

## SUGAR

16th December 2006

### SPOT MARKETS

Sugar spot market observed previous day's sentiment. Spot prices of sugar continuously declining at the major markets like Delhi, Kolkata and Muzaffarnagar on weak demand. According to trade sources, trading activity will not pick up until-unless government take some decision on sugar export ban, which is awaited. Further, agitation continues in UP over the issue of SAP and the decision for the same is awaited by the government side. Crushing activity going on smoothly in UP and Maharashtra.

### FUTURES MARKETS

Sugar futures on the NCDEX observed narrow range bound trade with slightly bullish tone. Active trading is absent in the market as reflected by the meager volume of the trade. January contract open at Rs. 1705 and tested a high of Rs. 1710 however, it could not sustain the higher level and settled at Rs. 1705. January contract moved in the range of Rs. 1710-1704 during the trading session. Any major dip should be considered as a buying opportunity in sugar futures. 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 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 indecisive market. Technical indicators RSI and MACD and Stochastic favour the bears. Closing price is below both the 9 days EMA and the 18 days EMA. Market is expected to remain range bound following steady to weak opening.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-January Contract	1695	1690	1705	1711	1720

### TRADE RECOMMENDATION:

**SELL** NCDEX - January Sugar M below 1710 with **target** towards 1703 then second target of 1697. **Stop loss** above 1714. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	15.12. 06	14.12..06	Change
Ready Sugar (M Grade)	Delhi	1690-1705	1690-1710	-5
Ready Sugar (S Grade)	Delhi	1675-1690	1675-1695	-5
Mill Delivery	Delhi	1605-1620	1605-1625	-5

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