

SUGAR

5th April 2007

SPOT MARKETS

Sugar spot prices remained unchanged at the major markets of Delhi and Muzaffarnagar on subdued trading activity, while prices declined in Kolkata on weak demand. Markets are in wait and watch state over the Election Commissions (EC) approval over the relief package, which is awaited. Further, the Govt. would soon resume issuing sugar export permits under the Open General Licence (OGL). The Govt. last week stopped issuing release orders for sugar exports under OGL, as the quantitative limit had been exhausted. Govt. is also planning to raise the quantitative ceiling on sugar exports under the OGL scheme to 1.5 million tonnes from 750,000 tonnes. Meanwhile, the provisional data available with the NFCSF countries sugar output in the Oct-Mar period of the current sugar season 2006-07 (Oct-Sept) has jumped by about 25% to a record 21.2 million tonnes against 6.9 million tonne during the corresponding period last year. About 11 million tonnes produced by private sugar mills and remaining by co-operatives. Maharashtra topped with 7.32 million tonne, followed by Uttar Pradesh at 6.46 million tonne and Karnataka at 1.9 million tonne.

FUTURES MARKETS

Sugar futures at NCDEX observed narrow range bound trade with bearish undertone. May contract opened firm at Rs. 1475/qrtl, up Rs. 3 against the previous close of Rs. 1472/qrtl and traded in a narrow range of Rs. 1471-1475/qrtl and finally settled at its previous close of Rs. 1472/qrtl. April contract traded in the range of Rs. 1456-1460/qrtl. Volume and 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. Gujarat sugar industry association sets fixed floor price
5. Increased 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./qrtl)

Origin/Grade	Center	04.04.07	03.04.2007	Change
Ready Sugar (M Grade)	Delhi	1485-1530	1485-1530	-
Ready Sugar (S Grade)	Delhi	1470-1515	1470-1515	-
Mill Delivery	Delhi	1400-1445	1400-1445	-

TECHNICALS

NCDEX May contract; candlestick chart pattern exhibits bearish sentiment and weakness in prices. Technical indicator Stochastic is moving downwards in neutral region, while RSI is rising slightly in neutral region. MACD is in negative territory and moving sideways. Prices closed below the short term EMA that indicates short-term weakness in prices. Market is expected to trade range bound.

NCDEX Sugar M Grade May Contract:



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-May Contract	1459	1454	1472	1482	1485

TRADE RECOMMENDATION:

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

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