

SPOT MARKETS

Sugar prices remained stagnant at the major cash markets on subdued trading activity. Festive demand is seen emerging from North India and Maharashtra on upcoming "rakshabandhan" and "ganesha festival". Prices slumped slightly at Kolkata market on poor demand and lack-lustre trade. However, the long term outlook on sugar prices remains depressed due to the huge supplies in the major cane producing countries. The area under sugarcane is reckoned to have risen by 6 per cent, largely due to a shift of some land from jowar to sugarcane in Maharashtra. The sugar output for the coming season is also estimated to be higher at 30 MMT. Sugar output in Brazil is likely to fall this year as more cane is being diverted to ethanol. The focus on ethanol is due to exports to the US and the domestic demand.

FUTURES MARKETS (NCDEX)

Sugar traded weak at NCDEX after an initial spurt. The most active September contract opened firm at Rs. 1304/qrtl, Rs. 3 above the previous close of Rs. 1301/qrtl and traded up initially to test an intraday high of Rs. 1311/qrtl. Prices slumped thereafter on increased selling pressure at higher levels and the contract settled at the day's low of Rs. 1295/qrtl. Volume traded improved amid lower open interest, indicating long liquidation.

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
8. Festive demand

WEATHER IMPACT

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

TECHNICALS (NCDEX)

Price closed within the range. A sustained close below 1287 would lead to a down trend, while a close above 1303 will lead to an uptrend. A bearish candle with a long shadow above is formed in the charts. Prices closed at par with 9-Day EMA. MACD and Stochastic are rising, providing some firmness to the prices, while RSI is dipping. Overall, the technicals indicate intermediate term bearishness. It is recommended to confirm the trend before initiating positions.

NCDEX Sugar M Grade-September Contract

Sugar M Grade 0709(NCSGMU7)2007/08/17 - Daily B:1295.00 A:1296.00
O 1304.00 H 1311.00 L 1295.00 C 1295.00 V 18,660 I 44,200 -6
EMA(9) 1297.1 (18) 1303.5



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- September	1265	1276	1295	1315	1325

TRADE RECOMMENDATION

Sell NCDEX - September Sugar M near 1295-1297 with target towards 1287 then second target at 1285. Strict stop loss near 1302. Do not carry forward the position until the next day. Trade cautiously with intraday outlook.

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	17.08.07	16.08.07	Change
Ready Sugar (M Grade)	Delhi	1420-1460	1420-1460	0
Ready Sugar (S Grade)	Delhi	1405-1445	1405-1445	0
Mill Delivery	Delhi	1335-1375	1335-1375	0

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	August	1285	1287	1268	1268	1266	+2
	September	1256	1258	1253	1253	1254	-1
	October	1258	1258	1252	1254	1260	-6

MCX Sugar-Kolhapur Review

Sugar-Kolhapur futures traded weak at MCX. The most active October contract opened weak at Rs. 1258/qtl, Rs. 2 down the previous close of Rs. 1260/qtl and traded steadily down to test an intraday low of Rs. 1252/qtl. Prices improved marginally thereafter on some buying interest and the contract settled at Rs. 1254/qtl. Volume traded dipped marginally, while open interest remained stagnant as compared to the previous day. Price closed above 9 Day EMA. MACD and Stochastic are rising, indicating some firmness in the market, while RSI is dipping. The technicals indicate a short term bullish market. However, the intermediate term trend remains bearish.

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-October	1228	1238	1254	1270	1282

MCX Sugar-Kolhapur-October Contract

SUGARSKLP 0710(MXSUGV7)2007/08/17 - Daily B:1251.00 A:1255.00
O 1258.00 H 1258.00 L 1252.00 C 1254.00 V 77 T 9,666 I 33 -6
EMA(9) 1251.0 (18) 1257.6



TRADE RECOMMENDATION

Buy MCX - October Sugar SKLP near 1255-1257 with target towards 1263 then second target at 1265. Stop loss near 1250. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on August 16, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
October 2007	9.45	9.48	9.08	9.09	-0.36
March 2008	9.66	9.72	9.35	9.37	-0.33
May 2008	9.75	9.80	9.42	9.45	-0.33
LIFFE Sugar Prices (US\$/MT)					
August 2007	310.00	318.00	306.60	318.00	+9.50
October 2007	282.00	282.00	272.00	272.50	-8.40
December 2007	285.00	285.10	276.50	276.50	-8.20

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