

SUGAR, & JAGGERY

11-16 September, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Firm on Improved Festive Demand
- NCDEX Sugar: Firm on Speculative Buying on hope for Export Resumption
- NCDEX Gur: Weak on Profit

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: October 2006

On the NCDEX, sugar futures witnessed strong bullish sentiments in the week starting from 11th September, on speculative buying on the back of strong spot market demand. All the sugar futures exhibited similar sentiments. In the October contract volume and open interest considerably increased. The prices hovered in the range of Rs. 1804-1875 during the week. However, higher levels also experienced profit booking. Stochastic exhibited bullish undertone in the neutral region. Prices on all days closed far above the EMA. MACD entered in positive territory and moving upward hinting towards strong sentiments. Market is likely to remain firm in the coming days.



Outlook:

Market will remain firm on festive demand.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
October	1820	1805	1900	1930

Technical Analysis

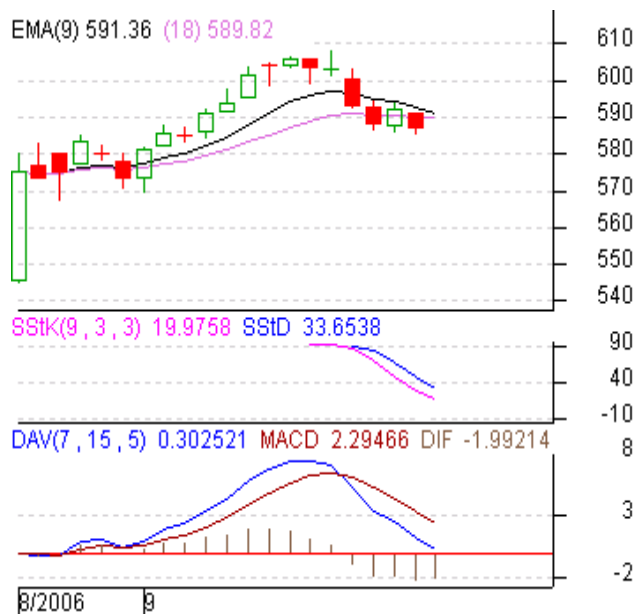
Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: October 2006

The Gur futures exhibited weak sentiments on profit booking in the week starting 11th September. On an average the prices in the October contract remained in the range of Rs. 585-608. Volume and open interest increased as compared to the previous week. The candlestick pattern, MACD and Stochastic indicate towards steady to weak sentiments in the futures market for the coming days on increased Gur arrivals from the early October.



Outlook:

Steady to bearish on start of fresh arrival.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
October	566	556	615	630

Market Commentary

Domestic:

Spot Market Likely to Witness Festive Demand

Sugar spot markets exhibited improvement on the very first day of the week on beginning of the festive demand. It was offered at higher prices in Muzaffarnagar and Delhi mandis. However, demand in the Kolkata market picked up a little late. The sugar traders are optimistic about improvement in sugar prices, as it has already touched its bottom prices in the previous days. Now, the coming months will witness the festive demand of Deepawali, Ramzan and Eid. Traders hope that with the start of price rise, the retailers will rush for purchasing because they have understood that now onwards, it is difficult to get the same prices as were a week before. There was talk in the market that Government may impose stock-holding limit in Sugar in future to curb the retail prices. However, it is quite difficult to implement this policy and this will have no impact on the retail prices. The world sugar sentiments largely remain positive on speculative demand. In another development, the state government of Delhi decided to distribute sugar at Rs. 19/kg from the 40 Kendriya Bhandar outlets ahead of the festival season. It is a preventive measure taken well in advance to avoid criticism over no change in the sugar retail prices which is currently sold on Rs. 21/kg for the last 3 months despite significant fall in the wholesale prices. Further, the old sugar stock in most of the mills is also towards exhaustion. So, overall, sugar spot prices appear to remain firm till the end of the festive month.

NCDEX Sugar: Firm on Speculative Buying on hope for Export Resumption

On the NCDEX, Sugar futures broke all the expectations on its bullish opening and then touching a single day's high in

all the active contracts after a long-long time on Monday. Though, positive signals started coming three-four days earlier when prices became almost stable and stopped downward movement as they already reached the lowest levels. Further, world sugar market gave inflammatory environment to the Indian sugar futures. The September contract traded in the range of 1788-1850, while the October contract fluctuated in the range of 1802-1885 on during the week. White sugar at the LIFFE in London traded high on speculative buying during the week. In the Indian sugar futures, there was panic among the traders owing to some states government directives to impose stock limit in some essential commodities to curb the prices of essential commodities on the onset of festival season. However, the fear and anxiety has reduced among the traders regarding the stock-holding limit, as sugar is not in this category. The spot market is trading firm and there appears to be no reason for futures to remain bearish. If market takes some correction, it should be considered as buying opportunity. However, this possibility is bleak. The sugar futures is expected to trade with improved sentiments in the coming week.

NCDEX Gur: Bullish on Speculative Buying

Gur futures on the NCDEX traded with bearish sentiments on speculative selling in the October contract. Volume and open interest increased during the week under review. The October contract hovered in the range 585- 608 during the week. The spot prices of Raskat, Chaku and Shakkar eased on decreased demand in the Muzaffarnagar mandi. The Mandis will witness fresh arrival of gur in the few days.

News Analysis:

Sugarcane Farmers to get Rs.850/t as Minimum Advance in Maharashtra

The State Government of Maharashtra, through a notification, has made it mandatory for all sugar mills to pay a minimum advance of Rs. 850 per tons to the sugarcane growers with in the 14 days of the start of the crushing season, which is going to start from 1st October, The mills can however, can pay more than it, if they desire so, after getting the approval from banks. In Maharashtra, the Government has estimated the sugar production of about 73 lakh tons in the sugar year 2006-07.

US Sugar Supply Increases

According to the latest released USDA projection for 2006-07, U.S. sugar supply is increased 147,000 tons, raw value, from last month, due to higher beginning stocks and production. Production is increased 100,000 tons based on processor estimates compiled by the Farm Service Agency (FSA). Sugar use is unchanged. For 2005/06, total supply is increased 47,000 tons. Production is increased 72,000 tons based on processor estimates compiled by FSA. Imports of high-tier sugar are reduced 25,000 tons based on U.S. Customs reporting.

Biofuel: India and Brazil to Create Joint Committee on Biofuels

Under a strategic partnership on the political and economic fronts, the Brazil and India agreed to create a "Joint Committee on Biofuel" which will make efforts to find out "sustainable energy alternatives" for India's growing energy needs. The Joint project will focus on developing ethanol fuel as an alternative to oil. The Indian public and private sector companies have shown their keen interest in the Brazil to exploit the cost effective production opportunities to meet the increased demand of biofuel as a cheap alternative to the oil for automobiles in the coming days.

Delhi will Get Sugar at Rs. 19/kg from Kendriya Bhandar

According to a press release by the Ministry of Food & Civil Supplies, Consumer Affairs and Public Distribution, Sugar will remain available at Rs. 19 per kg. in loose from Kendriya Bhandar outlets in Delhi.

Sugar at Spot Market:

Domestic:

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

Particulars	16-September	09-September	Change
M 30	1805-1905	1785-1840	+65
S 30	1790-1890	1770-1825	+65
Mill Delivery	1720-1820	1700-1755	+65

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

Particulars	16-September	09-September	Change
Khatauli	1950	1855	+95
Deoband	1915	1845	+70
Nanoata	1815	1785	+30

Jaggery at Spot Market

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

Particulars	16-September	09-September	Change
Raskat	435-450	435-455	-5
Chaku	510-550	510-570	-20
Shakkar	620-650	620-670	-20

International:

International Sugar Situation as on 15th September 2006

London Daily Price W (\$/MT)	12-Sept	13-Sept	14-Sept	15-Sept
Dec-06	384.10	404.10	400.00	381.00
Mar-07	358.10	374.60	371.00	378.00
May-07	358.50	373.30	370.00	373.00
New York Spot No.11 (\$/MT)	12.33	12.97	13.05	13.16
Mar-07	12.56	13.29	13.05	13.28
May-07	12.81	13.46	13.25	13.47
July-07	12.90	13.52	13.29	13.50

Port Watch (As on 15th September 2006):

Loading of 24,650 MT of sugar is continuing at Chennai Port on the vessel 'Sea Master'. Albert agents is handling the vessel.

Weather Impact: (As on 16th September 2006)

Weather is suitable for the sugarcane crop in most of the growing regions and the crop is in good condition. Harvesting will pick up in October. Bumper crop harvest is expected.

FOREX (As on 16th September 2006):

Foreign Currency	Rs. per unit
1 US \$	45.96
1 Euro	58.13
1 British £	86.29
100 Jap. Yen	39.04

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