

## ■ SUGAR

■ June 30, 2007

### SPOT MARKETS

Sugar spot prices remained unmoved on demand for the commodity matching the supply of it. The impact of the lower free sale quota for the quarter July-September has faded at the markets. The non-levy quota for the month of July is fixed at 1 MMT. A group of ministers is formed to consider the financial package for ailing sugar sector in view of the record sugar production of 28 MMT. Centre is actively considering financial sops which includes waiver in cess and duties, making 10% ethanol blending mandatory with uniform duty across the country and providing subsidy for the maximum export of raw sugar. Meanwhile, the sugar industry awaits report from the committee headed by NABARD's executive director on extension in moratorium upto March 2010. However, the sugar prices are expected to remain on the lower side in the long run due to the glut situation in the domestic and global markets. Govt. has so far issued permits for exports of 2 MMT of sugar this year, of which about 1.1 MMT of sugar has been already shipped out of the country. The latest estimates say that the world surplus of raw sugar could be as high as 10 MMT.

### FUTURES MARKETS (NCDEX)

Sugar futures traded up at NCDEX with some selling pressure at the top. The most active July contract traded down after opening firm at Rs. 1350/qrtl to test a low of Rs. 1348/qrtl and then steadily up to test a high of Rs. 1365/qrtl. The prices were pushed down later on increased selling pressure and the contract settled at Rs. 1354/qrtl, with lower volumes and higher open interest than the previous day.

### 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	29.06.07	28.06.07	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

### TECHNICALS (NCDEX)

Candlestick shows sellers emerging at higher levels as expected. EMAs and the MACD indicate an underlying bullish tendency. RSI is neutral in the neutral region and the Stochastic is weakening in overbought zone, which hints at a bearish reversal. Overall, the technicals indicate that the market would trade down in the short term.

### NCDEX Sugar M Grade July Contract



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1330	1305	1354	1380	1404

### TRADE RECOMMENDATION

**Sell** NCDEX - July Sugar M near 1352-1354 with target towards 1344 then second target at 1340. Stop loss near 1359. Do not carry forward the position until the next day.

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## MCX Futures Prices (Rs./qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	July	1306	1313	1305	1311	1304	+7
	August	1311	1319	1310	1317	1305	+12
	September	1313	1317	1310	1317	1307	+10

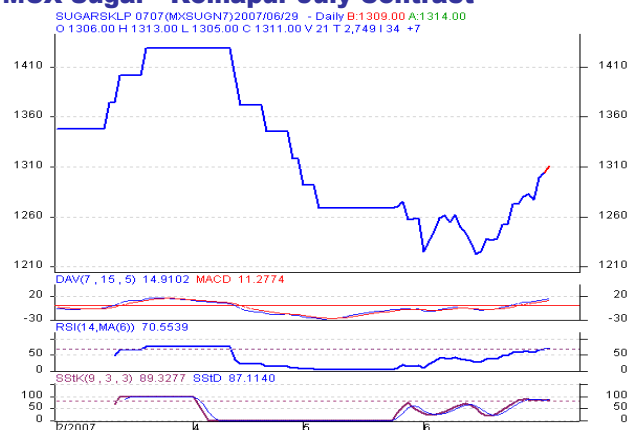
## MCX Sugar – Kolhapur Review

Sugar-Kolhapur traded up at MCX with the July contract opening firm at Rs. 1306 and trading up to test a high of Rs. 1313/qtl, before closing at Rs. 1311/qtl. Volumes remained unchanged, while open interest improved significantly. MACD is rising 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	1270	1261	1311	1322	1333

## MCX Sugar - Kolhapur July Contract



## TRADE RECOMMENDATION

**Buy** MCX - July SugarSKLP above 1309 with target towards 1319 then second target at 1322. Stop loss near 1304. Do not carry forward the position until the next day.

## INTERNATIONAL FUTURES QUOTES (as on June 28, 2007)

Contract Month	Open	High	Low	Close	Change
<b>NYBOT Sugar No. 11 Prices (US Cents/lb)</b>					
July 2007	9.21	9.24	9.04	9.06	-0.07
October 2007	9.76	9.77	9.57	9.61	-0.04
March 2008	10.11	10.12	10.06	10.07	0.00
<b>LIFFE Sugar Prices (US\$/MT)</b>					
August 2007	318.00	323.60	318.00	321.40	+2.40
October 2007	309.90	311.50	308.90	309.70	-0.30
December 2007	305.90	306.80	304.90	305.10	-0.90

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