

SUGAR

30th September 2006

SPOT MARKETS

The sugar spot market traded with firm sentiments on improved festive demand in Delhi and Muzaffarnagar markets while the Kolkata market exhibited decline in the spot prices. Government released 41-lakh MT non-levy quota for October-December quarter as against 37 lakh MT during the corresponding quarter last year. The October quantity is kept at 16 lakh tons to meet the festive demand. The spot prices may slightly decline on this release order in the coming days.

FUTURES MARKETS

On the NCDEX, sugar futures opened at lower levels than the previous close, rose to higher levels but ultimately closed with negative sentiments as the traders came to know the released non-levy sugar quantity for October-December quarter. The most active October contract hovered in the range of 1826-1849 on Friday. Market may exhibit slightly bearish sentiments

PRICE DRIVERS

1. Improvement in physical market demand
2. Review on export ban in October
3. Selling interest in futures market on quota quantity
4. 41-lakh MT non-levy sugar for October-December Quarter

WEATHER

Conducive weather is prevailing for the crop in the major growing areas of the country.

TECHNICALS

In October contract on the NCDEX, candlestick pattern indicates volatility on to speculative selling. The prices closed below the EMA. Stochastic gives slight bullish signals. RSI and MACD indicate towards slightly weak sentiments. Volume and open interest marginally declined on Friday. October contract may remain bearish on Saturday.

Sugar M Grade 0610(NCSGMV6)2006/09/29 - Daily B:1835.00 A:1838.00 H 1849.00 L 1826.00 C 1835.00 V 3,430 I 13,03
EMA(9) 1837.9 (18) 1838.5 PAR(14) 1875.70



SUPPORT / RESISTANCES:

Contract	S1	S2	PCP	R1	R2
NCDEX-Sugar M-October Contract	1814	1803	1835	1865	1875

TRADE RECOMMENDATION:

Sell NCDEX - October Sugar M near 1840 with **target** of 1826. **Stop loss** above 1847. Do not carry-forward the position until the next day.

Spot Market Prices

Rs./qtl

Origin/Grade	Center	29.09.06	28.09.06	Change
Ready Sugar (M Grade)	Delhi	1795-1895	1785-1885	+10
Ready Sugar (S Grade)	Delhi	1780-1880	1770-1870	+10
Mill Delivery	Delhi	1710-1810	1700-1800	+10

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