

SUGAR

09th November 2006

SPOT MARKETS

Spot sugar market is trading with slight bearish sentiments due to poor demand in the major markets like Delhi and Muzaffarnagar. However, Kolkata market remained slight positive on good buying support. Crushing has started in many mills in Uttar Pradesh and Maharashtra. Farmers in UP and Maharashtra are hoping higher MSP for the sugarcane. In fact, Maharashtra witnessed violent procession in many sugarcane growing area against the co-operative mills of the state. In Uttar Pradesh, the state advised prices are likely to be announced soon, as the process of local bodies election is over. The spot prices will remain steady to firm in the coming days.

FUTURES MARKETS

NCDEX sugar futures opened with steady sentiments and hovered in a very narrow range during early hours of the trade. In afternoon market turned bullish over the statement of the Union Agriculture Minister Mr. Sharad Pawar that the export ban issue will be discussed in Cabinet Committee soon and the views of the states like Uttar Pradesh and Maharashtra will be put before the committee. These states have already demanded for sugar export resumption soon. There is strong hope that this time permission will be granted to start export with in two-three weeks. Sugar futures are expected to remain positive in the coming days.

PRICE DRIVERS

1. Cabinet likely to discuss export resumption issue very soon
2. Strong hope of lifting ban with in two weeks
3. Crushing picks up in Uttar Pradesh
4. Quality sugar fetching premium prices
5. Speculative buying 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 reflect buying interest in the futures market over indication of export resumption with in 2-3 weeks. Prices closed above the 9-days EMA. Volume and open interest increased with increase in price. Technicals like MACD, RSI and Stochastic start indicating bullish sentiments to prevail 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 1770 with **target** of 1788 then second target of 1794. **Stop loss** below 1761. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	08.11.06	07.11.06	Change
Ready Sugar (M Grade)	Delhi	1825-1905	1825-1915	-10
Ready Sugar (S Grade)	Delhi	1810-1890	1810-1900	-10
Mill Delivery	Delhi	1740-1820	1740-1830	-10

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