

VEGOIL

21st June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Soybean Oil Showed Weakness
- CBOT: Soy Futures Rise Due to Weather Concern

* Latest Weather Report (20.06.05)

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

Soybean futures at the Chicago Board of Trade finished Monday's session on a strong note as the market continued to add risk premium due to dryness issues for the eastern Midwest. Soybean futures ended higher, keeping pace with the firm tone and is flowing the soybean and soybean meal. Also solid underlying domestic demand propelled prices to new contract highs.

July soybeans ended 15 cents higher at \$7.39 a bushel, November soybeans ended 16 cents higher at \$7.57 1/2, July soybean meal settled \$3.40 higher at \$232.40 a short ton, and July soybean oil ended 50 points higher at 25.58 cent a pound.

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.

Meanwhile, weekly soybean export inspections totaled 8.532 million bushels, up from 7.742 million last week, the U.S. Department of Agriculture reported. This was at the high end of expectations for 5 million to 8 million bushels.

CBOT Soy oil futures as 20 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	25.08	25.44	25.82	25.44	0.5	25.58
Aug '05	25.21	25.36	25.90	25.36	0.47	25.68

CBOT remains closed on Saturday and Sunday.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended lower Tuesday as the market succumbed to profit-taking after recent strong gains. The benchmark September CPO futures contract ended at MYR1,422 a metric ton, down

MYR18 from Monday. The contract had been on a winning streak in the past three trading days, rising a total of MYR63. Despite stronger overnight soybean futures, CPO futures opened lower and remained in negative territory throughout the day. Palm oil prices have been steady over the past week due mostly to the strength of the soybean market. Without the support of soybean, palm oil may have difficulty sustaining any gains because of a bearish supply and demand outlook. There are concerns in the market that palm oil stocks may be on a rising trend in June and in subsequent months because demand may struggle to keep pace with output, which is usually at its highest during the third quarter. Palm oil prices are likely to continue closely tracking movements in soybean 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. Trading volume totaled 5,216 lots compared with 10,924 lots Monday. Open interest totaled 27,002 lots compared with 27,620 lots. In the Malaysian cash market, palm oil products were offered at slightly lower prices, following falls in the CPO futures market. However, trading activity was sluggish because of a lack of bids from buyers. RBD palm olein for July/August/September and October/November/December deliveries were offered at \$407.50/ton, down \$2.5 from Monday. June/July CPO, locally delivered, was offered at MYR1,440/ton, down MYR10 from Monday.

KLCE CPO Futures (21.06.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jul '05	1441	1438	1439	1422	-19	1442	370
Aug '05	1440	1434	1435	1420	-17	1423	771

CPO futures at Bursa Malaysia Derivatives (ringgit/Ton) 02.04.05 to 17.06.05



Domestic:

Palm oil

The domestic palm oil market traded significantly lower as the market made some technical correction in the market.

The Malaysian market today ended lower as the market succumbed to profit-taking after recent strong gains.

The import quantum has grown marginally. In the month of June (till 18.06.05) the country has imported about 1.05 lakh tonnes of palm oil.

CNF prices of CPO (June) were quoted at \$ 368 per tonnes and RBD Palmolein at \$ 399 per tonne.

The price for palm oil in the market is expected to continue range bound for the week, the market is expected to receive support from the uncertain monsoon conditions.

Palm oil - Spot Market Price		(Rs. per 10 kg)	
Centres	21.06.05	20.06.05	Change
Kandla CPO (5 % FFA)	329	330	-1
Mumbai CPO (5% FFA)	-	335	-
Kandla RBD Palmolein	356	356	0
Mumbai RBD Palmolein	368	366	+2
Chennai RBD Palmolein	369	368	+1
Kakinada RBD Palmolein	369	368	+1

Soy oil

The domestic market opened weak at the futures and traded weakly in the negative side in the spot markets due to technical corrections. The news of increasing uncertainty in the monsoon arrival is giving a support to the market and limiting the downside.

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

The domestic future market trading started on a weak note and remained range bound for the day. The NBOT (July Contract) exchange moved down from yesterday's level to close at a level of 381.8 (down by Rs. 4.10).

The Hazir market today also remained weak marginally and remained range bound.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 347 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 524 per tonne.

However, the market is expected to remain firm for the coming days amidst expected increased support from the US markets and growing uncertainty in the monsoon.

Soybean oil - Spot Market Price		(Rs. per 10 kg)	
Centres	21.06.05	20.06.05	Change
Mumbai (Soy ref)	365	362	+3
Indore (Soy Ref oil)	375	375	0
Indore (Soy Solvent Ex. oil)	452	452	0
Kota (Soy Ref. Oil)	374	375	-1
Jaipur (Soy Ref. Oil)	372	372	0

NBOT Soy oil futures as on 21.06.2005 (Rs/10 kg)

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jul 05	385.90	383.0	383.4	381.5	-4.1	381.8	36270
Aug 05	389.30	NA	NA	NA	0.00	NA	NA
Sept '05	0.00	NA	NA	NA	0.00	NA	NA

NCDEX Soy oil futures as on 20.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul '05	382.40	383.35	387.15	383.35	385.95	32940	36610
Aug '05	385.25	386.20	390.10	386.20	388.75	19580	24130

Rape oil

A rape oil market continued to rise amidst rising buying support at major mustard exchanges.

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 as well as in the spot markets. In the spot markets the prices jumped significantly amidst growing uncertainty in the amount and timing of monsoon.

Overall, it is expected that the rape oil will continue trading range bound on higher side for the coming days and there will be support from the soybean oil market.

Rape oil - Spot Market Price		(Rs. per 10 kg)	
Centres	21.06.05	20.06.05	Change
Mumbai (Rape Expeller Oil)	392	392	0
Kota (Rape Expeller Oil)	370	367	+3
Jaipur (Rape Expeller Oil)	378	372	+6
Neewai (* Kacchi Ghani Rape Oil)	389	387	+2
Delhi (Rape Expeller Oil)	395	394	+1

Groundnut oil

Groundnut oil slide down at various centres due to low local demand but it is getting support from the growing uncertainty in the monsoon.

The latest seeding report suggest that the area under groundnut farming was 81000 hectare as on June 13th against 119000 hectares on the same day last year.

The range-bound weak trade in groundnut oil prices in the domestic markets is likely to remain for a day or two.

Groundnut oil - Spot Market Price		(Rs. per 10 kg)	
Centres	21.06.05	20.06.05	Change
Mumbai	470	470	0
Rajkot	488	489	-1
Andhra Region	496	496	0
Chennai	498	498	0

LATEST WEATHER WATCH (20.06.2005)

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

Monsoon Outlook for next week

Southwest monsoon has further advanced over some more parts of east central Arabian Sea, south Madhya Maharashtra, parts of north Interior Karnataka, entire Rayalaseema, parts of Telangana, coastal Andhra Pradesh and some more parts of west-central and north Bay of Bengal. Northern limit of monsoon passes through 19 deg. N/60 deg. E, 19 deg. N/70 deg. E, Mumbai, Pune, Kurnool, Kakinada, 19 deg. N/87 deg. E, 21 deg. N/89 deg. E, 24 deg. N/90 deg. E and Gangtok. NCMRWF model prediction suggests that monsoon may progress further and cover entire Konkan & Goa, south Gujarat region, more parts of Madhya Maharashtra, parts of Marathwada, some more areas of Telangana, entire coastal Andhra Pradesh, parts of Orissa, entire west Bengal, parts of East Bihar and Jharkhand during next 5 days.

North & North-West India [J&K, Hp, Utranchal, Punjab, Haryana, West Up]

Mainly dry weather is likely to prevail over plains of northwest India during next 5 days. • Plains of north India are likely to experience moderate heat wave conditions over parts of west U.P. and Haryana during next 2-3 days. A weak western disturbance is likely to move across J&K and adjoining hilly regions of NW India in an eastward direction. It may cause isolated rainfall/snowfall over hilly regions of NW India during next 24 Hrs.

East And NE India [East Up, Bihar, Jharkhand, West Bengal, Orissa, NE States]

North-eastern states and west Bengal are likely to receive fairly widespread to widespread rains/thundershowers during next 3-4 days. Scattered rain/thundershowers are expected over Orissa and isolated over Jharkhand and Bihar during next 4-5 days. • Heat wave condition may improve over Orissa and Bihar during next 3 days. Heat wave condition over east U.P. may continue.

Central India [MP, Chhattisgarh, Vidarbaha]

Vidarbaha and Chhattisgarh are likely to receive isolated to scattered rains during next 3-4 days. Prevailing Heat wave condition over Chhattisgarh and Vidarbaha is likely to improve during next 3-4 days.

South India [Tamilnadu, AP, Kerala, Karnataka, Andaman & Nicobar Islands, Lakshadeep]

Fairly widespread to widespread rainfall is likely over Andaman & Nicobar Islands, and Scattered rainfall over Lakshadeep, Kerala, Coastal Karnataka, South Interior Karnataka north-interior Karnataka, South Coastal A.P.,

Telangana and Rayalaseema during next 3 days. Rest of the region is expected to receive isolated rainfall.

West India [Maharashtra Other Than Vidarbaha, Gujarat, Rajasthan]

Widespread rainfall with isolated heavy to very rainfall is likely over Konkan & Goa; Scattered to fairly wide spread over Madhya Maharashtra, Marathwada and South Gujarat region and isolated over Sourashtra & Kutch during next 3-5 days. Rajasthan is likely to experience mainly dry weather during next 5 days.

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX JULY Contract

The July contract closed at **382.70**, well below the yesterday's close level. Market opened low and trade witnessed downward technical; correction as the trade was in over-bought territory and decreased support from the International markets.

The **7-day MA** is moving up above the **14-day MA** making a bullish crossover supporting the strength in trend. Currently the MACD is also supporting the continued bullish sentiments in the markets.

The **9-days Price ROC** moved down in the positive region to the level of **+3.572**, indicating losing strength in the prices. The **9-day RSI** also dropped slightly (pointing downward) in the neutral region to a level of **60.56** indicating the less strength in the markets.

The **% K-line** looking down from the overbought region indicating the weakening strength of the prices. The **% D-Line** also started looking down in the overbought region indicating the weak sentiments in the prices.

The **candlestick** pattern is hinting at the weak opening and range bound trade for Wednesday.

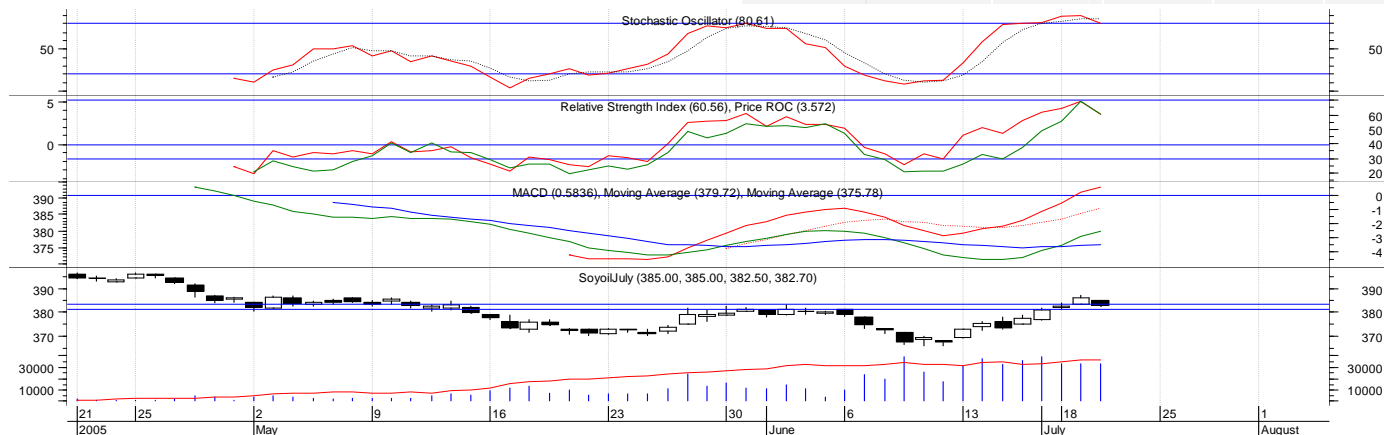
Market advice:

Market is expected to open low and trade range bound marginally on lower side for Wednesday.

Short term selling would yield profit

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	July '05	380.50	379.00	382.80	384.80
NCDEX	July '05	381.40	379.80	383.40	384.70



PORT-WATCH (Latest)

Ace 7' from Belawan has berthed at Kandla Port and continues to deliver 11,50 MT of CPBO. The vessel is being handled by Interocean agents. 'Ginga Hawk' from Malaysia is expected at Kandla Port to discharge 13,937 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.

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

'Spring Glory' will be arriving at the Cochin port shortly to discharge palm oil. St.John agents will be handling the vessel.

Tuticorin Port is expecting 'Spring Glory' to deliver 5,000 MT of palm oil. St.John agents will be handling the vessel.

Delivery of 2,500 MT of palm oil is expected at Chennai Port from the vessel 'Countess'. Seaport agents will be handling the vessel. 'Global Venus' is expected at the port to discharge 4,000 MT of CPO. The vessel will be handled by Patvolk agents.

Mundra Port is expecting 'Global Trader' to deliver 5,300 MT of SBO. Taurus agents will be handling the vessel. Current vessels Positions:

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Ace 7	11500	CPO	Arrived
	Ginga Hawk	13937	CPO	Expected
	Bow Fraternity	5000	CPO	Expected
Cochin	Spring Glory	-	Palm oil	Expected
Mumbai	Shamrock Moon	9500	Palm oil	Arrived
Tuticorin	Spring Glory	5000	Palm oil	Expected
Chennai	Countess	2500	Palm Oil	Expected
	Global Venus	4000	CPO	Expected
Mundra	Global Trader	5300	SBO	Expected

Forex Rates

(As on 21.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.61
Malaysia	Ringgit	11.47
European Union	Euro	52.93
United Kingdom	GBP	79.49
Japan	100 Yen	39.88

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