

SUGAR, JAGGERY & CANE

2nd-8th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Steady in This Week
- NCDEX Sugar: Traded Bearishly in This Week
- NCDEX Gur: Traded Range Bound with Bearish Undertone
- NYBOT Sugar: Witnessed New Highs in This Week

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: AUGUST (Future)

Candlesticks: The candlestick formation is showing a bearish sentiment in the sugar futures market.

MACD: The MACD (5-day) is lying bearishly below its EMA.

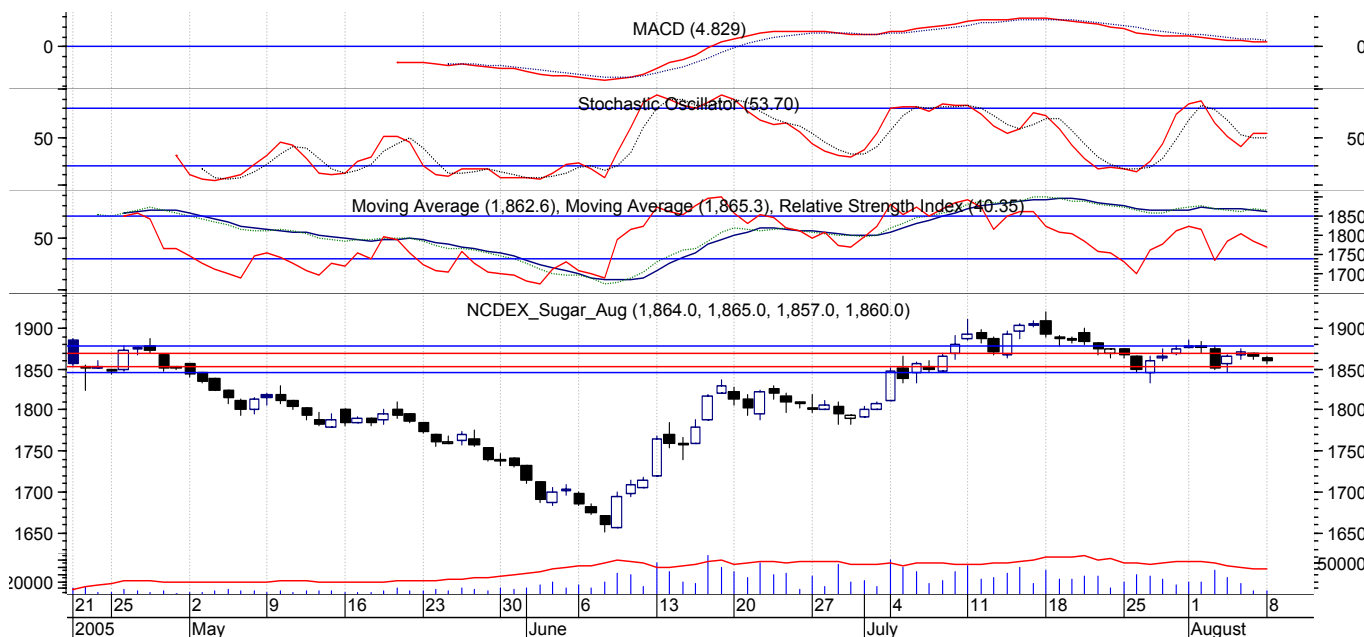
Stochastic: The %K-line has started moving downwards in the normal region, while the %D-line is still moving upwards in the normal region.

Relative Strength Index (RSI): The RSI (40.35) is moving downwards in the normal region.

Moving Averages (MA): The 3-day MA after cutting the 5-day MA from below has started moving downwards, while the 5-day MA is also moving downwards almost parallel to the 3-day MA.

The open interest is on an average steady while the volume of trade has declined significantly, indicating a poor support from the market.

The first resistance is seen at 1870 mark and the second at 1879 mark. The first support is seen at 1853 mark and the second at 1846 mark.



Outlook:

Almost all the technical indicators are showing the bearishness in the sugar futures market. The sugar futures are expected to remain bearish in the coming couple of days. However, a slight recovery is likely in the near future.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	1853	1846	1870	1879

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: AUGUST (Future)

Candlesticks: The candlestick formation is showing a weak sentiment in the gur futures market.

MACD: The MACD (5-day) after cutting its EMA from above moving downwards, while the EMA is moving flat.

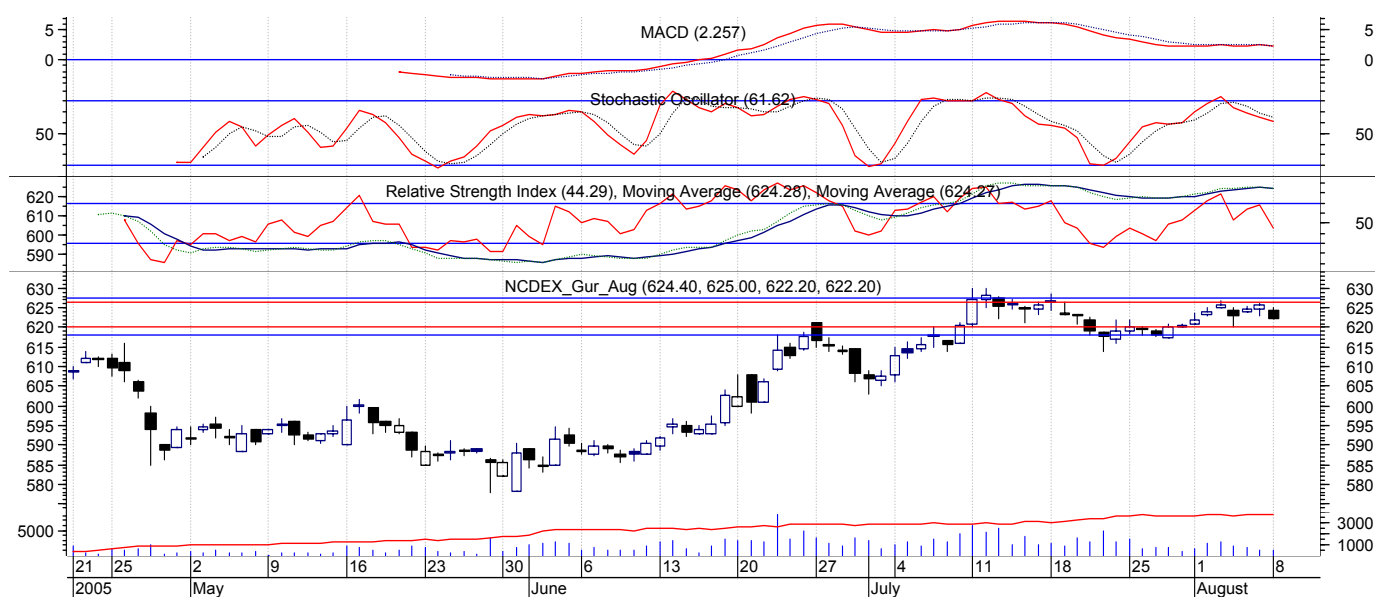
Stochastic: The %K-line along with the %D-line moving downwards in the normal region.

Relative Strength Index (RSI): The RSI (44.29) is moving sharply downwards in the normal region.

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

The open interest is almost steady while the volume of trade is poor.

The first resistance is seen at 626.3 mark and the second at 627.6 mark. The first support is seen at 620.2 mark and the second at 618.1 mark.



Outlook:

The technical indicators are pointing towards a weak sentiment in the gur futures market. It is expected that the gur futures will undergo a range bound trade with a bearish undertone in the coming days.

Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	620.2	618.1	626.3	627.6

Market Commentary

Domestic:

Domestic Sugar Prices Remained Steady in This Week

The domestic sugar prices remained almost steady for the last seven days. The 'M' grade as well as the 'S' grade sugar was quoted steady in the week under review.

The M grade sugar at the Delhi market was quoted at Rs 1860-1900 per quintal in this week. At the Kolkata market it was offered at Rs 1905-1920 per quintal, while at the Muzaffarnagar market it was available at Rs 1860-1875 per quintal in this week.

The S grade sugar at the Delhi market was traded in the range of 1840-1875 per quintal in this week. At the Chennai market it was quoted at Rs 1750-1765 per quintal, while at

the Kolkata market it was offered at Rs 1860-1870 per quintal in this week. At the Vashi market S grade sugar crossed Rs 2000 per quintal mark after continuous rainfall hampered the usual trading activity and damaged the sugar stocks. However, the prices went down sharply thereafter to Rs 1900-1925 per quintal as the supply situation improved over the days.

The domestic sugar prices in the coming days are expected to remain steady. The sugar prices in the last couple of days have witnessed a slight downtrend, as the demand situation is weaker at present. Moreover, the market stock position is good enough. The supply situation in Mumbai markets is fast improving and consequently the prices have

witnessed a sharp decline there for the last few days. It is likely that the sugar prices to go up as the demand improves in the coming festive season.

NCDEX Sugar: Traded Bearishly in This Week

At the futures market, the sugar futures remained on an average weak in this week under review. The sugar futures went down sharply after the Government released an additional 1-lakh tonne sugar quota for the month of August. However, the futures retrace back to some extent on a poor supply from Maharashtra and fear of significant damage to sugar stock after the heavy rainfalls. Moreover, the Pakistan government allowed import of sugar from India, which have supported the futures prices. However, the sugar futures witnessed continuous downtrend for the last couple of days as the sellers dominated amidst thin volume trade. The August sugar future at the NCDEX

International:

NYBOT Sugar: Witnessed New Highs in This Week

The New York Board of Trade (NYBOT) world raw sugar futures surged up in the week under review. The October future crossed 10 cents per pound mark, its highest level since 2001 on fund and trade buying on Tuesday. The October future was setting fresh contract high each day after Tuesday when it reached 10.10 cents per pound, then 10.24 cents per pound on Wednesday and 10.35 cents per pound on Thursday. However, the October future went down from its highs on profit taking on Thursday. The NYBOT October future finished lower 14 points at 10.08 cents per pound, while the March future settled down 10 points at 10.17 cents per pound on Friday. The total open

News Analysis:

Pakistan to Issue Tender; Allowed Indian Sugar

The Pakistan government has decided to import an additional 50000 tons of refined sugar through the Trading Corporation of Pakistan (TCP) in order to enhance the domestic sugar supplies. However, the details of the tender would be available tomorrow. It has been reported that sugar of Indian origin will be allowed under the tender. Earlier today, the Pakistan government decided to allow import of sugar from India with immediate effect in order to stabilize the domestic sugar prices. The decision was taken at the meeting of the Economic Coordination Committee (ECC) of the Pakistan cabinet. It has been reported that there is no quota on the amount of sugar that can be imported from India. Earlier in mid-July, the TCP awarded 1 lakh ton sugar import tender to an UAE based firm at \$366 per ton.

Government Released 1 Lakh Tonne Additional Sugar

The Government today released an additional quota of 1 lakh tonne of sugar for indigenous free sale for the month of August. Earlier the government released a total of 13.16 lakh tonnes of sugar for the month of August consisting 11 lakh tonnes of free sale sugar and 2.16 lakh tonnes of sugar as levy quota. However, with the present release of an additional 1 lakh tonne of sugar for the month, the total availability of sugar for domestic consumption for August would be 14.16 lakh tonnes. It has been reported that with enough stocks in hand, the Government would not hesitate in releasing further quantities in case requirement so dictates.

Source: PIB

traded in the range of 1857.00-1865.00 during today's trade. It is expected that the sugar futures will remain bearish for the next couple of days. However, it is likely to recover, as the demand is likely to go up in the coming days.

NCDEX Gur: Traded Range Bound with Bearish Undertone

At the futures market, the gur futures remained range bound in this week under review. The August future at the NCDEX declined sharply on Thursday to cut back most of the earlier gains. However, the futures remained range bound thereafter. The fresh supply is likely to hit the market from the coming month. Today, the August gur future at the NCDEX traded in the range of 622.20-625.00. It is expected that the gur futures will remain range bound with a bearish undertone in the coming days.

interest has gone up to a record level of 479617 lots through Thursday's close. Though the funds continued to buy on Friday, but it was not in a volume comparable with the last few days. The trade and locals sold near to the close. The sugar market had been moderately softer from around the mid-session on profit taking. The demand for sugar, which was the main underlying support in the market, has not followed up at these levels. The recent surge in the sugar futures through the 10 cents per pound level was mainly driven by the funds. However, the market sentiment in Friday was quieter than the last few days. It is expected that the market may retrace back following a short correction if the demand shows up in the coming weeks.

Kharif Sugarcane Acreage Up 10.18 Percent on Year

The Kharif 2005-06 crop acreage shortfall is fast making up and for sugarcane acreage is higher than the last year figure. According to the data released by the Ministry of Agriculture, the kharif 2005-06 sugarcane acreage as on 1st August stands at 41.34 lakh hectares, sharply up from 37.52 lakh hectares last year. This is an increase of 10.18 percent on year. It is expected that the final acreage figure will be much higher this crop season than in the last season.

IOC Signs Agreement with ISMA for Ethanol Supply

The Indian Oil Corporation Limited (IOC) has signed an agreement with the Indian Sugar Mills Association (ISMA) on Thursday for sustained supplies of ethanol for blending it with petrol. It has been reported that under the agreement the IOC has agreed to buy 4.34 lakh kilolitres of ethanol from ISMA at a rate of Rs 19 per litre. Out of the total quantity to be bought, 74000 kilolitres is being contracted for Uttar Pradesh initially. It has been also reported that tenders are to be invited for ethanol supplies in Haryana and Punjab soon. According to the Union Petroleum Minister, the assurance of ethanol supplies at competitive rates would ensure sustainability of the ethanol-blending programme. India had introduced the programme three years back, but due to inadequate supplies and pricing policies the programme failed to produce desired results so far. After the new agreement the ISMA members would have to consign a fixed amount of ethanol for blending with petrol.

GSA Sought Inclusion of Sugar in Doha Round

The Global Alliance for Sugar Trade Reform and Liberalisation is working for the inclusion of sugar in the Doha Round of agricultural negotiations. A delegation from the alliance has met the Indian ministers and senior officials in the ministries of finance, petroleum, agriculture and commerce seeking support for this matter. The Global alliance has also submitted a memorandum to the Indian Commerce Minister in this connection. According to the alliance, the inclusion of sugar in the Doha round will lead to reform the domestic sugar industries particularly in the developed economies, reducing the distortions of their sugar subsidies on the world market. It is also expected that this may increase world demand and market opportunities for cane sugar producers. According to the director general of Indian Sugar Mills Association, sugar has been sidelined by USA, EU and Japan, as a sensitive product in trade negotiations. According to him, India would benefit from the improved world sugar trade environment. The export opportunities will increase for the domestic sugar industry with less subsidised sugar on the world market and also increase the profits of producers. The Global Sugar Alliance (GSA) members include Australia, Brazil, Canada, Chile, Columbia, Guatemala, Honduras, India, South Africa and Thailand. The member countries of the Global alliance together represent 85 per cent of world's sugar exports.

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	08-Aug	05-Aug	04-Aug	03-Aug	02-Aug
LDP Raw FOB \$/MT	2206	224.9	225.5	226	220.7
LDP Raw CIF \$/MT	265	269.9	270.5	271	265.7
LDP Raw CIF GBP/MT	148.4	152	152.3	152.3	150.1
LDP White FOB \$/MT	326.1	336.5	331.9	334.5	329.5
London Freight \$/MT	45	45	45	45	45
London Freight GBP/MT	25.5	25.5	25.5	25.5	25.5

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)

Particulars	08 - Aug	06 - Aug	05 - Aug	04 - Aug	03 - Aug	02 - Aug
Shyamli	1865	1862	1870	NS	1872	1872
Khatauli	1865	1870	1862	1855	1860	1860
Morna	1840	1850	1850	NS	1848	1848
Deoband	1855	1850	1848	1847	1850	1850
Titawi	1850	NS	NS	NS	1855	1855
Nanoata	1830	1828	1824	1815	1830	1830

NS: No Sale

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

Particulars	08 - Aug	06 - Aug	05 - Aug	04 - Aug	03 - Aug	02 - Aug
M 30	1860-1890	1865-1895	1865-1895	1860-1890	1850-1890	1860-1900
S 30	1840-1870	1845-1875	1845-1875	1840-1870	1830-1865	1840-1870
Mill Delivery	1715-1775	1725-1780	1725-1780	1720-1780	1715-1775	1720-1780
Khand	1680-1700	1685-1700	1685-1700	1690-1700	1690-1700	1695-1705

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

Particulars	08 - Aug	06 - Aug	05 - Aug	04 - Aug	03 - Aug	02 - Aug
Raskat Cold	480-500	475-495	480-500	478-500	470-490	470-490
Chaku Cold	615-633	610-630	610-635	612-630	610-630	610-630
Shakkar Cold	700-750	700-730	700-730	680-740	660-680	660-680

Cold: Cold Storage

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

Particulars	08 - Aug	06 - Aug	05 - Aug	04 - Aug	03 - Aug	02 - Aug
Dahiya	1600-1650	1600-1650	1600-1650	1600-1650	1600-1650	1560-1580

Port Watch (As on 8th August 2005):

Tuticorin Port is receiving 44,000 MT of raw sugar from the vessel 'Maroudio'. The vessel is being handled by St. John agents.

Weather Forecast: (As on 7th August 2005)**ALL INDIA WEATHER FORECAST****Monsoon Outlook**

Yesterday's low-pressure area over Jharkhand has weakened and now lies as an upper air cyclonic circulation over Bangladesh and adjoining NE states. The monsoon trough has moved to the north of its normal position temporarily and hence rainfall is likely to continue over Uttaranchal, Himachal Pradesh and J & K for next 1-2 days. The trough in mid-latitude westerlies that lies around 80°E longitude is likely to move north-north-eastwards. Hence, rainfall activity is expected to recede from plains of Punjab, Haryana and west Uttar Pradesh. Scattered to fairly widespread rainfall is likely over West Bengal, Sikkim, Orissa, Chhattisgarh, East Madhya Pradesh and parts of

Jharkhand and Vidarbha during next 2-3 days. Subsequently, the upper air cyclonic circulation is getting organized in to a well-marked low-pressure area around 10th August 2005. Under its influence, the rainfall activity over Orissa, Chhattisgarh, East Madhya Pradesh and parts of Jharkhand and Vidarbha is expected to enhance beginning from 10th August 2005 onwards. The off-shore trough now runs from south Konkan to north Kerala coast and is likely to cause moderate rainfall with isolated heavy falls over Konkan & Goa and coastal Karnataka during next 4-5 days.

NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

Scattered rainfall is likely over the region during next 24 hours. Subsequently, rainfall activity is likely to recede from the plains of north and northwest India. However, fairly widespread activity is expected over J & K, Himachal Pradesh and Uttaranchal for next 48 hours.

EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]

Orissa, parts of Jharkhand and NE states are likely to receive fairly widespread to widespread rains with isolated heavy falls during next 2-3 days. Subsequently, activity over NE states is likely to reduce. Isolated to scattered rainfall activity is likely over rest of the regions during this period.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Chattisgarh, Madhya Pradesh and Vidarbha are likely to receive scattered to fairly widespread rains during next 4-5 days.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]

Karnataka, north Kerala, are likely to receive fairly widespread rainfall activity during next 2-3 days with isolated heavy falls in Coastal regions of Karnataka and Kerala. Rest areas of the region are likely to receive isolated to scattered rains during this period.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]

Konkan & Goa and parts of north Maharashtra may receive fairly widespread rains with isolated heavy falls in Konkan & Goa during this period. Rest areas of the region are likely to receive isolated to scattered rains during this period.

FOREX (As on 8th August 2005):

Foreign Currency	Rs. per unit
1 US \$	43.55
1 Euro	53.70
1 British £	77.29
100 Yen	38.75

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