

SUGAR

June 20, 2007

SPOT MARKETS

Spot sugar prices finished unchanged at the major markets on subdued trading activity. Traders reported nominal trade due to poor demand. Market is awaiting govt. declaration of sops intended for the sector. The Cabinet approval of the sops would be the only trigger to improve the sugar prices in the short term. However, the domestic and global glut situations tend to maintain the sugar prices lower in the medium to long term. Centre has set up a committee to look into the possibilities of rescheduling loan repayment of sugar factories, explore the option of extending the moratorium period up to March 2010 and revise the norms for harvesting and transportation cost and conversion cost. Monsoon, which has reached Maharashtra, are expected to raise sugar prices, as transportation bottlenecks restrict movement of sugar from one place to another.

FUTURES MARKETS (NCDEX)

NCDEX Sugar traded up on short coverage with the most active July contract opening firm at Rs. 1284/ctl, Re. 1 above the previous day's close of Rs. 1283/ctl and it traded steadily up to test a high of Rs. 1295/ctl, before closing at Rs. 1285/ctl with moderate improvement in volumes traded and some decline in open interest. The June contract opened at the previous close price of Rs. 1225/ctl, traded in the range of Rs. 1225-1239/ctl and settled at Rs. 1228/ctl.

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 indecision in the market. Prices closed below 9 and 18 Day EMAs. RSI is flat in neutral region. MACD is steady in oversold region, parallel to signal line. Stochastic makes a bullish cross over in the oversold region. It is recommended to confirm the uptrend before initiating long positions.

NCDEX Sugar M Grade July Contract

Sugar M Grade 0707(NCSGMN7)2007/06/19 - Daily B:1286.00 A:1287.00
O 1284.00 H 1295.00 L 1283.00 C 1285.00 V 11,410 I 52,700 +2
EMA(9) 1295.4 (18) 1304.6



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1257	1247	1285	1305	1327

TRADE RECOMMENDATION

Sell NCDEX - July Sugar M less than 1285 with target towards 1273 then second target at 1270. Stop loss near 1291. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /ctl)

Origin/Grade	Center	19.06.07	18.06.07	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

MCX Futures Prices (Rs./qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	June	1229	1281	1225	1281	1236	+45
	July	1250	1255	1250	1255	1238	+17
	August	1240	1252	1236	1252	1239	+13

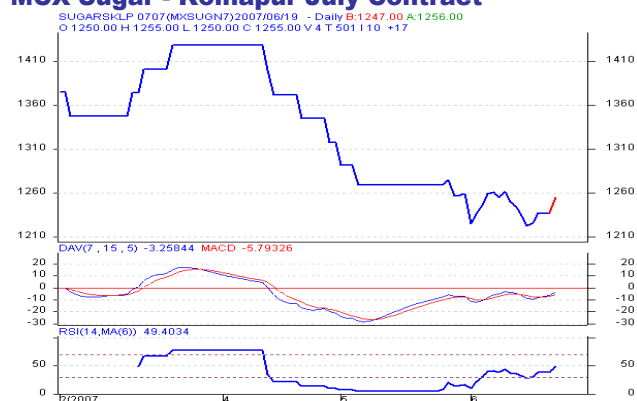
MCX Sugar – Kolhapur Review

Sugar-Kolhapur futures traded up at MCX with the July contract opening firm at Rs. 1250 and traded up to close at the day's high at Rs. 1255/qtl. Volumes dipped significantly and open interest dipped marginally. MACD is moving straight in the negative zone, making a bearish cross. RSI is also flat in neutral region, while Stochastic is rising in neutral region. It is recommended to confirm the direction of the market before taking positions.

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 18, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
July 2007	8.55	9.09	8.52	9.02	+0.46
October 2007	8.96	9.60	8.92	9.56	+0.58
March 2008	9.48	10.04	9.47	10.04	+0.55
LIFFE Sugar Prices (US\$/MT)					
August 2007	307.30	317.90	307.00	316.50	+9.60
October 2007	297.70	308.20	297.70	307.70	+10.10
December 2007	293.90	303.00	293.80	302.10	+10.10

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