

VEGOIL

06th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Declined Sharply on Increased Profit Coverings
- South American Soybean Improved Marginally Amidst Lower Projection of Us Soybean Crop
- Soybean Oil Market lowered Amidst Declining International Markets and Increased Imports

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 372.40, which is marginally lower than yesterday's close. Market opened weak and continued on the lower till the close amidst increased profit booking and declining buyer's interest.

The 7-day MA continued in the downward direction hinting to the growing 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 14 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 2.44% and has ranged from a high of 384.05 to a low of 372.05.

The 9-days Price ROC today improved marginally to the level of -1.219 (pointing downward) indicating the weakness in the market prices. The 9-day RSI also continued lower entering the oversold region to a level of 28.28 indicating the declining strength in the prices.

The % K-line continued downward re-entering the oversold region indicating the growing weakness in the price trend along with the % D-Line.

The candlestick is marginally hinting at the weak opening for Monday.

Market advice:

Market is expected to continue range bound range bound for the day with short-term weak undertone

Avoid new entry with medium and long-term outlook.

Short-term selling could yield profit.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Aug' '05	369.20	368.70	371.40	372.50
NCDEX	Aug' '05	371.20	369.90	373.50	374.80

Abbreviations:

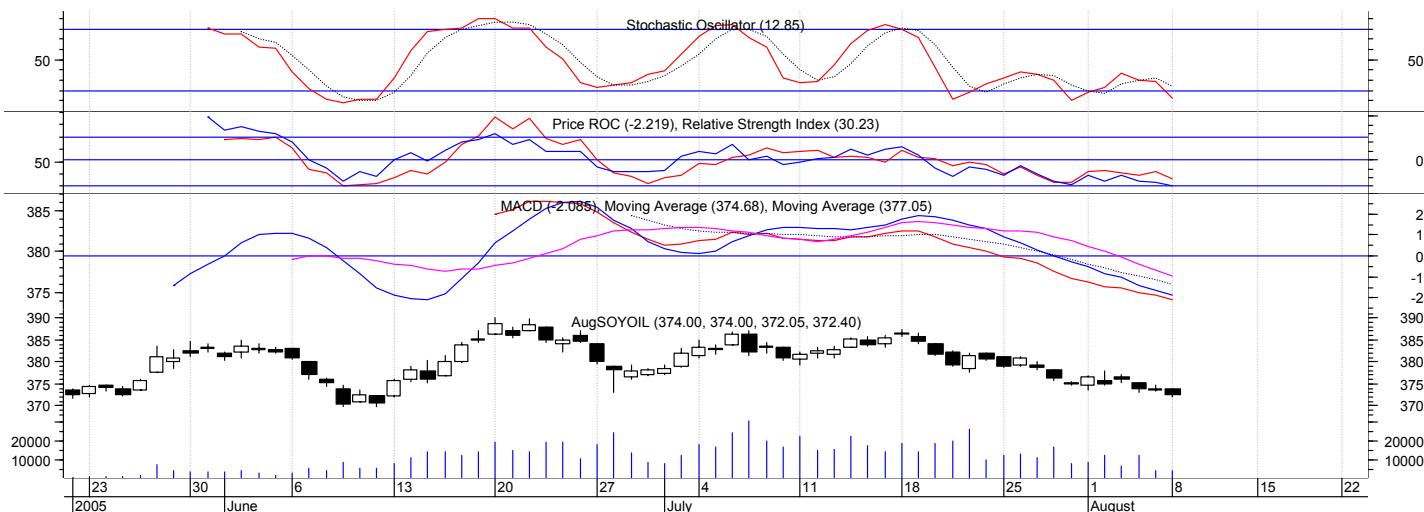
ROC - Rate of Change

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 Friday, but well off earlier lows as end-of-the-day position squaring surfaced to trim the markets early plunge. The market was under intense pressure for most of the day from technical selling and speculative liquidation.

By the close the market had recovered marginally owing to continuing stressed conditions in the soybean crop. The increased possibility of rainfall next week also left the remaining weather bulls on the defensive.

As per the private surveyors report released in the press in the press the 2005 US soybean production is expected to be 76.55 million tonnes. While this is lower than the July 12th estimate of 78.65 million tonnes, apparently it is bullish, as some traders are still expecting the drought and reduced crop conditions.

Drew Lerner of World Weather Inc. reported that current models predict a cool front to move into the Midwest late next week, with moisture favoring the northern belt. The northern belt could receive rains from 1/2 inch to 1 1/2 inches while the rest of the soybean belt would see precipitation in the 2/10- to 3/4-inch range with 40% coverage.

In pit trades, Cargill Investor Services sold 2,500 December, Goldenberg Hehmeyer was a seller of 2,000 November, Refco sold 3,000 November and RJ O'Brien sold 1,000 November. ADM Investor Services bought 700 November, ABN Amro bought 1,500 November and Refco each bought 500 November. Commodity fund selling was estimated at 11,000 contracts.

The US soybean is expected to trade marginally high on Monday evening amidst support from the lower production estimates.

Continuation chart of CBOT (Soybean Oil)



CBOT Soy oil futures as 05.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Aug	24.15	24.15	24.15	23.20	-0.53	23.62
5-Sep	24.21	24.23	24.23	23.23	-0.52	23.69
5-Oct	24.28	24.17	24.17	23.25	-0.50	23.78
5-Dec	24.42	24.55	24.55	23.38	-0.50	23.92

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

The markets were relatively quiet after an active session the day before when the market sold off sharply on perceived prospects for improved rain in the US Midwest. Yesterday, a private firm in Brazil forecasted in Brazil's 2005/06 soybean crop at 56.1 million tonnes, 7% increase over 2004/05, despite a 1.6 million hectare drop in planted area.

The stronger Real puts more purchasing power in the hands of Brazilian producers, which may encourage greater use of fertilizer and other inputs to soybean production.

Price action continues to show that the US soybean market remains sensitive to less than perfect conditions. It is also clear that the soybean market has more psychologically supportive information emanating from the demand or international front than the corn market, as Chinese soybean prices overnight were higher on a combination of short covering and ongoing concern over tight stocks.

It seems that the bearishly inclined corn market mentality is giving the barely bearish weather forecasts more credence than would normally be seen, considering what remains on the line for the soybean market. Soil moisture continues to deteriorate in many areas, with only a few concentrated areas seeing enough rain to actually improve or offset the effect of the moderately hot temperature condition.

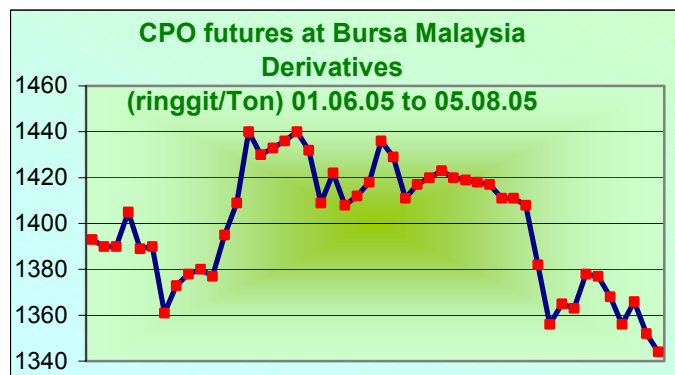
Some forecasts are calling for an expanding mass of cool air to develop over Canada that could push the jet stream down over the upper US Midwest by the middle of next week which, would have the potential to usher in a period of heavier, more frequent thunderstorm activity across the northern Illinois and would mark a significant change from what that region has been experiencing this summer. The Latin American soybean market is expected to continue marginally bullish amidst declining crop prospects in US.

KLCE (Malaysian Palm Oil):

KLCE market remained closed on regular weekend holiday. It will reopen on Monday (08.08.05).

KLCE CPO Futures (05.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1337	1332	1332	1324	-12	1325	75
Sep '05	1346	1350	1352	1340	-6	1340	539
Oct '05	1352	1352	1358	1344	-8	1344	1282



Domestic:

Palm oil

The domestic palm oil market declined significantly amidst lack of retail demand and falling prices in the international markets.

The Malaysian market was closed today on regular weekend holiday thereby giving no direction to the domestic markets. Overall market activity still remained subdued as majority of traders are waiting on the sidelines for clearer directions from the US soybean market.

The import quantum has increased almost gradually. In the month of August (till 06.08.05) the country has imported about 0.78 lakh tonnes of palm oil. The import quantum is on the higher side and is applying intense pressure on the domestic prices.

CNF prices of CPO (July) were quoted at \$ 355.00 per tonne and RBD Palmolein at \$ 387.50 per tonne.

The price for palm oil in the market is expected to continue range bound on the lower side amidst increasing uncertainty in the domestic as well as the global palm oil markets.

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

Centres	06.08.05	05.08.05	Change
Kandla CPO (5 % FFA)	321	325	-4
Mumbai CPO (5% FFA)	326	328	-2
Kandla RBD Palmolein	354	357	-3
Mumbai RBD Palmolein	362	364	-2
Chennai RBD Palmolein	356	357	-1
Kakinada RBD Palmolein	350	355	-5

Soy oil

The domestic market opened weak and traded further on the lower side for the day amidst increased selling pressure and lack of demand in the retail market.

The international market traded lower amidst fear of more rains in the coming days and lower exports figures reported in the weekly export sales report. Following the international uncertainty, the domestic market traded on the lower side. At the time of closure the NBOAT August Contract closed lower at a level of Rs. 369.90 (Down by Rs. 1.60) and the September contract ended at Rs. 375.70 (Up by Rs.0.30).

The trade at the domestic exchanges is greatly volatile on the lower side following pressure of expected bumper soybean crop owing to good rains.

In the month of August, India has imported about 0.69 lakh tonnes of soybean oil till today. The Hazir markets continued range bound following the increased uncertainty at the futures.

As per the *prima facie* evidences of the progress of the crop conditions in the major growing states of the country, the production of the soybean crop is estimated to be between 52.0 to 55.0 lakh tonnes, though the overall acreage of the crop has increased by 1.30 per cent from 69.52 lakh hectares to 70.40 lakh hectares.

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 \$ 518 per tonne.

The market is expected to open marginally lower for Monday amidst declining support from the buyers and increased pressure from the imports.

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

Centres	06.08.05	05.08.05	Change
Mumbai (Soy ref)	358	359	-1
Indore (Soy Ref oil)	371	373	-2
Indore (Soy Solvent Ex. oil)	351	353	-2
Kota (Soy Ref. Oil)	374	376	-2
Jaipur (Soy Ref. Oil)	375	375	0

NBOAT Soy oil futures as on 06.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	371.50	370.80	370.80	369.90	-1.60	369.90	3600
Sep'05	375.90	374.50	374.90	373.80	-2.00	373.90	7140
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 05.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	373.90	373.50	374.80	373.45	373.80	4280	24040
Sep'05	377.70	377.30	378.40	377.00	377.25	9420	40540
Oct '05	380.30	379.75	380.80	379.50	379.65	3900	12690

Rape oil

The rape oil market today traded range bound in both the futures as well as the domestic markets amidst unsteady buying support and continuing uncertainty in the other edible oil markets.

There was no activity from the NAFED's side following the indifference of the trader. NAFED is inviting daily tenders, but the rate quoted is on the higher side at which the domestic traders are reluctant to purchase.

Today the mustard arrival was 0.10-0.15 lakh bags in Rajasthan, which is declining day by day.

The rape oil market is expected to continue range bound with marginal improvement on Monday as the buyers' support is improving continuously.

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

Centres	06.08.05	05.08.05	Change
Mumbai (Rape Expeller Oil)	392	394	-2
Kota (Rape Expeller Oil)	382	382	0
Jaipur (Rape Expeller Oil)	384	383	+1
Neewai (Kacchi Ghani Rape Oil)	403	402	+1
Delhi (Rape Expeller Oil)	408	412	-4

Groundnut oil

Groundnut oil declined marginally amidst increased unsteadiness in other edible oil markets.

The continuing heavy rains in major growing areas of Gujarat owing to heavy rains and opening of major dams expected to cause damage to the crop 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 declining sentiment in the other edible oils, the groundnut prices also moved lower.

The domestic market is expected to continue trading range bound on Monday amidst increased uncertainty in edible oil markets.

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

Centres	06.08.05	05.08.05	Change
Mumbai (Excluding VAT)	490	492	-2
Rajkot	520	522	-2
Andhra Region	520	525	-5
Chennai	525	528	-3

LATEST WEATHER WATCH (06.08.2005)

Weather Forecast

Yesterday's low pressure area over northeast Chhattisgarh & adjoining Jharkhand now lies over Jharkhand & neighbourhood. The associated upper air cyclonic circulation extends up to mid-tropospheric levels. The system is likely to cause widespread rainfall over Jharkhand, Chhattisgarh, East Madhya Pradesh and Vidarbha during next 2-3 days. It is also likely to enhance the rainfall activity over northeast India and Bihar.

The off-shore trough now runs from south Konkan to Kerala coast and is likely to cause moderate rainfall with isolated heavy falls over Konkan & Goa and Madhya Maharashtra during next 2-3 days.

The western end of the monsoon trough at sea level continues to lie north of its normal position and is interacting with a westerly system. Its axis now passes through Ferozepur, Barreilly, Lucknow, centre of low-pressure area and thence south-southeastwards to north Bay of Bengal. Under this scenario, increased rainfall activity with isolated heavy falls over western Himalayan region and plains of Punjab, Haryana and Uttar Pradesh likely during next 2-3 days.

Forecast Valid For Next 72 Hours

North: Rain/thundershowers likely at many places in the region.

East: Rain/thundershowers likely at many places in the region.

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

West: Rain/thundershowers likely at many places in Maharashtra & Goa; at a few places over East Rajasthan and Gujarat Region and isolated in the rest region.

Outlook For Subsequent Two Days

Increased rainfall likely over northeastern States, West Bengal & Sikkim, Bihar and Uttar Pradesh.

The ongoing rainfall activity over western Himalayan region & adjoining plains of Punjab & Haryana is likely to decrease.

Rainfall activity likely to increase over east central & adjoining north Peninsular India.

Increase in rainfall activity over Gangetic plains during next two days.

Isolated heavy rainfall is likely to occur over Orissa, Madhya Pradesh, Chhattisgarh, Konkan & Goa, Vidarbha, Madhya Maharashtra, Himachal Pradesh, Uttaranchal, Haryana, Delhi and East Rajasthan during next 24 Hrs.

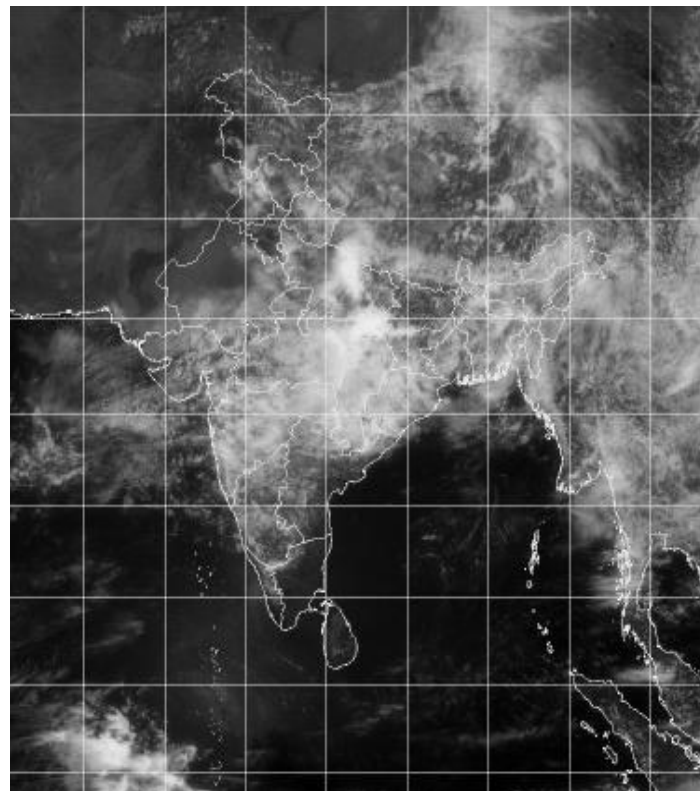
Warning

Isolated heavy rainfall likely over northeastern States, Uttar Pradesh, Uttaranchal, Haryana including Chandigarh & Delhi, Punjab, Himachal Pradesh, East Madhya Pradesh,

Chhattisgarh, Konkan & Goa, Madhya Maharashtra and Vidarbha.

Latest satellite Image of Monsoon Progress

(06.08.2005, 03.30 PM)



PORT-WATCH (Latest)

Delivery of 4,500 MT of CPO is continuing at Kandla Port from the vessel 'Global Eos'. The cargo was loaded from Indonesia. Forbes Gokak agents is handling the vessel. '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. '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 6,000 MT of CPO is continuing 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 2,000 MT of CPO from the vessel 'Spring Glory'. The port is expecting 'Golden Crane' to deliver 6,000 MT of CPO.

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 40,600 MT of SBO is continuing at New Mangalore Port from the vessel 'Felicity'. Interocean 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.

'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	Global Eos	4000	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	40060	SBO	Arrived
Kolkata	Star Orion	6000	CPO	Arrived
	Ocean Ace	6000	CPO	Expected
Mumbai	Pacific Sound	6747	CPO	Expected
Kakinada	Spring Glory	2000	CPO	Expected
	Golden Crane	6000	CPO	Expected
Mundra	Vernal Grace	6000	CPO	Expected
JN	Commuter	19000	SBO	Arrived

Forex Rates

(As on 06.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.52
Malaysia	Ringgit	11.60
European Union	Euro	53.76
United Kingdom	GBP	76.46
Japan	100 Yen	38.87

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