

VEGOIL

December 20, 2005

MAJOR ACTIVITY HIGHLIGHTS

- BMD CPO Futures Settle Marginally Higher
- CBOT Soy Futures Settle Higher
- NCDEX January Soy Oil Settle Down

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX January Contract

Technical Analysis for January Contract:

1. The MACD is moving upward and crossed its signal line from below, which indicates bullish sentiments.
2. %K line is moving upwards crossed %D line from below in neutral region, which indicates bullish market sentiments.
3. Close below 9 days and above 18 days EMA indicates short term bearish trend.
4. Candlesticks have formed bearish engulfing pattern, indicating bearish sentiments in the market.

Market Advice: As the prices again retreated from the levels it retreated earlier, the same explains that the higher prices are not sustainable at this moment. The market is expected to remain slightly bearish in the forth coming session.

Resistance & Support Levels (Most Active Contract)

Contract	Supp 1	Supp 2	Res 1	Res 2
NCDEX Jan'06	346.80	345.40	351.10	352.20

Abbreviations:

MA - Moving Average

MACD - Moving Average Convergence Divergence

% K-Line & % D-Line - Faster & Slower Lines of Stochastic Oscillators



MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

International:

CBOT Soy Futures Settle Higher

Soy futures at Chicago Board of Trade settled higher on dry weather concern in Argentina. March soybean future settled up 18 cents at \$6.205 and May soybean up 17.75 cents at \$6.2825 per bushel. March soybean oil closed \$7.5 higher at \$199.2 per short ton and March soybean oil up 35 points at 21.91 cents per pound. Concern over bird flu is fading across China with decline in frequency of fresh outbreak. Weather forecasts calling for less rain through the week in Argentina attracted fund buying in the early session. Export inspection report for US soybean appeared slightly higher than set weekly target of 17.8 million bushels required reaching the USDA projection. The US Department of Agriculture put the export inspection report of US soybean at 20.4 million bushels.

CBOT Soy oil futures as 19.12.2005 (Cents/pound)

Months	Prev. Settle	Open	High	Low	Close	Change
Jan '06	21.30	21.50	21.65	21.42	21.57	+0.27
Mar '06	21.56	21.85	22.00	21.72	21.91	+0.35
May '06	21.87	22.30	22.30	22.06	22.27	+0.40
Jul '06	22.20	22.50	22.65	22.39	22.61	+0.41
Aug '06	22.32	22.50	22.73	22.50	22.73	+0.41
Sep '06	22.42	22.70	22.80	22.65	22.80	+0.38
Oct '06	22.55	22.90	22.95	22.75	22.90	+0.35
Dec '06	22.78	23.15	23.15	23.00	23.15	+0.37

CBOT remains closed on Saturday and Sunday.

South American Soybean Futures Settle Moderately Higher

South American Soybeans futures settled moderately higher on yesterday. March South American soybeans settled 4.5 cents higher at \$6.42 per bushel on yesterday. There was talk of dry weather in Southern Brazil and Argentina, according to traders' crop condition is good. News that China crushers have purchased around 10 cargoes of soybeans from US and Argentina, it seems that concern over bird flu is fading across over the China and declining the frequency of outbreak. The Brazil Geographic and Statistics Institute revealed that Brazil crop production for the 2005-06 season is pegged at 58.4 million tonnes, down from 58.7 million projected last month but up from 51.1 million tonnes last year. Planted area is down 6.4% from last year. China prices are slightly higher due to less concerned over bird flu. Weather forecasts calling for less rain through the week in Argentina attracted fund buying in the early session.

Crude Palm Oil Futures at BMD Settle Marginally Higher

Crude Palm oil Futures at Bursa Malaysia Derivatives settled slightly up despite unfriendly export data. Benchmark March future settled up MYR4 at MYR1409 per ton. However, export of MPO has been running low,

majority traders still see promising outlook for palm oil trade ahead. Optimism still stands that seasonal decline in its production will put misbalancing in stocks to rights early next year. Cargo Surveyor, SGS estimated the Malaysian Palm oil production at 625,296 ton, down 8% versus its export during the corresponding period last month.

BMD: CPO Futures (20.12.2005)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jan '06	1390	1395	1398	1391	1395	+5	381
Feb '06	1398	1402	1405	1398	1403	+5	1280
Mar '06	1405	1407	1409	1403	1409	+4	3105
Apr '06	1405	1410	1412	1410	1412	+7	141
May '06	1409	1415	1415	1415	1415	+6	5

BMD remains closed on Saturday and Sunday.

Palm Oil

Palm oil prices at domestic spot market were likely remain unchanged. Palm oil prices were likely unchanged in most of the markets. There is low demand of palm oil because the abundant availability of soybean oil at low prices in the market. There was no news to push the market sentiments. Presently, MPO stock is bit burdensome and there have been talks that production in December might remain up contrary to its traditional production cycle. Cargo surveyor SGS (Malaysia) Bhd. Estimates Released today, it revealed that 8 % lower of total Malaysian palm oil exports during 1-20 December as compared to November 1-20,2005. Market sentiments are expected to move range bound.

FOB prices of CPO (January) were last quoted at \$ 352.50 per tonne and RBD Palmolein at \$ 387.5per tonne.

Palm oil - Spot Market Price

(Rs. per 10 kg)

Centres	20.12.05	19.12.05	Change
Kandla CPO (5 % FFA)	337	337	0
Kandla RBD Palmolein	360	360	0
Mumbai RBD Palmolein	370	370	0
Chennai RBD Palmolein (Ruchi)	375	375	0
Chennai RBD Palmolein (MRaja)	380	380	0
Kakinada RBD Palmolein	373	372	+1

Soy oil

Today domestic soy oil prices went up moderately higher. Arrivals of soybean slightly declined. Low imports of Soybean oil during this month and demands of soy oil are slightly increased at retail ends. These factors may be cause of bullish market sentiments. Total arrivals of soybeans were 75000-1,00,000, 35,000-40,000 and 45,000 bags (1 bags= 85 kg) in Madhya Pradesh, Maharashtra and Rajasthan mandies respectively. Arrivals of soybean in Kota mandi were 8000-10000 bags only. However, January soyoil prices settled lower on NCDEX and NBOT. Market sentiments are expected to move range bound.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 330 per 10 kg. CNF prices for soy degum (January Shipment) at Kandla were quoted at \$ 495 per tonne.

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

Centres	20.12.05	19.12.05	Change
Mumbai (Soy Ref oil)	361	360	+1
Indore (Soy Ref oil)	345	342	+3
Indore (Solvent Ex. oil)+VAT	320	317	+3
Kota (Soy Ref. Oil)	350	348	+2
Jaipur (Soy Ref. Oil)	353	352	+1
Nagpur (Soy ref. Oil)	348	346	+2

Rape/Mustard oil

Today domestic prices of mustard oil range bound. Oil seed acreage increased by 3.09 lakh hectares, total estimated area of oilseeds is about 93.12 lakh hectares. Oil seed area increased mainly in Madhya Pradesh, Rajasthan and Bihar. According to unofficial sources, NAFED is going to hold off selling its stock in open markets from January 1st, 2006. In order to dispose its stock, NAFED is planning to get its seed crushed by private plants and will be selling that mustard oil directly to the retail sector. So, this will further help NAFED to start procurement of rapeseed timely in the coming season. This in nut will help improving sentiments of rapeseed in near term.

Mustard Oil: Spot Market Price (Rs. per 10 kg)

Centres	20.12.05	19.12.05	Change
Mumbai (Rape Expeller Oil)	370	370	0
Kota (Rape Expeller Oil)	357	357	0
Jaipur (Rape Expeller Oil)	360	360	0
Delhi (Rape Expeller Oil)	384	383	+1
Neewai (Kacchi Ghani Rape Oil)	375	374	+1

Groundnut oil

Domestic market prices of groundnut oil were remain the same in Andhra and Chennai Markets. Arrival is good in Andhra and Tamil Nadu. Spot market prices of Rajkot market are slightly improved due to increasing demands of GN oil at retail ends in Gujarat and arrivals of groundnut are slightly declined. Arrivals in Gujarat were at about 1.00 lakh bags (1 bag=35 kg). GN oil prices are slightly lower in Mumbai, according to traders it may be inferior quality in comparison to Gujarat GN oil and may be mixing of other cheap edible oil like soy or rice bran etc. GN oil prices are expected to move range bound with weak sentiments in most of the markets. GN oil prices in Gujarat are expected to improve further.

Groundnut Oil: Spot Market Price (Rs. Per 10 kg)

Centres	20.12.05	19.12.05	Change
Mumbai	338	342	-4
Rajkot	457	456	+1
Andhra Region	445	445	0
Chennai	445	445	0

Sunflower Oil

Spot market prices of Sunflower oil in Mumbai slightly declined due to huge availability of other cheap edible oil in the markets. CIF sunflower is slightly declined \$ 568/ton from \$571/ton at Kandla port. Major producing states of

sunflower oil in India are Maharashtra, Karnataka and Andhra Pradesh. January CIF prices for sunflower oil at Kandla port were US \$ 568/ton. Sunflower area of Rabi crop is down by 0.31% as compared to previous year from 11.14 to 10.83. Sunflower oil prices are expected to move range bound.

Sunflower Refine Oil : Spot Market prices (Rs/10 Kg)

Markets	20.12.05	19.12.05	Change
Mumbai	427	432	-5
Chennai	475	475	0

NBOT Soy oil futures as on 20.12.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Change	Volume
Jan '06	348.90	350.20	350.60	348.00	348.00	-0.90	27450
Feb'06	352.50	353.50	353.60	351.90	351.90	-0.60	2110

NCDEX Soy oil futures as on 20.12.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Dec 05	344.50	344.90	345.45	344.50	344.55	2330	4270
Jan 06	349.80	350.90	350.95	347.55	347.90	4290	16990
Feb'06	353.05	353.50	354.10	350.50	351.00	3930	13710

LATEST WEATHER WATCH (20.12.2005)**Forecast valid for next 72 hours**

NORTH : Isolated rain/snow likely over Jammu & Kashmir, Himachal Pradesh and Uttaranchal during next 24 hours which is likely to increase subsequently and extend over to the adjoining plains of Punjab, Haryana, Delhi and west Uttar Pradesh. **Mainly dry** weather over rest of the region.

EAST : Isolated rain/thundershowers likely at a few places over coastal Orissa and Isolated over coastal Gangetic West Bengal and interior Orissa. Weather will be **mainly dry** over the region.

SOUTH : Rain/thundershowers likely **at a few places** over north coastal Tamil Nadu & Pondicherry and coastal Andhra Pradesh and **Isolated** in rest Tamil Nadu, Rayalaseema and Andaman & Nicobar Islands. Weather will be **Mainly dry** in the rest region..

WEST : **Isolated rain/thundershowers** likely over North Rajasthan on 21st and 22nd. **Mainly dry** weather over the region.

Source: IMD, GOI

Forex Rates (As on 20.12.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.03
European Union	Euro	53.99
United Kingdom	Pound Sterling	79.30
Japan	100 Yen	38.64
Malaysia	Ringgit	11.98

PORT-WATCH (Latest):

Delivery of 8,480 MT of CPO is continuing at Kandla Port from the vessel 'West Gold'. The cargo was loaded from Indonesia. Interocean agents is handling the vessel. 'Vernal Grace' from Belawan is expected at Kandla Port to deliver 6,000 MT of palm oil. GAC agents will be handling the vessel.

Kolkata Port is receiving 6,000 MT of CPO from the vessel 'Pacific Sound'. Atlantic agents is handling the vessel.

Mumbai Port is expecting 'Nolowati' to deliver 10,000 MT of palm oil. The vessel will be handled by JM Baxi agents.

Mourmgoa Port is expecting 'Isokaze' to deliver 3,000 MT of palm oil. The vessel will be handled by Interocean agents.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Vernal Grace	6000	Palm Oil	Expected
	West Gold	8480	CPO	Arrived
Kolkata	Pacific Sound	6000	CPO	Arrived
Mumbai	Nolowati	10000	Palm Oil	Expected
Cochin	Siam Pavinee	2500	Palm Oil	Expected
Mouramgoa	Isokaze	3000	Palm Oil	Expected

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