

VEGOIL

7th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Complex Improved on Unenthusiastic Weekly Exports Report
- BMD CPO Future Lowered on Increased Pressure From Growing Production
- Soybean Oil Traded Sharply Lower on Weakening International Markets

* Latest Weather Report (07.06.05)

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

A disappointing weekly export inspections estimate and forecasts for rains this weekend in dry areas of Illinois contributed to the selling pressure.

Scattered rains and thunder-storms are in the forecast for the region later this week but the lack of a significant, widespread rain system for the eastern cornbelt helped support the market on ideas that a little rain late this week will only help ease the stress for the crop.

The National Oceanic and Atmospheric Administration's U.S. Drought Monitor lists the area from central Missouri running northeast through Illinois as "moderate drought," with "abnormally dry" conditions noted in much of Missouri, the southeastern corner of Iowa, all of Illinois, the northern tier of Indiana, over one-half of Wisconsin and all of Michigan.

The first weekly crop conditions report of the year will be released after the close with traders looking for crops in

good to excellent condition near 62% as compared with 65% last year at this time.

Local trading pressure was also encouraged by a weaker-than-expected export inspections estimate of 4.436 million bushels, down from 10.482 million the previous week, the U.S. Department of Agriculture reported. This was also lower than expectations for 6-10 million.

In trades, Bunge bought 1,000 November and 1,000 July, Refco bought 1,000 November and 300 July and Cargill Investor Services and SA Inc. each bought 1,000 July. UBS bought 800 November, ADM and Man Financial each bought 400 July. ABN Amro and Citigroup each bought 300 July. On the sell side, Man Financial sold 500 July, Refco sold 500 November and D.T. Trading sold 300 July.

The market is expected to be range bound on the lower side amidst expectation of good and favourable crop weather in the coming days.

CBOT Soy oil futures as 06 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	22.95	23.58	23.58	23.15	+0.21	23.16
Aug '05	23.06	23.62	23.65	23.23	+0.18	23.24
Sep '05	23.17	23.65	23.80	23.37	+0.20	23.37

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

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended lower Tuesday after another sluggish trading day devoid of fresh leads.

Traders expressed caution in awaiting fresh supply and demand figures. The next set of data are due Friday, including official May production, exports and stocks figures from the Malaysian Palm Oil Board.

Talk of excess supply in June also added to the downward pressure.

Market is looking at higher production in June and exports are probably not going to be as strong as it were in May. There are concerns that following unusually heavy exports in May, stocks at major consuming markets, including China, India and the European Union, have built-up. As a result, importers in those countries might have to cut back on purchases in the coming weeks.

The palm oil industry can ill afford to suffer a slowdown in exports as production is widely expected to continue growing since output typically peaks in the third quarter.

Failure for exports to keep pace with production will result in a rise in inventories in Malaysia, which will pressure prices. Uninspiring demand in the cash market has also limited the upside potential for palm oil prices.

In the physical market, buyers have been very quiet while sellers have been more than willing to sell because supply is still quite good.

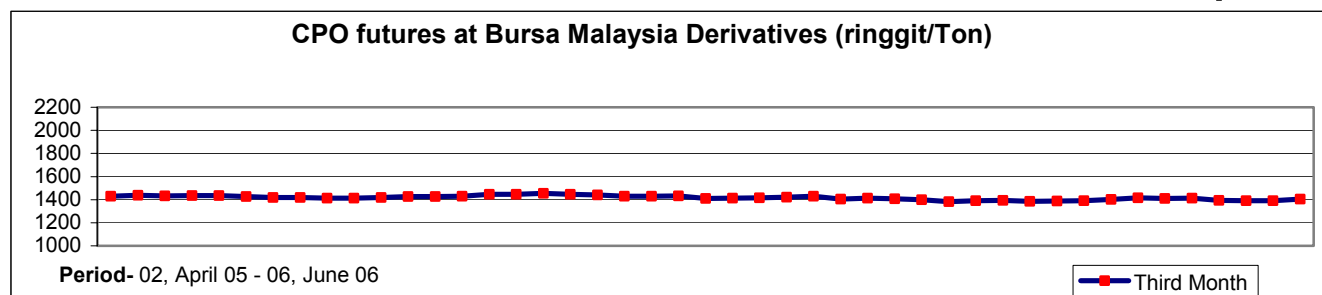
The market is thus, expected to be range bound on the lower side amidst declining support from the global export demand and the pressure of increasing palm oil production.

Malaysian Crude Palm Oil Futures 07 June 2005

(In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jun '05	1406	1390	1392	1390	-16	1390	25
Jul '05	1406	1400	1404	1389	-15	1391	158
Aug '05	1405	1404	1404	1388	-16	1389	2345

[*1 lot=25 ton]



Domestic:

Palm oil

The domestic palm oil market trade range bound on the lower side amidst declining support from the international market and lack of demand at the retail end.

The indecisive support from the international markets is responsible for unsteady prices in the domestic markets. The Malaysian market today declined by MYR 16 ringgit, to come down below the psychological level of MYR 1400 per

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

Centres	07.06.05	06.05.05	Change
Kandla CPO (5 % FFA)	325	326	-1
Mumbai CPO (5% FFA)	327	328	-1
Kandla RBD Palmolein	350	352	-2
Mumbai RBD Palmolein	360	362	-2
Chennai RBD Palmolein	358	360	-2
Kakinada RBD Palmolein	357	360	-3

Soy oil

The domestic market declined sharply in the lower regions following the increased panic selling in the market amidst falling retail demand and growing weakness in the international markets.

The US market is expected to trade unsteady in the lower regions, following the growing weakness in the US CBOT soy oil trade amidst uncertain weather conditions and declining the export demand from the global market.

tonne, finding no significant support from the US soybean market in the screen trade.

The import quantum has grown marginally. In the month of June (till 06.06.05) the country has imported about 0.33 lakh tonnes of palm oil.

CNF prices of CPO (June) were quoted at \$ 365.00 per tonnes and RBD Palmolein at \$ 397.5 per tonne.

The price for palm oil in the market is expected to continue range bound on the lower side for Wednesday, as the market is not expected to receive much support from the Malaysian KLCE market.

The domestic future market trading started on a sharply lower note and continued on the lower side for the day amidst declining support from the retail demand. The NBOT exchange showed downward movement in the prices and closed at a lower level of 370.70 (Down by Rs. 3.40).

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

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 340 per 10 kg. Soy refine at Kandla/ Mundra was quoted

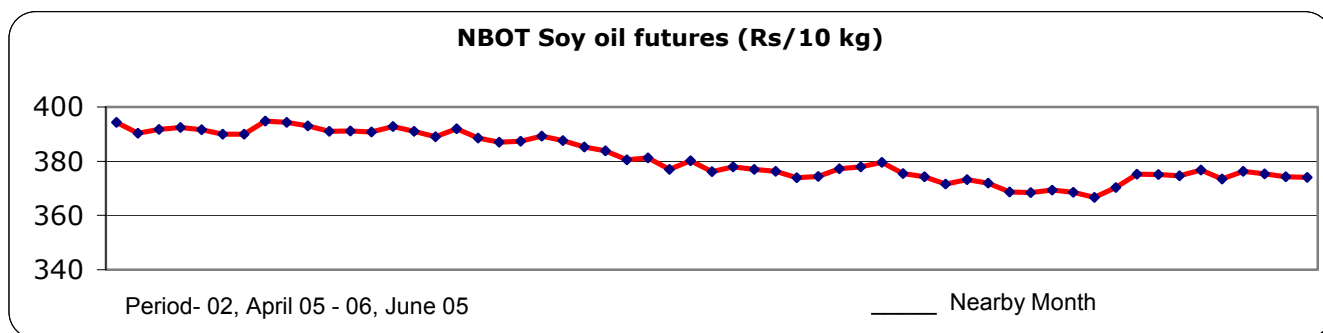
at Rs 374 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 510 per tonne.

Overall the market demand situation for the soybean oil continues to be highly uncertain and is expected to

continue range bound on the lower side for Wednesday amidst continuous declining support from the retail market.

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

Centres	07.06.05	06.05.05	Change
Mumbai (Soy ref)	359	360	-1
Indore (Soy Ref oil)	372	374	-2
Indore (Soy Solvent Ex. oil)	350	350	0
Kota (Soy Ref. Oil)	366	368	-2
Jaipur (Soy Ref. Oil)	368	369	-1



NBOT Soy oil futures as on 07.06.2005 (Rs/10 kg)

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jun '05	374.10	372.00	372.00	369.50	-3.40	370.70	22180
Jul '05	378.30	375.80	375.80	372.00	-5.20	373.10	12800
Aug '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 06.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jun '05	376.40	377.90	378.00	375.20	375.70	14360	26080
Jul '05	379.90	381.30	381.30	378.30	378.95	10630	31700
Aug '05	382.25	383.00	383.00	380.50	381.00	3090	7750

Rape oil

A weak trend of the market continued today amidst the fear of increasing uncertainty in the market.

Adding to the weakness in the prices the increasing arrival in the major producing states of Rajasthan and MP owing to renewed purchasing by NAFED.

The news that NAFED is expected to bring the purchases Mustard seed in the market before the proper onset of the monsoon triggered weakness in the market.

Today, the rape oil found no support from the buyers at major exchanges. The increased selling weakened the sentiments giving way to the continuing unsteadiness in the market.

Today the new crop arrival reached 1.30 lakh bags in Rajasthan and about 0.32 lakh bags in Madhya Pradesh.

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

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

Centres	07.06.05	06.05.05	Change
Mumbai (Rape Expeller Oil)	378	378	0
Kota (Rape Expeller Oil)	357	358	-1
Jaipur (Rape Expeller Oil)	357	359	-2
Neewai (* Kacchi Ghani Rape Oil)	370	370	0
Delhi (Rape Expeller Oil)	383	383	0

Groundnut oil

Groundnut oil continued with the weakness in the major centres. Lower buying support was the main concern at major markets amidst declining retail demand.

The onset the monsoon in the Kerala region with less than expected vigour has increased the uncertainty in demand

for edible oils and this remains as one of the major factors, which is putting continuous pressure on the groundnut oil prices.

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

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

Centres	07.06.05	06.05.05	Change
Mumbai	458	459	-1
Rajkot	444	448	-4
Andhra Region	485	488	-3
Chennai	488	490	-2

LATEST WEATHER WATCH (07.06.2005)

Southwest monsoon has further advanced over some more parts of central Arabian Sea, most parts of Coastal Karnataka, some more parts of South Interior Karnataka, Tamil Nadu and some more parts of southwest Bay. Northern limit of monsoon passes through 15° N/60° E, 15° N/70° E, Karwar, Madikeri, Tiruchirapalli, 13° N/84° E, 18° N/90° E and 20° N/93° E.

The trough at sea level running from west Rajasthan to coastal Orissa through Madhya Pradesh and Chhattisgarh persists and extends upto lower tropospheric levels. The embedded cyclonic circulation over Central Pakistan and adjoining West Rajasthan extending upto 2.1 km a.s.l. persists. The other embedded cyclonic circulation over northwest Madhya Pradesh and neighbourhood now lies over Jharkhand and neighbourhood and extends upto 1.5 km a.s.l.

The cyclonic circulation over southwest Bay of Bengal now lies as a trough in the mid-tropospheric level from north east Bay to south west Bay.

A fresh cyclonic circulation lies over Karnataka coast between 2.1 & 5.8 km a.s.l.

The trough in the lower levels off south Karnataka-Kerala coast persists.

Severe heat wave conditions prevailed over parts of Vidarbha. Heat wave conditions also prevailed over parts of Marathwada, Madhya Pradesh, northwest Rajasthan and Telangana.

Rain/thundershowers occurred at most places over Andaman & Nicobar Islands, Sub-Himalayan West Bengal & Sikkim, Himachal Pradesh and Coastal Karnataka; at many places over West Uttar Pradesh, Uttaranchal, Haryana, Chandigarh & Delhi, Kerala and Lakshadweep; at

a few places over Arunachal Pradesh, Assam & Meghalaya, and South Interior Karnataka. It was isolated over Nagaland, Manipur, Mizoram & Tripura, Gangetic West Bengal, Orissa, Jharkhand, Punjab, Chhattisgarh, Andhra Pradesh, Tamil Nadu & Pondicherry and North Interior Karnataka. Weather was mainly dry in the rest regions of the country.

Significant Amounts of Rainfall(cm)

During the past 24 hours, ending at 0830 hrs IST of today, a number of stations received significant rainfall as per list enclosed.

Forecast Valid For Next 24 Hours

Rain/thundershowers are likely to occur at many places over Andaman & Nicobar Islands, northeastern States, Orissa, Jharkhand, Coastal Karnataka, Kerala and Lakshadweep at a few places over Uttaranchal, Himachal Pradesh, Jammu & Kashmir, South Konkan & Goa and Interior Karnataka. It may be isolated over the rest regions of the country outside Gujarat State where weather will be mainly dry.

Isolated thunder squalls also likely over northeastern States. Isolated dust storm/thunderstorm are likely over Uttar Pradesh, Haryana, Chandigarh including Delhi, Punjab, Rajasthan and West Madhya Pradesh.

Heavy Rainfall Warning

Isolated heavy rainfall is likely over Andaman & Nicobar Islands, Coastal Karnataka, Kerala and Lakshadweep.

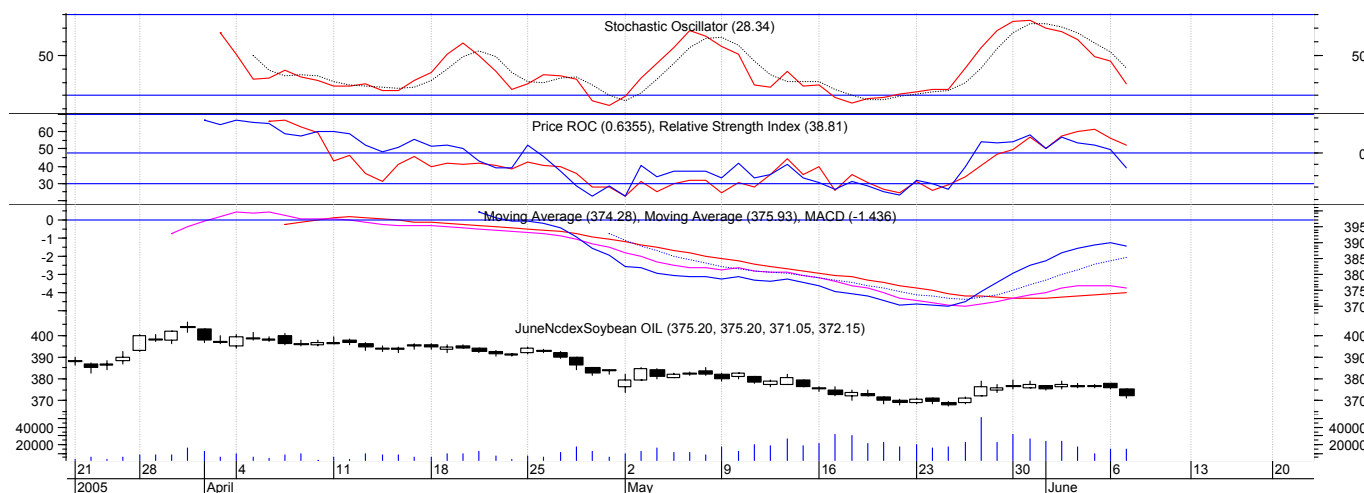
Outlook For Subsequent 48 Hours

Current rainfall activity over Coastal Karnataka, Kerala and Lakshadweep is likely to continue.

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX JUNE Contract



The June contract closed at **372.15**, which is significantly below the yesterday's close. Market opened partially weak but and traded further lower amidst increased panic selling.

The **7-day MA** turned lower indicating the weakness in the prices, whereas 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 steady sentiment in the market.

The **9-days Price ROC** is looking down and in the neutral region to the level of **+0.3655**, indicating weakness in the prices. The **9-day RSI** also moved slightly lower in the neutral region to a level of **38.81** indicating the unsteady sentiments in the markets.

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

The **candlestick** pattern is hinting at the positive opening and lower trade for Tuesday.

Market advice:

Market is expected to open steady but trade range bound on the lower side for the day

Avoid new entry in the market with long-term outlook

Short-term entry can be made by selling.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	June '05	369.50	368.20	371.80	373.60
NCDEX	June '05	371.20	369.90	373.80	375.30

PORT-WATCH (Latest)

Kolkata Port is receiving 4,000 MT of CPO from the vessel 'Ocean Sky'. Seaport agents is handling the vessel. 'Global Trader' is expected at Kolkata Port to deliver 6,000 MT of CPO.

Chennai Port is receiving 3,700 MT of CPO from the vessel 'Monalisa'. The vessel is being handled by Unicorn agents. Delivery of 3,000 MT of palm oil is expected at Chennai Port from the vessel 'Vernal Grace'. James Mackintosh will be handling the vessel.

Delivery of 21,000 MT of SBO is continuing at JN Port from the vessel 'Skawhegan'. Interocean is handling the vessel.

'Marine Pioneer' and 'Mount Blanc' are expected at JN Port to deliver 10,000 MT of CPO each.

Kakinada Port is receiving 6,000 MT of CPO from the vessel 'Global Venus'. The port is expecting 'Countess' to deliver 5,000 MT of CPO.

Kandla Port received 8,740 MT of CPO from the vessel 'Chemstar Ace'. The cargo was loaded from Dumai. Interocean agents is handling the vessel. The port is expecting 'Acushnat' to deliver 27,500 MT of SBO. The cargo was loaded from from Brazil.

Current vessels Positions:

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	Ocean Sky	4000	CPO	Arrived
	Global Trader	6000	CPO	Expected
Kandla	Achusnat	27500	SBO	Expected
	Chemstar Ace	8740	CPO	Arrived
JN	Skawhegan	21000	SBO	Arrived
	Marine Pioneer	10000	CPO	Expected
	Mount Blanc	10000	CPO	Expected
Kakinada	Global Venus	6000	CPO	Arrived
	Countess	5000	CPO	Expected
Chennai	Vernal Grace	3000	Palm oil	Expected
	Monalisa	3700	CPO	Arrived

Forex Rates**(As on 07.06.2005)**

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.53
Malaysia	Ringgit	11.49
European Union	Euro	53.55
United Kingdom	GBP	79.61
Japan	100 Yen	40.75

Disclaimer

This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. 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). If a customer of an affiliate of IASL receives this report, its provision to the recipient is subject to the terms of business in place between the recipient and such affiliate. This document is for private circulation only and may not be reproduced in whole or in part for any purpose without written permission. Use of data and information contained in this report is at your own risk. Please visit us at: www.agriwatch.com Registered Office: E 12, Greater Kailash I, New Delhi 110 048 Telefax: (011) 2628 3336

Copyright Ó 2002 Indian Agribusiness Systems Pvt Ltd.