

VEGOIL

11th October 2005

MAJOR ACTIVITY HIGHLIGHTS

- Crude Palm Oil Futures Settle Lower
- Soyoil Future End Lower

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX October Contract

Technical Analysis for November Contract:

1. The MACD, is in negative territory, but on an uptrend. It is marginally below its signal line and trying to move up. Mild bullishness is expected.

2. The stochastic oscillator has bounced back quickly from oversold territory and the %K line has just made a bullish crossover of the %D line. Again, mild bullishness is indicated.

3. The price line is below both the 9-day and 18-day EMAs, but heading upward. It will face resistance at both the EMAs if it continues going up. Currently the EMAs are at 363.3 and 364.2 respectively (November contract).

The prices enjoyed a good bounce today and the stochastics pattern looks encouraging. Watch out for the resistance of the 9-day EMA.

Market advice:

The technical bounce may continue for another day. Buy on dips towards 361 (November contract) with short term view.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NCDEX	Oct' '05	358.5	357.1	361.1	362.3
NCDEX	Nov'05	360.5	358.5	363.5	364.6

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 Lower

Soy futures at Chicago Board of Trade settled lower on Monday. November soybean future settled off 8.75 cents at \$5.555 and January off 7.5 cents at \$5.685 per bushel. December soybean future settled off \$2 at \$166.6 per ton and December soy oil off 4 points at 23.26 cents per pound. Weather is perfect for crop harvest. Decline in soy was simply to accommodate likely increase in US soybean production estimates of US Department of Agriculture. USDA is expected to increase soybean production by 150 million bushels and ending stock by 85 million bushels. Dearth of fresh export news also weighed on values. USDA will release weekly export inspection report on Tuesday.

South American Soybean Futures Settle Lower

November South American soybeans settled 1.5 cents lower. Volume came in at 107 contracts. The traders' focus was on the US crop size (Wednesday report) and the potential size of the upcoming Brazil crop. Weather looks favourable for soybean planting in Brazil, but with high input costs, lack of credit availability and low soybean prices might reduce the planted area of soybean in Brazil. A private forecast over the weekend pegged Brazil new crop production at a record 57.6 million tonnes from 51.6 million tonnes last year. Traders are waiting Wednesday's report of USDA for any new estimate on world supply/demand. According to previous report the estimates for US soybean production was about 154 million bushels increase over last month's USDA forecast. The US crop harvest is good at weekend with excellent weather, only minor delays expected from scattered rain this week (mainly in northern belt).

CBOT Soy oil futures as 10.10.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Oct	23.47	23.45	23.45	23.05	-0.4	23.07
5-Dec	23.66	23.70	23.47	23.25	-0.4	23.26
6-Jan	23.92	23.86	23.90	23.47	-0.4	23.52
6-Mar	24.05	24.00	24.01	23.60	-0.38	23.67

CBOT remains closed on Saturday and Sunday.

BMD Crude Palm Oil Futures Settle Lower

Crude Palm Oil Futures at Bursa Malaysia Derivatives settled mostly lower on Tuesday. Benchmark December future settled off MYR6 at MYR1460 per ton. Couple of data released yesterday literally failed to render any direction to the market. Majority appeared cautious ahead of USDA data to be released on Wednesday. Market is expecting USDA to make upward revision in its estimates for soybean production in United State. In September, USDA estimated the soybean production in United State at 2.856 billion bushels. Harvest is in progress in United State. Good yield reports have incited traders to look for upward revision of Soy production in United State by USDA. Traders are expecting new crop figures at 3 billion bushels.

KLCE CPO Futures (11.10.2005)

Months	Previous	Open	High	Low	Close	Change	Volume
Oct '05	1462	1462	1463	1454	1459	-3	483
Nov '05	1464	1459	1463	1454	1458	-6	356
Dec '05	1466	1462	1464	1454	1460	-6	2363

Palm Oil

The spot market sentiments of palm oil prices are slightly low. Weather looks favourable for soybean planting in Brazil. A private forecast over the weekend pegged Brazil new crop production at a record 57.6 million tonnes from 51.6 million tonnes last year. Traders are waiting Wednesday's report of USDA for any new estimate on world supply/demand. Good harvesting of soybean in USA with excellent weather.

FOB prices of CPO (Oct) were quoted at \$ 378 per tonne and RBD Palmolein at \$ 415 per tonne.

The market sentiment of palm oil is expected to bearish.

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

Centres	11.10.05	10.10.05	Change
Kandla CPO (5 % FFA)	328	329	-1
Kandla RBD Palmolein	356	358	-2
Mumbai RBD Palmolein	363	364	-1
Chennai RBD Palmolein	366	363	+3
Kakinada RBD Palmolein	369	370	-1

Soy oil

The spot market prices of soy oil are remain marginally low. Soy oil imports have increased to 17.6 lakh tonnes this year from 7.3 lakh tonnes in previous year. The bulk of import of soy oil as well harvesting of new soy crop is started in India would negative impact on its prices. The harvesting of soybean started in major producing states of India as well as in USA. There is perfect weather for soybean in Brazil also.

The market sentiment of soy oil is expected bearish due to harvesting started in major soybean producing states in India and in USA also.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 325 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 512 per tonne.

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

Centres	11.10.05	10.10.05	Change
Mumbai (Soy ref)	357	357	0
Indore (Soy Ref oil)	357	359	-2
Indore (Soy Solvent Ex. oil)	337	337	0
Kota (Soy Ref. Oil)	360	360	0
Jaipur (Soy Ref. Oil)	364	365	-1
Nagpur (Soy ref. Oil)	358	359	-1

NBOT Soy oil futures as on 11.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Oct '05	359.10	358.00	360.40	358.00	-0.8	359.90	7200
Nov '05	360.10	359.00	362.10	358.90	-1.8	361.90	24570
Dec '05	N.A	N.A	N.A	N.A	0	N.A	N.A

NCDEX Soy oil futures as on 10.10.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Oct '05	361.80	361.00	361.00	358.10	359.80	4940	12630
Nov '05	362.70	362.00	362.00	359.85	361.50	12230	26250
Dec '05	363.70	363.00	363.00	361.05	362.00	3370	8120

Rape/Mustard oil

The spot market prices of mustard oil are likely unchanged. There is no much demand of mustard oil in the market. 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 45.5 lakh ton vegoil has been imported this year. Such huge supply may cause for low price of mustard oil. The NAFED has the stock of mustard seeds approximately 15 lakhs tonnes. The arrival of mustard seeds was 2000 bags in Kota market only.

The market sentiment of mustard oil is expected remain bearish due to huge stock of mustard seed with NAFED and private stockist as well as availability of other edible oil at cheaper rate in the market.

Spot Market Price (Rs. per 10 kg)

Centres	11.10.05	10.10.05	Change
Mumbai (Rape Expeller Oil)	380	385	-5
Kota (Rape Expeller Oil)	370	370	0
Jaipur (Rape Expeller Oil)	379	378	+1
Delhi (Rape Expeller Oil)	402	402	0
Neewai (Kacchi Ghani Rape Oil)	387	387	0

Groundnut oil

The spot market prices of groundnut oil are remain slightly low. The prices are slightly declined due to harvesting of groundnut crop started in Gujarat. According to the traders, the today's arrival of groundnut was approximately 100000 bags in Gujarat only. It is expected that arrival of groundnut will increase in next week. Another important factor for low prices is the availability of other edible oil in the market at low prices as compared to groundnut oil prices.

The market sentiment of groundnut oil is expected to bearish due to more supply of groundnut.

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

Centres	11.10.05	10.10.05	Change
Mumbai (Normal)	510	505	+5
Mumbai (Good Quality)	522	535	-12
Rajkot	512	515	-3
Andhra Region	515	520	-5
Chennai	485	480	+5

LATEST WEATHER WATCH (11.10.2005)**Weather Forecast**

Southwest monsoon has further withdrawn from the remaining parts of northeast & Peninsular India and thus from the entire country, Bay of Bengal and Arabian Sea.

Conditions are favourable for the commencement of northeast monsoon rains over Tamil Nadu, Kerala and adjoining Parts of Andhra Pradesh and Karnataka State during next 48 hours.

Yesterday's low pressure area over southwest & adjoining westcentral Bay of Bengal persists. Associated upper air cyclonic circulation extends upto mid-tropospheric level. A fresh upper air cyclonic circulation extending upto mid-tropospheric levels lies over southeast Arabian Sea and neighbourhood. Under this scenario enhanced rainfall activity with isolated heavy falls is likely over south peninsula during next 2-3 days.

Yesterday's western disturbance as an upper air system over north Pakistan and adjoining Jammu & Kashmir persists. It may cause isolated rain/thundershowers over Western Himalayas during next 1-2 days

Forecast valid for next 72 hours

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

EAST: Rain/thundershowers likely at a few places over Coastal Orissa and isolated Nagaland, Manipur, Mizoram & Tripura, Coastal Gangetic West Bengal, rest Orissa and south Chhattisgarh. Mainly dry weather in the rest region.

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

WEST: Mainly dry weather is likely in the region.

Heavy Rainfall Warning

Isolated heavy rainfall likely over Tamil Nadu & Pondicherry, Coastal Andhra Pradesh, Rayalaseema, Andaman & Nicobar Islands, Lakshadweep and Kerala.

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

Fairly widespread rainfall activity over south peninsula is likely to continue.

PORT-WATCH (Latest) :

Edible Oil

'Golden Crane' is has berthed at New Manglore Port and continues to discharge 6,005 MT of CPO. The vessel is being handled by Patvolk agents.

'Crete' from Argentina has berthed at the Kandla Port and continues to deliver 19,750 MT of SBO. The vessels is being handled by Interocean agents.

'Florida from Argentina is expected at JN Port to discharge 11,000 MT of SBO. Interocean agents will be handling the vessel.

Delivery of 1,850 MT of palm oil is expected at Tuticorin Port from the vessel 'Mega Crown No.1'.

Mumbai Port is expecting 'Pacific Sound' to deliver 1,000 MT of palm oil. Interocean agents will be handling the vessel.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
New Mangalore	Golden Crane	6005	CPO	Arrived
Kandla	Cretee	19750	SBO	Arrived
JN	Florida	11000	SBO	Expected
Tuticorin	Mega Crown No.1	1850	Palm oil	Expected
Mumbai	Pacific Sound	1000	Palm oil	Expected

Forex Rates

(As on 11.10.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.94
Malaysia	Ringgit	11.83
European Union	Euro	53.94
United Kingdom	Pound Sterling	78.59
Japan	100 Yen	39.33

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