

Sugar Weekly

March 20, 2017



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Sugar: The gone by week was almost steady for sugar in Indian market. The spot price across major trading centers held a subdued trend. The same could be witnessed from May contract. The most active May contract ended the week slightly lower from the previous week at Rs. 3752 down by Rs. 5 from the previous close. We believe the recent trend has been sideways to lower for the past four weeks amid expectation of higher crushing of sugar cane while demand is mostly muted. We believe sugar price may remain weak in the near term.

From the price perspective we believe for this week sugar price may trade sideways to lower and the trading range would be Rs. 3780 to Rs. 3700 per quintal and recommend selling from higher levels.

From the global front sugar futures edged lower on as speculators adjusted their positions amid a lack of fresh news. Raw sugar for May delivery tumbled nearly 4% to as low as 17.50 cents a pound, before recuperating most of the losses in the last 30 minutes of trading on Friday. The contract settled at 18.17 cents, down 0.4% on the day, at the ICE Futures U.S. exchange. Further on the news, early this year, the sugar market had seen an influx of new participants, who were attracted by rising sugar prices and bullish outlook for commodities in general. In particular, many believed that a fall in India's production would eventually force the government to lower import tariffs and allow more imports, boosting global sugar prices. But in recent days, hopes dimmed for Indian imports as the India Sugar Mills Association lowered its estimate for consumption, a move that led some traders to question whether the government could fill the gap by tapping into the sugar reserves the nation holds. Some traders began to bet on prices to fall in recent days.



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