

SUGAR

17th February 2007

SPOT MARKETS

Spot market prices of sugar quoted slightly higher against the Thursday's price in the major markets of Muzaffarnagar and Delhi amidst slight improvement in demand and restricted supply from mills, while the prices eased slightly in Kolkata on poor offtake. Further, according to the NFCSF (National Federation of Cooperative Sugar Factories) India's production jumped by 19.5 per cent to 122.56 lakh tonne during the October-January period of 2006-07 sugar season against 102.53 lakh tonne in the corresponding period of last year. Maharashtra is leading with 42.5 lakh tonne followed by Uttar Pradesh at 38 lakh tonne and Karnataka at 11 lakh tonne. Total production is expected to go up to 230-240 lakh tonnes during the current sugar season 2006-07.

FUTURES MARKETS

Sugar futures on the NCDEX observed narrow range bound trade with bullish tone. March contract opened firm at Rs. 1541, up by Rs. 2 against the previous close of Rs. 1539 and traded upwards on some buying interest and tested a high of Rs. 1547 and settled in the positive side. March contract moved in the range Rs. 1547-1540/ctl, while February contract fluctuated in the range of Rs. 1582-1571/ctl. Volume declined marginally while open interest increased significantly.

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 indecisive market. Technical indicator Stochastic and RSI is in normal region and moving upwards. MACD is in negative region and favour the bulls, prices closed between both the 9 days and 18 days EMA. Market is expected to trade range bound following a steady to slightly firm opening.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-March Contract	1530	1525	1542	1557	1566

TRADE RECOMMENDATION:

BUY NCDEX - March Sugar M above 1540 with **target** towards 1547 then second target of 1550. **Stop loss** near 1536. Do not carry-forward the position until the next day.

Spot Market Prices

Origin/Grade	Center	16.02.07	15.02.07	Change
Ready Sugar (M Grade)	Delhi	1525-1570	1510-1560	+10
Ready Sugar (S Grade)	Delhi	1510-1555	1500-1545	+10
Mill Delivery	Delhi	1440-1485	1430-1475	+10

Rs./ctl

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