

VEGOIL

27th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Continued Lower On Less Than Expected Domestic Demand
- South American Soybean Lowered Marginally on Concerns of Deepening Debt Problems in Brazil
- Soybean Oil Prices Declined Further On Increased Speculative Selling

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX September Contract

The September contract closed at 366.75, which is marginally higher than yesterday's close. Market opened weak but improved towards the end of the day amidst slight revival of buyers' interest.

The 7-day MA continued up along with the 14-day MA hinting to the steadiness 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 significantly to +0.4382 (pointing upward) indicating the rising strength in the market prices. The 9-day RSI also improved marginally in the neutral region to a level of 34.00 supporting the strength in the prices.

The % K-line dipped further down in the neutral along with % D-Line in the neutral region supporting the declining trend.

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

Market advice:

Market is expected to open range bound but trade positive for Monday

Avoid new entry with medium and long-term outlook

Short term buying would yield profit (Carefully look for the opening before investing)

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Sept' '05	364.20	363.80	366.50	367.20
NCDEX	Sept' '05	364.75	363.60	367.60	368.40

Abbreviations:

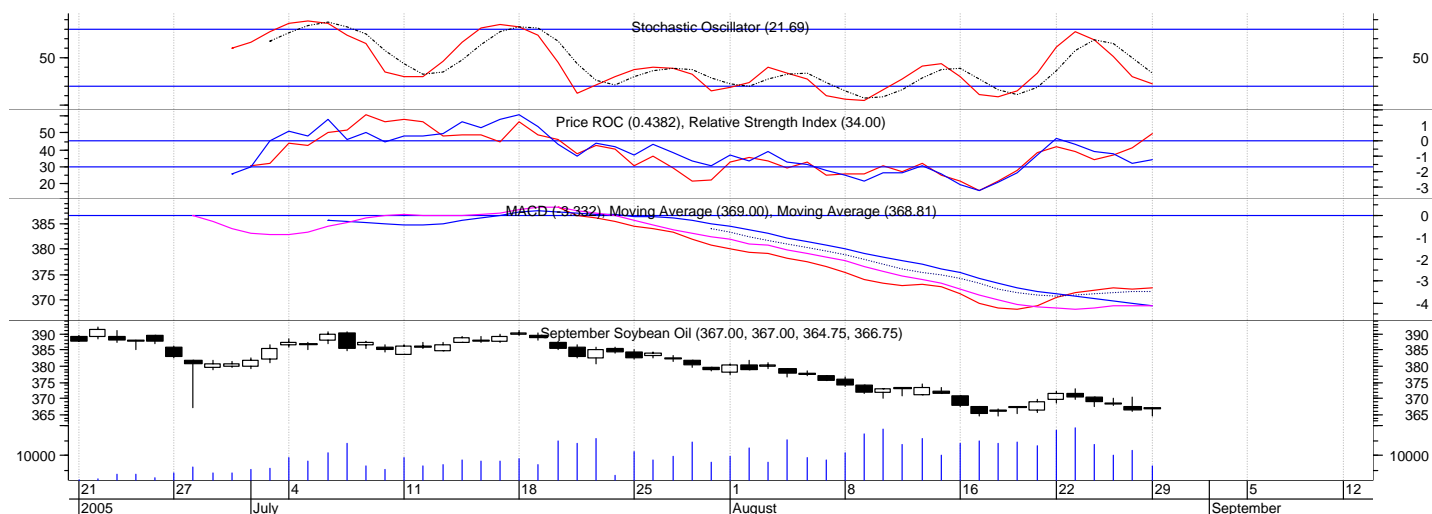
ROC - Rate of Change

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 moderately higher Friday, staging a modest bounce off Thursday's lows, with rumblings of Chinese demand underpinning prices.

Talk of increased buying from China helped support a jump in the cash basis levels at the gulf and also underpinned futures. Rumours spread that China may have bought up to 5 cargoes of US soybeans and nearby shipment basis jumped sharply.

The supportive tone was consistent throughout the day, as the market consolidated from recent lows, but advances remained limited on improved crop prospects amid beneficial rains moving across the Midwest.

In addition, the crop in the delta is still being hit with high temperatures and dry soils in some areas. Stats Canada pegged the Canadian canola crop at 8.3 million tonnes, which is up 7.7% from last year, and this news helped pressure the soybean oil market.

Allendale Inc., a research and brokerage firm in McHenry, Ill. released the results from its 16th annual Farmer Crop Survey. The producer survey suggested soybean production at 75.33 million bushels, with a yield of 1.05 tonnes an acre.

In trades, Rand Financial bought 500 November, FCStone bought 300 November, and ADM Investor Services, Cargill and ABN Amro each bought 200 November. On the sell side, Prudential Financial sold 400 November, Refco and Man Financial each sold 300 November, and ADM Investor Services and Cargill each sold 200 November.

The US soybean is expected to continue range bound on the lower side on Monday evening amidst expectation of increased production of soybean.

CBOT Soy oil futures as 26.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.06	22.06	22.18	21.95	+0.02	22.08
5-Oct	22.15	22.15	22.27	22.06	+0.05	22.20
5-Dec	22.32	22.35	22.46	22.22	+0.06	22.38
5-Jan	22.47	22.55	22.60	22.40	+0.05	22.52

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November South American soybeans moved to a new contract low yesterday. The sharp drop in prices is discouraging Brazil producers from selling, but enormous debt and increasing needs to prepare for the planting season just ahead is keeping some beans moving.

The focus of attention for now is still on the size of the US crop and concerns that the USDA production forecast in September will be higher than the August forecast due to better than expected yield potential for the northwestern Corn Belt.

When the coverage area of the rains expanded in the mid-day weather models, selling intensified and the market collapsed to close at the lowest level since March 29th for November soybeans yesterday.

The consumer shift away from trans fats has caused many food processors to redo recipes, and with palm oil and other edible oils priced relatively cheap compared with soybean oil, a shift in demand could be a bearish influence in the months ahead.

China demand is also shifting to lower priced oils for import. For soybean oil, China imports for 2005 through July are down 41% from last year's pace while China palm oil imports over the same time frame are up 30% from last year.

Basis levels at the port of Paranagua in Brazil were steady yesterday with September trading at 37-40 premium to Chicago futures, which is slightly better than last week. The discount of palm oil to soybean oil on the world market and possible shifts in domestic demand to other edible oils could more than offset the possible improvements in demand from bio-diesel usage.

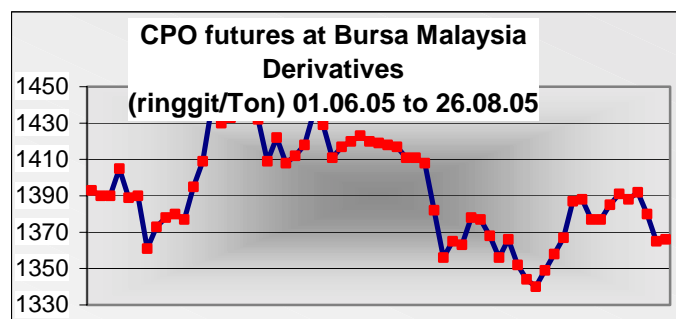
Amidst improving crop sentiments in Brazil, the South American Soybean market is expected to continue range bound on the lower side.

KLCE (Malaysian Palm Oil):

KLCE market remained closed on regular weekend holiday. It will reopen on Monday (29.08.05).

KLCE CPO Futures (26.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1354	1345	1355	1345	-4	1350	259
Oct '05	1361	1354	1364	1354	0	1361	549
Nov '05	1365	1359	1368	1358	+1	1366	1319



Domestic:

Palm oil

The domestic palm oil market today continued range bound amidst unenthusiastic trade in retail market.

The Malaysian market was closed on regular weekend holiday.

In the absence of international price movement and closure of markets owing to Janamastami, the trading sentiments remained subdued.

In the month of August, till 27.08.05 the country has imported about 3.34 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 360.00 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	27.08.05	26.08.05	Change
Kandla CPO (5 % FFA)	320	320	0
Mumbai CPO (5% FFA)	322	322	0
Kandla RBD Palmolein	356	356	0
Mumbai RBD Palmolein	362	363	-1
Chennai RBD Palmolein	355	356	-1
Kakinada RBD Palmolein	354	356	-2

Soy oil

The domestic market opened weak and traded further lower as the day progressed but improved marginally at the close amidst reviving buyers' support and partial technical correction.

The US soybean improved marginally on technical buying and support from the fund buyers.

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 slightly lower at 365.50 (Down by Rs. 0.30) and the October Contract closed down by Rs. 010 at Rs. 366.60.

In the month of August, India has imported about 2.67 lakh tonnes of soybean oil till 27.08.05. The Hazir markets traded range bound amidst low retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 328 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 499 per tonne.

The market is expected to open range bound and continue on the positive side for Monday amidst improving support from the retail traders. Buying with short-term outlook is advised.

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

Centres	27.08.05	26.08.05	Change
Mumbai (Soy ref)	348	349	-1
Indore (Soy Ref oil)	362	363	-1
Indore (Soy Solvent Ex. oil)	339	339	0
Kota (Soy Ref. Oil)	364	365	-1
Jaipur (Soy Ref. Oil)	365	365	0

NBOT Soy oil futures as on 27.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	365.80	365.30	365.60	364.20	-0.30	365.50	12310
Oct '05	366.70	365.80	366.80	364.90	-0.10	366.60	760
Nov '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 26.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Sep'05	368.40	367.50	370.40	366.00	366.40	11640	368.40
Oct '05	368.20	367.50	368.90	365.70	366.55	6100	27960
Dec '05	366.85	366.00	366.00	364.90	365.60	1310	4620

Rape oil

The rape oil prices traded range bound amidst increased uncertainty in the other edible oil markets and closure of major markets.

Today the mustard arrival was 0.05-0.07 lakh bags in Rajasthan.

The rape oil exchange market of Delhi, Hissar, and Hapur were closed on Janamastami and the Bikaner traded range bound on the lower side amidst lack of 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 Monday. Buy with short and medium outlook.

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

Centres	27.08.05	26.08.05	Change
Mumbai (Rape Expeller Oil)	390	391	-1
Kota (Rape Expeller Oil)	370	372	-2
Jaipur (Rape Expeller Oil)	372	374	-2
Neewai (Kacchi Ghani Rape Oil)	394	395	-1
Delhi (Rape Expeller Oil)	397	398	-1

Groundnut oil

The groundnut market continued range bound as most of the trading activity in the various spot market declined owing to the celebrations of Janamastami.

As per the latest report, the sowing of groundnut is lower by 3.25 per cent at 53.8 lakh hectares. The data reveals that this is mainly due to lower coverage in Andhra Pradesh, Gujarat, Maharashtra and Tamil Nadu. However, sowing is still on in AP, Karnataka and Tamil Nadu, AP too is witnessing crop diversion this year. Sowing is almost completed in Gujarat and Maharashtra. 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 domestic market is expected to continue trading range bound on Monday amidst growing uncertainty in edible oil markets and increased pressure of imports of palm and soybean oil.

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

Centres	27.08.05	26.08.05	Change
Mumbai (Excluding VAT)	488	487	-1
Rajkot	Closed	Closed	-
Andhra Region	520	520	0
Chennai	525	522	+3

LATEST WEATHER WATCH (27.08.2005)**Weather Forecast**

The monsoon trough continues to lie close to the foothills of Himalayas. Moderate rainfall with isolated heavy falls over northeastern States and Sub-Himalayan West Bengal & Sikkim is likely to continue for another 2-3 days. Subdued rainfall activity will continue over northwest and central India.

A fresh upper air cyclonic circulation extending between 1.5 & 4.5 km above sea level formed over Tamil Nadu & neighbourhood. This is likely to cause moderate rainfall activity over south Peninsula during next 48 hours.

Another upper air cyclonic circulation extending between 2.1 to 4.5 km above sea level lies over Gujarat & neighbourhood.

A western disturbance as an upper air cyclonic circulation extending upto 2.1 km above sea level lies over north Pakistan and adjoining Jammu & Kashmir.

Yesterday's upper air cyclonic circulation over central parts of Bay of Bengal in the mid tropospheric levels has become less marked.

Forecast Valid For Next 72 Hours

NORTH : Rain/thundershowers likely at a few places over Himachal Pradesh, Uttaranchal and Jammu & Kashmir and isolated over Punjab. Mainly dry weather in the rest region.

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

SOUTH : Rain/thundershowers likely at many places over Andaman & Nicobar Island and Tamil Nadu & Pondicherry; at a few places over South Interior Karnataka and Kerala and isolated over the rest region.

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

Warning

Isolated heavy rainfall is likely over northeastern States and West Bengal & Sikkim.

Outlook For The Next Two Days

Subdued rainfall activity is likely to continue over northwest & westcentral India.

Moderate rainfall activity over south Peninsula is likely to continue.

PORT-WATCH (Latest)

Delivery of 27,000 MT of SBO is continuing at JN Port from the vessel 'Antea'. The cargo was loaded from Argentina. Interocean agents is handling the vessel.

'Aurora' from Argentina has berthed at Kandla Port and continues to discharge 13,000 MT of SBO. The vessel is being handled by Interocean agents. '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.

Kolkata Port is receiving 3,500 MT of CPO from the vessel 'Siam Pavinee'. Alap agents is handling the vessel. 'Spring Wind' has berthed at the port and is continuing to discharge 7,250 MT of CPO. The vessel is being handled by Seaport agents. Kolkata Port is receiving 6,000 MT of SBO from the vessel 'MMM Galvestone'. GAC agents is handling the vessel.

Kakinada Port is receiving 10,000 MT of SBO from the vessel 'Montana Star'. The port is expecting 'Global Venus' to discharge 9,000 MT of CPO. 'Instana 6' is expected at the port to deliver 5,000 MT of CPO.

'Global Trader' has berthed at Mundra Port and continues to deliver 5,000 MT of SBO. Taurus agents is handling the vessel.

Delivery of 10,000 MT of palm oil is expected at Mumbai Port from the vessel 'Chemstar Hero'. JM Baxi agents will be handling the vessel. The port is expecting 'Global Eos' to discharge 1,500 MT of palm oil. Forbes Gokak will be handling the vessel.

'Gertrude' and 'Zhong Hua 6' are expected at Chennai Port to discharge 5,000 MT and 4,000 MT of palm oil respectively. Seaport agents will be handling these vessels.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Bom Woo	9500	CPO	Arrived
	Aurora	13000	SBO	Arrived
	Bunga Saitan	12000	Palm oil	Arrived
Kakinada	Montana Star	10000	SBO	Arrived
	Global Venus	9000	CPO	Expected
	Istana 6	5000	CPO	Expected
Mundra	Global Trader	5000	SBO	Arrived
Mumbai	Chemstar Hero	10000	Palm oil	Expected
	Global Eos	1500	Palm oil	Expected
Kolkata	MMM Galveston	6000	SBO	Arrived
	Spring Wind	7250	CPO	Arrived
	Siam Pavinee	3500	CPO	Arrived
Chennai	Gertrude	5000	Palm oil	Expected
	Zhong Hua 6	4000	Palm oil	Expected
JN	Antea	27000	SBO	Arrived

Forex Rates

(As on 27.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.71
Malaysia	Ringgit	11.57
European Union	Euro	53.70
United Kingdom	GBP	78.75
Japan	100 Yen	39.67

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