

SUGAR

30th April 2007

SPOT MARKETS

Sugar spot prices remained unmoved at the major markets of Muzaffarnagar and Delhi on subdued trading activity, while prices declined in Kolkata on weak physical demand. Further, taking into account the increased estimate of sugar output at 27-28 million tonne 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. However, govt. is likely to start buffering of sugar from May 1st, which would provide slight support to falling sugar prices in short 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 bearish undertone. June contract opened weak at Rs. 1285/qrtl, down Rs 2 against the previous close of Rs 1287/qrtl and traded both side in the range of Rs 1280-1290/qrtl and settled at Rs 1285/qrtl. May contract traded in the range of Rs. 1261-1275/qrtl. In June contract volume declined sharply while open interest increased sharply.

PRICE DRIVERS

1. Govt. decided to create buffer stock
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

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

TECHNICALS

Candlestick chart pattern exhibits indecisive market. Technical indicator Stochastic is moving slightly upward in oversold region while RSI is moving downward in oversold region. MACD and EMA indicate strong bearish trend. Market is expected to trade downwards following steady to slightly firm opening.

NCDEX Sugar M Grade June Contract:

Sugar M Grade 0706(NCSGMM7)2007/04/28 - Daily B:1284.00 A:1286.00 O 1285.00 H 1290.00 L 1280.00 C 1285.00 V 7,200 I 70,350 -2



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1271	1265	1285	1296	1316

TRADE RECOMMENDATION:

SELL NCDEX - June Sugar M below 1289 with **target** towards 1279 then second target at 1276. **Stop loss** near 1294. Do not carry-forward the position until the next day.

Spot Market Prices (Rs./qrtl)

Origin/Grade	Center	28.04.07	27.04.07	Change
Ready Sugar (M Grade)	Delhi	1345-1375	1345-1375	-
Ready Sugar (S Grade)	Delhi	1330-1360	1330-1360	-
Mill Delivery	Delhi	1260-1290	1260-1290	-

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