

SUGAR, & JAGGERY

15 - 19 January, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market observed Improved Demand
- NCDEX Sugar: Range Bound With Slightly Bearish Sentiment
- NCDEX Gur: Range Bound With Bearish Sentiment

Technical Analysis

Commodity: Sugar Grade M
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: February 2007

Sugar futures on the NCDEX observed firm sentiment with bullish tone during the week. The most-active February contract tested a low of Rs. 1569 and traded upwards during the week on increased buying interest at lower level and tested a high of Rs. 1628. Volume fluctuated in the range of 13950 to 15900 during the week. February contract, candlestick chart pattern exhibits bullish sentiment. Technical indicators MACD favour the bulls, while RSI and Stochastic favour the bear. Prices closed between the 9 days EMA and the 18 days EMA.

Sugar M Grade 0702(NCSGMSG7)2007/01/20 - Daily B:1609.00 A:1613.00
O 1611.00 H 1626.00 L 1603.00 C 1611.00 V 3,030 I 15,960 +1
EMA(9) 1603.7 (18) 1612.7



Outlook:

Prices may remain firm for next week due to higher quotes of mills. Sell at higher level towards resistance level.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
February	1560	1555	1643	1651

Technical Analysis

Commodity: Gur (Jaggery)
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: February 2007

Gur futures were gradually increased during the week due to buying interest from lower level and made contract high at Rs.488 during the week. In February contract, Volume declined significantly while open interest remains steady. Candlestick pattern exhibits slightly bullish sentiment. Prices closed between the 9-days and 18-days EMA. Technical indicators stochastic and MACD hints for the bulls, while RSI hint for bears. Range bound movement is expected in the market.

GUR 0702(NCGURG7)2007/01/20 - Daily B:482.60 A:483.60
O 482.40 H 484.40 L 482.40 C 483.00 V 250 I 2,940 -0.2
EMA(9) 483.01 (18) 486.93



Outlook:

Bullish to slight down in the coming week. buy at lower level towards support level for medium term.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	473	468	491	502

Market Commentary

Domestic

Spot Sugar Market observed Improved Demand

Sugar spot market witnessed firm sentiments during the week under review and the spot prices of sugar recovered in major trading centers like Delhi, Muzaffarnagar and Kolkata amidst good physical demand and normal supply. In line with the sentiments mills are now quoting higher prices in the market. The ex-mill price in Delhi increased from Rs. 1540-1575 (exclusive of excise duty) a quintal during this week. Although some exporters have been given permit under Advance Licensing Scheme, the pace of exports is sluggish due to lack of parity for Indian sugar. In Thailand, sugar production may reach a three-year high this year. Production may rise to 6.5 million tonnes in the year ending April from last year's 4.8 million tonnes as farmers boost planting adding to global oversupply. Global supply is also being boosted by increased production in Brazil and India, where the output is forecast to reach a record 24 million tonnes. In effect the export market has become very competitive with rising sugar output and falling global prices, which rendered export unattractive for India. Global prices have dipped by \$125 to \$150 a tonne in last seven

News Analysis:

Euronext.liffe to Launch Raw Sugar Contract in February 2007

In London, Euronext.liffe is going to launch Raw Sugar futures and options contracts in Feb'07. The contract will be physically delivered and trade alongside the existing White Sugar contracts. The new contracts will be listed on Liffe Connect®, one of the world's most advanced electronic trading systems and the electronic platform.

Sugar Production in Thailand May Rise to 6.5 Million Tonnes

Sugar Production in Thailand, may reach a three-year high this year. Production may rise to 6.5 million tonnes in the year ending April from last year's 4.8 million tonnes as farmers boost planting, adding to global oversupply. Global supply is also being boosted by increased production in Brazil and India, where output is forecast to reach a record 24 million tonnes. In effect the export market has become very competitive with rising sugar output and declining global sugar prices.

Maharashtra to Beat Uttar Pradesh in Sugar Production

Maharashtra is likely to replace Uttar Pradesh as the leading sugar producer in the country during the current sugar season 2006-07. As per the data available with ISMA, Maharashtra has produced 26.59 lakh tonne, 36.2 per cent higher compared with 19.51 lakh tonne in the last year, while Uttar Pradesh produced 22.27 lakh tonne, 17.1 per cent increase compared with the last year's 19.01 lakh tonne followed by Karnataka with 6.81 lakh tonne, marginally better than the 6.78 lakh tonne produced last year.

months and the London white sugar prices (Liffe) declined from \$330 to \$328 a tonne from previous day's level. Further, Maharashtra is likely to replace Uttar Pradesh as the leading sugar producer in the country during the current sugar season. As per the data available with ISMA (till mid January 2007), Maharashtra has produced 26.59 lakh tonne, 36.2 per cent higher compared with 19.51 lakh tonne in the last year, while Uttar Pradesh produced 22.27 lakh tonne, 17.1 per cent increase compared with the last year's 19.01 lakh tonne followed by Karnataka with 6.81 lakh tonne, marginally better than the 6.78 lakh tonne produced last year.

Range Bound With Slightly Bearish Sentiment

Sugar futures on the NCDEX observed firm sentiment with bullish tone during the week. The most-active February contract tested a low of Rs. 1569 and traded upwards during the week on increased buying interest at lower level and tested a high of Rs. 1628. Volume fluctuated in the range of 4380-10630 while open interest fluctuated in the range of 13950 to 15900 during the week.

Sugar at Spot Market:

Domestic:

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

Particulars	20-January	13-January	Change
M 30	1585-1650	1555-1580	+70
S 30	1570-1635	1540-1565	+70
Mill Delivery	1500-1565	1470-1495	+70

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

Particulars	20-January	13-January	Change
Khatauli	1655	1590	+65
Deoband	1650	1590	+60
Nanoata	1595	1540	+55

Jaggery at Spot Market

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

Particulars	20-January	13-January	Change
Raskat	375-395	370-385	+10
Chaku	465-495	460-487	+8
Shakkar	500-510	495-505	+5

Weather Impact: (As on 22nd January 2007)

Sugarcane is in cane development to harvesting stage in the Maharashtra, Karnataka and Uttar Pradesh. Dry and warm weather prevailing over Karnataka and Maharashtra is favourable for seasonal sugarcane, which is at emergence to establishment stage

FOREX (As on 22nd January 2007):

Foreign Currency	Rs. per unit
1 US \$	44.24
1 Euro	57.39
1 British £	87.36
100 Jap. Yen	36.46

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