

SPOT MARKETS

Sugar spot markets remained steady on the higher side at the major centres on improved demand amidst ample supply from mills. The festive season demand, which is expected to persist till Diwali, along with govt. sops, is likely to support the market in the short term. The long term outlook on sugar prices continues to remain largely bearish on account of the estimated bumper production of about 30 MMT, exceeding domestic consumption by about 20 MMT. Large carry over stocks, forecast of record production and govt. export incentives are likely to lead India to be an aggressive sugar exporter during 2007-08, which will pressure prices of white sugar. The global sugar market is headed for a surplus of 10.8 MMT.

FUTURES MARKETS (NCDEX)

Sugar futures traded volatile in the range at NCDEX. The most active December contract opened firm at Rs. 1226/mtl, Re. 1 above the previous close and traded steadily down in the opening session to test an intraday low of Rs. 1222/mtl. Prices improved thereafter on increased buying support to test an intraday high of Rs. 1230/mtl. The contract slipped later on some selling pressure to Rs. 1227/mtl. It revisited the high, before settling at Rs. 1226/mtl. Volume traded and open interest improved as compared to the previous day, suggesting some long accumulation.

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 extended for one year
7. Govt. sanctioned sops for sugar industry

WEATHER IMPACT

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

TECHNICALS (NCDEX)

Sugar futures continue to remain trapped in the trading range. Candlestick pattern suggests indecision in the market. Close above the short term EMAs, and an upward bound RSI support bulls in the market. MACD is also rising towards the zero line, indicating some medium term firmness, while Stochastic is falling in the neutral region, leaving room for further downtrend. 1230 is providing a strong and immediate resistance to any uptrend in prices. Sugar is likely to trade sideways in the next session with a downward bias.

NCDEX Sugar M Grade-December Contract

Sugar M Grade 0712(NCSGMZ7)2007/10/16 - Daily B: 1225.00 A: 1227.00
O 1226.00 H 1230.00 L 1222.00 C 1226.00 V 5,740 I 82,720 +3



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- December	1197	1206	1226	1234	1245

TRADE RECOMMENDATION

Sell NCDEX - December Sugar M below 1226-1227 with target towards 1222 then second target at 1220. Strict stop loss near 1229. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /mtl)

Origin/Grade	Center	16.10.07	15.10.07	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 17, 2007

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	October	1284	1305	1284	1300	1290	+10
	November	1208	1226	1208	1223	1209	+14
	December	1194	1201	1194	1200	1196	+4

MCX Sugar-Kolhapur Review

Sugar-Kolhapur futures at MCX surged on fresh buying. The most active November contract opened weak at Rs. 1208/qtl and traded steadily up to test an intraday high of Rs. 1226/qtl on good buying support. The prices dipped marginally thereafter on some selling and the contract closed at Rs. 1223/qtl. Volume and open interest improved on account of long accumulation. Close above EMAs, and rising RSI and Stochastic suggest further uptrend in place. MACD is also emerging into the positive territory, which indicates medium term firmness in the market. Overall, sugar-Kolhapur futures are technically bound to trade firm in the next trading session with some late downward movement.

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-November	1178	1187	1223	1246	1256

MCX Sugar-Kolhapur-November Contract

SUGARSKLP 0711(MXSUGX7)2007/10/16 - Daily B:1222.00 A:1226.00
O 1208.00 H 1226.00 L 1208.00 C 1223.00 V 418 T 50,959 I 41 +14



TRADE RECOMMENDATION

Buy MCX-November Sugar SKLP above 1220 with target towards 1227en second target at 1229 Stop loss near 1215. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on October 15, 2007)

Contract Month	Open	High	Low	Close	Change
ICE Sugar No. 11 Prices (US Cents/lb)					
March 2008	9.80	10.00	9.77	9.95	+0.15
May 2008	9.83	10.03	9.81	9.97	+0.13
July 2008	9.83	10.00	9.79	9.95	+0.11
LIFFE Sugar Prices (US\$/MT)					
December 2007	271.70	272.80	268.40	270.00	-2.00
March 2008	281.00	284.10	279.00	280.70	-1.00
May 2008	284.90	287.00	283.50	285.70	-0.80

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