

SUGAR, JAGGERY & CANE

05th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Traded with Strong Sentiment Today
- NCDEX Sugar: Settled Lower; Cut Back Earlier Gains
- NCDEX Gur: Traded with Bullish Sentiment Today

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

Candlesticks: The candlestick formation is indicating towards a trend reversal pattern. The opening in the next day may be on the lower side.

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

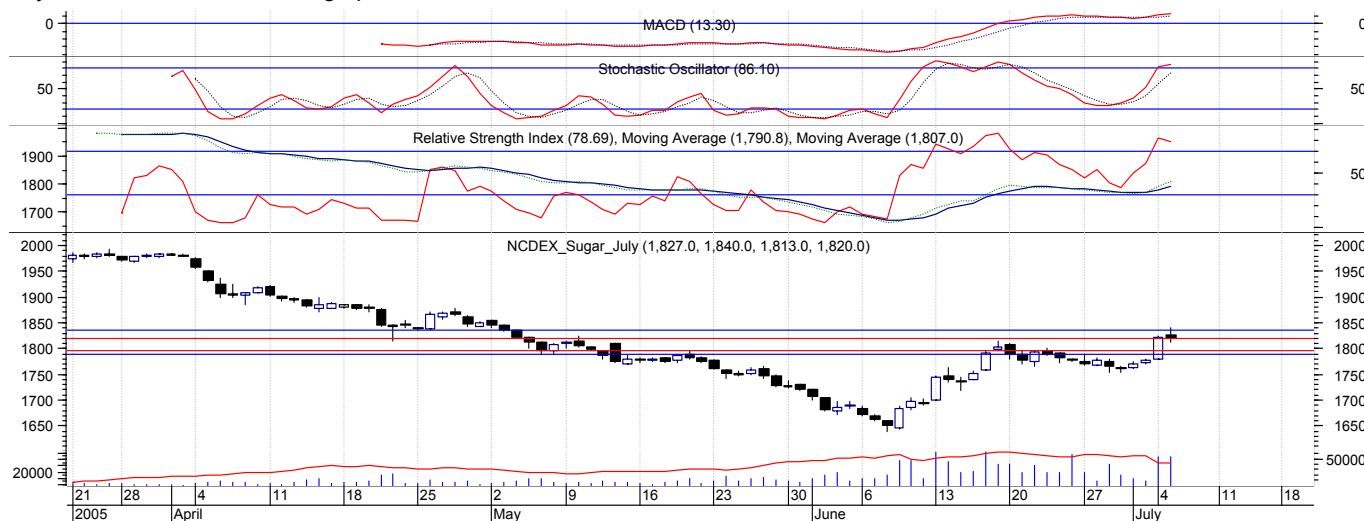
Stochastic: The %K-line is lying above the %D-line and it is moving moderately upwards in the overbought region. However, the %D-line is still moving inside the normal region.

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

Relative Strength Index (RSI): The RSI (78.69) has changed its direction and it is now moving downwards in the overbought region. An early indication of a likely downward technical correction.

The open interest has declined but the volume of trade has increased.

The first resistance is seen at 1821 mark and the second at 1835 mark. The first support is seen at 1797 mark and the second at 1790 mark.



Outlook:

The technical indicators are showing the strength in the market sentiment. However, as suggested by the candlestick the opening in the next day may be on the lower side. It is expected that the futures will witness some bearish sentiment on a likely downward technical correction in the next day.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1797	1790	1821	1835

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

Candlesticks: The candlestick formation is indicating towards a range bound trade. The opening in the next day may be within today's range.

MACD: The MACD (5-day) after cutting its EMA from above moving downwards almost parallel to each other in the positive territory.

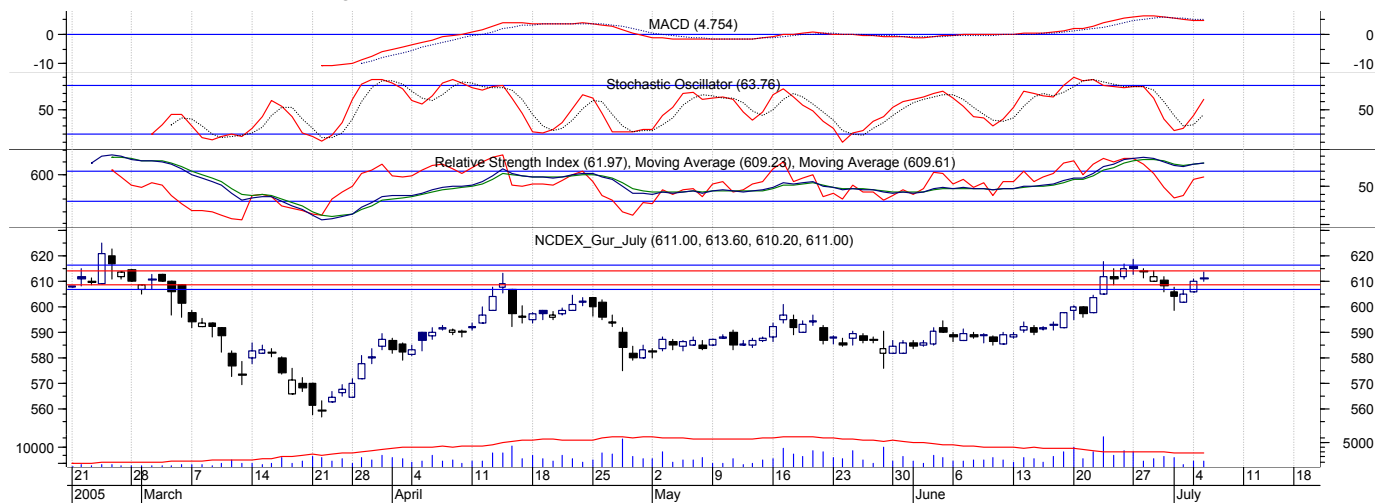
Stochastic: The %K-line after cutting the %D-line from below moving sharply upwards in the normal region and the %D-line has also started moving upwards.

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

Relative Strength Index (RSI): The RSI (61.97) is still moving slightly upwards in the normal region.

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

The first resistance is seen at 614.4 mark and the second at 616.4 mark. The first support is seen at 609.0 mark and the second at 607.1 mark.



Outlook:

The technical indicators are showing a bullish trend in the futures market. However, as suggested by the candlestick the opening in the next day may be within today's range and the futures are expected to trade range bound with a strong undertone.

Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	609.0	607.1	614.4	616.4

Market Commentary

Domestic:

Domestic Sugar Traded with Strong Sentiment Today

The domestic sugar market extended the previous day's gains and traded with a bullish sentiment today. Both the 'M' as well as the 'S' grade sugar were offered at a much higher level today at the major sugar markets.

The M grade sugar at the Delhi market was offered at a marginally higher price of Rs 1835-1875 per quintal today. At the Muzaffarnagar market sugar was quoted at a much higher level of Rs 1845-1850 per quintal today, while at the Kolkata market it was traded higher at Rs 1840-1845 per quintal retracing back from yesterday's losses.

The S grade sugar at the Delhi market was quoted moderately higher at Rs 1775-1815 per quintal today. At the Chennai market also it was offered higher at Rs 1705-1710 per quintal today. Moreover, at the Kolkata market, sugar was available at a much higher price of Rs 1800-1805 per quintal, while at the Vashi market it was quoted at Rs 1810-1815 per quintal today. The sugar prices at the Hapur market was also higher at Rs 1800-1825 per quintal.

The sugar prices are expected to remain range bound with a strong sentiment in the next day. However, the sugar traders are eyeing on the upcoming sugar tender of the

Trading Corporation of Pakistan (TCP) to be floated in this week. It is likely that the Indian supplies will not be considered for the initial tenders of the TCP in this week and the spot prices in the Indian sugar market will move accordingly.

NCDEX Sugar: Settled Lower; Cut Back Earlier Gains

The July future at the NCDEX opened higher today and traded with a strong sentiment in the first session of trade. However, the futures remained bearish in late action and set the day's low at 1813.00 near to the close. The July future set the day's high at 1840.00 and hovered in the range of 1813.00-1840.00 today. The August future also moved in the same direction and remained in the range of 1833.00-1865.00 today.

NCDEX Gur: Traded with Bullish Sentiment Today

At the NCDEX the July gur futures traded with a strong sentiment today and set the session high at 613.60, higher than yesterday's high. However, the July gur future traded bearishly in the afternoon session of trade and set the session low at 610.20, same as yesterday's close. The July gur future at the NCDEX hovered in the range of 610.20-613.60 today.

International:

NYBOT Sugar:

NYBOT remained closed on Monday.

News Analysis:

Latest Update of Sugarcane Sowing Progress

The sowing of sugarcane is progressing on the anticipated line in this crop season. According to the crop and weather watch group, the crucial July rainfall is expected to be abundant and proven water reservoirs are recharging. The area coverage under sugarcane is reported to be 38.82 lakh hectares in this crop season as compared to 37.47 lakh hectares during the same period last crop year.

China Sold Third Batch of 1.14 Lakh MT Raw Sugar

The Chinese government has sold a third batch of around 1.14 lakh metric tons of raw sugar from state reserves at an average price of CNY 2865 per ton. The selling prices ranged in between CNY 2850-2890 per ton depending upon the storage of the raw sugar. Earlier, the government planned to sale state reserve sugars in order to meet the domestic requirements and to stabilize the sugar prices in the domestic markets. At present, the wholesale prices of refined sugar are quoted CNY 3200-3450 per ton in the domestic market. According to the Chinese Ministry of Agriculture's latest estimates, the domestic sugar output in the 2004-05 season ending September is projected to be less than 10 million tons, lower by 5.20 lakh tons from the last year.

ED&F Man Projects EU Sugar Export to Cross 5.8 MT

According to the trade house ED&F Man Ltd., the European Union's (EU) white sugar exports is likely to cross 5.8 million tons (MT) in the upcoming crop year starting from October. The EU sugar exports reached 1.82 MT in the January-April period of this year and averaged 4.7 MT per year from 2000 through 2004. The EU is reorganizing its market to cut back its budget by paying lower subsidies and to comply with WTO rulings. However, the EU commission has denied any plan to subsidize export of sugar from EU stock reserves.

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
Imports	1,754	1,639	1,591	1,591
Supply, total	12,073	11,603	11,074	11,074
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	1,343	759	759

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	05-July	04-July	01-July	30-June	29-June
LDP Raw FOB \$/MT	207.2	205	206.8	208.1	200.4
LDP Raw CIF \$/MT	262.2	260	261.8	268.1	260.4
LDP Raw CIF GBP/MT	149.5	148	147.0	147.4	143.9
LDP White FOB \$/MT	308	305.7	299.0	313.5	295.0
London Freight \$/MT	55	55	55	60	60
London Freight GBP/MT	31	31	30.5	33	33

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
05.07.05	1845	1850	1820	1840	1815	1790

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

Date	M 30	S 30	Mill Delivery	Khand
05.07.05	1835-1875	1775-1815	1680-1725	1695-1715

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
05.07.05	490-500	610-620	Na	665-675

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
05.07.05	1500-1550	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 05th July 2005):

No latest vessel position is reported today.

Weather Forecast (As on 05th July 2005):

Forecast for next 24 hours

North: Rain/thundershowers likely at most places over west Uttar Pradesh, Uttaranchal, Haryana including Chandigarh & Delhi and Himachal Pradesh; at many places in the

region outside Kashmir division of Jammu & Kashmir where it may be at a few places.

East: Rain/thundershowers likely at most places in gangetic West Bengal and east Madhya Pradesh and at many places over the rest region.

South: Rain/thundershowers likely at many places over Andaman & Nicobar islands, coastal Karnataka, Kerala and Lakshadweep and at few places in the rest region outside Tamil Nadu & Pondicherry where it may be isolated.

West: Rain/thundershowers likely at most places over east Rajasthan, Konkan & Goa and west Madhya Pradesh, at many places over rest of the region outside west Rajasthan and Saurashtra & Kutch where it may be at a few places.

Outlook for subsequent two days

Rainfall activity over gangetic West Bengal, Orissa and Jharkhand is likely to increase.

Warning

Heavy to very heavy rainfall likely at a few places over Madhya Pradesh, west Uttar Pradesh, Himachal Pradesh, Uttaranchal and east Rajasthan. Isolated heavy rainfall also likely over Andaman & Nicobar islands, West Bengal & Sikkim, east Uttar Pradesh, Haryana including Chandigarh & Delhi, Punjab, Konkan & Goa, madhya Maharashtra, coastal Karnataka and Kerala.

FOREX (As on 05th July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.57
1 Euro	51.84
1 British £	76.45
100 Yen	38.95

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