

## SUGAR, JAGGERY & CANE

11<sup>th</sup> July 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Surged Up Today
- NCDEX Sugar: Traded With a Strongly Bullish Trend
- NCDEX Gur: Settled Up Amidst Strong Market Sentiment

### Technical Analysis

**Commodity:** Sugar Grade M

**Exchange:** NCDEX

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

**Contract:** July (Future)

**Candlesticks:** The candlestick formation is showing that the trend will continue. The opening in the next day may be on the upper side.

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

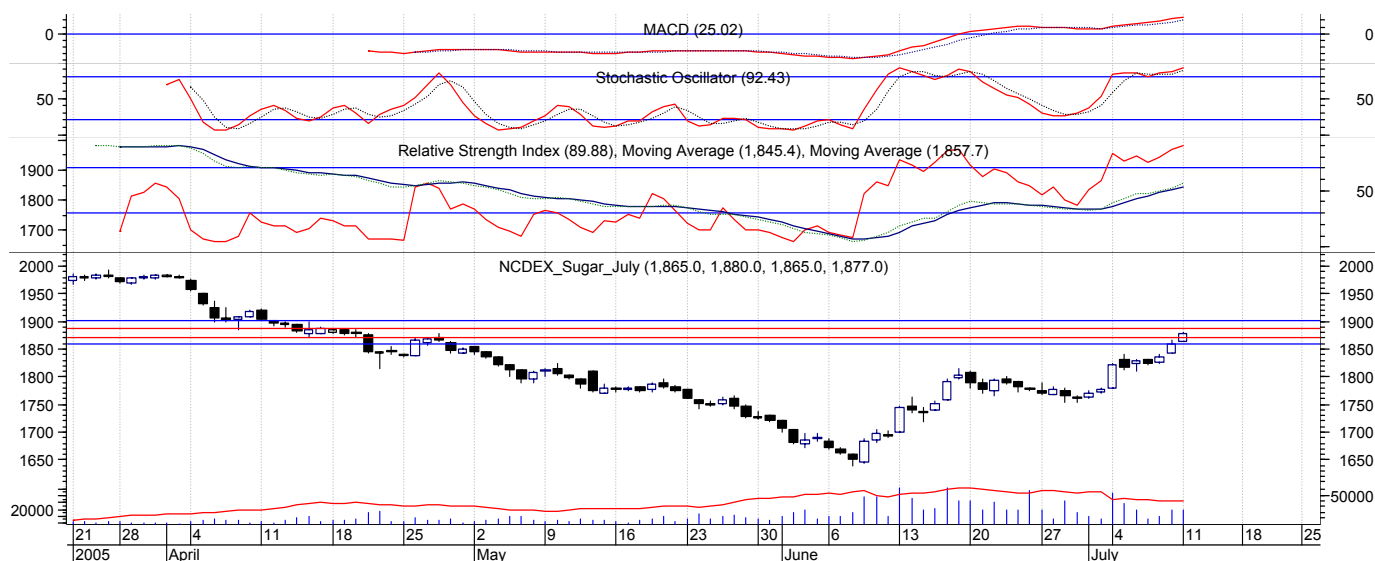
**Stochastic:** The %K-line is moving sharply upwards in the overbought region. The %D-line is lying below the %K-line and also moving upwards in the overbought region.

**Moving Averages (MA):** The 5-day MA is lying below the 3-day MA and both are slopping upwards.

**Relative Strength Index (RSI):** The RSI (89.88) is moving upwards in the overbought region.

The open interest is steady while the volume has increased.

The first resistance is seen at 1887 mark and the second at 1901 mark. The first support is seen at 1872 mark and the second at 1860 mark.



### Outlook:

The technical indicators are pointing towards the bullishness in the sugar 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 strong in the next day. However, a downward technical correction is expected in the near term.

### 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	1872	1860	1887	1901

## Technical Analysis

**Commodity:** Gur (Jaggery)

**Exchange:** NCDEX

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

**Contract:** July (Future)

**Candlesticks:** The candlestick formation is indicating towards a strongly bullish trend. As suggested by the candlestick the opening in the next day may be on the upper side.

**MACD:** The MACD (5-day) after cutting its EMA from below moving upwards in the positive territory.

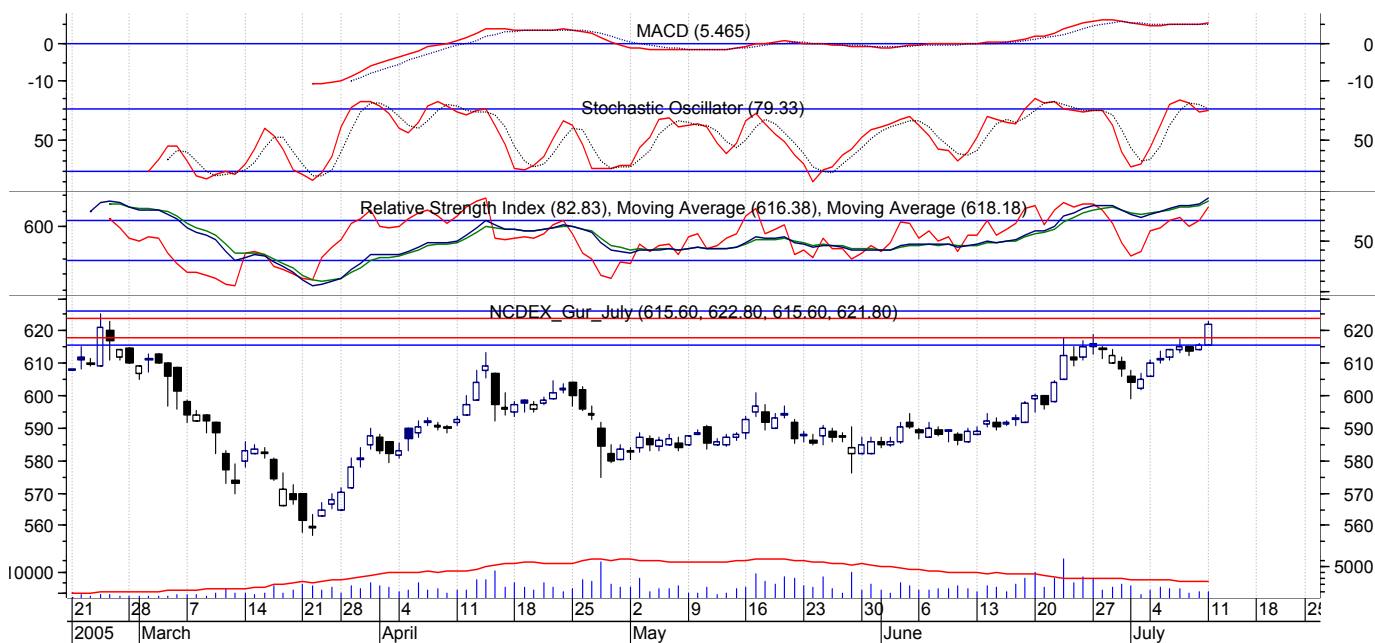
**Stochastic:** The %K-line has changed its direction and moving upwards in the normal region, while the %D-line is still moving downwards in the overbought region.

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

**Relative Strength Index (RSI):** The RSI (82.83) is moving upwards after entering the overbought region.

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

The first resistance is seen at 623.9 mark and the second at 626.1 mark. The first support is seen at 618.1 mark and the second at 615.5 mark.



### Outlook:

The technical indicators are pointing towards a strongly bullish trend 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 futures will remain bullish 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	618.1	615.5	623.9	626.1

## Market Commentary

### Domestic:

#### Domestic Sugar Prices Surged Up Today

The domestic sugar prices surged up today amidst a strong market sentiment. Both the 'M' grade as well as the 'S' grade sugar were offered at higher rates today as against last trading day at the major sugar markets.

The M grade sugar at the Delhi market was quoted slightly higher today at Rs 1850-1890 per quintal. At the Kolkata market sugar prices surged up today and offered at a much higher level of Rs 1880-1885 per quintal today as against Saturday. At the Muzaffarnagar market also sugar prices were quoted higher at Rs 1860-1865 per quintal today. At the Mumbai market M grade sugar was traded at Rs 1840-1870 per quintal today.

The S grade sugar at the Delhi market was quoted marginally higher at Rs 1795-1830 per quintal today. At the

Chennai market S grade sugar was available at a higher price of Rs 1725-1730 per quintal today. At the Kolkata market also it was offered much higher at Rs 1835-1840 per quintal, while at the Vashi market also it was quoted higher at Rs 1840-1845 per quintal today as against last trading day. At the Mumbai market S grade sugar was traded at Rs 1800-1825 per quintal today.

The sugar prices at the domestic market are expected to remain strong in the next day. News that the Pakistani government may consider import of Indian sugar at the next meeting with its local importers boosted up the sugar trade at the domestic market and sugar prices surged up at the major sugar markets. Moreover, lower estimation of the 2004-05 sugarcane crop by the government also supported the sugar prices to stay at the higher levels.

### NCDEX Sugar: Traded With a Strongly Bullish Trend

At the futures market the July future of the NCDEX opened higher and traded with a strong sentiment today. The NCDEX July future set the day's high at 1880.00 within the first hour of trade. The July future set the day's range at the early hours of trade and remained range bound thereafter at the upper side of the range of 1865.00-1880.00 today. The August future also follow suit and traded strongly in the range of 1886.00-1911.00 during today's trade. It is expected that the futures will continue the uptrend in the coming days.

### International:

#### NYBOT Sugar:

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

### News Analysis:

#### Pak Govt Likely to Decide on Indian Sugar Import

The Pakistan government is considering to allow import of Indian sugar. However, the final decision is likely to be taken in a meeting with leading importers scheduled to be held next week. The Pakistani traders are expecting that the government may consider their suggestions to allow sugar from India. The meeting will be a part of the government's efforts to increase the supply of sugar at the domestic market through a liberalised import system. Earlier last month, the government of Pakistan allowed the import of five kinds of vegetables and livestock from India through land routes. The government later added raw and refined sugar in the importable items list following surge in the domestic sugar prices. However imports from India were not allowed. Pakistan has already received around 2.3 lakh tonnes of imported sugar from various other sources like Dubai, Brazil and China. Recently, Pakistani importers have placed an order for 110,000 tonnes of Chinese sugar which will reach the country by the end of this month. Both the Pakistani and Indian sugar traders are eyeing on the coming meeting as import of Indian sugar still remained banned in Pakistan after the last import during 2001.

### 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

### NCDEX Gur: Settled Up Amidst Strong Market Sentiment

The July gur future at the NCDEX traded with a strongly bullish sentiment today and set the day's high at 622.80, up more than 6 points against last trading day's high. Moreover, the day's low was more than 1 point higher than last trading day's low. The July gur future at the NCDEX fluctuated in a much higher range of 615.60-622.80 during today's trade. It is expected that the futures will remain strong 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

#### Govt Estimated 2004-05 Cane Production at 232.3 MT

According to the fourth advance estimates of the Ministry of Agriculture, the domestic sugarcane production is estimated at 232.3 million tonnes (MT) during 2004-05. This estimate is 14 percent below the production target for 2004-05 crop year and 2 percent lower than the production of 237.3 MT of sugarcane during 2003-04 crop year.

## Sugar at Spot Market:

### International:

#### London Daily Price (LDP)

Particulars	11-July	08-July	07-July	06-July	05-July
LDP Raw FOB \$/MT	211.6	207.7	203.9	207	207.2
LDP Raw CIF \$/MT	266.6	262.7	258.9	262	262.2
LDP Raw CIF GBP/MT	153.1	151.5	148.8	149.5	149.5
LDP White FOB \$/MT	320.7	316.5	315.2	309.6	308
London Freight \$/MT	55	55	55	55	55
London Freight GBP/MT	31.5	31.5	31.5	31	31

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
11.07.05	1872	1860	NR	1850	NR	1820

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

Date	M 30	S 30	Mill Delivery	Khand
11.07.05	1850-1890	1795-1830	1710-1770	1695-1715

### Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
11.07.05	490-505	615-625	Na	680-705

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
11.07.05	1525-1575	Na	Na	Na	Na

Na: Arrival finished

### Port Watch (As on 11<sup>th</sup> July 2005):

No latest vessel position is reported today.

### Weather Forecast (As on 11<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 rest region. Rainfall activity likely to decrease over Punjab and Haryana and increase over east Uttar Pradesh on 13th & 14th.

**East:** Rain/thundershowers likely at many places over northeastern states, sub-himalayan West Bengal & Sikkim; and at a few places in the rest region. Increase in rainfall activity likely over Bihar, sub-himalayan West Bengal & Sikkim and northeastern states on 13th & 14th.

**South:** Rain/thundershowers likely at many places over coastal Karnataka, Kerala and Lakshadweep at a few places in the rest region outside Tamil Nadu & Pondicherry, coastal Andhra Pradesh, Rayalseema and south interior Karnataka where it may be isolated.

**West:** Rain/thundershowers likely at many places over Konkan & Goa and at a few places over west Madhya Pradesh, Maharashtra, east Rajasthan and isolated over the rest region.

#### Outlook for subsequent two days

Rainfall activity over interior peninsula, east-central India and plains of northwest India likely to decrease further.

Rainfall activity may enhance over northeastern states, sub-himalayan West Bengal & Sikkim, Bihar, east Uttar Pradesh and central Himalayas.

#### Warning

Heavy to very heavy rainfall likely over northeastern states, sub-himalayan West Bengal & Sikkim, Uttaranchal and Himachal Pradesh. Isolated heavy rainfall also likely over Lakshadweep, Kerala and coastal Karnataka till 14th July. Isolated heavy rainfall also likely over west Uttar Pradesh during next 48 hours.

### FOREX (As on 11<sup>th</sup> July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.56
1 Euro	52.35
1 British £	75.92
100 Yen	38.91

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