

SUGAR, JAGGERY & CANE

16th-21st January 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Up on Increased Demand
- NCDEX Sugar: Surged Up to Fresh Contract Highs on Saturday
- NCDEX Gur: Settled Higher Amidst Range Bound Trade

Technical Analysis

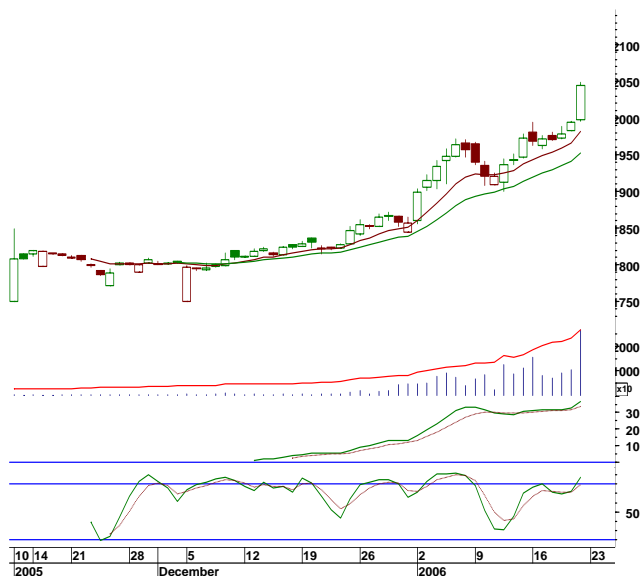
Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: FEBRUARY (Future)

The candlesticks formation is indicating a highly bullish pattern and firm opening. The %K-line has entered the overbought region, while the %D-line is still moving upwards in the overbought region, hinting further uptrend with possibility of a downward correction in the near future. The MACD along with its EMA moving upwards in the positive territory, supporting the strength in the market. The moving averages are also hinting for further uptrend. The open interest as well as the volume of trade has increased in this week particularly on Saturday.



Outlook:

At the futures market the sugar futures are expected to trade upwards in the coming week. However, some downward technical correction is likely from the higher levels.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
February	2009	1983	2074	2098

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: FEBRUARY (Future)

The candlesticks formation is indicating a bullish pattern and firm opening. The %K-line has made a bearish crossover with the %D-line and moving downwards in the normal region, hinting further downtrend in the short-term. The MACD along with its EMA moving upwards in the positive territory, supporting the strength in the market. The moving averages are also hinting further upward movement in the coming days. The open interest has increased while the volume of trade remained at the higher side during this week.



Outlook:

At the futures market the gur futures are likely 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 of the coming week.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
February	597	593.4	609.8	612.9

Market Commentary

Domestic:

Domestic Sugar Prices Up on Increased Demand

The domestic sugar prices at the physical markets witnessed some range bound movement during the first half of this week under review. However, the sugar prices surged up again during the weekend on increased demand. The 'M' grade as well as 'S' grade sugar was quoted higher in this week as against the last week.

The M grade sugar at the Delhi market was offered at a higher price of Rs 1960-2025 per quintal in this week as against the last week. At the Kolkata market it was quoted higher at Rs 1960-2035 per quintal, while at the Muzaffarnagar market it was available higher at Rs 1970-2010 per quintal during this week.

The S grade sugar at the Delhi market it was traded in a higher range of Rs 1940-2000 per quintal in this week as against the last week. At the Chennai market it was offered between Rs 1810-1890 per quintal, while at the Kolkata market it was available in a higher range of Rs 1915-1995 per quintal in this week. At the Vashi market it was quoted higher between Rs 1885-1930 per quintal during this week.

The domestic sugar market is witnessing an upward trend with increased buying by the stockists. Moreover, higher marriage season demand from the Eastern states has also lifted up the market sentiments. The sugar prices in North Indian markets have crossed Rs 2000 per quintal and traders are eyeing even higher levels in the coming days. The skyrocketing domestic sugar futures prices amidst heavy trading activity has also underpinned the uptrend in sugar prices at the physical markets. At the international markets the NYBOT world raw sugar future has surged up to 24-year highs, while the LIFFE white sugar future crossed \$400 per MT on Friday. The international sugar market is seen fundamentally bullish enough to cross further higher levels. With the end of the European Union sugar regime and production shortage in Thailand, Pakistan and China, along with higher cane-ethanol production in Brazil, India has emerged out to be only Asian country capable of exporting white sugar. Domestic sugar

News Analysis:

Agri Minster: India Likely to Export Sugar in Years Ahead

According to the Union Agriculture Minister, India can emerge out as a sugar exporter in the international market in two years. Domestic sugar production is likely to top 18 million tonnes during the current sugar season. The sugar production in the coming 2006-07 year is also expected to be higher than the present season. With a bumper sugar production outlook in the years ahead, India is expected to export sugar to the international market in the coming year or two.

FAO Projected Indian Sugar Output in 2005-06 at 18.5 MT

According to the Food and Agriculture Organisation (FAO), India has reduced its sugar stock as a result of a lower harvest during 2004-05 season at 13.9 million tonnes (MT) as compared to 14.6 MT during 2003-04 season. However, the production is likely to recover during the current season and FAO projected the sugar production at 18.5 MT in 2005-06. The increase in sugar production is attributed to higher acreage under sugarcane crop following improved price realization. The sugarcane producing regions like

mills have to re-export sizeable part of the imported raw sugar in the form of refined sugar during this season and returns are likely to be much higher in the coming months with the increasing global sugar prices. Amidst such situations, the domestic sugar market is likely to remain firm during the week ahead.

NCDEX Sugar: Surged Up to Fresh Contract Highs on Saturday

At the futures market the sugar futures at the NCDEX started this week with a bearish note. However, the futures traded mostly range bound thereafter on alternate buying and profit taking at the higher levels. The sugar futures surged up again on the weekend and rallied to fresh contract month highs during Saturday's trade. The later month sugar futures have also tested fresh contract month highs on Saturday. The February future hovered in a higher range of 1995.00-2049.00 during Saturday's trade. The open interest as well as volume of trade has increased during this week particularly on Saturday. The sugar prices at the spot as well as futures market are expected to trade upwards in the coming week. However, some downward technical correction is likely from the higher levels.

NCDEX Gur: Settled Higher Amidst Range Bound Trade

At the futures market the gur futures at the NCDEX started this week at a much higher ground. However, the gur futures traded mostly range bound thereafter. The February gur future tested this week's low on Tuesday, but recovered back on increased buying support at the lower levels. The February future tested this week's high on Friday, but immediately ran into profit taking. The February future recovered some of the losses at the weekend and finished this week with some positive gains. The February future fluctuated in the range of 597.20-602.00 during Saturday's trade. The open interest has increased, while the volume of trade remained at the higher side during this week. It is expected that the gur 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.

Karnataka, Gujarat and Uttar Pradesh have received a good monsoon last year. The sugar production in Uttar Pradesh is forecasted at 6.5 MT, while in Maharashtra the production is likely to recover at 4 MT during 2005-06 season. The FAO has projected that despite an increase in domestic production, India would import sugar to meet domestic consumption and inventory demand in 2005-06.

Source: FAO

US Sugar Industry Sought for More Import Quota

The United States sugar industry has requested the United States Department of Agriculture (USDA) to allow additional sugar import in order to avoid supply shortage in the domestic market. Recently, the USDA has estimated the United States sugar supply at 1.3 million tons, lower than the month ago forecast. The projected sugar supply is seen to fall short of domestic requirements. The domestic sugar industry has requested to the USDA to allow more sugar import since the commodity is subject to import quota.

Bangladesh Sugar Industry Asks for Import Tariff Cut

Bangladesh is witnessing spiralling sugar prices this season as a result of supply squeeze. The import of sugar has become uneconomical with the global sugar prices at historical highs. Moreover, high import tariff and strict enforcement of pre-shipment inspection has depressed the local sugar importers. The retail sugar price at the local markets has jumped up over Taka 50 per kg (Above Rs 33 per kg). The sugar import in Bangladesh has to go through 74 per cent duty and various taxes and fees. According to the Bangladesh Wholesale Sugar Merchant Association, the government should cut down sugar import tariff to at least about 23 per cent in order to curb the rising sugar prices. During July-December 2005, Bangladesh has imported around 2.3 lakh tonnes sugar, sharply down from around 5.5 lakh tonnes during the same period previous year. The annual sugar demand of the country is around 12 lakh tonnes, while the production fluctuates around 1.5-2 lakh tonnes.

(100 Bangladesh Taka = 66.86 Indian Rupees).

Indonesian Firm to Import Thai Sugar

The Indonesian firm PT Perusahaan Perdagangan Indonesia (PPI) is likely to import sugar from Thailand in order to meet domestic supply shortage. Indonesia is witnessing a sugar supply shortfall in various regions especially in Sumatra. The first consignment of imported sugar is expected to reach Indonesia by next week. It has been reported that an Indian firm also offered sugar, but the PPI preferred to import sugar of Thailand origin.

FAO Projected Global Sugar Prices to Remain above 2001-2004 Average

The global sugar prices are on a continuous uptrend and according to the Food and Agriculture Organisation (FAO), the sugar prices would further increase as world sugar consumption overshadows the global production. The global sugar prices have increased by around 35 percent during the last year and the trend is likely to continue in the present season as well. The FAO has forecasted the world sugar production during the 2005-06 (October-September) season at 147.8 million tonnes raw sugar equivalent, an increase of around 3.7 per cent from the last season. The world sugar consumption during the current season is projected at 148 million tonnes. The increase in production is as a result of record harvest of Brazil and a bumper production in India. According to the FAO forecast, the world sugar prices would remain above the 2001-2004 average level with an estimated supply shortfall in 2005-06 season and diminishing stock in China, India, and the Russian Federation.

Source: FAO

Sugar at Spot Market:

Domestic:

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

Particulars	21-Jan	14-Jan	Change
Shyamli	2000	1948	+52
Khatauli	2010	1965	+45
Morna	1970	1915	+55
Deoband	2000	1955	+45
Tikola	NS	1930	-
Dhampur	1965	1920	+45

NS-No Sale

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

Particulars	21-Jan	14-Jan	Change
M 30	1960-2025	1900-1970	+55
S 30	1940-2000	1880-1950	+50
Mill Delivery	1870-1950	1790-1870	+80

Jaggery at Spot Market

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

Particulars	21-Jan	14-Jan	Change
Raskat	450-490	440-480	+10
Chaku	560-580	550-570	+10
Shakkar	550-575	555-565	+10
Khurpa	515-525	508-514	+11
Laddu	530-535	530-535	-

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

Particulars	21-Jan	14-Jan	Change
Dahiya	1325-1375	1350-1375	-
Balti Special	1300-1305	1320-1330	-25
Number One	1285-1295	1300-1310	-25
Bariya Dara	1260-1280	1280-1290	-10
Dara	1240-1255	1240-1255	-

International:

London Daily Price (LDP)

Particulars	20-Jan	19-Jan	18-Jan	17-Jan	16-Jan
LDP Raw FOB \$/MT	353.2	339.5	340	333.3	331.6
LDP Raw CIF \$/MT	398.2	384.5	385	378.3	376.6
LDP Raw CIF GBP/MT	226.3	219	217.8	214.7	212.7
LDP White FOB \$/MT	382	371.5	374.4	372	372.8
London Freight \$/MT	45	45	45	45	45
London Freight GBP/MT	25.5	25.5	25.5	26	25.5

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

Note: Exchange remained close on Saturday and Sunday.

Port Watch (As on 21st January 2006):

'Amanath Shah' has berthed at Tuticorin Port and continues to load 4,400 MT of sugar. S Albert agents is handling the vessel. Mumbai Port is loading 10,200 MT of sugar on the vessel 'Nama'. POL agents is handling the vessel.

Weather Forecast: (As on 21st January 2006)

ALL INDIA WEATHER FORECAST BULLETIN

Weather Outlook

A western disturbance is likely to approach in next 24 Hrs. and affect NW India during next 2-3 days. Under its influence J&K, H.P. and Uttaranchal is likely to experience scattered snowfall/rains during 23-24 January 2006. Temperatures over NW India are likely to remain near normal during next 3-4 days. Some parts of Indogangetic Plains of north India are likely to experience light foggy condition in morning and evening hours during 24-26 January 2006.

NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]
Scattered snowfall/rains is likely over J&K, H.P. and Uttaranchal during next 2-3 days. Adjoining Punjab and Haryana may experience the cloudy conditions during 23-24 January 2006.

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

The region is likely to experience mainly dry weather during next 5 days. Moderate fog is likely in morning hours.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely.

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

Mainly dry weather over the entire region except over Andaman & Nicobar where cloudy sky conditions are expected during next 48 Hrs.

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

Mainly dry weather is expected to prevail.

FOREX (As on 21st January 2006):

Foreign Currency	Rs. per unit
1 US \$	44.11
1 Euro	53.52
1 British £	78.10
100 Yen	38.15

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.