

SUGAR

11th December 2006

SPOT MARKETS

Spot market prices of sugar declined in the major trading centers like Delhi, Muzaffarnagar and Kolkata on weak physical demand. Markets are hoping for the lifting of ban on sugar export by government, which is still awaited. Further, agitation is going on in Uttar Pradesh over the issue state advised price (SAP) of sugarcane between the cane growers and government, which may be announce at any time and this turned as a blessing for gur makers as the farmers selling cane to them. 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 1744 below the previous day settlement and hovers in a range of 1744 to 1735 and finally closed at 1738. Volume declined significantly and open interest remains steady. Market is expected to trade in a range bound fashion 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 favourable for the sugarcane crop.

TECHNICALS

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



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1729	1724	1738	1742	1748

TRADE RECOMMENDATION:

SELL NCDEX - December Sugar M below 1740 with **target** towards 1732 then second target of 1727. **Stop loss** above 1745. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	09.12..06	08.12.06	Change
Ready Sugar (M Grade)	Delhi	1725-1755	1730-1765	-10
Ready Sugar (S Grade)	Delhi	1710-1740	1715-1750	-10
Mill Delivery	Delhi	1640-1670	1645-1680	-10

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