

SUGAR

28th November 2006

SPOT MARKETS

Sugar spot market prices declined in the most of the major trading center like Delhi, Kolkata and Muzaffarnagar due to weak demand. Sentiments turned bearish in the spot market due to delay by the government in lifting the sugar export ban and the decision for the same is still awaited. In Tamil Nadu government reduced the SAP of Sugarcane from Rs. 1014 to Rs. 802 due to which agitation between the cane growers and government is going on. Further, in UP cane growers are hopeful over the announcement of SAP, which is likely to be announce soon. In winter season sugar consumption remain low due to absence of any major festival, and lower cold drink consumption. Crushing on the other hand is going on smoothly in Maharashtra and Uttar Pradesh.

FUTURES MARKETS

Sugar futures on the NCDEX opened with weak sentiments and traded in a narrow range with slightly bearish undertone. However, it improved slightly due to buying support at current low levels by the end of the session. Market opened at 1754 below the previous day settlement and hovers in a range of 1760 to 1746 and finally closed at 1760. Volume of the trade improved significantly by the end of the session. Market is in a wait and watch state over the government next move on sugar export resumption. Range bound movement is expected in the market till any positive news comes.

PRICE DRIVERS

1. Weak physical demand
2. Crushing picks up in Uttar Pradesh
3. Crushing picks up in Maharashtra
4. Cabinet decision still awaited
5. Huge increase in production expected

WEATHER

Weather is fine for the sugarcane crop.

TECHNICALS

NCDEX December contract, candlestick chart pattern exhibits bullish sentiments. Technical indicators MACD and Stochastic hint for the bears while RSI indicates for the bulls. Closing price is below the 9 days EMA and 18 days EMA. Market is likely to remain up following steady to strong opening with possibility of late downwards movement.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1756	1750	1760	1770	1775

TRADE RECOMMENDATION:

BUY NCDEX - December Sugar M above 1760 with **target** of 1768 then second target of 1773. **Stop loss** below 1755. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	27.11.06	25.11.06	Change
Ready Sugar (M Grade)	Delhi	1770-1785	1785-1795	-10
Ready Sugar (S Grade)	Delhi	1755-1770	1770-1780	-10
Mill Delivery	Delhi	1685-1700	1700-1710	-10

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