

SUGAR, JAGGERY & CANE

04th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Up on Likely Import Demand
- NCDEX Sugar: Surged Up to Near 2-month Highs
- NCDEX Gur: Traded with Moderately Bullish Trend
- Pakistani Sugar Prices Likely to Remain Higher

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

Candlesticks: The candlestick formation is indicating towards a strongly bullish sentiment. The opening in the next day may be on the upper side.

MACD: The MACD (5-day) after cutting its EMA from below, moving sharply upwards in the positive territory, a bullish indication.

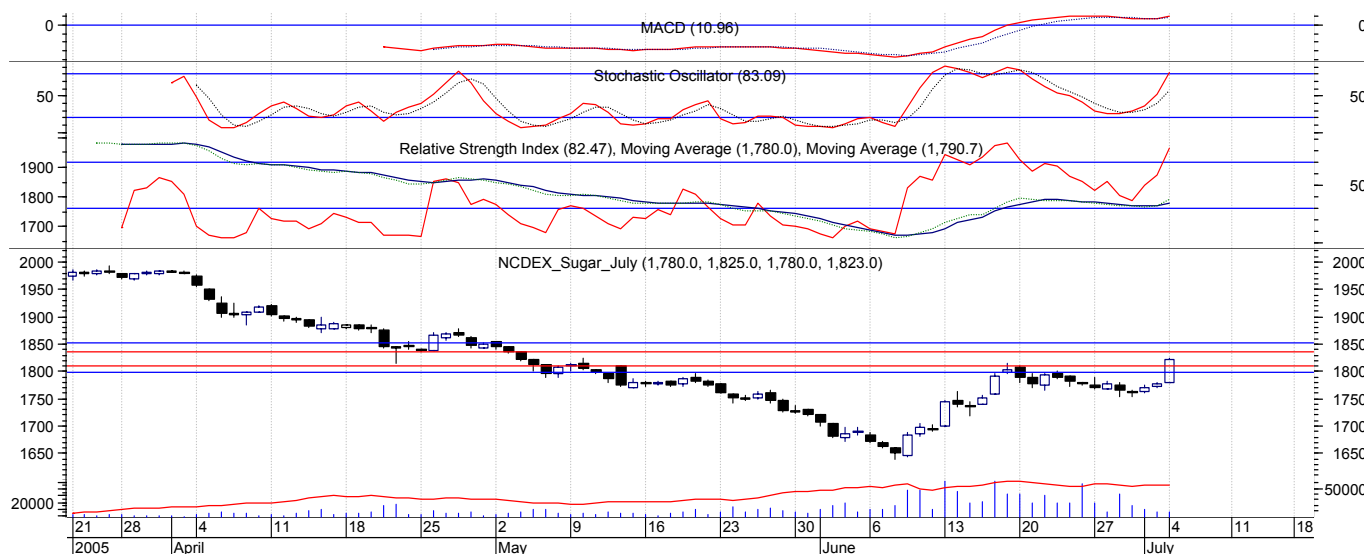
Stochastic: The %K-line is lying above the %D-line after cutting it from below and moving continuously upwards. The %K-line has just entered the overbought region.

Moving Averages (MA): The 3-day MA after cutting the 5-day MA from below, slopping steeply upwards and it is lying above the 5-day MA.

Relative Strength Index (RSI): The RSI (82.47) is sharply moving upwards and it has entered the overbought region.

The open interest is steady but the volume has declined.

The first resistance is seen at 1835 mark and the second at 1853 mark. The first support is seen at 1810 mark and the second at 1799 mark.



Outlook:

All the technical indicators are showing the bullishness of the market sentiment. 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 bullish in the next day.

However, as indicated by the stochastic and the RSI, a downward technical correction is expected in the near term.

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1810	1799	1835	1853

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

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

MACD: The MACD (5-day) after cutting its EMA from above moving downwards in the positive ground. A sign of bearishness.

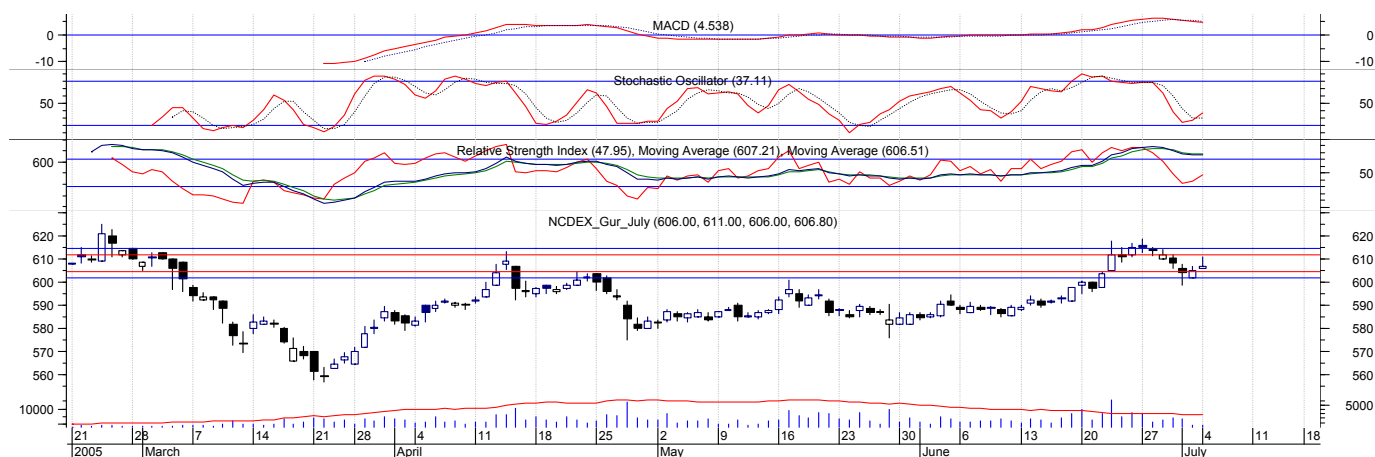
Stochastic: The %K-line after cutting the %D-line from below moving sharply upwards in the normal region, while the %D-line is still moving slightly downwards.

Moving Averages (MA): The 5-day MA is lying above the 3-day MA and both are moving almost parallel to each other.

Relative Strength Index (RSI): The RSI (47.95) after changing its direction, moving upwards in the normal region.

The open interest is steady but the volume has declined.

The first resistance is seen at 612.0 mark and the second at 614.8 mark. The first support is seen at 604.9 mark and the second at 602.1 mark.



Outlook:

The technical indicators are showing a mixed sentiment in the 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 range bound with a strong undertone in the next day.

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	604.9	602.1	612.0	614.8

Market Commentary

Domestic:

Domestic Sugar Prices Up on Likely Import Demand

The domestic sugar traded with a strong sentiment today. Both the 'M' and 'S' grade sugar were quoted higher today as against the last week prices.

The M grade sugar at the Delhi market was quoted much higher at Rs 1825-1860 per quintal today as against Saturday. At the Muzaffarnagar market also sugar was offered higher at Rs 1830-1835 per quintal. However, at the Kolkata market sugar was traded marginally lower at Rs 1830-1835 per quintal today.

The S grade sugar at the Delhi market was available at a steady rate of Rs 1760-1810 per quintal today. At the Chennai market sugar was quoted marginally higher at Rs 1695-1700 per quintal today. However, at the Kolkata market it was available at a lower price of Rs 1785-1790 per quintal today. The S grade sugar at the Vashi market was quoted much higher at Rs 1790-1795 per quintal today, while at the Hapur market it was offered at Rs 1790-1815 per quintal.

The sugar prices at the major sugar markets are expected to remain strong in the next day. The likely import demand of Indian sugar from Pakistan and the European Union were the main supportive features for the rise in the domestic prices today.

NCDEX Sugar: Surged Up to Near 2-month Highs

The July future at the NCDEX surged up today and set the day's high near to two-month highs at 1825.00. The July future hovered in a much higher range of 1780.00-1825.00 today. The August future also followed suit and fluctuated in the range of 1811.00-1851.00 today.

NCDEX Gur: Traded with Moderately Bullish Trend

At the NCDEX the July gur future traded with a moderately bullish sentiment today. The July future today set the session high at 611.00, much higher than Saturday's high. Moreover, the day's low at 606.00 was near to previous day's high. The July future set the day's range within the first few hours of trade and remained range bound thereafter. The July future at the NCDEX moved in the range of 606.00-611.00 during today's trade.

International:

NYBOT Sugar:

NYBOT remained closed on Saturday and Sunday.

Pakistani Sugar Prices Likely to Remain Higher

The Pakistani sugar importers are unwilling to book any new consignments as the international sugar prices have gone up at a large scale in the near past. At present the prices have gone up to 356 dollars per tonne and at this cost the import is viewed as unprofitable by the traders. The Trading Corporation of Pakistan (TCP) is reported to have decided to release sugar to utility stores during the coming festival season. The ex-factory price at the domestic market is around Rs 26 per kg and in the retail market it is quoted around Rs 30 per kg. It is expected that the prices will keep on increasing if there is no import in the coming days.

News Analysis:

EU to Import 10000 Tonnes Indian Raw Sugar

The European Union (EU) is likely to import 10000 tonnes of raw sugar from India under the special preferential quota system at zero duty. It is reported that the imports will take place during July this year to February next year. The minimum purchase price to be paid by EU refineries has been set at Euro 49.68 per 100 kg of standard quality raw sugar. The imports would be bound for the EU's four main refining countries like France, Portugal, Britain and Finland. The quota has been set at 90000 tonnes for imports from African, Caribbean and Pacific (ACP) countries.

TCP to Float Tender for Sugar Import in this Week

The Trading Corporation of Pakistan (TCP) would be floating a tender in this week for import of 75,000 to 1,00,000 tons of sugar in order to meet domestic requirements and to check the rising sugar prices in the domestic markets. It is reported that though the total requirement of the country stands at 3,00,000 tons of sugar, the TCP would be issuing tender for import of 75,000 to 1,00,000 tons in next one or two days. Pakistani sugar production remained at 30 lakh tonnes this year as compared to 40 lakh tons last year. It is reported that the TCP held a carry over stock of 3 lakh tons of sugar from the previous season. This sugar would be sold through the utility stores at Rs 23 per kg, instead of general market.

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	04-July	01-July	30-June	29-June	28-June
LDP Raw FOB \$/MT	205	206.8	208.1	200.4	208.1
LDP Raw CIF \$/MT	260	261.8	268.1	260.4	268.1
LDP Raw CIF GBP/MT	148	147.0	147.4	143.9	147.4
LDP White FOB \$/MT	305.7	299.0	313.5	295.0	313.5
London Freight \$/MT	55	55	60	60	60
London Freight GBP/MT	31	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	Morna	Deoband	Titawi	Nanata
04.07.05	1825	1830	1805	1815	1805	1775

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

Date	M 30	S 30	Mill Delivery	Khand
04.07.05	1825-1860	1760-1810	1660-1705	1690-1710

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
04.07.05	480-490	605-610	Na	660-680

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
04.07.05	1525-1575	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 04th July 2005):

No latest vessel position is reported today.

Weather Forecast (As on 04th July 2005):

Forecast for next 24 hours

North: Rain/thundershowers likely at many places in the region outside Jammu & Kashmir where it may be at a few places.

East: Rain/thundershowers likely at most places in east Madhya Pradesh and at many places over the rest region outside Jharkhand and interior Orissa where it may be at a few places.

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 Andhra Pradesh and Tamil Nadu & Pondicherry where it may be isolated.

West: Rain/thundershowers likely at most places over 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

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 further. Rainfall activity over gangetic West Bengal is likely to increase.

Warning

Heavy to very heavy rainfall likely at a few places over east Rajasthan and Madhya Pradesh. Isolated heavy rainfall also likely over west Uttar Pradesh, Haryana, Himachal Pradesh, Uttarakhand, Gujarat region, Konkan & Goa, madhya Maharashtra, Kerala and Andaman & Nicobar islands.

FOREX (As on 04th July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.56
1 Euro	51.95
1 British £	76.72
100 Yen	39.03

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