

VEGOIL

28th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Dipped Sharply on Increased Fund Selling and Improving Crop Weather
- South American Soybean Declined Amidst Declining export Demand
- BMD CPO Future Plummeted on Declining Support from US Soybean Market
- Soybean Oil Improved Marginally After Deep Plunge Amidst Renewed Buying

* Latest Monsoon Progress [28.06.05]

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

Record speculative fund length in the market left futures overdue for a correction, and with weather patterns changing to less threatening conditions, speculative funds and locals alike ran to cover risky long positions.

The outlook for cooler weather in the Midwest with scattered thunderstorm activity for early July helped to trigger aggressive fund long liquidation selling early in the session.

August soybeans managed a contract high in the overnight session before the sharp break and the key reversal could be seen as a bearish technical development and a sign of a major top.

Traders are expecting a 2-5% decline in crop conditions for tonight's weekly update and with mid-90's expected across much of Illinois for the next 3 days, the outlook for next weeks (crop conditions as of July 3rd) is uncertain as light rain may not be enough to slow the crop conditions decline.

Taiwan is tendering for 40,000-60,000 tonnes of US or Brazilian soybeans.

The weekly export inspections report, the USDA reported exports this week at 4.497 million bushels as compared with trade expectations at 4-8 million bushels. Cumulative shipments have reached 91.7% of the USDA forecast for the season as compared with 91.4% as the 5-year average for this time of the year.

In pit trades, ABN Amro bought 1,200 November, Calyon Financial bought 300 November, Cargill bought 500 November, Man Financial bought 400 November, Bunge Chicago bought 200 November. On the sell side, ABN Amro sold 1,200 November, Cargill Investor Services and Fimat each sold 1,500 November, RJ O'Brien and Man Financial each sold 1,000 November, Refco sold 2,500 November, Iowa Grain and UBS Securities each sold 500 November, Citigroup sold 700 November, and Rand Financial sold 400 November. Commodity funds were estimated sellers of 13,000 contracts.

Trade is expected to be on the lower side amidst growing uncertainty in the weather conditions.

CBOT Soy oil futures as 27 June 2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	26.15	26.27	26.27	24.32	-1.63	24.52
Aug '05	26.18	26.21	26.21	24.40	-1.57	24.61
Sep '05	26.35	26.46	26.46	24.50	-1.58	24.77

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

Cash markets in Brazil are not keeping up with world values due to aggressive producer selling on the rally. A private forecast from Brazil by Agroconsult on Friday indicated that producer plantings in Brazil might fall 9% from this season.

Rumors that weak processor margins in China caused some shipment delays or even cancellations from South America took the back seat on Friday to the focus on weather, but the increased supply and lull in short-term demand for South America soybeans could keep the US market gaining on South American soybeans.

Crop conditions are likely to see a major revision lower for Illinois, Missouri and Arkansas, as heat and a lack of rain for the past week probably increased stress on the crops there. For the week ending June 19th, Illinois crops were rated 46% in good to excellent condition, down from 52% the previous week.

The trade will monitor rain events in Illinois closely this week with chances of scattered thunderstorms on The quad cities area of Illinois could see temperatures in the 100's today.

The Commitment of Traders report with options shows the CBOT soybean market in an overbought condition, with non-commercial (fund) traders still holding a near record net long position of over 70,000 contracts (72,366 record), but the changes for the week ending June 21st were small and non-commercials reduced their net longs by less than 2,000 contracts.

The Latin American soybean market is expected to continue trading on the lower side amidst declining support from the international export demand.

KLCE (Malaysian Palm Oil):

The weakness in CPO futures came on the heels of heavy losses in soy complex futures on the Chicago Board of Trade.

A change in weather patterns to less threatening conditions eased concerns over soybean crop conditions, halting a market rally and triggering heavy speculative selling.

Downside room for palm oil prices was relatively limited since palm oil had lagged a recent rally in soybean to around one-year highs. The market's longer-term outlook remains uncertain as participants are still closely watching the progress of the U.S. soybean crop, currently in a crucial growing period.

Basically, the global oils and fats market is at the mercy of weather. Prices can easily swing in either direction depending on how the weather conditions are. Overall, the sentiment in (the palm oil) market is still one of caution.

Traders expressed that they weren't surprised by the current weakness in oilseeds and edible oil prices as markets had somewhat outpaced fundamentals during the recent rally.

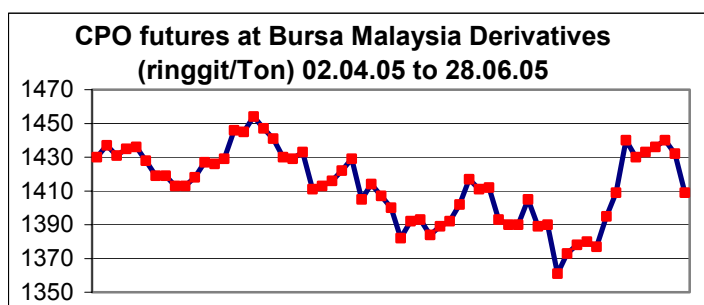
Amid all the euphoria about supply problems, people took for granted that demand would be fantastic. A strengthening U.S. dollar and surging crude oil prices are among emerging factors that could damp global economic growth in the longer-term, affecting consumer spending worldwide.

The potential agricultural crop losses due to weather problems may affect edible oil supply; it would also erode farmers' incomes, hurting the ability of a key consumer group to buy food items.

The Malaysian market is expected to trade marginally higher amidst renewed support from the US soybean market owing to continuing uncertainty in the crop weather.

KLCE CPO Futures (28.06.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jul'05	1436	1407	1418	1407	-28	1408	589
Aug'05	1435	1404	1418	1404	-28	1407	952
Sep'05	1435	1405	1417	1401	-26	1409	5179



Domestic:

Palm oil

The domestic palm oil market continued to decline marginally amidst smooth advance of monsoon and declining support from the Malaysian market.

The Malaysian market today traded significantly lower amidst weak export report. Today the Malaysian agencies reported a decline of 5.5 to 11.0 per cent from the last month figures.

The import quantum has grown marginally. In the month of June (till 28.06.05) the country has imported about 1.86 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 370 per tonnes and RBD Palmolein at \$ 402.50 per tonne.

The price for palm oil in the market is expected to continue range bound on the lower side as the market is expected to receive no major support from the lowering retail demand.

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

Centres	28.06.05	27.06.05	Change
Kandla CPO (5 % FFA)	325	329	-4
Mumbai CPO (5% FFA)	327	330	-3
Kandla RBD Palmolein	348	349	-1
Mumbai RBD Palmolein	360	362	-2
Chennai RBD Palmolein	365	366	-1
Kakinada RBD Palmolein	364	366	-2

Soy oil

The domestic market opened on a very weak note amidst increased panic selling at the Indore NBOT futures.

The domestic future market trading started on a weak note and traded sharply lower towards the end of the day's session amidst declining support from the retail end demand and improving monsoon. The NBOT (July Contract) exchange closed lower at Rs. 371.40 (Down by Rs. 1.60).

The Hazir market today also declined marginally and owing to the plummeting sentiments at the futures.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 340 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 515 per tonne.

The market is expected to open weak for Wednesday amidst continuing positive developments in the country's monsoon but renewed upward movement in the second half of the trade cannot be denied.

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

Centres	28.06.05	27.06.05	Change
Mumbai (Soy ref)	359	361	-2
Indore (Soy Ref oil)	366	372	-6
Indore (Soy Solvent Ex. oil)	345	349	-4
Kota (Soy Ref. Oil)	368	370	-2
Jaipur (Soy Ref. Oil)	368	373	-5

NBOT Soy oil futures as on 28.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Jul'05	373.00	368.50	371.80	368.10	-1.60	371.40	40120
Aug'05	378.10	374.00	377.30	374.00	-0.80	377.30	1050
Sep'05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 27.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul'05	379.80	379.00	379.00	374.20	374.65	27760	31080
Aug'05	384.80	384.10	384.10	379.50	380.05	18290	27530
Sep'05	387.55	386.00	386.40	382.65	383.05	4030	4320

Rape oil

A rape oil market traded marginally higher amidst increased support from the buyers. The support came in the markets as the sentiments in other edible oils recovered after a steep fall.

As expected earlier the progress of monsoon has adequately pulled down the market sentiments but the prices are expected to move steady within a small range henceforth.

Today, the rape oil found increased support from the buyers at major exchanges at the start of the trade and it picked its pace as the retail demand improved. In the spot markets the prices continued down amidst uncertain support from the other edible oil markets.

Overall, it is expected that the rape oil will continue trading range bound on higher side in the coming days as the retail demand is expected to increase marginally as crushing picks up.

Rape oil - Spot Market Price		(Rs. per 10 kg)	
Centres	28.06.05	27.06.05	Change
Mumbai (Rape Expeller Oil)	383	385	-2
Kota (Rape Expeller Oil)	365	367	-2
Jaipur (Rape Expeller Oil)	364	368	-4
Neewai (* Kacchi Ghani Rape Oil)	380	382	-2
Delhi (Rape Expeller Oil)	387	390	-3

Groundnut oil

Groundnut oil today improved marginally at various centres due to unsteady and low local demand and rising sentiments in the other edible oil markets.

The latest seeding report suggests that the area under groundnut farming was 1.94 lakh hectare as on week ending June 20th against 4.83 lakh hectares on the same day last year.

The range-bound trade in groundnut oil prices is expected in the coming days amidst unsteady retail demand and smoothly advancing monsoon.

Groundnut oil - Spot Market Price		(Rs. per 10 kg)	
Centres	28.06.05	27.06.05	Change
Mumbai	455	453	+2
Rajkot	492	490	+2
Andhra Region	491	488	+3
Chennai	493	490	+3

LATEST WEATHER WATCH (28.06.2005)

Monsoon Progress as on 28.06.05

Progress of Monsoon

The southwest monsoon has further advanced into most parts of Arabian Sea, Gujarat State, entire West Madhya Pradesh, most parts of east Rajasthan, entire West Uttar Pradesh, some parts of Punjab, Haryana including Chandigarh & Delhi and some more parts of Himachal Pradesh. Northern Limit of Monsoon passes through 24°N/60E, 24°N/65°E, Deesa, Ajmer, Jaipur, Delhi, Patiala, Dharmshala, 32°N/79E.

Meteorological Analysis

Under the influence of yesterday's cyclonic circulation, a low pressure area has formed over northwest Bay and adjoining Gangetic West Bengal in the morning which became well

marked by the evening. The associated cyclonic circulation extends upto mid tropospheric levels. The system may concentrate into a depression.

The off shore trough at sea level over east Arabian sea from Gujarat to Karnataka coast persists.

Yesterday's upper air cyclonic circulation over north Gujarat and adjoining southwest Rajasthan extending between 3.1 and 5.8 km a.s.l. tilting southwards with height persists.

The seasonal trough at 0.9 km a.s.l. from the centre of a cyclonic circulation over Punjab and adjoining central Pakistan to north Bay of Bengal through Haryana, Uttar Pradesh, Jharkhand and Gangetic West Bengal also persists.

During past 24 hours, Southwest monsoon has been vigorous over Gujarat State and Madhya Maharashtra and active over Orissa, Chhattisgarh and West Madhya Pradesh. Rain/thundershower have occurred at most places over Haryana, Chandigarh & Delhi, Konkan & Goa and Kerala; at many places over Nagaland, Manipur, Mizoram & Tripura, West Uttar Pradesh, Telangana and Coastal Karnataka and at a few places over Andaman & Nicobar Islands, Gangetic West Bengal, Jharkhand, East Madhya Pradesh, East Uttar Pradesh, Uttaranchal, Punjab, Himachal Pradesh, East Rajasthan, Marathwada, Vidarbha, Coastal Andhra Pradesh and interior Karnataka. It was isolated in the rest region of the cou

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

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 at most places over Gangetic West Bengal, Orissa, Konkan & Goa and Gujarat Region; at many places over Chhattisgarh, East Madhya Pradesh, Uttaranchal, Haryana, Chandigarh & Delhi, Himachal Pradesh, East Rajasthan, West Madhya Pradesh, Gujarat State, south Konkan & Goa, interior Maharashtra, Coastal Andhra Pradesh, Telangana, and Coastal Karnataka and at a few places over Andaman & Nicobar Islands, northeastern States, Sub-Himalayan West Bengal & Sikkim, Jharkhand, Bihar, Uttar Pradesh, Punjab, West Rajasthan, North Interior Karnataka, Kerala and Lakshadweep. It may be isolated over South Interior Karnataka and Tamil Nadu & Pondicherry.

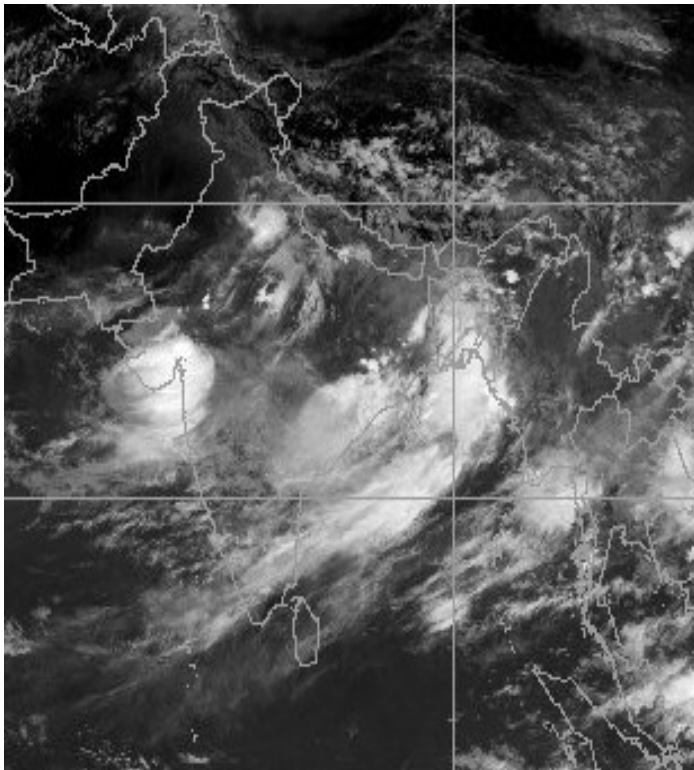
Heavy Rainfall Warning

Heavy to very heavy rainfall likely at a few places over Gangetic West-Bengal, Coastal Orissa, North Konkan & south Gujarat Region. Isolated heavy rainfall also likely over Himachal Pradesh, Uttaranchal, north Gujarat, Saurashtra, south Konkan & Goa and Madhya Maharashtra.

Outlook for Subsequent 48 Hours

Rainfall activity over eastern parts of central India is likely to increase and extend westwards into remaining parts of central India.

Fig. 1. Satellite Image of Monsoon Progress
(1.30 PM, 28.06.05)



recovered partially amidst expected support from the US soybean market today evening.

The 7-day MA today continued lower giving signals weakening prices in the market along with the 14-day MA. Currently the MACD is **bearish** since it is trading below its signal line. The MACD crossed below its signal line 0 period(s) ago. Since the MACD crossed its moving average, Soyoil July's price has been unchanged, and has ranged from a high of 373.50 to a low of 366.25. The MACD is also indicating the declining sentiments in the market.

The **9-days Price ROC** declined sharply in the negative region to the level of **-2.193**, indicating growing weakness in the prices. The **9-day RSI** also dipped lower in the neutral region to a level of **36.42** showing the declining strength in the prices.

The **% K-line** turned marginally up re-entering the neutral region indicating the growing strength in the prices. The **% D-Line** on the other hand continued lower in the neutral region indicating the continuing weakness in the prices.

The **candlestick** pattern is hinting at the steady opening and positive trade for Wednesday amidst expected support from the US soybean market.

Market advice:

Market is expected to open steady but trade higher for Wednesday.

Short term buying would yield profit.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	July '05	370.20	368.40	373.30	374.80
NCDEX	July '05	369.40	368.30	374.00	375.90

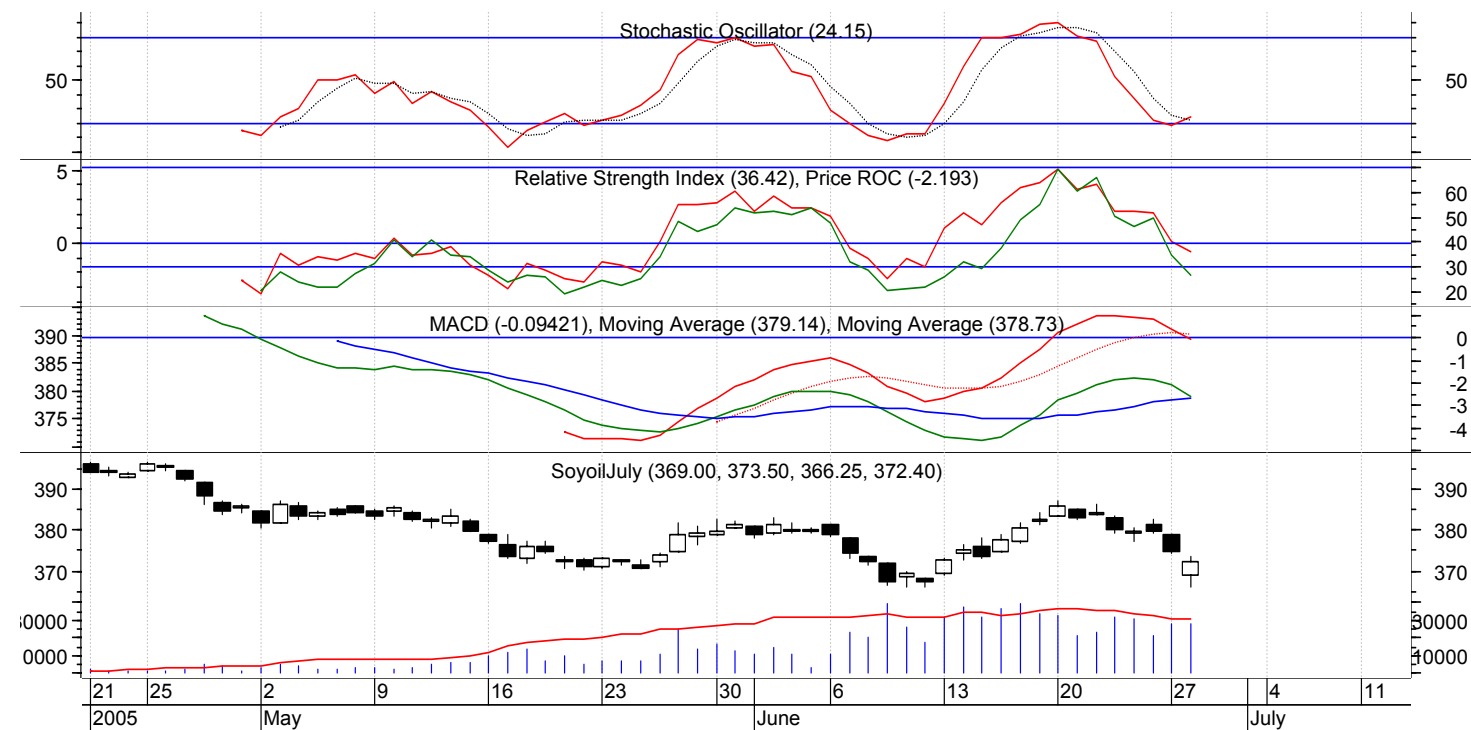
TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX JULY Contract

The July contract closed at **372.40**, which is marginally lower than the yesterday's close level. Market opened very weak but



PORT-WATCH (Latest)

'Ace I' has berthed at Kolkata Port and continues to deliver 6,000 MT of CPO. Interocean agents is handling the vessel. Delivery of 6,100 MT of CPO is continuing at the port from the vessel 'Ocean Ace'. The vessel is being handled by Atlantic agents.

JN Port is receiving 30,000 MT of SBO from the vessel 'Siren'. The cargo was loaded from Brazil. The vessel is being handled by Patvolk agents.

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. The port is expecting 'Siren' from Brazil to deliver 9,500 MT of SBO. Forbes Gokak agents is handling the vessel.

Delivery of 3,500 MT of palm oil is completed at New Mangalore Port from the vessel 'Vernal Grace'. The port is expecting 'Vernal Grace' to discharge 3,000 MT of CPO.

'Pacific Sound' is expected at Mumbai Port to discharge 9,750 MT of palm oil. The vessel will be handled by Interocean agents.

Mundra Port is expecting 'Kuldiga' to deliver 18,000 MT of SBO. Interocean agents will be handling the vessel.

Cochin Port is expecting 'Golden Jane' to discharge 3,000 MT of CPO. James Mackintosh 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. The port is expecting 'Ocean Ace' to discharge 6,000 MT of CPO.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Ginga Hawk	13937	CPO	Arrived
	Siren	9500	SBO	Expected
Cochin	Golden Jane	3000	CPO	Expected
Chennai	Countess	2500	Palm oil	Arrived
Mumbai	Pacific Sound	9750	Palm oil	Expected
Mundra	KUldiga	18000	SBO	Expected
Kakinada	Ace I	6000	CPO	Expected
	Acushnet	6000	SBO	Expected
	Ocean Ace	6000	CPO	Expected
JN	Siren	30,000	SBO	Arrived
New Mangalore	Vernal Grace	3500	Palm oil	Arrived
	Vernal Grace	3000	CPO	Expected

Forex Rates

(As on 28.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.56
Malaysia	Ringgit	11.46
European Union	Euro	52.87
United Kingdom	GBP	79.42
Japan	100 Yen	39.69

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