

VEGOIL

December 21, 2005

MAJOR ACTIVITY HIGHLIGHTS

- BMD CPO Futures Settle Slightly Lower
- CBOT Soy Futures Settle Slightly Lower
- 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 has just turned downwards, but has not crossed its signal line yet, the indicator is lacking confirmation for bearish signal.
2. %K line is has just turned downwards, is about to touched %D line, confirmation is needed for bearish signal.
3. Close far below 9 days and 18 days EMA indicates bearish trend.
4. Candlesticks has formed a short day pattern, with gap down, which would make the prices little tentative on the next session.

Market Advice: Though, most of the indicators are showing bearish sentiments, confirmation is still lacking. Further, the candlesticks are showing little sluggishness in the prices. We suggest caution on part of the bears.

Resistance & Support Levels (Most Active Contract)

Contract	Supp 1	Supp 2	Res 1	Res 2
NCDEX Jan'06	344.50	343.70	346.50	347.80

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 Lower

Soy futures settled lower at Chicago Board of Trade on Tuesday. March Soybeans future settled lower 4 cents at \$ 6.165 per bushel, 11 cents off the high and 1 cents up from the low and May soybean future settled lower 2.25 cents at \$6.26 per bushel, it was 1.5 cents up from the low and 9 cents off the high. March Soybean oil settled lower \$ 0.6 at \$198.6/metric tonnes, \$ 0.6 up from the low and \$3.4 off the high. March soybean oil settled lower 0.37 cents at 21.54 cents/pounds, 0.66 cents off the high and 0.09 cent up from the low. There were talk of bulk world stock of soybean and oil was helped to bring down market sentiments. According to analysts, world soybean production pegged for 2005-06 season at 220.98 million tonnes which is up 700000 tonnes from their previous forecast and up from 214.57 million tonnes last ten years. There was no fresh pushy news for boost up the market sentiments.

CBOT Soy oil futures as 20.12.2005 (Cents/pound)

Months	Prev. Settle	Open	High	Low	Close	Change
Jan '06	21.57	21.58	21.90	21.28	21.31	-0.26
Mar '06	21.91	22.00	22.20	21.45	21.54	-0.37
May '06	22.27	22.35	22.53	21.80	21.80	-0.47
Jul '06	22.61	22.70	22.83	22.15	22.17	-0.44
Aug '06	22.73	22.75	22.85	22.20	22.20	-0.53
Sep '06	22.80	23.00	23.00	22.30	22.30	-0.50
Oct '06	22.90	23.00	23.05	22.40	22.40	-0.50
Dec '06	23.15	23.35	23.35	22.65	22.68	-0.47

CBOT remains closed on Saturday and Sunday.

South American Soybeans Futures Settle Higher

South American soybean future settled higher on Tuesday. March South American soybean settled higher 14.5 cents higher at \$ 6.47 per bushel. There is good crop condition in South America. Forecasting for rain in next week would be helping factors in few dry regions in Southern Brazil. Timely rain for next week in Southern Brazil and Argentina will be more helpful in improving crop conditions. There is talk that South America is competitive with US markets. Market sentiments could change any time, it's depend on news flow about bird flu in China. China is a most potential buyer of South American soybeans. Dry weather in South America attracted to new fund buyers. Fund buying is increased for South American markets. Cumulative export inspections released on Tuesday, report revealed that the 35.1% of the USDA projection for the entire season as compared with 43.4% as the 5 year average for this time of the year.

Crude Palm Oil Futures at BMD Settle Slightly Lower

Crude Palm oil futures settled lower after choppy session on Wednesday. Benchmark March future settled off MYR3 at MYR 1406 per ton. Overnight weak closing of soy futures at Chicago Board of Trade triggered weakness in palm oil markets. Export of palm oil from Malaysia has already been running slow, which will fatten up already burdensome inventories. Only hope is likely decline in its production in the first quarter next year. Though it's a perennial crop, its production seasonally declines in winter season.

BMD: CPO Futures (21.12.2005) (Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jan '06	1395	1392	1395	1389	1393	-2	201
Feb '06	1403	1400	1403	1395	1400	-3	200
Mar '06	1409	1406	1410	1402	1406	-3	1044
Apr '06	1409	1410	1412	1406	1410	+1	205
May '06	1416	1408	1408	1408	1408	-8	2

BMD remains closed on Saturday and Sunday.

Palm Oil

Palm oil prices at domestic market were slightly low amidst dull demand for palm oil. Palm oil prices were low due to low prices of soyoil at spot market as well as on NCDEX January soy oil contract. Soy oil and palm oil is substitute of each other. Palm oil prices and Soy oil prices have direct relationship. There was no fresh news to push the market sentiments. Export of palm oil from Malaysia has already been running slow, which will fatten up already burdensome inventories. 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	21.12.05	20.12.05	Change
Kandla CPO (5 % FFA)	335	337	-2
Kandla RBD Palmolein	360	360	0
Mumbai RBD Palmolein	370	370	0
Chennai RBD Palmolein (Ruchi)	372	375	-3
Kakinada RBD Palmolein	372	373	-1

Soy oil

Today domestic soy oil prices range bound with weak sentiments. Arrival of soybeans is slightly increased today as compared to yesterday. Total arrivals of soybeans were 85000-90,000, 45,000-50,000 and 65,000 bags (1 bags= 85 kg) in Madhya Pradesh, Maharashtra and Rajasthan mandies respectively. Arrivals of soybean in Kota mandi were 12000-14000 bags only. January soyoil prices settled down on NCDEX and NBOT. 25451 metric tonnes Imported soy oil arrived in Kolkata today. 8000 metric tonnes soybean oil is expected to arrive at Kandla port. Market sentiments are expected to move range bound with weak sentiments.

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	21.12.05	20.12.05	Change
Mumbai (Soy Ref oil)	359	361	-2
Indore (Soy Ref oil)	343	345	-2
Indore (Solvent Ex. oil)+VAT	319	320	-1
Kota (Soy Ref. Oil)	350	350	0
Jaipur (Soy Ref. Oil)	352	353	-1
Nagpur (Soy ref. Oil)	345	348	-3

Rape/Mustard oil

Today domestic prices of mustard oil were lacklustre. 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. Mustard oil prices were slightly weak due to low prices of soybeans oil amidst dull demand of edible oil at retail ends. Market sentiments are expected to range bound in near term.

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

Centres	21.12.05	20.12.05	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)	383	384	-1
Neewai (Kacchi Ghani Rape Oil)	374	375	-1

Groundnut oil

Domestic market prices of groundnut oil were declined in Chennai Markets only due to good arrival of groundnut in Tamil Nadu, huge availability of other cheap edible oil in the market and dull demands at retail ends. GN oil prices are slightly declined due to low demands at retail ends in Gujarat. 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. 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	21.12.05	20.12.05	Change
Mumbai	440	338	+2
Rajkot	455	457	-2
Andhra Region	445	445	0
Chennai	440	445	-5

Sunflower Oil

Spot market prices of Sunflower oil in Chennai slightly declined due to huge availability of other cheap edible oil in the markets. Arrival of groundnut is increasing day by day and lack of demands at retail end. 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	21.12.05	20.12.05	Change
Mumbai	427	427	0
Chennai	445	450	-5

NBOT Soy oil futures as on 21.12.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Change	Volume
Jan '06	348.00	344.60	344.60	344.60	344.60	-3.40	34460
Feb'06	351.90	346.60	346.60	346.60	346.60	-5.30	4460

NCDEX Soy oil futures as on 21.12.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jan 06	347.90	347.00	347.00	345.00	345.35	5680	17510
Feb'06	351.00	349.50	350.00	347.50	347.75	5120	13180

LATEST WEATHER WATCH (21.12.2005)

Forecast valid for next 72 hours

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

EAST : 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 : Isolated rain/thundershowers likely over coastal Tamil Nadu & Pondicherry, Coastal 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 21.12.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	45.37
European Union	Euro	53.86
Japan	100 Yen	38.73
United Kingdom	Pound Sterling	79.71
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. The port is expecting 'Champion Ventura' from Argentina to deliver 8,000 MT of SBO. The vessel will be handled by Interocean agents.

'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.

Mourmgoa Port is receiving 3,997 MT of palm oil from the vessel 'Isokaze'. The cargo was loaded from Belawan. The vessel is being handled by Interocean agents.

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	Expected
	West Gold	8480	CPO	Arrived
	Champion Ventura	8000	SBO	Expected
Kolkata	Pacific Sound	6000	CPO	Arrived
	Montana Sun	21451	SBO	Arrived
Mumbai	Nolowati	10000	Palm Oil	Expected
Cochin	Fima Satu	3000	Palm Oil	Expected
	Hua Yun 5	6500	Palm Oil	Expected
Mouramgoa	Isokaze	3997	Palm Oil	Arrived

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