

SUGAR, JAGGERY & CANE

8th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Bearish
- NCDEX Sugar: Lower on Speculative Selling, Monsoon
- NCDEX Gur: Traded with Range Bound Movement
- NYBOT Sugar: Down as July-Oct Rollover Progresses

Market Commentary

Domestic:

Domestic Sugar Prices Remained Bearish

The domestic sugar prices extended previous day's weakness today also. The spot sugar prices were lower today throughout the major sugar markets in India.

The M grade sugar at the Delhi market was quoted lower by Rs 5-10 at Rs 1715-1730 per quintal today, while at Muzaffarnagar market it was offered at a lower rate of Rs 1720-1725 per quintal. At the Kolkata market the prices remained steady with weaker undertone at Rs 1805-1810 per quintal. At Mumbai market it was offered at Rs 1770-1785 per quintal today.

The S grade sugar at the Chennai market continue to remain steady at Rs 1680-1685 per quintal, while at the Kolkata market price was lower by Rs 5 at Rs 1660-1665 per quintal. At Delhi market it was offered at a lower price of Rs 1705-1715 per quintal, whereas at Vashi market it was also offered at a lower rate of Rs 1765-1770 per quintal. At the Mumbai market it was quoted at Rs 1735-1760 per quintal.

NCDEX Sugar: Lower on Speculative Selling, Monsoon

The most active June future at the NCDEX continued to set new lows. Today, the June future slipped to new contract month low at 1617.00. The June future fluctuated in a lower range of 1617.00-1638.00 today. The July future remained in the range of 1640.00-1660.00, while the August future hovered in the range of 1652.00-1671.00 today.

NCDEX Gur: Traded with Range Bound Movement

The most active June gur future at the NCDEX traded range bound today. The June future today set the session high at 590.00, marginally lower than yesterday. However, the session low was higher than yesterday's low. At the NCDEX, the June future remained range bound in the range of 586.20-590.00 today.

International:

NYBOT Sugar: Down as July-Oct Rollover Progresses

The New York Board of Trade (NYBOT) world raw sugar futures settled lower as July-October rollover progressed with 3 ½ weeks remained to expiration. The July future at the NYBOT finished down 3 points at 8.80 cents per pound, while the October future settled down 1 point at 8.91 cents per pound. The futures rebounded from early losses on fund led buying and moved to higher ground. But producers

selling limited the futures to get through Monday's highs. The July future will expire on Friday.

News Analysis:

Mexico Sugar Harvest till June 4 Up 15 Percent

According to the National Sugar Cane Growers Union of Mexico, the country has produced 5,706,221 metric tons of mostly semi-refined standard sugar up to 4th June. The figure is higher by 15 percent from the same period of last crop year (November-October). The Union has also forecasted the crop at 5,787,541 tons, higher than the last week's projection of 5,784,845 tons of standard sugar. This is up 15.2 percent from 2003-04 harvest of 5.024 million tons and higher than the initial estimate of a crop at 5.4 million tons.

UNICA: Brazil 2005-06 Cane Harvest Up at 37.9 MMT

The Sao Paulo Sugarcane Producers' Association (UNICA) of Brazil has reported that the dry weather condition during April and May has helped the millers of the center-south region to harvest 37.9 million metric tons (MMT) of sugarcane in the 2005-06 crop season (May-April) through May 16. The production has increased by 71.7 percent from 22.1 MMT harvested during the last crop year at the same period. During this period, sugar production has also increased by 71.1 percent at 2.1 MMT. The center-south sugarcane harvest is expected to stand at 345 MMT this crop year, up from 328.8 MMT harvested in the last crop year.

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	8-June	7-June	6-June	3-June	2-June
LDP RAW FOB \$/MT	195.8	196.0	198.0	194.7	193.6
LDP RAW CIF \$/MT	255.8	256.0	258.0	254.7	258.6
LDP RAW CIF GBP/MT	139.4	140.0	141.9	140.4	142.7
LDP WHITE FOB \$/MT	264.7	265.4	265.6	259.8	259
LONDON FREIGHT \$/MT	60	60	60	60	65
LONDON FREIGHT GBP/MT	33	33	33	33	36

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

Exchange remained closed on Saturday and Sunday.

Domestic:

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

Date	Shyamli	Khatauli	Morna	Deoband	Titapi	Nanata
08.06.05	1702	1702	1685	1692	1685	1670

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

Date	M 30	S 30	Mill Delivery	Khand
08.06.05	1715-1730	1705-1715	1600-1630	1670-1680

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
08.06.05	165-175	565-590	Na	640-675

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
08.06.05	1375-1410	Na	Na	Na	Na

Na: Arrival finished

Weather Forecast (As on 8th June 2005):

A. Weather Systems:

South-West Monsoon:

South-West Monsoon has further advanced over some more parts of east central Arabian Sea, Union Territory of Goa, most parts of south interior Karnataka, Tamil Nadu, parts of Rayalseema, south coastal A.P., entire SW Bay and some more parts of central Bay of Bengal. Northern limit of monsoon passes through 15° N/60° E, 15° N/70° E, Panjim, Chitradurga, Anantpur, Kaveli, 15° N/84° E, 18° N/90° E and 20° N/93° E.

Model prediction suggests that a low-pressure area is likely to develop over northeast Bay of Bengal during 11-12 June 2005. Under its influence rainfall activity is likely to enhance over Bay of Bengal and NE states.

Southwest monsoon activity is likely to continue over south Peninsular India (Kerala, south interior and coastal Karnataka) during next 4 days.

Model predictions suggest that conditions are favourable for progress of South-west monsoon over some more parts of interior Karnataka, Tamil Nadu, southern parts of North-eastern states during next 4 days.

Western Disturbance:

Model prediction suggests that a western disturbance is likely to approach north Pakistan and adjoining J&K area by 11 June 2005. It is expected to cause isolated to scattered snowfall/rainfall during 11-12 June 2005 over hilly regions of NW India and isolated thundershowers over adjoining plains of NW India (Punjab, Haryana, Delhi and west U.P.) during the period.

B. Rainfall:

Fairly widespread rainfall is likely over Kerala, Coastal & South Interior Karnataka, Lakshadweep, Andaman & Nicobar and NE States during next 3-4 days.

Isolated to Scattered rainfall/snowfall is likely over J&K, H.P. and Uttaranchal during 11-12 June 2005.

Isolated to Scattered rainfall is likely over Konkan and Goa, West Bengal, Orissa, Coastal A.P., Tamil Nadu, Rayalseema, North Interior Karnataka during next 4-5 days and isolated thundershowers may occur over plains of NW India (North Rajasthan, Haryana, Punjab, West U.P.) during 10-12 June 2005.

C. Temperature

No large change in day temperatures are likely over most parts of the country, except over parts of plains of north

India and central India where slight rise in day temperature is expected during next 2 days.

Port Watch (As on 8th June 2005):

No latest vessel position is reported.

FOREX as on 8th June 2005

Foreign Currency	Rs. per unit
1 US \$	43.53
1 Euro	53.62
1 British £	79.89
100 Yen	40.73

Technical Analysis

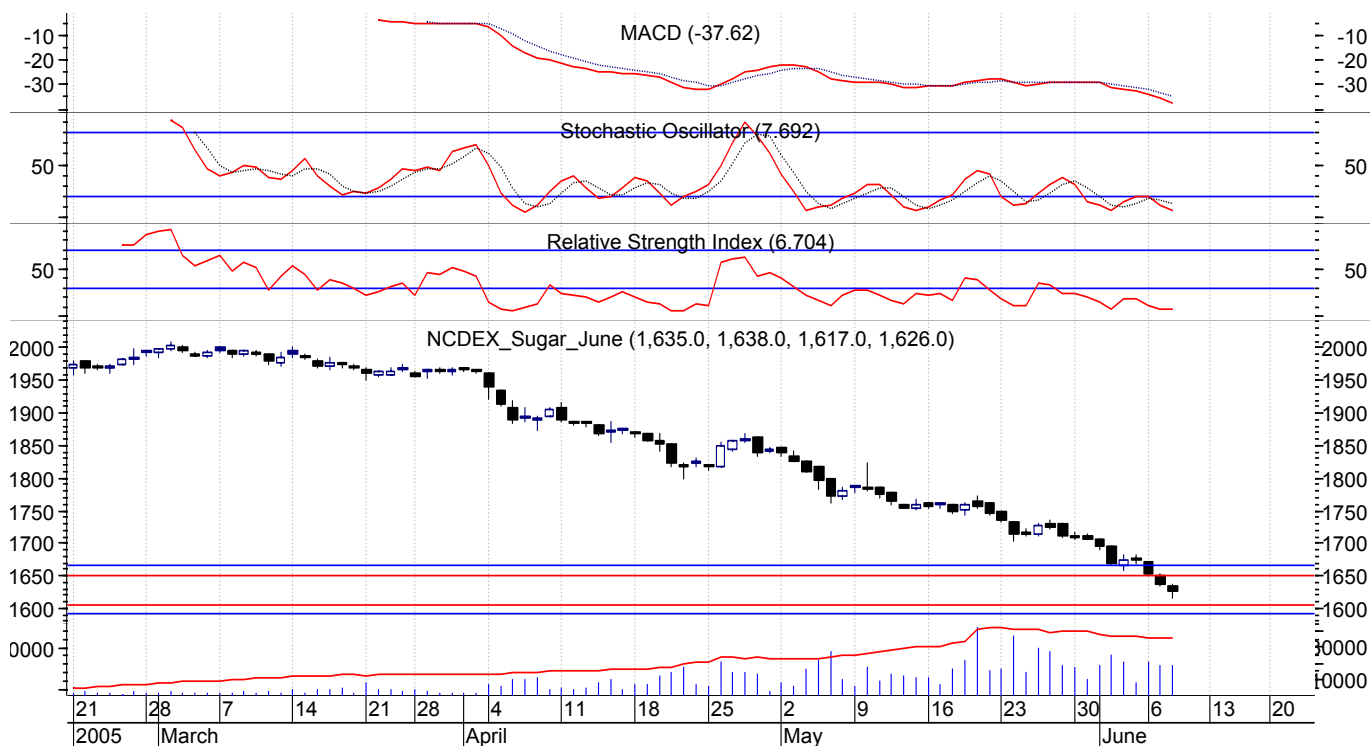
Date: 08.06.05

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick pattern is showing the bearishness of the market sentiment. The opening on the next day may be on the lower side.

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

Stochastic: The %K-line after cutting the %D-line from above lying below the %D-line in the oversold region and moving downwards.

Relative Strength Index (RSI): The RSI (6.704) is moving downwards in the oversold region.

The first resistance level is seen at 1651 and the second at 1665. The first support level is at 1605 and the second at 1593.

Almost all the indicators are pointing towards a bearish market trend.

Outlook:

The technical indicators are reflecting the weakness of the market sentiment. It is expected that the opening in the next day will be at a lower side and the future will remain weak in the next day. However, an upward technical correction is expected in the coming days.

Technical Analysis

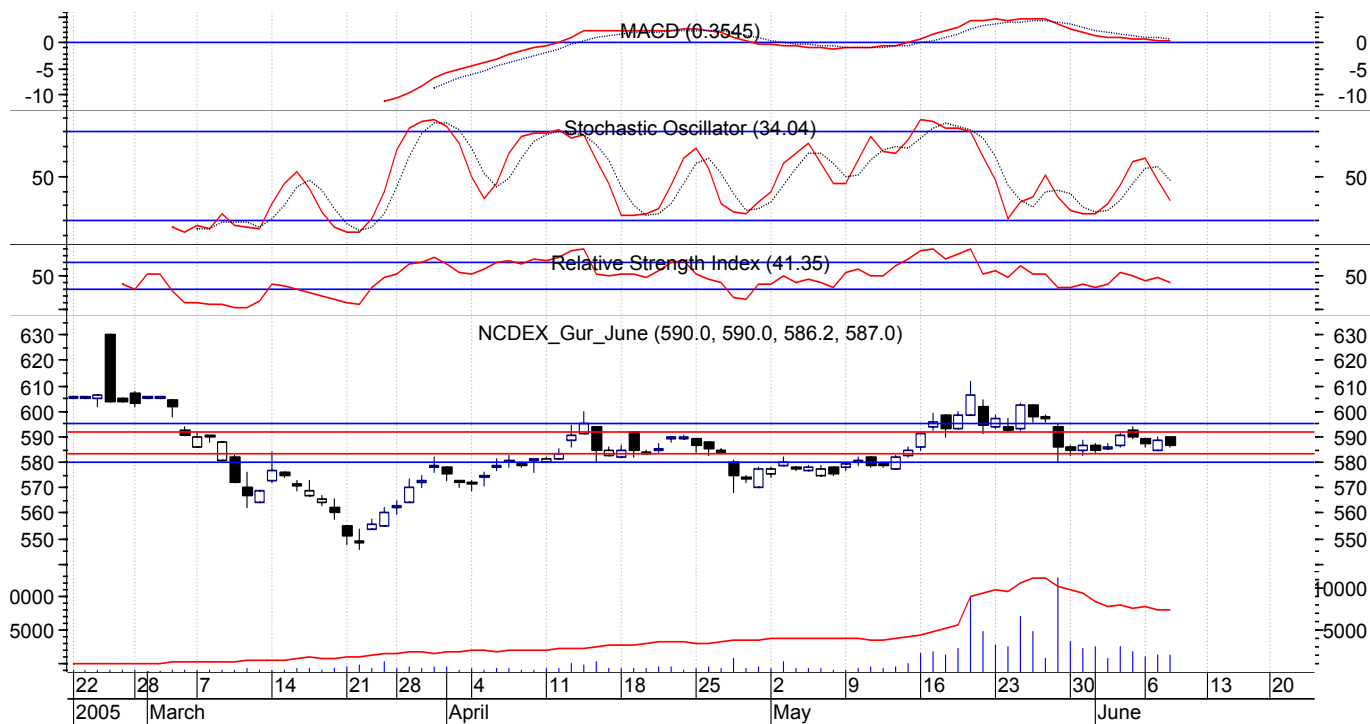
Date: 08.06.05

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



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

MACD: The MACD (5-day) is lying below its EMA and moving downwards in the positive territory. It is about to touch the horizontal line.

Stochastic: The %K-line is lying below %D -line and both are moving sharply downwards in the normal region.

Relative Strength Index (RSI): The RSI (41.35) is moving downwards in the normal region.

The first resistance is seen at 591.7 and next at 595.2 marks. The first support level is at 583.2 and the next 580.2 marks.

All the indicators are pointing towards the weakness of the market sentiment.

Outlook:

The technical indicators are showing a bearish sentiment. The opening in the next day may be on the lower side and the future will witness some weakness in the next day.

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