

VEGOIL

03rd August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Surged Ahead on Increased Speculative Buying
- South American Soybean Continued Up Amidst Support from Us Crop Weather
- BMD CPO Futures Surged Ahead Range Bound On Concerns Over Slow Demand
- Soybean Oil Traded Higher Amidst Increased Buyers' Support

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 375.90, which is marginally higher than yesterday's close. Market opened firm and traded range bound on the higher side amidst increasing buying support.

The 7-day MA continued hinting to the 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 moving average 11 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 1.52% and has ranged from a high of 384.05 to a low of 373.60.

The 9-days Price ROC today declined marginally to the level of -1.455 indicating the indecisiveness in the market prices. On the other hand, the 9-day RSI also moved higher in the neutral region to a level of 38.63 indicating the rising strength in the prices.

The % K-line continued up in the neutral region indicating the improving price trend while the % D-Line moved further lower indicating declining sentiments in the prices.

The candlestick is marginally hinting at the steady to firm opening for Thursday.

Market advice:

Market is expected to open steady and trade marginally higher towards the end of the day for Thursday.

Buy with short-term outlook.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Aug' '05	371.70	370.90	374.20	375.40
NCDEX	Aug' '05	375.00	374.00	378.00	379.30

Abbreviations:

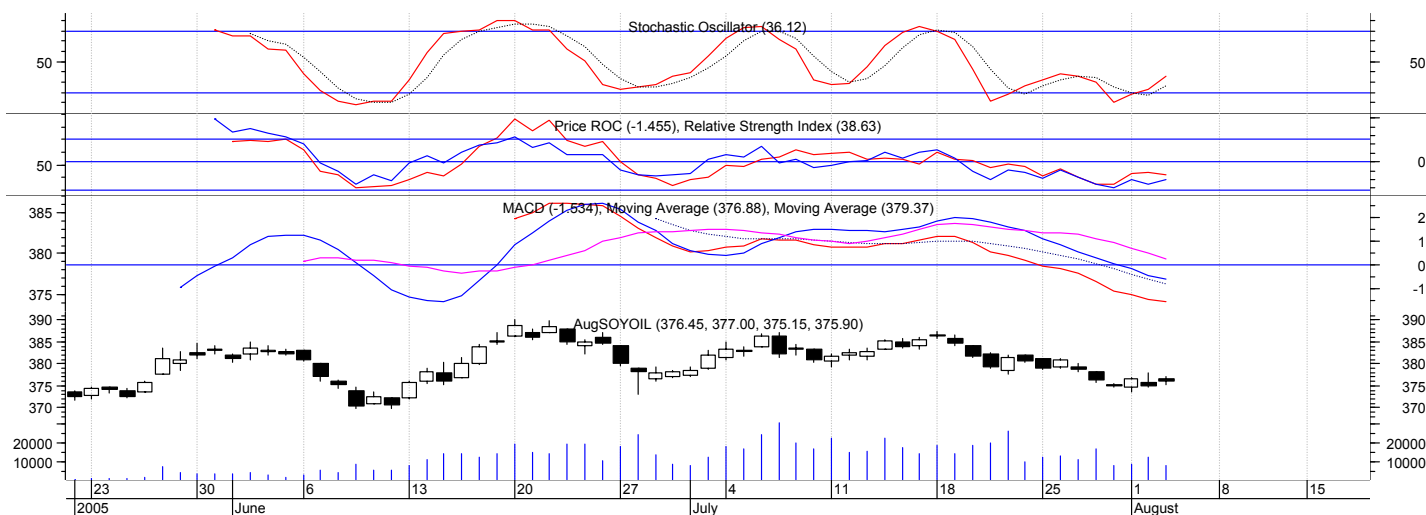
ROC - Rate of Change

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):

US soybeans opened stronger on a bullish crop conditions number and then rallied to their highest level in over a week after some weather forecasts indicated drier conditions ahead than had been previously forecasted.

Moisture in August is critical the pod filling, so the trade is watching the weather for the next few weeks very closely. In last night's conditions report, 54% of the soybean crop was rated in good to excellent condition, unchanged from last week but down from 70% a year ago and 60% as the 15-year average. Prior to the report, traders were looking for a 2-4% improvement in conditions. US Gulf basis was steady this morning and mixed in the central US.

Private weather forecasters pulling rain out of midday outlooks for key areas of the Midwest soybean belt during its key pod-filling stage of development served as the catalyst for the gains, raising the threat of declining yield potential.

In trades, Cargill Investor Services bought 1,000 November; Refco bought 1,500 November; ABN Amro, RJ O'Brien and Tenco each bought 400 November; and Callyon Financial and Citigroup each bought 500 November. Rand Financial sold 400 November and UBS Securities sold 300 November. Commodity funds were estimated buyers of 4,500 contracts.

The US soybean is expected to continue with its choppy trading sessions in the coming days amidst wide spread contradicting weather forecasts by several private forecasting agencies.

Continuation chart of CBOT (Soybean Oil)



CBOT Soy oil futures as 02.08.2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Aug	24.08	24.27	25.08	24.02	+0.94	25.02
5-Sep	24.19	24.38	25.20	24.18	+0.90	25.09
5-Oct	24.32	24.55	25.30	24.25	+0.91	25.23
5-Dec	24.49	24.62	25.50	24.41	+0.89	25.38

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November SA soybeans were up 3 cents overnight as the weekly crop condition reports showed little improvement over last week despite some recent rains. Asian markets were jittery over hot and dry weather in the US Midwest.

Recent strengthening in the Real could continue, as the Dollar isn't finding support off its stronger economic readings. There appears to be growing chance of a persistent decline in the Dollar. With a September Dollar Index trade below 88.25, many traders might assume a major shift to the downside is underway.

The 6-10 day forecast for the US Midwest has some models calling for another rain event next Tuesday and with the Thursday event, that certainly limits the bulls' capacity in the short term.

Chinese soybeans overnight were slightly higher in what the press described as bargain hunting buying, but still it is clear that buyers are only partially interested in the long side. Given the latest COT report positioning, it is certainly possible that heavier than expected rains on Thursday followed up by rains next week could prompt a temporary washout to 6.58 in the November US beans, but there would seem to be enough uncertainty and an entire month of critical growing time still ahead to prevent a total capitulation.

With a rain event sandwiched in between hot and dry weather this week and next week for the US Midwest, it will be important for the coming event to reach expectations on Thursday, or one might expect soybean crop conditions to decline, or at best hold steady into next Monday.

The presence of Asian rust in Alabama is apparently a background item against a crop condition that seems to be precariously balanced between improving or denigrating into a more significant situation. However, the weather forecasts apparently offer just enough to keep the bulls from gaining the upper hand.

The Latin American soybean market is expected to continue bullish amidst uncertainty in crop weather and incidence of Asian soybean rust in US.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended slightly higher after a slow, range-bound trading day Wednesday, with concerns over slow demand offsetting the positive impact from sharp gains in overnight soybean futures.

Traders expressed that most participants remained on the sidelines, as they were uncertain of the direction that the market is headed due to conflicting signals. On one hand, stronger soybean futures amid bullish weather forecasts are lending support to the palm oil market, but on the other hand, consumer-buying interest for palm oil products has been uninspiring lately, limiting the upside for prices.

Palm oil exports touched record levels earlier in the year but have been on a downtrend in June and July. Earlier in the week, cargo surveyors SGS (Malaysia) Bhd. and Intertek Agri Services estimated an on-month drop of around 12%-14% in Malaysian palm oil exports in July.

Persistent weakness in exports is cause for concern, as production is usually at its strongest this time of the year. The third quarter is the seasonal peak output period for palm oil.

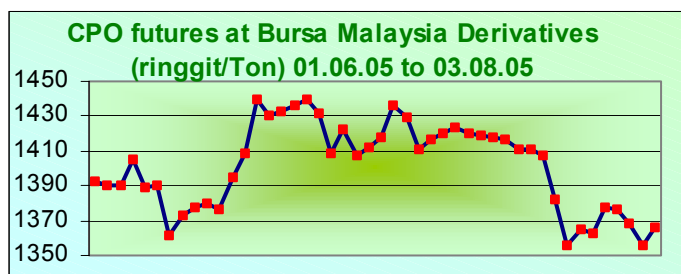
The Malaysian government's decision to abandon a seven-year peg of the ringgit July 21 had sparked some heavy hedge selling and speculative trading, contributing to improved activity. However, the recovery in trading volumes was short-lived as participation dwindled again in recent days. Participants are waiting for clearer indications on the supply and demand situation for the coming months.

Many players are also watching weather conditions in the U.S., as August is a crucial growing period for soybean crops. Any major crop damage due to drought could hurt the supply of soybeans and soy products for the next year, which ultimately, would be positive for global edible oil prices.

In the Malaysian cash market, palm oil product prices were unchanged. Trading activity improved amid some covering interest from regional trading houses at lower levels. The market is expected to continue range bound on the positive side on expected support from the US soybean market.

KLCE CPO Futures (03.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1343	1350	1352	1342	+7	1350	322
Sep '05	1352	1359	1362	1353	+10	1362	628
Oct '05	1356	1365	1366	1355	+10	1366	1412



Domestic:

Palm oil

The domestic palm improved marginally amidst positive support from the other edible oil markets.

The Malaysian market traded positive amidst increased support at the US soybean market and increased prospects of exports. The stronger ringgit exerted pressure on palm oil prices keeping the global demand on the lower side, but the rising crude oil prices and the readjustment of the global freight charges in lieu of the revaluation of Chinese currencies changed the overall sentiments of the market.

The import quantum has increased almost gradually. In the month of August (till 03.08.05) the country has imported about 0.23 lakh tonnes of palm oil. The import quantum is still low because of the flood like situation the Western Ghat regions.

CNF prices of CPO (July) were quoted at \$ 360.00 per tonne and RBD Palmolein at \$ 392.50 per tonne.

The price for palm oil in the market is expected to continue range bound on the positive side amidst increasing support from the other edible oil markets as well as from the global palm oil markets.

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

Centres	03.08.05	02.08.05	Change
Kandla CPO (5 % FFA)	325	324	+1
Mumbai CPO (5% FFA)	328	327	+1
Kandla RBD Palmolein	357	357	0
Mumbai RBD Palmolein	364	364	0
Chennai RBD Palmolein	357	356	+1
Kakinada RBD Palmolein	356	355	+1

Soy oil

The domestic market opened firm and traded range bound on the higher levels for the day amidst heavy rains at Indore and increased buying support from the domestic traders.

The international market traded positive amidst increased support from the speculative buyers. The increased buying in the US market was attributed to the increased concern over the declining crop conditions, which had reached 50 per cent on the good to excellent scale. The increase in the price of the crude oil in the global market is expected to impart rising support to the soybean market. Following the international trends the domestic trade moved in the positive direction. At the time of closure the NBOT August Contract closed marginally higher at a level of Rs. 374.30 (Up by Rs. 1.60) and the September contract ended at Rs. 379.20 (Up by Rs. 2.00).

As per the latest production and acreage figures released by the SOPA, the total area sown has reached 69.076 lakh hectares compared to the last year figures of 64.555 lakh hectares. This decline in the area is expected to add bullishness to the market, which is trading directionless.

The Hazir markets continued trading range bound on the higher side following buyer's support at the futures.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 338 per 10 kg. CNF prices for soy degum (July Shipment) at Kandla were quoted at \$ 520 per tonne.

The market is expected to open range bound and continue positive for Thursday amidst growing support from the buyers following the recent SOPA's production estimates.

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

Centres	03.08.05	02.08.05	Change
Mumbai (Soy ref)	359	358	+1
Indore (Soy Ref oil)	373	371	+2
Indore (Soy Solvent Ex. oil)	354	349	+5
Kota (Soy Ref. Oil)	375	373	+2
Jaipur (Soy Ref. Oil)	377	375	+2

NBOT Soy oil futures as on 03.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	372.70	373.80	374.90	373.10	1.60	374.30	11080
Sep'05	377.20	N.A	379.20	N.A	2.00	379.20	7680
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 02.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	376.65	375.75	378.00	374.80	374.95	12330	25460
Sep'05	380.30	380.25	381.90	378.75	379.00	12380	35680
Oct '05	382.10	382.60	383.90	380.85	381.00	3630	11780

Rape oil

The rape oil market today continued lower in the spot as well as in the futures markets amidst lack of buyers' support and wide spread uncertainty regarding the sale of mustard seeds by NAFED.

As today is the day of the NAFED's domestic tender, there was anxiety in the market about the lower rate to be quoted by the

officials. But as the sources the quoted rate was same at 1700 per tonne, at which the traders were least interested resulting in status quo.

Today the new crop arrival 0.20 lakh bags in Rajasthan, which is significantly low.

The rape oil market is expected to continue range bound with marginal improvement on Thursday as the buyers' support is expected to be on the rising side.

Rape oil - Spot Market Price		(Rs. per 10 kg)		
Centres	03.08.05	02.08.05	Change	
Mumbai (Rape Expeller Oil)	395	391	+4	
Kota (Rape Expeller Oil)	382	384	-2	
Jaipur (Rape Expeller Oil)	383	385	-2	
Neewai (Kacchi Ghani Rape Oil)	402	403	-1	
Delhi (Rape Expeller Oil)	405	405	0	

Groundnut oil

Groundnut oil continued range bound at various centres amidst continuing lack of retail demand.

Heavy rains in the major growing areas of Maharashtra and Gujarat have led to the uncertainty in the prospects of the new crop. These rains are expected to cause damage to the crop roots if water is logged in the fields for a longer duration, creating uncertainty in the overall output after less than normal sowing. The prospect of declining production is expected to impart bullishness in the market in the days to come.

In other edible oil markets, the price movement is providing marginal support to the groundnut prices.

The domestic market is expected to continue trading range bound on Thursday amidst flood like condition in Madhya Pradesh, Maharashtra and parts of Gujarat.

Groundnut oil - Spot Market Price		(Rs. per 10 kg)		
Centres	03.08.05	02.08.05	Change	
Mumbai (Excluding VAT)	485	485	0	
Rajkot	520	520	0	
Andhra Region	524	522	+2	
Chennai	525	525	0	

LATEST WEATHER WATCH (03.08.2005)

Progress of Monsoon

Yesterday's low pressure area over north Bay of Bengal off Gangetic west Bengal coast now lies as a well marked low pressure area over north Bay of Bengal and adjoining Bangladesh. Associated upper air cyclonic circulation extends upto mid-tropospheric levels.

The low pressure area over Northwest Madhya Pradesh and adjoining East Rajasthan now lies over East Rajasthan and neighbourhood and becoming less marked. However associated cyclonic circulation lies over the same area extending upto mid-tropospheric levels.

The off-shore trough running from Goa to Karnataka coast persists.

The axis of the monsoon trough at sea level passes through Phalodi, centre of the low pressure area, Fatehpur, Hazaribagh, centre of well marked low pressure area and thence southeastwards to north Bay of Bengal.

Outlook for subsequent two days

Increase in rainfall activity over East central India, Gangetic plains and Western Himalayan Region.

Decrease in rainfall activity over North-eastern States.

Outlook for subsequent 72 hours

North: Rain/thundershowers likely at a few places in Himachal Pradesh, Uttarnchal and East Uttar Pradesh and isolated in the rest region. Increase in rainfall activity over the area from 4th onwards.

East: Rain/thundershowers likely at most places over Gangetic West Bengal and Orissa; at many places over Northeastern states, Sub-Himalayan West Bengal & Sikkim, Jharkhand and Chhattisgarh and at a few places in the rest region.

South: Rain/thundershowers likely at many places over Coastal Karnataka and at a few places in the rest region outside South Andhra Pradesh and Tamil Nadu & Pondicherry where it may be at isolated places..

West: Rain/thundershowers likely at many places in Konkan & Goa and Gujarat state, Madhya Maharashtra and Rajasthan and at a few places in the rest region. Further decrease in the rainfall activity over Gujarat State and south Rajasthan from 4th.

Warning

Heavy to very Heavy rainfall likely at a few places over Orissa and Gangetic West Bengal. Isolated heavy rainfall also likely over Konkan & Goa, Chhattisgarh, Jharkhand, Coastal Karnataka, Madhya Maharashtra and Rajasthan.

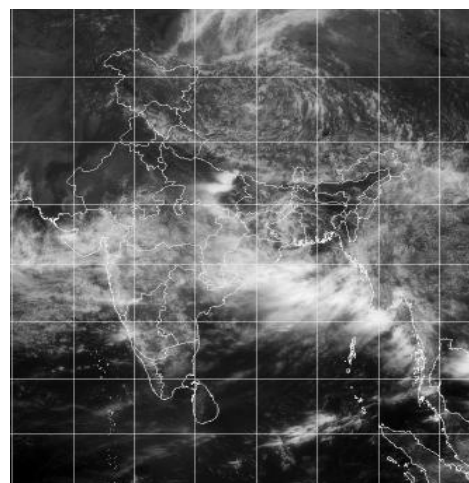
Agricultural Activities

Heavy rainfall has occurred in southeast and southern parts of Rajasthan during the last week. At Udaipur centre heavy rainfall was recorded in the latter part of the week. Due to receipt of sufficient rainfall during this week, all the kharif crops are performing satisfactorily. Top dressing of urea in maize, sorghum, cotton, earthing in groundnut is in progress. Mild infestation of Tikka on groundnut was observed in southern parts of the state.

The state of Karnataka received rainfall of 73 mm as against the normal rainfall of 66 mm (11 % higher) during the last week. Widespread rainfall occurred over interior Karnataka, coastal Karnataka and Malnad regions during last week. As on 18th July, an area of 33.04 lha was sown against the normal crop area of 35.28 lha, which is 2.24 lha less than the normal. The coverage under oilseed crops is less than normal, while the coverage under cash crops is more than normal.

Latest satellite Image of Monsoon Progress

(03.08.2005, 03.30 PM)



PORT-WATCH (Latest)

Delivery of 10,000 MT of SBO is continuing at JNPT from the vessel 'Biz'. The cargo was loaded from Argentina. Interocean agents is handling the vessel.

'Hua Yun 4' has berthed at Kolkata Port and continues to deliver 7,000 MT of CPO. The vessel is being handled by Seaport agents. Delivery of 6,000 MT of CPO is continuing at Kolkata Port from the vessel 'Filma Satu'. Seaport agents is handling the vessel. Kolkata Port is expecting 'Team Ace' to deliver 4,500 MT of CPO. The vessel will be handled by GAC agents.

'Victory Ocean' has berthed at Mumbai Port and continues to discharge 9,000 MT of CPO. JM Baxi agents is handling the vessel. Mumbai Port is receiving 5,200 MT of CPO from the vessel 'Liquid Era'. Atlantic agents is handling the vessel.

Delivery of 4,000 MT of SBO is continuing at New Mangalore Port from the vessel 'Felicity'. Interocean is handling the vessel. 'Global Venus' is expected at New Mangalore Port to discharge 8,500 MT of CPO. Patvolk agents will be handling the vessel.

Kakinada Port is receiving 6,000 MT of CPO from the vessel 'L Star'. The port is expecting 'Spring Glory' and 'Golden Crane' to deliver 2,000 MT and 6,000 MT of CPO respectively.

Chennai Port is receiving 8,700 MT of palm oil from the vessel 'Chem Tank'. The vessel is being handled by Seaport agents. 'Gulf Dove' is expected at the port to deliver 6,000 MT of SBO. JM Baxi 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.

Delivery of 7,000 MT of CPO is expected at Kandla Port from the vessel 'Sothorn Unicorn'. The cargo was loaded from Malaysia. Atlantic agents will be handling the vessel. 'Pacific Sound' from Padang is expected at Kandla Port to discharge 7,700 MT of palm oil. Interocean agents will be handling the vessel. 'Golden Express' from Malaysia is expected at the port to discharge 8,000 MT of CPO. JM Baxi agents will be handling the vessel. The port is expecting 'Victory Prima' from Padang to deliver 9,475 MT of palm oil. The vessel will be handled by JM Baxi agents. Delivery of 13,250 MT of SBO is expected at the port from the vessel 'Biz'. The cargo was loaded from Argentina. Interocean agents will be handling the vessel.

Cochin Port is expecting 'Eastern Eminity' to discharge 3,000 MT of palm oil. The vessel will be handled by GAC agents.

Delivery of 6,000 MT of CPO is expected at Mundra Port from the vessel 'Vernal Grace'. Taurus agents will be handling the vessel.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Southern Unicorn	7000	CPO	Arrived
	Pacific Sound	7700	Palm oil	Expected
	Victory Prima	9475	Palm oil	Expected
	Biz	13250	SBO	Expected
	Golden Express	8000	CPO	Expected
Cochin	Eastern Eminity	3000	Palm oil	Expected
Chennai	Ace I	6000	Palm oil	Expected
	Chem Tank	8700	Palm oil	Arrived
	Gulf Dove	6000	SBO	Expected
New Mangalore	Global Venus	8500	CPO	Expected
	Felicity	4000	SBO	Arrived
Kolkata	Hua Yun 4	7000	CPO	Arrived
	Team Ace	4500	CPO	Expected
	Filma Satu	6000	CPO	Arrived
Mumbai	Victory Ocean	9000	CPO	Arrived
	Liquid Era	5200	CPO	Arrived
Kakinada	L Star	6000	CPO	Arrived
	Spring Glory	2000	CPO	Expected
	Golden Crane	6000	CPO	Expected
Mundra	Vernal Grace	6000	CPO	Expected
JN	Biz	10000	SBO	Arrived

Forex Rates

(As on 03.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.51
Malaysia	Ringgit	11.60
European Union	Euro	53.04
United Kingdom	GBP	77.06
Japan	100 Yen	38.98

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