

6 June 2011

Sugar

Commodity	Contract	Recommendations
Sugar NCDEX	Jun-11	Buy in the range 2490-2500 TP 2545 strict SL below 2465
Sugar MCX	Jun-11	Buy in the range 2490-2500 TP 2545 strict SL below 2465

Market Recap:

Bearish trend in sugar futures continued for the 5th consecutive week ended on June 4th on reduced demand from stockists. Futures witnessed small recovery initially during the week on previous week's losses but failed to sustain the gains. Huge inventory with millers created selling pressure in market. With the release of new sales quota bearish impact further increased in market as the quota released was more than expected. Timely approach of monsoon also added the sluggishness in market as retailers are expecting that demand is likely to decline further in rainy season. Therefore, overall trend remain down side biased and futures closed in red with W/W losses of around 3%.

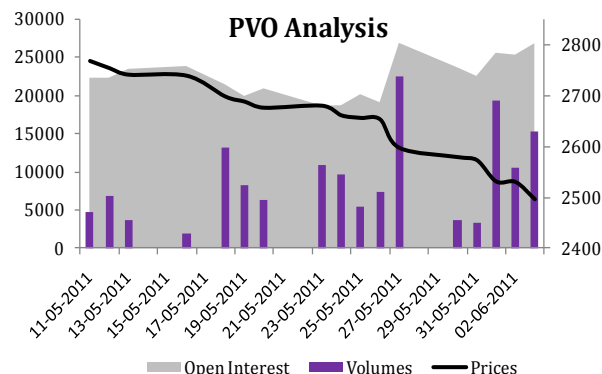
Futures price movement

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	2568	2591	2489	2498	-2.99%	56280	-13.08%	26610	8.39%
Jul-11	2600	2618	2536	2543	-2.15%	29990	7.92%	14400	37.01%
Aug-11	2627	2650	2597	2606	-1.03%	9180	49.27%	7130	187.50%

MCX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jun-11	2552	2580	2484	2496	-2.61%	2334	-13.10%	321	-15.53%
Jul-11	2585	2600	2520	2533	-1.86%	1980	0.87%	257	-10.76%
Aug-11	2796	2798	2707	2718	4.22%	1170	315%	332	550.98%

Outlook

The sugar futures are expected to witness a smart recovery initially during coming week on short covering at previous losses. Fresh buying at lower level can be seen during the week. According to traders, crushing season will end by this month and therefore, some demand should come at lower levels. However, higher than expected sales quota is likely to limit the gains. Union government has fixed 16.50 lakh tons of sugar as normal free sales quota for the month of June against 15.50 lakh tons in May. Moreover, poor demand from whole sellers amid huge supply in market is likely to weigh on sentiments. According to derivative analysis, prices and volumes have declined while open interest has increased. However, quantum of fall in prices is much lower than fall in volumes, which indicates that now participation towards selling side is declining. Therefore, a pull back in prices at lower levels is expected in near term while overall trend is likely to remain sluggish.



Spread Matrix

Spread Matrix			
	Jun-11	Jul-11	Aug-11
Jun-11	0		
Jul-11	45	0	
Aug-11	108	63	0

Spot Prices (Sugar - M30)

Date	Kolhapur	Muzaffarnagar	Kolkata	Delhi
30-05-2011	2624.70	2916.25	2900.00	2876.00
31-05-2011	2602.65	2911.25	2900.00	2867.50
01-06-2011	2594.70	2915.55	2900.00	2870.00
02-06-2011	2576.35	2905.00	2870.00	2855.00
03-06-2011	2560.00	2893.35	2910.00	2855.00
04-06-2011	2555.30	2891.10	2900.00	2850.00

Warehouse stock level (as on June 3, 2011)

Commodity	Place	Demat	In Process
Sugar M	Kolhapur	860	0
Sugar S	Kolhapur	1249	200

Pivot Table (Sugar M)

Exchange	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX	Jun-11	2424	2461	2498	2563	2628
	Jul-11	2484	2513	2543	2595	2648
	Aug-11	2565	2585	2606	2638	2671
MCX	Jun-11	2424	2460	2496	2556	2616
	Jul-11	2471	2502	2533	2582	2631
	Aug-11	2650	2684	2718	2775	2832

International Market

International Market						
Exchange	Contract	Open	High	Low	Close	% Change
ICE (cents/lb)	Jul-11	22.99	24.22	22.35	23.95	4.18%
	Oct-11	22.95	23.75	22.21	23.61	3.28%
	Mar-12	22.92	23.92	22.44	23.77	3.26%
LIFFE (\$/MT)	Aug-11	663	706.7	658.3	693.4	5.33%
	Oct-11	615.1	646.7	613.4	636.6	3.78%
	Dec-11	612	632.8	603.9	626	63.21%

Technical recommendations: International market

Commodity	Contract	Recommendations
Sugar ICE	Jul-11	Buy at 23.20 TP 25.60 SL 22.40
Sugar LIFFE	Aug-11	Buy in the range 685-687 TP 737 SL 658

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