

SUGAR

14th December 2006

SPOT MARKETS

Sugar spot market observed lacklustre trade in the major markets like Delhi, Muzaffarnagar and Kolkata where the spot prices declined due to subdued demand. The sugar export permission is yet to be granted. Trading activities will pick up as and when government allows sugar export. Thus, market will remain in a wait and watch position, till the further announcement from the government side. Further, agitation is still going on in UP over the issue of SAP and government has yet not taken any decision for the same. Crushing is going on smoothly in UP and Maharashtra.

FUTURES MARKETS

Sugar futures on the NCDEX observed lacklustre trade with slightly bullish tone. January contract opened slight gap down at Rs. 1703 below the Tuesday's settlement and tested an intraday low of Rs. 1697. However, some buying interest supported the futures and tested an intraday high of Rs. 1715 and finally settled at positive territory at Rs. 1710. January contract traded in a range of Rs. 1697 to 1715. Volume of the trade increased significantly while open interest remains steady. NCDEX Dec futures reflected hefty increase of Rs.20 at Rs.1758 per qtl, which is attributed to lack of stocks at NCDEX godown and approaching settlement. Open interest stood at 9660. Range bound movement is expected in the market.

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 RSI, MACD and Stochastic favour for the bulls. Closing price is below both the 9 days EMA and the 18 days EMA. Market is expected to trade up with possibility of firm opening and slight late downward movement.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-January Contract	1705	1695	1710	1720	1728

TRADE RECOMMENDATION:

BUY NCDEX - January Sugar M above 1710 with **target** towards 1718 then second target of 1725. **Stop loss** below 1705. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	13.12..06	12.12.06	Change
Ready Sugar (M Grade)	Delhi	1705-1730	1705-1735	-5
Ready Sugar (S Grade)	Delhi	1690-1715	1690-1720	-5
Mill Delivery	Delhi	1620-1645	1620-1650	-5

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