

SUGAR

2nd May 2007

SPOT MARKETS

Sugar spot prices dipped at the major markets of Muzaffarnagar and Delhi on weak physical demand and ample supply. The markets witnessed nominal trade. Kolkata market remained closed due to International Labour Day. The Govt. has started procurement of sugar for buffer stocks. This is likely to provide some support to the falling prices and result in a hike in the domestic sugar prices. But it will not sustain in the long term owing to the increased estimate of sugar output at 27-28 million tonnes during the current sugar season, coupled with unviable export due to falling international prices. The international price of white sugar (LIFFE) dipped to \$ 303/tonne from \$ 308 of the previous close. Hence, the domestic prices are expected to remain on the lower side in long term. Moreover, Pakistan Sugar Mills Association (PSMA) has opposed the imports of sugar from India.

FUTURES MARKETS

Sugar futures at NCDEX observed narrow range bound trade with bullish undertone. June contract opened at Rs. 1287/qrtl, down Re. 1 against the previous close and traded upward testing a high of Rs.1299/qrtl and then downward to Rs.1284/qrtl before settling at Rs.1288/qrtl. In June contract, volume increased by 540 MT, while open interest increased by 900 MT. May contract traded bearish in the range of Rs. 1266-1277/qrtl

PRICE DRIVERS

1. Govt. started procuring sugar for buffer stock.
2. Govt. notified export subsidy
3. Strengthening Rupee Vs Dollar
4. Estimated bumper production this year
5. Lower FSQ for April-June at 38 LT
6. Increased sugar estimate at 27-28 MMT
7. Maharashtra centre announced special package for sugar industry

WEATHER

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

TECHNICALS

Candlestick chart pattern indicates an indecisive market. Prices are below 9 Day and 18 Day EMA Technical indicator Stochastic is moving slightly upwards in oversold region while RSI is also moving steadily in oversold region. MACD is moving down in the oversold region. The prices are below the 9 Day and 18 Day EMA. All the indicators point towards a bearish trend. Current levels show signs of consolidation. Market is expected to trade downwards following steady to slightly firm opening.

NCDEX Sugar M Grade June Contract:



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- June Contract	1265	1253	1288	1309	1323

TRADE RECOMMENDATION:

Sell NCDEX - June Sugar M near 1290-1292 with **target** towards 1280 then second target at 1272. **Stop loss** near 1297. Do not carry-forward the position until the next day.

Spot Market Prices (Rs./qrtl)

Origin/Grade	Center	01.05.07	30.04.07	Change
Ready Sugar (M Grade)	Delhi	1335-1365	1340-1370	-5
Ready Sugar (S Grade)	Delhi	1320-1350	1325-1355	-5
Mill Delivery	Delhi	1250-1280	1255-1285	-5

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>