

## SUGAR

3rd March 2007

### SPOT MARKETS

Spot market prices of sugar eased further at the major markets like Muzaffarnagar and Delhi on weak physical demand, while in Kolkata prices quoted on the stronger side on improved festive demand. Internationally, white sugar prices (LIFFE), which dipped to \$327, have recovered to \$349 hitting two and half months high, giving an opportunity to sugar industry to resume exports. According to Food Secretary, the government has issued permits of 600,000 tonnes of sugar exports between January and February, but only 90,000 tonnes have been shipped so far. Prices are likely to remain steady in coming days, while expected to improve slightly on forthcoming summer demand.

### FUTURES MARKETS

Sugar futures on the NCDEX observed narrow range bound trade with slightly bullish tone. April contract opened weak at Rs. 1451, down Rs. 6 against the previous close of Rs. 1457 and traded upwards thereafter and tested a high of Rs. 1461. However, selling pressure at higher levels pushed the futures to trade downwards and settled in the negative side. April contract moved in the range Rs. 1461-1448/ctl, while March contract fluctuated in the range of Rs. 1505-1499/ctl. Volume increased significantly while open interest declined significantly.

### PRICE DRIVERS

1. Weak physical demand
2. Subdued trade due to "Holi" holidays
3. Crushing at its pick in UP and Maharashtra
4. Increased supply from mills
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. Stochastic favour the bulls while RSI favour the bears. MACD is in negative region and favour the bulls, prices managed close at 9 days EMA and below 18 days EMA. Sideways movement is expected in the market 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	1444	1437	1456	1470	1480

### TRADE RECOMMENDATION:

**SELL** NCDEX - April Sugar M below 1460 with **target** towards 1452 then second target of 1450. **Stop loss** near 1464. Do not carry-forward the position until the next day.

### Spot Market Prices

Origin/Grade	Center	02.03.07	01.03.07	Rs./ctl
Ready Sugar (M Grade)	Delhi	1485-1520	1485-1530	-10
Ready Sugar (S Grade)	Delhi	1470-1505	1470-1515	-10
Mill Delivery	Delhi	1400-1435	1400-1445	-10

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