

## SUGAR

14<sup>th</sup> November 2006

### SPOT MARKETS

Sugar physical markets are witnessing steady sentiments with slightly bearish undertone due to subdued demand. It was offered at slightly lower prices in the major trading centers like Delhi, Muzaffarnagar and Kolkata. The protest against the government is becoming more violent in the sugarcane-growing region of the Maharashtra over the MSP issue of the sugarcane and farmers are not supplying the cane to the mills. Consequently crushing is getting delayed in the MH. If it continues for some more days, it will adversely affect the recovery percentage from the sugarcane. Thus, sugar production targets may not achieve in Maharashtra. In Uttar Pradesh, farmers are eagerly waiting for the announcement of the state advised prices of the sugarcane, which may be declared at any time. Crushing is going on smoothly in UP.

### FUTURES MARKETS

NCDEX sugar futures continue to exhibit the previous trading day's sentiments. Futures observed narrow range bound trade with steady sentiments. Active trading is absent in the market as reflected by the meager volume of trade. Market is in a wait and watch state for the Government next move on sugar export resumption. However, strong hope still continues to be there for an early and positive decision in this regard. Thus, major down trend is not expected in the sugar futures. Any major dip should be considered as a buying opportunity in sugar futures. Market is expected to hover in a range bound fashion with steady to slightly positive sentiments.

### PRICE DRIVERS

1. Weak physical demand
2. Delayed crushing in MH adversely affect production estimates
3. Crushing delays in MH due to farmers' agitation
4. Strong hope continues for export resumption very soon.

### WEATHER

Weather is fine for the sugarcane crop.

### TECHNICALS

On the NCDEX, in December contract, chart pattern exhibit very narrow range bound trade with steady sentiments. Candlestick formation shows doji pattern, which is a sign of indecisive state of the market. Open interest slightly declined. Technical indicators like MACD, RSI and Stochastic hints for steady sentiments to prevail in the market on Tuesday.

Sugar M Grade 0612(NCSGMZB)2006/11/13 - Daily B:1764.00 A:1767.00  
O 1765.00 H 1770.00 L 1763.00 C 1765.00 V 940 I 17,620 -3  
EMA(9) 1763.5 (18) 1759.6 PAR(14) 1752.94



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1740	1730	1765	1800	1820

### TRADE RECOMMENDATION:

**Buy** NCDEX - December Sugar M near 1760 with **target** of 1770 then second target of 1775. **Stop loss** below 1755. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	13.11.06	11.11.06	Change
Ready Sugar (M Grade)	Delhi	1815-1865	1815-1875	-10
Ready Sugar (S Grade)	Delhi	1800-1850	1800-1860	-10
Mill Delivery	Delhi	1730-1780	1730-1790	-10

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