

VEGOIL

8th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Complex Declined Marginally on Increased Fund Selling and Improving Weather
- BMD CPO Future Continued Lower Amidst Declining Sentiments in US Markets
- Soybean Oil Continued Lower on Declining Retail Support

* Latest Weather Report (08.06.05)

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

A lack of follow-through buying after the strong opening triggered some light long liquidation selling from speculators and some additional commercial selling helped trigger the quick break to near unchanged on the day.

Lack of aggressive action on either side contributed to the choppy trade into the close. Storms are expected to bring some relief to the Illinois region later this week but amounts and coverage vary significantly.

The trend has been for the market to anticipate a good rain event moving across the Midwest but the amounts and coverage drop off significantly as the storms move into Illinois.

Traders have been concerned for some time now about dry conditions in central Illinois and northern Indiana, and forecasts call for chances of showers there this week and into the weekend.

More rains are headed for the western belt, which will likely further hurt emergence in Minnesota and South Dakota.

The first weekly crop conditions report of the year crops were rated 62% in good to excellent condition as compared with expectations near 62% and 65% last year. Illinois topsoil moisture is rated 29% very short and 45% short with only 26% of the state ranked with adequate topsoil condition. Uncertainty for the weather outlook is keeping the trade choppy.

For the Supply/demand report on Friday morning, traders are looking for ending stocks for the 2004/2005 season to be revised lower by about 25 million bushels from 330 million last month and for a slight revision lower for the new crop season from 290 million bushels last month.

In trades, UBS sold 1,000 July beans, CIS sold 500 July, Citigroup and Rand Financial each sold 300 July and Refco sold 300 November. D.T. Trading bought 500 July and Man Financial bought 400 July.

The market is expected to be range bound on the lower side amidst expectation of continuing good and favourable crop weather in next few days.

CBOT Soy oil futures as 07 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	23.16	23.30	23.50	23.06	-0.10	23.06
Aug'05	23.24	23.37	23.60	23.18	-0.05	23.19
Sep'05	23.37	23.42	23.70	23.28	-0.09	23.28

CBOT remains closed on Saturday and Sunday.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended little changed Wednesday after another sluggish, range-bound trading day.

People are just cautious at the moment, waiting for Friday, when we will be getting a slew of figures. The Malaysian Palm Oil Board is due to issue Friday official supply and demand data for May.

Cargo surveyors SGS (Malaysia) Bhd. and Intertek Agri Services are also due to issue export estimates for the June 1-10 period on the same day. The U.S. Department of Agriculture is also due to issue its monthly soybean crop update Friday.

Plantations and Commodities Minister Peter Chin was quoted as saying that the plan, which involves blending of palm oil with regular diesel, may raised for discussions at a cabinet meeting next week.

Government and industry officials have previously said that CPO prices of around MYR1,000/ton would be more attractive for burning. Even if the biodiesel plan is approved, it will take some time to be implemented. In the meantime, the palm oil industry may have to contend with rising supply, and that's likely to limit the upside room for prices.

There are concerns that as palm oil production enters its seasonally strong period in the third quarter, demand may fail to keep pace, leading to a buildup in stocks in the coming months. In the Malaysian cash market, prices of palm oil products were mostly flat.

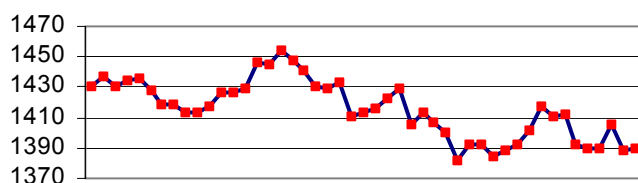
The market is expected to continue range bound on the lower side amidst the pressure of increasing palm oil production.

KLCE CPO Futures (07 06.05)

(In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jun '05	1391	1390	1390	1385	-4	1387	540
Jul '05	1391	1390	1394	1385	-3	1388	83
Aug '05	1389	1388	1393	1384	1	1390	1478

CPO futures at Bursa Malaysia Derivatives (ringgit/Ton) 02.05.04 to 08.06.05



Domestic:

Palm oil

The domestic palm oil continued on the lower side amidst declining support from the international market and lack of demand at the retail end.

The indecisive support from the international markets is responsible for unsteady prices in the domestic markets. The Malaysian market today declined marginally to stay below the psychological level of MYR 1400 per tonne, finding no significant support from the US soybean market screen trade.

The import quantum has grown marginally. In the month of June (till 06.06.05) the country has imported about 0.57 lakh tonnes of palm oil.

CNF prices of CPO (June) were quoted at \$ 362.50 per tonnes and RBD Palmolein at \$ 395.00 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 much support from the Malaysian KLCE market.

Palm oil - Spot Market Price

(Rs. per 10 kg)

Centres	08.06.05	07.05.05	Change
Kandla CPO (5 % FFA)	324	325	-1
Mumbai CPO (5% FFA)	327	327	0
Kandla RBD Palmolein	350	350	0
Mumbai RBD Palmolein	359	360	-1
Chennai RBD Palmolein	356	358	-2
Kakinada RBD Palmolein	354	357	-3

Soy oil

The domestic market continued in the lower regions following the increased selling in the market amidst falling

retail demand and growing unsteadiness in the international markets.

The US market is expected to continue trading unsteady in the lower regions, following the growing weakness in the US CBOT soy oil trade amidst uncertain weather conditions and declining the export demand from the global market.

The domestic future market trading started on a lower note and continued on the lower side for the day amidst declining support from the retail demand. The NBOT exchange moved down to closed at a lower level of 369.20 (Down by Rs. 1.50).

The Hazir market today continued range bound on the lower side amidst lack of support from the consistently declining retail demand.

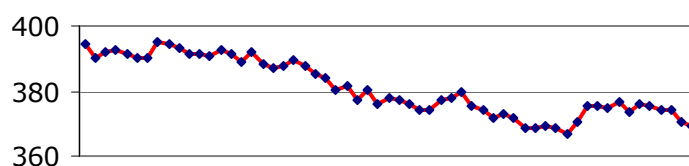
Prices for soy degum (High-Seas) at Kandla were quoted at Rs 338 per 10 kg. Soy refine at Kandla/ Mundra was quoted at Rs 372 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 507 per tonne.

Overall the market demand situation for the soybean oil continues to be highly uncertain and is expected to continue range bound on the lower side for Thursday amidst continuous declining support from the retail market.

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

Centres	08.06.05	07.05.05	Change
Mumbai (Soy ref)	357	359	-2
Indore (Soy Ref oil)	370	372	-2
Indore (Soy Solvent Ex. oil)	348	350	-2
Kota (Soy Ref. Oil)	365	366	-1
Jaipur (Soy Ref. Oil)	365	368	-3

NBOT Soy oil futures (Rs/10 kg) 02.04.05 - 08.06.05



NBOT Soy oil futures as on 08.06.2005 (Rs/10 kg)

Months	Previous Closing	Open	High	Low	Change	Close	Volume
Jun '05	370.70	368.50	369.60	368.20	-1.50	369.20	11680
Jul '05	373.00	371.00	372.30	370.30	-1.80	371.20	22300
Aug '05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 07.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jun '05	375.70	375.20	375.20	371.05	372.20	21600	28010
Jul '05	378.95	378.15	378.15	373.15	374.45	23530	31710
Aug '05	381.00	380.00	380.05	376.00	377.20	5370	7580

Rape oil

A weak trend of the market continued today amidst growing uncertainty in the edible oil market.

NAFED is expected to bring the purchases Mustard seed in the market from the next week before the proper onset of the monsoon triggered weakness in the market.

Today, the rape oil found no support from the buyers at major exchanges. The increased selling weakened the sentiments giving way to the continuing unsteadiness in the market.

Today the new crop arrival reached 1.00 lakh bags in Rajasthan and about 0.25 lakh bags in Madhya Pradesh.

Overall, it is expected that the rape oil will continue trading range bound on lower side for Thursday due lack of retail demand.

Rape oil - Spot Market Price		(Rs. per 10 kg)	
Centres	08.06.05	07.05.05	Change
Mumbai (Rape Expeller Oil)	378	378	0
Kota (Rape Expeller Oil)	356	357	-1
Jaipur (Rape Expeller Oil)	355	357	-2
Neewai (* Kacchi Ghani Rape Oil)	370	370	0
Delhi (Rape Expeller Oil)	382	383	-1

Groundnut oil

Groundnut oil continued with the price decline in the major centres. Lower buying support was the main concern at major markets amidst declining retail demand.

The onset the monsoon in the Kerala region with less than expected vigour has increased the uncertainty in demand for edible oils and this remains as one of the major factors, which is putting continuous pressure on the groundnut oil prices.

The growing uncertainty in the demand of the other edible oils is also causing decline in the groundnut oil prices.

The range-bound lower trade in groundnut oil prices in the domestic markets is likely to continue on Thursday in absence of fresh buying support.

Groundnut oil - Spot Market Price		(Rs. per 10 kg)	
Centres	08.06.05	07.05.05	Change
Mumbai	456	458	-2
Rajkot	443	444	-1
Andhra Region	480	485	-5
Chennai	484	488	-4

LATEST WEATHER WATCH (08.06.2005)

Medium range weather prediction over the country for the period 8-13 June, 2005

A. Weather Systems:

South-West Monsoon has further advanced over some more parts of east central Arabian Sea, Union Territory of Goa, most parts of south interior Karnataka, Tamilnadu,

parts of Rayalseema, South coastal A.P., entire SW Bay and some more parts of central Bay of Bengal.

Southwest monsoon activity is likely to continue over south Peninsular India (Kerala, south interior and coastal Karnataka) during next 4 days. Conditions are favourable for progress of South-West monsoon over some more parts of interior Karnataka, Tamilnadu, southern parts of North-eastern states during next 4 days.

Western Disturbance

Model prediction suggests that a western disturbance is likely to approach north Pakistan and adjoining J&K area by 11 June 2005. It is expected to cause isolated to scattered snowfall/rainfall during 11-12 June 2005 over hilly regions of NW India and isolated thundershowers over adjoining plains of NW India (Punjab, Haryana, Delhi and west U.P.) during the period.

B. Rainfall:

Fairly widespread rainfall is likely over Kerala, Coastal & South Interior Karnataka, Lakshdeep, Andman & Nicobar and NE States during next 3-4 days.

Isolated to Scattered rainfall/snowfall is likely over J&K, H.P. and Uttranchal during 11-12 June 2005.

Isolated to Scattered rainfall is likely over Konkan and Goa, West Bengal, Orissa, Coastal A.P., Tamilnadu, Rayalaseema, North Interior Karnataka during next 4-5 days and isolated thundershowers may occur over plains of NW India (North Rajasthan, Haryana, Punjab, West U.P.) during 10-12 June 2005.

C. Temperature

No large change in day temperatures are likely over most parts of the country, except over parts of plains of north India and central India where slight rise in day temperature is expected during next 2 days.

Daily Forecast

The southwest monsoon has further advanced over some more parts of east central arabian sea, union territory of goa, entire coastal karnataka, most parts of south interior karnataka, tamil nadu, parts of rayalaseema and southern parts of coastal andhra pradesh, entire southwest bay and some more parts of central bay. northern limit of monsoon passes through 15° N/60° E, 15° N/70° E, panjim, chitradurga, anantpur, kaveli, 15° N/84° E, 18° N/90° E and 20° N/93° E. heat wave conditions prevailed over parts of vidarbha, north telangana and orissa, while heat wave conditions abated from north india and remaining parts of central india. the trough at sea level off karnataka -kerala coast now lies off south konkan-kerala coast. the cyclonic circulation over karnataka coast now lies over north interior karnataka between 1.5 and 4.5 km above sea level. the trough at sea level running from west rajasthan to coastal orissa now lies in the lower levels and runs from punjab to assam across central uttar pradesh and south bihar. the embedded cyclonic circulation over central pakistan and adjoining west rajasthan now lies over north pakistan and adjoining punjab extending upto 2.1 km above sea level. the other embedded cyclonic circulation over jharkhand and neighbourhood persists and now extends up to 0.9 km above sea level.

Forecast For Next 24 Hours

North: rain/thundershowers likely at a few places over uttaranchal, himachal pradesh and jammu & kashmir. duststorm/thunderstorm is likely at isolated places in uttar pradesh, punjab and haryana including delhi, chandigarh.

East: rain/thundershowers with isolated squall likely at many places in the northeastern states , orissa, gangetic west bengal and jharkhand and isolated in the rest region.
South: rain/thundershowers likely at many places over andaman & nicobar islands, lakshadweep and coastal karnataka and at a few places in kerala, interior karnataka, south coastal andhra pradesh and rayalaseema and isolated in the rest region. west : rain/thundershowers likely at a few places over south konkan & goa and isolated over interior maharashtra. isolated duststorm/thunderstorm likely over rajasthan and west madhya pradesh. mainly dry weather in the rest region. outlook for subsequent two days
West: current rainfall activity over coastal karnataka kerala and lakshadweep is likely to continue.

Warning

isolated heavy rainfall also likely over Lakshadweep, Kerala, coastal Karnataka and Andaman & Nicobar islands.

TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term
NCDEX JUNE Contract

The June contract closed at **370.25**, which is marginally below the yesterday's close, indicating the continuing weakness in the prices. Market opened partially weak but traded lower amidst increased uncertainty in the retail demand and growing weakness in the international markets.

The **7-day MA** continued lower indicating the weakness in the prices along with the **14-day MA** showing the continuing weakness in the prices. The **9-Day MACD** also turned in the lower direction indicating the weakening sentiments in the market.

The **9-days Price ROC** continued downward in the neutral region to the level of **+0.5977**, indicating weakness in the prices. The **9-day RSI** also moved slightly lower in the neutral region to a level of **34.22** indicating the weak sentiments in the markets.

The **% K-line** continued down entering the oversold region indicating the declining strength of the prices. The **% D-Line** also moved lower in the neutral region indicating the continuing weakness in the prices.

The **candlestick** pattern is hinting at the weak opening and lower trade for Thursday.

Market advice:

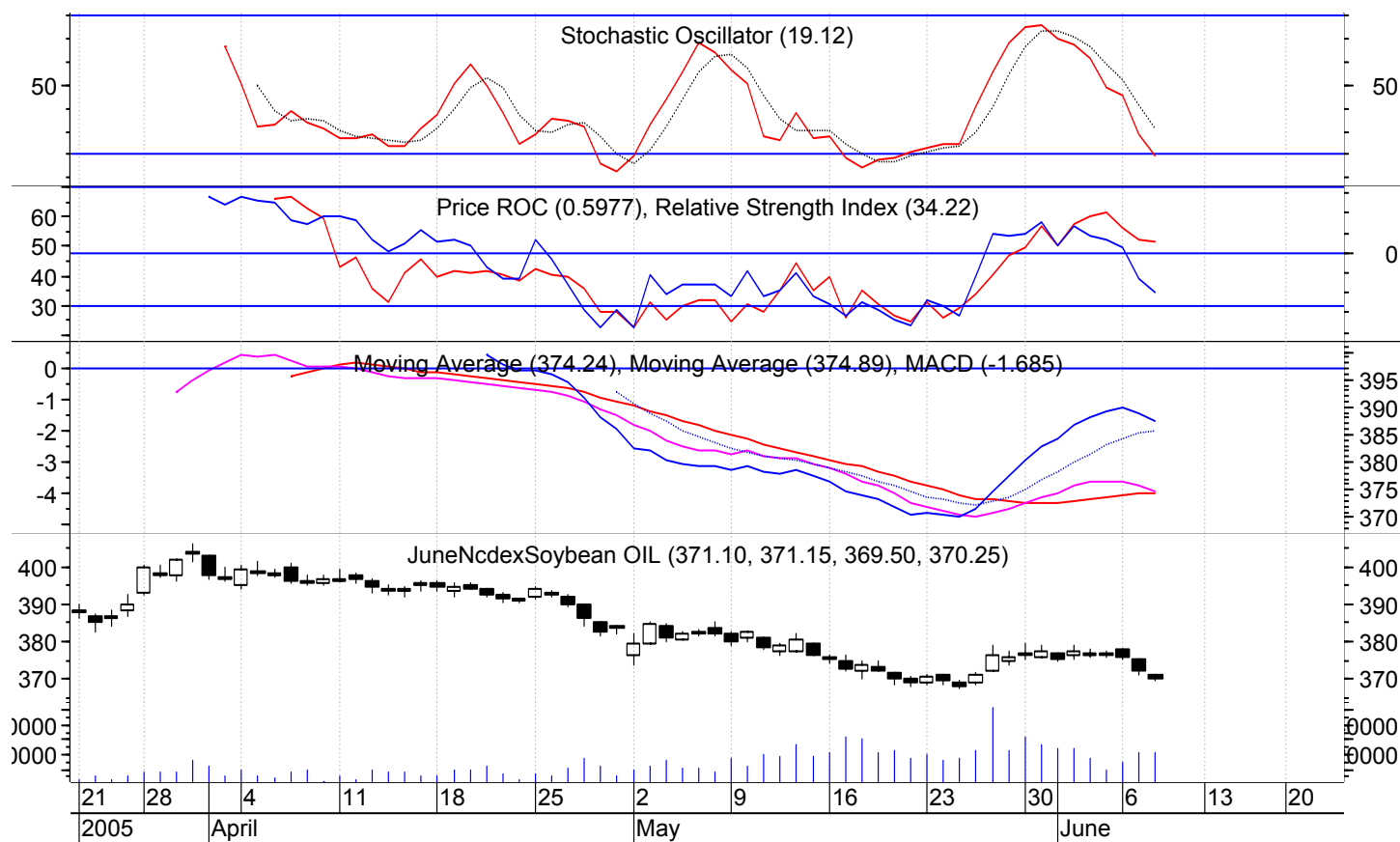
Market is expected to open steady but trade lower side for Thursday

Avoid new entry in the market with long-term outlook

Short-term profits could be booked by selling.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	June '05	368.20	3666.90	370.40	372.10
NCDEX	June '05	369.00	367.70	371.80	373.60



PORT-WATCH (Latest)

Kandla Port is receiving 6,252 MT of CPO from the vessel 'Pacific Sound'. The cargo was loaded from Indonesia. Interocean agents is handling the vessel. The port is expecting 'Acushnat' to deliver 27,500 MT of SBO. The cargo was loaded from Brazil. Another vessel, 'Ace 7' from Belawan is expected at the port to discharge 11,500 MT of CPO. These vessels will be handled by Interocean agents.

Chennai Port is receiving 3,000 MT of CPO from the vessel 'Vernal Grace'. The vessel is being handled by James Mackintosh agents.

Delivery of 10,000 MT of CPO is continuing at JN Port from the vessel 'Mount Blanc'. Baewil agents is handling the vessel.

Kakinada Port is receiving 8,000 MT of CPO from the vessel 'Sutra Tiga'. The port is expecting 'Vernal Grace' to deliver 3,000 MT of CPO.

Kolkata Port is receiving 4,000 MT of CPO from the vessel 'Ocean Sky'. Seaport agents is handling the vessel. 'Global Trader' is expected at Kolkata Port to deliver 6,000 MT of CPO.

Current vessels Positions:

Ports	Vessels	Volume (Ton)	Carrying	Status
Kolkata	Ocean Sky	4000	CPO	Arrived
	Global Trader	6000	CPO	Expected
Kandla	Achusnat	27500	SBO	Expected
	Pacific Sound	6252	CPO	Arrived
	Ace 7	11500	CPO	Expected
JN	Mount Blanc	10000	CPO	Arrived
Kakinada	Sutra Tiaga	8000	CPO	Arrived
	Vernal Grace	3000	CPO	Expected
Chennai	Vernal Grace	3000	CPO	Arrived

Forex Rates

(As on 08.06.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.53
Malaysia	Ringgit	11.47
European Union	Euro	53.62
United Kingdom	GBP	79.89
Japan	100 Yen	40.73

Disclaimer

This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). If a customer of an affiliate of IASL receives this report, its provision to the recipient is subject to the terms of business in place between the recipient and such affiliate. This document is for private circulation only and may not be reproduced in whole or in part for any purpose without written permission. Use of data and information contained in this report is at your own risk. Please visit us at: www.agriwatch.com Registered Office: E 12, Greater Kailash I, New Delhi 110 048 Telefax: (011) 2628 3336

Copyright Ó 2002 Indian Agribusiness Systems Pvt Ltd.