

## SUGAR

17th April 2007

### SPOT MARKETS

Sugar spot markets continue to witness weak sentiment during the Monday's trade. Prices declined at the major trading centers like Muzaffarnagar, Delhi and Kolkata on ample supply against weak demand. Further, Election Commission's (EC) approval over the relief package is still awaited and is expected to hit the market after assembly elections in Uttar Pradesh. Some improvement is expected in prices if EC approves the package. However, with rising sugar production around the globe, prices are expected to remain in the lower side in long term due to glut situation. International Sugar Organization (ISO) has recently estimated the world sugar surplus at 8.5 million tonnes, up 1.3 million tonnes from a February forecast of 7.2 million tonnes.

### FUTURES MARKETS

Sugar futures at NCDEX observed firm sentiment with bullish tone. May contract opened firm at Rs. 1381/qrtl, up Rs. 1 against the previous close of Rs. 1380/qrtl and traded downwards initially testing a low of Rs. 1376/qrtl. However, futures traded upward thereafter on increased buying interest and settled in the positive side. May contract moved in the range of Rs. 1376-1395/qrtl, while the April contract traded in the range of Rs. 1345-1367/qrtl.

### 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. Increased sugarcane estimate at 322.94 MMT
5. In Gujarat sugar industry sets fixed floor price
6. Maharashtra sugar mills slash their export floor price
7. 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

NCDEX May contract; candlestick chart pattern exhibits bullish sentiment. Technical indicator Stochastic and RSI is rising in oversold region, while MACD is moving downward in negative region, which show increase in bearishness. Prices closed far below the short term EMA that indicates short-term weakness in prices. Market is expected to trade downwards following steady to slightly firm opening.

### NCDEX Sugar M Grade May Contract:



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-May Contract	1382	1378	1393	1402	1408

### TRADE RECOMMENDATION:

**SELL** NCDEX - May Sugar M below 1398 with **target** towards 1390 then second target at 1387. **Stop loss** near 1402. Do not carry-forward the position until the next day.

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

Origin/Grade	Center	16.04.07	14.04.2007	Change
Ready Sugar (M Grade)	Delhi	1405-1445	1435-1465	-20
Ready Sugar (S Grade)	Delhi	1390-1430	1420-1450	-20
Mill Delivery	Delhi	1320-1360	1350-1380	-20

### 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