

VEGOIL

01st July 2005

MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Dipped Marginally Following Rains In Major Growing Areas
- South American Soybean Continued Lower on Bearish Weather Forecast
- BMD CPO Future Traded Marginally Higher Amidst Lack of Enthusiasm in Cash Market
- Soybean Oil Improved Marginally Amidst Increased Uncertainty in International Markets

* Latest Monsoon Progress [01.07.05]

MARKET HIGHLIGHTS & ANALYSIS

International:

CBOT (US Soybean Oil):

The USDA report news and the export sales news was supportive to the market this morning but rains moving across northern Illinois and more rain in the forecast was enough to keep speculators in a long liquidation mode.

The USDA pegged planted acreage for soybeans at 73.3 million acres as compared with trade expectations at 73.1 million acres (range 72.5-73.5) and compared with the March estimate at 73.9 million acres. Grain Stocks for June 1st were pegged at 699.64 million bushels from trade expectations at 715 million bushels (range 675-750) and compared with 411 million last year.

Weekly US export sales came in at 344,500 tonnes for soybeans from trade expectations at 50,000-100,000 tonnes. Cumulative sales have reached 98.7% of the USDA forecast for the year as compared with 100.4% on average for this time of the year.

Meal sales were 188,600 tonnes from 35,000-70,000 tonnes expected. Cumulative sales have reached 98.5% of the USDA forecast for the year as compared with 90.1% on average for this time of the year. Oil sales were 5900 tonnes from 2,000-6,000 tonnes expected.

Deliveries against July soybeans on first notice day totaled 484 contracts from expectations for 200-400. There were no deliveries for meal or oil. Support for November soybeans comes in at 656 1/2 with 676 and 689 as resistance.

The US soybean is expected to continue marginally higher on amidst expected support from the uncertain weather conditions.

CBOT Soy oil futures as 30 June 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul '05	24.54	24.30	24.30	23.51	-0.93	23.61
Aug '05	24.61	24.32	24.32	23.60	-0.80	23.81
Sep '05	24.72	24.25	24.45	23.70	-0.73	23.99

CBOT remains closed on Saturday and Sunday.

Continuation chart of CBOT (Soybean & Soybean Oil)



South American Soybean Market

Producer selling in Brazil had been very active over the past several weeks, with some reports that the selling had caught up with the normal pace after being behind.

The focus of attention is in the US weather and USDA reports today. The reports this morning were considered bullish with the market called 5-10 lower due to weather.

The market is seeing active fund long liquidation selling this week, triggered by rains in the forecast for the dry areas of Illinois later this week.

It is hard to believe that the weather will turn normal for July and August after the spring extremes, but the market seems to be pricing in normal weather and normal yields in spite of the poor crop conditions in the eastern Corn Belt.

The results of the USDA reports this morning should help set the tone for the opening, but without bullish news, the overnight break indicates a focus on the potential shift to normal weather in July.

The USDA confirmed the spread of Asia rust to a sixth county in Florida.

Scattered thunderstorms over the northern Illinois region overnight helped ease drought concerns. More scattered rains are indicated for Tuesday/Wednesday of next week. Scattered showers are in the forecast for the 6-10 day period for the eastern Corn Belt as heat builds in the western plains.

The Latin American soybean market is expected to continue marginally higher on amidst expected support from the US soybean market.

KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended marginally higher Friday in largely range-bound trading, with participants reluctant to take new positions ahead of the weekend.

When the market moved closer to that (level) in early trading, a lot of those who had sold earlier were buying back. The market opened lower, tracking sharply lower soyoil futures in Chicago, but the failure of the third-month contract to breach the MYR 1400/ton support level provided support in early trading.

Even a slight recovery in soyoil futures in electronic trading during Asian hours failed to provide the much-needed boost to the market. Of late, electronic trading has been very speculative owing to the lack of enthusiasm in the cash market.

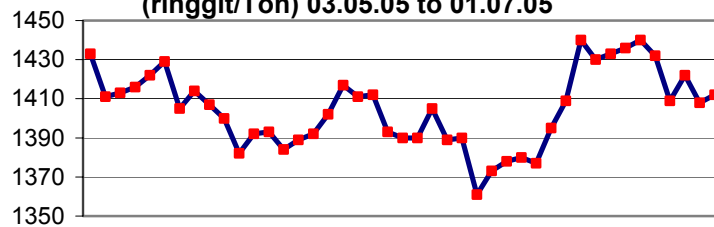
With no new data releases scheduled next week, the market will continue to look to soyoil futures for direction.

The Malaysian market is expected to continue marginally lower on Monday amidst expected support from the US soybean market.

KLCE CPO Futures (01.07.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jul'05	1410	1412	1415	1412	+4	1414	83
Aug'05	1409	1409	1413	1408	+3	1412	525
Sep'05	1408	1405	1413	1405	+4	1412	2508

CPO futures at Bursa Malaysia Derivatives (ringgit/Ton) 03.05.05 to 01.07.05



Domestic:

Palm oil

The domestic palm oil market today improved marginally amidst smooth advance of monsoon and growing uncertainty in the international markets.

The Malaysian markets today traded marginally higher amidst increasing choppy trade owing to lack of enthusiasm in the cash market.

The import quantum has grown marginally. In the month of June (till 30.06.05) the country has imported about 2.00 lakh tonnes of palm oil.

CNF prices of CPO (July) were quoted at \$ 370.00 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 positive side as the market is expected to receive an indication from the international markets for the next few days.

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

Centres	01.07.05	30.06.05	Change
Kandla CPO (5 % FFA)	327	324	+3
Mumbai CPO (5% FFA)	329	325	+4
Kandla RBD Palmolein	348	347	+1
Mumbai RBD Palmolein	363	360	+3
Chennai RBD Palmolein	365	363	+2
Kakinada RBD Palmolein	368	367	+1

Soy oil

The domestic market opened range bound but continued to be amidst indecisive sentiments at the Indore NBOT futures and declining support from the international markets.

The domestic future market trading started on a negative note but traded range bound for the whole day amidst declining support from the retail as well as the international markets. The international market is also supporting the up trend in the market for long run, but the status and progress of Indian monsoon is dominating over the international indicators keeping the market range bound. The NBOT (July Contract) exchange closed marginally lower at Rs. 371.00 (Up by Rs. 0.20).

The Hazir market today also improved 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 \$ 512 per tonne.

The market is expected to open range bound for Saturday but renewed upward movement in the second half of the trade cannot be denied.

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

Centres	01.07.05	30.06.05	Change
Mumbai (Soy ref)	360	359	+1
Indore (Soy Ref oil)	367	366	+1
Indore (Soy Solvent Ex. oil)	347	345	+2
Kota (Soy Ref. Oil)	368	367	+1
Jaipur (Soy Ref. Oil)	370	367	+3

NBOT Soy oil futures as on 01.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Jul'05	370.80	371.80	371.90	370.40	+0.20	371.00	18270
Aug'05	376.90	377.50	377.80	376.50	+0.10	377.00	2110
Sep'05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

NCDEX Soy oil futures as on 30.06.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul'05	372.85	371.60	372.80	371.20	372.45	12400	27570
Aug'05	378.00	377.00	378.40	376.75	378.10	8490	27390
Sep'05	380.65	380.05	381.50	379.50	380.90	4080	7420

Rape oil

A rape oil market improved marginally amidst support from the soybean oil futures and growing uncertainty in the supply.

The smooth progress of the monsoon in the parts of Haryana, Punjab and Rajasthan pulled down the market.

Today, the rape oil found marginal support from the buyers at major exchanges at the start of the trade and it continued so amidst increasing uncertainty as the day progressed. In the spot markets the prices continued on the higher side amidst increased uncertainty in the other edible oil markets.

Overall, it is expected that the rape oil will continue trading range bound on higher side for Saturday as the retail demand is expected to continue increasing.

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

Centres	01.07.05	30.06.05	Change
Mumbai (Rape Expeller Oil)	382	380	+2
Kota (Rape Expeller Oil)	367	365	+2
Jaipur (Rape Expeller Oil)	370	367	+3
Neewai (* Kacchi Ghani Rape Oil)	384	380	+4
Delhi (Rape Expeller Oil)	391	388	+3

Groundnut oil

Groundnut oil today improved significantly at various centres due to unsteady and low local demand and possibility of declining crop prospects in lieu of the floods in Gujarat.

The domestic demand is not expected to improve significantly in the coming days amidst growing uncertainty in the other edible oil markets.

The range-bound positive trade in groundnut oil prices is expected to continue in the coming days amidst unsteady retail demand and smoothly advancing monsoon.

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

Centres	01.07.05	30.06.05	Change
Mumbai	460	453	+7
Rajkot	495	484	+11
Andhra Region	490	488	+2
Chennai	492	487	+5

LATEST WEATHER WATCH (01.07.2005)**Progress of Monsoon**

Southwest monsoon has advanced over the remaining parts of West Rajasthan and therefore covered the entire country. Yesterday's depression over Jharkhand and neighbourhood remained practically stationary and continues to lie today afternoon (1430 hrs IST) over Jharkhand and adjoining Chhattisgarh with its centre close to Daltonganj. The system is likely to move slowly in a west-northwesterly direction. The off shore trough at sea level over east Arabian Sea has become less marked. Yesterday's upper air cyclonic circulation over Gujarat and neighbourhood persists and extends between 1.5 and 5.8 km a.s.l. tilting southwards with height.

The upper air cyclonic circulation over southeast Rajasthan and neighbourhood persists and extends upto 0.9 km a.s.l. The upper air cyclonic circulation over Punjab and adjoining central Pakistan now lies over northwest Rajasthan and neighbourhood and extends upto 0.9 km a.s.l. The axis of the monsoon trough at sea levels passes through Phalodi, Sawai Madhopur, Jhansi, Rewa, centre of the depression, Kolkata and thence east-southeastwards.

During past 24 hours, Southwest monsoon has been vigorous over Chhattisgarh, Gujarat State and active over Jharkhand, Uttaranchal Haryana, East Rajasthan, Konkan & Goa and Madhya Maharashtra.

Rain/Thundershowers occurred at most places over Andaman & Nicobar Islands, Arunachal Pradesh, Sub-Himalayan West Bengal & Sikkim, Coastal and north interior Karnataka and Kerala at many places over Assam & Meghalaya, Nagaland, Manipur, Mizoram & Tripura, Gangetic West Bengal, Orissa, Bihar and West Uttar Pradesh; at a few places over East Uttar Pradesh, Punjab, Himachal Pradesh, East Madhya Pradesh, Marathwada, coastal Andhra Pradesh, Telangana and south interior Karnataka. It was isolated over rest regions of the country outside Rayalaseema and Lakshadweep where weather was mainly dry.

Forecast Valid for Next 24 Hours

Rain/thundershowers are likely at most places over Chhattisgarh, East Madhya Pradesh, Gujarat state, Konkan & Goa; at many places over northeastern States, West Bengal & Sikkim, Orissa, Jharkhand, Bihar, Uttaranchal, Himachal Pradesh, East Rajasthan, West Madhya Pradesh, Interior Maharashtra, Telangana, Coastal and North Interior Karnataka; at a few places over the rest region of the country outside Rayalaseema and Tamil Nadu & Pondicherry where it may be isolated.

Heavy Rains Warning

Heavy to very heavy rainfall likely at a few places over Jharkhand, East Madhya Pradesh, Chhattisgarh, north Konkan, Saurashtra & Kutch and south Gujarat Region. Isolated heavy rainfall also likely over Sub-Himalayan West

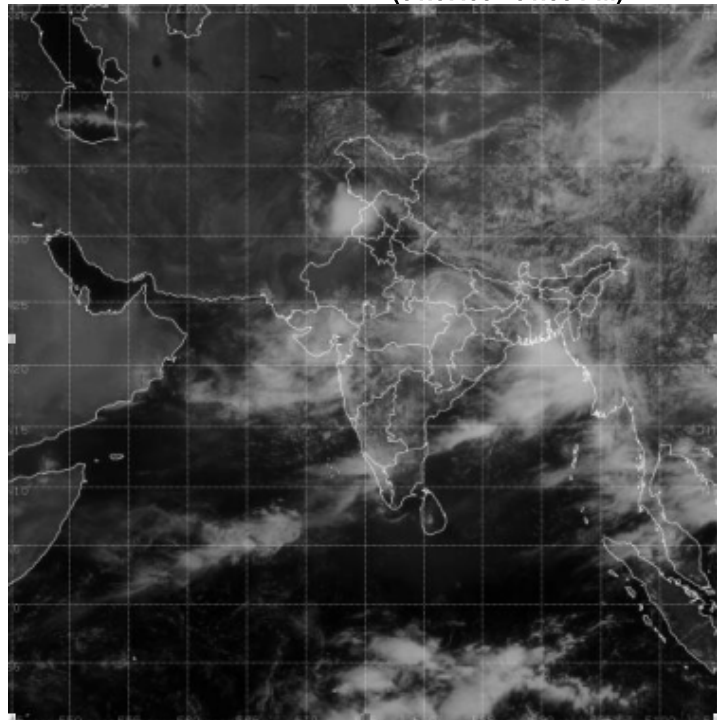
Bengal & Sikkim, north Gujarat, south Konkan & Goa, Madhya Maharashtra, Vidarbha and Coastal Karnataka.

Outlook For Subsequent 48 Hours

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

Latest Satellite Image of Monsoon Progress

(01.07.05 - 01.30 PM)



TECHNICAL ANALYSIS

COMMODITY: SOY OIL

Perspective: Very Short Term

NCDEX JULY Contract

The July contract closed at 372.60, which is marginally higher than the yesterday's close. Market opened partially weak but continued range bound for most of the day, before closing at

an improved position amidst growing uncertainty in the domestic demand, unsteady sentiments in the international markets and news smoothly progress monsoon. The current trough of rsquared is greater than the previous trough. This indicates strength of the long-term trend. The current slope of the close is positive moving lower indicating weakness or a slowdown of the medium term uptrend.

The 7-day MA today continued lower giving signals weakening prices in the market along with the 14-day MA. Currently the MACD is bearish since it is trading below its signal line. The MACD crossed below its signal line 3 period(s) ago. Since the MACD crossed its moving average, Soyoil July's price has increased 0.01%, and has ranged from a high of 373.85 to a low of 366.25.

The 9-days Price ROC improved marginally in the negative region to the level of **-2.703**, indicating stability in the prices. The 9-day RSI moved up marginally in the neutral region to a level of **37.35** showing the growing uptrend 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 increasing strength in the market prices.

Three white candles occurred in the last three days. Although these candles were not big enough to create three white soldiers, the steady upward pattern is bullish.

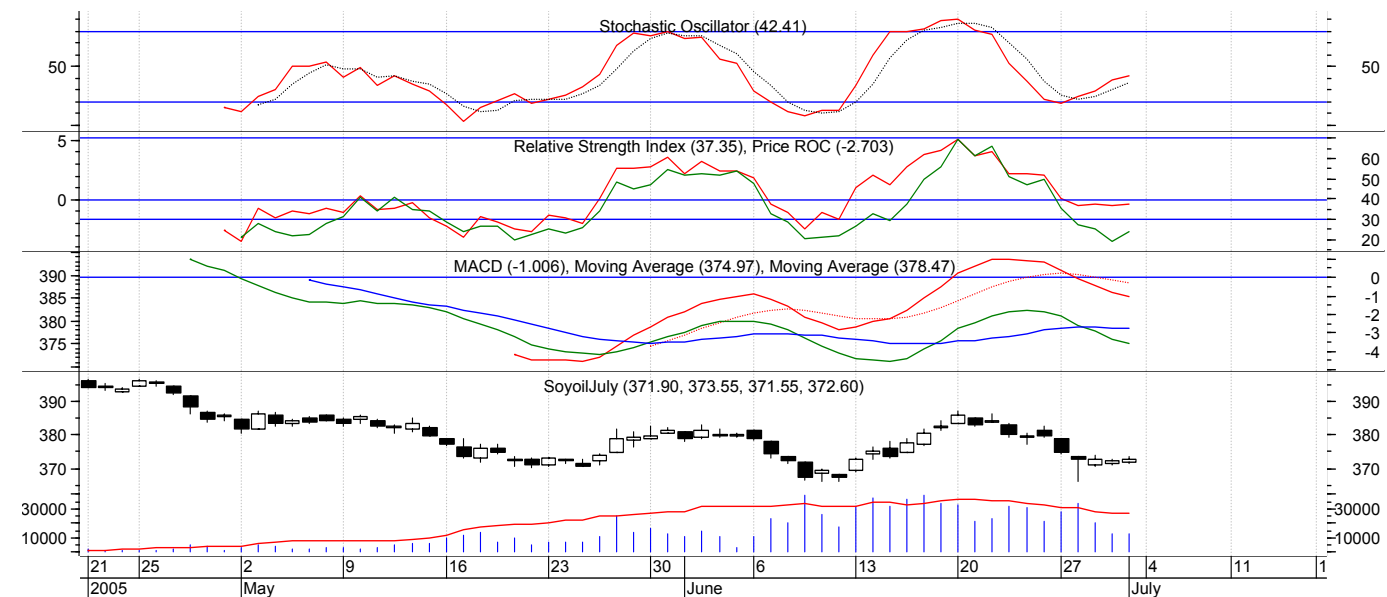
Market advice:

Market is expected to open range bound but trade higher for Saturday.

Short term buying would to yield profit.

Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	July '05	369.70	368.40	373.20	374.30
NCDEX	July '05	371.50	369.40	374.00	375.40



PORT-WATCH (Latest)

Kandla Port is receiving 9,500 MT of SBO from the vessel 'Siren'. The cargo was loaded from Brazil. Forbes Gokak agents is handling the vessel.

'Acushnet' has berthed at Kakinada Port and continues to discharge 6,000 MT of SBO. The port is expecting 'Ocean Ace', 'Countess', 'Spring Wind', 'Monalisa' and 'Mega Crown' to deliver 6,000 MT, 4,000 MT, 6,000 MT, 6,000 MT and 2,000 MT of CPO respectively.

Mumbai Port is expecting 'MMM Galvestone' to deliver 6,000 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.

Delivery of 6,100 MT of CPO is continuing at Kolkata Port from the vessel 'Ocean Ace'. The vessel is being handled by Atlantic 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.

Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Siren	9500	SBO	Expected
Cochin	Golden Jane	3000	CPO	Expected
Kolkata	Ocean Ace	6100	CPO	Arrived
Mumbai	MMM Galvestone	6000	CPO	Expected
	Pacific Sound	9750	Palm oil	
Mundra	KULDIGA	18000	SBO	Expected
Kakinada	Acushnet	6000	SBO	Arrived
	Ocean Ace	6000	CPO	Expected
	Countess	4000	CPO	Expected
	Spring wind	6000	CPO	Expected
	Monalisa	6000	CPO	Expected
	Mega Crown	2000	CPO	Expected

Forex Rates

(As on 01.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.53
Malaysia	Ringgit	11.47
European Union	Euro	52.38
United Kingdom	GBP	77.59
Japan	100 Yen	39.19

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