

SUGAR

1st March 2007

SPOT MARKETS

Spot market prices of sugar were quoted on stronger side at major trading centers like Delhi and Muzaffarnagar on slight demand. While, prices in Kolkata declined on weak demand coupled with increased supply from mills to offload their allotted free sale quota. Meanwhile, to prevent the continuing downside of sugar prices and to enable mill owners to pay atleast statutory minimum prices to farmers, the Maharashtra state sugar commissioner has directed the mills to sell sugar not below levy prices, which remains in the range of Rs. 1334-1345/qtt. This move will provide some support to the falling sugar prices. However, with global oversupply and continued glut in sugar worldwide markets, sugar prices are likely to remain on lower side in long term.

FUTURES MARKETS

Sugar futures on the NCDEX observed weak sentiment with bearish undertone. April contract opened at its previous level of Rs. 1464 and traded upwards initially and tested a high of Rs. 1482. However, selling pressure at higher level pushed the futures to trade downwards and settled in the negative territory. April contract moved in the range Rs. 1482-1455/qtt, while March contract fluctuated in the range of Rs. 1533-1512/qtt. Volume increased and open interest increased significantly.

PRICE DRIVERS

1. Slight demand
2. Crushing at its pick in UP and Maharashtra
3. Higher quotes from mills
4. Release of 13 lt free sale quota for Feb'07
5. Estimated bumper production in sugar

WEATHER

Weather is favourable for harvesting of mid-season sugarcane crop and recently sown seasonal sugarcane.

TECHNICALS

NCDEX April contract, candlestick chart pattern exhibits bearish sentiment. Technical indicator Stochastic and RSI is in normal region. Stochastic favour the bulls while RSI favour the bears. MACD is in negative region and favour the bulls, prices managed close between 9 days and 18 days EMA. Market is expected to trade downwards following a steady to slightly weak opening with possibility of slight late upward movement.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-April Contract	1440	1436	1457	1470	1480

TRADE RECOMMENDATION:

SELL NCDEX - April Sugar M below 1460 with **target** towards 1450 then second target of 1448. **Stop loss** near 1465. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtt

Origin/Grade	Center	28.02.07	27.02.07	Change
Ready Sugar (M Grade)	Delhi	1485-1540	1485-1535	+5
Ready Sugar (S Grade)	Delhi	1470-1525	1470-1520	+5
Mill Delivery	Delhi	1400-1455	1400-1450	+5

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>