

27 September

## Sugar

Commodity	Contract	Recommendations
Sugar NCDEX	Sep - 11	BUY at 2720-2724 TP 2772 SL below 2696
Sugar MCX	Sep -11	Sideways

### Market Recap:

Sugar prices resumed down trend during the week amid reduced buying across the spot markets. From starting of the week prices quotes very range bound to steady on poor demand. On going pitru paksh also limited the activity across the spot markets. Being the last month of current sugar year supplies are remaining higher at spot market. Expectations of higher production in next sugar year also pressurized the prices. However, futures witnessed small recovery on short covering on Friday but overall bearish trend pulled down the prices and futures closed in red with loss of 2.18% W/W.

### Futures price movement

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	2740	2769	2695	2706	-1.42%	47670	115.51%	15570	3.52%
Nov-11	2800	2820	2697	2708	-2.38%	5370	28.47%	4540	24.04%
Dec-11	2825	2858	2775	2775	-2.15%	190	850.00%	130	550.00%

MCX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	2732	2770	2698	2706	-1.20%	2810	-15.64%	248	-10.47%
Nov-11	2780	2798	2691	2700	-2.60%	2805	65.19%	113	-35.43%
Dec-11	2860	2862	2830	2838	4.38%	384	0%	44	1366.67%

### Outlook

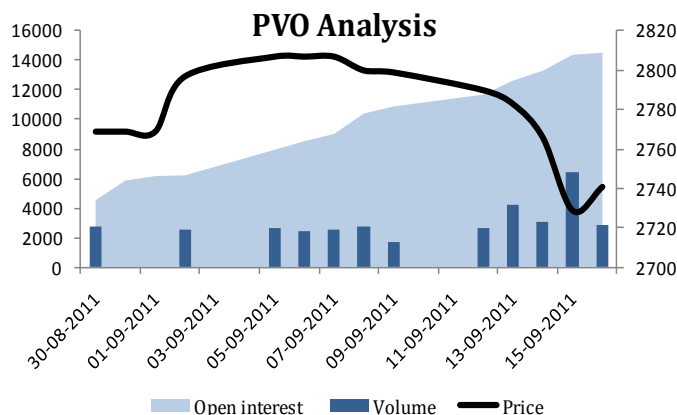
Sugar prices are projected to continue the bearish trend in coming week on reduced demand and increased supply across the spot markets. Demand is likely to remain lower in coming days due pitru paksh which might pressurize the prices. Bulk buyers have also started staying away from market as they are waiting for fresh crop to hit the market. However, some of the millers are not selling at current levels in lieu of rise in demand which might limit sharp losses. NCDEX sugar futures are expected to trade on negative note on fresh selling on cues from spot market activity. However, short covering at lower level can be seen initially which might create selling opportunity in market.

### Factors to watch for

- According to First Advance Estimates, sugarcane production is estimated to be 342.20 million tonnes against 339.17 million tonnes in 2010-11
- 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 sources, till Sep. 2, 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, Prices have declined while volumes and open interest have increased. This indicates that that new money is coming into the market, showing aggressive new short selling. This scenario will prove out a continuation of a downtrend.



## Spread Matrix

Spread Matrix			
	Oct-11	Nov-11	Dec-11
Oct-11	0		
Nov-11	2	0	
Dec-11	69	67	0

## Spot Prices (Sugar - M30)

Date	Kolhapur	Muzaffarnagar	Kolkata	Delhi
19-09-2011	2750.30	2952.75	2990.00	2895.00
20-09-2011	2753.25	2954.10	2990.00	2907.50
21-09-2011	2759.15	2948.65	2984.40	2920.00
22-09-2011	2750.65	2968.00	2950.00	2895.00
23-09-2011	2750.00	2956.35	2950.00	2940.00
24-09-2011	2749.10	2942.25	2950.00	2945.00

## Warehouse stock level (as on September 23, 2011)

Commodity	Place	Demat	In Process
Sugar M	Kolhapur	2240	-
Sugar S	Kolhapur	648	0

## Pivot Table (Sugar M)

Exchange	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX	Oct-11	2649	2678	2706	2752	2797
	Nov-11	2619	2663	2708	2786	2865
	Dec-11	2720	2747	2775	2830	2886
MCX	Oct-11	2653	2679	2706	2751	2797
	Nov-11	2623	2661	2700	2768	2837
	Dec-11	2811	2825	2838	2857	2875

## International Market

International Market						
Exchange	Contract	Open	High	Low	Close	% Change
ICE (cents/lb)	Oct-11	27.70	28.14	24.80	24.84	-9.74%
	Mar-12	26.32	27.14	24.01	24.13	-8.29%
	May-12	25.49	26.23	23.40	23.48	-7.89%
LIFFE (\$/MT)	Dec-11	678.9	692.6	618	631.5	-8.11%
	Mar-12	666.6	680.1	610.3	620.9	-7.96%
	May-12	656.2	670	609.1	617.6	-50.20%

## Technical recommendations: International market

Commodity	Contract	Recommendations
Sugar ICE	Mar-11	Buy at 24.40-24.70 TP 27.60 SL below 23.60
Sugar LIFFE	Dec-11	Sideways

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