

SUGAR, JAGGERY & CANE

28th November-03rd December 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Extended the Bearish Trend
- NCDEX Sugar: Settled Up; Curbed Some Early Gains
- NCDEX Gur: Down; December Tested 7-Week Low

Technical Analysis

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

The candlesticks formation is indicating 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 about to cut its EMA from above in the positive territory, supporting the short-term weakness in the market. The moving averages are also supporting the downtrend. The open interest as well as the volume of trade has declined in this week.



Outlook:

The technical indicators are showing a bearish trade in the coming 1-2 days. However, the futures are expected to get supported and may move upwards during the mid-week.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
December	1789	1783	1813	1820

Technical Analysis

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

The candlesticks formation is hinting for a bearish trade and weak opening. The %K-line after cutting the %D-line from above moving downwards in the normal region, showing further downtrend. The MACD is moving downwards and it has entered the negative territory, supporting the weakness in the market. The open interest has declined in this week, while the volume of trade has increased during the weekend.



Outlook:

The technical indicators are showing further downtrend in the coming week. However, the futures are likely to witness some upward movement during the first half of the week.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
December	540.1	537.1	551.8	555.2

Market Commentary

Domestic:

Domestic Sugar Prices Extended the Bearish Trend

The domestic sugar prices remained mostly weak in this week under review. The 'M' grade as well as the 'S' grade sugar was quoted on an average lower in this week as against the last week.

The M grade sugar at the Delhi market was quoted lower at Rs 1820-1870 per quintal in this week as against the last week. At the Kolkata market it was offered at a much lower range of Rs 1895-1915 per quintal, while at the Muzaffarnagar market it was available in a lower range of Rs 1840-1855 per quintal during this week.

The S grade sugar at the Delhi market was quoted between a lower range of Rs 1800-1850 per quintal in this week as against the last week. At the Chennai market it was offered at a steady price of Rs 1750-1760 per quintal, while at the Kolkata market it was available at a higher price of Rs 1860-1890 per quintal during this week. At the Vashi market it was traded between Rs 1840-1860 per quintal in this week as against the last week.

The sugar prices at the domestic markets continue the bearish trend in this week. The demand for sugar remained lower at the physical market amidst thin trading activity. The supply of the sugar is increasing at present and consequently pressurising the prices downwards. Traders are eyeing the marriage season demand that may check the downfall to some extent. However, the bumper production outlook has dampened the market sentiments. Under such circumstances the sugar prices at the domestic markets are likely to witness further downtrend in the coming week.

News Analysis:

Govt Released 11 Lakh Tones Sugar for December

The Government has released 11 lakh tonnes sugar as free sale quota for the month of December. In addition to this Government has also released 2.16 lakh tonnes sugar as levy quota for the month of December. The total availability of sugar during the month of December would be 13.16 lakh tonnes. The December sugar sales quota is part of the 3.7 million tonnes sugar quota for the October-December quarter.

USDA: Austrian Sugar Industry Fear EU Sugar Reform

A recent study by the Federal Institute of Agricultural Economics concluded that implementation of the EU sugar reform will result in a 12.2 percent to 20 percent income loss for Austrian sugar beet farmers with some farms going out of business. The Austrian sugar refining industry will also be hit hard by reform with the country's sole sugar refiner, AGRANA, thinking that it will be forced to close one of its three factories in Austria.

USDA- UK Reacts to EU Sugar Reform Deal

The announcement of a deal in the sugar reform negotiations in Brussels has received a mixed reception in the UK. With the deal being a key objective of the UK's Presidency of the EU, the UK Government has hailed the agreement as groundbreaking and claimed it will ensure a long-term competitive future for the EU sugar sector. As would be expected, industry has been more cautious in its

NCDEX Sugar: Settled Up; Curbed Some Early Gains

At the futures market the sugar futures at the NCDEX started this week at a higher ground but tested this week's low on Tuesday. However, the futures settled with gains during Tuesday's trade and extended the advances to test this week's high on Wednesday. However, the futures turned downwards on increased selling pressure at the higher levels and cut back most of the gains during the weekend. The December future hovered in a narrow range of 1807.00-1810.00 during Saturday's trade. The open interest as well as the volume of trade has declined in this week. It is expected that the sugar futures would witness a bearish trade during the first half of the coming week. However, the futures is likely to get supported and may move upwards during the mid-week.

NCDEX Gur: Down; December Tested 7-Week Low

At the futures market the gur futures at the NCDEX witnessed mostly a range bound trade for the major duration of this week under review. The December gur future started this week with slight gains and extended it to Tuesday. However, the futures moved both ways thereafter on alternate buying and selling interest. The December future witnessed a huge slid during Saturday's trade from week's high to week's low and tested 7-week lows. The December future fluctuated in the range of 542.00-555.60 during Saturday's trade. The open interest has declined in this week, while the volume of trade has increased during the weekend. It is expected that the gur futures would witness a bearish trade in the coming week. However, the futures are likely to witness some upward movement during the first half of the coming week.

praise, focusing its attention on the positives of the late compromises in the deal.

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	02-Dec	01-Dec	30-Nov	29-Nov	28-Nov
LDP Raw FOB \$/MT	275.6	264.1	262.3	264.6	262.3
LDP Raw CIF \$/MT	320.6	309.1	319.3	321.6	319.3
LDP Raw CIF GBP/MT	185.6	178.7	185	186.5	186.7
LDP White FOB \$/MT	316	305.5	304.5	306.9	300.3
London Freight \$/MT	45	45	57	57	57
London Freight GBP/MT	26	26	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	03-Dec	26-Nov	Change
Shyamli	1792**	No Sale	-
Khatauli	1822	1845	-23
Morna	1795	1805	-10
Deoband	1815	1830	-15
Tikola	1810	1825	-15
Dhampur	1790	1805	-15

** Old stock

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

Particulars	03-Dec	26-Nov	Change
M 30	1820-1870	1835-1895	-25
S 30	1800-1850	1815-1875	-25
Mill Delivery	1690-1730	1700-1760	-30

Jaggery at Spot Market

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

Particulars	03-Dec	26-Nov	Change
Raskat	430-455	420-445	+10
Chaku	500-535	490-530	+5
Shakkar	500-520	495-515	+5
Khurpa	475-480	450-460	+20
Laddu	485-495	465-475	+20

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

Particulars	03-Dec	26-Nov	Change
Dahiya	1175-1200	1200-1225	-25
Balti Special	1150-1165	1175-1190	-25
Number One	1130-1140	1160-1170	-30
Bariya Dara	1110-1125	1130-1140	-15
Dara	1090-1100	1110-1125	-25

Port Watch (As on 03rd December 2005):

No latest vessel position is reported today.

Weather Forecast: (As on 03rd December 2005)

ALL INDIA WEATHER FORECAST BULLETIN

Weather Outlook

During the last 24hrs, fairly widespread rainfall with pockets of heavy precipitation is realized over the north Tamil Nadu

and south coastal Andhra Pradesh. Moderate rainfall is realized over Lakshadweep, Madhya Pradesh, Konkan, Madhya Maharashtra, Vidarbha, Madhya Pradesh, Kerala and Andaman & Nicobar Islands. Yesterday's depression over the southwest Bay of Bengal has further weakened into low and moved westward during the last 24hrs. It now lies over north coastal Tamil Nadu & adjoining southwest Bay of Bengal and with the inland movement of the low-pressure system, rainfall belt has moved over to southern districts of Rayalaseema since morning. Further, fairly widespread rainfall are likely over north Tamil Nadu, Coastal Andhra Pradesh, Rayalaseema, south interior Karnataka and Kerala are expected in coming 2-3days with the expected westward movement of the system slowly with in the east west shear zone present over the Indian seas and across the south peninsular India. Under the influence of the mid-latitude westerly trough and the convective cloud bands associated with the low pressure area over east-central Arabian Sea have extended in north-easterly direction over Konkan coast, Madhya Maharashtra, Marathwada, Vidarbha, Madhya Pradesh and Chhattisgarh even today. Under the scenario, isolated to scattered rainfall activity is expected over the above regions during next 36hrs. A fresh cyclonic circulation is likely to form in 24hrs time over the southeast Bay of Bengal to the southeast of Andaman & Nicobar Islands. Since, this circulation is forming well with in the pre-existing east-west shear zone over the south Bay of Bengal and also over the marginally warm ocean surface, it is likely to gain strength in its travel towards the peninsular India in coming days.

NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]
Isolated to Scattered rains/snow are expected over Himachal and Uttaranchal for next 12- 24Hrs.

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]
Isolated and scattered rains are expected over Vidarbha, Madhya Pradesh and Chhattisgarh during next 24-36hours

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

Widespread with isolated heavy to very heavy rains are expected over north coastal A.P. and widespread rains over north Tamil Nadu, Rayalaseema during next 48 hrs. Subsequently, the rainfall belt may shift towards interior parts of south interior Karnataka. Scattered rains are also expected over north interior Karnataka, Malabar coast, Kerala and Lakshadweep islands.

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

Isolated and scattered rains are expected over Konkan coast and Marathwada during next 24-36hrs. Mainly dry weather is expected to prevail over rest of the region.

FOREX (As on 02nd December 2005):

Foreign Currency	Rs. per unit
1 US \$	46.12
1 Euro	54.08
1 British £	79.79
100 Yen	38.25

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