

SPOT MARKETS

Spot sugar continued to trade flat due to subdued trading. Markets reported limited offtake from stockists and bulk consumers amidst normal supply from mills. The mills in UP are reportedly gearing into action after a long delay in starting the new crushing season. The sugar production this season is likely to fall short of the forecasts on delayed crushing and diversion of more cane to gur industry. Sugar prices are seen lower in 2008 as a world sugar glut takes its toll. Prices have already declined on expectations of a surplus in 2008. Sugar prices are likely to recover in 2009, as more of Brazilian cane goes into ethanol production and India entering its down phase in production in 2008-09, when demand is rising.

FUTURES MARKETS (NCDEX)

Sugar futures traded volatile to close at opening levels. The most active January contract opened steady at Rs. 1308 and traded steadily up to test a high of Rs. 1317. Active selling pressure pushed the prices down to test a low of Rs. 1307, before closing at the opening levels of Rs. 1308. Open interest and volume traded improved as compared to the previous day, suggesting some fresh buying.

PRICE DRIVERS

1. Domestic and global glut
2. Sugar output estimated at around 30 MMT
3. 4.2 MMT of FSQ for the quarter Oct-Dec 07
4. Several sops for sugar industry
5. Soaring crude oil prices resulting in diversion of more cane to ethanol
6. Diversion of more sugarcane to gur industry
7. Crushing begun in UP and Maharashtra

WEATHER IMPACT

Late season rain in north and south India helps the growth of developing sugarcane.

TECHNICALS (NCDEX)

Doji formation in the charts suggests an indecisive market; so do a flat MACD and RSI. Prices closed above the short term EMAs, suggesting firmness. However, a dipping Stochastic in the neutral region support sluggishness in the market. Sugar futures are likely to trade range-bound to slightly weak in the next session.

NCDEX Sugar M Grade-January Contract

Sugar M Grade 0801(NCEGMF8)2007/12/04 - Daily B 1308.00 A 1310.00
O 1308.00 H 1317.00 L 1307.00 C 1308.00 V 8,250 I 2,800 O
EMA(8) 1306.2 (18) 1290.2



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- January	1262	1272	1308	1329	1338

TRADE RECOMMENDATION

Sell NCDEX - January Sugar M above 1308-1310 with target towards 1304 then second target at 1302. Strict stop loss near 1312. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qtl)

Origin/Grade	Center	04.12.07	03.12.07	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

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	December	1280	1280	1263	1263	1273	-10
	January				1248	1245	+3
	February	1192	1192	1189	1189	1191	-2

MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur traded weak. The most active December contract opened Rs. 7 firm at Rs. 1280 and traded steadily down to close at the day's low of Rs. 1263. Open interest improved marginally amidst steady volumes traded as compared to the previous day. A bearish marubozu is formed in the charts, while a sharply dipping RSI in the neutral region support further downtrend. Prices closed above the short term EMAs, suggesting firm market; as does a rising Stochastic in the neutral region. MACD is rising in the positive territory, indicating increasing bullish momentum. Sugar-Kolhapur futures are likely to trade range-bound to firm in the next session.

MCX Sugar-Kolhapur-December Contract

SUGARSKLP 0712(MKESUG27)20071204 - Daily 9:1283.00 A:1274.00
O:1280.00 H:1280.00 L:1263.00 C:1263.00 V:77893130 -10
EMA(9):1255.8 (18):1243.9



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-December	1223	1240	1263	1274	1299

TRADE RECOMMENDATION

Buy MCX-December Sugar SKLP below 1261-1263 with target towards 1267 then second target at 1269. Stop loss near 1259. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on December 03, 2007)

Contract Month	Open	High	Low	Close	Change
ICE Sugar No. 11 Prices (US Cents/lb)					
March 2008	9.73	9.74	9.66	9.71	-0.04
May 2008	10.00	10.04	10.00	10.02	-0.03
July 2008	10.20	10.24	10.18	10.22	-0.01
LIFFE Sugar Prices (US\$/MT)					
March 2008	287.70	288.00	286.10	287.00	-0.70
May 2008	291.60	292.00	290.50	291.50	-0.70
August 2008	294.00	294.20	293.20	294.20	-0.70

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