

SUGAR

10th March 2007

SPOT MARKETS

Sugar spot prices witnessed firm sentiment during the Friday's trade. The prices quoted in the stronger in the majority of markets like Delhi, Muzaffarnagar and Kolkata amidst improved demand from retailers and normal supply from mills. According to Agriculture Minister, the total export for the current sugar season October'06-September'07 is expected to be 1.5 million tonnes, he also added that there are no plans to de-control sugar sector. Meanwhile, market sources reported that the mill owners in UP, has decided in a meeting to sell sugar not below Rs. 1450 (ex-duty) to prevent down slide in sugar prices and to enable them to pay cane farmers.

FUTURES MARKETS

Sugar futures on the NCDEX observed narrow range bound trade with bearish undertone. April contract opened firm at Rs. 1478, up Rs. 4 against the previous close of Rs. 1474 and traded upward initially testing a high of Rs. 1480. However, selling pressure at higher level pushed the futures to trade in the negative side and settled red. April contract moved in the range Rs. 1480-1471/qrtl, while March contract fluctuated in the range of Rs. 1531-1522/qrtl. Volume and open interest declined significantly.

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 bearish sentiment. Technical indicator Stochastic and RSI is in neutral region. Stochastic is moving downward, while RSI is rising in neutral region. MACD is rising in negative territory, which shows decrease in bearish momentum. Prices managed to close 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	1465	1460	1471	1490	1497

TRADE RECOMMENDATION:

BUY NCDEX - April Sugar M above 1473 with **target** towards 1480 then second target of 1483. **Stop loss** near 1469. Do not carry-forward the position until the next day.

Spot Market Prices

Origin/Grade	Center	09.03.07	08.03.07	Rs./qtl
Ready Sugar (M Grade)	Delhi	1475-1515	1465-1495	+20
Ready Sugar (S Grade)	Delhi	1460-1500	1450-1480	+20
Mill Delivery	Delhi	1390-1430	1380-1410	+20

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