

## VEGOIL

07<sup>th</sup> July 2005

### MAJOR ACTIVITY HIGHLIGHTS

- CBOT Soy Declined Marginally Amidst Continuing Improving Weather
- South American Soybean Continued Improving on Growing Export Prospects from Asia
- BMD CPO Future Declined Sharply on News of Terrorist Attack in London
- Soybean Oil Declined Sharply in Last Hour Amidst International Disturbances

### TECHNICAL ANALYSIS

#### COMMODITY: SOY OIL

Perspective: Very Short Term

#### NCDEX JULY Contract

The July contract closed at **375.90**, which is significantly down from yesterday's close. Market opened firm and traded on the higher side for most of the day before the news of the London bomb blast shook the sentiments and price slid to the lower position.

The 7-day MA today continued up hinting to the steady increase in strength in the market prices in the market whereas the 14-day MA is still hinting at the weakness in the current price trends. Currently the MACD is bullish since it is trading above its signal line. The MACD crossed above its signal line 1 period(s) ago. Since the MACD crossed its moving average, Soy oil July's price has decreased 0.66%, and has ranged from a high of 379.20 to a low of 374.80.

The 9-days Price ROC improved marginally entering the positive region to the level of **0.3336**, indicating existing strength in the market prices. The 9-day RSI also lowered marginally in the neutral region to a level of **48.26** confirming the weakness in the prices in the prices.

The % K-line dipped significantly down entering the neutral region indicating the weakened sentiments in the prices. The

% D-Line on the other hand continued up entering the overbought region supporting the rising strength in the market prices.

The candlestick is also indicating at the weak opening for tomorrow sentiments in the market but the undertone in the market continues to be bullish.

#### Market advice:

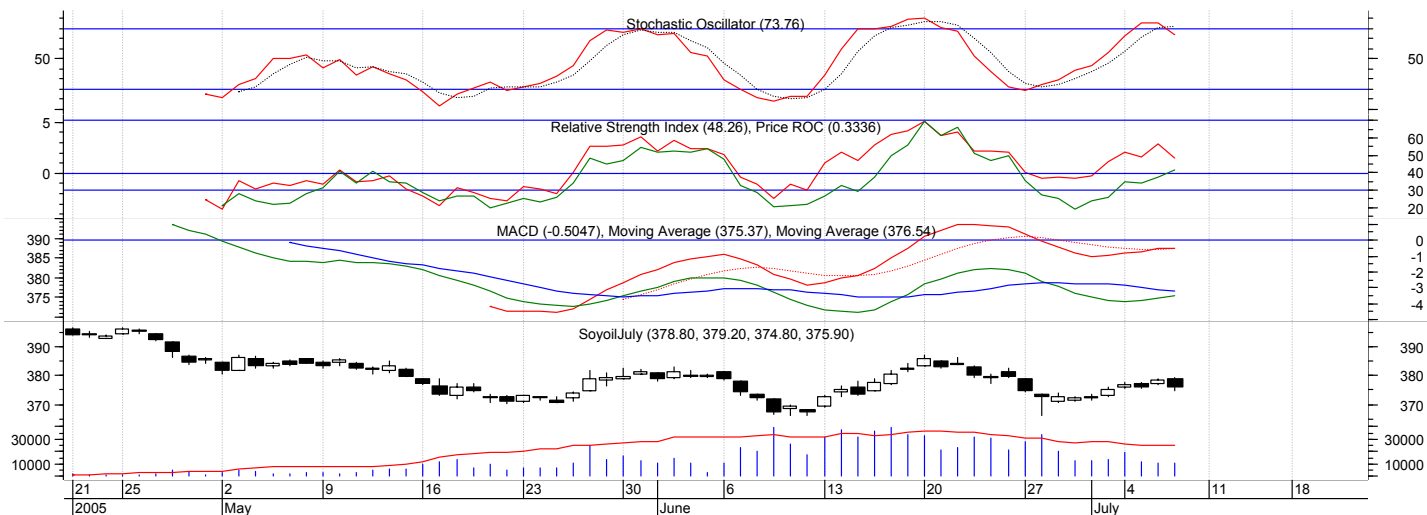
Market is expected to open weak and trade marginally higher towards the end of the session if adequately supported by the US soybean screen trade.

Go short with short-term outlook.

Long-term sentiment is still bullish.

#### Resistance & Support Levels (Most Active Contract)

Contract	Contract	Support		Resistance	
		1st	2nd	1st	2nd
NBOT	July '05	371.60	369.80	374.10	375.80
NCDEX	July '05	374.30	373.50	378.80	379.80



## MARKET HIGHLIGHTS & FUNDAMENTAL ANALYSIS

### International:

#### CBOT (US Soybean Oil):

Soybean futures on the Chicago Board of Trade ended lower Wednesday, retracing a portion of Tuesday's sharp gains amid ideas the advances were a little overdone.

Traders are expecting looking for a decline of 2-4% in crops rated in good to excellent condition but the weekly report showed a 1% decline at 58% good to excellent. Still, this was down 9% from last year and down 4% from the 15-year average at this time of the year. Crops in poor to very poor condition jumped to 12%, up 4% from last year and the 15-year average.

Old crop stocks are high and deliveries continue to change hands, which helped pressure, the old crop futures into the mid-session. Meal led the market lower on the correction as oil found support from news of a smaller than expected rapeseed crop in China.

The smaller oil supply could support continued strong demand from China to import soybeans.

Meteorlogix weather service's 11- to 15-day forecast covering July 16-21 shows a weakening in an upper-level ridge that could produce strong cold-front passage with scattered thunderstorms early in this period. The shower activity during the next 10 days is expected to be confined to the far-western belt, with temperatures turning warmer during this period.

In pit trades, Calyon Financial, RJ O'Brien and Refco each bought 300 November, Cargill Investor Services bought 600 November, Fimat bought 500 November, and ADM Investor Services bought 400 November. On the sell side, Bunge Chicago sold 400 November, Rand Financial sold 1,000 November, Cargill Investor Services and Calyon Financial each sold 300 November, Man Financial sold 800 August and 300 November, Refco sold 500 November, and RJ O'Brien and Tenco each sold 400 November. Commodity funds were estimated sellers of 2,000 contracts.

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

#### CBOT Soy oil futures as 06 July 2005 (Cents/pound)

Months	Previous Settle	Open	High	Low	Change	Close
Jul'05	25.30	25.20	25.57	25.00	-0.30	25.00
Aug'05	25.39	25.34	25.68	25.00	-0.30	25.09
Sep'05	25.51	25.52	25.78	25.17	-0.33	25.18

CBOT remains closed on Saturday and Sunday.

#### South American Soybean Market

August South American soybeans closed 21 cents higher on the session yesterday, following the US market higher, but increased producer selling in South America limited the gains and the building of a weather premium in the US market pulled to US market to a higher premium.

Traders are also monitoring China's demand for South American soybeans, with the recent break and cheaper freight rates seen as factors, which might entice demand.

China weather has been mixed, with flooding in some areas and hot and dry weather in other areas of the northern plains. The results of the rapeseed harvest in China have been disappointing, which has led to talk of a drop of 15% in production this season. This seems to support the idea that China will remain an active buyer of soybeans.

The soybean market seems to have the weather forecast to continue to attract speculative and end user buying over the near term, as dryness in Illinois and Indiana and tropical storms in the gulf, which might spread Asia rust to the southeast, are seen as factors, which might reduce yields.

Traders are looking for a decline of 2-4% in crops rated in good to excellent condition whereas the weekly report showed a 1% decline at 58% good to excellent. Still, this was down 9% from last year and down 4% from the 15-year average at this time of the year. Crops in poor to very poor condition jumped to 12%, up 4% from last year and the 15-year average.

India officials indicate that July monsoon rains are likely to be near 97% of average, which should be enough for oilseed plantings to proceed.

The Latin American soybean market is expected to trade lower on short-term technical correction but long term sentiment is still bullish.

#### KLCE (Malaysian Palm Oil):

Crude palm oil futures on the Bursa Malaysia Derivatives ended lower Thursday, with the bulk of the declines coming in late trading amid reports of explosions in London.

The market was little changed most of the day as participants largely stayed on the sidelines due to an absence of fresh leads. However, the market fell sharply in the last hour of trading in tandem with steep declines in soy complex futures in electronic trading.

The drop in both the palm oil and soy markets came just as news circulated that there had been explosions on at least three London buses and on the London subway system.

While speculators may seize on the London blasts as an excuse to sell down the market, the weakness isn't sustainable because the fundamentals for palm oil haven't changed.

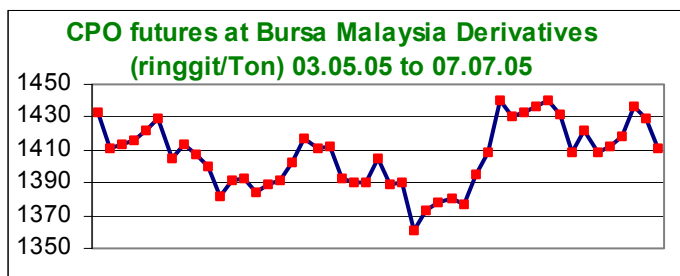
The Malaysian Palm Oil Board is scheduled to issue Monday official June production, exports and end-month stocks. Cargo surveyors SGS (Malaysia) Bhd and Intertek Agri Services are also due to issue July 1-10 palm oil export estimates Monday.

Participants are also closely watching weather conditions in the U.S. soybean areas and the spread of Asian soybean rust. Any major crop damage in the U.S. would affect oilseeds output in the coming year, which would in turn influence prices of palm oil in the longer term.

In the Malaysian cash market, prices of palm oil products are expected to move downward following the suit of the US soybean market.

#### KLCE CPO Futures (07.07.05) (In Ringgit /T)

Months	Previous	Open	High	Low	Change	Close	Volume (*lots)
Jul'05	1426	1425	1425	1409	-17	1409	61
Aug'05	1427	1431	1433	1409	-18	1409	447
Sep'05	1429	1432	1435	1408	-18	1411	3210



## Domestic:

### Palm oil

The domestic palm oil market today also continued range bound amidst declining trade in the international markets.

The Malaysian markets declined sharply towards the end of the day amidst lack of concrete trading directions and news of the bomb blast in London.

The import quantum has grown marginally. In the month of July (till 07.07.05) the country has imported about 0.30 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 Friday as the market is expected to receive less support from the Malaysian markets and the steady decline in retail demand.

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

Centres	07.07.05	06.07.05	Change
Kandla CPO (5 % FFA)	330	330	0
Mumbai CPO (5% FFA)	333	333	0
Kandla RBD Palmolein	356	354	+2
Mumbai RBD Palmolein	369	366	+3
Chennai RBD Palmolein	368	368	+0
Kakinada RBD Palmolein	370	369	+1

### Soy oil

The domestic market opened firm and traded further up for most of the day but declined sharply towards the end of the day as the news of the London terrorist attack poured in causing wide spread uncertainty in the domestic as well as the US markets.

The international market declined sharply at the CBOT screen trade towards the end of the trading session in India as the London economy would be affected significantly in the coming days following the attack. At the time of closure the NBOT July Contract was trading at Rs. 372.60 (Down by Rs. 2.40).

The Hazir market continued improving marginally owing to the increasingly positive sentiments at the futures.

Prices for soy degum (High-Seas) at Kandla were quoted at Rs 340 per 10 kg. CNF prices for soy degum (June Shipment) at Kandla were quoted at \$ 517 per tonne.

The market is expected to open marginally on the lower side for Friday on continuing sentiments of today but is expected to improve in the second half.

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

Centres	07.07.05	06.07.05	Change
Mumbai (Soy ref)	365	363	+2
Indore (Soy Ref oil)	374	373	+1
Indore (Soy Solvent Ex. oil)	352	352	0
Kota (Soy Ref. Oil)	377	375	+2
Jaipur (Soy Ref. Oil)	378	377	+1

### NBOT Soy oil futures as on 07.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Change	Close Price	Volume
Jul'05	375.00	375.80	376.50	372.60	-2.40	372.60	16800
Aug'05	383.50	385.50	385.70	380.70	-2.80	380.70	29460
Sep'05	0.00	N.A	N.A	N.A	0.00	N.A	N.A

### NCDEX Soy oil futures as on 06.07.2005 (Rs/10 kg)

Months	Previous Closing	Open Price	High Price	Low Price	Close Price	Volume	Open Interest
Jul'05	376.10	377.25	378.70	376.70	378.40	11240	24840
Aug'05	382.90	384.00	386.85	383.80	386.20	24740	33400
Sep'05	386.50	387.95	390.75	387.00	389.75	10810	17180

### Rape oil

The rape oil market today traded significantly lower amidst increased panic selling towards the end of the day as the news of London being rocked by series of bomb blast came in.

The traders are expressing their concern over the declining demand in the retail market as the millers have already procured the needed amount for the next ten days in advance.

Today, the rape oil found increased support from the buyers at major exchanges growing uncertainty regarding the unsteady progress of monsoon in the starting session but it declined significantly as the news of the terrorist attack in London poured in. In the spot markets the prices continued on the higher side amidst growing uncertainty in the supply.

Today the new crop arrival reached 0.41 lakh bags in Rajasthan and about 0.10 lakh bags in Madhya Pradesh.

Overall, it is expected that the rape oil will continue trading on higher side with slightly weak start for Friday as the retail supply is expected to be on the declining side amidst uncertain progress in planting of other edible oil crops.

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

Centres	07.07.05	06.07.05	Change
Mumbai (Rape Expeller Oil)	394	390	+4
Kota (Rape Expeller Oil)	380	377	+3
Jaipur (Rape Expeller Oil)	384	380	+4
Neewai (*Kacchi Ghani Rape Oil)	400	395	+5
Delhi (Rape Expeller Oil)	402	400	+2

### Groundnut oil

Groundnut oil today continued improving marginally at various centres owing to the uncertain crop prospects in lieu of the spreading floods in Gujarat and parts of western Madhya

Pradesh and improving prospected of the commodities at the futures.

The domestic demand is expected to improve marginally in the coming days amidst growing uncertainty in the cultivation of the new crop.

Currently, sowing has been hampered in the groundnut growing regions of Gujarat and adjoining areas of Madhya Pradesh due to flood.

The range-bound positive trade in groundnut oil prices is expected to continue for the coming days amidst growing uncertainty about the upcoming crop.

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

Centres	07.07.05	06.07.05	Change
Mumbai	475	473	+2
Rajkot	515	510	+5
Andhra Region	498	495	+3
Chennai	500	498	+2

### LATEST WEATHER WATCH (07.07.2005)

#### Progress of Monsoon

Yesterday's well marked low pressure area over southwest Uttar Pradesh and adjoining East Rajasthan further weakened into a low pressure area over Northeast Rajasthan and adjoining Haryana. It is likely to move in a west northwesterly direction and weaken further. Associated cyclonic circulation extends upto 5.8km above sea level.

The upper air cyclonic circulation over Northwest Rajasthan and neighbourhood has merged with above system.

The upper air cyclonic circulation over North west Bay of Bengal off Gangetic West Bengal-Orissa coast persists and now extends upto 5.8 km above sea level tilting southwestwards with height.

The axis of the monsoon trough at sea level passes through Anupgarh, centre of the low, Banda, Daltonganj, Jamshedpur, Balasore and thence southeastwards to North Bay of Bengal.

During past 24 hours, Southwest monsoon has been vigorous over Haryana, Punjab, Himachal Pradesh and Jammu & Kashmir and active over West Uttar Pradesh and East Rajasthan. Rain/Thundershowers occurred at most places over Andaman & Nicobar Islands, Coastal Karnataka and Kerala; at many places over Assam & Meghalaya, Nagaland, Mizoram, Manipur & Tripura, Gangetic West Bengal, Orissa, East Uttar Pradesh, Uttaranchal, Madhya Pradesh and Vidarbha and at a few places over Arunachal Pradesh, Jharkhand, West Rajasthan, Chhattisgarh, Konkan & Goa, Madhya Maharashtra, Coastal Andhra Pradesh Telangana and South Interior Karnataka. It was isolated over rest regions of the country outside Saurashtra & Kutch and Lakshadweep where weather was mainly dry.

#### Forecast Valid for Next 24 Hours

Rain/thundershowers are likely at most places over Haryana, Chandigarh & Delhi, Punjab, Himachal Pradesh, Jammu & Kashmir and north Rajasthan; at many places over West Uttar Pradesh and Uttaranchal and at a few places over East Uttar Pradesh till 8th evening. Rainfall activity over these regions is likely to get reduced during next 36 hours.

Rain/thundershowers likely at many places over Gangetic West Bengal, Orissa, Konkan & Goa, north Andhra Pradesh, Coastal Karnataka and Kerala; at a few places in the Andaman & Nicobar

Islands, northeastern States, Sub-Himalayan West Bengal & Sikkim; Jharkhand, Bihar, Chhattisgarh, Madhya Pradesh, interior Maharashtra, south Andhra Pradesh, Interior Karnataka and Lakshadweep and isolated over the remaining parts of the country during next 3 days.

#### Outlook for subsequent two days:

Rainfall activity over peninsular India and interior Maharashtra is likely to increase slightly. It is also likely to increase over northeastern States, Sub-Himalayan West Bengal & Sikkim and Bihar. No large change is expected over the central parts of the country.

#### Heavy Rains Warning

Heavy to very heavy rainfall likely at a few places over Jammu & Kashmir, Himachal Pradesh, Uttaranchal, Haryana including Chandigarh & Delhi and Punjab and isolated over West Uttar Pradesh and north Rajasthan until 8th evening. Isolated heavy rainfall also likely over West Bengal & Sikkim, Orissa, Konkan & Goa, Coastal Karnataka and Kerala during next 48 hours.

#### Agricultural Activities

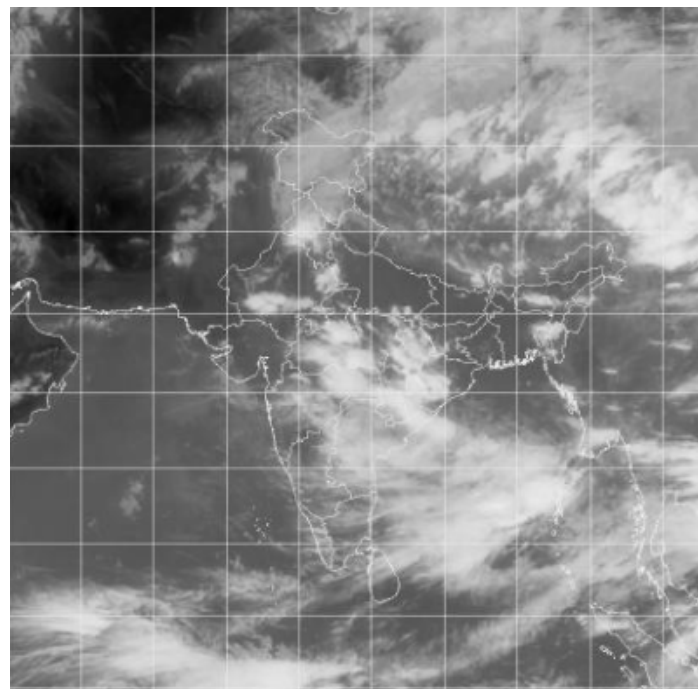
Rainfall (18.0 mm) has occurred during the last week as against normal rainfall (45.0 mm) at Parbhani of Marathwada region of Maharashtra. The rainfall was deficit by 50 percent to 75 percent of the normal. The sowing operations are almost suspended and the crops sown earlier are facing moisture stress at early growth stages. The sowing time of mung bean and urd bean is already over. Still there is time for sowing of kharif crops like jowar, cotton, arhar, pearl millet, soybean etc. Minor infestation of leaf curling on tomato was observed in Marathwada region of the state.

In Haryana, very heavy rainfall was recorded from northern and central parts of the state during past 24 hrs. However, the districts of Sirsa and adjoining parts of Fatehabad were reported to be dry.

Widespread medium to heavy rainfall was recorded in Chhattisgarh during last week. Sowing of kharif crops is in progress.

#### Latest Satellite Image of Monsoon Progress

(07.07.05 - 01.30 PM)





## PORT-WATCH (Latest)

Kandla Port is receiving 35,500 MT of SBO from the vessel 'Champion Venture'. The cargo was loaded from Brazil. Interocean agents is handling the vessel. The port is expecting 'Pacific Sound' to discharge 7,000 MT of CPO. The cargo was loaded from Padang. Interocean agents will be handling the vessel.

'MMM Galvestone' has berthed at Mumbai Port and continues to discharge 6,000 MT of CPO. The vessel is being handled by Atlantic agents. 'Zhong Hua 6' is expected at the port to discharge 5,000 MT of CPO.

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

Delivery of 5,550 MT of palm oil is continuing at Chennai Port from the vessel 'Takis'. The vessel is being handled by Interocean agents. 'Hua Yun 4' is expected at the port to discharge 3,000 MT of palm oil. Seaport agents will be handling the vessel.

Mundra Port is expecting 'Red Point' to deliver 27,000 MT of SBO. The vessel will be handled by Interocean agents.

Kolkata Port is expecting 'MMM Houston' to discharge 6,000 MT of CPO. Seaport agents will be handling the vessel.

New Mangalore Port is expecting 'Bumik' to deliver 3,100 MT of CPO.

## Current Vessels Positions

Ports	Vessels	Volume (Ton)	Carrying	Status
Kandla	Pacific Sound	7000	CPO	Expected
	Champion Venture	35500	SBO	Arrived
Kolkata	MMM Houston	6000	CPO	Expected
Mumbai	MMM Galvestone	6000	CPO	Arrived
	Zhong Hua 6	5000	CPO	Expected
Chennai	Takis	5550	Palm oil	Expected
	Hua Yun 4	3000	Palm oil	Expected
Mundra	Red Point	27000	SBO	Expected
Kakinada	Ocean Ace	6000	CPO	Expected
	Countess	4000	CPO	Expected
	Spring wind	6000	CPO	Arrived
	Mega Crown	2000	CPO	Expected
New Mangalore	Bumik	3100	CPO	Expected

## Forex Rates

(As on 07.07.2005)

Country/ Continent	Currency	Value in Rupees
USA	Dollar	43.64
Malaysia	Ringgit	11.47
European Union	Euro	52.01
United Kingdom	GBP	76.43
Japan	100 Yen	38.88

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