

## SUGAR, & JAGGERY

22 - 27 January, 2007

### MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market observed Weak 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 range bound trade with bearish tone during the week. The most-active February contract tested a high of Rs. 1611 and traded downwards during the week on increased selling pressure at higher level and tested a low of Rs. 1581. Volume fluctuated in the range of 3040-5750 while open interest remained steady. February contract, candlestick chart pattern exhibits bearish 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.



### Outlook:

Prices may remain steady to slightly weak due to improved supply and steady demand. Sell at higher level towards resistance level.

### 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>
February	1565	1560	1625	1637

### Technical Analysis

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

Gur futures were gradually decreased during the week due to selling pressure from higher level and made contract low at Rs.478 during the week. In February contract, Volume declined significantly while open interest remains steady. Candlestick pattern exhibits slightly bearish sentiment. Prices closed below the 9-days and 18-days EMA. Technical indicators stochastic, MACD and RSI hint for the bears. Range bound movement is expected in the market.



### Outlook:

Range bound movement is expected in the market for the coming week. Buy at lower level towards support level for medium term.

### 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>
January	472	468	494	502

## Market Commentary

### Domestic

#### Spot Sugar Market observed Weak Demand

Sugar spot markets witnessed steady to weak sentiment during the week under review, where the spot prices quoted marginally higher during the first two days of the week in the major trading centers like Muzaffarnagar, Delhi and Kolkata on improved physical demand. However, spot prices declined thereafter on weak demand as well as improved supply from mills, as the sugarcane crushing gained momentum and supplies swelled. Moreover, with an estimated production of 23-24 million tonnes of sugar during the current sugar season (2006-07) in addition to a carry over stock of 4 million tonnes, domestic sugar surplus is placed around 7 million tonnes. As a result prices are likely to be depressed leading to accumulated cane payments arrears to the farmers by the mills, which will adversely affect the sugarcane planting and the acreage in the current year. The prices will pick up some momentum and an uptrend can be seen, if the some bulk demand originates from the beverage sector for the forthcoming summer season and some export demand emerges. Further, on Wednesday the Director General of Foreign

Trade (DGFT) issued notification on lifting of ban on sugar export after two weeks of the Union Cabinet's approval. The notification states that the prohibition on exports (imposed on July 4, 2006) shall not apply to export of sugar executed against valid release orders issued by the Directorate of Sugar in the Ministry of Consumer Affairs, Food and Public Distribution, up to limits approved by the government, after which fresh approvals will be taken for further releases. All that we can do now is to sit and pray for the global markets to revive so that the export front brightens.

#### Range Bound With Slightly Bearish Sentiment

Sugar futures on the NCDEX observed range bound trade with bearish tone during the week. The most-active February contract tested a high of Rs. 1611 and traded downwards during the week on increased selling pressure at higher level and tested a low of Rs. 1581. Volume fluctuated in the range of 3040-5750 while open interest fluctuated in the range of 14390 to 15800 during the week.

### 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 at Spot Market:

#### Domestic:

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

Particulars	27-January	20-January	Change
M 30	1575-1625	1585-1650	-25
S 30	1560-1610	1570-1635	-25
Mill Delivery	1490-1540	1500-1565	-25

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

Particulars	27-January	20-January	Change
Khatauli	1620	1655	-35
Deoband	1620	1650	-30
Nanoata	1575	1595	-20

### Jaggery at Spot Market

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

Particulars	27-January	20-January	Change
Raskat	375-400	375-395	+5
Chaku	465-495	465-495	-
Shakkar	500-510	500-510	-

### Weather Impact: (As on 29th 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 29th January 2007):

Foreign Currency	Rs. per unit
1 US \$	44.32
1 Euro	57.21
1 British £	86.84
100 Jap. Yen	36.39

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