



## ■ SUGAR

■ May 18, 2007

### SPOT MARKETS

Spot prices of sugar dipped further in Muzaffarnagar, Delhi and Kolkata amidst weak physical demand and ample supply from mills. Traders reported low trading activity at the markets. Recent gains can be attributed to improved demand during summer and speculative buying coupled with hopes that the new govt. in UP will keep cane prices at realistic levels and provide more sops for sugar industry. However, taking into account the bumper sugarcane production this year 2006-07, country's sugar output is expected to cross 26 MMT and the total availability would be over 30 MMT (including carryover stock of 4MMT). Domestic consumption is expected to be 19-19.5 MMT and exports are likely at 1.5 MMT leaving a carryover stock of 9 MMT to the next season. Thus, no major uptrend is expected in prices in medium to long term.

### FUTURES MARKETS

NCDEX Sugar futures traded volatile in a range. June contract opened at Rs. 1283/qrtl, Re. 1 down the previous close. The contract traded down to test a low of Rs. 1273/qrtl and later as the buyers gained strength to test a high of Rs. 1295/qrtl before settling at Rs. 1286/qrtl. May contract traded bullish in the range of Rs. 1207-1226/qrtl before closing at Rs. 1220/qrtl. In June contract, volume traded and open interest decreased significantly.

### PRICE DRIVERS

1. Domestic and global glut
2. Stronger rupee against dollar
3. Lower FSQ for April-June at 38 LT
4. Increased sugar estimate at 27 MMT
5. Increased supply from mills

### WEATHER

Weather is favourable for harvesting of mid-season sugarcane crop and recently sown seasonal sugarcane.

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

Origin/Grade	Center	17.05.07	16.05.07	Change
Ready Sugar (M Grade)	Delhi	1400-1425	1445-1470	-45.00
Ready Sugar (S Grade)	Delhi	1385-1410	1430-1455	-45.00
Mill Delivery	Delhi	1315-1340	1360-1385	-45.00

### TECHNICALS

Candlestick pattern indicates an indecisive market with equally aggressive buyers and sellers. The prices are at par with the 9 Day and 18 Day EMA. Stochastic has made a bearish cross over in the neutral region. RSI is trading steady in the neutral region and MACD is in the negative region. All the technicals indicate a bearish market.

### NCDEX Sugar M Grade June Contract



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- June	1265	1257	1286	1302	1310

### TRADE RECOMMENDATION

**Sell** NCDEX - June Sugar M below 1290 with target towards 1276 then second target at 1271. Stop loss near 1297. Do not carry forward the position until the next day.

### 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 <http://www.agriwatch.com/Disclaimer.asp>