

SUGAR

06th November 2006

SPOT MARKETS

Spot sugar market is witnessing normal trading activities these days. Old stocks have almost finished and new sugar is fetching premium prices in Delhi and Muzaffarnagar markets. However, trading will pick up from coming week. Traders say that spot prices will remain firm due to the good quality of the new sugar. Uttar Pradesh farmers are also expecting the declaration of the State Advisory Prices with in few days as local body elections are over. The declared prices will directly affect the profitability of the farmers. On the other hand, millers are worried due to delay in export permission.

FUTURES MARKETS

Futures trading on the NCDEX resulted in profit booking as well as desperate selling by some players due to uneasiness over unnecessary delay in lifting of sugar export ban. Government worries over the lower carryover stock position. Finance ministry opines that let some stock build up in ongoing crushing season and after that permission should be granted. We expect that export may be permitted from early December. Thus, the major dips should be considered as buying opportunity in this market.

PRICE DRIVERS

1. New sugar starts arriving in the market
2. Quality sugar fetching premium prices
3. Anxiety among traders over delay in decision over export
4. Profit booking 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 shows bearish sentiments due to profit booking activities. Prices closed near the 9-days EMA. MACD and RSI are favoring the bears while stochastic is still indicating the firm sentiments. Volume and open interest marginally declined on Saturday. Market must improve on Monday.

Sugar M Grade 0612(NCSGMZ6)2006/11/04 - Daily B:1759.00 A:1760.00
O 1773.00 H 1775.00 L 1759.00 C 1761.00 V 2,230 I 18,020 -1
EMA(9) 1760.6 (18) 1754.9 PAR(14) 1754.72



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1740	1735	1761	1790	1800

TRADE RECOMMENDATION:

Buy NCDEX - December Sugar M near 1754 with **target** of 1770 then second target of 1775. **Stop loss** below 1746. Do not carry-forward the position until the next day.

Spot Market Prices

Origin/Grade	Center	04.11.06	03.11.06	Change
Ready Sugar (M Grade)	Delhi	1825-1920	1815-1910	+10
Ready Sugar (S Grade)	Delhi	1810-1905	1800-1895	+10
Mill Delivery	Delhi	1740-1835	1730-1825	+10

Rs./qtl

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