

VEGOIL

22nd July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Lowered Significantly on Improving Crop Weather
- South American Soybean Continued Range Bound on Speculative Liquidation Pressures
- BMD CPO Futures Closed Sharply Lower Amidst Pressure from Revaluation of Ringgit
- 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 381.35, which is notably higher than yesterday's close. Market opened weak and declined further for the first few hours but improved towards the end of the day amidst positive signals from the US screen trade and increased 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.

Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 2 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 0.09%, and has ranged from a high of 384.05 to a low of 377.60.

The 9-days Price ROC today improved entering the oversold region to the level of -0.3007 pointing upward, indicating improving strength in the market prices. The 9-day RSI also surged up in the neutral region to a level of 45.69 confirming the rising strength in the prices.

The % K-line improved marginally in the oversold 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 Saturday.

Market advice:

Market is expected to open and trade firm for Saturday.

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	378.80	377.90	381.10	382.90
NCDEX	Aug' '05	380.10	379.30	382.80	384.00

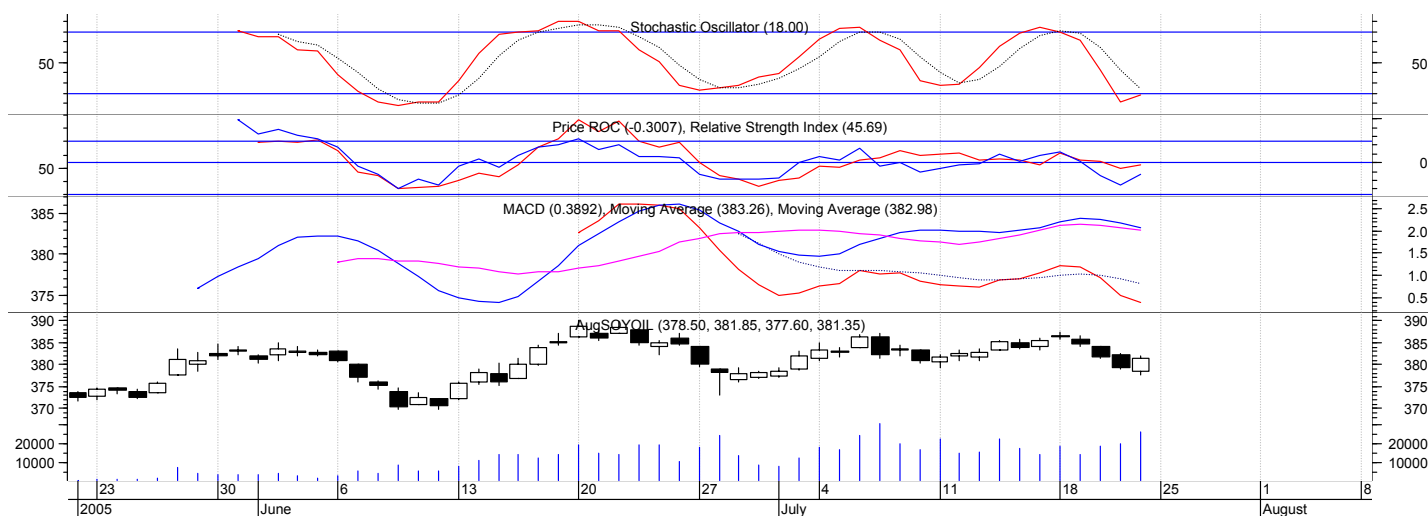
Abbreviations:

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):

The overnight weather models presented no new evidence to slow the selling trend of the fund traders of the past few days and more rain across Iowa overnight ahead of a hot weekend was enough to trigger more speculative selling early in the session.

Funds were noted sellers of near 4500 contracts into the mid-session as the outlook for cooler and wetter weather into the middle of next week kept the market down. The longer-term weather maps show a shift to normal temperatures and normal precipitation into early August and traders believe that soybean crop conditions will improve under this scenario.

Weekly US export sales for soybeans came in at 66,600 metric tonnes, well below trade expectations. Cumulative sales have reached 99.9% of the USDA forecast as compared to 102.2% on average over the last five years. Meal sales were 45,000 metric tonnes; also below the range of trade estimates and Oil sales were 7,100 metric tonnes, which was slightly above trade expectations.

The news overnight that China revalued their currency should help improve the buying power of China importers while exports from China for Agricultural products may become less competitive. This should have a positive influence for the demand outlook for soybeans and a positive influence for the supply outlook for meal.

In trades, Man Financial, Prudential Financial, and Rand Financial each bought 300 November, Refco, RJ O'Brien and UBS Securities each bought 500 November, and Cargill bought 600 November. On the sell side, Cargill Investor Services sold 2,000 November, Refco sold 1,500 November, RJ O'Brien sold 1,000 November, Calyon Financial, Citigroup, Shatkin/Arbor and UBS securities each sold 500 November. Commodity funds were estimated sellers of 6,000 contracts.

The close above the opening and near the highs of the day suggests that selling eased late in the day. The US soybean is expected improve marginally amidst bullish undertone growing uncertainty in the weather forecasts and lack of new export potentials.

CBOT Soy oil futures as 21 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	24.73	24.38	24.38	24.00	-0.42	24.31
Aug'05	24.82	24.38	24.40	24.02	-0.42	24.40
Sep'05	24.88	24.43	24.45	24.05	-0.44	24.44

CBOT remains closed on Saturday and Sunday.

Continuation chart of CBOT (Soybean Oil)

South American Soybean Market

August South American soybeans closed 4 cents higher. Brazil cash news and short-term world demand factors were less prominent factors. 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.

With rain ahead of and after a string of several days of very high temperatures, traders see the impact as bearish as crop conditions may actually improve this week in spite of the call for 100 degree heat. Soybean plants have a tendency to act like a weed until the important reproductive period in August.

Even with poor weather in July, normal weather in August can improve crop conditions dramatically and bring yields in above average. The opposite has also occurred when crop conditions have been nearly ideal at the end of July and then poor weather in August triggered poor yields.

The point of this exercise is to illustrate that July weather makes or breaks the corn yield but August weather is more important to determine soybean yield.

Cash market news is slow but Chinese currency action should make it easier for Chinese buyers to extend coverage. Weekly export sales report, released before the opening, came in at 65,700 metric tons for the current crop and 900 for new crop for a total of 66,600, well below expectations.

The Latin American soybean market is expected to continue range bound on the positive side amidst Expected increase in demand from China.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended lower Friday amid heavy trading, with the benchmark contract touching a one-month low, as the market reacted adversely to the scrapping of Malaysia's 7-year-old currency peg.

The market opened lower and stayed in negative territory throughout the day, following an announcement late Thursday that the country was abandoning its peg of MYR 3.8 to the U.S. dollar in favor of a managed float against a basket of currencies. The move by the Malaysian government came after China also said it would no longer peg the yuan to the dollar.

Hedge selling emerged on the CPO futures market amid concerns that a currency appreciation would wipe out the value of Malaysian ringgit-denominated CPO prices. Palm oil is exported in dollars and a stronger ringgit is negative for the industry, as it erodes the returns from the exports after currency conversion.

The bulk of the selling came in the morning, with volume during the session about twice the amount traded in the afternoon. Trading activity slowed down in the afternoon as after having taken positions to protect against currency fluctuations, players returned to the sidelines to wait for fresh leads.

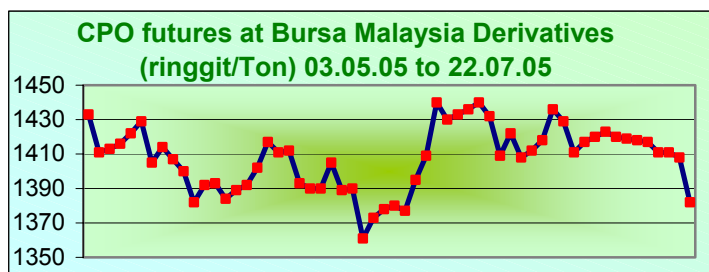
Market participants are expected to turn their attention in the coming week to U.S. soybean weather conditions for direction. The outlook for next week would depend on the CBOT, especially what happens in Monday's electronic trading.

Hot and dry weather would be bullish for prices while rains would be considered bearish. Meanwhile, cargo surveyors SGS (Malaysia) Bhd and Intertek Agri Services are due to issue July 1-25 palm oil export estimates Monday. Expectations are for exports of around 800,000 to 820,000 tons, down sharply from 1.05 to 1.1 million tons in the June 1-25 period.

The slowdown in exports isn't expected to have much influence on palm oil prices as it has already been factored into the market. The Malaysian cash market was little changed as palm oil products are dollar-denominated, hence, unaffected by changes in the ringgit. Malaysian market is expected to continue range bound amidst continuing uncertainty in the US soybean market.

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 with marginal decline amidst lack of support from the international markets and continuing low retail demand.

The Malaysian markets today traded sharply lower as the news of the revaluation of the Malaysian currency is expected to make the palm oil imports more costly. The Malaysian market is at present weak lack of concrete support from the global market. 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 20.07.05) the country has imported about 1.75 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 Saturday as the market is expected to get partial support from the other edible oils.

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

Centres	22.07.05	21.07.05	Change
Kandla CPO (5 % FFA)	329	329	0
Mumbai CPO (5% FFA)	330	330	0
Kandla RBD Palmolein	360	360	0
Mumbai RBD Palmolein	368	371	-2
Chennai RBD Palmolein	368	367	-1
Kakinada RBD Palmolein	367	366	-1

Soy oil

The domestic market opened weak, continued further weak for first few hours of the trade, but improved in the last session of the day amidst increased buying and improving sentiments in the US soybean complex market.

The international CBOT market dipped sharply lower yesterday evening following the terrorist attack at London's metro railway stations. The news of the terrorist attack was soon followed by the news of the revaluation of the Chinese's currency. This revaluation is bound to reduce the importing cost of Chinese, creating a favourable situation for the US soybean market. Continuing on the yesterday's sentiment, the screen trading is clearly reflecting the positive sentiments for today's evening trade. At the time of closure the NBOT august Contract improved marginally to end at Rs. 379.90 (Up by Rs. 0.40) and the September contract ended at Rs. 383.90 (Up by Rs. 0.90).

The Hazir market continued range bound in the negative region amidst declining 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 \$ 515 per tonne.

The market is expected to open range bound and trade positive for Saturday amidst expected positive support from CBOT Soybean futures today evening.

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

Centres	22.07.05	21.07.05	Change
Mumbai (Soy ref)	362	365	-3
Indore (Soy Ref oil)	374	377	-3
Indore (Soy Solvent Ex. oil)	353	356	-3
Kota (Soy Ref. Oil)	377	379	-2
Jaipur (Soy Ref. Oil)	379	380	-1

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

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	379.50	378.50	379.90	377.10	0.40	379.90	32180
Sep'05	383.20	382.50	384.00	381.30	0.70	383.90	380
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

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

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	381.70	382.30	382.60	378.90	379.25	19950	31800
Sep'05	385.60	386.00	386.60	382.65	383.05	13930	30480
Oct '05	388.65	390.00	390.00	384.60	385.05	3780	2680

Rape oil

The rape oil market today improved marginally at the futures amidst increased buyer's support towards the end session of the trade.

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 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 0.30 lakh bags in Rajasthan.

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

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

Centres	22.07.05	21.07.05	Change
Mumbai (Rape Expeller Oil)	398	400	-2
Kota (Rape Expeller Oil)	390	391	-1
Jaipur (Rape Expeller Oil)	392	394	-2
Neewai (* Kacchi Ghani Rape Oil)	405	407	-2
Delhi (Rape Expeller Oil)	418	417	+1

Groundnut oil

Groundnut oil continued range bound at various centres. In all the major markets the prices remained steady amidst uncertain price movements the prices of other edible oils.

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

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

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

Centres	22.07.05	21.07.05	Change
Mumbai	480	485	-5
Rajkot	518	523	-5
Andhra Region	530	528	+2
Chennai	528	525	+3

LATEST WEATHER WATCH (22.07.2005)

Progress of Monsoon

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.

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 and extends upto Mid-tropospheric levels.

A cyclonic circulation lies over north and adjoining central Bay of Bengal between 5.8 and 7.6 km above sea level.

Forecast for next 24 hours

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

East: Rain/thundershowers likely **at many places** West Bengal & Sikkim and Orissa and **at a few places** in the rest region outside East Madhya Pradesh where it may be isolated.

South: Rain/thundershowers likely at many places in Andaman & Nicobar Islands, Coastal Andhra Pradesh and Coastal Karnataka; at a few places over Interior Karnataka, Interior Andhra Pradesh, Kerala and Lakshadweep and isolated in Tamil Nadu.

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

Outlook for subsequent two days

Monsoon likely to revive around 24th July. Ongoing rainfall activity may enhance along West coast of India. Rainfall activity likely to increase over Gangetic West Bengal, Orissa and north coastal Andhra Pradesh and also over central parts of the country.

Warning

Heavy rainfall likely at isolated places over Konkan & Goa, Coastal Karnataka, Coastal Orissa, North Coastal Andhra Pradesh and Andaman & Nicobar Islands.

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.

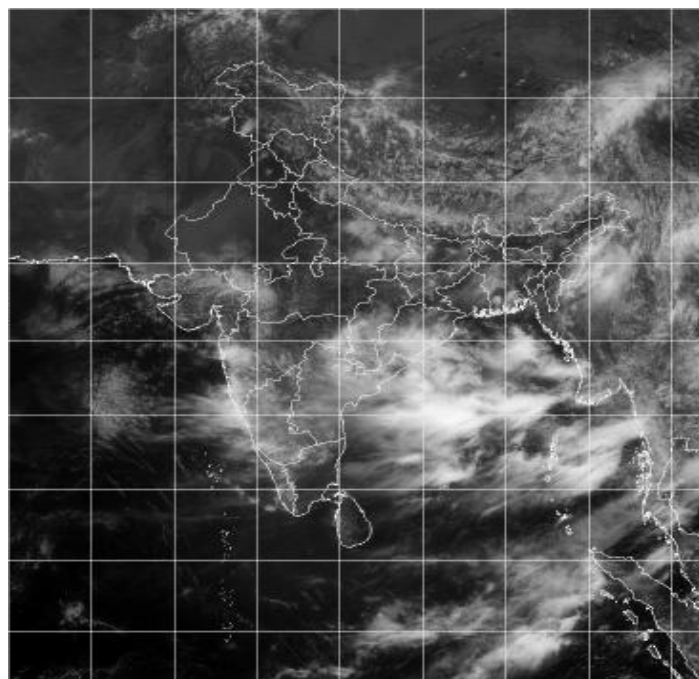
In Madhya Pradesh, rainfall has occurred above normal during the past few days. Higher rainfall has further delayed the sowing of pulses and oil seeds. Sowing of important crops like soybean

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

(22.07.2005, 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 22.07.2005)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.39
Malaysia	Ringgit	11.36
European Union	Euro	52.85
United Kingdom	GBP	76.14
Japan	100 Yen	39.11

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