

■ SUGAR

■ July 2nd, 2007

SPOT MARKETS

Sugar spot prices improved at most of the major markets of Muzaffarnagar, Delhi and Kolkata on improved physical demand against restricted arrivals. Sources reported of good demand from retailers and bulk consumers during the Saturday's trade. Further, lower FSQ for the quarter July-September coupled with hopes of more financial support by govt. is restricting downward slide in prices. The Centre is actively considering the financial sops for the ailing sugar industries which includes waiver in cess and duties, making 10% ethanol blending mandatory with uniform duty across the country and providing subsidy for the maximum export of raw sugar. Moreover, the sugar industry awaits report from the committee headed by NABARD's executive director on extension in moratorium upto March 2010. If the industry is provided with some more sops prices are expected to improve further.

FUTURES MARKETS (NCDEX)

NCDEX Sugar futures witnessed narrow range bound trade with bullish tone. July contract opened firm at Rs. 1362/qrtl, up Rs. 8 against the previous close of Rs. 1354/qrtl. Futures traded in a narrow range of Rs 1358-1367/qrtl and finally settled in the positive side. In July contract Volume declined significantly while open interest increased marginally.

PRICE DRIVERS

1. Domestic and global glut
2. Lower FSQ for the quarter Jul-Sept at 36 lt
3. Extension of period of clearance of FSQ
4. Govt. raised buffer stock by 3 million tonnes
5. Debt restructuring and financial package
6. Improve domestic demand

WEATHER IMPACT

Monsoon rains in Maharashtra may interfere with the crushing of cane as well as sugar exports.

TECHNICALS (NCDEX)

Candlestick chart pattern shows indecisive market. MACD and EMA indicate for medium term firmness. Stochastic is moving down in over bought region while RSI is rising in over bought region. Market is expected to trade up following steady to slightly firm opening with possibility of late downward movement.

NCDEX Sugar M Grade July Contract

Sugar M Grade 0707(NCSGMN7)2007/06/30 - Daily B:1363.00 A:1365.00
O 1362.00 H 1367.00 L 1358.00 C 1363.00 V 12,930 I 49,970 +9
EMA(9) 1338.4 (18) 1326.8



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1359	1347	1363	1390	1398

TRADE RECOMMENDATION

Buy NCDEX - July Sugar M above 1365 with target towards 1375 then second target at 1380. Stop loss near 1360. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	30.06.07	29.06.07	Change
Ready Sugar (M Grade)	Delhi	1395-1435	1385-1425	+10
Ready Sugar (S Grade)	Delhi	1380-1420	1370-1410	+10
Mill Delivery	Delhi	1310-1350	1300-1340	+10

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MCX Futures Prices (Rs./qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	July	1316	1328	1312	1320	1312	+8
	August	1328	1328	1315	1321	1316	+5

MCX Sugar – Kolhapur Review

Sugar-Kolhapur futures traded up at MCX with the July contract opening firm at Rs. 1316/qtl and tested a low of Rs 1312/qtl. However, traded up on buying interest and settled in the positive side. MACD is moving up in the neutral zone. RSI and Stochastic is rising in the over bought region. Technicals indicate a bullish market.

SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-SUGARSKLP-July	1305	1300	1320	1340	1345

MCX Sugar - Kolhapur July Contract

SUGARSKLP 0707(MXSUGN7)2007/06/30 - Daily B:1322.00 A:1330.00
O 1316.00 H 1328.00 L 1312.00 C 1320.00 V 10 T 10 I 39 +8
EMA(9) 1292.7 (18) 1278.1



TRADE RECOMMENDATION

Buy MCX - July SugarSKLP above 1322 with target towards 1330 then second target at 1335. Stop loss near 1318. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on June 29, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
July 2007	9.06	9.45	9.03	9.09	0.01
October 2007	9.65	9.71	9.45	9.45	-0.09
March 2008	10.10	10.15	9.96	10.01	-0.07
LIFFE Sugar Prices (US\$/MT)					
August 2007	321.90	321.90	319.50	320.50	-0.90
October 2007	309.80	310.70	308.50	308.80	-0.90
December 2007	305.60	306.30	304.70	304.70	-0.40

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