

VEGOIL

23rd July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Traded Range Bound on Support From Expected Dry Weather in Coming Days
- South American Soybean Declined Marginally On Uncertain Export Prospects
- Soybean Oil Prices Improved Marginally on Increased Buyer's Support

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 380.70, which is marginally lower than yesterday's close. Market opened firm but declined towards the end of the day amidst uncertain indications from the US screen trade and declining buyer's support at the domestic exchanges.

The 7-day MA continued lower hinting to the weakness in market prices. The 14-day MA also moved lower indicating the declining strength in the current price trends. The weak trend in the prices is also confirmed as the 7-day MA has made a bearish crossover of the 14-day MA.

Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 3 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 0.24% 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 -0.5225 pointing downward, indicating increased uncertainty in the market prices. The 9-day RSI also declined in the neutral region to a level of 44.09 confirming the loosing strength in the prices.

The % K-line continued up entering the neutral region indicating improving sentiments in the prices while the % D-Line continued further lower indicating growing weakness trends in the prices.

The candlestick is marginally hinting at the steady opening and higher trade for Monday.

Market advice:

Market is expected to open range bound and trade positive for Monday.

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	378.50	377.90	380.90	382.20
NCDEX	Aug' '05	380.00	378.50	382.00	383.20

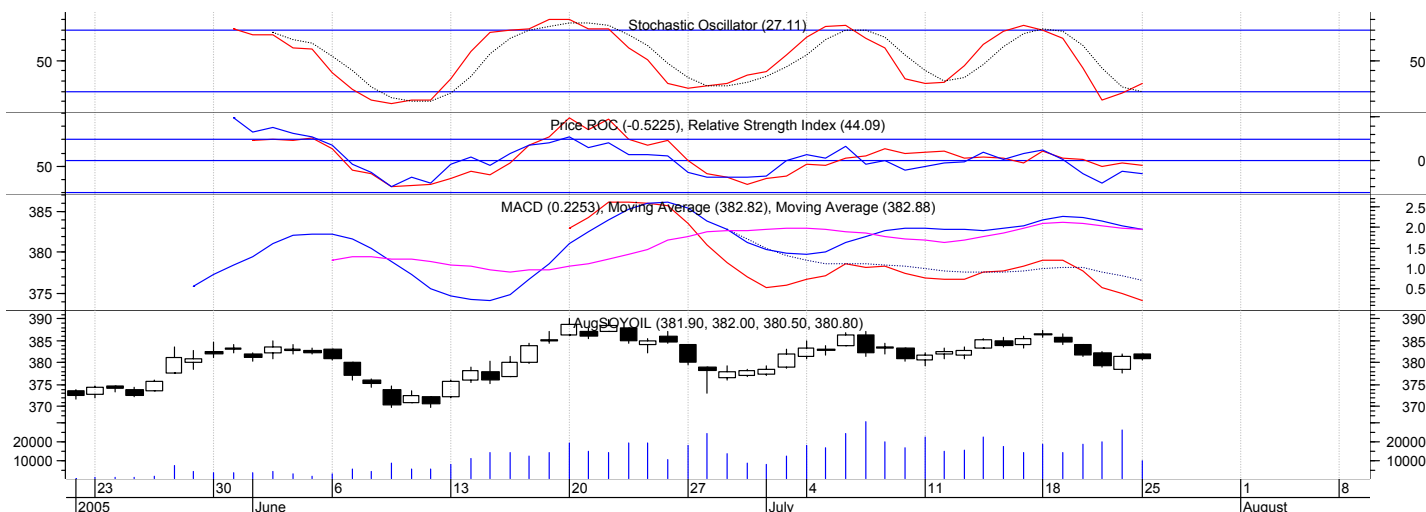
Abbreviations:

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):

A drier and potentially hot forecast into early August for the Midwest helped support speculative and fund buying early in the session. Ideas that the market is oversold after the collapse this week helped support some short-covering strength as well.

While the wet weather this week for many parts of the US might support improving crop conditions for the week, some traders are still concerned that the hottest weather in 6 years moving into the Midwest this weekend and early next week will quickly deplete soil conditions and leave the crops in need of more follow-through moisture into early August.

While there are some showers in the forecast for the middle of next week with the move to lower temperatures, a drier and warmer trend on the 6-10 day outlook helped provide underlying support. Forecasts for extremely hot temperatures in the Midwest underpinned trade, along with some positioning ahead of the weekend. After a week of sharp losses, short covering was a feature of early trade.

A sharp break in Malaysia palm futures overnight and slow demand for US soybeans and products helped limit the support. In addition, a stronger US dollar was also seen as a limiting factor.

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Buyers in soybeans include CIS buying 300 November; Goldenberg Heymeyer buying 800 November; and DT Trading buying 300 November. Sellers include ADM, and ABN Amro each selling 200 November; Bunge selling 400 November; Calyon selling 500 November; O'Connor selling 700 November; Refco selling 600 November; and UBS selling 600 November.

The US soybean is expected improve marginally amidst bullish undertone growing expectation of dry weather in US.

CBOT Soy oil futures as 22 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	24.31	24.55	24.65	24.37	+0.20	24.51
Aug'05	24.40	24.65	24.71	24.43	+0.18	24.58
Sep'05	24.44	24.75	24.77	24.46	+0.25	24.69

CBOT remains closed on Saturday and Sunday.

Continuation chart of CBOT (Soybean Oil)

South American Soybean Market

August South American soybeans closed 14 1/2 cents lower. Traders remain focused on the US weather situation, and factors regarding demand or longer-term supply for Brazilian beans have moved to the back burner.

The massive speculative liquidation pressures on the US market are less of a factor for the South American market, and this has helped drive the US market to a discount to South American from a 50 1/2 cent premium on July 5th.

The Brazil government released 3 billion real (\$1.3 billion US) credit to grain producers to help restructure debt to the fertilizer industry. Fertilizer sales were down 27.9% from last year for the first half of 2005, and there is more and more talk that Brazil

planted area for the coming year will be down for the first time in years.

The China currency shift looks to be a more positive factor for Argentina exports to China as compared with Brazil.

The market is likely to remain extremely sensitive to weather developments, as the crops go into the key growing season in August with general conditions somewhat below average. The market will need weather which can bring on average to above average yields in order to see further weakness ahead, as below normal yields this season could trigger a significant tightening of the ending stocks outlook.

Crop conditions could improve for the week ending Sunday, and there is some rain in the forecast for the middle of next week, but overnight weather maps were a bit warmer and drier for the extended outlook. After 3-5 days of intense heat, it will be important to see good rains next week in the southern and western sections of the Corn Belt in order to keep crop conditions favorable.

Even with poor weather in July, normal weather in August can improve crop conditions dramatically and bring yields in above average. However, any indications of a return to hot and dry weather that could stress the soybean crop into mid-August could trigger a quick resumption of the uptrend.

The longer-term weather maps yesterday showed a shift to normal temperatures and normal precipitation into early August, and traders believe that soybean crop conditions would improve under this scenario. However, the overnight maps look a bit more threatening with some heat and potentially drier weather into early August, which should stem the fund selling over the near term and support a bounce today.

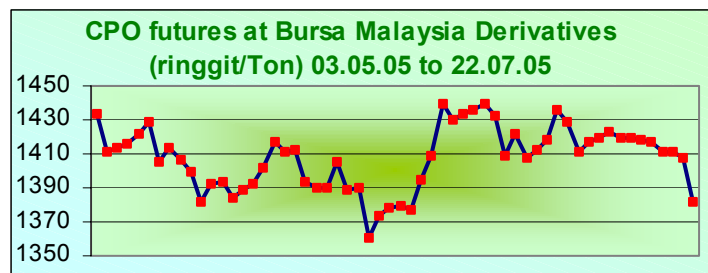
The Latin American soybean market is expected to continue range bound on the positive side amidst expected dry weather in the coming days and resurgence of Chinese demand.

KLCE (Malaysian Palm Oil):

KLCE market remained closed on regular weekend holiday. It will reopen on Monday (25.07.05).

KLCE CPO Futures (22.07.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1406	1389	1394	1378	-27	1379	639
Sep '05	1407	1389	1396	1378	-27	1380	2161
Oct '05	1408	1390	1398	1378	-26	1382	5788



Domestic:

Palm oil

The domestic palm oil market today continued range bound amidst lack of support from the domestic markets and continuing low retail demand.

The Malaysian markets today remained closed on its regular weekend holiday. The Malaysian market is at present weak lack of concrete support from the global market. It lowered sharply as its currency was revalued and strengthened against the US dollar, which lead to the sharp fall in the palm oil prices at the Malaysian exchange (KLCE). But, this falling sentiment would be restrained if it receives significant support from the US soybean market at the CBOT screen trade. Following the sentiments in the international palm oil market the trading in the domestic market continued range bound weak trade.

The import quantum has increased almost gradually. In the month of July (till 23.07.05) the country has imported about 1.80 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 362.50 per tonnes and RBD Palmolein at \$ 392.50 per tonne.

The price for palm oil in the market is expected to improve marginally on Monday as the market is expected to get partial support from the other edible oils.

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

Centres	23.07.05	22.07.05	Change
Kandla CPO (5 % FFA)	329	329	0
Mumbai CPO (5% FFA)	330	330	0
Kandla RBD Palmolein	360	360	0
Mumbai RBD Palmolein	367	368	-1
Chennai RBD Palmolein	365	368	-3
Kakinada RBD Palmolein	365	367	-2

Soy oil

The domestic market opened marginally firm but continued range bound for the day amidst growing buying support and declining crop weather in the US.

The revaluation of Chinese currency is bound create favourable situation for the US soybean market. Continuing on the screen trading which clearly reflecting the positive the evening trade closed in the positive region providing support to the traders who were sitting bullish regarding the overall price movement. At the time of closure the NBOT august Contract improved marginally but closed unchanged at Rs. 379.60 and the September contract ended at Rs. 383.70 (Up by Rs. 0.40).

The Hazir market continued range bound in the positive region amidst low support from the retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 341 per 10 kg. CNF prices for soy degum (July Shipment) at Kandla were quoted at \$ 511 per tonne.

The market is expected to open range bound and trade positive for Monday amidst expected positive support from CBOT Soybean futures at the screen trade.

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

Centres	23.07.05	22.07.05	Change
Mumbai (Soy ref)	362	362	0
Indore (Soy Ref oil)	375	374	+1
Indore (Soy Solvent Ex. oil)	354	353	+1
Kota (Soy Ref. Oil)	377	377	0
Jaipur (Soy Ref. Oil)	380	379	+1

NBOT Soy oil futures as on 23.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	379.60	380.50	380.70	379.50	0.00	379.60	13110
Sep'05	383.30	N.A	383.70	N.A	0.40	383.70	N.A
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 22.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	379.25	378.50	381.85	377.60	381.45	26080	29820
Sep'05	383.05	382.50	385.70	380.70	385.10	15580	30720
Oct '05	385.05	383.50	387.70	383.50	387.20	4270	4450

Rape oil

The rape oil market today moved range bound on the lower side at the futures amidst indecisive buyers support.

As per the latest development NAFED is expected to come in the market with the open sale pattern. As per the trade sources the NAFED as already an open sale rate of Rs. 1680 for the markets of Rajasthan, Haryana and Punjab. This information is not yet confirmed by the official sources, but if this is true it will significantly pull down the prices in the spot as well as the futures market.

The unsteady progress of sowing of other oilseed crops and continuing dry spell in major growing areas is still helping the prices. In the spot markets the stayed range bound on the lower side amidst lack of retail demand.

Today the new crop arrival reached 0.15 lakh bags in Rajasthan.

The rape oil market is expected to improve marginally on Monday as the buyers' support is expected to grow.

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

Centres	23.07.05	22.07.05	Change
Mumbai (Rape Expeller Oil)	395	398	-3
Kota (Rape Expeller Oil)	391	390	+1
Jaipur (Rape Expeller Oil)	394	392	+2
Neewai (* Kacchi Ghani Rape Oil)	405	405	0
Delhi (Rape Expeller Oil)	417	418	-1

Groundnut oil

Groundnut oil continued range bound at various centres. In all the major markets the prices remained steady as it witness no significant change in the demand.

The uncertain and slow sowing progress, the import of the other competitive edible oil is imparting increased pressure on the domestic groundnut prices. As per the latest report, the sowing of groundnut is still down by 23 %, which is bound to reduce the overall production figures, thereby keeping the bullish trend in the prices in the coming days.

In other edible oil markets, the price movement is not in the position to provide sufficient support. Since the ongoing monsoon season is quite erratic and uneven, the long term prospects for the groundnut oil continues to be favourable.

The domestic market is expected to continue trading range bound on Monday amidst continuing uncertainty and expectation of lower production in the ongoing crop season.

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

Centres	23.07.05	22.07.05	Change
Mumbai	478	480	-2
Rajkot	523	518	+5
Andhra Region	525	530	-5
Chennai	525	528	-3

LATEST WEATHER WATCH (23.07.2005)**Progress of Monsoon**

The off-shore trough running from Konkan Coast to Kerala Coast persists.

A north-south trough runs from Sub-Himalayan West Bengal & Sikkim to northwest Bay of Bengal in the lower tropospheric levels.

An upper air cyclonic circulation lies over north and adjoining central Bay of Bengal extending between 5.8 and 7.6 km above sea level.

The axis of the monsoon trough at sea level passes through Ferozpur, Bareilly, Lucknow, Gaya, Sagar Islands and thence southeastwards to northeast Bay of Bengal.

Southwest monsoon has been active over East Uttar Pradesh and Konkan & Goa. Rain/thundershowers occurred at most places over Orissa and Coastal Karnataka; at many places over Andaman & Nicobar Islands, Sub-Himalayan West Bengal & Sikkim, Uttaranchal, Madhya Maharashtra, Marathwada, Telangana and Lakshadweep and at a few places over Assam & Meghalaya, Gangetic West Bengal, Chhattisgarh, West Uttar Pradesh, Punjab, East Madhya Pradesh, South Interior Karnataka and Kerala. It was isolated over rest regions of the country outside Rajasthan, West Madhya Pradesh and Rayalaseema where weather was mainly dry.

Forecast for next 24 hours

Rain/thundershowers are likely at many places over Andaman & Nicobar Islands, Konkan & Goa, Madhya Maharashtra, Coastal Andhra Pradesh, Telangana and Coastal Karnataka and at a few places over northeastern States, Uttaranchal, Himachal Pradesh, Uttar Pradesh, Interior Karnataka, Rayalaseema, Kerala and Lakshadweep. It may be isolated over rest regions of the country.

Outlook for subsequent two days

A low pressure area is likely to form over north Bay of Bengal. Under its influence rainfall activity is likely to increase over eastcentral and adjoining Peninsular India. Ongoing rainfall activity along West coast is likely to continue.

Warning

Heavy to very heavy rainfall likely at isolated places over Konkan & Goa and Coastal Karnataka. Isolated heavy rainfall is also likely over Coastal Andhra Pradesh and Andaman & Nicobar Islands.

Agricultural Activities

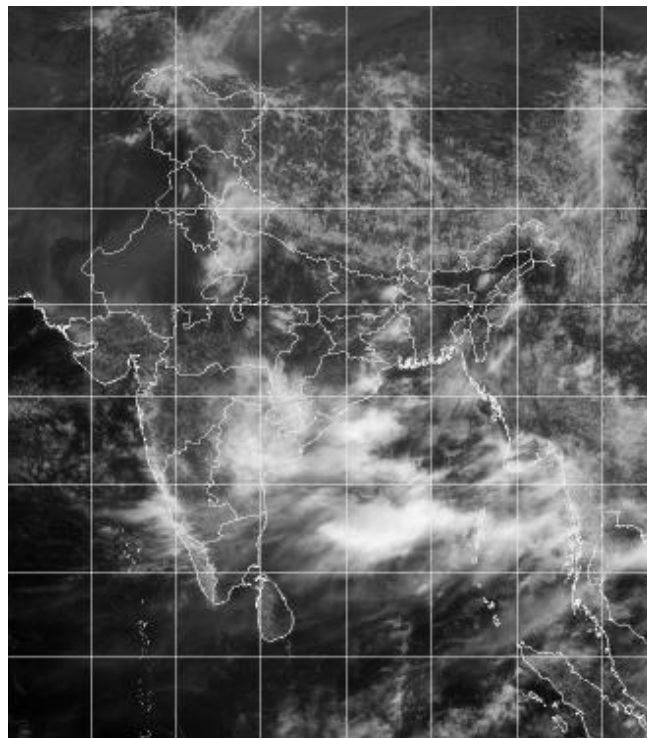
Moderate to heavy rainfall received in Vidarbha region of Maharashtra during past few days. Crops are germinated and at present conditions of crop is satisfactory. As on 15th July, the area sown under important kharif crops like sorghum, cotton, green gram and black gram is 62,64,61 and 64 percent of normal area, respectively. Area sowing under each crop has been picked up during last 4-5 days due to receipt of rains. The growth of paddy seedlings in nurseries is quit satisfactory. In case of early sown nurseries, the transplanting has started and conditions are favorable for puddling and transplanting.

Moderate to heavy rainfall has occurred in Kerala during past few days. The highest rainfall (295.4 mm) has occurred at Vythri on

7th July. Virippu rice crop is in active tillering to panicle initiation stage. Crop damage has been reported in northern districts due to heavy rainfall on 10th July. The conditions of the crops like coconut, arecanut, black pepper, nutmeg, vanilla are good. Mild infestation of sheath blight on paddy, mahali on arecanut, quick wilt on black pepper, pseudo stem weevil on banana and sigatoka leaf spot on banana was observed in central zone of the state.

Latest satellite Image of Monsoon Progress

(23.07.2005, 03.30 PM)

**PORT-WATCH (Latest)**

'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 3,500 MT of CPO is continuing at Kandla Port from the vessel 'Global Themis'. The cargo was loaded from Indonesia. Forbes Gokak agents is handling the vessel.

Delivery of 5,500 CPO is continuing at Mundra Port from the vessel 'Thressa II'. Interocean agents is handling the vessel. Mundra Port is receiving 41,000 MT of SBO from the vessel 'Red Point'. The vessel is being handled by Interocean agents.

'Golden Dream' has berthed at Kakinada Port and continues to discharge 6,000 MT of CPO. The port is expecting 'Mega Crown No.1' to deliver 2,000 MT of CPO.

Kolkata Port is receiving 6,000 MT of CPO from the vessel 'MMM Jackson'. The vessel is being handled by Seaport agents. The port is expecting 'Bow Maastad' from Brazil to deliver SBO. Alfa agents will be handling the vessel. Delivery of 6,000 MT of CPO is expected at the port from the vessel 'Ocean Ace'.

'Belsize Park' is expected at Mumbai Port to discharge 9,000 MT of CPO. JM Baxi agents will be handling the vessel.

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	Global Themis	3500	CPO	Arrived
	Commuter	16500	SBO	Arrived
Cochin	Eastern Eminity	3000	Palm oil	Expected
Chennai	Ace I	6000	Palm oil	Expected
Kolkata	MMM Jackson	6000	CPO	Arrived
	Ocean Ace	6000	CPO	Expected
Mumbai	Belsize Park	9000	CPO	Expected
Mundra	Red Point	41000	SBO	Arrived
	Thressa II	5500	CPO	Arrived
Kakinada	Golden Dream	6000	CPO	Arrived
	Mega Crown I	2000	CPO	Expected

Forex Rates**(As on 23.07.2005)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.50
Malaysia	Ringgit	11.51
European Union	Euro	52.48
United Kingdom	GBP	75.61
Japan	100 Yen	39.08

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