

SUGAR, JAGGERY & CANE

02nd July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Steady with slight Improvement Today
- NCDEX Sugar: Traded on Upper Side
- NCDEX Gur: Settled Low
- Pakistan Expected to Import Sugar From India
- NYBOT Sugar Recovered Losses; Fund Buying in Oct Contract

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

Candlesticks: The candlestick formation is indicating towards a steady opening and range bound upward trade next day.

MACD: The MACD (5-day) is lying above its EMA but now taken upward movement and expecting range bound trade on Monday.

Stochastic: The %K-line is moving above the %D-line after cutting it from below moving sharply upwards and in neutral region, indicating further positive Movement in prices.

Moving Averages (MA): The 3-day MA is started moving upward after cutting the 5-day MA from below sign of upward sentiment in trade as well as in prices.

Relative Strength Index (RSI): The RSI (59.69) is moving upwards in the normal region also sign of bullishness in prices.

The open interest is steady but the volume is declined.



Outlook:

The technical indicators are expecting bullishness in the market sentiment. As suggested by the candlestick the opening in the next trading day may be steady. It is expected that the futures will remain range bound bullish in the next trading day.

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1771	1766	1780	1790

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

Candlesticks: The candlestick formation is indicating towards bearishness in tomorrow's trade. The opening in the next trading day may be weaker.

MACD: The MACD (5-day) is lying above its EMA and both are moving in the negative ground sign of range bound downward trade movement.

Stochastic: The %K-line below the %D-line at 25.71 points has entered the normal region and moving downwards in the normal region sign of range bound bearishness.

Moving Averages (MA): The 5-day MA is lying above the 3-day MA but just going downwards sign of bearish trading movement.

Relative Strength Index (RSI): The RSI (33.99) moving downward in the neutral region sign of bearish movement.

The open interest and the volume are steady.



Outlook:

The technical indicators are pointing towards bearishness in the market sentiment. As suggested by the candlestick the opening in the next trading day may be weak. It is expected trade may remain range bound downward on Monday. There are chances that market can take positive correction in coming days.

	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	597.7	595.2	606.1	612.1

Market Commentary

Domestic:

Domestic Sugar Steady with slight Improvement Today

The domestic sugar prices improved declined in a range bound trade today. Both the 'M' and 'S' grade sugar at the major sugar markets were offered at improved level as against yesterday.

The M grade sugar at the Delhi market remained marginally steady at Rs 1792 per quintal today. However, at the Muzaffarnagar market sugar was offered at a price of Rs 1805 per quintal, while sugar prices at the Kolkata market seen increase and found at level of Rs 1838 per quintal today.

The S grade sugar at the Delhi market was quoted significantly higher at Rs 1760-1815 per quintal today. At the Chennai market sugar prices were at Rs 1694-1697 per quintal, while at the Vashi market it remained steady at Rs 1774-1778 per quintal. At the Kolkata market also sugar

was offered with improvement at Rs 1790-1798 per quintal today.

The sugar prices at the major markets are expected to remain range bound with a moderately strong undertone in the coming week. The reports of cut in sugar sales quota announcements responsible for the improvement in prices.

NCDEX Sugar: Traded on Upper Side

The July future at the NCDEX traded on upper side today. The July future set the day's high at 1779.00 at the early hours of trade but later on dipped down to a lower range of 1771.00-1779.00 thereafter. The August future also traded upward in the range of 1800.00-1809.00 today. It is expected that the futures will see upward movement in the next trading day.

NCDEX Gur: Settled Low

At the NCDEX the July gur lost ground from where it left off during last weekend. The July future set the days high at

607.00 today, higher than yesterday's high. Moreover, the session high was also lower than yesterday's close. The July future at the NCDEX traded with a bearish sentiment in the first half but later on slipped down to a low of 602.00 today. It is expected that the gur futures will remain weak in the next trading day.

International:

NYBOT Sugar Moved Down; Relieved From Contract Highs

World raw sugar futures withdrew from the previous day's contract highs on the New York Board of Trade Friday as the market tried to adjust itself after Thursday's July expiry. NYBOT October sugar settled down 17 points at 9.16 cents a pound and March ended down 13 points at 9.27 cents. After July's contract expired, volume was lighter than it had been in the market. A total of 11,143 lots, or 557,150 long tons, were delivered against the NYBOT July contract. Demand for new-crop Brazilian sugar has been strong in the last week, with Russia and China seen as possible destinations. Meanwhile, the E.U. intends to cut prices paid to sugar beet growers by 39% to 42%. Growers in marginal producing areas will likely switch to something other than beets. The NYBOT market is closed Monday for Independence Day.

News Analysis:

Pakistan Expected to Import Sugar From India

Indian Sugar trade expecting that, in near future Pakistan may allow imports from India via land route. According to market sources, Pakistan may soon start importing sugar from India to meet its domestic requirement and there seems to be strong possibility of the cargo moving by the land route. Indian sugar mills, especially those with export obligation against raw sugar imported, are exploring the market in Pakistan which it is believed would need to import about four lakh tonnes over the next five months to meet rising domestic needs. Market sources also revealed that at present, the neighbour has stocks of about 11 lakh tonnes against the requirement of 15 lakh tonnes running short of 5 tonnes ahead of the next crushing season beginning November. If deals materialize, the Pakistan Government may open Atari border, an industry expert said, adding that sugar import from India through land route is not permitted at present. Mr Sanjay Tapriya, Finance Director of Simbhaoli Sugar Mills Ltd, told that the talks are on and we don't know when the Pakistan Government would grant permission; but traders are active and enquiries have started coming in. Sugar mills based in north India especially Uttar Pradesh would be benefited due to time and cost factor. Pakistan Government allowed duty-free import of raw as well as refined sugar early 2005 to augment supplies and arrest rising domestic prices. Sugar prices in the country reached a high of around (Pak) Rs 25-27 per kg. Indian sugar mills are in a position to supply sufficient quantity of refined sugar thanks to imports of raw sugar permitted by the Government. Indian mills have so far imported around 17 lakh tonnes against which there is an export obligation. Indian mills are offering refined sugar at \$360 a tonne on C&F basis ex-Atari border. If they permit imports through land route, the landed cost will work out to

Rs 15000 a tonne," Mr Narendra Murkumbi, Managing Director of Shree Renuka Sugars Ltd, said. "Indian mills are also offering refined sugar at \$340 per tonne C&F ex-Karachi port and landed cost will work out to Rs 14800 per tonne. However, importers will have to bear \$20 a tonne additional cost (as port expenditure and transport cost) which means actual price will go up to \$360 a tonne. During the crushing season 2004-05, Pakistan is faced with a shortage of sugarcane, resulting in lower sugar production declining from 40.2 lakh tonnes to 30.6 lakh tonnes. If the deal is finalized then it will help the stabilization of Domestic Sugar prices.

Government Releases Free Sale Sugar Quota for Q3

The Indian government released 340,000 metric tons (MT) of sugar as quota for indigenous free sale for the July-September quarter. With the release of 216,000 MT of sugar as levy quota for each of these three months already, the total availability of sugar during the quarter would be 4.048 million MT. The Ministry of Consumer Affairs, Food and Public Distribution is monitoring the price and availability of sugar in the country and with enough stock of sugar in hand is in a position to release further substantial quantities additionally if required. Sugar spot prices at the Vashi wholesale market were ruling firm at Rs 1757-1787 per quintal for small grade (S-30) and Rs 1780-1840 per quintal for medium grade (M-30) on Monday. Spot prices for Medium-30 grade at Muzaffarnagar mandi were quoted at Rs 1800 per quintal. At NCDEX, futures prices of M-30 grade at Muzaffarnagar delivery ended higher at Rs 1808 per quintal for August contracts and Rs 1819 per quintal for September contracts on June 25.

Global sugar prices expected to rise due to monsoon

International sugar prices may rise after latest Indian meteorological data stated that the country's rainfall during June 1-22 is 49 per cent below normal. Indian traders, however, said monsoon could not be the reason for a price rise as the country's cane sowing is progressing well.

India has imported nearly 2 million tonne raw sugar since October last and exporters abroad feel that the global prices could rise if the Asian nation is forced to import similarly large quantities in the coming months. However, Indian traders feel it is too premature to give such a projection since cane output this year on the back of good sowing last year is expected to be on the higher side. This is likely to give a boost to sugar output, which is pegged at 17.5-18.5 million tonne in the 2005-06 season to September.

Sugarcane acreage, as on June 20, has increased marginally to 3.5 million hectares from 3.4 million hectares on the same day last year. Even, though cane acreage is higher on year, there has not been any additional sowing reported under the crop during the week to Monday. Even if monsoon turns out deficient in July and cane output is hit, it will in turn effect sugar production only in the 2006-07, October-September season.

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	02-July	01-July	30-June	29-June	28-June
LDP Raw FOB \$/MT	NA	206.8	208.1	200.4	208.1
LDP Raw CIF \$/MT	NA	261.8	268.1	260.4	268.1
LDP Raw CIF GBP/MT	NA	147.0	147.4	143.9	147.4
LDP White FOB \$/MT	NA	299.0	313.5	295.0	313.5
London Freight \$/MT	NA	55	60	60	60
London Freight GBP/MT	NA	30.5	33	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	Moma	Deoband	Titawi	Nanoata
02.07.05	1805	1805	1772	1796	1800	1765

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

Date	M 30	S 30	Mill Delivery	Khand
02.07.05	1780-1810	1720-1770	1620-1670	1680-1700

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
02.07.05	475-90	600-615	Na	650-700

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
02.07.05	1500-1600	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 02st July 2005):

No latest vessel position is reported today.

FOREX (As on 02nd July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.53
1 Euro	52.06
1 British £	77.00
100 Yen	38.95

Weather Forecast (As on 02nd July 2005):**Forecast for next 24 hours**

North: Rain/thundershowers likely at many places Uttar Pradesh and at a few places in the rest region.

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

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

West: Rain/thundershowers likely at most places over Konkan & Goa and Gujarat state and west Madhya Pradesh and at a few places over rest region.

Outlook for subsequent two days: Ongoing rainfall activity over central parts of the country is likely to continue and may extend to north western parts of the country. The heavy rainfall activity over Gujarat state is likely to decrease.

Warning

Heavy to very heavy rainfall likely at a few places over Madhya Pradesh, Konkan and Goa and Gujarat state. Isolated heavy rainfall also likely over gangetic West Bengal, Orissa, east Rajasthan, Uttar Pradesh, Madhya Maharashtra and coastal Karnataka.

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