

## SUGAR

29th January 2007

### SPOT MARKETS

Sugar spot market observed on an average steady sentiment during Saturday's trade where the spot prices of sugar quoted steady in the major markets of Delhi and Muzaffarnagar on subdued demand, while the spot prices in Kolkata recovered amidst improved demand and normal supply. The Indonesian government has decided to import another 250,000 tons of sugar to fulfill the domestic deficit. So, Indian exporters may have an opportunity to capture the sugar market in Indonesia and realize better prices. Also the international sugar prices (Liffe) recovered from \$ 330-\$336 a tonne.

### FUTURES MARKETS

Sugar futures on the NCDEX observed narrow range bound trade with bearish undertone. February contract opened firm at Rs. 1595 against the previous close of Rs. 1591. However, futures traded downwards thereafter on increased selling pressure and tested a low of Rs. 1587 and finally settled in the negative territory. February contract moved in the range of Rs. 1595-1587. Active trading was absent in the market, as reflected by the meager volume of the trade.

### PRICE DRIVERS

1. Subdued demand
2. Crushing picks up in UP and Maharashtra
3. Improved supply from mills
4. Cabinet completely lifted the ban on sugar export
5. Huge increase in production expected

### WEATHER

Weather outlook is favourable for harvesting of mid-season sugarcane crop and recently sown seasonal sugarcane.

### TECHNICALS

NCDEX February contract, candlestick chart pattern exhibits bearish sentiment. Technical indicators MACD hints for the bulls, while RSI and Stochastic favour the bears. Prices closed 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-February Contract	1576	1570	1588	1600	1608

### TRADE RECOMMENDATION:

**SELL** NCDEX - February Sugar M below 1592 with **target** towards 1584 then second target of 1580. **Stop loss** above 1597. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	27.01.07	25.01.07	Change
Ready Sugar (M Grade)	Delhi	1575-1625	1575-1625	-
Ready Sugar (S Grade)	Delhi	1560-1610	1560-1610	-
Mill Delivery	Delhi	1490-1540	1490-1540	-

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