

VEGOIL

14th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy futures Surged Ahead on Warm and Dry Weather
- South American Soybean Futures Continued Improving Expected Dry in Coming Days
- BMD CPO futures Traded Range Bound Amidst Expected of Steep Decline in Export Figures
- Soybean Oil Prices Surges Ahead Significantly Amidst Increased Buyer's Support

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX JULY Contract

The July contract closed at 377.50, which is slightly higher than yesterday's close. Market opened steady but traded significantly higher 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 continued further lower after making a bearish cross over of the 14-Day MA hinting to the declining strength in the market prices in the market. On the other hand 14-day MA turned 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 1 period(s) ago. Since the MACD crossed its moving average, Soyoil July's price has increased 0.41% and has ranged from a high of 377.90 to a low of 374.15.

The 9-days Price ROC improved marginally down in the positive region to the level of 0.1725 pointing downward, indicating uncertainty in the market prices. The 9-day RSI

moved up in the neutral region to a level of 55.73 confirming the improving sentiments in the prices.

The % K-line continued sharply up in the neutral region indicating the improving sentiments in the prices along with the % D-Line.

The candlestick is indicating at the steady and range bound opening for Thursday.

Market advice:

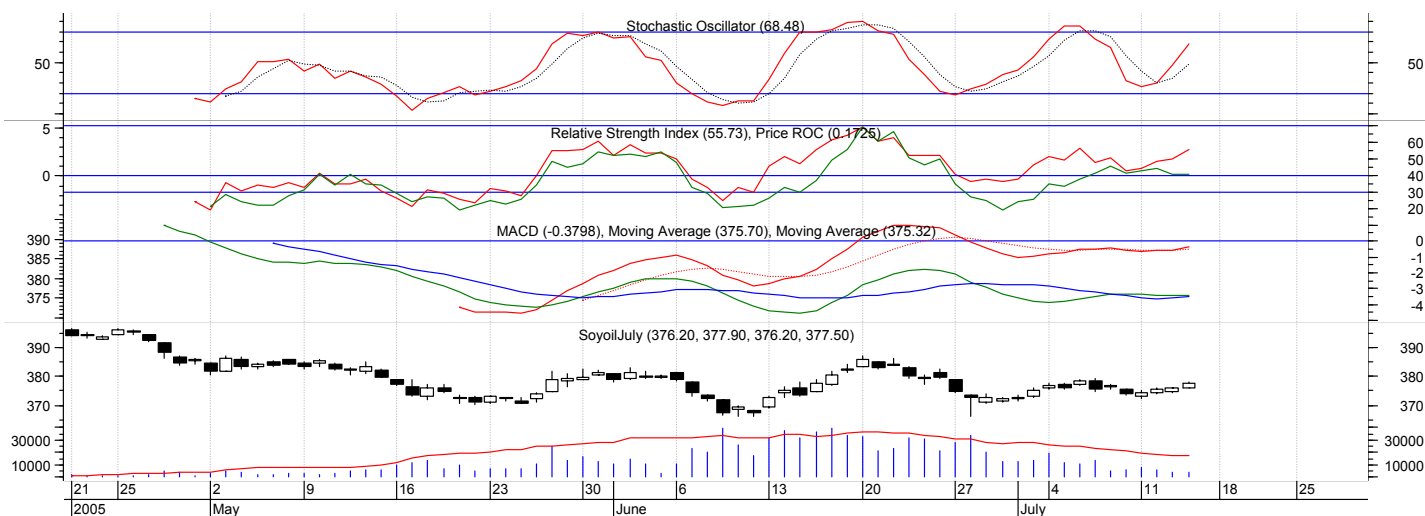
Market is expected to open steady but trade range bound on Friday amidst pressure uncertain international markets and declining retail demand.

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	382.90	381.80	385.80	386.90
NCDEX	July '05	374.00	372.40	379.00	380.90



MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

International:

CBOT (US Soybean Oil):

Soybean complex futures rallied stoutly Wednesday at the Chicago Board of Trade, bolstered by hot and dry weather forecasts for next week and fund buying.

Some models show little or no rain for western Illinois in the next few days. A potential ridging pattern for the late July time frame, which could dry out the western cornbelt with a warm and dry trend along with the need for a big yield in the western cornbelt to offset the potential lower yield in Illinois, added to the bullish tone.

Taiwan bought 58,000 tonnes of soybeans from Brazil in their tender for US or Brazil soybeans, which was seen as a slightly negative demand factor.

Weekly export sales, released before the opening, are expected to come in near 60,000-125,000 tonnes as compared with 170,600 tonnes last week. Meal sales are expected near 45,000-95,000 tonnes and oil sales near 22,000-28,000 tonnes.

The National Oilseed Processors Association June monthly soybean crush is expected to be 130.5 million bushels. The May NOPA crush was 136.7 million bushels and last June's NOPA crush was 102.4 million bushels. Much depends on the NOPA Crush reports today evening.

In trade buyers in soybeans included Calyon buying 800 November contracts; Citigroup and ABN Amro each buying 500 November; Refco buying 700 November; and Man Financial and CIS each buying 300 November. Bunge and ADM each bought 200 November. Cargill sold 800 November and R.J. O'Brien sold 500 November. Goldenberg Heymeyer sold 300 November.

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 13 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	25.01	24.45	25.70	24.45	+0.34	25.35
Aug'05	25.04	25.10	25.70	25.10	+0.39	25.43
Sep'05	25.11	25.38	25.79	25.25	+0.41	25.52

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

Continued signs of strong demand from China along with the strong Brazilian currency which might be discouraging producer sales in Brazil have helped support the South American strength relative to the US market in the past two weeks.

The USDA left their projection for Brazil production for the 2005/2006 season unchanged from last month at 62 million tonnes, up from 51 million tonnes this year and 50.5 million tonnes last year.

While the hurricane rains have helped ease the stress of the Illinois and eastern Corn Belt crops, ideas that the rains may not be enough to bust the drought and more threatening weather on the horizon may have been enough to support the higher close yesterday.

As per the current USDA usage forecast, a drop in average yield by 5% below the trend line (2 bu/acre) would result in ending stocks falling to 64 million bushels, an all-time low. If yield falls 10% below trend (by 4 bu/acre), total supply would come in at 80 million bushels below the current USDA usage projection.

For the 2005/2006 season, world oilseed ending stocks are expected to come in near 57.86 million tonnes from 52.64 million this year and 40.05 million tonnes for the 2003/2004 season.

Prices in India are on the rise, as monsoon rains have missed some soybean and groundnut areas and there is talk of lower than expected planted acreage due to inconsistent rains. While the hurricane rains brought relief to the US Midwest, traders are also concerned that the storm brought Asia rust to the area as well.

The extended models show a possible reformation of the ridge over the central US, which means hot and mostly dry weather is likely to continue.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended little changed Thursday, with continued cautious sentiment among market players sapping trading volumes.

CPO futures, however, relinquished their gains in late afternoon trading as talk emerged that export estimates due Friday may show a steep decline in the first 15 days of July.

Cargo surveyor Intertek Agri Services is due to release July 1-15 export estimates Friday morning. Another surveyor, SGS (Malaysia) Bhd, which is more influential, is due to issue its figures around midday. Earlier Thursday, market speculation was for exports of between 500,000 to 550,000 tons in the first half of July. In the June 1-15 period, exports were estimated around 640,000 to 670,000 tons. By mid-afternoon, however, expectations turned even more pessimistic, with talk surfacing that July 1-15 exports may only reach 485,000 tons.

A sharp drop in exports would be bearish for palm oil prices in the near to medium term, as production is expected to be strong in July.

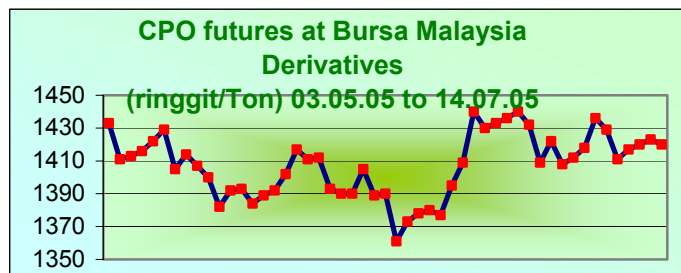
A slowdown in demand amid stable supply would likely result in higher palm oil stocks by month-end. Stocks stood at 1.18 million tons at the end of June.

Most participants prefer to stay on the sidelines amid uncertainty over longer-term price direction for edible oils due to the volatile weather conditions in U.S. soybean growing areas. In the Malaysian cash market, palm oil products were also flat amid slow Trading.

The Malaysian market is expected to continue range bound on the lower side on Friday amidst declining trade prospects and fear of increasing end stock.

KLCE CPO Futures (14.07.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jul'05	1407	1410	1415	1405	-1	1406	125
Aug'05	1419	1423	1425	1416	+2	1421	157
Sep'05	1420	1422	1426	1415	-1	1419	1800

**Domestic:****Palm oil**

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

The Malaysian markets traded lower amidst lack of clear directions. The new export figure to be released by the two agencies (Cargo surveyor Intertek Agri Services and SGS (Malaysia) Bhd.) on Friday is awaited eagerly amidst absence of fresh trading cues from the present trading sessions. Expectation of sharp increase in the end stock and declining exports have triggered weakness in the Malaysian markets.

The import quantum has increased almost gradually. In the month of July (till 14.07.05) the country has imported about 1.18 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 372.50 per tonnes and RBD Palmolein at \$ 405.00 per tonne.

The price for palm oil in the market is expected to continue range bound on Friday with marginal improvement as the market is expected to receive mild support from the other edible oils.

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

Centres	14.07.05	13.07.05	Change
Kandla CPO (5 % FFA)	331	328	+3
Mumbai CPO (5% FFA)	330	329	+1
Kandla RBD Palmolein	356	355	+1
Mumbai RBD Palmolein	369	369	0
Chennai RBD Palmolein	368	367	+1
Kakinada RBD Palmolein	367	367	0

Soy oil

The domestic market opened positive and continued further higher side for the first few hours but witnessed mild decline towards the end of the day amidst increasing buyer's support.

The international market improved marginally at the CBOT amidst wide spread uncertainty in the weather caused by the Dennis Hurricane and the following Emily Storm, which is reported to have caused wide spread damage in the soybean growing areas. 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. 375.10 (UP by Rs. 3.60) and the August contract ended at Rs. 384.40 (UP by Rs. 3.10). The July Contract witnessed its second cut today at Rs. 375.10 and the last cut on 15.07.05 is expected to cross Rs. 377.00.

The Hazir market traded range bound in the positive region amidst uncertain sentiments at the futures and the pressure of unsteady retail demand.

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 \$ 522 per tonne.

The market is expected to open steady for Friday and trade higher as the day progresses.

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

Centres	14.07.05	13.07.05	Change
Mumbai (Soy ref)	362	362	0
Indore (Soy Ref oil)	374	373	+1
Indore (Soy Solvent Ex. oil)	350	348	+2
Kota (Soy Ref. Oil)	379	378	+1
Jaipur (Soy Ref. Oil)	380	378	+2

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

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Jul'05	371.50	N.A	375.10	N.A	3.60	375.10	N.A
Aug'05	381.30	383.70	384.70	382.90	3.10	384.40	33750
Sep'05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 13.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul'05	375.55	374.65	376.20	374.15	375.95	3790	17750
Aug'05	382.50	381.70	383.50	381.00	382.80	15420	34230
Sep'05	386.30	384.90	387.25	384.90	386.55	6860	24660

Rape oil

The rape oil market today continued to find increased support at the futures in the start of the trade amidst increased buying and profit coverings and sharply increased buying interest.

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 traders are still keeping their fingers crossed over the next move of NAFED whose domestic tender declaration scheduled for tomorrow was not able to reach any conclusion, which sent bullish sentiments in the market. The next meeting between and the 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 0.25-0.30 lakh bags in Rajasthan and about 0.10 lakh bags in Madhya Pradesh.

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

Rape oil - Spot Market Price		(Rs. per 10 kg)	
Centres	14.07.05	13.07.05	Change
Mumbai (Rape Expeller Oil)	395	394	+1
Kota (Rape Expeller Oil)	390	381	+9
Jaipur (Rape Expeller Oil)	392	382	+10
Neewai (* Kacchi Ghani Rape Oil)	403	395	+8
Delhi (Rape Expeller Oil)	398	395	+3

Groundnut oil

Groundnut oil today continued on the gradual increase in the price at various centres amidst declining sowing of the new crop and increased retail demand.

The Gujarat market is still maintaining the high price amidst concerns of the adversity of flood, which has hampered effective supply line to different markets and the timely sowing of the new crop.

The progress of the current monsoon is the main cause of the increase in the prices.

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

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

Centres	14.07.05	13.07.05	Change
Mumbai	510	508	+2
Rajkot	535	538	-3
Andhra Region	525	520	+5
Chennai	520	515	+5

LATEST WEATHER WATCH (14.07.2005)

Progress of Monsoon

A cyclonic circulation has formed over Bangladesh and neighbourhood and extends upto 1.5 km above sea level. Another upper air cyclonic circulation lies over southwest Bay of Bengal and extends upto 3.1 km above sea level. Yesterday's upper air cyclonic circulation over west Uttar Pradesh and neighbourhood persists and now extends upto 2.1 km above sea level. The upper air cyclonic circulation over northwest Rajasthan and neighbourhood persists and now extends upto 1.5 km above sea level. The axis of the monsoon trough at sea level passes through Anoopgarh, Pilani, Kanpur, Gaya, Santiniketan and thence southeastwards to eastcentral Bay of Bengal.

Forecast for next 24 hours

North: Rain/thundershowers likely at many places over Uttaranchal, north Uttar Pradesh and Himachal Pradesh and at few places in the rest region. Decrease in rainfall activity over Haryana, Punjab and south Uttar Pradesh after 15th.

East: Rain/thundershowers likely at most places over northeastern states, Bihar and West Bengal & Sikkim and at many places in the rest of the region outside Chhattisgarh, Jharkhand and east Madhya Pradesh where it may be at a few places. Decrease in rainfall activity over Gangetic West Bengal, east Madhya Pradesh and Chhattisgarh after 15th.

South: Rain/thundershowers likely at a few places over coastal Karnataka; Kerala, coastal Tamil Nadu and Lakshadweep and

isolated in the rest region. Further increase in rainfall activity over Tamil Nadu, south Andhra Pradesh, Kerala and south interior Karnataka after 15th.

West: Rain/thundershowers likely at many places over west Madhya Pradesh at a few places over east Rajasthan and Konkan & Goa and at isolated places in the rest region. Decrease in rainfall activity over west Madhya Pradesh and east Rajasthan after 15th.

Outlook for subsequent two days

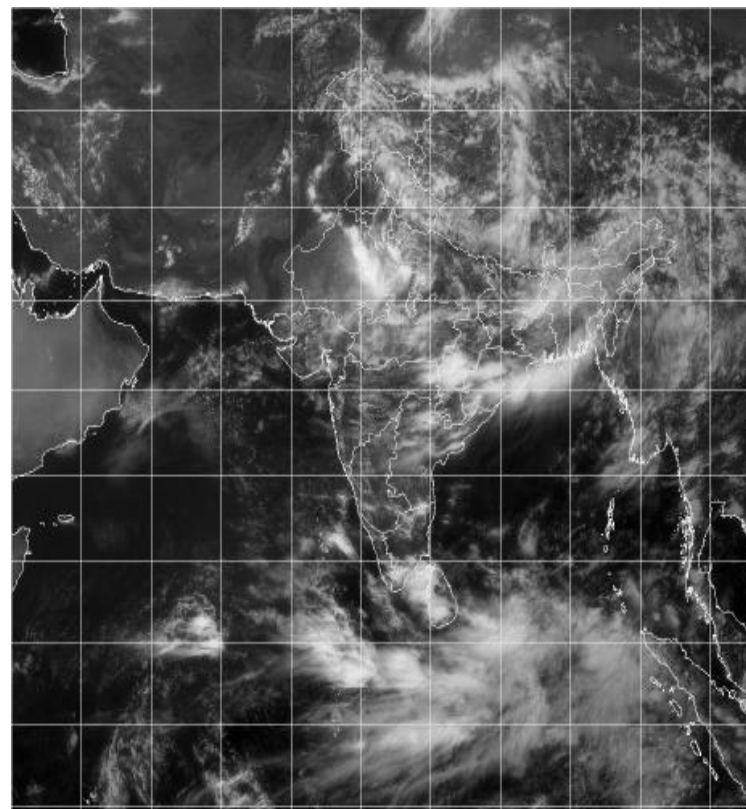
Further increase in rainfall activity over southern parts of peninsular India. Current rainfall activity over northeastern states, sub-himalayan West Bengal & Sikkim, Bihar, north Uttar Pradesh and western himalayan region likely to continue.

Warning

Heavy to very heavy rainfall likely at a few places over northeastern states, West Bengal & Sikkim. Isolated heavy rainfall likely over Uttaranchal, Himachal Pradesh, Jammu & Kashmir, Bihar and north Uttar Pradesh.

Latest Satellite Image of Monsoon Progress

(14.07.05 - 01.30 PM)



PORT-WATCH (Latest)

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

'Zhong Hua 6' 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' and 'Star Dream' to deliver 6,400 MT and 6,200 MT of palm oil respectively. Interocean agents will be handling the vessel.

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

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. The port is expecting 'EW Hasting' from Argentina to discharge 12,000 MT of SBO. Interocean will be handling the vessel. 'Zhong Hua 6' 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. Interocean agents will be 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 10,100 MT of CPO from the vessel 'Chem Tank'. Seaport agents is handling the vessel. The port is expecting 'Kuldiga' to deliver SBO. The vessel will be handled by Seaport agents.

Delivery of 6,000 MT of palm oil is expected at Chennai Port from the vessel 'Siam Bhawas'. 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 Interocean agents.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Laertis	24300	SBO	Arrived
	EW Hasting	12000	SBO	Expected
	Zhong Hua 6	5850	CPO	Expected
	Star Dream	4000	CPO	Expected
Kolkata	Chem Tank	10100	CPO	Arrived
JN	Bow Maastad	13000	SBO	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	Expected
Chennai	Siam Bhawas	6000	Palm oil	Expected
Mundra	Red Point	27000	SBO	Expected
Kakinada	L Star	6000	CPO	Arrived
	Countess	4000	CPO	Expected
	Mega Crown	2000	CPO	Expected

Forex Rates

(As on 14.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.56
Malaysia	Ringgit	11.46
European Union	Euro	53.66
United Kingdom	GBP	76.83
Japan	100 Yen	38.92

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