

SUGAR

28th April 2007

SPOT MARKETS

Sugar spot prices are recorded the same in the major markets of Delhi, Muzaffarnagar and Kolkata. Muzaffarnagar witnessed moderate trading activity, while there was very less activity in Delhi market. Further, current year's sugar production is likely to be even higher between 27-28 million tonnes, as per latest estimates against the earlier estimates of 25-26 million tones, which will further add to global over surplus. And at the current global level, exports are hardly viable. Thus, prices are likely to remain in the lower side due to glut situation and unviable export. Meanwhile political parties in Andhra Pradesh have demanded immediate aid to the farmers, whose financial health and the crop are in doldrums.

FUTURES MARKETS

Sugar futures at NCDEX exhibited a bullish tone. The most active June contract opened weak at Rs. 1265/qtt against the previous close of Rs. 1275. However, futures traded upward thereafter on increased buying interest and tested a high of Rs. 1294/qtt and finally settled green. June contract moved in the range of Rs. 1265-1294/qtt, while the May contract traded in the range of Rs. 1252-1279/qtt. In June contract volume increased significantly while open interest declined significantly.

PRICE DRIVERS

1. Govt. decided to create buffer stock
2. EC cleared the relief package
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 bullish sentiment. Technical indicator Stochastic has made a bullish cross over and RSI is moving upward in oversold region. MACD is moving downwards in negative region, which shows increase in bearish momentum. 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 June Contract:

Sugar M Grade 0706(NCSGMM7)2007/04/27 - Daily B:1285.00 A:1287.00 O 1265.00 H 1294.00 L 1265.00 C 1287.00 V 29,130 I 69,750



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1271	1265	1287	1296	1316

TRADE RECOMMENDATION:

SELL NCDEX - June Sugar M below 1291 with **target** towards 1281 then second target at 1276. **Stop loss** near 1296. Do not carry-forward the position until the next day.

Spot Market Prices (Rs./qtt)

Origin/Grade	Center	27.04.07	26.04.07	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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