



■ SUGAR

■ June 19, 2007

SPOT MARKETS

Sugar prices eased at the major markets of Muzaffarnagar, Delhi and Kolkata on poor demand against ample supplies from mills. Markets witnessed subdued trading activity on account of poor retail and wholesale demand. Govt. sops intended for the sugar industry are awaiting Cabinet's approval. Prices are expected to improve slightly in the short term when govt. announces the sops. However, no major uptrend in prices can be expected in the medium to long term owing to glut situations in domestic and global market. The latest reports show that the sowing of sugarcane is low in the country. Acreage of sugarcane so far in 2007 is lower on year at 4.40 million ha, down from 4.5 million ha in 2006. The falling sugar prices and accumulating cane arrears are forcing growers to switch to more profitable crops. However, experts predict that the lower acreage will not impact the sugar production in the coming season adversely.

FUTURES MARKETS (NCDEX)

NCDEX Sugar traded range bound with bearish undertone. The most active July contract opened at the previous day's close of Rs. 1286 and it traded sideways, testing a high of Rs. 1288/mtl and low of Rs. 1279/mtl, before closing at Rs. 1283/mtl. Volumes dipped significantly, while open interest improved marginally. June contract opened weak at Rs. 1225/mtl, traded in the range of Rs. 1219-1228/mtl and settled at Rs. 1222/mtl.

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 package
6. Mandatory 5% ethanol doping in motor fuels
7. UP scraps Sugar Promotion Policy 2004-08

WEATHER IMPACT

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

TECHNICALS (NCDEX)

Candlestick pattern formed shows an indecisive market. Prices closed well below 9 and 18 Day EMAs. RSI is flat in neutral region. MACD is moving down in oversold region. Stochastic is about to give a bullish cross over in the oversold region. Stochastic exhibits chances of trend reversal. It is recommended to confirm the uptrend before taking long positions.

NCDEX Sugar M Grade July Contract



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1254	1245	1286	1331	1360

TRADE RECOMMENDATION

Sell NCDEX - July Sugar M near 1279 with target towards 1267 then second target at 1264. Stop loss near 1285. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /mtl)

Origin/Grade	Center	18.06.07	16.06.07	Change
Ready Sugar (M Grade)	Delhi	1385-1425	1390-1430	-5
Ready Sugar (S Grade)	Delhi	1370-1410	1375-1415	-5
Mill Delivery	Delhi	1300-1340	1305-1345	-5

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MCX Futures Prices (Rs./qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	June	1242	1242	1225	1234	1237	-3
	July	1238	1238	1238	1238	1237	+1
	August	1200	1245	1200	1244	1244	0

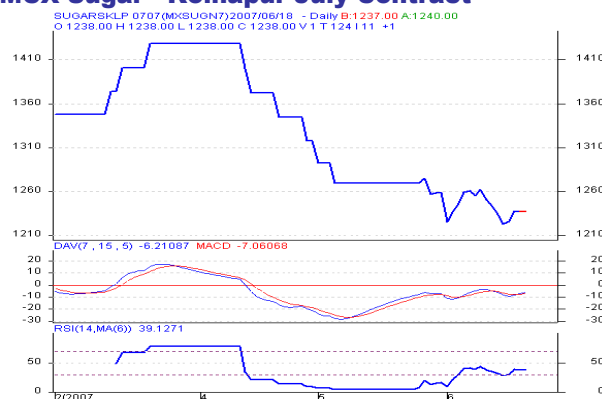
MCX Sugar – Kolhapur Review

Sugar-Kolhapur futures traded weak at MCX with the July contract trading at Rs. 1238/qtl through the day. June contract opened at Rs. 1242/qtl, traded in the range of Rs. 1225-1242/qtl and closed at Rs. 1234/qtl. MACD is rising in negative region, while stochastic is steady in neutral region. Market is expected to trade sideways with bearish undertone.

SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-SUGARSKLP-July	1214	1205	1238	1264	1274

MCX Sugar - Kolhapur July Contract



TRADE RECOMMENDATION

Buy MCX - July SugarSKLP near 1225 with target towards 1235 then second target at 1240. Stop loss near 1220. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on June 15, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
July 2007	8.47	8.60	8.45	8.56	+0.09
October 2007	8.83	9.01	8.82	8.98	+0.17
March 2008	9.33	9.51	9.33	9.49	+0.16
LIFFE Sugar Prices (US\$/MT)					
August 2007	305.10	307.50	301.10	306.90	+1.90
October 2007	298.60	298.60	294.00	297.60	+1.70
December 2007	289.20	298.00	289.20	292.00	+2.00

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