

10 October 2011

Sugar

Commodity	Contract	Recommendations
Sugar NCDEX	Nov - 11	Trading Range 2710-2750
Sugar MCX	Nov -11	Sideways

Market Recap:

Sugar prices witnessed range bound movement on prevailing mixed sentiments across the spot markets. From starting of the week prices quoted steady to positive ahead of festive season. However, ample supply at spot markets pulled down the prices. However, at mill level trend remained firm in anticipation of rise in demand. However, futures witnessed very choppy trend on lack of active trade. However, near month (November) contract witnessed fresh buying on lower levels. Therefore, overall trend remained steady to positive biased and futures closed the week in green with marginal gains of 0.04% W/W.

Futures price movement

NCDEX (₹/Quintal)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	2738	2744	2720	2734	0.04%	8070	-61.09%	12660	-17.31%
Nov-11	2727	2746	2711	2742	0.77%	1760	-56.54%	4720	5.59%
Dec-11	2719	2747	2710	2741	0.51%	600	328.57%	480	269.23%

MCX (₹/10 Kg)									
Contract	Open	High	Low	Close	% Change	Volume	% Change	Open Interest	% Change
Oct-11	2748	2792	2746	2777	0.98%	949	-54.40%	201	12.92%
Nov-11	2727	2750	2697	2746	0.66%	1508	-37.19%	66	-12.00%
Dec-11	2751	2790	2648	2742	0.85%	248	-36%	4	33.33%

Outlook

Sugar prices are projected to continue the steady to positive trend in coming week on stable demand for ongoing festive season. However, ample supply across the spot market as no sugar year has been started from this month might limit the gains and prices might retrace initially. Nonetheless, mills are likely to become active in coming week due to release of export quota of 4.21 Lakh tonnes; which might support the prices later on. NCDEX sugar futures are also expected to trade on slightly positive note on fresh buying in November contract.

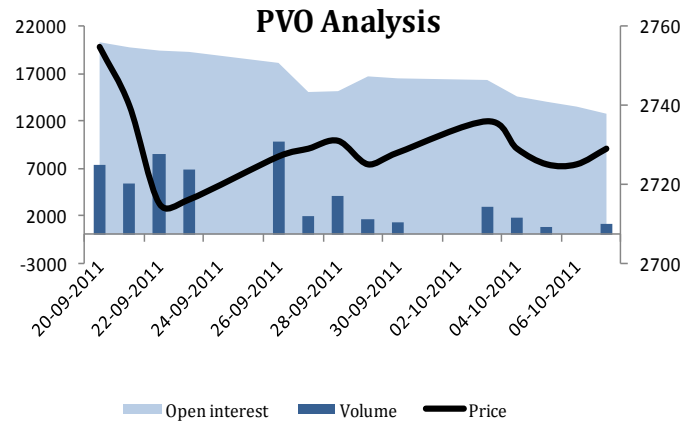
Factors to watch for

- Government has issued export permits for 4.21 lakh tonnes of sugar, of the total 5 lakh tonnes of shipments that it allowed in August under its open general license scheme
- 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
- 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. 30, 2011 sugarcane has been planted in 50.93 lakh hectare against 49.44 lakh hectares in same period last year up by 3%

Derivative analysis (Nov -11 Contract)

According to derivative analysis, volumes have declined while prices and open interest have increased. This indicates that market is attracting late buyers & early shorts; market is vulnerable to a sharp correction but likely that that correction will be bought creating a buy point for uptrend.



Spread Matrix

Spread Matrix			
	Oct-11	Nov-11	Dec-11
Oct-11	0		
Nov-11	8	0	
Dec-11	7	-1	0

Spot Prices (Sugar - M30)

Date	Kolhapur	Muzaffarnagar	Kolkata	Delhi
03-10-2011	2723.00	2981.80	3030.00	2955.00
04-10-2011	2752.00	2987.25	#N/A	2942.50
05-10-2011	2750.00	2980.50	#N/A	2980.00
07-10-2011	2755.65	2984.50	3020.00	2992.50
08-10-2011	2750.60	2996.80	3010.00	3007.50

Warehouse stock level (as on October 07, 2011)

Commodity	Place	Demat	In Process
Sugar M	Kolhapur	0	0
Sugar S	Kolhapur	500	0

Pivot Table (Sugar M)

Exchange	Contract	S2	S1	PREV CLOSE	R1	R2
NCDEX	Oct-11	2709	2721	2734	2745	2757
	Nov-11	2698	2720	2742	2755	2768
	Dec-11	2696	2718	2741	2755	2770
MCX	Oct-11	2726	2751	2777	2797	2818
	Nov-11	2678	2712	2746	2765	2784
	Dec-11	2585	2663	2742	2805	2869

International Market

International Market						
Exchange	Contract	Open	High	Low	Close	% Change
ICE (cents/lb)	Mar-12	25.29	25.69	24.31	25.25	-4.14%
	May-12	24.62	24.95	23.66	24.48	-3.20%
	Jul-12	23.85	24.07	22.79	23.63	-3.94%
LIFFE (\$/MT)	Dec-11	651.7	665.3	639.5	653.7	-1.45%
	Mar-12	638.6	648.9	623.1	639.4	-1.36%
	May-12	625.9	642.5	618	634.4	-15.54%

Technical recommendations: International market

Commodity	Contract	Recommendations
Sugar ICE	Mar-11	Sell at 2590-95 TP 2475 SL 2645
Sugar LIFFE	Dec-11	sell at 666-668 TP 640 SL 680

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