

VEGOIL

08th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Declined Sharply on Concerns of Good Rains Due to Progressing Hurricane Dennis
- South American Soybean Futures to Improve in Short Run on Continuing Dry Weather
- BMD CPO Improved Marginally On Expectation of Decline in Palm Oil Production for June
- Soybean Oil Traded Range Bound Amidst Lack of Clear Trading Direction

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX JULY Contract

The July contract closed at **376.50**, 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 continued up hinting to the steady increase in strength in the market prices in the market whereas the 14-day MA continued indicating weakness in the current price trends. Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 2 period(s) ago. Since the MACD crossed its moving average, Soyoil July's price has decreased 0.50% and has ranged from a high of 379.20 to a low of 374.80.

The 9-days Price ROC improved marginally entering the positive region to the level of **1.060**, indicating continuing strength in the market prices. The 9-day RSI also improved marginally in the neutral region to a level of **50.27** confirming the weakness in the prices in the prices.

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

The candlestick is also indicating at the firm opening for tomorrow sentiments in the market amidst bullish prospects still continuing for the long term.

Market advice:

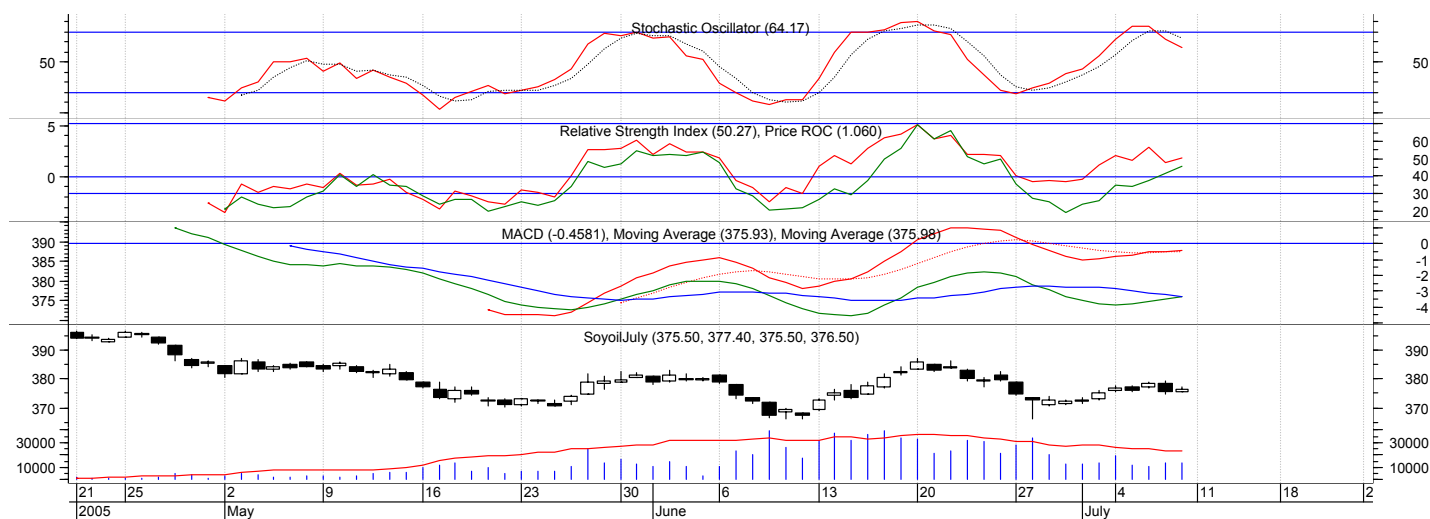
Market is expected to open steady and trade marginally higher on Saturday.

Go long with intra-day as well as long 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	372.60	371.90	374.90	376.40
NCDEX	July '05	375.50	374.30	377.60	378.70



MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

International:

CBOT (US Soybean Oil):

Futures started the session sharply lower, amid general concerns that remnants from Hurricane Dennis could produce enough rain in the eastern Midwest to help alleviate near-term dryness issues. Emotional selling tied to bombings in London and light long liquidation ahead of increased margin requirements for soybeans.

November soybeans fell as far as 677 overnight as the shift in the hurricane track coincided with the terrorist activity in London, which contributed to active fund selling in a wide range of commodity markets.

Weather models assumed a westerly track yesterday and that the hurricane moisture would fall west of Illinois. This morning the track is a little more east, which opens the door (or increases the odds) that the moisture could track straight up to Illinois. The models are using a best guess on the landfall location and the direction of the hurricane when landfall is made.

In soybean trades, Bunge Chicago and Cargill each bought 1,000 November, and Refco bought 1,000 November, while Fimat and Rand Financial each bought 400 November. On the sell side, Cargill Investor Services sold 2,000 November, Rand Financial, Man Financial, O'Connor and Shatkin/Arbor each sold 300 November, RJ O'Brien sold 400 November, Refco sold 500 November, and UBS Securities sold 700 November. Commodity funds were estimated sellers of 3,000 contracts.

The US soybean is expected to continue marginally lower on amidst continued support from the possibility of good rains in the near days.

CBOT Soy oil futures as 07 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	25.00	24.55	25.30	24.55	+0.15	25.15
Aug'05	25.09	24.62	25.35	24.05	+0.10	25.19
Sep'05	25.18	24.80	25.40	24.72	+0.16	25.34

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

Fears that the hurricane track could shift to bring badly needed rains to Illinois turned the trend from higher to lower overnight, and terrorist attacks in London added to uncertainty and contributed to massive volatility in the financial markets.

Firm international demand tone for Brazil soybeans and increased uncertainty for the size of both the US and the upcoming Brazil crop helped to improve the demand tone in Brazil, but the focus of attention for the US market remains on weather.

Traders are also monitoring China's demand for South American soybeans, with the recent break and cheaper freight rates seen as factors, which might entice demand.

Several weather models show the moisture missing Illinois to the west and others show the possibility of the moisture moving up the Ohio valley to the east of Illinois, but as of late yesterday many models kept the moisture away from Illinois, so the odds seem to have increased for some relief.

The delta received good rains with the first tropical storm this week, and producers in Arkansas and Missouri see relief from dryness from the hurricane.

With extended weather models not showing much relief from hot and dry weather, Illinois crop conditions for the week ending July

17th will be highly dependent on the rain or no rain scenario for July 13th.

The Latin American soybean market is expected to trade lower on concerns of the declining trade at CBOT soybean futures but long-term sentiment is still bullish.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended moderately higher Friday after a dull, range-bound trading day devoid of catalysts.

The market has been trapped within that range since mid-June. Apart from some short covering ahead of the weekend, trading interest was poor, as participants mostly stayed on the sidelines to wait for fresh cues.

The market players are waiting for supply and demand data, including the Malaysian Palm Oil Board's monthly report due to be issued Monday, for some leads. However, they said they are skeptical that the figures would provide much guidance on price direction.

There is a general perception that a decline in production by 3% to 5% on month. In May, production totaled 1.3 million tons. Stocks at end-May were also at 1.3 million tons. Market expectations are for MPOB to report a decline in stocks to within the 1.20 million to 1.25 million ton range at end-June.

On Monday, cargo surveyors SGS (Malaysia) Bhd and Intertek Agri Services are also due to release estimates for Malaysian palm oil exports in the first 10 days of July. There was speculation exports may fall to around 350,000 to 380,000 tons in the July 1-10 period, down from about 450,000 tons in the June 1-10 period.

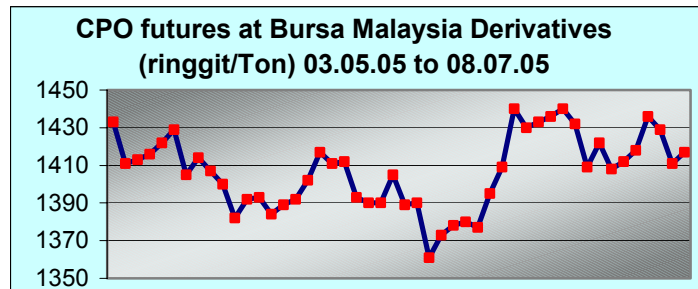
Palm oil market players are closely watching developments in the U.S. soybean industry in the coming week, particularly crop weather conditions and the spread of Asian soybean rust disease. A persistent or severe lack of moisture or widespread rust infections would affect soybean production, which ultimately would be positive for edible oil prices in the longer term.

Palm oil products in the Malaysian cash market moved higher in tandem with CPO futures. But trading activity was slow as buyers remained on the sidelines, awaiting lower prices. Key consumers like China have been quiet this week, as they were well stocked.

The Malaysian market is expected to continue range bound on Monday amidst continuing uncertainty in the US soybean market.

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



Domestic:

Palm oil

The domestic palm oil market today also continued range bound amidst lack of retail demand.

The Malaysian markets improved marginally for the day amidst lack of concrete trading directions and news of the bomb blast in London. The US soybean market also was not able to provide sufficient boot to the sentiments. The market gained some support from the expectation of lower production in the month as per the estimated of the traders.

The import quantum has grown marginally. 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 \$ 400.00 per tonne.

The price for palm oil in the market is expected to continue range bound on Saturday as the market is expected to receive less support from the Malaysian markets and the retail demand is on the steady decline.

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

Centres	08.07.05	07.07.05	Change
Kandla CPO (5 % FFA)	330	330	0
Mumbai CPO (5% FFA)	332	333	-1
Kandla RBD Palmolein	355	356	-1
Mumbai RBD Palmolein	370	369	+0
Chennai RBD Palmolein	369	368	+1
Kakinada RBD Palmolein	368	370	-2

Soy oil

The domestic market opened firm continued range bound for the day amidst wide spread uncertainty in the domestic as well as the US markets.

The international market declined sharply at the CBOT screen trade amidst wide spread uncertainty in the weather caused by the Dennis Hurricane. At the time of closure the NBOT July Contract was trading at Rs. 373.50 (Up by Rs. 0.70).

The Hazir market declined marginally owing to the increasingly uncertain sentiments at the futures and th pressure of expected deliveries at Indore.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 340 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 516 per tonne.

The market is expected to open marginally on the higher side for Saturday on continuing sentiments of today.

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

Centres	08.07.05	07.07.05	Change
Mumbai (Soy ref)	364	365	-1
Indore (Soy Ref oil)	372	374	-2
Indore (Soy Solvent Ex. oil)	349	352	-3
Kota (Soy Ref. Oil)	375	377	-2
Jaipur (Soy Ref. Oil)	375	378	-3

NBOT Soy oil futures as on 07.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Jul'05	372.80	373.80	374.30	372.60	+0.70	373.50	5910
Aug'05	380.90	382.10	383.60	380.80	+1.20	382.10	28650
Sep'05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 07.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul'05	378.40	378.50	379.20	374.80	375.75	13780	22890
Aug'05	386.20	386.25	387.00	381.35	382.25	30670	31850
Sep'05	389.75	390.30	390.55	384.95	385.60	13910	19620

Rape oil

The rape oil market today traded range bound amidst increased panic selling towards the end of the day amidst growing uncertainty in the market.

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.

Today, the rape oil found marginal 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 increased marginally amidst declining supplies.

Today the new crop arrival reached 0.30 lakh bags in Rajasthan and about 0.10 lakh bags in Madhya Pradesh.

The rape oil market is expected to continue trading on higher side for Saturday as the retail supply is expected to be on the declining side.

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

Centres	08.07.05	07.07.05	Change
Mumbai (Rape Expeller Oil)	392	394	-2
Kota (Rape Expeller Oil)	385	380	+5
Jaipur (Rape Expeller Oil)	388	384	+4
Neewai (*Kacchi Ghani Rape Oil)	405	400	+5
Delhi (Rape Expeller Oil)	405	402	+3

Groundnut oil

Groundnut oil today declined marginally at various centres owing increasing uncertainty in the other edible oil markets and declining retail support.

The domestic demand is expected to improve marginally in the coming days amidst growing uncertainty in the cultivation of the new crop.

Currently, sowing has been hampered in the groundnut growing regions of Gujarat and adjoining areas of Madhya Pradesh due to flood.

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	08.07.05	07.07.05	Change
Mumbai	480	475	-5
Rajkot	512	515	-3
Andhra Region	495	498	-3
Chennai	498	500	-2

LATEST WEATHER WATCH (08.07.2005)**Progress of Monsoon**

The rainfall occurred at many places in Orissa, Gangetic West Bengal, west Uttar Pradesh, Haryana, Chandigarh, Delhi, Himachal Pradesh, Punjab, east Rajasthan, Tamil Nadu & Pondicherry, coastal Karnataka, south interior Karnataka and Kerala and at few places in Jammu & Kashmir, Assam & Meghalaya, Uttaranchal, east Uttar Pradesh, Andaman & Nicobar Islands, Vidarbha, Chhattisgarh, Telangana and west Rajasthan.

Maximum and minimum temperatures are below normal or normal at most of the stations. Heavy rainfall (>50 mm) occurred at Amritsar and Hisar; moderate rainfall (20-50 mm) at Aurangabad, Bhagalpur, Hyderabad, Nagpur, Port Blair, Satna and Shillong and light rainfall (< 10 mm) and no rain at remaining stations.

Available satellite picture indicates the possible occurrence of rain / thundershowers over Himachal Pradesh, Punjab, Andhra Pradesh, Goa, Maharashtra, Karnataka, northern Tamil Nadu & Pondicherry, Kerala, Bihar, east Uttar Pradesh, Sikkim, sub - Himalayan west Bengal, northeastern states, south Lakshadweep and Andaman & Nicobar Islands. Isolated rain / thundershowers are likely to occur over Uttaranchal, Haryana, Delhi, west Uttar Pradesh, Orissa, Chhattisgarh, Madhya Pradesh and some parts of Rajasthan.

Forecast Valid for Next 24 Hours

North: Rain/thundershowers likely at many places over Himachal Pradesh and Jammu & Kashmir; at a few places in the rest region outside east Uttar Pradesh where it may be isolated. The rainfall activity over these areas is likely to decrease further.

East: Rain/thundershowers likely at many places over Orissa and at a few places in the rest region outside Bihar and Jharkhand where it may be isolated. Increase in rainfall activity over Orissa and Chhattisgarh on 10th July.

South: Rain/thundershowers likely at many places over north coastal Andhra Pradesh and Telangana and at a few places in the rest region outside south interior Karnataka, Tamil Nadu & Pondicherry where it may be isolated. The rainfall activity will increase over Telangana and coastal Andhra Pradesh on 9th onwards.

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

Outlook for subsequent two days:

Rainfall activity over north peninsular India including Maharashtra is likely to increase slightly. Rainfall activity over northeastern states, plains of northwest and northern India is likely to remain subdued.

Heavy Rains Warning

Isolated heavy rainfall likely over Jammu & Kashmir, Himachal Pradesh and Orissa.

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.

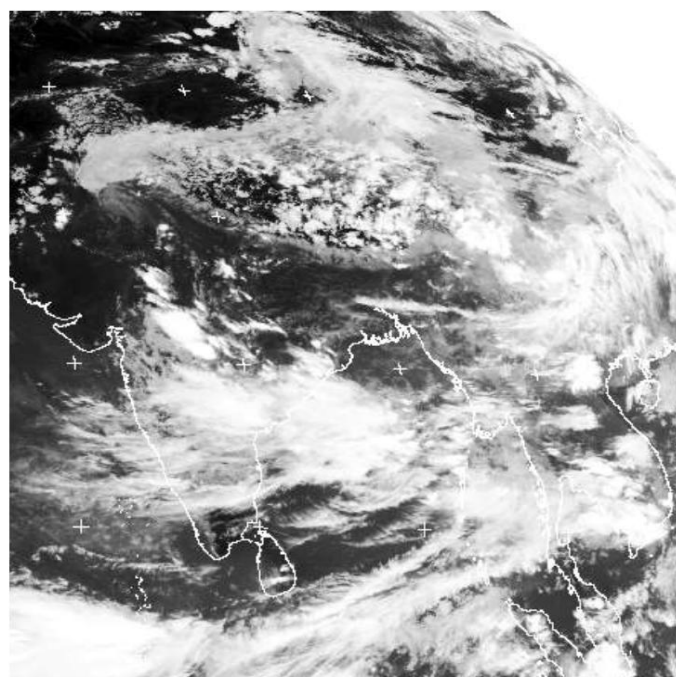
Latest Satellite Image of Monsoon Progress**(08.07.05 - 03.30 PM)**

Figure-1. Latest Available Satellite Picture as on 8th July 2005 at 15:30 Hrs. (IST).

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 08.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.64
Malaysia	Ringgit	11.47
European Union	Euro	52.02
United Kingdom	GBP	75.99
Japan	100 Yen	38.85

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