

## SUGAR & JAGGERY

28 May-2 June 2007

### MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market Steady to Firm
- NCDEX Sugar Traded Down
- NCDEX Gur: Range-bound and Steady

### Technical Analysis

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

NCDEX Sugar contracts traded bearish during the week. The most active July contract opened at Rs.1373/mt and traded up to test a high of Rs. 1380/mt. Afterwards, the contract traded steadily down to test a low of Rs. 1293/mt before closing at Rs. 1314/mt. June contract opened at Rs. 1340/mt and traded in the range of Rs. 1257-1344/mt, before settling at Rs. 1278/mt. Trend line shows a steep bearish trend. MACD and RSI are moving steady in the neutral region, while Stochastic is declining in the neutral region. Prices closed below above the 9 Day and 18 Day EMA. The market is expected to trade down in the coming week following a firm opening.



#### Outlook:

Prices are likely to improve slightly. 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>
July	1278	1242	1365	1416

### Technical Analysis

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

NCDEX Gur July contract opened at Rs. 551.8, traded up to test a high of Rs. 554.60 and then down to test a low of Rs. 546.60, before closing at Rs. 551.80. Volume dipped significantly, while open interest improved significantly. June contract opened at Rs. 539.6 and traded in the range of Rs. 535-542.6 before closing at Rs. 541. Prices closed at par with the 9 and 18 Day EMA. MACD is almost nearing the zero line, while RSI is rising in the neutral region. Stochastic is declining in the neutral region. The market is expected to trade range bound with bullish undertone in the coming week.



#### Outlook:

Range bound market with bullish undertone is expected. Buy on 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	547	543	555	559

## Market Commentary

### Domestic

#### Spot Sugar Market Prices Remained Firm

Sugar spot markets traded almost flat during the week. The spot prices in Delhi remained unmoved at Rs. 1310-1350/mt throughout on subdued market activity with sluggish demand and poor supply. White sugar traded weak at the international market (LIFFE) and settled at of \$ 339/tonne, while raw sugar improved at LIFFE. The low international sugar prices and bleak prospects of export from India are maintaining the sentiments low. Govt. is considering an additional relief package to bail out the sugar industry, which includes extension of the moratorium period till March 2010 and financial assistance to sugar units that missed the current crushing season. The Centre has fixed the open sale quota for June at 1.6 million tonnes,

### News Analysis:

#### Centre fixed 16 lakh tonnes of sugar for open sale quota in June

The Centre has fixed the open sale quota for June at 1.6 million tonnes, up 23% on the year to bring down mounting stocks and ensure adequate supply in the local market. The quota was raised keeping in mind the summer demand, and in order to keep domestic prices in check.

#### More sops for sugar industry

Govt. is considering an additional relief package to bail out the sugar industry, which includes extension of the moratorium period till March 2010 and financial assistance to sugar units that missed the current crushing season. ISEC to export raw sugar to a Dubai-based company.

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

India is in the process of creating an additional 3 million metric tons of buffer stocks of sugar to check a sharp fall in prices.

#### UP govt. scraps 2004-08 Sugar Industry Promotion Policy

In a fresh blow to the sugar industry, the U P govt. has decided to scrap the Sugar Industry Promotion Policy 2004-08 with immediate effect. The state is expected to formulate a new policy which would favour farmers and improve state finances.

#### Monsoon likely to leave 3 MMT sugarcane uncrushed

Early arrival of monsoon rains may force sugar factories in Maharashtra and Karnataka to shut operations leaving at least 3 million tonnes of cane uncrushed. Sugar factories have so far crushed 78.84 million tonnes of sugarcane. But still, there is 1.8 million tonnes of cane uncrushed on the fields.

up 23% on the year. The announcement of creation of additional buffer stock of 3 MMT is giving hopes to the industry. However, bumper production from India and Brazil is likely to maintain the prices on the lower side in the long term.

#### Sugar Futures Traded Bearish

NCDEX Sugar contracts traded bearish during the week. The most active July contract opened at Rs.1373/mt and traded up to test a high of Rs. 1380/mt. Afterwards, the contract traded steadily down to test a low of Rs. 1293/mt before closing at Rs. 1314/mt. June contract opened at Rs. 1340/mt and traded in the range of Rs. 1257-1344/mt, before settling at Rs. 1278/mt.

### Domestic:

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

Particulars	2-June	26-May	Change
M 30	1395-1435	1395-1435	0.00
S 30	1380-1420	1380-1420	0.00
Mill Delivery	1310-1350	1310-1350	0.00

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

Particulars	2-June	26-May	Change
Khatauli	1455	1435	+20.00
Deoband	1450	1430	+20.00
Nanoata	1400	1385	+15.00

### Jaggery at Spot Market

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

Particulars	2-June	26-May	Change
Raskat	460-470	440-450	+20.00
Chaku	575-605	550-580	+25.00
Shakkar	550-620	520-590	+30.00

### Weather Impact: (As on 2<sup>nd</sup> June 2007)

Sugarcane is at its peak harvesting stage in Maharashtra and Uttar Pradesh. Dry weather prevailing over UP is favourable for harvesting of sugarcane and optimum sugar recovery. Monsoon has hit the southern tracts of the country.

### FOREX (As on 2<sup>nd</sup> June 2007):

Foreign Currency	Rs. per unit
1 US \$	40.31
1 Euro	54.09
1 British £	79.80
100 Jap. Yen	33.03

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