

VEGOIL

15th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Complex Futures Improved on Extended Forecast Models Projecting Lesser Rains
- South American Soybean Continued To Surge on Increased Chinese Support
- BMD CPO Future Declined Marginally on Bearish Export Figures Released by Malaysian Agencies
- Soybean Oil Declined Marginally on News of Progressing Monsoon

* Latest Weather Report (15.06.05)

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

The extended forecast models had very little rain and warmer temperatures, which supported a flurry of buying shortly after the opening.

Crops rated in good to excellent condition came in at 64% from 62% last week, 68% last year and 63% as the 15-year average for this time of the year.

The NOPA crush report this morning provided some support with stronger than expected demand. Processors crushed 136.7 million bushels for the month of May as compared with trade expectations at 132 to 136 million bushels.

Oil stocks were pegged at 1.571 billion pounds from 1.477 billion in April. April was revised to 1.477 billion from 1.459 billion last month.

Private weather forecasts talking up the possibility of a moisture-blocking ridge setting into the Midwest over the next 14 days provided the spark that kept speculative traders adding risk premium to prices.

The uncertainty in the market related to weather and crop conditions continued to promote volatility, with futures especially sensitive to weather changes, particularly with there being little room for a sub-par 2005 crop amid aggressive 2005-06 demand profiles from the U.S. Department of Agriculture.

The DTN's weather forecast calls for mostly dry weather, with below-normal temperatures across the Midwest for the remainder of the week. And so the chances for additional rainfall in the eastern Midwest (east of the Mississippi) will be minimal. Corn and soybean soil moisture will continue to lag even average supply for this time of year.

In soybean trades, Calyon Financial bought 500 July and 300 November, Cargill Investor Services bought 1,000 July and 500 November, Citigroup bought 1,000 November, Man Financial bought 600 July, Refco bought 600 November, ADM Investor Services and Bunge Chicago each bought 200 July, and Tenco bought 400 November. On the sell side, Cargill sold 300 July, Calyon Financial sold 200 July, Citigroup sold 300 November, Fimat sold 300 July, Refco sold 300 July and 1,000 November, and UBS securities sold 500 July. Commodity funds were estimated buyers of 5,000 contracts.

The market is expected to trade range bound on the positive side amidst uncertain weather progress.

CBOT Soy oil futures as 14 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	23.01	22.96	23.26	22.95	+0.24	23.25
Aug '05	23.10	23.05	23.39	23.00	+0.19	23.29
Sep '05	23.21	23.20	23.46	23.13	+0.20	23.41

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

November soybeans traded 5 cents lower in overnight action, as some rains in Illinois cooled crop concerns and the weekly crop progress report showed improving crop conditions in the US. Brazil's currency closed 0.97% higher yesterday to 2.45 real per US dollar.

Good rains across the central Illinois area overnight produced hefty rain totals in some of the drier areas, and with a normal forecast, the market could have pushed sharply lower today. Cooler temperatures for this week will limit moisture needs, but warmer weather into the weekend and hotter weather in the forecast for next week could be a stressful situation for some soybean areas of Illinois.

The USDA indicated in the monthly oilseeds outlook that China could trim soybean production to 17 million tonnes this season, down 1 million.

With a jump in meal demand, soybean imports are expected to jump to near 27 million tonnes from 22.8 million for the 2004/2005 season. As a result, China may account for 41% of the world import market. For the NOPA crush report this morning, traders are looking for May crush near 132-136 million bushels from 132.2 million in April.

The weekly crop progress report, released after the close, showed the soybean crop at 94% planted from 87% as the 15-year average, but the northwestern areas are very wet. Crops rated in good to excellent condition came in at 64% from 62% last week, 68% last year and 63% as the 15-year average for this time of the year.

The Latin American soybean market is expected to continue range bound on the higher side amidst growing support from the Chinese demand and uncertain planting conditions in the US.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended only moderately lower Wednesday after another cautious, range-bound trading day as market players were mostly unmoved by bearish export figures.

Cargo surveyor Intertek Agri Services estimated Malaysia's June 1-15 palm oil exports at 638,808 tons, down 16% on month. Another surveyor, SGS (Malaysia) Bhd, pegged June 1-15 exports at a slightly higher level of 669,259 tons. Still, both sets of estimates were disappointing, as market expectations had ranged from 680,000 to 720,000 tons.

The cautious sentiment is partly because of uncertainty about the supply situation in June. If the slowdown in exports witnessed so far in June continues until the end of the month, production will be the key swing factor for prices.

Palm oil production has been stronger than expected in the January to May period and major players are expecting the trend to persist in the coming months, citing seasonal trends.

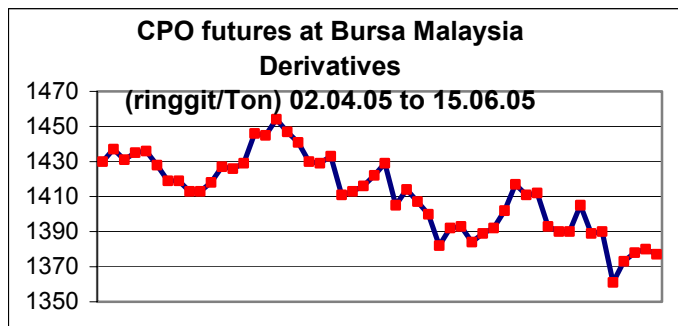
Palm oil market participants are also reluctant to commit to positions aggressively because of the uncertain outlook for U.S. soybean production, as the crop is still in a period of extreme sensitivity to weather conditions.

In recent days, concerns about dry weather have helped support soybean and soy products prices. In the Malaysian cash market, palm oil products barely budged for most of the day before falling in late trading amid selling pressure from a major Indonesian-linked trading company.

The market is expected to trade range bound on the positive side amidst uncertain weather progress in US market as the export figures provided no major sentiments for the cash markets in Malaysia.

KLCE CPO Futures (15.06.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jun '05	1381	1381	1381	1381	0	1381	80
Jul '05	1381	1380	1387	1372	-9	1372	198
Aug '05	1380	1375	1388	1371	-3	1377	2446



Domestic:

Palm oil

The domestic palm oil market traded on the range bound on the positive side 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 range bound price movement 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 and

bearish exports figures released by the various Malaysian agencies.

The import quantum has grown marginally. In the month of June (till 15.06.05) the country has imported about 0.90 lakh tonnes of palm oil.

CNF prices of CPO (June) were quoted at \$ 360 per tonnes and RBD Palmolein at \$ 390 per tonne.

The price for palm oil in the market is expected to continue range bound on the lower side for Thursday, as the market is not expected to receive less from the domestic traders.

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

Centres	15.06.05	14.06.05	Change
Kandla CPO (5 % FFA)	323	323	0
Mumbai CPO (5% FFA)	325	325	0
Kandla RBD Palmolein	347	346	+1
Mumbai RBD Palmolein	357	357	0
Chennai RBD Palmolein	356	355	+1
Kakinada RBD Palmolein	358	357	+1

Soy oil

The domestic market declined marginally today on news of progressing monsoon and increasing uncertainty in the international markets.

Majority of the traders are still keeping their positions open as the bullish sentiments has not completely faded away with a single day marginal decline.

The domestic future market trading started on a firm note but declined marginally after couple of hours as the news of the progress of the monsoon poured in. The NBOT (July Contract) exchange moved down to closed at a level of 372.10 (Down by Rs. 2.30).

The Hazir market today continued range bound on the positive side amidst lack of support from the uncertainty in the monsoon.

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 \$ 505 per tonne.

Overall the market is expected to continue on the positive side for Thursday if CBOT adequately supports it.

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

Centres	15.06.05	14.06.05	Change
Mumbai (Soy ref)	356	356	0
Indore (Soy Ref oil)	367	365	+2
Indore (Soy Solvent Ex. oil)	346	342	+4
Kota (Soy Ref. Oil)	367	366	+1
Jaipur (Soy Ref. Oil)	367	366	+1

NBOT Soy oil futures as on 15.06.2005 (Rs/10 kg)

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jun '05	366.00	N.A	N.A	N.A	0.00	N.A	N.A
Jul '05	374.40	375.50	376.30	372.10	-2.30	372.10	47590
Aug '05	377.10	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 14.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jun '05	368.70	369.00	371.10	368.80	370.60	5080	21160
Jul '05	372.90	374.30	376.30	372.50	375.35	37920	34440
Aug '05	375.70	375.95	378.90	375.60	378.25	11140	12480

Rape oil

A weak trend of the market continued on the recovery track amidst increased gains in the soyoil market and rising buying support from the retail traders.

The marketing strategy of NAFED is still not yet clear. Its indecisiveness regarding the sale of mustard seed in the Indian market is causing great anxiety in the domestic market, forcing the market to move range bound.

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.

The retail demand is expected to go on the significant increase as the monsoon settles.

Today, the rape oil found partial support from the buyers at major exchanges.

Today the new crop arrival reached 070 - 0.80 lakh bags in Rajasthan and about 0.30 lakh bags in Madhya Pradesh.

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

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

Centres	15.06.05	14.06.05	Change
Mumbai (Rape Expeller Oil)	378	375	+3
Kota (Rape Expeller Oil)	358	356	+2
Jaipur (Rape Expeller Oil)	359	356	+3
Neewai (* Kacchi Ghani Rape Oil)	375	374	+1
Delhi (Rape Expeller Oil)	384	382	+2

Groundnut oil

Groundnut oil continued on the higher side at various centres amidst support of the increasing local demand at various centres in southern markets.

The market also reacted positively to the news of expected decline in the Kharif groundnut acreage for the next cropping year of 2005-06.

The uncertainty in the demand of the other edible oils is causing range bound movement in the groundnut oil prices.

The market sentiment is changing in accordance with the monsoon progress, which has become greatly uncertain both in terms of timings and amount.

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

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

Centres	15.06.05	14.06.05	Change
Mumbai	460	456	+4
Rajkot	463	460	+3
Andhra Region	492	490	+2
Chennai	494	492	+2

LATEST WEATHER WATCH (15.06.2005)**All India Medium Range Weather Forecasts (Valid For Next 5 Days)****Main Features**

A. Monsoon Outlook: South-west Monsoon continues to be in weak phase since 10th June. Model forecasts suggest, monsoon is expected to revive over south peninsular India during next 3 days. Prediction also indicates progressive increase in rainfall activity over North-eastern States from 16th June onwards which may lead to onset of monsoon over NE States by 17th June.

B. Heat Wave Condition: Severe heat wave conditions are prevailing over Orissa, Chhatisgarh, north coastal Andhra Pradesh and heat wave conditions over parts of Bihar, Jharkhand, east Uttar Pradesh and south Madhya Pradesh. Prediction suggests reduction of severity of heat wave condition in Orissa, Jharkhand and Coastal Andhra Pradesh during next 4-5 days.

North & North-West India**[J&K, HP, Utranchal, Punjab, Haryana, West UP]**

Mainly dry weather is likely to prevail over plains of northwest India during next 3-4 days. However parts of Haryana, Delhi and west Uttar Pradesh may experience dust storms/Haze conditions.

East & NE India**[East UP, Bihar, Jharkhand, West Bengal, Orissa, NE States]**

North-eastern states are likely to receive increased rainfall activity from 16th June onwards. Scattered rains are likely over NE States during next 24 Hrs. Thereafter, rainfall activity is expected to increase over these states.

Isolated rain/thundershowers are expected over West Bengal, Orissa, Jharkhand and Bihar during next 2 days. Mainly dry weather may prevail over East Uttar Pradesh during next 2-3 days.

Central India**[MP, Chattisgarh, Vidarbha]**

Mainly dry weather is expected over the region.

Model predictions do not suggest much change in day temperature and hence prevailing Heat wave condition over Chattisgarh, Madhya Pradesh and Vidarbha may continue for another 2-3 days.

South India**[Tamil Nadu, AP, Kerala, Karnataka, Andaman & Nicobar Islands, Lakshadeep]**

Scattered to 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 2-3 days. Rainfall

activity over Lakshadweep, Kerala and Coastal Karnataka may increase by 17th June.

West India

[Maharashtra Other Than Vidarbha, Gujarat, Rajasthan]

Mainly dry weather is likely to prevail over Gujarat and Rajasthan during next 3-4 days.

Konkan & Goa, Madhya Maharashtra and Marathwada are likely to receive isolated to scattered rainfall activity.

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term NCDEX JUNE Contract

The June contract closed at **369.00**, which is marginally above the yesterday's close. Market opened firm and continued further up for the first couple of hours but declined as the day progressed amidst news of progress of monsoon towards north east.

The **7-day MA** continued lower indicating the weakness in the prices along with the **14-day MA**. The **9-Day MACD** on the other hand continued upward indicating the rising strength in the market. The **EMA** of the MACD is positively indicating the growing strength in the market.

The **9-days Price ROC** moved lower in the negative region to the level of **-1.666**, indicating increasing strength in the prices. The **9-day RSI** also improved marginally (pointing downward) in the neutral region to a level of **44.18** indicating the existing strength in the markets.

The **% K-line** continued up in the neutral region indicating the rising strength of the prices. The **% D-Line** also progressed up in the neutral region indicating the existing strength in the prices.

The **candlestick** pattern is hinting at the steady opening and range bound opening of the trade for Thursday.

Market advice:

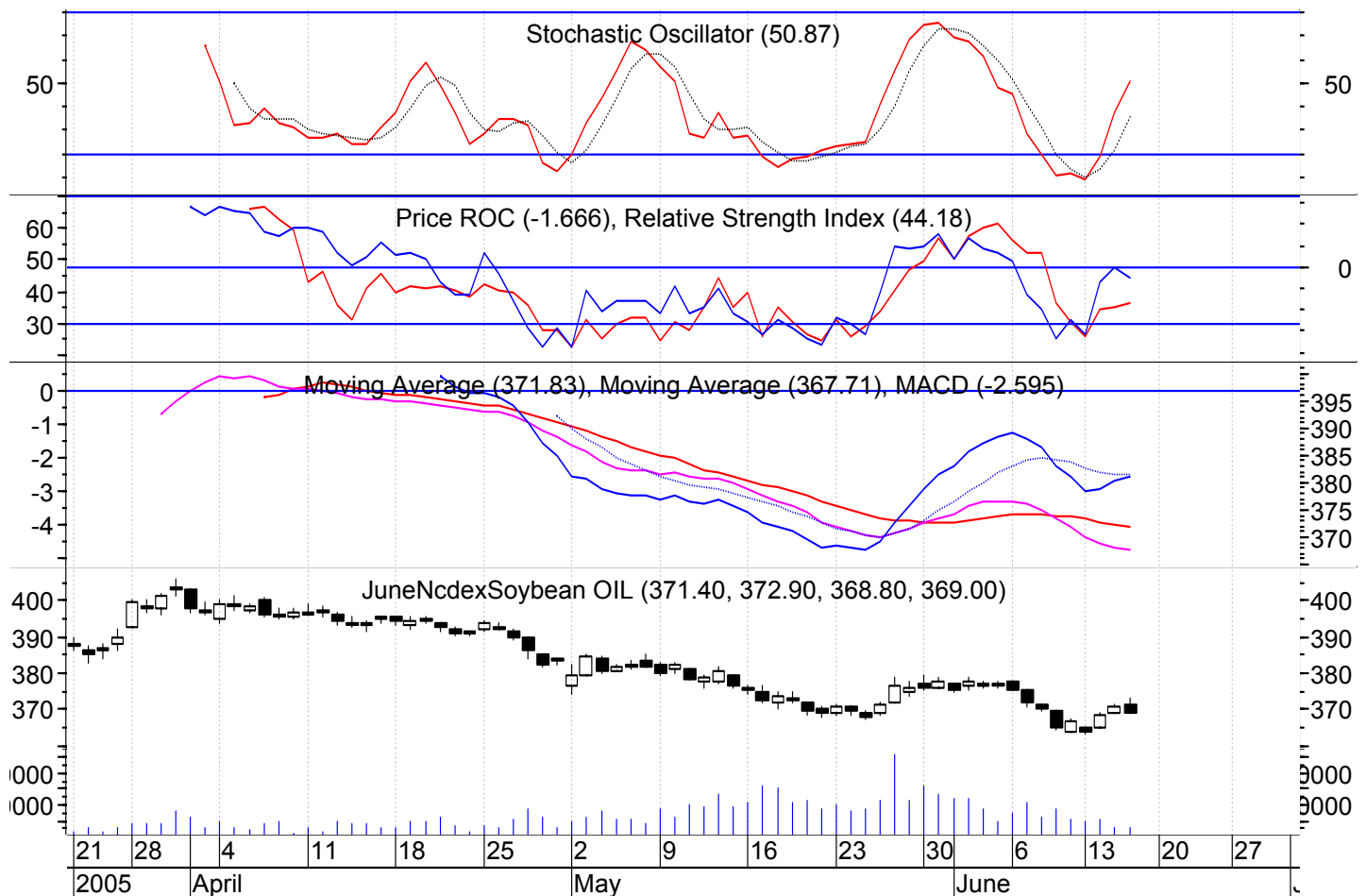
Market is expected to open steady and trade marginally on the higher side for Thursday.

Short term & medium term buying would yield profit

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

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	July '05	371.40	369.90	374.40	375.60
NCDEX	June '05	368.10	366.60	372.90	375.00



PORT-WATCH (Latest)

Kolkata Port is receiving 7,000 MT of CPO from the vessel 'Global Saturn'. Seaport agents is handling the vessel. 'Global Trader' has berthed at Kolkata Port and continues to deliver 5,014 MT of CPO. The vessel is being handled by Interocean agents. 'MMM Houston' is expected at the port to deliver 6,000 MT of CPO. The vessel will be handled by Seaport agents.

Kandla Port is receiving 17,000 MT of SBO from the vessel 'Mont Blanc'. The cargo was loaded from Brazil. Forbes Gokak agents is handling the vessel. Another vessel, 'Ace 7' from Belawan is expected at the port to discharge 11,500 MT of CPO. The port is expecting 'Dubulti' from Argentina to deliver 16,000 MT of SBO. These vessels will be handled by Interocean agents.

Current vessels Positions:

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	MMM Houston	6000	CPO	Expected
	Global Trader	5014	CPO	Arrived
	Global Saturn	7000	CPO	Arrived
Kandla	Mont Blanc	17000	SBO	Arrived
	Ace 7	11500	CPO	Expected
	Dubulti	16000	SBO	Expected

Forex Rates

(As on 15.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.66
Malaysia	Ringgit	11.49
European Union	Euro	52.54
United Kingdom	GBP	78.96
Japan	100 Yen	39.96

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