

SPOT MARKETS

Sugar traded steady at the major cash markets on poor demand for the commodity amidst ample supply from mills and weak trading session. Sugar sector is facing the crisis of oversupply and is awaiting govt. to declare the financial sops intended for the sector. The decision of the Group of Ministers on the financial and debt restructuring package is likely to provide some support to the falling sugar prices. However, no major uptrend in prices is expected in the medium to long, given the glut situation. The non-levy quota for the month of August is fixed at 1.3 MMT, as against the 1 MMT for the previous month. Higher acreage under sugarcane in the current kharif sowing and higher projected sugar output of 30 MMT for the coming season are seen casting a bearish spell on sugar prices till 2009. Industry experts see focus shift to raw sugar exports and higher percentage of ethanol doping in auto-fuels as the way out of the crisis.

FUTURES MARKETS (NCDEX)

Sugar is trading volatile at NCDEX. The most active September contract opened weak at Rs. 1292/qttl, Rs. 3 down the previous close of Rs. 1295/qttl and traded down initially to test an intraday low of Rs. 1287/qttl. Prices improved thereafter on some buying at lower levels and the contract tested an intraday high of Rs. 1299/qttl. Increased selling at higher levels pushed the prices down later before closing at Rs. 1291/qttl. Volume traded and open interest dipped 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. Mandatory 5% ethanol blending countrywide
6. Decontrolling of sugar exports
7. Acreage under sugarcane increased to 5.11 million ha, while output for the next season is estimated at 30 MMT

WEATHER IMPACT

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

Spot Market Prices (Rs. /qttl)

Origin/Grade	Center	02.08.07	01.08.07	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

TECHNICALS (NCDEX)

An indecisive candle with equally aggressive buyers and sellers is formed with prices closing well below the EMA. RSI and Stochastic are falling deeper in the oversold region. EMA and MACD indicate medium-term bearishness. Overall, sugar is expected to trade volatile in the next trading session, with a downward inclination.

NCDEX Sugar M Grade September Contract

Sugar M Grade 0709(NCSGMU7)2007/08/02 - Daily B:1289.00 A:1291.00
 C 1292.00 H 1299.00 L 1287.00 C 1291.00 V 9,860 I 47,090 -4
 EMA(9) 1313.5 (18) 1327.4



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- September	1252	1266	1291	1311	1323

TRADE RECOMMENDATION

Sell NCDEX - September Sugar M below 1293 with target towards 1283 then second target at 1280. Strict stop loss near 1298. Do not carry forward the position until the next day. Trade cautiously with intraday outlook.

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	August	1244	1252	1242	1245	1247	-2
	September	1248	1257	1248	1252	1253	-1
	October	1258	1259	1252	1253	1259	-6

MCX Sugar – Kolhapur Review

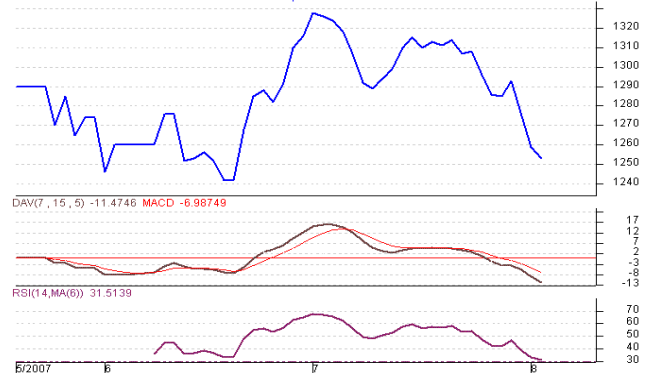
Sugar-Kolhapur contracts traded weak at MCX. Most active October contract opened weak at Rs. 1258/qtl and traded marginally up initially to test an intraday high of Rs. 1259/qtl. Prices slumped thereafter on increased selling at higher levels to test an intraday low of Rs. 1252/qtl, before settling at Rs. 1253/qtl. Volume traded dipped, while open interest improved marginally. Prices closed below the EMAs. MACD, RSI and Stochastic are falling deeper in the oversold region. Sugar-Kolhapur futures are expected to trade weak in the next trading session.

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-October	1225	1245	1253	1270	1282

MCX Sugar - Kolhapur October Contract

SUGARSKLP 0710(MX8UGV7)2007/08/02 - Daily B:1252.00 A:1254.00
O 1258.00 H 1259.00 L 1252.00 C 1253.00 V 165 T 20,716 I 43 -6



TRADE RECOMMENDATION

Sell MCX - October Sugar SKLP less than 1255 with target towards 1245 then second target at 1243. Stop loss near 1260. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on August 1, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
October 2007	10.25	10.31	10.12	10.28	-0.05
March 2008	10.38	10.38	10.24	10.33	-0.09
May 2008	10.36	10.38	10.36	10.36	-0.06
LIFFE Sugar Prices (US\$/MT)					
August 2007	310.00	318.00	306.60	318.00	+9.50
October 2007	309.30	309.30	303.00	303.10	-6.30
December 2007	307.20	307.20	303.00	303.50	-5.20

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