

## SUGAR

13<sup>th</sup> November 2006

### SPOT MARKETS

Lacklustre trade is going on in the sugar spot markets at Delhi, Muzaffarnagar and Kolkata markets due to subdued demand. The sugar export permission is yet to be granted. Trading activities will pick up as and when government allows sugar export because stockpiling will immediately start. Thus, market will remain in a wait and watch position, till the further announcement from the government side. We expect this news to hit the market with in two weeks. Steady sentiments are likely to prevail in the spot market.

### FUTURES MARKETS

NCDEX sugar futures opened with steady sentiments and improved slightly due to buying support at current levels. However, a narrow range bound trade was observed. Volume of trade remained low due to last trading day of the week. Delay in crushing in Maharashtra and losses to sugarcane crop in Nashik district can adversely affect the achievement targets of the sugar for 2006-07. If crushing last till May, it will significantly reduce the recovery percent of sugar. Sugar export permission will be granted by early December. All these factors seem favorable for the sugar futures. Thus, market should remain steady to positive in the coming days.

### PRICE DRIVERS

1. Subdued physical demand
2. Delayed crushing in MH may adversely affect the production targets
3. Crushing delays in MH due to farmers' agitation
4. Heavy rains causes losses to cane crop in Nashik district of MH
5. Hope continues for export resumption in December

### 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 exhibit that buying continues at these level, as traders are sure prices to witness upward movement in the coming days. Prices closed above the 9-days EMA. Volume declined while open interest slightly increased. MACD is in positive region and give bullish signal. RSI also favor the same while Stochastic give bearish sign. Market is expected to remain steady to firm in the coming days.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1740	1730	1768	1800	1820

### TRADE RECOMMENDATION:

**Buy** NCDEX - December Sugar M near 1765 with **target** of 1777 then second target of 1780. **Stop loss** below 1759. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	11.11.06	10.11.06	Change
Ready Sugar (M Grade)	Delhi	1815-1885	1815-1895	-10
Ready Sugar (S Grade)	Delhi	1800-1870	1800-1880	-10
Mill Delivery	Delhi	1730-1790	1730-1800	-10

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