

SUGAR

12th December 2006

SPOT MARKETS

Sugar spot market continue to follow the previous week sentiment and spot market prices of sugar eased slightly in the most of the major trading centers like Delhi, Kolkata and Muzaffarnagar on weak physical demand. Markets are in wait and watch state over the government next move on sugar export ban, which is still to be granted. Further, in Uttar Pradesh cane growers are eagerly waiting for the announcement of state advised prices (SAP), which the government has yet not announced and it is expected to announce soon. Crushing is going on smoothly in Uttar Pradesh and Maharashtra.

FUTURES MARKETS

NCDEX sugar futures observed lacklustre trade with both side movements with bearish undertone as the traders are bit confused on removal of export ban. January contract opened at Rs. 1705 below the Saturday's settlement and hovers in a narrow range of Rs. 1711 to 1699 and finally closed at the opening price, as it could not sustain the higher as well as lower level during the Monday's trade. Volume and open interest of the trade increased significantly. Range bound movement is expected in the market till any positive news comes from the government side on 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 January contract, candlestick chart pattern exhibits indecisive market. 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 possibility of firm opening and slight late downward movement.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-January Contract	1693	1687	1705	1716	1724

TRADE RECOMMENDATION:

SELL NCDEX - January Sugar M below 1711 with **target** towards 1700 then second target of 1697. **Stop loss** above 1715. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	11.12..06	09.12.06	Change
Ready Sugar (M Grade)	Delhi	1715-1745	1725-1755	-10
Ready Sugar (S Grade)	Delhi	1700-1730	1710-1740	-10
Mill Delivery	Delhi	1630-1660	1640-1670	-10

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