

VEGOIL

19th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Traded Range Bound on Indecisive Sentiments and Expected Dry Weather
- South American Soybean Futures Traded Lower on Declining Demand from China
- BMD CPO Futures Continued Declining Amidst Growing Uncertainty in Global Market
- Soybean Oil Prices Traded Significantly Lower Amidst Pressure Deliveries at NCDEX

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX August Contract

The August contract closed at 384.50, which is marginally lower than yesterday's close. Market opened range weak and declined for the day amidst increased uncertainty in the international market and increased selling. The retail market is still not supporting the futures market adequately.

The 7-day MA continued higher hinting to the existing in market prices. The 14-day MA also continued upward indicating the continuing strength 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 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has increased 0.14% and has ranged from a high of 387.45 to a low of 383.30.

The 9-days Price ROC declined further entering the negative region to the level of 0.2738 pointing downward, indicating rising strength in the market prices. The 9-day RSI also moved further lower in the neutral region to a level of 54.40 confirming the declining strength in the prices.

The % K-line dipped further lower in the neutral region indicating decline in the along with the % D-Line.

The candlestick is indicating at the weak opening and trade lower for Wednesday.

Market advice:

Market is expected to open marginally weak but trade range bound on the lower side on Wednesday amidst pressure of closure of NCDEX July contract and uncertain international markets.

Sell with short-term outlook. Increased buying support expected at 382.20.

Long-term sentiments continue to be bullish.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Aug' '05	382.10	381.40	384.50	385.40
NCDEX	Aug' '05	383.20	382.20	385.40	386.50

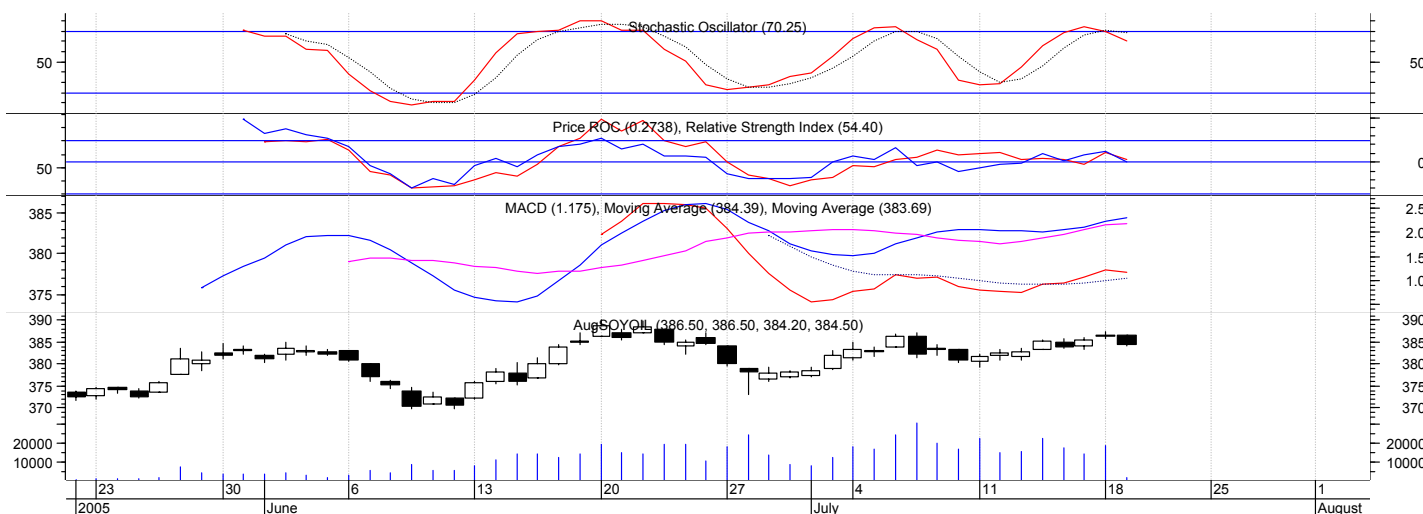
Abbreviations:

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):

Expectations that Iowa, Indiana and Ohio received beneficial rains over the weekend to help cope with a hot and dry week helped pressure the market early. Northern Illinois received some scattered light rains this morning but not enough to slow the crop deterioration of the drought condition.

Traders are expecting crop conditions to decline by about 2% for tonight's weekly crop outlook. In spite of the rally in corn and the forecast for very hot weather for the mid-west for next week, traders continue to view the longer-range maps, which show more normal precipitation and temperatures for the Midwest by August as a bearish development.

The DTN Meteorlogix weather service said temperatures will rebound into the mid to upper 90s Fahrenheit during the balance of this week. Crop stress will continue to be excessive in eastern Iowa through Illinois due to the intense heat and a lack of shower development in this sector of the Corn Belt.

Weekly export inspections came in at 2.49 million bushels as compared with trade estimates for 5-9 million bushels and 11.1 million bushels necessary each week to reach the USDA projection. Cumulative exports have reached 93.1% of the USDA forecast for the season as compared with 94% as the 5-year average for this time of the year.

The market is also finding selling pressure from ideas that both temperatures and precipitation move toward normal in the extended models for near August 1st.

In trades, Cargill bought 900 November, Calyon Financial bought 500 November, Refco bought 600 November, Man Financial bought 500 November and Goldenberg Hehmeyer bought 200 November. On the sell side, ADM Investor Services, Bunge Chicago, ABN Amro and Iowa Grain each sold 300 November, and Cargill Investor Services and Refco each sold 600 November.

The US soybean is expected to remain range bound on expectation of continuing uncertainty in the weather forecasts.

CBOT Soy oil futures as 18 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	25.48	25.53	25.72	25.31	+0.06	25.54
Aug'05	25.62	25.62	25.80	25.41	+0.01	25.63
Sep'05	25.65	26.00	26.00	25.48	+0.07	25.72

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

After a reversal from a contract high on Thursday, August South American soybeans closed 3 cents higher on Friday at 716 but stayed inside of Thursday's range.

The focus of attention is still on threatening weather in the US, but news of weakening demand from China due to declining crush margins and hefty supplies of edible oils in China helped to pressure. A slower Chinese demand tone is coming at a time when their demand is usually focused on Brazilian soybeans.

The excessive volatility should continue in the soybean market over the near term. With some rains today, the soybean crop in

the Midwest will be better equipped to withstand high temperatures and a generally dry outlook for the next ten days.

The longer-term maps into early August, however, show a shift to more normal temperatures and precipitation for the Midwest. A minor dip in yields can leave the price outlook bullish with a significant tightening of US ending stocks. On the other hand, August weather is normally the key to the soybean yield outlook, as poor fields can recover with timely rains during that time.

China's short-term demand for soybeans (due to poor crush margins) and oil (due to hefty near term supply) looks weak and could keep demand slow for South American soybeans and products. While monsoon rains have improved recently for India, soybean areas look to receive less rain over the near term, which might trigger a jump in temperatures.

The Latin American soybean market is expected to continue on the high amidst the weather models for the Midwest predictions of dry and warm cropping weather.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended modestly lower Tuesday after another dull trading day devoid of leads.

The participants remain reluctant to commit aggressively to fresh positions largely due to continued confusion over 2005/06 U.S. soybean productions. The soybean crop in the U.S., the world's biggest producer, is currently in its growing season. Production prospects, therefore, are closely tied to the amount of moisture the crop receives.

The likely size of the coming year's soybean output is still unclear as the critical growing period isn't until August. Concerns about the spread of Asian soybean rust affecting soybean yields have also added to the uncertainty.

Traders said the cautious mood in the palm oil market, therefore, may persist for a few more weeks as participants wait for a clearer picture on the soybean crop. An absence of fresh trading ideas in the palm oil market also kept players on the sidelines.

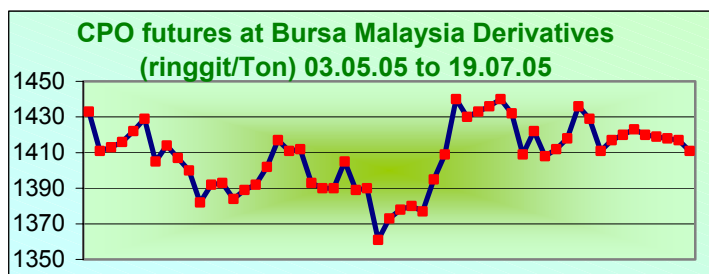
Cargo surveyors SGS (Malaysia) Bhd. and Intertek Agri Services are due to issue Wednesday estimates for Malaysian palm oil exports in the first 20 days of July. The surveyors are likely to report a sharp drop in exports, but the figures aren't expected to have much impact on the market.

A situation of lower exports and higher production in July has already been factored into prices. So, unless we get some figures indicating otherwise, we're probably not going to see much action in this market for a while. Traders are expecting the figures to be about 650000-to-700000 tonnes, down from 850,000-to-867000 tonnes

Trading activity in the Malaysian cash market was also sluggish as buyers stayed on the sidelines due to uncertain price direction. The Malaysian market is expected to continue range bound on the lower side on Tuesday amidst declining exports prospects and uncertain sentiments in the US soybean market.

KLCE CPO Futures (19.07.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1415	1415	1415	1410	-5	1410	373
Sep '05	1415	1415	1416	1411	-4	1411	489
Oct '05	1417	1417	1417	1411	-6	1411	1478



Domestic:

Palm oil

The domestic palm oil market today traded range bound amidst uncertain international support and wide spread uncertainty in the domestic edible oil markets.

The Malaysian markets today continued range bound on the lower side amidst lack of concrete trading directions from the US Soybean market. The Malaysian market is at present weak amidst pressure of the rising end stock and expectation of further decline in the export figures (1-20 July) to be released on Wednesday. In the absence of support from the export figures, which the Malaysian trade is not expected to support the domestic sentiments in a big way resulting the continuing range bound trade in the domestic markets.

The import quantum has increased almost gradually. In the month of July (till 19.07.05) the country has imported about 1.53 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 367.50 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 Wednesday with marginal decline as the market is expected to get no support from the other edible oils.

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

Centres	19.07.05	18.07.05	Change
Kandla CPO (5 % FFA)	330	331	-1
Mumbai CPO (5% FFA)	330	331	-1
Kandla RBD Palmolein	362	362	0
Mumbai RBD Palmolein	371	371	0
Chennai RBD Palmolein	367	368	-1
Kakinada RBD Palmolein	368	368	0

Soy oil

The domestic market opened weak and continued further lower for the day amidst increased selling pressure and lack of clear indications from the international markets.

The international CBOT market was range bound. The expectation of rains in Iowa, Indiana and Ohio weakened the sentiments and the fund traders observed increased selling. At the time of closure the NBOT august Contract was at Rs. 383.80 (Down by Rs. 1.80) and the September contract ended at Rs. 388.00 (Down by Rs. 1.30).

The Hazir market traded range bound in the negative region amidst marginal strength in the futures market.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 342 per 10 kg. CNF prices for soy degum (July Shipment) at Kandla were quoted at \$ 517 per tonne.

The market is expected to open marginally weak for Wednesday but is expected to improve in the afternoon session after the final cut of the July contract at NCDEX.

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

Centres	19.07.05	18.07.05	Change
Mumbai (Soy ref)	368	366	+2
Indore (Soy Ref oil)	377	378	-1
Indore (Soy Solvent Ex. oil)	355	357	-2
Kota (Soy Ref. Oil)	382	384	-2
Jaipur (Soy Ref. Oil)	385	387	-2

NBOT Soy oil futures as on 19.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	385.60	384.50	385.30	383.50	-1.80	383.80	19450
Sep'05	389.30	388.50	389.00	387.80	-1.30	388.00	830
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 18.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul'05	376.65	378.00	378.80	377.50	377.90	6210	11610
Aug'05	385.50	386.50	387.45	385.80	386.30	18550	32570
Sep'05	389.30	390.00	391.15	389.65	390.25	8730	30140

Rape oil

The rape oil market today declined marginally at the futures amidst declining support from the buyers and increased pressure of the closure of the July contract at NCDEX.

The traders are still expressing their concern over the declining supply in the retail market. The regular miller's demand is expected to keep the prices under tight check.

The policy of the NAFED regarding the mustard seed sale is not yet clear. It is going to open the domestic tender prices tomorrow evening by 3.30 PM. The development on that front would seriously affect the price sentiments. If the NAFED offer the traders accept price, then the increased supply would pour in the market leading to further decline in the prices. Though in long run the decline is expected to stabilise.

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 prices moved slightly ahead on amidst increasing demand.

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

The rape oil market is expected to continue trading range bound on the lower side as the buyers' support is expected to decline further.

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

Centres	19.07.05	18.07.05	Change
Mumbai (Rape Expeller Oil)	400	400	0
Kota (Rape Expeller Oil)	392	392	0
Jaipur (Rape Expeller Oil)	395	397	-2
Neewai (* Kacchi Ghani Rape Oil)	408	408	0
Delhi (Rape Expeller Oil)	418	420	-2

Groundnut oil

Groundnut oil today continued range bound at various centres. In all the major markets the prices remained steady amidst stable demand increased uncertainty in the other edible oil markets.

The Gujarat and Mumbai market traded range bound amidst continuing uncertainty in demand while the Hyderabad and Chennai market witnessed marginal decline.

The progress of the current monsoon is still the main cause of the increase in the prices, which is hindering the smooth sowing of the new crop.

Apart from the uncertain and slow sowing progress, the import of the other competitive edible oil is also not in large amount, imparting increased pressure on the domestic groundnut prices.

The domestic market is expected to continue trading range bound on Wednesday amidst continuing uncertainty and delay in the sowing of the new crop.

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

Centres	19.07.05	18.07.05	Change
Mumbai	485	485	0
Rajkot	525	525	0
Andhra Region	522	525	-3
Chennai	518	520	-2

LATEST WEATHER WATCH (19.07.2005)

Progress of Monsoon

A fresh upper air cyclonic circulation lies over central Bay of Bengal between 2.1 km & 4.5 km above sea level.

Yesterday's upper air cyclonic circulation over Telangana & neighbourhood has become less marked.

The other upper air cyclonic circulation over West Uttar Pradesh and neighbourhood has become less marked.

The upper air cyclonic circulation over central Pakistan and adjoining northwest Rajasthan persists extending upto 2.1 km above sea level.

The axis of the monsoon trough at sea level passes through Ferozpur, Patiala and thence along the foothills of Himalayas to Assam.

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

Forecast for next 24 hours

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

East: Rain/thundershowers likely at many places over northeastern states and sub-himalayan West Bengal & Sikkim and at a few places in Bihar and isolated in the rest of the region.

South: Rain/thundershowers likely at a few places in Karnataka and Kerala and isolated in the rest region.

West: Rain/thundershowers likely at a few places over Konkan & Goa, madhya Maharashtra and isolated in the rest region.

Outlook for subsequent two days

Ongoing rainfall activity over northeastern states, sub-himalayan West Bengal & Sikkim, coastal Karnataka and Kerala likely to continue. Subdued rainfall activity over remaining parts of the country likely to continue.

Warning

Heavy to very heavy rainfall likely at isolated places over sub-himalayan West Bengal & Sikkim and northeastern states. Isolated heavy rainfall also likely over coastal Karnataka and Kerala.

Agricultural Activities

Rainfall was below normal at Dapoli centre of Maharashtra during the last week. Both, maximum and minimum temperatures were higher (0.9°C to 2.1 °C) than normal during last week. Transplanting of rice and finger millet, gap filling and thinning operation in kharif crops (Pulses, oilseeds), interculturing operations in early sown groundnut, black gram and soybean crops are in progress. Moderate infestation of crabs on rice was observed in Konkan region of the state.

Rainfall has occurred in Gujarat during last week. Both, maximum and minimum temperatures were higher (0.5°C) than normal during last week. All kharif crops sown with first rains are in good condition. Transplanting of paddy is taken up in the areas where water is drained from the fields. Most of the kharif crops are at seedling stage.

State wise Sowing Progress

Though delayed, agricultural operations could be taken up in many parts due to sufficient rainfall during the season so far.

Light to moderate rains (10-70 mm) were received in some parts of **Telangana**, and **Coastal Andhra Pradesh** and **Rayalaseema** during last five days. Isolated heavy rainfall of up to 110 mm also occurred in Telangana.

Light to moderate rains (10-80 mm) were received at some places during last five days in **Maharashtra**. Cumulative rainfall continues to be deficit in **Marathwada**.

During last five days light to moderate (10-70 mm) rains have occurred in many places. Land preparation as well as sowing of kharif crops could be continued in most parts of **Haryana**.

Uttaranchal received fairly widespread rainfall of 10-40 mm at some places during last five days. Isolated heavy rainfall also occurred on few days. Land preparation as well as kharif sowings could continue in most parts.

Plains of **West Uttar Pradesh** received rainfall of 10-40 mm at some places during last five days. Sowing of kharif crops could be taken up wherever moderate to heavy rains are received.

Many parts of **East Uttar Pradesh** have received rainfall of 10-90 mm during last five days. This rain is adequate to continue kharif sowings.

Light to moderate rainfall in some places has occurred in **West Rajasthan**. Isolated very heavy rainfall of up to 100 mm also occurred at a place or two. Kharif sowing could also continue in many parts.

East Rajasthan received widespread rainfall ranging from 20-230 mm in last five days. Very heavy rainfall was however, received at few locations only. Kharif sowings could continue in most parts.

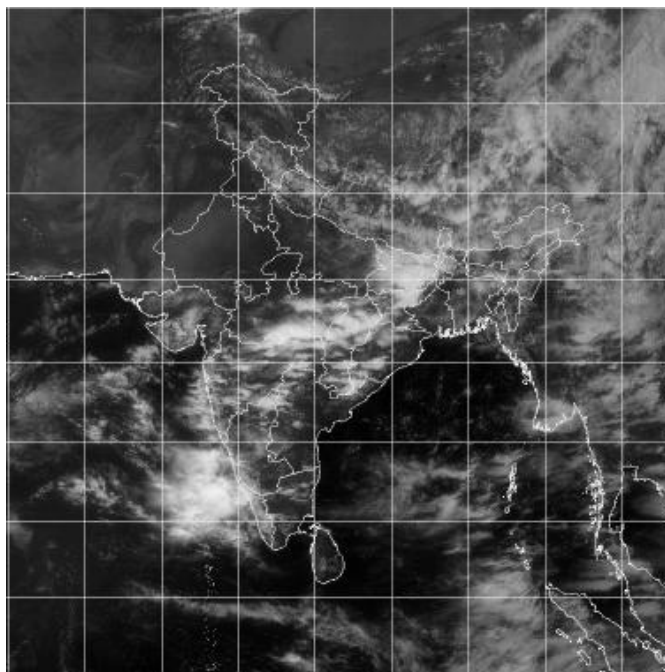
During last five days some parts of **West Madhya Pradesh** received 10-180 mm rainfall. Sowing of kharif crops could continue in many parts.

Rainfall of 10-40 mm has been received in some parts of **East Madhya Pradesh** during last five days. The conditions are favourable to continue kharif crops sowing in the region.

Light to moderate rainfall of 10-70 mm has been received in some parts of **Gujarat**. The conditions have been favourable for taking up sowings in remaining area.

Chhatisgarh region received widespread rainfall ranging from 10-60 mm during last five days. Kharif sowings could be completed at the earliest.

Karnataka received rainfall of 20-210 mm during last five days. It was wide spread in **South Interior Karnataka** and fairly wide spread in rest of **Karnataka**. Isolated heavy to very heavy rainfall events were mostly confined to **Coastal** and **North Interior Karnataka** only. Other regions of the state have received moderate showers at some locations only.



PORT-WATCH (Latest)

Delivery of 12,000 MT of SBO is continuing at Kandla Port from the vessel 'Aditi'. The cargo was loaded from Brazil. 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. 'Zhong Hua 6' from Indonesia is expected at the port to discharge 5,850 MT of CPO. Atlantic agents will be handling the vessel. 'Commuter' from Brazil is expected at the port to discharge 16,500 MT of SBO. Interocean agents will be handling the vessel.

Kolkata Port is receiving 5,800 MT of CPO from the vessel 'Vernal Grace'. The port is also receiving 19,174 MT of SBO from the vessel 'Kuldiga'. Seaport agents is handling these vessels.

Mundra Port is receiving 41,000 MT of SBO from the vessel 'Red Point'. The vessel is being handled by Interocean agents.

Delivery of 7,000 MT of CPO is expected at Mumbai Port from the vessel 'Global Themis'. The cargo was loaded from Indonesia. The vessel will be handled by Forbes Gokak afents.

'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.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Aditi	12000	SBO	Arrived
	EW Hasting	12000	SBO	Arrived
	Star Dream	4000	CPO	Arrived
	Commuter	16500	SBO	Expected
	Zhing Hua 6	5850	CPO	Expected
Kolkata	Vernal Grace	5800	CPO	Arrived
	Kildiga	19174	SBO	Arrived
Mumbai	Global Themis	7000	CPO	Expected
Chennai	Ace I	6000	Palm oil	Arrived
Mundra	Red Point	41000	SBO	Expected
Kakinada	Golden Dream	6000	CPO	Expected

Forex Rates

(As on 19.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.56
Malaysia	Ringgit	11.47
European Union	Euro	52.34
United Kingdom	GBP	75.91
Japan	100 Yen	38.81

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