

SUGAR

07th September 2006

SPOT MARKETS

Spot sugar markets witnessed a lacklustre trade amidst slack demand. It was offered at lower prices in Delhi, Muzaffarnagar and Kolkata mandis. There is anxiety among the traders about the prevailing situation of southward price movement and still there is absence of required demand. The situation is not likely to improve in future also.

FUTURES MARKETS

Sugar futures on the NCDEX hovered in a narrow range with slight movement in both directions. However, the overall sentiments remained bearish. The most active September contract traded in the range of 1788-1798, while the October contract fluctuated in the range of 1791-1805 on Wednesday. The weak sentiments are likely to extend further.

PRICE DRIVERS

1. Slack spot demand
2. Ample supply scenario
3. Better production prospects

WEATHER

Weather is quite comfortable in most of the sugarcane growing areas. The farmers can expect a very good crop harvest this year.

TECHNICALS

In October contract on NCDEX, candlestick formed doji pattern, which indicates volatility in the market. Price closed far below the 9-days and 18-days EMA, which further suggest weakness in the market. MACD remains in negative region and exhibit bearish sentiments. Stochastic remain in neutral region but also suggests weak undertone. Volume declined while open interest slightly increased on Wednesday. Market is expected to remain weak in the coming days.

Sugar M Grade 0610(NCSGMV6)2006/09/06 - Daily B:1796.00 /
O 1797.00 H 1805.00 L 1791.00 C 1797.00 V 2,060 I 13



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1765	1760	1797	1825	1835

TRADE RECOMMENDATION:

Sell NCDEX - October Sugar M near 1805 with **target** around 1785. **Stop loss** above 1815. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	06.09.06	05.09.06	Change
Ready Sugar (M Grade)	Delhi	1785-1855	1785-1860	-5
Ready Sugar (S Grade)	Delhi	1770-1840	1770-1845	-5
Mill Delivery	Delhi	1700-1770	1700-1775	-5

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