

## SUGAR, JAGGERY & CANE

18<sup>th</sup> July 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Firm Today
- NCDEX Sugar: Down; Cut Back Morning Gains
- NCDEX Gur: Traded Range Bound with Weak Undertone

### Technical Analysis

**Commodity:** Sugar Grade M

**Exchange:** NCDEX

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

**Contract:** July (Future)

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

**MACD:** The MACD (5-day) is sloping downwards and lying just above the rising EMA.

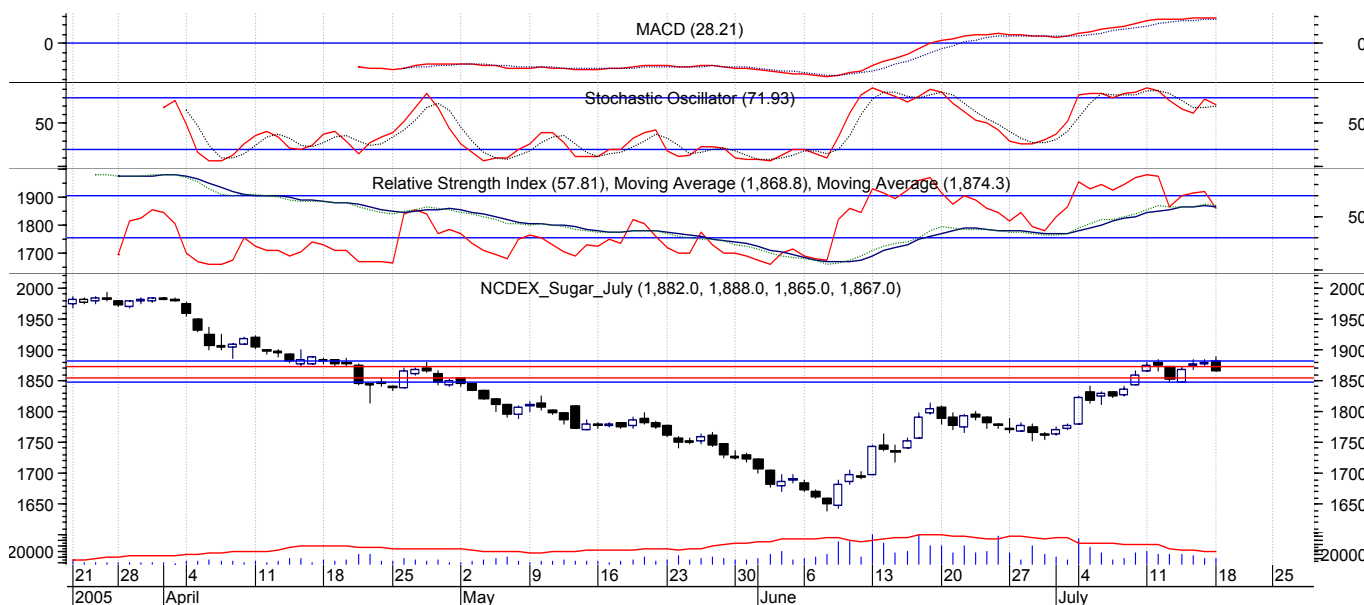
**Stochastic:** The %K-line is moving sharply downwards and it is about to cut the rising %D-line from above.

**Moving Averages (MA):** The 3-day MA after cutting the 5-day MA from below moving almost flat and parallel to the 5-day MA.

**Relative Strength Index (RSI):** The RSI (57.81) is moving sharply downwards after entering the normal region.

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

The first resistance is seen at 1872 mark and the second at 1881 mark. The first support is seen at 1855 mark and the second at 1848 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 witness a weak sentiment 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	1855	1848	1872	1881

## Technical Analysis

**Commodity:** Gur (Jaggery)

**Exchange:** NCDEX

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

**Contract:** July (Future)

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

**MACD:** The MACD (5-day) after cutting its EMA from above slopping downwards along with its EMA.

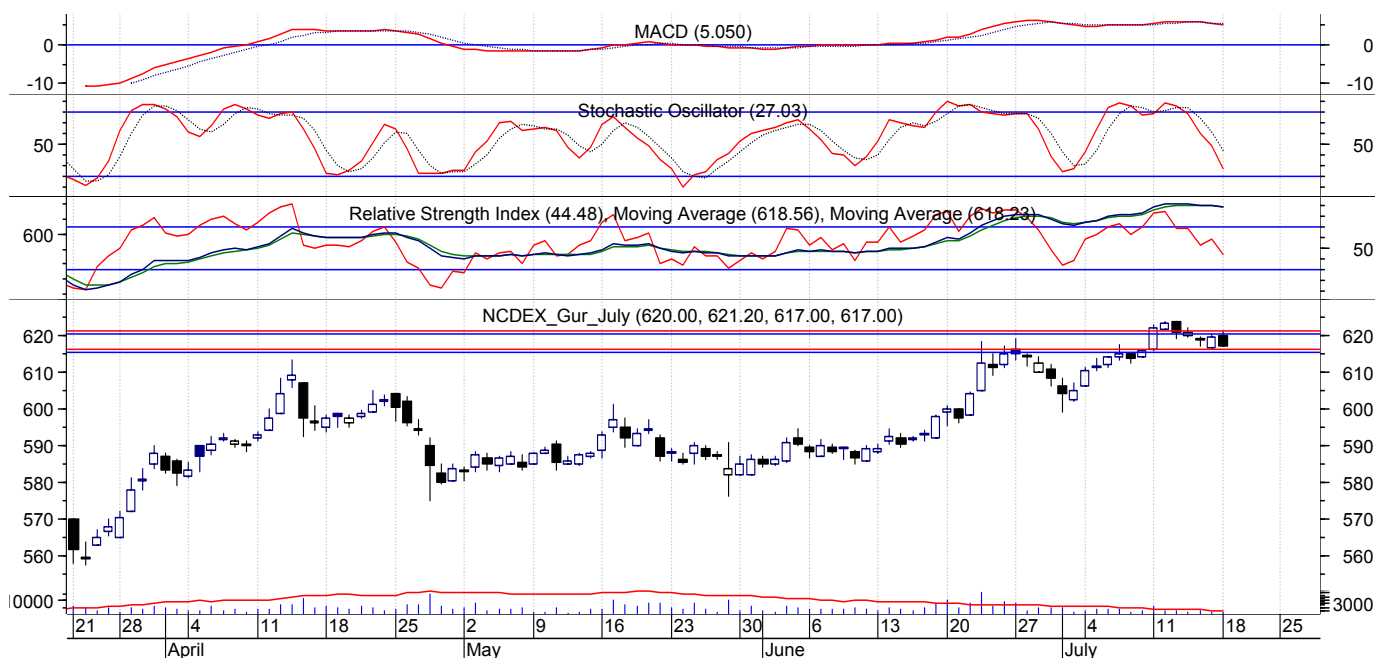
**Stochastic:** The %K-line is moving sharply downwards in the normal region along with the %D-line.

**Moving Averages (MA):** The 3-day MA after cutting the 5-day MA from above going downwards, while the 5-day MA is also moving downwards.

**Relative Strength Index (RSI):** The RSI (44.48) is slopping sharply downwards in the normal region.

The open interest as well as the volume has declined.

The first resistance is seen at 620.3 mark and the second at 621.3 mark. The first support is seen at 616.1 mark and the second at 615.2 mark.



### Outlook:

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

### Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
July	616.1	615.2	620.3	621.3

## Market Commentary

### Domestic:

#### Domestic Sugar Prices Remained Firm Today

The domestic sugar market started this week with a moderately bullish sentiment. Both the 'M' and 'S' grade sugar was quoted on an average higher today at the major sugar markets.

The M grade sugar at the Delhi market was quoted higher by Rs 10 per quintal at Rs 1850-1880 per quintal today as against Saturday. At the Kolkata market also sugar was offered higher at Rs 1905-1910 per quintal, while at the Muzaffarnagar market it was available at an unchanged price of Rs 1865-1870 per quintal today as against Saturday.

The S grade sugar at the Delhi market was offered higher by Rs 10 per quintal at Rs 1790-1830 per quintal today as against Saturday. At the Chennai market also sugar was quoted higher at Rs 1750-1755 per quintal, while at the Kolkata market it was offered higher at 1865-1870 per quintal today as against Saturday. At the Vashi market S grade sugar was available steady at Rs 1870-1875 per quintal, while at the Hapur market it was quoted at Rs 1850-1875 per quintal today.

The sugar prices at the major spot market are expected to remain range bound with a bullish undertone in the next day. Alternate buying and selling interests was the main

feature of the sugar trade today. It is expected that the sugar prices at the major spot markets will continue to remain firm in the next day.

#### NCDEX Sugar: Down; Cut Back Morning Gains

At the futures market the sugar futures witnessed a strong sentiment in the first hour of trade but traded with a weak sentiment thereafter. The July sugar future at the NCDEX set the day's high at 1888.00 early morning but cut down most of the earlier gains and slipped to day's low at 1865.00 near to the close. The July future hovered within a range of 1865.00-1888.00 today. The August future also fluctuated in a similar fashion in the range of 1889.00-1919.00 during today's trade. It is expected that the sugar

#### International:

##### NYBOT Sugar:

The New York Board of Trade (NYBOT) remained closed on Saturday and Sunday.

#### News Analysis:

##### Pakistan Awarded Sugar Tender at \$366 per Ton

According to the Chairman of Trading Corporation of Pakistan, Pakistan has awarded 1 lakh metric ton sugar import tender to United Arab Emirates based company. It is reported that the company has offered a price of \$366 per ton and the shipments are expected to arrive in the month of August and September in two phases of 50000 tons each. It is also reported that the decision to issue the next tender will likely be taken after consultations with government functionaries. The tender was aimed to scale up the domestic stockpile ahead of the festive season in October-November. Earlier this month the Pakistan government had directed the Trading Corporation of Pakistan to import sugar in order to stabilize the rising domestic sugar prices.

##### 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
<b>Supply, total</b>	<b>12,073</b>	<b>11,736</b>	<b>11,074</b>	<b>11,219</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>1,476</b>	<b>759</b>	<b>904</b>

Source: ERS, USDA

futures at the NCDEX will undergo a bearish sentiment in the next day.

##### NCDEX Gur: Traded Range Bound with Weak Undertone

At the gur futures market at the NCDEX, the July gur future traded with a strong sentiment in the morning session of trade and set the day's high at 621.20, 1 point higher than Saturday's high. However, the July gur future went down in late action and slipped to the day's low at 617.00 near to the close. The NCDEX July gur future moved in a narrow range of 617.00-621.20 during today's trade. It is expected that the gur futures will witness a weak sentiment in the next day.

##### 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	18-July	15-July	14-July	13-July	12-July
LDP Raw FOB \$/MT	213.8	211.4	215	210.5	209
LDP Raw CIF \$/MT	268.8	266.4	270	265.5	264
LDP Raw CIF GBP/MT	154	151.6	153.6	150.5	149.5
LDP White FOB \$/MT	335	331.5	334	320	316.2
London Freight \$/MT	55	55	55	55	55
London Freight GBP/MT	31.5	31.5	31.5	31.5	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	Nanoata
18.07.05	1857	1855	NR	1842	1855	1830

NR: Not Reported

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

Date	M 30	S 30	Mill Delivery	Khand
18.07.05	1850-1880	1790-1830	1710-1780	1690-1700

## Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
18.07.05	480-495	605-630	Na	650-670

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
18.07.05	1500-1550	Na	Na	Na	Na

Na: Arrival finished

## Port Watch (As on 18<sup>th</sup> July 2005):

Chennai Port is expecting 'African Jaguar' from Brazil to deliver 21,000 MT of raw sugar. InterOcean agents will be handling the vessel.

## Weather Forecast (As on 18<sup>th</sup> July 2005):

### Forecast for next 24 hours

**North:** Rain/thundershowers likely at many places over Uttaranchal and west Uttar Pradesh; at a few places in the east Uttar Pradesh and isolated in the rest region.

**East:** Rain/thundershowers likely at many places over northeastern states and sub-himalayan West Bengal & Sikkim and at a few places in the rest of the region outside Chhattisgarh, Jharkhand, gangetic West Bengal and Orissa where it may be at isolated places.

**South:** Rain/thundershowers likely at a many places in coastal Karnataka and Kerala; at a few places in interior Karnataka and isolated in the rest region.

**West:** Rain/thundershowers likely at many places over Konkan & Goa, east Rajasthan and west Madhya Pradesh; at a few places in the rest region outside west Rajasthan, Gujarat state, Vidarbha and Marathwada where it may be isolated. Further decrease in rainfall over west Madhya Pradesh and east Rajasthan by 20th July.

### Outlook for subsequent two days

Ongoing rainfall activity over northeastern states and sub-himalayan West Bengal & Sikkim is likely to continue. Ongoing rainfall activity over peninsula India is likely to continue and extends further to central India.

### Warning

Heavy to very heavy rainfall likely at a few places over sub-himalayan West Bengal & Sikkim and northeastern states. Isolated heavy rainfall also likely over Uttaranchal, west Uttar Pradesh and coastal Karnataka.

## FOREX (As on 18<sup>th</sup> July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.54
1 Euro	52.56
1 British £	76.39
100 Yen	38.86

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