

## SUGAR, JAGGERY & CANE

01<sup>st</sup>-07<sup>th</sup> November 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Surged Up in this Week
- NCDEX Sugar: Finished Higher; Cut Back Some Gains
- NCDEX Gur: Settled Higher on Bullish Fundamentals

### 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 as well as the %D-line is moving downwards, showing further downtrend. The RSI is also moving downwards. The MACD along with its EMA moving upwards, supporting the strength in the market. The open interest as well as the volume of trade remained at the higher side in this week.



#### Outlook:

The technical indicators are showing downtrend in the coming couple of days. However, the futures are likely to get supported and move upwards during 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>
November	1850	1845	1878	1883

### Technical Analysis

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

The candlesticks formation is showing a bullish pattern and firm opening. The %K-line as well as the %D-line is moving sharply upwards in the overbought region. The MACD along with its EMA moving downwards, hinting further weakness. The RSI is moving upwards. The open interest as well as the volume of trade remained steady at the lower side in this week.



#### Outlook:

The technical indicators are showing further uptrend in the coming couple of days. However, the futures are likely to witness a downward technical correction during 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	553.1	550.1	567.8	570.2

## Market Commentary

### Domestic:

#### Domestic Sugar Prices Surged Up in this Week

The domestic sugar prices witnessed a firm sentiment during this week under review. Both the 'M' grade as well as the 'S' grade sugar was quoted higher in this week as against the last week.

The M grade sugar at the Delhi market was quoted higher in the range of Rs 1870-1950 per quintal in this week as against the last week. At the Kolkata market it was offered between Rs 1970-1995 per quintal, while at the Muzaffarnagar market it was traded in the range of Rs 1910-1945 per quintal in this week.

The S grade sugar at the Delhi market was offered higher at Rs 1850-1930 per quintal during this week. At the Chennai market it was quoted 1745-1755 per quintal, while at the Kolkata market it was offered in the range of Rs 1870-1900 per quintal. At the Vashi market it was available between Rs 1850-1865 per quintal during this week.

The sugar prices witnessed huge gains during major half of this week. However, the prices slid significantly during Monday's trade on increased selling pressure at the higher price levels. The Government has released 12 lakh tonnes of sugar as indigenous free sale quota for the month of November 2005, which is lower than the year ago figure. Moreover, the old stock is fast diminishing, while the new production has just started arriving the market with a higher price tag. Under such situations the sugar prices are likely to retrace back from initial weakness and may move to a much higher territory from mid-week onwards.

### News Analysis:

#### Andhra Pradesh to Produce More Sugar this Year

The sugar production in Andhra Pradesh is projected to be around 13.2 lakh tonnes in this year as against the last year production of 9.8 lakh tonnes. The increase in sugar production in this year is attributed to higher acreage and reopening of cooperative sugar mills in the state. The sugarcane crushing in this year is projected to be around 126 lakh tonnes as against around 92 lakh tonnes in the last crop year. However, the crushing process is likely to commence little later due to the recent rainfalls in the state.

#### Bajaj Hindustan Started Cane Crushing in U.P.

The Bajaj Hindustan limited has started its sugarcane crushing operations in three new sugar plants in Uttar Pradesh. The three sugar plants have a capacity of 7000 tonnes crushed per day (TCD) and are located in the districts of Bijnore and Muzaffarnagar. The sugar major Bajaj Hindustan has invested Rs 1150 crore between 2004-05 and 2005-06 for capacity expansion of its sugar production. The company is likely to establish another three greenfield sugar plants with a total capacity of 27000 TCD.

#### Govt Released 1.2 MT Free Sale Sugar for November

The Government has released 12 lakh tonnes of sugar as indigenous free sale quota for the month of November 2005. In addition to the indigenous free sale quota, the Government has also released 2.16 lakh tonnes of sugar as levy quota for the month of November. The total availability of sugar for domestic consumption for November would be 14.16 lakh tonnes. It has been reported that the Ministry of

#### NCDEX Sugar: Finished Higher; Cut Back Some Gains

At the futures market the sugar futures at the NCDEX started this week with slight gains and extend it further till the weekend. The November future tested this week's high on Saturday. However, profit booking at the higher price levels wiped away most of the gains and the November future slid from week's high during Monday's trade. The November future hovered in the range of 1848.00-1871.00 during Monday's trade. The open interest as well as the volume of trade remained at the higher side in this week. It is expected that the sugar futures would remain weak in the coming couple of days on downward technical correction. However, the futures are likely to witness further uptrend during the last half of the coming week.

#### NCDEX Gur: Settled Higher on Bullish Fundamentals

At the futures market the gur futures at the NCDEX witnessed slight gains at the beginning of this week and tested this week's high on Friday. However, the futures traded range bound thereafter on Saturday and Monday. The November future settled higher and fluctuated in the range of 553.00-556.20 during Monday's trade. The open interest as well as the volume of trade remained steady at the lower side in this week. It is expected that the gur futures would move upwards in the coming 1-2 days. However, the futures are likely to witness a downward technical correction during the mid-week.

Consumer Affairs, Food and Public Distribution is monitoring the price and availability of sugar in the country and with enough stock of sugar in hand is in a position to release further substantial quantities additionally if required.

Source: PIB

### Sugar at Spot Market:

#### International:

#### London Daily Price (LDP)

Particulars	07-Nov	04-Nov	03-Nov	02-Nov	01-Nov
LDP Raw FOB \$/MT	243.8	244.5	242.9	239.2	235.9
LDP Raw CIF \$/MT	300.8	301.5	299.9	296.2	292.9
LDP Raw CIF GBP/MT	172.2	170.8	168.8	167.8	165.6
LDP White FOB \$/MT	285	285.1	288.5	286	284.2
London Freight \$/MT	57	57	57	57	57
London Freight GBP/MT	32.5	32	32	32	32

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	07-Nov	31-Oct	Change
Shyamli	1907	1897	+10
Khatauli	1870	1870	-
Morna	NS	NS	-
Deoband	1895	1882	+13
Tikola	1901**	1901**	-
Dhampur	1870	1865	+5

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

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

Particulars	07-Nov	31-Oct	Change
M 30	1870-1950	1860-1930	+20
S 30	1850-1930	1840-1910	+20
Mill Delivery	1750-1820	1740-1810	+10
Khand	1690-1710	1680-1700	+10

## Jaggery at Spot Market

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

Particulars	07-Nov	31-Oct	Change
Raskat	505-515	480-495	+20
Chaku	515-570	500-560	+10
Shakkar	550-580	550-600	-20
Khurpa	510-520	500-510	+10

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

Particulars	07-Nov	31-Oct	Change
Dahiya	1400-1500	1500-1600	-100

## Port Watch (As on 07<sup>th</sup> November 2005):

No latest vessel position is reported today.

## Weather Forecast: (As on 06<sup>th</sup> November 2005)

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

#### Monsoon Outlook

Scattered to fairly widespread rainfall activity with isolated heavy amounts has been realised during the last 24hrs over Tamil Nadu, Kerala, Lakshadweep, coastal Karnataka, Andaman & Nicobar Islands and coastal Andhra Pradesh. Isolated to scattered rainfall is realized over south interior Karnataka and Rayalaseema as well.

Yesterday's low pressure area over southwest Bay of Bengal still persists today over the southwest Bay adjoining Sri Lanka with a slight westward movement observed since

yesterday. It is expected that the low-pressure system is likely to move very slowly in west northwesterly direction in coming days and cross over to the Arabian Sea. Under this scenario, scattered to fairly widespread rainfall with isolated heavy falls at some places are likely over Tamil Nadu & Pondicherry, south coastal Andhra Pradesh, Kerala, south interior Karnataka, Rayalaseema and Lakshadweep in coming 3-4 days. North interior Karnataka, coastal Karnataka, Telangana, parts of Chhattisgarh is likely to receive isolated to scattered rainfall in coming days.

A weak westerly trough over Northeast Bay of Bengal and neighbourhood persists even today. It is expected that isolated to scattered rainfall activity to continue over NE states of Nagaland, Manipur, Mizoram, Tripura and Arunachal Pradesh at least for next 2-days.

Currently fair weather persists over J & K and a fresh upper air cyclonic circulation associated with the passing westerly trough is likely to extend over J & K by 7th Nov., 2005 and is expected to give isolated to scattered rain/snow over Jammu & Kashmir initially and subsequently over hills of Himachal and Uttaranchal.

### NORTH & NO NORTH RTH RTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

Dry weather is likely to prevail over the region with a fall in night temperatures for 1-day or so. Subsequently, isolated to scattered snow/rains are expected over J & K, H.P., Uttaranchal.

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

Isolated to scattered rainfall activity is expected over North-eastern States for next 2-3 days only. Mainly dry weather may prevail subsequently.

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

Mainly dry weather is likely to prevail over the region except over Chhattisgarh where isolated to scattered rains are expected for next 1-2 days.

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

Scattered to widespread rainfall with isolated heavy amounts is likely over Tamil Nadu & Pondicherry, south coastal Andhra Pradesh, Rayalaseema, south interior Karnataka, Kerala and Lakshadweep. Isolated to scattered to rainfall is expected over Telangana, north interior Karnataka and Bay Islands.

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

Mainly dry weather is likely to prevail over the region.

## FOREX (As on 07<sup>th</sup> November 2005):

Foreign Currency	Rs. per unit
1 US \$	45.67
1 Euro	53.91
1 British £	79.92
100 Yen	38.74

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