

3 October 2011

Sugar

Commodity	Contract	Recommendations
Sugar NCDEX	Sep - 11	Buy at 2710-2715 TP 2770/2805 SL 2675
Sugar MCX	Sep -11	Sideways

Market Recap:

Sugar prices witnessed range bound to positive trend on emergence of fresh buying across the spot markets. From starting of the week prices quoted steady to positive ahead of festive season. However, ample supply from September month's quota limited the sharp gains in prices. However, mills kept their tender rates higher in anticipation of further rise in prices which supported the prices. Therefore, on cues from spot market activity futures witnessed smart recovery on fresh buying and closed in green with marginal gains of 1.00% W/W.

Futures price movement

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	2700	2748	2698	2733	1.00%	20740	-56.49%	15310	-1.67%
Nov-11	2699	2731	2677	2721	0.48%	4050	-24.58%	4470	-1.54%
Dec-11	2810	2815	2727	2727	-1.73%	140	-26.32%	130	0.00%

MCX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	2651	2757	2651	2750	1.63%	2081	-25.94%	178	-28.23%
Nov-11	2680	2740	2668	2728	1.04%	2401	-14.40%	75	-33.63%
Dec-11	2751	2790	2648	2742	0.85%	248	-36%	4	33.33%

Outlook

Sugar prices are projected to continue the positive trend in coming week on rising demand for ongoing festive season. According to trade sources, stockiest will now become active in market as they were waiting for release of sales quota for October month. Reports of likely decision of Govt. on removal of stock limits might also add to the positive trend. However, fresh supply in market might limit sharp gains initially in the week. NCDEX sugar futures are also expected to trade on higher note on fresh buying on cues from spot market activity. However, profit booking can be seen initially which might create further buying opportunity in market.

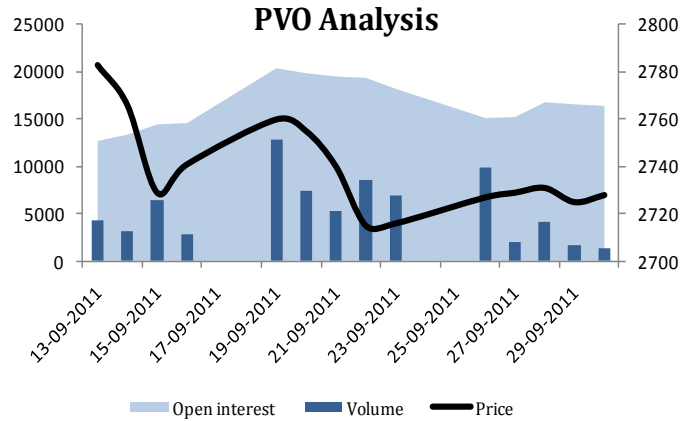
Factors to watch for

- Central Government has announced sugar quota for the month of October, 2011. Around 19.97 lakh tons (levy sugar 2.47 lakh tons and non-levy sugar 17.50 lakh tons) have been set as a total sales quota against 19.31 lakh tons in September in 2011
- According to First Advance Estimates, sugarcane production is estimated to be 342.20 million tonnes against 339.17 million tonnes in 2010-11
- In EGOM meeting, sugar stock limits of 500 MT have been increased for a period of two months till November 30

- According to sources, till Sep. 16, 2011 sugarcane has been planted in 50-79 lakh hectare against 49.32 lakh hectares in same period last year up by 3%

Derivative analysis (Oct -11 contract)

According to derivative analysis, volumes and open interest have declined while prices have increased. This indicates that market is running out of traders willing to open or hold an open long/buy. Traders are liquidating both losing short positions & closing winning long positions.



Spread Matrix

Spread Matrix			
	Oct-11	Nov-11	Dec-11
Oct-11	0		
Nov-11	-12	0	
Dec-11	-6	6	0

Spot Prices (Sugar - M30)

Date	Kolhapur	Muzaffarnagar	Kolkata	Delhi
26-09-2011	2737.20	2949.50	2950.00	2895.00
27-09-2011	2749.45	2939.00	2950.00	2920.00
28-09-2011	2751.05	2944.55	2954.45	2945.00
29-09-2011	2752.35	2946.80	2950.00	2945.00
30-09-2011	2754.70	2960.90	2993.35	2932.50
01-10-2011	2751.20	2964.15	3000.00	2945.00

Warehouse stock level (as on September 30, 2011)

Commodity	Place	Demat	In Process
Sugar M	Kolhapur	2248	0
Sugar S	Kolhapur	1147	0

Pivot Table (Sugar M)

Exchange	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX	Oct-11	2676	2705	2733	2755	2776
	Nov-11	2656	2688	2721	2742	2764
	Dec-11	2668	2698	2727	2786	2844
MCX	Oct-11	2613	2682	2750	2788	2825
	Nov-11	2640	2684	2728	2756	2784
	Dec-11	2585	2663	2742	2805	2869

International Market

International Market						
Exchange	Contract	Open	High	Low	Close	% Change
ICE (cents/lb)	Mar-12	24.95	27.64	24.84	26.34	6.04%
	May-12	24.13	26.44	24.04	25.29	4.81%
	Jul-12	23.60	25.65	23.39	24.60	4.77%
LIFFE (\$/MT)	Dec-11	628.1	675	626.4	663.3	5.04%
	Mar-12	619.5	659	619.1	648.2	4.40%
	May-12	617	653.9	614	643.1	-21.50%

Technical recommendations: International market

Commodity	Contract	Recommendations
Sugar ICE	Mar-11	Buy at 23.80-24.00 TP 25.50/27.00 SL 22.60
Sugar LIFFE	Dec-11	Buy at 620-625 TP 675/695 SL 590

Disclaimer

The report contains the opinions of the author that are not to be construed as investment advice. The author, directors and other employees of Karvy, and its affiliates, cannot be held responsible for the accuracy of the information presented herein or for the results of the positions taken based on the opinions expressed above. The above-mentioned opinions are based on the information which is believed to be accurate and no assurance can be given for the accuracy of this information. There is risk of loss in trading in derivatives. The author, directors and other employees of Karvy and its affiliates cannot be held responsible for any losses in trading.

Commodity derivatives trading involve substantial risk. The valuation of the underlying may fluctuate, and as a result, clients may lose their entire original investment. In no event should the content of this research report be construed as an express or an implied promise, guarantee or implication by, or from, Karvy Comtrade that you will profit or that losses can, or will be, limited in any manner whatsoever. Past results are no indication of future performance. The information provided in this report is intended solely for informative purposes and is obtained from sources believed to be reliable. Information is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted.

We do not offer any sort of portfolio advisory, portfolio management, or investment advisory services. The reports are only for information purposes and not to be construed as investment advice.

For a detailed disclaimer please go to following URLs:

<http://www.karvycomtrade.com/disclaimer.asp>

<http://www.karvycomtrade.com/riskDisclaimer.asp>