

VEGOIL

25th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Declined On Improving Weather in Midwest
- South American Soybean Improved Marginally of Increased Prospects of Imports from China
- Crude Palm Oil Futures Plummeted Sharply on Concerns of Declining Demand
- Soybean Oil Prices Improved Marginally on Increased Uncertainty in Retail Support

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 steadiness in the price trends.

Currently the MACD is bullish and is moving up indicating the continuing strength in the market.

The 9-days Price ROC improved marginally to -0.8744 (pointing upward) indicating slight grip in the market prices. The 9-day RSI continued lower in the neutral region to a level of 38.97 indicating the declining strength in the prices.

The % K-line dipped further in the neutral along with the % D-Line, which moved lower in the neutral region supporting the declining trend.

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

Market advice:

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

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	369.50	370.20
NCDEX	Sept' '05	367.60	366.10	370.40	371.70

Abbreviations:

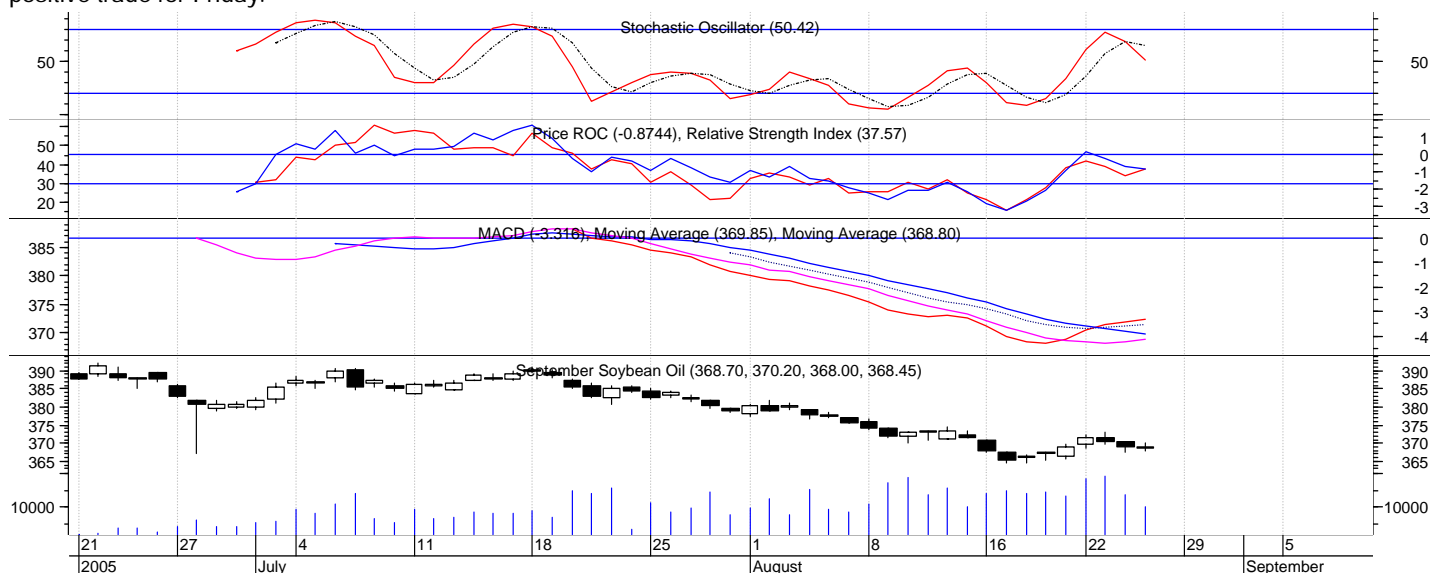
ROC - Rate of Change

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 lower on Wednesday, falling under the weight of speculative and local selling amid the absence of fresh supportive inputs to underpin prices amid bearish finishing weather for Midwest soybean crops.

After a two-day rally, November soybeans appear ready to test last Friday's lows. Another chance of rain is anticipated through the Midwest, and with the wheat market showing overt weakness today, there would appear to be some sympathy in soybeans.

Crop tour dialogue continues to confirm better than expected results compared to several weeks ago, but the predictions are running below year ago levels for the most part. In order to give recent rumours of Chinese buying credibility, the crush margin will have to improve or the US export numbers on Thursday will have to come in solid.

Speculative selling easily pulled futures to session lows down the stretch; with traders unwilling to challenge downside moves amid perceptions that soybean production potential could be enhanced by good finishing rains across the Midwest.

In trades, Cargill Investor Services and Rand Financial each bought 300 November, and ADM Investor Services and Citigroup were each light buyers of November. On the sell side, Citigroup and Refco each sold 300 November, Cargill Investor Services sold 500 November and Bunge Chicago sold 200 November.

The US soybean is expected to continue range bound on the lower side on Thursday evening amidst prospects of good rains in Midwest.

CBOT Soy oil futures as 24.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.56	23.55	23.55	22.42	-0.06	22.50
5-Oct	22.66	22.45	22.67	22.45	-0.07	22.59
5-Dec	22.81	22.65	22.82	22.65	-0.05	22.76
5-Jan	22.96	22.90	22.98	22.86	-0.05	22.91

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November South American soybeans closed higher on the session. The sharp drop in prices has hurt Brazilian producer income, and many may be forced to reorganize or pay off debt before borrowing more to finance the coming year's crop.

The Brazil Vegetable Oils Industry Association pegged the new Brazil crop at 58.2 million tonnes this week as compared with the current USDA forecast at 62 million tonnes and 50.8 million tonnes this past season.

China demand concerns persist, but many traders believe that with the strong growth trends in the country, usage is expanding and that soybean imports will continue to be active into the 4th quarter. Bio-diesel demand has provided underlying support for vegetable oils, but the trade is also concerned that domestic soybean oil demand could be hit by the trans fat issue as processed food recipes change.

Lower consumption of margarine and processed food in general could reduce domestic demand for soyoil, and with palm oil prices significantly cheaper, even bio-diesel producers might import palm.

Crop tour results did not offer any surprises yesterday as it moved through Indiana and Nebraska. Asia rust has spread to six

Alabama counties, and officials believe it will spread through more of the state.

The market has rallied some in the past few days on talk that China has purchased a few US cargoes, but rumours that as many as 5-10 cargoes of US soybeans may have been bought seem to be a bit overblown considering talk of poor crush margins in China.

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

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended lower on Thursday, with the benchmark contract hitting a 2-week low, amid concerns that demand may be struggling to keep pace with rising supply.

Cargo surveyor SGS (Malaysia) Bhd. issued midday estimates showing a 10% on-month rise in exports to 908956 tons in the first 25 days of August. The figures from the more influential SGS were lower than an earlier estimate from Intertek, which pegged Aug. 1-25 exports at 920,235 tons.

Although the estimates showed growth over the same period last month, the rise wasn't as strong as market participants had hoped for. That triggered concerns that stocks may rise further at the end of the month, since August production is expected to be higher. Market speculation is mostly for August output to rise about 3% to 5% on month.

Thursday's export figures showed uninspiring export numbers to major destinations like China. Demand has been uninspiring lately despite some upcoming festivals such as China's Mid Autumn Festival and National Day celebrations in the next two months, as consumers were well covered and content to wait for lower levels.

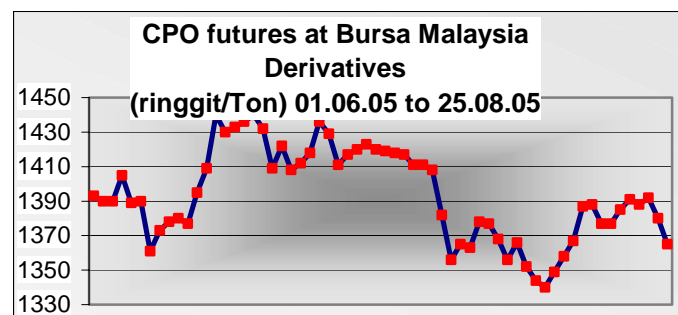
The immediate outlook for CPO futures was weak following the breach of the MYR 1380/ton support level. The market may be heading for MYR 1350/ton over the next one to two days.

In the Malaysian cash market, palm oil products were weaker, following losses in CPO futures. However, after days of slow trading, the market was busier Thursday as buying interest emerged at lower levels.

The prices are expected to decline further in tomorrow trade amidst continuing unsteadiness in the export demand and increased pressure of increasing production.

KLCE CPO Futures (25.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1370	1368	1369	1349	-20	1350	323
Oct '05	1377	1375	1378	1360	-16	1361	910
Nov '05	1380	1379	1383	1363	-15	1365	3656



Domestic:

Palm oil

The domestic palm oil market today traded range bound in spite of the declining international markets owing to the declining supplies at the retail markets.

The Malaysian market traded significantly lower amidst concerns of declining demand and fears of increased production in the August and subsequent months.

The export figures released by the Malaysian agencies were on the positive side. Cargo surveyor SGS (Malaysia) Bhd. issued midday estimates showing a 10% on-month rise in exports to 908956 tons in the first 25 days of August. The figures from the more influential SGS were lower than an earlier estimate from Intertek, which pegged Aug. 1-25 exports at 920,235 tons.

In spite of the positive support from the export figures the traders were concerned over the increasing production and perspective decline in the export potentials.

In the month of August, till 25.08.05 the country has imported about 3.41 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 360.50 per tonne and RBD Palmolein at \$ 395.00 per tonne.

The price for palm oil in the market is expected to continue range bound amidst low retail demand and continuing pressure of imports.

Palm oil - Spot Market Price		(Rs. per 10 kg)		
Centres	25.08.05	24.08.05	Change	
Kandla CPO (5 % FFA)	321	321	0	
Mumbai CPO (5% FFA)	323	323	0	
Kandla RBD Palmolein	356	356	0	
Mumbai RBD Palmolein	364	363	+1	
Chennai RBD Palmolein	357	356	+1	
Kakinada RBD Palmolein	358	357	+1	

Soy oil

The domestic market opened steady and traded firm as the day progressed for the day amidst uncertain buyers support and increased panic selling.

The US soybean declined as uncertainty in the soybean crop weather still continues. The trade was on the lower side amidst forecast of more rains in the Midwest region.

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 major support from the soybean oil traders at NBOT, Indore as the September Contract closed range bound at 367.60 (Up by Rs. 0.20) and the newly opened October Contract closed unchanged at Rs. 368.50.

In the month of August, India has imported about 2.54 lakh tonnes of soybean oil till 25.08.05. The Hazir markets continued on the lower side 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 lower side for Friday amidst declining support from the retail traders and increased support from the imports. Selling with short-term outlook is advised.

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

Centres	25.08.05	24.08.05	Change
Mumbai (Soy ref)	350	351	-1
Indore (Soy Ref oil)	363	365	-2
Indore (Soy Solvent Ex. oil)	340	343	-3
Kota (Soy Ref. Oil)	366	368	-2
Jaipur (Soy Ref. Oil)	367	370	-3

NBOT Soy oil futures as on 25.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	367.40	368.10	369.30	367.30	+0.20	367.60	25520
Oct '05	368.50	369.00	369.90	368.00	0.00	368.50	2250
Nov '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

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

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Sep'05	370.45	370.30	370.30	367.40	368.90	13710	29890
Oct '05	370.75	370.65	370.65	367.80	369.55	9650	27400
Dec '05	369.10	368.30	369.00	367.00	367.85	1280	3460

Rape oil

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

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 steady 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 Friday. Buy with short and medium outlook.

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

Centres	25.08.05	24.08.05	Change
Mumbai (Rape Expeller Oil)	390	390	0
Kota (Rape Expeller Oil)	373	374	-1
Jaipur (Rape Expeller Oil)	375	378	-3
Neewai (Kacchi Ghani Rape Oil)	397	398	-1
Delhi (Rape Expeller Oil)	397	396	+1

Groundnut oil

The groundnut market declined amidst declining demand and growing uncertainty in the edible oil market. The large scale mixing of the other edible oils in groundnut oil is keeping the prices range bound on the higher side.

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 Friday amidst growing uncertainty in edible oil markets and heavy imports of palm and soybean oil.

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

Centres	25.08.05	24.08.05	Change
Mumbai (Excluding VAT)	488	495	-7
Rajkot	510	515	-5
Andhra Region	520	525	-5
Chennai	520	525	-5

LATEST WEATHER WATCH (25.08.2005)**Weather Forecast**

During the past 24 hours, fairly widespread rainfall with isolated heavy occurred over northeastern States, west Bengal & Sikkim, parts of Bihar and East Uttar Pradesh. Chief amounts of rainfall, during past 24 hours, recorded (in cm) are: Dehradun-12, North Lakhimpur-10, Kolkata-8, Tezpur-8, Agartala, Sundernagar, Gorakhpur-5 each and Patna-4.

Western end of the monsoon trough continued to lie close to the foothills of Himalayas. The eastern end of the monsoon trough passes through Behraich, Gorakhpur, Patna, Bhagalpur and thence southeastwards into northeast Bay of Bengal.

Yesterday's upper air cyclonic circulation over Sub-Himalayan West Bengal & Sikkim and adjoining Bihar extending up to 3.1 km above sea level has become less marked. However, a north-south trough runs from Sub-Himalayan West Bengal & Sikkim to north Bay of Bengal in the lower level.

Under this scenario, enhanced rainfall activity over northeastern States, Sub-Himalayan West Bengal & Sikkim and Bihar is likely to continue for another 2 days.

Yesterday's upper air cyclonic circulation over Lakshadweep extending between 3.1 and 4.5 km above sea level has also become less marked. However, an off shore trough at sea level chart lies off Karnataka-Kerala coasts.

Forecast Valid For Next 72 Hours

Rain/thundershowers are likely at many places over Andaman & Nicobar Islands, northeastern States, Sub-Himalayan West Bengal & Sikkim, Bihar, Konkan & Goa and Coastal Karnataka and at a few places over Gangetic West Bengal, Orissa, East Uttar Pradesh, Uttaranchal, Himachal Pradesh, Madhya Maharashtra, Andhra Pradesh, Tamil Nadu & Pondicherry, Interior Karnataka, Kerala and Lakshadweep. It may be isolated in the rest regions of the country outside West Uttar Pradesh, Haryana, Punjab, Jammu & Kashmir, Rajasthan, West Madhya Pradesh and Gujarat State where weather may be mainly dry.

NORTH : Rain/thundershowers likely at a few places over East Uttar Pradesh, Himachal Pradesh and Uttaranchal. Mainly dry weather in the rest region

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

SOUTH : Rain/thundershowers likely at many places over Andaman & Nicobar Islands and Coastal Karnataka and at a few places over the region outside Interior Andhra Pradesh, interior Karnataka and Tamil Nadu where it may be isolated.

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

Warning

Isolated heavy rainfall is likely over north Bihar, northeastern States and Sub-Himalayan West Bengal & Sikkim.

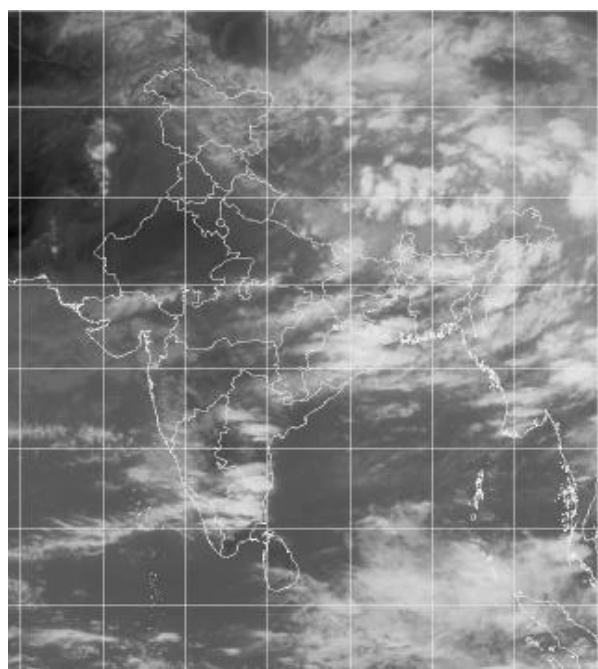
Outlook For The Next Two Days

Subdued rainfall activity is likely to continue over northwest & westcentral India. Slight increase in rainfall activity over south Peninsula and Lakshadweep.

Agricultural Activities

Due to receipt of sufficient rainfall kharif crops are in good condition in Jammu region area sown under kharif crops is more than 95% of their normal areas. Pest and diseases like hairy caterpillar in moong, stem & root borer in rice and stem borer in maize were noticed.

Jharkhand state received 26.3% deficit rainfall against the normal till 2nd week of August. The coverage of different crops are: Paddy - 48%, Maize - 76%, Pulses - 50% and Oilseeds - 42% during the season. Farmers are advised to take horse gram & sarguja in areas of upland and medium lands not cover so far by any crops.

Latest satellite Image of Monsoon Progress**(25.08.2005, 07.30 PM)****PORT-WATCH (Latest)**

'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. 'L Star' has berthed at Kolkata Port and continues to discharge 6,000 MT of CPO. Seaworld agents is 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

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 the port from the vessel `Chemstar Hero'. JM Baxi agents will be handling the vessel. `Gertrude' and `Zhong Hua 6' are expected at the 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	Hua Yun 5	5000	CPO	Arrived
	Montana Star	9000	CPO	Expected
	Global Venus	9000	CPO	Expected
	Istana 6	5000	CPO	Expected
Mundra	Global Trader	5000	SBO	Arrived
	Chemstar Hero	10000	Palm oil	Expected
	Gertrude	5000	Palm oil	Expected
	Zhong Hua 6	4000	Palm oil	Expected
Kolkata	L Star	6000	CPO	Arrived
	MMM Galveston	6000	SBO	Arrived
	Spring Wind	7250	CPO	Arrived
	Siam Pavinee	3500	CPO	Arrived

Forex Rates

(As on 25.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.76
Malaysia	Ringgit	11.64
European Union	Euro	53.86
United Kingdom	GBP	79.04
Japan	100 Yen	39.85

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