

## SUGAR

22nd January 2007

### SPOT MARKETS

Spot market prices of sugar quoted slightly higher in the major trading centers like Muzaffarnagar and Delhi on improved physical demand, while spot prices in Kolkata eased slightly on subdued demand. Further, export from the country has failed to bring cheer among the exporters as they have missed the peak time in international market, when the prices were ruling at \$420-425 a tonne in the global markets during October-November. Now the international market has come down to \$325 a tonne, making export unaffordable for India and the government taking no initiative for making export economical.

### FUTURES MARKETS

Sugar futures on the NCDEX observed lacklustre trade with slightly bullish tone. February contract opened firm at Rs. 1611 against the previous close of Rs. 1610 and traded upwards thereafter and tested a high of Rs. 1626. However, selling pressure at higher level pushed the futures to trade downwards and tested a low of RS. 1603. February contract moved in the range of Rs. 1626-1603. Volume declined significantly while open interest remains steady.

### PRICE DRIVERS

1. Improved physical demand
2. Crushing picks up in UP and Maharashtra
3. Mills are quoting higher 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 and favours arrival.

### TECHNICALS

NCDEX February contract, candlestick chart pattern exhibits bullish sentiment. Technical indicators MACD favour the bulls, while RSI and Stochastic favour the bear. Prices closed between the 9 days EMA and the 18 days EMA. Market is expected to trade upward following a steady to slightly firm opening with possibility of slight late downward movement.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-February Contract	1592	1585	1611	1630	1638

### TRADE RECOMMENDATION:

**BUY** NCDEX - February Sugar M above 1608 with **target** towards 1618 then second target of 1622. **Stop loss** below 1603. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	20.01.07	19.01.07	Change
Ready Sugar (M Grade)	Delhi	1585-1650	1575-1635	+15
Ready Sugar (S Grade)	Delhi	1570-1635	1560-1620	+15
Mill Delivery	Delhi	1500-1565	1490-1550	+15

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