

VEGOIL

4th 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 continues to trade above its signal line indicating medium term strength. However MACD is still in negative territory and short term strength is not convincing.
2. The stochastic oscillator remains in neutral territory with a slight upward bias. However it is not conclusively bullish with faint signs of bearish reversal (%K line is beginning to dip).
3. The price line is just above both the 9-day and 18-day exponential moving averages. Weakness could increase if the price moves below the 9-day EMA.

The long term resistance trend line is hovering at the 368.6 levels which could act as a strong resistance.

Market advice:

Weakness is expected. Remain short

Resistance & Support Levels (Most Active Contract)

| Contract | Contract | Support | | Resistance | |
|----------|----------|---------|-------|------------|-------|
| | | 1st | 2nd | 1st | 2nd |
| NCDEX | Oct' '05 | 364.3 | 363.2 | 367.8 | 369.7 |

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 Slightly End Up

Soybean Futures on the Chicago Board of Trade ended Up on Monday. CBOT November soybean futures settled 7.75 cents at US \$5.81 per bushels. It was 5 cents off the high and 15 cent up from the low. January Soybeans closed up 9.25 cents at US \$ 5.92 5. This was 15.5 up from the low and 4 cent off the high and December Soybean Oil finished up 0.7 cent at 24.65 cents / ponds, 0.33 off the high and 0.92 up from the low. The prices for the oil market continue to find support from increased usage in the energy sector and the USDA Quarterly Grains Stocks Report shows the bullish market of soybean oil. There is no doubt that the soybean rally was the key driver of the market by sharp gain in soybean oil. Soybean stocks for September 1st were pegged at 255 million bushels versus from trade expectations at 294 million and that compares to 112 million at this time last year. US 2004 soybean production was lowered by 17.3 million bushels to 3.124 billion versus the previous estimate of 3.141 billion.

According to the Brazil Vegetable Oils Industry Association, Brazil could export a record 25 million tonnes of soybeans for the 2006/2007, which is up from 21.3 million tonnes this season. Meal exports, however, could fall to 12.8 million tonnes from 13.1 million this season.

CBOT Soy oil futures as 04.10.2005 (Cents/pound)

| Months | Previous Settle | Open | High | Low | Change | Close |
|--------|-----------------|-------|-------|-------|--------|-------|
| 5-Oct | 23.72 | 23.72 | 24.70 | 23.58 | 0.74 | 24.46 |
| 5-Dec | 23.95 | 23.97 | 24.90 | 23.73 | 0.70 | 24.65 |
| 6-Jan | 24.21 | 24.26 | 25.10 | 23.96 | 0.68 | 24.89 |
| 6-Mar | 24.32 | 24.15 | 25.25 | 24.08 | 0.68 | 25.00 |

CBOT remains closed on Saturday and Sunday.

South American Soy Futures Marginally Up

CBOT November US soybeans futures was marginally high. November South American soybeans closed 11.5 cents higher at US\$ 6.41 per bushel. Volume was 87 contracts. The high fertilizer prices reduce the planted acreage of soybean in Brazil. However, according to the Brazil Vegetable Oils Industry Association, Brazil could export a record 25 million tonnes of soybeans for the 2006/2007, which is up from 21.3 million tonnes.

The soy oil market may be continues higher due to increasing demand of energy fuel and the prices of soymeal is uncertain due to increased oil seed crushed could result more meal supply than expected demand of meal. South American bean may get advantages of low US harvest in this week. Without fundamental support in meal, there is chance of uptrend for oil continue and soymeal in a longer-term downtrend.

The COT report to be released after the close today might show a moderate increase in the spec short position, as soybeans fell 15 cents within the reporting period.

BMD Crude Palm Oil Futures End Lower

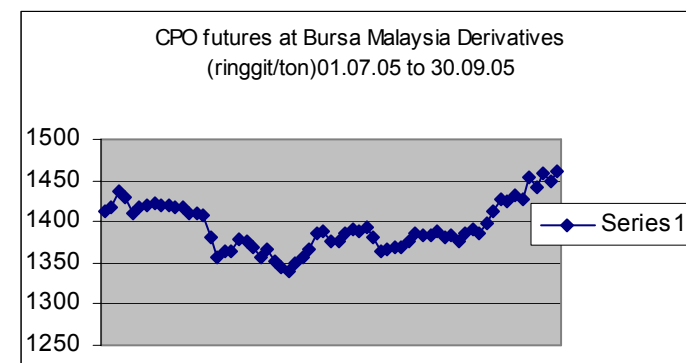
Crude palm oil futures on the Bursa Malaysia Derivatives ended slightly lower Tuesday. It was expected bullish under impression that crude oil prices will go up due to the popularizing too much the concept of bio-diesel from past one month, it could not sustain further. The soy oil futures market was also declined in electronic trading Tue. The market sentiment of crude palm oil may be bullish in long term. The government of Malaysia will formulate a national bio-fuel policy and government of Malaysia projected to build up 3 bio diesel plants in Malaysia, it is expected to complete in late 2006. The crude palm oil market was sluggish as declines in CPO futures, the buyers are waiting for lower prices. RBD palm olein was last offered \$2.50 lower, with October/November/December at \$422.50/ton and January/February/March at \$425.00/ton. One trade was reported earlier in the day for January/February/March at \$427.50/ton.

The benchmark December CPO contract ended at MYR1,465 a metric ton, down MYR11 from Monday. Trading volume in CPO futures totaled 5,047 lots compared with 7,154 lots Monday and open interest totaled 26,711 lots compared with 27,348 lots.

KLCE CPO Futures (04.10.05) (In Ringgit /Ton)

| Months | Previous | Open | High | Low | Change | Close |
|---------|----------|------|------|------|--------|-------|
| Oct '05 | 1467 | 1475 | 1475 | 1472 | 5 | 1472 |
| Nov '05 | 1473 | 1479 | 1479 | 1462 | -11 | 1462 |
| Dec '05 | 1476 | 1482 | 1483 | 1465 | -11 | 1465 |

BMD remain closed on Saturday and Sunday.



Domestic:

Palm oil

The soy oil market may be continues higher due to increasing demand of energy fuel and due to domestic hike in energy fuel the traders raised the prices of palm oil to compensate the transportation cost. Another important reason is that there is more demand of oil due to festive seasons in India. On the other hand, the prices of crude palm oil are declined in Malaysia. The CPO prices were increasing from past one month under impression of the concept of bio-diesel, but it could not sustain further. 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 \$ 82.50 per tonne and RBD Palmolein at \$ 422.00 per tonne.

Sentiment of global palm oil markets is bearish.

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

| Centres | 04.10.05 | 03.09.05 | Change |
|------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 330 | 328 | +2 |
| Kandla RBD Palmolein | 360 | 368 | -8 |
| Mumbai RBD Palmolein | 367 | 365 | +2 |
| Chennai RBD Palmolein | 363 | 362 | +1 |
| Kakinada RBD Palmolein | 360 | 358 | +2 |

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 was mixed up. It was expected that prices will be continue 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 increased from 15000 bags to 2000 bags in Indore market, due to more arrival of soybean the prices of soy oil is gone down at Indore market.

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 \$ 520 per tonne.

The market of soy oil is expected bearish.

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

| Centres | 04.10.05 | 03.09.05 | Change |
|------------------------------|----------|----------|--------|
| Mumbai (Soy ref) | 347 | 347 | 0 |
| Indore (Soy Ref oil) | 368 | 368 | 0 |
| Indore (Soy Solvent Ex. oil) | 344 | 345 | -1 |
| Kota (Soy Ref. Oil) | 372 | 367 | +5 |
| Jaipur (Soy Ref. Oil) | 375 | 372 | +3 |

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

| Months | Previous Closing | Open Price | High Price | Low Price | Change | Close Price | Volume |
|---------|------------------|------------|------------|-----------|--------|-------------|--------|
| Oct '05 | 368.20 | 368.50 | 368.50 | 365.40 | -2.8 | 365.40 | 1920 |
| Nov '05 | 367.60 | 368.30 | 368.50 | 364.50 | -3.1 | 364.50 | 31200 |
| Dec '05 | N.A | N.A | N.A | N.A | 0 | N.A | N.A |

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

| Months | Previous Closing | Open Price | High Price | Low Price | Close Price | Volume | Open Interest |
|---------|------------------|------------|------------|-----------|-------------|--------|---------------|
| Oct '05 | 367.05 | 368.00 | 368.90 | 367.40 | 367.90 | 8420 | 17920 |
| Nov '05 | 366.85 | 367.50 | 369.00 | 366.50 | 367.25 | 11900 | 28130 |
| Dec '05 | 367.75 | 369.00 | 369.40 | 367.20 | 367.65 | 3190 | 600 |

Rape/Mustard oil

Market sentiments for rape/mustard oil was mixed. The prices of mustard oil were slightly down in the Delhi and Jaipur market and on the other hand, the prices of rape/mustard oil were slightly high in Neewai (Tonk) market. According to traders, arrival of mustard seeds in Delhi markets (Lawrence Rd.) was 1000 bags, while yesterday it was up to 500 bags. We can say that prices of Delhi market may be low due to more supply of mustard seeds in Delhi market.

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

| Centres | 04.10.05 | 03.09.05 | Change |
|--------------------------------|----------|----------|--------|
| Mumbai (Rape Expeller Oil) | - | 394 | - |
| Kota (Rape Expeller Oil) | 376 | 377 | -1 |
| Jaipur (Rape Expeller Oil) | 383 | 384 | -1 |
| Neewai (Kacchi Ghani Rape Oil) | 393 | 398 | +5 |
| Delhi (Rape Expeller Oil) | 400 | 405 | -5 |

Groundnut oil

The market sentiments of groundnut oil was slightly high in Gujarat while day before yesterday it was expected that the arrival of groundnut will be more after harvesting the crops. But it could not be due to little rain and cloudy weather in Gujarat. According to traders, the expected arrival was 2 lakhs bags and actual arrival was 20,000 bags due to that price has gone up in Gujarat. According to the traders the prices of groundnut is slightly high only for short time due to cloudy weather. After harvesting the crop the prices of groundnut will decline in future. The market sentiment of groundnut is expected to bearish.

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

| Centres | 04.10.05 | 03.09.05 | Change |
|-----------------------|----------|----------|--------|
| Mumbai (Normal) | 499 | 507 | -8 |
| Mumbai (Good Quality) | 520 | 525 | -5 |
| Rajkot | 510 | 500 | +10 |
| Andhra Region | 520 | 515 | +5 |
| Chennai | 482 | 480 | +2 |

LATEST WEATHER WATCH (04.10.2005)

Weather Forecast

Yesterday's well marked low pressure area over Gangetic West Bengal and adjoining Bangladesh now lies as a low pressure area over Gangetic West Bengal. The associated upper air cyclonic circulation extends upto mid-tropospheric levels. Under its influence fairly widespread rainfall with heavy falls is likely over West Bengal & Sikkim and Assam & Meghalaya during next 2-3 days. Some increase in rainfall also likely over Bihar and Jharkhand.

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

Another upper air cyclonic circulation lies over southeast Arabian Sea and neighbourhood extend between 1.5 and 3.1 km a.s.l.

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

Forecast valid for next 72 hours

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

EAST : Rain/thundershowers likely at many places over Assam & Meghalaya and West Bengal & Sikkim; at a few places over Nagaland, Manipur, Mizoram & Tripura, Arunachal Pradesh, Bihar and Jharkhand and isolated over Orissa. Weather may be mainly dry over East Madhya Pradesh and Chhattishgarh. Rainfall activity over Gangetic West Bengal will decrease after 24 hours

SOUTH : Rain/thundershowers likely at many places over Nicobar Islands; at a few places over Andaman Islands, Tamil Nadu & Pondicherry, Kerala and Lakshadweep and isolated in the rest region outside Andhra Pradesh where weather may be mainly dry. Isolated rain/thundershowers likely over south Coastal Andhra Pradesh after 24 hours.

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

Warning

Heavy to very heavy rainfall likely at a few places over Nicobar Islands, Assam & Meghalaya and Sub-Himalayan West Bengal & Sikkim and isolated over Gangetic West Bengal.

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

Moderate rainfall activity is likely over south peninsula is likely to continue.

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.

Forex Rates

(As on 04.10.2005)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA | Dollar | 44.19 |
| Malaysia | Ringgit | 11.72 |
| European Union | Euro | 52.71 |
| United Kingdom | GBP | 77.65 |
| Japan | 100 Yen | 38.65 |

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 |

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.