

## SUGAR

19th March 2007

### SPOT MARKETS

Sugar spot prices witnessed mixed sentiments on Friday. The prices were quoted slightly higher in Delhi and Muzaffarnagar markets on improved demand whereas the prices remained weak in Kolkata market on subdued market activity at the retail end. The market continues to lack luster in the absence of any fresh development. Meanwhile government negated for any proposal under consideration to create a buffer stock of sugar worth Rs 250 crore. However, state governments of Maharashtra and Andhra Pradesh are to give subsidy to millers for extended crushing this year to compensate for lower recovery. Moreover, sugar mill's stand on prices is also a positive sign for the market. 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. The market is keenly eyeing developments in the international markets, as exports would be a crucial support for the domestic sugar, which is in a surplus this year.

### FUTURES MARKETS

Sugar futures on the NCDEX traded range bound with positive inclination during Friday's trade. Most active April contract opened gap up by Rs 5 at Rs 1485 against its previous close of Rs 1480. The prices then hovered most on the positive side in the range of Rs 1479-1485 before finally closing the session with marginal gains at Rs 1484 per quintal.

### PRICE DRIVERS

1. AP govt. planning to give subsidy to millers for crushing additional sugarcane
2. Glut in domestic supply
3. Weakness in global sugar prices
4. Expected bumper production in sugar
5. Mills to sell sugar not below levy prices

### WEATHER

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

### Spot Market Prices

Rs./qtl

| Origin/Grade          | Center | 17.03.07  | 16.03.07  | Change |
|-----------------------|--------|-----------|-----------|--------|
| Ready Sugar (M Grade) | Delhi  | 1490-1530 | 1485-1525 | +5     |
| Ready Sugar (S Grade) | Delhi  | 1475-1515 | 1470-1510 | +5     |
| Mill Delivery         | Delhi  | 1405-1445 | 1400-1440 | +5     |

### TECHNICALS

NCDEX April contract candlestick chart pattern exhibits sluggish uptrend. Inverted hammer formation of candlestick depicts indecision in the market at higher levels. Stochastic is negative in neutral zone. Whereas, MACD is rising sluggishly 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 so hesitation at higher levels.



### SUPPORT / RESISTANCES:

| Contract                     | S1   | S2   | PCP  | R1   | R2   |
|------------------------------|------|------|------|------|------|
| NCDEX-Sugar M-April Contract | 1473 | 1467 | 1487 | 1500 | 1508 |

### TRADE RECOMMENDATION:

**SELL** NCDEX - April Sugar M below 1491 with **target** towards 1482. **Stop loss** near 1496. Do not carry-forward the position until the next day.

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