

8 August 2011

## Sugar

Commodity	Contract	Recommendations
Sugar NCDEX	Aug-11	Sell at 2650 TP 2480 SL 2678
Sugar MCX	Aug-11	Sell at 2632 TP 2480 SL 2670

### Market Recap:

Bearish trend in sugar prices on sluggish demand from wholesalers and retailers across the spot markets. From starting of the weak prices started falling at spot and futures both. Sugar prices continued the down trend on poor stockiest buying across the spot market. Higher sales quota for august month is pressurizing the prices. Traders are remaining away from bulk buying. However, hand to mouth buying from retailers limited the sharp losses towards the closing. Thus on back of spot market activity futures also traded down and closed in red with W/W 2.10% losses.

### Futures price movement

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Aug-11	2701	2701	2637	2651	-2.14%	82490	-51.26%	42940	-21.15%
Sep-11	2745	2764	2690	2706	-1.85%	30260	-31.69%	15670	22.61%
Oct-11	2875	2875	2741	2755	-1.89%	2270	-37.12%	1280	62.03%

MCX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Aug-11	2682	2694	2615	2645	-2.07%	2780	-29.58%	657	5.29%
Sep-11	2730	2749	2660	2696	-2.18%	3254	10.64%	368	15.36%
Oct-11	2915	2930	2774	2814	-3.86%	1804	223%	102	39.73%

### Outlook

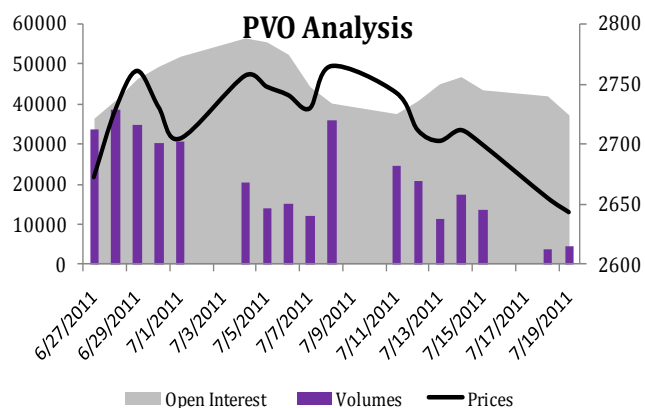
Sugar prices are projected to continue to trade lower amid poor buying interest in stockiest and wholesalers. Release of higher sales quota for August month is likely to pressurize the prices. However, lower level buying on grocery demand might reverse the direction later in the week. NCDEX sugar futures are also expected to trade lower initially on follow through selling. However, small recovery can be seen during the week which might support the prices to resume upside.

### Factors to watch for

- Government have announced 19.25 Lakh tons sales quota for August month against (levy sugar 2.22 lakh tons and non-levy sugar 17.03 lakh tons) against 15.60 lakh tons in July
- According to first advance estimates, sugarcane production fro 2011-12 is projected around 35 million tons against 31.5 million tons
- According to sources, Sugarcane has been planted in 51.81 lakh hectare so far. Higher area has been reported from Karnataka, Punjab, Uttar Pradesh and Maharashtra.
- 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

## Derivative analysis (Aug -11 contract)

According to derivative analysis, prices, volumes and open interest all have declined. It is a good indication that price decline is being caused by disgruntled long position holders being forced to liquidate their positions. Soon downtrend will end as all the sellers have sold their positions, creating fresh buying opportunity at lower levels.



## Spread Matrix

Spread Matrix			
	Aug-11	Sep-11	Oct-11
Aug-11	0		
Sep-11	55	0	
Oct-11	104	49	0

## Spot Prices (Sugar - M30)

Date	Kolhapur	Muzaffarnagar	Kolkata	Delhi
7/30/2011	2750.00	2982.50	2950.00	2945.00
8/1/2011	2700.00	2980.55	2970.00	2920.00
8/2/2011	2695.00	2978.20	2950.00	2895.00
8/3/2011	2688.60	2971.35	2920.00	2900.00
8/4/2011	2690.85	2955.00	2925.55	2895.00
8/5/2011	2694.15	2957.00	2900.00	2895.00

## Warehouse stock level (as on August 04, 2011)

Commodity	Place	Demat	In Process
Sugar M	Kolhapur	1098	0
Sugar S	Kolhapur	280	449

## Pivot Table (Sugar M)

Exchange	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX	Aug/11	2599	2625	2651	2689	2727
	Sep/11	2646	2676	2706	2750	2794
	Oct/11	2656	2706	2755	2840	2924
MCX	Aug/11	2572	2609	2645	2688	2730
	Sep/11	2613	2654	2696	2743	2791
	Oct/11	2683	2749	2814	2905	2995

## International Market

International Market						
Exchange	Contract	Open	High	Low	Close	% Change
ICE (cents/lb)	Oct-11	30.15	30.60	26.99	27.54	-7.61%
	Mar-12	28.79	29.30	26.09	26.54	-6.91%
	May-12	27.30	27.74	25.02	25.39	-6.00%
LIFFE (\$/MT)	Oct/11	792.4	801	717.1	730.1	-6.08%
	Dec/11	748	754.5	680.1	691.2	-5.38%
	Mar/12	732	737.6	667.8	678.5	19.87%

## Technical recommendations: International market

Commodity	Contract	Recommendations
Sugar ICE	Oct-11	Buy at 27 TP 29 SL 26
Sugar LIFFE	Oct-11	Buy at 720 TP 750/70 SL 700

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