

SUGAR, JAGGERY & CANE

23rd July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Steady on Lackluster Trade
- NCDEX Sugar: Down; Retrace Back in Late Action
- NCDEX Gur: Witnessed a Strong Sentiment Today
- NYBOT Sugar: Mixed; October Nears Contract High

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

Candlesticks: The candlestick formation is showing that a short uptrend likely to follow. The opening in the next trading day may be on the upper side.

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

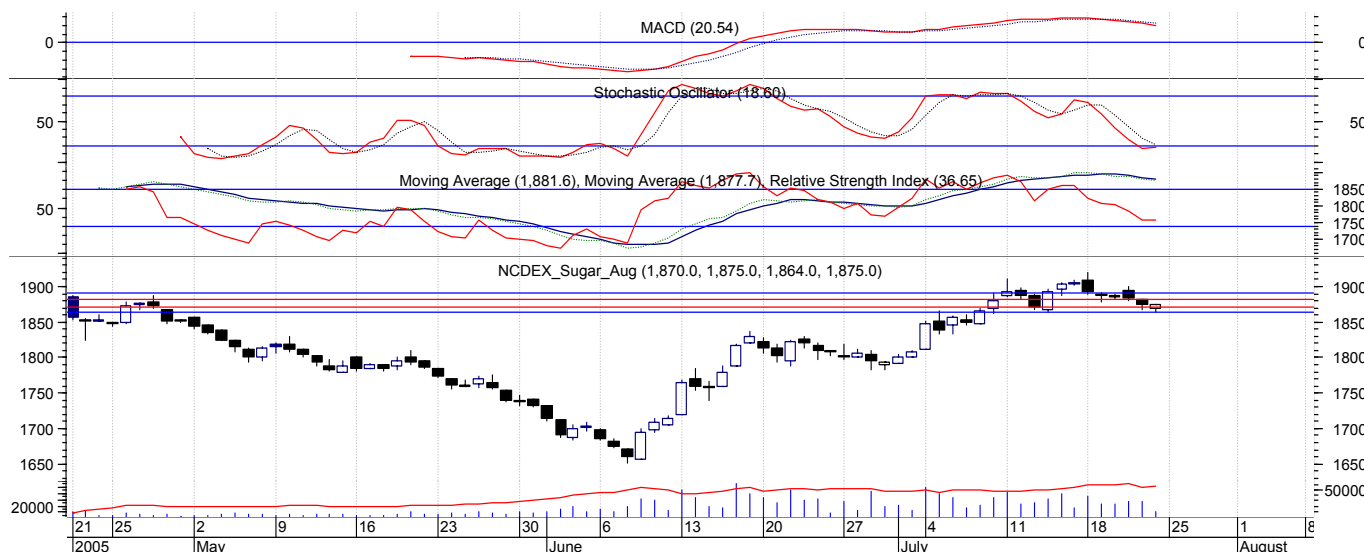
Stochastic: The %K-line has just started moving upwards in the oversold region, while the %D-line is still moving downwards in the normal region.

Relative Strength Index (RSI): The RSI (36.65) is moving flat in the normal region.

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

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

The first resistance is seen at 1882 mark and the second at 1891 mark. The first support is seen at 1870 mark and the second at 1864 mark.



Outlook:

The technical indicators are indicating towards a trend reversal pattern. As suggested by the candlestick the opening in the next trading day may be on the upper side. It is expected that the sugar futures will witness a short uptrend in the next trading day on upward technical correction.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	1870	1864	1882	1891

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

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

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

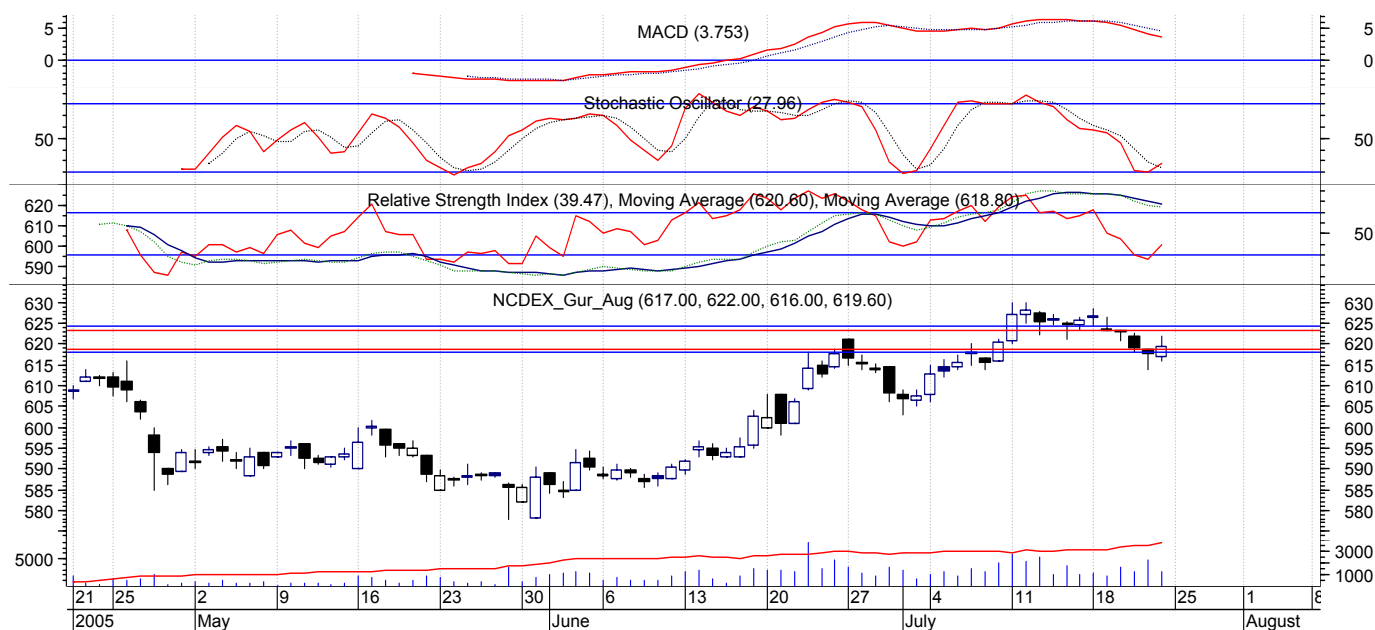
Stochastic: The %K-line after cutting the %D-line from below moving upwards in the normal region. However, the %D-line is still moving downwards.

Relative Strength Index (RSI): The RSI (39.47) after changing its direction moving sharply upwards and it has just entered the normal region.

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

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

The first resistance is seen at 623.2 mark and the second at 624.5 mark. The first support is seen at 618.8 mark and the second at 618 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 trading day may be on the upper side. It is expected that the gur futures will remain moderately bullish in the next trading day.

Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	618.8	618	623.2	624.5

Market Commentary

Domestic:

Domestic Sugar Prices Steady on Lackluster Trade

The domestic sugar market remained almost steady with a weak undertone today. 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 quoted marginally lower at Rs 1845-1870 per quintal today as against yesterday. At the Kolkata market it was offered

unchanged at Rs 1905-1910 per quintal today, while at the Muzaffarnagar market it was available steady at 1855-1860 per quintal today as against yesterday. At the Mumbai market M grade sugar was quoted lower at Rs 1875-1905 per quintal today.

The S grade sugar at the Delhi market was offered at a lower price of Rs 1810-1830 per quintal today as against

yesterday. At the Chennai market it was quoted steady at Rs 1755-1760 per quintal, while at the Kolkata market it was offered at yesterday's low price of Rs 1855-1860 per quintal today. At the Vashi market also S grade sugar was quoted unchanged at Rs 1875-1880 per quintal today as against yesterday.

The sugar prices at the major sugar markets are expected to remain bearish in the next trading day. Lacklustre trade amidst lower demand was the main feature of sugar trade today.

NCDEX Sugar: Down; Retrace Back in Late Action

At the futures market the sugar futures opened lower today and traded bearishly at the first few hours of trade. The August sugar future at the NCDEX set the day's low at 1864.00 at the first hour of trade but retrace back again and surged up to day's high at 1875.00 near to the close. The August sugar future hovered in the range of 1864.00-

1875.00 today. The September sugar future remained within yesterday's range and moved in the range of 1885.00-1893.00 during today's trade. It is expected that the sugar futures may witness a short uptrend in the next trading day on a likely upward technical correction.

NCDEX Gur: Witnessed a Strong Sentiment Today

At the futures market, the gur futures witnessed a bullish sentiment today. The August gur future at the NCDEX opened marginally lower today than yesterday's close. The August gur future set the day's low at 616.00 at the first hour of trade but remained strong thereafter. The August future moved up to set the day's high at 622.00, more than 3 points higher than yesterday's high. Moreover, the day's low was also 2 point higher than previous day's low. The August gur future at the NCDEX fluctuated in a higher range of 616.00-622.00 during today's trade. It is expected that the gur futures will remain moderately bullish in the next trading day.

International:

NYBOT Sugar: Mixed; October Nears Contract High

The New York Board of Trade (NYBOT) world raw sugar futures settled mixed on heavy spreading as the futures hovered below previous day's contract month highs. The open interest has climbed up substantially and is expected to touch the record level achieved in January this year. The NYBOT October future settled up 4 points at 9.70 cents per pound, while the March future settled unchanged at 9.73

cents per pound on Friday. The October future tested 9.62 cents per pound early in the session but recovered back as speculators bought into it. The October future came close to previous day's contract month high at 9.75 cents per pound while the volume of trade was very good. The October future settled higher and it is expected that the technically good market sentiment would continue in the coming week also.

News Analysis:

Pakistani Sugar Prices Witnessing Downtrend

The domestic sugar prices at the Pakistan wholesale markets have witnessed by more than Rs 100 per bag after the official import of 1 lakh tonnes of sugar. It is reported that after the agreement of the sugar import recently, the domestic sugar mills have cut down their prices. The prices of sugar at the wholesale markets have declined from Rs 2850 per quintal to Rs 2730 per quintal. However, the sugar price at the retail market is still hovering around Rs 29 per kg. The traders are expecting further downfall in the sugar prices in the coming days as the government has directed the Trading Corporation of Pakistan (TCP) to issue another international sugar import tender for 1 lakh tonnes.

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 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	Khatauli	Morna	Deoband	Titawi	Nanata
23.07.05	1830	1830	NS	1825	NS	1800

NS: No Sale

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

Date	M 30	S 30	Mill Delivery	Khand
23.07.05	1845-1870	1810-1830	1710-1760	1680-1690

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
23.07.05	470-490	605-625	Na	650-700

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
23.07.05	1540-1575	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 23rd 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 23rd July 2005):

Forecast valid for next 72 hours

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

East: Rain/thundershowers likely at many places over West Bengal & Sikkim, Orissa, Bihar, Jharkhand and Chhattisgarh and at a few places in the rest region.

South: Rain/thundershowers likely at most places over North Coastal Andhra Pradesh, Telangana and at many places in the rest region outside Tamil Nadu where it may be at a few places.

West: Rain/thundershowers likely at many places over Konkan & Goa, Madhya Maharashtra and Vidarbha and at a few places in Marathwada and West Madhya Pradesh and isolated in the rest region.

Outlook for subsequent two days

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

Warning

Heavy rainfall likely over Gangetic West Bengal, Orissa, Coastal Andhra Pradesh, Telangana, Konkan & Goa, Coastal Karnataka, Himachal Pradesh and Uttaranchal.

FOREX (As on 23rd July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.39
1 Euro	52.37
1 British £	75.55
100 Yen	38.97

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.