

## VEGOIL

8<sup>th</sup> 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

#### Technical Analysis for October Contract:

1. The MACD is dipping and beginning to show bearish indications. The medium term outlook is not bullish anymore.
2. The stochastic oscillator has dipped into oversold territory and is giving strong bearish signals.
3. The 9-day EMA is moving farther below the 18-day EMA indicating bearishness.

Prices are now clearly on a bearish path and it appears that weakness will continue. The next sign of long term support is at the support trend line which is at the 358 levels for Monday.

#### Market advice:

Continue to remain short. Currently none of the technical indicators are favourable.

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

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NCDEX	Oct' '05	361.10	360.50	362.50	363.20
NCDEX	Nov'05	362.00	361.40	363.60	364.45

#### 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 Friday. November soybean closed unchanged at \$5.6425 and January soybean off 0.5 cents at \$5.76 per bushel. December soybean future closed up \$1.3 at \$168.6 per ton, while December soybean off 38 points at 23.66 cents per pound. Expectations of likely increase in US soybean production by US Department of Agriculture (USDA) shadowed all other factors. Traders are expecting USDA to raise its estimates for soybean production in United State by 150 million bushels. In its September report, USDA had estimated the US soybean production at 2.856 billion bushels. Yield of soybean is remarkably good in major soy producing states owing to favorable weather through the season. Good demand of soybean and lack of deliveries helped underpinning meal prices.

#### CBOT Soy oil futures as 07.10.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Oct	23.82	23.88	23.92	23.47	-0.35	23.47
5-Dec	24.04	24.06	24.16	23.63	-0.38	23.66
6-Jan	24.28	24.40	24.89	23.88	-0.36	23.92
6-Mar	24.40	24.55	24.58	24.00	-0.35	24.05

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Futures Settle Lower

South American Soybean settled lower on Friday. November soybean future settled off 1.4 cents at \$6.344 per bushel. Increased selling by producers had negative impact on its prices. Demand of soybean is good for planting. Traders are expecting decline in soy acreage in Brazil by 10-12% due to financial crunch. Lack of funding for inputs might result in acreage under soybean crop. Also, talks of higher production in United State weighed on values.

#### 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 spot market prices of palm oil slightly declined. According to the traders the prices of palm oil is declined only due to the bulk import of palm oil and soybean. The prices of palm oil are expected to go down further only due to more stock of palm oil as well as the availability of vanaspathi oil at cheaper prices. The more arrival of soybean in the market would impact on palm oil prices. The harvesting of ground nut is also started in Gujarat.

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 on the basis of above-mentioned factors.

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

Centres	08.10.05	07.10.05	Change
Kandla CPO (5 % FFA)	330	330	0
Kandla RBD Palmolein	359	359	0
Mumbai RBD Palmolein	365	367	-2
Chennai RBD Palmolein	366	366	0
Kakinada RBD Palmolein	373	374	-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 spot market prices of soybean are slightly down. Yield of soybean is remarkably good in major soy producing states owing to favourable weather through the season. Increased selling by producers had negative impact on its prices. The market of soybean future was down at NBOT as well as CBOT.

The market sentiment of soy oil is expected bearish due to more stock of soybean with private stockist and yield of soybean is good in major soybean producing states.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 328 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 517 per tonne.

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

Centres	08.10.05	07.09.05	Change
Mumbai (Soy ref)	359	361	-2
Indore (Soy Ref oil)	362	363	-1
Indore (Soy Solvent Ex. oil)	339	337	+2
Kota (Soy Ref. Oil)	363	364	-1
Jaipur (Soy Ref. Oil)	367	368	-1

#### NBOT Soy oil futures as on 08.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Oct '05	362.80	361.50	361.80	360.80	-1.8	361.00	3940
Nov '05	363.70	362.50	362.80	361.80	-1.3	362.40	13030
Dec '05	N.A	N.A	N.A	N.A	0	N.A	N.A

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

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Oct '05	364.50	365.20	365.20	363.00	363.30	2560	14510
Nov '05	365.15	364.55	364.90	363.50	363.95	5660	25750
Dec '05	366.30	365.00	366.10	364.60	365.05	2190	7260

**Rape/Mustard oil**

The spot market prices of mustard oil are remain unchanged. There is no much demand of mustard oil even in festive season only due to availability of other oil at cheaper rate in the market like vanaspati oil, soyoil and palm oil. According to the traders the arrival of mustard seeds at shri ganganagar, Neewai and Delhi market was 400-500 bags, 400 bags and 5000 bags respectively.

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

**Spot Market Price (Rs. per 10 kg)**

Centres	08.10.05	07.09.05	Change
Mumbai (Rape Expeller Oil)	386	390	-4
Kota (Rape Expeller Oil)	374	374	0
Jaipur (Rape Expeller Oil)	381	381	0
Delhi (Rape Expeller Oil)	402	400	+2
Neewai (Kacchi Ghani Rape Oil)	392	392	0

**Groundnut oil**

The spot market prices of groundnut oil is moderately low. The harvesting started in Gujarat. The Gujarat is major producing the state of groundnut. According to the traders, the today's arrival of groundnut was just double as compared to yesterday. It is expected that arrival of groundnut will be around 2 lakhs bags in the next week only in Gujarat.

The market sentiment of groundnut oil is expected to bearish due to more supply of groundnut.

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

Centres	08.10.05	07.09.05	Change
Mumbai (Normal)	502	502	0
Mumbai (Good Quality)	535	535	0
Rajkot	520	525	-5
Andhra Region	520	525	-5
Chennai	485	489	-4

**LATEST WEATHER WATCH (08.10.2005)****Weather Forecast**

During past 24 hours, light to moderate rain/thundershowers have occurred at a few places over Tamil Nadu & Pondicherry, Kerala, Lakshadweep, Andaman & Nicobar Islands and coastal Orissa.

The upper air cyclonic circulation over southeast Bay of Bengal persists and now extend upto 3.6 km a.s.l Under its influence a low pressure area may form over south Bay of Bengal during next 24-48 hours.

This system is likely to result in scattered to fairly widespread rainfall over the south peninsula during next 2-3 days. Isolated

heavy rainfall may also occur over Tamil Nadu and Kerala after 24 hours.

An upper air cyclonic circulation extending upto 1.5 km a.s.l. lies over Himachal Pradesh and neighbourhood. It may cause isolated rain/thundershowers over Himachal Pradesh and Jammu & Kashmir during next 24 hours.

The upper air cyclonic circulation over Tamil Nadu & neighbourhood has become less marked.

**Forecast valid for next 72 hours**

**NORTH:** Isolated rain/thundershowers likely over Jammu & Kashmir, Himachal Pradesh and East Uttar Pradesh. Mainly dry weather likely in the rest region.

**EAST:** Rain/thundershowers likely at a few places over coastal Orissa and isolated over northeastern States and West Bengal & Sikkim. Mainly dry weather in the rest region.

**SOUTH:** Rain/thundershowers likely at many places over Lakshadweep at a few places over Andaman & Nicobar Islands, Tamil Nadu & Pondicherry and Kerala and isolated in the rest region outside Telangana and north Interior Karnataka where weather may be mainly dry. Rainfall over Tamil Nadu & Pondicherry, Kerala and Coastal Andhra Pradesh is likely to increase from 10<sup>th</sup>.

**WEST:** Mainly dry weather is likely in the region.

**Heavy Rainfall Warning**

Isolated heavy rainfall likely over Tamil Nadu and Kerala during next 36-72 hours.

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

Scattered to fairly widespread rainfall activity over south peninsula is likely to continue.

**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.

'Cretex' 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'.

**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

**Forex Rates****(As on 08.10.2005)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.32
Malaysia	Ringgit	11.76
European Union	Euro	53.95
United Kingdom	GBP	78.63
Japan	100 Yen	39.06

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