

SUGAR, JAGGERY & CANE

22nd June 2005

MAJOR ACTIVITY HIGHLIGHTS

- **Domestic Sugar Prices Remained Mixed Today**
- **NCDEX Sugar: Retraced Back from Earlier Losses**
- **NCDEX Gur: Witnessed Bullish Sentiment Today**
- **NYBOT Sugar Lower as Producer Selling Overhead**

Market Commentary

Domestic:

Domestic Sugar Prices Remained Mixed Today

The domestic sugar traded with a moderately mixed sentiment at the major sugar markets today. Both the 'M' and 'S' grade sugar were offered at a moderately changed level today at the major sugar markets.

The M grade sugar at the Delhi market was quoted lower at Rs 1755-1775 per quintal today. However, at the Muzaffarnagar market sugar prices remained unchanged at Rs 1795-1800 per quintal, while at the Kolkata market prices was higher at Rs 1835-1840 per quintal.

The S grade sugar at Delhi market was offered slightly changed at Rs 1720-1740 per quintal today. At the Vashi market it was lower at Rs 1780-1785 per quintal. However, at the Chennai market sugar was quoted unchanged at Rs 1690-1695 per quintal, while at the Kolkata market sugar was higher at Rs 1770-1775 per quintal. At the Hapur market it was offered at Rs 1790-1800 per quintal.

The sugar prices at the major markets are expected to remain range bound in the coming days. Moderate demand amidst speculative buying remained the main supportive feature for the sugar prices.

NCDEX Sugar: Retraced Back from Earlier Losses

The July future at the NCDEX remained range bound at a lower level during the early hours of trade but jumped up to set a fresh session high at 1795.00 today in late action. The July future at the NCDEX hovered in the range of 1766.00-1795.00 today. The August future also moved in a higher range of 1788.00-1825.00 today. It is expected that the futures will remain strong in the next day.

NCDEX Gur: Witnessed Bullish Sentiment Today

At the NCDEX the July gur future traded with a strong sentiment today. The July future set a session high at 604.60, higher than yesterday's high. Moreover, the session low at 598.00 was higher than yesterday. The July future at the NCDEX moved in the range of 598.00-604.60 today. It is expected that the futures will remain strong in the next day. However, a downward technical correction is likely in the near future.

International:

NYBOT Sugar Lower as Producer Selling Overhead

The world raw sugar futures at the New York Board of Trade (NYBOT) failed to extend recent advances and settled lower as producer selling overhead. July-October rollovers were brisk before the July contract expires next week. At the NYBOT the July future finished down 6 points at 8.92 cents per pound, whereas the most active October future settled lower 6 points at 9.07 cents per pound. The futures opened higher but fell back to previous day's lows as locals and speculators liquidated. Though the futures were lower but the market situation is perceived as technically good.

News Analysis:

Govt to Remove Liberalised Sugar Import Laws

The Government of India has decided to remove the liberalized system of raw sugar import for export purposes. According to the agriculture minister, the sugar supply situation has improved vastly and it is likely to touch 50 lakh tonnes before the beginning of the next crop season. The sugar prices have come down in the recent times and it is affecting the sugar mills adversely. It is reported that the relaxation presently provided by the government to allow raw sugar to be exported in the form of refined sugar within 36 months instead of 24 months would be removed after the end of the current sugar season ending September. Earlier this year, the normal period of 24 months for export of imported raw sugar into white sugar was liberalised to 36 months to keep on check the rising prices. It is expected that the raw sugar import could touch 25 lakh tonnes during the current sugar season.

World Sugar Output Projected to Rise in 2005-06

According to a report by the Food and Agricultural Organization (FAO) and the Organization for Economic Cooperation and Development (OECD), the world sugar output is projected to rise to 150.92 million metric tons (MMT) in 2005-06 from 148.03 MMT last year. The world sugar consumption in 2005-06 is also forecasted to be higher at 150.88 MMT, up from 148.43 MMT in 2004-05. It is also reported that the global ending stocks for 2005-06 will stand at 67.87 MMT, marginally higher from 67.83 MMT in 2004-05. The prices of both the global raw and white sugar are projected to fall in 2005-06 in this report. Global

raw sugar price in 2005-06 is forecasted at \$188.6 per ton, lower than \$219.10 per ton in 2004-05. The global white sugar price for 2005-06 is forecasted at \$222.20 per ton, down from \$251.90 per ton in 2004-05.

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	22-June	21-June	20-June	17-June	16-June
LDP Raw FOB \$/MT	200.8	200.2	200.2	197.5	193.6
LDP Raw CIF \$/MT	260.8	260.2	260.2	257.5	253.6
LDP Raw CIF GBP/MT	143.5	143.2	142.6	141.4	139.5
LDP White FOB \$/MT	286.5	282.5	280	276.9	270.6
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
22.06.05	1792	1792	1755	1775	1778	1750

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

Date	M 30	S 30	Mill Delivery	Khand
22.06.05	1755-1775	1720-1740	1665-1685	1680-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
22.06.05	470-485	585-605	Na	650-700

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
22.06.05	1520-1590	Na	Na	Na	Na

Na: Arrival finished

Weather Forecast (As on 22nd June 2005):

Forecast for next 24 hours:

Isolated dust storm/thunder-storm is likely over Punjab, Haryana, Chandigarh and Delhi. Mainly dry weather in the rest region.

Rain/thundershowers are likely at most places in Konkan & Goa; at many places over Saurashtra and south Gujarat region and at a few places in the rest region outside west

Madhya Pradesh and Rajasthan, where it may be isolated. Isolated dust storm is also likely over Rajasthan.

Warning:

Heavy to very heavy rainfall likely at a few places over Konkan & Goa and coastal Karnataka.

Isolated heavy rainfall also likely over northeastern states, sub Himalayan West Bengal & Sikkim, Saurashtra & Kutch, south Gujarat region, Kerala and Lakshadweep.

Port Watch (As on 22nd June 2005):

No latest vessel position is reported today.

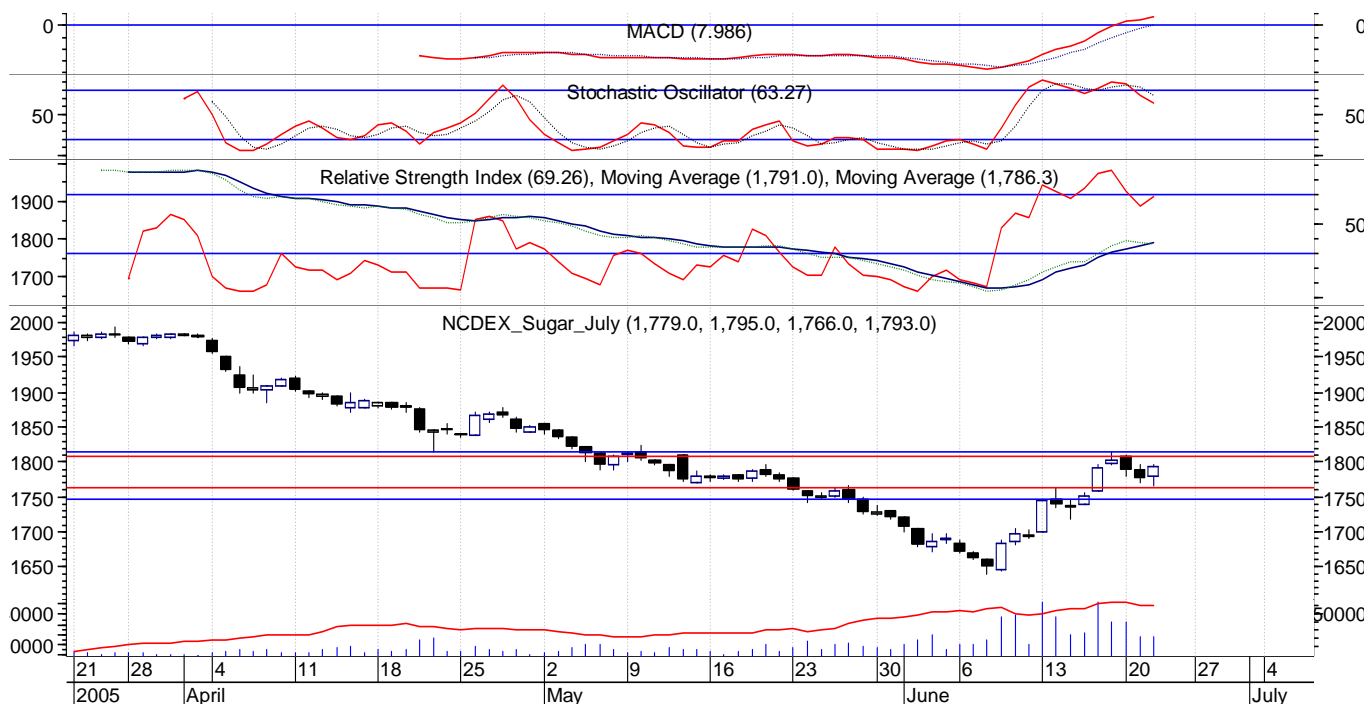
Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)



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

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

Stochastic: The %K-line after cutting the %D-line from above, moving downwards, while both has entered the normal region.

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

Relative Strength Index (RSI): The RSI (69.26) has changed its direction and moving upwards. The RSI is about to enter the overbought region.

The first resistance level is seen at 1808 and the second at 1816. The first support level is at 1762 and the second at 1748.

The open interest is steady while the volume has decreased.

Outlook:

The technical indicators are pointing towards a short-term moderately bullish trend. As suggested by the candlestick, the opening in the next day may be on the upper side. It is expected that the futures will remain bullish in the next day.

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1808	1816	1762	1748

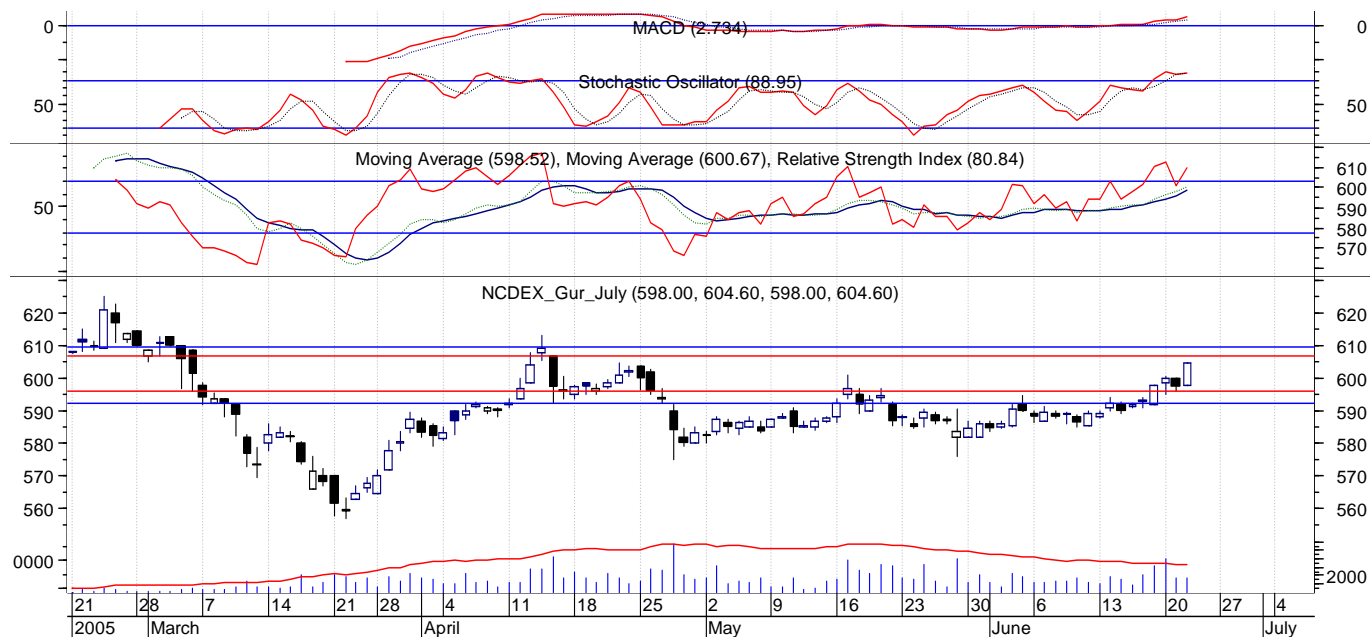
Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)



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

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

Stochastic: The %K-line is lying just above the %D-line and both are moving upward parallel to each other in 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 (80.84) after changing its direction, moving upwards in the overbought region.

The first resistance is seen at 607.1 and next at 609.7 marks. The first support level is at 596.3 and the next 592.6 marks.

The open interest is steady and the volume has decreased.

Outlook:

The technical indicators are pointing towards a strongly bullish market sentiment. As suggested by the candlestick, the opening in the next day may be on the upper side. It is expected that the futures will remain strong in the next day. However, a downward technical correction is likely in the near future.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	607.1	609.7	596.3	592.6

FOREX (As on 22nd June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.50
1 Euro	53.01
1 British £	79.58
100 Yen	40.11

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. 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). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.