

SUGAR, JAGGERY & CANE

17th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Spot Prices Remained Bullish Today
- NCDEX Sugar: Higher; Extended Previous Gain
- NCDEX Gur: Marginally Up in Range Bound Trade
- NYBOT Sugar Settled Higher on Funds Buying

Market Commentary

Domestic Sugar Spot Prices Remained Bullish Today

The domestic sugar prices witnessed a strong market sentiment today. The spot prices of the 'M' grade sugar at the major sugar markets were quoted higher, while the prices of 'S' grade sugar were mixed today.

The M grade sugar at the Muzaffarnagar market was offered at a higher rate of Rs 1780-1785 per quintal, while at the Kolkata market also the prices was higher at Rs 1810-1815 per quintal. At the Delhi market sugar was offered at a higher price of Rs 1755-1785 per quintal today. At the Mumbai market M grade sugar was offered at Rs 1770-1820 per quintal today.

The S grade sugar at Delhi market was offered at a higher rate of Rs 1720-1750 per quintal, whereas at Vashi market it was quoted lower at Rs 1775-1780 per quintal. However, at the Chennai market it was offered steady at Rs 1680-1685 per quintal, while at the Kolkata market price was lower at Rs 1755-1760 per quintal. The spot prices at the Hapur market were quoted higher at Rs 1730-1760 per quintal today, while at the Mumbai market it was offered at Rs 1740-1760 per quintal.

The sugar prices at the major markets are expected to remain bullish for the rest of this week. Concern over the advancement and performance of monsoon remained the supportive features for the rising spot prices.

NCDEX Sugar: Higher; Extended Previous Gain

The June future at the NCDEX traded with a strong bullish sentiment and set a fresh session high at 1755.00 near to the close. The June future hovered in a much higher range of 1704.00-1755.00 today. The July future at the NCDEX settled higher in the range of 1758.00-1797.00, whereas the August future fluctuated in a much higher range of 1788.00-1819.00 today.

NCDEX Gur: Marginally Up in Range Bound Trade

The most active June gur future at the NCDEX settled higher in a range bound trade today. The June future today set the session high at 582.00, higher than yesterday's high. Moreover, the session low was marginally higher than yesterday's low. At the NCDEX, the June future traded in the range of 579.20-582.00 today. The gur futures are expected to trade with a bearish sentiment next day.

Domestic:

International:

NYBOT Sugar Settled Higher on Funds Buying

The world raw sugar futures at the New York Board of Trade (NYBOT) settled higher on Thursday, retracing back from the previous day's losses on trade and fund buying. The July-October rollovers continued before the front month expires late June. The July future at the NYBOT finished up 18 points at 8.86 cents per pound, whereas the October future settled up 15 points higher at 8.93 cents per pound. The futures opened higher and speculator buying along with little trade buying supported the futures to settle high at the end. The rollover was brisk with a decent volume.

News Analysis:

Global Sugar Price Expected to Hold in Short Term

According to the financial services concern Smith Barney, continuing tight global raw sugar market will help sustain prices around current levels in the near term. The outlook for global sugar prices continues to remain robust and it is expected that the sugar prices can be sustained at current high levels in the near term. The world raw sugar futures surged Thursday on the New York Board of Trade, on strong trade and fund buying. Smith Barney has cited four factors to support its outlook. Firstly, the recent dry condition in Thailand that has enforced the cane board to project this year's harvest lower by 7.4 percent. Secondly, the poor performance of the Indian monsoon so far has resulted in a jump of prices in the domestic sugar markets. Rainfall in the largest sugarcane growing state, Uttar Pradesh, is well below normal at present. Thirdly, ethanol policies being introduced globally which is supposed to create an additional demand in between 33.7-50.0 billion liters per annum. Finally, change in the European Union sugar regime that is expected to be announced early next week. This change is expected to include a 39 percent cut in refined sugar prices that may lead to a reduction in annual production by 7.7 million metric tons.

EU Licensed Export of 69500 MT Sugar at Tender

The European Commission has licensed exports of 69500 metric tons of sugar at a maximum rebate of EUR 39.902 per 100 kilograms at a tender for the 2004-05 crop. Out of the total licensed exports, the U.K. took the maximum at 28000 metric tons, followed by Germany at 10000 metric

tons, the Netherlands at 10000 metric tons, Denmark at 8000 metric tons, Poland at 7500 metric tons, France at 5500 metric tons and Italy at 500 metric tons. The export rebate is a subsidy paid by the E.U to the exporters in order to make them globally competitive and it is granted along with the export licenses required to sell sugar outside E.U.

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	17-June	16-June	15-June	14-June	13-June
LDP Raw FOB \$/MT	197.5	193.6	196.2	197.3	198.9
LDP Raw CIF \$/MT	257.5	253.6	256.2	257.3	258.9
LDP Raw CIF GBP/MT	141.4	139.5	141.9	142.4	143.8
LDP White FOB \$/MT	276.9	270.6	271.7	273	270.8
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)

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
17.06.05	1767	1775	1785	1766	1762	1740

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

Date	M 30	S 30	Mill Delivery	Khand
17.06.05	1755-1785	1720-1750	1660-1700	1680-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
17.06.05	457-468	565-585	Na	620-670

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
17.06.05	1540-1570	Na	Na	Na	Na

Na: Arrival finished

Weather Forecast (As on 17th June 2005):

Monsoon Outlook:

Southwest monsoon has further advanced over west central and north Bay of Bengal, entire Nagaland, Manipur, Mizoram & Tripura, Arunachal Pradesh, Assam & Meghalaya and parts of sub Himalayan West Bengal and Sikkim.

Northern limit of monsoon passes through 15°N/60°E, 15°N/70°E Pamjim, Chitradurga, Anantapur, Kaveli, 17°N/85°E, 21°N/89°E, 24°N/90°E & Gangtok.

Prediction suggests that monsoon may progress further, and cover more areas of Sub- Himalayan west Bengal and Konkan & Goa leading to onset of monsoon over Mumbai & neighbourhood during next 3 days.

Heat Wave Condition:

Severe heat wave conditions prevailed over many parts of Orissa, Jharkhand, Bihar, Chattisgarh, Vidarbha, east U.P. and east M.P. Heat wave conditions also prevailed over parts of west M.P., west Rajasthan and Marathwada. Improvement of in heat wave condition is expected in Orissa and Jharkhand during next 2 days.

North & North-West India [J&K, HP, Uttaranchal, Punjab, Haryana, West UP]

Mainly dry weather is likely to prevail over plains of northwest India during next 3-4 days.

A western disturbance is likely is likely to cause isolated to scattered rainfall/snowfall over hilly regions of NW India (J&K, H.P. and Uttaranchal) during next 3 days.

East and NE India [East UP, Bihar, Jharkhand, West Bengal, Orissa, NE States]

North-eastern states and Sub-himalayan West Bengal are likely to receive increased rainfall activity with fairly widespread to widespread rains/thundershowers over the region during next 3-4 days.

Scattered rain/thundershowers are expected over Gangetic West Bengal and Orissa and isolated over Jharkhand and

Bihar during next 2-3 days. Thereafter, rainfall activity over Gangetic West Bengal is likely to increase.

Central India [MP, Chattisgarh, Vidarbha]

Mainly dry weather is expected over the region.

Prevailing Heat wave condition over Chattisgarh and South Madhya Pradesh is likely to improve during next 2-3 days.

South India [Tamil Nadu, AP, Kerala, Karnataka, Andaman & Nicobar Islands, Lakshadeep]

Heat wave condition has shown improvement and is now abated from coastal A.P.

Fairly widespread rainfall is likely over Andaman & Nicobar Islands, and Lakshadeep.

Scattered rainfall is expected over Kerala, Coastal Karnataka, South Interior Karnataka and Coastal A.P. during next 24 hours. Rainfall activity over Lakshadeep, Kerala and Coastal Karnataka may increase subsequently for next 4 days.

West India [Maharashtra other than Vidarbha, Gujarat, Rajasthan]

Gujarat and Rajasthan are likely to experience mainly dry weather during next 2-3 days.

Konkan & Goa, Madhya Maharashtra and Marathwada are likely to receive isolated to scattered rainfall activity. There may be increase in rainfall activity over Konkan & Goa after 18th June.

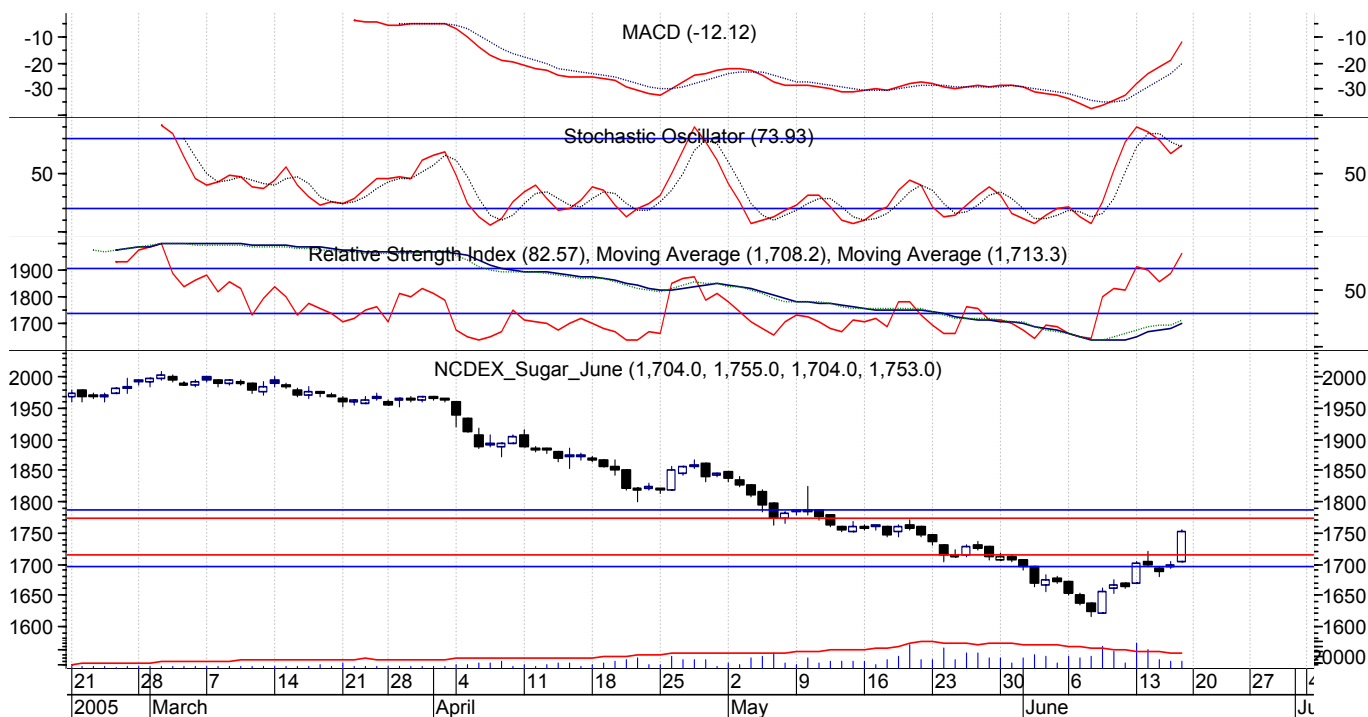
Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



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

MACD: The MACD (5-day) is lying above its EMA and both are moving sharply upwards, a bullish indication.

Stochastic: The %K-line has changed its direction and after cutting the %D-line from below moving upwards 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 (82.57) is moving upwards and it has entered the overbought region.

The first resistance level is seen at 1773 and the second at 1788. The first support level is at 1715 and the second at 1695.

All the indicators are indicating towards a strong market sentiment.

Outlook:

The technical indicators are showing a strong bullish trend in the future market. As suggested by the candlesticks, the opening in the next day may be on the upper side and the future will remain bullish in the next day.

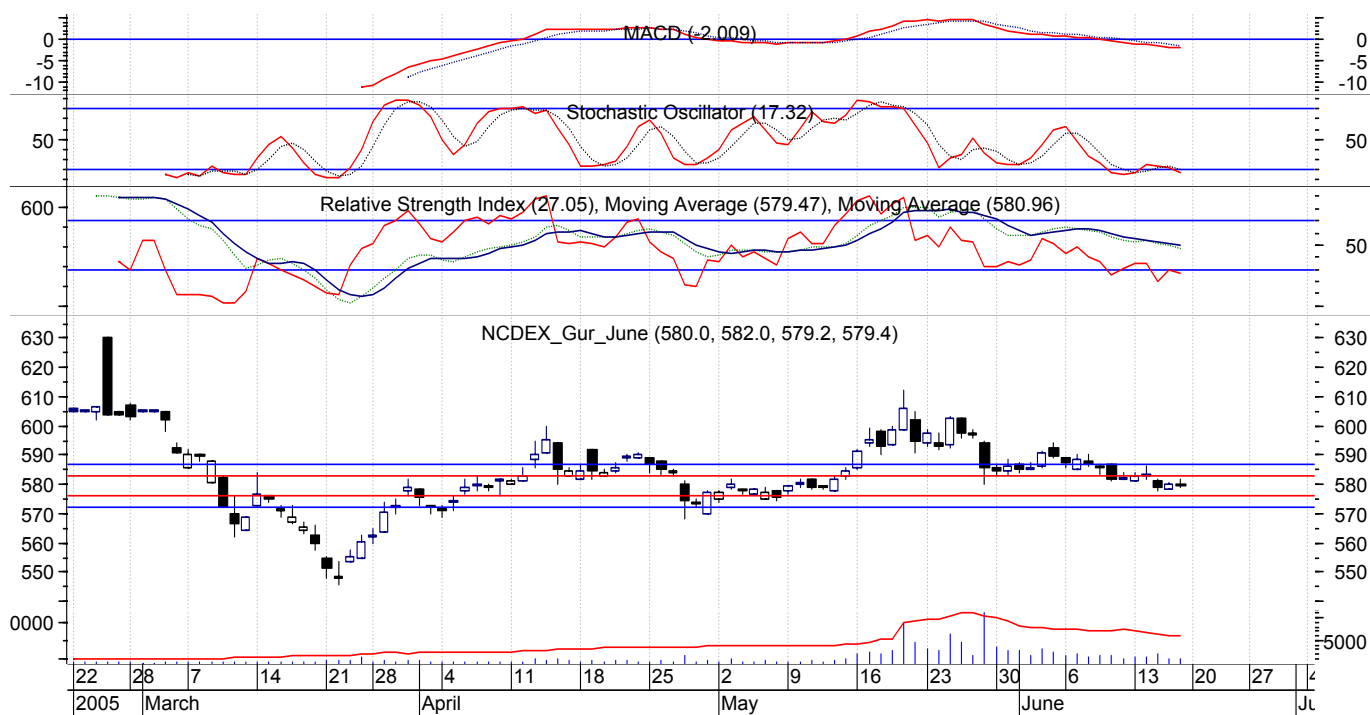
Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick formation is showing a weak trend. The opening in the next day may be within today's range.

MACD: The MACD (5-day) is moving downwards along with its EMA in the negative territory.

Stochastic: The %K-line after cutting the %D-Line from above, moving downwards and it has entered the oversold region.

Moving Averages (MA): The 5-day MA is lying above the 3-day MA and both are moving downwards.

Relative Strength Index (RSI): The RSI (27.05) is moving downwards in the oversold region.

The first resistance is seen at 583.2 and next at 586.7 marks. The first support level is at 576.2 and the next 572.2 marks.

All the indicators are showing the weakness of the market sentiment. Moreover, the volume and open interest are also declining.

Outlook:

The technical indicators are indicating towards a bearish market sentiment. As suggested by the candlestick the opening in the next day may be within today's range. It is expected that the future will remain bearish in the next day.

FOREX (As on 17th June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.59
1 Euro	52.75
1 British £	79.36
100 Yen	39.99

Port Watch (As on 17th June 2005):

Delivery of 27,000 MT of raw sugar is expected at Tuticorin Port from the vessel 'Cape York'. St. John agents will be handling the vessel.

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