

SUGAR, & JAGGERY

26 February - 03 March, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market observed Improved Demand
- NCDEX Sugar: Range Bound With Slightly Bullish Sentiment
- NCDEX Gur: Range Bound 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 firm sentiment with bullish tone during the week. The most-active April contract tested a low of Rs. 1446 and traded upwards on increased buying interest and tested a high of Rs. 1482 during the week. Volume increased significantly from 10,680 to 18490 and open interest increased from 66270 to 68580. Stocks at NCDEX warehouses stood at 842 MT as on March 2. On the NCDEX April charts, candlestick chart pattern exhibits bullish sentiment. Technical indicator Stochastic and RSI is in normal region and favour the bulls. MACD is in negative region and moving upwards, prices closed above both the 9 days and 18-days EMA that indicates firmness in prices.

Sugar M Grade 0704(NC8GMJ7)2007/03/03 - Daily B:1469.00 A:1472.00
O 1457.00 H 1472.00 L 1455.00 C 1472.00 V 9,040 I 66,160 +1E
EMA(9) 1459.7 (18) 1466.8



Outlook:

Prices likely to remain steady to slightly firm, as demand has started emerging in the spot market. 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	1437	1431	1490	1498

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.510 during the week. In March contract, Volume fluctuated in the range of 900-11260, while open interest fluctuated in the range of 5560-18180. Candlestick pattern exhibits bullish sentiment. Prices closed above both the 9-days and 18-days EMA. Technical indicators stochastic and RSI is in normal region and favour the bears, while MACD is in positive region and favour the bears. Upwards movement is expected in the market.

GUR 0703(NCGURH7)2007/03/03 - Daily B:481.00 A:482.40
O 479.60 H 483.20 L 479.60 C 481.60 V 900 I 5,610 +0.8



Outlook:

Upwards 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	467	460	510	517

Market Commentary

Domestic

Spot Sugar Market observed Improved Demand

Sugar spot market witnessed firm sentiment during the week under review. The spot prices gradually increased during the week amidst improved demand and normal supply from mills, while eased slightly after the Union budget on February 28. Sugar industry was hopeful of getting some positive announcement in the budget, it had sought to provide export subsidy, removal of sugar from Essential Commodities Act and urged for reduction in excise duty on molasses to compete with international market in the wake of sliding sugar prices both domestically and internationally due to the global oversupply. But the budget fails to bring any sweetness for the sugar industry as the Finance Minister failed to address the issues raised by the industries. Meanwhile, to prevent the continuing downslide of sugar prices and to enable mill owners to pay atleast statutory minimum prices to farmers, the Maharashtra state sugar commissioner has directed the mills to sell sugar not below levy prices, which remains in the range of Rs. 1334-1345/qlt. This move will provide

News Analysis:

Govt. Considering Giving Export Subsidy for Sugar

According to Minister of State for Agriculture, the government is considering giving export subsidy for sugar in the wake of glut in the domestic market, as the production this year 2006-07 is expected to go up to 23-24 million tonnes leaving a huge surplus in the market. The sugar industry has demanded inland transport and ocean freight subsidy to reduce costs and make export viable. However, the matter is still under consideration of the government.

Govt Issued Permits of 6 Lakh Tonnes of Export

The government has issued permits of 600,000 tonnes of sugar exports between January and February, but only 90,000 tonnes have been shipped so far.

Sugar at Spot Market:

Domestic:

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

Particulars	03-March	24-February	Change
M 30	1485-1520	1445-1495	+25
S 30	1470-1505	1430-1480	+25
Mill Delivery	1400-1435	1360-1410	+25

some support to the falling sugar prices. However, with global oversupply and continued glut in sugar worldwide markets, sugar prices are likely to remain on lower side in long term. Internationally, white sugar prices which dipped to \$327 has recovered to \$335 and if it continues rising the industry could resume export by finding more export option. Further, the European Commission has decided to introduce a temporary quota reduction of approximately 2 million tonnes of sugar for the year 2007-08. The quota reduction is introduced to bring down the huge sugar surplus in Europe.

Range Bound With Slightly Bullish Sentiment

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

Particulars	03-March	24-February	Change
Khatauli	1525	1515	+10
Deoband	1515	1510	+5
Nanoata	1500	1490	+10

Jaggery at Spot Market

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

Particulars	03-March	24-February	Change
Raskat	385-405	385-395	+10
Chaku	455-490	450-475	+15
Shakkar	480-515	480-500	+15

Weather Impact: (As on 03th March 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 05th March 2007):

Foreign Currency	Rs. per unit
1 US \$	44.44
1 Euro	58.41
1 British £	85.73
100 Jap. Yen	38.48

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