

SUGAR, JAGGERY & CANE

27th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Witnessed Mixed Sentiment
- NCDEX Sugar: Settled Higher; Cut Back Morning Losses
- NCDEX Gur: Settled Lower Amidst Lackluster Trade
- LIFFE White Sugar Surge Up to Seven-Year Highs
- NYBOT Sugar Gapped Up to New Highs as Fund Buys

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

Candlesticks: The candlestick formation is showing that the market has closed above the 50 percent level of previous day's black candlestick, but below the black candlestick's opening price, a strongly bullish signal. The opening in the next day may be on the upper side.

MACD: The MACD (5-day) is still lying bearishly below its EMA, while both are moving downwards in the positive territory.

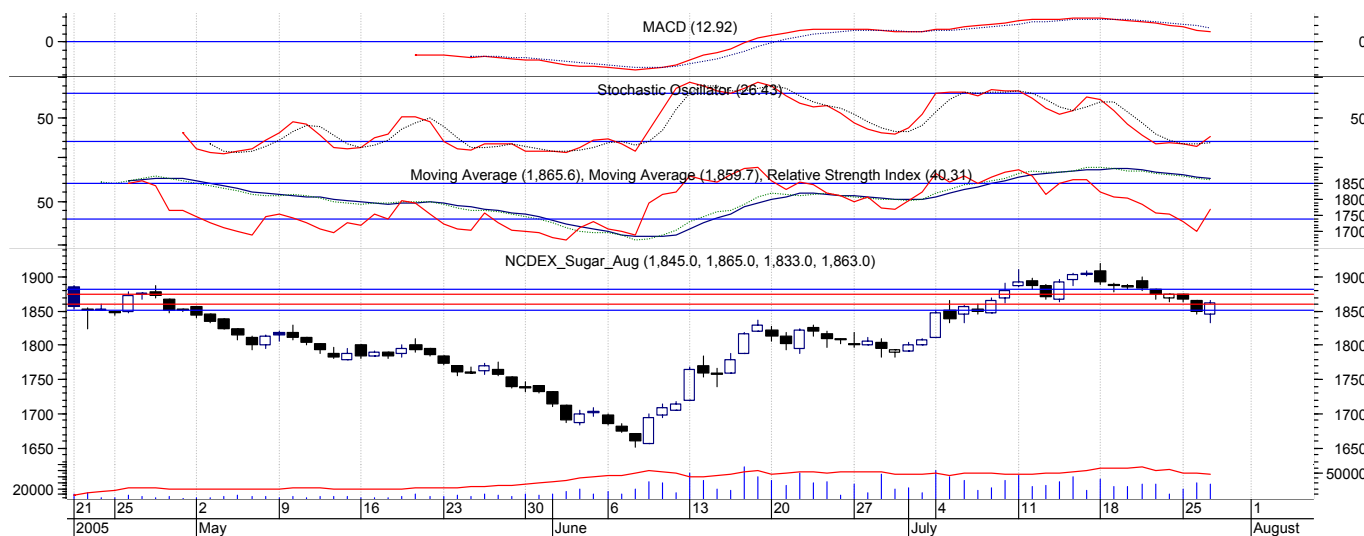
Stochastic: The %K-line after cutting the %D-line from below moving sharply upwards in the normal region. The %D-line is also moving upwards and about to enter the normal region.

Relative Strength Index (RSI): The RSI (40.31) after changing its direction moving upwards and it has entered the normal region.

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

The open interest is steady while the volume of trade has declined marginally.

The first resistance is seen at 1875 mark and the second at 1882 mark. The first support is seen at 1859 mark and the second at 1852 mark.



Outlook:

Almost all the technical indicators are showing a strong bullish sentiment in the sugar futures market. As suggested by the candlestick the opening in the next day may be on the upper side. It is expected that the sugar futures will remain bullish in the next day.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	1859	1852	1875	1882

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

Candlesticks: The candlestick formation is pointing towards a range bound trade with a bearish undertone. The opening in the next day may be on the lower side of today's range.

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

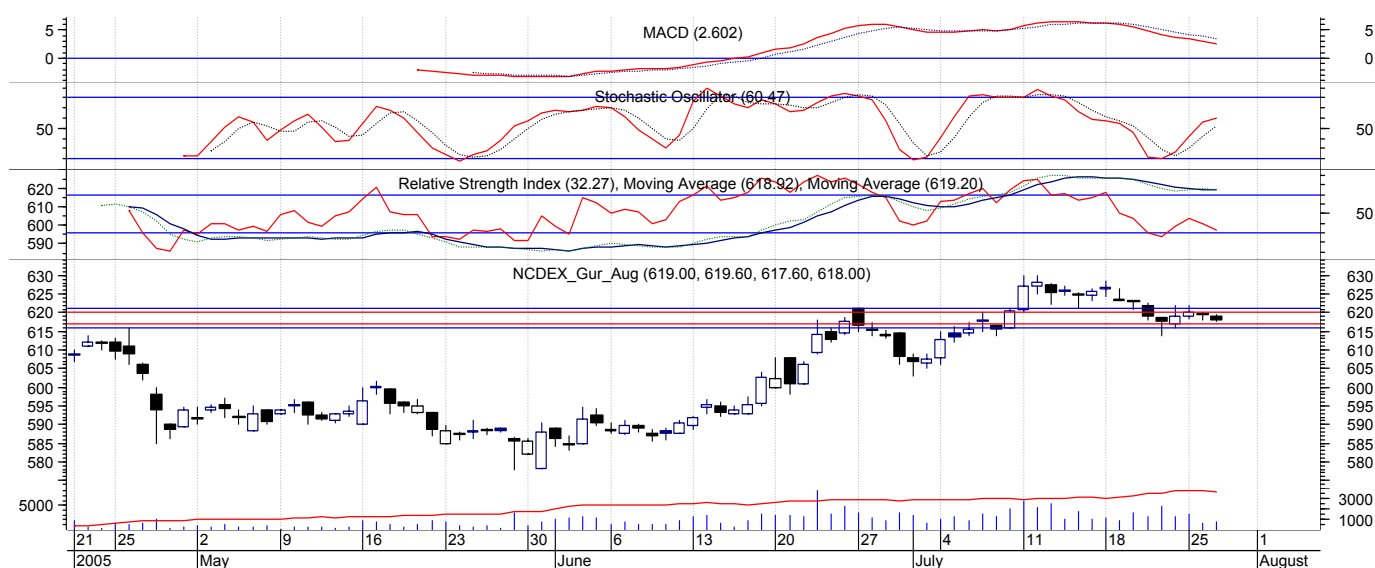
Stochastic: The %K-line along with the %D-line moving upwards in the normal region.

Relative Strength Index (RSI): The RSI (32.27) is moving downwards in the normal region and it is about to enter the oversold region.

Moving Averages (MA): The 3-day MA after cutting the 5-day MA from below moving slightly downwards, while the 5-day MA is moving almost flat.

The open interest has declined marginally while the volume of trade has increased.

The first resistance is seen at 620.1 mark and the second at 621.2 mark. The first support is seen at 616.9 mark and the second at 616.1 mark.



Outlook:

The technical indicators are showing a mixed sentiment in the gur futures market. As suggested by the candlestick the opening in the next day may be on the lower side. It is expected that the gur futures will remain range bound with a bearish undertone in the next day.

Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	616.9	616.1	620.1	621.2

Market Commentary

Domestic:

Domestic Sugar Prices Witnessed Mixed Sentiment

The domestic sugar prices witnessed a mixed sentiment today as against yesterday. Both the 'M' grade as well as the 'S' grade sugar was quoted range bound today as against yesterday at the major sugar spot markets.

The M grade sugar at the Delhi market was quoted marginally higher at Rs 1845-1875 per quintal today as against yesterday. At the Kolkata market sugar was offered at a lower price of Rs 1890-1895 per quintal today, while at the Muzaffarnagar market it was offered steady at Rs 1850-1855 per quintal today as against yesterday. The spot market activity at Mumbai came to a halt after continuous downpour in Maharashtra.

The S grade sugar at the Delhi market was offered at a marginally higher price of Rs 1815-1835 per quintal today as against yesterday. At the Chennai market S grade sugar was quoted steady at Rs 1750-1755 per quintal today, while at the Kolkata market it was available at a lower price of Rs 1840-1845 per quintal today as against yesterday.

The sugar prices at the major sugar markets are expected to witness some strong sentiment in the next day. The concern over Maharashtra rains may support the spot prices to go up in short-term, but it is reported that the sugarcane crop at the region has not been affected adversely. The crop is at 10-12 feet height stage and will be ready to harvest within two months. The traders are also

eyeing for the upcoming sales quota announcement for the month of August. A higher sales quota may depress the prices of sugar.

NCDEX Sugar: Settled Higher; Cut Back Morning Losses

At the futures market, the sugar futures witnessed some bearish sentiment in the first few hours of trade but retrace back again on speculative buying. The August sugar future at the NCDEX tested yesterday's low at the open and slid to set the day's low at 1833.00 within few hours of trade. However, speculative buying supported the futures to climb up again and the August future set the day's high at 1865.00 near to the close. The August sugar future at the NCDEX hovered in a wider range of 1833.00-1865.00 today. The September future also moved in a wide range of

1855.00-1889.00 during today's trade. It is expected that the sugar futures will remain bullish in the next day.

NCDEX Gur: Settled Lower Amidst Lackluster Trade

At the futures market, the gur futures traded range bound with a mixed sentiment today. The August gur future at the NCDEX opened lower than yesterday's close and traded with some strong sentiment to set the day's high at 619.60, lower than yesterday's high. However, speculative selling pressurised the prices and the August future went down to set the day's low at 617.60, lower than yesterday's low. The August gur future at the NCDEX fluctuated in the range of 617.60-619.60 during today's trade. It is expected that the gur futures will witness a range bound movement with bearish undertone in the next day.

International:

LIFFE White Sugar Surge Up to Seven-Year Highs

The white sugar futures at the London International Financial Futures and Options Exchange (LIFFE) settled at their more than seven year highs on speculation that higher crude oil prices may lead Brazil to produce more ethanol instead of sugar. The October white sugar future settled up \$3.20 per metric ton or 1.1 percent at \$292.20 per metric ton on the LIFFE, highest since February 1998. It is reported that the proportion of sugarcane converted to ethanol in Brazil remains around 50 percent and likely to go up by more than 2 percent in the coming year, which may restrict the rising sugarcane exports. Brazil is producing more sugar but at the same time switching over to ethanol at a faster rate. Brazil is among the major countries promoting alternative fuels such as ethanol to cut demand for crude oil.

NYBOT Sugar Gapped Up to New Highs as Fund Buys

The New York Board of Trade (NYBOT) world raw sugar futures climbed up again on Tuesday as the front month gapped to fresh highs on fund buying but stuck below the 10.00 cents per pound mark on producer selling. The NYBOT October future settled up 6 points at 9.96 cents per pound, while the March future finished up 3 points at 9.88 cents per pound. The October future gapped up to 9.98 cents per pound at the opening session as funds bought. However, producers selling led the future to slid to 9.93 cents per pound. The October future touched 9.99 cents per pound later as fund did some more buying. The October future is expected to cross the 10.00 cents per pound level and likely to set new higher range soon.

News Analysis:

Latest International Sugar Market Activity

In the latest international sugar market activity, Syria is looking for raw and white sugar, while Chinese importers have purchased raw sugar recently. Russian sugar importers are likely to buy more sugar, while Pakistan is expected to buy white sugar in August after buying significant amount of raw and white sugar recently. The freight rates have slid to the lowest levels in several years and consequently the Middle East and Asian countries have emerged out as major sugar importers. It is reported that Brazil's government run oil company Petrobras (PBR) has made its first shipment of cane-based ethanol to Venezuela. The two countries are negotiating a five-year contract for about 25,000 cubic meters per month of ethanol made from cane. The CRB Futures Index climbed on Tuesday as soybeans, sugar and crude oil strengthened.

Australian Sugar Producers Expecting Higher Return

The surging world raw sugar futures prices are offering some hope to the struggling Australian growers. The world raw sugar futures are at a four-year high as the October future settled at 9.96 cents per pound yesterday. Though the higher Australian dollar will have an impact but the growers are expecting a return ranging \$260-280 per tonne this year. The world sugar demand scenario is also favourable at present. Pakistan and Russia are the recent

buyers and China is also buying at present. The international sugar market activity is boosting the world sugar futures and the October world raw sugar future is likely to cross 10 cents per pound very soon.

U.S. Sugar Supply and Use (As on 12.07.2005)

(1000 Short Tons, Raw Value)

Items	2003-04	2004-05	2005-06 Projections	
			June	July
Beginning stocks	1,670	1,897	1,343	1,476
Production	8,649	8,110	8,140	8,152
Imports	1,754	1,729	1,591	1,591
Supply, total	12,073	11,736	11,074	11,219
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	1,476	759	904

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	27-July	26-July	25-July	22-July	21-July
LDP Raw FOB \$/MT	222	223.3	216.1	211.9	205
LDP Raw CIF \$/MT	277	278.3	271.1	266.9	260
LDP Raw CIF GBP/MT	159.5	160.3	156	152.3	149
LDP White FOB \$/MT	338.5	341.1	336.5	332.5	324.7
London Freight \$/MT	55	55	55	55	55
London Freight GBP/MT	31.5	31.5	31.5	31.5	31.5

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	Nanolata
27.07.05	1825	1835	NS	1820	NS	1795

NS: No Sale

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

Date	M 30	S 30	Mill Delivery	Khand
27.07.05	1845-1875	1815-1835	1715-1750	1680-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
27.07.05	470-490	605-630	Na	680-700

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
27.07.05	1545-1575	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 27th July 2005):

No latest vessel position is reported today.

Weather Forecast (As on 27th July 2005):

Forecast valid for next 72 hours

North: Rain/thundershowers likely at few places in the region.

East: Rain/thundershowers likely at many places over Orissa, Chhattisgarh and East Madhya Pradesh and at a few places in the rest region.

South: Rain/thundershowers likely at most places over Andaman & Nicobar Islands and north Karnataka; at many places over rest Karnataka, Telangana and at a few places in the rest region outside Tamil Nadu & Pondicherry where it may be isolated.

West: Rain/thundershowers likely at most places over Maharashtra and Goa and West Madhya Pradesh; at many places over Gujarat state and South Rajasthan and at a few places in the rest region.

Outlook for subsequent two days

Increase in rainfall activity over west central & northwest India. Ongoing rainfall activity over Maharashtra and Goa is likely to continue.

Warning

Heavy to very heavy rainfall likely at a few places over Maharashtra and Goa. Isolated heavy rainfall also likely over West Madhya Pradesh, North Karnataka and Gujarat.

FOREX (As on 27th July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.39
1 Euro	52.04
1 British £	75.40
100 Yen	38.52

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