

SUGAR

24th November 2006

SPOT MARKETS

Spot market prices of sugar eased slightly in Delhi due to weak demand and remain steady in Kolkata. While slight improvement noticed at Muzaffarnagar due to the improved demand. Traders are in wait and watch position over the statement of Agriculture Minister that India is in a comfortable position to export sugar to china. However, the cabinet's decision over the sugar export is still awaited and is likely to be announce very soon. Further, in UP farmers are eagerly waiting for the announcement of SAP, which is likely to be announce in the next meeting. Crushing picks up in Uttar Pradesh and Maharashtra.

FUTURES MARKETS

Sugar futures on the NCDEX opened with weak sentiments and traded in a narrow range with slightly bearish undertone. Volume of the trade improved marginally by the end of the session while open interest remains steady. The sentiments of sugar futures indicate that traders are still hopeful for early resumption of the sugar export. Thus, major downtrend is not expected and range bound movement will continue in the sugar futures market till any positive news comes.

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 fine for the sugarcane crop.

TECHNICALS

NCDEX December contract, candlestick chart pattern exhibits bearish sentiments. Volume improved marginally while the open interest remained steady. RSI, MACD and Stochastic hint for the bears. Closing price is below the 9 days EMA and 18 days EMA. Prices are expected to remain bearish with weak opening in the coming day.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1745	1740	1757	1762	1770

TRADE RECOMMENDATION:

SELL NCDEX - December Sugar M below 1760 with **target** of 1750 then second target of 1742. **Stop loss** above 1766. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	23.11.06	22.11.06	Change
Ready Sugar (M Grade)	Delhi	1800-1810	1815-1820	-10
Ready Sugar (S Grade)	Delhi	1785-1795	1800-1805	-10
Mill Delivery	Delhi	1715-1725	1730-1735	-10

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