

SUGAR

19h December 2006

SPOT MARKETS

Sugar spot market prices eased in the major trading centers like Muzaffarnagar and Kolkata due to subdued demand while spot market prices of Delhi improved slightly amidst normal demand and normal supply. Markets are in wait and watch state and looking forward for early resumption of ban on sugar export, which is awaited. Further, according to trade sources agitation is still going on in UP over the issue of SAP, which government has recently announce at Rs 125-130 per qtl. The farmers are demanding more compared to offered SAP. Crushing is going on smoothly in UP and Maharashtra.

FUTURES MARKETS

Sugar futures on the NCDEX observed narrow range bound trade with slightly bullish tone. January contract opened firm at Rs. 1712 above the Saturday's settlement and increased selling pressure at higher level pushed the futures to trade downwards and tested a low of Rs. 1707 however; futures recovered and settled in the positive territory during the Monday's trade. January contract moved in the range of Rs. 1715-1707 while December contract moved in the range of 1729-1722 during the end of the trading session. Market is expected to remain a range bound.

PRICE DRIVERS

1. Weak physical demand
2. Crushing picks up in UP and Maharashtra
3. Cabinet decision still awaited
4. Huge increase in production expected

WEATHER

Weather is favourable for the sugarcane crop.

TECHNICALS

NCDEX January contract, candlestick chart pattern exhibits bullish sentiment. Technical indicators MACD, Stochastic and RSI favours for the bulls. Closing price is far between the 9 days EMA and the 18 days EMA. Market is expected to remain range bound following steady to firm opening with possibility of late downward movement.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-January Contract	1701	1697	1715	1720	1725

TRADE RECOMMENDATION:

BUY NCDEX - January Sugar M above 1705 with **target** towards 1712 then second target of 1718. **Stop loss** below 1701. Do not carry-forward the position until the next day.

Spot Market Prices

Origin/Grade	Center	18.12.06	16.12.06	Rs./qtl
Ready Sugar (M Grade)	Delhi	1690-1705	1685-1700	+5
Ready Sugar (S Grade)	Delhi	1675-1690	1670-1685	+5
Mill Delivery	Delhi	1605-1620	1600-1615	+5

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/Disclaimer.asp>