

SUGAR, JAGGERY & CANE

9th-15th August 2005

MAJOR ACTIVITY HIGHLIGHTS

- Sugar Prices Remained Mostly Steady in this Week
- NCDEX Sugar: Remained Bearish Amidst Thin Trade
- NCDEX Gur: Down; August Tested 5-Week Low
- NYBOT Sugar Went Down below 10 Cents in This Week

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: AUGUST (Future)

Candlesticks: The candlestick formation is indicating towards bearish sentiment.

MACD: The MACD (5-day) is lying bearishly below its EMA and it has entered the negative territory.

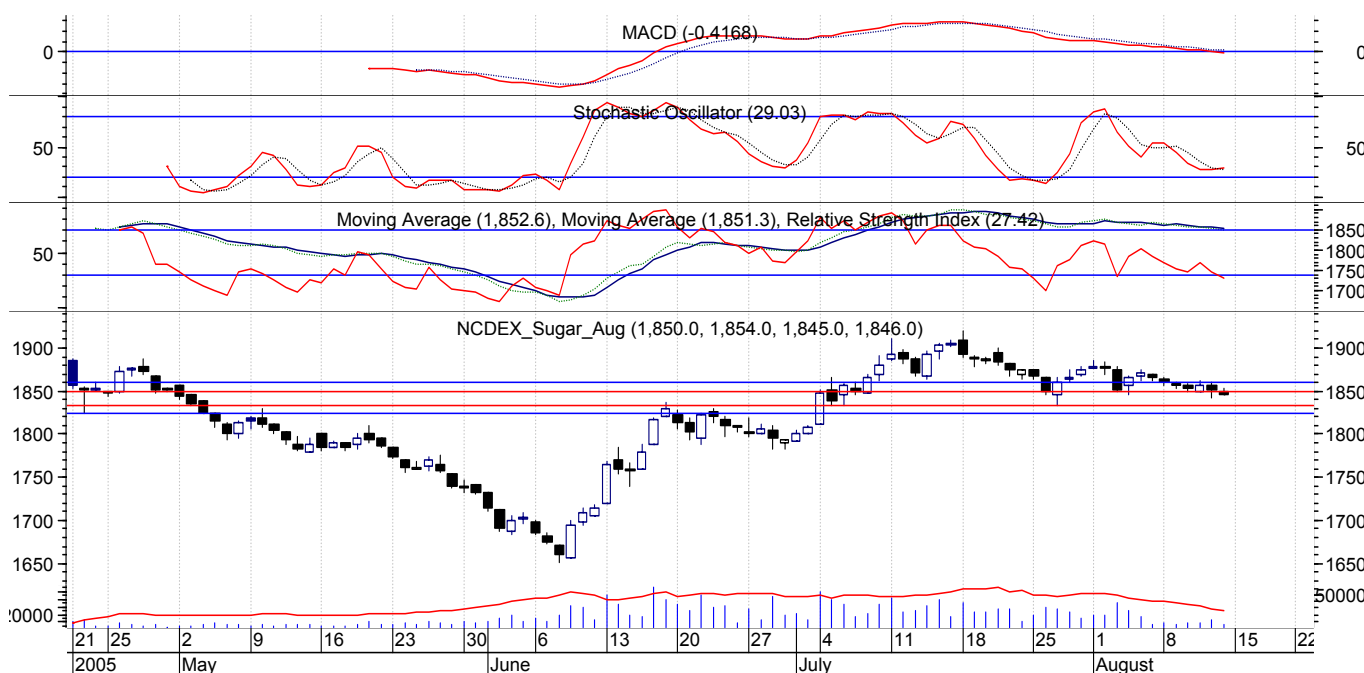
Stochastic: The %K-line after cutting the %D-line from below moving upwards in the normal region.

Relative Strength Index (RSI): The RSI (27.42) is moving downwards in the oversold 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 as well as the volume of trade has declined continuously, indicating a poor support from the market.

The first resistance is seen at 1849 mark and the second at 1859 mark. The first support is seen at 1833 mark and the second at 1825 mark.



Outlook:

The technical indicators are showing the bearishness in the sugar futures market. It is expected that the sugar futures will remain weak for the first couple of days in the coming week. 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	1833	1825	1849	1859

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: AUGUST (Future)

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

MACD: The MACD (5-day) is lying below its EMA, while both are moving downwards.

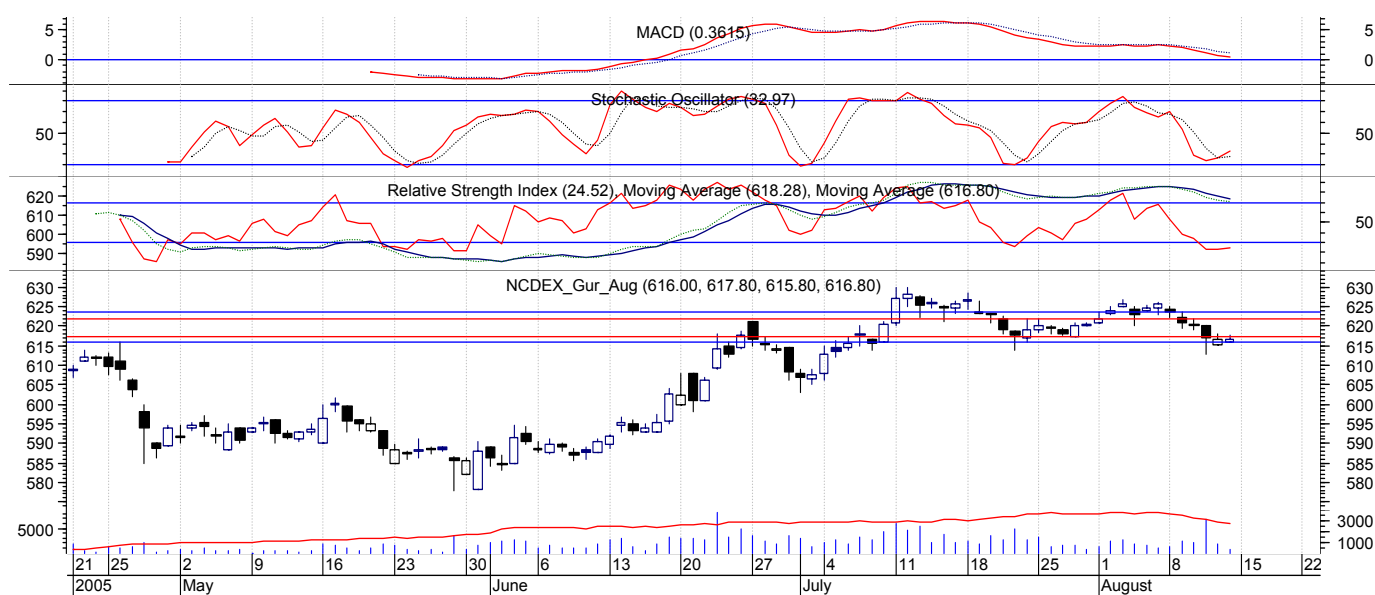
Stochastic: The %K-line after cutting the %D-line from below moving upwards in the normal region. The %D-line has also started moving upwards.

Relative Strength Index (RSI): The RSI (24.52) has started moving upwards in the oversold region.

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

The open interest has declined continuously in this week, while the volume of trade was at the lower side except on Thursday.

The first resistance is seen at 622 mark and the second at 623.6 mark. The first support is seen at 617.4 mark and the second at 616 mark.



Outlook:

Almost all the technical indicators are showing a moderately strong sentiment in the gur futures market. It is expected that the gur futures will remain moderately strong in the coming days.

Support and Resistance Levels:

Contract	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	617.4	616	622	623.6

Market Commentary

Domestic:

Sugar Prices Remained Mostly Steady in this Week

The domestic sugar prices remained on an average steady in a lower range in this week under review. Both the 'M' grade and 'S' grade sugar was quoted marginally lower in this week as against the last week.

The M grade sugar at the Delhi market was offered at Rs 1840-1885 per quintal in this week. At the Kolkata market it was quoted at Rs 1905-1915 per quintal, while at the Muzaffarnagar market it was available at Rs 1865-1875 per quintal in this week.

The S grade sugar at the Delhi market was quoted at Rs 1710-1770 per quintal in this week. At the Chennai market it was offered at Rs 1755-1765 per quintal, while at the

Kolkata market it was available at Rs 1865-1870 per quintal in this week. At the Vashi market S grade sugar was quoted at Rs 1885-1915 per quintal in this week.

The domestic sugar prices in the coming days are expected to continue the steady trend. The sugar prices in this week hovered within a marginally lower range as against last week but remained steady within the week under review. The volume of trade at the spot market remained thin amidst poor demand in this week. The market is having a good stock position and the supply situation in Maharashtra is quite stable in this week. The exports of sugar to Pakistan has not been materialised so far and the Government is likely to issue a notification on release of sugar for exports to Pakistan in the coming week. Traders

are expecting that the sugar prices may witness some uptrend, as the demand is likely to catch up before the coming festive season.

NCDEX Sugar: Remained Bearish Amidst Thin Trade

At the futures market, the sugar futures witnessed a bearish sentiment in this week under review. Low volume trade at the futures market coupled with increased selling activity pressurised the prices throughout the week. The August sugar future at the NCDEX extended previous week's bearishness in this week and remained mostly weak for the first few days. The August sugar future curbed the earlier losses on Thursday as buyers came back into action at the lower price. However, the August future failed to extend the advances further and slid to week low on Friday. The August sugar future at the NCDEX hovered in the range of 1845.00-1854.00 on Saturday amidst a low volume trade. The volume of trade was at their lowest level since May last and the open interest also declined continuously throughout the week. It is expected that the sugar futures will

International:

NYBOT Sugar Went Down below 10 Cents in This Week

The New York Board of Trade (NYBOT) world raw sugar future went down through 10.00 cents per pound level in the week under review. The October future started the week with slight gain but went down sharply on Tuesday on liquidation by large speculators, who had been holding a huge net long position. Much of the activity was related to rolling forward of positions in the week. Rolling occurred in a heavy volume from October to March or May with much concentration on March. Some producers selling were also reported but that too in a light volume. The total open interest also declined through Tuesday's close after continuously setting new record level for the first couple of days. However, the October future wiped away some of the losses in last two trading days of the week under review.

News Analysis:

AP Govt to Release Rs17.5 Crore for Sugar Factories

The State Government of Andhra Pradesh has directed the State Finance department to release Rs 17.5 crore in order to revitalize the ailing sugar factories in the state. The Chief Minister of the state has reviewed the financial condition of cooperative sugar factories and directed the concerned authority to release the amount to revive Kadapa, Kovur, Nizamabad and other factories.

PSMA Criticised Sugar Import from India

According to the spokesman of the Pakistan Sugar Mills Association (PSMA), the government's decision to allow duty free import of sugar from India has benefited the Indian sugar industry and Indian farmers. It has been reported that wrong policies would intune convert Pakistan into a consumer state ultimately. According to the spokesman, India was facing a shortage of one million tons of sugar against half a million shortage in Pakistan.

Mawana Sugar to Invest Rs 535 Crore on Expansion

The Mawana sugar is likely to invest Rs 535 crore over the next two years for setting up new sugar mills, co-generation and distillery plants, and expansion of capacity of existing units. The company's total cane crushing capacity is expected to increase to 31000 tonnes per day (TCD) from the present level of 17000 TCD after these investments. The company plans to set up a new 5000 TCD capacity sugar unit in western Uttar Pradesh and already in the process of setting up a new 5000 TCD sugar mill near

remain bearish in the coming days on weak fundamentals. However, the sugar futures may witness some uptrend if the demand peaks up before the coming festival season.

NCDEX Gur: Down; August Tested 5-Week Low

At the futures market, the gur futures tested five-week lows in this week under review. The August gur future at the NCDEX failed to extend previous week's advances and traded bearishly for the first few days of the week on profit taking. The August gur futures declined continuously from the beginning of the week and went down to test a five-week low on Thursday as speculators sold heavily. However, the gur futures traded with a moderately bullish sentiment for the last couple of days on increased buying at the lower levels. The August gur future at the NCDEX traded in the range of 615.80-617.80 on Saturday. The open interest has declined continuously throughout the week, while the volume of trade was also at the lower side except on Thursday. It is expected that the gur futures will remain moderately strong in the coming days.

The world raw sugar futures settled slightly higher on Friday with much concentration on the spreads as market participants rolled forward out of the October futures. The NYBOT October future finished 2 points higher at 9.87 cents per pound, while the March future settled up 8 points at 10.15 cents per pound. The volume of trade was also lower on Friday as the market has been on retracement mode since the October future went down from a contract high of 10.35 cents per pound in the last week. There was some buying when the future was at the lower end, while some selling occurred when the October future got up around 9.90 cents per pound. It is expected that the world raw sugar futures may witness some upward movement following the correction if demand went up in the coming days.

Meerut in western Uttar Pradesh, the first phase of which would be over by November 2005. The company plans to expand the existing plants at Mawana and Titawi and the new unit (under construction) with an investment of Rs 175 crore by 2007. The company also plans to set up a 30 MW co-generation plant and an ethanol distillery that would produce 120-kilo litre per day.

CCEA Hikes SMP of 2005-06 Sugarcane

The Cabinet Committee of Economic Affairs (CCEA) has fixed the statutory minimum price (SMP) for sugarcane at Rs 79.50 per quintal at 9 percent recovery of sugar for the coming sugar season of October 2005 to September 2006. It has been reported that for every additional 0.1 percentage point recovery farmers would get a premium of 88 paise. The SMP of sugarcane for the present crop season was fixed at Rs 74.50 for 8.5 percent recovery. The CCEA has fixed the SMP of sugarcane based on the recommendation of the Commission for Agricultural Costs and Prices (CACP).

USDA Projects Lower U.S. Sugar Supplies in 2005-06

According to the latest USDA World Agricultural Outlook Board's estimates, the U.S. sugar supply for 2005-06 is projected to decline by 119,000 short tons, raw value, from last month, due to lower beginning stocks and production more than offsetting a 70,000-ton increase in imports due to U.S.-Dominican Republic- Central America Free Trade Agreement (DR-CAFTA). Beet sugar production is reduced

by 161,000 tons, based on processors' reports compiled by the Farm Service Agency. Use is unchanged and ending stocks are lowered to 785,000 tons. For 2004-05, ending stocks are reduced 28,000 tons, mainly due to Louisiana processors lowering production projections for September 2005 (down 53,000 tons), which are partially offset by a 40,000- ton increase in high-tier imports from Mexico.

More Sugar Imports Allowed by USDA in FY 2005

The United States Department of Agriculture (USDA) announced yesterday that it will allow more foreign sugar imports in the remaining few weeks of the current fiscal year 2005 due to lower sugar supplies in the U.S. The USDA reported that in order to deal with the sugar shortage in the current sugar marketing year, it would increase the amount of beet and cane sugar that can be sold on the domestic U.S. market by 250,000 short tons (raw value). Out of the 250,000 short tons, 114,125 will be cane sugar that must be imported and for beet sugar, an additional 135,875 short tons will be allowed on to the market. Every year USDA sets an overall allotment quantity which controls how much domestic cane and beet sugar can be sold on the domestic market. That quantity was set at 8.1 million short tons for fiscal year 2005, but is now raised to 8.35 million. Consequent upon the strong demand, USDA will set the overall allotment quantity at 8.6 million short tons for FY 2006.

U.S. Sugar Supply and Use (As on 12.08.2005)

(1000 Short Tons, Raw Value)

Items	2003-04	2004-05	2005-06 Projections	
			July	August
Beginning stocks	1,670	1,897	1,476	1,448
Production	8,649	8,052	8,152	7,991
Imports	1,754	1,769	1,591	1,661
Supply, total	12,073	11,718	11,219	11,100
Exports	288	240	200	200
Deliveries	9,862	10,030	10,115	10,115
Miscellaneous	26	0	0	0
Use, total	10,176	10,270	10,315	10,315
Ending stocks	1,897	1,448	904	785

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	15-Aug	12-Aug	11-Aug	10-Aug	09-Aug
LDP Raw FOB \$/MT	220.9	218.3	217.8	217.6	223.8
LDP Raw CIF \$/MT	268.9	266.3	262.8	262.6	268.8
LDP Raw CIF GBP/MT	148.6	146.8	145.9	146.4	150.8
LDP White FOB \$/MT	324.5	324.5	323	325	328.8
London Freight \$/MT	48	48	45	45	45
London Freight GBP/MT	26.5	26.5	25	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	15-Aug	13-Aug	12-Aug	11-Aug	10-Aug	09-Aug
Shyamli	MC	1870	1867	1857	1860	1862
Khatauli	MC	1860	1862	1860	1860	1860
Morna	MC	1835	1835	1835	1835	1835
Deoband	MC	1850	1852	1850	1850	1850
Titawi	MC	1852	1855	1855	1855	1855
Nanoata	MC	1815	1815	1815	1815	1815

MC: Market Closed

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

Particulars	15 - Aug	13 - Aug	12 - Aug	11 - Aug	10 - Aug	09 - Aug
M 30	MC	1840-1875	1845-1880	1845-1880	1845-1880	1855-1885
S 30	MC	1830-1865	1830-1870	1830-1870	1830-1870	1835-1870
Mill Delivery	MC	1705-1770	1710-1770	1710-1770	1710-1770	1715-1770
Khand	MC	1680-1700	1680-1700	1680-1700	1680-1700	1680-1700

MC: Market Closed

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

Particulars	15 - Aug	13 - Aug	12 - Aug	11 - Aug	10 - Aug	09 - Aug
Raskat Cold	MC	470-495	470-490	480-490	480-495	480-500
Chaku Cold	MC	605-625	605-625	615-630	615-632	620-635
Shakkar Cold	MC	670-700	680-700	680-725	680-725	680-740

Cold: Cold Storage; MC: Market Closed

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

Particulars	15 - Aug	13 - Aug	12 - Aug	11 - Aug	10 - Aug	09 - Aug
Dahiya	MC	1625-1675	1600-1650	1600-1650	1600-1650	1600-1650

MC: Market Closed

Port Watch (As on 12th 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 14th August 2005)**ALL INDIA WEATHER FORECAST****Monsoon Outlook**

Yesterday's upper air cyclonic circulation over North Bay of Bengal persists over the same region. This is likely to descend down and concentrate into a low-pressure area within next 48 hours leading to revival of Monsoon. Under its influence, the rainfall activity over many parts of east and Central India viz., Orissa, Jharkhand, East Madhya

Pradesh and Chhattisgarh may increase within next 48 hours. After the formation of a low-pressure area, the eastern end of the monsoon trough is likely to shift southward into the head Bay of Bengal. This situation may be helpful for penetration of monsoon easterlies into the plains of North India.

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

Isolated rains are taking place over this region. With the possible revival of monsoon and setting up of easterlies over the region, the rainfall activity may increase over the region during next 2-3 days.

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

Scattered to fairly widespread rains with isolated heavy falls are likely over NE States and adjoining Sub-Himalayan West Bengal during 48 hours. Subsequently, the rainfall activity over Orissa, West Bengal and Jharkhand is likely to increase whereas the activity over NE States & Sub-Himalayan West Bengal may decrease.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Chattisgarh, Madhya Pradesh and Vidarbha are likely to receive isolated to scattered rains in next 48 Hrs. Subsequently, rainfall activity is likely to increase to fairly wide spread especially over Chattisgarh and East MP.

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

Scattered rainfall is likely over the region except over Tamilnadu where it is likely to be isolated during next 3-4 days.

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

Rainfall over Konkan & Goa, Madhya Maharashtra and Gujarat may increase after the revival of monsoon flow. East Rajasthan and west Rajasthan may receive isolated to scattered rainfall during next 4-5 days.

FOREX (As on 13th August 2005):

Foreign Currency	Rs. per unit
1 US \$	43.59
1 Euro	54.23
1 British £	79.11
100 Yen	39.85

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