

## SUGAR

May 31, 2007

### MARKETS

Spot sugar prices remained unmoved at the major markets of Delhi and Muzaffarnagar on subdued trading activity, while the prices dipped at Kolkata market on poor demand. Traders at the major markets reported very less buying and selling activities. White sugar traded lower internationally (at LIFFE), while raw sugar traded higher. The low international price of white sugar and bleak prospects of export from India is prompting the domestic industry to shift its focus to raw sugar. Government's move to provide additional sops for the ailing sugar industry by extending the moratorium period till March 2010 and providing financial assistance to sugar mills that missed the current crushing season, as well as creation of additional 3 MMT buffer stocks is expected to lift the 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 bearish today. The most active July contract opened firm at Rs. 1357/mtl, Re. 1 above the previous close price of Rs. 1356/mtl, traded down to close at an intraday low of Rs. 1337/mtl while volume improved significantly and open interest increased marginally. June contract opened at Rs. 1314/mtl and traded bearish in the range of Rs. 1295-1318/mtl before closing at the low of Rs. 1295/mtl.

### 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.

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

Origin/Grade	Center	30.05.07	29.05.07	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

### TECHNICALS

Candlestick pattern shows a bullish market. RSI is moving down in the neutral region, while MACD and Stochastic are making a bearish cross over in the neutral region. The technicals indicate a bearish market in the short term.

### NCDEX Sugar M Grade July Contract

Sugar M Grade 0707(NCSGMN7)2007/05/30 - Daily B:1331.00 A:1332.00  
O 1357.00 H 1358.00 L 1332.00 C 1332.00 V 35,380 I 56,040 -24  
EMA(9) 1333.3 (18) 1322.8



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1317	1302	1332	1360	1375

### TRADE RECOMMENDATION

**Sell** NCDEX - July Sugar M below 1338 with target towards 1324 then second target at 1320. Stop loss near 1345. Do not carry forward the position until the next day.

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