

■ SUGAR

■ July 31, 2007

SPOT MARKETS

Sugar prices remained flat at the major spot markets across the country on slack demand due to month ending amid ample supplies from mills struggling to offload their unsold July quota and lack lustre trade. Rumours of a probable extension of the date for clearing July quota are doing the rounds in the markets. Sugar prices will get some support in the short term once the financial package intended for the sector is approved by the Group of Ministers. However, no major uptrend in prices is expected in the medium to long run, given the glut situation in the current year and the still higher production estimated in the coming season. Sugarcane acreage under kharif sowing has been reported to be higher at 5.11 million ha from 4.83 million ha last year, while the sugar output estimate for the coming year is pegged at 30 million tonnes.

FUTURES MARKETS (NCDEX)

Sugar futures are trading weak at NCDEX. The most active September contract opened at the previous close price of Rs. 1316/qrtl and traded steadily up thereafter to test an intraday high of Rs. 1321/qrtl. Sellers emerging at higher levels pushed the prices down to test an intraday low of Rs. 1313/qrtl, before settling at the opening levels of Rs. 1316/qrtl. Volume traded was lower, while open interest improved marginally as compared to the previous 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 likely
4. Govt. raised buffer stock by 3 million tonnes
5. Govt. to announce the financial package for sugar
6. Mandatory 5% ethanol blending countrywide
7. Banks to allocate separate sub-limits for loans against sugar stocks.
8. Decontrolling of sugar exports

WEATHER IMPACT

Dry phase during monsoon in Maharashtra is favourable for the movement of the old sugarcane crop.

TECHNICALS (NCDEX)

An indecisive candlestick is formed in the charts with the prices closing below the EMAs. MACD, Stochastic and RSI are almost flat and fail to provide any direction about the future market trend. Sugar market is showing a period of accumulation. A break out in either direction will establish a trend in the market. A close below 1309 will lead to a further down trend, while a close above 1327 will establish a further uptrend in the market. It is ideally recommended to confirm the trend before initiating positions.

NCDEX Sugar M Grade September Contract

Sugar M Grade 0709(NCSGMU7)2007/07/30 - Daily B:1315.00 A:1316.00
O:1316.00 H:1321.00 L:1313.00 C:1316.00 V:4,660 I:49,050 O
EMA(9) 1329.1 (18) 1339.1



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- September	1287	1301	1316	1333	1343

TRADE RECOMMENDATION

Sell NCDEX - September Sugar M near 1316-1318 with target towards 1306 then second target at 1303. Strict stop loss near 1323. Do not carry forward the position until the next day. Trade cautiously with intraday outlook.

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	30.07.07	28.07.07	Change
Ready Sugar (M Grade)	Delhi	1395-1435	1395-1435	0
Ready Sugar (S Grade)	Delhi	1380-1420	1380-1420	0
Mill Delivery	Delhi	1310-1350	1310-1350	0

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	August	1280	1284	1272	1276	1279	-3
	September	1284	1290	1281	1285	1288	-3
	October	1294	1296	1289	1293	1290	-3

MCX Sugar – Kolhapur Review

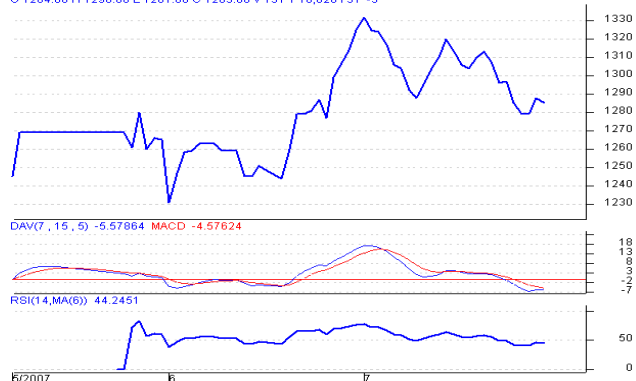
Sugar-Kolhapur contracts traded volatile at MCX. The benchmark October contract opened weak at Rs. 1284/qtl and traded down to test an intraday low of Rs. 1281/qtl. The contract improved later on improved buying interest at lower levels and tested an intraday high of Rs. 1290/qtl, before closing at Rs. 1285/qtl. Volume traded improved, while open interest dipped as compared to the previous day. All the indicators are direction-less and indecisive. Hence, it is recommended to confirm the trend before initiating positions.

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-October	1265	1275	1285	1293	1307

MCX Sugar - Kolhapur October Contract

SUGARSKLP 0709(MXSUGU7)2007/07/30 - Daily B:1284.00 A:1286.00
O 1284.00 H 1290.00 L 1281.00 C 1285.00 V 131 T 16,826 I 31 -3



TRADE RECOMMENDATION

Buy MCX - October Sugar SKLP near 1283-1285 with target towards 1293 then second target at 1295. Stop loss near 1278. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on July 27, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
October 2007	9.98	10.11	9.96	9.99	-0.23
March 2008	10.29	10.36	10.28	10.29	-0.22
May 2008	10.41	10.42	10.36	10.36	-0.19
LIFFE Sugar Prices (US\$/MT)					
August 2007	310.00	318.00	306.60	318.00	+9.50
October 2007	308.90	308.90	308.90	308.90	-4.40
December 2007	307.40	307.40	307.40	307.40	-3.90

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