

SUGAR & JAGGERY

24-29 September, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market mostly steady
- NCDEX Sugar Surged Initially; Resumed Weakness towards Weekend
- NCDEX Gur Firmed Up Early Week; Steady Thereafter

Technical Analysis

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

Opening firm, the sugar futures traded up initially on fresh buying, but later resumed the weakness towards the close of the week. Prices closed below the EMAs, indicating a bearish market in the short to intermediate term. All the other technicals are flat and directionless, except RSI which is falling in the neutral zone, supporting the bearishness. 1273 is seen providing a good resistance to the prices.



Outlook:

Sell on rallies towards resistance.

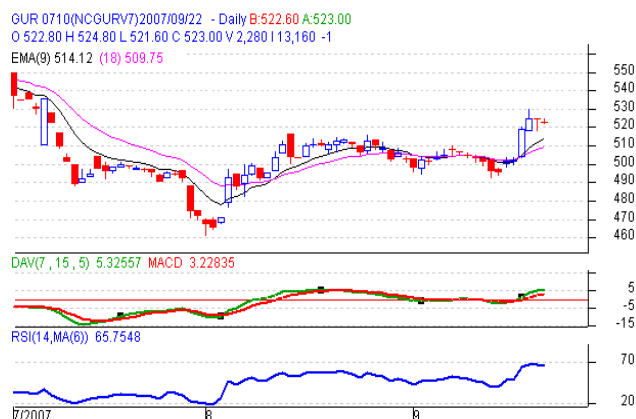
Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
October	1224	1215	1257	1266

Technical Analysis

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

The gur futures traded bullish at NCDEX. The most active October contract traded steadily up during the week and stagnated towards the close of the week. The contract opened at Rs. 500, traded in a range of 498.2-529.6, before closing at Rs. 523. Volumes also surged supporting the movement. MACD is rising in the neutral region a, while Stochastic is forming a plateau in the oversold region. RSI is almost flat. Prices closed above the EMAs.



Outlook:

Buy on corrective dips.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
October	495.7	490.0	540.7	550.0

Market Commentary

Domestic

Spot Sugar Market Prices Were Flat

Spot sugar markets remained steady during the week on improved demand amidst ample supplies from mills. The festive demand and govt. sops are expected to support the market in the short term. However, the higher acreage under sugarcane and estimated higher production are likely to maintain the prices in the lower side in the medium to long term. A further increase in supplies from India may further drag down global prices of sugar.

News Analysis:

Govt. considers extension of sugar export subsidies for a year

The govt. is likely to extend the subsidies given to sugar exporters for a year beyond April 2008. The govt. has given subsidies for exporting sugar at the rate of Rs. 1350/tonne of sugar exported to mills located in the coastal regions and Rs. 1450/tonne for mills in the interiors. This move was in tune with the WTO rules and is intended to liquidate stocks.

Govt. to allow ethanol production from sugarcane

Govt. is considering a proposal to allow sugar mills to directly produce ethanol from sugarcane juice to help mills and farmers cope up with falling prices, following record output. Also, the ethanol doping in petrol is likely to be doubled to 10% by October 2008. This will help the mills to reduce dependence on sugar prices.

India to produce 345.62 MMT of sugarcane

India's sugarcane production in 2007-08 is estimated to improve marginally to 345.62 MMT from the current year's production of 345.31 MMT. The acreage under sugarcane has also risen from 48.3 lakh hectares to 51.04 lakh ha.

Brazil's sugarcane crop estimated at 415 MMT

Brazil's main 2007-08 centre-south sugarcane crop has been revised up to about 415 million tonnes, from a previous estimate of 410 million tonnes due to better harvest conditions in August.

Maharashtra State Sees 07-08 Sugar Exports 2.0M Tons

Maharashtra, India's largest sugar-producing province by volume, plans to export 2 million tons of sugar including 1 million tons of raws in the marketing year that begins on Oct. 1. The province is projected to crush 84.4 million tons of cane next year, up from 79.8 million tons in 2006-07.

Domestic:

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

Particulars	8-September	1-September	Change
M 30	1420-1465	1425-1470	-10
S 30	1405-1450	1410-1455	-10
Mill Delivery	1335-1380	1340-1385	-10

Sugar Futures Traded Down

Opening firm, the sugar futures traded up initially on fresh buying, but later resumed the weakness towards the close of the week. The benchmark November contract opened firm at Rs. 1227 and traded steadily up to test the week's high of Rs. 1261 on Thursday. The contract slipped on the following days to close at Rs. 1239. Open interest dipped marginally amidst larger volumes traded as compared to the previous day.

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

Particulars	22-September	14-September	Change
Khatauli	1485	1485	0
Deoband	1475	1475	0
Nanoata	1385	1385	0

Jaggery at Spot Market

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

Particulars	22-September	14-September	Change
Raskat	390-400	390-400	0
Chaku	440-480	430-470	+10
Shakkar	600	600	0

Weather Impact: (As on 22nd September, 2007)

Near normal monsoon and higher acreage point towards higher production in the coming season.

FOREX (As on 22nd September, 2007):

Foreign Currency	Rs. per unit
1 US \$	39.67
1 Euro	55.88
1 British £	80.12
100 Jap. Yen	34.37

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