

## SUGAR

28th February 2007

### SPOT MARKETS

Spot market prices of sugar were quoted on stronger side at major trading centers like Delhi, Muzaffarnagar and Kolkata amidst higher quotes from mills and some demand. Meanwhile, the Economic Survey for 2006-07 estimates the total sugarcane production during the year will go up to 315.5 million tonnes from 270 million tonnes during 2005-06 and the sugar output is estimated at 22.7 million tonnes as compared to the last years 19.3 million tonnes. Further, the European Commission has decided to introduce a temporary quota reduction of approximately 2 million tonnes of sugar for the year 2007-08. The quota reduction is introduced to bring down the huge sugar surplus in Europe.

### FUTURES MARKETS

Sugar futures on the NCDEX observed firm sentiment with bullish tone. April contract opened weak at Rs. 1451, down Rs. 5 against the previous close of Rs. 1456. However, traded upwards on increased buying interest at lower level and tested a high of Rs. 1465 and finally settled in the positive territory. April contract moved in the range Rs. 1467-1451/ctl, while March contract fluctuated in the range of Rs. 1519-1507/ctl. Volume and open interest declined significantly.

### PRICE DRIVERS

1. Slight demand
2. Crushing at its pick in UP and Maharashtra
3. Higher quotes 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 April contract, candlestick chart pattern exhibits bullish sentiment. Technical indicator Stochastic and RSI is in normal region and moving upwards. MACD is in negative region and favour the bulls, prices managed close between 9 days and 18 days EMA. Market is expected to trade upwards following a steady to slightly weak opening with possibility of slight late downward movement.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-April Contract	1444	1437	1464	1480	1490

### TRADE RECOMMENDATION:

**BUY** NCDEX - April Sugar M above 1460 with **target** towards 1470 then second target of 1472. **Stop loss** near 1455. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./ctl

Origin/Grade	Center	27.02.07	26.02.07	Change
Ready Sugar (M Grade)	Delhi	1485-1535	1445-1505	+30
Ready Sugar (S Grade)	Delhi	1470-1520	1430-1490	+30
Mill Delivery	Delhi	1400-1450	1360-1420	+30

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