

## SUGAR, JAGGERY & CANE

07<sup>th</sup> July 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Steady Today
- NCDEX Sugar: Remained within Yesterday's Range Today
- NCDEX Gur: Extended Previous Day's Gains
- NYBOT Sugar Settled Mixed on Producer Selling
- Pakistan Sugar Prices Up on Lack of Supplies

### Technical Analysis

**Commodity:** Sugar Grade M

**Exchange:** NCDEX

**Perspective:** Very Short Term (Daily)

**Contract:** July (Future)

**Candlesticks:** The candlestick formation is showing the bearishness in the market sentiment. The opening in the next day may be on the lower side.

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

**Stochastic:** The %K-line after cutting the %D-line from above moving sharply downwards and it has just entered the normal region, indicating a likely downward technical correction.

**Moving Averages (MA):** The 5-day MA is still lying below the 3-day MA and moving upwards. However, the 3-day MA has started moving horizontally.

**Relative Strength Index (RSI):** The RSI (73.32) is also slopping downwards in the overbought region.

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

The first resistance is seen at 1834 mark and the second at 1840 mark. The first support is seen at 1815 mark and the second at 1810 mark.



### Outlook:

The technical indicators are showing a weak market 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 futures will remain bearish in the next day.

### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
July	1815	1810	1834	1840

## Technical Analysis

**Commodity:** Gur (Jaggery)

**Exchange:** NCDEX

**Perspective:** Very Short Term (Daily)

**Contract:** July (Future)

**Candlesticks:** The candlestick formation is pointing towards a moderately bullish trend. The opening in the next day may be within today's range.

**MACD:** The MACD (5-day) after cutting its EMA from below, moving upwards, a bullish indication.

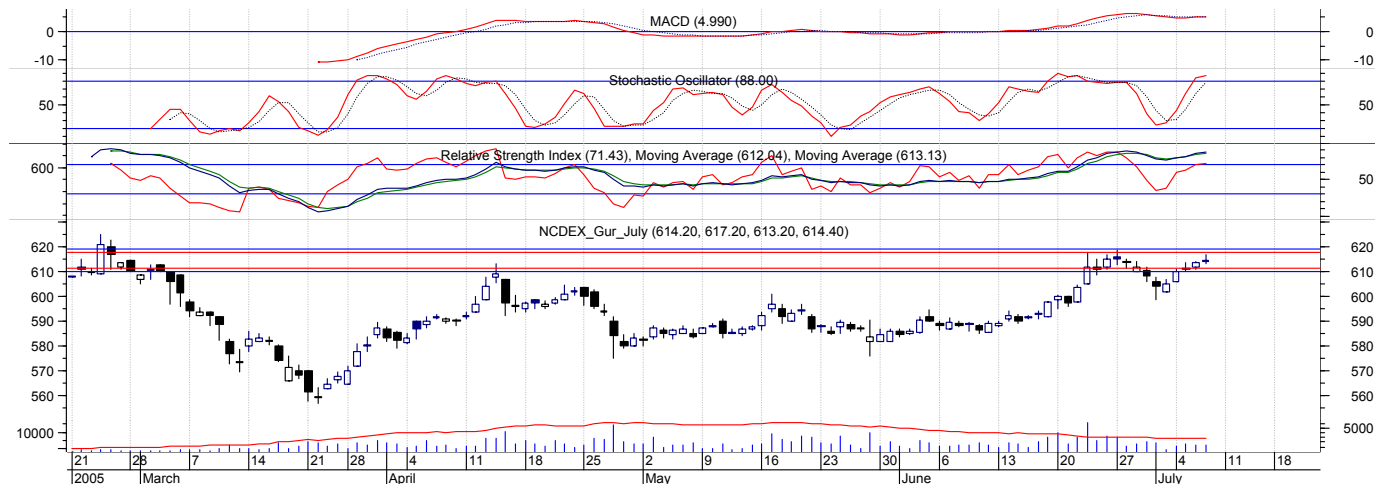
**Stochastic:** The %K-line is moving upwards in the overbought region, while the %D-line is moving upwards in the normal region and it is about to enter the overbought region.

**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 (71.43) is moving slightly upwards in the overbought region.

The open interest as well as the volume of trade is steady.

The first resistance is seen at 618.1 mark and the second at 619.2 mark. The first support is seen at 611.6 mark and the second at 610.1 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 within today's range. It is expected that the gur futures will remain moderately strong in the next day.

### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
July	611.6	610.1	618.1	619.2

## Market Commentary

### Domestic:

#### Domestic Sugar Prices Remained Steady Today

The domestic sugar prices continue to hold the strong position today. The 'M' grade sugar was quoted mixed today, while the 'S' grade sugar was offered almost steady at the higher levels today at the major sugar markets.

The M grade sugar at the Delhi market was offered at a marginally higher price of Rs 1840-1870 per quintal today. However, at the Muzaffarnagar market sugar was quoted lower at Rs 1845-1850 per quintal today as against yesterday, while at the Kolkata market it was available at slightly higher price of Rs 1845-1850 per quintal today. At the Mumbai market it was quoted at Rs 1820-1850 per quintal today.

The S grade sugar at the Delhi market was quoted moderately higher at Rs 1780-1820 per quintal today. At the Chennai market prices remained at yesterday's level at Rs 1715-1720 per quintal, while at the Kolkata market also sugar was traded steady at Rs 1805-1810 per quintal today. At the Vashi market S grade sugar was available steady at Rs 1815-1820 per quintal today as against yesterday. At the Hapur market sugar was traded marginally changed at Rs 1805-1820 per quintal today. At the Mumbai market it was quoted at Rs 1780-1810 per quintal today.

The sugar prices at the domestic market are expected to hold the strong sentiment in the next day. The speculation that Pakistan may lift the ban on sugar imports from India remained the main supportive feature for the domestic sugar prices. Moreover, some buying interests on speculation that some of the sugar manufacturers are planning projects which may be eligible for carbon credits under the Kyoto Protocol also supported the prices to stay at the higher levels.

#### NCDEX Sugar: Remained within Yesterday's Range Today

The sugar futures at the NCDEX traded range bound today and remained within yesterday's range. The July future at the NCDEX set the session high at 1832.00 and hovered in the range of 1822.00-1832.00 during today's trade. However, the August future moved within a marginally higher range of 1846.00-1860.00 today. It is expected that the sugar futures will remain bearish in the next day.

#### NCDEX Gur: Extended Previous Day's Gains

The July gur future at the NCDEX continues to extend the bullish trend today and set the day's high at 617.20, 3 points higher than yesterday. Moreover, the day's low was over 2 points higher than yesterday. The July gur future at the NCDEX fluctuated in a higher range of 613.20-617.20 today. It is expected that the gur futures will witness a moderately strong trend in the next day.

## International:

### NYBOT Sugar Settled Mixed on Producer Selling

The New York Board of Trade (NYBOT) world raw sugar futures settled mixed with the front month closing lower as producer selling cut back the earlier gains to new contract highs. The October future at the NYBOT closed down 4 points at 9.35 cents per pound, while the March future settled down 2 points at 9.45 cents per pound. The futures opened lower, but fund buying along with short covering by locals pushed the futures up. However, producer selling capped the rise and futures went down on late profit taking. The market situation is perceived as technically good and expected to extend the bullishness in the near term.

### Pakistan Sugar Prices Up on Lack of Supplies

The sugar prices at the Pakistan domestic market have increased by another Rs 60 per 100 kg bag. The sugar prices have jumped up by Rs 150 per 100 kg bag in less than 10 days period at the wholesale market. The sharp rise in sugar prices are attributed to the declining supplies at the domestic level and likely to go up further in the coming days. Sugar was quoted at Rs 2720-2740 per 100 kg bag at the domestic wholesale market yesterday. The imported sugar is also sold at higher prices since global sugar prices are also higher and it is feared that the uptrend in global prices will continue in the coming days also. At the retail market sugar was sold at a higher price of Rs 28 per kg against the previous level of Rs 26-27 per kg.

## News Analysis:

### Balarampur Chini Mill to Trade in Carbon Credits

The Balarampur Chini Mills is all set to become the first Indian corporate to deal in carbon trading. Earlier the company landmarked to become the first Indian sugar company to attract Foreign Direct Investment (FDI). The company has reported that it has acquired a memorandum of understanding (MoU) with IFC Washington for selling of carbon credits. Earlier, the company got the approval from the union government to reduce 120 million tonnes of certified emission reductions by 2012. After receiving the government's approval, this project is still waiting for United Nations Framework Convention on Climate Change (UNFCCC) approval for trade in carbon credit. The company is now anticipating clearance from UNFCCC very soon. The company has sought permission for carbon credit in a bagasse project. The company has reported that it will use the bagasse generated from sugar for generating power in Balarampur and Haidergarh.

### Simbhaoli Sugar to Supply 60 Lakh Litres Ethanol

The Simbhaoli Sugar Mills Limited has grabbed order for supply of 60 lakh litres ethanol to oil majors Indian Oil, HPCL, BPCL and IBP in Uttar Pradesh. It is reported that another order for ethanol blending programme (EBP) in Haryana is in pipeline. The union government has taken the green fuel initiative for cutting back the dependence on imported petroleum products, since the global prices have scaled the highs. It is reported that negotiations are going on between the Simbhaoli Sugar Mills Limited and the oil majors for sourcing Ethanol for the EBP in the states of Punjab and Uttaranchal.

## 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
<b>Supply, total</b>	<b>12,073</b>	<b>11,603</b>	<b>11,074</b>	<b>11,074</b>
Exports	288	240	200	200
Deliveries	9,862	10,020	10,115	10,115
Miscellaneous	26	0	0	0
<b>Use, total</b>	<b>10,176</b>	<b>10,260</b>	<b>10,315</b>	<b>10,315</b>
<b>Ending stocks</b>	<b>1,897</b>	<b>1,343</b>	<b>759</b>	<b>759</b>

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	07-July	06-July	05-July	04-July	01-July
LDP Raw FOB \$/MT	203.9	207	207.2	205	206.8
LDP Raw CIF \$/MT	258.9	262	262.2	260	261.8
LDP Raw CIF GBP/MT	148.8	149.5	149.5	148	147.0
LDP White FOB \$/MT	315.2	309.6	308	305.7	299.0
London Freight \$/MT	55	55	55	55	55
London Freight GBP/MT	31.5	31	31	31	30.5

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
07.07.05	1868	1845	1820	1832	NR	1795

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

Date	M 30	S 30	Mill Delivery	Khand
07.07.05	1840-1870	1780-1820	1700-1725	1680-1700

## Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpadh	Shakkar
07.07.05	480-490	605-625	Na	650-680

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
07.07.05	1500-1540	Na	Na	Na	Na

Na: Arrival finished

## Port Watch (As on 07<sup>th</sup> July 2005):

No latest vessel position is reported today.

## Weather Forecast (As on 07<sup>th</sup> July 2005):

### Forecast for next 24 hours

**North:** Rain/thundershowers likely at most places over Haryana including Chandigarh & Delhi, Punjab, Himachal Pradesh and Jammu & Kashmir; at many places in the rest region outside east Uttar Pradesh where it may be at a few places with decrease in rainfall activity over these areas after 8th July.

**East:** Rain/thundershowers likely at many places over gangetic West Bengal, Orissa and at a few places in the rest region. Increase in rainfall activity over gangetic West Bengal, Orissa and Chhattisgarh and decrease over northeastern states on 9th & 10th July.

**South:** Rain/thundershowers likely at many places over coastal Karnataka and Kerala and at a few places in the rest region outside Tamil Nadu & Pondicherry where it may be isolated. Increase in rainfall over Telangana and coastal Andhra Pradesh on 8th onwards.

**West:** Rain/thundershowers likely at most places over east Rajasthan at many places over west Rajasthan and Konkan & Goa and at a few places over rest of the region outside Gujarat state and Marathawada where it may be isolated.

### Outlook for subsequent two days

Rainfall activity over peninsular India including Maharashtra is likely to increase slightly. Rainfall activity over western himalayan region and plains of north India is likely to decrease further.

### Warning

Heavy to very heavy rainfall likely at a few places over Jammu & Kashmir, Himachal Pradesh, Uttaranchal, Haryana including Chandigarh & Delhi, Punjab and east Rajasthan. Isolated heavy rainfall also likely over West Bengal & Sikkim, Orissa, west Uttar Pradesh, Konkan & Goa, coastal Karnataka and Kerala.

## FOREX (As on 07<sup>th</sup> July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.64
1 Euro	52.01
1 British £	76.43
100 Yen	38.88

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