

## SUGAR

3rd April 2007

### SPOT MARKETS

Sugar spot market witnessed steady sentiment during the Monday's trade. The prices remained unmoved at the major markets of Muzaffarnagar, Delhi and Kolkata on lack of buying interest from bulk consumers and retailers. Further, Election Commission (EC) approval over the relief package, which the centre has announced earlier, is awaited. Prices are expected to gain some momentum if EC approves the relief package coupled with the fresh seasonal demand. However, estimates of bumper production would keep the prices in the lower side in long term due to glut situation. Moreover, 52 companies from 9 States have offered to supply 1,061.04 million litres of ethanol to the oil marketing companies (OMC) for five per cent blending with petrol.

### FUTURES MARKETS

Sugar futures at NCDEX observed narrow range bound trade with slightly bullish tone. May contract opened firm at Rs. 1474/qrtl, up Rs. 1 against the previous close of Rs. 1473/qrtl and traded in a narrow range of Rs. 1472-1479/qrtl and finally settled at its previous close of Rs. 1473/qrtl. April contract traded in the range of Rs. 1455-1465/qrtl. Volume declined significantly while open interest increased significantly.

### PRICE DRIVERS

1. Govt. decided to create buffer stock and to give export subsidy for export of sugar.
2. Estimated bumper production this year
3. Lower FSQ for April-June at 38 LT
4. Subdued trading activity
5. Increased supply position in the commodity

### WEATHER

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

### TECHNICALS

NCDEX May contract; candlestick chart pattern exhibits bearish sentiment and weakness in prices. Technical indicator Stochastic is moving slightly downwards in neutral region while RSI is rising slightly in neutral region. MACD is in negative territory and moving slightly upward. Prices closed below both the 9 days and 18 days EMA that indicates short-term weakness in prices. Market is expected to trade downwards following a steady to slightly firm opening with possibility of slight late upward movement.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-May Contract	1459	1454	1473	1482	1485

### TRADE RECOMMENDATION:

**SELL** NCDEX - May Sugar M below 1475 with **target** towards 1467 and then 1465. **Stop loss** near 1479 Do not carry-forward the position until the next day.

### Spot Market Prices (Rs./qrtl)

Origin/Grade	Center	02.04.07	31.03.2007	Change
Ready Sugar (M Grade)	Delhi	1485-1525	1485-1525	-
Ready Sugar (S Grade)	Delhi	1470-1510	1470-1510	-
Mill Delivery	Delhi	1400-1440	1400-1440	-

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