

## VEGOIL

26<sup>th</sup> October 2005

### MAJOR ACTIVITY HIGHLIGHTS

- BMD Crude Palm Oil Futures Settle Slightly Down
- CBOT Soyoil Futures Future Moderately 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 continues to move down in oversold territory. Short term outlook is bearish.
3. Prices are far below the 9-day and 18-day EMA and the EMA pattern shows medium term weakness.

to stay away. Risk takers can go long on dips towards 355.5 (Nov) with objective of 359-360.

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

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NCDEX	Nov'05	355.87	354.73	359.27	361.53

#### 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 advice:** Since prices are in a downtrend it is better



## MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

### International:

#### CBOT Soy Futures Settle Moderately Higher

November soybean future settled up 3 cents at \$ 5.78 per bushel on Tuesday at Chicago Board of Trade, it was 4 cent off the high and 3 cent up from the low. January Soybeans finished up 2.75 cents at \$ 5.9025 per bushel, 3.75 cent off the high and 6 .25 cent up from the low. December Soybean settled up \$ 1 at \$170.9 per metric tonnes, \$1.0 off the high and \$ 0.7 up from the low. December Soybean Oil closed up 0.02 cent at 23.78 cent per pound, 0.27 cent off the high and 0.15 cent up from the low. The soybean prices are going towards up direction due to increasing energy prices. The high palm oil prices added positive tone in soybean oil prices. The 87 per cent harvesting of soybean has completed in USA. Fear of bird flu is declining day by day in European countries, and is thus acting as a supportive factor for soy future trade. It is expected that China may buy US soybean is a positive indication.

#### CBOT Soy oil futures as 25.10.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Close	Change
Dec'05	23.76	23.82	24.05	23.63	23.78	+0.02
Jan'06	24.01	24.03	24.24	23.85	24.00	-0.01
Mar'06	24.20	24.25	24.46	24.06	24.22	+0.02
May'06	24.35	24.40	24.58	24.21	24.40	+0.05

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Futures Settle Marginally Higher

November South American soybeans future settled 1.5 cents higher on Tuesday at \$ 6.385 per bushel. The trade volume was in 81 contracts. South American soybean market has taken upward correction. A private agency disclosed lower estimate of soybean production of Brazil on Monday, it is 57.6 million tonnes as compared with 60 million tonnes from USDA report. SAFRAS is another agency of Brazil, estimated of soybean crop at 59.5 million tonnes due to declined planted area by 7 per cent in Brazil. An increased soybean oil price at Chicago Board of Trade is also positive support for South American soybean market. The US Weekly Crop Progress Report released on Tuesday, it is revealed that 85 per cent harvesting of soybean crop has been completed as on Sunday. An increasing energy prices is also added positive support in soybean prices.

#### BMD Crude Palm Oil Futures Settle Slightly Down

Crude palm oil future settled slightly down at the Bursa Malaysia Derivatives today. The benchmark January CPO contract settled at MYR1418 per metric ton, it is down MYR3 from Tuesday. Trade volume was lowest in this year to 1,396 lots. Generally, in busier trading days it varies in between 4000-5000 lots. The Markets will be closed on Nov. 1, 3, and 4 on the occasion of festivals. Most workers in Malaysia are expected to be away on holiday for a long period, this may be a reason for today's decline in volume of trade. According to local traders, market players are hesitating to take the position only due to holiday with apprehension of fluctuations in external market, it will bring

impact on local market after holiday. Volume of trade is expected to improve once holidays are over.

#### KLCE CPO Futures (26.10.2005)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Nov '05	1419	1418	1418	1418	1418	-1	16
Dec '05	1420	1419	1419	1415	1418	-2	321
Jan '06	1421	1420	1421	1415	1418	-3	865
Feb '06	1420	1418	1419	1416	1418	-2	30
Mar '06	1420	1417	1419	1417	1419	-1	4

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. Trade volume of palm oil was lowest today at KLCE in this year with 1,396 lots. Generally, in busier trading days it varies in between 4000-5000 lots. The BMD will be closed on Nov. 1, 3, and 4 on the occasion of festivals. Most workers in Malaysia are expected to be away on holiday for a long period, this may be a reason for today's decline in volume of trade. According to local traders, market players are hesitating to take the position only due to holiday with apprehension of fluctuations in external market, it will bring impact on local market after holiday. Volume of trade is expected to improve once holidays are over.

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	26.10.05	25.10.05	Change
Kandla CPO (5 % FFA)	336	337	-1
Kandla RBD Palmolein	368	369	-1
Mumbai RBD Palmolein	370	371	-1
Chennai RBD Palmolein	379	381	-2
Kakinada RBD Palmolein	375	375	0

#### Soy oil

The prices of soy oil at domestic market range bound amidst increasing buying support on festive demand. Soybean oil prices are stable despite of high demand only due to harvesting pressure of new crop. The arrival of soybean is increasing day by day in major producing states of India. The arrival of soybean was 3.75 lakh, 2.5 lakh and 1.5 lakh quintal in Madhya Pradesh, Maharashtra and Rajasthan respectively. It is expected that prices of soy oil range bound upto diwali festival, aftermath it may decline due to bumper harvesting and crushing of soybean in major producing states of India.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 335 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 525 per tonne.

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

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

Centres	26.10.05	25.10.05	Change
Mumbai (Soy ref)	363	364	-1
Indore (Soy Ref oil)	352	352	0
Indore (Soy Solvent Ex. oil)	324	324	0
Kota (Soy Ref. Oil)	359	359	0
Jaipur (Soy Ref. Oil)	361	364	-3
Nagpur (Soy ref. Oil)	355	357	-2

### NBOT Soy oil futures as on 26.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Change	Volume
Nov '05	358.70	358.90	359.70	357.40	357.50	-1.2	14690
Dec '05	362.50	363.00	363.80	361.10	361.40	-1.1	5770

### NCDEX Soy oil futures as on 26.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Nov 05	358.15	359.00	359.80	357.90	358.80	7090	20580
Dec 05	360.60	360.60	363.25	360.60	361.75	5720	16750

### Rape/Mustard oil

The spot market price of mustard oil continued range bound. The harvesting and crushing of soybean and groundnut in major producing states of India is the major cause for little bit decline in the mustard oil prices. The groundnut oil and soyoil are the perfect substitute of mustard oil. If prices are increasing the mustard oil the consumer can shift towards other vegetable oil at reasonable rate. 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	26.10.05	25.10.05	Change
Mumbai (Rape Expeller Oil)	375	376	-1
Kota (Rape Expeller Oil)	373	373	0
Jaipur (Rape Expeller Oil)	378	380	-2
Delhi (Rape Expeller Oil)	397	398	-1
Neewai (Kacchi Ghani Rape Oil)	382	386	-4

### Groundnut oil

The spot market price of groundnut oil continued range bound. Groundnut oil prices would be stable only because the supply of groundnut will be closed for a week i.e. from Sunday to Sunday on the occasion of religious festival 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. It is expected that the groundnut oil prices would decline after holidays over.

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

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

Centres	26.10.05	25.10.05	Change
Mumbai	513	513	0
Rajkot	490	495	-5
Andhra Region	522	520	+2
Chennai	480	480	0

### LATEST WEATHER WATCH (26.10.2005)

#### Weather Forecast

The well marked low pressure area over southeast and adjoining southwest Bay of Bengal has concentrated into a depression and lies centred today morning at 0830 hrs IST near Lat 12 N /Long 84.5 E about 500 km east southeast of Chennai. The system is likely to intensify further and move in a northwesterly direction initially. Under its influence widespread rains with heavy to very heavy falls is likely over Coastal Andhra Pradesh, Rayalaseema and north coastal Tamil Nadu during next 2-3 days. Heavy rainfall also likely over south coastal Tamil Nadu and South Interior Karnataka for another 24- 36 hours. As the system moves northwestwards, the rainfall activity over Tamil Nadu and South Interior Karnataka is likely to ease and extend northwards along the east coast to coastal areas of Orissa and West Bengal.

The western disturbance as an upper air system over North Pakistan and neighbourhood persists. The induced cyclonic circulation over central Pakistan extending upto 2.1 km a.s.l. also persists. These systems may cause scattered light to moderate rain/snow over Jammu & Kashmir during next 2 days. Subsequently the weather is likely to improve, resulting in fall in night temperatures over the state.

#### Forecast valid for next 72 hours

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

**EAST:** Rain/thundershowers likely at a few places over coastal Orissa and isolated in the rest region outside Bihar, north Chhattisgarh & East Madhya Pradesh where weather may be mainly dry. Rainfall over coastal areas of Orissa and West Bengal is likely to increase from 27<sup>th</sup>.

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

**WEST :** Isolated rain/thundershowers likely over Vidarbha, Marathwada and southern parts of Madhya Maharashtra and

Konkan & Goa. Weather will be Mainly dry weather is likely over the rest region.

## Warning

i) Heavy to very heavy rainfall likely at a few places over north coastal Tamil Nadu & Pondicherry and Coastal Andhra Pradesh. Isolated heavy rainfall is also likely over Andaman & Nicobar Islands, rest Tamil Nadu, South Interior Karnataka and Rayalaseema. Isolated heavy rainfall may also occur over Coastal areas of Orissa and West Bengal from 28<sup>th</sup> onwards.

ii) Squally winds with speed reaching 55-65 kmph likely along and off Tamil Nadu and Andhra Pradesh from tonight. 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 Tamil Nadu and Karnataka is likely to decrease and it may increase over Orissa, West Bengal and adjoining east central India.

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.

Kakkinada 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 26.10.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.94
Malaysia	Ringgit	11.93
European Union	Euro	54.52
United Kingdom	Pound Sterling	80.24
Japan	100 Yen	39.08

## Disclaimer

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