

SUGAR

27th February 2007

SPOT MARKETS

Spot market prices of sugar quoted slightly higher in the major markets like Muzaffarnagar, Delhi and Kolkata on slight demand and normal supply from mills. In Maharashtra, in the wake of sliding sugar prices, the sugar commissioner has directed the mills not to sell sugar lower than Rs 1,300 per quintal. This move would provide some support to sugar industry as well as falling sugar price in Maharashtra. According to the Managing Director of NCDEX, sugar companies are making forward sales in the futures market and about 30-40 mills are actively trading in the commodity. Further, the Indian sugar industry is expecting this Budget to announce some sweet initiative.

FUTURES MARKETS

Sugar futures on the NCDEX observed firm sentiment with bullish tone. April contract opened firm at Rs. 1448, up Rs. 5 against the previous close of Rs. 1443 and traded downwards initially and tested a low of Rs. 1445. However, buying interest at lower level supported the futures to trade upwards and settled in the positive territory. April contract moved in the range Rs. 1462-1445/qrtl, while March contract fluctuated in the range of Rs. 1509-1497/qrtl. Volume increased significantly, while open interest increased marginally.

PRICE DRIVERS

1. Slight 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 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 downwards following a steady to slightly weak opening with possibility of slight late upward movement.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-April Contract	1437	1430	1455	1467	1474

TRADE RECOMMENDATION:

SELL NCDEX - April Sugar M below 1460 with **target** towards 1450 then second target of 1448. **Stop loss** near 1465. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qrtl

Origin/Grade	Center	26.02.07	24.02.07	Change
Ready Sugar (M Grade)	Delhi	1445-1505	1445-1495	+10
Ready Sugar (S Grade)	Delhi	1430-1490	1430-1480	+10
Mill Delivery	Delhi	1360-1420	1360-1410	+10

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