

Sugar Insight

Wednesday, 02 September

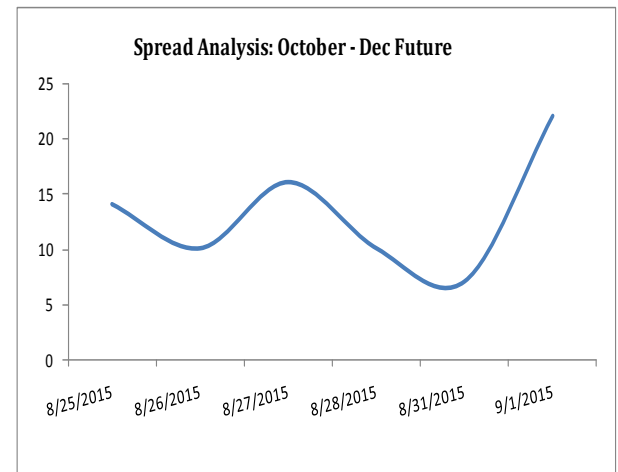
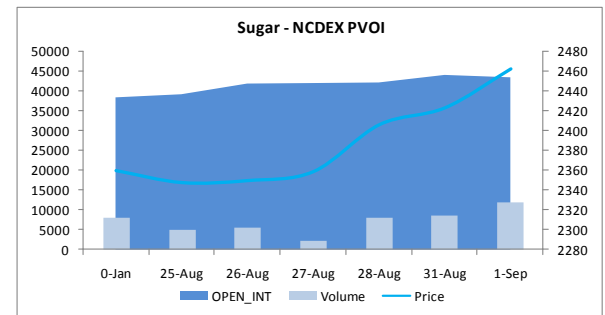
Sugar: Technical Recommendation

Commodity	Contract	S2	S1	CMP	R1	R2	Recommendation
Sugar ICE	Oct-15	10.57	10.63	10.71	10.78	10.85	Sell at 10.70-10.72 TP 10.60/10.50 SL 10.90
Sugar NCDEX	Oct-15	2404	2422	2442	2455	2467	Buy at 2420-2424 TP 2460/2480 SL 2400

Market Review:

- Sugar extended its previous session gains on yesterday following strong cues from spot market.
- Good demand of sugar ahead of festive season supported sugar prices at most of the trading centers. However, ample supply from domestic mills limited the gains in prices. M-grade traded at Rs.2700/quintal to Rs.2800/quintal whereas S-grade traded at Rs.2500/quintal to Rs.2600/quintal at Vashi, Mumbai market.
- NCDEX Oct sugar futures continued its bullish trend on active buying of sugar in spot market and settled at Rs.2440/quintal, up by 0.99% from the previous close.
- Total area sown under sugar cane stood at 49 lakh hectare on 28th August up by 4.3% year/year.
- ICE raw sugar traded on positive note on yesterday. Oct. delivery raw sugar contract at ICE closed at 10.71cent/lb, up by 0.2% from the previous close.
- Sugar output in Brazil's Center-South, nation's main growing area, is estimated to be 31.4 MMT in 2015-16 as per DATAAGRO where it was previously estimated at 30.7

Derivative Analysis :



Outlook :

Sugar futures may continue its bullish trend on account of supporting underlying fundamental factors of sugar. Active demand of sweetener in spot market amid expected rise in exportable supply may continue to support the sugar prices in coming days. However, adequate supply of sweetener from sugar mills may keep the prices under check.

Higher tender prices for sugar May offering by sugar mills may prompt sugar traders to increase the sugar prices at major trading centers. Sugar mills have increased their tender prices for sugar after considering the active demand of sugar ahead of festive season. However, adequate stocks of sugar may limit the excessive gains in prices. Sugar mills are consistently selling sugar at discount prices to clear their due payments. Total Cane dues are estimated at Rs.14000 CR. Including the Rs.7500 Cr in Uttar Pradesh and Rs.3000 Cr. in Maharashtra

Meanwhile, Supportive measure taken by government to boost the exportable supply is likely to support the sugar prices in coming days. Central government is trying to explore the export opportunities by barter trading with other agri commodities to dispose the surplus stocks from Indian market. Indian trade delegations are planning to visit Malaysia, China, Bangladesh, Sri Lanka and Egypt to find the possibilities of barter trading for sugar.

The total sugar production in India is estimated at 28.3 million tonnes in 2014-15 against its annual consumption of around 24 million tonnes. While total estimated ending stock of 10.2 million tonnes for this season and 28 million tonnes of expected production in coming year may result in total supply of 38.2 million tonnes for year 2015-16

After considering the prevailing fundamental factors we expect sugar futures may trade on mixed note to positive note during today's trading session.

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