

SUGAR, JAGGERY & CANE

21st June 2005

MAJOR ACTIVITY HIGHLIGHTS

- **Domestic Sugar Prices Mixed Amidst Moderate Demand**
- **NCDEX Sugar: Lower on Profit Taking**
- **NCDEX Gur: Traded Range Bound in Yesterday's Range**
- **NYBOT Sugar: Up as Funds Buy Oct Amidst Rollovers**
- **Thailand Sugar Premiums: Unchanged on Quiet Demand**

Market Commentary

Domestic:

Domestic Sugar Prices Mixed Amidst Moderate Demand

The domestic sugar traded with a mixed sentiment at the major sugar markets today. Both the 'M' and 'S' grade sugar were offered at a moderately changed level today at the major sugar markets.

The M grade sugar at the Delhi market was offered at a slightly lower rate of Rs 1760-1780 per quintal today. At the Muzaffarnagar market also sugar prices was lower at Rs 1795-1800 per quintal, while at the Kolkata market prices was higher at Rs 1825-1830 per quintal.

The S grade sugar at Delhi market was offered moderately lower at Rs 1725-1740 per quintal today. At the Vashi market also it was lower at Rs 1785-1790 per quintal. However, at the Chennai market sugar was quoted at a higher rate of Rs 1690-1695 per quintal, while at the Kolkata market sugar was higher at Rs 1765-1770 per quintal.

The sugar prices at the major markets are expected to remain range bound with moderately strong undertone in the coming days. Moderate demand amidst speculative buying were the main supportive features at the spot markets.

NCDEX Sugar: Lower on Profit Taking

The July future at the NCDEX witnessed a bearish sentiment today and set the session high at 1797.00 within the early hours of trade. The July future at the NCDEX fluctuated in the lower side of the range of 1771.00-1797.00 for the rest of the day. The August future also follow suit and hovered in a lower range of 1793.00-1819.00 today. It is expected that the futures will remain bearish in the coming 1-2 days.

NCDEX Gur: Traded Range Bound in Yesterday's Range

At the NCDEX the July gur future traded range bound today and remained in yesterday's range. The July future set a session high at 600.00, slightly lower than yesterday's high. Moreover, the session low at 596.00 was higher than yesterday. The July future at the NCDEX moved in the range of 596.00-600.00 today. It is expected that the gur futures will show a weak market sentiment in the coming 1-2 days.

International:

NYBOT Sugar: Up as Funds Buy Oct Amidst Rollovers

The New York Board of Trade (NYBOT) world raw sugar futures witnessed a three month highs on Monday with the July contract reaching 9.00 cents per pound. The most active October contract at the NYBOT rushed up as funds and others bought amidst July-October rollovers. The July future finished up 7 points at 8.98 cents per pound, while the October future settled up 7 points at 9.13 cents per pound on Monday. The October contract opened higher as speculators and locals bought. The October future continued the uptrend throughout the day with few drops. The volume of trade was good as supported by the rollovers. It is expected that the world raw sugar futures will continue the uptrend in the coming days.

Thailand Sugar Premiums: Unchanged on Quiet Demand

Thailand physical sugar premiums remained unchanged today on quiet demand and lack of supply in the market. At present there is no fresh overseas demand for the Thailand sugar. Domestic sugar supply from the current 2004-05 crop year is running out. The domestic sugar production from the 2005-06 crop is projected to be lower. Today Thailand raw sugar premiums for June-July shipment were offered unchanged at 1.35 U.S. cents per pound, FOB Bangkok, against the New York Board of Trade's July contract, while the white sugar premiums for July-August shipment were also offered unchanged at \$50 per ton, FOB Bangkok, to the London International Financial Futures and Options Exchange's August contract.

News Analysis:

China Sold 1.334 Lakh MT State Reserve Raw Sugar

China has sold a second batch of 133405.85 metric tons (MT) state reserve raw sugar at an average price of CNY 2879 per ton today. Earlier the Chinese government sold the first batch of 150000 MT of imported Cuban raw sugar at an average price of CNY 2904 per ton and 11700 MT of refined sugar from state reserves at CNY 3192 per ton. The government will sell the third batch of 120000 MT of state reserve raw sugar on July 5, in order to meet the domestic demand and to stabilize sugar prices. Domestic sugar production in the 2004-05 season ending September is

projected to be less than 10 million tons, lower by 520000 MT from the last crop year. Meanwhile, the domestic sugar demand is projected to grow by 5 percent in 2004-05 crop year. (1 CNY = 5.26905 INR)

FAO: World Sugar Market Bearish through 2014

According to an Agricultural outlook report prepared by the U.N.'s Food and Agricultural Organization (FAO) and the Organization for Economic Cooperation and Development (OECD), the fundamentals in the world sugar market are forecasted to remain bearish through 2014. Nominal world market prices for raw sugar are expected to remain within a band of \$165 to \$195 per metric ton through 2014, with the long run pattern of falling prices in real terms set to continue. It is reported that the developing countries will account for all of the global production growth for sugar. World production of raw sugar equivalent is projected to increase to 178 million tons in 2014. Production in developing countries is projected to increase by 2.8 percent per year, reflecting a combination of higher yields and increased area harvested for sugar cane. Brazil, the world's largest sugarcane and sugar producer, is projected to account for over 30 percent of the global increase in sugar output to 2014. According to the report sugar production in India is also projected to rise through 2014.

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	21-June	20-June	17-June	16-June	15-June
LDP Raw FOB \$/MT	200.2	200.2	197.5	193.6	196.2
LDP Raw CIF \$/MT	260.2	260.2	257.5	253.6	256.2
LDP Raw CIF GBP/MT	143.2	142.6	141.4	139.5	141.9
LDP White FOB \$/MT	282.5	280	276.9	270.6	271.7
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
21.06.05	1780	1790	1755	1785	1780	1745

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

Date	M 30	S 30	Mill Delivery	Khand
21.06.05	1760-1780	1725-1740	1660-1680	1670-1690

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
21.06.05	468-475	585-600	Na	650-700

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
21.06.05	1530-1580	Na	Na	Na	Na

Na: Arrival finished

Weather Forecast (As on 21st June 2005):

Forecast for next 24 hours:

North: Duststorm/thunderstorm likely at a few places over Haryana, Delhi & Uttar Pradesh. Isolated rain/thundershowers likely over Uttaranchal. Mainly dry weather in the rest region.

East: Rain/thundershowers likely at many places in the north-eastern states and West Bengal & Sikkim and at a few places over the rest region.

South: Rain/thundershowers likely at most places over coastal Karnataka and Kerala at many places over coastal Andhra Pradesh, Lakshadweep and Andaman & Nicobar islands; at a few places 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 region and isolated in the rest region outside Rajasthan where duststorm/thunderstorm are likely at a few places.

Port Watch (As on 21st 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.

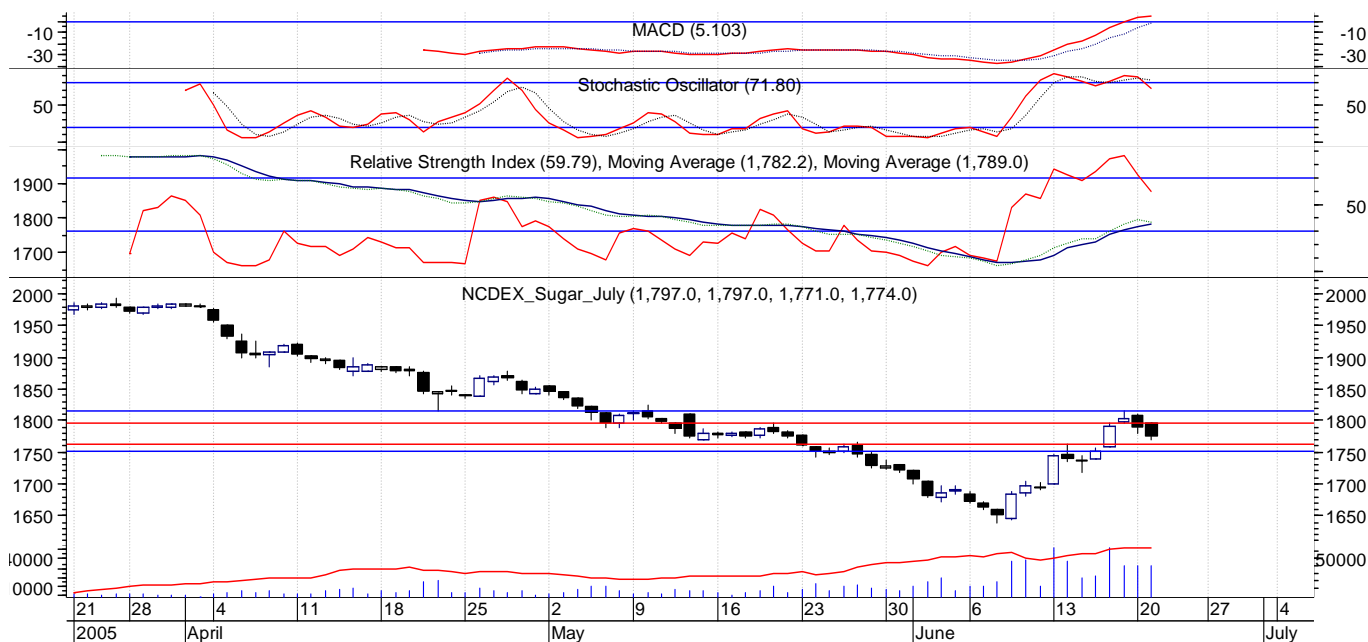
Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)



Candlesticks: The candlestick formation is supporting the bearishness of the market sentiment. The opening in the next day may be on the lower side.

MACD: The MACD (5-day) is lying above its EMA and it has entered the positive territory, while both are moving upwards.

Stochastic: The %K-line after cutting the %D-line from above, moving sharply downwards and it has entered the normal region.

Moving Averages (MA): The 5-day MA is lying below the 3-day MA, while it is still moving upwards. However, the 3-day MA has started moving slightly downwards.

Relative Strength Index (RSI): The RSI (59.79) is moving sharply downwards and it has entered the normal region.

The first resistance level is seen at 1797 and the second at 1815. The first support level is at 1764 and the second at 1752.

Almost all the indicators are showing the bearishness of the market sentiment. The open interest is steady but the volume has decreased.

Outlook:

The technical indicators are pointing towards a bearish trend. As suggested by the candlestick, the opening in the next day may be on the lower side. It is expected that the futures will continue to remain bearish in the next day as a result of the downward technical correction.

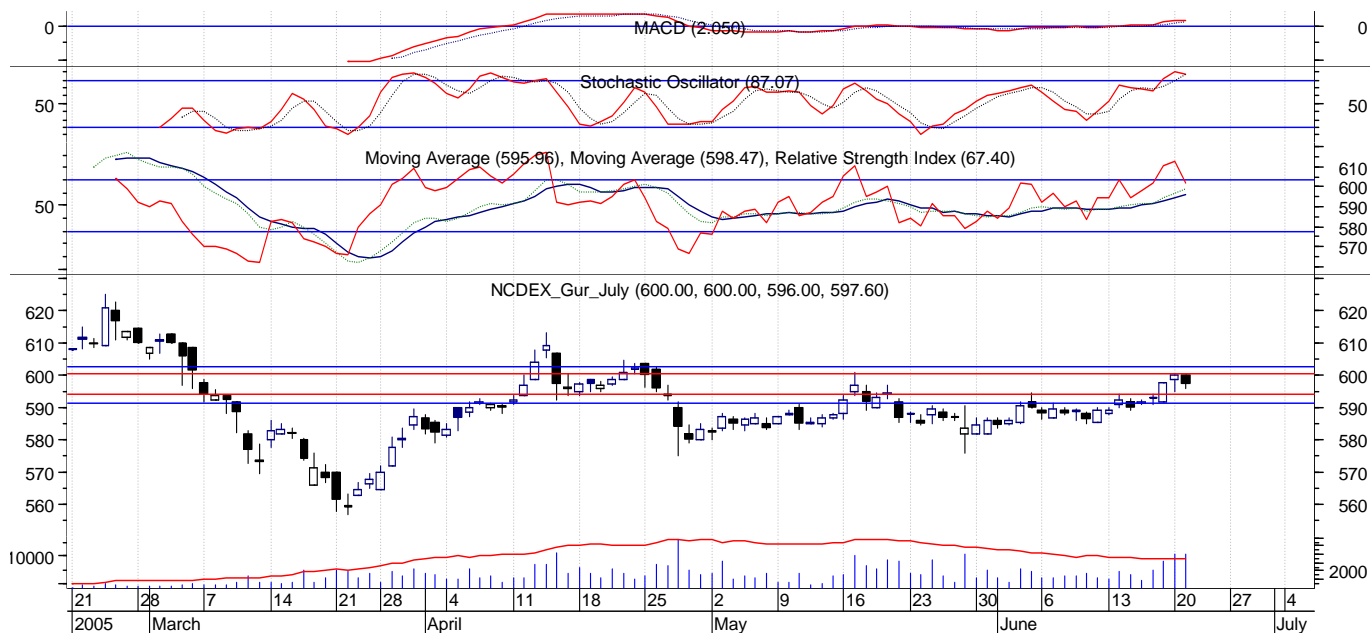
Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)



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

MACD: The MACD (5-day) is lying above its EMA, while both are moving slightly upwards in the positive territory.

Stochastic: The %K-line has changed its direction and started moving downwards in the overbought region, while the %D-line is still moving upwards.

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

Relative Strength Index (RSI): The RSI (67.40) is moving sharply downwards and it has entered the normal region.

The first resistance is seen at 600.8 and next at 603.0 marks. The first support level is at 594.4 and the next 591.8 marks.

Almost all the indicators are showing a bearish trend. The open interest is steady, while the volume has increased.

Outlook:

The technical indicators are showing a weak market 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 weaker in next day on a likely downward technical correction in very short-term period.

FOREX (As on 21st June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.61
1 Euro	52.93
1 British £	79.49
100 Yen	39.88

Disclaimer

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