

## VEGOIL

27<sup>th</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- **BMD CPO Future Lowered Marginally on Weak Export Reports by Malaysian Agencies**
- **Soybean Oil Plunged on Widespread Monsoon Rains in Major Growing Regions**

#### \* Sowing Progress of Kharif Oilseeds

#### MARKET HIGHLIGHTS & ANALYSIS

##### International:

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

CBOT market remained closed during the weekend holiday. Market will reopen on Monday's evening (27.06.05).

##### CBOT Soy oil futures as 24 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	25.24	25.24	26.15	25.24	+0.91	26.15
Aug '05	25.32	25.57	26.20	25.57	+0.86	26.18
Sep '05	25.45	25.75	26.43	25.75	+0.90	26.35

CBOT remains closed on Saturday and Sunday.

##### South American Soybean Market

South American market remained closed during the weekend holiday. Market will reopen on Monday's evening (27.06.05).

##### KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended moderately lower Monday after another slow, range-bound trading day as volatile soyoil futures prompted participants to adopt a cautious approach.

A rally in soyoil futures on the Chicago Board of Trade Friday failed to lift palm oil prices as the market opened a tad higher before immediately falling back into negative territory, where it stayed the rest of the session.

The soyoil side is just too choppy, going up so sharply (on Friday), but coming off again in (Monday's) electronic trading session.

People are not taking any risks and are waiting for CBOT to reopen to see the exact trading sentiments.

The upside for palm oil prices was also capped for now because of weak South American soyoil prices. Although CBOT soyoil futures have reached their highest levels in over a year, cash market prices in Brazil and Argentina have lagged the rise.

Palm oil is currently still at a relatively narrow discount of \$60-\$70/ton to soyoil. That means a further rise in palm oil prices, if

not followed by gains in South American soyoil, would hurt the commodity's competitiveness in the world market.

Cargo surveyors SGS Malaysia) Bhd. estimated June 1-25 exports at 1.09 million tons, down 5.7% on month.

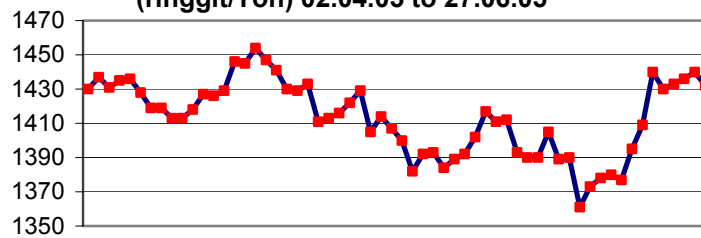
Intertek Agri Services, which issued its estimates Saturday, pegged exports at 1.05 million tons, down 11% on month.

Overall the Malaysian market is expected to trade lower amidst declining support from the US soybean market.

##### KLCE CPO Futures (27.06.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jul'05	1441	1442	1444	1436	-5	1436	73
Aug'05	1440	1439	1440	1433	-5	1435	244
Sep'05	1440	1437	1445	1430	-5	1435	2085

##### CPO futures at Bursa Malaysia Derivatives (ringgit/Ton) 02.04.05 to 27.06.05



#### Domestic:

##### Palm oil

The domestic palm oil market declined marginally amidst smooth advance of monsoon and slight decline in domestic demand.

The Malaysian market today traded 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 27.06.05) the country has imported about 1.80 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 374 per tonnes and RBD Palmolein at \$ 407 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 KLCE amidst declining sentiments at the CBOT (Soybean Complex).

<b>Palm oil - Spot Market Price (Rs. per 10 kg)</b>			
Centres	27.06.05	25.06.05	Change
Kandla CPO (5 % FFA)	329	330	-1
Mumbai CPO (5% FFA)	330	332	-2
Kandla RBD Palmolein	349	351	-2
Mumbai RBD Palmolein	362	365	-3
Chennai RBD Palmolein	366	368	-2
Kakinada RBD Palmolein	366	367	-1

#### Soy oil

The domestic market opened on a weak note amidst increased 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. The NBOT (July Contract) exchange closed sharply lower at Rs. 372.80 (Down by Rs. 5.80).

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 342 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 Tuesday amidst continuing positive developments in the country's monsoon.

<b>Soybean oil - Spot Market Price (Rs. per 10 kg)</b>			
Centres	27.06.05	25.06.05	Change
Mumbai (Soy ref)	361	363	-2
Indore (Soy Ref oil)	372	375	-3
Indore (Soy Solvent Ex. oil)	349	351	-2
Kota (Soy Ref. Oil)	370	372	-2
Jaipur (Soy Ref. Oil)	373	374	-1

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

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Jul'05	378.60	376.00	376.00	372.50	-5.80	372.80	11010
Aug'05	383.90	380.00	380.30	378.10	-5.80	378.10	620
Sep'05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

#### NCDEX Soy oil futures as on 25.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul'05	379.90	381.20	382.45	379.30	379.80	21690	32370
Aug'05	384.95	386.00	387.00	384.35	384.80	10360	28420
Sep'05	387.55	389.50	389.50	387.10	387.55	2390	4110

#### Rape oil

A rape oil market traded lower amidst news of smooth progressing monsoon and low retail demand.

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 lesser support from the buyers at major exchanges as well as in the spot markets. In the spot markets the prices lowered marginally amidst declining support from the other edible oil markets.

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

<b>Rape oil - Spot Market Price (Rs. per 10 kg)</b>			
Centres	27.06.05	25.06.05	Change
Mumbai (Rape Expeller Oil)	385	386	-1
Kota (Rape Expeller Oil)	367	368	-1
Jaipur (Rape Expeller Oil)	368	370	-2
Neewai (* Kacchi Ghani Rape Oil)	382	385	-3
Delhi (Rape Expeller Oil)	390	392	-2

#### Groundnut oil

Groundnut oil declined marginally at various centres due to unsteady and low local demand and news of good progress 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 17<sup>th</sup> against 4.83 lakh hectares on the same day last year.

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

<b>Groundnut oil - Spot Market Price (Rs. per 10 kg)</b>			
Centres	27.06.05	25.06.05	Change
Mumbai	453	455	-2
Rajkot	490	480	+10
Andhra Region	488	490	-2
Chennai	490	494	-4

### LATEST WEATHER WATCH (27.06.2005)

#### Medium range weather forecast (27June - 1 July 2005)

#### Overall Outlook

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, parts of Haryana, some parts of Punjab and some more parts of Himachal Pradesh. Northern limit of monsoon passes through 24°n/60°e, 24°n/65°e, Deesa, Ajmer, Jaipur, Delhi, Patiala, Dharmshala, 32°n/79°e. Southwest monsoon was vigorous over Gujarat and Madhya Maharashtra and active over west Madhya Pradesh. The upper air cyclonic circulation over North Bay of Bengal persists and extends upto mid-tropospheric levels. A low pressure area has formed over northwest bay and adjoining Gangetic west Bengal and Orissa in association with the above upper air cyclonic circulation. The off shore trough at sea level over east Arabian Sea runs from Gujarat to Karnataka coast. The upper air cyclonic circulation over north Gujarat and adjoining southwest Rajasthan extending between 3.1 and 5.8 km above sea level tilting southwards with height persists. The seasonal trough at 0.9 km above sea level from the center 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. The heat wave conditions over extreme northwest Rajasthan have abated.

#### A. Weather Systems:

On 26th June, southwest monsoon has advanced over some more parts of Gujarat, entire east Madhya Pradesh and east Uttar Pradesh; most parts of west Madhya Pradesh and Uttranchal and some parts of south east Rajasthan, west Uttar Pradesh and Himachal Pradesh. The northern limit of monsoon passes through Nalia, Ahmedabad, Kota, Gwalior, Bareilly, Dehradun, Sundernagar, 32 deg. N/79 deg. E.

An upper air cyclonic circulation is developing over north Bay of Bengal. NCMRWF model prediction suggest that the circulation is likely to descend down and concentrate into a low pressure system within next 24 Hrs. With the formation of low pressure system, monsoon activity over Central India is likely to enhance during next 3 days.

Conditions are favourable for further advancement of monsoon over remaining parts of West Uttar Pradesh, Uttranchal, West Madhya Pradesh, Gujarat, Saurashtra and Kutch, and some more parts of east Rajasthan, Himachal Pradesh and parts of Haryana (including Delhi), Punjab and Jammu & Kashmir during next 2-3 days.

A weak western disturbance is likely to approach J&K and adjoining area by during 30 June -1July05. Under the combined influence of this and monsoonal winds, scattered to fairly wide spread rainfall may occur over certain parts of hilly regions of NW India during 30June-1July.

#### B. Rainfall:

Fairly widespread rainfall is likely over Uttranchal, West Uttar Pradesh during next 24 hours. Scattered rains are also likely over Himachal Pradesh during next 24 hours. Fairly wide spread to Widespread rains are expected over Konkan & Goa, Vidarbha, East Madhya Pradesh, Chattisgarh, Orissa, West Bengal and Northeastern States during next 3-4 days.

Fairly wide spread rainfall is likely over Andaman & Nicobar Islands, Coastal and North Interior Karnataka, Kerala, North Coastal Andhra Pradesh, North Telanagana, Lakshadeep during the week.

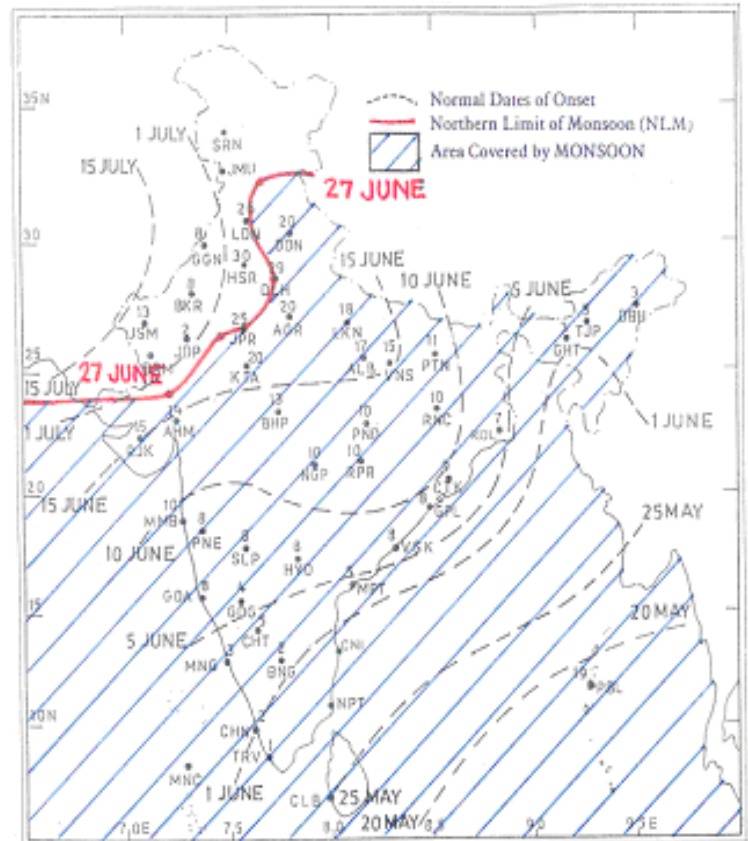
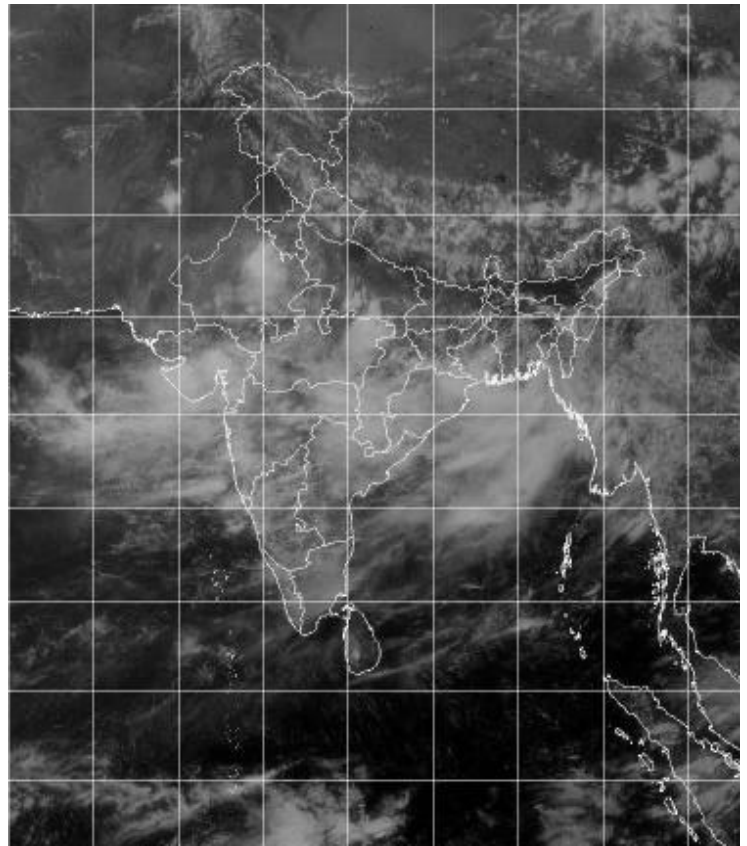
Scattered to fairly wide spread rainfall is likely over West Madhya Pradesh, Jharkhand and Bihar, Madhya Maharashtra, Marathwada, Gujarat region, Saurashtra & Kutch and East Rajasthan and Haryana during later part of the week.

Isolated to Scattered rainfall is likely over Tamilnadu, Rayalaseema, South Interior Karnataka. Isolated rainfall is likely over west Rajasthan.

#### Current Progress of Monsoon (27.06.05)

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

Fig. 2. Outline of Monsoon Spread in India



## TECHNICAL ANALYSIS

### COMMODITY: SOY OIL

Perspective: Very Short Term

#### NCDEX JULY Contract

The July contract closed at **374.50**, which is significantly lower than the yesterday's close level. Market opened weak and traded sharply lower on news of smoothly advancing monsoon.

The 7-day MA today continued lower giving signals weakening prices in the market whereas the 14-day MA continued up supporting the partial steadiness in trend. Currently the MACD is partly bullish since it is trading above its signal line. The MACD crossed above its signal line 10 period(s) ago. Since the MACD crossed its moving average, Soy oil July's price has increased 0.29%, and has ranged from a high of 387.15 to a low of 373.10. 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 **-0.7947**, indicating growing weakness in the prices. The 9-day RSI also dipped lower in the neutral region

to a level of **40.17** showing the declining strength in the markets.

The % K-line continued moving down entering the oversold region indicating the losing strength of the prices. The % D-Line also continued lower in the neutral region indicating the continuing weakness in the prices.

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

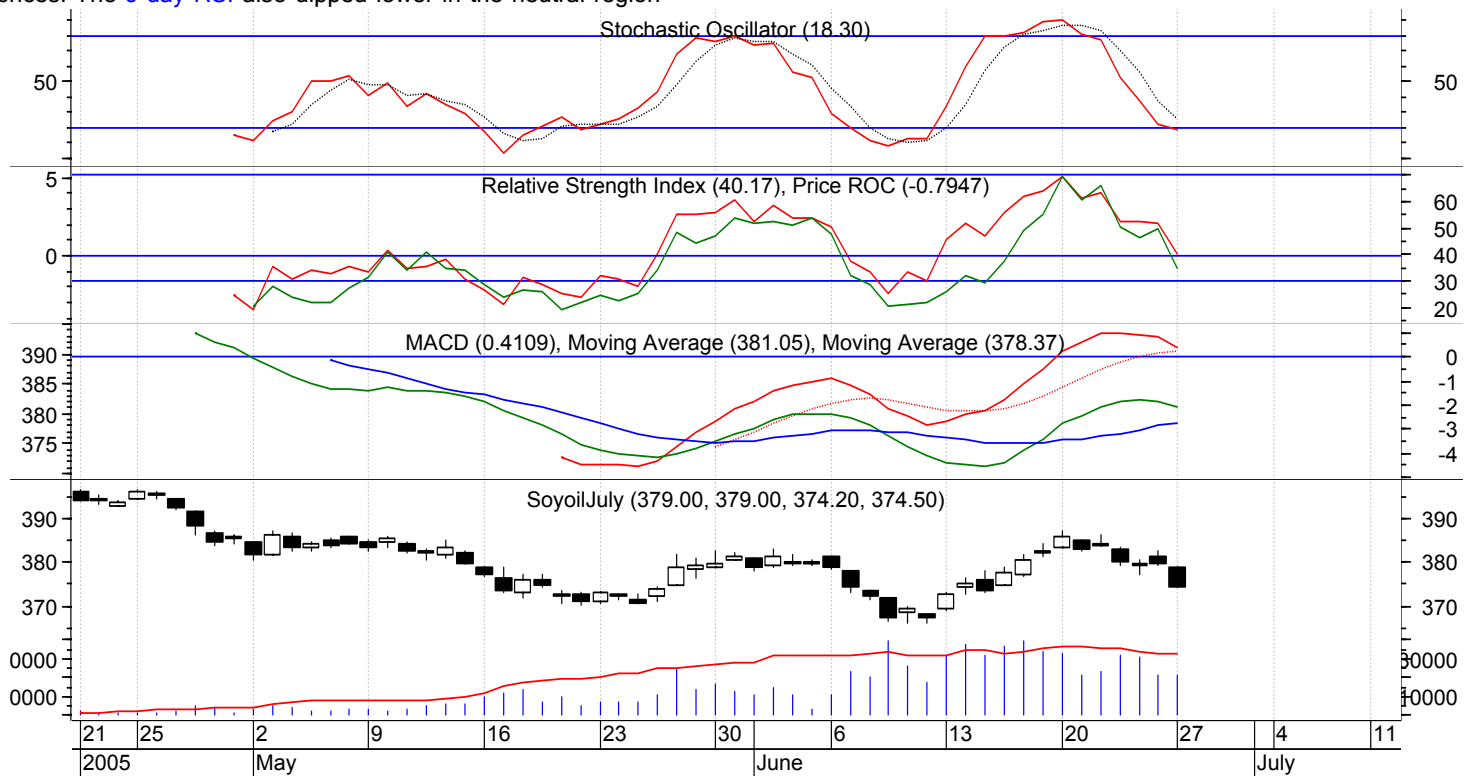
#### Market advice:

Market is expected to open steady and trade lower for Tuesday.

Short term selling would yield profit.

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

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	July '05	370.80	369.40	374.20	375.10
NCDEX	July '05	373.00	371.20	376.20	377.60



#### PORT-WATCH (Latest)

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.

Mundra Port is loading 5,200 MT of SBO from the vessel 'Global Trader'. Taurus agents is handling the vessel.

Cochin Port is receiving 1,000 MT of palm oil from the vessel 'Vernal Grace'. Pearl Shipping agents will be handling the vessel.

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 2,500 MT of palm oil was completed at Chennai Port from the vessel 'Countess'. Seaport agents is handling the vessel.

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

'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 Siren	13937 9500	CPO SBO	Arrived Expected
Cochin	Vernal Grace	1000	Palm oil	Arrived
Chennai	Countess	2500	Palm oil	Arrived
Mundra	Global Trader	5300	SBO	Arrived
Kakinada	Ace I Acushnet	6000 6000	CPO SBO	Expected Expected
Kolkata	Ocean Ace	6000	CPO	Expected
JN	Siren	30,000	SBO	Arrived
New Mangalore	Vernal Grace	35000	Palm oil	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 27.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.49
Malaysia	Ringgit	11.46
European Union	Euro	52.82
United Kingdom	GBP	79.39
Japan	100 Yen	39.80

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