

## SUGAR

3rd January 2007

### SPOT MARKETS

Spot market prices of sugar eased slightly in the major trading centers like Delhi and Kolkata amidst weak demand and normal supply, while the spot prices in Muzaffarnagar recovered marginally on improved demand as well as mills were offering their stock at slightly higher prices. The complete sugar export permission is yet to be granted. Sugar futures expected to recover as and when government allows complete sugar export because the trading activity will pick up in the markets. Crushing is going on smoothly in Maharashtra and UP.

### FUTURES MARKETS

Sugar futures on the NCDEX observed firm sentiment with slightly bullish tone. January contract opened weak at Rs. 1645 against the previous close of Rs. 1647 and traded upward thereafter on increased buying interest and tested a high of Rs. 1662 and finally settled in the positive territory. January contract moved in the range of Rs. 1662-1645. Volume increased marginally and open interest declined marginally.

### PRICE DRIVERS

1. Weak physical demand
2. Crushing picks up in UP and Maharashtra
3. Cabinet partially lifts the export ban
4. Government announced higher sale quota
5. Huge increase in production expected

### WEATHER

Weather is favourable for harvesting of the sugarcane crop.

### TECHNICALS

NCDEX January contract, candlestick chart pattern exhibits slightly bullish sentiment. Technical indicators MACD, RSI and Stochastic favour the bulls. Closing price is below the 9 days EMA and the 18 days EMA. Market is expected to trade upward following a steady to weak opening with possibility of slight late downward movement.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-January Contract	1640	1630	1658	1671	1680

### TRADE RECOMMENDATION:

**BUY** NCDEX - January Sugar M above 1649 with **target** towards 1659 then second target of 1664. **Stop loss** below 1643. Do not carry-forward the position until the next day.

### Spot Market Prices

Origin/Grade	Center	02.01.07	01.01.07	Rs./qtl
Ready Sugar (M Grade)	Delhi	1635-1665	1635-1670	-5
Ready Sugar (S Grade)	Delhi	1620-1650	1620-1655	-5
Mill Delivery	Delhi	1550-1580	1550-1585	-5

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