

SUGAR

July 20, 2007

SPOT MARKETS

Sugar prices eased at all the major cash markets on poor demand amid ample supply from mills offloading their July quota. The Group of Ministers meeting to discuss the sops for the sugar sector has been postponed. Govt. has decided to mandate 10% ethanol blend for auto-fuels by October to reduce excess sugar supply amid bumper crop. This is likely to boost sugar prices by 3-4%. Indian govt. has increased the quota allocated for raw sugar to be exported to the European Union by 6,626 tons to 22,626 tonnes for the marketing year ending September 2007. Meanwhile, Indian mills have exported around 1.43 MMT of sugar so far in the current marketing year. The govt. measures are expected to bring some respite to the ailing sugar industry. However, the sugar prices are expected to remain on the lower side owing to the domestic and global glut situation.

FUTURES MARKETS (NCDEX)

NCDEX sugar contracts traded marginally higher on fresh buying. The most active August contract opened weak at Rs. 1332/qtl and traded down initially to test an intraday low of Rs. 1328/qtl. Prices later improved on improved buying interest at lower prices to test an intraday high of Rs. 1343/qtl. The contract settled at Rs. 1336/qtl. Volume and open interest improved as compared to the previous day, indicating long accumulation.

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. Govt. to announce the financial package for sugar
6. Govt. to mandate 10% ethanol doping by Oct
7. Banks to allocate separate sub-limits for loans against sugar stocks.

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)

A short bullish candle is formed with some selling above. Most of the indicators are flat and fail to offer any direction of the future trend, except Stochastic which is rising in the neutral region. Volume and open interest of the contract improved as compared to the previous day, indicating long accumulation. Sugar is expected to trade range-bound with bullish tone in the short term.

NCDEX Sugar M Grade August Contract

Sugar M Grade 0708(NCSGMQ7)2007/07/19 - Daily B:1335.00 A:1338.00
O 1332.00 H 1343.00 L 1328.00 C 1336.00 V 19,190 I 50,110 +2
EMA(9) 1337.1 (18) 1340.6 EMA(9) 1337.1



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- August	1301	1315	1336	1349	1369

TRADE RECOMMENDATION

Buy NCDEX - August Sugar M near Rs. 1333-1335/qtl with target towards 1343 then second target at 1345. Strict stop loss near 1328. Do not carry forward the position until the next day. Trade cautiously with intraday outlook.

Spot Market Prices (Rs. /qtl)

Origin/Grade	Center	19.07.07	18.07.07	Change
Ready Sugar (M Grade)	Delhi	1415-1455	1420-1460	-5
Ready Sugar (S Grade)	Delhi	1400-1440	1405-1445	-5
Mill Delivery	Delhi	1330-1370	1335-1375	-5

■ SUGAR

■ July 20, 2007

MCX Futures Prices (Rs./qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	July	1299	1302	1299	1300	1307	-7
	August	1303	1319	1290	1295	1302	-7
	September	1306	1314	1297	1309	1304	-5

MCX Sugar – Kolhapur Review

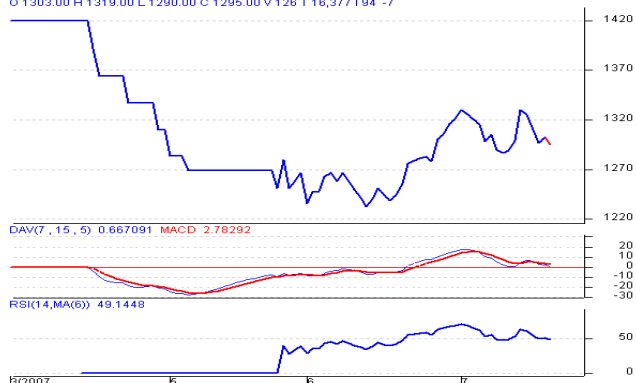
Sugar-Kolhapur contracts traded weak at MCX. The benchmark August contract opened at Rs. 1303/qtl and traded up thereafter to test an intraday high of Rs. 1319/qtl. Sellers emerging at the higher levels pushed the prices down to test a low of Rs. 1290/qtl. The contract settled at Rs. 1295/qtl. Volume and open interest improved, indicating short accumulation. All the indicators are steady and directionless, while Stochastic is falling in the neutral region. Sugar-Kolhapur is expected to trade down in the short term.

SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-SUGARSKLP-August	1271	1279	1295	1321	1334

MCX Sugar - Kolhapur August Contract

SUGARSKLP 0708(MXSUG07)20070719 - Daily B:1294.00 A:1300.00
O:1303.00 H:1319.00 L:1290.00 C:1295.00 V:126 T:16,377 I:94 -7



TRADE RECOMMENDATION

Sell MCX - August SugarSKLP below 1298 with target towards 1290 then second target at 1288. Stop loss near 1302. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on July 18, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
October 2007	9.86	10.16	9.85	10.07	+0.22
March 2008	10.32	10.55	10.31	10.52	+0.20
May 2008	10.42	10.59	10.42	10.59	+0.18
LIFFE Sugar Prices (US\$/MT)					
August 2007	310.00	318.00	306.60	318.00	+9.50
October 2007	309.10	314.00	308.90	312.70	+2.90
December 2007	309.00	313.40	309.00	313.00	+3.20

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.