

## SUGAR, & JAGGERY

01 - 06 January, 2007

### MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market observed 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: February 2007

Sugar futures on the NCDEX observed lacklustre trade with bearish undertone during the week. The most-active February contract tested a high of Rs. 1656 and traded downwards during the week on increased selling pressure at higher level and tested a low of Rs. 1611. Volume increased from 1380 to 3670 while open interest declined from 13250 to 12310 during the week. January contract, candlestick chart pattern exhibits bearish sentiment. Technical indicators MACD, RSI and Stochastic favour the bears. Closing price is far below the 9 days EMA and the 18 days EMA.



### Outlook:

Prices may remain weak for next week due to ongoing crushing as well as mills is quoting lower prices. 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	1600	1592	1668	1679

### Technical Analysis

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

Gur futures were gradually decreased during the week due to selling pressure from higher level and made contract low at Rs.480 during the week. In January contract, Volume and open interest declined marginally. Candlestick pattern indicates indecisive market. Prices closed below the 9-days and 18-days EMA. Technical indicators stochastic, MACD hints for the bulls and RSI hint for bears.



### Outlook:

Bullish to slight down in the coming week. Sell at higher level towards resistance 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	475	469	509	512

## Market Commentary

### Domestic

#### Spot Sugar Market observed Weak Demand

Sugar spot market observed lacklustre trade during the week under review where the spot prices of sugar declined at the major markets like Delhi, Muzaffarnagar and Kolkata on weak physical demand as well as Mills are quoting their stocks at lower prices in the market, which also affected the spot market sentiments during the week. The Centre has formally notified the partial lifting of ban under ALS on sugar export. The notification issued by the Directorate General of Foreign Trade (DGFT), allows sugar mills holding advance licences (AL) to discharge their pending white sugar re-export obligations against past duty-free imports of raw sugar undertaken by them. The outstanding re-export commitment against AL is estimated at around 12 lt. As per the DGFT notification the prohibition shall not apply to export of sugar by existing AL holders as on 4th July 2006 as per their obligations on that date. However, the government decision is still awaited over the complete resumption of sugar export and as per the India Agriculture Minister, the government may lift the ban on sugar export within 20 days and the proposal to lift ban on sugar export would be take up at the next meeting of the Cabinet. Sugar

### News Analysis:

#### DGFT Notification on Relaxation of Export Ban

The centre has formally notified the partial lifting of ban under ALS on sugar export. The notification issued by the Directorate General of Foreign Trade (DGFT), allows sugar mills holding advance licences (AL) to discharge their pending white sugar re-export obligations against past duty-free imports of raw sugar undertaken by them. The outstanding re-export commitment against AL is estimated at around 12 lt. As per the DGFT notification the prohibition shall not apply to export of sugar by existing AL holders as on 4th July 2006 as per their obligations on that date.

#### Government is Likely to Lift Ban on Sugar Export within 20 Days

As per the India Agriculture Minister, the government may lift the ban on sugar export within 20 days. He said the proposal to lift ban on sugar export would be take up at the next meeting of the Cabinet.

### Sugar at Spot Market:

#### Domestic:

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

Particulars	06-January	30-December	Change
M 30	1585-1620	1655-1675	-55
S 30	1570-1605	1640-1660	-55
Mill Delivery	1500-1535	1570-1590	-55

futures expected to recover as and when government allows complete sugar export because the trading activity will pick up in the markets. Further, countries like Brazil and Thailand are taking advantage due to the India's absence from the international market and they are gradually consolidating their share in South Asia and African markets. The inability to export is resulting in the accumulating surplus of sugar and is reflected in declining domestic prices, with ex-factory realization dropping below Rs. 1400/qrtl in Maharashtra, Rs. 1450 in Tamil Nadu and Rs. 1600 in UP. Crushing is going on smoothly in Maharashtra and UP, which may to hamper the prices in near future.

#### Bullish on Export Resumption Hope

Sugar futures on the NCDEX observed lacklustre trade with bearish undertone during the week. The most-active February contract tested a high of Rs. 1656 and traded downwards during the week on increased selling pressure at higher level and tested a low of Rs. 1611. Volume increased from 1380 to 3670 while open interest declined from 13250 to 12310 during the week.

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

Particulars	06-January	30-December	Change
Khatauli	1625	1675	-50
Deoband	1625	1670	-45
Nanoata	1610	1640	-30

### Jaggery at Spot Market

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

Particulars	06-January	30-December	Change
Raskat	375-390	375-385	+5
Chaku	460-495	455-480	+15
Shakkar	490-515	480-510	+5

### Weather Impact: (As on 6th January 2007)

Weather is fine for harvesting of sugarcane crop and favours arrivals for crushing.

### FOREX (As on 6th January 2007):

Foreign Currency	Rs. per unit
1 US \$	44.29
1 Euro	57.65
1 British £	85.51
100 Jap. Yen	37.31

## Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.