

## SUGAR

15th January 2007

### SPOT MARKETS

Spot market prices of sugar remains steady in the major markets like Delhi and Kolkata on subdued demand while the spot prices in Muzaffarnagar declined as compare to the yesterday's price on weak demand as well as mills are quoting lower prices in the market. As per the Director General of ISMA, government decision of lifting of ban is good but came too late because the international prices are low as compare to the domestic prices and to make export economical government must think for the export subsidies like transport and ocean freight. Crushing on the other hand is going on smoothly in UP and Maharashtra.

### FUTURES MARKETS

Sugar futures on the NCDEX observed weak sentiment with bearish undertone. February contract opened firm at Rs. 1574 against the previous close of Rs. 1573 and traded downward thereafter on increased selling pressure and tested a low of Rs. 1560. However, futures recovered marginally on buying interest at lower level and finally settled in the negative territory. February contract moved in the range of Rs. 1576-1560. Volume declined from 9780 to 2790 while open interest increased marginally.

### PRICE DRIVERS

1. Weak physical demand
2. Crushing picks up in UP and Maharashtra
3. Mills are quoting lower prices in the market
4. Cabinet completely lifted the ban on sugar export
5. Huge increase in production expected

### WEATHER

Weather is favourable for harvesting of the sugarcane crop.

### TECHNICALS

NCDEX February contract, candlestick chart pattern exhibits bearish sentiment. Technical indicators Stochastic and MACD favour the bulls while RSI hints for the bears. Closing price is far below the 9 days EMA and the 18 days EMA that indicates the trend will continue. Market is expected to trade downwards following a steady to slightly firm opening with possibility of slight late upward movement.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-February Contract	1555	1550	1567	1587	1593

### TRADE RECOMMENDATION:

**SELL** NCDEX - February Sugar M below 1577 with **target** towards 1567 then second target of 1562. **Stop loss** above 1582. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	13.01.07	12.01.07	Change
Ready Sugar (M Grade)	Delhi	1555-1580	1555-1580	-
Ready Sugar (S Grade)	Delhi	1540-1565	1540-1565	-
Mill Delivery	Delhi	1470-1495	1470-1495	-

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