

## SUGAR

8th January 2007

### SPOT MARKETS

Spot market prices of sugar declined in the majority of markets like Delhi, Muzaffarnagar and Kolkata amidst weak demand and normal supply. Markets are hoping for the early resumption of sugar export as the Union Agriculture Minister stated that the India is likely to lift the ban on sugar export within 20 days. He also stated that the Indian sugar exports are competitive and the government is studying the option of giving export subsidies. However, the decision is still awaited by the government side. Crushing is going on smoothly in UP and Maharashtra.

### FUTURES MARKETS

Sugar futures on the NCDEX observed weak sentiment with slightly bullish tone. January contract opened weak at Rs. 1618 against the previous close of Rs. 1621 and traded upward thereafter and tested a high of Rs. 1628. However, selling pressure at higher level pushed the futures to trade downwards and tested a low of Rs. 1615. January contract moved in the range of Rs. 1628-1615. Volume and open interest declined significantly.

### 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 partially lifts the export ban
5. Huge increase in production expected

### WEATHER

Weather is favourable for harvesting of the sugarcane crop.

### TECHNICALS

NCDEX January contract, candlestick chart pattern exhibits indecisive market. Technical indicators MACD, RSI and Stochastic favour the bears. Closing price is far below the 9 days EMA and the 18 days EMA. Market is expected to trade downwards 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	1603	1588	1619	1644	1653

### TRADE RECOMMENDATION:

**SELL** NCDEX - January Sugar M below 1623 with **target** towards 1613 then second target of 1610. **Stop loss** above 1629. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	06.01.07	05.01.07	Change
Ready Sugar (M Grade)	Delhi	1585-1620	1610-1635	-15
Ready Sugar (S Grade)	Delhi	1570-1605	1595-1620	-15
Mill Delivery	Delhi	1500-1535	1525-1550	-15

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