

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Steady with slight Improvement Today
- NCDEX Sugar: Traded Range Bound on Upper Side
- NCDEX Gur: Settled Low
- NYBOT Sugar Recovered Losses; Fund Buying in Oct Contract

Market Commentary

Domestic:

Domestic Sugar Steady with slight Improvement Today

The domestic sugar prices improved declined in a range bound trade today. Both the 'M' and 'S' grade sugar at the major sugar markets were offered at improved level as against yesterday.

The M grade sugar at the Delhi market remained marginally steady at Rs 1792 per quintal today. However, at the Muzaffarnagar market sugar was offered at a price of Rs 1805 per quintal, while sugar prices at the Kolkata market seen increase and found at level of Rs 1838 per quintal today.

The S grade sugar at the Delhi market was quoted significantly higher at Rs 1760-1815 per quintal today. At the Chennai market sugar prices were at Rs 1694-1697 per quintal, while at the Vashi market it remained steady at Rs 1774-1778 per quintal. At the Kolkata market also sugar was offered with improvement at Rs 1790-1798 per quintal today.

The sugar prices at the major markets are expected to remain range bound with a moderately strong undertone in the coming week. The reports of cut in sugar sales quota announcements responsible for the improvement in prices.

NCDEX Sugar: Traded Range Bound on Upper Side

The July future at the NCDEX traded range bound on lower side today. The July future set the day's high at 1775.00 at the early hours of trade but later on dipped down to a lower range of 1762.00-1769.00 thereafter. The August future also traded range bound in the range of 1782.00-1794.00 today. It is expected that the futures will see range bound upward movement in the next trading day.

NCDEX Gur: Settled Low

At the NCDEX the July gur lost ground from where it left off during last weekend. The July future set the days high at 608.00 today, higher than yesterday's high. Moreover, the session high was also lower than yesterday's close. The July future at the NCDEX traded with a bearish sentiment in

the first half but later on slipped down to a low of 599.00 today. It is expected that the gur futures will remain weak in the next trading day.

International:

NYBOT Sugar Recovered Losses; Fund Buying in Oct Contract

World raw sugar futures ended higher on the New York Board of Trade on Wednesday, after recovering from morning losses with late fund buying in the October contract and buying in the nearby contract before Thursday's July expiry. The London white market closed mixed after an early slide. NYBOT July settled up 8 points at 9.19 cents a pound and October ended up 4 points at 9.28 cents. The market set back again, with October testing the day's low of 9.17c at mid-morning. Trade buying provided support, however, and late fund buying lifted October through the early high up to 9.32c. Spot July climbed 11 points on the day. The market looks good and Oct might make a run for the contract high at 9.45c after July expires tomorrow. Funds and small speculators stood net long 72000 lots on the close. In supportive physical activity, officials in Sudan purchased 70000 tons of white sugar this week for immediate shipment.

News Analysis:

Government Releases Free Sale Sugar Quota for Q3

The Indian government released 340,000 metric tons (MT) of sugar as quota for indigenous free sale for the July-September quarter. With the release of 216,000 MT of sugar as levy quota for each of these three months already, the total availability of sugar during the quarter would be 4.048 million MT. The Ministry of Consumer Affairs, Food and Public Distribution is monitoring the price and availability of sugar in the country and with enough stock of

sugar in hand is in a position to release further substantial quantities additionally if required. Sugar spot prices at the Vashi wholesale market were ruling firm at Rs 1757-1787 per quintal for small grade (S-30) and Rs 1780-1840 per quintal for medium grade (M-30) on Monday. Spot prices for Medium-30 grade at Muzaffarnagar mandi were quoted at Rs 1800 per quintal. At NCDEX, futures prices of M-30 grade at Muzaffarnagar delivery ended higher at Rs 1808 per quintal for August contracts and Rs 1819 per quintal for September contracts on June 25.

Global sugar prices expected to rise due to monsoon

International sugar prices may rise after latest Indian meteorological data stated that the country's rainfall during June 1-22 is 49 per cent below normal. Indian traders, however, said monsoon could not be the reason for a price rise as the country's cane sowing is progressing well.

India has imported nearly 2 million tonne raw sugar since October last and exporters abroad feel that the global prices could rise if the Asian nation is forced to import similarly large quantities in the coming months. However, Indian traders feel it is too premature to give such a projection since cane output this year on the back of good sowing last year is expected to be on the higher side. This is likely to give a boost to sugar output, which is pegged at 17.5-18.5 million tonne in the 2005-06 season to September.

Sugarcane acreage, as on June 20, has increased marginally to 3.5 million hectares from 3.4 million hectares on the same day last year. Even, though cane acreage is higher on year, there has not been any additional sowing reported under the crop during the week to Monday. Even if monsoon turns out deficient in July and cane output is hit, it will in turn effect sugar production only in the 2006-07, October-September season.

U.S. Sugar Supply and Use

(1000 Short Tons, Raw Value)

Items	2003-04	2004-05	2005-06 Projections	
			May	June
Beginning stocks	1,670	1,897	1,343	1,343
Production	8,649	8,067	8,140	8,140
Imports	1,754	1,639	1,591	1,591
Supply, total	12,073	11,603	11,074	11,074
Exports	288	240	200	200
Deliveries	9,862	10,020	10,115	10,115
Miscellaneous	26	0	0	0
Use, total	10,176	10,260	10,315	10,315
Ending stocks	1,897	1,343	759	759

Source: ERS, USDA

World Total Production, Supply and Distribution of Centrifugal Sugar

(1000 Metric Tons, Raw Value)

Year	2001-02	2002-03	2003-04	2004-05	2005-06
Beginning Stock	39,605	36,654	41,032	39,008	35,789
Production	134,382	148,787	142,294	142,066	146,252
Imports	39,136	40,348	40,163	41,395	41,183
Total Supply	213,123	225,789	223,489	222,469	223,224
Exports	41,917	46,345	45,713	46,041	46,290
Domestic Consumption	134,552	138,412	138,669	140,639	142,711
Ending Stocks	36,654	41,032	39,107	35,789	34,223

Source: FAS, USDA

India Total Production, Supply and Distribution of Centrifugal Sugar

(1000 Metric Tons, Raw Value)

Year	2001-02	2002-03	2003-04	2004-05	2005-06
Beginning Stock	11,985	11,670	12,430	9,100	6,050
Production	20,475	22,140	15,180	13,770	18,340
Imports	100	10	550	2,000	1,000
Total Supply	32,560	33,820	28,160	24,870	25,390
Exports	1,130	1,410	250	20	20
Domestic Consumption	19,760	19,980	18,810	18,800	19,300
Ending Stocks	11,670	12,430	9,100	6,050	6,070

Source: FAS, USDA

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	01-July	30-June	29-June	28-June	27-June
LDP Raw FOB \$/MT	206.8	208.1	200.4	208.1	201.9
LDP Raw CIF \$/MT	261.8	268.1	260.4	268.1	261.9
LDP Raw CIF GBP/MT	147.0	147.4	143.9	147.4	143.4
LDP White FOB \$/MT	299.0	313.5	295.0	313.5	298.1
London Freight \$/MT	55	60	60	60	60
London Freight GBP/MT	30.5	33	33	33	33

Source: London International Financial Futures and Options Exchange (LIFFE)

Na: Exchange remained close on Saturday and Sunday.

Domestic:

Spot Price of Sugar at Muzaffarnagar Mandi (Rs. /quintal)

Date	Shyamli	Khatauli	Morna	Deoband	Titawi	Nanoata
01.07.05	-	1795	1788	1796	-	-

Spot Price of Sugar at Delhi Mandi (Rs. /quintal)

Date	M 30	S 30	Mill Delivery	Khand
01.07.05	1800-1830	1790-1820	1655-1690	1680-1700

Jaggery at Spot Market

Spot Price of Gur at Muzaffarnagar Mandi (Rs. /40 kg)

Date	Raskat	Chaku	Khurpa padh	Shakkar
01.07.05	480	600-605	Na	674-680

Na: Arrival finished

Spot Price of Gur at Hapur Mandi (Rs. /quintal)

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
01.07.05	1500-1600	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 01st July 2005):

No latest vessel position is reported today.

Weather Forecast (As on 01st July 2005):

Forecast for next 24 hours

North: Rain/thundershowers likely at many places over Jammu division of Jammu & Kashmir, Uttar Pradesh, Uttaranchal and Himachal Pradesh and at a few places in the rest region.

East: Rain/thundershowers likely at most places in east Madhya Pradesh and Chhattisgarh; at many places over the rest region.

South: Rain/thundershowers likely at many places over coastal & south interior Karnataka and Kerala and at few places in the rest region outside Rayalaseema and Tamil Nadu & Pondicherry where it may be isolated.

West: Rain/thundershowers likely at most places over Konkan & Goa and Gujarat state and west Madhya Pradesh and at many places over rest region outside west Rajasthan where it may be at a few places.

Outlook for subsequent two days: Ongoing rainfall activity over central parts of the country is likely to continue and shift westwards to western parts of the country. Enhanced rainfall activity likely to continue over Gujarat state and along the west coast.

Warning

Heavy to very heavy rainfall likely at a few places over Madhya Pradesh, Chhattisgarh, Konkan and Gujarat state. Isolated heavy rainfall also likely over Sub-Himalayan West Bengal & Sikkim, east Rajasthan, Madhya Maharashtra, Vidarbaha, coastal Karnataka and Kerala.

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

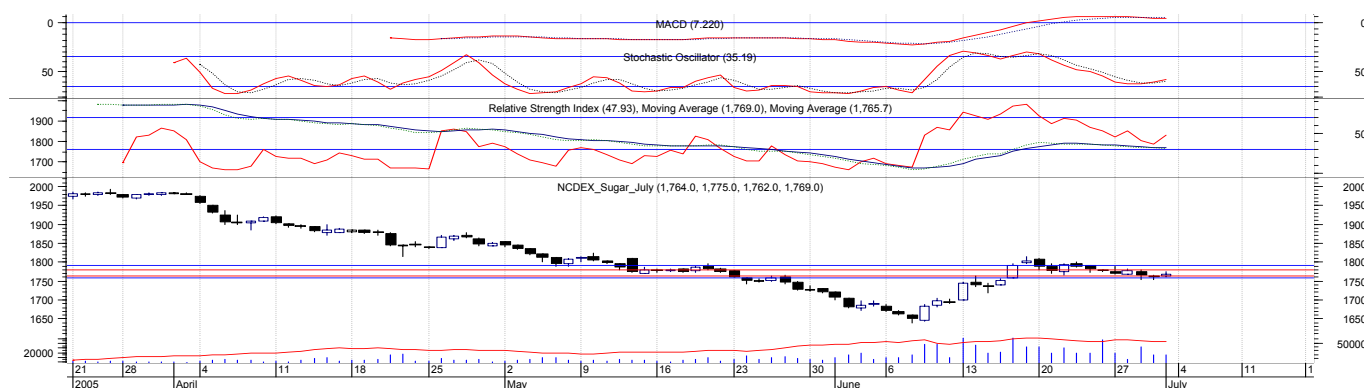
Candlesticks: The candlestick formation is indicating towards a steady opening and range bound upward trade next day.

MACD: The MACD (5-day) is lying above its EMA but now taken horizontal movement and expecting range bound trade on Saturday.

Stochastic: The %K-line is lying above the %D-line after cutting it from below moving sharply upwards and in neutral region, indicating further positive correction in prices. The open interest is steady but the volume is declined.

Moving Averages (MA): The 3-day MA is moving horizontally parallel the 5-day MA from above sign of range bound sentiment in trade as well as in prices.

Relative Strength Index (RSI): The RSI (47.93) is slopping upwards in the normal region also sign of bullishness in prices.



Outlook:

The technical indicators are expecting range bound bullishness in the market sentiment. As suggested by the candlestick the opening in the next trading day may be steady. It is expected that the futures will remain range bound bullish in the next trading day.

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

Candlesticks: The candlestick formation is indicating towards bearishness in tomorrow's trade. The opening in the next trading day may be weaker.

MACD: The MACD (5-day) is lying above its EMA and both are moving in the negative ground sign of range bound downward trade movement.

Stochastic: The %K-line below the %D-line at 24.19 points has entered the normal region and moving downwards in the normal region sign of bearishness.

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1764	1758	1781	1790

Moving Averages (MA): The 5-day MA is lying below the 3-day MA but just going downwards sign of bearish trading movement.

Relative Strength Index (RSI): The RSI (33.65) moving downward in the neutral region sign of bearish movement.

The open interest and the volume are steady.



Outlook:

The technical indicators are pointing towards bearishness in the market sentiment. As suggested by the candlestick the opening in the next trading day may be weak. It is expected trade may remain range bound downward on Saturday. There are chances that market can take positive correction in coming one or two days.

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	591.2	589.1	600.0	605.2

FOREX (As on 01st July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.53
1 Euro	52.38
1 British £	77.59
100 Yen	39.19

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