

SUGAR, JAGGERY & CANE

13th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Traded with Weak Sentiment Today
- NCDEX Sugar: Settled Lower Amidst Bearish Sentiment
- NCDEX Gur: Marginally Lower in Range Bound Trade
- NYBOT Sugar Settled Higher on Fund Buying

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

Candlesticks: The candlestick formation is pointing towards the bearishness of the market sentiment. The opening in the next day may be on the lower side.

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

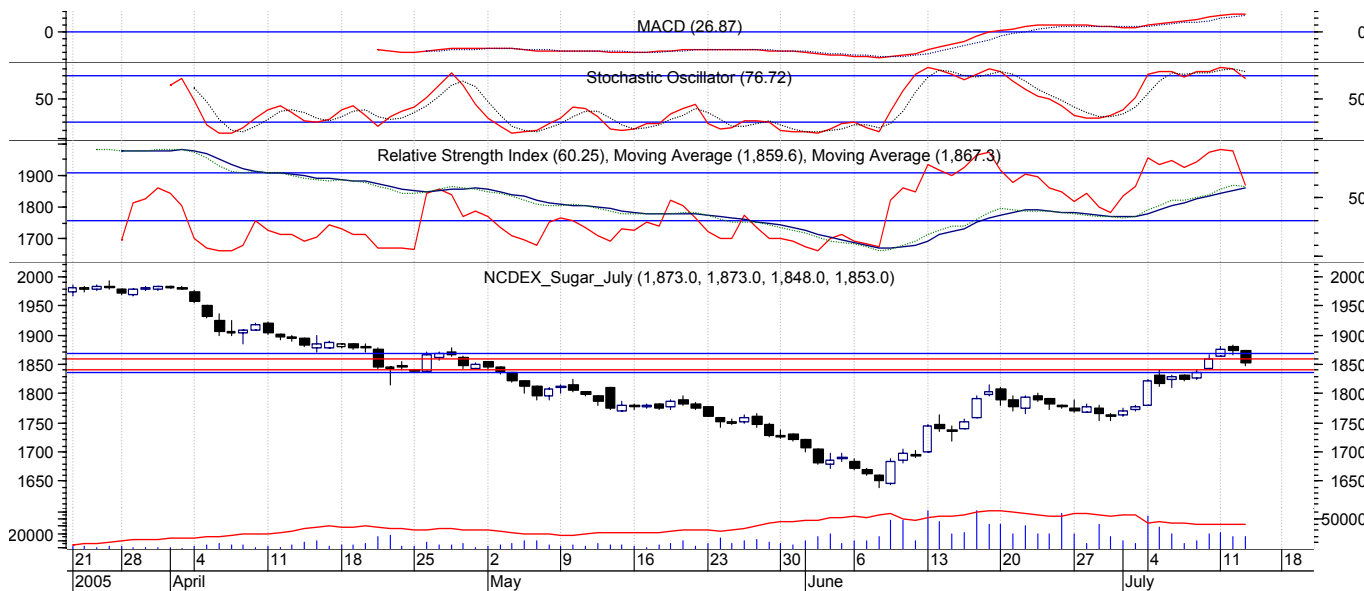
Stochastic: The %K-line after cutting the %D-line from above moving downwards and it has entered the normal region. The %D-line is also moving downwards in the overbought region.

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

Relative Strength Index (RSI): The RSI (60.25) has entered the normal region and moving sharply downwards.

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

The first resistance is seen at 1860 mark and the second at 1869 mark. The first support is seen at 1842 mark and the second at 1835 mark.



Outlook:

The technical indicators are showing a strong bearish trend in the sugar futures market. As suggested by the candlestick the opening in the next day may be on the lower side. It is expected that the futures will remain bearish in the next day.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1842	1835	1860	1869

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

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

MACD: The MACD (5-day) is still lying above its EMA and both are moving marginally upwards in the positive territory.

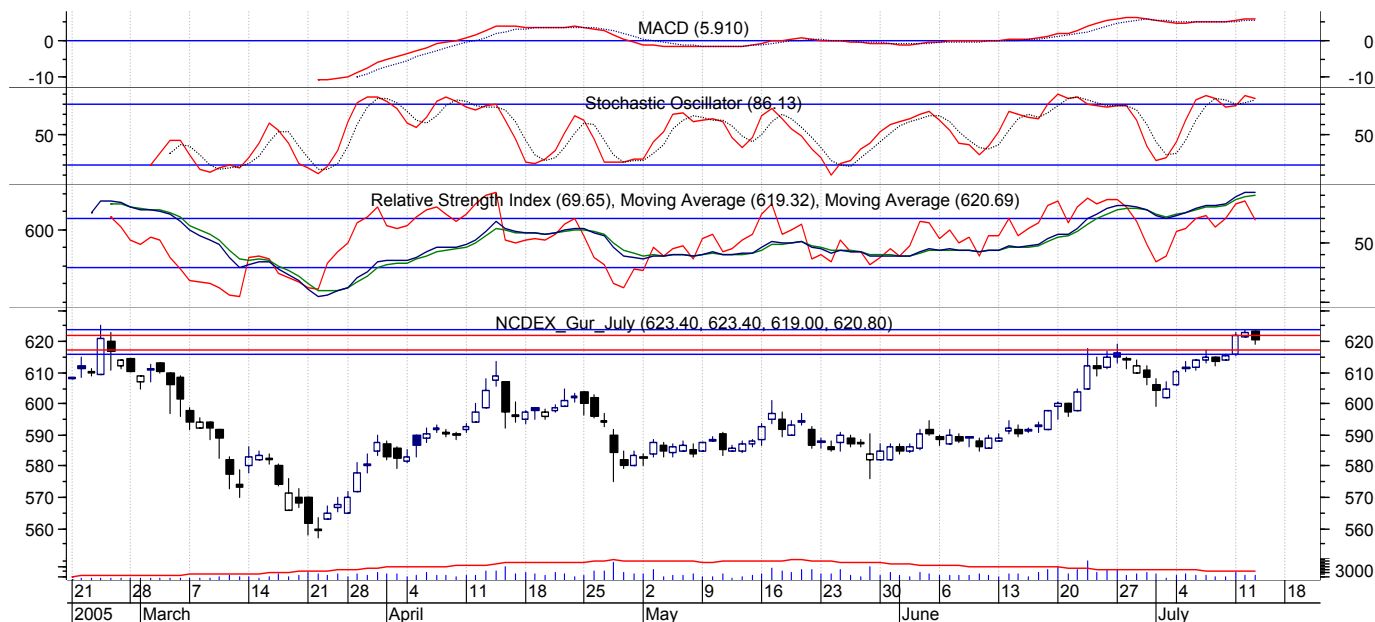
Stochastic: The %K-line has changed its direction and started moving downwards in the overbought region, while the %D-line is still moving upwards in the overbought region.

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

Relative Strength Index (RSI): The RSI (69.65) after changing its direction moving sharply downwards and it has just entered the normal region.

The open interest as well as the volume has increased.

The first resistance is seen at 621.8 mark and the second at 623.8 mark. The first support is seen at 617.2 mark and the second at 616 mark.



Outlook:

The technical indicators are showing the bearishness 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 futures will remain weak in the next day.

Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	617.2	616	621.8	623.8

Market Commentary

Domestic:

Domestic Sugar Traded with Weak Sentiment Today

The domestic sugar prices remained range bound today with a moderately bearish undertone. The 'M' grade sugar was traded with a weaker sentiment, while the 'S' grade sugar was mostly available unchanged today at the major sugar markets.

The M grade sugar at the Delhi market was quoted lower at Rs 1835-1870 per quintal today as against yesterday. At the Kolkata market also sugar was traded weaker at Rs 1890-1895 per quintal, while at the Muzaffarnagar market it was offered steady at Rs 1860-1865 per quintal today as against yesterday. The Mumbai sugar market remained closed today.

The S grade sugar at the Delhi market was offered at a lower price of Rs 1770-1810 per quintal today as against yesterday. At the Chennai market sugar was quoted steady at Rs 1735-1740 per quintal, while at the Vashi market also it was available unchanged at Rs 1860-1865 per quintal

today as against yesterday. At the Kolkata market also S grade sugar was traded steady at Rs 1850-1855 per quintal today as against yesterday.

The sugar spot prices at the major sugar markets are expected to remain range bound with a bearish undertone next day. Lack of any fresh fundamental news 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 hover near the higher levels of last week.

NCDEX Sugar: Settled Lower Amidst Bearish Sentiment

At the futures market, the July sugar future at the NCDEX traded with a bearish sentiment today. The July future set the session high at 1873.00, 10 point lower than yesterday's high at the early hours of trade and remained bearish thereafter. However, the July future slipped further in late action to the day's low at 1848.00 near to the close. The July sugar future hovered in a much lower range of

1848.00-1873.00 during today's trade. The August future also follow suit and fluctuated in a lower range of 1868.00-1889.00 today. It is expected that the sugar futures will remain bearish in the next day.

NCDEX Gur: Marginally Lower in Range Bound Trade

The July gur futures at the NCDEX trade with a moderately weak sentiment today. The July future set the day's high at

International:

NYBOT Sugar Settled Higher on Fund Buying

The New York Board of Trade (NYBOT) world sugar futures settled higher on Tuesday, cutting back earlier losses and retraced back again on fund buying. The March contract at the NYBOT tested previous day's contract high and the May future reached a fresh high. The NYBOT October future finished up 2 points at 9.50 cents per pound, while the March future settled up 5 points at 9.60 cents per pound on Tuesday. The futures opened lower, but the trade and

News Analysis:

Kharif Sugarcane Acreage Up 11 Percent on Year

According to an agriculture ministry official, late arrival of southwest monsoon had delayed kharif sowing this year but now it is fast seen making up for the shortfall. The Kharif sugarcane acreage is reported to be higher at 4.1 million hectares as against 3.7 million hectares last year. The sugarcane acreage has gone up by around 11 percent on year. It is expected that the kharif sugarcane acreage will end higher this year following various state governments announcing higher purchase rates.

Pakistani Traders Booked 2.65 Lakh Tonnes of Sugar

The Pakistani sugar importers have booked around 175000 tonnes of Brazilian raw sugar and 90000 tonnes of Chinese refined sugar for July to September shipments. According to the Chairman of the Pakistan Commodity Importers Association, seven deals had been finalized to ship 12000-13000 tonnes of bagged white sugar at \$348-355.50 per tonne from China. The first cargo is expected to reach Pakistan by the end of this month. It is reported that some Pakistani traders are also in talks with South African exporters but the deals are yet to be finalized. The Trading Corporation of Pakistan (TCP) may issue another tender of around 1 lakh tonnes next month as the country needs to import 3 lakh tonnes of refined sugar by October. Pakistan is importing white sugar from the beginning of this year to check surging domestic prices. However, the imports failed to cut down the higher prices.

USDA Projected Higher U.S. Sugar Supply in 2005-06

According to the latest World Agricultural Supply and Demand Estimates report of the World Agricultural Outlook Board, United States Department of Agriculture (USDA), the U.S. sugar supply for 2005-06 is projected to be higher at 145,000 short tons, raw value, from the last month estimates, due to higher beginning stocks and production. Processors' reports compiled by the Farm Service Agency put 2005-06 productions at 8.15 million tons, up 12,000 tons from last month's projection. For 2004-05, higher production and imports increase supply 133,000 tons. Production is increased 43,000 tons based on processors' reports. Imports are increased 90,000 tons, as higher shortfall in filling the tariff rate quota is more than offset by higher imports under the re-export program (50,000 tons) and high-tier sugar imports from Mexico (60,000 tons).

the first hour of trade at 623.40, marginally lower than yesterday's low. Moreover, the day's low was over 2 point lower than yesterday's low. The July gur future at the NCDEX traded range bound with a bearish undertone and moved in the range of 619.00-623.40 during today's trade. It is expected that the gur futures will remain bearish in the next day.

speculators bought into it while the locals covered shorts and bought. The October future jumped up to 9.54 cents per pound but producer and trade selling capped further rise to previous day's high. The March future tested previous day's high at 9.64 cents per pound in late action, while the May future touched a fresh high at 9.46 cents per pound. The market sentiment is perceived good technically and fundamentally supported by an increased physical offtake.

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	13-July	12-July	11-July	08-July	07-July
LDP Raw FOB \$/MT	210.5	209	211.6	207.7	203.9
LDP Raw CIF \$/MT	265.5	264	266.6	262.7	258.9
LDP Raw CIF GBP/MT	150.5	149.5	153.1	151.5	148.8
LDP White FOB \$/MT	320	316.2	320.7	316.5	315.2
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	Nanata
13.07.05	NR	NR	NR	NR	NR	NR

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

Date	M 30	S 30	Mill Delivery	Khand
13.07.05	1835-1870	1770-1810	1705-1750	1675-1695

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
13.07.05	482-505	603-625	Na	660-685

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
13.07.05	1520-1560	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 13th July 2005):

No latest vessel position is reported today.

Weather Forecast (As on 13th 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. Further decrease in rainfall activity over Haryana, Punjab and south Uttar Pradesh after 14th.

East: Rain/thundershowers likely at many places over northeastern states, Bihar and West Bengal & Sikkim and at a few places in the rest region. Decrease in rainfall activity over gangetic West Bengal, east Madhya Pradesh and Chhattisgarh on 15th.

South: Rain/thundershowers likely at a few places over costal Karnataka; Kerala and Lakshadweep and isolated in the rest region. Increase in rainfall activity over Tamil Nadu and south Andhra Pradesh after 14th.

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.

Outlook for subsequent two days

Slight increase in rainfall activity over eastern 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. Further decrease in rainfall activity over central and plains of northwestern parts of India.

Warning

Heavy to very heavy rainfall likely over northeastern states, West Bengal & Sikkim, west Uttar Pradesh, Uttaranchal, Himachal Pradesh and Jammu & Kashmir. Isolated heavy rainfall likely over east Uttar Pradesh.

FOREX (As on 13th July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.52
1 Euro	53.16
1 British £	77.22
100 Yen	39.15

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