

25 July 2011

Sugar

Commodity	Contract	Recommendations
Sugar NCDEX	Aug-11	Buy at 2815-30 TP 2875 then 2900 SL below 2785
Sugar MCX	Aug-11	Buy at 2815-30 TP 2875 then 2900 SL below 2785

Market Recap:

Sugar prices resumed positive trend on fresh buying on previous losses during the week on sellers' resistance across the spot markets. Initially in the week prices remained sluggish on subdued demand amid adequate inventory. However, rising trend in international market is provoking exporters to quote higher prices for FOB. Millers were not ready to sell their produce at lower levels which also pushed the prices. Futures also witnessed a positive trade during the week on cues from spot market and closed in green with W/W 2.45% gains.

Futures price movement

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Aug-11	2773	2858	2746	2836	2.12%	140420	36.18%	54460	27.27%
Sep-11	2830	2912	2726	2891	2.92%	25270	93.94%	12780	28.83%
Oct-11	2830	2905	2726	2900	-0.96%	19950	868.45%	9920	1155.70%

MCX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Aug-11	2768	2855	2752	2833	2.20%	4255	23.51%	624	72.85%
Sep-11	2810	2974	2788	2889	2.99%	3194	69.89%	319	38.10%
Oct-11	2810	2974	2788	2893	3.14%	2911	54.84%	231	145.74%

Outlook

Sugar prices are projected to trade up on cues from prevailing bullish sentiments on upcoming festive season demand. Millers are also not interested in selling at lower prices in anticipation of further rise in prices amid festive demand. Thus, they are keeping tenders offers open. NCDEX sugar futures are also expected to trade positive on follow through buying. However, small corrections on profit booking can be seen during the week which might create further buying opportunity.

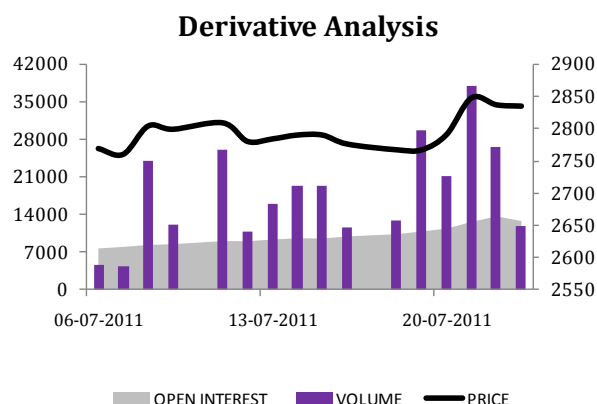
Factors to watch for

- According to traders, now key factor to watch is free sales quota for next month, which is likely to release next week
- According to first advance estimates, sugarcane production for 2011-12 is projected around 35 million tons against 31.5 million tons
- In Andhra Pradesh, wholesalers has stopped buying of sugar against levy of 4% VAT with effect from July 11, 2011
- According to sources, sugarcane has been planted in 5.16 million hectares so far against 4.89 million hectares in last year

- Indian sugar production is estimates around 26.5 million tons against 24.2-24.5 million tons last year. Countries consumption is estimated around 22 million tons annually
- According to industry estimates, India may have sugar stocks of 6.3 million tons by September end
- UNICA (Brazilian Sugar Industry Association), estimates for Brazil sugar production are expected to decline for next sugar year

Derivative analysis (Aug -11 contract)

According to derivative analysis, prices, volumes and open interest all have increased. This indicates that Market is attracting larger numbers of traders willing to open positions from the long side and hold them. Traders are more confident that prices will continue to climb in favor of a working long.



Spread Matrix

Spread Matrix			
	Aug-11	Sep-11	Oct-11
Aug-11	0		
Sep-11	55	0	
Oct-11	64	9	0

Spot Prices (Sugar - M30)

Date	Kolhapur	Muzaffarnagar	Kolkata	Delhi
18-07-2011	2768.25	2991.80	2958.35	2950.00
19-07-2011	2762.90	2982.00	2950.00	2945.00
20-07-2011	2766.60	2978.35	2944.40	2945.00
21-07-2011	2781.55	2997.50	2950.00	2950.00
22-07-2011	2787.95	3003.20	2950.00	2955.00
23-07-2011	2801.90	3020.00	2950.00	2945.00

Warehouse stock level (as on July 22, 2011)

Commodity	Place	Demat	In Process
Sugar M	Kolhapur	3086	0
Sugar S	Kolhapur	1996	0

Pivot Table (Sugar M)

Exchange	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX	Aug-11	2701	2769	2836	2881	2925
	Sep-11	2657	2774	2891	2960	3029
	Oct-11	2665	2782	2900	2961	3023
MCX	Aug-11	2710	2772	2833	2875	2916
	Sep-11	2698	2793	2889	2979	3070
	Oct-11	2699	2796	2893	2982	3071

International Market

International Market						
Exchange	Contract	Open	High	Low	Close	% Change
ICE (cents/lb)	Oct-11	28.80	31.55	28.20	31.34	8.18%
	Mar-12	27.66	29.99	27.20	29.90	7.21%
	May-12	26.40	28.19	25.95	28.11	6.20%
LIFFE (\$/MT)	Oct-11	752.8	814.7	743.8	812.7	-3.98%
	Dec-11	714.7	763	705	762.7	1.14%
	Mar-12	702.2	749	690.6	747.8	11.58%

Technical recommendations: International market

Commodity	Contract	Recommendations
Sugar ICE	Oct-11	Buy at 3040-30.60 TP 32 SL 29.50
Sugar LIFFE	Oct-11	Buy at 784-88 TP 817-820 SL 775

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