

SUGAR, & JAGGERY

29 January- 02 February, 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 undertone during the week. The most-active February contract tested a high of Rs.1591 and traded downwards during the week on increased selling pressure at higher levels and tested a low of Rs.1570. Volume fluctuated in the range of 1780-3430 while open interest increased in the range of 15340 - 15110 during the week. February contract, candlestick chart pattern exhibits bullish sentiment. Technical indicators MACD, RSI and Stochastic hint for the bears. Prices closed far below the 9 days EMA and the 18 days EMA. Market is expected to trade range bound following a steady to weak opening

Sugar M Grade 0702(NCSG7)2007/02/03 - Daily B:1570.00 A:1571.00
O 1569.00 H 1580.00 L 1569.00 C 1571.00 V 2,970 I 15,560 -1
EMA(9) 1581.5 (18) 1590.4



Outlook:

Prices may remain steady to slightly weak due to improved supply and higher release of free sale quota. 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	1555	1550	1605	1611

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.473 during the week. In February contract, Volume declined significantly while open interest increased marginally. Candlestick pattern exhibits slightly bearish sentiment. Prices closed below the 9-days and 18-days EMA. Technical indicators stochastic and MACD hint for the bears, while RSI hint for the bulls. Range bound movement is expected in the market.

GUR 0702(NCGUR7)2007/02/05 - Daily B:473.60 A:474.00
O 475.00 H 475.00 L 472.00 C 473.80 V 680 I 3,140 +0.4
EMA(9) 476.33 (18) 479.40



Outlook:

Range bound movement is expected in the market for the coming week. 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
January	470	467	480	483

Market Commentary

Domestic

Spot Sugar Market observed Weak Demand

Sugar spot market witnessed weak sentiment during the week under review, when the spot market prices continued to decline in the major markets of Muzaffarnagar, Delhi and Kolkata amidst sluggish demand and unwillingness among the stockists to buy, as they do not foresee any major uptrend due to oversupply both domestically and globally. Persistent supply from mills also impacted the market negatively during the week. The Government has decided to release 13 lakh tonnes of free sale quota sugar for the month of February 2007. The Government has already released 1.74-lakh tonnes levy sugar for distribution in the Public Distribution System (PDS) for the month of February 2007. Thus, the total sugar released in the month of February 2007 is 14.74 lakh tonnes. This quantity is enough to meet the routine domestic demand and it may further depress the prices in the market. Meanwhile, in Maharashtra, despite lower recovery levels, caused due to unfavourable climatic conditions, mills are likely to end up producing over 70 lakh tonnes of sugar during the current

News Analysis:

MCX & NCDEX Revised Open Position Limits in Sugar

NCDEX (National Commodity and Derivatives Exchange Ltd) and MCX (Multi-Commodity Exchange of India Ltd) have revised the limit on open positions for near month sugar contracts. At member level, the open position limits for Sugar-M and Sugar-S contracts will be 7,500 metric tonnes (mt) and at client level these limits will be 2,500 mt. The changes in open interest will be effective from February 2, 2007.

Likely Hike in Excise for Sugar

Union Government is planning to raise excise duty on sugar from Rs 850/tonne to Rs 1000/tonne, an increase of Rs 150/tonne. This will bring additional revenue of Rs 300 crores to Government from 200 lakh tonnes of sugar output, which exclusively utilized in the sugar sector.

Sugar at Spot Market:

Domestic:

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

Particulars	03-February	27-January	Change
M 30	1565-1595	1575-1625	-30
S 30	1550-1580	1560-1610	-30
Mill Delivery	1480-1510	1490-1540	-30

season 2006-07. Further, this week brings sweet tidings for sugar factories in Karnataka, as the centre has permitted the state to produce 3.3 crore liters of ethanol to supply it to oil companies. The centre permitted 5% ethanol blending in India, which may create a demand of 550 million liters for the current year and the centre is planning to blend 10% ethanol in phase-II, which will generate a demand of 1200 million liters. Despite good sugar output, the diversion of cane to ethanol production in India and similarly to the rest of the globe would provide support to prices in the long run.

Range Bound With Slightly Bearish Sentiment

Sugar futures on the NCDEX observed range bound trade with bearish undertone during the week. The most-active February contract tested a high of Rs.1591 and traded downwards during the week on increased selling pressure at higher levels and tested a low of Rs.1570. Volume fluctuated in the range of 1780-3430 while open interest fluctuated in the range of 15340 - 15110 during the week.

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

Particulars	03-February	27-January	Change
Khatauli	1600	1620	-20
Deoband	1600	1620	-20
Nanoata	1560	1575	-15

Jaggery at Spot Market

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

Particulars	03-February	27-January	Change
Raskat	365-390	375-400	-10
Chaku	455-480	465-495	-15
Shakkar	490-500	500-510	-10

Weather Impact: (As on 29th January 2007)

Sugarcane is at its peak harvesting stage in the Maharashtra and Uttar Pradesh. Dry and cool weather prevailing over UP is favourable for harvesting of sugarcane and optimum sugar recovery.

FOREX (As on 29th January 2007):

Foreign Currency	Rs. per unit
1 US \$	44.11
1 Euro	57.05
1 British £	86.61
100 Jap. Yen	36.52

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