

SUGAR, JAGGERY & CANE

16th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Steady in Range Bound Trade
- NCDEX Sugar Remained Moderately Bullish Today
- NCDEX Gur: Moved Up after Curbing Earlier Losses
- NYBOT Sugar: Marginally Lower; Curbed Early Losses

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

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

MACD: The MACD (5-day) is still lying above its EMA and both are sloping upwards in the positive ground.

Stochastic: The %K-line has changed its direction and after cutting the %D-line from below moving upwards in the normal region. The %J-line is also started moving upwards.

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

Relative Strength Index (RSI): The RSI (74.38) is moving moderately upwards in the overbought region.

The open interest as well as the volume of trade has declined.

The first resistance is seen at 1888 mark and the second at 1895 mark. The first support is seen at 1874 mark and the second at 1867 mark.



Outlook:

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

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1874	1867	1888	1895

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

Candlesticks: The candlestick formation is pointing towards a strong sentiment. The opening in the next trading day may be on the upper side.

MACD: The MACD (5-day) after cutting its EMA from above moving downwards, while the EMA has also started moving downwards.

Stochastic: The %K-line is lying below the %D-line, while both are moving sharply downwards in the normal region.

Moving Averages (MA): The 5-day MA is lying just below the 3-day MA and it is about to cut the 3-day MA from above.

Relative Strength Index (RSI): The RSI (56.95) after changing its direction moving upwards in the normal region. The open interest as well as the volume has declined.

The first resistance is seen at 621.8 mark and the second at 623.1 mark. The first support is seen at 618.1 mark and the second at 616.8 mark.



Outlook:

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

Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	618.1	616.8	621.8	623.1

Market Commentary

Domestic:

Domestic Sugar Prices Steady in Range Bound Trade

The domestic sugar prices continue to remain steady after range bound movement today on alternate buying and selling interest. Both the 'M' grade as well as the 'S' grade sugar was quoted almost unchanged today at the major sugar markets.

The M grade sugar at the Delhi market was offered marginally changed at Rs 1840-1870 per quintal today as against yesterday. At the Kolkata market sugar was quoted unchanged at Rs 1895-1900 per quintal, while at the Muzaffarnagar market it was available steady at Rs 1865-1870 per quintal today as against yesterday.

The S grade sugar at the Delhi market was quoted slightly changed today at Rs 1780-1820 per quintal, while at the Chennai market it was available unchanged at Rs 1745-1750 today as against yesterday. At the Kolkata market it

was offered slightly higher at Rs 1860-1865 per quintal, while at the Vashi market also it was quoted higher at Rs 1870-1875 per quintal today as against yesterday.

The sugar prices at the major spot market are expected to remain range bound in the next trading day. The higher sugar prices at the London white sugar market supported the domestic sugar prices to remain in the higher levels.

NCDEX Sugar Remained Moderately Bullish Today

At the futures market the July sugar future at the NCDEX witnessed a moderately bullish sentiment today and set the day's high near to the close. The July future hovered in a marginally improved range of 1876.00-1884.00 during today's trade. The August future also followed the same trend and moved in a higher range of 1901.00-1909.00 today. It is expected that the sugar futures at the NCDEX will witness a bullish sentiment in the next trading day.

NCDEX Gur: Moved Up after Curbing Earlier Losses

At the gur futures market at the NCDEX, the July gur future retraced back again in late action after earlier losses. The July future traded bearishly in the first few hours of trade and set the day's low at 616.60, lower than yesterday. However, the gur futures surged up in the final hour of trade

International:

NYBOT Sugar: Marginally Lower; Curbed Early Losses

The New York Board of Trade (NYBOT) world sugar futures settled marginally lower on Friday after cutting back an early sell off and neared the recent contract month highs in late action. The October future at the NYBOT finished down 4 points at 9.55 cents per pound, while the March future settled down 2 points lower at 9.67 cents per pound. The

News Analysis:

Pakistan Shortlisted Suppliers for Sugar Import

According to an official of the Trading Corporation of Pakistan (TCP), seven local and international suppliers have been shortlisted to buy 1-lakh tonnes of refined sugar. It is reported that the TCP has received 13 bids in response to the sugar import tender floated last week. It is also been reported that these seven firms have offered prices in the range of \$356.50-390 per tonne. The tender is expected to be awarded on Sunday. The tender is aimed at boosting the domestic sugar stocks as well as stabilizing the surging prices ahead of the festive season in October-November. Pakistan's sugar production this year is projected to be in the range of 2.9-3.1 million tons (MT), sharply lower than last year figure of 4.0 MT due to insufficient rains. The domestic consumption is estimated at around 3.6 MT.

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
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

and went up to set the day's high at 620.20 near to the close. The NCDEX July gur future fluctuated in the range of 616.60-620.20 during today's trade. It is expected that the gur futures will remain strong in the next trading day.

October future tested previous day's lows at the open and held on it with trade buying. The speculators also did some buying and the locals covered shorts in a quiet market. The strength in the London white market also provided some support to the NYBOT world raw sugar futures. The London white future settled steady to firmer and below previous day's contract highs.

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	Nanata
16.07.05	1867	1855	NR	1850	NR	1830

NR: Not Reported

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

Date	M 30	S 30	Mill Delivery	Khand
16.07.05	1840-1870	1780-1820	1700-1770	1680-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
16.07.05	484-500	600-624	Na	650-670

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
16.07.05	1520-1560	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 16th July 2005):

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

Weather Forecast (As on 16th July 2005):

Forecast for next 24 hours

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

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

South: Rain/thundershowers likely at a many places in the region.

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

Outlook for subsequent two days

Ongoing rainfall activity over northeastern states, West Bengal & Sikkim, Bihar, east Uttar Pradesh and peninsular India is likely to continue. Current rainfall activity over plains of northwest India and western himalayan region likely to decrease.

Warning

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

FOREX (As on 16th July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.51
1 Euro	52.37
1 British £	76.27
100 Yen	38.79

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