

## VEGOIL

January 5, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- NCDEX and NBOT January Soy Refine Oil Settle Up
- CBOT Soy Futures Settle Higher
- BMD CPO Futures Settle Higher

### 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 moving upwards in the neutral territory, indicating bullish sentiments.
3. Close above 5 days EMA (342.34) and 7 days EMA (341.28) indicates bullish trend.
4. Candlestick formed Spining top pattern, which indicates trend reversal but confirmation is required.

**Market Advice:** The prices are expected to dance around the no change line with some positive bias.

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

Contract	Supp 1	Supp 2	Res 1	Res 2
NCDEX Jan'06	342.70	341.60	344.90	345.90

#### 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 Up

Soy future settled up at Chicago Board of Trade on Tuesday. March soybeans settled up 15 cents at \$ 6.285 per bushel, 4 cents off the high and 11.5 cents up from the low. May soybeans settled up 16.75 cents at \$ 6.3875 per bushel. This was 13.5 cents up from the low and 2.75 cents off the high. March soymeal settled up \$ 1.4 at \$ 197.7 per ton. This was \$ 0.2 up from the low and \$ 4.3 off the high. March soybean oil settled up 1.34 cents at 23.24 cents per pound, 0.13 cent off the high and 1.09 cents up from the low. According to traders, China is booking the US soybeans. Scattered rains are expected in Argentina in early next week. A combination of hot and dry weather in southern Brazil and Argentina is in the forecast during the week. Weekly export inspections, released during the session, came in at 13.87 million bushels as compared with trade expectations at 18 to 26 million.

#### CBOT Soy oil futures as 03.01.2006 (Cents/pound)

Months	Prev. Settle	Open	High	Low	Close	Change
Jan '06	21.30	21.80	23.02	21.80	22.96	+1.66
Mar 06	21.90	22.15	23.37	22.15	23.24	+1.34
May'06	22.14	22.55	23.65	22.50	23.56	+1.42
Jul '06	22.32	22.85	23.93	22.85	23.85	+1.53
Aug'06	22.25	23.00	23.96	22.95	23.96	+1.71
Sep'06	22.40	23.55	24.15	23.50	24.04	+1.64
Oct '06	22.52	23.35	24.20	23.35	24.20	+1.68
Dec'06	22.95	23.50	24.58	23.50	24.45	+1.50

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Futures Settle Higher

March South American soybeans closed 5 cents higher at \$ 6.35 per bushel. Lack of rains in the forecast of Southern Brazil and Argentina are the major concern for the crop. Dry weather forecast and some scattered showers will not hold the crop conditions for long. According to traders China are expected to buy soybeans during this week. Brazil soybean exports this December is increased to 952,800 tonnes as compared to 400,200 tonnes of last year. Brazil and Argentina have a good carryover stock with them. Iran also bought 10,000 tonnes of oil from Brazil.

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

Crude palm oil futures at Bursa Malaysia Derivatives settled higher on follow-through firm mood. The benchmark March CPO settled at up MYR 8 at MYR1437 a metric ton. Firm closing of soy futures at Chicago Board of Trade had additional positive impact on palm oil futures. March CPO futures contract touched a high of MYR 1446/ton. Concern over high stock of Palm oil has helped curbing upside gains. Stocks of palm oil had hit record high at 1.6 million tons at the end of November. Export in December again remained low on month basis. Although traders see further perspective of palm oil quite promising, at the same time stock factor also can not be ignored. Apart from seasonal production pattern, traders are expecting improvement in its

demand in the first quarter. Malaysian Palm Oil board is scheduled to release December Demand/Supply data on January 11, 2006.

BMD: CPO Futures (04.01.2006)						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Jan 06	1408	1415	1420	1414	1417	+9	108
Feb 06	1420	1432	1439	1428	1429	+9	1688
Mar 06	1429	1440	1446	1436	1437	+8	3836
Apr 06	1433	1445	1450	1440	1440	+7	912
May 06	1438	1450	1450	1443	1444	+6	80

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 weak sentiments. 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. 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. 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 \$ 395 per tonnes.

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

Centres	04.01.06	03.01.06	Change
Kandla CPO (5 % FFA)	327	333	-6
Kandla RBD Palmolein	356	355	+1
Mumbai RBD Palmolein	365	368	-3
Chennai RBD Palmolein	371	373	-2
Kakinada RBD Palmolein	355	355	0
Hyderabad RBD Palmolein+Tax	376	380	-4

#### Soy oil

Today domestic soy oil prices are went up sharply amidst increasing demand at retail ends. Makar sankranti festivals

are ahead. NCDEX and NBOT January soyoil prices are settled high today as compared to previous closing prices. Soy futures were settled up on Chicago Board of Trade. KLCE is also settled up. Arrivals of soybean are declined slightly in most of the markets. Today's arrivals of soybeans were 70000, 25000, 27000, 15000-17000 bags (1 bags= 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 positive 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 \$ 490 per tonne.

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

Centres	04.01.06	03.01.06	Change
Mumbai (Soy Ref oil)+VAT	342	338	+4
Indore (Soy Ref oil)	341	337	+4
Indore (Solvent Ex. Oil)+VAT	316	313	+3
Kota (Soy Ref. Oil)	352	347	+5
Jaipur (Soy Ref. Oil)	355	350	+5
Nagpur (Soy ref. Oil)	346	343	+3
Chennai (Soy Ref Oil)	354	355	-1
Hyderabad (Soy Ref)	368	365	+3
Rajkot (Soy Ref)	343	342	+1

#### Rape/Mustard oil

Mustard oil prices at physical market range bound. Mustard seed prices were quoted in Kota and Jaipur Rs 1460-80/quintal and 1665/quintal respectively. Arrivals of mustard seeds were 1000 bags and 3000 bags in Kota and Jaipur respectively. Sowing acreage of mustard seed is increased this year as compared to last two years. There is favourable weather for production. Harvesting of mustard seed are expected from 15<sup>th</sup> January 2006 onwards. Harvesting of Toria is already started in some parts of Rajasthan. Mustard oil prices are expected to move range bound.

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

Centres	04.01.06	03.01.06	Change
Mumbai (Rape Expeller Oil)	365	366	-1
Kota (Rape Expeller Oil)	352	352	0
Jaipur (Rape Expeller Oil)	356	356	0
Delhi (Rape Expeller Oil)	382	380	+2
Neewai (Kachchi Ghani Rape Oil)	370	369	+1
Kota (Kachchi Ghani Rape oil)	372	370	+2

#### Groundnut oil

Domestic markets prices of groundnut oil improved slightly in most of the markets amidst increasing demand at retails ends and low arrivals. Arrivals of groundnut are declined as compared to previous trading day in Gujarat. Arrivals of groundnut were around 70,000 bags in Gujarat (1 bag= 35 Kg). GN oil prices are expected to move range bound.

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

Centres	04.01.06	03.01.06	Change
Mumbai	445	440	+5
Rajkot	463	460	+3
Andhra Region	447	445	+2
Chennai	445	445	0

#### Sunflower Oil

Today Sunflower oil prices are slightly improved on spot markets due to increasing demands at retails ends. Sankranti festival is ahead. 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	04.01.06	03.01.06	Change
Mumbai	412	410	+2
Chennai	460	460	0
Hyderabad	435	430	+5

#### Cotton Oil

Cotton oil prices on physical markets went up slightly today in most of the markets amidst increasing demands at retail ends. 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	04.01.06	03.01.06	Change
Mumbai	351	345	+6
Hyderabad	354	350	+4
Rajkot	345	342	+3

#### NBOT Soy oil futures as on 04.01.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Change	Volume
Jan '06	340.4	342	343.3	341.3	342.5	+2.1	7320
Feb '06	342.1	344.5	347.3	343.7	346.4	+4.3	36600

#### NCDEX Soy oil futures as on 04.01.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jan 06	341.90	342.90	344.80	342.65	343.85	5690	12430
Feb'06	344.15	345.00	348.60	345.00	347.00	13370	21470

#### LATEST WEATHER WATCH (04.01.2006)

##### Forecast valid for next 72 hours

**NORTH : Isolated light rainfall/snowfall** is likely over higher reaches of Jammu & Kashmir, Himachal Pradesh and Uttaranchal. 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 Andaman & Nicobar islands and Coastal Tamil Nadu & Pondicherry and **isolated** over rest Tamilnadu, Kerala and Lakshadweep. Weather will be **Mainly dry** in the rest region.

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

**Source:** IMD, GOI

### PORT-WATCH (Latest):

'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.

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	Laju Sejahtera	4500	CPO	Arrived
Mumbai	Global Eos	7299	Palm Oil	Arrived
Cochin	Spring Wind	4000	CPO	Arrived
Chennai	Stolt Excellence	20000	SBO	Arrived
New Manglore	Champion Venture	6650	SBO	Expected

### Forex Rates

(As on 03.01.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.85
European Union	Euro	54.09
Japan	100 Yen	38.76
United Kingdom	Pound Sterling	78.46
Malaysia	Ringgit	11.88
China	CNY	5.55
Argentina	ARS	14.74
Brazil	BRL	19.22
Indonesia	1000 IDR	4.65

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