

VEGOIL

November 08, 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Settle Down
- BMD CPO Futures Settle Up

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 with its signal line and moving downwards indicating some more weakness.
2. The stochastic has fallen into oversold territory and the %K line is lying below the %D line. The %D line is within normal region but moving southwards, indicating further short term weakness.
3. EMA prices show short term weakness.

Market Advice: Trend reversal is likely. Go short with stop losses.

Resistance & Support Levels (Most Active Contract)

| Contract | Contract | Support | | Resistance | |
|----------|----------|---------|-------|------------|-------|
| | | 1st | 2nd | 1st | 2nd |
| NCDEX | Nov'05 | 349.0 | 348.5 | 351.7 | 354.1 |

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 Future Settled Down

November Soy future at Chicago Board of Trade settled down on Monday. November Soybean future settled lower 9 cent at \$5.715 per bushel, it was 5.5 cent off the high and 1 cent up from the low and January Soybeans was 9.25 cent off the high and 0.5 cent up from the low. December Soybean future settled lower 1.1 cent at \$174.1 per metric tonnes, \$ 1.1 up from the low and \$ 1.2 off the high. December Soybean Oil settled down 0.27 cent at 22.67cent per pounds, 0.18 cents off the high and 0.02 cents up from the low. Good weather for plantation as well as production of soybean in Brazil and Argentina. Recent rain in Argentina may help to increase the acreage of soybean plantation. Attention of traders is shifting towards South American Soybean from US Soybean. USDA weekly export inspections were low, 33 million bushels as compared with trade expectations of 37-45 million bushels. Weakness of palm oil future may be one factor for declining the US Soy oil prices at international market. Cumulative inspections reached about 17.4% of the USDA projection for the year as compared with 23.7% on average for the past 5 years.

CBOT Soy oil futures as 07.11.2005 (Cents/pound)

| Months | Previous Settle | Open | High | Low | Close | Change |
|---------|-----------------|-------|-------|-------|-------|--------|
| Dec'05 | 22.94 | 22.78 | 22.85 | 22.65 | 22.67 | -0.27 |
| Jan'06 | 23.17 | 23.00 | 23.07 | 22.87 | 22.89 | -0.28 |
| Mar'06 | 23.44 | 23.25 | 23.28 | 23.10 | 23.14 | -0.30 |
| May'06 | 23.59 | 23.43 | 23.45 | 23.30 | 23.36 | -0.23 |
| Jul '06 | 23.78 | 23.60 | 23.65 | 23.51 | 23.56 | -0.22 |
| Aug'06 | 23.83 | 23.65 | 23.70 | 23.60 | 23.63 | -0.20 |

CBOT remains closed on Saturday and Sunday.

South American Soy Future Settled Down

South American soy future settled down yesterday. March South American soybean settled down 10 cents at \$ 6.24 per bushel. Volume of trade was in 6 contracts. November soybean future were settled lower 12 cents at \$ 6.44 per bushels. Thursday's USDA report revealed that the higher supply than expectations or lower than expected demand. Both factors could increase the projection for ending stocks. It is expected more yield at the end of harvest from Iowa and Minnesota due to decent weather. The bird flu may be another cause to decline export demand of US soybean. The 4th outbreak of bird flu has been seen in China in the past month and millions birds has been killed. Recent rains should help boost Argentina plantings. Weakness of palm oil market would negative impact on soyoil. Palm oil and soyoil both are substitute of each other.

KLCE: CPO Futures (08.11.2005)

(Rinnngit/ton)

| Months | Previous | Open | High | Low | Close | Change | Volume |
|---------|----------|------|------|------|-------|--------|--------|
| Nov '05 | 1434 | 1430 | 1440 | 1429 | 1439 | +5 | 362 |
| Dec '05 | 1434 | 1429 | 1436 | 1426 | 1434 | 0 | 436 |
| Jan '06 | 1433 | 1427 | 1435 | 1425 | 1433 | 0 | 1808 |
| Feb '06 | 1431 | 1425 | 1434 | 1424 | 1431 | 0 | 856 |

BMD remains closed on Saturday and Sunday.

Palm Oil

Palm oil prices at domestic market range bound. Palm oil future closed up on KLCE today. Palm oil has taken positive correction. Palm oil prices expected to range bound due to harvesting of soybean crop in major producing states of India. Soybean oil and palm oil both are substitute of each others.

FOB prices of CPO (Nov) were last quoted at \$ 367.50 per tonne and RBD Palmolein at \$ 405 per tonne.

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

| Centres | 08.11.05 | 07.11.05 | Change |
|------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 339 | 338 | +1 |
| Kandla RBD Palmolein | 360 | 361 | -1 |
| Mumbai RBD Palmolein | 374 | 373 | +1 |
| Chennai RBD Palmolein | 383 | 383 | 0 |
| Kakinada RBD Palmolein | 382 | 380 | +2 |

Revised tariff rate on 31.10.2005 by the GOI.

Unit:: US \$ / Metric Tonnes

| Commodity | Revised tariff rate w.e.f. 31.10.05 | Previous tariff rate | Difference (US \$/ MT) |
|-------------------|-------------------------------------|----------------------|------------------------|
| CPO palm oil | 434 | 426 | +8 |
| Crude palmolein | 443 | 438 | +5 |
| RBD palm oil | 439 | 436 | +3 |
| RBD Palmolien | 449 | 447 | +2 |
| Crude soybean oil | 513 | 518 | -5 |

The above table shows that the base import price of crude palm oil raised to \$434/ton from \$426/ton, refined, bleached and deodorized (RBD) palm oil to \$439/ton from \$436/ton, and that of RBD palm olein to \$449/ton from \$447/ton. For crude palm olein, the base import price has been raised to \$443/ton from \$438/ton. On the other hand, the base import price of crude soy oil has been cut to \$513/ton from \$518/ton.

Soy oil

Soy oil prices at spot market are continued towards downtrends. Harvesting of soybean is on peak in major producing states of India. The arrivals of soybean were 2.5

lakh bags, 1.5 lakh bags and 1.5 lakh bags (1bag=85 Kg) in Madhya Pradesh, Maharashtra and Rajasthan respectively. Soy oil prices at domestic market are declining only due to bumper harvesting of soybean crop and crushing of the same. International market of soybean is also bearish tone. At the end of the day KLCE was positive. December Soy future settled up at NCDEX and NBOT.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 334 per 10 kg. CNF prices for soy degum (November Shipment) at Kandla were quoted at \$ 506 per tonne.

The market sentiment of soy oil is expected to range bound.

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

| Centres | 08.11.05 | 07.11.05 | Change |
|------------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil) | 364 | 363 | +1 |
| Indore (Soy Ref oil) | 346 | 349 | -3 |
| Indore (Solvent Ex. oil)+VAT | 320 | 326 | -6 |
| Kota (Soy Ref. Oil) | 357 | 358 | -1 |
| Jaipur (Soy Ref. Oil) | 363 | 362 | +1 |
| Nagpur (Soy ref. Oil) | 347 | 349 | -2 |

NBOT Soy oil futures as on 08.11.2005 (Rs/10 kg)

| Months | Previous Closing | Open Price | High Price | Low Price | Close Price | Change | Volume |
|--------|------------------|------------|------------|-----------|-------------|--------|--------|
| Nov 05 | 348.00 | 348.30 | 348.90 | 346.30 | 347.60 | -0.4 | 8010 |
| Dec 05 | 354.90 | 355.20 | 356.10 | 354.60 | 355.50 | +0.6 | 24270 |

NCDEX Soy oil futures as on 08.11.2005 (Rs/10 kg)

| Months | Previous Closing | Open Price | High Price | Low Price | Close Price | Volume | Open Interest |
|--------|------------------|------------|------------|-----------|-------------|--------|---------------|
| Nov 05 | 349.95 | 349.10 | 351.45 | 348.60 | 350.90 | 8400 | 18480 |
| Dec'05 | 355.00 | 354.80 | 356.60 | 354.70 | 356.30 | 11660 | 23020 |

Rape/Mustard oil

Mustard oil prices at spot market continue to range bound. It is only because the harvesting of soybean and groundnut in progress in major producing states of India and another reason is that the festive demand of edible oil is over. According to local traders, sowing acreage of rapeseed has increased around 10-20 percent as compared with previous year and production of rapeseeds is estimated around 72 lakh tonnes in India. Sowing acreage of mustard seeds in increased in Rajasthan while declined in Haryana states, local traders said. Mustard seed prices in the market are lower than MSP, which is fixed by GOI.

Spot Market Price (Rs. per 10 kg)

| Centres | 08.11.05 | 07.11.05 | Change |
|--------------------------------|----------|----------|--------|
| Mumbai (Rape Expeller Oil) | 382 | 384 | -2 |
| Kota (Rape Expeller Oil) | 375 | 375 | 0 |
| Jaipur (Rape Expeller Oil) | 378 | 378 | 0 |
| Delhi (Rape Expeller Oil) | 390 | 392 | -2 |
| Neewai (Kacchi Ghani Rape Oil) | 385 | 393 | -8 |

Groundnut oil

Groundnut oil prices at domestic market are declined. Groundnut oil prices are sharply declined only because the harvesting of groundnut is on peak in Gujarat. Gujarat is a major producing state of groundnut. Arrival of Groundnut was more than 2 lakh bags (bags=35 kg) were in whole Gujarat. Harvesting of Groundnut in Andhra region is expected in last week of this month or first week of December. Groundnut oil prices are expected to decline further.

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

| Centres | 08.11.05 | 07.11.05 | Change |
|---------------|----------|----------|--------|
| Mumbai | 490 | 495 | -5 |
| Rajkot | 465 | 475 | -10 |
| Andhra Region | 510 | 517 | -7 |
| Chennai | 470 | 480 | -10 |

LATEST WEATHER WATCH (08.11.2005)

There are favorable weather for harvesting of soybean and groundnut in major producing states of India.

PORT-WATCH (Latest) :

Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|-----------|-----------------|--------------|----------|----------|
| Kolkata | Global Saturn | 7000 | CPO | Arrived |
| | Spring Wind | 6000 | CPO | Expected |
| | Megacrown I | 1850 | CPO | Arrived |
| | Padang Halaban | 4400 | CPO | Arrived |
| Kandla | Ocean Ace | 6000 | CPO | Expected |
| | Pacific Sound | 12750 | CPO | Expected |
| | Isokaze | 16000 | Palm Oil | Arrived |
| | EW Harting | 14000 | SBO | Arrived |
| JN | Marine Champion | 4000 | CPO | Expected |
| | Nolowati | 4500 | CPO | Arrived |
| | Florida | 11000 | SBO | Expected |
| | Global Venus | 9000 | CPO | Arrived |
| Tuticorin | Mega Crown No.1 | 1850 | Palm Oil | Expected |
| | Spring Glory | 6500 | Palm Oil | Arrived |
| | Pacific Sound | 1000 | Palm Oil | Expected |
| | Marine Champion | 5520 | Palm Oil | Expected |
| Mumbai | Nolowati | 5000 | Palm Oil | Expected |
| | Global Eos | 7500 | Palm Oil | Expected |

| | | | | |
|---------------|-----------------|-------|----------|----------|
| Mundra | Tirta Niaga I | 5000 | CPO | Expected |
| | Tirta Niaga I | 5000 | Palm oil | Expected |
| | Barents Wind | 8800 | SBO | Arrived |
| Kakinada | Fair Rainbow | 16000 | SBO | Expected |
| | Star Orion | 3000 | CPO | Expected |
| | Marine Champion | 4000 | CPO | Expected |
| Chennai | EW Harting | 4000 | SBO | Expected |
| | EW Harting | 8000 | Palm Oil | Expected |
| | Star Orion | 3000 | Palm Oil | Expected |
| New mangalore | Aprologue | 17000 | SBO | Expected |
| | Bumik | 7000 | CPO | Expected |

Forex Rates

(As on 08.11.2005)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------------|-----------------|
| USA | Dollar | 45.99 |
| European Union | Euro | 53. 91 |
| United Kingdom | Pound Sterling | 79.91 |
| Japan | 100 Yen | 39.00 |
| Malaysia | Ringgit | 12.13 |

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