

## SUGAR

16th April 2007

### SPOT MARKETS

Persistent supply against the poor offtake by retailers and bulk consumers further depressed the spot market prices of sugar in the majority of trading centers like Muzaffarnagar, Delhi and Kolkata. Internationally, white sugar prices (LIFFE) improved further from \$348 to \$352 on some buying support following delay in Brazil's sugarcane harvest. Improving sugar prices is no doubt offers an opportunity to country's sugar industry to minimize their losses by exporting sugar. Indian sugar is available for export at \$300 a tonne free on board, compared with \$312 a tonne for Thai sugar. Further, the Election Commission's approval over the Rs 8500 crore relief package is still awaited and is expected to hit the market after the assembly elections in Uttar Pradesh. Some improvement is expected in prices over the approval of relief package. However, prices are expected to remain in the lower side due to glut situation globally.

### FUTURES MARKETS

Sugar futures at NCDEX observed weak sentiment with bearish undertone. May contract opened weak at Rs. 1382/mtl, down Rs. 4 against the previous close of Rs. 1386/mtl and traded upwards initially testing a low of Rs. 1387/mtl. However, futures traded downward thereafter on increased selling pressure and settled in the negative territory. May contract moved in the range of Rs. 1376-1387/mtl, while the April contract traded in the range of Rs. 1353-1378/mtl. Volume declined significantly while open interest increased marginally.

### 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 indecisive market. Technical indicator Stochastic is rising in neutral region, while RSI is moving slightly downward 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	1355	1345	1380	1400	1408

### TRADE RECOMMENDATION:

**SELL** NCDEX - May Sugar M below 1389 with **target** towards 1379 then second target at 1374. **Stop loss** near 1394. Do not carry-forward the position until the next day.

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

Origin/Grade	Center	14.04.07	13.04.2007	Change
Ready Sugar (M Grade)	Delhi	1435-1465	1435-1470	-5
Ready Sugar (S Grade)	Delhi	1420-1450	1420-1455	-5
Mill Delivery	Delhi	1350-1380	1350-1385	-5

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