

VEGOIL

02nd July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Improved Significantly Amidst Continuing Uncertainty in Crop Weather
- South American Soybean Improved Significantly on Expected Declining End Stock
- Soybean Oil Continued Improving On Increased Buying Support

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX JULY Contract

The July contract closed at 375.75, which is significantly higher than the yesterday's close. Market opened steady as predicted but picked up the pace towards the end of the day amidst growing support from the domestic demand, unsteady sentiments but bullish in the international markets and news of unsteady progress of monsoon rains in most parts of Madhya Pradesh and Rajasthan.

The 7-day MA today continued lower giving signals weakening prices in the market along with the 14-day MA. Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 4 period(s) ago. Since the MACD crossed its moving average, Soy oil July's price has increased 0.86% and has ranged from a high of 376.00 to a low of 366.25.

The 9-days Price ROC moved up in the negative region to the level of -2.212, indicating improving sentiments in the market.

The 9-day RSI moved up significantly in the neutral region to a level of 48.35 showing the growing strength in the prices.

The % K-line continued up the neutral region indicating the growing strength in the prices. The % D-Line also continued up in the neutral region indicating the rising strength in the market prices.

The candlestick is also predicting the firming sentiments in the market.

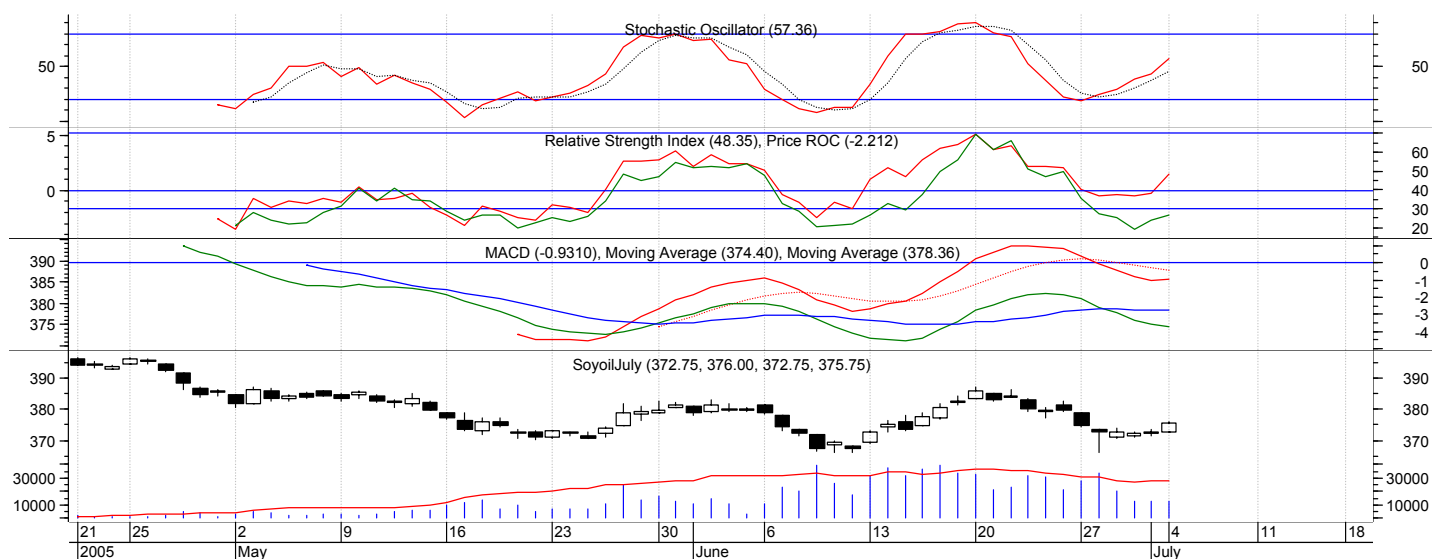
Market advice:

Market is expected to open firm and trade higher for Monday.

Short term buying would continue to yield profit.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	July '05	371.00	369.60	376.40	377.80
NCDEX	July '05	373.40	372.00	377.50	378.40



MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

International:

CBOT (US Soybean Oil):

The exhaustion of aggressive selling pressure seen throughout the week coupled with warmer, drier extended weather outlooks for parched areas of the eastern Midwest served as the catalyst to trigger a minor bounce from previous losses.

Ideas that next week's rain event in Illinois will show only scattered thunderstorms, disappointing rain amounts for yesterday and the short-term oversold condition of the market helped support impressive buying early in the session today.

A higher US dollar may have helped limit the buying support, but commercial buyers are expected to provide some support today with traders not wanting to hold a hefty short position over the long weekend just in case the weather forecasts shifts to a drier pattern next week.

India weather officials this morning indicated an outlook for normal monsoon rains this month and this news may have limited the support in oil. Traders expect increased volatility on Tuesday morning due to weather forecast uncertainties.

The Meteorlogix forecast said a ridge is deflecting wet weather away from a chain of areas being hit by drought, which runs from the southern tip of Texas through Louisiana, southeast Oklahoma, Arkansas, most of Missouri, Illinois and into Indiana. That line of dry weather looks like a line of storms on the drought map, but might be characterized as anti-storms.

In trades, Cargill Investor Services bought 800 November, ADM Investor Services, ABN Amro, and Citigroup each bought 200 November, and Refco bought 700 November. On the sell side, Cargill Investor Services sold 1,000 November, Merrill Lynch and Refco each sold 500 November, Goldenberg Hehmeyer sold 300 November, and O'Connor sold 400 November. Commodity funds were estimated sellers of 2,000 contracts.

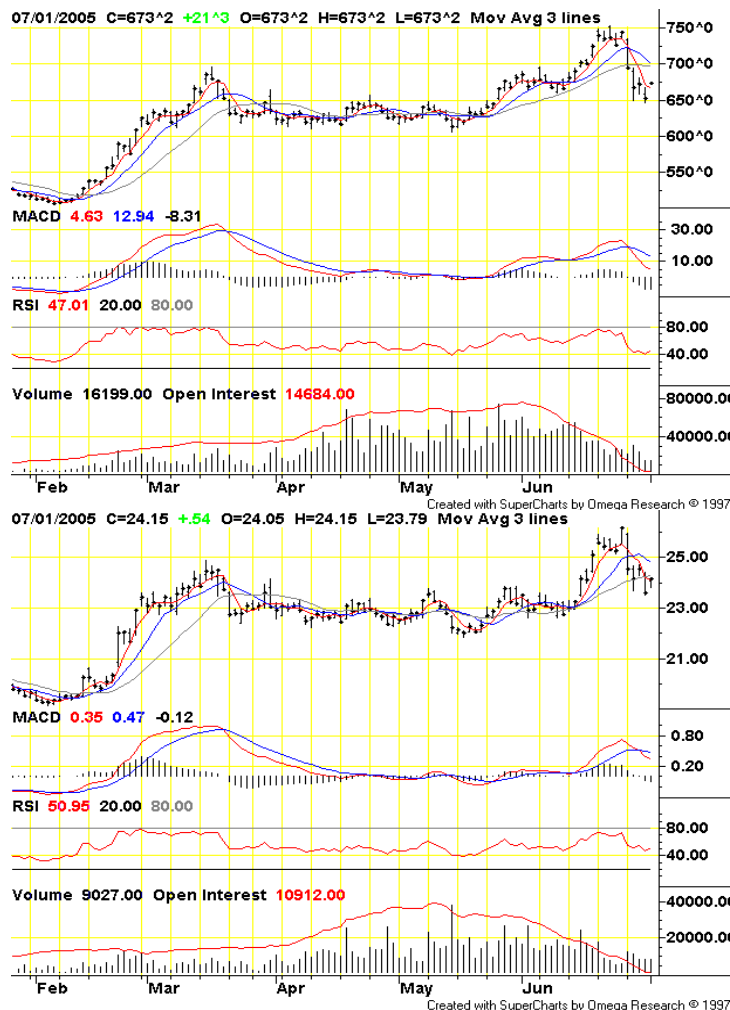
The US soybean is expected to continue marginally higher on amidst expected support from the uncertain weather conditions.

CBOT Soy oil futures as 01 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	23.61	23.75	24.15	23.75	+0.54	24.15
Aug'05	23.81	24.23	24.23	23.86	+0.42	24.23
Sep'05	23.99	24.35	24.40	23.99	+0.33	24.32

CBOT remains closed on Saturday and Sunday.

Continuation chart of CBOT (Soybean & Soybean Oil)



South American Soybean Market

Producer selling in Brazil had been very active over the past several weeks, with some reports that the selling had caught up with the normal pace after being behind.

The focus of attention is in the US weather and USDA reports today. The reports this morning were considered bullish with the market called 5-10 lower due to weather.

The market is seeing active fund long liquidation selling this week, triggered by rains in the forecast for the dry areas of Illinois later this week.

It is hard to believe that the weather will turn normal for July and August after the spring extremes, but the market seems to be pricing in normal weather and normal yields in spite of the poor crop conditions in the eastern Corn Belt.

The results of the USDA reports this morning should help set the tone for the opening, but without bullish news, the overnight break indicates a focus on the potential shift to normal weather in July.

The USDA confirmed the spread of Asia rust to a sixth county in Florida.

Scattered thunderstorms over the northern Illinois region overnight helped ease drought concerns. More scattered rains are indicated for Tuesday/Wednesday of next week. Scattered showers are in the forecast for the 6-10 day

period for the eastern Corn Belt as heat builds in the western plains.

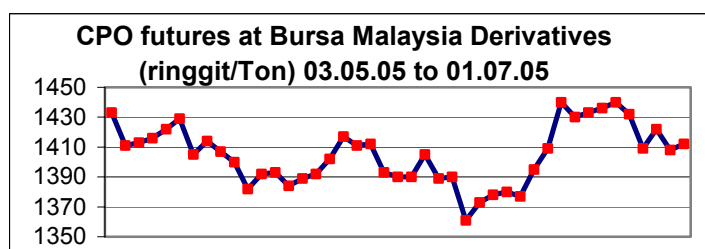
The Latin American soybean market is expected to continue marginally higher on amidst expected support from the US soybean market.

KLCE (Malaysian Palm Oil):

KLCE market remained closed on regular weekend holiday. It will reopen on Monday (04.07.05).

KLCE CPO Futures (01.07.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jul'05	1410	1412	1415	1412	+4	1414	83
Aug'05	1409	1409	1413	1408	+3	1412	525
Sep'05	1408	1405	1413	1405	+4	1412	2508



Domestic:

Palm oil

The domestic palm oil market today continued improving amidst smooth advance of monsoon and growing support in the other edible oil markets.

The Malaysian markets today remained closed on its regular weekend holiday and thus did not give any indication of the international palm oil market prices.

The import quantum has grown marginally. In the month of June (till 30.06.05) the country has imported about 1.94 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 continue range bound on the positive side on Monday as the market is expected to receive support from the international markets.

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

Centres	02.07.05	01.07.05	Change
Kandla CPO (5 % FFA)	329	327	+2
Mumbai CPO (5% FFA)	330	329	+1
Kandla RBD Palmolein	349	348	+1
Mumbai RBD Palmolein	365	363	+2
Chennai RBD Palmolein	368	365	+3
Kakinada RBD Palmolein	368	368	0

Soy oil

The domestic market opened range bound but improved significantly towards the end of the trade amidst increased buyers support.

The domestic future market trading started on a steady note but traded on the high amidst increasing buyers' support from the retail as well as the international markets. The international market is also supporting the up trend in the market for long run, but the status and progress of Indian monsoon is still dominating over the international indicators keeping the market under tight check in spite of the underlying bullishness. The NBOT (July Contract) exchange closed significantly higher at Rs. 373.90 (Up by Rs. 2.90).

The Hazir market today continued improving owing to the increasingly positive sentiments at the futures.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 339 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 507 per tonne.

The market is expected to open steady but trade on the higher side for Monday amidst increased uncertainty in the international markets.

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

Centres	02.07.05	01.07.05	Change
Mumbai (Soy ref)	362	360	+2
Indore (Soy Ref oil)	372	367	+5
Indore (Soy Solvent Ex. oil)	349	347	+2
Kota (Soy Ref. Oil)	373	368	+5
Jaipur (Soy Ref. Oil)	376	370	+6

NBOT Soy oil futures as on 02.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Jul'05	371.00	371.00	373.90	371.00	2.90	373.90	13920
Aug'05	376.90	377.50	381.20	377.50	4.30	381.20	1920
Sep'05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 01.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul'05	372.45	372.10	373.55	371.55	372.75	12760	27920
Aug'05	378.10	377.50	379.25	377.10	378.35	7840	28000
Sep'05	380.90	380.00	382.45	379.15	381.75	5340	8820

Rape oil

A rape oil market improved marginally amidst support from the buyers at soybean oil futures and growing uncertainty in the supply and worsening flood situation in Gujarat.

The unsteady progress of the monsoon in the parts of Madhya Pradesh and Rajasthan is expected to keep the prices under tremendous pressure in the coming days.

Today, the rape oil found increased support from the buyers at major exchanges growing uncertainty regarding the prolonged progress of monsoon. In the spot markets the prices continued on the higher side amidst increased uncertainty in the other edible oil markets.

Overall, it is expected that the rape oil will continue trading on higher side for Monday as the retail demand is expected to be on the rise amidst uncertain progress in planting of other edible oil crops.

Rape oil - Spot Market Price (Rs. per 10 kg)			
Centres	02.07.05	01.07.05	Change
Mumbai (Rape Expeller Oil)	385	382	+3
Kota (Rape Expeller Oil)	370	367	+3
Jaipur (Rape Expeller Oil)	373	370	+3
Neewai (* Kacchi Ghani Rape Oil)	385	384	+1
Delhi (Rape Expeller Oil)	394	391	+3

Groundnut oil

Groundnut oil today continued improving at various centres due to possibility of declining crop prospects in lieu of the spreading floods in Gujarat.

The domestic demand is not expected to improve significantly in the coming days amidst growing uncertainty in the other edible oil markets.

The range-bound positive trade in groundnut oil prices is expected to continue in the coming days amidst unsteady retail demand.

Groundnut oil - Spot Market Price (Rs. per 10 kg)			
Centres	02.07.05	01.07.05	Change
Mumbai	462	460	+2
Rajkot	500	495	+5
Andhra Region	495	490	+5
Chennai	496	492	+4

LATEST WEATHER WATCH (02.07.2005)

Progress of Monsoon

Yesterday's depression over Jharkhand and neighbourhood moved north-westwards and now lies over northeast Madhya Pradesh and adjoining southeast Uttar Pradesh with its centre close to Rewa. The system is likely to move slowly in a west-north-westerly direction.

Yesterday's upper air cyclonic circulation over Gujarat and neighbourhood extending between 1.5 and 5.8 km a.s.l. tilting southwards with height persists

The other upper air cyclonic circulation over northwest Rajasthan and neighbourhood also persists and now extends upto 2.1 km a.s.l. The axis of the monsoon trough at sea levels passes through Bikaner, Ajmer, Sawai Madhopur, Jhansi, centre of the depression, Chandbali and thence east-southeastwards.

During past 24 hours, Southwest monsoon has been vigorous over Gujarat Region and active over Nagaland, Manipur, Mizoram & Tripura, Sub-Himalayan West Bengal & Sikkim, Chhattisgarh, East Madhya Pradesh, Interior Karnataka and Kerala. Rain/Thundershowers occurred at most places over Bihar, Himachal Pradesh, Saurashtra, Kutch & Diu, Madhya Maharashtra, Konkan & Goa and Coastal Karnataka and at many places over Arunachal Pradesh, Assam & Meghalaya, Jharkhand, East Uttar Pradesh, Uttaranchal, Punjab, Jammu & Kashmir, Rajasthan and Lakshadweep and at a few places over Gangetic West Bengal, Orissa, Haryana, West Madhya Pradesh, Marathwada and Telangana. It was isolated over rest regions of the country outside Andaman & Nicobar Islands where weather was mainly dry.

Forecast Valid for Next 24 Hours

Rain/thundershowers are likely at most places over Chhattisgarh, Madhya Pradesh, Gujarat state and Konkan & Goa; at many places over northeastern States, West Bengal & Sikkim, Orissa, Jharkhand, Bihar, Uttar Pradesh, Uttaranchal, Himachal Pradesh,

Jammu & Kashmir, East Rajasthan, rest Maharashtra, Coastal & South Interior Karnataka and Kerala; at a few places over the rest region of the country outside Rayalaseema and Tamil Nadu & Pondicherry where it may be isolated.

Heavy Rains Warning

Heavy to very heavy rainfall likely at a few places over Madhya Pradesh, Konkan & Goa and Gujarat State. Isolated heavy rainfall also likely over Sub-Himalayan West Bengal & Sikkim, Chhattisgarh, East Uttar Pradesh, East Rajasthan, Madhya Maharashtra, Vidarbha, Coastal Karnataka and Kerala.

Outlook For Subsequent 48 Hours

Ongoing rainfall activity over central parts of the country is likely to continue and may extend westwards into northwest India. Enhanced rainfall activity likely to continue over Gujarat State and along the west coast.

Agricultural Activities

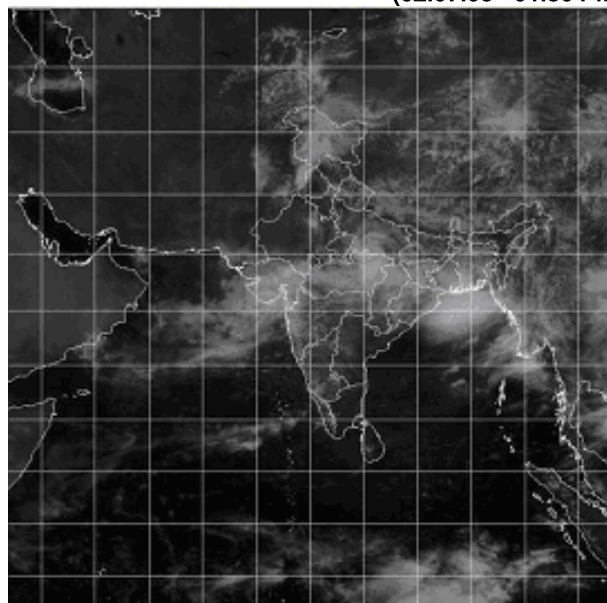
In Andhra Pradesh, the crop condition is good under irrigated dry conditions in Anantapur, Chittoor and Kurnool districts of Rayalaseema region. In north coastal zone of Andhra Pradesh, light to moderate rainfall has been received. In this region, groundnut sowings are under progress and earlier sown sesamum crop is at vegetative stage and its condition is good.

Most places in eastern Vidarbha received normal to above normal rainfall sufficient for sowing of rice nurseries. Most of districts in western and central Vidarbha received no rainfall or below normal rainfall where sowings have not been taken up and dry seeded cotton may not germinate well.

Sowing of cotton in Gujarat and Maharashtra has been progressing well after monsoon rains. Sowing is in full swing in Gujarat where almost half the plantings are over but it is hardly 10-20 percent in some other states due to less rains. About one third of plantings in Maharashtra had been completed with coastal areas getting bountiful rains, but some interior parts have not received enough rainfall, delaying the plantings

Latest Satellite Image of Monsoon Progress

(02.07.05 - 01.30 PM)



PORT-WATCH (Latest)

Kandla Port is receiving 9,500 MT of SBO from the vessel 'Siren'. The cargo was loaded from Brazil. Forbes Gokak agents is handling the vessel.

'Acushnet' has berthed at Kakinada Port and continues to discharge 6,000 MT of SBO. The port is expecting 'Ocean Ace', 'Countess', 'Spring Wind', 'Monalisa' and 'Mega Crown' to deliver 6,000 MT, 4,000 MT, 6,000 MT, 6,000 MT and 2,000 MT of CPO respectively.

Mumbai Port is expecting 'MMM Galvestone' to deliver 6,000 MT of CPO. 'Pacific Sound' is expected at Mumbai Port to discharge 9,750 MT of palm oil. The vessel will be handled by Interocean agents.

Delivery of 6,100 MT of CPO is continuing at Kolkata Port from the vessel 'Ocean Ace'. The vessel is being handled by Atlantic agents.

Mundra Port is expecting 'Kuldiga' to deliver 18,000 MT of SBO. Interocean agents will be handling the vessel.

Cochin Port is expecting 'Golden Jane' to discharge 3,000 MT of CPO. James Mackintosh agents will be handling the vessel.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Siren	9500	SBO	Expected
Cochin	Golden Jane	3000	CPO	Expected
Kolkata	Ocean Ace	6100	CPO	Arrived
Mumbai	MMM Galvestone	6000	CPO	Expected
	Pacific Sound	9750	Palm oil	Expected
Mundra	Kuldiga	18000	SBO	Expected
Kakinada	Acushnet	6000	SBO	Arrived
	Ocean Ace	6000	CPO	Expected
	Countess	4000	CPO	Expected
	Spring wind	6000	CPO	Expected
	Monalisa	6000	CPO	Expected
	Mega Crown	2000	CPO	Expected

Forex Rates

(As on 02.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.57
Malaysia	Ringgit	11.47
European Union	Euro	52.07
United Kingdom	GBP	77.05
Japan	100 Yen	39.00

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