

SUGAR, JAGGERY & CANE

04th-10th October 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Higher on Strong Demand
- NCDEX Sugar: Settled Higher; Pared Early Losses
- NCDEX Gur: Slid to 2-Weeks Low on Selling Pressure

Technical Analysis

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

The candlesticks pattern is indicating a trend reversal pattern. The %K-line after cutting the %D-line moving upwards, supporting the uptrend. The RSI is also moving upwards. The MACD is about to enter the positive region, hinting the strength in the market. However, the open interest as well as the volume of trade remained on the lower side in this week.



Outlook:

The technical indicators are showing further uptrend in the coming days. However, the futures are likely to get resisted and move downwards initially and range bound upwards from the mid-week.

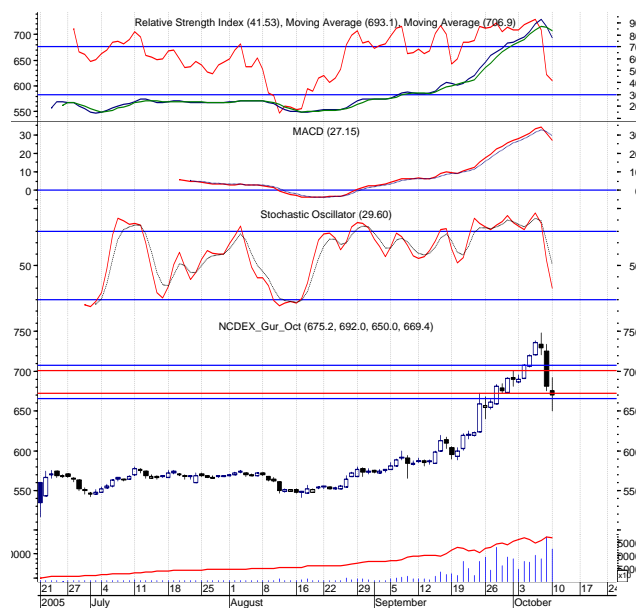
Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
October	1815	1810	1842	1850

Technical Analysis

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

The candlesticks formation is indicating a bearish pattern, but leaving scope for short-term uptrend. The %K-line after cutting the %D-line from above moving sharply downwards in the normal region. The MACD has made a bearish crossover with its EMA, supporting the weakness. The RSI is also moving downwards. The open interest as well as the volume of trade has increased throughout the week.



Outlook:

The technical indicators are showing further downtrend in the coming days. However the futures are likely to witness some upward correction in the coming 1-2 days and expected to move further downwards from the mid-week.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
October	671.9	665.2	701.1	707.3

Market Commentary

Domestic:

Domestic Sugar Prices Higher on Strong Demand

The domestic sugar prices extended previous advances in this week. Both the 'M' grade as well as the 'S' grade sugar was quoted on an average higher in this week as against the last week.

The M grade sugar at the Delhi market was quoted in the range of Rs 1865-1915 per quintal during this week. At the Kolkata market it was offered between Rs 1880-1900 per quintal, while at the Muzaffarnagar market it was traded in the range of Rs 1845-1860 per quintal in this week as against the last week.

The S grade sugar at the Delhi market was offered in the range of Rs 1840-1875 per quintal in this week. At the Chennai market it was quoted between Rs 1720-1740 per quintal, while at the Kolkata market it was offered between Rs 1820-1840 per quintal in this week. At the Vashi market also it was quoted higher at Rs 1800-1830 per quintal during this week.

The sugar prices at the major spot markets witnessed continuous uptrend amidst higher demand due to ongoing festival seasons. The Government has extended the sale of September quota for Maharashtra, Karnataka and Gujarat, which has resulted in higher supply in the month of October. However, huge demand coupled with increased buying interest by the stockists has underpinned the upside movement in sugar prices at the domestic markets. It is expected that the sugar prices would remain firm in the coming days.

News Analysis:

Government Ruled Out Sugar Import in 2005-06

According to the Union Agriculture Minister, no sugar imports would be needed this year as the production is expected to offset the requirement. The sugar output in this year is projected to be around 18-18.5 million tonnes with an estimated carry over stock of 4-4.5 million tonnes. Moreover, the sugar imports would not be economical as international prices are at the higher levels. India imported around 2 million tonnes of raw sugar in order to meet the domestic requirements. During the 2004-05 sugar season (October-September) India produced around 13 million tonnes of sugar. The annual consumption hovers around 18-19 million tonnes and expected to be around 19 million tonnes in this year.

CMIE: Sugar Output to Increase by 33.6 Percent

According to the Centre for Monitoring Indian Economy (CMIE), domestic sugar production is expected to increase by 33.6 per cent to 170 lakh tonne during October to September 2005-06. In its latest monthly updates, the CMIE has reported that the production would fall short of demand for sugar despite this improvement. Recently the government has decided to follow the grain to grain re-export norm for imports of raw sugar under Advance Licence Scheme from October 2005. According to CMIE, this act of government would restrict companies from selling the sugar imported under the scheme in the domestic market, which would underpin an upward pressure on the sugar prices. However, the government is

NCDEX Sugar: Settled Higher; Pared Early Losses

At the futures market the sugar futures at the NCDEX started this week with a positive note. However, the futures went down from the highs to this week's low on Friday as profit booking continues to pressurise the futures. At the lower price levels the sugar futures got some buying support and retrace back again from the weekend. The October future hovered in the range of 1832.00-1839.00 during Monday's trade. The open interest as well as the volume of trade remained at the lower side, depicting poor support from the market participants. It is expected that the sugar futures would get resisted in the short-term and move downwards in the coming 1-2 days. However, the futures are expected to trade upwards from the mid-week.

NCDEX Gur: Slid to 2-Weeks Low on Selling Pressure

At the futures market the gur futures at the NCDEX witnessed a mixed sentiment in this week. The gur futures started the week with extending previous advances and set the week's high on Friday. However, profit booking at the higher prices levels pressurised the futures and the futures slid heavily thereafter. The October gur future tested 2-weeks low on Monday and traded in the range of 650.00-692.00 during Monday's trade. The open interest as well as the volume of trade increased throughout the week, depicting better market participation. It is expected that the gur futures would witness some upward correction in the coming 1-2 days and likely to move further downwards from the mid-week.

expected to avoid any significant rise in the prices of sugar by liquidation of sugar stocks. CIME expects that the sugar prices would fluctuate in the range of Rs 1750-Rs 1850 per quintal in the coming months.

Thailand Sugar Output Continues to Decline

The sugarcane production in Thailand is expected to decline for the third consecutive year due to poor growing situations. The sugarcane production in the northeastern region, which stands for 40 percent of total planted area, is projected to drop 20 percent. The country's production is projected to be around 40 million metric tons (MMT) as against 47.82 MMT last crop year and 64.5 MMT in 2003-04. The cane sugar output is estimated to decline from 7.01 MMT in 2003-04 and 5.187 MMT last season to 4.33 MMT in current year.

USDA: Sugar Output in South Africa to Recover

According to the U.S. agricultural attaché for South Africa, the sugar production in this country is expected to total 2.7 million metric tons (MMT) from 21.5 MMT of sugarcane. The sugarcane production has recovered from 19.1 MMT produced in 2004-05 consequent upon more favourable weather conditions. The country's raw sugar production in the last season totalled 2.4 MMT. The domestic consumption in 2005-06 is estimated at 1.6 MMT as against 1.5 MMT in the previous season. According to the report, exports are projected to reach 1.3 MMT compared to 1 MMT exported in 2004-05.

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	10-Oct	07-Oct	06-Oct	05-Oct	04-Oct
LDP Raw FOB \$/MT	244.1	238.5	241	238.1	245.4
LDP Raw CIF \$/MT	297.1	291.5	294	291.1	298.4
LDP Raw CIF GBP/MT	168.2	164.9	166.3	165	169.9
LDP White FOB \$/MT	313	310.5	311	315.8	323.8
London Freight \$/MT	55	53	53	53	53
London Freight GBP/MT	30	30	30	30	30

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	10-Oct	03-Oct	Change
Shyamli	1875	1852	+23
Khatauli	1885	1860	+25
Morna	NS	NS	-
Deoband	1875	1850	+25
Titawi	NS	NS	-
Nanoata	NS	NS	-

NS: No Sale

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

Particulars	10-Oct	03-Oct	Change
M 30	1865-1915	1850-1900	+15
S 30	1840-1875	1830-1860	+15
Mill Delivery	1700-1770	1690-1750	+20
Khand	1690-1705	1680-1700	+5

Jaggery at Spot Market

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

Particulars	10-Oct	03-Oct	Change
Raskat	550-560	535-560	-
Chaku	710-770	730-780	-10
Shakkar	700-740	820	-80
Khurpa	650-700	750-795	-95

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

Particulars	10-Oct	03-Oct	Change
Dahiya	1700-1800	1700-1800	-

Port Watch (As on 10th October 2005):

No latest vessel position is reported today.

Weather Forecast: (As on 09th October 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Monsoon Outlook

Rainfall has been of fairly widespread in nature with isolated heavy showers during past 24hrs over parts of Tamil Nadu & Pondicherry, Lakshadweep and South Interior Karnataka. Retreat of southwest monsoon is stalled for few days atleast now from the remaining parts of Chhattisgarh and Maharashtra due to the strengthening of an existing upper air cyclonic circulation in to a low-pressure area today over the south Bay of Bengal surrounding the Bay Islands. It is expected to get organized slowly in to a well-marked low-pressure area and move very slowly in westerly / northwesterly direction in coming days. The model predictions indicate that the hilly regions of Himachal, Uttaranchal, J & K where isolated to scattered rainfall activity is expected for next 3-4 days due to the prevalence of an upper air cyclonic circulation extending upto 3.1 km a.s.l. over Himachal Pradesh and neighbourhood. The upper air cyclonic circulation over East UP and adjoining Bihar, that was expected to weaken by now earlier, still exists and is likely to induce isolated to scattered rainfall over parts of Bihar for next 24-48hours. As per our earlier assessment, predictions continue to suggest that beginning from 10th October 2005, favourable conditions are to continue for onset of NE Monsoon over Tamil Nadu & adjoining states with the movement of low pressure area towards the east coast of peninsular India from south Bay of Bengal. Hence, the enhanced level of rainfall activity over Tamil Nadu & adjoining states of south coastal Andhra Pradesh, Rayalaseema, Kerala and south Interior Karnataka etc. is expected to continue in coming days.

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

Hilly regions of north India and NW India (J&K, HP, UTTARANCHAL) are likely to experience isolated to scattered rainfall activity and mainly dry weather is likely to prevail over rest of the regions.

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

While sub-Himalayan West Bengal & Sikkim are likely to experience isolated spells of activity, Orissa, Gangetic West Bengal and NE states can experience scattered to fairly widespread rains in coming days. Mainly dry weather is likely to prevail over rest of the regions.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely to prevail over the region expect Vidarbha where isolated showers are expected during next 4-5 days.

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

Tamil Nadu, south interior Karnataka, Rayalaseema, parts of Telangana, Kerala and coastal Andhra Pradesh are likely to experience scattered to fairly widespread with spells of heavy rainfall activity in some areas. Islands over Bay of Bengal and Arabian Sea are also expected to receive scattered to fairly widespread rains for next 24-48hours as

well. Isolated rainfall activity is expected over rest of the regions.

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

North Konkan and Madhya Maharashtra are likely to experience isolated to scattered rainfall activity. Mainly dry weather is likely to prevail over rest areas of the region.

FOREX (As on 10th October 2005):

Foreign Currency	Rs. per unit
1 US \$	44.62
1 Euro	54.15
1 British £	78.61
100 Yen	39.25

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