

SUGAR

27th September 2006

SPOT MARKETS

The sugar spot market traded with weak sentiments on subdued demand in Delhi, Muzaffarnagar and Kolkata markets. It was offered at lower prices in these markets. Despite the on-going festive demand, due to comfortable supply and wait for the coming month quota order, spot prices are not gaining momentum. The spot prices are likely to hover in its current range for few days.

FUTURES MARKETS

On the NCDEX, sugar futures opened with bearish sentiments due to selling interest. All the futures exhibited bearish sentiments till noon. Suddenly a momentary wave of speculative buying brought the prices up. But it could not sustain for long and again the sugar futures closed with weak sentiments. The most active October contract hovered in the range of 1814-1836 on Tuesday. The world sugar prices are also not exhibiting weak sentiments due to low crude oil prices. The futures market is expected to remain little-bit volatile with slightly bearish undertone.

PRICE DRIVERS

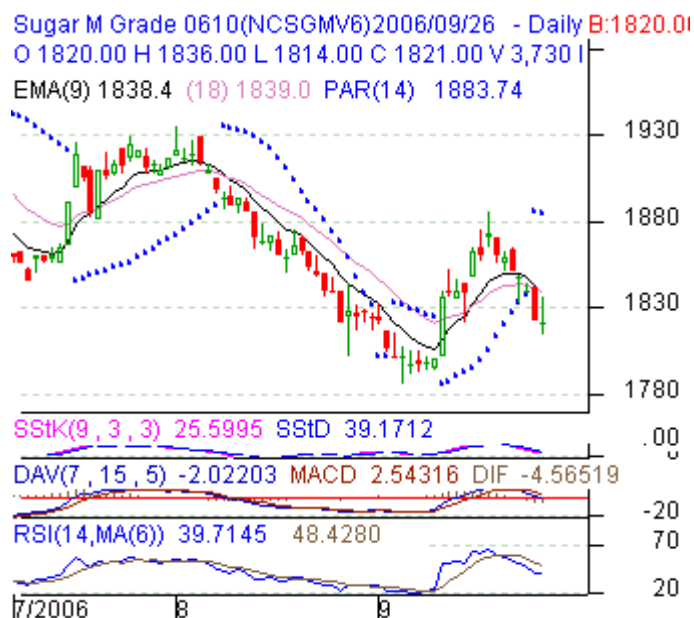
1. Subdued demand in physical markets
2. Market optimistic for early export permission
3. Global weakness in sugar prices
4. Selling interest in futures market.

WEATHER

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

TECHNICALS

In October contract on the NCDEX, doji like candlestick formed that indicates the state of indecisiveness and volatility. Prices closed below the EMA. MACD, RSI and Stochastic hint towards slightly weak sentiments. Volume and open interest marginally declined on Tuesday. October contract may remain volatile with slightly bearish undertone.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1805	1795	1821	1850	1865

TRADE RECOMMENDATION:

Sell NCDEX - October Sugar M near 1830 with **target** of 1810 and then 1805. **Stop loss** at 1840. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	26.09.06	25.09.06	Change
Ready Sugar (M Grade)	Delhi	1815-1890	1815-1900	-10
Ready Sugar (S Grade)	Delhi	1800-1875	1800-1885	-10
Mill Delivery	Delhi	1730-1805	1730-1815	-10

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