

## SUGAR

23<sup>rd</sup> 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 slightly lower prices in these markets. The government has released 1 lakh tons additional non-levy sugar quota for the September month to keep the prices under control ahead of festival season. It has last a bearish impact on the market.

### FUTURES MARKETS

On the NCDEX, sugar futures opened with bearish sentiments due to selling interest as the traders were aware of the Government move of releasing extra 1 lakh tons sugar for September month. All the futures exhibited bearish sentiments till noon. But by the closing time some improvement was observed. However, this weak trend is unlikely to continue for long as spot festive demand will continue, as the days will come nearer. The October contract traded in the range of Rs. 1833-1849 on Friday. Market will trade lacklustre with slightly bearish undertone.

### PRICE DRIVERS

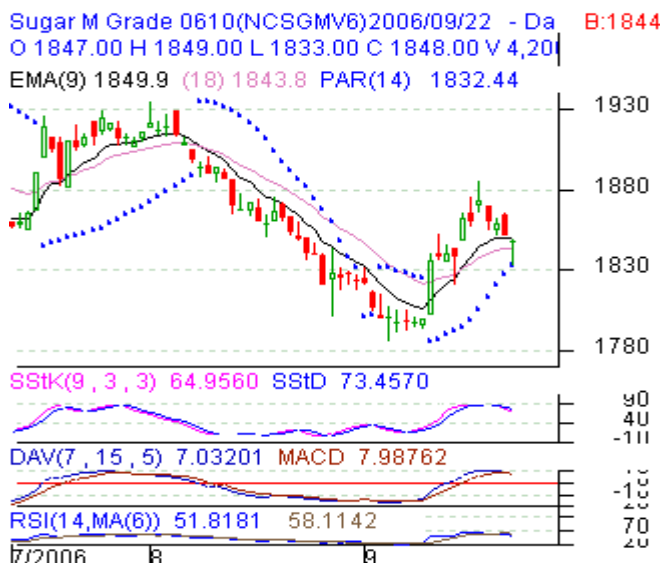
1. Subdued spot demand
2. One lakh tone non-levy sugar released for September
3. Hope for export resumption after Deepawali
4. Selling pressure in futures market

### WEATHER

Normal weather conditions prevail in the sugarcane growing areas in India.

### TECHNICALS

In October contract on the NCDEX, candlestick show doji pattern that indicates the state of indecisiveness. Prices closed below the EMA. MACD, RSI and Stochastic hints towards slightly weak sentiments.. Volume increased while open interest slightly declined on Friday. October contract may trade with slightly bearish undertone.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1840	1830	1848	1890	1915

### TRADE RECOMMENDATION:

**Sell** NCDEX - October Sugar M near 1855 with **target** around 1845. **Stop loss** above 1860. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	22.09.06	21.09.06	Change
Ready Sugar (M Grade)	Delhi	1825-1910	1825-1920	-10
Ready Sugar (S Grade)	Delhi	1810-1895	1810-1905	-10
Mill Delivery	Delhi	1740-1825	1740-1835	-10

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