

SUGAR, JAGGERY & CANE

9th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- **Domestic Sugar Prices Remained Bearish**
- **NCDEX Sugar: Retraced from Yesterday's Loss**
- **NCDEX Gur: Traded with Bearish Sentiment**
- **NYBOT Sugar: Mixed, Trade Buying Curbed Losses**
- **Thailand Sugar Premiums Remained Steady Today**

Market Commentary

Domestic:

Domestic Sugar Prices Remained Bearish

The domestic sugar prices remained weaker today. The spot prices at the major sugar markets were quoted lower than yesterday.

The M grade sugar at the Delhi market was offered at a lower rate of Rs 1705-1720 per quintal today, while at Muzaffarnagar market it was quoted down at Rs 1715-1720 per quintal. At the Kolkata market the prices remained steady with weaker undertone at Rs 1805-1810 per quintal.

The S grade sugar at the Chennai market continue to remain steady at Rs 1680-1685 per quintal, while at the Kolkata market price was marginally higher at Rs 1765-1770 per quintal. At Delhi market it was offered at a lower price of Rs 1690-1710 per quintal, whereas at Vashi market it was also offered steady at a lower rate of Rs 1765-1770 per quintal.

NCDEX Sugar: Retraced from Yesterday's Loss

The most active June future at the NCDEX traded with strong sentiment in the afternoon session of trade to jump up to 1660.00 near the day's close. The June future hovered in a much higher range of 1620.00-1660.00 today. The July future moved up in the range of 1644.00-1688.00, whereas the August future was also up in the range of 1656.00-1699.00 today.

NCDEX Gur: Traded with Bearish Sentiment

The most active June gur future at the NCDEX traded with a weaker sentiment today. The June future today set the session high at 587.00, down 3 points than yesterday's high. Moreover, the session low was also lower than yesterday's low. At the NCDEX, the June future remained bearish in a much lower range of 583.60-590.00 today.

International:

NYBOT Sugar: Mixed, Trade Buying Curbed Losses

The world raw sugar futures at the New York Board of Trade (NYBOT) settled marginally mixed after producer selling restricted the early rise and locals remained thin in the market. However, trade buying curbed the losses to some extent. The locals covered short and losses were cut back in the final action. The July-October rollovers were fast as the July contract expires in late June. The July contract finished down 2 points at 8.78 cents per pound, whereas the October contract settled unchanged at 8.91

cents per pound. According to the traders, funds and small speculators were nearly flat on short covering at the close.

Thailand Sugar Premiums Remained Steady Today

The physical sugar premiums remained steady in Thailand on absence of new transactions today. Domestic trading between the local mills and traders was very thin as the mills have limited supplies for new sales and the traders are not expecting any potential buyers at present. Today the Thailand raw sugar premiums for June-July shipment were offered steady at 1.35 cents per pound, FOB Bangkok, against the New York Board of Trade's (NYBOT) July contract. Thailand white sugar premiums for July-August shipment was also offered unchanged Today at \$50 per ton, FOB Bangkok, to the London International Financial Futures and Options Exchange's (LIFFE) August contract. Meanwhile, the NYBOT July contract settled lower, whereas the LIFFE August contract settled higher yesterday.

News Analysis:

EU Likely to Award Lower Sugar Export Licenses

European traders are expecting that the European Union Commission would award licenses for 40000-60000 metric tons of white sugar for the 2004-05 crop year in the EU Commission's sugar export tender later today. The traders are expecting a rebate of Euro 39.3 per 100 kg. The EU Commission awarded licenses for 68750 metric tons at a rebate of Euro 39.76 per 100 kg in its last tender. The rebate is intended as a subsidy paid by the EU to the exporters in order to make them competitive in the global market and granted along with the export licenses required to sell sugar outside EU.

Datagro Estimates Brazil Cane Harvest at 402 MMT

The Brazilian sugar industry consultant Datagro has slashed its forecast for the country's sugarcane harvest for 2005-06 at 402 million metric tons (MMT) from 410 MMT. The reduction is attributed to dry weather in Brazil's major sugarcane producing regions. However, the forecast is still higher by around 4 percent from last year's production of 385.5 MMT. The domestic sugar production is estimated to touch 27.5 MMT, higher than 26.6 MMT produced in 2004-05. Sugar export is also projected to rise to 17.25 MMT this year from 17.12 MMT in 2004-05.

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	9-June	8-June	7-June	6-June	3-June
LDP Raw FOB \$/MT	196.4	195.8	196.0	198.0	194.7
LDP Raw CIF \$/MT	256.4	255.8	256.0	258.0	254.7
LDP Raw CIF GBP/MT	140.7	139.4	140.0	141.9	140.4
LDP White FOB \$/MT	266	264.7	265.4	265.6	259.8
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)
Exchange remained closed on Saturday and Sunday.

Domestic:

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

Date	Shyamli	Khatauli	Morna	Deoband	Titapi	Nanoata
09.06.05	1705	1702	1685	1695	1680	1675

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

Date	M 30	S 30	Mill Delivery	Khand
09.06.05	1705-1720	1690-1700	1590-1610	1660-1675

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
09.06.05	465-480	570-590	Na	640-675

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
09.06.05	1375-1410	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 9th June 2005):

No latest vessel position is reported.

FOREX (As on 9th June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.55
1 Euro	53.22
1 British £	79.49
100 Yen	40.59

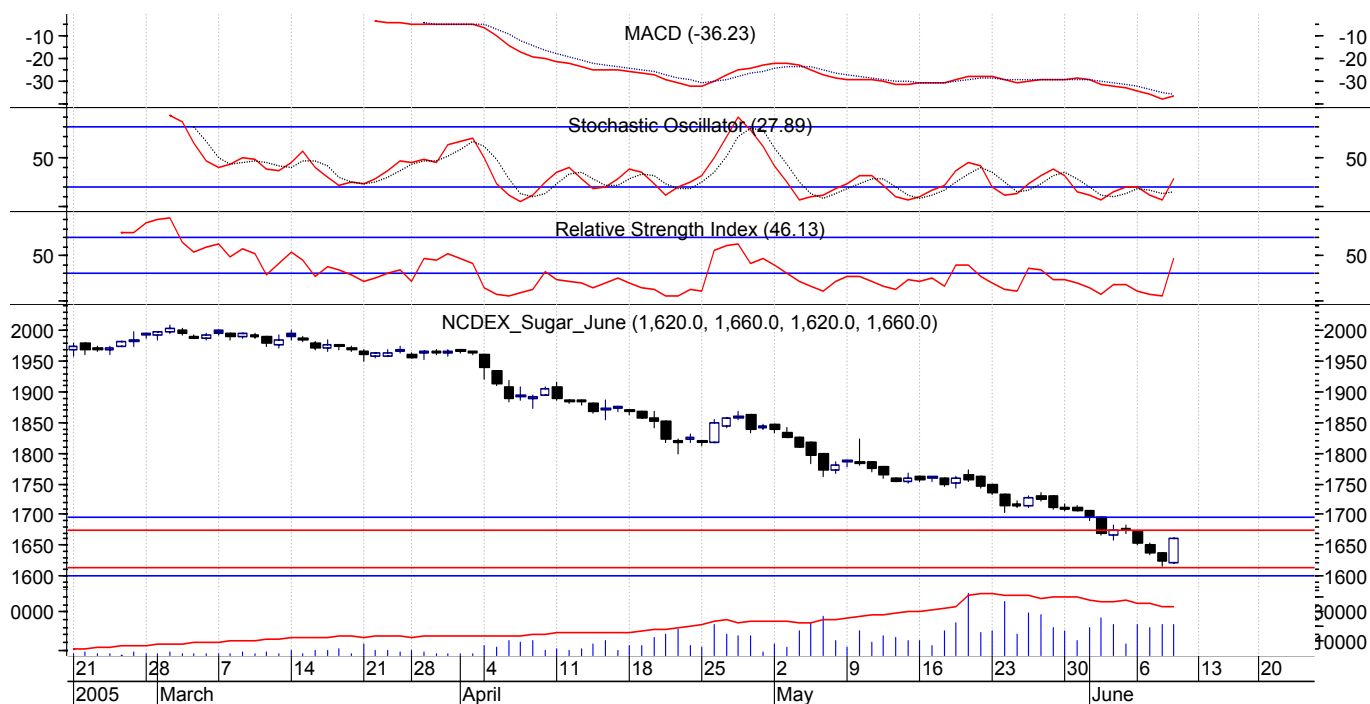
Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick pattern is showing a short-term bullish breakout. The opening in the next day may be on the upper side.

MACD: The MACD (5-day) has started moving upwards, but still lying below its EMA.

Stochastic: The %K-line after cutting the %D-line from below moving sharply upwards and it has entered the normal region.

Relative Strength Index (RSI): The RSI (46.13) has changed its direction and moving upwards in the normal region.

The first resistance level is seen at 1674 and the second at 1695. The first support level is at 1613 and the second at 1601.

Almost all the indicators are pointing towards a bullish market trend. Moreover, the volume of trade and open interest are also good.

Outlook:

The indicators are showing the potential for a short-term bullish breakout, but not indicating the strength of the breakout. It is expected that the futures would open higher and the market may witness bullish breakout from the established downtrend next day.

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick pattern is showing that the trend has run its course and it will reverse. The opening in the next day may be on the upper side.

MACD: The MACD (5-day) is still lying below its EMA and moving downwards in the positive territory. It is about to touch the horizontal line.

Stochastic: The %K-line is lying below %D -line and both are moving downwards in the normal region.

Relative Strength Index (RSI): The RSI (37.56) is moving downwards in the normal region.

The first resistance is seen at 588.8 and next at 591.7 marks. The first support level is at 580.2 and the next 577.6 marks.

Almost all the indicators are showing the weakness of the market sentiment.

Outlook:

Majority of the technical indicators except the candlesticks are showing a bearish sentiment. However, 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 mixed with range bound movement in the next day.

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