

## ■ SUGAR

■ July 09, 2007

### SPOT MARKETS

Sugar prices eased at the major spot markets of Delhi, Muzaffarnagar and Kolkata on poor demand against ample supply from mills trying to offload their June open sale quota by July 15, 2007. The sugar market is shadowed by the UP govt.'s decision on mortgaging the property of mills which fail to clear their arrears by August 30, 2007. The bullish sentiments of hike in buffer stock and lower non-levy quota for the quarter July-September, 2007 has faded. Sugar production in India has crossed 28 million tonnes so far in the year to September, 2007 and it is expected to touch 28.5 million tonnes by the end of the season. The glut situation in the domestic and global markets is expected to maintain the sugar prices lower in the medium to long term. Ethanol exports from Brazil are up 71% on the year at 1.54 billion litres between January and June, with the US as the main destination. Apart from the US, the European Union also surged back as a strong buyer of Brazilian ethanol.

### FUTURES MARKETS (NCDEX)

Sugar contracts at NCDEX traded up today after a bearish rally spanning five days. The most active August contract opened weak at Rs. 1328/qrtl and traded down initially to test an intraday low of Rs. 1325/qrtl. Increased buying interest at lower levels pushed the prices higher to test an intraday high of Rs. 1340/qrtl, before closing at Rs. 1337/qrtl. Volume traded and open interest of the contract .

### 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
6. UP govt. expected to announce the new policy for the sugar sector soon.

### 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	07.07.07	06.07.07	Change
Ready Sugar (M Grade)	Delhi	1425-1465	1440-1480	-15
Ready Sugar (S Grade)	Delhi	1410-1450	1425-1465	-15
Mill Delivery	Delhi	1340-1380	1355-1395	-15

### TECHNICALS (NCDEX)

A short bearish candle is formed for the day, with some selling pressure above. Price closed well below the EMAs. RSI is flat in the neutral zone, while Stochastic is falling towards the oversold region. MACD is also falling hesitantly towards the zero line. Overall, the technicals speak of a range-bound market with bearish tone in the short term.

### NCDEX Sugar M Grade August Contract

Sugar M Grade 0708(NCSG07)2007/07/07 - Daily B:1337.00 A:1338.00  
O 1328.00 H 1340.00 L 1325.00 C 1337.00 V 13,890 158,240 +6  
EMA(9) 1355.4 (18) 1354.6 EMA(9) 1355.4



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- August	1320	1309	1337	1354	1368

### TRADE RECOMMENDATION

**Sell** NCDEX - August Sugar M below 1333 with target towards 1320 then second target at 1317. Strict stop loss near 1340. Do not carry forward the position until the next day. Trade cautiously with intraday outlook.

### MCX Futures Prices (Rs./qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	July	1298	1301	1296	1299	1302	-3
	August	1301	1306	1300	1306	1298	+8
	September	1304	1305	1302	1304	1306	-2

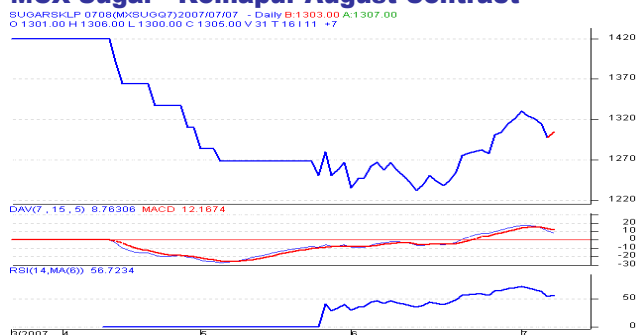
### MCX Sugar – Kolhapur Review

Sugar-Kolhapur contracts traded rangebound with a bullish tone at MCX. The most active August contract opened firm at Rs. 1301/qtl and traded in the range of Rs. 1300-1306/qtl, before closing at the intraday high of Rs. 1306/qtl. Volume and open interest of the contract declined as compared to the previous day. RSI and MACD are almost flat, while Stochastic is seen declining in the neutral zone. Prices closed at par with the EMAs. Sugar is expected to trade sideways in the short range.

### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-SUGARSKLP-August	1295	1287	1306	1326	1337

### MCX Sugar - Kolhapur August Contract



### TRADE RECOMMENDATION

**Sell** MCX - August SugarSKLP below 1306 with target towards 1296 then second target at 1290. Stop loss near 1311. Do not carry forward the position until the next day.

### INTERNATIONAL FUTURES QUOTES (as on July 06, 2007)

Contract Month	Open	High	Low	Close	Change
<b>NYBOT Sugar No. 11 Prices (US Cents/lb)</b>					
October 2007	9.66	9.78	9.47	9.54	-0.01
March 2008	10.09	10.20	9.96	10.00	0.00
May 2008	10.23	10.26	10.14	10.18	+0.04
<b>LIFFE Sugar Prices (US\$/MT)</b>					
August 2007	327.00	331.00	321.80	325.50	+3.40
October 2007	313.00	316.80	308.80	312.00	+1.30
December 2007	307.90	310.00	303.70	307.30	+1.10

### 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.