

### MARKETS

Amidst improved demand against ample supplies, the spot prices of sugar remained unmoved at the major markets of Muzaffarnagar and Delhi. Maharashtra is expected to produce 9.5 MMT of sugar in 2006-07 (October-September), which is 83 per cent higher than that of the previous year. India, the world's second-largest sugar producer, is expected to produce a record 27 MMT of sugar in the year to September, against the annual consumption of 19-20 MMT. The world sugar production has also been revised upward by 2.418 MMT to a record 162.621 million tonnes. The measures adopted by the govt. to help the sugar industry, like creation of an additional buffer stock of 3 MMT and scrapping of proposals which could block cane areas without pursuing the projects could lead to some improvement in prices in the short term. Bumper crops from Brazil and India tend to push global and domestic prizes lower in the medium to long run.

### FUTURES MARKETS

Sugar futures continued the bullish rally at NCDEX. June contract opened firm at Rs. 1293/qrtl, Rs. 2 above the previous close of Rs. 1291/qrtl, traded bullish after testing a low of Rs. 1288/qrtl to as high as Rs. 1315/qrtl and it settled at Rs. 1303/qrtl. The open interest and volume declined significantly. July contract opened at Rs. 1323/qrtl and traded in the range of Rs. 1318-1348/qrtl, before closing at Rs. 1339/qrtl.

### PRICE DRIVERS

1. Domestic and global glut
2. Lower FSQ for April-June at 38 LT
3. Increased sugar estimate at 27 MMT
4. Increased supply from mills
5. Creation of additional buffer stock

### WEATHER

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

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

Origin/Grade	Center	25.05.07	24.05.07	Change
Ready Sugar (M Grade)	Delhi	1385-1425	1385-1425	0.00
Ready Sugar (S Grade)	Delhi	1370-1410	1370-1410	0.00
Mill Delivery	Delhi	1300-1340	1300-1340	0.00

### TECHNICALS

Candlestick chart indicates a short term bullish market. Stochastic is giving a bullish cross over in the neutral region. RSI is rising in the neutral region, while MACD is rising in the negative region. Technicals point towards a short term uptrend in the market.

### NCDEX Sugar M Grade June Contract



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- June	1255	1240	1303	1330	1340

### TRADE RECOMMENDATION

**Buy** NCDEX - June Sugar M above 1300 with target towards 1315 then second target at 1319. Stop loss near 1293. Do not carry forward the position until the next day.

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