

SUGAR

07th November 2006

SPOT MARKETS

Lacklustre trade is going on in the major trading centers like Delhi and Muzaffarnagar amidst normal day-to-day demand. Some mills have started crushing and new sugar is arriving in the markets. The price difference is large due to quality variation. In Uttar Pradesh, local body elections are over and State Advised Prices for sugarcane is likely to be announced this week. Crushing is expected to pickup after this announcement. Spot sugar market is likely to remain firm during coming days.

FUTURES MARKETS

Most of the sugar futures opened with positive sentiments but could not sustain later on as desperate selling brought prices down due to no decision on sugar export ban yet. However, the decline in prices was not so intense and slight recovery was seen in the last trading hours. Due to continued hope of lifting export ban, futures are not expected to see any sharp downward correction, as speculative buying on the lower level will again push prices up.

PRICE DRIVERS

1. New sugar starts arriving in the market
2. Quality sugar fetching premium prices
3. Desperate selling on the futures market
4. Normal spot demand
5. Delayed harvesting is causing sugar production losses in Maharashtra

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 desperate selling on delay over decision on export resumption issue. Prices closed below the 9-days EMA. %K line has made a bearish cross over to % D line. MACD is also showing downward movement. RSI too favour the bears. Volume declined while open interest increased on Monday. After a slight fall, market must improve on Tuesday.

Sugar M Grade 0612(NCSEGMZB)2006/11/06 - Daily B:1755.00 A:1758.00
O 1767.00 H 1767.00 L 1751.00 C 1755.00 V 1,450 I 18,170 -8
EMA(9) 1759.5 (18) 1754.9 PAR(14) 1780.00



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1735	1730	1755	1790	1800

TRADE RECOMMENDATION:

Buy NCDEX - December Sugar M near 1748 with **target** of 1764 then second target of 1770. **Stop loss** below 1740. Do not carry-forward the position until the next day.

Spot Market Prices

Origin/Grade	Center	06.11.06	04.11.06	Change
Ready Sugar (M Grade)	Delhi	1825-1920	1825-1920	-
Ready Sugar (S Grade)	Delhi	1810-1905	1810-1905	-
Mill Delivery	Delhi	1740-1835	1740-1835	-

Rs./qtl

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