

SUGAR, JAGGERY & CANE

23rd June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Traded with Bullish Sentiment Today
- NCDEX Sugar: Settled Lower Amidst Bullish Trade
- NCDEX Gur: Higher; Nears 4-Month High
- NYBOT Sugar Lower as Producer Selling Overhead
- Thailand Sugar premiums Down on Lack of Buyers

Market Commentary

Domestic:

Domestic Sugar Traded with Bullish Sentiment Today

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

The M grade sugar at the Delhi market was offered at a much higher level of Rs 1770-1790 per quintal today. At the Muzaffarnagar market also sugar prices were higher at Rs 1800-1805 per quintal, while at the Kolkata market prices was steady at Rs 1835-1840 per quintal.

The S grade sugar at Delhi market was offered higher at Rs 1740-1760 per quintal today. However, at the Vashi market it remained steady at the higher level of Rs 1780-1785 per quintal. At the Chennai market sugar was quoted unchanged at Rs 1690-1695 per quintal, while at the Kolkata market sugar was steady at the higher level of Rs 1770-1775 per quintal.

The sugar prices at the major markets are expected to remain range bound with a strong undertone in the coming days. Higher demand from speculative buyers was the main driving feature of the sugar prices today.

NCDEX Sugar: Settled Lower Amidst Bullish Trade

The July future at the NCDEX settled marginally lower in otherwise a bullish trade today. The July future set the session high at 1800.00 at the early hours of trade and remained in a higher range of 1786.00-1800.00 thereafter. The August future also moved in between a moderately higher range of 1813.00-1830.00 today. It is expected that the futures will remain range bound with a weaker undertone in the next day.

NCDEX Gur: Higher; Nears 4-Month High

At the NCDEX the July gur future traded with a strongly bullish sentiment today. The July future opened higher today and set a session high at 618.00, near to 4-month high. Moreover, the session low at 605.00 was higher than yesterday's high. The July future at the NCDEX moved in the range of 605.00-618.00 today. It is expected that the futures will remain bullish in the next day.

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.

Thailand Sugar premiums Down on Lack of Buyers

The Thailand physical sugar premiums were lower today on thin trading due to lack of buyers. Despite the lower premiums there was no fresh transactions. Moreover, the recent reduction in freight rates has encouraged overseas buyers to import sugar from other sources like Brazil, Guatemala and South Africa. Today, Thailand raw sugar premiums for June-July shipment were offered lower at 1.10-1.20 cents per pound, FOB Bangkok, against the NYBOT July contract, down from 1.35 cents per pound offered yesterday. The white sugar premiums for July-August shipment were also offered lower at \$44 per ton, FOB Bangkok, to the LIFFE August contract, down from \$50 per ton offered yesterday.

News Analysis:

Pak Govt Allowed Import of Raw and Refined Sugar

The federal government of Pakistan has allowed import of unlimited quantities of raw and refined sugar, through all routes in order to check the rising sugar prices in the country. The government's earlier decision to sell sugar at Rs 23 per kg through Utility Stores Corporation failed to accomplish desired results as the market prices of sugar went ahead of Rs 29 per kg. It is reported that the import of raw and refined sugar would be allowed in any quantity from any source at anytime.

EU Proposed 39 Percent Slash in Sugar Prices

The European Union (EU) has reported that it wants to slice the price it pays to sugar producers by more than a third. The EU wants to cut the prices for white sugar and cane imports by 39 percent to EURO 385 per metric ton from

EURO 621 per metric ton over two years. Moreover, the EU would also cut down the prices it pays for sugar beet by 42 percent at EURO 25 per metric ton from EURO 43 per metric ton over the same period. The more efficient sugar producers of France, Germany and the United Kingdom are likely to survive the proposed reforms. However in Finland, Ireland, Spain and Italy sugar businesses are expected to reduce sharply. The proposed reform would likely open up the EU to sugar producers in the developing world from 2009. Moreover, the sugar imports are expected to rise by 70 percent to 3.9 million metric tons (MMT) by 2012.

Brazil Sugar Trade Busy on Higher Overseas Demand

The Brazilian sugar market remained busy throughout this week with increased overseas demand. Buying is reported from Iran, Iraq and Russia. According to the traders China has also expressed concern in buying more sugar from Brazil, which has helped sustain domestic sugar prices. Buyers are also taking advantage of recent declining freight prices. On the domestic market, there has been limited buying, but prices have continued to rise up. Prices went down at the beginning of the harvest season, but have increased by nearly 9 percent since early June. On the domestic market, 50 kilogram bag of 150 icumsa traded at BRL 25.80-26.00 in this week. It is expected that the sugar prices will remain firm in the coming weeks also. (1 BRL= 18.1856 INR)

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	23-June	22-June	21-June	20-June	17-June
LDP Raw FOB \$/MT	200	200.8	200.2	200.2	197.5
LDP Raw CIF \$/MT	260	260.8	260.2	260.2	257.5
LDP Raw CIF GBP/MT	142.9	143.5	143.2	142.6	141.4
LDP White FOB \$/MT	290	286.5	282.5	280	276.9
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	Khat-auli	Morna	Deob-and	Titawi	Nano-ata
23.06.05	1796	1795	1760	1785	1795	1750

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

Date	M 30	S 30	Mill Delivery	Khand
23.06.05	1770-1790	1740-1760	1675-1700	1690-1705

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
23.06.05	475-490	595-620	Na	650-670

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
23.06.05	1530-1580	Na	Na	Na	Na

Na: Arrival finished

Weather Forecast (As on 23rd June 2005):

Forecast for next 24 hours

North: Rain/thundershowers likely at many places over east of Uttar Pradesh and at a few places over Himachal Pradesh and Uttaranchal. Isolated duststorm/thunder-storm likely over Punjab, Haryana, Chandigarh & Delhi and west Uttar Pradesh. Mainly dry weather in the rest region.

East: Rain/thundershowers likely at many places in the northeastern states, West Bengal & Sikkim and north Bihar and at a few places over the rest region.

South: Rain/thundershowers likely at most places over coastal Karnataka and at a few places in the rest of the

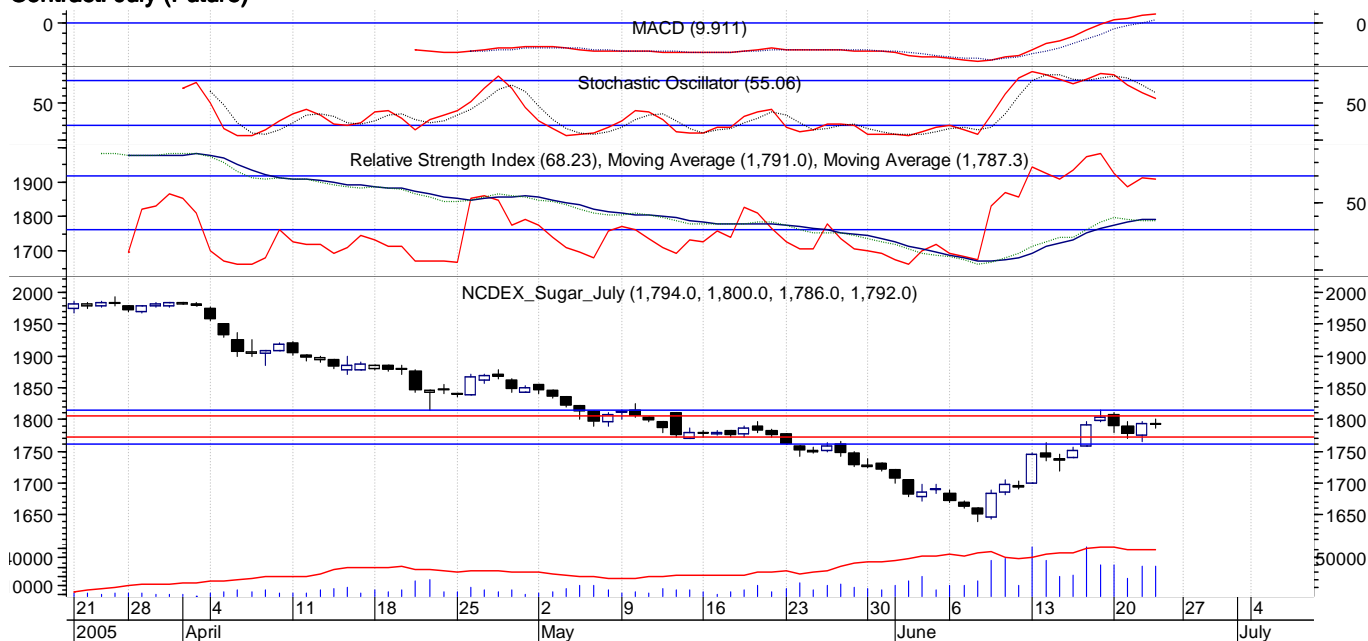
Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)



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

MACD: The MACD (5-day) and its EMA are moving upwards in the positive territory.

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

Moving Averages (MA): The 5-day MA is lying above the 3-day MA after cutting the 3-day MA from below, while both are moving parallel to each other.

Relative Strength Index (RSI): The RSI (68.23) is moving slightly downwards in the normal region.

region outside Telangana, Rayalseema and Tamil Nadu & Pondicherry where it may be isolated.

West: Rain/thundershowers likely at most places in Konkan & Goa; at many places over Saurashtra and south Gujarat region and at a few places over madhya Maharashtra and isolated in the rest region. Isolated duststorm likely over Rajasthan.

Outlook for subsequent two days

Rain/thundershower activity over Chattisgarh, west Uttar Pradesh, Himachal Pradesh, Uttaranchal, east Madhya Pradesh and Vidarbha likely to increase.

Warning

Heavy to very heavy rainfall likely at a few places over sub himalayan West Bengal & Sikkim, Konkan & Goa, and coastal Karnataka. Isolated heavy rainfall also likely over northeastern states, north Bihar and Saurashtra & Kutch.

Port Watch (As on 23rd June 2005):

No latest vessel position is reported today.

The first resistance level is seen at 1805 and second at 1816. The first support level is at 1772 and second at 1761.

The open interest is steady while the volume has increased.

Outlook:

The technical indicators are pointing towards a short-term trend reversal pattern. As suggested by the candlestick, the opening in the next day may be on the lower side. It is expected that the futures will remain range bound with a weaker undertone in the next day.

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1805	1816	1772	1761

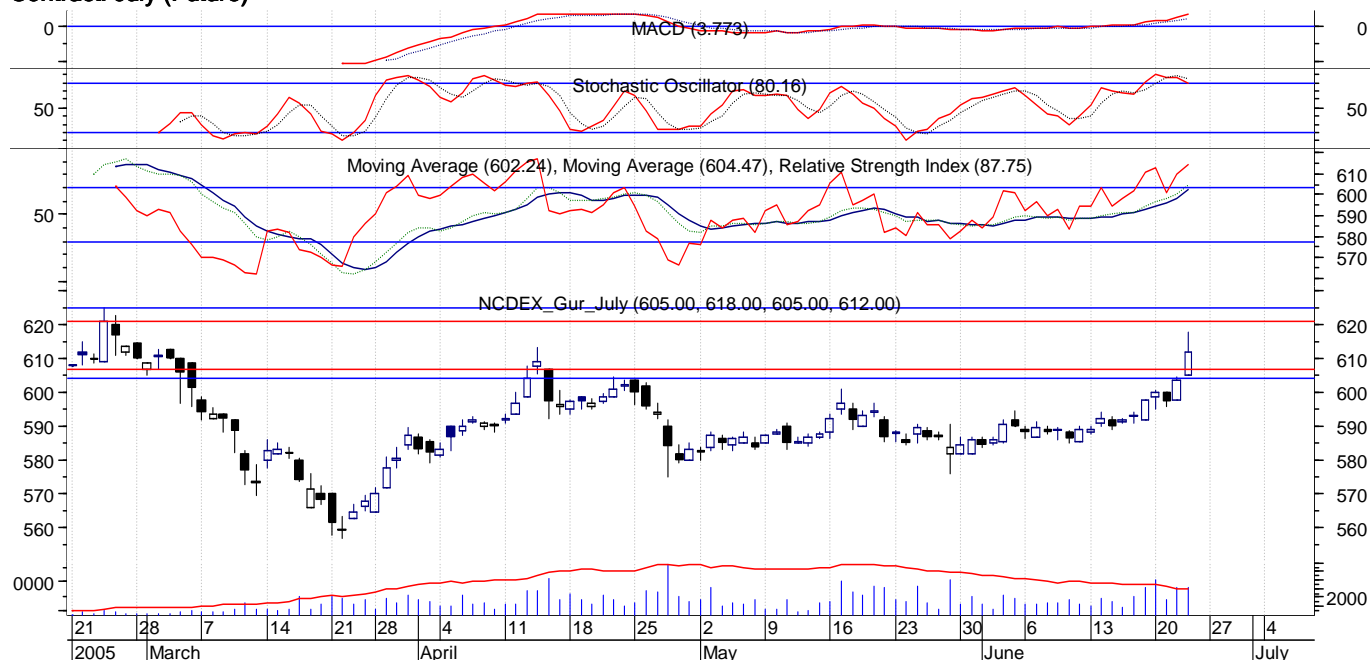
Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)



Candlesticks: The candlestick formation is indicating towards a strongly bullish trend. The opening in the next day may be on upper side.

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

Stochastic: The %K-line after cutting the %D-line, moving downwards along with the %D-line in the overbought region. The %K-line is about to enter the normal region.

Moving Averages (MA): The 5-day MA is lying below the 3-day MA, while both are moving upwards.

Relative Strength Index (RSI): The RSI (87.75) is moving sharply upwards and it has entered the overbought region.

The first resistance is seen at 625.2 and next at 621.1 marks. The first support level is at 607.1 and the next at 604.2 marks.

The open interest is steady, while the volume has increased.

Outlook:

The technical indicators are showing a strongly bullish market 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 strong in the next day.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	625.2	621.1	607.1	604.2

FOREX (As on 23rd June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.53
1 Euro	52.74
1 British £	79.25
100 Yen	40.04

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