

SPOT MARKETS

Sugar spot prices slashed further on lack of offtake amidst normal supplies from mills. Market is likely to be weighed down by fresh supplies as crushing progresses, thereby causing the sugar prices to fall further. Meanwhile, India is expected to make less of the sweetener than forecast by traders and millers because of delays in crushing cane, easing a glut that has slashed global prices. Output is expected to be around 28.3 MMT in the current season, from 28 MMT last year. A delay in crushing in Maharashtra and Uttar Pradesh has caused production to drop 30% in the two months ended November. However, a recovery is not anticipated in another 18 months as Indian producers are still grappling with huge stocks and rising cost of production.

FUTURES MARKETS (NCDEX)

NCDEX sugar futures traded volatile to end marginally higher. The most active January contract opened steady at Rs. 1284 and traded steadily down in the opening session to test a low of Rs. 1274. The prices improved thereafter on improved buying support to test a high of Rs. 1292, before ending 0.23% firm at Rs. 1287. Volume traded and open interest 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 as well as flat RSI in the neutral region suggests indecision in the market. Prices closed below the short term EMA supporting weakness. Stochastic is falling steadily in the neutral region hinting further downtrend in place. However, MACD is flat in the positive territory after making a bullish crossover, indicating the inherent bullish nature of the market. Sugar futures are likely to trade range-bound to weak in the next session. 1272-1274 levels are seen providing good support to the prices. Hence, trade with caution.

NCDEX Sugar M Grade-January Contract

Sugar M Grade 0801(NCSGMF8)2007/12/07 - Daily B:1285.00 A:1288.00

O 1284.00 H 1292.00 L 1274.00 C 1287.00 V 12,520 I 67,520 +4

EMA(9) 1297.8 (18) 1290.0



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- January	1262	1272	1287	1320	1329

TRADE RECOMMENDATION

Sell NCDEX - January Sugar M above 1287-1289 with target towards 1283 then second target at 1281. Strict stop loss near 1291. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qtl)

Origin/Grade	Center	07.12.07	06.12.07	Change
Ready Sugar (M Grade)	Delhi	1440-1485	1445-1490	-5
Ready Sugar (S Grade)	Delhi	1425-1470	1430-1475	-5
Mill Delivery	Delhi	1355-1400	1360-1405	-5

SUGAR

Dec 08, 2007

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	December	1255	1255	1246	1254	1259	-5
	January	1280	1280	1242	1242	1240	+2
	February	1230	1230	1230	1230	1238	-8

MCX Sugar-Kolhapur Review

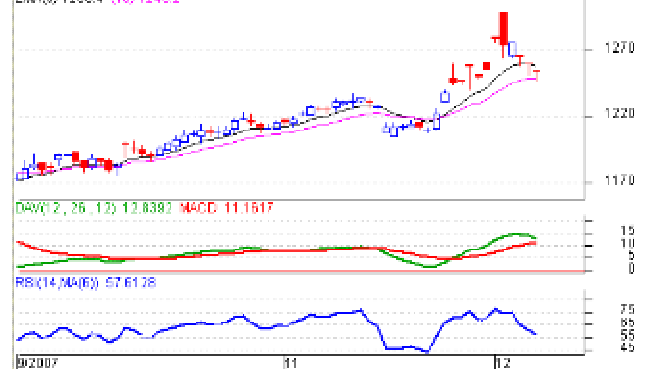
MCX sugar-Kolhapur futures ended marginally lower after an initial downtrend. Most active December contract opened Rs. 4 weak at Rs. 1255 and traded steadily down to test a low of Rs. 1246, before closing at Rs. 1254. Open interest remained steady, while volumes improved as compared to the previous day. Candlestick pattern and flat Stochastic suggests indecisive market. Close below 9 day EMA and dipping RSI in the neutral region support near-term weakness. However, the downside movement is capped by a rising MACD in the positive region as well as close above 18 day EMA. Sugar-Kolhapur futures are likely to trade weak in the next session with chances of late recovery.

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-December	1223	1240	1254	1274	1299

MCX Sugar-Kolhapur-December Contract

SUGARSKLP 07120004SUG27/2007H307 - Daily B1242.00 A1280.00
O 1255.00 H 1255.00 L 1246.00 C 1254.00 V 80 T 10,003 125 -5
EMA(9) 1250.4 (10) 1249.2



TRADE RECOMMENDATION

Sell MCX-December Sugar SKLP below 1254-1256 with target towards 1250 then second target at 1248. Stop loss near 1258. Do not carry forward the position until the next day.

INTERNATIONAL FUTURES QUOTES (as on December 06, 2007)

Contract Month	Open	High	Low	Close	Change
ICE Sugar No. 11 Prices (US Cents/lb)					
March 2008	9.85	9.93	9.83	9.88	+0.03
May 2008	10.14	10.17	10.09	10.14	0.00
July 2008	10.32	10.34	10.27	10.30	-0.03
LIFFE Sugar Prices (US\$/MT)					
March 2008	289.50	291.10	289.50	290.70	+0.40
May 2008	293.90	294.50	293.40	294.30	+0.40
August 2008	296.90	297.00	296.40	296.90	+0.40

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>

© 2007 Indian Agribusiness Systems Pvt. Ltd.