

SUGAR, JAGGERY & CANE

15th-21st November 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Witnessed Bearish Sentiment
- NCDEX Sugar: Traded Rangebound with Bearish Trend
- NCDEX Gur: Down but Cut Back Most of Previous Losses

Technical Analysis

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

The candlesticks formation is hinting for a bearish pattern and weak opening. The %K-line has stated moving downwards, indicating short-term downtrend. However, the %D-line is still moving upwards. The MACD is moving bearishly in the positive region, supporting the weakness in the market. The moving averages are also showing further downtrend. The open interest as well as the volume of trade has increased in this week.



Outlook:

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

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
December	1800	1795	1818	1823

Technical Analysis

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

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



Outlook:

The technical indicators are showing some upward movement 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	549.9	545.1	561.1	566.0

Market Commentary

Domestic:

Domestic Sugar Prices Witnessed Bearish Sentiment

The domestic sugar prices extended previous week's weakness in this week. Both the 'M' grade as well as the 'S' grade sugar was offered at a lower price in this week as against the last week.

The M grade sugar at the Delhi market was quoted lower at Rs 1850-1910 per quintal in this week as against the last week. At the Kolkata market it was offered between Rs 1930-1975 per quintal, while at the Muzaffarnagar market it was available at Rs 1870-1890 per quintal during this week.

The S grade sugar at the Delhi market was offered in the range of Rs 1830-1890 per quintal in this week. At the Chennai market it was quoted between Rs 1755-1765 per quintal, while at the Kolkata market it was quoted at Rs 1845-1880 per quintal in this week. At the Vashi market it was available in the range of Rs 1850-1870 per quintal during this week.

The domestic sugar prices remained mostly bearish in this week under review. Increased selling activity by the sugar mills to complete their monthly quota has pressurised the sugar prices to move downwards in this week. The demand situation remained weaker, while that of the bulk consumers remained at the lowest. Domestic traders are looking forward for the month of December when the marriage season demand would be at the highest. Under such circumstances the prices of sugar are expected to maintain the bearish trend in the coming week with possibility of some recovery during the weekend.

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.

NCDEX Sugar: Traded Rangebound with Bearish Trend

At the futures market the sugar futures at the NCDEX started this week with slight gains and extended it to test this week's high on Wednesday. However, pressurised by increased selling pressure at the higher levels, the futures turned downwards thereafter. The December future tested this week's low on Saturday and traded range bound on Monday. The December future hovered in the range of 1805.00-1816.00 during Monday's trade. The open interest as well as the volume of trade has increased in this week after the expiry of the November future on Saturday. It is expected that the sugar futures would witness a bearish trade in the coming couple of days. However, the futures are likely to get supported and may move upwards from the mid-week.

NCDEX Gur: Down but Cut Back Most of Previous Losses

At the futures market the guar futures at the NCDEX witnessed a bearish sentiment for the most half of this week. The December future tested this week's low on Friday in line with the bearish fundamentals. However, increased buying support at the lower levels pushed up the futures again on Saturday. The December future wiped away most of the losses on Monday. The December future traded in the range of 546.00-561.80 during Monday's trade. The open interest as well as the volume of trade has increased in this week. It is expected that the gur future would remain slightly strong in the coming 1-2 days. However, the futures would likely to get resisted and may move downwards from the mid-week.

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	21-Nov	18-Nov	17-Nov	16-nov	15-Nov
LDP Raw FOB \$/MT	254.6	256.8	256.2	256.8	249.8
LDP Raw CIF \$/MT	311.6	313.8	313.2	313.8	306.8
LDP Raw CIF GBP/MT	181.3	183.3	182.4	182	177.1
LDP White FOB \$/MT	291.2	294	293.4	286.9	280
London Freight \$/MT	57	57	57	57	57
London Freight GBP/MT	33	33	33	33	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	21-Nov	14-Nov	Change
Shyamli	1827**	1872	-45
Khatauli	1855	1880	-25
Morna	1830	1875	-45
Deoband	1845	1860	-15
Tikola	1840	1880	-40
Dhampur	1825	1850	-25

** Old stock

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

Particulars	21-Nov	14-Nov	Change
M 30	1850-1910	1860-1940	-30
S 30	1830-1890	1840-1920	-30
Mill Delivery	1700-1785	1745-1815	-30

Jaggery at Spot Market

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

Particulars	21-Nov	14-Nov	Change
Raskat	455-465	500-505	-40
Chaku	490-530	510-550	-20
Shakkar	490-515	550-570	-55
Khurpa	465-475	500-510	-35
Laddu	480-490	505-515	-25

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

Particulars	21-Nov	14-Nov	Change
Dahiya	1200-1300	1300-1400	-100
Balti Special	1190-1200	1250-1260	-60
Number One	1175-1185	1230-1240	-55
Bariya Dara	1150-1160	1210-1225	-65
Dara	1125-1140	1190-1200	-60

Port Watch (As on 21st November 2005):

No latest vessel position is reported today.

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Weather Forecast: (As on 21st November 2005)

ALL INDIA WEATHER FORECAST BULLETIN

Monsoon Outlook

During the past 24hrs, isolated rainfall is reported over Andaman & Nicobar Islands and south Kerala. Yesterday's low pressure area over southeast Bay of Bengal has continued to move very slowly towards west over the past 24hrs and gained strength and now lies as a depression with its center about 700 km southeast of Nagapattinam. The system is likely to move slowly in westward direction for the next 24hrs or so and subsequently to move in west-northwestward direction in coming days. Further, this low pressure area is embedded with in the east-west oriented shear zone covering Bay of Bengal, southern parts of India and Arabian Sea that is expected to remain active in coming days. With the relative strengthening of the shear zone, a weak cyclonic circulation that reappeared over the southeast Arabian Sea yesterday persists today as well. The present conditions are conducive for gaining further strength till the system crosses over Sri Lanka. Under the expected scenario, fresh rainfall activity over Tamil Nadu & adjoining states may begin in around 12hrs over the coastal belt. Scattered to fairly widespread rains with isolated heavy falls can be expected over the regions of coastal Tamil Nadu initially and possibly widespread rains with heavy to heavy falls extend to interior southern parts of Tamil Nadu and Kerala; scattered to fairly widespread rains over south coastal district of Andhra Pradesh subsequently with the slow west-northwestward movement of low pressure area in coming days.

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

Mainly dry weather may prevail over the region for next 3-4 days with a possible fall in night temperatures by 1-2oC.

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

Mainly dry weather may prevail over the region.

CENTRAL INDIA [MP, CHHATTISGARH, 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]

Scattered to fairly widespread rains are likely in Andaman & Nicobar Islands, coastal Tamil Nadu & Pondicherry initially. Subsequently, widespread rain belt with isolated heavy falls is to extend over south coastal district(s) of Andhra Pradesh, Kerala, interior parts of Tamil Nadu and Lakshadweep.

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

Mainly dry weather is likely to prevail over the region.

FOREX (As on 21st November 2005):

Foreign Currency	Rs. per unit
1 US \$	45.78
1 Euro	53.92
1 British £	78.62
100 Yen	38.36