

## SUGAR

08<sup>th</sup> November 2006

### SPOT MARKETS

Spot sugar market is witnessing steady trend amidst normal demand. The mills, which started crushing in late October, are now selling their new sugar at premium prices. However, as the crushing will speed up, the prices will stabilise. In Uttar Pradesh, farmers are eagerly waiting for the announcement of the State Advised Prices as they want to spare their sugarcane land at the earliest for wheat sowing because it will fetch more lucrative prices in the coming rabi harvest as its outlook is very bullish. The delay in announcement is compelling farmers to make forced selling of sugarcane at lower prices, which in turn is benefiting mills only. Farmers are the worst victims of the apathy of the government mismanagement of time, as agriculture appears to be the least important agenda for the politicians when it comes to practical reality. Maharashtra is also suffering from the same problem and violent processions were seen in its few parts on demand for hike in MSP for sugarcane. The U P government has extended the validity period of the new sugar industry promotion policy till March 2008. The validity was ending in March next year. The step is supposed to benefit the sugar mills in the State.

### FUTURES MARKETS

On the NCDEX, most of the sugar futures opened with improved sentiments and remained hovering near the yesterday's close level. Sugar futures appear to have stabilized near its current level. Improvement is expected on the continued hope for sugar export in the coming days and high spot prices.

### 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, narrow range bound trade was observed with slight bearish undertone. Prices closed below the 9-days EMA. Volume and open interest did not change much on Tuesday. Technicals like MACD, RSI and Stochastic favor the bears. However, buying support at these levels will provide steady sentiments to prevail on Wednesday.

Sugar M Grade 0612(NCSGM26)2006/11/07 - Daily B:1755.00 A:1758.00  
O 1759.00 H 1760.00 L 1753.00 C 1755.00 V 1,020 I 17,950 -2  
EMA(9) 1758.8 (18) 1755.0 PAR(14) 1779.42



### 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 1750 with **target** of 1760 then second target of 1766. **Stop loss** below 1745. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	07.11.06	06.11.06	Change
Ready Sugar (M Grade)	Delhi	1825-1915	1825-1920	-5
Ready Sugar (S Grade)	Delhi	1810-1900	1810-1905	-5
Mill Delivery	Delhi	1740-1830	1740-1835	-5

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