

### SPOT MARKETS

Sugar prices weakened further at the major markets on lack of buying interest amidst adequate supplies from mills. Crushing is in full swing in most of the mills in the country, adding fresh supplies to the existing stocks. The carry over stocks at the beginning of the current crushing season, which stood at 11.5 MMT is also imparting bearishness in the market. However, the global prices are ruling higher on sluggish Brazilian sugar production outlook. Brazil is reportedly using less of the crop to make sugar, as it accelerated production of ethanol to keep pace with the surging demand for alternative-fuel cars. However, the expected rise in Indian exports is likely to cap the upward movement. India is expected to double its exports during the current season to 3 MMT.

### FUTURES MARKETS (NCDEX)

NCDEX sugar traded volatile to end at opening levels. The most active January contract opened steady at Rs. 1288 and traded steadily up to test a high of Rs. 1296. The contract slipped thereafter on active selling to test a low of Rs. 1281, before ending marginally lower at Rs. 1287. Open interest and volume were lower 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)

Candlestick pattern suggests indecision in the market. The flat RSI in the neutral region also support an indecisive market. However, close below the short term EMA s indicate sluggishness in the market. MACD is falling steadily in the positive territory, favouring decreasing bullishness in the market. Stochastic is also seen flattening out in the neutral region, showing uptrend losing steam. Sugar futures are likely to see volatile trading with weak tone in the next session.

### NCDEX Sugar M Grade-January Contract

Sugar M Grade 0801(NCSGMF8)2007/12/13 - Daily B:1287.00 A:1288.00  
O 1288.00 H 1296.00 L 1281.00 C 1287.00 V 5,610 | 68,980 -2  
EMA(9) 1293.7 (18) 1290.9



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- January	1262	1274	1287	1310	1320

### TRADE RECOMMENDATION

**Sell** NCDEX - January Sugar M above 1287-1289 with target towards 1282 then second target at 1280. Strict stop loss near 1292. Do not carry forward the position until the next day.

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

Origin/Grade	Center	13.12.07	12.12.07	Change
Ready Sugar (M Grade)	Delhi	1450-1465	1430-1445	-20
Ready Sugar (S Grade)	Delhi	1435-1450	1415-1430	-20
Mill Delivery	Delhi	1365-1380	1345-1360	-20

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

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	December	1235	1238	1222	1237	1225	+12
	January	1260	1268	1233	1268	1250	+18
	February	1230	1238	1212	1220	1230	-10

### MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur traded firm after an initial dip. The most active January contract opened Rs. 10 firm at Rs. 1260 and traded steadily down to test a low of Rs. 1233. The contract recovered thereafter on increased buying support to close at the day's high of Rs. 1268. Open interest remained steady, while volumes improved as compared to the previous day. Close above the short term EMAs and rising RSI in the neutral region suggest near-term firmness. MACD is also rising in the positive territory, supporting increasing firmness in the market. Sugar-Kolhapur futures are likely to trade firm in the next session with chances of late profit booking.

### MCX Sugar-Kolhapur-January Contract

SUGARSKLP 0801(MXSUGF8)2007/12/13 - Daily B:1230.00 A:1270.00  
O 1260.00 H 1268.00 L 1233.00 C 1268.00 V 96 T 12,064 I 11 +18  
EMA(9) 1255.8 (18) 1246.3



### TRADE RECOMMENDATION

**Buy** MCX-January Sugar SKLP below 1266-1268 with target towards 1273 then second target at 1275. Stop loss near 1263. Do not carry forward the position until the next day.

### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-January	1230	1235	1268	1280	1285

### INTERNATIONAL FUTURES QUOTES (as on December 12, 2007)

Contract Month	Open	High	Low	Close	Change
<b>ICE Sugar No. 11 Prices (US Cents/lb)</b>					
March 2008	10.34	10.39	10.27	10.30	0.00
May 2008	10.55	10.58	10.52	10.54	+0.03
July 2008	10.59	10.65	10.59	10.61	+0.03
<b>LIFFE Sugar Prices (US\$/MT)</b>					
March 2008	299.40	300.90	297.60	299.20	-0.20
May 2008	301.80	303.20	301.80	302.80	+0.30
August 2008	304.40	305.60	303.00	304.80	+0.40

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