

SUGAR

16th November 2006

SPOT MARKETS

Sugar spot prices have slightly improved in the major markets like Delhi, Muzaffarnagar and Kolkata due to improved demand. Further mills offered their stock at slightly higher price in the market. Sugar spot prices are expected to hover near its current price range. Crushing activities pickup in Uttar Pradesh while remain disrupted in major sugarcane growing areas in Maharashtra over MSP issue.

FUTURES MARKETS

Sugar futures on the NCDEX exhibited firm sentiments on speculative buying, as the traders are very much optimistic over the early resumption of sugar export. All the active contracts remained slightly bullish. The market is having an eye over the Thursday's cabinet committee meeting as this matter may again be discussed in the light of the larger interest of the farmers and sufficient inventory of the sugar with the government. Thus, futures market is expected to remain positive on Thursday.

PRICE DRIVERS

1. Improved physical demand
2. Crushing picks up in Uttar Pradesh
3. Conflict continues in Maharashtra over MSP issue of cane
4. Eye on cabinet meeting on Thursday

WEATHER

Weather is fine for the sugarcane crop.

TECHNICALS

On the NCDEX, in December contract, chart pattern exhibit slightly bullish sentiments. Candlestick formation indicates some profit booking at higher levels. Volume increased while open interest slightly declined. RSI and MACD hint for bullish sentiments while Stochastic favours the bears. Market is expected to remain volatile with bullish symbol.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1755	1750	1770	1800	1820

TRADE RECOMMENDATION:

Buy NCDEX - December Sugar M near 1768 with **target** of 1778 then second target of 1785. **Stop loss** below 1763. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	15.11.06	14.11.06	Change
Ready Sugar (M Grade)	Delhi	1815-1865	1815-1860	+5
Ready Sugar (S Grade)	Delhi	1800-1850	1800-1845	+5
Mill Delivery	Delhi	1730-1780	1730-1775	+5

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