

VEGOIL

09th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Declined Marginally Amidst Concerns of Improving Crop Weather
- South American Soybean Continued Up Amidst Increased Crop Stress in Illinois
- BMD CPO Futures Improved Marginally Amidst Expected Support from New Bio-Fuels Policy
- Soybean Oil Prices Continued Further Lower Amidst Increased Panic Selling

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 369.00, which was significantly lower than Monday's close. Market opened weak and continued further lower towards the close amidst increased panic selling at major exchanges.

The 7-day MA continued further in the downward direction 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 16 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 3.33% and has ranged from a high of 384.05 to a low of 368.80.

The 9-days Price ROC improved marginally to -1.914 (pointing upward) indicating the growing unsteadiness in the market prices. The 9-day RSI continued further lower in the oversold region to a level of 23.34 indicating the increasing weakness in the prices.

The % K-line continued downward in the oversold region indicating the growing weakness in the price trend along with the % D-Line.

The candlestick is still hinting at the weak trade for Wednesday.

Market advice:

Market is expected to open weak and continue range bound range bound for the day with 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	368.70	367.20	371.40	372.50
NCDEX	Aug' '05	368.20	367.10	370.30	371.20

Abbreviations:

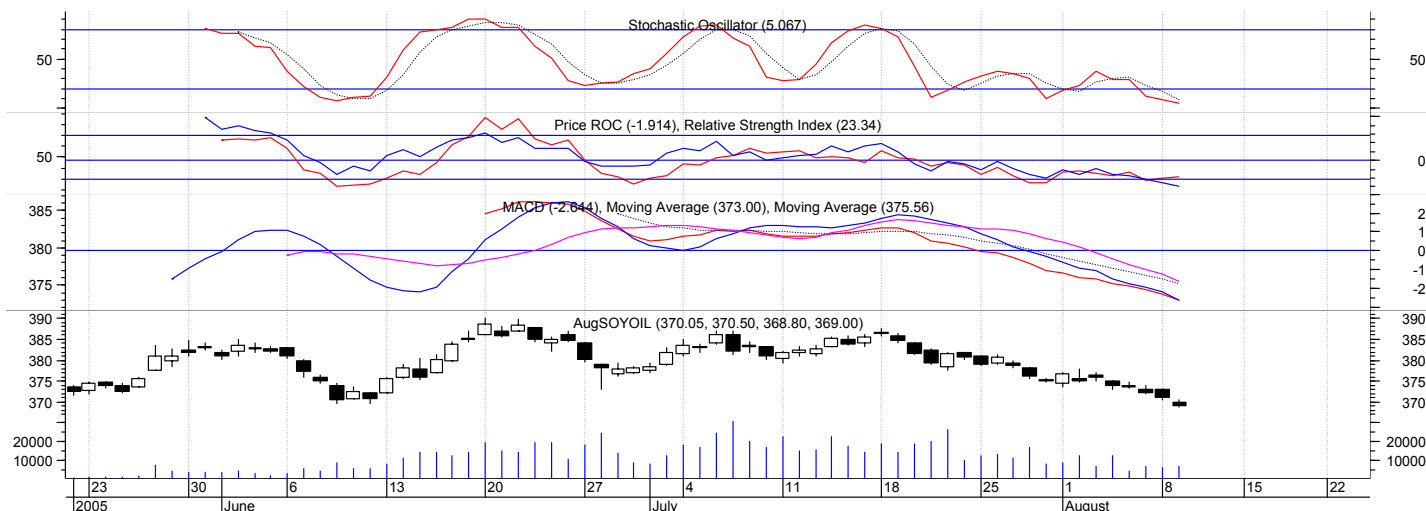
ROC - Rate of Change

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 Monday but well off earlier highs, trimming advances down the stretch on wetter midday weather outlooks for the Midwest.

While Soybeans were higher Monday on concerns that hot and dry weather in the Midwest over the weekend and in the forecast for this week is raising will continue to raise concerns that the crop will not get enough moisture in the critical pod-filling stage it is clear from the back and forth price action that the trade isn't totally confident in its opinion.

There are forecasts calling for more rain later on this week, but some reports are calling for it to stay northwest of the areas that need it, but as the days pass, the chances of really improving the crop are diminishing.

Hot and dry forecasts with only the northern Midwest expected to be the beneficiary of any rains of significance this week sparked early strength in the market, with light technical buying from ideas Friday's declines were overdone adding the firm tone.

So far the market has apparently rejected last week's lows as being too cheap, given the uncertain outlook for the crop but it also clear that the market lacks enough fresh buying interest to totally give control to the bull camp. Weekly export inspections came in at 4.767 million tonnes, which was towards the upper end of expectations.

In pit trades, Refco bought 1,000 November and Cargill Investor Services, Citigroup and RJ O'Brien were each buyers of 200 November. Cargill sold 1,000 November, Bunge Chicago and Citigroup each sold 300 November, ABN Amro, Goldenberg Hehmeyer and O'Connor each sold 200 November, Refco sold 500 November.

The US soybean is expected to trade on the lower side on Monday evening amidst increasing expectation of good crop weather in the coming days.

CBOT Soy oil futures as 08.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Aug	23.62	23.73	23.79	23.44	-0.18	23.44
5-Sep	23.69	23.88	23.94	23.47	-0.20	23.49
5-Oct	23.78	24.10	24.10	23.55	-0.20	23.58
5-Dec	23.92	24.13	24.17	23.70	-0.19	23.73

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November US soybeans 7-16 cents higher overnight, as more hot and dry over the weekend added stress to the soybean crop in Illinois and neighboring regions.

November South American soybeans sold off sharply on Friday, under pressure from steep declines in the Chicago contracts, which underwent massive fund liquidation after the weather forecast had turned a little wetter and spec longs got bailed out of their positions.

Asian interest in soybeans appears to be improving, with Japanese buyers said to be interested in covering ahead of the summer holidays and Taiwan looking to replenish stocks and tendering for 40,000-60,000 tons of US or South American soybeans.

The Brazilian real was holding just below new contract highs on Friday, which would be its highest level since April 2002. The Argentine government reported that its farmers finished harvesting the 2004/05 soybean crop last week, which was forecast at a record 38.3 million tonnes. The last USDA report put Argentina's production at 39 million tonnes.

The ongoing hot and dry conditions are having more of an impact on soybeans than on corn, but it seems that the trade is only half heartedly concerned about the near term hot and dry forecast for the US Midwest and even less concerned about adverse conditions at the end of August.

Certainly the soybean crop has a much better standing than the corn market had into its critical window and certainly the technical damage on the charts lessens the long side speculative interest. For those reasons we cannot rule out a return to last week's lows, unless the weather conditions are definitively bullish.

Little or no rain fell across the US Midwest over the weekend and temperatures reached the low 90s in many areas, further stressing the crop during its critical pod-filling stage. These conditions are expected to continue to at least Tuesday, but some relief may come after that. At least one forecaster is calling for increased chances of thundershower activity Wednesday through Saturday, but so far the forecasts are mixed.

Asian interest appears to be picking up with the drop on ideas that freight rates may have bottomed. Japanese buyers could be active this week, looking to book product ahead of the Summer Holidays.

Cash markets closed steady in Argentina on Friday, as local demand offset declines in the Chicago futures. The Latin American soybean market is expected to continue marginally bullish amidst increased uncertainty in the US crop weather.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on Bursa Malaysia Derivatives ended higher Tuesday on expectations that the country's bio-fuels policy, to be announced Wednesday, will be supportive for palm oil prices in the long run. Concerns that a string of data releases Wednesday may have little impact on prices, as most participants know exports will be lower, also led to some short-covering.

Cargo surveyors Intertek Testing Services and SGS (Malaysia) Bhd. Are scheduled Wednesday to issue Malaysian palm oil export estimates for the first 10 days of August. The last few reports from both surveyors have been showing a declining trend in exports.

The government-run Malaysian Palm Oil Board will also be issuing official production, export and stock data for July. The MPOB data are expected to report a build up in end-July stocks from 1.18 million tons reported at the end of June.

In other news, Malaysian Deputy Prime Minister Najib Razak said Prime Minister Abdullah Ahmad Badawi will unveil the country's much-awaited bio-fuels policy at an industry gathering. Under the new policy, palm oil will constitute roughly 5% of the diesel sold in the country, Najib told reporters on the sidelines of Commodities Week, an industry gathering that began Tuesday. Traders said the policy, if announced with a specific timeframe for implementation, could be supportive for palm oil prices, as mandating the blending of palm oil in diesel will make palm oil less available for exports.

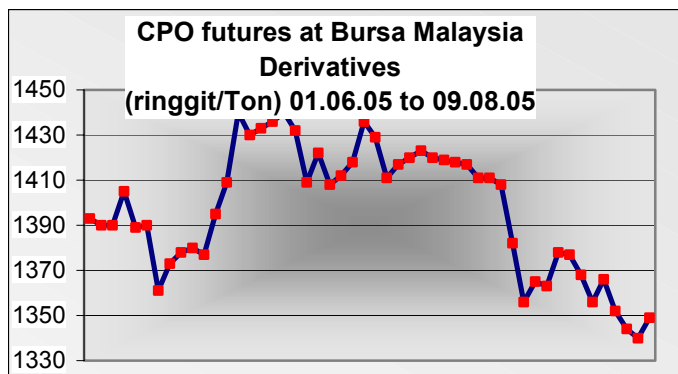
Malaysia, the world's largest producer and exporter of palm oil, is hoping to substantially reduce diesel imports by blending palm oil with diesel, which currently costs more than palm oil in the domestic market.

Slow consumer buying has been one of the key factors weighing on palm oil prices lately, taking benchmark CPO futures prices

close to a six-month low. In the Malaysian cash market, near-term palm oil product prices were unchanged despite higher futures values. The market is expected to continue further lower side amidst growing bearishness in the US soybean markets and declining export prospects.

KLCE CPO Futures (09.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1318	1310	1323	1310	+5	1323	147
Sep '05	1335	1332	1343	1328	+8	1343	669
Oct '05	1340	1335	1349	1329	+9	1349	2898



Domestic:

Palm oil

The domestic palm oil market continued lower amidst lack of retail demand and growing unsteadiness in the international markets.

The Malaysian market traded marginally higher witnessing mild correction ahead of the release of the significant figures by the various Malaysian agencies. Overall market activity is expected to continue subdued as majority of traders are waiting on the sidelines for clearer directions from the US soybean market. The decline export potentials and the rising end stock position is expected to be dominantly reflected in the tomorrow's figures.

The import quantum has increased almost gradually. In the month of August (till 09.08.05) the country has imported about 1.18 lakh tonnes of palm oil. The import quantum is increasing day-by-day applying intense pressure on the domestic prices.

CNF prices of CPO (July) were quoted at \$ 352.50 per tonne and RBD Palmolein at \$ 387.50 per tonne.

The price for palm oil in the market is expected to continue range bound on the lower side amidst increasing uncertainty in the domestic as well as the global palm oil markets and low retail demand.

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

Centres	09.08.05	08.08.05	Change
Kandla CPO (5 % FFA)	320	322	-2
Mumbai CPO (5% FFA)	323	325	-2
Kandla RBD Palmolein	349	352	-3
Mumbai RBD Palmolein	357	360	-3
Chennai RBD Palmolein	352	354	-2
Kakinada RBD Palmolein	348	348	0

Soy oil

The domestic market opened weak and traded significantly on the lower side for the day amidst increased selling pressure and consistent lack of demand in the retail market.

The US soybean market is expected to open on a weak note but trade further lower as the trading progresses. The lower trade could be attributed to the expectation of good rains in the major growing areas and declining exports. Following the international uncertainty, the domestic market continued on the lower side. At the time of closure the NBOT August Contract closed sharply lower at a level of Rs. 363.80 (Down by Rs. 2.90) and the September contract ended at Rs. 370.10 (Down by Rs.3.40).

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 1.19 lakh tonnes of soybean oil till 09.08.05. The Hazir markets continued range bound on the lower side amidst increased uncertainty at the futures and declining retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 335 per 10 kg. CNF prices for soy degum (July Shipment) at Kandla were quoted at \$ 508 per tonne.

The market is expected to open marginally lower for Wednesday and continue amidst declining support from the buyers and increased pressure from the imports.

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

Centres	09.08.05	08.08.05	Change
Mumbai (Soy ref)	354	356	-2
Indore (Soy Ref oil)	368	370	-2
Indore (Soy Solvent Ex. oil)	348	350	-2
Kota (Soy Ref. Oil)	368	372	-2
Jaipur (Soy Ref. Oil)	370	373	-3

NBOT Soy oil futures as on 09.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	369.70	368.20	368.90	366.80	-2.90	366.80	7000
Sep'05	373.50	372.00	372.30	369.80	-3.40	370.10	22900
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 08.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	372.30	373.10	373.20	370.50	371.00	6340	23400
Sep'05	375.65	376.05	376.60	373.90	374.20	10700	39540
Oct '05	378.10	378.65	378.85	376.50	376.65	4640	14800

Rape oil

The rape oil market today continued marginally lower in both the futures as well as the domestic markets amidst declining buying support and continuing uncertainty in the other edible oil markets.

The declining retail demand is pressuring the domestic prices. NAFED is inviting daily tenders, but the rate quoted is on the higher side (Rs. 1700.00) at which the domestic traders are reluctant to purchase.

Today the mustard arrival was 0.10 lakh bags in Rajasthan, which is on the lower side.

The rape oil market is expected to continue range bound with marginal improvement on Wednesday, as the buyers' support is decline further.

Rape oil - Spot Market Price		(Rs. per 10 kg)	
Centres	09.08.05	08.08.05	Change
Mumbai (Rape Expeller Oil)	388	390	-2
Kota (Rape Expeller Oil)	377	380	-3
Jaipur (Rape Expeller Oil)	380	383	-3
Neewai (Kacchi Ghani Rape Oil)	398	400	-2
Delhi (Rape Expeller Oil)	403	405	-2

Groundnut oil

Groundnut oil continued improving marginally amidst continuing uncertainty regarding the supply in the market and declining sentiments in the other edible oil markets.

The prospect of declining production is expected to impart bullishness in the market in the coming days. The latest sowing progress of the groundnut seed shows that the crop acreage is still down by 6 per cent over the last year. The current acreage is 50.24 lakh hectares against the last year coverage of 53.45 lakh hectares. The lower coverage of the crop was owing to the delayed onset of monsoon coupled with heavy rains in Gujarat and lower coverage in Karnataka and Tamil Nadu.

The heavy import of the other edible oil in the domestic market has also pressured the market. Till now the country has imported 2.38 lakh tonnes of edible oil (includes palm oil & soybean oil).

The domestic market is expected to continue trading range bound on the positive side on Wednesday amidst growing uncertainty in edible oil markets.

Groundnut oil - Spot Market Price		(Rs. per 10 kg)	
Centres	09.08.05	08.08.05	Change
Mumbai (Excluding VAT)	494	490	+4
Rajkot	525	522	+3
Andhra Region	524	525	-1
Chennai	530	528	+2

LATEST WEATHER WATCH (09.08.2005)

Weather Forecast

Yesterday's upper air cyclonic circulation over Bangladesh and adjoining northeastern States persists upto 0.9 km above sea level with a trough aloft extending upto 3.1 km above sea level. A fresh upper air cyclonic circulation lies between 3.6 & 7.6 km above sea level over northwest Bay of Bengal off Orissa-West Bengal coast. The western end of the monsoon trough at sea level runs close to foothills of Himalayas, while its eastern end passes through Darbhanga, Malda, and thence eastwards to Silchar and Imphal. Under this scenario, rainfall activity with isolated heavy falls likely to continue over northeastern States and West Bengal & Sikkim during next 2-3 days. The off-shore trough now runs off Konkan-south Karnataka coast. Southwest monsoon has been vigorous over Sub- Himalayan West Bengal & Sikkim and active over Arunachal Pradesh, Assam & Meghalaya and Bihar. Rain/ thundershowers occurred at most places over Konkan & Goa and Coastal Karnataka; at many places over Gangetic west Bengal, Madhya Maharashtra and Coastal Andhra Pradesh and at a few places over Nagaland, Manipur, Mizoram & Tripura, Jharkhand, East Uttar Pradesh, Uttaranchal, Punjab,

Himachal Pradesh, Jammu & Kashmir, Marathawada, Telangana, Interior Karnataka, Kerala and Lakshadweep. It was isolated over the rest regions of the country outside West Rajasthan, Saurashtra & Kutch where weather was mainly dry.

Forecast Valid For Next 72 Hours

Rain/thundershowers are likely at many places over northeastern States, West Bengal & Sikkim, Orissa, Uttaranchal, Himachal Pradesh, Jammu & Kashmir and Coastal Andhra Pradesh and at a few places over the rest regions of the country outside Madhya Pradesh, Uttar Pradesh, Haryana, Chandigarh & Delhi, Punjab, Rajasthan, Gujarat State, Marathawada, Vidarbha and Tamil Nadu & Pondicherry where it may be isolated. Rainfall activity likely to increase over East Madhya Pradesh, Chhattisgarh, Vidarbha and Telangana from 13th.

NORTH: Rain/thundershowers likely at a few places over Himachal Pradesh and Uttaranchal and isolated in the region outside Punjab, West Uttar Pradesh where weather may be mainly dry.

EAST: Rain/thundershowers likely at many places over northeastern States, West Bengal & Sikkim and at a few places over Orissa, Bihar and Jharkhand and isolated in the rest region.

SOUTH: Rain/thundershowers likely at many places over Coastal Karnataka and at a few places over Interior Karnataka and Coastal Andhra Pradesh and isolated in the rest region.

WEST: Rain/thundershowers likely at a few places in Konkan & Goa and Madhya Maharashtra and isolated in the rest region.

Outlook For Subsequent Two Days

The ongoing rainfall activity over Western Himalayan region, Bihar, West Bengal & Sikkim and northeastern States likely to continue.

Rainfall activity is likely to increase over east-central & adjoining north Peninsular India.

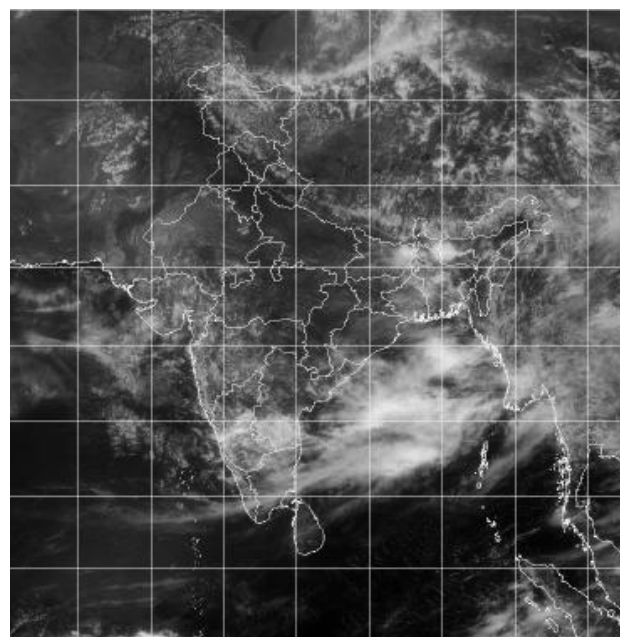
Subdued rainfall activity likely over west-central India and plains of northwest India.

Warning

Isolated heavy rainfall likely over northeastern States, West Bengal & Sikkim and coastal Orissa.

Latest satellite Image of Monsoon Progress

(09.08.2005, 03.30 PM)



PORT-WATCH (Latest)

'Sunlight' from Brazil has berthed at Kandla Port and continues to discharge 31,250 MT of SBO. Delivery of 13,250 MT of SBO is continuing at Kandla Port from the vessel 'Biz'. The cargo was loaded from Brazil. InterOcean agents is handling these vessel. 'Golden Express' from Malaysia has berthed at the port and continues to discharge 8,000 MT of CPO. JM Baxi agents is handling the vessel. 'Hartati' from Padang is expected at the port to discharge 8,000 MT of palm oil. The vessel will be handled by JM Baxi agents.

Chennai Port is receiving 7250 MT of palm oil from the vessel 'Spring Wind'. Seaport agents is 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 continuing at Kolkata Port from the vessel 'Star Orion'. Seaport agents is handling the vessel.

Delivery of 10,000 MT of SBO is expected at JNPT from the vessel 'Montana Star'.

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

Tuticorin Port is expecting 'Mega Crown No.1' to discharge 1,850 MT of palm oil. St.John agents will be handling the vessel.

Kakinada Port is expecting 'Golden Crane' to deliver 6,000 MT of CPO.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Sun Light	31250	SBO	Arrived
	Biz	13250	SBO	Arrived
	Golden Express	8000	CPO	Arrived
	Hartati	8000	Palm oil	Expected
Chennai	Ace I	6000	Palm oil	Expected
	Spring Wind	7250	Palm oil	Arrived
Kolkata	Star Orion	6000	CPO	Arrived
Mumbai	Pacific Sound	6747	CPO	Expected
Kakinada	Golden Crane	6000	CPO	Expected
Tuticorin	Mega Crown I	1850	Palm oil	Expected
JN	Montana Star	10000	SBO	Expected

Forex Rates

(As on 09.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.55
Malaysia	Ringgit	11.62
European Union	Euro	53.99
United Kingdom	GBP	77.86
Japan	100 Yen	38.97

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