

### SPOT MARKETS

Sugar traded firm at the major markets on support derived from festive demand for the commodity ahead of the festival season, starting September. The Group of Ministers (GoM) has cleared the proposals of financial and debt restructuring package as well as mandatory 5% ethanol blending in petrol countrywide. 10% ethanol doping will be mandated from October 2008. UP govt. has requested the Centre to provide an interest free loan of Rs. 2000 crore to sugar mills in the state to enable them to repay the cane arrears of farmers. This, coupled with the festival season demand is likely to lift the sentiments in the short term. However, forecasts of record output and limited export opportunities are seen pressurizing the prices in the medium to long term. Indian sugar exports have crossed 2 MMT in 2006-07, while ISO forecasts sugar exports of 3.5 MMT in 2007-08.

### FUTURES MARKETS (NCDEX)

Sugar traded bullish at NCDEX. The most active October futures opened firm at Rs. 1294/qrtl, Rs. 3 above the previous settlement of Rs. 1291/qrtl and traded down initially to test an intraday low of Rs. 1292/qrtl. Prices improved thereafter on increased buying interest and the contract tested an intraday high of Rs. 1301/qrtl. Prices were pushed down later as more sellers emerged at higher levels and the contract settled at Rs. 1296/qrtl. Volume traded was lower, while open interest improved as compared to the previous day.

### PRICE DRIVERS

1. Domestic and global glut
2. Govt. raised buffer stock by 3 million tonnes
3. Decontrolling of sugar exports
4. Acreage under sugarcane increased to 5.11 million ha
5. Festive demand
6. Carry forward of July unsold quota

### WEATHER IMPACT

Normal monsoon and increased acreage points towards higher cane production.

### TECHNICALS (NCDEX)

A bullish candle with selling at higher levels is formed in the charts. Prices closed below the 18 day EMA. MACD is almost flat in the negative zone, leaving scope for movement in either direction. RSI is rising in the neutral region, while Stochastic is rising to emerge from the oversold region. Overall, the technicals indicate short term firmness in the market. Prices closing below the 18-day EMA indicate intermediate term weakness. Sugar is expected to trade firm in the next trading session.

### NCDEX Sugar M Grade-October Contract

Sugar M Grade 0710(NCSEGMV7)2007/08/29 - Daily B:1296.00 A:1297.00  
O 1294.00 H 1301.00 L 1292.00 C 1296.00 V 7,760 I 44,900 +5  
EMA(9) 1293.0 (18) 1298.3



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- October	1254	1267	1296	1310	1319

### TRADE RECOMMENDATION

**Buy** NCDEX - October Sugar M near 1292-1294 with target towards 1300 then second target at 1304. Strict stop loss near 1287. Do not carry forward the position until the next day. Trade cautiously with intraday outlook.

### Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	29.08.07	28.08.07	Change
Ready Sugar (M Grade)	Delhi	1405-1445	Closed	-
Ready Sugar (S Grade)	Delhi	1390-1430	Closed	-
Mill Delivery	Delhi	1320-1370	Closed	-

### MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	September	1244	1245	1241	1244	1243	+1
	October	1241	1243	1239	1243	1241	+2
	November	1216	1217	1213	1215	1215	0

### MCX Sugar-Kolhapur Review

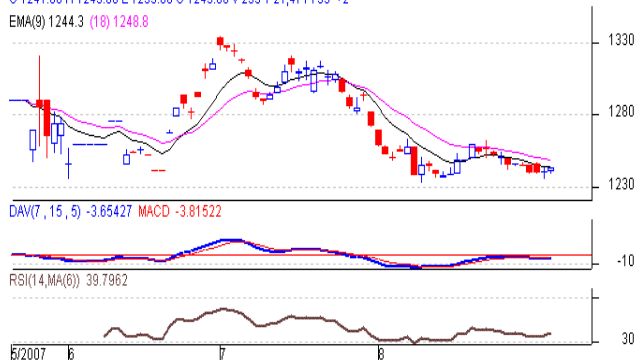
Sugar-Kolhapur futures traded bullish at MCX. The most active October futures opened firm at Rs. 1241/qtl and traded down initially to test an intraday low of Rs. 1239/qtl. Prices improved thereafter on more buying at lower levels and the contract finished at Rs. 1243/qtl. Volume traded improved, while open interest dipped marginally. MACD and Stochastic are flat in the oversold region. Prices closed below the EMAs. Overall, technicals indicate indecisiveness in the short term and weakness in the intermediate term in the market. RSI is rising in the neutral region, which gives some firmness to the prices in the short term. Sugar-Kolhapur is expected to trade sideways, with upward bias in the next trading session.

### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-October	1220	1230	1243	1250	1258

### MCX Sugar-Kolhapur-October Contract

SUGARSKLP 0710(MX/SUGV7)2007/08/29 - Daily B:1241.00 A:1244.00  
O 1241.00 H 1243.00 L 1239.00 C 1243.00 V 235 T 21,471 I 39 +2  
EMA(9) 1244.3 (18) 1248.8



### TRADE RECOMMENDATION

**Buy** MCX - October Sugar SKLP 1240-1242 with target towards 1246 then second target at 1248. Stop loss near 1236. Do not carry forward the position until the next day.

### INTERNATIONAL FUTURES QUOTES (as on August 28, 2007)

Contract Month	Open	High	Low	Close	Change
<b>NYBOT Sugar No. 11 Prices (US Cents/lb)</b>					
October 2007	9.46	9.52	9.41	9.45	-0.01
March 2008	9.75	9.79	9.70	9.73	-0.02
May 2008	9.81	9.84	9.76	9.79	-0.02
<b>LIFFE Sugar Prices (US\$/MT)</b>					
August 2007	310.00	318.00	306.60	318.00	+9.50
October 2007	280.00	282.30	279.00	279.50	+0.50
December 2007	282.30	284.70	282.20	282.50	0.00

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