

## SUGAR, JAGGERY & CANE

10<sup>th</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- **Domestic Sugar Prices Up; Traded Range Bound**
- **NCDEX Sugar: Extended Yesterday's Gain**
- **NCDEX Gur: Remained Bearish Today**
- **NYBOT Sugar: Up on Fund Buying; July Rollover Fast**

### Market Commentary

#### Domestic:

##### Domestic Sugar Prices Up; Traded Range Bound

The domestic sugar prices remained marginally bullish today. The sugar prices at the major markets were quoted marginally higher with range bound movement.

The M grade sugar at the Delhi market was offered at a higher rate of Rs 1715-1730 per quintal today, while at Muzaffarnagar market it was quoted up at Rs 1725-1730 per quintal. At the Kolkata market the prices remained steady at Rs 1810-1815 per quintal. At the Mumbai market M grade sugar was traded at Rs 1730-1760 per quintal today.

The S grade sugar at the Chennai market continue to remain steady with a stronger undertone at Rs 1680-1685 per quintal, while at the Kolkata market price was steady at Rs 1765-1770 per quintal. At Delhi market it was offered unchanged at Rs 1700-1710 per quintal, whereas at Vashi market it was offered at a lower rate of Rs 1760-1765 per quintal. The spot prices at the Mumbai market were quoted at Rs 1760-1810 per quintal, whereas at Hapur market it was offered at Rs 1670-1700 per quintal today.

##### NCDEX Sugar: Extended Yesterday's Gain

The most active June future at the NCDEX remained bullish today to set a session high of 1675.00 during the first hour of trade. The June future hovered in the range of 1652.00-1675.00 today. The July future remained higher in the range of 1681.00-1705.00, whereas the August future was also strong in the range of 1694.00-1715.00 today.

##### NCDEX Gur: Remained Bearish Today

The most active June gur future at the NCDEX witnessed a bearish sentiment today. The June future today set the session high at 586.60, marginally lower than yesterday's high. However, the session low was much lower than yesterday's low. At the NCDEX, the June future remained bearish in a lower range of 581.00-586.60 today.

#### International:

##### NYBOT Sugar: Up on Fund Buying; July Rollover Fast

The New York Board of Trade (NYBOT) world raw sugar futures scaled up in heavy volume as the fund buying boosted the October future to a more than two month high. July rolling was busy before the front month expires in three weeks. At the NYBOT July contract finished up 13 points at

8.91 cents per pound, while the October contract settled up 9 points at 9.00 cents per pound. The July contract is expected to touch 9.00 cents per pound before the options expire today. The volume of trade was good with a lot of July rollovers.

#### News Analysis:

##### India Raw Sugar Import Not to Exceed 25 Lakh Tonnes

According to the Secretary, Department of Food and Public Distribution, the raw sugar import would not exceed 25 lakh tonnes this year. It is also reported that the domestic sugar supply situation is comfortable in this season. Raw sugar import during the 2004-05 sugar season (October-September) added to 18 lakh tonnes so far. It is reported that another 3-4 lakh tonnes raw sugar were contracted for August delivery. It is expected that the opening stock for the next sugar season beginning from October this year, would be in the range of 45-50 lakh tonnes, while the domestic output is projected to be around 18 million tonnes in the next crop year.

##### Thailand Sugar Exports Likely to Fall on Drought

Thailand sugarcane growers are expected to witness smallest harvest in 11 years as drought affected the crop for the third consecutive year. According to the Thailand's Sugar Cane Planters Federation, domestic sugarcane harvest, which started from October, may reduce by 16 percent to 40 million metric tons (MMT) this year from 47.8 MMT last year. According to the Thailand Cane and Sugar Corporation, the likely smaller harvest may results in a downfall of sugar exports by 37.5 percent at 2 MMT this crop year. Thailand accounts for about 5 percent of world sugar output and 11 percent of exports.

##### EU Licensed Sugar Exports of 22,000 Tons

The European Union Commission has licensed exports for 22,000 metric tons of sugar at a maximum rebate of EURO 39.291 per 100 kilograms at a tender for the 2004-05 crop. Out of the total licenses awarded, France took 13,000 tons and United Kingdom 9,000 tons. The export rebate is a subsidy paid by the EU to exporters in order to make them globally competitive and is awarded along with the export licenses required to sell sugar outside the EU.

## 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	10-June	9-June	8-June	7-June	6-June
LDP Raw FOB \$/MT	197.5	196.4	195.8	196.0	198.0
LDP Raw CIF \$/MT	257.5	256.4	255.8	256.0	258.0
LDP Raw CIF GBP/MT	141.3	140.7	139.4	140.0	141.9
LDP White FOB \$/MT	270	266	264.7	265.4	265.6
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)

## Domestic:

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

Date	Shyamli	Khatauli	Morna	Deoband	Titawi	Nanata
10.06.05	1700	1702	1684	1696	1685	1667

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

Date	M 30	S 30	Mill Delivery	Khand
10.06.05	1715-1730	1700-1710	1610-1630	1660-1670

## Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
10.06.05	460-475	560-585	Na	640-650

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
10.06.05	1370-1400	Na	Na	Na	Na

Na: Arrival finished

## Weather Forecast (As on 9<sup>th</sup> June 2005):

### A. Weather Systems:

#### South-West Monsoon:

The southwest monsoon has further advanced over some more parts of east central Arabian sea, union territory of Goa, remaining parts of Coastal Karnataka, most parts of South Interior Karnataka, remaining parts of Tamil Nadu, parts of Rayalseema and southern parts of Coastal Andhra Pradesh, remaining parts of southwest Bay and some more parts of central Bay. Northern Limit of monsoon passes through 15° N/60° E, 15° N/70° E, Panjim, Chitradurga, Anantapur, Kavali, 15° N/84° E, 18° N/90° and 20° N/93°.

The trough at sea level now runs from Punjab to Assam across central Uttar Pradesh and south Bihar.

Model prediction suggests that conditions are favourable for further progress of South-west monsoon over some more parts of Interior Karnataka, Rayalseema, parts of South Coastal Andhra Pradesh and southern parts of North-eastern states during next 3-4 days.

Model prediction suggests that a monsoonal activity may enhance over Bay of Bengal and southeast parts of North-Eastern states during 11-13 June 2005.

#### 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., Tamilnadu, 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

Parts of plains of northwest and central India are likely to experience rise in day temperature by about 1-2 degree during next 2 days.

#### Port Watch (As on 10<sup>th</sup> June 2005):

No latest vessel position is reported.

#### FOREX (As on 10<sup>th</sup> June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.56
1 Euro	53.21
1 British £	79.26
100 Yen	40.53

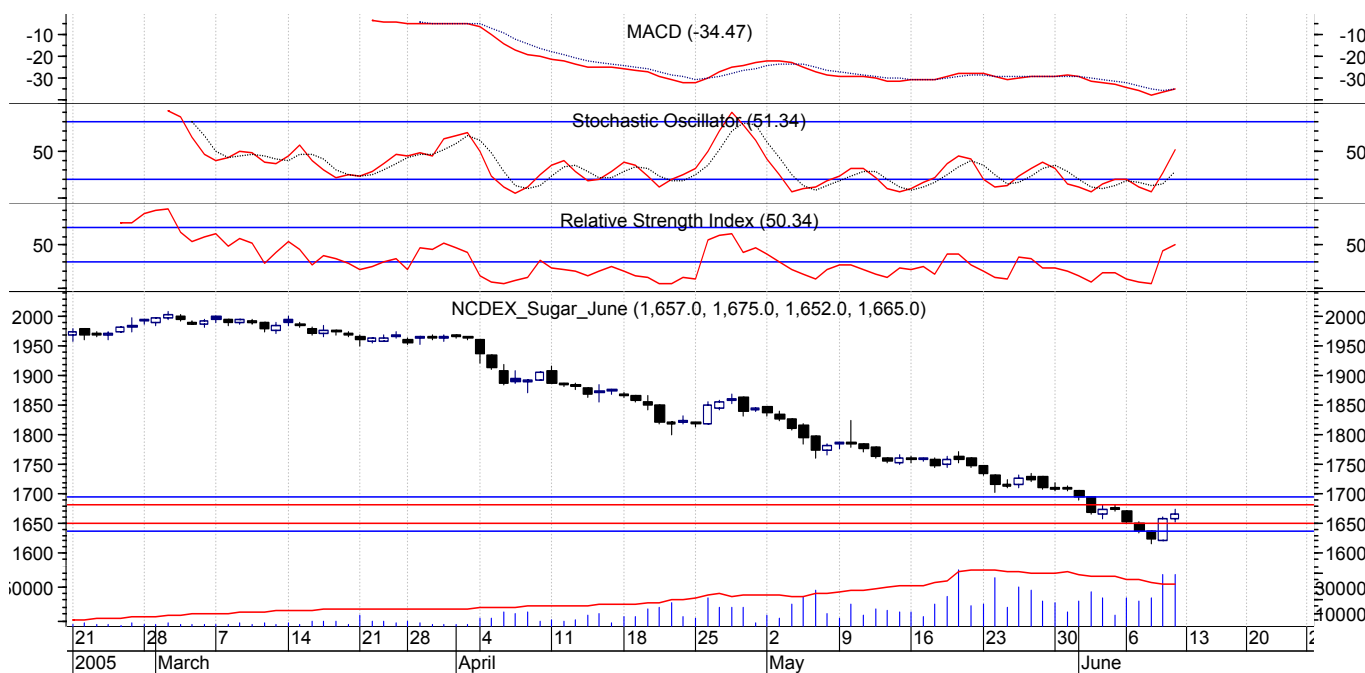
### Technical Analysis

#### Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



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

**MACD:** The MACD (5-day) after cutting its EMA from below moving upwards, a bullish indication.

**Stochastic:** The %K-line after cutting the %D-line from below moving sharply upwards in the normal region along with the %D-line.

**Relative Strength Index (RSI):** The RSI (50.34) is moving upwards in the normal region.

The first resistance level is seen at 1683 and the second at 1696. The first support level is at 1651 and the second at 1637.

All the indicators are pointing towards the bullishness of the market sentiment. Moreover, the volume is good and open interest is steady.

#### Outlook:

The technical indicators are showing a bullish market sentiment. As suggested by the candlesticks it is expected that the futures would open higher and the market may witness some strong sentiment in the next day.

## Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



**Candlesticks:** The candlestick pattern is showing a strong 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 it has crossed the horizontal line to enter the negative territory.

**Stochastic:** The %K-line is lying below %D -line and both are moving downwards. However, the %K-line has entered the oversold region.

**Relative Strength Index (RSI):** The RSI (24.69) is moving downwards in the oversold region.

The first resistance is seen at 587.2 and next at 590.1 marks. The first support level is at 577.8 and the next 573.6 marks.

Almost all the indicators are showing the bearishness of the market sentiment. Moreover, the volume and open interest are steady.

### Outlook:

All the technical indicators are showing a bearish market sentiment. As suggested by the candlesticks the opening in the next day may be on the lower side. It is expected that the futures would remain weaker in the next day.

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