

## SUGAR

28<sup>th</sup> September 2006

### SPOT MARKETS

The sugar spot market traded with weak sentiments on subdued demand in Delhi and Muzaffarnagar markets while the Kolkata market exhibited marginal improvement in the spot prices. Actually, the market is waiting for the release order of the free sale quota for the October month. The released quantity will decide the direction of the trade in the coming days. Till then, the spot prices are expected to remain slightly weak.

### FUTURES MARKETS

On the NCDEX, sugar futures opened with improved sentiments on increased buying interest. Whole day, market traded in both direction, and did not indicate clear-cut direction. It appears that the futures market is in a wait and watch position as the October free-sale quota is to be announced shortly. The market sentiments will largely depend upon the Government move in this regard. However, before the closing bell, owing to speculative buying October contract closed with positive note. The world sugar prices also improved due to improvement in the crude oil price. The most active October contract hovered in the range of 1822-1835 on Wednesday.

### PRICE DRIVERS

1. Subdued demand in physical markets
2. Market optimistic for early export permission
3. Improved sentiments in the world sugar market
4. Improved futures market sentiments.

### WEATHER

Conducive weather is prevailing for the crop in the major growing areas of the country.

### TECHNICALS

In October contract on the NCDEX, candlestick pattern indicates firm sentiments. However, the prices closed below the EMA. Stochastic and MACD, favors the bears while RSI hint towards slightly improved sentiments. Volume slightly declined while open interest marginally increased on Wednesday. October contract may remain volatile with slightly bullish undertone.

Sugar M Grade 0610(NCSGMV6)2006/09/27 - Daily B:1834.00  
O 1825.00 H 1835.00 L 1821.00 C 1834.00 V 1,910 I 12  
EMA(9) 1837.5 (18) 1838.5 PAR(14) 1880.95



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1805	1795	1834	1850	1865

### TRADE RECOMMENDATION:

**Buy** NCDEX - October Sugar M near 1828 with **target** of 1842.  
**Stop loss** below 1821. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	27.09.06	26.09.06	Change
Ready Sugar (M Grade)	Delhi	1785-1880	1815-1890	-10
Ready Sugar (S Grade)	Delhi	1770-1865	1800-1875	-10
Mill Delivery	Delhi	1700-1795	1730-1805	-10

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