

SUGAR & JAGGERY

16-21 July 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market Firm to Weak
- NCDEX Sugar Traded in a Range
- NCDEX Gur Traded Range-bound with bearish tone

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: July 2007

Sugar futures traded range-bound at NCDEX. The benchmark August contract opened firm at Rs. 1346/qlt, traded in the range of Rs. 1326-1349/qlt before settling at Rs. 1328/qlt. Volume and open interest of the contract declined as compared to the previous week. The July contract traded in the range of Rs. 1256-1312/qlt and expired at a close price of Rs. 1275/qlt. Sugar futures are in a congestion phase with both volume as well as open interest declining. A breakout in either direction will lead to establish a trend in the market. All the technical indicators fail to provide any clue to the future market trend.

Sugar M Grade 0708(NCSGMQ7)2007/07/21 - Daily B:1327.00 A:1328.00
O 1333.00 H 1337.00 L 1326.00 C 1328.00 V 7,440 I 47,600 -7
EMA(9) 1335.1 (18) 1338.8 EMA(9) 1335.1



Outlook:

Sell on rallies towards resistance.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	1320	1311	1343	1357

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: July 2007

Gur futures traded range-bound with bearish tone at NCDEX. The most active August contract opened weak at Rs. 551/40kg and traded up to test a high of Rs. 558.8. Sellers emerging at higher levels pushed the prices down to test a low of Rs. 545.4, before settling at Rs. 548. Open interest of the contract improved, while volume traded dipped as compared to the previous week. All the technicals are flat and hence fail to give any clear direction of the future market trend. Hence, it is recommended to confirm the trend before initiating positions.

GUR 0708(NCGURQ7)2007/07/21 - Daily B:547.40 A:548.80
O 547.60 H 549.00 L 547.20 C 548.00 V 350 I 11,960 0
EMA(9) 549.79 (18) 552.82



Outlook:

Sell on rallies towards resistance.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
August	542.7	537.3	556.1	564.1

Market Commentary

Domestic

Spot Sugar Market Prices Remained Flat to Weak

Sugar traded almost flat to weak at the major cash markets across the country on slack demand for the commodity against ample supplies from mills offloading their July quota and lack-lustre trade. The domestic and global glut situation is seen casting a bearish spell on the sugar prices in the medium to long term. The market sentiments subdued due to reports of a record production, touching 28.5 million tonnes. The Group of Ministers meeting to discuss the sops intended for the ailing sugar sector has been postponed. Though the mills are concerned, they are optimistic that govt. would come out with concrete proposals to bail out

News Analysis:

Govt. to lift controls over gur production

The Union govt. has decided to dispense with the controls over gur to promote small-scale industries in the sector, besides helping cane growers. It has also approved amending the Sugarcane (Control) Order, 1966. The new order will help sugarcane farmers to dispose off their cane at higher prices and also will help small-scale gur industries to grow.

GoM meeting to discuss sops to sugar industry postponed

The Group of Ministers meeting to discuss the financial package and other sops for sugar sector has been postponed and is likely to be conducted some time this week. Though the sugar mills are concerned, they are optimistic that the govt. will come out with concrete proposals to bail out the industry.

NYBOT raw sugar surges to three and a half month high

World raw sugar futures rose to three and a half months high on Thursday on the NYBOT as trade houses and funds covered shorts and bought on ICE and in pit.

India exported 1.43 MMT of sugar

Indian mills have exported around 1.43 million tonnes of sugar so far in the current marketing year. This includes shipments of 26,000 tonnes of raw sugar to the US and the European Union under the duty-free quota regime.

India increased raw sugar exports allocation to EU

Govt. has increased the quota allocated for raw sugar to be exported to the European Union to 22,626 tonnes from 16,000 tonnes for the marketing year ending September 2007. Exports will take place through Indian Sugar Exim Corporation.

Maharashtra sugar mills to receive more sops

Maharashtra govt. and NABARD have accepted the demand of Co-operative Sugar Mills which included a waiver in sugarcane purchase tax, conversion of short margin of Rs. 736 crore into medium-term loan, state govt. guarantee for sanction of NABARD rehabilitation package, continuation of subsidy of Rs. 1000/tonne for import for

the sector. These sops are expected to provide some support to the falling prices in the short term, once they are sanctioned.

Sugar Futures Traded Range-bound

Sugar futures traded range-bound at NCDEX. The most active August contract opened firm at Rs. 1346/ctl and traded in the range of Rs. 1326-1349/ctl, before settling at Rs. 1328/ctl. Volume and open interest of the contract declined as compared to the previous week. The July contract traded in the range of Rs. 1256-1312/ctl and expired at a close price of Rs. 1275/ctl.

2007-08 and 2008-09 and a similar subsidy for raw sugar exports.

Domestic:

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

Particulars	21-July	14-July	Change
M 30	1410-1450	1420-1460	-10
S 30	1395-1435	1405-1445	-10
Mill Delivery	1325-1365	1335-1375	-10

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

Particulars	21-July	14-July	Change
Khatauli	1420	1425	-5
Deoband	1415	1420	-5
Nanoata	1375	1370	+5

Jaggery at Spot Market

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

Particulars	21-July	14-July	Change
Raskat	445-455	455-465	-10
Chaku	420-570	530-580	-10
Shakkar	660-725	650-700	+25

Weather Impact: (As on 21st July 2007)

Rains are expected to interfere with crushing of cane as well as sugar exports. They also cause problems in storing as well as transport of sugar from one place to another. Heavy rains in Maharashtra have caused huge crop damage in the state. They are seen dampening the demand for sugar from cool drink manufacturers.

FOREX (As on 21st July 2007):

Foreign Currency	Rs. per unit
1 US \$	40.19
1 Euro	55.61
1 British £	82.67
100 Jap. Yen	33.15

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