

VEGOIL

06th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Improved Significantly Amidst Continuing Weather Uncertainty and Technical Support
- South American Soybean Improved Significantly Following Sharp Gains at US Futures
- BMD CPO Future Declined Marginally on Declining Cash Market Demand
- Soybean Oil Improved Sharply Amidst Increased Speculative Buying

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX JULY Contract

The July contract closed at 378.20, which is marginally above the yesterday's close. Market opened weak and traded range bound for the day amidst improved support from the domestic buyers.

The 7-day MA today continued up hinting to the steady increase in strength in the market prices in the market whereas the 14-day MA is still hinting at the weakness in the current price trends. Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 0 period(s) ago. Since the MACD crossed its moving average, Soyoil July's price has been unchanged, and has ranged from a high of 378.70 to a low of 376.70.

The 9-days Price ROC declined marginally in the negative region to the level of **-0.4213**, indicating rising sentiments in the market. The 9-day RSI also improved marginally in the neutral region to a level of **55.98** confirming the unsteadiness in the prices in the prices.

The % K-line marginally down in the overbought region indicating the declining strength in the prices. The % D-Line on the other hand continued up in the neutral region supporting the rising strength in the market prices.

The candlestick is also indicating at the uncertain sentiments in the market but the undertone in the market continues to be bullish.

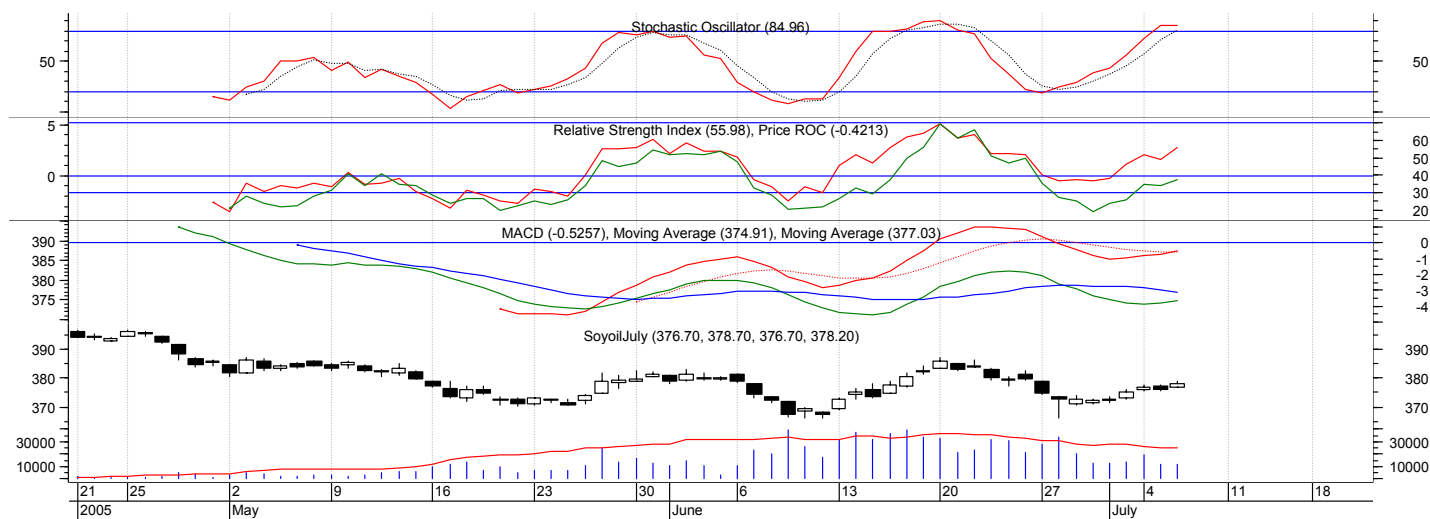
Market advice:

Market is expected to open steady and trade marginally higher for Thursday. Mild technical correction cannot be declined at the start of the trade.

Go long with long and medium term outlook.

Resistance & Support Levels (Most Active Contract)

| Contract | Contract | Support | | Resistance | |
|----------|----------|---------|--------|------------|--------|
| | | 1st | 2nd | 1st | 2nd |
| NBOT | July '05 | 374.20 | 373.10 | 377.40 | 378.60 |
| NCDEX | July '05 | 374.90 | 373.50 | 379.10 | 380.00 |



MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

International:

CBOT (US Soybean Oil):

The market's strength was half weather related, while the other half was pure technical.

The market essentially put some risk premium back into prices, with lower than expected coverage and precipitation totals in parched areas of the Midwest during the 4th of July weekend setting the stage for the gains. Dry weather outlooks for the next five-days in the Midwest coupled with concerns that tropical storm Cindy could bring Asian rust spores closer to Midwest growing areas was seen as an underlying supportive feature.

A lack of rain for the next two weeks for Illinois and concerns that heat entering the Midwest into the weekend with the dry weather could quickly leave crops in a stressful growing condition helped support the strong buying and sharply higher trade early in the session.

Strength in the market on the day after the long weekend is seen as a bullish technical development and has also supported increased interest in Argentina meal from European buyers.

The weekly soybean export inspections totaled 4.857 million bushels, down from 5.210 million last week, the U.S. Department of Agriculture reported. This was below the range of expectations for 5 million to 8 million bushels. For the current 2004-05 crop year, soybean inspections total 1.024 billion bushels, compared to 830.1 million at the same time one year ago.

In trades, ADM Investor Services, Citigroup and RJ O'Brien each bought 300 November, Cargill Investor Services, Fimat, and Refco each bought 1,000 November, ABN Amro, Iowa Grain, RJ O'Brien and UBS Securities each bought 500 November. On the sell side, Cargill sold 2,000 November, and Bunge Chicago and Man Financial each sold 200 November, Rand Financial and Refco each sold 300 November. Commodity futures were estimated buyers of 6,000 contracts.

The US soybean is expected to continue marginally higher on amidst continued support from the uncertain weather conditions.

CBOT Soy oil futures as 05 July 2005 (Cents/pound)

| Months | Previous Settle | Open | High | Low | Change | Close |
|--------|-----------------|-------|-------|-------|--------|-------|
| Jul'05 | 24.15 | 24.65 | 25.39 | 24.65 | +1.15 | 25.30 |
| Aug'05 | 24.23 | 24.78 | 25.48 | 24.73 | +1.16 | 25.39 |
| Sep'05 | 24.32 | 25.00 | 25.61 | 24.83 | +1.19 | 25.51 |

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

Traders are keenly watching if producer selling in South America increases on the recovery early this week, as producer selling was nonexistent with the \$1.00 break in the US market. Traders will also monitor China's demand for South America soybeans, with the recent break and cheaper freight rates seen as factors, which might entice demand.

Weather in the central US remains a key factor, and with heat in the extended forecast, crop conditions are likely to begin to deteriorate.

Traders seem to be leaning towards a slight improvement in crop conditions for tonight's USDA weekly crop progress report, but a

lack of rains this week should contribute to deteriorating crops. The USDA reports last week showed smaller beginning stocks and smaller planted acreage. If trend line yield is achieved, the USDA in June and 320 million bushels should adjust ending stocks to around 217 million bushels as compared with the 255 million bushels that was projected for the 2004/2005 season.

If average yields come in at 5% below trend and usage is not adjusted, ending stocks would come in near 73 million bushels, a record low. If yield drops 10% from trend, production would come in nearly 70 million bushels below the current USDA projection for usage.

The Commitment of Traders report with options shows the market in a classic bullish setup with non-commercial traders (funds) net long and non-reportable traders (small specs) net short. The selling trend of the non-commercial traders is a bearish short-term factor.

The Latin American soybean market is expected to continue higher amidst expected support increasing export prospects from the Asian countries.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended higher Tuesday, boosted by speculative buying interest amid expectations U.S. soybean futures will rise strongly when trading resumes after a one-day holiday.

Traders attributed the rise to higher soy complex futures in electronic trading. Given the absence of fresh fundamental developments within the palm oil industry, palm oil prices are likely to continue tracking the movement of soybean prices in the near term.

With the high crude oil prices, many people are talking about biodiesel and biofuels. This should give some support to our market. The recent surge in crude oil prices to about \$60 a barrel has fueled optimism that demand for alternative energy sources such as vegetable oil-based diesel may increase in the coming months.

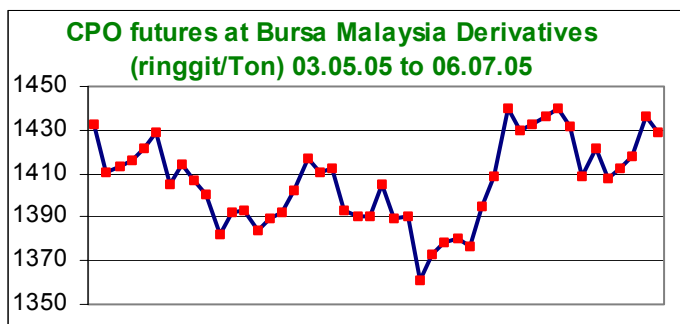
Still, while the palm oil market's downside may be limited, some traders said there also appears to be strong resistance at higher levels. They said it is difficult for palm oil prices to move significantly higher in the near term because of weakness in South American soybean prices.

Cash soybean in Brazil and Argentina has been lagging the uptrend in Chicago. A rise in palm oil prices, if not preceded by gains in South American soybean prices, could make palm oil less attractive for consumers.

In the Malaysian cash market, prices of palm oil products rose in tandem with gains in the CPO futures market.

KLCE CPO Futures (06.07.05) (In Ringgit / T)

| Months | Previous | Open | High | Low | Change | Close | Volume (*lots) |
|--------|----------|------|------|------|--------|-------|----------------|
| Jul'05 | 1432 | 1440 | 1440 | 1426 | -6 | 1426 | 127 |
| Aug'05 | 1434 | 1443 | 1443 | 1426 | -8 | 1426 | 285 |
| Sep'05 | 1436 | 1446 | 1446 | 1427 | -7 | 1429 | 3169 |



Domestic:

Palm oil

The domestic palm oil market today also continued improving amidst uncertain advance of monsoon and growing support in the other edible oil markets.

The Malaysian markets declined marginally towards the end of the day amidst lack of concrete trading directions and this unsteady sentiment is also expected to continue for tomorrow.

The import quantum has grown marginally. In the month of July (till 05.07.05) the country has imported about 0.25 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 372.50 per tonnes and RBD Palmolein at \$ 407.50 per tonne.

The price for palm oil in the market is expected to continue range bound on Thursday as the market is expected to receive less support from the Malaysian markets.

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

| Centres | 06.07.05 | 05.07.05 | Change |
|------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 330 | 330 | 0 |
| Mumbai CPO (5% FFA) | 333 | 332 | +1 |
| Kandla RBD Palmolein | 354 | 353 | +1 |
| Mumbai RBD Palmolein | 366 | 364 | +2 |
| Chennai RBD Palmolein | 368 | 366 | +2 |
| Kakinada RBD Palmolein | 369 | 368 | -1 |

Soy oil

The domestic market opened firm and traded further up for the day amidst uncertain sentiments in the domestic as well as international markets.

The international market is still supporting the up trend in the market for long run, but the status and progress of Indian monsoon is dominating over the international indicators keeping the market under tight check in spite of the underlying bullishness. The NBOT (July Contract) exchange closed abruptly after trading for half hour as the pressure from Shiv Sena Activists who forced the closure of the exchange expressing their dissent over the terrorist attack on Ayodhya temple. At the time of closure the NBOT was trading at Rs. 374.90 (Up by Rs. 0.1.30).

The Hazir market continued improving marginally owing to the increasingly positive sentiments at the futures.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 340 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 518 per tonne.

The market is expected to open steady but trade marginally on the lower side for Thursday as partial technical correction is expected in the first few hours of the trade.

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

| Centres | 06.07.05 | 05.07.05 | Change |
|------------------------------|----------|----------|--------|
| Mumbai (Soy ref) | 363 | 359 | +4 |
| Indore (Soy Ref oil) | 373 | 371 | +2 |
| Indore (Soy Solvent Ex. oil) | 352 | 351 | +1 |
| Kota (Soy Ref. Oil) | 375 | 372 | +3 |
| Jaipur (Soy Ref. Oil) | 377 | 375 | +2 |

NBOT Soy oil futures as on 06.07.2005 (Rs/10 kg)

| Months | Previous Closing | Open Price | High Price | Low Price | Change | Close Price | Volume |
|--------|---------------------|---------------|---------------|--------------|--------|----------------|--------|
| Jul'05 | 374.90 | 1.30 | 373.60 | 374.70 | 375.20 | 374.50 | 710 |
| Aug'05 | 383.30 | 2.40 | 380.90 | 383.00 | 383.90 | 383.00 | 230 |
| Sep'05 | N.A | 0.00 | 0.00 | N.A | N.A | N.A | N.A |

NCDEX Soy oil futures as on 05.07.2005 (Rs/10 kg)

| Months | Previous Closing | Open Price | High Price | Low Price | Close Price | Volume | Open Interest |
|--------|------------------|------------|------------|-----------|-------------|--------|---------------|
| Jul'05 | 376.85 | 377.45 | 377.50 | 375.50 | 376.10 | 11770 | 25080 |
| Aug'05 | 383.45 | 383.00 | 383.80 | 381.75 | 382.90 | 16850 | 30630 |
| Sep'05 | 387.25 | 386.50 | 387.25 | 385.10 | 386.50 | 7970 | 14520 |

Rape oil

The rape oil market today traded significantly high amidst increased support from the buyers at the futures and declining supply.

The unsteady progress of the monsoon in the parts of Madhya Pradesh and fear of increasing flooding condition on expected to keep the prices under tremendous pressure in the coming days.

Today, the rape oil found increased support from the buyers at major exchanges growing uncertainty regarding the unsteady progress of monsoon and increased speculative buying at the soybean futures. In the spot markets the prices continued on the higher side amidst growing uncertainty in the supply.

Today the new crop arrival reached 0.35-0.40 lakh bags in Rajasthan and about 0.12 lakh bags in Madhya Pradesh.

Overall, it is expected that the rape oil will continue trading on higher side with slight technical correction for Thursday as the retail demand is expected to be on the rise amidst uncertain progress in planting of other edible oil crops.

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

| Centres | 06.07.05 | 05.07.05 | Change |
|----------------------------------|----------|----------|--------|
| Mumbai (Rape Expeller Oil) | 390 | 390 | 0 |
| Kota (Rape Expeller Oil) | 377 | 380 | -3 |
| Jaipur (Rape Expeller Oil) | 380 | 382 | -2 |
| Neewai (* Kacchi Ghani Rape Oil) | 395 | 392 | +3 |
| Delhi (Rape Expeller Oil) | 400 | 396 | +4 |

Groundnut oil

Groundnut oil today continued improving marginally at various centres owing to the uncertain crop prospects in lieu of the

spreading floods in Gujarat and parts of western Madhya Pradesh.

The domestic demand is expected to improve marginally in the coming days amidst growing uncertainty in the cultivation of the new crop.

As per the latest planting report the Groundnut sowing is down 63 per cent to 838,000 hectares compared to 2.3 million hectares last year. Delayed rains also held up sowing. Currently, sowing has been stopped in the groundnut growing regions of Gujarat and adjoining areas of Madhya Pradesh due to flood.

The range-bound positive trade in groundnut oil prices is expected to continue for the coming days amidst growing uncertainty about the upcoming crop.

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

| Centres | 06.07.05 | 05.07.05 | Change |
|---------------|----------|----------|--------|
| Mumbai | 473 | 472 | +1 |
| Rajkot | 510 | 507 | +3 |
| Andhra Region | 495 | 498 | -3 |
| Chennai | 498 | 500 | -2 |

LATEST WEATHER WATCH (06.07.2005)

Progress of Monsoon

Yesterday's depression over northeast Madhya Pradesh and adjoining southeast Uttar Pradesh moved west-northwest wards and weakened into a well marked low pressure areas. It now lies over southwest Uttar Pradesh and neighborhood. It is likely to move slowly in a west northwesterly direction. The upper air cyclonic circulation over Bangladesh and neighbourhood has become less marked. A fresh upper air cyclonic circulation has formed over North West Bay of Bengal off Gangetic West Bengal-Orissa coast between 2.1 and 4.5 km above sea level. The upper air cyclonic circulation extending upto 0.9 km above sea level over southwest Haryana and adjoining Rajasthan now lies over northwest Rajasthan and neighbourhood and extends upto 1.5 km above sea level. The axis of the monsoon trough at sea level passes through Bikaner, Jaipur, centre of the low, Ambikapur, Balasore and thence southeastwards to north Bay of Bengal.

Forecast Valid for Next 24 Hours

North: Rain/thundershowers likely at most places over west Uttar Pradesh, Uttaranchal, Haryana including Chandigarh & Delhi and Himachal Pradesh; at many places in the rest region.

East: Rain/thundershowers likely at many places in the region with increase in rainfall activity over gangetic West Bengal & Orissa and decrease over northeastern states on 7th & 8th July.

South: Rain/thundershowers likely at many places over Andaman & Nicobar islands, coastal Karnataka and Kerala and at few places in the rest region outside Tamil Nadu & Pondicherry where it may be isolated.

West: Rain/thundershowers likely at most places over east Rajasthan, Konkan & Goa and west Madhya Pradesh, at many places over rest of the region outside Gujarat state, Marathwada and Vidarbha where it may be at a few places.

Outlook for subsequent two days:

Rainfall activity over peninsular India including Maharashtra is likely to increase. Rainfall activity over Western Himalayan region likely to decrease.

Heavy Rains Warning

Heavy to very heavy rainfall likely at a few places over west Madhya Pradesh, west Uttar Pradesh, Himachal Pradesh,

Uttaranchal, Haryana including Chandigarh & Delhi and east Rajasthan. Isolated heavy rainfall also likely over West Bengal & Sikkim, Orissa, Punjab, Jammu & Kashmir, Konkan & Goa, coastal Karnataka and Kerala.

Agricultural Activities

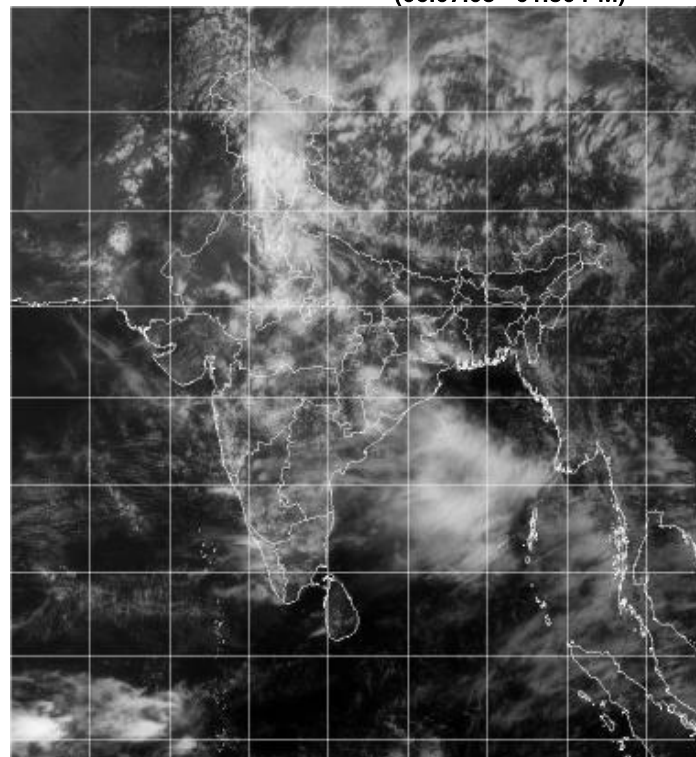
Parbhani area of Marathwada region of Maharashtra state received only 40 mm of rainfall so far (i.e. 79% deficit). Only 2% of total area could be sown in Marathwada region. Wherever irrigation was available, cotton, sorghum and soybean were sown and they are in seedling to early vegetative stages.

In West Bengal, due to late onset of monsoon and less pre-monsoon rain, transplanting of Aus rice was delayed. In case of vegetables, severe infestation of pest occurred due to changing weather condition like heat wave followed by high humidity.

In Gujarat, sowing is delayed by 7 to 10 days due to excess rainfall in the state and it is expected to begin this week. About 80,000 hectares were covered under the pre-monsoon sowing of groundnut and cotton crops amounting to 25-30 percent of the total kharif acreage of these two crops. About 15 percent of pre-monsoon sown crops may require replanting.

Latest Satellite Image of Monsoon Progress

(06.07.05 - 01.30 PM)



PORT-WATCH (Latest)

Mundra Port is receiving 18,000 MT of SBO from the vessel 'Kuldiga'. Interocean agents is handling the vessel. The port is expecting 'Red Point' to deliver 27,000 MT of SBO. The vessel will be handled by Interocean agents.

Kandla Port is receiving 10,000 MT of SBO from the vessel 'Gulf Dove'. The cargo was loaded from Dubai. 'Champion Venture' from Brazil is expected at the port to deliver 35,500 MT of SBO. Interocean agents will be handling these vessels.

'Pacific Sound' has berthed at Mumbai Port and continues to discharge 9,750 MT of palm oil. The vessel is being handled by Interocean agents. Mumbai Port is expecting 'MMM Galvestone'

to deliver 6,000 MT of CPO. Atlantic agents will be handling the vessel.

'Monalisa' has berthed at Kakinada Port and continues to discharge 6,000 MT of CPO. The port is expecting 'Ocean Ace', 'Countess', 'Spring Wind' and 'Mega Crown' to deliver 6,000 MT, 4,000 MT, 6,000 MT and 2,000 MT of CPO respectively.

Delivery of 6,500 MT of SBO is continuing at Kolkata Port from the vessel 'Acushnet'. The vessel is being handled by Atlantic agents. The port is expecting 'MMM Houston' to discharge 6,000 MT of CPO. Seaport agents will be handling the vessel.

New Mangalore Port is expecting 'Bumik' to deliver 3,100 MT of CPO.

Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|---------------|------------------|--------------|----------|----------|
| Kandla | Gulf Dove | 10000 | SBO | Arrived |
| | Champion Venture | 35500 | SBO | Expected |
| Kolkata | Acushnet | 6500 | SBO | Arrived |
| | MMM Houston | 6000 | CPO | Expected |
| Mumbai | MMM Galvestone | 6000 | CPO | Expected |
| | Pacific Sound | 9750 | Palm oil | Arrived |
| Mundra | Kuldiga | 18000 | SBO | Arrived |
| | Red Point | 27000 | SBO | Expected |
| Kakinada | Ocean Ace | 6000 | CPO | Expected |
| | Countess | 4000 | CPO | Expected |
| | Spring wind | 6000 | CPO | Expected |
| | Monalisa | 6000 | CPO | Arrived |
| | Mega Crown | 2000 | CPO | Expected |
| New Mangalore | Bumik | 3100 | CPO | Arrived |

Forex Rates

(As on 06.07.2005)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA | Dollar | 43.57 |
| Malaysia | Ringgit | 11.47 |
| European Union | Euro | 52.05 |
| United Kingdom | GBP | 76.67 |
| Japan | 100 Yen | 39.08 |

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