



■ SUGAR

■ June 8, 2007

MARKETS

Sugar spot prices eased at Delhi on slack demand and lack-lustre trade. Traders reported that demand is very low owing to lack of takers for the commodity at the higher prices quoted by mills. Prices remained unmoved at Muzaffarnagar markets on subdued trading activity. Markets sentiments are maintained low by govt. moves of scrapping sops to sugar industry in UP and increasing the FSQ for June. However, govt. is in the way of helping the industry by increasing buffer stock to 5 MMT and extending period of clearing quota till July 15th. Govt. is also considering Food Ministry's proposal to make 5% ethanol doping in petrol mandatory from Oct onwards as well as doubling the proportion of ethanol to 10% by 2008. Govt. is planning debt restructuring of sugar mills as well. However, no major uptrend can be expected in sugar prices on account of bumper productions in all major sugar producing countries, including India.

FUTURES MARKETS

Sugar futures at NCDEX traded range bound with bearish undertone. July contract opened weak at Rs. 1329/qrtl, Re. 1 below the previous close of Rs. 1330/qrtl, traded upwards to test a high of Rs. 1333/qrtl and then down to test a low of Rs. 1321/qrtl and settled at Rs. 1326/qrtl. Volume declined marginally, while open interest improved slightly. June contract opened weak at Rs. 1288/qrtl, traded in the range of Rs. 1284-1294/qrtl before settling at Rs. 1286/qrtl.

PRICE DRIVERS

1. Domestic and global glut
2. Increased sugar estimate at 27 MMT
3. FSQ for June fixed at 16 lakh tonnes
4. Extension of period of clearance of FSQ
5. UP Govt. scraps sops for sugar industry
6. Additional buffer stock

WEATHER

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

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	07.06.07	06.06.07	Change
Ready Sugar (M Grade)	Delhi	1390-1435	1415-1460	-25.00
Ready Sugar (S Grade)	Delhi	1375-1420	1400-1445	-25.00
Mill Delivery	Delhi	1305-1350	1330-1375	-25.00

TECHNICALS

Candlestick pattern shows a range-bound market with bearish undertone. Prices closed above 9 and 18 Day EMAs. MACD and RSI are moving almost flat in the neutral region. Stochastic is rising in the neutral region. The market is expected to trade sideways with a bearish undertone following firm opening.

NCDEX Sugar M Grade July Contract



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1301	1294	1326	1348	1358

TRADE RECOMMENDATION

Sell NCDEX - July Sugar M less than 1329 with target towards 1320 then second target at 1315. Stop loss near 1335. Do not carry forward the position until the next day.

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.