

SUGAR, JAGGERY & CANE

22nd July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Prices Range Bound with Weak Sentiment
- NCDEX Sugar: Extended Previous Day's Weakness
- NCDEX Gur: Down; Cut Back Morning Losses
- NYBOT Sugar Surged Up to New Highs on Fund Buying

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

Candlesticks: The candlestick formation is showing a weak sentiment in the sugar futures market. The opening in the next day may be on the lower side.

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

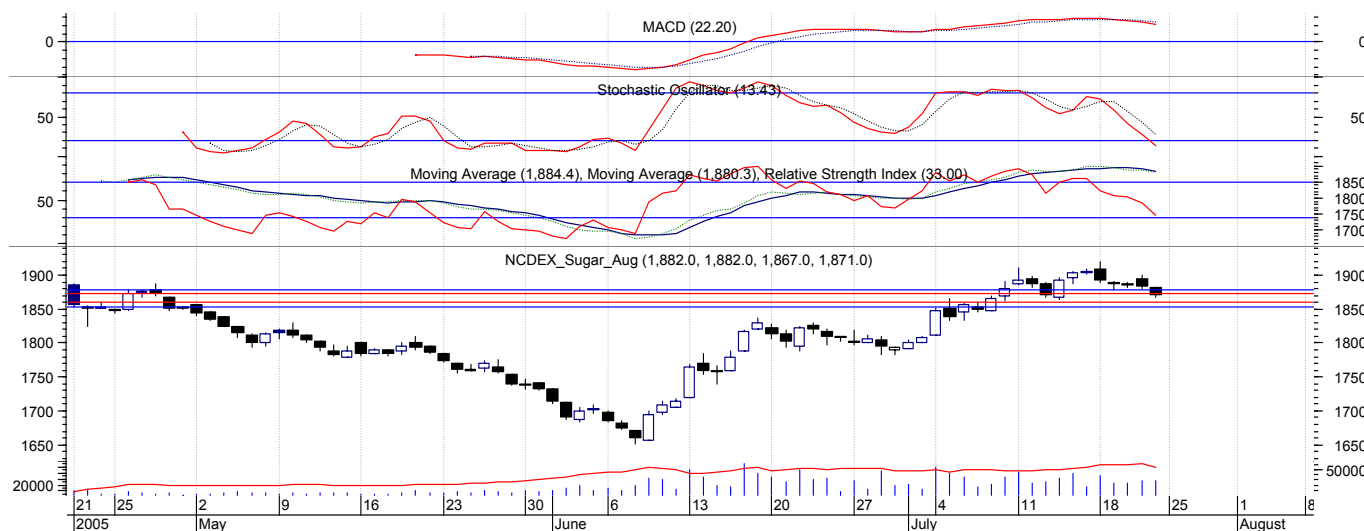
Stochastic: The %K-line has just entered the oversold region and moving downwards, while the %D-line is also moving sharply downwards in the normal region.

Relative Strength Index (RSI): The RSI (33.00) is sloping sharply downwards in the normal region and it is about to enter the oversold region.

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

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

The first resistance is seen at 1873 mark and the second at 1878 mark. The first support is seen at 1860 mark and the second at 1853 mark.



Outlook:

The technical indicators are pointing towards a bearish sentiment in the sugar futures market. As suggested by the candlestick the opening in the next day may be on the lower side. It is expected that the sugar futures will remain bearish in the next day.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	1860	1853	1873	1878

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

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

MACD: The MACD (5-day) along with its EMA moving downwards in the positive territory.

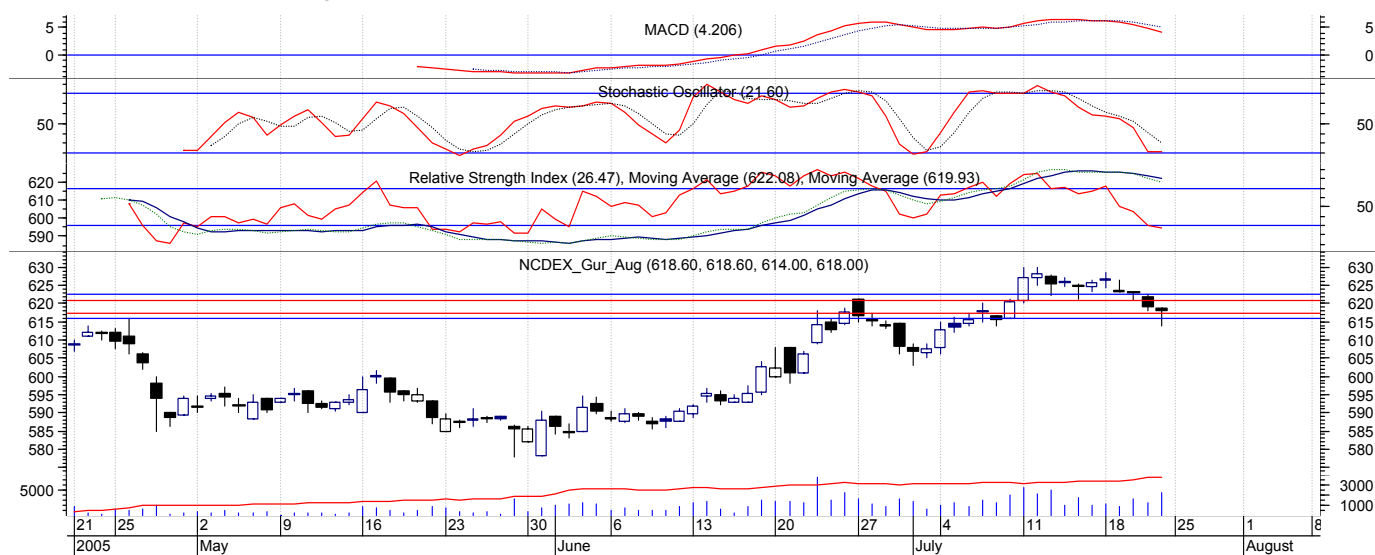
Stochastic: The %K-line is moving downwards in the normal region but its movement is rather flattening, indicating a possible upward correction. However, the %D-line is still moving downwards in the normal region.

Relative Strength Index (RSI): The RSI (26.47) is slopping downwards in the oversold region.

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

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

The first resistance is seen at 620.9 mark and the second at 622.6 mark. The first support is seen at 617.5 mark and the second at 616 mark.



Outlook:

The technical indicators are showing a mixed trend. However, as indicated by the candlestick formation and movement of the stochastic and the RSI, the gur futures may witness an upward technical correction in the next day. As suggested by the candlestick the opening in the next day may be on the upper side. It is expected that the gur futures will remain strong in the next day on a likely upward correction.

Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	617.5	616	620.9	622.6

Market Commentary

Domestic:

Spot Sugar Prices Range Bound with Weak Sentiment

The domestic sugar market remained on an average range bound today with a moderately bearish undertone. Both the 'M' and the 'S' grade sugar were quoted steady to lower today as against yesterday.

The M grade sugar at the Delhi market was offered almost unchanged at Rs 1850-1875 per quintal today as against yesterday. At the Kolkata market also sugar was quoted steady at Rs 1905-1910 per quintal, while at the Muzaffarnagar market it was available at a much lower price of Rs 1855-1860 per quintal today as against

yesterday. At the Mumbai market M grade sugar was quoted at Rs 1880-1910 per quintal today.

The S grade sugar at the Delhi market was quoted almost steady at Rs 1810-1835 per quintal today as against yesterday. At the Chennai market also it was offered at an unchanged price of Rs 1755-1760 per quintal, while at the Kolkata market it was available at a lower price of Rs 1855-1860 per quintal today. At the Vashi market S grade sugar was quoted lower at Rs 1875-1880 per quintal today as against yesterday.

The sugar prices at the major sugar markets are expected to remain range bound with a weaker undertone in the next day. Limited trading activity at the spot market amidst lower demand was the main feature of sugar trade today at the major spot markets.

NCDEX Sugar: Extended Previous Day's Weakness

At the futures market the sugar futures extended previous day's weakness today. The August sugar future at the NCDEX opened lower and set the day's high at 1882.00 at the opening. The futures remained weak thereafter and went down to the day's low at 1867.00. The August sugar future hovered in a lower range of 1867.00-1882.00 today. The September sugar future also follow suit and moved in the range of 1884.00-1896.00 during today's trade. It is expected that the sugar futures will remain bearish in the next day.

International:

NYBOT Sugar Surged Up to New Highs on Fund Buying

The world raw sugar futures at the New York Board of Trade (NYBOT) surged up to new contract highs on Thursday after erasing an earlier slide to 2-week lows as trade buying provided support, while the locals covered shorts and the funds bought in late action. The NYBOT October future settled up 25 points at 9.66 cents per pound, while the March future closed up 20 points at 9.73 cents per pound. The futures broke previous day's lows as speculators liquidated and the locals sold. However, trade buying provided support to the futures to retrace back,

News Analysis:

Sugar Mills to Get NABARD Relief Package

The National Bank for Agriculture and Rural Development (NABARD) has come up with a relief package to assist commercially viable mills that have operational surplus to pay their dues, including bank dues, within the stipulated time, and to mills that may need an extended period of time for repayment. It is reported that the loans of the former category mills will be rescheduled for a period of up to 5 years and in the latter category, up to a period of 15 years with a 2-year moratorium on payment of interest and repayment of principal. The package will cover all mills in the co-operative sector and private sector in Andhra Pradesh, Bihar, Karnataka, Maharashtra and Tamil Nadu. The scheme follows the assurance of a sugar industry revitalisation package given by the Finance Minister in his Budget speech of 2005-06.

Balarampur Chini Mills to Invest Rs 300 Crores

The Balrampur Chini Mills Ltd is all set to come up with an integrated sugar complex at Datauli in East Uttar Pradesh. The complex will have a capacity of 7000 tcd sugar plant, 23 MW cogen power plant for export to grid, 60 KLPD distillery and 20 MT bio-compost manufacturing facility. The project cost is estimated at Rs 300 crores and likely to be commissioned by November 2006.

Sugar Industry Expecting Sugar Export at 2 MT

The domestic sugar industry is expecting an opportunity to export at least 2 million tonnes (MT) in the coming sugar season as the global sugar prices witnessing a continuous uptrend. The end of the European sugar subsidy regime is likely to boost up the world sugar prices to further higher levels. The main concern of the Indian sugar industry in this context remains the high tariff barriers in the developed

NCDEX Gur: Down; Cut Back Morning Losses

At the futures market, the gur futures remained bearish in the morning session of trade but retraced back again in late action. The August gur future at the NCDEX set the day's high at 618.00, more than 4 point lower than yesterday's high. The August gur future opened lower and remain highly bearish thereafter and set the day's low at 614.00, 4 point lower than yesterday's low. However, the August gur future cut down most of the early losses in late action and went up again near to the day's high. The August gur future at the NCDEX fluctuated in the range of 614.00-618.60 during today's trade. It is expected that the gur futures will remain strong in the next day on a likely upward technical correction.

while the locals covered short and funds bought into it. Fund buying pushed up the October future through the recent resistance levels and the recent contract high at 9.62 cents per pound. The October future touched a new contract high at 9.75 cents per pound and the March future and May future also followed suit. The traders attributed the surge in the world raw sugar futures to higher physical purchases from Asian and Middle Eastern countries in this month.

countries and heavy subsidies and support in the United States. The US has imposed a specific duty of 15.36 cent per pound of raw sugar imported and a specific duty of 16.21 cent per pound of white sugar imported. The domestic sugar industry has requested the country's negotiators in the forthcoming WTO farm talks to demand for conversion of specific tariffs on sugar into ad valorem equivalents (AVEs) in developed countries accompanied with its drastic reduction. The world white sugar price at the London exchange is hovering around \$332.50 per ton at present and expected to remain strong in the coming days.

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	22-July	21-July	20-July	19-July	18-July
LDP Raw FOB \$/MT	211.9	205	211	207.7	213.8
LDP Raw CIF \$/MT	266.9	260	266	262.7	268.8
LDP Raw CIF GBP/MT	152.3	149	153.1	150.9	154
LDP White FOB \$/MT	332.5	324.7	332	328.5	335
London Freight \$/MT	55	55	55	55	55
London Freight GBP/MT	31.5	31.5	32	31.50	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	Khat-auli	Morna	Deob-and	Titawi	Nano-ata
22.07.05	1830	1835	NS	1825	1815	1800

NS: No Sale

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

Date	M 30	S 30	Mill Delivery	Khand
22.07.05	1850-1875	1810-1835	1710-1760	1690-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
22.07.05	470-488	605-624	Na	650-700

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
22.07.05	1550-1600	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 22nd July 2005):

Chennai Port is receiving 21,000 MT of raw sugar from the vessel 'African Jaguar'. The cargo was loaded from Brazil. InterOcean agents is handling the vessel.

Weather Forecast (As on 22nd July 2005):

Forecast valid for next 72 hours

North: Rain/thundershowers likely at many places over Uttaranchal, Himachal Pradesh and East Uttar Pradesh, at a few places in West Uttar Pradesh and isolated in the rest region.

East: Rain/thundershowers likely at many places West Bengal & Sikkim and Orissa and at a few places in the rest region outside East Madhya Pradesh where it may be isolated.

South: Rain/thundershowers likely at many places in Andaman & Nicobar Islands, Coastal Andhra Pradesh and Coastal Karnataka; at a few places over Interior Karnataka, Interior Andhra Pradesh, Kerala and Lakshadweep and isolated in Tamil Nadu.

West: Rain/thundershowers likely at many places over Konkan & Goa and Madhya Maharashtra and isolated in the rest region.

Outlook for subsequent two days

Ongoing rainfall activity along West coast is likely to continue. Rainfall activity is likely to increase over eastcentral and adjoining Peninsular India.

Warning

Heavy rainfall likely at isolated places over Konkan & Goa, Coastal Karnataka, Coastal Orissa, North Coastal Andhra Pradesh and Andaman & Nicobar Islands.

FOREX (As on 22nd July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.39
1 Euro	52.85
1 British £	76.14
100 Yen	39.11

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