

SUGAR, Jaggery & Cane

06th July 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Higher Today
- NCDEX Sugar: Settled Higher in Late Action Today
- NCDEX Gur: Settled Higher in Bullish Trade Today
- NYBOT Sugar Surged Up on Fund, Trade Buying
- Pakistan Domestic Sugar Prices Continue to Rise

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

Candlesticks: The candlestick formation is pointing towards a range bound trade with a strong undertone. The opening in the next day may be on the upper side.

MACD: The MACD (5-day) is still lying above its EMA after cutting it from below, while both are moving upwards in the positive territory.

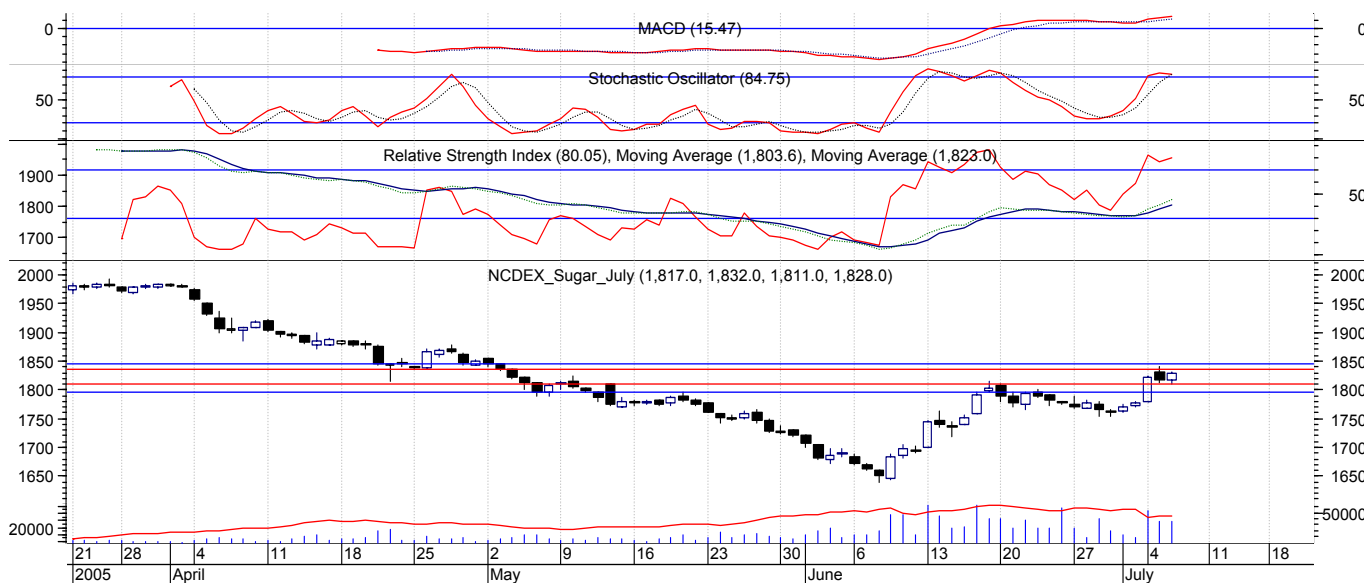
Stochastic: The %K-line is lying above the %D-line and it is moving almost horizontally in the overbought region. However, the %D-line is moving upwards in the overbought region.

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

Relative Strength Index (RSI): The RSI (80.05) is slopping upwards in the overbought region.

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

The first resistance is seen at 1836 mark and the second at 1846 mark. The first support is seen at 1810 mark and the second at 1797 mark.



Outlook:

The technical indicators are pointing towards the bullishness of the market sentiment. As suggested by the candlesticks the opening in the next day may be on the upper side. It is expected that the futures will witness a range bound trade with a strong undertone in the next day.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1810	1797	1836	1846

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: July (Future)

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

MACD: The MACD (5-day) is lying below its EMA and moving upwards, while the EMA is moving downwards and about to cut the MACD.

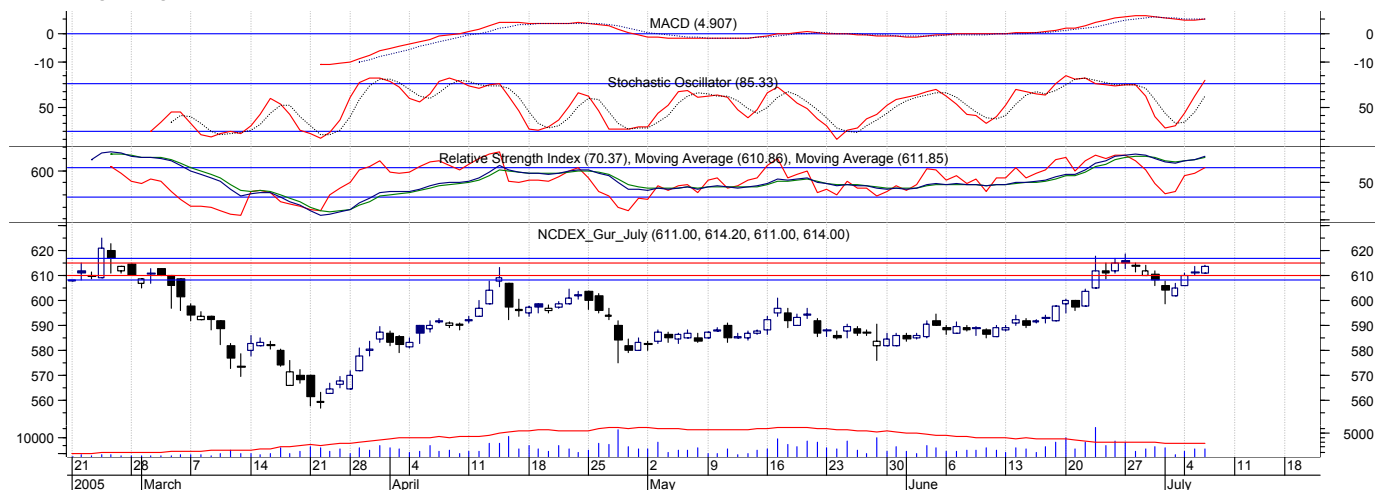
Stochastic: The %K-line is moving sharply upwards along with the %D-line. The %K-line has just entered the overbought region.

Moving Averages (MA): The 3-day MA after cutting the 5-day MA from below moving upwards along with the later.

Relative Strength Index (RSI): The RSI (70.37) is moving upwards and it has just entered the overbought region.

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

The first resistance is seen at 615.1 mark and the second at 617.2 mark. The first support is seen at 610.3 mark and the second at 608.1 mark.



Outlook:

The technical indicators are showing the strength 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 st	2 nd	1 st	2 nd
July	610.3	608.1	615.1	617.2

Market Commentary

Domestic:

Domestic Sugar Prices Remained Higher Today

The domestic sugar prices remain on average strong today. Both the 'M' grade as well as the 'S' grade sugar were quoted higher today at the major sugar markets.

The M grade sugar at the Delhi market was quoted marginally changed at Rs 1830-1860 per quintal today. However, at the Muzaffarnagar market sugar was traded with a strong sentiment at Rs 1850-1855 per quintal, while at the Kolkata market it was offered steady at Rs 1840-1845 per quintal today as against yesterday.

The S grade sugar at the Delhi market was available at moderately changed level at Rs 1770-1810 per quintal today. At the Chennai market sugar prices extended previous day's gain and quoted higher at Rs 1715-1720 per quintal today, while at the Kolkata market it was available higher at Rs 1805-1810 per quintal. At the Vashi market also sugar was quoted offered at a higher level at Rs 1815-1820 per quintal today as against yesterday. At the Hapur market sugar was quoted steady at Rs 1800-1825 per quintal today.

The sugar prices at the domestic market are expected to remain strong in the next day. The Trading Corporation of

Pakistan (TCP) has floated sugar tenders without considering Indian supplies. However, both the Indian and Pakistani traders are expecting that Indian supplies may be considered in the near future keeping in view the higher global sugar prices and cost effectiveness of sugar import from India.

NCDEX Sugar: Settled Higher in Late Action Today

The sugar futures at the NCDEX traded range bound with a bearish undertone in the first session of trade and set the day's low at 1811.00 within the first hour of trade. However, the July future settled higher in late action and set the day's high at 1832.00 near to the close. The July future hovered in the range of 1811.00-1832.00 during today's trade. The August future also follow suit and fluctuated in the range of 1833.00-1859.00 today.

NCDEX Gur: Settled Higher in Bullish Trade Today

The July gur futures at the NCDEX witnessed a strong bullish sentiment today and set the day's high at 614.20, much higher than yesterday's high. Moreover, the day's low was also higher than yesterday's low. The July gur future surged up in late action and set the day's high near to the close. The July gur future at the NCDEX moved in the range of 611.00-614.20 during today's trade.

International:

NYBOT Sugar Surged Up on Fund, Trade Buying

The New York Board of Trade (NYBOT) world raw sugar futures surged up on Tuesday as the front month nears its contract high on fund and trade buying. The March contract at the NYBOT also touched new highs. The sugar futures got support from physical offtake along with strength in other commodities. The most active October future at the NYBOT closed up 23 points at 9.39 cents per pound, while the March contract settled up 20 points at 9.47 cents per pound. The futures opened on last week's highs and lots of speculative buying was recorded in the early morning. The October future reached 9.43 cents per pound, 3 points from its recent contract month high in late action, while the March contract jumped up to a fresh contract month high at 9.50 cents per pound.

Pakistan Domestic Sugar Prices Continue to Rise

The sugar prices at the Pakistan sugar market have increased by another Rs 40 per 100 kg bag amidst the government's continuous efforts to check the rising prices. According to the domestic dealers, an upward demand and reduced supplies over the last week has resulted in the recent price rise. At present sugar at the domestic market was quoted at Rs 2660-2700 per 100 kg bag. It is expected that the prices may go up further keeping on view the rate of increase in domestic demand. It is also feared that the strategy to check the price through imports may not yield desired results since the local mills did not have ample stocks to maintain the supply of sugar.

News Analysis:

TCP Floats Tender for 1 Lakh Tons of Refined Sugar

The Trading Corporation of Pakistan (TCP) has floated a tender for the import of 1 lakh tons of refined sugar, out of which 50000 tons on priority basis. The tender had been floated on the instructions of the Economic Coordination Committee of the Pakistani cabinet in order to meet the domestic requirements. The tender had asked the bidders to establish letter of credit (LC) within 25 days for the supply 50,000 tons of sugar by August. It is reported that this quantity could be supplied from China or Dubai, while the rest of the quantity from Brazil. The second shipment of 50,000 tons can be supplied by September and the time limit for opening of LC is 50 days. The bidding for the tender is scheduled to be held on July 15. It is expected that the price range would be between \$320 and \$330 per ton.

Brazil Cane Yield Likely to Touch 560 MMT by 2010

According to the Sao Paulo Sugar and Ethanol Association (UNICA) board member, Brazil's sugarcane production is expected to increase to 560 million metric tons (MMT) annually by 2010 from the present level of 403 MMT. The likely increase is attributed to the growing demand for fuel ethanol and it would guarantee domestic ethanol supply without cutting the sugar production. It is also projected that the adoption of ethanol blended fuel in the countries like Japan, China, India, Thailand and the United States, would push up the overseas demand near to 30 billion litres.

Mexico 2004-05 Sugar Harvest Up by 15 Percent

According to the National Sugar Cane Growers Union of Mexico, the country has produced 5791235 metric tons (MT) of mostly semi-refined standard sugar through July 2. This is an increase by over 15 percent. The union has also

projected the country's total production to touch 5793047 MT in the 2004-05 harvest, an increase of 15.3 percent over the 2003-04 crop year.

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
Supply, total	12,073	11,603	11,074	11,074
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	1,343	759	759

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	06-July	05-July	04-July	01-July	30-June
LDP Raw FOB \$/MT	207	207.2	205	206.8	208.1
LDP Raw CIF \$/MT	262	262.2	260	261.8	268.1
LDP Raw CIF GBP/MT	149.5	149.5	148	147.0	147.4
LDP White FOB \$/MT	309.6	308	305.7	299.0	313.5
London Freight \$/MT	55	55	55	55	60
London Freight GBP/MT	31	31	31	30.5	33

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
06.07.05	NR	1850	1825	1840	NR	1790

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

Date	M 30	S 30	Mill Delivery	Khand
06.07.05	1830-1860	1770-1810	1740-1745	1690-1710

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
06.07.05	480-490	605-625	Na	650-680

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
06.07.05	1525-1560	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 06th July 2005):

No latest vessel position is reported today.

Weather Forecast (As on 06th July 2005):

Forecast for next 24 hours

North: Rain/thundershowers likely at most places over west Uttar Pradesh, Uttaranchal, Haryana including Chandigarh & Delhi and Himachal Pradesh; at many places in the rest region.

East: Rain/thundershowers likely at many places in the region with increase in rainfall activity over gangetic West Bengal & Orissa and decrease over northeastern states on 7th & 8th July.

South: Rain/thundershowers likely at many places over Andaman & Nicobar islands, coastal Karnataka and Kerala and at few places in the rest region outside Tamil Nadu & Pondicherry where it may be isolated.

West: Rain/thundershowers likely at most places over east Rajasthan, Konkan & Goa and west Madhya Pradesh, at many places over rest of the region outside Gujarat state, Marathwada and Vidarbha where it may be at a few places.

Outlook for subsequent two days

Rainfall activity over peninsular India including Maharashtra is likely to increase. Rainfall activity over western himalayan region likely to decrease.

Warning

Heavy to very heavy rainfall likely at a few places over west Madhya Pradesh, west Uttar Pradesh, Himachal Pradesh, Uttaranchal, Haryana including Chandigarh & Delhi and east Rajasthan. Isolated heavy rainfall also likely over West Bengal & Sikkim, Orissa, Punjab, Jammu & Kashmir, Konkan & Goa, coastal Karnataka and Kerala.

FOREX (As on 06th July 2005):

Foreign Currency	Rs. per unit
1 US \$	43.57
1 Euro	52.05
1 British £	76.67
100 Yen	39.08

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