

SUGAR, JAGGERY & CANE

6th-12th September 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Recovered Slightly in this Week
- NCDEX Sugar: Retraced Back from 12-Week Lows
- NCDEX Gur: Remained Highly Bullish in this Week

Technical Analysis

Commodity: Sugar Grade M
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: SEPTEMBER (Future)

The candlestick formation is pointing towards a range bound bullish pattern. The %K-line after cutting the %D-line from below, moving upwards in the normal region. The RSI is also moving upwards in the normal region. The MACD is still showing weakness in the market. The volume of trade as well as the open interest remained on the lower side in this week.



Outlook:

The technical indicators are showing a range bound trade with a bullish undertone in the coming days.

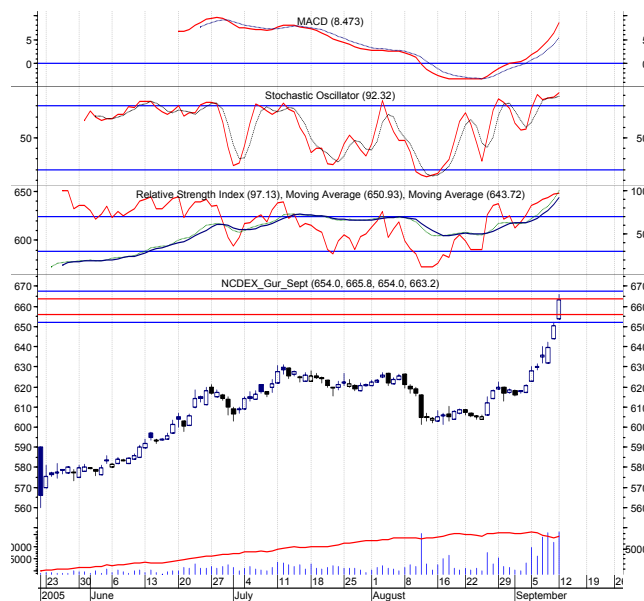
Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
September	1809	1803	1825	1831

Technical Analysis

Commodity: Gur (Jaggery)
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: SEPTEMBER (Future)

The candlestick formation is showing a highly bullish sentiment in the gur futures market. The %K-line is moving upwards in the overbought region, indicating possibility of a downward correction. The RSI is also in the overbought region, indicating further upside movement. The MACD is also supporting the strength. The open interest as well as the volume of trade has increased significantly.



Outlook:

The technical indicators are showing a bullish sentiment in the coming 1-2 days, but a downward technical correction is expected in the mid-week.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
September	655.8	652.0	663.5	667.6

Market Commentary

Domestic:

Domestic Sugar Prices Recovered Slightly in this Week

The domestic sugar prices remained weak for the first few days of this week but recovered slightly on higher demand in the later half. Both the 'M' grade as well as the 'S' grade sugar was quoted range bound in this week as against the last week.

The M grade sugar at the Delhi market was traded in the range of Rs 1820-1875 per quintal in this week. At the Kolkata market it was quoted in the range of Rs 1890-1905 per quintal, while at the Muzaffarnagar market it was available at Rs 1815-1835 per quintal in this week.

The S grade sugar at the Delhi market was offered in the range of Rs 1805-1865 per quintal in this week. At the Chennai market it was traded between Rs 1715-1730 per quintal, while at the Kolkata market it was quoted at Rs 1845-1855 per quintal in this week. At the Vashi market it was available in the range of Rs 1815-1845 per quintal in this week as against the last week.

The sugar prices at the domestic markets are likely to remain range bound with a moderate uptrend in the coming week. The domestic sugar prices remained mostly weak in the first half of the week under review on lower demand, but recovered slightly on higher demand during the weekend amidst thin trade. The government has amended the raw sugar import norms and banned raw sugar importers from selling the refined sugar in domestic markets. Under such circumstances the sugar prices are seen firm in the coming days.

News Analysis:

Kharif Sugarcane Acreage Up 10.32 Percent on Year

The kharif 2005-06 sowing is almost over and nearing a normal year production. The kharif sugarcane acreage stands at 41.37 lakh hectares so far as against 37.50 lakh hectares last year. The kharif 2005-06 sugarcane acreage has gone up by 10.32 percent on year consequent upon higher purchasing prices announced by several state governments as well as higher statutory minimum prices set by the cabinet. The normal area under kharif sugarcane is 43 lakh hectares. Shortfalls were recorded in Karnataka on heavy rainfalls.

Raw Sugar Imports Likely to Boost Up in India

Raw sugar imports are likely to continue from this October irrespective of expectation of 40 percent rise in production. According to Cris Infac raw sugar imports could be 15 lakh tonnes of white sugar to meet the supply demand gap. It is expected that production may rise to 175 lakh tonnes but may fall short as demand is expected to be about 192 lakh tonnes for 2005-06 marketing year. Thus leading to increased imports. According to Cris infac prices are expected to remain between a range of Rs.1700 to Rs 1800 per quintal during the next 18 months. For 2006-07 marketing year forecast is that sugar production may go upto 197 lakh tonnes and demand upto 199 lakh tonnes. According to the Agriculture Ministry area under sugarcane has increased to 41.37 lakh hectares during Kharif crop season from 37.5 lakh hectares last year. The per capita consumption for sweetener is expected to rise from 25.1 kg from 2003-04 marketing year to 25.5 kg by 2009-10

NCDEX Sugar: Retraced Back from 12-Week Lows

At the futures market the sugar futures remained highly bearish for the first few days of this week under review. However, the futures recovered slightly and curbed some of the losses in the last couple of days. The September sugar future at the NCDEX witnessed week's low on Friday amidst heavy selling pressure. However, the sugar futures retraced back on Saturday amidst increased buying activity amidst thin trade. Today the sugar futures traded range bound with a strong undertone following a firm opening and the September future set the day's high at 1822.00. The September sugar future hovered in a higher range of 1809.00-1822.00 during Monday's trade. The open interest as well as the volume of trade was at the lower side in this week. It is expected that the sugar futures would trade range bound with a bullish undertone in the coming days.

NCDEX Gur: Remained Highly Bullish in this Week

At the futures market the gur futures extended previous week's advances and traded at the higher ground in this week under review. The gur futures set new contract highs throughout the week. The NCDEX gur September future set a new high at 665.80 on Monday. Amidst rains in producing regions and concerns over late arrival of new stock underpinned the uptrend in gur prices and it reach the sky. On Monday the September future traded in a much higher range of 654.00-665.80. The open interest as well as the volume of trade increased significantly in this week. It is expected that the gur futures would remain strong in the coming 1-2 days. However, a downward correction is likely in the mid-week.

marketing year and per capita sugar consumption is expected to rise to 8.9kg from 16.9 kg for same period.

Vietnam Ministry Asked Companies to Import Sugar

The Ministry of Trade of Vietnam has asked companies to import around 50000 metric tons of sugar by the end of 2005 consequent upon the domestic sugar shortage. The domestic sugar supply is estimated at 1.1 million tons, while the domestic demand in 2005 is projected at 1.2 million tons. The domestic sugar shortage is attributed to the adverse weather conditions in this year, resulting a shortage of around 100000 tons. It has been reported that the Vietnamese companies have imported around 50000 tons of sugar so far this year. The Ministry has forecasted that the country is likely to import around 200000 tons of sugar in 2006 due to rising demand and lower domestic production.

Brazil Physical Sugar Market Remained Steady

The physical activity in Brazil's sugar market remained subdued for the last couple of days despite holidays in Brazil and the United States. The Brazilian traders are expecting a strong export scenario in the coming months on higher overseas inquiries. It is also expected that demand for sugar on the domestic market would increase in the coming days. The high oil prices also helped to sustain the price of sugar and ethanol in Brazil. It has been estimated that the amount of sugarcane available for harvest is less than originally projected but the quality of the sugarcane has been excellent and would compensate the smaller harvest.

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	12-Sept	09-Sept	08-Sept	07-Sept	06-Sept
LDP Raw FOB \$/MT	226.6	224.2	218.9	222	226.6
LDP Raw CIF \$/MT	279.6	277.2	271.9	273	279.6
LDP Raw CIF GBP/MT	153	151.1	148.1	148.4	151.9
LDP White FOB \$/MT	334	330.9	335.5	337.5	342
London Freight \$/MT	53	53	53	53	53
London Freight GBP/MT	29	29	29	29	29

Source: London International Financial Futures and Options Exchange (LIFFE)

Note: Exchange remained close on Saturday and Sunday.

Domestic:

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

Particulars	12-Sept	10-Sept	09-Sept	08-Sept	07-Sept	06-Sept
Shyamli	1820	1815	1802	1812	MC	NS
Khatauli	1832	1820	1807	1820	MC	NS
Morna	1795	1790	1783	1782	MC	NS
Deoband	1825	1815	1800	1807	MC	NS
Titawi	NS	1795	1790	1802	MC	NS
Nanoata	1775	1770	1765	1763	MC	NS

NS: No Sale; MC: Market Closed

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

Particulars	12-Sept	10-Sept	09-Sept	08-Sept	07-Sept	06-Sept
M 30	1825-1875	1820-1870	1820-1870	1830-1875	MC	1830-1875
S 30	1810-1860	1805-1855	1805-1855	1815-1860	MC	1815-1860
Mill Delivery	1675-1740	1670-1730	1670-1730	1680-1740	MC	1680-1740
Khand	1680-1700	1675-1695	1675-1695	1675-1695	MC	1675-1695

Jaggery at Spot Market

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

Particulars	12-Sept	10-Sept	09-Sept	08-Sept	07-Sept	06-Sept
Raskat Cold	500-520	500-515	490-510	485-505	MC	470-500
Chaku Cold	645-690	630-680	615-655	620-650	MC	605-640
Shakkar Cold	750-800	725-775	700-750	700-750	MC	700-750

Cold: Cold Storage

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

Particulars	12-Sept	10-Sept	09-Sept	08-Sept	07-Sept	06-Sept
Dahiya	1600-1650	1600-1650	1625-1675	1625-1675	MC	1650-1700

Port Watch (As on 12th September 2005):

Chennai Port is receiving 43,650 MT of raw sugar from the vessel 'Giorgos B'. Interocean agents is handling the vessel.

Delivery of 40,400 MT of raw sugar is expected at Tuticorin Port from the vessel 'Agia Eirini'. St.John agents will be handling the vessel.

Weather Forecast: (As on 11th September 2005)

ALL INDIA WEATHER FORECAST VALID FOR NEXT 5 DAYS

Monsoon Outlook

Fairly wide spread with isolated Heavy rainfall has occurred over Konkan & Goa, coastal Orissa, Coastal Andhra Pradesh, Telangana, Coastal Karnataka, Kerala, Gujarat State and Parts of Madhya Pradesh.

The western disturbance in the form of a cyclonic circulation over Punjab and adjoining north Rajasthan has become less marked and is likely to move away within next 24 hours. This may cause decrease in rainfall activity over North-west India.

Yesterday's upper air cyclonic circulation over west central & adjoining northwest Bay of Bengal off Orissa coast, concentrated into a low pressure area. It is likely to become well marked and move in a north-westerly direction. The other upper air cyclonic circulation over south Gujarat coast and adjoining Konkan & Goa persists. The offshore trough at sea level extending from Gujarat to south Konkan & Goa coasts also persists.

With the northwestward movement of the low pressure area and the persistence of upper air cyclonic circulation over Gujarat, the monsoon rainfall activity is expected to be concentrated over Central and North Peninsular India during next 3-4 days. Fairly wide spread to widespread rain with heavy to very heavy falls are likely over coastal Orissa, north Coastal Andhra Pradesh, Chattisgarh, East Madhya Pradesh, Gujarat, Konkan & Goa, Madhya Maharashtra and Gangetic West Bengal during this period.

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

The western disturbance over Punjab & adjoining areas is likely to move away in northeastward direction during next 24 Hrs. The regions may receive isolated to scattered rainfall during next 24 Hrs and the activity may further reduce thereafter.

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

Scattered to Fairly widespread rainfall activity is expected over the region during next 3 days. Coastal Karnataka and Coastal Andhra Pradesh are likely to receive isolated heavy rainfall during the period.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Chattisgarh and East Madhya Pradesh are expected to receive fairly widespread to widespread rains with isolated heavy to very heavy falls and remaining parts of the region, scattered rains during next 2 days. Thereafter these areas of the region are also likely to get fairly widespread rains.

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

Konkan & Goa, Madhya Maharashtra, Marathwada, Gujarat, southeast Rajasthan are likely to experience fairly widespread rains during next 3-4 days. Konkan & Goa and Gujarat are likely to receive isolated heavy to very heavy rainfall during this period. Remaining parts of the region are

expected to experience isolated to scattered rains during this period. Partly cloudy sky. Day temperature will be around 36 deg C.

FOREX (As on 12th September 2005):

Foreign Currency	Rs. per unit
1 US \$	43.82
1 Euro	80.34
1 British £	54.05
100 Yen	39.96

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