

SUGAR

29th November 2006

SPOT MARKETS

Spot market prices of sugar eased slightly in the major trading center like Kolkata and Muzaffarnagar due to subdued demand while spot market prices of Delhi noticed slight improvement due to improved demand. Sentiment turned bearish in the spot market over the statement of Agriculture Minister that the government is actively considering lifting ban on export of sugar. However, he said that lifting of ban on export of sugar is likely to be taken up after the winter session of parliament. Further, agitation is going on in UP and Tamil Nadu between the cane growers and government over the issue of SAP, which is likely to be announce soon. Crushing going on smoothly in MH and UP.

FUTURES MARKETS

Sugar futures on the NCDEX observed narrow range bound trade with slightly bearish undertone on weak demand. Volume of the trade improved slightly by the end of the trading session. Market opened at 1757 below the previous day settlement and hover in a range of 1757 to 1751 and finally closed at 1755. Further, the government decision over the lifting of ban on export of sugar is still awaited and as per the Agriculture Minister it is likely to be announce after the winter session of parliament. Range bound movement is expected in the market with steady to slightly bearish tone.

PRICE DRIVERS

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

WEATHER

Weather is fine for the sugarcane crop.

TECHNICALS

NCDEX December contract, candlestick chart pattern exhibits slight bullish sentiments. Technical indicators MACD, Stochastic and RSI hint for the bears. Closing price is below both the 9 days EMA and 18 days EMA. Market is expected to trade up following steady to strong opening.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1750	1743	1755	1762	1770

TRADE RECOMMENDATION:

BUY NCDEX - December Sugar M above 1751 with **target** of 1761 then second target of 1766. **Stop loss** below 1745. Do not carry-forward the position until the next day.

Spot Market Prices

Origin/Grade	Center	28.11.06	27.11.06	Rs./qtl
Ready Sugar (M Grade)	Delhi	1770-1790	1770-1785	+5
Ready Sugar (S Grade)	Delhi	1755-1775	1755-1770	+5
Mill Delivery	Delhi	1685-1705	1685-1700	+5

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