

## SUGAR, & JAGGERY

04-09 September, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Domestic Market: Festive Demand Likely to Pick Up
- NCDEX Sugar: Narrow Range Bound Trade with Stable Prices
- NCDEX Gur: Bullish on Speculative Buying

### Technical Analysis

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

In the week starting from 04<sup>th</sup> September, Sugar futures on the NCDEX exhibited a narrow range bound trade giving the signal of stability and firm support at the prevailing prices. In the October contract volume and open interest slightly increased. Stochastic exhibited bullish undertone in the neutral region. Prices on all days closed below the EMA but the gap between the EMA and closing prices have reduced giving indications of firmness. MACD also started its upward journey in negative region signalling firm sentiments to come in future. Technicals indicate towards bullish sentiments to prevail in the coming days.



#### Outlook:

Market will remain bullish in the coming week.

#### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
October	1795	1785	1865	1875

### Technical Analysis

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

The Gur futures exhibited firm sentiments during the week starting 4<sup>th</sup> September on Speculative buying. On an average the prices in the October contract remained in the range of Rs. 583-606. Volume and open interest increased as compared to the previous week. The candlestick pattern indicates towards firm sentiments in the futures market in the coming days. The new gur in the mandis will start coming with the start of October.



#### Outlook:

Firm with bullish undertone.

#### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
October	585	575	620	630

## Market Commentary

### Domestic:

#### Spot Market Likely to Witness Festive Demand

The sugar spot market continued its bearish undertone during the week starting 4<sup>th</sup> September. The prices in the major mandis like Muzaffarnagar, Delhi and Kolkata moved downwards, in the absence of desired buying support. However, the prices decline was not sharp, and traders expect that prices have gone down enough, and it is unlikely to witness any significant downtrend in the coming days. The reason being that a string of festivals is going to start in October (Deepawali, Ramzan and Eid). So the festive demand will start emerging from the next week and the traders can expect to witness the start of upward price movement. The sugarcane crop is in healthy condition in its major producing belts. The crushing is likely to start from mid October/early November. The mills are busy in preparing for the next crushing season. On the other hand, the farmers of the Uttar Pradesh are expecting from the state government for better price realization of their produce. Ahead of the Assembly Election, there are good chances that the government may come under the pressure of the cane farmers in this regard and the mills may face difficulty in paying the desired prices due to the prevailing market price situation. But the scenario appears to be changing as the world sugar prices are again becoming attractive due to speculative demand. They may influence the Indian sugar industry and trade scenario in the time to come and traders may realize better price in coming days.

### News Analysis:

#### White Sugar Prices Traded High on LIFFE in London

White sugar prices in London fired up significantly in the last week registering a biggest weekly gain after a long period on the speculation that India, because of low national sugar reserve stock, may extend the export ban till December. The October contract of White sugar on LIFFE traded at USD 401.5 per tonnes, which is equivalent to Rs. 18.56 per Kilogram on 7th September while it was trading at Rs. 17.28 per Kg on 4th September 2006. The current LIFFE October prices are quite higher than all the sugar futures on the NCDEX in India. However, In India, it has already been clarified by the Government sources that the ban is most likely to be lifted in November after reviewing the production prospects, which are very bright. India is expecting a record production and the crushing is likely to start by late October/early November and the country is expecting a domestic output of about 220-240 lakh tons in the sugar year 2006-07 (October 06 - September 07). The estimated production is about 20-40 lakh tons higher than the domestic consumption demand. Thus leaving this handsome amount of sugar to enjoy the higher world prices.

#### China Floats 286,000 Tonnes Sugar in the Open Market

The Chinese Government intends to bring 286000 tonnes sugar between 12-19 September 2006, in to open market from its national sugar reserve to stabilize the sugar prices and maintain regular supply. China has a stock of its own

#### NCDEX Sugar: Range Bound Trade With Stable Prices

Sugar futures on the NCDEX exhibited a range bound trade during the week under review. The most active October contract hovered in the range of 1786-1815 during the week on lacklustre trade. However, the volume and open interest increased during the week. The price movement indicates that the sugar futures is unlikely to witness the downtrend in the coming days and may witness possible trend reversal. The world sugar prices are giving good sentimental support to the Indian sugar futures. The coming week is expected to witness good buying in the sugar futures.

#### NCDEX Gur: Bullish on Speculative Buying

Gur futures at the NCDEX traded with firm sentiments on speculative buying in the October contract. Volume and open interest increased as compared to previous week. The October contract hovered in the range 583- 606 during the week. The spot prices of Raskat, Chaku and Shakkar improved on increased demand in the Muzaffarnagar mandi. The coming month will witness the arrival of the new gur in the market. However, at some places it has start arriving. The gur futures is likely to trade with improved sentiments in the coming week.

and imported sugar from Cuba to meet its domestic demand.

#### Sugar: Pakistan releases Sugar at concessional rates for Ramazan Festival

The Trading Corporation of Pakistan (TCP) will off-load about 60,000 tonnes of sugar at concessional rates to the retailers and wholesalers to prevent the surge in sugar prices in the Holy month of Ramazan and Eid festival. The TCP will sell only 12 tonnes of sugar to each buyer at the concessional rate of Rs. 30.50 per kilogram so as to make a reach in the maximum areas of Pakistan. For this purpose, the TCP will utilize the wide network of Utility Stores Corporation.

#### Bihar to have 8 new Sugar Mills

The Bihar Government has permitted to set up eight multi-purpose sugar mills to boost the production of sugar and allied products in Bihar. The proposed mills are to be established at Madhubani, East Champaran, Saran, Muzaffarpur, Madhepura, Begusarai and Nalanda districts with the crushing capacity of 65,000 tonne sugarcane per day. These sugar complexes will also have power generation units and distillery plants. It is also proposed to expend the capacity of the five existing sugar mills.

## Sugar at Spot Market:

### Domestic:

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

Particulars	09-September	02-September	Change
M 30	1785-1840	1785-1870	-30
S 30	1770-1825	1770-1855	-30
Mill Delivery	1700-1755	1700-1785	-30

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

Particulars	09-September	02-September	Change
Khatauli	1855	1890	-35
Deoband	1845	1880	-35
Nanoata	1785	1805	-20

## Jaggery at Spot Market

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

Particulars	09-September	02-September	Change
Raskat	435-455	435-450	+5
Chaku	510-570	515-550	+20
Shakkar	620-670	625-660	+10

### International:

#### International Sugar Situation as on 05th September 2006

London Daily Price W (\$/MT)	04-Sept	05-Sept
Dec-06	359.20	365.90
Mar-07	343.20	347.00
May-07	349.20	351.50
New York Spot No.11 (\$/MT)	269.84	268.08
Mar-07	271.17	271.61
May-07	275.35	275.35
July-07	278.66	278.66

### Port Watch (As on 08<sup>th</sup> September 2006):

Raban I' is expected at Kandla Port to load 15,000 MT of sugar to Karachi. Tristar agents will be handling the vessel.

### Weather Impact: (As on 09<sup>th</sup> 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 08<sup>th</sup> September 2006):

Foreign Currency	Rs. per unit
1 US \$	46.23
1 Euro	58.57
1 British £	86.24
100 Jap. Yen	39.55

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