

## SUGAR

23<sup>rd</sup> November 2006

### SPOT MARKETS

Spot market prices of Sugar are witnessing steady sentiments with slightly bearish undertone due to subdued demand and the prices are slightly eased in the major trading centers like Delhi, Muzaffarnagar and Kolkata. In Uttar Pradesh, farmers are eagerly waiting for the announcement of the state advised prices of the sugarcane, which may be declared at any time. Punjab government fixed the state agreed price (SAP) of sugarcane for the crushing year 2006-07 at Rs. 132 per quintal against the price of Rs. 115 per quintal for the corresponding year 2005-06. Further, crushing going on smoothly in Maharashtra and Uttar Pradesh as the mills are receiving good supply of sugarcane. Cabinet's decision over sugar export is still awaited. EU sugar production is expected to decrease by 25% in 2006-07 and it will have the bullish impact on domestic industry paving the way for more sugar export in medium to long term. According to Farm Ministry India can export sugar to china.

### FUTURES MARKETS

Sugar futures on the NCDEX observed narrow range bound trade with steady sentiments due to weak demand. Volume of the trade declined significantly from 4,190 to 2,960. Further, the traders are optimistic for early resumption of the sugar export. Market is opened at 1774 near the yesterday's closing and hover in a range of 1763 to 1775 with steady to slightly positive sentiments.

### 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 favourable for the sugarcane crop.

### TECHNICALS

NCDEX December contract, candlestick chart pattern indicates bearish sentiments. Volume of the trade declined significantly while the open interest remained steady. RSI, MACD and Stochastic hint for the bears. Closing price is below the 9 days EMA and coinciding with 18 days EMA. Market is likely to remain down with weak opening with possibility of late upwards movement due to government is considering sugar export to China.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1753	1743	1765	1775	1785

### TRADE RECOMMENDATION:

**BUY** NCDEX - December Sugar M above 1755 with **target** of 1770 then second target of 1777. **Stop loss** above 1745. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	22.11.06	21.11.06	Change
Ready Sugar (M Grade)	Delhi	1815-1820	1815-1830	-10.00
Ready Sugar (S Grade)	Delhi	1800-1805	1800-1815	-10.00
Mill Delivery	Delhi	1730-1735	1730-1745	-10.00

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