

■ SUGAR

■ June 29, 2007

SPOT MARKETS

Sugar traded higher at the major spot markets of Delhi, Muzaffarnagar and Kolkata on bullish sentiments following the announcement of lower than expected free sale quota for the month of July at 1 million tonnes, as against 1.6 million tonnes fixed for the previous month. The free sale quota for the quarter July-September has been fixed at 36 lakh tonnes as against the 39 lakh tonnes a year ago. In addition, 1.89 lakh tonnes is released under levy for distribution in Public Distribution System. The govt. decision to extend the non-cash incentives to the sugar factories undertaking sugar exports also strengthened the market sentiments. However, the sugar prices are expected to be pushed down lower in the long run owing to the bumper productions in all the major sugar producing countries and the resulting glut situation in the domestic and global markets. White as well as raw sugar traded low internationally (at LIFFE) on news that Russia will delay its decision to raise the sugar import duty.

FUTURES MARKETS (NCDEX)

NCDEX Sugar futures traded lower today following a firm opening. The most active July contract opened firm at Rs. 1360/qrtl, Rs. 4 above the previous close of Rs. 1356/qrtl. The contract traded up initially to test a high of Rs. 1368/qrtl and then steadily down to test a low of Rs. 1343/qrtl before settling at Rs. 1347/qrtl. Volume of July contract traded and the open interest dipped significantly. August contract opened at Rs. 1380/qrtl and traded in the range of Rs. 1370-1388/qrtl. The contract closed at Rs. 1371/qrtl.

PRICE DRIVERS

1. Domestic and global glut
2. FSQ for July-September fixed at 36 L tonnes
3. Extension of period of clearance of FSQ
4. Govt. raised buffer stock by 3 million tonnes
5. 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. Rains pose difficulties in transport and storage of sugar.

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	28.06.07	27.06.07	Change
Ready Sugar (M Grade)	Delhi	1385-1425	1370-1410	+15
Ready Sugar (S Grade)	Delhi	1370-1410	1355-1395	+15
Mill Delivery	Delhi	1300-1340	1285-1325	+15

TECHNICALS (NCDEX)

A bearish candlestick with some buying and selling pressures on each side is formed for the day. EMAs indicate a bullish tendency, while RSI is bearish. Stochastic is about to make a bearish cross over in the overbought zone and MACD is hesitantly rising in the positive region. Overall, technicals speak of a bearish market in the short term.

NCDEX Sugar M Grade July Contract

Sugar M Grade 0707(NCSGMN7)2007/06/28 - Daily B:1346.00 A:1347.00
O 1360.00 H 1368.00 L 1343.00 C 1347.00 V 31,480 I 49,420 -9
EMA(9) 1326.7 (18) 1318.8



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1330	1305	1347	1387	1406

TRADE RECOMMENDATION

Sell NCDEX - July Sugar M below 1350 with target towards 1338 then second target at 1335. Stop loss near 1356. Do not carry forward the position until the next day.

MCX Futures Prices (Rs./qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	July	1305	1310	1302	1305	1299	+6
	August	1308	1310	1300	1306	1301	+5
	September	1310	1315	1302	1302	1299	+3

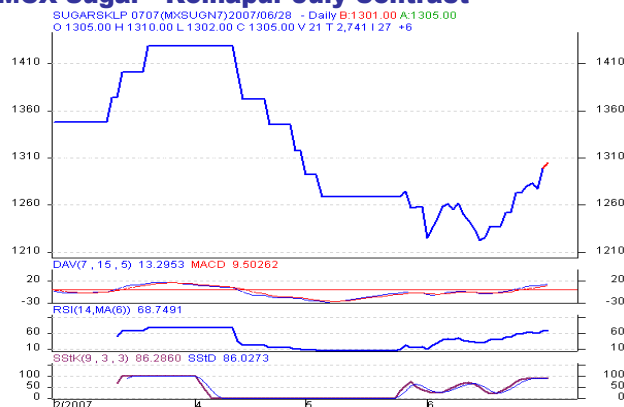
MCX Sugar – Kolhapur Review

Sugar Kolhapur July contract traded up, closing at the opening levels. July contract opened at Rs. 1305/qtl, traded up to test a high of Rs. 1310/qtl, then down to test a low of Rs. 1302/qtl, and finally closed at Rs. 1305/qtl. Volumes dipped, while open interest improved significantly from the previous day. MACD is rising hesitantly in the positive zone, while RSI and Stochastic are almost flat in the overbought region. Stochastic is about to make a bearish crossover. The market is indecisive and it is ideal to confirm the trend before taking positions.

SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-SUGARSKLP- July	1330	1345	1305	1281	1269

MCX Sugar - Kolhapur July Contract



TRADE RECOMMENDATION

Sell MCX - July SugarSKLP below 1310 with target towards 1300 then second target at 1295. Stop loss near 1315. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on June 26, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
July 2007	21.49	21.49	21.49	21.49	+0.01
October 2007	21.45	21.45	21.45	21.45	0.00
March 2008	21.11	21.11	21.11	21.11	+0.03
LIFFE Sugar Prices (US\$/MT)					
August 2007	319.00	322.00	318.00	319.00	-1.00
October 2007	311.10	314.80	308.20	310.00	-2.60
December 2007	308.50	308.60	305.00	306.00	-1.80

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>