

SUGAR

12th September 2006

SPOT MARKETS

Sugar spot markets exhibited improvement on the very first day of the week on beginning of the festive demand. It was offered at higher prices in Muzaffarnagar and Delhi mandis. However, Kolkata has yet to pick up demand. The sugar traders are optimistic about improvement in sugar prices, as it has already touched its bottom prices in the previous days. Now, the coming months will witness the festive demand of Deepawali, Ramzan and Eid. Traders hope that with the start of price rise, the retailers will rush for purchasing because they have understood that now onwards, it is difficult to get the same prices as were a week before.

FUTURES MARKETS

On the NCDEX, Sugar futures broke all the expectations on its bullish opening and then touching a single day's high in all the active contracts after a long-long time. Though, positive signals started coming three-four days earlier when prices became almost stable and stopped downward movement as they were already reached the lowest levels. Further, world sugar market gave inflammatory environment to the Indian sugar futures. The September contract traded in the range of 1788-1821, while the October contract fluctuated in the range of 1802-1840 on Monday. White sugar at the LIFFE in London traded high on speculative buying. The sugar futures are expected to trade firm in the coming days with rare chance to see any significant down trend.

PRICE DRIVERS

1. Improved spot market demand
2. Festive demand picks up
3. Bullish International market sentiments
4. Speculative buying 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 showed strong bullish sentiments. MACD remains in negative region and moved upward indicating towards firmness. Stochastic hover in neutral region and exhibit bullish sentiments. Prices closed above the EMA. Volume and open interest increased on Monday. Technically market is strong.



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1800	1792	1836	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	11.09.06	09.09.06	Change
Ready Sugar (M Grade)	Delhi	1785-1860	1785-1850	+10
Ready Sugar (S Grade)	Delhi	1770-1845	1770-1835	+10
Mill Delivery	Delhi	1700-1775	1700-1765	+10

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