

VEGOIL

June 5-10, 2006

MAJOR WEEKLY HIGHLIGHTS

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DOMESTIC & INTERNATIONAL NEWS

WASDE Oilseed & Oil Production Monthly Report:

OILSEEDS: U.S. oilseed supply and use prospects for 2006/07 are fractionally higher this month, mostly reflecting a small increase in soybean beginning stocks. Soybean production is projected at 3,080 billion bushels, unchanged from last month. Soybean stocks are projected at a record 655 million bushels, up 5 million from last month and up 85 million from 2005/06. The U.S. season-average soybean price for 2006/07 is unchanged at \$5.10 to \$6.10 per bushel, compared with a projected \$5.65 per bushel in 2005/06. Soybean meal prices for 2006/07 are projected at \$155 to \$185 per short ton and soybean oil prices are projected at 22.5 to 26.5 cents per pound, both unchanged from last month. Changes for 2005/06 include a 5-million bushel reduction in soybean crush reflecting lower-than-expected domestic soybean meal use in recent months. Increased soybean meal exports partly offset reduced domestic use. Soybean oil production, exports, and domestic use are all reduced this month, leaving soybean oil stocks fractionally lower. Soybean ending stocks are increased 5 million bushels to 570 million bushels. Soybean oil prices for 2005/06 are projected at 23.25 cents per pound, up 0.25 cents. Global oilseed production for 2006/07 is projected at 389.4 million tons, down 0.7 million tons from 2005/06 and down 0.6 million tons from last month. Foreign oilseed production is projected at 294.7 million tons, up 0.8 million tons from 2005/06. Global soybean production is projected to increase 1.9 million tons to a record 222 million tons. Higher yields in Brazil and increased area for Argentina will help push South American

production to a record 105 million tons, up 3 million from 2005/06. The Brazilian crop is projected at 56 million tons, up only slightly from a revised estimate of 55.7 million tons for 2005/06 as higher yields mostly offset reduced harvested area. Argentina soybean production is projected at a record 41.3 million tons due to increased area. Global production of high-oil content seed is down 4 percent due to lower rapeseed and sunflower seed production. Rapeseed production is projected lower for Canada and India, and production for EU-25 and China are projected almost unchanged from 2005/06. Sunflower seed production is lower for 2006/07 mainly due to reduced crop prospects for Russia and Ukraine. Global protein meal consumption is projected to increase 4 percent in 2006/07 mainly due to gains for soybean meal. Protein meal consumption is projected to increase 7 percent for China, which accounts for 40 percent of the increase in global protein consumption. World soybean trade is projected to reach a record 71 million tons, up 7 percent from 2005/06. China accounts for most of the increase in global trade with imports expanding 4 million tons to 31.5 million tons. Global vegetable oil consumption is projected to rise 5 percent led by increases for EU-25, China, and India. Increased consumption in EU-25 is primarily due to increased industrial use of rapeseed and palm oil as biodiesel production continues to expand. Global vegetable oil ending stocks are projected to decrease 9 percent from 2005/06.

Early U.S. 2006-07 Soybean Outlook

U.S. soybean production for 2006-07 is projected at 83.82 tonnes, USDA said in its latest Supply and Demand Report. Output at that level could mean ending stocks at a record 17.8 million tonnes, up 2.3 million tonnes from 2005-06. USDA also expects a lower soybean crush for 2005-06, reflecting lower-than-expected domestic soybean meal use in recent months as increased soybean meal exports partly offset reduced domestic use. USDA says that soybean ending stocks for 2005-06 likely will be 15.5 million tonnes. Global oilseed production for 2006-07 is projected at 389.4

million tonnes, down 0.7 million tonnes from 2005-06, according to USDA. Foreign oilseed production is projected at 294.7 million tonnes, up 0.8 million tonnes from 2005-06. USDA expects global soybean production is projected to be a record 222 million tonnes. Higher yields in Brazil and increased area for Argentina will help push South American production to a record 105 million tonnes, up 3 million from 2005-06. USDA projects the 2006-07 Brazilian crop at 56 million tonnes, up only slightly from the 55.7 million tonnes produced in 2005-06 as higher yields mostly offset reduced

harvested area. Argentina soybean production is projected at a record 41.3 million tonnes due to increased area, USDA said. World soybean trade is projected to reach a record 71 million tonnes, up 7% from 2005-06, according to USDA. China accounts for most of the increase in global trade with imports expected to reach 31.5 million tonnes.

Brazil To Harvest 53.8 Million Tonnes of Soybeans

Brazil's 2005-06 soy crop estimate is 53.8 million tonnes, the National Commodities Supply Corp. (Conab) said last week. Conab's estimates have declined over recent months to reflect dry weather in pockets of Parana and Bahia. Parana is Brazil's No. 2 soy producing state. Bahia is the largest producer in the northeast and the sixth-largest producer nationwide. Conab also said heavy rains during the harvest period in the center west have contributed to a lower than expected crop. Asian soy bean rust also led to production losses in Mato Grosso, the No. 1 producer. Conab says Mato Grosso would produce 15.9 million tonnes of soybeans, down from 17.7 million tonnes in 2004-05. Conab said Parana will produce 9.4 million tonnes, compared 9.5 million last year, when drought ruined roughly a third of the state's crop. No. 3 soy producer Rio

Grande do Sul likely will harvest 7.7 million tonnes in 2005-06 soy crop compared just 2.6 million in the 2004-05 crop. Rio Grande do Sul lost more than 75% of its soy crop last year because of dry weather in November 2004 through February 2005. Brazil planted 22.21 million hectares of soybeans in 2005-06, according to Conab. Yields in the center west were put at 2.424 tonnes per hectare. In the South yields are expected to be 2.202 tonnes per hectare. Producers in the southeast should yield 2.384 tonnes per hectare and Northeast yields were put at 2.428 tonnes per hectare. In related news, Reuters reported last week that Brazil's 2005-06 soybean crop loss due to Asian soybean rust disease is estimated at 2.3 million tonnes. In January, the Brazilian agricultural research agency Embrapa estimated losses in 2004-05 at 4.5 million tonnes.

Malaysia: May Palm Oil Exports Down 3.04%

A cargo surveyor SGS (Malaysia) Bhd. released its export sales estimates on Monday i.e. June 12, 2006. Malaysia's palm oil exports in June 1-10, 2006 totaled 353636 metric

tonnes, up 1.41% from 348719 metric tonnes in May1-10, 2006.

Source: SGS (Malaysia) Bhd.

DOMESTIC MARKET ANALYSIS

Palm Oil

Palm oil prices on domestic spot market moved range bound with weak sentiments and sluggish trading activity during the period of June 5-8. Dull trading activities witnessed on the Bursa Malaysia Derivative exchange during the week. Most of the participants were waiting supply and demand figures of MPOB, which is scheduled to issue on Monday (official May production, exports and stocks data). Cargo surveyors Intertek Agri Services and SGS (Malaysia) Bhd. are due to release June 1-10

Malaysian palm oil export estimates by the same day. There were no clear-cut directions of the market due to lack of fundamentals. RBD palmolein prices on domestic spot market moved in a range of Rs 390-392 in Kandla and Rs 400-402 in Hyderabad market per 10 kg excluding VAT. FOB prices of CPO (June) were in a range of \$ 387.50 to 392.50/MT and RBD Palmolein moved in range of \$ 412.50- \$415.00/MT in the period of June 5-8.

Weekly prices for CPO

(Rs/ 10 kg)

Center	05.06.06	06.06.06	07.06.06	08.06.06	09.06.06	10.06.06
Kandla	373.00	373.00	371.00	372.00	372.00	371.00

Weekly prices for RBD Palmolein

(Rs/ 10 kg)

Center	05.06.06	06.06.06	07.06.06	08.06.06	09.06.06	10.06.06
Kandla	392.00	392.00	390.00	390.00	385.00	385.00
Mumbai	402.00	402.00	402.00	400.00	390.00	398.00
Chennai	409.00	409.00	407.00	407.00	406.00	403.00
Kakinada	385.00	385.00	385.00	386.00	386.00	388.00
Hyderabad	402.00	400.00	400.00	400.00	406.00	406.00
Delhi	435.00	435.00	430.00	430.00	430.00	430.00

Weekly prices for FOB (Kandla)

(US \$ / MT)

Center	05.06.06	06.06.06	07.06.06	08.06.06	09.06.06	10.06.06
CPO	392.50	390.00	387.50	390.00	390.00	Closed
RBD Palmolein	415.00	412.50	412.50	415.00	415.00	Closed

Refined Soy Oil

Refined soy oil prices on domestic spot market moved range bound with weak sentiments during the June 5th-8th. Prices declined slightly on account of higher estimate of sowing acreage in this coming season and it would bring positive impact on production. Better arrival of imported soy oil during this period also provided support to bears. Refined soy oil prices on domestic spot markets were traded in a range of Rs 397-403 in Mumbai, Rs 387-391 in Indore, Rs 394-395 in Hyderabad, Rs 390-395 in Rajkot, Rs 384-388 in Kota, and Rs 387-391 per 10 kg excluding VAT in Jaipur market. CIF (Cost, Insurance and Freight) charges

for soy oil (June Shipment) at Kandla port were in a range of \$520/MT to \$528 per metric ton. Daily arrivals of soybeans were around in range of 35,000-40,000 bags (bags=85 kg) in major markets during the week. Demands of seeds will increase at the end of this month owing to higher estimated sowing acreage in this season. Soy oil prices are expected to improve in coming days owing to dearth stock of soybean.

Prices for Soy (Ref) during the week

(Rs/ 10 kg)

Center	05.06.06	06.06.06	07.06.06	08.06.06	09.06.06	10.06.06
Mumbai	402.00	403.00	403.00	402.00	397.00	397.00
Indore	391.00	389.00	387.00	387.00	387.00	387.00
Kota	388.00	385.00	384.00	384.00	385.00	388.00
Jaipur	391.00	388.00	387.00	387.00	388.00	390.00
Hyderabad	395.00	395.00	395.00	395.00	386.00	400.00
Chennai	405.00	405.00	405.00	405.00	405.00	406.00
Rajkot	395.00	394.00	Closed	395.00	395.00	392.00

Prices for Soy Degum (High Sea) during the week

(Rs/ 10 kg)

Center	05.06.06	06.06.06	07.06.06	08.06.06	09.06.06	10.06.06
Mumbai	382.00	382.00	380.00	380.00	378.00	380.00

Prices for CIF Soya during the week

(US \$/ MT)

Center	05.06.06	06.06.06	07.06.06	08.06.06	09.06.06	10.06.06
Kandla & Mumbai	528.00	528.00	520.00	518.00	516.00	N.A.

Rape/Mustard Oil

Mustard oil prices on physical market declined slightly in the beginning of this week in most of the markets on account of burdensome stock with NAFED and lower demands at retail ends. NAFED opened tenders for the sales of mustard seeds in Punjab at lower prices i.e. Rs 1530-1550 per quintal, but traders were not willing to purchase despite lower prices owing to poor quality of mustard seeds. However prices started to improve moderately from mid of this week owing to slight improvement in local demands and government allowed

vanaspati import only through NAFED, it would result lower import of vanaspati oil. Mustard oil (expeller) prices moved in a range of Rs393-395 in Mumbai, Rs 365-370 in Neewai, Rs 365-368 in Kota, and Rs 370 -372 per 10 kg excluding VAT in Jaipur market. Daily arrivals of mustard seeds were declined slightly at 75,000 -80,000 bags in Rajasthan (bags= 85 kg). Mustard oil prices are expected to move range bound with weak sentiments in coming week due to huge stock of mustard seeds.

Prices for Rape Expeller Oil

(Rs/ 10 kg)

Center	05.06.06	06.06.06	07.06.06	08.06.06	09.06.06	10.06.06
Mumbai	395.00	395.00	393.00	394.00	393.00	393.00
Kota	367.00	368.00	365.00	367.00	370.00	372.00
Jaipur	372.00	372.00	370.00	372.00	374.00	375.00
Delhi	392.00	395.00	392.00	392.00	390.00	390.00
Neewai	370.00	366.00	365.00	366.00	370.00	370.00

Groundnut oil

Groundnut oil prices on physical markets remain in a tight range due to balanced supply and demands during the week. Prices were constant at Rs 450 per 10 kg excluding VAT in Rajkot market despite harvesting pressure of summer crop in Gujarat only due to better export demands for summer crop Gn seeds. Summer crop's seeds is fit for

use as seeds not for crushing. Groundnut oil prices moved in range of 470-475 in Mumbai, Rs 472-475 in Hyderabad and Rs 470-472 per 10 kg excluding VAT in Chennai markets. Groundnut oil prices are expected to move steady to positive sentiments in next week.

Prices for groundnut oil during the week

(Rs/10 kg)

Center	05.06.06	06.06.06	07.06.06	08.06.06	09.06.06	10.06.06
Mumbai +VAT	470.00	475.00	475.00	475.00	475.00	475.00
Rajkot +VAT	450.00	450.00	Closed	458.00	460.00	467.00
Andhra Region	472.00	475.00	475.00	475.00	475.00	485.00
Chennai +VAT	472.00	472.00	470.00	472.00	475.00	475.00
Delhi	510.00	510.00	510.00	510.00	510.00	510.00

Sunflower Oil

Domestic spot market prices of sunflower oil were range bound with weak sentiments in most of the markets. Harvesting is in progress in Tamil Nadu. CIF on sunflowers

were in range of \$ 647/metric ton to \$ 650/ metric ton during this week. Sunflower oil prices are expected to move range bound.

Prices for Refined Sunflower Oil during this week

(Rs/10Kg)

Center	05.06.06	06.06.06	07.06.06	08.06.06	09.06.06	10.06.06
Chennai	450.00	453.00	453.00	453.00	453.00	452.00
Mumbai	435.00	435.00	438.00	438.00	438.00	438.00
Hyderabad	440.00	440.00	438.00	440.00	435.00	438.00

Prices for Crude Sunflower Oil during the week

(US \$/ MT)

Center	05.06.06	06.06.06	07.06.06	08.06.06	09.06.06	10.06.06
Kandla & Mumbai	400.00	397.00	397.00	397.00	397.00	397.00

Prices for CIF Sunflower during the week

(US \$/ MT)

Center	05.06.06	06.06.06	07.06.06	08.06.06	09.06.06	10.06.06
Kandla & Mumbai	649.00	650.00	650.00	647.00	647.00	N.A

Cotton Refine Oil

Cotton oil prices on physical market shoed steady to weak sentiments during the week in most markets. Cotton oil

prices followed soy oil prices. Cotton oil prices are expected to move range bound in near term.

Prices for Refined Cotton Oil during this week

Markets	05.06.06	06.06.06	07.06.06	08.06.06	09.06.06	10.06.06
Mumbai +VAT	404.00	405.00	402.00	401.00	401.00	401.00
Hyderabad +VAT	405.00	400.00	400.00	400.00	400.00	400.00
Rajkot +VAT	395.00	393.00	Closed	397.00	396.00	399.00
Delhi	390.00	390.00	390.00	390.00	388.00	390.00

INTERNATIONAL MARKET WEEKLY HIGHLIGHTS

Palm oil Market Malaysia

Crude palm oil futures at Bursa Malaysia Derivatives settled lower on Tuesday. Benchmark August CPO futures

settled at MYR1,459 a metric ton, down MYR8 from Monday, after moving between MYR1,457 and

MYR1,474/ton. Traders said May supply and demand figures issued Monday by the Malaysian Palm Oil Board and June 1-10 export estimates from cargo surveyors had limited impact on the market as the numbers were within market expectations. The next set of key figures are due Thursday, with cargo surveyors Intertek Agri Services and

Soybean Market United States

July Soybeans settled up 14.25 cents at \$600/bushel, 5 cent off the high and 8 cent up from the low. November Soybeans settled up 13.50 cent at \$629/bushel that was 8 cent up from the low and 4.50 cent off the high. July Soymeal settled up \$4.6 at 181.2/ton, that was \$1.7 up from the low and 1.8 off the high. July Soybean Oil closed up 0.44 cent at 25.3 cent/pound, 0.42 cent off the high and 0.19 cent up from the low. Dry weather trend for the Midwest beginning late this week helped trigger the surge in fund and speculative buying early in the session causes July Soybeans to reach their

SGS (Malaysia) Bhd due to issue June 1-15 export estimates. Crude oil prices declined slightly added bearish tone. Lower oil prices will bring negative impact on biodiesel. Lower e-CBOT also provided support to bearish market sentiments.

highest level from the last Friday. The USDA news last Friday was slightly bearish, and weakness in the other grains helped pressure the market but the possibility of potentially bullish weather for late June was enough to slow the selling trend of fund traders. Traders in Texas expect crop conditions to remain steady or drop 2 percent from last week's 70% good to excellent reading. The Commitment-of-Traders report showed the market in an oversold condition and short covering added to the buying support today.

WEEKLY WEATHER WATCH

Monsoon Watch:

Monsoon continues to be in weak phase with subdued rainfall activity prevailing over most parts of the country, except Northeastern States where fairly widespread rains with isolated heavy falls are reported. Model predictions available for the period upto 17th June, do not indicate possibility of revival of monsoon and hence continuance of such a scenario till 17th June. As predicted, due to continued dry weather conditions and dominance of westerly winds, heatwave conditions have developed over north Rajasthan and adjoining Haryana where day temperature are reported to have crossed 45°C mark at some places. The day temperature over rest of plains of northwest India, Uttar Pradesh and adjoining Madhya Pradesh are prevailing between 41-43°C. They are likely to increase further with possibility of development heat waves in some of these areas. The eastern parts e.g. Bihar, Jharkhand, Orissa and West Bengal may also experience rise in temperatures during next 2-3 days.

Weather Outlook:

Chief amount of rainfall (cm) during past 24 hours reported at 08.30 am today are: Cherrapunji-19, Silchar-8, Honawar & Dhubri-7 each, Agartala, Passighat & Ratnagiri- 4 each, Kailashahar & Car Nicobar-3 each, Shillong, Tezpur & Harnai-2 each. The prevailing western disturbance over J&K is expected to cause isolated to scattered

rains/snowfall over hilly regions of NW India during next 48 hours before moving eastward.

Heavy Rainfall Warning: Isolated heavy to very heavy rainfall is likely over northeastern States.

Zone-wise weather forecast:

NORTH & NORTH-WEST INDIA: Under the influence of western disturbances, J&K, H.P. and Uttranchal are likely to receive isolated rainfall/snowfall during next 24 hours.

EAST AND NE INDIA: Fairly widespread rains/thundershowers are likely over NE States and isolated to scattered over rest areas of the region except over East UP where it may be mainly dry during next 4-5 days.

CENTRAL INDIA: Isolated rains /thundershowers are expected over Chhattisgarh and mainly dry weather over rest of the region during next 3-4 days.

SOUTH INDIA: Scattered rainfall is likely over Andaman & Nicobar Islands, Kerala, Lakshadweep and Coastal Karnataka and isolated over rest areas of the region.

WEST INDIA: Konkan & Goa may receive isolated to scattered rains during next 3-4 days. Other areas of the region are likely to experience mainly dry weather during this period.

Source: NCMRWF, GOI.

PORT WATCH

Port updates of edible oils in India (June 05-10, 2006)

(Unit: Metric Tonnes)

Particulars	Expected	Arrived	Total
SBO	20050	65700	85750
Palm oil	53706	7500	61206
CPO	28500	43200	71700
Total	102256	116400	218656

Source: ANAS

Forex Rates:**(June 10, 2006)**

Country/ Continent	Currency	Value in Rs
USA	Dollar	45.85
European Union	Euro	57.90
Japan	100 Yen	40.20
United Kingdom	Pound Sterling	84.43

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