

VEGOIL

24th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- **CBOT Soy Complex Lowered on Increasing Weather Uncertainty and Declining Demand**
- **South American Soybean Improved Marginally on Declining Weather Conditions**
- **BMD CPO Future Improved Further on Increasing Support from US Screen Trade**
- **Soybean Oil Weakened Marginally on Declining Support from Progressing Monsoon**

* Sowing Progress of Kharif Oilseeds

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

The US market declined marginally amidst absence of demand support and uncertain weather in major soybean growing areas.

Fungal spores closely resembling those associated with Asian soybean rust have been found in a spore trap operated by Louisiana State University in a field near the northeast Louisiana town of St. Joseph.

The monthly Census Crush Report showed soybeans crushed in May at 142.8 million bushels, slightly higher than trade expectations and compared to 117.5 million bushels last year. Oil stocks were pegged at 1.875 billion pounds from 1.856 billion pounds expected.

Weekly export sales for soybeans came in at 149,500 tonnes, just below the upper end of trade expectations. Cumulative sales have reached 98.2% of the forecast for the season as compared with 99.6% on average for this time of the year.

Weekly export sales for meal came in at 123,200 tonnes, almost twice the most optimistic trade expectation. Cumulative sales have reached 95.2% of the forecast for the season as compared with 89.5% on average for this time of the year. Oil sales were 6100 tonnes, which was also strong against expectations.

The Ag Canada report that canola production is expected at 7.0 million tonnes from 7.7 million last year did not seem to provide much support.

In trades, ADM Investor Services and Man Financial each bought 400 November, Cargill bought 800 November, Citigroup, Tenco and Refco each bought 300 November, and RJ O'Brien bought 500 November. On the sell side, Cargill sold 300 August, Goldenberg Hehmeyer, Tenco and Man Financial each sold 200 November and Refco sold 300 November.

Trade is expected to be range bound on the higher side amidst growing uncertainty in the weather conditions.

CBOT Soy oil futures as 23 June 2005 (Cents/pound)

| Months | Previous Settle | Open | High | Low | Change | Close |
|---------|-----------------|-------|-------|-------|--------|-------|
| Jul '05 | 25.32 | 25.15 | 25.50 | 25.15 | -0.08 | 25.24 |
| Aug '05 | 25.40 | 25.23 | 25.55 | 25.23 | -0.08 | 25.32 |
| Sep '05 | 25.51 | 25.40 | 25.68 | 25.40 | -0.06 | 25.45 |

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

As the US market continues to build a weather premium, the spread could continue to widen if producer selling in Brazil remains active. The strong Brazilian currency, however, makes increased producer selling uncertain.

News this morning that a small number of spores similar to Asia rust were found in Louisiana could give the market a boost.

November soybeans have closed below the opening for the past three sessions as profit taking and fear that the weather forecast maps might flip/flop overnight has kept the trade volatile.

The dryness in the Midwest and delta seems to be feeding on itself, and there is still little rain and the hottest Midwest weather in several years in the forecast models. Heat from the plains is expected to shift east in the next few days, with mid-90's moving into central Illinois today and even higher temperatures for Friday.

The Illinois crops need above normal rainfall to ease the stress, but the next two weeks look hot and mostly dry. The Illinois climatologist indicates that Illinois has one of the driest springs since the dustbowl years in the 1930's.

The delta is also hot and dry and crops are already stressed from lack of normal rains. Arkansas is a major soybean producing state.

The Latin American soybean market is expected to continue on the higher side amidst growing support from the expected support from the declining weather in US.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended marginally higher Friday after a slow, range-bound trading day as uncertainty over longer-term market direction kept most participants on the sidelines.

Gains in soyoil futures in electronic trading triggered some speculative buying to help the market end in positive territory.

July soyoil was up 26 points, fueling expectations prices will also rise in floor trading on the Chicago Board of Trade.

Traders expressed caution over US sentiments and are awaiting updates on weather conditions in U.S. soybean growing areas. Dry weather has been the major reason behind a rally in soyoil futures this month, though the soyoil market has been little changed in recent days.

Participants also largely stayed away from the market to wait for the release of June 1-25 Malaysian palm oil export figures. The data is due to be issued by cargo surveyors Intertek Agri Services and SGS (Malaysia) Bhd by Monday.

There was speculation that the surveyors are likely to report June 1-25 exports of about 1.05 million tons whereas in the May 1-25 period, exports were estimated at a record level of 1.16 million to 1.18 million tons.

The traders opined that weaker exports would have a bearish influence on palm oil prices, as it suggests a potential buildup in stocks by month-end.

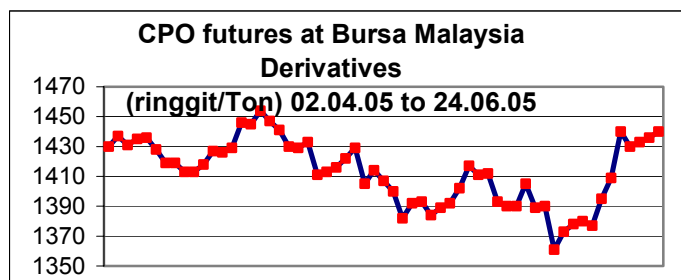
The dollar has been strengthening against other major currencies, with the euro touching a nine-week low overnight. A strong dollar makes dollar-denominated commodities like palm oil more expensive, potentially hurting consumer demand.

On a positive note, high crude oil prices may be a bullish factor, as this may spur increased global demand for alternative energy sources, including biodiesel.

The market is expected to trade marginally lower on Monday amidst growing uncertainty in the US market and improving weather in India.

KLCE CPO Futures (24.06.05) (In Ringgit /T)

| Months | Previous | Open | High | Low | Change | Close | Volume (*lots) |
|--------|----------|------|------|------|--------|-------|----------------|
| Jul'05 | 1437 | 1440 | 1444 | 1437 | +3 | 1440 | 287 |
| Aug'05 | 1436 | 1440 | 1444 | 1433 | +4 | 1440 | 500 |
| Sep'05 | 1436 | 1437 | 1443 | 1434 | +4 | 1440 | 2032 |



Domestic:

Palm oil

The domestic palm oil market traded weak without any significant change in the market.

The Malaysian market today ended marginally higher as the market continued to track gains in soyoil futures towards the last session of the trade as the screen trading sentiments turned positive of bullish indications of declining weather. It gained major support from the US screen trade which was highly positive.

The import quantum has grown marginally. In the month of June (till 24.06.05) the country has imported about 1.45 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 375 per tonnes and RBD Palmolein at \$ 410 per tonne.

The price for palm oil in the market is expected to continue range bound on the lower side, the market is expected to receive downtrend support amidst lastly advancing monsoon.

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

| Centres | 24.06.05 | 23.06.05 | Change |
|------------------------|----------|----------|--------|
| Kandla CPO (5 % FFA) | 326 | 328 | -2 |
| Mumbai CPO (5% FFA) | 329 | 330 | -1 |
| Kandla RBD Palmolein | 348 | 349 | -1 |
| Mumbai RBD Palmolein | 364 | 363 | +1 |
| Chennai RBD Palmolein | 367 | 368 | -1 |
| Kakinada RBD Palmolein | 366 | 367 | -1 |

Soy oil

The domestic market opened very weak at the futures amidst news of progressing monsoon and monsoon rains at several places in Madhya Pradesh and Rajasthan, but soon turned uncertain as the traders were quite confused over demand at the local end.

Majority of the traders have turned bearish amidst news of monsoon rains advancing at smooth pace.

The domestic future market trading started on a weak note and continued marginally lower for the day. The NBOT (July Contract) exchange moved up from yesterday's level to close at a level of 378.60 (Down by Rs. 0.20).

The Hazir market today also remained weak marginally and owing to the progress of the monsoon rains.

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 \$ 516 per tonne.

The market is expected to continue weak for tomorrow amidst positive developments in the country's monsoon.

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

| Centres | 24.06.05 | 23.06.05 | Change |
|------------------------------|----------|----------|--------|
| Mumbai (Soy ref) | 362 | 361 | +1 |
| Indore (Soy Ref oil) | 373 | 374 | -1 |
| Indore (Soy Solvent Ex. oil) | 350 | 352 | -2 |
| Kota (Soy Ref. Oil) | 370 | 372 | -2 |
| Jaipur (Soy Ref. Oil) | 370 | 372 | -2 |

NBOT Soy oil futures as on 24.06.2005 (Rs/10 kg)

| Months | Previous Closing | Open | High | Low | Change | Close | Volume |
|--------|------------------|--------|--------|--------|--------|--------|--------|
| Jul'05 | 378.80 | 377.00 | 379.40 | 376.10 | 0.20 | 378.60 | 49130 |
| Aug'05 | 384.10 | 382.00 | 384.30 | 381.00 | 0.40 | 383.70 | 730 |
| Sep'05 | 0.00 | NA | NA | NA | 0.00 | NA | NA |

NCDEX Soy oil futures as on 23.06.2005 (Rs/10 kg)

| Months | Previous Closing | Open Price | High Price | Low Price | Close Price | Volume | Open Interest |
|--------|------------------|------------|------------|-----------|-------------|--------|---------------|
| Jul'05 | 384.25 | 383.10 | 383.40 | 379.50 | 380.00 | 31400 | 35860 |
| Aug'05 | 388.50 | 387.90 | 387.90 | 384.50 | 384.95 | 19730 | 26290 |
| Sep'05 | 391.20 | 389.00 | 391.00 | 387.50 | 387.95 | 3560 | 2680 |

Rape oil

A rape oil market traded steady amidst news of progressing monsoon.

As expected earlier the progress of monsoon has adequately pulled down the market sentiments and the prices are expected to move further down in the coming days.

Today, the rape oil found on support from the buyers at major exchanges as well as in the spot markets. In the spot markets the prices declined marginally amidst declining sentiments in the other edible oil markets.

Overall, it is expected that the rape oil will continue trading range bound on lower side for the coming days as the monsoon is expected to progress smoothly for the next few days.

| Rape oil - Spot Market Price | | (Rs. per 10 kg) | |
|----------------------------------|----------|-----------------|--------|
| Centres | 24.06.05 | 23.06.05 | Change |
| Mumbai (Rape Expeller Oil) | 385 | 387 | -2 |
| Kota (Rape Expeller Oil) | 365 | 367 | -2 |
| Jaipur (Rape Expeller Oil) | 366 | 370 | -4 |
| Neewai (* Kacchi Ghani Rape Oil) | 383 | 385 | -2 |
| Delhi (Rape Expeller Oil) | 390 | 392 | -2 |

Groundnut oil

Groundnut oil continued down at various centres due to low local demand and news of progressing monsoon in the major growing areas.

The latest seeding report suggests that the area under groundnut farming was 1.95 lakh hectare as on week ending June 17th against 4.83 lakh 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 | 24.06.05 | 23.06.05 | Change |
| Mumbai | 452 | 463 | -1 |
| Rajkot | 380 | 480 | 0 |
| Andhra Region | 387 | 488 | -1 |
| Chennai | 392 | 394 | -2 |

LATEST WEATHER WATCH (24.06.2005)

Daily Forecast

The southwest monsoon has advanced as a weak current over the remaining parts of Maharashtra, Karnataka, Andhra Pradesh, Orissa, Bihar and Jharkhand, entire Chhattisgarh and some more parts of east Uttar Pradesh, Saurashtra & Kutch, Gujarat regions and southern parts of Madhya Pradesh. The heat wave conditions have abated from the entire country except extreme northwest Rajasthan. The well-marked low-pressure area over northeast and adjoining northwest Arabian sea has become less marked. The off shore trough at sea level over east Arabian sea from Konkan to Karnataka coast now runs from Saurashtra to Konkan coast. The upper air cyclonic circulation over coastal Orissa and adjoining west central Bay of Bengal now lies off Andhra coast and extends between 4.5 and 5.8 km above sea level. The upper air cyclonic circulation over sub-Himalayan West Bengal and

neighbourhood persists and extends in the lower levels. A fresh upper air cyclonic circulation extending upto 1.5 km above sea level lies over central parts of Uttar Pradesh.

Forecast for next 24 hours

North : rain/thundershowers likely at many places over Uttar Pradesh and at a few places over Haryana, Uttaranchal and Himachal Pradesh and isolated in the rest region.

East : rain/thundershowers likely at many places in the north-eastern states, West Bengal & Sikkim, Jharkhand and Bihar and at a few places over the rest region.

South : rain/thundershowers likely at many places over coastal Karnataka and at a few places in the rest of the region outside Tamil Nadu & Pondicherry where it may be isolated.

West : rain/thundershowers likely at most places in north Konkan, at many places over south Konkan & Goa, Saurashtra and south Gujarat region and at a few places in the rest region outside west Rajasthan where it may be isolated. Isolated duststorm is likely over west Rajasthan.

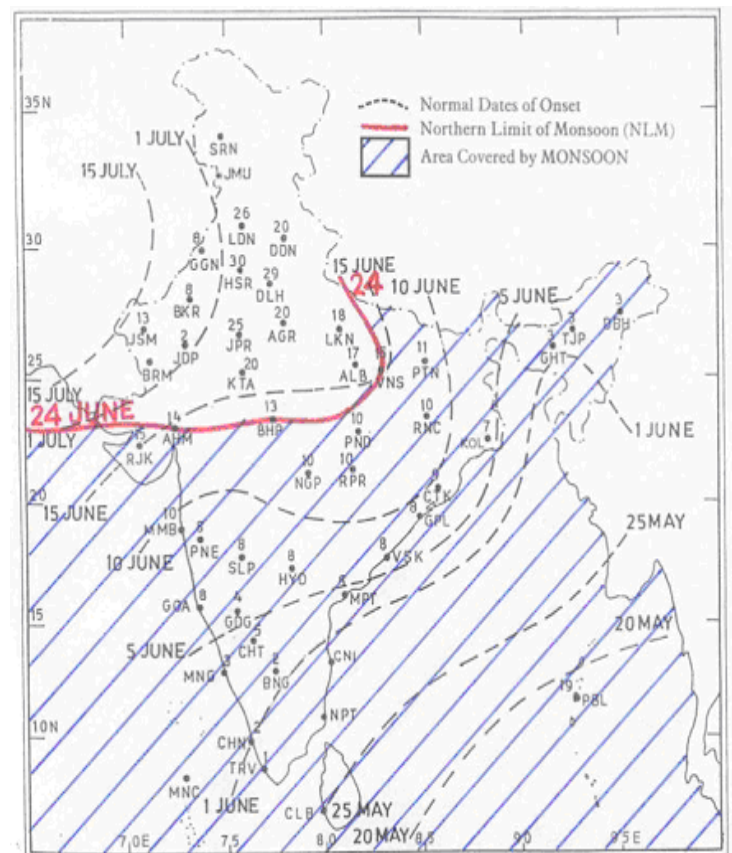
Outlook for subsequent two days

Rain/thundershower activity over Chhattisgarh, west Uttar Pradesh, Himachal Pradesh, Uttaranchal, east Madhya Pradesh and Vidarbha likely to increase. (No large change)

Warning

Heavy to very heavy rainfall likely at a few places over sub Himalayan West Bengal & Sikkim and north Konkan, isolated heavy rainfall also likely over northeastern states, north Bihar, Saurashtra, south Gujarat region and south Konkan & Goa.

Current Progress of Monsoon (24.06.05)



TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX JULY Contract

The July contract closed at **380.15**, which is marginally lower than the yesterday's close level. Market opened weak and traded range bound on limited support from the International markets and news of fast advancing monsoon.

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

The **9-days Price ROC** dipped marginally in the positive region to the level of **+1.297**, growing indicating weakness in the prices. The **9-day RSI** also moving significantly down in the neutral region to a level of **52.93** showing the declining strength in the markets.

The **% K-line** continued moving down in the neutral region indicating the loosing strength of the prices. The **% D-Line** also dipped lower in the neutral region indicating the weak sentiments in the prices.

The **candlestick** pattern is hinting at the weak opening and lower trade for Saturday.

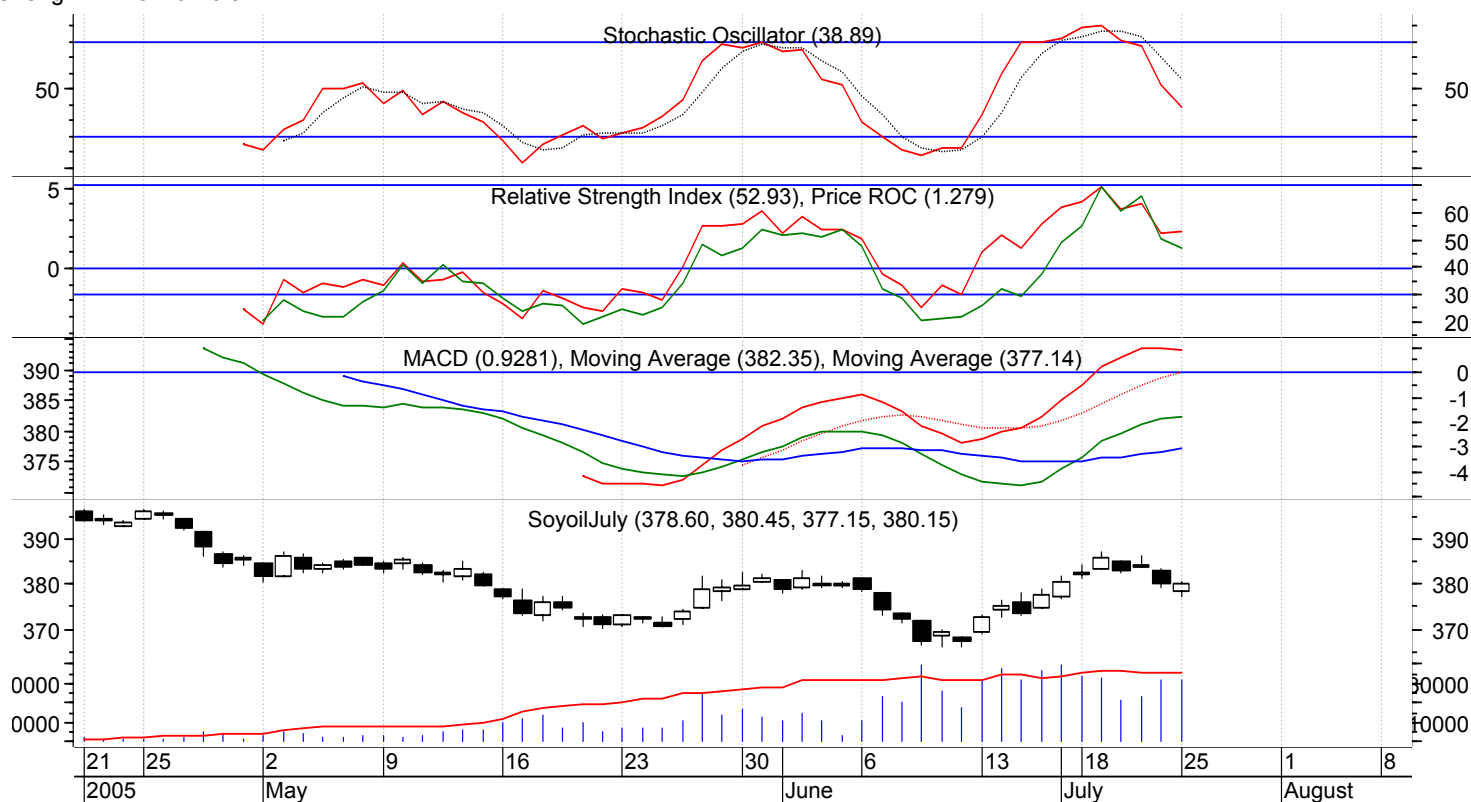
Market advice:

Market is expected to open weak and trade lower for Saturday.

Short term selling would yield profit.

Resistance & Support Levels (Most Active Contract)

| Contract | Contract | Support | | Resistance | |
|----------|----------|---------|--------|------------|--------|
| | | 1st | 2nd | 1st | 2nd |
| NBOT | July '05 | 377.00 | 375.80 | 379.60 | 381.60 |
| NCDEX | July '05 | 377.00 | 375.80 | 380.50 | 381.50 |



PORT-WATCH (Latest)

Kandla Port is receiving 13,937 MT of CPO from the vessel 'Ginga Hawk'. The cargo was loaded from Malaysia. Interocean agents is handling the vessel.

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

Tuticorin Port is receiving 5,000 MT of palm oil from the vessel 'Spring Glory'. St.John agents is handling the vessel.

JN Port is receiving 10,000 MT of CPO from the vessel 'Marine Pioneer'. The vessel is being handled by Interocean agents. The port is expecting 'Siren' to discharge 30,000 MT of SBO.

Cochin Port is expecting 'Vernal Grace' to deliver 3,000 MT of palm oil. Pearl Shipping agents will be handling the vessel.

Delivery of 3,500 MT of palm oil is expected at New Mangalore Port from the vessel 'Vernal Grace'.

Mundra Port is expecting 'Global Trader' to load 5,300 MT of SBO. Taurus agents will be handling the vessel.

'Ace I' and 'Acushnet' are expected at Kakinada Port to discharge 6,000 MT of CPO and 6,000 MT of SBO respectively.

'Ocean Ace' is expected at the Kolkota Port to deliver 6,000 MT of CPO.

Current Vessels Positions

| Ports | Vessels | Volume (Ton) | Carrying | Status |
|---------------|----------------|--------------|----------|----------|
| Kandla | Ginga Hawk | 13937 | CPO | Arrived |
| Cochin | Vernal Grace | 3000 | Palm oil | Expected |
| Tuticorin | Spring Glory | 5000 | Palm oil | Arrived |
| Chennai | Countess | 2500 | Palm oil | Expected |
| | Global Venus | 4000 | CPO | Arrived |
| Mundra | Global Trader | 5300 | SBO | Expected |
| Kakinada | Ace I | 6000 | CPO | Expected |
| | Acushnet | 6000 | SBO | Expected |
| Kolkata | Ocean Ace | 6000 | CPO | Expected |
| JN | Marine Pioneer | 10,000 | CPO | Arrived |
| | Siren | 30,000 | SBO | Expected |
| New Mangalore | Vernal Grace | 35000 | Palm oil | Expected |

Groundnut Seeding Progress (till 17th 06.05)

| STATE | Total for the season | | By the week end | | |
|----------------|----------------------|-------------------|-----------------|------|------|
| | NORMAL | 2004-2005 Prelim. | 2003 | 2004 | 2005 |
| Andhra Pradesh | 14.18 | 15.94 | 0.06 | 0.54 | 0.12 |
| Assam | 0 | 0 | 0 | 0 | 0 |
| Bihar | 0.01 | 0 | 0 | 0 | 0 |
| Chhattisgarh | 0.33 | 0.62 | 0 | 0 | 0 |
| Gujarat | 18.43 | 18.92 | 0.75 | 2.02 | 0.85 |
| Haryana | 0.01 | 0.03 | 0 | 0 | 0 |
| Karnataka | 7.84 | 7.84 | 0.05 | 0.9 | 0.23 |
| Madhya Pradesh | 2.17 | 2.15 | 0 | 0 | 0 |
| Maharashtra | 3.68 | 3.38 | 0 | 0.03 | 0 |
| Orissa | 0.33 | 0.92 | 0 | 0 | 0 |
| Punjab | 0.05 | 0.06 | 0 | 0 | 0 |
| Rajasthan | 2.33 | 2.73 | 0.33 | 1.19 | 0.39 |
| Tamil Nadu | 4.44 | 3.84 | 0.75 | 0.13 | 0.35 |
| Uttar Pradesh | 1.02 | 1.16 | 0 | 0 | 0 |
| West Bengal | 0.02 | 0.05 | 0 | 0 | 0 |
| Others | 0.03 | 0.09 | 0.16 | 0.02 | 0.01 |
| TOTAL | 54.87 | 57.73 | 2.1 | 4.83 | 1.95 |

Soybean Seeding Progress (till 17th 06.05)

| STATE | Total for the season | | By the week end | | |
|----------------|----------------------|-------------------|-----------------|------|------|
| | NORMAL | 2004-2005 Prelim. | 2003 | 2004 | 2005 |
| Andhra Pradesh | 0.31 | 0.92 | 0 | 0.2 | 0 |
| Assam | 0 | 0 | 0 | 0 | 0 |
| Bihar | 0 | 0 | 0 | 0 | 0 |
| Chhattisgarh | 0.14 | 1.01 | 0 | 0 | 0 |
| Gujarat | 0.1 | 0.27 | 0 | 0 | 0 |
| Haryana | 0 | 0.02 | 0 | 0 | 0 |
| Karnataka | 0.66 | 1.78 | 0.06 | 0.88 | 0.09 |
| Madhya Pradesh | 43.44 | 46.43 | 0 | 0 | 0 |
| Maharashtra | 12.51 | 22.58 | 0 | 0.24 | 0.08 |
| Orissa | 0 | 0 | 0 | 0 | 0 |
| Punjab | 0 | 0.06 | 0 | 0 | 0 |
| Rajasthan | 5.55 | 5.95 | 0 | 0.05 | 0 |
| Tamil Nadu | 0 | 0.02 | 0 | 0 | 0 |
| Uttar Pradesh | 0.11 | 0.19 | 0 | 0 | 0 |
| West Bengal | 0.01 | 0 | 0 | 0 | 0 |
| Others | 0.34 | 0.34 | 0.09 | 0 | 0 |
| TOTAL | 63.17 | 79.57 | 0.15 | 1.37 | 0.17 |

Forex Rates (As on 24.06.2005)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA | Dollar | 43.56 |
| Malaysia | Ringgit | 11.48 |
| European Union | Euro | 52.42 |
| United Kingdom | GBP | 79.12 |
| Japan | 100 Yen | 39.96 |

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>