

SUGAR

18th November 2006

SPOT MARKETS

Lacklustre trade is going on in the sugar spot markets at the major trading centers like Delhi, Muzaffarnagar and Kolkata due to weak demand. Weak sentiment owing to low demand as compare to Thursday results in steady spot market. The traders are in wait and watch situation and looking forward for lifting of ban on sugar export, the government decision on the same is still awaited. Trading activities pick up as and when government allows sugar. Further, MSP issue has not yet resolved in MH and crushing in the state has come to standstill. Steady sentiments are likely to prevail in the spot market.

FUTURES MARKETS

Sugar futures on the NCDEX 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. Further, market is waiting for the Government's next move on sugar export resumption, which could be announced at any time. Market is expected to hover in a range bound fashion with steady sentiments.

PRICE DRIVERS

1. Weak physical demand
2. Crushing picks up in Uttar Pradesh
3. MSP issue continues in Maharashtra
4. Cabinet decision still awaited

WEATHER

Weather is favourable for the sugarcane crop.

TECHNICALS

On the NCDEX, in December contract, chart pattern exhibit slightly bearish sentiments. Big lower shadow of dark candlestick body shows still strength in the market. Closing price is coinciding with 9-days EMA but remained above 18-days EMA. RSI has made bearish cross over with its signal line. MACD is running flat into its positive territory.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1750	1745	1766	1790	1800

TRADE RECOMMENDATION:

Buy NCDEX - December Sugar M near 1762 with **target** of 1772 then second target of 1775. **Stop loss** below 1757. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	17.11.06	16.11.06	Change
Ready Sugar (M Grade)	Delhi	1825-1860	1825-1870	-10
Ready Sugar (S Grade)	Delhi	1810-1845	1810-1855	-10
Mill Delivery	Delhi	1740-1775	1740-1785	-10

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