

## ■ SUGAR

■ Sept 24, 2007

### SPOT MARKETS

Sugar traded mostly flat at the cash markets on improved demand amidst ample supplies from mills and the govt. sops. Festive demand is seen emerging from north India on the ensuing durgapuja, diwali and ramzan. Govt. is considering various sops for the sugar industry which is reeling under the crisis of plenty, like allowing ethanol production directly from sugarcane juice, doubling ethanol doping in petrol to 10% from October 2008 and extension of export subsidies for one year beyond April 2008. However, no major uptrend in sugar prices is likely in the long term, given the glut situation. The total coverage under sugarcane has been reported at 51.046 lakh ha against 48.32 lakh ha last year and the sugarcane production is estimated at 345.62 MMT. A further increase in supplies from India may further drag down global prices of sugar.

### FUTURES MARKETS (NCDEX)

Sugar futures traded weak at NCDEX in a narrow range. The benchmark November contract opened weak at Rs. 1241/qrtl, Re. 1 down the previous close and traded down in the opening session to test an intraday low of Rs. 1233/qrtl. Prices improved slightly thereafter on increased buying interest at lower prices to close at Rs. 1239/qrtl. Open interest dipped marginally amidst very low volumes traded, as compared to the previous session.

### PRICE DRIVERS

1. Domestic and global glut
2. Acreage under sugarcane reported at 51.1 lakh ha, sugarcane production at 345.62 MMT
3. Festive demand
4. Financial and debt restructuring package
5. 10% ethanol doping effective October 2008
6. Export subsidies to be extended for one year
7. Govt. to allow ethanol production from sugarcane

### WEATHER IMPACT

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

### TECHNICALS (NCDEX)

Doji formation in the charts shows indecision in the market, with some buying at lower levels. All the technicals are flat and fail to provide any clue to the future direction of the market, except RSI which is falling slightly in the neutral zone. Prices closed below the EMAs, indicating some short as well as intermediate term weakness in the prices. Sugar futures are expected to trade weak during the next session, after opening flat to slightly firm and possibility of some late upward movement.

### NCDEX Sugar M Grade-November Contract

Sugar M Grade 0711(NCSGMX7)2007/09/22 - Daily B:1238.00 A:1240.00  
O 1241.00 H 1241.00 L 1235.00 C 1239.00 V 2,390 154,060 -3  
EMA(9) 1241.1 (18) 1243.5



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- November	1216	1227	1239	1255	1261

### TRADE RECOMMENDATION

**Sell** NCDEX - November Sugar M below 1240 with target towards 1235 then second target at 1232. Strict stop loss near 1243. Do not carry forward the position until the next day. Trade cautiously with intraday outlook.

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

Origin/Grade	Center	22.09.07	21.09.07	Change
Ready Sugar (M Grade)	Delhi	1420-1465	1420-1465	0
Ready Sugar (S Grade)	Delhi	1405-1450	1405-1450	0
Mill Delivery	Delhi	1335-1380	1335-1380	0

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

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	October	1245	1249	1241	1245	1245	0
	November	1170	1173	1166	1169	1175	-6
	December	1159	1166	1157	1164	1164	0

### MCX Sugar-Kolhapur Review

Sugar-Kolhapur futures traded sideways with a downward inclination at MCX. The most active October contract opened steady at Rs. 1245/qtl and traded down initially to test an intraday low of Rs. 1241/qtl. The prices improved thereafter on increased buying interest at lower levels to test a high of Rs. 1249/qtl. The prices were pushed back later to close at Rs. 1244/qtl. Open interest has improved amidst higher volumes traded as compared to the previous day, indicating some short accumulation. MACD and RSI are flat and directionless, while Stochastic is falling after a bearish crossover in the neutral region. Prices closed below the EMAs. Sugar-Kolhapur futures are likely to trade weak during the next trading session

### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-October	1230	1235	1244	1274	1282

### MCX Sugar-Kolhapur-October Contract



### TRADE RECOMMENDATION

**Sell** MCX - October Sugar SKLP below 1245 with target towards 1240 then second target at 1238. Stop loss near 1248. Do not carry forward the position until the next day.

### INTERNATIONAL FUTURES QUOTES (as on September 21, 2007)

Contract Month	Open	High	Low	Close	Change
<b>NYBOT Sugar No. 11 Prices (US Cents/lb)</b>					
October 2007	9.79	9.95	9.77	9.79	-0.05
March 2008	10.13	10.20	10.05	10.08	-0.06
May 2008	10.13	10.18	10.12	10.12	-0.06
<b>LIFFE Sugar Prices (US\$/MT)</b>					
August 2007	258.50	274.70	257.90	272.50	+13.00
October 2007	286.60	290.00	285.80	288.00	+2.70
December 2007	291.00	294.60	290.70	293.90	+3.40

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