

## ■ SUGAR

■ June 14, 2007

### MARKETS

Sugar spot prices slumped further at the major markets of Muzaffarnagar, Delhi and Kolkata on poor buying interest against increased selling pressure. The only trigger for any improvement in prices would come when the government announces the intended sops for the sugar industry, which include creation of an additional sugar buffer stock, allowing production of ethanol directly from sugarcane, mandatory 5% ethanol doping in all commercial motor fuels, debt restructuring and financial package, promotion of raw sugar exports etc. Prices are likely to improve once the govt. approves the sops. However, the domestic and global glut situations tend to maintain the prices on the lower side in medium to long term.

### FUTURES MARKETS

Sugar futures at NCDEX traded volatile with prices improving on short covering. The most active July contract opened weak at Rs. 1298/qrtl, Rs. 2 down the previous close of Rs. 1300/qrtl. The contract down initially to test a low of Rs. 1294/qrtl and then improved on some buying interest to test a high of Rs. 1310/qrtl. The contract settled at Rs. 1299/qrtl with a significant improvement in volumes and slight dip in open interest. The June contract opened weak at Rs. 1256/qrtl and traded in the range of Rs. 1241-1262/qrtl, before closing at Rs. 1244/qrtl.

### PRICE DRIVERS

1. Domestic and global glut
2. FSQ for June fixed at 16 lakh tonnes
3. Extension of period of clearance of FSQ
4. Additional buffer stock
5. Debt restructuring and financial bail out package for sugar sector
6. Mandatory 5% ethanol doping in motor fuels
7. UP scraps Sugar Promotion Policy 2004-08

### WEATHER

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

### TECHNICALS

Candlestick pattern shows an indecisive market with prices closing below 9 and 18 Day EMAs. MACD is falling in the negative region. RSI is steady in the neutral region. Stochastic is declining in the neutral region. Technicals speak of a bearish market in the short term.

### NCDEX Sugar M Grade July Contract



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1276	1251	1299	1339	1360

### TRADE RECOMMENDATION

**Sell** NCDEX - July Sugar M near with target towards 1295 then second target at 1290. Stop loss near 1317. Do not carry forward the position until the next day.

### Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	13.06.07	12.06.07	Change
Ready Sugar (M Grade)	Delhi	1370-1415	1380-1425	-10
Ready Sugar (S Grade)	Delhi	1355-1400	1365-1410	-10
Mill Delivery	Delhi	1285-1330	1295-1340	-10



## ■ SUGAR

■ June 14, 2007

### MCX Futures Prices (Rs./qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	June	1175	1228	1175	1220	1223	-3
	July	1221	1226	1220	1222	1234	-12
	August	1231	1235	1231	1235	1242	-7

### INTERNATIONAL FUTURES QUOTES (as on June 12, 2007)

#### NYBOT Sugar No. 11 Prices (US Cents/lb)

Contract Month	Open	High	Low	Close	Change
July 2007	8.63	8.66	8.52	8.56	-0.20
October 2007	8.92	8.95	8.83	8.92	-0.13
March 2008	9.35	9.43	9.34	9.43	-0.12

#### LIFFE Sugar Prices (US\$/MT)

Contract Month	Open	High	Low	Close	Change
August 2007	310.50	310.90	307.20	309.10	-2.40
October 2007	305.00	305.00	302.00	303.00	-2.60
December 2007	297.20	297.50	296.50	296.70	-2.50

#### 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>

© 2007 Indian Agribusiness Systems Pvt Ltd.