

SUGAR, JAGGERY & CANE

14th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Range Bound Today
- NCDEX Sugar: Settled Higher; Cut Back Early Losses
- NCDEX Gur: Remained in Yesterday's Range Today
- NYBOT Sugar Remained Higher on Fund Buying
- White Sugar Scaled 7-year Highs on Supply Shortfall

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

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

MACD: The MACD (5-day) after changing its direction moving upwards parallel to its EMA in the positive territory.

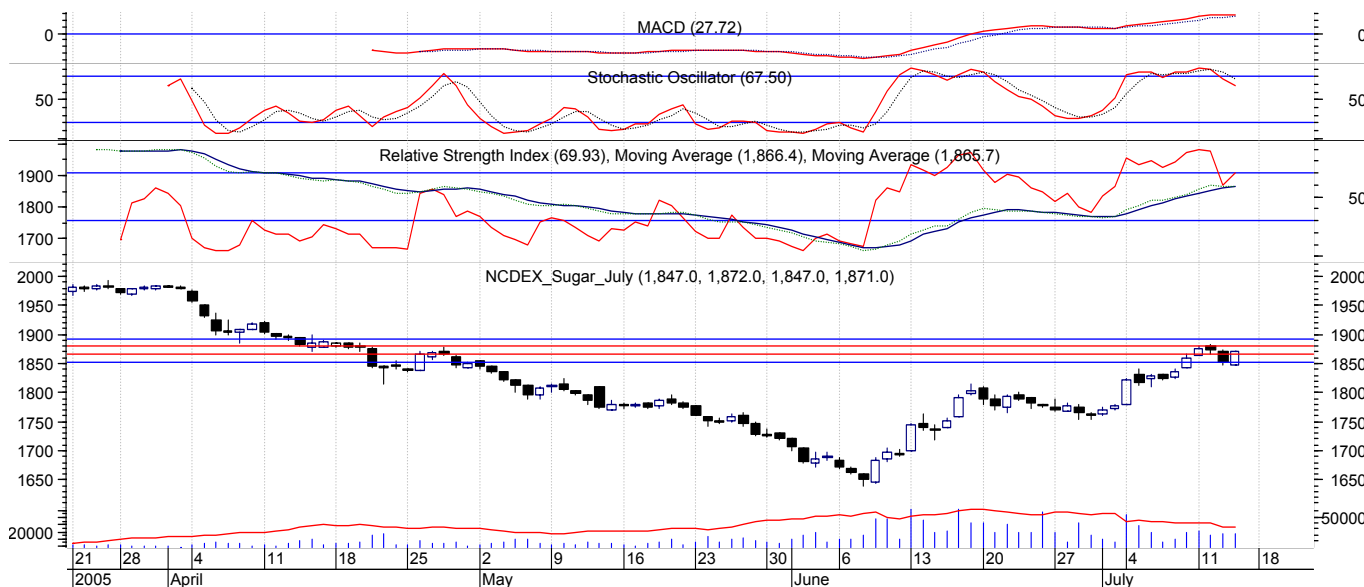
Stochastic: The %K-line after cutting the %D-line from above moving downwards in the normal region. The %D-line is also moving downwards after entering the normal region.

Moving Averages (MA): The 3-day is moving downwards and about to cut the rising 5-day MA from above.

Relative Strength Index (RSI): The RSI (69.93) is moving upwards and it is about to enter the overbought region.

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

The first resistance is seen at 1880 mark and the second at 1891 mark. The first support is seen at 1866 mark and the second at 1853 mark.



Outlook:

The technical indicators are pointing towards a moderately 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 moderately strong in the next day.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1866	1853	1880	1891

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

Candlesticks: The candlestick formation is showing a range bound sentiment with a slightly bullish undertone. The opening in the next day may be within today's range.

MACD: The MACD (5-day) is still lying above its EMA and it is moving downwards, while the EMA is still moving upwards in the positive territory.

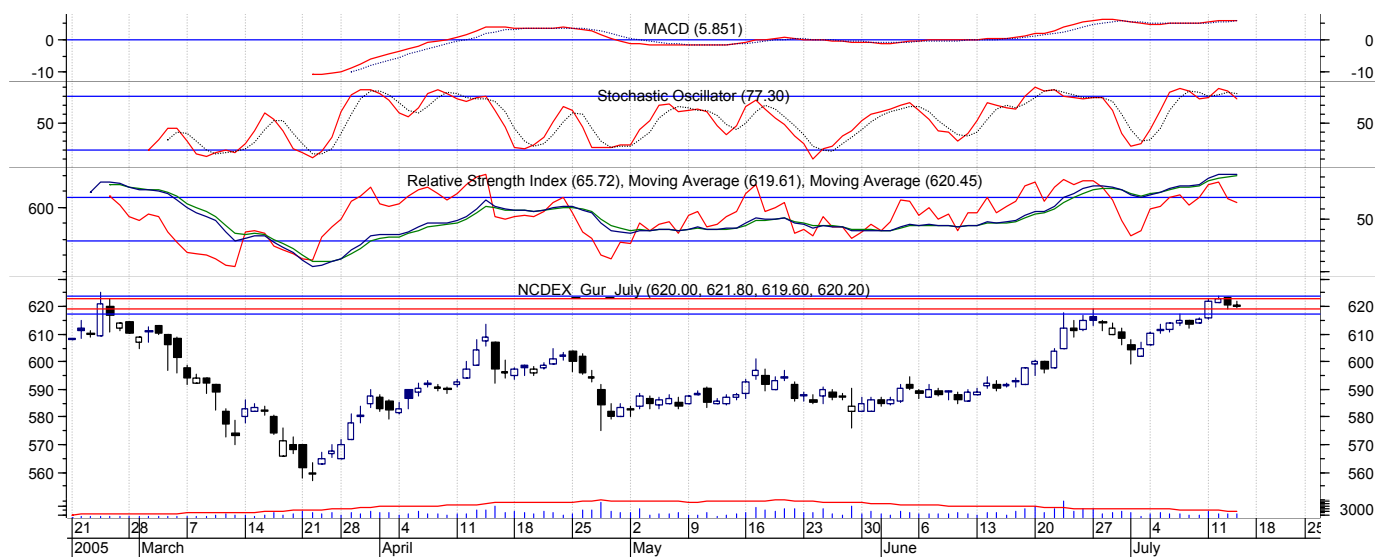
Stochastic: The %K-line after cutting the %D-line from above moving downwards and it has entered the normal region. The %D-line is moving slightly downwards in the overbought region.

Moving Averages (MA): The 5-day MA is still lying below the 3-day MA and it is moving moderately upwards. The 3-day MA has started moving downwards.

Relative Strength Index (RSI): The RSI (65.72) is moving downwards in the normal region.

The open interest as well as the volume has declined.

The first resistance is seen at 622.8 mark and the second at 623.8 mark. The first support is seen at 619 mark and the second at 617.2 mark.



Outlook:

The technical indicators are pointing towards a range bound trade with a slightly bullish undertone. 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 range bound with a weakly bullish undertone in the next day.

Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	619	617.2	622.8	623.8

Market Commentary

Domestic:

Domestic Sugar Prices Remained Range Bound Today

The domestic sugar prices extended the mixed sentiment with range bound trade today. The 'M' grade sugar was traded with a moderately bearish sentiment, while the 'S' grade sugar was mostly available steady today at the major sugar markets.

The M grade sugar at the Delhi market was available at a lower price of Rs 1820-1860 per quintal today as against yesterday. At the Kolkata market sugar was offered steady at Rs 1890-1895 per quintal, while at the Muzaffarnagar market it was quoted lower at Rs 1855-1860 per quintal today as against yesterday.

The S grade sugar at the Delhi market was quoted lower at Rs 1760-1800 per quintal today as against yesterday. However, at the Chennai market sugar was offered at a higher price of Rs 1740-1745 per quintal, while at the

Kolkata market also it was quoted higher at Rs 1855-1860 per quintal today. At the Vashi market S grade sugar was available steady at Rs 1860-1865 per quintal today as against yesterday.

The sugar spot prices at the major sugar markets are expected to trade range bound with a weak undertone next day. Lack of any new physical activity was the main feature of sugar trade today. However, the lower forecast of 2004-05 sugarcane crop remained as one of the supportive feature for the sugar prices to remain range bound with a mixed sentiment.

NCDEX Sugar: Settled Higher; Cut Back Early Losses

At the futures market sugar futures witnessed a bearish sentiment at the morning session of trade but retraced back again in late action to set the day's high at 1872.00, 1 point lower than yesterday's high, near to the close. Speculative

buying supported the futures to cut back most of its earlier losses today. The July future at the NCDEX hovered in the range of 1847.00-1872.00 during today's trade. The August future also remained moderately strong in the range of 1864.00-1896.00 today. It is expected that the sugar futures will remain moderately strong in the next day.

NCDEX Gur: Remained in Yesterday's Range Today

The July gur future at the NCDEX traded range bound with a weakly bullish trend today. The July future set the day's high at 621.80, lower than yesterday's high, at the early

International:

NYBOT Sugar Remained Higher on Fund Buying

The world raw sugar futures at the New York Board of Trade (NYBOT) settled higher on Wednesday on fund buying. The NYBOT October future finished up 8 points at 9.58 cents per pound, while the March future closed higher 9 points at 9.69 cents per pound. The October future neared the contract month high of 9.60 cents per pound as it reached 9.59 cents per pound in the opening. The NYBOT March future touched the contract high of 9.69 cents per pound, while the May contract reached a contract high of 9.53 cents per pound. The world raw sugar futures at the NYBOT are continuously supported by the fund buying for last couple of days. There is a lack of any new physical activity, but the market sentiment remained quite firm early in the session. However, profit taking pulled back the futures from its early highs but the futures slowly gained up and hovered near the highs for the rest of the session. It is expected that the world raw sugar futures at the NYBOT will continue to remain bullish in the coming days.

News Analysis:

UPSMA Raised Concern over U.P. Sugar Policy

The Uttar Pradesh Sugar Mills Association (UPSMA) has raised concern over the new sugar policy of the state government and alleged that the policy is designed to cater the major players of the sugar industry. The state policy provides for tax concessions for a period of 3 years for the units investing a minimum of Rs 350 crore and for 10 years for the units investing Rs 500 crore. After the introduction of the policy last year, the Bajaj group emerged out as the biggest investor in the state and it is expected to become the biggest sugar-producing group of India by 2007. According to the UPSMA, some groups in western Uttar Pradesh had undertaken an expansion of the existing units up to 10000 tonnes crushed per day, in order to get the benefits of the scheme. The Association feared that the new mills would take away large chunks of the cane area, leaving the existing factories sick.

India Likely to have Sugar Surplus in 2005-06

According to the Food and Agriculture Minister, India may have excess supply of sugar 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. According to the United States Department of Agriculture, India's sugar output may touch 18.3 million tonnes in the 2005-06 crop year, an increase of 33 percent from the 2004-05 crop. India is expected to have imported around 1.5 million tonnes of raw sugar during 2004-05 due to a lower domestic production.

hours of trade and remained within yesterday's range thereafter. However, the day's low was higher than yesterday's low. The July gur futures at the NCDEX fluctuated in the range of 619.60-621.80 during today's trade. It is expected that the futures will remain range bound with a weakly bullish trend in the next day.

White Sugar Scaled 7-year Highs on Supply Shortfall

The London International Financial Futures and Options Exchange (LIFFE) white sugar futures surged up to 7-year highs on a short-term supply shortfall amidst a strong Asian and Middle Eastern demand. Lack of Brazilian white sugar supply along with a strong import demand from Pakistan and plans by the European Commission to hold over sugar intervention stocks have supported the recent rally. The front month white sugar futures at the LIFFE witnessed a 17 percent jump in this year so far. The LIFFE August future settled higher by over 3 percent at \$324 per tonne on trade buying before its expiration on Friday. The Pakistani importers are reported to have booked around 90,000 tonnes of Chinese refined sugar and 175,000 tonnes of Brazilian raw sugar for July to September shipments. Iraq has bought 156,000 tonnes of white sugar, mostly from the Dubai refinery and a Saudi company.

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	14-July	13-July	12-July	11-July	08-July
LDP Raw FOB \$/MT	215	210.5	209	211.6	207.7
LDP Raw CIF \$/MT	270	265.5	264	266.6	262.7
LDP Raw CIF GBP/MT	153.6	150.5	149.5	153.1	151.5
LDP White FOB \$/MT	334	320	316.2	320.7	316.5
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	Nanoata
14.07.05	1862	1852	NR	1835	1835	NR

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

Date	M 30	S 30	Mill Delivery	Khand
14.07.05	1820-1860	1760-1800	1700-1750	1670-1690

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
14.07.05	485-502	612-625	Na	650-700

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
14.07.05	1520-1550	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 14th July 2005):

No latest vessel position is reported today.

Weather Forecast (As on 14th July 2005):

Forecast for next 24 hours

North: Rain/thundershowers likely at many places over Uttaranchal, north Uttar Pradesh and Himachal Pradesh and at few places in the rest region. Decrease in rainfall activity over Haryana, Punjab and south Uttar Pradesh after 15th.

East: Rain/thundershowers likely at most places over northeastern states, Bihar and West Bengal & Sikkim and at many places in the rest of the region outside Chhattisgarh, Jharkhand and east Madhya Pradesh where it may be at a few places. Decrease in rainfall activity over Gangetic West Bengal, east Madhya Pradesh and Chhattisgarh after 15th.

South: Rain/thundershowers likely at a few places over coastal Karnataka; Kerala, coastal Tamil Nadu and Lakshadweep and isolated in the rest region. Further increase in rainfall activity over Tamil Nadu, south Andhra Pradesh, Kerala and south interior Karnataka after 15th.

West: Rain/thundershowers likely at many places over west Madhya Pradesh at a few places over east Rajasthan and Konkan & Goa and at isolated places in the rest region. Decrease in rainfall activity over west Madhya Pradesh and east Rajasthan after 15th.

Outlook for subsequent two days

Further increase in rainfall activity over southern parts of peninsular India. Current rainfall activity over northeastern states, sub-himalayan West Bengal & Sikkim, Bihar, north

Uttar Pradesh and western himalayan region likely to continue.

Warning

Heavy to very heavy rainfall likely at a few places over northeastern states, West Bengal & Sikkim. Isolated heavy rainfall likely over Uttaranchal, Himachal Pradesh, Jammu & Kashmir, Bihar and north Uttar Pradesh.

FOREX (As on 14th July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.53
1 Euro	52.54
1 British £	76.67
100 Yen	38.93

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