

## VEGOIL

21<sup>st</sup> October 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Crude Palm Oil Futures Settle Down
- Soyoil Futures Settle Down

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX October Contract

#### Technical Analysis for November Contract:

1. The MACD has turned downwards just before reaching positive ground. It is beginning to show some signs of weakness.

2. The stochastics oscillator has fallen further in neutral territory. Short term indications are bearish.

3. Prices fell below both the 9-day and 18-day EMA support which is a bad sign for bulls. Medium term weakness is likely.

Prices also fell below the resistance-turned-support trend line which was supposed to be a good support level. Now the trend looks like it has reversed. The next support line is at 361 levels for tomorrow (Nov. contract).

#### Market advice:

Prices have completely reversed their trend and crucial supports were broken. Prices may continue falling until 361 (Nov). Remain short.

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

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NCDEX	Nov'05	362.4	361.4	364.7	366.1

#### 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 Down

The November Soybean future at Chicago Board of Trade settled down 4.25 cent on Thursday at \$ 5.85 per bushel, 1.5 cent off the high and 2.25 cent up from the low and January Soybean settled low 3.75 cent at \$ 5.98 per bushel, 4.75 cent off the high and 3 cent up from the low. December Soybean Settled lower \$ 0.3 at \$ 171.9, \$ 1.7 up from the low and \$ 0.1 off the high and December Soybean Oil settled down 0.33 cent at 23.98 cent per pound, 0.24 cent off the high and 0.13 cent up from the low. Harvesting is running smoothly. Increased selling by farmers in USA continued to pressure the market. Demand for Soybean is feared to decline due to widely spreading bird flue in Russia, China and Europe. Weekly US export sales for soybeans was 888,700 metric tonnes as compared to trade expectations between 700,000-900,000 metric tonnes and Soybean sales was 121,300 metric tonnes as compared to trade expectations between 125,000-225,000 metric tonnes and Soybean oil was also lower than expectations. The China is the major importer of US Soybean.

#### CBOT Soy oil futures as 20.10.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Dec'05	24.44	24.35	24.56	24.23	-0.13	24.31
Jan'06	24.71	24.63	24.78	24.48	-0.13	24.58
Mar'06	24.94	24.88	25.00	24.70	-0.16	24.78
May'06	24.98	24.91	25.07	24.90	-0.06	24.92

CBOT remains closed on Saturday and Sunday.

#### South American Soy Futures Settle Higher

The November South American soybean future settled 2.5 cent higher on Thursday at \$ 6.56 per bushel. The spreading news of bird flue in China, Russia and European countries may have negative impact on Soybean for short period. This has been noticed that the sharp drop in eating poultry in Europe and USA and major poultry producer has reduced the demand of Soybean temporarily. The apprehension of transmission of human to human is the major concern for USA. The South American soybean can reduce the acreage due financial constraints and high input cost, which could impact the crop outlook. Weekly export sales for soybeans was 888,700 metric tonnes, as compared with 684,900 tonnes last week, it upper end of the expectation. However, the soy meal sale was 119,800 metric tonnes for the current crop and 1,500 for next year's crop for a total of 121,300 metric tonnes, which was below expectations. There were net cancellations of 1,300 metric tons of bean oil, which was disappointing against expectations.

#### BMD Crude Palm Oil Futures Settle Down

Crude palm oil futures on the Bursa Malaysia Derivatives settled down on Friday. The benchmark January contract settled MYR16 off at MYR1,418 per metric tonnes on Friday. The Soybean futures on CBOT also settled down on Thursday. The USDA Weekly Export Sales Report disclosed the reduction in U.S. soybean export

sales of 1,300 metric tonnes. The prices of crude palm oil are declined because the concept of biofuel could not revive again. According to traders, the market sentiments of palm oil were not satisfactory after resealing the export sales of first 20 day of October on Thursday. Trading volume totaled 5,596 lots compared with 5,872 lots (1 lot = 25 metric ton) on Thursday. Open interest totaled 26,060 lots compared with 26,430 lots. Weaker oil prices were due to less attractive the concept of bio fuel. However, the earlier rally had been sparked by talk about increased demand for palm oil in the bio-fuels sector.

#### KLCE CPO Futures (21.10.2005)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Nov '05	1429	1425	1428	1415	1416	-13	287
Dec '05	1431	1428	1431	1417	1419	-12	1385
Jan '06	1434	1430	1432	1417	1418	-16	3538
Feb '05	1432	1428	1430	1417	1417	-15	354
Mar '06	1432	1428	1428	1420	1420	-12	19

BMD remains closed on Saturday and Sunday.

#### Palm Oil

The spot market prices are continued towards southwards due to low demand for crude palm oil at International market. The USDA Weekly Export Sales Report disclosed the reduction in U.S. soybean export sales of 1,300 metric tonnes due to cancellation of export consignment. The prices of crude palm oil are declined because the concept of biofuel could not revive again. According to traders, the market sentiments of palm oil were not satisfactory after resealing the export sales of first 20 day of October on Thursday. There was no fresh factor to increase the buyer support.

FOB prices of CPO (Nov) were quoted at \$ 367 per tonne and RBD Palmolein at \$ 407 per tonne.

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

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

Centres	21.10.05	20.10.05	Change
Kandla CPO (5 % FFA)	340	341	-1
Kandla RBD Palmolein	368	369	-1
Mumbai RBD Palmolein	375	375	0
Chennai RBD Palmolein	380	384	-4
Kakinada RBD Palmolein	379	381	-2

#### Revised tariff rate on 15.10.2005 by the GOI.

Unit: in US \$ /MT

Commodity	Revised tariff rate w.e.f. 15.10.05	Previous tariff rate	Difference (US \$)
CPO palm oil	426	402	24
Crude palmolein	438	418	20
RBD palm oil	436	420	16
RBD Palmolien	447	430	17
Crude soybean oil	518	508	10

## Soy oil

The prices of soy oil at domestic market are slightly declined. The harvesting of new crop started in major producing states of soybean and groundnut in India and arrival of soybean in Madhya Pradesh, Maharashtra and Rajasthan is approximately 2.5, 1.5 and 1 lakh quintals respectively. The crushing of soybean and groundnut is also started. The more supply would be major factor for declining the prices of soyoil. The prices of all vegetable oil were towards southwards.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 336 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 520 per tonne.

The market sentiment of soyoil is expected to open bearish.

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

Centres	21.10.05	20.10.05	Change
Mumbai (Soy ref	368	370	-2
Indore (Soy Ref oil)	358	362	-4
Indore (Soy Solvent Ex. oil)	338	339	-1
Kota (Soy Ref. Oil)	367	368	-1
Jaipur (Soy Ref. Oil)	372	372	0
Nagpur (Soy ref. Oil)	362	364	-2

### NBOT Soy oil futures as on 21.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Change	Volume
Nov '05	365.90	363.80	364.90	362.50	363.10	-2.8	29020
Dec '05	369.60	368.00	368.40	365.90	366.20	-3.4	3720

### NCDEX Soy oil futures as on 21.10.2005 (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

## Rape/Mustard oil

The spot market price of mustard oil is mildly declined due to huge stock of mustard seeds and availability of other edible oil in the market. There is another important factor to decline the price of mustard oil is the harvesting of groundnut and soybean started in major producing states. The price direction of all edible oil towards downwards. The availability of other edible oil at cheaper rate in the market may be another cause to decline in mustard oil price.

The market sentiment of mustard oil is bearish.

## Spot Market Price (Rs. per 10 kg)

Centres	21.10.05	20.10.05	Change
Mumbai (Rape Expeller Oil)	378	379	-1
Kota (Rape Expeller Oil)	373	374	-1
Jaipur (Rape Expeller Oil)	382	383	-1
Delhi (Rape Expeller Oil)	400	403	-3
Neewai (Kacchi Ghani Rape Oil)	393	393	0

## Groundnut oil

The spot market price of groundnut oil is declined. The supply of groundnut seeds as well as crushing of groundnut is increasing day by day due to crop harvesting started in Gujarat. Gujarat is the major producing states of the groundnut. The arrival of groundnut is approximately 1.5 lakh quintals in Gujarat only. The more arrival of groundnut is expected in the next week. The more supply of groundnut led to negative impact on the prices. It is expected that the prices of groundnut oil will continue towards southwards.

The market sentiment of groundnut oil is expected to bearish.

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

Centres	21.10.05	20.10.05	Change
Mumbai	522	522	0
Rajkot	515	527	-12
Andhra Region	525	530	-5
Chennai	490	500	-10

## LATEST WEATHER WATCH (21.10.2005)

### Weather Forecast

During past 24 hours heavy to very heavy rains have occurred at a few places over coastal areas of west Bengal and Orissa. Scattered moderate rains have also occurred over northeastern States. This enhanced rainfall activity is likely to extend to northeastern States during next 24-36 hours.

The upper air cyclonic circulation over Orissa and neighbourhood persists and now extends upto 3.0 km a.s.l. The trough in the middle troposphere now runs nearly along Long 82 deg E and north of Lat. 20 deg N. Under their influence fairly widespread rainfall is likely over northeastern States, West Bengal & Sikkim, Coastal Orissa, Bihar and Jharkhand during next 2-3 days. Heavy to very heavy rains are likely over Orissa, West Bengal and northeastern States.

The feeble low pressure area over Coastal Andhra Pradesh and adjoining west central Bay of Bengal has become less marked. An upper air cyclonic circulation has formed over central parts of south Bay of Bengal.

### Forecast valid for next 72 hours

**NORTH :** Rain/ thundershowers likely at many places over East Uttar Pradesh during next 24 hours. Subsequently the rainfall activity will decrease significantly. Mainly dry weather likely in the rest region.

**EAST :** Rain/thundershowers likely at most places over northeastern states and West Bengal & Sikkim; at many places over coastal Orissa, Bihar and Jharkhand at a few places in interior Orissa and isolated in the rest region.

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

**WEST :** Mainly dry weather is likely over the region.

#### Heavy Rainfall Warning

Heavy to very heavy rainfall is likely at a few places over Gangetic West Bengal and coastal Orissa. Isolated heavy rainfall also likely over Sub-Himalayan West Bengal & Sikkim, northeastern states and Andaman & Nicobar Islands.

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

1. Rainfall activity likely over east and northeast India is likely to decrease and it may increase over south Peninsula.
2. A western disturbance is likely to affect Jammu & Kashmir from 24<sup>th</sup> onwards causing light to moderate scattered rain/snow.

**Source:** IMD, GOI.

#### PORT-WATCH (Latest) :

Mumbai Port is receiving 16,501 MT of palm oil from the vessel 'Shimakaze'. Interocean agents is handling the vessel.

'Khadijah' has berthed at Kolkata Port and continues to discharge 6,249 MT of CPO. The vessel is being handled by Alap agents. Delivery of 6,000 MT of CPO is expected at Kolkata Port from the vessel 'MMM Galvestone'.

Delivery of 7,100 MT of palm oil is continuing from the vessel 'Global Saturn' at Tuticorin Port. St. John agents is handling the vessel.

Kakkanada Port is receiving 6,900 MT and 7,000 of CPO respectively from the vessels 'L Star' and 'Spring Wind'.

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

#### Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	Khadija	6249	CPO	Arrived
	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
	Global Saturn	7100	Palm oil	Arrived
Mumbai	Pacific Sound	1000	Palm oil	Expected
	Shimakaze	16501	Palm oil	Arrived
Mundra	Gemini	16686	CPO	Expected
Kakinada	L Star	6900	CPO	Arrived
	Spring Wind	7000	CPO	Arrived

#### Forex Rates

(As on 21.10.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.09
Malaysia	Ringgit	11.92
European Union	Euro	54.31
United Kingdom	Pound Sterling	80.08
Japan	100 Yen	39.09

#### 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.