

## SUGAR, JAGGERY & CANE

15<sup>th</sup> July 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Quoted Slightly Changed Today
- NCDEX Sugar: Settled Up Amidst Bullish Sentiment
- NCDEX Gur: Traded with a Bearish Sentiment Today
- NYBOT Sugar Steady; Speculator Buy, Producer Sell

### Technical Analysis

**Commodity:** Sugar Grade M

**Exchange:** NCDEX

**Perspective:** Very Short Term (Daily)

**Contract:** July (Future)

**Candlesticks:** The candlestick formation is pointing towards a bullish sentiment. The opening in the next day may be on the upper side of today's range.

**MACD:** The MACD (5-day) is lying above its EMA, while both are moving upwards in the positive territory.

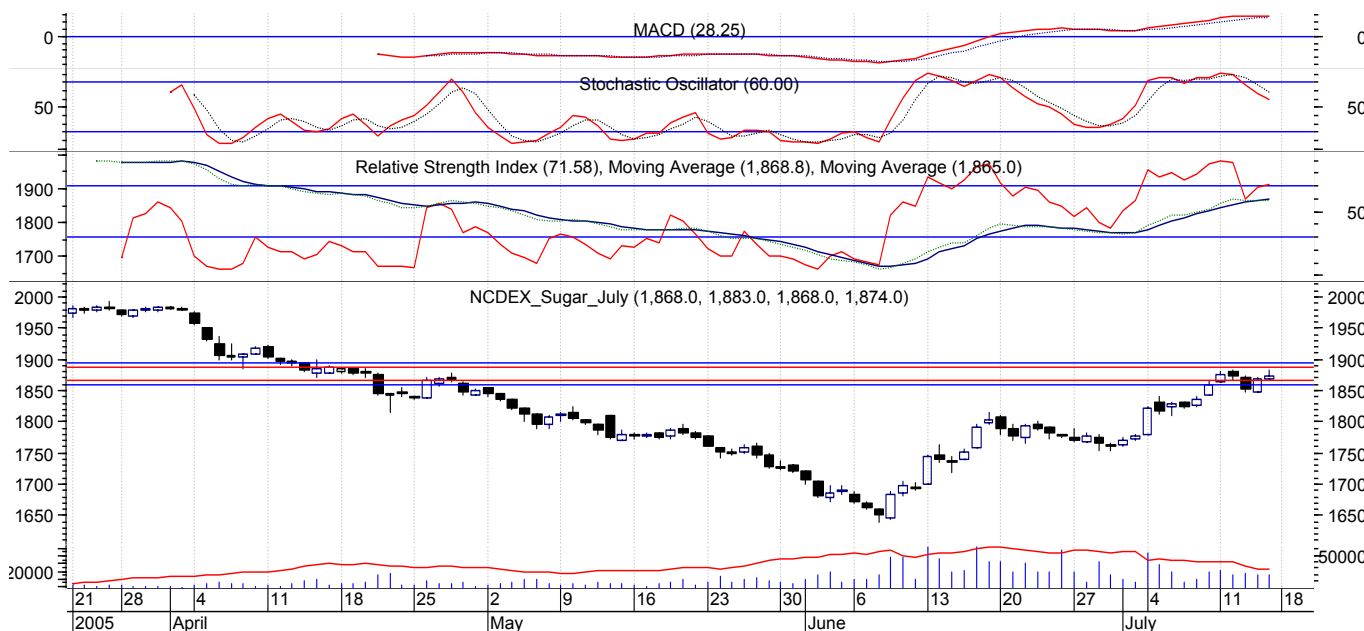
**Stochastic:** The %K-line after cutting the %D-line from above moving downwards in the normal region along with the %D-line.

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

**Relative Strength Index (RSI):** The RSI (71.58) is moving upwards after entering the overbought region.

The open interest as well as the volume of trade is steady.

The first resistance is seen at 1888 mark and the second at 1896 mark. The first support is seen at 1866 mark and the second at 1860 mark.



### Outlook:

The technical indicators are showing the bullishness in the sugar futures market. As suggested by the candlestick the opening in the next day may be on the upper side of today's range. It is expected that the sugar futures will witness a strong sentiment in the next day.

### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
July	1866	1860	1888	1896

## Technical Analysis

**Commodity:** Gur (Jaggery)

**Exchange:** NCDEX

**Perspective:** Very Short Term (Daily)

**Contract:** July (Future)

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

**MACD:** The MACD (5-day) after cutting its EMA from above moving downwards, while the EMA is moving almost flat.

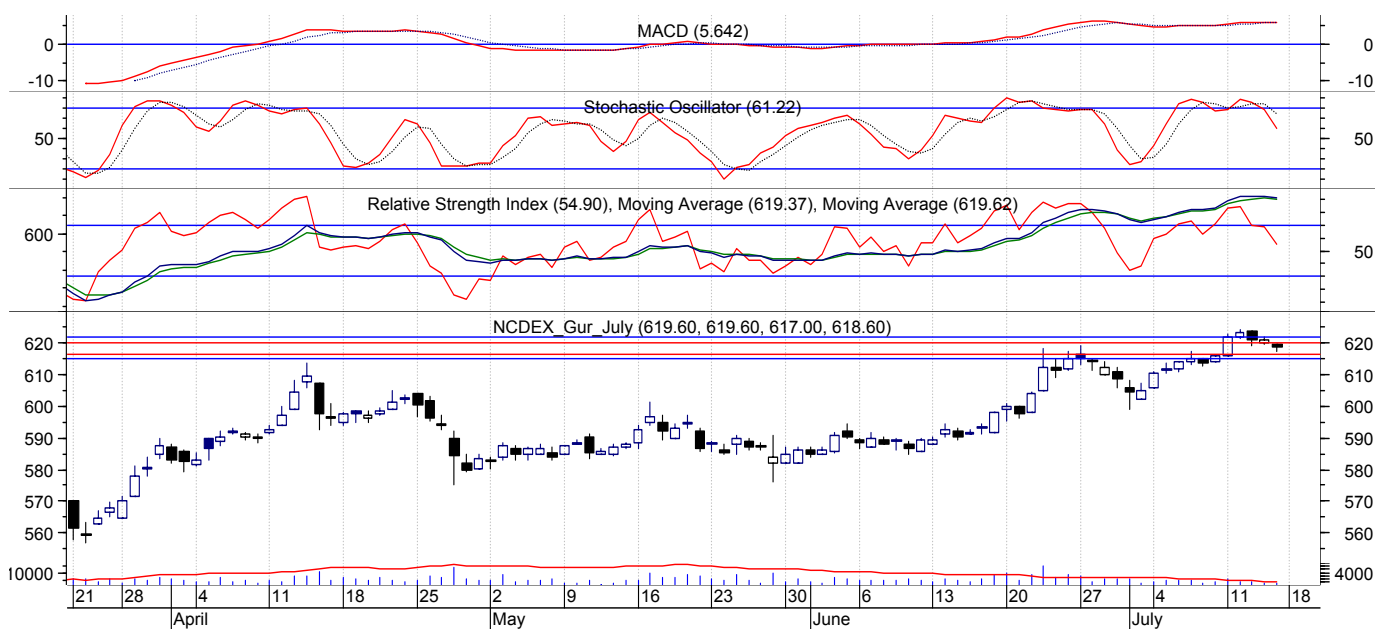
**Stochastic:** The %K-line after cutting the %D-line from above moving downwards along with the %D-line in the normal region.

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

**Relative Strength Index (RSI):** The RSI (54.90) is moving sharply downwards in the normal region.

The open interest as well as the volume has declined.

The first resistance is seen at 620 mark and the second at 621.7 mark. The first support is seen at 616.2 mark and the second at 614.7 mark.



### Outlook:

The technical indicators are showing towards a range bound trade with a bearish sentiment. As suggested by the candlestick the opening in the next day may be on the lower side of today's range. It is expected that the gur futures will witness a range bound trade with a bearish undertone in the next day.

### Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
July	616.2	614.7	620	621.7

## Market Commentary

### Domestic:

#### Domestic Sugar Prices Quoted Slightly Changed Today

The domestic sugar prices remained on an average range bound today with a slightly bullish sentiment. Both the 'M' as well as the 'S' grade sugar at the major sugar markets were quoted slightly higher today as against yesterday.

The M grade sugar at the Delhi market was quoted almost unchanged at Rs 1830-1860 per quintal today as against yesterday. However, at the Kolkata market sugar was traded at a higher price of Rs 1895-1900 per quintal, while at the Muzaffarnagar market it was offered higher at Rs 1865-1870 per quintal today as against yesterday.

The S grade sugar at the Delhi market was offered steady at Rs 1760-1800 per quintal today as against yesterday. At the Chennai market it was quoted higher at Rs 1745-1750 per quintal, while at the Kolkata market it was traded steady at Rs 1855-1860 per quintal today as against yesterday. At the Vashi market S grade sugar was quoted higher at Rs 1865-1870 per quintal today.

The sugar spot prices at the major sugar markets are expected to remain steady at the higher levels in the next day. Moderate demand coupled with thin trading were the main feature of sugar trade today. However, the lower

forecast of the 2004-05 sugarcane crop helped the spot prices to hover near the higher levels.

#### NCDEX Sugar: Settled Up Amidst Bullish Sentiment

At the futures market sugar futures witnessed a bullish sentiment today. The July future at the NCDEX remained range bound for the most part of the day and surge up to set the day's high at 1883.00 near to the close. The July future at the NCDEX hovered in an improved range of 1868.00-1883.00 today. The August future also follow suit and fluctuated in the higher range of 1888.00-1906.00 during today's trade. It is expected that the sugar futures will witness a bullish sentiment in the next day.

#### International:

##### NYBOT Sugar Steady; Speculator Buy, Producer Sell

The world raw sugar futures at the New York Board of Trade (NYBOT) settled marginally changed on Thursday after retracing back from midday losses. The sugar market is balanced between speculative buying and producer selling. The NYBOT October future finished up 1 point at 9.59 cents per pound, while the March future settled steady

#### NCDEX Gur: Traded with a Bearish Sentiment Today

The July gur future at the NCDEX witnessed a bearish sentiment today. The July future set the day's high at 619.60, more than 2 points lower than yesterday's high at the first hour of trade. Moreover, the day's low was also more than 25 points lower than yesterday's low. The July future remained range bound for the most hour of trade but slipped further to set the day's low near to the close. The NCDEX July gur future moved in a lower range of 617.00-619.60 during today's trade.

at 9.69 cents per pound. The October future touched previous day's high at 9.59 cents per pound at the opening session of trade but fell thereafter to 9.49 cents per pound. However, the October future bounced back again and touched this week's high at 9.60 cents per pound near to the close. The fund and speculative buying supported the futures while the producers sold near the highs.

#### News Analysis:

##### U.P. Sugar Policy to Fetch 3000 Crore Investment

According to the state government of Uttar Pradesh, the new sugar policy of the state government will fetch a likely investment of Rs 3000 crore by 2007. The state government announced the new sugar policy on August last year. The state policy is expected to boost up the sugarcane crushing capacity by 1 lakh tonne per day. It is reported that after the announcement of the new sugar policy, the government has received proposals for establishment of 16 new sugar mills along with expansion of 5 existing mills. Out of this, 10 mills are likely to start their operation from the beginning of the new crop season from October this year. At present there are 106 sugar mills operating in the state with a crushing capacity of 3.4 lakh tonne per day, out of which 55 are in the private sector, 28 in the cooperative sector, while 23 are in the public sector. During the 2004-05 crop season, these mills have purchased 50 lakh tonnes of sugarcane worth Rs 5409 crore.

##### India Likely to have Sugar Surplus in 2005-06

According to the Food and Agriculture Minister, India may have excess supply of sugar in the marketing year beginning October due to an expected bumper sugarcane harvest. It is reported that the government will have to think about sugar exports. According to the United States Department of Agriculture, India's sugar output may touch 18.3 million tonnes in the 2005-06 crop year, an increase of 33 percent from the 2004-05 crop. India is expected to have imported around 1.5 million tonnes of raw sugar during 2004-05 due to a lower domestic production.

#### 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
<b>Supply, total</b>	<b>12,073</b>	<b>11,736</b>	<b>11,074</b>	<b>11,219</b>
Exports	288	240	200	200
Deliveries	9,862	10,020	10,115	10,115
Miscellaneous	26	0	0	0
<b>Use, total</b>	<b>10,176</b>	<b>10,260</b>	<b>10,315</b>	<b>10,315</b>
<b>Ending stocks</b>	<b>1,897</b>	<b>1,476</b>	<b>759</b>	<b>904</b>

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-July	14-July	13-July	12-July	11-July
LDP Raw FOB \$/MT	211.4	215	210.5	209	211.6
LDP Raw CIF \$/MT	266.4	270	265.5	264	266.6
LDP Raw CIF GBP/MT	151.6	153.6	150.5	149.5	153.1
LDP White FOB \$/MT	331.5	334	320	316.2	320.7
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	Nanoata
15.07.05	1867	1856	NR	1837	1835	NR

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

Date	M 30	S 30	Mill Delivery	Khand
15.07.05	1830-1860	1760-1800	1710-1745	1670-1680

### Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
15.07.05	485-502	610-625	Na	650-680

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
15.07.05	1525-1550	Na	Na	Na	Na

Na: Arrival finished

### Port Watch (As on 15<sup>th</sup> July 2005):

Chennai Port is expecting 'African Jaguar' from Brazil to deliver 21,000 MT of raw sugar. Inter-ocean agents will be handling the vessel.

### Weather Forecast (As on 15<sup>th</sup> July 2005):

#### Forecast for next 24 hours

**North:** Rain/thundershowers likely at many places over Uttaranchal, east Uttar Pradesh and Himachal Pradesh and at few places in the rest region.

**East:** Rain/thundershowers likely at most places over northeastern state, Bihar, Jharkhand and West Bengal & Sikkim and at many places in the rest of the region.

**South:** Rain/thundershowers likely at many places in the region outside Telangana, coastal Andhra Pradesh, north interior Karnataka where it may be at a few places.

**West:** Rain/thundershowers likely at many places over east Rajasthan and west Madhya Pradesh at a few places in the rest region outside Gujarat state and west Rajasthan where it may be at isolated places.

#### Outlook for subsequent two days

Further increase in rainfall activity over southern parts of peninsular India. Current rainfall activity over northeastern states, sub-himalayan West Bengal & Sikkim and Bihar likely to continue. Current rainfall activity over plains of northwestern parts of India and western himalayan region likely to decrease.

#### Warning

Heavy to very heavy rainfall likely at a few places over northeastern states, West Bengal & Sikkim. Isolated heavy rainfall also likely over Uttaranchal, Himachal Pradesh, Bihar, Jharkhand, Orissa, west Madhya Pradesh and east Rajasthan.

### FOREX (As on 15<sup>th</sup> July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.52
1 Euro	52.78
1 British £	76.69
100 Yen	38.83

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