



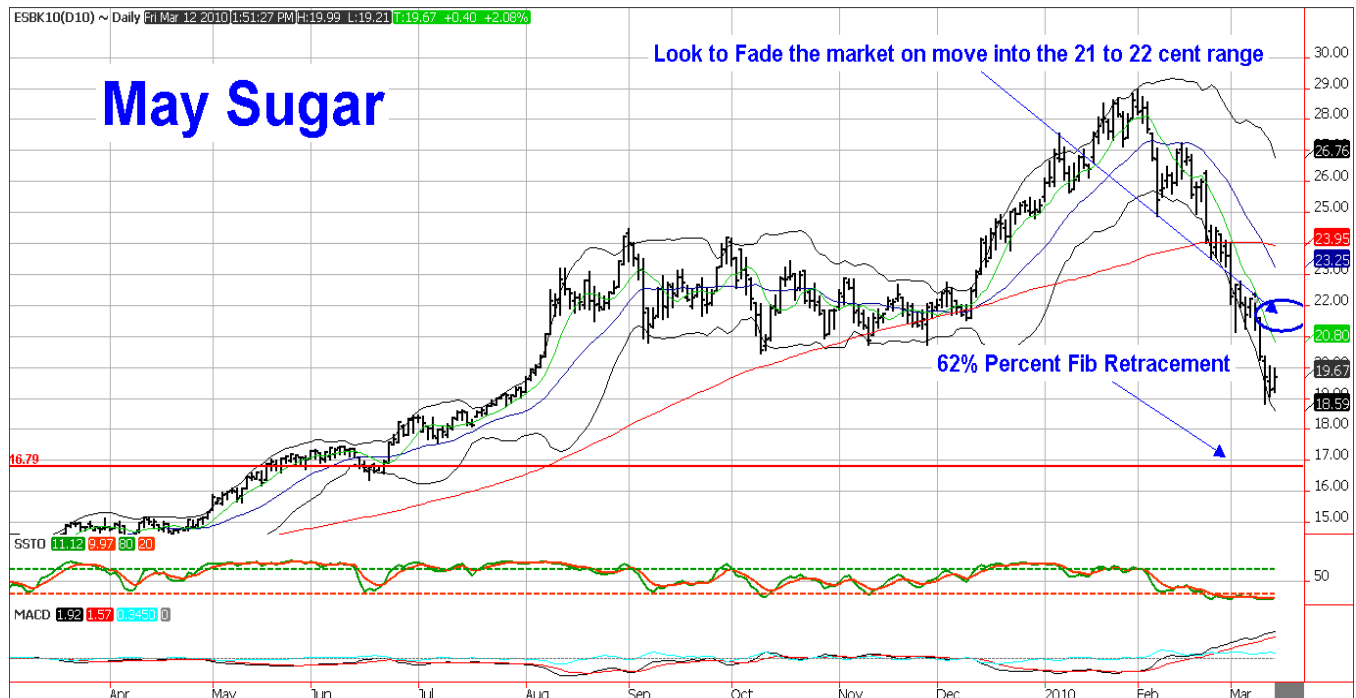
Sugar Wire

Sugar markets rallied on Friday as the market finally had its long sought-after correction. Sugar for May delivery settled 40 points higher at 19.67 cents a pound. Before today's bounce the market had fallen 32% off of February's early highs. Today's correction was more technically based instead of much need End-User buying. The absence of End-Users fundamentally leaves the market unstable, but the volatile prices leave end-users unwilling to participate.

Egypt's state-owned Sugar and Integrated Industries Company said on Thursday that it had cancelled a tender to buy 300,000 tonnes of raw sugar for local consumption due to volatile prices, the market reacted sharply to the news, Egypt latter re-emphasized the fact that their current purchasing plan is still in place. Egypt plans to purchase 1 million tonnes over the next year

The steady drop on the world futures market has also harmed domestic prices in India and several other nations. India is talking about taking steps to unwind the rules put in place to curb prices. Importers in Southeast Asia have stepped away leaving anywhere from 100,000 – 500,000 tonnes on the market.

Technically the market bounced, but higher prices failed to fetch End-User attention for the time being. Selling scale up remains the approach. The most the market should retrace is 21 or 22 cents. Look to come away from short position near the 61.8% retracement level. According to weekly Commitment of Traders Report, Managed Money and other funds continue to come away from long positions.



John Christopher
Linn Group