

SUGAR

22nd November 2006

SPOT MARKETS

Sugar spot market trading with slightly bearish sentiment and the sugar spot prices declined at the major trading center like Delhi, Muzaffarnagar and Kolkata due to weak physical demand. However, the market open firm and hover near its opening price because the traders are optimistic over the early resumption of sugar export ban. Crushing is started in many mills in Maharashtra and Uttar Pradesh as the mills are receiving good supply of sugarcane. Further, the cane growers in UP are in wait and watch position over the announcement of SAP, which is likely to announce in the next sitting of the assembly by the Chief Minister of UP.

FUTURES MARKETS

NCDEX sugar futures opened with firm sentiments and traded with firm not initially as got the strong buying support on yesterdays finance minister statement. The market saw some decline then after on long liquidation and profit booking but regain strength later on some buying support. The Dec futures remain range bound with slight bearish tone. Improvement is expected on the continued hope for the sugar export in the coming days.

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 favourable for the sugarcane crop.

TECHNICALS

NCDEX December contract, candlestick chart pattern indicates bearish sentiments. Volume of the trade declined significantly while the open interest remained steady. RSI and MACD hint for bears while stochastic hint the bullish.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1766	1758	1773	1780	1790

TRADE RECOMMENDATION:

SELL NCDEX - December Sugar M below 1780 with **target** of 1770 then second target of 1763. **Stop loss** above 1785. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	21.11.06	20.11.06	Change
Ready Sugar (M Grade)	Delhi	1815-1830	1825-1855	-25.00
Ready Sugar (S Grade)	Delhi	1800-1815	1810-1840	-25.00
Mill Delivery	Delhi	1730-1745	1740-1770	-25.00

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