

VEGOIL

27th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Continued Higher Amidst Outlooks for Warmer & Drier Crop Weather
- South American Soybean Improved Marginally Amidst Prospects of Increased Demand from China
- BMD CPO Futures Lowered Marginally Amidst Lack of Fresh Trading Initiatives
- Soybean Oil Prices declined Marginally Amidst Lack of Buyers Support

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 378.70, which is significantly lower than yesterday's close. Market opened range bound, declined in the mid-session and closed further lower amidst declining retail demand and heavy rains in Mumbai.

The 7-day MA continued lower for the third consecutive day hinting to the weakness in market prices. The 14-day MA also moved further lower indicating the declining strength 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 6 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 0.79% and has ranged from a high of 384.05 to a low of 377.60.

The 9-days Price ROC today declined marginally in the negative region to the level of -1.764 pointing downward, indicating increased uncertainty in the market prices. The 9-day RSI also moved down in the neutral region to a level of 40.05 confirming the declining strength in the prices.

The % K-line declined marginally in the neutral region indicating marginal lowering sentiments in the prices along with the % D-Line.

The candlestick is marginally hinting at the weak opening with steady to firm trade for Thursday.

Market advice:

Market is expected to open range bound and improve as the day progress for Thursday.

Buy with short-term outlook.

Long-term sentiments continue to be bullish.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Aug' '05	376.20	375.30	378.20	379.60
NCDEX	Aug' '05	378.10	377.00	380.10	382.00

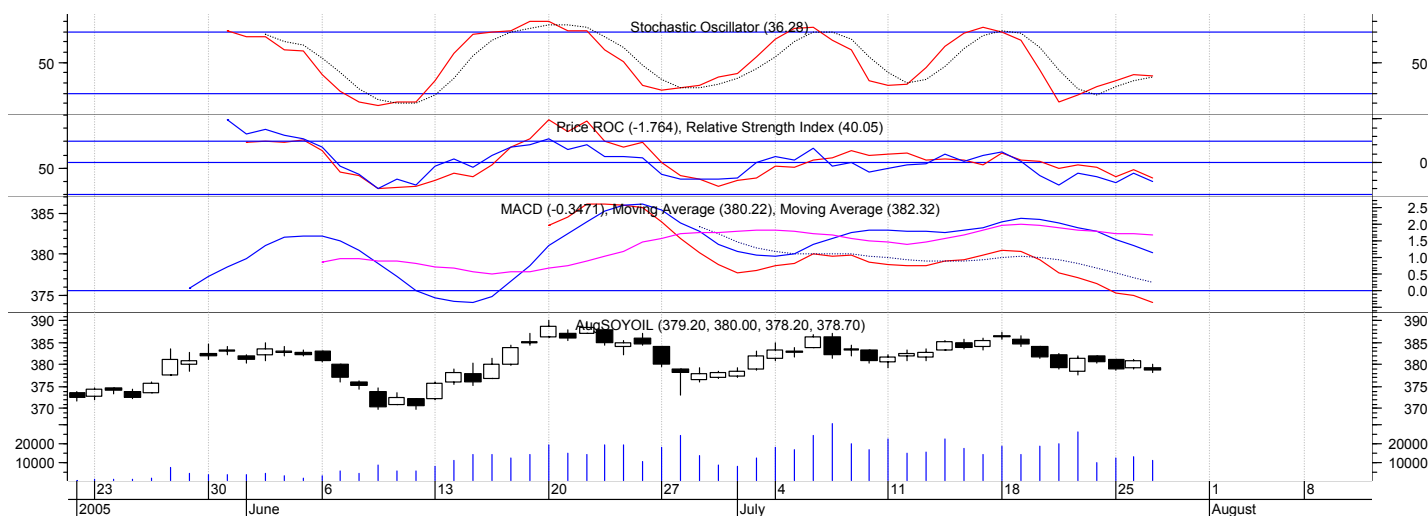
Abbreviations:

ROC - Rate of Change MA - Moving Average

MACD - Moving Average Convergence Divergence

RSI - Relative Strength Index

% K-Line & % D-Line - Faster & slower Lines of Stochastic Oscillators



MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

International:

CBOT (US Soybean Oil):

Soybean futures at the Chicago Board of Trade ended moderately higher on Tuesday, but scaled back earlier gains, as cooler, wetter midday weather forecasts uncovered speculative selling.

The soybean crop developing faster than expected, with blooms and pod setting well above the average pace, placed a greater emphasis on near-term weather in early trade. Talk of disappointing rains totals from a weather system in the western belt and outlooks for warmer, drier conditions sparked speculative buying, until a band of showers in midday forecasts took some the edge off prices.

Commercial selling turned more active and when mid-day weather models were a little wetter, speculative long liquidation set-in to push futures to just 1 1/2 cent higher on the day late.

The weekly crop progress report, released Monday afternoon, showed that 54% of the crop was in good to excellent condition, up 1% from last week but still down from 60% as the 15-year average for this time of the year. Poor to very poor crops were unchanged at 16% from 10% as the 15-year average.

The market remains highly sensitive to the weather outlook into early August as the soybean crop is entering a more sensitive time frame for yield development and the potential stressful weather could cause the average yield outlook to move below average.

With a huge demand base, ending stocks could tighten significantly to historic levels if average yields fall 3-5% below trend line averages.

In pit trades, ADM Investor Services, ABN Amro, Man Financial and RJ O'Brien each bought 500 November, Citigroup bought 400 November, Goldenberg Hehmyer bought 1,500 November, Refco bought 800 November, and UBS Securities bought 600 November. ADM Investor Services, Cargill, Refco and Tenco each sold 300 November, Bunge Chicago and Merrill Lynch each sold 500 November.

The US soybean is expected to continue range bound on the higher side amidst bullish undertone and uncertain crop weather.

Continuation chart of CBOT (Soybean Oil)



CBOT Soy oil futures as 26 July 2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	24.59	24.85	25.08	24.40	-0.16	24.43
Aug'05	24.68	24.90	25.15	24.45	-0.20	24.48
Sep'05	24.75	25.02	25.38	24.57	-0.18	24.57

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

August South American soybeans closed 10 1/2 cents higher on the session. Ideas that China buying power is enhanced with last week's currency adjustment combined with lower freight rates helped to support the idea of stronger demand for Brazil soybeans over the near term.

End user interest is in Brazil at this time of the year with supply focus on the US crop. With South America pricing in better demand and the US market still correcting from the weather threat, South America has been gaining on Chicago soybeans and the August/August spread moved to a contract low.

The rains across the Midwest today will be welcomed, but the lack of rain in the forecast for the next ten days and the possible return of hot weather from time to time does not appear to be the type of weather needed to see a continued recovery in crop conditions to a level which might support normal to above normal yields.

While the corn market may be pricing in a 5-7% drop in yields below trend line yield, the threat of a 5% drop in yields below trend line yield of 39.9 bu/acre for soybeans could send prices soaring, as this reduction would likely force usage estimates lower due to tight supply.

Traders are likely to see weather that might stress soybean crops into August as a threat, and the building of a weather premium could support futures. There were no surprises in the weekly crop progress reports with a slight improvement in conditions.

The Latin American soybean market is expected to continue range bound amidst growing uncertainty in crop weather in the coming days and adjustment of freight charges by China.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended marginally lower after an uneventful trading Wednesday amidst lack of fresh leads confined the market to a narrow range amid low volumes.

The steadier ringgit has helped ease the pressure on palm oil prices, but at the same time, has left the market searching for fresh trading ideas again, traders said. Before the unpegging of the ringgit, CPO futures were trapped in tight ranges for over a month, with below average trading volume on most days.

The shift in foreign exchange regime revived trading interest again as participants speculated on the impact of the change on palm oil prices. The participants are waiting for clearer indications on the size of the 2005/06 U.S. soybean output as that will have a key influence on the direction of global edible oil prices in the long-term.

Soy complex futures have been choppy but range-bound recently amid uncertain weather conditions for the crop, which is entering a crucial growing period in August.

The palm oil market is expected to be dull for the rest of the week since there are no important supply and demand indicators due anytime soon. Cargo surveyors Intertek Agri Services and SGS

(Malaysia) Bhd. are scheduled to release Monday estimates for July palm oil exports.

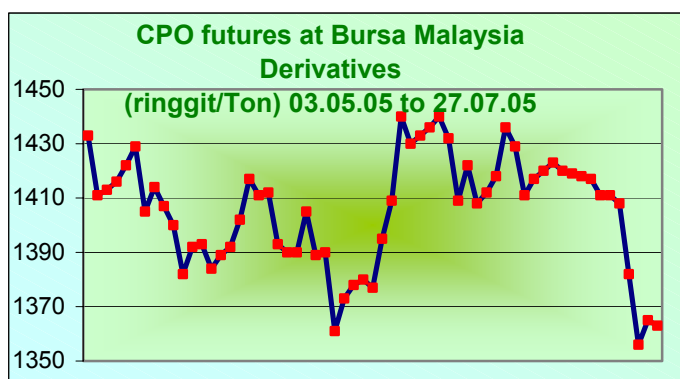
As earlier estimates for the July 1-10, July 1-15, July 1-20 and July 1-25 periods have consistently indicated an on month drop of about 20 to 25%, the full month figures are likely to show a similar trend. Production is expected to be higher in July and stay strong in subsequent months because of seasonal factors.

Any prolonged slowdown in demand is likely to lead to a rapid build up in stocks, which would be negative for prices. In the Malaysian cash market, palm oil products moved slightly lower amid slow buying interest.

The market is expected to continue range bound amidst pressure increasing end stock and declining export prospects.

KLCE CPO Futures (27.07.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1355	1360	1367	1360	+11	1366	1355
Sep '05	1356	1360	1370	1359	+8	1364	1356
Oct '05	1356	1358	1373	1358	+9	1365	1356



Domestic:

Palm oil

The domestic palm oil market declined marginally amidst lack of support from the international markets and consistently low retail demand.

The Malaysian markets today declined marginally amidst lack of fresh trading avenues. The steadier ringgit has helped ease the pressure on palm oil prices, but at the same time, has left the market searching for fresh trading ideas again, traders said. Before the unpegging of the ringgit, CPO futures were trapped in tight ranges for over a month, with below average trading volume on most days.

This decline was further strengthened by the lack of new export potentials. The international palm oil market's weakness is adequately reflected in the domestic markets where the price is moving in a narrow range.

The import quantum has increased almost gradually. In the month of July (till 27.07.05) the country has imported about 2.04 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 362.50 per tonnes and RBD Palmolein at \$ 395.00 per tonne.

The price for palm oil in the market is expected to continue range bound on Thursday amidst expected support from the other edible oils.

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

Centres	27.07.05	26.07.05	Change
Kandla CPO (5 % FFA)	328	329	-1
Mumbai CPO (5% FFA)	330	330	0
Kandla RBD Palmolein	359	360	-1
Mumbai RBD Palmolein	365	366	-1
Chennai RBD Palmolein	362	365	-3
Kakinada RBD Palmolein	360	364	-4

Soy oil

The domestic market opened range bound and traded lower for most of the day amidst lack of support from the buyers. The heavy rains almost paralysed the trading activity in the areas of in and around Mumbai leading to significant decline in the soybean oil prices at the futures.

The international market traded mixed with the screen trade partially supporting the domestic trade towards the end of the session. At the time of closure the NBOT august Contract improved marginally and closed at Rs. 376.80 (Down by Rs. 1.50) and the September contract ended at Rs. 381.50 (Down by Rs. 0.90).

The Hazir market continued range bound in the negative region amidst declining support from the retail demand and futures market.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 339 per 10 kg. CNF prices for soy degum (July Shipment) at Kandla were quoted at \$ 515 per tonne.

The market is expected to open range bound but trade positive towards the end session for Thursday amidst expected support from CBOT Soybean.

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

Centres	27.07.05	26.07.05	Change
Mumbai (Soy ref)	358	360	-2
Indore (Soy Ref oil)	374	374	0
Indore (Soy Solvent Ex. oil)	350	352	-2
Kota (Soy Ref. Oil)	375	378	-3
Jaipur (Soy Ref. Oil)	377	379	-2

NBOT Soy oil futures as on 27.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	377.70	379.00	379.40	377.40	0.70	378.40	21560
Sep'05	381.50	382.80	383.00	381.50	1.20	382.70	3500
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 26.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	379.00	379.25	381.25	379.10	380.85	13430	29850
Sep'05	382.55	383.40	384.50	382.50	384.10	8460	31550
Oct '05	385.05	385.55	386.45	384.60	386.10	1970	5940

Rape oil

The rape oil market today lowered marginally in the spot as well as in the futures markets amidst consistent decline in the retail demand and uncertainty in NAFED's sale of mustard in the open market.

NAFED has already an open sale rate of Rs. 1680 for the markets of Rajasthan, Haryana and Punjab. But till now no trader have shown interest in taking the deliveries at such higher rates as the market prices is well below the quoted price.

The unsteady progress of sowing of other oilseed crops, continuing dry spell in major growing areas and very heavy rain in the areas adjoining Mumbai is still holding the prices. In the spot markets the price remained range bound amidst lack of fresh trading initiatives from the retail traders.

Today the new crop arrival 0.20-0.25 lakh bags in Rajasthan.

The rape oil market is expected to trade on the higher side on Thursday as the buyers' support is expected to improve.

Rape oil - Spot Market Price		(Rs. per 10 kg)		
Centres	27.07.05	26.07.05	Change	
Mumbai (Rape Expeller Oil)	395	396	-1	
Kota (Rape Expeller Oil)	392	390	-2	
Jaipur (Rape Expeller Oil)	395	394	+1	
Neewai (* Kacchi Ghani Rape Oil)	405	403	+2	
Delhi (Rape Expeller Oil)	406	407	-1	

Groundnut oil

Groundnut oil improved marginally at various centres amidst continuing uncertainty in the edible oil markets and heavy rains in Mumbai.

The heavy rains in the Mumbai region has hampered the normal movement of the commodities leading to wide spread uncertainty in the markets. As per the latest report, the sowing of groundnut is almost normal but the late sowing done for groundnut is bound to reduce the overall production prospects. The heavy rains after the sowing is also expected to hamper the normal crop progress, the extent of which could be estimated in the days to come.

In other edible oil markets, the price movement is providing sufficient support. The trade in the other edible oil markets is declining day by day leading to further uncertainty in the prices.

The domestic market is expected to continue trading range bound on the higher side on Thursday amidst continuing support from the retail demand and declining supplies.

Groundnut oil - Spot Market Price		(Rs. per 10 kg)		
Centres	27.07.05	26.07.05	Change	
Mumbai (Excluding VAT)	476	478	-2	
Rajkot	523	520	+3	
Andhra Region	525	520	+5	
Chennai	528	525	+3	

LATEST WEATHER WATCH (27.07.2005)

Progress of Monsoon

Mumbai Airport recorded exceptionally heavy rainfall of 94.4 cms for the 24 hours period ending 0830 hours IST of today which is an all time record, the previous record being 37.5 cms on 5th July 1974.

Yesterday's well marked low pressure area over Orissa and neighbourhood now lies over East Madhya Pradesh and

neighbourhood. The associated upper air cyclonic circulation extends upto mid-tropospheric levels tilting southwestwards with height. System is likely to move in a west-northwesterly direction.

A cyclonic circulation lies over West Rajasthan and adjoining Pakistan and extends upto 0.9 km above sea level.

The off-shore trough from Konkan to Karnataka Coast persists.

The axis of the monsoon trough at sea level passes through Bikaner, Sawai Madhopur, centre of well marked low pressure area, Jharsuguda, Chandbali and thence eastwards to north east Bay of Bengal.

Outlook for subsequent two days

Increase in rainfall activity over west central & northwest India

Ongoing rainfall activity over Maharashtra and Goa is likely to continue.

Outlook for subsequent 72 hours

NORTH: Rain/thundershowers likely at few places in the region.

EAST: Rain/thundershowers likely at many places over Orissa, Chhattisgarh and East Madhya Pradesh and at a few places in the rest region.

SOUTH: Rain/thundershowers likely at most places over Andaman & Nicobar Islands and north Karnataka; at many places over rest Karnataka, Telangana and at a few places in the rest region outside Tamil Nadu & Pondicherry where it may be isolated.

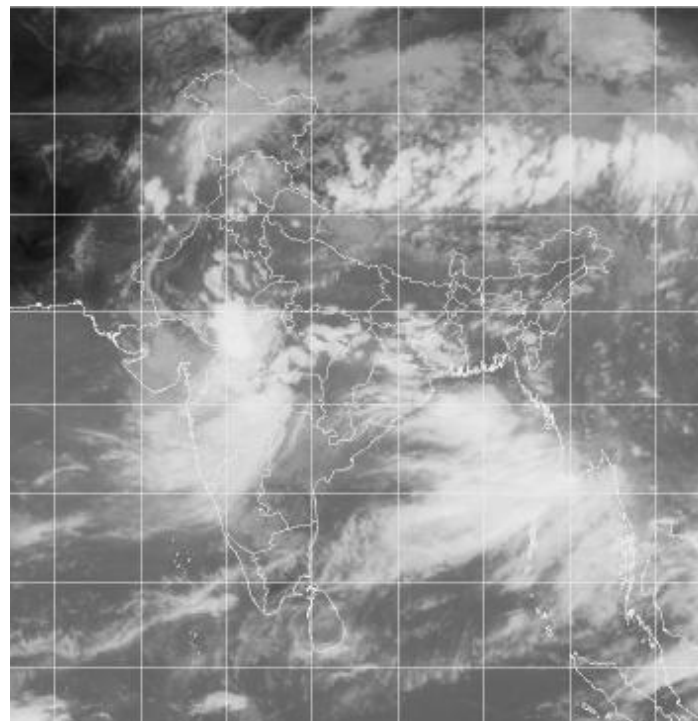
WEST: Rain/thundershowers likely at most places over Maharashtra and Goa and West Madhya Pradesh; at many places over Gujarat State and south Rajasthan and at a few places in the rest region.

Warning

Heavy to very Heavy rainfall likely at a few places over Maharashtra and Goa. Isolated heavy rainfall also likely over West Madhya Pradesh, north Karnataka and Gujarat.

Latest satellite Image of Monsoon Progress

(27.07.2005, 03.30 PM)



PORT-WATCH (Latest)

Kolkata Port is receiving 7,200 MT of CPO from the vessel 'Global Saturn'. Forbes Gokak agents is handling the vessel. 'Padang Halaban' has berthed at Kolkata Port and continues to deliver 7,500 MT of CPO. The vessel is being handled by GAC agents. Kolkata Port is expecting 'Team Ace' to deliver 4,500 MT of CPO. The vessel will be handled by GAC agents. Delivery of 6,000 MT of CPO is expected at the port from the vessel 'Ocean Ace'.

Delivery of 5,000 MT of SBO is continuing at Kandla Port from the vessel 'Gulf Dove'. The cargo was loaded from Al Jubail. JM Baxi agents is handling the vessel. 'Commuter' from Brazil has berthed at Kandla Port and continues to discharge 16,500 MT of SBO. Interocean agents is handling the vessel. Delivery of 5,500 MT of CPO is expected at Kandla Port from the vessel 'Asia Star'. The cargo was loaded from Indonesia. Taurus agents will be handling the vessel. The port is expecting 'Belsize Park' from Padang to deliver 9,500 MT of CPO. 'Golden Express' from Malaysia is expected at the port to discharge 8,000 MT of CPO. JM Baxi agents will be handling these vessels.

'Belsize Park' from Padang has berthed at Mumbai Port and continues to discharge 9,000 MT of CPO. JM Baxi agents is handling the vessel. The port is expecting 'Liquid Era' to discharge 5,200 MT of CPO. Atlantic agents will be handling the vessel.

'Bum Woo' has berthed at JN Port and is continuing to deliver 10,000 MT of SBO.

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

Cochin Port is expecting 'Eastern Eminity' to discharge 3,000 MT of palm oil. The vessel will be handled by GAC agents.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Commuter	16500	SBO	Arrived
	Gulf Dove	5000	CPO	Arrived
	Asia Star	5500	CPO	Expected
	Belsize Park	9500	CPO	Expected
	Golden Express	8000	CPO	Expected
Cochin	Eastern Eminity	3000	Palm oil	Expected
Chennai	Ace I	6000	Palm oil	Expected
JN	Bum Woo	10000	SBO	Arrived
Kolkata	Global Saturn	7200	CPO	Arrived
	Padang halaban	7500	CPO	Arrived
	Ocean Ace	6000	CPO	Expected
	Team Ace	4500	CPO	Expected
Mumbai	Belsize Park	9000	CPO	Arrived
	Liquid Era	5200	CPO	Expected

Forex Rates

(As on 27.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.51
Malaysia	Ringgit	11.61
European Union	Euro	52.29
United Kingdom	GBP	75.65
Japan	100 Yen	38.67

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