

## SUGAR

June 11, 2007

### MARKETS

Sugar spot prices remained steady at the major markets on lack-lustre trade. Most of the markets witnessed poor demand for the commodity. The govt.'s moves to respite the sugar industry were not able to lift 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, no major uptrend in sugar prices can be expected in the medium to long term on account of the bumper productions in all the major sugar producing countries, including India.

### FUTURES MARKETS

Sugar futures at NCDEX traded bearish with the most active July contract opening weak at Rs. 1329/qrtl, Rs. 2 down the previous close of Rs. 1331/qrtl, traded steadily down to test a low of Rs. 1320/qrtl, before settling at Rs. 1321/qrtl. Volume dipped significantly, while open interest improved marginally. June contract opened weak at Rs. 1293/qrtl, traded in the range of Rs. 1284-1293/qrtl before closing at Rs. 1287/qrtl.

### 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. /qrtl)

Origin/Grade	Center	09.06.07	08.06.07	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 a range bound market with weak bearish undertone. Prices closed at par with 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	1304	1291	1321	1360	1370

### TRADE RECOMMENDATION

**Sell** NCDEX - July Sugar M below 1323 with target towards 1315 then second target at 1310. Stop loss near 1328. Do not carry forward the position until the next day.

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