

SUGAR

20th November 2006

SPOT MARKETS

The spot market prices of sugar declined in most of the center including Delhi and Kolkata due to weak physical demand while prices at Muzaffarnagar remain steady compare to the Friday's market. Different trading centers witnessed steady sentiments with slightly bullish undertone. Crushing is getting delayed in Maharashtra due to agitation over the MSP issue and delaying the crushing season to April and onwards that results into low sugar recovery and great losses to the cane growers and millers. Government decision on sugar export is still awaited by the millers to start crushing and by the traders to take active participation. Further, crushing is going smoothly in UP.

FUTURES MARKETS

Sugar futures on the NCDEX exhibit steady sentiments. Sugar futures declined marginally in early-session on account of low demand in physical market but remain bullish by the end of the session. The market opened at 1762 and traded in the range of 1762 to 1772 and finally closed at 1772 at its highest value. The market is expected to hover in a range bound trade 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

NCDEX December contract, chart pattern exhibit slightly bullish sentiments. Volume and open interest declined marginally. RSI and MACD hint for bullish sentiments while Stochastic favours the bears. Market is expected to remain volatile with bullish sentiment.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1765	1755	1772	1778	1785

TRADE RECOMMENDATION:

Buy NCDEX - December Sugar M above 1765 with **target** of 1775 then second target of 1780. **Stop loss** below 1760. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	18.11.06	17.11.06	Change
Ready Sugar (M Grade)	Delhi	1825-1860	1825-1860	-
Ready Sugar (S Grade)	Delhi	1810-1845	1810-1845	-
Mill Delivery	Delhi	1740-1775	1740-1775	-

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