

## SUGAR, JAGGERY & CANE

20<sup>th</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Higher on Speculative Buying
- NCDEX Sugar: Down; June Finished Higher
- NCDEX Gur: Moderately Higher in Range Bound Trade
- Global Raw Sugar Price to Fall on Higher Inventories

### Market Commentary

#### Domestic:

##### Domestic Sugar Prices Higher on Speculative Buying

The domestic sugar traded with a strong sentiment today in the spot market. Both the 'M' and 'S' grade sugar were offered at a moderately higher level today.

The M grade sugar at the Delhi market remained steady at the last week's higher level at Rs 1765-1785 per quintal today. At the Muzaffarnagar market sugar prices were quoted higher at Rs 1800-1805 per quintal, while at the Kolkata market prices remained unchanged at Rs 1815-1820 per quintal.

The S grade sugar at Delhi market was offered unchanged at Rs 1730-1745 per quintal today. At the Chennai market sugar was quoted at a higher rate of Rs 1685-1690 per quintal, while at the Vashi market also it was up at Rs 1790-1795 per quintal. However, at the Kolkata market sugar was available at a lower price of Rs 1755-1760 per quintal, whereas at the Hapur market sugar prices remained steady at Rs 1740-1770 per quintal.

The sugar prices at the major markets are expected to remain moderately strong in the coming days. Speculative buying at the spot markets continued to support the spot sugar prices.

##### NCDEX Sugar: Down; June Finished Higher

At the NCDEX, the June future traded with a bearish sentiment before its expiration today, but finished higher at 1800.00. The June future moved in the range of 1740.00-1800.00 today. The July future also traded with a bearish sentiment and set a session high at 1809.00 today. The July future hovered in a lower range of 1780.00-1809.00, while the August future moved in between a lower range of 1807.00-1827.00 today as against Saturday.

##### NCDEX Gur: Moderately Higher in Range Bound Trade

At the NCDEX the June gur future expired higher in otherwise a range bound trade today. The June future today hovered in the range of 576.00-585.00. At the NCDEX the July gur future traded with a bullish sentiment in the range of 595.20-600.60 today.

#### International:

##### Global Raw Sugar Price to Fall on Higher Inventories

The Australian Bureau of Agricultural and Resource Economics (ABARE) has forecasted that the world price of raw sugar (the New York number 11 price) will fall in next fiscal year to average 8.8 U.S. cents per pound from 9.9 cents per pound this fiscal year. It is reported that the lower price forecast is due to a strong growth in global production amidst a moderate growth in consumption. ABARE has forecasted that the world sugar production next fiscal year will be higher at 151.5 million metric tons (MMT), from 144.8 MMT this fiscal year. The sugar production in Brazil as well as India is projected to increase in 2005-06, whereas the production in Thailand and China is forecasted to be lower. Global consumption is also projected to increase at 150.5 MMT in next fiscal year from 147.2 MMT this year. The projections if achieved would result in an increase of 1.0 MMT in the global inventories in the next fiscal year. The global inventories have witnessed a decline of 2.4 MMT this fiscal year. The likely gains in the inventories are supposed to pressurise the global prices to fall in the next year.

#### News Analysis:

##### Australia 2005-06 Raw Sugar Output Likely to Fall

The Australian Bureau of Agricultural and Resource Economics (ABARE) has forecasted that the domestic raw sugar production as well as export from Australia will fall next fiscal year ending June 30, 2006. The ABARE has forecasted that the production will decline by 5.6 percent at 4.91 million metric tons (MMT) in the next fiscal year. The likely reduction in raw sugar output is attributed mostly to the dry conditions in parts of Queensland state. It is reported that the dry weather will lead to lower national sugarcane production by 4 percent at 36 MMT in the next fiscal year. ABARE has also forecasted that the exports next fiscal year will stand at 3.79 MMT lower than the export of 4.08 MMT this fiscal year. Australia is a leading raw sugar exporter after Brazil and Thailand to Asian and Middle Eastern countries.

## 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
<b>Supply, total</b>	<b>12,073</b>	<b>11,603</b>	<b>11,074</b>	<b>11,074</b>
Exports	288	240	200	200
Deliveries	9,862	10,020	10,115	10,115
Miscellaneous	26	0	0	0
<b>Use, total</b>	<b>10,176</b>	<b>10,260</b>	<b>10,315</b>	<b>10,315</b>
<b>Ending stocks</b>	<b>1,897</b>	<b>1,343</b>	<b>759</b>	<b>759</b>

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	20-June	17-June	16-June	15-June	14-June
LDP Raw FOB \$/MT	200.2	197.5	193.6	196.2	197.3
LDP Raw CIF \$/MT	260.2	257.5	253.6	256.2	257.3
LDP Raw CIF GBP/MT	142.6	141.4	139.5	141.9	142.4
LDP White FOB \$/MT	280	276.9	270.6	271.7	273
London Freight \$/MT	60	60	60	60	60
London Freight GBP/MT	33	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	Khat-auli	Morna	Deob-and	Titawi	Nano-ata
20.06.05	1782	1785	1770	1775	1786	1750

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

Date	M 30	S 30	Mill Delivery	Khand
20.06.05	1765-1785	1730-1745	1660-1690	1670-1690

## Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
20.06.05	460-465	570-575	Na	645-655

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
20.06.05	1525-1575	Na	Na	Na	Na

Na: Arrival finished

## Weather Forecast (As on 20<sup>th</sup> June 2005):

Southwest monsoon has further advanced over entire central Arabian sea, parts of north Arabian sea, southern most parts of Saurashtra & Kutch, some more parts of northwest bay, parts of gangetic West Bengal and entire sub-himalayan West Bengal & Sikkim.

Northern limit of monsoon passes through 21°N/60°E, 21°N/70°E, 19°N/87°E, Veraval, Mumbai, Pune, Kurnool, Kakinada, Kolkata, Malda and Siliguri.

Severe heat wave conditions continued to prevail over many parts of east Uttar Pradesh, Jharkhand, and Bihar.

Heat wave conditions also prevailed over parts of west Uttar Pradesh, Madhya Pradesh, Rajasthan, Chattisgarh and coastal Andhra Pradesh. The severe heat wave conditions from Orissa and heat wave conditions from north madhya Maharashtra have abated. However, heat wave conditions are still prevailing over interior Orissa. Heat wave conditions from interior Orissa, Bihar, Chattisgarh and Jharkhand may abate during next 2 days.

#### Forecast for next 24 hours

**North:** Isolated duststorm/thunderstorm likely over Uttar Pradesh, mainly dry weather in the rest region.

**East:** Rain/thundershowers likely at many places in the northeastern states, West Bengal & Sikkim and north Orissa; at a few places over the rest region outside Chattisgarh and east Madhya Pradesh where it may be isolated.

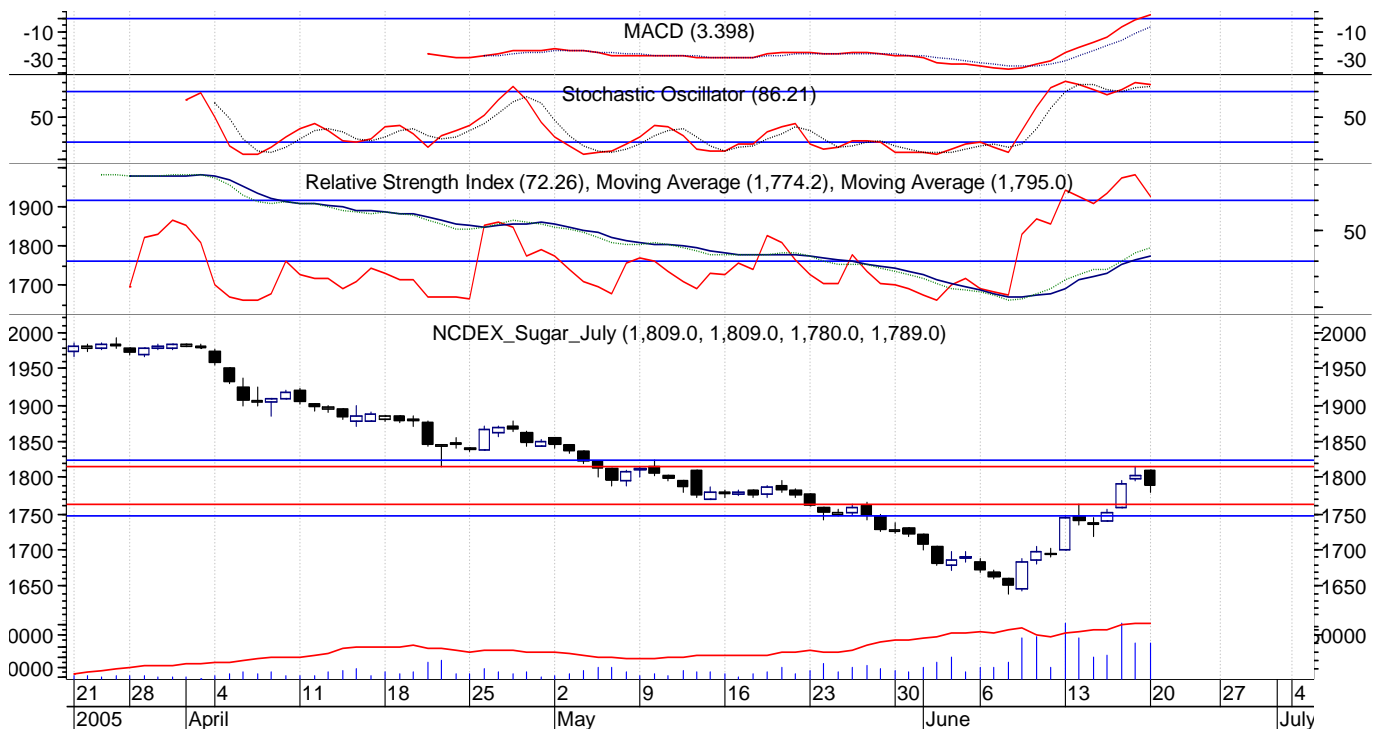
#### Technical Analysis

**Commodity:** Sugar Grade M

**Exchange:** NCDEX

**Perspective:** Very Short Term (Daily)

**Contract:** July (Future)



**Candlesticks:** The candlestick pattern is indicating towards a bearish market sentiment. The opening in the next day may be on the lower side.

**MACD:** The MACD (5-day) and its EMA are moving upwards and the MACD has entered the positive territory.

**Stochastic:** The %K-line is moving downwards and it is about to cut the %D-Line from above in the overbought region. However, the %D-Line is still moving upwards.

**Moving Averages (MA):** The 5-day MA is lying below the 3-day MA, while both are moving upwards.

**Relative Strength Index (RSI):** The RSI (72.26) is moving downwards in the overbought region.

**South:** Rain/thundershowers likely at most places over coastal Karnataka at many places over Kerala, Lakshadweep, and Andaman & Nicobar islands; at a few places over interior Karnataka and north coastal Andhra Pradesh and isolated in the rest of the region.

**West:** Rain/thundershowers likely at most places in Konkan & Goa, at many places over madhya Maharashtra, Saurashtra and south Gujarat; at a few places over west Madhya Pradesh, Marathwada and at isolated places in Vidarbha and rest Gujarat. Isolated duststorm/thunderstorm likely over Rajasthan.

#### Port Watch (As on 20<sup>th</sup> June 2005):

Delivery of 27,000 MT of raw sugar is continuing at Tuticorin Port from the vessel 'Cape York'. St. John agents is handling the vessel.

The first resistance level is seen at 1815 and the second at 1825. The first support level is at 1762 and the second at 1747.

Almost all the indicators are pointing towards a weak market sentiment. The open interest is on rise but the volume is lower.

#### Outlook:

The technical indicators are showing a bearish market trend. As suggested by the candlestick the future may open at the lower side next day. It is expected that the future will remain weak on next day on a downward technical correction.

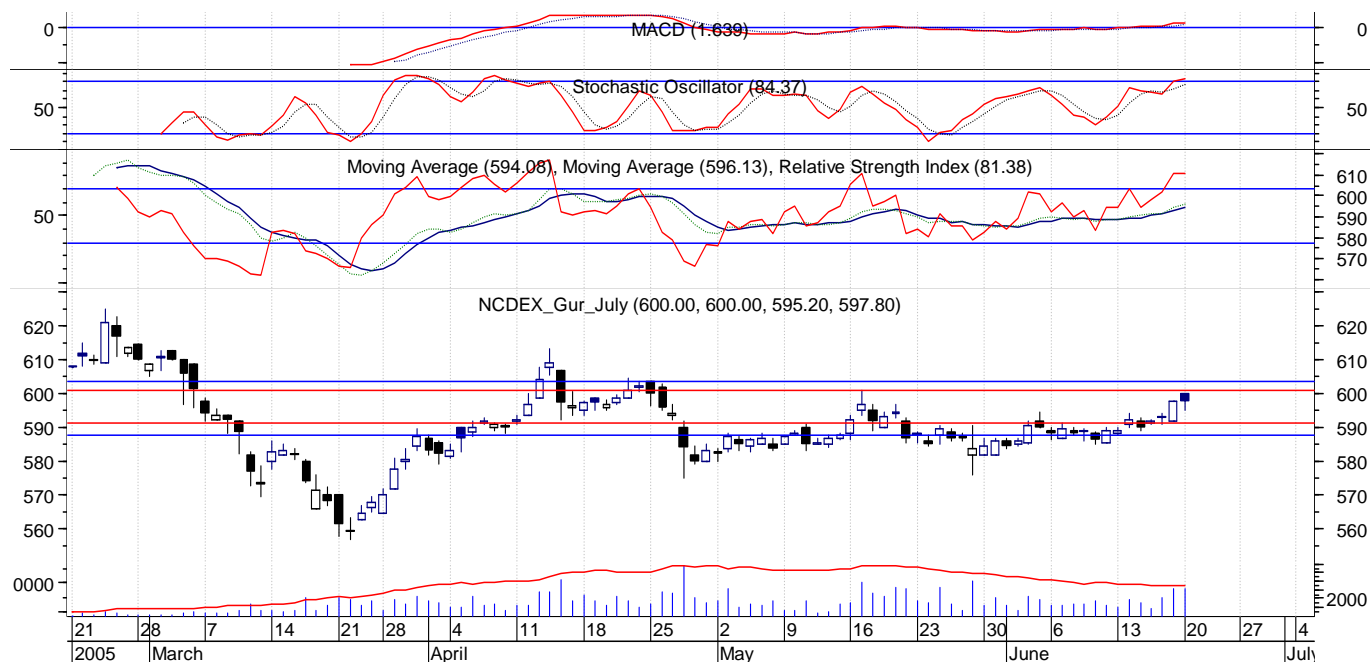
## Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)



**Candlesticks:** The candlestick formation is showing a weak sentiment. The opening on the next day may be in the lower side.

**MACD:** The MACD (5-day) along with its EMA moving upwards in the positive territory.

**Stochastic:** The %K-line after cutting the %D-Line from below, moving upwards and it has entered the overbought region.

**Moving Averages (MA):** The 5-day MA is lying below the 3-day MA and both are moving upwards.

**Relative Strength Index (RSI):** The RSI (81.38) is moving flat in the overbought region.

The first resistance is seen at 601.0 and next at 604.0 marks. The first support level is at 591.7 and the next 588.1 marks.

The indicators are showing a mixed sentiment. The open interest is steady, while the volume is increasing.

### Outlook:

The technical indicators are showing a mixed sentiment. As suggested by the stochastic, the opening in the next day may be on the lower side. It is expected that the futures will remain range bound with weaker undertone in the next day. A downward technical correction is expected in the near term.

## FOREX (As on 20<sup>th</sup> June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.54
1 Euro	53.22
1 British £	79.50
100 Yen	40.05

## Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.