

SUGAR

10th November 2006

SPOT MARKETS

Normal trading activities are going on in the sugar spot market amidst normal demand and supply scenario. Crushing has started in UP while in Maharashtra sugarcane farmers are demanding a high MSP and some agitation is going on in various parts of the Maharashtra. Sugar spot market prices are likely to remain firm in the coming days due to premium prices of the new sugar.

FUTURES MARKETS

NCDEX sugar futures opened with firm sentiments on the hint of the Union agriculture minister, Mr. Sharad Pawar regarding lifting of the sugar export ban. Cabinet was to take decision on this issue. So during forenoon, futures market remained firm on speculative buying. But against all expectation, the cabinet decided to defer the decision over this issue for some more period. The issue is likely to be discussed later on. Market fell down in afternoon due to profit booking and desperate selling. A range bound trade is expected.

PRICE DRIVERS

1. Govt. defers the decision on sugar export ban
2. Decision may be taken in late November
3. Crushing picks up in Uttar Pradesh
4. Quality sugar fetching premium prices
5. Volatile trade in futures market

WEATHER

Weather is fine for the sugarcane crop. In most of the parts, harvesting is in progress.

TECHNICALS

On the NCDEX, in December contract, candlestick pattern volatile trade over the lifting of the sugar export ban issue. Against all hopes, government continued ban for some more time. Prices closed above the 9-days EMA. Volume significantly increased while open interest did not change much. Technicals like MACD, RSI and Stochastic are hinting towards steady to slightly bearish sentiments to prevail on Friday.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1740	1730	1762	1800	1820

TRADE RECOMMENDATION:

Sell NCDEX - December Sugar M near 1765 with **target** of 1755 then second target of 1750. **Stop loss** above 1770. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	09.11.06	08.11.06	Change
Ready Sugar (M Grade)	Delhi	1825-1900	1825-1905	-5
Ready Sugar (S Grade)	Delhi	1810-1885	1810-1890	-5
Mill Delivery	Delhi	1740-1805	1740-1820	-5

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