

## SUGAR

29th May 2007

### SPOT MARKETS

The spot prices of sugar eased marginally at the major of market of Kolkata amidst weak physical demand against ample supply situation, while prices remained unchanged at Delhi and Muzaffarnagar markets on subdued trading activity. Further, the centre is likely to finalise yet another relief package to bail out sugar industry, which is facing a problem of plenty. The package will be in addition to the already announced Rs 850 crore relief package. The centre is expected to increase the moratorium period till March 2010 and provide some financial assistance to sugar units that missed the current crushing season. The CCEA (cabinet committee of economic affairs) is expected to take decision for the same in the next 10 to 15 days. Some improvement is expected in short run if the sugar industry is further provided by the incentives. However, in medium to long term prices are expected to remain lower due to glut situation globally.

### FUTURES MARKETS

Sugar futures witnessed weak sentiment with bearish undertone at NCDEX. June contract opened firm at Rs 1340, up Rs 6 against the previous close of Rs 1334 and traded up initially testing a high of Rs 1344/qrtl. However, prices skid thereafter on increased selling pressure erasing the early gains and settled in the negative side. June contract traded in the range of Rs. 1305-Rs.1344/qrtl with declining volume and increasing open interest.

### PRICE DRIVERS

1. Improved international prices
2. Appreciating rupee against dollar
3. Subdued demand in the market
4. Indian sugar output estimated at around 27-28 million tones
5. Global sugar surplus forecast at 9.82 million tones
6. Domestic and global glut situation due to bumper production

### WEATHER

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

### TECHNICALS

Candlestick chart pattern shows weakness in prices. Technical indicator Stochastic is moving up in neutral region while RSI is moving down in neutral region. MACD is moving sideways in neutral region. Closing price is below the short-term EMAs. Market is expected to trade downwards following steady to slightly firm opening.

### NCDEX Sugar M Grade June Contract:

Sugar M Grade 0706(NCSGMM7)2007/05/28 - Daily B:1306.00 A:1303.00 H 1344.00 L 1306.00 C 1306.00 V 24,620 I 45,630



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-June Contract	1292	1286	1306	1322	1328

### TRADE RECOMMENDATION:

**SELL** NCDEX - June Sugar M below 1314 with **target** towards 1304 then second target at 1300. **Stop loss** near 1319. Do not carry-forward the position until the next day.

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

Origin/Grade	Center	28.05.07	26.05.07	Change
Ready Sugar (M Grade)	Delhi	1395-1435	1395-1435	-
Ready Sugar (S Grade)	Delhi	1380-1420	1380-1420	-
Mill Delivery	Delhi	1310-1350	1310-1350	-

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