

SUGAR, & JAGGERY

30 October- 04 November, 2006

MAJOR ACTIVITY HIGHLIGHTS

- New Sugar Fetches Premium Prices in Spot Market
- NCDEX Sugar: Bullish Undertone on Speculative Buying Support
- NCDEX Gur: Volatile on Speculative Trading

Technical Analysis

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

Sugar futures on the NCDEX traded with firm sentiments throughout the week except on Saturday, which observed slight profit booking. The most active December contract hovered in the range of 1744-1780 during the week ending 4th November. Volume and open interest significantly increased in this contract. Unexpected delay in permitting sugar export is causing uneasiness among the futures traders. Thus, market may witness some profit booking in coming days. Technical indicators like MACD, Stochastic and RSI hint towards slightly weak sentiments. However, major dips should be considered as a buying opportunity as export permission is inevitable and may be granted from December when the domestic stock position will improve.



Outlook:

Initially bearish but may improve later on. Buy on major dips

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
December	1738	1725	1800	1820

Technical Analysis

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

The Gur futures exhibited volatile trade during the week ending 4th November. In the December contract, first two days of the week witnessed speculative buying while profit booking brought futures prices down on the subsequent days. However, volume and open interest did not change much. The current futures levels again indicate buying to emerge at these levels. With the start of the crushing in the mills, the gur industry will also have to offer lucrative prices to the cane grower. Further, due to wheat sowing, production is also at a slower speed. The coming week will observe improved sentiments in NCDEX gur futures. Technical indicators indicate steady sentiments to prevail in the market.



Outlook:

Steady to slightly improved in the coming week.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
December	518	514	535	540

Market Commentary

Domestic

Sugar Spot Firm on New Sugar Arrival

Spot sugar market is facing quality sugar scarcity as most of the stocks have finished and mills are restricting supply to keep spot prices firm. Trading activities in Delhi remained disrupted due a three-day bandh by the traders against sealing drive. Traders say that it will pick up with the arrival of new sugar by mid November and spot prices will see upward movement due to good quality sugar. Government released 13 lakh tons of free sale quota for November which is sufficient to meet the consumption demand.

Futures Bullish on Continued Hope for Lifting of Export Ban Soon

Sugar futures during the week traded in northward direction due to speculative buying on the hope for export

News Analysis:

UP Cane Growers Demand for Lifting Embargo on Sugar Export

A delegation from Sugar co-operative societies demanded for immediate lifting of sugar export ban so that farmers may get remunerative prices for their sugarcane crop from the millers. They also demanded for raising the statutory minimum price (SMP) to Rs. 100 per quintal. The views were expressed before the Union Agriculture Minister Mr. Sharad Pawar on Wednesday. The minister assured to look in to this matter sympathetically at the earliest.

Sale Quota of 39 Sugar Mills Withheld

The Indian government has withheld the non-levy sugar quota for November month of about 39 sugar mills for regulatory failures such as not submitting details of stocks held by them, a government official said on Friday. The reasons for holding back quotas for the mills vary. While most of the violators have not submitted details of their inventories, one has sold in excess of its stipulated quota in the past, and a few others have not made supplies of levy sugar. At the national level, the sugar stocks as of November 1 are estimated to be at least 2.6 million tonnes, enough to meet local demand for barely 40-50 days. The official said this is not cause for concern because output is projected between an all time high of 22.5 million tonnes and 22.30 million tonnes in the marketing year to September 2007, up from 19.5 million tonnes in 2005-06.

Safe Distance Policy for Sugar Mills

The government is all set to make a minimum 15 km radial distance between two sugar mills mandatory provision in order to avoid unhealthy competition between mills. The government is likely to amend the Sugarcane Control Order (SCO), 1966, to give a legal status to the provision.

Government Releases 13 Lakh tons Sugar

The government has released 13 lakh tons of sugar as non-levy quota to be sold in the free market for November compared to 12 lakh tonnes released during the corresponding month last year. The sugar released for November 2006 is required to be sold within the month and

resumption very soon. Quality sugar shortage in spot market, premium prices for new sugar and positive world market sentiments adds to its firmness. Further, many states have declared the Ethanol prices for mixing in the petroleum products and its settled prices (Rs. 21.50/litre) are favourable for the sugar industry. Volume remained much higher and open interest significantly built up in most of the contracts indicating active trading in sugar futures. November and December contracts saw a positive change of Rs.39 and 36 respectively during the week ending 4th November. Technically market appears to remain firm in the coming week, however possibility of some profit booking cannot be overruled and any sharp downward correction should be considered as buying opportunity as export resumption is inevitable and sugar futures will then again rise.

any unsold quantity at the end of the month would be converted in to levy sugar. The government has fixed the non-levy quota of sugar to be released during the October - December 2006 at 41 lakh tonnes.

World Sugar Rises as Brazil Uses More Cane for Ethanol

The international sugar prices in NYBOT and LIFFE rose on speculation that Brazil, the world's largest producer and exporters, will use more of its domestic crop to make an alternative fuel. Brazil was expected to boost the mandatory ethanol content in gasoline to 23 percent from 20 percent starting next month.

Sugar at Spot Market:

Domestic:

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

Particulars	04-November	28-October	Change
M 30	1825-1925	1825-1905	+20
S 30	1810-1910	1810-1890	+20
Mill Delivery	1740-1840	1740-1820	+20

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

Particulars	04-November	28-October	Change
Khatauli	-	-	-
Deoband	1870	1850	+20
Nanoata	1835	1770	+65

Jaggery at Spot Market

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

Particulars	04-November	28-October	Change
Raskat	400-410	410-420	-10
Chaku	460-510	520-550	-40
Shakkar	480-520	570-600	-80

International:

International Sugar Situation as on 02nd November 2006

London Daily Price W (\$/MT)	26-Oct	27-Oct	30-Oct	31-Oct
Dec-06	402.00	401.00	396.70	400.00
Mar-07	367.30	366.50	361.10	364.00
May-07	362.00	362.00	357.00	360.10
Aug-07	355.00	355.50	351.80	354.70
New York Spot No.11 (\$/MT)	12.46	12.45	12.24	12.11
Mar-07	11.82	11.79	11.45	11.55
May-07	11.96	11.92	11.61	11.69
July-07	11.96	11.89	11.61	11.70

Weather Impact: (As on 02nd November 2006)

Crushing has started and farmers are busy in sugarcane harvesting and preparation of land for wheat sowing. Overall, conducive weather is prevailing.

FOREX (As on 02nd November 2006):

Foreign Currency	Rs. per unit
1 US \$	44.89
1 Euro	57.03
1 British £	85.33
100 Jap. Yen	38.02

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