

SUGAR, JAGGERY & CANE

7th June 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Lower on Monsoon Arrival
- NCDEX Sugar: Slipped to Fresh Lows
- NCDEX Gur: Marginally Up in Range Bound Trade
- NYBOT Sugar: Lower on Producer Selling
- Thailand Physical Sugar Premiums Remained Mixed

Market Commentary

Domestic:

Domestic Sugar Prices Lower on Monsoon Arrival

The domestic sugar market remained weak today on the arrival of monsoon in the country. Last week the prices were pushed up by the forecast of deficient monsoon in June and July. However, the windfall gain remained short lived as the prices continued to fall in this week.

The M grade sugar at the Delhi market remained weak at Rs 1725-1735 per quintal today, while at Muzaffarnagar market it was quoted at a lower rate of Rs 1730-1740 per quintal. At the Kolkata market the prices were also lower at Rs 1805-1810 per quintal as against yesterday. At Mumbai market it was offered at Rs 1775-1785 per quintal.

The S grade sugar at the Chennai market continue to remain steady at Rs 1680-1685 per quintal, while at the Kolkata market price was lower at Rs 1665-1670 per quintal. At Delhi market it was offered at a lower price of Rs 1710-1720 per quintal, whereas at Vashi market it was steady at Rs 1770-1775 per quintal. At the Mumbai market it was quoted at Rs 1760-1770 per quintal.

NCDEX Sugar: Slipped to Fresh Lows

The sugar futures market also witnessed weakness as the physical market. The most active June future at the NCDEX slipped to a fresh contract month low of 1635.00 today. The June future hovered in a much lower range of 1635.00-1652.00. The July future remained lower in the range of 1660.00-1672.00, while the August future fluctuated in the range of 1672.00-1685.00.

NCDEX Gur: Marginally Up in Range Bound Trade

The most active June gur future at the NCDEX traded with some strong sentiment today. The June future today set the session high at 590.20, higher than yesterday. However, the session low was lower than yesterday's low. At the NCDEX, the June future fluctuated in a wider range of 585.00-590.20 today.

International:

NYBOT Sugar: Lower on Producer Selling

The world raw sugar futures at the New York Board of Trade (NYBOT) settled lower on Monday after producer selling restricted the futures from a fund led rise to the highest level in more than two months. The July future at the NYBOT finished down 5 points at 8.83 cents per pound, whereas the October future settled down 4 points at 8.92

cents per pound. The futures opened on Friday's highs and fund, speculator buying continued to support the futures to move up. But producers selling curbed the rise and July future lost 7 points on the day. Though the market settled lower, but the traders still believed that the market sentiment is good.

Thailand Physical Sugar Premiums Remained Mixed

Physical sugar premiums in Thailand remained mixed as raw sugar declined on limited buying and selling interest, while white sugar traded steady. Indonesia's state owned plantation company PT Perkebunan Nusantara IX has bought 6,000 metric tons of Thailand raw sugar at \$250 per metric ton, CIF. At present there is no other buyer of Thailand sugar. On the other hand, selling interest of the domestic sugar mills are also very limited. Thailand raw sugar premiums for June-July shipment were offered lower at 1.35 cents per pound, FOB Bangkok, against the New York Board of Trade's July contract. On the other hand, white sugar premiums for July-August shipment were offered steady at \$50 per ton, FOB Bangkok, to the London International Financial Futures and Options Exchange's August contract. Meanwhile, the July future at the NYBOT settled lower by 0.05 cents at 8.83 cents per pound, while the August future at the LIFFE finished higher by 80 cents at \$250 per ton.

News Analysis:

SRA Expects Higher Sugar Output in Philippines

The Sugar Regulatory Authority (SRA) of the Philippines expected that the country's sugar production would increase in 2006-07 crop year, turning around from the downward trend of previous years. It is supposed that the hike in sugar prices from the beginning of the year may motivate the farmers to return to sugarcane farming. It is also expected that any surplus production will not likely put pressure on prices, as the domestic ethanol plants will absorb it. At present the average mill gate price stands around P850 per 50 kg bag. (1 Philippines Pesos = 0.798 Indian Rupees)

Brazil Sugar Industry Expects Higher Demand

The overseas demand for Brazil sugar has boosted up the domestic sugar industry as all of the terminals are operating

in full capacity. According to the traders, the demand has been strongest from Russia, Pakistan and Libya. Consequent upon the increased trading at the physical market, increased fund buying is also reported from the futures market. Domestic traders are expecting that the

prices would remain strong as the global demand for sugar is likely to be higher than the supply. The traders are also keeping close watch at the Indian crop as sugar prices in Brazil could be pushed further if the recovery of the Indian harvest falls below expectations.

World Total Production, Supply and Distribution of Centrifugal Sugar

(1000 Metric Tons, Raw Value)

Year	Beginning Stock	Production	Imports	Total Supply	Exports	Domestic Consumption	Ending Stocks
2001-02	39,605	134,382	39,136	213,123	41,917	134,552	36,654
2002-03	36,654	148,787	40,348	225,789	46,345	138,412	41,032
2003-04	41,032	142,294	40,163	223,489	45,713	138,669	39,107
2004-05	39,008	142,066	41,395	222,469	46,041	140,639	35,789
2005-06	35,789	146,252	41,183	223,224	46,290	142,711	34,223

Source: FAS, USDA

India Total Production, Supply and Distribution of Centrifugal Sugar

(1000 Metric Tons, Raw Value)

Year	Beginning Stock	Production	Imports	Total Supply	Exports	Domestic Consumption	Ending Stocks
2001-02	11,985	20,475	100	32,560	1,130	19,760	11,670
2002-03	11,670	22,140	10	33,820	1,410	19,980	12,430
2003-04	12,430	15,180	550	28,160	250	18,810	9,100
2004-05	9,100	13,770	2,000	24,870	20	18,800	6,050
2005-06	6,050	18,340	1,000	25,390	20	19,300	6,070

Source: FAS, USDA

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	7-June	6-June	3-June	2-June	1-June
LDP RAW FOB \$/MT	196.0	198.0	194.7	193.6	194.9
LDP RAW CIF \$/MT	256.0	258.0	254.7	258.6	259.9
LDP RAW CIF GBP/MT	140.0	141.9	140.4	142.7	143.4
LDP WHITE FOB \$/MT	265.4	265.6	259.8	259	260.6
LONDON FREIGHT \$/MT	60	60	60	65	65
LONDON FREIGHT GBP/MT	33	33	33	36	36

Source: London International Financial Futures and Options Exchange (LIFFE)
Exchange remained closed on Saturday and Sunday.

Domestic:

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

Date	Shyamli	Khatauli	Morna	Deoband	Titawi	Nanoata
07.06.05	1712	1705	1695	1702	1709	1680

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

Date	M 30	S 30	Mill Delivery	Khand
07.06.05	1725-1735	1710-1720	1615-1630	1680-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Laddu	Khurpa padh	Shakkar
07.06.05	460-475	565-600	Na	580-590	620-640

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
07.06.05	1380-1425	Na	Na	Na	Na

Na: Arrival finished

Weather Forecast (As on 6th June 2005):

A. Weather Systems:

South-West Monsoon:

The South-West Monsoon has advanced into Kerala and some parts of south Arabian Sea and some more parts of SW Bay of Bengal on 5th June, 2005. Model prediction suggests that the monsoon activity is likely to continue over south Peninsular India (Kerala, south interior and coastal Karnataka) and enhance over NE states during next 4-5 days.

An East-west shear zone at the middle tropospheric levels runs from central Bay of Bengal to SE Arabian Sea. Model prediction indicates progressive northward march of this zone during next 4-5 days. This may cause progress of monsoon over some more areas of peninsula.

Model predictions suggest that conditions are favourable for progress of Southwest monsoon over some parts of coastal Karnataka, parts of South Interior Karnataka, some more parts of Tamilnadu, southern parts of North-eastern states during next 3-4 days.

Western Disturbance:

A western Disturbance lies over J&K and adjoining areas. It is likely to move in north-eastward direction. Under its influence, hilly regions of NW India are likely to receive isolated to scattered snowfall/rainfall and plains of NW India may receive isolated duststorm/ thundershowers during next 2 days.

Model prediction suggests that another western disturbance is likely to approach north Pakistan and adjoining J&K area by 11th June 2005.

B. Rainfall:

Fairly widespread to widespread rainfall is likely over Kerala, Coastal & South Interior Karnataka, and NE States during next 4-5 days.

Isolated to Scattered rainfall/snowfall is likely over J&K, H.P. and Uttaranchal during 24-48 Hrs and then during 11-12 June 2005.

Isolated to Scattered rainfall is likely over Konkan and Goa, West Bengal, Orissa, Coastal A.P., Tamilnadu, Rayalseema, 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 next 48 Hrs.

C. Temperature

Heat Wave conditions over North and central India may improve during next 3 days.

Port Watch (As on 7th June 2005):

No latest vessel position is reported today.

FOREX as on 7th June 2005

Foreign Currency	Rs. per unit
1 US \$	43.53
1 Euro	53.55
1 British £	79.61
100 Yen	40.75

Technical Analysis

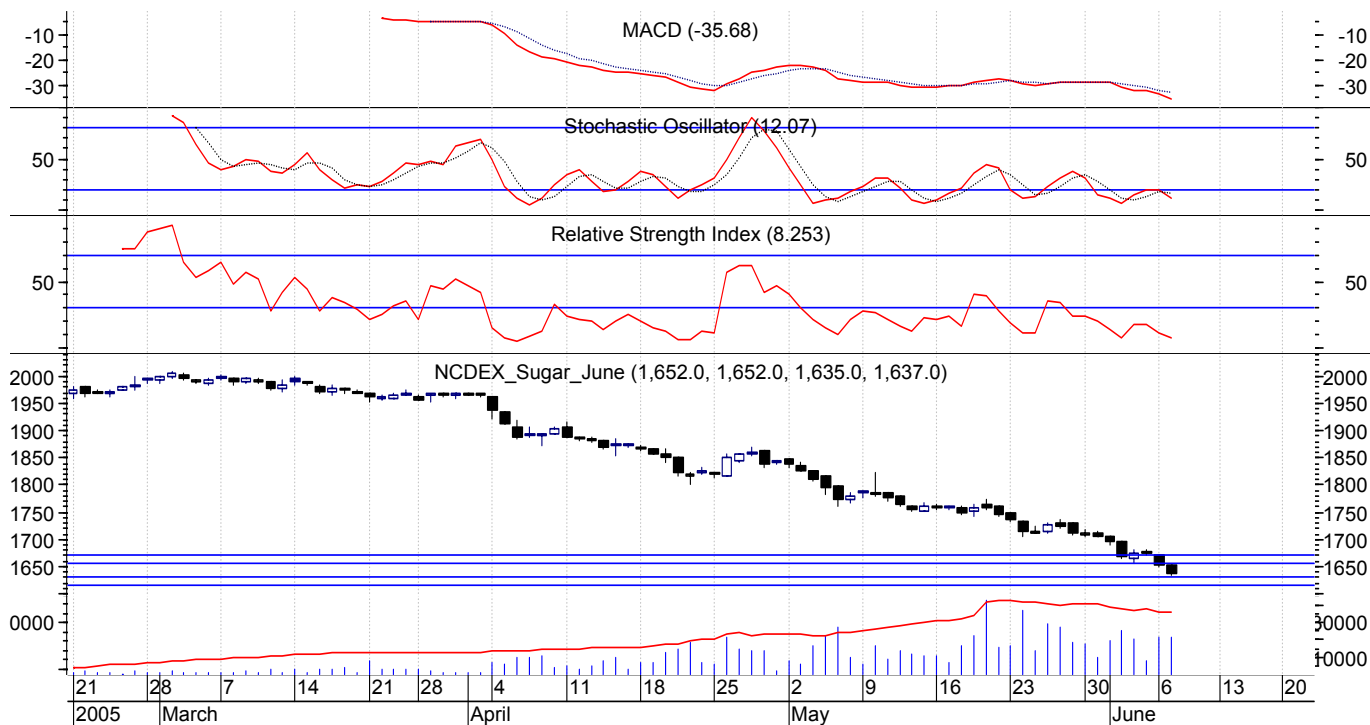
Date: 07.06.05

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



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

MACD: The MACD (5-day) is lying below its EMA and moving sharply downwards in the positive territory, a bearish indication.

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

Relative Strength Index (RSI): The RSI (8.253) is moving downwards in the oversold region.

The first resistance level is seen at 1657 and the second at 1671. The first support level is at 1630 and the second at 1615.

Almost all the indicators are pointing towards the weakness of the market sentiment.

Outlook:

The indicators are showing the weakness of the market. As suggested by the candlesticks, the opening in the next day may be on the lower side and the futures will continue to remain bearish.

Technical Analysis

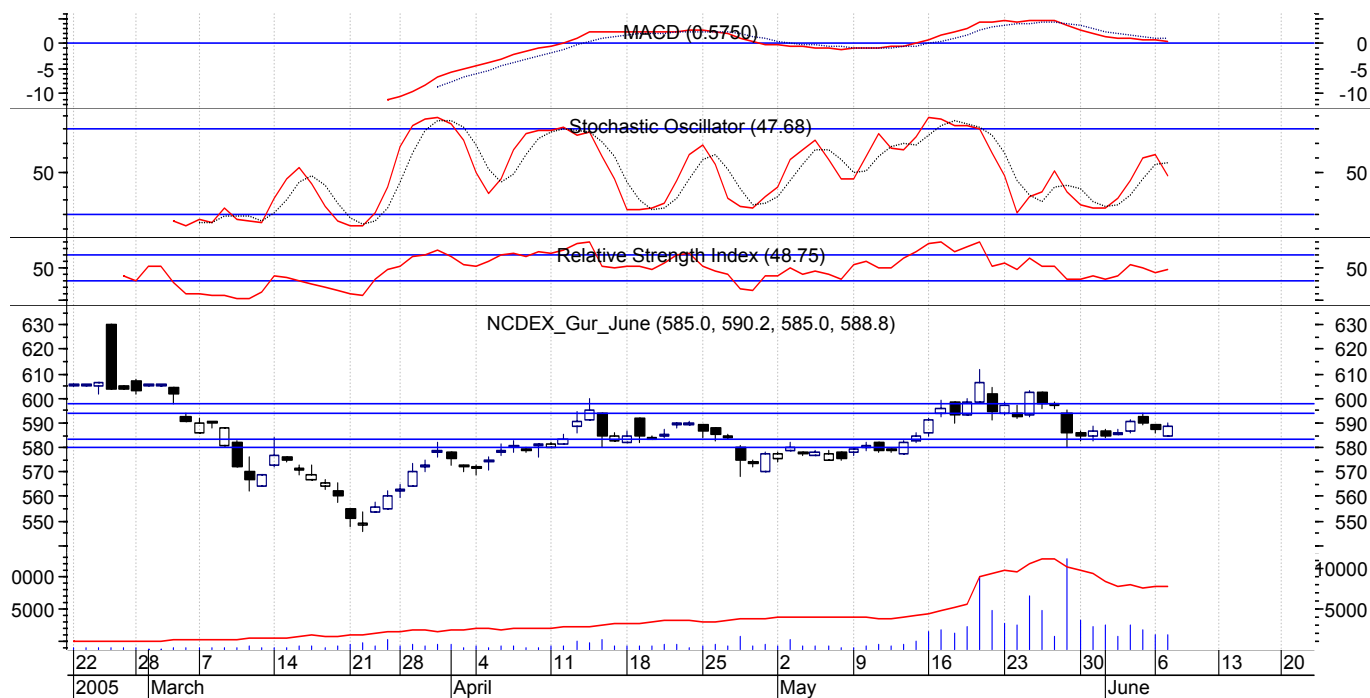
Date: 07.06.05

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: June (Future)



Candlesticks: The candlestick pattern is indicating towards 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 moving downwards in the positive territory.

Stochastic: The %K-line after cutting the %D-line from above, falling sharply in the normal region.

Relative Strength Index (RSI): The RSI (48.75) is moving upwards in the normal region.

The first resistance is seen at 593.9 and next at 598.2 marks. The first support level is at 583.1 and the next 580.2 marks.

The indicators are generating a mixed trend.

Outlook:

As indicated by the candlesticks the opening in the next day may be on the upper side. However, other indicators together are showing a mixed trend. It is expected that the futures will remain marginally strong with range bound movement in the next trading day.

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