

## SUGAR, & JAGGERY

2-7 April, 2007

### MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market Witnessed Steady to Weak Sentiment
- NCDEX Sugar: Witnessed Weak Sentiment 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. 1479/qrtl and traded downwards thereafter on increased selling pressure testing a low of Rs. 1450/qrtl during the week. In May contract volume fluctuated in the range of 3,780-8,360 while open interest fluctuated in the range of 55,380-58,620. Candlestick pattern shows weak sentiment. The Stochastic and RSI are falling in neutral region. MACD has made a bearish crossover and moving downwards. Prices closed below the short term EMA that indicates short-term weakness in prices. Market is expected to trade downwards following steady to slight firm opening.

Sugar M Grade 0705(NCSGMK7)2007/04/06 - Daily B:1452.00 A:1453.00  
O 1459.00 H 1461.00 L 1450.00 C 1453.00 V 7,820 I 58,620 -7  
EMA(9) 1467.3 (18) 1470.6



#### Outlook:

Range bound with slightly bullish sentiment as the Election Commission (EC) decision over the relief package is awaited.

#### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
May	1442	1435	1505	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.538 during the week. In May contract, Volume fluctuated in the range of 5,400-40,810, while open interest fluctuated in the range of 19,110-24,040. Candlestick pattern exhibits bullish sentiment. Prices closed above both the 9-days and 18-days EMA. Technical indicators stochastic and RSI is rising in neutral region, while MACD is moving upward in positive region. Upwards movement is expected in the market.

GUR 0705(NCGURK7)2007/04/07 - Daily  
O 534.20 H 534.20 L 534.20 C 534.20 V 40,810 I 24,040 0  
EMA(9) 521.80 (18) 517.51



#### 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 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
May	508	504	545	550

## Market Commentary

### Domestic

#### Spot Sugar Market observed Improved Demand

Sugar spot market witnessed steady to weak sentiment during the week under review. The prices remained unmoved till April 4 on subdued trading activity, however, eased thereafter on the back of announcement of 3rd advance estimate of sugarcane production. Govt. announced the third advance estimate of sugarcane at 322.94 million tonnes, up 7.41 million tonnes against the 2nd advance estimate of 315.53 million tonnes and almost 40 million tonnes over the final estimate of 2005-06 at 281.97 million tonnes. So, there could be further revisions in sugar production. Taking into account the bumper sugarcane and sugar production the Govt. would soon resume-issuing sugar export permits under the Open General Licence (OGL), which the Govt. has stopped last week, as the quantitative limit had been exhausted. Govt. is also planning to raise the quantitative ceiling on sugar exports under the OGL scheme to 1.5 million tonnes from 750,000 tonnes. Meanwhile, the provisional data available with the NFCSF (National Federation of Cooperative Sugar Factories) country's sugar output in the Oct-Mar period of the current sugar season 2006-07 (Oct-Sept) has jumped by about 25% to a record 21.2 million tonnes against 6.9 million tonnes during the corresponding period last year. Maharashtra topped with 7.32 million tonnes, followed by Uttar Pradesh at 6.46 million tonnes and Karnataka at 1.9 million tonnes. Further, the Gujarat State Co-operative Sugar Industry Association has decided to sell sugar not below Rs 1,435/qlt, in order to ensure that farmers get

reasonably fair prices for their produce. Other sugarcane growing states of the country are also working on the same lines. Madhya Pradesh state Govt. has decided to offer a transport subsidy of Rs. 25/qlt to sugarcane growers and asked the sugar mills to extend crushing till May this year. Normally, it closes by April. The decision was taken keeping in mind the huge sugarcane production, which is likely to touch 250 lakh tonnes in MP and also to ensure that the entire sugarcane gets crushed. Moreover, 52 companies from 9 States have offered to supply 1, 061.04 million litres of ethanol to the oil marketing companies (OMC) for five per cent blending with petrol. The prices are expected to gain some momentum if the relief package is implemented, which awaits Election Commission's approval due to upcoming elections in Uttar Pradesh and if more and more sugarcane is diverted towards ethanol production. However, due to the estimates of bumper sugarcane and sugar production prices are likely to remain in the lower side in long term.

#### 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. 1479/qlt and traded downwards thereafter on increased selling pressure testing a low of Rs. 1450/qlt during the week. In May contract volume fluctuated in the range of 3,780-8,360 while open interest fluctuated in the range of 55,380-58,620. Stocks at NCDEX warehouses stood at 3823 MT as on 4th April 2007.

### News Analysis:

#### Gujarat Industry Association Sets Floor Price of Sugar

In order to ensure that farmers get affordable prices for their produce, the Gujarat State Co-operative Sugar Industry Association has decided not to sell sugar at a price below Rs 1,435 per quintal.

#### Sugar Output Up 25% During Oct-Mar Period

According to the provisional data available with the NFCSF countries sugar output in the Oct-Mar period of the current sugar season 2006-07 (Oct-Sept) has jumped by about 25% to a record 21.2 million tonnes against 6.9 million tonne during the corresponding period last year. About 11 million tonnes produced by private sugar mills and remaining by co-operatives. Maharashtra topped with 7.32 million tonne, followed by Uttar Pradesh at 6.46 million tonne and Karnataka at 1.9 million tonne.

#### Govt. Likely to resume issuing sugar export permits under OGL

Govt. would soon resume issuing sugar export permits under the Open General Licence (OGL). The Govt. last week stopped issuing release orders for sugar exports under OGL, as the quantitative limit had been exhausted. Govt. is also planning to raise the quantitative ceiling on sugar exports under the OGL scheme to 1.5 million tonnes from 750,000 tonnes.

#### World Sugar Surplus Up: ISO

According to the ISO (International Sugar Organization) the world sugar surplus estimated at 8.5 to 9 million metric tonnes, which is up from its previous quarterly forecast made in February at 7.2 million metric tonnes.

#### Maharashtra Sugar Mills Slash Export Price

Maharashtra sugar mills slash their export floor price from Rs 1,320 to Rs 1,275 per quintal FOR (free-on-rail). The decision was taken at a meeting of the Sugar Export Cell under the Maharashtra Sugar Commissioner, taking into account the increasing stock and the Election Commission's (EC) withholding of the Centre's recently announced relief package for the sugar industry. It is also decided that the mills in South Maharashtra to sell sugar at Rs 1,320 per quintal, against the earlier levy-level of Rs 1,345 per quintal.

## Sugar at Spot Market:

### Domestic:

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

Particulars	07-April	31-March	Change
M 30	1485-1520	1485-1530	-10
S 30	1470-1505	1470-1515	-10
Mill Delivery	1400-1435	1400-1445	-10

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

Particulars	07-April	31-March	Change
Khatauli	1525	1535	-10
Deoband	1515	1525	-10
Nanoata	1480	1500	-20

## Jaggery at Spot Market

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

Particulars	07-April	31-March	Change
Raskat	380-392	370-380	+12
Chaku	470-519	485-500	+19
Shakkar	500-540	500-515	+25

#### Weather Impact: (As on 07th 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 07th April 2007):

Foreign Currency	Rs. per unit
1 US \$	42.65
1 Euro	57.06
1 British £	84.67
100 Jap. Yen	35.76

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