

SUGAR & JAGGERY

08-13 October, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market mostly steady at higher levels after an initial surge
- NCDEX Sugar traded Sideways
- NCDEX Gur traded bearish

Technical Analysis

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

Sugar futures is trading in a range and a breakout with good volumes is needed to establish a trend. A sustained close above 1235 will lead to an uptrend, while a close below 1210 will lead to a downtrend. Prices closed above the EMAs, indicating firm prices. MACD and RSI are almost flat, supporting the indecision in the market, while a falling Stochastic suggests some short term weakness in the prices. It is recommended to confirm trend before initiating positions.



Outlook:

Confirm trend before initiating positions

Support and Resistance Levels:

| Contract Month | Support Level | | Resistance Level | |
|----------------|-----------------|-----------------|------------------|-----------------|
| | 1 st | 2 nd | 1 st | 2 nd |
| December | 1196 | 1183 | 1255 | 1271 |

Technical Analysis

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

Gur futures traded sideways initially and slumped thereafter to close at Rs. 513. Prices close below the EMAs, suggesting weak prices. A southward bound RSI and Stochastic indicate further downtrend in place. MACD is also descending in the positive zone. Overall, technicals indicate a weak market in the short term. Gur futures is likely to trade down in the next week. 490-492 level is seen providing an immediate support to the falling 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 | 460.9 | 492.1 | 535.7 | 551.0 |

Market Commentary

Domestic

Spot Sugar Market Prices Were Flat

After an initial surge in spot sugar market on Monday, the sugar cash markets remained quiet at the higher level through the week on moderate demand amidst restricted supply from mills. The market is still awaiting the govt. decision on the sops intended for the sector, which is expected soon. Govt. sops, along with the festive demand, are likely to maintain the sugar market buoyant in the short term. However, the glut situation which is likely to persist till 2009 is seen casting a bearish spell on sugar prices in the long term. India is poised to produce 345.62 MMT of

News Analysis:

Uttarakhand govt. announced relief package for sugar sector

The Uttarakhand govt. announced a package of Rs. 47.58 crore to improve the financial health of the loss making sugar mills of the State. The package will be given to sugar mills in the private as well as co-operative sector. This was announced in the wake of sugar mills finding it difficult to pay back the cane arrears to farmers as the prices slumped.

India to produce 29 MMT of sugar in coming year

India may produce a record 29 MMT sugar in the coming year. This, together with closing stock of 11.9 MMT from 2006-07, has resulted in very large sugar stocks, given the nation's annual domestic consumption hovers around 19-20 MMT. High availability and low prices in the international market also disfavour exports.

Brazilian sugar drops in Center South

Sugar output in Brazil's Center South fell 6.8% in the season ended September 16 as millers chose to make more ethanol. Production in the region, accounting for 85% of national supply, dropped to 17.7 MMT from 19 MMT a year earlier, while its ethanol output rose 15% to 13 billion litres. Mills in Brazil are turning more of the sweetener into fuel as purchases of flex-fuel vehicles buoy domestic demand.

Pakistan Court allows sale of Indian sugar

Pakistan's Lahore High Court has given clearance for the sale of white sugar recently imported from India. Over 65000 tonnes of sugar imported from India were lying in railway godowns since late August, which allegedly contained higher levels of sulphur dioxide and hence not fit for human consumption. Pakistan Council of Scientific and Industrial Research (PCSIIR) tests validated that both SO₂ content and ICUMSA rating of the Indian sugar held up in Lahore were within the Codex Standards.

Russia's November raw sugar import duty to stay at \$140/tonne

Russia's raw sugar import duty for November will be \$140/tonne, the same as in October 2005-October 2007, after staying flat at \$164/tonne in January 2005-September 2005.

sugarcane in 2007-08, with a higher sugar output of nearly 30 MMT.

Sugar Futures Range-bound at NCDEX

Sugar futures traded range-bound during the week that ended on October 6th. Opening at Rs. 1218/qrtl, the most active December traded firm on Monday and thereafter traded sideways with a bearish tone to close at Rs. 1226/qrtl. The contract traded in a thin range of Rs. 1218-1228. Open interest as well as volume traded dipped as compared to the previous week.

Domestic:

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

| Particulars | 29-September | 06-October | Change |
|---------------|--------------|------------|--------|
| M 30 | 1420-1465 | 1435-1480 | +15 |
| S 30 | 1405-1450 | 1420-1465 | +15 |
| Mill Delivery | 1335-1380 | 1350-1395 | +15 |

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

| Particulars | 29-September | 06-October | Change |
|-------------|--------------|------------|--------|
| Khatauli | 1470 | 1485 | +15 |
| Deoband | 1460 | 1475 | +15 |
| Nanoata | 1380 | 1395 | +15 |

Jaggery at Spot Market

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

| Particulars | 29-September | 06-October | Change |
|-------------|--------------|------------|--------|
| Raskat | 390-405 | 375-390 | -15 |
| Chaku | 450-490 | 440-480 | -10 |
| Shakkar | 600-625 | 590-615 | -10 |

Weather Impact: (As on 06th October, 2007)

Late season rain in north and south India helps improve the outlook for developing sugarcane.

FOREX (As on 06th October, 2007):

| Foreign Currency | Rs. per unit |
|------------------|--------------|
| 1 US \$ | 39.29 |
| 1 Euro | 55.57 |
| 1 British £ | 80.27 |
| 100 Jap. Yen | 33.68 |

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