

SUGAR

16th March 2007

SPOT MARKETS

Sugar spot prices continued to witness steady to weak sentiments Monday. The prices were quoted steady in Muzaffarnagar and Delhi markets amidst subdued market activity and sluggish demand from stockists and retailers. The prices dipped in Kolkata market on weak demand from the retail end. Glut situation in the commodity on account of bumper production and lack of exports is keeping the prices on the softer side, which is hitting the farmers and the industry hard. In the same line to avert a crisis over falling sugar prices, AP government is working out modalities for subsidy to sugar mills for crushing additional sugarcane. Thus the sugar mills are expected to continue crushing till May end. The Union Government is already working on creating around 2 million tonnes buffer stock of sugar to arrest the declining prices.

FUTURES MARKETS

Sugar futures on the NCDEX observed weak range bound movements during Thursday's trade. Most active April contract opened weak by Rs 1 at Rs 1479 against its previous close of Rs 1480. The prices traded in the range of Rs 1473-1482 before finally culminating at no change levels. The volumes increased marginally, whereas open interest dipped slightly.

PRICE DRIVERS

1. AP govt. planning to give subsidy to millers for crushing additional sugarcane
2. Weak physical demand;
3. Higher FSQ for March
4. Expected bumper production in sugar
5. Mills to sell sugar not below levy prices
- 6.

WEATHER

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

TECHNICALS

NCDEX April contract candlestick chart pattern exhibits sideways movements with sluggish uptrend. Doji formation of candlestick depicts indecision in the market. Stochastic has made bearish crossover in neutral zone. MACD is rising in positive territory, which shows increase in bullish momentum. Prices closed above both the 9 days and 18 days EMA that indicates medium term firmness in prices. Market is expected to trade upwards following a steady to slightly firm opening with possibility of slight late downward movement.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-April Contract	1467	1463	1480	1498	1508

TRADE RECOMMENDATION:

BUY NCDEX - April Sugar M above 1474 with **target** towards 1486 then second target of 1492. **Stop loss** near 1469. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	15.03.07	14.03.07	Change
Ready Sugar (M Grade)	Delhi	1480-1520	1480-1520	-
Ready Sugar (S Grade)	Delhi	1465-1505	1465-1505	-

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>