

VEGOIL

17th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Improved Marginally Witnessing Mild Technical Correction
- South American Soybean Declined Marginally on Improving Prospects of US Crop
- BMD CPO Futures Closed Unchanged on Lack of Clear Trading Initiatives
- Soybean Oil Prices Continued Lower Amidst Declining Retail Demand

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 362.25, which is significantly lower than yesterday's close. Market opened weak and continued lower amidst lack of buyers support and increased panic selling at other exchanges.

The 7-day MA continued sharply downward hinting to the increasing weakness in market prices 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 22 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 5.10%, and has ranged from a high of 384.05 to a low of 362.10.

The 9-days Price ROC continued further lower to -3.090 (pointing downward) indicating the increasing weakness in the market prices. The 9-day RSI also dipped further lower in the oversold region to a level of 15.08 indicating the increasing weakness in the prices.

The % K-line dipped in the oversold region indicating the weakness in the price along with the % D-Line, which also moved lower in the neutral region.

The candlestick is hinting at the weak trade for Thursday.

Market advice:

Market is expected to open weak and continue trading in the lower on Thursday

Avoid new entry with medium and long-term outlook

Short-term selling would yield profit

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Sept' '05	363.20	362.50	365.70	366.20
NCDEX	Aug' '05	361.50	360.80	363.00	364.10

Abbreviations:

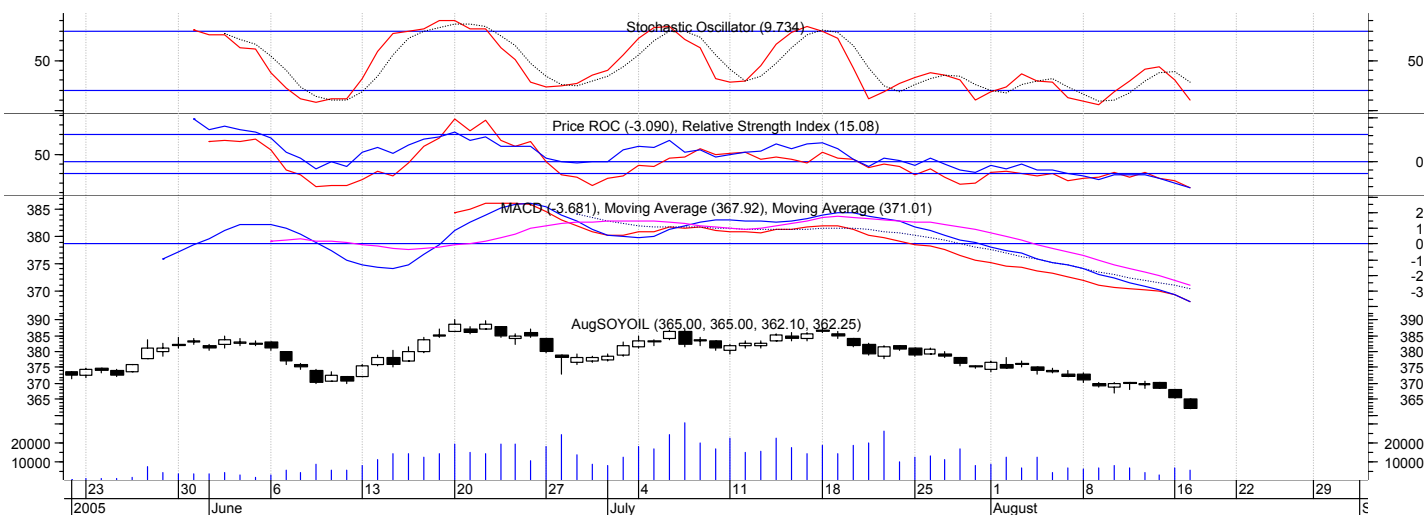
ROC - Rate of Change

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):

Soybean futures at the Chicago Board of Trade ended moderately higher on Tuesday, rebounding from Monday's setback on speculative buying attributed to ideas that recent declines were overdone.

Despite sustaining a firm tone throughout the day, market bulls still had little to hang their hats on, with favorable weather conditions for Midwest soy crops, which are moving through their critical pod-filling stage, a quiet export market and the lack of any surprises in Monday's crop progress report curtailing upside momentum.

Ideas that there is enough rain in the forecast to support improving crop conditions for next weeks update combined with a late break in wheat helped trigger the weakness into the close but the market still managed to hold on to part of the gains.

The oversold condition of the market basis traditional technical indicators and ideas that funds may have liquidated a good portion of their net long position helped support the bounce.

Crop conditions did not improve in the weekly crop progress report and only 51% of the crop is in good to excellent condition as compared with 69% last year and 58% as the 15-year average for this time of the year.

In trades, Rand Financial, RJ O'Brien and Refco each bought 500 November. Prudential Financial sold 600 September, and ADM Investor Services and Rand Financial each sold 200 November.

The US soybean is expected to trade marginally on the lower side on Wednesday evening amidst continuously improving crop weather.

CBOT Soy oil futures as 16.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.30	22.21	22.95	0.00	-0.01	22.29
5-Oct	22.39	22.27	22.52	22.35	+0.00	22.39
5-Dec	22.47	22.47	22.70	22.42	+0.05	22.52
5-Jan	22.64	22.72	22.82	22.55	+0.01	22.65

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November South American soybeans closed marginally lower amidst increased uncertainty in the US crop weather.

The Brazil government lowered import tariffs on fertilizer products to 2% from 6% recently in order to help the agriculture sector recover from a poor year. The outlook for a large South American crop for the coming year allowed the USDA to revise US exports lower, and the resulting cut in total usage was seen as a bearish force for the USDA reports.

Brazil production is expected to recover to 62 million tonnes compared to 51 million tonnes this past season and 50.50 million tonnes last year. Argentina production is expected to come in near 39 million tonnes, unchanged from this past season and up from 33 million tonnes last year.

China protein meal demand is expected to increase by about 8% this season due to the expanding economy and the increased use of meal for pork, poultry and aquaculture. China is expected to import 27 million tonnes of soybeans for the 2005/2006 season from 24 million tonnes (revised from 23.2 million in July) this past season.

The market experienced a major sell-off yesterday with good weather for much of the Midwest on the weekend and good weather to see crops recover in the forecast helping to provide the ammunition for the selling.

There may be some debate on the extent of recovery for the Illinois crop with 39% of the crop rated in poor to very poor condition as of August 14th. Funds were noted sellers of nearly 15,000 soybeans, 8,000 meal and 5,000 oil contracts.

The larger than expected crush data for the month of July, news that China is already buying US soybeans for fall delivery and reports of Asia rust and aphid problems are all factors which could help tighten the supply/demand outlook.

The weekly crop progress report showed that crops rated in good to excellent condition stayed steady on the week at 51% from 69% last year and 58% as the 15-year average for this time of the year. Crops in poor to very poor condition remained at 19% for the second week in a row as compared with 12% on average for this time of the year.

The Latin American soybean market is expected to trade bullish on Wednesday amidst expected improved crop conditions in US.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended little changed Wednesday as the market, devoid of fresh leads, continued in its range-bound trading mode.

The market lacked cues Wednesday as soyoil futures were little changed. December soyoil ended a mere 5 points higher at 22.52 cents a pound on the Chicago Board of Trade overnight. Yet even those marginal gains couldn't be sustained, as the December contract retreated 7 points in electronic trading on Wednesday.

Palm oil exports are up so far in August, with cargo surveyors recently estimating a rise of around 17% on month in the first half of the month. The growth is considered supportive for the market, but not large enough to warrant a significant increase in prices.

As production and exports are both growing, palm oil stocks in Malaysia aren't expected to change dramatically by end-August from the previous month's levels, traders said. Stocks totaled 1.27 million tons at end-July.

Participants are waiting, in particular, for a clearer picture on the prospects for the U.S. soybean crop. As August is a crucial development stage for the soybean crop, more reliable estimates on production are likely to emerge only from September onwards.

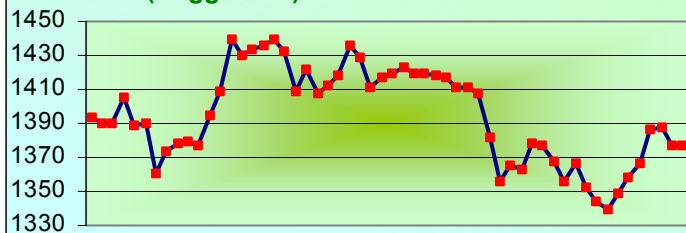
Palm oil market participants will also be watching the movement of the ringgit. The ringgit's peg at 3.8/dollar was removed July 21. Since then, the dollar has weakened to around MYR3.75 before rebounding above MYR3.76 this week. Still, some analysts and economists have been projecting a gradual weakening the dollar against the ringgit by year-end and in 2006.

A strong ringgit is negative for Malaysian CPO prices, as it reduces the earnings from the export of the commodity. In the Malaysian cash market, palm oil products were steady amid continued covering interest from refiners and trading houses at lower levels.

KLCE CPO Futures (17.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1367	1367	1371	1364	+2	1369	560
Oct '05	1374	1374	1378	1369	+3	1377	1550
Nov '05	1377	1375	1379	1370	0	1377	2524

CPO futures at Bursa Malaysia Derivatives (ringgit/Ton) 01.06.05 to 17.08.05



Domestic:

Palm oil

The domestic palm oil market continued range bound amidst growing weakness in the international markets and pressure of increased imports in the country.

The Malaysian market was not able to provide any indication to the domestic market, as it traded range bound amidst lack of clear indications and fresh trading initiatives. The price uncertainty increased owing to the intense haze arising by the fire in the Indonesian rain forest, and lack of global demand.

The import quantum has increased significantly. In the month of August, till 17.08.05 the country has imported about 2.54 lakh tonnes of palm oil. The import quantum is increasing significantly day-by-day applying intense pressure on the domestic prices.

CNF prices of CPO (July) were quoted at \$ 362.50 per tonne and RBD Palmolein at \$ 397.50 per tonne.

The price for palm oil in the market is expected to continue range bound on the lower side amidst declining demand in the domestic as well as the global palm oil market.

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

Centres	17.08.05	16.08.05	Change
Kandla CPO (5 % FFA)	320	320	0
Mumbai CPO (5% FFA)	322	323	-1
Kandla RBD Palmolein	354	353	+1
Mumbai RBD Palmolein	362	362	0
Chennai RBD Palmolein	357	355	+2
Kakinada RBD Palmolein	358	357	+1

Soy oil

The domestic market opened weak and continued range bound on the lower side for the day amidst increased selling and declining sentiments in international markets.

The US soybean market improved marginally yesterday evening in spite of the overall weakness in the US market amidst mild technical correction. The news of improving crop weather in the major growing areas is still pressuring the US soybean market.

Following the increased weakness in the international markets the domestic market is also continued lower. The domestic market is also pressured by the sharp decline in the retail demand. At the time of closure the NBOT September contract closed significantly lower at Rs.364.60 (Down by Rs.2.00).

The trade at the domestic exchanges is greatly volatile on the following pressure of expected bumper soybean crop owing to good rains and improving crop weather.

In the month of August, India has imported about 1.56 lakh tonnes of soybean oil till 17.08.05. The Hazir markets continued

lower amidst increased uncertainty at the futures and declining retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 332 per 10 kg. CNF prices for soy degum (July Shipment) at Kandla were quoted at \$ 498 per tonne.

The market is expected to open and continue weak for Thursday amidst declining support from the buyers. Selling with short-term outlook is advised.

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

Centres	17.08.05	16.08.05	Change
Mumbai (Soy ref)	352	352	0
Indore (Soy Ref oil)	364	366	-2
Indore (Soy Solvent Ex. oil)	339	342	-3
Kota (Soy Ref. Oil)	364	366	-2
Jaipur (Soy Ref. Oil)	365	366	-1

NBOT Soy oil futures as on 17.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	366.60	364.50	365.70	364.00	-2.00	364.60	24680
Oct '05	368.00	367.00	367.80	366.50	-1.50	366.50	350
Nov '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 16.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	368.60	368.15	368.15	365.65	365.75	6940	11850
Sep'05	371.70	371.00	371.00	367.60	367.95	14030	36040
Oct '05	373.80	373.10	373.10	369.90	370.20	7940	18900

Rape oil

The rape oil market today continued on the lower side in the domestic markets and the futures amidst declining retail demand and continuing indecisiveness of NAFED regarding the sale of mustard in the market.

Today the mustard arrival was 0.15 lakh bags in Rajasthan.

The rape oil market is expected to continue range bound on the lower side on Thursday, as the buyers' support at the exchange is not expected to improve. Avoid new entry as the market is closing for a longer weekend. Short term selling can yield profit.

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

Centres	17.08.05	16.08.05	Change
Mumbai (Rape Expeller Oil)	392	393	-1
Kota (Rape Expeller Oil)	370	370	0
Jaipur (Rape Expeller Oil)	375	377	-2
Neewai (Kacchi Ghani Rape Oil)	395	396	-1
Delhi (Rape Expeller Oil)	395	396	-1

Groundnut oil

Groundnut oil today continued marginally lower amidst increased uncertainty regarding the supply in the market and increasingly low retail demand.

The latest sowing progress of the groundnut seed shows that the crop acreage is still down at 50.24 lakh hectares against the last

year's acreage of 53.52 lakh hectares. The decline in the area and the late sowing in the Gujarat region are expected to pull down the overall prices in the groundnut market.

The heavy import of the other edible oil in the domestic market has also pressured the market. Till 17.08.05 the country has imported 4.11 lakh tonnes of edible oil (palm oil & soybean oil).

The domestic market is expected to continue trading range bound on the lower side on Wednesday amidst growing uncertainty in edible oil markets and low retail demand.

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

Centres	17.08.05	16.08.05	Change
Mumbai (Excluding VAT)	497	495	+2
Rajkot	505	512	-7
Andhra Region	520	520	0
Chennai	520	522	-2

LATEST WEATHER WATCH (17.08.2005)

Weather Forecast

Yesterday's upper air cyclonic circulation over Jharkhand and adjoining Chhattisgarh now lies over Jharkhand and adjoining southeast Uttar Pradesh extending upto mid tropospheric levels tilting southwestwards with height. The system is likely to move slowly in a northwesterly direction and may cause fairly widespread rainfall with isolated heavy falls over north Madhya Pradesh and south Uttar Pradesh during next 2-3 days.

The upper air cyclonic circulation over central Pakistan and neighbourhood persists extending upto 1.5 km above sea level.

The upper air cyclonic circulation extending between 2.1 & 4.5 km above sea level over Gujarat & neighbourhood now lies between 1.5 & 5.8 km above sea level.

The axis of monsoon passes through Ferozepur, Delhi, Kanpur, Allahabad, Digha and thence southwards into central Bay of Bengal. Under this scenario, scattered to fairly widespread rainfall activity is also likely over Punjab, Haryana, Delhi, Uttaranchal, Himachal Pradesh, Jammu and Kashmir and West Uttar Pradesh during next 2 days.

Forecast Valid 0830 Hours IST of 20th August, 2005

Rain/thundershowers are likely at many places over Sub-Himalayan West Bengal & Sikkim, Orissa, Chhattisgarh, Uttar Pradesh, Uttaranchal, Haryana, Chandigarh & Delhi, Punjab, Himachal Pradesh, Jammu & Kashmir, East Rajasthan, Gujarat State, Madhya Pradesh, Konkan & Goa, Madhya Maharashtra, Vidarbha, Coastal Andhra Pradesh, Telangana and Coastal Karnataka and at a few places in the rest regions of the country outside south Tamil Nadu & Pondicherry where it may be isolated.

NORTH: Rain/thundershowers likely at many places in the region.

EAST: Rain/thundershowers likely at many places over Jharkhand, Chhattisgarh and East Madhya Pradesh and at a few places over the rest region.

SOUTH: Rain/thundershowers likely at many places over Coastal Karnataka; at a few places in the rest region outside South Tamil Nadu where it may be isolated.

WEST: Rain/thundershowers likely at many places over West Madhya Pradesh, Gujarat Region, East Rajasthan, Konkan & Goa, Madhya Maharashtra and at a few places in the rest region.

Outlook For Subsequent Two Days

Increased rainfall activity likely to continue over central India. It may decrease over northwest India.

Warning

Isolated heavy rainfall likely over Madhya Pradesh, Chhattisgarh, Jammu division of Jammu & Kashmir, Uttaranchal, Haryana, Himachal Pradesh, East Rajasthan, Gujarat Region, Konkan & Goa and Madhya Maharashtra.

Agricultural Activity Progress

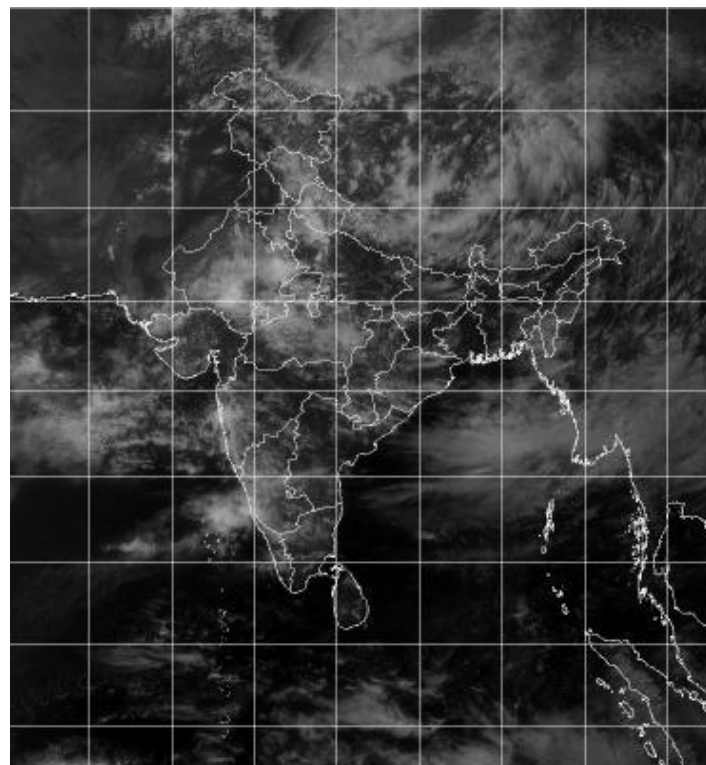
Due to heavy rainfall in Jammu Division during past few days about 33000 Ha. Kharif crop has been damaged. The area sown in the different crops against their normal area is shown below:

Crop	Actual Area	Normal Area
Paddy	84.2	110
Maize	200.8	210
Pulses	15	18
Oil seeds	8.4	10
Vegetables	9	12

Due to proper distribution of rainfall crops, crop condition is satisfactory in all the three sub divisions of Andhra Pradesh viz., Rayalaseema, Telangana and Coastal Andhra Pradesh. However, mild infestation of red hairy caterpillar and leaf Webber on groundnut in Anantapur district, moderate infestation of stem borer on maize and cutworm on rice nurseries in Karimnagar District of Telangana and mild to moderate infestation of leaf Webber on groundnut in North Coastal Andhra Pradesh is observed.

Latest satellite Image of Monsoon Progress

(17.08.2005, 03.30 PM)



PORT-WATCH (Latest)

Kandla Port is receiving 8,000 MT of palm oil from the vessel 'Hartati'. The cargo was loaded from Padang. JM Baxi is handling the vessel. 'Sunlight' from Brazil has berthed at Kandla Port and continues to discharge 31,250 MT of SBO. Interocean agents is handling the vessel. 'Aschiilesas' from Argentina is expected at the port to discharge 28,500 MT of SBO. Delivery of 5,000 MT of CPO is expected at the port from the vessel 'Samho Cyenus'. The port is expecting 'Bunga Siantan' from Indonesia to discharge 12,000 MT of palm oil. 'Bum Woo' from Belawan is expected at the port to deliver 9,500 MT of CPO. Interocean agents will be handling these vessels.

'Monalisa' has berthed at Kolkata Port and continues to discharge 5,700 MT of CPO. Interocean agents is handling the vessel. The port is receiving 4,200 MT of CPO from the vessel 'Isokaze'. Delivery of 6,000 MT of CPO is continuing at the port from the vessel 'Filma Satu'. Seaport agents is handling the vessel.

Delivery of 5,998 MT of palm oil is continuing at Mumbai Port from the vessel 'Samho Cyenus'. The cargo was loaded from Iran. The vessel is being handled by Interocean agents. 'Hartati' from Padang is expected at the port to deliver 5,500 MT of palm oil. JM Baxi agents will be handling the vessel.

Kakinada Port is receiving 9,000 MT of CPO from the vessel 'Thressa II'. 'Team Ace' has berthed at the port and continues to discharge 6,000 MT of CPO. 'MMM Jackson' is expected at the port to deliver 6,000 MT of CPO.

Chennai Port is receiving 40,000 MT of CPO from the vessel 'Tirta Niaga II'. Unicorn agents is handling the vessel. Delivery of 6,000 MT of palm oil is completed at Chennai Port from the vessel 'Ace I'. The vessel was handled by Seaport agents.

Delivery of 12,000 MT of SBO is continuing at JN Port from the vessel 'Achillesas'. The cargo was loaded from Argentina. Interocean is handling the vessel. Delivery of 10,000 MT of SBO is completed at JNPT from the vessel 'Montana Star'.

'Marine Champion' has berthed at New Mangalore Port and is continuing to deliver 9,000 MT of CPO. 'Montana Star' is expected at New Mangalore Port to deliver 3,000 MT of SBO.

'Global Trader' is expected at Mundra Port to deliver 5,000 MT of SBO. Taurus agents will be handling the vessel.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Sun Light	31250	SBO	Arrived
	Bom Woo	9500	CPO	Expected
	Hartati	8000	Palm oil	Arrived
	Aschiilesas	28500	SBO	Expected
	Bunga Saitan	12000	Palm oil	Expected
	Sam ho Cyenus	5000	CPO	Expected
Chennai	Ace I	6000	Palm oil	Arrived
	Tirta Niaga	40000	CPO	Arrived
New Mangalore	Marine Champion	9000	CPO	Arrived
	Montana Star	3000	SBO	Expected
Mumbai	Hartati	5500	Palm oil	Expected
	Sam ho Cyenus	5998	Palm oil	Arrived
Cochin	MMM Houston	3500	Palm oil	Arrived
Kakinada	MMM Jackson	6000	CPO	Expected
	Team Ace	6000	CPO	Arrived
	Thressa II	9000	CPO	Arrived
Tuticorin	Mega Crown I	1850	Palm oil	Arrived
Mundra	Global Trader	5000	SBO	Expected
JN	Montana Star	10000	SBO	Arrived
	Aschiilesas	12000	SBO	Arrived
Kolkata	Monalisa	5700	CPO	Expected
	Isokage	4200	CPO	Expected
	Filma Satu	6000	CPO	Expected

Forex Rates

(As on 17.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.54
Malaysia	Ringgit	11.57
European Union	Euro	53.58
United Kingdom	GBP	78.55
Japan	100 Yen	39.64

Disclaimer

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