

SUGAR, & JAGGERY

16-21 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: June 2007

Sugar futures witnessed weak sentiment with bearish undertone during the week. The most active June contract tested a high of Rs. 1403/qrt and traded downwards thereafter on increased selling pressure and made the contract low at Rs. 1355/qrt during the period. In June contract volume fluctuated in the range of 10,360-16,830 while open interest fluctuated in the range of 72,310-80,510. Candlestick pattern shows bearish sentiment. The Stochastic and RSI is moving 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 and medium term weakness in prices. Downward movement is expected in the market.

Sugar M Grade 0706(NCSGMM7)2007/04/21 - Daily B:1371.00 A:1370.00 H 1365.00 L 1375.00 C 1372.00 V 5,230 I 79,880
EMA(9) 1387.1 (18) 1412.0



Outlook:

Prices likely to remain slightly weak due to ample supply situation and less lucrative export.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
May	1338	1328	1415	1427

Technical Analysis

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

Gur futures were gradually declined during the week on some profit booking from higher level and made contract low at Rs.530 during the week. In May contract, Volume fluctuated in the range of 9,640-19,800, while open interest fluctuated in the range of 25,820-26,940. 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)2007/04/24 - Daily B:542.40 A:543.00 O 543.80 H 543.80 L 543.80 C 543.80 V 16,270 I 25,400
EMA(9) 536.69 (18) 531.05



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	528	524	550	555

Market Commentary

Domestic

Spot Sugar Market Witnessed Weak Demand

Amid persistent supply against poor offtake, sugar spot prices tumbled during the week starting April 16 at the major markets of Muzaffarnagar, Delhi and Kolkata. The ex-mill prices (ex-duty) in Delhi declined to Rs 1335/qrtl, down Rs 60 against the last week's level of Rs 1395/qrtl. Election Commission (EC) on Monday cleared the Centre's proposal to offer sugar mills export incentives and the centre is expected to soon notify the export incentives following receipt of clearance from the EC. Internationally, white sugar prices (LIIFE) declined to \$312 from \$324 lowest since Nov'2005, after India agreed to subsidise exports of sugar. International prices are expected to ease further after the start of Brazil's sugarcane harvest, which in turn makes export less lucrative for India. Immediately after the clearance of relief package from the EC, the Union Agriculture Minister on Tuesday announced that the Centre would create a buffer stock of 20 lakh tonnes of sugar for one year beginning May 1st 2007 to help mills hit by falling global and domestic prices and huge stocks. However, the buffer would not provide much support to sugar industry. Taking into account bumper sugarcane production this year (2006-07), country's sugar production is expected to cross 260 lakh tonnes and the total availability would be 300 lakh tonnes (including carryover stock of 40 lakh tonnes). Domestic consumption is expected to be 190-195 lakh

tonnes and exports are likely at 15 lakh tonnes. Sugar industry is expected to carryover 90-95 lakh tonnes to the next season. Thus, no major uptrend is expected in prices in short term and long term due to glut situation coupled with unviable export. However, the glut situation is minimized to some extent by allowing industry to process sugarcane directly for ethanol, increasing quantity and validity of buffer stock and producing more raw sugar for export. Meanwhile, the government has decided not to offer any subsidies on raw sugar export as the sugar mills do not produce raw sugar in huge quantities and the commodity is usually not exported. Raw sugar subsidy was the part of Rs 850 crore relief package in which an Rs 440/tonne was proposed for raw sugar export.

Sugar Futures Witnessed Weak Sentiment

Sugar futures witnessed weak sentiment with bearish undertone during the week. The most active June contract tested a high of Rs. 1403/qrtl and traded downwards thereafter on increased selling pressure and made the contract low at Rs. 1355/qrtl during the period. In June contract volume fluctuated in the range of 10,360-16,830 while open interest fluctuated in the range of 72,310-80,510. Stocks at NCDEX warehouses stood at 6,748 MT as on 19th April 2007.

News Analysis:

Govt. to Create 20 Lakh Tonnes Sugar Buffer From May

Immediately after the clearance of relief package from the Election Commission (EC), the Union Agriculture Minister on Tuesday announced that the Centre would create a buffer stock of 20 lakh tonnes of sugar for one year beginning May 1st. Buffer is part of the 850 crore relief package cleared by the CCEA on March 24 to help mills hit by falling global prices and huge stocks. Under the plan sugar mills will maintain the buffer while the government would defray the cost of interest, storage and insurance charges incurred on it.

Sugar at Spot Market:

Domestic:

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

Particulars	21-April	14-April	Change
M 30	1365-1400	1435-1465	-65
S 30	1350-1385	1420-1450	-65
Mill Delivery	1280-1315	1350-1380	-65

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

Particulars	21-April	14-April	Change
Khatauli	1440	1475	-35
Deoband	1430	1470	-40
Nanoata	1400	1425	-25

Jaggery at Spot Market

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

Particulars	21-April	14-April	Change
Raskat	370-380	370-380	-
Chaku	470-510	470-510	-
Shakkar	500-530	500-530	-

Weather Impact: (As on 21st 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.

FOREX (As on 24th April 2007):

Foreign Currency	Rs. per unit
1 US \$	41.62
1 Euro	56.45
1 British £	83.15
100 Jap. Yen	35.13

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