

VEGOIL

26th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Continued Lower On Less Than Expected Domestic Demand
- South American Soybean Lowered Marginally on Concerns of Deepening Debt Problems in Brazil
- Crude Palm Oil Futures Ended Range Bound On Declining Export Demand
- Soybean Oil Prices Declined On Increased Speculative Selling

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX September Contract

The September contract closed at 366.45, which is significantly lower than yesterday's close. Market opened range bound but continued lower for the day amidst increased selling pressure at the retail end.

The 7-day MA moved up along with the 14-day MA hinting to the steadiness in the price trends.

Currently the MACD is bullish and is moving up indicating the existing strength in the market.

The 9-days Price ROC improved marginally to -0.4077 (pointing upward) indicating grip in the market prices. The 9-day RSI, on the other hand continued lower in the neutral region to a level of 32.30 indicating the declining strength in the prices.

The % K-line continued down in the neutral along with % D-Line in the neutral region supporting the declining trend.

The candlestick is hinting at the range bound opening and lower trade for Saturday.

Market advice:

Market is expected to open range bound but trade lower for Saturday

Avoid new entry with medium and long-term outlook

Short term selling would yield profit (Carefully look for the opening before investing)

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Sept' '05	366.30	365.90	369.50	370.20
NCDEX	Sept' '05	365.30	364.10	368.70	369.70

Abbreviations:

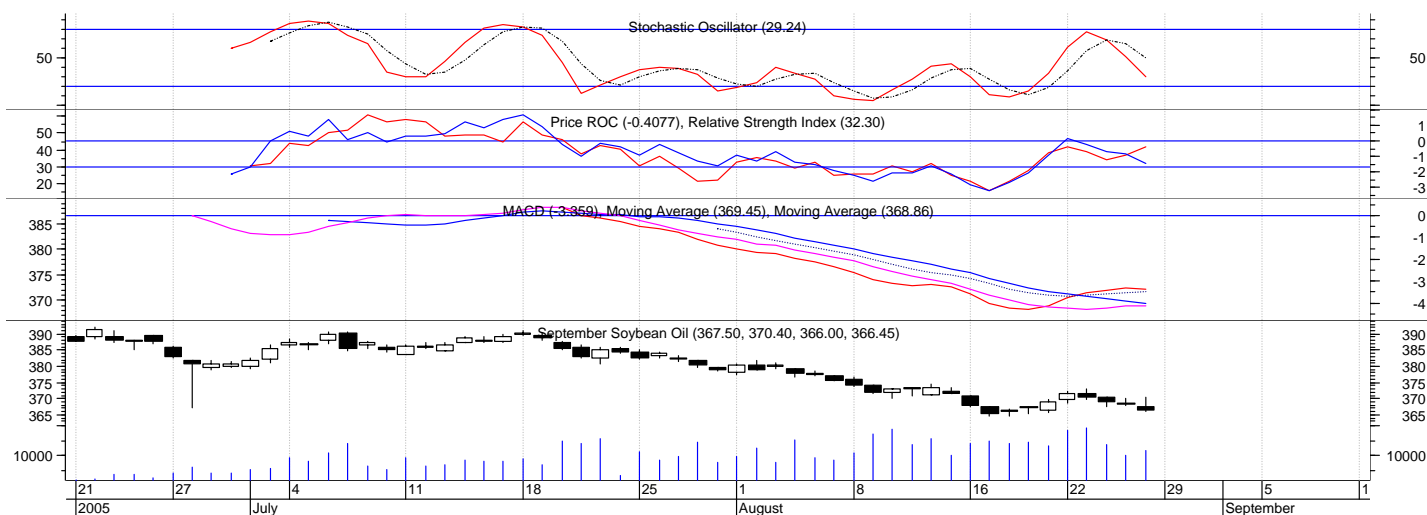
ROC - Rate of Change

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):

In a continuation of Wednesday's late stumble, soybean futures on the Chicago Board of Trade fell to nearly five-month lows on Thursday, with the most-active November futures ploughing below the psychological \$6.00-per-bushel level.

While export news was supportive, the crush report showed less than expected domestic demand for soybean oil and lower soybean crush demand. The Census Crush report for July showed July crush at 140.155 million bushels, slightly below trade expectations. Oil stocks were pegged at 1.961 billion pounds from trade expectations around 1.867 billion pounds. Meal stocks were 382,145 tonnes with expectations near 315,000 tonnes.

Weekly export sales for soybeans came in at 621,000 metric tonnes, which was above the upper end of trade expectations. Meal sales came in at 116,000 metric tonnes, also better than expected. Cumulative old crop sales have reached 89.6% of the USDA forecast as compared to 95.9% on average over the last five years. Weekly US export sales for bean oil came in at 4,000 metric tonnes, which was towards the upper end of trade expectations.

In trades, ADM Investor Services bought 1,000 November and Cargill bought 500 November. On the sell side, ADM Investor Services, Calyon Financial and Rand Financial each sold 500 November, ABN Amro sold 600 November, Cargill Investor Services sold 3,000 November, Refco sold 2,000 November and Iowa Grain sold 400 November.

The US soybean is expected to continue range bound on the lower side on Friday evening amidst expectation of increased production of soybean.

CBOT Soy oil futures as 25.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.50	22.35	22.40	22.00	-0.44	22.06
5-Oct	22.59	22.44	22.48	22.10	-0.44	22.15
5-Dec	22.76	22.56	22.62	22.24	-0.44	22.32
5-Jan	22.91	22.72	22.78	22.43	-0.44	22.47

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November South American soybeans closed lower on the session yesterday. The Brazil Ag Minister voiced concerns for the deepening debt problems of the Brazil producers, with indications that many of them are on the brink of bankruptcy.

Drought combined with the strong local currency has eaten away at profit margins, and there is concern that the government will not respond quickly enough to provide some relief into the planting season. Government officials have so many other problems to deal with due to scandals and political upheaval, that the minister is voicing concern for the financial situation of the producer for the planting season ahead.

Lower international prices just add to the concerns. The market seems to lack the demand news to see much upside follow through this week, and with crop tour results showing a lack of surprises in the areas where crops were thought to be poor and better than expected yield potential in good areas, speculative selling increased yesterday to turn the minor trend back down.

In the last USDA Supply/Demand report, the outlook for a solid Brazil crop for the coming season allowed the USDA to lower the anticipated export and crush demand for the US.

China imported 2.859 million tonnes in July to bring the January to July total to 14.99 million tonnes, up 38.4% from last year's pace. For soybean oil, China imported 140,426 tonnes in July to bring the January to July total to 941,507 tonnes, down 41.4% from last year's pace. China imported 1.585 million tonnes of palm oil over the same time frame, up 30% from last year.

Brazil domestic consumption remains in a solid growth track, as the USDA attache in Brazil indicates that poultry production is expected to jump another 5% in 2006 to a new record high.

Amidst mixed sentiments prevailing in the market the South American Soybean market is expected to continue range bound on the lower side.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended little changed Friday after a lackluster, range-bound trading day as participants paused for direction after steep declines in previous days.

CPO futures fell over 2% in the last two days as figures indicating slightly disappointing export figures and talk of rising production in August fueled concerns about a buildup in stocks. Selling pressure abated Friday as participants mostly withdrew to the sidelines ahead of the weekend.

The U.S. soybean crop is currently in a key development period, with the amount of rainfall this month a closely watched factor. Soy complex prices have been on the decline so far in August amid indications that recent rains have been favorable for production and yields.

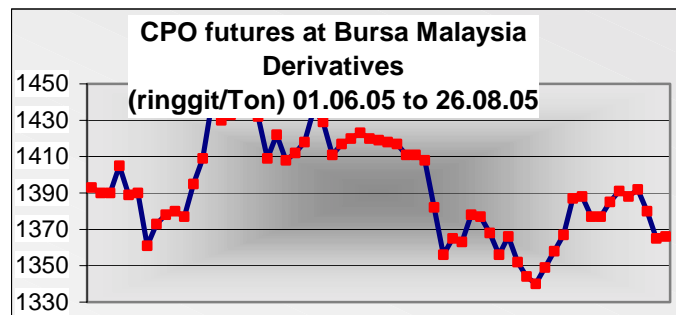
Looking ahead, traders said the market's decline may not be over as concerns about slow demand and rising supply in August as well as a weakening rupiah, which makes rival Indonesian palm oil more competitive, continue to weigh on sentiment.

There have been no major shifts in the supply and demand fundamentals for global edible oils in general, and palm oil in particular, to suggest that CPO prices would move out of their range anytime soon. The market will still very much be stuck within a range in the coming weeks, with the downside around MYR1,320 or MYR1,300 at worst and the upside resistance around MYR1,400.

In the Malaysian cash market, palm oil products were also mostly unchanged, following CPO futures. However, trading activity was busy as the declines in prices in the past two days continue to attract some covering interest, particularly from refiners, at lower levels.

KLCE CPO Futures (26.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1354	1345	1355	1345	-4	1350	259
Oct '05	1361	1354	1364	1354	0	1361	549
Nov '05	1365	1359	1368	1358	+1	1366	1319



Domestic:

Palm oil

The domestic palm oil market today continued range bound amidst unenthusiastic trade at the retail market.

The Malaysian market traded range bound amidst lack of supportive trade volumes.

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Looking ahead, traders said the market's decline may not be over as concerns about slow demand and rising supply in August as well as a weakening rupiah, which makes rival Indonesian palm oil more competitive, continue to weigh on sentiment.

In the month of August, till 26.08.05 the country has imported about 3.34 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 360.00 per tonne and RBD Palmolein at \$ 395.00 per tonne.

The price for palm oil in the market is expected to continue range bound amidst low retail demand and increased pressure of imports.

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

Centres	26.08.05	25.08.05	Change
Kandla CPO (5 % FFA)	320	321	-1
Mumbai CPO (5% FFA)	322	323	-1
Kandla RBD Palmolein	356	356	0
Mumbai RBD Palmolein	363	364	-1
Chennai RBD Palmolein	356	357	-1
Kakinada RBD Palmolein	356	358	-2

Soy oil

The domestic market opened weak and traded further lower as the day progressed for the day amidst uncertain buyers support and increased panic selling.

The US soybean declined as the soybean crop weather improved considerably. The trade was on the lower side amidst forecast of more rains in the Midwest region.

Following the increased weakness in the international markets and increased demand at the retail end, the domestic market traded on the lower side. It received on major support from the soybean oil traders at NBOT, Indore as the September Contract closed range bound at 365.90 (Down by Rs. 2.00) and the October Contract closed down by Rs. 2.20 at Rs. 366.50.

In the month of August, India has imported about 2.67 lakh tonnes of soybean oil till 26.08.05. The Hazir markets continued marginally lower side amidst low retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 328 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 499 per tonne.

The market is expected to open range bound and continue on the lower side for Saturday amidst declining support from the retail traders and increased support from the imports. Selling with short-term outlook is advised.

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

Centres	26.08.05	25.08.05	Change
Mumbai (Soy ref)	349	350	-1
Indore (Soy Ref oil)	363	363	0
Indore (Soy Solvent Ex. oil)	339	340	-1
Kota (Soy Ref. Oil)	365	366	-1
Jaipur (Soy Ref. Oil)	365	367	-2

NBOT Soy oil futures as on 26.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	367.90	366.30	366.70	365.30	-2.00	365.90	21970
Oct '05	368.70	366.80	367.30	365.90	-2.20	366.50	2880
Nov '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 25.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Sep'05	368.90	368.70	370.20	368.00	368.40	10270	28200
Oct '05	369.55	370.45	371.05	367.55	368.20	6830	28110
Dec '05	367.85	368.20	370.00	366.00	366.85	2490	4700

Rape oil

The rape oil prices traded range bound on the lower side amidst increased uncertainty in the other edible oil markets.

Today the mustard arrival was 0.15-0.20 lakh bags in Rajasthan.

The rape oil exchange market of Delhi, Hissar, Hapur and Bikaner traded lower amidst uncertain price movement in the other edible oil futures. Traders are expecting steady trend to continue amidst expected increase in retail demand.

The rape market is expected to continue marginally on the higher side on Saturday. Buy with short and medium outlook.

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

Centres	26.08.05	25.08.05	Change
Mumbai (Rape Expeller Oil)	391	390	+1
Kota (Rape Expeller Oil)	372	373	-1
Jaipur (Rape Expeller Oil)	374	375	-1
Neewai (Kacchi Ghani Rape Oil)	395	397	-2
Delhi (Rape Expeller Oil)	398	397	+1

Groundnut oil

The groundnut market continued range bound amidst declining demand and growing uncertainty in the edible oil market. The large scale mixing of the other edible oils in groundnut oil is keeping the prices range bound on the positive side. The Rajkot market was closed on Janmastmi.

The uncertain crop progress in the major growing areas is expected to keep the trading sentiments on the high and not allow the prices to come down significantly.

The domestic market is expected to continue trading range bound on Saturday amidst growing uncertainty in edible oil markets and pressure of heavy imports of palm and soybean oil.

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

Centres	26.08.05	25.08.05	Change
Mumbai (Excluding VAT)	487	488	-1
Rajkot	Closed	510	-
Andhra Region	520	520	0
Chennai	522	520	+2

LATEST WEATHER WATCH (26.08.2005)**Weather Forecast**

During past 24 hours, fairly widespread rains have occurred over northeastern States, Sub-Himalayan West Bengal & Sikkim, Coastal Andhra Pradesh and Tamil Nadu. Chief amounts of rainfall (in cm) are: Kolkata-6, Ongole-5, Passighat & Coochbehar-4 each, North Lakhimpur, Dibrugarh, Jalpaiguri, Cuddalore & Pondicherry-3 each.

The monsoon trough continues to lie close to the foothills of Himalayas

The north-south trough from Sub-Himalayan West Bengal & Sikkim to north Bay of Bengal has become less marked.

Under this scenario, enhanced rainfall activity over northeastern States, Sub-Himalayan West Bengal & Sikkim and north Bihar is likely to continue for another 2 days. Whereas the subdued rainfall activity may continue over northwest, central India and north peninsula.

An upper air cyclonic circulation has formed over central parts of Bay of Bengal in the mid tropospheric levels. This is likely to cause scattered to fairly widespread rainfall over the south peninsula.

The off shore trough off Karnataka-Kerala coasts has become less marked.

Forecast Valid For Next 72 Hours

Rain/thundershowers are likely at many places over Andaman & Nicobar Islands, northeastern States, Sub-Himalayan West Bengal & Sikkim, Bihar, Konkan & Goa and Coastal Karnataka and at a few places over Gangetic West Bengal, Orissa, East Uttar Pradesh, Uttaranchal, Himachal Pradesh, Madhya Maharashtra, Andhra Pradesh, Tamil Nadu & Pondicherry, Interior Karnataka, Kerala and Lakshadweep. It may be isolated in the rest regions of the country outside West Uttar Pradesh, Haryana, Punjab, Jammu & Kashmir, Rajasthan, West Madhya Pradesh and Gujarat State where weather may be mainly dry.

NORTH : Rain/thundershowers likely at a few places over East Uttar Pradesh, Himachal Pradesh and Uttaranchal. Mainly dry weather in the rest region

EAST : Rain/thundershowers likely at many places over northeastern states, North Bihar, Sub-Himalayan West Bengal & Sikkim and at a few places over Gangetic West Bengal, and isolated in the rest region outside east Madhya Pradesh where the weather will be mainly dry.

SOUTH : Rain/thundershowers likely at many places over Andaman & Nicobar Islands, Coastal Andhra Pradesh and Coastal Tamil Nadu & Pondicherry and at a few places over the region.

WEST : Rain/thundershowers likely at a few places over Konkan & Goa; and isolated in the rest region outside Rajasthan & West Madhya Pradesh where weather may be mainly dry.

Warning

Isolated heavy rainfall is likely over north Bihar, northeastern States and Sub-Himalayan West Bengal & Sikkim.

Outlook For The Next Two Days

Subdued rainfall activity is likely to continue over northwest & westcentral India.

Moderate rainfall activity over south Peninsula is likely to continue.

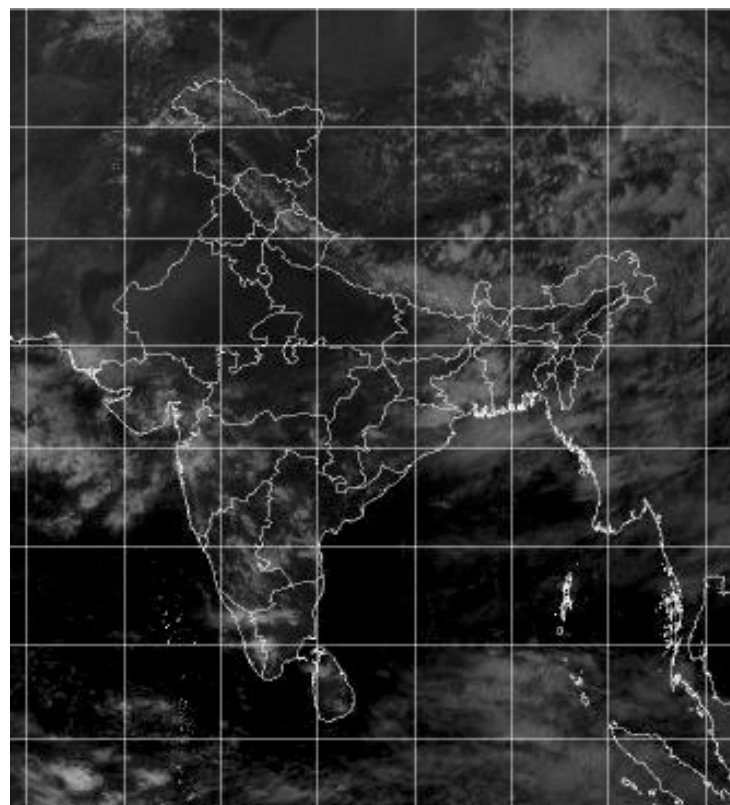
Agricultural Activities

Late onset of monsoon delayed the sowing of *kharif* crops in Chhattisgarh state. In last few days medium to heavy rainfall has been recorded. Transplanting, beushning in rice were completed in the state except a few places in general crop condition is normal. However, pest and disease like blast in rice, leaf folder in oilseeds and hairy caterpillars in pulses are observed.

Due to low rainfall the coverage of transplanting of kharif rice in Mohanpur zone (West Bengal) has been low by 70 %. Transplanting and Weeding operations are going on. The pest and diseases that were noticed in different crops are: Semilooper and Bihar hairy caterpillar in Pointed gourd, fruit rot and stem rot in Bitter gourd, white fly in Betel vine and Stem borer and grasshopper in Kharif rice.

Latest satellite Image of Monsoon Progress

(26.08.2005, 07.30 PM)

**PORT-WATCH (Latest)**

Delivery of 27,000 MT of SBO is continuing at JN Port from the vessel 'Antea'. The cargo was loaded from Argentina. Interocean agents is handling the vessel.

'Aurora' from Argentina has berthed at Kandla Port and continues to discharge 13,000 MT of SBO. The vessel is being handled by Interocean agents. 'Bum Woo' from Belawan has berthed at Kandla Port and continues to deliver 9,500 MT of CPO. Kandla Port is receiving 12,000 MT of palm oil from the vessel 'Bunga Siantan'. The cargo was loaded from Indonesia. Interocean agents is handling these vessels.

Kolkata Port is receiving 3,500 MT of CPO from the vessel 'Siam Pavinee'. Alap agents is handling the vessel. 'Spring Wind' has berthed at the port and is continuing to discharge 7,250 MT of CPO. The vessel is being handled by Seaport agents. Kolkata Port is receiving 6,000 MT of SBO from the vessel 'MMM Galvestone'. GAC agents is handling the vessel.

Kakinada Port is receiving 10,000 MT of SBO from the vessel 'Montana Star'. The port is expecting 'Global Venus' to discharge 9,000 MT of CPO. 'Instana 6' is expected at the port to deliver 5,000 MT of CPO.

'Global Trader' has berthed at Mundra Port and continues to deliver 5,000 MT of SBO. Taurus agents is handling the vessel.

Delivery of 10,000 MT of palm oil is expected at Mumbai Port from the vessel 'Chemstar Hero'. JM Baxi agents will be handling the vessel. The port is expecting 'Global Eos' to discharge 1,500 MT of palm oil. Forbes Gokak will be handling the vessel.

'Gertrude' and 'Zhong Hua 6' are expected at Chennai Port to discharge 5,000 MT and 4,000 MT of palm oil respectively. Seaport agents will be handling these vessels.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Bom Woo	9500	CPO	Arrived
	Aurora	13000	SBO	Arrived
	Bunga Saitan	12000	Palm oil	Arrived
Kakinada	Montana Star	10000	SBO	Arrived
	Global Venus	9000	CPO	Expected
	Istana 6	5000	CPO	Expected
Mundra	Global Trader	5000	SBO	Arrived
Mumbai	Chemstar Hero	10000	Palm oil	Expected
	Global Eos	1500	Palm oil	Expected
Kolkata	MMM Galveston	6000	SBO	Arrived
	Spring Wind	7250	CPO	Arrived
	Siam Pavinee	3500	CPO	Arrived
Chennai	Gertrude	5000	Palm oil	Expected
	Zhong Hua 6	4000	Palm oil	Expected
JN	Antea	27000	SBO	Arrived

Forex Rates

(As on 26.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.73
Malaysia	Ringgit	11.59
European Union	Euro	53.82
United Kingdom	GBP	78.86
Japan	100 Yen	39.72

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