



Trade Research Report

Sugar, Jaggery & Cane

MARKET TRENDS, HIGHLIGHTS AND RECOMMENDATIONS

Periodicity: DAILY

Date: 1st June 2005

Highlights:

- **Domestic Sugar Prices Remained Lower**
- **NCDEX Sugar: Weaker on Bearish Sentiments**
- **NCDEX Gur: Remained in Previous Day's range**
- **NYBOT Sugar: Higher but Consolidating**

Market Commentary

Domestic:

➤ **Domestic Sugar Prices Remained Lower**

The domestic sugar market witnessed marginal weakness today. However, the sugar prices are following a range bound movement for the last couple of week.

The M grade sugar at the Delhi market remained marginally lower at Rs 1740-1785 per quintal, while Muzaffarnagar market it was quoted unchanged at Rs 1760-1765 per quintal. At the Kolkata market the prices were lower at Rs 1805-1810 per quintal as against yesterday.

The S grade sugar at the Chennai market was traded at an unchanged price of Rs 1675-1680 per quintal, while at the Kolkata market price also remained same at Rs 1765-1770 per quintal. Today S grade sugar at Delhi market was offered at a lower price of Rs 1730-1750 per quintal, whereas at Vashi market it was lower at Rs 1775-1780 per quintal. At the Hapur market the sugar was offered at an unchanged rate of Rs 1675-1725 per quintal.

➤ **NCDEX Sugar: Weaker on Bearish Sentiments**

The most active June future at the NCDEX continued to witness downfall in a range bound trade and set the session high at 1706.00, 1 point higher than yesterday's low. The June future hovered in a much lower range of 1690.00-1706.00 during today's trade. The July future was also lower at a range between 1701.00-1722.00, whereas the August future moved in the lower range of 1710.00-1733.00. At the futures market it is expected that the price will remain weak in the coming days.

➤ **NCDEX Gur: Remained in Previous Day's Range**

The most active June gur future at the NCDEX traded marginally lower today but remained within yesterday's range. The June future today set the session high at 587.60, lower than yesterday. However the lower level was higher as against yesterday's low. Today the June future fluctuated in the range of 583.80-587.60.

International:

➤ **NYBOT Sugar: Higher but Consolidating**

The world raw sugar futures settled marginally higher at the New York Board of Trade (NYBOT) but remained in the range of the two previous sessions, consolidating after the recent advance to 7 week highs. The July future at the NYBOT finished up 1 point at 8.76 cents per pound and the October contract settled up 2 points at 8.87 cents per pound. Producer selling kept the futures getting through Friday's high though the trade and speculators were buying. Locals played it from the short side and the futures neared Friday's low at mid morning. July lost 4 points to 8.71 cents per pound, but trade buying provided some support and the market regained in final action.

News Analysis:

China: State Reserve Sugar Sold to Fill Supply Gap

China has sold 161,700 metric tons of state reserve sugar till 31st May in order to fill up the supply gap in the domestic market. According to the Ministry of Commerce of China, 150,000 tons of raw sugar imported from Cuba was sold at an average price of CNY 2,904 per ton, while 11,700 tons of state reserve refined sugar were sold at CNY 3,192 per ton. The government had set the minimum sell price of Cuban raw sugar at CNY 2,500 per ton and refined sugar at CNY 2,900 per ton. According to the ministry, China's sugar output in the 2005 production year (October to September) is estimated to decline almost 800,000 tons from last year. (1 CNY = 5.287 INR)

Mexico: Sugar Surplus Likely at 500,000 MT

The Mexican government is expecting a surplus production of about 500,000 metric tons of sugar from the record 2004-05 harvests. According to the Agricultural ministry of the country, the surplus will be held in inventory till the harvesting begins on the 2005-2006 crop. It is also reported that the government does not plan to export any of the surplus sugar at present. According to the National Sugar Cane Growers Union, the country's total production stands at 5,621,946 metric tons of mostly semi-refined standard sugar up to May 28. This is an increase of 14 percent on the production by harvest week 30 in the 2003-04 crop year (November-October) where total refined output by May 28 had reached 4,926,924 tons.

FAO Forecasted High Import of Sugar in India

The Food and Agriculture Organisation (FAO) in its latest Food Outlook journal, has forecasted dull prospects for sugar production in India. It has reported that this could result in a higher import due to output shortfall. The report highlighted that the sugar prices strengthened in 2004 and early 2005 reflecting a shortfall in supplies. This shortfall is forecasted to continue in 2005, reflecting strong import demand and unfavourable production prospects in India. It has also reported that preliminary harvest returns indicate a continued shortfall in supplies during 2005 largely due to a second consecutive year of unfavourable weather and rising import demand in India.

Domestic and International Sugar Outlook:

➤ India 2005-06 Sugar Output Likely 17.5-18.2 MT

According to the Indian Sugar Mills Association official, the country's sugar output in 2005-06 crop year (October-September) is forecasted to rise to 17.5-18.2 million tonnes. Depending upon the monsoon condition, the output may touch the upper limit if the monsoon is good or vice-versa. It is also reported that the sugar production in the current year is likely to be marginally less than 13 million tonnes. It is also forecasted that the country's import of raw sugar would be negligible next crop year compared with 1.2-1.3 million tonnes in this year.

➤ Govt Announced 1.1 MMT Sugar Sales Quota

The Government of India has announced the sales quota of sugar at 1.1 million metric tons (MMT) for the month of June. The levy quota is announced to be 2.16 lakh metric tons. Together the total sugar available for sale will be 1.316 MMT in the month of June.

➤ ED&F Man Forecasted Global Sugar Deficit at 3.2 MMT

The trade house ED&F Man Sugar, in its latest monthly report, has forecasted the world sugar deficit at 3.2 million metric tons (MMT) for the 2004-05 marketing year (October-September). Earlier in February the group had forecasted a deficit of 4.1 MMT. The global output for 2004-05 is forecasted at 143.7 MMT, up from 142.9 MMT in 2003-04. The global consumption is also forecasted higher at 146.9 MMT in 2004-05 from 143.7 MMT in 2003-04.

➤ World Sugar Situation – June 2005

According to the recently published World Sugar Situation by the Foreign Agricultural Service, United States Department of Agriculture, the world sugar production for the 2005-06 marketing year is forecasted at 146.3 million tons, raw value, up 4.2 million tons from the revised 2004-05 estimates. Consumption is forecasted at 142.7 million tons, up 2.1 million tons from a year earlier. Exports are forecasted at 46.3 million tons, up 250,000 tons; and ending stocks are forecasted at 34.2 million tons, down 1.6 million tons. Forecast increases in 2005-06 world production and trade are mainly due to higher production in India, up 4.5 million tons; Brazil, up 1.4 million tons; and China, up 800,000 tons. Exports are forecasted to remain relatively even because of reduced shipments from Thailand of 700,000 tons offsetting increased shipments from Brazil of 1.0 million tons. Thailand exports for 2005-06 are forecast at 2.9 million tons. Exports over the previous four years averaged 4.5 million tons. Revisions of the 2004-05 estimates show an increase in beginning stocks of 2.9 million tons. Estimated world production, exports, and consumption for 2004-05 show little change from the November 2004 estimate. Production is placed at 142.1 million tons, exports at 46 million tons, and consumption at 140.6 million tons. Ending stocks are estimated at 35.8 million tons, up 4.1 million tons. Principal country changes in 2004-05 world production since the November estimate are Brazil, up 2 million tons, Australia, down 250,000 tons; and China, down nearly 1.2 million tons and Mexico, up 670,000 tons. Production in Thailand is estimated at 5.2 million tons, down almost 1.3 million tons. Estimated Thailand exports for 2004-05 are now placed at 3.6 million tons, down 1.2 million tons. Production in the EU-25 increased 1.9 million tons to total 21.3 million tons, and exports increased 1.1 million tons, to total 5.5 million tons.

World Production, Supply and Distribution of Centrifugal Sugar

World Total:

(1000 Metric Tons, Raw Value)

Year	Beginning Stock	Production	Imports	Total Supply	Exports	Domestic Consumption	Ending Stocks
2001-02	39,605	134,382	39,136	213,123	41,917	134,552	36,654
2002-03	36,654	148,787	40,348	225,789	46,345	138,412	41,032
2003-04	41,032	142,294	40,163	223,489	45,713	138,669	39,107
2004-05	39,008	142,066	41,395	222,469	46,041	140,639	35,789
2005-06	35,789	146,252	41,183	223,224	46,290	142,711	34,223

Source: FAS, USDA

India:

(1000 Metric Tons, Raw Value)

Year	Beginning Stock	Production	Imports	Total Supply	Exports	Domestic Consumption	Ending Stocks
2001-02	11,985	20,475	100	32,560	1,130	19,760	11,670
2002-03	11,670	22,140	10	33,820	1,410	19,980	12,430
2003-04	12,430	15,180	550	28,160	250	18,810	9,100
2004-05	9,100	13,770	2,000	24,870	20	18,800	6,050
2005-06	6,050	18,340	1,000	25,390	20	19,300	6,070

Source: FAS, USDA

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	1-June	31-May	30-May	28-May	27-May
LDP RAW FOB \$/MT	194.9	195.8	Na	Na	194.7
LDP RAW CIF \$/MT	259.9	260.8	Na	Na	259.7
LDP RAW CIF GBP/MT	143.4	143.6	Na	Na	142.7
LDP WHITE FOB \$/MT	260.6	261.9	Na	Na	262.2
LONDON FREIGHT \$/MT	65	65	Na	Na	65
LONDON FREIGHT GBP/MT	36	36	Na	Na	36

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	Nanoata	Tikola
01.06.05	1735	1740	1725	1735	1735	1705	Na

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

Date	M 30	S 30	Mill Delivery	Khand
01.06.05	1740-1785	1730-1750	1600-1650	1680-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Laddu	Khurpa padh	Shakkar
01.06.05	460-475	570-600	Na	575-580	600-640

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
01.06.05	1350-1400	1380-1400	1325-1340	1300-1310	1275-1280

Technical Analysis

Commodity: Sugar Grade M
Exchange: NCDEX
Perspective: Very Short Term (Daily)
Contract: June (Future)

Date: 01.06.05

NCDEX JUNE Contract



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

MACD: The MACD (5-day) after cutting its EMA, moving downwards, a bearish indication.

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

Relative Strength Index (RSI): The RSI (14.45) is moving downwards and it is lying in the oversold region.

The first resistance level is seen at 1713 and the second at 1730. The first support level is at 1685 and the second at 1675.

All the indicators are pointing towards highly weak market sentiment. The open interest is on an average steady but the volume is decreasing constantly.

Outlook:

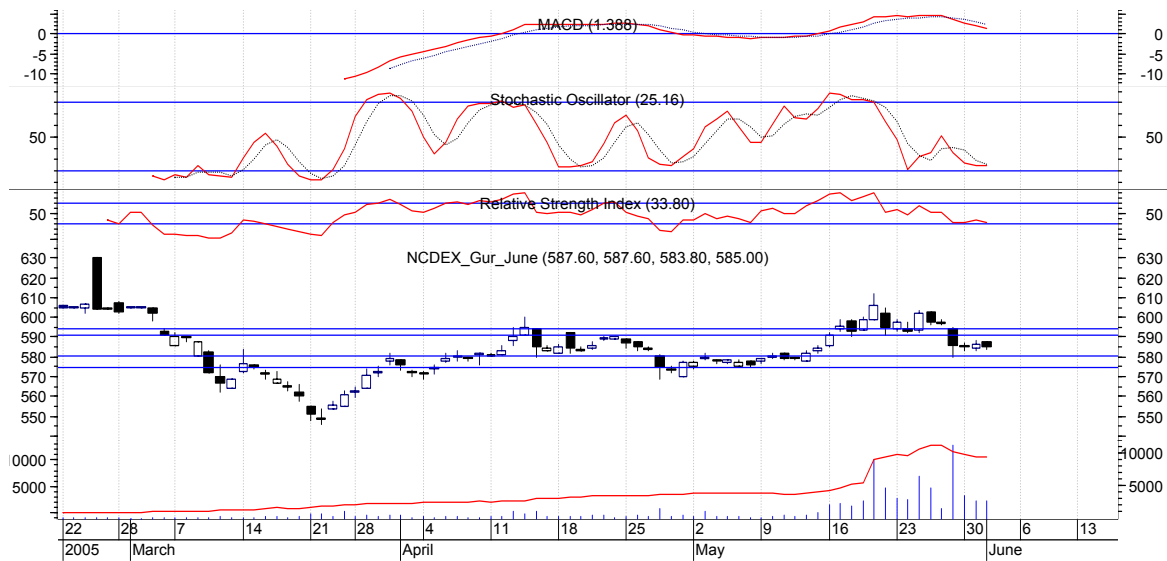
The indicators are pointing towards a highly bearish market sentiment. It is expected that the future will open at the lower side and the prices will become weak in the next day.

Technical Analysis

Commodity: Gur (Jaggery)
Exchange: NCDEX
Perspective: Very Short Term (Daily)
Contract: June (Future)

Date: 01.06.05

NCDEX JUNE Contract



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

MACD: The MACD (5-day) after cutting its EMA from above going downwards in the positive territory and it is about to touch the horizontal line.

Stochastic: The %K-line is still lying below the %D -line, but it has started moving slightly upwards in the normal region.

Relative Strength Index (RSI): The RSI (33.80) has started moving downwards in the normal region.

The first resistance is seen at 591.2 and next at 594.1 marks. The first support level is at 580.2 and the next 574.6 marks.

Almost all the indicators are pointing towards the bearishness of the market sentiment.

Outlook:

The indicators are showing the weakness of the market. It is expected that the price will remain weak in the next day. However as shown by the stochastic the futures are expected to trade in a range bound movement.

Port Watch (As on 1st June 2005)

- Delivery of 34,000 MT of raw sugar is continuing at Tuticorin Port from the vessel 'Paul Oldendroff'. The vessel is being handled by St. John agents.

Weather Forecast (As on 31st May 2005):

Medium range weather forecast for period during 31st May – 4th June, 2005.

Monsoon Outlook:

Southwest monsoon has advanced over the Andaman Sea and some more parts of southeast Bay of Bengal and southwest Bay of Bengal.

Rainfall activity over Kerala may continue during next 4-5 days. Conditions are likely to become favorable for onset of monsoon over Kerala during 4-6 June, 2005.

Weather Systems:

A western disturbance lies over Jammu & Kashmir & adjoining area. It is likely to move away in an eastward direction. Under its influence, the hilly region of NW India may experience intermittent isolated to scattered snowfall/rains during next 2 days and plains of NW and north India are likely to experience partly cloudy sky condition with mainly dry weather.

A north-south oriented trough in the lower level runs from east M.P. to interior Karnataka .It is likely to persist during next 2-3 days.

A northeast-southwest shear zone in mid troposphere with embedded cyclonic circulation over west central Bay of Bengal and southeast Arabian Sea is likely to persist during 3-4 days.

Another upper air cyclonic circulation lies over Assam and adjoining area. It is likely to provide rainfall over NE States during next 3-4 days.

Rainfall:

Isolated to scattered snowfall/rain are likely over hilly regions of NW India during next 24 hours.

Isolated to scattered rains/thundershowers are likely over East Uttar Pradesh during 24 hours, East M.P., Chattisgarh, Orissa Vidarbha, Telangana, Rayalseema, and North Interior Karnataka during next 2-3 days and, West Bengal and NE states during next 4 days.

Scattered to fairly widespread rainfall is likely over Kerala, South Interior & Coastal Karnataka. Tamilnadu, coastal Andhra Pradesh, Lakshadeep and Andaman & Nicobar Islands during next 4 days.

Temperatures:

Day temperature over parts of plains of NW India is likely to fall by about 2 degree C during next 2 days and heat wave condition over southeast U.P., Bihar is likely to abate.

FOREX as on 1st June 2005

Foreign Currency	Rs. per unit
1 US \$	43.72
1 Euro	53.93
1 British £	79.61
100 Yen	40.37

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