

## ■ SUGAR

■ Sept 12, 2007

### SPOT MARKETS

Sugar spot prices remained unchanged at the major cash markets in UP and Delhi on routine demand - supply situation, while prices eased in Kolkata markets on normal demand against ample supply ahead of festive demand. Meanwhile, the GOI has extended deadline for exports of white sugar within 36 months instead of early practice of 24 months against imports of raw sugar by mills, which further restricted the downside. The step was taken keeping in view of falling export realizations due to global oversupply. London, white sugar prices declined to the lowest in more than 2 years on speculation that global supply will increase in upcoming sugar season in major sugar producing country like Brazil and India etc. Further, ISO (International Sugar Organization) said that India is expected to over take the Brazil as world's top sugar producer in upcoming sugar season (Oct'07-Sept'08). As per the forecast of ISO Indian is expected to produce 33.15 million tonnes in 2007-08 sugar season. Production in other major producing countries is also expected to increase in upcoming season. Thus, prices are expected to remain on lower side in coming season due to glut situation.

### FUTURES MARKETS (NCDEX)

Sugar futures traded weak at NCDEX. The most active November contract opened firm at Rs. 1246, Rs. 2 up from the previous settlement of Rs. 1244/qrtl and traded up initially testing a high of Rs 1249. However, prices tumbled thereafter erasing all the early gains on increased selling pressure at higher level testing a low of Rs 1236 before it closes at Rs 1237. October contract traded in the range of Rs 1299-1311. In November contract volume and open interest increased.

### PRICE DRIVERS

1. Domestic and global glut
2. Govt. raised buffer stock by 3 million tonnes
3. Acreage under sugarcane increased to 5.11 million ha
4. Festive demand
5. Financial and debt restructuring package
6. 10% ethanol doping effective October 2008
7. Govt. extended export obligation on import of raw sugar

### WEATHER IMPACT

Near normal monsoon and increased acreage points towards higher cane production.

### TECHNICALS (NCDEX)

A long dark candlestick is formed in the chart shows weakness in market. MACD and EMA remain weak for the medium term. Stochastic has made bearish crossover in the neutral region while RSI is about to enter in to the oversold region. Sugar is likely to trade range bound with weak bias with possibility of late upward movement on profit taking.

### NCDEX Sugar M Grade-November Contract



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- November	1220	1224	1237	1241	1246

### TRADE RECOMMENDATION

**Sell** NCDEX - November Sugar M below 1236 with target towards 1230 then 1228. Strict stop loss near 1239. Do not carry forward the position until the next day. Trade cautiously with intraday outlook.

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

Origin/Grade	Center	11.09.07	10.09.07	Change
Ready Sugar (M Grade)	Delhi	1435-1490	1435-1490	-
Ready Sugar (S Grade)	Delhi	1420-1475	1420-1475	-
Mill Delivery	Delhi	1350-1405	1350-1405	-

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

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	September	1264	1270	1264	1266	1262	+4
	October	1252	1258	1251	1251	1245	+6
	November	1196	1197	1180	1196	1197	-1

### MCX Sugar-Kolhapur Review

Sugar Kolhapur futures traded firm at MCX. The most active October contract opened firm at Rs. 1252/qtl and traded up initially testing a high of Rs 1258/qtl. However, prices tumbled thereafter on selling pressure testing a low of Rs 1251/qtl and settled at days low. Volume declined while open interest stood steady. Prices closed above the EMAs. MACD is moving flat over zero line. Stochastic is moving down while RSI heading upward in the neutral region. A range bound movement is expected in the market with weak bias.

### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-October	1233	1238	1251	1254	1258

### MCX Sugar-Kolhapur-October Contract



### TRADE RECOMMENDATION

**Sell** MCX - October Sugar SKLP below 1250 with target towards 1245 then second target at 1243. Stop loss near 1253. Do not carry forward the position until the next day.

### INTERNATIONAL FUTURES QUOTES (as on September 07, 2007)

Contract Month	Open	High	Low	Close	Change
<b>NYBOT Sugar No. 11 Prices (US Cents/lb)</b>					
October 2007	9.37	9.45	9.23	9.41	+0.04
March 2008	9.74	9.81	9.55	9.76	+0.02
May 2008	9.77	9.84	9.62	9.80	+0.03
<b>LIFFE Sugar Prices (US\$/MT)</b>					
August 2007	272.20	273.60	269.10	273.40	+0.40
October 2007	273.80	275.90	271.10	275.20	+0.70
December 2007	283.50	285.70	281.40	285.00	+0.70

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