

## SUGAR & JAGGERY

17-22 December, 2007

### MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market traded steady to weak during the week
- NCDEX Sugar ended firm after an initial range-bound trade
- NCDEX Gur traded bearish

### Technical Analysis

**Commodity:** Sugar Grade M  
**Exchange:** NCDEX  
**Perspective:** Very Short Term (Weekly)  
**Contract:** January 2008

Prices closed above the short term EMAs, suggesting near term firmness in the market, while an upward bound RSI in the neutral region also support further uptrend. MACD is ascending hesitantly in the positive territory, indicating bullish posture of the market. RSI is flat and inconclusive in the neutral region, leaving room for movement in either direction. 1268 level is seen resisting the uptrend.



#### Outlook:

Buy on corrective dips with caution.

#### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
December	1289	1281	1368	1378

### Technical Analysis

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

Gur charts display range bound trade during the week. Close above the short term EMAs, and rising RSI in the neutral region support near-term firmness in the market. MACD has flattened out at the zero level, while Stochastic is also flat in the neutral region, leaving scope for movement in either direction. It is ideal to confirm trend before initiating positions.



#### Outlook:

Confirm trend before initiating positions.

#### Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 <sup>st</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2 <sup>nd</sup>
October	414	411	426	430

### Market Commentary

#### Domestic

##### Spot Sugar Market Prices Were Flat

Spot sugar traded steady to weak during the week on limited activities. The physical demand was reported to be

subdued during the week, amidst mills offloading their monthly quota. Moreover, mills were reportedly liquidating their stocks before the new crushing season was in its

zenith. Huge carry over stocks were also seen weighing down the market. Sugar markets are likely to be subdued during most part of the current season with recovery likely in 2009. India's carry over stocks is expected to swell to 17 MMT by the end of the current marketing year in September, as against the 7 MMT a year earlier. Though the govt. is trying to boost the sugar exports by giving incentives to millers, the global glut is seen preventing large scale orders. Meanwhile, the Allahabad High Court quashed UP govt.'s state advised price for sugarcane for the current season and recommended the constitution of a committee with representation from all stake holders to calculate sugar cane prices afresh. The HC also asked the state govt. not to take coercive action against mills which have pending cane arrears from the 2006-07 season. Besides, following appeals by sugar millers, UP govt. has acceded to lower the minimum price of sugar cane to around Rs. 90 a quintal. Centre is reportedly considering

### News Analysis:

#### HC scraps UP govt.'s SAP

Allahabad High Court quashed UP govt.'s state advised price of sugarcane for 2006-07 season. The court also recommended the constitution of a committee having representation from all stakeholders to calculate sugar prices afresh. HC also asked the govt. not to take coercive action against mills failing to pay their cane arrears.

#### Sugar output and exports seen lower than forecasts on delayed crushing

Sugar exports are likely to be trimmed to 2.5 MMT in the crop year to September 2008, from an earlier estimate of 3.5 MMT, because of lower than expected output. The output is expected to be lower than earlier forecasts because of delay in cane crushing in UP. Raw exports are likely to form the bulk of our total exports.

#### Govt. to extend export incentives for a year

Indian govt may consider extending freight incentives to sugar mills in the next fiscal year beginning April 2008 to boost exports. Country is expecting a bumper sugarcane crop that could saddle mills with excess stocks. The final decision on extending incentives will depend on the level of actual exports in the year to March.

#### UP govt. to lower SAP for sugarcane

UP govt. has acceded to lower the minimum price of sugarcane to around Rs. 90/qrtl, following numerous appeals by sugar millers. The earlier SAP of Rs. 130-140/qrtl and the interim HC price of Rs. 110/qrtl were unworkable, given the current low prices of sugar.

### Domestic:

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

Particulars	Dec-15	Dec-22	Change
M 30	1450-1465	1445-1460	-5

#### Disclaimer

extending freight incentives to sugar mills depending upon the actual exports in the financial year that ends March. Meanwhile, sugar exports are likely to be trimmed to 2.5 MMT in the current crop year, from the early estimates of 3.5 MMT, because of lower than expected output. Raw sugar exports are expected to form the bulk of total exports.

### Sugar Futures Range-bound at NCDEX

NCDEX sugar futures closed higher after trading steady to slightly weak. The most active January contract opened at Rs. 1305 and traded down initially to test a low of Rs. 1288 on Tuesday. The contract remained range-bound till Thursday and surged on Friday, before ending at Rs. 1332 after some correction on Saturday. Open interest dipped, while volumes improved as compared to the previous week.

S 30	1435-1450	1430-1445	-5
Mill Delivery	1365-1380	1360-1375	-5

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

Particulars	Dec-15	Dec-22	Change
Khatauli	1440	1450	+10
Deoband	1430	1445	+15
Nanoata	1385	1380	-5

### Jaggery at Spot Market

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

Particulars	Dec-15	Dec-22	Change
Raskat	345-350	350-355	+5
Chaku	370-390	380-400	+10
Shakkar	370-390	375-400	+10

### Weather Impact: (As on 22<sup>nd</sup> December, 2007)

Late season rains in the north and south India aid developing sugarcane crop.

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