

SUGAR, & JAGGERY

19- 24 February, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market observed Weak Demand
- NCDEX Sugar: Range Bound With Slightly Bullish Sentiment
- NCDEX Gur: Sideways Movement With Firm Bias

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: April 2007

Sugar futures on the NCDEX observed weak sentiment with bearish undertone during the week. The most-active April contract tested a high of Rs. 1467 and traded downwards on increased selling pressure and tested a low of Rs. 1421 during the week. Volume increased significantly from 7900 to 26180, while open interest decline from 71110 to 68380. Stocks at NCDEX warehouses stood at 1300 MT as on February 23. On the NCDEX April charts, candlestick chart pattern exhibits bearish sentiment. Technical indicator Stochastic and RSI is in oversold region and moving upwards. MACD is in negative region and favour the bulls, prices closed far below both the 9 days and 18 days EMA.

Sugar M Grade 0704(NCSGMJ7)2007/02/24 - Daily B:1441.00 A:1443.00
O 1447.00 H 1450.00 L 1436.00 C 1442.00 V 5,270 I 68,440 +2

EMA(9) 1454.2 (18) 1472.3



Outlook:

Prices likely to remain steady to slightly weak due increased supply from mills and weak demand. 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	1410	1400	1467	1478

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: March 2007

Gur futures were gradually increased during the week due to buying interest from lower level and made contract high at Rs.475 during the week. In March contract, Volume fluctuated in the range of 870-11280, while open interest fluctuated in the range of 16950-21950. Candlestick pattern exhibits bullish sentiment. Prices managed to close above both the 9-days and 18-days EMA. Technical indicators stochastic, hint for the bears, while MACD and RSI hint for the bulls. Sideways movement is expected in the market.

GUR 0703(NCGURH7)2007/02/24 - Daily B:472.00 A:472.40
O 469.20 H 475.00 L 469.20 C 472.40 V 4,940 I 21,210 +0.6

EMA(9) 470.25 (18) 472.05



Outlook:

Side ways 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	455	450	480	487

Market Commentary

Domestic

Spot Sugar Market observed Weak Demand

Sugar spot market observed weak sentiment during the week under review. The spot prices gradually declined during the week in major markets like Muzaffarnagar, Delhi and Kolkata on increased selling pressure from mills to offload their free sale quota for the month of February, as there is no option, despite lack of parity at current levels. The Ex-mill prices of Sugar-M grade (excluding excise duty) were quoted in the range of Rs. 1420-1465/qrtl in Delhi, Rs. 1415-1455 in Muzaffarnagar and in Maharashtra it was offered at Rs. 1240 well below levy prices as well as the futures prices. Sugar mills in Maharashtra could earn profit by selling sugar in the futures markets. On other hand, the prices in northern India are still high due to higher cost of production. Meanwhile, with the latest global sugar output estimated at 160.2 million tonnes, against 2005-06 production of 152.7 million tonnes, the International Sugar Organization (ISO) forecasts a surplus of 7.2 million metric tons for 2006-07 sugar season. White sugar prices (LIFFE) declined from \$336 to \$327 after the forecast of huge global

sugar surplus. Further, the government is reluctant to give any subsidy for sugar exports as it feels the international prices are declining further and even with subsidy Indian sugar may not be competitive in global markets. Government may consider the proposal to maintain a comfortable buffer stock to help mills facing a price crunch. The matter may be considered within 15 days. The prices are expected to remain weak in coming days due to increased supply and weak demand.

Range Bound With Slightly Bullish Sentiment

Sugar futures on the NCDEX observed weak sentiment with bearish undertone during the week. The most-active April contract tested a high of Rs. 1467 and traded downwards on increased selling pressure and tested a low of Rs. 1421 during the week. Volume increased significantly from 7900 to 26180, while open interest decline from 71110 to 68380. Stocks at NCDEX warehouses stood at 1300 MT as on February 23.

News Analysis:

Sugar at Spot Market:

Domestic:

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

Particulars	24-February	16-February	Change
M 30	1445-1495	1525-1570	-75
S 30	1430-1480	1510-1555	-75
Mill Delivery	1360-1410	1440-1485	-75

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

Particulars	24-February	16-February	Change
Khatauli	1515	1575	-60
Deoband	1510	1570	-60
Nanoata	1490	1530	-40

Jaggery at Spot Market

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

Particulars	24-February	16-February	Change
Raskat	385-395	350-365	+30
Chaku	450-475	440-455	+20
Shakkar	480-500	475-485	+15

Weather Impact: (As on 26th 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 26th February 2007):

Foreign Currency	Rs. per unit
1 US \$	44.19
1 Euro	58.24
1 British £	86.72
100 Jap. Yen	36.53

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