

SUGAR, & JAGGERY

25-30 September, 2006

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Weak on Extra Quota Release
- NCDEX Sugar: Volatile on Speculative Trading
- NCDEX Gur: Narrow Range Bound Trading

Technical Analysis

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

On the NCDEX, sugar futures remained volatile due to speculative trading in the week starting from 25th September. After a speculative selling on Monday, market recovered back on subsequent days. Due to release of extra 1 lakh tons of non-levy sugar for sale in September, lasted a bearish impact on the sugar futures. In the November contract, volume and open interest both increased as the October contract is approaching its settlement date. With the release of sufficient quantity of the non-levy quota for October-December Quarter, the futures in medium term will remain bearish, however owing to festive demand, market may remain volatile with slight upward bias during the coming week. In the November contract, prices hovered in the range of Rs. 1768-1800 during the week. MACD, Stochastic and RSI exhibited steady sentiments. Market is likely to remain volatile with slight bullish undertone in the coming days.



Outlook:

Market will remain volatile with slight bullish undertone.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
November	1770	1760	1815	1824

Technical Analysis

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

The Gur futures exhibited steady sentiments with slightly bearish undertone in the week starting 25th September. On an average the prices in the November contract remained in the narrow range of Rs. 500-507. Volume and open interest increased as compared to the previous week. The candlestick pattern, MACD, Stochastic and RSI favours the bears. The market will remain in the supply pressure due to arrival of the new gur in the mandis. Thus in the futures market, prices are remain slightly bearish in the coming days.



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
November	496	492	510	512

Market Commentary

Domestic:

Spot Sugar Suffers from Quota Fever

The sugar spot market traded with steady to slightly weak sentiments during the week starting 25th September due to pressure on supply owing to extra one lakh ton quota for sale in the last week of the September. Further, market remained in a wait and watch state over the quantity to be released for the October month. However, due to on going festive demand, the prices did not saw any sharp correction. Government released 41-lakh MT non-levy quota for October-December quarter as against 37 lakh MT during the corresponding quarter last year. The October quantity is kept at 16 lakh tons to meet the festive demand while for the November and December, the quota has been 13 and 12 MT respectively. The released quantity appears to be sufficient enough to meet the festive demand of Eid and Deepawali. Till the end of the festival season, sugar will be constantly watched by the Government and any abnormal hike in the sugar prices will be examined and necessary action will be taken to curb the prices. So, the spot prices are likely to witness moderate upward correction, however, sharp rise in sugar prices is a remote possibility for the coming week.

NCDEX Sugar: Volatile on Speculative Trading

Sugar Futures on the NCDEX remained volatile on speculative trading during the week under review.

News Analysis:

41 Lakh MT of Sugar Released for October - December 2006

The Central Government has released 41 lakh MT of free sale sugar for the quarter October - December 2006 as against 37 lakh MT during the corresponding quarter last year. For the month of October 2006, the free sale sugar quota released is 16 lakh MT that is required to be sold within the month and any unsold quantity at the end of the month would be converted into levy sugar. The October-December, 2006 quota of free sale sugar of 41 lakh MT as well as the October quota of 16 lakh MT is expected to maintain the retail prices of sugar at reasonable levels in the festival season. However, if sugar prices show any abnormal increasing trend, additional releases shall be made.

Source: PIB, GoI

Sugar Export allowed to EU under Preferential Quota

The Government has allowed export of about 10 thousand metric tons of the sugar to the European Union as preferential quota for 2006-07. This export will be met through the free sale portion of the 2005-06 season's production. The Indian Sugar Exim Corporation Ltd will export the commodity. It is to be recalled that export except those to the EU and US under preferential quota system are banned until March 2007.

Comfortable supply in the spot market did not allow the futures players to make enthusiastic buying consequently on the very first day of the week sugar futures fell sharply. On 26th of September, government allowed for export of 10 thousand metric tons sugar under preferential quota for the European Union, which gave some strength to the declining futures prices. However, again with the release of the free sale quota for the October-December Quarter, prices fell down and this trend continued till the end of the week. The futures prices may witness some upward correction due to on going festive demand in the coming week, but in medium term, prices are unlikely to sustain on higher levels owing to bumper production prospects. World sugar sentiments also improved during the week.

NCDEX Gur: Steady on Lacklustre Trade

Gur futures on the NCDEX traded with steady to bearish sentiments on subdued demand in the November contract. Volume and open interest increased during the week. The spot prices of Raskat, Chaku and Shakkar eased on ample stock with the traders in the Muzaffarnagar. The new gur has start arriving in the mandis. Thus the gur futures are expected to witness steady to weak sentiments in the coming days.

Sugar Shortage in Vietnam

According to the Vietnam Sugar Association, the country is expected to face a shortage of 1 lakh tons in the 2006-2007 ending next July. The estimated sugar production is about 1.20 million tons while the domestic consumption demand is about 1.3 million tons. It is estimated that the Vietnam would have to import about 5-6 lakh tons sugar by 2010. It

Sugar at Spot Market:

Domestic:

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

Particulars	30-September	23-September	Change
M 30	1795-1885	1815-1900	-15
S 30	1780-1870	1800-1885	-15
Mill Delivery	1710-1800	1730-1815	-15

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

Particulars	30-September	23-September	Change
Khatauli	1890	1950	-60
Deoband	1865	1900	-35
Nanoata	1775	1820	-45

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

Particulars	30-September	23-September	Change
Raskat	420-435	430-440	-5
Chaku	520-540	515-535	+5
Shakkar	610-635	615-630	+5

International:**International Sugar Situation as on 27th September 2006**

London Daily Price W (\$/MT)	25-Sept	26-Sept	27-Sept
Dec-06	362.00	367.40	363.50
Mar-07	328.50	335.80	334.50
May-07	324.00	330.40	330.00
New York Spot No.11 (\$/MT)	13.47	11.69	11.98
Mar-07	13.10	11.11	11.17
May-07	13.23	11.24	11.30
July-07	13.22	11.29	11.27

Port Watch (As on 25th 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 29th 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 29th September 2006):

Foreign Currency	Rs. per unit
1 US \$	45.85
1 Euro	58.17
1 British £	85.82
100 Jap. Yen	38.86

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