

## VEGOIL

January 14, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Settle Lower
- BMD CPO Futures Settle Mixed in Choppy Session

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term  
NCDEX January Contract

Technical Analysis for January Contract:

1. The MACD is continued moving upwards above its signal line, there is no signal of reversal in the current trend.
2. %K line is moving remains downwards in neutral territory after crossing %D line from up, which indicates bearish sentiments.
3. Close below 9 days EMA (343.41) and 18 days EMA (343.90), which indicates short-term bearish trends.
4. Candlestick pattern shows the marginally bullish sentiments.

**Market Advice:** Prices are expected to open firm and remain range bound thereafter.

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

Contract	Supp 1	Supp 2	Res 1	Res 2
NCDEX Jan'06	342.30	341.50	343.50	343.90

#### 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 soy future settled lower on Chicago Board of Trade Thursday. March Soybeans settled lower 12.5¢ at \$ 5.72 per bushels 13.5 cents off the high and 3 cents up from the low and May soybeans settled lower 12.25¢ at \$ 5.815 per bushel, it was 2.5 cents up from the low and 13.25 cents off the high. March Soymeal settled lower \$ 2.7 at \$ 179 per metric ton, it was \$ 1.0 up from the low and \$ 1.5 off the high. March soybean oil settled lower 0.46 cents at 21.69 cents/pounds, 0.09 cents off the high and 0.24 cents up from the low. USDA monthly report released on January 12, 2006 and revealed the stock of US soybean increased to 505 million bushels, it is up 52 million bushels from trade expectations. Last year ending stock of US soybean were 256 million bushels. US soybean export figure were revised lower by 70 million bushels to 950 million bushels, while on the other hand, crushing of soybean revised higher by 10 million bushels. Ending stock of soybean oil were revised higher to 2.469 billion pounds from 2.329 billion pounds last month and it was 1.699 billion pounds last year. US Department of Agriculture Weekly export sales for soybeans came at 448,100 metric tonnes as compared to trade expectations between 450,000-650,000. Meal sales were 70,900 metric tonnes as compared to trade expectations between 75,000-125,000. Oil export sales were just 300 metric tonnes as compared to trade expectations between 4,000-9,000. The USDA weekly export sales added bearish tone.

#### CBOT Soy oil futures as 12.01.2006 (Cents/pound)

Months	Prev. Settle	Open	High	Low	Close	Change
Jan '06	21.88	21.45	21.48	21.20	21.43	-0.45
Mar 06	22.15	21.55	21.78	21.45	21.69	-0.46
May'06	22.47	22.00	22.12	21.84	22.05	-0.42
Jul '06	22.89	22.30	22.50	22.20	22.45	-0.44
Aug'06	22.99	22.50	22.60	22.38	22.54	-0.45
Sep'06	23.11	22.60	22.75	22.60	22.65	-0.46
Oct '06	23.22	22.80	22.80	22.70	22.78	-0.44
Dec'06	23.42	23.05	23.15	22.90	23.02	-0.40

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Futures Settle Lower

South American soybeans future settled lower on Thursday. March South American soybeans finished down 5 cents at \$ 6.15 per bushels. There is continue to traders attention towards the South American weather situation, it seems that Argentina soybean crop will improve in next week. However, weather situation for soybean crop is not much favourable in Southern Brazil. It is expected to receive 1-2 inch rain in Argentina in weekend, while there is continue to hot and dry weather in Southern Brazil. Despite of unfavourable weather in Southern Brazil, USDA monthly report forecast that the soybean production is expected to increase 2 million tonnes to 53 million tones in Brazil only. USDA monthly report released on January 12, 2006 and revealed the stock of US soybean increased to 505 million bushels, it is up 52 million bushels from trade expectations. Last year ending stock of US soybean were 256 million

bushels. US soybean export figure were revised lower by 70 million bushels to 950 million bushels, while on the other hand, crushing of soybean revised higher by 10 million bushels. Ending stock of soybean oil were revised higher to 2.469 billion pounds from 2.329 billion pounds last month and it was 1.699 billion pounds last year. Weekly export sales of US department of Agriculture revealed bearish sentiments.

#### BMD Crude Palm Oil Futures Settle Mixed

Crude palm oil future settled mixed at Bursa Malaysia Derivatives on Friday. There was no clear-cut direction for markets today. The benchmark March contract settled at MYR 1419/metric ton today, it is up MYR 2 from previous closing price. Low export demands and rising stock of palm oil is added bearish tone. Strengthening Malaysian Ringgit is also added bearish tone in the markets. Rising stock of US soy oil was another negative factor for markets. On the other hand, seasonal decline of CPO production and hoping demands for bio-fuels in coming days were bullish trend. Trading activities was slow due to optimistic and pessimistic dilemma about market sentiments. Traders are waiting for SGS Export estimates (January 1-15), which are due to issue on Monday i.e. January 15, 2006. Traders' expectations are that the export would decline slightly in this Cargo surveyors estimates (Jan 1-15) as compared to Dec 1-15 period.

#### BMD: CPO Futures (13.01.2006) (Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Jan 06	1410	1409	1409	1407	1407	-3	95
Feb 06	1414	1410	1415	1410	1414	0	436
Mar 06	1417	1410	1420	1410	1419	+2	1996
Apr 06	1421	1415	1426	1415	1425	+4	1266
May 06	1423	1421	1428	1420	1428	+5	375

BMD remains closed on Saturday and Sunday.

#### Palm Oil

Palm oil prices at physical market went down slightly today in most of the markets due to increasing stock of Malaysian palm oil and low export demand of palm oil. CBOT soy oil future prices settled down on Thursday. Bearish export sales report of USDA brought negative impact on all edible oil. There was no fresh news to boost up palm oil prices. RBD Palmolein is slightly declined today at Kandla port as compared to yesterday. Palm oil prices are expected to move range bound in near term.

FOB prices of CPO (January) were last quoted at \$ 357.50 per tonnes and RBD Palmolein at \$ 385 per tonnes.

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

Centres	13.01.06	12.01.06	Change
Kandla CPO (5 % FFA)	324	325	-1
Kandla RBD Palmolein	352	353	-1
Mumbai RBD Palmolein	355	362	-7
Chennai RBD Palmolein	369	370	-1
Kakinada RBD Palmolein	354	354	0
Hyderabad RBD Palmolein+Tax	365	373	-8

### Soy oil

Today domestic soy oil prices went down slightly in most of the markets with low demands at retail ends and bearish USDA monthly report. US soybeans stock revised higher to 505 million bushel. Due to more production and low export demands of soybean is the only cause for higher stock. US soybeans oil stock is increased due to higher crushing of soybean. February soy oil future prices are settled slightly low on NCDEX and NBOT today as compared to previous closing prices. CBOT soy oil future prices settled down on Thursday. Today's arrivals of soybeans were 40000-45000, 20000-25000, 20000, 12,000 bags (1 bags= 85 kg) in Madhya Pradesh, Maharashtra, Rajasthan and Gujarat markets. Arrivals of soybeans were about 4000 bags in Kota only. Soybeans oil is quoted Rs 1130/qrtl in Kota at spot market. Soy oil prices are expected to move range bound with weak sentiments.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 324 per 10 kg. CNF prices for soy degum (January Shipment) at Kandla were quoted at \$ 475 per tonne.

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

Centres	13.01.06	12.01.06	Change
Mumbai (Soy Ref oil)+VAT	336	338	-2
Indore (Soy Ref oil)	342	344	-2
Indore (Solvent Ex. Oil)+VAT	319	321	-2
Kota (Soy Ref. Oil)	354	354	0
Jaipur (Soy Ref. Oil)	358	358	0
Nagpur (Soy ref. Oil)	345	344	+1
Chennai (Soy Ref Oil)	354	354	0
Hyderabad (Soy Ref)	365	366	-1
Rajkot (Soy Ref)+Tax	334	336	-2

### Rape/Mustard oil

Mustard oil prices at physical market were remains range bound with positive sentiments. There is news that the mustard crop is damaged about 10 to 15 per cent due to frost injury. However, it would not bring any drastic impact on mustard seed production and prices because the area of mustard crop was already increased about 11 per cent this year. Mustard seed prices were remain quoted in Kota and Jaipur Rs 1510/quintal and 1710/quintal respectively. Today's arrivals of mustard seeds were 1000 bags and 2000 bags in Kota and Jaipur respectively. Mustard oil prices are expected to move range bound.

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

Centres	13.01.06	12.01.06	Change
Mumbai (Rape Expeller Oil)	370	368	+2
Kota (Rape Expeller Oil)	358	358	0
Jaipur (Rape Expeller Oil)	362	362	0
Delhi (Rape Expeller Oil)	387	385	+2
Neewai (Kachchi Ghani Rape Oil)	375	375	0
Kota (Kachchi Ghani Rape oil)	375	375	0

### Groundnut Refine Oil

Groundnut oil prices at spot market were sluggish due to low demands at retail ends. USDA weekly export and monthly WASDE report revealed bearish trends in oilseeds, which brought negative impact on all edible oil. There is

another reason to decline of groundnut oil prices due to mixing of low priced oil in GN oil like soy oil. The arrivals of groundnut seeds in were 70000-80000 bags (1 bags =35 Kg) today in Rajkot mandi. Groundnut seeds were quoted Rs 338/20 kg in Rajkot markets. GN oil prices are expected to move range bound with weak sentiments.

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

Centres	13.01.06	12.01.06	Change
Mumbai	438	442	-4
Rajkot	451	452	-1
Andhra Region	447	445	+2
Chennai	445	445	0

### Sunflower Refine Oil

Market sentiments of sunflower oil at spot markets were steady today in most of the markets. Sunflower oil is expected to import about 29000 metric tonnes at Mundra port. There is huge availability of low priced oil in the market as compared to sunflower oil like cotton oil and soy oil in the markets is another cause to decline the mustard oil prices. CIF prices for Sunflowers (January Shipment) at Kandla port were quoted at \$ 547 per tonnes, it was \$550 /ton yesterday. 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	13.01.06	12.01.06	Change
Mumbai	400	400	0
Chennai	448	448	0
Hyderabad	420	420	0

### Cotton Refine Oil

Cotton oil prices at physical markets are shows the dull trend today as compared to previous day amidst low demands at retail ends. There was no fresh news to boost up to its prices. There were good arrival of cottonseeds and huge availability of other edible oil in the market. Cotton oil prices are expected to move range bound with weak sentiments in near term.

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

Markets	13.01.06	12.01.06	Change
Mumbai	347	352	-5
Hyderabad	351	352	-1
Rajkot	342	345	-3

#### NBOT Soy oil futures as on 13.01.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Change	Volume
Jan '06	343.80	0.00	343.30	0.00	343.30	-0.50	0
Feb '06	345.30	344.50	345.00	343.60	344.50	-0.80	27330
Mar '06	0.00	346.00	346.00	346.00	345.20	N.A	0

#### NCDEX Soy oil futures as on 13.01.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jan 06	343.00	342.10	343.10	341.90	343.10	830	7830
Feb'06	345.05	344.85	345.30	343.95	344.80	7020	22720

## PORT-WATCH (Latest):

### Edible Oil

Kolkatta Port is receiving 13,047 MT of SBO from the vessel 'Stolt Excelence'. JM Baxi agents is handling the vessel.

'Golden Crown' has berthed Kakkinada Port and continues to deliver 4,000 MT of CPO. Kakkinada Port received 4,000 MT of CPO from the vessel 'Ace I'.

Delivery of 6,000 MT of CPO is continuing at New Manglore Port from the vessel 'Vernal Grace'. James Mackintosh agents will be handling the vessel.

Chennai Port is expecting the delivery of 1,860 MT of palm oil from the vessel 'Mega Crown I'. The vessel will be handled by Seaport agents.

'Aditi' is expected at JN Port to deliver 20,000 MT of CPO.

Mundra Port is expecting 'Florida' to discharge 29,000 MT of SBO. Taurus agents will be handling the vessel.

### Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	Stolt Excelence	13047	SBO	Arrived
JN Port	Aditi	20000	CPO	Expected
Mundra Port	Florida	29000	SBO	Expected
New Mangalore	Vernal Grace	6000	CPO	Arrived
Chennai	Mega Crown 1	1860	Palm Oil	Expected
Kakinada	Ace I	4000	CPO	Arrived
	Golden Crown	4000	CPO	Arrived

## LATEST WEATHER WATCH (13.01.2006)

### Forecast valid for next 72 hours

**NORTH** : Isolated to scattered rain/thundershowers likely over Punjab and Haryana from 15<sup>th</sup>. Weather will be mainly dry over the rest region.

**EAST** : Weather will be mainly dry over the region.

**SOUTH**: **Isolated rain/thundershowers** likely over south Tamil Nadu, Kerala and Lakshadweep. Weather will be **Mainly dry** in the rest region.

**WEST**: **Isolated rain/thundershowers** likely over north Rajasthan from 15<sup>th</sup>. Weather will be mainly dry over the region.

Source: IMD, GOI

### Forex Rates

(As on 13.01.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.26
European Union	Euro	53.35
Japan	100 Yen	38.63
United Kingdom	Pound Sterling	77.95
Malaysia	Ringgit	11.82
China	CNY	5.48
Argentina	ARS	14.55
Brazil	BRL	19.43
Indonesia	1000 IDR	4.75

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