

SUGAR & JAGGERY

22-29 October, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market were steady on slack demand
- NCDEX Sugar rallied to establish a firm trend
- NCDEX Gur traded sideways with a crash on Friday

Technical Analysis

Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: December 2007

Sugar prices rallied on Thursday to establish an uptrend. Prices closed above the short term EMAs, while MACD is rising in the positive territory, supporting bullish momentum in the market. Stochastic is steady to slightly up in the neutral region, indicating firmness in the market, while RSI is dipping in the neutral region, indicating further downtrend in place.



Outlook:

Buy on corrective dips.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
December	1196	1183	1231	1271

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: December 2007

As per the NCDEX circular dated 19th October 2007, all contracts of Gur maturing in November 2007, December 2007 and January 2008 will be closed out at clearing price of the respective contracts as on October 19, 2007

Market Commentary

Domestic

Spot Sugar Market Prices Remained Steady After Opening Firm

Spot sugar traded flat during the week on weak demand due to month end cash crunch amidst ample supply from the mills. The govt. sops have lost their sheen and fail to enthuse the market any more, while festive season demand is likely to support the market till Diwali. However, any major upsides in sugar prices are likely to be capped by the additional sugar released under FSQ. The long term outlook on sugar prices remains largely bearish on account of the huge supplies in the domestic as well as global markets. However, the global sugar prices are deriving

some short term support from the sluggish Brazilian sugar outlook as well as undeterred rise in the crude oil prices.

Sugar Futures Range-bound at NCDEX

Sugar futures traded mostly firm during the week. NCDEX December contract opened firm at Rs. 1202/mtl, which was the week's low and traded steadily up to test the week's high of Rs. 1225 on Thursday. The contract traded volatile later with bearish tone reaching as low as Rs. 1205. Prices improved on Saturday to close at Rs. 1217/mtl. Open interest improved as compared to the previous week amidst lower volumes traded.

News Analysis:

Centre releases additional sugar under FSQ

The Centre has released an additional 1.45 lakh tonnes under the FSQ and this makes the quantity of sugar available for sale in the open market at 18.8 lakh tonnes. Of the additional quota released, 1.25 lakh tonnes have been allocated only for Maharashtra. This move is likely to put further pressure on sugar prices, which is already sagging under a production glut.

UP sugar mills refuse to crush on prevailing SAP

Sugar mills in UP have told the govt. that they would not begin the crushing till sugarcane prices in the state were rationalized. Straddled with huge cane arrears and a bumper crop ready for harvest, sugar mills are reluctant to start operations until the state govt. agrees to lower the state advised price (SAP).

India seen producing less sugar in 2008-09

Currently tight profit margins for the Indian sugar industry brought on by rising cane prices could cause a drop in the country's sugar output according to ISO. Despite the predicted fall in cane production, Indian sugar exports would rise to 5 MMT next season, due to large inventories.

Sluggish Brazilian outlook pushes up sugar prices

Brazil's centre south sugar output in 2008-09 is forecast to reach 26.35 MMT, up a tad from 26.04 MMT a year ago, despite a much larger cane crop. This has resulted in a short term rally in sugar prices.

Domestic:

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

Particulars	20-October	27-October	Change
M 30	1455-1500	1455-1500	0
S 30	1440-1485	1440-1485	0
Mill Delivery	1370-1415	1370-1415	0

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

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2005 Indian Agribusiness Systems Pvt Ltd.

Particulars	20-October	27-October	Change
Khatauli	1500	1500	0
Deoband	1500	1490	-5
Nanoata	1385	1385	0

Jaggery at Spot Market

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

Particulars	20-October	207-October	Change
Raskat	370-390	360-375	-10
Chaku	450-500	380-460	-70
Shakkar	480-500	400-440	-80

Weather Impact: (As on 27th October, 2007)

Late season rain in north and south India aids developing sugarcane

FOREX (As on 27th October, 2007):

Foreign Currency	Rs. per unit
1 US \$	39.42
1 Euro	56.70
1 British £	80.89
100 Jap. Yen	34.52