

### SPOT MARKETS

Sugar prices slumped at the cash markets on slack demand amidst ample supplies from mills and lack lustre trade. Little bouts of buying and selling were recorded at the markets. Prices are likely to fall further as crushing progresses in UP and Maharashtra, weighing the market down with fresh supplies. Anticipation of a lower output due to delay in crushing and diversion of more cane to gur industry are seen supporting the market in the short term. Contrary to the forecasts, Indian sugar output is likely to remain steady at previous season's levels or marginally higher. No respite to the sugar sector is visible till 2009 when the demand-supply gap is expected to disappear with fall in production amidst potential demand.

### FUTURES MARKETS (NCDEX)

NCDEX sugar futures traded firm with active selling at higher levels. to close marginally higher. The most active January contract opened Rs. 5 down the previous settlement at Rs. 1282 and traded steadily up to test a high of Rs. 1292, before ending at Rs. 1285. Open interest improved marginally amidst very low volumes traded as compared to the previous session.

### 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 indecision in the market; as does a flat RSI in the neutral region. Prices closed below the short term EMAs, favouring weakness. Stochastic is descending in the neutral zone, leaving room for further downtrend. MACD is dipping in the positive territory, indicating decrease in bullish momentum, while the bullish crossover supports firmness. Sugar futures are likely to trade range-bound to weak in the next session. Next support is seen emerging at 1272 level.

### NCDEX Sugar M Grade-January Contract

Sugar M Grade 0801(NCDEXMF8)2007/1208 - Daily B:1285.00 A:1288.00  
O:1292.00 H:1292.00 L:1282.00 C:1285.00 V:2,710 187,670 -2  
EMV(3):1295.3 (18):1289.5



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- January	1262	1272	1285	1315	1329

### TRADE RECOMMENDATION

**Sell** NCDEX - January Sugar M above 1285-1287 with target towards 1281 then second target at 1279. Strict stop loss near 1289. Do not carry forward the position until the next day.

### Spot Market Prices (Rs. /qtl)

Origin/Grade	Center	08.12.07	07.12.07	Change
Ready Sugar (M Grade)	Delhi	1420-1465	1440-1485	-20
Ready Sugar (S Grade)	Delhi	1405-1450	1425-1470	-20
Mill Delivery	Delhi	1335-1380	1355-1400	-20

## ■ SUGAR

■ Dec 10, 2007

### MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	December				1254	1259	-5
	January	1233	1233	1233	1233	1277	-34
	February				1230	1238	-8

### MCX Sugar-Kolhapur Review

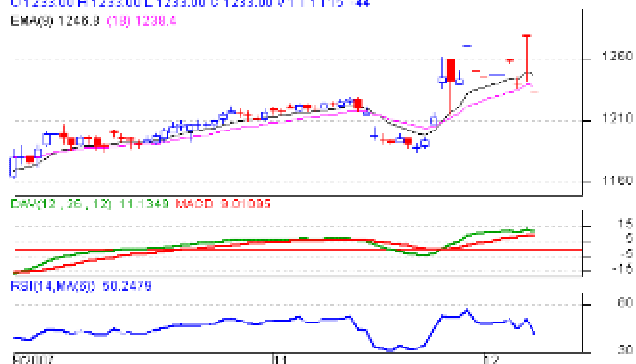
MCX sugar-Kolhapur futures were hardly traded on Saturday. The most active January contract remained steady at 1233 through the session amidst steady open interest and negligible volumes traded. Prices closed below the short term EMAs, suggesting weak market. The downward RSI and Stochastic in the neutral region support the weakness. However, MACD is rising in the positive territory, hinting the underlying firmness in the market. Sugar-Kolhapur futures are likely to trade range-bound to weak in the next session.

### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-January	1207	1214	1233	1270	1280

### MCX Sugar-Kolhapur-January Contract

SUGARSKLP0801(MX)SUGF82007M1208 - Daily B:1230.00 A:1274.00  
O:1233.00 H:1233.00 L:1233.00 C:1233.00 V:1 T:1 I:15 -44  
EMA(9) 1246.8 (10) 1230.4



### TRADE RECOMMENDATION

**Sell** MCX-January Sugar SKLP above 1232-1234 with target towards 1228 then second target at 1226. Stop loss near 1236. Do not carry forward the position until the next day.

### INTERNATIONAL FUTURES QUOTES (as on December 07, 2007)

Contract Month	Open	High	Low	Close	Change
<b>ICE Sugar No. 11 Prices (US Cents/lb)</b>					
March 2008	9.94	9.95	9.82	9.90	+0.02
May 2008	10.18	10.19	10.13	10.19	+0.05
July 2008	10.33	10.37	10.33	10.36	+0.06
<b>LIFFE Sugar Prices (US\$/MT)</b>					
March 2008	291.00	292.50	289.60	291.50	+0.80
May 2008	295.50	295.50	291.80	294.70	+0.40
August 2008	297.50	298.00	295.50	297.60	+0.70

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