

SPOT MARKETS

Sugar traded steady to slightly weak at the major markets across the country on some demand amidst normal supplies from the mills. Thought the Centre has extended the sugar export subsidy by another year till April 2009 to help producers liquidate surplus stocks, it will not give any relief to the sugar industry as they are unlikely to get any fresh orders from China as expected as the output loss is too small. China had a drought due to which the production is likely to decline. The sugar output estimates have been lowered to the previous season's level of 28 MMT due to delay in crushing in UP and bad weather. Meanwhile, agriculture minister has strictly asked sugar mills to stop expecting sops from the government and find their own ways to come out of the crisis, indicating that mills may have to pay the statutory minimum price (SMP). This is weighing down the Sugar market. No major respite is seen till 2009.

FUTURES MARKETS (NCDEX)

NCDEX sugar futures traded volatile to close in the positive zone. The most active January contract opened weak at Rs.1335/mtl and moved up steadily to touch the day's high of 1352 on active buying at lower levels. Later the contract moved southwards to touch the day's low of 1333. After some profit booking, the contract moved up again to close slightly up 0.22% at 1344. Open interest and volume declined as compared to the previous day.

PRICE DRIVERS

1. Domestic and global glut
2. Sugar output estimated at around 28 MMT
3. Several sops for sugar industry
4. Soaring crude oil prices resulting in diversion of more cane to ethanol
5. Diversion of more sugarcane to gur industry
6. Crushing begun in UP and Maharashtra

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. The flat RSI in the neutral region also supports an indecisive market. MACD is also flat in the positive territory, leaving scope for movement in either direction. However, close above the short term EMAs as well as rising Stochastic in the neutral region suggests uptrend. Sugar futures are likely to trade range-bound to firm in the next session.

NCDEX Sugar M Grade-January Contract

Sugar M Grade 0801(NCSGMF8)2007/12/24 - Daily B:1330.00 A:1333.00
O 1328.00 H 1339.00 L 1324.00 C 1331.00 V 8,140 152,980 -1



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- January	1295	1329	1331	1345	1368

TRADE RECOMMENDATION

Buy NCDEX - January Sugar M below 1329-1331 with target towards 1335 then second target at 1337. Strict stop loss near 1327. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /mtl)

Origin/Grade	Center	24.12.07	22.12.07	Change
Ready Sugar (M Grade)	Delhi	1410-1420	1425-1440	-15
Ready Sugar (S Grade)	Delhi	1395-1435	1410-1425	-15
Mill Delivery	Delhi	1325-1340	1340-1355	-15

■ SUGAR

■ Dec 26, 2007

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	January	1248	1265	1248	1257	1267	-10
	February	1237	1259	1237	1258	1256	+2
	March				1240	1248	-8

MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur futures traded volatile to close in the negative on active selling at higher levels. The January contract opened weak at 1248 and traded steadily up to test a high of 1265. The contract later declined to touch the day's low of 1248 before closing at 1257, down 0.79%. Open interest remained steady amidst lower volumes traded as compared to the previous day. Close above the short term EMAs as well as rising Stochastic in the neutral region suggests near-term firmness. RSI is flat and inconclusive in the neutral region. MACD is declining in the positive territory, indicating declining bullish posture of the market. Sugar-Kolhapur futures are likely to trade range-bound to firm in the next session.

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-January	1214	1230	1267	1277	1290

SUGARSKLP 0801 (MXSUGF8) 2007/12/24 - Daily B:1255.00 A:1280.00
O 1248.00 H 1265.00 L 1248.00 C 1257.00 V 13 T 1,636 I 11 -10
EMA(9) 1253.5 (18) 1249.3



TRADE RECOMMENDATION

Buy MCX-January Sugar SKLP below 1265-1267 with target towards 1271 then second target at 1273. Stop loss near 1263. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on December 21, 2007)

Contract Month	Open	High	Low	Close	Change
ICE Sugar No. 11 Prices (US Cents/lb)					
March 2008	11.05	11.11	10.97	11.05	-0.02
May 2008	11.30	11.33	11.25	11.31	-0.04
July 2008	11.34	11.42	11.33	11.40	+0.01
LIFFE Sugar Prices (US\$/MT)					
March 2008	316.00	318.80	315.10	317.50	+0.50
May 2008	319.00	322.50	318.00	321.00	+0.80
August 2008	319.10	323.40	319.10	322.50	+1.30

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