

VEGOIL

12th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Lowered Ahead of Crucial USDA Figures on Declining Export Figures
- **USDA Estimates (12.08.05)**
- South American Soybean Continued Lower on Increased Deliveries Pressure
- BMD CPO Futures Surged Ahead On Late Buying Support
- Soybean Oil Prices Continued Marginally Up Amidst Increasing Buyers Support

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 369.70, which was marginally lower than yesterday's close. Market opened steady, traded highly volatile in the lower side but recovered marginally towards the end session amidst support from the second cut at the Indore NBOT exchange market.

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 18 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 3.09%, and has ranged from a high of 384.05 to a low of 367.10.

The 9-days Price ROC moved lower marginally to the level of -1.792 (pointing downward) indicating the weakness in the market prices. The 9-day RSI dipped lower in the oversold region to a level of 28.71 indicating the increasing weakness in the prices.

The % K-line continued up in the neutral region indicating the rising strength in the price along with the % D-Line, which also continued up in the oversold region.

The candlestick is hinting at the steady to firm trade for Saturday.

Market advice:

Market is expected to open steady and continue trading in the positive direction

Avoid new entry with medium and long-term outlook

Short-term buying could yield profit

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Sept' '05	371.20	370.50	373.40	374.20
NCDEX	Aug' '05	369.10	368.20	371.60	372.50

Abbreviations:

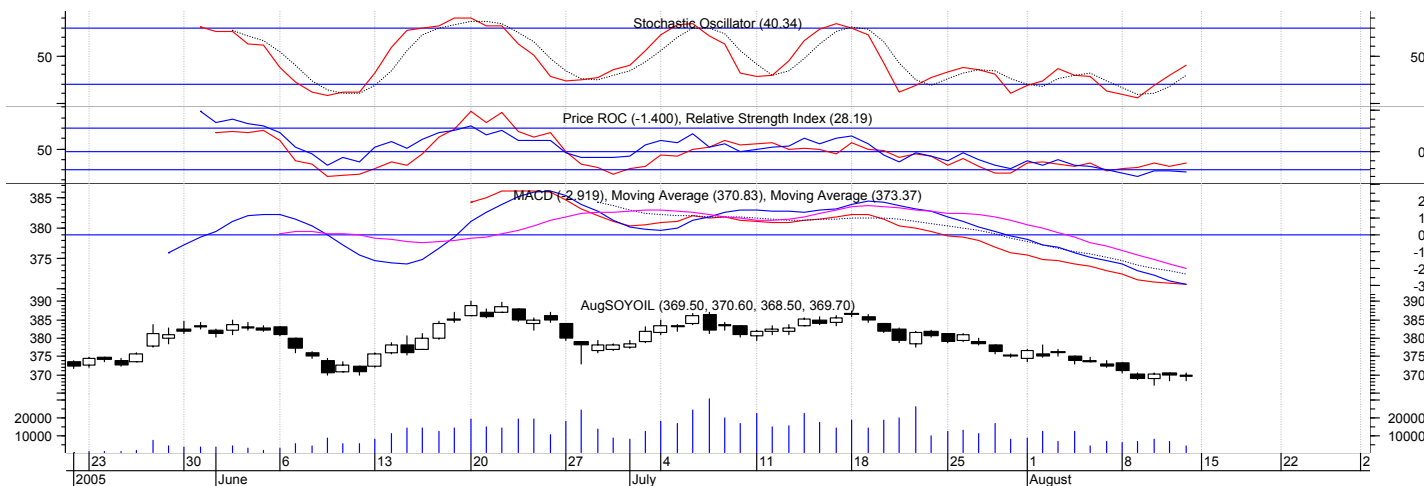
ROC - Rate of Change

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):

Pre-crop report position squaring produced a quiet two-sided trading session on Thursday, with Chicago Board of Trade soybean futures finishing the day at modestly lower levels. The trade remained choppy ahead USDA Crop Production and Supply/demand reports, but the outlook for favourable weather helped pressure the market late.

The average of analysts' estimates surveyed by Dow Jones Newswires pegged 2005 soybean production at 76.26 million tonnes with a yield of 2.68 tonne per hectare. Carryout for 2004-05 was pegged at 8.06 million tonnes and 2005-06 carryout at 4.57 million tonnes.

Weekly export sales for soybeans, released before the opening, came in at 154,000 metric tonnes, which was considered neutral against expectations. Meal sales came in at 43,300 metric tonnes, which was below the range of expectations. Cumulative sales have reached 88.9% of the USDA forecast for the season as compared to 93.6% on average over the last five years. Oil sales were 13,300 metric tonnes as compared to trade expectations between 1,000-5,000.

Deliveries against the August contract came in at 68 lots this morning with 165 oil deliveries.

Bearish weather pattern with scattered showers expected to provide beneficial moisture to soybean crops across the Midwest through the weekend managed to apply mild pressure to prices. Speculative selling was keynote in soybean's ability to end lower, with Fimat a consistent seller throughout the day.

In trading, ADM Investor Services bought 400 November, Man Financial and Rand Financial each bought 300 November, Refco bought 700 November. ABN Amro, Citigroup, Rand Financial and Refco each sold 300 November, while Fimat sold 2,000 November. Commodity funds were estimated sellers of 1,000 contracts.

The US soybean is expected to trade on the higher side on Friday evening amidst increasing expectation of bullish monthly crop progress report.

CBOT Soy oil futures as 11.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Aug	22.72	22.70	22.77	22.67	-0.05	22.67
5-Sep	22.77	22.77	22.86	22.67	-0.09	22.68
5-Oct	22.87	22.87	22.94	0.00	-0.11	22.76
5-Dec	22.98	23.00	23.10	22.88	-0.07	22.91

CBOT remains closed on Saturday and Sunday.

USDA Estimates (12.08.05)

U.S. oilseed production for 2005/06 is projected at 87.4 million tons, down 1.7 million tons from last month mainly due to reduced soybean yield prospects resulting from dry weather in the eastern Corn Belt. Soybean yields are forecast at 38.7 bushels per acre, 1.2 bushels below last month's trend yield projection and 3.8 bushels below last year's record yield. The first USDA survey-based forecast of U.S. soybean production is 2.791 billion bushels, 99 million bushels below the July forecast and 350 million bushels below last year's record crop. Peanut production is forecast at 5.1 billion pounds, up sharply from last year, while cottonseed is projected to decline 8 percent from last year's

record. Soybean exports and crush are both reduced this month due to reduced supplies and higher soybean prices. Soybean ending stocks are projected at 180 million bushels, down 30 million from last month. U.S. soybean meal exports for 2005/06 are lowered from last month because of reduced soybean supplies and higher soybean meal prices. Soybean meal exports are projected at 6.3 million short tons, down 500 thousand tons from last month and 1.1 million below 2004/05. U.S. soybean oil export prospects are also reduced this month. Soybean oil ending stocks are reduced 175 million pounds to 1.5 billion pounds.

U.S. season-average soybean prices are projected at \$5.50 to \$6.50 this month, up 40 cents on both ends of the range in response to tighter U.S. supplies. Soybean meal prices are projected at \$175 to \$205 per short ton, up \$10 on both ends of the range. Soybean oil prices are also projected higher this month at 23 to 26 cents per pound. Global oilseed production for 2005/06 is projected at 377.3 million tons, down 1.3 million tons from last month as higher foreign production is more than offset by a decline in the United States. Foreign rapeseed production is raised this month as increases for Canada and EU-25 more than offset lower production for China. Foreign sunflower seed production is also raised based on improved prospects for crops in Russia and EU-25. Other changes include lower peanut production for China, and lower cottonseed production for Brazil.

Reduced oilseed production and slightly higher crush leave 2005/06 global oilseed ending stocks down 1.8 million tons at 56.1 million tons. Global oilseed stocks are projected to remain record high despite this month's reduction.

South American Soybean Market

November CBOT soybeans traded slightly lower in quiet trade overnight. There were 68 contracts delivered for soybeans this morning and 165 of oil. The South American soybean market's focus is still on the US crop size and the USDA report on Friday. The high input cost and high-energy prices could begin to cause producers to have second thoughts about expanding plantings for the coming season.

Some analysts are looking for a drop of near 2-3% in planted area, with many looking for similar plantings to last year. China imported 2.86 million tonnes of soybeans in July, which brought the Jan-July total to 15 million tonnes, up 38.4% from last year's pace.

Malaysia palm oil producers are targeting Europe for increased bio-diesel exports in the years ahead. Global demand for green fuels was 2.5 million tonnes last year, and it is expected to grow about 25% per year.

The market is awaiting Friday's USDA Supply/Demand and Crop Production reports to determine the starting point for the coming marketing year. Heavy rains are expected for Iowa and Northern Illinois and for much of the northern and western areas of the US Corn Belt over the next few weeks, and the market is already anticipating a larger production forecast for September than what it expects for Friday.

If the average trade estimate for soybean production is correct (2.804 billion bushels) and there are no changes made to the demand outlook (2.973 billion bushels), ending stocks for the 2005/2006 season could come in near 121 million bushels, which would be the second lowest in the past 29 years. Last fall the USDA projected ending stocks at around 450 million bushels, but solid demand has lowered the 2004/2005 ending stocks to down near 290 million bushels.

The southern Midwest and Arkansas yields are still in question, as their recent hot and dry weather will need to be followed by

good rains over the next two weeks, or else yields could be clipped. Monday's USDA weekly crop progress report showed that 51% of the nation's crop is in good to excellent condition as compared with 73% last year at this time.

The Latin American soybean market is expected to trade marginally bullish amidst expectation of lower soybean production in US.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended higher Friday, with late-session program buying lifting the market briefly to a three-week high. The market was little changed amid low volumes for most of the day, until aggressive buying emerged in the final minutes.

Traders said there were no fresh fundamental developments to warrant the jump in prices. The trader was referring to predetermined orders placed by parties to cover short positions when certain technical levels are breached. Such trades are automated at the next best available prices, often resulting in exaggerated price movements.

The USDA is scheduled to issue later Friday its monthly crop report, which will include its first 2005 soybean output forecast based on field surveys. Any surprises in the figures could trigger a sharp move in soy complex futures on the Chicago Board of Trade. That could in turn affect the direction of palm oil prices when the market reopens Monday.

Cargo surveyors SGS (Malaysia) Bhd and Intertek Agri Services are due to release Monday estimates for Malaysian palm oil exports in the first 15 days of August. In the July 1-15 period, exports were estimated around 490,000 to 500,000 tons. Exports are expected to rise to 600,000 tons in the Aug. 1-15 period, traders said.

Meanwhile, concerns that haze from Indonesian forest fires currently shrouding Malaysia could affect CPO production also subsided. Palm oil prices rose Thursday amid speculation the thick smog, which prompted the government to declare a state of emergency in two towns, would block adequate sunlight from reaching oil palm trees, hurting yields.

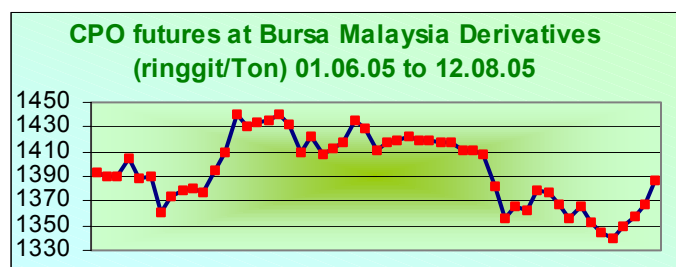
In addition, past research also suggests that any talk of haze affecting production may be uncalled for. According to an article published in the Journal of Oil Palm Research in June 2000 on the effects of haze on oil palm yields, it was found that while adequate radiation is important, it is not the sole determinant of productivity.

Yields are also dependent on other factors like soil moisture and temperatures. The study cites cases where oil palm areas with low radiation have reported higher yields than those with high radiation because other conditions were more favorable.

Prices in the Malaysian cash palm oil market were higher, following the gains in CPO futures, though trading activity was subdued. The market is expected to continue range bound on the higher side amidst support from the US soybean production figures.

KLCE CPO Futures (12.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1343	N.A	N.A	N.A	0	N.A	N.A
Sep '05	1362	1361	1398	1357	12	1374	545
Oct '05	1367	1365	1400	1360	11	1378	1676



Domestic:

Palm oil

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

The Malaysian market continued on the higher side witnessing increased buying towards the end session amidst expectation of bullish CBOT report and anticipation of increased demand from the European Union. The rising trend in the prices was also owing to the intense haze arising owing to the intense fire in the Indonesian rain forest, which has led to the closure of major ports in the Malaysia causing shortage in supply.

The import quantum has increased almost gradually. In the month of August, till 12.08.05 the country has imported about 1.67 lakh tonnes of palm oil. The import quantum is increasing significantly day-by-day applying intense pressure on the domestic prices.

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 trade range bound on the positive side amidst increasing uncertainty in the domestic as well as the global palm oil.

Palm oil - Spot Market Price		(Rs. per 10 kg)		
Centres	12.08.05	11.08.05	Change	
Kandla CPO (5 % FFA)	321	322	-1	
Mumbai CPO (5% FFA)	322	324	-2	
Kandla RBD Palmolein	351	355	-4	
Mumbai RBD Palmolein	363	360	+3	
Chennai RBD Palmolein	356	355	+1	
Kakinada RBD Palmolein	358	356	0	

Soy oil

The domestic market opened weak but progressed marginally on the positive side for the day amidst increased buying support and the approach of the second cut at the NBOT exchange.

The US soybean market is expected to open range bound but trade positive as the trading progresses. The traders are mostly waiting for the release of the important figures of the monthly crop progress report by USDA. The participant are expecting a bullish figures on the production side. The decline in the overall exports figures, reported in the weekly export report is also imparting unsteadiness in the US markets.

Following the increased uncertainty in the international markets the domestic market is also moving range bound. Slight positive movement is been witnessed in the market owing t the approach of the second cut in the Indore Exchange. At the time of closure the NBOT August Contract closed higher at Rs. 367.30 (Up by Rs.0.40) and the September contract ended at Rs.372.20 (Up by Rs.0.90).

The trade at the domestic exchanges is greatly volatile on the following pressure of expected bumper soybean crop owing to good rains and the approach of the second cut for the August contract at Indore's NBOT exchange.

In the month of August, India has imported about 1.29 lakh tonnes of soybean oil till 12.08.05. The Hazir markets continued range bound amidst increased uncertainty at the futures and lower retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 332 per 10 kg. CNF prices for soy degum (July Shipment) at Kandla were quoted at \$ 502 per tonne.

The market is expected to open steady for Saturday and continue range bound in the positive direction amidst improving support from the buyers.

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

Centres	12.08.05	11.08.05	Change
Mumbai (Soy ref)	355	356	-1
Indore (Soy Ref oil)	368	366	+2
Indore (Soy Solvent Ex. oil)	345	346	-1
Kota (Soy Ref. Oil)	368	372	-4
Jaipur (Soy Ref. Oil)	369	372	-3

NBOT Soy oil futures as on 12.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	366.90	N.A	367.30	N.A	0.40	367.30	N.A
Sep'05	371.30	370.20	372.70	369.50	0.90	372.20	29710
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 11.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	370.05	370.50	370.50	368.20	369.90	6890	17840
Sep'05	373.00	372.90	373.35	370.65	372.90	13650	37500
Oct '05	374.90	373.30	375.35	372.60	374.70	4700	18410

Rape oil

The rape oil market today continued range bound in the domestic markets and the futures amidst uncertain buying support and continuing deadlock between the traders and the NAFED regarding the sale of mustard in the market.

The declining retail demand is pressuring the domestic prices. Still no break through has been achieved in the decision for the selling of the mustard seed by NAFED.

Today the mustard arrival was 0.15 - 0.20 lakh bags in Rajasthan.

The rape oil market is expected to continue range bound with marginal improvement on Saturday, as the buyers' support at the exchange is expected to improve marginally.

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

Centres	12.08.05	11.08.05	Change
Mumbai (Rape Expeller Oil)	394	398	-4
Kota (Rape Expeller Oil)	377	378	-1
Jaipur (Rape Expeller Oil)	383	380	+3
Neewai (Kacchi Ghani Rape Oil)	400	398	+2
Delhi (Rape Expeller Oil)	398	400	+2

Groundnut oil

Groundnut oil today declined marginally amidst continuing uncertainty regarding the supply in the market and lower retail demand.

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 6.53 per cent over the last year. The current acreage is 50.24 lakh hectares against the last year coverage of 53.52 lakh hectares (08.08.05).

The heavy import of the other edible oil in the domestic market has also pressured the market. Till now the country has imported 2.96 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 Saturday amidst growing uncertainty in edible oil markets and low retail demand.

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

Centres	12.08.05	11.08.05	Change
Mumbai (Excluding VAT)	497	498	-1
Rajkot	512	510	+2
Andhra Region	520	522	-2
Chennai	523	526	-3

LATEST WEATHER WATCH (12.08.2005)

Weather Forecast

Rainfall activity continued to be subdued over most parts of the country during past 24-hours and likely to persists for the next 48 hours.

Yesterday's upper air cyclonic circulation over northeastern States persists extending upto 2.1 km above sea level. The upper air cyclonic circulation between 4.5 & 5.8 km above sea level over northwest Bay of Bengal off Orissa-West Bengal coast persists. The axis of the monsoon trough at sea level continues to lie close to the foothills of Himalayas.

Under this scenario, fairly widespread rainfall with isolated heavy falls likely over northeastern States, Sub-Himalayan West Bengal & Sikkim and Bihar during next 2-3 days. Rainfall activity is likely to remain subdued over most parts of the remaining country for next 48-hours.

Forecast Valid For Next 72 Hours

Rain/thundershowers are likely at many places over Andaman & Nicobar Islands, northeastern States, Sub-Himalayan West Bengal & Sikkim and Bihar; at a few places over Konkan & Goa, Madhya Maharashtra, Andhra Pradesh, Coastal Karnataka and Kerala. It may be isolated over rest regions of the country outside West Uttar Pradesh, Haryana, Punjab and West Rajasthan where weather will be mainly dry.

NORTH: Isolated rain/thundershowers likely over East Uttar Pradesh, Himachal Pradesh, Uttaranchal and Jammu and Kashmir. Weather will be mainly dry in the rest region.

EAST: Rain/thundershowers likely at many places over northeastern States, Sub-Himalayan West Bengal & Sikkim and Bihar and isolated in the rest region outside East Madhya Pradesh where weather will be mainly dry.

SOUTH: Rain/thundershowers likely at many places over Andaman & Nicobar Islands; at a few places over Coastal Karnataka and isolated in the rest region outside Interior Tamil Nadu and Interior Andhra Pradesh where weather will be mainly dry.

WEST: Rain/thundershowers likely at a few places in Konkan & Goa and Madhya Maharashtra and isolated in the rest region outside West Rajasthan and West Madhya Pradesh, Vidarbha where weather will be mainly dry.

Outlook For Subsequent Two Days

Increase in rainfall activity likely over Orissa and Andhra Pradesh.

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

Warning

Isolated heavy rainfall likely over Sub-Himalayan West Bengal & Sikkim, Bihar and north-eastern states.

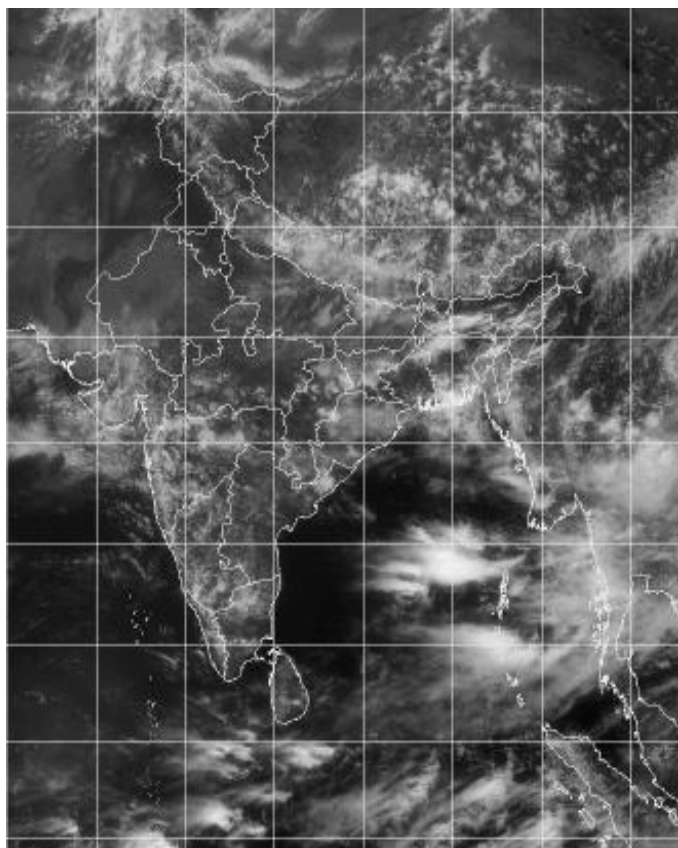
Agricultural Activities

Light to moderate wide spread rainfall occurred in Uttar Pradesh during the past few days. The weather conditions are normal. The crop is in good condition.

Moderate to heavy rainfall has occurred in Madhya Pradesh during the past few days. The condition of crops is satisfactory.

Latest satellite Image of Monsoon Progress

(12.08.2005, 03.30 PM)



Second Advance Estimates of Oilseeds & Other Commercial Crops Production for 2004-05

(Lakh tonnes As on 19.01.05)

Crop	Season	2001-02	2002-03	2003-04		2004-05	
			Final	2nd Advance Estimates	4th Advance Estimates	Targets	2nd Advance Estimates
Groundnut	Kharif	56.22	32.38	71.30	71.19	64.50	49.48
	Rabi	14.05	11.25	13.50	12.13	21.62	15.28
	Total	70.27	43.63	84.80	83.32	86.12	64.76
Castor seed	Kharif	6.53	4.28	7.60	8.04	10.48	7.64
Sesamum	Kharif	6.98	4.34	7.80	8.15	6.05	6.48
Nigerseed	Kharif	1.30	1.17	1.10	1.11	1.41	0.69
Rapeseed & Mustard	Rabi	50.83	39.18	58.80	58.32	65.20	75.89
Linseed	Rabi	2.09	1.73	1.80	1.79	2.48	1.49
Safflower	Rabi	2.21	1.57	1.20	1.29	2.50	1.54
Sunflower	Kharif	1.55	2.75	3.00	3.05	3.41	5.80
	Rabi	5.24	6.35	7.50	7.81	7.31	6.61
	Total	6.79	9.10	10.60	10.86	10.72	12.41
Soyabean	Kharif	59.63	45.58	76.10	78.54	77.03	77.52
Total Nine Oilseeds	Kharif	132.20	90.50	166.90	170.09	162.88	147.61

Ministry of Agriculture, Department of Agriculture & Cooperation

PORT-WATCH (Latest)

Kandla Port is receiving 8,524 MT of CPO from the vessel 'Ace 7'. The cargo was loaded from Belawan. '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. '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. Delivery of 5,000 MT of CPO is expected at the port from the vessel 'Samho Cyenus'. Interocean agents will be handling the vessel.

Mumbai Port is expecting 'Global Themis' to deliver 10,500 MT of palm oil. Forbes Gokak agents is handling the vessel. Delivery of 5,998 MT of palm oil is expected at the port from the vessel 'Samho Cyenus'. The vessel will be handled by Interocean agents. 'Hartati' from Padang is expected at the port to deliver 5,500 MT of palm oil. JM Baxi agents will be handling the vessel.

'Global Saturn' has berthed at Tuticorin Port and continues to discharge 6,900 MT of palm oil. St.John agents is handling the vessel. Tuticorin Port is expecting 'Mega Crown No.1' to discharge 1,850 MT of palm oil. The vessel will be handled by St.John agents.

Delivery of 3,500 MT of palm oil is continuing at Cochin Port from the vessel 'MMM Houston'.

Kakinada Port is expecting 'Produce' and 'Team Ace' to deliver 15,000 MT of SBO and 6,000 MT of CPO respectively.

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

'Global Trader' is expected at Mundra Port to load 5,000 MT of SBO. Taurus agents will be handling the vessel.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Sun Light	31250	SBO	Arrived
	Biz	13250	SBO	Arrived
	Hartati	8000	Palm oil	Expected
	Ace 7	8524	CPO	Arrived
	Sam ho Cyenus	5000	CPO	Expected
Chennai	Ace I	6000	Palm oil	Expected
Kolkata	Star Orion	6000	CPO	Arrived
Mumbai	Hartati	5500	Palm oil	Expected
	Global Themis	10500	Palm oil	Expected
	Sam ho Cyenus	5998	Palm oil	Expected
Cochin	MMM Houston	3500	Palm oil	Arrived
Kakinada	Produce	15000	SBO	Expected
	Team Ace	6000	CPO	Expected
Tuticorin	Mega Crown I	1850	Palm oil	Expected
	Global Saturn	6900	Palm oil	Arrived
Mundra	Global Trader	5000	SBO	Expected
JN	Montana Star	10000	SBO	Arrived

Forex Rates

(As on 12.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.58
Malaysia	Ringgit	11.64
European Union	Euro	53.91
United Kingdom	GBP	78.16
Japan	100 Yen	39.36

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