

SUGAR

16th January 2007

SPOT MARKETS

Spot market prices of sugar recovered in the most of the major trading centers like Delhi, Muzaffarnagar and Kolkata on improved physical demand as well as mills quoting higher prices in the market. Stockpiling has started in the market after the announcement of complete lifting of export ban. Meanwhile, as per the trade sources India's export scenario looks unexciting, as the international prices have fallen to \$330 a tonne, while the prices in domestic market are at about \$338 a tonne. And to make export profitable government must think for some export subsidies. Further, in Patna the government has decided to hand over its sugar mills under the Bihar State Sugar Development Corporation (BSSDC) to the private sector for their revival and to boost the state sugar sector.

FUTURES MARKETS

Sugar futures on the NCDEX observed firm sentiment with bullish tone. February contract opened firm at Rs. 1569 against the previous close of Rs. 1567 and traded upwards thereafter on increased buying interest and tested a high of Rs. 1594 and finally settled in the positive territory. February contract moved in the range of Rs. 1594-1569. Volume increased from 2790 to 4690 while open interest increased marginally.

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.

TECHNICALS

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



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-February Contract	1578	1572	1590	1600	1610

TRADE RECOMMENDATION:

BUY NCDEX - February Sugar M above 1585 with **target** towards 1595 then second target of 1598. **Stop loss** below 1580. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	15.01.07	13.01.07	Change
Ready Sugar (M Grade)	Delhi	1575-1625	1555-1580	+45
Ready Sugar (S Grade)	Delhi	1560-1610	1540-1565	+45
Mill Delivery	Delhi	1490-1540	1470-1495	+45

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