

SUGAR, & JAGGERY

14-19 May 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market Remained Firm
- NCDEX Sugar Traded Bearish
- NCDEX Gur: Bearish

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: June 2007

Sugar futures witnessed bearish trade during the week. The most active June contract opened at Rs. 1300/mtl, from where it traded up to test a high of Rs. 1340/mtl. The contract then traded steadily down to test a low of Rs. 1273/mtl, before settling at Rs. 1285/mtl. The volume of June contract traded during the week dipped marginally, while open interest decreased by over 3000 MT. Candlestick pattern shows a bullish correction. Stochastic and RSI are trading steady in the neutral region. MACD is also moving up, but still in the negative region. Market is expected to trade bearish following a firm opening..



Outlook:

Prices are likely to remain steady. Buy on rallies.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
June	1258	1231	1326	1367

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: June 2007

Gur June futures opened at Rs.564.6/mtl and traded steadily down to Rs. 526.40/mtl, after which it traded range bound for the rest of the week. The contract traded in the range of Rs. 523.40-564.60/mtl., before closing at Rs. 528.80/mtl.. In June contract, volume and open interest increased significantly. Candlestick pattern exhibits bearish sentiment. Prices closed well below both the 9-days and 18-days EMA. Stochastic, MACD and RSI are trading down in the neutral region. Steady to downward movement is expected in the market.



Outlook:

Downward movement is expected in the market for the coming week. Sell on rallies towards resistance level.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
June	498	513	555	580

Market Commentary

Domestic

Spot Sugar Market Prices Remained Firm

Sugar spot prices remained firm during the week starting 14th May. The prices improved at the major markets of Muzaffarnagar, Delhi and Kolkata on improved demand from bulk consumers and speculative buying. The ex-mill prices (excluding duty) in Delhi improved from Rs. 1245-1275/qrtl to Rs. 1325-1350/qrtl during the week. Generally, summer season witnesses a surge in demand for sugar, mostly from beverage industry. White sugar traded higher at the international market (LIFFE). India's sugar exports are expected to remain almost flat at around 1.0 million tonnes in the marketing year ending September, due to upcoming monsoon season, mounting freight costs, global surplus and limited international demand. Centre has announced that export subsidy applies to raw sugar as well and India will be exporting 26000 tonnes of raw sugar duty-free to the EU and the US. Taking into account bumper sugarcane production this year, country's sugar output is

News Analysis:

Sugar groups call for government sops to tide over crisis

The sugar groups demanded that the government should abolish taxes and raise buffer stock to help millers tide over the crisis as sugar stocks in India may continue to be in surplus for two more years. In the absence of incentives, sugar millers could take a long time to recover from the bearish cycle created by the current surplus of 5 MMT and further signs of glut. Indian Sugar Mills Association (ISMA) wants a 3 million tonnes increase in buffer stocks and encouragement of export of raw sugar and value addition. Allowing 10 per cent ethanol blend in automobile fuel will absorb about 1 MMT of sugar.

Raw sugar exports also eligible for subsidy

Raw sugar exports are also eligible to the Rs 1,350 a quintal export subsidy announced by the Centre as part of its package to help the industry. Centre's notification had not excluded raw sugar from the purview of subsidy.

India to export 26,000 tonnes duty-free raw sugar to EU, US by Sep

India's federal government has allocated a quota of 26,000 metric tons of duty-free raw sugar exports to the European Union and U.S. for the marketing year ending September 2007. The E.U. and U.S allow duty-free imports of a fixed quantity of raw sugar from India every year. India will export around 16,000 tons of raw sugar to the E.U. and the remainder to the U.S. during the marketing year.

expected to cross 26 MMT and the total availability would be over 30 MMT (including carryover stock of 4 MMT). Domestic consumption is expected to be 19- 19.5 MMT and exports are likely at 15 lakh tonnes. Sugar industry is expected to carryover 9-9.5 MMT to the next season. Thus, no major uptrend is expected in prices in medium to long term due to glut situation.

Sugar Futures Traded Bearish

Sugar futures witnessed weak sentiment with bearish undertone during the week, and it remained range bound during the second half of the week. The most active June contract opened at Rs. 1300/qrtl and traded weak initially testing a low of Rs. 1273/qrtl, before settling at Rs. 1285/qrtl. It then traded range bound during the rest of the week. The contract traded in the range of Rs. 1273-1340/qrtl. Stocks at NCDEX warehouses stood at 15217 MT as on 19th May 2007.

Sugar at Spot Market:

Domestic:

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

Particulars	19-May	12-May	Change
M 30	1325-1350	1245-1275	+58.00
S 30	1395-1420	1334-1364	+58.00
Mill Delivery	1410-1435	1264-1294	+58.00

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

Particulars	19-May	12-May	Change
Khatauli	1450	1470	-20.00
Deoband	1450	1408	+42.00
Nanoata	1355	1380	-25.00

Jaggery at Spot Market

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

Particulars	19-May	12-May	Change
Raskat	435-445	420-430	+15.00
Chaku	515-555	570-610	-55.00
Shakkar	500-540	530-570	-30.00

Weather Impact: (As on 19th 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 18th May 2007):

Foreign Currency	Rs. per unit
1 US \$	40.39
1 Euro	54.50
1 British £	79.72
100 Jap. Yen	33.32

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