

SUGAR, & JAGGERY

9-14 April, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market Witnessed Weak Sentiment
- NCDEX Sugar: Weak with Bearish Undertone
- NCDEX Gur: Firm With Bullish Tone

Technical Analysis

Commodity: Sugar Grade M
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: May 2007

Sugar futures witnessed weak sentiment with bearish undertone during the week. The most active May contract tested a high of Rs. 1438/qrtl and traded downwards thereafter on increased selling pressure testing a low of Rs. 1364/qrtl during the week. In May contract volume fluctuated in the range of 10,730-22,980 while open interest fluctuated in the range of 61,480-63,350. Candlestick pattern shows bearish sentiment. The Stochastic is rising in neutral region, while RSI is moving slightly downward in oversold region. MACD is moving downward in negative region, which show increase in bearishness. Prices closed far below the short term EMA that indicates short-term weakness in prices. Market is expected to trade downwards following steady to slightly firm opening.

Sugar M Grade 0705(NCSGMK7)2007/04/14 - Daily B:1380.00 A:1381
O 1382.00 H 1387.00 L 1376.00 C 1380.00 V 8,310 I 61,190 -
EMA(9) 1408.3 (18) 1430.5



Outlook:

Prices likely to remain in the lower side, as the major sugar producing states are broken their fixed floor price coupled with EC's delay over the approval of the relief package.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
May	1340	1330	1461	1481

Technical Analysis

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

Gur futures were gradually increased during the week on some buying interest from lower level and made contract high at Rs.537 during the week. In May contract, Volume fluctuated in the range of 6,410-13,070, while open interest fluctuated in the range of 23,900-24,890. Candlestick pattern exhibits bullish sentiment. Prices closed well above both the 9-days and 18-days EMA. Technical indicators Stochastic and RSI have made a bullish cross over in neutral region, while MACD is moving upward in positive region. Upwards movement is expected in the market.

GUR 0705(NCGURK7)2007/04/14 - Daily B:534.40 A:535.00
O 530.00 H 537.00 L 530.00 C 535.00 V 9,300 I 24,530 +4.4



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
May	518	514	545	550

Market Commentary

Domestic

Spot Sugar Market Witnessed Weak Demand

Sugar spot market witnessed weak sentiment during the week under review. The prices tumbled during the week at the major market of Muzaffarnagar, Delhi and Kolkata on persistent supply from mills against poor offtake. The ex-mill prices (excluding duty) in Delhi declined from Rs 1435 to Rs 1395/qrtl during this week. Election Commission's (EC) delay in clearance to the government's decision to give incentive for sugar sector revival has also impacted negatively. Internationally, white sugar prices (LIFFE) recovered to \$348, up \$10 from the Thursday's level of \$338 on improved buying support coupled with delay in Brazil's cane harvest, which is expected to hit the market after April 15. Improving international prices offers an opportunity to country's sugar sector to minimize their losses by exporting sugar. So far country has exported 0.4 million tonnes sugar since the government withdrew ban on sugar exports and no fresh export is taking place as millers are still waiting for the EC's approval and official announcement of the package. However, the incentives would not give much benefit to the sugar sector undertaking exports, as the global market would discount the subsidy factor. Further, with falling sugar prices, unviable export coupled with bumper production and a huge carry over stocks during the current sugar season is making it impossible for the sugar mills to pay the cane growers. In

News Analysis:

Special Package For Ailing Sugar Industry in Maharashtra

With the bumper sugarcane crop and inability of sugar industry to crush the excess cane, the Maharashtra Cabinet, on Monday, cleared a special package for the sugar industry. The Govt. is expected to bear an additional burden of over Rs 200 crore on account of the package, which comprises an export subsidy of Rs 1,000/tonne for 2007-08, a transport subsidy of Rs 2/km/tonne and a subsidy for loss in sugar recovery (on an average Rs 130 for 1% reduction in sugar recovery). This package is in addition to the government's decision to exempt sugarcane from the purchase tax.

China Exports Down 24.7%

China exported 19,092 metric tons of sugar in March and 41,540 tonnes during January-March period this year, which is down 24.7% from 55,142 tonnes during the same period last year.

Thailand Sugarcane Production Up 2.4%

In Thailand, sugarcane production is expected to reach 64.37 million tons during the current sugar season, up 2.4% from 62.85 million tons last year.

effect, farmers are making an exit from growing sugarcane, which is likely to adversely affect acreage and production after 2008. On other hand, Maharashtra Cabinet, on Monday, cleared a special package for the sugar industry, which is forwarded to the Chief Minister of Maharashtra for approval. The package comprises an export subsidy of Rs 1,000/tonne for 2007-08, a transport subsidy of Rs 2/km/tonne and a subsidy for loss in sugar recovery (on an average Rs 130 for 1% reduction in sugar recovery). This package is in addition to the government's decision to exempt sugarcane from the purchase tax and it will cost around Rs 200 crore to the Govt. Some improvement is expected in prices if the package is implemented. However, prices are likely to remain on the lower side in long term due to glut situation globally and unviable exports.

Sugar Futures Witnessed Weak Sentiment

Sugar futures witnessed weak sentiment with bearish undertone during the week. The most active May contract tested a high of Rs. 1438/qrtl and traded downwards thereafter on increased selling pressure testing a low of Rs. 1364/qrtl during the week. In May contract volume fluctuated in the range of 10,730-22,980 while open interest fluctuated in the range of 61,480-63,350. Stocks at NCDEX warehouses stood at 4013 MT as on 12th April 2007.

Sugar at Spot Market:

Domestic:

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

Particulars	14-April	07-April	Change
M 30	1435-1465	1485-1520	-55
S 30	1420-1450	1470-1505	-55
Mill Delivery	1350-1380	1400-1435	-55

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

Particulars	14-April	07-April	Change
Khatauli	1475	1525	-50
Deoband	1470	1515	-45
Nanoata	1425	1480	-50

Jaggery at Spot Market

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

Particulars	14-April	07-April	Change
Raskat	370-380	380-392	-12
Chaku	470-510	470-519	-9
Shakkar	500-530	500-540	-10

FOREX (As on 14th April 2007):

Foreign Currency	Rs. per unit
1 US \$	42.74
1 Euro	57.81
1 British £	84.74
100 Jap. Yen	35.84

Weather Impact: (As on 14th April 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.

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