

## SUGAR

25<sup>th</sup> November 2006

### SPOT MARKETS

Spot market prices of sugar declined slightly in like Delhi and remain same in Muzaffarnagar as yesterday's price. While slight improvement is noticed in Kolkata due to improved demand. Crushing is going on smoothly in Maharashtra and Uttar Pradesh. Further in MH sugarcane farmers agreed to accept the lower prices of Rs. 900 per tonne ex-field plus harvesting and transportation charges for sugarcane. Last year they were paid between Rs.1200-1400 per tonne plus handling and transporting charges and in UP farmers are in wait and watch state over the announcement of SAP, which likely to be announce in the next meeting. Government decision over the sugar export is still awaited.

### FUTURES MARKETS

NCDEX sugar futures opened with steady sentiments in the early-session and improved slightly due to buying support at current levels. However, a narrow range bound trade was observed. Market opened at 1756 and hovers in a range of 1761 to 1752 and finally closed at 1761 with a bullish tone. Volume improved slightly from 1150 to 1950 by the end of the session. Market is in a wait and watch state for 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

### WEATHER

Weather is fine for the sugarcane crop.

### TECHNICALS

NCDEX December contract, candlestick chart pattern observed bullish sentiments. Technical indicators RSI, MACD and Stochastic hint for the bears. Closing price is below the 9 days EMA and 18 days EMA. Range bound with positive movement following strong opening is expected in the market.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1758	1752	1761	1770	1775

### TRADE RECOMMENDATION:

**BUY** NCDEX - December Sugar M above 1760 with **target** of 1768 then second target of 1772. **Stop loss** below 1756. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	24.11.06	23.11.06	Change
Ready Sugar (M Grade)	Delhi	1790-1800	1800-1810	-10
Ready Sugar (S Grade)	Delhi	1775-1785	1785-1795	-10
Mill Delivery	Delhi	1705-1715	1715-1725	-10

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