taurus agents is handling the vessel.

'Ocean Grace' has berthed at JN Port and is continuing to discharge 16,000 MT of SBO. Interocean agents is handling the vessel.

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. 'Golden Crane' is expected at the port to discharge 6,005 MT of CPO. The vessel will be handled by Patvolk agents.

'Cretec' from Argentina has berthed at the Kandla Port and continues to deliver 19,750 MT of SBO. The vessels is being 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.

Delivery of 12,000 MT of CPO is continuing at Kakkinada Port from the vessel 'Thressa II'. Kakinada Port is receiving 5,000 MT of CPO from the vessel 'Victory Prima'.

Forex Rates**(As on 07.10.2005)**

Country/ Continent	Currency	Value in Rupees
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USA	Dollar	44.30
Malaysia	Ringgit	11.76
European Union	Euro	53.66
United Kingdom	GBP	78.00
Japan	100 Yen	38.97

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	Ocean Ace 1	3875	CPO	Arrived
New Mangalore	Ace I	6000	CPO	Arrived
	Golden Crane	6005	CPO	Expected
Kakinada	Thressa II	12000	CPO	Arrived
	Victory Prima	5000	CPO	Arrived
Kandla	Cretee	19750	SBO	Arrived
JN	Ocean Grace	16000	SBO	Arrived
Mundra	Skawhegan	3500	SBO	Arrived

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