

SUGAR, JAGGERY & CANE

15th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Spot Prices Remained Weak Today
- NCDEX Sugar: Traded with Bearish Sentiment Today
- NCDEX Gur: Traded with Weak Sentiment
- NYBOT Sugar: Down; Trade Buying Curbed Early Losses

Market Commentary

Domestic Sugar Spot Prices Remained Weak Today

The domestic sugar prices failed to extend previous day's gain and traded with a weak sentiment today. The sugar prices of both the M and S grade were quoted on an average lower throughout the major domestic sugar markets.

The M grade sugar at the Delhi market was offered at a lower price of Rs 1740-1770 per quintal today, while at Muzaffarnagar market it was unchanged at Rs 1765-1770 per quintal. At the Kolkata market also the prices was down at Rs 1805-1810 per quintal.

The S grade sugar at Delhi market was offered at a lower price of 1720-1740 per quintal, whereas at Vashi market it was quoted higher at Rs 1780-1785 per quintal. However, at the Chennai market it was offered unchanged at Rs 1675-1680 per quintal, while at the Kolkata market price was lower at Rs 1760-1765 per quintal. The spot prices at the Hapur market were quoted marginally lower at Rs 1700-1725 per quintal today.

NCDEX Sugar: Traded with Bearish Sentiment Today

The most active June future at the NCDEX traded with a bearish sentiment today and set the session high at 1696.00, same as yesterday's low. The June future hovered in a much lower range of 1679.00-1696.00 today. The July future was traded in the range of 1718.00-1745.00, whereas the August future moved in the range of 1739.00-1766.00 today.

NCDEX Gur: Traded with Weak Sentiment

The most active June gur future at the NCDEX witnessed bearish sentiment today. The June future today set the session high at 582.00, more than 4 points lower than yesterday's high. Moreover, the session low was also down 4 points at 578.00 today. At the NCDEX, the June future traded with a weaker sentiment in the range of 578.00-582.00 today.

International:

NYBOT Sugar: Down; Trade Buying Curbed Early Losses

The world raw sugar futures at the New York Board of Trade (NYBOT) settled weaker in July rolling on Tuesday

Domestic:

after trade buying supported the futures to cut back the early slide to four day lows. The July future at the NYBOT finished down 3 points at 8.84 cents per pound, while the October future settled down 3 points at 8.95 cents per pound. Earlier at midmorning, the July future broke the support level as producers and locals sold and came down 12 points. However, the future retraced from early losses as trade buying supported the futures. The July-October rollover was busy but the volume was lower than previous day.

News Analysis:

PSMA: Sugar Mills have 1.45 MT Unsold Stock

According to the summary report of the Pakistan Sugar Mills Association (PSMA), the domestic sugar mills have an unsold stock of 1.453 million tonnes (MT) including 354757 tonnes of Trading Corporation of Pakistan (TCP) from the 2003-04 crop. The country has recorded a production of 3.063 MT of sugar in 2004-05 as compared to 4.020 MT during 2003-04. The sugar mills are reported to have lifted only 1.964 MT of sugar till 31st May this year as compared to 3.666 MT during the same period of last year.

Brazil Center-South Cane Harvest Up 51 Percent

According to the Sao Paulo Sugarcane Producers' Association (UNICA), the near optimal weather condition in Brazil's center-south region have allowed sugarcane harvest to speed up from the second half of May. It was reported that millers had processed 58.6 million metric tons (MMT) of the 2005-06 sugarcane harvests, up by 51 percent from 38.7 MMT crushed by June 1, last year. Brazil's center-south region is the world's major sugar and ethanol producing region. This region is expected to produce 345 MMT during the 2005-06 harvest, up sharply from 328.8 MMT last season. Sugar production in 2005-06 up to June 1 totaled 3.3 MMT, up from 2.1 MMT on May 16. It is expected that the good harvesting weather would continue in the coming days also.

Thailand Sugarcane Forecasted Lower at 44.37MMT

The Thailand Sugar and Cane Board has forecasted the country's sugarcane output at 44.37 million metric tons

(MMT) in 2005-06 crop year (October-September), down by 7.2 percent from 2004-05 crop year. The downfall is attributed to the recent drought that has adversely affected the crop. The cane board after considering the weather and cultivation environment, decided to revise down the preliminary forecast of 46.60 MMT for the 2005-06 crop. The Cane board will review the forecast again in November, before the harvest begins.

Mexico Sugar Production Up by 15 Percent

The National Sugar Cane Growers Union of Mexico has reported that the country has produced 5,752,123 metric tons of mostly semi-refined standard sugar up to June 11. The sugar production has increased by 15 percent from the last crop year during the same period. The union has also raised its forecast to 5,789,266 tons, from last week's projection of a crop of 5,787,541 tons of standard sugar.

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	15-June	14-June	13-June	10-June	9-June
LDP Raw FOB \$/MT	196.2	197.3	198.9	197.5	196.4
LDP Raw CIF \$/MT	256.2	257.3	258.9	257.5	256.4
LDP Raw CIF GBP/MT	141.9	142.4	143.8	141.3	140.7
LDP White FOB \$/MT	271.7	273	270.8	270	266
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	Nanoata
15.06.05	1730	1755	1715	1735	1746	1702

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

Date	M 30	S 30	Mill Delivery	Khand
15.06.05	1740-1770	1720-1740	1660-1690	1680-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
15.06.05	460-465	570-580	Na	625-660

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
15.06.05	1500-1550	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 15th 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.

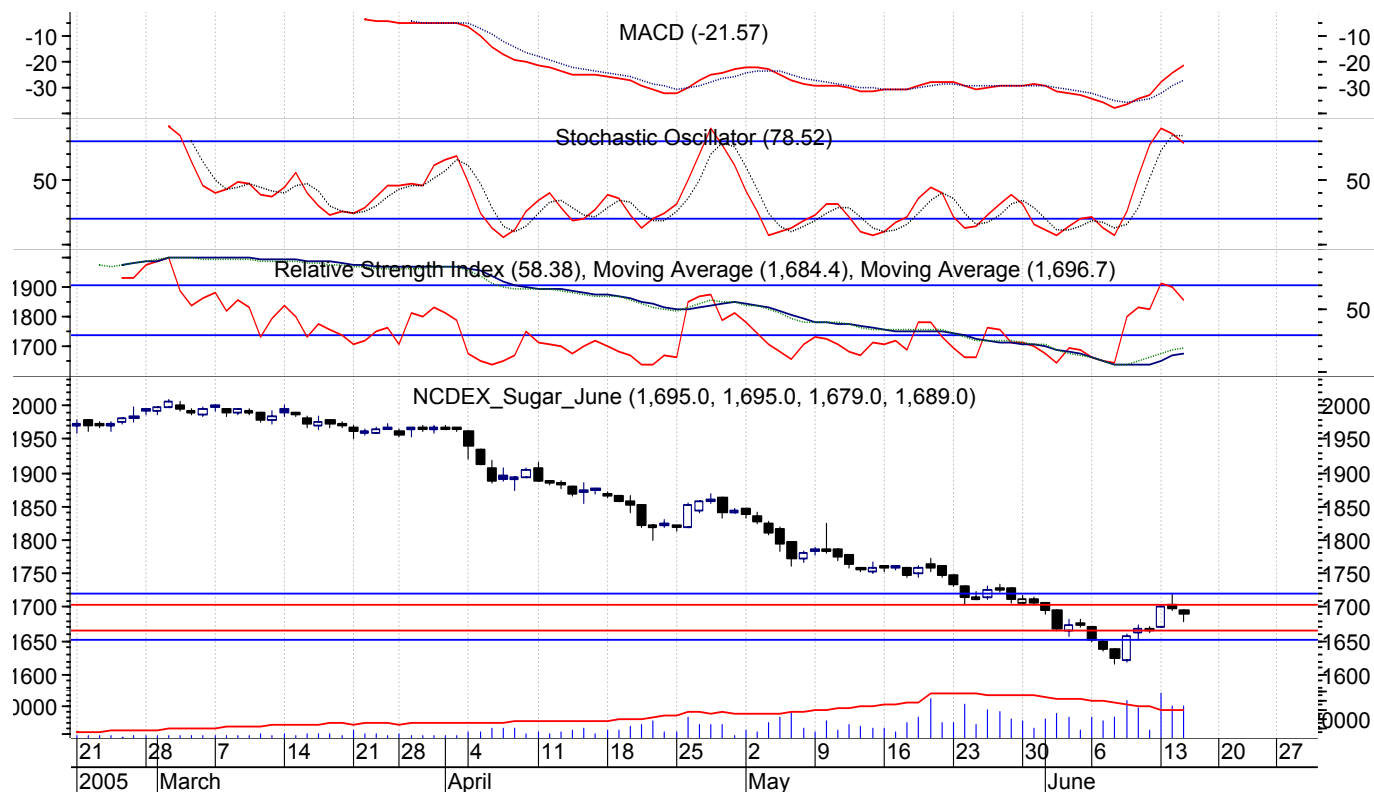
Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick pattern is indicating a bearish market sentiment. The opening in the next day may be on the lower side.

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

Stochastic: The %K-line after cutting the %D-line from above, moving downwards and it has entered 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 (58.38) is moving downwards in the normal region.

The first resistance level is seen at 1704 and the second at 1720. The first support level is at 1666 and the second at 1651.

Almost all the indicators are showing a weaker market sentiment. The volume and the open interest are declining as the contract nears the expiration.

Outlook:

The technical indicators are showing a bearish trend in the future market. As suggested by the candlesticks, the opening in the next day may be on the lower side and the future will remain bearish in the next day on downward technical correction.

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick formation is showing strong bearish pattern. The opening in the next day may be on the lower side.

MACD: The MACD (5-day) is lying below its EMA and moving downwards in the negative territory.

Stochastic: The %K-line has changed its direction and moving downwards. The %K-Line is about to enter the oversold region, while the %D-line is still moving upwards and it has entered the normal region.

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

Relative Strength Index (RSI): The RSI (19.77) is moving downwards and it has entered the oversold region. The first resistance is seen at 584.0 and next at 586.7 marks. The first support level is at 574.6 and the next 569.8 marks.

All the indicators are showing a bearish trend. The open interest and the volume are almost steady throughout.

Outlook:

The technical indicators are indicating towards a weaker market sentiment. As suggested by the candlestick the opening in the next day may be on the lower side. It is expected that the future will remain bearish in the next day.

Weather Forecast (As on 15th June 2005):

Monsoon Outlook:

South-west Monsoon continues to be in weak phase since 10th June. Model forecasts suggest that monsoon is expected to revive over south peninsular India during next 3 days. Prediction also indicates progressive increase in rainfall activity over North-eastern States from 16th June onwards which may lead to onset of monsoon over NE States by 17th June.

Heat Wave Condition:

Severe heat wave conditions are prevailing over Orissa, Chattisgarh, north coastal Andhra Pradesh and heat wave conditions over parts of Bihar, Jharkhand, east Uttar Pradesh and south Madhya Pradesh.

Prediction suggests reduction of severity of heat wave condition in Orissa, Jharkhand and Coastal Andhra Pradesh during next 4-5 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. However parts of Haryana, Delhi and west Uttar Pradesh may experience dust storms/Haze conditions.

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

North-eastern states are likely to receive increased rainfall activity from 16th June onwards. Scattered rains are likely

over NE States during next 24 Hrs. Thereafter, rainfall activity is expected to increase over these states.

Isolated rain/thundershowers are expected over West Bengal, Orissa, Jharkhand and Bihar during next 2 days. Mainly dry weather may prevail over East Uttar Pradesh during next 2-3 days.

Central India [MP, Chattisgarh, Vidarbha]

Mainly dry weather is expected over the region.

Model predictions do not suggest much change in day temperature and hence prevailing Heat wave condition over Chattisgarh, Madhya Pradesh and Vidarbha may continue for another 2-3 days.

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

Scattered to 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 2-3 days.

Rainfall activity over Lakshadeep, Kerala and Coastal Karnataka may increase by 17th June.

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

Mainly dry weather is likely to prevail over Gujarat and Rajasthan during next 3-4 days.

Konkan & Goa, Madhya Maharashtra and Marathwada are likely to receive isolated to scattered rainfall activity.

FOREX (As on 15th June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.66
1 Euro	52.54
1 British £	78.96
100 Yen	39.96

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