



Trade Research Report

Vegetable Oil

MARKET TRENDS, HIGHLIGHTS AND RECOMMENDATIONS

Periodicity: DAILY

Date: 01 June 2005

MAJOR ACTIVITY HIGHLIGHTS

- **CBOT Soy Complex Ended Mixed On Uncertain Rainfall Predictions**
- **BMD CPO Future Lowered Amidst Absence of Fresh Trade Initiatives**
- **Soybean Oil Traded Lower Following The Weakness In Global Oil Markets**

*** Newly Added Feature: Latest Weather Watch (31.05.05)**

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

- Declining rainfall totals over the weekend in Illinois and Indiana supported the early surge higher but the market was unable to hold all the gains into the close because of the forward weather look, which is predicting of the good rains ahead.
- Traders are of the opinion that the crop is already showing symptoms of some moisture stress in some areas and after scattered chances of rain over the eastern cornbelt in the coming weekend (June 4th-June 5th), traders are keenly trading on weather predictions.
- The short-term overbought condition of the market and a surge higher in the US Dollar are factors are also limiting the additional gains.
- The weekly export inspections report, soybean exports were 9.99 million bushels as compared with trade expectations near 6-10 million. Cumulative exports have reached 98.2% of the USDA forecast for the season as compared with 88.2% on average for this time of the year.
- The market is expected to be range bound with slight lower movement amidst declining support from the global export demand and the prevailing uncertainty in the Malaysian market.

CBOT Soy oil futures as 31st May 2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	23.26	23.80	23.85	23.11	-0.11	23.15
Aug '05	23.34	23.90	23.90	23.20	-0.08	23.26
Sep '05	23.37	23.95	24.00	23.36	-0.01	23.36

CBOT remains closed on **Saturday** and **Sunday**.

KLCE (Malaysian Palm Oil):

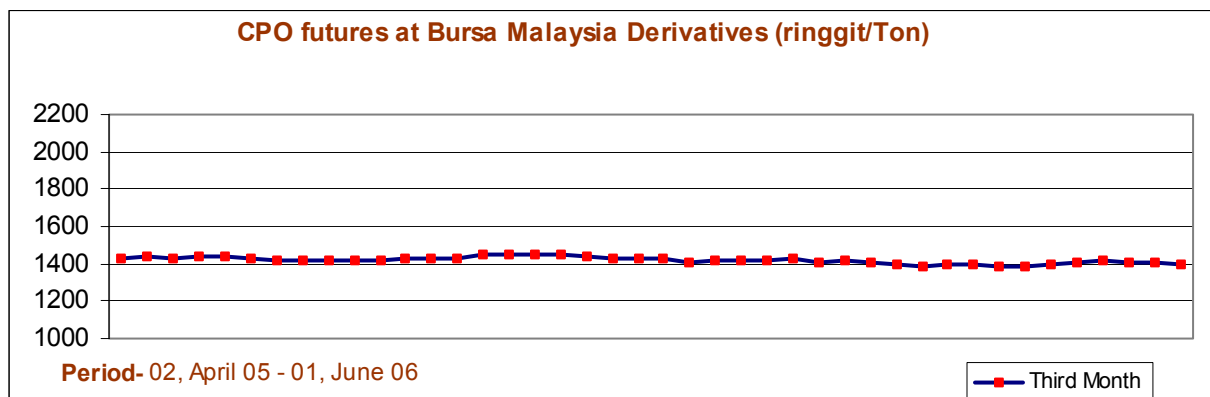
- Crude palm oil futures on the Bursa Malaysia Derivatives ended lower Wednesday, dragged down by weakness in soyoil futures, talk of strong production and a strengthening U.S. dollar.
- The bulk of the pressure came in the last hour of trading, after the benchmark contract fell below the psychological support level of MYR1,400/ton, triggering long liquidation.
- Traders expressed that market players have been cautious in recent weeks because of uncertainty over longer-term price direction. Many are waiting for some firm data on the size of the U.S. soybean crop for the coming season, which so far remains unclear due to recent volatility in weather conditions.
- Continued concerns about rising palm oil production also hurt sentiment. Cargo surveyors Intertek Agri Services and SGS (Malaysia) Bhd reported Tuesday a surge in exports in May to record levels of near 1.4 million tons.
- End-April stocks were at 1.48 million tons. Earlier in May, speculation was for stocks to drop by 200,000 tons by end-May, but in recent days, market talk has been for a fall of only around 50,000-100,000 tons.
- A strengthening U.S. dollar against major currencies also raised concerns about palm oil demand. The euro is currently at a fresh eight-month low against the dollar. A strong dollar could hurt palm oil exports, as it makes dollar-denominated commodities more expensive for consumers.
- Trading activity, however, was subdued as buyers remained on the sidelines, awaiting clearer price direction. The market is thus expected to trade weak amidst declining global export demand and the rising production figures.

Malaysian Crude Palm Oil Futures 01 June 2005)

(In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jun '05	1411	1404	1405	1390	-21	1390	497
Jul '05	1411	1405	1408	1394	-17	1394	148
Aug '05	1412	1407	1408	1392	-19	1393	2884

[*1 lot=25 ton]



Domestic:

Palm oil

- The domestic palm oil market traded range bound on the lower side today amidst increased uncertainty in the market and lack of demand at the retail end.
- The declining support from the international markets was also responsible for the indecisive and lowering sentiment in the domestic markets. The Malaysian market today traded range bound in spite of the support from the screen trading in US soybean market amidst absence of fresh trading initiatives from the global export market.
- The import quantum has grown marginally. In the month of May (till 31.05.05) the country has imported about 3.51 lakh tonnes of palm oil and another 1.63 lakh tonnes of the same are expected to reach in the Indian ports shortly (in the coming month).
- CNF prices of CPO (February) were quoted at \$ 360 per tonnes and RBD Palmolein at \$ 429 per tonne.
- The price for palm oil in the market is expected to continue range bound on the lower side for Thursday, as the market is not expected to receive much support from the US soybean market.

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

Centers	01.06.05	31.05.05	Change
Kandla CPO (5 % FFA)	329	328	+1
Mumbai CPO (5% FFA)	328	330	-2
Kandla RBD Palmolein	352	354	-2
Mumbai RBD Palmolein	363	363	0
Chennai RBD Palmolein	363	365	-2
Kakinada RBD Palmolein	362	365	-3

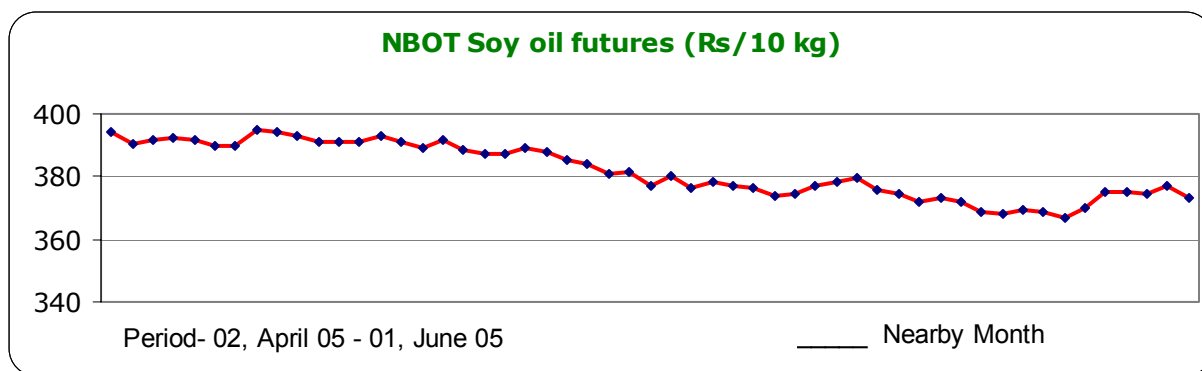
Soy oil

- The movement in the domestic market was quite sharp amidst declining buyer's support.
- The US market is expected to trade on the lower side amidst declining support from the weather and the export demand in the global market.
- The domestic future market trading started on a weak note, continued on the lower side for the day amidst declining support from the retail demand. The NBOT exchange showed unsteady movement in the prices and finally closed at a very low level of 373.50 (Down by Rs. 3.00).
- The market is also influenced by the impact of the heavy imports of edible oils, which had been done till 31.05.05. It has already reached 1.30 lakh tonnes.
- The Hazir market today traded range bound on the lower side amidst lack of support from the increased uncertainty in the arrival of the monsoon in the country and declining retail demand.

- Prices for soy degum (High-Seas) at Kandla were quoted at Rs 342 per 10 kg. Soy refine at Kandla/ Mundra was quoted at Rs 376 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 513 per tonne.
- Overall the market demand situation for the soybean oil continues to be highly volatile and is expected to continue range bound on the lower side for Thursday amidst lack of positive support from Malaysian and US markets.

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

Centres	01.06.05	31.05.05	Change
Mumbai (Soy ref)	360	361	0
Indore (Soy Ref oil)	374	376	-2
Indore (Soy Solvent Ex. oil)	354	353	-1
Kota (Soy Ref. Oil)	373	374	-1
Jaipur (Soy Ref. Oil)	374	375	-1



NBOT Soy oil futures as on 01.06.2005 (Rs/10 kg)

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jun '05	376.50	374.50	375.10	373.20	-3.00	373.50	32650
Jul '05	381.00	378.50	379.00	377.60	-3.40	377.60	1670
Aug '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 31.05.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jun '05	376.20	375.75	378.75	375.75	377.60	27160	26850
Jul '05	379.55	380.50	382.30	380.35	381.45	12400	27940
Aug '05	381.85	383.00	384.20	382.30	383.30	3980	4550

Rape oil

- The rape market today traded on the negative side amidst lack of increased support from the domestic end by the traders.
- The falling demand in the spot markets is still causing the widespread uncertainty in the markets and is leading to the decline in the prices for the spot markets.

- The increasing arrivals in the both Rajasthan and Madhya Pradesh spot markets is expected to bring down the prices marginally in the coming days.
- Today's trade was greatly dominated by the increased selling in the market ushered by the increasing uncertainty in the soybean market at some exchanges.
- The arrival of the old and new stock rapeseed in the market in Rajasthan and Madhya Pradesh market is witnessing a continuous decline. Today the new crop reached 1.25 lakh bags in Rajasthan and about 0.50 lakh bags in Madhya Pradesh.
- Overall the market is expected to trade range bound on the lower side for Thursday and again move down in the coming days, as the long-term sentiment in the market is still bearish.

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

Centres	01.06.05	31.05.05	Change
Mumbai (Rape Expeller Oil)	380	381	-1
Kota (Rape Expeller Oil)	364	366	-2
Jaipur (Rape Expeller Oil)	365	367	-2
Neewai (* Kacchi Ghani Rape Oil)	380	382	-2
Delhi (Rape Expeller Oil)	388	390	-2

Groundnut oil

- The trading in the groundnut oil market continued on the lower side amidst declining support from the retail demand.
- The domestic traders are not expecting any major change in the demand in the coming days owing to the approach of the summer season, which appreciably reduces the oil consumption by most of the consumers leading to the declining demand.
- The price is expected to continue trading range bound with marginal fluctuations on the lower side in the coming days.

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

Centers	01.06.05	31.05.05	Change
Mumbai	458	459	-1
Rajkot	450	454	-4
Andhra Region	490	492	-2
Chennai	490	493	-3

Latest Weather Watch (31.05.2005)

Medium range weather forecast for period during 31 May – 4 June 2005

Monsoon Outlook:

Southwest monsoon has advanced over the Andaman Sea and some more parts of southeast Bay of Bengal and southwest Bay of Bengal.

Rainfall activity over Kerala may continue during next 4-5 days. Conditions are likely to become favorable for **onset of monsoon** over Kerala during 4-6 June 2005.

Weather Systems:

A western disturbance lies over Jammu & Kashmir & adjoining area. It is likely to move away in an eastward direction. Under its influence, the hilly region of NW India may experience intermittent isolated to scattered snowfall/rains during next 2 days and plains of NW and north India are likely to experience partly cloudy sky condition with mainly dry weather.

A north-south oriented trough in the lower level runs from east M.P. to interior Karnataka. It is likely to persist during next 2-3 days.

A northeast-southwest shear zone in mid troposphere with embedded cyclonic circulation over west central Bay of Bengal and southeast Arabian Sea is likely to persist during 3-4 days.

Another upper air cyclonic circulation lies over Assam and adjoining area. It is likely to provide rainfall over NE States during next 3-4 days.

Rainfall:

Isolated to scattered snowfall/rain are likely over hilly regions of NW India during next 24 hours.

Isolated to scattered rains/thundershowers are likely over East Uttar Pradesh during 24 hours, East M.P., Chattisgarh, Orissa, Vidarbha, Telangana, Rayalseema, and North Interior Karnataka during next 2-3 days and West Bengal and NE states during next 4 days.

Scattered to fairly widespread rainfall is likely over Kerala, South Interior & Coastal Karnataka, Tamil Nadu, coastal Andhra Pradesh, Lakshadweep and Andaman & Nicobar Islands during next 4 days.

Temperatures:

Day temperature over parts of plains of NW India is likely to fall by about 2 degree C during next 2 days and heat wave condition over southeast U.P., Bihar is likely to abate.

TECHNICAL ANALYSIS

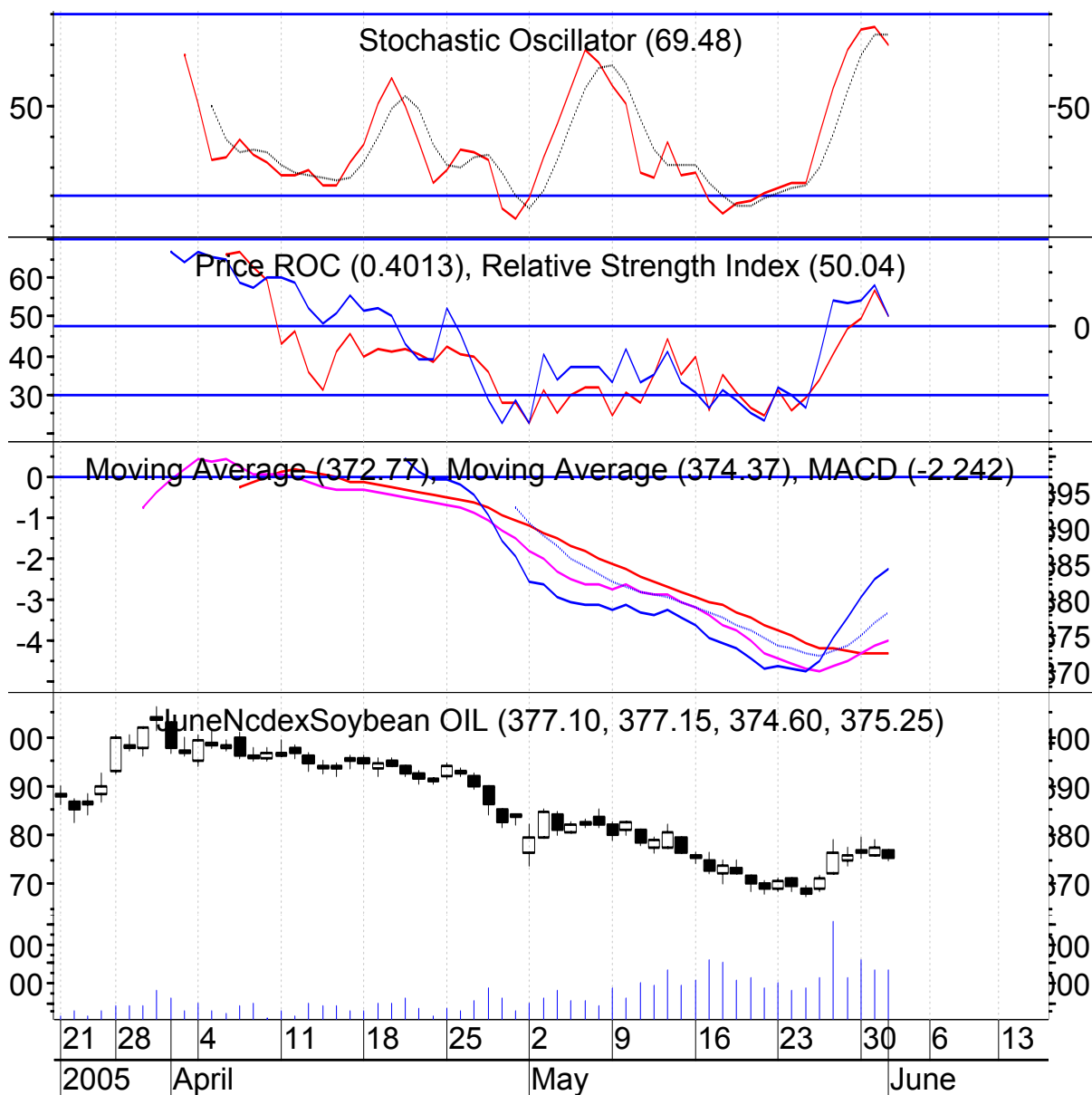
Date: 01 June 2005

Commodity: Soy Oil

Perspective: Very Short Term

NCDEX JUNE Contract

The June contract closed at **375.25**, which is lower than the yesterday's close. Market opened on a negative note and traded further lower amidst declining support from the domestic as well as international markets.



The **7-day MA** along with the **14-day MA** continued in the upper direction hinting to the strength in the prices. The **9-Day MACD** continued in the upward direction indicating the rising sentiment in the market.

The **9-days Price ROC** today moved marginally down in the negative region to the level of **+0.4013**, indicating unsteadiness in the prices in the prices. The **9-day RSI** also moved slightly lower in the neutral region to a level of **50.05** indicating the declining sentiments in the markets.

The **% K-line** turned down in the neutral region indicating the declining strength of the prices. The **% D-Line** also moved lower in the neutral region indicating the declining strength in the prices.

The **candlestick** pattern is hinting at the steady opening and on the higher side for Thursday.

Market advice:

- **Market is expected to open steady and trade range bound for the day**
- **Avoid new entry in the market with long term outlook**
- **Short term entry can be made by buying**

Resistance & Support Levels (Most Active Contract)

At NBOT

Contract	Support		Resistance	
	1 st	2 nd	1 st	2 nd
June '05	372.40	371.10	374.80	375.70

At NCDEX

Contract	Support		Resistance	
	1 st	2 nd	1 st	2 nd
June '05	373.20	372.60	376.40	377.70

PORT-WATCH (Latest)

- `Chem Tank' has berthed at Cochin Port and continues to discharge 4,000 MT of palm oil. The vessel is being handled by GAC agents. The port is receiving 4,500 MT of palm oil from the vessel `Spring Glory'. St. John agents is handling the vessel.
- `Chemstar Ace' from Dumai has berthed at Mumbai Port is receiving and continues to deliver 7,339 MT of palm oil. `Pacific Sound' is discharging 9,000 MT of palm oil at the port. Interocean agents is handling these vessels. Delivery of 8,500 MT of palm oil is expected at the port from the vessel `African Future'. The cargo was loaded from Malaysia. Interocean agents will be handling these vessels.
- Delivery of 6,700 MT of CPO is continuing at Kandla Port from the vessel `Global Eos'. The cargo was loaded from Malaysia. Forbes Gokak agents is handling the vessel. The port is receiving 9,423 MT of SBO from the vessel `Skawhegan'. The cargo was loaded from Argentina. Interocean agents is handling the vessel. The port is expecting following vessels to deliver edible oil. These vessels are `Chemstar Ace' (8,740 MT of CPO from Dumai), `Viscaya' (8,500 MT of CPO from Indonesia) and `Acushnat' (27,500 MT of SBO from Brazil).
- `Tirta Niaga 2' has berthed at Kolkata Port and continues to deliver 6,000 MT of CPO. The port is expecting `Global Saturn' to deliver 7,000 MT of CPO.
- Kakinada Port is expecting `Global Venus' and `Countess' to deliver 6,000 MT and 5,000 MT of CPO respectively.
- `Marine Pioneer' and `Mount Blanc' are expected at JN Port to deliver 10,000 MT of CPO each.
- Tuticorin Port is expecting `Spring Glory' to deliver 4,750 MT of palm oil. St. John agents will be handling the vessel.
- `Southern Unicorn' is expected at Mormugao Port to discharge 3,000 MT of CPO.

Current vessels Positions:

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	Global Saturn	7000	CPO	Expected
	Tirta Niaga	6000	CPO	Arrived
Kandla	Global Eos	6700	CPO	Arrived
	Skawhegan	9423	SBO	Arrived
	Viscaya	8500	CPO	Expected
	Achusnat	27500	SBO	Expected
	Chemstar Ace	8740	CPO	Expected
Mumbai	Chemstar Ace	7339	Palm oil	Arrived
	Pacific Sound	9000	Palm oil	Arrived
	African Future	8500	Palm oil	Expected
JN	Marine Pioneer	10000	CPO	Expected
	Mount Blanc	10000	CPO	Expected
Tuticorin	Spring Glory	4750	Palm oil	Expected
Mormugao	S Unicorn	3000	CPO	Expected
Kakinada	Global Venus	6000	CPO	Expected
	Countess	5000	CPO	Expected
Cochin	Chem Tank	4000	Palm oil	Arrived
	Spring Glory	4500	Palm oil	Arrived

Forex Rates

(As on 01.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.72
Malaysia	Ringgit	11.48
European Union	Euro	53.93
United Kingdom	GBP	79.61
Japan	100 Yen	40.37

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