

## VEGOIL

February 24, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Settle Down
- BMD CPO Futures Settle Down
- NCDEX March Contract Soy Oil Prices Settle Moderately Higher

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term  
NCDEX March Contract

Technical Analysis for March Contract:

1. The MACD is moving downwards after crossing its signal line, which indicates bearish market sentiments.
2. %K line continues to move downwards in neutral zone after crossing % D line, which indicates bearish market sentiments.
3. Prices closed near to 9 days EMA (373.08) and above 18 days (368.62) EMA, which indicates slightly bullish market sentiments.

4. Candlestick formed spinning top pattern, which indicates indecisive market.

**Market Advice:** Market is indecisive. It would be better to stay away from the markets.

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

Contract	Supp 1	Supp 2	Res 1	Res 2
NCDEX Mar '06	370.00	367.60	375.50	377.90

#### 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 Down

March Soybeans settled down 13.50 cents at \$5.74/bushel, 15.25 cents off the high and 1 cent up from the low. May Soybeans settled down 14.50 cents at \$5.8650/ bushel, which was 1.50 cents up from the low and 15.75 cents off the high. March Soymeal settled down \$4.5 at \$175.7/ton that was \$0.4 up from the low and \$3.8 off the high. March Soybean Oil finished down 0.3 cents at 22.75 cents/pound, 0.32 cents off the high and 0.1 cents up from the low. Recent rain forecast of Argentina expected to produce bumper crop, which pressurised the market. Bird flu hit the European, Indian and other Middle East market as feed prices fell sharply owing to low demand from the poultry industry. South American soymeal pellets were offered very low at \$2.00-\$5.00 per tonnes as compared to previous day. Traders expectations for January crush in Census crush report to be 152.0 million bushels compared to 148 million bushels in December. Meal stocks are expected to be in the range of 310000-365000 tonnes. Oil stock expected to be between 2.475-2.520 billion pounds.

CBOT Soy oil futures as 22.02.2006 (Cents/pound)

Months	Prev. Settle	Open	High	Low	Close	Change
Mar '06	23.05	23.07	23.07	22.65	22.75	-0.30
May '06	23.49	23.45	23.45	23.03	23.14	-0.35
Jul '06	23.85	23.75	23.75	23.42	23.52	-0.33
Aug '06	24.00	23.80	23.80	23.58	23.67	-0.33
Sep '06	24.13	23.90	23.90	23.75	23.81	-0.32
Oct '06	24.28	24.15	24.15	23.90	23.99	-0.29
Dec '06	24.55	24.45	24.50	24.15	24.22	-0.33

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Futures Settle Down

March South American soybeans settled 14 cents down on Wednesday to \$6.36/bushel. Moderate rains of 1-2 inches expected for Argentina in coming days that should ease stress concerns for the crop and expected to have good production. However, importance is given to upcoming harvest and the ability of the world market to absorb a record South America crop harvest and record ending stock forecast for the US. The spread of bird flu to at least 15 countries results into culling of birds in various location and wallop poultry market in affected areas owing to sharp decline of poultry feed demand. European meal values showed steep decline, as buyers are reluctant to trade in future market. The migratory birds are expected to spread the virus. Traders are keen to know the lower meal demand from the Association of Chicken Producers and Exporters in Brazil, because they are planning to cut production by 15% this year due to falling worldwide consumption and prices. This makes the South American Soybean futures to slip on the lower side.

#### BMD CPO Futures Settled Down

Crude palm oil futures on the Bursa Malaysia Derivatives settled down on Thursday, despite various price and production forecasts from research analyst earlier in the day. The benchmark May CPO contract settled at MYR1467 a metric ton, down MYR4 from previous trading day. Traders expectations were bullish views from the speaker of annual price outlook conference and waited eagerly but it could not happen, then traders are decided to sell their positions in the last moment of the session. In early session traders ignored the weaker soyoil futures on CBOT in hope of bullish news from the price outlook conference. In a speech at the conference, Derom said he expects prices to hold above MYR1,330/ton but not go beyond MYR1,600/ton this year. But another speaker at the conference, Dorab Mistry, the London-based director of India's Godrej International Ltd., said he expects CPO futures to range between MYR1,400/ton and MYR1,600/ton until May, with prices possibly going above MYR1,600/ton after July. "Supply is not keeping pace with demand. If this mismatch between supply and demand were to happen for a third consecutive year, it would almost certainly create a major bull market," Ministry said in a paper to be presented at the conference. World edible oil supply is expected to grow 5.0 million tons in the April 2006 to March 2007 oil marketing year while demand is likely to expand by 6.0 million tons, Ministry estimated. According to James Fry, another speaker at the conference, prices could move between MYR1375/ton and MYR1500/ton until September. If energy prices remain high and next oilseed harvest yields in the northern hemispheres are only average, CPO prices could move toward MYR1600/ton by December, said Fry, who is the managing director of U.K.-based LMC International Ltd.

BMD: CPO Futures (23.02.2006) (Ringgit/ton)

Months	Previous	Open	High	Low	Close	Change	Volume
Mar '06	1453	1450	1452	1448	1448	-5	224
Apr '06	1467	1469	1470	1463	1463	-4	175
May '06	1471	1473	1477	1467	1467	-4	1117
Jun '06	1475	1478	1478	1472	1472	-3	190
Jul '06	1476	0	0	0	1476	0	0

BMD remains closed on Saturday and Sunday.

#### Palm Oil

Today palm oil prices on spot markets were likely unchanged in most markets. BMD CPO futures settled lower on Thursday. Traders were in hope of bullish views from the speaker of annual outlook conference, but it could not happen. CBOT soy futures settled lower on Wednesday. Ashok lahiri Committee suggested to reduce the palm oil duty for making a uniformity of tariff rate. The above-mentioned factors brought negative impact on its prices. Palm oil prices are expected to move range bound in coming days.

FOB prices of CPO (February) were quoted at \$ 397.50 per tonnes and February RBD Palmolein at \$ 412.50 per tonnes.

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

Centres	23.02.06	22.02.06	Change
Kandla CPO (5 % FFA)	350	350	0
Kandla RBD Palmolein	364	364	0
Mumbai RBD Palmolein	365	368	-3
Chennai RBD Palmolein	378	378	0
Kakinada RBD Palmolein	362	362	0
Hyderabad RBD Palmolein	376	375	+1

**Soy oil**

Today soybean oil prices on domestic spot markets range bound with weak sentiments in most markets due to bearish recommendation of Ashok Lahiri committee and lower supply of soybeans in major markets of India. NCDEX and NBOT March contract soy oil prices settled moderately higher as compared to previous closing prices. Today's arrivals of soybean were 38000-40000, 14000-15000 and 10000-11000 bags (1 bags=85 Kg) in Madhya Pradesh, Maharashtra and Rajasthan respectively. Arrivals in Kota Mandi were 1200 bags only. Today soybeans prices on spot market were quoted in range of Rs 1120-40/qtl in Kota mandi. Today soy oil prices were remains quoted Rs 370 and Rs 374 per 10 kg in Kota and Jaipur respectively. Soy oil prices are expected to move range bound with positive sentiments due to lower import of soybean oil in this month.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 344 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	23.02.06	22.02.06	Change
Mumbai (Soy Ref oil)+VAT	356	357	-1
Indore (Soy Ref oil)	360	361	-1
Indore (Solvent Ex. Oil)+VAT	334	336	-2
Kota (Soy Ref. Oil)	370	370	0
Jaipur (Soy Ref. Oil)	374	374	0
Chennai (Soy Ref Oil)	372	372	0
Hyderabad (Soy Ref)	372	372	0
Rajkot (Soy Ref)+Tax	352	354	-2

**Rape/Mustard oil**

Today mustard oil prices on spot markets went down slightly in most the markets. Today mustard seeds prices on spot markets were quoted in range of Rs 1430-1460 and Rs 1645-80 in Kota and Jaipur mandi respectively. Arrivals of mustard seeds were 8,000 bags and 5,000 bags in Kota and Jaipur mandi respectively. Total arrivals of mustard seeds were about 80,000 bags and 20,000 in Rajasthan and Madhya Pradesh respectively. Harvesting pressure brought negative impact on its prices in Delhi and Neewai markets. Mustard oil prices are expected to move range bound in near term.

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

Centres	23.02.06	22.02.06	Change
Mumbai (Rape Expeller Oil)	368	370	-2
Kota (Rape Expeller Oil)	358	362	-4
Jaipur (Rape Expeller Oil)	363	368	-5
Delhi (Rape Expeller Oil)	380	382	-2
Neewai (Kachchi Ghani Rape Oil)	368	372	-4

**Groundnut Refine Oil**

Today groundnut oil prices on spot market shows lacklustre in most markets amidst low demands at retail ends. Groundnut seeds were quoted Rs330/20 kg in Rajkot Mandi, it is slightly declined from previous trading day. Arrivals of groundnut seeds in Gujarat remain at 40000-42000 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	23.02.06	22.02.06	Change
Mumbai	435	435	0
Rajkot	433	435	-2
Andhra Region	443	443	0
Chennai	440	440	0

**Sunflower Refine Oil**

Sunflower oil prices on physical markets were likely steady with weak sentiments. Harvesting of sunflower crop is going on in Karnataka and Andhra region. Import of sunflower oil is expected to 22248 metric ton at Kandla port. The above-mentioned factors brought negative impact on its prices. CIF prices for sunflowers (March Shipment) at Kandla port were quoted at \$ 569 per tonnes. Sunflower oil prices are expected to move range bound in coming days.

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

Markets	23.02.06	22.02.06	Change
Mumbai +Vat	409	412	-3
Chennai	430	430	0
Hyderabad	425	425	0

**Cotton Refine Oil**

Today cotton oil prices on domestic spot market went down slightly in most markets. Cotton oil prices dampen with soy oil prices. Lower soy oil prices on spot market prices brought negative impact on cotton oil prices. Cotton oil prices are expected to move range bound in near term.

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

Markets	23.02.06	22.02.06	Change
Mumbai	360	366	-6
Hyderabad	362	363	-1
Rajkot	353	353	0

**NBOT Soy oil futures as on 23.02.2006 (Rs/10 kg)**

Months	PCP	Open Price	High Price	Low Price	Close Price	Change	Volume
Mar '06	370.80	371.50	374.70	370.30	372.30	+1.50	45740
Apr '06	374.90	375.50	378.70	374.80	376.80	+1.90	2300

**NCDEX Soy Oil Futures Settle Moderately Higher**

Soy oil futures prices settled moderately higher at NCDEX on Thursday. NCDEX March soy oil contract prices settled moderately higher Rs 0.80 at Rs 372.90/10 Kg, it was Rs 1.95 off the high and Rs 2.80 up from the low after moving in between of Rs 370.10 to Rs 374.85. Soy oil prices are expected to move range bound in near term.

**NCDEX Soy oil futures as on 23.02.2006 (Rs/10 kg)**

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Mar'06	372.10	371.70	374.85	370.10	372.90	14210	21900
Apr'06	376.55	376.50	378.95	374.70	376.40	5830	22990

**LATEST WEATHER WATCH (23.02.2006)****Forecast valid for next 72 hours**

**NORTH WEST INDIA:** Isolated to scattered rain/snow likely over Jammu & Kashmir. It is likely to increase from 25<sup>th</sup> and extend into Himachal Pradesh. Mainly Dry weather over the rest region.

**EAST INDIA:** Isolated rain/thundershowers likely over Sub-Himalayan West Bengal & Sikkim. Weather will be mainly dry over the rest region. Day & night temperatures are likely to remain 4-6°C above normal.

**NORTHEAST INDIA:** Rain/thundershowers are likely at a few places over Assam & Meghalaya and Arunachal Pradesh during next 1-2 days. Mainly dry weather over the rest region.

**SOUTH INDIA:** Isolated rain/thundershowers likely over Nicobar Islands. Weather will be mainly dry over the rest region. Day & night temperatures likely to remain near normal.

**WEST INDIA:** Weather will be mainly dry over the region. Day and Night temperatures likely to remain markedly above normal over many parts of the region.

**CENTRAL INDIA:** Weather will be mainly dry over the region. Day temperatures are likely to remain 5-7° C above normal over the region.

**Source:** IMD, GOI

**PORT-WATCH (Latest):****Edible Oil**

'Nolowati' has berthed at Mumbai Port and is continuing to discharge 11,000 MT of CPO. The vessel is handled by Atlantic agents.

Chennai Port is receiving 6,000 MT of palm oil from the vessel 'Ace I'. Interocean agents will be handling the vessel.

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

Loading of 5,000 MT of CPO is continuing at Kolkata Port on the vessel 'Rising One'. The vessel is being handled by Atlantic agents. Kolkata Port is receiving 6,000 MT of CPO from the vessel 'MMM Jackson'. GAC agents is handling the vessel. Delivery of 7,294 MT of CPO is continuing at Kolkata Port from the vessel 'Spring Wind'. Seaworld agents is handling the vessel. The port is expecting 'Isokaze' to deliver 7,000 MT of CPO. Seaport agents will be handling the vessel.

'Palaque' from Argentina has berthed at Kandla Port and continues to deliver 22,248 MT of sun flower oil. The vessel is being handled by Interocean agents. Delivery of 12,250 MT of CPO is expected at the port from the vessel 'Global Triton'. The cargo was loaded from Padang. Forbes Gokak agents will be handling the vessel.

JN Port is expecting 'Broving Bay' to discharge 6,000 MT of CPO. The cargo was loaded from Dumai. Interocean agents is handling the vessel.

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.

'Nolowati' is expected at Mundra Port to discharge 7,000 MT of CPO. Atlantic agents will be handling the vessel.

**Current Vessels Positions**

Ports	Vessels	Volume (Ton)	Carrying	Status
Mormugao	Global Eos	3500	CPO	Arrived
Chennai	Ace-1	6000	CPO	Arrived
Kolkata	MMM Jackson	6000	CPO	Arrived
	Bunga Melati Dua	20942	SBO	Arrived
	Isokaze	7000	CPO	Expected
	Spring Wind	7294	CPO	Arrived
	Rising One	5000	CPO	Expected
Tuticorin	MMM Houston	6000	Palm Oil	Expected
Kandla	Broving Bay	6000	CPO	Arrived
	Palaque	22248	SFO	Arrived
	Global triton	12250	CPO	Expected
Mumbai	Nolowati	11000	CPO	Expected
JN Port	Broving Bay	6000	CPO	Expected
Mundra	Nolowati	7000	CPO	Expected

**Forex Rates (As on 23.02.2006)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	44.56
European Union	Euro	53.07
Japan	100 Yen	37.92
United Kingdom	Pound Sterling	77.76
Malaysia	Ringgit	11.97
China	CNY	5.53
Argentina	ARS	14.48
Brazil	BRL	20.90
Indonesia	1000 IDR	4.83

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