

## SUGAR

9th December 2006

### SPOT MARKETS

Spot market prices of sugar eased in the major trading centers like Delhi and Muzaffarnagar on weak demand while slight improvement is noticed in the spot market prices of Kolkata due to improved demand. The traders are in wait and watch situation and looking forward for lifting ban on sugar export, which is still awaited. The demand of sugar will not be trickle in until the ban on sugar removed. Further, Uttar Pradesh farmers are still waiting for the State Advised Prices for sugarcane, which may be announced at any time. Crushing is going on smoothly in Uttar Pradesh and Maharashtra.

### FUTURES MARKETS

Sugar futures on the NCDEX exhibit weak sentiments and traded in a range bound fashion with slightly bearish undertone. Market opened at 1760 below the previous day settlement and hovers in a range 1762 to 1748 and finally closed at 1744. Volume of the trade increased and open interest declined slightly. A range bound trade is expected till any positive news comes over the sugar export ban.

### 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 fine for the sugarcane crop.

### TECHNICALS

NCDEX December contract, candlestick chart pattern exhibits bearish sentiment. Technical indicators RSI, MACD hints for the bears while Stochastic favour for the bulls. Closing price is below both the 9 days EMA and the 18 days EMA. Market is expected to trade down with weak opening with possibility of slight late upwards movement.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1734	1730	1744	1748	1755

### TRADE RECOMMENDATION:

**SELL** NCDEX - December Sugar M below 1745 with **target** towards 1736 then second target of 1732. **Stop loss** above 1750. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	08.12..06	07.12.06	Change
Ready Sugar (M Grade)	Delhi	1730-1765	1750-1775	-10
Ready Sugar (S Grade)	Delhi	1715-1750	1735-1760	-10
Mill Delivery	Delhi	1645-1680	1665-1690	-10

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