

## SUGAR

08<sup>th</sup> September 2006

### SPOT MARKETS

Sugar spot market at the Delhi and Muzaffarnagar markets remained steady amidst moderate demand. The spot prices hovered in the previous day's range in these mandis. However, Kolkata witnessed some improvement in the prices owing to marginal increase in demand. The market is still not getting momentum due to the traders' belief that sugar may still touch the lower levels in the coming days.

### FUTURES MARKETS

Sugar futures on the NCDEX traded with mixed sentiments. The most active September and October contracts hovered in a narrow range and finally settled below the opening price level. However, other contacts exhibited bullish sentiments due to speculative buying. The most active September contract traded in the range of 1785-1796, while the October contract fluctuated in the range of 1792-1805 on Thursday. The market is expected to remain in its current phase for few more days.

### PRICE DRIVERS

1. Moderate physical demand
2. Comfortable sugar 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 the NCDEX, candlestick formed doji pattern, which indicates volatility in the market. Price closed far below the 9-days and 18-days EMA suggesting weakness in the market. MACD remains in negative region and continue its downward movement. Stochastic remain in neutral region with bearish undertone. Volume and open interest slightly increased on Thursday. Market is expected to remain sluggish for few more days.

Sugar M Grade 0610(NCSGMV6)2006/09/07 - Daily B:1796.0  
O 1799.00 H 1805.00 L 1792.00 C 1797.00 V 2,950 I



### 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	07.09.06	06.09.06	Change
Ready Sugar (M Grade)	Delhi	1785-1855	1785-1855	-
Ready Sugar (S Grade)	Delhi	1770-1840	1770-1840	-
Mill Delivery	Delhi	1700-1770	1700-1770	-

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