

## SUGAR, & JAGGERY

23-28 October, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Slightly Improve on Short Supply of Quality Sugar
- NCDEX Sugar: Bullish over Export Resumption Hope
- NCDEX Gur: Bullish Undertone Prevails

### Technical Analysis

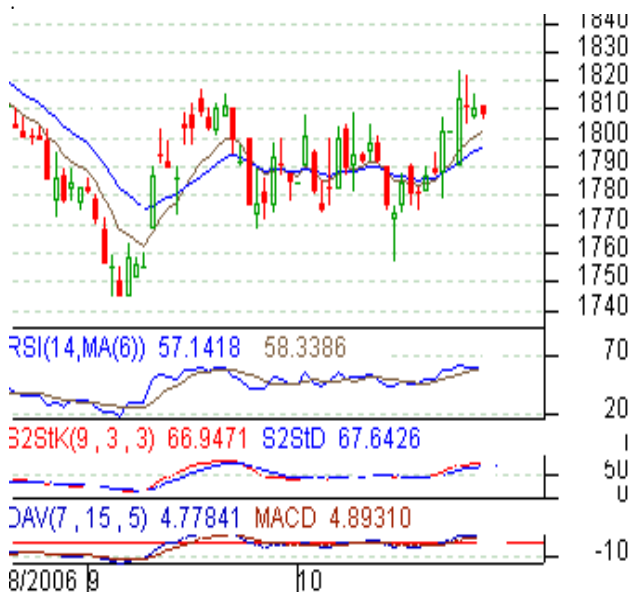
Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: November 2006

Sugar futures on the NCDEX observed volatile trading with bullish trend on buying support on speculation over export resumption hope during the week starting 23<sup>rd</sup> October. The most active November contract hovered in the range of 1779-1823 during the week with slight decline in volume. Technical indicators like MACD, Stochastic and RSI hint towards prevalence of steady to firm sentiments in the coming week.



#### Outlook:

Volatile 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>
November	1780	1770	1850	1865

### Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: November 2006

The Gur futures exhibited speculative buying during the week starting 23<sup>rd</sup> October. However, volatility remained there and market observed profit booking in the last two days of the week. Spot market continues to remain steady to week as stockiest are not much interested in stockpiling before December and January thus adversely affecting the demand side. The futures are expected to follow the previous week trend in the coming days due to continued speculative buying. On an average the prices in the November contract remained in the range of Rs. 510.2-523.2 during the week. Volume and open interest did not see any major change during the week. Technical indicators like, candlestick pattern, MACD, Stochastic and RSI suggest steady to improved sentiments in the futures market.



#### Outlook:

Steady to slightly improved 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>
November	504	500	530	535

## Market Commentary

### Domestic

#### Sugar Spot Firm on Short Quality Sugar Supply; Futures Bullish on Export Resumption Hope

Sugar spot market is trading with steady sentiments in Muzaffarnagar and Delhi markets amidst normal demand. Moderate improvement in prices is seen because of the quality sugar scarcity ('M' grade), as its stock is almost finished in the mills. However, the 'S' grade and slightly moist sugar (which is considered as of poor quality) is available at lower prices as millers want to offload their old stock at the earliest to keep ready their warehouses and godowns for the new sugar. Crushing is starting from the first week of the November in UP mills. Spot prices are expected to remain slightly firm in the coming days because of the short supply of quality sugar. On the futures market,

### News Analysis:

#### First SEZ for Sugar and Ethanol in India

First agro-based Special Economic Zone (SEZ) will be established in Belgaum for Sugar and Ethanol. Shree Renuka Sugar, one of the big sugar companies will set up a Rs. 252 crore SEZ in Karnataka. The company will enjoy a lot of benefits like freedom from domestic sugar release mechanism, local taxes and unrestricted export without prior permission of the central government.

#### Pakistan Impose 15% Duty on Sugar Import

The Pakistan government has imposed 5 percent regulatory duty and 10 percent statutory customs duty - making a total 15 percent duty on raw as well as refined sugar in the country with effect from 14th October 2006. It will benefit the domestic sugar industry to offload their stocks and start crushing at the earliest. Due to higher cost of production, Pakistan domestic sugar industry face difficulty in selling its produce in the local market. Pakistan Sugar Mills Association (PSMA) is satisfied as the Government fulfils its long awaited demand.

### Sugar at Spot Market:

#### Domestic:

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

Particulars	28-October	20-October	Change
M 30	1825-1905	1805-1885	+20
S 30	1810-1890	1790-1870	+20
Mill Delivery	1740-1820	1720-1800	+20

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

Particulars	28-October	21-October	Change
Khatauli	-	-	-
Deoband	1850	1870	-20
Nanoata	1770	1790	-20

week saw volatile trade with bullish undertone due to speculative buying on hope for export resumption very soon. Further, sport market also supported the futures sentiments. World sugar prices continue to remain firm on speculation over the Brazilian move regarding ethanol production and export. Coming week will confirm the Indian sugar futures direction, as positive decision on sugar export resumption will boost futures sentiments while reverse may bring it in to deep depression. However, the possibility of later event is bleak in the light of current bumper production prospects, prevailing domestic low retail prices and favourable world sugar sentiments. Thus, futures should continue to trade with improved sentiments in the coming week.

### Jaggery at Spot Market

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

Particulars	28-October	21-October	Change
Raskat	410-420	405-420	-
Chaku	520-550	500-560	-10
Shakkar	570-600	580-620	-20

#### International:

##### International Sugar Situation as on 21<sup>st</sup> October 2006

London Daily Price W (\$/MT)	23-Oct	24-Oct	25-Oct
Dec-06	401.30	397.60	403.30
Mar-07	364.10	361.70	368.00
May-07	357.10	355.00	361.10
New York Spot No.11 (\$/MT)	12.31	12.22	12.46
Mar-07	11.80	11.69	11.90
May-07	11.95	11.86	12.04
July-07	11.97	11.87	12.04

### Weather Impact: (As on 28<sup>th</sup> October 2006)

Harvesting has started in Uttar Pradesh and will pick up from first week of November. Weather continues to remain favourable for this crop in most of its growing areas.

### FOREX (As on 28<sup>th</sup> October 2006):

Foreign Currency	Rs. per unit
1 US \$	45.08
1 Euro	57.35
1 British £	85.49
100 Jap. Yen	38.33

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