

SUGAR & JAGGERY

10-15 December, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market Traded Steadily down on lack of demand
- NCDEX Sugar Ended Lower
- NCDEX Gur recovered after initial slump

Technical Analysis

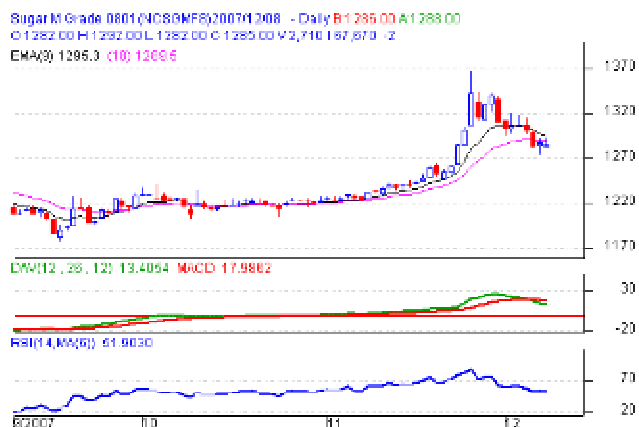
Commodity: Sugar Grade M

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: January 2008

Trend line displays a downward tendency. Prices closed below the short term EMAs, suggesting weakness; as does a dipping Stochastic in the neutral region. RSI is flat and inconclusive in the neutral zone, while MACD is dipping in the positive territory, indicating decrease in bullish momentum. However, the bullish crossover made by MACD is favouring bulls in the medium term.



Outlook:

Sell on recovery towards resistance.

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	1262	1250	1320	1339

Market Commentary

Domestic

Spot Sugar Market Weak on Slack Demand

Sugar traded weak in the major cash markets across the country on limited uptake by stockists and bulk consumers amidst ample supply from mills and lack lustre trading. The

Technical Analysis

Commodity: Gur (Jaggery)

Exchange: NCDEX

Perspective: Very Short Term (Weekly)

Contract: January 2008

After an initial slump gur futures recovered at NCDEX. Prices closed well above the short term EMAs, suggesting firmness. RSI is also rising sharply in the neutral region, supporting further uptrend.



Outlook:

Buy on corrective dips

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	411	418.2	424	430

prices are expected to witness further downtrend once the crushing gains momentum and the market is weighed down by fresh supplies. Sugar prices are seen dribbling lower in 2008 as a global glut takes its toll. However, India is likely to produce less sugar than the earlier forecasts due to

delay in crushing cane, easing a glut that has slashed global prices. Output is likely to be around 28.3 MMT in the year to September 30, 2008. A viable strategy for raw sugar exports and optimum ethanol policy are seen as way out of the crisis of plenty. Indian sugar entering a down phase in production and Brazil diverting more cane to ethanol production could stage a recovery in 2009 amidst surging global demand.

Sugar Futures Ended Lower at NCDEX

News Analysis:

India to counter Australia, Thailand on sugar subsidy

World's two leading sugar exporters, Australia and Thailand have questioned India's inland transport subsidy for sugar exports at the WTO. India has not only come out in defence of its measures, but is also gearing up to counter question the support given by these two countries to their sugar sector. Indian commerce minister has maintained the measure as WTO compatible.

Indonesia's sugar import news bearish on Indian market

With Indonesia's sugar output expected to soar, the Indonesian Sugar Council expects output of white sugar from domestic cane plantations to hit 2.4-2.5 million tonnes this year. Market sentiments in India were hurt by the news that Indonesia may not import sugar next year to due higher domestic sugar stocks.

Maharashtra mills bullish on raw sugar exports

Mills in Maharashtra are hopeful of shipping out 7-9 lakh tonnes of raw sugar in addition to 15 lakh tonnes of plantation whites during the current crushing season. Besides being dextran-free, our raw sugar enjoys a freight advantage of \$35-40 a tonne over Brazil. For our mills, raw sugar manufacturing entails lower processing cost of Rs. 500 a tonne over plantation whites, in addition to the savings on interest and storage cost.

Banks to give second chance to ailing sugar companies

The Reserve Bank of India has allowed banks to give ailing sugar companies a second chance to restructure their loans. So far, a loan can be restructured only once under the corporate debt restructuring forum, where all banks jointly settle a loan account with the borrower.

Indian sugar output likely to miss forecast

India may make less of the sweetener than earlier forecasts, easing a glut that has slashed global prices. Output is likely to be marginally higher than the previous season at 28.3 MMT in the year to September 30, 2008. A delay in crushing in Maharashtra and UP has caused production to drop 30% in the two months ended November.

Domestic:

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

Particulars	08-December	01-December	Change
M 30	1420-1465	1455-1500	-35

Sugar futures traded steadily down at NCDEX during the week ending 8th December. The most active January contract opened at 1302 and traded up to test the week's high of 1320 on Monday itself. The contract then slipped steadily to test the week's low of 1274 on Friday, before ending after a small recovery at 1285. Open interest and volume were lower as compared to the previous week.

S 30	1405-1450	1440-1485	-35
Mill Delivery	1335-1380	1370-1415	-35

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

Particulars	08-December	01-December	Change
Khatauli	1480	1525	-45
Deoband	1475	1520	-45
Nanoata	1395	1410	-15

Jaggery at Spot Market

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

Particulars	08-December	01-December	Change
Raskat	300-318	310-320	-10
Chaku	360-387	335-375	+25
Shakkar	355-380	350-380	-5

Weather Impact: (As on 08th December, 2007)

Late season rain in north and south India helps is seen favouring developing sugarcane.

FOREX (As on 07th December, 2007):

Foreign Currency	Rs. per unit
1 US \$	39.17
1 Euro	57.39
1 British £	79.45
100 Jap. Yen	35.08

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