

## SUGAR, & JAGGERY

20-25 November, 2006

### MAJOR ACTIVITY HIGHLIGHTS

- Lacklustre Physical Trade on Weak Demand
- NCDEX Sugar: Bullish over Export Resumption Hope
- NCDEX Gur: Volatile Trade 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 steady sentiments during the week under review due to weak physical demand in the market. Traders are very much optimistic over the early resumption of sugar export ban, which is still awaited. In December contract, candlestick chart pattern exhibits bearish sentiments. Technical indicators RSI, MACD and stochastic hint for bears. Prices closed below the 9 days EMA and 18 days EMA. Market is expected to trade slight down with steady to strong opening with possibility of late upward movement.



#### Outlook:

Steady to bullish. Buy on major dips. Remain short with caution

#### 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>
December	1751	1744	1775	1784

### Technical Analysis

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

The Gur futures remained strong ahead of the week but profit booking and selling pressure at upper level pulled down prices significantly thereafter during the week. In December contract, Volume and Open interest both increased. Candlestick pattern indicates bearish market. Prices also closed far below both the 9-days and 18-days EMA. Stochastic oscillator is moving down but is very close to oversold zone. MACD is also moving down into negative territory. Technical indicators favour the bears.



#### Outlook:

Steady to slightly weak 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>
December	490	483	510	523

## Market Commentary

### Domestic

#### Spot Sugar Market observe Weak Demand

The sugar spot market prices declined during the week under review in the most of the major centers like Delhi and Kolkata due to weak physical demand while prices at Muzaffarnagar remain steady in the beginning of the week but slightly eased by the end of the week. Steady sentiments noticed in different trading centers with bullish undertone because the traders are optimistic over the cabinet decision on sugar export, which is still awaited and government very soon to announce lift the ban of sugar as the Finance Minister said in a meeting that lifting of sugar export ban may be considered as the country is likely to witness a record production of sugar this year and the Agriculture Minister said in a meeting with Chinese delegation that India can export sugar to China as India is in a comfortable position to export sugar to China. However, he has not yet specified any date regarding the same. Crushing picks up in Maharashtra and Uttar Pradesh as the mills are receiving good supply of sugarcane by the cane growers. In Uttar Pradesh cane growers are hopeful over the announcement of SAP, which is likely to be announced during the next meeting. Last year farmers earned about Rs. 130-135 per quintal and this year they are expecting Rs. 150 per quintal. Punjab government has fixed the state agreed price (SAP) of sugarcane for the crushing year 2006-07 at Rs. 132 per quintal against the price of Rs.

115 per quintal for the corresponding year 2005-06. In MH cane growers agreed to accept a lower price of Rs. 900 per tonne ex-field plus harvesting and transportation charges for sugarcane. Last year they were paid between Rs. 1200-1400 per tonne plus handling and transportation charges. Further, sugar production of EU is expected to fall to 16.4 million metric tons in 2006-07 by 25% decrease from 2005-06 and it will have a bullish impact on domestic industry paving the way for more sugar export in medium to long term.

#### Bullish on Export Resumption Hope

Sugar futures on the NCDEX observed narrow range bound trade with steady sentiments during the week due to weak physical demand and uncertainty on export front. The futures started the week on a firm note and the prices surged to the highs of Rs 1975 a quintal. However the prices couldn't hold those levels for long and slipped after the statement of Finance Minister and Agriculture Minister made the export scene hazier. The price saw the lows of Rs 1761. Improvement in the prices can be expected provided government lifts ban on sugar export. High volumes at the start of the week tamed later as the scenario in sugar became indecisive, whereas open interest inched slightly higher during the period.

### News Analysis:

#### Sugarcane Farmers are looking for a high procurement rate in UP.

In Uttar Pradesh, the sugarcane farmers are very much optimistic that the Chief Minister Mulayam Singh Yadav will declare a high procurement rate for sugarcane. As the cabinet has authorized Chief Minister Mulayam Singh Yadav to take a decision on SAP which is likely to be announced in the next sitting of the assembly. Last year, the farmers earned around Rs. 130-135 per quintal and this year, they hope to earn at least Rs. 150 per quintal because this year, the quality and quantity of sugarcane is good.

#### Sugar export ban may be liftoff

Finance Minister Mr. P. Chidambaram said in a meeting that lifting of sugar export ban may be considered as the country is likely to witness a record production of sugar this year. However, he has not yet specified any date regarding the same.

#### SAP for Sugarcane increased in Punjab.

Punjab government fixed the state agreed price (SAP) of sugarcane for the crushing year 2006-07 at Rs. 132 per quintal against the price of Rs. 115 per quintal for the corresponding year 2005-06.

#### Sugar Production Decline in EU-25%

EU-25 sugar production is forecast to fall to 16.4 million metric tons in 2006-07, a 25% decrease from 2005-06, and as sugar reform measures begin to take effect, production in lesser efficient areas will discontinue, according to a U.S. Department of Agriculture attache report posted Tuesday on the Foreign Agricultural Services Web site. SOURCE: USDA

#### India can Export Sugar to China

India and China should explore the possibility of increasing trade in agriculture products. The main products in which there is a scope for increased volume of trade from India are sugar, tobacco and cotton besides horticultural products. The prospect of increasing trade between the two countries was discussed at a meeting here today when a Chinese delegation led by H.E. Mr. Li Changjiang, Minister for General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China called on Shri Sharad Pawar, Minister of Agriculture, Consumer Affairs, Food and Public Distribution. Shri Pawar informed the Chinese delegation that India is in a comfortable position to export horticultural items and sugar as well as cotton to China provided there is a preference by consumers. At present a beginning has been made to export grapes and mangoes to China as the Chinese Government is satisfied with our capacity to enforce the requisite protocols for exports of these items. India has a surplus on agricultural trade with China. In the year 2005-06 India's total export of agricultural items to China was US \$ 250.87 million. The major items of export comprise spices, oil meals, sesame seeds, castor oil and marine products. India's agricultural import from China during the same period was US \$ 56.22 million, the major items being pulses and spices. Source: PIB

## Sugar at Spot Market:

### Domestic:

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

Particulars	25-November	20-November	Change
M 30	1785-1795	1825-1860	-65
S 30	1770-1780	1810-1845	-65
Mill Delivery	1700-1710	1740-1775	-65

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

Particulars	25-November	20-November	Change
Khatauli	1800	1860	-60
Deoband	1800	1860	-60
Nanoata	1750	1805	-55

## Jaggery at Spot Market

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

Particulars	25-November	20-November	Change
Raskat	385-395	483-492	-97
Chaku	450-475	450-480	-5
Shakkar	480-500	470-490	+10

## Weather Impact: (As on 18<sup>th</sup> November 2006)

Weather is favourable for the sugarcane crop.

## FOREX (As on 10<sup>th</sup> November 2006):

Foreign Currency	Rs. per unit
1 US \$	44.70
1 Euro	58.47
1 British £	86.34
100 Jap. Yen	38.56

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