

## SUGAR

17th March 2007

### SPOT MARKETS

Sugar spot prices continued to witness steady sentiments Friday. The prices were quoted steady in Muzaffarnagar and Kolkata, whereas Delhi market witnessed marginal increase in the prices on improved retail demand. Government's supportive hand to sugar mills in the form of subsidy in Maharashtra and Andhra Pradesh for extended crushing this year to compensate for lower recovery supported the market sentiments. Moreover, sugar mill's stand on prices is also a positive sign for the market. Meanwhile, fall in international prices Friday faded the chances of exports from the country further. Glut situation in the commodity on account of bumper production and lack of exports is keeping the prices on the softer side, which is hitting the farmers and the industry hard. The market is keenly eyeing developments in the international markets, as exports would be a crucial support for the domestic sugar, which is in a surplus this year.

### FUTURES MARKETS

Sugar futures on the NCDEX traded range bound with positive inclination during Friday's trade. Most active April contract opened gap up by Rs 5 at Rs 1485 against its previous close of Rs 1480. The prices then hovered most on the positive side in the range of Rs 1479-1485 before finally closing the session with marginal gains at Rs 1484 per quintal.

### PRICE DRIVERS

1. AP govt. planning to give subsidy to millers for crushing additional sugarcane
2. Glut in domestic supply
3. Weakness in global sugar prices
4. Expected bumper production in sugar
5. 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 sluggish uptrend. Hanging Man formation of candlestick depicts indecision in the market. Stochastic is negative in neutral zone. Whereas, MACD is rising sluggishly in positive territory, which shows increase in bullish 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 firm opening with possibility of slight late downward movement.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-April Contract	1467	1463	1484	1498	1508

### TRADE RECOMMENDATION:

**BUY** NCDEX - April Sugar M above 1480 with **target** towards 1490 then second target of 1492. **Stop loss** near 1475. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	16.03.07	15.03.07	Change
Ready Sugar (M Grade)	Delhi	1485-1525	1480-1520	+5
Ready Sugar (S Grade)	Delhi	1470-1510	1465-1505	+5
Mill Delivery	Delhi	1400-1440	1395-1435	+5

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