



## ■ SUGAR

■ May 12, 2007

### SPOT MARKETS

The spot prices of sugar have improved at the major markets of Delhi and Muzaffarnagar. White sugar traded \$7.00 higher at LIFFE to settle at \$ 336.50/tonne. USDA has forecast an Indian sugar production of 25.4 MMT, while the govt. estimates are pegged at around 27 MMT. Figures say that India's sugar exports may slip below 1 MMT in the marketing year to Sept '07 due to weak demand and monsoon rains. The bulk of Indian sugar exports last year were to Pakistan, which has a surplus now and is no longer importing. Moreover, the onset of the monsoon next month, lasting until Sept, is also expected to hamper export shipments due to hassles at ports. The domestic and global glut situations, with unviable exports tend to maintain the domestic prices on the lower side in the long term.

### FUTURES MARKETS

NCDEX June contract opened at Rs. 1288/ctl, Rs. 3 down the previous close price of Rs. 1291/ctl. The contract traded upward to test a high of Rs. 1312/ctl, but the sellers took over to bring the prices down to level as low as Rs. 1282/ctl, before closing at Rs. 1291/ctl. In June contract, the volume traded declined significantly, while the open interest dipped marginally. The May contract opened at Rs. 1284/ctl and traded in the range of Rs. 1266-1298/ctl before closing at Rs. 1281/ctl.

### 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.

### TECHNICALS

Candlestick pattern shows a bullish pattern with the prices intersecting the 9 Day and 18 Day EMA. RSI has emerged out of oversold region and is steady. MACD is also rising in negative region. The technicals speak of a short term bullish correction

### NCDEX Sugar M Grade June Contract



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- June	1227	1217	1291	1366	1379

### TRADE RECOMMENDATION

**Buy** NCDEX - June Sugar M above 1285 with target towards 1299 then second target at 1305. Stop loss near 1278. Do not carry forward the position until the next day.

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

Origin/Grade	Center	12.05.07	1105.07	Change
Ready Sugar (M Grade)	Delhi	1245-1275	1314-1344	+16.00
Ready Sugar (S Grade)	Delhi	1315-1345	1299-1329	+16.00
Mill Delivery	Delhi	1330-1360	1229-1259	+16.00

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