

## SUGAR, JAGGERY & CANE

13<sup>th</sup>-19<sup>th</sup> September 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Traded Range Bound in this Week
- NCDEX Sugar: Remained Mostly Weak in this Week
- NCDEX Gur: Tested Fresh Highs in this Week

### Technical Analysis

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

The candlesticks formation is showing a range bound trade in the coming days with a slight uptrend. The %K-line after cutting the %D-line from above moving downwards in the normal region. The RSI is also supporting the downtrend. The MACD is lying below its EMA and moving downwards. The volume of trade as well as the open interest remained on the higher side in this week.



#### Outlook:

The technical indicators are pointing towards a range bound trade in the coming week. However, an upward correction is likely in the near future.

#### Support and Resistance Levels:

| Contract Month | Support Level   |                 | Resistance Level |                 |
|----------------|-----------------|-----------------|------------------|-----------------|
|                | 1 <sup>st</sup> | 2 <sup>nd</sup> | 1 <sup>st</sup>  | 2 <sup>nd</sup> |
| October        | 1811            | 1803            | 1824             | 1831            |

### Technical Analysis

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

The candlesticks formation is indicating a bearish trade in the coming 1-2 days, but an uptrend is likely in the mid-week. The %K-line after cutting the %D-line from above moving downwards and the RSI is also moving downwards. However, the MACD is lying in the positive region, showing some strength in the market. The open interest as well as the volume of trade has increased throughout the week.



#### Outlook:

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

#### Support and Resistance Levels:

| Contract Month | Support Level   |                 | Resistance Level |                 |
|----------------|-----------------|-----------------|------------------|-----------------|
|                | 1 <sup>st</sup> | 2 <sup>nd</sup> | 1 <sup>st</sup>  | 2 <sup>nd</sup> |
| October        | 592.5           | 588.6           | 605.2            | 608.8           |

## Market Commentary

### Domestic:

#### Domestic Sugar Prices Traded Range Bound in this Week

The domestic sugar prices witnessed a range bound movement throughout the week with slight recovery at the last couple of days. 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 offered between Rs 1825-1890 per quintal in this week. At the Kolkata market it was quoted in the range of Rs 1885-1900 per quintal, while at the Muzaffarnagar market it was available at Rs 1820-1845 per quintal in this week.

The S grade sugar at the Delhi market was quoted in the range of Rs 1805-1860 per quintal in this week. At the Chennai market it was offered between Rs 1705-1725 per quintal, while at the Kolkata market it was quoted at Rs 1830-1855 per quintal in this week. At the Vashi market it was offered in the range of Rs 1810-1840 per quintal in this week.

The sugar prices at the domestic markets are likely to trade range bound with slight uptrend in the coming week. The domestic sugar prices maintained the previous weakness in the first half of this week under review. However, slight recovery was seen for the last couple of days on increased buying interest at the lower price levels. The demand is likely to pick up in the coming days, thereby slight uptrend is expected soon. Overall the prices are expected to move in this week's ranges in the coming week.

### News Analysis:

#### 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.

#### 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.

#### NCDEX makes Delivery of Sugar Compulsory

NCDEX in its recent circular made it compulsory to provide delivery of sugar in sugar futures contract. The exchange

#### NCDEX Sugar: Remained Mostly Weak in this Week

At the futures market the sugar futures at the NCDEX remained mostly weak in the first half of this week under review. However, the futures consolidate at the weekend with slight recovery on some buying support at the lower levels. On Monday the sugar futures witnessed a range bound trade. The October sugar future hovered in the range of 1808.00-1827.00 during Monday's trade. The open interest as well as the volume of trade remained on the higher side in this week. It is expected that the sugar futures would trade range bound with slight upward correction in the coming week.

#### NCDEX Gur: Tested Fresh Highs in this Week

At the futures market the gur futures remained mostly bullish in this week and tested new highs. The gur futures started the week with a steady note and traded mostly range bound. The futures jumped up during the mid-week and the October future reached its new high on Friday on increased buying interest. However, the October future went down from the highs on a downward technical correction thereafter. The October gur future traded in the range of 590.00-605.00 during Monday's trade. The open interest as well as the volume of trade has increased throughout the week, showing higher support from the market. It is expected that the gur futures would remain weak in the coming 1-2 days, but an upward correction is likely thereafter.

has modified Sugar M grade and Sugar S grade (Kolkata) futures contract. Now all the contracts expiring in and after 2005 except contract ending April 2006 will be required to take delivery. Trading in December 2005 contract resumed with an intra day volume of about 1570 tonnes. Also the exchange has changed the delivery centers for S Grade sugar contract from Vashi Mumbai to Kolkata. On expiry of contract the seller would be required to give delivery and in case of his failure to deliver he would be liable for a heavy penalty which could be at least 8-10 percent.

#### New SAP Policy for Sugarcane Growers in Tamil Nadu

The government of Tamil Nadu has unveiled a new policy for fixation of State Advised Price (SAP) for the sugarcane growers of the state. Under the new policy the sugarcane growers would be paid Rs 1014 per quintal of sugarcane with an average recovery of 9 percent. The sugarcane growers would be paid Rs 88 per tonne extra for every 1 percent additional recovery, over and above the average recovery. The cooperatives sugar mills; public and private sector are required to follow the new policy. The state government would provide Rs 75 crore as a package of support to the cooperative and public sector mills. It has been estimated that the additional cost for the mills for implementing the new SAP policy would be Rs 133.87 crore.

## Sugar at Spot Market:

### International:

#### London Daily Price (LDP)

| Particulars           | 19-Sept | 16-Sept | 15-Sept | 14-Sept | 13-Sept |
|-----------------------|---------|---------|---------|---------|---------|
| LDP Raw FOB \$/MT     | 227.7   | 224.2   | 220.9   | 224.4   | 227.1   |
| LDP Raw CIF \$/MT     | 280.7   | 277.2   | 273.9   | 277.4   | 280.1   |
| LDP Raw CIF GBP/MT    | 155.9   | 153.2   | 151.5   | 152.2   | 154.0   |
| LDP White FOB \$/MT   | 330.1   | 328.8   | 325.0   | 330.0   | 335.0   |
| 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 | 19-Sept | 12-Sept | Change |
|-------------|---------|---------|--------|
| Shyamli     | 1842    | 1820    | +22    |
| Khatauli    | 1835    | 1832    | +3     |
| Morna       | 1792    | 1795    | -3     |
| Deoband     | 1803    | 1825    | -22    |
| Titawi      | NS      | NS      | -      |
| Nanoata     | 1775    | 1775    | -      |

NS: No Sale; MC: Market Closed

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

| Particulars   | 19-Sept   | 12-Sept   | Change |
|---------------|-----------|-----------|--------|
| M 30          | 1835-1890 | 1825-1875 | +10    |
| S 30          | 1815-1850 | 1810-1860 | +5     |
| Mill Delivery | 1690-1750 | 1675-1740 | +10    |
| Khand         | 1680-1700 | 1680-1700 | -      |

## Jaggery at Spot Market

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

| Particulars  | 19-Sept | 12-Sept | Change |
|--------------|---------|---------|--------|
| Raskat Cold  | 490-510 | 500-520 | +10    |
| Chaku Cold   | 660-720 | 645-690 | +15    |
| Shakkar Cold | 700-750 | 750-800 | -50    |

Cold: Cold Storage

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

| Particulars | 19-Sept   | 12-Sept   | Change |
|-------------|-----------|-----------|--------|
| Dahiya      | 1600-1650 | 1600-1650 | -      |

## Port Watch (As on 19<sup>th</sup> September 2005):

'Yasa Ilhan' from China has berthed at Kandla Port and is continuing to deliver 50,100 MT of raw sugar. Interocean agents is handling the vessel.

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 continuing at Tuticorin Port from the vessel 'Agia Eirini'. St.John agents is handling the vessel.

## Weather Forecast: (As on 19<sup>th</sup> September 2005)

### ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

#### Monsoon Outlook

During past 24 hours, fairly widespread rains with heavy to very heavy rainfall have occurred over north Andhra Pradesh-south Orissa coasts and south Chhattisgarh. Light to moderate scattered rainfall have also occurred over Andaman & Nicobar Islands, interior Orissa, Konkan & Goa, Telangana, Gujarat Region, Madhya Pradesh, Jharkhand, East Uttar Pradesh, Himachal Pradesh and Uttaranchal. Yesterday's deep depression over northwest Bay of Bengal moved in a westsouthwesterly direction and intensified into a cyclonic storm of yesterday evening and lay at 19.5° N/ 86.5° E at 1730 IST of 18th September. It crossed north Andhra Pradesh near Kalingapatnam this morning and lies centered at 0830 hours IST of today near 18.5° N/ 84.0° E close to Kalingapatnam over land. The system is likely to move west-northwest direction and weaken gradually. Model prediction suggests that the system may sustain upto 23-24 September as low-pressure area while it is moving in west-northwest direction. Under these conditions, wide spread with isolated heavy rainfall is likely over coastal Andhra Pradesh, South Orissa, Chhattisgarh for next 24hrs. Subsequently, heavy rainfall zone is expected to shift over to Madhya Pradesh, Telangana, and Vidarbha etc. During the same time, regions of Marathwada, Madhya Maharashtra, Konkan & Goa, coastal Karnataka, North Interior Karnataka and east Rajasthan is likely to experience fairly wide spread rains.

The upper air cyclonic circulation over Gujarat state and adjoining south Rajasthan moved westwards and now lies over southeast Pakistan and neighbourhood extending upto middle troposphere. It is likely to become unimportant.

#### Zone-wise Weather Forecast for next 5 days

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

Isolated to scattered rains are likely over Uttaranchal, Himachal Pradesh and West Uttar Pradesh during next 3-4 days. Rainfall activities are likely to increase during 23-25 September over the region.

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

Widespread rains with isolated heavy falls are likely over South Orissa during next 2-3 days. Scattered rains are also likely over other parts of the region during this period.

#### CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

The region is expected to receive scattered rains during next 24 hours. The rainfall activity over the region may

increase and continue till 22-23 September as fairly widespread with isolated heavy rains.

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

Widespread with heavy to very heavy rainfall is expected over Coastal Andhra Pradesh during the next 24 hours. Telangana, Karnataka are likely to receive scattered to fairly widespread rains. Isolated to Scattered rainfall activity is expected over rest of the region.

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

Konkan & Goa, Gujarat, East Rajasthan are likely to experience fairly widespread with isolated heavy rains during next 2-3 days. Subsequently, scattered to fairly

widespread rainfall is likely to continue. Remaining parts of the region are expected to experience scattered to fairly widespread rains during this period except west Rajasthan.

**FOREX (As on 19<sup>th</sup> September 2005):**

| Foreign Currency | Rs. per unit |
|------------------|--------------|
| 1 US \$          | 43.90        |
| 1 Euro           | 78.96        |
| 1 British £      | 53.15        |
| 100 Yen          | 39.32        |

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