

## SUGAR

16th February 2007

### SPOT MARKETS

Spot market prices of sugar recovered in the major markets of Muzaffarnagar and Kolkata amidst some demand from bulk consumer and normal supply from mills, while the prices stood steady in Delhi on low demand. Further, the Uttar Pradesh Sugar Mills Association (UPSMA) has urged the state government to consider some remedial measures like exemption from Society Commission and Entry Tax, Purchase Tax to provide some relief to the industry as the prices have dipped by Rs. 300/qrtl, compared to the same period during the last year 2005-06. Internationally, white sugar prices that dipped to \$319 have recovered to \$322 on some buying support.

### FUTURES MARKETS

Sugar futures on the NCDEX observed narrow range bound trade with bullish tone. March contract opened weak at Rs. 1534, down by Rs. 1 against the previous close of Rs. 1535. However, traded upwards on some buying interest and tested a high of Rs. 1544 and settled in the positive territory. March contract moved in the range Rs. 1544-1534/qrtl, while February contract fluctuated in the range of Rs. 1580-1564/qrtl. Volume declined significantly while open interest remains steady.

### PRICE DRIVERS

1. Improved physical demand
2. Crushing at its pick in UP and Maharashtra
3. Normal supply from mills
4. Release of 13 lt free sale quota for Feb'07
5. Estimated bumper production in sugar

### WEATHER

Weather is favourable for harvesting of mid-season sugarcane crop and recently sown seasonal sugarcane.

### TECHNICALS

NCDEX March contract, candlestick chart pattern exhibits bullish sentiments. Technical indicator Stochastic is in normal region and moving upwards. RSI is in normal region and moving upwards. MACD is in negative region and favour the bulls, prices closed below both the 9 days and 18 days EMA. Market is expected to trade range bound following a steady to slightly weak opening.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-March Contract	1526	1516	1539	1557	1564

### TRADE RECOMMENDATION:

**BUY** NCDEX - March Sugar M above 1537 with **target** towards 1546 then second target of 1548. **Stop loss** near 1532. Do not carry-forward the position until the next day.

### Spot Market Prices

Origin/Grade	Center	15.02.07	14.02.07	Change
Ready Sugar (M Grade)	Delhi	1510-1560	1510-1560	-
Ready Sugar (S Grade)	Delhi	1500-1545	1500-1545	-
Mill Delivery	Delhi	1430-1475	1430-1475	-

Rs./qrtl

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