

SUGAR, JAGGERY & CANE

20th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Steady in Range Bound Trade
- NCDEX Sugar: Settled Higher in Range Bound Trade
- NCDEX Gur: Extended Previous Day's Weakness Today
- NYBOT Sugar: Down; Cut Back Earlier Losses

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

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

MACD: The MACD (5-day) after cutting its EMA from above sloping downwards.

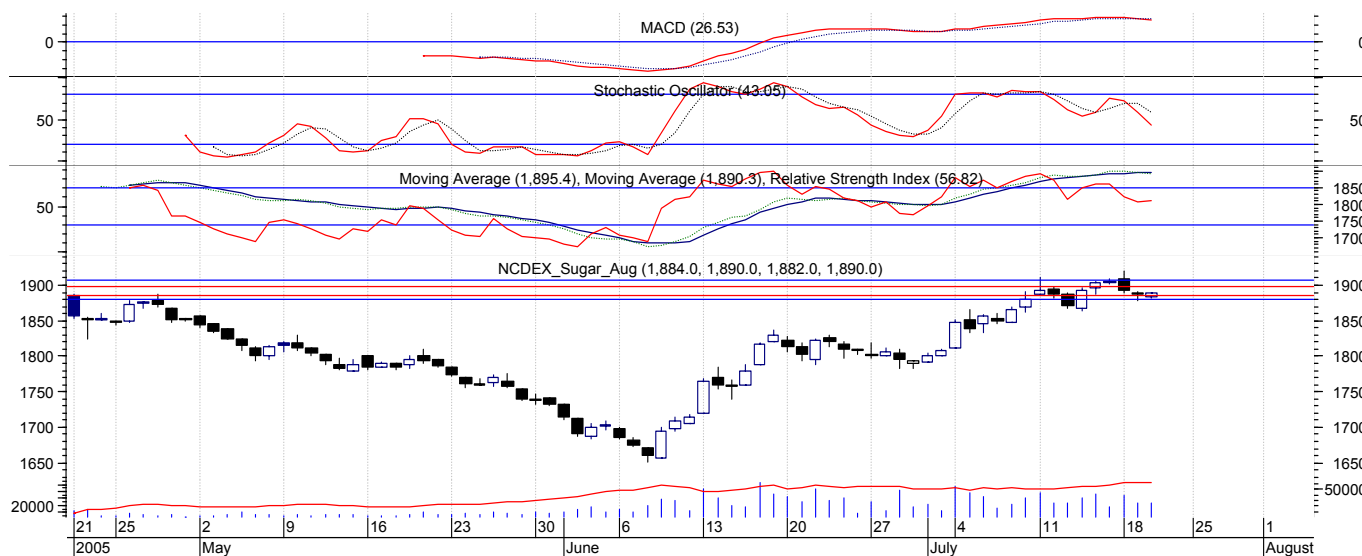
Stochastic: The %K-line along with the %D-line moving downwards in the normal region.

Relative Strength Index (RSI): The RSI (56.82) after changing its direction moving upwards in the normal region, an early indication of an upward correction.

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

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

The first resistance is seen at 1899 mark and the second at 1906 mark. The first support is seen at 1886 mark and the second at 1881 mark.



Outlook:

Almost all the technical indicators except the candlestick and the RSI, are showing weakness in the sugar futures market. However, as suggested by the candlestick the opening in the next day may be on the upper side. It is expected that the sugar futures will witness a moderately bullish trend on upward correction in the next day.

Support and Resistance Levels:

| Contract Month | Support Level | | Resistance Level | |
|----------------|-----------------|-----------------|------------------|-----------------|
| | 1 st | 2 nd | 1 st | 2 nd |
| August | 1886 | 1881 | 1899 | 1906 |

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (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) along with its EMA moving downwards in the positive territory.

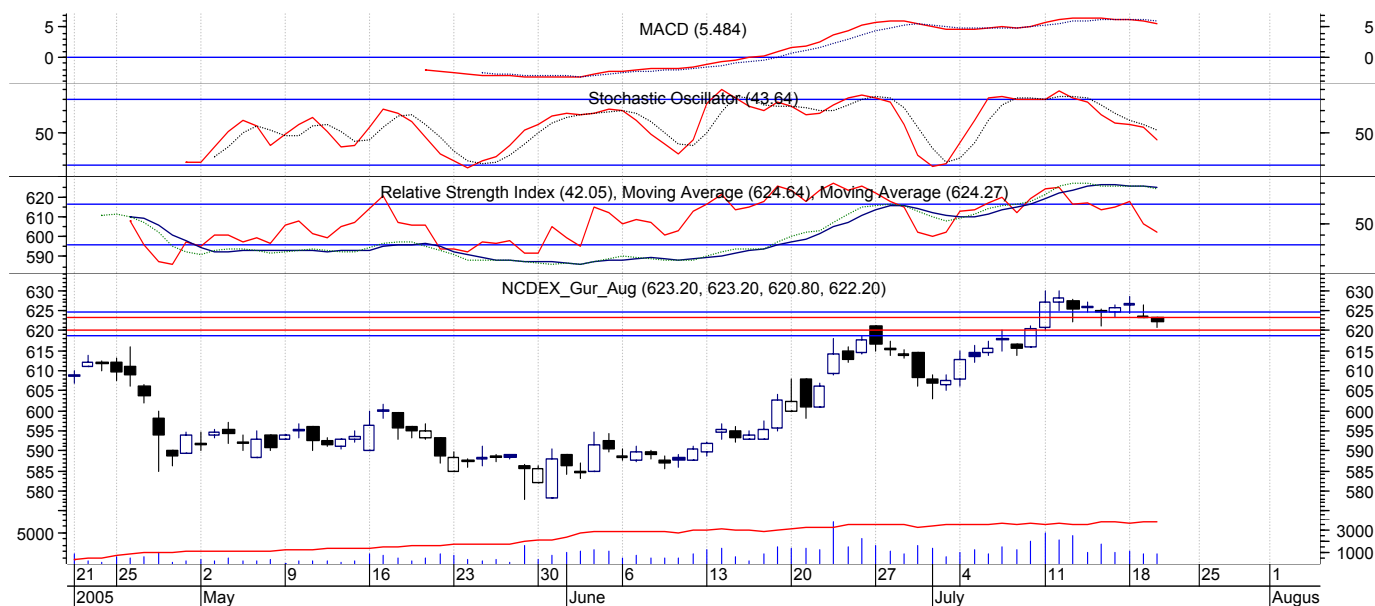
Stochastic: The %K-line along with the %D-line moving sharply downwards in the normal region.

Relative Strength Index (RSI): The RSI (42.05) is slopping sharply downwards in the normal region.

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

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

The first resistance is seen at 623.4 mark and the second at 624.6 mark. The first support is seen at 620.1 mark and the second at 618.9 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 bearish in the next day.

Support and Resistance Levels:

| Contract | Support Level | | Resistance Level | |
|----------|-----------------|-----------------|------------------|-----------------|
| | 1 st | 2 nd | 1 st | 2 nd |
| August | 620.1 | 618.9 | 623.4 | 624.6 |

Market Commentary

Domestic:

Domestic Sugar Prices Steady in Range Bound Trade

The domestic sugar market continues to remain range bound today. The 'M' grade sugar was offered almost steady, while the 'S' grade sugar was quoted on an average mixed today at the major sugar markets.

The M grade sugar at the Delhi market continues to remain steady at Rs 1850-1880 per quintal today as against yesterday. At the Kolkata market also it was quoted steady at Rs 1910-1915 per quintal, while at the Muzaffarnagar market the M grade sugar was offered at an unchanged price of Rs 1860-1865 per quintal today as against yesterday.

The S grade sugar at the Delhi market was offered unchanged at Rs 1790-1830 per quintal today as against yesterday. At the Chennai market also it was quoted steady at Rs 1755-1760 per quintal, while at the Kolkata market it was offered firm at Rs 1870-1875 per quintal today. However, at the Vashi market the S grade sugar was quoted lower at Rs 1875-1880 per quintal, while at the Hapur market also it was offered at a lower price of Rs 1865-1880 per quintal today as against yesterday.

The sugar prices at the major sugar markets are expected to remain range bound in the next day. Limited trading activity at the spot market amidst lower demand may

pressurise the prices to witness a downtrend in the coming days.

NCDEX Sugar: Settled Higher in Range Bound Trade

At the futures market the sugar futures witnessed a range bound trade today. The most active August future at the NCDEX set the day's high at 1890.00 at the early hours of trade and fluctuated near the highs thereafter. The August sugar future remained within yesterday's range and hovered in the range of 1882.00-1890.00 during today's trade. The maturing July future traded with bearish sentiment in the range of 1833.00-1861.00 today. The July sugar future expired today. It is expected that the sugar

International:

NYBOT Sugar: Down; Cut Back Earlier Losses

The world raw sugar futures at the New York Board of Trade (NYBOT) settled lower on Tuesday but cut back a morning slide through a downside gap as speculators bought and locals covered short in late action. The NYBOT October future finished down 7 points at 9.52 cents per pound, while the March future settled down 8 points at 9.63 cents per pound. The London whites market settled higher after retracing back from sharp earlier losses. The NYBOT

News Analysis:

Govt to Reduce Incentives on Raw Sugar Import

According to the Food and Agriculture Minister, the government is unlikely to import raw sugar in the new crop season beginning October and it has decided to reduce the incentives given on raw sugar imports at present. It is reported that the raw sugar importers may have to re-export the refined form in a lesser duration. According to the Minister, raw sugar importers will have to re-export white sugar within 24 months of the import. At present India allowed mills to import raw sugar duty free on the condition that they export refined sugar within 36 months to meet a shortfall in supplies. However, India is likely to have a bumper crop in the coming season and thereby reducing the dependence on sugar import.

PSMA Welcomed Ban on Import of Indian Sugar

The Pakistan Sugar Mills Association (PSMA) has appreciated the government's decision of not to import sugar from India. It has been reported that the Indian sugar contains around 4 percent sulphur contents, which has an adverse effect on the human health. According to an official of the PSMA, the ban on import of Indian sugar in 2001 was due to the same reason. It is also reported that the government should remain stick to its decision of not allowing import of Indian sugar.

Mexico 2004-05 Sugar Production Up by 15 Percent

According to the government of Mexico, the country has produced 5.796 million metric tons (MMT) of semi-refined standard sugar through 14th July from its 2004-05 record sugar crop harvest. According to the government run Agro-Industry Sugar Committee's latest report, this is a significant increase of 15 percent from the last year figure at the same time. The yield of milled sugar per ton of raw cane has reached 11.39 per cent by the same time this year, up by 3.1 percent from the last year figure. The physical harvesting and milling is likely to be completed by the end of July.

futures will witness a moderately bullish trend on upward correction in the next day.

NCDEX Gur: Extended Previous Day's Weakness Today

At the futures market, the gur futures extended previous day's weakness and traded with a bearish sentiment today. The August future at the NCDEX set the day's high at the morning session at 623.20, more than 3 points lower than yesterday's high. Moreover, the day's low was also lower than yesterday's low. The August gur future at the NCDEX traded bearishly in the range of 620.80-6213.20, while the maturing July future also moved in a lower range of 613.00-615.60 during today's trade. It is expected that the gur futures will remain bearish in the next day.

world raw sugar futures gapped down and have some long liquidation and profit taking following a downward correction in the London whites market early in the morning. However, the trade brokers and speculators bought at the lower levels and the locals covered shorts. The front month cut down most of the earlier losses in final action. The futures have started to turn up and it is expected that the October future may touch the contract high at 9.62 cents per pound in the near future.

Kharif Sugarcane Acreage Up 9 Percent on Year

According to the Agriculture Ministry, the shortfall in acreage due to the delay in kharif sowing attributed to the late arrival of the south-west monsoon, is fast making up. It is reported that the overall acreage situation has improved so far. This year's kharif sugarcane acreage is projected to be higher on year as various state governments announcing higher purchase rates of the crop. According to the Food and Agriculture Minister, India is likely to have a sugar surplus in the marketing year beginning October due to an expected bumper sugarcane harvest. It is reported that the government will have to think about sugar exports. The Kharif sugarcane acreage as on yesterday touched 40.85 lakh hectares, up by around 9 percent from 37.39 lakh hectares last year.

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 | 20-July | 19-July | 18-July | 15-July | 14-July |
|-----------------------|---------|---------|---------|---------|---------|
| LDP Raw FOB \$/MT | 211 | 207.7 | 213.8 | 211.4 | 215 |
| LDP Raw CIF \$/MT | 266 | 262.7 | 268.8 | 266.4 | 270 |
| LDP Raw CIF GBP/MT | 153.1 | 150.9 | 154 | 151.6 | 153.6 |
| LDP White FOB \$/MT | 332 | 328.5 | 335 | 331.5 | 334 |
| London Freight \$/MT | 55 | 55 | 55 | 55 | 55 |
| London Freight GBP/MT | 32 | 31.50 | 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 |
|----------|---------|----------|-------|---------|--------|---------|
| 20.07.05 | 1855 | 1850 | NR | 1840 | 1835 | 1820 |

NR: Not Reported

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

| Date | M 30 | S 30 | Mill Delivery | Khand |
|----------|-----------|-----------|---------------|-----------|
| 20.07.05 | 1850-1880 | 1790-1830 | 1710-1765 | 1680-1700 |

Jaggery at Spot Market

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

| Date | Raskat | Chaku | Khurpa padh | Shakkar |
|----------|---------|---------|-------------|---------|
| 20.07.05 | 475-492 | 608-625 | Na | 650-700 |

Na: Arrival finished

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

| Date | Dahiya | Balti Sp | No One | Bariya Dara | Dara |
|----------|-----------|----------|--------|-------------|------|
| 20.07.05 | 1500-1530 | Na | Na | Na | Na |

Na: Arrival finished

Port Watch (As on 20th July 2005):

Chennai Port is receiving 21,000 MT of raw sugar from the vessel 'African Jaguar'. The cargo was loaded from Brazil. Intercocean agents is handling the vessel.

Weather Forecast (As on 20th July 2005):

Forecast valid for next 72 hours

North: Rain/thundershowers likely at many places over Uttar Pradesh, Uttaranchal and Himachal Pradesh and isolated in the rest region.

East: Rain/thundershowers likely at many places over Northeastern States, Bihar and Sub-Himalayan West Bengal & Sikkim, at a few places Gangetic West Bengal, East Madhya Pradesh and Chhattisgarh and isolated in the rest of the region.

South: Rain/thundershowers likely at many places in Lakshadweep, Karnataka and Kerala and isolated in the rest region.

West: Rain/thundershowers likely at many places over Konkan & Goa, Madhya Maharashtra, Marathwada and isolated in the rest region.

Outlook for subsequent two days

Ongoing rainfall activity over Northeastern States, Sub-Himalayan West Bengal & Sikkim and along West coast of India likely to continue. Subdued rainfall activity over remaining parts of the country likely to continue.

Warning

Heavy to very heavy rainfall likely at isolated places over Sub-Himalayan West Bengal & Sikkim, Northeastern States. Isolated heavy rainfall also likely over Konkan and Goa, Coastal Karnataka and Kerala.

FOREX (As on 20th July 2005):

| Foreign Currency | Rs. per unit |
|------------------|--------------|
| 1 US \$ | 43.54 |
| 1 Euro | 52.53 |
| 1 British £ | 75.62 |
| 100 Yen | 28.48 |

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