

SUGAR, JAGGERY & CANE

11th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Spot Sugar Prices Remained Steady Today
- NCDEX Sugar: Remained in Yesterday's Range Today
- NCDEX Gur: Traded Range Bound with Bearish Trend
- NYBOT Sugar: Marginally Changed; Rollover Intense

Market Commentary

Domestic:

Domestic Spot Sugar Prices Remained Steady Today

The domestic sugar prices remained steady today. The sugar prices at the major markets were quoted on an average unchanged today.

The M grade sugar at the Delhi market was offered at an unchanged price of Rs 1720-1730 per quintal today, while at Muzaffarnagar market it was also remained unchanged at Rs 1725-1730 per quintal. However at the Kolkata market the prices was lower at Rs 1805-1810 per quintal. At the Mumbai market M grade sugar was available at Rs 1760-1780 per quintal today.

The S grade sugar at the Chennai market remained steady at Rs 1680-1685 per quintal, while at the Kolkata market price was unchanged at Rs 1765-1770 per quintal. At Delhi market it was offered marginally higher at Rs 1705-1715 per quintal, whereas at Vashi market it was offered at an unchanged price of Rs 1760-1765 per quintal. The spot prices at the Hapur market were quoted steady at Rs 1670-1700 per quintal today, while at Mumbai market it was offered at Rs 1730-1760 per quintal.

NCDEX Sugar: Remained in Yesterday's Range Today

The most active June future at the NCDEX remained range bound today to set a session high of 1670.00. The June future hovered in the range of 1662.00-1670.00 today. The July future also remained range bound in the range of 1691.00-1702.00, whereas the August future was marginally higher in the range of 1705.00-1717.00 today.

NCDEX Gur: Traded Range Bound with Bearish Trend

The most active June gur future at the NCDEX extended the bearish sentiment today and remained range bound. The June future today set the session high at 584.00, lower than yesterday's high. However, the session low was near to yesterday's low. At the NCDEX, the June future remained bearish in the range of 581.80-584.00 today.

International:

NYBOT Sugar: Marginally Changed; Rollover Intense

The world raw sugar futures at the New York Board of Trade (NYBOT) settled slightly changed after the July contract wiped out early losses in late action. At the NYBOT the July future finished down 1 point at 8.90 cents per

pound, while the October future settled unchanged at 9.00 cents per pound. The July-October rollovers were at the full momentum with heavy volume before the front month expires in late June. Early selling by trade houses and locals pushed the futures to Thursday's low. However, trade buying supported the futures and market retraced in late action as locals covered shorts.

News Analysis:

Gujarat Sugar Industry Urged Govt Intervention

The Gujarat sugar factories have urged the Central government to convert the unlifted levy sugar into free sale sugar. According to the president of the Gujarat State Federation of Co-operative Sugar Factories, the accumulated unlifted levy sugar in the 15 sugar factories in the state has increased to more than 99500 metric tonnes (MT).

The increase is attributed to lower sugar lifting when the sugar prices were lower in the free sale market. It is also reported that the financial position of the state's sugar factories would improve significantly if the Central government allows converting this unlifted levy sugar to free sale.

The state federation has also asked for the reimbursement of transport and ocean freight subsidy. Earlier under the central government's scheme of transport subsidy and ocean freight subsidy, during the sugar season 2003-04, eight sugar factories of Gujarat have exported 6.56 lakh MT of sugar, subsidy for which stands at Rs. 6.93 crore. However, it is reported that the sugar factories have been reimbursed subsidy of Rs. 1.07 crore, while the claims of remaining Rs. 5.86 crore remain unsettled so far.

U.S. Sugar Supply and Use Remained Unchanged

According to the latest World Agricultural Supply and Demand Estimates (WASDE) report released by the Economic Research Service of United States Department of Agriculture, the projected U.S. sugar supply and use for fiscal year 2005-06 are unchanged from the May forecasts. The U.S. year ending stocks are estimated at 759,000 tons, while the available supply remained unchanged at 11.07 million tons and usage at 10.315 million tons.

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
Beet sugar	4,692	4,693	4,370	4,370
Cane sugar	3,957	3,374	3,770	3,770
Florida	2,154	1,684	1,950	1,950
Hawaii	251	269	250	250
Louisiana	1,377	1,263	1,400	1,400
Texas	175	158	170	170
Imports	1,754	1,639	1,591	1,591
TRQ ¹	1,230	1,229	1,206	1,206
Other program ²	464	350	325	325
Other ³	60	60	60	60
Supply, total	12,073	11,603	11,074	11,074
Exports	288	240	200	200
Deliveries	9,862	10,020	10,115	10,115
Food	9,678	9,875	9,950	9,950
Other ⁴	184	145	165	165
Miscellaneous ⁵	26	0	0	0
Use, total	10,176	10,260	10,315	10,315
Ending stocks	1,897	1,343	759	759
Stocks to use ratio	18.6	13.1	7.4	7.4

Source: ERS, USDA

Metric ton equivalent = Short tons * 0.907185

1. Actual arrivals under the tariff rate quota (TRQ) with late entries, early entries, and TRQ overfills assigned to the fiscal year in which they actually arrived. For 2005/06, includes only the U.S. commitment to the World Trade Organization to import a minimum quantity of raw and refined sugar, minus shortfall of 50,000 tons.

2. Includes sugar under the re-export and polyhydric alcohol programs.

3. Includes high-tier and other.

4. Transfers to sugar-containing products for re-export, and for non edible alcohol and feed.

5. Residual statistical discrepancies.

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	11-June	10-June	9-June	8-June	7-June
LDP Raw FOB \$/MT	Na	197.5	196.4	195.8	196.0
LDP Raw CIF \$/MT	Na	257.5	256.4	255.8	256.0
LDP Raw CIF GBP/MT	Na	141.3	140.7	139.4	140.0
LDP White FOB \$/MT	Na	270	266	264.7	265.4
London Freight \$/MT	Na	60	60	60	60
London Freight GBP/MT	Na	33	33	33	33

Source: London International Financial Futures and Options Exchange (LIFFE)

Na: Exchange remained close on Saturday.

Domestic:

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

Date	Shyamli	Khatauli	Morna	Deoband	Titawi	Nanoata
11.06.05	1705	1704	1685	1700	1685	1670

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

Date	M 30	S 30	Mill Delivery	Khand
11.06.05	1720-1730	1705-1715	1620-1640	1660-1680

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
11.06.05	460-480	570-590	Na	630-650

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
11.06.05	1380-1410	Na	Na	Na	Na

Na: Arrival finished

FOREX (As on 10th June 2005):

Foreign Currency	Rs. per unit
1 US \$	43.56
1 Euro	53.21
1 British £	79.26
100 Yen	40.53

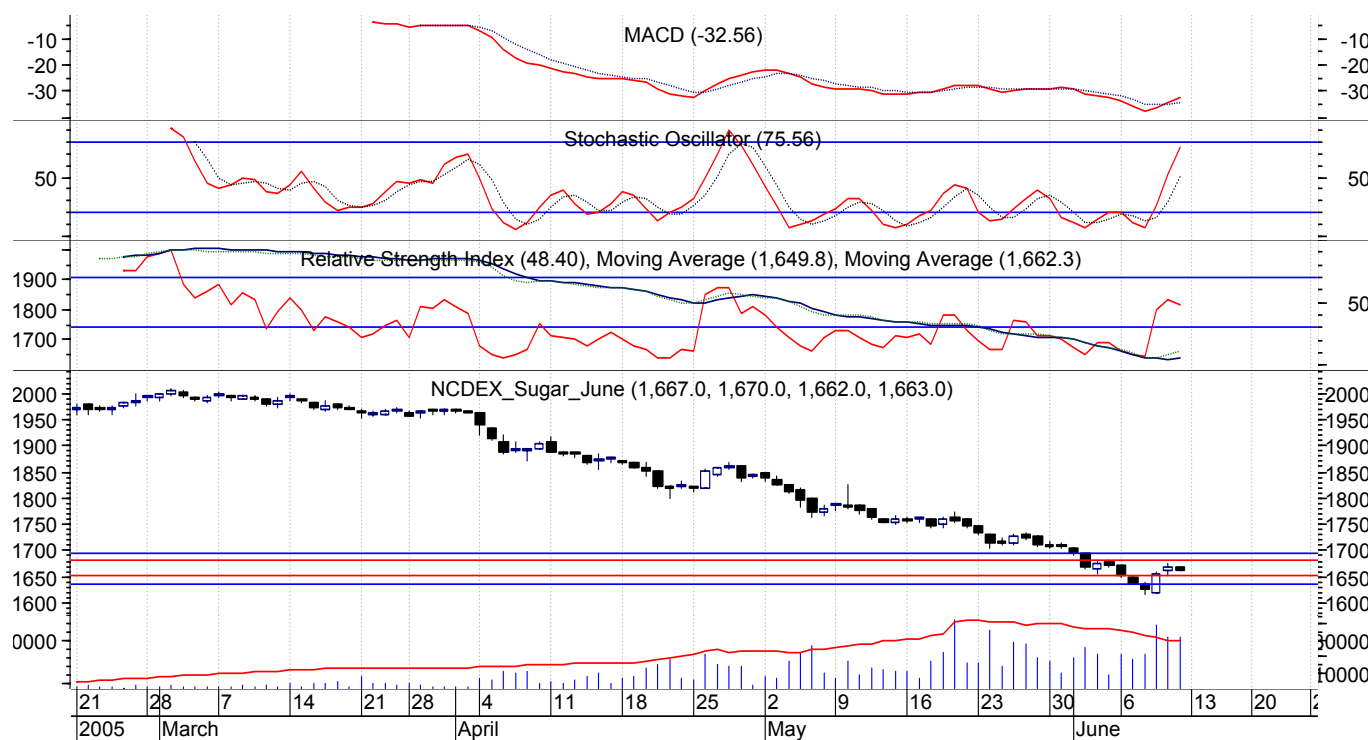
Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick pattern is indicating towards a mixed sentiment. The opening in the next day may be within today's range.

MACD: The MACD (5-day) after cutting its EMA from below moving upwards, a bullish indication.

Stochastic: The %K-line after cutting the %D-line from below moving sharply upwards in the normal region along with the %D-line. However, the %K-line is about to reach the overbought region.

Moving Averages (MA): The 5-day MA after cutting the 3-day MA from above moving upwards and lying below the later.

Relative Strength Index (RSI): The RSI (48.40) has changed its direction and moving downwards in the normal region.

The first resistance level is seen at 1682 and the second at 1696. The first support level is at 1653 and the second at 1637.

Almost all the indicators are showing a strong sentiment except the candlesticks and the RSI. Moreover, the volume and open interest are also good.

Outlook:

The technical indicators are showing a bullish market sentiment. However, as suggested by the candlesticks it is expected that the futures would open within today's range and the market may witness range bound movement in the next trading day.

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick pattern is showing a trend reversal pattern. The opening in the next day may be on the upper side.

MACD: The MACD (5-day) is lying below its EMA and both have crossed the horizontal line to enter the negative territory, a bearish indication.

Stochastic: The %K-line is lying below %D -line and both are moving downwards. However, the %K-line has entered the oversold region.

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

Relative Strength Index (RSI): The RSI (26.55) has changed its direction and started moving slightly upwards.

The first resistance is seen at 586.9 and next at 590.1 marks. The first support level is at 579.4 and the next 574.9 marks.

All the indicators are showing the bearishness of the market sentiment. However, the volume and open interest are steady throughout.

Outlook:

Almost all the technical indicators are showing a bearish market sentiment. As suggested by the candlesticks the opening in the next day may be on the upper side. However, it is expected that the futures would remain weaker in the next trading day.

Weather Forecast (As on 9th June 2005):

A. Weather Systems:

South-West Monsoon:

The southwest monsoon has further advanced over some more parts of east central Arabian sea, union territory of Goa, remaining parts of Coastal Karnataka, most parts of South Interior Karnataka, remaining parts of Tamil Nadu, parts of Rayalseema and southern parts of Coastal Andhra Pradesh, remaining parts of southwest Bay and some more parts of central Bay. Northern Limit of monsoon passes through 15° N/60° E, 15° N/70° E, Panjim, Chitradurga, Anantapur, Kavali, 15° N/84° E, 18° N/90° and 20° N/93°.

The trough at sea level now runs from Punjab to Assam across central Uttar Pradesh and south Bihar.

Model prediction suggests that conditions are favourable for further progress of South-west monsoon over some more parts of Interior Karnataka, Rayalseema, parts of South Coastal Andhra Pradesh and southern parts of North-eastern states during next 3-4 days.

Model prediction suggests that a monsoonal activity may enhance over Bay of Bengal and southeast parts of North-Eastern states during 11-13 June 2005.

Western Disturbance:

Model prediction suggests that a western disturbance is likely to approach north Pakistan and adjoining J&K area by 11 June 2005. It is expected to cause isolated to scattered snowfall/rainfall during 11-12 June 2005 over hilly regions of NW India and isolated thundershowers over adjoining plains of NW India (Punjab, Haryana, Delhi and west U.P.) during the period.

B. Rainfall:

Fairly widespread rainfall is likely over Kerala, Coastal & South Interior Karnataka, Lakshadweep, Andaman & Nicobar and NE States during next 3-4 days.

Isolated to Scattered rainfall/snowfall is likely over J&K, H.P. and Uttaranchal during 11-12 June 2005.

Isolated to Scattered rainfall is likely over Konkan and Goa, West Bengal, Orissa, Coastal A.P., Tamilnadu, North Interior Karnataka during next 4-5 days and isolated thundershowers may occur over plains of NW India (North Rajasthan, Haryana, Punjab, West U.P.) during 10-12 June 2005.

C. Temperature

Parts of plains of northwest and central India are likely to experience rise in day temperature by about 1-2 degree during next 2 days.

Port Watch (As on 11th June 2005):

No latest vessel position is reported.

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