

SUGAR & JAGGERY

27 August-1 September, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market Flat to Weak
- NCDEX Sugar Traded Weak
- NCDEX Gur Traded Down

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: October 2007

Sugar futures traded weak at NCDEX. The most active October contract opened at 1305 and was on a steady decline throughout the week, before settling at 1283. MACD is flat to weak in the negative zone, leaving scope for movement in either side in the medium term. Stochastic and RSI are falling into the oversold region, while prices closed below the EMAs, indicating short term weakness in the market. 14-day parabolic as well as the trader system gives a sell signal. Sugar is expected to trade weak with a short to medium term target of 1266.

Sugar M Grade 0710(NCSEGM7)2007/08/25 - Daily B:1283.00 A:1284.00
O 1289.00 H 1290.00 L 1283.00 C 1283.00 V 3,210 147,080 -7
EMA(9) 1294.2 (18) 1301.0



Outlook:

Sell on rallies towards resistance.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
October	1268	1252	1306	1318

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: September 2007

Gur futures traded range bound with weak downward inclination. Most active September futures opened at 487 and traded steadily down to test a low of 471.8, before closing at 477 with a slight spurt in prices towards the last trading session of the week. Volume traded improved while open interest was lower as compared to the previous week. Prices closed below the EMAs. MACD is flat and directionless, while Stochastic is falling in the oversold region, indicating short term weakness. RSI is rising giving some firmness to the prices.

GUR 0709(NCSEGM7)2007/08/25 - Daily B:477.20 A:477.60
O 473.00 H 481.00 L 472.00 C 477.00 V 9,100 120,750 +3.4
EMA(9) 480.57 (18) 486.78



Outlook:

Sell on rallies towards resistance.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
September	470.2	463.4	485.4	493.8

Market Commentary

Domestic

Spot Sugar Market Prices Were Flat

Sugar traded flat at the major cash markets during the first half of the week on dull trade and later slumped towards the close of the week on weak demand against ample supplies from mills. Festive demand emerging from different states is likely to firm up the prices in the short term. However, the long term outlook on sugar prices remain subdued, given the glut situation. The higher kharif sugarcane acreage and higher estimates of sugar output in 2007-08 are seen casting a bearish spell on sugar prices through the next season till 2009. Fuel ethanol and surplus power production

News Analysis:

ISO forecasts higher sugar production for the 2007-08 season

International Sugar Organization forecasts a record high sugar production of 169.58 million tonnes, up 4.076 million from the last season. World consumption has been projected at 158.784 million tonnes, up 2.3% from 2006-07. Hence, world sugar production will surpass consumption by 10.8 million metric tonnes.

Limited storage space to promote exports from India, says ISO

Lack of storage space for sugar is expected to promote large scale exports from India, regardless of the world market prices. This outlook for increased exports out of India makes the global price outlook for the last quarter of 2007 particularly vulnerable.

Pakistan to import sugar from India

Pakistan is all set to import 5 lakh tonnes of white sugar from India through Wagah border to meet the domestic demand beyond November and to keep the domestic prices under check. A delay in crushing in Pakistan is likely to favor imports from India. Though, there are objections that Indian sugar is not healthy, the govt. has dismissed such allegations.

AP govt. to revamp sugar mills

Andhra Pradesh Cabinet has approved the proposal for modernization and expansion of seven co-operative sugar factories at an estimated cost of Rs. 267 crore. This would be taken up as per the feasibility report prepared by the Delhi based National Federation of Co-operative Sugar Factories.

China's sugar imports rose

China's sugar imports in July rose 10 per cent on year to 199,162 metric tonnes.

through cogeneration are two potential by-product's related opportunities.

Sugar Futures Traded Down

Sugar futures traded down at NCDEX, breaking the support levels of the recent trading range, and thereby establishing a downtrend. The most active October contract opened at 1305 and traded marginally upwards initially to test a high of 1309. Prices crashed thereafter on increased selling and the contract settled at the week's low of 1283. Volume traded and open interest of the contract was lower as compared to the previous week.

Domestic:

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

Particulars	25-August	18-August	Change
M 30	1395-1435	1415-1455	-20
S 30	1380-1420	1400-1440	-20
Mill Delivery	1310-1360	1330-1370	-20

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

Particulars	25-August	18-August	Change
Khatauli	1405	1425	-20
Deoband	1405	1425	-20
Nanoata	1340	1360	-20

Jaggery at Spot Market

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

Particulars	25-August	18-August	Change
Raskat	415-425	425-435	-10
Chaku	470-520	480-530	-10
Shakkar	600-630	620-650	-20

Weather Impact: (As on 25th August 2007)

Revival of monsoon is expected to result in higher production. Monsoon generally interferes with transportation and storage of sugar in bulk and dampens the demand for it.

FOREX (As on 25th August 2007):

Foreign Currency	Rs. per unit
1 US \$	40.98
1 Euro	55.90
1 British £	82.41
100 Jap. Yen	35.35

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