

## VEGOIL

18<sup>th</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Complex Sharply Up On Hot & Dry Weather Outlook For Coming Week
- South American Soybean Improved Further on Extended Dry Spell in US Soybean Growing Areas
- Soybean Oil Continued Higher on Rising Buyers Support

\* Latest Weather Report (17.06.05)

### MARKET HIGHLIGHTS & ANALYSIS

#### International:

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

A hot and dry outlook into late next week in the overnight weather models attracted new buying from funds and speculators and drove the market higher into the mid-session.

Speculative fund buying was a dominant force in the market's rise, with the combination of weather risks, lower acreage, the potential spread of Asian rust and aphids in the Midwest providing a bullish theme to keep traders adding premium to prices.

Weather forecasts showing only limited chances for light showers in key growing areas of the Midwest with warming temperatures over the next week, kick started the gains.

On top of the weather, traders are concerned that Asia rust, soybean aphids and reduced planted acreage could lower the soybean production outlook.

Informa Economics pegged soybean planted acreage at 72.9 million acres as compared with the last USDA forecast at 73.9 million acres and this news added to the bullish weather emphasis to support.

Some weather traders see increasing chances of rain for later next week while heat forecast vary.

In soybean pit trades, ADM Investor Services bought 300 November, Cargill bought 300 November, ABN Amro bought 500 July, Calyon Financial bought 1,500 November, Cargill Investor services bought 1,500 November, Man Financial bought 1,000 November, RJ O'Brien bought 700 November and Refco bought 1,200 November. On the sell side, ADM Investor Services sold 400 November, Cargill sold 700 November, Cargill Investor Services sold 500 November, RJ O'Brien sold 400 November, and Rand Financial sold 500 July. Commodity fund buying was estimated at 8,000 contracts.

Traders are expected to keep a close eye on the Commitment-of-Traders report this afternoon and price volatility is expected to remain high on Monday evening with the weather forecast the key.

#### CBOT Soy oil futures as 17 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	24.10	24.09	25.15	24.09	+0.98	25.08
Aug '05	24.18	24.34	25.25	24.34	+1.03	25.21
Sep '05	24.28	24.46	25.30	24.46	+1.02	25.30

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Market

August South American Soybeans closed 6 cents lower on the session yesterday to 689 on increased volume of trade, with total volume for South American soybeans hitting 188 contracts. Brazil producer selling is increasing on the rally and so is their export business.

Export registrations are still down 4 million tonnes from last year's pace. A cheaper basis and cheaper freight could attract new buying interest from Europe and China, but short-term demand from China is a bit uncertain after the heavy import deliveries of the past few months.

On top of hot and dry weather in the central US, traders are also concerned that US crop production could be clipped by Asia rust or soybean aphids this season, and there is still talk that 500,000 acres in the far northwestern part of the Corn Belt did not get planted.

In addition, demand factors are already strong and traders are nervous that demand could increase if China weather remains poor and if the monsoon rains in India do not reach normal levels.

While exports remain on pace to reach the USDA projection, news in the weekly sales report that China cancelled 44,700 tonnes of US soybeans was seen as a negative development. Chinese and European demand is shifting to South America, as cash prices in Brazil are not keeping up with the futures rally. A rumor that cheap South American meal could trigger imports by the US was seen as a limiting factor to US bean prices as well.

There is no rain in the forecast through late next week when temperatures are expected to heat up to the 90's into the central Midwest. After that, models are not in agreement.

The Latin American soybean market is expected to continue on the higher side amidst growing support from the expected heat wave conditions in US and uncertain monsoon India.

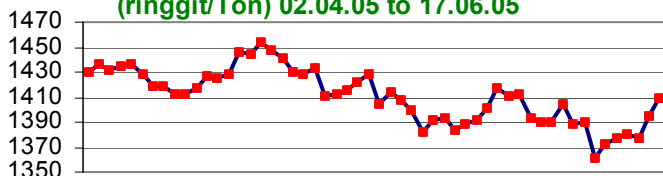
## KLCE (Malaysian Palm Oil):

KLCE market remained closed on regular weekend holiday. It will reopen on Monday (20.06.05).

### KLCE CPO Futures (17.06.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jun '05	1396	1391	1410	1391	+14	1410	738
Jul '05	1395	1394	1410	1388	+14	1409	1132
Aug '05	1395	1393	1410	1388	+14	1409	3913

**CPO futures at Bursa Malaysia Derivatives  
(ringgit/Ton) 02.04.05 to 17.06.05**



## Domestic:

### Palm oil

The domestic palm oil market traded significantly higher amidst increased support from the US soybean markets.

The Malaysian market today remained closed on its regular weekend holiday.

The import quantum has grown marginally. In the month of June (till 18.06.05) the country has imported about 1.05 lakh tonnes of palm oil.

CNF prices of CPO (June) were quoted at \$ 365 per tonnes and RBD Palmolein at \$ 397.50 per tonne.

The price for palm oil in the market is expected to continue range bound on the higher side for Monday, as the market is expected to receive support from the uncertain monsoon conditions.

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

Centres	18.06.05	17.06.05	Change
Kandla CPO (5 % FFA)	329	324	+5
Mumbai CPO (5% FFA)	334	326	+8
Kandla RBD Palmolein	355	351	+4
Mumbai RBD Palmolein	364	360	+4
Chennai RBD Palmolein	367	359	+8
Kakinada RBD Palmolein	368	360	+8

### Soy oil

The domestic market opened firm at the futures and traded sharply positive in the spot markets news of increasing uncertainty in the monsoon amount and arrival and rising support from the international markets.

Majority of the traders are still interested in keeping their positions open as the bullish sentiments continues in the market following various contradicting statements regarding the progress of the monsoon in India.

The domestic future market trading started on a steady note but improved gradually as the day progressed. The NBOT (July

Contract) exchange moved up from yesterday's level to close at a level of 381.40 (UP by Rs. 2.70).

The Hazir market today also improved marginally amidst lack of support from the uncertainty in the monsoon.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 345 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 524 per tonne.

Overall the market is expected to continue on the higher side for Monday amidst expected increased support from the US markets and growing uncertainty in the monsoon.

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

Centres	18.06.05	17.06.05	Change
Mumbai (Soy ref)	362	360	+2
Indore (Soy Ref oil)	375	372	+3
Indore (Soy Solvent Ex. oil)	452	349	+3
Kota (Soy Ref. Oil)	373	371	+2
Jaipur (Soy Ref. Oil)	375	373	+2

### NBOT Soy oil futures as on 17.06.2005 (Rs/10 kg)

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jul '05	376.40	376.80	378.90	376.10	2.50	378.90	41340
Aug '05	376.20	NA	NA	NA	0.00	NA	NA
Sept '05	0.00	NA	NA	NA	0.00	NA	NA

### NCDEX Soy oil futures as on 16.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jun '05	371.95	371.60	373.60	371.25	373.20	3630	16800
Jul '05	377.50	377.05	381.60	376.90	380.75	39730	33470
Aug '05	380.10	380.00	384.45	379.80	383.85	12710	18080

### Rape oil

A rape oil market continued to rise amidst significant gains in the soyoil market and rising buying support at major mustard exchanges.

NAFED has offered the purchased mustard seeds to be sold in the open market in Kota and adjoining markets at the rate of Rs. 1550-1600 per quintal. Few traders / mill owners showed some interest at these rates.

The uncertain monsoon in the country is also responsible for the prevailing rising trend in the prices, but as soon as the rain arrives, the market is expected to make a significant downward movement.

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.

Today the new crop arrival reached 1.00 lakh bags in Rajasthan and about 0.40 lakh bags in Madhya Pradesh.

Overall, it is expected that the rape oil will continue trading range bound on higher side for Monday amidst increased support from the soybean oil market.

Rape oil - Spot Market Price (Rs. per 10 kg)			
Centres	18.06.05	17.06.05	Change
Mumbai (Rape Expeller Oil)	386	383	+3
Kota (Rape Expeller Oil)	365	362	+3
Jaipur (Rape Expeller Oil)	368	364	+4
Neewai (* Kacchi Ghani Rape Oil)	385	378	+7
Delhi (Rape Expeller Oil)	392	388	+4

#### Groundnut oil

Groundnut oil continued on the higher side at various centres amidst support of the increasing local demand and growing uncertainty in the monsoon.

The latest seeding report suggest that the area under groundnut farming was 81000 hectare as on June 13<sup>th</sup> against 119000 hectares on the same day last year.

The rising sentiment in the other edible oils is also causing upward movement in the groundnut oil prices.

The range-bound positive trade in groundnut oil prices in the domestic markets is likely to continue Monday amidst of increased demand.

Groundnut oil - Spot Market Price (Rs. per 10 kg)			
Centres	18.06.05	17.06.05	Change
Mumbai	470	461	+9
Rajkot	488	468	+20
Andhra Region	496	496	0
Chennai	497	496	+1

### LATEST WEATHER WATCH (17.06.2005)

All India medium range weather forecast valid for next 5 days.

#### Main Features

##### Monsoon Outlook:

Southwest has further advanced over west central and north Bay of Bengal, entire Nagaland, Manipur, Mizoram & Tripura, Arunachal Pradesh, Assam & Meghalaya and parts of sub Himalayan West Bengal and Sikkim. Northern limit of monsoon passes through 15°N/60°E, 15°N/70°E Pamjim, Chitradurga, Anantapur, Kaveli, 17°N/85°E, 21°N/89°E, 24°N/90°E & Gangtok.

Prediction suggests that monsoon may progress further, and cover more areas of Sub-Himalayan west Bengal and Konkan & Goa leading to **onset of monsoon over Mumbai & neighbourhood during next 3 days.**

##### Heat Wave Condition:

Severe heat wave conditions prevailed over many parts of Orissa, Jharkhand, Bihar, Chhattisgarh, Vidarbha, east U.P. and east M.P. Heat wave conditions also prevailed over parts of west M.P., west Rajasthan and Marathwada. Improvement of in heat wave condition is expected in Orissa and Jharkhand during next 2 days.

#### NORTH & NORTH-WEST INDIA [ J&K, HP, UTTANCHAL, PUNJAB, HARYANA, WEST UP]

Mainly dry weather is likely to prevail over plains of northwest India during next 3-4 days.

A western disturbance is likely is likely to cause isolated to scattered rainfall/snowfall over hilly regions of NW India (J&K, H.P. and Uttranchal) during next 3 days.

#### EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

North-eastern states and Sub-Himalayan West Bengal are likely to receive increased rainfall activity with fairly widespread to widespread rains/thundershowers over the region during next 3-4 days.

Scattered rain/thundershowers are expected over Gangetic West Bengal and Orissa and isolated over Jharkhand and Bihar during next 2-3 days. Thereafter, rainfall activity over Gangetic West Bengal is likely to increase.

#### CENTRAL INDIA [ MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is expected over the region.

Prevailing Heat wave condition over Chattisgarh and South Madhya Pradesh is likely to improve during next 2-3 days.

#### SOUTH INDIA [ TAMIL NADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

Heat wave condition has shown improvement and is now abated from coastal A.P.

Fairly widespread rainfall is likely over Andaman & Nicobar Islands, and Lakshadeep.

Scattered rainfall is expected over Kerala, Coastal Karnataka, South Interior Karnataka and Coastal A.P. during next 24 hours. Rainfall activity over Lakshadeep, Kerala and

Coastal Karnataka may increase subsequently for next 4 days.

#### WEST INDIA [ MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

Gujarat and Rajasthan are likely to experience mainly dry weather during next 2-3 days.

Konkan & Goa, Madhya Maharashtra and Marathwada are likely to receive isolated to scattered rainfall activity. There may be increase in rainfall activity over Konkan & Goa after 18th June.

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term

##### NCDEX JULY Contract

The July contract closed at **380.90**, which is above the yesterday's close level. Market opened on a steady note but continued up for the day amidst news of uncertain progress of monsoon and increased support from the International markets.

The **7-day MA** has moved above the **14-day MA** making a bullish crossover of it indicating growing strength in trend. Currently the MACD is bullish since it is trading above its signal line. The **MACD** crossed above its signal line 3 period(s) ago. Since the MACD crossed its moving average, Soy oil July's price has increased 2.42%, and has ranged from a high of **384.10** to a low of **373.10**.

The **9-days Price ROC** moved higher in the positive region to the level of **+2.726**, indicating increasing strength in the prices. The **9-day RSI** also improved marginally (pointing downward) in the neutral region to a level of **64.48** indicating the existing strength in the markets.

The **% K-line** continued up entering the overbought the neutral region indicating the rising strength of the prices. The

% D-Line also progressed up entering the overbought region indicating the improving sentiments in the prices.

The candlestick pattern is hinting at the firm opening and higher trade for Monday.

#### Market advice:

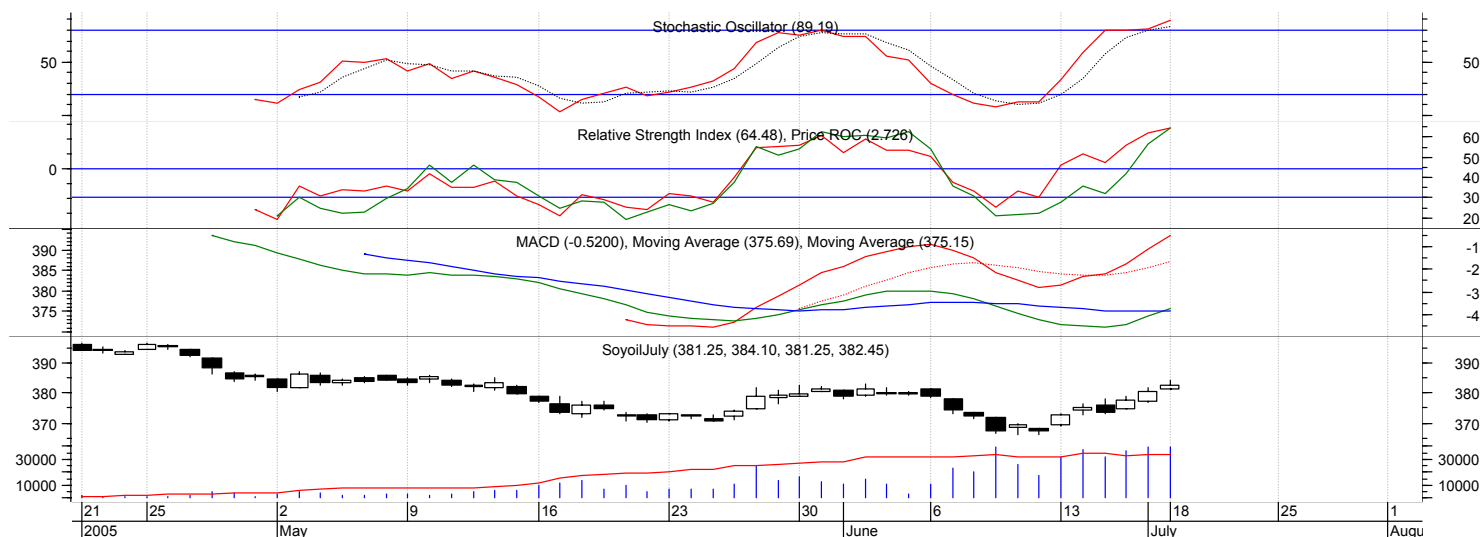
Market is expected to open firm and trade on the higher side for Monday.

Short term & medium term buying would yield profit

The bullish sentiment is likely to continue for few more days till monsoon continues to be uncertain.

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

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	July '05	376.80	375.40	383.20	384.60
NCDEX	July '05	379.60	377.60	384.80	386.00



#### PORT-WATCH (Latest)

'Dubulti' from Argentina has berthed at Kandla Port and continues to deliver 16,000 MT of SBO. The vessel is being handled by Interocean agents. 'Ace 7' from Belawan is expected at Kandla Port to discharge 11,500 MT of CPO. Interocean agents will be handling the vessel. The port is expecting 'Bow Fraternity' to discharge 5,000 MT of CPO. The cargo was loaded from Dumai. Intera Trade agents will be handling the vessel.

Kolkata Port is receiving 2,000 MT of CPO from the vessel 'Star Dream'. Seaport agents is handling the vessel. 'MMM Houston' has berthed at Kolkata Port and continues to deliver 6,000 MT of CPO. The vessel is being handled by Seaport agents. Delivery of 6,500 MT of CPO is continuing at the port from the vessel 'Bumik'. Interocean is handling the vessel.

Delivery of 9,500 MT of palm oil is expected at Mumbai Port from the vessel 'Shamrock Moon'. James Mackintosh agents will be handling the vessel.

Cochin Port is expecting 'L Star' to deliver 6,000 MT of palm oil. Seaworld will be handling the vessel. 'Spring Glory' will be arriving at the port shortly to discharge palm oil. St.John agents will be handling the vessel.

#### Current vessels Positions:

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	MMM Houston	6000	CPO	Arrived
	Star Dream	2000	CPO	Arrived
	Bumik	6500	CPO	Arrived
Kandla	Ace 7	11500	CPO	Expected
	Dubulti	16000	SBO	Arrived
	Bow Fraternity	5000	CPO	Expected
Cochin	L Star	6000	Palm oil	Expected
	Spring Glory	-	Palm oil	Expected
Mumbai	Shamrock Moon	9500	Palm oil	Expected

#### Forex Rates

(As on 18.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.59
Malaysia	Ringgit	11.48
European Union	Euro	52.75
United Kingdom	GBP	79.36
Japan	100 Yen	39.99

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