

## SUGAR, JAGGERY & CANE

6<sup>th</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Declined sharply Today
- NCDEX Sugar: taken Downward Move
- NCDEX Gur: Traded with range bound Sentiment

### Market Commentary

#### Domestic:

#### Domestic Sugar Prices Declined sharply Today

The domestic sugar market witnessed a weak sentiment today. The sugar prices in the major sugar markets remained mainly low today in all major markets.

The M grade sugar at the Delhi market remained unchanged at Rs 1720-1745 per quintal today, while at Muzaffarnagar market it was offered at a lower rate of Rs 1720-1730 per quintal. At the Kolkata market the prices were also lower at Rs 1810-1812 per quintal as against yesterday.

The S grade sugar at the Chennai market continue to remain steady at Rs 1680-1684 per quintal, while at the Kolkata market price was higher at Rs 1665-1669 per quintal. At Delhi market it was offered at a lower price of Rs 1700-1710 per quintal, whereas at Vashi market it was higher at Rs 1760-1768 per quintal. At the Hapur market the sugar was offered steady at Rs 1675-1700 per quintal.

#### NCDEX Sugar: taken Downward Move

The most active June future at the NCDEX set a session high of 1671.00 today. The June future remained in the yesterday's range and fluctuated in between 1650.00-1671.00 today. The July future hovered in the range of 1683.00-1699.00, whereas August future remained in the range of 1673.00-1690.00.

#### NCDEX Gur: Traded with range bound Sentiment

The most active June gur future at the NCDEX traded with a range bounds sentiment today. Today the June future fluctuated in an improved range of 586.00-589.00.

#### International:

#### News Analysis:

#### Viet Nam to import 57,000 tonnes of sugar

The Ministry of Trade has agreed to the import of 57,000 tonnes of sugar to make up for losses in the 2004-05 sugarcane crop, according to the Viet Nam Sugar and Sugarcane Association. Of the figure, monosodium glutamate producers are allowed to import 50,000 tonnes, food processing companies in the northern port city of Hai Phong, 5,000 tonnes, and food processing companies in northern Hai Duong province, 2,000 tonnes. At the end of the 2004-05 sugarcane crop, 42 sugar mills nationwide

have produced 1 million tonnes of sugar, just enough for domestic consumption without any left for reserves. As a result, domestic sugar prices remain high with one kilo selling for between 6,800 VND-7,500 VND.

#### Domestic and International Sugar Outlook:

#### 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.

#### 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.

#### 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

#### Domestic:

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

Date	Shyamli	Khatauli	Morna	Deoband	Titapi	Nanoata	Tikola
06.06.05	1712	1715	1705	1707	1700	NA	Na

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

Date	M 30	S 30	Mill Delivery	Khand
06.06.05	1720-1745	1700-1715	1600-1630	1670-1690

#### Jaggery at Spot Market

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

Date	Raskat	Chaku	Laddu	Khurpa padh	Shakkar
06.06.05	460-470	565-590	590-605	580-600	600-650

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
06.06.05	1400-1450	Na	Na	Na	Na

Na: Arrival finished

### Weather Forecast (As on 6<sup>th</sup> June 2005):

#### Monsoon Outlook:

At present northern limit of monsoon is passing through 5 Deg. N / 78 Deg. E, 9 N / 82 E, 13 N / 86 E, 16 N / 90 E and 19 N / 94 E.

Flow pattern further suggests that the conditions may become favourable for onset of monsoon over Kerala only after 4-5 days. Advancement of monsoon over NE India is expected to be after 6th June 2005.

NE India is likely to receive monsoonal rains earlier than Kerala.

#### Weather Systems:

##### South-West Monsoon

The South-West Monsoon has advanced into Kerala and some parts of south Arabian Sea and some more parts of SW Bay of Bengal on 5th June, 2005. Model

prediction suggests that the monsoon activity is likely to continue over south Peninsular India (Kerala, south interior and coastal Karnataka) and enhance over NE states during next 4-5 days.

An East-west shear zone at the middle tropospheric levels runs from central Bay of Bengal to SE Arabian Sea. Model prediction indicates progressive northward march of this zone during next 4-5 days. This may cause progress of monsoon over some more areas of peninsula. Model predictions suggest that conditions are favourable for progress of Southwest monsoon over some parts of coastal Karnataka, parts of South Interior Karnataka, some more parts of Tamilnadu, southern parts of North-eastern states during next 3-4 days.

##### Western Disturbance

A western Disturbance lies over J&K and adjoining areas. It is likely to move in a north-eastward direction. Under its influence, hilly regions of NW India are likely to receive isolated to scattered snowfall/rainfall and plains of NW

India may receive isolated dust storm/ thundershowers during next 2 days. Model prediction suggests that another western disturbance is likely to approach north Pakistan and adjoining J&K area by 11th June 2005.

#### Rainfall:

Fairly widespread to widespread rainfall is likely over Kerala, Coastal & South Interior Karnataka, and NE States during next 4-5 days. Isolated to Scattered rainfall/snowfall is likely over J&K, H.P. and Uttaranchal during 24-48 Hrs and then during 11-12 June 2005. Isolated to Scattered rainfall is likely over Konkan and Goa, West Bengal, Orissa, Coastal A.P., Tamilnadu, Rayalseema, 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 next 48 Hrs.

#### Temperature

Hest Wave conditions over North and central India may improve during next 3 days.

### Port Watch (As on 6<sup>th</sup> 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.

### FOREX as on 6<sup>th</sup> June 2005

Foreign Currency	Rs. per unit
1 US \$	43.60
1 Euro	53.37
1 British £	79.17
100 Yen	40.57

## Technical Analysis

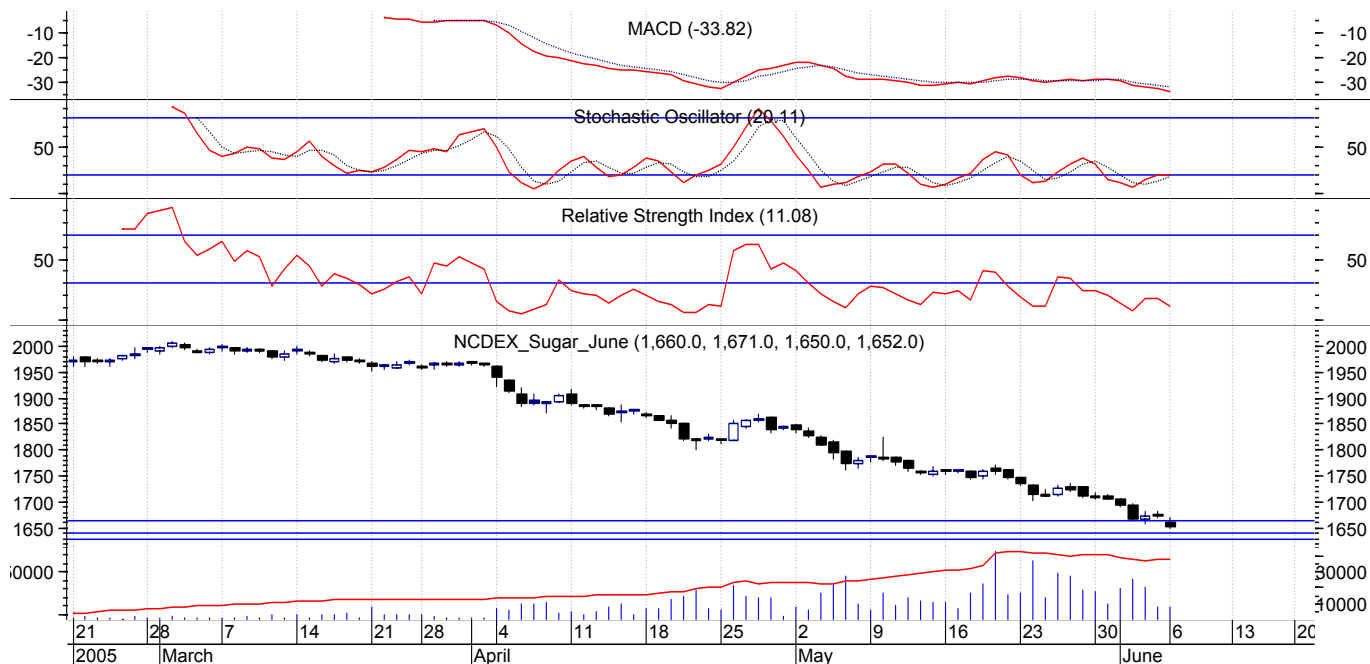
Date: 06.06.05

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



**Candlesticks:** The candlestick pattern is indicating towards a weak bearish pattern. The opening on the next trading day may be on the lower side.

**MACD:** The MACD (5-day) is still lying below its EMA, but started moving upwards in the negative territory.

**Stochastic:** The %K-line after cutting the %D-line from below, moving sharply upwards but flattens at last before entering the neutral region.

**Relative Strength Index (RSI):** The RSI (11.08) is moving downwards in the oversold region also indication of bearish movement.

The resistance level is seen at 1665. The first support level is at 1640 and the second at 1630.

Almost all the indicators are pointing towards a downward market sentiment.

### Outlook:

The indicators are pointing towards a downward market sentiment. It is expected that the future will open at the lower side and the prices may witness declining sentiment in very short-term period.

## Technical Analysis

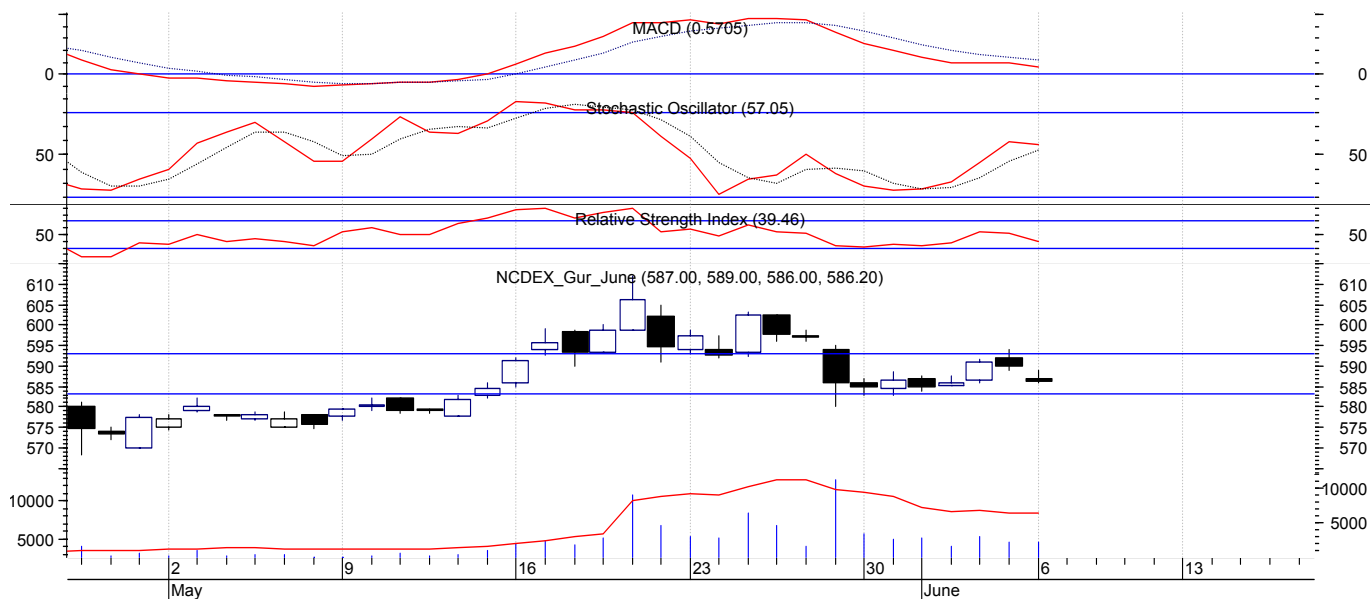
Date: 06.06.05

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



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

**MACD:** The MACD (5-day) is still lying below its EMA, but moving upwards and about to cut its EMA in the positive territory.

**Stochastic:** The %K-line at 57.05 just going to cut the %D-line from above, moving downwards in the normal region.

**Relative Strength Index (RSI):** The RSI (39.46) is moving downwards in the normal region.

The resistance is seen at 593 marks. The support level is at 583.1 marks. All the indicators are pointing towards a weak range bound market sentiment.

### Outlook:

The indicators are pointing towards the bearishness of the market sentiment. It is expected that the future will open higher in the next trading day and will follow a weak range bound sentiment.

### Disclaimer

This document is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). If a customer of an affiliate of IASL receives this report, its provision to the recipient is subject to the terms of business in place between the recipient and such affiliate. This document is for private circulation only and may not be reproduced in whole or in part for any purpose without written permission. Use of data and information contained in this report is at your own risk.

Please visit us at: [www.agriwatch.com](http://www.agriwatch.com)

Registered Office: E 12, Greater Kailash I, New Delhi 110 048 Telefax: (011) 2628 3336

Copyright © 2002 Indian Agribusiness Systems Pvt Ltd.