

VEGOIL

02nd August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Improved Marginally Amidst Lack of Clear Directions
- South American Soybean Declined Marginally on Bearish Weather Forecast
- BMD CPO Futures Lowered Marginally on Declining Monthly Export Figures
- Soybean Oil lowered Marginally Amidst Indecisive Buyers Activity in the Market

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 374.80, which is marginally lower than yesterday's close. Market opened weak but improved gradually amidst increasing buying pressure.

The 7-day MA is continuously hinting to the weakness in market prices. The 14-day MA also moved lower confirming the declining strength in the current price trends.

Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 10 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 1.81% and has ranged from a high of 384.050 to a low of 373.60.

The 9-days Price ROC today improved marginally to the level of -1.173 pointing upward, indicating the improvement in the market prices. On the other hand, the 9-day RSI also moved lower in the neutral region to a level of 34.18 indicating the unsteadiness in the prices.

The % K-line continued up in the neutral region indicating the improving price trend while the % D-Line moved further lower indicating declining sentiments in the prices.

The candlestick is marginally hinting at the lower opening for Wednesday.

Market advice:

Market is expected to open steady and trade marginally higher towards the end of the day for Wednesday.

Buy with short-term outlook.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Aug' '05	371.70	370.90	374.20	375.40
NCDEX	Aug' '05	374.00	373.20	376.10	377.20

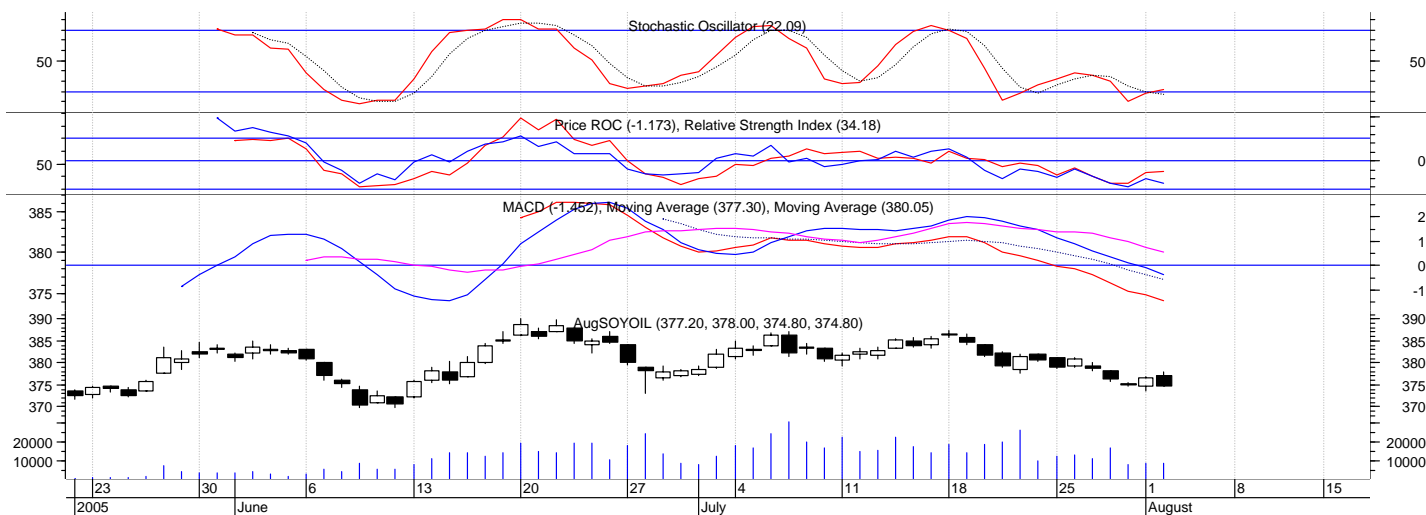
Abbreviations:

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 at the Chicago Board of Trade ended modestly higher on Monday, capping off a choppy two-sided session that lacked any definitive features to provide a clear price trend.

The soybean market's early strength was undermined by a midday forecast calling for a little more moisture in the Midwest later this week than was previously indicated. Earlier in the day, a hot and dry pattern for early this week and ideas that the rains for later in the week may not be enough to stabilize crop conditions helped trigger some buying interest from speculators after the lower opening.

The weekly crop progress report, released this afternoon is expected to show crop conditions improving by 2-4% in the good to excellent category.

In addition, deliveries were much higher than expected this morning at 1,308 contracts for soybeans and 1,052 contracts for oil. Iran bought 35,000 tonnes of oil from Brazil.

Weekly export inspections, released after the opening, came in at 2.77 million bushels, which was below expectations. Cumulative shipments have reached 94.1% of the USDA forecast for the season as compared with 96% on average for this time of the year. Exports need to average 13.5 million bushels per week to reach the USDA projection.

Weather continues remain the dominant influence on future price direction, with midday forecasts from private forecasters increasing the rain potential for the Midwest, as a cold front pushes through the region Wednesday through Friday paring the gains and briefly dropping prices in negative territory.

In trades, Cargill Investor Services, Citigroup, Fimat, and Refco each bought 400 November, Man Financial, O'Connor and Rand Financial each bought 300 November. On the sell side, Cargill and Refco each sold 300 November, Rand Financial sold 600 November.

The US soybean is expected to continue to trade range bound in a small range in the coming days.

CBOT Soy oil futures as 01.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Aug '05	24.31	24.31	24.41	24.05	-0.23	24.08
Sep '05	24.33	24.33	24.52	24.15	-0.14	24.19
Oct '05	24.41	24.47	24.64	24.00	-0.09	24.32

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November US soybeans were down 5 cents overnight, as forecast models still showed some thunderstorms and a cold front moving across the Corn Belt on Thursday and Friday this week.

The recent rally in world prices and a lower US dollar compared with the Brazilian real could help boost crop ideas for the coming season in Brazil. Production costs are lower for the Brazil producer, and nearby soybean futures for the 1st week of August in 2004 were near 600 as compared with 672 this week.

Demand is flowing straight to South America, while bearish weather has eased fears of a US production problem. While there is not a lot of rain in the forecast, there seems to be enough to see crops maintain condition over the next week. After 4 days of temperatures in the 90's, a cold front should bring 1/2 inch of rain to many producing areas on Thursday night and Friday.

With weakness overnight, the market is obviously viewing this as enough to see the trend towards improving crop conditions to continue. In addition, monsoon rains have arrived to help support much improved crop conditions in India. With the late arrival of seasonal rains to the western oilseed areas of India, planted area is expected to be down, but the active monsoons of last week should help boost yields. Traders believe that soybean plantings will be down nearly 1 million hectares to 7.4 million and that groundnut plantings will be around 4.4 million hectares, down 400,000 from last year. India imports nearly half of its annual consumption of 11 million tons of edible oils.

Funds were noted sellers of 3,000 soybean contracts on Friday and 2,000 each for oil and meal. The Commitment-of-Traders report with options showed the market in a positive setup with non-commercial traders (funds) net long and buying more and non-reportable traders net short near 7000 contracts.

With a hefty net long position from large speculators and specs holding long the product markets, the market seems a bit overbought.

The Latin American soybean market is expected to trade marginally bullish amidst uncertainty in crop weather of US.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended lower on Tuesday, dragged down by a stronger ringgit and concerns about slow consumer demand.

The CPO futures market opened higher, following stronger soy oil futures in electronic trading. But the rise was short-lived as the market moved progressively lower, particularly in the afternoon session. The decline came as soy oil futures also moved well off their earlier highs.

The Malaysian ringgit rose slightly against the U.S. dollar Tuesday as China continued to allow the yuan to appreciate. An appreciation of the ringgit is negative for Malaysian CPO prices because it reduces ringgit-denominated returns from the export of the commodity.

Traders expressed that market sentiment was also hurt by rumors that some importers were seeking to renegotiate or defer some orders placed earlier for palm oil products.

Domestic prices for palm oil in China have fallen sharply in the past week because of weak demand and also because of a strengthening yuan. Refined, bleached and deodorized palmolein prices in major ports are down over CNY100/ton, or more than 2%, since the Yuan's peg to the dollar was removed July 21.

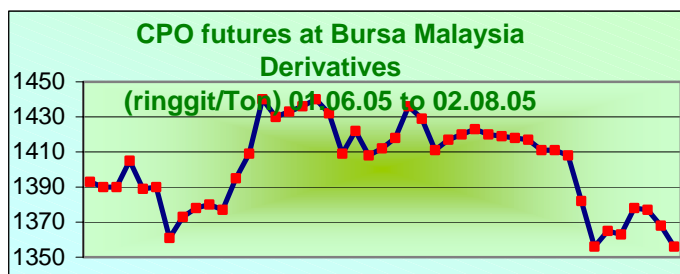
Any slowdown in demand in the coming weeks and months would be particularly bearish for palm oil prices because the crop is currently in its seasonal peak period.

Palm oil production is usually at its strongest during the third quarter of each year. Buyers are not interested to pay the current prices, but sellers are not yet willing to go any lower. So subdued trading took place for the whole day.

The market is expected to continue range bound amidst lack of clear trading initiatives.

KLCE CPO Futures (02.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1357	1360	1362	1341	-16	1341	219
Sep '05	1366	1369	1371	1350	-15	1351	963
Oct '05	1368	1369	1375	1353	-12	1356	3268



Domestic:

Palm oil

The domestic palm oil continued range bound amidst unchanging retail demand.

The Malaysian market traded lower amidst declining export potential and strengthening currency and lack of clear directions. The stronger ringgit exerted pressure on palm oil prices keeping the global demand on the lower side.

This decline was further strengthened by the lack of new export potentials. The monthly export figures suggested that the export has been down by 11.50 per cent. The global palm oil market's weakness was adequately reflected in the domestic markets where the price is moving in a narrow range.

The import quantum has increased almost gradually. In the month of August (till 02.08.05) the country has imported about 0.15 lakh tonnes of palm oil. The import quantum is low because of the flood like situation the Western Ghat regions.

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 amidst absence of support from declining retail demand.

Palm oil - Spot Market Price (Rs. per 10 kg)			
Centres	02.08.05	01.08.05	Change
Kandla CPO (5 % FFA)	324	324	0
Mumbai CPO (5% FFA)	327	327	0
Kandla RBD Palmolein	357	356	+1
Mumbai RBD Palmolein	364	364	0
Chennai RBD Palmolein	356	357	-1
Kakinada RBD Palmolein	355	357	-2

Soy oil

The domestic market opened range bound and traded lower for the day amidst heavy rains at Indore and declining support from the international markets.

The international market traded on the lower side amidst increased deliveries pressure and lack of export demand. This declining sentiment in the international market is expected to continue for few more days as the export prospects is not finding fresh avenues and the weather is highly uncertain with expectation of good rain in the coning days. The uncertain sentiment in the soybean market was also seen in the domestic market, which declined marginally at the exchange markets. At the time of closure the NBOT August Contract closed marginally lower at a level of Rs. 372.70 (Down by Rs. 1.50) and the September contract ended at Rs. 377.20 (Down by Rs. 2.00).

As per the latest production and acreage figures released by the SOPA, the total area sown has reached 69.076 lakh hectares

compared to the last year figures of 64.555 lakh hectares, but the production figures is estimated to be lower. Current figures show the total production to be 58.51 lakh tonnes, down by 10.814 lakh tonnes. This decline in the production is expected to add bullishness to the market, which is trading directionless.

The Hazir markets continued trading range bound amidst declining support from the retail demand.

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 \$ 510 per tonne.

The market is expected to open range bound and trade positive for Wednesday amidst growing support from the buyers following the recent SOPA's production estimates.

Soybean oil - Spot Market Price (Rs. per 10 kg)			
Centres	02.08.05	01.08.05	Change
Mumbai (Soy ref)	358	358	0
Indore (Soy Ref oil)	371	369	+2
Indore (Soy Solvent Ex. oil)	349	347	+2
Kota (Soy Ref. Oil)	373	373	0
Jaipur (Soy Ref. Oil)	375	374	+1

NBOT Soy oil futures as on 02.08.2005 (Rs/10 kg)							
Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	374.20	375.00	375.00	372.70	-1.50	372.70	13750
Sep'05	379.20	379.60	380.00	377.20	-2.00	377.20	4110
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 01.08.2005 (Rs/10 kg)							
Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	375.00	374.60	376.95	373.60	376.65	8920	26360
Sep'05	378.95	378.20	380.60	377.60	380.30	9560	33400
Oct '05	381.05	380.00	382.45	379.45	382.10	4600	11410

Rape oil

The rape oil market today declined marginally in the spot as well as in the futures markets amidst lack of buyers' support and wide spread uncertainty in the other edible oil markets.

Heavy rains at Indore and uncertain sentiments at the soybean oil futures dictated the market sentiment for the day.

Today the new crop arrival 0.20 lakh bags in Rajasthan, which is significantly low.

The rape oil market is expected to continue range bound with marginal improvement on Wednesday as the buyers' support is expected to improve at the exchanges.

Rape oil - Spot Market Price (Rs. per 10 kg)			
Centres	02.08.05	01.08.05	Change
Mumbai (Rape Expeller Oil)	391	395	-4
Kota (Rape Expeller Oil)	384	384	0
Jaipur (Rape Expeller Oil)	385	386	-1
Neewai (* Kacchi Ghani Rape Oil)	403	405	-2
Delhi (Rape Expeller Oil)	405	406	-1

Groundnut oil

Groundnut oil continued range bound at various centres amidst lack of significant change in retail demand.

Heavy rains in the major growing areas of Maharashtra and Gujarat have led to the uncertainty in the prospects of the new crop. These rains are expected to cause damage to the crop roots if water is logged in the fields for a longer duration, creating uncertainty in the overall output after less than normal sowing.

In other edible oil markets, the price movement is providing no major support to the groundnut prices.

The domestic market is expected to continue trading range bound on Wednesday amidst continuing support from the retail demand and incidence of heavy rains in Madhya Pradesh, Maharashtra and Gujarat.

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

Centres	02.08.05	01.08.05	Change
Mumbai (Excluding VAT)	485	485	0
Rajkot	520	520	0
Andhra Region	522	525	-3
Chennai	525	525	0

LATEST WEATHER WATCH (02.08.2005)

Progress of Monsoon

A cyclonic circulation has formed over north Bay of Bengal between 1.5 km & 5.8 km a.s.l. Under its influence, a low pressure area may form over the same area.

Yesterday's well marked low pressure area over Central parts of Madhya Pradesh further weakened into a low pressure area and now lies over Northwest Madhya Pradesh and adjoining East Rajasthan. The system is likely to move in a west-northwesterly direction and weaken further.

The off-shore trough running from Konkan & Goa to Kerala Coast now runs from Goa to Karnataka coast.

The axis of the monsoon trough at sea level passes through Phalodi, centre of the low pressure area, Jabalpur, Ambikapur, Balasore and thence eastwards to north Bay of Bengal.

Outlook for subsequent two days

Increase in rainfall activity over East central India.

Decrease in rainfall activity over Northeastern States.

Subdued rainfall activity likely to continue over Bihar and East Uttar Pradesh

Outlook for subsequent 72 hours

North: Rain/thundershowers likely at a few places in the region. Increase in rainfall activity over Punjab, Haryana and Western Himalayas after 3rd.

East: Rain/thundershowers likely at many places over Northeastern states, Orissa, south Chhattisgarh at a few places in the rest region outside Bihar where it may be isolated. Increase in rainfall activity over Orissa and Chhattisgarh from 4th.

South: Rain/thundershowers likely at many places over Coastal Karnataka, Kerala and Andaman & Nicobar Islands at a few places in the rest region outside Tamil Nadu and Pondicherry where it may be at isolated places.

West: Rain/thundershowers likely at most places in Konkan & Goa and Gujarat state; at many places over West Madhya Pradesh, Madhya Maharashtra and south Rajasthan and at a few places in the rest region.

Warning

Heavy to very heavy rainfall is likely at a few places over Konkan & Goa and Gujarat state. Isolated heavy rainfall is also likely over Orissa, Coastal Karnataka, Madhya Maharashtra, South Rajasthan and West Madhya Pradesh.

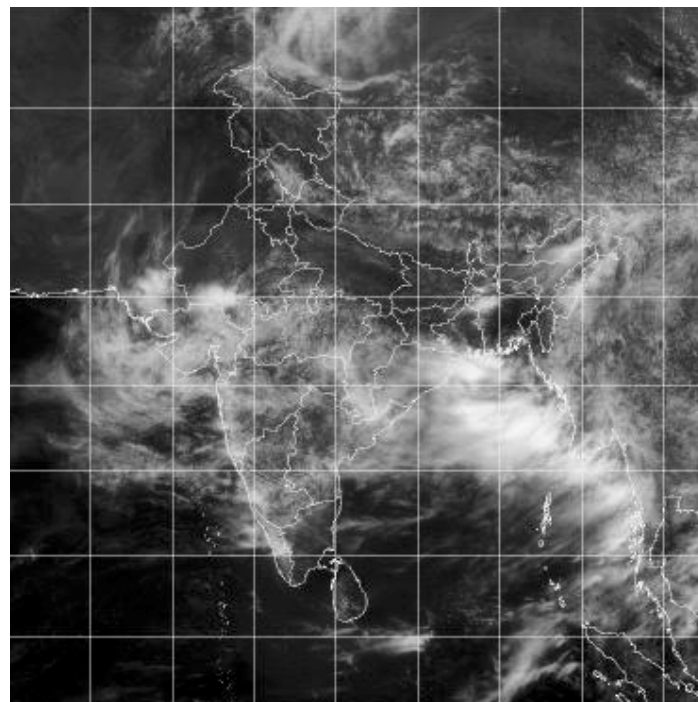
Agricultural Activities

Most parts of north and middle Gujarat as well as some areas of south Gujarat received rains ranging from 25 mm to 175 mm but in Saurashtra and Kutch regions there is no sufficient rains. Kharif crops in the districts like Banaskantha and Patan of North Gujarat region experienced severe moisture stress, which caused adverse effect on the crop growth and development. In other parts of the state, crop condition is good.

In Parbhani and Nanded district of Maharashtra heavy rainfall occurred during past 2 days. The crops sown on 1st July are under standing water and are yellowing due to water stagnation and lack of aeration. If rainfall would not recede in next two days, chances of crop failure are high.

Latest satellite Image of Monsoon Progress

(02.08.2005, 03.30 PM)



PORT-WATCH (Latest)

Chennai Port is receiving 8,700 MT of palm oil from the vessel 'Chem Tank'. The vessel is being handled by Seaport agents. 'Gulf Dove' is expected at the 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.

Mumbai Port is receiving 5,200 MT of CPO from the vessel 'Liquid Era'. Atlantic agents is handling the vessel. 'Victory Ocean' is expected at Mumbai Port to discharge 9,000 MT of CPO. JM Baxi agents will be handling the vessel.

Delivery of 6,000 MT of CPO is continuing at Kolkata Port from the vessel 'Filma Satu'. Seaport agents is handling the vessel. 'Istana 6' has berthed at Kolkata Port and continues to deliver 4,750 MT of CPO. The vessel is being handled by GAC agents.

Kolkata Port is expecting 'Team Ace' to deliver 4,500 MT of CPO. The vessel will be handled by GAC agents.

Delivery of 7,000 MT of CPO is expected at Kandla Port from the vessel 'Sothorn Unicorn'. The cargo was loaded from Malaysia. Atlantic agents will be handling the vessel. 'Pacific Sound' from Padang is expected at Kandla Port to discharge 7,700 MT of palm oil. Interocean agents will be 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.

Cochin Port is expecting 'Eastern Eminity' to discharge 3,000 MT of palm oil. The vessel will be handled by GAC agents.

'Global Venus' is expected at New Mangalore Port to discharge 8,500 MT of CPO. Patvolk agents will be handling the vessel.

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	Southern Unicorn	7000	CPO	Arrived
	Pacific Sound	7700	Palm oil	Expected
	Victory Prima	9475	Palm oil	Expected
	Biz	13250	SBO	Expected
	Golden Express	8000	CPO	Expected
Cochin	Eastern Eminity	3000	Palm oil	Expected
Chennai	Ace I	6000	Palm oil	Expected
	Chem Tank	8700	Palm oil	Arrived
	Gulf Dove	6000	SBO	Expected
New Mangalore	Global Venus	8500	CPO	Expected
Kolkata	Istana 6	4750	CPO	Arrived
	Team Ace	4500	CPO	Expected
	Filma Satu	6000	CPO	Arrived
Mumbai	Victory Ocean	9000	CPO	Expected
	Liquid Era	5200	CPO	Arrived
Mundra	Vernal Grace	6000	CPO	Expected

All India State Wise Area Coverage And Yield Estimate Of Soybean

(Area in Lakh Ha. Production in lakh metric tonnes)

Name of State	Area sown in kharif 2003-04	Total Production	Area sown in kharif 2004-05	Total Production	Area sown in kharif 2005-06 31-07-05
Madhya Pradesh	40.908	41.685	44.439	34.662	38.640
Maharashtra	15.598	19.540	18.717	17.107	20.035
Rajasthan	5.629	5.950	5.562	4.183	6.574
Andhra Pradesh	0.820	0.771	0.690	0.552	1.310
Karnataka	0.600	0.540	1.775	1.402	1.367
Chattisgarh	0.500	0.423	0.400	0.276	0.650
Rest of India	0.500	0.415	0.500	0.328	0.500
G. Total	64.555	69.324	72.083	58.510	69.076

Forex Rates

(As on 02.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.47
Malaysia	Ringgit	11.59
European Union	Euro	52.98
United Kingdom	GBP	76.88
Japan	100 Yen	38.74

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