

SUGAR, JAGGERY & CANE

25th-31st October 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Steady in this Week
- NCDEX Sugar: Settled Higher; Pared Early Weakness
- NCDEX Gur: Settle Up; Cut Back Mid-week Losses

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: NOVEMBER (Future)

The candlesticks formation is indicating a highly bullish pattern and firm opening. The %K-line after cutting the %D-line from below moving upwards, showing further uptrend. The RSI is also moving upwards. The MACD has made a bullish crossover with its EMA, supporting the strength in the market. The open interest as well as the volume of trade remained almost steady at the higher side.



Outlook:

The technical indicators are showing uptrend in the coming days. However, the futures are likely to get resisted and move downwards during the last half of the coming week.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
November	1827	1822	1857	1862

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 steady 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, hinting further weakness. The RSI is moving flat. The open interest as well as the volume of trade remained in the lower side in this week.



Outlook:

The technical indicators are showing further downtrend in the coming days. However, the futures are likely to witness some uptrend in the coming 1-2 days.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
November	544.6	542.1	554.3	557.7

Market Commentary

Domestic:

Domestic Sugar Prices Remained Steady in this Week

The domestic sugar prices witnessed a stable sentiment in this week under review. Both the 'M' grade as well as the 'S' grade sugar was quoted on an average steady in this week as against the last week.

The M grade sugar at the Delhi market was offered in the range of Rs 1860-1935 per quintal in this week as against the last week. At the Kolkata market it was quoted higher at Rs 1915-1965 per quintal, while at the Muzaffarnagar market it was available in the range of Rs 1870-1895 per quintal in this week.

The S grade sugar at the Delhi market was quoted between Rs 1840-1915 per quintal in this week under review. At the Chennai market it was offered in the range of Rs 1740-1750 per quintal, while at the Kolkata market it was quoted in the range of Rs 1825-1880 per quintal in this week. At the Vashi market it was offered between Rs 1825-1850 per quintal in this week.

The sugar prices at the major sugar markets started this week with moderate gains but remained bearish during the mid-week. However, during the weekend sugar prices retraced from the weakness on higher demand and hovered near the higher price levels. The Government has released 12 lakh tonnes of sugar as indigenous free sale quota for the month of November 2005. Moreover, the old stock is fast diminishing, while the new production has just started arriving the market with a higher price tag. Under such circumstances the sugar prices are likely to remain strong and may move significantly upwards in the coming days. However, some downtrend is likely in the last half of the coming week.

News Analysis:

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 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

Licht: World Sugar Prices Buoyed by Record Crude Prices

According to F.O. Licht, higher sugar prices may be buoyed by the record higher crude oil prices, as Brazil would likely to divert more sugarcane for ethanol production. The sugar prices in New York jumped up to near eight year high in this month. According to the report, increased demand for ethanol may hinder Brazil's sugar export and thereby resulting in decline of global stockpiles for the third consecutive year. Following the hurricanes Katrina and Rita, world crude prices jumped to a record high level and underpinned the higher demand of sugarcane from the ethanol sector in Brazil. According to Licht, global sugar production may touch the equivalent of 148.86 million tons of raw sugar in the year ending September 30, 2006. The global consumption is projected to increase by 1.6 percent to 147.26 million tons. According to the report, the global

NCDEX Sugar: Settled Higher; Pared Early Weakness

At the futures market the sugar futures started this week at a much lower ground. The November sugar future tested this week's low on Tuesday. However, increased buying support at the lower price levels pushed the futures thereafter. The November sugar future surged up again during the weekend and tested this week's high on Monday. The November future hovered in a higher range of 1825.00-1840.00 during Monday's trade. The open interest remained steady, while the volume of trade has increased on Monday after remaining almost steady during the week. It is expected that the sugar futures would extend the advances further in the coming days. However, a downward technical correction is likely in the last half of the coming week.

NCDEX Gur: Settle Up; Cut Back Mid-week Losses

At the futures market the gur futures at the NCDEX started this week with some gains but failed to carry forward it. The gur futures remained mainly weak during the mid-week and tested this week's low on Friday. However, the futures retraced back from the lows and cut back some of the losses during Saturday and Monday's trade. The November future traded in the range of 547.40-551.20 during Monday's trade. The open interest as well as the volume of trade remained at the lower side in this week. It is expected that the gur futures would remain mostly weak with possibility of some upward movement in the coming couple of days.

inventories of sugar would equal 41 percent of global annual demand, sharply lower than 49 percent three years ago.

China Likely to Face Acute Sugar Shortage

According to the official statistics of China, the country would require additional 2 million tons (MT) of sugar in addition to its expected production of 9.5 MT in this year. It is projected that the country's demand for sugar would stand at around 11.5 MT in the 2005-06 refining season. The increasing gap between demand and supply would turn China into a big importer in the global sugar market. According to the customs statistics, the country has already imported 579300 tons of sugar in the first nine months of this year. China is the world's fourth largest sugar producer after Brazil, India and the European Union (EU), and the world's fifth largest consumer after India, the EU, Brazil and the United States.

Thailand 2005-06 Sugar Output Projected at 4.59 MMT

According to the Cane and Sugar Board of Thailand, the country's sugar production in 2005-06 is estimated to be down by 11.6 percent at 4.59 million metric tons (MMT) from the last crop year. Thailand has produced 5.19 MMT sugar in the 2004-05 crop year. The present year estimation is based on a projected sugarcane production of 42.49 MMT in 2005-06 by the Cane and Sugar Board. During the 2004-05 crop year Thailand produced 47.8 MMT sugarcane. The projected downfall in sugarcane production in this crop year has been attributed to drought.

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	31-Oct	28-Oct	27-Oct	26-Oct	25-Oct
LDP Raw FOB \$/MT	240.3	247.6	247.6	249.1	244.3
LDP Raw CIF \$/MT	297.3	304.6	304.6	306.1	301.3
LDP Raw CIF GBP/MT	167.2	171	170.7	172.5	169.6
LDP White FOB \$/MT	295	306.5	307.1	309.5	305.9
London Freight \$/MT	57	57	57	57	57
London Freight GBP/MT	32	32	32	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	31-Oct	24-Oct	Change
Shyamli	1897**	1872	+27
Khatauli	1870	1895	-25
Morna	NS	1835	-
Deoband	1882	1870	+12
Tikola	1901**	1835	+66
Dhampur	1865**	1825	+40

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

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

Particulars	31-Oct	24-Oct	Change
M 30	1860-1930	1875-1935	-5
S 30	1840-1910	1860-1915	-5
Mill Delivery	1740-1810	1750-1825	-15
Khand	1680-1700	1680-1700	-

Jaggery at Spot Market

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

Particulars	31-Oct	24-Oct	Change
Raskat	480-495	535-540	-45
Chaku	500-560	560-620	-60
Shakkar	550-600	630-670	-70
Khurpa	500-510	550-560	-50

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.

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

Particulars	31-Oct	24-Oct	Change
Dahiya	1500-1600	1600-1700	-100

Port Watch (As on 31st October 2005):

No latest vessel position is reported today.

Weather Forecast: (As on 31st October 2005)

ALL INDIA WEATHER FORECAST BULLETIN VALID FOR NEXT 5 DAYS

Monsoon Outlook

NE monsoon rainfall activity is expected to remain subdued during next 2-3 days with light to moderate rains over south peninsular India till 2nd November 2005. The rainfall activity is expected revive over Tamil Nadu and adjoining south coastal Andhra Pradesh thereafter with the formation of an east-west shear zone across extreme south peninsular India around this period. Yesterday's feeble low-pressure area over south Coastal Andhra Pradesh and neighbourhood has become less marked. However, the associated upper air cyclonic circulation persists and extends upto 3.1 km a.s.l. A weak western disturbance is likely to affect J&K and Himachal Pradesh during 1-3 November 2005.

NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]
Isolated snow/rains are expected over J&K, H.P. and Uttaranchal during next 2-3 days. 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]

Isolated to scattered rainfall activity is expected over Orissa, North-eastern States, Sub- Himalayan West Bengal & Sikkim. Isolated rains may occur over rest areas of the region except over East UP and Bihar where mainly dry weather may prevail during next 3 days.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly dry weather is likely to prevail over the region except over Chhattisgarh where isolated rains are expected during next week.

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

Isolated to scattered rainfall is likely over the region during next 2-3 days. The rainfall activity over Tamil Nadu & Pondicherry and south coastal AP may increase after 2nd November.

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

Mainly dry weather is likely to prevail over the region.

FOREX (As on 31st October 2005):

Foreign Currency	Rs. per unit
1 US \$	45.11
1 Euro	54.43
1 British £	80.09
100 Yen	39.01