



## ■ SUGAR

■ June 9, 2007

### MARKETS

Sugar spot prices remained unmoved at the major markets on subdued trading despite the debt restructuring and financial bail out package allowed by govt., which spans a 24 month period. The package includes central excise relaxation, a soft loan offer to states to forward to sugar mills, reworking NABARD revival package with extension of the moratorium period to April 2010, working out a debt restructuring package for private sugar mills by Finance and amendment of Central Sales Tax Act 1956 to include ethanol blending in the list of goods of special importance. The package is intended to help the sugar mills to improve their financial health and clear bank dues and cane arrears in two years. This is expected to lift market sentiments in the short term. However, no major uptrend can be expected in sugar prices on account of domestic and global glut situations.

### FUTURES MARKETS

Sugar futures at NCDEX traded weakly bullish. The most active July contract opened firm at Rs. 1331/qty, Rs. 5 above the previous close of Rs. 1326/qty, traded upwards to test a high of Rs. 1340/qty and then it traded down to test a low of Rs. 1328/qty before settling at Rs. 1331/qty. Volume and open interest improved significantly. June contract opened firm at Rs. 1293/qty, traded in the range of Rs. 1291-1302/qty before closing at Rs. 1295/qty.

### 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. UP Govt. scraps sops for sugar industry
5. Additional buffer stock
6. Debt restructuring and financial bail out package for sugar sector

### WEATHER

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

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

Origin/Grade	Center	08.06.07	07.06.07	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

### TECHNICALS

Candlestick pattern shows an indecisive market. Prices closed above 9 and 18 Day EMAs. MACD and RSI are moving almost flat in the neutral region. Stochastic is rising in the neutral region indicating some firmness. Technicals indicate consolidation in the market.

### NCDEX Sugar M Grade July Contract



### SUPPORT / RESISTANCES

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M- July	1305	1295	1331	1359	1371

### TRADE RECOMMENDATION

**Sell** NCDEX - July Sugar M near 1340 with target towards 1330 then second target at 1327. Stop loss near 1345. Do not carry forward the position until the next day.

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