

## VEGOIL

3<sup>rd</sup> October 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Govt revises tariff value for palm oil and products
- Soyoil prices End up

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term  
NCDEX October Contract

Soyoil October contract remained strong throughout the session period and settled on higher side than yesterday's close at 367.05 today. Soyoil prices are getting strong support from the domestic exchanges, KLCE and CBOT, where the prices raised significantly.

The 7-day MA is going to upward after cutting the 14-day MA from down, supporting upward movement in the soyoil futures. However, the 14-day MA is also going upwards, showing strong ness in the futures price trends.

The MACD is going to upward and remained above its EMA, indicating bullish trend in the coming days.

The 9-days Price ROC is going to up 1.644, indicating strong bullish sentiments of the prices. The 9-day RSI is moving upwards in the neutral region to a level of 59.57 supporting the bullish sentiments in the market prices.

The % K-line is going to upward after cutting the % D-line from down but remained in neutral region, hinting long-term bullishness in the prices.

The candlestick is indicating bullish market sentiments but opening was far above the last day's closing price but selling pressure pulled down the prices and settled on lower side, however the sentiment remained strong as compared to last day. Hinting bullishness of the prices.

#### Market advice:

Market is expected to open above and remain bullish for Monday.

Remain long; buying in the opening session might be yielding some profit in the short term.

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

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NCDEX	Oct' '05	369.8	370.9	367.0	365.0

#### Abbreviations:

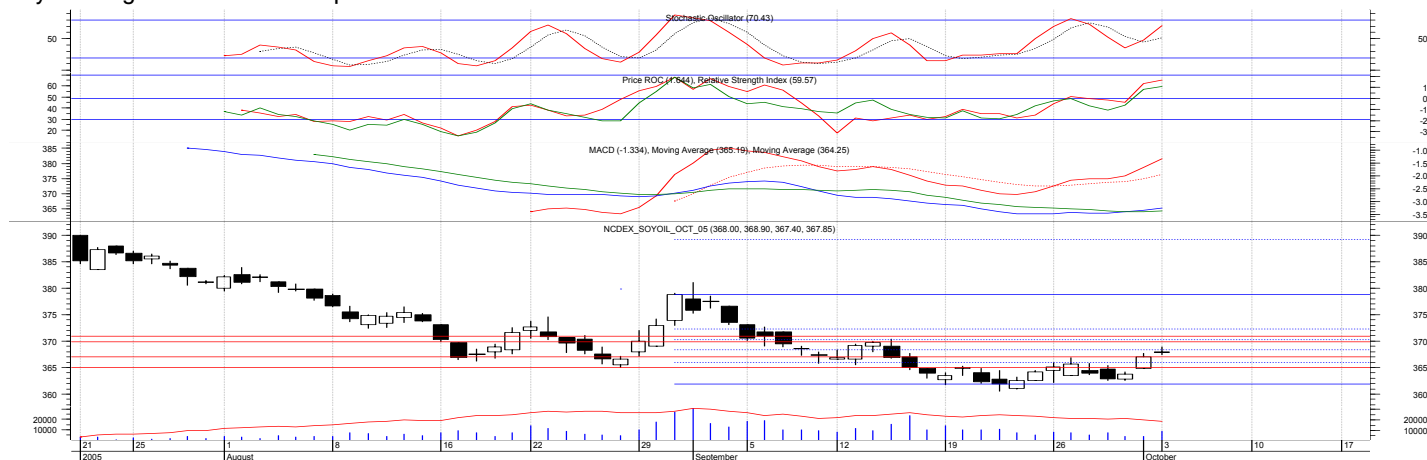
ROC - Rate of Change

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 oil futures as 30.09.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Oct	22.55	22.88	23.75	22.88	1.17	23.72
5-Dec	22.86	23.10	24.00	22.86	1.09	23.95
6-Jan	23.06	23.35	24.22	23.06	1.15	24.21
6-Mar	23.25	23.52	24.32	23.15	1.07	24.32

CBOT remains closed on Saturday and Sunday.

#### BMD Palm oil Futures end up

Crude palm oil futures on the Bursa Malaysia Derivatives ended higher. The benchmark December CPO contract ended at MYR1,476 a metric ton, up MYR16 from Friday's close.

The market of palm oil is very volatile. The production of soy oil is increased too much while exports have not increased that much. In spite of that prices of palm oil increasing only due to rising demand from the fuel oil industry, which is increasingly looking at bio fuels. There is no estimate that how much demand would be of palm oil by fuel industry. The government of Malaysia is formulating a bio-diesel policy and planning to set up the bio-fuel industry.

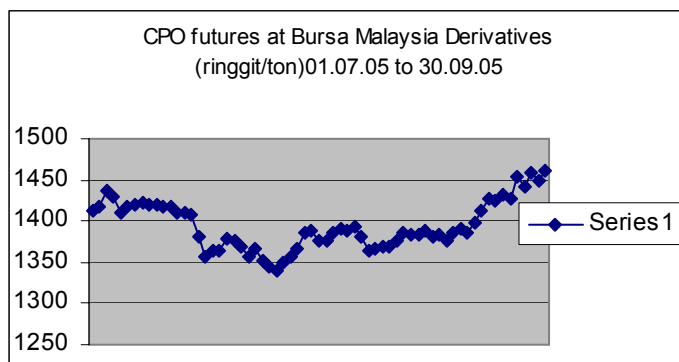
CPO futures trading volume totaled 7,154 lots Monday compared with 5,107 lots Friday, while open interest stood at 27,348 lots compared with 27,342 lots. In the Malaysian cash market, prices were higher, tracking gains in the CPO futures market. RBD palmolein was offered higher, with Oct/Nov/Dec at \$425.00/ton. RBD palm oil was also up at \$415.00 for Oct/Nov/Dec delivery. October CPO, locally delivered, was offered MYR25 higher at MYR1,485/ton.

The market sentiments were bullish due to rising demand of palm oil from the fuel oil industry.

#### KLCE CPO Futures (03.10.05) (In Ringgit /Ton)

Months	Previous	Open	High	Low	Change	Close
Oct '05	1449	1470	1484	1470	25	1474
Nov '05	1455	1475	1491	1473	18	1473
Dec '05	1460	1475	1495	1474	15	1475

BMD remain closed on Saturday and Sunday.



### Domestic:

#### Palm oil

The market sentiments of palm oil end up. According to traders, the domestic fuel price hike has forced sellers to raise palm oil prices to compensate for higher transportation cost. The production of soy oil is increased too much while exports have not increased that much. In spite of that prices of palm oil increasing only due to rising demand from the fuel oil industry, which is increasingly looking at bio fuels. There is no estimate that how much demand would be of palm oil by fuel industry. The government of Malaysia is formulating a bio-diesel policy and planning to set up the bio-fuel industry.

FOB prices of CPO (Oct) were quoted at \$ 382.50 per tonne and RBD Palmolein at \$ 422.50 per tonne.

The Global market sentiment of palm oil is bullish due to above-mentioned factors.

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

Centres	03.10.05	10.10.05	Change
Kandla CPO (5 % FFA)	328	326	+2
Kandla RBD Palmolein	360	357	+3
Mumbai RBD Palmolein	368	364	+4
Chennai RBD Palmolein	365	364	+1
Kakinada RBD Palmolein	362	361	+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 sentiments of soy oil are slightly high due to more popularisation the concept of bio-fuel from soy oil at international level. Prices of soy oil may continue to higher due to hike in tariff and demand will be more in festivals like Dushehra and Diwali. According to DJ, India is likely to buy 250000 MT soybeans. The domestic fuel price hike may be an important cause to raise the soy oil prices to compensate the higher transportation cost from traders.

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 \$ 522 per tonne. The market is expected to bullish.

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

Centres	03.10.05	01.10.05	Change
Mumbai (Soy ref)	347	346	+1
Indore (Soy Ref oil)	368	364	+4
Indore (Soy Solvent Ex. oil)	345	344	+1
Kota (Soy Ref. Oil)	367	366	+1
Jaipur (Soy Ref. Oil)	372	369	+3

**NBOT Soy oil futures as on 03.10.2005 (Rs/10 kg)**

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Oct '05	366.80	368.00	369.00	367.20	1.5	368.30	7800
Nov '05	366.20	368.20	368.90	366.60	1.5	367.70	27140
Dec '05	N.A	N.A	N.A	N.A	0	N.A	N.A

**NCDEX Soy oil futures as on 01.10.2005 (Rs/10 kg)**

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Oct '05	363.75	364.80	367.75	364.80	367.05	9560	19430
Nov '05	362.10	363.00	367.50	363.00	366.85	15840	27360
Dec '05	363.40	364.10	368.35	364.10	367.75	2460	5020

**Rape/Mustard oil**

Market sentiments for rape/mustard oil was slightly up.(Lawrence Rd, Najafgarh Rd and Narela) was 5000- 6000 bags, and the arrival of Shri Ganganagar market was approximately 200 bags. NAFED's Ranjan said "India will start to sell 400,000 tons of rapeseed oil in the local market from this month. Currently the government's rapeseed stock stands at 2 million tons". And NAFED has invited bids from private oil manufacturers to process the rapeseed on behalf of the government.

The market sentiments of rape/mustard oil is bullish due to Dushehra and Diwali festivals.

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

Centres	03.10.05	01.10.05	Change
Mumbai (Rape Expeller Oil)	394	393	+1
Kota (Rape Expeller Oil)	377	375	+2
Jaipur (Rape Expeller Oil)	384	382	+2
Neewai (Kacchi Ghani Rape Oil)	398	401	-3
Delhi (Rape Expeller Oil)	405	398	+7

**Groundnut oil**

The market sentiments of groundnut oil was mixed. According to traders arrival of groundnut seeds is increasing day by day in the Rajkot market(Gujarat ) market, due to more arrival of groundnuts in the market the prices is going down in Gujarat. According to traders of Gujarat there is no chance to firming up of the groundnut oil prices in coming days. Market is expecting increase in arrivals of Groundnut seeds more than 2 lakh bags and 60-70 tanker oil in next 5-6 days in Gujarat only. The official also said the government isn't buying any groundnut from farmers

as market prices are likely to be well above the government-set base price. On the basis of these factors we can say that there is chance of bearish market for groundnut oil in Gujarat region.

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

Centres	03.10.05	01.10.05	Change
Mumbai (Normal)	507	499	+8
Mumbai (Good Quality)	525	530	-5
Rajkot	500	510	-10
Andhra Region	515	510	+5
Chennai	480	468	+12

**LATEST WEATHER WATCH (03.10.2005)****Weather Forecast**

Southwest monsoon has further withdrawn from some more parts of East Madhya Pradesh, West Madhya Pradesh, Gujarat Region and the remaining parts of Saurashtra & Kutch and north Arabian Sea. The withdrawal line passes through Bahraich, Allahbad, Umeria, Seoni, Khandwa, Surat 20° N/ 69° E and 20° N/ 60° E.

Yesterday's low pressure area over northwest Bay of Bengal and adjoining north Orissa-Gangetic West Bengal coast moved north-northeastwards and became well marked. It now lies over southern parts of Gangetic West Bengal & neighbourhood. The associated upper air cyclonic circulation extends upto mid-tropospheric levels. Under its influence fairly widespread rainfall with heavy to very heavy falls is likely over northeastern States and West Bengal & Sikkim during next 2-3 days.

The upper air cyclonic circulation over Saurashtra & Kutch and adjoining southeast Pakistan has become less marked.

A western disturbance as an upper air system lies over north Pakistan and neighbourhood.

**Forecast valid for next 72 hours**

**NORTH :** Isolated rain/thundershowers likely over East Uttar Pradesh and Uttaranchal. Isolated rain/thundershowers also likely over Himachal Pradesh and Jammu & Kashmir after 24hours. Mainly dry weather is likely in the rest region.

**EAST :** Rain/thundershowers likely at most places over Arunachal Pradesh, Assam & Meghalaya, West Bengal & Sikkim; at many places over Nagaland, Manipur, Mizoram & Tripura; at a few places over north Orissa, Bihar and Jharkhand and isolated over rest region outside East Madhya Pradesh and Chhattishgarh where weather may be mainly dry. Decrease in rainfall activity over Gangetic West Bengal after 4<sup>th</sup>.

**SOUTH :** Rain/thundershowers likely at many places over Andaman & Nicobar Islands; at a few places over Tamil Nadu & Pondicherry and isolated in the rest region outside Telangana where weather may be mainly dry.

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

**Warning**

Heavy to very heavy rainfall likely at a few places over Arunachal Pradesh, Assam & Meghalaya and West Bengal & Sikkim and isolated over Andaman & Nicobar Islands and Nagaland, Manipur, Mizoram & Tripura.

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

Moderate rainfall activity is likely over south peninsula and northeastern States.

**PORT-WATCH (Latest) :**

Delivery of 8,000 MT of SBO is continuing from the vessel 'Bryggen' at Kandla Port. The cargo was loaded from Argentina. InterOcean agents is handling the vessel. The port is receiving 5,650 MT of SBO from the vessel 'Azteca'. The cargo was loaded from USA. JM Baxi agents is handling the vessel. 'Storm' from Argentina has berthed at the port and continues to deliver 22,750 MT of SBO. The vessel is being handled by InterOcean agents. Delivery of 10,000 MT of CPO is expected at the port from the vessel 'Southern Unicorn'. The cargo was loaded from Dumai. Atlantic agents will be 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. 'Eastern Amenity' has berthed at Mumbai Port and continues to discharge 8,520 MT of palm oil. GAC agents is handling the vessel.

Delivery of 6,300 MT of palm is continuing at Tuticorin Port from the vessel 'Khadijah'. St.John agents will be handling the vessel.

Kakinada Port is receiving 7,000 MT of CPO from the vessel 'Spring Glory'.

'Stlot Guardian' has berthed at Kolkata Port and continues to discharge 21,000 MT of SBO. JM Baxi agents is handling the vessel. 'MMM Jackson' is expected at the port to discharge 6,000 MT of CPO. Seaport agents will be handling the vessel.

Delivery of 6,000 MT of CPO is expected at New Mangalore Port from the vessel 'Ace I'. The vessel will be handled by Interocean agents.

<b>Forex Rates (As on 03.10.2005)</b>		
<b>Country/ Continent</b>	<b>Currency</b>	<b>Value in Rupees</b>
USA	Dollar	44.12
Malaysia	Ringgit	11.70
European Union	Euro	52.61
United Kingdom	GBP	77.37
Japan	100 Yen	38.69

#### Current Vessels Positions

<b>Ports</b>	<b>Vessels</b>	<b>Volume (Ton)</b>	<b>Carrying</b>	<b>Status</b>
Kandla	Azteca	5650	SBO	Arrived
	Spring Wind	4750	SBO	Arrived
	Global Eos	5500	CPO	Arrived
	Bryggen	8000	SBO	Arrived
Kolkata	MMM Houston	6000	CPO	Arrived
	MMM Jackson	6000	CPO	Expected
	Stlot Guardian	21000	SBO	Expected
Mumbai	Eastern Amenity	8520	Palm oil	Arrived
JN	Storm	22750	SBO	Arrived
Cochin	Cheras	5890	Palm oil	Arrived
New Mangalore	Ace I	6000	CPO	Expected
	Bumik	6500	CPO	Arrived
Kakinada	Spring Glory	7000	CPO	Expected
	Stana 6	6000	CPO	Arrived
Tuticorin	Khadijah	6300	Palm oil	Expected

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