

## SUGAR, JAGGERY & CANE

3<sup>rd</sup> June 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Mixed Today
- NCDEX Sugar: Bounced Back from New Contract Low
- NCDEX Gur: Slightly Higher But Remained Range Bound
- NYBOT Sugar: Recovered Early Drop on Trade Buying

### Market Commentary

#### Domestic:

##### Domestic Sugar Prices Remained Mixed Today

The domestic sugar market remained on an average mixed today. The sugar prices in the major sugar markets fluctuated in a narrow range over this week.

The M grade sugar at the Delhi market offered higher at Rs 1735-1780 per quintal today, while at Muzaffarnagar market it was quoted lower at Rs 1750-1755 per quintal. At the Kolkata market the prices were higher at Rs 1815-1820 per quintal as against yesterday.

##### NCDEX Sugar: Bounced Back from New Contract Low

The most active June future at the NCDEX opened lower today and set a fresh contract month low at 1657.00. But the June futures then bounced back to set the session high at 1682.00. The June future hovered in a lower range of 1657.00-1682.00 during today's trade. The July future was

##### NCDEX Gur: Slightly Higher But Remained Range Bound

The most active June gur future at the NCDEX traded marginally higher today. The June future today set the session high at 591.60, higher than yesterday. Moreover

#### International:

##### NYBOT Sugar: Recovered Early Drop on Trade Buying

The world raw sugar futures settled marginally weaker at the New York Board of Trade (NYBOT) on Thursday. The futures dropped to the lowest levels in over a week at the early hours of trade, but trade buying lent some support to push the futures up to some extent. At the NYBOT, the July futures finished down 1 point at 8.67 cents per pound, while

The S grade sugar at the Chennai market remained steady at Rs 1680-1685 per quintal, while at the Kolkata market price also remained unchanged at Rs 1765-1770 per quintal. At Delhi market it was offered at a lower price of Rs 1720-1740 per quintal, whereas at Vashi market it was unchanged at Rs 1765-1770 per quintal. At the Hapur market the sugar was offered steady at Rs 1675-1700 per quintal.

also lower at a range between 1671.00-1697.00, whereas the August future moved in the lower range of 1683.00-1706.00. At the futures market it is expected that the price may witness some strong sentiment in very short-term period.

the session low was also higher than yesterday. Today the June future fluctuated in an improved range of 585.20-587.60.

October future settled down 3 points at 8.77 cents per pound. The futures dropped earlier on fund selling. However, locals covered short and bought and the futures recovered in late action. According to traders, funds and small speculators were net short 16,000 lots at the close.

### News Analysis:

#### Sugarcane Likely to Come Under AIC Insurance

The Agriculture Insurance Company of India Ltd (AIC) is planning to bring sugarcane under its insurance scheme along with other cash crops like tea and rubber, this year.

#### Caribbean Sugar Export Amounted to 105,897 tons

According to the Sugar Association of the Caribbean, sugar export from the region added up to 105,897 tonnes, of which 94,634 went to Europe under the Sugar Protocol arrangement. Though the sugar producing countries in the Caribbean faced severe weather conditions this year, but were able to sustain their export quotas to Europe and the

United States in April this year. The region has exported around 415,664 tonnes since the start of the current crop in July 2004 with Jamaica accounting for the largest amount at 42,057 tonnes during April 2005. The strengthening of the euro also assisted Caribbean producers by increasing their earnings.

## 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

### 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

### 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

### 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

### 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

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.

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.

tons. Together the total sugar available for sale will be 1.316 MMT in the month of June.

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.

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	3-June	2-June	1-June	31-May	30-May
LDP RAW FOB \$/MT	194.7	193.6	194.9	195.8	Na
LDP RAW CIF \$/MT	254.7	258.6	259.9	260.8	Na
LDP RAW CIF GBP/MT	140.4	142.7	143.4	143.6	Na
LDP WHITE FOB \$/MT	259.8	259	260.6	261.9	Na
LONDON FREIGHT \$/MT	60	65	65	65	Na
LONDON FREIGHT GBP/MT	33	36	36	36	Na

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
03.06.05	1732	1732	1724	1727	1729	1699	Na

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

Date	M 30	S 30	Mill Delivery	Khand
03.06.05	1735-1780	1720-1740	1600-1640	1675-1690

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

Date	Raskat	Chaku	Laddu	Khurpa padh	Shakkar
03.06.05	465-475	555-590	Na	Na	600-620

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
03.06.05	1360-1400	Na	Na	Na	Na

Na: Arrival finished

## Weather Forecast (As on 3<sup>rd</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:

Plains of NW and central India are likely to be mainly dry.

A north-south oriented trough in the lower level runs from east M.P. to interior Karnataka continues and it may further persist during next 2 days.

A northeast-southwest shear zone in mid troposphere is extending from west central Bay of Bengal to southeast Arabian Sea with one embedded cyclonic circulation over west central Bay of Bengal off Andhra coast and another over southeast & adjoining east-central Arabian Sea. The shear zone is likely to persist during next 4-5 day around its present position.

A western disturbance is expected to approach north Pakistan and adjoining Jammu & Kashmir area during 6-7

## Port Watch (As on 3<sup>rd</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 3<sup>rd</sup> June 2005

Foreign Currency	Rs. per unit
1 US \$	43.66
1 Euro	53.54
1 British £	79.33
100 Yen	40.41

June 2005. Under its influence, the hilly region of NW India may experience isolated to scattered snowfall/rains during the said period.

### Rainfall:

Isolated to scattered snowfall/rain are likely over hilly regions of NW India during 6-7 June 2005.

Isolated to scattered rains/thundershowers are likely over Konkan & Goa, Madhya Maharashtra, North Interior Karnataka, coastal Karnataka and coastal A.P. during next 24-48 Hrs. and over Kerala and NE states during next 3-4 days.

Fairly widespread rainfall is likely over Andaman & Nicobar Islands during next 3-4 days.

Rest regions of the country are likely to be mainly dry.

### Temperatures:

Day temperature over NW and Central India is likely to rise by about 2 degree C during next 2-3 days.

Heat wave conditions over parts of Bihar, Jharkhand, north coastal Orissa, Vidarbha, Chattisgarh and Sub-Himalayan West Bengal are likely to continue during next 2 days.

## Technical Analysis

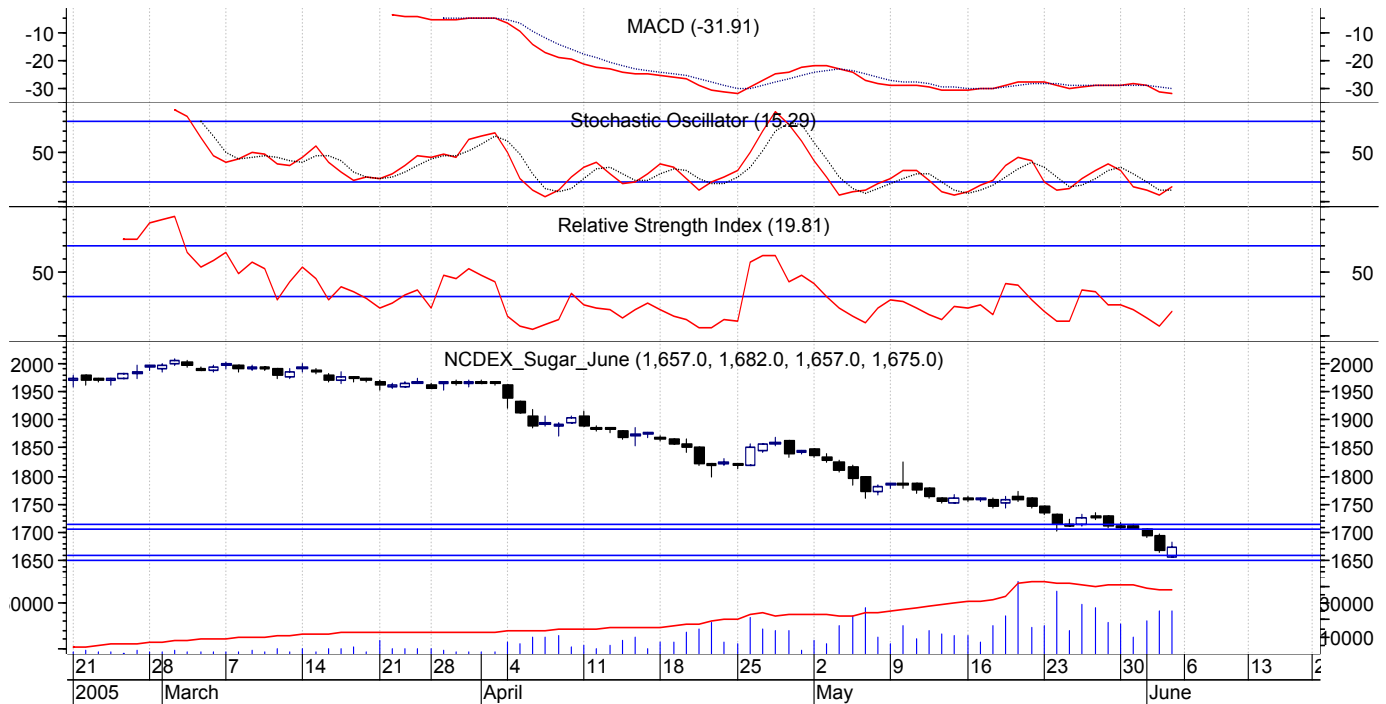
Date: 03.06.05

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



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

**MACD:** The MACD (5-day) is lying below its EMA, moving downwards in the negative territory, a bearish indication.

**Stochastic:** The %K-line after cutting the %D-line in the oversold region, moving upwards and about to enter the normal region.

**Relative Strength Index (RSI):** The RSI (19.81) has changed its direction and moving upwards in the oversold region.

The first resistance level is seen at 1706 and the second at 1715. The first support level is at 1660 and the second at 1650.

All the indicators are pointing towards a bullish trend reversal. But the MACD is yet to confirm the reversal and showing weakness in the market.

### Outlook:

The indicators are pointing towards a bullish trend reversal. It is expected that the future will open at the upper side and the prices may witness some strong sentiment in very short-term period.

## Technical Analysis

Date: 03.06.05

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



**Candlesticks:** The candlestick pattern is indicating towards strong 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 has started moving slightly upwards in the positive territory.

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

**Relative Strength Index (RSI):** The RSI (56.42) is moving upwards in the normal region.

The first resistance is seen at 594.0 and next at 598.5 marks. The first support level is at 582.9 and the next 580.2 marks.

Almost all the indicators are pointing towards a bullish market sentiment. However, the MACD is not indicating a clear-cut trend.

### Outlook:

The indicators are pointing towards a strong market sentiment. It is expected that the futures will follow a bullish pattern in the next day.

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