

VEGOIL

04th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Plunged on Weak Technical and Rumblings Rains
- South American Soybean Traded Range Bound Amidst Lack of Clear Directions
- BMD CPO Futures Traded Lower on Increased Profit Booking and Continuing Choppiness
- Soybean Oil Declined Significantly on Increased Panic Selling

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 373.65, which is lower than yesterday's close. Market opened weak and continued on the lower side amidst increased profit booking by the traders.

The 7-day MA continued downward 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 signal line 12 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 2.11% and has ranged from a high of 384.050 to a low of 373.00.

The 9-days Price ROC today declined further lower to the level of -1.826 indicating the growing weakness in the market prices. The 9-day RSI also moved lower in the neutral region to a level of 33.33 indicating the declining strength in the prices.

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

The candlestick is marginally hinting at the steady opening for Friday.

Market advice:

Market is expected to open steady and trade marginally lower in the first half of the day but improve marginally towards the end of the day for Friday.

Buy with short-term outlook.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Aug' '05	370.60	369.20	372.40	373.90
NCDEX	Aug' '05	372.60	371.80	375.00	376.20

Abbreviations:

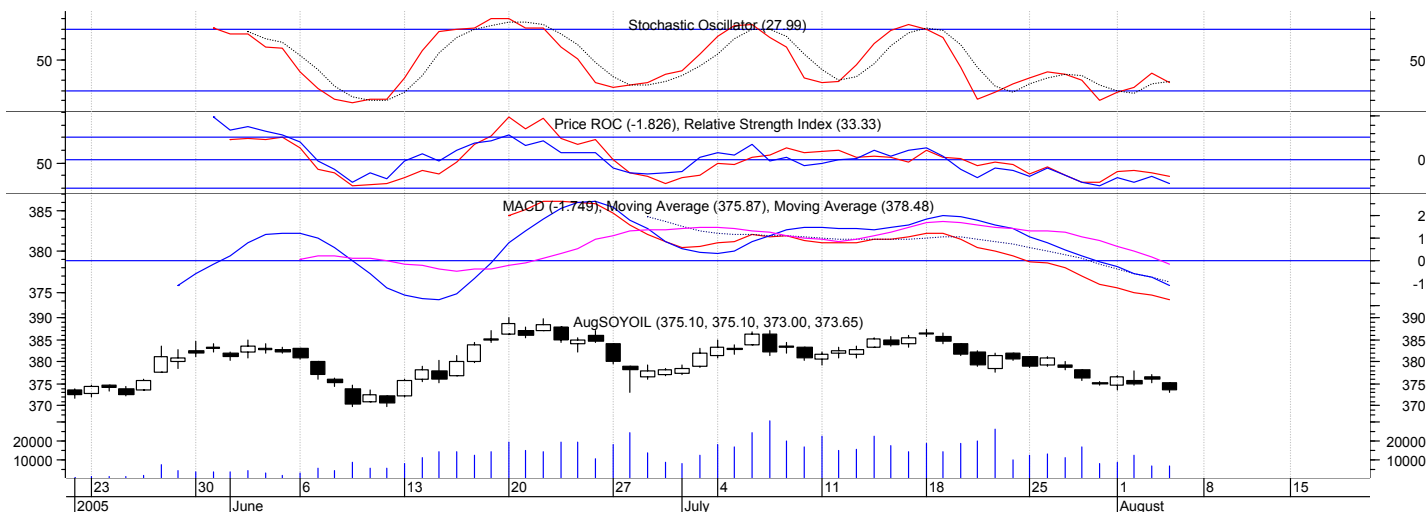
ROC - Rate of Change

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 on the Chicago Board of Trade ended sharply lower Wednesday, with technical weakness and rumblings of rain potential for the Midwest uncorking a wave of speculative selling.

November soybeans sold off throughout the day, giving back all of yesterday's gains and then some. It would appear that by the end of the day the trade was giving more credence to the possibility of increased moisture next week than it was on the opening today.

With the soybean crop at a critical pod-filling stage and needing moisture, the weather outlook can best be described as guarded. The current forecasts call for some moisture to move through the Corn Belt today and tomorrow, followed by a brief respite from the recent heat and then a return to hot temperatures over the weekend.

The USDA reported that there were a few rust-like spores showing up in Illinois but that the sample size was too small to confirm that it was soybean rust. A plant pathologist has commented that this year's the crop is too mature to be affected by the disease.

For the weekly export sales report due out before the opening tomorrow, trade estimates range from 75,000 to 175,000 tonnes for soybeans, 50,000 to 100,000 for soymeal and 1,000 to 6,000 for bean oil.

Longer-range weather models show a somewhat better rain potential for the Midwest, with the possibility for some subtle changes in the weather pattern next week that may allow some scattered showers to develop on a more regular basis.

In trades, ADM Investor Services, Calyon Financial, Rand Financial and Refco each bought 300 November, Bunge Chicago and Cargill each bought 200 November. On the sell side, Cargill Investor Services sold 1,000 November, Citigroup, RJ O'Brien and Man Financial each sold 500 November, Fimat sold 300 November and Refco sold 700 November.

The US soybean is expected to continue with its choppy trading sessions in the coming days amidst wide spread contradicting weather forecasts and declining export potentials.

Continuation chart of CBOT (Soybean Oil)



CBOT Soy oil futures as 03.08.2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Aug	25.02	24.95	25.05	24.30	-0.72	24.30
5-Sep	25.09	25.05	25.15	24.39	-0.69	24.40
5-Oct	25.23	25.18	25.21	24.10	-0.74	24.49
5-Dec	25.38	25.35	25.45	24.18	-0.66	24.72

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November soybeans traded between 7 lower and 4 higher in a 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.

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.

Giving the bulls an added edge is the fact that news services this morning are circulating rumors of some rust spores in Illinois. Slightly higher palm oil pricing overnight also lends some support to prices, but it is clear that the bull moves are sluggish and volume and open interest hasn't really supported the rise off the July lows.

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 possibility for rain seems to be improving for early next week with the 8-14 day forecast calling for 1-3 inches of rain across the Midwest. Cash prices in Argentina surged yesterday following a stronger US market. The Latin American soybean market is expected to continue range amidst widespread uncertainty in crop weather.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended lower Thursday, briefly touching an almost six-month low before short covering emerged later to spur a mild recovery. Following a negative cue from soyoil futures, the benchmark October CPO contract opened in negative territory and slumped to a low of MYR 1343 a metric tonne.

The choppy nature of the market shows that people are still very tentative and not convinced where the market is going. Sellers are not out to sell in full force but still prefer to cover and take some profits at lower levels.

The trader expressed that uncertainty over the direction of soy complex prices is one of the reasons for the cautious mood. Soy complex futures have been volatile in the past few days.

December soyoil was down 66 points on the Chicago Board of Trade Wednesday, but had rallied 89 points the previous day.

In screen trading on Thursday, it was down 27 points. Traders said continued volatility on the CBOT is to be expected, as August is a crucial growing period for the U.S. soybean crop. It is expected that longer-term trend for oilseeds and edible oil prices would be established only when a clearer picture of output prospects emerges. In Meantime, price movements would likely be exaggerated day-to-day as participants react to changes in weather conditions.

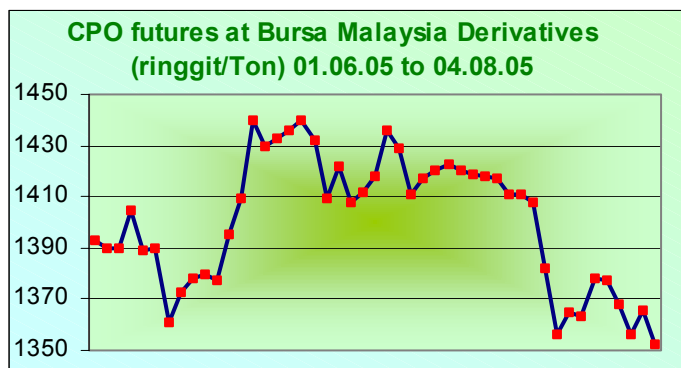
The upside room for palm oil prices appear to be limited for now because of persistent concerns over excess supply. The fundamentals at the moment are on the bearish side. Palm oil exports have been falling for two straight months, with consumer demand in August uninspiring so far. At the same time, output is believed to have risen in July and may continue to be strong in the coming months due to seasonal factors.

Official July palm oil supply and demand data are due to be issued by the Malaysian Palm Oil Board Aug. 10. Meanwhile, talk of the further strengthening of the Malaysian ringgit also weighed on palm oil prices earlier in the session. However, the pressure eased later as the currency weakened instead.

In the Malaysian cash market, palm oil product prices moved lower in tandem with declines in CPO futures. Trading activity improved as lower offer prices attracted some covering interest. The market is expected to continue unsteadily amidst wide spread uncertainty in the US soybean market.

KLCE CPO Futures (04.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1350	1340	1340	1328	-13	1337	93
Sep '05	1362	1352	1356	1339	-16	1346	901
Oct '05	1366	1357	1362	1343	-14	1352	3558



Domestic:

Palm oil

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

The Malaysian market traded significantly lower amidst increased profit booking by the traders as the uncertainty in the US soybean market increased. The stronger ringgit also exerted pressure on palm oil prices keeping the global market activity on the lower side.

The import quantum has increased almost gradually. In the month of August (till 04.08.05) the country has imported about 0.28 lakh tonnes of palm oil. The import quantum is still low

because of the flood like situation the Western Ghat regions but is expected to increase in the coming days.

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	04.08.05	03.08.05	Change	
Kandla CPO (5 % FFA)	325	324	+1	
Mumbai CPO (5% FFA)	328	327	+1	
Kandla RBD Palmolein	358	357	+1	
Mumbai RBD Palmolein	364	364	0	
Chennai RBD Palmolein	356	356	0	
Kakinada RBD Palmolein	354	355	-1	

Soy oil

The domestic market opened weak and traded further on the lower side for the day amidst increased profit booking at Indore and increased selling by the domestic traders.

The international market traded lower amidst profit booking and wide spread uncertainty in the soybean crop weather. The expectation of more rains in Midwest region of US triggered increased weakness in the market. The US market is now dwindling between prospects of increased rains and declining export potentials. Following the international weakness, the domestic trade moved in the negative direction. At the time of closure the NBOT August Contract closed significantly lower at a level of Rs. 371.30 (Down by Rs. 2.70) and the September contract ended at Rs. 375.40 (Down by Rs.3.50).

As per the latest production and acreage figures released by the SOPA, the total area sown has reached 70.40 lakh hectares compared to the last year figures of 69.52 lakh hectares. This increase in the area along with good rains in the states growing soybean triggered weakness in the futures market.

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 \$ 520 per tonne.

The market is expected to continue lower for Friday amidst declining support from the buyers following the recent SOPA's acreage estimates.

Soybean oil - Spot Market Price		(Rs. per 10 kg)		
Centres	04.08.05	03.08.05	Change	
Mumbai (Soy ref)	359	359	0	
Indore (Soy Ref oil)	372	373	-1	
Indore (Soy Solvent Ex. oil)	354	354	0	
Kota (Soy Ref. Oil)	375	375	0	
Jaipur (Soy Ref. Oil)	375	377	-2	

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

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	374.00	371.80	372.10	370.80	-2.70	371.30	13900
Sep'05	378.90	376.00	376.50	374.70	-3.50	375.40	14060
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

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

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	374.95	376.45	377.00	375.15	376.05	6850	24200
Sep'05	379.00	380.00	381.00	379.25	380.20	7770	36680
Oct '05	381.00	382.00	382.60	381.20	382.15	2530	12860

Rape oil

The rape oil market today improved marginally in the spot as well as in the futures markets amidst increased selling 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.

Today the mustard arrival was 0.15-0.20 lakh bags in Rajasthan, which is on the lower side.

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

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

Centres	04.08.05	03.08.05	Change
Mumbai (Rape Expeller Oil)	395	395	0
Kota (Rape Expeller Oil)	382	382	0
Jaipur (Rape Expeller Oil)	384	383	+1
Neewai (Kacchi Ghani Rape Oil)	405	402	+3
Delhi (Rape Expeller Oil)	410	405	+5

Groundnut oil

Groundnut oil improved marginally at few centres amidst declining supplies.

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 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 Friday amidst growing uncertainty in the edible oil markets.

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

Centres	04.08.05	03.08.05	Change
Mumbai (Excluding VAT)	495	485	+10
Rajkot	520	520	0
Andhra Region	528	524	+4
Chennai	525	525	0

LATEST WEATHER WATCH (04.08.2005)**All India Weather Forecast Bulletin Valid for Next 5 Days**

Yesterday's well marked low pressure area over north Bay of Bengal and adjoining Bangladesh now lies over Jharkhand and adjoining north interior Orissa. The system has caused moderate to heavy rainfall in Gangetic West Bengal, Orissa, Chattisgarh and Jharkhand. The system is expected to move in a north-westward direction and cause widespread rainfall activity with isolated heavy falls over Orissa, Jharkhand, Chhattisgarh and East Madhya Pradesh during next 2 days.

A western disturbance in the form of a trough in upper level westerly flow, is approaching NW India around 5th August. There is a possibility of interaction of monsoon low pressure system with this approaching western disturbance leading to increased rainfall activity in many parts of north and northwest India viz., Uttar Pradesh, Uttranchal, parts of Haryana (including Delhi), western parts of Bihar and North Madhya Pradesh beginning from 6th August, 2005.

The other low-pressure area over East Rajasthan and neighbourhood has become less marked and hence the rainfall activity over Gujarat and Rajasthan is expected to decrease further.

The monsoon flow remained strong during past few days and hence the off shore trough from Goa to Karnataka coasts also continued to persist. The model predictions suggest that the monsoon flow may remain strong for another 2-3 days leading to fairly widespread rains with isolated heavy falls along Konkan & Goa and Karnataka coasts.

North & North-West India: Scattered rainfall is likely over the region during next 2 days. Due to possible interaction of monsoon low with the approaching Western disturbance over NW India, the rainfall activity over the region is expected to enhance after 5th August, 2005.

East and NE India: Orissa, Jharkhand and West Bengal are likely to receive fairly widespread to widespread rains with isolated heavy falls during next 2 days. Scattered rainfall is likely over East UP and Bihar during next 2 days and scattered to fairly widespread over NE States. Subsequently the rainfall activity over East UP and Bihar is likely to enhance.

Central India: Under the influence of the low pressure area over Jharkhand & adjoining Orissa, Chattisgarh, East Madhya Pradesh and Vidarbha are likely to receive fairly widespread rains during next 2 days. Subsequently, north Madhya Pradesh is also likely to receive fairly widespread rains.

South India: Coastal Karnataka, Kerala, Telangana and Andaman & Nicobar Islands are likely to receive fairly widespread rainfall activity during next 2-3 days with isolated heavy falls in Coastal Karnataka. Rest areas of the region are likely to receive isolated to scattered rains during this period.

West India: The low pressure area over East Rajasthan has weakened and as such, Gujarat and East Rajasthan are likely to receive fairly widespread rainfall activity during next 24 hours and reduce thereafter. Scattered rainfall is expected over rest areas of the region during next 2-3 days, except Konkan & Goa and remaining parts of Maharashtra, which may receive fairly widespread rains with isolated heavy falls in Konkan & Goa during next 3-4 days.

PORT-WATCH (Latest)

'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. 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. '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 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 4,000 MT of SBO is continuing at New Mangalore Port from the vessel 'Felicity'. Interocean is handling the vessel.

'Victory Ocean' from Padang has berthed at Mumbai Port and continues to discharge 9,000 MT of CPO. JM Baxi agents 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.

'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 expected 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 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.

'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	Southern Unicorn	7000	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	4000	SBO	Arrived
Kolkata	Hua Yun 4	7000	CPO	Arrived
	Star Orion	6000	CPO	Expected
	Ocean Ace	6000	CPO	Expected
Mumbai	Victory Ocean	9000	CPO	Arrived
	Pacific Sound	6747	CPO	Expected
Kakinada	L Star	6000	CPO	Arrived
	Spring Glory	2000	CPO	Expected
	Golden Crane	6000	CPO	Expected
Mundra	Vernal Grace	6000	CPO	Expected
JN	Commuter	16000	SBO	Arrived

Forex Rates

(As on 04.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.51
Malaysia	Ringgit	11.60
European Union	Euro	53.66
United Kingdom	GBP	77.35
Japan	100 Yen	39.23

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