

VEGOIL

28th October 2005

MAJOR ACTIVITY HIGHLIGHTS

- BMD Crude Palm Oil Future End Slightly Down
- CBOT Soyoil Futures Settled Mildly Lower

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 continues to move down in oversold territory. This often signals a reversal with confirmation occurring on the next bar.
3. Prices are far below the 9-day and 18-day EMA and the EMA pattern shows medium term weakness.
4. Candlestick has formed a dozy pattern, which shows indecisiveness. The prices may witness reversal, but it is yet to be confirmed.

Market advice: Since prices are in a downtrend it is better to stay away until reversal is confirmed.

Resistance & Support Levels (Most Active Contract)

| Contract | Contract | Support | | Resistance | |
|----------|----------|---------|--------|------------|--------|
| | | 1st | 2nd | 1st | 2nd |
| NCDEX | Nov'05 | 355.43 | 354.87 | 356.68 | 357.37 |

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 Future Settled Mildly Lower

November soy future settled mildly down at Chicago Board of Trade on Thursday. November Soybeans settled lower 0.5 cent at \$ 5.71 per bushel, 4 cents off the high and 1 cent up from the low and January Soybeans price settlement was unchanged at \$ 5.835 per bushel, 4 cents off the high and 2cents up from the low. December Soybean settled up \$1.2 at \$ 170.5 per metric tonnes, \$ 0.5 off the high and \$ 0.9 up from the low. December Soybean Oil Settled down 0.15 cents at 23.38 cent / pounds, 0.24 cents off the high and 0.03 cents up from the low. September US Census Crush report was released before opening of the market. It revealed Soybean crush of 133.2 million bushels as compared with trade expectations of around 134 million bushels. Meal stocks were less at 171,596 metric tonnes from the trader's expectations of around 275,000 metric tonnes. Oil stocks were at 1.69 billion pounds higher than expectations of traders. Weekly US export sales for soybeans depict 842,000 metric tonnes of Soybeans as compared to expected 850,000 to 1,050,000 metric tonnes, which is less than expectations. Meal sales were mildly lower 194200 metric tonnes as expected to 194500. Oil sales were 6300, which was within expected. The palm oil futures were jumped higher yesterday only because the rumour regarding the reducing imports duties by government of India on palm oil.

CBOT Soy oil futures as 27.10.2005 (Cents/pound)

| Months | Previous Settle | Open | High | Low | Close | Change |
|---------|-----------------|-------|-------|-------|-------|--------|
| Dec'05 | 23.53 | 23.45 | 23.62 | 23.35 | 23.38 | -0.15 |
| Jan'06 | 23.72 | 23.65 | 23.83 | 23.57 | 23.60 | -0.12 |
| Mar'06 | 23.94 | 23.80 | 24.03 | 23.78 | 23.80 | -0.14 |
| May'06 | 24.10 | 24.00 | 24.17 | 23.93 | 24.00 | -0.10 |
| Jul '06 | 24.24 | 24.12 | 24.33 | 24.12 | 24.17 | -0.07 |
| Aug'06 | 24.30 | 24.27 | 24.27 | 24.20 | 24.21 | -0.09 |

CBOT remains closed on Saturday and Sunday.

South American Soy Future Settled Slightly Lower

November South American soybeans settled slightly lower 5 cents yesterday at \$ 6.37 per bushel and trade volume was in 71 contracts. The traders' attention is shifting towards the new crop production of Brazil. The crop plantation of soybean is over about 80 per cent in Brazil. The producers are planning to use less fertilizer and fungicides in this season due costly fertilizer and limited availability of credit. Less use of fertilizer and fungicides will bring negative impact on soybean yield. The first official production forecast from the Brazil government for the 2005-06 will be released on November 3, 2005. September US Census Crush report was released before opening of the market. It revealed Soybean crush of 133.2 million bushels as compared with trade expectations of around 134 million bushels. Meal stocks were less at 171,596 metric tonnes from the trader's expectations of around 275,000 metric tonnes. Oil stocks were at 1.69 billion pounds higher than expectations of traders. Weekly US export sales for soybeans depict 842,000 metric tonnes of

Soybeans as compared to expected 850,000 to 1,050,000 metric tonnes, which is less than expectations. Meal sales were mildly lower 194200 metric tonnes as expected to 194500. Oil sales were 6300 metric tonnes, which was within expected range.

BMD Crude Palm Oil Futures End Slightly Down

Crude Palm oil futures at Bursa Malaysia Derivative Exchange settled slightly down on Friday. Benchmark January future settled off MYR 4 at MYR 1431 per ton. Trading volumes remained this due to lack of interest for fresh position ahead of extended weekend holiday. Volume declined to 1581 lots compared to average 5000 lots during the busier sessions. Traders relate yesterday's gains with the rumours of likely reduction in import tariffs by Indian government. However, rumours lost significance for no ground. Further traders are not expecting any bolt from the blue out of SGS export report to be released on Monday. Traders are expecting slight increase in export compared to 1.2 million ton exported in September.

KLCE CPO Futures (28.10.2005)

(Ringgit/ton)

| Months | Previous | Open | High | Low | Close | Change | Volume |
|---------|----------|------|------|------|-------|--------|--------|
| Nov '05 | 1435 | 1435 | 1436 | 1432 | 1434 | -1 | 145 |
| Dec '05 | 1435 | 1433 | 1437 | 1431 | 1432 | -3 | 344 |
| Jan '06 | 1435 | 1433 | 1438 | 1430 | 1431 | -4 | 812 |
| Feb '06 | 1434 | 1433 | 1437 | 1430 | 1432 | -2 | 220 |
| Mar '06 | 1434 | 1435 | 1435 | 1435 | 1435 | +1 | 10 |

BMD remains closed on Saturday and Sunday.

Palm Oil

The spot market prices are continued range bound. The bumper harvesting of new crops of soybean and groundnut in major producing states of India will bring negative impact on prices. Trading volumes remained weak at BMD, Malaysia due to lack of interest for fresh position ahead of extended weekend holiday. Volume declined to 1581 lots compared to average 5000 lots during the busier sessions. The palm oil futures were jumped higher yesterday only because the rumour regarding the reducing imports duties by government of India on palm oil. Traders are expecting slight increase in export compared to 1.2 million ton exported in September.

FOB prices of CPO (Nov) were quoted at \$ 370 per tonne and RBD Palmolein at \$ 407.50 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 | 28.10.05 | 27.10.05 | Change |
|------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 337 | 335 | +2 |
| Kandla RBD Palmolein | 362 | 363 | -1 |
| Mumbai RBD Palmolein | 370 | 370 | 0 |
| Chennai RBD Palmolein | 380 | 380 | 0 |
| Kakinada RBD Palmolein | 372 | 373 | -1 |

Soy oil

The prices of soy oil at domestic market continued mildly declined. Soybean oil prices are declined only due to harvesting and crushing of soybean and groundnut is on peak. The arrival of soybean is increased in major producing states of India. The arrival of soybean was 4.00 lakh, 3.00 lakh, 3.00 lakh and 2.00 lakh quintal in Madhya Pradesh, Maharashtra, Gujarat and Rajasthan respectively. The more supply of soybean seeds will have negative impact on soybean oil prices. Soy future settled at lower on Chicago board of Trade also.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 332 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 515 per tonne.

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

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

| Centres | 28.10.05 | 27.10.05 | Change |
|------------------------------|----------|----------|--------|
| Mumbai (Soy ref) | 361 | 362 | -1 |
| Indore (Soy Ref oil) | 351 | 351 | 0 |
| Indore (Soy Solvent Ex. oil) | 324 | 324 | 0 |
| Kota (Soy Ref. Oil) | 355 | 358 | -3 |
| Jaipur (Soy Ref. Oil) | 360 | 363 | -3 |
| Nagpur (Soy ref. Oil) | 352 | 355 | -3 |

NBOT Soy oil futures as on 28.10.2005 (Rs/10 kg)

| Months | Previous Closing | Open Price | High Price | Low Price | Close Price | Change | Volume |
|---------|------------------|------------|------------|-----------|-------------|--------|--------|
| Nov '05 | 356.10 | 354.80 | 355.70 | 354.60 | 355.00 | -1.1 | 17640 |
| Dec '05 | 360.20 | 358.50 | 359.60 | 358.50 | 359.00 | -1.2 | 6430 |

NCDEX Soy oil futures as on 28.10.2005 (Rs/10 kg)

| Months | Previous Closing | Open Price | High Price | Low Price | Close Price | Volume | Open Interest |
|--------|------------------|------------|------------|-----------|-------------|--------|---------------|
| Nov 05 | 357.65 | 356.10 | 356.80 | 355.55 | 356.00 | 5830 | 20150 |
| Dec 05 | 360.95 | 360.00 | 360.00 | 358.40 | 358.05 | 6270 | 19560 |

Rape/Mustard oil

The spot market price of mustard oil continued range bound. There is decreasing buying support from consumer side. The consumers are engaged in maintaining and decorating their home for religious festivals. The harvesting of new crop of groundnut and soybean is on peak in major producing states. The sowing of mustard is going on in major producing states of mustard seeds.

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

Spot Market Price (Rs. per 10 kg)

| Centres | 28.10.05 | 27.10.05 | Change |
|--------------------------------|----------|----------|--------|
| Mumbai (Rape Expeller Oil) | 376 | 375 | +1 |
| Kota (Rape Expeller Oil) | 371 | 372 | -1 |
| Jaipur (Rape Expeller Oil) | 377 | 377 | 0 |
| Delhi (Rape Expeller Oil) | 390 | 395 | -5 |
| Neewai (Kacchi Ghani Rape Oil) | 382 | 382 | 0 |

Groundnut oil

The groundnut oil prices at domestic market range bound. According to local traders, there would not be arrival of groundnut for a week in Gujarat states due to religious festival. There is sufficient stock of groundnut seed and oil with stockists; they will use that stock during holiday. There is low buying support only because the most of the people are engaged in maintaining and decorating their homes and enjoying with friends and relatives on the occasion of diwali. Gujarat is major producing state of groundnut.

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

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

| Centres | 28.10.05 | 27.10.05 | Change |
|---------------|----------|----------|--------|
| Mumbai | 510 | 512 | -2 |
| Rajkot | 490 | 488 | +2 |
| Andhra Region | 520 | 520 | 0 |
| Chennai | 482 | 485 | -3 |

LATEST WEATHER WATCH (28.10.2005)

Weather Forecast

Yesterday's deep depression over southwest Bay of Bengal moved northwestwards and lay centred at 0830 hours IST of 28th October, close to Ongole. The system is likely to cross south Andhra Pradesh between Ongole and Bapatla by noon today.

Under its influence, widespread rainfall with heavy to very heavy falls at a few places is likely over south Coastal Andhra Pradesh and Rayalaseema during next 48 hours. Isolated heavy rainfall may also occur over Interior Karnataka and Telangana during next 2 days. Isolated heavy rainfall may also occur over north Tamil Nadu today. Squally winds with speed reaching 60-65 kmph likely along and off south Coastal Andhra Pradesh till today night. State of sea will be rough to very rough. Fishermen are advised not to venture into the sea.

The western disturbance as an upper air system over North Pakistan and neighbourhood has moved away east-northeastwards leading to fair weather and chilly nights over Jammu & Kashmir.

Forecast valid for next 72 hours

NORTH : Mainly dry weather is likely over the region.

EAST: Rain/thundershowers likely at many places over coastal & south Orissa and coastal West Bengal; at a few places over rest Orissa and south Chhattisgarh and isolated in the rest region outside Bihar and East Madhya Pradesh where weather may be mainly dry.

SOUTH : Rain/thundershowers likely at most places over Coastal Andhra Pradesh and Rayalaseema; at many places over the rest region outside south Tamil Nadu, Kerala and Lakshadweep where it may be at a few places.

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

Warning

i) Heavy to very heavy rainfall likely at a few places over Coastal Andhra Pradesh and Rayalaseema. Isolated heavy rainfall is also likely over Andaman & Nicobar Islands, north Tamil Nadu, Telangana, Interior Karnataka and coastal Orissa.

ii) Squally winds with speed reaching 60-65 kmph likely along and off south Coastal Andhra Pradesh during next 12 hrs. State of sea will be rough to very rough. Fishermen are advised not to venture into the sea.

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

Rainfall activity over south Peninsula is likely to decrease.

Source: IMD, GOI.

PORT-WATCH (Latest) :

'MMM Houston' has berthed at Kolkata Port and continues to discharge 6,000 MT of CPO. The vessel is being handled by Seaport agents. Delivery of 6,000 MT of CPO is expected at Kolkata Port from the vessel 'MMM Galvestone'. Seaport agents will be handling the vessel.

Delivery of 12,000 MT of CPO is continuing at Kakinada Port from the vessel 'Thressa II'.

'Tirta Niaga I' is expected at Mundra Port to deliver 5,900 MT of palm oil. Taurus agents will be handling the vessel.

JN Port is expecting 'EW Harting' from Argentina to deliver 4,000 MT of SBO. Interocean agents will be handling the vessel.

New Mangalore Port is expecting 'Aprologue', 'Matina' and 'Bumik' to deliver 17,000 MT of SBO, 10,000 MT of SBO and 7,000 MT of CPO respectively.

Kandla Port is expecting 'Fair Rainbow' to discharge 16,000 MT of SBO. The cargo was loaded from Argentina. 'Marine Champion' from Indonesia is expected at the port to deliver 4,000

MT of CPO. These vessels will be handled by Interocean agents. Delivery of 4,500 MT of CPO is expected at the port from the vessel 'Nolowati'. The cargo was loaded from Belawan. Atlantic agents will be handling the vessel. The port is expecting 'EW Harting' from Argentina to discharge 14,000 MT of SBO. The vessel will be handled by Interocean agents.

Mumbai Port is expecting 'Marine Champion' from Indonesia to deliver 5,520 MT of palm oil. Interocean agents will be handling the vessel. 'Nolowati' from Belawan is expected at the port to discharge 5,000 MT of palm oil. Atlantic agents will be handling the vessel.

Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|---------------|-----------------|--------------|----------|-----------|
| Kolkata | MMM Galvestone | 6000 | CPO | Expected |
| | MMM Houston | 6000 | CPO | Arrived |
| Kandla | Pacific Sound | 12750 | CPO | Expected |
| | Fair rainbow | 16000 | SBO | Expecting |
| | EW Harting | 14000 | SBO | Expected |
| JN | Florida | 11000 | SBO | Expected |
| | EW Harting | 4000 | SBO | Expected |
| Tuticorin | Mega Crown No.1 | 1850 | Palm oil | Expected |
| Mumbai | Pacific Sound | 1000 | Palm oil | Expected |
| | Marine Champion | 5520 | Palm oil | Expected |
| | Nolowati | 5000 | Palm oil | Expected |
| Mundra | Gemini | 16686 | CPO | Arrived |
| | Tirta Niaga I | 5900 | Palm oil | Expected |
| Kakinada | Fair Rainbow | 16000 | SBO | Expected |
| | Thressa II | 12000 | CPO | Arrived |
| | Marine Champion | 4000 | CPO | Expected |
| Chennai | EW Harting | 4000 | SBO | Expected |
| New mangalore | Aprologue | 17000 | SBO | Expected |
| | Matina | 10000 | SBO | Expected |
| | Bumik | 7000 | CPO | Expected |

Forex Rates

(As on 28.10.2005)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 45.09 |
| Malaysia | Ringgit | 11.95 |
| European Union | Euro | 54.82 |
| United Kingdom | Pound Sterling | 80.40 |
| Japan | 100 Yen | 39.11 |

Disclaimer

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