

SUGAR, JAGGERY & CANE

29th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Declined Slightly Today
- NCDEX Sugar: Traded Range Bound on Lower Side
- NCDEX Gur: Settled Low
- NYBOT Sugar Settled Lower on Speculative Selling

Market Commentary

Domestic:

Domestic Sugar Declined Slightly 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 1803 per quintal, while sugar prices at the Kolkata market seen decline and found at level of Rs 1830 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 1772-1779 per quintal. At the Kolkata market also sugar was offered with improvement at Rs 1780-1790 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 1780.00 at the early hours of trade but later on dipped down to a lower range of 1753.00-1764.00 thereafter. The August future also traded range bound in the range of 1783.00-1810.00 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 days high at 614.20 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 610.00 today. It is expected that the gur futures will remain weak in the next trading day.

International:

NYBOT Sugar Settled Lower on Speculative Selling

World raw sugar futures ended lower on the New York Board of Trade on Tuesday. Though the market touched three-month highs initially due to speculative fund buying but later on dropped down because of producer selling. July rolling continued before the contract expires on Thursday. The London white market fell after touching new 7 1/2-year highs. Nybot July settled down 8 points at 9.11 cents a pound and October ended down 9 points at 9.24 cents. Some 12,416 against actuals were posted in July, 330 in October and 520 in March. Futures volume was estimated at 73,800 lots. In the options ring, 7,630 calls and 5,071 puts traded. The market opened higher and Oct contract put in its session high of 9.41c. Producers were selling as the market moved up as they have been doing every day. The volume was good in amount in the market as the rolling down continued. However the market looks good technically. Thai raw for July-September shipment were offered at 1.20 cents FOB Bangkok for Nybot July on Thursday. Thai supplies are decreasing, with mills having sold or contracted their holdings. Supplies will increase when the next milling season starts in November.

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	29-June	28-June	27-June	24-June	23-June
LDP Raw FOB \$/MT	200.4	208.1	201.9	203	200
LDP Raw CIF \$/MT	260.4	268.1	261.9	263	260
LDP Raw CIF GBP/MT	143.9	147.4	143.4	144.5	142.9
LDP White FOB \$/MT	295.0	313.5	298.1	296.1	290
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	Shya- mli	Khat- auli	Morna	Deob- and	Titawi	Nano- ata
29.06.05	-	1790	1780	1785	-	-

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

Date	M 30	S 30	Mill Delivery	Khand
29.06.05	1790-1825	1780-1815	1600-1710	1690-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
29.06.05	492	608-613	Na	674-690

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
29.06.05	1500-1600	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 29th June 2005):

No latest vessel position is reported today.

Weather Forecast (As on 29th June 2005):

Forecast for next 24 hours

North: Rain/thundershowers likely at many places over Punjab, Haryana, including Chandigarh & Delhi, Himachal Pradesh; at a few places in the rest region.

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

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

West: Rain/thundershowers likely at most places over Konkan & Goa, south Gujarat region and Saurashtra, at many places over the region outside west Rajasthan where it may be at a few places.

Outlook for subsequent two days: Enhanced 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 Orissa, Jharkhand, east Madhya Pradesh and Chhattisgarh, north Konkan, Saurashtra and south Gujarat region. Isolated heavy rainfall also likely over West Bengal & Sikkim, Himachal Pradesh, north Gujarat, south Konkan & Goa, madhya Maharashtra vidarbha, coastal Karnataka and Kerala.

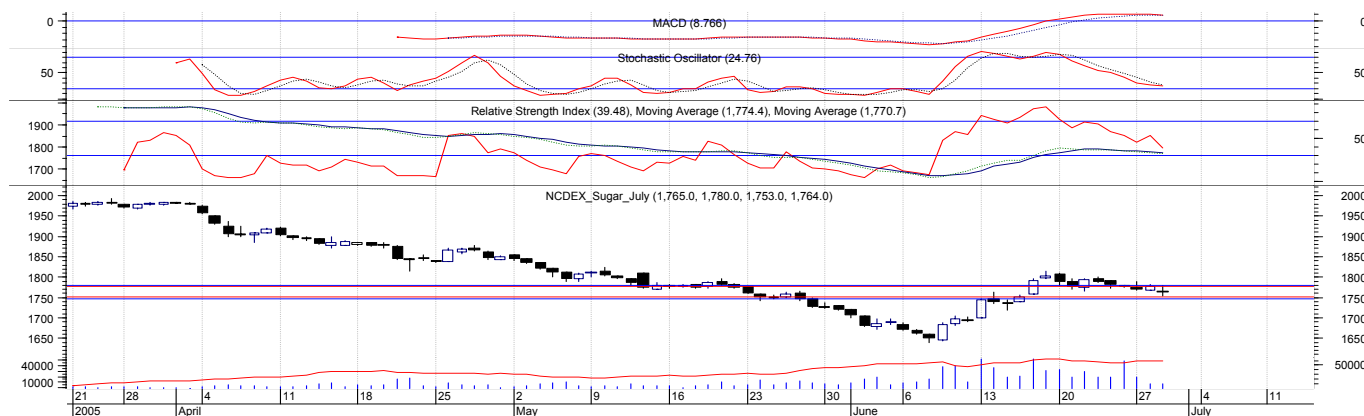
Technical Analysis

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 taken downward movement and expecting range bound downward trade on Thursday.

Stochastic: The %K-line is lying below the %D-line and both are moving sharply downwards and approaching towards oversold line, indicating further downfall in prices.

Moving Averages (MA): The 3-day MA is moving upward after cutting the 5-day MA from above,

Relative Strength Index (RSI): The RSI (53.22) is slopping downwards in the normal region also sign of bearishness.

The open interest as well as the volume is steady.

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 on the lower side. It is expected that the futures will remain range bound bearish in the next trading day.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1752	1746	1777	1780

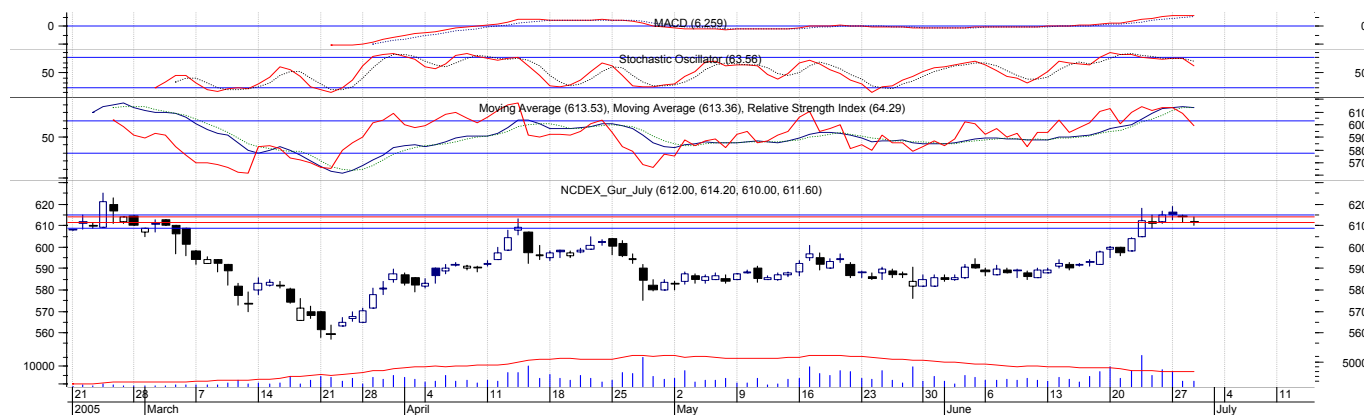
Technical Analysis

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 positive ground sign of range bound upward trade movement.

Stochastic: The %K-line below the %D-line at 63.56 points has entered the normal region and moving downwards in the normal region sign of bearishness.

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 (64.29) has changed its direction and started moving downward in the neutral region.

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 on the range bound downward movement. It is expected trade may remain range bound downward on Thursday. There are chances that market can take positive correction in coming one or two days.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	611.3	609.0	614.1	615.1

FOREX (As on 29th June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.55
1 Euro	52.44
1 British £	79.04
100 Yen	39.54

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