

■ SUGAR

■ July 10, 2007

SPOT MARKETS

Sugar traded flat to lower at the major spot markets across the country on slack demand against ample supply from mills offloading their June free sale quota by July 15th, 2007. Sugar prices are expected to remain on the lower side due to the glut situation in the global and domestic market. Indian sugar production has already crossed 28 million tonnes. Heavy rains in Maharashtra have severely affected sugarcane crops, resulting in huge loss to the sugar industry in the state. The area under sugarcane crop has declined by 2.4 per cent in the current Kharif season to 4.47 million hectares in June from 4.58 million hectares in the corresponding period last year. Farmers are expected to shift to other remunerative crops due to the crashing sugar prices in the current season ending September 2007. The Maharashtra Pradesh Congress Committee (MPCC) has urged the Centre that it should remove sugar from forward trading market to stabilize its price for the betterment of sugarcane farmers.

FUTURES MARKETS (NCDEX)

The sugar contracts traded down at NCDEX on long liquidation. The most active August contract opened at Rs. 1333/qttl and traded steadily down to test an intraday low of Rs. 1315/qttl, before closing at Rs. 1316/qttl. The contract traded in the range of Rs. 1315-1333/qttl, with an increase in volume traded and dip in open interest as compared to the previous day. The July contract traded in the range of Rs. 1278-1300/qttl and settled at Rs. 1280/qttl.

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. Heavy rains in Maharashtra cause severe damage to sugarcane crop, causing huge losses to the industry. Rains pose difficulties in transport and storage of sugar.

TECHNICALS (NCDEX)

A long bearish candle below is formed for the day. Prices closed well below the EMAs. Higher volume and lower open interest as compared to the previous day indicate long liquidation. RSI and MACD are falling towards the oversold region, while Stochastic has already crossed the threshold and is falling in the oversold region. Overall, the technicals speak a bearish market in the short term. A support in prices can be expected at around 1313, breaking which prices will fall to 1295 and then 1280.

NCDEX Sugar M Grade August Contract

Sugar M Grade 0708(NCSGM07)2007/07/09 - Daily B:1315.00 A:1317.00
O 1333.00 H 1333.00 L 1315.00 C 1316.00 V 24,140 I 55,240 -21
EMA(9) 1347.5 (18) 1350.4 EMA(9) 1347.5



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- August	1295	1280	1316	1355	1374

TRADE RECOMMENDATION

Sell NCDEX - August Sugar M below 1320 with target towards 1305 then second target at 1300. Strict stop loss near 1328. Do not carry forward the position until the next day. Trade cautiously with intraday outlook.

Spot Market Prices (Rs. /qttl)

Origin/Grade	Center	09.07.07	07.07.07	Change
Ready Sugar (M Grade)	Delhi	1415-1455	1425-1465	-10
Ready Sugar (S Grade)	Delhi	1400-1440	1410-1450	-10
Mill Delivery	Delhi	1330-1370	1340-1380	-10

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MCX Futures Prices (Rs./qtl)

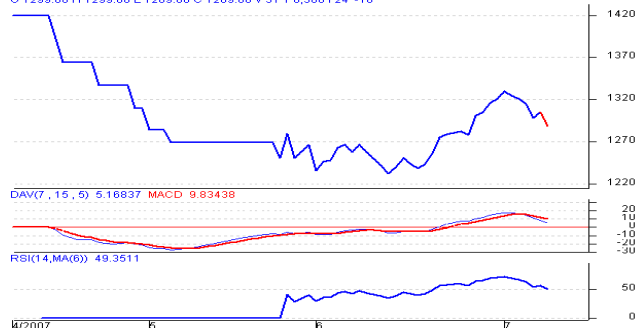
Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	July	1295	1295	1277	1279	1299	-20
	August	1299	1299	1289	1289	1305	-16
	September	1300	1301	1290	1292	1304	-12

MCX Sugar – Kolhapur Review

Sugar-Kolhapur futures traded down on short accumulation at MCX. The most active August contract opened weak at Rs. 1299/qtl. The contract traded steadily down after opening to close at the intraday low of Rs. 1289/qtl. Volume and open interest of the contract improved as compared to the previous day. July contract traded in the range of Rs. 1277-1295/qtl, before closing at Rs. 1279/qtl. Prices closed below the EMAs. RSI and MACD are falling in the neutral region. MACD is falling slowly in the positive zone. Sugar-Kolhapur is likely to trade down in the short term.

MCX Sugar - Kolhapur August Contract

SUGARSKLP 0708(MXSUGG7)2007/07/09 - Daily B:1288.00 A:1291.00
O:1299.00 H:1299.00 L:1289.00 C:1289.00 V:51 T:6,588 I:24 -16



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-SUGARSKLP-August	1276	1267	1289	1321	1330

TRADE RECOMMENDATION

Sell MCX - August SugarSKLP below 1292 with target towards 1282 then second target at 1280. Stop loss near 1297. 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
NYBOT Sugar No. 11 Prices (US Cents/lb)					
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
LIFFE Sugar Prices (US\$/MT)					
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

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