

VEGOIL

February 18, 2006

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Oil Futures Settle Up
- BMD CPO Futures Settle Lower
- NCDEX March Contract Soy Oil Prices Settle Up
- GOI: Raises Base Import Prices on Edible Oil

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX March Contract

Technical Analysis for March Contract:

1. The MACD is moving upwards in positive zone, which indicates bullish market sentiments.
2. %K line is moving upwards in overbought zone after crossing % D line from below, which indicates bullish market sentiments.
3. Prices closed far above 9 days (369.14) and 18 days (363.51) EMA, which indicates bullish market sentiments.

4. Candlestick pattern shows bullish market sentiments.

Market Advice: Buy near 379.00, target near 381.50, put stop loss at 378.30.

Resistance & Support Levels (Most Active Contract)

Contract	Supp 1	Supp 2	Res 1	Res 2
NCDEX Mar '06	375.10	371.60	381.60	384.50

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 Oil Futures Settle Up

March Soybeans settled up 4.50 cents at \$5.9150/bushel, 0.50 cents off the high and 9 cents up from the low. May Soybeans settled up 5.25 cents at \$6.0425/bushel, which was 9.75 cents up from the low and 0.75 cents off the high. March Soymeal settled up \$1.0 at \$183.4/ton that was \$2.0 up from the low and \$0.4 off the high. March Soybean Oil settled up 0.3 cents at 22.57 cents/pound, 0.03 cents off the high and 0.44 cents up from the low. Strong cash basis level on advent of harvesting of Brazil crop helped to support the market up. There is still talk of possible yield and crop loss for Argentina due to hot and dry weather forecast for next week. Sellers are reluctant for going short due to expected increase of expected fund buying. Weekly US export sales for soybeans remain at 529,700 metric tonnes, which remained in the range of trade expectations between 400,000-600,000. Meal sales remain high at 153,000 metric tonnes as compared to trade expectations between 75,000-125,000. Oil export sales remain on the lower reaches at 2,100 tonnes as compared to trade expectations between 0-10,000.

CBOT Soy oil futures as 16.02.2006 (Cents/pound)

Months	Prev. Settle	Open	High	Low	Close	Change
Mar '06	22.27	22.20	22.60	22.13	22.57	+0.30
May '06	22.67	22.65	23.00	22.53	22.98	+0.31
Jul '06	23.06	23.03	23.35	22.88	23.35	+0.29
Aug '06	23.18	23.18	23.55	23.05	23.50	+0.32
Sep '06	23.32	23.35	23.64	23.25	23.64	+0.32
Oct '06	23.47	23.50	23.80	23.50	23.80	+0.33
Dec '06	23.72	23.80	24.12	23.70	24.11	+0.39

CBOT remains closed on Saturday and Sunday.

South American Soybean Futures Settle Higher

South American soybean futures settled high on Thursday. March South American soybeans settled 4 cents higher at \$6.37/bushel and remain at the highest level since January 5th. Active fund flow from both the sides helps to move the market up. Stressed weather condition for Argentina crop remains a concern, which boost the market up. The region is expected to remain hot and dry till the end of last week. Crush report from Argentina in December showing improvement at 2.585 million tonnes as compared to 1.659 million tonnes in previous year. Argentina crop expected lower at 38.5-40.0 million tonnes as compared to the previous forecast of 40.5 million tonnes by USDA in the last supply and demand report.

BMD CPO Futures Settle Lower

Crude palm oil futures at Bursa Malaysia Derivatives settled lower on Friday. The benchmark May contract settled at MYR1488 per metric ton, down MYR1 from previous trading day. There were no fresh fundamental news to boost up its prices. Market was in overbought condition and it has taken technical corrections. The annual price outlook conference, the industry's most

important gathering, will be held in Kuala Lumpur Feb. 22-24. There is speculation that there may be some bullish news from above mentioned conference on increasing bio diesel demands. Monday, cargo surveyors SGS (Malaysia) Bhd and Intertek Agri Services are due to release Feb. 1-20 Malaysian palm oil export estimates. Traders said market expectations are for exports of 720,000-750,000 tons, up from 650,000-670,000 in the Jan. 1-20 period.

BMD: CPO Futures (17.02.2006)						(Ringgit/ton)	
Months	Previous	Open	High	Low	Close	Change	Volume
Mar '06	1485	1477	1479	1464	1470	-15	1901
Apr '06	1489	1488	1489	1474	1482	-7	4132
May '06	1491	1491	1493	1479	1488	-3	5583
Jun '06	1492	1492	1493	1481	1491	-1	1626
Jul '06	1493	0	1493	0	1493	0	0

BMD remains closed on Saturday and Sunday.

GOI: Raises Base Import Prices on Edible Oils

Government of India raised base import prices on edible oil on February 15, 2006. Government of India raised base import prices on Crude Soybean Oil at \$501/ton (+17) from \$ 484/ton, Crude Palm Oil at \$ 426 /ton (+14) from \$ 412/ton, RDB Palm Oil at \$ 441/ton (+14) from \$ 427/ton, Crude Palmolein at \$ 448/ton (+14) from \$ 434/ton, RBD Palmolein at \$ 451/ton (+14) from \$ 437/ton, Other palm oil at \$ 434/ton (+14) from \$ 420/ton and Other palmolein at \$ 450/ton (+14) from \$ 436/ton. Base import prices are used by the government of India to calculate import duties regardless of the actual market prices of the commodities. Revised tariff values of various edible oils as shown in the table below.

Table: Government of India has revised base import prices:

Commodities	Current Tariff Rate	Previous Tariff Rate	Change (US \$)
Crude Soybean Oils	501	484	+17
CPO	426	412	+14
RBD Palm Oil	441	427	+14
Crude Palm Olein	448	434	+14
RBD Palm Olein	451	437	+14
Other Palm Oil	434	420	+14
Other Palmolein	450	436	+14

The revised value is effective from today i.e., Feb 15, 2006. Source: PIB

Ministry of Agriculture: Proposed to Cabinet on Checks of Soy Oil Import

India's agriculture ministry has proposed a hike in the import duty on palm oils and checks on soyoil imports for a better management of mustard seeds and edible oils prices according to government official. The ministry has suggested that an agency could be set up to regulate imports of soyoil made from genetically modified soybeans and to differentiate them from non-genetically modified ones. The proposals have been mooted in the wake of local rapeseed prices prevailing below the government-set intervention price of Rs. 1715/quintal. This compels the government to purchase large volumes of rapeseeds at the intervention price despite a paucity of funds and storage

space. If the imports of edible oils are regulated through higher tariffs and non-tariff controls it could have a psychological upward impact on prices and the government may not have to procure huge quantities of rapeseeds. In 2005, government purchased a record 2.09 million tons of rapeseeds, of which 1.67 million tons are still lying in the warehouses. It caused a huge burden on the exchequer of around Rs. 35.0 billion. According to the senior official, these are suggestions, and the views of other ministries such as Food and Public Distribution, Commerce, Consumer Affairs and Finance are also crucial before a final decision is taken. The finance ministry, if any, can only make changes in tariffs. India currently imposes an 80% duty on crude palm oil and a 90% duty on refined bleached and deodorized palm olein. Under World Trade Organization rules, these tariffs can be increased up to 300%. The import duty on soyoil is 45% and cannot be increased above this level under WTO rules. The issue of genetically modified soyoil needs reconsideration, as when the WTO ceiling was fixed there was no differentiation between soyoil made from genetically and non-genetically modified seeds. However, it remains it is to be worked out how to distinguished between the two. In India, soyoil is currently cheaper than other oils and its crude imports rose in the marketing year to October 2005 to 2.0 million tons from 890,695 tons in 2003-04.

Palm Oil

Today palm oil prices on spot markets were range bound with positive sentiments in most markets. Palm oil prices followed higher soy oil prices on spot markets only because both are traditional rival of each other. GOI raised base import prices at \$ 14/ton on RBD and crude palm oil and palmolein and lower import of palm oil brought positive impact on its prices. Palm oil prices are expected to move range bound with positive sentiments in coming days.

FOB prices of CPO (February) were quoted at \$ 397.50 per tonnes and February RBD Palmolein at \$ 410.00 per tonnes.

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

Centres	17.02.06	16.02.06	Change
Kandla CPO (5 % FFA)	350	348	+2
Kandla RBD Palmolein	364	363	+1
Mumbai RBD Palmolein	372	372	0
Chennai RBD Palmolein	378	378	0
Kakinada RBD Palmolein	364	363	+1
Hyderabad RBD Palmolein	378	378	0

Soy oil

Today soybean oil prices on domestic spot markets remains surged higher in most markets due to raised base import prices on soybean oil. NCDEX and NBOT March contract soy oil prices settled higher as compared to previous closing prices. Sharp improvement in Vayda Bazaar brought positive impact on spot markets. Today's arrivals of soybean were 85000-900000 bags (1 bags=85 Kg) in major markets of India. Arrivals in Kota Mandi were 3500 bags only. Today soybeans prices on spot market were quoted in range of Rs 1160-75/qlt in Kota mandi, it is higher as compared to previous trading day. Soy oil prices are expected to improve further only because traders are expecting another hike in base import prices by GOI.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 340 per 10 kg. CNF prices for soy degum (February Shipment) at Kandla were quoted at \$ 523 per tonne.

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

Centres	17.02.06	16.02.06	Change
Mumbai (Soy Ref oil)+VAT	361	360	+1
Indore (Soy Ref oil)	366	361	+5
Indore (Solvent Ex. Oil)+VAT	339	338	+1
Kota (Soy Ref. Oil)	375	372	+3
Jaipur (Soy Ref. Oil)	378	375	+3
Chennai (Soy Ref Oil)	372	370	+2
Hyderabad (Soy Ref)	370	366	+4
Rajkot (Soy Ref)+Tax	351	350	+1

Rape/Mustard oil

Today mustard oil prices on spot markets were showed dull trends in most markets. Today mustard seeds prices on spot markets were quoted in range of Rs 1475-1575 and Rs 1725 in Kota and Jaipur mandi respectively. Arrivals of mustard seeds were 10,000 bags and 4,000 bags in Kota and Jaipur mandi respectively. Total arrivals of mustard seeds were about 60,000 bags in Rajasthan today. Harvesting of new mustard crop and more supply of mustard seeds brought negative impact on mustard oil prices. Mustard oil prices are expected to move range bound with weak sentiments in near term.

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

Centres	17.02.06	16.02.06	Change
Mumbai (Rape Expeller Oil)	372	374	-2
Kota (Rape Expeller Oil)	365	365	0
Jaipur (Rape Expeller Oil)	368	370	-2
Delhi (Rape Expeller Oil)	388	392	-4
Neewai (Kachchi Ghani Rape Oil)	383	384	-3

Groundnut Refine Oil

Today groundnut oil prices on spot market lacklustre in the most markets. Groundnut prices were quoted at Rs335/20 kg in Rajkot mandi today. Arrivals of groundnut seeds in Gujarat remain at 40000-45000 bags (1bags=35 Kg). GN oil prices are expected to move range bound in near term.

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

Centres	17.02.06	16.02.06	Change
Mumbai	438	436	+2
Rajkot	438	440	-2
Andhra Region	440	440	0
Chennai	440	440	0

Sunflower Refine Oil

Sunflower oil prices on physical markets improved slightly in Andhra markets due to surge in soy oil prices on spot markets and increase in CIF. CIF prices for sunflowers (February Shipment) at Kandla port were quoted at \$ 561 per tonnes; it is increased \$ 10 /ton as compared to

previous trading day. Sunflower oil prices are expected to move range bound in coming days.

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

Markets	17.02.06	16.02.06	Change
Mumbai +Vat	405	405	0
Chennai	430	430	0
Hyderabad	428	425	+3

Cotton Refine Oil

Today cotton oil prices on domestic spot market surged higher in most markets. Cotton oil prices followed the soy oil prices. Higher soy oil prices on spot market prices brought positive impact on cotton oil prices. Another reason for improves the cotton oil prices due to low arrivals of cottonseeds in Madhya Pradesh. Prices are expected to move range bound with positive sentiments in near term.

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

Markets	17.02.06	16.02.06	Change
Mumbai	370	368	+2
Hyderabad	369	366	+3
Rajkot	354	353	+1

NBOT Soy oil futures as on 17.02.2006 (Rs/10 kg)

Months	PCP	Open Price	High Price	Low Price	Close Price	Change	Volume
Mar '06	375.40	377.00	381.30	374.80	379.10	+3.70	57810
Apr '06	377.70	378.00	382.60	377.20	381.20	+3.50	0

NCDEX Soy Oil Futures Settle Higher Sharply

Soy oil futures prices settled higher sharply at NCDEX on Friday due to raised base import prices on edible oil on Feb 15, 2006 and traders in hope that GOI may hike again base import prices on edible oil to protect mustard oil prices.. NCDEX March soy oil contract prices settled higher Rs 3.90 at Rs 378.60/10 Kg, it was Rs 2.40 off the high and Rs 4.10 up from the low after moving in between of Rs 374.50 to Rs 381.00. Soy oil prices are expected to move range bound with positive sentiments in near term.

NCDEX Soy oil futures as on 17.02.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Feb'06	364.80	364.80	368.00	364.65	366.90	1430	2580
Mar'06	374.70	377.00	381.00	374.50	378.60	29390	26680

PORT-WATCH (Latest):

Edible Oil

Kandla Port is receiving 7,000 MT of CPO from the vessel 'Golden Crane'. The cargo was loaded from Malaysia. Atlantic agents is handling he vessel.

Delivery of 7,294 MT of CPO is continuing at Kolkata Port from the vessel 'Spring Wind'. Seaworld agents is handling the vessel. 'Bunga Melati Dua' has berthed at Kolkata Port

and is continuing to discharge 20,942 MT of SBO. Delivery of 15,500 MT of SBO is continuing at the port from the vessel 'Mountain Blossom'. Kolkata Port is receiving 5,500 MT of SBO from the vessel 'Rising One'. Atlantic agents is handling the vessel. 'Tirta Niaga 2' has berthed at the port and continues to deliver 6,000 MT of CPO. The vessel is being handled by GAC agents. 'Vernal Grace' has berthed at Kolkata Port and continues to deliver 6,000 MT of CPO. The vessel is being handled by Atlantic agents.

New Mangalore Port is receiving 6,000 MT of CPO from the vessel 'L Star'. Seaworld agents is handling the vessel. 'Champion Vincita' is expected at New Mangalore Port to deliver 5,000 MT of SBO. Interocean agents will be handling the vessel.

Kakkinada Port is expecting 'Isokaze' to discharge 7,000 MT of SBO.

'Bunga Melati Dua' is expected at Chennai Port to discharge 9,000 MT of sun flower oil. GAC agents will be handling the vessel.

Mormugao Port is expecting 'Global Eos' to deliver 3,500 MT of CPO. The cargo was loaded from Indonesia. Patvolk agents will be handling the vessel.

Cochin Port is expecting 'Rising One' to deliver 3,000 MT of SBO. Atlantic agents will be handling the vessel.

'Nolowati' is expected at Mumbai Port to discharge 11,000 MT of CPO.

Delivery of 6,000 MT of palm oil is expected at Tuticorin Port from the vessel 'MMM Houston'. Seaport agents will be handling the vessel.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Cochin	Rising One	3000	SBO	Expected
Mormugao	Global Eos	3500	CPO	Expected
Chennai	Bunga Melati Dua	9000	SFO	Expected
Kolkata	Rising One	5500	SBO	Arrived
	Tirta Niaga 2	6000	CPO	Arrived
	Vernal Grace	6000	CPO	Arrived
	Bunga Melati Dua	20942	SBO	Arrived
	Mountain Blossom	15500	SBO	Arrived
	Spring Wind	7294	CPO	Arrived
Tuticorin	MMM Houston	6000	Palm Oil	Expected
Kandla	Golden Crane	7000	CPO	Arrived
Kakinada	Isokaze	7000	SBO	Expected
Mumbai	Nolowati	11000	CPO	Expected
New Manglore	Champion Vincita	5000	SBO	Expected

	L-Star	6000	CPO	Arrived
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Forex Rates		(As on 17.02.2006)
Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.46
European Union	Euro	52.86
Japan	100 Yen	37.64
United Kingdom	Pound Sterling	77.18
Malaysia	Ringgit	11.95
China	CNY	5.52
Argentina	ARS	14.50
Brazil	BRL	21.01
Indonesia	1000 IDR	4.82

NORTHEAST INDIA: Rain/thundershowers are likely over at a few places over Assam & Meghalaya and Arunachal Pradesh and isolated over the rest region.

SOUTH INDIA: Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region. Night temperatures over the Peninsula are likely to remain near normal.

WEST INDIA: Weather will be mainly dry over the region. Day and Night temperatures over Rajasthan and Gujarat are likely to remain significantly above normal.

CENTRAL INDIA: Weather will be mainly dry over the region. Day and Night temperatures over Madhya Pradesh and Chhattisgarh are likely to remain significantly above normal.

Source: IMD, GOI

LATEST WEATHER WATCH (17.02.2006)

Forecast valid for next 72 hours

NORTH WEST INDIA: Largely dry weather is likely over the region. Light rain/snow likely over Jammu & Kashmir and Himachal Pradesh on 19th.

EAST INDIA: Isolated rain/thundershowers is likely over Sub- Himalayan West Bengal & Sikkim. Weather will be mainly dry over the rest region. Day & night temperature over the region is likely to remain 2-5 °C above normal.

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