

SUGAR, JAGGERY & CANE

28th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Improved Slightly Today
- NCDEX Sugar: Traded Range Bound on Higher Side
- NCDEX Gur: Settled Low
- NYBOT Sugar Surged Ahead on Speculative Buying

Market Commentary

Domestic:

Domestic Sugar Improved Slightly Today

The domestic sugar prices improved slightly in a range bound trade today. Both the 'M' and 'S' grade sugar at the major sugar markets were offered at improved level as against yesterday.

The M grade sugar at the Delhi market remained marginally steady at Rs 1792 per quintal today. However, at the Muzaffarnagar market sugar was offered at a price of Rs 1803 per quintal, while sugar prices at the Kolkata market seen decline and found at level of Rs 1831 per quintal today.

The S grade sugar at the Delhi market was quoted significantly higher at Rs 1760-1805 per quintal today. At the Chennai market sugar prices were unchanged at Rs 1692-1695 per quintal, while at the Vashi market it remained steady at Rs 1780-1785 per quintal. At the Kolkata market also sugar was offered with improvement at Rs 1780-1788 per quintal today.

The sugar prices at the major markets are expected to remain range bound with a moderately strong undertone in the coming week. The unconfirmed reports of cut in sugar sales quota announcements responsible for the improvement in prices.

NCDEX Sugar: Traded Range Bound on Higher Side

The July future at the NCDEX traded range bound on higher side today. The July future set the day's high at 1782.00 at the early hours of trade but later on dipped down to a lower range of 1777.00-1768.00 thereafter. The August future also traded range bound in the range of 1800.00-1811.00 today. It is expected that the futures will remain steady in the next trading day.

NCDEX Gur: Settled Low

At the NCDEX the July gur lost ground from where it left off during last weekend. The July future set the day's high at 615.00 today, higher than yesterday's high. Moreover, the session low was also higher than yesterday's low. The July

future at the NCDEX traded with a bullish sentiment in the first half but later on slipped down to a low of 612.8 today. It is expected that the gur futures will remain weak in the next trading day.

International:

NYBOT Sugar Surged Ahead on Speculative Buying

World raw sugar futures pushed up at the New York Board of Trade on Monday, making up the losses and touching three-month highs as speculators bought October while the July rolled on before Thursday's expiry. There was good speculative and trade buying on Monday morning after a poor close on Friday. Local traders were buying while producers were selling as the market surged ahead.

The London white market sped to 7 1/2-year highs. July settled up 22 points at 9.19 cents a pound and October closed up 24 points at 9.33 cents. The volume was heavy and the October settled at 9.32 cents and was looking technically strong.

Crude oil prices are at all-time highs, encouraging ethanol production from cane in Brazil and other countries. Brazil's 2005-06 cane harvest is seen at 450.2 million metric tons, with the center-south to account for 84% and its crop up nearly 9% from last season, according to the agriculture ministry on Monday. Total sugar production is seen at 27.2 million tons, versus 26.6 million in 2004-05.

News Analysis:

Government may Cut Free Sale Sugar Quota for Q3

The Central Government may announce lower free sale sugar quota of 33 lakh tonnes for the next three months (July-September) of the current year 2005 as against 39 lakh tonnes for the same period of 2004, trade sources reported. The total free sale quota of 39 lakh tonnes includes 13 lakh tonnes for July, 11 lakh tonnes for August and 15 lakh tonnes for September 2004 (including additional quota of 3 lakh tonnes). Looking at the current season's supply scenario, the Government may continue with lower release of free sale quota for the next quarter also. They actually announced 38 lakh tonnes for April-June 2005 but the total release was 34 lakh tonnes. The

34-lakh tonnes released include 11 lakh tonnes for April, 12 lakh tonnes for May and 11 lakh tonnes for June. Market sources also revealed that, If the Government announces lower free sale quota for the next quarter, prices may rule firm during that period as demand increases in August and September because of a series of Hindu festivals. Sugar spot prices at the Vashi wholesale market were ruling firm at Rs 1757-1787 per quintal for small grade (S-30) and Rs 1780-1840 per quintal for medium grade (M-30) on Monday. Spot prices for Medium-30 grade at Muzaffarnagar mandi were quoted at Rs 1800 per quintal. At NCDEX, futures prices of M-30 grade at Muzaffarnagar delivery ended higher at Rs 1808 per quintal for August contracts and Rs 1819 per quintal for September contracts on June 25.

Global sugar prices expected to rise due to monsoon

International sugar prices may rise after latest Indian meteorological data stated that the country's rainfall during June 1-22 is 49 per cent below normal. Indian traders, however, said monsoon could not be the reason for a price rise as the country's cane sowing is progressing well.

India has imported nearly 2 million tonne raw sugar since October last and exporters abroad feel that the global prices could rise if the Asian nation is forced to import similarly large quantities in the coming months. However, Indian traders feel it is too premature to give such a projection since cane output this year on the back of good sowing last year is expected to be on the higher side. This is likely to give a boost to sugar output, which is pegged at 17.5-18.5 million tonne in the 2005-06 season to September.

Sugarcane acreage, as on June 20, has increased marginally to 3.5 million hectares from 3.4 million hectares on the same day last year. Even, though cane acreage is higher on year, there has not been any additional sowing reported under the crop during the week to Monday. Even if monsoon turns out deficient in July and cane output is hit, it will in turn effect sugar production only in the 2006-07, October-September season.

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	28-June	27-June	24-June	23-June	22-June
LDP Raw FOB \$/MT	208.1	201.9	203	200	200.8
LDP Raw CIF \$/MT	268.1	261.9	263	260	260.8
LDP Raw CIF GBP/MT	147.4	143.4	144.5	142.9	143.5
LDP White FOB \$/MT	313.5	298.1	296.1	290	286.5
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	Nanata
28.06.05	-	1787	1765	1788	-	-

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

Date	M 30	S 30	Mill Delivery	Khand
28.06.05	1770-1820	1760-1805	1600-1750	1690-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
28.06.05	494	608-614	Na	674-695

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
28.06.05	1500-1600	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 28th June 2005):

No latest vessel position is reported today.

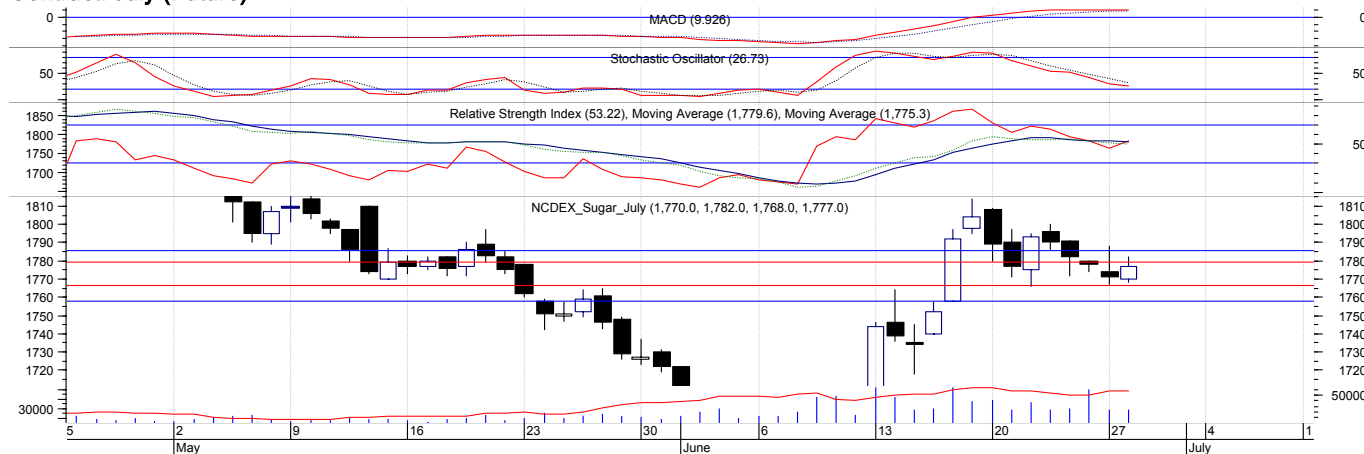
Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)



Candlesticks: The candlestick formation is indicating towards a weaker opening and range bound downward trade next day.

MACD: The MACD (5-day) is lying above its EMA but now become horizontal and expecting range bound trade on Wednesday.

Weather Forecast (As on 28th June 2005):

Forecast for next 24 hours

North: Rain/thundershowers likely at many places over west Uttar Pradesh, Uttranchal and Himachal Pradesh and at a few places in the rest region outside Jammu & Kashmir where it may be isolated.

East: Rain/thundershowers likely at most places in gangetic West Bengal, Orissa, Jharkhand and Chhattisgarh, at many places over east Madhya Pradesh and sub-Himalayan West Bengal & Sikkim and at a few places over the rest region.

South: Rain/thundershowers likely at many places over coastal Karnataka, north coastal Andhra Pradesh and Telangana and at a few places in the rest region outside south interior Karnataka, Rayalaseema and Tamil Nadu & Pondicherry where it may be isolated.

West: Rain/thundershowers likely at most places over north Konkan & Goa and south Gujarat region; at many places over Sourashtra, north Gujarat region, south Konkan & Goa, Madhya Maharashtra, Vidarbaha and at a few places over the rest region out side west Rajasthan where it may be isolated. Outlook for subsequent two days: Enhanced rainfall activity over east central parts of the country is likely to extends westwards into central parts of the country.

Warning

Heavy to very heavy rainfall likely at a few places over gangetic West-Bengal, Orissa, Jharkhand, north Konkan & south Gujarat region. Isolated heavy rainfall also likely over Chhattisgarh, east Madhya Pradesh, Vidarbaha, north Gujarat, Sourashtra, south Konkan & Goa and Madhya Maharashtra, Uttranchal and Himachal Pradesh.

Relative Strength Index (RSI): The RSI (53.22) is sloping upwards in the normal region.

The open interest as well as the volume is steady.

Outlook:

The technical indicators are expecting slight bullishness of the market sentiment. As suggested by the candlestick the opening in the next trading day may be on the lower side. It

is expected that the futures will remain range bound bullish in the next trading day.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1766	1758	1779	1786

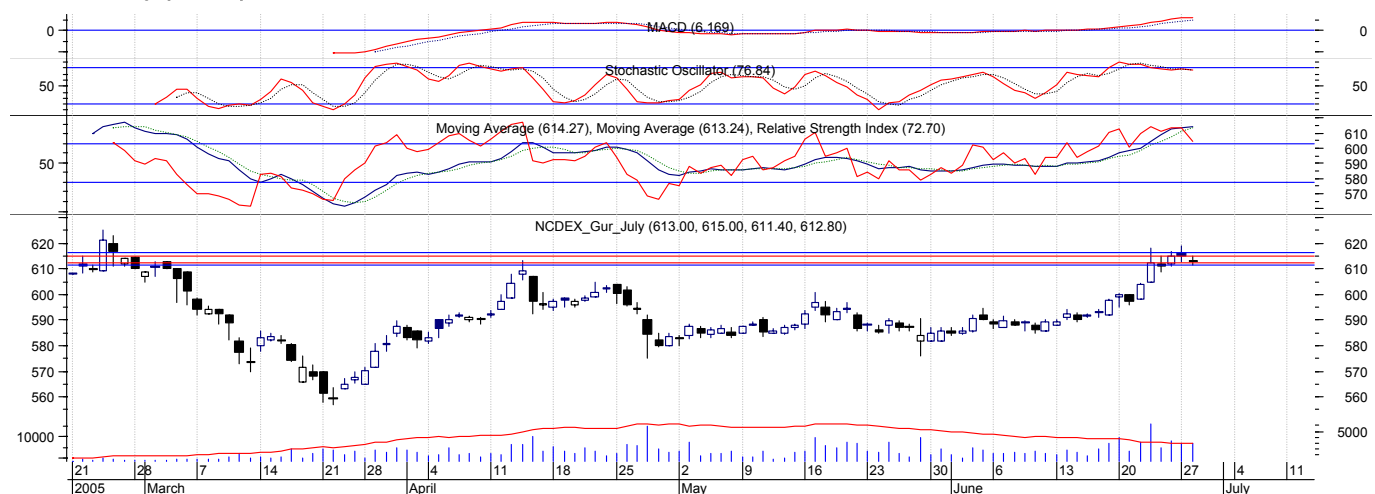
Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)



Candlesticks: The candlestick formation is indicating towards marginal bearishness in tomorrow's trade. The opening in the next trading day may be weaker.

MACD: The MACD (5-day) is lying above its EMA and both are moving upwards in the positive ground.

Stochastic: The %K-line along with the %D-line has entered the normal region and both are moving downwards in the normal 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 (72.70) has changed its direction and started moving downward in the overbought region.

The open interest and the volume are steady.

Outlook:

The technical indicators are pointing towards marginal bullishness in the market sentiment. As suggested by the candlestick the opening in the next trading day may be on the range bound movement. It is expected trade may remain range bound on Wednesday.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	612.2	611.3	615.0	616.6

FOREX (As on 28th June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.56
1 Euro	52.87
1 British £	79.43
100 Yen	39.69

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