

SUGAR & JAGGERY

4-9 June 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market Mixed
- NCDEX Sugar Traded Sideways
- NCDEX Gur: Traded Bullish

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: July 2007

NCDEX Sugar contracts traded sideways with bullish undertone during the week ending June 9th. The most active July contract opened firm at Rs. 1315/qrtl and traded steadily up to test a high of Rs. 1340/qrtl on government moves to respite the sugar industry. Later, the contract traded down to settle at Rs. 1321/qrtl, with a steep decline in the volumes traded and a marginal dip in the open interest. MACD and RSI are moving flat in the neutral region, while Stochastic is rising in the neutral region. Prices closed at par with the 9 and 18 Day EMAs. The market is indecisive and expected to trade range bound with a bullish undertone in the short term.



Outlook:

Prices are expected to remain range-bound. Sell on rallies towards resistance.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	1311	1300	1336	1350

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: July 2007

NCDEX Gur traded bullish during the week ending June 9th. July contract opened at Rs. 552.6/40 kg, traded steadily up to test a high of Rs. 554.60 and then down to test a low of Rs. 565.60 before closing at Rs. 559.0. Volume and open interest improved significantly. June contract opened at Rs. 538, traded up to a high of Rs. 548 and closed at Rs. 543. Prices closed above the 9 and 18 Day EMAs. MACD is rising in the neutral region, while RSI is declining in the neutral region and Stochastic is grazing the upper limit of the neutral region. Market is expected to trade up in the coming week.



Outlook:

Market is expected to trade up. Buy on corrective dips..

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
July	553	546	566	572

Market Commentary

Domestic

Spot Sugar Market Prices Wavered

Sugar spot markets traded mixed during the week. The spot prices in Delhi improved initially from Rs. 1315-1360/mtl (ex-mill prices) to Rs. 1345-1390/mtl and then slumped to Rs. 1305-1350/mtl and the week was about to end. White sugar traded weak at the international market (LIFFE) and settled at of \$ 309.90/tonne, while raw sugar improved at LIFFE. Most of the markets witnessed subdued trading activity. The govt.'s moves to respite the sugar industry were not able to lift the market sentiments. The govt. is trying to bring some relief to the ailing sector by way of additional sugar buffer stock, mandatory 5% ethanol doping in motor fuels, debt restructuring package, and promoting raw sugar exports as well as allowing ethanol production directly from sugarcane. However, all these policies are awaiting Cabinet approval. Some improvement in prices can be expected once these policies and

News Analysis:

India eyes exports to the European Union

EU sugar output is estimated at 14 MMT, down by one-third on reforms. Falling sugar production in the European countries is expected to provide an excellent opportunity for the Indian sugar exports to the European Union market.

Govt. extends the period for clearing the quota for June

After fixing a higher quota for the month of July at 16 million tonnes, the Centre has extended the period of clearing the extra quota till July 15th. However, there are allegations that the higher quota and extended period for clearing it are likely to favour hoarders.

Govt. considers mandatory ethanol doping in petrol

In a move to help the sugar industry, govt. is considering 5% mandatory ethanol blending in all commercial motor fuels with immediate effect. The proportion of ethanol is proposed to be eventually hiked to 10% by 2008. Currently, the decision of ethanol blending was left to the discretion of the oil marketing companies. Also, the govt. is in the way of allowing the production of ethanol from sugarcane directly.

ISEC sells sugar to Dubai

The Indian Sugar Exim Corporation has concluded deals with companies in Dubai to export more than 2 lakh tonnes of raw sugar in the coming season starting October. Raw sugar exports could help at a time when there is a glut in the white sugar market

Debt restructuring and financial package for sugar industry

Govt. is considering a debt restructuring and financial bail out package for sugar sector, which spans a 24 month period. The package includes central excise relaxation, a soft loan offer to the state to forward to their sugar mills, reworking the NABARD revival package with extension of the moratorium period to April 2010, working out a debt restructuring package for private sugar and amendment of Central Sales Tax Act 1956 to include ethanol blending in the list of goods of special importance. The package is intended to help the sugar mills to improve their financial health and clear bank dues and cane arrears.

packages are sanctioned by the Cabinet. However, no major uptrend in sugar prices can be expected in the medium to long term on account of the bumper productions in all the major sugar producing countries, including India.

Sugar Futures Traded Bearish

NCDEX Sugar contracts traded sideways with bullish undertone during the week ending June 9th. The most active July contract opened firm at Rs. 1315/mtl and traded steadily up to test a high of Rs. 1340/mtl on government moves to respite the sugar industry. Later, the contract traded down to settle at Rs. 1321/mtl, with a steep decline in the volumes traded and a marginal dip in the open interest. June contract opened at Rs. 1280/mtl, traded in the range of Rs. 1277-1301/mtl, before closing at Rs. 1287/mtl.

Domestic:

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

Particulars	9-June	2-June	Change
M 30	1390-1435	1395-1435	-5.00
S 30	1375-1420	1380-1420	-5.00
Mill Delivery	1305-1350	1310-1350	-5.00

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

Particulars	9-June	2-June	Change
Khatauli	1435	1455	-15.00
Deoband	1430	1450	-20.00
Nanoata	1395	1400	-5.00

Jaggery at Spot Market

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

Particulars	9-June	2-June	Change
Raskat	465-475	460-470	+5.00
Chaku	530-565	575-605	+40.00
Shakkar	580-650	550-620	+30.00

Weather Impact: (As on 9th June 2007)

Monsoon has hit the southern tracts of the country and is expected to cast its spell in Maharashtra in a few days. Rains interfere with the crushing of sugarcane as well as sugar exports.

FOREX (As on 9th June 2007):

Foreign Currency	Rs. per unit
1 US \$	40.83
1 Euro	54.53
1 British £	80.22
100 Jap. Yen	33.56

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