

SUGAR

1st May 2007

SPOT MARKETS

Sugar spot prices dipped at the major markets of Muzaffarnagar, Delhi and Kolkata markets on weak physical demand and ample supply. This fall in prices could be accounted to the increased estimate of sugar output at 27-28 million tonnes during the current sugar season, coupled with unviable export due to falling international prices. The domestic prices are expected to remain on the lower side in long term. Govt. is likely to start buffering of sugar from May 1st, which would provide slight support to falling sugar prices in short term but it will not sustain in the long term. Moreover, Pakistan Sugar Mills Association (PSMA) has opposed the imports of sugar from India, as it would prove fatal for the local sugar industry as well as sugarcane farmers.

FUTURES MARKETS

Sugar futures at NCDEX observed narrow range bound trade with bullish undertone. June contract opened at Rs. 1284/qty, down Re. 1 against the previous close of Rs 1285/qty and traded both side in the range of Rs 1275-1293/qty and settled at Rs 1288/qty. May contract traded in the range of Rs. 1258-1271/qty. In June contract volume increased by 3500 MT, while open interest decreased by 500 MT.

PRICE DRIVERS

1. Govt. decided to create buffer stock starting May1st.
2. Govt. notified export subsidy
3. Strengthening Rupee Vs Dollar
4. Estimated bumper production this year
5. Lower FSQ for April-June at 38 LT
6. Increased sugarcane estimate at 322.94 MMT
7. Maharashtra sugar mills slash their export floor price
8. Maharashtra centre announced special package for sugar industry

WEATHER

Spot Market Prices (Rs./qty)

Origin/Grade	Center	30.04.07	28.04.07	Change
Ready Sugar (M Grade)	Delhi	1340-1370	1345-1375	-5
Ready Sugar (S Grade)	Delhi	1325-1355	1330-1360	-5
Mill Delivery	Delhi	1255-1285	1260-1290	-5

TECHNICALS

Candlestick chart pattern exhibits indecisive market. Technical indicator Stochastic is moving slightly upward in oversold region while RSI is moving steady in oversold region. MACD is in the negative region indicating an extremely oversold market. The prices are below the 9 Day and 18 Day EMA. All these indicate a strong bearish trend. Market is expected to trade downwards following steady to slightly firm opening.

NCDEX Sugar M Grade June Contract:



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1244	1269	1288	1315	1338

TRADE RECOMMENDATION:

Buy NCDEX - June Sugar M below 1280 with **target** towards 1294 then second target at 1300. **Stop loss** near 1271. 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>

© 2005 Indian Aaribusiness Svstems Pvt Ltd.