

VEGOIL

16th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Complex Futures improved significantly on declining weather in US and China
- South American Soybean Continued To Improve on Uncertain Planting Conditions
- BMD CPO Future Improved Marginally on Increasing Support From US Markets
- Soybean Oil Improved Sharply Amidst Increasing Uncertainty in Monsoon Timings & Amount

* Latest Weather Report (16.06.05)

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

The move to a new 1-year peak for July soybeans and new contract highs for November soybeans was triggered by the dry and eventually hot forecast for the Midwest. Lingering worries over the potential for extended dryness in the central Midwest kept speculative buying a featured attraction, with spillover strength from the neighboring soybean pit adding to the bullish nature of the market.

The DTN weather forecast calls for generally dry weather during the next week across the Midwest. Temperatures will be in a normal to above normal range in the western Midwest (west of the Mississippi River) to normal to below normal values in the eastern Midwest.

Poor weather in China soybeans areas combined with solid technical action has also attracted new buying. On top of the weather situation in the US and China, oil traders are watching the monsoon development, or lack of development, in India.

A crop failure for the oilseed crop in India can have a major impact on world edible oil prices with India already the world's largest importer.

Oil received an additional boost from President Bush indicating that alternative fuels such as bio-diesel should be used more actively in the US Energy Bill.

A lack of rain for the next week is expected to help improve crop conditions in the western cornbelt but areas of Illinois will need rain in 5-7 days to avoid stressful growing conditions; especially if temperatures heat up.

For the weekly export sales report, released before the opening, traders are looking for soybean sales near 50,000-150,000 tonnes as compared with 236,100 tonnes last week. Meal sales are expected near 40,000-80,000 tonnes and oil sales are expected near 2,000-6,000 tonnes.

In soybean trades, ADM Investor Services, Citigroup, Fimat, Goldenberg Hehmeyer, Man Financial, Prudential Financial, Rand Financial and UBS Securities each bought 500 November Calyon Financial bought 800 November, Cargill Investor Services bought 500 July and 500 November, RJ O'Brien bought 1,000 July. On the sell side, ADM Investor

Services sold 1,000 November, Cargill sold 1,000 July and 1,000 September, Bunge Chicago sold 500 November, Goldenberg Hehmeyer sold 300 July, RJ O'Brien sold 500 July and 400 November, and Refco sold 1,000 November. Commodity funds were estimated buyers of 12,000 contracts.

The market is expected to continue on the positive side amidst renewed support from the declining weather conditions in US as well as China.

CBOT Soy oil futures as 15 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	23.25	23.51	24.25	23.48	+0.92	24.17
Aug '05	23.29	23.40	24.40	23.40	+1.11	24.40
Sep '05	23.41	23.68	24.45	23.10	+1.01	24.42

CBOT remains closed on Saturday and Sunday.

South American Soybean Market

The surge in the Brazil stock market should help provide some confidence to producers, and they seem to have an incentive to move soybeans as cash is needed to pay down debt.

The TV weather personality in Chicago, Tom Skilling indicated that the latest guidance models show about 0.33 inches of rain for Chicago for the next 16 days as compared with 1.95 inches as normal.

Given the outlook for potentially stressful weather, a review of the last USDA estimates may be helpful. If a trend line yield of 39.9 bu/acre is achieved, the USDA has a crop production estimate of 2.897 billion bushels and ending stocks of 255 million bushels.

If average yield comes in at 37.9 bu/acre (down 5%), and usage is left unchanged, ending stocks would come in near 111 million bushels and a stocks/usage ratio of 3.7%. This would be the lowest stock since 1976/77 at 103 million bushels and the stocks/usage ratio in 1976/77 was at 7.2%.

Ending stocks in 2003/2004 were at 112 million bushels with a stocks/usage ratio of 4.4% and the market moved to \$10.64 to ration supply. As a result, the market will remain very sensitive to any weather forecast, which might dent yield.

While the US looks dry, key growing areas of China have been pelted with heavy rains and hail in the past week. Cool temperatures and the days of heavy rains have caused some

field loss due to rotting crops from floods, as the crops were planted late. Lower acreage had crop estimates down to 17.3 million tonnes from 18 million tonnes last year, but further losses could cause increased imports.

Traders are also watching the India monsoon activity closely.

If China senses problems with the US crop or their own crop, buyers could turn more active to support cash prices at Paranagua. However, the cash is unlikely to keep up with the speculative buying in US futures and South America is likely to loose ground compared with US futures if the US market continues higher.

The Latin American soybean market is expected to continue range bound on the higher side for few more days amidst growing support from the uncertain planting conditions in the US.

KLCE (Malaysian Palm Oil):

The gains came on the heels of an overnight surge in soyoil futures at the Chicago Board of Trade. July soyoil on CBOT rose 92 points to a three-month high of 24.17 cents a pound. In electronic trading Thursday, it rose a further 18 points.

Soyoil was boosted by comments from U.S. President George W. Bush urging lawmakers to pass an energy bill that would increase the use of biodiesel.

Traders expressed that while the soyoil rally encouraged short covering to lift CPO futures, there was a lack of follow-through buying interest at the higher levels as market sentiment stayed cautious.

The market has been trapped within a MYR50 range since the start of the month as it's difficult for the market to really move up much because apart from the higher CBOT, there isn't any change in fundamentals. Traders said concern about a slowdown in demand amid rising production is keeping a lid on gains.

Wednesday, cargo surveyors Intertek Agri Services and SGS (Malaysia) Bhd reported a decline in palm oil exports of about 10%-16% on month in the June 1-15 period.

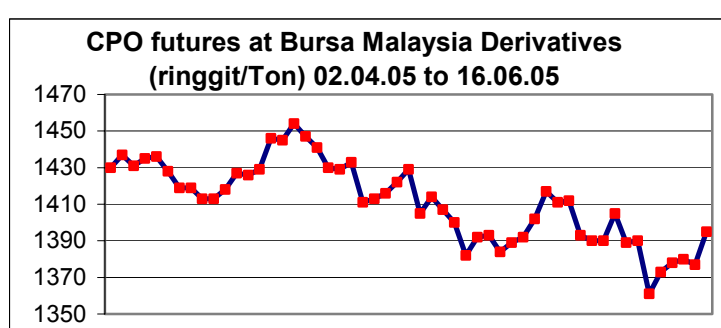
There has been talk that production in June may be as strong, if not higher, than in May, suggesting that stocks may build up by the end of the month because of weaker exports.

Slow trading in the cash market also limited the upside for the CPO futures market. Sellers of palm oil products raised offer prices in reaction to the gains in soyoil futures. But buying interest was subdued, as buyers weren't keen to chase the market and were Skeptical about the up-trend.

The market is expected to trade range bound on the higher 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 (16.06.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jun '05	1378	1400	1400	1392	+18	1396	513
Jul '05	1377	1396	1400	1392	+18	1395	1951
Aug '05	1375	1395	1399	1390	+20	1395	3400



Domestic:

Palm oil

The domestic palm oil market traded on the range bound on the higher side amidst increased support from the international markets.

The declining support from the international markets was responsible for the indecisive and range bound price movement for the last couple of days, but increased amidst rising support of the soybean complex in the US markets.

The Malaysian market today significantly on the higher side amidst increased support from the screen trading in US soybean market. The bearish export figures released by the Malaysian agencies was treated by the domestic traders with cautions, as there was every chance of increased production in the coming months (June - September).

The import quantum has grown marginally. In the month of June (till 16.06.05) the country has imported about 0.96 lakh tonnes of palm oil.

CNF prices of CPO (June) were quoted at \$ 360 per tonnes and RBD Palmolein at \$ 392.50 per tonne.

The price for palm oil in the market is expected to continue range bound on the higher side for Friday, as the market is expected to receive less from the international markets.

Palm oil - Spot Market Price		(Rs. per 10 kg)		
Centres	16.06.05	15.06.05	Change	
Kandla CPO (5 % FFA)	324	323	+1	
Mumbai CPO (5% FFA)	326	325	+1	
Kandla RBD Palmolein	347	347	0	
Mumbai RBD Palmolein	358	357	+1	
Chennai RBD Palmolein	357	356	+1	
Kakinada RBD Palmolein	358	358	0	

Soy oil

The domestic market opened sharply up at the futures but traded range bound in the spot markets news of increasing uncertainty in the monsoon amount and arrival and improving support from the international markets.

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

The domestic future market trading started on a very firm note but declined marginally after couple of hours. The NBOT (July Contract) exchange moved up from yesterday's level to close at a level of 376.40 (UP by Rs. 4.10).

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 337 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 506 per tonne.

Overall the market is expected to continue on the positive side for Friday amidst expected support from the US markets and growing uncertainty in the domestic markets.

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

Centres	16.06.05	15.06.05	Change
Mumbai (Soy ref)	358	356	+2
Indore (Soy Ref oil)	369	367	+2
Indore (Soy Solvent Ex. oil)	348	346	+2
Kota (Soy Ref. Oil)	368	367	+1
Jaipur (Soy Ref. Oil)	370	367	+3

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

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jul '05	372.30	377.90	377.90	375.30	4.10	376.40	36470
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 15.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jun '05	370.60	372.00	372.90	368.80	369.05	6190	19290
Jul '05	375.35	376.20	377.95	373.10	373.40	32050	34920
Aug '05	378.25	378.00	380.45	375.25	375.90	14400	16150

Rape oil

A rape oil market continued on the positive track amidst increased gains in the soyoil market and rising buying support from the retail traders.

NAFED has offered the purchased mustard seeds to be sold in the open market in Kota and adjoining markets at the rate of Rs. 1600 per quintal, but is finding no takers. The traders / mill owners are waiting for the rates to come in line with the market rates at about 1480 - 1530 per quintal.

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.

Today the new crop arrival reached 1.25 - 1.50 lakh bags in Rajasthan and about 0.45 lakh bags in Madhya Pradesh.

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

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

Centres	16.06.05	15.06.05	Change
Mumbai (Rape Expeller Oil)	378	378	0
Kota (Rape Expeller Oil)	358	358	0
Jaipur (Rape Expeller Oil)	360	359	+1
Neewai (* Kacchi Ghani Rape Oil)	376	375	+1
Delhi (Rape Expeller Oil)	385	384	+1

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 and increasing support from the other edible oil 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 latest seeding report suggest that the area under groundnut farming was 81000 hectare as on June 10 against 119000 hectares on the same day last year.

The uncertainty in the demand of the other edible oils is still 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	16.06.05	15.06.05	Change
Mumbai	362	460	+2
Rajkot	365	463	+2
Andhra Region	364	492	+2
Chennai	395	494	+1

LATEST WEATHER WATCH (16.06.2005)

All India Medium Range Weather Forecasts (Valid For Next 5 Days)

Main Features

Monsoon Outlook: South-west Monsoon remains in weak phase since 10th June. Model forecasts suggest that monsoon may revive over south peninsular India during next 2-3 days. Monsoon has advanced over some parts of NE states today. The northern limit of monsoon over Bay of Bengal and NE States passes through 17degN/85deg E, 20 deg N/95 deg E, Agartala, Shilong and Tejpur. Prediction also indicates progressive increase in rainfall activity over North-eastern States during next 2-3 days which may lead to further progress of monsoon over some more areas of NE States.

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 further improvement in severe of heat wave condition in Orissa, Jharkhand and Coastal Andhra Pradesh during next 2 days.

A. Weather Systems:

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

A western disturbance is likely to approach J&K and adjoining area in next 24 Hrs. It is likely to cause isolated to scattered rainfall/snowfall over hilly regions of NW India during 17-19 June 2005.

A north-south trough off the Karnataka & Kerala coast is likely to persist during next 4 days.

B. Rainfall:

North-eastern states are likely to receive increased rainfall activity with Fairly widespread to widespread rains/thundershowers likely over the region during next 2- 3 days.

Scattered rain/thundershowers are expected over West Bengal and Orissa and isolated over Jharkhand and Bihar during next 2-3 days.

Scattered to fairly widespread rainfall is likely over Andaman & Nicobar Islands, and Lakshadweep. Scattered rainfall is expected over Kerala, Coastal Karnataka, South Interior Karnataka and Coastal A.P. during next 24 hours. Rainfall activity over Lakshadweep, Kerala and Coastal Karnataka may increase by 17th June. Konkan & Goa, Madhya Maharashtra and Marathawada are likely to receive isolated to scattered rainfall activity.

Mainly dry weather may prevail over NW India, East Uttar Pradesh, Central India and Gujarat and Rajasthan during next 3 days.

The June contract closed at **372.00**, which is above the yesterday's close level. 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** is below **14-day MA** but started moving up indicating marginal strength in trend. 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 **-1.652**, indicating increasing strength in the prices. The **9-day RSI** also improved marginally (pointing downward) in the neutral region to a level of **51.95** 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 firm opening and range bound opening of the trade for Friday.

Market advice:

Market is expected to open marginally firm and trade range bound on the higher side for Friday.

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.

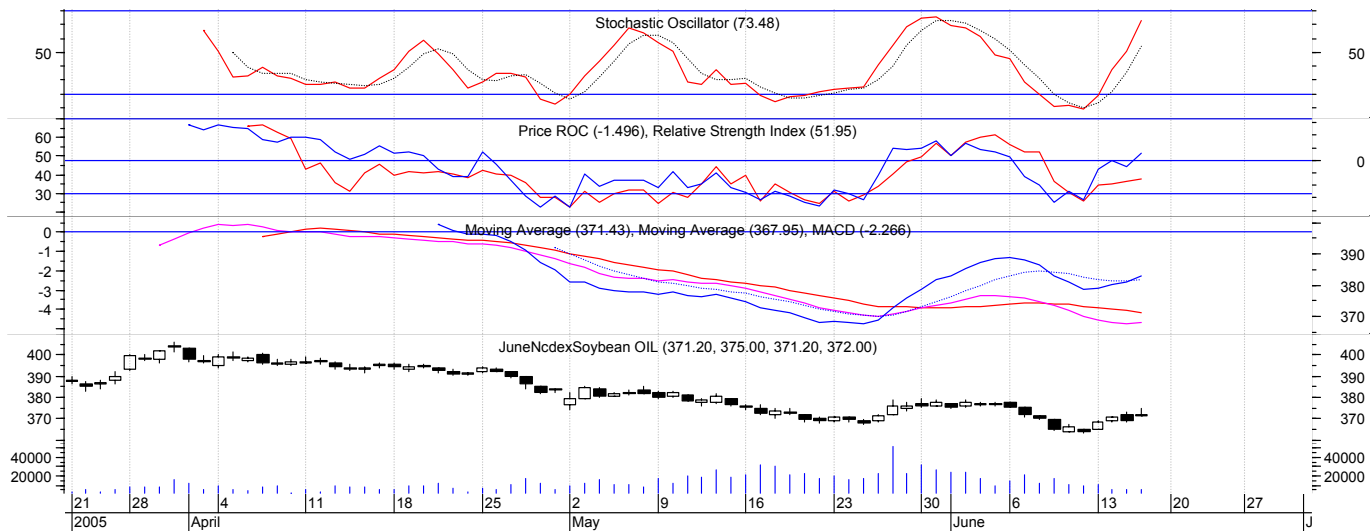
TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX JUNE Contract

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	July '05	371.00	369.50	375.00	376.20
NCDEX	June '05	370.70	369.70	373.60	375.30



PORT-WATCH (Latest)

'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. Kolkata Port is receiving 7,000 MT of CPO from the vessel 'Global Saturn'. Seaport agents is handling the vessel. 'Star Dream' is expected at Kolkata Port to deliver 3,000 MT of CPO. The vessel will be handled by Seaport agents.

'Ace 7' from Belawan is expected at Kandla 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.

Cochin Port is expecting 'L Star' to deliver 6,000 MT of palm oil. Seaworl 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	3000	CPO	Expected
	Global Saturn	7000	CPO	Arrived
	Bumik	6500	CPO	Arrived
Kandla	Ace 7	11500	CPO	Expected
	Dubulti	16000	SBO	Expected
Cochin	L Star	6000	Palm oil	Expected
	Spring Glory	-	Palm oil	Expected

Forex Rates

(As on 16.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.61
Malaysia	Ringgit	11.49
European Union	Euro	52.69
United Kingdom	GBP	79.42
Japan	100 Yen	39.90

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