

## SUGAR, JAGGERY & CANE

11<sup>th</sup>-17<sup>th</sup> October 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Surged Up on Higher Demand
- NCDEX Sugar: Up; Nov Nears Contract High
- NCDEX Gur: Retraced Back from 2-Weeks Low

### Technical Analysis

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

The candlesticks formation is showing a bearish pattern. The %K-line is moving downwards and it has entered the normal region, hinting downtrend. However, the %D-line is still moving upwards, supporting the uptrend. The RSI is also moving downwards. The MACD is moving upwards in the positive region, hinting the strength in the market. The open interest as well as the volume of trade remained on the higher side in this week.



#### Outlook:

The technical indicators are showing downtrend for the coming 1-2 days. However, the futures are likely to get supported and move upwards from the mid-week.

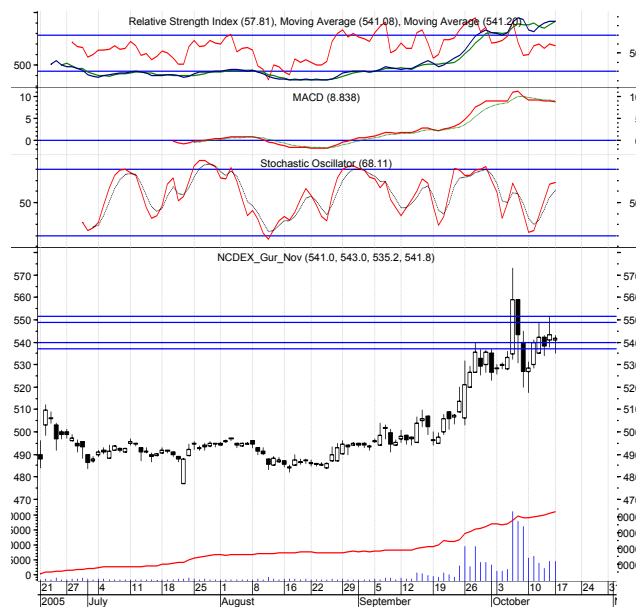
#### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
November	1818	1812	1844	1852

### Technical Analysis

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

The candlesticks formation is showing a weakly bullish pattern, but leaving scope for short-term downtrend. The %K-line after cutting the %D-line from below moving upwards in the normal region. The MACD has made a bearish crossover with its EMA, hinting for weakness. The RSI is also moving downwards. The open interest has increased, while the volume of trade remained in the lower side in this week.



#### Outlook:

The technical indicators are showing further uptrend in the coming days. However, the futures are likely to witness some downwards correction in the coming 1-2 days.

#### 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>
November	540.0	536.9	548.8	551.6

## Market Commentary

### Domestic:

#### Domestic Sugar Prices Surged Up on Higher Demand

The domestic sugar prices remained strong in this week as against the last week. Both the 'M' grade as well as the 'S' grade sugar was quoted much higher in this week as against the last week.

The M grade sugar at the Delhi market was offered higher at Rs 1890-1945 per quintal in this week. At the Kolkata market it was quoted higher at Rs 1900-1950 per quintal, while at the Muzaffarnagar market it was available at Rs 1850-1910 per quintal in this week as against the last week.

The S grade sugar at the Delhi market was quoted in the range of Rs 1875-1925 per quintal in this week. At the Chennai market it was offered between Rs 1735-1745 per quintal, while at the Kolkata market it was available at Rs 1840-1875 per quintal in this week. At the Vashi market also it was quoted higher at Rs 1825-1845 per quintal during this week.

The sugar prices at the major spot markets continued the upward movement amidst higher demand due to ongoing festival seasons. The Government has released a lower sugar quota for the October-December quarter, which has underpinned the upside movement in the sugar prices. Higher festival demand coupled with increased buying interest by the stockists remained as a supportive feature for the uptrend in sugar prices at the domestic markets. It is expected that the sugar prices would maintain the strength in the coming days.

### News Analysis:

#### USDA: Higher Brazilian Sugar Output in 2005-06

According to the recently released Brazil Sugar Semi Annual report by the United States Department of Agriculture (USDA), the sugarcane production of the country for marketing year 2005-06 is estimated at 406 million metric tons (MMT). The 5 percent increase in production from marketing year 2004-05 has been attributed to area expansion and good weather conditions. The sugar production in 2005-06 is projected higher by 2 percent from last year at 28.7 MMT raw value. The country's sugar export during this year is estimated higher at 18.25 MMT raw value.

#### Lower Sugar Production Estimated in Mauritius

According to the Mauritian Chamber of Agriculture, the sugar production of the country in this year is estimated lower at 535000 metric tonnes (MT) from 550000 MT. The shortfall in production is attributed to adverse weather conditions. Mauritius has an obligation to supply 522000 MT sugar to the European Union (EU) and 12000 MT to the United States (US). However, the country has to import 39000 MT of sugar for domestic consumption. The country has produced 328895 MT of sugar by 1st October as compared to 375264 MT sugar produced during the same period last year.

#### USDA Projected Higher U.S. Sugar Supply in 2005-06

According to the United States Department of Agriculture (USDA), the U.S. sugar supply for 2005-06 is projected to increase by 125000 short tons, raw value from last month. The increase in sugar supply is attributed to higher imports of sugar. The cane sugar production is estimated to decline by 90000 tons as the lower production in Louisiana more

#### NCDEX Sugar: Up; Nov Nears Contract High

At the futures market the sugar futures at the NCDEX extended previous week's advances in this week. Supported by the strong fundamentals the sugar futures surged up and tested this week's high on Monday. The October future hovered in the range of 1865.00-1880.00, while the November future traded in the range of 1837.00-1861.00 during Monday's trade. The sugar futures are expected to remain weak in the coming couple of days on a downward technical correction. However, the futures are expected to get supported and likely to move upwards from the mid-week onwards.

#### NCDEX Gur: Retraced Back from 2-Weeks Low

At the futures market the gur futures at the NCDEX retraced back from 2-weeks low and traded in the higher side in this week. Speculative buying throughout the week has underpinned the upside movement in the gur futures. The gur futures tested this week's high on Saturday. The October future fluctuated in the range of 690.00-711.80, while the November future traded in the range of 535.20-543.00 during Monday's trade. The open interest has increased, while the volume of trade remained in the lower side in this week, indicating lower market participation. It is expected that the gur futures would remain firm in the coming days. However, some downward correction is expected in the coming 1-2 days.

than offset the increase in Florida. The imports have increased by 228000 tons on imports from Mexico under the North American Free Trade Agreement. According to the report, the total use of sugar is increased by 50000 ton. The ending stocks are projected to increase at 1.1 million tons or 10.5 percent of total use.

#### Pakistan Govt Directed TCP to Release Sugar Stock

The Ministry of Commerce of the Pakistan Government has directed the Trading Corporation of Pakistan (TCP) to release its complete sugar stock in the open market immediately. The decision was taken to control the rising prices of sugar in the domestic markets. After the destructive earthquake sugar shortage has been reported in the open market. The TCP has about 3.5 lakh tons of sugar in its stock. The TCP has already released 50000 tons of sugar to the utility stores before Ramazan to provide sugar at subsidized rates.

#### China: More Sugar Imports to Cater Higher Demand

According to the officials and market analysts of China, the country needs to ensure its own sugar security reserves because of demand supply mismatch. The China Sugar Association has estimated that the domestic consumption of sugar would cross 11.8 million tons in 2005. In order to cater the domestic requirements the country needs to import 1 million tons sugar in 2005. China is the world's fourth largest sugar producer following Brazil, India and European Union, and the world's fifth largest consumer following India, the EU, Brazil and the United States. According to customs statistics of China, the country has imported 579300 tons of sugar during the first nine months of 2005.

## Sugar at Spot Market:

### International:

#### London Daily Price (LDP)

Particulars	17-Oct	14-Oct	13-Oct	12-Oct	11-Oct
LDP Raw FOB \$/MT	245.4	244.1	244.7	247.1	246.3
LDP Raw CIF \$/MT	298.4	297.1	297.7	300.1	299.3
LDP Raw CIF GBP/MT	169.8	169.8	170.4	171.9	170.7
LDP White FOB \$/MT	314.1	315.5	319	321.5	322.5
London Freight \$/MT	53	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	17-Oct	10-Oct	Change
Shyamli	NS	1875	-
Khatauli	1905	1885	+20
Morna	1855	NS	-
Deoband	1885	1875	-
Tikola	1855	-	-
Dhampur	1835	-	-

NS: No Sale

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

Particulars	17-Oct	10-Oct	Change
M 30	1890-1945	1865-1915	+30
S 30	1875-1925	1840-1875	+50
Mill Delivery	1800-1845	1700-1770	+75
Khand	1690-1710	1690-1705	+5

## Jaggery at Spot Market

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

Particulars	17-Oct	10-Oct	Change
Raskat Cold	430-450	550-560	-110
Chaku	680-740	710-770	-30
Shakkar	580-650	700-740	-90
Khurpa	560-600	650-700	-100

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

Particulars	17-Oct	10-Oct	Change
Dahiya	1650-1750	1700-1800	-50

## Port Watch (As on 17<sup>th</sup> October 2005):

No latest vessel position is reported today.

## Weather Forecast: (As on 17<sup>th</sup> October 2005)

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

#### Monsoon Outlook

Rainfall has been of light to moderate in nature for the last 24hrs over parts of Lakshadweep, Andaman & Nicobar Islands, Marathwada, Vidarbha, Madhya Pradesh, Chhattisgarh, Bihar, Jharkhand, Gangetic West Bengal, coastal Orissa, Assam & Meghalaya, north coastal Andhra Pradesh, Telangana, Rayalaseema, interior parts of Karnataka (south & north). Yesterday's less marked cyclonic circulation system over Madhya Maharashtra and Konkan & Goa with associated upper air cyclonic circulations extending upto mid-tropospheric level and trough extending laterally eastwards upto Chhattisgarh, now lies over East Madhya Pradesh & adjoining Vidarbha. Further, mid-latitude westerly trough in the middle troposphere has moved slightly eastward today (located at 72°E). As per our yesterday's assessment, a clear scenario of tropical (cyclonic circulation over East MP) and mid-latitude (westerly trough) interaction of air-masses has developed and the whole pattern is very slowly in easterly / north easterly direction towards Bihar and Sikkim in coming days traversing through Chhattisgarh, Jharkhand. As per our continued assessment of this evolving scenario, in coming 2-days rainfall intensity over Rayalaseema, coastal Andhra Pradesh and south interior Karnataka is expected to decrease (to isolated type) and is expected to increase over Telangana (atleast for 24), north and western Orissa, Maharashtra, east Madhya Pradesh, Chhattisgarh (to scattered to fairly widespread type with some pockets of heavy rainfall). Further, isolated to scattered rainfall activity is expected over parts of hilly regions of J&K, Jharkhand, sub-Himalayan West Bengal & Sikkim and Bihar for next 4-5 days. However, rainfall activity over the north coastal regions of Orissa, Gangetic West Bengal and NE States would only be of isolated type. Much earlier than expected yesterday, a fresh cyclonic circulation has formed over the central parts of south Bay of Bengal today itself. The model predictions indicate that the cyclonic circulation is likely to get organized in coming days and move very slowly in north-northwesterly direction. Under the influence of this likely scenario, scattered to fairly widespread rainfall activity is likely to develop over the coastal regions of Andhra Pradesh and Orissa by 19th Oct 2005. The existing low-pressure area over the Arabian Sea is likely to move in northwesterly direction as well.

**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/snowfall activity for couple of days and mainly dry weather is likely to prevail subsequently. Largely dry weather is likely to prevail over rest of the regions.

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

West Bengal & Sikkim, NE states, north coastal Orissa are likely to experience only isolated spells of rainfall activity up to 48hrs and experience isolated to scattered rains subsequently. Bihar, Jharkhand, western Orissa can

experience isolated to scattered rains for 1-2days and experience scattered to fairly widespread rains subsequently. Mainly dry weather is likely to prevail over rest of the regions.

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

Vidarbha, Madhya Pradesh and Chhattisgarh are expected to have scattered to fairly widespread showers during next 2-3-days and isolated to scattered type rains might prevail subsequently.

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

Interior Karnataka, Rayalaseema, Andaman & Nicobar and Lakshadweep are likely to experience isolated to scattered rainfall activity. On the other hand, parts of Telangana are likely to experience scattered to fairly widespread rainfall. Coastal Andhra Pradesh and Bay Islands can possibly experience scattered to fairly widespread rains starting from

19th Oct., 2005. Isolated rainfall activity is expected over rest of the regions.

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

North Konkan, Maharashtra and parts of south Gujarat are likely to experience isolated rainfall activity in coming 1-2days. Mainly dry weather is likely to prevail over rest areas of the region.

#### **FOREX (As on 17<sup>th</sup> October 2005):**

Foreign Currency	Rs. per unit
1 US \$	44.82
1 Euro	54.15
1 British £	79.17
100 Yen	39.22

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