

## ■ SUGAR

■ June 23, 2007

### SPOT MARKETS

Sugar spot prices remained unchanged at the major markets of Muzaffarnagar, Delhi and Kolkata on poor demand and subdued trading activity. The Centre has announced the creation of additional sugar buffer stock to the tune of 3 million tonnes on Thursday due to the expectation of a bumper crop in order to help the mills hit by low prices and poor exports. However, the news was not able to lift the market sentiments to any considerable extent. The global and domestic glut situation tends to maintain the prices on the lower side in the medium to long term. Sugar traded higher internationally (at LIFFE) due to speculative and trade buying on bullish news regarding additional buffer stock in India. China's sugar imports in May more than tripled on year to 189,707 metric tons. In January-May period, sugar imports rose 34% to 420,981 tons.

### FUTURES MARKETS (NCDEX)

NCDEX Sugar futures traded range-bound with bearish tone. July contract opened firm at Rs. 1315/qrtl, Re. 3 above the previous close of Rs. 1312/qrtl and traded up initially to test a high of Rs. 1319/qrtl. However, prices were pushed down to test a close at the day's low of Rs. 1304/qrtl on poor buying interest. Volume of July contract traded declined significantly, while open interest dipped marginally.

### 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. Govt. raised buffer stock by 3 million tonnes
5. Debt restructuring and financial package
6. Mandatory 5% ethanol doping in motor fuels
7. UP scraps Sugar Promotion Policy 2004-08
8. EU to import 6,000 tonnes of raw sugar from India at preferential tariff

### 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.

### TECHNICALS (NCDEX)

Candlestick pattern is a bearish candle, with prices closing above the EMAs. MACD is rising in negative zone. RSI is falling slightly in neutral region, while stochastic is rising in the neutral region. Sugar futures are expected to trade down following firm opening.

### NCDEX Sugar M Grade July Contract



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1295	1282	1304	1330	1346

### TRADE RECOMMENDATION

**Sell** NCDEX - July Sugar M less than 1307 with target towards 1294 then second target at 1290. Stop loss near 1314. Do not carry forward the position until the next day.

### Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	22.06.07	21.06.07	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	July	1273	1273	1272	1272	1273	-1
	August	1279	1280	1278	1278	1276	+2
	September	-	-	-	1280	1260	+20

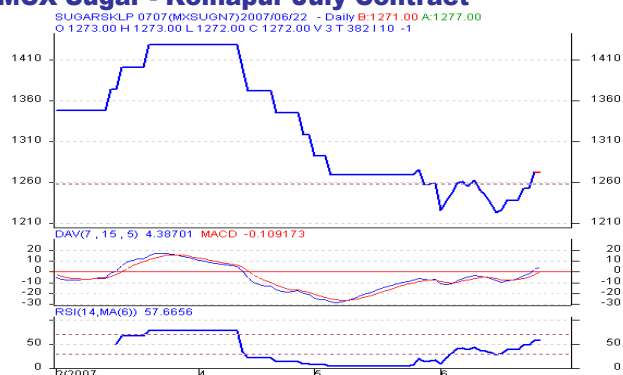
### MCX Sugar – Kolhapur Review

Sugar-Kolhapur futures traded mixed at MCX with the July contract opening firm at Rs. 1273/qtl and traded slightly down to close at Rs. 1272/qtl, while August and September contracts traded up. MACD is moving up in the negative zone to touch the zero line. RSI is flat in the neutral region. Technicals indicate a bullish market.

### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-SUGARSKLP-July	1265	1259	1273	1300	1305

### MCX Sugar - Kolhapur July Contract



### TRADE RECOMMENDATION

**Buy** MCX - July SugarSKLP above 1277 with target towards 1287 then second target at 1292. Stop loss near 1272. Do not carry forward the position until the next day.

### INTERNATIONAL FUTURES QUOTES (as on June 21, 2007)

Contract Month	Open	High	Low	Close	Change
<b>NYBOT Sugar No. 11 Prices (US Cents/lb)</b>					
July 2007	9.02	9.23	9.01	9.13	+0.20
October 2007	9.48	9.71	9.48	9.60	+0.13
March 2008	10.05	10.12	10.00	10.09	+0.12
<b>LIFFE Sugar Prices (US\$/MT)</b>					
August 2007	320.10	323.40	320.10	322.10	+2.10
October 2007	311.50	314.50	311.50	313.20	+2.80
December 2007	307.30	307.40	305.30	306.20	+2.20

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