

SUGAR, JAGGERY & CANE

1st August 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Surged Up Again Today
- NCDEX Sugar: Traded with Strong Sentiment Today
- NCDEX Gur: Up; Extended Previous Day's Gains

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

Candlesticks: The candlestick formation is showing a likely trend reversal pattern. The opening in the next day may be on the lower side.

MACD: The MACD (5-day) is lying bearishly below its EMA but its downward movement has flattened to some extent.

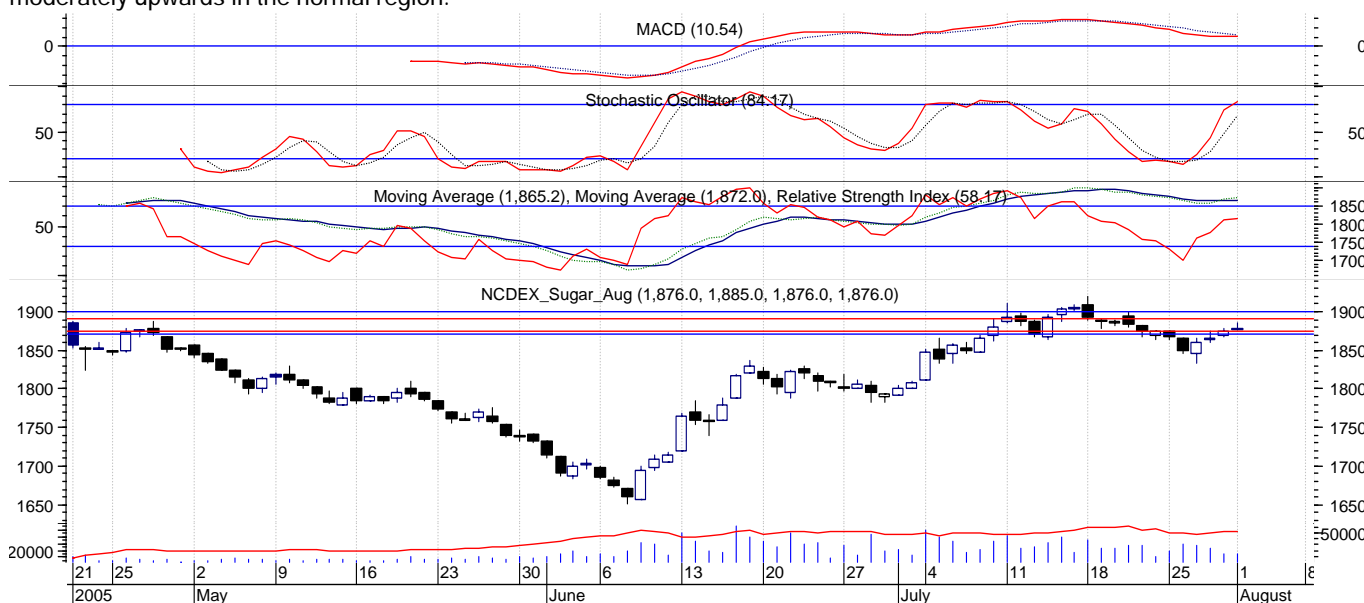
Stochastic: The %K-line is moving sharply upwards and it has entered the overbought region. However, the %D-line is still moving upwards in the normal region.

Relative Strength Index (RSI): The RSI (58.17) is moving moderately upwards in the normal region.

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

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

The first resistance is seen at 1892 mark and the second at 1900 mark. The first support is seen at 1875 mark and the second at 1870 mark.



Outlook:

Almost all the technical indicators except the candlestick are showing a bullish sentiment in the sugar futures market. As suggested by the candlestick the opening in the next day may be on the lower side of today's range. However, it is expected that the sugar futures will remain strongly bullish in the next day as supported by the strong fundamentals.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	1875	1870	1892	1900

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Daily)

Contract: AUGUST (Future)

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

MACD: The MACD (5-day) is lying bearishly below its EMA and both are moving downwards in the positive territory.

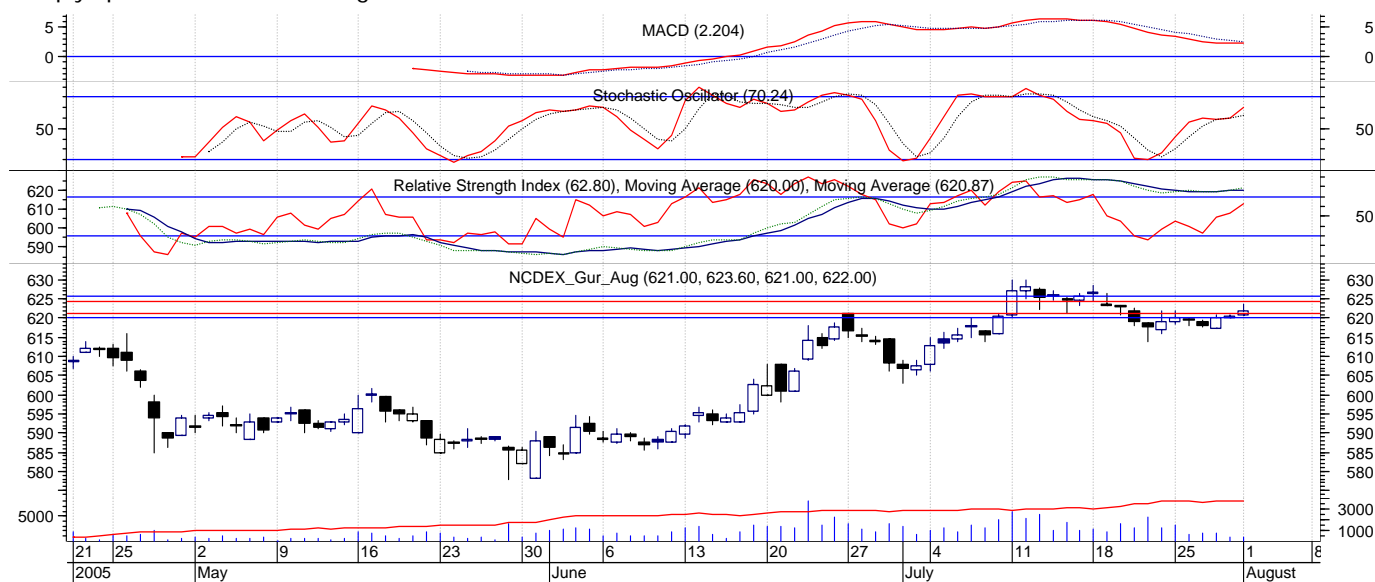
Stochastic: The %K-line is moving sharply upwards in the normal region, while the %D-line is also moving upwards in the normal region.

Relative Strength Index (RSI): The RSI (62.80) is moving sharply upwards in the normal region.

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

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

The first resistance is seen at 624.5 mark and the second at 625.7 mark. The first support is seen at 621 mark and the second at 620.1 mark.



Outlook:

The technical indicators are pointing towards a bullish sentiment in the gur 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 gur futures will remain strong in the next day.

Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	621	620.1	624.5	625.7

Market Commentary

Domestic:

Domestic Sugar Prices Surged Up Again Today

The domestic sugar prices jumped up today at the major sugar markets on strong fundamentals. Both the 'M' as well as the 'S' grade sugar was quoted much higher today as against Saturday.

The M grade sugar at the Delhi market traded with strong sentiment and quoted much higher at Rs 1860-1900 per quintal today as against Saturday. At the Kolkata market also sugar was available higher at Rs 1905-1910 per quintal today, while at the Muzaffarnagar market it was offered at a higher price of Rs 1870-1875 per quintal today as against Saturday. The trading activity at the Mumbai

sugar market came to a halt after heavy rain starts again today.

The S grade sugar at the Delhi market was available at a much higher price of Rs 1840-1870 per quintal today as against Saturday. At the Chennai market also sugar was quoted higher at Rs 1760-1765 per quintal today, while at the Kolkata market S grade sugar was offered higher at Rs 1860-1865 per quintal today as against Saturday.

The domestic sugar prices are expected to remain firm in the next day. Increased buying by the stockists amidst a poor supply at the spot markets was the main feature of sugar trade today. Moreover, the concern over continuous

rainfall in Mumbai and the likely damage of sugar stocks also pressurised the prices today. The domestic sugar traders are eyeing on the outcome of Tuesday's meeting of the Economic Coordination Committee of Pakistan Cabinet, as it is likely that the Pakistan government allows import of sugar from India.

NCDEX Sugar: Traded with Strong Sentiment Today

At the futures market the sugar futures remained strong today. The August sugar future at the NCDEX opened higher than Saturday's closing and set the day's high at 1885.00 at the early hours of trade. However, the August future tested the day's low again near to the close on late profit taking. The August sugar future hovered in the range of 1876.00-1885.00 today. The September sugar future also follow suit and moved in the range of 1894.00-1904.00 during today's trade. It is expected that the sugar futures

International:

NYBOT Sugar:

The New York Board of Trade (NYBOT) remained closed on Saturday and Sunday.

News Analysis:

FIEO Asked Pak to Lift Ban on Indian Sugar Import

The Federation of Indian Export Organisations (FIEO) has asked Pakistan to remove the current ban on import of raw sugar from India. The FIEO has also sought the most favoured nation (MFN) status on all imports from India. The FIEO has also welcomed Pakistan's decision to import various items from India. According to the President of FIEO, sugar is available at most competitive prices in India and could cater to the needs of Pakistan's demand of about 5 lakh tonnes in this financial year. The FIEO has also praised Pakistan's decision to upgrade international trade facilities available at the Wagah border. It has been reported that the import of Indian goods will help check the inflationary pressure in Pakistan's economy.

Pakistan may Allow Import of Indian Sugar

The Pakistan government is likely to allow import of raw sugar from India in a meeting of the Economic Coordination Committee of the Cabinet scheduled tomorrow. Pakistan has been importing sugar from various international markets since beginning of this year in order to meet the domestic supply shortfall as well as to check the surging sugar prices at the domestic markets. Recently the Trading Corporation of Pakistan (TCP) purchased 1 lakh ton of white sugar from an UAE based firm and likely to tender for another 50000 ton soon. However, it has not allowed the international suppliers to offer Indian sugar to date. At present the domestic sugar prices are hovering around Rs 27-28 per kg even after import of sugar at a sizeable quantity. It has been alleged that illegal hoarding of sugar has resulted in an artificial price hike at the domestic markets. According to the Pakistani traders after processing the raw sugar in Pakistani mills, Indian sugar can be made available at around Rs 22-24 per kg. Indian sugar traders are eyeing on Tuesday's meeting as in a similar situation a month ago Indian sugar prices jumped up in speculation of Pakistani import demand.

will remain strongly bullish in the next day as supported by the strong fundamentals.

NCDEX Gur: Up; Extended Previous Day's Gains

At the futures market, the gur futures remained strongly bullish today. The August gur future at the NCDEX opened higher than Saturday's close and remained highly bullish thereafter. The August future set the day's high at 623.60, more than 2 points higher than Saturday's high. Moreover, the day's low was also higher than Saturday's low. The August gur future at the NCDEX fluctuated in a much higher range of 621.00-623.60 during today's trade. It is expected that the gur futures will extend the strong sentiment in the next day.

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	01-Aug	29-July	28-July	27-July	26-July
LDP Raw FOB \$/MT	216.5	218	222.5	222	223.3
LDP Raw CIF \$/MT	261.5	273	270.5	277	278.3
LDP Raw CIF GBP/MT	148.2	155.8	158.2	159.5	160.3
LDP White FOB \$/MT	325	327	334	338.5	341.1
London Freight \$/MT	45	55	55	55	55
London Freight GBP/MT	25.5	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
01.08.05	1872	1870	1848	1860	NS	1830

NS: No Sale

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

Date	M 30	S 30	Mill Delivery	Khand
01.08.05	1860-1900	1840-1870	1720-1780	1695-1705

Jaggery at Spot Market

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

Date	Raskat	Chaku	Khurpa padh	Shakkar
01.08.05	476-492	610-632	Na	660-680

Na: Arrival finished

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

Date	Dahiya	Balti Sp	No One	Bariya Dara	Dara
01.08.05	1560-1580	Na	Na	Na	Na

Na: Arrival finished

Port Watch (As on 1st August 2005):

No latest vessel position is reported today.

Weather Forecast (As on 1st August 2005):

Forecast valid for next 72 hours

North: Rain/thundershowers likely at a few places in the region.

East: Rain/thundershowers likely at most places over East Madhya Pradesh; at many places over Orissa and Chhattisgarh and at isolated in the rest region. Increase in rainfall activity over Orissa after 3rd.

South: Rain/thundershowers likely at many places over Coastal Karnataka, Kerala and Andaman & Nicobar Islands; at a few places in the Telangana, interior Karnataka and at isolated in the rest region.

West: Rain/thundershowers likely at most places in Konkan & Goa, Madhya Maharashtra, Marathawada, Gujarat state and West Madhya Pradesh; at many places over Vidarbha and south Rajasthan and at a few places in the rest region.

Outlook for subsequent two days

Slight increase in rainfall activity over Northwest India. Subdued rainfall activity likely to continue over Bihar and Uttar Pradesh. Increase in rainfall over northeastern states.

Warning

Heavy to very heavy rainfall likely at a few places over Konkan & Goa, Madhya Maharashtra, Marathawada, Gujarat state and West Madhya Pradesh. Isolated heavy rainfall also likely over Coastal Karnataka, Vidarbha, South Rajasthan and East Madhya Pradesh.

FOREX (As on 1st August 2005):

Foreign Currency	Rs. per unit
1 US \$	43.45
1 Euro	52.87
1 British £	76.48
100 Yen	38.70

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