

SUGAR

4th May 2007

SPOT MARKETS

Sugar spot prices slipped at the major markets of Muzaffarnagar, Delhi and Kolkata due to weak physical demand. The export sops and govt. procurement of sugar for buffer stocks has not helped to improve the falling sugar prices. The increased estimate of sugar output at 27-28 million metric tonnes and unviable export due to falling international prices tend maintained the sugar market bearish in the medium and long term. White sugar traded higher at \$310.90/tonne at LIFFE, \$2.60 above the previous close. The domestic prices of sugar are expected to remain on the lower side in the medium and long term.

FUTURES MARKETS

Sugar futures at NCDEX traded bearish. June contract opened at Rs. 1280/ctl, Re. 3 down against the previous close and traded downward testing a low of Rs.1255/ctl before closing at Rs. 1256/ctl. The volume of June contract traded increased by over 7000MT, while open interest decreased by 1000 MT. May contract opened at Rs. 1260/ctl and traded in the range of Rs. 1232-1262/ctl before settling at Rs. 1235/ctl.

PRICE DRIVERS

1. Govt. started procuring sugar for buffer stock.
2. Govt. notified export subsidy
3. Strengthening Rupee Vs Dollar
4. Estimated bumper production this year
5. Lower FSQ for April-June at 38 LT
6. Increased sugar estimate at 27-28 MMT
7. Maharashtra govt. announced special package for sugar industry

WEATHER

Weather is favourable for harvesting of mid-season sugarcane crop and recently sown seasonal sugarcane. Generous winter rains and adequate irrigation will support early growth of the new crop.

TECHNICALS

Candlestick chart pattern indicates a bearish market. Prices are below 9 Day and 18 Day EMA. Stochastic is moving slightly downwards in the oversold region. RSI and MACD indicate an extremely oversold market. All the indicators point towards a strongly bearish trend. Market is expected to trade downwards in the medium and long term.

NCDEX Sugar M Grade June Contract:



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- June Contract	1238	1235	1256	1275	1280

TRADE RECOMMENDATION:

Sell NCDEX - June Sugar M below 1260 with target towards 1245 then second target at 1242. Stop loss near 1268. Do not carry-forward the position until the next day.

Spot Market Prices (Rs./ctl)

Origin/Grade	Center	03.05.07	02.05.07	Change
Ready Sugar (M Grade)	Delhi	1325-1355	1335-1365	-10.00
Ready Sugar (S Grade)	Delhi	1315-1340	1320-1350	-10.00
Mill Delivery	Delhi	1240-1270	1250-1280	-10.00

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>

© 2005 Indian Agribusiness Systems Pvt Ltd.