

SUGAR, & JAGGERY

26-31 March, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market Witnessed Mixed Sentiment
- NCDEX Sugar: Range Bound With Slightly Bullish Tone
- NCDEX Gur: Range Bound With Firm Bias

Technical Analysis

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

Sugar futures witnessed narrow range bound trade with slightly bullish sentiment. The NCDEX May contract hovered in the range of Rs. 1469-1490/qrtl, while the MCX April contract traded in the range of Rs. 1526-1567/qrtl during the week. In NCDEX April contract volume fluctuated in the range of 3900-15,520 while open interest fluctuated in the range of 52,880-53,950. Sugar shows extremely narrow trading range. Prices are consolidating at these levels in the absence of any major triggers. The Stochastic and RSI are both moving downwards, indicating some weakness ahead. MACD has flattened just under the zero line.

Sugar M Grade 0705(NCSGMK7)2007/03/31 - Daily B:1472.00 A:1473.00
O 1476.00 H 1480.00 L 1472.00 C 1472.00 V 5,690 I 54,520 -8



Outlook:

Prices likely to remain steady to slightly firm due to summer demand and announcement of lower FSQ for April.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
May	1463	1454	1510	1516

Technical Analysis

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

Gur futures were gradually increased during the week due to renewed buying interest from lower level and made contract high at Rs.524 during the week. In May contract, Volume fluctuated in the range of 8,590-24,440, while open interest fluctuated in the range of 19,370-22,090. 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 bulls, while MACD is in positive region and moving upwards. Upwards movement is expected in the market.

GUR 0705(NCGURK7)2007/04/02 - Daily B:517.20 A:517.60
O 521.00 H 521.00 L 517.00 C 517.00 V 3,570 I 22,390



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	494	488	528	530

Market Commentary

Domestic

Spot Sugar Market observed Improved Demand

Sugar spot market witnessed mixed sentiments during the week under review. Prices eased in the major markets of Muzaffarnagar, Delhi and Kolkata till Thursday on lack of buying support from retailers and bulk buyers while from Friday prices gained some momentum with the announcement of lower free sale quota. Government on Thursday released 38 lakh tonnes (LT) of FSQ (free sale quota) for the quarter April to June 2007, which is 5.25 LT below April-June FSQ for 2006 and lower than FSQ of 41 lakh tonnes for the quarter January-March 2007. For April month government has released 12 lakh tonnes of FSQ (non-levy) of sugar, in addition with 1.77 LT of levy quota for distribution in PDS system. Govt. has also decided to extend the validity period of non-levy sugar quota of March 2007 up to 15th April 2007, enabling the sugar mills to sell and dispatch the unsold quantity during this extended period. Earlier, to improve the sugar industry's financial health, CCEA has cleared the proposal of Union Agriculture Minister to create a buffer stock of 2 million tonnes, lifting of ceiling on sugar export, providing export subsidy of Rs. 1350/tonne for the mills in costal areas while Rs. 1450/tonne for mills in non-costal areas and lastly an incentive of Rs. 440/tonne for raw sugar export. But due to upcoming elections in Uttar Pradesh, the relief package is referred to Election Commission (EC) for its approval, which is awaited. Further, with the cane crushing gaining

momentum in the major sugar producing states, country's sugar production may cross the government's earlier estimate of 250 lakh tonnes and is likely to touch 260 lakh tonnes in 2006-07. On other hand, Maharashtra would replace Uttar Pradesh as the country's top producer with an expected output of 84 lakh tonnes against the estimated output of 77 lakh tonnes in Uttar Pradesh this year. The prices are expected to remain on the lower side in the long term due to glut situation and unviable export coupled with lower international prices. But keeping in mind high summer demand and the likely relief package, the prices are expected to improve further. Meanwhile, due to procedural bottlenecks issuance of fresh export permits are held up and it is expected that the same would be sorted out soon.

Range Bound With Slightly Bullish Sentiment

Sugar futures witnessed narrow range bound trade with slightly bullish sentiment. The NCDEX May contract hovered in the range of Rs. 1469-1490/ql, while the MCX April contract traded in the range of Rs. 1526-1567/ql during the week. In NCDEX April contract volume fluctuated in the range of 3900-15,520 while open interest fluctuated in the range of 52,880-53,950. Stocks at NCDEX warehouses stood at 3185 MT, while in MCX it stood at 219.75 MT as on March 29.

News Analysis:

Sugar Production May Cross 260 Lakh Tonnes in 2006-07

With the sugarcane crushing gaining momentum in the major sugar producing states of Maharashtra, Uttar Pradesh, Karnataka and Tamil Nadu, countries sugar production may cross the earlier estimates and cross 260 lakh tonnes in 2006-07 against the last years 193 lakh tonnes. ISMA and National Federation of Cooperative Sugar Factories had earlier informed the Govt. that the output may cross 250 lakh tonnes and the Union agriculture Minister said only last week. On other hand, Maharashtra would replace Uttar Pradesh as the country's top producer with an expected output of 84 lakh tonnes in 2006-07 against the estimated output of 77 lakh tonnes in Uttar Pradesh this year.

38 LAKH TONNE FREE-SALE SUGAR RELEASED FOR APRIL-JUNE 2007

Government has released 38 lakh tonnes of non-levy (free sale) sugar as for the quarter April to June 2007. For the month of April 2007, the non-levy sugar quota released is 12 lakh tonnes. In addition, 1.77 lakh tonnes is released under levy for distribution in Public Distribution System. Thus, the total availability of sugar for consumption in the month of April comes to 13.77 lakh tonnes.

The Government has also decided to extend the validity period of non-levy sugar quota of March 2007 up to 15th April 2007, enabling the sugar mills to sell and dispatch the unsold quantity during this extended period.

The April-June 2007 quota of non-levy sugar of 38 lakh tonnes as well as the April quota of 12 lakh tonnes is expected to maintain the retail prices of sugar at reasonable levels. However if sugar prices show any abnormal increasing trend in any state, additional releases shall be made to sugar mills of that state so as to bring down the sugar prices.

Source: PIB

Govt. Stops Fresh Sugar Export Permits

Due to procedural bottlenecks issuance of fresh export permits are held up by the government and it is expected that the same would be sorted out soon.

Sugar at Spot Market:

Domestic:

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

Particulars	31-March	24-March	Change
M 30	1485-1525	-	-
S 30	1470-1510	-	-
Mill Delivery	1400-1440	-	-

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

Particulars	31-March	24-March	Change
Khatauli	1535	-	-
Deoband	1525	-	-
Nanoata	1510	-	-

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

Particulars	31-March	24-March	Change
Raskat	475-490	-	-
Chaku	485-500	-	-
Shakkar	500-515	-	-

Weather Impact: (As on 02nd 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 02nd April 2007):

Foreign Currency	Rs. per unit
1 US \$	43.23
1 Euro	57.73
1 British £	85.05
100 Jap. Yen	36.69

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