

## VEGOIL

23<sup>rd</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- **CBOT Soy Complex Ended Marginally Down Amidst Continuing Uncertainty In Weather**
- **South American Soybean Improved Marginally on Declining Weather Conditions**
- **BMD CPO Future Continued Higher on Growing Uncertainty in US Weather**
- **Soybean Market Plummeted on Increased Selling Amidst Isolated Heavy Rains in Western India**

#### \* Sowing Progress of Kharif Oilseeds

### MARKET HIGHLIGHTS & ANALYSIS

#### International:

##### CBOT (US Soybean Oil):

Dryness in the eastern cornbelt and into Missouri and Arkansas helped trigger another surge in fund buying early in the session as overnight scattered rains in the forecast for Illinois failed to materialize which leaves the crops in a stressful condition ahead of a hot forecast for the next 10 days.

Chicago forecasters' pegged daily highs above 90 degrees for 5 of the next 6 days with mid-90's.

While producer selling in the US slowed yesterday, talk of heavy producer selling in South America helped to limit the gains. Harsh weather in China growing areas and monsoon concerns in India added to the positive tone.

New-crop months rallied to new highs in early trade, bolstered by the lack of expected showers in dry areas of the Midwest overnight. Mounting fears of potential yield losses amid healthy demand profiles continued to raise concerns over the potential tightening of the new-crop soybean balance sheet.

Taiwan is tendering for 7,000 tonnes of US soybeans.

Weekly export sales, released before the opening, are expected to come in near 50,000-150,000 tonnes for soybeans, 35,000-70,000 tonnes for meal and 2,000-7,000 tonnes for oil. For the monthly Census crush report, also released before the opening, traders are looking for the May soybean crush near 142.25 million bushels as compared with 117.5 million bushels last year. Oil stocks are expected near 1.856 billion pounds.

In soybean trades, Bunge Chicago bought 400 July, Citigroup, Cargill Investor Services and Man Financial each bought 300 November, and Fimat bought 200 November. On the sell side, ADM Investor Services and Citigroup each sold 200 November, Cargill sold 500 November, Cargill Investor Services sold 300 August, Fimat sold 400 November, RJ O'Brien sold 500 November, Rand Financial sold 300 November, and Refco sold 800 November.

Trade is expected to be range bound on the higher side amidst growing uncertainty in the weather conditions and the partial support from the South American soybean markets.

#### CBOT Soy oil futures as 22 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	25.44	25.70	25.70	25.27	-0.12	25.32
Aug '05	25.56	25.77	25.82	25.40	-0.16	25.40
Sep '05	25.68	25.95	25.95	25.48	-0.17	25.51

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Market

Producer selling in South America has been very active over the past two weeks and seems to be building on the rally of the past week as the actual weather has been drier than expected and temperatures higher than expected recently, and traders view this phenomenon as a trend.

There had been scattered thunderstorms in the forecast for the weekend in Illinois, traders view the recent trend as a bullish factor, as the heat is quickly drawing topsoil moistures away.

In Illinois topsoil conditions as of Sunday were already rated 74% short to very short and only 46% of the crop was rated good to excellent as compared with 52% the previous week. In spite of the weakness yesterday, funds were noted buyers of nearly 1500 soybeans and 2000 meal.

The rally in meal continues to bring out ideas of some US imports, and Japanese and Indonesian meal buyers overnight concentrated on booking Indian meal. Agronomists continue to watch for signs of Asia rust.

China's southern soybean areas have been hit with floods, and the northern plains area is sizzling in 100degree heat (Beijing hit 104 degrees yesterday), which has traders lowering crop production forecasts. This could add to the demand base for Brazil and US soybeans for the new crop season.

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 the Asian countries.

### KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended marginally higher after a choppy, directionless trading day amid a dearth of fresh leads.

A recent weather-inspired rally in soyoil futures has provided some support to palm oil prices, but the market's upside has been rather limited due to a lack of fresh bullish fundamental news. Concern that exports may struggle to keep pace with supply as palm oil production enters its seasonal peak period in the coming months was keeping a lid on prices.

Recent dry weather conditions in the U.S. and India's oilseeds growing areas have fueled some concerns about productivity, but so far, there has been no indication of major damage to crops. Palm oil's upside room has also been limited by a narrow discount to cash soyoil prices in South America.

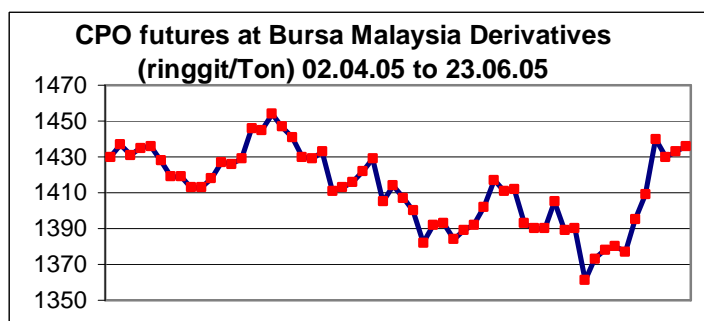
Although CBOT soyoil futures have been on an up trend, cash prices in Brazil and Argentina are still lagging. As a result, RBD palmolein, Malaysia's main palm oil product, remains at a discount of around \$60 to \$70/ton to South American soyoil, which is relatively narrow compared with levels of \$80 to over \$100/ton earlier this year.

There is a general expectation that this week that production in peninsular Malaysia may be about unchanged, but output in east Malaysia, particularly in Sabah state, may be lower. On average, the national production could be down slightly this month. Lower production would ease concerns about a build-up in stocks, as exports so far in June have been on a downtrend.

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 (23.06.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jul'05	1434	1427	1441	1427	+6	1440	260
Aug'05	1433	1425	1438	1420	+3	1436	547
Sep'05	1433	1425	1440	1419	+3	1436	3091



## Domestic:

### Palm oil

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

The Malaysian market today ended 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.

The import quantum has grown marginally. In the month of June (till 23.06.05) the country has imported about 1.25 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 370 per tonnes and RBD Palmolein at \$ 405 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	23.06.05	22.06.05	Change
Kandla CPO (5 % FFA)	328	329	-1
Mumbai CPO (5% FFA)	330	332	-2
Kandla RBD Palmolein	349	354	-5
Mumbai RBD Palmolein	363	368	-5
Chennai RBD Palmolein	368	369	-1
Kakinada RBD Palmolein	367	369	-2

### 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.

Majority of the traders are still interested in keeping their positions open as the bullishness is still prevailing in the market but they are expected to go bearish by today evening if news of monsoon rains continues to progress at the pace it is doing currently.

The domestic future market trading started on a weak note and continued further lower for the day. The NBOT (July Contract) exchange moved up from yesterday's level to close at a level of 378.70 (Down by Rs. 5.10).

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 344 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 520 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	23.06.05	22.06.05	Change
Mumbai (Soy ref)	361	363	-2
Indore (Soy Ref oil)	374	372	-2
Indore (Soy Solvent Ex. oil)	352	352	0
Kota (Soy Ref. Oil)	372	374	-2
Jaipur (Soy Ref. Oil)	372	375	-3

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

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jul'05	383.80	381.50	381.80	378.70	-5.10	378.70	36250
Aug'05	389.20	385.50	386.20	383.80	-5.40	383.80	3100
Sep'05	0.00	NA	NA	NA	0.00	NA	NA

**NCDEX Soy oil futures as on 22.06.2005 (Rs/10 kg)**

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jun '05	382.95	383.70	386.25	383.70	384.25	23650	35950
Jul '05	385.90	387.00	389.85	387.00	388.50	14560	26630
Aug '05	387.85	389.15	392.10	388.50	391.20	2160	2300

**Rape oil**

A rape oil market showed mixed sentiments amidst sustained buying support at major mustard exchanges.

NAFED has started selling the mustard seed in the open market in Kota and adjoining markets at the rate of Rs. 1550-1600 per quintal.

The uncertain monsoon in the country is also responsible for the prevailing rising trend in the prices, but the rains seem to progress further in the northern and eastern regions changing the overall sentiments in the trade. The market is expected to trade marginally lower if the monsoon rains progresses smoothly.

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 lower side for the coming days as the soybean oil market is not expected to support the rising prices hence forth.

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

Centres	23.06.05	22.06.05	Change
Mumbai (Rape Expeller Oil)	387	390	-3
Kota (Rape Expeller Oil)	367	370	-3
Jaipur (Rape Expeller Oil)	370	372	-2
Neewai (* Kacchi Ghani Rape Oil)	385	390	-5
Delhi (Rape Expeller Oil)	392	396	-4

**Groundnut oil**

Groundnut oil traded 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 suggests that the area under groundnut farming was 1.95 lakh hectare as on week ending June 17<sup>th</sup> 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	23.06.05	22.06.05	Change
Mumbai	463	467	-4
Rajkot	480	482	-2
Andhra Region	488	493	-5
Chennai	394	498	-4

**LATEST WEATHER WATCH (23.06.2005)****Daily Forecast**

The southwest monsoon has further advanced as a weak current over the remaining parts of West Bengal, some more parts of Orissa and Bihar and over some parts of Jharkhand

and north-east Uttar Pradesh. Northern limit of monsoon passes through lat. 23° n/long. 60°e, lat. 23° n/long. 65° e, Naliya, Surat, Sholapur, Gannavaram, Gopalpur, Jamshedpur, Patna and Gorakhpur. The condition are favourable for further advance over the remaining parts of Orissa, Jharkhand, Bihar and east Uttar Pradesh during next two days. The heat wave conditions have abated from Chhattisgarh, Madhya Pradesh and Vidarbha. However, the heat wave conditions are prevailing over parts of Rajasthan, Delhi, western parts of Haryana & Punjab and Jammu division of Jammu & Kashmir. The depression over northeast Arabian sea and adjoining Saurashtra & Kutch has moved westwards and weakened into a well marked low pressure area and now lies over northeast and adjoining northwest Arabian sea. The associated upper air cyclonic circulation extends upto mid-tropospheric level. The off shore trough at sea level over east Arabian sea from Konkan to Kerala coast persists. The upper air cyclonic circulation over coastal Orissa and adjoining westcentral Bay of Bengal persists and extends between 3.1 and 4.5 km a.s.l. Tilting southwest wards with height a fresh upper air cyclonic circulation lies over sub-Himalayan West Bengal and neighbourhood extending upto 2.1 km above sea level.

**Forecast for next 24 hours**

**North :** Rain/thundershowers likely at many places over east of Uttar Pradesh and at a few places over Himachal Pradesh and Uttaranchal. Isolated duststorm/thunder-storm likely over Punjab, Haryana, Chandigarh & Delhi and west Uttar Pradesh. Mainly dry weather in the rest region.

**East :** Rain/thundershowers likely at many places in the northeastern states, West Bengal & Sikkim and north Bihar and at a few places over the rest region.

**South :** Rain/thundershowers likely at most places over coastal Karnataka and at a few places in the rest of the region outside Telangana, Rayalaseema and Tamil Nadu & Pondicherry where it may be isolated.

**West :** Rain/thundershowers likely at most places in Konkan & Goa; at many places over Saurashtra and south Gujarat region and at a few places over madhya Maharashtra and isolated in the rest region. Isolated duststorm likely over 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.

**Warning**

Heavy to very heavy rainfall likely at a few places over sub Himalayan West Bengal & Sikkim, Konkan & Goa, and coastal Karnataka. Isolated heavy rainfall also likely over northeastern states, north Bihar and Saurashtra & Kutch.

**TECHNICAL ANALYSIS****COMMODITY: SOY OIL**

**Perspective: Very Short Term**

**NCDEX JULY Contract**

The July contract closed at **380.30**, which is significantly lower than the yesterday's close level. Market opened weak and traded further lower on limited support from the International markets and news of fast advancing monsoon.

The **7-day MA** is still 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 sharply in the positive region to the level of **+1.984**, indicating steep decline in strength in the prices. The 9-day RSI also moving significantly down in the neutral region to a level of **53.24** showing the declining strength in the markets.

The % K-line continued moving down from the overbought region indicating the losing strength of the prices. The % D-Line also dipped lower in the overbought region indicating the weak sentiments in the prices.

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

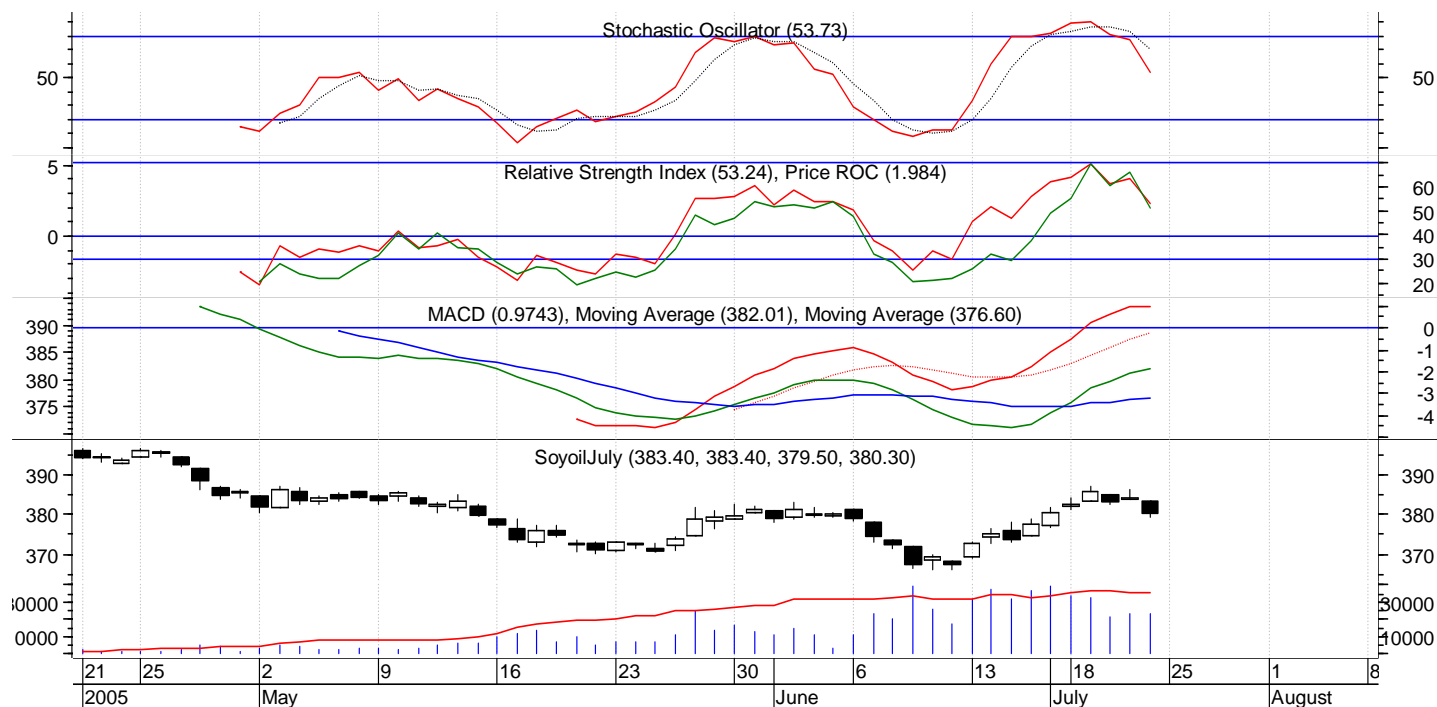
#### Market advice:

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

Short term selling would yield profit

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

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	July '05	376.80	375.10	379.20	381.40
NCDEX	July '05	377.40	375.40	381.50	382.50



#### PORT-WATCH (Latest)

Kandla Port is receiving 5,000 MT of CPO from the vessel 'Bow Fraternity'. The cargo was loaded from Dumai. Intera Trade agents is handling the vessel. 'Ginga Hawk' from Malaysia is expected at Kandla Port to discharge 13,937 MT of CPO. Interocean agents will be 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.

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.

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

Cochin Port is expecting 'Vernal Grace' to deliver 3,000 MT of palm oil. Pearl Shipping 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 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	Expected
	Bow Fraternity	5000	CPO	Arrived
Cochin	Vernal Grace	3000	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
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

**Groundnut Seeding Progress (till 17<sup>th</sup> 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 17<sup>th</sup> 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 23.06.2005)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.53
Malaysia	Ringgit	11.47
European Union	Euro	52.74
United Kingdom	GBP	79.25
Japan	100 Yen	40.04

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