

■ SUGAR

■ June 18, 2007

SPOT MARKETS

Sugar prices eased at the major on poor demand against ample supplies and lack-lustre trade. Prices finished unchanged at Delhi on subdued trading activity. Market is awaiting govt.'s decision on the bail out packages intended for sugar sector. Prices are expected to improve in the short term once they are sanctioned by Cabinet. However, sugar prices tend to remain on the lower side in the medium to long term owing to bumper productions in all sugar producing countries, including India. U.P. govt. has said that it will not declare a sugar policy unless farmers are paid their cane arrears, amounting to Rs. 2,700 crore that sugar mills owe them. Huge cane arrears could cause farmers to shift from growing sugarcane to other crops, which may eventually impact domestic sugar production. Centre may extend export subsidy benefits to mills supplying raw sugar to domestic refineries that would process and export it as refined sugar.

FUTURES MARKETS (NCDEX)

NCDEX Sugar traded slightly bullish today. The most active July contract opened firm at Rs. 1283/qrtl, Re. 1 above the previous close of Rs. 1282/qrtl, and traded down to test a low of Rs. 1274/qrtl before closing at Rs. 1286/qrtl. Volumes and open interest of July contract dipped slightly. The June contract opened firm at Rs. 1221/qrtl, traded in the range of Rs. 1217-1230/qrtl and settled at the day's high 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
8. Rupee ends stronger against dollar

WEATHER IMPACT

Monsoon rains in Maharashtra may interfere with the crushing of cane as well as sugar exports.

TECHNICALS (NCDEX)

Candlestick gives a wait and see signal with probability of trend reversal. Prices closed below 9 and 18 Day EMAs. RSI is almost flat in neutral region. MACD and Stochastic are moving down in oversold region. These indicate a clearly bearish market. Stochastic exhibits chances of trend reversal. So it is recommended to confirm the trend.

NCDEX Sugar M Grade July Contract

Sugar M Grade 0707(NCSGMN7)2007/06/16 - Daily B:1285.00 A:1287.00
O 1283.00 H 1287.00 L 1274.00 C 1286.00 V 15,480 I 53,790 +4
EMA(9) 1301.8 (18) 1309.8



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1254	1245	1286	1331	1360

TRADE RECOMMENDATION

Buy NCDEX - July Sugar M near 1274 with target towards 1284 then second target at 1288. Stop loss near 1269. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	16.06.07	15.06.07	Change
Ready Sugar (M Grade)	Delhi	1390-1430	1390-1430	0
Ready Sugar (S Grade)	Delhi	1375-1415	1375-1415	0
Mill Delivery	Delhi	1305-1345	1305-1345	0

■ SUGAR

■ June 18, 2007

MCX Futures Prices (Rs./qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	June	1235	1238	1235	1238	1233	+5
	July	1234	1241	1224	1236	1238	-2
	August	1244	1248	1240	1248	1251	-3

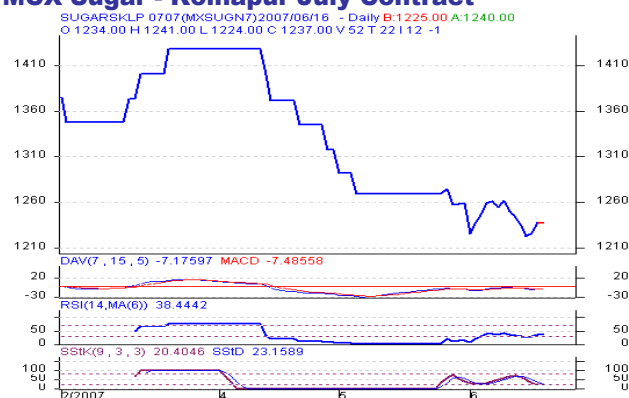
MCX Sugar – Kolhapur Review

Sugar-Kolhapur futures traded volatile at MCX with the most active July contract opening firm at Rs. 1234/qtl. The contract traded up to test a high of Rs. 1241/qtl and then traded down to test a low of Rs. 1224/qtl, before settling at Rs. 1237/qtl. MACD is steady in the negative region while RSI is flat in neutral region. Stochastic is grazing the threshold with a tendency of cross over. It is recommended to confirm the trend.

SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-SUGARSKLP- July	1214	1205	1237	1269	1274

MCX Sugar - Kolhapur July Contract



TRADE RECOMMENDATION

Buy MCX - July SugarSKLP near 1225 with target towards 1235 then second target at 1240. Stop loss near 1220. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on June 15, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
July 2007	8.47	8.60	8.45	8.56	+0.09
October 2007	8.83	9.01	8.82	8.98	+0.17
March 2008	9.33	9.51	9.33	9.49	+0.16
LIFFE Sugar Prices (US\$/MT)					
August 2007	305.10	307.50	301.10	306.90	+1.90
October 2007	298.60	298.60	294.00	297.60	+1.70
December 2007	289.20	298.00	289.20	292.00	+2.00

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>

© 2007 Indian Agribusiness Systems Pvt. Ltd.