

SUGAR, JAGGERY & CANE

20th-26th September 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Moved Sideways in this Week
- NCDEX Sugar: Settled Down Amidst Range Bound Trade
- NCDEX Gur: Surged Up on Speculative Buying

Technical Analysis

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

The candlesticks formation is showing a short-term uptrend in the coming 1-2 days. The %K-line after cutting the %D-line from below moving upwards in the normal region, hinting further uptrend. The RSI is also supporting the uptrend. The MACD has made a bullish crossover with its EMA in the negative territory. The open interest as well as the volume of trade remained almost steady in this week.



Outlook:

The technical indicators are pointing towards a short-term uptrend in the coming 1-2 days. However, the futures are likely to consolidate and move range bound from the mid-week.

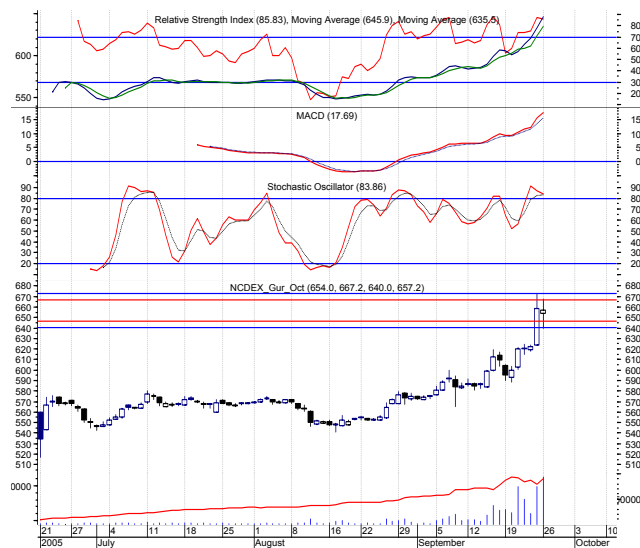
Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
October	1801	1795	1818	1824

Technical Analysis

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

The candlesticks formation is indicating a short-term trend reversal pattern for the coming 1-2 days. The %K-line is moving downwards in the oversold region and about to cut the %D-line from above, hinting a downward correction. The RSI is also supporting the short-term downtrend. However, the MACD is moving upwards in the positive territory, showing the strength in the market. The moving averages are also supporting the strength. The open interest as well as the volume of trade has increased throughout the week.



Outlook:

The technical indicators are showing a downward technical correction in the coming 1-2 days, but the futures are likely to move upwards from the mid-week.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
October	646.8	640.4	667.0	672.5

Market Commentary

Domestic:

Domestic Sugar Prices Moved Sideways in this Week

The domestic sugar prices remained mostly range bound throughout the week with slight decline at the later half of this week. Both the 'M' grade as well as the 'S' grade sugar was quoted almost steady in this week as against the last week.

The M grade sugar at the Delhi market was quoted in the range of 1830-1895 per quintal during this week. At the Kolkata market it was offered in the range of Rs 1885-1905 per quintal, while at the Muzaffarnagar market it was available in the range of Rs 1830-1840 per quintal in this week.

The S grade sugar at the Delhi market was quoted in the range of Rs 1810-1855 per quintal in this week. At the Chennai market it was available in the range of Rs 1700-1710 per quintal, while at the Kolkata market it was traded in the range of Rs 1830-1845 per quintal. At the Vashi market it was quoted in the range of Rs 1775-1815 per quintal during this week.

The sugar prices at the domestic markets are expected to move in a narrow range in the coming week. The sugar prices are hovering in a narrow range for the last couple of weeks, as the demand is yet to pick up. The arrival at the spot markets remained at the higher side and better production prospects in the coming crop year has dampen the investors' sentiments. The volume of trade at the spot markets remained thin and prices hovered sideways. The prices are likely to hover in the same range in the coming week with some weak undertone.

News Analysis:

ISO Projected Record World Sugar Output in 2005-06

According to the latest forecasts by the International Sugar Organization (ISO), the world sugar production in the coming crop year beginning October would jump to a record level consequent upon higher Indian production. The ISO forecasted that the sugar production in 2005-06 would increase by 5.09 million metric tons (MMT) to a record 149.55 MMT. According to the ISO the 3.5 percent rise in the global production would mainly consists of projected 5.4 MMT increase in India in the coming season. It has been reported that the higher production prospects in the coming year would reverse the situation two years ago, when a huge production shortfalls in India resulted in deficit in global sugar supply. The global deficit in sugar supply in the 2005-06 crop year will reduce to 1.07 MMT, from 3.08 MMT a year ago. The ISO has reported that a tight balance between export availability at 46.3 MMT and import demand at 45.9 MMT would be upset by an increase in demand for Brazilian ethanol made from sugarcane. The ISO has forecasted that the total demand for Brazilian ethanol will reach 16.9 billion liters in 2005-06, compared with 16.1 billion liters in 2004-05.

Karnataka Govt to Clear Sugar Industry Arrears

The Karnataka state government is all set to clear the sugar industry arrears of Rs 280 crore by implementing the open market borrowing (OMB) scheme. According to the South Indian Sugar Mills Association (SISMA), the government

NCDEX Sugar: Settled Down Amidst Range Bound Trade

At the futures market the sugar futures at the NCDEX traded mostly range bound with a weak undertone in this week. The October sugar future tested this week's low at 1798.00 during Friday's trade. However, the futures got some buying support at the lower price levels and move slightly upwards for the last couple of days. The October sugar future hovered in the range of 1802.00-1811.00 during Monday's trade. The open interest as well as the volume of trade remained almost steady at the lower side in this week, showing poor market participation. It is expected that the sugar futures would move upwards on a short-term uptrend in the coming 1-2 days. However, the futures are likely to consolidate and trade range bound from the mid-week.

NCDEX Gur: Surged Up on Speculative Buying

At the futures market the gur futures at the NCDEX witnessed a highly bullish sentiment throughout the week amidst rains in parts of gur producing regions. The gur futures started the week with a positive note and the October future tested this week's high on Saturday at 672.00 on buying support. However, on Monday the gur futures traded range bound with a weak undertone on a downward technical correction. The October gur future fluctuated in the range of 640.00-667.20 during Monday's trade. The open interest as well as the volume of trade increased throughout the week, indicating an increased support from the market. It is expected that the gur futures would remain weak in the coming 1-2 days on a downward technical correction. However, the futures are expected to consolidate and move upwards from the mid-week.

will favourably consider the request for implementing the OMB scheme and raise money to pay the arrears of mills. This would help around 35 mills in both the private and cooperative sector in the state by reducing their interest burden on the loans taken at higher interest rates from financial institutions to clear arrear cane dues of farmers for 2003-04, which amounted to Rs 280 crore. The governments of Tamil Nadu and Maharashtra has already implemented the OMB scheme and paid the local sugar factories. However, the Karnataka government is yet to implement the OMB scheme. As per the OMB scheme, state governments are allowed to raise money through bonds at prevailing interest rates in the market and pay the mills, charging interest at around 4 per cent.

Kharif 2005-06 Sugarcane Estimated at 257.72 MT

According to the first advance estimates announced recently, the Kharif sugarcane production is seen higher on year following good rainfalls over growing regions and higher acreage under sugarcane in this year. The production of sugarcane is estimated higher by 10.9 percent at 257.72 million tonnes in 2005-06 as against 232.32 million tonnes in 2004-05. This year the acreage under sugarcane increased significantly following higher cane price announced by several state governments and also higher minimum support price announced by the government.

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	26-Sept	23-Sept	22-Sept	21-Sept	20-Sept
LDP Raw FOB \$/MT	224.7	228.0	226.0	226.2	227.7
LDP Raw CIF \$/MT	277.7	281.0	279.0	279.2	280.7
LDP Raw CIF GBP/MT	156.7	157.5	154.8	154.5	155.9
LDP White FOB \$/MT	293.0	294.5	310.5	312.0	324.3
London Freight \$/MT	53	53	53	53	53
London Freight GBP/MT	29.5	29.5	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	26-Sept	19-Sept	Change
Shyamli	NS	1842	-
Khatauli	1842	1835	+7
Morna	1790	1792	-2
Deoband	1832	1803	-29
Titawi	1825	NS	-
Nanoata	NS	1775	-

NS: No Sale; MC: Market Closed

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

Particulars	26-Sept	19-Sept	Change
M 30	1840-1895	1835-1890	+5
S 30	1820-1855	1815-1850	+5
Mill Delivery	1680-1740	1690-1750	-10
Khand	1680-1700	1680-1700	-

Jaggery at Spot Market

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

Particulars	26-Sept	19-Sept	Change
Raskat	550-560	490-510	+50
Chaku	740-760	660-720	+40
Shakkar	780-810	700-750	+60
Khurpa	720-750	-	-

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

Particulars	26-Sept	19-Sept	Change
Dahiya	1650-1750	1600-1650	+50

Port Watch (As on 26th September 2005):

Chennai Port is receiving 33,000 MT of raw sugar from the vessel 'Vera'. Interocean agents is handling the vessel.

Weather Forecast: (As on 26th September 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Monsoon Outlook

During last 24 hours, rainfall has reduced significantly over Uttaranchal, Himachal Pradesh and Jammu & Kashmir. Scattered light to moderate rainfall has also occurred over East Uttar Pradesh, northeastern States, parts of Madhya Pradesh, Chhattisgarh, Orissa and Konkan & Goa. Mainly dry weather prevailed over Gujarat, Rajasthan, Punjab, Haryana, and most parts of interior Maharashtra.

Yesterday's low-pressure area over West Uttar Pradesh and adjoining Uttaranchal has become less marked. The western disturbance as an upper air system and the trough in westerlies are moving away northeastwards. A north-south trough runs from Sikkim to north Bay of Bengal and extends upto 4.5 km a.s.l. Under its influence, scattered rainfall activity is likely to continue in northeastern states.

Model prediction indicates that the anti-cyclonic circulation at 700 hPa level (3.1 km above mean sea level) may start dominating over West and North-west India during next 2-3 days thus creating favourable conditions for withdrawal of monsoon from these regions.

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

Isolated to scattered rains are expected over hilly areas of NW India. Mainly dry weather may prevail over rest areas of the region during next 4-5 days.

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

Scattered rains are likely over NE States and Sub-Himalayan West Bengal and isolated over rest areas of the region during next 2-3 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Isolated to scattered rains are expected over the region during 2-3 days.

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

Isolated to scattered rains are expected over the region during next 2-3 days.

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

Isolated to scattered rainfall are likely over the region except Rajasthan and Gujarat where mainly dry weather is likely to prevail during 3-4 days.

FOREX (As on 26th September 2005):

Foreign Currency	Rs. per unit
1 US \$	43.95
1 Euro	52.87
1 British £	78.01
100 Yen	39.11

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