

Sept 14, 2007

## SPOT MARKETS

Sugar prices remained mostly steady across the markets in UP and Delhi in a normal demand - supply situation, while the prices inched slightly higher in Kolkata markets making up for the previous day's decline. Festive demand in the coming time might support the prices to some extent; however looking at the healthy supply position, there is hardly any scope for prices on the higher side. The increased production expected in the top two sugarcane producing nations India and Brazil is projecting bearish international scenario for sugar in the coming year too. Further, with the early start of crushing in Maharashtra on Aug 1, the country needs to speed up the exports to evacuate storage space for the fresh crop product. The country has exported 1.5 million tones of white sugar since January and is likely to cross 3 million tones mark this year. The industry has also shipped 0.55 million tones raw sugar during this period. However, with the bearish global scenario exporters are finding hard to get a good price for their exports. In such a case increased raw sugar exports would be a better idea to cope with the domestic glut of supplies. Thus, considering the factors prices are expected to remain lower in medium to long term.

## FUTURES MARKETS (NCDEX)

Sugar futures traded weak Wednesday at NCDEX. The most active November contract opened marginally weak at Rs. 1237, Rs. 1 down from the previous settlement and then traded in the range of Rs 1225-1237/mtl before finally closing at Rs 1231/mtl. October contract traded in a tight range of Rs 1290-1297/mtl. In November contract both volume and open interest increased during the session.

## PRICE DRIVERS

1. Domestic and global glut
2. Govt. raised buffer stock by 3 million tonnes
3. Area under sugarcane increased to 5.11 million ha
4. Production in Maharashtra is expected rise by 7 %
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)

Candlestick chart pattern shows weakness in prices. MACD is running flat in the negative region. The prices continue to hold below short term and medium term EMAs, which supports bears. Stochastic is moving down in the neutral region supporting bears. Sugar is likely to trade range bound with weak bias.

### NCDEX Sugar M Grade-November Contract



## SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- November	1214	1220	1231	1237	1245

## TRADE RECOMMENDATION

**Sell** NCDEX - November Sugar M below 1236 with target towards 1228 then 1225. Strict stop loss near 1241. Do not carry forward the position until the next day. Trade cautiously with intraday outlook.

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

Origin/Grade	Center	13.09.07	12.09.07	Change
Ready Sugar (M Grade)	Delhi	1420-1475	1420-1475	-
Ready Sugar (S Grade)	Delhi	1420-1475	1420-1475	-
Mill Delivery	Delhi	1345-1405	1350-1405	-

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

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	September	1260	1265	1258	1262	1262	0
	October	1250	1250	1241	1247	1250	-3
	November	1295	1295	1187	1189	1193	-2

### MCX Sugar-Kolhapur Review

Sugar Kolhapur futures traded with weak bias Thursday at MCX. The most active October contract opened steady at Rs. 1250/qtl. Contract then traded down testing a low of Rs 1241/qtl before closing the session at Rs 1247/qtl. Volume improved while open interest dipped marginally. Prices closed below the EMAs. MACD is moving flat over zero line. Both Stochastic and RSI is moving down 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	1249	1254	1258

### MCX Sugar-Kolhapur-October Contract



### TRADE RECOMMENDATION

**Sell** MCX - October Sugar SKLP below 1251 with target towards 1243 then second target at 1240. Stop loss near 1256. Do not carry forward the position until the next day.

### INTERNATIONAL FUTURES QUOTES (as on September 12, 2007)

Contract Month	Open	High	Low	Close	Change
<b>NYBOT Sugar No. 11 Prices (US Cents/lb)</b>					
October 2007	9.30	9.40	9.25	9.29	-0.01
March 2008	9.64	9.75	9.58	9.63	-0.03
May 2008	9.68	9.77	9.64	9.67	-0.04
<b>LIFFE Sugar Prices (US\$/MT)</b>					
October 2007	268.40	270.00	263.10	264.00	-4.60
December 2007	271.50	272.20	271.10	268.80	-2.00
March 2008	281.00	282.90	280.50	280.60	-1.20

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