

SUGAR, JAGGERY & CANE

27th March-01st April 2006

MAJOR ACTIVITY HIGHLIGHTS

- Domestic Sugar Prices Firmed Up during this Week
- NCDEX Sugar: Pared Early Advances in Weekend Slid
- NCDEX Gur: Surged Up but Curbed Some Gains at Weekend

Technical Analysis

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

The candlesticks formation is indicating a slightly bearish pattern and steady to weak opening. The %K-line after cutting the %D-line from above moving downwards in the normal region, hinting further downtrend. The MACD is moving upwards along with its EMA in the negative territory, supporting short-term strength. The moving averages are hinting for further downtrend. The open interest has declined gradually, while the volume of trade remained at the higher side in this week.



Outlook:

The sugar futures are likely to witness a 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	1908	1880	1966	1985

Technical Analysis

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

The candlesticks formation is indicating a bearish pattern and weak opening. The %K-line after cutting the %D-line from above moving downwards in the normal region, hinting further downtrend. The MACD is moving upwards along with its EMA in the negative territory, supporting the short-term strength. The moving averages are hinting further upward movement. The open interest remained at the higher side, while the volume of trade has declined from highest level attained on Tuesday.



Outlook:

The gur futures are expected to witness a moderately 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	575.3	568.0	597.1	603.3

Market Commentary

Domestic:

Domestic Sugar Prices Firmed Up during this Week

The domestic sugar market witnessed a firm sentiment during this week as against the last week. The market remained firm for the major half of this week, but remained slightly bearish at the weekend. Both 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 quoted in a higher range of Rs 1970-2040 per quintal in this week as compared to last week. At the Kolkata market it was available in the range of 1950-1975 per quintal, while at the Muzaffarnagar market it was offered in the range of Rs 1935-1985 per quintal during this week.

The S grade sugar at the Delhi market was quoted in a higher range of Rs 1950-2025 per quintal in this week as against the last week. At the Chennai market it was traded in the range of Rs 1880-1900 per quintal, while at the Kolkata market it was offered in the range of Rs 1920-1945 per quintal. At the Vashi market it was quoted within a steady range of Rs 1840-1860 per quintal during this week.

Sugar prices firmed up earlier during this week on delay in release of April-June quarterly quota that lead to various speculation about the quantum to be released by the Government for the quarter that signifies higher demand and lean production period. Demand is reported to be higher from the bulk consumers of the summer season as mercury starts rising up. However, activity remained limited after the release of higher sugar sales quota at the weekend. On the last day of March, Government has released 42 lakh tonnes as free sale sugar for the April-June quarter, an increase of 8 lakh tonnes over the same quarter of last year. This is in line with the Government's earlier indication of higher sugar sales quota for this quarter in order to keep the retail prices of the essential commodities at a comfortable level. Meanwhile, according to the Agricultural Minister, Government would allow the State Trading Corporation (STC) to export around 3-4 lakh tonnes of white sugar. Until now, only sugar mills with a re-export obligation are allowed to export sugar. Amidst such

News Analysis:

Government to Allow STC to Export White Sugar

According to the Agriculture Minister, the Government would allow the State Trade Corporation (STC) to export around 3-4 lakh tonnes of sugar in view of the surplus production expected during this sugar year. The Government is liberalizing sugar export regime and as an initial step STC would be allowed to export sugar. The Government may also allow other public sector companies to export sugar. Earlier, the Agriculture Minister informed that sugar mills are allowed to export sugar from the marketable surplus to meet their re-export obligation, but Government would not allow diversion of levy quota for this purpose. According to the Agricultural Minister, domestic sugar production is expected to rise to 18.5 million tonnes in 2005-06 as compared to 12 million tonnes last year. With a domestic sugar shortage last year, Indian sugar mills were allowed to import raw sugar duty free with an obligation to export the same quantity of the refined sugar within next 24 months of importing.

situations, sugar prices at the domestic markets are likely to remain weak in the week ahead.

NCDEX Sugar: Pared Early Advances in Weekend Slid

At the futures market the sugar futures at the NCDEX started this week with a positive note. However, the market remained highly volatile with uncertainty about the quantum of April-June quarterly quota. Delay in release of the said quota has lead to various speculations. However, the sugar futures remained at a higher range through the mid-week. The sugar futures slid significantly on Friday to curb the early advances on increased selling interest. The near-month April contract hovered in the range of 1932.00-1947.00, while the May contract fluctuated in the range of 2020.00-2036.00 during Saturday's trade. The open interest has declined gradually, 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 a 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: Surged Up but Curbed Some Gains at Weekend

At the futures market the gur futures at the NCDEX started this week with a bearish note. The gur futures tested this week's low on Monday. However, increased buying support at the lower levels supported the futures thereafter and the futures surged up again to test this week's high on Wednesday. The futures traded mostly range bound thereafter, but pared some of the early advances on Saturday. The near-month April contract traded in the range of 590.40-599.00, while the May contract fluctuated in the range of 624.60-633.40 during Saturday's trade. The open interest remained at the higher side, while the volume of trade has declined from highest level attained on Tuesday. The gur futures are expected to witness a moderately 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.

Govt Released 42 Lakh Tons Freesale Sugar for April-June 2006 Quarter

Government has released 42 lakh tonnes of freesale sugar for the quarter April to June 2006. This is 8 lakh tonnes higher than last year's quota for the corresponding period. The freesale sugar quota for April 2006 is 14.5 lakh tonnes and it is required to be sold within the month. Ex-mill and wholesale prices of sugar had declined considerably in March 2006. Retail prices of sugar had also declined in March 2006 at major centres. The enhanced quota of freesale sugar of 42 lakh tonnes for the quarter as well as the April quota of 14.5 lakh tonnes is expected to stabilise the retail prices of sugar at reasonable levels. If sugar prices show any abnormal increasing trend, additional releases shall be made.

Source: Press Release of Ministry of Food & Civil Supplies, Consumer Affairs and Public Distribution.

Indian Firm to Produce Ethanol from Sweet Sorghum

The International Crops Research Institute for the Semi Arid Tropics (ICRISAT), situated in Patancheru, Andhra Pradesh has demonstrated commercialisation of ethanol and bio-fuel production from sweet sorghum in association with Rusni Distilleries Private Ltd. The project worth Rs 24 crore is set to start commercial production in June. According to ICRISAT, production of ethanol from sweet sorghum proved to be cheaper than the conventional sugarcane based production technology. The production of ethanol from sweet sorghum has several advantages over cane-ethanol as it requires less water and fertilizers to cultivate sweet sorghum than sugarcane and also has a cost efficiency of over Rs 1.75 per litre of ethanol. The distillery plant, with an installed capacity of 40000 litres per day, is likely to assist 20000 farmers and can utilize sweet sorghum produce from 20000 acres.

Global Sugar Price Firming Up; White at All-time High

LIFFE White Sugar front month May contract settled at \$478/ton on Tuesday, up \$20/ton from previous settle after reaching an all time high of \$479/ton. Last month the front month contract tested a fresh high of \$462.40 per ton since the start of trading in present form since 1989. Meanwhile, with a buoyant White sugar market, the NYBOT raw sugar futures also rallied by nearly a cent. The May contract settled at 18.17 cents/pound on Tuesday after reaching a day high of 18.45 cents/pound. Higher energy prices, strength in other commodities, higher demand of cane-ethanol in Brazil, lower output in Thailand and a number of countries in urgent need of white/raw sugar continue to remain as the supportive features for global sugar prices in recent time.

Vietnam to Import More Sugar on Severe Shortage

According to the Ministry of Agriculture and Rural Development (MARD) of Vietnam, the country is facing severe sugar shortage as 27 out of 34 sugar plants have stopped production on lack of sugarcane. According to the Vietnam Sugar and Sugar Cane Association, country's sugar production is likely to be around 1 million tons, while the demand is pegged at 1.35 million tons. Though the Vietnam Government has recently allowed sugar imports, enterprises could only import 40000 tons of sugar on account of higher world sugar prices. Private importers are now planning to import around 1.5 lakh tons of sugar by August to meet the domestic requirements and ahead of the festivals demand that remains higher during August-September.

Pakistan Awarded 50000 Tons Sugar Import Tender to ISEC

Pakistan has awarded its recent import tender of 50000 tons white sugar to Indian Sugar Exim Corporation at \$473 per ton. The shipment would be due within next five weeks. This was the second such import tender by Trading Corporation of Pakistan in this year. The first sugar import tender of 50000 tons was also awarded to Indian Sugar Exim Corporation at a rate of \$478 per ton. The TCP would also likely to purchase additional 50000 tons of white sugar from ISEC at the same price. Earlier, TCP pre-qualified 17 international firms as sugar suppliers and notified that only these pre-qualified firms can bid for TCP import tenders. ISEC was among the successful pre-qualified suppliers. Indian Sugar Exim Corporation (ISEC) was formed by the two apex bodies of the sugar industry viz. National Federation of Cooperative Sugar Factories Limited

(NFCFSF) and Indian Sugar Mills Association (ISMA) and represents the factories in private and public sectors for undertaking export of sugar and its products.

Mexico Sugar Production Down 11 Percent Year on Year

According to Mexico's Agro-Industry Sugar Committee, the country has produced around 3.18 million tons of semi-refined sugar so far in this sugar season. The production till now is lower by around 11 percent as compared to the same period of last year. The recovery rate at around 10.8 percent remained lower than the same period of last year. Around 57 mills are reported to be active so far in this season. Mexico produced around 5.8 million tons of refined sugar during the 2004-05 season, an increase of 15 percent against the previous season.

Sugar at Spot Market:

International:

London Daily Price (LDP)

Particulars	31-Mar	30-Mar	29-Mar	28-Mar	27-Mar
LDP Raw FOB \$/MT	407.2	405	397.9	397.7	382.5
LDP Raw CIF \$/MT	449.2	447	439.9	439.7	424.5
LDP Raw CIF GBP/MT	258.6	256.9	253.2	251.5	243.1
LDP White FOB \$/MT	479.7	478.6	472	466.9	454.5
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	01-Apr	25-Mar	Change
M 30	1970-2040	1940-1990	+50
S 30	1950-2025	1920-1970	+55
Mill Delivery	1860-1925	1820-1860	+65

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

Particulars	01-Apr	25-Mar	Change
Shyamli	No Sale	No Sale	-
Khatauli	No Sale	1930	-
Morna	No Sale	1880	-
Deoband	No Sale	1920	-
Nanoata	No Sale	1895	-
Dhampur	No Sale	1900	-

Jaggery at Spot Market

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

Particulars	01-Apr	25-Mar	Change
Raskat	430-450	425-445	+5
Chaku	520-555	510-540	+15
Shakkar	570-590	540-565	+25
Khurpa	505-515	495-505	+10
Laddu	540-545	525-530	+15

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

Particulars	01-Apr	25-Mar	Change
Dahiya	1350-1375	1300-1350	+25
Balti Special	1325-1335	1325-1335	-
Number One	1310-1320	1300-1310	+10
Bariya Dara	1290-1300	1275-1295	+5
Dara	1275-1285	1260-1270	+15

Weather Forecast: (As on 01st April 2006)

ALL INDIA WEATHER FORECAST BULLETIN

Weather Outlook

A western disturbance lies over north Pakistan and adjoining area. It is likely to progress in an eastward direction and affect hilly regions of northwest and adjoining parts of plains of NW India during next 2-3 days.

Isolated thundershowers activity are likely over Bay Islands and south coastal Tamil Nadu and isolated to scattered thunderstorms are expected over north Telangana, Vidarbha, Chhattisgarh, Orissa, West Bengal, NE States and Kerala during 2-5 April 2006.

Rest of the regions is likely to experience mainly dry weather conditions. Temperatures over northwest and central India may increase by about 3°C during next 24 Hrs and over eastern parts of the country during next 2-3 days. Thereafter, the regions may experience fall in temperatures by about 2 degree C.

NORTH & NORTH-WEST INDIA [J&K, HP, UTTARANCHAL, PUNJAB, HARYANA, DELHI, WEST UP]
Scattered rain/snow is expected over hilly regions of northwest India viz. Jammu and Kashmir, Himachal Pradesh and Uttaranchal during next 2-3 days. Cloudy sky

with isolated shower is expected over adjoining plains of northwest India viz. Punjab, Haryana and Delhi.

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

Mainly dry weather prevails for next 2 days all over the region. Subsequently, isolated to scattered rainfall/thundershower is expected over Orissa, West Bengal, and NE states.

CENTRAL INDIA [MP, CHHATTISGARH, VIDARBHA]

Vidarbha and Chhattisgarh are likely to experience isolated thunderstorm activity during next 2 days.

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

Isolated to scattered rainfall is expected over Bay Islands, north Telangana, coastal Tamil Nadu and Kerala in coming days.

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

Mainly dry weather may prevail over the region except over Vidarbha where isolated to scattered thundershower may occur during 1-2 April 2006.

Source: NCMRWF

FOREX (As on 01st April 2006):

Foreign Currency	Rs. per unit
1 US \$	44.59
1 Euro	54.04
1 British £	77.48
100 Jap. Yen	37.86

Port Watch (As on 01st April 2006):

'Dolphin II' has berthed at Tuticorin Port and continues to load 6,000 MT of sugar. The vessel is being handled by St. John agents.

Mumbai Port is loading 18,244 MT of sugar on the vessel 'Persian'. JM Baxi agents is handling the vessel. 'Golden Aries' is expected at the port to load 8,500 MT of sugar. The vessel will be handled by Shaan Marine agents. The port is expecting 'Arihant' to load 14,000 MT of sugar. Shaan Marine agents is handling the vessel.

'Manpung' is expected at Chennai Port to load 12,500 MT of sugar. The vessel will be handled by Albert agents.

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