

11 July 2011

## Sugar

Commodity	Contract	Recommendations
Sugar NCDEX	Aug-11	Buy at 2775 TP 2847 SL 2745
Sugar MCX	Aug-11	Buy at 2755 TP 2800/2830 SL 2720

### Market Recap:

Sugar prices witness a range bound to positive side during the week on stable demand from retailers and Wholesalers. Futures witnessed huge rally in initially on back of active buying across the spot markets. However, towards the closing prices took decent corrections as investors booked their profits. Announcement of export of 5 lakh tons pushed the prices on higher side and traders gained confidence in bulk buying. Nonetheless, overall bullish trend remained intact and futures closed in green with W/W gains of more than 1.27%.

### Futures price movement

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	2730	2782	2722	2757	0.77%	113840	-39.64%	28860	-18.22%
Aug-11	2765	2830	2749	2800	1.27%	61300	-13.75%	25270	20.91%
Sep-11	2764	2842	2760	2819	1.62%	12200	-39.81%	8480	16.80%

MCX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Jul-11	2691	2746	2685	2738	1.48%	4456	21.98%	533	41.38%
Aug-11	2772	2808	2745	2795	1.19%	3850	26.73%	276	61.40%
Sep-11	2664	2790	2652	2732	-3.15%	2626	118.83%	167	77.66%

### Outlook

Sugar prices are projected to continue the positive trend in coming week on back of good demand ahead of festive season. However, corrections at higher levels on profit booking can be seen during the week. Overall sentiments are bullish on anticipation of rise in demand ahead of festive and wedding season. However, according traders there is adequate stocks at the spot market which might limit the upside.

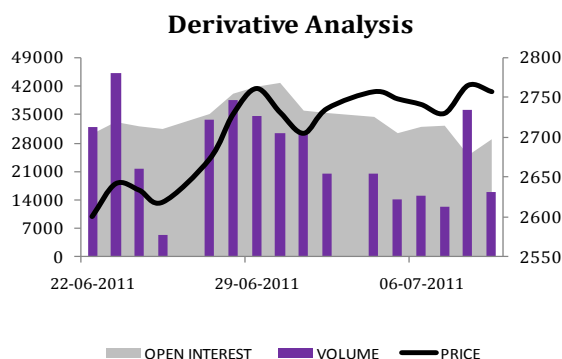
### Factors to watch for

- Indian Government will keep sugar imports tax-free until August, extending the zero duty by two months from a June 30 expiry date
- The farmers are demanding that the government should declare the State Advised Price (SAP) of sugarcane at a minimum of R260 per quintal. Last year, the government declared the SAP at R205 per quintal
- The government allowing the exports of the 5 lakh tonnes sugar under Open General License Scheme (OGL) through September is supportive for prices
- Government has also announced the free sales quota of 15.60 Lakh tons for the month of July against 16.50 lakh tons in June
- As per latest estimates from government, area under sugarcane planting till July 1<sup>st</sup> is around 51.38 lakh hectares up by 2.38 Lakh Hectares as compared to the same period last year

- Higher area has been reported from Uttar Pradesh (1.91 lakh hectare) and Maharashtra (0.72 lakh hectare)

## Derivative analysis (Aug -11 contract)

According to derivative analysis, prices and open interest are rising while volumes are falling. This indicates that market is attracting late buyers & early shorts; market is vulnerable to a sharp correction but likely that that correction will be bought creating a buy point for uptrend.



## Spread Matrix

Spread Matrix			
	Jul-11	Aug-11	Sep-11
Jul-11	0		
Aug-11	43	0	
Sep-11	62	19	0

## Spot Prices (Sugar - M30)

Date	Kolhapur	Muzaffarnagar	Kolkata	Delhi
04-07-2011	2736.00	2964.00	2875.00	2945.00
05-07-2011	2761.35	2972.00	2900.00	2932.50
06-07-2011	2750.00	2960.50	2900.00	2920.00
07-07-2011	2762.65	2955.00	2960.00	2925.00
08-07-2011	2767.50	2959.10	2940.00	2915.00
09-07-2011	2791.60	2970.90	2950.00	2920.00

## Warehouse stock level (as on July 11, 2011)

Commodity	Place	Demat	In Process
Sugar M	Kolhapur	-	-
Sugar S	Kolhapur	548	550

## Pivot Table (Sugar M)

Exchange	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX	Jul-11	2694	2725	2757	2785	2814
	Aug-11	2712	2756	2800	2837	2874
	Sep-11	2725	2772	2819	2854	2889
MCX	Jul-11	2662	2700	2738	2761	2784
	Aug-11	2720	2757	2795	2820	2846
	Sep-11	2587	2659	2732	2797	2863

## International Market

International Market						
Exchange	Contract	Open	High	Low	Close	% Change
ICE (cents/lb)	Jul-11	27.25	29.74	27.00	29.36	7.74%
	Oct-11	26.50	28.57	26.38	28.41	7.21%
	Mar-12	25.35	27.09	25.29	26.96	5.60%
LIFFE (\$/MT)	Aug-11	765	821.5	759.8	818.3	6.33%
	Oct-11	702	753.2	693.2	747.8	5.06%
	Dec-11	673.5	724.1	671.5	718.8	5.06%

## Technical recommendations: International market

Commodity	Contract	Recommendations
Sugar ICE	Jul-11	Buy at 28 TP 31.00 SL 26.80
Sugar LIFFE	Aug-11	Buy at 800 TP 825 / 832 SL 772z

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