



## ■ SUGAR

■ June 4, 2007

### MARKETS

Spot sugar prices remained unmoved at the major markets of Delhi, Muzaffarnagar and Kolkata on lacklustre trade. U.P. Govt. has scrapped the Sugar Industry Promotion Policy 2004-08 with immediate effect, compounding the uncertainties of the industry. A new sugar policy is expected to be formulated soon, taking into account the interest of cane farmers and ensuring more effective use of the state's fiscal resources. Pakistan Sugar Mills Association has urged the govt. to increase the import duty of sugar in order to prevent the Indian sugar mills from dumping surplus sugar into Pakistan. Thailand has asked India to halt the subsidies given to the sugar sector saying that the Indian policies had not only damaged the global sugar industry but also caused a world wide drop in prices. No major uptrend in sugar can be expected in the medium to long term owing to bumper crops from Brazil, India, Thailand and Pakistan.

### FUTURES MARKETS

Sugar futures at NCDEX improved today. The most active July contract opened weak at Rs. 1301/qtl, Rs. 3 down the previous close of Rs. 1304/qtl, traded upwards to test a high of Rs. 1318/qtl, before closing at Rs. 1314/qtl. Volume slipped significantly, while open interest improved marginally. June contract opened firm at Rs. 1266/qtl and traded in the range of Rs. 1264-1280/qtl. It closed at Rs. 1278/qtl.

### PRICE DRIVERS

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

### WEATHER

Monsoon has hit the southern tracts of the country. Monsoon rains may interfere with the crushing of cane as well as sugar exports

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

Origin/Grade	Center	02.06.07	01.06.07	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 slightly bullish trend. Prices closed below the 9 Day and 18 Day EMA. MACD and RSI are moving steadily in the neutral region, while Stochastic is declining in the neutral region. The technical indicators point towards a range bound market with bearish undertone in the short term.

### NCDEX Sugar M Grade July Contract

Sugar M Grade 0707(NCSGMN7)2007/06/02 - Daily B:1313.00 A:1314.00  
O 1301.00 H 1318.00 L 1301.00 C 1314.00 V 24,770 I 52,910 +10  
EMA(9) 1325.9 (18) 1321.7



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1281	1271	1314	1348	1359

### TRADE RECOMMENDATION

**Sell** NCDEX - July Sugar M below 1310 with target towards 1296 then second target at 1292. Stop loss near 1317. Do not carry forward the position until the next day.

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