

SUGAR

15th November 2006

SPOT MARKETS

Sugar spot prices have slightly eased in the major markets like Delhi, Muzaffarnagar and Kolkata due to steady demand. Further, most of the mills have started crushing and fresh production is now easily available in the market at a competitive prices. Thus, the price variation is narrowing between sugar of different mills. Spot prices are expected to further ease slightly as the production will pick up. The Haryana State Government has decided to increase the purchase price of the medium and late varieties by Rs. 5 per quintal for the current marketing season 2006-07. The mills will purchase the early varieties at Rs. 138/qrtl, medium at Rs. 128/qrtl and late varieties at Rs. 126/per quintal. Uttar Pradesh farmers are still waiting for the State Advised Prices for cane, which may be announced at any time. In Maharashtra dispute over the MSP issue has yet not resolved and crushing activities have almost paralyzed in its major sugarcane growing areas.

FUTURES MARKETS

Sugar futures on the NCDEX exhibited slightly bearish undertone for most of the time but closed with a positive not by the end of the trading session. However, prices hovered in a narrow range. Futures traders appear to be in a state of dilemma as is reflected by price movement in futures market. Some desperate selling is there, but immediate buying at these levels does not allow the futures prices to see any sharp down correction. Continued hope for a decision on export ban soon support the existing levels. A narrow range bound trade is expected to continue for coming days.

PRICE DRIVERS

1. Lacklustre physical demand
2. Crushing picks up in Uttar Pradesh
3. Crushing delays in MH due to farmers' agitation
4. Strong hope continues for export resumption very soon.

WEATHER

Weather is fine for the sugarcane crop.

TECHNICALS

On the NCDEX, in December contract, chart pattern exhibit narrow range bound trade with improved sentiments. Buying in the last trading hour hints towards firmness to prevail in the coming days. Volume of trade increased while open interest slightly declined. RSI favors the bulls while Stochastic and MACD hints for steady sentiments. Market must further improve on Wednesday.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1740	1730	1766	1800	1820

TRADE RECOMMENDATION:

Buy NCDEX - December Sugar M near 1762 with **target** of 1772 then second target of 1775. **Stop loss** below 1757. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qrtl

Origin/Grade	Center	14.11.06	13.11.06	Change
Ready Sugar (M Grade)	Delhi	1815-1860	1815-1865	-5
Ready Sugar (S Grade)	Delhi	1800-1845	1800-1850	-5
Mill Delivery	Delhi	1730-1775	1730-1780	-5

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