

SUGAR, JAGGERY & CANE

19th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Up on Increased Demand
- NCDEX Sugar: Traded Bearishly before July Expires Tomorrow
- NCDEX Gur: Down; Traded with a Bearish Sentiment
- NYBOT Sugar Settled Higher on Fund Buying

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

Candlesticks: The candlestick formation is pointing towards a range bound trade. The opening in the next day may be within today's range.

MACD: The MACD (5-day) after cutting its EMA from above moving downwards, a bearish indication.

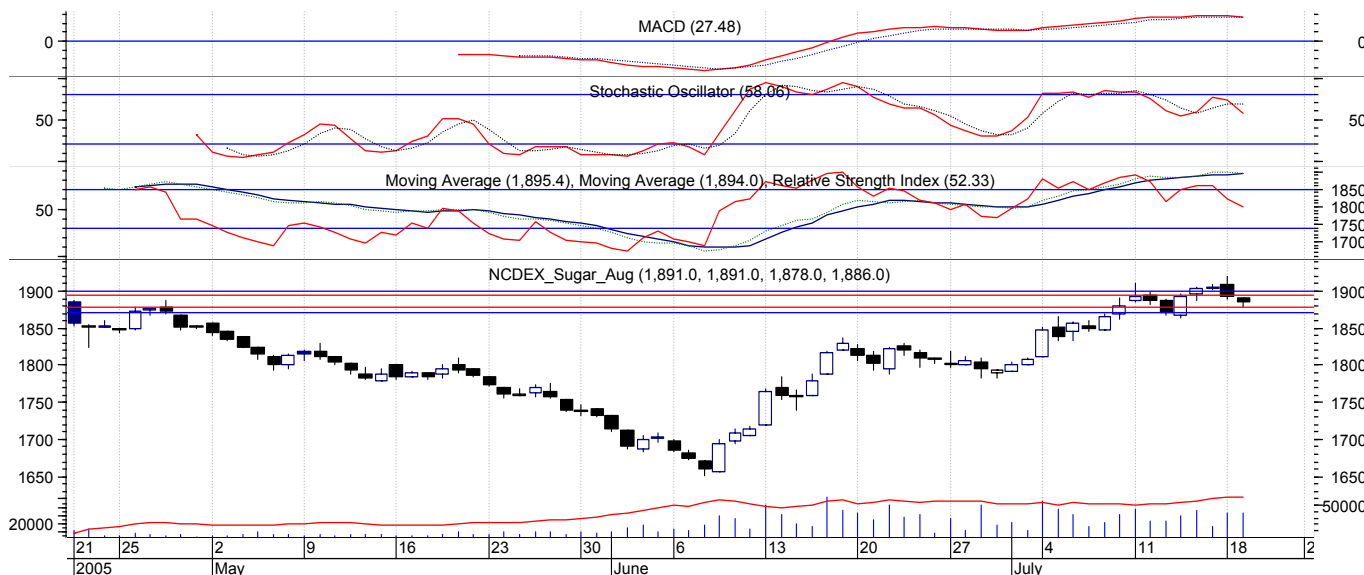
Stochastic: The %K-line after cutting the %D-line from above moving sharply downwards.

Relative Strength Index (RSI): The RSI (52.33) is moving downwards in the normal region.

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

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

The first resistance is seen at 1894 mark and the second at 1899 mark. The first support is seen at 1879 mark and the second at 1871 mark.



Outlook:

The technical indicators are showing a range bound movement in the sugar futures market. As suggested by the candlestick the opening in the next day may be within today's range. It is expected that the sugar futures will remain range bound and may witness a trend reversal in the next day.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	1879	1871	1894	1899

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

Candlesticks: The candlestick formation is showing a weak sentiment 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 moving downwards along with its EMA.

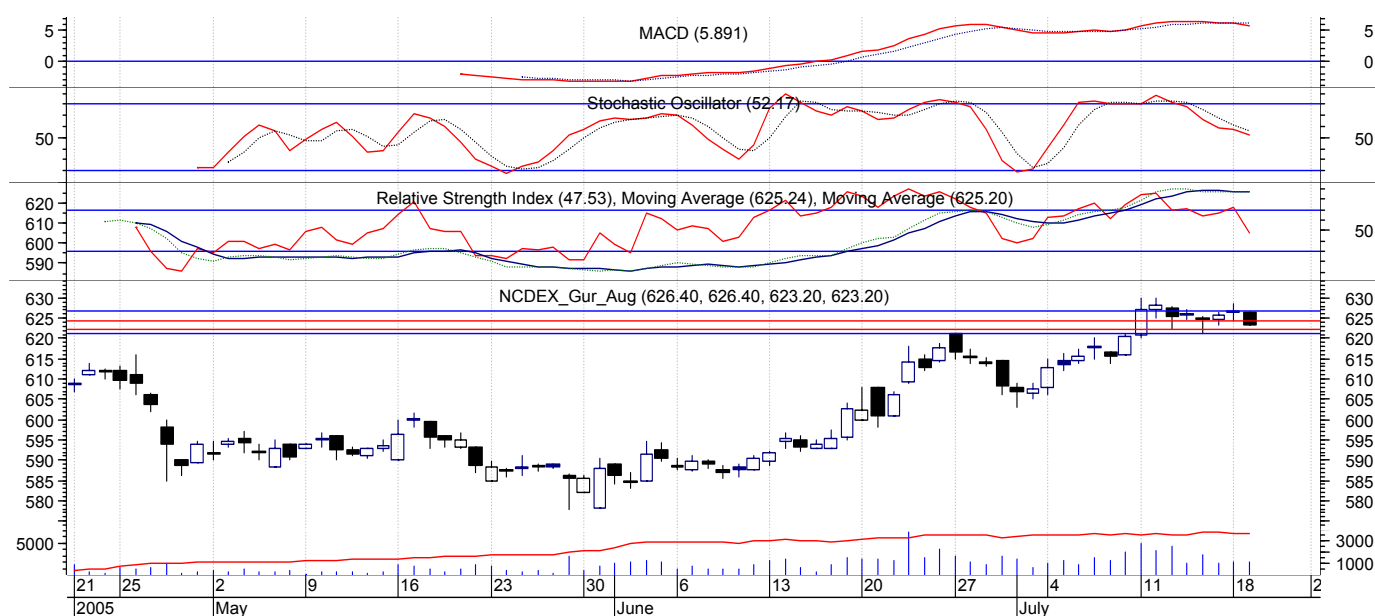
Stochastic: The %K-line is lying below the %D-line, while both are moving sharply downwards in the normal region.

Relative Strength Index (RSI): The RSI (47.53) is moving sharply downwards in the normal region.

Moving Averages (MA): The 3-day MA after cutting the 5-day MA from above going downwards along with the 5-day MA.

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

The first resistance is seen at 624.5 mark and the second at 626.7 mark. The first support is seen at 622.4 mark and the second at 621 mark.



Outlook:

The technical indicators are pointing towards a strongly bearish market 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	622.4	621	624.5	626.7

Market Commentary

Domestic:

Domestic Sugar Prices Up on Increased Demand

The domestic sugar market extended the strong sentiment today. The 'M' grade sugar was traded with a mixed sentiment while the 'S' grade sugar was quoted on an average higher today at the major sugar markets.

The M grade sugar at the Delhi market was offered steady at Rs 1850-1880 per quintal today as against yesterday. At the Kolkata market M grade sugar was available at a higher price of Rs 1910-1915 per quintal, while at the Muzaffarnagar market it was offered lower at Rs 1860-1865 per quintal today as against yesterday.

The S grade sugar at the Delhi market was quoted unchanged at Rs 1790-1830 per quintal today as against yesterday. At the Chennai market it was offered higher at Rs 1755-1760 per quintal, while at the Kolkata market it was also quoted higher at Rs 1870-1875 per quintal. At the Vashi market S grade sugar was available at a much higher price of Rs 1880-1885 per quintal, while at the Hapur market also it was quoted higher at Rs 1875-1900 per quintal today as against yesterday.

The sugar prices at the major sugar markets are expected to remain firm in the next day. Holding of sugar by the stockists in anticipation of a higher price during the coming

festive season and continuous buying at the spot market helped the prices to rule firm.

NCDEX Sugar: Traded Bearishly before July Expires Tomorrow

At the futures market the sugar futures witnessed a bearish sentiment today. The most active August future at the NCDEX set the day's range in the morning session of trade and hovered in the range of 1878.00-1891.00 today. The July future also traded with a weak sentiment before it matures tomorrow and fluctuated in a lower range of 1854.00-1868.00 during today's trade. It is expected that the sugar futures at the NCDEX will remain range bound and may witness a trend reversal in the next day.

International:

NYBOT Sugar Settled Higher on Fund Buying

The New York Board of Trade (NYBOT) world raw sugar futures extended the recent advances further on Monday as it touched new contract highs on early fund buying. The open interest continued to went up and it is close to the record level of January. The October future at the NYBOT finished up 4 points at 9.59 cents per pound, while the March future settled up 4 points at 9.71 cents per pound.

News Analysis:

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.

Agriculture Minister: Prices of Sugar Under Control

The government today overruled fears of any sharp rise in the prices of sugar in the near future as it is under control. According to the Agriculture minister, the sugar prices are a bit high temporarily but there is nothing to worry. It is reported that the sugar prices at present is well below the last year's higher level. According to him, the prospect of sugar output for the next season had also brightened as sugarcane sowing was progressing satisfactorily and the government might even think how to export sugar output from next season. The acreage under sugarcane so far has been quite encouraging in Uttar Pradesh, Maharashtra, Andhra Pradesh, Gujarat and Tamil Nadu. It is reported that the sugarcane acreage is 40 per cent higher at present than last year's level, raising hopes for a good sugarcane output next season. The Agriculture minister also made it clear that there was no change in policy regarding monthly release of sugar quota.

Pakistani Traders to Import 5 Lakh Tonnes of Sugar

The Pakistani traders have placed orders of more than 1.6 lakh tonnes of raw sugar and 3.6 lakh tonnes of refined sugar following the government's approval for import of

NCDEX Gur: Down; Traded with a Bearish Sentiment

At the futures market, the gur futures traded with a weak sentiment today. The August future at the NCDEX failed to extend previous day's gains and slipped to a lower range. The August future set the day's high at 626.40, 2 point lower than yesterday's high. Moreover, the day's low was also lower than yesterday's low. The August gur future at the NCDEX hovered in a lower range of 623.20-626.40, while the July gur future traded bearishly in the range of 615.00-619.40 during today's trade. It is expected that the gur futures will remain bearish in the next day.

The futures gapped to new highs on the open and extended the gains as funds, speculators and locals bought. However, the producers sold and the locals reversed their action, which led the October future to test Friday's low. But funds did more buying in late action and the prices retraced back again. The London white market also settled firm but below the recent contract highs.

sugar in order to check the surging prices in the domestic market. It is reported that the Pakistani importers have booked four shipments having 40000 tonnes of raw sugar each and it is expected that the shipments will reach Karachi within the next few weeks. The domestic sugar importers of Pakistan have also placed orders for refined sugar in different source of origin and around 2 lakh tonnes had already reached the country. The government has called another meeting with the leading importers of basic commodities today to review price control measures and to make the import of essential items easier. The Pakistani sugar importers are likely to demand for a relaxation in sales tax on sugar in order to further control the higher 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
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	19-July	18-July	15-July	14-July	13-July
LDP Raw FOB \$/MT	207.7	213.8	211.4	215	210.5
LDP Raw CIF \$/MT	262.7	268.8	266.4	270	265.5
LDP Raw CIF GBP/MT	150.9	154	151.6	153.6	150.5
LDP White FOB \$/MT	328.5	335	331.5	334	320
London Freight \$/MT	55	55	55	55	55
London Freight GBP/MT	31.50	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
19.07.05	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
19.07.05	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
19.07.05	480-495	605-625	Na	670-700

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
19.07.05	1480-1525	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 19th July 2005):

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

Weather Forecast (As on 19th July 2005):

Forecast valid for next 72 hours

North: Rain/thundershowers likely at a few places over Uttaranchal and north 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 Bihar and isolated in the rest of the region.

South: Rain/thundershowers likely at a few places in Karnataka and Kerala and isolated in the rest region.

West: Rain/thundershowers likely at a few places over Konkan & Goa, madhya Maharashtra and isolated in the rest region.

Outlook for subsequent two days

Ongoing rainfall activity over northeastern states, sub-himalayan West Bengal & Sikkim, coastal Karnataka and Kerala 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 and northeastern states. Isolated heavy rainfall also likely over coastal Karnataka and Kerala.

FOREX (As on 19th July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.56
1 Euro	52.34
1 British £	75.91
100 Yen	28.81

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