

## SUGAR, & JAGGERY

21-26 May 2007

### MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market Steady to Weak
- NCDEX Sugar Rebounded on Speculation
- NCDEX Gur: Bullish Correction

### Technical Analysis

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

NCDEX Sugar futures mixed during the week. June contract opened at Rs. 1284/qrtl and traded down to test a low of Rs. 1260/qrtl. The contract then rebounded to test a high of Rs. 1347/qrtl, before settling at Rs. 1337/qrtl. Volume and open interest of June contract dipped significantly. July contract opened at Rs. 1309/qrtl and traded in the range of Rs. 1291-1375/qrtl, before closing at Rs. 1371/qrtl. Candlestick pattern shows a bullish market. MACD is moving steadily upward in the negative region. RSI and Stochastic are rising in the neutral region. Prices closed well above the 9 Day and 18 Day EMA. The market is expected to trade up following a firm opening in the short term.



### Outlook:

Prices are likely to improve. Buy on corrective dips.

### 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>
June	1282	1227	1369	1456

### Technical Analysis

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

NCDEX Gur June contract opened at Rs. 527, traded down to test a low of Rs. 520 and then traded up to test a high of Rs. 543.80 before closing at Rs. 539. The volume and open interest dipped significantly. July contract opened at Rs. 548 and traded volatile testing a high of Rs. 554.8 and low of Rs. 541.8 and closed at Rs.550.2. Prices closed at par with the 9 Day and 18 Day EMA. MACD is moving up in the negative territory. RSI is grazing steady in the neutral region, while stochastic is moving up. The market is expected to trade range bound with bearish undertone in the coming week.



### Outlook:

Range bound market with bearish undertone is expected. Sell on rallies towards resistance.

### 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>
June	543	536	556	562

## Market Commentary

### Domestic

#### Spot Sugar Market Prices Remained Firm

Sugar spot prices were mixed during the week. The prices dipped during the first half of the week and improved later on speculation on account of the govt.'s decision to create an additional buffer stock of 3 MMT. The ex-mill prices (excluding duty) in Delhi dipped from Rs. 1325-1350 to Rs. 1310-1350/mtl during the week. White sugar traded higher at the international market (LIFFE). Govt. measures to help the ailing sugar industry by way of creation of additional buffer stock and preventing the sugar barons from blocking the sugar cane area have improved the market sentiments. These are likely to push the prices higher in the short term. But bumper production of sugarcane from Brazil and India tend to maintain the prices on the lower side in the medium to long term. The world sugar production has been revised

### News Analysis:

#### Maharashtra C.M. ruled out further aid for sugar cane farmers

Maharashtra Chief Minister, Vilasrao Deshmukh has ruled out any further financial compensation for sugar cane farmers. Maharashtra is expected to produce a record 75 million tonnes of sugar cane in the 2006-07 season. The state has already declared a bail-out package for sugar mills and farmers, which includes Rs. 25,000 per hectare aid for excess sugar cane that remains uncrushed on May 31, 2007 and other measures such as waiver of purchase tax, transport subsidy and compensation for a drop in the sugar cane recovery.

#### Govt. scrapped 98% of the sugar mill expansions

The Directorate of Sugar in the Ministry of Food has scrapped all but 50 of the 2500 proposals for setting up sugar mills, to prevent companies from blocking cane areas without seriously pursuing such projects. Indian sugar mills get the benefit of reserved sugar cane areas upon submitting memoranda for setting up new units. This decision will not affect the expansion programmes of those mills that have already started work on setting them up.

#### ISEC to export raw sugar to a Dubai-based company

The Indian Sugar Exim Corporation (ISEC) has concluded a deal to export around 7500 tonnes of raw sugar to a Dubai-based firm. The deal was India's first export of raw sugar in several years, apart from the fixed quantities sold to the U.S and E.U. under preferential quota.

#### Govt. considers additional sugar buffer stock creation

Food Ministry has given approval for the creation of an additional buffer stock of 3 million tonnes and has forwarded it to the Union Cabinet for consideration. This is over and above the 2 million tonnes of buffer stock created in March. This decision has come in the wake of revised sugar production crossing 27 MMT and aims at transferring the cost of carrying the commodity from the companies to

upward by 2.4MMT to a record 162.61 million tonnes. India is also expected to produce over 27 million tonnes of sugar this year. Strengthening rupee over dollar has dealt a blow on the exports. The exports have fallen on better domestic prices over export prices. Experts see exports of raw sugar as a way out at this juncture, as India has advantage over Brazil and Thailand in freight charges in the export of raw sugar.

#### Sugar Futures Rebounded to a Five-Week High

Sugar futures at NCDEX traded mixed during the week. It opened at Rs. 1284/mtl and traded down to a low of Rs. 1261/mtl. The market rebounded to a high of Rs. 1247/mtl and closed at five-week high of Rs. 1337/mtl on fresh buying. Volume and open interest dipped during the week.

the govt. This will bring some relief to the ailing sugar mills, which are incurring heavy losses owing to high production costs.

#### Revised sugar output estimates

Maharashtra is expected to produce 9.5 MMT of sugar this season, up 83% from the previous year. India is likely to produce 27MMT of sugar against a domestic consumption of 19-20 MMT. World sugar production has been revised upward by 2.418 MMT to a record 162.621 MMT

#### Sugar at Spot Market:

##### Domestic:

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

Particulars	26-May	19-May	Change
M 30	1395-1435	1410-1435	-15.00
S 30	1380-1420	1395-1420	-15.00
Mill Delivery	1310-1350	1325-1350	-15.00

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

Particulars	26-May	19-May	Change
Khatauli	1435	1450	-15.00
Deoband	1430	1450	-20.00
Nanoata	1385	1355	+30.00

### Jaggery at Spot Market

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

Particulars	26-May	19-May	Change
Raskat	440-450	435-445	+5.00
Chaku	550-580	515-555	+30.00
Shakkar	520-590	500-540	+35.00

#### Weather Impact: (As on 26<sup>h</sup> May 2007)

Sugarcane is at its peak harvesting stage in the Maharashtra and Uttar Pradesh. Dry weather prevailing over UP is favourable for harvesting of sugarcane and optimum sugar recovery. Weather is favourable for harvesting of mid-season sugarcane crop and recently

sown seasonal sugarcane. Generous rains and adequate irrigation will support early growth of the new crop.

#### FOREX (As on 26<sup>th</sup> May 2007):

Foreign Currency	Rs. per unit
1 US \$	40.27
1 Euro	54.21
1 British £	79.97
100 Jap. Yen	33.11

#### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.