

VEGOIL

05th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Improved Modestly Amidst Support from Weekly Export Figures
- South American Soybean Continued Range Bound Following Fluctuating Weather Forecast in US
- BMD CPO Futures Continued Lower Amid Selling Pressure from Indonesian Trading Company
- Soybean Oil Market Traded Range Bound Amidst Pressure from Increased Imports

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 373.75, which is higher than yesterday's close. Market opened firm, continued on the higher levels for most of the day but declined towards the close amidst increased profit booking by the traders increased pressure of imports.

The 7-day MA continued in the downward direction hinting to the existing 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 13 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 2.08% and has ranged from a high of 384.05 to a low of 373.00.

The 9-days Price ROC today improved marginally to the level of -1.385 indicating the steadiness in the market prices. The 9-day RSI continued lower entering the oversold region to a level of 28.28 indicating the declining strength in the prices.

The % K-line continued down in the neutral region indicating the weakness in the price trend while the % D-Line continued further up indicating stability in the prices.

The candlestick is marginally hinting at the weak opening for Saturday.

Market advice:

Market is expected to continue range bound range bound for the day with short-term weak undertone

Avoid new entry with medium and long-term outlook.

Short-term selling could yield profit.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Aug' '05	370.60	369.20	372.50	373.90
NCDEX	Aug' '05	372.60	371.60	375.20	376.10

Abbreviations:

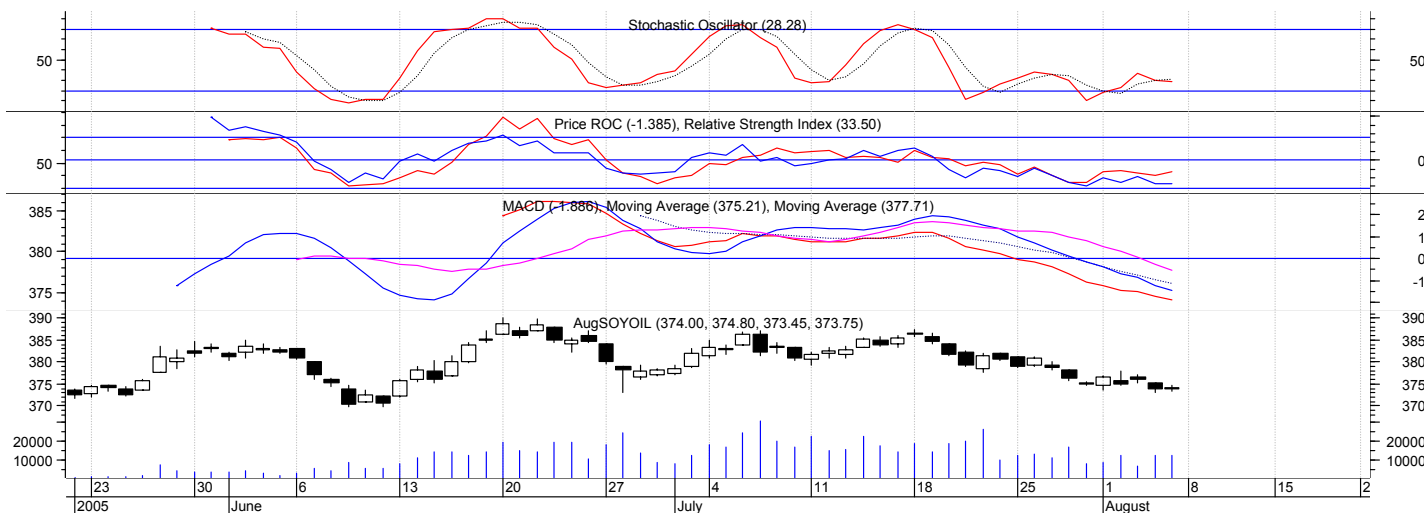
ROC - Rate of Change

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 modestly higher on Thursday, quietly consolidating Wednesday's sharp declines amid the absence of fresh market moving news.

The rainfall from the system moving through the Midwest yesterday and today appears to be missing the areas that need it. Rains of 0.25 to 1.0 inches moved across the western Corn Belt last night with heaviest rains falling in northern Iowa and southern Minnesota. Only scattered showers are expected in the eastern part of the belt from this system.

Weekly export sales came in at the bullish end of expectations but the weather outlook was mixed. As per the export sales for soybeans came in at 116900 metric tonnes for the current crop and 133700 for new for a total of 250600, which was above trade expectations. Cumulative sales for the 2004/05 crop have reached 100.0% of the USDA forecast as compared to 103.2% on average over the last five years.

Meal sales came in at 72,700 for the current crop and 2,700 for new for a total of 75,400, which was within the range of expectations. Cumulative meal sales have reached 88.3% of the USDA forecast as compared to 92.5% on average over the last five years. Sales of 83,200 metric tonnes per week are needed to reach the USDA estimate.

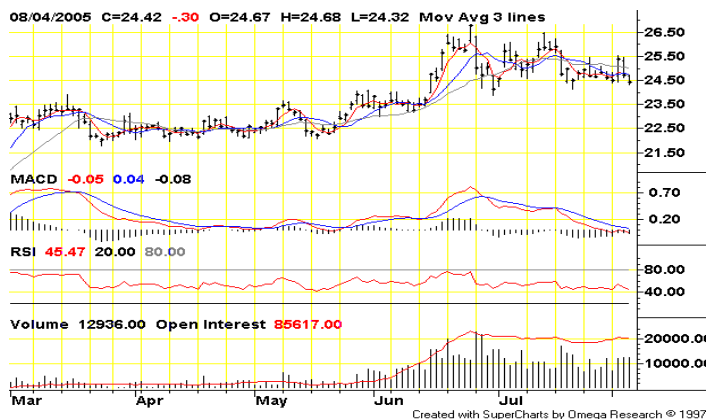
Oil sales were 1,100 for current crop and 500 for new for a total of 1,600, which was towards the low end of expectations. Cumulative sales have reached 65.9% of the USDA forecast as compared to 59.0% on average over the last five years. Sales of 23,500 metric tonnes per week are needed to reach the USDA estimate.

The sideways price theme was consistent from the outset, with concerns over summer dryness in the Midwest and reports of light showers moving across key areas of the soybean belt overnight and Thursday afternoon keeping traders on edge.

In trades, Citigroup bought 400 November, Man Financial bought 300 November and DT Trading bought 600 November. Citigroup sold 500 November, Cargill Investor Services, Fimat, O'Connor, RJ O'Brien and Refco each sold 200 November. South American soybean futures ended modestly higher. The September futures settled 1 cent higher at \$6.99.

The US soybean is expected to trade marginally high for today evening amidst support from the weekly export figures.

Continuation chart of CBOT (Soybean Oil)



CBOT Soy oil futures as 04.08.2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Aug	24.30	24.33	24.33	24.05	-0.15	24.15
5-Sep	24.40	24.37	24.37	24.11	-0.19	24.21
5-Oct	24.49	24.48	24.48	24.20	-0.21	24.28
5-Dec	24.72	24.50	24.65	24.38	-0.30	24.42

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November soybeans traded range bound in fairly volatile trade for an overnight session. The US crop is in a critical stage of growth and is reacting each day to changes in the weather forecast, and as a result its price action is tending to dominate the South American market.

The spread has more or less followed the peaks and valleys in the US contract as the outlook for the US crop changed with the weather throughout the summer.

As opposed to corn, the US soybean market has to give a little more credence to the potential for deterioration in crop conditions, but the market also realizes that the bean crop maintains significant resiliency in its conditions. With the latest US crop conditions report showing good/excellent ratings at almost the mid point of the historical high and low extremes, it is apparent that conditions are vulnerable. To add to the either way potential in prices is the fact that the US Midwest weather is oscillating between cool and hot and also between wet and dry.

While many would suggest that periodic moisture will bring the crop through the critical window, there is catch up needed and that gives the bull camp a very minor edge. Giving the bulls an added edge is the fact that news services this morning are circulating rumors of some rust spores in Illinois.

With the international and export news mostly coming in as a slight negative, the focus on the market could turn to the Tuesday rain event. In conclusion, the market pushed up prices because the Thursday event isn't expected to mean much, but with the next Tuesday rain hopes coming into focus, the bulls don't have much of an edge.

With a Chicago weather forecaster acknowledging the potential for heavier rainfall totals next Tuesday than is expected in the Thursday moisture event, it is hard to differentiate between a pattern that is going to stress the crop and one that is a greenhouse. The Latin American soybean market is expected to trade marginally bullish today evening amidst report of decline in the weekly export sales of US.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended moderately lower after a mostly dull trading day Friday as participants awaited fresh supply and demand data due in the coming days and clearer direction from the U.S. soybean market.

CPO futures were in positive territory for most of the day, but fell below a key support level of MYR 1350 a metric tonne in the last hour of trading amid talk of selling interest by a major trading company in the cash market. The company, a large exporter of Indonesian palm oil, is influential, with smaller players often following its trading decisions.

The uncertainty over the longer-term outlook for prices continues keeping players were mostly reluctant to commit aggressively to fresh positions ahead of the weekend. Cargo surveyors SGS (Malaysia) Bhd and Intertek Agri Services are due Wednesday to release estimates for Malaysian palm oil exports in the first 10 days of August.

The same day, the Malaysian Palm Oil Board is also due to issue official July supply and demand data. The MPOB figures are expected to show weak exports and strong production, leading to a rise in stocks at end-July.

But the market is still holding quite well because people are saying that demand should be picking up again soon as we approach the festival periods in all the big consuming markets. China celebrates the Mid-Autumn Festival in September, followed by National Day holidays in October. The Muslim holy month of Ramadan also starts in October, while the Hindu Diwali festival is in November.

As China, India, Pakistan and the Middle East are also among the biggest importers of palm oil, buying interest may improve in the coming weeks as those countries look to replenish stocks ahead of the festivals.

In the Malaysian cash market, palm oil products were unchanged for most of the day before moving lower late in the day amid selling pressure from the Indonesian-linked trading company. The market is expected to continue on the lower side amidst increasing bearishness in the US soybean markets.

KLCE CPO Futures (05.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1337	1332	1332	1324	-12	1325	75
Sep '05	1346	1350	1352	1340	-6	1340	539
Oct '05	1352	1352	1358	1344	-8	1344	1282



Domestic:

Palm oil

The domestic continued range bound amidst growing uncertainty in the market and declining support from the international markets.

The Malaysian market continued significantly lower amidst increased selling by the traders in the cash market. Overall market activity still remained subdued as majority of traders are waiting on the sidelines for clearer directions from the US soybean market. The stronger production figures in the days to come is also applying pressure on the Malaysian market.

The import quantum has increased almost gradually. In the month of August (till 05.08.05) the country has imported about 0.72 lakh tonnes of palm oil. The import quantum is on the higher side and is applying intense pressure on the domestic prices.

CNF prices of CPO (July) were quoted at \$ 357.50 per tonne and RBD Palmolein at \$ 390.00 per tonne.

The price for palm oil in the market is expected to continue range bound amidst increasing uncertainty in the domestic as well as the global palm oil markets.

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

Centres	05.08.05	04.08.05	Change
Kandla CPO (5 % FFA)	325	325	0
Mumbai CPO (5% FFA)	328	328	0
Kandla RBD Palmolein	357	358	-1
Mumbai RBD Palmolein	364	364	0
Chennai RBD Palmolein	357	356	+1
Kakinada RBD Palmolein	355	354	+1

Soy oil

The domestic market opened higher witness partial upward correction but traded on the lower side towards the end of the day amidst increased selling and pressure from the lack of demand in the retail market.

The international market traded range bound amidst increased uncertainty in the US crop weather, fear of more rains in the coming days and lower exports figures reported in the weekly export sales report. Following the international uncertainty, the domestic market traded range bound. At the time of closure the NBOT August Contract closed lower at a level of Rs. 371.30 (Down by Rs. 0.10) and the September contract ended at Rs. 375.70 (Up by Rs.0.30).

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

In the month of August, India has imported about 0.69 lakh tonnes of soybean oil till today. The Hazir markets continued range bound following the increased uncertainty 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 \$ 518 per tonne.

The market is expected to continue lower for Saturday amidst declining support from the buyers.

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

Centres	05.08.05	04.08.05	Change
Mumbai (Soy ref)	359	359	0
Indore (Soy Ref oil)	373	372	+1
Indore (Soy Solvent Ex. oil)	353	354	-1
Kota (Soy Ref. Oil)	376	375	+1
Jaipur (Soy Ref. Oil)	375	375	0

NBOT Soy oil futures as on 05.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	371.40	371.60	372.30	371.20	-0.10	371.30	7140
Sep'05	375.40	375.80	376.80	375.50	+0.30	375.70	11800
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 04.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	376.05	375.10	375.10	373.00	373.90	12600	24460
Sep'05	380.20	379.10	379.10	376.75	377.70	15200	39110
Oct '05	380.20	379.10	379.10	376.75	377.70	15200	39110

Rape oil

The rape oil market today continued upward in the futures markets amidst increased buying support and wide spread uncertainty in the other edible oil markets.

There was no activity from the NAFED's side following the indifference of the trader. NAFED is inviting daily tenders, but the rate quoted is on the higher side at which the domestic traders are reluctant to purchase.

Today the mustard arrival was 0.10-0.15 lakh bags in Rajasthan, which is declining day by day.

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

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

Centres	05.08.05	04.08.05	Change
Mumbai (Rape Expeller Oil)	394	395	-1
Kota (Rape Expeller Oil)	382	382	0
Jaipur (Rape Expeller Oil)	383	384	-1
Neewai (Kacchi Ghani Rape Oil)	402	405	-3
Delhi (Rape Expeller Oil)	412	410	+2

Groundnut oil

Groundnut oil continued upward amidst declining supplies and th existing uncertainty in the other edible oil markets.

The continuing flooding situation in the major growing areas of Gujarat owing to heavy rains and opening of major dams expected to cause damage to the crop roots if water is logged in the fields for a longer duration, creating uncertainty in the overall out put 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 moved lower providing no major support to the groundnut prices.

The domestic market is expected to continue trading range bound on Saturday amidst increased uncertainty in edible oil markets.

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

Centres	05.08.05	04.08.05	Change
Mumbai (Excluding VAT)	492	495	-3
Rajkot	522	520	+2
Andhra Region	525	528	+3
Chennai	528	525	+3

LATEST WEATHER WATCH (05.08.2005)**Weather Forecast**

The well marked low pressure area over northeast Chhattisgarh & adjoining Jharkhand persists and has now weakened into a low pressure area. Associated upper air cyclonic circulation extends up to mid-tropospheric levels. The system is likely to cause

widespread rainfall activity over Jharkhand, Chhattisgarh, East Madhya Pradesh and Vidarbha during next 2 days.

The upper air cyclonic circulation over southwest Rajasthan & neighbourhood has become less marked.

The off-shore trough now lies off Karnataka-Kerala coast and the westerly flow along the west coast continues to be strong. Under these conditions fairly widespread rains with isolated heavy fall may continue over Konkan & Goa and the Western Ghats.

The western end of the monsoon trough at sea level has shifted northwards. This is likely to cause increase in rainfall activity over the plains of northwest India and Western Himalayas during next 2-3 days. Its axis now passes through Ganganagar, Karnal, Kanpur, centre of low-pressure area, Kolkata and thence east south eastward to northeast Bay of Bengal.

Forecast Valid For Next 72 Hours

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

East: Rain/thundershowers likely at many places in the region outside Bihar where it may be at a few places.

South: Rain/thundershowers likely at many places over Andaman & Nicobar Islands, Telangana, Coastal Karnataka and Kerala and at a few places in the rest region outside Rayalaseema Tamil Nadu & Pondicherry where it may be isolated.

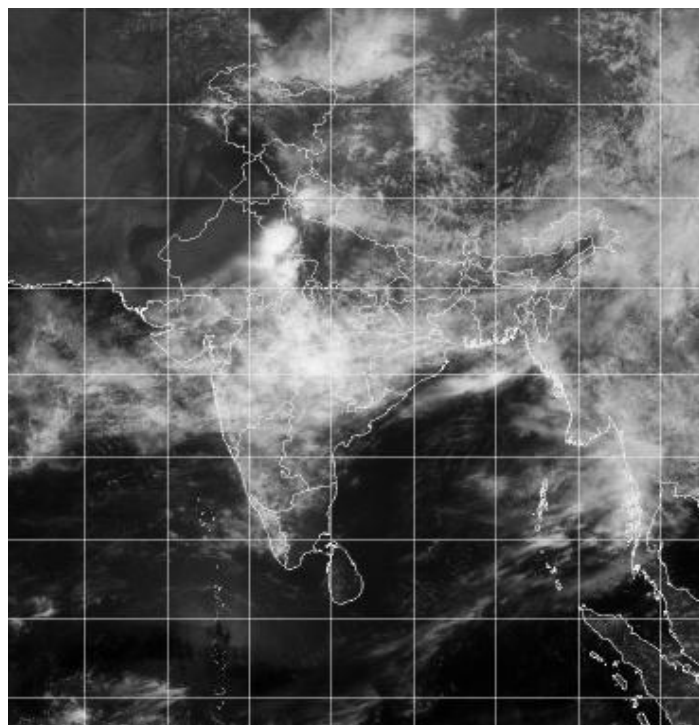
West: Rain/thundershowers likely at many places in Konkan & Goa, Madhya Maharashtra, Vidarbha, West Madhya Pradesh, Gujarat Region and East Rajasthan and at a few places in the rest region.

Outlook For Subsequent Two Days

Increase in rainfall activity over Gangetic plains.

Warning

Heavy to very heavy rainfall is likely at a few places over Konkan & Goa and Gujarat state. Isolated heavy rainfall is also likely over Orissa, Coastal Karnataka, Madhya Maharashtra, South Rajasthan and West Madhya Pradesh.



PORT-WATCH (Latest)

Delivery of 4,500 MT of CPO is continuing at Kandla Port from the vessel 'Global Eos'. The cargo was loaded from Indonesia. Forbes Gokak agents is handling the vessel. 'Pacific Sound' from Padang has berthed at Kandla Port and continues to discharge 7,700 MT of palm oil. Interocean agents is 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.

Delivery of 6,000 MT of CPO is continuing at Kolkata Port from the vessel 'Star Orion'. Seaport agents is handling the vessel. Kolkata Port is expecting 'Ocean Ace' to deliver 6,000 MT of CPO. The vessel will be handled by Atlantic agents.

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

Delivery of 19,000 MT of SBO is continuing at JNPT from the vessel 'Commuter'. The cargo was loaded from Brazil. Interocean agents is handling the vessel.

Cochin Port is receiving 3,000 MT of palm oil from the vessel 'Eastern Eminity'. The vessel is being handled by GAC agents. The port is expecting 'Ace I' to discharge 6,000 MT of palm oil. Mega Freight agents will be handling the vessel.

'Global Venus' has berthed at New Mangalore Port and continues to discharge 8,500 1MT of CPO. Patvolk agents is handling the vessel. Delivery of 40,600 MT of SBO is continuing at New Mangalore Port from the vessel 'Felicity'. Interocean is handling the vessel.

Mumbai Port is expecting 'Pacific Sound' from Padang to deliver 6,747 MT of CPO. Interocean agents is handling the vessel.

'Gulf Dove' is expected at Chennai 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 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	Global Eos	4000	CPO	Arrived
	Pacific Sound	7700	Palm oil	Arrived
	Victory Prima	9475	Palm oil	Expected
	Biz	13250	SBO	Expected
	Golden Express	8000	CPO	Expected
Cochin	Eastern Eminity	3000	Palm oil	Arrived
	Ace I	6000	Palm oil	Expected
Chennai	Ace I	6000	Palm oil	Expected
	Gulf Dove	6000	SBO	Expected
New Mangalore	Global Venus	8500	CPO	Arrived
	Felicity	40060	SBO	Arrived
Kolkata	Star Orion	6000	CPO	Arrived
	Ocean Ace	6000	CPO	Expected
Mumbai	Pacific Sound	6747	CPO	Expected
Kakinada	Spring Glory	2000	CPO	Expected
	Golden Crane	6000	CPO	Expected
Mundra	Vernal Grace	6000	CPO	Expected
JN	Commuter	19000	SBO	Arrived

Forex Rates

(As on 05.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.50
Malaysia	Ringgit	11.60
European Union	Euro	53.80
United Kingdom	GBP	77.31
Japan	100 Yen	38.98

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