

### SPOT MARKETS

Sugar prices remained steady at the spot markets on inactivity. The markets witnessed dull trading session amidst lack of physical demand for the commodity. Sugar mills are operating in full swing in most parts of the country, adding to the supplies, while demand has almost dried p as most buyers have fulfilled their monthly requirements. Ample carry over stocks are also seen weighing down prices. India had a closing stock of 11 MMT of sugar on September 30, 2007. Meanwhile, Centre has announced interest-free loans to sugar mills for clearing their cane price arrears of 2006-07 season and cane price of 07-08 season, which should be repaid in four years, including moratorium of two years. The move is aimed at improving the liquidity position of sugar factories, which are reeling under a glut.

### FUTURES MARKETS (NCDEX)

NCDEX sugar traded weak amidst lower volumes. The most active January contract opened Re. 1 firm at Rs. 1306 and after trading firm initially to test a high of Rs. 1310, the contract slipped steadily to test a low of Rs. 1295 on increased selling pressure. The contract ended 0.69% weak at Rs. 1296. Open interest improved, while volume traded dipped 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)

Prices closed below the 9 day EMA, suggesting near-term weakness; so do the RSI and Stochastic, which are dipping in the neutral region. MACD is declining in the positive territory, suggesting decreasing bullish momentum in the market. However, the close above 18 day EMA indicates intermediate term bullish posture of the market. Sugar futures are likely to trade volatile in the next session with a bearish tone. Next support is seen emerging at 1275 level.

### NCDEX Sugar M Grade-January Contract

Sugar M Grade 0801(NCSGMF8)2007/12/11 - Daily B:1295.00 A:1296.00  
O 1306.00 H 1310.00 L 1295.00 C 1296.00 V 7,840 I 68,410 -9



### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- January	1271	1282	1296	1315	1320

### TRADE RECOMMENDATION

**Sell** NCDEX - January Sugar M above 1296-1298 with target towards 1292 then second target at 1290. Strict stop loss near 1300. Do not carry forward the position until the next day.

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

Origin/Grade	Center	11.12.07	10.12.07	Change
Ready Sugar (M Grade)	Delhi	1405-1450	1405-1450	0
Ready Sugar (S Grade)	Delhi	1390-1435	1390-1435	0
Mill Delivery	Delhi	1320-1365	1320-1365	0

## SUGAR

Dec 12, 2007

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

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	December	1240	1240	1205	1230	1233	-3
	January	1240	1290	1239	1260	1252	+8
	February	1240	1245	1212	1240	1231	+9

### MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur traded firm. January contract opened Rs. 12 down the previous settlement at Rs. 1240 and traded marginally down to test a low of Rs. 1239, before surging on active buying to test a high of Rs. 1290. The contract ended 0.64% firm at Rs. 1260 amidst steady open interest and lower volumes. Prices closed above EMAs, suggesting firm market; as do rising Stochastic and RSI in the neutral zone. MACD is also rising steadily in the positive territory. Overall, technicals indicate firmness in the market. Sugar-Kolhapur futures are likely to trade firm in the next session with profit booking towards the close of the session.

### MCX Sugar-Kolhapur-January Contract



### TRADE RECOMMENDATION

**Buy** MCX-January Sugar SKLP above 1258-1260 with target towards 1265 then second target at 1267. Stop loss near 1255. Do not carry forward the position until the next day.

### SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-January	1230	1235	1260	1280	1285

### INTERNATIONAL FUTURES QUOTES (as on December 10, 2007)

Contract Month	Open	High	Low	Close	Change
<b>ICE Sugar No. 11 Prices (US Cents/lb)</b>					
March 2008	9.93	10.15	9.89	10.12	+0.22
May 2008	10.20	10.39	10.16	10.36	+0.17
July 2008	10.37	10.50	10.34	10.48	+0.12
<b>LIFFE Sugar Prices (US\$/MT)</b>					
March 2008	291.50	296.50	290.20	295.00	+3.50
May 2008	294.20	298.80	293.80	297.50	+2.80
August 2008	296.90	300.40	296.80	300.40	+2.80

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