

SUGAR

27th 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 at NCDEX edged higher today. Most active April contract at NCDEX opened gap up Rs 8 at Rs 1464 and then the contract traded bullish in the range of Rs 1462-1472 a quintal before finally closing the session at Rs 1470 a quintal. Government has decided to create buffer stock of 2 million tonnes of sugar. Volumes traded inched higher, whereas open interest dipped lower during the session.

PRICE DRIVERS

1. Government decided to create buffer stock of sugar to the tune of 2 million tonnes.
2. Export subsidy for export of sugar under OGL up to exports of 30 lakh tonnes
3. Exports likely to get boosted by the government decision.
4. Ample supply position in the commodity

WEATHER

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

Spot Market Prices

Rs./qtl

Origin/Grade	Center	26.03.07	24.03.2007	Change
Ready Sugar (M Grade)	Delhi	1490-1530	1490-1530	00.00
Ready Sugar (S Grade)	Delhi	1475-1515	1475-1515	00.00
Mill Delivery	Delhi	1405-1445	1405-1445	00.00

TECHNICALS

Charts are portraying bearish picture of sugar. The prices closed below short term EMAs supports bears. MACD is running down in negative zone, which indicates increasing bearish momentum. Stochastic is negative in oversold region, which warrants some caution on the part of bears. Market is expected to see volatile movements.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-April Contract	1462	1453	1470	1480	1486

TRADE RECOMMENDATION:

SELL NCDEX - April Sugar M above 1465 with **target** towards 1475 and then 1480. **Stop loss** near 1459 Do not carry-forward the position until the next day.

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>