

## VEGOIL

December 22, 2005

### MAJOR ACTIVITY HIGHLIGHTS

- BMD CPO Futures Settle Slightly Up
- CBOT Soy Futures Settle Slightly Higher
- NCDEX January Soy Oil Settle Up

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term  
NCDEX January Contract

Technical Analysis for January Contract:

1. The MACD has rebounded from its signal line, negating any possible bearish signal.
2. %K line is has made bearish crossover with %D line, but frequent crossover in recent past has made this signal of little importance.
3. Close far below 9 days and 18 days EMA indicates bearish trend.

4. Candlesticks pattern indicates mild bullish as the closing price is far above than its opening price and previous closing price.

**Market Advice:** Go long near 346.00, target=347.80, SL=345.20

#### Resistance & Support Levels (Most Active Contract)

| Contract     | Supp 1 | Supp 2 | Res 1  | Res 2  |
|--------------|--------|--------|--------|--------|
| NCDEX Jan'06 | 346.00 | 344.85 | 347.80 | 348.40 |

#### 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 Slightly Higher

Soy futures settled slightly higher at Chicago Board of India on Wednesday. March Soybeans settled higher 2.5 cents at \$ 6.19 per bushels, 1cents off the high and 10.75 cents up from the low and May Soybeans settled higher 1cents at \$ 6.27 per bushels, 9.75 cents up from the low and 1.5 cents off the high. March Soymeal settled higher \$ 2.6 at \$ 201.2 per tonnes, 3.9 cents up from the low and 0.2 cents off the high. March Soybean Oil settled higher 0.01cents at 21.55 cents/pounds, 0.1 cents off the high and 0.31cents up from the low. Dry weather forecast for Southern Brazil and Argentina helped to improve in market sentiments. Imports permit systems for vegetable oil for 2006 from China is helped to provide support. Argentina officials raised their estimate for soybean planted area to 15.2 million hectares from 15.1 million hectares previous estimates; it was 14.4 million hectare last year. Traders are waiting for weekly export sales report, which is scheduled to release on Thursday. Traders are looking for soybean sales near 500,000-700,000 tonnes as compared with 504,100 tonnes last week. Meal sales are expected near 100,000-150,000 tonnes with oil sales near 10,000-20,000 tonnes.

#### CBOT Soy oil futures as 21.12.2005 (Cents/pound)

| Months  | Prev. Settle | Open  | High  | Low   | Close | Change |
|---------|--------------|-------|-------|-------|-------|--------|
| Jan '06 | 21.31        | 21.28 | 21.32 | 20.95 | 21.22 | -0.09  |
| Mar '06 | 21.54        | 21.50 | 21.65 | 21.24 | 21.55 | +0.01  |
| May '06 | 21.80        | 21.75 | 21.95 | 21.58 | 21.92 | +0.12  |
| Jul '06 | 22.17        | 22.11 | 22.28 | 21.92 | 22.26 | +0.09  |
| Aug '06 | 22.20        | 22.24 | 22.38 | 22.20 | 22.36 | +0.16  |
| Sep '06 | 22.30        | 22.27 | 22.45 | 22.27 | 22.45 | +0.15  |
| Oct '06 | 22.40        | 22.50 | 22.55 | 22.48 | 22.55 | +0.15  |
| Dec '06 | 22.68        | 22.70 | 22.85 | 22.45 | 22.80 | +0.12  |

CBOT remains closed on Saturday and Sunday.

#### South American Soybeans Futures Settle Slightly Lower

South American Soybeans future settled slightly down on Wednesday. March South American soybeans settled down 5 cents at \$ 6.42 per bushels. Strengthening US dollar against the Brazil currency. Argentina and Brazil is competitive over the World market. Producers selling were active during past week for both new crop and old crop. Traders believes that most of the South American crop is in good condition, the forecast for just 1 potential rain in Argentina over the next week and a few dry spots developing in southern Brazil has helped to provide support. Cash prices within country moved above \$6.00 per bushel at many locations this week, which has attracted increased producer selling. World ending stocks for soybeans are expected to increase at 48.1 million tonnes for the 2005-06 season as compared with last year's record 42.09 million tonnes and 35.18 million tonnes for the 2003-04 seasons. Crop conditions in South America are looking

favorable for soybean crop. Traders concerned that rain is needed in a few dry areas of southern Brazil and Argentina over the next week. Argentina officials raised their estimate for soybean planted area to 15.2 million hectares from 15.1 million hectares previous estimates; it was 14.4 million hectare last year.

#### Crude Palm Oil Futures at BMD Settle Slightly Up

Crude Palm oil futures at Bursa Malaysia Derivatives settled slightly higher after one more choppy session. Benchmark March future settled up MYR5 at MYR1411 per ton. Market in fact had nothing fresh to corroborate upwardly dispositions. Mere ideas that market was overdone on stock factor helped retreating futures. Traders are expecting fresh demand for palm oil to improve from Asian nations in coming weeks. In news, Indonesia cut export duty on CPO from 3% to 1.5%. News had not much impact on prices.

#### BMD: CPO Futures (22.12.2005) (Ringgit/ton)

| Months | Previous | Open | High | Low  | Close | Change | Volume |
|--------|----------|------|------|------|-------|--------|--------|
| Jan 06 | 1392     | 1393 | 1399 | 1393 | 1398  | +6     | 549    |
| Feb 06 | 1400     | 1400 | 1407 | 1400 | 1406  | +6     | 1978   |
| Mar 06 | 1406     | 1406 | 1413 | 1406 | 1411  | +5     | 2909   |
| Apr 06 | 1410     | 1411 | 1416 | 1409 | 1414  | +4     | 500    |
| May 06 | 1417     | N.A  | N.A  | N.A  | N.A   | 0      | N.A    |

BMD remains closed on Saturday and Sunday.

#### Palm Oil

Palm oil prices at domestic market were lacklustre. Palm oil prices were low due to huge availability of other edible oil at low prices. These oils are substitute of palm oil. There was no fresh news to push the market sentiments. Traders are expecting fresh demand for palm oil to improve from Asian nations in coming weeks. 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 \$ 387.50 per tonne.

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

| Centres                | 22.12.05 | 21.12.05 | Change |
|------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA)   | 335      | 335      | 0      |
| Kandla RBD Palmolein   | 360      | 360      | 0      |
| Mumbai RBD Palmolein   | 370      | 370      | 0      |
| Chennai RBD Palmolein  | 374      | 372      | +2     |
| Kakinada RBD Palmolein | 371      | 372      | -1     |

#### Soy oil

Domestic market prices of soy oil range bound with weak sentiments. Total arrivals of soybeans were 100,000, 40,000-45,000 and 65,000 bags (1 bags= 85 kg) in Madhya Pradesh, Maharashtra and Rajasthan mandies respectively. Arrivals of soybean in Kota mandi were 13000-15000 bags only. Arrivals of soybeans are slightly increased today as compared to previous day. Demands of soybean oil moderately improve at retail ends. January

soy oil prices settled up 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 \$ 485 per tonne.

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

| Centres                      | 22.12.05 | 21.12.05 | Change |
|------------------------------|----------|----------|--------|
| Mumbai (Soy Ref oil)         | 358      | 359      | -1     |
| Indore (Soy Ref oil)         | 342      | 343      | -1     |
| Indore (Solvent Ex. Oil)+VAT | 316      | 319      | -3     |
| Kota (Soy Ref. Oil)          | 347      | 350      | -3     |
| Jaipur (Soy Ref. Oil)        | 352      | 352      | 0      |
| Nagpur (Soy ref. Oil)        | 345      | 345      | 0      |
| Chennai (Soy Ref Oil)        | 360      | -        | -      |

#### Rape/Mustard oil

Domestic market prices of mustard oil range bound with positive sentiments. Arrivals of mustard seeds were 500 bags in Neewai market. Mustard seeds price were quoted in range of Rs 1480-1530 in Kota and Rs 1715-1725 in Jaipur Mandi. NAFED is planning to hire mustard expeller mills and crushing will start from 1<sup>st</sup> week of January and he will stop to sell of mustard seeds. It is expected to buy about 15 lakh of new mustard seeds from NAFED. These factors may help to improve mustard oil prices in near term. Market sentiments are expected to range bound with positive sentiments.

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

| Centres                        | 22.12.05 | 21.12.05 | Change |
|--------------------------------|----------|----------|--------|
| Mumbai (Rape Expeller Oil)     | 370      | 370      | 0      |
| Kota (Rape Expeller Oil)       | 358      | 357      | +1     |
| Jaipur (Rape Expeller Oil)     | 362      | 360      | +2     |
| Delhi (Rape Expeller Oil)      | 385      | 383      | +2     |
| Neewai (Kacchi Ghani Rape Oil) | 375      | 374      | +1     |

#### Groundnut oil

Domestic market prices of groundnut oil were lacklustre. Arrivals in Gujarat were at about 1.00 lakh bags (1 bag=35 kg). GN oil prices may go down further only because the availability of other cheap oil in the market like soybean and cotton oil. There were good arrivals of groundnut seeds and low demands of GN oil at retail ends. 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 move range bound with weak sentiments.

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

| Centres       | 22.12.05 | 21.12.05 | Change |
|---------------|----------|----------|--------|
| Mumbai        | 442      | 440      | +2     |
| Rajkot        | 455      | 455      | 0      |
| 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 like cotton oil and soybean oil. 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. Sunflower oil prices are expected to move range bound with weak sentiments in near term.

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

| Markets | 22.12.05 | 21.12.05 | Change |
|---------|----------|----------|--------|
| Mumbai  | 424      | 427      | -3     |
| Chennai | 475      | 475      | 0      |

#### NBOT Soy oil futures as on 22.12.2005 (Rs/10 kg)

| Months  | Previous Closing | Open Price | High Price | Low Price | Close Price | Change | Volume |
|---------|------------------|------------|------------|-----------|-------------|--------|--------|
| Jan '06 | 344.80           | 344.50     | 347.00     | 344.50    | 346.00      | +1.20  | 22960  |
| Feb'06  | 346.80           | 347.20     | 348.80     | 346.90    | 348.60      | +1.80  | 6930   |

#### NCDEX Soy oil futures as on 22.12.2005 (Rs/10 kg)

| Months | Previous Closing | Open Price | High Price | Low Price | Close Price | Volume | Open Interest |
|--------|------------------|------------|------------|-----------|-------------|--------|---------------|
| Jan 06 | 345.35           | 345.75     | 347.35     | 345.55    | 347.15      | 3260   | 18170         |
| Feb'06 | 347.75           | 348.00     | 350.20     | 348.00    | 349.80      | 3770   | 13590         |

#### LATEST WEATHER WATCH (22.12.2005)

##### Forecast valid for next 72 hours

**NORTH:** Rain/snow likely at **isolated places** over Jammu & Kashmir, Himachal Pradesh and Uttaranchal. **Isolated** rain /thundershowers likely over East Uttar Pradesh Weather will be mainly dry in the rest region.

**EAST:** Rain/thundershowers likely at **many places** over coastal Orissa, Jharkhand, Gangetic West Bengal and Nagaland, Mizoram, Manipur & Tripura: at few places over Assam & Meghalaya and **isolated** over rest region outside East Madhya Pradesh where weather may be mainly dry . The rainfall activity will decrease from 24<sup>th</sup> December onwards.

**SOUTH:** **Isolated** rain/thundershowers likely over coastal Tamil Nadu & Pondicherry, Andhra Pradesh and Andaman & Nicobar Islands. Weather will be **Mainly dry** in the rest region.

**WEST:** **Mainly dry** weather over the region.

**Source:** IMD, GOI

#### Forex Rates (As on 22.12.2005)

| Country/ Continent | Currency       | Value in Rupees |
|--------------------|----------------|-----------------|
| USA                | Dollar         | 45.32           |
| European Union     | Euro           | 53.64           |
| Japan              | 100 Yen        | 38.57           |
| United Kingdom     | Pound Sterling | 79.04           |
| Malaysia           | Ringgit        | 11.98           |

## PORT-WATCH (Latest):

'Vernal Grace' from Belawan has berthed at Kandla Port and continues to deliver 6,000 MT of palm oil. GAC agents is handling the vessel. The port is expecting 'Champion Ventura' from Argentina to deliver 8,000 MT of SBO. The vessel will be handled by Interocean agents.

Delivery of 6,2350 MT of CPO is continuing at Kolkata Port from the vessel 'Khadijah'. Atlantic agents is handling the vessel. 'Montana Sun' has berthed at Kolatta Port and continues to discharge 21,451 MT of SBO. The vessel is being handled by JM Baxi agents. 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.

Cochin Port is expecting 'Fima Satu' deliver 3,000 MT of palm oil. Interocean agents will be handling the vessel.

Delivery of 6,500 MT of palm oil is expected at Chennai Port from the vessel 'Hua Yun 5'. Seaport agents will be handling the vessel.

### Current Vessels Positions

| Ports   | Vessels          | Volume (Ton) | Carrying | Status   |
|---------|------------------|--------------|----------|----------|
| Kandla  | Vernal Grace     | 6000         | Palm Oil | Arrived  |
|         | Champion Ventura | 8000         | SBO      | Expected |
| Kolkata | Pacific Sound    | 6000         | CPO      | Arrived  |
|         | Montana Sun      | 21451        | SBO      | Arrived  |
|         | Khadijah         | 62350        | CPO      | Arrived  |
| Mumbai  | Nolowati         | 10000        | Palm Oil | Arrived  |
| Cochin  | Fima Satu        | 3000         | Palm Oil | Expected |
| Chennai | Hua Yun 5        | 6500         | Palm Oil | Expected |

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