

VEGOIL

27th June - 02nd July 2005

MAJOR WEEKLY HIGHLIGHTS

- Sunflower Seeding Progressing Smoothly in US
- China's Soybean Imports Forecast to Jump 45%
- Palm Oil Market to Gain Strength With Expected Merger
- Unfavourable Weather have Led to Isolation Of Asian Soy Rust
- Brazilian Farmers Have Developed Expertise in Fighting ASA
- Indonesian Firms Reluctant to Invest in CPO-Based Biodiesel
- Heavy rains continue to destroy remaining good crops in Manitoba
- No Need For Cut In India CPO Import Duty
- Canadian Canola Production Estimates to Decline Marginally
- Soybeans Production in Canada to Decline Marginally
- Fats and Oil Usage Remains Above 2004 in United States
- Soybean Stocks Total 700 Million Bushels in US
- U.S. Mustard & Rapeseed Production Down Amidst decline in Acreage
- Indian Edible Oil Prices Unstable Amidst Rising Demand and Ample Supply
- China's Soybean Harvest to Decline by 1.3 Million Tonnes

*Latest Procurement details of NAFED (13.06.05)

NATIONAL & INTERNATIONAL NEWS

Sunflower Seeding Progressing Smoothly in US

Seeding of this year's sunflower crops is entering the final stages in most producing states, with growers making good progress on account of generally warm and dry weather conditions. If such conditions persist, it will become a concern for soil moisture conditions across the growing area and this year's potential yields. But, at this stage it remains too early to assert an impact on yields one way or the other. Topsoil moisture levels slipped from 97% adequate to surplus the previous week to 95%, while subsoil moisture levels dropped from 90% to 89% adequate to surplus. In Kansas, 90% of the sunflowers have been planted, compared with 78% last year and 88% for the 5-year average. Around 73% of the sunflowers have emerged, 15 points ahead of last year and 2 points ahead of the 5-year average. Colorado weather conditions turned mostly hot, dry, and windy this past week with temperatures reported above average throughout the state. Higher temperatures caused topsoil and subsoil moisture levels to decrease. Sunflowers were 90% planted by the end of the week with a condition rating of good to excellent. Warm temperatures during most of the week helped to accelerate crop growth across North Dakota, but rain showers continued to interrupt field operations. Warm, wet and

humid conditions were ideal for potential disease growth in all crops across the state.

China's Soybean Imports Forecast to Jump 45%

It is estimated that China will import 24.5 million tons of soybean in the 2004-05 fiscal year, a jump of 45 per cent as compared with the figure in the 2003-04 fiscal year according to China State Grain and Oil Information Centre. China imported 16.9 million tons of soybean in the 2003-04 fiscal year. China's domestic demand for edible oils in the 2004-05 fiscal year is expected to reach 18 million tons, resulting in a shortfall of 4 to 5 million tons. China State Grain and Oil Information Centre expressed that domestic demand for soybean dregs (including demand by the feed sector) will be 21.68 million tons, less than the predicted total production of 24.36 million tons. This decline in the production is expected to boost the trading prospects of US & Latin American soybean in the long run.

Palm Oil Market to Gain Strength With Expected Merger

Plantation firm Johore Tenggara Oil Palm Bhd (JTOP) expects its merger with Tradewinds (M) Bhd to be completed this year after securing shareholders' approval. Last year, businessman Tan Sri Syed Mokhtar Al-Bukhary, who has interests in both JTOP and Tradewinds, proposed to merge their plantation assets by forming a new company called Jubilant Century Bhd. Jubilant will take over the listing status of JTOP on the main board of Bursa Malaysia

Bhd. Abdul Rahman said JTOP will be among the top largest plantation players in the country in terms of landbank. It was estimated that the merger would increase JTOP's landbank size to 138,711 hectares. Abdul Rahman added that JTOP has about 1,000ha of matured plantation area currently being developed. He expects another 3,800ha to be ready for palm oil plantation and with that, better profits in three years' time. For the first quarter ended March 31, JTOP's net profit dropped nearly 90 per cent to RM 559000 while its revenue fell 8 per cent to RM16.18 million against the same quarter last year.

Unfavourable Weather have Led to Isolation Of Asian Soy Rust

Asian soybean rust so far has been isolated in Florida and Georgia thus far in 2005. the rust spores are unable to survive the cold winter. Also the environment in Florida has not been favorable for rust development. And another fact is that the weather currents have not allowed spore movement. Also, drought in the central Corn Belt also may be hindering the spread of soybean rust, as well as the development of soybeans themselves. Experts point out that the same conditions that are most conducive to high soybean yields, such as plentiful moisture and warm temperatures, are the same environment needed to promote the rapid spread of Asian soybean rust. This development in the soybean growing areas of US is expected to increase the speculative buying by the fund traders and cause further instability in the already fluctuating soybean complex prices.

Brazilian Farmers Have Developed Expertise in Fighting ASA

Asian Soybean Rust (ASA) arrived on the wind and spread across 80% of Brazil's soybean growing area, often devastating yields. Taking a ride on freak El Nino currents, it caught producers off guard and unprepared. After seeing the effects of uncontrolled fungus attacks on their fields, farmers in Brazil are ready. And that may have contributed - along with weather and less of a rust problem this year. The Mato Grosso Foundation, Embrapa and others are researching it, and I have high hopes they'll come up with a rust-resistant variety. Early identification of rust in the field can mean a big difference, and will likely continue to make that difference for a while. And even if (and when) tolerant or resistant varieties are introduced or that new rust-erasing active ingredient is found scouting and early identification of rust may well remain a part of Brazil's farming future.

Indonesian Firms Reluctant to Invest in CPO-Based Biodiesel

Interest in investment in the production of biodiesel fuel oil in Indonesia is still too low, so that the development of the CPO-based fuel has been progressing at a snail's pace. Businessmen are rather reluctant to invest in CPO-based bio- fuel oil because its price is much higher than that of petroleum-based diesel oil, especially now that diesel oil in Indonesia is still subsidized. On the market prospects of CPO-based biofuel oil in Indonesia, the minister said that the market was very large in view of the vast number of motor vehicles in the country in need of fuel oil, especially cheaper kind. The government as well as the media could assist in marketing CPO-based biofuel oil, by facilitating motorists on the benefits and lower prices of the new commodity.

Heavy rains continue to destroy remaining good crops in Manitoba

Heavy rains Sunday night to Monday morning hit areas in the central part of the province where crops were in real good shape leaving fewer crops in good shape. The area with poorer to no crops continues to grow. Wet fields, rapid crop growth in some areas combined with rapid weed growth is also causing havoc for farmers. Weeds reduce yields by squeezing out the good crop. Aerial applicators are gearing up for a heavy run on disease prevention spraying.

No Need For Cut In India CPO Import Duty

An Indian government panel headed by Director General of Foreign Trade K T Chacko has recommended that there is no need for a general cut in the import duty on crude palm oil. Crude palm oil is India's largest edible oil import item, which it buys primarily from Indonesia. The panel recommended that a certain amount of CPO imports by India could be taxed at a lower rate to balance the duty-free import of vanaspati from Nepal and Sri Lanka. CPO is the major ingredient of vanaspati oil. The panel's recommendations require Cabinet approval.

Canadian Canola Production Estimates to Decline Marginally

Production is forecast to decline slightly from 7.728 million to 7.5 million MT, with a 9% rise in harvested area more than offset by lower yields. Total supply is forecast to rise sharply from 8.487 million to 9.375 million MT, to the third highest level on record, because of burdensome carry-in stocks of 1.725 million MT. Domestic crush and exports for 2004-05 remain pressured by sharply higher world oilseed supply. In 2005-06, domestic crush is forecast to advance from 3 million to 3.2 million MT and exports from 3.3 million to 3.5 million MT, but will remain pressured by large world soybean and palm oil supplies. Carryout stocks are projected to rise to 2.1 million MT at the close of the 2005-06 marketing campaign, slightly under the record high set in 1999-00. Prices are projected to increase slightly due to higher world soybean and soyoil prices.

Soybeans Production in Canada to Decline Marginally

Production is forecast to decline slightly from 3.048 million to 2.95 million MT as a rise in projected harvested area is offset by lower yields. Supplies are expected to rise to a record 3.7 million MT as higher carry-in stocks more than offset the drop in output and imports. Domestic crush is forecast to increase from 1.5 million to 1.75 million MT on support from stronger crush margins while exports are expected to maintain the record pace of 1.0 million MT, unchanged from 2004-05. Carryout stocks are projected to fall from 525,000 to 400,000 MT, but remain historically high. Prices are forecast to rise slightly due to higher US prices.

Fats and Oil Usage Remains Above 2004 in United States

Total oils and fats usage in the United States is running well above year earlier levels, according to the latest data available from the U.S. Census Bureau. All usage in the first five months of the 2005 calendar year totals 9,378.8 million pounds, up from 8,860.9 million during the same January through May period of 2004. This year's increase is accounted for by a sharp jump in salad and cooking oil output, which jumped from 4345.6 million pounds last year to 5069.9 million pounds this year. That increase was partly offset by declines in the quantity of oils and fats used to make baking or frying fats and margarine.

Soybean Stocks Total 700 Million Bushels in US

Soybeans stored in all positions on June 1, 2005 totaled 700 million bushels, up 70% from June 1, 2004, according to the USDA's latest stocks in all positions estimates for the United States. On-farm stocks totaled 356 million bushels, up 224% from a year ago. Off-farm stocks, at 344 million bushels, are up 14% from the previous year. The March - May 2005 indicated disappearance is 682 million bushels, up 38% from the same period a year earlier.

U.S. Mustard & Rapeseed Production Down Amidst decline in Acreage

U.S. production of mustard and rapeseed is likely to decrease sharply this year in the United States as seeded area for both crops sinks, according to the USDA seeded area estimates for 2005. Planted area of mustard seed is estimated at 61,000 acres, down 12,000 acres from 2004. Mustard seed area for harvest is forecast at 42,500 acres, down 26,200 acres or 38% from the previous year. Rapeseed growers planted an estimated 2,200 acres, a 75% decrease from last year. Harvested rapeseed area is forecast to be 1,900 acres.

Soybean seeding in the United States is down 3%

Soybean seeding in the United States is down 3% from last year at an estimated 73.3 million acres, according to the USDA seeded area estimates for 2005. Area planted decreased or was unchanged from last year in all States except Kansas, Missouri, Nebraska, New York, North Carolina, Pennsylvania, Tennessee, and Texas. Area for harvest is forecast at 72.4 million acres, down 2% from 2004. Growers in the eleven major soybean producing States (Arkansas, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio, and South Dakota) planted 59.9 million acres, down 2% from 2004. The largest acreage decreases are in Minnesota and North Dakota, down 500,000 acres each.

Sunflower seeds Production to Increase Significantly in 2005

U.S. sunflower seeding totaled 2.71 million acres in 2005, up 45% from last year and the first acreage increase since 1998, according to the USDA seeded area estimates for 2005. Planted area of oil type varieties, at 2.18 million acres, is up 42% from 2004 and the non-oil varieties, estimated at 538,000 acres, are up 58% from last year. North Dakota planted area, at 1.23 million acres in 2005, is up 40% from 2004. Wet conditions adversely affected sunflower planting progress, which was behind average during June. Seventy-eight% of the crop was rated good to excellent as of June 19 compared with 54% last year. South Dakota sunflower acreage, at 620,000, is up 43% from last year.

Indian Edible Oil Prices Unstable Amidst Rising Demand and Ample Supply

India's edible oil prices were mixed in the week to Friday, as both demand and supply were good. In India, edible oil consumption falls in the hot summer months from April to May, while more oil sales take place from mid-June to August, the peak rainy season. The supply of oils is also ample, with imports in July likely to be around 450,000 metric tons. India imports around half of its total edible oil requirement, with 74% of imports comprising palm oil bought from Malaysia and Indonesia. The remainder is soyoil imported from South America. Meanwhile, traders expressed that sowing of oilseeds is progressing well all the growing areas except for Malwa in central India, where rains have been ample. Even in Malwa, rains are forecast

to improve soon. The excess rains in Gujarat province, the major groundnut-growing region, had caused flooding in many areas but that is not expected to damage the groundnut crop.

China's Soybean Harvest to Decline by 1.3 Million Tonnes

China, the world's biggest soybean importer, expected to gather 7% less of the oilseed this year because of planting delays caused by excess rain in Heilongjiang, the biggest soybean-growing province. Farmers may reap this year about 17 million tonne of the oilseed, used to make meal to feed poultry and livestock and cooking oil, according to a report today by Beijing Orient Agribusiness Consultant Ltd. The harvest last year was 18.3 million tonne. A drop in production may boost demand for imports from China, which counts on the US, Brazil and Argentina to meet about half of the country's consumption. China more-than-doubled soybean imports to 2 million tonne in May from the year-ago period. Imports are forecast to rise 41% to 23.8 million tonne in the marketing year ending September 30.

GLOBAL DYNAMICS

Soybean Oil Global Status

Top Countries: Current Marketing Year

Date Created: 6/13/2005

Production [Million Tonnes]

| Years | 2001-02 | 2002-03 | 2003-04 | 2004-05 (p) | 2005-06(f) |
|-------------|---------|---------|---------|----------------|------------|
| Brazil | 4,640 | 5,105 | 5,636 | 5,648 | 6,044 |
| China | 3,575 | 4,730 | 4,535 | 5,177 | 5,974 |
| Argentina | 3,876 | 4,383 | 4,513 | 4,752 | 5,022 |
| EU-25 | 3,165 | 2,922 | 2,535 | 2,550 | 2,590 |
| India | 855 | 632 | 1,022 | 870 | 1,019 |
| Mexico | 787 | 740 | 663 | 715 | 736 |
| Japan | 695 | 770 | 645 | 610 | 621 |
| Taiwan | 370 | 365 | 350 | 345 | 342 |
| Canada | 285 | 302 | 253 | 299 | 308 |
| Paraguay | 213 | 287 | 177 | 270 | 288 |
| Others | 1,842 | 1,870 | 1,820 | 2,020 | 2,084 |
| Total | | | | | |
| Foreign | 20,303 | 22,106 | 22,149 | 23,256 | 25,028 |
| US | 8,572 | 8,360 | 7,748 | 8,639 | 8,596 |
| World Total | 28,875 | 30,466 | 29,897 | 31,895 | 33,624 |

Exports [Million Tonnes]

| Years | 2001-02 | 2002-03 | 2003-04 | 2004-05 (p) | 2005-06(f) |
|--------------------|--------------|--------------|--------------|----------------|---------------|
| Argentina | 3,729 | 4,340 | 4,413 | 4,605 | 4,895 |
| Brazil | 1,775 | 2,267 | 2,719 | 2,684 | 2,969 |
| EU-25 | 909 | 731 | 570 | 683 | 697 |
| Bolivia | 153 | 227 | 210 | 228 | 234 |
| Paraguay | 157 | 198 | 186 | 219 | 233 |
| Iran | 160 | 265 | 160 | 160 | 170 |
| Malaysia | 150 | 85 | 63 | 65 | 63 |
| Norway | 28 | 30 | 51 | 38 | 38 |
| UAE | 15 | 56 | 33 | 30 | 32 |
| Romania | 5 | 9 | 25 | 23 | 23 |
| Others | 212 | 151 | 128 | 131 | 122 |
| Total | | | | | |
| Foreign | 7,293 | 8,359 | 8,558 | 8,866 | 9,476 |
| US | 1,143 | 1,027 | 424 | 635 | 635 |
| World Total | 8,436 | 9,386 | 8,982 | 9,501 | 10,111 |

Consumption [Million Tonnes]

| Years | 2001-02 | 2002-03 | 2003-04 | 2004-05 (p) | 2005-06(f) |
|--------------------|---------------|---------------|---------------|----------------|---------------|
| China | 4,137 | 6,389 | 7,174 | 7,417 | 8,561 |
| Brazil | 3,032 | 2,985 | 2,954 | 3,009 | 3,100 |
| India | 2,387 | 1,946 | 1,782 | 2,400 | 2,635 |
| EU-25 | 2,256 | 2,276 | 2,034 | 1,978 | 1,944 |
| Iran | 760 | 796 | 722 | 898 | 993 |
| Mexico | 939 | 937 | 746 | 810 | 861 |
| Japan | 700 | 731 | 720 | 668 | 673 |
| Korea | 396 | 371 | 405 | 414 | 422 |
| Morocco | 320 | 407 | 369 | 381 | 421 |
| Canada | 352 | 406 | 334 | 385 | 393 |
| Others | 5,649 | 5,271 | 4,825 | 5,063 | 5,272 |
| Total | | | | | |
| Foreign | 20,928 | 22,515 | 22,065 | 23,423 | 25,275 |
| US | 7,635 | 7,748 | 7,651 | 7,848 | 8,006 |
| World Total | 28,563 | 30,263 | 29,716 | 31,271 | 33,281 |

Imports [Million Tonnes]

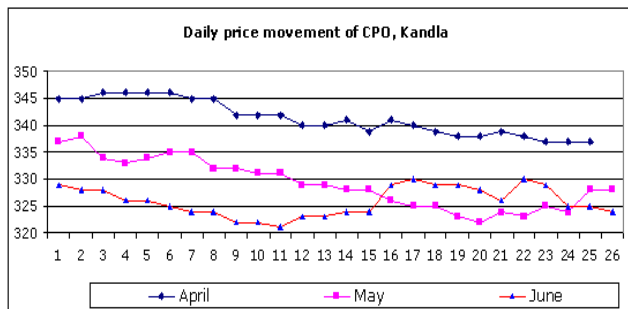
| Years | 2001-02 | 2002-03 | 2003-04 | 2004-05 (p) | 2005-06(f) |
|--------------------|--------------|--------------|--------------|----------------|--------------|
| China | 551 | 1,712 | 2,729 | 2,200 | 2,600 |
| India | 1,550 | 1,255 | 759 | 1,600 | 1,650 |
| Iran | 835 | 959 | 735 | 900 | 1,000 |
| Morocco | 303 | 367 | 281 | 335 | 365 |
| Venezuela | 214 | 201 | 302 | 302 | 315 |
| Bangladesh | 406 | 396 | 332 | 295 | 280 |
| Peru | 238 | 220 | 231 | 265 | 278 |
| Chile | 150 | 200 | 190 | 220 | 240 |
| Korea | 189 | 157 | 211 | 240 | 235 |
| Egypt | 341 | 268 | 215 | 220 | 230 |
| S. Africa | 106 | 137 | 175 | 180 | 190 |
| Others | 3,147 | 2,671 | 2,223 | 2,330 | 2,387 |
| Total | | | | | |
| Foreign | 8,030 | 8,543 | 8,383 | 9,087 | 9,770 |
| World Total | 8,030 | 8,543 | 8,383 | 9,087 | 9,770 |

Ending Stocks [Million Tonnes]

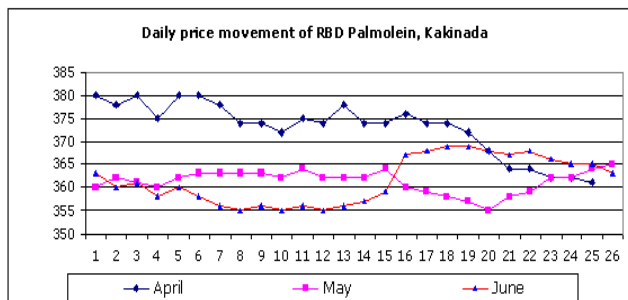
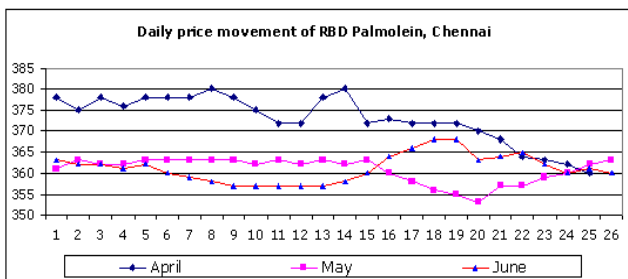
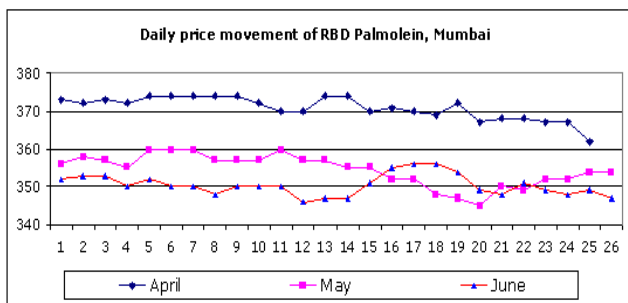
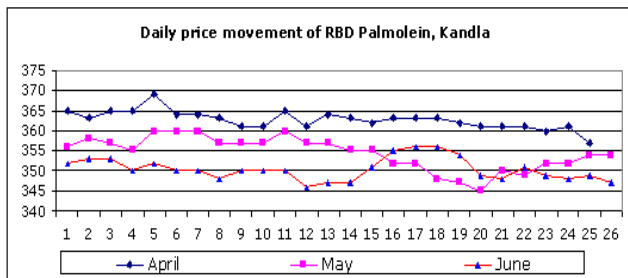
| Years | 2001-02 | 2002-03 | 2003-04 | 2004-05 (p) | 2005-06(f) |
|--------------------|--------------|--------------|--------------|----------------|--------------|
| China | 210 | 250 | 325 | 270 | 270 |
| India | 190 | 126 | 110 | 170 | 194 |
| EU-25 | 274 | 231 | 205 | 185 | 175 |
| Brazil | 177 | 100 | 95 | 95 | 100 |
| Argentina | 127 | 50 | 40 | 67 | 54 |
| Taiwan | 98 | 75 | 58 | 40 | 37 |
| Japan | 30 | 81 | 30 | 22 | 30 |
| Bangladesh | 70 | 60 | 26 | 25 | 23 |
| Korea | 23 | 18 | 12 | 20 | 20 |
| Morocco | 35 | 55 | 20 | 25 | 20 |
| Others | 307 | 249 | 144 | 152 | 145 |
| Total | | | | | |
| Foreign | 1,541 | 1,295 | 1,065 | 1,071 | 1,068 |
| US | 1,070 | 676 | 488 | 692 | 697 |
| World Total | 2,611 | 1,971 | 1,553 | 1,763 | 1,765 |

Inter-Day Price Movement Of The Prices Month Period (April 2005 - June 2005)

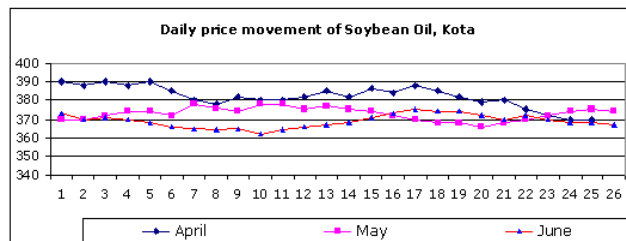
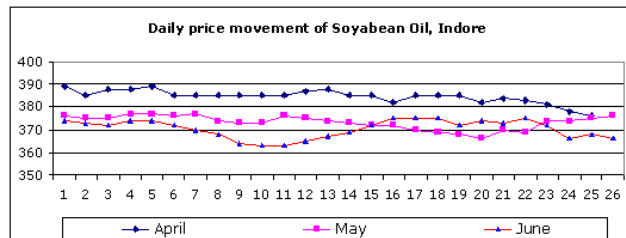
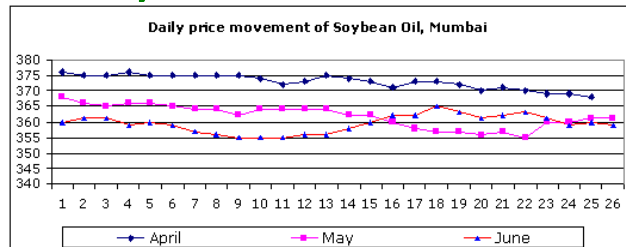
CPO Kandla



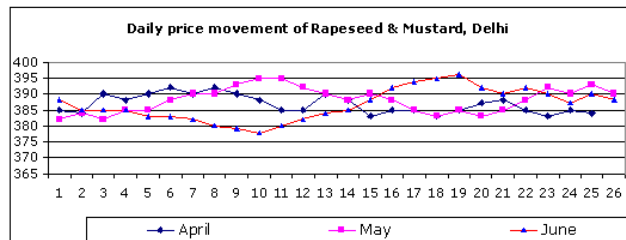
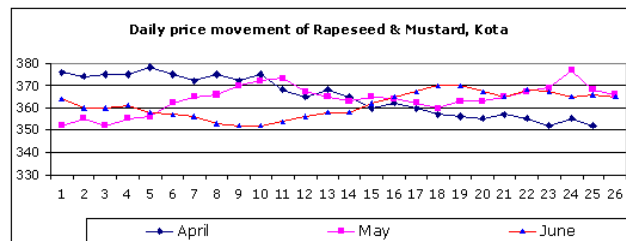
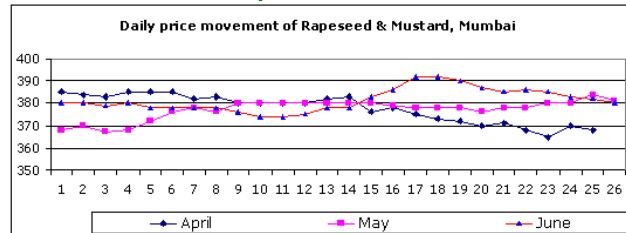
RBD Palmolein



Refined Soybean Oil



Refined Mustard / Rapeseed Oil



Crop Condition Of Rabi Oilseeds (Area In Lakh Hectares)

| Crop | Normal area | Area Coverage (As reported on 30.06.05) | | | Important States | Area Difference in absolute percentage over last estimate |
|-----------------------|-------------|--|-----------|------------|---|---|
| | | This Year | Last Year | Difference | | |
| Groundnut | 56 | 2.73 | 11.96 | -9.23 | Andhra Pradesh Gujarat Karnataka | (-0.8, -83.7) (-5.9, -83.8) (-0.3, -66.7) |
| Soybean | 63 | 0.54 | 3.56 | -3.02 | Karnataka Maharastra | (-0.8, -62.0) (-1.4, -94.4) |
| Sunflower | 5 | 1.17 | 2.67 | -1.50 | Andhra Pradesh Karnataka | (+0.01, +85.7) (-1.5, -62.2) |
| Sesamum | 16 | 1.04 | 2.69 | -1.65 | Karnataka Tamil Nadu | (-0.2, -34.8) (+0.2, +210.0) |
| Niger | 5 | 0.02 | 0.07 | -0.05 | Karnataka | (-0.02, -50.0) |
| Castor | 8 | 0.10 | 0.30 | -0.20 | Karnataka | (-0.02, -20.0) |
| Total Kharif Oilseeds | 152 | 5.59 | 21.25 | -15.66 | Andhra Pradesh Gujarat Karnataka Maharastra Rajasthan | (-2.3, -79.2) (-6.4, -84.9) (-3.6, -59.0) (-2.2, -96.1) (-1.2, -71.8) |

DOMESTIC MARKET ANALYSIS

Palm oil

The domestic palm oil prices continued improving last week on uncertain support and declining sentiments in the current monsoon.

The increasing uncertainty in the international palm market was attributed to the declining exports potential in Malaysia and improving soy oil futures in US. Cargo surveyor Intertek Agri Services estimated June Malaysian palm oil exports at 1.22 million tons, down 11.6% on month. Another surveyor SGS (Malaysia) Bhd pegged June exports at 1.23 million tons, down 9.5% on month. The estimates from both surveyors were slightly below market expectations as speculation was for exports of around 1.25 million to 1.28 million tons. This decline in the exports is expected to keep the Malaysian palm prices under tight check there by keeping the Indian prices on the range bound side.

Over the world, the uncertain rainfall condition has seriously taken over all the other factors affecting the price movement. The declining weather in US is expected to continue giving increased support to the market.

The indecisive support from the international markets is responsible for unsteady prices in the domestic markets. The Malaysian market increased significantly to stay above the psychological level of MYR 1400 per tonne, finding significant support from the US soybean market screen trade.

The rising support from the international markets is responsible for the increase prices in the domestic markets.

The Malaysian market improved significantly making it's way to over 1400 region finding support from the continuing dry weather in US, for the week and is expected to continue with same intensity as the US market is expected to improve further in the coming week owing to improving weather.

So far India has imported about 1.93 lakh tonnes of palm oil in the last month, which is quite less than the required. This decline in the imports is expected to maintain the bullish trend in the market for the coming week.

The price for palm oil in the market is expected to continue range bound in the positive side in the coming week as the market is expected to receive support from the Malaysian KLCE market.

| Weekly prices for RBD Palmolein (Rs/ 10 kg) | | | | | |
|---|----------|----------|----------|----------|----------|
| Centers | 27.06.05 | 28.06.05 | 29.06.05 | 30.06.05 | 01.07.05 |
| Kandla | 349 | 348 | 349 | 347 | 348 |
| Mumbai | 362 | 360 | 361 | 360 | 363 |
| Chennai | 366 | 365 | 365 | 363 | 365 |
| Kakinada | 366 | 364 | 365 | 367 | 368 |

| Weekly prices for CPO (Rs/ 10 kg) | | | | | |
|-----------------------------------|----------|----------|----------|----------|----------|
| Centers | 27.06.05 | 28.06.05 | 29.06.05 | 30.06.05 | 01.07.05 |
| Kandla | 329 | 329 | 329 | 329 | 329 |

Soy oil

The domestic market Improved significantly, towards the end of the week amidst the declining buying activities and support from the unsteady progress of monsoon in the country.

The US market is expected to continue trading on the higher side, following the growing strength in the US CBOT soy oil trade amidst uncertain weather conditions and prediction of extended dry weather in the major soybean growing areas of Iowa, Mississippi and Minnesota.

The US market is also expecting the fall in the end stock of the soybean complex in the US markets. Thus the market is

not expected to respond sharply to the estimated of the USDA to be released tomorrow evening.

The domestic future market trading started on a firm note but continued on the lower side for the week amidst declining support from the progressing monsoon conditions. The Hazir market continued to fall amidst of support from the consistently changing forecast of the monsoon, both in terms of amount and timings.

So far India has imported about 1.04 lakh tonnes of soybean oil in the last month, which is less than the required. This decline in the imports is expected to maintain the upward trend in the market prices for the coming week.

Overall the market is expected to continue range bound on the higher side for the coming week.

| Prices for Soy (ref) during the week (Rs/ 10 kg) | | | | | | |
|--|----------|----------|----------|----------|----------|----------|
| Centers | 27.06.05 | 28.06.05 | 29.06.05 | 30.06.05 | 01.07.05 | 02.07.05 |
| Mumbai | 361 | 359 | 360 | 359 | 360 | 362 |
| Indore | 372 | 366 | 368 | 366 | 367 | 372 |
| Kota | 370 | 368 | 368 | 367 | 368 | 373 |

Rape oil

The rape oil market is expected to find some support from the buyers at major exchanges. The irregularity in the progress of the current monsoon is the main cause of the slow and steady increase in the prices in the most of the domestic markets as well as major mustard exchanges.

NAFED has already entered the market and is selling the procured Mustard at the rate of 1600 per quintal (Rs. 100.00) below its buying price in various markets of Rajasthan.

The increased buying strengthened the sentiments giving way to the continuing unsteadiness in the market. For the week the new crop arrival reached 0.80-1.20 lakh bags in Rajasthan and about 0.30-0.50 lakh bags in Madhya Pradesh but the trend of arrival is weakening day by day.

The oilseeds crop sowing is not progressing smoothly in Madhya Pradesh as the incidence of rain has declined appreciably after the first phase of the monsoon rains.

Overall, it is expected that the rape oil will be trading on higher side towards the start of the week but gradually decline as the news sowing progress arrives.

| Prices for Rape Expeller Oil (Rs/ 10 kg) | | | | | | |
|--|----------|----------|----------|----------|----------|----------|
| Centers | 27.06.05 | 28.06.05 | 29.06.05 | 30.06.05 | 01.07.05 | 02.07.05 |
| Mumbai | 385 | 383 | 382 | 380 | 382 | 385 |
| Kota | 367 | 365 | 366 | 365 | 367 | 370 |
| Delhi | 390 | 387 | 390 | 388 | 391 | 394 |

Groundnut oil

Groundnut oil continued to be on firm trend for the whole of the week at major centres. The price surged ahead significantly all through the week seeing increased uncertainty in the monsoon and low planting report which might lead to decline in the production of the ground nut crop in the coming cropping year.

The continuing the monsoon in the southern India 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 declining supply of the groundnut seeds is causing uneven and surging movement in the groundnut oil prices.

The increasing prices in groundnut oil prices in the domestic markets is likely to continue for the coming week amidst increased uncertainty in the coming monsoon in the long run.

| Prices for groundnut oil during the week (Rs/10 kg) | | | | | | |
|---|----------|----------|----------|----------|----------|----------|
| Centers | 27.06.05 | 28.06.05 | 29.06.05 | 30.06.05 | 01.07.05 | 02.07.05 |
| Mumbai | 453 | 455 | 454 | 453 | 460 | 462 |
| Rajkot | 490 | 492 | 485 | 484 | 495 | 500 |
| Andhra Pradesh | 488 | 491 | 490 | 488 | 490 | 495 |
| Chennai | 490 | 493 | 490 | 487 | 492 | 496 |

Sunflower Oil

The sunflower oil market this week continued to move ahead following the declining retail supply and increased demand owing to the declining progress in the planting of the oilseed crops.

The weak port report of palm oil and the soy oil, encouraging stock of groundnut oil and consistent decline in the retail demand are the main cause of the increase of price in the sunflower market.

The continuing high level of demand at the retail end and the expected decline in the import of other edible oils in this as well as in the coming month are expected to keep the prices on the rise.

The market is expected to behave firm in the coming week amidst increased demand from the retail end.

| Prices at Indian Centers (Rs/10 Kg) | | | | | | |
|-------------------------------------|----------|----------|----------|----------|----------|----------|
| Centers | 27.06.05 | 28.06.05 | 29.06.05 | 30.06.05 | 01.07.05 | 02.07.05 |
| Sunflower Refined oil | | | | | | |
| Mumbai | 400 | 400 | 400 | 400 | 408 | 410 |
| Chennai | 415 | 415 | 42 | 422 | 425 | 425 |
| Hydrabad | 415 | 418 | 420 | 420 | 425 | 428 |
| Sunflower Expeller oil | | | | | | |
| Mumbai | 440 | 440 | 440 | 440 | 445 | 447 |
| Chennai | 440 | 442 | 445 | 445 | 448 | 450 |
| Hydrabad | 442 | 440 | 445 | 445 | 448 | 454 |

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Palm oil is currently still at a relatively narrow discount of \$60-\$70/ton to soyoil. That means a further rise in palm oil prices, if not followed by gains in South American soyoil,

would hurt the commodity's competitiveness in the world market.

Downside room for palm oil prices was relatively limited since palm oil had lagged a recent rally in soyoil to around one-year highs. The market's longer-term outlook remains uncertain as participants are still closely watching the progress of the U.S. soybean crop, currently in a crucial growing period.

There were some rumours that production may be down slightly, possibly about 3% (on month). Lower production suggests palm oil stocks may stay flat or fall slightly at the end of June, contrary to earlier concerns of a build up in inventories.

In the Malaysian cash market, prices of palm oil products were steady, supported by gains in CPO futures.

USDA confirmed that a cow it diagnosed last week with mad-cow disease, or bovine spongiform encephalopathy, was born and raised in Texas. The confirmation was significant as it makes the animal the first native-born case of BSE in the U.S. Concerns over the possibility of BSE infecting other cows weighed on market sentiment, as demand for animal feed such as soymeal could potentially be affected.

Cargo surveyor Intertek Agri Services estimated June Malaysian palm oil exports at 1.22 million tons, down 11.6% on month. Another surveyor SGS (Malaysia) Bhd pegged June exports at 1.23 million tons, down 9.5% on month. The estimates from both surveyors were slightly below market expectations as speculation was for exports of around 1.25 million to 1.28 million tons.

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.

The Malaysian market is expected to continue marginally lower for the next week amidst expected support from the US soybean market.

Soybean Market United States

The outlook for a few days of cooler weather in the Midwest and increased chances of scattered rains across the eastern cornbelt was enough to trigger the lower opening and follow-through technical selling (thought to be long liquidation) emerged to pressure futures into the mid-session.

The weekly crop progress report showed crops rated in good-to-excellent condition fell to 59% from 63% last week and 62% as the 15-year average for this time of the year. Poor to very poor readings jumped to 11% from 8% as the 15-year average for this time of the year. Traders were expecting a 2-5% decline.

For the week ending June 26th, Illinois crops were rated 33% in good to excellent condition, which was down from 46% last week and 52% the previous week. For the Grain Stocks report, traders look for June 1st soybean stocks

near 715 million bushels (range 675-750) as compared with 411 million last year.

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.

Taiwan is tendering for 40,000-60,000 tonnes of US or Brazilian soybeans.

Ideas that next week's rain event in Illinois will show only scattered thunderstorms, disappointing rain amounts for yesterday and the short-term oversold condition of the market helped support impressive buying.

India weather officials this morning indicated an outlook for normal monsoon rains this month and this news may have limited the support in oil. Traders expect increased volatility on Tuesday morning due to weather forecast uncertainties.

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

South American Soybean Market:

Rumours that weak processor margins in China caused some shipment delays or even cancellations from South America took the back seat on Friday to the focus on weather, but the increased supply and lull in short-term demand for South America soybeans could keep the US market gaining on South American soybeans.

Crop conditions are likely to see a major revision lower for Illinois, Missouri and Arkansas, as heat and a lack of rain for the past week probably increased stress on the crops there. For the week ending June 19th, Illinois crops were rated 46% in good to excellent condition, down from 52% the previous week.

Improved growing weather in China could slow new buying interest as well, as the heat has subsided and weekend rains were hefty. Cash selling from Brazil producers has been active recently, but selling is expected to slow with a weakening basis structure and a 50 cent break yesterday.

Extreme volatility in futures could continue, with funds holding a record or near record net long position in meal and soybeans from Friday's Commitment of Traders report. Funds were noted sellers of nearly 14,000 contracts.

End users also froze on the break, and determining where the cash market stands in Brazil is a difficult task at this point. Early signals for the upcoming Brazil crop suggest declining production. Seed sales are down sharply (10% sold versus 70% sold last year at this time), and for the first 5 months of this year, fertilizer sales are down 24% from last year's pace.

Slower demand from China, improved weather in China and India and slow demand for exports from the US remain short-term negative forces. Scattered thunderstorms over the next few days for Illinois along with a cool down in temperatures from the upper 90's expected for Wednesday might help ease stress, but it does not appear to be enough to shift the weather trend.

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 in the coming week amidst expected support from the US soybean market.

VAYDA BAZAAR

Soy oil futures at National Commodity & Derivatives Exchange Limited (NCDEX) and NBOT improved on increased speculative buying support amidst expected uncertainty in the monsoon in the ongoing month and increased international support. Settlement prices for July soy oil future at National Commodity and Derivatives Exchange (NCDEX) was in between Rs 372.45-375.15 kg and at National Board of Trade (NBOT) was in the range of 371.00-373.90 per 10 kg.

Weekly settlement prices for soy oil at NBOT

| Contracts | 27.06.05 | 28.06.05 | 29.06.05 | 30.06.05 | 01.07.05 | 02.07.05 |
|-----------|----------|----------|----------|----------|----------|----------|
| Jul'05 | 372.80 | 371.40 | 371.50 | 371.00 | 371.00 | 373.90 |
| Aug'05 | 378.10 | 377.30 | 377.40 | 376.90 | 377.00 | 381.20 |
| Sep'05 | N.A | N.A | N.A | N.A | N.A | N.A |

Weekly settlement prices for soy oil at NCDEX

| Contracts | 27.06.05 | 28.06.05 | 29.06.05 | 30.06.05 | 01.07.05 | 02.07.05 |
|-----------|----------|----------|----------|----------|----------|----------|
| Jul'05 | 374.65 | 372.55 | 372.85 | 372.45 | 372.75 | 375.15 |
| Aug'05 | 380.05 | 378.10 | 378.00 | 378.10 | 378.35 | 381.90 |
| Sep'05 | 383.05 | 380.85 | 380.65 | 380.90 | 381.75 | 385.50 |

Groundnut Seeding Progress (till 17th 06.05)

| STATE | Total for the season | | By the week end | | |
|----------------|----------------------|-------------------|-----------------|------|------|
| | NORMAL | 2004-2005 Prelim. | 2003 | 2004 | 2005 |
| Andhra Pradesh | 14.18 | 15.94 | 0.06 | 0.54 | 0.12 |
| Assam | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Bihar | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 |
| Chhattisgarh | 0.33 | 0.62 | 0.00 | 0.00 | 0.00 |
| Gujarat | 18.43 | 18.92 | 0.75 | 2.02 | 0.85 |
| Haryana | 0.01 | 0.03 | 0.00 | 0.00 | 0.00 |
| Karnataka | 7.84 | 7.84 | 0.05 | 0.90 | 0.23 |
| Madhya Pradesh | 2.17 | 2.15 | 0.00 | 0.00 | 0.00 |
| Maharashtra | 3.68 | 3.38 | 0.00 | 0.03 | 0.00 |
| Orissa | 0.33 | 0.92 | 0.00 | 0.00 | 0.00 |

| | | | | | |
|---------------|-------|-------|------|------|------|
| Punjab | 0.05 | 0.06 | 0.00 | 0.00 | 0.00 |
| Rajasthan | 2.33 | 2.73 | 0.33 | 1.19 | 0.39 |
| Tamil Nadu | 4.44 | 3.84 | 0.75 | 0.13 | 0.35 |
| Uttar Pradesh | 1.02 | 1.16 | 0.00 | 0.00 | 0.00 |
| West Bengal | 0.02 | 0.05 | 0.00 | 0.00 | 0.00 |
| Others | 0.03 | 0.09 | 0.16 | 0.02 | 0.01 |
| TOTAL | 54.87 | 57.73 | 2.10 | 4.83 | 1.95 |

Soybean Seeding Progress (till 17th 06.05)

| STATE | Total for the season | | By the week end | | |
|----------------|----------------------|-------------------|-----------------|------|------|
| | NORMAL | 2004-2005 Prelim. | 2003 | 2004 | 2005 |
| Andhra Pradesh | 0.31 | 0.92 | 0.00 | 0.20 | 0.00 |
| Assam | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Bihar | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Chhattisgarh | 0.14 | 1.01 | 0.00 | 0.00 | 0.00 |
| Gujarat | 0.10 | 0.27 | 0.00 | 0.00 | 0.00 |
| Haryana | 0.00 | 0.02 | 0.00 | 0.00 | 0.00 |
| Karnataka | 0.66 | 1.78 | 0.06 | 0.88 | 0.09 |
| Madhya Pradesh | 43.44 | 46.43 | 0.00 | 0.00 | 0.00 |
| Maharashtra | 12.51 | 22.58 | 0.00 | 0.24 | 0.08 |
| Orissa | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Punjab | 0.00 | 0.06 | 0.00 | 0.00 | 0.00 |
| Rajasthan | 5.55 | 5.95 | 0.00 | 0.05 | 0.00 |
| Tamil Nadu | 0.00 | 0.02 | 0.00 | 0.00 | 0.00 |
| Uttar Pradesh | 0.11 | 0.19 | 0.00 | 0.00 | 0.00 |
| West Bengal | 0.01 | 0.00 | 0.00 | 0.00 | 0.00 |
| Others | 0.34 | 0.34 | 0.09 | 0.00 | 0.00 |
| TOTAL | 63.17 | 79.57 | 0.15 | 1.37 | 0.17 |

Canadian Mustard Seed Supply-Demand Estimates (acres, metric tons)

| Year | 2001 | 2002 | 2003 | 2004 | 2005 |
|----------------------|---------|--------|--------|--------|---------|
| Incomings | | | | | |
| Acreage | 410000 | 715000 | 840000 | 783000 | 537000 |
| Production | 122800 | 154300 | 226100 | 305500 | 204000 |
| Carrying | 115000 | 45000 | 60000 | 92000 | 211000 |
| Stocks | 237800 | 199300 | 286100 | 397500 | 415,000 |
| Disappearance | | | | | |
| Europe | 69,680 | 47,425 | 44666 | 43600 | 45200 |
| Americas | 48,371 | 42,255 | 55868 | 57200 | 57000 |
| Pacific Rim | 52,083 | 23884 | 18857 | 17600 | 48000 |
| Arab/Africa | 544 | 474 | 1894 | 2500 | 1600 |
| Total Export | 170,678 | 114037 | 121285 | 120900 | 151800 |

| Consumption | | | | | |
|------------------|-------|--------|--------|--------|--------|
| Seed/Waste/Other | 7714 | 9163 | 56554 | 49181 | 46619 |
| Domestic | 14408 | 16099 | 16260 | 16420 | 16580 |
| Usage | 19280 | 139300 | 194099 | 186501 | 214999 |
| Carryover | 45000 | 60000 | 9200 | 211000 | 200000 |
| Usage/Stocks (%) | 23.3 | 43.1 | 47.4 | 113.1 | 93.0 |

Forecasts by STAT Market Research based on data from
Statistics Canada (Created Jun 23, 2005)

U.S. Oilseeds Supply and Distribution (13.06.07)

| Year | Area Harvested | Yield | Production | Exports | Imports | Crush | Ending Stocks |
|------------------------------|----------------|-------|------------|---------|---------|-------|---------------|
| Soybean (MY Sep/Aug) | | | | | | | |
| 2000/2001 | 29303 | 2.6 | 75055 | 27103 | 97 | 44625 | 6743 |
| 2001/2002 | 29532 | 2.7 | 78672 | 28948 | 63 | 46259 | 5663 |
| 2002/2003 | 29339 | 2.6 | 75010 | 28423 | 127 | 43948 | 4853 |
| 2003/2004 | 29330 | 2.3 | 66778 | 23946 | 151 | 41631 | 3059 |
| 2004/2005 | 29930 | 2.9 | 85484 | 30209 | 136 | 45586 | 8713 |
| 2005/2006 | 29380 | 2.7 | 78789 | 30890 | 82 | 45722 | 6930 |
| Rapeseed (MY Jun/May) | | | | | | | |
| 2000/2001 | 608 | 1.5 | 909 | 220 | 217 | 773 | 39 |
| 2001/2002 | 590 | 1.5 | 908 | 218 | 125 | 757 | 68 |
| 2002/2003 | 520 | 1.3 | 697 | 287 | 197 | 576 | 72 |
| 2003/2004 | 433 | 1.6 | 686 | 304 | 243 | 630 | 40 |
| 2004/2005 | 340 | 1.8 | 613 | 134 | 450 | 884 | 66 |
| 2005/2006 | 412 | 1.5 | 630 | 184 | 325 | 743 | 76 |

Area - Acres, Production, Export, Import, Crush & Ending Stock - Million Tonnes, Yield - Tonne/Acre

Source: Foreign Agricultural Service, Official USDA Estimates for June 2005

Forex Rates

(As on 02.07.2005)

| Country/ Continent | Currency | Value in Rupees |
|--------------------|----------|-----------------|
| USA | Dollar | 43.57 |
| Malaysia | Ringgit | 11.47 |
| European Union | Euro | 52.07 |
| United Kingdom | GBP | 77.05 |
| Japan | 100 Yen | 39.00 |

PORT WATCH

Port updates of Edible oils in India (01 June - 30, June '05)
(Amount in Tonnes)

| Particulars | Expected | Arrived | Total |
|-------------|----------|---------|--------|
| SBO | 31000 | 104800 | 135800 |
| Palm Oil | 0 | 50500 | 50500 |
| CPO | 39000 | 143093 | 182093 |
| Total Palm | 18500 | 193593 | 212093 |
| Total Oil | 49500 | 298393 | 347893 |

Source: ANAS

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