

### SPOT MARKETS

Sugar prices depressed further at the spot markets on lack of demand from stockists and bulk consumers amidst ample supplies from mills. Arrivals of new sugarcane crop forced sugar mills to clear their stocks, which mainly depressed the prices. Prices are likely to tread further down once the crushing gains momentum in UP. Meanwhile, Centre has decided to give bank loans to sugar mills at a lower interest rate to help them tide over the crisis in the wake of falling prices of the sweetener. Sugar mills in private, public and co-operative sectors would be given bank loans under special guidelines that will also involve interest subvention. A Bangladeshi refinery has reportedly concluded deals to import 30,000 tonnes of raw sugar from India in its December shipment.

### FUTURES MARKETS (NCDEX)

Sugar futures rallied at NCDEX on fresh buying. The most active January contract opened Rs. 2 weak at Rs. 1286 and traded marginally down to test a low of Rs. 1285, before surging on good buying support to test a high of Rs. 1307. The contract ended 1.32% firm at Rs. 1305. Open interest and volume traded improved, suggesting long accumulation.

### 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)

Sugar prices rallied breaking above the downward channel and closed above the short term EMAs, suggesting firmness. RSI is also rising in the neutral region, supporting the uptrend. MACD continues to remain in the positive territory, but is declining slowly, indicating decrease in bullish momentum. However, the upside is seen capped by a sinking Stochastic in the neutral zone, which hints the inherent bearish posture of the market. Sugar futures are likely to witness volatile trading with firm tone in the next session. Next resistance is seen emerging at 1320 level.

### NCDEX Sugar M Grade-January Contract

Sugar M Grade 0801 (NC80MF8)2007M 2ND - Daily 8H 1304.00 A:1305.00  
O 1285.00 H 1307.00 L 1285.00 C 1305.00 Y8,350 V8,850 +20  
EMA(12) 1297.2 (18) 1291.1



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- January	1271	1282	1305	1315	1320

### TRADE RECOMMENDATION

**Buy** NCDEX - January Sugar M below 1302-1304 with target towards 1309 then second target at 1311. Strict stop loss near 1299. Do not carry forward the position until the next day.

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

Origin/Grade	Center	10.12.07	08.12.07	Change
Ready Sugar (M Grade)	Delhi	1405-1450	1420-1465	-15
Ready Sugar (S Grade)	Delhi	1390-1435	1405-1450	-15
Mill Delivery	Delhi	1320-1365	1335-1380	-15

## ■ SUGAR

■ Dec 11, 2007

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

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	December	1242	1242	1205	1239	1251	-12
	January	1240	1275	1232	1255	1233	+22
	February	1235	1245	1210	1240	1230	+10

### MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur futures traded firm. January contract opened Rs. 7 firm at Rs. 1240 and traded down initially to test a low of Rs. 1232. The contract surged thereafter to test a high of Rs. 1275, before closing 1.78% firm at Rs. 1255. Open interest remained steady amidst larger volumes traded. Prices closed above the short term EMAs, suggesting firmness; so does the rising Stochastic in the neutral region. MACD is also rising in the positive territory, indicating increased bullishness of the market. However, the upside movement is likely to be capped by a dipping RSI in the neutral region, which support sluggishness. 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	1230	1235	1255	1280	1285

### MCX Sugar-Kolhapur-January Contract

SUGARSKLP 0901WXSJ3FQ(2007)1240 - Daily B:1240.00 A:1275.00  
O:1240.00 H:1275.00 L:1232.00 C:1255.00 V:50 T:6,255 I:15 -22  
EMA(5) 1251.2 (10) 1240.7



### TRADE RECOMMENDATION

**Buy** MCX-January Sugar SKLP above 1253-1255 with target towards 1259 then second target at 1261. Stop loss near 1251. 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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