

SPOT MARKETS

Sugar spot prices eased at Muzaffarnagar and Delhi on fading demand for the commodity, while prices at Kolkata remained on the higher side on good demand from retail and bulk consumers. Uttar Pradesh govt. has directed the sugar mills to clear their outstanding arrears by August. The govt. has decided not to give any subsidy to help the mills tide over their losses unless the sugarcane farmers are paid their arrears. In a bid to provide some relief to sugar companies facing huge losses due to the glut in production, the Bihar government has decided in principle to extend subsidy to them to pay off the arrears to the sugarcane growers. Country's sugar output is expected to touch 28 million tonnes, while consumption is pegged at 19 million tonnes. The total surplus stock will be about 13 million tonnes, after including the carry-over stock of 4 million tonnes. Hence, the sugar prices are not likely to show any major uptrend on account of the global and domestic glut situations.

FUTURES MARKETS (NCDEX)

Sugar July contract traded volatile at NCDEX after opening at Rs. 1325/qtt, Re. 1 above the previous close of Rs. 1324/qtt. Immediately after opening, the contract traded steadily down to test at low of Rs. 1317/qtt and then improved fresh buying to test a high of Rs. 1339/qtt, before settling at Rs. 1331/qtt. Volumes traded and open interest of July contract improved. August contract opened at Rs. Rs. 1349/qtt, traded in the range of Rs. 1341-1364/qtt and closed at Rs. 1357/qtt.

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. 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.

TECHNICALS (NCDEX)

Candlestick shows consolidation in the market. Prices closed above the EMAs. RSI is flat in neutral zone, while MACD is grazing zero line, thereby indicating uncertainty. RSI has crossed the threshold of overbought area, giving a tendency for prices to fall. It is recommended to confirm the trend before initiating positions

NCDEX Sugar M Grade July Contract



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1305	1295	1331	1371	1379

TRADE RECOMMENDATION

Buy NCDEX - July Sugar M near 1327-1328 with target towards 1340 then second target at 1342. Stop loss near 1321. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qtt)

Origin/Grade	Center	26.06.07	25.06.07	Change
Ready Sugar (M Grade)	Delhi	1370-1410	1380-1420	-10
Ready Sugar (S Grade)	Delhi	1355-1395	1365-1405	-10
Mill Delivery	Delhi	1285-1325	1295-1335	-10

SUGAR

June 27, 2007

MCX Futures Prices (Rs./qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	July	1276	1282	1265	1281	1283	-2
	August	1280	1287	1271	1287	1283	+4
	September	1282	1282	1275	1281	1287	-6

MCX Sugar – Kolhapur Review

Sugar-Kolhapur futures up at MCX with the July contract opening weak at Rs. 1276/qtl. The contract traded down to test a low of Rs. 1277/qtl. The prices improved later on some buying support and they closed at Rs. 1281/qtl. MACD has emerged out of the negative zone, RSI and Stochastic are flat in the neutral zone and %D and %K are overlapping each other. The market is expected to trade up in the short term.

SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-SUGARSKLP-July	1261	1251	1277	1298	1305

MCX Sugar - Kolhapur July Contract

SUGARSKLP 0707(MXSUGN7)2007/06/26 - Daily B:1280.00 A:1284.00
O 1276.00 H 1282.00 L 1265.00 C 1281.00 V 29 T 3,702 I 25 -2



TRADE RECOMMENDATION

Buy MCX - July SugarSKLP above 1278 with target towards 1288 then second target at 1290. Stop loss near 1273. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on June 25, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
July 2007	9.02	9.03	8.86	8.93	-0.23
October 2007	9.50	9.51	9.35	9.44	-0.25
March 2008	9.97	10.00	9.85	9.92	-0.23
LIFFE Sugar Prices (US\$/MT)					
August 2007	321.50	321.50	315.80	317.50	-4.00
October 2007	313.00	313.00	310.60	311.50	-3.50
December 2007	306.10	307.30	305.60	306.00	-3.00

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