

VEGOIL

21st July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Recovered Marginally on Late Buyers Support
- South American Soybean Futures Traded Low on Massive Speculative Liquidation Pressures
- BMD CPO Futures Ended Marginally Lower After Yet Another Lacklustre, Range-Bound Day
- Soybean Oil Prices Dipped Further Lower on Increased Panic Selling

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 379.10, which is sharply lower than yesterday's close. Market opened weak and declined further for the day amidst sharp fall in the US soybean complex futures at the screen trade and increased panic selling at the domestic exchanges.

The 7-day MA moved significantly lower hinting to the rising weakness in market prices. The 14-day MA also turned lower indicating the declining strength in the current price trends.

Currently the MACD is bearish since it is trading below its signal line 1 period(s) ago. Since the MACD crossed below its moving average, August soy oil's price has decreased 0.68% and has ranged from a high of 384.05 to a low of 378.90.

The 9-days Price ROC today declined sharply entering the oversold region to the level of -0.7072 pointing downward, indicating significant decline in strength of market prices. The 9-day RSI also moved further lower in the neutral region to a level of 37.47 confirming the declining strength in the prices.

The % K-line dipped further lower entering the oversold region along with the lower % D-Line indicating growing weakness trends in the prices.

The candlestick is confirming the weak opening and lower trade for Friday.

Market advice:

Market is expected to open and trade lower for Friday.

Sell 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	379.80	376.50	381.20	382.40
NCDEX	Aug' '05	377.00	375.90	380.50	381.80

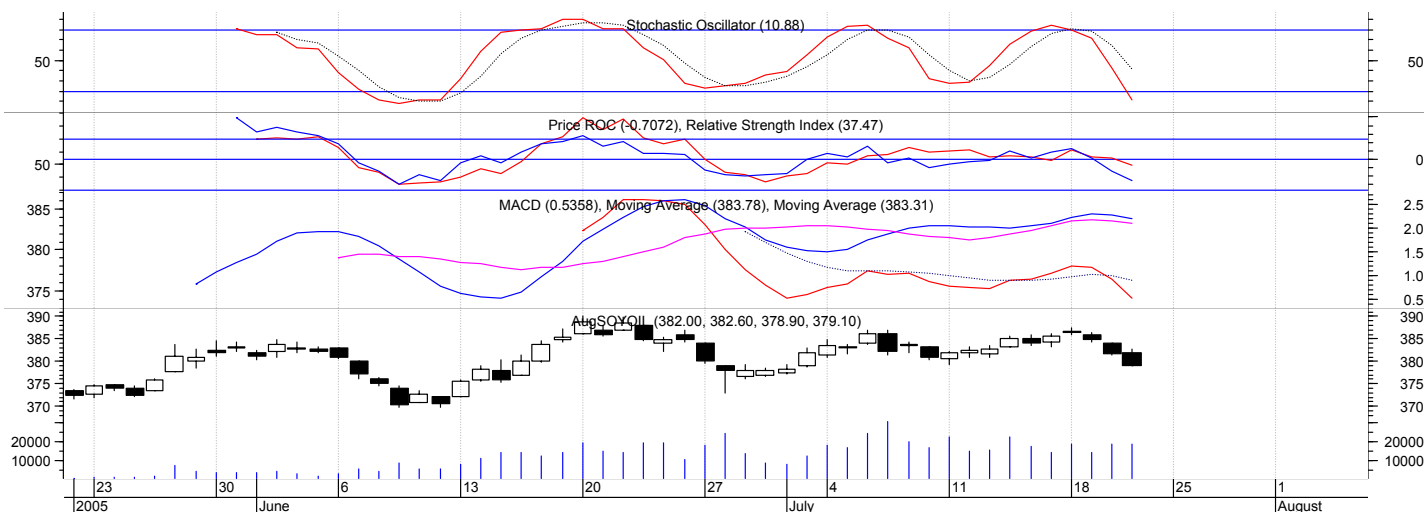
Abbreviations:

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 Wednesday, managing to retrace earlier losses amid moderating weather forecasts and after speculative-led selling ran its course.

Fund traders were active sellers early in the session but some commercial buying support emerged to establish the early lows. The sharp rally off of the lows and close above the opening and higher on the day helped improve the technical picture slightly and slowed fund selling activity.

Traders are expecting good rains in the Midwest for the next few days and then more rains beginning Tuesday of next week. A hot and wet outlook (the greenhouse effect) could boost crop conditions for the week in spite of forecasts for temperatures to hit 100 degrees on the weekend for parts of the western cornbelt and into northern Illinois.

For the weekly export sales report, released before the opening, traders are looking for soybean sales near 75,000-175,000 tonnes, meal sales near 50,000-100,000 tonnes and oil sales near 1,000-6,000 tonnes.

In pit trades, Cargill bought 1,000 November, ABN Amro bought 1,000 November, Citigroup, Merrill Lynch and Goldenberg Hehmeyer each bought 500 November, Refco bought 1,200 November, and Tenco bought 500 August. On the sell side, Cargill Investor Services sold 1,000 November, Man Financial sold 1,200 November, Rand Financial sold 800 November, Refco sold 1,200 November, and UBS Securities sold 1,500 November.

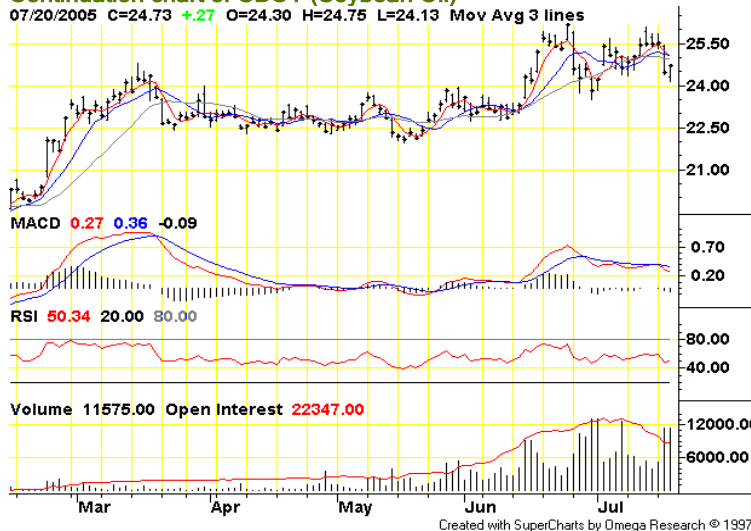
The US soybean is expected to continue range bound with bullish undertone growing uncertainty in the weather forecasts and lack of new export potentials.

CBOT Soy oil futures as 20 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	24.46	24.30	24.75	24.13	+0.27	24.73
Aug'05	24.61	24.32	24.84	24.20	+0.21	24.82
Sep'05	24.66	24.42	24.88	24.29	+0.22	24.88

CBOT remains closed on Saturday and Sunday.

Continuation chart of CBOT (Soybean Oil)



South American Soybean Market

August South American soybeans closed 30 cents lower on the session yesterday at 686 1/2. Volume was slow with traders trying to determine how much liquidation might occur in the soybean pit with both small spec and fund traders as active sellers.

A general feeling that the weather threat to the US crop has peaked and that more normal weather in August will help improve crop conditions helped trigger the aggressive selling.

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 from a 50.5 cent premium on July 5th. The market remains under the negative technical influence of the reversal on Thursday (new contract high and lower close).

The selling was triggered by: 1) rain on Monday in Iowa, which helped benefit conditions ahead of this weekend's heat blast, 2) ideas that northern and central Illinois will also receive a good rain ahead of the heat and 3) ideas that the weather trend will shift into early August with more normal rains and normal temperatures which would boost crop conditions going into the key reproduction period in August.

Demand factors remain weak with the high US dollar, a weak China short-term demand setup and cheaper prices in Brazil helping to keep the export tone weak. Iran bought 35,000 tonnes of soyoil from Brazil overnight. The USDA indicated yesterday that cloudy, warm and humid weather in Arkansas, Missouri, Kentucky, Tennessee and parts of Ohio and Illinois are ideal conditions for the spread of Asia rust over the next several days. New cases have been found in Georgia, Florida and Mississippi in the past few days.

Overnight rains in Iowa moving into northern Illinois and Wisconsin this morning look to bring higher than expected rain amounts to the region.

The Latin American soybean market is expected to continue range bound amidst uncertain demand prospects.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended marginally lower after yet another lackluster, range-bound day, as uncertainty over long-term market direction continued to sideline participants.

The contract's daily percentage change over the past two weeks has been no more than 0.5%, with volumes often well-below average levels. Data issued by cargo surveyors Wednesday showing a drop of about 25% on month in Malaysian palm oil exports in the first 20 days in July had little impact, as market players were already bracing for weak exports this month.

Participants are waiting for clearer indication on how supply and demand are likely to fare in the coming months. Palm oil production typically peaks during the July to October period due to seasonal reasons. However, this year's second-half production prospects may not be so predictable.

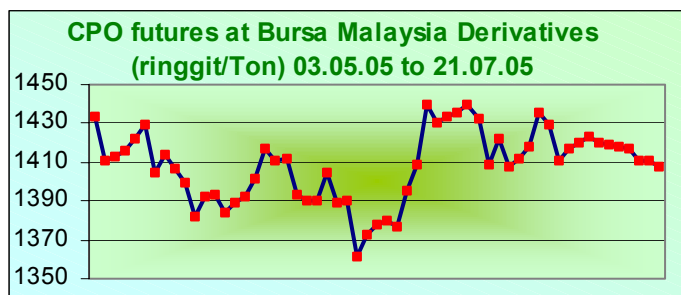
Unusually strong first-half production has fueled ideas that crop stress may set in during the second half. On the demand side, an export were strong in the earlier part of the year, but have been slowing since last month and is unclear that the demand would recover or slow down further in the latter part of the year.

Volatile U.S. soy complex prices amid changing soybean crop weather conditions have also further fueled the uncertain mood in the palm oil market. Prices of palm oil products in the Malaysian cash market were little changed in slow trading.

Malaysian market is expected to continue range bound on the lower side on Friday amidst declining sentiments in the US soybean market.

KLCE CPO Futures (21.07.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1409	1407	1408	1404	-1	1408	437
Sep '05	1410	1410	1410	1405	-3	1407	204
Oct '05	1411	1410	1411	1406	-3	1408	1129



Domestic:

Palm oil

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

The Malaysian markets today continued range bound on the lower side owing to indecisive trade at the CBOT. The Malaysian market is at present weak lack of concrete support from the global market. In the absence of support from the export figures and the fear of increasing production figures, the Malaysian trade is not expected to support the domestic sentiments resulting the continuing range bound weak trade.

The import quantum has increased almost gradually. In the month of July (till 20.07.05) the country has imported about 1.62 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 367.50 per tonnes and RBD Palmolein at \$ 397.50 per tonne.

The price for palm oil in the market is expected to trade marginally low on Friday as the market is expected to get no support from the other edible oils.

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

Centres	21.07.05	20.07.05	Change
Kandla CPO (5 % FFA)	329	329	0
Mumbai CPO (5% FFA)	330	330	0
Kandla RBD Palmolein	360	361	-1
Mumbai RBD Palmolein	371	369	+2
Chennai RBD Palmolein	367	368	-1
Kakinada RBD Palmolein	366	368	-2

Soy oil

The domestic market opened weak, continued range bound for most part of the day, but dipped sharply lower in the last hour of the day amidst increased selling pressure and excessive decline in the US soybean complex market.

The international CBOT market dipped sharply lower on screen trade today creating the over uncertain and weak sentiments in the domestic market. The incidence of rains in Iowa, Indiana and Ohio was the main cause of the weak sentiments resulting in panic selling. At the time of closure the NBOT august Contract dipped significantly to end at Rs. 379.20 (Down by Rs. 2.00) and the September contract ended at Rs. 383.20 (Down by Rs. 1.90).

The Hazir market continued range bound in the negative region amidst declining strength in the 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 \$ 508 per tonne.

The market is expected to open and trade on the lower side for Friday amidst expected sharp decline in CBOT Soybean futures today evening.

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

Centres	21.07.05	20.07.05	Change
Mumbai (Soy ref)	365	366	-1
Indore (Soy Ref oil)	377	375	+2
Indore (Soy Solvent Ex. oil)	356	354	+2
Kota (Soy Ref. Oil)	379	380	-1
Jaipur (Soy Ref. Oil)	380	383	-3

NBOT Soy oil futures as on 21.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	381.20	381.20	381.50	379.20	-2.00	379.20	23780
Sep'05	385.10	N.A	383.20	N.A	-1.90	383.20	N.A
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 20.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	381.20	381.20	381.50	379.20	-2.00	379.20	3000
Sep'05	385.10	N.A	383.20	N.A	-1.90	383.20	33980
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	31050

Rape oil

The rape oil market today continued declining significantly at the futures amidst increased selling in the morning hours, which caused panic in the rapeseed market.

The policy of the NAFED regarding the mustard seed sale is not yet clear. The NAFED could not go through with the tender rate for the sale of mustard seed as the rates quoted is said to be much above the market rate. As per the latest development NAFED is not willing to offer the mustard in the market below Rs. 1700 per quintal and since this rate is well above the current spot market rates, the officials have the internet of waiving for the favourable time and are not in a hurry to sell it at lower rates.

The unsteady progress of sowing of other oilseed crops and declining weather in major growing areas is still helping the prices. In the spot markets the stayed range bound amidst steady demand.

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

The rape oil market is expected to continue trading on the lower side as the buyers' support uncertainty is expected to continue.

Rape oil - Spot Market Price (Rs. per 10 kg)			
Centres	21.07.05	20.07.05	Change
Mumbai (Rape Expeller Oil)	400	400	0
Kota (Rape Expeller Oil)	391	393	-2
Jaipur (Rape Expeller Oil)	394	395	-1
Neewai (* Kacchi Ghani Rape Oil)	407	409	-2
Delhi (Rape Expeller Oil)	417	420	-3

Groundnut oil

Groundnut oil today continued range bound at various centres. In all the major markets the prices remained steady amidst sharp decline in the prices of other edible oils.

The uncertain and slow sowing progress, the import of the other competitive edible oil is also imparting increased pressure on the domestic groundnut prices.

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

Groundnut oil - Spot Market Price (Rs. per 10 kg)			
Centres	21.07.05	20.07.05	Change
Mumbai	485	485	0
Rajkot	523	520	+3
Andhra Region	528	530	-2
Chennai	525	525	0

LATEST WEATHER WATCH (21.07.2005)

Progress of Monsoon

Southwest monsoon has been vigorous over Sub-Himalayan West Bengal & Sikkim and Rayalaseema and active over Arunachal Pradesh, Gangetic West Bengal, Himachal Pradesh, Jharkhand, Bihar and Coastal Karnataka.

The rainfall occurred at many places in Assam & Meghalaya, Sub-Himalayan West Bengal, Gangetic West Bengal, Orissa, Bihar, east Uttar Pradesh, Himachal Pradesh and coastal Karnataka and at a few places in Arunachal Pradesh, Jharkhand, Konkan & Goa, Chhattisgarh, Rayalaseema, south interior Karnataka and Kerala.

Available satellite picture indicates the possible occurrence of rain / thundershowers over eastern Uttar Pradesh, Bihar, Chhattisgarh, Orissa, Maharashtra, Goa, north interior Karnataka, coastal Karnataka, West Bengal, Sikkim, Assam, Nagaland, Manipur, Mizoram, Meghalaya, Tripura and Andaman & Nicobar Islands. Isolated rain / thundershowers are likely to occur over Haryana, Uttaranchal, Jharkhand, Madhya Pradesh, Andhra Pradesh, Kerala, south interior Karnataka, Arunachal Pradesh, Tamil Nadu and north Lakshadweep.

Forecast for next 24 hours

North: Rain/thundershowers likely at many places over Uttaranchal and Himachal Pradesh, at a few places in East Uttar Pradesh and isolated in the rest region.

East: Rain/thundershowers likely at many places over Northeastern States, Bihar, Orissa and West Bengal & Sikkim, at a few places in the rest of the region outside East Madhya Pradesh and Chattisgarh where it may be isolated.

South: Rain/thundershowers likely at many places in Andaman and Nicobar Islands, Lakshadweep, Coastal Karnataka and

Kerala; at a few places over Interior Karnataka and isolated in the rest region.

West: Rain/thundershowers likely at many places over Konkan & Goa and Madhya Maharashtra; at a few places over Marathwada and isolated in the rest region.

Outlook for subsequent two days

Ongoing rainfall activity over Northeastern States, Bihar, Sub-Himalayan West Bengal & Sikkim is likely to decrease. It may enhance along West coast of India. Rainfall activity likely to increase over Gangetic West Bengal, Orissa and north coastal Andhra Pradesh. The subdued rainfall activity likely over remaining parts of the country.

Warning

Heavy to very heavy rainfall likely at isolated places over Konkan and Goa and Coastal Karnataka. Isolated heavy rainfall also likely over Sub-Himalayan West Bengal & Sikkim and Northeastern States.

Agricultural Activities

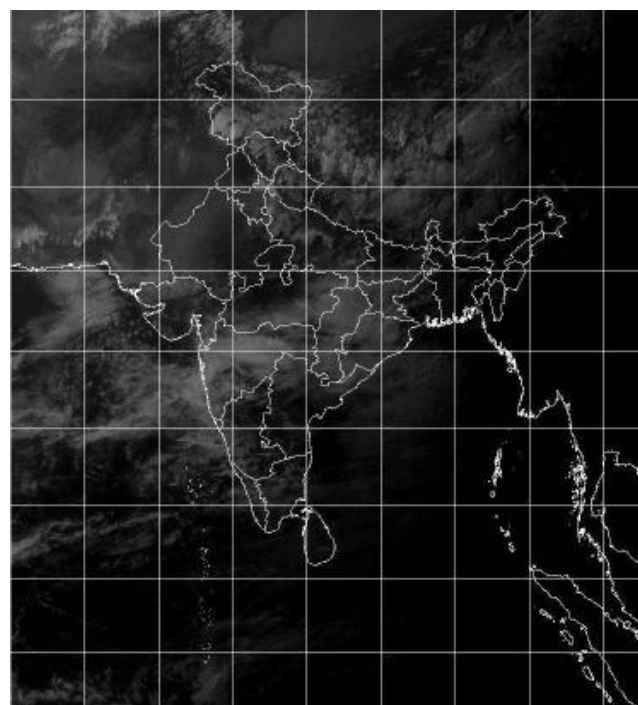
Western Uttar Pradesh received about 120 % of normal rainfall followed by central Uttar Pradesh (80 %) while eastern Uttar Pradesh received only 60-80 % of normal. Sowing of pulses and fodder crops is also in progress.

In Madhya Pradesh, rainfall has occurred above normal during the past few days. Higher rainfall has further delayed the sowing of pulses and oil seeds. Sowing of important crops like soybean has been most seriously affected by the incessant rains, particularly in Eastern and central parts of Madhya Pradesh.

In Andhra Pradesh, 9 districts namely Srikakulam, Vizianagaram, Khammam, Nellore, Vishakapatnam, East Godavari, Krishna, Guntur and Prakasam received below normal rainfall (20 to 60% deficient) the current season. As on 15th July, only 42% of the total cropped area could be sown. The parentage of area sown under different crops is: rice - 80%, Jowar - 55%, Maize - 98%, Green gram - 57%, Groundnut - 24%, Castor - 61% and Cotton - 66%.

Latest satellite Image of Monsoon Progress

(20.07.2005, 03.30 PM)



PORT-WATCH (Latest)

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. 'Zhong Hua 6' from Indonesia has berthed at the port and continues to discharge 5,850 MT of CPO. Atlantic agents is handling the vessel. Kandla Port is receiving 12,000 MT of SBO from the vessel 'EW Hasting'. The cargo was loaded from Brazil. Delivery of 4,000 MT of CPO is continuing at the port from the vessel 'Star Dream'. The cargo was loaded from Dumai. Interocean agents is handling these vessels. 'Commuter' from Brazil is expected at the port to discharge 16,500 MT of SBO. Interocean agents will be 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' is expected at Kakinada Port to discharge 6,000 MT of CPO.

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	EW Hasting	12000	SBO	Arrived
	Global Themis	3500	CPO	Arrived
	Star Dream	4000	CPO	Arrived
	Commuter	16500	SBO	Expected
	Zhing Hua 6	5850	CPO	Arrived
Cochin	Eastern Eminity	3000	Palm oil	Expected
Chennai	Ace I	6000	Palm oil	Expected
Mundra	Red Point	41000	SBO	Arrived
Kakinada	Golden Dream	6000	CPO	Arrived

Forex Rates

(As on 21.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.51
Malaysia	Ringgit	11.46
European Union	Euro	52.84
United Kingdom	GBP	75.82
Japan	100 Yen	38.61

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