

VEGOIL

January 6, 2006

MAJOR ACTIVITY HIGHLIGHTS

- NCDEX and NBOT January Soy Refine Oil Settle Down
- CBOT Soy Futures Settle Higher
- BMD March CPO Futures Settle Slightly Down

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX January Contract

Technical Analysis for January Contract:

1. The MACD is moving upwards after crossing its signal line from below, which is indicating bullish sentiments.
2. Stochastic is remains moving upwards in the neutral territory, indicating bullish sentiments.
3. Close just below 5 days EMA and 7 days EMA indicates short term bearish trend.
4. Candlestick pattern indicates short term bearish trends.

Market Advice: The prices are expected to move range bound with bearish bias. Go short near 341.70 with target near 340.40, put stop loss at 342.30.

Resistance & Support Levels (Most Active Contract)

Contract	Supp 1	Supp 2	Res 1	Res 2
NCDEX Jan'06	340.60	339.80	343.40	345.00

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

March Soybeans settled up 3.75 cents at \$ 6.3225 per bushel, 0.75 cent off the high and 6.75 cents up from the low. May soybeans settled up 3 cents at \$ 6.4175 per bushel, 6.75 cents up from the low and 1.25 cents off the high. March soybean meal settled down \$ 0.8 at \$ 196.9 per ton, \$ 0.9 up from the low and \$ 2.6 off the high. March soybean oil settled up 0.36 cent at 23.6 cents/pound, 0.04 cent off the high and 0.55 cent up from the low. Dry soil and increase in the temperature in Argentina made some nervousness for the crop. Scattered rains are expected for Argentina for the next week. Traders feel that the market has been over-valued relative to the supply and demand fundamentals. There is news that China bought few cargos of US soybeans.

CBOT Soy oil futures as 04.01.2006 (Cents/pound)

Months	Prev. Settle	Open	High	Low	Close	Change
Jan '06	22.96	22.96	23.22	22.71	23.22	+0.26
Mar '06	23.24	23.30	23.64	23.05	23.60	+0.36
May '06	23.56	23.55	23.99	23.40	23.97	+0.41
Jul '06	23.85	23.85	24.33	23.71	24.29	+0.44
Aug '06	23.96	23.93	24.42	23.85	24.42	+0.46
Sep '06	24.04	24.05	24.50	23.95	24.50	+0.46
Oct '06	24.20	24.15	24.60	24.10	24.60	+0.40
Dec '06	24.45	24.45	24.85	24.35	24.85	+0.40
Jan '07	24.55	24.45	24.95	24.45	24.95	+0.40

CBOT remains closed on Saturday and Sunday.

South American Soybean Futures Settle Higher

March South American soybeans settled 11 cents higher from the Friday closing to \$ 6.46 per bushel. Crop conditions of Brazil and Argentina will set the tone of the market over the near term. The crop growing areas in Argentina mostly looks dry with temperatures moving upwards. Some scattered rains are expected in the forecast in the late next week. Brazil's crop conditions appear to be good as compared to Argentina. If the dryness trend continues in Argentina the speculative money is likely to flow to US soybeans.

Crude Palm Oil Futures at BMD Settle Slightly Down

Crude palm oil futures at the Bursa Malaysia Derivatives settled slightly down on Thursday. There was no fresh fundamental news to boost up the palm oil prices. March benchmark CPO contract settled off MYR2 at MYR1435 /metric ton. Traders are waiting for the official release of Supply and Demand data for fresh leads. Cargo surveyors SGS (Malaysia) Bhd. would release Malaysian palm oil export estimates for the first 10 days of January on Wednesday. The Malaysian Palm Oil Board is also scheduled to release official production, exports and stocks figures for December on the same day. Malaysian government has declared National Holiday (Id-ul-Zuha) on

January 10, 2006. Traders blame stronger Malaysian currency and down fall in US \$ for ease in palm oil prices.

BMD: CPO Futures (05.01.2006)						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Jan 06	1417	1414	1419	1414	1419	+2	178
Feb 06	1429	1433	1433	1423	1429	0	708
Mar 06	1437	1440	1441	1430	1435	-2	2865
Apr 06	1441	1446	1446	1432	1435	-6	797
May 06	1446	1443	1443	1438	1438	-8	96

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/Commodities	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 remain range bound with positive sentiments. Import of Malaysian palm oil is declined about 57% by India in the month of December as compared to month of November 2005. Rice bran oil prices are low in comparison to palm oil. KLCE is settled slightly lower today as compared to previous closing price. Government of India has lowered base import prices from \$3 to \$ 24 per metric tonnes. 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.

FOB prices of CPO (January) were last quoted at \$ 360 per tonnes and RBD Palmolein at \$ 392.50 per tonnes.

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

Centres	05.01.06	04.01.06	Change
Kandla CPO (5 % FFA)	328	327	+1
Kandla RBD Palmolein	358	356	+2
Mumbai RBD Palmolein	365	365	0
Chennai RBD Palmolein	372	371	+1
Kakinada RBD Palmolein	356	355	+1
Hyderabad RBD Palmolein+Tax	376	376	0

Soy oil

Today domestic soy oil prices were mixed. Makar sankranti festivals are ahead. Soy oil prices at physical markets are

slightly declined in second half in most of the markets. However, NCDEX and NBOT January soy oil prices are low today as compared to previous closing prices. Today's arrivals of soybeans were 55000-60000, 30000, 27000, 15000-17000 bags (1 bag= 85 kg) in Madhya Pradesh, Maharashtra, Rajasthan and Gujarat markets. Arrivals of soybeans were about 5000 bags in Kota only. Soy oil prices are expected to move range bound with weak sentiments.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 328 per 10 kg. CNF prices for soy degum (January Shipment) at Kandla were quoted at \$ 489 per tonne.

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

Centres	05.01.06	04.01.06	Change
Mumbai (Soy Ref oil)+VAT	344	342	+2
Indore (Soy Ref oil)	343	341	+2
Indore (Solvent Ex. Oil)+VAT	318	316	+2
Kota (Soy Ref. Oil)	350	352	-2
Jaipur (Soy Ref. Oil)	353	355	-2
Nagpur (Soy ref. Oil)	345	346	-1
Chennai (Soy Ref Oil)	354	354	0
Hyderabad (Soy Ref)	372	368	+4
Rajkot (Soy Ref)	338	342	-4

Rape/Mustard oil

Mustard oil prices at physical market are slightly weak today. Mustard seed prices were quoted in Kota and Jaipur Rs 1460/quintal and 1680/quintal respectively. Arrivals of mustard seeds were remain 1000 bags, 3000 bags and 500 bags in Kota, Jaipur and Neewai respectively. Sowing acreage of mustard seed is increased about 11 per cent this year. There is favourable weather for mustard crop. Harvesting of mustard seed are expected from last week of January 2006. The above-mentioned factors are the hinting bearish market sentiments. Mustard oil prices are expected to move range bound.

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

Centres	05.01.06	04.01.06	Change
Mumbai (Rape Expeller Oil)	368	365	-3
Kota (Rape Expeller Oil)	351	352	-1
Jaipur (Rape Expeller Oil)	354	356	-2
Delhi (Rape Expeller Oil)	384	382	+2
Neewai (Kachchi Ghani Rape Oil)	368	370	-2
Kota (Kachchi Ghani Rape oil)	370	372	-2

Groundnut oil

Domestic markets prices of groundnut oil range bound with weak sentiments in most of the markets. Arrivals of groundnut were around 70,000-75000 bags in Gujarat (1 bag= 35 Kg). According to traders, GN oil prices are declined only due to mixing of soy oil in GN oil. Soy oil is cheaper than GN oil. GN oil prices are expected to move range bound.

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

Centres	05.01.06	04.01.06	Change
Mumbai	448	445	+3
Rajkot	460	463	-3
Andhra Region	445	447	-2
Chennai	445	445	0

Sunflower Oil

Today Sunflower oil prices were mixed on spot markets. Sunflower oil prices are went up slightly due to improved demands on the occasion of Makar Sankranti festival in second week of January. CIF prices for Sunflowers (January Shipment) at Kandla were quoted at \$ 465 per tonnes. Sunflower oil prices are expected to move range bound in near term.

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

Markets	05.01.06	04.01.06	Change
Mumbai	414	412	+2
Chennai	450	460	-10
Hyderabad	442	435	+7

Cotton Oil

Cotton oil prices on physical markets remains went up slightly 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 demands. Cotton oil prices are expected to range bound in near term.

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

Markets	05.01.06	04.01.06	Change
Mumbai	355	351	+4
Hyderabad	355	354	+1
Rajkot	348	345	+3

NBOT Soy oil futures as on 05.01.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Change	Volume
Jan '06	342.50	342.00	342.20	339.90	340.60	-1.90	6880
Feb '06	346.40	347.10	347.10	343.30	344.20	-2.20	42780

NCDEX Soy oil futures as on 05.01.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jan 06	343.85	343.75	344.15	341.50	341.80	3100	11500
Feb'06	347.00	347.00	347.80	344.50	344.80	7190	22190

LATEST WEATHER WATCH (05.01.2006)

Forecast valid for next 72 hours

NORTH: Isolated light rainfall/snowfall is 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 isolated over Andaman & Nicobar islands, rest Tamil Nadu 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 and north Rajasthan are likely to remain below 4 deg C leading to frost during next 2 nights.

Source: IMD, GOI

PORT-WATCH (Latest):

Kolkata Port is receiving 6,000 MT of CPO from the vessel 'L Star'. Seaworld 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.

'Spring Glory' has berthed at Tuticorin Port and continues to discharge 7,000 MT of palm oil. St.John agents is handling the vessel. The port is expecting 'Global Pallas' to deliver 5,200 MT of palm oil. St. John agents will be handling these vessels.

'Laju Sejahtera' has berthed at Kolkatta Port and continues to discharge 4,500 MT of CPO. Atlantic 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 Manglore 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	Spring Glory	7000	Palm Oil	Arrived
	Global Pallas	5200	Palm Oil	Expected
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 05.01.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.67
European Union	Euro	54.05
Japan	100 Yen	38.43
United Kingdom	Pound Sterling	78.36
Malaysia	Ringgit	11.89
China	CNY	5.54
Argentina	ARS	14.71
Brazil	BRL	19.52
Indonesia	1000 IDR	4.62

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.