

## SUGAR

13th March 2007

### SPOT MARKETS

Sugar spot prices witnessed steady to weak sentiments during the Monday's trade. The prices were quoted on weaker side in Muzaffarnagar and stood steady in Delhi markets amidst sluggish demand from stockists and retailers. Further, continued precipitative conditions have kept the market activity subdued. However, prices improved marginally in Kolkata market on slight buying support. Meanwhile, the central government is likely to announce Rs 750 crores rescue package for the crisis ridden domestic sugar market. As per government sources, nearly Rs 350 crores will be provided for creating a buffer stock of 1.15 million tonnes and another Rs 400 crores as export subsidy. The Maharashtra government on other hand has decided to form an export cell that will not only monitor the exports but also negotiate and finalize deals and route central and state subsidies when they are available.

### FUTURES MARKETS

Sugar futures on the NCDEX observed firm range bound sentiments with bullish tone. Most active April contract opened at its previous levels of Rs 1474. Initially selling pressure pulled the futures to trade downwards to touch the levels of Rs 1472. However, buying support thereafter supported the futures to trade on higher side, testing the highs of Rs 1484. April contract moved in the range Rs. 1484-1472/qrtl, while March contract fluctuated in the range of Rs. 1531-1525/qrtl. Volume increased significantly while open interest increased marginally.

### PRICE DRIVERS

1. Weak physical demand;
2. Normal supply from mills
3. Crushing at its pick in UP and Maharashtra
4. Higher FSQ for March
5. Expected bumper production in sugar
6. Mills to sell sugar not below levy prices

### 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 sentiments with range bound trade. Technical indicator Stochastics and RSI is rising in neutral region. MACD is rising in positive territory, which shows decrease in bearish 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 weak opening with possibility of slight late downward movement.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-April Contract	1466	1461	1474	1498	1504

### TRADE RECOMMENDATION:

**BUY** NCDEX - April Sugar M above 1478 with **target** towards 1486 then second target of 1488. **Stop loss** near 1471. Do not carry-forward the position until the next day.

### Spot Market Prices

Origin/Grade	Center	12.03.07	10.03.07	Rs./qrtl
Ready Sugar (M Grade)	Delhi	1480-1520	1475-1515	+5
Ready Sugar (S Grade)	Delhi	1465-1505	1460-1500	+5
Mill Delivery	Delhi	1395-1435	1390-1430	+5

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