

VEGOIL

08th September 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Continued Declining on Improving Crop Prospects
- South American Soybean Improved Further on Expected Surge in Demand
- Crude Palm Oil Futures Lowered Marginally on Declining Volume Support
- Soybean Oil Prices Continued Lower on Declining Retail Demand

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX October Contract

The October contract closed at 369.65, which is notably lower from yesterday's close. Market opened weak and continued lower pressured extensively by the sellers and increased imports.

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

Currently the MACD continued further lower with a declining slope indicating the existence of weakness in the market.

The 9-days Price ROC improved marginally -0.8457 (pointing downward) indicating the declining strength in the prices. The 9-day RSI also continued lower in the neutral region to a level of 41.95 supporting the declining strength in the prices.

The % K-line continued down in the oversold region supporting the declining trend along with the % D-Line, which also continued moving downward.

The candlestick is hinting at the weak opening and range bound lower trade for Friday.

Market advice:

Market is expected to open weak and trade further lower for Friday amidst consistent decline in the retail demand

Selling with short-term outlook would yield profit

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Oct' '05	367.90	366.20	364.50	365.40
NCDEX	Oct' '05	368.30	366.40	371.00	372.60

Abbreviations:

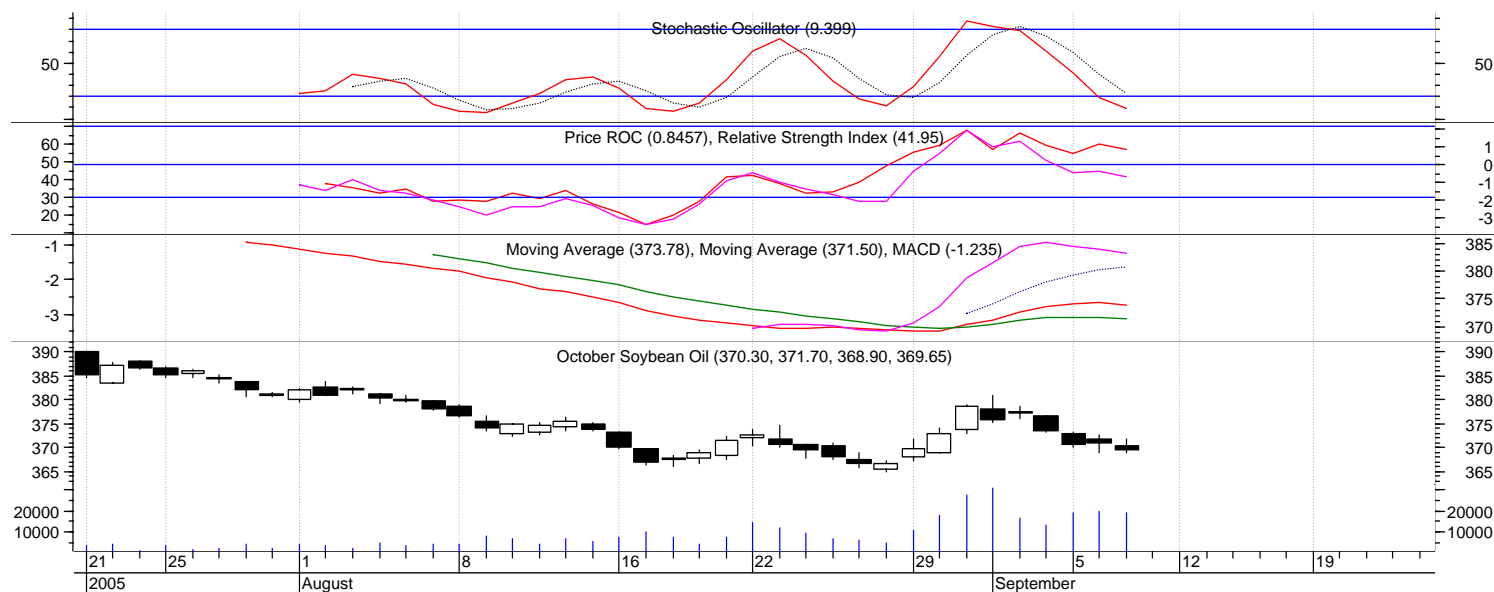
ROC - Rate of Change

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):

US soybean futures lowered on concerns of improving weather in most parts of soybean growing areas in spite of the support from the meal demand.

The weekly crop progress report showed a 1% increase in the percentage of crops rated good to excellent to 54%, but traders were looking for a 1-2% decline in conditions, augmenting the bearish market tone.

Increased delivery pressure also lowered the markets significantly. Oil deliveries were 320 lots and the soybean deliveries were close to 42 lots.

Improving prospects of the soybean crop in US is expected to further lower prices in the coming days.

CBOT Soy oil futures as 07.09.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.85	22.90	22.90	22.62	-0.23	22.62
5-Oct	22.98	22.95	23.11	22.67	-0.30	22.68
5-Dec	23.22	23.25	23.34	22.90	-0.31	22.91
5-Jan	23.39	23.38	23.38	23.07	-0.32	23.07

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

South American soybean futures improved marginally on expectation of increasing trade in the coming days with lots of business opportunity shifting from US to Latin American Countries.

The focus of attention would soon be shifted to Brazil's crop size. In Brazil, at present producers are facing a squeeze on available government credit, higher production costs and a strong local currency. The persisting dry weather in the growing areas is also not so favourable for the proper soybean sowing.

Soybean fields, which have reached maturity and are turning brown did not benefit from last week's rains. Other areas of Illinois and eastern Iowa, which did not get rain last week, also saw deteriorating conditions for the week. The grim situation of crop in US has added bullishness in the South American Soybeans.

Bio-diesel demand is expected to accelerate in the months ahead as new production facilities come on line, and the surge in diesel prices should help secure new activity in the soybean market.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended moderately lower on Thursday, continuing this week's range bound low volume trading.

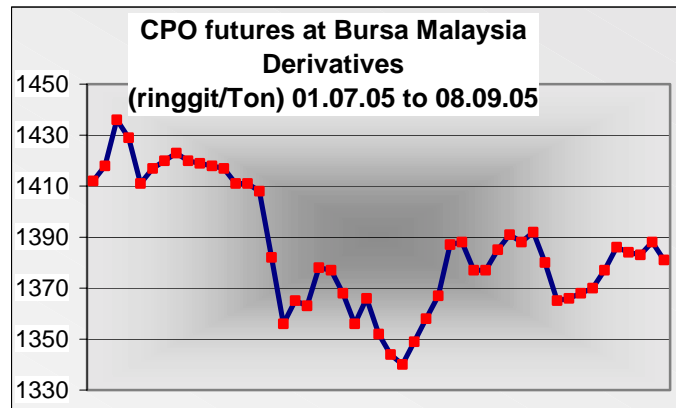
The market has been devoid of fresh leads. Cautious sentiment ahead of the release of major supply and demand data in the coming week is also keeping most players on the sidelines. Recent speculative trading linked to the volatility of the rupiah and rising crude oil prices has also fizzled out this week.

Estimates for Malaysian palm oil exports for the Sept. 1-10 period from cargo surveyors Intertek Agri Services and SGS (Malaysia) Bhd. are also due by Monday. Later that day, the U.S. Department of Agriculture is scheduled to issue its latest 2005-06 soybean production forecasts.

In the Malaysian cash market, palm oil products were slightly lower, with trading activity staying slow as buyers remained on the sidelines.

KLCE CPO Futures (08.09.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1372	1368	1370	1365	-7	1365	158
Oct '05	1383	1383	1383	1376	-7	1376	220
Nov '05	1388	1385	1386	1379	-7	1381	1175



Domestic:

Palm oil

The domestic palm oil market continued trading on the lower side amidst no signs of recovery in the retail demand and increased uncertainty in other edible oil markets.

In the month of September, till 08.09.05 the country has imported about 0.17 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 357.50 per tonne and RBD Palmolein at \$ 397.50 per tonne.

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

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

Centres	08.09.05	06.09.05	Change
Kandla CPO (5 % FFA)	323	325	-2
Mumbai CPO (5% FFA)	325	326	-1
Kandla RBD Palmolein	355	358	-3
Mumbai RBD Palmolein	363	364	-1
Chennai RBD Palmolein	354	355	-1
Kakinada RBD Palmolein	355	355	0

Soy oil

The domestic market continued lower amidst continued low retail demand and increased speculative selling.

In the month of September, India has imported about 0.86 lakh tonnes of soybean oil till 08.09.05. The Hazir markets declined marginally seeing the uncertain retail market 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 (September Shipment) at Kandla were quoted at \$ 505 per tonne.

The market is expected to open weak and trade further lower as the day progresses on Friday. Sell with short-term outlook to book profit.

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

Centres	08.09.05	06.09.05	Change
Mumbai (Soy ref)	349	351	-2
Indore (Soy Ref oil)	362	364	-2
Indore (Soy Solvent Ex. oil)	339	341	-2
Kota (Soy Ref. Oil)	367	368	-1
Jaipur (Soy Ref. Oil)	369	372	-3

NBOT Soy oil futures as on 08.09.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Sept'05	364.80	364.00	364.30	363.60	-1.10	363.70	1540
Oct '05	370.00	369.20	369.40	368.40	-1.10	368.90	20210
Nov '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 06.09.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Sep'05	366.85	367.80	368.70	365.60	366.75	4290	18860
Oct '05	370.55	371.70	372.70	369.00	370.90	19650	24080
Dec '05	371.00	372.10	373.15	370.20	372.05	8090	13530

Rape oil

The rape oil prices traded on the lower side amidst declining retail demand.

Today the mustard arrival was 0.15 lakh bags in Rajasthan. Rains in most parts of MP Rajasthan and Maharashtra has led to the further weakening of the sentiment in the mustard oil markets.

The rape oil exchange market of Delhi, Hissar, Hapur and the Bikaner continued lower amidst continuous decline in buyers' support.

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

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

Centres	08.09.05	06.09.05	Change
Mumbai (Rape Expeller Oil)	398	400	-2
Kota (Rape Expeller Oil)	376	380	-4
Jaipur (Rape Expeller Oil)	378	380	-2
Neewai (Kacchi Ghani Rape Oil)	386	398	-2
Delhi (Rape Expeller Oil)	398	402	-4

Groundnut oil

The groundnut market continued lower on growing uncertainty in the retail market and increased rains in major growing areas, which has led to the improving of the crop prospects in Gujarat, Maharashtra and Madhya Pradesh.

The sharp increase in the imports to about 1.03 lakh tonnes (till 08.09.2005) 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 Friday amidst increased rains expected in the near days.

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

Centres	08.09.05	06.09.05	Change
Mumbai (Excluding VAT)	Closed	510	-5
Rajkot	Closed	520	-2
Andhra Region	515	520	-5
Chennai	520	522	-2

LATEST WEATHER WATCH (08.09.2005)**Weather Forecast**

During last 24 hours, fairly widespread rains with isolated heavy falls occurred over coastal area of Andhra Pradesh, Orissa, Karnataka, Konkan & Goa and Lakshadweep. Scattered moderate rains have also occurred over interior Andhra Pradesh, Madhya Maharashtra and Gujarat Region. Chief amounts of the rainfall (in cms.) are: Bapatla-9, Karipur-8, Amini Divi, Kozhikode, Gannavaram-7 each, Satara-6, Gopalpur and Tuni-5 each.

Yesterday's low-pressure area over west central Bay of Bengal off Coastal Andhra Pradesh persists. Associated cyclonic circulation extends upto mid-tropospheric levels tilting southwestwards with height. It is likely to move in a northwesterly direction.

Under the influence of this system, fairly wide spread rain with heavy falls likely over Andhra Pradesh and Orissa during next 2-3 days. The upper air cyclonic circulation over east central Arabian Sea has become less marked.

Forecast Valid For Next 72 Hours

Rain/thundershowers are likely at most places over Coastal Andhra Pradesh, Rayalaseema and north Tamil Nadu & Pondicherry; at many places over Andaman & Nicobar Islands, Telangana, south Tamil Nadu, Karnataka, Kerala and Lakshadweep and at a few places over rest regions of the country outside Gangetic West Bengal, Bihar, Jharkhand, Haryana, Punjab, West Rajasthan, East Madhya Pradesh, Chhattisgarh, Saurashtra & Kutch, north Madhya Maharashtra, Marathwada and Vidarbha where it may be isolated. Increase in rainfall activity is likely over East Madhya Pradesh, south Chhattisgarh and Maharashtra after 9th.

NORTH: Isolated rain/thundershowers likely in the region.

SOUTH: Rain/thundershowers likely at many places over the region outside Tamil Nadu where it may be at a few places.

WEST: Rain/thundershowers likely at many places over Maharashtra and Goa and at a few places over rest region outside West Rajasthan where it may be Isolated. Increase in rainfall over Maharashtra after 9th.

Warning

Isolated heavy rainfall is likely over Coastal Orissa, Coastal Andhra Pradesh, Telangana, Coastal Karnataka and Konkan & Goa.

Outlook For The Next Two Days

Rainfall activity is likely to continue over Peninsular India with reduced intensity.

Increase in rainfall over central India.

PORT-WATCH (Latest)

'Ocean Ace' has berthed at Kolkata Port and continues to deliver 6,014 MT of CPO. Atlantic agents is handling these vessels.

'Vernal Grace' has berthed at Chennai Port and continues to discharge 4,500 MT of palm oil. Seaport agents is handling these vessels.

Delivery of 27,250 MT of SBO is continuing from the vessel 'Fedelity' at Kandla Port. The cargo was loaded from Brazil. Shantilal agents is handling the vessel. The port is expecting 'Khadijah' from Malaysia to deliver 6,250 MT of CPO. The vessel will be handled by JM Baxi agents.

Delivery of 3,000 MT of palm oil is expected at Cochin Port from the vessel 'MMM Kingston'. GAC agents is handling the vessel. The port is expecting 'Siam Pavinee' to deliver 3,000 MT of palm oil. Seaworld agents will be handling the vessel.

JN Port is expecting 'Marine Champion' to deliver 10,000 MT of CPO.

'MMM Jackson' is expected at Kakinada Port to deliver 6,000 MT of CPO.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Fedelity Khadijah	27250 6250	SBO CPO	Arrived Expected
Kolkata	Star Orion Ocean Ace	6000 6000	CPO CPO	Arrived Arrived
Kakinada	MMM Jackson	6000	CPO	Expected
Chennai	Vernal Grace	4500	Palm oil	Arrived
Cochin	MMM Kingston Siam Pavinee	3000 3000	Palm oil Palm oil	Expected Expected
JN	Marine Champion	10000	CPO	Expected

Forex Rates

(As on 08.09.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.86
Malaysia	Ringgit	11.63
European Union	Euro	54.53
United Kingdom	GBP	80.57
Japan	100 Yen	39.77

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