

VEGOIL

14th October 2005

MAJOR ACTIVITY HIGHLIGHTS

- Crude Palm Oil Futures Settle Unchanged
- Soyoil Future Settle Lower

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX October Contract

Technical Analysis for November Contract:

1. The MACD, continues to remain above its signal line in negative territory. Weak bullishness is indicated, though the next few days will give a better picture.

2. The stochastics oscillator is knocking on the doors of overbought region. However, the %K line is much stronger than the %D line. Indicates short term bullishness.

3. The price has closed above both, the 9-day and 18-day EMAs, which is a good sign. During intraday, it dipped below the 18-day EMA but remained above the 9-day EMA. These will continue to give support. The 9-day EMA is just below the 18-day EMA, and until it breaks above the 18-day EMA, prices may move sideways.

The rally is at a crucial stage with the prices just at the resistance trend line. Also, the supports of the EMAs are just

below the price. Until the battle between the EMA supports and the resistance line is settled, prices may move sideways.

Market advice:

Currently, it is better to stay away until prices can show that they can close above the resistance line. Better to take new positions on Monday.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NCDEX	Oct' '05	361.2	360.4	362.7	366.6
NCDEX	Nov'05	364.2	363.2	363.3	367.3

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 Lower

Soy futures at Chicago Board of Trade settled lower on Thursday. November soybean future settled off 0.75 at \$5.8825 per bushel and January up 0.5 at \$6.015 per bushel. December Soybean future settled up \$1.7 at \$177.6 per ton and December soybean off 3 points at 23.89 cents per pound. Traders were expecting this correction after overreaction to USDA report yesterday. However, talks of demand from China helped cushioning the futures. In its latest report, USDA had estimated the Chinese import in 2005-06 to reach at 27.5 million tonne, up against 25.7 million ton in this past season. However, immediate factors are not very friendly. Dry weather in Midwest region is to help expediting the harvest. Traders are not expecting much from the NOPA crush report due to be released on Friday. Traders are expecting crush numbers to come with in range of 122-124 million bushels against 123.2 million bushels in August.

CBOT Soy oil futures as 13.10.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Oct	24.10	24.04	24.10	23.05	-0.3	23.80
5-Dec	24.19	24.12	24.30	23.14	-0.3	23.89
6-Jan	24.46	24.35	24.53	23.05	-0.3	24.16
6-Mar	24.62	24.60	24.75	23.75	-0.29	24.33

CBOT remains closed on Saturday and Sunday.

The November South American Soybean Future Settle Marginally Up

November South American soybeans future settled 25 cents higher at \$ 6.595. The latest USDA report mentioned that the production of Argentina would touch 40.5 million tonnes, it is 1.5 million tonnes up from last month and production of soybean unchanged at 60 million tonnes in Brazil, despite the tough economic conditions for South American producers. The South American traders continue to report that there are possibilities to reduce the planted area due to high input cost, limited credit availability and low prices of soybean. The world ending stock for 2005-06 season increased to 47.41 million tonnes from 44.92 million tonnes last month and it was 43.02 million tonnes in past season. This would be highest world ending stock in the history. After releasing the USDA reports the traders' much focus on the potential size of the upcoming crop of Brazil rather than the US crop size. There were fund buyers approximately of 12,000 contracts in Soybeans, 2500 meal and 2000 contract in oil. The latest USDA report lowered harvested area by 90,000 acre. The ending stock of world oilseed are expected to reach 54.7 million tonnes in 2005-06, it is 4.1 million tonnes up from last year (50.6 million tonnes) and it was 40.2 million tonnes in 2003-04 season. While, the ending stock of World vegoil are expected to reach at 7.2 million tonnes, it is 0.1 million less than projected in last month (7.3 million tonnes) and it was 7.46 million tonnes in 2004-05.

BMD Crude Palm Oil Futures Settle Unchanged

Crude Palm oil Futures at Bursa Malaysia Derivatives settle flat after choppy session. Benchmark December future settled unchanged at MYR1453 per ton. Market got strength in the early session on optimism of friendly export data of Malaysian palm oil for first 15 days of October. SGS will be releasing its export estimates for October 1-15 on Monday. However, bearish trickles from United State has put cap on upward tendencies. Harvest of soybean is in progress in United State. Soy and palm oil are generally considered as traditional rivals. So, despite many things being friendly for palm oil, it's futures failed to perform fairly owing to pressure from the overseas markets.

KLCE CPO Futures (14.10.2005)

Months	Previous	Open	High	Low	Close	Change	Volume
Nov '05	1450	1454	1462	1441	1451	+0.1	349
Dec '05	1453	1452	1462	1441	1453	0	3647
Jan '06	1454	1454	1463	1442	1452	-2	1569

BMD remains closed on Saturday and Sunday.

Palm Oil

The spot market prices of palm oil are towards up direction. The higher prices of soybean may cause to increase prices of palm oil also, because both are perfect substitute of each other. In USDA report the acreage of soybean is reduced and it will impact on soybean yield. The US Department of Agriculture estimated the soybean production in US at 2.967 billion bushels against earlier average expectations of 3.01 billion bushels. Harvest of soybean is in progress in United State. Soy and palm oil are generally considered as traditional rivals.

FOB prices of CPO (Oct) were quoted at \$ 377.50 per tonne and RBD Palmolein at \$ 415 per tonne.

The market sentiment of palm oil is bullish.

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

Centres	14.10.05	13.10.05	Change
Kandla CPO (5 % FFA)	332	332	0
Kandla RBD Palmolein	361	360	+1
Mumbai RBD Palmolein	370	367	+3
Chennai RBD Palmolein	375	375	0
Kakinada RBD Palmolein	360	357	+3

Soy oil

The spot market price of soybean oil is continued towards up direction. It may be due to rain and cloudy weather in major producing states of soybean in India. The expected production of soybean is approximately 60 lakhs tonnes in major producing states of India. Prices of soybean oil may go up if supply will be low in the market. The USDA report mentioned that the reduction the acreage of soybean crop and production. The ending stock of World vegoil are expected to reach at 7.2 million tonnes, it is 0.1 million less than projected in last month (7.3 million tonnes) and it was 7.46 million tonnes in 2004-05. The festivals are another factor to increase the prices of all vegetable oil. The future prices at NBOT was slightly high.

The market sentiment of soy oil is slightly bullish due to above-mentioned factors.

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 \$ 515 per tonne.

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

Centres	14.10.05	13.10.05	Change
Mumbai (Soy ref)+VAT	348	347	+1
Indore (Soy Ref oil)	361	360	+1
Indore (Soy Solvent Ex. oil)	340	338	+2
Kota (Soy Ref. Oil)	365	365	0
Jaipur (Soy Ref. Oil)	372	370	+2
Nagpur (Soy ref. Oil)	361	360	+1

NBOT Soy oil futures as on 14.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Oct '05	360.10	N.A.	360.90	N.A.	+0.8	360.90	N.A.
Nov '05	364.00	364.20	365.80	363.70	+0.6	364.60	29360
Dec '05	366.00	366.00	366.90	365.50	+0.8	366.80	N.A.

NCDEX Soy oil futures as on 14.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Oct '05	362.35	361.05	362.50	361.05	361.00	3390	9160
Nov 05	365.60	364.15	366.20	364.15	365.30	12700	25870

Rape/Mustard oil

The spot market prices of mustard oil are marginally high in Rajasthan only and prices in other market is remain unchanged. The demand of mustard oil increased due to festivals like Dushehra and Ramzan. The prices of mustard oil is not going towards up direction due to availability of other vegetable oil in the market at low rate in comparison to mustard oil.

The market sentiment of all vegetable oil is slightly bullish for short period due to festivals.

Spot Market Price (Rs. per 10 kg)

Centres	14.10.05	13.10.05	Change
Mumbai (Rape Expeller Oil)	381	381	0
Kota (Rape Expeller Oil)	374	372	+2
Jaipur (Rape Expeller Oil)	383	380	+3
Delhi (Rape Expeller Oil)	402	402	0
Neewai (Kacchi Ghani Rape Oil)	393	393	0

Groundnut oil

The spot market price of groundnut oil is marginally low in Mumbai and Andhra market, while the prices of Rajkot and Chennai market is likely unchanged. The harvesting of groundnut crop is started in Gujarat. The arrival groundnut seeds was 1,00,000 bags today and it will increase day by day. The prices of groundnut oil will decline, due to more supply of groundnut seeds. The production of groundnut estimated for this year is approximately 60 lakh tonnes. But, according to local traders, the loss of nutrients due to repeated cultivation of groundnut may

reduce the yield of groundnut, if yield will reduce significantly then prices may go up again.

The market sentiment of groundnut oil is bearish due to harvesting of groundnut is started in Gujarat.

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

Centres	14.10.05	13.10.05	Change
Mumbai (Normal)	510	510	0
Mumbai (Good Quality)	520	523	-3
Rajkot	525	525	0
Andhra Region	510	515	-5
Chennai	480	480	0

LATEST WEATHER WATCH (14.10.2005)

Weather Forecast

Yesterday's well marked low pressure area over southwest Bay of Bengal and adjoining areas of coastal Tamil Nadu now lies over southern parts of Rayalaseema and adjoining Karnataka & Tamil Nau. Associated upper air cyclonic circulations extends upto mid-tropospheric level. Under this scenario enhanced rainfall activity with heavy to very heavy falls is likely over Andhra Pradesh, Karnataka and Kerala during next 2-3 days. The rainfall activity over Tamil Nadu is Likely to decrease after 24 hrs.

The low pressure area over southeast Arabian Sea persists but has moved slightly westwards.

The western disturbance over Jammu & Kashmir and neighborhood has moved away northeastwards. However another western disturbance as an upper air system lies over north Pakistan and neighborhood has moved away northeastwards, However another Western Disturbance as an upper air system lies over North Pakistan and neighborhood.. It may cause light to moderate scattered rain/snow over Western Himalayas during next 2-3 days.

Forecast valid for next 72 hours

NORTH : Rain/snow likely at a few places over higher reaches of Jammu & Kashmir and isolated over rest Jammu & Kashmir and Himachal Pradesh. Isolated rain/thundershowers also likely over Punjab.

EAST : Rain/thundershowers likely at a few places with isolated heavy showers over Chhattisgarh and Orissa. It may be isolated over Assam & Meghalaya, Gangetic West Bengal & Sikkim, Bihar, Jharkhand and southeast Madhya Pradesh. Mainly dry weather likely in the rest region.

SOUTH : Rain/thundershowers likely at most places over Coastal Andhra Pradesh, Telangana and North Interior Karnataka; at many places over the rest region outside Andaman & Nicobar Islands and Lakshadweep where it may be at a few places. Rainfall over Tamil Nadu, south Karnataka, south Andhra Pradesh and Kerala is likely to decrease after 24 hrs.

WEST : Rain/thundershowers likely at a few places with isolated heavy showers over south Konkan & Goa, Vidarbha, Marathwada and south Madhya Maharashtra and isolated over rest Maharashtra. Mainly dry weather is likely in the rest region.

Heavy Rainfall Warning

Heavy to very heavy rainfall likely at a few places over Telangana, Coastal Andhra Pradesh and North Interior

Karnataka. Isolated heavy rainfall also likely over Rayalaseema, Coastal & South Interior Karnataka.

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

1. Rainfall activity over south peninsula is likely to continue with reduced intensity.

2. Light to moderate rain/snowfall also likely over Western Himalayan region.

Source: IMD, GOI.

PORT-WATCH (Latest) :

Kandla Port is receiving 12,750 MT of CPO from the vessel 'Pacific Sound'. The cargo was loaded from Dumai. The vessel is being handled by Interocean agents. 'Ocean Grace' from Argentina has berthed at the Kandla Port and continues to deliver 17,500 MT of SBO. The vessels is being handled by Interocean agents.

'Isokaze' gas berthed at Kolkata Port and continues to discharge 4,499 MT of CPO. Delivery of 6,000 MT of CPO is continuing at the port from the vessel 'Cheras'. Seaport agents is handling these vessels. The port is receiving 5,900 MT of CPO from the vessel 'Tirta Niaga I'. GAC agents is handling the vessel.

Delivery of 6,100 MT of palm oil is expected at Chennai Port from the vessel 'Star Orion'. The vessel will be handled by Seaport agents.

'Filma Satu' is expected at Kolkata Port to deliver 6,000 MT of CPO.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	Filma Satu	6000	CPO	Expected
Chennai	Star Orion	6100	Palm oil	Expected
Kandla	Pacific Sound	12750	CPO	Expected
	Ocean Grace	17500	SBO	Arrived
	Isokaze	4499	CPO	Arrived
	Cheras	6000	CPO	Arrived
	Tirta Niaga I	5900	CPO	Arrived
JN	Florida	11000	SBO	Expected
Tuticorin	Mega Crown No.1	1850	Palm oil	Expected
Mumbai	Pacific Sound	1000	Palm oil	Expected

Forex Rates

(As on 14.10.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.89
Malaysia	Ringgit	11.89
European Union	Euro	53.95
United Kingdom	Pound Sterling	78.78
Japan	100 Yen	39.17

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