

SUGAR, JAGGERY & CANE

13th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Strong Today
- NCDEX Sugar: Surged Up to Near 2-Week High
- NCDEX Gur: Marginally Up in Range Bound Trade

Market Commentary

Domestic:

Domestic Sugar Prices Remained Strong Today

The domestic sugar prices remained strong today. On an average both the 'M' and 'S' grade sugar were offered at higher prices today.

The M grade sugar at the Delhi market was offered at a much higher price of Rs 1740-1780 per quintal today, while at Muzaffarnagar market it was also higher at Rs 1750-1755 per quintal. However at the Kolkata market the prices was steady at Rs 1805-1810 per quintal. At the Mumbai market M grade sugar was available at slightly higher price of Rs 1770-1800 per quintal today.

The S grade sugar at Delhi market was offered at a much higher price of 1720-1740 per quintal, whereas at Vashi market it was also quoted higher at Rs 1765-1770 per quintal. However, at the Chennai market it was offered lower at Rs 1675-1680 per quintal, while at the Kolkata market price was unchanged at Rs 1765-1770 per quintal. The spot prices at the Hapur market were quoted higher at Rs 1700-1725 per quintal today, while at Mumbai market it was offered unchanged at Rs 1730-1760 per quintal.

NCDEX Sugar: Surged Up to Near 2-Week High

The most active June future at the NCDEX extended previous week's gain and rallied up to near 2 week high of 1705.00 today. The June future hovered in a much higher range of 1670.00-1705.00 today. The July future also remained strong in the range of 1699.00-1746.00, while the August future jumped up in the range of 1720.00-1768.00 today.

NCDEX Gur: Marginally Up in Range Bound Trade

The most active June gur future at the NCDEX continued to remain range bound today. The June future today set the session high at 584.20, marginally higher than yesterday's high. However, the session low was slightly lower than yesterday's low. At the NCDEX, the June future remained bearish in the range of 581.20-584.20 today.

International:

NYBOT Sugar:

The New York Board of Trade remained closed on Saturday and Sunday.

News Analysis:

Russia: Refined Sugar Production Up from Last Year

According to the sugar producers association of Russia, the country has produced around 1.461 million tons of refined sugar from imported raw sugar from the beginning of 2005 to June 8. The production so far is higher by around 6.7 percent from 1.369 million tons during the same period last year. However, total raw sugar stocks at refineries, including the amounts left over from last year, on June 8 were lower at 133,100 tons, than the last year figure of 308,400 tons on the same date.

British Sugar Plans to Make Bioethanol

The Associated British Foods (ABF) is to all set to announce a plan this week to use part of its sugar production as an environmentally friendly additive to petrol. The ABF subsidiary British Sugar has submitted a plan to convert sugar beet into bioethanol, a form of industrial alcohol. British Sugar is proposing to make 55,000 tons of bioethanol, which can save up to 70 percent in carbon emissions when added to standard petrol. The EU Biofuels Directive states that by 2010, 5.75 per cent of petrol should be made up of biofuels. British Sugar has estimated that 1 million tons of bioethanol would be needed for the UK. According to the British Sugar, the proposed plant only represents about 5 per cent of Britain's bioethanol needs.

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	13-June	10-June	9-June	8-June	7-June
LDP Raw FOB \$/MT	198.9	197.5	196.4	195.8	196.0
LDP Raw CIF \$/MT	258.9	257.5	256.4	255.8	256.0
LDP Raw CIF GBP/MT	143.8	141.3	140.7	139.4	140.0
LDP White FOB \$/MT	270.8	270	266	264.7	265.4
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	Khatauli	Morna	Deoband	Titawi	Nanoata
13.06.05	1740	1750	1725	1735	1740	1705

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

Date	M 30	S 30	Mill Delivery	Khand
13.06.05	1740-1780	1720-1740	1650-1700	1680-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
13.06.05	460-470	565-590	Na	625-675

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
13.06.05	1450-1500	Na	Na	Na	Na

Na: Arrival finished

Weather Forecast (As on 9th 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 13th June 2005):

No latest vessel position is reported.

FOREX (As on 13th June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.62
1 Euro	52.74
1 British £	78.92
100 Yen	40.17

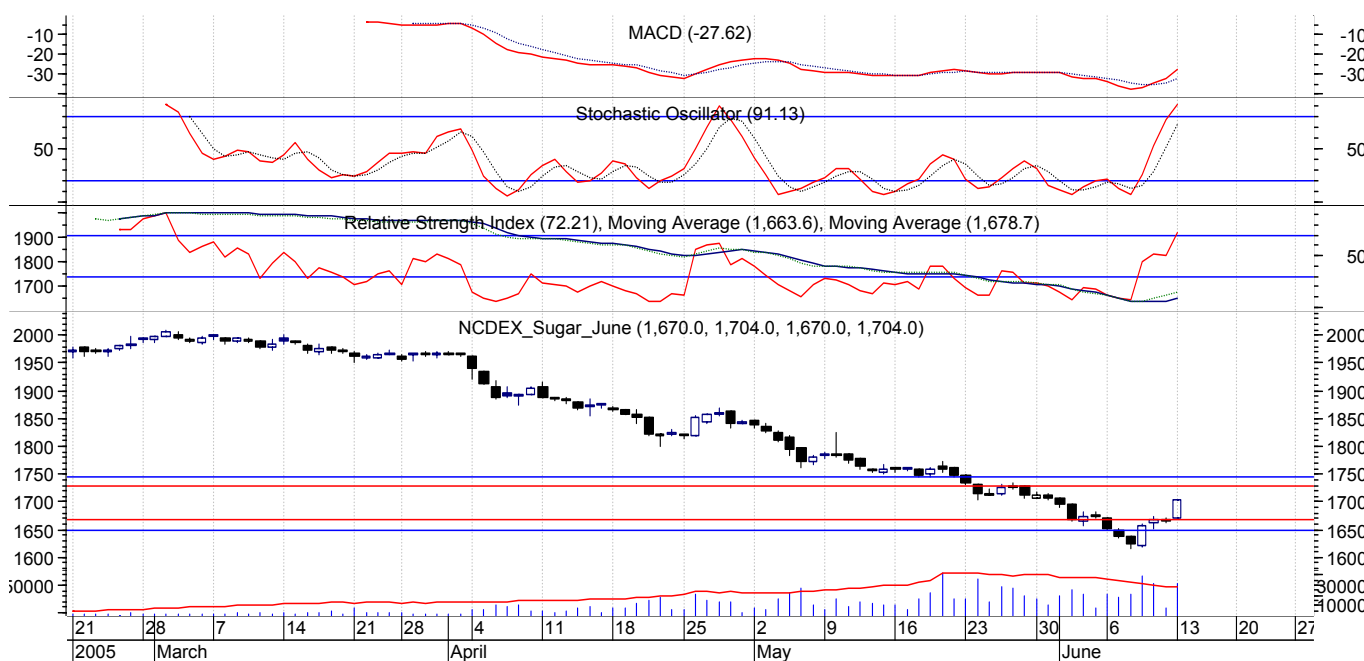
Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



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

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

Stochastic: The %K-line along with the %D-line, moving very sharply upwards. The %K-Line has just 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 (72.21) has entered the overbought region and moving upwards.

The first resistance level is seen at 1729 and the second at 1744. The first support level is at 1667 and the second at 1649.

All the indicators are showing a strong market sentiment. Moreover, the volume and open interest are also good.

Outlook:

The technical indicators are pointing towards a strong bullish sentiment. As suggested by the candlesticks the opening on the next day may be on the upper side. It is expected that the futures would witness some strong sentiment in the next day. However, as suggested by the stochastic and the RSI, a downward technical correction is likely in the coming days.

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick pattern is showing a moderately bullish trend. The opening in the next 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 is lying below %D -line and both have entered the oversold region.

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

Relative Strength Index (RSI): The RSI (32.19) is moving upwards and has entered the normal region.

The first resistance is seen at 586.9 and next at 590.1 marks. The first support level is at 580.0 and the next 577.0 marks.

Almost all the indicators are showing the bearishness of the market sentiment except the candlesticks and the RSI. However, the volume and open interest are steady.

Outlook:

The technical indicators are showing a mixed sentiment. As suggested by the candlesticks the opening in the next day may be on the upper side. It is expected that the futures would remain range bound in the next trading day. However, an upward technical correction is likely in the coming days.

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