

SUGAR, & JAGGERY

18-23 September, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Weak on Subdued Demand
- NCDEX Sugar: Weak on Speculative Selling
- NCDEX Gur: Steady With Bearish Undertone

Technical Analysis

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

On the NCDEX, sugar futures witnessed bullish sentiments in the week starting from 18th September, on speculative selling due to fear that Government may impose stock limit and release extra non-levy sugar quota ahead of festive season. In the October contract volume and open interest slightly declined. The prices hovered in the range of Rs. 1833-1885 during the week. MACD, Stochastic and RSI exhibited bearish sentiments. Market is likely to remain steady with slight bearish undertone in the coming days.



Outlook:

Market will remain steady with slight bearish undertone.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
October	1802	1795	1875	1890

Technical Analysis

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

The Gur futures exhibited steady sentiments in the week starting 18th September. On an average the prices in the October contract remained in the narrow range of Rs. 581-590.6. Volume declined while open interest increased as compared to the previous week. The candlestick pattern, MACD and RSI favours the bears while Stochastic indicate towards steady to firm sentiments. The market may witness steady sentiments with slightly bearish undertone because new gur has started arriving in the markets.



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	560	555	593	602

Market Commentary

Domestic:

Spot Sugar Weak on Subdued Demand

Spot sugar markets exhibited steady to slightly improved sentiments during the first two days of the week starting September 18, in all the major markets like Delhi, Muzaffarnagar and Kolkata. Later on, due to declining trend in futures market, spot prices also eased. To add the woes of the traders, the Government released one lakh tons non-levy sugar for the month of September to check the prices ahead of the festival season. Further, according to the latest released advanced production estimates for the 2006-07, the total production of sugar cane will be 2834.04 lakh tonnes against a target of 2700 lakh tonnes. All these factors, are not allowing the spot prices to see upward trend despite the start of the festive demand. However, government is hinting towards early permission of the sugar export by the Deepawali. If it happens so, we may expect some upward correction in the coming week, otherwise the spot market will remain steady during the coming days.

NCDEX Sugar: Weak on Speculative Selling on Additional Quota Release

Sugar Futures on the NCDEX made an impressive start on Monday maintaining the previous week trend. But later on, market stumbled on profit booking and bears overcame the bulls. The most active October contract hovered in the range of 1833-1885 during the week. Volume and Open interest also declined. For the coming week, the futures

sentiments may remain volatile, because on the one hand, owing to festive demand, mills will not like to offer their stock on lower prices while on the other they are bound to finish their allotted quota by the end of the month. So, being the last week of the month, spot and futures market may witness volatility with prices to see some upward movement. The world sugar markets also traded with weak sentiments owing to weak crude oil prices. Most of the futures players at the LIFFE and CSCE liquidated their position during the week thus bringing down the white sugar and raw sugar prices down in the world market. World sugar prices are expected to exhibit bearish sentiments in the coming days.

NCDEX Gur: Steady on Lacklustre Trade

Gur futures on the NCDEX traded with steady to bearish sentiments on weak demand in the October contract. Volume declined while open interest increased during the week under review. The October contract hovered in the range 581- 590 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 early next month. Prices are expected to further ease in the coming days.

News Analysis:

Sugar Industry hopeful for resumption of export after Deepawali

The sugar Industry is hopeful for the resumption of the sugar export after Deepawali. Due to very bright production prospects and improving world market prices, there are firm chances that central government may allow the sugar export after the festival of Deepawali. Talking with a news agency, the Union agriculture minister said that Government will fully consider the interest of the sugar industry.

Sugarcane: First Production Advance Estimates For 2006-07

Total production of sugar cane will be 2834.04 lakh tonnes according to the first advance estimates for 2006-07 against a target of 2700 lakh tonnes. The first and fourth advance estimates for 2005-06 were respectively 2577.19 and 2783.87 lakh tonnes respectively.

Sugar at Spot Market:

Domestic:

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

Particulars	23-September	16-September	Change
M 30	1815-1900	1805-1905	-5
S 30	1800-1885	1790-1890	-5
Mill Delivery	1730-1815	1720-1820	-5

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

Particulars	23-September	16-September	Change
Khatauli	1950	1950	-
Deoband	1900	1915	-15
Nanoata	1820	1815	+5

Jaggery at Spot Market

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

Particulars	23-September	16-September	Change
Raskat	430-440	435-450	-10
Chaku	515-535	510-550	-15
Shakkar	615-630	620-650	-20

International:

International Sugar Situation as on 22nd September 2006

London Daily Price W (\$/MT)	18-Sept	19-Sept	20-Sept	21-Sept	22-Sept
Dec-06	403.90	396.90	400.80	391.50	373.30
Mar-07	378.40	372.90	371.80	361.40	342.00
May-07	377.80	371.90	370.00	358.40	338.60
New York Spot No.11 (\$/MT)	13.05	13.16	13.47	13.47	11.78
Mar-07	13.05	13.28	13.20	13.10	11.38
May-07	13.25	13.47	13.40	13.23	11.51
July-07	13.29	13.50	13.40	13.22	11.55

Port Watch (As on 22nd 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 23rd 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 23rd September 2006):

Foreign Currency	Rs. per unit
1 US \$	45.90
1 Euro	58.65
1 British £	87.20
100 Jap. Yen	39.33

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