

VEGOIL

09th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Declined Sharply on Uncertain Weather Predictions by Various Weather Models
- South American Soybean Futures Declined Sharply on Continuing Uncertainty in US Crop Weather
- Soybean Oil Declined Sharply Amidst Concerns of Increased Deliveries at Indore

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX JULY Contract

The July contract closed at 374.10, which is marginally higher than yesterday's close. Market opened firm and traded range bound for the day amidst lack of concrete directions. The retail market also did not support the futures market adequately.

The 7-day MA today dipped lower making a bearish cross over of the 14-Day MA hinting to the declining strength in the market prices in the market whereas the 14-day MA still continued up indicating steadiness in the current price trends. Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 0 period(s) ago. Since the MACD crossed its moving average, Soy oil July's price has been unchanged, and has ranged from a high of 375.70 to a low of 373.50.

The 9-days Price ROC declined in the positive region to the level of 0.3353, indicating growing weakness in the market prices. The 9-day RSI also declined marginally in the neutral region to a level of 43.09 confirming the weakness in the prices in the prices.

The % K-line continued down in the neutral region indicating the weakened sentiments in the prices. The % D-Line also continued lower in the neutral region supporting the increasing weakness in the market prices.

The candlestick is also indicating at the weak opening for Monday in spite of the bullish prospects still continuing for the long term.

Market advice:

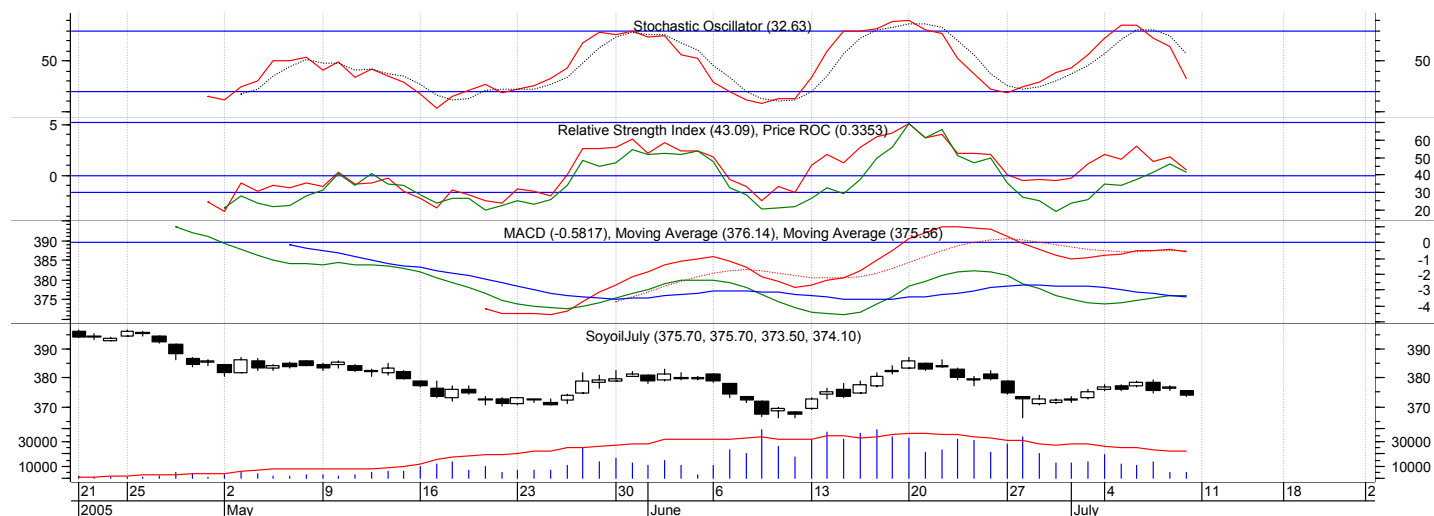
Market is expected to open weak and trade range bound on Monday.

Go short with intra-day as well as short term outlook.

Long-term sentiment is still bullish.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	July '05	368.90	367.40	371.60	373.20
NCDEX	July '05	372.70	371.20	375.70	376.60



MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

International:

CBOT (US Soybean Oil):

Nervous selling tied to the potential for Hurricane Dennis to bring beneficial rains to the driest areas of the central Midwest next week pressured Chicago Board of Trade soybean futures Friday.

The market put in a high for the week on Tuesday with a low for the week today but while volatility was high, the change on the week was quite small. Weather models show the possibility of significant rains into Illinois next week, which has triggered active long liquidation selling from speculators.

The rains from the last tropical storm were pulled to the southeast but some weather models still show a move north after landfall and potential drought busting rains into the central cornbelt. While computer generated weather models show the rain, meteorologists continue to point out that the reliability of predicting the path is very low which leaves a major volatility set-up for Monday morning.

Weekly US export sales for soybeans came in at 170,600 metric tonnes as compared to trade expectations between 50,000-125,000 tonnes. Cumulative sales have reached 99.3% of the USDA forecast for the season as compared to 101.0% on average over the last five years. Sales of 25,300 tonnes per week are needed to reach the USDA estimate.

Meal sales were 54,000 tonnes as compared to trade expectations between 35,000-75,000 tonnes. Cumulative sales have reached 99.2% of the USDA forecast as compared to 91.0% on average.

Oil sales were 2,200 metric tonnes as compared to trade expectations between 2,000-6,000.

In pit trades, ADM Investor Services bought 300 July and 400 August, RJ O'Brien bought 1,000 November and Refco bought 300 November. On the sell side, Bunge Chicago sold 300 November, Calyon Financial sold 700 November, Cargill Investor Services sold 1,000 November, O'Connor sold 600 November, Refco and Merrill Lynch each sold 800 November, with Man Financial, and Rand Financial each selling 500 November. Commodity funds were estimated sellers of 3,000 contracts.

The US soybean is expected to continue marginally lower on amidst continuing possibility of good rains in the coming week.

CBOT Soy oil futures as 08 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	25.15	24.92	24.92	24.40	-0.60	24.55
Aug'05	25.19	24.90	24.93	24.45	-0.56	24.63
Sep'05	25.34	24.98	25.03	24.50	-0.58	24.76

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November CBOT soybeans were down 16 cents in overnight trade with continued talk that Illinois will see a hefty rain next week to ease drought concerns.

A strong demand tone for Brazil soybeans and increased uncertainty for the size of both the US and the upcoming Brazilian crops helped to improve the demand tone in Brazil over the past week, but the focus of attention for the US market remains on hurricane weather and the fund trader activity.

Ideas that Brazil cash export activity could pick up as international buyers seek coverage just in case the weather in the US in August turns sour has helped the demand tone for the

market, and the recent weather surge was enough to see active Brazil producer sales so Brazil exporters can remain active.

The market continues to focus on forecast models, which show the possibility that rains from Hurricane Dennis could move up into the central Corn Belt for early next week. Weather models use the projected path of the hurricane, but the reliability of the forecast is still very low, as hurricane direction can shift at anytime without much warning.

NOAA has indicated expanding drought conditions with a good portion of northern Illinois in extreme drought.

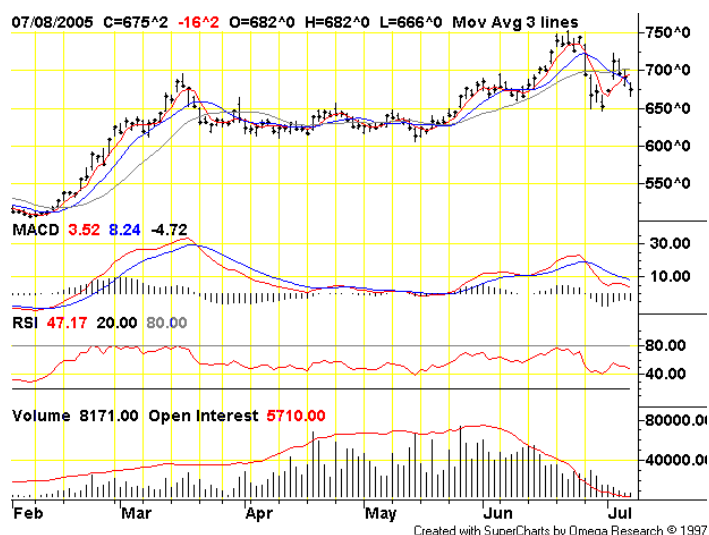
USDA officials also indicate that Asia rust spores were likely discovered in Tennessee and Kentucky this week.

The Philippines reported their first case of bird flu, and poultry exports to Japan have been halted.

The Ag Minister in India pegged oilseed production at 26.1 million tonnes from 25.3 million tonnes last year. The India monsoons, however, appear to be weakening somewhat after recent surge.

The Latin American soybean market is expected to trade lower on concerns of the declining support from the export market.

Continuation chart of CBOT (Soybean Oil)



KLCE (Malaysian Palm Oil):

KLCE market remained closed on regular weekend holiday. It will reopen on Monday (08.07.05).

KLCE CPO Futures (08.07.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jul'05	1409	1415	1419	1415	+6	1415	81
Aug'05	1410	1414	1422	1414	+8	1418	532
Sep'05	1411	1412	1423	1412	+6	1417	1628

CPO futures at Bursa Malaysia Derivatives (ringgit/Ton) 03.05.05 to 08.07.05



Domestic:

Palm oil

The domestic palm oil market today declined marginally amidst lack of retail demand.

The Malaysian markets remained closed today on regular weekend holiday. The US soybean market also was not able to provide sufficient boost to the sentiments as is pressured by the possible rains to be caused by the Dennis Hurricane

The import quantum remained almost steady. In the month of July (till 08.07.05) the country has imported about 0.60 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 370.00 per tonnes and RBD Palmolein at \$ 402.50 per tonne.

The price for palm oil in the market is expected to continue range bound on Monday with marginal decline as the market is expected to receive no support from the Malaysian markets and witness steady decline in the retail demand.

Palm oil - Spot Market Price (Rs. per 10 kg)			
Centres	09.07.05	08.07.05	Change
Kandla CPO (5 % FFA)	329	330	-1
Mumbai CPO (5% FFA)	331	332	-1
Kandla RBD Palmolein	355	355	0
Mumbai RBD Palmolein	368	370	-2
Chennai RBD Palmolein	367	369	-2
Kakinada RBD Palmolein	365	368	-3

Soy oil

The domestic market opened weak continued further lower for the day amidst wide spread uncertainty in the domestic market. The lack of retail demand is not helping the buyers support to come up at the futures.

The concerns of the Indore Exchange to have deliveries of edible oils also lowered the market sentiments. But this has not taken place and the process has been postponed for Monday. This pressure of delivery of Soybean oil is expected to be active even on Monday keeping the prices under tight check.

The international market declined sharply at the CBOT amidst wide spread uncertainty in the weather caused by the Dennis Hurricane. The uncertainty in the global market also increased amidst concerns over the Chinese other Asian countries demand for US soybean, as most of the Asian demand is shifting towards Argentina and Brazil. At the time of closure the NBOT July Contract was at Rs. 370.80 (Down by Rs. 2.90).

The Hazir market traded range bound amidst increasingly uncertain sentiments at the futures and the pressure of expected deliveries at Indore.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 339 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 511 per tonne.

The market is expected to open marginally on the lower side for Monday and continue trading range bound for the day.

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

Centres	09.07.05	08.07.05	Change
Mumbai (Soy ref)	364	364	0
Indore (Soy Ref oil)	371	372	-1
Indore (Soy Solvent Ex. oil)	350	349	-1
Kota (Soy Ref. Oil)	377	375	+2
Jaipur (Soy Ref. Oil)	366	375	+1

NBOT Soy oil futures as on 09.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Jul'05	373.70	372.50	372.50	370.10	-2.90	370.80	4580
Aug'05	382.40	381.00	381.00	378.90	-3.10	379.30	17800
Sep'05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 08.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul'05	375.75	376.45	377.40	375.50	376.60	5580	22370
Aug'05	382.25	383.40	384.40	382.00	383.45	20060	31680
Sep'05	385.60	386.50	387.85	385.60	387.25	6370	20300

Rape oil

The rape oil market today declined significantly amidst increased panic selling towards the end of the day and declining retail demand.

The traders are still expressing their concern over the declining demand in the retail market, as the millers are not showing their interest in the rapeseed at such high rate. It is accessed that they have enough stock for the coming couple of week and till they are not interested in entering the market is a big way.

Today, the rape oil found no support from the buyers at major exchanges growing uncertainty regarding the unsteady progress of monsoon in the starting session. In the spot markets the prices also declined marginally amidst increasing uncertainty.

Today the new crop arrival reached 0.40-0.45 lakh bags in Rajasthan and about 0.12 lakh bags in Madhya Pradesh.

The rape oil market is expected to continue trading on lower side for Monday as the retail demand is expected to be on the declining side.

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

Centres	09.07.05	08.07.05	Change
Mumbai (Rape Expeller Oil)	394	392	+2
Kota (Rape Expeller Oil)	385	385	0
Jaipur (Rape Expeller Oil)	390	388	+2
Neewai (* Kacchi Ghani Rape Oil)	400	405	-5
Delhi (Rape Expeller Oil)	403	405	-2

Groundnut oil

Groundnut oil today declined marginally at various centres except for Gujarat owing increasing uncertainty in the other edible oil markets and declining retail support. The Gujarat market is still maintaining the high amidst concerns of breaking of epidemic in areas already fighting the adversity of flood.

The domestic demand is expected to trade range bound on the higher side in the coming days amidst growing uncertainty in the cultivation of the new crop.

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

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

Centres	09.07.05	08.07.05	Change
Mumbai	478	480	-2
Rajkot	524	512	+12
Andhra Region	390	495	-5
Chennai	394	498	-4

LATEST WEATHER WATCH (09.07.2005)

Progress of Monsoon

Yesterday's low pressure area over Northeast Rajasthan and adjoining Haryana has become less marked. However, associated upper air cyclonic circulation now lies over northwest Rajasthan & neighbourhood and extends upto 5.8 km above sea level. The increased rainfall activity over northwest India has decreased considerably.

The upper air cyclonic circulation over northwest Bay of Bengal off Gangetic West Bengal-Orissa coast now lies over northwest and adjoining westcentral Bay of Bengal off Orissa-Andhra Pradesh coast extending upto 5.8 km above sea level tilting southwestwards with height.

The axis of the monsoon trough at sea level passes through Ganganagar, Alwar, Gwalior, Rewa, Ambikapur, Chandbali and thence southeastwards to eastcentral Bay of Bengal. During past 24 hours.

Southwest monsoon has been vigorous over Jammu & Kashmir and active over West Rajasthan, East Madhya Pradesh, Chhattisgarh and Vidarbha. Rain/Thundershower occurred at most places over Haryana, Telangana and Kerala; at many places over Sub-Himalayan West Bengal & Sikkim, Orissa, Punjab and West Madhya Pradesh; at a few places over Andaman & Nicobar Islands, Arunachal Pradesh, Assam & Meghalaya, Nagaland, Mizoram, Manipur & Tripura, Gangetic West Bengal, Himachal Pradesh, East Rajasthan, Konkan & Goa, Madhya Maharashtra, Marathwada and Coastal Andhra Pradesh. It was isolated over rest regions of the country outside Bihar, Jharkhand, Saurashtra & Kutch, Rayalaseema and Lakshadweep where weather was mainly dry.

Forecast Valid for Next 24 Hours

North: Rain/thundershowers likely at a few places over east Uttar Pradesh, Uttaranchal, Himachal Pradesh and Jammu & Kashmir and isolated in the rest region.

East: Rain/thundershowers likely at many places over north-eastern states, Sub-Himalayan West Bengal & Sikkim, Orissa and Chhattisgarh at a few places in the rest region. Increase in rainfall activity over Bihar and north-eastern states on 11th and 12th July.

South: Rain/thundershowers likely at many places over coastal & north interior Karnataka, coastal Andhra Pradesh, Telangana and Kerala and at a few places in the rest region outside Tamil Nadu & Pondicherry where it may be isolated.

West: Rain/thundershowers likely at many places over Konkan, Goa and Vidarbha and at a few places over the region outside Gujarat state and Rajasthan where it may be isolated.

Outlook for subsequent two days:

Increase in rainfall activity over Uttar Pradesh, Bihar, northeastern states and along the west coast. Rainfall activities over plains of northwest India likely remain subdued.

Heavy Rains Warning

Isolated heavy rainfall likely over northeastern states, north coastal Andhra Pradesh, Telangana, coastal Karnataka and Kerala.

Agricultural Activities

In Karnataka state, an area of 15.92 lha was sown by 27th June 2005 as against the normal area of 24.47 lha, which is lesser than normal area by 8.82 lha.

In Andhra Pradesh, water level in Tunga Bhadra river based reservoirs is increasing due to very heavy rainfall recorded for past two days in catchment areas of the river. Red mite damage has been noticed on bhindi crop and aphid damage has been noticed on muskmelon crops in Rayalaseema region of the state.

In Jammu & Kashmir, severe attack of Grasshopper in paddy and fodder crops was observed in Jammu region.

PORT-WATCH (Latest)

'Pacific Sound' from Padang has berthed at Kandla Port and continues to discharge 7,000 MT of CPO. Interocean agents is handling the vessel. Kandla Port is receiving 35,500 MT of SBO from the vessel 'Champion Venture'. The cargo was loaded from Brazil Interocean agents is handling the vessel.

Kolkata Port is receiving 6,000 MT of CPO from the vessel 'MMM Houston'. Seaport agents is handling the vessel.

'MMM Galvestone' has berthed at Mumbai Port and continues to discharge 6,000 MT of CPO. The vessel is being handled by Atlantic agents. 'Zhong Hua 6' is expected at the port to discharge 5,000 MT of CPO. 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.

'Spring Wind' 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 5,550 MT of palm oil is continuing at Chennai Port from the vessel 'Takis'. The vessel is being handled by Interocean agents. 'Hua Yun 4' is expected at the port to discharge 3,000 MT of palm oil. Seaport agents will be handling the vessel.

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

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

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Pacific Sound	7000	CPO	Arrived
	Champion Venture	35500	SBO	Arrived
Kolkata	MMM Houston	6000	CPO	Arrived
Mumbai	MMM Galvestone	6000	CPO	Arrived
	Zhong Hua 6	5000	CPO	Expected
	Thressa II	6400	Palm oil	Expected
	Star Dream	6200	Palm oil	Expected
Chennai	Takis	5550	Palm oil	Arrived
	Hua Yun 4	3000	Palm oil	Expected
Mundra	Red Point	27000	SBO	Expected
Kakinada	Ocean Ace	6000	CPO	Expected
	Countess	4000	CPO	Expected
	Spring wind	6000	CPO	Arrived
	Mega Crown	2000	CPO	Expected
New Mangalore	Bumik	3100	CPO	Expected

Forex Rates**(As on 09.07.2005)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.61
Malaysia	Ringgit	11.46
European Union	Euro	52.22
United Kingdom	GBP	75.79
Japan	100 Yen	38.87

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