

VEGOIL

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MAJOR WEEKLY HIGHLIGHTS

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NATIONAL & INTERNATIONAL NEWS

Edible Oil Prices Likely to Soar in June End Following Adverse Monsoon

This year's monsoon is more crucial than usual for India as water levels in the country's irrigation reservoirs are only 92% of the ten-year average, reports the U.S. agricultural attache for the country. Furthermore, the government's grain reserves are also at their lowest level during the past twelve years (17.4 million tons on April 1, 2005, compared to 20 million tons a year ago). According to the Indian Meteorological Department (IMD), the southwest monsoon advanced into Kerala, the southernmost state of the country, on June 5, 2005, a delay of about four days from its normal arrival date. The IMD's operational forecast for the 2005 southwest monsoon season (June-September) is that rainfall for the country as a whole is likely to be 98% of the Long Period Average (LPA) of 88 cm with a model error of + or - 5%. The forecast model indicated a 75% probability for a near or above normal southwest monsoon rainfall this year for the country as a whole. IMD will issue a Long Range Forecast update by the end of June 2005, when forecasts for four broad homogenous regions of India also will be released. The Center for Mathematical Modeling and Computer Simulation, a research body under the Council of Scientific and Industrial Research, forecasts a 34% deficiency in rainfall in June, a 12% deficiency in July, and a 13% excess rainfall in August. If this prediction proves to be correct, planting operations for most crops

during the kharif (fall and early winter harvested crops), which include mostly rice, coarse grains, peanut, soybeans, cotton, and sugarcane, would likely to be adversely affected. With only one third of the total crop area under assured irrigation, Indian agriculture is largely dependent on rains of the southwest monsoon. The southwest monsoon provides 80% of India's annual precipitation and is critical to the development of India's major crops like rice, coarse grains, pulses, oilseeds, cotton, and sugarcane. It also impacts planting of rabi (winter) season crops like wheat, pulses, and rapeseed, by insuring adequate soil moisture at planting time in the fall.

Sunflower Seeding Faster Than Average

Seeding of this year's sunflower crop is ahead of the recent five-year average in all states except Texas. Seeding is most advanced in North Dakota, Minnesota, and Texas; but started the week at less than 40% complete in Colorado and South Dakota. Good planting progress continued across North Dakota despite rain showers and overcast conditions, according to the state Agricultural Statistics Service. Wet conditions continued to hinder planting progress in the eastern districts. Where rainfall was heavy, some flooding in low-lying areas was reported. Sunflower was 76% planted compared to 77% on average. Around 30% of the crop has emerged, compared to 20% at time last year and the average of 28%. Too much moisture and not enough sunshine kept South Dakota farmers out of the fields last week and delayed row crop development. Varying amounts of precipitation across the state. Topsoil moisture levels improved slightly last week with the

widespread rainfall. Statewide, 92% is rated adequate to surplus, compared to 89% a week earlier. Subsoil conditions also improved with only 18% rated short or very short, compared to 22% a week ago. Nebraska experienced below normal temperatures and significant widespread rainfall during the past week, which limited fieldwork but improved crop and pasture conditions.

Updated Market Analysis of Soya Products in China Released

Chinese cuisine has a wealth of traditional uses for all forms of soy bean curd, both fresh and processed, and it remains a popular and integral part of the Chinese diet today. The bean curd market is therefore more significant to the Chinese food market than it is yet in the West. This report covers the retail market for fresh and processed bean curd and bean curd products in China. This newly updated report includes an overview of China's total food & beverage market with sales statistics up to 2004. Volume & value retail market for soya products, including regional and sector break down, up to 2004 are provided in this report. It includes data on soya products market shares, including leading players in soya milk sector by major city and soya products retail pricing trends up to 2004. Also provided in the report are volume & value forecast soya products market, including by sector, up to 2009, a marketing & advertising analysis and a statistical analysis of the soya products industry in China, including key manufacturers.

Manitoba Suffers Rain of Century

Heavy rainfall is making it hard for Manitoba farmers to finish seeding this year's crops and causing some to worry about uneven germination on already planted fields. The storm tracked from south to north through the districts of Melita (50-175 mm of rain), Boissevain (25-100 mm), Grand Clairiere, Oak Lake and Griswold (all with 175-200 mm), Alexander, Rivers and Oak River (all with 150-200 mm), and Strathclair, Newdale, Elphinstone and Sandy Lake (all with 100-125 mm), according to Manitoba Agriculture. As the average rainfall throughout these districts was about 125 mm, damage was severe, washing out numerous roads and bridges. A substantial amount of farmland was flooded and many crop areas are under water. The Southwest Area received another 25-100 mm deluge of rain on Friday evening. The districts that got the higher amounts were also the hardest hit from two days before. As a result, water is standing in many fields. The Souris River is overflowing its banks in some places. Although seeding has been 90-95% completed, farmers are concerned that the crops seeded just prior to the heavy rain will not be able to emerge if the soil is hard-packed when it dries up. In districts where the rain was not a factor, spraying has just started.

Iowa's Soybean Crops are on Route of Normal Progress

Soybean planting is all but finished in Iowa, and farmers say the crop is off to a good start. Seventy-five percent of the crop already in the ground has emerged, compared to 49 percent the previous week, and slightly ahead of the five-year average of 73 percent. Typical early summer weather prevailed across much of Iowa last week, providing a jolt to crop development. Soybeans are also poised to hit another growth spurt. The heat and moisture is really going to make them jump. The Iowa State University Extension crop specialist, based in Charles City, provides weekly crop updates to the media and agriculture officials. Depending on locale, some have lost little yet others have had more slippage due to delayed planting/replanting, reduced stand, soil compaction and drowned outs, among other things.

Growers reported 5 percent of all corn acres in the state have been or will be replanted. Farmers were busy spraying cornfields last week, according to the report. We're spraying corn for a second time now. Those of us with a two-pass program still have some grassy fields, but the first pass worked fairly well. Soybeans statewide are rated 1 percent very poor, 5 percent poor, 28 percent fair, 52 percent good and 14 percent excellent.

Monthly 600 Tons of Imported Soybeans Required in West Sumatra

West Sumatra needs at least 600 tons of soybeans per month imported from the United States through Malaysia to meet the demands in the province. Some 300 tons of imported soybean are shipped through Medan, North Sumatra and supplied to Padang, West Sumatra, he said. However, some other cities in West Sumatra, including Bukittinggi, Payakumbuh and Solok, are directly supplied with 200 to 300 tons of the commodity from some ports in Riau, Palembang and Jakarta per month. The imported soybean are used as raw material for producing traditional food known as 'tahu and tempe' and soybean milk.

Significant figures released by Malaysian Palm Oil Board

Malaysia's palm oil exports rose 22.4% on month to 1.33 million metric tons in May, the Malaysian Palm Oil Board said Friday. The country exported 1.09 million tons of palm oil in April. In its monthly report, the MPOB said crude palm oil output rose 4.2% to 1.30 million tons in May. The MPOB reported crude palm oil output of 1.25 million tons in April. Palm oil stocks totaled 1.30 million tons at the end of May, down 12.4%. At the end of April, palm oil stocks were at 1.48 million tons, the MPOB said. Traders said the figures were friendly for palm oil prices, as production and stocks were on the lower end of market expectations. Market speculation for production had ranged from a 5% to 10% increase, while estimates for end-May stocks ranged from 1.30 million to 1.40 million tons.

(All figures are in metric tons)

Particulars	May	April	Direction	Change (%)
Crude Palm Oil Output	1.299	1.247	Up	4.20
Palm Oil Exports	1.328	1.086	Up	22.40
Palm Kernel Oil Exports	0.068	0.075	Down	9.40
Palm Oil Imports	0.024	0.028	Down	13.20
Closing Stocks	1.295	1.479	Down	12.40
Crude Palm Oil	0.702	0.809	Down	13.20
Processed Palm Oil	0.593	0.670	Down	11.50

USDA Projections based on Monthly crop Progress report (10.06.05)

U.S. oilseed production for 2005/06 is projected at 89.2 million tons, unchanged from last month. Soybean production is forecast at 2,895 million bushels, or 78.8 million tons. 2005/06 U.S. soybean exports are increased 10 million bushels to 1,135 million bushels. U.S. soybean ending stocks are projected at 255 million bushels, down 25 million bushels from last month. Global oilseed production for 2005/06 is projected at 377.0 million tons, down 4.1 million tons (1 percent) from 2004/05. Foreign oilseed production is projected at 287.8 million tons, up 3.2 million tons from 2004/05. Global soybean production is projected

to increase 3.4 million tons to a record 219.7 million tons. The Brazilian soybean crop is projected at a record 62 million tons, up 17 percent from the drought-reduced 2004/05 crops. Global production of high-oil content seed is down 5 percent as lower rapeseed production is only partly offset by increased sunflower seed production. Rapeseed production is projected lower for China, the EU-25, Canada, and India. Sunflower seed production is higher for Ukraine as producers expand plantings from 2004/05. World soybean trade increases 7 percent to 65.6 million tons, nearly all of which is due to higher imports for China to a record 27.0 million tons. Global vegetable oil consumption is projected to increase 5 percent for 2005/06 led by gains for China, India, and the EU-25. Global oilseed crush is projected to increase 3 percent, and oilseed stocks are projected to increase 3.5 million tons to a record 58.2 million tons.

USDA Lowers Global Oilseed Projection

Global oilseed production for 2005-06 is projected at 377.0 million MT, down 4.1 million MT or 1% from 2004-05, according to the USDA's World Agricultural Outlook Board latest report. Foreign oilseed production is projected at 287.8 million MT, up 3.2 million MT from 2004-05. Global soybean production is projected to increase 3.4 million MT to a record 219.7 million MT. Although U.S. soybean production is expected to decline from last year's record level, a rebound in yields and production in Brazil will push South American soybean production to a record 108 million MT, accounting for just below half of 2005-06 global production. The Brazilian soybean crop is projected at a record 62 million MT, up 17% from the drought-reduced 2004-05 crop. Global production of high-oil content seed is down 5% as lower rapeseed production is only partly offset by increased sunflower seed production. Rapeseed production is projected lower for China, the EU-25, Canada, and India. Sunflower seed production is higher for Ukraine as producers expand plantings from 2004-05.

Meal Output to Increase Marginally on Demand from Asian Countries

Global protein meal consumption is projected to increase 3% in 2005-06, primarily due to gains for soybean meal. Protein meal consumption in China is projected to increase 8%, with a 15% increase in soybean meal more than offsetting decreased consumption of rapeseed and cottonseed meal. World soybean trade increases 7% to 65.6 million MT, nearly all of which is due to higher imports for China to a record 27.0 million MT. Global vegetable oil consumption is projected to increase 5% for 2005-06 led by gains for China, India, and the EU-25. Global oilseed crush is projected to increase 3%, and oilseed stocks are projected to increase 3.5 million MT to a record 58.2 million MT. U.S. oilseed production for 2005-06 is projected at 89.2 million MT, unchanged from last month. Soybean production is forecast at 2,895 million bushels, or 78.8 million MT. A projected decrease in 2004-05 soybean ending stocks this month for South America is expected to provide increased U.S. export opportunities.

U.S. Export Outlook Boosted Amidst Increased Crushed Reports

As a result, 2005-06 U.S. soybean exports are increased 10 million bushels to 1,135 million bushels. Prospects for increased exports and reduced soybean supplies result in a slight decrease in soybean crush from last month. U.S. soybean ending stocks are projected at 255 million bushels, down 25 million bushels from last month. The U.S.

season-average soybean price for 2005-06 is projected at \$4.95 to \$5.95 per bushel, up 25 cents on both ends of the range. Soybean meal prices are projected at \$160 to \$190 per short ton, up \$10.00 on both ends of the range. Soybean oil prices are projected at 20.5 to 23.5 cents per pound, up 0.5 cents on both ends of the range. Changes for 2004-05 for the U.S. include increased soybean crush and exports and reduced ending stocks. Global soybean ending stocks are also reduced, reflecting the effect of reduced Brazil soybean production for 2003-04. The crop is reduced from 52.6 million MT to 50.5 million MT based on analysis of crush and trade statistics for the marketing year.

Declining Export demand & Rising output puts Palm Oil Under Pressure

The indications are clear that Malaysian palm oil output would rise this year by as much as 1.5 million tonnes from last year. If the weather continues to hold well in the US, the global vegetable oil market could find some major downward movement. According to current assessment, looking at the growth rates in recent months, crude palm oil output in Malaysia this year has the potential to far exceed 15 million tonnes and indeed register 15.5 mt and possibly reach 15.7 mt as compared with the initial expectation of about 14.5 mt. Earlier, the Malaysian Palm Oil Board had projected 2005 production at a conservative 14.2 mt versus 13.9 mt in 2004. Malaysian palm oil production this year would register 15.25 mt and if the rest of the peak production months continue to show robust increase. The unusually large arrivals of palm oil into India during April and May should be seen in this context. Crude palm oil constituted 6.5 lakh tonnes out of the 10.50 lakh tonnes that arrived in the country during the last two months. Huge stocks of rapeseed/mustard at the hands of National Agricultural Cooperative Marketing Federation are expected to play a decisive role in establishing a price sentiment in the country's vegetable oil market. The only factor that can change the equation and sentiment is the weather. If the weather in the US, China and India holds well and oilseeds plantings progress satisfactorily, the sentiment will turn even more bearish. However, any hiccups in weather, especially in the US can potentially rein-in the imminent slide and provide some kind of support.

Asian Palm Oil Trade Under Attack on Ecological Grounds from American Soybean Lobby

The anti-palm oil campaign of the mid-1980s that was widely believed to have been mounted by the American soybean lobby may be now be returning in a new form, but with the same vengeance. In the past, palm oil had been branded as 'unhealthy tropical oil' and consumers were advised against its use. A report titled "Cruel oil - how palm oil harms health, rainforest and wildlife" published by Washington-based Center for Science in the Public Interest (CSPI) - a non-profit health-advocacy organisation - claims that palm oil production is injurious to environment as it promotes destruction of the rainforest, especially in Malaysia and Indonesia. Close to 90 per cent of the global palm oil the two Asian countries where oil palm cultivation takes place in approximately 7 million hectares of land account for production. According to CSPI, expansion of oil palm cultivation into land that once was rainforest and peat-swamp forests means that habitat for endangered animals are destroyed. According to the report, ecological impact of oil palm is rather serious. Animals such as Sumatran tiger, Bornean and Sumatran orangutans, Asian elephant and Sumatran rhinoceros are endangered and face the risk of extinction.

GLOBAL DYNAMICS

Demand and Supply of Soybean and Soybean Oil

World (Million metric tonnes)				
Year	2002-03	2003/04 (Est.)	2004/05 (Proj- Apr)	2004/05 (Proj- May)
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

Brazil (Million metric tonnes)				
Year	2002-03	2003/04 (Est.)	2004/05 (Proj- Apr)	2004/05 (Proj- May)
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

USA (Million metric tonnes)				
Year	2002-03	2003/04 (Est.)	2004/05 (Proj- Apr)	2004/05 (Proj- May)
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

Argentina (Million metric tonnes)				
Year	2002-03	2003/04 (Est.)	2004/05 (Proj- Apr)	2004/05 (Proj- May)
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 tonnes)

Year	2002-03	2003/04 (Est.)	2004/05 (Proj- Apr)	2004/05 (Proj- May)
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

Rapeseeds - Global Dynamics

Production (M. Mt)	1998	1999	2000	2001	2002	2003	2004
China	8.30	10.13	11.38	11.33	10.55	11.41	11.90
Canada	7.64	8.80	7.21	5.02	4.18	6.77	7.00
India	4.70	5.66	5.79	4.19	5.08	3.92	6.80
Germany	3.39	4.28	3.59	4.16	3.85	3.64	5.25
France	3.73	4.39	3.48	2.88	3.32	3.36	3.96
U K	1.57	1.73	1.16	1.16	1.47	1.77	1.61
Australia	1.69	2.43	1.78	1.76	0.87	1.62	1.55
Poland	1.10	1.13	0.96	1.06	0.95	0.79	1.29
Czech Republic	0.68	0.93	0.84	0.97	0.71	0.39	0.91
U S A	0.71	0.62	0.91	0.91	0.71	0.69	0.57
Others	2.24	3.07	2.43	2.49	2.36	2.24	2.81
Total	35.75	43.18	39.51	35.92	34.05	36.60	43.65

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 24.05.05)			Important States	Area Difference in absolute percentage over last estimate
		This Year	Last Year	Difference		
Groundnut	10	10.35	10.38	-0.03	Andhra Pradesh Gujarat Tamil Nadu West Bengal	(-0.4, -11.8) (-0.5, -54.9) (+1.0, +40.9) (-0.2, -32.3)
Rapeseed & Mustard	53	71.15	60.02	11.13	Gujarat Haryana Madhya Pradesh Rajasthan Uttar Pradesh	(+0.4, +14.9) (+0.5, +7.1) (+1.2, +18.2) (+8.0, +36.4) (+0.8, +8.3)
Safflower	4	3.87	3.59	0.28	Karnataka Maharashtra	(+0.1, +11.1) (+0.2, +9.8)
Sunflower	9	13.94	14.27	-0.33	Andhra Pradesh Karnataka Punjab	(-1.0, -2.6) (-0.4, -5.8) (-0.1, -45.0)
Sesamum	1.2	3.06	2.94	-0.12	Andhra Pradesh Tamil Nadu	(-0.2, -36.0) (+0.3, +78.8)
Linseed	6	6.30	6.82	-0.52	Chattisgarh Maharashtra Madhya Pradesh	(-0.2, -9.4) (-.03, -34.5) (+0.1, +6.0)
Total Oilseeds	82	109.76	99.61	10.15	Andhra Pradesh Assam Haryana Madhya Pradesh Rajasthan Tamil Nadu Uttar Pradesh	(-0.7, -8.8) (-0.2, -5.0) (+0.5, +8.0) (+1.3, +15.4) (+7.9, +36.3) (-0.1, +32.8) (+0.7, +7.2)

DOMESTIC MARKET ANALYSIS

Palm oil

The domestic palm oil market continued range bound of the week amidst declining and uncertain support from the international market in spite of the lack of demand at the retail end.

The bullish support to the market was provided by the increased and positive support from the export as well as the production figures. The production had witnessed marginal decline with the total of 1.29 million tonnes against the increased export for the month of May at 1.328 million tonnes (a hike of 22.40% over last month).

The indecisive support from the international markets is responsible for unsteady prices in the domestic markets. The Malaysian market today declined marginally to stay below the psychological level of MYR 1400 per tonne, finding no significant support from the US soybean market screen trade.

The indecisive support from the international markets is responsible for unsteady prices in the domestic markets.

The Malaysian market today improved marginally making its way to 1370 region finding support from the US soybean production and export figures.

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

Weekly prices for RBD Palmolein (Rs/ 10 kg)

Centers	06.06.05	07.06.05	08.06.05	09.06.05	10.06.05	11.06.05
Kandla	352	350	350	348	350	350
Mumbai	362	360	359	358	357	357
Chennai	360	358	356	355	356	355
Kakinada	360	357	354	354	356	354

Weekly prices for CPO (Rs/ 10 kg)

Centers	06.06.05	07.06.05	08.06.05	09.06.05	10.06.05	11.06.05
Kandla	326	325	324	324	322	322

Soy oil

The domestic market declined sharply in the lower regions following the increased panic selling in the market amidst falling retail demand and growing weakness in the international markets in the start of the week's trade but

gradually improved amidst support from the uncertain monsoon conditions prevailing in the country.

The US market is expected to continue trading unsteady in the lower regions, following the growing weakness in the US CBOT soy oil trade amidst uncertain weather conditions and declining the export demand from the global market.

The US market is also expecting the fall in the end stock of the soybean complex in the US markets. The traders are also of the view that since the USDA had not gone for the proper survey for the production estimates or for the planting details, as reported by the South American market sources, the estimate is expected to be calculated at the prior average yield of 39.9 bushels per acre. Which is expected to present a dubious picture of the overall estimates of the US soybeans. 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 lower note and continued on further on the lower side for the day amidst declining support from the retail demand. The Hazir market today continued range bound on the lower side amidst lack of support from the consistently declining retail demand.

Overall the market is expected to continue range bound on the higher side for the coming week amidst continuous uncertainty in the monsoon in the country.

Prices for Soy (ref) during the week (Rs/ 10 kg)

Centers	06.06.05	07.06.05	08.06.05	09.06.05	10.06.05	11.06.05
Mumbai	360	359	357	356	355	355
Indore	374	372	370	368	364	363
Kota	368	366	365	364	365	362

Rape oil

The rape oil found no support from the buyers at major exchanges. The increased selling weakened the sentiments giving way to the continuing unsteadiness in the market.

A weak trend of the market continued for the week amidst the fear of increasing uncertainty in the market regarding the policy of NAFED.

The activity of NAFED is not yet clear. Earlier there was expectation that it may come up with the excess purchase in the market and sell it at the market rate of 1500-1500 per quintal, well below the purchasing rate of 1700 per quintal. But its indecisiveness is causing great anxiety in the domestic market, forcing the market to move range bound.

The increased selling weakened the sentiments giving way to the continuing unsteadiness in the market. Today the new crop arrival reached 0.75-0.80 lakh bags in Rajasthan and about 0.25-0.30 lakh bags in Madhya Pradesh.

Overall, it is expected that the rape oil will continue trading range bound on lower side for the coming week due lack of retail demand.

Prices for Rape Expeller Oil (Rs/ 10 kg)

Centers	06.06.05	07.06.05	08.06.05	09.06.05	10.06.05	11.06.05
Mumbai	378	378	378	378	376	374
Kota	358	357	356	353	352	352
Delhi	383	383	382	380	379	378

Groundnut oil

Groundnut oil continued with the weakness in the major centres for the week. Lower buying support continued at major markets amidst declining retail demand.

The continuing the monsoon in the Kerala region 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 continuously decline in the demand of the other edible oils is causing uneven movement in the groundnut oil prices.

The range-bound trade in groundnut oil prices in the domestic markets is likely to continue on the higher side for the coming week amidst increased uncertainty in the edible oil markets.

Prices for groundnut oil during the week (Rs/10 kg)

Centers	06.06.05	07.06.05	08.06.05	09.06.05	10.06.05	11.06.05
Mumbai	459	458	456	454	452	454
Rajkot	448	444	443	441	442	448
Andhra Pradesh	488	485	480	478	477	482
Chennai	490	488	484	482	480	484

Sunflower Oil

The sunflower oil market this week continued on the lower side with mild variations following the declining retail demand owing to the excess liquidity of the other edible oil in the market.

The strong port report of palm oil and the soy oil along with record domestic crop of mustard, encouraging stock of groundnut oil and consistent decline in the retail demand are the main cause of the unsteadiness in the sunflower market.

The continuous low level of demand in the retail end and the import of other edible oil are expected to keep the prices almost steady.

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	06.06.05	07.06.05	08.06.05	09.06.05	10.06.05	11.06.05
Sunflower Refined oil						
Mumbai	392	392	390	388	388	388
Chennai	408	408	410	412	412	415
Hydrabad	408	410	410	412	415	415
Sunflower Expeller oil						
Mumbai	420	422	420	418	418	418
Chennai	420	425	425	428	430	432
Hydrabad	430	430	432	433	435	432

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Market is looking at higher production in June and exports are probably not going to be as strong as it were in May. There are concerns that following unusually heavy exports in May, stocks at major consuming markets, including China, India and the European Union, have built-up. As a result, importers in those countries might have to cut back on purchases in the coming weeks.

The palm oil industry can ill afford to suffer a slowdown in exports as production is widely expected to continue growing since output typically peaks in the third quarter.

Plantations and Commodities Minister Peter Chin was quoted as saying that the plan, which involves blending of palm oil with regular diesel, may raised for discussions at a cabinet meeting next week.

Government and industry officials have previously said that CPO prices of around MYR1,000/ton would be more attractive for burning. Even if the biodiesel plan is approved, it will take some time to be implemented. In the meantime, the palm oil industry may have to contend with rising supply, and that's likely to limit the upside room for prices.

The selling pressure came amid talk of some palm oil importers in China cancelling earlier orders. China's domestic RBD palmolein selling prices have been in a downtrend recently as demand has been disappointing. At the same time, heavy arrivals of cargoes have caused stocks to swell at major Chinese ports to record levels of over 300,000 tons.

Market expectations are for exports of 350,000 to 380,000 tons, down from an unusually strong 430,000-450,000 tons reported in the May 1-10 period. A slowdown in exports could be bearish for palm oil prices in the medium term as production is widely expected to continue rising in June.

The market is expected to continue on the lower side amidst the pressure of increasing palm oil production.

Soybean Market United States

The first weekly crop conditions report of the year crops were rated 62% in good to excellent condition as compared with expectations near 62% and 65% last year. Illinois topsoil moisture is rated 29% very short and 45% short with only 26% of the state ranked with adequate topsoil condition. Uncertainty for the weather outlook is keeping the trade choppy.

For the Supply/demand report on Friday morning, traders are looking for ending stocks for the 2004/2005 season to be revised lower by about 25 million bushels from 330 million last month and for a slight revision lower for the new crop season from 290 million bushels last month.

The Meteorology weather forecast for the U.S. Midwest said rains over the western Midwest will continue to cause problems for any late planting or fieldwork for at least another five to seven days. Thundershowers over the eastern Midwest will begin to improve conditions for developing crops during the next few days. This is especially likely for Illinois.

Weekly export sales this morning came in at 236,100 tonnes, which was towards the low end of expectations. Cumulative exports have reached 97.9% of the USDA

forecast for the season as compared with 98.1% on average for this time of the year.

Old crop sales hit a marketing year low at just 85,900 tonnes as compared with 48,000 necessary each week to reach the USDA projection.

Cooler temperatures and less rain in the forecast for the western cornbelt into next week along with expectations for good moisture over the weekend in drier areas of the eastern cornbelt and heavy rains for Indiana and Ohio early next week (tropical storm rains) helped to trigger a sell-off into the mid-session.

The USDA pegged US ending stocks for the 2004/2005 season at 320 million bushels as compared with trade expectations near 330 million (range 303-345) as export and crush demand was revised higher.

For the 2005/2006 season, the USDA pegged ending stocks at 255 million bushels as compared with the average trade estimate at 285 million bushels (range 260-344).

World ending stocks for the 2004/2005 season were revised lower to 47.16 million tonnes from 51.08 million tonnes last month.

For the new crop season, world-ending stocks are pegged at 51.99 million tonnes with Brazil production expected to recover to 62 million tonnes from 53 million tonnes this year.

US soyoil ending stocks were revised higher to 1.536 billion pounds as compared with 1.266 billion last month as exports were revised lower and production higher which helped pressure the oil market into the mid-session.

The market is expected to trade positive in the coming week amidst growing uncertainty in the weather predictions by various agencies of US and absence of concrete moves from the importing countries.

South American Soybean Market:

With the market in a technically overbought condition and some rains in the forecast for later this week for the eastern Corn Belt, a corrective break looks possible, but with plenty of heat in the forecast and uncertainty for the weather ahead, the market is unlikely to see a major break unless there is evidence of a shift in the precipitation trend for the eastern that region.

For the Supply/Demand report on Friday morning, traders are looking for ending stocks for the 2004/2005 season to be revised lower by about 25 million bushels from 330 million last month and for a slight revision lower for the new crop season from 290 million bushels posted last month.

Friday's report is not a surveyed production report, so the USDA is likely to keep yield estimates at a trend line yield of 39.9 bushels/acre, which would leave ending stocks near 290 million bushels from 355 million this year.

China demand looks weak over the short term, as weak prices for both oil and meal within China have hurt crush margins and have caused some importers to shift or delay soybean cargoes from Brazil from May to June and from June to July.

China officials are also fighting the spread of the deadly (to humans) bird flu strain, which has been discovered in the province of Xinjiang. If the not controlled, the further spread of the disease could slow meal demand.

For the Supply/Demand report on Friday morning, traders are looking for a drop of 20-30 million bushels from last months forecast of 355 million bushels. Ending stocks have already been cut by 80 million bushels since the January Supply/demand report due to better than expected demand.

The strong recovery from the lows yesterday is an indication to the market that it may be too early in the growing season for negative short-term weather developments to turn the trend down.

World ending stocks for the 2004/2005 season were revised lower to 47.16 million tonnes from 51.08 million tonnes last month. For the new crop season, world-ending stocks are pegged at 51.99 million tonnes with Brazil production expected to recover to 62 million tonnes from 53 million tonnes this year.

The overall situation in the Latin American soybean market is quite bearish amidst declining support from improving weather conditions in the major soybean growing areas.

VAYDA BAZAAR

Soy oil futures at National Commodity & Derivatives Exchange Limited (NCDEX) improved for the week on increased speculative selling amidst lack of demand from the domestic markets. Settlement prices for June soy oil future at National Commodity and Derivatives Exchange (NCDEX) was in between Rs 368.05 - 376.30 kg and at National Board of Trade (NBOT) was in the range of 366.60 - 375.20 per 10 kg.

Weekly settlement prices for soy oil at NBOT

Contracts	30.06.05	31.06.05	01.06.05	02.06.05	03.06.05	04.06.05
Jun '05	374.10	370.70	369.20	369.20	364.20	361.40
Jul '05	378.10	373.10	371.20	371.20	368.20	366.40
Aug '05	N.A	N.A	N.A	N.A	N.A	N.A

Weekly settlement prices for soy oil at NCDEX

Contracts	30.06.05	31.06.05	01.06.05	02.06.05	03.06.05	04.06.05
Jun '05	375.70	372.20	370.40	365.00	366.50	363.80
Jul '05	378.95	374.45	372.30	367.30	369.50	367.50
Aug '05	381.00	377.20	375.15	370.45	372.60	370.70

*Latest Procurement details of NAFED (24.05.05)

Commodity	State	Amount (mt)
Mustard/	Rajasthan	1334715
	Uttar Pradesh	36280
	Gujarat	188255
	Madhya Pradesh	137509
	Chattisgarh	2159
	Punjab & Haryana	233540
	Delhi	8978
	Punjab	5338
	Total	1946774
Safflower	Maharashtra	19187
	Karnataka	4757
	Andhra Pradesh	4376
	Total	28320
Sunflower	Karnataka	28

PORT WATCH

Port updates of Edible oils in India (01 June - 11, June '05) (Amount in Tonnes)

Particulars	Expected	Arrived	Total
SBO	27500	21000	48500
Palm Oil	7750	26000	33750
CPO	59500	58192	117692
Total Palm	67250	84192	151442
Total Oil	94750	105192	199942

Source: ANAS

Forex Rates (As on 11.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.59
Malaysia	Ringgit	11.47
European Union	Euro	52.84
United Kingdom	GBP	79.00
Japan	100 Yen	40.15

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