



Trade Research Report

Vegetable Oil

MARKET TRENDS, HIGHLIGHTS AND RECOMMENDATIONS

Periodicity: DAILY

Date: 02 June 2005

MAJOR ACTIVITY HIGHLIGHTS

- **CBOT Soy Complex Improved Uncertain Weather Conditions and Scattered Rains**
- **BMD CPO Future Lowered Amidst Estimates of Increased Production**
- **Soybean Oil Traded Marginally High On Increased Uncertainty in Retail Demand**

*** Newly Added Feature: Latest Weather Watch (02.06.05)**

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

- The USDA rust-monitoring web site indicated that soybean rust has spread to two counties in Georgia and likely spread to other areas of the state.
- Weather jitters amid concerns that weekend rains won't be sufficient to offset the moisture deficiencies in the eastern Midwest coupled with soybean rust concerns sparked upside momentum that was accelerated by technical buying.
- Weather uncertainties continue to provide a bullish theme for speculative funds to grab hold of, with the ability of the July and November contracts to eclipse resistance at Tuesday's highs providing a supportive technical picture.
- The crop was 81% planted as compared with 71% as the 5-year average.
- Taiwan bought 60,000 tonnes of soybeans from Brazil overnight and South Korea bought 150,000 tonnes of US soybeans. Strong technical action in meal and dryness concerns helped drive the market into new contract highs for new crop soybeans and meal late in the session.
- In trades, ADM Investor Services bought 3,000 July, Fimat bought 800 July, RJ O'Brien bought 1,000 July, Rand Financial bought 400 July, Refco bought 800 July and DT Trading bought 300 July. On the sell side, ABN Amro, Citigroup, Fimat, Goldenberg Hehmeyer, RJ O'Brien and Refco were each sellers of 200 July, Cargill Investor Services sold 500 July, and Kottke sold 600 July. Commodity funds were estimated buyers of 5,000 contracts.
- The market is expected to be range bound amidst uncertain support from the global export demand and the strengthening value of US Dollar.

CBOT Soy oil futures as 01 June 2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	23.15	23.00	23.53	23.00	+0.35	23.50
Aug '05	23.26	23.24	23.58	23.11	+0.32	23.58
Sep '05	23.36	23.26	23.67	23.20	+0.31	23.67

CBOT remains closed on **Saturday** and **Sunday**.

KLCE (Malaysian Palm Oil):

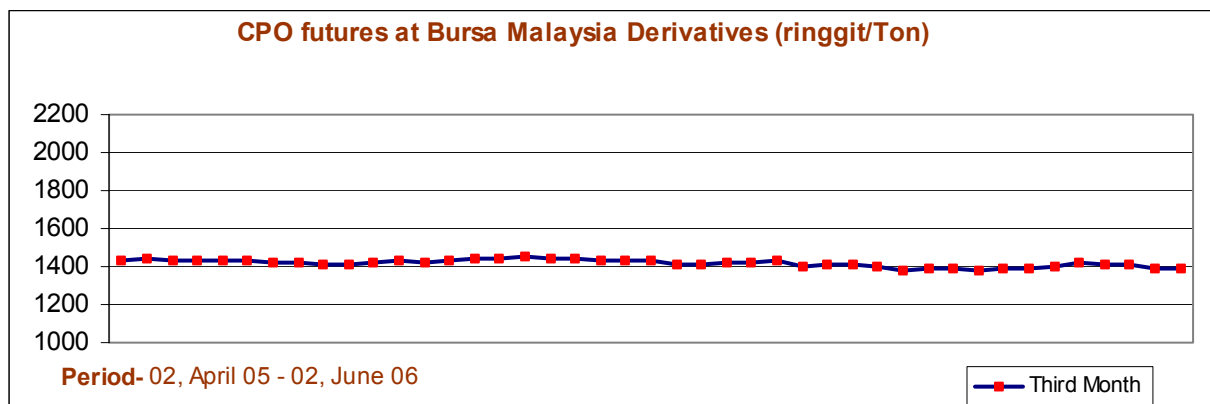
- Crude palm oil futures on the Bursa Malaysia Derivatives ended modestly lower Thursday after an uneventful day with no fresh trading ideas.
- The benchmark contract has largely been trapped within that narrow trading range since early May. Traders opined that lack of clear long-term direction has prompted participants to adopt a wait and see approach.
- In electronic trading Thursday, prices were down again. Palm oil market participants are also cautious as many are waiting for the release of key supply and demand figures later next week.
- The Malaysian Palm Oil Board is due to issue official May production, exports and stocks data June 10. Recent estimates issued by cargo surveyors have indicated a record export volume in May.
- Market participants are reluctant to commit aggressively to fresh positions before the release of the MPOB figures.
- Palm oil production is typically at its strongest during the second half of the year.
- In the Malaysian cash market, prices moved lower amid some selling pressure from a major Indonesian-linked refining and trading company.
- The market is thus, expected to be range bound amidst declining support from the global export demand and the increased pressure of palm oil production.

Malaysian Crude Palm Oil Futures 02 June 2005)

(In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jun '05	1391	1395	1396	1385	-1	1390	460
Jul '05	1392	1395	1437	1386	-3	1389	376
Aug '05	1393	1397	1399	1386	-3	1390	3179

[*1 lot=25 ton]



Domestic:

Palm oil

- The domestic palm oil market traded on the range bound amidst increased uncertainty in the market and lack of concrete trading directions.
- The declining support from the international markets was responsible for the indecisive and lowering sentiment in the domestic markets. The Malaysian market today traded range bound on the lower side amidst declining support from the screen trading in US soybean market.
- The import quantum has grown marginally. In the month of June (till 02.06.05) the country has imported about 0.30 lakh tonnes of palm oil.
- CNF prices of CPO (February) were quoted at \$ 358 per tonnes and RBD Palmolein at \$ 428 per tonne.
- The price for palm oil in the market is expected to continue range bound on the lower side for Friday, as the market is not expected to receive much support from the US soybean market.

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

Centers	02.06.05	01.05.05	Change
Kandla CPO (5 % FFA)	328	329	-1
Mumbai CPO (5% FFA)	328	328	0
Kandla RBD Palmolein	353	352	+1
Mumbai RBD Palmolein	362	363	-1
Chennai RBD Palmolein	360	363	0
Kakinada RBD Palmolein	357	362	-2

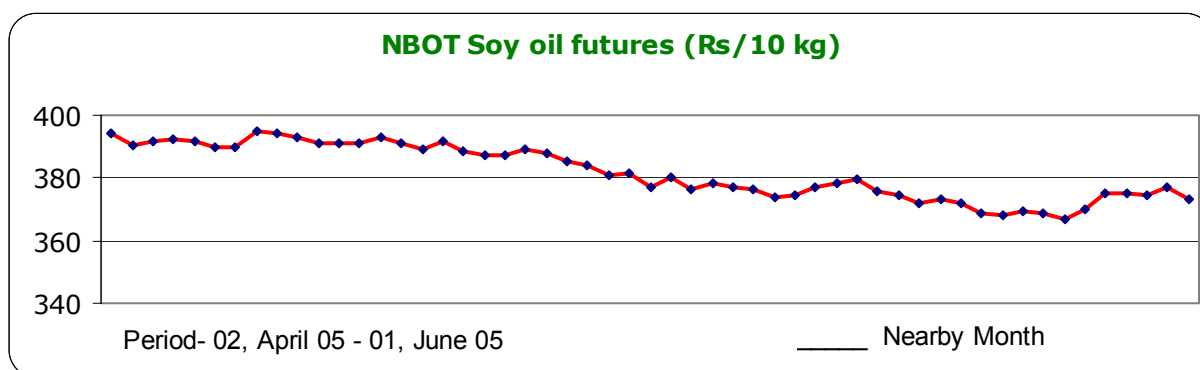
Soy oil

- The movement in the domestic market was quite sharp amidst increased uncertainty in the buyer's support.
- The US market is expected to trade on the lower side amidst increased uncertainty in the weather and the export demand from the global market.
- The domestic future market trading started on a weak note, continued on the lower side for the day amidst declining support from the retail demand. The NBOT exchange showed unsteady movement in the prices and finally closed at a high level of 373.20 (UP by Rs. 2.40).
- The market is also influenced by the impact of the heavy imports of edible oils done in the month of May, which had reached over 1.30 lakh tonnes.
- The Hazir market today traded range bound on the lower side amidst lack of support from the increased uncertainty in the arrival of the monsoon in the country and consistently retail demand.
- Prices for soy degum (High-Seas) at Kandla were quoted at Rs 341 per 10 kg. Soy refine at Kandla/ Mundra was quoted at Rs 374 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 513 per tonne.

- Overall the market demand situation for the soybean oil continues to be highly volatile and is expected to continue range bound on the lower side for Friday amidst lack of positive support from Malaysian and US markets.

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

Centres	02.06.05	01.05.05	Change
Mumbai (Soy ref)	361	360	+1
Indore (Soy Ref oil)	373	374	-1
Indore (Soy Solvent Ex. oil)	353	354	-1
Kota (Soy Ref. Oil)	370	373	-3
Jaipur (Soy Ref. Oil)	372	374	-2



NBOT Soy oil futures as on 02.06.2005 (Rs/10 kg)

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jun '05	373.80	374.50	377.70	374.50	+2.40	376.20	42190
Jul '05	377.80	378.50	381.90	378.30	+2.40	380.20	2220
Aug '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 01.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jun '05	377.60	377.15	377.15	374.60	375.40	23510	28360
Jul '05	381.45	381.00	381.00	378.15	378.95	10690	28490
Aug '05	383.30	382.00	382.35	380.25	381.15	3440	5100

Rape oil

- The slightly positive tone of the market that is prevailing for the past few days continued today also.
- Lack of demand is still continuing to pressurize the spot market prices.
- Adding more to the weakness in the prices the arrival in the major producing states of Rajasthan and MP still remains significant.
- Today however, the rape oil found some support from the soy oil. The selling activities weakened somewhat. This provided marginal support to the rape oil prices.

- The arrival of the old and new stock rapeseed in the market in Rajasthan and Madhya Pradesh market is witnessing a continuous decline. Today the new crop reached 1.20 lakh bags in Rajasthan and about 0.48 lakh bags in Madhya Pradesh.
- Overall, it is expected that the rape oil may recover marginally on Friday due renewed buying. However, the trend is likely to remain weak.

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

Centres	02.06.05	01.05.05	Change
Mumbai (Rape Expeller Oil)	380	380	0
Kota (Rape Expeller Oil)	360	364	-4
Jaipur (Rape Expeller Oil)	362	365	-3
Neewai (* Kacchi Ghani Rape Oil)	374	380	-6
Delhi (Rape Expeller Oil)	385	388	-3

Groundnut oil

- Groundnut oil maintained the weakness in the major centers. Lower buying support put weight on the groundnut oil prices.
- Summer season generally reduces demand for edible oils and this remains as one of the major factors, which is putting continuous pressure on the groundnut oil prices also.
- The range-bound nature of the groundnut oil prices in the domestic markets is likely to continue tomorrow also in absence of fresh buying support.

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

Centers	02.06.05	01.05.05	Change
Mumbai	456	458	-2
Rajkot	448	450	-2
Andhra Region	488	490	-2
Chennai	489	490	-1

Latest Weather Watch (02.06.2005)

Medium range weather forecast for period during 02 – 06 June 2005

Monsoon Outlook:

At present northern limit of monsoon is passing through 5 Deg. N / 78 Deg. E, 9 N / 82 E, 13 N / 86 E, 16 N / 90 E and 19 N / 94 E.

Flow pattern further suggests that the conditions may become favourable for onset of monsoon over Kerala only after 4-5 days.

Advancement of monsoon over NE India is expected to be after 6th June 2005.

NE India is likely to receive monsoon rains earlier than Kerala.

Weather Systems:

Plains of NW and central India are likely to be mainly dry.

A north-south oriented trough in the lower level runs from east M.P. to interior Karnataka continues and it may further persist during next 2 days.

A northeast-southwest shear zone in mid troposphere is extending from west central Bay of Bengal to southeast Arabian Sea with one embedded cyclonic circulation over west central Bay of Bengal off Andhra coast and another over southeast & adjoining east-central Arabian Sea. The shear zone is likely to persist during next 4-5 day around its present position.

A western disturbance is expected to approach north Pakistan and adjoining Jammu & Kashmir area during 6-7 June 2005. Under its influence, the hilly region of NW India may experience isolated to scattered snowfall/rains during the said period.

Rainfall:

Isolated to scattered snowfall/rain are likely over hilly regions of NW India during 6-7 June 2005.

Isolated to scattered rains/thundershowers are likely over Konkan & Goa, Madhya Maharashtra, North Interior Karnataka, coastal Karnataka and coastal A.P. during next 24-48 Hrs. and over Kerala and NE states during next 3-4 days.

Fairly widespread rainfall is likely over Andaman & Nicobar Islands during next 3-4 days.

Rest regions of the country are likely to be mainly dry.

Temperatures:

Day temperature over NW and Central India is likely to rise by about 2 °C during next 2-3 days.

Heat wave conditions over parts of Bihar, Jharkhand, north coastal Orissa, Vidarbha, Chattisgarh and Sub-Himalayan West Bengal are likely to continue during next 2 days.

TECHNICAL ANALYSIS

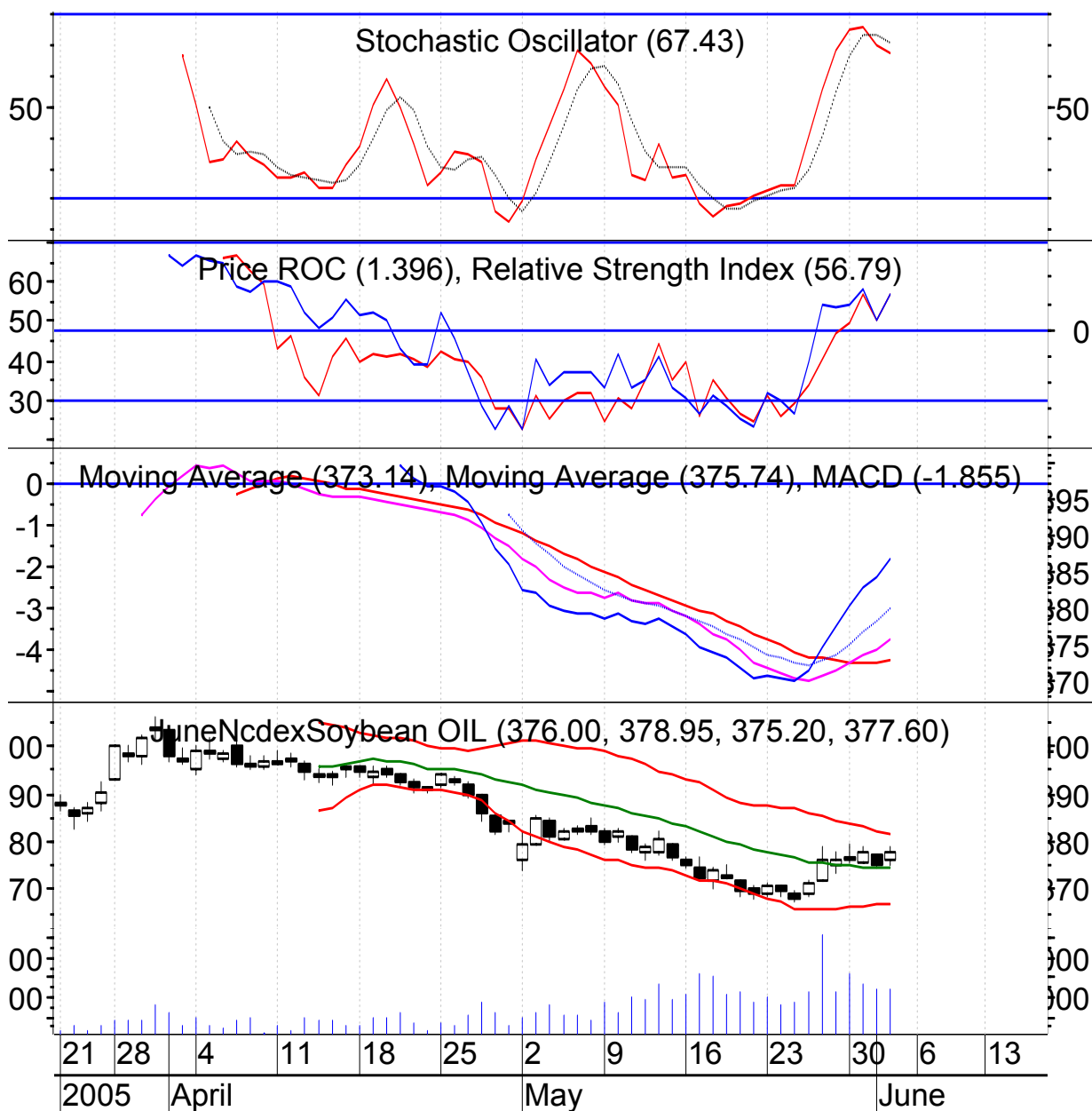
Date: 02 June 2005

Commodity: Soy Oil

Perspective: Very Short Term

NCDEX JUNE Contract

The June contract closed at **377.60**, which is higher than the yesterday's close. Market opened steady and traded higher amidst good buying support.



The **7-day MA** along with the **14-day MA** continued in the upper direction showing the strength in the prices. The **9-Day MACD** continued in the upward direction indicating the rising sentiment in the market.

The **9-days Price ROC** is looking up and in the positive region to the level of **+1.396**, indicating firmness in the prices. The **9-day RSI** also moved slightly upper in the neutral region to a level of **56.79** indicating the firm sentiments in the markets.

The **% K-line** turned down in the neutral region indicating the declining strength of the prices. The **% D-Line** also moved lower in the neutral region indicating the declining strength in the prices.

The **candlestick** pattern is hinting at the firm opening and trade on the higher side for Friday.

Market advice:

- **Market is expected to open firm and trade range bound for the day**
- **Avoid new entry in the market with long term outlook**
- **Short term entry can be made by buying**

Resistance & Support Levels (Most Active Contract)

At NBOT

Contract	Support		Resistance	
	1 st	2 nd	1 st	2 nd
June '05	375.10	374.00	378.15	378.25

At NCDEX

Contract	Support		Resistance	
	1 st	2 nd	1 st	2 nd
June '05	376.40	375.40	379.65	380.20

PORT-WATCH (Latest)

- Delivery of 8,500 MT of palm oil is continuing at Mumbai Port from the vessel 'African Future'. The cargo was loaded from Malaysia. 'Chemstar Ace' from Dumai has berthed at Mumbai Port is receiving and continues to deliver 7,339 MT of palm oil. 'Pacific Sound' is discharging 9,000 MT of palm oil at the port. Interocean Agents is handling these vessels. Interocean agents will be handling these vessels.
- Kandla Port is receiving 8,500 MT of CPO from the vessel 'Viscaya'. The cargo was loaded from Indonesia. Interocean Agents is handling the vessel. The port is expecting following vessels to deliver edible oil. These vessels are 'Chemstar Ace' (8,740 MT of CPO from Dumai) and 'Acushnat' (27,500 MT of SBO from Brazil).
- 'Tirta Niaga 2' has berthed at Kolkata Port and continues to deliver 6,000 MT of CPO. The port is expecting 'Global Saturn' to deliver 7,000 MT of CPO.
- Kakinada Port is expecting 'Global Venus' and 'Countess' to deliver 6,000 MT and 5,000 MT of CPO respectively.
- 'Marine Pioneer' and 'Mount Blanc' are expected at JN Port to deliver 10,000 MT of CPO each.
- Tuticorin Port is expecting 'Spring Glory' to deliver 4,750 MT of palm oil. St. John agents will be handling the vessel.
- 'Southern Unicorn' is expected at Mormugao Port to discharge 3,000 MT of CPO.

Current vessels Positions:

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	Global Saturn	7000	CPO	Expected
	Tirta Niaga	6000	CPO	Arrived
Kandla	Viscaya	8500	CPO	Arrived
	Achusnat	27500	SBO	Expected
	Chemstar Ace	8740	CPO	Expected
Mumbai	Chemstar Ace	7339	Palm oil	Arrived
	Pacific Sound	9000	Palm oil	Arrived
	African Future	8500	Palm oil	Arrived
JN	Marine Pioneer	10000	CPO	Expected
	Mount Blanc	10000	CPO	Expected
Tuticorin	Spring Glory	4750	Palm oil	Expected
Mormugao	S Unicorn	3000	CPO	Expected
Kakinada	Global Venus	6000	CPO	Expected
	Countess	5000	CPO	Expected

Forex Rates

(As on 02.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.76
Malaysia	Ringgit	11.53
European Union	Euro	53.50
United Kingdom	GBP	79.35
Japan	100 Yen	40.37

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