

30 May 2011

Sugar

Commodity	Contract	Recommendations
Sugar NCDEX	Jun-11	Buy at 2550 TP 2625 SL 2512
Sugar MCX	Jun-11	Buy at 2550 TP 2625 SL 2512

Market Recap:

Bearish trend in sugar futures continued for the 4th consecutive week ended on May 28 on lack of active buying interest from stokiast. From the beginning of the week, the sugar futures showed a negative trend witnessing a heavy selling pressure. Due to the reduced demand from whole seller and retailer also added to the downside. Millers were offering sugar at lower prices as they didn't wanted to pile up huge inventory before the announcement of new sales quota. Therefore, overall trend remain down side biased and futures closed in red with loss of 4% W/W.

Futures price movement

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	2568.00	2584.00	2564.00	2584.00	-4.03%	820	83.12%	24550	-15.08%
Jul-11	2600.00	2608.00	2591.00	2608.00	-4.10%	430	85.02%	10510	-4.02%
Aug-11	2627.00	2640.00	2627.00	2640.00	-3.76%	110	228.88%	2480	-16.81%

MCX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	2552.00	2571.00	2552.00	2571.00	-4.72%	60	37.89%	380	11.94%
Jul-11	2585.00	2593.00	2581.00	2593.00	-5.04%	37	67.78%	288	33.33%
Aug-11	2796.00	2798.00	2707.00	2718.00	-0.04%	1170	-99%	332	758.62%

Outlook

The sugar futures are expected to witness a smart recovery in coming week on short covering on previous losses. New sales quota for the month of June is expected to announce during this week. Traders are expecting lower sales quota to be announced for this month the month of June which might add to the upside. However, surplus at major spot markets across India is likely to limit the gains. However, end of crushing season and fresh demand from retailers due to grocery demand is likely to support the prices. As per trade sources, June onwards festive and wedding season demand might also add to the upside in prices. However, according to derivative analysis, fall in prices and open interest along with rise in volumes indicates that bearish trend might continue in near term.

Spread Matrix

Spread Matrix			
	Jun-11	Jul-11	Aug-11
Jun-11	0		
Jul-11	24	0	
Aug-11	56	32	0

Spot Prices (Sugar - M30)

Date	Kolhapur	Muzaffarnagar	Kolkata	Delhi
23-05-2011	2677.50	2928.35	2930.00	2900.00
24-05-2011	2665.85	2937.75	2930.00	2885.00
25-05-2011	2660.80	2943.90	2939.40	2895.00
26-05-2011	2657.95	2926.50	2926.50	2890.00
27-05-2011	2650.00	2926.00	2923.35	2890.00
28-05-2011	2621.45	2928.75	2887.80	2875.00

Warehouse stock level (as on May 28, 2011)

Commodity	Place	Demat	In Process
Sugar M	Kolhapur	1310	0
Sugar S	Kolhapur	1200	50

Pivot Table (Sugar M)

Exchange	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX	Jun-11	2557	2571	2584	2591	2597
	Jul-11	2585	2597	2608	2614	2619
	Aug-11	2623	2631	2640	2644	2649
MCX	Jun-11	2546	2558	2571	2577	2584
	Jul-11	2577	2585	2593	2597	2601
	Aug-11	2650	2684	2718	2775	2832

International Market

International Market						
Exchange	Contract	Open	High	Low	Close	% Change
ICE (cents/lb)	Jul-11	22.24	23.16	21.32	22.99	2.59%
	Oct-11	22.03	22.90	21.04	22.86	3.58%
	Mar-12	22.29	23.05	21.46	23.02	3.04%
LIFFE (\$/MT)	Aug-11	622.9	663.1	606.2	658.3	5.28%
	Oct-11	586.4	615.7	569.6	613.4	4.59%
	Dec-11	579	607.1	569	606.4	42.89%

Technical recommendations: International market

Commodity	Contract	Recommendations
Sugar ICE	Jul-11	Buy at 22 TP 24.30 SL 21.30
Sugar LIFFE	Aug-11	Buy at 642-645 TP 678 SL 627

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