

SUGAR, JAGGERY & CANE

03rd-10th April 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Higher Eyeing Export Demand
- NCDEX Sugar: Surged Up to Recover Early Weakness
- NCDEX Gur: Witnessed Bearish Sentiment in this Week

Technical Analysis

Commodity: Sugar Grade M
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: APRIL 2006

The candlesticks formation is indicating a highly bullish pattern and firm opening. The %K-line after cutting the %D-line from below moving sharply upward and about to enter the overbought region, hinting further uptrend. The MACD is moving upwards along with its EMA in the negative territory, supporting the strength in the market. The moving averages are hinting for further uptrend. The open interest has declined, while the volume of trade remained at the higher side in this week.



Outlook:

The sugar futures are likely to witness some downward trade in the coming couple of days. However, the futures are likely to get supported and may move upwards 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
April	1920	1900	2000	2025

Technical Analysis

Commodity: Gur (Jaggery)
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: APRIL 2006

The candlesticks formation is indicating a slightly bullish pattern and steady to firm opening. The %K-line after cutting the %D-line from below started moving upward in the normal region, hinting further uptrend. The MACD is still moving downwards along with its EMA in the negative territory, supporting the weakness. The moving averages are hinting further downward movement. The open interest has increased, while the volume of trade remained at the higher side during this week under review.



Outlook:

The gur futures are expected to witness a range bound trade in the coming week. However, the futures are likely to witness some upward trade 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
April	570.8	563.2	591.6	599.8

Market Commentary

Domestic:

Domestic Sugar Prices Higher Eyeing Overseas Demand

The domestic sugar market witnessed a bearish sentiment and range bound trade during the first half of this week. However, the market retraced back at the weekend. Both the 'M' grade as well as 'S' grade sugar was quoted on an average higher in this week as against the last week.

The M grade sugar at the Delhi market was quoted in a higher range of Rs 1980-2050 per quintal in this week as compared to last week. At the Kolkata market it was available in the range of 1980-2035 per quintal, while at the Muzaffarnagar market it was offered in the range of Rs 1960-2005 per quintal during this week.

The S grade sugar at the Delhi market was quoted in a higher range of Rs 1965-2035 per quintal in this week as against the last week. At the Chennai market it was traded in the range of Rs 1885-1915 per quintal, while at the Kolkata market it was offered in the range of Rs 1950-2010 per quintal. At the Vashi market it was quoted within a steady range of Rs 1860-1915 per quintal during this week.

The sugar prices recovered back from the early weakness during the later half of this week under review. The demand at the physical market remained higher amidst lower supply. However, activity was quite restricted at the higher price levels. The market sentiments remained in favour of the bulls despite the second quarterly free sale sugar quota released by the Government is much higher corresponding to the same quarter of the last year. Even, the large April month quota failed to cast the desired bearish impact on the domestic market. The market is eyeing the overseas export demand with the neighbouring countries in urgent need of large quantity of white sugar. The domestic sugar output is likely to be around 22 million tonnes in the coming 2006-07 owing to a higher acreage under sugarcane this year. The Pakistan Government has floated fresh 50000 tons sugar import tender after it recently tendered for 50000 tons sugar for the third time in this year. Notably, the Indian Sugar Exim Corporation bagged the first two tenders of this year. On the other hand, Bangladesh is also looking for importing refined sugar to meet the domestic shortage and

News Analysis:

Indian Sugar Industry Wishes to Earn from Sugar Exports

Indian sugar this year might occupy a greater share in world sugar market, as the Indian sugar industry intends to increase exports of sugar this year and hopes from the Centre to ease rigid rules formulated on export of sugar from India. The production estimates are of about 19 million tonnes in the crop year upto coming September. This is around 6 million tonnes greater than last year. India's average consumption of sugar is of about 18 million tonnes and thus gives the industry a chance to earn handsome money through its exports. The Indian Sugar producers believe that there is possibility of more exports to neighbouring countries like Sri Lanka, Bangladesh, Pakistan, Malaysia, Indonesia and some other Middle East countries. The sugar consumption in Bangladesh is high and supply this time is less, sugar prices are already high at Taka 64 per Kg as against Taka 52 per Kg about 10 days ago. This might draw attention of buyers from Bangladesh to Indian markets, as the country will get the commodity at lower prices due to freight advantage.

contain surging local prices. Amidst such situations, sugar prices at the domestic markets are likely to remain mostly range bound with a firm sentiment in the week ahead.

NCDEX Sugar: Surged Up to Recover Early Weakness

At the futures market the sugar futures at the NCDEX started this week at a higher ground, but traded downwards thereafter. The market reacted to the higher sugar sales quota released by the Government for April-June quarter. However, the market retraced back during the mid-week on increased speculative buying at the lower levels. The sugar futures surged up on Monday with the later month contracts registering sharp gains. The near-month April contract hovered in a higher range of Rs 1954-1990 per quintal, while the May contract traded in a much higher range of Rs 2047-2114 per quintal during Monday's trade. The open interest has declined, while the volume of trade remained at the higher side in this week as against the last week. The sugar futures are likely to witness some downward trade in the coming couple of days. However, the futures are likely to get supported and may move upwards during the later half of the coming week.

NCDEX Gur: Witnessed Bearish Sentiment in this Week

At the futures market the gur futures at the NCDEX started this week with a positive note. The gur futures carried the advances further and tested this week's high on Tuesday. However, increased selling interest at the higher levels pressurised the futures thereafter and the futures turned downwards for the rest of the week. The futures tested this week's low on Saturday. The near-month April contract traded in the range of 574.00-582.40, while the May contract fluctuated in the range of 622.40-628.80 during Monday's trade. The open interest has increased, while the volume of trade remained at the higher side during this week under review as against the last week. The gur futures are expected to witness a range bound trade in the coming week. However, the futures are likely to witness some upward trade during the later half of the coming week.

Pakistan Likely to Exchange Wheat for Indian Sugar

India has given an offer to Pakistan to barter wheat for sugar as the country is facing a shortage of around 1 million tonnes of sugar, according to a senior government official. According to the adviser to the Pakistan Finance Ministry, India was looking for an arrangement to barter their sugar for Pakistani wheat. He also concluded that the decision, however, would only be taken after a final estimate on the size of their wheat crop. The wheat production is expected to hit 22 MMT in 2005-06 crop year in Pakistan. Annual domestic demand is a little over 20.8 million tonnes. Agriculture officials would make a final assessment on the crop size in the second week of May.

Pakistan Issues Tender to Import 50000 MT Ref Sugar

It would be a great deal if India grasps the import tender of Pakistan for sugar, which is issued by the State-run Trading Corporation of Pakistan. The tender has been issued on Monday to buy 50000 metric tons of refined sugar. TCP reported in a statement that the interested pre qualified

foreign suppliers could submit their bids by April 10. It is the third sugar purchase tender by TCP in 2006. Indian Sugar Exim Corporation (ISEC) earlier bagged the first two sugar import tender by the TCP at \$473 per ton and \$478 per ton.

Domestic Sugar Industry Upbeat on Record Output Next Season

The Indian sugar industry is optimistic about another good year of harvest and a record 22 million tonnes sugar production in the next 2006-07 sugar season. The acreage under sugarcane has increased significantly in this year owing to better realization amidst higher sugar prices. With higher demand for and price of sugar, farmers got timely payment and brought more area under sugarcane. In some states like Uttar Pradesh farmers got more than the State Advised Price for sugarcane as private sugar mills pay premium to ensure adequate sugarcane availability. According to the Indian Sugar Mills Association (ISMA), the domestic sugar output can touch 22 million tonnes with higher acreage reported from all over India. Meanwhile, the Indian Sugar Exim Corporation (ISEC) has shipped the first consignment of 18000 tonnes of sugar and hoped to ship the entire quantity of 1-lakh tonnes by another 4 days. However, the ISEC is not bidding for the third 50000 tons sugar import tender by the TCP.

USDA Reported Lower U.S. Sugar Ending Stock for 2005-06

According to the latest released World Agricultural Demand and Supply Estimates (WASDE) report by the United States Department of Agriculture (USDA), the estimated U.S. sugar ending stocks for 2005-06 are decreased 10000 short tons, raw value from last month's estimates. The lower ending stocks are attributed to lower beginning stocks and production that more than offset lower deliveries to manufacturers for re-export in products. The WASDE report highlighted that a 50000 tons reduction in tariff rate quota imports due to increased shortfall is offset by a 50000 tons increase in high-tier sugar imports from Mexico.

Source: WASDE, USDA

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	10-Apr	07-Apr	06-Apr	05-Apr	04-Apr
LDP Raw FOB \$/MT	384	394	395.5	395	404.1
LDP Raw CIF \$/MT	426	436	437.5	435.7	446.1
LDP Raw CIF GBP/MT	243.9	249.1	248.8	248.5	255.4
LDP White FOB \$/MT	457.2	462.8	468.7	466	475.6
London Freight \$/MT	42	42	42	42	42
London Freight GBP/MT	24	24	24	24	24

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

Note: Exchange remained close on Saturday and Sunday.

Domestic:

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

Particulars	10-Apr	01-Apr	Change
M 30	1980-2050	1970-2040	+10
S 30	1965-2035	1950-2025	+10
Mill Delivery	1850-1940	1860-1925	+15

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

Particulars	10-Apr	01-Apr	Change
Shyamli	1982	No Sale	-
Khatauli	2020	No Sale	-
Morna	No Sale	No Sale	-
Deoband	2005	No Sale	-
Nanoata	1955	No Sale	-
Dhampur	No Sale	No Sale	-

Jaggery at Spot Market

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

Particulars	10-Apr	01-Apr	Change
Raskat	420-440	430-450	-10
Chaku	520-550	520-555	-5
Shakkar	560-580	570-590	-10
Khurpa	490-500	505-515	-15
Laddu	525-530	540-545	-15

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

Particulars	10-Apr	01-Apr	Change
Dahiya	1325-1350	1350-1375	-25
Balti Special	1315-1325	1325-1335	-10
Number One	1310-1320	1310-1320	-
Bariya Dara	1280-1290	1290-1300	-10
Dara	1275-1285	1275-1285	-

Weather Forecast: (As on 10th April 2006)

ALL INDIA WEATHER FORECAST BULLETIN

Weather Outlook

Under the influence of western disturbance, scattered rains/snow is likely over the hilly regions of north-west India during next 24 hrs. Adjoining plains viz. Punjab and Haryana may also experience isolated rains/thundershowers during 24 hrs. Scattered rain/thunder-showers activity is likely to continue over northeastern States and Sub-Himalayan West Bengal &

Sikkim during next 4-5 days. Heat wave over parts of Rajasthan, Western parts of Haryana, Madhya Pradesh, East Uttar Pradesh and Chhattisgarh may continue for next 2 days. Thereafter respite is expected gradually in over plains of north India.

Another western disturbance is likely to approach over north Pakistan and adjoining Jammu and Kashmir region during 15-16 April 2006.

NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]

Scattered rain/snow is expected over hilly regions during next 24 hrs. Isolated rains/thundershowers are also likely over Punjab and Haryana during next 24 hrs.

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

Scattered to fairly widespread rain/thundershowers are likely over NE States and West Bengal & Sikkim in coming 4-5 days. Isolated to scattered rains are also likely in Bihar, coastal Orissa, and Jharkhand regions as well.

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

Isolated to scattered rainfall is expected over coastal Tamil Nadu, south/north interior Karnataka, coastal Andhra Pradesh and Kerala during next 3-4 days.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Mainly clear weather is likely to prevail over the region.

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

Mainly dry weather may prevail over the region.

Source: NCMRWF

FOREX (As on 10th April 2006):

Foreign Currency	Rs. per unit
1 US \$	44.74
1 Euro	54.14
1 British £	77.95
100 Jap. Yen	37.84

Port Watch (As on 10th April 2006):

Mumbai Port is loading 13,500 MT of sugar on the vessel 'Bunglar Urmi'. JM Baxi agents is handling the vessel.

The port is expecting 'Arihant' to load 14,000 MT of sugar. Shaan Marine agents is handling the vessel.

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