

SUGAR, JAGGERY & CANE

24th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Steady Today
- NCDEX Sugar: Down; Traded with Bearish Sentiment
- NCDEX Gur: Lower; Remained in Yesterday's Range
- NYBOT Sugar Surged Up on Fund Buying

Market Commentary

Domestic:

Domestic Sugar Prices Remained Steady Today

The domestic sugar traded range bound today. Both the 'M' and 'S' grade sugar at the major sugar markets were offered at almost unchanged level as against yesterday.

The M grade sugar at the Delhi market remained almost unchanged at Rs 1765-1790 per quintal today. At the Muzaffarnagar market also sugar was offered steady at Rs 1800-1805 per quintal, while sugar prices at the Kolkata market were unchanged at Rs 1835-1840 per quintal today.

The S grade sugar at the Delhi market was quoted marginally lower at Rs 1730-1760 per quintal today. At the Chennai market also sugar prices were unchanged at Rs 1690-1695 per quintal, while at the Vashi market it remained steady at Rs 1780-1785 per quintal. However, at the Kolkata market sugar was offered at a higher level at Rs 1775-1780 per quintal today.

The sugar prices at the major markets are expected to remain range bound with a moderately strong undertone in the coming days. The traders are waiting for the monthly sugar sales quota announcement. A likely lower sales quota may boost the sugar prices in the coming days.

NCDEX Sugar: Down; Traded with Bearish Sentiment

The July future at the NCDEX remained weak today in a range bound trade. The July future set the day's high at 1791.00 at the early hours of trade and remained in a lower range of 1772.00-1791.00 thereafter. The August future also fluctuated in a lower range of 1798.00-1820.00 today. It is expected that the futures will remain weak in the next day.

NCDEX Gur: Lower; Remained in Yesterday's Range

At the NCDEX the July gur futures failed to extend previous day's gain and traded with a bearish sentiment today. The July future set the day's high at 615.00 within the first hour of trade and remained lower thereafter. However, the session low was higher than yesterday's low. The July future at the NCDEX remained in yesterday's range and hovered in the range of 609.00-615.00 today. It is expected that the gur futures will remain weak in the next day.

International:

NYBOT Sugar Surged Up on Fund Buying

The world raw sugar futures at the New York Board of Trade (NYBOT) surged up near to the previous day's three month high as funds bought October contract amidst busy July-October rollovers. The strength in the London whites market, which hovered at four month highs, supported the futures at the NYBOT. The July future finished up 9 points at 9.04 cents per pound, whereas the most active October future settled up 7 points at 9.18 cents per pound on Thursday. The futures opened higher and funds, speculators and locals bought the October contract to push it up to 9.15 cents per pound. The October future touched the day's high at 9.19 cents per pound on more fund buying in late action.

News Analysis:

EU Sugar Reform Likely to Boost Indian Export

The European Union's (EU) proposed sugar reform to cut down the subsidy it pays for sugar by more than a third is expected to augment the prospects of India as sugar exporter in the global sugar market. The proposed reform is likely to slash the EU sugar export from 6 million metric tons (MMT) to 1.2 MMT. India is likely to emerge as a strong base for sugar export since except the Thailand all other Asian countries import sugar. The Indian sugar export in 2005-06 sugar year is forecasted at 20000 tonnes. However, with the EU sugar reform Indian export may well cross the anticipated level.

Vietnam Allowed Sugar Import to Check Shortfall

According to the Vietnam Ministry of Trade, the country at present facing a shortfall of 1.5 lakh tons of sugar for production and consumption this year. It is reported that the sugar production in Vietnam after the 2004-05 crop stands at only 1 million tons, far less than the expected level. In order to check the supply crisis, the government has allowed the domestic sugar industry to import sugar. Meanwhile, the domestic sugar prices have jumped up sharply in this month due to higher demand.

Australia Sugar Output Likely to be Higher on Rain

Australian sugarcane growers are expecting an increase in sugar production on increased rainfall in some of the sugarcane growing areas. The raw sugar production is expected to touch 5 million metric tons (MMT) this year.

Earlier the sugar production was projected to be lower than 4.9 MMT due to dry weathers. However if the present weather condition holds, then the output may cross 5 MMT. Higher output in Australia may curb the world sugar prices at the New York Board of Trade. Australia is the fourth largest exporter of sugar and accounts for about a tenth of total world sugar exports.

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	24-June	23-June	22-June	21-June	20-June
LDP Raw FOB \$/MT	203	200	200.8	200.2	200.2
LDP Raw CIF \$/MT	263	260	260.8	260.2	260.2
LDP Raw CIF GBP/MT	144.5	142.9	143.5	143.2	142.6
LDP White FOB \$/MT	296.1	290	286.5	282.5	280
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	Khat-auli	Morna	Deob-and	Titawi	Nano-ata
24.06.05	1792	1790	1757	1783	1788	1745

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

Date	M 30	S 30	Mill Delivery	Khand
24.06.05	1765-1790	1730-1760	1680-1695	1685-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
24.06.05	470-490	595-615	Na	650-670

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
24.06.05	1540-1580	Na	Na	Na	Na

Na: Arrival finished

Weather Forecast (As on 24th June 2005):

Forecast for next 24 hours

North: Rain/thundershowers likely at many places over Uttar Pradesh and at a few places over Haryana, Uttaranchal and Himachal Pradesh and isolated in the rest region.

East: Rain/thundershowers likely at many places in the northeastern states, West Bengal & Sikkim, Jharkhand and Bihar and at a few places over the rest region.

South: Rain/thundershowers likely at many places over coastal Karnataka and at a few places in the rest of the region outside Tamil Nadu & Pondicherry where it may be isolated.

West: Rain/thundershowers likely at most places in north Konkan, at many places over south Konkan & Goa, Saurashtra and south Gujarat region and at a few places in the rest region out side west Rajasthan where it may be isolated. Isolated duststorm likely over west Rajasthan.

Warning

Heavy to very heavy rainfall likely at a few places over sub himalayan West Bengal & Sikkim and north Konkan, isolated heavy rainfall also likely over northeastern states, north Bihar, Saurashtra, south Gujarat region and south Konkan & Goa.

Port Watch (As on 24th June 2005):

No latest vessel position is reported today.

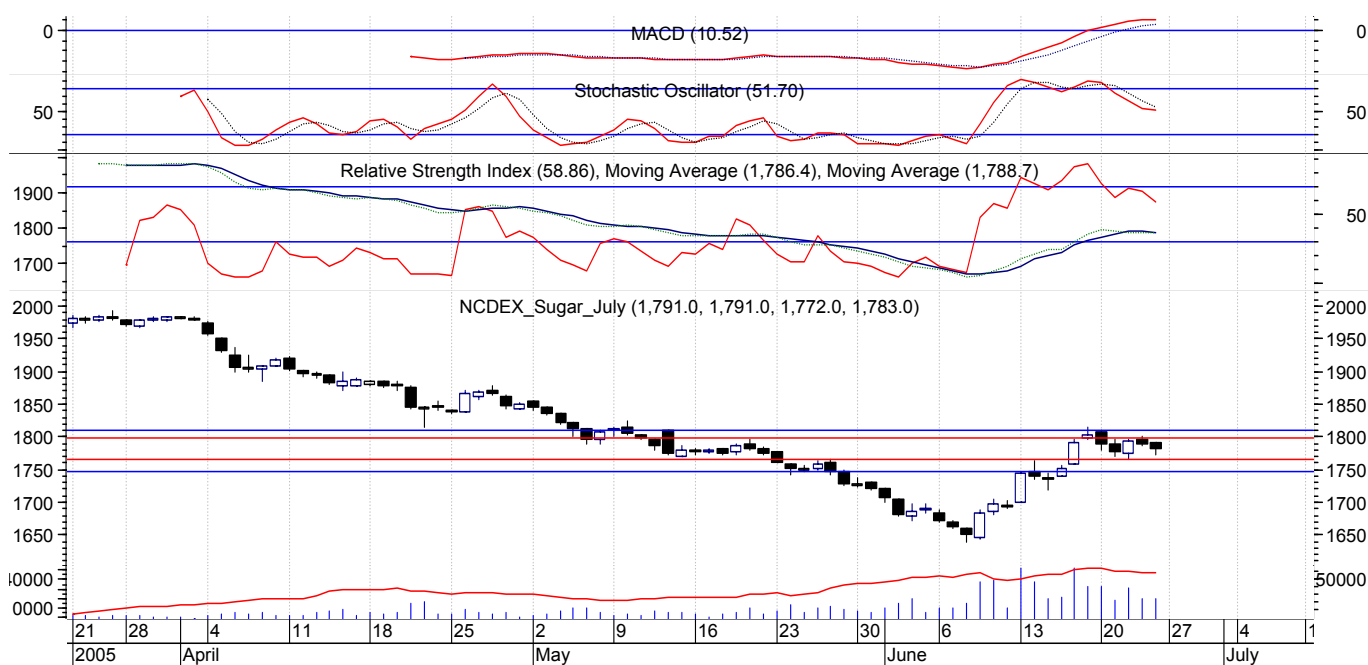
Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)



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

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

Stochastic: The %K-line is lying below the %D-line, while both are sloping downwards in the normal region.

Moving Averages (MA): The 5-day MA after cutting the 3-day MA from above, moving downwards, while the 3-day MA is still moving upwards.

Relative Strength Index (RSI): The RSI (58.86) is moving downwards in the normal region.

The first resistance level is seen at 1798 and second at 1809. The first support level is at 1766 and second at 1748.

The open interest as well as the volume has decreased.

Outlook:

The technical indicators are pointing towards a bearish sentiment in the futures market. As suggested by the candlestick, the opening in the next day may be on the lower side. It is expected that the futures will remain bearish in the next day.

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1798	1809	1766	1748

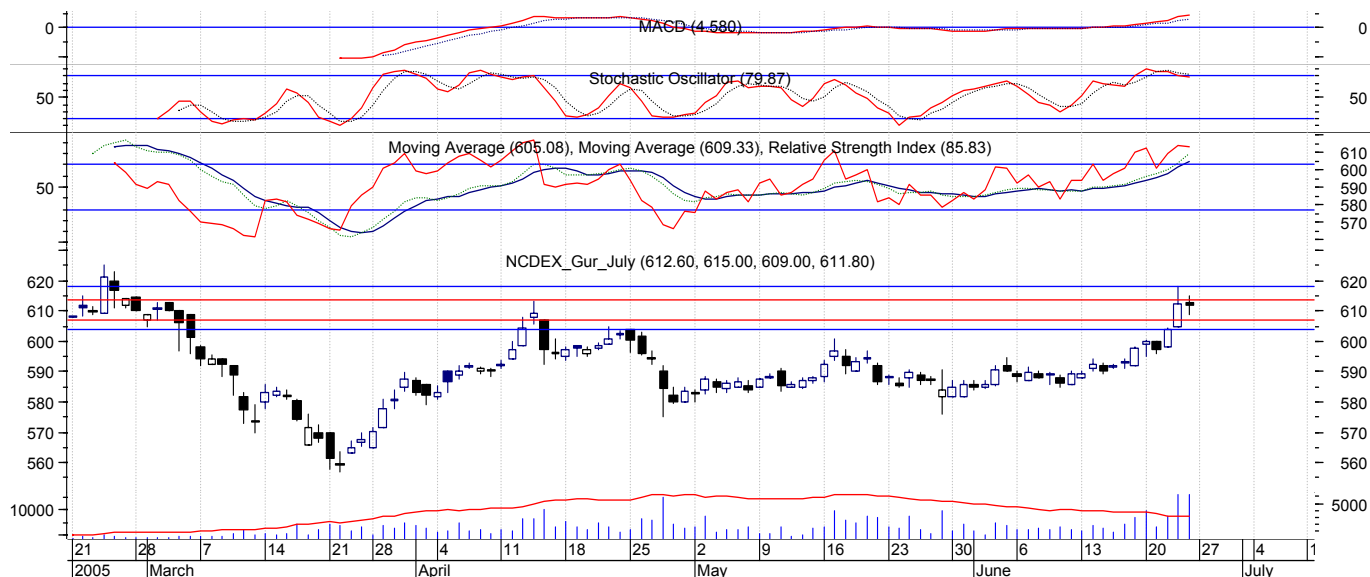
Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)



Candlesticks: The candlestick formation is indicating towards a short-term trend reversal pattern. The opening in the next day may be on the lower side.

MACD: The MACD (5-day) along with its EMA, moving continuously upwards in the positive territory.

Stochastic: The %K-line after cutting the %D-line, moving downwards along with the %D-line. The %K-line has just entered the normal region.

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

Relative Strength Index (RSI): The RSI (85.83) has started moving downwards in the overbought region.

The first resistance is seen at 613.8 and next at 618.1 marks. The first support level is at 607.1 and the next at 604 marks.

The open interest is declining, while the volume has increased.

Outlook:

The technical indicators are pointing towards a short-term trend reversal pattern. As suggested by the candlestick the opening in the next day may be on the lower side. It is expected that the futures will remain bearish on downward technical correction.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	613.8	618.1	607.1	604

FOREX (As on 24th June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.56
1 Euro	52.42
1 British £	79.12
100 Yen	39.96

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