

MARKETS

Sugar spot prices remained almost flat at the major markets on poor demand and lack-lustre trade. The govt.'s moves to help the sugar industry are not supporting the market sentiments. The govt. is trying to bring some relief to the ailing sector by way of additional sugar buffer stock, mandatory 5% ethanol doping in motor fuels, debt restructuring package, and promoting raw sugar exports as well as allowing ethanol production directly from sugarcane. However, all these policies are awaiting Cabinet approval. Some improvement in prices can be expected once these policies and packages are sanctioned by the Cabinet. However, since supply is far in excess of demand currently due to bumper productions in all the major sugar producing countries, including India, no major uptrend in sugar prices can be expected in the medium to long term.

FUTURES MARKETS

Sugar futures at NCDEX traded bearish with the most active July contract opening firm at Rs. 1322/ctl, Re. 1 above the previous close of Rs. 1321/ctl, traded steadily down to test a low of Rs. 1310/ctl before closing at Rs.1314/ctl. Volume improved significantly, while open interest improved slightly. June contract opened weak at Rs. 1286/ctl, traded in the range of Rs. 1276-1288/ctl and settled at Rs. 1279/ctl.

PRICE DRIVERS

1. Domestic and global glut
2. FSQ for June fixed at 16 lakh tonnes
3. Extension of period of clearance of FSQ
4. Additional buffer stock
5. Debt restructuring and financial bail out package for sugar sector
6. Mandatory 5% ethanol doping in motor fuels

WEATHER

Monsoon rains may interfere with the crushing of cane as well as sugar exports.

TECHNICALS

Candlestick pattern shows a bearish market. Prices closed at par with 9 and 18 Day EMAs. MACD is grazing the zero line. RSI is falling in the neutral region. Stochastic is flat in the neutral region. Technicals speak of a bearish market in the short term.

NCDEX Sugar M Grade July Contract



SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1299	1290	1314	1348	1360

TRADE RECOMMENDATION

Sell NCDEX - July Sugar M below 1317 with target towards 1305 then second target at 1300. Stop loss near 1323. Do not carry forward the position until the next day.

Spot Market Prices (Rs. /ctl)

Origin/Grade	Center	11.06.07	09.06.07	Change
Ready Sugar (M Grade)	Delhi	1390-1435	1390-1435	0.00
Ready Sugar (S Grade)	Delhi	1375-1420	1375-1420	0.00
Mill Delivery	Delhi	1305-1350	1305-1350	0.00

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