

VEGOIL

January 9, 2006

MAJOR ACTIVITY HIGHLIGHTS

- NCDEX January Soy Oil futures Settle Slightly Higher
- CBOT Soy Futures Settle Lower

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX January Contract

Technical Analysis for January Contract:

1. The MACD is moving upwards above its signal line, there is no signal of reversal in the current trend.
2. Stochastic moving upwards in the overbought zone, imparting some tentativeness to the prices.
3. Close above 9 days EMA and 8 days EMA, which indicates medium term bullishness in the prices.
4. Candlesticks are slowing slight bullishness in the prices.

Technical indicators are indicating slight bullish sentiments to prevail in the forthcoming session.

Market Advice: The oil prices are expected to remain slightly on the positive side however overbought levels warrants some caution on the part of oil bulls.

Resistance & Support Levels (Most Active Contract)

Contract	Supp 1	Supp 2	Res 1	Res 2
NCDEX Jan'06	341.90	340.70	345.60	346.70

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 Lower

March Soybeans settled lower 7.5 cents at \$ 6.11 per bushel, 12.50 cents off the high and 1 cent up from the low. May soybeans settled lower 6.5 cents at \$ 6.21 per bushel, 0.4 cent up from the low and 3.7 cents off the high. March soy meal settled down \$ 2.6 at \$ 188.7 per ton, \$ 0.4 up from the low and \$ 3.7 off the high. March soybean oil settled down 0.22 cent at 22.99 cents per pound, which is 0.56 cent off the high and 0.04 cent up from the low. Concerns over the hot and dry outlook for southern Brazil for all of next week and Argentina for most of next week helped support an early bounce but weather forecasts pointed to rain in key Argentina soy growing fields, disappointing weekly U.S. soy meal export sales. Cumulative sales of soybean have reached just 54.0% of the USDA forecast for the entire season as compared to 72.8% on average over the last five years. Soybean meal export sales came in at just 46,200 metric tonnes (a marketing year low) as compared to trade expectations between 75,000. Oil sales came in at 600 metric tonnes as compared to trade expectations between 4,000 and 9,000 metric tonnes.

CBOT Soy oil futures as 06.01.2006 (Cents/pound)

Months	Prev. Settle	Open	High	Low	Close	Change
Jan '06	22.95	23.00	23.15	22.75	22.75	-0.20
Mar '06	23.21	23.30	23.55	22.95	22.99	-0.22
May '06	23.55	23.68	23.82	23.30	23.32	-0.23
Jul '06	23.89	24.00	24.18	23.64	23.65	-0.24
Aug '06	23.99	24.10	24.14	23.75	23.75	-0.24
Sep '06	24.09	24.35	24.35	23.85	23.85	-0.24
Oct '06	24.20	24.40	24.45	24.00	24.00	-0.20
Dec '06	24.45	24.55	24.75	24.18	24.18	-0.27

CBOT remains closed on Saturday and Sunday.

South American Soybean Futures Settle Lower

March South American soybeans settled 11.5 cents lower from the yesterday closing to \$ 6.435 per bushel. The weather situation for southern Brazil and Argentina has caused Brazil producers to hold tight the left stock in hand. Last week's rains in the south Brazil were not enough to bust the dryness of the crop. However, a week of dryness followed by increased temperatures into next weekend could be a stressful condition for growers in Parana and Rio Grande do Sul. Argentina looks hot and dry into late next week when some better chances of rain occurs, but southern Brazil looks to remain hot and dry into next weekend.

BMD: remains closed on Saturday and Sunday

BMD: CPO Futures (06.01.2006)						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Jan 06	1419	1418	1422	1418	1419	0	223
Feb 06	1429	1426	1430	1425	1427	-2	395
Mar 06	1435	1432	1437	1430	1433	-2	1346
Apr 06	1435	1434	1440	1433	1437	+2	901
May 06	1438	1438	1442	1438	1438	0	104

BMD remains closed on Saturday and Sunday.

Government of India has revised base import duty w.e.f. January 2, 2006. Details are as follows:

(Unit: US \$/MT)

Items	Current Tariff (\$ / MT)	Previous Tariff rate	Change (US \$)
CPO	417	433	-16
RBD Palm Oil	432	435	-3
Other Palm Oil	425	434	-9
Crude Palm Olein	418	440	-22
RBD Palm Olein	421	445	-24
Other Palm Olein	420	443	-23
Crude Soybean Oils	497	510	-13

Source: PIB, GOI.

Palm Oil

Palm oil prices at physical market were remains range bound with weak sentiments today in most of the markets. CBOT future prices settled down on Friday. Rice bran oil and vanaspati ghee prices are low in comparison to refined palm oil. Government of India has lowered base import prices from \$3 to \$ 24 per metric tonnes on January 2, 2006. Palm oil import may increase due to low base import prices. More import of edible oil would bring negative impact on its prices. Palm oil prices are expected to move range bound in near term.

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

Centres	07.01.06	06.01.06	Change
Kandla CPO (5 % FFA)	326	326	0
Kandla RBD Palmolein	356	356	0
Mumbai RBD Palmolein	363	365	-2
Chennai RBD Palmolein	371	372	-1
Kakinada RBD Palmolein	355	356	-1
Hyderabad RBD Palmolein+Tax	376	376	0

Soy oil

Today domestic soy oil prices are improved in most of the markets amidst increasing demands at retail ends. A Muslim festival (Id-ul-Zuha) is ahead. NCDEX and NBOT January soy oil prices are slightly improved today as compared to previous closing prices. Arrivals of soybeans are slightly declined today as compared to previous day. Today's arrivals of soybeans were 50000, 24000, 30000, 15000-16000 bags (1 bags= 85 kg) in Madhya Pradesh, Maharashtra, Rajasthan and Gujarat markets.

Arrivals of soybeans were about 4000 bags in Kota only. Soy oil prices are expected to move range bound.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 325 per 10 kg. CNF prices for soy degum (January Shipment) at Kandla were quoted at \$ 483per tonne.

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

Centres	07.01.06	06.01.06	Change
Mumbai (Soy Ref oil)+VAT	342	342	0
Indore (Soy Ref oil)	342	341	+1
Indore (Solvent Ex. Oil)+VAT	318	316	+2
Kota (Soy Ref. Oil)	354	350	+4
Jaipur (Soy Ref. Oil)	360	353	+7
Nagpur (Soy ref. Oil)	347	346	+3
Chennai (Soy Ref Oil)	355	354	+1
Hyderabad (Soy Ref)	376	370	+6
Rajkot (Soy Ref)+Tax	338	338	0

Rape/Mustard oil

Mustard oil prices at physical market went up slightly due to increasing demand at retail ends. A Muslim festival (Id-ul-Zuha) is ahead. In winter season, there is more use of refine oil and mustard oil for fried dishes like pakora, puri and fish etc. Prices of mustard seeds are also improved today. Mustard seed prices were quoted in Kota and Jaipur Rs 1500-1530/quintal and 1710-1715/quintal respectively. Arrivals of mustard seeds are slightly declined today. Arrivals of mustard seeds were 700 bags and 2000 bags in Kota and Jaipur respectively, while it was 1000 and 3000 bags on Thursday. The above-mentioned factors are for bullish sentiments. Mustard oil prices are expected to move range bound.

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

Centres	07.01.06	06.01.06	Change
Mumbai (Rape Expeller Oil)	366	367	+1
Kota (Rape Expeller Oil)	356	350	+6
Jaipur (Rape Expeller Oil)	360	354	+6
Delhi (Rape Expeller Oil)	385	380	+5
Neewai (Kachchi Ghani Rape Oil)	370	368	+2
Kota (Kachchi Ghani Rape oil)	370	370	0

Groundnut oil

Domestic markets prices of groundnut oil were mixed today. Arrivals of groundnut were around 70,000-75000 bags in Gujarat (1 bag= 35 Kg). According to traders, GN oil prices are improved slightly in Gujarat only due festival demands like Id-ul-Zuha and Maker sankranti. GN oil prices are expected to move range bound.

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

Centres	07.01.06	06.01.06	Change
Mumbai	445	448	-3
Rajkot	460	455	+5
Andhra Region	447	445	+2
Chennai	445	445	0

Sunflower Oil

Sunflower oil prices were revealed mixed sentiments on spot markets today. CIF prices for Sunflowers (January Shipment) at Kandla were quoted at \$ 562 per tonnes. Sunflower oil prices are expected to move range bound in near term.

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

Markets	07.01.06	06.01.06	Change
Mumbai	415	412	+3
Chennai	450	450	0
Hyderabad	440	442	-2

Cotton Refine Oil

Cotton oil prices on physical markets remain range bound with positive sentiments today in most of the markets amidst increasing demands at retail ends. Prices of cottonseeds are also increased slightly as compared to yesterday. Prices are increased slightly due to festival demand is ahead. Cotton oil prices are expected to range bound in near term.

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

Markets	07.01.06	06.01.06	Change
Mumbai	353	352	+1
Hyderabad	355	353	+2
Rajkot	350	346	+4

NBOT Soy oil futures as on 07.01.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Change	Volume
Jan '06	342.10	341.50	343.80	341.30	343.20	+1.10	10500
Feb '06	346.60	345.50	348.20	345.40	347.50	+0.90	27750

NCDEX Soy oil futures as on 07.01.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jan 06	342.20	343.40	348.40	343.00	344.90	1440	10790
Feb'06	347.50	346.7	348.85	346.00	348.75	3210	23160

LATEST WEATHER WATCH (07.01.2006)

Forecast valid for next 72 hours

NORTH: Isolated rain/snow likely over higher reaches of Jammu & Kashmir. Weather will be mainly dry over the rest region.

EAST: Weather will be mainly dry over the region.

SOUTH: Rain/thundershowers are likely at a few places over Coastal Tamil Nadu & Pondicherry and Nicobar Islands and isolated over Andaman islands, rest Tamil Nadu, South Interior Karnataka, Lakshadweep and Kerala. Weather will be Mainly dry in the rest region.

WEST: Weather will be mainly dry over the region.

Low Temperature warning:

Night temperatures over some parts of Punjab ,Haryana, West Uttar Pradesh and Rajasthan are likely to remain below 4° C leading to frost during next 2 nights.

Source: IMD, GOI

PORT-WATCH (Latest):

Edible Oil

'Global Pallas' has berthed at Tuticorin Port and continues to discharge 5,200 MT of palm oil. St.John agents is handling the vessel.

Kolkata Port is receiving 6,000 MT of CPO from the vessel 'L Star'. Seaworld agents is handling the vessel. 'Laju Sejahtera' has berthed at Kolkatta Port and continues to discharge 4,500 MT of CPO. Atlantic agents is handling the vessel.

'Global Eos' from Indonesia has berthed at Mumbai Port and continues to deliver 7,299 MT of palm oil. Forbes Gokak agents is handling the vessel.

Delivery of 20,000 MT of SBO is continuing at Chennai Port from the vessel 'Stolt Excellence'. JM Baxi agents is handling the vessel. The port is expecting 2,000 MT of palm oil from the vessel 'Ace I'. The vessel will be handled by Seaport agents.

New Mangalore Port is expecting 'Champion Venture' to deliver 6,650 MT of SBO. Interocean agents will be handling the vessel.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Tuticorin	Global Pallas	5200	Palm Oil	Arrived
Kolkata	L. Star	6000	CPO	Arrived
	Laju Sejhtra	4500	CPO	Arrived
Mumbai	Global Eos	7299	Palm Oil	Arrived
Cochin	Spring Wind	4000	CPO	Arrived
Chennai	Stolt Excellence	20000	SBO	Arrived
	Ace 1	2000	Palm oil	Expected
New Manglore	Champion Venture	6650	SBO	Expected

Forex Rates

(As on 07.01.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.66
European Union	Euro	54.24
Japan	100 Yen	39.01
United Kingdom	Pound Sterling	79.07
Malaysia	Ringgit	11.90
China	CNY	5.54
Argentina	ARS	14.81
Brazil	BRL	19.57
Indonesia	1000 IDR	4.68

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.