

## ■ SUGAR

■ October 29, 2007

### SPOT MARKETS

Spot sugar prices remained flat on weak demand due to month end cash crunch and subdued trading. The govt. sops no longer support the market sentiments, while festive demand is likely to prop up the market till Diwali. However, any major upsides are capped in the short term by the additional sugar released under FSQ. The long term outlook continues to remain bearish on account of the domestic and global glut situation. However, undeterred rise in the crude oil prices, and sluggish Brazilian sugar output estimates are seen supporting the global sugar prices in the short term. Meanwhile, India is delaying sugar sales in the hope of selling it at higher prices, which could possibly cause world sugar prices to rally in the coming weeks, despite global sugar surplus.

### FUTURES MARKETS (NCDEX)

Sugar futures traded weak in a narrow range at NCDEX. The most active December delivery contract opened firm at Rs. 1239/qrtl, Rs. 2 above the previous settlement and traded steadily down to test an intraday low of Rs. 1233/qrtl, before settling marginally higher at Rs. 1235/qrtl. Open interest dipped slightly amidst very low volumes traded as compared to the previous day.

### PRICE DRIVERS

1. Domestic and global glut
2. Acreage under sugarcane at 51.1 lakh ha; sugarcane production at 345.62 MMT
3. Sugar output estimated at around 30 MMT
4. Festive demand
5. 4.2 MMT of FSQ for the quarter Oct-Dec 07; additional 1.45 lakh tonnes under FSQ
6. 10% ethanol doping effective October 2008
7. Export subsidies extended for one year
8. Govt. sanctioned sops for sugar industry

### WEATHER IMPACT

Late season rain in north and south India helps the growth of developing sugarcane.

### TECHNICALS (NCDEX)

Candlestick pattern suggests indecision in the market, as does a flat Stochastic in the neutral region. Close above the short term EMAs and rising MACD in the positive territory support firmness in the market, while a downward RSI in the neutral region indicate some firmness in the short term. Sugar is likely to trade sideways in the next session with a downward bias. 1245-1246 levels are seen resisting uptrend in prices in the short term.

### NCDEX Sugar M Grade-December Contract

Sugar M Grade 0712(NCSGMZ7)2007/10/28 - Daily B:1234.00 A:1235.00  
O 1239.00 H 1239.00 L 1233.00 C 1235.00 V 4,080 I 75,870 -2  
EMA(9) 1231.2 (18) 1227.5



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- December	1205	1223	1235	1255	1265

### TRADE RECOMMENDATION

**Sell** NCDEX - December Sugar M below 1235-1237 with target towards 1229 then second target at 1227. Strict stop loss near 1240. Do not carry forward the position until the next day.

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

Origin/Grade	Center	27.10.07	26.10.07	Change
Ready Sugar (M Grade)	Delhi	1455-1500	1455-1500	0
Ready Sugar (S Grade)	Delhi	1440-1485	1440-1485	0
Mill Delivery	Delhi	1370-1415	1370-1415	0

## SUGAR

October 29, 2007

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

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	November	1237	1240	1231	1233	1239	-6
	December	1217	1222	1213	1215	1219	-4
	January	1216	1219	1213	1216	1218	-2

### MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur futures traded weak. The most active December contract opened Rs. 2 weak at Rs. 1217 and traded up to test an intraday high of Rs. 1222, before active selling pressurized the market. The prices dipped thereafter to test an intraday low of Rs. 1213 and settled at Rs. 1215. Open interest dipped, while volume traded improved on account of long liquidation. Prices remain above 9 and 18 day EMAs, while Stochastic is rising into overbought region, supporting firm trend. MACD has flattened out just above the zero line, leaving scope for movement in either direction. RSI is dipping in the neutral zone, indicating some short term weakness in the market. Sugar-Kolhapur is likely to trade firm in the next session with some late downward movement.

### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-December	1186	1204	1215	1229	1247

### MCX Sugar-Kolhapur-December Contract

SUGARSKLP 0713(MXSUGZ7)2007/10/27 - Daily B:1214.00 A:1216.00  
O 1217.00 H 1222.00 L 1213.00 C 1215.00 V 316 T 168 I 26 -4  
EMA(9) 1210.6 (18) 1204.1



### TRADE RECOMMENDATION

**Buy** MCX-December Sugar SKLP above 1213 with target towards 1218 then second target at 1220. Stop loss near 1210. Do not carry forward the position until the next day.

### INTERNATIONAL FUTURES QUOTES (as on October 26, 2007)

Contract Month	Open	High	Low	Close	Change
----------------	------	------	-----	-------	--------

#### ICE Sugar No. 11 Prices (US Cents/lb)

March 2008	10.43	10.50	10.13	10.15	-0.07
May 2008	10.39	10.45	10.20	10.20	-0.01
July 2008	10.27	10.33	10.12	10.12	-0.01

#### LIFFE Sugar Prices (US\$/MT)

December 2007	281.90	288.50	281.60	283.00	+2.40
March 2008	286.70	293.10	286.70	288.40	+2.30
May 2008	292.00	295.30	291.20	291.90	+2.00

### Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2007 Indian Agribusiness Systems Pvt. Ltd.