

## SUGAR

28th December 2006

### SPOT MARKETS

Spot market prices of sugar declined in the major trading centers like Delhi and Kolkata on weak demand, while sport prices in Muzaffarnagar recovered marginally on improved demand. Markets are hoping for entire resumption of sugar export, which is awaited by the government side. Trading activity will pick up as and when government allows complete sugar export. Further, the announcement of quarterly quota is awaited and is likely to announce soon. Market is expected to remain volatile over the announcement of quota. Crushing is going on smoothly in Maharashtra and UP.

### FUTURES MARKETS

Sugar futures on the NCDEX observed narrow range bound trade with bearish undertone. January contract opened firm with a small gap up at Rs. 1686 and traded upward there after and tested a high of Rs. 1689. However, selling pressure at higher level pushed the futures to trade downwards and tested a low of Rs. 1680 and finally settled in the negative territory. January contract moved in the range of Rs. 1689-1680. Volume declined significantly. A range bound movement is expected in the market.

### PRICE DRIVERS

1. Weak physical demand
2. Crushing picks up in UP and Maharashtra
3. Cabinet partially lifts the export ban
4. Government to announce quarterly quota
5. Huge increase in production expected

### WEATHER

Weather is favourable for the sugarcane crop.

### TECHNICALS

NCDEX January contract, candlestick chart pattern exhibits bearish sentiment. Technical indicators MACD and Stochastic favour for the bulls while RSI favours the bears. Closing price is below the 9 days EMA and the 18 days EMA. Market is expected to trade downward following a steady to weak opening with possibility of slight late upward movement.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-January Contract	1664	1659	1680	1705	1712

### TRADE RECOMMENDATION:

**SELL** NCDEX - January Sugar M below 1687 with **target** towards 1677 then second target of 1670. **Stop loss** above 1693. Do not carry-forward the position until the next day.

### Spot Market Prices

Origin/Grade	Center	27.12.06	26.12.06	Rs./qtl
Ready Sugar (M Grade)	Delhi	1665-1685	1670-1690	-5
Ready Sugar (S Grade)	Delhi	1650-1670	1655-1675	-5
Mill Delivery	Delhi	1580-1600	1585-1605	-5

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