

SUGAR

June 21, 2007

SPOT MARKETS

Sugar prices remained unmoved at the major spot markets of Delhi, Muzaffarnagar and Kolkata on poor demand and lack-lustre trade. The market is still waiting for the govt. to declare the sops for the ailing industry for any improvement in prices. Sugar is expected to trade higher once the sops, including additional buffer stock, are announced by the govt. However, the domestic and global situations due to the bumper production in all the major producing countries tend to maintain the sugar prices lower in the long range. Unlike the usual month end, mills are selling their quota in limited quantities as they are allowed to clear the quota till July 15th. Experts opine that the gains in crude oil prices will encourage ethanol use which will eventually result in diverting more cane to ethanol. This is likely to boost global sugar prices.

FUTURES MARKETS (NCDEX)

NCDEX Sugar traded up on short covering with the prices closing near the opening levels in the positive zone. July contract opened firm at Rs. 1286/qrtl, Re. 1 above the previous close of Rs. 1285/qrtl and traded down to test a low of Rs. 1282/qrtl and then up to test a high of Rs. 1295/qrtl, before settling at Rs. 1287/qrtl. Volumes improved significantly, while open interest dipped marginally. June contract opened at Rs. 1230/qrtl and traded in the range of Rs. 1223-1251/qrtl. It closed at the opening price of Rs. 1230/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 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 indicates an indecisive market. Prices closed below 9 and 18 Day EMAs. RSI is flat in neutral region. MACD is steady in oversold region, about to make a bearish crossover with the signal line. Stochastic is moving straight in the oversold region, with the % K rising above the % D line, giving a bullish signal. It is ideal to confirm the trend before taking positions.

NCDEX Sugar M Grade July Contract

Sugar M Grade 0707(NCSGMN7)2007/06/20 - Daily B:1286.00 A:1288.00
O 1286.00 H 1295.00 L 1282.00 C 1287.00 V 17,880 I 51,990 +2
EMA(9) 1293.7 (18) 1302.8



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1260	1247	1287	1305	1330

TRADE RECOMMENDATION

Sell NCDEX - July Sugar M less than 1286 with target towards 1272 then second target at 1270. Stop loss near 1293. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	20.06.07	19.06.07	Change
Ready Sugar (M Grade)	Delhi	1385-1425	1385-1425	0
Ready Sugar (S Grade)	Delhi	1370-1410	1370-1410	0
Mill Delivery	Delhi	1300-1340	1300-1340	0

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MCX Futures Prices (Rs./qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	June	1261	1283	1261	1283	1243	+40
	July	-	-	-	1255	1238	+17
	August	1256	1256	1256	1256	1244	+12

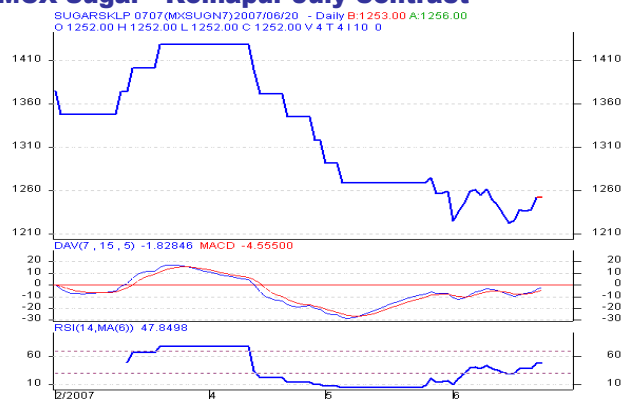
MCX Sugar – Kolhapur Review

Sugar-Kolhapur futures traded up at MCX with the June contract opening firm at Rs. 1261/qtl and traded steadily up to close at the day's high of Rs. 1283/qtl. July contract was not traded. MACD is moving up in the negative zone, making a bearish cross. RSI is also flat in neutral region, while Stochastic is rising in neutral region. Technicals indicate a bullish market.

SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-SUGARSKLP-July	1234	1222	1255	1264	1274

MCX Sugar - Kolhapur July Contract



TRADE RECOMMENDATION

Buy MCX - July SugarSKLP above 1252 with target towards 1258 then second target at 1260. Stop loss near 1248. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on June 19, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
July 2007	8.90	9.05	8.64	9.00	-0.02
October 2007	9.43	9.51	9.17	9.44	-0.12
March 2008	9.77	9.98	9.69	9.98	-0.06
LIFFE Sugar Prices (US\$/MT)					
August 2007	315.00	319.50	308.50	319.40	+2.90
October 2007	306.50	310.00	302.00	309.50	+1.80
December 2007	299.20	304.60	297.80	304.10	+2.00

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