

## ■ SUGAR

■ June 7, 2007

### MARKETS

Sugar spot prices eased at the major markets on slack demand and ample supply from mills which are offloading their stock in the market. The govt. moves of scrapping the sops to the sugar industry in UP and increasing open sale quota for June to 1.6 MMT are maintaining the sentiments low. Centre has allowed the mills to sell the June monthly quota till July 15<sup>th</sup> to avoid distress sale. The creation of additional buffer is expected shortly which is lifting market sentiments, despite overall weak fundamentals. The govt. has proposed to make 5% ethanol doping in all commercial motor fuels mandatory with immediate effect with the objective of giving respite to sugar industry. Sugar mills are aiming to export 5 lakh tonnes of raw sugar in the next Oct-Sept season to cash in on the rise in refining capacities of neighbouring countries. However, no major uptrend in sugar prices is expected owing to domestic and global glut situation.

### FUTURES MARKETS

NCDEX sugar futures traded range bound with bullish undertone. July contract opened weak at Rs. 1328/qrtl, Re. 1 below the previous close, traded upwards to test a high of Rs. 1337/qrtl and then down to test a low of Rs. 1327/qrtl, before closing at Rs. 1330/qrtl. Volume declined significantly, while open interest dipped marginally. June contract opened at Rs. 1291/qrtl, traded in the range of Rs. 1289-1297/qrtl and closed at Rs. 1292/qrtl.

### PRICE DRIVERS

1. Domestic and global glut
2. Increased sugar estimate at 27 MMT
3. FSQ for June fixed at 16 lakh tonnes
4. Extension of period of clearance of FSQ
5. UP Govt. scraps sops for sugar industry
6. Additional buffer stock

### WEATHER

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

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

Origin/Grade	Center	06.06.07	05.06.07	Change
Ready Sugar (M Grade)	Delhi	1415-1460	1430-1475	-15.00
Ready Sugar (S Grade)	Delhi	1400-1445	1415-1460	-15.00
Mill Delivery	Delhi	1330-1375	1345-1390	-15.00

### TECHNICALS

Candlestick pattern shows a range-bound market with a tendency to revert. Prices closed above 9 and 18 Day EMAs. MACD, RSI and Stochastic are moving almost flat in the neutral region. The market is expected to trade down following firm opening. It is recommended to wait for the next close to confirm the market trend.

### NCDEX Sugar M Grade July Contract



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1303	1293	1330	1342	1356

### TRADE RECOMMENDATION

**Sell** NCDEX - July Sugar M less than 1329 with target towards 1320 then second target at 1316. Stop loss near 1334. Do not carry forward the position until the next day.

### 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>

© 2005 Indian Agribusiness Systems Pvt Ltd.