

VEGOIL

13th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Traded Range Bound on Weather Concerns In Spite of Bullish Crop Report
- **USDA Estimates (12.08.05)**
- South American Soybean Improved Marginally on Bullish Monthly Crop Progress Report of US
- Soybean Oil Prices Lowered Sharply On Increased Short Coverings At Major Exchanges

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX August Contract

The August contract closed at 368.70, which was lower than yesterday's close. Market opened weak and, traded with high volatility in the lower amidst lack of support from the final cut at the Indore NBOT exchange market and increased panic selling.

The 7-day MA continued in the downward direction hinting to the existing 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 20 period(s) ago. Since the MACD crossed its moving average, August soy oil's price has decreased 3.41%, and has ranged from a high of 384.05 to a low of 367.10.

The 9-days Price ROC moved lower to the level of -1.955 (pointing downward) indicating the growing weakness in the market prices. The 9-day RSI also dipped further lower in the oversold region to a level of 25.72 indicating the increasing weakness in the prices.

The % K-line continued up in the neutral region indicating the rising strength in the price along with the % D-Line, which also continued up in the oversold region.

The candlestick is hinting at the weak trade for Tuesday (Monday Closed owing to Independence Day).

Market advice:

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

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	Sept' '05	368.90	367.60	371.50	372.30
NCDEX	Aug' '05	368.20	367.20	370.00	371.60

Abbreviations:

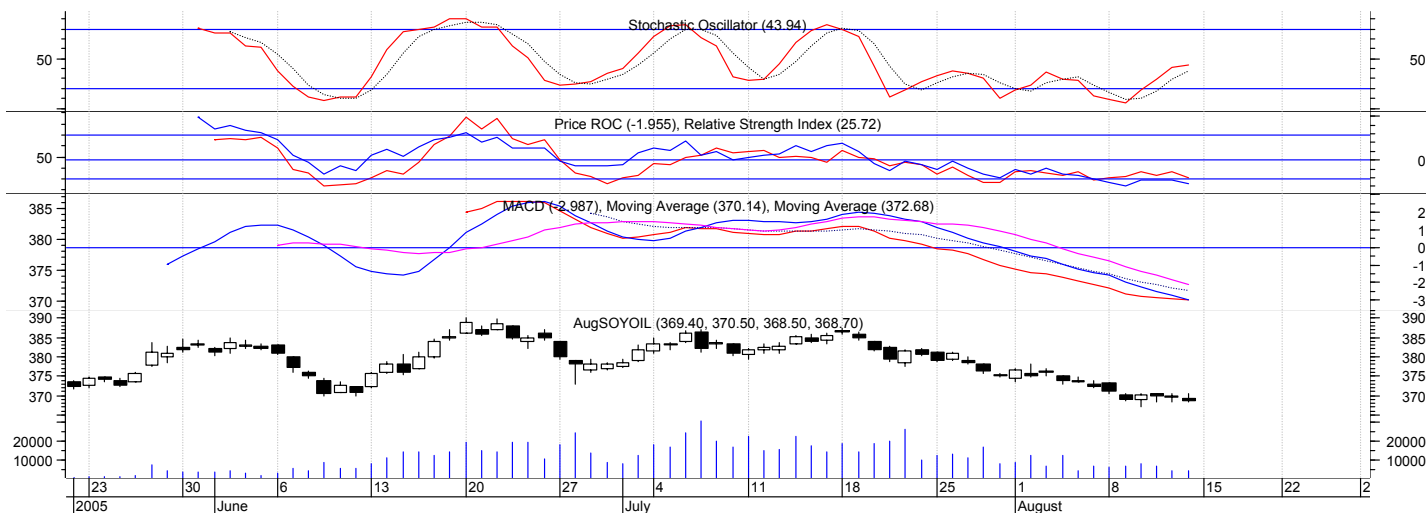
ROC - Rate of Change

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 a volatile two-sided session modestly lower Friday, chopping around with near-term weather overshadowing longer-term supportive crop data from U.S. Department of Agriculture.

The news from the USDA was enough to trigger the early break but a lack of follow-through selling, the outlook for poor weather to return to the southern Midwest and continued poor growing conditions in Arkansas into next week helped support the strong turn around.

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 years 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 last months forecast and from 45.98 million tonnes this season.

The US production was slightly lower than expected but the 20 million bushels adjustment lower in crush and 40 million lower in export usage was enough to keep ending stocks at an acceptable level. With uncertainty on weather for late next week and into the following week and deteriorating crop conditions since the August 1st (as of) date for the crop production estimate, the market found new buying support from the lower opening today.

In trades, ABN Amro bought 500 November, Cargill Investor Services, Citigroup, Goldenberg Hehmyer and Refco each bought 1,000 November, Fimat bought 2,000 November. On the sell side, Cargill sold 500 November, Cargill Investor Services sold 1,000 November, O'Connor sold 700 November, Refco sold 1,000 November, Rand Financial, Shatkin/Arbor and Tenco each sold 500 November.

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

CBOT Soy oil futures as 12.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Aug	22.67	22.95	22.95	0.00	0.13	22.80
5-Sep	22.68	22.80	23.14	22.72	0.05	22.73
5-Oct	22.76	22.85	23.30	22.78	0.07	22.83
5-Dec	22.91	22.96	23.37	22.92	0.09	23.00

CBOT remains closed on Saturday and Sunday.

USDA Estimates (12.08.05)

U.S. oilseed production for 2005/06 is projected at 87.4 million tons, down 1.7 million tons from last month mainly due to reduced soybean yield prospects resulting from dry weather in the eastern Corn Belt. Soybean yields are forecast at 38.7 bushels per acre, 1.2 bushels below last month's trend yield projection and 3.8 bushels below last year's record yield. The first USDA survey-based forecast of U.S. soybean production is 2.791 billion bushels, 99 million bushels below the July forecast and 350 million bushels below last year's record crop. Peanut production is forecast at 5.1 billion pounds, up sharply from last year, while cottonseed is projected to decline 8 percent from last year's

record. Soybean exports and crush are both reduced this month due to reduced supplies and higher soybean prices. Soybean ending stocks are projected at 180 million bushels, down 30 million from last month. U.S. soybean meal exports for 2005/06 are lowered from last month because of reduced soybean supplies and higher soybean meal prices. Soybean meal exports are projected at 6.3 million short tons, down 500 thousand tons from last month and 1.1 million below 2004/05. U.S. soybean oil export prospects are also reduced this month. Soybean oil ending stocks are reduced 175 million pounds to 1.5 billion pounds.

U.S. season-average soybean prices are projected at \$5.50 to \$6.50 this month, up 40 cents on both ends of the range in response to tighter U.S. supplies. Soybean meal prices are projected at \$175 to \$205 per short ton, up \$10 on both ends of the range. Soybean oil prices are also projected higher this month at 23 to 26 cents per pound. Global oilseed production for 2005/06 is projected at 377.3 million tons, down 1.3 million tons from last month as higher foreign production is more than offset by a decline in the United States. Foreign rapeseed production is raised this month as increases for Canada and EU-25 more than offset lower production for China. Foreign sunflower seed production is also raised based on improved prospects for crops in Russia and EU-25. Other changes include lower peanut production for China, and lower cottonseed production for Brazil.

Reduced oilseed production and slightly higher crush leave 2005/06 global oilseed ending stocks down 1.8 million tons at 56.1 million tons. Global oilseed stocks are projected to remain record high despite this month's reduction.

South American Soybean Market

November South American soybeans have been gaining on November US soybeans, and the spread closed at 357.5 cents premium to South America yesterday. The South American soybean market's focus is still on the US crop size, which has been on the bullish side. The high input cost and high-energy prices could begin to cause producers to have second thoughts about expanding plantings for the coming season.

Some analysts are looking for a drop of near 2-3% in planted area, with many looking for similar plantings to last year. China imported 2.86 million tonnes of soybeans in July, which brought the Jan-July total to 15 million tonnes, up 38.4% from last year's pace.

Malaysia palm oil producers are targeting Europe for increased bio-diesel exports in the years ahead. Global demand for green fuels was 2.5 million tonnes last year, and it is expected to grow about 25% per year.

The market is awaiting Friday's USDA Supply/Demand and Crop Production reports to determine the starting point for the coming marketing year. Heavy rains are expected for Iowa and Northern Illinois and for much of the northern and western areas of the US Corn Belt over the next few weeks, and the market is already anticipating a larger production forecast for September than what it expects for Friday.

If the average trade estimate for soybean production is correct (2.804 billion bushels) and there are no changes made to the demand outlook (2.973 billion bushels), ending stocks for the 2005/2006 season could come in near 121 million bushels, which would be the second lowest in the past 29 years.

Last fall the USDA projected ending stocks at around 450 million bushels, but solid demand has lowered the 2004/2005 ending stocks to down near 290 million bushels.

Fund activity yesterday was slow for soybeans and meal, but funds were noted sellers of nearly 2,000 contracts of oil. With the dollar at a 40-month low against the Brazilian real, cash prices were lower and trade is very slow. Prices at Paranaguá came in

at 550 real yesterday, down 8.3% from the previous week. South Korea is tendering for 55,000 tonnes of optional origin meal. US weekly export sales for soybeans came in at 154,000 tonnes, which was as, expected. Meal sales were below expectations at 43,300 tonnes and oil sales were well above expectations at 13,300 tonnes.

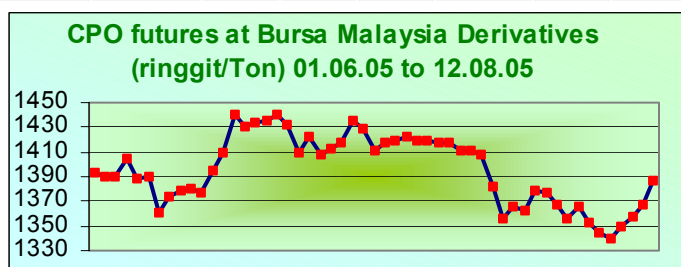
The Latin American soybean market is expected to trade marginally bullish on Monday amidst expectation of lower soybean production in US.

KLCE (Malaysian Palm Oil):

KLCE market remained closed on regular weekend holiday. It will reopen on Monday (15.08.05).

KLCE CPO Futures (12.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Aug '05	1343	N.A	N.A	N.A	0	N.A	N.A
Sep '05	1362	1361	1398	1357	12	1374	545
Oct '05	1367	1365	1400	1360	11	1378	1676



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 13.08.05 the country has imported about 1.67 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 \$ 360.00 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 positive side amidst increasing uncertainty in the domestic as well as the global palm oil.

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

Centres	13.08.05	12.08.05	Change
Kandla CPO (5 % FFA)	321	321	0
Mumbai CPO (5% FFA)	323	322	+1
Kandla RBD Palmolein	355	351	+4
Mumbai RBD Palmolein	365	363	+2
Chennai RBD Palmolein	358	356	+2
Kakinada RBD Palmolein	359	358	+1

Soy oil

The domestic market opened weak and traded further lower for the day amidst increased selling and the approach of the final cut at the NBOT exchange.

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 new estimate projected the total production of 75.93 million tonnes, which is well below the last year's production of 85.49 million tonnes. The trade sentiments traded high as the reports were released but soon dipped in the negative side as 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. The decline in the overall exports figures, reported in the weekly export report is also imparting unsteadiness in the US markets.

Following the increased weakness in the international markets the domestic market is also moved lower. At the time of closure the NBOT August Contract ended at Rs. 367.00 and the September contract closed significantly lower at Rs.369.60 (Down by Rs.2.40).

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 1.29 lakh tonnes of soybean oil till 13.08.05. The Hazir markets continued range bound amidst increased uncertainty at the futures and declining retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 333 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 Tuesday but continue lower amidst declining support from the buyers. Stay away from the market as most of the trading sentiment is to be governed by the price movement in the international markets on Monday.

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

Centres	13.08.05	12.08.05	Change
Mumbai (Soy ref)	355	355	0
Indore (Soy Ref oil)	367	368	-1
Indore (Soy Solvent Ex. oil)	344	345	-1
Kota (Soy Ref. Oil)	369	368	+1
Jaipur (Soy Ref. Oil)	367	369	-2

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

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Aug'05	367.00	N.A	N.A	N.A	0.00	N.A	N.A
Sep'05	372.00	371.50	371.50	369.50	-2.40	369.60	9540
Oct '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 12.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Aug'05	369.90	369.50	370.60	368.50	369.95	4160	16600
Sep'05	372.90	371.25	374.60	371.25	373.55	15790	36390
Oct '05	374.70	374.40	376.45	373.50	375.45	6920	19610

Rape oil

The rape oil market today continued range bound 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.

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 Tuesday, as the buyers' support at the exchange is expected to improve marginally. Avoid new entry as the market is closing for a longer weekend.

Rape oil - Spot Market Price		(Rs. per 10 kg)		
Centres	13.08.05	12.08.05	Change	
Mumbai (Rape Expeller Oil)	394	394	0	
Kota (Rape Expeller Oil)	376	377	-1	
Jaipur (Rape Expeller Oil)	380	383	-3	
Neewai (Kacchi Ghani Rape Oil)	398	400	-2	
Delhi (Rape Expeller Oil)	398	398	0	

Groundnut oil

Groundnut oil today improved marginally ahead to the long weekend closure amidst continuing uncertainty regarding the supply in the market and existing low retail demand.

The latest sowing progress of the groundnut seed shows that the crop acreage is still down by 6.53 per cent over the last year. The current acreage is 50.24 lakh hectares against the last year coverage of 53.52 lakh hectares (08.08.05).

The heavy import of the other edible oil in the domestic market has also pressured the market. Till 13.08.05 the country has imported 2.96 lakh tonnes of edible oil (palm oil & soybean oil).

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

Groundnut oil - Spot Market Price		(Rs. per 10 kg)		
Centres	13.08.05	12.08.05	Change	
Mumbai (Excluding VAT)	497	497	0	
Rajkot	515	512	+3	
Andhra Region	525	520	+5	
Chennai	325	523	+2	

LATEST WEATHER WATCH (13.08.2005)

Weather Forecast

Rainfall activity continued to remain subdued over most parts of the country during past 24-hours.

Yesterday's upper air cyclonic circulation over northeastern States extending upto 2.1 km above sea level has weakened. The other upper air cyclonic circulation over northwest Bay of Bengal now lies over northwest & adjoining west central Bay of Bengal and extends between 2.1 & 5.8 km above sea level.

The axis of the monsoon trough at sea level still continues to lie close to the foothills of Himalayas. However, its eastern end is likely to shift southwards during next 48 hours.

Under this scenario, rainfall activity is likely to increase over Orissa, Chhattisgarh, Jharkhand, Bihar and East Uttar Pradesh after 48 hours.

Forecast Valid For Next 72 Hours

Rain/thundershowers are likely at many places over Andaman & Nicobar Islands, northeastern States, Sub-Himalayan West

Bengal & Sikkim and Bihar and at a few places over Konkan & Goa, Madhya Maharashtra and Coastal Karnataka. It may be isolated over rest regions of the country outside Haryana, Punjab, West Rajasthan, Madhya Pradesh, Vidarbha, interior Andhra Pradesh and interior Tamil Nadu where weather will be mainly dry.

NORTH: Isolated rain/thundershowers likely over East Uttar Pradesh, Himachal Pradesh, Uttarakhand and Jammu and Kashmir and mainly dry in the rest region upto 14th. Scattered rainfall in the region thereafter.

EAST: Rain/thundershowers likely at a few places over northeastern States, Sub-Himalayan West Bengal & Sikkim, Orissa and Bihar and isolated in the rest region. Increase in rainfall activity likely over Orissa, Chhattisgarh, Jharkhand and Bihar from 15th.

SOUTH: Rain/thundershowers likely at many places over Andaman & Nicobar Islands; at a few places over Coastal Karnataka 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 outside West Rajasthan where weather will be mainly dry.

Outlook For Subsequent Two Days

Increase in rainfall activity likely over Eastcentral India, Gangetic plains and Western Himalayan region.

Moderate rainfall likely to continue along west coast.

Subdued rainfall activity likely over west central India.

Warning

Isolated heavy rainfall likely in Andaman & Nicobar Islands.

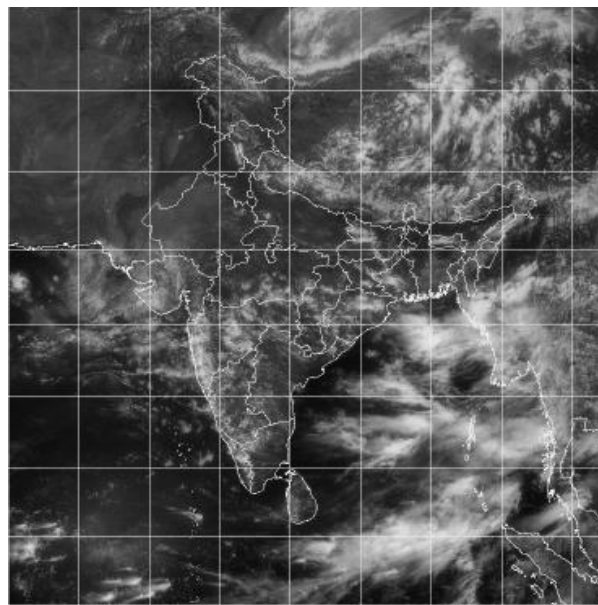
Agricultural Activities

Light to moderate wide spread rainfall occurred in Gujarat during the past few days. Kharif crops are in good condition.

Heavy rainfall has occurred in Konkan region of Maharashtra during the past few days. The condition of crops is satisfactory. Moderate infestation of crabs on rice crop was observed in Konkan region of the state.

In Chhattisgarh, 81.2 % of area has been sown under different crops during kharif season as on 8th August.

Latest satellite Image of Monsoon Progress (12.08.2005, 03.30 PM)



Second Advance Estimates of Oilseeds & Other Commercial Crops Production for 2004-05

(Lakh tonnes As on 19.01.05)

Crop	Season	2001-02	2002-03	2003-04		2004-05	
			Final	2nd Advance Estimates	4th Advance Estimates	Targets	2nd Advance Estimates
Groundnut	Kharif	56.22	32.38	71.30	71.19	64.50	49.48
	Rabi	14.05	11.25	13.50	12.13	21.62	15.28
	Total	70.27	43.63	84.80	83.32	86.12	64.76
Castor seed	Kharif	6.53	4.28	7.60	8.04	10.48	7.64
Sesamum	Kharif	6.98	4.34	7.80	8.15	6.05	6.48
Nigerseed	Kharif	1.30	1.17	1.10	1.11	1.41	0.69
Rapeseed & Mustard	Rabi	50.83	39.18	58.80	58.32	65.20	75.89
Linseed	Rabi	2.09	1.73	1.80	1.79	2.48	1.49
Safflower	Rabi	2.21	1.57	1.20	1.29	2.50	1.54
Sunflower	Kharif	1.55	2.75	3.00	3.05	3.41	5.80
	Rabi	5.24	6.35	7.50	7.81	7.31	6.61
	Total	6.79	9.10	10.60	10.86	10.72	12.41
Soyabean	Kharif	59.63	45.58	76.10	78.54	77.03	77.52
Total Nine Oilseeds	Kharif	132.20	90.50	166.90	170.09	162.88	147.61

Ministry of Agriculture, Department of Agriculture & Cooperation

PORT-WATCH (Latest)

Kandla Port is receiving 8,524 MT of CPO from the vessel 'Ace 7'. The cargo was loaded from Belawan. '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. Delivery of 5,000 MT of CPO is expected at the port from the vessel 'Samho Cyenus'. Interocean agents will be handling the vessel.

Mumbai Port is expecting 'Global Themis' to deliver 10,500 MT of palm oil. Forbes Gokak agents is handling the vessel. Delivery of 5,998 MT of palm oil is expected at the 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.

'Global Saturn' has berthed at Tuticorin Port and continues to discharge 6,900 MT of palm oil. St.John agents is handling the vessel. Tuticorin Port is expecting 'Mega Crown No.I' to discharge 1,850 MT of palm oil. The vessel will be handled by St.John agents.

Delivery of 3,500 MT of palm oil is continuing at Cochin Port from

the vessel 'MMM Houston'.

Kakinada Port is expecting 'Produce' and 'Team Ace' to deliver 15,000 MT of SBO and 6,000 MT of CPO respectively.

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

'Global Trader' is expected at Mundra Port to load 5,000 MT of SBO. Taurus 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
	Ace 7	8524	CPO	Arrived
	Sam ho Cyenus	5000	CPO	Expected
Chennai	Ace I	6000	Palm oil	Expected
Kolkata	Star Orion	6000	CPO	Arrived
Mumbai	Hartati	5500	Palm oil	Expected
	Global Themis	10500	Palm oil	Expected
	Sam ho Cyenus	5998	Palm oil	Expected
Cochin	MMM Houston	3500	Palm oil	Arrived
Kakinada	Produce	15000	SBO	Expected
	Team Ace	6000	CPO	Expected
Tuticorin	Mega Crown I	1850	Palm oil	Expected
	Global Saturn	6900	Palm oil	Arrived
Mundra	Global Trader	5000	SBO	Expected
JN	Montana Star	10000	SBO	Arrived

Forex Rates

(As on 13.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.58
Malaysia	Ringgit	11.62
European Union	Euro	54.21
United Kingdom	GBP	79.08
Japan	100 Yen	39.84

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