

SUGAR, JAGGERY & CANE

18th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Up on Higher Demand; Monsoon
- NCDEX Sugar: Up; June Scaled 5-week High
- NCDEX Gur: Lower in Range Bound Trade
- NYBOT Sugar: Higher; October Scales Resistance

Market Commentary

Domestic:

Domestic Sugar Prices Up on Higher Demand; Monsoon

The domestic sugar prices continued to remain bullish today. The spot prices of the 'M' as well as the 'S' grade sugar were offered at a higher price at the major sugar markets today.

The M grade sugar at the Muzaffarnagar market was offered at a higher rate of Rs 1795-1800 per quintal, while at the Kolkata market also the prices was higher at Rs 1815-1820 per quintal. At the Delhi market sugar was offered at a higher price of Rs 1765-1790 per quintal today.

The S grade sugar at Delhi market was offered at a higher rate of Rs 1730-1750 per quintal, whereas at Vashi market it was quoted higher at Rs 1785-1790 per quintal. However, at the Chennai market it was offered steady at Rs 1680-1685 per quintal, while at the Kolkata market price was higher at Rs 1760-1765 per quintal. The spot prices at the Hapur market were quoted higher at Rs 1740-1770 per quintal today.

The sugar prices at the major markets are expected to remain bullish in the coming days. Increasing demand on speculation of a likely supply crisis on deficient monsoon underpinned the rise in spot market prices.

NCDEX Sugar: Up; June Scaled 5-week High

The June future at the NCDEX remained strongly bullish today before it expires on Monday. The June future opened higher and set a five-week high at 1784.00 today. The June future hovered in a much higher range of 1759.00-1784.00 today. The July future at the NCDEX settled higher in the range of 1795.00-1814.00, whereas the August future moved in a higher range of 1820.00-1836.00 today.

NCDEX Gur: Lower in Range Bound Trade

The most active June gur future at the NCDEX settled lower in a range bound trade today. The June future today set the session high at 580.80, lower than yesterday's high. Moreover, the session low was also lower than yesterday's

low. At the NCDEX, the June future traded in the range of 576.40-580.80 today. The gur futures are expected to trade with a range bound movement in the next trading day.

International:

NYBOT Sugar: Higher; October Scales Resistance

The world raw sugar futures at the New York Board of Trade (NYBOT) scaled up on Friday as fund buying pushed up the most active October contract through a recent chart barrier and to a three month high. The July future at the NYBOT finished up 5 points at 8.91 cents per pound, while the October future settled up 13 points at 9.06 cents per pound. The futures opened steady at a higher level and continued to climb up as funds and speculators bought. Moreover, trade buying also supported the futures. However, producers selling slowed down the upward trend but October future was up to clear the 9.03 cents per pound in late action. The October future touched the buy stop and reached 9.07 cents per pound. The July-October rollover was brisk again and the volume was good enough. The market sentiment is perceived as technically good and it is expected to continue the uptrend in the coming days also.

News Analysis:

South African Sugar Industry Likely to Revive

According to the South African Sugar Miller's Association chairman, drought and a strong Rand have resulted in a decline of Rand 1.4 billion from the domestic sugar industry revenues since 2002-03. However, the current year domestic sales are expected to retrace from the earlier losses. The domestic production has reduced due to lower rainfalls. Although the domestic sales rose considerably but revenues reduced on higher stocks held over from the last season. It is also reported that the sustained higher world sugar prices are result of increased demand for imports from India and China and lower export potential of Thailand due to drought. The domestic sugar industry is investigating long term initiatives like renewable energy resources.

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	18-June	17-June	16-June	15-June	14-June
LDP Raw FOB \$/MT	Na	197.5	193.6	196.2	197.3
LDP Raw CIF \$/MT	Na	257.5	253.6	256.2	257.3
LDP Raw CIF GBP/MT	Na	141.4	139.5	141.9	142.4
LDP White FOB \$/MT	Na	276.9	270.6	271.7	273
London Freight \$/MT	Na	60	60	60	60
London Freight GBP/MT	Na	33	33	33	33

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

Na: Exchange remained close on Saturday.

Domestic:

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

Date	Shyamli	Khat-auli	Morna	Deob-and	Titawi	Nano-ata
18.06.05	1785	1790	1775	1780	1790	1755

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

Date	M 30	S 30	Mill Delivery	Khand
18.06.05	1765-1790	1730-1750	1665-1700	1680-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
18.06.05	465-470	570-575	Na	650-660

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
18.06.05	1500-1550	Na	Na	Na	Na

Na: Arrival finished

Weather Forecast (As on 17th June 2005):

Monsoon Outlook:

Southwest monsoon has further advanced over west central and north Bay of Bengal, entire Nagaland, Manipur, Mizoram & Tripura, Arunachal Pradesh, Assam & Meghalaya and parts of sub Himalayan West Bengal and Sikkim.

Northern limit of monsoon passes through 15°N/60°E, 15°N/70°E Pamjim, Chitradurga, Anantapur, Kaveli, 17°N/85°E, 21°N/89°E, 24°N/90°E & Gangtok.

Prediction suggests that monsoon may progress further, and cover more areas of Sub- Himalayan west Bengal and Konkan & Goa leading to onset of monsoon over Mumbai & neighbourhood during next 3 days.

Heat Wave Condition:

Severe heat wave conditions prevailed over many parts of Orissa, Jharkhand, Bihar, Chattisgarh, Vidarbha, east U.P. and east M.P. Heat wave conditions also prevailed over parts of west M.P., west Rajasthan and Marathwada. Improvement of in heat wave condition is expected in Orissa and Jharkhand during next 2 days.

North & North-West India [J&K, HP, Uttaranchal, Punjab, Haryana, West UP]

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

A western disturbance is likely to cause isolated to scattered rainfall/snowfall over hilly regions of NW India (J&K, H.P. and Uttaranchal) during next 3 days.

East and NE India [East UP, Bihar, Jharkhand, West Bengal, Orissa, NE States]

North-eastern states and Sub-himalayan West Bengal are likely to receive increased rainfall activity with fairly widespread to widespread rains/thundershowers over the region during next 3-4 days.

Scattered rain/thundershowers are expected over Gangetic West Bengal and Orissa and isolated over Jharkhand and

Bihar during next 2-3 days. Thereafter, rainfall activity over Gangetic West Bengal is likely to increase.

Central India [MP, Chattisgarh, Vidarbha]

Mainly dry weather is expected over the region.

Prevailing Heat wave condition over Chattisgarh and South Madhya Pradesh is likely to improve during next 2-3 days.

South India [Tamil Nadu, AP, Kerala, Karnataka, Andaman & Nicobar Islands, Lakshadeep]

Heat wave condition has shown improvement and is now abated from coastal A.P.

Fairly widespread rainfall is likely over Andaman & Nicobar Islands, and Lakshadeep.

Scattered rainfall is expected over Kerala, Coastal Karnataka, South Interior Karnataka and Coastal A.P. during next 24 hours. Rainfall activity over Lakshadeep, Kerala and Coastal Karnataka may increase subsequently for next 4 days.

West India [Maharashtra other than Vidarbha, Gujarat, Rajasthan]

Gujarat and Rajasthan are likely to experience mainly dry weather during next 2-3 days.

Konkan & Goa, Madhya Maharashtra and Marathwada are likely to receive isolated to scattered rainfall activity. There may be increase in rainfall activity over Konkan & Goa after 18th June.

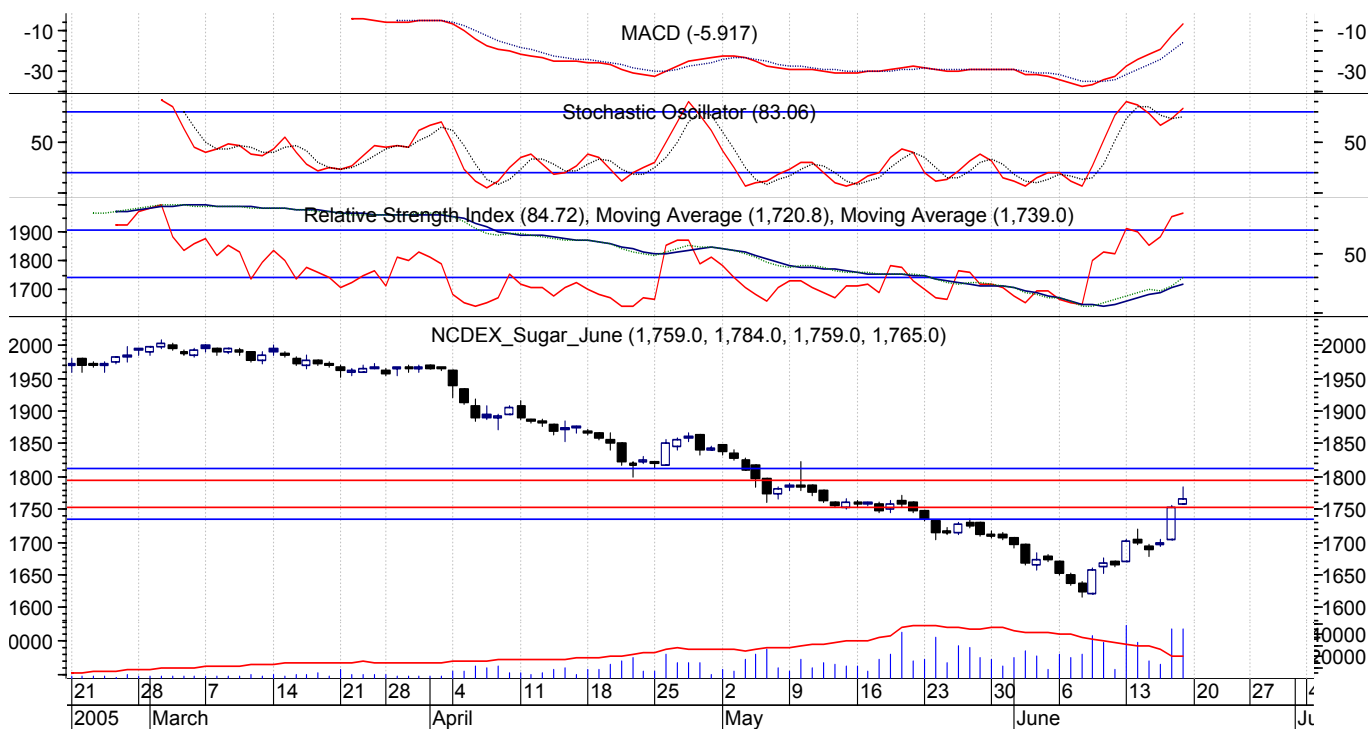
Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick pattern is indicating towards a weakly bullish market trend. The opening in the next trading day may be within today's range.

MACD: The MACD (5-day) along with its EMA moving sharply upwards in the negative 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 (84.72) is moving upwards in the overbought region.

The first resistance level is seen at 1795 and the second at 1813. The first support level is at 1753 and the second at 1734

All the indicators are reflecting a strong market sentiment. The volume is good but the open interest is declining as the June future approaches its expiration on Monday.

Outlook:

The technical indicators are showing a bullish market trend. As suggested by the candlesticks, the opening in the next trading day may be within today's range and the futures will continue to remain bullish in the next trading day.

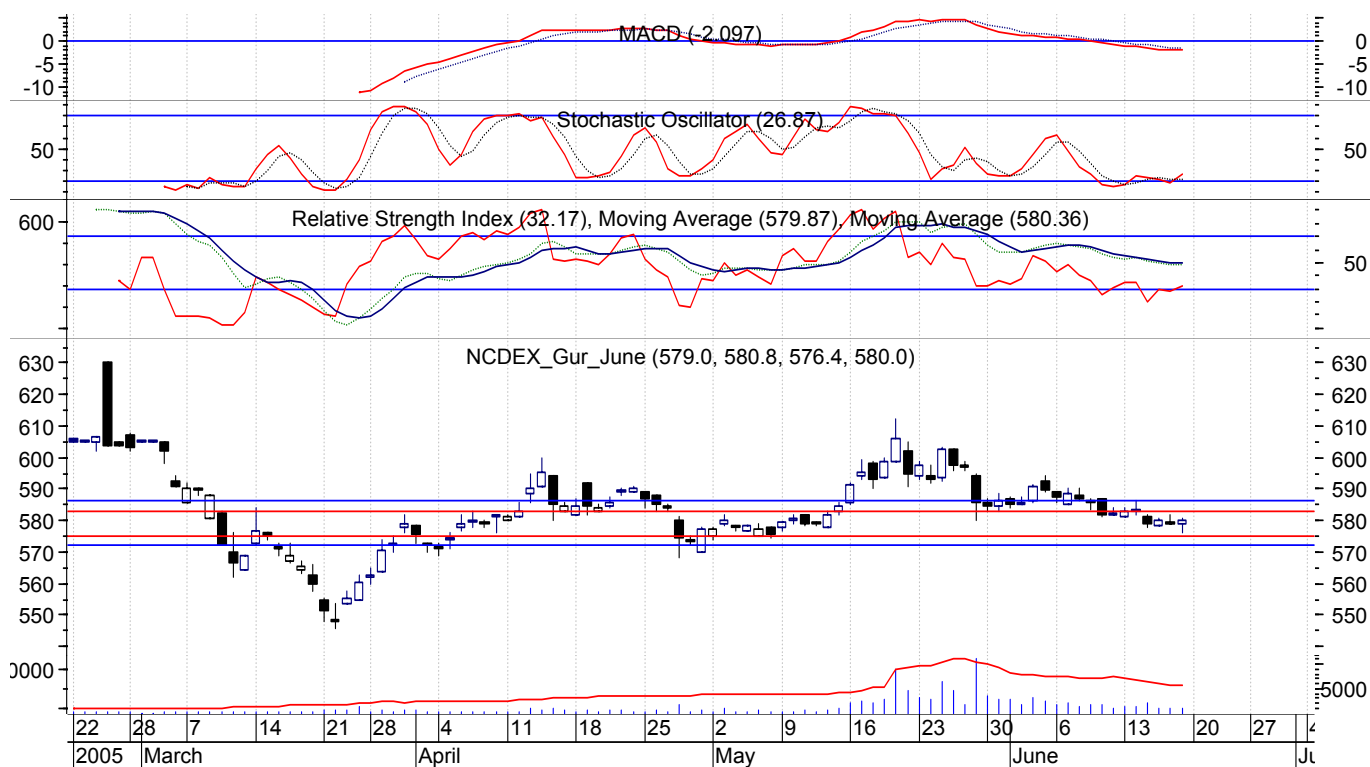
Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick formation is showing a weakly bullish trend. The opening in the next trading 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 has changed its direction and after cutting the %D-Line from below it is moving upwards while it has entered the normal region.

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

Relative Strength Index (RSI): The RSI (32.17) is moving upwards in the normal region.

The first resistance is seen at 583.2 and next at 586.1 marks. The first support level is at 574.9 and the next 572.2 marks.

The indicators are showing a mixed trend. The volume and open interest are declining as the June contract nears its expiration on Monday.

Outlook:

The technical indicators are indicating towards a mixed market sentiment. As suggested by the candlestick the opening in the next trading day may be on the upper side. It is expected that the future will remain range bound in the next trading day.

FOREX (As on 18th June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.52
1 Euro	53.52
1 British £	79.76
100 Yen	40.08

Port Watch (As on 17th 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.

Disclaimer

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