

■ SUGAR

■ August 13, 2007

SPOT MARKETS

Sugar prices remained unchanged at the major spot markets on slack demand amid restricted supply from mills and dull trade. Road blocks due to the pilgrim season in Haridwar have resulted in restricted loading from mills. The extension of export subsidy to the exports through land and rail routes is likely to provide some support to the prices. Also, the festive demand on "rakshabandhan" expected to emerge mostly from the northern states of the country is likely to firm up the prices. Indian mills are likely to sell around 2 lakh tonnes of sugar to Pakistan in the next few months. However, Pakistan Sugar Mills Association has criticized this move as Indian imports would destroy local sugar industry as well as the cane growers and a large number of people who earn their living during the crushing season. The medium to long term outlook on sugar prices remains bearish, given the glut situation in the domestic and global markets.

FUTURES MARKETS (NCDEX)

Sugar futures traded in a range at NCDEX. The benchmark September contract opened weak at Rs. 1293/qrtl and traded up initially to test an intraday high of Rs. 1299/qrtl. Prices later slumped on selling emerging at higher levels to test an intraday low of Rs. 1291/qrtl, before closing at Rs. 1293/qrtl. Volume traded was lower, while open interest improved marginally in comparison to the previous day.

PRICE DRIVERS

1. Domestic and global glut
2. FSQ for July-September fixed at 36 L tonnes
3. Mills allowed to carry forward unsold July quota
4. Govt. raised buffer stock by 3 million tonnes
5. Mandatory 5% ethanol blending countrywide
6. Decontrolling of sugar exports
7. Acreage under sugarcane increased to 5.11 million ha

WEATHER IMPACT

Revival of monsoon and increased acreage points towards higher cane production.

TECHNICALS (NCDEX)

A doji is formed indicating indecision in the market. Sugar is in a congestion phase. A break out in either direction will establish a trend. A close below 1287 will lead to a downtrend, while a close above 1300 will lead to an uptrend. All indicators are flat and directionless. It is recommended to confirm the trend before initiating positions.

NCDEX Sugar M Grade-September Contract

Sugar M Grade 0709(NCSGMU7)2007/08/11 - Daily B:1293.00 A:1294.00
O 1293.00 H 1299.00 L 1291.00 C 1293.00 V 4,610 I 45,640 -2
EMA(9) 1298.7 (18) 1309.1



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- September	1265	1276	1293	1312	1321

TRADE RECOMMENDATION

Sell NCDEX - September Sugar M below 1297 with target towards 1289 then second target at 1287. Strict stop loss near 1301. Do not carry forward the position until the next day. Trade cautiously with intraday outlook.

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	11.08.07	10.08.07	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	1239	1241	1238	1240	1238	+2
	September	1236	1238	1235	1237	1239	-2
	October	1236	1241	1236	1238	1239	-1

MCX Sugar-Kolhapur Review

Sugar-Kolhapur futures traded up at MCX. The most active October contract opened weak at Rs. 1236/qtl and traded steadily up to test an intraday high of Rs. 1241/qtl. Prices were pushed down thereafter on increased selling pressure at higher levels and the contract settled at Rs. 1238/qtl. Volume traded improved, while open interest dipped as compared to the previous day, indicating short covering. Prices closed below the EMAs. All the indicators are flat and directionless. It is recommended to confirm the trend before initiating positions.

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-October	1222	1230	1238	1242	1248

MCX Sugar-Kolhapur-October Contract

SUGARSKLP 0710(MXSGUV7)2007/08/11 - Daily B:1237.00 A:1239.00
O 1236.00 H 1241.00 L 1236.00 C 1238.00 V 82 T 82 I 46 -1
EMA(9) 1249.2 (18) 1262.4



TRADE RECOMMENDATION

Sell MCX -October Sugar SKLP below 1240 with target towards 1234 then second target at 1232. Stop loss near 1244. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on August 10, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
October 2007	9.63	9.76	9.53	9.54	-0.29
March 2008	9.91	10.00	9.82	9.84	-0.25
May 2008	10.00	10.07	9.93	9.93	-0.20
LIFFE Sugar Prices (US\$/MT)					
August 2007	310.00	318.00	306.60	318.00	+9.50
October 2007	280.50	283.00	277.40	281.00	-1.00
December 2007	288.00	288.20	283.00	287.00	-2.00

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