

### SPOT MARKETS

Spot sugar traded steady at the major cash markets amidst week demand and limited supplies. The mills in UP have begun the new crushing season, following strict govt. orders and protests from farmers. Prices are likely to depress further once the crushing gains momentum and market is weighed down by fresh supplies. The news that Indonesia may not import sugar next year due to higher domestic sugar stocks has hurt the market sentiment. The Indonesian white sugar output from domestic cane plantations is expected to hit 2.4-2.5 MMT this year. Sugar prices outlook remains largely bearish through 2007-08 season on account of the huge supplies accumulated. Recovery is not likely till 2009, when sugar production is expected to fall amidst potential demand.

### FUTURES MARKETS (NCDEX)

Sugar futures recovered at NCDEX amidst very low volumes traded. The most active January contract opened Rs. 4 weak at Rs. 1302 and traded down initially to test a low of Rs. 1298. The contract improved thereafter on increased buying support to test a high of Rs. 1320, before closing 0.15% firm at Rs. 1308. Open interest dipped amidst very low volumes traded as compared to the previous day.

### 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)

Candlestick pattern suggests active selling at higher levels. Prices closed above the 9 as well as 18 day EMAs, suggesting firm market. RSI is almost flat and inconclusive, while Stochastic is falling in the neutral region. MACD is rising in the positive territory, indicating increased bullishness in the market. Prices closed above the 50% fibo levels, leaving scope for further 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)2007/12/03 - Daily B:1305.00 A:1308.00  
O 1302.00 H 1320.00 L 1298.00 C 1308.00 V 5,620 I 2,440 +6  
EMA(9) 1305.7 (18) 1288.1



### SUPPORT / RESISTANCES

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

### TRADE RECOMMENDATION

**Buy** NCDEX - January Sugar M below 1306-1308 with target towards 1312 then second target at 1314. Strict stop loss near 1304. Do not carry forward the position until the next day.

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

Origin/Grade	Center	03.12.07	01.12.07	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	1299	1299	1263	1266	1278	-12
	January	1248	1248	1248	1248	1245	+3
	February	1192	1192	1191	1191	1211	-20

### MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur futures crashed amidst very low volumes traded. The most active December contract opened Rs. 21 firm at Rs. 1299 and traded steadily down to test a low of Rs. 1263, before ending 0.94% weak at Rs. 1266. Open interest remained steady amidst very low volumes traded as compared to the previous session. Candlestick pattern and sharply dipping RSI into neutral region suggest weakness. Prices remain above the short term EMAs, favouring firm market. MACD is also rising in the positive territory, indicating underlying bullish posture of the market. Stochastic is steady in the overbought region. Market continues to be overbought, warranting further downward movement. Sugar-Kolhapur is likely to trade weak in the next session.

### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-December	1223	1240	1266	1274	1299

### MCX Sugar-Kolhapur-December Contract

SUGARSKLP 0712(MXSUGZ7)2007/12/03 - Daily B:1263.00 A:1277.00  
O 1299.00 H 1299.00 L 1263.00 C 1266.00 V 7 T 891 I 29 -12  
EMA(9) 1252.4 (18) 1240.9



### TRADE RECOMMENDATION

**Sell** MCX-December Sugar SKLP below 1268-1270 with target towards 1264 then second target at 1262. Stop loss near 1272. Do not carry forward the position until the next day.

### INTERNATIONAL FUTURES QUOTES (as on November 30, 2007)

Contract Month	Open	High	Low	Close	Change
<b>ICE Sugar No. 11 Prices (US Cents/lb)</b>					
March 2008	9.77	9.81	9.73	9.75	-0.04
May 2008	10.07	10.08	10.05	10.05	-0.04
July 2008	10.22	10.24	10.20	10.23	-0.03
<b>LIFFE Sugar Prices (US\$/MT)</b>					
March 2008	291.00	292.60	287.10	287.70	-3.30
May 2008	294.20	296.00	291.60	292.20	-3.00
August 2008	297.50	297.80	294.90	294.90	-2.50

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