

SUGAR

9th April 2007

SPOT MARKETS

Sugar spot prices eased further at the major markets of Delhi, Muzaffarnagar and Kolkata amidst lack of buying support and increased supply from mills. Further, Maharashtra sugar mills slash their export floor price from Rs 1,320 to Rs 1,275 per quintal FOR (free-on-rail). The decision was taken at a meeting of the Sugar Export Cell under the Maharashtra Sugar Commissioner, taking into account the increasing stock and the Election Commission's (EC) withholding of the Centre's recently announced relief package for the sugar industry. It is also decided that the mills in South Maharashtra to sell sugar at Rs 1,320 per quintal, against the earlier levy-level of Rs 1,345 per quintal. Thus, prices are likely to remain in the lower side in coming days. However, if the relief package is get approved by EC, the prices would gain some momentum.

FUTURES MARKETS

Sugar futures at NCDEX observed weak sentiment with bearish undertone. May contract opened slightly weak at Rs. 1452/qrtl, down Rs. 1 against the previous close of Rs. 1453/qrtl and traded upwards initially testing a high of Rs. 1454/qrtl. However, increased selling pressure pushed the futures to trade downwards and finally settled in the negative side. May contract moved in the range of Rs. 1435-1454/qrtl, while the April contract traded in the range of Rs. 1412-1434/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 million tonnes
5. Gujarat sugar industry association sets fixed floor price
6. Maharashtra sugar mills slash their export floor price

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 and RSI is moving downwards in oversold region. MACD has made a bearish crossover and moving downwards. Prices closed below the short term EMA that indicates short-term weakness in prices. Market is expected to trade downwards following steady to slight firm opening.

NCDEX Sugar M Grade May Contract:



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-May Contract	1428	1425	1440	1450	1461

TRADE RECOMMENDATION:

SELL NCDEX - May Sugar M below 1444 with **target** towards 1436 then second target at 1434. **Stop loss** near 1448 Do not carry-forward the position until the next day.

Spot Market Prices (Rs./qrtl)

Origin/Grade	Center	07.04.07	06.04.2007	Change
Ready Sugar (M Grade)	Delhi	1485-1520	1485-1525	-5
Ready Sugar (S Grade)	Delhi	1470-1505	1470-1510	-5
Mill Delivery	Delhi	1400-1435	1400-1440	-5

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