

## SUGAR

22<sup>nd</sup> September 2006

### SPOT MARKETS

The sugar spot market traded with improved sentiments on increased demand in Delhi, Muzaffarnagar and Kolkata markets. It was offered at slightly higher prices in these markets. With the ongoing festive demand, the traders expect prices to remain firm in the coming days.

### FUTURES MARKETS

On the NCDEX, sugar futures rose slightly in early trading Thursday on some buying support. But later on, due to lacklustre trade and thin volume, prices hovered in a narrow range. The most active October contract exhibited bearish trend while the other contracts traded with slightly improved sentiments due to increased buying interests in these contracts owing to hope for export resumption from late October and early November this year. The October contract traded in the range of Rs. 1851-1865 on Thursday. Market will trade lacklustre with slightly bearish undertone.

### PRICE DRIVERS

1. Improved spot demand
2. Hope for export resumption after Deepawali
3. 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 pattern exhibited bearish undertone. However, the prices hovered in a very narrow range. MACD, RSI and Stochastic hints towards slightly weak sentiments. Prices closed above the EMA. Volume declined while open interest slightly increased on Thursday. October contract may trade with slightly bearish undertone.



### SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1840	1830	1851	1890	1915

### TRADE RECOMMENDATION:

**Sell** NCDEX - October Sugar M near 1857 with **target** around 1843. **Stop loss** above 1865. Do not carry-forward the position until the next day.

### Spot Market Prices

Rs./qtl

Origin/Grade	Center	21.09.06	20.09.06	Change
Ready Sugar (M Grade)	Delhi	1825-1920	1825-1910	+10
Ready Sugar (S Grade)	Delhi	1810-1905	1810-1895	+10
Mill Delivery	Delhi	1740-1832	1740-1825	+10

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