

VEGOIL

18th October 2005

MAJOR ACTIVITY HIGHLIGHTS

- Crude Palm Oil Futures Settle Slightly Down
- Soyoil Future Settle Slightly Up

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX October Contract

Technical Analysis for November Contract:

1. The MACD, is still moving up in negative ground and is above its signal line, though it has slowed down slightly. Medium term outlook is mildly bullish.

2. The stochastics oscillator given bearish signal as the %K line has cut the %D line from above. Short term weakness is possible.

3. The price fell sharply today but still closed just above the 9-day and 18-day EMA. These are at 365.1 and 364.9 respectively for November contract. Breach of these supports may see continued weakness.

Prices closed above the resistance trend line, which has now become support. For tomorrow it is at 364.3 levels (November) and for the uptrend to remain intact, prices should close above this. Watch this 364.3 level carefully. Though prices fell today,

the volumes were relatively weak (9100 today vs. 13850 yesterday) which is somewhat encouraging for bulls.

Market advice:

Remain cautious since prices are very close to key support levels. If prices fall below the EMAs and support trendline, sharper weakness may occur. Stay away tomorrow because no clear buy-sell indications are available. However, bearishness is more likely.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NCDEX	Nov'05	364.1	362.9	367.6	379.9

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 Marginally Higher

Soy futures at Chicago Board of Trade settled higher on fund buying. November Soybeans future finished up 1.75 cent at \$5.9125 per bushels, 8.25 cent off the high and 2.25 cent up from the low and January Soybeans settled up 3.25 cent at \$6.0375, 6.25 cent up from the low and 7.25 cent off the high. December Soybean oil closed down 1.3 cent at \$175.2 per metric tonnes, 0.2 cent up from the low and 1.7 cent off the high. December Soybean oil closed up 0.36 cent at 24.39 cent per pound, 0.38 cent off the high and 0.14 cent up from the low. The buying of US soybean from China has added positive bullish impact in soybean markets. Growers have been reserve seller of soy so far. Mild support also came from friendly export inspection report. The US Department of Agriculture estimated the weekly export inspection of US soybean at 32 million bushels against earlier expectations of 17-24 million bushels. Rising energy prices also provided impetus to soyoil.

CBOT Soy oil futures as 17.10.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Dec'05	24.03	24.03	24.76	24.32	+0.36	24.39
Jan'06	24.27	24.60	25.00	24.55	+0.43	24.70
Mar'06	24.46	24.78	25.19	24.75	+0.42	24.88
May'06	24.58	24.88	25.25	24.80	+0.42	25.00

CBOT remains closed on Saturday and Sunday.

South American Soy Futures Settle Slightly Higher

November South American soybeans future settled 2.5 cents higher at \$ 6.60/bushels on Friday. The China imported 1.87 million tonnes of soybeans in September and there was rumour that the China is going to buy more soybeans from US market, it has led to negative impact on Brazil market. There was slow cash activity in Brazil due to above-mentioned rumour. The USDA estimated Brazil production about 60 million tonnes last week, however the estimate of local traders is 57-58 million tonnes. Better supply is expected this year from Brazil due to favourable weather for soy crop in Brazil. The soybean oil market received positive fundamental news. The crushing of soy was above than expectation in the month of September, but stock of soyoil was low despite of higher crushing. The Government of India increased the base import prices on palm oil and soyoil, in spite of that oil market receives bullish news. It is an indication that the use of bio-diesel is increasing.

BMD Crude Palm oil Futures End Mostly Unchanged

Crude Palm oil futures at Bursa Malaysia Derivatives settled mostly flat after a choppy session. Benchmark January future settled off MYR2 at MYR1449 per ton. Overnight gains in soy at CBOT failed to provide impetus to palm oil markets. Soyoil futures at CBOT improved o fresh concern over another storm 'Wilma', which could hit oil refineries. Consequential rise in energy prices boosted the ideas of likely increase in soyoil usage for bio-fuel. Its own fundamentals have failed to provide clear direction to the market. Traders are expecting this trend to continue more or less on similar tracks.

KLCE CPO Futures (18.10.2005)

Months	Previous	Open	High	Low	Close	Change	Volume
Nov '05	1448	1452	1456	1448	1448	0	501
Dec '05	1450	1454	1457	1449	1449	-1	1469
Jan '06	1451	1455	1459	1450	1450	-1	2790
Feb '05	1450	1458	1455	1450	1450	0	53

BMD remains closed on Saturday and Sunday.

Palm Oil

The rise in energy prices boosted the ideas of likely increase in soyoil usage for bio-fuel. Its own fundamentals have failed to provide clear direction to the market. The prices were in range bound at domestic market. The spot market prices of palm oil are mildly towards up direction. It is expected that the domestic market may be mildly bullish due to hike in base prices by government of India on the import of palm oil as well as festival demands throughout India. But there is no clear cut direction of international market prices of palm oil.

FOB prices of CPO (Oct) were quoted at \$ 380 per tonne and RBD Palmolein at \$ 417.50 per tonne.

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

Centres	18.10.05	17.10.05	Change
Kandla CPO (5 % FFA)	341	338	+3
Kandla RBD Palmolein	363	363	0
Mumbai RBD Palmolein	376	375	+1
Chennai RBD Palmolein	385	378	+7
Kakinada RBD Palmolein	381	378	+3

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 spot market of soyoil is slightly bullish due to increasing support from the buyers owing to festival demand throughout India as well as market sentiment was bullish at international market. The hike in the base import price of soyoil may be another factor for slightly bullish in the domestic market. The harvesting of new crop started in major producing states of soybean in India and arrival of soybean is increasing day by day, in spite of that price of vegetable oil is towards uptrend. It is only due to high demands for festivals like Diwali and Ramzan.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 338 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 525 per tonne.

The market sentiment of soyoil is expected to open in range bound. The prices of soy future were in negative at NBOT.

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

Centres	18.10.05	17.10.05	Change
Mumbai (Soy ref)	368	363	+5
Indore (Soy Ref oil)	365	364	+1
Indore (Soy Solvent Ex. oil)	343	342	+1
Kota (Soy Ref. Oil)	372	368	+4
Jaipur (Soy Ref. Oil)	373	371	+2
Nagpur (Soy ref. Oil)	366	364	+2

NBOT Soy oil futures as on 18.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Nov '05	367.30	368.70	368.90	365.10	-2	365.40	33340
Dec '05	369.50	370.50	370.90	367.70	-1.6	367.90	1210

NCDEX Soy oil futures as on 18.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Oct '05	363.45	360.00	365.25	360.00	364.20	2380	7570
Nov 05	366.30	366.00	368.65	366.00	367.55	13850	24420

Rape/Mustard oil

The spot market prices of mustard oil were continued at range bound amidst increasing support from buyers due to festivals in India. The prices of mustard oil were little bit high due to hike in the base prices on import palm oil and soyoil. The harvesting of soybean and groundnut already started in major producing states. There is another factor to less demand for mustard oil is that the availability of other edible oil at cheaper rate in the market like soyoil and palm oil.

The market sentiment of all vegetable oil is expected to bullish due to high demands of vegetable oil during the festivals.

Spot Market Price (Rs. per 10 kg)

Centres	18.10.05	17.10.05	Change
Mumbai (Rape Expeller Oil)	380	376	+4
Kota (Rape Expeller Oil)	378	375	+3
Jaipur (Rape Expeller Oil)	385	385	0
Delhi (Rape Expeller Oil)	406	405	+1
Neewai (Kacchi Ghani Rape Oil)	395	394	+1

Groundnut oil

The little bit improvement has been noticed in the prices of domestic market. It was expected that the supply would increase due to harvesting of new crops of groundnut. But at present, the yield of groundnut may reduce than estimated yield due to some disease or rain in the groundnut crop. According to local traders, the earlier estimate of groundnut production will decline about 16 lakhs tonnes from earlier estimate were about 22 lakh tonnes. It is expected that the spot market prices will not go down in spite of the harvesting of new crops due to low yield. The arrival of groundnut is approximately 1.25 lakhs bags in Gujarat states only.

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

Centres	18.10.05	17.10.05	Change
Mumbai (Normal)	512	510	+2
Mumbai (Good Quality)	525	518	+7
Rajkot	525	520	+5
Andhra Region	525	520	+5
Chennai	490	485	+5

LATEST WEATHER WATCH (18.10.2005)

Weather Forecast

The southwest monsoon has withdrawn from entire West Rajasthan and parts of Jammu & Kashmir, Himachal Pradesh, Punjab, Haryana, East Rajasthan, Gujarat Region and Saurashtra & Kutch. Withdrawal line passes through Srinagar, Dharamshala, Patiala, Jaipur, Udaipur, Ahmedabad and Dwaraka.

During last 24 hours, scattered light to moderate rainfall has occurred over Andaman & Nicobar Islands, northeastern States and coastal areas of Orissa, Andhra Pradesh & Tamil Nadu. Chief amounts of rainfall (in cm.) during past 24 hours are: Karaikal-8, Gopalpur-4 and Nellore-3.

The upper air cyclonic circulation over Saurashtra & Kutch and adjoining southeast Pakistan now lies over Saurashtra and adjoining southeast Arabian Sea extending between 1.5 and 3.6 km a.s.l.

The cyclonic circulation over north Bay of Bengal persists and now extends upto mid-tropospheric levels. Under its influence scattered rainfall activity is likely over coastal area of Gangetic West Bengal, Orissa and Andhra Pradesh.

Forecast valid for next 72 hours

NORTH: Isolated rain/thundershowers likely over Uttaranchal and Himachal Pradesh. Mainly dry weather is likely in the rest region.

EAST: Rain/thundershowers likely at a few places over northeastern States, Sub-Himalayan West Bengal & Sikkim and coastal Orissa and isolated in the rest region outside Bihar, East Madhya Pradesh and north Chhattisgarh where weather may be

mainly dry. Slight increase in rainfall over Gangetic West Bengal and Orissa after 24 hrs.

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

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

Heavy Rainfall Warning

Isolated heavy rainfall likely over coastal Orissa and Coastal Andhra Pradesh during next 36-72 hours.

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

A low pressure area may form over westcentral Bay of Bengal which may increase the rainfall activity along the east coast.

Source: IMD, GOI.

PORT-WATCH (Latest) :

Delivery of 6,100 MT of palm oil is continuing at Chennai Port from the vessel 'Star Orion'. The vessel is being handled by Seaport agents. 'Spring Glory' has berthed at the port and continues to discharge 7,250 MT of palm oil. The port received 6,500 MT of palm oil from the vessel 'Bum Ik'. Interocean handled the vessel.

Kandla Port is expecting 'Global Eos' to deliver 6,500 MT of palm oil. The cargo was loaded from Malaysia. The vessel will be handled by Forbes Gokak agents. Delivery of 6,000 MT of CPO is continuing at the port from the vessel 'Cheras'. Seaport agents is handling the vessel. The port is receiving 5,900 MT of CPO from the vessel 'Tirta Niaga I'. GAC agents is handling the vessel.

Mumbai Port is expecting 'Shimakaze' to deliver 16,501 MT of palm oil. Interocean agents will be handling the vessel.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Chennai	Star Orion	6100	Palm oil	Arrived
	Spring Glory	7250	Palm oil	Arrived
	Bum Ik	6500	Palm oil	Arrived
Kandla	Pacific Sound	12750	CPO	Expected
	Cheras	6000	CPO	Arrived
	Global Eos	6500	Palm oil	Expected
	Cheras	6000	CPO	Arrived
	Tirta Niaga I	5900	CPO	Arrived
JN	Florida	11000	SBO	Expected
Tuticorin	Mega Crown No.1	1850	Palm oil	Expected
Mumbai	Pacific Sound	1000	Palm oil	Expected
	Shimakaze	16501	Palm oil	Expected

Forex Rates

(As on 18.10.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.11
Malaysia	Ringgit	11.95
European Union	Euro	54.10
United Kingdom	Pound Sterling	78.96
Japan	100 Yen	39.10

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.