

SUGAR, JAGGERY & CANE

12th-17th December 2005

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Remained Mostly Range Bound
- NCDEX Sugar: Settled Up; Dec Tested Contract High
- NCDEX Gur: Finished Much Higher In This Week

Technical Analysis

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

The candlesticks formation is indicating a slightly bearish pattern and steady to weak opening. The stochastic is moving downwards in the normal region, hinting further downtrend. 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 during the first half of 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	1805	1800	1826	1831

Technical Analysis

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

The candlesticks formation is indicating a bullish trade and firm opening. The %K-line after cutting the %D-line from above moving downwards in the normal region, hinting further downtrend. The MACD along with its EMA moving upwards in the positive territory, supporting short-term strength in the market. The open interest has increased, while the volume of trade remained steady at the higher side in this week.



Outlook:

At the futures market the guar futures are likely to witness some upward movement during the first half of the coming week. However, the futures are expected 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	571.5	570.1	577.5	578.9

Market Commentary

Domestic:

Domestic Sugar Prices Remained Mostly Range Bound

The domestic sugar prices remained mostly range bound in this week under review. Both the 'M' grade as well as 'S' grade sugar were quoted on an average steady in this week as against the last week.

The M grade sugar at the Delhi market was offered at an unchanged price between Rs 1820-1870 per quintal in this week as against the last week. At the Kolkata market it was quoted in the range of Rs 1865-1895 per quintal, while at the Muzaffarnagar market it was traded in a lower range of Rs 1820-1845 per quintal during this week.

The S grade sugar at the Delhi market was quoted unchanged at Rs 1805-1850 per quintal in this week as against the last week. At the Chennai market it was available in the range of Rs 1740-1750 per quintal, while at the Kolkata market it was offered between Rs 1835-1860 per quintal in this week. At the Vashi market it was quoted between Rs 1830-1840 per quintal during this week.

The domestic sugar prices remained almost steady in this week as against the last week. The prices capped previous week's weakness and hovered within a narrow range. The demand for sugar remained weak, while the supply remained ample amidst thin trading activity at the physical markets. The sugar output in this season is likely to be around 18-18.5 million tonnes and consequently the domestic sugar outlook remained bearish. However, an increasing world sugar prices, which is at a 10-½ year high, has lifted up the domestic market sentiments for overseas trade. Under such circumstance the prices of sugar at the domestic markets are expected to remain range bound with a bearish undertone in the coming week.

News Analysis:

AP Govt: Cane Suppliers to be Paid Purchase Tax

The Andhra Pradesh government has directed to pass on the purchase tax of Rs 60 per tonne with respect to sugar factories and Rs 22 per tonne with respect to khandsari units to the sugarcane growers of the state for the 2005-06 sugar season. The state government's order would come in place from 1st December and the amount has to be paid to the sugarcane suppliers within a fortnight from the date of purchase of sugarcane. The decision was taken consequent upon the weather adversities during the current sugar season.

Govt Expects Sugar Output at 18-18.5 MT in 2005-06

According to the Government, the domestic sugar production is expected to rise to 18-18.5 million tonnes (MT) during current 2005-06 sugar season. This would be an increase of around 45 percent over the last year production at 12.7 MT. According to the Agriculture Minister, the sugar yield per hectares in this year is likely to increase by around 5 percent. The carry over stock from the last season is expected to be around 4 MT and consequently the total availability of sugar during 2005-06 would be around 22-22.5 MT. The annual domestic consumption is projected to be around 19.5 MT during 2005-06.

NCDEX Sugar: Settled Up; Dec Tested Contract High

At the futures market the sugar futures at the NCDEX started this week with moderate gains on Monday. The futures extended the advances further on increased buying support ahead of December contract maturity. Though profit taking curbed some of the gains during the mid-week, but the futures managed to test this week's high on Saturday. The December future broke all previous resistances in this week and tested fresh contract month high on Saturday. The December future is due to mature on Tuesday, 20th December 2005. The January future hovered in the range of 1808.00-1815.00 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 during the first half of 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: Finished Much Higher in This Week

At the futures market the gur futures at the NCDEX started this week at a higher ground as against the last week. The gur futures witnessed an upward trade thereafter and tested this week's high on Wednesday. The futures traded range bound thereafter, but managed to finish with gains at a higher ground. The January gur future fluctuated in the range of 574.60-576.80 during Saturday's trade. The open interest has increased, while the volume of trade remained steady at the higher side in this week. It is expected that the gur future at the NCDEX would witness some upward movement during the first half of the coming week. However, the futures are likely to get resisted and may move downwards during the later half of the coming week.

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	16-Dec	15-Dec	14-Dec	13-Dec	12-Dec
LDP Raw FOB \$/MT	292.6	288.1	289.9	293.4	289
LDP Raw CIF \$/MT	337.6	333.1	334.9	338.4	334
LDP Raw CIF GBP/MT	190.9	188	189.2	191.5	189.5
LDP White FOB \$/MT	329	326.3	333.1	333	330
London Freight \$/MT	45	45	45	45	45
London Freight GBP/MT	25.5	25.5	25.5	25.5	26

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	17-Dec	10-Dec	Change
Shyamli	1767**	1802**	-35
Khatauli	1790	1810	-20
Morna	1775	1790	-15
Deoband	1780	1800	-20
Tikola	1775	1790	-15
Dhampur	1790	1785	+5

** Old stock

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

Particulars	17-Dec	10-Dec	Change
M 30	1820-1870	1820-1870	-
S 30	1805-1850	1800-1850	-
Mill Delivery	1690-1735	1685-1730	+5

Jaggery at Spot Market

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

Particulars	17-Dec	10-Dec	Change
Raskat	435-470	430-460	+10
Chaku	525-550	520-550	-
Shakkar	540-555	510-520	+35
Khurpa	505-510	480-490	+20
Laddu	520-535	500-515	+20

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

Particulars	17-Dec	10-Dec	Change
Dahiya	1250-1300	1225-1275	+25
Balti Special	1245-1260	1230-1245	+15
Number One	1230-1240	1225-1235	+5
Bariya Dara	1210-1225	1200-1210	+15
Dara	1190-1200	1175-1190	+10

Port Watch (As on 17th December 2005):

No latest vessel position is reported today.

Weather Forecast: (As on 17th December 2005)

ALL INDIA WEATHER FORECAST BULLETIN

Weather Outlook

Coastal Tamil Nadu, south coastal Andhra Pradesh and Bay Islands have reported scattered to fairly widespread

rains for the last 12-18 hours. Yesterday's Deep Depression over Southwest Bay of Bengal moved west-northwards during the last 24hrs and has further intensified in terms of intense cloud bands organisation, deepened central pressure and enhanced sustained wind pattern around the system. It is currently located at southwest Bay around 10.6°N latitude and 82.3°E longitude characterized by about 75-80Km/hr maximum sustained wind, an estimated 987hPa of Central Pressure. South Andhra Pradesh has already experiencing about 35-40 Km/Hr surface onshore winds. Model prediction suggests that the deep depression is likely to further intensify slowly and move in west-northwestward initially and may perhaps move in very slow north/north-easterly direction subsequently in coming 2-3days due to the influence of the large amplitude mid-latitude westerly trough in middle and upper troposphere. Model prediction further suggests that stronger winds with speed up to around 60 Km/Hr. are likely along north coastal Tamil Nadu, coastal Andhra Pradesh during next 2-3 days. Fairly widespread to wide spread rainfall with isolated heavy to very heavy rains over coastal Tamil Nadu & Pondicherry, coastal Andhra Pradesh during next 2-3 days. Scattered to fairly widespread rains are expected over Kerala, Lakshadweep, Rayalaseema, south interior Karnataka, and Telangana in coming days. Cold wave conditions are prevailing over parts of north India and northwest India. Model prediction suggests that the minimum temperatures over Punjab and Rajasthan are likely to rise by about 1-2 °C due to the passing Western Disturbance that is likely to affect J&K, H.P. and adjoining areas of Punjab, Haryana and Uttaranchal during 19-20 December. Under its influence, these area may receive isolated to scattered rainfall with snowfall over hilly regions during 19- 20 December.

NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]
Isolated to scattered snowfall/rainfall over J&K, H.P. and Uttaranchal and isolated rainfall over Punjab and Haryana during 18-20 December.

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]
The region is likely to experience mainly dry weather.

SOUTH INDIA [TAMILNADU, AP, KERALA, KARNATAKA, ANDAMAN & NICOBAR ISLANDS, LAKSHADEEP]
Fairly widespread to wide spread rainfall with isolated heavy to very heavy rains over coastal Tamil Nadu & Pondicherry, coastal Andhra Pradesh and Bay Islands during next 2-3 days. Scattered to fairly widespread rains are expected over Kerala, Lakshadweep, Rayalaseema, south interior Karnataka, Telangana, and coastal Orissa in coming days.

WEST INDIA [MAHARASHTRA OTHER THAN VIDARBHA, GUJARAT, RAJASTHAN]
Mainly dry weather is expected to prevail over the region.

FOREX (As on 16th December 2005):

Foreign Currency	Rs. per unit
1 US \$	45.38
1 Euro	54.29
1 British £	80.11
100 Yen	39.20

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