

## SUGAR

17<sup>th</sup> November 2006

### SPOT MARKETS

The spot market prices of sugar declined in most of the center while slight improvement noticed in Kolkata. Weak sentiment owing to low demand as compare to Wednesday results in steady spot market. The traders are in wait and watch situation and looking forward for lifting ban on sugar export. The demand of sugar will not be trickle in until the ban on sugar removed. Due to agitation by farmers the cane crushing gets further delay, which would ultimately results into low sugar recovery. Further Crushing activities picked up in Uttar Pradesh might hamper sugar price.

### FUTURES MARKETS

Sugar futures on the NCDEX exhibit weak sentiments. Sugar Futures declined marginally in early-session on account of low demand in physical market. Futures observed narrow range bound trade with steady sentiments. Active trading is absent in the market as reflected by the meager volume of trade. Further Market is waiting for the Government decision on sugar export ban.

### PRICE DRIVERS

1. Weak physical demand
2. Crushing picks up in Uttar Pradesh
3. MSP issue continues in Maharashtra
4. Cabinet decision still awaited

### WEATHER

Weather is fine for the sugarcane crop.

### TECHNICALS

On the NCDEX, in December contract, chart pattern exhibit slightly bearish sentiments. Higher-level witnessed profit booking however prices maintained in a range due to buying support at these levels. And open interest marginally declined, thus showing subdued trading activity. Technical indicators like RSI, MACD and Stochastic hint for steady sentiments to remain in the market.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1755	1750	1769	1800	1820

### TRADE RECOMMENDATION:

**Buy** NCDEX - December Sugar M near 1765 with **target** of 1775 then second target of 1780. **Stop loss** below 1760. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	16.11.06	15.11.06	Change
Ready Sugar (M Grade)	Delhi	1825-1870	1815-1865	+5
Ready Sugar (S Grade)	Delhi	1810-1855	1800-1850	+5
Mill Delivery	Delhi	1740-1785	1730-1780	+5

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