

SUGAR

1st December 2006

SPOT MARKETS

The spot market prices of sugar declined slightly in the major trading center like Muzaffarnagar on weak demand and improved slightly in Kolkata due to improved demand. While spot prices remains same in Delhi as compared to yesterdays. Government decision over the sugar export ban is still awaited and is likely to be announce after the winter session of parliament. Further, in Uttar Pradesh cane growers are eagerly waiting for the announcement of state advised price which is likely to be announce soon. Crushing on the other hand going on smoothly in Maharashtra and Uttar Pradesh.

FUTURES MARKETS

Sugar futures on the NCDEX opened marginally lower than previous days settlement and traded in a narrow range with slightly bullish tone. Market opened at 1749 and hovers in a range of 1758 to 1745 and finally closed at 1749. Volume of the trade increased significantly by the end of the today's trading session while open interest remains steady. Government decision over the sugar export resumption is still awaited. Market is expected to hover in a range bound fashion till any positive news comes.

PRICE DRIVERS

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

WEATHER

Weather is fine for the sugarcane crop.

TECHNICALS

On the NCDEX, in December contract, chart pattern exhibit very narrow range bound trade with steady sentiments. Candlestick formation shows doji pattern, which is a sign of indecisive state of the market. Open interest slightly declined. Technical indicators like MACD, RSI and Stochastic hints for steady sentiments to prevail in the market on Friday.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1744	1738	1749	1755	1760

TRADE RECOMMENDATION:

BUY NCDEX - December Sugar M above 1745 with **target** of 1752 then second target of 1757. **Stop loss** below 1741. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	30.11.06	29.11.06	Change
Ready Sugar (M Grade)	Delhi	1755-1770	1755-1770	-
Ready Sugar (S Grade)	Delhi	1740-1755	1740-1755	-
Mill Delivery	Delhi	1670-1685	1670-1685	-

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