

VEGOIL

4th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Complex Improved on Encouraging Weekly Export Sales Report
- Soybean Oil Ended Lower on Consistently Declining Retail Demand

* Newly Added Feature: Latest Weather Watch (02.06.05)

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

The weather models were a little drier for the weekend for the eastern cornbelt, which helped support the higher trade early and traders are likely to remain hyper sensitive to weather developments.

The strength of the market was tied to private weather forecasts calling for less rain than previously forecast in the eastern Midwest and the hesitancy of bearish traders to press the market ahead of Monday's first soybean crop condition ratings for 2005.

Talk of a weaker short-term demand trend from China helped to limit the gains.

Weekly export sales came in at 208,500 tonnes as compared with trade expectations at 75,000-200,000 tonnes. Cumulative sales for the old crop season have reached 97.7% of the USDA forecast for the year as compared with 97% on average for this time of the year.

Meal sales were 54,700 tonnes from expectations near 40,000-80,000 tonnes and oil sales were 2500 tonnes vs. expectations at 2,000-6,000 tonnes.

It is tough to pencil in a profit from the transaction but the current trends in US meal prices, South American weakness and cheap freight suggest this issue will not go away quickly.

In soybean pit trades, Cargill Investor Services bought 300 July, Fimat and Man Financial each bought 700 July, UBS Securities bought 400 July. On the sell side, Refco sold 1,000 November. Commodity funds were estimated buyers of 3,500 lots.

The market is expected to be range bound on the lower side amidst expectation of good and favourable crop weather in the coming week.

CBOT Soy oil futures as 03 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	22.93	22.82	23.16	22.82	0.02	22.95
Aug '05	22.98	23.01	23.26	22.98	0.08	23.06
Sep '05	23.11	23.13	23.38	23.08	0.06	23.17

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

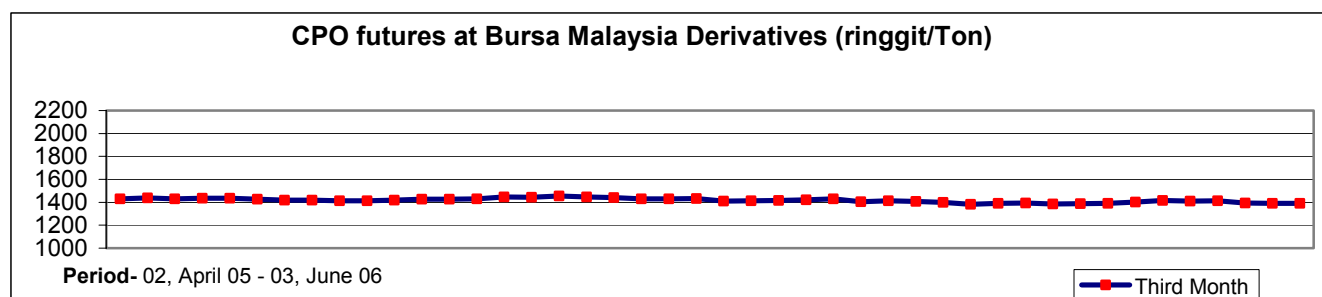
KLCE (Malaysian Palm Oil):

KLCE market remained closed on regular weekend holiday. It will reopen on Monday (06.06.05).

Malaysian Crude Palm Oil Futures 03 June 2005 (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jun '05	1390	1392	1392	1390	+2	1392	109
Jul '05	1389	1377	1393	1377	+2	1391	304
Aug '05	1390	1380	1393	1378	0	1390	2296

[*1 lot=25 ton]



Domestic:

Palm oil

The domestic palm oil market traded on the range bound on the lower side amidst increased uncertainty in the international market and lack of demand at the retail end.

The declining support from the international markets was responsible for the indecisive and lowering sentiment in the

domestic markets. The Malaysian market today showed no movement as it was closed on its regular weekend holiday.

The import quantum has grown marginally. In the month of June (till 02.06.05) the country has imported about 0.33 lakh tonnes of palm oil.

CNF prices of CPO (February) were quoted at \$ 354 per tonnes and RBD Palmolein at \$ 424 per tonne.

The price for palm oil in the market is expected to continue range bound on the lower side for Monday, as the market is not expected to receive much support from the US soybean market or the Malaysian KLCE market.

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

Centres	04.06.05	03.05.05	Change
Kandla CPO (5 % FFA)	326	328	-2
Mumbai CPO (5% FFA)	327	329	-2
Kandla RBD Palmolein	350	353	-3
Mumbai RBD Palmolein	361	362	-2
Chennai RBD Palmolein	358	361	-3
Kakinada RBD Palmolein	359	358	+1

Soy oil

The movement in the domestic market continued on the lower side amidst increased uncertainty in the buyer's support.

The US market is expected to trade unsteady amidst increased uncertainty in weather conditions and declining the export demand from the global market.

The domestic future market trading started on a steady note but 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 lower level of 374.00 (Down by Rs. 1.20).

The Hazir market today traded range bound on the lower side amidst continued lack of support from the increased uncertainty in the arrival of the monsoon in the country and consistently retail demand.

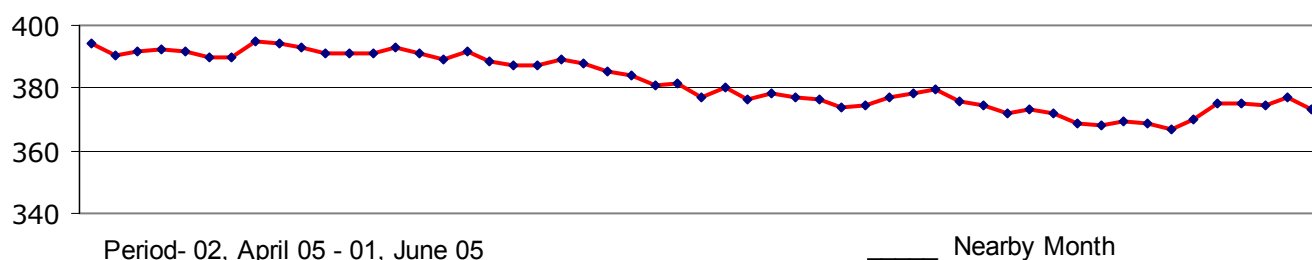
Prices for soy degum (High-Seas) at Kandla were quoted at Rs 341 per 10 kg. Soy refine at Kandla/ Mundra was quoted at Rs 374 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 512 per tonne.

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 Monday amidst declining support from the retail market.

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

Centres	04.06.05	03.05.05	Change
Mumbai (Soy ref)	359	361	-2
Indore (Soy Ref oil)	374	372	+2
Indore (Soy Solvent Ex. oil)	350	352	-2
Kota (Soy Ref. Oil)	370	371	-1
Jaipur (Soy Ref. Oil)	370	371	-1

NBOT Soy oil futures (Rs/10 kg)



NBOT Soy oil futures as on 04.06.2005 (Rs/10 kg)

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jun '05	375.20	375.50	375.90	374.00	-1.20	374.00	12690
Jul '05	379.10	379.50	379.70	378.30	-0.80	378.30	1950
Aug '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 03.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jun '05	377.65	376.6	377.9	375.95	376.75	17660	28970
Jul '05	381.45	380.1	381.85	379.4	379.9	10790	32050
Aug '05	383.65	382.7	384.2	382	382.75	3050	6580

Rape oil

The slightly indecisive tone of the market that is prevailing for the past few days continued the same way today with increased weakness.

Lack of retail demand is still continuing to pressurize the spot market prices.

Adding to the weakness in the prices the increasing arrival in the major producing states of Rajasthan and MP owing to renewed purchasing by NAFED.

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

Centres	04.06.05	03.05.05	Change
Mumbai (Rape Expeller Oil)	380	379	+1
Kota (Rape Expeller Oil)	361	360	+1
Jaipur (Rape Expeller Oil)	358	360	-2
Neewai (* Kacchi Ghani Rape Oil)	372	372	0
Delhi (Rape Expeller Oil)	385	385	0

Today, the rape oil found no support from the buyers at major exchanges. The selling activities weakened giving rise to the indecisive sentiments. This provided marginal support to the rape oil prices.

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 1.10 lakh bags in Rajasthan and about 0.35 lakh bags in Madhya Pradesh.

Overall, it is expected that the rape oil will trade range bound on lower side for Monday due increased uncertainty.

Groundnut oil

Groundnut oil continued with the weakness in the major centres. Lower buying support put pressure on the groundnut oil prices.

Summer season has already reduced demand for edible oils and this remains as one of the major factors, which is

putting continuous pressure on the groundnut oil prices also.

The range-bound nature of the groundnut oil prices in the domestic markets is likely to continue tomorrow also in absence of fresh buying support.

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

Centres	04.06.05	03.05.05	Change
Mumbai	360	460	0
Rajkot	348	450	-2
Andhra Region	389	490	-1
Chennai	390	492	-2

LATEST WEATHER WATCH (02.06.2005)

Medium range weather forecast for period during 02 - 06 June 2005

Monsoon Outlook:

At present northern limit of monsoon is passing through 5 Deg. N / 78 Deg. E, 9 N / 82 E, 13 N / 86 E, 16 N / 90 E and 19 N / 94 E.

Flow pattern further suggests that the conditions may become favourable for onset of monsoon over Kerala only after 4-5 days.

Advancement of monsoon over NE India is expected to be after 6th June 2005.

NE India is likely to receive monsoon rains earlier than Kerala.

Weather Systems:

Plains of NW and central India are likely to be mainly dry.

A north-south oriented trough in the lower level runs from east M.P. to interior Karnataka continues and it may further persist during next 2 days.

A northeast-southwest shear zone in mid troposphere is extending from west central Bay of Bengal to southeast Arabian Sea with one embedded cyclonic circulation over west central Bay of Bengal off Andhra coast and another over southeast & adjoining east-central Arabian Sea. The

shear zone is likely to persist during next 4-5 day around its present position.

A western disturbance is expected to approach north Pakistan and adjoining Jammu & Kashmir area during 6-7 June 2005. Under its influence, the hilly region of NW India may experience isolated to scattered snowfall/rains during the said period.

Rainfall:

Isolated to scattered snowfall/rain are likely over hilly regions of NW India during 6-7 June 2005.

Isolated to scattered rains/thundershowers are likely over Konkan & Goa, Madhya Maharashtra, North Interior Karnataka, coastal Karnataka and coastal A.P. during next 24-48 Hrs. and over Kerala and NE states during next 3-4 days.

Fairly widespread rainfall is likely over Andaman & Nicobar Islands during next 3-4 days.

Rest regions of the country are likely to be mainly dry.

Temperatures:

Day temperature over NW and Central India is likely to rise by about 2 °C during next 2-3 days.

Heat wave conditions over parts of Bihar, Jharkhand, north coastal Orissa, Vidarbha, Chattisgarh and Sub-Himalayan West Bengal are likely to continue during next 2 days.

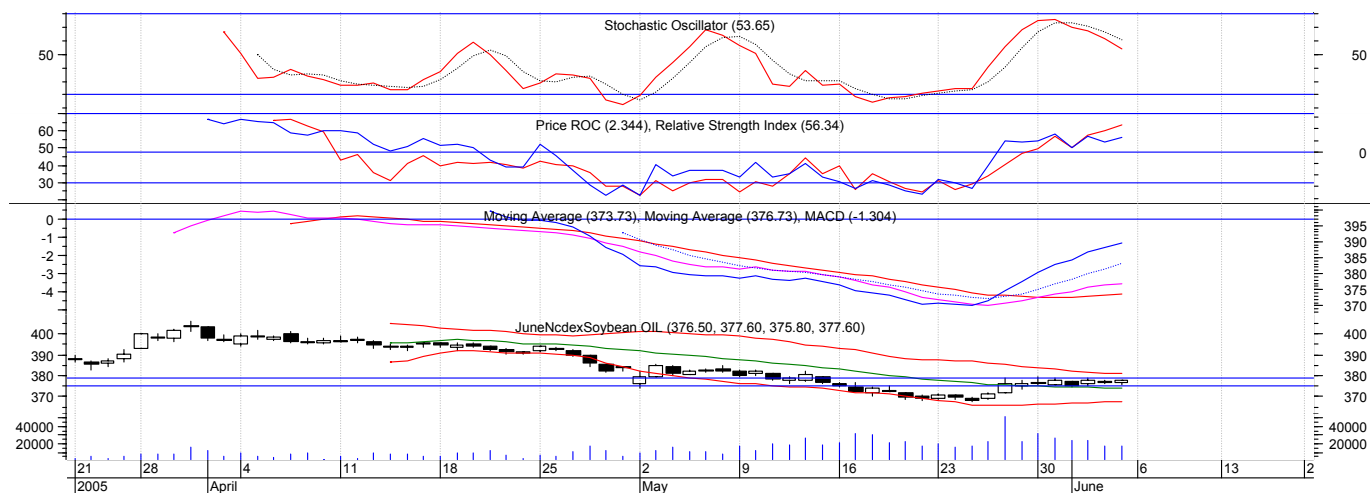
TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Date: 04 June 2005

Perspective: Very Short Term

NCDEX JUNE Contract



The June contract closed at **377.60**, which is marginally higher than the yesterday's close. Market opened steady and traded range bound amidst some indecisive buying support.

The **7-day MA** along with the **14-day MA** continued in the upper direction showing 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** is looking up and in the positive region to the level of **+2.344**, indicating firmness in the prices. The **9-day RSI** also moved slightly upper in the neutral region to a level of **56.34** indicating the firm 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 weakening of the prices.

The **candlestick** pattern is hinting at the firm opening and lower trade for Monday.

Market advice:

Market is expected to open firm and trade range bound on the lower side 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)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	June '05	373.40	372.80	375.60	376.40
NCDEX	June '05	376.40	375.40	378.60	379.20

PORT-WATCH (Latest)

'Ace I' has berthed at Kolkata Port and continues to deliver 5,990 MT of CPO. GAC is handling the vessel.

Delivery of 8,500 MT of palm oil is continuing at Mumbai Port from the vessel 'African Future'. The cargo was loaded from Malaysia. '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. Interocean agents will be handling these vessels.

Kandla Port is receiving 8,500 MT of CPO from the vessel 'Viscaya'. The cargo was loaded from Indonesia. 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) and 'Acushnat' (27,500 MT of SBO from Brazil).

Delivery of 3,000 MT of palm oil is expected at Chennai Port from the vessel 'Vernal Grace'. James Mackintosh will be handling the vessel. The port is expecting 'Monalisa' to deliver 3,700 MT of CPO. The vessel will be handled by Unicorn agents.

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 receiving 4,750 MT of palm oil from the vessel 'Spring Glory'. St. John agents is handling the vessel.

Current vessels Positions:

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	Ace I	5990	CPO	Arrived
Kandla	Viscava	8500	CPO	Arrived
	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	Arrived
JN	Marine Pioneer	10000	CPO	Expected
	Mount Blanc	10000	CPO	Expected
Tuticorin	Spring Glory	4750	Palm oil	Expected
Kakinada	Global Venus	6000	CPO	Expected
	Countess	5000	CPO	Expected
Chennai	Vernal Grace	3000	Palm oil	Expected
	Monalisa	3700	CPO	Expected

Forex Rates**(As on 04.06.2005)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.62
Malaysia	Ringgit	11.48
European Union	Euro	53.33
United Kingdom	GBP	79.10
Japan	100 Yen	40.50

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