

VEGOIL

24th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Improved Marginally Amidst Reports of Uncertain Crop Progress
- South American Soybean declined marginally on projected decline in Brazil's Soybean Production
- Crude Palm Oil Futures Lowered On Concerns Of Declining Demand
- Soybean Oil Prices Declined Further on Increased Panic Selling At Major Exchanges

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX September Contract

The September contract closed at 368.95, which is marginally 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 continued improving along with the 14-day MA hinting to the recovery 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 -1.231 (pointing downward) indicating the weakness in the market prices. The 9-day RSI also moved lower in the neutral region to a level of 38.97 indicating the declining strength in the prices.

The % K-line dipped marginally in the neutral region indicating the declining strength in the price but the % D-Line moved up in the neutral region supporting the improving trend.

The candlestick is hinting at the range bound opening and positive trade for Thursday.

Market advice:

Market is expected to open weak but trade positive for Thursday

Avoid new entry with medium and long-term outlook

Short term buying would yield profit

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Sept' '05	366.30	365.90	368.70	369.90
NCDEX	Sept' '05	368.00	366.10	371.20	373.10

Abbreviations:

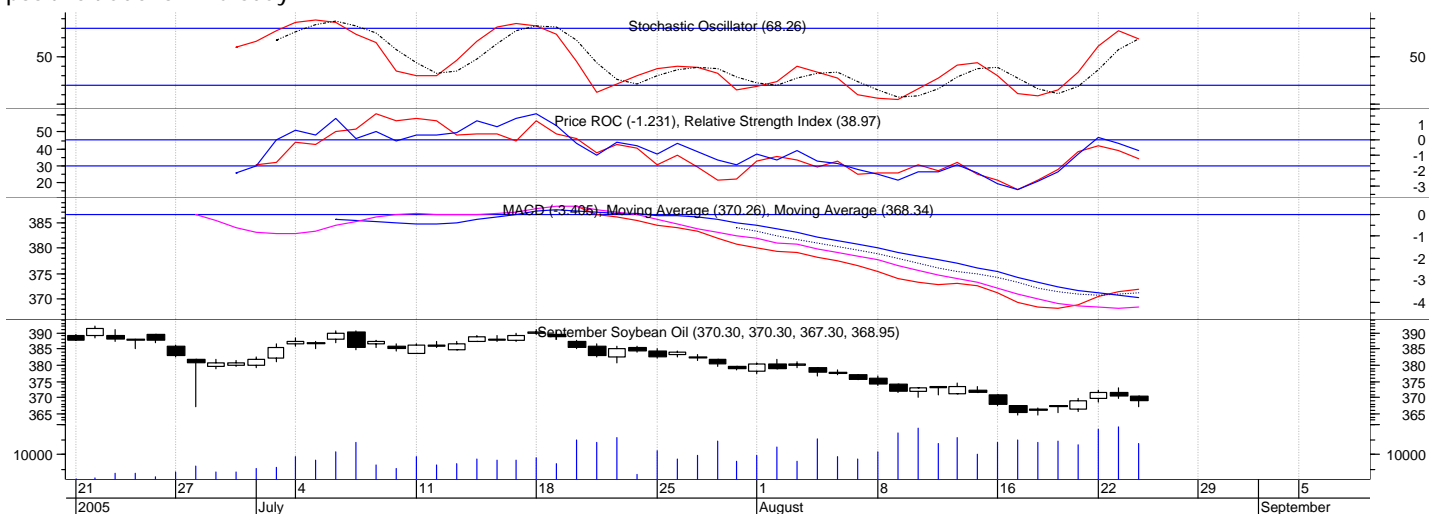
ROC - Rate of Change

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 on the Chicago Board of Trade ended a two-sided session moderately higher Tuesday, extending their price recovery in quiet trade, with talk of Chinese buying interest and crop uncertainties underpinning prices.

The weekly crop progress report did not show the improvements in crops which traders had anticipated which helped provide the initial support for the market early in the session.

While talk of China buying a few cargoes of US soybeans has helped support the gulf basis the past few days, the trade is not impressed with the purchase of just a few cargoes which may be for December delivery as Asia cash dealers indicate that China demand for soybeans for the September to October time frame may already be booked with South America soybeans.

Smaller-than-expected improvements in crop ratings from U.S. Department of Agriculture provide underlying support to prices, as did talk of Chinese buying. However, the China buying should be taken with a grain of salt, amid reports of China being fully stocked with supplies.

In addition, crop scouts indicated that Ohio pod counts were higher than expectations. Crops rated in good to excellent condition came in at 52% which was up from 51% last week but down from 57% as the 15-year average for this time of the year.

In pit trades, ABN Amro bought 400 September and 200 November, Cargill Investor Services and UBS Securities each bought 200 November, and Fimat and Refco each bought 500 November. On the sell side, Bunge Chicago sold 400 November, Man Financial sold 500 November, Cargill Investor Services and Citigroup each sold 300 November, and ABN Amro sold 200 January.

The US soybean is expected to continue on the positive side on Wednesday evening amidst conflicting weather reports and support from the Chinese traders.

CBOT Soy oil futures as 23.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.43	22.62	22.69	22.42	+0.13	22.56
5-Oct	22.53	22.74	22.77	22.52	+0.13	22.66
5-Dec	22.74	22.89	22.96	22.69	+0.07	22.81
5-Jan	22.87	23.04	23.10	22.83	+0.09	22.96

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November South American soybeans closed marginally higher. While there are more and more private forecasts for a 4-10% drop in planted area in Brazil for the coming season, the Brazil Vegetable Oils Industry Association yesterday pegged the new Brazil crop at 58.2 million metric tonnes, which would be up from 50.8 million tonnes last year.

The current USDA forecast is at 62 million tonnes. While there has been some fear of a jump in producer selling due to political anxiety, the cash market has remained mostly quiet. The market saw bullish supply news overnight and pushed moderately higher, as US crop conditions did not improve as much as the trade had anticipated and India oilseed areas were reported to be still coming up short on moisture needed to assure good production this year.

Monsoon rains have lagged in India, and the Indian Farm Ministry indicated yesterday that as of last week oilseed plantings had

reached just 16.08 million hectares, which was down from 16.64 million last year at this time and compared with total oilseed plantings of 17.77 million hectares last year. India prices for soybeans and oil were up overnight, and soyoil futures had bounced 2.1% since last Wednesday.

With all of the rain that occurred in the US Midwest after August 10th, traders were looking for a significant improvement in crop conditions, but apparently some fields did not respond well to the rain. In some areas, the heat and dryness of July must have pulled the maturity level far enough ahead that the plant was already beginning to shut down when the rains finally hit. In addition, 32% of the Arkansas crop has been rated in poor to very poor condition, and 35% of the Illinois crop still in poor to very poor condition.

The jump in freight rates has pushed up the cost of imports to China to a point where many buyers are facing cash flow problems, and the trade is nervous that Chinese buying might slow. There was talk yesterday that China may have purchased 1 cargo of US soybeans, but that was for December delivery.

Traders are nervous that China may have already booked enough soybeans for September and October delivery from South America. South Korea is tendering for 25,000 tonnes of US soybeans. From the crop tour, scouts have indicated that Ohio soybean pod counts are favourable.

The Latin American soybean is expected to continue improving today evening amidst support from the global export demand.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended lower Wednesday dragged down by renewed concerns about slow demand and a weaker Indonesian rupiah.

Cargo surveyors SGS (Malaysia) Bhd. and Intertek Agri Services are due to issue their estimates Thursday. Speculation on the likely figures ranged mostly from 900,000 to 950,000 tons. However, there were some rumors that exports may be as low as 850,000 tons.

In the July 1-25 period, exports were estimated at about 820,000 tons. Overall, the expected Aug. 1-25 figures can be considered disappointing as demand may need to be much stronger to keep pace with production, which typically peaks around this time of the year.

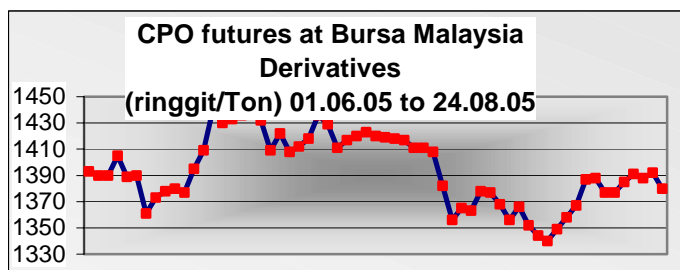
The trader expressed that there may be some downside room left before prices reach levels attractive enough to spur consumer buying. Meanwhile, there were also some concerns about rupiah weakness. The rupiah has been on a downtrend recently, ending at a 42-month low against the dollar Wednesday.

Dealers expect further falls ahead. A weaker rupiah could encourage Indonesian producers to sell CPO more aggressively, hurting Malaysia's market share, particularly in major consuming markets like India.

In the Malaysian cash market, palm oil products were weaker, mirroring the declines in CPO futures. However, trading activity improved as buyers emerged at lower levels. The trade is expected to improve marginally tomorrow amidst continuing steadiness in the demand.

KLCE CPO Futures (24.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1379	1379	1379	1370	-9	1370	115
Oct '05	1390	1390	1392	1377	-13	1377	452
Nov '05	1392	1393	1394	1379	-12	1380	1889



Domestic:

Palm oil

The domestic palm oil market continued improving marginally in spite of the declining international markets owing to the declining supplies at the retail markets.

The Malaysian market traded significantly lower amidst slow demand and concerns over weakening rupiah. A weaker rupiah could encourage Indonesian producers to sell CPO more aggressively, hurting Malaysia's market share, particularly in major consuming markets like India.

The traders are also looking forward to the export figures to be released tomorrow. Speculation on the likely figures ranged mostly from 900,000 to 950,000 tons. However, there were some rumours that exports may be as low as 850,000 tons.

In the month of August, till 24.08.05 the country has imported about 3.25 lakh tonnes of palm oil.

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 amidst low retail demand and increased pressure of imports.

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

Centres	24.08.05	23.08.05	Change
Kandla CPO (5 % FFA)	321	322	+2
Mumbai CPO (5% FFA)	323	325	+3
Kandla RBD Palmolein	356	356	+2
Mumbai RBD Palmolein	363	364	+1
Chennai RBD Palmolein	356	357	0
Kakinada RBD Palmolein	357	359	+1

Soy oil

The domestic market opened weak and traded on the lower side as the day progressed for the day amidst decline in buyers support and increased panic selling.

The US soybean improved marginally on support from the fund traders who bought on increased quantum. The uncertainty on the soybean crop weather still continues. The traders are concerned over the approach of the dry weather in major growing areas of Illinois and Midwest.

Following the increased uncertainty in the international markets and increased demand at the retail end, the domestic market traded on the lower side. It received on support from the soybean oil traders at NBOT, Indore as the September Contract closed lower at 367.50 (Down By Rs. 1.90) and the newly opened October Contract closed lower by Rs. 2.50 to close at Rs. 368.30.

In the month of August, India has imported about 2.36 lakh tonnes of soybean oil till 24.08.05. The Hazir markets traded on the lower side amidst falling futures prices.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 330 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 500 per tonne.

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

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

Centres	24.08.05	23.08.05	Change
Mumbai (Soy ref)	351	353	-2
Indore (Soy Ref oil)	365	367	-2
Indore (Soy Solvent Ex. oil)	343	342	+1
Kota (Soy Ref. Oil)	368	369	-1
Jaipur (Soy Ref. Oil)	370	372	-2

NBOT Soy oil futures as on 24.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	369.40	368.50	368.50	366.50	-1.90	367.50	26170
Oct '05	370.80	369.40	369.60	367.60	-2.50	368.30	1900
Nov '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 23.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Sep'05	371.65	371.40	373.20	369.60	370.45	19210	33390
Oct '05	372.65	371.70	374.60	370.20	370.75	12230	28370
Dec '05	372.75	373.00	374.45	368.90	369.10	2920	3470

Rape oil

The rape oil prices continued increasing amidst rising buyers' support.

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 higher amidst increased retail demand. 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 Thursday. Buy with short and medium outlook.

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

Centres	24.08.05	23.08.05	Change
Mumbai (Rape Expeller Oil)	390	391	-1
Kota (Rape Expeller Oil)	374	376	-2
Jaipur (Rape Expeller Oil)	378	380	-2
Neewai (Kacchi Ghani Rape Oil)	398	400	-2
Delhi (Rape Expeller Oil)	396	400	-4

Groundnut oil

The groundnut market improved marginally amidst increased support from the retail demand and growing uncertainty in the edible oil market.

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 lower production estimate was expected to impart bullishness in the market but sharp increase in the imports to 5.61 lakh tonnes is pressuring the market and not allowing the price to improve significantly.

The domestic market is expected to continue trading positive and range bound on Thursday amidst growing uncertainty in edible oil markets and declining supplies.

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

Centres	23.08.05	22.08.05	Change
Mumbai (Excluding VAT)	495	498	-3
Rajkot	515	504	+11
Andhra Region	525	522	+3
Chennai	525	525	0

LATEST WEATHER WATCH (24.08.2005)

Weather Forecast

During past 24 hours fairly widespread rainfall with isolated heavy rain have occurred over Northeastern States, Sub-Himalayan West Bengal & Sikkim, Bihar and adjoining Nepal. Chief amounts: Cooch Behar-10, passighat-9, Dibrugarh-7, Shillong-7, Behrampur & Bhagalpur -5 each and Jalpaiguri-4 cms.

Western end of the monsoon trough continued to lie in the foothills of Himalayas. The eastern end of the monsoon trough also moved northwards and now passes through Behraich, Patna, Berhampur and thence southeastwards into northeast Bay of Bengal.

Yesterday's upper air cyclonic circulation over southeast Uttar Pradesh and neighbourhood extending upto mid-tropospheric levels now lies over Sub-Himalayan West Bengal & Sikkim and adjoining Bihar and extends up to 3.1 km above sea level.

Under this scenario, enhanced rainfall activity over northeastern States, Sub-Himalayan West Bengal & Sikkim and Bihar is likely to continue for another 2 -3 days while it may reduce over East Uttar Pradesh after 24 hours.

Yesterday's upper air cyclonic circulation over Tamil Nadu & adjoining Kerala extending upto mid-tropospheric levels tilting southwestwards with height has moved westwards and now lies over Lakshadweep and extends between 3.1 and 4.5 km above sea level.

Forecast Valid For Next 72 Hours

Rain/thundershowers are likely at many places over Andaman & Nicobar Islands, northeastern States, Sub-Himalayan West Bengal & Sikkim, Jharkhand, Bihar, East Madhya Pradesh, north Chhattisgarh and East Uttar Pradesh and at a few places over Gangetic West Bengal, Orissa, south Chhattisgarh, Himachal Pradesh, Uttaranchal, West Madhya Pradesh, Konkan & Goa, Madhya Maharashtra, Coastal Karnataka and Kerala. It may be isolated in the rest regions of the country outside West Rajasthan and Saurashtra & Kutch where weather may be mainly dry.

NORTH : Rain/thundershowers likely at many places over East Uttar Pradesh; at a few places over Himachal Pradesh and Uttaranchal and isolated in the rest region. The rainfall over East Uttar Pradesh is likely to reduce after 25th.

EAST : Rain/thundershowers likely at many places over northeastern states, Bihar, Sub-Himalayan West Bengal & Sikkim and Jharkhand and at a few places in the rest region.

SOUTH : Rain/thundershowers likely at a few places over the region outside Interior Andhra Pradesh, Tamil Nadu and Kerala where it may be isolated.

WEST : Isolated rain/thundershowers likely in the region outside Rajasthan and Gujarat where weather may be mainly dry.

Warning

Heavy to very heavy rainfall is likely at a few places in Bihar, northeastern States and Sub-Himalayan West Bengal & Sikkim.

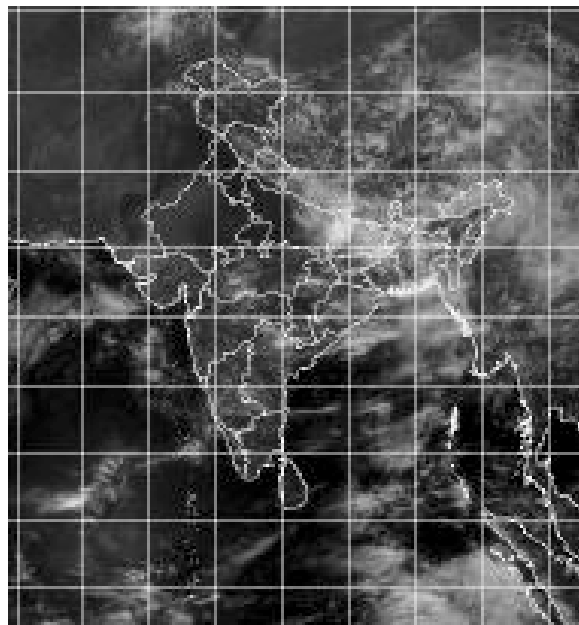
Agricultural Activities

In Andhra Pradesh light to moderate rainfall was recorded during this week in all the three regions viz.; Rayalaseema, Coastal Andhra Pradesh and Telangana of A.P. General Crop Conditions are satisfactory in Rayalaseema, Telangana and coastal Andhra Pradesh. However, in groundnut, moderate infestation of red hairy caterpillars in Anantapur district, mild infestation of helicoverpa in Chittoor district and mild to moderate infestation of leaf webber in north coastal districts was observed.

North dry zone of Karnataka is experiencing dry spell, but the crops are withstanding the dry spell. Floods have devastated the sugarcane crop in Bagalkote, Bijapur and Belgaum Districts. Moderate infestation of downey mildew and anthracnose in grapes, severe infestation of bacterial blight in pomegranate and moderate infestation of canker in citrus is observed.

Latest satellite Image of Monsoon Progress

(24.08.2005, 07.30 PM)



PORT-WATCH (Latest)

'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. 'Aurora' from Argentina is expected at Kandla Port to discharge 13,000 MT of SBO. The vessel will be handled by InterOcean agents.

Kolkata Port is receiving 6,000 MT of SBO from the vessel 'MMM Galvestone'. GAC agents is handling the vessel. 'L Star' has berthed at Kolkata Port and continues to discharge 6,000 MT of CPO. Seaworld agents is handling the vessel. The port is expecting 'Siam Pavinee' to deliver 3,500 MT of CPO. Alap agents will be handling the vessel.

Kakinada Port is receiving 5,000 MT of CPO from the vessel 'Hua Yun 5'. Delivery of 10,000 MT of SBO is expected at the port from the vessel 'Montana Star'. The port is expecting 'Global Trader' to discharge 9,000 MT of CPO. 'Instana 6' is expected at the port to deliver 5,000 MT of CPO. 'MMM Jackson' discharged 6,000 MT of CPO at Kakinada Port and sailed off.

'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	Bom Woo	9500	CPO	Arrived
	Aurora	13000	SBO	Expected
	Bunga Saitan	12000	Palm oil	Arrived
Kakinada	MMM Jackson	6000	CPO	Arrived
	Hua Yun 5	10000	SBO	Arrived
	Montana Star	9000	CPO	Expected
	Global Trader	5000	CPO	Expected
	Istana 6	6000	CPO	Expected
Mundra	Global Trader	5000	SBO	Expected
Kolkata	L Star	6000	CPO	Arrived
	MMM Galveston	6000	SBO	Arrived
	Siam Pavinee	3500	CPO	Expected

Forex Rates

(As on 24.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.72
Malaysia	Ringgit	11.59
European Union	Euro	53.23
United Kingdom	GBP	78.40
Japan	100 Yen	39.54

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