

SPOT MARKETS

Sugar markets remained quiet at Delhi on moderate demand matching the supplies, while prices improved at Muzaffarnagar markets on improved demand against restricted supplies from mills. Festive demand and govt. sops are seen maintaining the markets buoyant. Govt. is likely to sanction the proposals allowing mills to produce ethanol from sugarcane juice directly and to double ethanol blend in petrol to 10% by October 2008. Meanwhile, govt. has released a higher quota of 42 lakh tonnes of non-levy sugar for the quarter October-December 2007, eyeing the higher demand during festival season. However, the long term outlook on sugar prices remains largely bearish, given another bumper sugarcane crop in 2007-08 of 345.62 MMT.

FUTURES MARKETS (NCDEX)

Sugar futures traded volatile at NCDEX with the December contract settling at the previous settlement levels, while the October and November contract closed lower. The most active December contract opened firm at Rs. 1228/qrtl and traded steadily up during the opening session to test an intraday high of Rs. 1234/qrtl. Sellers emerging at higher levels pressurized the markets and the contract tested an intraday low of Rs. 1224/qrtl, before settling at Rs. 1227/qrtl. Open interest and volume dipped as compared to the previous day.

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. 4.2 MMT of non-levy sugar for the quarter Oct-Dec 07
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 suggests indecision in the market. Prices remain above the short term EMAs, indicating firm prices. MACD is rising in the positive territory, while Stochastic is rising into the overbought region, after a bullish crossover, supporting the firmness in the market. RSI is flat in the neutral zone, leaving room for movement in either side in the short term. Sugar futures are likely to trade firm after steady to weak opening in the next session with late southward movement.

NCDEX Sugar M Grade-December Contract

Sugar M Grade 0712(NCSGMZ7)200710/03 - Daily B:1226.00 A:1229.00
O 1228.00 H 1234.00 L 1224.00 C 1227.00 V 12,370 I 82,340 +2
EMA(9) 1218.1 (18) 1215.4



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- December	1196	1209	1227	1271	1280

TRADE RECOMMENDATION

Buy NCDEX - December Sugar M near 1224-1225 with target towards 1231 then second target at 1233. Strict stop loss near 1220. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	03.10.07	01.10.07	Change
Ready Sugar (M Grade)	Delhi	1435-1480	1435-1480	0
Ready Sugar (S Grade)	Delhi	1420-1465	1420-1465	0
Mill Delivery	Delhi	1350-1395	1350-1395	0

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	October	1271	1275	1261	1263	1269	-6
	November	1202	1204	1195	1196	1202	-6
	December	1193	1194	1182	1184	1191	-7

MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur futures traded weak. November contract opened steady at Rs. 1202/qtl and traded up to test an intraday high of Rs. 1204/qtl. Increased selling pressure at higher levels pushed the prices down to test an intraday low of Rs. 1195/qtl, before settling at Rs. 1196/qtl. Open interest dipped, while volumes improved as compared to the previous day, suggesting long liquidation. Prices closed above the EMAs, suggesting short term firmness. MACD is flat in the positive region, while Stochastic is flat in the overbought zone, leaving scope for movement in either direction in short to medium term. RSI is falling in the neutral region, indicating further downtrend in the short term. Sugar-Kolhapur is expected to trade weak in the next session with some buying at lower levels.

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-November	1166	1176	1196	1216	1226

MCX Sugar-Kolhapur-November Contract



TRADE RECOMMENDATION

Sell MCX -November Sugar SKLP below 1198 with target towards 1193 then second target at 1191. Stop loss near 1201. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on October 02, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
March 2008	9.84	10.05	9.80	10.02	+0.09
May 2008	9.91	10.06	9.90	10.06	+0.07
July 2008	9.90	9.95	9.88	9.95	+0.04
LIFFE Sugar Prices (US\$/MT)					
December 2007	275.00	278.70	273.50	278.00	+1.80
March 2008	280.30	286.30	280.30	284.50	+1.00
May 2008	285.50	288.90	285.30	287.00	+0.30

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>