

VEGOIL

20th June - 25th June 2005

MAJOR WEEKLY HIGHLIGHTS

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***Latest Procurement details of NAFED (13.06.05)**

NATIONAL & INTERNATIONAL NEWS

Asian Soybean Rust Spreads to New Areas in US

USDA reported a new Asian soybean rust (ASR) discovery last week in kudzu near Tallahassee, Fla. This marks the fifth ASR discovery in Florida this season, all in kudzu and is the seventh ASR discovery in the United States. The action farmers need to deal with ASR depends on the stage of crop development, the proximity to ASR discoveries, the projected paths of the disease's spread, and the amount of inoculum the source areas are considered capable of producing. Currently, essentially none of the soybeans in the immediate area of the ASR discoveries are at the critical stage of mid blooming to early pod development (R-3)—the stage that most agronomists recommend consideration of preventative ASR fungicide treatments. Prior to R-3, agronomists typically do not recommend preventative fungicide application. The region where ASR has been discovered has the least-advanced soybeans. USDA also reported last week that Tropical Storm Arlene may have distributed ASR spores in Mississippi and Louisiana as well as Tennessee and Kentucky.

Delayed WTO GMO Ruling hampers Trade Interest of Argentina US & Canada

The EU will have to wait until late October to get the definitive word from the WTO on a complaint filed by the United States, Canada and Argentina contesting what they claim is the EU's moratorium on approvals of genetically modified organisms (GMOs). The delay means that the final ruling will be issued more than two years after the panel was established on the request of the co-complainants. The three plaintiffs claim the EU has imposed a moratorium on

the approval of products containing GMOs since Oct. 1998 without any justification, blocking a number of marketing applications already in the pipeline.

Argentine Production To Reach 38.3 Million Tonnes In 2004-05

Argentine farmers will harvest a record 38.3 million tonnes of 2004-05 soybeans, the Agriculture Secretariat said last week. This estimate would put production up 21.6% from 31.5 million tonnes a year ago, according to the Secretariat. USDA expects 2004-05 Argentine soybean productions to be 39 million tonnes. The Buenos Aires Exchange estimates production at 38.85 million tonnes in 2004-05. Planted area is expected to be 14.4 million hectares, down slightly from 14.5 million hectares last year, according to the Secretariat. USDA forecast planted area at 14.2 million hectares. Area was down a bit this year because soybeans prices were not as appealing as they were a year earlier.

China to Impose Retaliatory Restriction on Brazilian Soybean Shipments

Brazil's is concerned that China may impose restrictions on their soybean shipments in retaliation against proposed barriers targeting Chinese imports. Brazil is considering import tariffs and quotas on Chinese products that it believes are being dumped, including textiles and footwear. It would not be the first time Brazilian soybean exporters have had problems shipping to China. Brazil feels it is in a position of power with regard to soybeans because of China's insatiable demand.

Global Protein Demand Expected To Skyrocket in Coming Days

World population growth and increasing incomes will boost global demand for protein to two-and-a-half times current levels by 2050. From 6.4 billion in 2005, the world's

population would grow to a projected 9.2 billion by 2050. Moreover, global welfare was also forecast to increase, and studies suggested that for every 1% increase in income levels, a 2% increase could be expected in spending on protein sources. It is expected that the total world feed production at present was around 614 million tonnes, of which roughly two-thirds was produced in just four producer areas, namely the United States (145 million tonnes), the EU (140 million tonnes), China (90 million tonnes) and Brazil (44 million tonnes).

Past Year Saw Growth in Oil and Meal Use - FAO

World consumption of vegetable oils and protein meals accelerated across 2004-05, according to the latest outlook report from the United Nation's Food and Agriculture Organization (FAO). This season is seeing world consumption of protein meals expand 13%, compared to an average of 3% during the past four seasons, reflecting last year's sharp rise in world soybean production. The latter, together with the estimated rise in rape and cottonseed meal output, will easily offset the expected fall in sunflower meal production. A new record is expected for global oilmeal supplies (i.e. 2003-04 ending stocks plus 2004-05 production), which are estimated to increase about 10% this season, somewhat less than production because of last seasons exceptionally low level of carry-out stocks.

Global Oilmeal Usage up 6% in the World

Global consumption of oil meals/cakes is anticipated to rise 6% in 2004-05, exceeding the growth pace of the last two seasons. The increase in demand is mainly driven by higher growth rates in global livestock production and by price developments. Country-wise, consumption growth is expected to concentrate in the EU, the United States and China, the world's leading consumers of meals. In China, strong and sustained economic growth is driving demand for livestock and aquaculture products, and hence also for feeds such as oil meals.

Vegetable Oil Output Increases Significantly in U.S.

Vegetable oil production is up sharply in the United States this year, according to the latest data compiled by the U.S. Census Bureau. Calendar year to date soybean oil production in the United States stands at 8130.4 million pounds, up from 7117.6 million pounds in the January through May period last year. Cottonseed oil output rose from 386.1 million to 418.4 million pounds. The U.S. Census Bureau reports 4.28 million short tons of soybeans were crushed in May versus 224953 tons of cottonseed and 14938 tons of peanuts.

Increase in Canadian Oilseed Area to Boost Next Year Crop Prospects

There was a general increase in oilseed plantings in Canada this year, according to Statistics Canada's seeded area estimates, with declines in soybean area offset by increases in canola. Prairie farmers are reportedly planting more canola this year in hope of better returns. Prairie canola area rose to 13.7 million acres, up 5.2% compared to 2004. Seeded area rose in both Alberta and Saskatchewan, but fell slightly in Manitoba. The Saskatchewan area seeded to canola reached a record 6.7 million acres, just eclipsing the previous record of 6.6 million acres set in 1999. At 13.8 million acres, total canola area is well above the 10-year average of 11.8 million acres. Quebec and Ontario soybean producers reported that they planted 2.8 million acres, dipping 1.1% from 2004. Ontario farmers reported an area of 2.3 million acres, an estimate unchanged from the 2004 record. Quebec farmers

reported 32100 fewer acres planted to a total estimated area of 462100 acres.

Canadian Canola Crush Experiences Marginal Decline in 2004-05

Canadian oilseed processors crushed 221,362 metric tons (MT) of canola in May, according to Statistics Canada, down from both the previous month and year earlier levels. Canola oil production totalled 92,258 MT in May, while meal production amounted to 139,332 MT. So far this season, Canadian crushers have processed 2.57 million MT of canola, down from almost 2.85 million MT by this time in the 2003-04 marketing year.

Manitoba Soybean Acres Declines Significantly in Current Cropping Year

Only about 100000 acres of the intended 210000 acre soybean base has been seeded to date, according to Martin Harder, General Manager of Delmar Commodities Ltd., and operator of the Jordan Mills soybean processor, located just south of Carman, Manitoba, or roughly an hours drive south of Winnipeg. However, having to import the soybeans from the U.S. is costly from a freight perspective. Harder said the facility picked up what soybeans it could from producers in Manitoba last year and were blending those beans up with the imported US soybeans in order to keep the level of the product up to standard. The shortage of soybeans in Manitoba, meanwhile, was not expected to be a factor that will prevent the Chinese firm, Linyi Shandong Biological Products, Co. Ltd., from moving forward with plans to construct a new soybean processing facility near Portage La Prairie, Manitoba.

GLOBAL DYNAMICS

Demand and Supply of Soybean and Soybean Oil

World		(Million metric tonnes)			
Year	2002-03	2003/04 (Est.)	2004/05 (Proj- May)	2004/05 (Proj- June)	
Soybean					
Beginning stock	33.26	40.75	37.41	37.41	
Output	197.04	188.55	219.23	216.88	
Import	62.75	53.95	61.87	61.60	
Total consumption	190.73	190.53	203.47	202.57	
Exports	61.57	55.30	62.45	62.24	
Ending Stock	40.75	37.41	52.59	51.08	
Soybean Oil					
Beginning stock	2.62	1.87	1.53	1.53	
Output	30.35	30.03	32.09	31.90	
Import	8.53	8.36	9.29	9.28	
Total consumption	30.20	29.73	31.83	31.64	
Exports	9.42	8.99	9.47	9.49	
Ending Stock	1.87	1.53	1.61	1.59	

USA		(Million metric tonnes)		
Year	2002-03	2003/04 (Est.)	2004/05 (Proj- May)	2004/05 (Proj- June)
Soybean				
Beginning stock	5.66	4.85	3.06	3.06
Output	75.01	66.78	85.48	85.48
Import	0.13	0.15	0.14	0.14
Total consumption	47.52	44.78	49.08	49.08
Exports	28.42	23.95	29.39	29.94
Ending Stock	4.85	3.06	10.21	9.67
Soybean Oil				
Beginning stock	1.07	0.68	0.49	0.49
Output	8.36	7.75	8.51	8.51
Import	0.02	0.14	0.05	0.05
Total consumption	7.75	7.65	7.85	7.85
Exports	1.03	0.42	0.61	0.64
Ending Stock	0.68	0.49	0.59	0.56

Brazil		(Million metric tonnes)		
Year	2002-03	2003/04 (Est.)	2004/05 (Proj- May)	2004/05 (Proj- June)
Soybean				
Beginning stock	10.16	12.47	12.68	12.68
Output	35.50	33.00	39.00	39.00
Import	0.38	0.54	0.45	0.45
Total consumption	24.86	26.62	26.97	26.97
Exports	8.71	6.71	7.67	7.57
Ending Stock	12.47	12.68	17.49	17.59
Soybean Oil				
Beginning stock	0.13	0.05	0.04	0.04
Output	4.38	4.51	4.71	4.71
Import	0.00	0.00	0.00	0.00
Total consumption	0.12	0.11	0.12	0.12
Exports	4.34	4.41	4.59	4.59
Ending Stock	0.05	0.04	0.04	0.04

Argentina		Million metric tonnes)		
Year	2002-03	2003/04 (Est.)	2004/05 (Proj- May)	2004/05 (Proj- June)
Soybean				
Beginning stock	12.11	15.93	16.80	16.80
Output	52.00	52.60	54.00	53.00
Import	1.32	0.33	0.28	0.28
Total consumption	29.76	32.24	32.76	32.76
Exports	19.73	19.82	20.25	20.25
Ending Stock	15.93	16.80	18.08	17.08
Soybean Oil				
Beginning stock	0.18	0.10	0.10	0.10
Output	5.11	5.64	5.65	5.65
Import	0.07	0.03	0.05	0.05
Total consumption	2.99	2.95	3.01	3.01
Exports	2.27	2.72	2.68	2.68
Ending Stock	0.10	0.10	0.10	0.10

World Supply and demand dynamics of Oilseed (million metric tones)

Year	2002-03	2003/04 (Est.)	2004/05 (Proj- May)	2004/05 (Proj- June)
Oilseeds				
Output	329.67	336.37	380.26	378.00
Supply	368.27	381.60	422.52	435.58
Trade	70.44	66.40	72.62	-
Use	267.66	278.98	298.10	-
Ending stock	45.14	42.25	57.58	-
Oilmeals				
Output	184.56	190.72	202.92	-
Supply	190.35	195.87	208.22	-
Trade	53.96	57.20	57.90	-
Use	184.38	189.95	202.63	-
Ending stock	4.84	5.30	4.71	-
Vegoils				
Output	94.74	100.53	107.19	-
Supply	103.03	107.17	113.95	-
Trade	36.18	38.34	40.02	-
Use	95.36	98.31	105.54	-
Ending stock	6.68	6.76	6.99	-

Soybean - Global Dynamics

Production (M. Mt)	1998	1999	2000	2001	2002	2003	2004
U S A	74.60	72.22	75.06	78.67	74.82	66.78	85.74
Brazil	31.31	30.99	32.73	37.88	42.12	51.48	49.21
Argentina	18.73	20.00	20.20	26.86	30.18	34.80	32.00
China	15.15	14.25	15.41	15.41	16.51	15.66	17.75
India	7.14	7.08	5.28	5.96	4.56	6.80	7.00
Paraguay	2.86	3.05	2.98	3.51	3.30	4.21	3.80
Canada	2.74	2.78	2.70	1.64	2.34	2.26	2.92
Bolivia	1.07	0.97	1.23	0.83	1.30	1.55	1.55
Indonesia	1.31	1.38	1.02	0.83	0.67	0.67	0.71
Nigeria	0.41	0.41	0.43	0.44	0.44	0.48	0.48
Others	4.79	4.66	4.37	4.73	4.67	4.52	5.25
Total	160.10	157.80	161.41	176.76	180.91	189.21	206.41

Groundnut seeds (Shelled) - Global Dynamics

Production (M. Mt)	1998	1999	2000	2001	2002	2003	2004
U S A	11.95	12.71	14.52	14.47	14.90	13.49	14.08
Brazil	8.98	5.26	6.48	7.03	4.36	7.70	7.50
Argentina	2.53	2.89	2.90	2.68	2.70	2.70	2.70
China	1.80	1.74	1.48	1.94	1.51	1.88	1.91
India	1.22	1.16	1.29	1.25	1.27	1.38	1.45
Paraguay	0.78	1.05	0.95	0.99	1.27	1.20	1.20
Canada	0.54	0.56	0.63	0.73	0.76	0.71	0.72
Bolivia	0.47	0.37	0.36	0.45	0.45	0.45	0.45
Indonesia	0.21	0.19	0.21	0.26	0.52	0.44	0.44
Nigeria	0.39	0.32	0.36	0.36	0.40	0.40	0.42
Others	5.27	5.83	5.79	5.91	5.13	4.97	5.19
Total	34.14	32.07	34.96	36.07	33.26	35.32	36.05

Crop Condition Of Rabi Oilseeds (Area In Lakh Hectares)

Crop	Normal area	Area Coverage (As reported on 13.06.05)			Important States	Area Difference in absolute percentage over last estimate
		This Year	Last Year	Difference		
Groundnut	56	0.81	1.19	-0.38	Andhra Pradesh Karnataka	(-0.2, -78.3) (-0.3, -66.7)
Soybean	63	0.02	0.53	-0.51	Karnataka	(-0.5, -96.2)
Sunflower	5	0.50	0.94	-0.44	Andhra Pradesh Karnataka	(+0.01, +133.3) (-0.6, -67.1)
Sesamum	16	0.61	1.35	-0.74	Andhra Pradesh	(-0.7, -92.2)
Niger	5	0.00	0.01	-0.01	Karnataka	(0.01, -100.0)
Castor	8	0.05	0.10	-0.05	Karnataka	(-0.03, -37.5)
Total Kharif Oilseeds	152	1.99	4.12	-2.10	Andhra Pradesh Karnataka	(-0.8, -71.2) (-1.5, -64.7)

DOMESTIC MARKET ANALYSIS

Palm oil

The domestic palm oil market improved marginally this week amidst declining and uncertain support from the uncertain monsoon and decrease in the imports quantum.

The bullish support to the market was provided by the increased and positive support from the export as well as the production figures. The surprisingly high figures of trade for the US soybean complex also gave boost to the rising sentiments.

Over the world, the uncertain monsoon condition has seriously taken over all the other factors affecting the price movement. The declining weather in US is giving increased support to the market.

The indecisive support from the international markets is responsible for unsteady prices in the domestic markets. The Malaysian market increased significantly to stay above the psychological level of MYR 1400 per tonne, finding significant support from the US soybean market screen trade.

The rising support from the international markets is responsible for the increase prices in the domestic markets.

The Malaysian market improved significantly making it's way to over 1400 region finding support from the continuing dry weather in US, for the week but is expected to come down with same intensity as the US market is expected to dip lower in the coming week owing to improving weather.

The price for palm oil in the market is expected to continue range bound on the lower side in the coming week as the market is expected to receive declining support from the Malaysian KLCE market.

Weekly prices for RBD Palmolein (Rs/ 10 kg)						
Centers	20.06.05	21.06.05	22.06.05	23.06.05	24.06.05	25.06.05
Kandla	356	356	354	349	348	351
Mumbai	366	368	368	363	364	365
Chennai	368	369	369	368	367	368
Kakinada	368	369	369	367	366	367

Weekly prices for CPO (Rs/ 10 kg)						
Centers	20.06.05	21.06.05	22.06.05	23.06.05	24.06.05	25.06.05
Kandla	330	329	329	328	326	330

Soy oil

The domestic market declined continuously for the week following the declining buying activities in the market amidst support from the progress of monsoon in the country.

The US market is expected to continue trading on the higher side, following the growing strength in the US CBOT soy oil trade amidst uncertain weather conditions and prediction of extended dry weather in the major soybean growing areas of Iowa, Mississippi and Minnesota.

The US market is also expecting the fall in the end stock of the soybean complex in the US markets. Thus the market is not expected to respond sharply to the estimated of the USDA to be released tomorrow evening.

The domestic future market trading started on a firm note but continued on the lower side for the week amidst declining support from the progressing monsoon conditions. The Hazir market continued to fall amidst of support from the consistently changing forecast of the monsoon, both in terms of amount and timings.

Overall the market is expected to continue range bound on the lower side for the coming week.

Prices for Soy (ref) during the week (Rs/ 10 kg)						
Centers	20.06.05	21.06.05	22.06.05	23.06.05	24.06.05	25.06.05
Mumbai	362	365	363	361	362	363
Indore	375	375	372	374	373	375
Kota	375	374	374	372	370	372

Rape oil

The rape oil market is not expected to find support from the buyers at major exchanges. As expected the increased buying of the last week is already giving way to the progressing monsoon.

Earlier there was expectation that it may come up with the excess purchase in the market and sell it at the market rate of 1500-1550 per quintal, well below the purchasing rate of 1700 per quintal. But since then NAFED has already

entered the market and is selling the procured Mustard at the rate of 1600 per quintal (Rs. 100.00) below its buying price in various markets of Rajasthan.

The increased buying strengthened the sentiments giving way to the continuing unsteadiness in the market. For the week the new crop arrival reached 0.60-0.80 lakh bags in Rajasthan and about 0.25-0.50 lakh bags in Madhya Pradesh., but the trend of arrival is weakening day by day.

Overall, it is expected that the rape oil will be trading on lower side towards the start of the week but gradually decline as the news of good progress of monsoon creeps in as the market still suffers from the lack of retail demand.

Prices for Rape Expeller Oil (Rs/ 10 kg)						
Centers	20.06.05	21.06.05	22.06.05	23.06.05	24.06.05	25.06.05
Mumbai	392	392	390	387	385	386
Kota	367	370	370	367	365	368
Delhi	394	395	396	392	390	392

Groundnut oil

Groundnut oil continued to be on firm trend for the whole of the week at major centres. The price surged ahead significantly towards the end of the week seeing increased uncertainty in the monsoon and low planting report which might lead to decline in the production of the ground nut crop in the coming cropping year.

The continuing the monsoon in the southern India with less than expected vigour has increased the uncertainty in demand for edible oils and this remains as one of the major factors, which is putting continuous pressure on the groundnut oil prices.

The declining supply of the groundnut seeds is causing uneven and surging movement in the groundnut oil prices.

The increasing prices in groundnut oil prices in the domestic markets is likely to continue for the coming week amidst increased uncertainty in the coming monsoon in the long run.

Prices for groundnut oil during the week (Rs/10 kg)						
Centers	20.06.05	21.06.05	22.06.05	23.06.05	24.06.05	25.06.05
Mumbai	470	470	467	463	452	455
Rajkot	489	488	482	480	480	480
Andhra Pradesh	496	496	493	488	487	490
Chennai	498	498	498	494	492	494

Sunflower Oil

The sunflower oil market this week continued to move ahead following the declining retail supply and increased demand owing to the delay in the planting of the oilseed crops.

The weak port report of palm oil and the soy oil, encouraging stock of groundnut oil and consistent decline in the retail demand are the main cause of the increase of price in the sunflower market.

The continuing high level of demand at the retail end and the expected decline in the import of other edible oils in this as well as in the coming month are expected to keep the prices on the rise.

The market is expected to behave firm in the coming week amidst increased demand from the retail end.

Prices at Indian Centers

(Rs/10 Kg)

Centers	20.06.05	21.06.05	22.06.05	23.06.05	24.06.05	25.06.05
Sunflower Refined oil						
Mumbai	398	400	400	405	402	406
Chennai	418	420	420	422	418	420
Hydrabad	415	418	420	415	415	418
Sunflower Expeller oil						
Mumbai	435	440	440	440	442	441
Chennai	440	440	442	445	440	438
Hydrabad	440	438	435	437	440	440

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Concerns over excess supply are partly holding back the palm oil market. With no fresh supply and demand data due to be released for the rest of the week, palm oil prices are likely to take their cue from soyoil futures in the coming sessions.

Palm oil prices are likely to continue closely tracking movements in soyoil futures in the coming days and weeks. Conditions in oilseeds growing areas in China and India would also have an influence on edible oil prices in the medium term.

The rise fuelled expectations that soyoil prices would rally on the CBOT, prompting some speculative buying interest in the CPO futures market. A lack of strong consumer buying interest also suggests that the market's upside is limited in the near term.

Weather conditions in India would also be an increasingly important factor for edible oil prices in coming weeks as the country's sowing season gets underway. As India is heavily dependent on moisture from rains for its crops, any weather problems would have a significant impact on the country's oilseeds output. Lower oilseeds output would require India to buy more imported oils, which would, in turn, be positive for Malaysian and Indonesian palm oil prices.

There is a general expectation that this week that production in peninsular Malaysia may be about unchanged, but output in east Malaysia, particularly in Sabah state, may be lower. On average, the national production could be down slightly this month. Lower production would ease concerns about a build-up in stocks, as exports so far in June have been on a downtrend.

Traders expressed caution over US sentiments and are awaiting updates on weather conditions in U.S. soybean growing areas. Dry weather has been the major reason behind a rally in soyoil futures this month, though the soyoil market has been little changed in recent days.

There was speculation that the surveyors are likely to report June 1-25 exports of about 1.05 million tons whereas in the May 1-25 period, exports were estimated at a record level of 1.16 million to 1.18 million tons.

The dollar has been strengthening against other major currencies, with the euro touching a nine-week low overnight. A strong dollar makes dollar-denominated commodities like palm oil more expensive, potentially hurting consumer demand.

The market is expected to trade marginally higher in the coming week with sharp rise on Monday amidst growing uncertainty in the US market and uncertain monsoon in India.

Soybean Market United States

Midwest weather conditions remained the fundamental driver of the market, with forecasts indicating low moisture level in the central and eastern Midwest during the next week, raising enough concern. Rising concerns for potential dryness problems for oilseed production in China and India also provided fundamental support to keep up the bullish sentiments.

Dryness in the eastern cornbelt and into Missouri and Arkansas helped trigger another surge in fund buying early in the session as overnight scattered rains in the forecast for Illinois failed to materialize which leaves the crops in a stressful condition ahead of a hot forecast for the next 10 days.

New-crop months rallied to new highs in early trade, bolstered by the lack of expected showers in dry areas of the Midwest overnight. Mounting fears of potential yield losses amid healthy demand profiles continued to raise concerns over the potential tightening of the new-crop soybean balance sheet.

Fungal spores closely resembling those associated with Asian soybean rust have been found in a spore trap operated by Louisiana State University in a field near the northeast Louisiana town of St. Joseph.

The monthly Census Crush Report showed soybeans crushed in May at 142.8 million bushels, slightly higher than trade expectations and compared to 117.5 million bushels last year. Oil stocks were pegged at 1.875 billion pounds from 1.856 billion pounds expected.

Weekly export sales for soybeans came in at 149,500 tonnes, just below the upper end of trade expectations. Cumulative sales have reached 98.2% of the forecast for the season as compared with 99.6% on average for this time of the year.

Weekly export sales for meal came in at 123,200 tonnes, almost twice the most optimistic trade expectation. Cumulative sales have reached 95.2% of the forecast for the season as compared with 89.5% on average for this time of the year. Oil sales were 6100 tonnes, which was also strong against expectations.

The Ag Canada report that canola production is expected at 7.0 million tonnes from 7.7 million last year did not seem to provide much support.

Crop conditions look to deteriorate rapidly in the next week for Illinois, Missouri and Arkansas and production in the three states alone represent about 23% of the total for the US. If Indiana is added to the aggregate, the driest areas represent near 32% of the US production. Rainfall deficits of 5-6 inches in Illinois and the lack of rain in the forecast for another week indicate a collapse in crop conditions for the weekly report on Monday afternoon. Fears of shifting weather forecast for Monday morning should keep the trade volatile.

Trade is expected to be on the higher side amidst growing uncertainty in the weather conditions and the partial support from the South American soybean markets.

South American Soybean Market:

Producer selling in South America has been very active over the past two weeks and seems to be building on the rally of the past week as the actual weather has been drier than expected and temperatures higher than expected recently, and traders view this phenomenon as a trend.

In Illinois topsoil conditions as of Sunday were already rated 74% short to very short and only 46% of the crop was rated good to excellent as compared with 52% the previous week. In spite of the weakness yesterday, funds were noted buyers of nearly 1500 soybeans and 2000 meal.

China's southern soybean areas have been hit with floods, and the northern plains area is sizzling in 100degree heat (Beijing hit 104 degrees yesterday), which has traders lowering crop production forecasts. This could add to the demand base for Brazil and US soybeans for the new crop season.

News this morning that a small number of spores similar to Asia rust were found in Louisiana could give the market a boost.

November soybeans have closed below the opening for the past three sessions as profit taking and fear that the weather forecast maps might flip/flop overnight has kept the trade volatile.

The dryness in the Midwest and delta seems to be feeding on itself, and there is still little rain and the hottest Midwest weather in several years in the forecast models. The Illinois crops need above normal rainfall to ease the stress, but the next two weeks look hot and mostly dry. The Illinois climatologist indicates that Illinois has one of the driest springs since the dustbowl years in the 1930's. The delta is also hot and dry and crops are already stressed from lack of normal rains. Arkansas is a major soybean producing state.

As the US market builds a weather premium and South American producer selling is active, the US market is likely to continue to gain on South America. Cash markets in Brazil are not keeping up with world values due to aggressive producer selling on the rally. While producer selling is increasing, so are Brazil's exports.

The Foreign Trade Secretary there indicated that exports for the first half of June totaled 2.29 million tonnes, the second highest volume of the year. This has occurred in spite of the strong Brazilian currency, which hit a 3-year peak against the dollar this week.

A 2-bushel/acre reduction in yield from the USDA trend line yield of 39.9 would leave ending stocks in the US at a historically tight level. Demand news was positive yesterday, but the focus of attention was on the weather.

China imported 2.032 million tonnes of soybeans in May, which brought the 5-month total to 9.346 million tonnes, up 24.9% from last year.

The Latin American soybean market is expected to continue trading on the higher side for the coming week amidst growing support from the expected support from the declining weather in US.

VAYDA BAZAAR

Soy oil futures at National Commodity & Derivatives Exchange Limited (NCDEX) declined continuously for the week on increased speculative selling amidst smooth progress of monsoon. Settlement prices for July soy oil future at National Commodity and Derivatives Exchange (NCDEX) was in between Rs 379.80-385.95 kg and at National Board of Trade (NBOT) was in the range of 378.40-386.10 per 10 kg.

Weekly settlement prices for soy oil at NBOT

Contracts	20.06.05	21.06.05	22.06.05	23.06.05	24.06.05	25.06.05
Jul'05	386.10	381.80	383.60	378.70	378.60	378.40
Aug'05	NA	NA	388.00	383.80	383.70	383.50
Sep'05	NA	NA		NA	NA	NA

Weekly settlement prices for soy oil at NCDEX

Contracts	20.06.05	21.06.05	22.06.05	23.06.05	24.06.05	25.06.05
Jul'05	385.95	382.95	384.25	380.00	379.90	379.80
Aug'05	388.75	385.90	388.50	384.95	384.95	384.80
Sep'05	-	387.85	391.20	387.95	387.55	387.55

Groundnut Seeding Progress (till 17th 06.05)

STATE	Total for the season		By the week end		
	NORMAL	2004-2005 Prelim.	2003	2004	2005
Andhra Pradesh	14.18	15.94	0.06	0.54	0.12
Assam	0	0	0	0	0
Bihar	0.01	0	0	0	0
Chhattisgarh	0.33	0.62	0	0	0
Gujarat	18.43	18.92	0.75	2.02	0.85
Haryana	0.01	0.03	0	0	0
Karnataka	7.84	7.84	0.05	0.9	0.23
Madhya Pradesh	2.17	2.15	0	0	0
Maharashtra	3.68	3.38	0	0.03	0
Orissa	0.33	0.92	0	0	0
Punjab	0.05	0.06	0	0	0
Rajasthan	2.33	2.73	0.33	1.19	0.39
Tamil Nadu	4.44	3.84	0.75	0.13	0.35
Uttar Pradesh	1.02	1.16	0	0	0
West Bengal	0.02	0.05	0	0	0
Others	0.03	0.09	0.16	0.02	0.01
TOTAL	54.87	57.73	2.1	4.83	1.95

Soybean Seeding Progress (till 17th 06.05)

STATE	Total for the season		By the week end		
	NORMAL	2004-2005 Prelim.	2003	2004	2005
Andhra Pradesh	0.31	0.92	0	0.2	0
Assam	0	0	0	0	0
Bihar	0	0	0	0	0
Chhattisgarh	0.14	1.01	0	0	0
Gujarat	0.1	0.27	0	0	0
Haryana	0	0.02	0	0	0
Karnataka	0.66	1.78	0.06	0.88	0.09
Madhya Pradesh	43.44	46.43	0	0	0
Maharashtra	12.51	22.58	0	0.24	0.08
Orissa	0	0	0	0	0
Punjab	0	0.06	0	0	0
Rajasthan	5.55	5.95	0	0.05	0
Tamil Nadu	0	0.02	0	0	0
Uttar Pradesh	0.11	0.19	0	0	0
West Bengal	0.01	0	0	0	0
Others	0.34	0.34	0.09	0	0
TOTAL	63.17	79.57	0.15	1.37	0.17

PORT WATCH

Port updates of Edible oils in India (01 June - 25, June '05) (Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	68800	54000	122800
Palm Oil	5500	50500	56000
CPO	39000	130993	169993
Total Palm	18500	181493	199993
Total Oil	87300	235493	322793

Source: ANAS

Canadian Mustard Seed Supply-Demand Estimates (acres, metric tons)

Year	2001	2002	2003	2004	2005
Incomings					
Acreage	410000	715000	840000	783000	537000
Production	122800	154300	226100	305500	204000
Carrying	115000	45000	60000	92000	211000
Stocks	237800	199300	286100	397500	415,000
Disappearance					
Europe	69,680	47,425	44666	43600	45200
Americas	48,371	42,255	55868	57200	57000
Pacific Rim	52,083	23884	18857	17600	48000
Arab/Africa	544	474	1894	2500	1600
Total Export	170,678	114037	121285	120900	151800
Consumption					
Seed/Waste/Other	7714	9163	56554	49181	46619
Domestic	14408	16099	16260	16420	16580
Usage	19280	139300	194099	186501	214999
Carryover	45000	60000	9200	211000	200000
Usage/Stocks (%)	23.3	43.1	47.4	113.1	93.0

Forecasts by STAT Market Research based on data from Statistics Canada (Created Jun 23, 2005)

Forex Rates (As on 25.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.55
Malaysia	Ringgit	11.46
European Union	Euro	52.72
United Kingdom	GBP	79.45
Japan	100 Yen	39.94

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