

SUGAR, JAGGERY & CANE

30th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Steady Today
- NCDEX Sugar: Traded Range Bound on Lower Side
- NCDEX Gur: Settled Low
- Brazil Going to Produce 27.2 MT of Sugar in Coming Crop
- NYBOT Sugar Recovered Losses; Fund Buying in Oct Contract

Market Commentary

Domestic:

Domestic Sugar Steady Today

The domestic sugar prices improved declined 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 1800 per quintal, while sugar prices at the Kolkata market seen increase and found at level of Rs 1835 per quintal today.

The S grade sugar at the Delhi market was quoted significantly higher at Rs 1760-1815 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 1772-1776 per quintal. At the Kolkata market also sugar was offered with improvement at Rs 1785-1790 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 reports of cut in sugar sales quota announcements responsible for the improvement in prices.

NCDEX Sugar: Traded Range Bound on Lower Side

The July future at the NCDEX traded range bound on lower side today. The July future set the day's high at 1765.00 at the early hours of trade but later on dipped down to a lower range of 1754.00-1764.00 thereafter. The August future also traded range bound in the range of 1782.00-1794.00 today. It is expected that the futures will see range bound downward movement 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 days high at 612.00 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 bearish sentiment in the first half but later on slipped down to a low of 606.00 today. It is expected that the gur futures will remain weak in the next trading day.

International:

Brazil Going to Produce 27.2 MT of Sugar in Coming Crop

The estimate is by the Brazilian National Food Supply Company. The sugar cane production in the 2005/2006 crop should reach 450 million tonnes, of which 218.7 million will be used by the sugar industry. In the last harvest the national mills produced around 25 million tonnes of sugar. Brazil will produce 27.2 million tonnes of sugar from the sugar cane to be harvested in the 2005/2006 crop. The estimate is by the National Food Supply Company (Conab). Brazilian national sugar cane production should reach 450.2 million tonnes on the next crop. From the total harvested, 401.5 million tonnes will be directed to the sugar-alcohol sector. There will be 182.8 million tonnes used to produce alcohol, which means 17.5 billion litres, and 218.7 million tonnes for sugar production. In the previous harvest, Brazil produced around 25 million tonnes of sugar and exported 18 million tonnes. This year, about 20 million tonnes should be sold in the international market. The Arab countries are great buyers of the Brazilian product abroad. In 2004, they imported US\$ 1 billion of sugar from Brazil. In other words, about one quarter of Brazilian exports to the region, which were of approximately US\$ 4 billion last year, correspond to the commodity. Between January and May this year crude sugar exports yielded US\$ 825 million to Brazil, which meant a 128% increase over the same period of the previous year. External sales of refined sugar were at US\$ 544 million and increased 48.2%.

NYBOT Sugar Recovered Losses; Fund Buying in Oct Contract

World raw sugar futures ended higher on the New York Board of Trade on Wednesday, after recovering from morning losses with late fund buying in the October

contract and buying in the nearby contract before Thursday's July expiry. The London white market closed mixed after an early slide. NYBOT July settled up 8 points at 9.19 cents a pound and October ended up 4 points at 9.28 cents. The market set back again, with October testing the day's low of 9.17c at mid-morning. Trade buying provided support, however, and late fund buying lifted October through the early high up to 9.32c. Spot July climbed 11 points on the day. The market looks good and Oct might make a run for the contract high at 9.45c after July expires tomorrow. Funds and small speculators stood net long 72,000 lots on the close. In supportive physical activity, officials in Sudan purchased 70,000 tons of white sugar this week for immediate shipment.

News Analysis:

Government Releases Free Sale Sugar Quota for Q3

The Indian government released 340,000 metric tons (MT) of sugar as quota for indigenous free sale for the July-September quarter. With the release of 216,000 MT of sugar as levy quota for each of these three months already, the total availability of sugar during the quarter would be 4.048 million MT. The Ministry of Consumer Affairs, Food and Public Distribution is monitoring the price and availability of sugar in the country and with enough stock of sugar in hand is in a position to release further substantial quantities additionally if required. 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	30-June	29-June	28-June	27-June	24-June
LDP Raw FOB \$/MT	208.1	200.4	208.1	201.9	203
LDP Raw CIF \$/MT	268.1	260.4	268.1	261.9	263
LDP Raw CIF GBP/MT	147.4	143.9	147.4	143.4	144.5
LDP White FOB \$/MT	313.5	295.0	313.5	298.1	296.1
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	Nanauta
30.06.05	-	1792	1785	1787	-	-

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

Date	M 30	S 30	Mill Delivery	Khand
30.06.05	1800-1830	1790-1820	1655-1690	1690-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
30.06.05	490	608-610	Na	674-685

Na: Arrival finished

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

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

MACD: The MACD (5-day) is lying above its EMA but now taken downward movement and expecting range bound downward trade on Friday.

Stochastic: The %K-line is lying above the %D-line after cutting it from below moving sharply upwards and in neutral region, indicating further positive correction in prices.

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
30.06.05	1500-1600	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 30th June 2005):

No latest vessel position is reported today.

Weather Forecast (As on 30th June 2005):

Forecast for next 24 hours

North: Rain/thundershowers likely at many places over Uttaranchal and Himachal Pradesh; at a few places in the rest region.

East: Rain/thundershowers likely at most places in east Madhya Pradesh, Chhattisgarh and Vidarbaha; at many places over the rest region outside Bihar and gangetic West Bengal where it may be at a few places.

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

West: Rain/thundershowers likely at most places over Konkan & Goa; Gujarat region and Sourashtra; at many places over rest region outside west Rajasthan where it may be at a few places.

Outlook for subsequent two days: Enhance rainfall activity over central parts of the country is likely to shift westwards to western parts of the country.

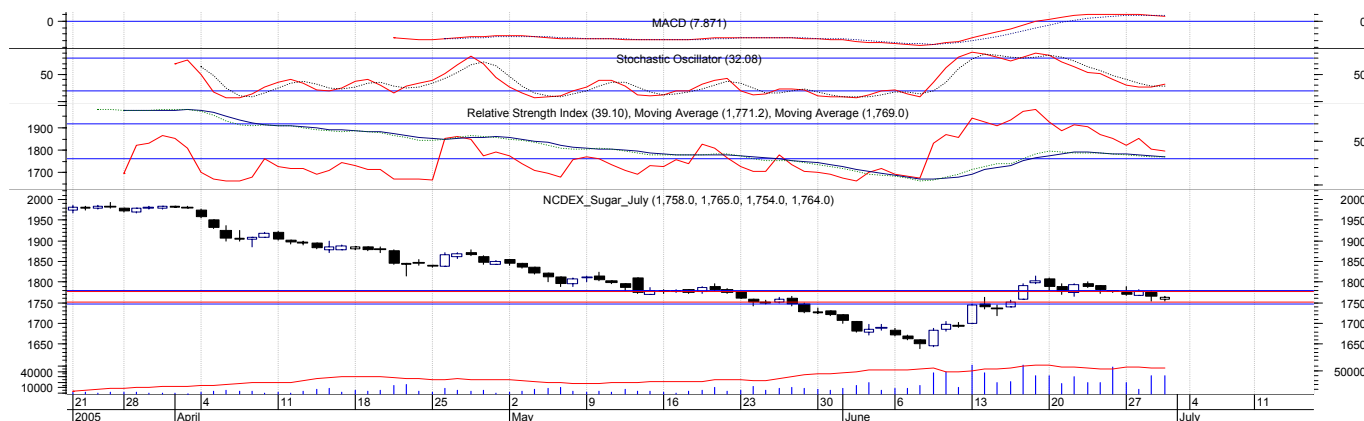
Warning

Heavy to very heavy rainfall likely at a few places over Jharkhand, east Madhya Pradesh, Vidarbaha, Chhattisgarh, north Konkan, Sourashtra and south Gujarat region. Isolated heavy rainfall also likely over Sub-Himalayan West Bengal & Sikkim, north Gujarat, south Konkan & Goa, Madhya Maharashtra and coastal Karnataka.

Moving Averages (MA): The 3-day MA is moving horizontally after cutting the 5-day MA from above sign of range bound sentiment in trade as well as in prices.

Relative Strength Index (RSI): The RSI (39.10) is slopping downwards horizontally in the normal region also sign of range bound bearishness.

The open interest is steady but the volume is declined drastically.



Outlook:

The technical indicators are expecting slight bearishness of the market sentiment. As suggested by the candlestick the opening in the next trading day may be steady. It is expected that the futures will remain range bound bearish

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 horizontal in the negative ground sign of range bound downward trade movement.

Stochastic: The %K-line below the %D-line at 39.46 points has entered the normal region and moving downwards in the normal region sign of bearishness.

in the next trading day with fair chances of positive correction.

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1753	1746	1777	1780

Moving Averages (MA): The 5-day MA is lying below the 3-day MA but just going to merge sign of range bound trading movement.

Relative Strength Index (RSI): The RSI (64.29) has changed its direction and started moving downward in the neutral region sign of bearish movement.

The open interest and the volume are steady.



Outlook:

The technical indicators are pointing towards marginal bearishness in the market sentiment. As suggested by the candlestick the opening in the next trading day may be steady with weaker undertone. It is expected trade may remain range bound downward on Friday. There are

chances that market can take positive correction in coming one or two days.

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	606.4	604.0	610.0	615.0

FOREX (As on 30^h June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.51
1 Euro	52.68
1 British £	78.75
100 Yen	39.51

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.