

5 September

Sugar

Commodity	Contract	Recommendations
Sugar NCDEX	Sep - 11	Buy at 2730-2735 TP 2785/2810 SL 2695
Sugar MCX	Sep -11	Buy at 2700-2705 TP 2730/2745 SL 2670

Market Recap:

Sugar prices witnessed smart recovery on lower levels buying across the spot markets. With release of new sales quota fresh demand from grocery sector pushed the prices. Good demand amid festivals of Eid and Ganeshotave fuelled sugar prices. This week market remained closed for Eid and Ganesh chaturthi. Thus, whatever demand was there pushed the prices on Thursday when markets opened after 2 days off. Thus, on cues from sport market activity futures also witnessed uptrend on short covering and closed in green with W/W 0.99% gains.

Futures price movement

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Sep-11	2705	2757	2700	2743	0.99%	55420	-5.31%	30120	-2.93%
Oct-11	2765	2811	2756	2796	0.54%	10680	43.36%	7350	63.33%
Nov-11	2805	2870	2798	2820	-0.39%	1190	56.58%	920	19.48%

MCX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Sep-11	2693	2708	2666	2696	0.41%	1759	-11.34%	470	-2.89%
Oct-11	2781	2815	2759	2796	0.72%	1725	-38.11%	308	13.65%
Nov-11	2840	2866	2812	2851	0.85%	417	132%	44	193.33%

Outlook

Sugar prices are projected to continue to trade positive amid rising demand for grocery at the domestic spot markets. However, good demand amid ongoing Ganshotsav till Sept. 11th might support the prices during the week. Impact of sales quota will also be not negative as it is more or less same as last month's sales quota. NCDEX sugar futures are also expected to trade positive on fresh buying at lower levels on cues from spot market activity.

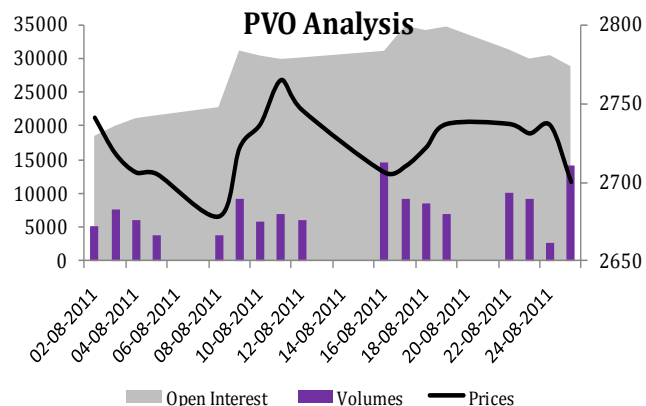
Factors to watch for

- Central Government has announced sugar quota for the month of September, 2011. Around 19.31 lakh tons (levy sugar 2.31 lakh tons and non-levy sugar 17.00 lakh tons) have been set as a total sales quota against 19.25 lakh tons in August in 2011
- Union Government set the sugarcane Fair and Remunerative (FRP) prices at Rs. 145 per Quintal for sugar year 2011-12, however, FRP is likely to increase by 18% in next sugar year i.e. 2012-13
- Indian sugar production is estimates around 26 million tons up by 7% against 24.2 million tons last year. Countries consumption is estimated around 22 million tons annually
- According to a compilation by the Indian Sugar Mills Association (ISMA) and the Federation of Cooperative Societies in Maharashtra, the closing sugar stocks as on September 30 is estimated at 5.6 mt

- According to sources, till Aug. 26, 2011 sugarcane has been planted in 51.67 lakh hectare against 49.32 lakh hectares in same period last year up by 4.76%

Derivative analysis (Aug -11 contract)

According to derivative analysis, volumes and open interest have declined while prices have increased. It is a good indication that Market is running out of traders willing to open or hold an open long/buy. Traders are liquidating both loosing short positions & closing winning long positions.



Spread Matrix

Spread Matrix			
	Sep-11	Oct-11	Nov-11
Sep-11	0		
Oct-11	53	0	
Nov-11	77	24	0

Spot Prices (Sugar - M30)

Date	Kolhapur	Muzaffarnagar	Kolkata	Delhi
29-08-2011	2730.00	2935.90	3025.00	2895.00
30-08-2011	2733.25	2935.00	3000.00	2890.00
02-09-2011	2750.00	2945.00	3010.00	2885.00
03-09-2011	2766.40	2958.35	3030.00	2892.50

Warehouse stock level (as on September 02, 2011)

Commodity	Place	Demat	In Process
Sugar M	Kolhapur	-	-
Sugar S	Kolhapur	240	0

Pivot Table (Sugar M)

Exchange	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX	Sep-11	2676	2710	2743	2767	2790
	Oct-11	2733	2764	2796	2819	2843
	Nov-11	2757	2789	2820	2861	2901
MCX	Sep-11	2648	2672	2696	2714	2732
	Oct-11	2734	2765	2796	2821	2846
	Nov-11	2789	2820	2851	2874	2897

International Market

International Market						
Exchange	Contract	Open	High	Low	Close	% Change
ICE (cents/lb)	Oct-11	30.15	30.40	28.85	29.18	-3.44%
	Mar-12	29.30	29.35	28.01	28.36	-3.31%
	May-12	27.41	27.74	26.56	26.93	-2.92%
LIFFE (\$/MT)	Oct-11	783.8	788.6	747	753.8	-3.43%
	Dec-11	746.2	749.7	722.2	726.5	-2.04%
	Mar-12	735.8	736	708.1	713.4	-43.58%

Technical recommendations: International market

Commodity	Contract	Recommendations
Sugar ICE	Oct-11	Sell at 29.70 TP 26.20 SL 31.80
Sugar LIFFE	Oct-11	Sell at 760 TP 725 SL 780

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