

SUGAR

1st February 2007

SPOT MARKETS

Sugar spot market observed weak sentiment during the Wednesday's trade where the spot prices of sugar eased further in the major trading centers like Delhi, Muzaffarnagar on lack of demand, while the spot prices of Kolkata remain steady on quiet demand. Persistent supply from mills also impacted the market negatively. At present price level, Stockists are in no hurry to buy, as they know well that during the current year prices are unlikely to witness any major uptrend due to oversupply both domestically and globally.

FUTURES MARKETS

Sugar futures on the NCDEX observed weak sentiment with bearish undertone. February contract opened firm at Rs. 1587 against the previous close of Rs. 1586. However, futures traded downwards on selling pressure at current level and tested a low of Rs. 1577 and finally settled in the negative territory. February contract moved in the range of Rs. 1587-1577. Volume increased from 1870 to 2310, while open interest remain steady.

PRICE DRIVERS

1. Weak physical 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 mid-season sugarcane crop and recently sown seasonal sugarcane.

TECHNICALS

NCDEX February contract, candlestick chart pattern exhibits bearish sentiment. Technical indicators MACD, RSI and Stochastic hint for the bears. Prices closed below the 9 days EMA and the 18 days EMA. Range bound movement is expected in the market 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	1570	1565	1580	1600	1608

TRADE RECOMMENDATION:

SELL NCDEX - February Sugar M below 1584 with **target** towards 1578 then second target of 1574. **Stop loss** above 1589. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	31.01.07	30.01.07	Change
Ready Sugar (M Grade)	Delhi	1565-1595	1565-1600	-5
Ready Sugar (S Grade)	Delhi	1550-1580	1550-1585	-5
Mill Delivery	Delhi	1480-1510	1480-1515	-5

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