



■ SUGAR

■ May 11, 2007

SPOT MARKETS

Spot prices of sugar have improved at the major markets of Delhi, Kolkata and Muzaffarnagar on some demand from bulk consumers against normal arrivals. Prices of white sugar improved internationally (LIFFE) by \$ 7.00 and settled at \$ 325.50/tonne. Brazil sugar market stayed low-key as local millers stayed away from export market in favour of better domestic prices. Brazil is expected to produce 31.3 MMT of sugar this crop season, up 5% from the previous season. Traders can minimize their losses by exporting sugar at this juncture and thereby, keep domestic glut in check. The global sugar surplus for the crop year Oct 2006-Sept 2007 is forecast at 9.82 MMT. USDA has forecast an Indian sugar production of 25.4 MMT, while govt. estimates are pegged at around 27 MMT. The domestic and global glut situations tend to maintain domestic prices on lower side in the long term.

FUTURES MARKETS

Sugar futures at NCDEX traded bullish today. The most active June contract opened at Rs. 1242/qrtl, Re. 1 down the previous close price and it traded bearish, testing a low of Rs. 1227/qrtl. Then the prices improved on buying support from lower levels and settled at Rs. 1255/qrtl. The contract traded in the range of Rs. 1227-1257/qrtl. In June contract, volume traded increased significantly, while open interest decreased marginally.

PRICE DRIVERS

1. Domestic and global glut
2. Strengthening Rupee Vs 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	10.05.07	09.05.07	Change
Ready Sugar (M Grade)	Delhi	1302-1312	1300-1310	+2.00
Ready Sugar (S Grade)	Delhi	1287-1317	1285-1315	+2.00
Mill Delivery	Delhi	1217-1247	1215-1245	+2.00

TECHNICALS

Candlestick chart shows a mild correction in downtrend. Prices are nearing 9 Day EMA which points towards some firmness in prices. MACD and RSI are moving slightly up in oversold region. RSI is almost emerging out of oversold region. Stochastic is giving a bullish crossover. The market is expected to trade up in the short term.

NCDEX Sugar M Grade June Contract



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- June	1225	1220	1255	1294	1299

TRADE RECOMMENDATION

Buy NCDEX - June Sugar M above 1253 with target towards 1267 then second target at 1271. Stop loss near 1246. Do not carry forward the position until the next day.

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