

SUGAR

27th November 2006

SPOT MARKETS

Sugar spot market trading with slightly bearish sentiment and the sugar spot prices eased at the major trading center like Kolkata and Muzaffarnagar due to weak physical demand. While spot prices of sugar in Delhi remain steady as compared to yesterdays. Cabinet decision over the sugar export ban is in wait and watch state and is likely to be announce by the government soon. Further, in UP farmers are hopeful over the announcement of state advised price, which is likely to be announce in the next meeting. Crushing going on smoothly in MH and UP.

FUTURES MARKETS

Sugar futures on the NCDEX exhibit weak sentiments and traded in a range bound fashion with slightly bearish undertone. Market opened at 1762 above the previous day settlement and hover in a range 1765 to 1753 and finally closed at 1756. Volume of the trade declined from 1950 to 760. Traders appear to be in a state of dilemma over the government's next move on sugar export ban as reflected by price movement in futures market. A narrow range bound trade is expected to continue for 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 fine for the sugarcane crop.

TECHNICALS

NCDEX December contract, candlestick chart pattern exhibits bearish sentiments. Technical indicators RSI, MACD and Stochastic hint for the bears. Closing price is below the 9 days EMA and 18 days EMA. Market is expected to trade slight down with steady to strong opening with possibility of late upwards movement.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1749	1744	1756	1760	1768

TRADE RECOMMENDATION:

BUY NCDEX - December Sugar M above 1750 with **target** of 1758 then second target of 1765. **Stop loss** below 1745. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	25.11.06	24.11.06	Change
Ready Sugar (M Grade)	Delhi	1785-1795	1790-1800	-5
Ready Sugar (S Grade)	Delhi	1770-1780	1775-1785	-5
Mill Delivery	Delhi	1700-1710	1705-1715	-5

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