

VEGOIL

29th 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 Improved Marginally On Rumours of Lower Palm Oil Production
- Soybean Oil continued Up Amidst Increased Buyers Support

* Latest Monsoon Progress [28.06.05]

**** No Need For General Cut In CPO Import Duty

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

Speculative selling linked partly to rain over the weekend and the potential for more this week pressured prices. Rain was expected to improve conditions for both soybeans and corn through much of the western Midwest, particularly in Indiana and Ohio. Meteorologists said the best chance for rain in Illinois, a key soybean producer, would be about midweek, although the state might not receive significant amounts.

The outlook for a few days of cooler weather in the Midwest and increased chances of scattered rains across the eastern cornbelt was enough to trigger the lower opening and follow-through technical selling (thought to be long liquidation) emerged to pressure futures into the mid-session.

The weekly crop progress report showed crops rated in good-to-excellent condition fell to 59% from 63% last week and 62% as the 15-year average for this time of the year. Poor to very poor readings jumped to 11% from 8% as the 15-year average for this time of the year. Traders were expecting a 2-5% decline.

For the week ending June 26th, Illinois crops were rated 33% in good to excellent condition, which was down from 46% last week and 52% the previous week.

In the USDA Planted Acreage report, released on Thursday before the opening, traders are looking for soybean planted acreage to come in near 73.1 million acres (range 72.5-73.52) as compared with the March estimate at 73.9 million acres.

For the Grain Stocks report, traders look for June 1st soybean stocks near 715 million bushels (range 675-750) as compared with 411 million last year.

In CBOT pit trades, Cargill Investor Services bought 700 November, and Goldenberg Hehmeyer bought 2,000 November. On the sell side, UBS Securities, Refco, Goldenberg Hehmeyer each sold 2,000 November, Cargill Investor Services and RJ O'Brien each sold 1,500 November, Fimat sold 1,000 November, and Man Financial sold 500 November. Commodity funds were estimated sellers of 12,000 contracts.

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

CBOT Soy oil futures as 28 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	24.52	24.52	24.67	23.70	-0.35	24.17
Aug '05	24.61	24.65	24.77	23.76	-0.34	24.27
Sep '05	24.77	24.80	24.86	23.85	-0.38	24.39

CBOT remains closed on Saturday and Sunday.

Continuation chart of CBOT



South American Soybean Market

End users froze on the break yesterday and seem to be more interested in what the fund traders will do early today than in covering needs.

Taiwan bought 58,000 tonnes of Brazilian soybeans overnight.

Talk of weak processor margins in China with rumors that shipments are being delayed were compounded by overnight reports of weakening meal demand, as heavy flooding in southern China destroyed poultry and fish farms. Traders expressed that China had 2.5-3.0 million tonnes of soybeans arrive to China in June versus 2.03 million tonnes in May.

Improved growing weather in China could slow new buying interest as well, as the heat has subsided and weekend rains were hefty. Cash selling from Brazil producers has been active

recently, but selling is expected to slow with a weakening basis structure and a 50 cent break yesterday.

A slowdown in the heat in the forecast for the coming weekend was seen as a negative development, leaving hope that normal weather in July would improve chances for yields in the US.

Extreme volatility in futures could continue, with funds holding a record or near record net long position in meal and soybeans from Friday's Commitment of Traders report. Funds were noted sellers of nearly 14,000 contracts.

Scattered thunderstorms over the next few days for Illinois along with a cool down in temperatures from the upper 90's expected for Wednesday might help ease stress, but they do not appear to be enough to shift the weather trend. More thunderstorms are in the forecast for Sunday. Temperatures are expected to heat up again next week with a 93 high for July 4th in Chicago.

The Latin American soybean market is expected to continue trading on the lower side amidst declining support from the US weather.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended slightly higher Wednesday, boosted by some late speculative buying on an otherwise dull trading day devoid of fresh leads.

Traders expressed that gains in soyoil futures in electronic trading fueled speculation prices on CBOT may also rebound later Wednesday, after two days of steep declines. Expectations of a recovery in soyoil attracted some buying interest in the CPO futures market.

There were some rumors that production may be down slightly, possibly about 3% (on month). Lower production suggests palm oil stocks may stay flat or fall slightly at the end of June, contrary to earlier concerns of a buildup in inventories.

Overall market activity was subdued, as participants were mostly on the sidelines awaiting fresh supply and demand indicators.

Cargo surveyors SGS (Malaysia) Bhd and Intertek Agri Services are due Thursday to issue estimates for Malaysian palm oil exports in June. Market expectations are for exports of around 1.25 million to 1.28 million tons, down from 1.36 million to 1.38 million tons in May.

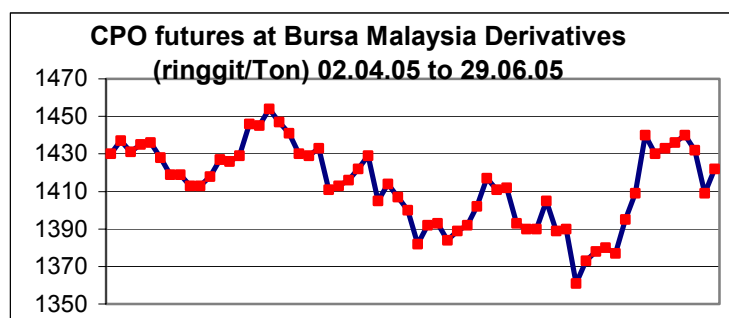
Later Thursday, the U.S. Department of Agriculture is scheduled to issue soybean acreage and quarterly stocks reports. Traders opined that if the USDA releases bullish data, soyoil futures could regain their upward momentum, in turn boosting palm oil prices.

In the Malaysian cash market, prices of palm oil products were steady, supported by gains in CPO futures.

The Malaysian market is expected to continue marginally higher amidst renewed support from the US soybean market owing unsupportive crop weather.

KLCE CPO Futures (29.06.05) (In Ringgit / T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jul'05	1410	1415	1424	1415	+14	1424	144
Aug'05	1409	1416	1423	1415	+13	1422	288
Sep'05	1409	1410	1423	1409	+13	1422	2536



Domestic:

**** No Need For General Cut In CPO Import Duty

The government had set up the panel to look into concerns raised by domestic edible oil manufacturers on duty-free vanaspati imports from Sri Lanka and Nepal. India had signed trade agreements with these two countries a few years back, which allowed the duty-free import of vanaspati. Vanaspati, a hydrogenated vegetable oil, is the most widely used vegetable oil in India. The panel further recommended that vanaspati imports from Sri Lanka should be capped at 250,000 tons a year. It added that the 250,000 tons should include bakery shortening and margarine. India levies an import duty of 80% on crude palm oil and a duty of 90% on imports of refined palm oil. The country imports around 5 million tons of edible oil every year, of which 76% is palm oil, mostly from Malaysia and Indonesia.

Palm oil

The domestic palm oil market today improved 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 1.90 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 372.50 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 higher side as the market is expected to receive support from the improving international markets.

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

Centres	29.06.05	28.06.05	Change
Kandla CPO (5 % FFA)	325	325	0
Mumbai CPO (5% FFA)	326	327	-1
Kandla RBD Palmolein	349	348	+1
Mumbai RBD Palmolein	361	360	+1
Chennai RBD Palmolein	365	365	0
Kakinada RBD Palmolein	365	364	+1

Soy oil

The domestic market opened on a very steady note amidst indecisive sentiments at the Indore NBOT futures.

The domestic future market trading started on a positive note but traded range bound for the whole day amidst declining

support from the retail end demand and improving monsoon. The international market is also supporting the up trend in the market for short run, but the monsoon is dominating over the international indicators keeping the market range bound. The NBOT (July Contract) exchange closed marginally at Rs. 371.50 (Up by Rs. 0.20).

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 338 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 508 per tonne.

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

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

Centres	29.06.05	28.06.05	Change
Mumbai (Soy ref)	360	359	+1
Indore (Soy Ref oil)	368	366	+2
Indore (Soy Solvent Ex. oil)	346	345	+1
Kota (Soy Ref. Oil)	368	368	0
Jaipur (Soy Ref. Oil)	369	368	+1

NBOT Soy oil futures as on 29.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Jul'05	371.30	370.50	372.80	370.50	+0.20	371.50	35060
Aug'05	377.10	377.00	378.60	377.00	+0.30	377.40	1530
Sep'05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

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

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul'05	374.65	373.50	373.50	366.25	372.55	33900	31000
Aug'05	380.05	379.00	379.00	373.00	378.10	24430	25650
Sep'05	383.05	382.00	382.00	367.00	380.85	6190	5740

Rape oil

A rape oil market continued marginally on the higher side 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 partially higher 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 on the higher side 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 for the rest of the week as the retail demand is expected to increase marginally as crushing demand is picking up.

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

Centres	29.06.05	28.06.05	Change
Mumbai (Rape Expeller Oil)	382	383	-1
Kota (Rape Expeller Oil)	366	365	+1
Jaipur (Rape Expeller Oil)	367	364	+3
Neewai (*Kacchi Ghani Rape Oil)	382	380	+2
Delhi (Rape Expeller Oil)	390	387	+3

Groundnut oil

Groundnut oil today declined marginally at various centres due to unsteady and low local demand and indecisive 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 to trade range bound in the coming days amidst unsteady retail demand and smoothly advancing monsoon.

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

Centres	29.06.05	28.06.05	Change
Mumbai	454	455	-1
Rajkot	485	492	-7
Andhra Region	490	491	-1
Chennai	490	493	-3

LATEST WEATHER WATCH (29.06.2005)

Status of Daily Weather

Southwest monsoon has further advanced into entire Arabian Sea, the remaining parts of Gujarat, east Rajasthan, Punjab, Haryana, Himachal Pradesh, entire Jammu & Kashmir and parts of west Rajasthan.

Rainfall received in different parts of the country on 28th June 2005. The rainfall occurred at many places in Orissa, Gangetic West Bengal, Gujarat region, Saurashtra, Kutch & Diu, east Rajasthan, Konkan & Goa, Madhya Maharashtra, coastal Karnataka, north interior Karnataka, south interior Karnataka, Kerala and Chhattisgarh and at few places in Uttaranchal, East Uttar Pradesh, coastal Andhra Pradesh, Telangana, Assam, Meghalaya, sub-Himalayan west Bengal, Sikkim and Himachal Pradesh.

Weather parameters viz. Maximum and Minimum temperatures (including their departures) and rainfall at 89 stations on 29th June are presented. Maximum and minimum temperatures are below normal or normal at most of the stations. Heavy rainfall (>50 mm) occurred at Amritsar, Gangtok, Goa and Surat; moderate rainfall (20-50 mm) at Ahmedabad, Dibrugarh, Hissar, Hyderabad, Kozhikode, Lucknow, Mercara, Mohanbari, Pune, Rajkot and Shimla and light rainfall (< 10 mm) at remaining stations.

Latest available satellite picture indicates the possible occurrence of rain / thundershowers over Kerala, Tamil Nadu, Orissa, Maharashtra, Goa, south interior Karnataka, Gujarat, Andhra Pradesh, Chhattisgarh, Uttar Pradesh, Bihar, Haryana, Gangetic West Bengal, Sikkim, northeastern parts of Rajasthan, northeastern states, north Lakshadweep and Andaman & Nicobar Islands. Isolated rain / thundershowers are likely to occur over north interior Karnataka, Madhya Pradesh, Punjab, Himachal Pradesh, Uttaranchal, Jammu &

Kashmir, Jharkhand, sub-Himalayan West Bengal and southwestern parts of Rajasthan.

Agricultural Activities

Rainfall was received in different districts of Chhattisgrah. All districts except Rajnandgaon have received deficit rainfall. At present field preparation is going on for sowing of kharif crops due to rainfall received during last 2-3 days.

In Andhra Pradesh, for the current year percent area under coarse grains, pulses, oilseeds and total dry crops is about 0.09, 0.02, 0.61 and 1.17, respectively. As on 22nd June, only 2.6% of area could be sown under different crops. However, with the recent rains for the past few days sowing of crops in dryland areas and transplantation of rice in some areas of Andhra Pradesh have picked up.

Forecast

Rainfall activity over east central parts of the country is likely to increase and extends westwards into central and adjoining western parts of the country during next two days.

Heavy to very heavy rainfall is likely to occur at a few places over Orissa, Jharkhand, east Madhya Pradesh, Chhattisgrah, north Konkan, Saurashtra and south Gujarat region during next 24 Hrs.

Isolated heavy rainfall is also likely to occur over west Bengal & Sikkim, Himachal Pradesh, north Gujarat, south Konkan & Goa, Madhya Maharashtra, Vidarbha, coastal Karnataka and Kerala during next 24 Hrs.

Forecast Valid for Next 24 Hours

North : Rain/thundershowers likely at many places over Punjab, Haryana, including Chandigarh & Delhi, Himachal Pradesh; at a few places in the rest region.

East : Rain/thundershowers likely at most places in Orissa, Jharkhand, east Madhya Pradesh and Chhattisgarh, at many places over northeastern states, West Bengal & Sikkim and at a few places over the rest region.

South : Rain/thundershowers likely at many places over north coastal Andhra Pradesh, Telangana, coastal & north interior Karnataka and Kerala and at a few places in the rest of the region outside Tamil Nadu & Pondicherry where it may be isolated.

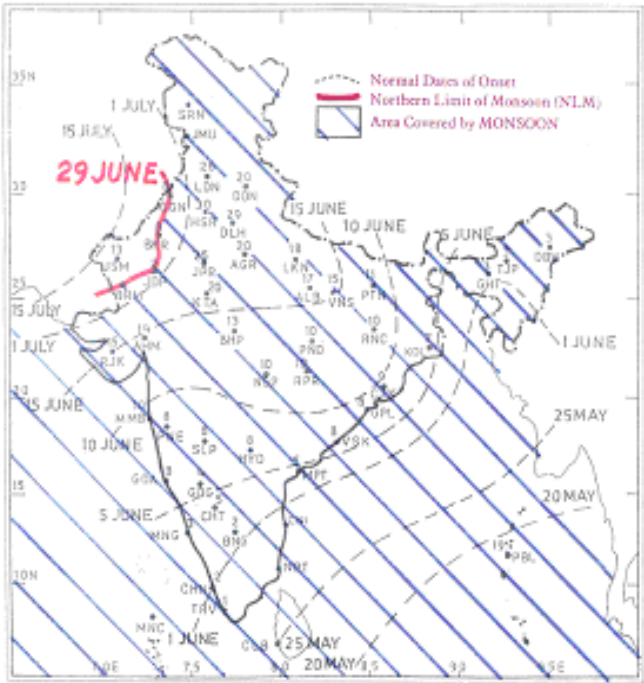
West : Rain/thundershowers likely at most places over Konkan & Goa, south Gujarat region and Saurashtra, at many places over the region outside west Rajasthan where it may be isolated.

Heavy Rainfall Warning

Heavy to very heavy rainfall likely at a few places over Orissa, Jharkhand, east Madhya Pradesh and Chhattisgarh, north Konkan, Saurashtra and south Gujarat region. Isolated heavy rainfall also likely over West Bengal & Sikkim, Himachal Pradesh, north Gujarat, south Konkan & Goa, Madhya Maharashtra, Vidarbha, coastal Karnataka and Kerala.

Outlook for Subsequent 48 Hours

Enhanced rainfall activity over central parts of the country is likely to shift westwards to western parts of the country.



TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX JULY Contract

The July contract closed at 372.70, which is marginally higher than the yesterday's close. Market opened partially weak but recovered and traded range bound amidst support from the US soybean market and positive sentiments in the KLCE markets.

The 7-day MA today continued lower giving signals weakening prices in the market along with the 14-day MA. It has made a bearish crossover of the 14-day MA indicating the growing weakness. Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 1 period(s) ago. Since the MACD crossed its moving average, Soyoil July's price has increased 0.04%, and has ranged from a high of 373.85 to a low of 366.25.

The 9-days Price ROC declined further in the negative region to the level of -2.537, indicating continuing weakness in the prices. The 9-day RSI improved marginally in the neutral region to a level of 37.13 showing the steadiness in the prices.

The % K-line continued up the neutral region indicating the growing strength in the prices. The % D-Line also continued up in the neutral region indicating the growing strength in the market prices.

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

Market advice:

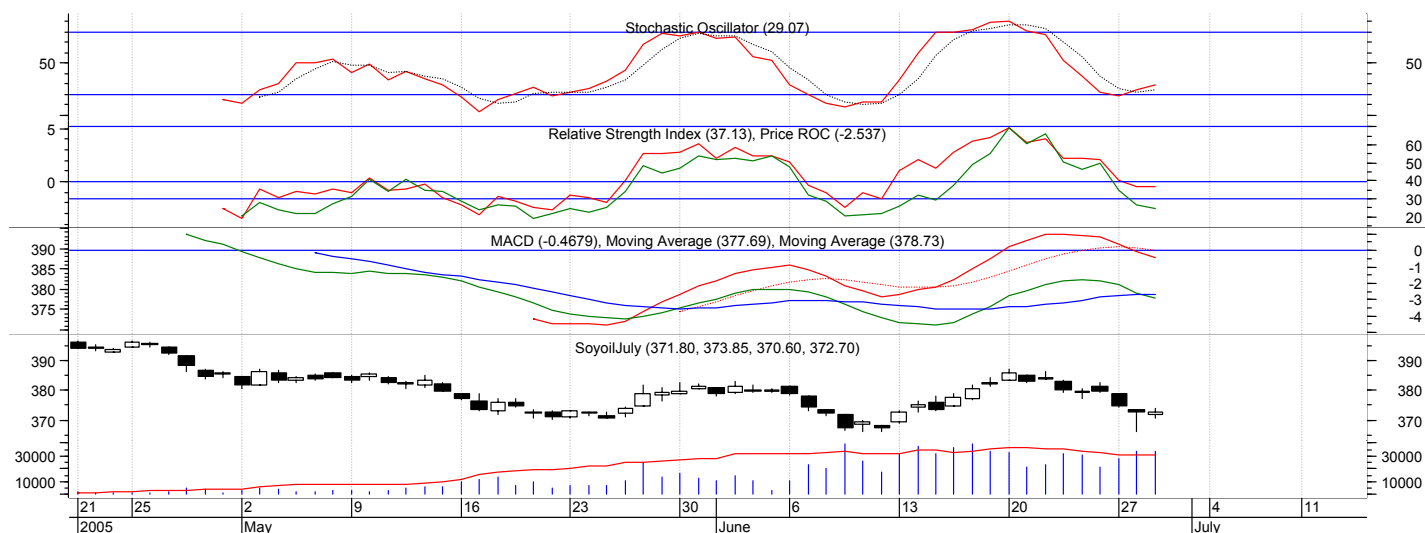
Market is expected to open steady but trade higher for Thursday.

Short term buying would continue to 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	371.60	369.60	374.30	375.90

Fig. 1. Image of Monsoon Progress (29.06.05)



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
Kolkata	Ace I	6000	CPO	Arrived
	Ocean Ace	6100	CPO	Arrived
Mumbai	Pacific Sound	9750	Palm oil	Expected
Mundra	Kuldiga	18000	SBO	Expected
	Ace I	6000	CPO	Expected
Kakinada	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 29.06.2005)

Country/Continent	Currency	Value in Rupees
USA	Dollar	43.55
Malaysia	Ringgit	11.46
European Union	Euro	52.44
United Kingdom	GBP	79.03
Japan	100 Yen	39.54

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