

SUGAR

15th September 2006

SPOT MARKETS

Sugar spot market traded with slight bearish sentiments amidst normal demand. It was offered at slightly lower prices in Delhi, Muzaffarnagar and Kolkata. The festive demand continues and will remain up to mid October. The spot prices remained influenced by the futures market abrupt and pessimistic movement. The prices are expected to improve in the coming days.

FUTURES MARKETS

On the NCDEX, sugar futures observed a great deal of volatility. Most of the time, all sugar futures traded with strong bearish sentiments on profit booking while in the last trading hour, most of them recovered on speculative buying. There was panic among the traders owing to some states government directives to impose stock limit in some essential commodities to curb the prices of essential commodities on the onset of festival season. However, SUGAR is not brought under this category. World market prices also traded high on strong speculative demand. Festive season demand has picked up. Prices are expected to improve in the future. The most active October contract traded in the range of Rs. 1821-1844 on Thursday.

PRICE DRIVERS

1. Firm spot market demand
2. Festive demand picks up
3. Firm Global Market sentiments
4. Profit booking in the futures market

WEATHER

Weather is quite comfortable in most of the sugarcane growing areas. Bumper crop harvest is expected.

TECHNICALS

In October contract on the NCDEX, candlestick pattern exhibited volatility in the market. Bears hold the position for most of the time but bulls made an impressive come back. MACD is moving upward towards positive region, giving bullish signal in medium term. Stochastic also show bullish sentiments. Prices closed above the EMA. Volume and open interest increased on Thursday. Technically market is firm.

Sugar M Grade 0610(NCSGMV6)2006/09/14 - Dail B:1837.
O 1844.00 H 1844.00 L 1821.00 C 1838.00 V 4,100



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1800	1792	1838	1865	1875

TRADE RECOMMENDATION:

Buy NCDEX - October Sugar M near 1830 with **target** around 1850. **Stop loss** below 1820. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	14.09.06	13.09.06	Change
Ready Sugar (M Grade)	Delhi	1760-1885	1805-1895	-10
Ready Sugar (S Grade)	Delhi	1745-1870	1790-1880	-10
Mill Delivery	Delhi	1675-1800	1720-1810	-10

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