

## SUGAR

26th March 2007

### SPOT MARKETS

Sugar is witnessing mixed sentiments on the last trading day of the week at different spot markets. Sugar prices in Delhi remained unmoved at its previous levels on account of similar demand supply conditions. Kolkata market on the other had witnessed fall in the sugar prices on weak demand from retailers. India is likely to left with 10 million tonnes of surplus sugar this year. This superfluous sugar in the country is hitting the domestic prices especially when the global prices are also not promising enough to encourage exports. Exporters have asked government for transport assistance to export sugar. The only hope for the Industry lies in increase in international prices with the increasing ethanol prices so that exports would become attractive. The prices are hovering in a small range these days.

### FUTURES MARKETS

Sugar futures for April delivery on the NCDEX opened flat at Rs 1467 and then the prices hovered mostly on the weaker side in the range of Rs 1452-1468. The contract finished down by 0.95% at Rs 1454. The volume traded increased whereas, open interest dipped marginally during the session.

### PRICE DRIVERS

1. ISMA increases sugar production estimates
2. Government decision on buffer stock of sugar still pending
3. Mills are not lowering their quotes despite sluggish demand
4. Weakness in global sugar prices

### WEATHER

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

### TECHNICALS

Charts are portraying bearish picture of sugar. The prices closed below short term EMAs supports bears. MACD is in positive zone and dipping down, which indicates fall in bullish momentum. Stochastic is in neutral region and moving southwards. Market is expected to see bearish bias in price action.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-April Contract	1445	1438	1454	1464	1470

### TRADE RECOMMENDATION:

**SELL** NCDEX - April Sugar M below 1458 with **target** towards 1450 and then 1446. **Stop loss** near 1462. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	23.03.07	22.03.2007	Change
Ready Sugar (M Grade)	Delhi	1485-1525	1490-1530	-5
Ready Sugar (S Grade)	Delhi	1470-1510	1475-1515	-5
Mill Delivery	Delhi	1400-1440	1405-1445	-5

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