

## SUGAR & JAGGERY

26 November-01 December, 2007

### MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market closed higher on improved demand amidst limited supplies.
- NCDEX Sugar closed marginally higher after a week of volatile trading
- NCDEX Gur chaku contracts traded down steadily during the week.

### Technical Analysis

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

Sugar futures exhibited high volatility during the week. Close below 9 Day EMA, along with falling RSI and Stochastic in the neutral region support downtrend. Oscillators have emerged from the overbought region into the neutral zone during the week. However, a rising MACD as well as close above 18 day EMA indicate inherent bullish posture of the market.

Sugar M Grade 0801(NCSGMF8)2007/12/01 - Daily B:1302.00 A:1304.00  
O 1312.00 H 1312.00 L 1295.00 C 1302.00 V 10,700 I 71,260 -8

EMA(9) 1305.1 (18) 1285.8



### Outlook:

Sell on rallies towards resistance.

### 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>
January	1272	1262	1345	1368

### Market Commentary

#### Domestic

#### Spot Sugar down after initial uptrend

Sugar prices remained mostly steady at the spot markets after an initial hike on lack-lustre trade. Demand from bulk

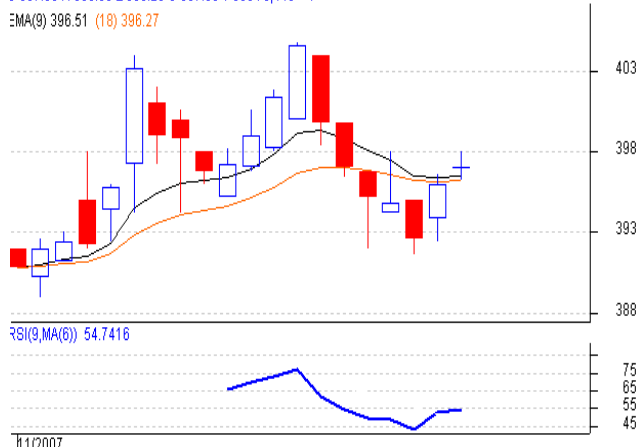
### Technical Analysis

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

Gur Chaku futures traded weak during the week with the most active December delivery contract opening at Rs. 396.8. The contract traded in a range of Rs. 391.6-398, before ending at Rs. 392.2. Prices closed below the short term EMAs, suggesting weak market. A dipping RSI in the neutral region support the downtrend.

3URCHMUZR 0712(NCCHMZ7)2007/11/30 - Daily  
O 397.00 H 398.00 L 396.20 C 397.00 V 800 I 6,440 +1

EMA(9) 396.51 (18) 396.27



### Outlook:

Sell on rallies towards resistance.

### 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	389	391.4	398	404

consumers and stockists was limited amidst weak supply from mills. Mills have reportedly sold off their November quota and there was no selling pressure in the market.

Centre has released 13 lakh tonnes of sugar under FSQ for the month of December. Prices are likely to depress once crushing gains pace. Following protests from farmers and strict govt. orders, most of the sugar mills in UP have begun the new crushing season. The long term outlook on sugar prices continues to remain bearish, given the huge supplies accumulated. The 2007-08 season has opened with estimated stocks of 11.5 MMT and assuming production to be at last season's level, domestic consumption of 21 MMT and export of 4 MMT, mills would end with even higher stocks of 14-15 MMT. Recovery is likely in 2009 when

### News Analysis:

#### Indian sugar subsidy within WTO norms

India has said that subsidies on transport of sugar given to exporters of the commodity are compatible with the norms laid out by World Trade Organisation. Australia and Thailand had approached WTO, objecting to the subsidies given by India. India has been subsidising the transport costs for sugar exporters since April.

#### Sugar mills start crushing

Following protests from farmers and strict govt. orders, most of the sugar mills in UP are in the process of starting the new crushing season. Pressure has built against mills to procure and start crushing so as to free the fields for the wheat crop.

#### Cane arrears of UP mills to treble next season

The private sugar mills in UP are expected to owe about Rs. 3000 crore in arrears to cane farmers at the start of the next season. This follows the Allahabad court order fixing the cane price at Rs. 100 a quintal. While the private mills owed about Rs. 1000 crores to farmers at the start of the current season, it is expected to treble next season as they don't have the resources to make the entire cane payment.

#### Maharashtra mills crush less cane to produce less sugar

Sugar production in Maharashtra is down 27% with mills crushing almost 35% less cane so far during the current season. However, the gap is expected to be bridged in the coming weeks. Mills recorded a higher sugar recovery as compared to that in 2006-07 season.

### Domestic:

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

Particulars	24-November	01-December	Change
M 30	1445-1490	1455-1500	+10
S 30	1430-1475	1440-1485	+10
Mill Delivery	1360-1405	1370-1415	+10

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

### Disclaimer

farmers would plant less sugarcane due to weak prices and stocks would start to fall.

#### Sugar Futures Surged at NCDEX

NCDEX sugar futures surged on Monday, remained range-bound during the rest of the week to close lower. The most active January contract opened at Rs. 1306 and surged to test the week's high of Rs. 1368 on Monday, after which the contract traded sideways and closed at Rs. 1295. Open interest dipped, while volumes traded improved as compared to the previous week.

Particulars	24-November	01-December	Change
Khatauli	1520	1525	+5
Deoband	1515	1520	+5
Nanoata	1395	1410	+15

### Jaggery at Spot Market

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

Particulars	24-November	01-December	Change
Raskat	335-345	310-320	-25
Chaku	365-390	335-375	-30
Shakkar	350-390	350-380	-10

### Weather Impact: (As on 1<sup>st</sup> December, 2007)

Late season rain in north and south India aids developing sugarcane

### FOREX (As on 1st December, 2007):

Foreign Currency	Rs. per unit
1 US \$	39.46
1 Euro	58.27
1 British £	81.01
100 Jap. Yen	35.58

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.