

## VEGOIL

13<sup>th</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- **USDA Projections based on Monthly crop Progress report (10.06.05)**
- **BMD CPO Future Continued Improving on Bullish Support from US Soybean Market**
- **Soybean Oil Improved Significantly on Strong Rumors of Tariff Revision**

### \* Latest Weather Report (13.06.05)

### MARKET HIGHLIGHTS & ANALYSIS

#### International:

#### CBOT (US Soybean Oil):

CBOT Exchange remained closed on regular weekend holiday. It will reopen on Monday evening (13.06.05).

#### CBOT Soy oil futures as 10 June 2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	23.13	23.15	23.20	22.74	-0.39	22.74
Aug '05	23.24	23.25	23.25	22.83	-0.41	22.83
Sep '05	23.35	23.35	23.35	22.93	-0.41	22.94

CBOT remains closed on Saturday and Sunday.

#### 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.

#### KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended slightly higher Monday after a choppy trading day as the market mirrored the volatility in soyoil futures.

Soyoil futures rebounded in electronic trading Monday in US, with the July contract last traded up 21 points at 22.95 cents a pound. The recovery paved the way for CPO futures to also move off their lows in the afternoon session to end in positive territory.

The market lacked clear direction Monday as participants remained in a cautious mood. Bullish supply and demand data issued Friday has so far had no noticeable impact on palm oil prices.

Friday, the Malaysian Palm Oil Board reported a 12% on-month decline in stocks to 1.3 million tons at the end of May. Cargo surveyors Intertek Agri Services and SGS (Malaysia) Bhd reported June 1-10 palm oil exports of over 450,000 tons, far higher than market expectations.

In the Malaysian cash market, however, trading activity has been subdued. RBD palmolein for June to December delivery was offered unchanged to \$2.50 lower Monday at \$390 to \$392.50/ton.

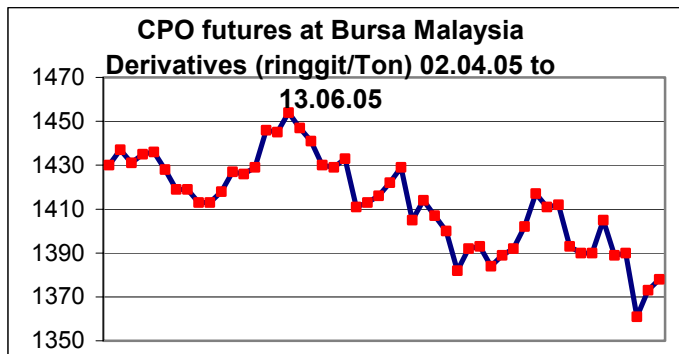
The slack demand may be because of weak domestic selling prices amid ample supply in key markets like China and India. The market sentiment is also weak due to expectations of rising palm oil production in the coming months. Palm oil output is typically at its strongest during the third quarter of every year. There are some concerns that production growth may outpace demand, resulting in a rapid buildup of stocks over the next few months.

Participants are also in cautious mood due to uncertainties over the longer-term direction of the soybean and soyoil market. Soy complex prices have been volatile in recent days and weeks, following changes in U.S. weather conditions.

It is expected that unless there is a major shift in the supply and demand fundamentals, CPO futures are likely to stay between the MYR 1350 to MYR 1400 range in the coming days.

**KLCE CPO Futures (13.06.05) (In Ringgit /T)**

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jun '05	1376	1370	1370	1370	-6	1370	8
Jul '05	1373	1368	1383	1368	+10	1383	359
Aug '05	1373	1369	1382	1364	+5	1378	3781

**Domestic:****Palm oil**

The domestic palm oil traded range bound amidst indecisive support from the international market and lack of demand at the retail end.

The Malaysian market today remained closed on its regular weekend holiday providing no trading sentiments.

The import quantum has increased marginally. In the month of June (till 13.06.05) the country has imported about 0.84 lakh tonnes of palm oil.

CNF prices of CPO (June) were quoted at \$ 357.50 per tonnes and RBD Palmolein at \$ 390.00 per tonne.

The price for palm oil in the market is expected to continue on the positive side for Tuesday, as the market is expected to receive partial support from the Malaysian KLCE market.

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

Centres	13.06.05	11.06.05	Change
Kandla CPO (5 % FFA)	321	322	-1
Mumbai CPO (5% FFA)	324	324	0
Kandla RBD Palmolein	350	350	0
Mumbai RBD Palmolein	357	357	0
Chennai RBD Palmolein	356	355	+1
Kakinada RBD Palmolein	356	354	+2

**Soy oil**

The domestic market improved significantly after the day of mild technical correction on Saturday amidst growing buying support in the international markets.

The uncertainty with the time and amount of rainfall during the current monsoon is causing anxiety in the traders and on these reasons the market is expected to go bullish in the coming days.

The activity in the domestic market was greatly dominated by strong rumours that the Central

Government has imposed a 35 % duty on refined vanaspati oil imported from Sri Lanka, the news of which is yet to be confirmed.

The domestic future market trading started on a firm note and continued on further on the upper side for the day amidst increasing buyers' support. The NBOT (June Contract) exchange moved sharply higher to closed at a level of 364.80 (Up by Rs. 3.20).

The Hazir market today continued range bound amidst lack of support from the consistently declining retail demand.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 334 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 501 per tonne.

Overall the market is expected to continue on the positive side for Tuesday amidst expected increased support from the international markets.

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

Centres	13.06.05	11.06.05	Change
Mumbai (Soy ref)	355	355	0
Indore (Soy Ref oil)	363	363	0
Indore (Soy Solvent Ex. oil)	338	338	0
Kota (Soy Ref. Oil)	364	362	+2
Jaipur (Soy Ref. Oil)	365	364	+1

**NBOT Soy oil futures as on 13.06.2005 (Rs/10 kg)**

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jun '05	361.60	364.50	364.80	364.10	3.20	364.80	2850
Jul '05	366.30	370.50	371.70	369.50	5.30	371.60	37550
Aug '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

**NCDEX Soy oil futures as on 11.06.2005 (Rs/10 kg)**

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jun '05	366.50	365.05	365.10	363.30	363.80	8980	24730
Jul '05	369.50	368.30	368.30	366.10	367.50	17370	32030
Aug '05	372.60	372.30	372.30	369.80	370.70	5660	10130

**Rape oil**

A weak trend of the market witnessed mild recovery amidst increased gains in the soyoil market.

The marketing strategy of NAFED is still not yet clear. Its indecisiveness regarding the sale of mustard seed in the Indian market is causing great anxiety in the domestic market, forcing the market to move range bound.

Today, the rape oil found partial support form the buyers at major exchanges.

Today the new crop arrival reached 1.00 lakh bags in Rajasthan and about 0.30 lakh bags in Madhya Pradesh.

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

Rape oil - Spot Market Price		(Rs. per 10 kg)	
Centres	13.06.05	11.06.05	Change
Mumbai (Rape Expeller Oil)	374	374	0
Kota (Rape Expeller Oil)	354	352	+2
Jaipur (Rape Expeller Oil)	354	352	+2
Neewai (* Kacchi Ghani Rape Oil)	370	368	+2
Delhi (Rape Expeller Oil)	380	378	+2

### Groundnut oil

Groundnut oil continued improving marginal marginally at various centres amidst support from the growing local demand at various centres in southern markets.

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

The market is also varying in accordance with the monsoon progress, which has become greatly uncertain both in terms of timings and amount.

The range-bound lower trade in groundnut oil prices in the domestic markets is likely to continue range bound on Monday in absence of increased buying support.

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

Centres	13.06.05	11.06.05	Change
Mumbai	454	454	0
Rajkot	449	448	+1
Andhra Region	484	482	+2
Chennai	485	484	+1

## LATEST WEATHER WATCH (13.06.2005)

### Short range weather prediction over the country

Severe heat wave conditions continued to prevail over Orissa, parts of Jharkhand, Chhattisgarh, northeast Uttar Pradesh, Bihar, East Madhya Pradesh and Coastal Andhra Pradesh. Heat wave conditions also continued to prevail over remaining parts of Bihar, Jharkhand, east Uttar Pradesh and parts of west Madhya Pradesh, Andhra Pradesh & Vidarbha. These heat wave conditions are likely to continue for next 48 hours. The trough at sea level off south Konkan-Kerala coast now lies off Kerala coast. The north-south trough in westerlies running from northeastern states to central Bay of Bengal between 2.1 and 4.5 km above sea level persists with a trough in the lower levels from Assam & Meghalaya to Orissa coast through Gangetic West Bengal. The upper air cyclonic circulation over Konkan & Goa coasts between 2.1 km & 5.8 km above sea level has become less marked.

### Forecast for next 24 hours

Isolated rain/thundershowers likely over Jammu & Kashmir and Himachal Pradesh. Isolated duststorm/thunderstorm likely over Punjab and Haryana including Delhi. Mainly dry weather in the rest region.

Rain/thundershowers with isolated squall likely at many places in the northeastern states and sub Himalayan West Bengal & Sikkim and at isolated places over Gangetic West Bengal, Orissa, Bihar and Chhattisgarh. mainly dry weather is likely in the rest region.

Rain/thundershowers likely at many places over Andaman & Nicobar islands and Kerala; at a few places over Lakshadweep, coastal & south interior Karnataka and isolated in the rest region.

Isolated rain/thundershowers likely over Konkan & Goa. Isolated duststorm/thunderstorm likely over Rajasthan and west Madhya Pradesh. Mainly dry weather in the rest region.

### Outlook for subsequent two days

Rainfall activity is likely to continue over Andaman & Nicobar Islands.

### Warning

Isolated heavy rainfall likely over Andaman & Nicobar Islands

## TECHNICAL ANALYSIS

### COMMODITY: SOY OIL

#### Perspective: Very Short Term NCDEX JUNE Contract

The June contract closed at **368.75**, which is significantly above the yesterday's close. Market opened firm and continued further up amidst increased support from the international markets and strong rumours of the imposition of duty on the import of Vanaspati from Sri Lanka.

The **7-day MA** continued further lower indicating the weakness in the prices along with the **14-day MA**. The **9-Day MACD** turned upward indicating the improving sentiments in the market.

The **9-days Price ROC** moved up in the negative region to the level of **-1.980**, indicating increasing strength in the prices. The **9-day RSI** moved sharply up in the neutral region to a level of **42.96** indicating the growing strength in the markets.

The **% K-line** moved up in the oversold region indicating the rising strength of the prices. The **% D-Line** also turned up lower in the oversold region indicating the changing sentiments in the markets.

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

### Market advice:

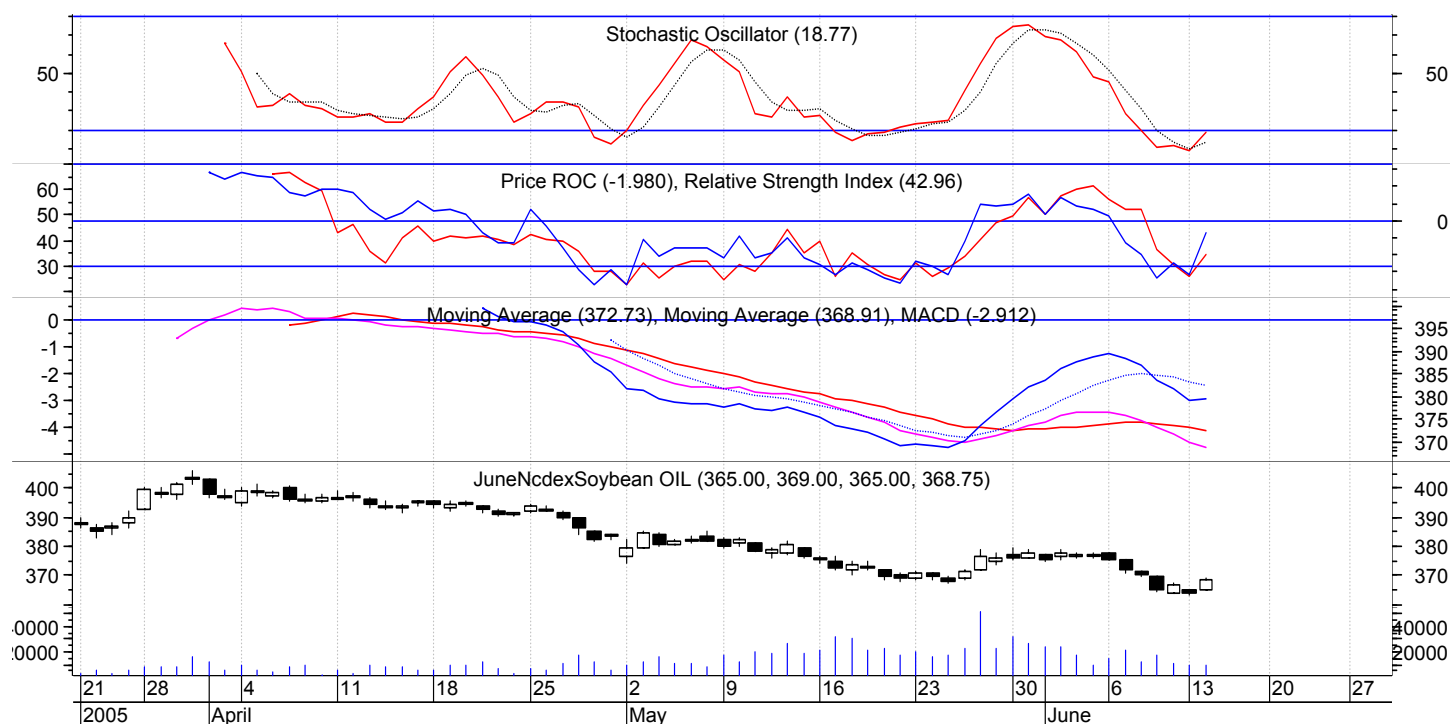
Market is expected to open steady and trade higher on Tuesday.

Short term & medium term buying would yield profit

The bullish sentiment is likely to continue for few more days.

### Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	June '05	363.50	362.20	366.20	367.80
NCDEX	June '05	368.10	366.60	370.40	371.60



### PORT-WATCH (Latest)

Kandla Port is receiving 17,000 MT of SBO from the vessel 'Mont Blanc'. The cargo was loaded from Brazil. Forbes Gokak agents is handling the vessel. Another vessel, 'Ace 7' from Belawan is expected at the port to discharge 11,500 MT of CPO. The port is expecting 'Dubulti' from Argentina to deliver 16,000 MT of SBO. These vessels will be handled by Interocean agents.

'Global Trader' has berthed at Kolkata Port and continues to deliver 5,014 MT of CPO. The vessel is being handled by Interocean agents. Kolkata Port is receiving 1,850 MT of CPO from the vessel 'Mega Crown No.1'. Seaport agents is handling the vessel.

### Current vessels Positions:

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	Mega Crown No. 1	1850	CPO	Arrived
	Global Trader	5014	CPO	Arrived
Kandla	Mont Blanc	17000	SBO	Arrived
	Ace 7	11500	CPO	Expected
	Dubulti	16000	SBO	Expected

### Forex Rates

(As on 13.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.62
Malaysia	Ringgit	11.48
European Union	Euro	52.74
United Kingdom	GBP	78.92
Japan	100 Yen	40.17

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