

■ SUGAR

■ July 03, 2007

SPOT MARKETS

Sugar spot prices improved at the major markets across the country on improved demand for the commodity against restricted supply from the mills. Traders attribute the bullish market sentiments to the lower FSQ for the quarter July-September 2007 at 36 lakh tonnes and hike in buffer stock to 5 MMT. However, the sugar prices are expected to remain on the lower side in the long run on account of the global and domestic glut situation. In an attempt to boost the sugar sector, UP govt. has decided to sell 28 loss-making sugar mills to private sector. The state govt. is also expected to announce a new policy for the sugar sector which will give just and equitable incentives to all the sugar mills, irrespective of their levels of investment. Heavy rains in Maharashtra are posing problems in crushing of cane, as well as storage and transport of sugar.

FUTURES MARKETS (NCDEX)

NCDEX Sugar futures traded bearish during the day with the most active July contract opening firm at Rs. 1366/qrtl. The contract moved up initially to test a high of Rs. 1374/qrtl and thereafter down on more sellers emerging at the higher prices to test a low of Rs. 1349/qrtl. The contract closed at Rs. 1351/qrtl, with an increase in volume traded and decline in the open interest as compared to the previous day. The contract traded in the range of Rs. 1349-1374/qrtl during the day.

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.

TECHNICALS (NCDEX)

A bearish candlestick is formed for the day with the prices closing well above the EMAs. RSI is dipping in the neutral zone, while MACD is rising in the positive region. MACD and Stochastic are about to make a bullish crossover in the neutral region. It is ideal to initiate positions after confirming the trend.

NCDEX Sugar M Grade July Contract



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1327	1307	1351	1403	1425

TRADE RECOMMENDATION

Sell NCDEX - July Sugar M below 1355 with target towards 1342 then second target at 1338. Stop loss near 1362. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	02.07.07	30.06.07	Change
Ready Sugar (M Grade)	Delhi	1455-1495	1410-1450	+45
Ready Sugar (S Grade)	Delhi	1440-1480	1395-1435	+45
Mill Delivery	Delhi	1370-1410	1325-1365	+45

MCX Futures Prices (Rs./qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	July	1300	1336	1325	1325	1320	+5
	August	1332	1337	1322	1324	1321	+3
	September	1334	1335	1330	1335	1325	+10

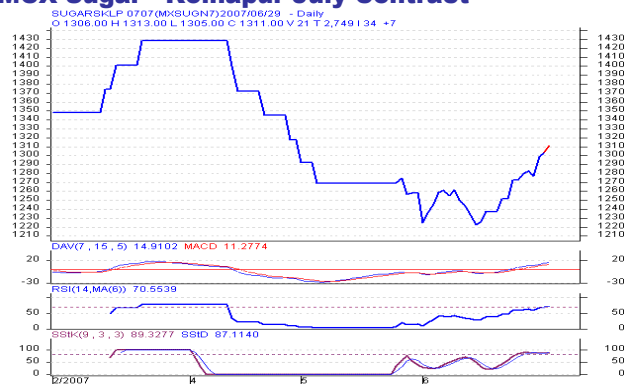
MCX Sugar – Kolhapur Review

Sugar-Kolhapur traded bearish at MCX. July contract opened firm at Rs. 1330/qtl and traded steadily up to test a high of Rs. 1336/qtl. The prices were brought down by increased selling at higher levels and the contract closed at Rs. 1325/qtl. Volume traded and open interest improved significantly. MACD and RSI are rising in the neutral zone, while Stochastic is steady with a probability of bearish cross over in the neutral region.

SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
MCX-SUGARSKLP-July	1286	1261	1325	1350	1360

MCX Sugar - Kolhapur July Contract



TRADE RECOMMENDATION

Sell MCX - July SugarSKLP below 1328 with target towards 1318 then second target at 1315. Stop loss near 1333. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on June 29, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
July 2007	9.08	9.20	9.07	9.07	+0.01
October 2007	9.65	9.71	9.45	9.52	-0.09
March 2008	10.11	10.13	10.00	10.00	-0.07
LIFFE Sugar Prices (US\$/MT)					
August 2007	321.90	321.90	319.50	320.50	-0.90
October 2007	309.80	310.70	308.50	308.80	-0.90
December 2007	305.60	306.50	304.70	304.70	-0.40

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