

SPOT MARKETS

Spot sugar traded flat at the major markets on sluggish demand and dull trade on last day of the month amidst ample stocks from mills trying to liquidate their stocks before the new crushing season. Sugar prices are likely to remain supported by festive season demand till the first week of November, while the long term outlook remains largely bearish on account of the huge supplies in the domestic as well as global markets. However, the global sugar market is finding some support in increased plantings of alternative crops in India, projected Asian demand growth, rising crude oil prices and sluggish Brazilian sugar outlook in the long term, despite surplus. Meanwhile, the Punjab Cabinet has announced a four per cent entry tax on sugar imported from outside the state.

FUTURES MARKETS (NCDEX)

NCDEX sugar futures traded. The most active December contract opened Re. 1 firm at Rs. 1231/qrtl and traded steadily up to test an intraday high of Rs. 1238/qrtl, before closing marginally lower at Rs. 1237/qrtl. Open interest dipped marginally amidst larger volumes traded as compared to the previous day, suggesting some short covering.

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 a steady to slightly firm opening and further uptrend. Prices closed above the short term EMAs, suggesting a firm market. MACD is rising in the positive territory and is likely to make a bullish crossover, while RSI and Stochastic are rising in the neutral region, supporting the firm trend. Overall, technicals indicate a firm market in the short term. Sugar futures are likely to trade firm in the next session with some late downward movement.

NCDEX Sugar M Grade-December Contract

Sugar M Grade 0712(NCSGMZ7)2007/10/31 - Daily B:1237.00 A:1238.00
O 1231.00 H 1238.00 L 1231.00 C 1237.00 V 3,610 175,740 +7
EMA(9) 1232.0 (18) 1228.9



SUPPORT / RESISTANCES

| Contract | S2 | S1 | PCP | R1 | R2 |
|-------------------------|------|------|------|------|------|
| NCDEX-Sugar M- December | 1205 | 1223 | 1237 | 1246 | 1255 |

TRADE RECOMMENDATION

Buy NCDEX - December Sugar M below 1235-1237 with target towards 1241 then second target at 1243. Strict stop loss near 1233. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qrtl)

| Origin/Grade | Center | 31.10.07 | 30.10.07 | Change |
|-----------------------|--------|-----------|-----------|--------|
| Ready Sugar (M Grade) | Delhi | 1440-1585 | 1440-1585 | 0 |
| Ready Sugar (S Grade) | Delhi | 1425-1470 | 1425-1470 | 0 |
| Mill Delivery | Delhi | 1355-1400 | 1355-1400 | 0 |

■ SUGAR

■ Nov 01, 2007

MCX Futures Prices (Rs. /qtl)

| Commodity | Contract Month | Open | High | Low | Last Traded Price | Previous Close | Change |
|------------------|----------------|------|------|------|-------------------|----------------|--------|
| Sugar - Kolhapur | November | 1221 | 1227 | 1219 | 1226 | 1221 | +5 |
| | December | 1211 | 1217 | 1210 | 1216 | 1211 | +5 |
| | January | 1212 | 1219 | 1209 | 1216 | 1212 | +4 |

MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur futures traded firm with the most active December contract opening steady at Rs. 1211. After dipping marginally to test an intraday low of Rs. 1210, prices improved on good buying support and the contract tested an intraday high of Rs. 1217. The December delivery contract settled at Rs. 1216. Open interest remained steady while volume improved. Close above EMAs, and rising RSI in the neutral region support firmness in the market. Stochastic is rising into overbought region, suggesting uptrend. MACD is flat above zero level, leaving scope for movement in either direction. Sugar-Kolhapur futures are likely to trade firm in the next session with late downward movement.

SUPPORT / RESISTANCES

| Contract | S2 | S1 | PCP | R1 | R2 |
|------------------------|------|------|------|------|------|
| MCX-SUGARSKLP-December | 1186 | 1204 | 1216 | 1223 | 1247 |

MCX Sugar-Kolhapur-December Contract

SUGARSKLP 0712(MXSUGZ7)2007/10/31 - Daily B:1210.00 A:1217.00
O 1211.00 H 1217.00 L 1210.00 C 1216.00 V 444 T 53,899 I 25 +5
EMA(9) 1211.9 (18) 1206.6



TRADE RECOMMENDATION

Buy MCX-December Sugar SKLP above 1214 with target towards 1218 then second target at 1220. Stop loss near 1212. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on October 30, 2007)

| Contract Month | Open | High | Low | Close | Change |
|---------------------------------------|--------|--------|--------|--------|--------|
| ICE Sugar No. 11 Prices (US Cents/lb) | | | | | |
| March 2008 | 10.03 | 10.10 | 10.02 | 10.07 | 0.00 |
| May 2008 | 10.10 | 10.14 | 10.10 | 10.14 | -0.01 |
| July 2008 | 10.07 | 10.13 | 10.07 | 10.13 | +0.02 |
| LIFFE Sugar Prices (US\$/MT) | | | | | |
| December 2007 | 284.50 | 284.50 | 282.70 | 283.50 | +0.10 |
| March 2008 | 288.00 | 288.80 | 286.70 | 287.50 | -0.90 |
| May 2008 | 291.70 | 291.70 | 290.30 | 291.30 | -0.60 |

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