

## SUGAR, JAGGERY & CANE

08<sup>th</sup>-14<sup>th</sup> November 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Weak in this Week
- NCDEX Sugar: Settled Down Amidst Lacklustre Trade
- NCDEX Gur: Down; Cut Back Most of Previous Gains

### Technical Analysis

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

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



#### Outlook:

The technical indicators are showing a range bound bearish trade in the coming week. However, an upward technical correction is likely in the short-term.

#### 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>
December	1805	1800	1818	1823

### Technical Analysis

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

The candlesticks formation is showing a highly bearish pattern and weak opening. The %K-line as well as the %D-line is moving sharply downwards in the normal region. The MACD has made a bearish crossover with its EMA and moving downwards, supporting the weakness in the market. The open interest has increased while the volume of trade remained lower in this week.



#### Outlook:

The technical indicators are showing further downtrend in the coming week. However, the futures are likely to witness some uptrend in the last half of the coming 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>
December	551.9	550.0	564.1	566.0

## Market Commentary

### Domestic:

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

The domestic sugar prices remained mostly bearish in this week under review. 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 offered at a lower price of Rs 1860-1940 per quintal in this week. At the Kolkata market it was quoted between Rs 1940-1970 per quintal, while at the Muzaffarnagar market it was available in the range of Rs 1880-1940 per quintal in this week.

The S grade sugar at the Delhi market was quoted in the range of Rs 1840-1920 per quintal in this week. At the Chennai market it was offered between Rs 1750-1760 per quintal, while at the Kolkata market it was traded in the range of Rs 1860-1885 per quintal. At the Vashi market it was quoted in the range of Rs 1860-1880 per quintal in this week under review.

The sugar prices witnessed mostly a bearish sentiment in this week amidst thin trading. The sugar mills are offloading their old stocks and consequently the prices are facing a downtrend at present. Moreover, the festive season is over and the demand from the bulk consumers remained almost nil. The traders are now eyeing towards the marriage season demand during the month of December. Under such circumstances the prices of sugar is likely to remain range bound with a bearish undertone in the coming week.

### News Analysis:

#### Haryana Govt Increased Sugarcane Price for 2005-06

The Government of Haryana has increased the price of sugarcane of early varieties to Rs 135 per quintal, a jump of Rs 18 per quintal than the year ago price. The upward revision of sugarcane price is attributed to increased cost of production of sugarcane in recent time. It has been reported that the prices of medium duration varieties as well as the late duration varieties were fixed with an increase of Rs 10 per quintal as against last year. According to the Chief Minister of the state, the sugarcane production in the state is estimated to be around 878 lakh quintals during 2005-06 as against 806 lakh quintals in 2004-05.

#### Cane Crushing Started in 50 percent of UP Sugar Mills

The sugarcane crushing operations has been started in around 50 percent of the sugar mills in Uttar Pradesh for the 2005-06 season. It has been reported that more than 16 lakh quintal of sugar has been produced so far by the mills already in operations. The other sugar mills are in the way to start their crushing operations very soon.

#### Domestic Sugar Output to Rise Further in 2006-07

The domestic production of sugar is expected to rise by another 16 percent to 21-22 million tonnes during the 2006-07 sugar year as compared to an estimated production of around 18-18.5 million tonnes during the present sugar year. The expected increase in sugar production is attributed to an increase of acreage under sugarcane this year. According to the Agriculture ministry, the acreage under sugarcane till October 2005 stands at 4.1 million

#### NCDEX Sugar: Settled Down Amidst Lacklustre Trade

At the futures market the sugar futures at the NCDEX started this week with slight gains but failed to carry forward it thereafter. Alternate buying and selling interest kept the futures fluctuating within a narrow range throughout the week. The sugar futures witnessed continuous downtrend amidst lacklustre trade and tested this week's low on Thursday and again on Saturday. The December sugar future witnessed a narrow range bound movement during Monday's trade. The December future hovered in the range of 1810.00-1816.00 during Monday's trade and settled at the lower side. The open interest as well as the volume of trade remained almost steady in this week. It is expected that the sugar futures would witness a range bound bearish trade in the coming week. However, an upward technical correction is likely in the short-term.

#### NCDEX Gur: Down; Cut Back Most of Previous Gains

At the futures market the gur futures at the NCDEX extended previous gains early in this week. The guar futures tested this week's high on Thursday but traded range bound thereafter. The December future traded bearishly during Monday's trade and cut back major portion of the previous gains. The December future traded in the range of 563.40-569.00 during Monday's trade. The open interest has increased while the volume of trade remained lower in this week. It is expected that the guar futures would remain bearish in the coming week. However, some uptrend is likely during the last half of the coming week.

hectares, an increase of around 10.8 percent against the last year acreage of 3.7 million hectares. Moreover, the capacity expansions by the large sugar mills would have a positive impact on the sugar output in the coming year. On the backdrop of such huge capacity expansions, the domestic sugar industry would be in a position to process 25 million tonnes of sugar by 2006.

Source: PTI

#### USDA Projected Lower U.S. Sugar Supply for 2005-06

According to the latest released World Agricultural Supply and Demand Estimates (WASDE) report by the U.S. Department of Agriculture, the sugar supply in the United States is projected to be lower than the month ago estimates. The U.S. sugar supply in 2005-06 is projected at 11.057 million short tons (Metric-ton equivalent= short tons x 0.907185), down by around 3.5 percent from the last month estimates. According to the report, the beginning stocks as well as the production of sugar in 2005-06 is revised downward, while the import is revised upwards. The major downfall in production is reported from Florida following the losses caused by the recent hurricane.

#### China Oct Sugar Output Up 28 Percent on Year

According to the National Bureau of Statistics of China, the country has produced 264500 tons of refined sugar in the month of October, an increase of 28 percent on year. However, the total refined sugar production in this year stands at 6791500 tons upto October, a decline of 9 percent on year.

## Sugar at Spot Market:

### International:

#### London Daily Price (LDP)

Particulars	14-Nov	11-Nov	10-Nov	09-Nov	08-Nov
LDP Raw FOB \$/MT	244.3	242.9	236.6	236.6	237.4
LDP Raw CIF \$/MT	301.3	299.9	293.6	293.6	294.4
LDP Raw CIF GBP/MT	172.6	172.3	168	169	169.6
LDP White FOB \$/MT	279.9	276.3	271.5	276.2	277.3
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	14-Nov	07-Nov	Change
Shyamli	1872	1907	-35
Khatauli	1880	1870	+10
Morna	1875**	NS	-
Deoband	1860	1895	-35
Tikola	1880**	1901**	-21
Dhampur	1850	1870	-20

\*\* New Sugar, others old stock; NS: No Sale

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

Particulars	14-Nov	07-Nov	Change
M 30	1860-1940	1870-1950	-10
S 30	1840-1920	1850-1930	-10
Mill Delivery	1745-1815	1750-1820	-5
Khand	1675-1700	1690-1710	-10

## Jaggery at Spot Market

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

Particulars	14-Nov	07-Nov	Change
Raskat	500-505	505-515	-10
Chaku	510-550	515-570	-20
Shakkar	550-570	550-580	-10
Khurpa	500-510	510-520	-10
Laddu	505-515	-	-

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

Particulars	14-Nov	07-Nov	Change
Dahiya	1300-1400	1400-1500	-100
Balti Special	1250-1260	1290-1300	-40
Number One	1230-1240	1260-1275	-35
Bariya Dara	1210-1225	1240-1250	-25
Dara	1190-1200	1200-1225	-25

### Port Watch (As on 14<sup>th</sup> November 2005):

No latest vessel position is reported today.

### Weather Forecast: (As on 14<sup>th</sup> November 2005)

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

##### Monsoon Outlook

The upper air cyclonic circulation over southwest Bay of Bengal persists and extends upto 3.1 km above sea level. Another upper air cyclonic circulation over southeast Arabian sea also persists.

Under the influence of these systems, fairly widespread rains with isolated heavy falls are likely over Coastal Tamil Nadu & Pondicherry, Kerala and Lakshadweep during next 48 Hrs. NE monsoon flow is expected to weaken further leading to reduction of rainfall activity over the region.

Under this scenario, scattered light to moderate rainfall is likely over Tamil Nadu, South Coastal Andhra Pradesh and Kerala during 15-17 November 2005.

Model prediction suggest that a western disturbance is likely to approach J&K and adjoining area by 16th November, 2005 and cause isolated to scattered rains/snow over the region beginning from 16th.

**NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]**  
Isolated to scattered snow/rains are expected over J & K, Himachal Pradesh and adjoining area during 16-17 November. Mainly dry weather may prevail over plains of NW India.

**EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]**  
Mainly dry weather is likely to prevail over the region.

**CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]**  
Mainly dry weather is likely to continue during next 5 days.

**SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]**  
Scattered to fairly widespread rains are likely over Tamil Nadu & Pondicherry, Kerala and Lakshadweep Islands during next 2 days. Thereafter, rainfall activity over the region is likely to reduce.

**WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]**  
Mainly dry weather is likely to prevail over the region.

**FOREX (As on 14<sup>th</sup> November 2005):**

Foreign Currency	Rs. per unit
1 US \$	45.67
1 Euro	53.71
1 British £	79.68
100 Yen	38.72

**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.