

■ SUGAR

■ June 1, 2007

MARKETS

Spot prices of sugar remained almost flat at the major markets of Delhi, Muzaffarnagar and Kolkata on sluggish demand and supply. Traders reported subdued trading. The Union Cabinet is likely to discuss the issue of raising the sugar buffer stock to 5 MMT from 2 MMT today. The fall in the prices coupled with high input costs have made it difficult for millers to recover their production costs. Maharashtra sugar commissioner has clarified that sops for bailing out sugar industry are applicable to private sugar mills also. The govt. moves to hike the sugar buffer stock and provide additional sops are expected to lift the market sentiments in the short term. However, no major uptrend in sugar is expected in the medium to long term owing to bumper crops from Brazil and India.

FUTURES MARKETS

Sugar futures at NCDEX traded volatile with bullish undertone. The most active July contract opened firm at Rs. 1340/qrtl, Rs. 8 above the previous close price, traded up to test a high of Rs. 1348/qrtl and then down to test a low of Rs. 1335/qrtl before closing at Rs. 1342/qrtl with a significant dip in volume and a marginal decline in open interest. June contract opened at Rs. 1300/qrtl, traded in the range of Rs. 1297-1311/qrtl and settled at Rs. 1306/qrtl.

PRICE DRIVERS

1. Domestic and global glut
2. Increased sugar estimate at 27 MMT
3. Increased supply from mills
4. Additional sops and buffer stock

WEATHER

Weather is favourable for harvesting of mid-season sugarcane crop and recently sown seasonal sugarcane. Monsoon has arrived in southern tracts.

TECHNICALS

Candlestick pattern shows an indecisive market with a tendency for trend reversal. But it is ideal to wait and see tomorrow's close to confirm the direction. Prices closed above the 9 Day and 18 Day EMA. RSI, MACD and Stochastic are moving steady in the neutral region. It is recommended to stay away from the market till the trend is confirmed.

NCDEX Sugar M Grade July Contract



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1318	1306	1342	1360	1371

TRADE RECOMMENDATION

Sell NCDEX - July Sugar M below 1342 with target towards 1332 then second target at 1328. Stop loss near 1347. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /qrtl)

Origin/Grade	Center	31.05.07	30.05.07	Change
Ready Sugar (M Grade)	Delhi	1395-1435	1395-1435	0.00
Ready Sugar (S Grade)	Delhi	1380-1420	1380-1420	0.00
Mill Delivery	Delhi	1310-1350	1310-1350	0.00

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