

SPOT MARKETS

Sugar prices were maintained flat at the major cash markets on limited offtake amidst restricted supply from mills. The delay in announcement of govt. sops to the sector has resulted in waning away of the bullish sentiments. Market is still awaiting the govt. decision on the sops proposed for the sector, which include allowing mills to produce ethanol directly from sugarcane juice and doubling ethanol doping in petrol to 10% by October 2008, along with extension of export subsidies for one year. Sugar prices are likely to remain on the lower side in the medium to long term, given the glut situation, which is likely to persist till 2009 with another bumper crop in 2007-08.

FUTURES MARKETS (NCDEX)

Sugar futures traded in a thin range at NCDEX. The most active December contract opened firm at Rs. 1226/qrtl, Rs. 2 above the previous settlement and traded down in the opening session to test an intraday low of Rs. 1223/qrtl. The prices improved thereafter on some buying support to test an intraday high of Rs. 1227/qrtl, before closing at the opening levels of Rs. 1226/qrtl. The contract traded in the range of Rs. 1223-1227 and closed 0.16% above the previous close. Open interest improved amidst very low volumes traded 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

Late season rain in north and south India helps improve the outlook for developing sugarcane.

TECHNICALS (NCDEX)

Sugar futures is trading in a range and a breakout with good volumes is needed to establish a trend. Doji formation in the charts suggests an indecisive market. MACD is almost flat in the positive territory, while RSI is flat in the neutral zone, supporting indecision in the market. Prices remain above the short term EMAs, indicating firm prices. Stochastic is falling in the neutral region after a bearish crossover, indicating short term weakness in prices. Sugar is likely to trade range bound with a bearish tone in the next session. It is ideally recommended to confirm the trend before initiating positions.

NCDEX Sugar M Grade-December Contract



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- December	1196	1209	1226	1271	1280

TRADE RECOMMENDATION

Sell NCDEX - December Sugar M near 1226-1228 with target towards 1222 then second target at 1220. Strict stop loss near 1231. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	06.10.07	05.10.07	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

■ SUGAR

■ October 08, 2007

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	October	1269	1269	1262	1266	1267	-1
	November	1200	1201	1192	1196	1198	-2
	December	1190	1190	1182	1187	1188	-1

MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur futures traded weak. November contract opened firm at Rs. 1200/qtl, Rs. 2 above the previous close and traded up marginally to test an intraday high of Rs. 1201/qtl, before slumping on increased selling activity to test an intraday low of Rs. 1192/qtl. Prices were pushed up later on some buying support and the contract settled at Rs. 1196/qtl. Volume and open interest improved, suggesting fresh selling. Prices remain above the EMAs, indicating firm prices. MACD is flat above the zero line, while RSI is flat in the neutral region, suggesting an indecisive market. Stochastic is falling in the neutral zone, indicating short term weakness. Sugar-Kolhapur futures is likely to trade weak in the next session, with some late downward movement.

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-November	1166	1177	1196	1209	1216

MCX Sugar-Kolhapur-November Contract

SUGARSKLP 0711(MXSUGX7)2007/10/08 - Daily B:1196.00 A:1197.00
O 1200.00 H 1201.00 L 1192.00 C 1196.00 V 229 T 145 I 34 -2
EMA(9) 1195.3 (18) 1194.3



TRADE RECOMMENDATION

Sell MCX -November Sugar SKLP below 1198 with target towards 1192 then second target at 1190. Stop loss near 1201. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on October 05, 2007)

Contract Month	Open	High	Low	Close	Change
NYBOT Sugar No. 11 Prices (US Cents/lb)					
March 2008	9.84	9.92	9.76	9.79	0.00
May 2008	9.92	9.95	9.82	9.85	+0.01
July 2008	9.84	9.88	9.78	9.79	0.00
LIFFE Sugar Prices (US\$/MT)					
December 2007	276.80	277.50	274.80	275.00	+0.60
March 2008	284.00	284.50	282.00	282.30	+0.40
May 2008	286.40	286.50	285.00	285.20	+0.40

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