

SUGAR, JAGGERY & CANE

15th-20th May 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Eased on Higher Supplies
- NCDEX Sugar: Down; Tested Fresh Contract Lows
- NCDEX Gur: Slightly Lower Amidst Range Bound Trade

Technical Analysis

Commodity: Sugar Grade M
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: JUNE 2006

The candlesticks formation is indicating a bearish pattern and weak opening. The %K-line along with the %D-line started moving upwards in the oversold region, hinting further downtrend with possibility of an upward technical correction. The MACD along with its EMA moving sharply downwards in the negative region, supporting the weakness. The moving averages are also indicating further downtrend. The open interest as well as the volume of trade remained at the higher side during this week.



Outlook:

The sugar futures are likely to trade with a bearish sentiment in the coming couple of days. However, recovery is expected from the recent lows during 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
June	1951	1930	2030	2050

Technical Analysis

Commodity: Gur (Jaggery)
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: JUNE 2006

The candlesticks formation is indicating a bearish pattern and steady to weak opening. The %K-line after cutting the %D-line from above moving downward in the normal region, hinting further downward movement. The MACD has made a bullish crossover with its EMA in the negative territory, indicating short-term strength. The moving averages are hinting further downward movement. The open interest as well as the volume of trade has declined during this week.



Outlook:

The gur futures are expected to witness a downward trade in the coming couple of days. However, the futures are likely to recover from the lows during 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
June	572.10	565.70	590.80	597.20

Market Commentary

Domestic:

Domestic Sugar Prices Eased on Higher Supplies

At the domestic markets sugar prices witnessed on an average a bearish sentiment during this week ending 20th May 2006. Sugar prices stayed at the higher levels during the first couple of days of the week. However, prices eased to lower levels later in the week.

The M grade sugar at the Delhi market was offered in a slightly lower range of Rs 2010-2075 per quintal in this weekend as against the last week. At the Kolkata market it was quoted in a lower range of Rs 2015-2045 per quintal, while at the Muzaffarnagar market it was available in a lower range of 2015-2040 per quintal during this week.

The S grade sugar at the Delhi market was traded in a marginally lower range of Rs 1990-2060 per quintal at the weekend as against the last week. At the Chennai market it was offered in a lower range of Rs 1915-1935 per quintal, while at the Kolkata market it was available in a lower range of Rs 1995-2030 per quintal. At the Vashi market it was quoted in a lower range of Rs 1925-1970 per quintal during this week.

The demand from the bulk consumers of summer season were reported to be lower as mercury started dipping after the recent rainfalls in parts of Northern India. However, supplies were higher owing to higher free sale sugar quota for the month of May. Traders remained cautious about Government intervention in case of any surge in domestic sugar prices. Consequently, the earlier uptrend in sugar prices was capped in this week. Moreover, the continuous downtrend in domestic sugar futures has also pressurised the physical market sentiments. Meanwhile, Pakistan has awarded 150000 tons sugar import tender at \$518 per ton, out of which Indian Sugar Exim Corporation (ISEC) has bagged 100000 tons. The Indian Sugar Exim Corporation has recently got permission from the Government to export 100000 tons sugar to Pakistan against the tenders floated by Trading Corporation of Pakistan. In the global

News Analysis:

Sugar Exports through Free Sale Quota Likely from October

The Government is planning to enhance sugar exports through free sale quota from the next sugar year starting October. Presently, only sugar mills with re-export obligations are allowed to export under the Advance Licence Scheme (ALS). However, with the raw sugar prices hitting the 25-year highs during February this year, the overall system became financially irrational. Presently, Indian sugar prices are ruling below the global sugar prices after enjoying premium for several years. With a bumper production outlook in the current sugar year as well as coming year, sugar export through free sale quota could well establish India as a net exporter in the global market. In a supportive move towards this, Government recently allowed Indian Sugar Exim Corporation (ISEC) to export 1.5 lakh tonnes of sugar to Pakistan against import tenders issued by the Trading Corporation of Pakistan (TCP). ISEC can source sugar from mills even without re-export obligation provided the export is through TCP tenders. The ISEC is likely to float a 1.5 lakh tonnes sugar purchase

perspective, the European Union has informed that it would adopt further measures to reform its sugar subsidy regime within a week to comply with the World Trade Organisation (WTO) ruling, which has given the EU until 22nd May to fall in line with the ruling. On the other hand, according to the Foreign Ministry of Brazil, it would wait for the World Trade Organization deadline of 22nd May before making a final decision about whether to hit back against the European Union on its 2005-06 subsidized sugar exports.

NCDEX Sugar: Down; Tested Fresh Contract Lows

At the futures market the sugar futures at the NCDEX witnessed a highly bearish sentiment during this week ending 20th May 2006. The futures tested fresh contract month lows during Saturday's trade. Speculative selling interest has pressurised the futures throughout the week under review. The near-month June contract hovered in the range of 1975.00-2012.00, while the July contract fluctuated in the range of 2045.00-2078.00 during Saturday's trade. The open interest as well as the volume of trade remained at the higher side during this week. The sugar futures are likely to trade with a bearish sentiment in the coming couple of days. However, recovery is expected from the recent lows during the later half of the coming week.

NCDEX Gur: Slightly Lower Amidst Range Bound Trade

At the futures market the gur futures at the NCDEX witnessed mostly a range bound trade during this week ending 20th May 2006. The futures moved in a narrow range amidst thin volume of trade. The near-month June contract traded in the range of 579.60-582.00, while the July contract fluctuated in the range of 579.60-583.00 during Saturday's trade. The open interest as well as the volume of trade has declined during this week. The gur futures are expected to witness a downward trade in the coming couple of days. However, the futures are likely to recover from the lows during the later half of the coming week.

tender on 19th May. The sugar export during the current sugar year is likely to be around 12 lakh tonnes, over the target set for the year. Notably, Indian sugar mills have a re-export obligation of around 20 lakh tonnes till September 2007 under the Advance Licence Scheme.

Pakistan Awarded 1 lakh Tons Sugar Import Tender to ISEC

The Trading Corporation of Pakistan (TCP) has awarded total 150000 metric tons sugar import tender to two separate international firms at \$518 per ton CNF Karachi. Out of the total quantity, 1 lakh tons was awarded to Indian Sugar Exim Corporation (ISEC) and rest 50000 tons to Agropcorp International, based in Singapore. With the latest contract, the TCP has so far contracted to purchase 550000 tons of white sugar from international suppliers in this year so far. Another 50000 tons sugar import tender would be opened on 20th May. The annual consumption requirement in Pakistan is estimated to be near 4 million metric tons, while the production is pegged at just over 3 million metric tons for 2006-07 sugar year. The shortage in the domestic supplies has forced the country to import huge

quantity of sugar in recent time from international suppliers including Indian firm. Pakistan lifted its earlier ban on sugar import from India during August last year in order to explore the nearest and cheapest source of white sugar.

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	19-May	18-May	17-May	16-May	15-May
LDP Raw FOB \$/MT	358	365.5	376.5	368.6	379.2
LDP Raw CIF \$/MT	400	407.5	418.5	410.6	421.2
LDP Raw CIF GBP/MT	213.4	215.7	220.6	218.3	223.4
LDP White FOB \$/MT	484.5	487.1	493.5	487	497
London Freight \$/MT	42	42	42	42	42
London Freight GBP/MT	22.5	22.5	22.5	22.5	22.5

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

Note: Exchange remained close on Saturday and Sunday.

Domestic:

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

Particulars	20-May	13-May	Change
M 30	2010-2075	2010-2080	-5
S 30	1990-2060	1990-2065	-5
Mill Delivery	1890-1940	1900-1960	-20

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

Particulars	20-May	13-May	Change
Shyamli	NS	2027	-
Khatauli	2000	2032	-32
Morna	1965	2005	-40
Deoband	1985	2020	-35
Nanoata	1955	1995	-40
Dhampur	1980	2010	-30

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.

Jaggery at Spot Market

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

Particulars	20-May	13-May	Change
Raskat	425-455	430-460	-5
Chaku	460-615	490-610	+5
Shakkar	540-580	540-605	-25
Khurpa	480-505	460-490	+15
Laddu	525-533	490-520	+13

Port Watch (As on 20th May 2006):

Loading of 10,688 MT of sugar is continuing at Mumbai Port on the vessel 'Rainbow Spring'. JM Baxi agents is handling the vessel. Mumbai Port is loading 15,000 MT of sugar on the vessel 'Bolan'. The vessel is being handled by InterOcean agents. Loading of 14,500 MT of sugar is continuing at Mumbai Port on the vessel 'Zara III'. JM Baxi agents is handling the vessel. Loading of 13,500 MT of sugar continues at the port on the vessel 'Jaipur'. Shaan Marine agents is handling the vessel. Mumbai Port is loading 13,200 MT of sugar on the vessel 'Amar'. InterOcean agents is handling the vessel.

'Santha Barbara' has berthed at Tuticorin Port and is continuing to load 20,000 MT of sugar. St.John agents is handling the vessel. The port is expecting 'Am Nok Gang' to load 12,000 MT of sugar. St.John agents will be handling the vessel. Chennai Port is expecting 'Taurus' to load 9,000 MT of sugar. The vessel will be handled by InterOcean agents. Loading of 10,688 MT of sugar is expected at Mundra Port on the vessel 'Khairpur'. InterOcean agents will be handling the vessel.

Weather Impact: (As on 20th May 2006)

Mainly dry weather is prevailing over most parts of the country. Frequent irrigation is required to avoid moisture stress in sugarcane crop of different growth stages. Fairly widespread rainfall /thundershowers activity over Andaman & Nicobar Islands is likely to continue. Rainfall/thundershower activity over northeastern states likely to increase.

FOREX (As on 20th May 2006):

Foreign Currency	Rs. per unit
1 US \$	45.46
1 Euro	58.32
1 British £	85.94
100 Jap. Yen	40.99