

## SUGAR, JAGGERY & CANE

18<sup>th</sup>-24<sup>th</sup> October 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Weak in this Week
- NCDEX Sugar: Lower; Curbed Previous Advances
- NCDEX Gur: Surged Up; Nov Nears Contract High

### Technical Analysis

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

The candlesticks formation is indicating a bearish pattern and weak opening. The %K-line after cutting the %D-line from below moving upwards, supporting the uptrend. The RSI is moving downwards. The MACD has made a bearish crossover with its EMA, hinting the weakness in the market. The open interest as well as the volume of trade remained steady at the higher side in this week.



#### Outlook:

The technical indicators are showing downtrend for the coming couple of 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	1805	1800	1833	1838

### Technical Analysis

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

The candlesticks formation is showing a weakly bullish pattern and firm opening. 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, showing further weakness. The RSI is also moving downwards. The open interest as well as the volume of trade remained in the higher side in this week.



#### Outlook:

The technical indicators are showing further downtrend in the coming days. However, the futures are likely to witness some upward movement in the coming couple of 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	548.8	545.5	559.5	562.9

## Market Commentary

### Domestic:

#### Domestic Sugar Prices Remained Weak in this Week

The domestic sugar prices remained weak in this week as compared to the last week. Both the 'M' grade as well as the 'S' grade sugar was quoted lower in this week as against the last week.

The M grade sugar at the Delhi market was quoted lower at Rs 1875-1935 per quintal in this week as against the last week. At the Kolkata market it was offered in the range of Rs 1925-1945 per quintal, while at the Muzaffarnagar market it was available between Rs 1885-1910 per quintal during this week.

The S grade sugar at the Delhi market was offered in the range of Rs 1860-1915 per quintal in this week under review. At the Chennai market it was quoted at Rs 1735-1745 per quintal, while at the Kolkata market it was offered at Rs 1850-1875 per quintal in this week. At the Vashi market it was available at Rs 1830-1845 per quintal during this week.

The sugar prices at the major spot markets failed to extend previous week's advances and remained mostly at the lower side in this week. Though, the Government has released a lower sugar quota for the October-December quarter, the sugar prices witnessed a downtrend on increased selling pressure from the stockists as well as the mills. It is expected that the sugar prices would remain bearish in the coming days. However, some uptrend is likely from the mid-week.

### News Analysis:

#### Mexico 2005-06 Sugar Harvest Estimated at 5.6 MMT

According to the National Sugar and Alcohol Chamber of Mexico, the country's sugar production in the coming 2005-06 harvest would decline by 3.4 percent to 5.6 million metric tons (MMT) of semi-refined standard sugar. The country produced 5.8 MMT sugar in the 2004-05 harvest cycle. The record harvest in 2004-05 was 15 percent higher than previous harvest in 2003-04 and 12 percent higher than previous record harvest in 1997-98. The sugar crop year in Mexico runs from Nov. 1 to Oct. 31, with the physical harvest and milling traditionally starting by mid-November and ending in July.

#### 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.

#### 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

#### NCDEX Sugar: Lower; Curbed Previous Advances

At the futures market the sugar futures at the NCDEX failed to extend previous week's advances in this week. The sugar futures started this week in the negative territory and tested this week's low on Wednesday. However, the sugar futures consolidate thereafter and traded range bound for the rest of this week under review. The November future hovered in the range of 1817.00-1832.00 during Monday's trade. The open interest as well as the volume of trade remained steady in this week. It is expected that the sugar futures would remain bearish in the coming days with possibility of some upward movement from the mid-week.

#### NCDEX Gur: Surged Up; Nov Nears Contract High

At the futures market the gur futures at the NCDEX started this week with slight gain but slid to week's low on Thursday. However, increased buying support at the lower price levels pushed up the futures again and the November future tested this week's high on Friday. The gur futures curbed the advances during the last couple of days. The November future traded in the range of 545.20-551.80 during Monday's trade. The open interest as well as the volume of trade remained at the higher side, showing better market participation in this week. It is expected that the gur futures would remain firm in the coming days with possibility of some downward movement later in this week.

by 90000 tons as the lower production in Louisiana more 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.

### Sugar at Spot Market:

#### International:

##### London Daily Price (LDP)

Particulars	24-Oct	21-Oct	20-Oct	19-Oct	18-Oct
LDP Raw FOB \$/MT	249.1	245.4	245.8	245.6	239.2
LDP Raw CIF \$/MT	306.1	302.4	302.8	302.6	296.2
LDP Raw CIF GBP/MT	173.3	170.3	171.4	172.5	169.8
LDP White FOB \$/MT	310.5	309	309.5	308	308
London Freight \$/MT	57	57	57	57	57
London Freight GBP/MT	32.5	32.5	32.5	32.5	32.5

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	24-Oct	17-Oct	Change
Shyamli	1872	NS	-
Khatauli	1895	1905	-10
Morna	1835	1855	-20
Deoband	1870	1885	-15
Tikola	1835	1855	-20
Dhampur	1825	1835	-10

NS: No Sale

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

Particulars	24-Oct	17-Oct	Change
M 30	1875-1935	1890-1945	-10
S 30	1860-1915	1875-1925	-10
Mill Delivery	1750-1825	1800-1845	-20
Khand	1680-1700	1690-1710	-10

### Jaggery at Spot Market

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

Particulars	24-Oct	17-Oct	Change
Raskat	535-540	-	-
Chaku	560-620	680-740	-120
Shakkar	630-670	580-650	+20
Khurpa	550-560	560-600	-40

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

Particulars	24-Oct	17-Oct	Change
Dahiya	1600-1700	1650-1750	-50

### Port Watch (As on 24<sup>th</sup> October 2005):

No latest vessel position is reported today.

### Weather Forecast: (As on 24<sup>th</sup> October 2005)

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

##### Monsoon Outlook

An upper air cyclonic circulation has formed over southwest Bay of Bengal. This is likely to concentrate into a low-pressure area within next 24 hours and move initially in a northwesterly direction. This is expected to enhance the rainfall activity with chance of isolated heavy to very heavy rainfall over south Peninsula especially in Tamil Nadu and South Coastal Andhra Pradesh during next 2-3 days. The predictions also indicate further intensification of the system, its north-northwestward movement and occurrence

of renewed rainfall activity over east coast viz., coastal Andhra Pradesh and Orissa in subsequent period. Yesterday's trough extending from north Coastal Andhra Pradesh to Sub-Himalayan West Bengal & Sikkim in lower tropospheric levels has become less marked. The trough in the middle troposphere has moved away eastwards. The rainfall over Northeastern States, West Bengal & Sikkim and Orissa has decreased during past 24 hours. The prediction suggests that the rainfall activity over these areas may further decrease. A Western disturbance in the form of an upper air circulation lies over North Pakistan and neighbourhood. It may cause isolated rain/snow over Jammu & Kashmir and Himachal Pradesh during next 2 days.

**NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]**  
Isolated rain/ snow is expected over J & K and Himachal Pradesh during next 48 hours. Mainly dry weather is likely to prevail over rest areas of the region.

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

Scattered rainfall activity is expected over North-eastern States, Sub-Himalayan West Bengal & Sikkim and north coastal Orissa. Isolated rains are likely over rest areas except in East UP, where mainly dry weather may prevail during next 2 days. Further reduction of rainfall activity is expected over the region subsequently.

**CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]**

Mainly dry weather is likely over the region except some parts of Chhattisgarh where isolated rains may occur during next 24 Hrs.

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

The rainfall activity is likely to enhance over entire region during next 24 hours. Fairly widespread to widespread rains with isolated heavy to very heavy rains are expected over Tamil Nadu & Pondicherry, Coastal Andhra Pradesh, Kerala, Coastal and South Interior Karnataka and Andaman & Nicobar Islands during next 2-3 days. Scattered to Fairly widespread rains are also likely over rest areas of the region during this period. The widespread rainfall activity with heavy falls is likely to extend to North Coastal Andhra Pradesh subsequently.

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

Isolated to scattered rainfall activity is expected over Konkan & Goa. Mainly dry weather is likely to prevail over rest areas of the region.

### FOREX (As on 24<sup>th</sup> October 2005):

Foreign Currency	Rs. per unit
1 US \$	45.14
1 Euro	53.94
1 British £	79.73
100 Yen	39.05

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