

SUGAR, JAGGERY & CANE

27th September-03rd October 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Strong in this Week
- NCDEX Sugar: Retrace Back on Higher Demand
- NCDEX Gur: Tested New Highs on Speculative Buying

Technical Analysis

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

The candlesticks formation is indicating a highly bullish pattern. The %K-line is moving upwards and it has entered the overbought region, while the %D-line is still moving upwards in the normal region showing further uptrend in the coming 1-2 days. The RSI is also supporting the short-term uptrend. The MACD is also moving upwards. The open interest as well as the volume of trade has increased in the last few trading sessions.



Outlook:

The technical indicators are showing further uptrend in the coming 1-2 days. However, the futures are likely to consolidate and move downwards in the later half of the coming week.

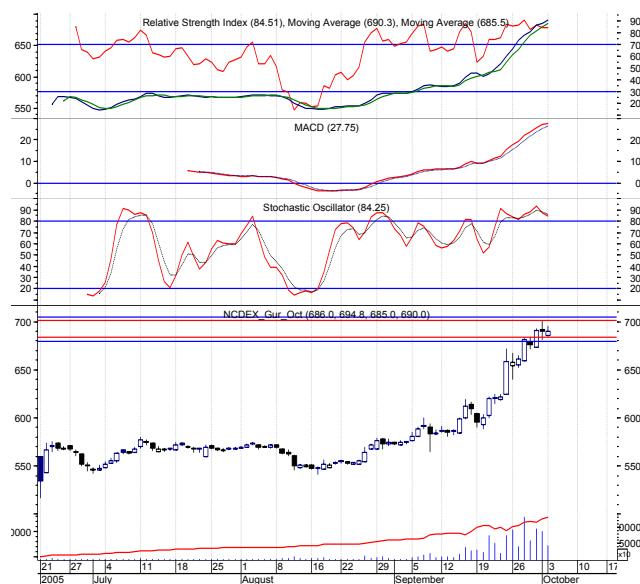
Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
October	1819	1810	1843	1850

Technical Analysis

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

The candlesticks formation is showing a weakly bullish pattern in the coming 1-2 days. The %K-line after cutting the %D-line from above moving downwards in the overbought region, showing short-term downtrend. The MACD is moving upwards in the positive region, hinting strength in the market. The RSI is moving flat in the overbought region. The open interest as well as the volume of trade is on the higher side.



Outlook:

The technical indicators are showing a short-term downtrend in the coming days. However the futures are likely to consolidate and move upwards in the later half of the coming week.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
October	683.7	679.9	701.1	705.1

Market Commentary

Domestic:

Domestic Sugar Prices Remained Strong in this Week

The domestic sugar prices witnessed a strong sentiment in this week with major gains in the last couple of days. Both the 'M' grade as well as the 'S' grade sugar was quoted higher in this week as against the last week.

The M grade sugar at the Delhi market was offered in the range of Rs 1840-1900 per quintal in this week. At the Kolkata market it was quoted in the range of Rs 1875-1895 per quintal, while at the Muzaffarnagar market it was traded in the range of Rs 1830-1850 per quintal in this week.

The S grade sugar at the Delhi market was quoted in between Rs 1820-1860 per quintal in this week. At the Chennai market it was offered in the range of Rs 1705-1715 per quintal, while at the Kolkata market it was quoted at Rs 1825-1840 per quintal. At the Vashi market it was offered in the range of Rs 1775-1805 per quintal in this week.

The sugar prices at the domestic markets remained in a narrow range in the first half of this week under review. However, the sugar prices moved upwards in the later half on increased buying support amidst higher demand and reduced supplies. The lower free sale sugar quota for the October-December quarter released by the Government has also underpinned the upside movement in sugar prices for the last couple of days. It is expected that the sugar prices would remain firm in the coming days and likely to consolidate in the mid-week.

News Analysis:

Govt Released Free Sale Sugar Quota for Oct-Dec

The Government has released 37 lakh tonnes of sugar as quota for indigenous free sale for the coming October-December quarter. The total availability of sugar during this quarter would be 44.02 lakh tonnes including 2.16 lakh tonnes of sugar as levy quota for each of these three months and festival quota of 54155 tonnes. It has been reported that the Ministry of Consumer Affairs, Food and Public Distribution is monitoring the price and availability of sugar in the country and with enough stock of sugar in hand is in a position to release further substantial quantities additionally if required.

Source: PIB

USDA Projected Indian Sugar Production at 18.4 MMT

According to the United States Agricultural attaché for India, the sugar production in the country is expected to be around 18.4 million metric tons (MMT) in 2005-06. The expected increase is attributed to higher cane utilization for making sugar than other sweeteners. The sugar production of the country is estimated at 14.2 MMT in 2004-05 sugar season. According to the attaché, the cane availability to the sugar mills is likely to be higher in the upcoming season as strong sugar prices would encourage the mills to raise cane prices and make timely payments. It has been anticipated that the diversion of cane towards gur (jaggery) would be lower than earlier expected. Domestic sugar consumption in India is also projected higher at 19.8 MMT,

NCDEX Sugar: Retrace Back on Higher Demand

At the futures market the sugar futures at the NCDEX retraced back again in the last couple of days following a range bound trade in the first half of this week. The October future tested this week's low at 1798.00 during Wednesday's trade. However, the futures got some buying support and retrace back again paring early losses. The October future hovered in the range of 1816.00-1832.00 during Monday's trade. The open interest as well as the volume of trade has also increased during the last couple of days, showing better market participation. It is expected that the sugar futures would trade upward in the coming 1-2 days and likely to consolidate from the mid-week.

NCDEX Gur: Tested New Highs on Speculative Buying

At the futures market the gur futures at the NCDEX extended earlier advances and traded with a strong sentiment in this week. The gur futures started this week with a slight positive note and the October future tested this week's high at 700.40 during Saturday's trade. However, on Monday the gur futures traded within Saturday's range on a very short-term correction. The October future traded in the range of 685.00-694.80 during Monday's trade. The open interest as well as the volume of trade remained on the higher side in this week, showing better market participation. It is expected that the gur futures would remain strong in the coming week and the October future is likely to test new highs in the coming days.

due to expected steady sugar prices during the upcoming season.

Australian Sugar Export to Fall by 3.4 Percent

According to a United States attaché report for Australia, the country is projected to export 3.4 percent less sugar in the year ending June as the local farmers grow less sugarcane. The export is projected to be equivalent of 4.24 million tons of raw sugar in 2005-06 from 4.39 million tons in the last year. The domestic production is expected to decline by 3.5 percent at 5.2 million tons. It has been reported that lower prices, urban encroachment and mill closures would put downward pressure on sugar cane area for the medium to long-term period. Australia sells more than half its exported sugar to Malaysia and South Korea and 10 percent each to Japan and Canada. Australia is the fourth largest sugar exporter in the world.

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	03-Oct	30-Sep	29-Sep	28-Sep	27-Sep
LDP Raw FOB \$/MT	239.2	236.6	241.6	237.0	225.5
LDP Raw CIF \$/MT	292.2	289.6	294.6	290.0	278.5
LDP Raw CIF GBP/MT	166.7	164.4	167.0	164.3	157.5
LDP White FOB \$/MT	313.0	314.0	316.5	312.5	294.6
London Freight \$/MT	53	53	53	53	53
London Freight GBP/MT	30	30	30	30	29.5

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	03-Oct	26-Sept	Change
Shyamli	1852	NS	-
Khatauli	1860	1842	+18
Morna	NS	1790	-
Deoband	1850	1832	+18
Titawi	NS	1825	-
Nanoata	NS	NS	-

NS: No Sale

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

Particulars	03-Oct	26-Sept	Change
M 30	1850-1900	1840-1895	+10
S 30	1830-1860	1820-1855	+10
Mill Delivery	1690-1750	1680-1740	+10
Khand	1680-1700	1680-1700	-

Jaggery at Spot Market

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

Particulars	03-Oct	26-Sept	Change
Raskat	535-560	550-560	-
Chaku	730-780	740-760	+20
Shakkar	820	780-810	+10
Khurpa	750-795	720-750	+45

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

Particulars	03-Oct	26-Sept	Change
Dahiya	1700-1800	1650-1750	+50

Port Watch (As on 03rd October 2005):

No latest vessel position is reported today.

Weather Forecast: (As on 03rd October 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Monsoon Outlook

Southwest monsoon has further withdrawn from some more parts of East Madhya Pradesh, West Madhya Pradesh, Gujarat Region and the remaining parts of Saurashtra & Kutch and north Arabian Sea. The withdrawal line passes through Bahraich, Allahabad, Umeria, Seoni, Khandwa, Surat 20 ° N/ 69 ° E and 20 ° N/ 60 ° E.

Yesterday's low pressure area over northwest Bay of Bengal and adjoining north Orissa-Gangetic West Bengal coast moved north-northeastwards and became well marked. It now lies over southern parts of Gangetic West Bengal & neighbourhood. The associated upper air cyclonic circulation extends upto mid-tropospheric levels.

The upper air cyclonic circulation over Saurashtra & Kutch and adjoining southeast Pakistan has become less marked. Under the influence of these systems, fairly widespread rainfall with heavy to very heavy falls is likely over northeastern States, West Bengal & Sikkim and North Orissa and scattered rains are likely over North Konkan and South Orissa during next 2-3 days.

A western disturbance as an upper air system lies over north Pakistan and neighbourhood. This may cause isolated rainfall activity over Himachal Pradesh and J&K during next 48 hours. NW India and parts of Central & West India may continue to witness mainly dry weather conditions for next 4-5 days.

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

Mainly dry weather is likely to prevail over the region except over Himachal Pradesh and J&K where isolated rains are expected during next 48 hours and mainly dry weather thereafter.

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

West Bengal & Sikkim, NE states and Orissa are likely to experience fairly widespread rainfall activity with isolated heavy to very heavy showers. Isolated activity is likely over rest areas of the region.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely to prevail over the region during next 4-5 days.

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

Isolated rains are expected over the region.

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

North Konkan coast is likely to experience scattered rainfall activity. Isolated rains are expected over Madhya Maharashtra. Mainly dry weather is likely to prevail over rest areas of the region.

FOREX (As on 03rd October 2005):

Foreign Currency	Rs. per unit
1 US \$	44.09
1 Euro	52.75
1 British £	77.53
100 Yen	38.71

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