

VEGOIL

15th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Improved on Lower Crush Report and Expected Dry Weather
- South American Soybean Futures Continued Improving Expected Dry in Coming Days
- BMD CPO Futures Continued Range Bound Unnerved by Sharp Decline in Exports
- Soybean Oil Prices Declined Marginally Amidst Increased Uncertainty in Buyer's Support

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX JULY Contract

The July contract closed at 377.20, which is slightly lower than yesterday's close. Market opened almost steady but traded marginally lower for the day amidst increased uncertainty in the market and growing buyers demand. The retail market is not yet supporting the futures market adequately.

The 7-day MA today improved marginally after making a bearish cross over of the 14-Day MA hinting to the partial recovery in market prices in the market. On the other hand 14-day MA continued upward indicating the steadiness increase in strength 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 2 period(s) ago. Since the MACD crossed its moving average, Soyoil July's price has increased 0.12% and has ranged from a high of 377.90 to a low of 374.15.

The 9-days Price ROC declined marginally in the positive region to the level of 0.0976 pointing downward, indicating weakness in the market prices. The 9-day RSI also moved

down in the neutral region to a level of 50.98 confirming the growing unsteadiness.

The % K-line continued sharply up entering the overbought region indicating the improving sentiments in the prices along with the % D-Line, which is still in the neutral region.

The candlestick is indicating at the indecisive trade for tomorrow with a range bound opening.

Market advice:

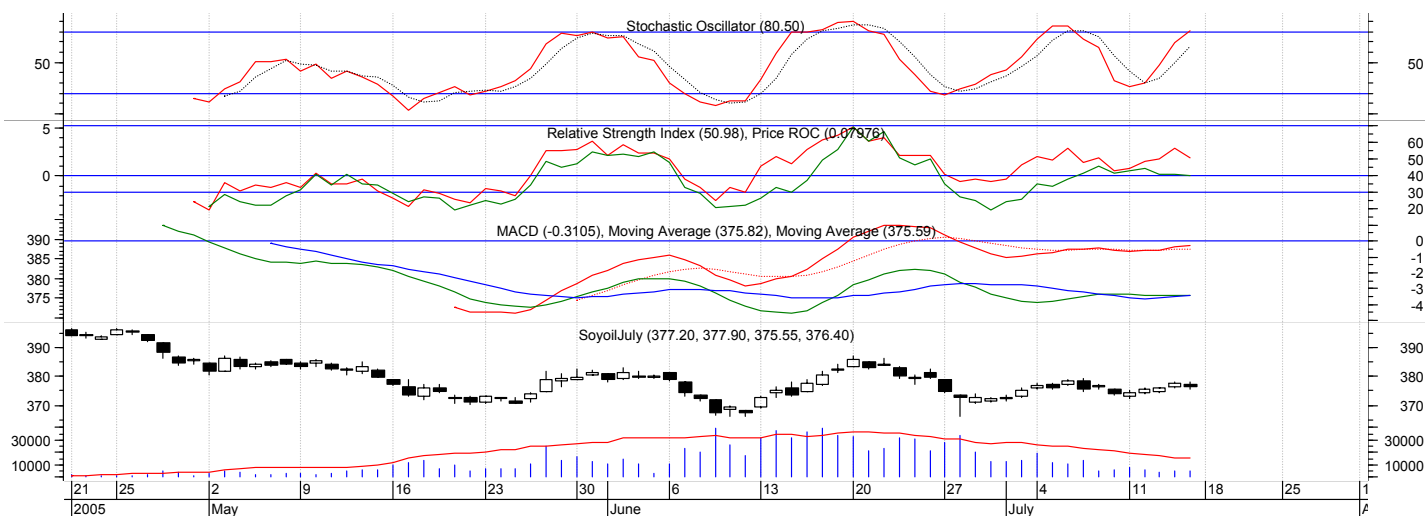
Market is expected to open steady and trade range bound on Saturday amidst pressure uncertain international markets and declining retail support.

Do not make new entry.

Long term sentiments continues to be bullish

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Aug' '05	381.80	380.50	383.80	385.20
NCDEX	July '05	374.70	373.50	378.50	379.20



MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

International:

CBOT (US Soybean Oil):

The two-week outlook for the Midwest weather to turn hotter and drier than normal contributed to the active buying near the open. The weather threat is the focus of attention as a minor yield reduction this season could support a bullish balance sheet for the coming season.

Chances for rain this weekend in parts of the Eastern Corn Belt, which had been in the forecast earlier, were cited as the reason for the late-day break. DTN Meteorlogix reported that rainfall in the eastern Midwest would total no more than about three-10ths of an inch, and from one-quarter to three-quarters of an inch in the western Midwest early next week. The weather threat is the focus of attention as a minor yield reduction this season could support a bullish balance sheet for the coming season.

Weekly US export sales for soybeans came in at 175,100 tonnes as compared to trade expectations of 60,000-125,000. Cumulative sales have reached 99.7% of the USDA forecast for the season as compared to 101.7% on average over the last five years. Sales of 13,400 tonnes per week are needed to reach the USDA estimate.

Meal sales came in at 79,500 tonnes from trade expectations at 45,000-95,000. Cumulative sales have reached 85.2% of the USDA forecast as compared to 88.9% on average over the last five years. Oil sales hit 21,800 tonnes, slightly below expectations.

The NOPA pegged June soybean crush at 125.257 million bushels, which was 3-6 million bushels below expectations. This was seen as a bearish demand indicator but oil stocks came in below expectations at 1.564 billion pounds from 1.571 billion in May.

The weather threat is the focus of attention as a minor yield reduction this season could support a bullish balance sheet for the coming season.

The US soybean is expected to remain bullish on expectation of continuing dry and warm weather.

Continuation chart of CBOT (Soybean Oil)



CBOT Soy oil futures as 14 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	25.35	26.00	26.05	25.70	+0.35	25.70
Aug'05	25.43	26.02	26.08	25.50	+0.07	25.50
Sep'05	25.52	26.15	26.15	25.58	+0.07	25.59

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

South American Soybean traded higher in overnight trade amidst bullish support from the NOPA report released in US, which reported decline in crush.

The market remains extremely sensitive to weather developments, and since the hurricane rains arrived to the Midwest on Monday, November soybeans have moved from a low of 668 to a high of 732 3/4 in overnight moves.

The soybean market should remain sensitive to weather developments as August weather will be key to yield potential, but it appears that crop conditions may deteriorate significantly going into August.

At the current USDA usage forecast for example, a drop in average yield by 5% below the trendline (2 bu/acre) would result in ending stocks falling to just 64 million bushels, an all-time low. If yield falls 10% below trend (by 4 bu/acre), ending stocks would come in at a negative 80 million bushels. If we assume that about 115 million bushels is the pipeline, in both of these examples price rationing would be necessary, and with a 10% yield drop, prices would need to move high enough to price out nearly 200 million bushels of usage. While we are not predicting a 10% drop in yield, the purpose of the exercise is to illustrate why the market is so sensitive to weather this season.

Poor weather in August of 2003 triggered a 10.7% drop in yield from the previous year. In 1995, hot and dry weather triggered a 13.9% drop in yield from the previous year, and in 1988 yields fell 20% from the previous year due to an early season drought.

The Latin American soybean market is expected to continue on the high amidst chances of some scattered rains for early next week, the weather models for the Midwest point mostly to above normal temperatures and below normal precipitation.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended little changed Friday, after one of the market's slowest trading days ever as continued uncertainty about U.S. soybean production kept participants on the sidelines.

Data showing a steep drop in palm oil exports in the first half of July had little impact on prices. Today, cargo surveyor Intertek Agri Services estimated July 1-15 palm oil exports at 498,491 tons, down 22% on month.

By midday, SGS (Malaysia) Bhd reported an even lower July 1-15 export estimate of 488,066 tons, down 27% on month.

The palm oil market, however, didn't react to the figures because although weak, the estimates weren't much of a surprise. There were already rumors Thursday that exports could fall to as low as about 485,000 tons.

The sentiment in the market now is very uncertain purely because of the U.S. weather. As the U.S. soybean crop is currently in a crucial growing period, the amount of rainfall would have a significant impact on the outcome of production, which in turn is key to the direction of global oilseeds and edible oil prices in the longer term.

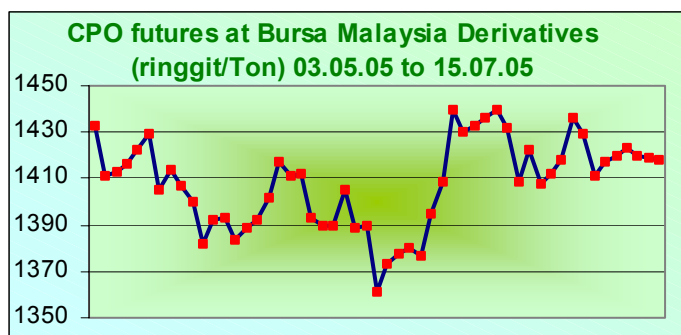
CPO futures have barely moved all week. The benchmark contract's closing level Friday was up a mere MYR1 from the previous Friday. Trading activity in the cash palm oil market has also been lackluster throughout the week because of the uncertain outlook for prices.

Sellers have been reluctant to reduce offer prices, optimistic that the U.S. weather would be dry, hurting soybean production, which would be bullish for prices in the longer term. At the same time buyers have been reluctant to purchase at current levels, as they expect soybean weather conditions to be favorable, eventually dragging down edible oil prices.

The Malaysian market is expected to continue range bound on the lower side on Monday amidst declining exports prospects and increasing end stock.

KLCE CPO Futures (15.07.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1408	1405	1406	1405	-2	1406	44
Sep '05	1420	1415	1419	1414	-2	1418	267
Oct '05	1419	1416	1421	1415	-1	1418	648



Domestic:

Palm oil

The domestic palm oil market today continued range bound amidst weak international markets and unchanged retail market demand.

The Malaysian markets traded lower amidst lack of clear directions. It felt increased pressure of the increasing end stock and declining exports. Now, in the absence of support from the export figures, which shows over 20 per cent decline from the last month, the traders are looking towards US crop weather to provide some support.

The unsteady sentiment in the international market has also affected the domestic market. The traders here are quite indecisive and are not going in the trade with long term perspective.

The import quantum has increased almost gradually. In the month of July (till 15.07.05) the country has imported about 1.31 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 370.00 per tonnes and RBD Palmolein at \$ 400.00 per tonne.

The price for palm oil in the market is expected to continue range bound on Saturday with marginal improvement as the market is expected to get no support from the other edible oils.

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

Centres	15.07.05	14.07.05	Change
Kandla CPO (5 % FFA)	330	331	-1
Mumbai CPO (5% FFA)	330	330	0
Kandla RBD Palmolein	360	356	+4
Mumbai RBD Palmolein	367	369	-2
Chennai RBD Palmolein	368	368	0
Kakinada RBD Palmolein	368	367	+1

Soy oil

The domestic market opened range bound on the lower side and continued downward for the day amidst declining buyer's support.

The international market improved at the CBOT amidst wide spread uncertainty in the weather. The long term prospects in the US market is still expected to be bullish as the warm weather is predicted in the weekend as well as the starting days of the next week. At the time of closure the NBOT July Contract was at Rs. 374.20 (UP by Rs. 1.40) and the August contract ended at Rs. 382.70 (Down by Rs. 1.4). The July Contract witnessed its final cut today at Rs. 374.20.

The Hazir market traded range bound in the positive region amidst uncertain sentiments at the futures and support from the international markets.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 342 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 for Saturday and trade range bound as the day progresses.

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

Centres	15.07.05	14.07.05	Change
Mumbai (Soy ref)	364	362	+2
Indore (Soy Ref oil)	375	374	+1
Indore (Soy Solvent Ex. oil)	352	350	+2
Kota (Soy Ref. Oil)	380	379	+1
Jaipur (Soy Ref. Oil)	380	380	0

NBOT Soy oil futures as on 15.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Jul'05	372.80	N.A	374.20	N.A	1.40	374.20	N.A
Aug'05	384.10	383.70	384.10	382.40	-1.40	382.70	22050
Sep'05	387.90	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 14.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul'05	375.95	376.50	377.90	376.20	377.70	5010	15860
Aug'05	382.80	383.20	385.50	383.20	385.15	22810	34270
Sep'05	386.55	387.25	389.15	387.25	388.80	8640	26590

Rape oil

The rape oil market today declined marginally at the futures amidst strong rumours of opening of mustard tenders by NAFD.

The traders are expressing their concern over the declining supply in the retail market. The regular miller's demand is keeping the market tight.

The next meeting between NAFED officials and the traders is scheduled for coming Wednesday, till then the market is expected to continue with its bullish trend.

Today, the rape oil also found increased support from the buyers at major exchanges amidst the unsteady progress of sowing of other oilseed crops and declining weather in major growing areas. In the spot markets the prices moved significantly on the higher side amidst increasing demand.

Today the new crop arrival reached 0.25 lakh bags in Rajasthan.

The rape oil market is expected to continue trading range bound for Saturday as the buyers' support is expected to be on the rise further.

Rape oil - Spot Market Price		(Rs. per 10 kg)		
Centres	15.07.05	14.07.05	Change	
Mumbai (Rape Expeller Oil)	395	395	0	
Kota (Rape Expeller Oil)	391	390	+1	
Jaipur (Rape Expeller Oil)	394	392	+2	
Neewai (* Kacchi Ghani Rape Oil)	400	403	-3	
Delhi (Rape Expeller Oil)	416	415	+1	

Groundnut oil

Groundnut oil today declined at various centres after continuous increase of last few day amidst increased uncertainty in other edible oil markets.

The Gujarat market lowered marginally amidst wide spread uncertainty while the Mumbai market witnessed significant decline of Rs. 25.

The progress of the current monsoon is the main cause of the increase in the prices, which is hindering the smooth sowing of the new crop.

The domestic market is expected to continue trading range bound on Saturday amidst growing uncertainty and delay in the sowing of the new crop.

Groundnut oil - Spot Market Price		(Rs. per 10 kg)		
Centres	15.07.05	14.07.05	Change	
Mumbai	485	510	-25	
Rajkot	533	535	-2	
Andhra Region	505	525	-20	
Chennai	508	520	-12	

LATEST WEATHER WATCH (15.07.2005)

Progress of Monsoon

Yesterday's cyclonic circulation over Bangladesh and neighbourhood persists and now extends upto 3.1 km above sea level. The upper air cyclonic circulation over southwest Bay of Bengal persists and now extends upto mid-tropospheric level. The axis of the monsoon trough at sea level passes through Anoopgarh, Alwar, Kanpur, Gaya, Calcutta and thence southeastwards to eastcentral Bay of Bengal. Yesterday's upper air cyclonic circulation over west Uttar Pradesh and neighbourhood merged with seasonal trough. The upper air cyclonic circulation over northwest Rajasthan and adjoining Pakistan persists and now extends upto 3.1km above sea level.

Forecast for next 24 hours

North: Rain/thundershowers likely at many places over Uttaranchal, east Uttar Pradesh and Himachal Pradesh and at few places in the rest region.

East: Rain/thundershowers likely at most places over northeastern state, Bihar, Jharkhand and West Bengal & Sikkim and at many places in the rest of the region.

South: Rain/thundershowers likely at a many places in the region outside Telangana, coastal Andhra Pradesh, north interior Karnataka where it may be at a few places.

West: Rain/thundershowers likely at many places over east Rajasthan and west Madhya Pradesh at a few places in the rest region outside Gujarat state and west Rajasthan where it may be at isolated places.

Outlook for subsequent two days

Further increase in rainfall activity over southern parts of peninsular India. Current rainfall activity over northeastern states, sub-himalayan West Bengal & Sikkim and Bihar likely to continue. Current rainfall activity over plains of northwestern parts of India and western himalayan region likely to decrease.

Warning

Heavy to very heavy rainfall likely at a few places over northeastern states, West Bengal & Sikkim. Isolated heavy rainfall also likely over Uttaranchal, Himachal Pradesh, Bihar, Jharkhand, Orissa, west Madhya Pradesh and east Rajasthan.

PORT-WATCH (Latest)

Kandla Port is receiving 12,000 MT of SBO from the vessel 'EW Hasting'. The cargo was loaded from Brazil. Interoccean agents is handling the vessel. Delivery of 24,300 MT of SBO is continuing at Kandla Port from the vessel 'Laertis'. The cargo was loaded from Brazil. Shantilal agents is handling the vessel. 'Zhong Hua 6' from Indonesia is expected at the port to discharge 5,850 MT of CPO. Atlantic agents will be handling the vessel. Delivery of 4,000 MT of CPO is expected at the port from the vessel 'Star Dream'. The cargo was loaded from Dumai. Interoccean agents will be handling the vessel.

Mumbai Port is receiving 6,200 MT of palm oil from the vessel 'Star Dream'. The cargo was loaded from Dumai. Interoccean agents is handling the vessel. 'Zhong Hua 6' from Indonesia has berthed at Mumbai Port and continues to discharge 5,000 MT of CPO. Atlantic agents is handling the vessel. The port is expecting 'Thressa II' to deliver 6,400 MT of palm oil. Interoccean agents will be handling the vessel.

Delivery of 4,000 MT of CPO is continuing at JN Port from the vessel 'Global Venus'. Patvolk agents is handling the vessel. 'Bow Maastad has berthed at JN Port and continues to deliver 13,000 MT of SBO. Intra Trade agents is handling the vessel.

Kolkata Port is receiving 19,174 MT of SBO from the vessel 'Kuldiga'. Seaport agents is handling the vessel.

'Hua Yun 4' has berthed at Kakinada Port and continues to discharge 3,000 MT of CPO.

Delivery of 7,250 MT of palm oil is continuing at Tuticorin Port from the vessel 'Spring Glory'. Titicorin Port is receiving 6,900 MT of palm oil from the vessel 'Global Mars'. St.John agents is handling these vessels.

Delivery of 6,000 MT of palm oil is expected at Chennai Port from the vessel 'Siam Bhavas'. The vessel will be handled by Seaworld agents.

Mundra Port is expecting 'Red Point' to deliver 27,000 MT of SBO. The vessel will be handled by Interoccean agents.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Laertis	24300	SBO	Arrived
	EW Hasting	12000	SBO	Arrived
	Zhong Hua 6	5850	CPO	Expected
	Star Dream	4000	CPO	Expected
Kolkata	Kuldiga	19174	SBO	Arrived
JN	Bow Maastad	13000	SBO	Arrived
	Global Venus	4000	CPO	Arrived
Tuticorin	Global Mars	6900	Palm oil	Arrived
	Spring Glory	7250	Palm oil	Arrived
Mumbai	Zhong Hua 6	5000	CPO	Arrived
	Thressa II	6400	Palm oil	Expected
	Star Dream	6200	Palm oil	Arrived
Chennai	Siam Bhawas	6000	Palm oil	Expected
Mundra	Red Point	27000	SBO	Expected
Kakinada	Hua Yun 4	3000	CPO	Arrived

Forex Rates

(As on 15.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.52
Malaysia	Ringgit	11.47
European Union	Euro	52.78
United Kingdom	GBP	76.69
Japan	100 Yen	38.83

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