

VEGOIL

22nd October 2005

MAJOR ACTIVITY HIGHLIGHTS

- Crude Palm Oil Futures
- 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 made a bearish crossover of its signal line indicating some more weakness.
 2. The stochastics oscillator has fallen into oversold territory and %K is below %D line. Short term weakness is indicated.
 3. Prices have fallen well below the 9-day and 18-day EMA lines indicating bearishness. Also 9-day EMA has fallen below 18-day EMA indicating medium term weakness.
- Prices are likely to fall up to the mid term support trendline at 361 levels (Nov. contract) where it may find support.

Market advice: Remain short until 361 levels for November contract.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NCDEX	Nov'05	361.5	360.2	363.1	364.2

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



consumption of poultry meat. China booked Brazil soybean for April delivery.

MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

International:

CBOT Soy Futures Settle Down

November Soybean future at Chicago Board of Trade settled down 12.75 cent on Friday at \$ 5.7225 per bushel, 5.75 cent off the high and 1.25 up from the low and January soybean future settled down 13.5 cent at \$ 5.845 per bushel, 13.5 cent off the high and 1.5 up from the low. December Soybean future settled down \$ 2.5 at \$ 169.4 per tonnes, \$ 0.9 up from the low and \$ 0.8 off the high. December Soybean Oil future closed down 0.5 cent at 23.48 cent per pound, 0.14 cent off the high and 0.13 cent up from the low. The soybean prices are declining due to lower crude oil prices. There is direct relationship between soy oil and crude oil, if energy prices decline then demand for biodiesel moves downwards and vice versa. The demand of soybean from China has declined due to weak energy market. Another reason for decline of soy oil prices was a fall in palm oil prices in International markets. The energy market is the price driver of soybean. If China imports Soybean from India and Argentina at a cheaper rate then China's crusher would be bound to sell their soybean at a lower rate. This will bring negative impact on soybean import.

CBOT Soy oil futures as 21.10.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Close	Change
Dec'05	23.98	23.55	24.47	23.35	23.48	-0.50
Jan'06	24.26	23.82	24.71	23.62	23.70	-0.56
Mar'06	24.45	24.08	24.08	23.80	23.90	-0.55
May'06	24.60	24.25	24.25	24.00	24.08	-0.52

CBOT remains closed on Saturday and Sunday.

South American Soy Futures Settle Down

November South American soy future closed down 2.75 cents on Friday at \$ 6.5325 per bushel. Volume was in 49 contracts. The soybean market of China was down due to recent soybean import from China. A recent reports is that China is going to import of soybean from India is about 3 lakh tonnes and it is expected that more than 3 lakh tonnes from Argentina. This will bring negative impact on the crusher to buy soybean. Cheaper priced meal from India and Argentina could slow the China crushing pace, which would also slow the soybean import pace. The significant drop in poultry consumption due to widely spread of bird flu in Asia and Europe, it is bearish signal for meal prices. The beef, goat and pork processor could get benefit from the sharp declining the

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 in range bound 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 resending 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	22.10.05	21.10.05	Change
Kandla CPO (5 % FFA)	339	340	-1
Kandla RBD Palmolein	370	368	+2
Mumbai RBD Palmolein	375	375	0
Chennai RBD Palmolein	380	380	0
Kakinada RBD Palmolein	377	379	-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 Palmolein	447	430	17
Crude soybean oil	518	508	10

Soy oil

The prices of soy oil at domestic market are continued towards downwards. The major factor for the declining prices of soy oil is the harvesting of new crop started in major producing states of soybean and the harvesting of groundnut is on peak in Gujarat states. The arrival of soybean in Madhya Pradesh, Maharashtra and Rajasthan is approximately 3, 2.5 and 1.5 lakh quintals respectively. The crushing of soybean and groundnut is also started. The more supply would be major factor for declining the prices of soy oil. There was low demand of soy oil in International market. The prices of all vegetable oil were towards southwards in domestic market.

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 \$ 517 per tonne.

The market sentiment of soy oil is expected to open bearish.

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

Centres	22.10.05	21.10.05	Change
Mumbai (Soy ref)	365	368	-3
Indore (Soy Ref oil)	357	358	-1
Indore (Soy Solvent Ex. oil)	335	338	-3
Kota (Soy Ref. Oil)	364	367	-3
Jaipur (Soy Ref. Oil)	368	372	-4
Nagpur (Soy ref. Oil)	361	362	-1

NBOT Soy oil futures as on 22.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Change	Volume
Nov '05	363.30	362.00	362.60	361.20	361.50	-1.8	16790
Dec '05	366.40	365.20	365.60	364.20	364.60	-1.8	3180

NCDEX Soy oil futures as on 22.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Nov 05	363.40	362.50	363.00	361.60	362.40	4350	20600

Rape/Mustard oil

The spot market price of mustard oil is continued towards downwards due to harvesting of groundnut and soybean in major producing states. The harvesting of groundnut in Gujarat is on peak. The prices of mustard oil are declining due to more arrival of soybean and groundnut. These are the substitute of each other. Availability of the substitute oil in the market at cheaper rate has caused fall in prices.

The market sentiment of mustard oil is bearish.

Spot Market Price (Rs. per 10 kg)

Indian Agribusiness Systems Pvt. Ltd., New Delhi

Centres	22.10.05	21.10.05	Change
Mumbai (Rape Expeller Oil)	378	378	0
Kota (Rape Expeller Oil)	368	372	-4
Jaipur (Rape Expeller Oil)	381	382	-1
Delhi (Rape Expeller Oil)	400	400	0
Neewai (Kacchi Ghani Rape Oil)	388	391	-3

Groundnut oil

The spot market price of groundnut oil is continued towards downwards. The supply of groundnut seeds as well as crushing of groundnut is increasing day by day. The sharp fall of prices in Rajkot market due to peak harvesting in Gujarat states. Gujarat is the major producing states of the groundnut. The arrival of groundnut is approximately 1.5 lakh bags in Gujarat only. The harvesting in Andhra Pradesh is expected to start from 1st week of November. The more supply of groundnut will bring negative impact on 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	22.10.05	21.10.05	Change
Mumbai	520	522	-2
Rajkot	505	515	-10
Andhra Region	525	525	0
Chennai	490	490	0

LATEST WEATHER WATCH (22.10.2005)

Weather Forecast

Yesterday's upper air cyclonic circulation over Orissa and neighbourhood now lies over Jharkhand and neighbourhood extending upto 3.1 km a.s.l. persists. The trough in the middle troposphere nearly along Long 82 deg E and north of Lat. 20 deg N persists. Under their influence widespread rainfall with isolated heavy fall is likely over northeastern States during next 2-3 days. Widespread to fairly widespread rainfall is also likely over West Bengal & Sikkim, coastal Orissa, Jharkhand and Bihar with isolated heavy to very heavy falls over West Bengal & Sikkim and coastal Orissa during next 1-2 days.

The upper air cyclonic circulation over central parts of south Bay of Bengal now lies over coastal Tamilnadu and neighbourhood extending upto 3.1 km a.s.l. Under its influence fairly widespread rainfall with isolated heavy falls likely over Tamilnadu & Pondicherry, Kerala and Lakshadweep islands.

Forecast valid for next 72 hours

NORTH : Rain/ thundershowers likely occur at a few places over East Uttar Pradesh during next 24 hours. Subsequently the rainfall activity will decrease significantly. Mainly dry weather likely in the rest region outside Jammu & Kashmir where scattered light rain/snow may commence from 24th onwards.

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

Orissa upto 24th. Rain/thundershowers may occur at isolated places over these regions thereafter.

SOUTH : Rain/thundershowers likely at many places over Andaman & Nicobar Islands, Tamil Nadu & Pondicherry, Kerala and Lakshadweep islands, at a few places over Coastal Andhra Pradesh and South Interior Karnataka and isolated in the rest region

WEST : Mainly dry weather is likely over the region.

Heavy Rainfall Warning

Heavy to very heavy rainfall is likely at isolated places over West Bengal & Sikkim and coastal Orissa. Isolated heavy rainfall also likely over northeastern states, Andaman & Nicobar Islands, Lakshadweep, Kerala and Tamil Nadu & Pondicherry.

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

1. Rainfall activity over east and northeast India is likely to decrease and it will increase over south Peninsula.
2. A western disturbance is likely to affect Jammu & Kashmir from 24th 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'. Intercocean 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.

Kakkinada 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 22.10.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.09
Malaysia	Ringgit	11.87
European Union	Euro	54.31
United Kingdom	Pound Sterling	80.08
Japan	100 Yen	39.09

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