

## SUGAR

8th December 2006

### SPOT MARKETS

Normal trading activities are going on in the major sugar spot market like Delhi and Kolkata amidst normal demand and supply scenario. While spot prices of sugar in Muzaffarnagar improved slightly due to improved demand. Traders are in wait and watch state over the government next move on sugar export ban, which is still awaited. Further, in UP sugarcane growers are selling their canes to Kolhus and Khandsari units (Gur (Jaggery)) for as low as Rs. 80-90 a quintal compared with the Rs. 110-125 they received last year partly due to uncertainty over the SAP and partly due to farmers finding attractive opportunity in wheat sowing and consequent need to vacate the fields for wheat sowing. Crushing is going on smoothly in UP and Maharashtra.

### FUTURES MARKETS

Sugar futures at NCDEX opened firm with a small gap up than yesterday's settlement. Market opened at Rs. 1754 and the most-active December contract tested a high of Rs. 1767 at the early hours of trade. However, the prices could not sustain at higher levels and settled at Rs. 1763. Volume of the trade increased and open interest remain steady. 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 bullish sentiment. Technical indicators RSI, MACD and Stochastic favour for the bulls. Closing price is above both the 9 days EMA and the 18 days EMA. Market is expected to trade up following steady opening with possibility of late downwards movement.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1755	1750	1763	1770	1780

### TRADE RECOMMENDATION:

**BUY** NCDEX - December Sugar M above 1760 with **target** towards 1770 then second target of 1775. **Stop loss** below 1754. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	07.12..06	06.12.06	Change
Ready Sugar (M Grade)	Delhi	1750-1775	1725-1750	+25
Ready Sugar (S Grade)	Delhi	1735-1760	1710-1735	+25
Mill Delivery	Delhi	1665-1690	1640-1665	+25

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