

SUGAR

14th April 2007

SPOT MARKETS

Sugar prices eased further at the major markets of Delhi and Kolkata on weak physical demand, while markets remained closed in Muzaffarnagar due to elections there. Internationally, white sugar prices improved to \$348, up \$10 from the Thursday's level of \$338 on improved buying support coupled with delay in Brazil's cane harvest. However, prices are expected to decline after the start of Brazil's cane harvest, which is expected to hit the market after April 15. Brazil is expected to produce 31.15 million tonnes of sugar in 2007/08, with an export surplus of 20.75 million tonnes, compared with 30.14 million tonnes and exports of 19.28 million tonnes last season. In Lahore, the finance ministry has decided not to allow Indian sugar into Pakistan as it could deepen the local industry crisis further and hit growers' payment and is considering doubling the import duty on sugar, which further block the export opportunity for India.

FUTURES MARKETS

Sugar futures at NCDEX observed firm sentiment with bullish tone. May contract opened weak at Rs. 1370/qttl, down Rs. 5 against the previous close of Rs. 1375/qttl and traded downwards initially testing a low of Rs. 1364/qttl. However, increased buying interest at lower level supported the futures to trade upward and settled in the positive side. May contract moved in the range of Rs. 1364-1390/qttl, while the April contract traded in the range of Rs. 1349-1377/qttl. Volume declined significantly while open interest increased marginally.

PRICE DRIVERS

1. Govt. decided to create buffer stock and to give export subsidy for export of sugar.
2. Estimated bumper production this year
3. Lower FSQ for April-June at 38 LT
4. Increased sugarcane estimate at 322.94 MMT
5. In Gujarat sugar industry sets fixed floor price
6. Maharashtra sugar mills slash their export floor price
7. Maharashtra centre announced special package for sugar industry

WEATHER

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

TECHNICALS

NCDEX May contract; candlestick chart pattern exhibits bullish sentiment. Technical indicator Stochastic has made a bullish cross over in oversold region and RSI is rising in oversold region. MACD is moving downward in negative region, which show increase in bearishness. Prices closed far below the short term EMA that indicates short-term weakness in prices. Market is expected to trade downwards following steady to slightly firm opening.

NCDEX Sugar M Grade May Contract:



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-May Contract	1350	1345	1389	1400	1408

TRADE RECOMMENDATION:

SELL NCDEX - May Sugar M below 1390 with **target** towards 1380 then second target at 1375. **Stop loss** near 1395. Do not carry-forward the position until the next day.

Spot Market Prices (Rs./qttl)

Origin/Grade	Center	13.04.07	12.04.2007	Change
Ready Sugar (M Grade)	Delhi	1435-1470	1435-1475	-5
Ready Sugar (S Grade)	Delhi	1420-1455	1420-1460	-5
Mill Delivery	Delhi	1350-1385	1350-1390	-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