

SUGAR, JAGGERY & CANE

29th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Strong Today
- NCDEX Sugar: Up; Extended Previous Day's Gains
- NCDEX Gur: Settled Higher Amidst Thin Trade
- NYBOT Sugar Settled Lower; Curbed Early Slide

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

Candlesticks: The candlestick formation is showing a weekly bullish sentiment. The opening in the next day may be on the upper side of today's range.

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

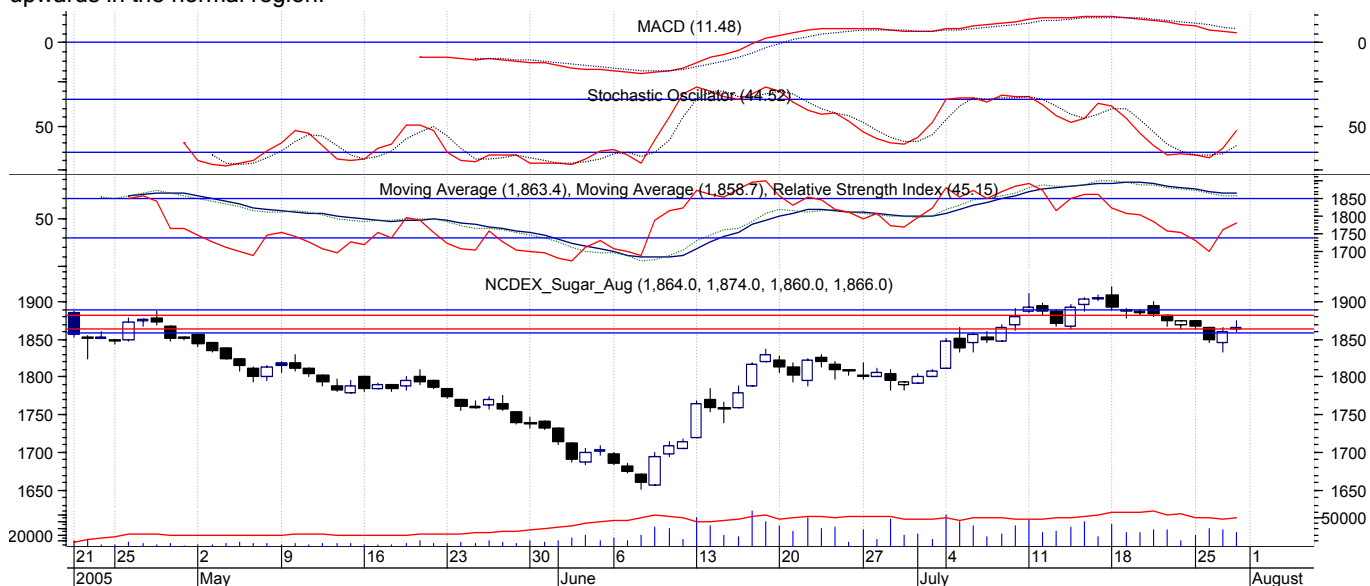
Stochastic: The %K-line after cutting the %D-line from below moving sharply upwards in the normal region along with the %D-line.

Relative Strength Index (RSI): The RSI (45.15) is moving upwards in 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 while the volume of trade has declined.

The first resistance is seen at 1882 mark and the second at 1889 mark. The first support is seen at 1865 mark and the second at 1859 mark.



Outlook:

The technical indicators are showing a weakly bullish sentiment in the sugar futures market. As suggested by the candlestick the opening in the next day may be on the upper side of today's range. It is expected that the sugar futures will remain range bound with a weakly bullish undertone in the next day.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	1865	1859	1882	1889

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

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

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

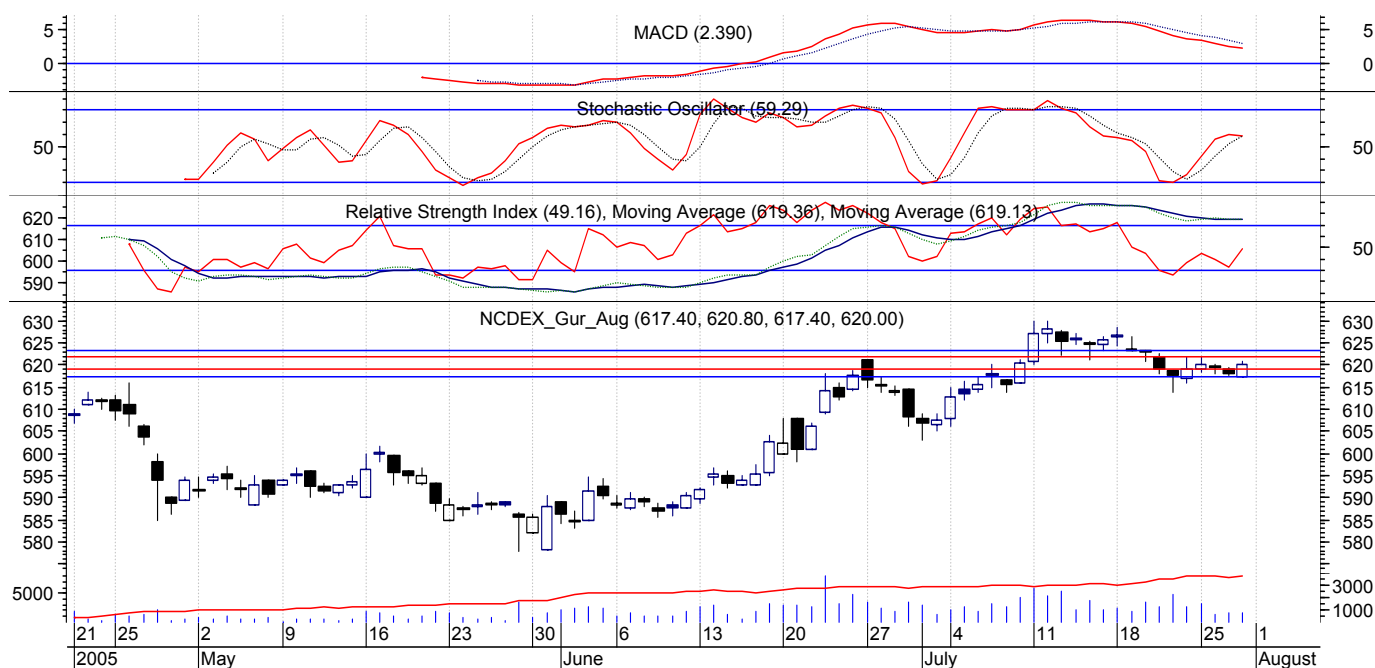
Stochastic: The %K-line is moving downwards while the %D-line is moving upwards in the normal region.

Relative Strength Index (RSI): The RSI (49.16) after changing its direction moving upwards in the normal region.

Moving Averages (MA): The 5-day MA after cutting the 3-day MA from below moving upwards, while the 3-day MA is moving almost flat.

The open interest is steady while the volume of trade has declined.

The first resistance is seen at 622 mark and the second at 623.2 mark. The first support is seen at 619 mark and the second at 617.4 mark.



Outlook:

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

Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	619	617.4	622	623.2

Market Commentary

Domestic:

Domestic Sugar Prices Remained Strong Today

The domestic sugar prices remained on an average strong today. Both the 'M' as well as 'S' grade sugar was quoted moderately higher today as against yesterday.

The M grade sugar at the Delhi market was quoted marginally higher at Rs 1850-1880 per quintal today as against yesterday. At the Kolkata market also it was available at a higher price of Rs 1895-1900 per quintal today, while at the Muzaffarnagar market it was offered higher at Rs 1860-1865 per quintal today as against yesterday.

The S grade sugar at the Delhi market was available at a higher price of Rs 1820-1840 per quintal today as against yesterday. However, at the Chennai market it was quoted steady at Rs 1750-1755 per quintal, while at the Kolkata market S grade sugar was offered at a higher price of Rs 1845-1850 per quintal today as against yesterday.

The sugar prices at the major sugar markets are expected to remain steady in the next day. Moderate demand amidst lower supply was the main feature of sugar trade. The Government has released 11 lakh tonnes of sugar as quota for indigenous free sale for the month of August 2005.

NCDEX Sugar: Up; Extended Previous Day's Gains

At the futures market the sugar futures remained strong today. The August sugar future at the NCDEX opened higher today after the NCDEX remained closed on Thursday due to heavy rainfall in Maharashtra and set the session high at 1874.00 within the first few hours of trade. The August future hovered in an improved range of 1860.00-1874.00 today. The September future also followed suit and moved in the range of 1878.00-1895.00 during today's trade. It is expected that the sugar futures will remain range bound with a weakly bullish undertone in the next day.

International:

NYBOT Sugar Settled Lower; Curbed Early Slide

The New York Board of Trade (NYBOT) world raw sugar future fell on Thursday but curbed an earlier drop to three day lows as trade buying provided support, while locals covered shorts and speculators bought. The NYBOT October future finished down 3 points at 9.92 cents per pound, while the March future settled down 4 points at 9.88 cents per pound. The futures opened lower and went down

News Analysis:

Free Sale Sugar Quota for the Month of August

Government has released 11 lakh tonnes of sugar as quota for indigenous free sale for the month of August 2005. With the release of 2.16 lakh tonnes as levy quota for the month, the total availability of sugar for domestic consumption for August would be 13.16 lakh tonnes. It has been reported that 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.

Source: PIB

Latest Sowing Progress of Kharif Sugarcane Crop

According to the latest data on kharif crop area coverage by the Ministry of Agriculture, the kharif sugarcane acreage stands at 41.29 lakh hectares, up 10 percent as compared to the last year figure at 37.49 lakh hectares. This year the kharif sugarcane acreage is likely to be much higher following various state governments announcing higher purchase rates. The major acreage gain is reported from Maharashtra, where the acreage under sugarcane has gone by more than 75 percent as against last year, followed by Gujarat and Tamil Nadu. Moderate increase is also reported from Uttar Pradesh. However, Karnataka has witnessed lower acreage by more than 14 percent as compared to last year.

Brazil Sugarcane Seen Increasing on Ethanol Demand

According to a study by the Sugar and Ethanol Chamber of the Brazilian Agriculture Ministry, the country is likely to rise to 567.5 million metric tons (MMT) from 419.7 MMT between 2005 to 2010. It is estimated that 73 percent of the increase will go towards ethanol production. The domestic market is supposed to account for 70 percent of the increased ethanol demand over the next five years. Sugar production is also estimated to go up by 4.2 percent per annum to 32 million tons from 26 million tons. The study also projected that the growth of the domestic sugar industry will hold at 1.9 percent per annum, while the growing demand from foreign markets will be much more at around 5.6 percent per annum.

NCDEX Gur: Settled Higher Amidst Thin Trade

At the futures market, the gur futures traded with a strong sentiment today. The August gur future at the NCDEX tested day's low at the open but retraced back quickly on increased buying activity. The August gur future set the session high at 620.80, more than 1 point higher than previous day's high at the first hour of trade and remained range bound thereafter with a bullish undertone. The NCDEX August gur future fluctuated in a higher range of 617.40-620.80 during today's trade. It is expected that the gur futures will witness a strong sentiment in the next day.

through previous day's lows on profit taking and locals selling on the open. The October future fell to 9.83 cents per pound where trade bought and locals covered shorts. The October future reached the unchanged level at 9.95 cents per pound in late action but producers selling ran into it. The NYBOT open interest was a record 429245 lots on yesterday's open.

China Likely to Export White Sugar to Pakistan

China is expected to export an additional 2.8 lakh tons of white sugar to Pakistan, though the country itself is facing a supply shortfall this year. It has been reported that the Chinese domestic sugar plants have agreed to process and export 3 lakh tons of white sugar to Pakistan this year. Pakistan has been importing sugar from international markets since the beginning of this year as the country has been facing a domestic supply crisis amidst surging sugar prices. The sugar prices had crossed Rs 30 per kg at the retail market of Pakistan in the recent time. However, after the import of sugar from an UAE firm by the Trading Corporation of Pakistan (TCP) sugar prices have come down by more than Rs 100 per quintal in the domestic sugar markets in the last week. The TCP is likely to hold a tender to buy 50000 tons of refined sugar soon as part of the Government's effort to ensure enough supply before the coming festive season.

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	29-July	28-July	27-July	26-July	25-July
LDP Raw FOB \$/MT	218	222.5	222	223.3	216.1
LDP Raw CIF \$/MT	273	270.5	277	278.3	271.1
LDP Raw CIF GBP/MT	155.8	158.2	159.5	160.3	156
LDP White FOB \$/MT	327	334	338.5	341.1	336.5
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	Nanotata
29.07.05	1835	1842	NS	1832	NS	1800

NS: No Sale

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

Date	M 30	S 30	Mill Delivery	Khand
29.07.05	1850-1880	1820-1840	1720-1760	1690-1705

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpadh	Shakkar
29.07.05	475-490	610-630	Na	670-700

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
29.07.05	1550-1575	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 29th July 2005):

No latest vessel position is reported today.

Weather Forecast (As on 29th July 2005):

Forecast valid for next 72 hours

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

East: Rain/thundershowers likely at most places over Orissa and Chhattisgarh; at many places over Gangetic West Bengal and Jharkhand and at a few places in the rest region. Increase in rainfall activity over East Madhya Pradesh on 1st August.

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

West: Rain/thundershowers likely at most places over Saurashtra & Kutch; at many places in Gujarat region, South Rajasthan, Konkan & Goa and Madhya Maharashtra and at a few places in the rest region.

Outlook for subsequent two days

Rainfall activity over Central India is likely to increase considerably. Slight increase in rainfall activity over northwest India is also likely.

Warning

Heavy to very heavy rainfall likely at a few places over Orissa, Chhattisgarh and Saurashtra & Kutch. Isolated heavy rainfall also likely over Gujarat region, Konkan & Goa, Madhya Maharashtra, Coastal Karnataka, Gangetic West Bengal, Jharkhand and Kerala.

FOREX (As on 29th July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.49
1 Euro	52.73
1 British £	76.34
100 Yen	38.82

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