

## VEGOIL

3<sup>rd</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Complex Down on Improving Weather & Increased Fund Selling
- BMD CPO Future Lowered Amidst Lack of Clear Trend in Global Market
- Soybean Oil Ended Lower on Uncertain Retail Demand & Increased Imports

\* Newly Added Feature: Latest Weather Watch (02.06.05)

### MARKET HIGHLIGHTS & ANALYSIS

#### International:

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

With talk of rain in the forecast into the weekend for the dry areas of the eastern cornbelt and talk of the overbought condition, speculative selling drove the market lower early in the session.

Fund selling was a feature across the trading floor as technical indicators weakened, helping soy complex prices lower.

Forecasts for rainy weather and warmer temperatures over the Midwest provided the catalyst for the selling.

Traders are expecting the eastern cornbelt to receive 1/4 to 3/4 of an inch of rain over the weekend and early next week reviving crop conditions. There is talk of more rain for Illinois for later next week.

China exchange prices were lower overnight and the US dollar has pulled back to move lower after the recent two-day surge to 7 month highs.

South Korea bought 150,000 tonnes of US soybeans for delivery in the 2005/2006 season.

In trades, Man Financial sold 1,000 November, Refco sold a net 600 July, CIS sold 400 November and 500 July, O'Connor sold 500 July, R.J. O'Brien sold 300 July and 300 November, Bunge sold 300 July, Term Commodities and Prudential Financial each sold 300 November, ADM and Citigroup each sold 200 July and Stern sold 200 November. On the buy side, Cargill bought 500 July, while ABN Amro and Fimat each bought 300 July.

In the weekly export sales report, released before the opening, traders are looking for soybean sales near 75,000-200,000 tonnes as compared with 289,600 tonnes last week. Meal sales are expected near 40,000-80,000 tonnes with oil sales near 2,000-6,000 tonnes.

The market is expected to be on the lower side amidst uncertain support from the global export demand and the improving weather situations.

##### CBOT Soy oil futures as 02 June 2005

(Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	23.50	23.24	23.28	22.63	-0.57	22.93
Aug '05	23.58	23.38	23.38	22.72	-0.60	22.98
Sep '05	23.67	23.48	23.48	22.82	-0.56	23.11

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

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

Crude palm oil futures on the Bursa Malaysia Derivatives ended little changed after a sluggish trading day Friday as an absence of fresh leads kept most participants on the sidelines.

The contract hasn't ended outside of the MYR1,380 to MYR1,420 range for more than three weeks. Friday's trading volume was at 3,194 lots, down from 4,869 lots Thursday.

Market players are waiting for a clearer trend to emerge from the Chicago Board of Trade. Soybean futures on the CBOT have been extremely volatile in recent days, rising one day only to fall back again the next in reaction to changes in weather conditions.

The next set of reports are due June 10, including official May production, exports and stocks data from the Malaysian Palm Oil Board.

The market waits for fresh data; slow, range-bound trading in palm oil prices is expected to continue further.

In the Malaysian cash market, trading activity improved amid some selling interest from refiners in the afternoon session.

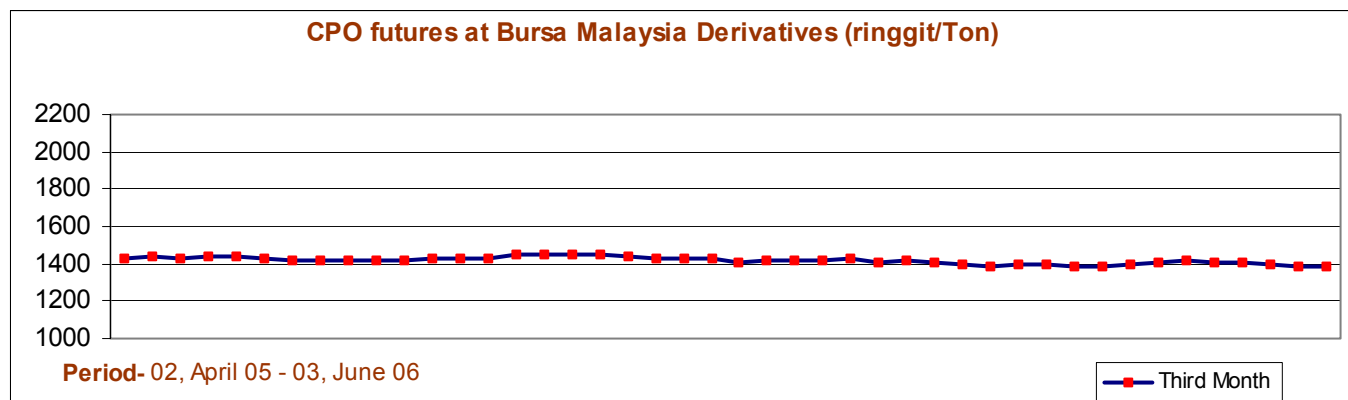
The market is thus, expected to be range bound amidst declining support from the global export demand and the increased pressure of uncertain US market.

#### Malaysian Crude Palm Oil Futures 03 June 2005)

(In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jun '05	1390	1392	1392	1390	+2	1392	109
Jul '05	1389	1377	1393	1377	+2	1391	304
Aug '05	1390	1380	1393	1378	0	1390	2296

[\*1 lot=25 ton]



## Domestic:

### Palm oil

The domestic palm oil market traded on the range bound amidst increased uncertainty in the international market and lack of demand at the retail end.

The declining support from the international markets was responsible for the indecisive and lowering sentiment in the domestic markets. The Malaysian market today traded

range bound on the lower side amidst declining support from the screen trading in US soybean market.

The import quantum has grown marginally. In the month of June (till 02.06.05) the country has imported about 0.33 lakh tonnes of palm oil.

CNF prices of CPO (February) were quoted at \$ 356 per tonnes and RBD Palmolein at \$ 422 per tonne.

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

#### Palm oil - Spot Market Price Movement

(Rs. per 10 kg)

Centers	03.06.05	02.05.05	Change
Kandla CPO (5 % FFA)	328	328	0
Mumbai CPO (5% FFA)	329	328	+1
Kandla RBD Palmolein	353	353	0
Mumbai RBD Palmolein	362	362	0
Chennai RBD Palmolein	361	360	+1
Kakinada RBD Palmolein	358	357	+1

### Soy oil

The movement in the domestic market was on the lower side amidst increased uncertainty in the buyer's support.

The US market is expected to trade on the lower side amidst improving weather conditions and declining the export demand from the global market.

The domestic future market trading started on a weak note, continued on the lower side for the day amidst declining

support from the retail demand. The NBOT exchange showed unsteady movement in the prices and finally closed at a lower level of 375.40 (Down by Rs. 0.90).

The Hazir market today traded range bound on the lower side amidst lack of support from the increased uncertainty in the arrival of the monsoon in the country and consistently 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 372 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 515 per tonne.

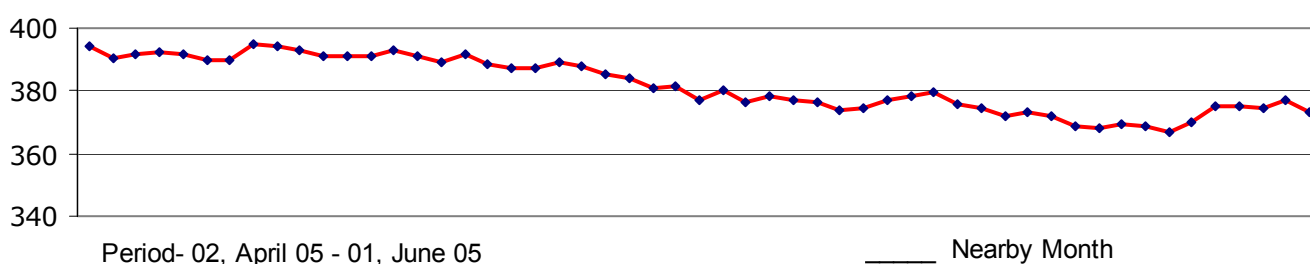
Overall the market demand situation for the soybean oil continues to be highly volatile and is expected to continue

range bound on the lower side for Saturday amidst lack of positive support from Malaysian and US markets.

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

Centres	03.06.05	02.05.05	Change
Mumbai (Soy ref)	361	360	+1
Indore (Soy Ref oil)	372	374	-2
Indore (Soy Solvent Ex. oil)	352	354	-2
Kota (Soy Ref. Oil)	371	373	-2
Jaipur (Soy Ref. Oil)	371	374	-3

#### NBOT Soy oil futures (Rs/10 kg)



#### NBOT Soy oil futures as on 03.06.2005 (Rs/10 kg)

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jun '05	376.30	376.00	376.20	374.40	-0.90	375.40	28440
Jul '05	380.30	380.00	379.60	378.30	-1.10	379.20	1830
Aug '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

#### NCDEX Soy oil futures as on 02.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jun '05	375.40	376.30	378.95	375.20	377.65	23640	27210
Jul '05	378.95	379.20	383.00	378.80	381.45	14520	31740
Aug '05	381.15	382.20	384.90	381.00	383.65	4350	6130

#### Rape oil

The slightly indecisive tone of the market that is prevailing for the past few days continued today also.

Lack of retail demand is still continuing to pressurize the spot market prices.

Adding to the weakness in the prices the arrival in the major producing states of Rajasthan and MP still remains significant.

Today, the rape oil found partial support from the buyers at few exchanges. The selling activities weakened somewhat. This provided marginal support to the rape oil prices.

The arrival of the old and new stock rapeseed in the market in Rajasthan and Madhya Pradesh market is witnessing a continuous decline. Today the new crop reached 1.30 lakh bags in Rajasthan and about 0.40 lakh bags in Madhya Pradesh.

Overall, it is expected that the rape oil will trade range bound on Saturday due renewed buying. However, the trend is likely to remain weak.

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

Centres	03.06.05	02.05.05	Change
Mumbai (Rape Expeller Oil)	379	380	-1
Kota (Rape Expeller Oil)	360	360	0
Jaipur (Rape Expeller Oil)	360	362	-2
Neewai (* Kacchi Ghani Rape Oil)	372	374	-2
Delhi (Rape Expeller Oil)	385	385	0

**Groundnut oil**

Groundnut oil maintained the weakness in the major centers. Lower buying support put weight on the groundnut oil prices.

Summer season generally reduces demand for edible oils and this remains as one of the major factors, which is

putting continuous pressure on the groundnut oil prices also.

The range-bound nature of the groundnut oil prices in the domestic markets is likely to continue tomorrow also in absence of fresh buying support.

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

Centers	03.06.05	02.05.05	Change
Mumbai	460	456	+2
Rajkot	450	448	+2
Andhra Region	490	488	+2
Chennai	492	489	+3

**LATEST WEATHER WATCH (02.06.2005)****Medium range weather forecast for period during 02 - 06 June 2005****Monsoon Outlook:**

At present northern limit of monsoon is passing through 5 Deg. N / 78 Deg. E, 9 N / 82 E, 13 N / 86 E, 16 N / 90 E and 19 N / 94 E.

Flow pattern further suggests that the conditions may become favourable for onset of monsoon over Kerala only after 4-5 days.

Advancement of monsoon over NE India is expected to be after 6th June 2005.

NE India is likely to receive monsoon rains earlier than Kerala.

**Weather Systems:**

Plains of NW and central India are likely to be mainly dry.

A north-south oriented trough in the lower level runs from east M.P. to interior Karnataka continues and it may further persist during next 2 days.

A northeast-southwest shear zone in mid troposphere is extending from west central Bay of Bengal to southeast Arabian Sea with one embedded cyclonic circulation over west central Bay of Bengal off Andhra coast and another over southeast & adjoining east-central Arabian Sea. The

shear zone is likely to persist during next 4-5 day around its present position.

A western disturbance is expected to approach north Pakistan and adjoining Jammu & Kashmir area during 6-7 June 2005. Under its influence, the hilly region of NW India may experience isolated to scattered snowfall/rains during the said period.

**Rainfall:**

Isolated to scattered snowfall/rain are likely over hilly regions of NW India during 6-7 June 2005.

Isolated to scattered rains/thundershowers are likely over Konkan & Goa, Madhya Maharashtra, North Interior Karnataka, coastal Karnataka and coastal A.P. during next 24-48 Hrs. and over Kerala and NE states during next 3-4 days.

Fairly widespread rainfall is likely over Andaman & Nicobar Islands during next 3-4 days.

Rest regions of the country are likely to be mainly dry.

**Temperatures:**

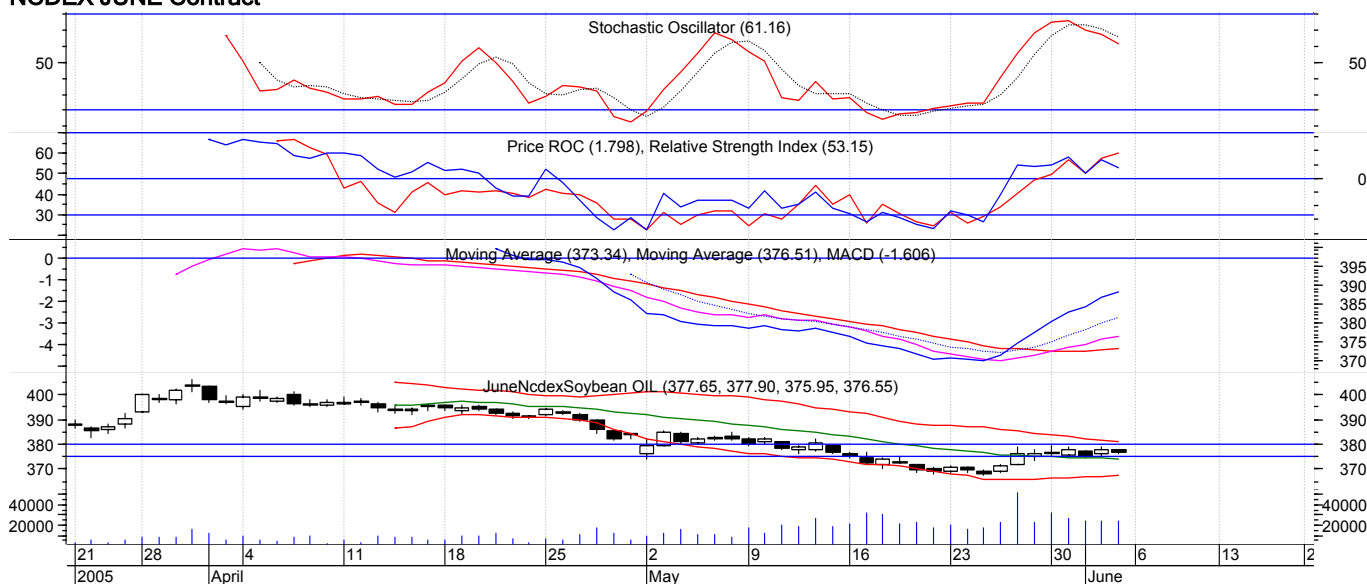
Day temperature over NW and Central India is likely to rise by about 2 °C during next 2-3 days.

Heat wave conditions over parts of Bihar, Jharkhand, north coastal Orissa, Vidarbha, Chattisgarh and Sub-Himalayan West Bengal are likely to continue during next 2 days.

## TECHNICAL ANALYSIS

Date: 02 June 2005  
Commodity: Soy Oil  
Perspective: Very Short Term

### NCDEX JUNE Contract



The June contract closed at **376.55**, which is lower than the yesterday's close. Market opened steady and traded range bound amidst some buying support.

The **7-day MA** along with 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 rising sentiment in the market.

The **9-days Price ROC** is looking up and in the positive region to the level of **+1.798**, indicating firmness in the prices. The **9-day RSI** also moved slightly upper in the neutral region to a level of **53.15** indicating the firm sentiments in the markets.

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

The **candlestick** pattern is hinting at the steady opening and trade on the lower side for Saturday.

#### Market advice:

Market is expected to open steady and trade range bound 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)

#### At NBOT

Contract	Support		Resistance	
	1st	2nd	1st	2nd
June '05	375.00	374.00	376.85	377.50

#### At NCDEX

Contract	Support		Resistance	
	1st	2nd	1st	2nd
June '05	376.40	375.40	377.50	378.80

## PORT-WATCH (Latest)

'Ace I' has berthed at Kolkata Port and continues to deliver 5,990 MT of CPO. GAC is handling the vessel.

Delivery of 8,500 MT of palm oil is continuing at Mumbai Port from the vessel 'African Future'. The cargo was loaded from Malaysia. 'Chemstar Ace' from Dumai has berthed at Mumbai Port is receiving and continues to deliver 7,339 MT of palm oil. 'Pacific Sound' is discharging 9,000 MT of palm oil at the port. Interocean agents is handling these vessels. Interocean agents will be handling these vessels.

Kandla Port is receiving 8,500 MT of CPO from the vessel 'Viscaya'. The cargo was loaded from Indonesia. Interocean agents is handling the vessel. The port is expecting following vessels to deliver edible oil. These vessels are 'Chemstar Ace' (8,740 MT of CPO from Dumai) and 'Acushnat' (27,500 MT of SBO from Brazil).

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. The port is expecting 'Monalisa' to deliver 3,700 MT of CPO. The vessel will be handled by Unicorn agents.

Kakinada Port is expecting 'Global Venus' and 'Countess' to deliver 6,000 MT and 5,000 MT of CPO respectively.

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

Tuticorin Port is receiving 4,750 MT of palm oil from the vessel 'Spring Glory'. St. John agents is handling the vessel.

### Current vessels Positions:

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	Ace I	5990	CPO	Arrived
Kandla	Viscaya	8500	CPO	Arrived
	Achusnat	27500	SBO	Expected
	Chemstar Ace	8740	CPO	Expected
Mumbai	Chemstar Ace	7339	Palm oil	Arrived
	Pacific Sound	9000	Palm oil	Arrived
	African Future	8500	Palm oil	Arrived
JN	Marine Pioneer	10000	CPO	Expected
	Mount Blanc	10000	CPO	Expected
Tuticorin	Spring Glory	4750	Palm oil	Expected
Kakinada	Global Venus	6000	CPO	Expected
	Countess	5000	CPO	Expected
Chennai	Vernal Grace	3000	Palm oil	Expected
	Monalisa	3700	CPO	Expected

### Forex Rates

(As on 03.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.66
Malaysia	Ringgit	11.51
European Union	Euro	53.54
United Kingdom	GBP	79.33
Japan	100 Yen	40.41

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