

## SUGAR

13th April 2007

### SPOT MARKETS

Sugar spot prices continue to decline at the major trading centers like Muzaffarnagar, Delhi and Kolkata on ample supply from mills against poor offtake by retailers and bulk buyers. On other hand, white sugar prices (LIFFE) recovered from \$334 to \$338 on the back of delay in Brazil's cane harvest, which is expected to hit the market after April 15. Improving international prices giving an opportunity to countries sugar sector to minimise their losses by exporting sugar. So far country has exported 0.4 million tonnes sugar since the government withdrew the ban on sugar exports. Further, the Election Commission's approval over relief package is still awaited.

### FUTURES MARKETS

Sugar futures at NCDEX observed weak sentiment with bearish undertone. May contract opened weak at Rs. 1389/qrtl, down Rs. 5 against the previous close of Rs. 1394/qrtl and traded downwards on increased selling pressure testing a low of Rs. 1369/qrtl and settled in the negative side. May contract moved in the range of Rs. 1369-1389/qrtl, while the April contract traded in the range of Rs. 1349-1385/qrtl. Volume and open interest both decline 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. 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 bearish sentiment and weakness in prices. Technical indicator Stochastic is about to make a bullish cross over in oversold region, while RSI is falling in oversold region. 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	1350	1345	1373	1385	1393

### TRADE RECOMMENDATION:

**SELL** NCDEX - May Sugar M below 1375 with **target** towards 1365 then second target at 1360. **Stop loss** near 1380. Do not carry-forward the position until the next day.

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

Origin/Grade	Center	12.04.07	11.04.2007	Change
Ready Sugar (M Grade)	Delhi	1435-1475	1460-1490	-15
Ready Sugar (S Grade)	Delhi	1420-1460	1445-1475	-15
Mill Delivery	Delhi	1350-1390	1375-1405	-15

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