

VEGOIL

20th September 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Witnessed Marginal Technical Correction
- South American Soybean Improved Amidst Expected Lower Crop Size in Brazil
- Crude Palm Oil Futures Improved Amidst Expected Surge in Bio-diesel Demand
- Soybean Oil Prices Improved Marginally on Increased Speculative Buying

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX October Contract

The October contract closed at 364.50, which is marginally higher from yesterday's close. Bears still dominated overall trade fundamentals soybean oil market and the improvement in the prices was just owing to the increased speculative buying, without significant retail support.

The 7-day MA continued lower along with the 14-day MA hinting to the weakness in the price trends.

MACD also continued lower with a declining slope indicating the existing weakness in the market.

The 9-days Price ROC improved marginally to -1.072 (pointing downward) indicating the steadying sentiments in the prices. The 9-day RSI also continued improved marginally in the neutral region to a level of 35.96 supporting the griping sentiments in the market prices.

The % K-line moved upward in the neutral hinting to the improving price sentiments while the % D-Line, which continued down indicating the overall weakness in the prices.

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

Market advice:

Market is expected to open range bound

Buying with short-term outlook would yield profit; prices are expected to come down in the end session

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Oct' '05	362.50	361.90	364.50	365.20
NCDEX	Oct' '05	362.70	361.80	365.40	366.60

Abbreviations:

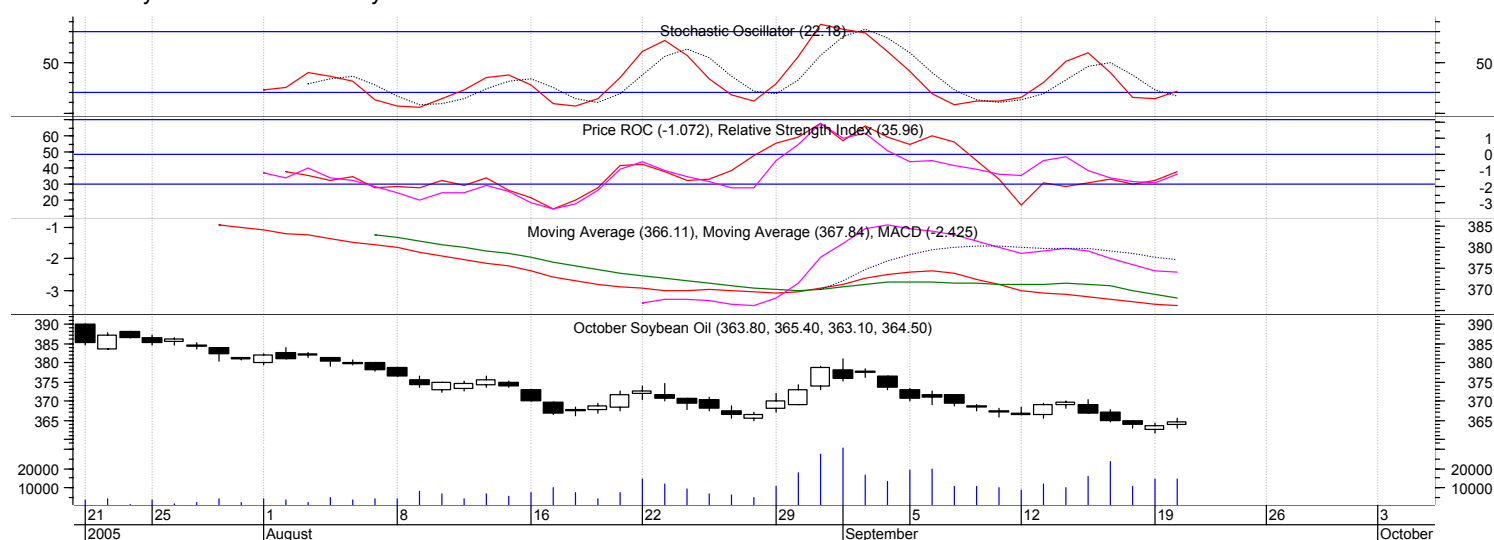
ROC - Rate of Change

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):

Ideas that the market is technically oversold, a slowdown in harvest pressures due to some rain across the Midwest and inflationary concerns helped boost prices this morning.

In the weekend Commitment-of-Traders report with options, fund traders were holding a net short position of nearly 7400 contracts for oil and the surge higher in energy prices helped support a surge in short-covering and commercial buying in oil. Bio-diesel demand is on the rise. Weekly export inspections came in at 4.3 million bushels as compared with trade expectations for 3-7 million.

Shipments need to average 21.6 million bushels per week to reach the USDA projection. Basis levels were mixed with some improvements at the gulf but some weakness noted in the Midwest as the harvest progresses.

Continuous improvement in the crop weather and uncertain crop prospects has increased the prospects of US soybean crop.

CBOT Soy oil futures as 19.09.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	21.96	22.00	22.76	22.00	0.76	22.72
5-Oct	22.18	22.18	23.00	22.18	0.80	22.98
5-Dec	22.36	22.48	23.17	22.48	0.80	23.16
5-Jan	22.50	22.65	23.30	22.65	0.80	23.30

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

While the current focus for US soybeans is on the harvest and the higher than expected informal yield results mentioned in the trade, Brazil new crop fundamentals will begin to take on more significant influence for the trade over the near term.

Brazil producers in some areas await rains to begin to plant the new crop, and a lack of available credit with low prices and reduced earnings last year has the trade uncertain on production with estimates ranging from 52-60 million tonnes as compared with the September USDA forecast of 60 million tonnes, which was down from 62 million in August.

Some lingering bird flu concerns for demand and a continued hefty net long position by the speculator in meal in spite of the recent downtrend and lowest close since mid-February indicates that meal is still vulnerable to long liquidation selling.

The US is likely to use 912.5 million pounds of soybean oil in 2005 for bio-diesel production. Usage is expected to jump to near 1.97 billion pounds in 2006 and possibly 2.92 billion pounds in 2007.

The South American market is expected to open and trade range bound amidst increased uncertainty in the Brazilian soybean production.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended higher for a third straight day Tuesday, boosted by stronger soyoil futures, technical strength and expectations of increased biodiesel consumption and signs of improving consumer demand.

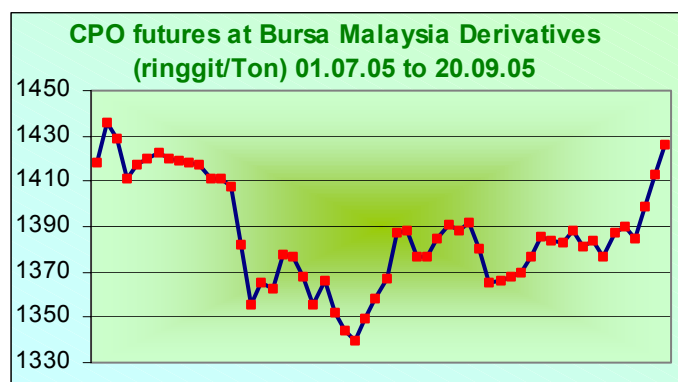
Crude oil prices soared to more than \$67 a barrel on the New York Mercantile Exchange Monday amid concerns over a possible disruption in supply from the Gulf of Mexico due to Tropical Storm Rita.

Cargo surveyors SGS (Malaysia) Bhd and Intertek Agri Services issued estimates for Malaysian palm oil exports in the Sept. 1-20 period. The figures had little impact on palm oil prices as they were within expectations. Intertek estimated Sept. 1-20 exports at 775,399 tons, up 3.8% on month. SGS, which is more influential, pegged exports at 782,157 tons, up 9.1% on month.

The only thing now to look out for is production estimates for this month. Malaysia's CPO output totaled 1.36 million tons in August, with end-month stocks at 1.33 million tons. In the Malaysian cash market, palm oil products moved higher, in tandem with gains in CPO futures.

KLCE CPO Futures (20.09.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1397	1402	1410	1396	+13	1410	348
Oct '05	1408	1417	1421	1405	+13	1421	2230
Nov '05	1414	1423	1426	1411	+12	1426	3939



Domestic:

Palm oil

The domestic palm oil market continued range bound on the lower side amidst continued low retail demand increased uncertainty in the other edible oil markets.

In the month of September, till 20.09.05 the country has imported about 1.00 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 350.00 per tonne and RBD Palmolein at \$ 405.00 per tonne.

The price for palm oil in the market is expected to continue range bound on Wednesday amidst consistent lower retail demand.

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

Centres	20.09.05	19.09.05	Change
Kandla CPO (5 % FFA)	324	323	-1
Mumbai CPO (5% FFA)	324	324	0
Kandla RBD Palmolein	352	353	0
Mumbai RBD Palmolein	358	361	-3
Chennai RBD Palmolein	355	354	+1
Kakinada RBD Palmolein	355	355	0

Soy oil

The oil market continued on the positive side amidst increased support from the international market and increased speculative buying.

In the month of September, India has imported about 1.42 lakh tonnes of soybean oil till 20.09.05. The Hazir markets traded marginally upward amidst falling prices in the futures market and declining retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 324 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 500 per tonne.

The market is expected to open range bound and trade lower as the day progresses on Wednesday amidst increased speculative selling. Sell with short-term outlook at the higher prices.

Soybean oil - Spot Market Price (Rs. per 10 kg)			
Centres	20.09.05	19.09.05	Change
Mumbai (Soy ref)	346	344	+2
Indore (Soy Ref oil)	360	358	+2
Indore (Soy Solvent Ex. oil)	337	336	+1
Kota (Soy Ref. Oil)	364	362	+2
Jaipur (Soy Ref. Oil)	368	367	+1

NBOT Soy oil futures as on 20.09.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Oct '05	362.40	363.30	364.30	362.50	+1.30	363.70	32640
Nov '05	362.00	362.80	364.00	362.40	+1.40	363.40	1820
Dec '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 19.09.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Sep'05	360.10	362.00	362.00	358.60	359.50	3580	6610
Oct '05	363.95	362.70	364.10	361.70	363.45	14490	23120
Dec '05	363.20	362.80	363.60	361.30	362.60	6310	21040

Rape oil

The rape oil prices declined marginally amidst growing uncertainty in the edible oil markets.

Today the mustard arrival was 0.15 lakh bags in Rajasthan. Heavy rains in most parts of MP Rajasthan and Maharashtra has led to increased uncertainty in the mustard oil markets.

The rapeseed exchange market of Delhi, Hissar, Hapur and the Bikaner traded marginally on the negative side amidst low support in retail demand.

The rape market is expected to continue range bound on the lower side on Wednesday. Sell with short-term outlook.

Rape oil - Spot Market Price (Rs. per 10 kg)			
Centres	20.09.05	19.09.05	Change
Mumbai (Rape Expeller Oil)	396	398	-2
Kota (Rape Expeller Oil)	378	382	-4
Jaipur (Rape Expeller Oil)	380	381	-1
Neewai (Kacchi Ghani Rape Oil)	385	386	-1
Delhi (Rape Expeller Oil)	396	395	+1

Groundnut oil

The groundnut market declined marginally amidst the increased arrivals of the new crops I Gujarat and adjoining areas.

The lack of retail demand is still the major concerns for the unsteady of prices.

The sharp increase in the imports to about 2.58 lakh tonnes (till 20.09.2005) is pressuring the market and not allowing the price to improve significantly.

The domestic market is expected to continue trading range bound on the lower side on Wednesday amidst increased supplies of groundnut seeds.

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

Centres	20.09.05	19.09.05	Change
Mumbai (Excluding VAT)	500	510	-10
Rajkot	520	525	-5
Andhra Region	510	515	-5
Chennai	510	515	-5

LATEST WEATHER WATCH (20.09.2005)

Weather Forecast

During past 24 hours, heavy to very heavy rainfall has occurred over Coastal Andhra Pradesh. Scattered light to moderate rainfall have also occurred over Orissa, Jharkhand, interior Andhra Pradesh, Karnataka, Maharashtra, Gujarat, Madhya Pradesh and Chhattisgarh. Chief amounts of rainfall recorded (in cms) are: Kakinada-28, Narsapur-18, Waltair-19, Visakhapatnam-16, Tuni-17, Gannavaram-16, Machilipatnam-16, Bhavnagar-6 and Karwar-6.

Yesterday's cyclonic storm over north Coastal Andhra Pradesh moved slightly westwards and weakened into deep depression with its centre at 0230 hours IST of 20th near Lat. 18.5° N/ Long. 83.0 °E about 100 km west of Kalingapatnam. It now lies centered at 0830 hours IST of 20th near Lat. 19.0° N/ Long. 82.5 °E near Jagdalpur. The system is likely to move west-northwesterly direction and weaken further. Under its influence widespread rainfall with heavy to very heavy falls at a few places is likely over Andhra Pradesh, Coastal & North Interior Karnataka and south Chhattisgarh during next 24 hours. The belt of heavy rainfall may gradually shift northwestwards into Maharashtra and South Gujarat Region.

The upper air cyclonic circulation over Uttaranchal and adjoining Himachal Pradesh has become less marked.

Forecast Valid For Next 72 Hours

NORTH: Isolated rain/ thundershowers are likely over Himachal Pradesh, Jammu and Kashmir and Uttaranchal. Mainly dry weather in the rest region.

SOUTH: Rain/thundershowers likely at most places over Andhra Pradesh; at many places over coastal and North Interior Karnataka at a few places over rest region outside Tamil Nadu & Pondicherry where it will be isolated. Rainfall over Karnataka is likely to increase after 24 hours. Reduction of rain/thundershowers Coastal Andhra Pradesh after next 24 hours.

WEST: Rain/thundershowers likely at many places over Gujarat Region and Maharashtra; at a few places over the rest region outside Rajasthan where it may be isolated. Further increase in rainfall over south Madhya Pradesh, Gujarat Region and Maharashtra after 24 hours.

Warning

Heavy to very heavy rainfall likely at a few places over Andhra Pradesh and south Chhattisgarh. Isolated heavy rainfall also

likely over Gujarat, Maharashtra and Coastal & North Interior Karnataka.

Squally wind with speed reaching 30-40 kmph likely over Andhra Pradesh and south Chhattisgarh during next 12 hours.

Squally winds speeds reaching 45-50 kmph likely along and off north Andhra Coast during next 12 hours. State of sea will rough to very rough. Fishermen are advised not to venture into the sea for another 12 hours.

Outlook For The Next Two Days

Increase in rainfall is likely over Karnataka, Maharashtra, South Gujarat and Madhya Pradesh.

Rainfall activity over Andhra Pradesh is likely to decrease.

PORT-WATCH (Latest)

Mundra Port is receiving 10,257 MT of CPO from the vessel 'Gemini'. Patvolk agents is handling the vessel.

Delivery of 7,000 MT of SBO is continuing at New Mangalore Port from the vessel 'Pacific Sound'. GAC agents is handling the vessel.

Delivery of 4,750 MT of CPO is expected at Kandla Port from the vessel 'Spring Wind'. The vessel will be handled by Interocean agents. 'Global Eos' is expected at the port to discharge 5,500 MT of CPO. Forbes Gokak agents will be handling the vessel. Delivery of 22,500 MT of SBO is expected from the vessel 'Integrity' at Kandla Port. The cargo was loaded from Brazil. Interocean agents will be handling the vessel.

Kolkatta Port is receiving 10,196 MT of CPO from the vessel 'Isokaze'. Seaport agents is handling the vessel. 'L Star' has berthed at Kolkatta Port and continues to deliver 6,000 MT of CPO. Seaworld agents is handling the vessel.

Delivery of 3,000 MT of palm oil is expected at Cochin Port from the vessel 'MMM Kingston'. GAC agents is handling the vessel.

Chennai Port is expecting 'Ace I' to deliver 5,998 MT of CPO. Interocean agents will be handling the vessel. Delivery of 6,000 MT of palm oil is expected at the port from the vessel 'Chem Botima'. The vessel will be handled by Seaport agents.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Integrity	22500	SBO	Expected
	Spring Wind	4750	SBO	Expected
	Global Eos	5500	CPO	Expected
Kolkata	L Star	6000	CPO	Arrived
	Isokage	10196	CPO	Arrived
Mundra	Gemini	10257	CPO	Arrived
Cochin	MMM Kingston	3000	Palm oil	Expected
New Mangalore	Pacific Sound	7000	SBO	Arrived
Chennai	Ace I	6000	CPO	Expected
	Chem Botima	6000	Palm oil	Expected

Forex Rates

(As on 20.09.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.92
Malaysia	Ringgit	11.65
European Union	Euro	53.37
United Kingdom	GBP	79.26
Japan	100 Yen	39.40

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