

SUGAR, JAGGERY & CANE

21st-26th November 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Lower on Bearish Fundamentals
- NCDEX Sugar: Finished the Week at a Lower Ground
- NCDEX Gur: Finished Lower, Pared Monday's Advances

Technical Analysis

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

The candlesticks formation is hinting for a bullish pattern and firm opening. The %K-line after cutting the %D-line from below moving upward, showing further uptrend. The MACD is moving slightly upwards in the positive region, supporting the short-term uptrend in the market. The moving averages are also showing further uptrend. The open interest as well as the volume of trade has increased in this week.



Outlook:

The technical indicators are showing a bullish trade in the coming couple of days. However, the futures are likely to get resisted and may move downwards from the mid-week.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
December	1790	1785	1818	1822

Technical Analysis

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

The candlesticks formation is showing a bearish pattern and weak opening. The %K-line after cutting the %D-line from above moving downwards in the normal region, hinting further downtrend. The MACD is moving downwards in the positive region, a bearish indication. The moving averages are also showing further downtrend. The open interest as well as the volume of trade has declined in this week.



Outlook:

The technical indicators are showing further downward movement in the coming week. However, the futures are likely to get supported and may move upwards during the weekend.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
December	540.1	537.1	551.9	555.0

Market Commentary

Domestic:

Domestic Sugar Prices Lower on Bearish Fundamentals

The domestic sugar prices witnessed a bearish sentiment in this 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 offered at a lower price of Rs 1835-1910 per quintal in this week as against the last week. At the Kolkata market it was quoted lower at Rs 1915-1950 per quintal, while at the Muzaffarnagar market it was traded in a lower range of Rs 1840-1875 per quintal during this week.

The S grade sugar at the Delhi market was quoted lower at Rs 1815-1890 per quintal in this week as against the last week. At the Chennai market it was traded in the range of Rs 1750-1760 per quintal, while at the Kolkata market it was available at a lower range of Rs 1840-1860 per quintal during this week. At the Vashi market also it was quoted in a lower range of Rs 1825-1860 per quintal in this week under review.

The domestic sugar prices extended the bearish trend in this week. The demand for sugar at the physical markets remained lower in this week. The supply of the sugar is good at this time and consequently the prices are facing a downtrend. The sugar mills are selling sugar to complete their monthly quota well in time. Moreover, the festive season is over and the marriage season demand is likely to pick up in the month of December. The sugarcane crushing operations is going on in full momentum and the production in this year is likely to be a bumper one. Under such

News Analysis:

Brazil's 2005-06 Sugarcane Production Revised Lower

The sugarcane production in Brazil during the 2005-06 season is estimated to be lower than 400 million tonnes (MT) consequent upon the prolonged dry period. According to the Sao Paulo Sugar Industry Association (UNICA), the production in the center-south region is expected to be around 345 MT, lower than the previous estimates. The 2005-06 sugar production from the center-south region is likely to fall near 22 MT, lower than the earlier estimates of around 23 MT. The ethanol production from this region is also revised downward below 15 billion liters.

Thailand to Crush Cane 2 Weeks Later than Normal

According to the Thailand Cane and Sugar Board, the country would start the 2005-06 sugarcane crushing operations from 10th December onwards. Out of the 46 sugar mills of the country, nine mills are likely to start the crushing operations from the date. The sugarcane crushing operations would start 2 weeks later than normal period consequent upon an estimated lower harvest. The 2005-06 sugarcane production of the country is projected lower at around 42.5 million tonnes (MT), down by above 5 MT from the last harvest. Thailand is likely to produce around 4.6 MT sugar during the 2005-06 crop year, lower by about 5.6 MT from the last crop year production.

situations the prices of sugar at the physical markets are expected to remain bearish in the next week.

NCDEX Sugar: Finished the Week at a Lower Ground

At the futures market the sugar futures at the NCDEX started this week with losses and extended the weakness thereafter. The December sugar future tested this week's high on Monday and slid to week's low on Thursday on increased selling pressure throughout the week. The December future recovered again on Friday from the week's low and settled with gains. The December future hovered in a higher range of 1802.00-1811.00 during Saturday's trade. The open interest as well as the volume of trade remained steady at the higher side in this week. It is expected that the sugar futures would extend the advances in the coming week with possibility of some downward movement later in the coming week.

NCDEX Gur: Finished Lower, Pared Monday's Advances

At the futures market the gur futures at the NCDEX witnessed huge gain at the start of this week under review. The December gur future extended last weekend's gains and jumped up on Monday to test this week's high on speculative buying. However, increased selling pressure at the higher levels pressurised the futures and futures turned downwards thereafter. The December future fluctuated in a lower range of 549.00-552.60 during Saturday's trade. The open interest as well as the volume of trade remained steady in this week under review. It is expected that the gur futures would remain bearish in the coming week with possibility of some upward movement during the weekend.

Brazil Sugar Market Eyeing on Center-South Harvest

The sugar markets in Brazil is witnessing lacklustre trade for the last few days on weaker global demand. Traders are eyeing for the final harvests of sugarcane of the center-south (C-S) region. The export markets activities remain thin as the main buyers like Russia is harvesting its own crop. The Sao Paulo Sugar Industry Association has revised the center-south sugarcane crop downward recently consequent upon dry weather. However, the demand for ethanol remained firm at the domestic markets on increasing use of flex-fuels cars, which can run on any combination of ethanol or gasoline.

China October Sugar Import Up 43.5 Percent on Year

According to China's General Administration of Customs, the country has imported around 0.15 million metric tons (MMT) of sugar during the month of October, an increase of over 43.5 percent on year. The total imports of sugar during the January-October period increased by around 11.5 percent at around 1.3 MMT. The major part of the import came from Guatemala, Cuba, Nicaragua, Thailand and South Korea. China has also exported a sizeable quantity of sugar to Pakistan in this year so far.

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	25-Nov	24-Nov	23-Nov	22-Nov	21-Nov
LDP Raw FOB \$/MT	259	256.4	256.4	256.4	254.6
LDP Raw CIF \$/MT	316	313.4	313.4	313.4	311.6
LDP Raw CIF GBP/MT	183.8	181.6	181.7	183	181.3
LDP White FOB \$/MT	295	293	293	293.5	291.2
London Freight \$/MT	57	57	57	57	57
London Freight GBP/MT	33	33	33	33	33

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	26-Nov	21-Nov	Change
Shyamli	No Sale	1827**	-
Khatauli	1845	1855	-10
Morna	1805	1830	-25
Deoband	1830	1845	-15
Tikola	1825	1840	-15
Dhampur	1805	1825	-20

** Old stock

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

Particulars	26-Nov	21-Nov	Change
M 30	1835-1895	1850-1910	-15
S 30	1815-1875	1830-1890	-15
Mill Delivery	1700-1760	1700-1785	-25

Jaggery at Spot Market

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

Particulars	26-Nov	21-Nov	Change
Raskat	420-445	455-465	-20
Chaku	490-530	490-530	-
Shakkar	495-515	490-515	-
Khurpa	450-460	465-475	-15
Laddu	465-475	480-490	-15

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

Particulars	26-Nov	21-Nov	Change
Dahiya	1200-1225	1200-1300	-75
Balti Special	1175-1190	1190-1200	-10
Number One	1160-1170	1175-1185	-15
Bariya Dara	1130-1140	1150-1160	-20
Dara	1110-1125	1125-1140	-15

Port Watch (As on 26th November 2005):

No latest vessel position is reported today.

Weather Forecast: (As on 25th November 2005)

ALL INDIA WEATHER FORECAST BULLETIN

Weather Outlook

Yesterday's low-pressure area over central parts of southeast Arabian Sea persists. It is likely to move west-northwest direction. The rainfall activity over south Peninsula is likely to remain subdued during next 2-3 days. Another cyclonic circulation is likely to form over southeast Bay of Bengal during next 24-48 hrs. The system is likely to move westwards and influence south Peninsula after 27th November. A western disturbance (W.D.) is likely to approach hilly region of NW India on 27th November. The W.D. is likely to cause precipitation over J&K, H.P., Uttaranchal and plains of NW India during 28-29 November 2005. The temperature is likely to fall over North India in wake of WD after 28th November 2005.

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

Scattered rains/snow is expected over J&K and H.P. on 27th November. Then intensity and arial extent of rains may increase covering Uttaranchal and adjoining Indo-Gangetic Plains during 28-29 November 2005.

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

Mainly dry weather may prevail over the region.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely to prevail over the region during next 5 days.

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

Isolated rainfall are likely over Andaman& Nicobar Island, Tamil Nadu, Pondicherry, Kerala, Lakshadweep Island, Rayalaseema, south interior Karnataka and coastal Karnataka during next 2-3 days.

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

Mainly dry weather is likely to prevail over the region.

FOREX (As on 26th November 2005):

Foreign Currency	Rs. per unit
1 US \$	45.79
1 Euro	53.67
1 British £	78.52
100 Yen	38.27

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