

## SUGAR, JAGGERY & CANE

26<sup>th</sup> December 2005-02<sup>nd</sup> January 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Witness Firm Sentiment
- NCDEX Sugar: Tested Fresh Contract Month Highs
- NCDEX Gur: Finished this Week at a Lower Ground

### 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 has started moving upwards in the normal region, while the %D-line is still moving downwards. The MACD is moving upwards along with its EMA in the positive territory, supporting the strength in the market. The moving averages are also hinting for further uptrend. The open interest remained almost steady at the higher side, while the volume of trade has increased significantly 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 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
January	1838	1827	1890	1900

### Technical Analysis

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

The candlesticks formation is indicating a weakly bullish pattern and steady to weak opening. The %K-line as well as the %D-line is moving downwards in the normal region, hinting further downtrend. The MACD has made a bearish crossover with its EMA and moving downwards in the positive territory, indicating short-term weakness. The moving averages are also hinting further downtrend. The open interest has increased, while the volume of trade remained steady at higher side in this week.



#### Outlook:

At the futures market the gur futures are likely to witness a downward trade 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 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
January	573.2	570.2	585.0	588.2

## Market Commentary

### Domestic:

#### Domestic Sugar Prices Witness Firm Sentiment

The domestic sugar prices at the physical markets witnessed a bullish sentiment in this week as against the last week. Both the 'M' grade as well as 'S' grade sugar was quoted higher in this week under review.

The M grade sugar at the Delhi market was quoted in a higher range of Rs 1845-1885 per quintal in this week as against the last week. At the Kolkata market it was offered in the range of Rs 1875-1895 per quintal, while at the Muzaffarnagar market it was available in a higher range of Rs 1815-1860 per quintal during this week.

The S grade sugar at the Delhi market was offered at a higher price of Rs 1825-1865 per quintal in this week as against the last week. At the Chennai market it was traded between Rs 1745-1760 per quintal, while at the Kolkata market it was available in the range of Rs 1855-1865 per quintal in this week. At the Vashi market it was quoted in the range of Rs 1825-1840 per quintal during this week.

The domestic sugar prices witnessed a firm sentiment during the first half of this week on anticipation of a lower sugar sales quota for the January-March 2006 quarter. On Monday the prices of sugar at the physical as well as futures market jumped up after Government released 36.5 lakh tonnes as free sale sugar quota for the January-March 2006 quarter, lower than the year ago figure. Moreover, the sales quota released for January alone remained 2 lakh tonnes lower than the January 2005 quota. Despite a likely higher sugar production in the current season, the domestic market sentiments remained firm in line with the international markets. The international sugar prices are on a continuous uptrend and likely to move up further in the months ahead. Under such situations the export of sugar is seen more profitable in the coming months. Hence, a significant portion of Indian sugar export obligation is likely to be met in the coming month and together with a lower sugar sales quota for the first quarter of 2006, the supply of sugar at the domestic markets may become tight. The domestic traders are eyeing to stock sugar for better realisation in the coming months. Amidst such

### News Analysis:

#### Govt Released 36.5 Lt Sugar Quota for Jan-Mar, 2006

The Government has decided to release a quota of 36.5 lakh tonnes of indigenous free sale sugar for the January-March 2006 quarter. In addition to this the levy quota for each of these three months would be 2.16 lakh tonnes. The total availability of sugar would be 42.98 lakh tonnes for the January-March 2006 quarter. Out of this, 12 lakh tonnes of indigenous free sale sugar would be released for the month of January 2006. With levy quota release of 2.16 lakh tonnes for this month, the total availability of sugar for domestic consumption for January 2006 would be 14.16 lakh tonnes. According to the Government, it has enough stock in hand and would not hesitate in releasing further quantities in case requirement so dictates.

During the January-March 2005 quarter, the Government had released 38 lakh tonnes of sugar as indigenous free sale quota and with levy quota of 2.16 lakh tonnes for each

circumstances, the prices of sugar at the domestic markets are expected to witness a bullish sentiment in the coming week.

#### NCDEX Sugar: Tested Fresh Contract Month Highs

At the futures market the sugar futures at the NCDEX extended previous advances and started this week at a higher ground. However, the futures traded mostly range bound thereafter with a firm undertone. The futures witnessed some profit taking and traded at the lower side during the weekend and tested this week's low on Saturday. However, the sugar futures surged up on Monday after the Government released a lower sugar sales quota for January-March 2006 quarter. Increased buying interest pushed up the futures to test fresh contract month highs on Monday. The January future hovered in the range of 1828.00-1872.00 during Monday's trade. The open interest remained almost steady at the higher side, while the volume of trade has increased significantly 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.

#### NCDEX Gur: Finished this Week at a Lower Ground

At the futures market the gur futures at the NCDEX witnessed a bearish sentiment in this week under review. The gur futures started this week at a lower ground on increased selling interest. The futures traded mostly range bound thereafter. However, the gur futures registered significant losses during the weekend and tested this week's low on Saturday. The gur futures traded slightly upwards on Monday on some buying interest but settled with marginal gains. The January gur future fluctuated in the range of 578.00-584.60 during Monday's trade. The open interest has increased, while the volume of trade remained steady at higher side 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 three months, the total availability of sugar during the said quarter was 44.48 lakh tonnes. However, for the month of January 2005 the indigenous free sale sugar quota was 14 lakh tonnes, higher than that of January 2006.

Source: PIB

#### Pakistan Likely to Produce 28 Lt Sugar in 2005-06

The sugar production in Pakistan in the current crushing season is likely to be lower at around 28 lakh tonnes. The sugar price has also jumped upto Rs 34 per kg in Pakistani retail markets during the last month. The Trading Corporation of Pakistan (TCP) had pulled out the surplus sugar stock to control rising sugar prices at the retail end. However, the TCP is waiting for Government directives to release the stock. The sugar production in Pakistan was around 30 lakh tonnes last year and annual consumption was estimated at around 36 lakh tonnes. To bridge the gap between demand and supply, the Pakistani Government

imported around 8 lakh tonnes of refined during the last year. The TCP has around 3 lakh tonnes of buffer sugar stock. The private sector has around 2 lakh tonnes of raw sugar imported during 2005, which would be refined during the current sugar season.

#### Sugar at Spot Market:

##### Domestic:

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

Particulars	02-Jan	24-Dec	Change
Shyamli	1848	NS	-
Khatauli	1875	1790	+85
Morna	1835	1765	+70
Deoband	1865	1780	+85
Tikola	1857	1780	+77
Dhampur	NS	1790	-

\*\* Old stock, NS-No Sale

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

Particulars	02-Jan	24-Dec	Change
M 30	1845-1885	1820-1870	+25
S 30	1825-1865	1800-1850	+25
Mill Delivery	1700-1770	1675-1725	+25

#### Jaggery at Spot Market

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

Particulars	02-Jan	24-Dec	Change
Raskat	445-480	440-475	+5
Chaku	530-555	528-550	+5
Shakkar	555-565	550-565	-
Khurpa	515-520	510-515	+5
Laddu	530-535	515-525	+10

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

Particulars	02-Jan	24-Dec	Change
Dahiya	1325-1350	1300-1400	-
Balti Special	1300-1310	1270-1280	+30
Number One	1285-1295	1250-1265	+30
Bariya Dara	1260-1275	1230-1240	+35
Dara	1240-1250	1200-1225	+25

#### International:

#### London Daily Price (LDP)

Particulars	30-Dec	29-Dec	28-Dec	27-Dec	26-Dec
LDP Raw FOB \$/MT	312.8	311.1	308.6	-	-
LDP Raw CIF \$/MT	357.8	356.1	353.6	-	-
LDP Raw CIF GBP/MT	207.7	206.9	203.6	-	-
LDP White FOB \$/MT	342.5	343	339	-	-
London Freight \$/MT	45	45	45	-	-
London Freight GBP/MT	26	26	25.5	-	-

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

Note: Exchange remained close on Saturday and Sunday.

#### Weather Forecast: (As on 01<sup>st</sup> January 2006)

#### ALL INDIA WEATHER FORECAST BULLETIN

##### Weather Outlook

The western disturbance over north Pakistan and adjoining Jammu & Kashmir persists as an upper air system. Also, the associated induced low-pressure area persists over West Rajasthan and neighbourhood. Under its influence, scattered to fairly wide spread snowfall/rain is likely over the hilly region of NW India viz. J&K, Himachal Pradesh and Uttaranchal and scattered rainfall over the plains of NW India viz., Punjab, Haryana (including Chandigarh & Delhi), north Rajasthan during next 2 days.

Predictions suggest rise in night temperatures by about 2 degree C over many parts of NW India during next 24 hours and fall in day temperature by about 2-3 deg C over same areas during next 2 days. After the passage of western disturbance, the night temperatures are expected to fall at many places in the region by 3-4 deg C over NW India and reoccurrence of fog activity over plains of NW India and western Uttar Pradesh beginning from 3 January 2006.

Isolated rainfall activity is likely over Andaman & Nicobar Islands and south Tamil Nadu, Kerala and Lakshadweep during next 24 hours and during 5-6 January 2006.

**NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]**  
Hilly regions of NW India viz. J&K, Himachal Pradesh and Uttaranchal are likely to receive scattered to fairly wide spread snowfall/rains and the plains of NW India viz., Punjab, Haryana (including Chandigarh & Delhi), north Rajasthan scattered rainfall during next 2 days.

**EAST AND NE INDIA [EAST UP, BIHAR, JHARKHAND, WEST BENGAL, ORISSA, NE STATES]**  
Mainly dry weather may prevail over the region except over East Uttar Pradesh and Bihar where isolated rains are expected during 4-5 Jan. 2006.

**CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]**  
Region is likely to experience mainly dry weather condition.

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

Isolated to scattered rainfall are likely over Andaman & Nicobar islands, south Tamil Nadu, Kerala and Lakshadweep during next 24 hours and then during 5-6 Jan 06. Mainly dry weather may prevail of rest areas of the region.

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

Mainly dry weather is expected to prevail over the region except over North Rajasthan where isolated to scattered rains are likely during next 24-48 Hrs.

**Port Watch (As on 02<sup>nd</sup> January 2006):**

Mumbai Port is loading 10,000 MT of sugar on the vessel 'Amanath Shah'. Sai Freight agents is handling the vessel.

'Gao Hua' has berthed at Chennai Port and continues to load 5,000 MT of sugar. Interocean agents is handling the vessel.

**FOREX (As on 02<sup>nd</sup> January 2006):**

Foreign Currency	Rs. per unit
1 US \$	45.05
1 Euro	53.28
1 British £	77.51
100 Yen	38.32

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