

VEGOIL

20th October 2005

MAJOR ACTIVITY HIGHLIGHTS

- Crude Palm Oil Futures Settle Down
- Soyil Future Settle Mixed

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX October Contract

Technical Analysis for November Contract:

1. The MACD continues upwards above its signal line and is nearing positive territory. A crossover into positive territory will confirm the current medium term bullishness.

2. The stochastics oscillator is dipping down in neutral territory and the %K line is moving well below the %D line. Short term will see some more weakness.

3. The price closed above the 9-day and 18-day EMA. The 9-day and 18-day EMAs are at 365.6 and 365.2 respectively for November contract and will give some support. Medium term outlook is still bullish.

The medium term trend is still upwards, though short term weakness may be seen tomorrow.

Market advice:

Due to short term weakness within the medium term bullishness, use the intraday dips to get long positions at around 364.5 levels (November contract) with a target of 368+ in 3-4 days.

Resistance & Support Levels (Most Active Contract)

| Contract | Contract | Support | | Resistance | |
|----------|----------|---------|-------|------------|-------|
| | | 1st | 2nd | 1st | 2nd |
| NCDEX | Nov'05 | 365.0 | 364.1 | 367.3 | 368.8 |

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 mixed

CBOT November Soybeans future at Chicago Board of Trade settled up on Wednesday 4.75cent at \$ 5.892 per bushel, 1.2 cent off the high and 6.2 up from the low and January Soybeans settled up 5 cent at \$ 6.016 per bushel, 6 .6 cent up from the low and 0.8 cent off the high. December Soybean future settled up \$ 1.2 at \$ 172.2 per tonnes, \$ 0.9 up from the low and \$ 0.8 off the high. December Soybean oil future settled down 0.13 cent at 24.31 per pound, 0.25 cent off the high and 0.8 cent up from the low. This has been noticed that the weakness in the soy oil market was due to low energy prices. The soy oil future closed down on Wednesday at the end of the day while Soybean closed up. The US Department of Agriculture reported late Monday that 76 per cent of U.S Soybean has harvested as on Sunday as compared to 69 per cent last year and the 5 year average of 67 per cent.

CBOT Soy oil futures as 19.10.2005 (Cents/pound)

| Months | Previous Settle | Open | High | Low | Change | Close |
|--------|-----------------|-------|-------|-------|--------|-------|
| Dec'05 | 24.44 | 24.35 | 24.56 | 24.23 | -0.13 | 24.31 |
| Jan'06 | 24.71 | 24.63 | 24.78 | 24.48 | -0.13 | 24.58 |
| Mar'06 | 24.94 | 24.88 | 25.00 | 24.70 | -0.16 | 24.78 |
| May'06 | 24.98 | 24.91 | 25.07 | 24.90 | -0.06 | 24.92 |

CBOT remains closed on Saturday and Sunday.

South American Soybean Futures Settle Down

The November South American Soybean Settled down 9.25 cents at \$ 6.5375 per bushels. Still there is high demand for US Soybean in the International market as compared to South American Market. It is expected that the focus should shift soon towards the new crop production of Brazil. The USDA has projected the soybean production of Brazil at 60 million tonnes while the traders estimate of the soybean production in Brazil about 57-58 million tonnes. There is uncertainty of soy meal demand in the market due to the bird flu spreads in European countries. It is surprising that China bought 200,000-230,000 tonnes Soybean from India and is planning to import of Soybean from Argentina. There is favourable weather for plantation of soybean in Brazil. It is expected that there may be reduction in acreage due to limited availability of credit and high cost of inputs in Brazil. Meal problems clash with increased demand for oil due to increased bio-diesel production.

BMD Crude Palm Oil Futures Settle Down

The crude palm oil futures at Bursa Malaysia Derivatives settled mildly down on Thursday due to low export of palm oil and weaker soy oil futures at CBOT on Wednesday. The benchmark January CPO contract settled MYR 5 off at MYR 1434 per metric tonnes. Before the market opened, the cargo surveyor Intertek Agri Services released estimates that showing a 6% growth for first 20 days of October palm oil exports to 819,298 tons. The SGS (Malaysia) Bhd., is more influential surveyor, is issued its

estimates for first 20 days of October. SGS marginally increased the export figure from 78257 tonnes in the first 20 days of September to 789289 in the first 20 days of October month. There was no fresh factor to increase the buyer support. Crude palm oil prices were also down due to Hurricane Wilma. Weaker oil prices were due to less attractive the concept of bio fuel. However, the earlier rally had been sparked by talk about increased demand for palm oil in the bio-fuels sector.

KLCE CPO Futures (20.10.2005)

(Ringgit/ton)

| Months | Previous | Open | High | Low | Close | Change | Volume |
|---------|----------|------|------|------|-------|--------|--------|
| Nov '05 | 1448 | 1436 | 1444 | 1427 | 1429 | -7 | 335 |
| Dec '05 | 1449 | 1431 | 1446 | 1429 | 1431 | -7 | 1225 |
| Jan '06 | 1450 | 1436 | 1447 | 1429 | 1434 | -5 | 3932 |
| Feb '05 | 1450 | 1439 | 1446 | 1428 | 1432 | -7 | 362 |

BMD remains closed on Saturday and Sunday.

Palm Oil

The spot market prices are mildly declined due to low demand for crude palm oil at International market. The SGS (Malaysia) Bhd., is issued its estimates for first 20 days of October. SGS marginally increased the export figure from 78257 tonnes in the first 20 days of September to 789289 in the first 20 days of October month. There was no fresh factor to increase the buyer support. Crude palm oil prices were also down due to Hurricane Wilma. Weaker oil prices were due to less attractive the concept of bio fuel.

FOB prices of CPO (Nov) were quoted at \$ 372.50 per tonne and RBD Palmolein at \$ 412.50 per tonne.

It is expected that prices of palm oil at spot market would open in range bound.

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

| Centres | 20.10.05 | 19.10.05 | Change |
|------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 341 | 341 | 0 |
| Kandla RBD Palmolein | 369 | 370 | -1 |
| Mumbai RBD Palmolein | 375 | 376 | -1 |
| Chennai RBD Palmolein | 384 | 385 | -1 |
| Kakinada RBD Palmolein | 381 | 381 | 0 |

Revised tariff rate on 15.10.2005 by the GOI.

Unit: in US \$ MT

| Commodity | Revised tariff rate w.e.f. 15.10.05 | Previous tariff rate | Difference (US \$) |
|-------------------|-------------------------------------|----------------------|--------------------|
| CPO palm oil | 426 | 402 | 24 |
| Crude palmolein | 438 | 418 | 20 |
| RBD palm oil | 436 | 420 | 16 |
| RBD Palmolien | 447 | 430 | 17 |
| Crude soybean oil | 518 | 508 | 10 |

Soy oil

The domestic market sentiment of soybean oil is in range bound. This has been noticed that the prices of soybean oil at domestic market are likely unchanged. The harvesting of new crop started in major producing states of soybean in India and total arrival of soybean is approximately 4 to 5 lakh quintal in India out of this 1.5 lakh quintals in Maharashtra and 1.5 lakh quintals in Madhya Pradesh. The crushing of soybean is also started. In spite of that prices are stable due to high festival demands. The prices of November soy future were down at NBOT at the end of the day.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 336 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 524 per tonne.

The market sentiment of soybean oil is expected to open in range bound.

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

| Centres | 20.10.05 | 19.10.05 | Change |
|------------------------------|----------|----------|--------|
| Mumbai (Soy ref) | 370 | 369 | +1 |
| Indore (Soy Ref oil) | 362 | 361 | +1 |
| Indore (Soy Solvent Ex. oil) | 339 | 339 | 0 |
| Kota (Soy Ref. Oil) | 368 | 367 | +1 |
| Jaipur (Soy Ref. Oil) | 372 | 372 | 0 |
| Nagpur (Soy ref. Oil) | 364 | 365 | -1 |

NBOT Soy oil futures as on 20.10.2005 (Rs/10 kg)

| Months | Previous Closing | Open Price | High Price | Low Price | Change | Close Price | Volume |
|---------|------------------|------------|------------|-----------|--------|-------------|--------|
| Nov '05 | 366.20 | 366.80 | 367.60 | 365.50 | -0.6 | 365.60 | 27290 |
| Dec '05 | 370.60 | 371.00 | 371.80 | 369.10 | -1.3 | 369.30 | 5040 |

NCDEX Soy oil futures as on 20.10.2005 (Rs/10 kg)

| Months | Previous Closing | Open Price | High Price | Low Price | Close Price | Volume | Open Interest |
|---------|------------------|------------|------------|-----------|-------------|--------|---------------|
| Oct '05 | 362.10 | 362.50 | 362.50 | 361.15 | 361.30 | 3300 | 3300 |
| Nov 05 | 366.75 | 367.50 | 368.00 | 365.70 | 365.80 | 8430 | 23340 |

Rape/Mustard oil

The spot market prices of mustard oil is continued unchanged. There is huge stock of mustard seeds with NAFED, private stockist and the stock of imported edible oil has maintained the stability in the domestic market even in the festival season. There is another important factor to control the prices of mustard oil is harvesting of groundnut and soybean started in major producing states. The price of mustard oil in the Delhi market is slightly declined.

The market sentiment of all vegetable oil is expected to open in range bound due to above mentioned factors.

Spot Market Price (Rs. per 10 kg)

| Centres | 20.10.05 | 19.10.05 | Change |
|--------------------------------|----------|----------|--------|
| Mumbai (Rape Expeller Oil) | 379 | 380 | -1 |
| Kota (Rape Expeller Oil) | 374 | 372 | +2 |
| Jaipur (Rape Expeller Oil) | 383 | 383 | 0 |
| Delhi (Rape Expeller Oil) | 403 | 405 | -2 |
| Neewai (Kacchi Ghani Rape Oil) | 393 | 393 | 0 |

Groundnut oil

The spot market price of groundnut oil is slightly high. It was expected that the prices of ground would decline after harvesting of the new crop. But, it is slightly increased due to more demand for groundnut seeds for local consumption. According to traders, the crushing is declining due to high rate of groundnut seeds and the profit of oil expeller is very low. Traders cannot increase prices too much of groundnut oil due to availability of other edible oil in the market. Already groundnut oil is costly among other edible oil. The arrival of groundnut seeds is approximately 1.5 lakh quintals in Gujarat. The crop harvested in Junagarh, Suarashtra and Jamnagar district of Gujarat state is 50 %, 15% and 5-10 % respectively. The prices of Chennai and Andhra Pradesh were high due to limited supply of Groundnut oil.

It expected to open the market in range bound.

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

| Centres | 20.10.05 | 19.10.05 | Change |
|-----------------------|----------|----------|--------|
| Mumbai (Normal) | 512 | 510 | +2 |
| Mumbai (Good Quality) | 522 | 525 | -3 |
| Rajkot | 527 | 525 | +2 |
| Andhra Region | 530 | 525 | +5 |
| Chennai | 500 | 495 | +5 |

LATEST WEATHER WATCH (20.10.2005)

Weather Forecast

The feeble low pressure area over Coastal Andhra Pradesh and adjoining west central Bay of Bengal persists. Associated upper air cyclonic circulation now extends upto 2.1 km a.s.l. Under its influence scattered rainfall is likely over south Peninsula during next 48 hours.

The upper air cyclonic circulation over east-central Arabian Sea has become less marked.

A fresh upper air cyclonic circulation extending between 1.5 km & 3.6 km a.s.l. has formed over Orissa and neighbourhood. A trough in the middle troposphere runs nearly along Long. 78 deg E and north of Lat. 20 deg N. Under their influence enhanced rainfall with heavy to very heavy falls is likely over northeastern States, West Bengal & Sikkim and Coastal Orissa during next 2-3 days.

Forecast valid for next 72 hours

NORTH : Rain/ thundershowers likely at a few places over East Uttar Pradesh and isolated over Himachal Pradesh and Uttaranchal. Mainly dry weather likely in the rest region.

EAST : Rain/thundershowers likely at most places over northeastern states, West Bengal & Sikkim and coastal Orissa; at

many places over the rest region outside East Madhya Pradesh where it may be isolated.

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

WEST : Mainly dry weather is likely over the region.

Heavy Rainfall Warning

Heavy to very heavy rainfall is likely at a few places over Gangetic West Bengal and coastal Orissa. Isolated heavy rainfall also likely over Sub-Himalayan West Bengal & Sikkim, northeastern states, Bihar, Jharkhand, interior Orissa, Lakshadweep and Andaman & Nicobar Islands.

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

1. Moderate rainfall activity likely over northeast India.
2. Increase in rainfall activity over south Peninsula.

Source: IMD, GOI.

PORT-WATCH (Latest) :

Kandla Port is receiving 6,500 MT of palm oil from the vessel 'Global Eos'. The cargo was loaded from Malaysia. The vessel is being handled by Forbes Gokak agents.

Delivery of 6,000 MT of CPO is continuing at Kolkata Port from the vessel 'Filma Satu'. GAC agents is handling the vessel.

'Spring Glory' has berthed at Chennai Port and continues to discharge 7,250 MT of palm oil.

JN Port is receiving 9,000 MT of CPO from the vessel 'Global Venus'. Patvolk agents is handling the vessel.

Kakinada Port is expecting 'L Star' and 'Spring Wind' to deliver 6,900 MT and 7,000 of CPO respectively.

Mumbai Port is expecting 'Shimakaze' to deliver 16,501 MT of palm oil. Interocean agents will be handling the vessel.

Delivery of 16,686 MT of CPO is expected at Mundra Port from the vessel 'Gemini'. Taurus agents will be handling the vessel.

Tuticorin Port is expecting 'Global Saturn' to discharge 7,000 MT of palm oil. St.John agents will be handling the vessel.

Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|-----------|-----------------|--------------|----------|----------|
| Kolkata | Filma Satu | 6000 | CPO | Arrived |
| | Spring Glory | 7250 | Palm oil | Arrived |
| Kandla | Pacific Sound | 12750 | CPO | Expected |
| | Global Eos | 6500 | Palm oil | Arrived |
| JN | Florida | 11000 | SBO | Expected |
| | Global Venus | 9000 | CPO | Arrived |
| Tuticorin | Mega Crown No.1 | 1850 | Palm oil | Expected |
| | Global Saturn | 7000 | Palm oil | Expected |
| Mumbai | Pacific Sound | 1000 | Palm oil | Expected |
| | Shimakaze | 16501 | Palm oil | Expected |
| Mundra | Gemini | 16686 | CPO | Expected |
| Kakinada | L Star | 6900 | CPO | Expected |
| | Spring Wind | 7000 | CPO | Expected |

Forex Rates

(As on 20.10.2005)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 45.20 |
| Malaysia | Ringgit | 11.98 |
| European Union | Euro | 54.09 |
| United Kingdom | Pound Sterling | 79.56 |
| Japan | 100 Yen | 39.08 |

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