

## VEGOIL

January 7, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- NCDEX January Soy Oil futures Settle Up
- CBOT Soy Futures Settle Lower
- BMD March CPO Futures Settle Mixed

### 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 moving upwards and just entered in overbought territory, hinting the possibility of tentativeness in prices.
3. Close above 5 days EMA and 7 days EMA, which indicates bullish trend.
4. Candlestick formed bullish engulfing pattern indicates short term bullish trends.

Technical indicators indicate the bullish sentiments.

**Market Advice:** The prices are expected to move range bound with positive sentiments. Go long with cautions.

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

Contract	Supp 1	Supp 2	Res 1	Res 2
NCDEX Jan'06	341.90	339.70	345.45	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 13.34 cents at \$ 6.185 per bushel, 14.25 cents off the high and 4 cents up from the low. May soybeans settled lower 14.25 cents at \$ 6.275 per bushel, 3.25 cents up from the low and 14.75 cents off the high. March soybean oil prices settled down 0.39 cent at 23.21 cents/pound, 0.42 cent off the high and 0.22 cent up from the low. According to the traders' soybean settled down as the market is overbought after the recent high. With the January 12 USDA crop production and SND reports that the US has a record high sufficient stock with them. Also low in the demand for US exports and the crush news made the bearish impact on the markets. Brazil's Geographic and Statistics report forecast the crop estimates of around 59.2 million tonnes, which is a record high as compared to the 51.1 million tonnes of last year.

#### CBOT Soy oil futures as 05.01.2006 (Cents/pound)

Months	Prev. Settle	Open	High	Low	Close	Change
Jan '06	23.22	23.20	23.20	22.65	22.95	-0.27
Mar 06	23.60	23.55	23.63	22.99	23.21	-0.39
May'06	23.97	23.92	23.97	23.31	23.55	-0.42
Jul '06	24.29	24.22	24.22	23.64	23.89	-0.40
Aug'06	24.42	24.30	24.30	23.85	23.99	-0.43
Sep'06	24.50	24.15	24.15	24.00	24.09	-0.41
Oct '06	24.60	24.10	24.20	24.10	24.20	-0.40
Dec'06	24.85	24.30	24.55	24.30	24.45	-0.40

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Futures Settle Higher

March South American soybeans settled 9 cents higher from the yesterday closing to \$ 6.55 per bushel. Brazil's crop conditions appear to be good as compared to Argentina. Brazil's Geographic and Statistics report forecast the crop estimates of around 59.2 million tonnes, which is a record high as compared to the 51.1 million tonnes of last year. Argentina looks dry with higher temperatures into early next week. While there is still a chance of rain late next week, a ridging pattern is developing over Argentina and southern Brazil growing areas, which may pressure crops. Bird flu has been blamed for the deaths of two teenagers in Turkey with a third family member in the hospital. In addition, a different family has three members in the hospital with suspected bird flu. These are the first deaths outside of China or Southeast Asia.

#### Crude Palm Oil Futures Settle Mixed at BMD

Crude palm oil futures settled mixed at Bursa Malaysia Derivatives on Friday. The benchmark March CPO contract settled at MYR1433 a metric ton, it is down by MYR2 from previous closing prices. The March CPO future prices are opened at MYR1432/metric tonnes, prices were moved in range of MYR1430 to MYR1437 per ton. Trade volume was low because it was the last day of this week. 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 11/01/2006. The Malaysian Palm Oil Board is also scheduled to release official production, exports and stocks figures for December on the same day i.e. January 11, 2006. It is delayed one day due to National Holiday in Malaysia (Id-ul-Zuha) on January 10, 2006. Traders blame stronger Malaysian currency and down fall in US \$ for ease in palm oil prices (1USD=3.75 MYR).

#### 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/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 were range bound with weak sentiments today. KLCE is settled slightly lower today as compared to previous closing price. There was no fresh news to trigger the palm oil future prices. Rice bran oil prices are low in comparison to 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. 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	06.01.06	05.01.06	Change
Kandla CPO (5 % FFA)	326	328	-2
Kandla RBD Palmolein	356	358	-2
Mumbai RBD Palmolein	365	365	0
Chennai RBD Palmolein	372	372	0
Kakinada RBD Palmolein	356	356	0
Hyderabad RBD Palmolein+Tax	376	376	0

## Soy oil

Today domestic soy oil prices were remain range bound with weak sentiments in most of the markets. CBOT future prices settled down on Thursday. However, NCDEX and NBOT January soyoil prices are settled higher today as compared to previous closing prices. Today's arrivals of soybeans were 55000-60000, 25000, 30000,15000-18000 bags (1 bags= 85 kg) in Madhya Pradesh, Maharashtra, Rajasthan and Gujarat markets. Arrivals of soybeans were about 6000 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 \$ 485per tonne.

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

Centres	06.01.06	05.01.06	Change
Mumbai (Soy Ref oil)+VAT	342	344	-2
Indore (Soy Ref oil)	341	343	-2
Indore (Solvent Ex. Oil)+VAT	316	318	-2
Kota (Soy Ref. Oil)	350	350	0
Jaipur (Soy Ref. Oil)	353	353	0
Nagpur (Soy ref. Oil)	346	345	+1
Chennai (Soy Ref Oil)	354	354	0
Hyderabad (Soy Ref)	370	372	-2
Rajkot (Soy Ref)+Tax	338	338	0

## Rape/Mustard oil

Mustard oil prices at physical market are remains slightly weak today as compared to previous trading day. 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. Rajasthan is a major producing state of mustard seeds. Production of Rajasthan is expected increase to 40 lakh tonnes from 35 lakh tonnes as compared to last years. NAFED has decided to hire 34 small mills for crushing mustard seeds in Jaipur and Shri ganganagar, but nafed hired 6 mills right now. Rajasthan Government has asked to NAFED about the fresh purchase of mustard seeds about 20 lakh this year. 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	06.01.06	05.01.06	Change
Mumbai (Rape Expeller Oil)	367	368	-1
Kota (Rape Expeller Oil)	350	351	-1
Jaipur (Rape Expeller Oil)	354	354	0
Delhi (Rape Expeller Oil)	380	384	-4
Neewai (Kachchi Ghani Rape Oil)	368	368	0
Kota (Kachchi Ghani Rape oil)	370	370	0

## 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 slightly in Gujarat 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	06.01.06	05.01.06	Change
Mumbai	448	448	0
Rajkot	455	460	-5
Andhra Region	445	445	0
Chennai	445	445	0

## Sunflower Oil

Sunflower oil prices were lackluster on spot markets today. CIF prices for Sunflowers (January Shipment) at Kandla were quoted at \$ 462 per tonnes, it slightly declined today. Sunflower oil prices are expected to move range bound in near term.

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

Markets	06.01.06	05.01.06	Change
Mumbai	412	414	-2
Chennai	450	450	0
Hyderabad	442	442	0

## Cotton Oil

Cotton oil prices on physical markets 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	06.01.06	05.01.06	Change
Mumbai	352	351	+1
Hyderabad	353	354	-1
Rajkot	346	345	+1

### NBOT Soy oil futures as on 06.01.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Change	Volume
Jan '06	340.60	339.80	342.40	339.60	342.10	+1.50	4300
Feb '06	344.20	343.50	346.80	343.30	346.60	+2.40	41860

### NCDEX Soy oil futures as on 06.01.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jan 06	342.35	341.55	344.50	341.00	342.20	3810	10640
Feb'06	345.15	343.70	347.50	343.70	347.50	8430	22910

## LATEST WEATHER WATCH (06.01.2006)

### Forecast valid for next 72 hours

**NORTH:** Weather will be mainly dry over the 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.

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 06.01.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.66
European Union	Euro	53.98
Japan	100 Yen	38.47
United Kingdom	Pound Sterling	78.33
Malaysia	Ringgit	11.91
China	CNY	5.54
Argentina	ARS	14.65
Brazil	BRL	19.54
Indonesia	1000 IDR	4.65

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