

SPOT MARKETS

Sugar traded flat at the major cash markets amidst normal demand-supply dynamics. Markets reported good offtake by bulk consumers and stockists amidst ample supply from mills since the December quota was available for sale. The delayed crushing and anticipation of lower production are seen supporting the prices, while the news that Indonesia may not import sugar next year due to higher domestic stocks hurt the market sentiments. Prices are likely to see some downward movement as the crushing gains pace in UP. The global sugar prices fell on speculation that India will double exports and swell a global surplus. No major advances in sugar prices are likely in the medium to long term, given the huge supplies in the domestic and global market. Recovery is likely by 2009 as farmers in India switch to alternative crops, resulting in diminishing of the demand-supply gap.

FUTURES MARKETS (NCDEX)

NCDEX sugar traded weak. The most active January contract opened Rs. 3 weak at Rs. 1312 and traded steadily down to test a low of Rs. 1295, before closing 0.99% weak at Rs. 1302. Open interest improved amidst lower volumes traded as compared to the previous day.

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

WEATHER IMPACT

Late season rain in north and south India helps the growth of developing sugarcane.

TECHNICALS (NCDEX)

Candlestick pattern suggests some recovery towards the close of the session. Prices closed above 9 day EMA, suggesting short term firmness in the market, while close below 18 day EMA points towards bearish posture of the market. Dipping RSI and Stochastic in the neutral region indicate sluggishness. MACD is rising steadily in the positive region, indicating inherent bullish tone of the market. Sugar futures are likely to trade weak in the next session with chances of late recovery.

NCDEX Sugar M Grade-January Contract

Sugar M Grade 0801(NCSGMF8)2007/12/01 - Daily B:1302.00 A:1304.00
O 1312.00 H 1312.00 L 1295.00 C 1302.00 V 10,700 I 71,260 -8
EMA(9) 1305.1 (18) 1285.8



SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
NCDEX-Sugar M- January	1262	1272	1302	1329	1338

TRADE RECOMMENDATION

Sell NCDEX - January Sugar M above 1302-1304 with target towards 1298 then second target at 1296. Strict stop loss near 1306. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qtl)

Origin/Grade	Center	01.12.07	30.11.07	Change
Ready Sugar (M Grade)	Delhi	1455-1500	1455-1500	0
Ready Sugar (S Grade)	Delhi	1440-1485	1440-1485	0
Mill Delivery	Delhi	1370-1415	1370-1415	0

SUGAR

Dec 03, 2007

MCX Futures Prices (Rs. /qtl)

Commodity	Contract Month	Open	High	Low	Last Traded Price	Previous Close	Change
Sugar - Kolhapur	December	1280	1280	1275	1275	1255	+20
	January	1245	1245	1245	1245	1250	-5
	February				1211	1217	-6

MCX Sugar-Kolhapur Review

MCX sugar-Kolhapur futures traded weak at higher levels. The most active December contract opened Rs. 25 firm at Rs. 1280 and traded steadily down to test a low of Rs. 1275, before closing at Rs. 1278. Open interest remained steady amidst very low volumes traded as compared to the previous session. Close above short term EMAs, and rising RSI in overbought region support uptrend. Stochastic is also rising in the neutral region, leaving room for further upward movement. MACD is ascending in the positive region, showing increased bullishness in the market. Sugar-Kolhapur futures are likely to trade firm in the next session. Caution is advised as market is overbought.

MCX Sugar-Kolhapur-December Contract

SUGARSKLP 0712(MXSUGZ7)2007/12/01 - Daily B:1250.00 A:1299.00
C 1280.00 H 1280.00 L 1275.00 C 1278.00 V 20 T 41 29 +23



TRADE RECOMMENDATION

Buy MCX-December Sugar SKLP below 1275 with target towards 1280 then second target at 1282. Stop loss near 1272. Do not carry forward the position until the next day.

SUPPORT / RESISTANCES

Contract	S2	S1	PCP	R1	R2
MCX-SUGARSKLP-December	1223	1274	1278	1288	1295

INTERNATIONAL FUTURES QUOTES (as on November 30, 2007)

Contract Month	Open	High	Low	Close	Change
ICE Sugar No. 11 Prices (US Cents/lb)					
March 2008	9.77	9.81	9.73	9.75	-0.04
May 2008	10.07	10.08	10.05	10.05	-0.04
July 2008	10.22	10.24	10.20	10.23	-0.03
LIFFE Sugar Prices (US\$/MT)					
March 2008	291.00	292.60	287.10	287.70	-3.30
May 2008	294.20	296.00	291.60	292.20	-3.00
August 2008	297.50	297.80	294.90	294.90	-2.50

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