

SUGAR

27th January 2007

SPOT MARKETS

Spot market prices of sugar quoted slightly higher in the major trading centers like Muzaffarnagar and Kolkata amidst improved demand and normal supply from mills, while the spot prices in Delhi eased slightly on weak demand. Further, according to the market sources the prices will pick up some momentum, if some bulk demand originates from the beverage industry and if the government grants some export subsidy to make export attractive for the exporters.

FUTURES MARKETS

Sugar futures on the NCDEX observed narrow range bound trade with slightly bullish tone. February contract opened firm at Rs. 1588 against the previous close of Rs. 1587 and traded downwards thereafter and tested a low of Rs. 1585. However, buying interest at lower level supported the futures to trade upwards and tested a high of Rs. 1596 and settled in the positive side. February contract moved in the range of Rs. 1596-1585. Volume and open interest remains steady.

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 is favourable for harvesting of the sugarcane crop and favours arrival.

TECHNICALS

NCDEX February contract, candlestick chart pattern exhibits indecisive market. Technical indicators MACD, 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	25.01.07	24.01.07	Change
Ready Sugar (M Grade)	Delhi	1575-1625	1575-1630	-5
Ready Sugar (S Grade)	Delhi	1560-1610	1560-1615	-5
Mill Delivery	Delhi	1490-1540	1490-1545	-5

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