

SUGAR

August 28, 2007

SPOT MARKETS

Sugar spot market prices improved at the markets of Muzaffarnagr and Kolkata on the back of some festive demand from retailers while prices declined in Delhi markets on lower buying support from the consuming units. Festive demand is seen emerging from most of the states of the country on the upcoming festival season and considering the upcoming festive demand the govt. is also planning to allot higher free sale quota for the coming months, which is likely to pressurize the prices. Meanwhile, the higher kharif acreage under sugarcane and higher sugar output estimates are likely to keep the prices at lower side during the upcoming sugar season. Also the higher sugar surplus and glut situation globally are weighing heavily on prices. The International Sugar Organization forecasts world sugar output in 2007-08 to rise 4.1 million metric tons to 169.6 million tons, which will surpass consumption by 10.8 MMT. However, the prompt and appropriate govt. intervention and focusing more on raw sugar exports, along with Brazilian model of ethanol doping in auto-fuels can be seen as measures to provide support to the crashing sugar prices.

FUTURES MARKETS (NCDEX)

Sugar futures traded bullish at NCDEX. The most active October contract opened at its previous close of Rs. 1284/mt and traded down initially testing a low of Rs 1283/mt. However, prices recovered thereafter on renewed buying interest to test an intraday high of Rs 1293/mt before it settled at Rs 1285/mt. October contract traded in the range of Rs 1283-1293/mt and the September contract traded in the range of Rs 1277-1293/mt. Volume traded was higher, while open interest declined 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. Exports to Pakistan likely
7. Carry forward of July unsold quota

WEATHER IMPACT

Forecast of rainfall over NW part of India on 28th onwards-IMD

Spot Market Prices (Rs. /mt)

Origin/Grade	Center	27.08.07	25.08.07	Change
Ready Sugar (M Grade)	Delhi	1395-1425	1395-1435	-10
Ready Sugar (S Grade)	Delhi	1380-1410	1380-1420	-10
Mill Delivery	Delhi	1310-1340	1310-1350	-10

TECHNICALS (NCDEX)

A doji pattern is formed with long upper shadow reflecting selling pressure at higher level. MACD and EMA remain weak for the medium-term. Stochastic is deep in the oversold region while RSI is moving upward in oversold region. Sugar is expected to trade range bound with weak bias.

NCDEX Sugar M Grade-October Contract



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- October	1255	1266	1285	1293	1302

TRADE RECOMMENDATION

Sell NCDEX - October Sugar M below 1284 with target towards 1276 then second target at 1274. Strict stop loss near 1288. Do not carry forward the position until the next day. Trade cautiously with intraday outlook.

■ SUGAR

■ August 28, 2007

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	September	1243	1245	1239	1243	1240	+3
	October	1246	1247	1239	1240	1240	0
	November	1226	1227	1219	1221	1222	-1

MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur futures traded bearish with the most active October opening firm at Rs. 1246/qtl and traded up initially testing a high of Rs 1247/qtl. However, prices tumbled thereafter on increased selling pressure testing an intraday low of Rs 1239/qtl before it closes at Rs 1240/qtl. Both volume and open interest increased. MACD & EMA remains bearish for medium term. Stochastic entered in the oversold region while RSI is moving flat in the neutral region. Sugar-Kolhapur futures are expected to trade range bound with weak bias in the next trading session

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-October	1220	1228	1240	1247	1255

MCX Sugar-Kolhapur-October Contract



TRADE RECOMMENDATION

Sell MCX - October Sugar SKLP 1242 with target towards 1236 then second target at 1233. Stop loss near 1245. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on August 24, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
October 2007	9.62	9.65	9.38	9.39	-0.14
March 2008	9.87	9.90	9.69	9.69	-0.13
May 2008	9.77	9.77	9.74	9.74	-0.13
LIFFE Sugar Prices (US\$/MT)					
August 2007	310.00	318.00	306.60	318.00	+9.50
October 2007	280.00	283.50	278.50	279.00	-2.00
December 2007	284.00	285.60	280.80	282.50	-1.60

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2007 Indian Agribusiness Systems Pvt. Ltd.