

SUGAR & JAGGERY

10-15 December, 2007

MAJOR ACTIVITY HIGHLIGHTS

- Spot Sugar Market Slumped on Poor Offtake
- NCDEX Sugar Traded Volatile in a Range
- NCDEX Gur steadily declined during the week

Technical Analysis

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

Sugar charts display a range-bound trade. Prices closed above the short term EMAs, suggesting firmness; as does an upward bound RSI in the neutral region. Stochastic oscillator is also rising hesitantly in the neutral region, favouring bulls. However, MACD is falling steadily in the positive territory, indicating decreasing bullish momentum in the market.



Outlook:

Sell on rallies towards resistance

Support and Resistance Levels:

Contract Month	Support Level		Resistance Level	
	1 st	2 nd	1 st	2 nd
January	1274	1262	1320	1339

Market Commentary

Domestic

Spot Sugar Market Slumped on Poor Offtake

Sugar prices slumped at the cash markets during the week on poor offtake from stockists and bulk consumers amidst adequate supply from mills and dull trading. Crushing is in

Technical Analysis

Commodity: Gur (Jaggery)
Exchange: NCDEX
Perspective: Very Short Term (Weekly)
Contract: January 2008

Gur futures showed a gradual downtrend at NCDEX during the week. Prices closed below the short term EMAs, suggesting weakness. A southward RSI in the neutral region as well as a dipping Stochastic in the neutral region support further downtrend in the market.



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	411	403.2	423	430

full swing in most of the mills of the country, which is seen pressurizing the markets. Besides, the carry over stocks at the beginning of the current season is also seen weighing down the market. However, the likelihood of sugar output missing the forecasts due to delayed crushing is seen

supporting the market in the short term. No major advances in sugar prices are likely till 2009, given the huge stocks accumulated during the two seasons of bumper production. However, with India entering a down-phase of production and Brazil diverting more of cane to ethanol production, a recovery can be expected by 2009 on potential global demand. The international sugar prices witnessed slight improvement, but the upside was capped by the news that India would be doubling its exports to 3 MMT. India enjoys freight advantage over Brazil for certain destinations, like UAE and other Gulf countries, Egypt, China, Bangladesh, Indonesia and Africa. The high court stay on the move to privatize 28 sugar mills and three distilleries of UP

News Analysis:

India's sugar exports likely to double

The sugar exports of India are likely to double at around 30 lakh tonnes in the ongoing season as it enjoys freight advantage over Brazil for certain destinations like Gulf countries including UAE, Egypt, China, Bangladesh, Indonesia and Africa. The exports of raw sugar are estimated at around 20 lakh tonnes, while those of white sugar are at 10 lakh tonnes.

Ethanol output gains eclipse sugar growth in Brazil

Brazil is reportedly using less of sugarcane to make sugar as it accelerates production of ethanol to keep pace with the surging demand. The demand for ethanol from Brazilian motorists is expected to grow again next year.

Privatisation of sugar mills resumed

The high court stay order on UP govt. move to privatize 28 sugar mills and three distilleries of UP Cooperative Sugar Factories Federation has been vacated. It has been decided that the state cane commissioner will look after the privatization of cooperative sugar factories.

Delayed crushing to lower sugar output

Indian sugar output this season is likely be lower than the industry forecasts due to delayed crushing. With firms in key growing state of UP delaying crushing for a few weeks after the govt. insisted they pay farmers more for cane than they are getting for sugar, output is expected to fall. Crushing older cane reduces sugar yield.

Domestic:

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

Particulars	15-December	08-December	Change
M 30	1450-1465	1425-1440	-25
S 30	1435-1450	1410-1425	-25
Mill Delivery	1365-1380	1340-1355	-25

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

Disclaimer

Cooperative Sugar Factories Federation has been vacated. Meanwhile, Brazil is reportedly using less of sugarcane crop to make sugar as it accelerates production of ethanol to keep pace with surging demand.

Sugar Futures Traded Volatile in a Range at NCDEX

NCDEX most active January delivery futures traded volatile in a range after opening at 1307. The contract traded in a range of 1281-1310, before closing at 1306. Open interest improved amidst lower volumes as compared to a week ago.

Particulars	15-December	08-December	Change
Khatauli	1440	1480	-40
Deoband	1430	1475	-45
Nanoata	1385	1395	-10

Jaggery at Spot Market

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

Particulars	15-December	08-December	Change
Raskat	330-345	300-318	+20
Chaku	370-390	360-387	+10
Shakkar	370-390	355-380	+15

Weather Impact: (As on 15th December, 2007)

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

FOREX (As on 14th December, 2007):

Foreign Currency	Rs. per unit
1 US \$	39.32
1 Euro	56.78
1 British £	79.44
100 Jap. Yen	34.69

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