

VEGOIL

10th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Plummited Sharply on Increasing Prospects of Beneficial Rains in Soybean Belts
- South American Soybean Declined Marginally Amidst Improving Crop Prospects in US
- BMD CPO Futures Continued Up Amidst Support From Positive Export Figures
- Soybean Oil Prices Improved Marginally Amidst Increased Support At Spot Market

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 369.80, which was marginally higher than Monday's close. Market opened weak and continued further lower for the first couple of hours but improved towards the end session amidst increased buyers support at Indore's spot market.

The 7-day MA continued further in the downward direction hinting to the increasing 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 17 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 3.12% and has ranged from a high of 384.05 to a low of 367.10.

The 9-days Price ROC continued improving marginally to the level of -1.387 (pointing upward) indicating the growing unsteadiness in the market prices. The 9-day RSI improved marginally in the oversold region to a level of 37.73 indicating the increasing weakness in the prices.

The % K-line moved up marginally in the oversold region indicating the steadiness in the price where as the % D-Line

continued lower hinting to the existing weakness in the market prices.

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

Market advice:

Market is expected to open steady and continue range bound for the day in the positive side

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	Aug' '05	368.90	367.80	369.50	371.20
NCDEX	Aug' '05	368.60	367.10	370.80	372.30

Abbreviations:

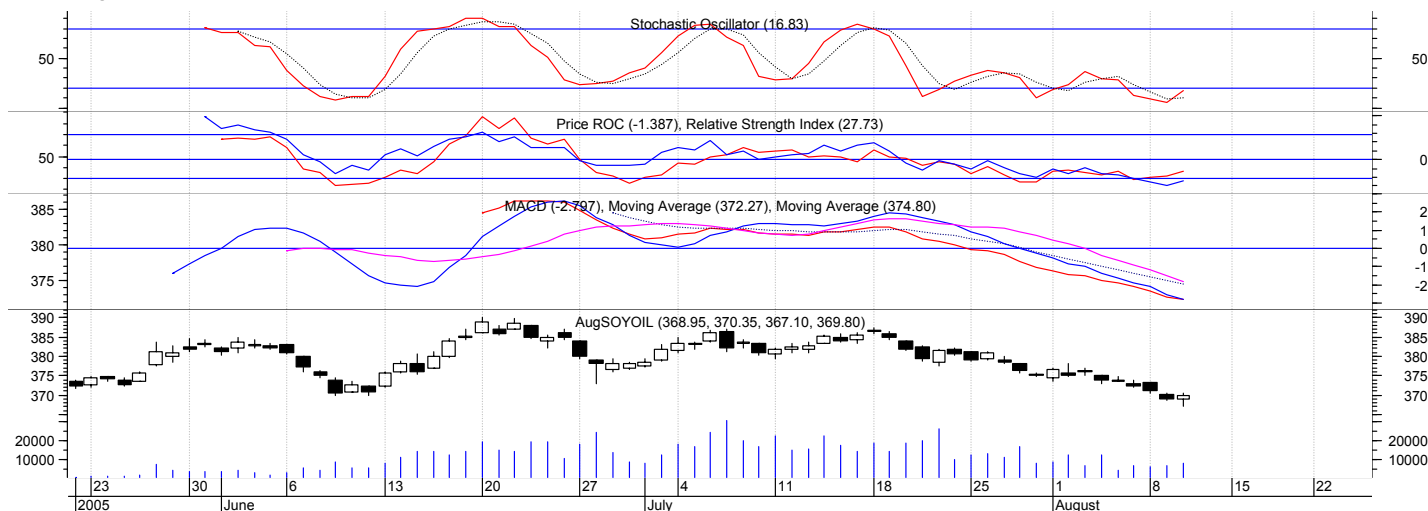
ROC - Rate of Change

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 fell Tuesday, settling at over two-month lows as prospects for beneficial rains to move into dry areas of the soybean belt sent buyers running for cover.

The outlook for increasing rain and cooler weather for the next few weeks beginning late this week helped trigger the sharp losses early in the session.

The market was called to open just 5-10 lower on the session but a near lack of new buying interest early in the session was enough to drive the market sharply lower as stops were activated under Friday's lows.

The weekly crop progress report, released late yesterday showed that 51% of the US crop was in good to excellent condition as compared with 54% last week and 59% as the 15-year average for this time of the year. Traders were looking for a 1-3% drop in conditions so the news failed to support and with the bearish weather outlook, long liquidation selling ahead of the Crop Production report for later this week was active. Poor to very poor ratings jumped to 19% from 16% last week and from 12% on average for this time of the year.

Export news is slow and the market seems convinced that soybean crop conditions can improve significantly in the weeks just ahead with the trade now anticipating a major shift in the weather pattern.

For the Crop Production report on Friday, traders are looking for a production estimate near 76.02 million tonnes (range 74.68-77.75) as compared with last years crop at 85.45 million tonnes. Ending stocks for the 2005/2006 seasons are expected to come in near 4.68 million tonnes (range 3.13-5.72) as compared with last months estimate at 210 million bushels.

The rain potential has taken upside urgency from the market, with speculative funds whittling down some of their non-performing long positions. The absence of strong export demand coupled with weak technically failed to provide any incentive for bullish traders to take a stand heading into Friday's U.S. Department of Agriculture crop report.

In trades, ADM Investor Services bought 500 November and Bunge Chicago bought 1,000 November. Cargill Investor Services, Man Financial and RJ O'Brien each sold 1,000 November; Refco sold 1,500 November; Fimat and Citigroup each sold 500 November; and ABN Amro and Calyon Financial each sold 300 November. Commodity funds were estimated sellers of 6,000 contracts.

The US soybean is expected to trade further on the lower side on Wednesday evening amidst increasing expectation of good crop weather in the coming days.

CBOT Soy oil futures as 09.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Aug	23.44	23.25	23.25	22.80	-0.64	22.80
5-Sep	23.49	23.15	23.15	22.86	-0.60	22.89
5-Oct	23.58	23.50	23.50	22.95	-0.60	22.98
5-Dec	23.73	23.53	2320.00	23.00	-0.59	23.14

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November soybeans are called 5-8 cents lower on the opening, as declining crop conditions were not a surprise and forecast models confirmed improving crop weather ahead.

The increased focus on South American short-term export news could keep commercial traders interested in the new contract. November South American soybeans have been gaining on November US soybeans.

While crop conditions deteriorated over the past week, the outlook for above normal rainfall and below or normal temperatures for the next few weeks keeps futures in a long liquidation mode over the short term. If the weather outlook continues to improve, long liquidation selling might persist into the USDA Crop Production and Supply/Demand reports for release before the opening on Friday.

With August weather having a huge influence on the final crop of the past several years, the market has already discounted the poor start to the crop, and futures are pricing in excellent weather for the second half of the month. Illinois soybeans are rated 41% in poor to very poor conditions as of August 7th, but the trade is counting on improving conditions with improving weather for the next 3 weekly reports.

Open interest is declining and with non-commercial traders (funds) still holding a net long position of nearly 52,000 contracts as of last week and futures moving to the lowest level since May, futures look vulnerable to additional long liquidation selling into the reports.

Taiwan bought 58,000 tonnes of soybeans from Brazil for September 15th to 29th delivery, but there is talk that US soybeans might be cheaper for delivery in October through December. The Latin American soybean market is expected to trade range bound amidst improving prospects of US Soybean crop.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended moderately higher on Wednesday, with upbeat export figures helping the market regain a key support level.

Parts of Malaysia, particularly in Kuala Lumpur and surrounding areas, have been blanketed in thick haze blamed on forest fires in neighboring Indonesia. There are growing concerns that if the haze problem lingers or worsens, it may have some negative impact on yields of the country's oil palm trees, which require regular rain and sunshine for optimum production.

Cargo surveyor Intertek Agri Services estimates showing a 20% rise on month in Malaysian palm oil exports to 401,967 tons in the Aug. 1-10 period. Another surveyor SGS (Malaysia) Bhd estimated Aug. 1-10 exports at 391,214 tons, up around 19% on month. The growth in exports helped ease earlier concerns that demand, which has been disappointing in June and July, may remain poor this month.

Talks that the government may release a new policy later Wednesday, in which palm oil would be used as a diesel substitute for the energy requirements in some sectors, also lent support to the market.

In screen trading Wednesday, it lost a further 4 points. Speculation that the Malaysian ringgit may continue to strengthen in coming months, following the removal of a peg to the dollar in late July, also capped the rise in CPO futures.

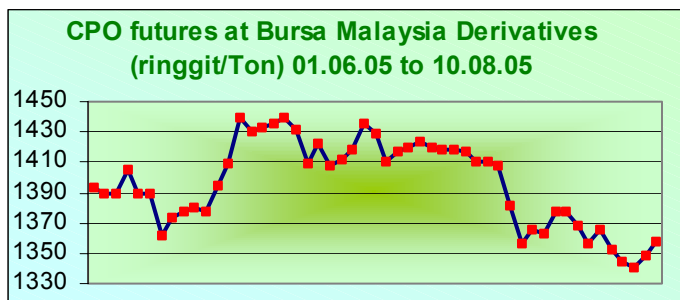
The Malaysian Palm Oil Board, or MPOB, issued its monthly supply and demand report Wednesday. However, the figures had little impact on the market as they were largely in line with expectations. The MPOB said Malaysian palm oil exports fell 7.8% on month to 1.08 million tons while production rose 7.0% to

1.29 million tons. Stocks rose to 1.27 million tons at end-July, up 7.4% on month.

In the Malaysian cash market, palm oil product prices were slightly higher, following gains in CPO futures. However, trading activity was subdued as buyers remained on the sidelines, awaiting clearer long-term direction.

KLCE CPO Futures (10.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1324	1325	1332	1319	+8	1332	89
Sep '05	1343	1338	1354	1338	+11	1354	844
Oct '05	1349	1344	1358	1334	+9	1358	2225



Domestic:

Palm oil

The domestic palm oil market improved significantly amidst growing unsteadiness in the international markets and increasing palm oil prices in the Malaysian markets.

The Malaysian market continued marginally on the higher side witnessing mild correction ahead of the release of the significant figures by the various Malaysian agencies. As per the figures released, the Monthly exports increased by 9 to 11 per cent over the last month. Overall market activity is expected to continue subdued as majority of traders are waiting on the sidelines for clearer directions from the US soybean market. The fear of rising end stock is expected to be neutralised in the coming days amidst increase in the Chinese and Indian demand ahead of the up coming festive season.

The import quantum has increased almost gradually. In the month of August (till 10.08.05) the country has imported about 1.34 lakh tonnes of palm oil. The import quantum is increasing day-by-day applying intense pressure on the domestic prices.

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 on the positive side amidst increasing uncertainty in the domestic as well as the global palm oil markets and low retail demand.

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

Centres	10.08.05	09.08.05	Change
Kandla CPO (5 % FFA)	323	320	+3
Mumbai CPO (5% FFA)	324	323	+1
Kandla RBD Palmolein	354	349	+5
Mumbai RBD Palmolein	361	357	+4
Chennai RBD Palmolein	355	352	+3
Kakinada RBD Palmolein	354	348	+6

Soy oil

The domestic market opened weak but traded marginally on the positive side for the day amidst increased buying support and partial improvement of demand in the retail market.

The US soybean market is expected to open on a weak note but trade positive as the trading progresses. The lower trade could be attributed to the expectation of good rains in the major growing areas and declining exports. Following the international uncertainty, the domestic market continued trading range bound. At the time of closure the NBOT August Contract closed sharply lower at a level of Rs. 367.30 (Up by Rs. 0.30) and the September contract ended at Rs.370.80 (Up by Rs.0.40).

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 first 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 10.08.05. The Hazir markets continued range bound amidst increased uncertainty at the futures and uncertain retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 335 per 10 kg. CNF prices for soy degum (July Shipment) at Kandla were quoted at \$ 505 per tonne.

The market is expected to open steady for Thursday and continue range bound amidst indecisive support from the buyers and increased pressure from the imports.

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

Centres	10.08.05	09.08.05	Change
Mumbai (Soy ref)	354	354	0
Indore (Soy Ref oil)	364	368	-4
Indore (Soy Solvent Ex. oil)	345	348	-3
Kota (Soy Ref. Oil)	371	368	+2
Jaipur (Soy Ref. Oil)	372	370	+2

NBOT Soy oil futures as on 10.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	367.00	366.50	367.30	366.30	0.30	367.30	5670
Sep'05	370.40	368.90	370.80	368.70	0.40	370.80	21200
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 09.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	371.00	370.05	370.50	368.80	369.05	7150	21710
Sep'05	374.20	374.00	374.00	371.60	372.05	17310	39320
Oct '05	376.65	375.55	376.55	373.60	374.15	8280	15940

Rape oil

The rape oil market today improved marginally in the domestic markets and traded range bound at the futures amidst uncertain buying support and continuing lack of demand in the other edible oil markets.

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. NAFED is inviting daily

tenders, but the rate quoted is on the higher side (Rs. 1700.00) at which the domestic traders are reluctant to purchase.

Today the mustard arrival was 0.20 lakh bags in Rajasthan.

The rape oil market is expected to continue range bound with marginal improvement on Thursday, as the buyers' support is decline further.

Rape oil - Spot Market Price		(Rs. per 10 kg)		
Centres	10.08.05	09.08.05	Change	
Mumbai (Rape Expeller Oil)	397	388	+9	
Kota (Rape Expeller Oil)	380	377	+3	
Jaipur (Rape Expeller Oil)	382	380	+2	
Neewai (Kacchi Ghani Rape Oil)	400	398	+2	
Delhi (Rape Expeller Oil)	405	403	+2	

Groundnut oil

Groundnut oil today traded range bound amidst continuing uncertainty regarding the supply in the market and declining sentiments in the other edible oil markets.

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 5.43 per cent over the last year. The current acreage is 50.24 lakh hectares against the last year coverage of 53.45 lakh hectares. The incidence of the tikka disease in the groundnut crop is also expected to damage major crops in the Gujarat.

The heavy import of the other edible oil in the domestic market has also pressured the market. Till now the country has imported 2.64 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 Thursday amidst growing uncertainty in edible oil markets.

Groundnut oil - Spot Market Price		(Rs. per 10 kg)		
Centres	10.08.05	09.08.05	Change	
Mumbai (Excluding VAT)	498	494	+4	
Rajkot	512	525	-13	
Andhra Region	525	524	+1	
Chennai	528	530	-2	

LATEST WEATHER WATCH (09.08.2005)

Weather Forecast

Yesterday's upper air cyclonic circulation over northeastern States extending upto 3.1 km above sea level persists. A trough from this system runs upto central Bay of Bengal. The other upper air cyclonic circulation between 4.5 & 5.8 km above sea level over northwest Bay of Bengal off Orissa-West Bengal coast also persists. The off-shore trough running off Konkan coast has become less marked. 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, West Bengal & Sikkim and Bihar during next 2-3 days. Rainfall activity is likely to remain subdued over most parts of the remaining country. Southwest monsoon has been active over Bihar and Rayalaseema. Rain/thundershowers occurred at most places over south Konkan & Goa and Coastal Karnataka; at many places over Sub-Himalayan West Bengal & Sikkim, north Konkan & Goa, South Interior Karnataka, Kerala and Lakshadweep and at a few places over Andaman & Nicobar Islands, Arunachal Pradesh, Nagaland,

Manipur, Mizoram & Tripura, Assam & Meghalaya, Gangetic West Bengal, East Rajasthan, Gujarat Region, Madhya Maharashtra, Telangana, and North Interior Karnataka. It was isolated over the rest regions of the country outside Jharkhand, Uttar Pradesh, Uttaranchal, Haryana and Coastal Andhra Pradesh where weather was mainly dry.

Forecast Valid For Next 72 Hours

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

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

EAST: Rain/thundershowers likely at many places over northeastern States, West Bengal & Sikkim and Bihar; at a few places over Orissa and Jharkhand and isolated in the rest region.

SOUTH: Rain/thundershowers likely at a few places over Coastal Karnataka, Kerala, Andhra Pradesh and Andaman & Nicobar Islands and isolated in the rest region.

WEST: Rain/thundershowers likely at a few places in Konkan & Goa and Madhya Maharashtra and isolated in the rest region.

Outlook For Subsequent Two Days

Increase in rainfall activity likely over Orissa, Andhra Pradesh and Chhattisgarh.

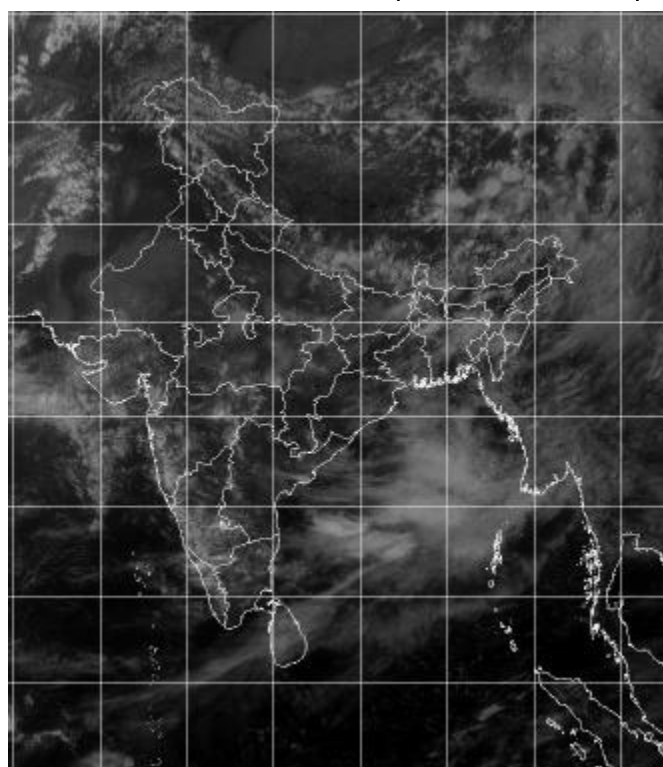
Subdued rainfall activity likely to continue over west central and plains of northwest India.

Warning

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

Latest satellite Image of Monsoon Progress

(10.08.2005, 03.30 PM)



PORT-WATCH (Latest)

Mumbai Port is receiving 6,747 MT of CPO from the vessel 'Pacific Sound'. The cargo was loaded from Padang. Interocean agents is handling the vessel.

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

'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.

Kakinada Port is receiving 6,000 MT of CPO from the vessel. 'Golden Crane'.

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 continuing at Kolkata Port from the vessel 'Star Orion'. Seaport agents is handling the vessel.

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

Tuticorin Port is expecting 'Mega Crown No. I to discharge 1,850 MT of palm oil. St.John 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
Chennai	Ace I	6000	Palm oil	Expected
Kolkata	Star Orion	6000	CPO	Arrived
Mumbai	Pacific Sound	6747	CPO	Arrived
Cochin	Global Eos	3500	Palm oil	Arrived
Kakinada	Golden Crane	6000	CPO	Arrived
Tuticorin	Mega Crown I	1850	Palm oil	Expected
JN	Montana Star	10000	SBO	Arrived

Forex Rates

(As on 10.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.53
Malaysia	Ringgit	11.62
European Union	Euro	53.90
United Kingdom	GBP	77.92
Japan	100 Yen	39.16

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