

VEGOIL

16th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures tumbled Succumbing to Increased Liquidation Pressure
- South American Soybean Declined Marginally on Improving Prospects of US Crop
- BMD CPO Futures Lowered Significantly Amidst Lack of Clear Trading Directions
- Soybean Oil Prices Declined Sharply on Increased Panic Selling

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 365.65, which was significantly lower than yesterday's close. Market opened weak and, traded with high volatility in the lower amidst lack of buyers support at the Indore NBOT exchange market and increased panic selling at other exchanges.

The 7-day MA continued sharply downward 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 21 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 4.20% and has ranged from a high of 384.05 to a low of 365.65.

The 9-days Price ROC moved further lower to -2.206 (pointing downward) indicating the increased weakness in the market prices. The 9-day RSI also dipped further lower in the oversold region to a level of 19.60 indicating the increasing weakness in the prices.

The % K-line dipped in the neutral region indicating the weakness in the price along with the % D-Line, which also moved lower in the neutral region.

The candlestick is hinting at the weak trade for Wednesday.

Market advice:

Market is expected to open weak and continue trading in the lower on Wednesday

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	Sept' '05	364.80	363.20	367.40	368.20
NCDEX	Aug' '05	364.20	363.60	366.30	367.20

Abbreviations:

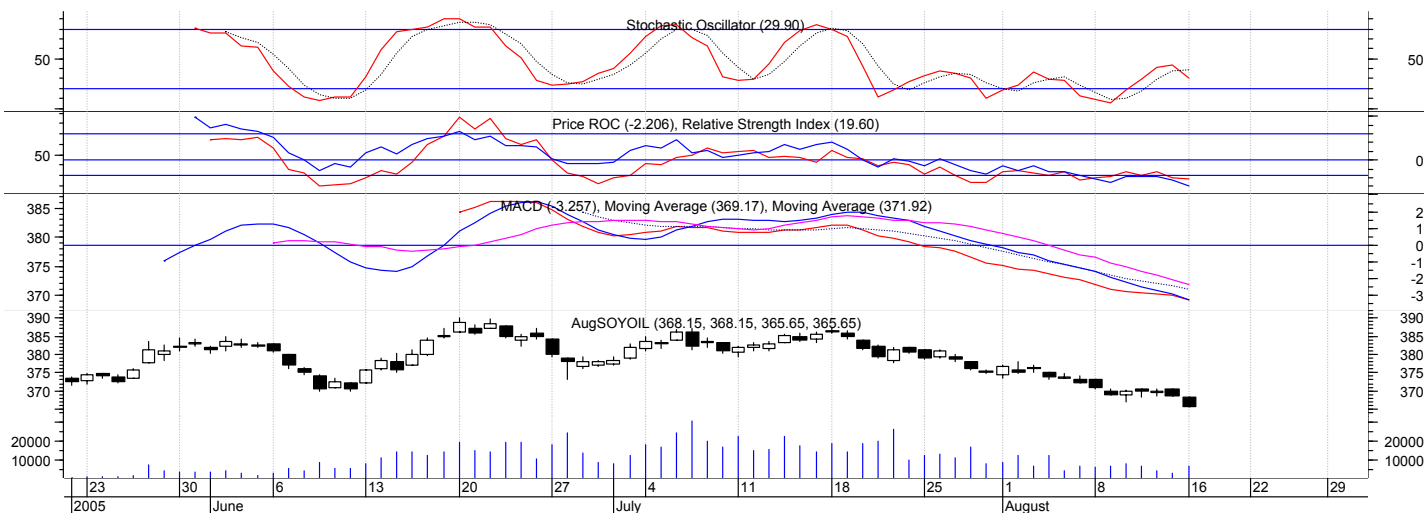
ROC - Rate of Change

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 tumbled lower Monday, succumbing to speculative long liquidation pressure as crop-enhancing rains in the Midwest took the wind out of bullish sails.

The short-term demand news look somewhat supportive with solid crush numbers from NOPA and rumors that China bought more than 5 cargoes of US soybeans over the weekend, however, the weather news remains bearish and speculators seem to be in a long liquidation mode.

With rain over the weekend and more rain in the forecast for this week, the trade is looking for improving crop conditions during the critical pod-setting period for much of the Midwest, which has helped to keep funds selling. The NOPA pegged July soybean crush at 133.76 million bushels as compared with expectations for 126-134.5 million bushels.

The news is supportive; especially after the USDA lowered their crush forecast in Friday's supply/demand report. Weekly export inspections came in at 4.817 million bushels as compared with trade expectations at 3-8 million bushels. Cumulative shipments have reached 96% of the forecast for the season as compared with 97.6% on average for this time of the year. Weekly exports need to average 15.3 million bushels per week to reach the USDA projection.

Speculative long liquidation was a featured attraction in the market's slide to three-month lows, as the absence of a weather threat placed more emphasis on weak technical indicators with futures struggling to find buyers above support levels.

In trades, O'Connor, Rand Financial and Man Financial each sold 1,000 November, Cargill Investor Services sold 3,000 November, Calyon Financial sold 1,300 November, and Citigroup and Refco each sold 500 November. Cargill bought 1,000 November, Man Financial bought 700 November, Tenco and Stern each bought 500 November and Citigroup bought 400 November.

The US soybean is expected to trade marginally the higher side on Tuesday evening amidst increasing uncertainty in crop weather.

CBOT Soy oil futures as 15.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.73	22.60	22.65	22.23	-0.43	22.30
5-Oct	22.83	22.75	22.78	22.35	-0.44	22.39
5-Dec	23.00	22.80	22.90	22.44	-0.53	22.49
5-Jan	23.13	23.00	23.00	22.63	-0.49	22.64

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November South American soybeans traded slightly lower in quiet trade overnight amidst key USDA reports.

Unless aphids, Asia rust or other weather and disease problems develop soon, the trade will assume a higher production forecast than the USDA estimate for this morning.

Dutch demand for increased bio-diesel usage in the years just ahead is picking up as investor projects are on the rise, and the recent surge in energy prices should put the correct incentives in place for expanded oilseed planted acreage in Europe and around the world.

Global demand for green fuels was 2.5 million tonnes last year, and it is expected to grow about 25% per year over the near-term. However, there is already talk that higher input costs and uncertain weather conditions could cause Brazil planted area to drop by 3-5% for the coming season.

The soybean market is called 3-5 cents lower on the opening as the data was not as supportive as anticipated and the focus will quickly shift to bearish weather. The USDA pegged soybean Crop Production at 2.791 billion bushels as compared with trade expectations at 2.8 billion bushels (range 2.744-2.857). Last year's crop was 3.14 billion bushels.

Ending stocks for the 2005/2006 season were pegged at 180 million bushels as compared with the average trade estimate at 172 million bushels (range 115-210) and last month's estimate at 210 million bushels. The USDA revised usage (both export and crush) down by 59 million bushels, which is seen as a bearish factor.

World ending stocks for the 2005/2006 season was pegged at 48.27 million tonnes from 50.7 million in last month's forecast and from 45.98 million tonnes this season.

A continuation of the downtrend leaves the next downside objective for November soybeans. The Latin American soybean market is expected to trade bullish on Tuesday amidst estimates of lower soybean production in US.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended lower on Tuesday, dragged down by steep losses in soyoil futures overnight. A weaker ringgit and a positive outlook for demand helped to limit the market's declines.

The market players are content to stay on the sidelines due to the absence of any major supply and demand developments. Amid a lack of fresh leads, palm oil prices took their cue from weaker soyoil, a rival.

On the Chicago Board of Trade Monday, soy complex futures fell, with December soyoil ending 53 points lower at 22.47 cents a pound. The declines in the soy market were prompted by the onset of rains in the U.S. Midwest, which many believe would be beneficial for the soybean crop. Lower South American cash soyoil prices also put palm oil prices under some downward pressure.

Traders said soyoil prices are currently quoted around \$450/ton in Brazil, which is only about \$50/ton higher than the prices of refined, bleached, deodorized palmolein. The current discount for palm oil is small compared with levels of \$80-to-\$100/ton earlier in the year. A smaller discount makes palm oil less attractive to consumers.

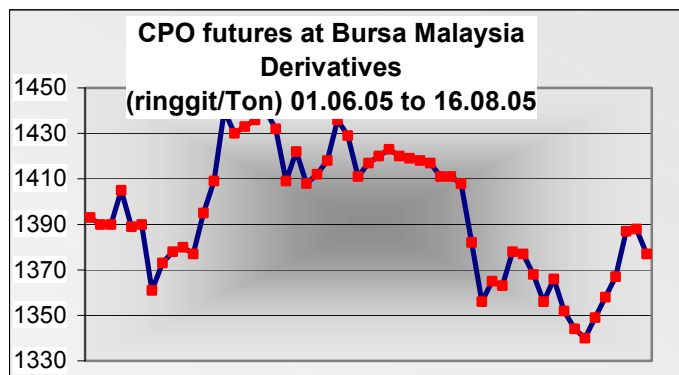
Palm oil demand is typically strong in the second half of the year due to a variety of festivals celebrated in major consuming countries like India, China and Pakistan.

A weaker ringgit also limited the losses for CPO futures Tuesday. The Malaysian government abandoned July 21 a near seven-year-old peg of the ringgit at 3.80 per dollar. In the weeks that followed, the ringgit has been strengthening, with the dollar falling to around MYR3.75. However, the ringgit weakened Tuesday as the dollar rebounded to around MYR3.76, making it the highest level since the peg was removed.

In the Malaysian cash market, palm oil products were slightly lower, following CPO futures, but buying interest improved at lower levels. The market is expected to continue range bound on the higher side amidst support from the US soybean production figures.

KLCE CPO Futures (16.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1376	1370	1372	1365	-7	1369	270
Oct '05	1383	1379	1380	1369	-9	1374	794
Nov '05	1388	1381	1383	1371	-11	1377	1597

**Domestic:****Palm oil**

The domestic palm oil market improved marginally amidst growing weakness in the international markets and exception of declining supplies owing to the thick haze problem in Malaysia.

The Malaysian market was not able to provide any indication to the domestic market, as it remained closed owing to its closure on weekend holiday. The price uncertainty increased owing to the intense haze arising by the 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 16.08.05 the country has imported about 2.23 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 \$ 357.50 per tonne and RBD Palmolein at \$ 392.50 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 market.

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

Centres	16.08.05	13.08.05	Change
Kandla CPO (5 % FFA)	320	321	-1
Mumbai CPO (5% FFA)	321	323	-2
Kandla RBD Palmolein	353	355	-2
Mumbai RBD Palmolein	362	365	-3
Chennai RBD Palmolein	355	358	-3
Kakinada RBD Palmolein	357	359	-2

Soy oil

The domestic market opened weak and continued further lower for the day amidst increased selling and declining international markets.

The US soybean market traded significantly lower in spite of the bullish monthly crop progress report, which projected a lower

production for current soybean crop. The news of improving weather crept in. the weather forecasters are still predicting good rains in the major growing areas, resulting in the sharp decline in the sentiments.

Following the increased weakness in the international markets the domestic market is also moved lower. At the time of closure the NBOF September contract closed significantly lower at Rs.366.40 (Down by Rs.3.40).

The trade at the domestic exchanges is greatly volatile on the following pressure of expected bumper soybean crop owing to good rains and the increased amount of imports of soybean oil at the ports.

In the month of August, India has imported about 1.56 lakh tonnes of soybean oil till 16.08.05. The Hazir markets continued lower amidst increased uncertainty at the futures and declining retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 330 per 10 kg. CNF prices for soy degum (July Shipment) at Kandla were quoted at \$ 502 per tonne.

The market is expected to open and trade weak for Wednesday amidst declining support from the buyers. Selling with short term outlook is advised.

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

Centres	16.08.05	13.08.05	Change
Mumbai (Soy ref)	352	355	-3
Indore (Soy Ref oil)	366	367	-1
Indore (Soy Solvent Ex. oil)	342	344	-2
Kota (Soy Ref. Oil)	366	369	-3
Jaipur (Soy Ref. Oil)	366	367	-1

NBOF Soy oil futures as on 16.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	369.80	367.00	367.20	365.90	-3.40	366.40	22350
Oct '05	372.00	N.A	N.A	N.A	0.00	N.A	N.A
Nov '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 13.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	369.95	370.50	370.50	368.50	368.60	3020	15930
Sep'05	373.55	372.40	373.40	371.50	371.70	10000	36440
Oct '05	375.45	375.00	375.30	373.60	373.80	5630	18590

Rape oil

The rape oil market today continued on the lower side in the domestic markets and the futures amidst declining buying support and continuing deadlock between the traders and the NAFED regarding the sale of mustard in the market.

Th lack of retail demand is pressuring the domestic market.

Today the mustard arrival was 0.20 lakh bags in Rajasthan.

The rape oil market is expected to continue range bound on the lower side on Wednesday, as the buyers' support at the exchange is not expected to improve. Avoid new entry as the market is closing for a longer weekend. Short term selling can yield profit.

Rape oil - Spot Market Price		(Rs. per 10 kg)	
Centres	16.08.05	13.08.05	Change
Mumbai (Rape Expeller Oil)	393	394	-1
Kota (Rape Expeller Oil)	370	376	-4
Jaipur (Rape Expeller Oil)	377	380	-3
Neewai (Kacchi Ghani Rape Oil)	396	398	-2
Delhi (Rape Expeller Oil)	396	398	-2

Groundnut oil

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

The latest sowing progress of the groundnut seed shows that the crop acreage is still down by 5.42 per cent over the last year. The decline in the area is expected to pull down the prices in the ground nut market.

The heavy import of the other edible oil in the domestic market has also pressured the market. Till 16.08.05 the country has imported 3.79 lakh tonnes of edible oil (palm oil & soybean oil).

The domestic market is expected to continue trading range bound on the lower side on Wednesday amidst growing uncertainty in edible oil markets and low retail demand.

Groundnut oil - Spot Market Price		(Rs. per 10 kg)	
Centres	16.08.05	13.08.05	Change
Mumbai (Excluding VAT)	495	497	-2
Rajkot	512	515	-3
Andhra Region	520	525	-5
Chennai	522	325	-3

LATEST WEATHER WATCH (16.08.2005)

Weather Forecast

Yesterday's upper air cyclonic circulation over north Orissa and adjoining Jharkhand now lies over Jharkhand and adjoining Chhattisgarh extending upto mid tropospheric levels tilting south westwards with height. The system is likely to move in a west-north-westerly direction and may cause fairly widespread rainfall with isolated heavy falls over Madhya Pradesh during next 2-3 days.

A fresh cyclonic Circulation extending upto 2.1 km above sea level lies over central Pakistan and neighbourhood. The other cyclonic circulation over Jammu & Kashmir and neighbourhood has moved away northeastwards.

The axis of monsoon trough has further shifted southwards and now passes through Ganganagar, Pillani, Agra, Kanpur, Daltonganj, Paradip and thence southwards into west central Bay of Bengal. Under this scenario, scattered to fairly widespread rainfall activity is also likely over Punjab, Haryana, Delhi, Uttaranchal, Himachal Pradesh, Jammu and Kashmir and West Uttar Pradesh.

Forecast Valid For Next 72 Hours

Rain/thundershowers are likely at many places over Orissa, Jharkhand, Chhattisgarh, East Madhya Pradesh, Uttar Pradesh, Uttaranchal, Himachal Pradesh, Coastal Andhra Pradesh, Telangana, Coastal Karnataka, Konkan & Goa, Vidarbha and Madhya Maharashtra and at a few places in the rest regions of the country outside Tamil Nadu, Pondicherry where it may be

isolated. Rainfall activity likely to increase over West Madhya Pradesh and Maharashtra & Goa from 16th onwards.

NORTH: Rain/thundershowers likely at many places over West Uttar Pradesh, Uttaranchal, Jammu and Kashmir, Himachal Pradesh, Punjab, Haryana, Delhi and at a few places in the rest region.

EAST: Rain/thundershowers likely at many places over Chhattisgarh and East Madhya Pradesh and at a few places over the rest region.

SOUTH: Rain/thundershowers likely at many places over Coastal Andhra Pradesh, Telangana and Coastal Karnataka; at a few places in the rest region outside South Tamil Nadu where it may be isolated.

WEST: Rain/thundershowers likely at many places over West Madhya Pradesh, Konkan & Goa, Vidarbha, Madhya Maharashtra; and at a few places in Marathawada, East Rajasthan and Gujarat Region and at isolated places in the rest region.

Outlook For Subsequent Two Days

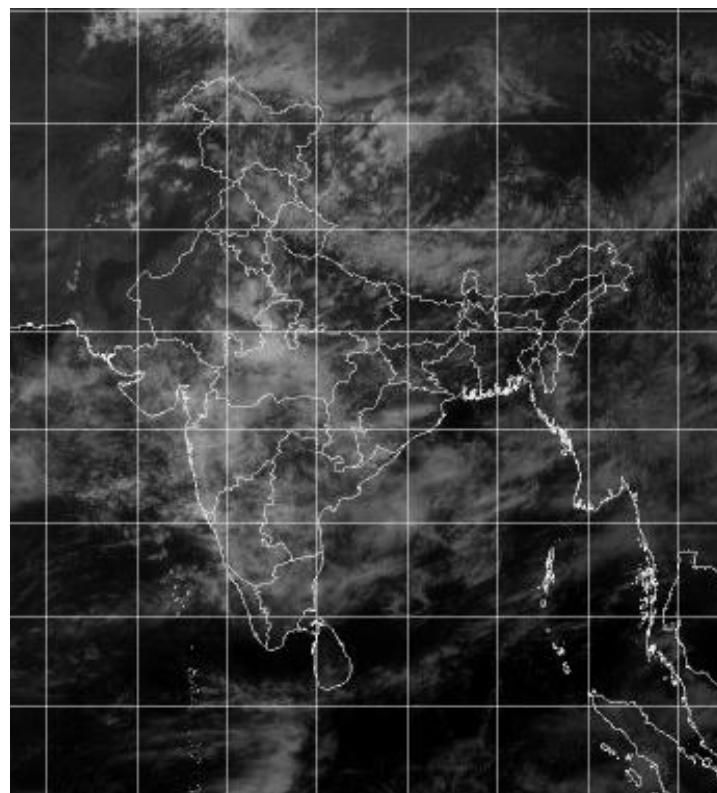
Increased rainfall activity likely to continue over central India.

Warning

Isolated heavy rainfall likely over Madhya Pradesh, Chhattisgarh, Coastal Andhra Pradesh, Jammu division of Jammu & Kashmir, Uttaranchal and Himachal Pradesh.

Latest satellite Image of Monsoon Progress

(16.08.2005, 03.30 PM)



PORT-WATCH (Latest)

Kandla Port is receiving 8,000 MT of palm oil from the vessel 'Hartati'. The cargo was loaded from Padang. JM Baxi is handling the vessel. 'Sunlight' from Brazil has berthed at Kandla Port and continues to discharge 31,250 MT of SBO. Interocean agents is handling the vessel. 'Aschiilesas' from Argentina is expected at the port to discharge 28,500 MT of SBO. Delivery of 5,000 MT of CPO is expected at the port from the vessel 'Samho Cyenus'. The port is expecting 'Bunga Siantan' from Indonesia to discharge 12,000 MT of palm oil. 'Bum Woo' from Belawan is expected at the port to deliver 9,500 MT of CPO. Interocean agents will be handling these vessels.

Chennai Port is receiving 40,000 MT of CPO from the vessel 'Tirta Niaga II'. Unicorn agents is handling the vessel. Delivery of 6,000 MT of palm oil is completed at Chennai Port from the vessel 'Ace I'. The vessel was handled by Seaport agents.

Delivery of 12,000 MT of SBO is continuing at JN Port from the vessel 'Achillesas'. The cargo was loaded from Argentina. Interocean is handling the vessel. Delivery of 10,000 MT of SBO is completed at JNPT from the vessel 'Montana Star'.

Kakinada Port is receiving 15,000 MT of SBO from the vessel 'Produce'. The port is expecting 'Thressa II' and 'Team Ace' to deliver 9,000 MT and 6,000 MT of CPO respectively.

Delivery of 5,998 MT of palm oil is expected at Mumbai 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.

'Mega Crown' has berthed at Tuticorin Port and continues to discharge 1,850 MT of palm oil. St.John agents is handling the vessel.

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

'Marine Champion' and 'Montana Star' are expected at New Mangalore Port to deliver 9,000 MT of CPO and 3,000 MT of SBO respectively.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Sun Light	31250	SBO	Arrived
	Bom Woo	9500	CPO	Expected
	Hartati	8000	Palm oil	Arrived
	Aschiilesas	28500	SBO	Expected
	Bunga Saitan	12000	Palm oil	Expected
	Sam ho Cyenus	5000	CPO	Expected
Chennai	Ace I	6000	Palm oil	Arrived
	Tirta Niaga	40000	CPO	Arrived
New Mangalore	Marine Champion	9000	CPO	Expected
	Montana Star	3000	SBO	Expected
Mumbai	Hartati	5500	Palm oil	Expected
	Sam ho Cyenus	5998	Palm oil	Expected
Cochin	MMM Houston	3500	Palm oil	Arrived
Kakinada	Produce	15000	SBO	Arrived
	Team Ace	6000	CPO	Expected
	Thressa II	9000	CPO	Expected
Tuticorin	Mega Crown I	1850	Palm oil	Arrived
Mundra	Global Trader	5000	SBO	Expected
JN	Montana Star	10000	SBO	Arrived
	Aschiilesas	12000	SBO	Arrived

Forex Rates

(As on 16.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.55
Malaysia	Ringgit	11.60
European Union	Euro	53.86
United Kingdom	GBP	78.91
Japan	100 Yen	39.87

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