

## SUGAR, JAGGERY & CANE

05<sup>th</sup>-10<sup>th</sup> December 2005

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Witnessed Bearish Sentiment
- NCDEX Sugar: Settled Up; Jan Tested 3-Week Highs
- NCDEX Gur: Witnessed Mostly Range Bound Trade

### 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 weak opening. The stochastic is moving upwards in the normal region, hinting further uptrend. The MACD has made a bullish crossover with its EMA, showing short-term uptrend. However, the MACD is still in negative territory, hinting medium-term weakness. The moving averages are supporting the uptrend. The open interest as well as the volume of trade has increased in this week.



#### Outlook:

The technical indicators are showing slight downward trade after a weak opening in the next day. However, the futures are likely to witness an upward trade in 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>
January	1800	1791	1815	1825

### Technical Analysis

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

The candlesticks formation is indicating a bearish trade and weak opening. The %K-line after cutting the %D-line from above moving downwards in the normal region, hinting further downtrend. The MACD has made a bearish crossover with its EMA and moving downwards in the negative territory, supporting short-term weakness in the market. The open interest as well as the volume of trade remained steady at the higher side in this week.



#### 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 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
January	565.8	563.3	573.7	576.2

## Market Commentary

### Domestic:

#### Domestic Sugar Prices Witnessed Bearish Sentiment

The domestic sugar prices witnessed on an average a range bound bearish sentiment in this week under review. The 'M' grade as well as the 'S' grade sugar was quoted mostly lower in this week as against the last week.

The M grade sugar at the Delhi market was quoted steady at Rs 1820-1870 per quintal in this week as against the last week. At the Kolkata market it was available at a lower range of Rs 1865-1915 per quintal, while at the Muzaffarnagar market it was offered at a slightly lower range of Rs 1830-1850 per quintal during this week.

The S grade sugar at the Delhi market was quoted in a steady range of Rs 1800-1850 per quintal in this week as against the last week. At the Chennai market it was available between Rs 1745-1755 per quintal, while at the Kolkata market it was offered between Rs 1850-1885 per quintal in this week. At the Vashi market it was quoted in a lower range of Rs 1820-1855 per quintal during this week.

The domestic sugar prices extended the previous weakness in this week. The prices went downwards continuously throughout the week. However, some uptrend was seen during the weekend following higher state advised prices announced for sugarcane in Uttar Pradesh and Uttaranchal. The demand for sugar remained weak amidst lacklustre trade at the physical markets. The sugar output during the current season is likely to cross earlier estimates and consequently the prices of sugar at the domestic markets are facing a bearish trend in the coming days. However, the rising world sugar prices have lifted up the traders' hope for a profitable sugar export outlook. The sugar prices at the domestic markets are likely to remain range bound with a firm undertone in the coming week.

### News Analysis:

#### Indian Sugar Companies to Profit from Export

The sugar exports are seen more economical at present consequent upon rising global sugar prices. In a recent move, the Simbhaoli Sugar Mills Limited is to export 5000 tonnes of white sugar to Europe at around \$385-390 per tonne free on board (FOB). The shipment is due by mid-January, 2006. This shipment would be a part of the export obligations and the advance licence (AL) scheme, according to which Indian sugar companies need to export white (refined) sugar in quantities equivalent to the imported raw sugar within 2 years of the import. India has imported around 2 million tonnes of raw sugar during the 2004-05 sugar year (October-September). The global sugar prices are on the uptrend and likely to test new highs in the months ahead, as major sugar producing nations like Thailand, Mexico, Pakistan, Australia, United States are facing production shortfall in the current sugar year. Moreover, the production of white sugar in Brazil is likely to be lower on higher demand of sugarcane for cane-ethanol production. Even at the prevailing rates, Indian companies would fetch a higher export price than the domestic market rates, this would likely to widen during March-April months in the coming year.

#### World Raw Sugar Prices at 10-½ Year Highs

The world sugar prices have jumped up following the United States Government's decision to increase the import quota for sugar by another 3.5 lakh tonnes. The near month

#### NCDEX Sugar: Settled Up; Jan Tested 3-Week Highs

At the futures market the sugar futures at the NCDEX started this week with losses and extended it further to test this week's low on Wednesday. However, increased buying support at the lower levels pushed up the futures further and the sugar futures witnessed huge gains on Wednesday. The sugar futures surged up once again and tested this week's high on Friday. However, during Saturday's trade, the futures cut back some of the gains. The January sugar future hovered in the range of 1796.00-1805.00 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, some downward movement is likely in the coming 1-2 days.

#### NCDEX Gur: Witnessed Mostly Range Bound Trade

At the futures market the gur futures at the NCDEX started this week with slight gains after testing this week's low on Monday. The futures extended the advances further, but traded mostly range bound for the major half of this week. Profit taking at the higher levels capped the advances and the futures witnessed huge losses on Saturday. The January gur future fluctuated in the range of 567.20-571.40 during Saturday's trade and finished the week without any significant loss/gains. The open interest as well as the volume of trade remained steady at the higher side in this week. It is expected that the gur futures would witness some upward trade in the coming 1-2 days. However, the futures are likely to move downwards during the last half of the coming week.

world raw sugar futures at the New York Board of Trade (NYBOT) are trading above 13 cents per pound level presently. The NYBOT March future finished up 40 points at 13.26 cents per pound, while the May future settled up by 43 points at 13.22 cents per pound on Tuesday. The world raw sugar futures rallied to 10-½ year high on Tuesday. The world raw sugar market is likely to face a deficit in the first quarter of next year. The deficit in sugar production in Thailand coupled with increased demand for cane-ethanol in Brazil has supported the rally in world raw sugar futures in the recent time.

#### U.P. Govt Raised State Advisory Price for Sugarcane

The Uttar Pradesh government has raised the state advisory price (SAP) for sugarcane by Rs 8 per quintal for all varieties for the present sugarcane crushing season started in October. The price of common variety of sugarcane would be Rs 115 per quintal, while that of the early varieties would be 120 per quintal and the late varieties would be Rs 112.50 per quintal after the hike in SAP. The present hike in the sugarcane state advisory prices would account for an additional Rs 400 crore for the sugarcane farmers of the state.

#### Uttaranchal Govt Hiked Support Price of Sugarcane

After the recent hike in state advised price (SAP) of sugarcane by the Uttar Pradesh government, the government of Uttaranchal has also raised the cane

support price for the current season. The government of Uttaranchal has raised the support price of sugarcane by Rs 3 per quintal. The minimum support price of early varieties of sugarcane would be now Rs 120 per quintal for the current crushing season. The minimum support price of sugarcane of normal variety would be now Rs 115 per quintal, an increase of Rs 3 per quintal against the last season. It has been reported that the sugarcane farmers of the state were selling their produce to the neighbouring sugar mills in the state of Uttar Pradesh and consequently creating a short supply of cane to the sugar mills of Uttaranchal. The recent hike in support price of sugarcane would assist around 1.25 lakh sugarcane growers as well as the sugar mills of the state.

#### Sugar at Spot Market:

##### International:

##### London Daily Price (LDP)

Particulars	09-Dec	08-Dec	07-Dec	06-Dec	05-Dec
LDP Raw FOB \$/MT	290.1	282.9	278.7	280.2	274.7
LDP Raw CIF \$/MT	335.1	327.9	323.7	325.2	319.7
LDP Raw CIF GBP/MT	191.4	188	186.9	187.5	184.7
LDP White FOB \$/MT	330.5	324.4	321.4	322.8	315.5
London Freight \$/MT	45	45	45	45	45
London Freight GBP/MT	26	26	26	26	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	10-Dec	03-Dec	Change
Shyamli	1802**	1792**	+10
Khatauli	1810	1822	-12
Morna	1790	1795	-5
Deoband	1800	1815	-15
Tikola	1790	1810	-20
Dhampur	1785	1790	-5

\*\* Old stock

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

Particulars	10-Dec	03-Dec	Change
M 30	1820-1870	1820-1870	-
S 30	1800-1850	1800-1850	-
Mill Delivery	1685-1730	1690-1730	-

#### Jaggery at Spot Market

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

Particulars	10-Dec	03-Dec	Change
Raskat	430-460	430-455	+5
Chaku	520-550	500-535	+15
Shakkar	510-520	500-520	-
Khurpa	480-490	475-480	+10
Laddu	500-515	485-495	+20

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

Particulars	10-Dec	03-Dec	Change
Dahiya	1225-1275	1175-1200	+75
Balti Special	1230-1245	1150-1165	+80
Number One	1225-1235	1130-1140	+95
Bariya Dara	1200-1210	1110-1125	+85
Dara	1175-1190	1090-1100	+90

#### Port Watch (As on 10<sup>th</sup> December 2005):

No latest vessel position is reported today.

#### Weather Forecast: (As on 10<sup>th</sup> December 2005)

##### ALL INDIA WEATHER FORECAST BULLETIN

##### Weather Outlook

The depression over Tamil Nadu centered near Vedaranniyam has weakened into a low pressure area and lies over South Tamil Nadu coast and likely to weaken further. Under its influence scattered to fairly widespread rainfall with isolated heavy falls are likely over Tamil Nadu, Kerala and Lakshadweep during next 24 hrs. Rainfall activity over Tamil Nadu, Kerala and Lakshadweep is likely to decrease after 24 hrs. An easterly wave as the remnant of a low-pressure system over South China Sea appears to be moving westwards and may affect south Tamil Nadu coast and Kerala on 15-16 December 2005. The western Disturbance as an upper air system over north Pakistan and adjoining Jammu & Kashmir has now moved away eastwards. Another weak western disturbance is likely to approach hilly region of NW India by 14th Dec. However, being a weak one, not much impact of this system is expected.

**NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]**  
Mainly dry weather may prevail over NW India during next 3 days. Isolated snow/rains are expected over upper reaches of J & K and Himachal on 14-15 December 2005.

**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]**  
Mainly dry weather is expected over the region till 12th December 2005.

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

Scattered to fairly widespread rains with isolated heavy falls are likely over Tamil Nadu & Pondicherry, Kerala and Lakshadweep during next 24 hours and decrease thereafter. Scattered to fairly widespread rains are expected over Andaman & Nicobar Islands during next 3-4 days. Isolated rains are also likely in coastal AP, Rayalaseema and south Interior Karnataka. Mainly dry weather may prevail in the rest areas of the region.

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

Mainly dry weather is expected to prevail over the region.

**FOREX (As on 09<sup>th</sup> December 2005):**

Foreign Currency	Rs. per unit
1 US \$	46.22
1 Euro	54.56
1 British £	80.91
100 Yen	38.33

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