

SUGAR, JAGGERY & CANE

16th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Spot Prices Remained Unchanged
- NCDEX Sugar: Up; Retraced from Earlier loss
- NCDEX Gur: Traded with Range Bound Movement
- NYBOT Sugar: Lower as Locals Sold in Late Action
- Thailand Sugar Premium Unchanged on Quite Trade

Market Commentary

Domestic Sugar Spot Prices Remained Unchanged

The domestic sugar prices remained on an average steady today. The prices of 'M' and 'S' grade sugar at major sugar markets were quoted almost unchanged today.

The M grade sugar at the Muzaffarnagar market was offered unchanged at Rs 1765-1770 per quintal, while at the Kolkata market also the prices was steady at Rs 1805-1810 per quintal. However, at the Delhi market sugar was offered moderately higher at Rs 1750-1775 per quintal today.

The S grade sugar at Delhi market was offered steady at Rs 1715-1740 per quintal, whereas at Vashi market it was quoted lower at Rs 1775-1780 per quintal. However, at the Chennai market it was offered higher at Rs 1680-1685 per quintal, while at the Kolkata market price was steady at Rs 1760-1765 per quintal. The spot prices at the Hapur market were quoted higher at Rs 1725-1750 per quintal today.

NCDEX Sugar: Up; Retraced from Earlier loss

The most active June future at the NCDEX retraced from yesterday's loss and traded with some strong sentiment today. The June future hovered in a higher range of 1693.00-1704.00 today. The July future fluctuated in a much higher range of 1740.00-1757.00, whereas the August future also moved up in the range of 1760.00-1788.00 today.

NCDEX Gur: Traded with Range Bound Movement

The most active June gur future at the NCDEX witnessed a range bound movement today. The June future today set the session high at 580.80, lower than yesterday's high. However, the session low was marginally higher than yesterday's low. At the NCDEX, the June future traded within yesterday's range and hovered in between 578.20-580.80 today.

International:

NYBOT Sugar: Lower as Locals Sold in Late Action

The New York Board of Trade (NYBOT) world raw sugar futures settled down at 2 week lows after a sudden slide in final action. The July future at the NYBOT finished down 16

Domestic:

points at 8.68 cents per pound, while the October future settled down 17 points at 8.78 cents per pound. The July future witnessed previous days low at 8.75 cents per pound at mid morning and held that level until the final break down. Late selling from locals pushed the July future into stops held by speculators below 8.75 cents and 8.72 cents per pound and into the gap from 8.70 cents to 8.68 cents per pound. However, the July-October rollover was brisk with a voluminous trade.

Thailand Sugar Premium Unchanged on Quite Trade

The Thailand physical sugar premiums remained mostly unchanged today in quite trade, with less participation from both the buyers and sellers. The Thailand exporters are unwilling to sell on an expected downfall in domestic sugar production, rather they are holding the stock of raw sugar in preparation for a likely supply crisis. The government has forecasted the sugarcane output at 44.37 million metric tons (MMT) in 2005-06 crop year, lower by 7.2 percent from the last crop year. Thailand raw sugar premiums for June-July shipment were offered at 1.35-1.40 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 offered unchanged at \$50 per ton, FOB Bangkok, to the London International Financial Futures and Options Exchange's August contract.

News Analysis:

Indonesian Firm Bought 7350 MT Raw Sugar

Indonesian state owned plantation company PT Perkebunan Nusantara IX (PTPN IX) has bought 7350 metric tons (MT) of Thailand raw sugar at \$250 per ton. The company so far including the latest purchase has bought 13350 MT of raw sugar out of its total import quota of 40000 MT this year. Earlier, the Indonesian government issued permits to six companies to import 2.27 lakh MT of raw sugar this year in order to meet the shortfall of raw material at the domestic sugar mills during the current crushing season. The domestic sugar production is estimated at 2.2 million MT, while the consumption is projected to be in the range of 3.2-3.3 million MT, this year.

Govt Attributed Sugar Price Fall to Slack Demand

According to the Food Secretary, Government of India, domestic sugar prices are falling because of slack demand. There had been a surge in the prices 4 month back on fear of declining supplies. At that time bulk consumers purchased their requirements well in advance in anticipation of further price rise. Consequently, the bulk consumers did not place much order for buying sugar during the peak summer season. The bulk consumers, such as ice cream manufacturers, accounts for about 65 percent of the total demand of sugar. It is also reported that the recent downtrend in sugar prices did not call for government intervention. According to the Food Secretary, the quantity of raw sugar that has already arrived in the country, is sufficient for domestic supply and stock maintenance. It is also expected that the next season would begin with an opening stock of around 4.5-5.5 million tonnes.

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	16-June	15-June	14-June	13-June	10-June
LDP Raw FOB \$/MT	193.6	196.2	197.3	198.9	197.5
LDP Raw CIF \$/MT	253.6	256.2	257.3	258.9	257.5
LDP Raw CIF GBP/MT	139.5	141.9	142.4	143.8	141.3
LDP White FOB \$/MT	270.6	271.7	273	270.8	270
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	Khatauli	Morna	Deoband	Titawi	Nanotata
16.06.05	1752	1755	1740	1750	1745	1712

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

Date	M 30	S 30	Mill Delivery	Khand
16.06.05	1750-1775	1715-1740	1650-1700	1675-1690

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
16.06.05	465-470	577-585	Na	640-650

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
16.06.05	1520-1560	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 16th June 2005):

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

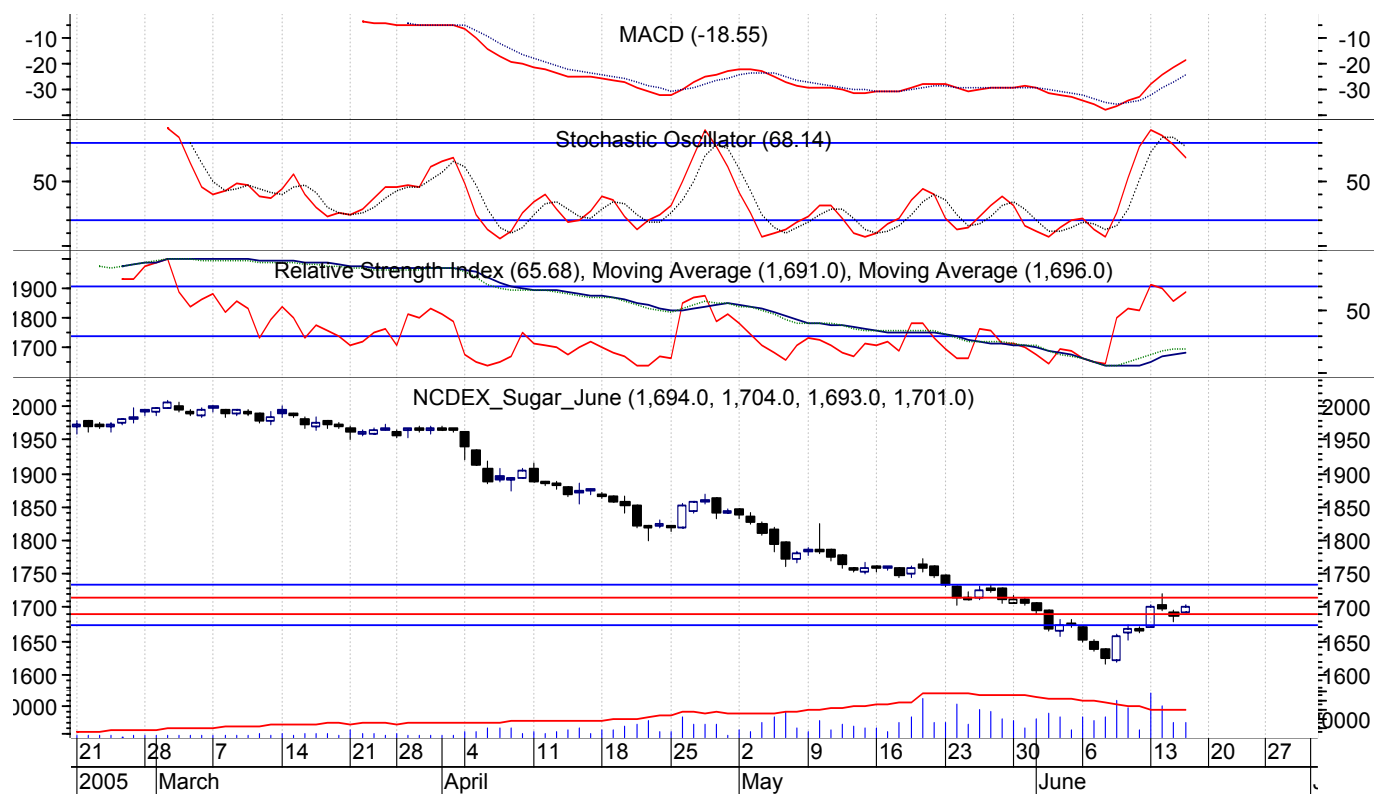
Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick pattern is indicating towards a bullish market trend. The opening in the next day may be on the upper side.

MACD: The MACD (5-day) is lying above its EMA and both are moving upwards in the negative territory.

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

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

Relative Strength Index (RSI): The RSI (65.68) has changed its direction and moving upwards in the normal region.

The first resistance level is seen at 1715 and the second at 1733. The first support level is at 1690 and the second at 1674.

All the indicators are showing a strong market sentiment except the stochastic. The volume has decreased, but the open interest is almost steady.

Outlook:

The technical indicators are showing a bullish trend in the future market. As suggested by the candlesticks, the opening in the next day may be on the upper side and the future will remain bullish in the next day.

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick formation is showing a bullish pattern. The opening in the next day may be on the upper side.

MACD: The MACD (5-day) is still lying below its EMA and both are moving downwards in the negative territory.

Stochastic: The %K-line after cutting the %D-Line from above, moving downwards in the normal region. However, the %D-Line is still moving upwards.

Moving Averages (MA): The 5-day MA is lying just above the 3-day MA and both are moving downwards.

Relative Strength Index (RSI): The RSI (26.03) has changed its direction and moving upwards in the oversold region.

The first resistance is seen at 584.0 and next at 590.1 marks. The first support level is at 576.2 and the next 571.4 marks.

Almost all the indicators are showing a weak market sentiment in the futures market. However, the volume and open interest are good.

Outlook:

The technical indicators are indicating towards a weaker market sentiment. However, as suggested by the candlestick the opening in the next day may be on the upper side. It is expected that the future will remain range bound with a weak undertone in the next day.

Weather Forecast (As on 16th June 2005):

Monsoon Outlook:

South-west Monsoon remains in weak phase since 10th June.

Model forecasts suggest that monsoon may revive over south peninsular India during next 2-3 days. Monsoon has advanced over some parts of NE states today. The northern limit of monsoon over Bay of Bengal and NE States passes through 17deg N/85deg E, 20 deg N/95deg E, Agartala, Shilong and Teipur. Prediction also indicates progressive increase in rainfall activity over North-eastern

States during next 2-3 days which may lead to further progress of monsoon over some more areas of NE States.

Heat Wave Condition:

Severe heat wave conditions are prevailing over Orissa, Chattisgarh, north coastal Andhra Pradesh and heat wave conditions over parts of Bihar, Jharkhand, east Uttar Pradesh and south Madhya Pradesh. Prediction suggests further improvement in severe of heat wave condition in Orissa, Jharkhand and Coastal Andhra Pradesh during next 2 days.

Weather Systems:

Mainly dry weather is likely to prevail over plains of northwest India during next 3-4 days.

A western disturbance is likely to approach J&K and adjoining area in next 24 Hrs. It is likely to cause isolated to scattered rainfall/snowfall over hilly regions of NW India during 17-19 June 2005.

A north-south trough off the Karnataka & Kerala coast is likely to persist during next 4 days.

Rainfall:

North-eastern states are likely to receive increased rainfall activity with Fairly widespread to widespread rains/thundershowers likely over the region during next 2- 3 days.

Scattered rain/thundershowers are expected over West Bengal and Orissa and isolated over Jharkhand and Bihar during next 2-3 days.

Scattered to fairly widespread rainfall is likely over Andaman & Nicobar Islands, and Lakshadweep. Scattered rainfall is expected over Kerala, Coastal Karnataka, South Interior Karnataka and Coastal A.P. during next 24 hours. Rainfall activity over Lakshadweep, Kerala and Coastal Karnataka may increase by 17th June. Konkan & Goa, Madhya Maharashtra and Marathwada are likely to receive isolated to scattered rainfall activity.

Mainly dry weather may prevail over NW India, East Uttar Pradesh, Central India and Gujarat and Rajasthan during next 3 days.

FOREX (As on 16th June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.61
1 Euro	52.69
1 British £	79.42
100 Yen	39.90

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.