

VEGOIL

21st September 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Futures Declined Further Amidst Increased Uncertainty US Soybean Output
- South American Soybean Continued to Surge on Expectation of Increased Chinese Imports
- Crude Palm Oil Futures Traded Range Bound Amidst Increased Uncertainty
- Soybean Oil Prices Traded Lower Amidst Lack of Retail Support

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX October Contract

The October contract closed at 362.05, which is significantly lower 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 selling.

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 -1.416 (pointing downward) indicating the declining sentiments in the prices. The 9-day RSI also moved lower in the neutral region to a level of 29.96 supporting the low sentiments in the market prices.

The % K-line moved lower in the neutral hinting to the existing weakness price sentiments while the % D-Line, improved marginally indicating the steadiness in the prices.

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

Market advice:

Market is expected to open range bound but trade lower

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

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	Oct' '05	360.40	359.50	362.80	363.40
NCDEX	Oct' '05	361.10	360.20	362.60	363.80

Abbreviations:

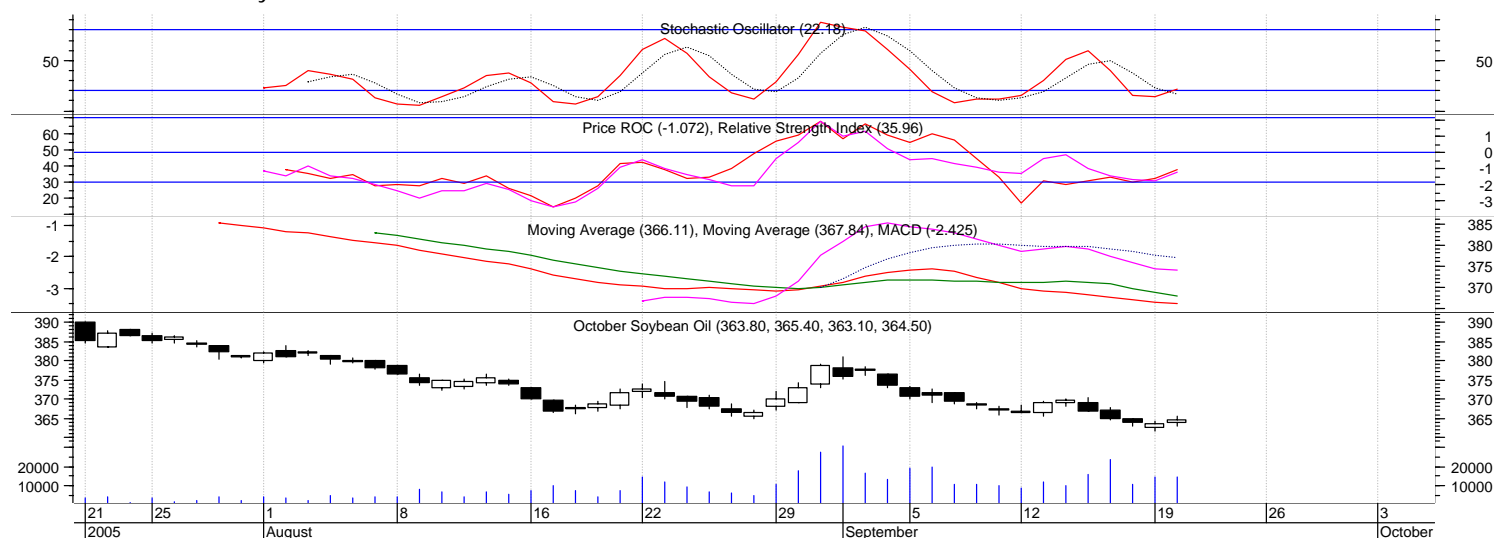
ROC - Rate of Change

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):

Talk of the oversold technical condition of the market and hopes that the recent price collapse will trigger increased export news helped support the early bounce.

In addition, there was talk that the hurricane might bring more moisture to the southern Midwest late in the weekend and slow harvest. There was a lack of follow-through buying on the early bounce and the focus of attention shifted back to the ongoing harvest and talk of good yields.

The crop was 8% harvested by Sunday as compared with trade expectations for 3-5% harvested by this date. Basis news was mixed with lower bids at some Midwest locations due to increased harvest activity. Soybean oil lost ground along with a pullback in crude oil prices.

Traders expect increased usage for bio-diesel production in the months ahead due to high diesel prices. Palm oil futures were higher overnight but the sharp correction in soybean today trigger a weak soybean close.

Fear of losses in the soybean crop is expected to induce partial bullishness in the soybean market today evening.

CBOT Soy oil futures as 20.09.2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
5-Sep	22.72	22.98	22.98	22.32	-0.27	22.45
5-Oct	22.98	22.95	22.95	22.56	-0.28	22.70
5-Dec	23.16	23.13	23.13	22.72	-0.35	22.81
5-Jan	23.30	23.25	23.25	22.88	-0.32	22.98

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

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.

The weekly crop conditions report as of Sep 18th showed the soybean crop rated good to excellent stood at 53% compared to 54% last week, 64% last year at this time and compared to 54% as the 15 year average. Traders were looking for steady to 1% point improvement in conditions. Soybean crops rated poor to very poor measured 17% compared to 17% last week and 11% last year and compared to 15% as the 15 year average.

Industry officials in China have noted a trend toward less rapeseed oil consumption in China and more consumption of refined vegetable oils such as soybean oil. Rapeseed prices are no longer at a stiff premium to soybean.

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

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended marginally lower Wednesday after choppy trading as participants paused for direction after watching the market surge to almost three-month highs in previous days.

Traders are a bit wary of buying at the higher levels because they are not sure about the direction - whether the market can still go

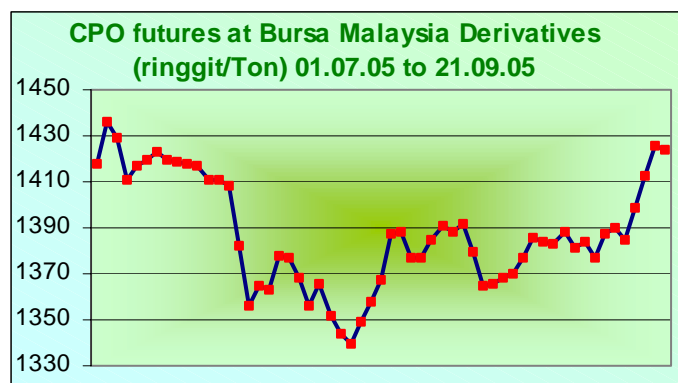
up any further - since we don't really have any new bullish factors.

On the demand side, cargo surveyors have estimated a slight rise in exports so far this month. However, there are concerns that supply could far outpace demand, as palm oil output is typically at its strongest in September due to seasonal factors. The market players ignored remarks by Malaysian Plantations and Commodities Minister Peter Chin Fah Kui on the country's plans to promote the use of biodiesel domestically and in export markets.

In the Malaysian cash market, palm oil products were mostly unchanged, though trading activity improved amid covering interest for nearby requirements from refiners and trading houses.

KLCE CPO Futures (21.09.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Sep '05	1410	1409	1415	1404	3	1413	590
Oct '05	1421	1419	1424	1415	-2	1419	1773
Nov '05	1426	1425	1430	1418	-2	1424	4237



Domestic:

Palm oil

The domestic palm oil market today declined marginally 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 1.12 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 362.50 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 Thursday on the lower side amidst consistent lower retail demand.

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

Centres	21.09.05	20.09.05	Change
Kandla CPO (5 % FFA)	322	324	-2
Mumbai CPO (5% FFA)	322	324	-2
Kandla RBD Palmolein	350	352	-2
Mumbai RBD Palmolein	357	358	-1
Chennai RBD Palmolein	354	355	-1
Kakinada RBD Palmolein	353	355	-2

Soy oil

The oil market declined significantly on reduces retail demand and increased speculative selling.

In the month of September, India has imported about 1.52 lakh tonnes of soybean oil till 21.09.05. The Hazir markets traded lower amidst falling prices in the futures market and declining retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 322 per 10 kg. CNF prices for soy degum (September Shipment) at Kandla were quoted at \$ 504 per tonne.

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

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

Centres	21.09.05	20.09.05	Change
Mumbai (Soy ref)	342	346	-4
Indore (Soy Ref oil)	358	360	-2
Indore (Soy Solvent Ex. oil)	336	337	-1
Kota (Soy Ref. Oil)	362	364	-2
Jaipur (Soy Ref. Oil)	365	368	-3

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	363.70	362.80	363.90	361.50	-2.00	361.70	33450
Nov '05	363.30	362.50	363.30	361.20	-1.90	361.40	N.A
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	359.50	359.50	360.50	358.85	359.35	5040	2410
Oct '05	363.45	364.80	365.25	363.45	364.90	10520	22540
Dec '05	362.60	363.35	365.40	363.10	364.75	7450	23810

Rape oil

The rape oil prices continued lower amidst growing uncertainty in the edible oil markets.

Today the mustard arrival was 0.12 lakh bags in Rajasthan. Heavy rains in most parts of MP Rajasthan and Maharashtra and expectation of increased arrival of the new oilseed crop has led to increased uncertainty in the mustard oil markets.

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

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

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

Centres	21.09.05	20.09.05	Change
Mumbai (Rape Expeller Oil)	395	396	-1
Kota (Rape Expeller Oil)	377	378	-1
Jaipur (Rape Expeller Oil)	378	380	-2
Neewai (Kacchi Ghani Rape Oil)	382	385	-3
Delhi (Rape Expeller Oil)	394	396	-2

Groundnut oil

The groundnut market improved marginally amidst increased uncertain in the edible oil markets. The lack of retail demand is still the major concerns for the unsteady of prices.

The sharp increase in the imports to about 2.78 lakh tonnes (till 21.09.2005) is pressuring the market and not allowing the price to improve significantly.

The domestic market is expected to continue trading range bound on Thursday amidst low retail off take.

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

Centres	21.09.05	20.09.05	Change
Mumbai (Excluding VAT)	495	500	-5
Rajkot	530	520	+10
Andhra Region	512	510	+2
Chennai	515	510	+5

LATEST WEATHER WATCH (21.09.2005)

Weather Forecast

During past 24 hours, fairly widespread rainfall with heavy to very heavy rainfall have occurred over Telangana, Coastal Karnataka, Konkan & Goa, Southern parts of Madhya Maharashtra & Marathwada, Coastal Karnataka and Northeastern states.. Scattered light to moderate rainfall have also occurred over Vidarbha, Chhattisgarh, Interior Karnataka, Coastal Andhra Pradesh and Orissa. Mainly dry weather prevailed in northwestern parts of India. Chief amounts of rainfall recorded (in cms) are Medak-19, Udgir-15, Impal-10, Ramagundam-10, Mahabaleshwar-10, Parbhani-10, Ratnagiri-9, Bhira-8, Kailasahar-7, Madikeri-7, Cannur-6, harnai-6, Cooch Behar-5 and Kozhikode-5.

Yesterday's deep depression over south Chhattisgarh near Jagdalpur moved westwards and weakened into a depression at 1730 hours IST of 20th September near Lat. 19.0° N/ Long. 80.5 °E about 150 km west of Jagdalpur. The system further moved northwestwards and lies centred today at 0830 hrs. IST near Lat. 19.5° N/ Long. 79.5 °E close to Chandrapur in Vidarbha. The system is likely to move in a northwesterly direction and weaken further. Under its influence widespread rainfall with heavy to very heavy falls at a few places is likely over Maharashtra, Goa and Coastal & North Interior Karnataka on 21st & 22nd September. Isolated heavy rainfall is also likely over south Gujarat and south Madhya Pradesh on 22nd & 23rd September.

Forecast Valid For Next 72 Hours

NORTH: Isolated rain/thundershowers likely over the region outside Punjab and Jammu and Kashmir where weather will mainly dry during next 24 hours. Increase in rainfall is likely over the region after 22nd

SOUTH: Rain/thundershowers likely at many places over Coastal and North Interior Karnataka and Telangana and at a few places over rest region outside Tamil Nadu and south Coastal Andhra Pradesh where isolated rain/thundershowers are likely. Reduction of rainfall over Interior Karnataka and Telangana after 24 hours.

WEST: Rain/thundershowers likely at most places over Maharashtra; at many places over south Gujarat and southwest Madhya Pradesh; at a few places over the rest region outside Rajasthan where it may be isolated. Increase in rainfall over Gujarat Region and East Rajasthan after 22nd.

Warning

Heavy to very heavy rainfall likely at a few places over Telangana, Coastal & North Interior Karnataka, Maharashtra and Goa. Isolated heavy rainfall also likely over south Gujarat, southwest Madhya Pradesh, Sub-Himalayan West Bengal & Sikkim, Bihar and northeastern States.

Outlook For The Next Two Days

Increase in rainfall is likely over Northwest India and adjoining Western Himalayan region.

Rainfall activity over Central India is likely to decrease.

PORT-WATCH (Latest)

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

'Spring Wind' from Dumai is expected at Mumbai Port to discharge 2,505 MT of palm oil. Interocean agents is handling the vessel.

JN Port is expecting 'Storm' to deliver 6,000 MT of SBO.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Integrity	22500	SBO	Arrived
	Spring Wind	4750	SBO	Expected
	Global Eos	5500	CPO	Expected
Mumbai	Spring Wind	2505	Palm oil	Expected
JN	Storm	6000	Palm oil	Expected
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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.