

VEGOIL

29th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Improved Significantly Amidst Expectation of Dry Weather in Coming Days
- South American Soybean Improved Further on Unfavourable Crop Weather in US
- BMD CPO Futures Traded Range Bound Amidst Lack of Concrete Trading Directions
- Soybean Oil Prices Declined Sharply Amidst Intense Selling Pressure at Indore

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 376.25, which is significantly lower than yesterday's close. Market opened weak and declined further lower amidst increased selling pressure.

The 7-day MA continued lower 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 7 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 1.43%, and has ranged from a high of 384.05 to a low of 375.16.

The 9-days Price ROC today declined marginally in the negative region to the level of -2.602 pointing downward, indicating increased uncertainty in the market prices. The 9-day RSI also moved down in the neutral region to a level of 34.21 supporting the downward trend in the prices.

The % K-line continued to move lower in the neutral region along with the % D-Line indicating declining sentiments in the prices.

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

Market advice:

Market is expected to open lower but improve as the day progress for Saturday.

Do not make new entry in the market.

Long-term sentiments continue to be bullish.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Aug' '05	372.90	371.80	374.80	376.20
NCDEX	Aug' '05	374.80	372.60	378.10	379.30

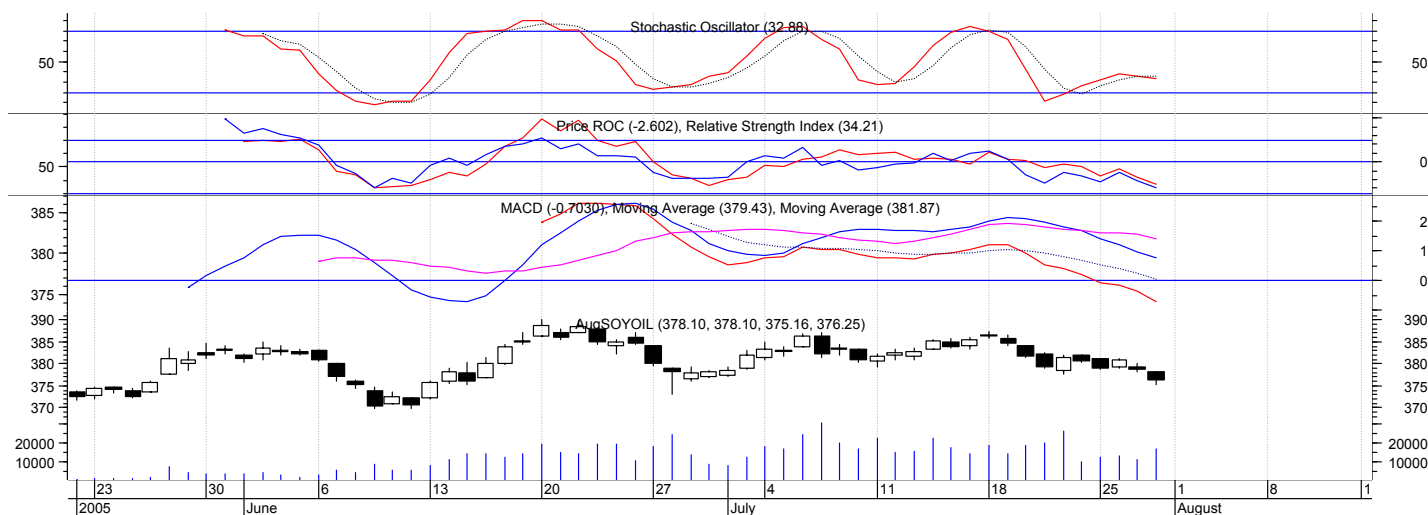
Abbreviations:

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 on the Chicago Board of Trade ended Thursday's session to the upside, underpinned by weather related crop concerns attributed to heat and dryness rebuilding in the Midwest during the next week.

The lack of rain in the 10 day forecast along with increased sensitivity to the potential for a lower than average yield helped support active speculative buying early in the session.

Crush came in at 131.72 million bushels from trade estimates near 131 million bushels. Oil stocks (1.84 billion pounds) and meal stocks (241,489 tonnes) came in as expected. Weekly export sales for soybeans came in at 2,800 metric tonnes as compared to trade expectations for 50,000-100,000. Old crop sales showed a cancellation of 62,800 tonnes. As a result, cumulative sales have reached 99.6% of the USDA forecast as compared to 102.7% on average over the last five years.

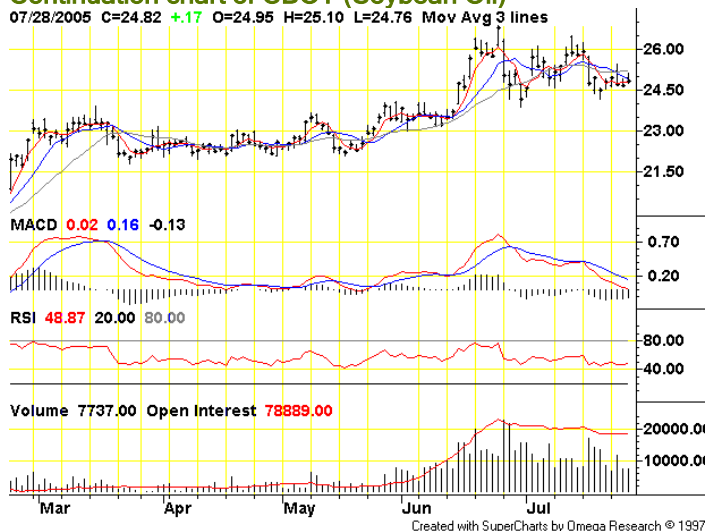
Meal sales came in at 110,400 metric tonnes as compared to trade expectations between 30,000-70,000 tonnes and oil sales were 1,000 metric tonnes as compared to trade expectations for 1,000-6,000.

The market remains worried about new crop production with a tight projected 2005-06 balance sheet, and until we see some fundamental change in weather.

In trades, Calyon Financial, RJ O'Brien and Refco each bought 500 November, Man Financial bought 600 November, and Tenco bought 400 November. ADM Investor Services and Refco each sold 300 November, and Cargill sold 500 November.

The US soybean is expected to continue range bound on the higher side amidst expected dry weather conditions in the coming days.

Continuation chart of CBOT (Soybean Oil)



CBOT Soy oil futures as 28 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Aug '05	24.31	24.43	24.72	24.40	+0.19	24.50
Sep '05	24.39	24.39	24.81	24.39	+0.19	24.58
Oct '05	24.48	24.78	24.87	24.61	+0.21	24.69

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November South American soybeans closed 3 cents higher on the session. If the US soybean market determines that a weather premium is necessary for the August time frame ahead, world values could improve, but South America cash markets may get hit with extra selling from producers who may have been holding out for higher prices.

Threat to supply in the US may also jump start a stronger demand period in Brazil as end users extend coverage just in case crop conditions deteriorate in August. Improving crop weather is necessary for the US to avoid below normal yields and a tight ending stocks situation.

Strong world demand from positive growth has provided underlying support to the market, but there are some demand concerns developing if there are significant changes ahead for poultry or pork industries in Asia.

Traders are also keeping an eye on bird flu developments and stories from China of 24 human deaths from a mysterious pig disease. China officials believe the disease is swine flu, but a 20% mortality rate and other factors have many scientists unsure of the source.

While the hefty rain totals across much of the Midwest this past week brought soybean prices to the low end of the recent 2-month trading range, the lack of rain in the forecast with increasing temperatures into early August is seen as a potential threat to yield. While crops are in a position to see improvement even without rain for the next week, the lack of rain in week two with temperatures in the Midwest moving back into the 90's helped to provide underlying support.

If yield dips to 38 bushels per acre and usage estimates are left unchanged, the ending stocks forecast could drop to 71 million bushels as compared with 290 million bushels this season. Both of these ending stocks estimates are capable of driving prices higher, and a 38 bushel per acre yield could equate to the \$8.00-\$10.00 region.

There is also talk of lowering the harvested acres forecast. The point of the what if exercise is to illustrate the need for continued good weather into mid-August to achieve normal yields, or else the market will remain extremely sensitive to weather.

The Latin American soybean market is expected to continue marginally in the bullish region for the long and medium term amidst growing uncertainty in crop weather of US and increasing global demand.

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.

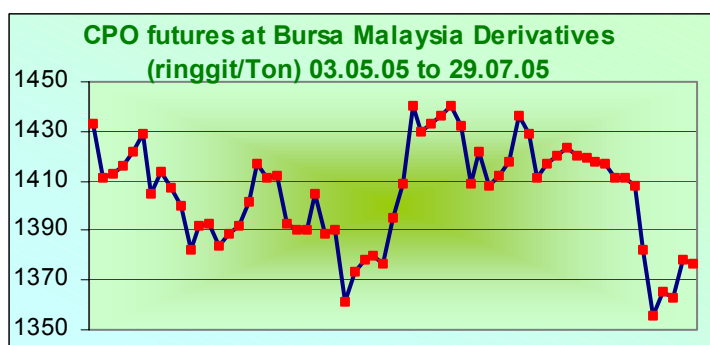
As earlier estimates for the July 1-10, July 1-15, July 1-20 and July 1-25 periods have consistently indicated an on month drop of about 20 to 25%, the full month figures are likely to show a similar trend. Production is expected to be higher in July and stay strong in subsequent months because of seasonal 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 (29.07.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1368	1365	1366	1361	-7	1361	303
Sep '05	1374	1377	1377	1369	0	1374	815
Oct '05	1378	1378	1378	1371	-1	1377	1554



Domestic:

Palm oil

The domestic palm oil market traded range bound amidst lack of support from the international markets and consistently declining retail demand.

Crude palm oil futures on the Bursa Malaysia Derivatives ended little changed on Friday after yet another uneventful, range-bound trading day, with a lack of fresh leads keeping participants on the sidelines. 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..

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 29.07.05) the country has imported about 2.08 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 360.00 per tonne and RBD Palmolein at \$ 395.00 per tonne.

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

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

Centres	29.07.05	28.07.05	Change
Kandla CPO (5 % FFA)	326	326	0
Mumbai CPO (5% FFA)	329	329	0
Kandla RBD Palmolein	357	359	-2
Mumbai RBD Palmolein	365	364	+1
Chennai RBD Palmolein	358	360	-2
Kakinada RBD Palmolein	359	360	-1

Soy oil

The domestic market opened range bound and traded significantly on the lower for most of the day amidst lack of support from the buyers and intense selling pressure at Indore Exchange.

The international market traded mixed with the screen trade partially supporting the domestic trade. The US market is expected to trade range bound in the positive territory, as today is the clearing day for the June month. At the time of closure the NBOT august Contract declined significantly and closed at a level of Rs. 373.80 (Down by Rs. 2.30) and the September contract ended at Rs. 379.00 (Down by Rs. 1.60).

The Hazir markets continued trading marginally lower amidst declining support from the retail demand and sharp fall at futures.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 337 per 10 kg. CNF prices for soy degum (July Shipment) at Kandla were quoted at \$ 518 per tonne.

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

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

Centres	29.07.05	28.07.05	Change
Mumbai (Soy ref)	359	358	+1
Indore (Soy Ref oil)	371	372	-1
Indore (Soy Solvent Ex. oil)	350	352	-2
Kota (Soy Ref. Oil)	372	374	-2
Jaipur (Soy Ref. Oil)	374	375	-1

NBOT Soy oil futures as on 29.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	376.10	375.50	375.50	373.30	-2.30	373.80	26000
Sep'05	380.60	380.20	380.50	378.50	-1.60	379.00	6070
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

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

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	380.85	379.20	380.00	378.20	378.60	11340	29070
Sep'05	384.10	382.70	383.20	381.55	382.35	9670	31570
Oct '05	386.10	384.70	385.10	383.60	384.25	2570	6660

Rape oil

The rape oil market today lowered slightly in the spot as well as in the futures markets amidst consistent decline in the retail demand.

NAFED has already an open sale rate of Rs. 1700 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 on the lower side amidst lack of fresh trading initiatives from the retail traders.

Today the new crop arrival 0.15-0.20 lakh bags in Rajasthan.

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

Rape oil - Spot Market Price	(Rs. per 10 kg)		
Centres	29.07.05	28.07.05	Change
Mumbai (Rape Expeller Oil)	395	395	0
Kota (Rape Expeller Oil)	385	390	-5
Jaipur (Rape Expeller Oil)	388	395	-7
Neewai (* Kacchi Ghani Rape Oil)	402	403	-1
Delhi (Rape Expeller Oil)	410	408	+2

Groundnut oil

Groundnut oil declined marginally at various centres amidst significant losses at other edible oil futures.

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 still down by 19 per cent and the late sowing done for groundnut is also bound to reduce the overall production prospects.

In other edible oil markets, the price movement is providing no major support. The trade in the other edible oil markets is declining day by day leading to further uncertainty in the prices and low retail demand.

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

Groundnut oil - Spot Market Price	(Rs. per 10 kg)		
Centres	29.07.05	28.07.05	Change
Mumbai (Excluding VAT)	382	379	+3
Rajkot	510	520	-10
Andhra Region	525	528	-3
Chennai	523	525	-2

LATEST WEATHER WATCH (29.07.2005)

Progress of Monsoon

Yesterday's low pressure area over northwest Bay of Bengal off Gangetic West Bengal coast has concentrated into a depression and now lies over northwest Bay of Bengal off Orissa coast today morning at 0830 hours IST with its centre close to Balasore. The system is likely to move in a west-northwesterly direction.

The other low pressure area over Northwest Madhya Pradesh and neighbourhood moved west-northwestwards and merged with the seasonal low over Pakistan. The associated upper air

cyclonic circulation now lies over north Gujarat & adjoining southwest Rajasthan and extends between 0.9 & 5.8 km above sea level.

The cyclonic circulation over West Rajasthan and adjoining Pakistan has merged with the above system.

The off-shore trough now runs from Goa to north Kerala Coast.

The axis of the monsoon trough at sea level passes through Bikaner, Jaipur, Kanpur, Ranchi, centre of the depression and thence east-southeastwards.

Outlook for subsequent two days

Rainfall activity over Central India is likely to increase considerably.

Slight increase in rainfall activity over northwest India is also likely.

Outlook for subsequent 72 hours

NORTH: Rain/thundershowers likely at many places over Himachal Pradesh and Uttaranchal and at a few places in the rest region.

EAST: Rain/thundershowers likely at most places over Orissa and Chhattisgarh; at many places over Gangetic West Bengal and Jharkhand and at a few places in the rest region. Increase in rainfall activity over East Madhya Pradesh on 1st August.

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

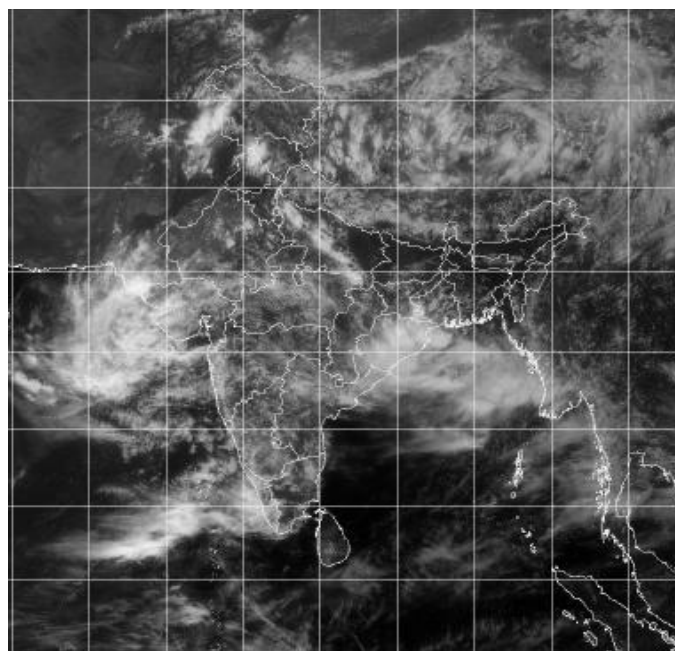
WEST: Rain/thundershowers likely at most places over Saurashtra & Kutch at many places in Gujarat Region, south Rajasthan, Konkan & Goa and Madhya Maharashtra and at a few places in the rest region.

Warning

Heavy to very Heavy rainfall likely at a few places over Orissa, Chhattisgarh and Saurashtra & Kutch. Isolated heavy rainfall also likely over Gujarat Region, Konkan & Goa, Madhya Maharashtra, Coastal Karnataka, Gangetic West Bengal, Jharkhand and Kerala.

Latest satellite Image of Monsoon Progress

(29.07.2005, 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 29.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.45
Malaysia	Ringgit	11.58
European Union	Euro	52.74
United Kingdom	GBP	76.31
Japan	100 Yen	38.75

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