

VEGOIL

23rd August 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Improved on Technical Support and Dry Weather Forecast
- South American Soybean Lowered Marginally Amidst Improving Crop Weather in US
- Crude Palm Oil Futures Improved Marginally With Thin Volume Support
- Soybean Oil Prices Declined Marginally Amidst Low Retail Demand

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX September Contract

The September contract closed at 370.60, which is marginally lower than yesterday's close. Market opened range bound but continued higher for the day amidst increased buyers demand at the retail end.

The 7-day MA improved along with the 14-day MA hinting to the recovery in the price trends.

Currently the MACD is bullish and is moving up indicating the existing strength in the market.

The 9-days Price ROC improved marginally to -0.6168 (pointing downward) indicating the unsteadiness in the market prices. The 9-day RSI also moved lower in the neutral region to a level of 43.76 indicating the rising strength in the prices.

The % K-line continued up in the neutral region indicating the rising strength in the price and the % D-Line also moved up in the neutral region supporting the improving trend.

The candlestick is hinting at the steady opening and range bound trade for Wednesday.

Market advice:

Market is expected to open steady and trade positive for Wednesday

Avoid new entry with medium and long-term outlook

Short term buying would yield profit

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Sept' '05	368.50	367.20	370.20	373.50
NCDEX	Sept' '05	369.70	368.00	371.90	373.50

Abbreviations:

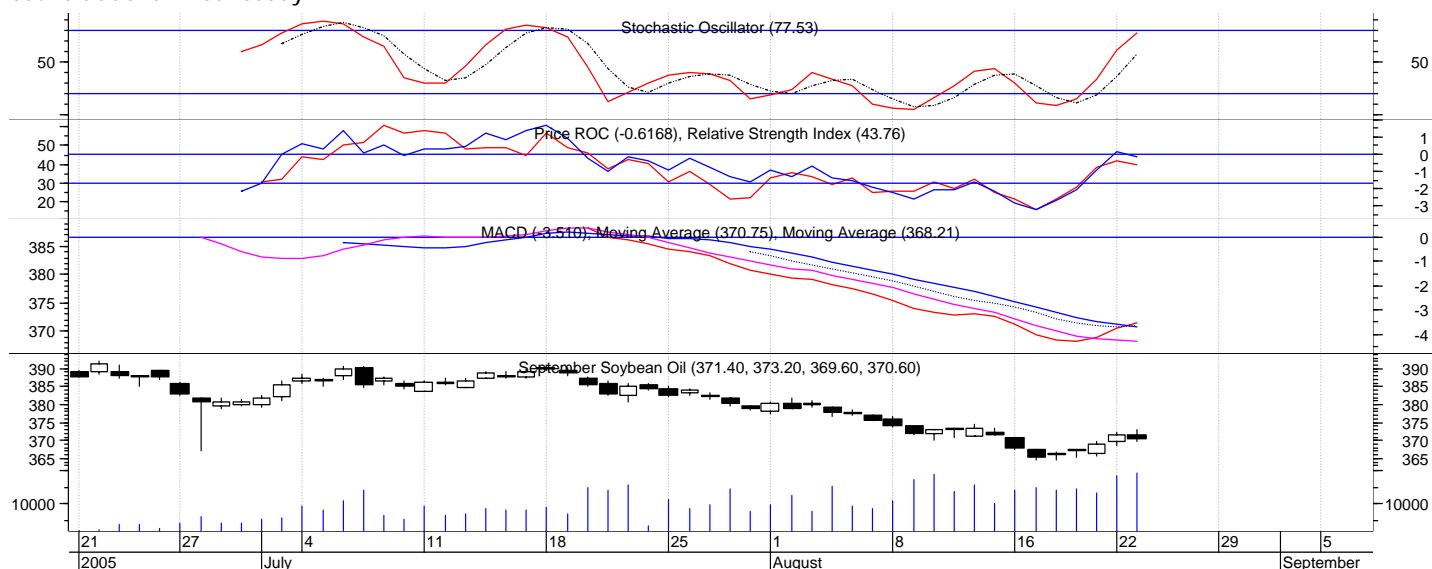
ROC - Rate of Change

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 ended firm and at session highs on Monday, bolstered by technical buying and crop concerns amid only limited U.S. Midwest rain prospects during the next 10 days.

Short-covering and new buying supported the solid gains early this week as the market looks at dry weather this week for the Midwest and Delta growing areas as a potential positive force. In addition, there is talk in some areas that the rains of the past week may not have helped improve crop conditions in some areas of the Midwest where the crop was too far advanced. Traders look for a 1-3% improvement in crops rated good to excellent for this afternoons weekly crop update.

The oversold condition of the market basis traditional technical indicators and news from the weekly Commitment-of-Traders report with options that the speculative net long position of the market was cut in half to just 15,607 contracts for the week ending August 16th added to the positive tone.

The weekly export inspections report showed soybean exports at 5.52 million bushels, which was towards the low end of the range of trade expectations. Cumulative old crop shipments have reached 96.6% of the USDA forecast for the season (September 1st) as compared with 98.6% as the 5-year average for this time of the year.

In trades, ADM Investor Services, Cargill Investor Services, Citigroup, Prudential Financial and DT Trading each bought 200 November, Refco bought 500 November and Rand Financial bought 400 November. On the sell side, Cargill and UBS Securities each sold 500 November, Tenco and Refco each sold 300 November, and Man Financial sold 600 November.

The US soybean is expected to continue on the positive side on Tuesday evening amidst conflicting weather reports.

CBOT Soy oil futures as 22.08.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.28	22.28	22.58	22.28	+0.15	22.43
5-Oct	22.35	22.45	22.68	22.45	+0.18	22.53
5-Dec	22.52	22.58	22.86	22.58	+0.22	22.74
5-Jan	22.66	22.92	23.00	22.80	+0.21	22.87

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November South American soybeans closed lower on the session. South American soybeans are weak but have gained on US soybeans on the recent rally, as the US market is under speculative long liquidation selling pressures.

South American soybeans have their own problems. While producer selling has slowed on the recent break, the accelerating tensions in Brazil with the possible implications that the Finance Minister could get pulled into the bribery scandal helped to spark ideas that major political changes are coming in the weeks ahead.

With the uncertainty, there is fear that producers or commercials may feel better selling inventory, which might begin to pressure cash markets. Recent lower prices into the planting season have left the production outlook for the coming season very uncertain. Crop guesses seem to range between 56 and 63 million tonnes as compared with the drought impacted crop of 2005 near 50 million tonnes.

The weather last week and again for this week looks decent enough to support improving crop conditions across the Midwest, but the 45 cent break off of the August 12 highs may have already priced in good weather. The focus of attention this week will center on the potential improvements in the crop outlook since August 1st.

A weaker tone for the cash meal market added to the negative tone, as crushers gear up after recent downtime and near term supply is on the rise. The political turmoil in Brazil could also begin to impact the market somewhat if producers or commercials choose to sell inventory instead of waiting out the uncertainty is seen as a potentially negative force.

The Commitment-of-Traders report with options showed the market with a positive structural set up, but the selling trend of the non-commercial (fund) trader is a short-term negative force for US soybeans. Funds shifted to a net short position in oil (which is negative). Speculators remain net long over 20,000 contracts of meal but have also remained in a long liquidation mode over the past week.

The Latin American soybean is expected to improve today evening amidst support from the global export demand.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended moderately higher Tuesday after another day of slow, range-bound trading, with participants still waiting for a clearer outlook on the longer-term supply and demand balance for global edible oils.

Usually, at least twice as many lots are traded during busier days. The market has been steady lately, helped by renewed weakness in the ringgit and concerns that production may be weak for the rest of the year. However, the upside has also been capped, with the benchmark contract failing to surpass the MYR1,400 psychological resistance level.

Palm oil producers and exporters are doing all they can to keep the market at these levels as they just aren't prepared to let the market move downward yet. Refined, bleached and deodorized palmolein, the main palm oil product, is currently trading around \$50 lower than soyoil from Brazil and Argentina.

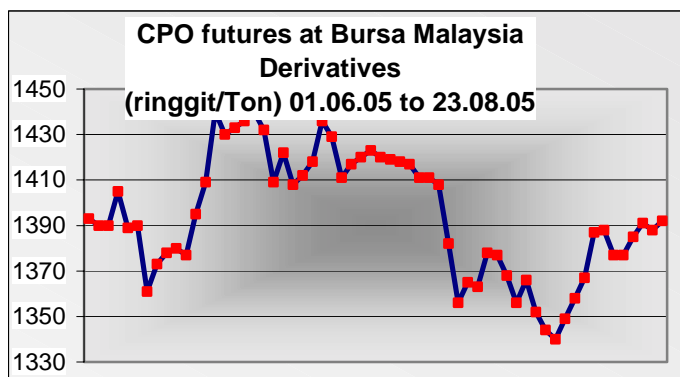
A weakening rupiah is also raising some concerns about potential supply pressures. The rupiah has weakened to over IDR10,000 against the dollar, levels not seen since early 2002. Traders said the rupiah's depreciation makes Indonesian palm oil more competitive and may encourage producers in that country to sell more aggressively.

Traders said in the near-term, the market is likely to stay within narrow ranges until participants get a clearer idea on the direction of oilseeds and edible oil prices for the longer-term. The production prospects of U.S. soybeans, currently in a key growing period, would have a major impact on price direction for the coming year.

In the Malaysian cash market, palm oil products were offered higher, following the slight gains in CPO futures. The Market is expected to continue range bound on the positive side amidst increased uncertainty in the US crop weather.

KLCE CPO Futures (23.08.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1377	1379	1381	1378	+2	1379	227
Oct '05	1384	1386	1390	1386	+6	1390	260
Nov '05	1387	1391	1393	1388	+5	1392	1509



Domestic:

Palm oil

The domestic palm oil market improved marginally amidst improvement in the international markets and partial increase in the retail demand.

The Malaysian market traded range bound in spite of the report of the increased imports, as the traders are mostly concerned about the crop prospects of the US soybean crop, which is improving day by day. The growing concern of the revaluation of the Indonesian currency is pressuring the market. The rupiah has weakened to over IDR10, 000 against the dollar, levels not seen since early 2002. Traders said the rupiah's depreciation makes Indonesian palm oil more competitive and may encourage producers in that country to sell more aggressively.

The expected increase in import demand from China and India ahead of the long festive season is expected to support the upsurge in prices at the Malaysian market.

In the month of August, till 22.08.05 the country has imported about 3.25 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 365.00 per tonne and RBD Palmolein at \$ 400.00 per tonne.

The price for palm oil in the market is expected to continue range bound amidst declining retail demand and increased pressure of imports.

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

Centres	23.08.05	22.08.05	Change
Kandla CPO (5 % FFA)	322	320	+2
Mumbai CPO (5% FFA)	325	322	+3
Kandla RBD Palmolein	356	354	+2
Mumbai RBD Palmolein	364	363	+1
Chennai RBD Palmolein	357	357	0
Kakinada RBD Palmolein	359	358	+1

Soy oil

The domestic market opened firm but traded on the lower side as the day progressed for the day amidst decline in buyers support.

The US soybean continued range bound yesterday evening amidst uncertain crop weather in spite of marginal support speculative buyers.

Following the increased uncertainty in the international markets and increased demand at the retail end, the domestic market traded range bound on the lower side. It received on support from the soybean oil traders at NBOT, Indore as the September Contract closed lower at 369.10 (Down By Rs. 1.30) and the

newly opened October Contract closed lower by Rs. 1.70 to close at Rs. 370.50.

In the month of August, India has imported about 2.24 lakh tonnes of soybean oil till 23.08.05. The Hazir markets traded on the higher side amidst expected increase in retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 330 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 500 per tonne.

The market is expected to open and continue on the positive side for Wednesday amidst increased support from the retail traders. Buying with short-term outlook is advised.

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

Centres	23.08.05	22.08.05	Change
Mumbai (Soy ref)	353	352	+1
Indore (Soy Ref oil)	367	363	+4
Indore (Soy Solvent Ex. oil)	342	340	+2
Kota (Soy Ref. Oil)	369	368	+1
Jaipur (Soy Ref. Oil)	372	372	0

NBOT Soy oil futures as on 23.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	370.40	370.20	371.70	368.80	-1.30	369.10	29400
Oct '05	372.20	371.80	373.20	370.40	-1.70	370.50	3490
Nov '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 22.08.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Sep'05	369.15	369.75	372.30	368.60	371.65	18270	34020
Oct '05	371.55	372.00	373.80	370.50	372.65	14890	26660
Dec '05	368.90	375.00	375.00	371.50	372.75	2650	1780

Rape oil

The rape oil prices increased significantly amidst increased buyers support.

Today the mustard arrival was 0.20 lakh bags in Rajasthan.

The rape oil exchange market of Delhi, Hissar, Hapur and Bikaner traded marginally lower amidst increased retail demand. Traders are expecting steady trend to continue amidst expected increase in retail demand.

The rape market is expected to trade marginally on the higher side on Wednesday. Buy with short and medium outlook.

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

Centres	23.08.05	22.08.05	Change
Mumbai (Rape Expeller Oil)	391	389	+2
Kota (Rape Expeller Oil)	376	371	+5
Jaipur (Rape Expeller Oil)	380	375	+5
Neewai (Kacchi Ghani Rape Oil)	400	397	+3
Delhi (Rape Expeller Oil)	400	398	+2

Groundnut oil

The groundnut market improved marginally amidst increased support from the retail demand and growing uncertainty in the edible oil market.

As per the latest report, the sowing of groundnut is lower by 4 per cent at 52.5 lakh hectares. The data reveals that this is mainly due to lower coverage in Andhra Pradesh, Gujarat, Maharashtra and Tamil Nadu. However, sowing is still on in AP, Karnataka and Tamil Nadu, AP too is witnessing crop diversion this year. Sowing is almost completed in Gujarat and Maharashtra. The Uncertain crop progress in the major growing areas is expected to keep the trading sentiments on the high and not allow the prices to come down significantly.

The lower production estimate was expected to impart bullishness in the market but sharp increase in the imports to the tune of 5.30 lakh tonnes is pressuring the market and not allowing the price to improve significantly.

The domestic market is expected to continue trading positive and range bound on Wednesday amidst growing uncertainty in edible oil markets and declining supplies.

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

Centres	23.08.05	22.08.05	Change
Mumbai (Excluding VAT)	498	497	+1
Rajkot	504	500	+4
Andhra Region	522	520	+2
Chennai	525	523	+2

LATEST WEATHER WATCH (23.08.2005)

Weather Forecast

Southwest monsoon was active over Sub-Himalayan West Bengal & Sikkim, Jharkhand, Bihar, East Uttar Pradesh and East Madhya Pradesh .

The rainfall occurred at some places in Sub Himalayan West Bengal & Sikkim, Gangetic West Bengal, Orissa, Bihar, east Uttar Pradesh, Chhattisgarh, east Madhya Pradesh and coastal Karnataka and at isolated places in Assam & Meghalaya, Jharkhand, west Uttar Pradesh, Gujarat regions, Madhya Maharashtra, Telangana and south interior Karnataka .

Maximum and minimum temperatures are normal or above normal at many stations. Moderate rainfall (20-50 mm) occurred at Agartala, Allahabad, Bhagalpur, Dibrugarh, Guwahati, Gangtok, Gorakhpur, Mohanbari, Patna, Port Blair, Satna, and Tezpur and light rainfall (< 10 mm) or no rain at remaining stations .

Latest available satellite picture indicate the possible occurrence of rain / thundershowers over Uttar Pradesh, Bihar, Andaman & Nicobar Islands, Gangetic West Bengal and some northeastern states. Isolated rain / thundershowers are likely to occur over few places in sub Himalayan West Bengal, coastal Orissa, Chhattisgarh and Jharkhand, east Madhya Pradesh, Maharashtra, Andhra Pradesh, Kerala and Lakshadweep.

Forecast Valid For Next 72 Hours

Heavy to very heavy rainfall is likely at a few places in east Uttar Pradesh. Isolated heavy rainfall also likely over Bihar, northeastern states, sub-Himalayan west Bengal & Sikkim, east Madhya Pradesh and Andaman & Nicobar Islands .

Rain or thundershowers will occur at most places over Sikkim and Sub-Himalayan West Bengal; at many places over Bihar, Tripura, Andaman and Nicobar Islands and at a few places over rest of the regions .

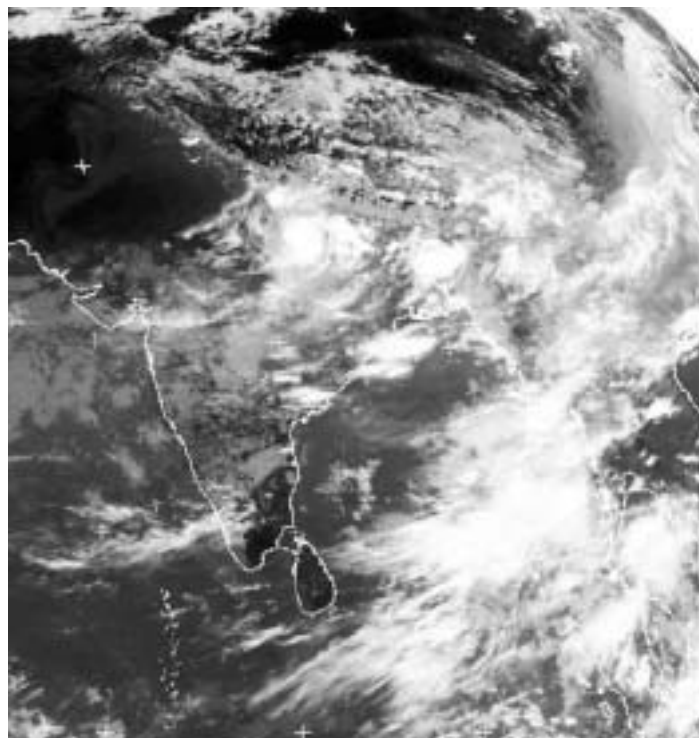
Agricultural Activities

In Andhra Pradesh light to moderate rainfall was recorded during this week in all the three regions viz.; Rayalaseema, Coastal Andhra Pradesh and Telangana of A.P. General Crop Conditions are satisfactory in Rayalaseema, Telangana and coastal Andhra Pradesh. However, in groundnut, moderate infestation of red hairy caterpillars in Anantapur district, mild infestation of helioverpa in Chittoor district and mild to moderate infestation of leaf webber in north coastal districts was observed .

North dry zone of Karnataka is experiencing dry spell, but the crops are withstanding the dry spell. Floods have devastated the sugarcane crop in Bagalkote, Bijapur and Belgaum Districts. Moderate infestation of downy mildew and anthracnose in grapes, severe infestation of bacterial blight in pomegranate and moderate infestation of canker in citrus is observed .

Latest satellite Image of Monsoon Progress

(23.08.2005, 07.30 PM)



PORT-WATCH (Latest)

Delivery of 5,000 MT of CPO is continuing at Kandla Port from the vessel 'Samho Cyenus'. 'Bum Woo' from Belawan has berthed at the port and continues to deliver 9,500 MT of CPO. InterOcean agents will be handling these vessels. Kandla Port is receiving 12,000 MT of palm oil from the vessel 'Bunga Siantan'. The cargo was loaded from Indonesia. The vessel is being handled by InterOcean agents. 'Aschiileas' from Argentina is expected at Kandla Port to discharge 28,500 MT of SBO.

'Global Trader' has berthed at Mumbai Port and continues to deliver 1,500 MT of palm oil. James Mackintosh agents is handling the vessel. Delivery of 2,000 MT of palm oil is continuing at Mumbai Port from the vessel 'Marine Pioneer'. The vessel will be handled by Seaworld agents.

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

Kolkata Port is receiving 6,000 MT of SBO from the vessel 'MMM Galvestone'. GAC agents is handling the vessel. 'L Star' has berthed at Kolkata Port and continues to discharge 6,000 MT of CPO. Seaworld agents is handling the vessel.

Kakinada Port is receiving 5,000 MT of CPO from the vessel 'Hua Yun 5'. Delivery of 10,000 MT of SBO is expected at the port from the vessel 'Montana Star'. The port is expecting 'Global Trader' to discharge 9,000 MT of CPO. 'Instana 6' is expected at the port to deliver 5,000 MT of CPO. 'MMM Jackson' discharged 6,000 MT of CPO at Kakinada Port and sailed off.

Chennai Port received 8,000 MT of SBO from the vessel 'Montana Star'.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Bom Woo	9500	CPO	Arrived
	Aschiileas	28500	SBO	Arrived
	Bunga Saitan	12000	Palm oil	Arrived
	Sam ho Cyenus	5000	Palm oil	Arrived
Chennai	Montana Star	8000	SBO	Arrived
Mumbai	Golden Trader	1500	Palm oil	Arrived
	Marine Pioneer	2000	Palm oil	Arrived
Kakinada	MMM Jackson	6000	CPO	Arrived
	Hua Yun 5	10000	SBO	Expected
	Montana Star	9000	CPO	Expected
	Global Trader	5000	CPO	Expected
	Istana 6	6000	CPO	Expected
Mundra	Global Trader	5000	SBO	Expected
Kolkata	L Star	6000	CPO	Arrived
	MMM Galveston	6000	SBO	Arrived

Forex Rates

(As on 23.08.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.67
Malaysia	Ringgit	11.58
European Union	Euro	53.38
United Kingdom	GBP	78.59
Japan	100 Yen	39.72

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