

VEGOIL

17th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Complex Futures Lowered Marginally on Partial Technical Correction
- South American Soybean Continued To increase on Uncertain Weather
- BMD CPO Future Continued Higher on Increased Uncertainty in Indian Monsoon
- Soybean Oil Continued Higher on Increased support from Uncertain Monsoon

* Latest Weather Report (17.06.05)

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

The move to a new 1-year peak for July soybeans and new contract highs for November soybeans was triggered by the dry and eventually hot forecast for the Midwest.

The lack of aggressive speculative buying following early highs was enough to let the market regroup and get its footing, with private forecasters disagreeing over the length of time next week's projected heat dome will last allowing futures to cool off a bit.

Private forecasters have begun to scale back predictions of heat and dryness for next week as the midday American model projected cooler and wetter conditions.

Poor weather in China soybeans areas combined with solid technical action has also attracted new buying. On top of the weather situation in the US and China, oil traders are watching the monsoon development, or lack of development, in India.

A crop failure for the oilseed crop in India can have a major impact on world edible oil prices with India already the world's largest importer.

Oil received an additional boost from President Bush indicating that alternative fuels such as bio-diesel should be used more actively in the US Energy Bill. The cool and dry forecast for the Midwest for the next 4 days is expected to be followed by warm (sometimes hot) temperatures and dry conditions for next week. A lack of rain for the next week is expected to help improve crop conditions in the western cornbelt but areas of Illinois will need rain in 5-7 days to avoid stressful growing conditions; especially if temperatures heat up.

For the weekly export sales report, released before the opening, traders are looking for soybean sales near 50,000-150,000 tonnes as compared with 236,100 tonnes last week. Meal sales are expected near 40,000-80,000 tonnes and oil sales are expected near 2,000-6,000 tonnes.

In soybean trades, ADM Investor Services bought 400 November, ABN Amro bought 300 November, Fimat bought 600 November, RJ O'Brien bought 300 July and Refco bought 200 November. On the sell side, ADM Investor Services sold 300 November, Cargill Investor Services sold 1,200 November,

Rand Financial sold 400 November, RJ O'Brien and Refco each sold 500 November. Commodity funds were estimated sellers of 3,000 contracts.

The market is expected to continue further on the positive side as the undertone continues to be bullish.

CBOT Soy oil futures as 16 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	24.17	24.19	24.50	23.96	-0.07	24.10
Aug '05	24.40	24.32	24.56	24.05	-0.22	24.18
Sep '05	24.42	24.44	24.68	24.20	-0.14	24.28

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

New crop US soybeans seem to be attracting fund interest and leading all markets higher. Hefty old crop supplies and talk that producers in Brazil want to move beans at higher prices was seen as a limiting factor on the rally for July. Argentina officials pegged the 2004/2005 crop at 38.3 million tonnes as compared with the recent USDA forecast of 39 million tonnes.

The market is building a weather premium, and with a minor dent to yield potential, the market could face a tight situation for the coming year. In other words, a 2-3 bushel per acre drop in yield (if it occurred) would leave current prices looking undervalued.

While the weather looks threatening, the crop is currently in good shape, and a few days of 90 degrees in the Midwest followed by rain would keep crops in good condition into the end of the month. On the other hand, a lack of rain this week combined with a 4-5 day period of widespread mid to upper 90's would leave the crop in a stressful condition at the end of the month.

Cash markets are weak due to increased producer selling on the rally, and commercial selling was noted as well with talk of producer sales both here and in Brazil. Fears of losing 500,000 acres in the upper northwest Corn Belt due to too much rain along with continued Asian rust fears added to the positive tone.

Traders are watching the India monsoon activity closely, with India the largest importer of edible oils in the world. June rains are needed to plant the oilseed crops in western growing areas.

Weekly export sales for soybeans came in at 182,800 tonnes, which was above the upper end of trade expectations. Meal sales hit 53,700 tonnes, which was within the range of expectations, and oil sales showed cancellations of 100 tonnes, which was bearish against expectations.

The Latin American soybean market is expected to continue range bound on the higher side amidst growing support from the uncertain weather in US and India.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended slightly higher Friday, with the benchmark contract breaching a key resistance, following strong gains in soyoil futures in electronic trading.

The market had barely budged in the morning session amid an absence of fresh leads as soyoil futures were little changed overnight on the Chicago Board of Trade. However, soyoil futures rose sharply in the afternoon in electronic trading, triggering some speculative buying interest in CPO futures.

Talk of dry weather conditions in U.S. soybean growing areas continued to dominate sentiment in the soy complex market. Besides U.S. weather, moisture conditions in India are also emerging as a factor to watch for edible oil markets.

Delays in the arrival of monsoon rains in India have hampered the sowing of crops, raising concerns that oilseeds production in the coming season may be poor. A slowdown in oilseeds production would affect India's edible oils output, requiring the country to buy more imported oil such as Malaysian and Indonesian palm oil.

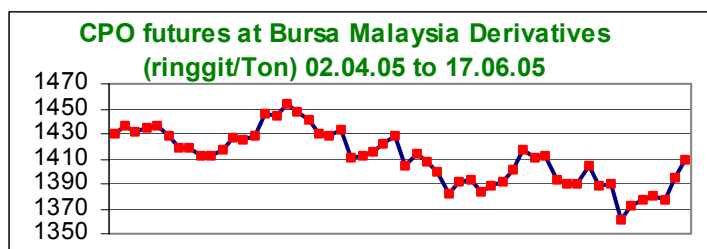
Cargo surveyors Intertek Agri Services and SGS (Malaysia) Bhd. are due to issue Monday estimates for Malaysian palm oil exports in the June 1-20 period. Market speculation was for exports of around 800,000 to 830,000 tons. In the May 1-20 period, exports were estimated at record levels of nearly 1.0 million tons.

Palm oil stocks in Malaysia totaled about 1.3 million tons at end-May. In the Malaysian cash market, prices moved higher in tandem with gains in CPO futures. However, trading activity was subdued as buyers were largely on the sidelines, awaiting clearer market direction.

The Malaysian palm oil market is expected to continue range bound on the higher side amidst growing support from the uncertain weather in US and India.

KLCE CPO Futures (17.06.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jun '05	1396	1391	1410	1391	+14	1410	738
Jul '05	1395	1394	1410	1388	+14	1409	1132
Aug '05	1395	1393	1410	1388	+14	1409	3913



Domestic:

Palm oil

The domestic palm oil market traded on the range bound on the positive side amidst increased support from the international markets.

The support of the soybean complex in the US markets was responsible for positive price movement for the last couple of days.

The Malaysian market today continued significantly on the higher side amidst increased support from the screen trading in US soybean market.

The import quantum has grown marginally. In the month of June (till 16.06.05) the country has imported about 1.05 lakh tonnes of palm oil.

CNF prices of CPO (June) were quoted at \$ 360 per tonnes and RBD Palmolein at \$ 392.50 per tonne.

The price for palm oil in the market is expected to continue range bound on the higher side for Saturday, as the market is expected to receive support from the uncertain monsoon conditions.

Palm oil - Spot Market Price		(Rs. per 10 kg)		
Centres	17.06.05	16.06.05	Change	
Kandla CPO (5 % FFA)	324	324	0	
Mumbai CPO (5% FFA)	326	326	0	
Kandla RBD Palmolein	351	347	+4	
Mumbai RBD Palmolein	360	358	+2	
Chennai RBD Palmolein	359	357	+2	
Kakinada RBD Palmolein	360	358	+2	

Soy oil

The domestic market opened steady at the futures but traded on the positive side in the spot markets news of increasing uncertainty in the monsoon amount and arrival and rising support from the international markets.

Majority of the traders are still interested in keeping their positions open as the bullish sentiments continues in the market following various contradicting statements regarding the progress of the monsoon in India.

The domestic future market trading started on a steady note but improved gradually as the day progressed. The NBOT (July Contract) exchange moved up from yesterday's level to close at a level of 378.90 (UP by Rs. 2.90).

The Hazir market today also improved marginally amidst lack of support from the uncertainty in the monsoon.

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

Overall the market is expected to continue on the higher side for Saturday amidst expected increased support from the US markets and growing uncertainty in the monsoon.

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

Centres	17.06.05	16.06.05	Change
Mumbai (Soy ref)	360	358	+2
Indore (Soy Ref oil)	372	369	+3
Indore (Soy Solvent Ex. oil)	349	348	+1
Kota (Soy Ref. Oil)	371	368	+3
Jaipur (Soy Ref. Oil)	373	370	+3

NBOT Soy oil futures as on 17.06.2005 (Rs/10 kg)

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jul '05	376.40	376.80	378.90	376.10	2.50	378.90	41340
Aug '05	376.20	NA	NA	NA	0.00	NA	NA
Sept '05	0.00	NA	NA	NA	0.00	NA	NA

NCDEX Soy oil futures as on 16.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jun '05	369.05	371.50	375.00	371.20	371.95	4780	17360
Jul '05	373.40	374.90	379.00	374.90	377.50	36320	32640
Aug '05	375.90	376.95	381.35	376.95	380.10	14330	16730

Rape oil

A rape oil market continued to improve marginally amidst increased gains in the soyoil market and rising buying support from uncertain monsoon.

NAFED has offered the purchased mustard seeds to be sold in the open market in Kota and adjoining markets at the rate of Rs. 1550-1600 per quintal. Few traders / mill owners showed some interest at these rates.

The uncertain monsoon in the country is also responsible for the prevailing rising trend in the prices, but as soon as the rain arrives, the market is expected to make a significant downward movement.

Today, the rape oil found increased support from the buyers at major exchanges.

Today the new crop arrival reached 1.30 - 1.60 lakh bags in Rajasthan and about 0.50 lakh bags in Madhya Pradesh.

Overall, it is expected that the rape oil will continue trading range bound on higher side for Saturday amidst increased support from the soybean oil market.

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

Centres	17.06.05	16.06.05	Change
Mumbai (Rape Expeller Oil)	383	378	+5
Kota (Rape Expeller Oil)	362	358	+4
Jaipur (Rape Expeller Oil)	364	360	+4
Neewai (* Kacchi Ghani Rape Oil)	378	376	+2
Delhi (Rape Expeller Oil)	388	385	+3

Groundnut oil

Groundnut oil continued on the higher side at various centres amidst support of the increasing local demand and growing uncertainty in the monsoon.

The latest seeding report suggest that the area under groundnut farming was 81000 hectare as on June 10 against 119000 hectares on the same day last year.

The uncertainty in the demand of the other edible oils is also causing range bound movement in the groundnut oil prices.

The range-bound positive trade in groundnut oil prices in the domestic markets is likely to continue Saturday amidst of increased demand.

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

Centres	17.06.05	16.06.05	Change
Mumbai	461	462	-1
Rajkot	468	465	+3
Andhra Region	496	494	+2
Chennai	496	495	+1

LATEST WEATHER WATCH (17.06.2005)

All India medium range weather forecast valid for next 5 days.

Main Features**Monsoon Outlook:**

Southwest has further advanced over west central and north Bay of Bengal, entire Nagaland, Manipur, Mizoram & Tripura, Arunachal Pradesh, Assam & Meghalaya and parts of sub Himalayan West Bengal and Sikkim. Northern limit of monsoon passes through 15°N/60°E, 15°N/70°E Pamjim, Chitradurga, Anantapur, Kaveli, 17°N/85°E, 21°N/89°E, 24°N/90°E & Gangtok.

Prediction suggests that monsoon may progress further, and cover more areas of Sub-Himalayan west Bengal and Konkan & Goa leading to **onset of monsoon over Mumbai & neighbourhood during next 3 days.**

Heat Wave Condition:

Severe heat wave conditions prevailed over many parts of Orissa, Jharkhand, Bihar, Chhattisgarh, Vidarbha, east U.P. and east M.P. Heat wave conditions also prevailed over parts of west M.P., west Rajasthan and Marathwada. Improvement of in heat wave condition is expected in Orissa and Jharkhand during next 2 days.

NORTH & NORTH-WEST INDIA [J&K, HP, UTTANCHAL, PUNJAB, HARYANA, WEST UP]

Mainly dry weather is likely to prevail over plains of northwest India during next 3-4 days.

A western disturbance is likely is likely to cause isolated to scattered rainfall/snowfall over hilly regions of NW India (J&K, H.P. and Uttranchal) during next 3 days.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

North-eastern states and Sub-Himalayan West Bengal are likely to receive increased rainfall activity with fairly widespread to widespread rains/thundershowers over the region during next 3-4 days.

Scattered rain/thundershowers are expected over Gangetic West Bengal and Orissa and isolated over Jharkhand and Bihar during next 2-3 days. Thereafter, rainfall activity over Gangetic West Bengal is likely to increase.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is expected over the region.

Prevailing Heat wave condition over Chattisgarh and South Madhya Pradesh is likely to improve during next 2-3 days.

SOUTH INDIA [TAMIL NADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

Heat wave condition has shown improvement and is now abated from coastal A.P.

Fairly widespread rainfall is likely over Andaman & Nicobar Islands, and Lakshadeep.

Scattered rainfall is expected over Kerala, Coastal Karnataka, South Interior Karnataka and Coastal A.P. during next 24 hours. Rainfall activity over Lakshadeep, Kerala and

Coastal Karnataka may increase subsequently for next 4 days.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

Gujarat and Rajasthan are likely to experience mainly dry weather during next 2-3 days.

Konkan & Goa, Madhya Maharashtra and Marathwada are likely to receive isolated to scattered rainfall activity. There may be increase in rainfall activity over Konkan & Goa after 18th June.

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX JULY Contract

The July contract closed at **380.90**, which is above the yesterday's close level. Market opened on a steady note but

continued up for the day amidst news of uncertain progress of monsoon and increased support from the International markets.

The **7-day MA** is below **14-day MA** but is moving up indicating growing strength in trend. The **9-Day MACD** also continued upward indicating the rising strength in the market. The **EMA** of the MACD is convincingly indicating the growing strength in the market.

The **9-days Price ROC** moved higher in the positive region to the level of **+1.723**, indicating increasing strength in the prices. The **9-day RSI** also improved marginally (pointing downward) in the neutral region to a level of **51.95** indicating the existing strength in the markets.

The **% K-line** continued up entering the overbought the neutral region indicating the rising strength of the prices. The **% D-Line** also progressed up entering the overbought region indicating the improving sentiments in the prices.

The **candlestick** pattern is hinting at the firm opening and higher trade for Saturday.

Market advice:

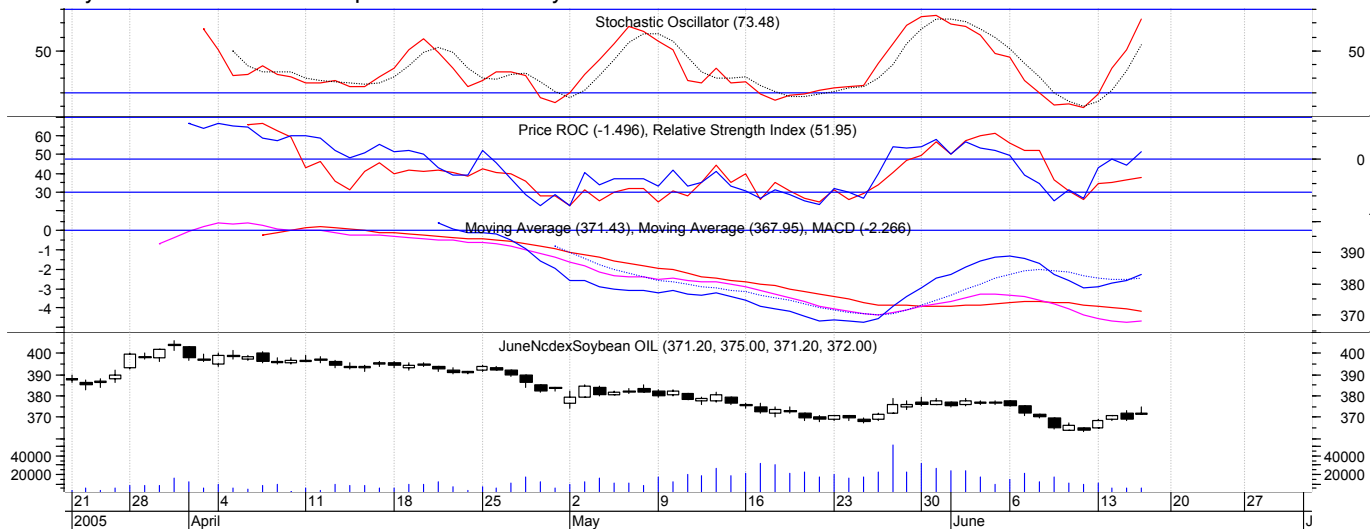
Market is expected to open marginally firm and trade on the higher side for Saturday.

Short term & medium term buying would yield profit

The bullish sentiment is likely to continue for few more days, if monsoon continues to be uncertain.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	July '05	376.80	375.40	381.70	383.40
NCDEX	July '05	379.60	377.60	382.30	383.50



PORT-WATCH (Latest)

'Dubulti' from Argentina has berthed at Kandla Port and continues to deliver 16,000 MT of SBO. The vessel is being handled by Interocean agents. 'Ace 7' from Belawan is expected at Kandla Port to discharge 11,500 MT of CPO. Interocean agents will be handling the vessel. The port is expecting 'Bow Fraternity' to discharge 5,000 MT of CPO. The cargo was loaded from Dumai. Intera Trade agents will be handling the vessel.

Kolkata Port is receiving 2,000 MT of CPO from the vessel 'Star Dream'. Seaport agents is handling the vessel. 'MMM Houston' has berthed at Kolkata Port and continues to deliver 6,000 MT of CPO. The vessel is being handled by Seaport agents. Delivery of 6,500 MT of CPO is continuing at the port from the vessel 'Bumik'. Interocean is handling the vessel.

Delivery of 9,500 MT of palm oil is expected at Mumbai Port from the vessel 'Shamrock Moon'. James Mackintosh agents will be handling the vessel.

Cochin Port is expecting 'L Star' to deliver 6,000 MT of palm oil. Seaworl will be handling the vessel. 'Spring Glory' will be arriving at the port shortly to discharge palm oil. St.John agents will be handling the vessel.

Current vessels Positions:

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	MMM Houston	6000	CPO	Arrived
	Star Dream	2000	CPO	Arrived
	Bumik	6500	CPO	Arrived
Kandla	Ace 7	11500	CPO	Expected
	Dubulti	16000	SBO	Arrived
	Bow Fraternity	5000	CPO	Expected
Cochin	L Star	6000	Palm oil	Expected
	Spring Glory	-	Palm oil	Expected
Mumbai	Shamrock Moon	9500	Palm oil	Expected

Forex Rates

(As on 17.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.59
Malaysia	Ringgit	11.48
European Union	Euro	52.75
United Kingdom	GBP	79.36
Japan	100 Yen	39.99

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