

SUGAR, JAGGERY & CANE

19th-24th December 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Stable with Firm Undertone
- NCDEX Sugar: Finished Higher on Increased Buying Support
- NCDEX Gur: Higher but Curbed Some of the Early Gains

Technical Analysis

Commodity: Sugar Grade M
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: JANUARY (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 in the normal region, hinting further uptrend. The MACD is moving upwards with its EMA in the positive territory, supporting the strength in the market. The moving averages are also supporting the uptrend. The open interest as well as the volume of trade has increased in this week.



Outlook:

At the futures market the sugar futures are expected to witness an upward trade in the coming week. However, the futures are likely to get resisted and may move downwards during the later half.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	1806	1800	1844	1850

Technical Analysis

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

The candlesticks formation is indicating a bearish pattern and weak opening. The %K-line is moving downwards and it has entered the normal region, hinting further downtrend. The MACD along with its EMA moving upwards in the positive territory, supporting strength in the market. The moving averages are also hinting further uptrend. The open interest as well as the volume of trade has increased in this week.



Outlook:

At the futures market the gur futures are likely to witness some downward movement during the first half of the coming week. However, the futures are expected to get supported and may move upwards during the later half.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	578.5	574.9	591.5	595.2

Market Commentary

Domestic:

Domestic Sugar Prices Stable with Firm Undertone

The domestic sugar prices at the physical market remained almost steady in this week as against the last week. Both the 'M' grade as well as 'S' grade sugar were quoted on an average lower during the first half of this week, but recovered back during the weekend.

The M grade sugar at the Delhi market was offered steady in the range of Rs 1820-1870 per quintal in this week as against the last week. At the Kolkata market it was quoted between Rs 1875-1885 per quintal, while at the Muzaffarnagar market it was available in a lower range of Rs 1800-1825 per quintal during this week.

The S grade sugar at the Delhi market was quoted steady between Rs 1800-1850 per quintal in this week as against the last week. At the Chennai market it was offered in the range of Rs 1740-1750 per quintal, while at the Kolkata market it was available between Rs 1850-1860 per quintal in this week. At the Vashi market it was quoted in the range of Rs 1830-1840 per quintal during this week.

The domestic sugar prices witnessed slight downtrend during the first half of this week as against the last week. However, some uptrend was seen during the later half on delay in release of First quarter sugar sales quota for 2006. Speculation over a likely lower sales quota for the first quarter of 2006 has boosted up the market sentiments and consequently the prices witnessed some uptrend during the weekend. The sugar output in the present season is likely to be around 18-18.5 million tonnes, around 41 percent higher than last year's production. Despite a higher domestic production outlook, the traders are eyeing a profitable export trade in the coming months as the world sugar prices are on an uptrend. The benchmark March white sugar future at the London International Financial Futures and Options Exchange (LIFFE) tested a fresh 9-year high, while the March world raw sugar future at the New York Board of Trade (NYBOT) tested a 11-year high during the last week. The global sugar prices are likely to move up further on a lower sugarcane to sugar conversion rate in Brazil amidst higher demand of ethanol, production shortfall in Thailand and more importantly the end of European sugar regime. Keeping a close look on the bullish

News Analysis:

ISMA: 2005-06 Sugar Production Not Less Than 18 MT

According to the Indian Sugar Mills Association (ISMA), the sugar output during the 2005-06 sugar season is likely to be not less than 18 million tonnes (MT), an increase of more than 41 percent over 12.7 MT during the 2004-05 sugar season. The increase in sugar production is attributed to a good monsoon during the season, which earlier thought to have damaged the crop in Maharashtra and Coastal Tamil Nadu. The Indian Sugar Mills Association is demanding a comprehensive policy on domestic sugar industry as well as implementation of Tuteja committee recommendation to increase the minimum distance between two sugar factories to 25 km.

Ag Minister: Decision on Loans to Sugar Mills Soon

According to the Union Minister of Agriculture, Consumer Affairs, Food and Public Distribution, the decision on the issue of restructuring of loans from sugar development fund

international sugar market, the domestic traders are eyeing to stock for the coming months and in no hurry to offload it in the coming days. Under such situations, the prices of sugar at the domestic markets are expected to witness a firm sentiment in the coming week.

NCDEX Sugar: Finished Higher on Increased Buying Support

At the futures market the sugar futures at the NCDEX started this week at a higher ground. However, increased selling pressure at the higher levels capped further advances and the futures turned southwards. The January sugar future tested this week's low on Wednesday. The futures got some buying support at the lower levels and moved range bound thereafter. However, the futures witnessed huge gains on Saturday and the January future tested fresh contract month high during Saturday's trade. The January future hovered in a higher range of 1806.00-1825.00 during Saturday's trade. The open interest as well as the volume of trade has increased in this week. It is expected that the sugar futures would witness an upward trade in the coming week. However, the futures are likely to get resisted and may move downwards during the later half of the coming week.

NCDEX Gur: Higher but Curbed Some of the Early Gains

At the futures market the gur futures at the NCDEX witnessed a range bound trade during the first couple of days in this week under review. However, supported by bullish fundamentals the gur futures started moving upwards thereafter. The January gur future witnessed significant gain during Wednesday's trade and extended the advances thereafter to test fresh contract month high on Friday. However, profit taking curbed some of the gains and the futures settled with a bearish tone during Saturday's trade. The January gur future fluctuated in the range of 583.00-591.00 during Saturday's trade. The open interest as well as the volume of trade has increased in this week. It is expected that the gur futures would witness a downward trade during the first half of the coming week. However, the futures are likely to get supported and may move upwards during the later half of the coming week.

(SDF) for potentially viable but sick sugar mills would be taken soon. According to the minister, the deregulation of sugar industry should be on a sustainable basis and Government would take the appropriate decision at the correct time. According to him, the timing of deregulation is an important factor, as it must balance the interest of sugar industry, sugarcane growers and the consumer groups. The domestic sugar production in the current sugar season 2005-06 is estimated to be more than 18 million tonnes. According to the minister, the realization from sugar in India has also increased resulting in liquidation of sugarcane price arrears with an outstanding dues of Rs. 69.48 crore marking 0.56 per cent of the total cane price payable. The Agriculture Minister has urged the sugar mills to clear the outstanding amount of cane price dues and to make timely payments during the current season.

Source: PIB

Agri. Minister Emphasised on Ethanol Production

According to the Union Minister of Agriculture, Consumer Affairs, Food and Public Distribution, the domestic sugar industry should look forward to convert the domestic sugar mills into integrated sugar complexes. According to him, the domestic sugar industry should develop suitable technologies for production of ethanol, which has come out as a major driver of the global sugar industry. According to the minister, the domestic sugar industry has an estimated production capacity of 2000 million litres of alcohol per annum. However, after meeting the requirements of potable and industrial alcohol, around 800 million litres of ethanol can be obtained for blending in petrol. According to him, the domestic sugar industry should also put emphasis on bagasse-based cogeneration of power as the industry despite having the capacity of producing around 3500 MW of power, is only generating 400 MW of power at present.

Source: PIB

LIFFE March White Sugar Future Crossed \$350 per Ton

The benchmark white sugar future (March future) at the London International Financial Futures and Options Exchange (LIFFE) has crossed the \$350 per tonne mark and tested a 9-year high of \$350.30 during Friday's trade. Heavy speculative buying following a strong NYBOT raw sugar future has underpinned the surge in white sugar futures. The benchmark March white sugar future at the LIFFE is trading at \$352.90 at 10.59 GMT, up \$4.90 from the last settlement. The benchmark raw sugar future (March future) at the NYBOT finished 40 points higher at 14.50 cents per pound after testing a lifetime high of 14.53 cents per pound during Thursday's trade on strong fundamentals. Speculators are expecting the NYBOT March raw sugar future would test 15 cents per pound mark very soon.

Sugar at Spot Market:

Domestic:

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

Particulars	24-Dec	17-Dec	Change
Shyamli	NS	1767**	-
Khatauli	1790	1790	-
Morna	1765	1775	-10
Deoband	1780	1780	-
Tikola	1780	1775	+5
Dhampur	1790	1790	-

** Old stock, NS-No Sale

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

Particulars	24-Dec	17-Dec	Change
M 30	1820-1870	1820-1870	-
S 30	1800-1850	1805-1850	-
Mill Delivery	1675-1725	1690-1735	-10

Jaggery at Spot Market

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

Particulars	24-Dec	17-Dec	Change
Raskat	440-475	435-470	+5
Chaku	528-550	525-550	-
Shakkar	550-565	540-555	+10
Khurpa	510-515	505-510	+5
Laddu	515-525	520-535	-10

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

Particulars	24-Dec	17-Dec	Change
Dahiya	1300-1400	1250-1300	+100
Balti Special	1270-1280	1245-1260	+20
Number One	1250-1265	1230-1240	+25
Bariya Dara	1230-1240	1210-1225	+15
Dara	1200-1225	1190-1200	+25

International:

London Daily Price (LDP)

Particulars	23-Dec	22-Dec	21-Dec	20-Dec	19-Dec
LDP Raw FOB \$/MT	310.6	299.4	300.5	303.1	299.8
LDP Raw CIF \$/MT	355.6	344.4	345.5	348.1	344.8
LDP Raw CIF GBP/MT	204.8	198.2	197.4	197	195.4
LDP White FOB \$/MT	342.5	334.4	336	338.4	336.7
London Freight \$/MT	45	45	45	45	45
London Freight GBP/MT	25.5	25.5	25.5	25.5	25.5

Source: London International Financial Futures and Options Exchange (LIFFE)

Note: Exchange remained close on Saturday and Sunday.

Weather Forecast: (As on 24th December 2005)

ALL INDIA WEATHER FORECAST BULLETIN

Weather Outlook

A trough in easterly is likely to approach southern Peninsular India in next 48 Hrs. Under its influence south Tamil Nadu, Kerala and south-interior Karnataka may receive isolated to scattered rainfall during 27-29 December 2005. India A western disturbance is likely to approach J&K by 28th December 05. Under its influence hilly regions of NW India are likely to get snowfall and adjoining areas rainfall during 27-29 December 05. Cold wave conditions prevailed over many parts of Jammu & Kashmir, Punjab and parts of Rajasthan and Gujarat where

night temperatures were below normal by 4-5° C. Prevailing cold wave conditions over most parts of NW India and fog conditions over Punjab, Haryana, Delhi, north Rajasthan, Uttar Pradesh are likely to continue over most parts of NW India during next 2 days. Thereafter, minimum temperatures over NW India are likely to rise by about 1-2 degree C.

NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]
Isolated to scattered snowfall/rainfall over J&K, H.P., Uttarakhand, Punjab, Haryana and west U.P. during 27-29 December 2005. Subsequently, foggy conditions with a fall of night temperatures may occur over the plains of NW India.

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

Region is likely to experience mainly dry weather during 3-4 days.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Region is likely to experience mainly dry weather during next 4-5 days.

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

Isolated to scattered rainfall are likely over Tamil Nadu, Kerala and south-interior Karnataka during 27-29 December.

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

Mainly dry weather is expected to prevail over the region.

Port Watch (As on 22nd December 2005):

'Ocean Venture' is expected at Tuticorin Port to deliver 6,500 MT of sugar. Raja Shipping agents will be handling the vessel.

Mumbai Port is expecting 'Amanath Shah' to load 10,000 MT of sugar. Sai Freight agents will be handling the vessel.

FOREX (As on 23rd December 2005):

Foreign Currency	Rs. per unit
1 US \$	45.16
1 Euro	53.62
1 British £	78.52
100 Yen	38.73

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