

SUGAR

4th December 2006

SPOT MARKETS

Sugar spot market prices declined slightly in the most of the major trading center like Delhi, Kolkata and Muzaffarnagar due to weak physical demand. Sentiment turned bearish in the spot market due to the deferred decision on sugar export ban and which is likely to be announce after the winter session of parliament. Further, in Uttar Pradesh farmers are in wait and watch state over the announcement of state advised price of sugarcane, which is expected to be announce soon. Crushing is going on smoothly in Uttar Pradesh and Maharashtra as the mills are receiving good supply of sugarcane.

FUTURES MARKETS

Sugar futures on the NCDEX opened marginally lower than previous days settlement and traded in a narrow range with slightly bearish tone. Market opened at 1744 and hovers in a range of 1747 to 1744 and finally closed at 1744. Volume of the trade declined significantly while open interest remains steady. The sentiments of sugar futures indicate that traders are hopeful for early resumption of sugar export ban. Market is expected to hover in a range bound fashion till any positive news comes.

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 indecisive market. Technical indicators RSI, MACD and Stochastic favour for the bears. Closing price is below both the 9 days EMA and 18 days EMA. Market is expected to trade range bound following steady to weak opening with possibility of late upwards movement.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-December Contract	1740	1735	1744	1748	1755

TRADE RECOMMENDATION:

BUY NCDEX - December Sugar M above 1740 with **target** of 1746 then second target of 1753. **Stop loss** below 1736. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	02.12..06	01.12.06	Change
Ready Sugar (M Grade)	Delhi	1745-1755	1755-1765	-10
Ready Sugar (S Grade)	Delhi	1730-1740	1740-1750	-10
Mill Delivery	Delhi	1660-1670	1670-1680	-10

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