

VEGOIL

25th October 2005

MAJOR ACTIVITY HIGHLIGHTS

- BMD Crude Palm Oil Futures Settle Moderately Higher
- CBOT Soyoil Futures Future Slightly Higher

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX October Contract

Technical Analysis for November Contract:

1. The MACD continues to head down below its signal line indicating medium term weakness.
2. The stochastics oscillator beginning to bottom out in oversold territory. The %K line is trying to make a bullish crossover of the %D line. Short term outlook is of cautious bullishness.
3. Prices are still well below the 9-day and 18-day EMA and the EMA pattern shows medium term weakness.

After yesterday's sharp drop, prices stabilized today and closed with small gains. Prices may be forming a bottom and a technical rebound is may happen tomorrow after 4 days of falling prices.

Market advice: Since prices are in a downtrend with chances of technical rebound upwards, it is better to stay away. Risk takers can go long on dips towards 357.5 (Nov) with objective of 359-360.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NCDEX	Nov'05	357.9	356.9	359.8	360.7

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 Settle Slightly Higher

Soy futures at Chicago Board of Trade settled higher on ideas of oversold markets. November soybean future at Chicago Board of Trade settled up 2.75 cent on Monday at \$5.75 per bushel, 0.5 cent off the high and 8.5 cent up from the low and January Soybean settled up 3 cent at \$ 5.875 per bushel, 0.5 cent off the high and 9.5 cent up from the low. December Soymeal finished up \$ 0.5 at \$ 169.9 per tonnes, \$ 1.3 off the high and \$ 1.4 up from the low. December Soybean Oil closed up 0.28 cent at 23.76 cent per pounds, 0.02 cent off the high and 0.71 cent up from the low. Also, correction was due after three consecutive falls in soy prices. Lower energy prices and spread of bird flu in some part of Asia and Europe has been held responsible for weakness in soy market in past few sessions. Unfriendly export inspection report released by USDA helped curbing bullish tendencies in the market. The US Department of Agriculture estimated the weekly export of US Soybean at 32.7 million bushels against earlier expectations of 6 million bushels.

CBOT Soy oil futures as 24.10.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Close	Change
Dec'05	23.48	23.25	23.78	23.05	23.76	+0.28
Jan'06	23.70	23.40	24.02	23.30	24.01	+0.31
Mar'06	23.90	23.60	24.20	23.50	24.20	+0.30
May'06	24.08	23.85	24.35	23.68	24.35	+0.27

CBOT remains closed on Saturday and Sunday.

South American Soy Future Settled Lower

November South American Soy future settled down 16.25 cent due to low demand of Soymeal from China is the major cause to lower price of soybean. The forecast of soybean production in Brazil is lower 57.6 million tonnes from 58.14 million tonnes as compared to August forecast due to limited availability of credit for the inputs to the soybean producers for the coming session. It was expected that focus of attention will shift soon towards size of coming crop of Brazil, but still focus attention is on the US market. Lower prices of Soybean are due to lower energy prices and meal market is low due to bird flu. Meal buyers are facing much uncertainty regarding the profit, because the sharp decline in eating poultry by consumers with apprehension of bird flu. Soybean crusher is facing problem of profit margin in China only because China importing 3 lakh tonnes of Soymeal from India and more than 3 lakh tonnes is planning to import from Argentina.

BMD Crude Palm Oil Futures Settle Moderately Higher

Crude palm oil future on Bursa Malaysia Derivatives settled higher on Tuesday. Crude palm oil increased due to friendly export estimates of October 1-25 report. Palm oil prices were low from last week on BMD. Ideas the market may be oversold, aftermath market has taken upward correction and there may be another positive support for palm oil prices due to soy future settled higher at Chicago Board of Trade on Monday. The benchmark January CPO contract settled at MYR1421 per metric

tonnes, it is up MYR11 from Monday. The export estimates for the October 1-25 period is expected higher. Cargo surveyor SGS (Malaysia) Bhd. estimated exports in the first 25 days of October month at 1.05 million tons, it is up by 2.7% from last month, while another surveyor Intertek Agri Services, had earlier estimated exports at a slightly lower 1.03 million tons. Trading volume totaled 4,242 lots compared with 3,457 lots Monday. Open interest totaled 25,333 lots compared with 25,559 lots (1 lot=25 metric tonnes). The BMD will be closed for religious holidays on Nov. 1, 3 and 4.

KLCE CPO Futures (25.10.2005)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Nov '05	1407	1418	1420	1418	1419	+12	119
Dec '05	1408	1412	1421	1411	1420	+12	867
Jan '06	1410	1413	1422	1412	1421	+11	2753
Feb '05	1409	1415	1423	1415	1420	+11	503

BMD remains closed on Saturday and Sunday.

Palm Oil

The spot market prices are continued range bound. Prices are stable at domestic market despite increasing buying support on festival demand only due to bumper harvesting of new crops of soybean and groundnut in major producing states of India. The export estimates of October 1-25 report were friendly. The export estimates for the October 1-25 period is expected higher. Cargo surveyor SGS (Malaysia) Bhd. estimated exports in the first 25 days of October month at 1.05 million tons, it is up by 2.7% from last month, while another surveyor Intertek Agri Services, had earlier estimated exports at a slightly lower 1.03 million tons.

FOB prices of CPO (Nov) were quoted at \$ 367 per tonne and RBD Palmolein at \$ 405 per tonne.

It is expected that prices of palm oil at spot market would open range bound.

Palm oil - Spot Market Price

(Rs. per 10 kg)

Centres	25.10.05	24.10.05	Change
Kandla CPO (5 % FFA)	337	337	0
Kandla RBD Palmolein	369	368	+1
Mumbai RBD Palmolein	371	372	-1
Chennai RBD Palmolein	381	380	+1
Kakinada RBD Palmolein	375	375	0

Soy oil

The prices of soy oil at domestic market are range bound. The prices of soy oil at domestic market are marginally high in some domestic markets. The major cause for increasing prices of soy oil is due to increasing buying support on festival demand. The buying supports were increased only because the market will be closed for 3-4 days on the religious festival throughout India. Prices are up only for short period. It is expected that prices of soy oil would decline after festivals due to bumper harvesting and crushing of soyoil in major producing states of India. The arrival of soybean in Madhya Pradesh, Rajasthan and Maharashtra is 4, 1, and 1.5 lakh quintal respectively.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 334 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 527 per tonne.

The market sentiment of soyoil is expected to open range bound.

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

Centres	25.10.05	24.10.05	Change
Mumbai (Soy ref)	364	363	+1
Indore (Soy Ref oil)	352	350	+2
Indore (Soy Solvent Ex. oil)	324	323	+1
Kota (Soy Ref. Oil)	359	362	-3
Jaipur (Soy Ref. Oil)	364	365	-1
Nagpur (Soy ref. Oil)	357	357	0

NBOT Soy oil futures as on 25.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Change	Volume
Nov '05	357.50	359.00	359.50	357.60	358.80	+1.3	21920
Dec '05	360.60	362.20	363.60	361.30	362.80	+2.2	3350

NCDEX Soy oil futures as on 25.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Nov 05	365.85	365.00	365.15	362.75	363.40	8660	21020
Dec 05	366.00	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Rape/Mustard oil

The spot market price of mustard oil is in range bound. Earlier it was expected that prices of mustard oil would go down under impression that the bumper crop harvesting and crushing of soybean and groundnut in major producing states of India. The price stability is only due to increasing buying support on just before religious festivals throughout India. The market would be closed on the occasion of religious festival.

The market sentiment of mustard oil is expected to open range bound.

Spot Market Price (Rs. per 10 kg)

Centres	25.10.05	24.10.05	Change
Mumbai (Rape Expeller Oil)	376	376	0
Kota (Rape Expeller Oil)	373	370	+3
Jaipur (Rape Expeller Oil)	380	380	0
Delhi (Rape Expeller Oil)	398	395	+3
Neewai (Kacchi Ghani Rape Oil)	386	386	0

Groundnut oil

The spot market price of groundnut oil in range bound. Earlier it was expectation that prices will go down but prices of groundnut oil are stable today. According to local traders, there was no arrival of groundnut seed today due to Election at Taluka level in Gujarat state. Gujarat is the major producing states of the groundnut. There was more buying of groundnut oil just before festival because the market will be closed on the occasion of festivals. It is expected that the prices of groundnut oil will go down after Eid and Diwali.

The market sentiment of groundnut oil is expected to open range bound.

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

Centres	25.10.05	24.10.05	Change
Mumbai	513	518	+3
Rajkot	495	495	0
Andhra Region	520	515	+5
Chennai	480	480	0

LATEST WEATHER WATCH (25.10.2005)

Weather Forecast

Under the influence of upper air cyclonic circulation over southwest Bay of Bengal, a low pressure area has formed over southeast and adjoining southwest Bay of Bengal. The system is likely to become well marked and subsequently a depression. It may cause an active wet spell with heavy to very heavy falls over south Peninsula during next 2-3 days. Subsequently the rainfall is likely to extend northwards along the east coast to coastal areas of Orissa and West Bengal.

The upper air cyclonic circulation over eastcentral Arabian Sea has become unimportant.

The feeble western disturbance as an upper air system over North Pakistan and neighbourhood persists. Under its influence, an induced cyclonic circulation has formed over central Pakistan which extends upto 2.1 km a.s.l. These systems may cause scattered light to moderate rain/snow over Jammu & Kashmir during next 2 days.

Forecast valid for next 72 hours

NORTH : Light to moderate rain/snow likely at a few places over Jammu & Kashmir and isolated over Himachal Pradesh during next 48 hours. Weather is likely to improve over Jammu & Kashmir after 48 hours leading to fall in night temperatures. **Mainly dry** weather likely in the rest region.

EAST : **Isolated** rain/thundershowers likely over northeastern states, West Bengal & Sikkim and Orissa. Weather will be mainly dry in the rest region. Rainfall over coastal areas of Orissa is likely to increase from 27th.

SOUTH : Rain/thundershowers likely at most places over Andaman & Nicobar Islands and coastal Tamil Nadu & Pondicherry; at many places over interior Tamil Nadu and Coastal Andhra Pradesh and at a few places over the rest region outside coastal and North Interior Karnataka where it may be isolated.

WEST : Mainly dry weather is likely over the region.

Heavy Rainfall Warning

Isolated heavy rainfall is likely over Andaman & Nicobar Islands, Tamil Nadu & Pondicherry and Coastal Andhra Pradesh. It may be at a few places with isolated very heavy falls over Coastal Andhra Pradesh and coastal Tamil Nadu & Pondicherry after 24 hours.

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

1. The ongoing enhanced rainfall activity over south peninsula is likely to continue and extend northwards increase along the east coast to Orissa and West Bengal.
2. Improvement in weather conditions over Jammu & Kashmir leading to fall in night temperatures.

Source: IMD, GOI.

PORT-WATCH (Latest) :

Delivery of 16,686 MT of CPO is continuing at Mundra Port from the vessel 'Gemini'. Taurus agents is handling the vessel.

Chennai Port received 3,501 MT of CPO from the vessel 'Victory Prima'. Interocean agents handled the vessel.

Kakinada Port is expecting 'Fair Rainbow' to discharge 16,000 MT of SBO. The cargo was loaded from Argentina. The vessel will be handled by Interocean agents.

Delivery of 6,000 MT of CPO is expected at Kolkata Port from the vessel 'MMM Galvestone'.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	MMM Galvestone	6000	CPO	Expected
Kandla	Pacific Sound	12750	CPO	Expected
JN	Florida	11000	SBO	Expected
Tuticorin	Mega Crown No.1	1850	Palm oil	Expected
Mumbai	Pacific Sound	1000	Palm oil	Expected
Mundra	Gemini	16686	CPO	Arrived
Kakinada	Fair Rainbow	16000	SBO	Expected
Chennai	Victory Prima	3501	CPO	Arrived

Forex Rates

(As on 25.10.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.12
Malaysia	Ringgit	11.94
European Union	Euro	53.91
United Kingdom	Pound Sterling	79.57
Japan	100 Yen	39.01

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