

VEGOIL

February 04, 2006

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Settle Higher
- BMD CPO Futures Settle Down
- NCDEX February Soy Oil Future Prices Settle Moderately Higher

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX February Contract

Technical Analysis for February Contract:

1. The MACD is continuously moving northwards, which is negating bearish market sentiments.
2. %K line has turned upwards and crossed % D line from below in neutral zone, which indicates bullish market sentiments.
3. Prices close far above 9 days (346.85) and 18 days EMA (346.55), which indicates bullish market sentiments.

4. Long upper shadow and short lower shadow of candlestick pattern indicates that buyers dominated during the session, however seller later forced prices down from their high.

Market Advice: Sell near 347.90, target near 346.90 and put stop loss at 348.40.

Resistance & Support Levels (Most Active Contract)

Contract	Supp 1	Supp 2	Res 1	Res 2
NCDEX Feb '06	346.80	345.40	348.50	349.20

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 4.50 cents at \$5.84/bushel, 1 cent off the high and 6.50 cent up from the low. May Soybeans settled up 4.50 cents at \$5.9675. This was 6.75 cents up from the low and 0.25 cents off the high. March Soybean meal settled up \$0.7 at \$181.9/ton. This was \$1.9 up from the low and \$0.6 off the high. March Soybean Oil settled up 0.13 cents at 21.95 cents/pound, 0.03 cents off the high and 0.24 cents up from the low. Weather forecast of dry weather, next week in Argentina helped to support the prices up again. Fund buying supports in other grain markets from traders and hot and dry weather forecast for next week are the probable reason to support the market. Weekly US export sales reported to be 446600 MT compared to the expectation of 400000-600000 MT. Cumulative sales have reached only 68.40% as compared to 82.30% as per USDA forecast. Meals came as per trade expectations at 198200 MT that is within the range of 75000-150000 MT. Cumulative sales reached to 57.6%, near to the expectation of 60.08%. Report shows that 20800 MT oil was exported well above the trade expectations of 0-10000 MT. India, the world's largest edible oil importer, import about 850000 tonnes for Jan-March which is 21% less than the previous year.

CBOT Soy oil futures as 02.02.2006 (Cents/pound)

Months	Prev. Settle	Open	High	Low	Close	Change
Mar '06	21.82	21.82	21.98	21.71	21.95	+0.13
May '06	22.25	22.27	22.40	22.10	22.39	+0.14
Jul '06	22.65	22.68	22.75	22.48	22.74	+0.09
Aug '06	22.78	22.84	22.88	22.70	22.88	+0.10
Sep '06	22.92	22.98	23.00	22.90	22.99	+0.07
Oct '06	23.12	23.10	23.15	23.08	23.12	0.00
Dec '06	23.43	23.45	23.50	23.30	23.48	+0.05

CBOT remains closed on Saturday and Sunday.

South American soybean Futures Settle Lower

South American soybeans future settled low on Thursday. March South American soybeans settled 14 cents lower on Thursday to \$6.10/bushel than previous closing price. The market is influenced by South American weather and crop condition news indicate less chances of crop damage, which can be viewed as significant surplus on the world market. With the approaching harvest, the producers will be keen to sell their produce to take the advantage of export premium which is high this time but likely to diminish at the time of crop arrivals. Improving crop conditions for the new crop have a selling pressure on sales of old crop. Good rains in the dry areas of Argentina may improve and recover the crop at normal yield with bounty stock.

BMD CPO Futures Settle Down

Crude palm oil futures settled lower with a choppy trading day on Bursa Malaysian Derivatives on Friday after long holiday. The benchmark April CPO contract settled lower at MYR1438/metric ton, it is down by MYR5 from previous trading day i.e. Jan. 27. The BMD was closed from Jan. 31

to Feb. 2 on national holidays. BMD CPO future prices were positive in the beginning only due to higher settlement of soy future prices on CBOT. Both are traditional rival with each other. There was no clear cut direction of the market due to holiday and most of the traders were still way from the market. It is expected that traders will return only on Monday. A cargo surveyor SGS revealed January exports estimates at 909,448 tons, it is down 8.25%, while Intertek estimated exports at 902,955 tons, it down by 10% as compared to December month. These figures are within range of expectations of traders. Recent market speculation for January CPO output to fall about 8% to 10% on month. Official January production, export and stock data are due Feb. 10.

BMD: CPO Futures (03.02.2006)

(Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Feb 06	1428	1433	1433	1422	1422	-6	142
Mar 06	1436	1438	1444	1432	1432	-4	678
Apr 06	1443	1446	1450	1437	1438	-5	2316
May 06	1448	1450	1455	1445	1445	-3	1169
Jun 06	1450	0	1450	0	1450	0	0

BMD remains closed on Saturday and Sunday.

GOI: Revises Low Base Import Prices on Edible Oils

Government of India has revised base import prices on edible oil on January 31, 2006. Government of India revised lower base import prices on Crude Soybean Oil at \$ 484/ton (-8) from \$ 492/ton, Crude Palm Oil at \$ 412/ton (-3) from \$ 415/ton, RDB Palm Oil at \$ 427/ton (-3) from \$ 430/ton, Other Palm Oil to \$ 420/ton (-3) from \$ 423/ton, Crude Palmolein at \$ 434/ton (-3) from \$ 437/ton, RBD Palmolein at \$ 437/ton (-3) from \$ 440/ton, and Other Palmolein at \$ 436/ton (-3) from \$ 439/ton. Base import prices are used by the government of India to calculate import duties regardless of the actual market prices of the commodities.

Here revising 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	484	492	-8
CPO	412	415	-3
RBD Palm Oil	427	430	-3
Other Palm Oil	420	423	-3
Crude Palm Olein	434	437	-3
RBD Palm Olein	437	440	-3
Other Palm Olein	436	439	-3

The revised value is effective from today i.e., 31st Jan, 06. Source: PIB

Palm Oil

Today palm oil prices on spot markets were range bound with positive sentiments in most of the markets. Improvement of soy oil prices on spot markets brought positive impact on palm oil prices, because both are traditional rival of each other. Palm oil prices are expected to move range bound in near term.

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

Centres	03.02.06	02.02.06	Change
Kandla CPO (5 % FFA)	335	334	+1
Kandla RBD Palmolein	354	353	+1
Mumbai RBD Palmolein	360	357	+3
Chennai RBD Palmolein	372	373	-1
Kakinada RBD Palmolein	349	350	-1
Hyderabad RBD Palmolein	365	360	+5

Soy oil

Today soybean oil prices at physical markets were range bound with positive sentiments in most of the markets. NCDEX February soy oil future prices are slightly improved due to yesterday's talk in the markets about the imposition of the Tariff Rate Quota (TRQ) by GOI on soybean oil to restricts soybean oil import. Arrivals of soybean are declined slightly as compared to previous trading day. Today's arrivals of soybean were 40000-50000, 20000-25000, 12000-15000 bags (1 bags=85 Kg) in Madhya Pradesh, Maharashtra and Rajasthan respectively. Arrivals of soybean are about 3000 bags in Kota only. Soybean prices were quoted in range of Rs 1130-1150/qlt today on spot market in Kota. Soy oil prices are expected to move range bound with weak sentiments.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 322 per 10 kg. CNF prices for soy degum (February Shipment) at Kandla were quoted at \$ 492 per tonne.

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

Centres	03.02.06	02.02.06	Change
Mumbai (Soy Ref oil)+VAT	340	338	+2
Indore (Soy Ref oil)	343	341	+2
Indore (Solvent Ex. Oil)+VAT	319	317	+2
Kota (Soy Ref. Oil)	353	352	+1
Jaipur (Soy Ref. Oil)	357	355	+2
Chennai (Soy Ref Oil)	358	358	0
Hyderabad (Soy Ref)	360	360	0
Rajkot (Soy Ref)+Tax	335	334	+1

Rape/Mustard oil

Today mustard oil prices on spot markets showed lacklustre in most of the markets due to arrivals of new mustards crop in Kota region. Mustard seed prices in physical market were quoted in range of Rs 1480-1550 and Rs 1700-1710 in Kota and Jaipur mandi respectively. Arrivals of mustard seeds were 2000 bags and 1500 bags in Kota and Jaipur respectively. The arrivals of new crop of mustard seeds were about 1200-1300 bags out of 2000 bags in Kota mandi, it means arrivals of new mustard crop is about 60-70 % in Kota mandi. Mustard oil prices are expected to move range bound with weak sentiments due to harvesting pressure in coming days.

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

Centres	03.02.06	02.02.06	Change
Mumbai (Rape Expeller Oil)	365	367	-2
Kota (Rape Expeller Oil)	360	360	0
Jaipur (Rape Expeller Oil)	365	365	0
Delhi (Rape Expeller Oil)	381	381	0
Neewai (Kachchi Ghani Rape Oil)	379	379	0

Groundnut Refine Oil

Today groundnut oil prices at spot market were tedious in most of the markets amidst low demands at retail ends. Harvesting pressure of groundnut in Andhra Pradesh brought negative impact on its prices in different markets of India. Groundnut prices quoted remains at Rs331/20 kg in Rajkot mandi today. Arrivals of groundnut seeds in Gujarat were about 45000-50000 bags (1bags=35 Kg). GN oil prices are expected to move range bound with weak sentiments in near term.

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

Centres	03.02.06	02.02.06	Change
Mumbai	431	430	+1
Rajkot	438	438	0
Andhra Region	430	433	-3
Chennai	435	435	0

Sunflower Refine Oil

Sunflower oil prices remain unchanged in most of the markets in India. There was no fresh fundamental news to push up or pull down its prices. CIF prices for Sunflowers (February Shipment) at Kandla port were quoted at \$ 543 per tonnes, it is increased to Rs \$2 per ton as compared to previous trading day. Sunflower oil prices are expected to move range bound with weak sentiments in coming days.

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

Markets	03.02.06	02.02.06	Change
Mumbai +Vat	395	395	0
Chennai	430	430	0
Hyderabad	415	415	0

Cotton Refine Oil

Today cotton oil prices on domestic spot market were range bound with positive sentiments in most of the markets. Improvement of soy oil in physical markets brought positive impact on cotton oil prices. Cotton oil, palm oil and soy oil prices are lower as compared to mustard oil, groundnut oil and sunflower oil. Prices are expected to move range bound in near term.

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

Markets	03.02.06	02.02.06	Change
Mumbai	343	343	0
Hyderabad	345	343	+2
Rajkot	343	341	+2

NBOT Soy oil futures as on 03.02.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Change	Volume
Feb '06	345.60	346.20	346.80	346.10	346.20	+0.60	11220
Mar '06	350.40	351.20	352.40	351.10	351.30	+0.90	13170

NCDEX Soy Oil Futures Settle Moderately Higher

Soy oil future prices settled up at NCDEX on Friday. NCDEX February soy oil prices settled up Rs 0.45 at Rs 347.70 per 10 Kg, it was Rs 0.80 off the high and Rs 0.15 up from the low. February soy oil prices moved in range of Rs 347.55 to Rs 348.50. There was talk in the markets about the imposition of the Tariff Rate Quota (TRQ) by GOI on soybean oil to restrict soybean oil import. Arrivals of soybean declined slightly in major markets of India. Soy oil prices are expected to move range bound in near term.

NCDEX Soy oil futures as on 03.02.2006 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Feb'06	347.25	348.00	348.50	347.55	347.70	1970	17260
Mar'06	351.10	351.90	352.75	351.50	352.00	5730	15250

LATEST WEATHER WATCH (03.02.2006)
Forecast valid for next 72 hours

NORTH: Weather will be mainly dry over the region.

EAST: Isolated rain/thundershowers likely over northeastern States and Sub- Himalayan West Bengal & Sikkim. Weather will be mainly dry over the rest region.

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

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

Source: IMD, GOI

Forex Rates (As on 03.02.2006)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.23
European Union	Euro	53.48
Japan	100 Yen	37.34
United Kingdom	Pound Sterling	78.69
Malaysia	Ringgit	11.80
China	CNY	5.48
Argentina	ARS	14.40
Brazil	BRL	19.93
Indonesia	1000 IDR	4.75

PORT-WATCH (Latest):
Edible Oil

'Nogogini' from Indonesia has berthed at Kandla Port and continues to deliver 4,000 MT of CPO. The vessel is being handled by JM Baxi agents. Delivery of 5,300 MT of SBO is continuing at Kandla Port from the vessel 'Chemstar Princess'. The cargo was loaded from Brazil. Interocean agents is handling the vessel.

Chennai Port is receiving 4,000 MT of palm oil from the vessel 'MMM Jackson'. The vessel is being handled by Seaport agents. Delivery of 3,005 MT of palm oil is continuing at Chennai Port from the vessel 'MMM Houston'. Seaport agents is handling the vessel. 'Global Triton' is expected at the port to discharge 4,000 MT of palm oil. Patvolk agents will be handling the vessel.

'Feng Sheng You' has berthed at Kolkata Port and continues to deliver 5,000 MT of CPO. GAC agents is handling the vessel. The port is receiving 5,800 MT of CPO from the vessel 'Global Pallas'. Seaport agents is handling the vessel. 'Merkur' is expected at Kolkata Port to deliver 13,000 MT of SBO.

Kakkinada Port is receiving 3,000 MT of CPO from the vessel 'Ace I'. 'Filma Satu' is expected at the port to deliver 6,000 MT of CPO.

Mundra Port is expecting 'Rising One' to load 3,000 MT of SBO. Atlantic agents will be handling the vessel. Delivery of 26,000 MT of SBO is expected at Mundra Port from the vessel 'Champion Vincita'. Interocean agents will be handling the vessel.

'Rising One' is expected at Cochin Port to discharge 3,000 MT of SBO. Atlantic agents is handling the vessel.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Nogogini	4000	CPO	Arrived
	Chemstar Princess	5300	SBO	Arrived
Mundra Port	Rising One	3000	SBO	Expected
	Champion Vincita	26000	SBO	Expected
Chennai	MMM Houston	3005	Palm Oil	Arrived
	MMM Jackson	4000	Palm Oil	Arrived
	Global Triton	4000	Palm Oil	Expected
Kolkata	Merkur	13000	SBO	Expected
	Global Pallas	5800	CPO	Arrived
	Feng Sheng U	5000	CPO	Arrived
Kakkinada	Ace I	3000	CPO	Arrived
	Filma Satu	6000	CPO	Expected
Cochin	Rising One	3000	SBO	Expected

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