

SPOT MARKETS

Sugar traded mostly steady at the benchmark centres on slack demand due to month-end crash crunch and lack-lustre trade. Govt. sops have lost their sheen and fail to enthuse the traders any more. However, the festive demand is likely to support the market till Diwali. The reports of sluggish Brazil sugar production is giving hopes to the global sugar industry and is likely to provide some support to the sugar prices in the short term. Meanwhile, the additional 1.45 lakh tonnes of sugar released for sale in the open market is seen capping any upside in sugar prices. The long term outlook also remains largely bearish, given the huge supplies in the domestic as well as global markets. The global market is headed for a sugar surplus stock of 10.8 MMT.

FUTURES MARKETS (NCDEX)

NCDEX sugar futures closed lower after an after riding high. The most active December contract opened Re. 1 firm at Rs. 1239/qrtl and traded steadily up to test an intraday high of Rs. 1246/qrtl. Prices slumped thereafter on increased selling pressure to test an intraday low of Rs. 1236/qrtl, before closing marginally higher at Rs. 1237/qrtl. Open interest and volumes dipped 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; so do RSI which has flattened out just below overbought region. Prices remain above the short term EMAs, supporting a firm market. MACD is rising in the positive territory, indicating further bullish momentum in the market, while Stochastic is falling in the neutral zone, suggesting further downtrend in place. Sugar futures are likely to trade range-bound in the next session with a firm bias. Next resistance is seen emerging at 1245 level.

NCDEX Sugar M Grade-December Contract

Sugar M Grade 0712(NC66MZ7)2007/1028 - Daily B:1236.00 A:1237.00
O:1239.00 H:1246.00 L:1236.00 C:1237.00 V:11,660 I:77,050 -1
EMA(9):1230.3 (18):1226.6



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- December	1205	1223	1237	1255	1265

TRADE RECOMMENDATION

Buy NCDEX - December Sugar M above 1235-1237 with target towards 1243 then second target at 1245. Strict stop loss near 1232. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	26.10.07	25.10.07	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 27, 2007

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	November	1234	1241	1234	1238	1234	+4
	December	1217	1223	1217	1217	1217	0
	January	1215	1222	1215	1216	1215	+1

MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur futures traded firm. The most active November contract opened steady at Rs. 1234/qtl and traded steadily up to test an intraday high of Rs. 1241/qtl. Prices dipped slightly thereafter on some selling pressure and the contract settled at Rs. 1239/qt. Open interest dipped, while volumes improved as compared to the previous day, suggesting some short covering. Prices closed above the short term EMAs, suggesting a firm market. MACD is rising in the positive territory, while RSI and Stochastic are ascending into the overbought region, supporting bullish posture of the market. Sugar-Kolhapur futures are likely to trade firm in the next session. However, the overbought nature of the market increases the possibility of a technical correction.

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-November	1178	1191	1239	1249	1287

MCX Sugar-Kolhapur-November Contract

BUGARSKLP 0711(MKSK06X7)20071026 - Daily B:1235.00 A:1239.00
O:1234.00 H:1241.00 L:1234.00 C:1238.00 V:134 T:16,582 I:24 +4



TRADE RECOMMENDATION

Buy MCX-November Sugar SKLP above 1237 with target towards 1243 then second target at 1245. Stop loss near 1234. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on October 25, 2007)

Contract Month	Open	High	Low	Close	Change
ICE Sugar No. 11 Prices (US Cents/lb)					
March 2008	10.21	10.24	10.19	10.22	+0.08
May 2008	10.22	10.22	10.20	10.21	+0.06
July 2008	10.14	10.14	10.13	10.13	+0.05
LIFFE Sugar Prices (US\$/MT)					
December 2007	280.50	282.60	279.60	280.60	+1.30
March 2008	286.60	288.50	285.60	286.10	-0.40
May 2008	291.50	292.00	289.90	289.90	-0.50

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