

SUGAR, & JAGGERY

7-12 May 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market Witnessed Surging Prices
- NCDEX Sugar: Improved on Speculation and Improved Demand
- 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 a bullish trade during the week. The most active June contract opened at Rs. 1252/qrtl, from where it traded volatile to test a high of Rs. 1329/qrtl and low of Rs. 1227/qrtl, before settling at Rs. 1291/qrtl. The volume of June contract traded increased considerably, while open interest decreased by over 3000 MT. Candlestick pattern shows a bullish correction. Stochastic and RSI are rising steadily and have emerged out of the oversold region. MACD is also moving up, but still in the negative region. Market is expected to trade firm.



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	1236	1180	1338	1384

Technical Analysis

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

Gur June futures opened at Rs.558/qrtl and traded bullish during the week to a high of Rs. 581/qrtl on some buying interest from lower level and then downwards testing a low of Rs. 554.20/qrtl., before closing at Rs. 563/qrtl.. In June contract, volume increased by over 10000 MT and the open interest by over 2000 MT during the week. Candlestick pattern exhibits bullish sentiment. Prices closed well above both the 9-days and 18-days EMA. Stochastic, MACD and RSI are trading down in the neutral region. Steady upward movement is expected in the market.



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
June	551	539	578	593

Market Commentary

Domestic

Spot Sugar Market Witnessed a Surge in Prices

Sugar spot market witnessed weak sentiment during the first half of the week starting 7th May followed by a surge in prices towards the close of the week. 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. 1230-1260/qrtl to Rs. 1230-1294/qrtl during the week. The improvement in prices is partly speculative and partly demand-driven. Generally, summer season witnesses a surge in demand for sugar. White sugar traded higher at the international market (LIFFE). The prices climbed up to a high of one and a half months to settle at \$ 336.50. USDA has forecast an Indian sugar production of 25.2 MMT, while the government estimates are pegged at around 27 MMT. The export of sugar from India is also expected to dip on account of global sugar

surplus and monsoon rains. Pakistan was the major importer of sugar from India, which has a surplus this season and is no longer importing. Also, the monsoon is expected to affect the exports drastically due to hassles at ports.

Sugar Futures Witnessed Correction

Sugar futures witnessed weak sentiment with bearish undertone during the first half of the week, but it improved towards the close of the week. The most active June contract opened at Rs. 1252/qrtl and traded weak initially and then bullish during the second half of the week, testing a low of Rs. 1227/qrtl and traded upwards thereafter on increased demand and speculative buying, testing a high of Rs. 1329/qrtl during the week. Stocks at NCDEX warehouses stood at 2667 MT as on 12th May 2007.

News Analysis:

India's sugar output estimated at 252 LT

US Dept of Agriculture forecasts an Indian sugar production of 252 lakh tonnes during the current sugar season. The report said that late monsoon rains in 2006 and generally favourable conditions in most sugarcane growing areas resulted in higher sugar yields. USDA said the increase in the capacities of sugar production coupled with high sugar prices at the end of last season has restricted the diversion of sugarcane to the jaggery in 2006-07. The estimates are based on crystal weight basis.

Indian sugar production up 37%

India's sugar production in the October-April period of the 2006-07 sugar season has jumped by 37 per cent to a record 25 million tonnes against last season's corresponding figure of 18.18 million tonnes. The country is likely to end the season with a production close to 27 million tonnes.

Maharashtra sugar output up 62%

Maharashtra has produced a record sugar output of 8.42 million tonnes between October 1 and May 7, up from 5.19 million tonnes a year ago. Higher sugarcane availability, rise in productivity, and absence of pests have aided the record production of sugar.

Sugar at Spot Market:

Domestic:

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

Particulars	12-May	05-May	Change
M 30	1349-1379	1315-1345	+34.00
S 30	1334-1364	1300-1330	+34.00
Mill Delivery	1264-1294	1230-1260	+34.00

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

Particulars	12-May	05-May	Change
Khatauli	1470	1280	+190.00
Deoband	1408	1375	+33.00
Nanoata	1380	1370	+10.00

Jaggery at Spot Market

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

Particulars	12-May	05-May	Change
Raskat	420-430	415-425	+5.00
Chaku	570-610	530-570	+40.00
Shakkar	530-570	520-560	+10.00

Weather Impact: (As on 12th 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 5th May 2007):

Foreign Currency	Rs. per unit
1 US \$	41.03
1 Euro	55.49
1 British £	81.38
100 Jap. Yen	34.16

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