

SUGAR

04th November 2006

SPOT MARKETS

Spot sugar market continues to trade lacklustre as good quality stocks have almost finished and traders are waiting for new sugar to arrive the market. Poor quality sugar is offered at lower prices and still lack buyers. The mills, which started crushing a little bit earlier, are selling their sugar at premium prices. Spot market is expected to remain firm in the coming days. UP Cane Growers Association demand for lifting embargo on sugar export at the earliest so that the farmers can get ruminative prices for their cane, which largely depend on the government move in this direction.

FUTURES MARKETS

Sugar futures on the NCDEX exhibited slight profit booking activities in most of the contracts. However, the November contracts still remain bullish. In fact, unnecessary delay in announcement of sugar export resumption despite the assurance given several times by the concerned ministry in this regard in the recent past is causing some uneasiness in the futures market as reflected in Fridays price movement. However, futures is expected to improve further in the coming days as permission is bound to be given for sugar export in the larger interest of the cane growers.

PRICE DRIVERS

1. Short quality sugar supply
2. Export resumption permission is expected soon
3. 13-lakh tons non-levy sugar for November
4. Improved world market sentiments

WEATHER

Weather is fine for the sugarcane crop. In most of the parts, harvesting has begun.

TECHNICALS

On the NCDEX, in December contract, chart pattern exhibit some profit booking, however prices closed above the opening level. EMA remained below the closing price level. MACD, Stochastic and RSI suggest firm sentiments to prevail in the coming days. Volume declined while open interest increased on Friday. Market must remain firm on Saturday.

Sugar M Grade 0612(NCS&MZB)2006/11/03 - Daily B:1771.00 A:1775.00
O 1770.00 H 1778.00 L 1770.00 C 1772.00 V 2,500 I 18,410 -2
EMA(9) 1760.5 (18) 1754.2 PAR(14) 1750.60



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1755	1745	1772	1790	1800

TRADE RECOMMENDATION:

Buy NCDEX - December Sugar M near 1768 with **target** of 1782 then second target of 1786. **Stop loss** below 1761. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	03.11.06	02.11.06	Change
Ready Sugar (M Grade)	Delhi	1815-1910	1825-1905	+5
Ready Sugar (S Grade)	Delhi	1800-1895	1810-1890	+5
Mill Delivery	Delhi	1730-1825	1740-1820	+5

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