

SPOT MARKETS

Sugar prices remained steady at the previous day's levels at the major cash markets across the country on slack demand and lack lustre trading. Crushing of cane is progressing in almost all the mills in the country, which is seen pressurizing the prices. Moreover, the carry over stocks at the beginning of the season is also weighing down the prices. The no major price advances in sugar prices are likely till 2009, given the glut situation. However, the sugar output during the season is likely to fall short of the forecasts due to delayed crushing, which is seen supporting the market in the short term. Meanwhile, the high court stay order on the privatization of 28 sugar mills and three distilleries of UP Co-operative Sugar Factories Federation has been vacated and the state cane commissioner will be looking after the privatization of co-operative sugar factories.

FUTURES MARKETS (NCDEX)

NCDEX sugar futures recovered after an initial slump. The most active January contract opened Re. 1 weak at Rs. 1286 and traded steadily down to test a low of Rs. 1281. The contract improved during the second half of the session on improved buying support to test a high of Rs. 1298, before closing 0.54% firm at Rs. 1294. Open interest dipped marginally amidst gain in volume, suggesting short covering.

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 charts display range-bound trade. Candlestick pattern with supporting volumes and close above the short term EMAs suggest near-term firmness in the market; as does a rising RSI in the neutral region. Stochastic has flattened out in the neutral region, leaving scope for movement in either direction, while MACD is dipping steadily in the positive territory, which shows declining bullish momentum in the market. Sugar futures are expected to trade range-bound to firm in the next session.

NCDEX Sugar M Grade-January Contract

Sugar M Grade 0801(NCSGMF8)2007/12/14 - Daily B: 1293.00 A: 1295.00
O 1286.00 H 1297.00 L 1281.00 C 1294.00 V 8,310 I 69,660 +7
EMA(9) 1293.8 (18) 1291.2



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- January	1262	1274	1294	1310	1320

TRADE RECOMMENDATION

Buy NCDEX - January Sugar M below 1292-1294 with target towards 1298 then second target at 1300. Strict stop loss near 1290. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qtl)

Origin/Grade	Center	14.12.07	13.12.07	Change
Ready Sugar (M Grade)	Delhi	1450-1465	1450-1465	0
Ready Sugar (S Grade)	Delhi	1435-1450	1435-1450	0
Mill Delivery	Delhi	1365-1380	1365-1380	0

■ SUGAR

■ Dec 15, 2007

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	December	1230	1230	1230	1230	1229	+1
	January	1230	1255	1230	1233	1258	-25
	February	1220	1235	1217	1234	1228	+6

MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur ended marginally higher after an initial hike. The most active January contract opened Rs. 12 weak at Rs. 1230 and traded steadily up to test a high of Rs. 1255. The contract slumped later on active selling at higher levels and the contract ended at Rs. 1233 amidst very low volumes traded and steady open interest. Prices closed below the short term EMAs, suggesting weakness; so do RSI and Stochastic, which are falling in the neutral region. MACD is rising steadily to make a bullish crossover in the positive territory, indicating the inherent bullish nature of the market. Sugar-Kolhapur futures are likely to trade range-bound to weak in the next session.

MCX Sugar-Kolhapur-January Contract

SUGARSKLP 0001(MX5UGF8)2007/12/14 - Daily B 1233.00 A 1251.00
O 1230.00 H 1255.00 L 1230.00 C 1233.00 V 16 T 2,003 I 11 -25
EMA(9) 1249.7 (18) 1243.9



TRADE RECOMMENDATION

Sell MCX-January Sugar SKLP below 1233-1235 with target towards 1229 then second target at 1227. Stop loss near 1237. Do not carry forward the position until the next day.

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-January	1209	1214	1233	1261	1270

INTERNATIONAL FUTURES QUOTES (as on December 13, 2007)

Contract Month	Open	High	Low	Close	Change
ICE Sugar No. 11 Prices (US Cents/lb)					
March 2008	10.32	10.34	10.27	10.31	+0.01
May 2008	10.58	10.58	10.53	10.56	+0.02
July 2008	10.62	10.63	10.60	10.62	+0.01
LIFFE Sugar Prices (US\$/MT)					
March 2008	299.20	299.50	298.40	299.00	-0.20
May 2008	302.50	303.00	302.50	302.80	0.00
August 2008	304.70	305.00	304.10	304.50	-0.30

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