

SUGAR, JAGGERY & CANE

12th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Moderately Bullish
- NCDEX Sugar: Traded Range Bound Today
- NCDEX Gur: Extended Previous Day's Gains
- NYBOT Sugar Settled Lower on Producers Selling

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

Candlesticks: The candlestick formation is pointing towards a range bound movement with a bearish undertone. The opening in the next day may be within today's range.

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

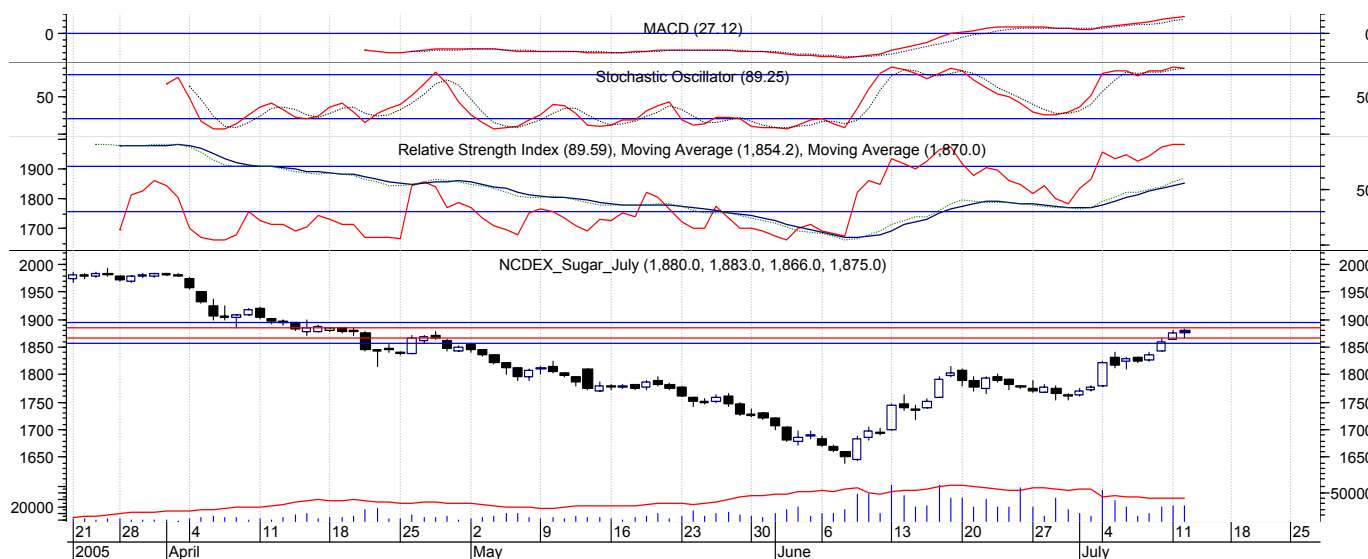
Stochastic: The %K-line is moving downwards and it is about to cut the rising %D-line from above in the overbought region.

Moving Averages (MA): The 5-day MA is still lying below the 3-day MA while both are moving upwards almost parallel to each other.

Relative Strength Index (RSI): The RSI (89.59) is moving almost flat in the overbought region.

The open interest has declined while the volume has increased.

The first resistance is seen at 1885 mark and the second at 1896 mark. The first support is seen at 1865 mark and the second at 1856 mark.



Outlook:

The technical indicators are showing a range bound movement with a bearish undertone. As suggested by the candlesticks then opening in the next day may be within today's range. It is expected that the futures will remain range bound with a marginally weaker undertone in the next day.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1865	1856	1885	1896

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

Candlesticks: The candlestick formation is showing a moderately bullish trend in the gur futures market. The opening in the next day may be on the upper side.

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

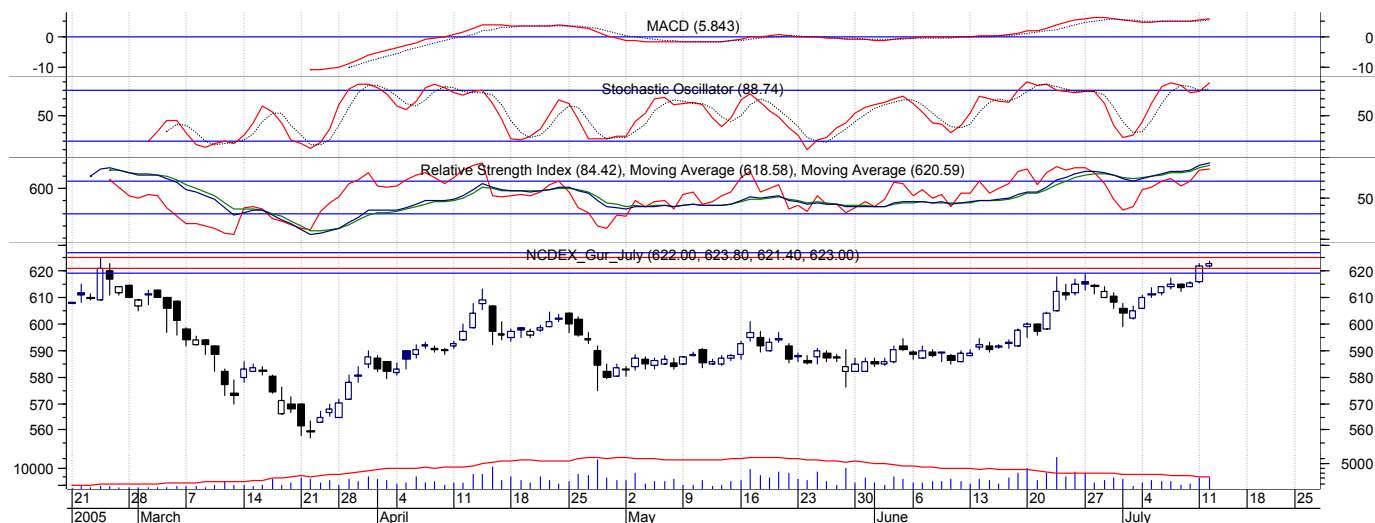
Stochastic: The %K-line after cutting the %D -from below, moving sharply upwards in the overbought region.

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

Relative Strength Index (RSI): The RSI (84.42) is moving moderately upwards in the overbought region.

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

The first resistance is seen at 625 mark and the second at 627.1 mark. The first support is seen at 621.1 mark and the second at 619.2 mark.



Outlook:

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

Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	621.1	619.2	625	627.1

Market Commentary

Domestic:

Domestic Sugar Prices Remained Moderately Bullish

The domestic sugar prices witnessed a moderately bullish trend today. Both the 'M' grade as well as the 'S' grade sugar were offered at a moderately higher rates today as against yesterday at the major sugar markets.

The M grade sugar at the Delhi market was offered almost steady at Rs 1850-1880 per quintal today as against yesterday. At the Kolkata market sugar prices continue to rise and quoted much higher at Rs 1895-1900 per quintal, while at the Muzaffarnagar market sugar prices remained unchanged at Rs 1860-1865 per quintal. At the Mumbai market M grade sugar was available at a higher price of Rs 1845-1890 per quintal today as against yesterday.

The S grade sugar at the Delhi market was quoted almost unchanged at Rs 1790-1830 per quintal today as against yesterday. At the Vashi market sugar was available at a higher price of Rs 1860-1865 per quintal today. At the Chennai market it was offered higher at Rs 1735-1740 per quintal, while at the Kolkata market it was quoted much higher at Rs 1850-1855 per quintal today as against

yesterday. At the Mumbai market S grade sugar was traded at a higher price of Rs 1810-1835 per quintal today.

The sugar prices at the domestic market are expected to continue the strong sentiment in the next day. Speculation of a likely import demand from China supported the domestic sugar prices. Indian sugar traders still believed that the Pakistani government may consider import of Indian sugar at the next meeting with its local importers continue to remain as a supportive feature for the strong domestic prices. Moreover, the government forecast of a lower sugarcane production during 2004-05 also supported the higher sugar prices at the spot markets.

NCDEX Sugar: Traded Range Bound Today

At the futures market, the July sugar future at the NCDEX traded range bound today. The July future set the session high at 1883.00, 3 point higher than yesterday's high at the early hours of trade. The July sugar future set the day's range at the first hour of trade and hovered in a slightly improved range of 1866.00-1883.00 during today's trade. However, the August future moved in a lower range of

1882.00-1899.00 during today's trade. It is expected that the futures will remain range bound with a marginally weaker undertone in the next day.

NCDEX Gur: Extended Previous Day's Gains

The July gur future at the NCDEX extended previous day's gains and set the day's high during the first hour of trade at

International:

NYBOT Sugar Settled Lower on Producers Selling

The world raw sugar futures at the New York Board of Trade settled lower on Monday after producers capped an earlier rally to new contract month highs. The locals and speculators also sold into it. The NYBOT October future finished down 6 points at 9.48 cents per pound, while the March future settled down 4 points at 9.55 cents per pound. The futures gapped to new contract highs on the open on fund and local buying though the producers and trade were selling into it. However, the locals went short in late action. Trade buying supported the futures throughout the day, but producers selling cut back the surge later in the session. Though the market closed lower, but the market sentiment is technically good and it is expected that the future may touch 10 cents per pound in the coming days.

News Analysis:

Sugar Market Bullish on Speculation of Chinese Import

The domestic sugar market continued to hold the strong position on speculation of Chinese imports. The domestic traders are expecting that the spot prices of sugar may rise by another Rs 30-40 per quintal to touch Rs 1900 per quintal if the imports do materialise. Moreover, the government forecast of a lower sugarcane production during 2004-05 also supported the sugar prices at the spot as well as the futures market. Earlier, the domestic sugar prices jumped up on speculation that Pakistan may lift up the ban on Indian sugar import to meet its domestic supply shortfalls amidst rising prices of the basic commodity. However, the final decision regarding import of Indian sugar is yet to taken. Instead, Pakistan bought Chinese sugar at about \$325 per tonne, against the ruling price of around \$300 per tonne at the London International Financial Futures and Options Exchange (LIFFE). However, it is reported that China itself is facing a supply deficit and Indian speculators are expecting a likely import demand from the country.

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

623.80, 1 point higher than yesterday's high. Moreover, the day's low was more than 5 points higher than yesterday's low. The July gur future at the NCDEX traded with a strong sentiment and fluctuated in the range of 621.40-623.80 during today's trade.

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

Govt Estimated 2004-05 Cane Production at 232.3 MT

According to the fourth advance estimates of the Ministry of Agriculture, Government of India, the domestic sugarcane production is estimated at 232.3 million tonnes (MT) during 2004-05. This estimate is 14 percent below the production target for 2004-05 crop year and 2 percent lower than the production of 237.3 MT of sugarcane during 2003-04 crop year.

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	12-July	11-July	08-July	07-July	06-July
LDP Raw FOB \$/MT	209	211.6	207.7	203.9	207
LDP Raw CIF \$/MT	264	266.6	262.7	258.9	262
LDP Raw CIF GBP/MT	149.5	153.1	151.5	148.8	149.5
LDP White FOB \$/MT	316.2	320.7	316.5	315.2	309.6
London Freight \$/MT	55	55	55	55	55
London Freight GBP/MT	31.5	31.5	31.5	31.5	31

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
12.07.05	1850	1850	NR	1840	NR	1820

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

Date	M 30	S 30	Mill Delivery	Khand
12.07.05	1850-1880	1790-1830	1720-1770	1680-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
12.07.05	490-505	608-630	Na	670-690

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
12.07.05	1520-1570	Na	Na	Na	Na

Na: Arrival finished

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Port Watch (As on 12th July 2005):

No latest vessel position is reported today.

Weather Forecast (As on 12th July 2005):

Forecast for next 24 hours

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

East: Rain/thundershowers likely at many places over northeastern states, Bihar, sub-himalayan West Bengal & Sikkim, east Madhya Pradesh and Chhattisgarh; and at a few places in the rest region.

South: Rain/thundershowers likely at many places over coastal Karnataka; at a few places in Rayalseema, south interior Karnataka, Kerala and Lakshadweep and isolated in the rest region.

West: Rain/thundershowers likely at many places over east Rajasthan, west Madhya Pradesh, Konkan & Goa and Vidarbha and at a few places in the rest region outside Gujarat state where it may be isolated. Decrease in rainfall activity over west Madhya Pradesh, Vidarbha, Haryana and Rajasthan after 13th July.

Outlook for subsequent two day

Subdued rainfall activity over interior peninsula likely to continue.

Current rainfall activity over northeastern states, sub-himalayan West Bengal & Sikkim, Bihar, Uttar Pradesh and western himalayan region likely to continue. Decrease in rainfall activity over central India.

Warning

Heavy to very heavy rainfall likely over northeastern states, sub-himalayan West Bengal & Sikkim, west Uttar Pradesh, Uttaranchal, Himachal Pradesh and Jammu region of Jammu & Kashmir. Isolated heavy rainfall likely over east Uttar Pradesh, Haryana, north Rajasthan, north Madhya Pradesh, coastal Karnataka and Lakshadweep till 14th July.

FOREX (As on 12th July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.53
1 Euro	52.90
1 British £	76.80
100 Yen	39.10