

SUGAR

21st November 2006

SPOT MARKETS

The sugar spot prices are slightly eased in most of the major center like Delhi and Kolkata due to the weak physical demand while prices at Muzaffarnagar remain steady compare to the Saturday's market. Steady sentiments noticed in different trading centers with bullish undertone. Further, Sugar mills are receiving good supply of sugarcane by the cane growers in UP because farmers are very much optimistic that the cabinet may announce SAP in the next sitting of the assembly. Last year they earned around Rs. 130-135 per quintal and this year, they hope to earn at least Rs. 150 per quintal. Crushing pick up in most of the places in Maharashtra Which may hamper sugar prices in future. Steady sentiment likely to prevail in the spot market.

FUTURES MARKETS

Sugar futures on the NCDEX observed narrow range bound trade with steady sentiments due to weak demand. Volume of the trade as well as open interest increased significantly. Further, the traders are optimistic for early resumption of the sugar export. Market is expected to hover in a range bound fashion 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, chart pattern exhibit bullish sentiments. Volume of the trade as well as open interest increased significantly. RSI, MACD and stochastic hint for bullish sentiments. Market is expected to hover in a range bound trade with slightly bullish sentiment following steady to strong opening.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1772	1767	1772	1784	1790

TRADE RECOMMENDATION:

Buy NCDEX - December Sugar M above 1772 with **target** of 1782 then second target of 1788. **Stop loss** below 1767. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	20.11.06	18.11.06	Change
Ready Sugar (M Grade)	Delhi	1825-1855	1825-1860	-5.00
Ready Sugar (S Grade)	Delhi	1810-1840	1810-1845	-5.00
Mill Delivery	Delhi	1740-1770	1740-1775	-5.00

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