

VEGOIL

5th October 2005

MAJOR ACTIVITY HIGHLIGHTS

- Crude palm oil prices end lower
- Soyoil prices slightly up

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX October Contract

1. The MACD is above its signal line indicating that the medium term strength will continue. The MACD is still in negative territory but maintains its upward course.

2. The stochastic oscillator is in neutral territory and is showing signs of short term weakness (%K line making bearish crossover of %D line). However, the stochastics are still in an upward trend.

3. The price line has breached support of both the 9-day and 18-day exponential moving averages. The 9-day EMA is unable to challenge the 18-day EMA.

Prices are trapped in a tapering wedge between the stronger long term resistance trend line (currently at 368.4) and the weaker short term support trend line (currently 364). Trading will be range-bound for the near term.

Market advice:

Market may open weak but with a good chance of trading higher later in the day. Being long on dips is advisable.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NCDEX	Oct' '05	363.15	361.8	366.25	368.0

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 commission house production estimates. November soybean futures settled off 18.5 cents at \$5.625 and January off 18.25 cents at \$5.7425 per bushel. December soybean futures settled off \$4.1 at \$166.7 per ton and December Soybean off 65 points at 24 cents per pound. Commission house put its soybean estimates for USDA 12th October report at 3105 million bushels, up against USDA's estimates of 2,856 million bushels in September. Harvest of soy is progressing well above expected pace. As of Sunday, harvesting was done in 36% of total sown area. There was no news from the export front, which traders feel due to long holidays in China. Traders were looking at update on Canadian canola production to be released by Stats Canada on Wednesday.

CBOT Soy oil futures as 05.10.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Oct	24.46	24.01	24.20	23.70	-0.66	23.80
5-Dec	24.65	24.15	24.45	23.95	-0.65	24.00
6-Jan	24.89	24.43	24.63	24.12	-0.65	24.24
6-Mar	25.00	24.45	24.71	24.30	-0.7	24.30

CBOT remains closed on Saturday and Sunday.

South America Soybean Ends Up

South American soybean settled higher on Tuesday. November soybean settled up 11 cents at \$6.52 per bushel. Factors functional for South American produce count parched situation, rising fertilizer prices and tightness in the credit market in Brazil. However, commission house report for USDA's 12th October report had slightly bearish impact. Long holidays in China have been held accountable for lack of export activities. Owing to lack of parity, ADM has closed one plant in Paranagua till early next year. Traders are concerned about declining demand of meal due to frequent recurrence of bird flu problems. In Thailand production of chickens has declined to 8-9 million birds per week against average 20 million birds before this endemic struck in late 2003.

BMD Crude Palm Oil Futures Look for Direction

Crude Palm oil Futures at Bursa Malaysia Derivatives settled mixed after roller coaster trend through the session. Market had no clear direction. Benchmark December future settled up MYR2 at MYR 1467 per ton. Recent rallies during last months were attributed to speculation over likely increase in its demand for bio-fuel. However, it might take substantial time to take things shape in real term. Bio-fuel theme is merely on papers, so far. Malaysian government has recent made it public that three plants would be installed for conversion of palm oil in to bio-fuel. Presently, supply is comfortable. Current demand situation would get clear after release of SGS export data due on Monday. Also, Malaysian Palm Oil Board will be releasing its production, export and Stock data on Monday.

KLCE CPO Futures (05.10.05) (In Ringgit /Ton)

Months	Previous	Open	High	Low	Change	Close
Oct '05	1460	1465	1465	1460	1	1461
Nov '05	1462	1465	1467	1458	0	1462
Dec '05	1465	1464	1471	1458	2	1467

BMD remain closed on Saturday and Sunday.

Domestic:

Palm oil

The market sentiment of palm oil is likely remain unchanged. The CPO prices were increasing from past one month under impression of the concept of bio-diesel, but it is yet on paper only. The concept of bio diesel will take time to formulating the policy for bio fuel and build up bio-diesel plant in Malaysia.

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

Sentiment of global palm oil markets is mixed.

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

Centres	05.10.05	04.10.05	Change
Kandla CPO (5 % FFA)	330	330	0
Kandla RBD Palmolein	360	360	0
Mumbai RBD Palmolein	369	367	+1
Chennai RBD Palmolein	364	363	+1
Kakinada RBD Palmolein	375	376	-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 market sentiment of soybean is slightly low. Earlier the prices were in up trend due to popularisation the concept of bio-diesel, but it will take time to set up the bio-fuel plants. The arrival of soybean was 65,000 - 70,000 bags in M.P. and 7000 bags in Indore market. Due to more arrival of soybean the prices of soybean oil is gone down.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 330 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 513 per tonne.

The market of soy oil is expected bearish.

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

Centres	05.10.05	04.09.05	Change
Mumbai (Soy ref)	363	363	0
Indore (Soy Ref oil)	366	368	-2
Indore (Soy Solvent Ex. oil)	344	344	0
Kota (Soy Ref. Oil)	371	372	-1
Jaipur (Soy Ref. Oil)	374	375	-1

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

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Oct '05	365.70	366.00	366.10	363.30	-2.2	363.50	3440
Nov '05	364.70	364.80	365.50	362.90	-1.0	363.70	22590
Dec '05	N.A	N.A	N.A	N.A	0	N.A	N.A

NCDEX Soy oil futures as on 04.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Oct '05	367.90	368.40	368.70	365.30	365.60	4190	17240
Nov '05	367.25	368.90	369.00	364.20	364.80	12280	26110
Dec '05	367.65	368.60	369.80	365.15	365.65	4880	7660

Rape/Mustard oil

A market sentiment for rape/mustard oil is marginally low. The price of palm oil and soyoil is cheaper in compared to mustard oil. Due to this consumers are switching towards palm and soy oil from mustard oil. The price of mustard oil is slightly down while it should go up during this period because harvesting of mustard will be at the end of November. It is not going up even in festivals like Navratra and Diwali only due to perfect substitution of mustard oil is soy and palm oil. It is expected to bearish.

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

Centres	05.10.05	04.09.05	Change
Mumbai (Rape Expeller Oil)	393	393	0
Kota (Rape Expeller Oil)	375	376	-1
Jaipur (Rape Expeller Oil)	380	381	-1
Neewai (Kacchi Ghani Rape Oil)	394	393	+1
Delhi (Rape Expeller Oil)	-	400	-

Groundnut oil

The market a sentiment of groundnut oil is continues moderately high. Due improvement in weather arrival of groundnut is increased as compared to yesterday. According to traders, the arrival of groundnut will increase within a week, aftermath there is possibility to decrease in groundnut prices. According to the traders the prices of groundnut is slightly high only for very short period due to cloudy weather.

The market sentiment of groundnut is expected to bearish.

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

Centres	05.10.05	04.09.05	Change
Mumbai (Normal)	502	499	+3
Mumbai (Good Quality)	520	520	0
Rajkot	511	510	+1
Andhra Region	520	520	0
Chennai	485	482	+3

LATEST WEATHER WATCH (04.10.2005)**Weather Forecast**

Southwest monsoon has further withdrawn from remaining parts of East Uttar Pradesh, Some parts of Bihar, Jharkhand and Chhattisgarh and some parts of East Madhya Pradesh. The withdrawal line passes through Raxaul, Motihari, Patna, Daltonganj, Pendra, Seoni, Khandwa, Surat 20(N/69(E and 20(N/60(E.

During past 24 hours heavy to very heavy rainfall has occurred at a few places over Sub-Himalayan West Bengal & Sikkim and West Assam. Scattered rainfall also occurred over Kerala, Tamil Nadu and South Interior Karnataka. Chief amounts of rainfall (cms.) are : Dhubri & Cooch Behar-17 each, Jalpaiguri-12, Coimbatore-7, Chitradurga & Allapuzha-5 each.

Yesterday's low pressure area over Gangetic West Bengal has become less marked. However, the associated upper air cyclonic circulation extends upto 2.1 km a.s.l. Under its influence fairly widespread rainfall with heavy falls is likely over Sub-Himalayan West Bengal & Sikkim and Assam during next 1-2 days.

The upper air cyclonic circulation extending in the middle tropospheric levels over southeast Bay of Bengal now lies over southwest Bay of Bengal.

The other upper air cyclonic circulation over southeast Arabian Sea and neighbourhood persists and now extends between 1.5 and 4.5 km a.s.l.

The western disturbance as an upper air system over Jammu & Kashmir and neighbourhood has moved away eastwards.

Forecast valid for next 72 hours

NORTH:Mainly dry weather is likely in the region.

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

SOUTH:Rain/thundershowers likely at many places over Andaman & Nicobar Islands; at a few places over South Interior Karnataka, 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 Konkan & Goa and Madhya Maharashtra. Mainly dry weather is likely in the rest region.

Warning

Isolated heavy rainfall likely over Andaman & Nicobar Islands, West Assam and 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.

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

Forex Rates (As on 05.10.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.20
Malaysia	Ringgit	11.72
European Union	Euro	52.81
United Kingdom	GBP	77.80
Japan	100 Yen	38.81

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