

SUGAR, JAGGERY & CANE

23rd-28th January 2006

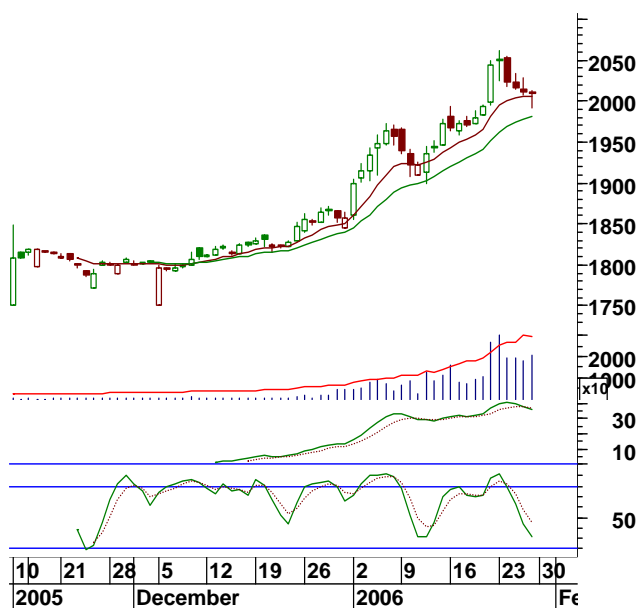
MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Lower on Extra Quota
- NCDEX Sugar: Lower on Increased Selling Pressure
- NCDEX Gur: Settled Down; February Tested 3-Week Lows

Technical Analysis

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

The candlesticks formation is indicating a trend reversal pattern and firm 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 in the positive territory, supporting the downtrend in the market. The moving averages are hinting for further uptrend. The open interest as well as the volume of trade remained at the higher side in this week.



Outlook:

At the futures market the sugar futures are expected to trade moderately upwards in the coming couple of days. 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	1996	1980	2045	2062

Technical Analysis

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

The candlesticks formation is indicating a slightly bullish pattern and firm opening. The %K-line has started moving upwards in the oversold region, indication of trend reversal. The MACD along with its EMA moving sharply downwards in the positive territory, supporting the weakness in the market. The moving averages are also hinting further downward movement. The open interest as well as the volume of trade has declined during this week.



Outlook:

At the futures market the gur futures are likely to witness some upward trade in the coming couple of days. 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	590.1	593.0	580.4	577.5

Market Commentary

Domestic:

Domestic Sugar Prices Lower on Extra Quota

The sugar prices at the physical markets witnessed a downtrend during this week under review. The 'M' grade as well as 'S' grade sugar was quoted moderately lower in this week as against the last week. The sugar prices remained steady at the higher level during the first couple of days and gradually declined to the lower levels at the weekend.

The M grade sugar at the Delhi market was quoted in a lower range of Rs 1940-2000 per quintal in this week as against the last week. At the Kolkata market it was offered between Rs 2030-2075 per quintal, while at the Muzaffarnagar market it was available in the range of Rs 2000-2035 per quintal during this week.

The S grade sugar at the Delhi market was available in a lower range of Rs 1920-1980 per quintal in this week as against the last week. At the Chennai market it was offered in the range of Rs 1885-1905 per quintal, while at the Kolkata market it was traded in the range of Rs 2010-2040 per quintal. At the Vashi market it was quoted in the range of Rs 1900-1935 per quintal during this week.

The domestic sugar market remained bearish following the February sugar sales quota release by the Government. The Government has released 12 lakh tonnes free sale sugar quota for the month of February 2006. In addition to this, 1 lakh tonnes of sugar would be released only for UP based sugar mills in February. The step is taken to cap surging sugar prices at the North Indian markets. After starting this week with a positive note, the market turned southwards during the mid-week anticipating a higher quota release by the Government to tackle the rising sugar prices. The extra quota for the UP based mills is likely to create a bearish environment. However, in a supportive activity, the Government of Pakistan has decided to allow regular sugar import from India as a measure to check surging sugar

News Analysis:

Pakistan Allowed Regular Import of Sugar from India

The Government of Pakistan has decided to start regular import of sugar from neighbouring countries including India, impose 15 percent tax of export of gur and double the quantity of sugar supply to utility stores corporation. These steps were taken in order to cap the surging sugar prices at the domestic market. The sugar prices at the domestic markets have crossed Rs 35 per kg in recent time. These measures were taken in an inter-ministerial meeting, presided over by Adviser to Prime Minister on Finance. The meeting attributed the steep and sudden rise in sugar prices to shortage of sugar at the domestic market and hike in global sugar prices. The Trading Corporation of Pakistan (TCP) has been directed to explore import of enough quantity of sugar periodically throughout the year from neighbouring countries, including India, to replenish their stock.

Govt Released 12 Lt Free Sale Sugar Quota for Feb

The Government has released 12 lakh tonnes of sugar as indigenous free sale quota for the month of February 2006 towards free sale quota for all sugar mills in the country. In addition to this free sale sugar quota, 1 lakh tonnes of sugar would also be released exclusively for the Uttar Pradesh based sugar mills. With a levy quota release of

prices at the Pakistani market. Under such situations, the sugar prices at the spot as well as futures market are likely to witness a firm sentiment in the short-term.

NCDEX Sugar: Settled Lower on Increased Selling Pressure

At the futures market the sugar futures at the NCDEX started this week with a positive note. The sugar futures tested fresh contract month highs during Monday's trade, but immediately ran into selling pressure. The futures turned downward thereafter on increased selling pressure in anticipation of a higher sugar sales quota for the month of February. The sugar futures tested this week's low at the weekend. The February future hovered in the range of 1992.00-2013.00 during Saturday's trade. The open interest as well as the volume of trade remained at the higher side in this week. The sugar prices at the spot as well as futures market are expected to trade moderately upwards in the coming couple of days. However, some downward movement is likely during the later half of the coming week.

NCDEX Gur: Settled Down; February Tested 3-Week Lows

At the futures market the gur futures at the NCDEX started this week in a positive territory and tested fresh contract high on Monday. However, increased selling pressure at the higher levels pressurised the futures thereafter and the futures traded with a highly bearish sentiment for the rest of the week. The gur futures slid continuously and tested 3-week lows at the weekend. The gur futures fluctuated in a lower range of 583.00-588.40 during Saturday's trade. The open interest as well as the volume of trade has declined during this week. It is expected that the gur futures would witness some upward trade in the coming couple of days. However, the futures are likely to get resisted and may move downwards during the later half of the coming week.

2.16 lakh tonnes for February 2006, the total availability of sugar for the month of February would be 15.16 lakh tonnes. According to the release order, the Government would also convert such quantities of free sale quota sugar into levy sugar, which the sugar mills do not sell during February 2006. It has been also reported that with enough stocks in hand, the Government would not hesitate in releasing further quantities of sugar in case requirement so demands.

Source: PIB.

Sugar Industry Alleged Oil Companies for not Lifting Ethanol

The domestic sugar industry has alleged that the oil companies would fall short of the target to lift 475 million litres of ethanol from the sugar mills in the current fiscal. According to the recent ethanol-blending programme of the Government, auto fuel oils need to be blended with 5 percent ethanol in 9 states and 4 union territories. Earlier it was estimated that the sugar industry would supply 475 million litres of ethanol during 2005-06 to the oil companies. However, as per the allegation of the sugar industry, it has enough stock of ethanol and despite a low contracted price of Rs 18.75 per litre, the oil companies are delaying in lifting of ethanol.

Reopening of Alanganallur Sugar Mill Cancelled

The last moment cancellation of reopening of the National Cooperative Sugar Mills at Alanganallur has surprised the farmers of the region. The mill was scheduled to reopen today. The farmers were looking forward for recommencement of crushing operation of the mills since it was suspended in early 2003. Earlier it was decided to be reopened in 2007, but later it was propounded to January 2006. By this time around 3000 acres under sugarcane has been registered and another 3000 acres was likely to be registered after the mill was scheduled to restart its operations today.

Traders Asks for More Sugar Quota to Curb Rising Prices

The sugar traders of Maharashtra has sought release of 1-1.5 lakh tonnes of special quota for the state in order to control surging sugar prices at the domestic markets. Higher demand from the Eastern states along with the funds buying in the physical as well as futures market has underpinned the uptrend in sugar prices during the recent time. The demand from the stockists has also supported the uptrend. However, with a higher price tag the activity remained limited at the physical markets. According to the Secretary, Bombay Sugar Merchant Association, sugar prices may move up further by another Rs 100 per quintal if special quota is not released. With a surging global sugar prices, the sugar prices at the domestic markets are expected to remain firm in the coming days.

LIFFE White Sugar Future Raced to 16-Year Highs on Monday

The London white sugar future surged up to fresh 16-year highs during Monday's trade with speculative buying and short covering. The LIFFE benchmark March white sugar future raced to \$431 per MT, an increase of \$29.9 over Friday's settlement. However, profit taking at the higher levels pared most of the gains in final action and the March future settled \$2.50 per MT up at \$403.60 per MT on Monday. With global sugar supply deficit and increasing demand for the essential commodity, the market is on an uptrend with the trade and funds buying continuously. The NYBOT raw sugar futures also scaled a fresh 24-year high during Monday's trade.

Sugar at Spot Market:

Domestic:

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

Particulars	28-Jan	21-Jan	Change
Shyamli	NS	2000	-
Khatauli	1980	2010	-30
Morna	1960	1970	-10
Deoband	1970	2000	-30
Tikola	NS	NS	-
Dhampur	1950	1965	-15

NS-No Sale

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

Particulars	28-Jan	21-Jan	Change
M 30	1940-2000	1960-2025	-25
S 30	1920-1980	1940-2000	-20
Mill Delivery	1840-1910	1870-1950	-40

Jaggery at Spot Market

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

Particulars	28-Jan	21-Jan	Change
Raskat	440-470	450-490	-20
Chaku	530-565	560-580	-15
Shakkar	555-565	550-575	-10
Khurpa	510-515	515-525	-10
Laddu	520-525	530-535	-10

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

Particulars	28-Jan	21-Jan	Change
Dahiya	1300-1325	1325-1375	-50
Balti Special	1250-1260	1300-1305	-45
Number One	1230-1240	1285-1295	-55
Bariya Dara	1210-1225	1260-1280	-55
Dara	1190-1200	1240-1255	-55

International:

London Daily Price (LDP)

Particulars	27-Jan	26-Jan	25-Jan	24-Jan	23-Jan
LDP Raw FOB \$/MT	403	395.70	396.80	375.90	388.70
LDP Raw CIF \$/MT	448	440.70	441.80	420.90	433.70
LDP Raw CIF GBP/MT	252	246.90	247	236	243.10
LDP White FOB \$/MT	430	420.50	415	395	409.50
London Freight \$/MT	45	45	45	45	45
London Freight GBP/MT	25.50	25.50	25.50	25.50	25.50

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

Note: Exchange remained close on Saturday and Sunday.

Weather Forecast: (As on 28th January 2006)

ALL INDIA WEATHER FORECAST BULLETIN

Weather Outlook

Yesterday's western disturbance continues to persist over J&K and adjoining hilly regions. It is likely to move away in eastward direction in next 24 Hrs. With its movement in eastward direction, the ongoing snowfall/ rainfall activity over J&K, H.P. and Uttaranchal is likely to reduce in next 24 Hrs. Cold wave conditions continued to prevail over parts of Marathwada and Telangana. Predictions suggest rise in both day and night temperatures by about 3-4 deg C over most parts of Central and Northwest India during next 3-4 days leading the temperatures towards normal over the said regions. A fresh Western Disturbance is likely to affect NW India on 1 and 2 February 2006. It may cause scattered snowfall/rainfall over the hilly region of NW India during the above period.

NORTH & NORTH NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]
Scattered to fairly widespread snowfall/rains are likely over J&K and H.P.; scattered rainfall/snowfall over Uttaranchal during 24 hours. Thereafter, J&K and H.P. are likely to receive scattered snowfall/rains during 1-2 February 2006 too.

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.

CENTRAL INDIA [MP, CHATTISGARH, VIDARBHA]

Mainly dry weather is likely to prevail.

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

Mainly dry weather over the entire region except isolated rains over Kerala in next 24 Hrs. and over south coastal Tamil Nadu during 1-2 February

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

Mainly dry weather is expected to prevail. Temperatures are likely to become normal and above during next 4 days.

Port Watch (As on 28th January 2006):

No latest vessel position is reported.

FOREX (As on 28th January 2006):

Foreign Currency	Rs. per unit
1 US \$	44.01
1 Euro	53.37
1 British £	78.03
100 Yen	37.52

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