

## ■ SUGAR

■ August 11, 2007

### SPOT MARKETS

Sugar traded flat at the major spot markets across the country on slack demand amid restricted supplies and dull trading session. Road blocks due to pilgrim season in Haridwar restricted loading from mills in the belt, thereby affecting supplies. Festive demand for sugar is expected to strengthen in North India later in the month on the impending "rakshabandhan". The Centre has decided to offer subsidy on exports made through land and rail route, in addition to the already existing subsidy of Rs. 1350/ton to sugar mills based on ports. The govt. would be providing sugar mills the subsidy or the actual cost, whichever is lower, on transportation of sugar to neighbouring nations like Nepal and Bangladesh. Sugar exports from the country are expected to drop 1 MMT as against the set target of 2.5 MMT for the current season, following sharp decline in global prices. The medium to long term outlook on sugar prices remain bearish, given the glut situation

### FUTURES MARKETS (NCDEX)

Sugar futures traded sideways at NCDEX. The most active September contract opened at the previous close price of Rs. 1291/qtl. The contract traded down initially to test an intraday low of Rs. 1287/qtl. Prices improved thereafter on increased buying interest at lower levels to test an intraday high of Rs. 1299/qtl. Prices later slumped on increased selling pressure and the contract settled at Rs. 1293/qtl. Volume traded was lower, while open interest improved as compared 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)

An indecisive candlestick pattern is formed in the charts, with prices still remaining below the EMAs. None of the indicators is giving any clue of the future trend of the market, except Stochastic which is falling slowly in the neutral region and has made a bearish crossover. MACD and RSI are flat and directionless. It is recommended to wait for the next close to confirm the trend before initiating positions.

### NCDEX Sugar M Grade-September Contract

Sugar M Grade 0709(NCSGMJ7)2007/08/10 - Daily B:1293.00 A:1294.00  
O 1291.00 H 1299.00 L 1287.00 C 1293.00 V 8,000 I 45,200 +2



### 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. /qtl)

Origin/Grade	Center	10.08.07	09.08.07	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)

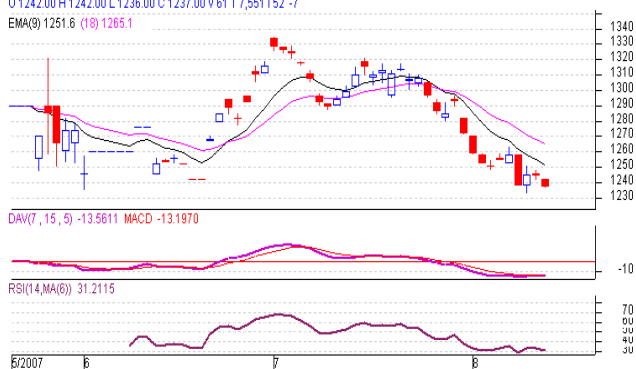
Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	August	1239	1244	1236	1236	1240	-4
	September	1242	1242	1236	1239	1244	-5
	October	1242	1242	1236	1237	1244	-7

### MCX Sugar-Kolhapur Review

MCX Sugar-Kolhapur contracts traded bearish. The most active October contract opened weak at Rs. 1242/qtl and traded steadily down to test an intraday low of Rs. 1236/qtl. The contract settled at Rs. 1237/qtl. Volume traded was lower, while open interest improved as compared to the previous day. Prices closed well below the EMAs. MACD is flat in the negative zone. Stochastic is rising hesitantly in the oversold region, while RSI is falling into it. Overall, technicals indicate a bearish market in the short term. Sugar-Kolhapur futures are expected to trade weak in the next trading session.

### MCX Sugar-Kolhapur-October Contract

SUGARSKLP 0710(MX/SUGV7)2007/08/10 - Daily B 1236.00 A 1241.00  
O 1242.00 H 1242.00 L 1236.00 C 1237.00 V 61 T 7,551 I 52 -7  
EMA(9) 1251.6 (18) 1265.1



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-October	1222	1230	1237	1254	1252

### 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 9, 2007)

Contract Month	Open	High	Low	Close	Change
<b>NYBOT Sugar No. 11 Prices (US Cents/lb)</b>					
October 2007	9.91	9.92	9.82	9.83	+0.01
March 2008	10.14	10.15	10.07	10.09	-0.02
May 2008	10.16	10.16	10.13	10.13	-0.02
<b>LIFFE Sugar Prices (US\$/MT)</b>					
August 2007	310.00	318.00	306.60	318.00	+9.50
October 2007	282.00	286.50	281.00	282.00	-1.60
December 2007	290.40	292.50	288.00	289.00	-2.00

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